

A vertical decorative bar is located on the left side of the slide. It is composed of three segments: a grey top segment, a yellow middle segment, and a teal bottom segment.

# *Q2&H1 2013 Operational and Financial Results*

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12 September 2013

A stylized city skyline graphic is located at the bottom of the slide. It is composed of numerous vertical bars of varying heights, creating a silhouette of a cityscape. The bars are made of small, light grey squares, giving it a pixelated or mosaic-like appearance.

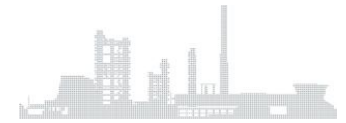
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## 1. H1 2013: Key Developments

2. Operational and Financial Results
3. Questions and Answers
4. Appendix

# KEY H1 2013 DEVELOPMENTS



## EXTERNAL ENVIRONMENT

- **Macro and market turbulence prevailed in H1'13**
  - Slow-down in GDP growth both globally and in Russia
  - Lower oil, LPG and naphtha prices
  - Continuing price correction for synthetic rubbers on weak demand
  - Tighter spreads between feedstock and end-product prices, especially in synthetic rubbers
- **Indexation of natural gas prices**
  - Growth in average H1'13 price of 13% y-o-y (increase by 15% in Jul'12, decrease by 3% in Apr'13)
- **Depreciation of RR against USD**
  - Average RR/USD rate up by 1.2% y-o-y
  - RR/USD as of 30 Jun'13 up by 7.7% vs 31 Dec'12; RR/USD as of 30 Jun'12 up by 1.9% vs 31 Dec'11

## ONE-OFF FACTORS

- High base effect: trading activities in favour of the divested mineral fertilisers business continued in Q1'12 and were terminated from Q2'12
- Change in scope:
  - Deconsolidation of Yugragazpererabotka from Q2'13
  - Consolidation of BIAXPEN from Q2'12
- Change in natural gas delivery basis to “ex-field” from 1 Jan'13

## SIBUR: KEY DEVELOPMENTS

- **Growth in processing and production** volumes y-o-y
- New **long-term arrangements** with **RN Holding** (formerly TNK-BP<sup>(1)</sup>) on the format of cooperation within our JV Yugragazpererabotka
  - **Weighted average maturities** of multi-year supply contracts increased to exceed **12 years** both for **APG** and **NGLs**
- **Significant progress** on multi-year **investment programme**
  - **Tobolsk-Polymer Plant**: Construction completed. PP production on delivered propylene. Commissioning works focused on propane dehydrogenation unit
  - **Ust-Luga Transshipment Facility** at commissioning stage, test loadings of LPG and naphtha tankers
  - **Thermoplastic elastomers production facility** in Voronezh launched
- **International sales network expanded** with focus on basic polymers ahead of Tobolsk-Polymer launch
  - New trading subsidiaries registered in **Turkey and Ukraine**
  - As of 30 Jun'13 SIBUR had **7 international sales desks** in **4 countries** outside Russia
- **Increase in management's stake** to **17.5%**
- **JV with SINOPEC** for NBR production in Krasnoyarsk completed
- **USD 1 bln debut 5-year Eurobond due 2018** placed at 3.914% pa

# TOBOLSK-POLYMER: LARGE SCALE PP PRODUCTION CLOSE TO FEEDSTOCK BASE

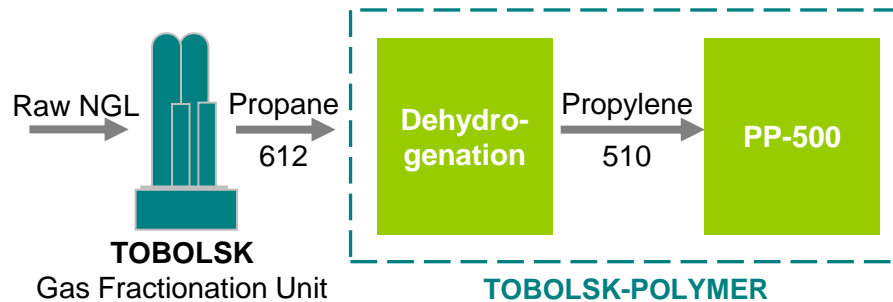


## Project Description

- Design capacity:
  - Propane dehydrogenation: 510,000 tonnes p.a. of propylene
  - Polypropylene production: 500,000 tonnes p.a.
- Leading global players involved:
  - Licensors: UOP, INEOS
  - EPC contactors: Tecnimont, LINDE
- Expected launch in 2013

## Production Scheme

Mln tonnes p.a.



## Status Highlights

- Construction completed
- Commissioning in progress
  - PP production in a test mode
  - Tests on shipping, packaging and extrusion facilities successfully completed
  - Commissioning works focused on propane dehydrogenation unit
- In July 2013, the urban planning authority of Tobolsk issued its permission to commission TP
- Earlier, a positive opinion was received from Rostekhnadzor confirming that TP meets relevant technical criteria and fully complies with design documentation



# UST-LUGA TRANSSHIPMENT FACILITY IN THE LENINGRAD REGION

## Project Description

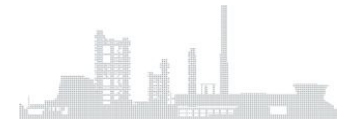
- LPG and light oils transshipment facility at Ust-Luga sea port in the Leningrad region
- Estimated storage and loading capacity:
  - LPG: 1.5 mln tonnes p.a.
  - Light oils: 2.5 mln tonnes p.a.
- The project is aimed to support growth in LPG exports to premium W. European markets
- Currently at commissioning stage
  - Test loadings of LPG and naphtha tankers began in May'13
  - Expected launch in 2013

