

Q1 2013, SIBUR reports a more than 5% increase in APG processing

Moscow, 18 June 2013. OAO SIBUR Holding, a unique integrated gas processing and petrochemicals company, today published its operational and financial results for the three months ended 31 March 2013 in accordance with International Financial Reporting Standards (IFRS).

Operational Results

In the first quarter of 2013, SIBUR's gas processing plants (GPPs) processed 4.9 billion cubic metres⁽¹⁾ of associated petroleum gas (APG), an increase of 5.3% year-on-year. As a result, production of natural gas⁽²⁾ rose 4.2% year-on-year to 4.2 billion cubic metres⁽¹⁾. Raw natural gas liquids (raw NGL) production increased by 12% year-on-year to 1.3 million tonnes⁽¹⁾.

In the first quarter of 2013, our natural gas sales volumes increased by 26.7% year-on-year to 3.5 billion cubic metres. External sales of natural gas liquids (NGLs), which comprise liquefied petroleum gases (LPG), naphtha and raw NGL, rose 11.7% year-on-year to 1.1 million tonnes. Sales volumes of petrochemical products totaled 529,203 tonnes, a decrease of 13.3% year-on-year, primarily attributable to the reclassification of a significant portion of external polypropylene sales to intercompany following the consolidation of BIAXPLEN, as well as lower sales of synthetic rubbers due to weak demand.

Operational Highlights

<i>Tonnes, except as stated</i>	Three months ended 31 March		Change %
	2013	2012	
Processing and production volumes			
APG processing ⁽¹⁾ (thousand cubic metres)	4,872,095	4,625,415	5.3%
APG processing, SIBUR's share ⁽³⁾ (thousand cubic metres)	3,428,147	3,184,674	7.6%
Natural gas production ⁽¹⁾ (thousand cubic metres)	4,223,915	4,053,095	4.2%
Natural gas production, SIBUR's share ⁽³⁾ (thousand cubic metres)	2,863,610	2,694,456	6.3%
Raw NGL production ⁽¹⁾	1,285,394	1,147,171	12.0%
Raw NGL production, SIBUR's share ⁽³⁾	910,478	759,172	19.9%
Basic polymers production	100,290	96,762	3.6%
Synthetic rubbers production	119,363	117,175	1.9%
Plastics and organic synthesis production	236,603	202,131	17.1%
Intermediates and other chemicals production	891,317	917,920	(2.9%)
Sales volumes			
Natural gas sales volumes (thousand cubic metres)	3,523,923	2,780,495	26.7%
NGLs sales volumes	1,095,126	980,394	11.7%
MTBE, other fuels & fuel additives sales volumes	181,770	153,709	18.3%
Petrochemical products sales volumes	529,203	610,375	(13.3%)

⁽¹⁾ Including GPPs that are part of SIBUR's JV with TNK-BP (OOO Yugragazpererabotka) and TNK-BP's share in processing/production volumes of OOO Yugragazpererabotka.

⁽²⁾ An equivalent to dry gas, a product of APG processing.

⁽³⁾ Excluding TNK-BP's share in processing/production volumes of OOO Yugragazpererabotka.

Financial Results

In the first quarter of 2013, SIBUR's revenue decreased by 7.6% year-on-year to RR 66.2 billion. The decrease was largely attributable to two factors. First, our revenues from sales of synthetic rubbers decreased on the back of low demand. Second, in the first quarter of 2012, we continued trading activities in favour of the mineral fertilisers business, which had been divested at the end of 2011. Revenue from such trading activities, which we reported as "trading and other sales" in the first quarter of 2012, is non-recurring, as these activities were discontinued from the second quarter of 2012. The above factors were only partially compensated by solid performance of our energy product group on strong volume growth despite lower prices and an increase in revenue from sales of plastics and organic synthesis products thanks to higher production and change in scope through consolidation of BIAXPLEN.

Our EBITDA for the first quarter of 2013 amounted to RR 20.5 billion, a year-on-year decline of 11.1%. Our EBITDA margin totaled 31%. The year-on-year decrease in EBITDA and EBITDA margin is primarily explained by tighter spreads between feedstock and petrochemicals prices, particularly in the synthetic rubber product group. Net profit for the first quarter of 2013 totaled RR 15.6 billion.

