

FY 2016 Operational and Financial Results

● 14 March 2017 ●

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2016 HIGHLIGHTS

External Environment

- Negative dynamics in international market prices for oil (-16.7% y-o-y in USD terms) and majority of derivative products (incl. LPG and naphtha)
- Continuing price correction in the international markets for majority petrochemical products
- Muted inflation in Russia compared to 2015 (CPI of 5.4% y-o-y and PPI of 7.4% y-o-y in 2016)
- Signs of recovery in Russian economy posting GDP contraction of -0.2% in 2016 vs. -3.7% in 2015; deceleration of GDP growth in China, US and EU
- Mixed dynamics of RR against USD
 - AVG: RR depreciation to USD of 10.0% y-o-y
 - EOP: RR appreciation to USD of 16.8% (2016YE vs 2015YE)

SIBUR Key Developments

- Silk Road Fund acquired 10% in SIBUR (*January 2017*)
- Expansion of PP and LDPE production capacities in Tomsk (PP: to 140 from 130 ktpa; LDPE: to 270 from 245 ktpa) (*completed in September 2016*)
- Expansion of raw NGL fractionation capacity in Tobolsk from 6.6 to 8 mtpa (*July 2016*)
- Modernisation and expansion of Vyngapurovskiy GPP to 4.2 from 2.8 bcmpa of APG (*March 2016*)
- SIBUR acquired Tobolsk Heating and Power Plant from Fortum (*February 2016*)
- Avg. capacity utilisation rate of PP production site in Tobolsk up to 93% in 2016 from 76% in 2015
- ZapSibNeftekhim timeline accelerated with mechanical completion scheduled for end of 2019
- CapEx budget for 2017 expected at RR 200 bln

OPERATIONAL & FINANCIAL HIGHLIGHTS

Operational Results

- APG processing volumes increased by 4.4% to 22.4 bcm⁽¹⁾
- Natural gas production increased by 5.2% to 19.4 bcm⁽¹⁾
- Raw NGL fractionation volumes increased by 5.2% to 8.2 mt
- LPG production volumes increased by 6.4% to 6.9 mt⁽²⁾
- PP production increased by 14.8% to 593 kt
- Elastomers production increased by 8.6% to 445 kt

Financial Results

- Revenue reached RR 411.8 bln, increasing by 8.4%
- EBITDA reached RR 139.6 bln, increasing by 2.9%⁽²⁾, EBITDA margin at 33.9%
- Adj. EBITDA increased by 5.4% to RR 149.2 bln⁽³⁾
 - Share of JV EBITDA at RR 9.5 bln
- Net cash from operating activities before working capital changes increased by 10.3% to RR 142.2 bln
- CapEx totaled RR 145.7 bln⁽⁴⁾
- Net Debt to EBITDA at 2.0x as of 31 Dec'16

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

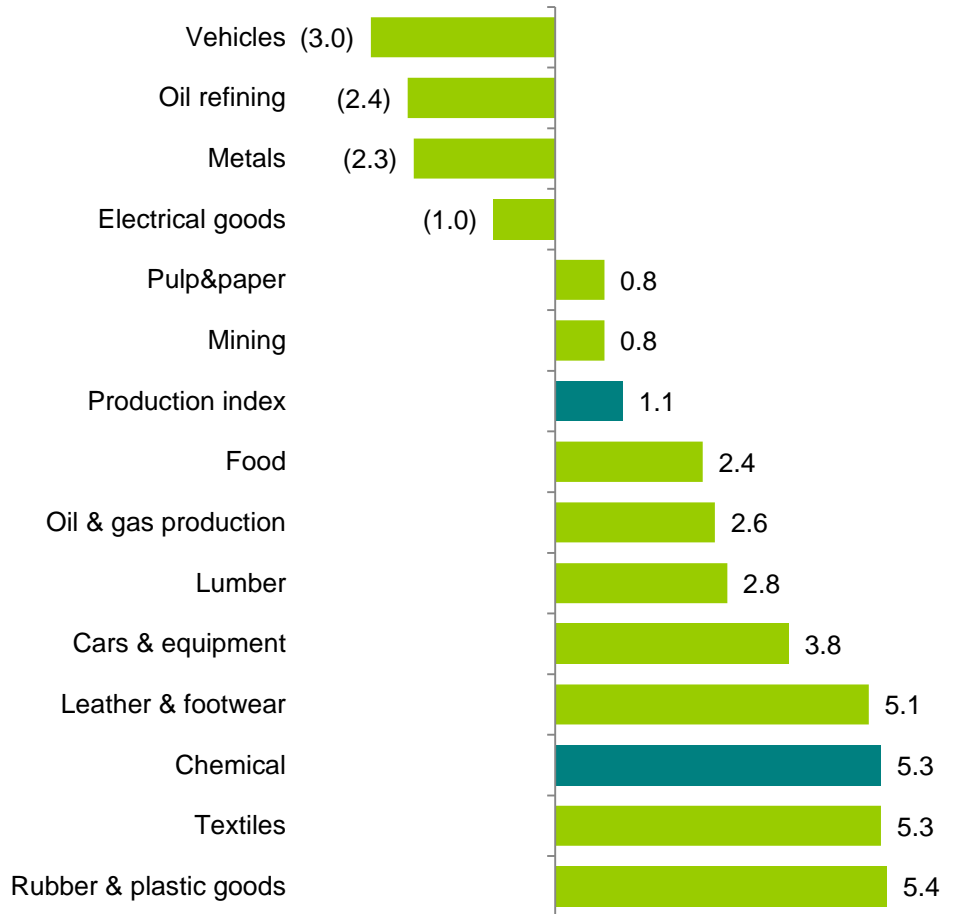
(2) Including volumes under processing arrangements.

(3) EBITDA including the Group's portion in joint ventures and associates EBITDA

(4) Includes purchase of property, plant and equipment, intangible assets and other non-current assets.

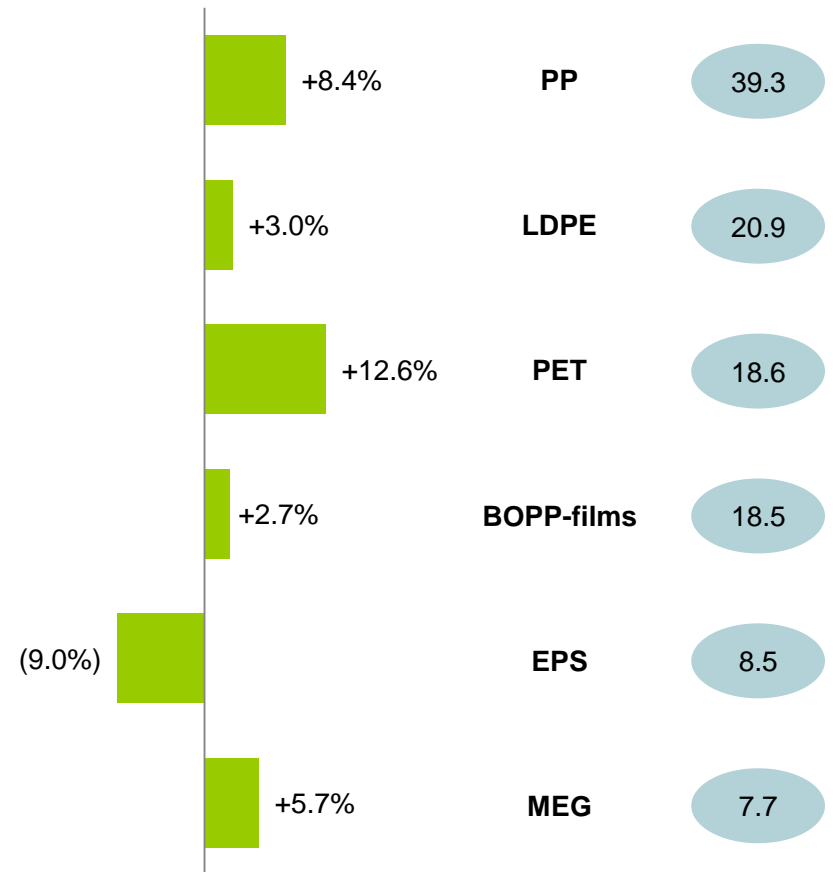
EXPANDING DOMESTIC DEMAND FOR PETCHEM DESPITE GDP DECLINE