## Completion Stage

30 June'13

Overall status: 97% completed





1. H1 2013: Key Developments

**2. Operational and Financial Results**

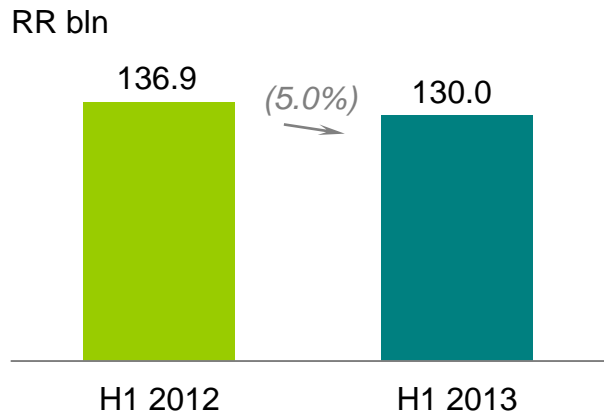
3. Questions and Answers

4. Appendix

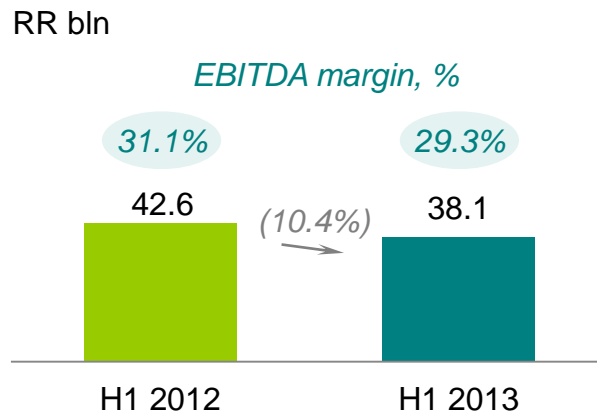
# SIBUR H1 2013 FINANCIAL SUMMARY



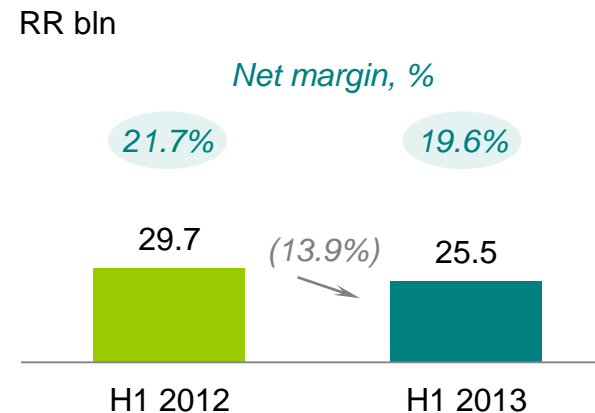
## Revenue



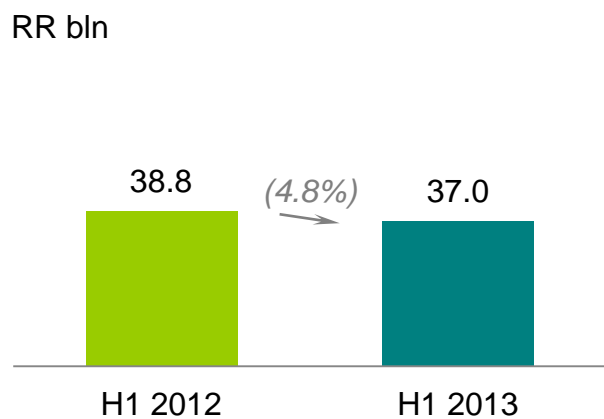
## EBITDA



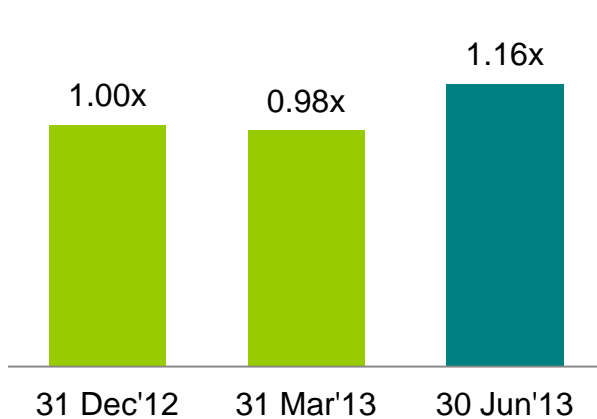
## Net Profit



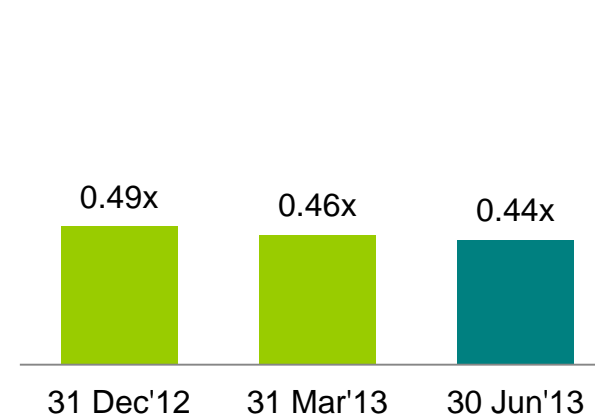
## OCF



## Net Debt / EBITDA



## Debt / Equity

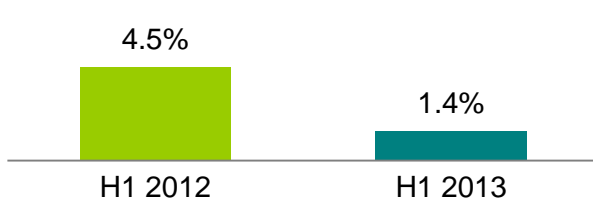




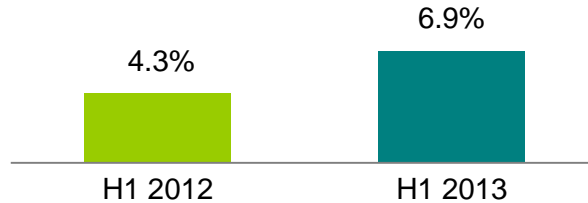
# MACRO ENVIRONMENT



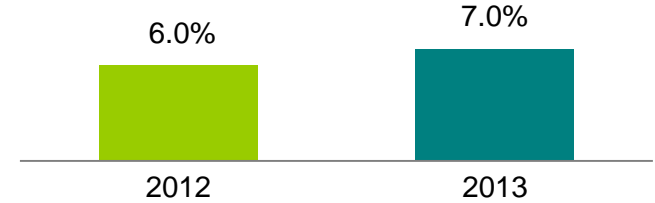
Russian GDP Growth<sup>(1)</sup>



Consumer Price Index (y-o-y)<sup>(1)</sup>

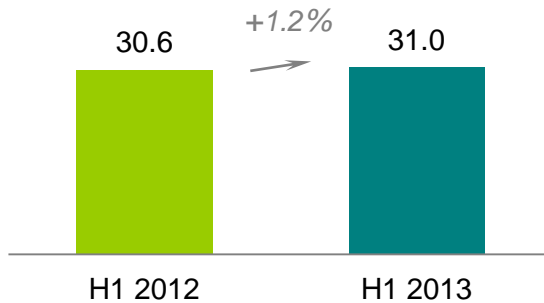


Railway Tariffs Indexation<sup>(2)</sup>



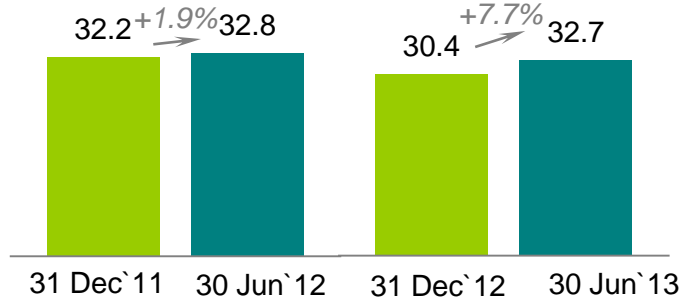
Average Exchange Rate<sup>(3)</sup>

RR / USD



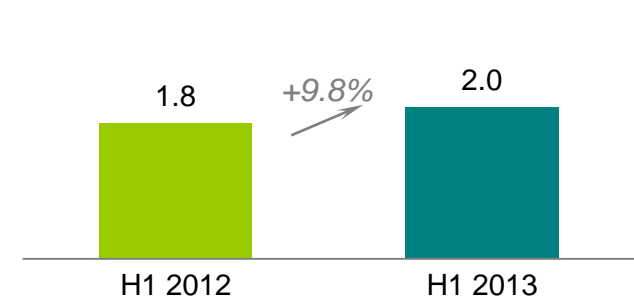
Exchange Rate<sup>(3)</sup>

RR / USD



Average Electricity Tariffs

RR per kw / hour



Source:

