

## *Q1 2016 Limited Operational Update*

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● 21 June 2016 ●

# DISCLAIMER

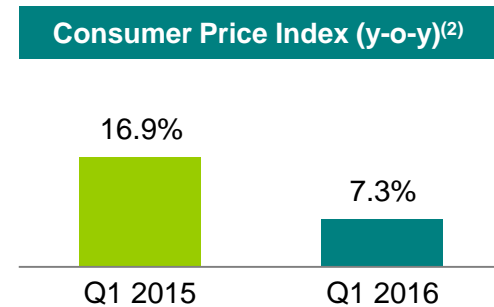
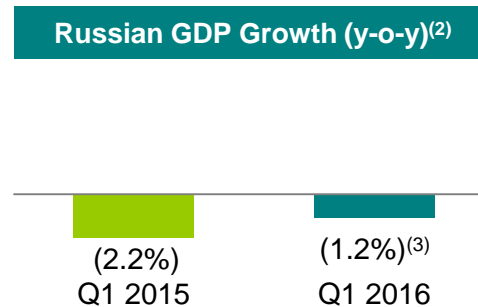
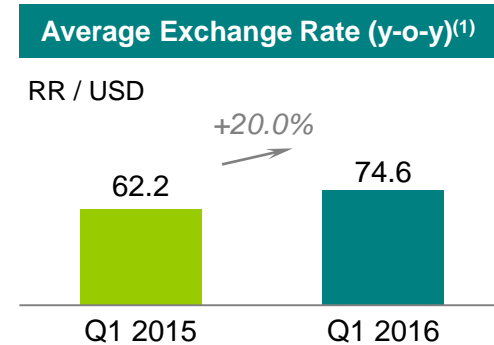
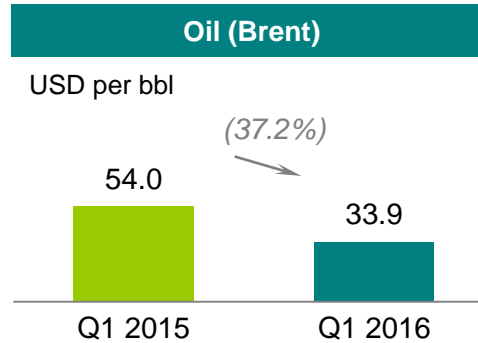
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# EXTERNAL ENVIRONMENT

- Continued downward trend for prices for oil (-37.2% y-o-y in USD terms) and its derivative products (incl. LPG and naphtha)
- Negative dynamics in international market prices for majority of petrochemical products
- Positive effect of FX changes
  - Avg. USD/RR rate up by 20.0% y-o-y
  - USD/RR rate as of 31 Mar'16 down by 7.2% vs 31 Dec'15



(1) CBR.

(2) Russian Federal State Statistics Service.

(3) Preliminary Data.

# SIBUR DEVELOPMENTS

## Volumes

- **APG processing increased** by 10.1% y-o-y to 5.6 bcm
- **Natural gas production increased** by 11.2% y-o-y to 4.9 bcm
- **Raw NGL fractionation increased** by 7.0% y-o-y to 2.0 mt<sup>(1)</sup>
- **LPG production increased** by 6.9% y-o-y to 1.7 mt<sup>(1)</sup>
- **Petchem production increased** by 11.2% y-o-y to 2.0 mt
  - **PP production increased** by 11.0% y-o-y to 165.3 kt
  - **Synthetic rubbers production increased** by 16.0% y-o-y to 120.5 kt

## Revenue

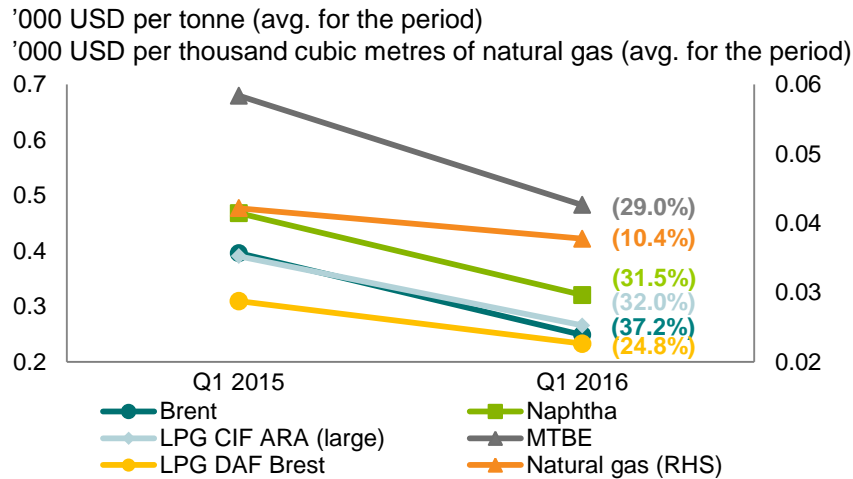
- **Total revenue increased** by 12.5% y-o-y to RR 101.4 bln
- **Revenue from sales of energy products increased** by 4.9% y-o-y to RR 47.1 bln
- **Revenue from sales of petrochemical products increased** by 15.7% y-o-y to RR 48.6 bln
  - **Basic polymers sales revenue increased** by 28.9% y-o-y to RR 15.6 bln
  - **Synthetic rubbers sales revenue increased** by 3.4% y-o-y to RR 9.6 bln
  - **Plastics and organic synthesis sales revenue increased** by 9.1% y-o-y to RR 15.9 bln
  - **Intermediates sales revenue increased** by 23.7% y-o-y to RR 7.5 bln

## ZapSibNeftekhim Progress

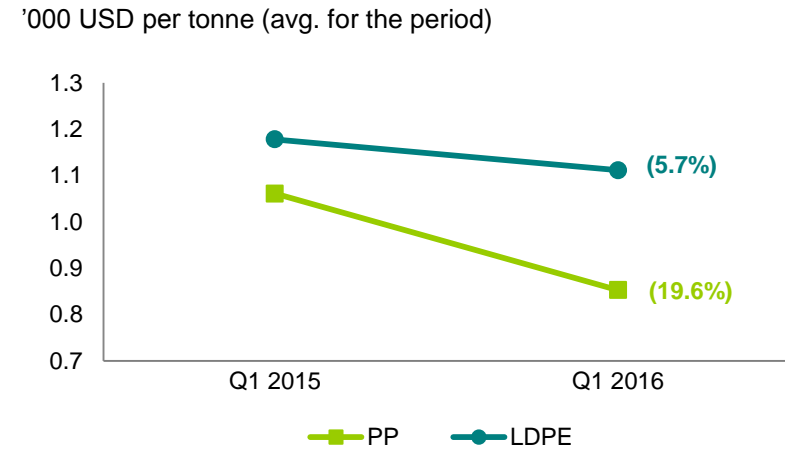
- **ZapSibNeftekhim financing totaled RR 42.7 bln (excl. VAT)** in Q1 2016
- **Overall completion 24.5%**, including FEED stage as of 1 June 2016