Index of Industrial Production, 2016, % y-o-y



Russian GDP decline of 0.2%

Change in Domestic PetChem Consumption, % y-o-y

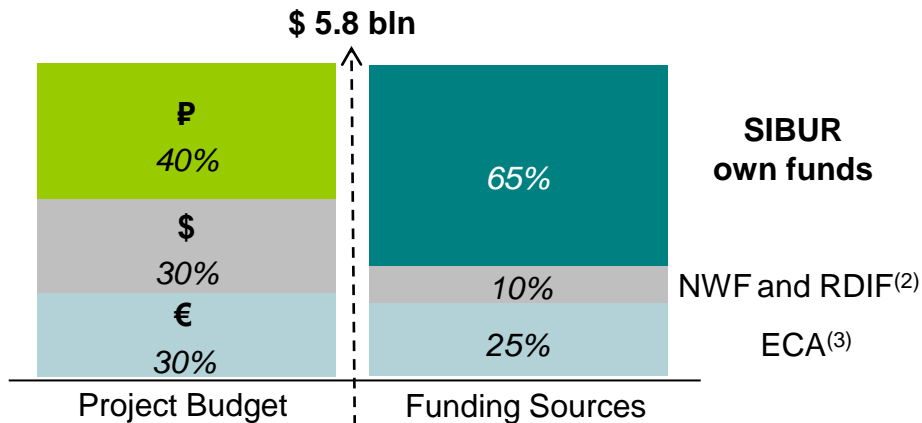


SIBUR respective product revenue in 2016, RR bln

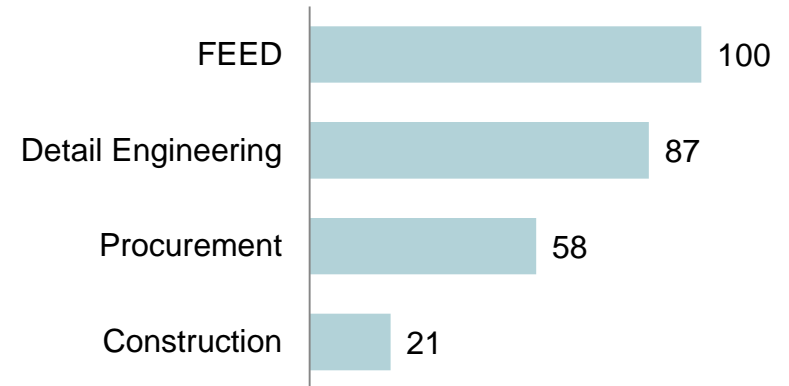


ZAPSIB PROGRESS UPDATE

Project Residual Budget for 2017-2020⁽¹⁾



Progress Update as of 28 February 2017, %



- Overall progress as of 28 February 2017: 41%
- Overall progress by major units as of 28 February 2017:
 - Steam cracker – 44%
 - PE unit – 30%
 - PP unit – 33%
- RR 193 bln invested by 2016EY
- More than 11,000 construction workers at the site as of 28 February 2017

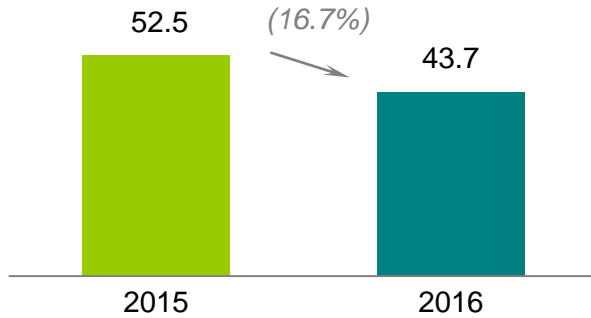
Please follow the link to see the video of the construction site:
<https://www.sibur.ru/en/press-center/video/>



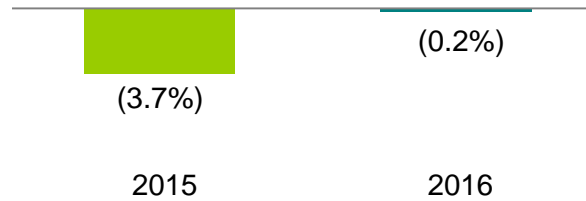
(1) Data as of 31 December 2016. Numbers and respective percentages calculated based on exchange rates as of 31 December 2016; RR/USD at 60.7, RR/EUR at 63.8.
 (2) Cash balances as of 31 December 2016. NWF stands for National Wealth Fund. RDIF stands for Russian Direct Investment Fund.
 (3) Undrawn amount of ECA (Export Credit Agency).

