

## *Q1 2017 Limited Operational Update*

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# KEY HIGHLIGHTS – Q1 2017

## External Environment

- Positive dynamics in international market prices for oil (up 58.7% y-o-y to 53.8 USD per bbl) and majority of derivative products (incl. LPG and naphtha)
- RR appreciation against USD and EUR
  - RR on average gained 26.8% and 31.4% y-o-y of its value relative to USD and EUR, respectively
- Improved GDP growth in Russia of 0.5% y-o-y
- CPI in Russia decelerated to 4.2% y-o-y, while PPI accelerated to 11.4% y-o-y in Q1'17

## SIBUR: Operational & Corporate

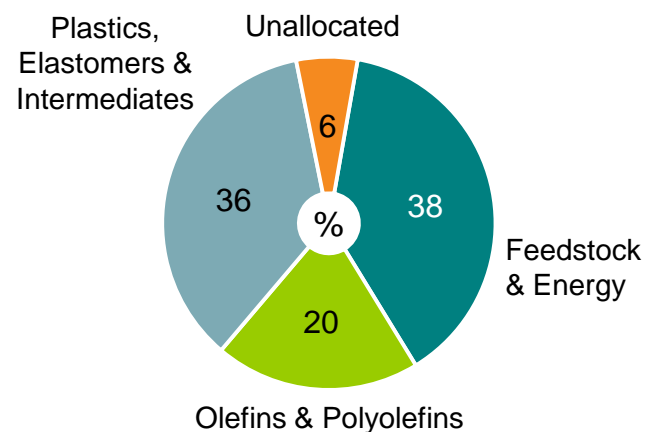
- APG processing decreased by 3.4% y-o-y to 5.5 bcm<sup>(1)</sup>
- Raw NGL fractionation increased by 2.2% y-o-y to 2.1 mt<sup>(2)</sup>
- PP & PE production increased by 1.0% y-o-y to 232.7 kt
- Plastics, Elastomers & Intermediates production increased by 4.1% y-o-y to 1,604.6 kt
  
- Sale of a 100% stake in Uralorgsintez (April 2017) for RR 22 bln paid in cash

## SIBUR: Financial Results

Q1 total revenue:

**₽ 107.3 bln (+5.8% y-o-y)**

**\$ 1,823 mln (+34.2% y-o-y)**



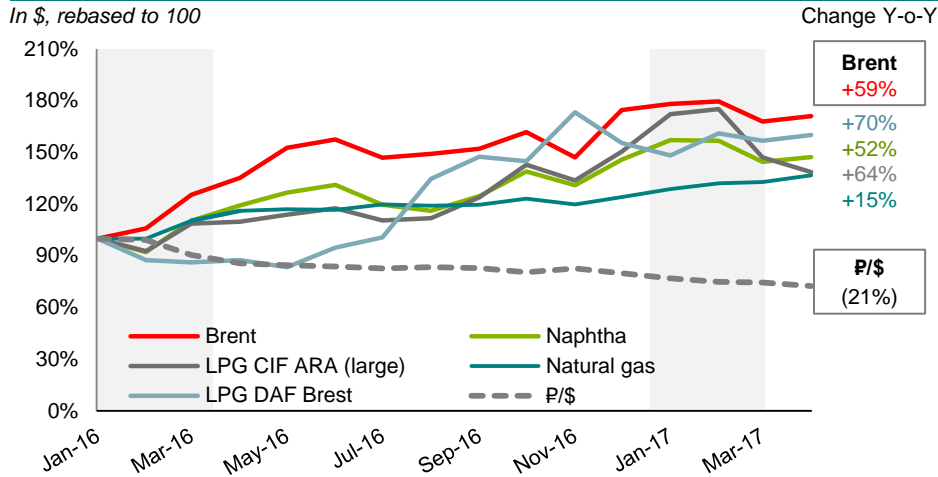
- Feedstock & Energy sales revenue increased by 0.4% y-o-y to RR 41.3 bln
- Olefins & Polyolefins sales revenue decreased by 3.3% y-o-y to RR 21.4 bln
- Plastics, Elastomers & Intermediates sales revenue increased by 14.2% y-o-y to RR 38.2 bln
- Net leverage at 1.7x as of 31 Mar'17 vs. 2.0x as of 31 Dec'16