# PRICING ENVIRONMENT IN USD TERMS<sup>(1)</sup>

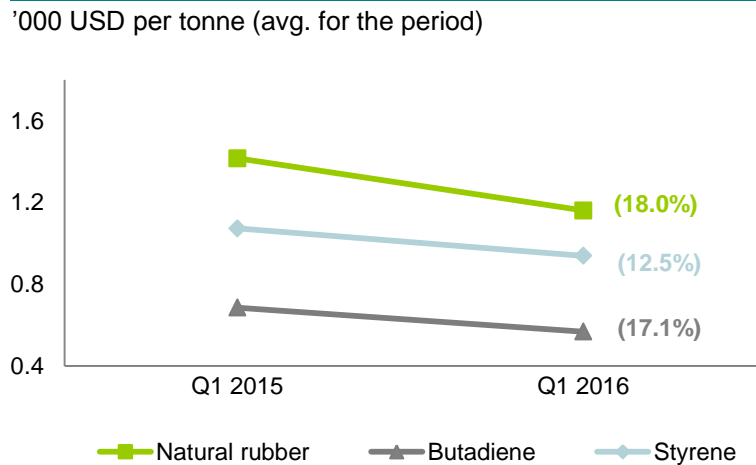
## Energy Products



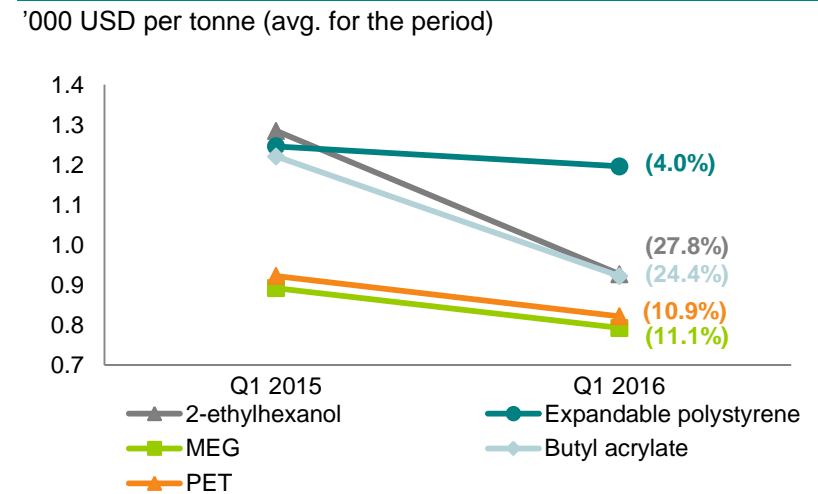
## Basic Polymers



## Synthetic Rubbers

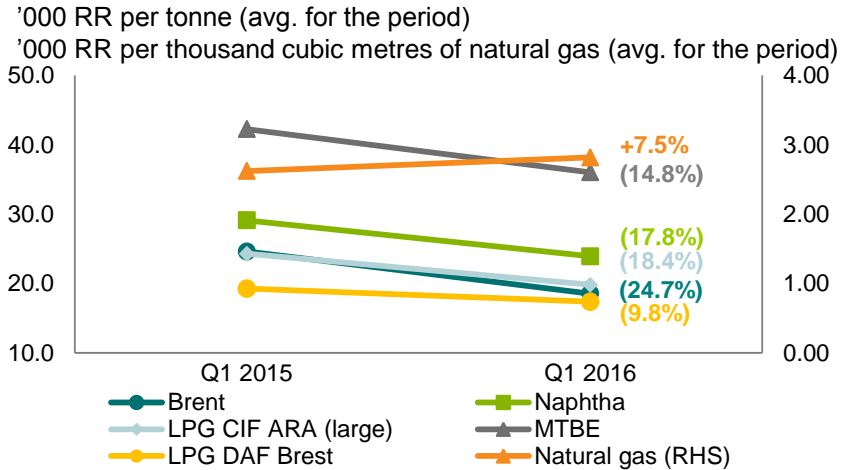


## Plastics & Organic Synthesis

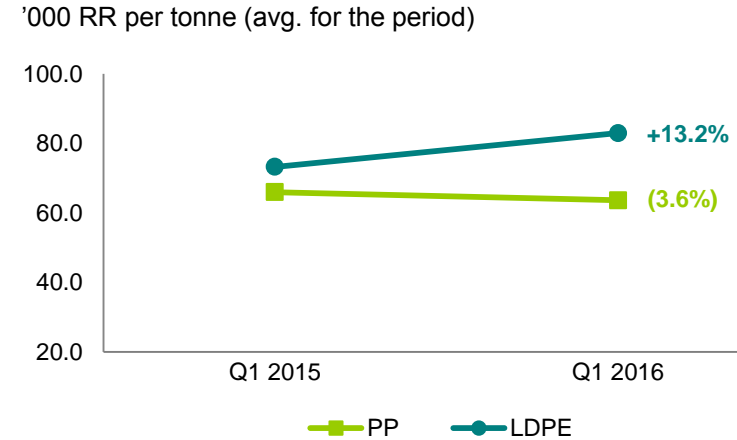


# PRICING ENVIRONMENT IN RR TERMS<sup>(1)</sup>

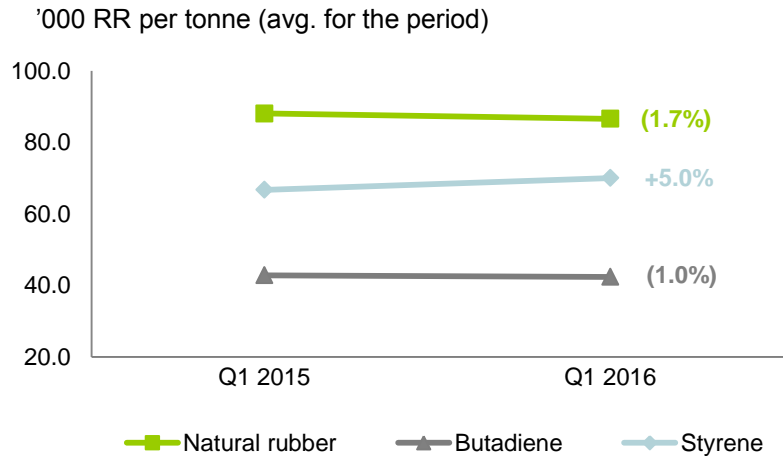