(1) Russian Federal State Statistics Service

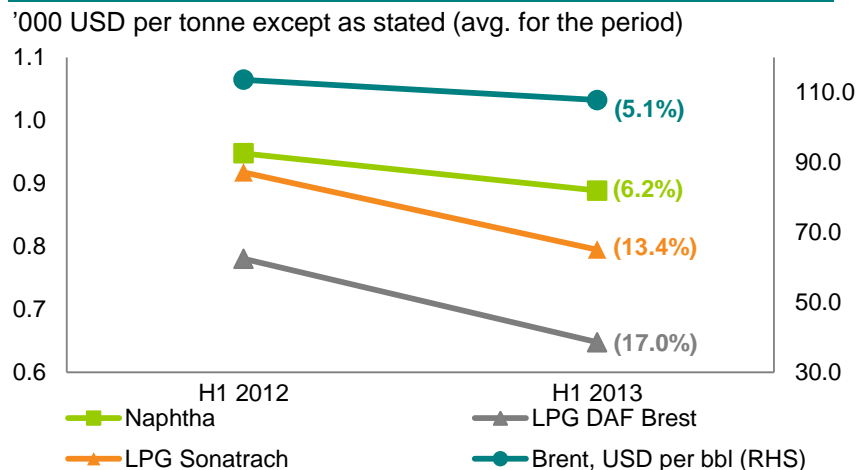
(2) Federal Tariff Service

(3) CBR

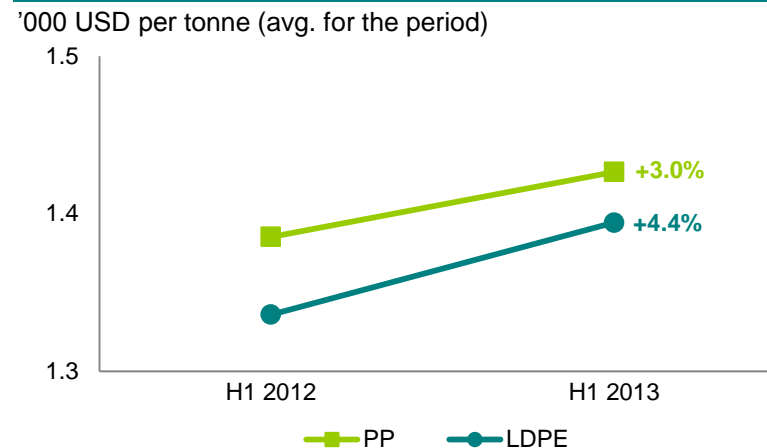
# MARKET ENVIRONMENT<sup>(1)</sup>



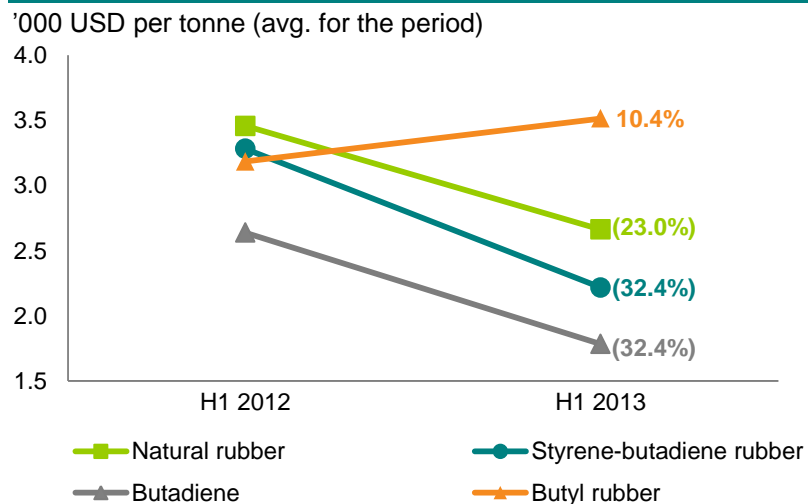
## Energy Products



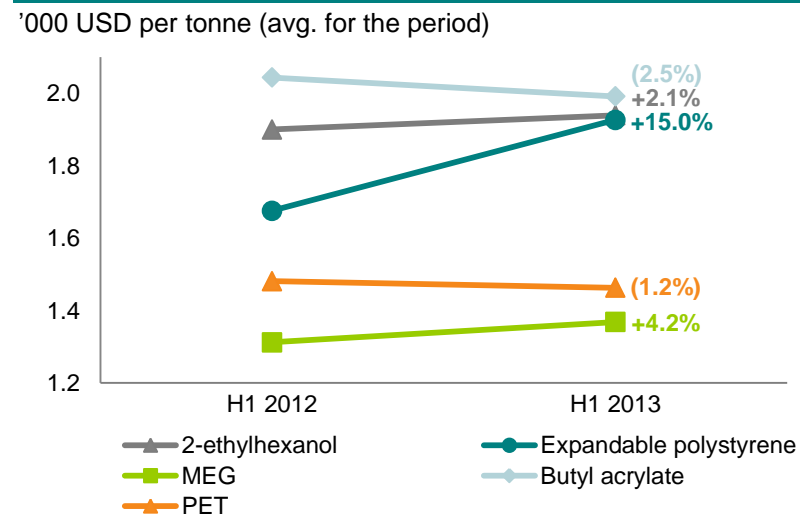
## Basic Polymers



## Synthetic Rubbers



## Plastics & Organic Synthesis



Source: Argus, Bloomberg, ICIS, Chemease, Malaysian Rubber Board

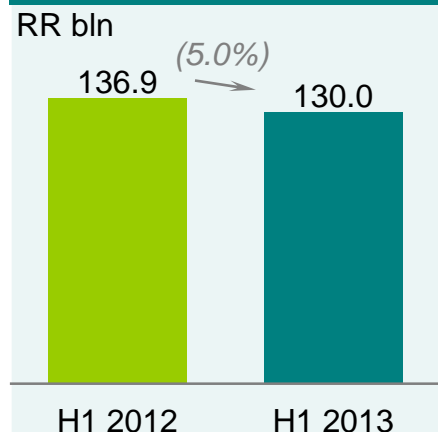
Notes:

(1) For detailed market data statistics please refer to Appendix. Prices quoted in EUR are converted to USD at average EUR / USD FX rates for the respective periods.