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

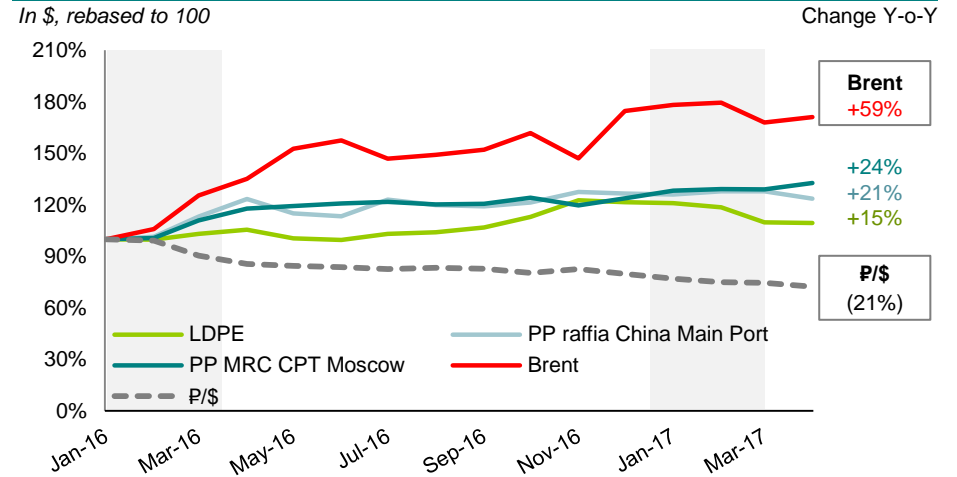
(2) Including volumes under processing arrangements.