MACRO ENVIRONMENT

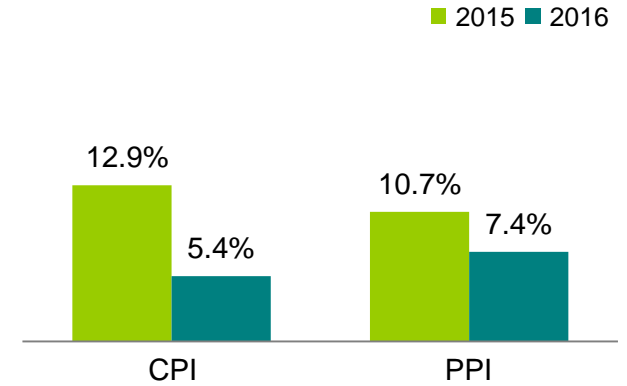
Average Oil Price (Brent)⁽¹⁾



Russian GDP⁽²⁾

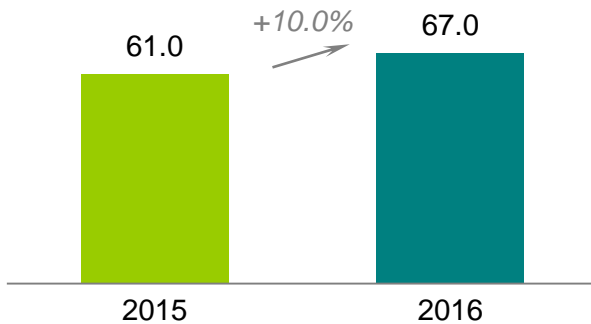


CPI & PPI (y-o-y)⁽²⁾



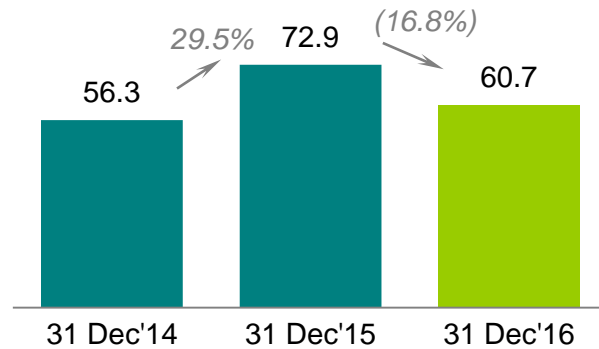
Average Exchange Rate⁽³⁾

RR / USD



EOP Exchange Rate⁽³⁾

RR / USD

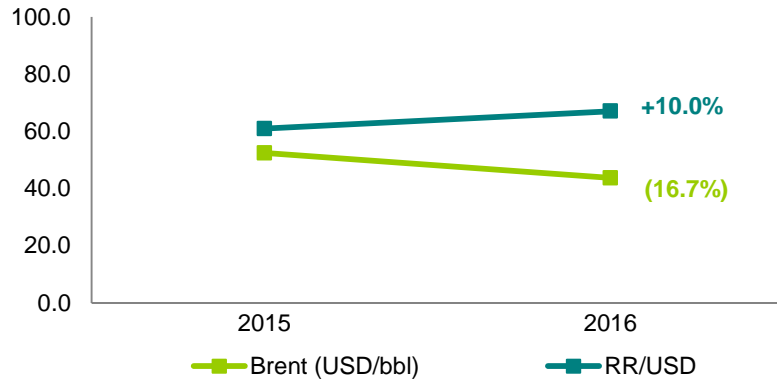


Tariffs Indexation

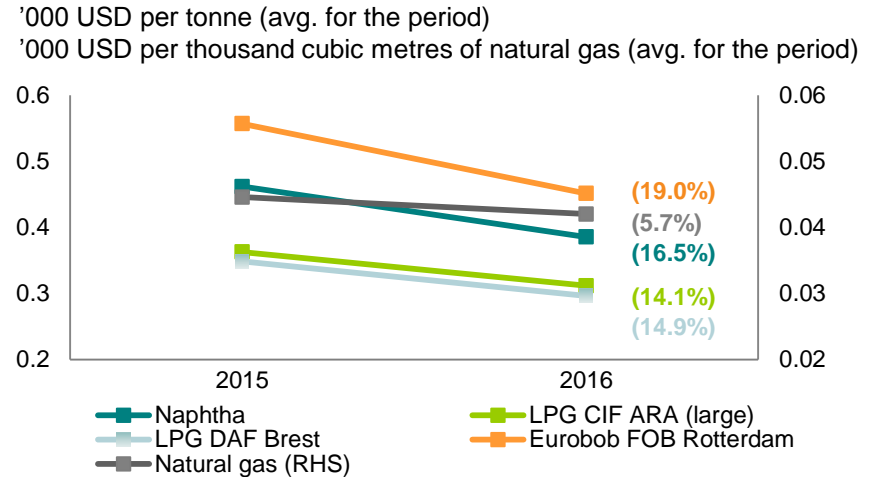
Indexation Rate	Effective Date	Description
9.0%	Jan 2016	Railway Transportation Tariff
7.5%	Jul 2015	Regulated natural gas price

