

## *9M 2016 Limited Operational Update*

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# KEY HIGHLIGHTS – 9M 2016

## External Environment

- Negative dynamics in international market prices for oil (down 24.6% y-o-y to 41.8 USD per bbl) and majority of derivative products (incl. LPG and naphtha)
- Substantial RR depreciation against USD and EUR
  - RR on average lost 13.3% and 13.1% y-o-y of its value relative to USD and EUR, respectively
- Muted GDP decline in Russia of 0.7% y-o-y
- Decelerated inflation in Russia (CPI of 6.4% y-o-y and PPI of 4.6% y-o-y in 9M'16)

## SIBUR Key Developments

- Expansion of gas fractionation capacity in Tobolsk from 6.6 to 8 mtpa
- Increase in raw NGL volumes available for processing due to higher utilisation of NOVATEK processing facilities in Purovsk
- Expansion of Ust-Luga transshipment facility to 2.4 million tonnes of LPG and 2.8 million tonnes of light oils per annum
- Increase in average utilisation rate at PP production in Tobolsk to 89% from 69% y-o-y
- Upgrade and expansion of PP and LDPE capacities in Tomsk from 130 to 140 ktpa and from 245 to 270 ktpa, respectively
- ZapSibNeftekhim progress:
  - Financing totaled RR 96.7 bln (excl. VAT)
  - Overall completion at 34% as of 1 Nov'16

## Operational and financial results

### OPERATIONAL

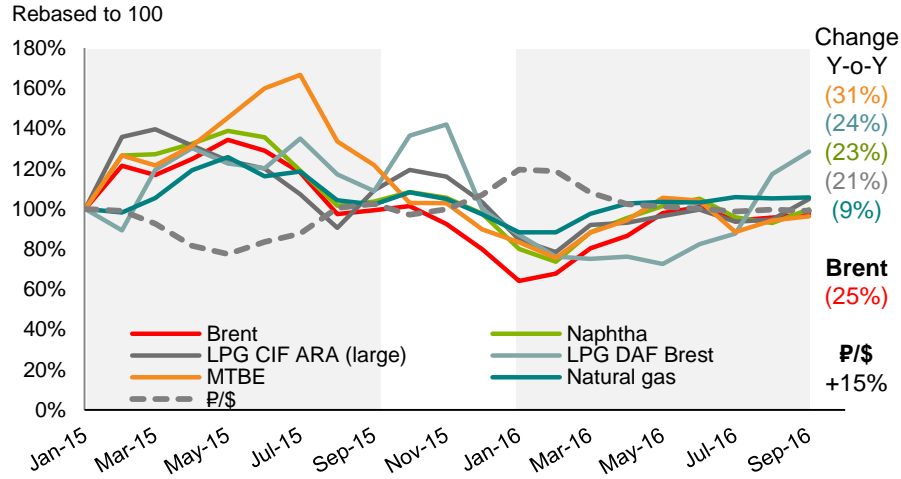
- APG processing increased by 6.9% y-o-y to 16.8 bcm<sup>(1)</sup>
- Natural gas production increased by 8.0% y-o-y to 14.6 bcm<sup>(1)</sup>
- Raw NGL fractionation increased by 4.1% y-o-y to 6.0 mt<sup>(2)</sup>
- Liquids sales volumes increased by 12.8% y-o-y to 4.7 mt
- Petchem production increased by 7.5% y-o-y to 5.5 mt
  - PP production up by 18.4% y-o-y to 427.6 kt
  - Synthetic rubbers production up by 7.8% y-o-y to 330.0 kt