# MARKET UPDATE

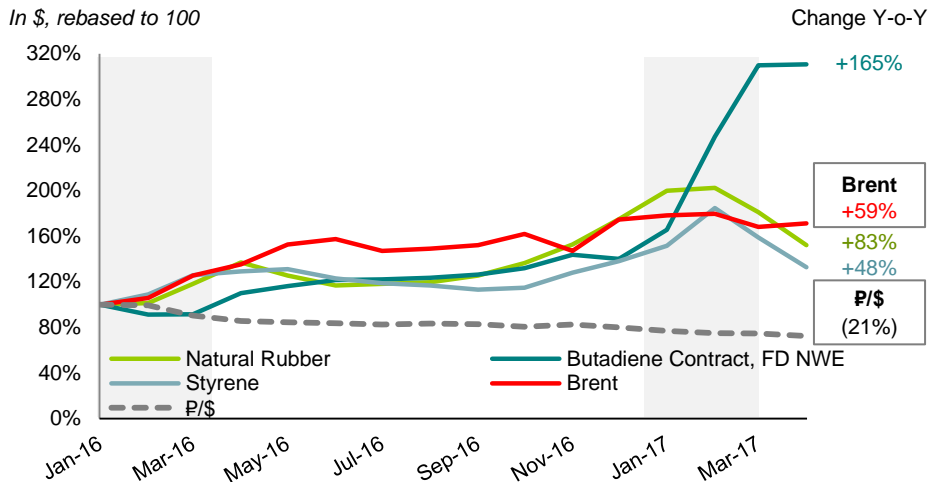
## Feedstock & Energy



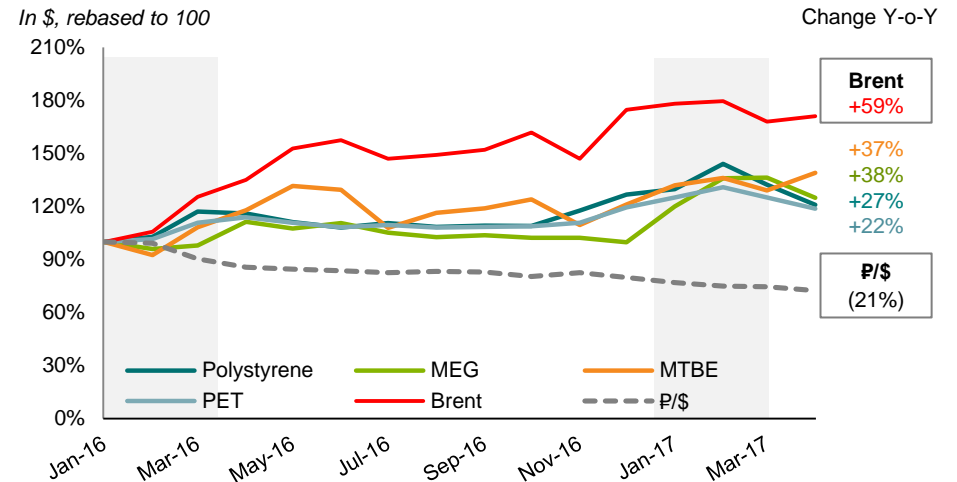
## Olefins & Polyolefins



## Plastics, Elastomers & Intermediates (1/2)



## Plastics, Elastomers & Intermediates (2/2)

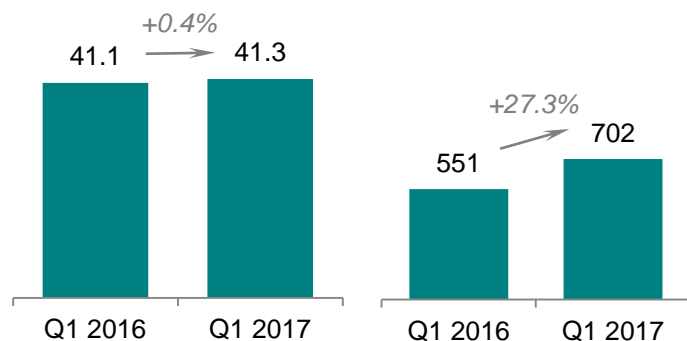


# F&E (FEEDSTOCK AND ENERGY) SEGMENT HIGHLIGHTS

## Segment Revenue<sup>(1)</sup>

₹ bln