PRICING ENVIRONMENT

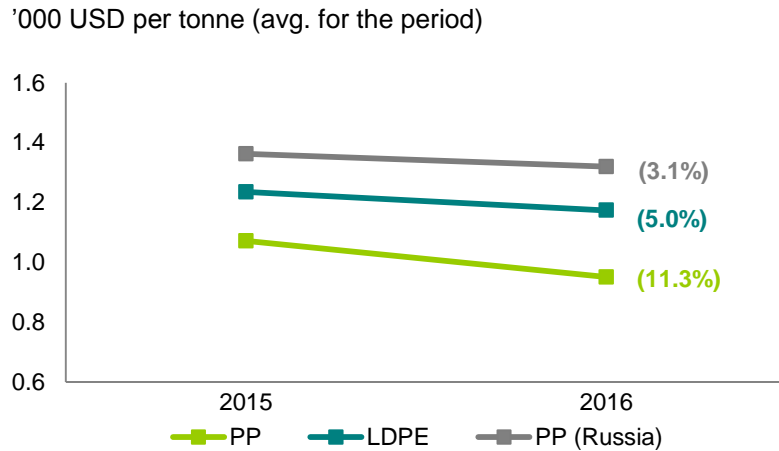
Oil and FX



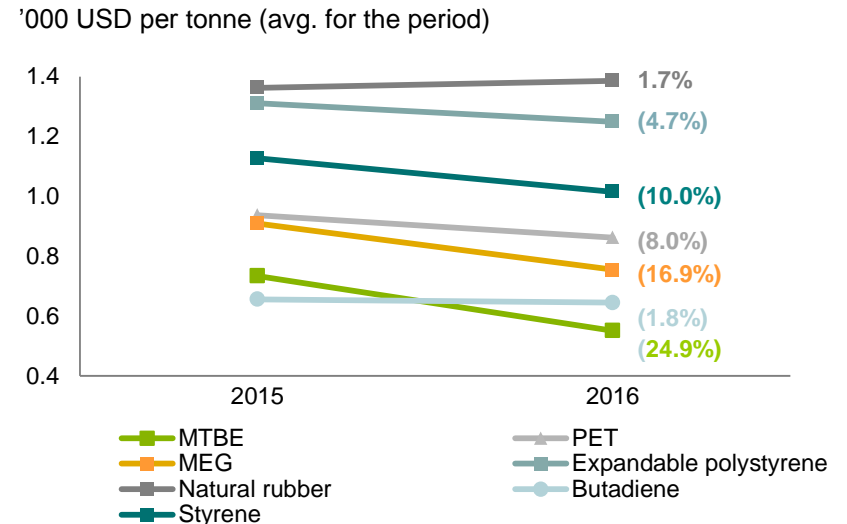
Feedstock and Energy



Olefins and Polyolefins



Plastics, Elastomers and Intermediates



CHANGES IN REPORTING TO REFLECT SIBUR STRATEGIC DEVELOPMENT

1

CHANGES IN REPORTABLE SEGMENTS

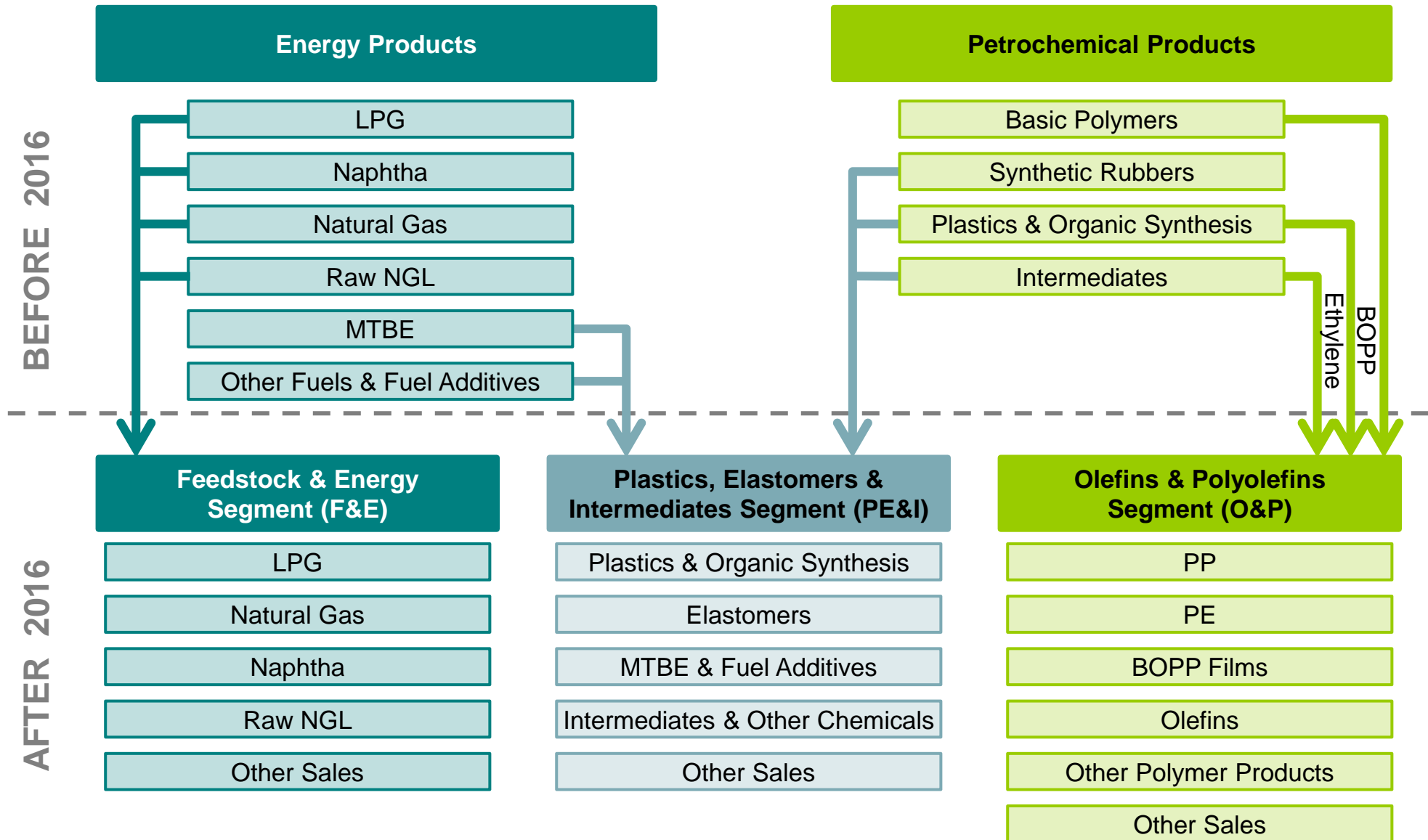
- **WHY:**
 - Focus on polyolefins as the segment of SIBUR strategic development
 - Transparent reconciliation between product revenue and segment results
- **WHAT:**
 - Petrochemicals segment split into two sub-segments with different profitability fundamentals
 - Only purely energy products retained within Feedstock & Energy segment
- **WHEN:** Starting 2016 with the respective restatement of 2015

2

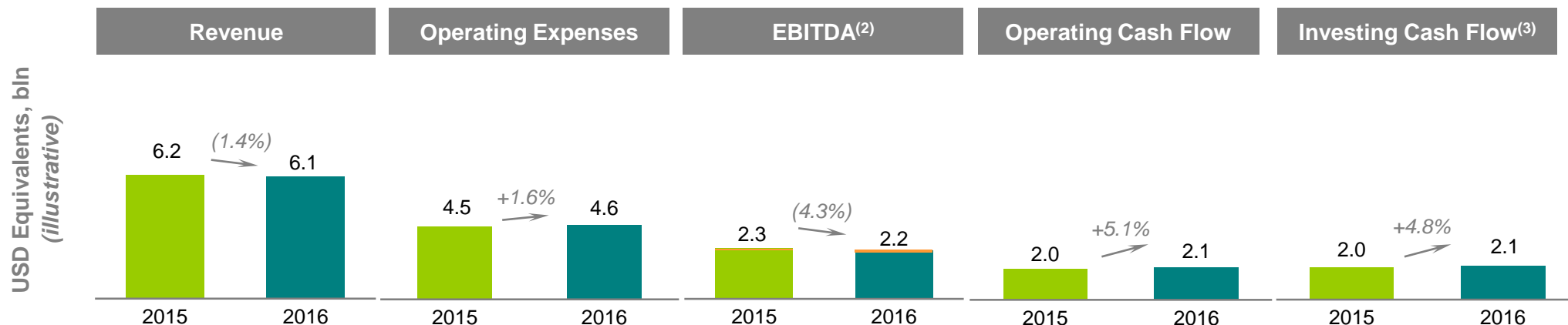
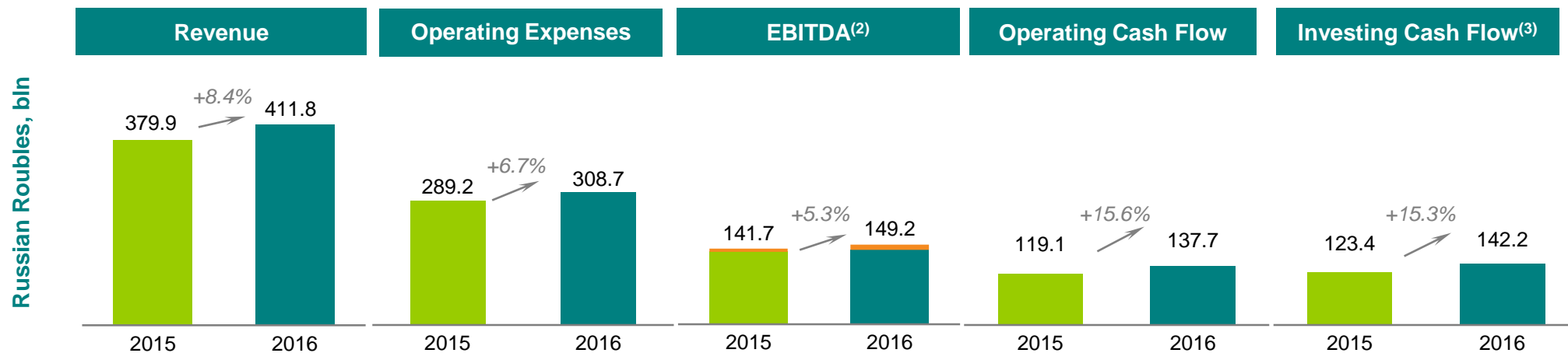
NEW METRICS: EBITDA ACCOUNTING FOR THE EXPANDING JV CONTRIBUTION

- **WHY:**
 - Reflection of the results of the joint ventures launched in 2014-2015
- **WHAT:**
 - The Group EBITDA adjusted by the portion of EBITDA of associates and joint ventures
- **WHEN:** Starting 2016 with the comparable calculation for 2015

CHANGES IN SIBUR REPORTABLE SEGMENTS



SIBUR FINANCIAL SUMMARY⁽¹⁾



■ Share of JVs and associates EBITDA

(1) Values in USD estimated based on average RR/USD rate of 67.0349 and 60.9579 in 2016 and 2015, respectively.