## Energy Products



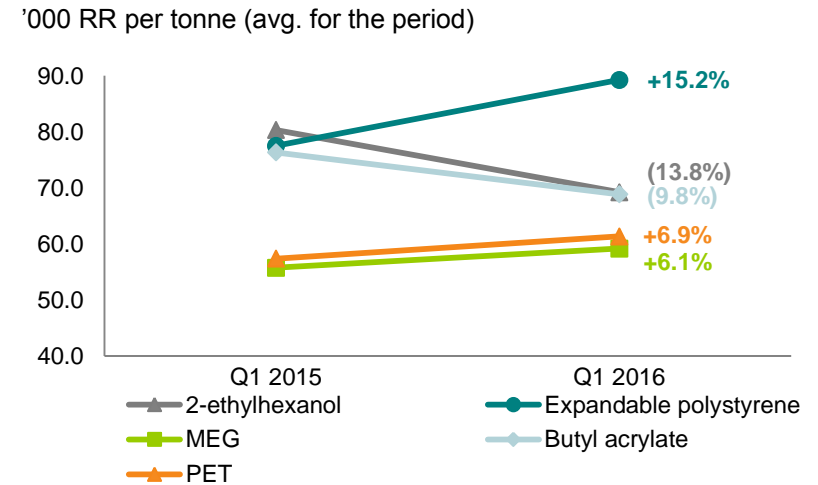
## Basic Polymers



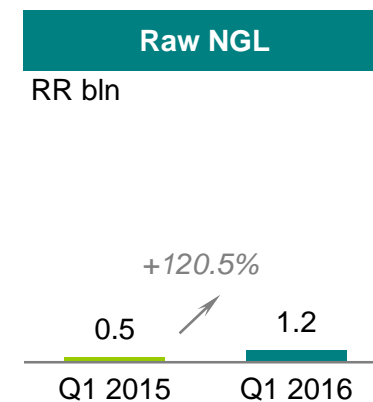
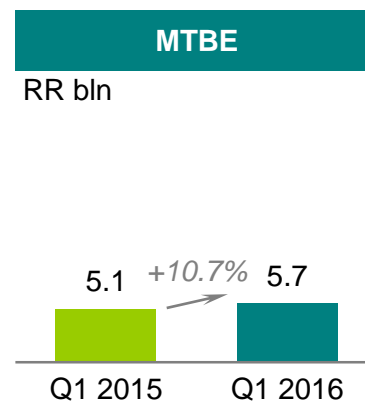
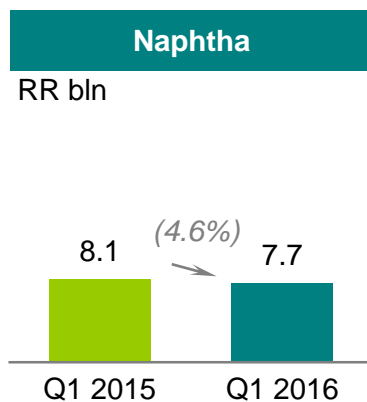
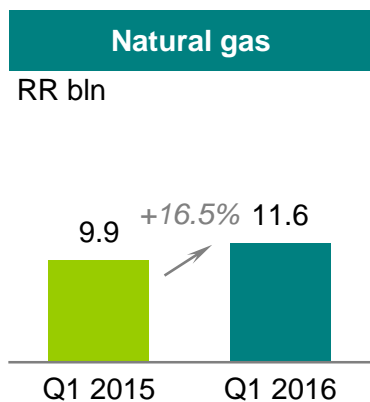
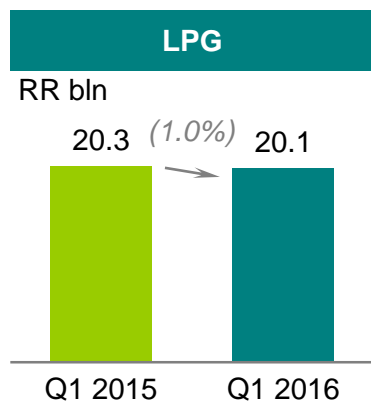
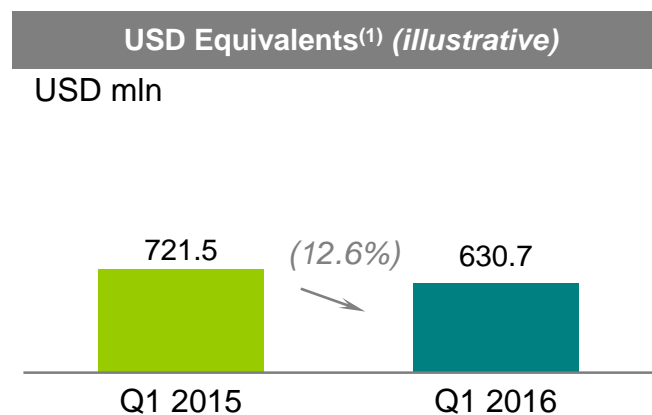
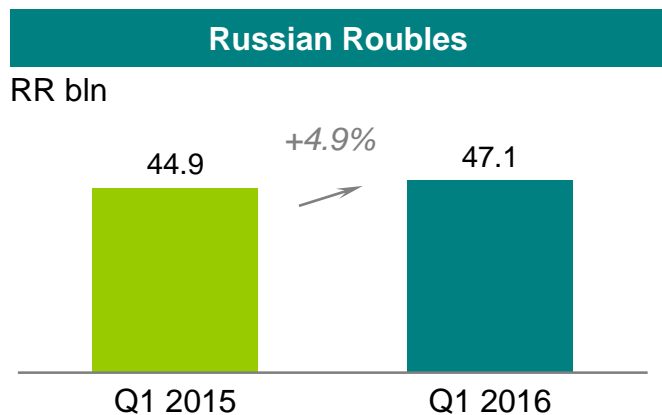
## Synthetic Rubbers



