



SIBUR announces limited operational update for 9 months 2016

17 November 2016

PAO SIBUR Holding, an integrated gas processing and petrochemicals company and a leader in the Russian petrochemicals industry, today publishes limited operational update for the three and nine months ended 30 September 2016.

KEY HIGHLIGHTS FOR 9 MONTHS 2016

- Associated petroleum gas (APG) processing volumes increased by 6.9%⁽¹⁾ year-on-year;
- Natural gas production volumes increased by 8.0%⁽¹⁾ year-on-year;
- Raw natural gas liquids (raw NGL) fractionation volumes increased by 4.1%⁽²⁾ year-on-year;
- Liquid hydrocarbons sales volumes increased by 12.8% year-on-year;
- Polypropylene sales volumes increased by 12.3% year-on-year;
- Total revenue increased by 8.6% year-on-year;
- Revenue from sales of energy products increased by 3.3% year-on-year;
- Revenue from sales of petrochemicals increased by 8.7% year-on-year.

Tonnes, except as stated	Three months ended			Nine months ended		
	30 September 2016	2015	Change, %	30 September 2016	2015	Change, %
Processing and production volumes						
APG processing ⁽¹⁾ (thousand cubic metres)	5,901,360	5,390,615	9.5%	16,812,048	15,722,096	6.9%
APG processing, SIBUR's share ⁽³⁾ (thousand cubic metres)	5,789,964	5,302,532	9.2%	16,457,833	15,603,020	5.5%
Natural gas production ⁽¹⁾ (thousand cubic metres)	5,106,991	4,588,440	11.3%	14,571,471	13,495,487	8.0%
Natural gas production, SIBUR's share ⁽³⁾ (thousand cubic metres)	5,021,369	4,584,519	9.5%	14,298,283	13,468,650	6.2%
Raw NGL fractionation ⁽²⁾	2,327,390	1,945,773	19.6%	5,959,618	5,726,113	4.1%
Raw NGL fractionation, SIBUR's share	2,034,890	1,645,773	23.6%	5,329,058	4,826,113	10.4%
Sales volumes						
Natural gas (thousand cubic metres)	4,818,103	4,409,848	9.3%	13,685,342	12,961,544	5.6%
Liquid hydrocarbons	1,691,912	1,494,529	13.2%	4,685,981	4,155,083	12.8%
MTBE, other fuels & fuel additives	175,843	140,896	24.8%	492,171	439,402	12.0%
Petrochemical products	636,867	608,787	4.6%	2,029,159	1,950,430	4.0%
Plastics and organic synthesis products	227,818	223,234	2.1%	706,572	695,803	1.5%
Basic polymers	172,422	146,789	17.5%	544,194	522,285	4.2%
Synthetic rubbers	106,636	100,328	6.3%	335,278	312,804	7.2%
Intermediates and other chemicals	129,992	138,437	(6.1%)	443,116	419,538	5.6%
Revenue (RR millions)						
Total energy products sales revenue	50,758	46,918	8.2%	138,776	134,377	3.3%
Total petrochemical products sales revenue	45,569	43,887	3.8%	142,121	130,728	8.7%
Other revenue	7,792	4,329	80.0%	19,346	11,426	69.3%
Total revenue	104,119	95,134	9.4%	300,243	276,531	8.6%

⁽¹⁾ Including Gazprom Neft's share in the processing / production volumes of Yuzhno-Priobskiy GPP starting September 2015.

⁽²⁾ Including fractionation volumes under processing arrangements.

⁽³⁾ Excluding Gazprom Neft's share in the processing / production volumes of Yuzhno-Priobskiy GPP starting September 2015.

OPERATIONAL HIGHLIGHTS

Energy Products Sales Revenue

RR millions, except as stated	Three months ended 30 September					Nine months ended 30 September				
	% of energy products sales		% of energy products sales		Change, %	% of energy products sales		% of energy products sales		Change, %
	2016	revenue	2015	revenue		2016	revenue	2015	sales revenue	
Liquid hydrocarbons	32,875	64.8%	29,077	62.0%	13.1%	86,917	62.6%	84,282	62.7%	3.1%
Natural gas	12,095	23.8%	11,112	23.7%	8.8%	34,468	24.8%	31,221	23.2%	10.4%
MTBE	4,879	9.6%	5,773	12.3%	(15.5%)	14,802	10.7%	15,964	11.9%	(7.3%)
Other fuels and fuel additives	909	1.8%	957	2.0%	(5.0%)	2,589	1.9%	2,909	2.2%	(11.0%)
Total energy products sales revenue	50,758	100%	46,918	100%	8.2%	138,776	100%	134,377	100%	3.3%

In the nine months ended 30 September 2016, our revenue from sales of energy products increased by 3.3% year-on-year to RR 138,776 million primarily on higher revenue from sales of liquid hydrocarbons and natural gas, partially offset by lower revenue from MTBE sales.