\$ mln

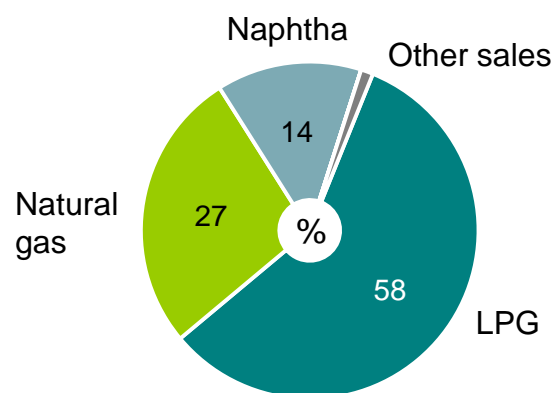


## Product Revenues Development (₹)<sup>(1)</sup>

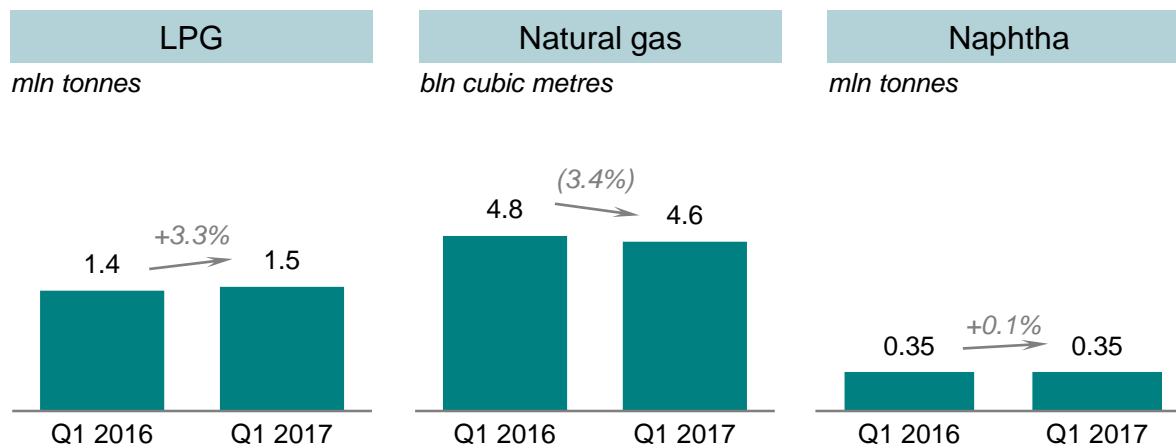
% change y-o-y

	Volume	Price	Total
LPG	(6.7%) ↓	+27.4% ↑	+18.8% ↑
Natural gas	(3.0%) ↓	(0.2%) ↓	(3.2%) ↓
Naphtha	(39.9%) ↓	+24.3% ↑	(25.2%) ↓
Raw NGL	(99.8%) ↓	+12.7% ↑	(99.8%) ↓