### FINANCIAL

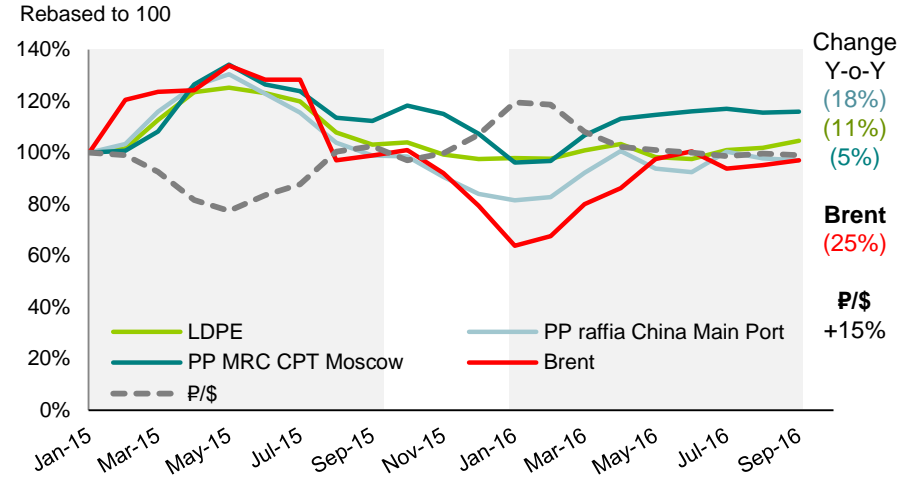
- Total revenue increased by 8.6% y-o-y to RR 300.2 bln
- Revenue from sales of energy products increased by 3.3% y-o-y to RR 138.8 bln
- Revenue from sales of petrochemical products increased by 8.7% y-o-y to RR 142.1 bln
  - Basic polymers up 16.0% y-o-y to RR 42.6 bln
  - Synthetic rubbers up by 11.4% y-o-y to RR 29.6 bln
  - Plastics and organic synthesis up by 3.2% y-o-y to RR 49.3 bln
  - Intermediates up by 4.9% y-o-y to RR 20.7 bln
- Net leverage at 2.2x as of 30 Sep'16