## Plastics & Organic Synthesis



# ENERGY PRODUCTS: SALES REVENUE

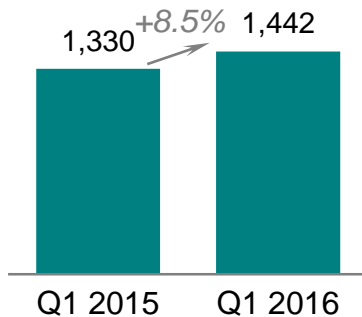


# ENERGY PRODUCTS: PRODUCTION AND SALES VOLUMES, PRICE DYNAMICS

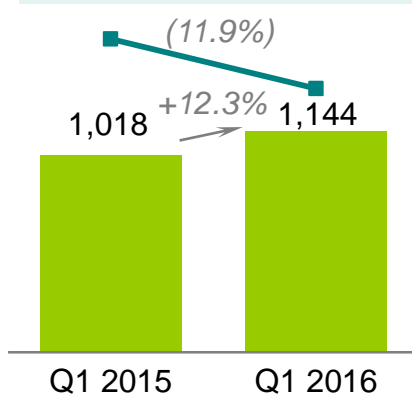
## LPG

Production

'000 tonnes



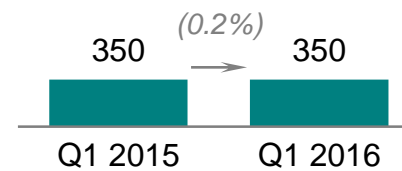
Sales



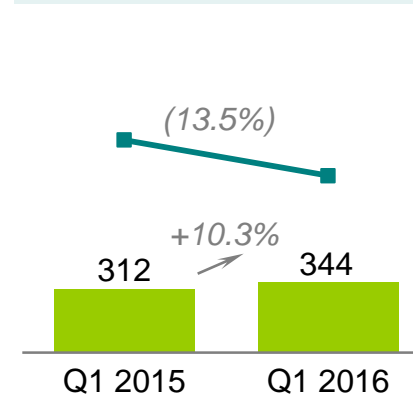
## Naphtha

Production

'000 tonnes



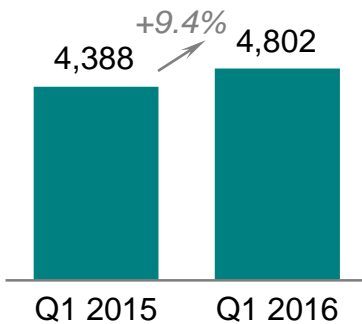
Sales



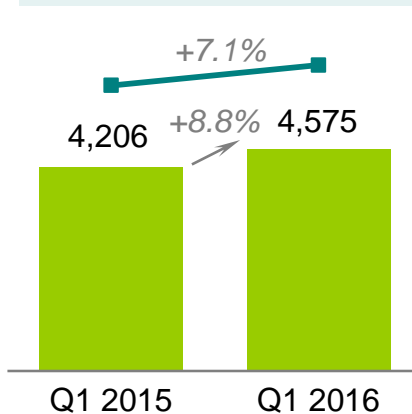
## Natural Gas

Production

mln cubic metres



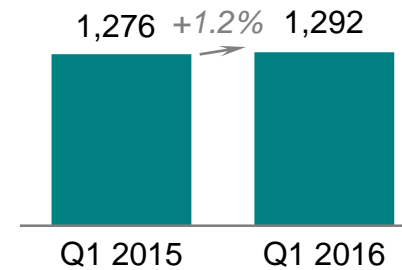
Sales



## Raw NGL

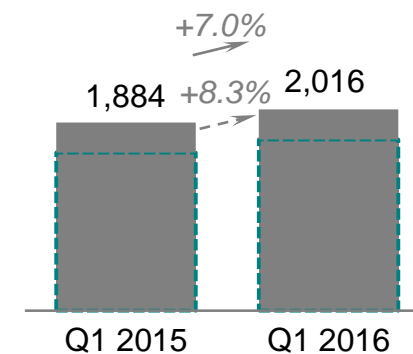
Production

'000 tonnes



Fractionation

Excl. fractionation volumes under processing arrangements



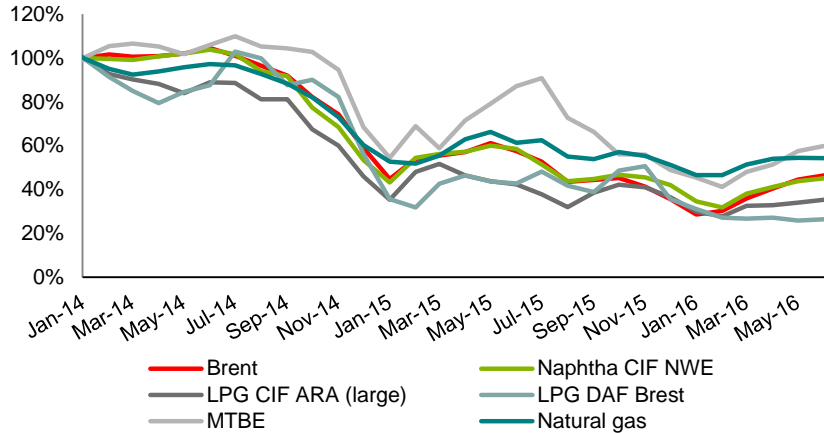
Change in effective average selling price (RR), %