## Revenue Structure



## Production Volumes

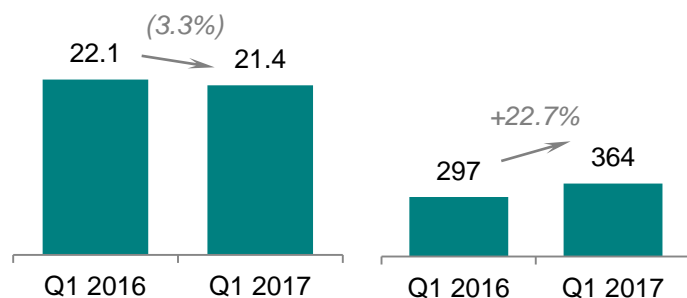


# O&P (OLEFINS & POLYOLEFINS) SEGMENT HIGHLIGHTS

## Segment Revenue<sup>(1)</sup>

₹ bln

\$ mln

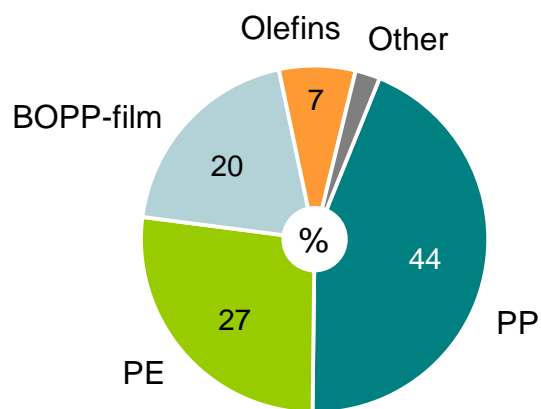


## Product Revenues Development (₹)<sup>(1)</sup>

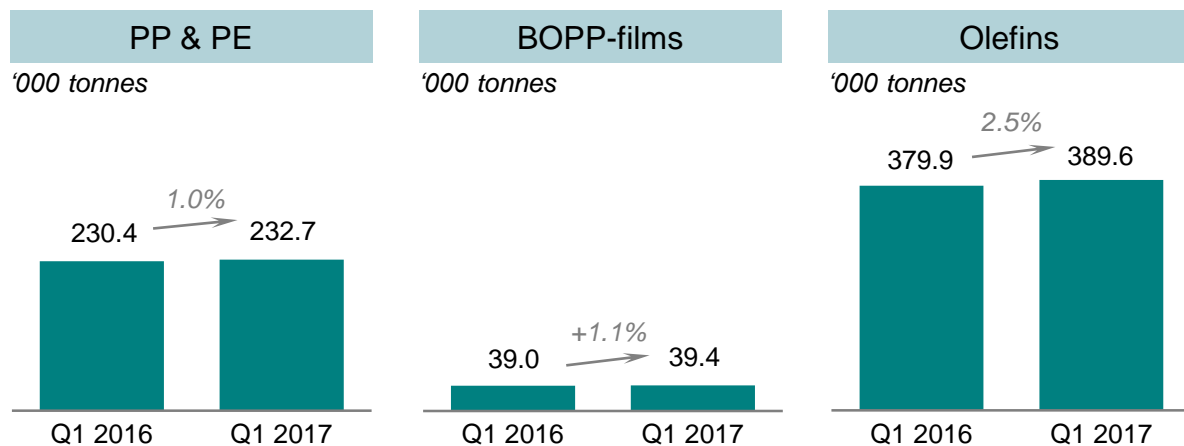
% change y-o-y

	Volume	Price	Total
PP	(0.6%) ↓	(3.7%) ↓	(4.3%) ↓
PE	+3.6% ↑	(3.9%) ↓	(0.5%) ↓
BOPP-films	+6.1% ↑	(12.7%) ↓	(7.4%) ↓
Olefins	+2.0% ↑	+17.5% ↑	+19.9% ↑