In the first quarter of 2013, our capital expenditures increased by 81.0% year-on-year to RR 21.5 billion. The increase was attributable to our investments in the development of our feedstock processing and transportation infrastructure as well as in our petrochemical projects in line with our strategic objectives. Our cash from operating activities increased by 5.7% year-on-year and reached RR 23.1 billion.

Financial Highlights

<i>RR millions, except as stated</i>	Three months ended 31 March		Change %
	2013	2012	
Revenue (net of VAT and export duties)	66,184	71,597	(7.6%)
<i>Energy products</i>	34,846	32,602	6.9%
<i>Petrochemical products</i>	28,326	33,104	(14.4%)
<i>Other</i>	3,012	5,891	(48.9%)
EBITDA	20,505	23,060	(11.1%)
<i>EBITDA margin, %</i>	31.0%	32.2%	
Profit for the reporting period	15,634	21,197	(26.2%)
Net cash from operating activities	23,105	21,849	5.7%
Net cash (used in) / from investing activities, including	(22,384)	1,515	n/m
<i>Purchase of property, plant and equipment</i>	(21,507)	(11,884)	81.0%
<i>Proceeds from disposal of non-core businesses⁽¹⁾</i>	-	13,673	(100.0%)

⁽¹⁾ Includes proceeds from disposal of the mineral fertilisers business net of related income tax of RR 900 million, as well as proceeds from the disposal of ZAO Voronezh Tyre Plant and OAO Kirov Tyre Plant.

Borrowings

As of 31 March 2013, our total debt amounted to RR 96.1 billion, almost unchanged from 31 December 2012. Our net debt⁽¹⁾ decreased by 5.5% to RR 77.9 billion as of 31 March 2013 as compared to 31 December 2012.

On 31 January 2013, we placed our debut five-year Eurobond due 2018, raising USD 1 billion in gross proceeds. The coupon rate was set at 3.914% per annum and will be paid semi-annually. The placement enabled us to improve our debt maturity profile, as we used part of the proceeds to replace short-term borrowings. As of 31 March 2013, our net debt to EBITDA ratio was 0.98x compared to 1.00x as of 31 December 2012.

Borrowings

<i>RR millions, except as stated</i>	As of 31 March 2013	As of 31 December 2012	Change %
Total debt	96,122	95,994	0.1%
Cash and cash equivalents	18,194	13,570	34.1%
Net debt	77,928	82,424	(5.5%)
Key ratios			
Debt / EBITDA	1.21x	1.17x	
Net debt ⁽¹⁾ / EBITDA	0.98x	1.00x	

Borrowings by scheduled maturities

<i>RR millions, except as stated</i>	As of 31 March 2013	% of total debt	As of 31 December 2012	% of total debt	Change %
Due for repayment:					
Within one year	30,793	32.0%	54,936	57.2%	(43.9%)
Between one and two years	14,387	15.0%	15,175	15.8%	(5.2%)
Between two and five years	42,583	44.3%	12,679	13.2%	235.9%
After five years	8,359	8.7%	13,204	13.8%	(36.7%)
Total debt	96,122	100.0%	95,994	100.0%	0.1%

Full version of the unaudited consolidated interim condensed financial information as of and for the three months ended 31 March 2013 in accordance with International Financial Reporting Standards (IFRS) is available on our website (at http://www.sibur.com/disclosure_info/statements/financial_statements/).

About SIBUR

SIBUR is a uniquely positioned vertically integrated gas processing and petrochemicals company. We own and operate Russia's largest gas processing business in terms of associated petroleum gas processing volumes and are a leader in the Russian petrochemicals industry.

As of 31 March 2013, SIBUR operated 27 production sites across Russia and employed over 30,000 personnel. We serve over 1,500 large customers operating in the energy, automotive, construction, fast moving consumer goods (FMCG), chemical and other industries in approximately 60 countries.

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⁽¹⁾ Net debt is calculated as total debt less cash and cash equivalents.