# MARKET UPDATE

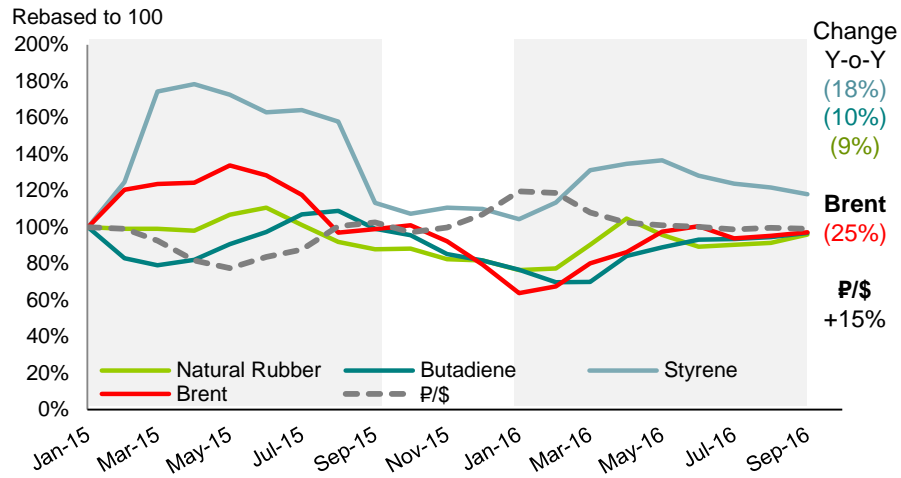
## Energy Products



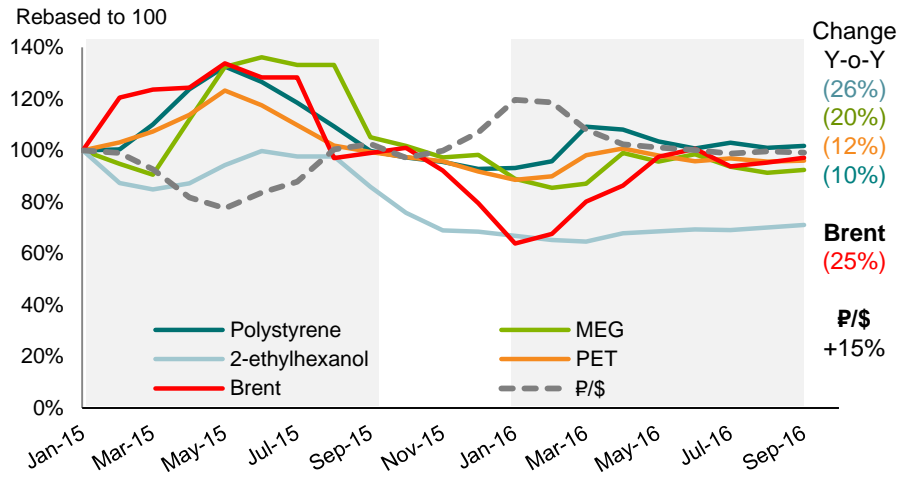
## Basic Polymers



## Synthetic Rubbers



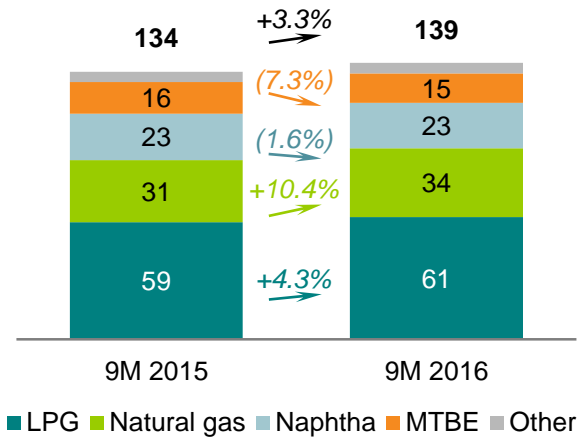
## Plastics & Organic Synthesis Products



# ENERGY PRODUCTS: REVENUE, PRODUCTION AND SALES VOLUMES, PRICE DYNAMICS

## Energy products

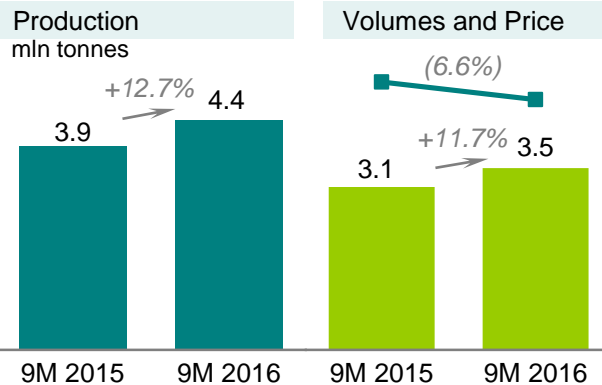
RR bln



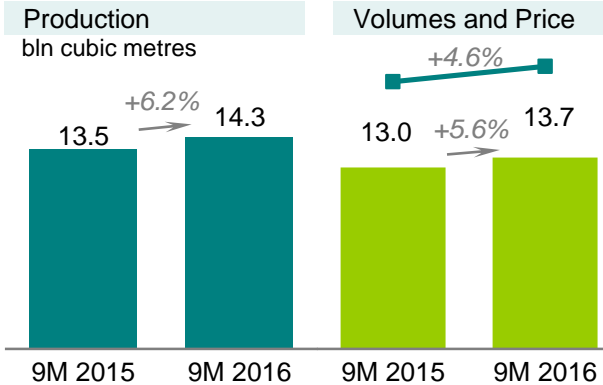
## Key Factors

- Decline in international market **prices for LPG, naphtha and MTBE** due to negative dynamics of international market prices partially compensated by RR depreciation
- Higher selling **price for natural gas** on a 7.5% indexation of the regulated prices in July 2015
- LPG**: higher sales volumes on 12.7% growth in production due to expansion of fractionation capacity in Tobolsk and higher purchases of raw NGL
- Natural gas**: higher sales volumes on 6.2% growth in production due to higher volumes of APG processing following recent capacity expansions
- Naphtha**: higher sales volumes on a temporary trading arrangement, as well as higher production volumes due to expansion of fractionation capacity in Tobolsk
- MTBE**: higher sales volumes on capacity expansion in Togliatti, as well as higher feedstock availability due to shutdowns at the production of feedstock for MTBE a year earlier

