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NOVATEK Creates Shipping Joint Venture with Sovcomflot

Vladivostok, 4 September 2019. Today, during the Eastern Economic Forum in Vladivostok, PAO NOVATEK (“NOVATEK” and/or the “Company”) and PAO Sovcomflot (Sovcomflot), signed the Heads of Agreement (the "Agreement") on creating a joint venture.

According to the Agreement, the Parties intend to create a shipping company, with the potential involvement of other joint venture participants. The joint venture will focus on managing the construction and operations of Arctic ice-class LNG carriers in accordance with best industry practices and international standards, ensuring the optimized transportation from NOVATEK’s future LNG projects in the Russian Arctic region, including the Arctic LNG 2 project.

“The efficient development of the Northern Sea Route as a viable, year-round navigational route requires consolidating experience in ice navigation, applying new technological solutions, and implementing the best international standards for navigational safety and training,” noted Leonid Mikhelson, NOVATEK’s Chairman of the Management Board. “An optimized model of transporting LNG from the Russian Arctic region via the Northern Sea Route to major global markets, including the Asia-Pacific region, will support the successful implementation of NOVATEK’s Arctic LNG projects as well as reaching the goal set by the Russian President to ensure an increase in annual cargo traffic along the Northern Sea Route to 80 million tons in 2024”.

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PAO NOVATEK is the largest independent natural gas producer in Russia, and in 2017, entered the global gas market by successfully launching the Yamal LNG project. Founded in 1994, the Company is engaged in the exploration, production, processing and marketing of natural gas and liquid hydrocarbons. The Company’s upstream activities are concentrated mainly in the prolific Yamal-Nenets Autonomous Region, which is the world’s largest natural gas producing area and accounts for approximately 80% of Russia’s natural gas production and approximately 15% of the world’s gas production. NOVATEK is a public joint stock company established under the laws of the Russian Federation. The Company’s shares are listed in Russia on Moscow Exchange (MOEX) and the London Stock Exchange (LSE) under the ticker symbol «NVTK».