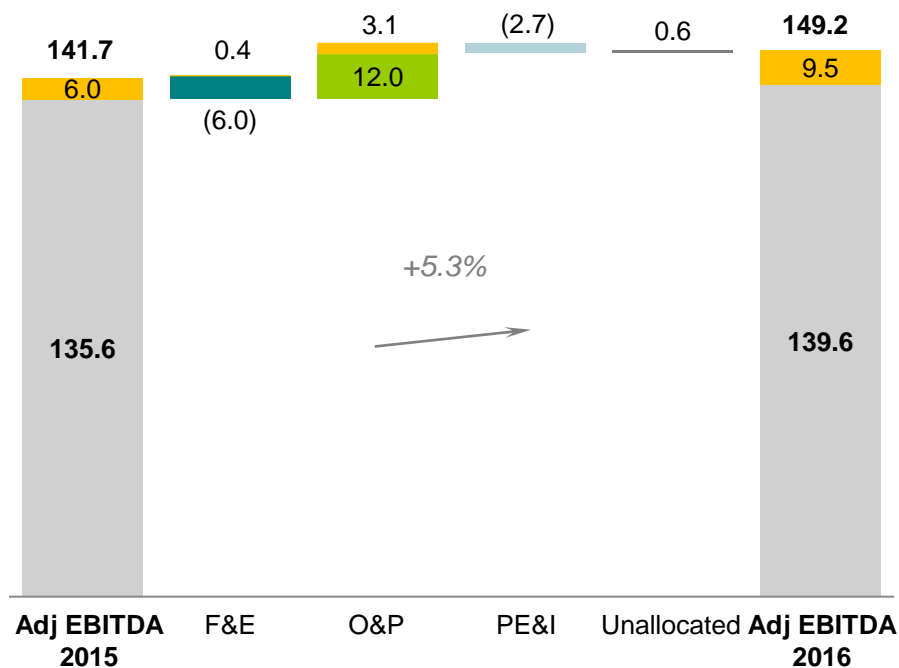
(2) Adjusted EBITDA, including share of the Group's portion in joint ventures and associates EBITDA

(3) Includes CapEx and M&A.

EBITDA DYNAMICS AND STRUCTURE

EBITDA Dynamics⁽¹⁾

RR bln

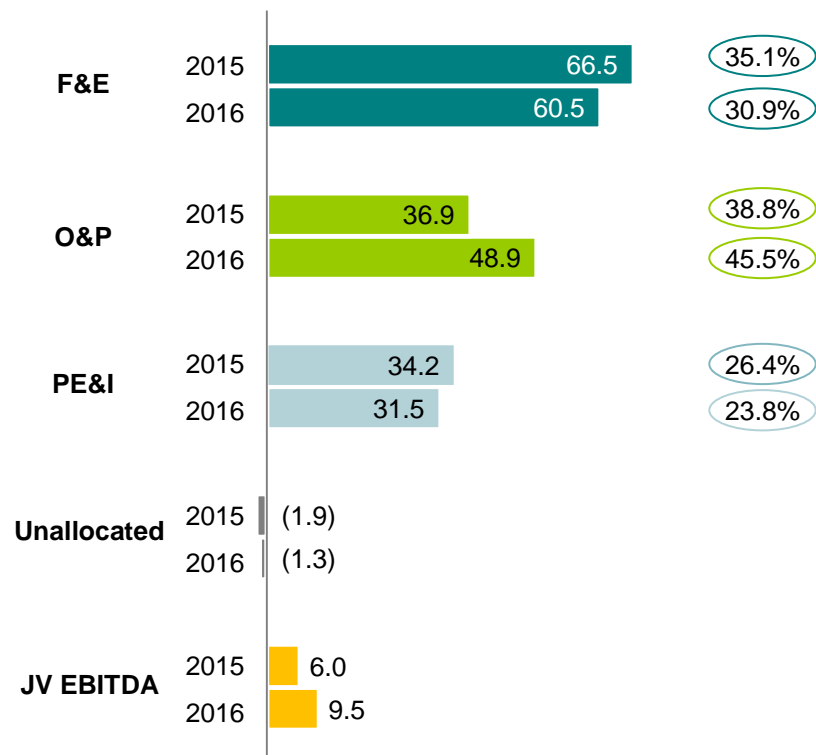


- F&E (Feedstock & Energy)
- O&P (Olefins & Polyolefins)
- PE&I (Plastics, Elastomers & Intermediates)
- Unallocated
- Share of JVs and associates EBITDA

EBITDA and EBITDA Margin by Segment

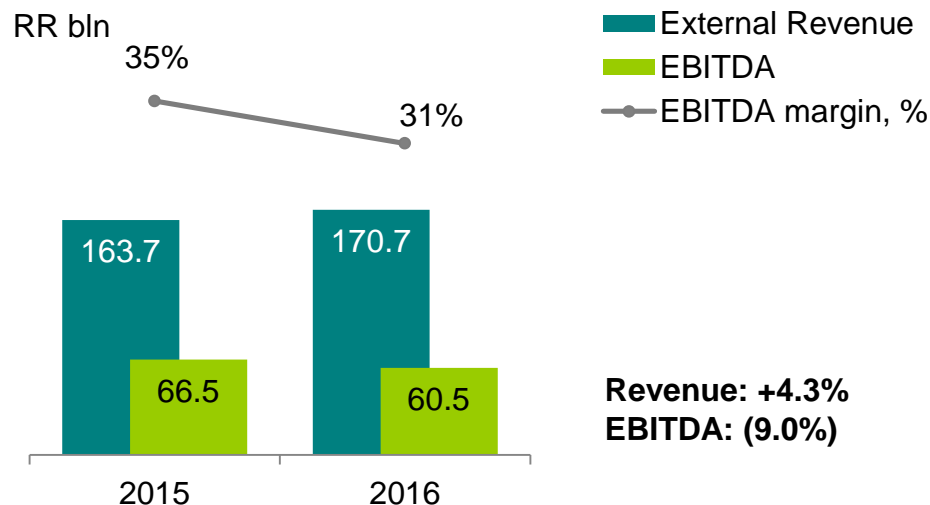
RR bln

EBITDA margin



F&E (FEEDSTOCK AND ENERGY) SEGMENT HIGHLIGHTS

Segment Financial Performance

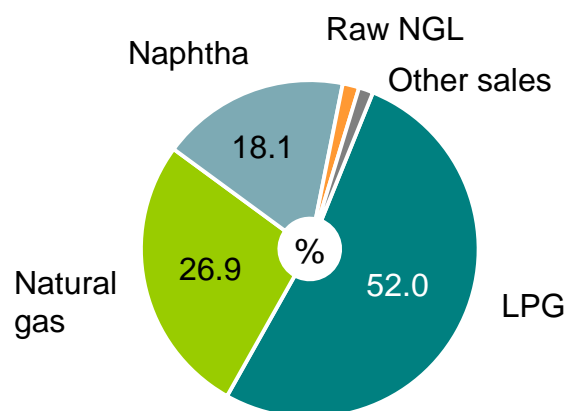


Revenue: +4.3%
EBITDA: (9.0%)