- *Liquid hydrocarbons*: sales revenue up 3.1% year-on-year to RR 86,917 million on a 12.8% higher sales volumes as a result of fractionation capacity expansion in Tobolsk in the middle of 2016, as well as higher raw NGL supplies from NOVATEK.
- *Natural gas*: sales revenue up 10.4% year-on-year to RR 34,468 million. Sales volumes up 5.6% on higher production volumes following the increase in APG processing as a result of recent capacity expansions. Effective average selling price up 4.6% on a 7.5% indexation of the regulated natural gas prices in July 2015.
- *MTBE*: sales revenue down 7.3% year-on-year to RR 14,802 million. Effective average selling price down 18.4% following the dynamics of international market prices in RR terms. Sales volumes up 13.6% year-on-year on a 14.4% increase in production following capacity expansion, as well as higher feedstock availability due to shutdowns at the production of feedstock for MTBE a year earlier.

Petrochemical Products Sales Revenue

RR millions, except as stated	Three months ended 30 September					Nine months ended 30 September				
	% of petchem sales revenue		% of petchem sales revenue		Change, %	% of petchem sales revenue		% of petchem sales revenue		Change, %
	2016	sales revenue	2015	sales revenue		2016	sales revenue	2015	sales revenue	
Plastics and organic synthesis products	15,966	35.0%	16,696	38.0%	(4.4%)	49,273	34.7%	47,723	36.5%	3.2%
Basic polymers	13,481	29.6%	11,225	25.6%	20.1%	42,567	30.0%	36,705	28.1%	16.0%
Synthetic rubbers	9,902	21.7%	9,147	20.8%	8.3%	29,596	20.8%	26,573	20.3%	11.4%
Intermediates and other chemicals	6,220	13.6%	6,819	15.5%	(8.8%)	20,685	14.6%	19,727	15.1%	4.9%
Total petrochemical products sales revenue	45,569	100.0%	43,887	100.0%	3.8%	142,121	100.0%	130,728	100.0%	8.7%

In the nine months ended 30 September 2016, our revenue from sales of petrochemical products increased by 8.7% year-on-year to RR 142,121 million with each petrochemical product group contributing to the growth. Revenues from sales of basic polymers increased on higher polypropylene sales volumes and benefited from favorable market environment domestically supported by the Russian rouble depreciation. The increase in revenue from synthetic rubbers sales was a result of higher production capacity utilisation of commodity rubbers and completed homologation of thermoplastic elastomers with key clients a year earlier. The growth in revenue from sales of plastics & organic synthesis products was primarily driven by higher sales of BOPP-films and glycols on higher capacity utilisation rates.

- *Plastics and organic synthesis products*: sales revenue up 3.2% year-on-year to RR 49,273 million primarily driven by higher BOPP-film and glycols sales volumes on increased production volumes.
- *Basic polymers*: sales revenue up 16.0% year-on-year to RR 42,567 million primarily driven by higher PP sales volumes on increased capacity utilisation rate at our production site in Tobolsk. The growth was also

attributable to higher average selling prices for PP and LDPE due to the Russian rouble depreciation and favourable market environment domestically.

- *Synthetic rubbers*: sales revenue up 11.4% year-on-year to RR 29,596 million on higher revenue from sales of commodity rubbers and thermoplastic elastomers primarily due to completed homologation with key clients for thermoplastic elastomers a year earlier, as well as higher commodity rubbers production due to shorter maintenance shutdowns as compared to the respective period of 2015. The effective average selling price for commodity rubbers was supported by the Russian rouble depreciation and local shortage due to the third-party production shutdown. Prices for thermoplastic elastomers were positively affected by canceled discounts applied for premarketing sales in 2015.

Other Revenue

<i>RR millions, except as stated</i>	Three months ended 30 September			<i>Change</i> %	Nine months ended 30 September		<i>Change</i> %
	2016	2015			2016	2015	
Other revenue	7,792	4,329	80.0%	19,346	11,426	69.3%	

In the nine months ended 30 September 2016, other revenue increased by 69.3% year-on-year to RR 19,346 million, which was primarily attributable to higher revenue of NIPIGAZ and sales of power following the acquisition of Tobolsk Heating and Power Plant in February 2016.