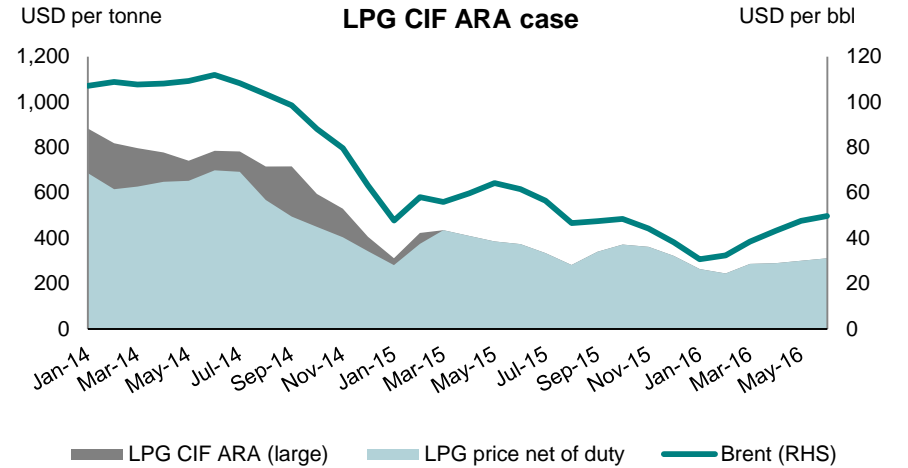
# PRICE DYNAMICS OF ENERGY PRODUCTS

## Energy Products

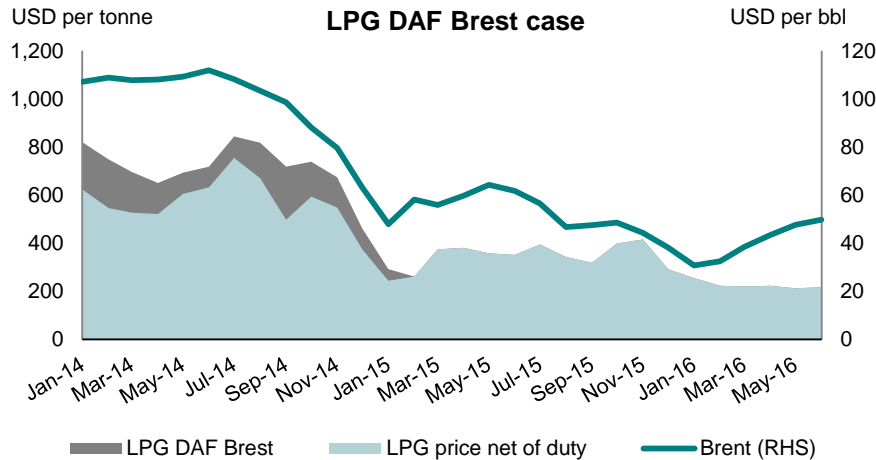
Rebased to 100



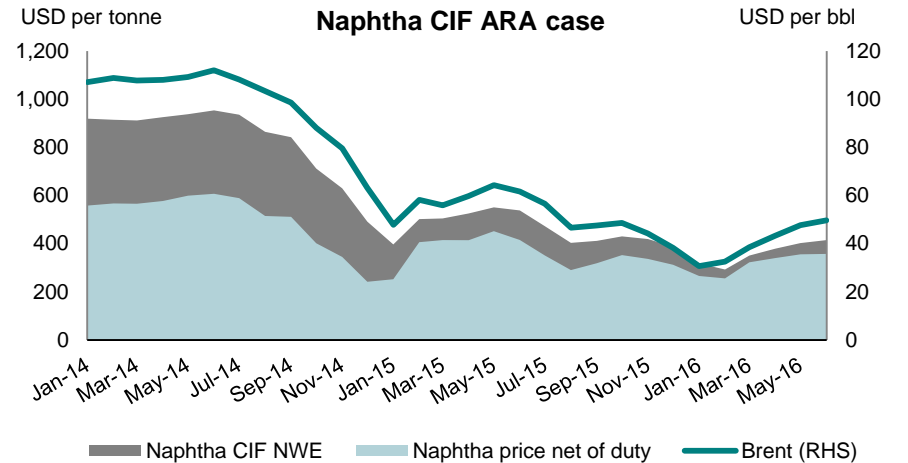
## Oil price and export duties impact on product price



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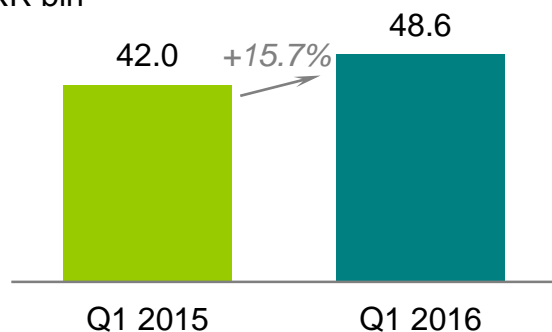
## Oil price and export duties impact on product price



# PETROCHEMICALS: SALES REVENUE

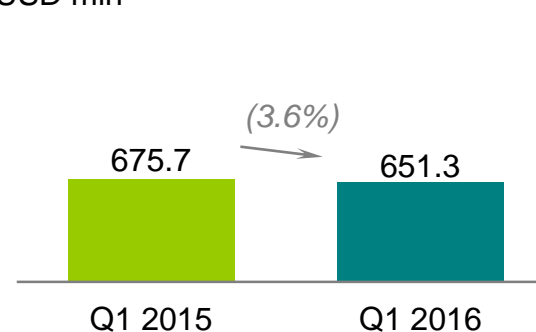
## Russian Roubles

RR bln



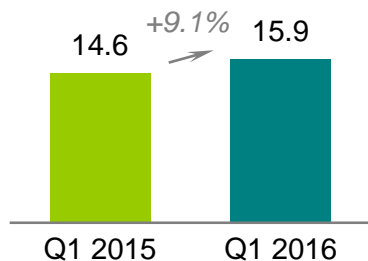
## USD Equivalents<sup>(1)</sup> (illustrative)