Key Factors

- Lower selling prices for NGLs on the negative dynamics of international market prices partially mitigated by RR depreciation
- Higher selling price for Natural gas on a 7.5% indexation of regulated prices as of 1 July 2015
- Higher sales volumes largely attributable to production growth on the increased availability of liquid hydrocarbon feedstock
- Lower purchase prices for feedstock due to negative dynamics of relevant international benchmarks
- Release of RR 4.6 bln provision (OAO Tyumenenergo lawsuit closed in July 2015)

Revenue Structure 2016



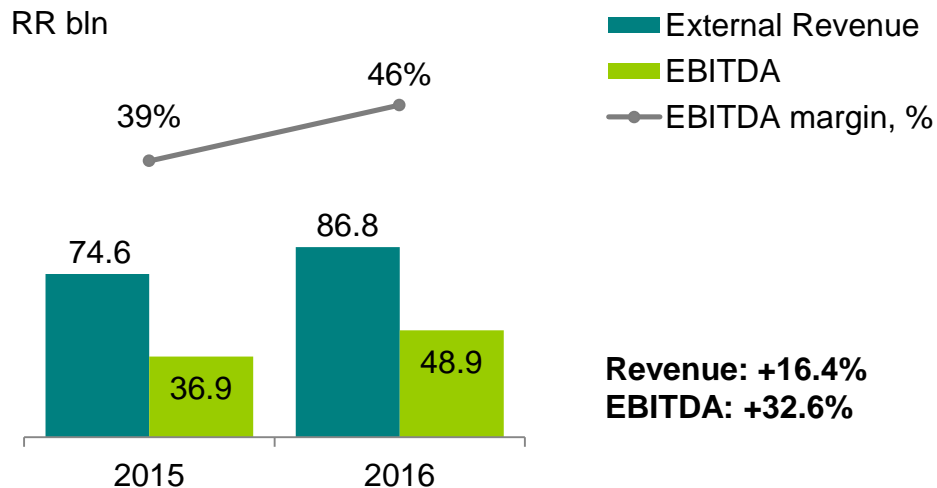
Product Revenues Development (% change y-o-y)⁽¹⁾

	Volume	Price	Total
LPG	+10.3% ↑	(2.9%) ↓	+7.1% ↑
Natural gas	+3.5% ↑	+3.3% ↑	+6.9% ↑
Naphtha	+5.7% ↑	(7.2%) ↓	(1.9%) ↓
Raw NGL	(9.7%) ↓	(18.5%) ↓	(26.4%) ↓

(1) Represents external revenue

O&P (OLEFINS & POLYOLEFINS) SEGMENT HIGHLIGHTS

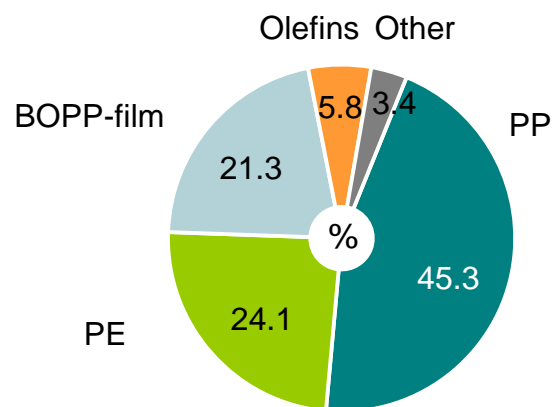
Segment Financial Performance



Key Factors

- Higher sales volumes largely attributable to higher PP production on increased average capacity utilisation rate at our PP production site in Tobolsk (from 76% in 2015 to 93% in 2016)
- Higher average selling prices for PP and PE on favourable domestic market environment and RR depreciation despite lower international benchmark prices
- Lower feedstock costs due to lower netbacks following the decrease in international benchmarks partially offset by RR depreciation

Revenue Structure 2016



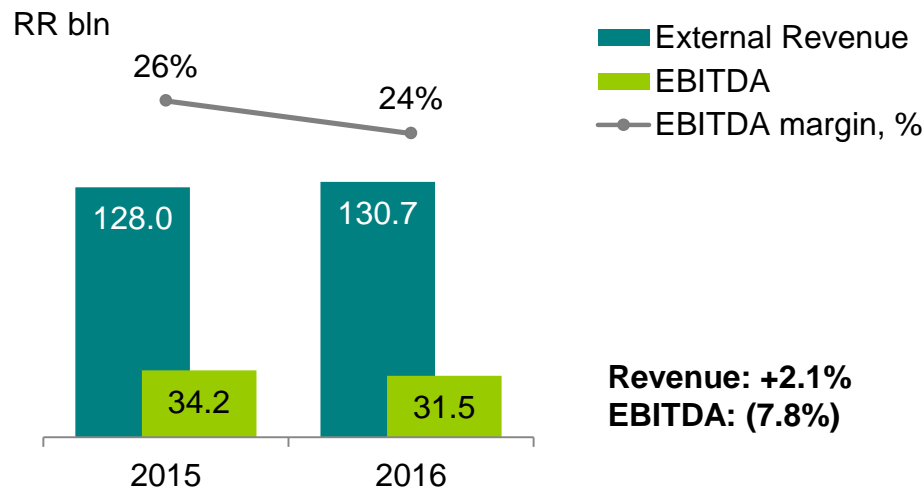
Product Revenues Development (% change y-o-y)⁽¹⁾

	Volume	Price	Total
PP	+17.0% ↑	+4.8 ↑	+22.6% ↑
PE	(2.4%) ↓	+14.0% ↑	+11.2% ↑
BOPP-films	+5.3% ↑	+3.0% ↑	+8.5% ↑
Olefins	+28.7% ↑	+1.0% ↑	+30.1% ↑

(1) Represents external revenue

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

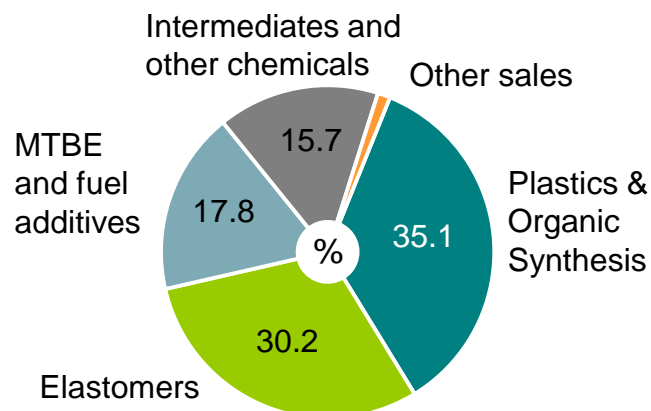
Segment Financial Performance



Key Factors

- Lower selling prices for MTBE and majority of plastics & organic synthesis products, only partially mitigated by RR depreciation
- Higher sales volumes on:
 - higher MTBE production volumes due to the capacity expansion in Togliatti;
 - improved demand for certain grades of synthetic rubbers;
 - higher plastics & organic synthesis production following the glycols and acrylates production growth, partially offset by lower production of PET