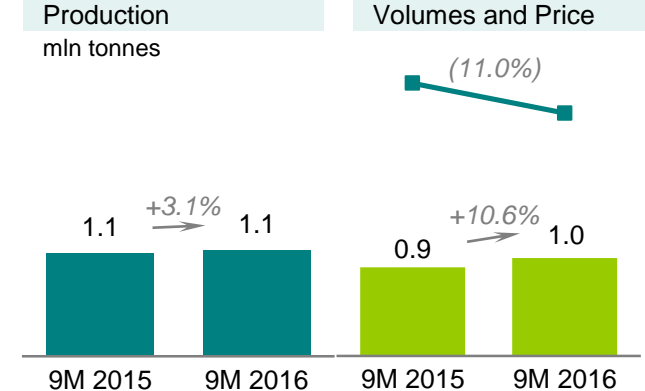
## LPG



## Natural gas



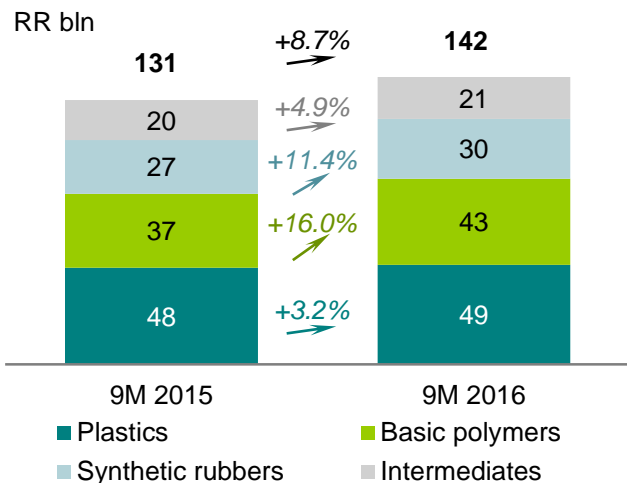
## Naphtha



— Change in effective avg. selling price, %

# PETROCHEMICALS: REVENUE, PRODUCTION AND SALES VOLUMES, PRICE DYNAMICS

## Petrochemical Products



## Key Factors

- Decline in international market prices for majority of products partially mitigated by RR depreciation

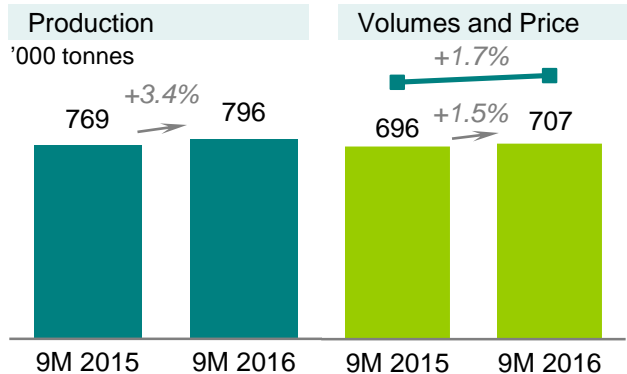
### Basic polymers:

- Higher PP and LDPE prices largely attributable inter alia to favourable market environment on the domestic market
- Sales volumes increased on higher PP sales volumes due to higher capacity utilisation in Tobolsk, despite decline in LDPE production and substantial inventory accumulation

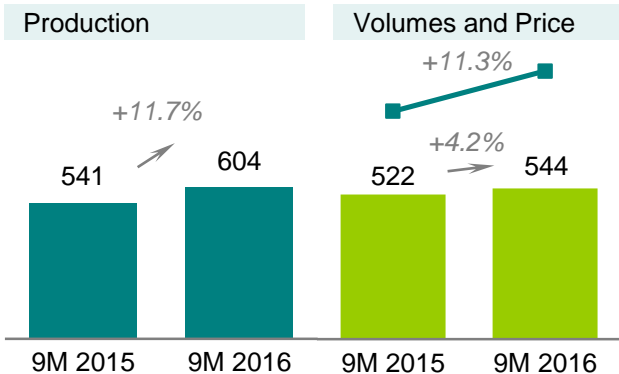
### Synthetic rubbers:

- Increase in sales volumes primarily due to
  - completed thermoplastic elastomers homologation
  - higher production of commodity rubbers due to shorter maintenance shutdowns as compared to 9M 2015