## Revenue Structure



## Production Volumes

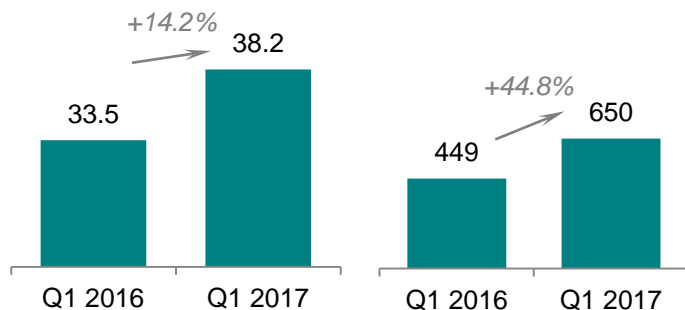


# PE&I (PLASTICS, ELASTOMERS & INTERMEDIATES) SEGMENT HIGHLIGHTS

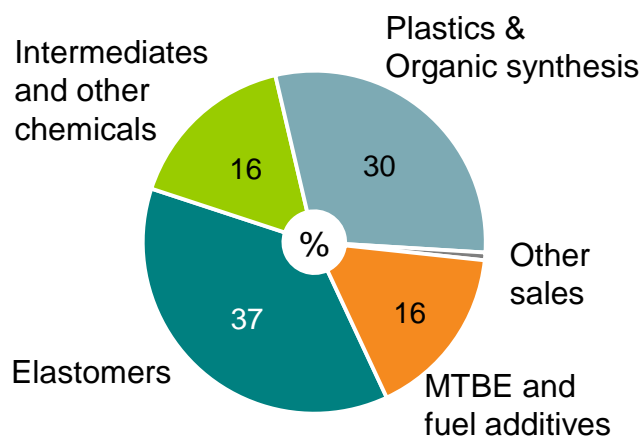
## Segment Revenue<sup>(1)</sup>

₹ bln

\$ mln



## Revenue Structure

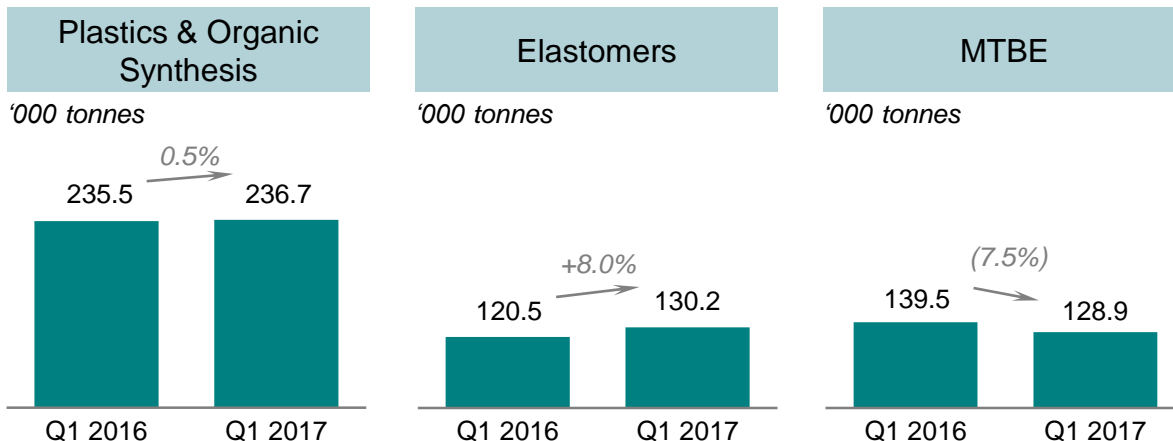


## Product Revenues Development (₹)<sup>(1)</sup>

% change y-o-y

	Volume	Price	Total
Plastics & Organic Synthesis	+1.5% ↑	(1.7%) ↓	(0.2%) ↓
Elastomers	+15.2% ↑	+27.9% ↑	+47.2% ↑
MTBE & Fuel Additives	(0.1%) ↓	(4.5%) ↓	(4.6%) ↓
Intermediates and other chemicals	+14.4% ↑	(1.1%) ↓	+13.1% ↑

## Production Volumes



# DEBT PROFILE

## Key Figures

<i>RR bln, except as stated</i>	30 Apr 2017	31 Mar 2017	31 Dec 2016	30 Apr vs. 31 Dec, %	31 Mar vs. 31 Dec, %
Total debt	307.5	309.2	341.8	(10.0%)	(9.5%)
<i>Conventional debt</i>	150.9	158.8	182.1	(17.1%)	(12.8%)
<i>ZapSibNeftekhim related debt</i>	156.6	150.4	159.7	(2.0%)	(5.8%)
Cash & cash equivalents	71.5	57.2	60.6	18.0%	(5.7%)
Net debt	236.0	252.0	281.2	(16.1%)	(10.4%)
<i>Conventional net debt</i>	114.6	136.2	163.4	(29.8%)	(16.7%)
<i>ZapSibNeftekhim related net debt</i>	121.3	115.8	117.8	3.0%	(1.7%)
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<b>WA loan tenor (years)</b>	6.9	6.8	6.8		
<i>WA Conventional debt</i>	2.7	2.7	2.7		
<i>WA ZS related debt</i>	10.8	11.0	11.4		
<hr/>					
<b>Available credit lines, incl.</b>	191.2	184.3	184.5	3.6%	(0.1%)
<i>Committed</i>	103.1	105.2	112.5	(8.4%)	(6.5%)

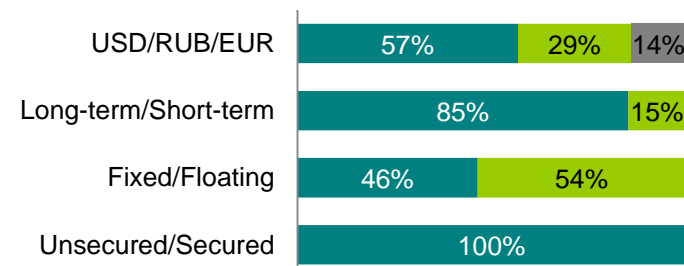
## Leverage Ratios

	31 Mar 2017	31 Dec 2016
Debt / EBITDA	2.1x	2.4x
Net debt / EBITDA	1.7x	2.0x
<i>Conventional net debt</i>	0.9x	1.2x
<i>ZSN related net debt</i>	0.8x	0.8x
<i>Net debt / EBITDA (in \$)</i>	1.9x	2.2x

## Overview

- Total debt decreased by 9.5% mainly due to:
  - RR appreciation as of 31 Mar'17 vs. 31 Dec'16
  - repayment of debt denominated primarily in foreign currencies
- Net debt decreased by 10.4% mainly on substantial debt repayments and relatively low financing of ZapSib capital expenditures from the cash balances
- Net leverage decreased to 1.7x from 2.0x
  - conventional net leverage decreased to 0.9x from 1.2x on recent debt repayments
  - ZapSib net leverage remained unchanged
- As of 31 Mar'17, all of the debt was unsecured