Revenue Structure 2016



Product Revenues Development (% change y-o-y)⁽¹⁾

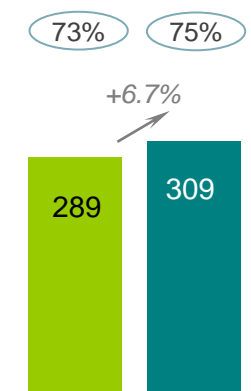
	Volume	Price	Total
Plastics & Organic Synthesis	+0.7% ↑	(2.3%) ↓	(1.6%) ↓
Elastomers	+7.6% ↑	+4.4% ↑	+12.4% ↑
MTBE & Fuel Additives	+11.1% ↑	(17.9%) ↓	(8.8%) ↓
Intermediates and other chemicals	+8.9% ↑	(1.5%) ↓	+7.2% ↑

(1) Represents external revenue

OPERATING EXPENSES STRUCTURE AND DYNAMICS

OpEx

RR bln

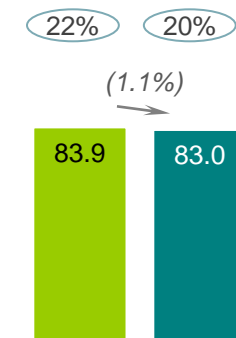


■ 2015 ■ 2016
x% - % of revenue

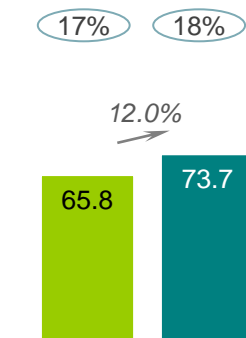
Key Factors

- Higher **energy & utilities**
 - release of RR 4.6 bln provision in previous year (OAO Tyumenenergo lawsuit closed in Jul'15)
 - Tobolsk HPP consolidation and higher fuel and electricity consumption volumes (compensated by lower heat consumption and higher external revenue from power and electricity sales)
- Higher **transportation & logistics**
 - railway tariff indexation (+9% in Jan 2016)
 - RR depreciation
 - higher transshipment expenses due to deconsolidation of Ust-Luga terminal starting Nov' 15
 - higher transported volumes
- Higher **D&A** largely due to acquisition of Tobolsk HPP and new commissionings in Tobolsk
- Higher **staff costs**
 - growth in headcount of NIPIGAZ
 - changes in perimeter
 - movements in bonus provision
- Lower **other expenses**
 - equity-settled share-based payments** in 2015
 - ... partially offset by higher **goods for resale**
 - increase in **services provided by third parties** (NIPIGAZ subcontractors), which was offset by higher external revenue
- Flat **feedstock and materials** on lower average purchases prices for majority of raw materials, compensated by higher purchase volumes on production growth