CAPITAL EXPENDITURES

The following table presents data on financing of our key investment projects for the three and nine months ended 30 September 2016 and 2015:

<i>RR millions (net of VAT)</i>	Location	Description	Three months ended 30 September		Nine months ended 30 September		Completion
			2016	2015	2016	2015	
	Tobolsk	ZapSibNeftekhim	23,224	5,303	96,698	18,219	2020
	Tomsk	Expansion of PP and LDPE production	846	1,015	2,980	2,689	Completed
	Tobolsk	Second GFU expansion	605	790	2,015	1,849	Completed

BORROWINGS

Total Debt and Net Debt

<i>RR millions, except as stated</i>	As of 30 September 2016	As of 30 June 2016	As of 31 December 2015	<i>Change, %</i> 30 Sep 2016 vs 30 Jun 2016	<i>Change, %</i> 30 Sep 2016 vs 31 Dec 2015
Total debt	366,118	367,984	457,149	(0.5%)	(19.9%)
Debt excluding related to ZapSibNeftekhim	204,332	221,314	299,004	(7.7%)	(31.7%)
ZapSibNeftekhim related debt	161,786	146,670	158,145	10.3%	2.3%
Cash and cash equivalents	70,143	66,164	172,083	6.0%	(59.2%)
Bank deposits	3,158	3,213	-	(1.7%)	n/m
Net debt	292,818	298,607	285,066	(1.9%)	2.7%
Net debt excluding related to ZapSibNeftekhim	184,186	215,392	247,131	(14.4%)	(25.5%)
ZapSibNeftekhim related net debt	108,632	83,215	37,935	30.5%	186.4%
Debt / EBITDA	2.7x	2.7x	3.4x		
Net debt ⁽¹⁾ / EBITDA ⁽²⁾ , including	2.2x	2.2x	2.1x		
Net debt excluding related to ZapSibNeftekhim	1.4x	1.6x	1.8x		
ZapSibNeftekhim related net debt	0.8x	0.6x	0.3x		

⁽¹⁾ Net debt represents total debt less cash and cash equivalents and bank deposits.

⁽²⁾ Unaudited data.

Debt Maturity Profile

The following table presents scheduled maturities of our outstanding debt as of the dates indicated:

<i>RR millions, except as stated</i>	As of 30 September 2016	<i>% of total borrowings</i>	As of 30 June 2016	<i>% of total borrowings</i>	As of 31 December 2015	<i>% of total borrowings</i>	<i>Change, % 30 Sep 2016 vs 31 Dec 2015</i>
Due for repayment:							
Within one year	16,772	4.6%	43,106	11.7%	47,745	10.4%	(64.9%)
Between one and two years	57,548	15.7%	70,738	19.2%	48,794	10.7%	17.9%
Between two and five years	146,268	40.0%	119,563	32.5%	212,286	46.4%	(31.1%)
Between five and ten years	23,449	6.4%	16,723	4.5%	17,280	3.8%	35.7%
After ten years	122,081	33.3%	117,853	32.0%	131,044	28.7%	(6.8%)
Total debt	366,118	100.0%	367,984	100.0%	457,149	100.0%	(19.9%)

Debt Currency Structure

<i>RR millions, except as stated</i>	As of 30 September 2016	<i>% of total borrowings</i>	As of 30 June 2016	<i>% of total borrowings</i>	As of 31 December 2015	<i>% of total borrowings</i>	<i>Change, %</i>
Denominated in:							
Russian rouble	97,860	26.7%	94,654	25.7%	131,097	28.7%	(25.4%)
Euro	42,623	11.6%	24,909	6.8%	19,470	4.3%	118.9%
US Dollar	225,636	61.6%	248,422	67.5%	306,582	67.1%	(26.4%)
Total debt	366,118	100.0%	367,984	100.0%	457,149	100.0%	(19.9%)

- *Total debt*: largely unchanged from 30 June 2016 and a 19.9% decrease vs. 31 December 2015 to RR 366,118 million due to the repayment of debt denominated primarily in foreign currencies, as well as to Russian rouble appreciation as RR/USD rate decreased by 13.3% to 63.1581 as of 30 September 2016 from 72.8827 as of 31 December 2015.
- *Net debt*: a 1.9% decrease to RR 292,858 million vs. 30 June 2016 due to higher cash balances and a 2.7% increase vs. 31 December 2015, as we substantially utilised sources provided by the National Wealth Fund for financing of ZapSibNeftekhim capital expenditures.
- *Credit lines*: RR 234,350 million available under existing credit facilities denominated in Russian roubles, US dollars and euros, both short- and long-term, of which an equivalent of RR 132,225 million committed.

The published data may be revised when we publish the IFRS audited consolidated financial information as of and for the year ended 31 December 2016 and supporting MD&A.