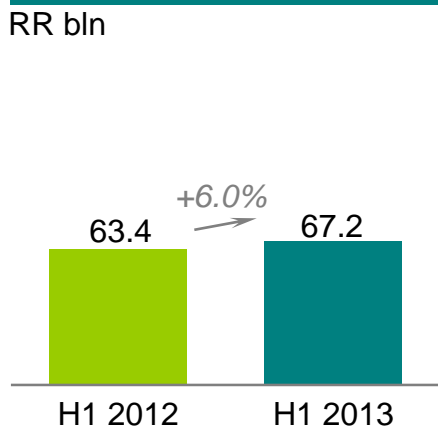
# REVENUE STRUCTURE AND DYNAMICS



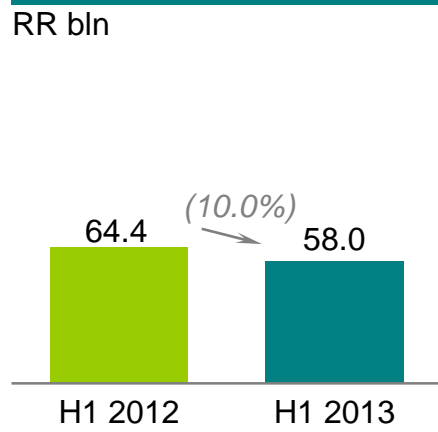
## Total Revenue



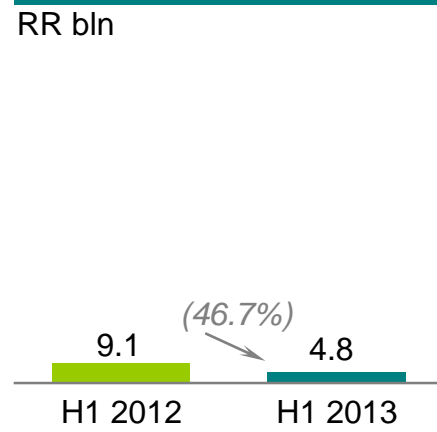
## Energy Products



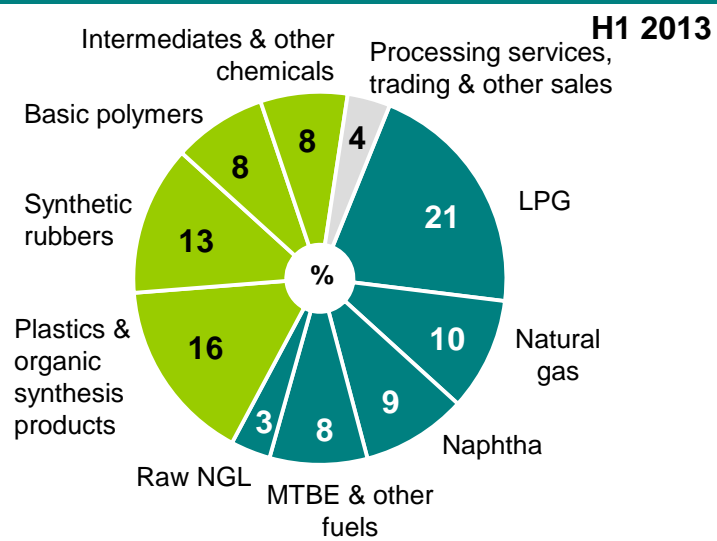
## Petrochemical Products



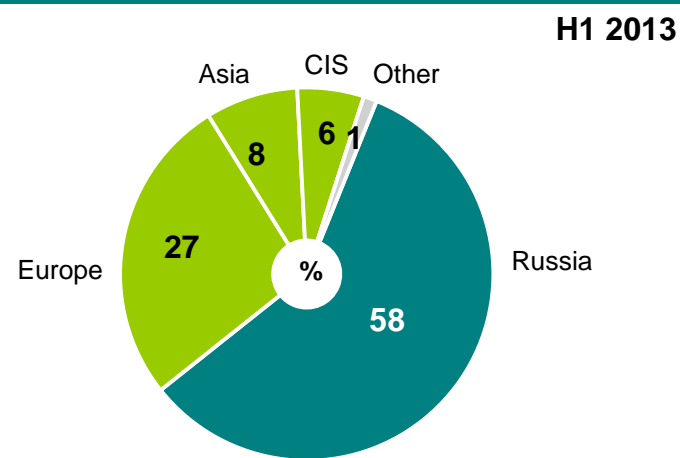
## Other Revenue



## Revenue Split by Product

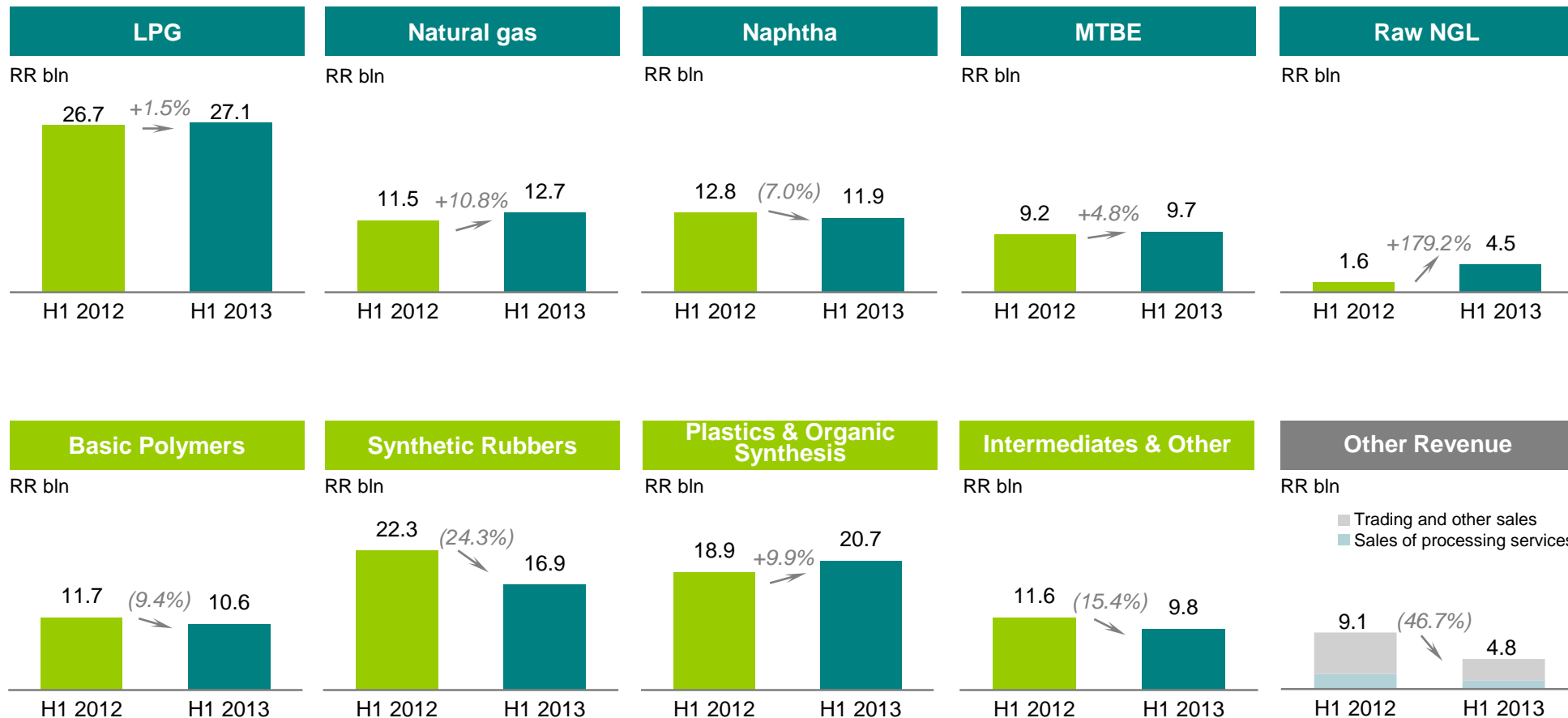


## Revenue Split by Region



Total H1 2013 revenue of RR 130.0 bln

# PERFORMANCE BY PRODUCT GROUP

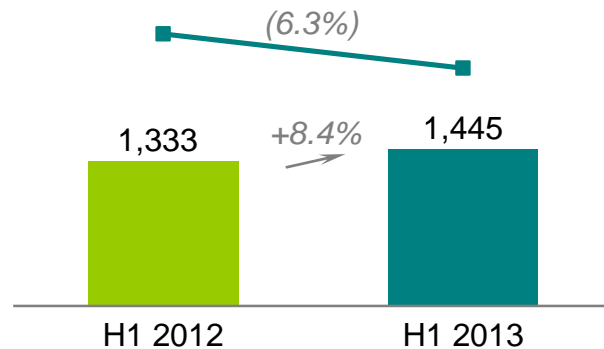


# ENERGY PRODUCTS: SALES VOLUMES AND PRICE DYNAMICS



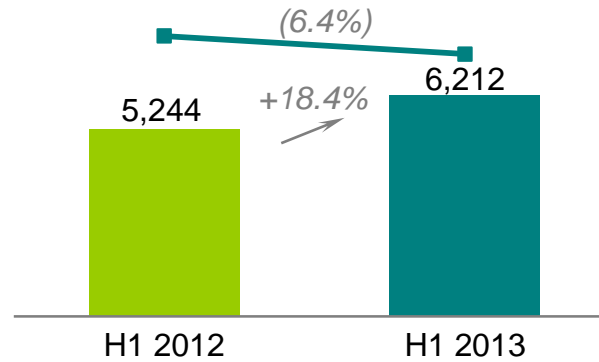
## LPG

■ Sales volumes, '000 tonnes  
 ■ Change in effective avg. selling price, %



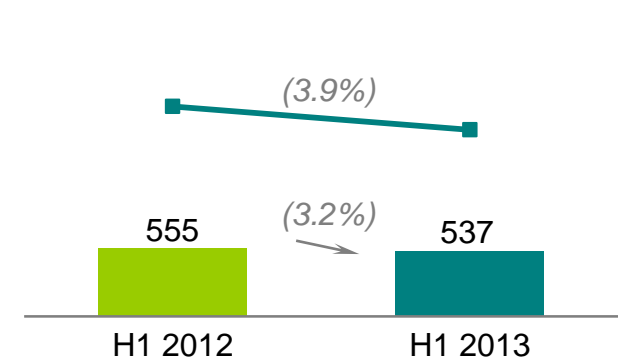
## Natural Gas

■ Sales volumes, mln cubic metres  
 ■ Change in effective avg. selling price, %



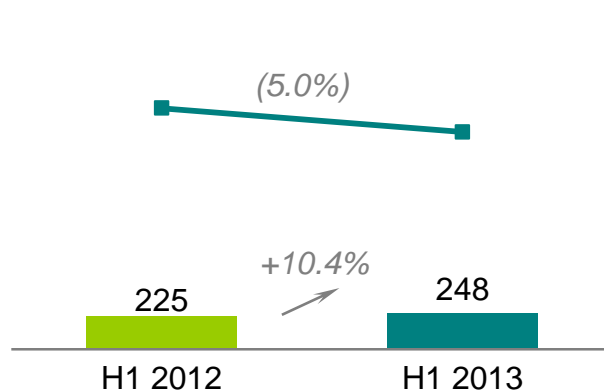