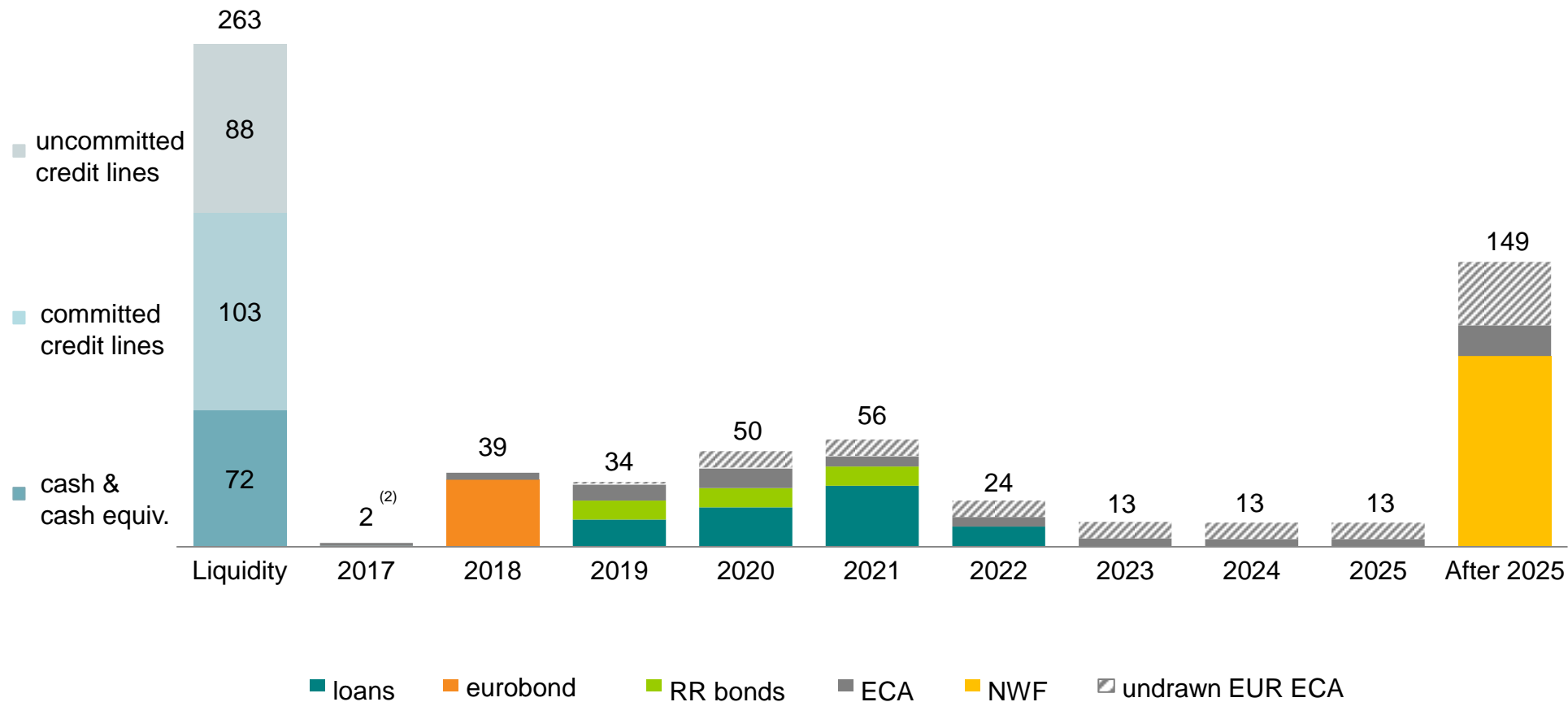
## Loan Portfolio Structure as of 31 Mar'17





# LIQUIDITY AND DEBT MATURITY PROFILE<sup>(1)</sup>

As of 30 April 2017, RR bln

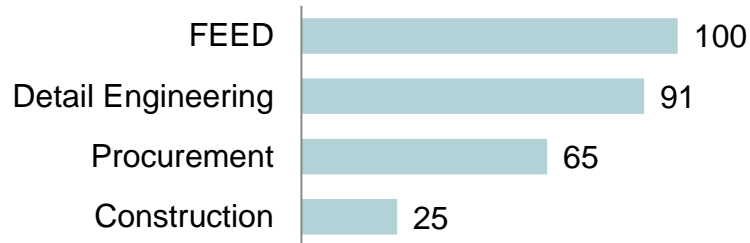


(1) Items denominated in USD and EUR are converted into RR at RR/USD and RR/EUR FX rates as of 30 April 2017.