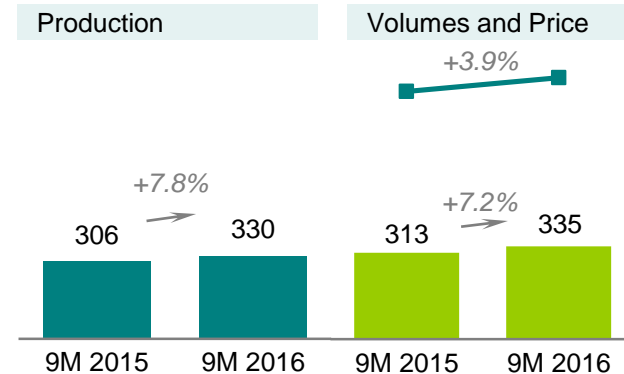
## Plastics & Organic Synthesis



## Basic Polymers



## Synthetic Rubbers



■ Change in effective avg. selling price, %

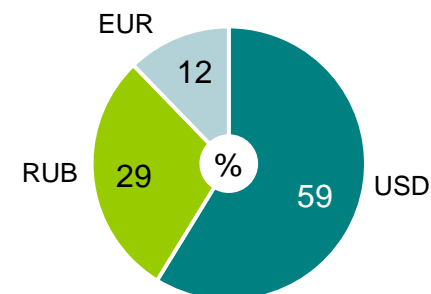
# DEBT PROFILE

Key Figures				
	31 Oct 2016 <sup>(1)</sup>	30 Sep 2016 <sup>(1)</sup>	31 Dec 2015	Change, % 31 Oct '16 vs. 31 Dec'15
<i>RR bln, except as stated</i>				
Total debt	355.8	366.1	457.1	(22.2%)
Cash & cash equivalents	63.9	70.1	172.1	(62.9%)
Bank deposits	3.1	3.2	-	n/m
Net debt	288.8	292.8	285.1	1.3%
<hr/>				
<b>WA loan tenor (years)</b>	6.7	6.7	6.3	
<i>WA Conventional debt</i>	2.5	2.8	2.7	
<i>WA ZSN related debt</i>	11.6	11.7	13.0	
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<b>Available credit lines, incl.</b>	215.2	234.3	287.7	(25.2%)
<i>Committed</i>	125.9	132.2	169.9	(25.9%)

Leverage Ratios		
	30 Sep 2016 <sup>(1)</sup>	31 Dec 2015
Debt / EBITDA	2.7x	3.4x
Net debt / EBITDA	2.2x	2.1x
<i>Conventional net debt</i>	1.4x	1.8x
<i>ZSN related net debt</i>	0.8x	0.3x
Net debt / EBITDA (in \$)	2.3x	1.7x

- Total debt as of 31 Oct'16 vs. 31 Dec'15 decreased by 22.2% mainly due to:
  - repayment and refinancing of debt denominated primarily in foreign currencies
  - RR appreciation 31 Oct'16 vs. 31 Dec'15
- Net debt moderately increased mainly on financing of ZapSibNeftekhim CapEx from the funds provided by the NWF, despite substantial debt repayments
- Net leverage marginally increased to 2.2x from 2.1x (2.3x from 1.7x in USD terms)
  - conventional net leverage decreased to 1.4x from 1.8x on recent debt repayments
  - ZapSibNeftekhim net leverage increased to 0.8x from 0.3x on on-going project financing
- As of 31 Oct'16, all of the debt was unsecured