## Naphtha

■ Sales volumes, '000 tonnes  
 ■ Change in effective avg. selling price, %



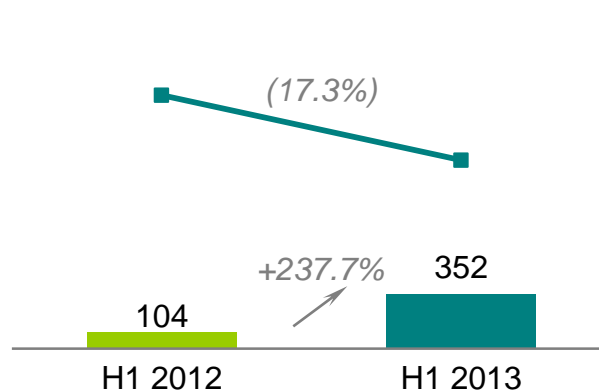
## MTBE

■ Sales volumes, '000 tonnes  
 ■ Change in effective avg. selling price, %



## Raw NGL

■ Sales volumes, '000 tonnes  
 ■ Change in effective avg. selling price, %



## Key Factors

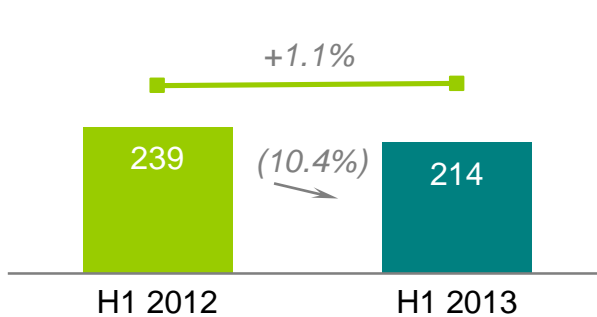
- Higher sales volumes in majority of the products
  - Increase in natural gas sales volumes on inventory sales
- Lower selling prices across the product range following price correction on international markets
  - Decline in LPG export prices partially offset by lower export duty
  - Lower raw NGL selling prices also reflect increased supply in Russia, particularly in Western Siberia
- Natural gas selling price affected by a one-off change in the delivery basis to "ex-field"
  - Net of this effect selling price for natural gas increased by 11.4% y-o-y