(2) Debt maturing during 30 April - 31 December 2017.

# ZAPSIB PROGRESS UPDATE

## Progress Update as of 30 April 2017, %



## Recent Milestones

- Overall execution progress as of 30 Apr'17: **47% vs. 38%** as of 31 Dec'16
- Overall progress by major units as of 30 Apr'17:
  - Steam cracker – 50%
  - PE unit – 37%
  - PP unit – 39%
- More than 11,000 construction workers at the site as of 30 Apr'17
- Significant part of foundations laid
- Nearly half of works on concrete poured above the ground level completed
- Underground pipe laying at advanced stage
- Financing for the project in Q1'17 totaled RR 16.6 bln (excl. VAT)**
- RR 209 bln (excl. VAT) invested as of 31 Mar'17**

Please follow the link for the video of the construction site:  
<https://www.sibur.ru/en/press-center/video/>

# ZAPSIB PROGRESS UPDATE: EVALUATION METHODOLOGY BY STAGE

## Project Evaluation

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1 **FEED:** front-end engineering and design

## Project Execution

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2 **DETAIL ENGINEERING:** drafting of project documentation

$$\text{Stage Progress} = \sum_i \alpha_i \times M_i$$

$\alpha_i$  – weight of the document  $i$  in the project documentation pack (measured by the contractor based on complexity and labor content)

$M_i$  – % completion of the document  $i$  (measured by the contractor based on the discrete milestone chain applicable for the document  $i$ )

3 **PROCUREMENT:** manufacturing of equipment and its delivery to construction site

$$\text{Stage Progress} = \sum_j \beta_j \times M_j$$

$\beta_j$  – weight of the item  $j$  in the overall cost of items procured for the project

$M_j$  – % completion of the item  $j$  (measured by the contractor based on the discrete milestone chain applicable for the item  $j$ )

4 **CONSTRUCTION:** assembling and installation of equipment, construction of production site facilities

$$\text{Stage Progress} = \sum_k \gamma_k \times P_k$$

$\gamma_k$  – weight of the item  $k$  in the overall volume of construction man-hours

$P_k$  – % completion of the item  $k$  (measured by the owner based on the actual work completed)

## FINANCIAL CALENDAR – 2017

Event	Date
FY 2016 Operational and Financial Results	14 March 2017
Q1 2017 Limited Operational Update	30 May 2017
H1 2017 Operational and Financial Results	August 2017
9M 2017 Limited Operational Update	November 2017

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# Appendix

# MARKET PRICES

PRODUCT	QUOTE	SOURCE
<b>ENERGY PRODUCTS</b>		
Oil	Brent (USD per bbl)	Bloomberg
Naphtha	Naphtha CIF NWE	Argus
LPG	LPG CIF ARA (large)	Argus
	LPG DAF Brest	Argus
MTBE	MTBE FOB Rotterdam / FOB ARA	Platts
Natural gas	Natural gas wholesale price (for population)	Federal Antimonopoly Service of Russian Federation
<b>BASIC POLYMERS</b>		
LDPE	LDPE CFR China film, Spot	ICIS
PP	PP rafia China Main Port, Spot	ICIS
<b>SYNTHETIC RUBBERS</b>		
Natural rubber	NR SMR 20	Malaysian Rubber Board
Butadiene	Butadiene Contract, FD NWE	ICIS
Styrene	Styrene Spot, FOB Rotterdam	ICIS
<b>PLASTICS &amp; ORGANIC SYNTHESIS PRODUCTS</b>		
PET	PET FOB China, Spot	ICIS
Monoethylene glycol (MEG)	MEG Contract, FD NWE T2	ICIS
2-ethylhexanol (alcohol)	2-ethylhexanol Spot, FD NWE	ICIS
Butyl acrylate	Butyl acrylate Spot, FD NWE	ICIS
Expandable polystyrene	Polystyrene, EPS block FOB Korea	ICIS