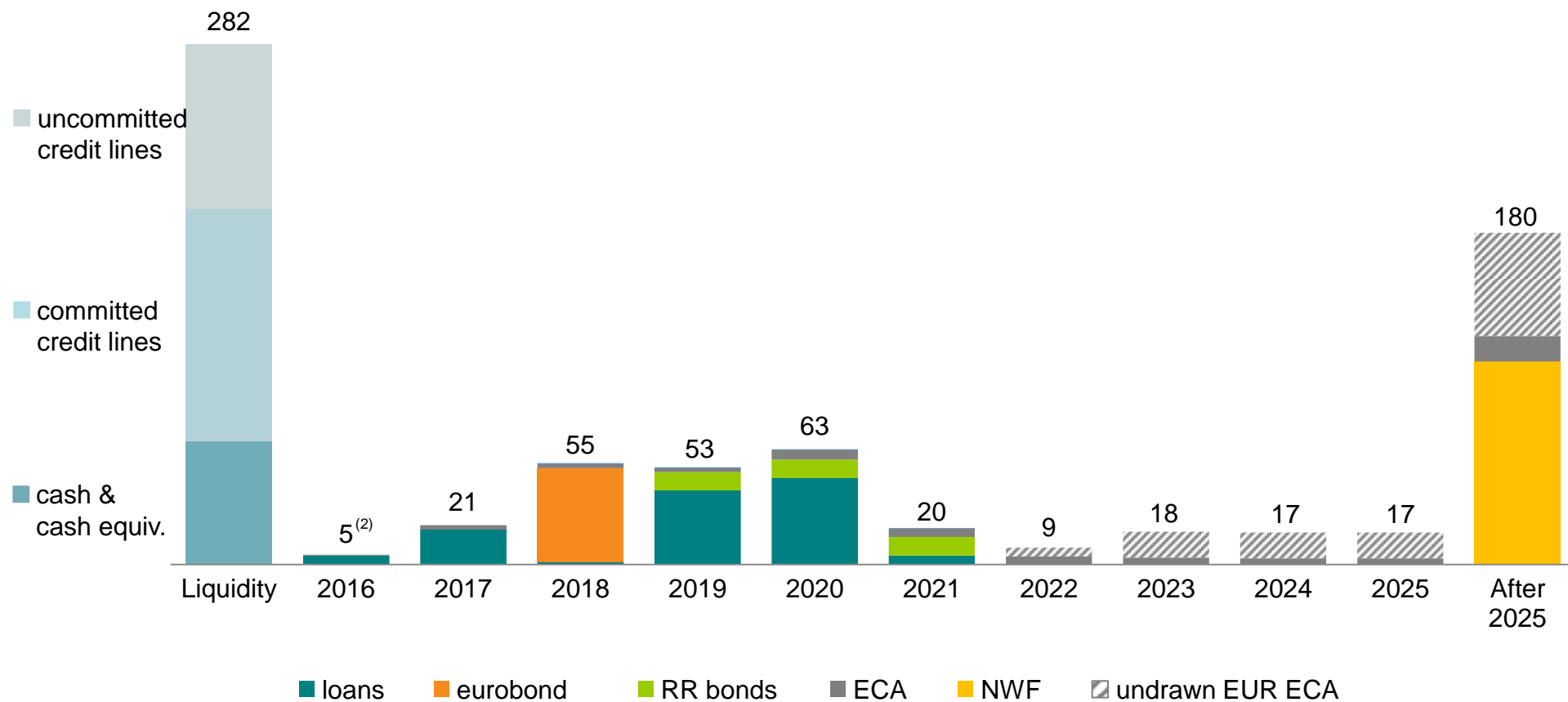
## Loan portfolio structure by currency as of 31 Oct'16



(1) Unaudited data.

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

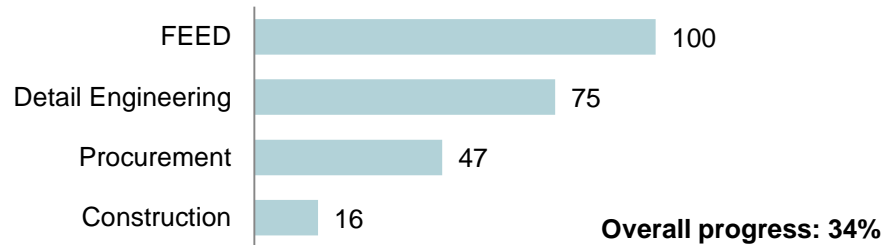
As of 31 October 2016, RR bln





# ZAPSIBNEFTEKHIM (ZAPSIB-2) PROGRESS UPDATE

## Progress Update as of 1 November 2016, %



## Recent Milestones

- 58 units of large-size equipment delivered during the 2016 navigation season to the industrial port of Tobolsk:
  - 23 units of large-size equipment installed for the steam cracker
  - 2 heaviest propane extraction columns installed
- Site preparation fully completed
- Key construction contractors engaged
- 12 500 construction workers at the site as of 1 November
  
- **Financing for the project in 9M 2016 totaled RR 96.7 bln (excl. VAT)**

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

# 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