# PETROCHEMICALS: SALES VOLUMES AND PRICE DYNAMICS



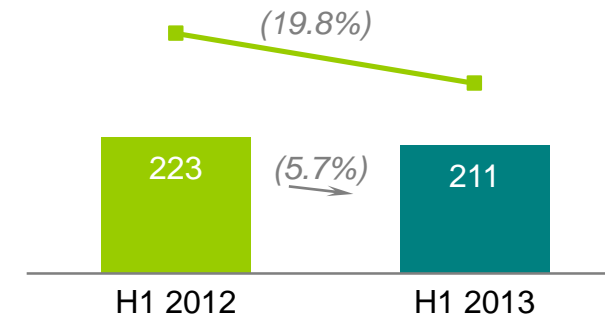
## Basic Polymers

■ Sales volumes, '000 tonnes  
■ Change in effective avg. selling price, %



## Synthetic Rubbers

■ Sales volumes, '000 tonnes  
■ Change in effective avg. selling price, %



## Key Factors

### Basic polymers:

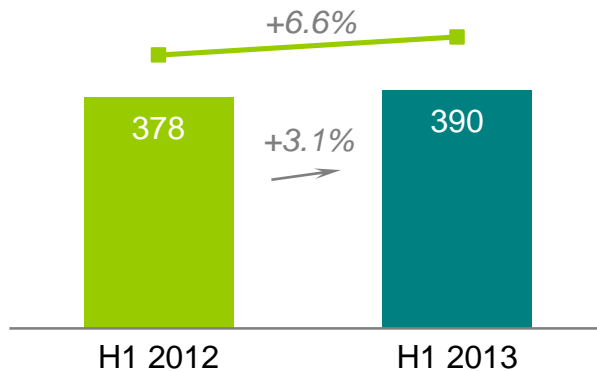
- Lower sales volumes despite higher production and third-party purchases due to
  - inventory accumulation ahead of biennial maintenance shutdown in Tomsk
  - partial reclassification of PP sales to intercompany on BIAXPLEN consolidation
- Largely flat prices

### Synthetic rubbers:

- Lower sales volumes due to weak demand, partially compensated by focused inventory sale in Q2'13
- Continuous price correction for all rubber grades but butyl rubber

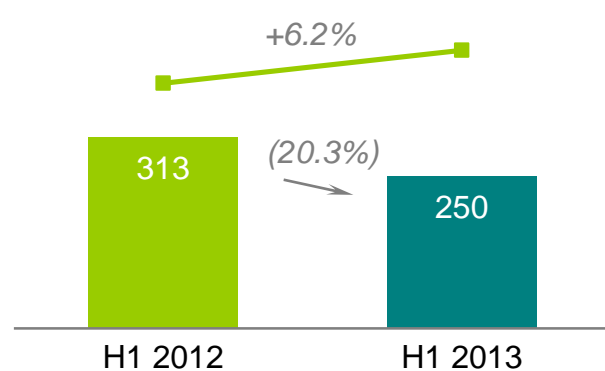
## Plastics & Organic Synthesis

■ Sales volumes, '000 tonnes  
■ Change in effective avg. selling price, %



## Intermediates & Other

■ Sales volumes, '000 tonnes  
■ Change in effective avg. selling price, %



### Plastics & organic synthesis:

- Higher sales volumes due to organically expanded production and consolidation of BIAXPLEN from Q2'12
- Largely resilient demand and prices on the domestic market

### Intermediates & other chemicals:

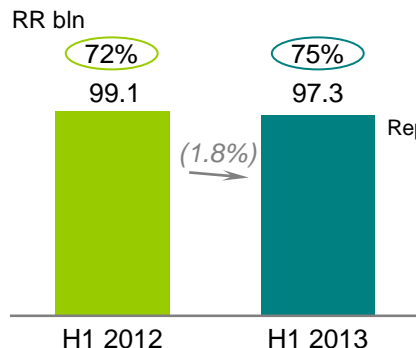
- Lower sales volumes on increased internal processing of styrene, propylene and isobutylene & Caprolactam decommissioning
- Resilient price performance

# OPERATING EXPENSES STRUCTURE AND DYNAMICS

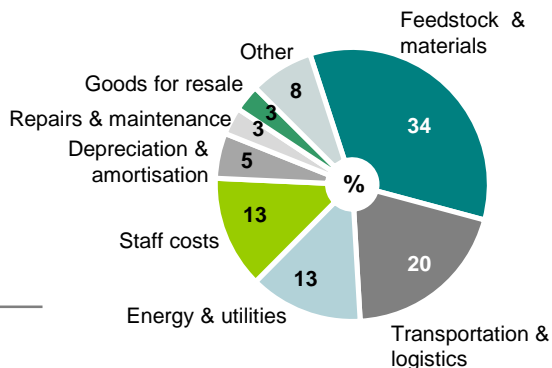


## Operating Expenses

### Y-o-Y dynamics



### Structure



## Key Factors

### ↓ The decline attributable to

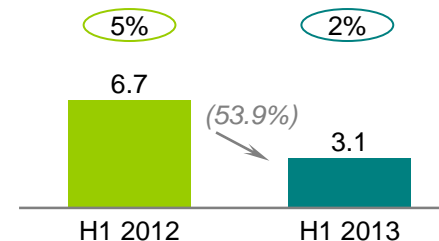
- Lower purchases of goods for resale (partially offset by higher feedstock & materials on PP reclass)
- Lower staff costs due to a one-off charge in Q2'12
- Net effect of Yugragazpererabotka deconsolidation, since
  - higher third-party processing services...
  - ...offset by deconsolidation of energy & utilities, staff costs, repairs & maintenance, etc.