USD mln



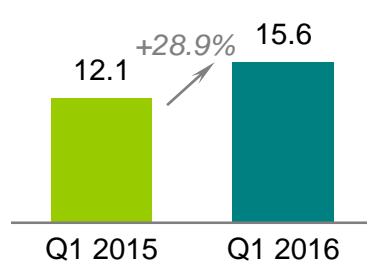
## Plastics & Organic Synthesis

RR bln



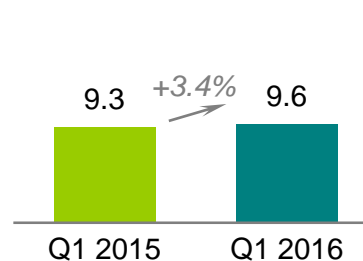
## Basic Polymers

RR bln



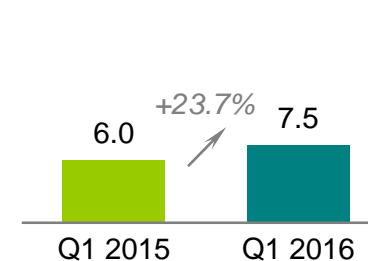
## Synthetic Rubbers

RR bln



## Intermediates & Other

RR bln

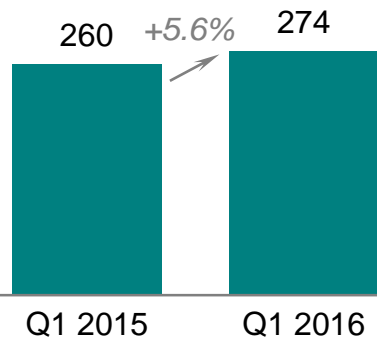


# PETROCHEMICALS: PRODUCTION AND SALES VOLUMES, PRICE DYNAMICS

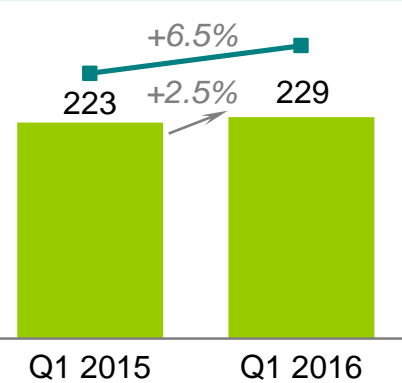
## Plastics & Organic Synthesis

Production

'000 tonnes



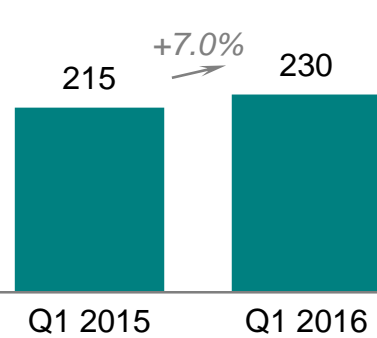
Sales



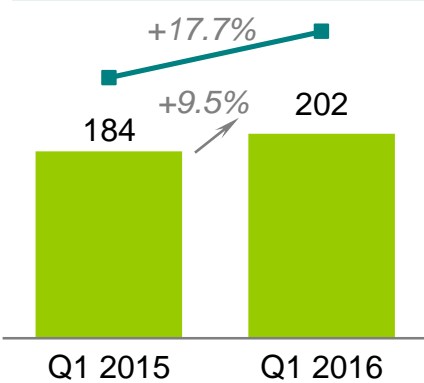
## Basic Polymers

Production

'000 tonnes



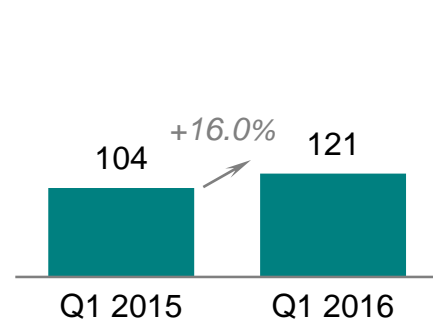
Sales



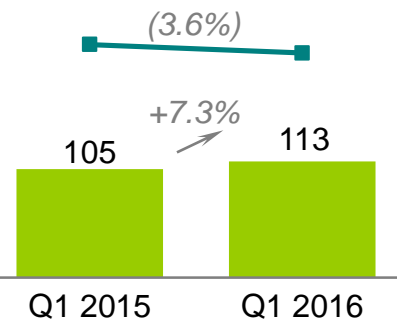
## Synthetic Rubbers

Production

'000 tonnes



Sales

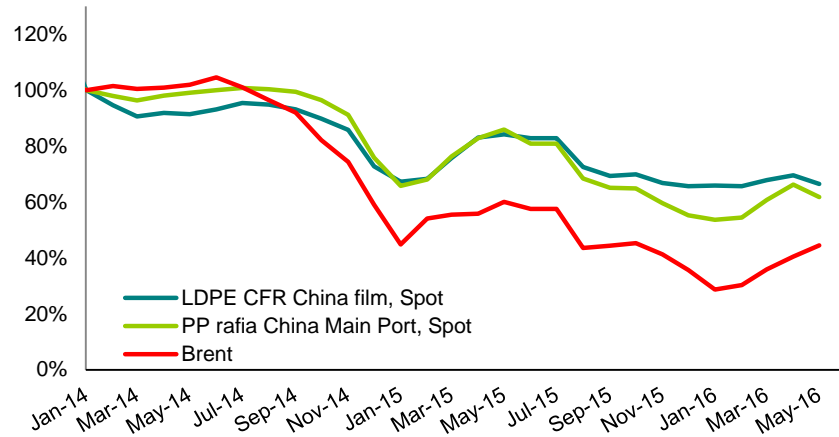


Change in effective average selling price (RR), %

# MARKET PRICES FOR PETROCHEMICAL PRODUCTS

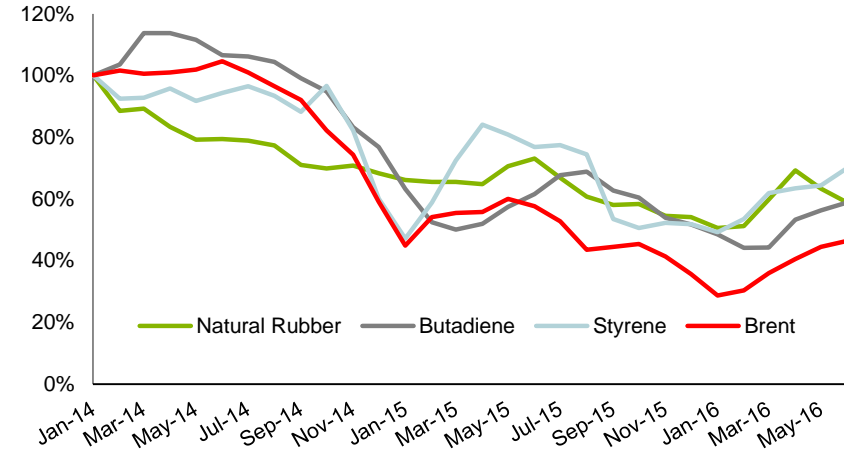
## Basic Polymers

Rebased to 100



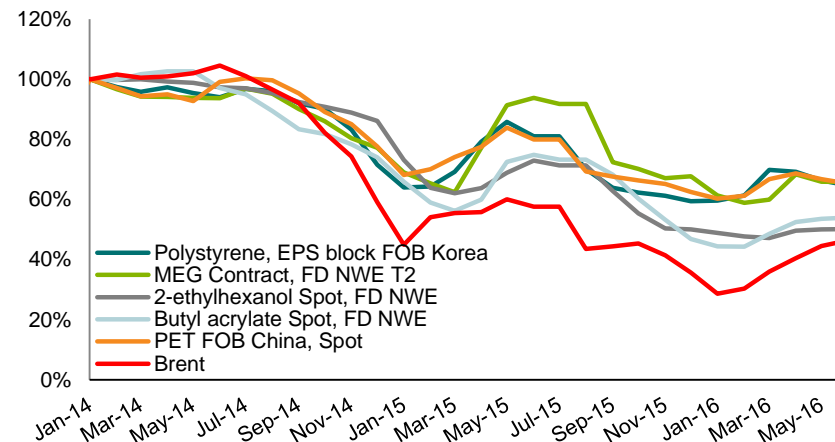
## Synthetic Rubbers

Rebased to 100



## Plastics & Organic Synthesis Products

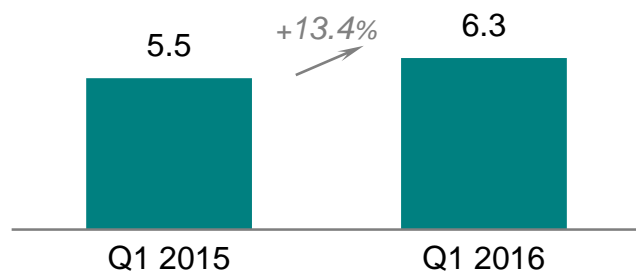
Rebased to 100



# KEY FEEDSTOCK PURCHASES

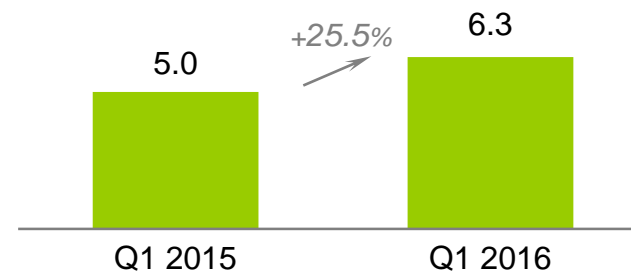
## APG Purchases

RR bln



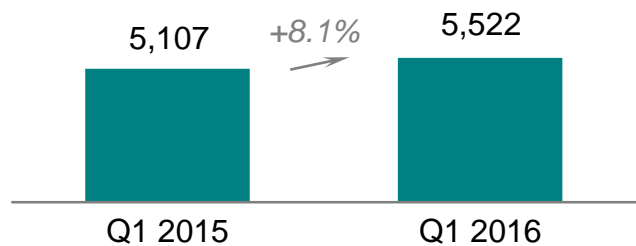
## NGLs Purchases

RR bln



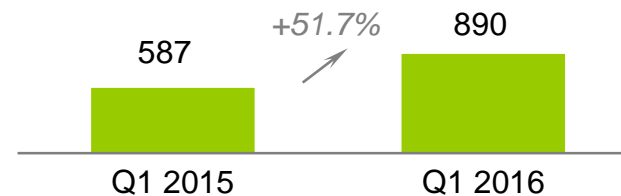
## APG Purchasing Volumes

mln cubic metres



## NGLs Purchasing Volumes

'000 tonnes

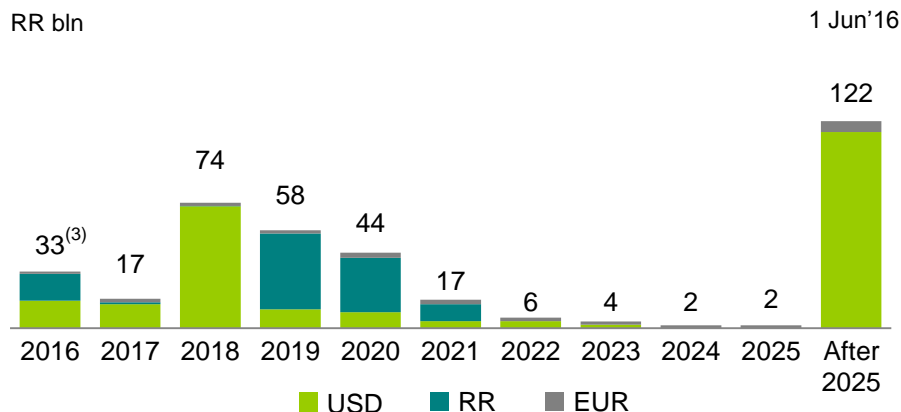


# DEBT STRUCTURE AND MATURITY PROFILE

## Key Highlights

- Total debt decreased by 14.2% YTD mainly due to:
  - repayment of debt denominated primarily in foreign currencies
  - RR appreciation YTD
- Net debt increased by 4.3% mainly on financing of ZapSibNeftekhim capital expenditures from the funds provided by the NWF
- Net leverage marginally increased to 2.2x from 2.1x (2.0x from 1.7x in USD terms)
  - conventional net leverage decreased to 1.6x from 1.8x on recent debt repayments
  - ZapSibNeftekhim net leverage increased to 0.6x from 0.3x on on-going project financing
- As of 31 March 2016, all of the debt was unsecured

## Debt Maturity Profile<sup>(2)</sup>



## Key Figures

RR bln, except as stated	31 Mar 2016	31 Dec 2015	Change, %
Total debt	392.3	457.2	(14.2%)
Cash & cash equivalents	94.9	172.1	(44.9%)
Net debt	297.4	285.1	4.3%
WA loan tenor (years)	6.7	6.3	
<i>WA Conventional debt</i>	2.9	2.7	
<i>WA ZS-2 related debt</i>	12.5	13.0	
Available credit lines	277.5	287.7	(3.5%)
Debt / EBITDA <sup>(1)</sup>	2.9x	3.4x	
Net debt / EBITDA <sup>(1)</sup> , including:	2.2x	2.1x	
<i>Conventional net debt</i>	1.6x	1.8x	
<i>ZSN related net debt</i>	0.6x	0.3x	
Net debt / EBITDA <sup>(1)</sup> (in \$)	2.0x	1.7x	

RR bln, except as stated	1 Jun 2016 <sup>(2)</sup>	31 Mar 2016	Change, %
Total debt	378.4	392.3	(3.5%)
Cash & cash equivalents	76.5	94.9	(19.4%)
Net debt	301.9	297.4	1.5%

### Maturity profile

<i>Short-term</i>	36.8	27.5	33.8%
<i>Long-term</i>	341.6	364.8	(6.4%)

### Currency split

<i>USD</i>	248.5	242.8	2.3%
<i>RR</i>	104.0	123.2	(15.6%)
<i>EUR</i>	25.9	26.3	(1.5%)

### Credit lines

<i>Committed</i>	129.2	164.1	(21.3%)
<i>Uncommitted</i>	130.0	113.4	14.6%

(1) Unaudited EBITDA for the first quarter of 2016.

