

### 5.3. DIVIDEND POLICY

The dividend policy is based on maintaining an optimal balance of interests between PAO Sovcomflot and its shareholder when distributing net profit, and on the need to increase the investment appeal of the Company and its capitalisation.

On 14 December 2012 the OAO Sovcomflot Board of Directors approved the Dividend Policy, which sets dividends at a level no lower than 25% of the net profit attributable to the PAO Sovcomflot shareholder, in accordance with the audited consolidated financial statements prepared under IFRS, and converted into roubles at the CBR exchange rate at the end of the reporting period.

On 30 May 2018 the Board of Directors recommended that the General Meeting of Shareholders allocate RUB 1,696 million in dividend payments, which equates to 0.86235949 roubles per ordinary registered share of PAO Sovcomflot, based on the 2017 results. This amount of dividends accounted for 50% of the RAS net profit of PAO Sovcomflot.

On 29 June 2018 the annual PAO Sovcomflot General Meeting of Shareholders adopted a resolution on the payment of dividends in accordance with recommendations from the Board of Directors<sup>1</sup>. The amount of dividends was transferred in full by PAO Sovcomflot on 10 July 2018. Dividends based on the operating results for 2017 were paid in 2018 in full and by the deadlines set by Russian legislation. As at 31 December 2018 PAO Sovcomflot had no outstanding dividend payments.

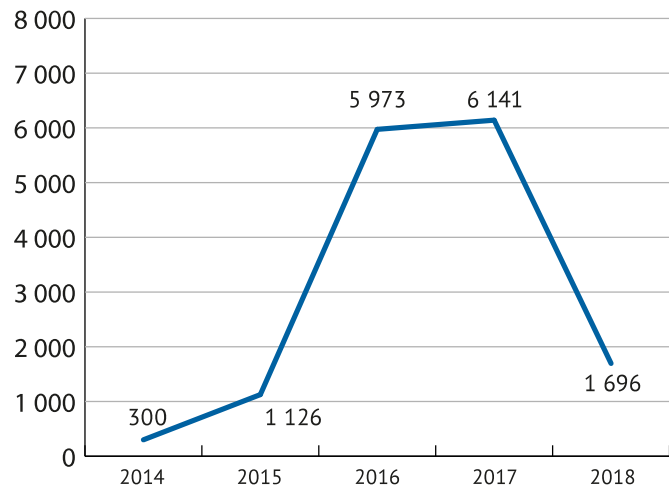
Considering a positive financial result according to the accounting (financial) statements of PAO Sovcomflot prepared under RAS, it is deemed appropriate to set the amount of recommended dividends based on the performance of PAO Sovcomflot in 2018 at 50% of the RAS profit, or RUB 1,434.8 million.

# US\$1,696

MILLION

the amount of dividends for 2017 paid by PAO Sovcomflot in 2018

Dynamics of dividend payments to the Russian Federation, 2014–2018 (RUB million)



1. Instructions No. 449-r of the Federal Agency for State Property Management dated 29 June 2018.