### ↑ Partially offset by

- Higher feedstock and materials (inter alia due to PP reclass)
- Higher transportation & logistics on
  - higher tariffs and volumes by rail and higher truck transportation...
  - ...despite lower natural gas transportation via UGSS

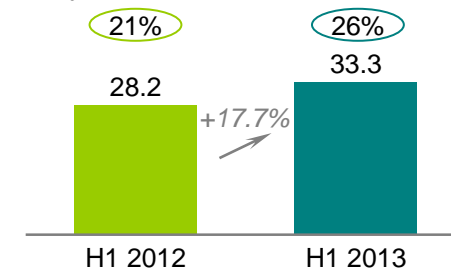
## Goods for Resale

RR bln



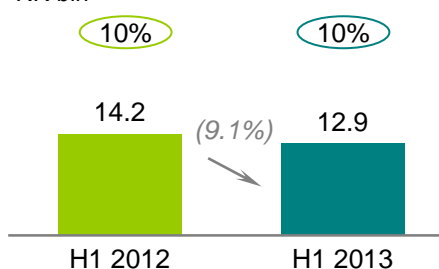
## Feedstock & Materials

RR bln



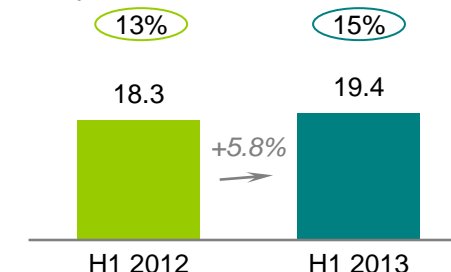
## Staff Costs

RR bln



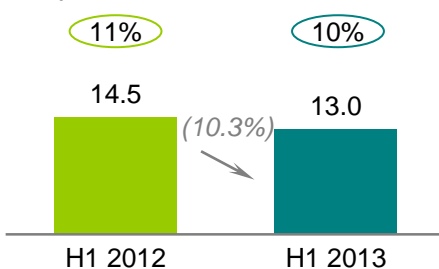
## Transportation & Logistics

RR bln



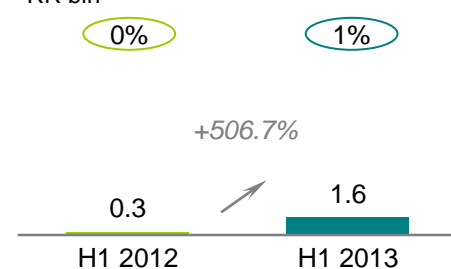
## Energy & Utilities

RR bln



## Processing Services

RR bln



x% - % of revenue

# CASH FLOW STATEMENT HIGHLIGHTS



## Key Developments

- Net cash from operating activities decreased by 4.8% y-o-y primarily due to
  - decline in EBITDA...
  - ...partially offset by WC changes
  
- Net cash used in investing activities increased by 132.1% y-o-y on
  - CapEx growth of 11.8% y-o-y
  - proceeds from disposals in 2012
  
- Net cash used in financing activities decreased by 71.7% y-o-y due to
  - semi-annual dividend in H1'13 vs. FY'11 dividend in H1'12
  - lower net debt repayment

## Key Highlights

	Six months ended 30 June		<i>Change</i> %
	2013	2012	
<i>RR mln, except as stated</i>			
<b>Net cash from operating activities</b>	<b>36,995</b>	<b>38,847</b>	<b>(4.8%)</b>
<i>Changes in working capital</i>	4,956	1,140	334.7%
<b>Net cash used in investing activities, including</b>	<b>(36,717)</b>	<b>(15,821)</b>	<b>132.1%</b>
<i>PPE</i>	(36,004)	(32,226)	11.8%
<i>Proceeds from disposal of non-core businesses<sup>(1)</sup></i>	-	13,673	(100.0%)
<b>Net cash used in financing activities, including</b>	<b>(9,600)</b>	<b>(33,888)</b>	<b>(71.7%)</b>
<i>Dividends</i>	(7,625)	(21,786)	(65.0%)
Effect of exchange rate changes on cash and cash equivalents	12	(154)	n/m
<b>Net increase in cash and cash equivalents</b>	<b>(9,310)</b>	<b>(11,016)</b>	<b>(15.5%)</b>

Notes:

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



# DEBT STRUCTURE AND MATURITY PROFILE



## Key Highlights

- Total debt remained largely flat
- Net debt increased by 9.4% y-o-y due to lower cash and cash equivalents on CapEx financing and semi-annual dividend payment
- RR 4,5 bln<sup>(1)</sup> in debt to RN Holding deconsolidated due to deconsolidation of Yugragazpererobotka
- As of 30 Jun'13, all of the debt was unsecured, except for RR 16.6 bln outstanding under the Tobolsk-Polymer project finance facility

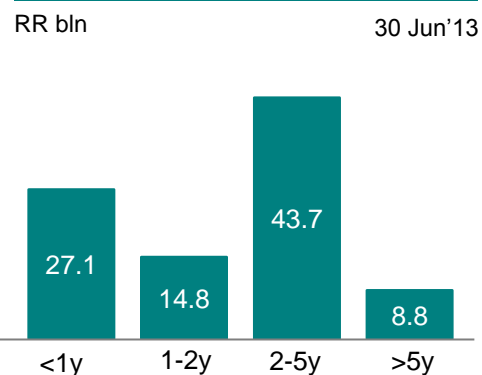
## Eurobond Placement

- On 31 Jan'13, SIBUR placed debut 5-year USD 1 bln Eurobond at 3.914% pa
- Short-term debt refinanced, average tenor improved to 3.1 as of 30 Jun'13 from 1.8 years as of 31 Dec'12
- Fixed / floating rate ratio changed to 48 / 52% as of 30 Jun'13 from 29 / 71% as of 31 Dec'12
- USD debt share increased to 84% as of 30 Jun'13 from 79% as of 31 Dec'12

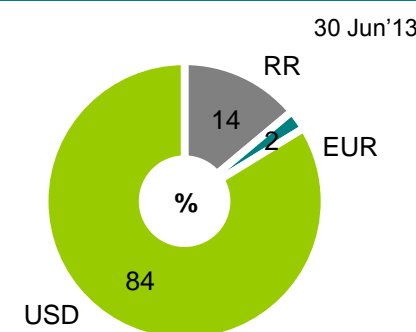
## Key Figures

<i>RR bln, except as stated</i>	30 June 2013	31 Mar 2013	31 Dec 2012	Change, % vs 31 Dec 2012
Debt	94.4	96.1	96.0	(1.7%)
Cash & cash equivalents	4.3	18.2	13.6	(68.6%)
Net debt	90.1	77.9	82.4	9.4%
Average loan tenor (years)	3.1	3.1	1.8	–
Available credit lines	69.0 <sup>(2)</sup>	72.5	74.0	(6.8%)
<i>Debt / EBITDA</i>	1.21x	1.21x	1.17x	–
<i>Net debt / EBITDA</i>	1.16x	0.98x	1.00x	–
<i>EBITDA / Interest<sup>(3)</sup></i>	16x	16x	22x	–

## Debt Maturity Profile



## Debt Currency Split



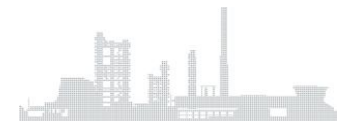
### Notes:

(1) Includes principal amounts of debt owed by SIBUR to RN Holding and debt owed by Yugragazpererobotka to TNK-BP. Excludes accrued interest.

(2) Of which an equivalent of RR 21,023 mln was committed.