14 (2) Loans denominated in USD and EUR are converted into RR at RR/USD and RR/EUR FX rates as of 1 June 2016.

(3) Debt maturing during 1 June - 31 December 2016.

## FINANCIAL CALENDAR – 2016

Event	Date
Q1 2016 Limited Operational Update	21 June 2016
H1 2016 Operational and Financial Results	Late August 2016
9M 2016 Limited Operational Update	December 2016

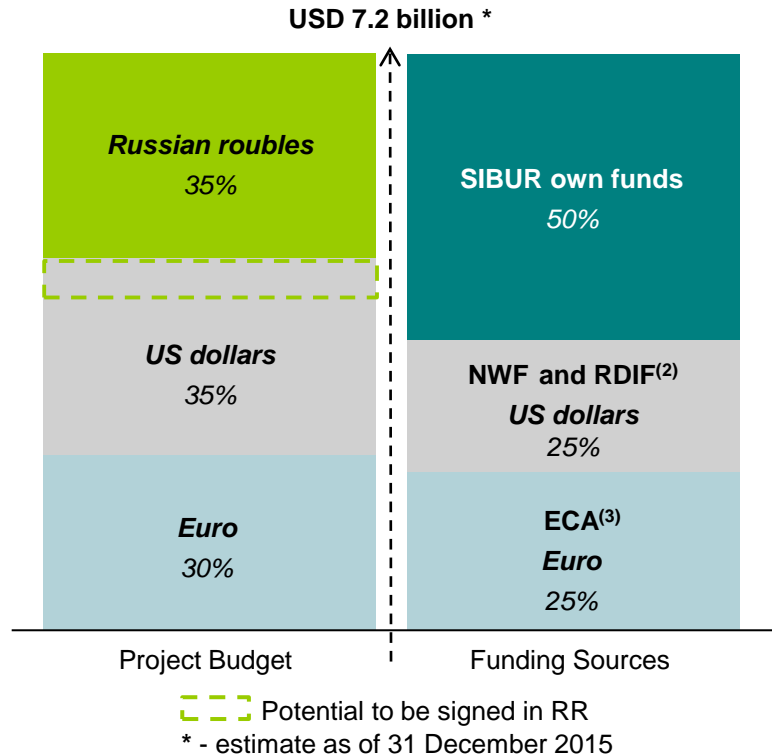
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# Appendix

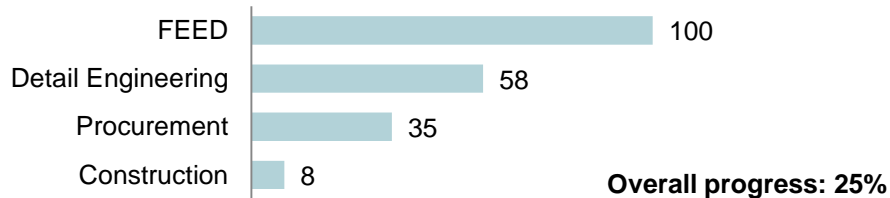


# ZAPSIBNEFTEKHIM (ZAPSIB-2) CAPEX AND FUNDING UPDATE

## Project Residual Budget for 2016-2020<sup>(1)</sup>



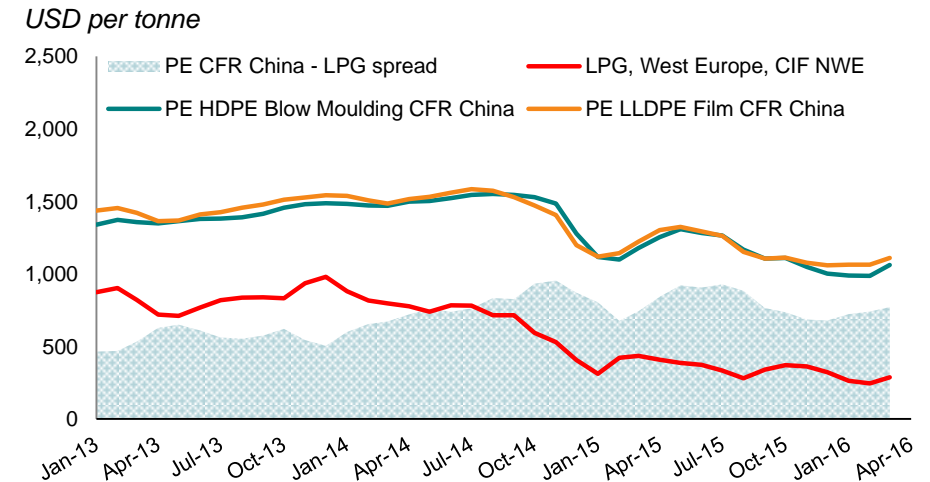
## Progress Update as of 1 June 2016, %



## Project Overview

- Greenfield construction of ethylene cracking unit and polyolefin production complex in Tobolsk within the SIBUR's Tobolsk petrochemical hub
- Configuration:
  - Cracking unit: 1.5 mtpa of ethylene, 500 ktpa of propylene, 100 ktpa of crude C<sub>4</sub> (licensor: Linde AG; EP-contractor: Linde AG)
  - PE production units: 1.5 mtpa of PE (licensor: INEOS; EP-contractor: Technip)
  - PP production unit: 0.5 mtpa of PP (licensor: LyondellBasell; EP-contractor: ThyssenKrupp)

## HDPE and LLDPE Spreads to Feedstock



# 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 Tariff Service of Russian Federation <sup>(1)</sup>
<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