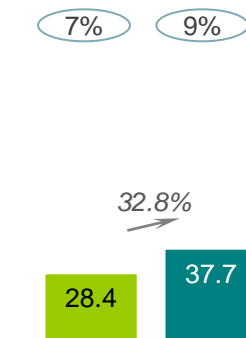
Feedstock and Materials



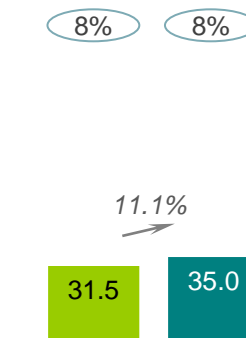
Transportation & Logistics



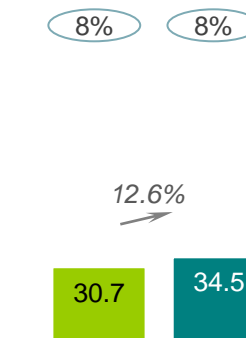
Energy and Utilities



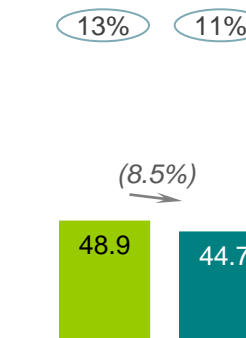
Depreciation and amortisation



Staff costs



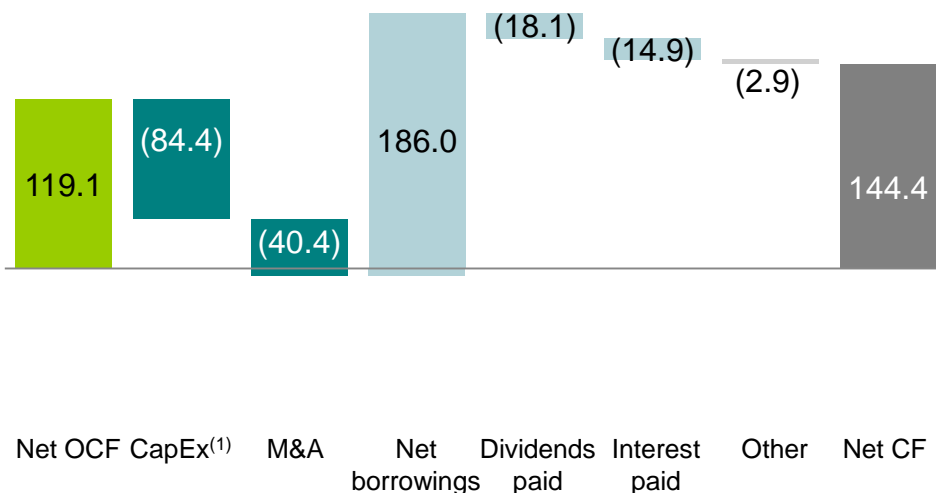
Other



CASH FLOW STATEMENT HIGHLIGHTS

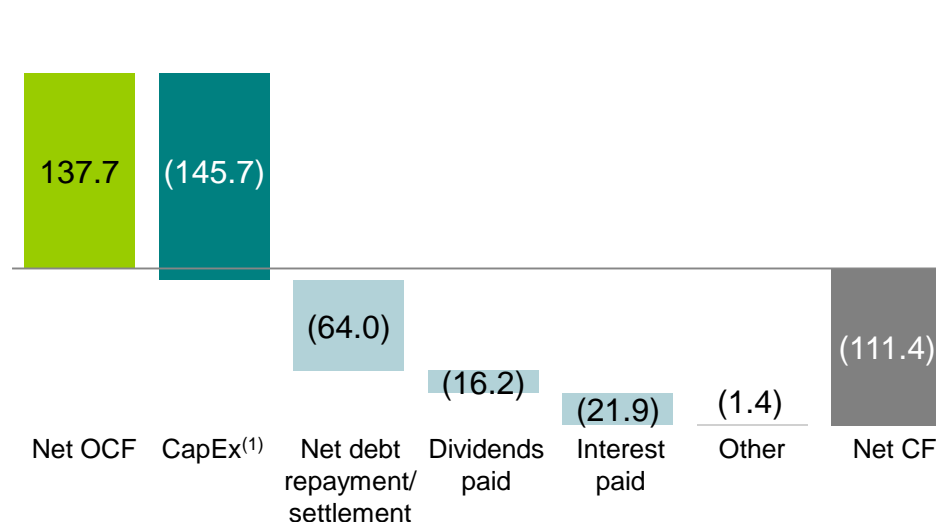
FY 2015 Cash Flow Reconciliation

RR bln



FY 2016 Cash Flow Reconciliation

RR bln



Key Factors

- Net cash from operating activities increased by 17.3% y-o-y on
 - higher EBITDA, adjusted for the changes in certain provisions, primarily related to Tyumenenergo lawsuit (closed in July 2015)
 - positive impact from WC changes on higher trade and other payables
 - ...partially offset by higher income tax paid
- Net cash used in investing activities increased by 15.3% y-o-y on
 - substantial increase in CapEx due to expansive ZapSib-2 financing
 - ...partially compensated by M&A activities in 2015
- Net cash used in financing activities attributable to substantial debt repayment as opposed to new borrowings for ZapSib-2 financing and Yugragzpererabotka acquisition in 2015

DEBT PROFILE

Key Figures

<i>RR bln, except as stated</i>	31 Dec 2016	31 Dec 2015	Change, %
Total debt	341.8	457.1	(25.2%)
<i>Conventional debt</i>	182.1	299.0	(39.1%)
<i>ZapSibNeftekhim related debt</i>	159.7	158.1	1.0%
Cash & cash equivalents	60.6	172.1	(64.8%)
Net debt	281.2	285.1	(1.4%)
<i>Conventional net debt</i>	163.4	247.2	(33.9%)
<i>ZapSibNeftekhim related net debt</i>	117.8	37.9	210.8%
<hr/>			
WA loan tenor (years)	6.8	6.3	
<i>WA Conventional debt</i>	2.7	2.7	
<i>WA ZSN related debt</i>	11.4	13.0	
<hr/>			
Available credit lines, incl.	184.5	287.7	(35.9%)
<i>Committed</i>	112.5	169.9	(33.8%)

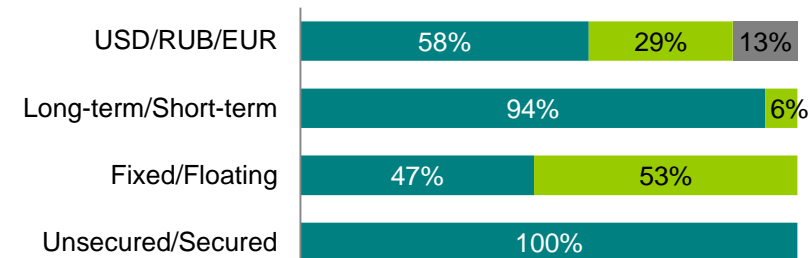
Leverage Ratios

	31 Dec 2016	31 Dec 2015
Debt / EBITDA	2.4x	3.4x
Net debt / EBITDA	2.0x	2.1x
<i>Conventional net debt</i>	1.2x	1.8x
<i>ZSN related net debt</i>	0.8x	0.3x

Overview

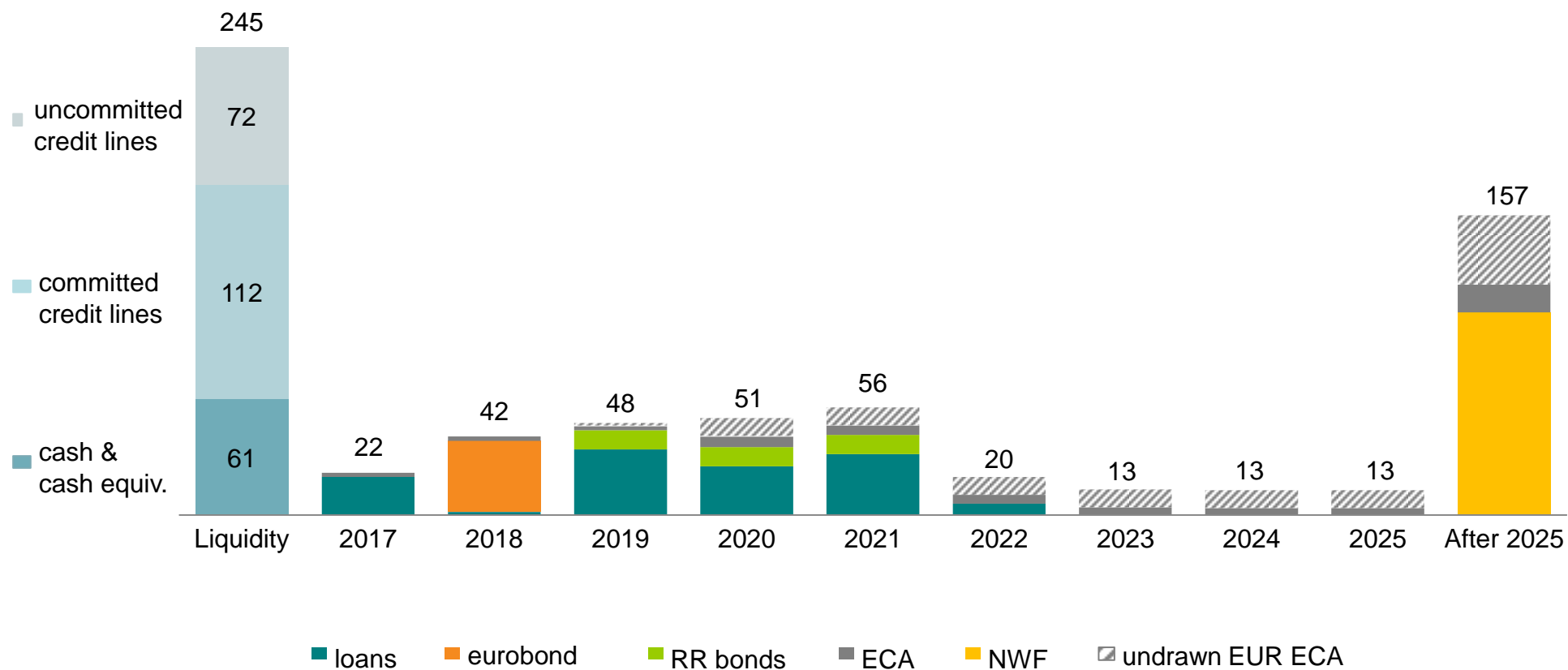
- Total debt decreased by 25.2% mainly due to:
 - repayment and refinancing of debt denominated primarily in foreign currencies
 - RR appreciation 31 Dec'16 vs. 31 Dec'15
- Net debt moderately decreased mainly on substantial debt repayments, while financing of ZapSibNeftekhim CapEx from the funds provided by the NWF
- Net leverage marginally decreased to 2.0x from 2.1x
 - conventional net leverage decreased to 1.2x 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 Dec'16, all of the debt was unsecured

Loan portfolio structure as of 31 Dec'16



LIQUIDITY AND DEBT MATURITY PROFILE⁽¹⁾

As of 31 December 2016, RR bln



FINANCIAL CALENDAR – 2017

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