(3) Interest represents accrued interest, i.e. includes interest expense and capitalised interest. SIBUR changed its approach to reporting interest coverage ratio, as previously interest included only interest expense and excluded accrued interest. We believe that the new approach is more conservative and provides the reader with more accurate metrics.

# FINANCIAL CALENDAR – 2013



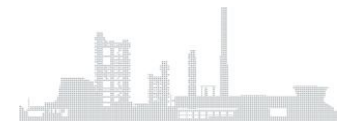
Event	Date
FY 2012 Operational and Financial Results	3 April 2013
Q1 2013 Operational and Financial Results	18 June 2013
<b>Q2 and H1 2013 Operational and Financial Results</b>	<b>12 September 2013</b>
Q3 and 9M 2013 Operational and Financial Results	Week of December 16 <sup>th</sup> (TBC)

## SEP 2013

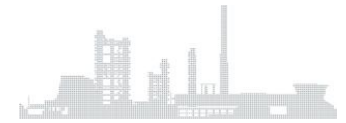
M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

## DEC 2013

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					



# Questions and Answers



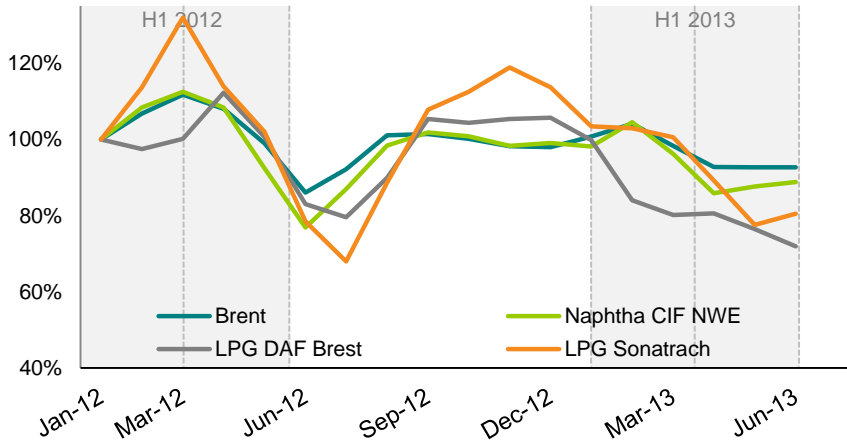
1. H1 2013: Key Developments
2. Operational and Financial Results
3. Questions and Answers
- 4. Appendix**

# MARKET PRICES



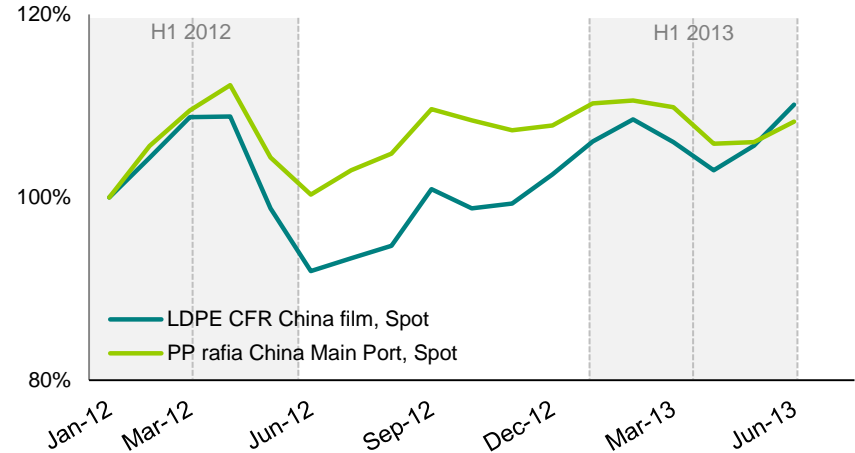
## Energy Products

Rebased to 100



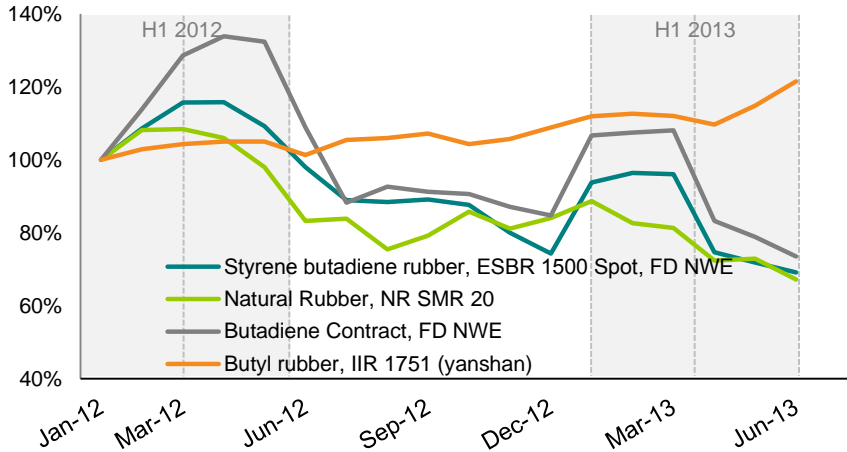
## Basic Polymers

Rebased to 100



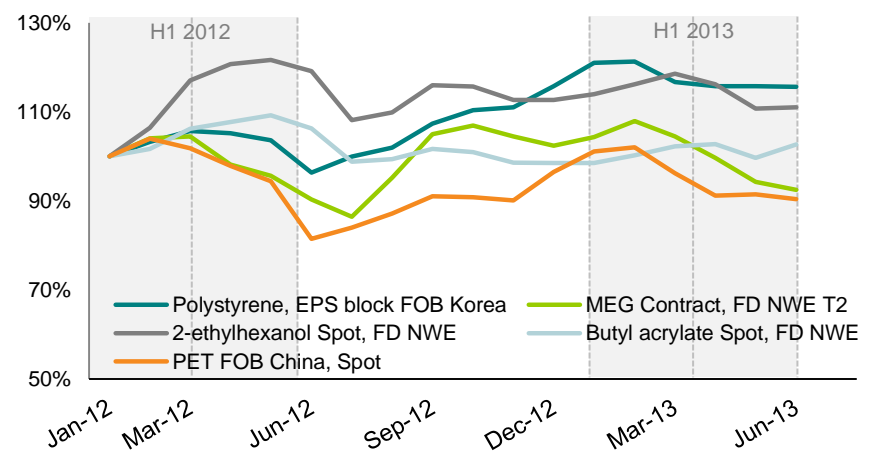
## Synthetic Rubbers

Rebased to 100



## Plastics & Organic Synthesis Products

Rebased to 100



Source: Argus, Bloomberg, ICIS, Malaysian Rubber Board, Chemease

# MARKET PRICES (CONT'D)



PRODUCT	QUOTE	SOURCE
<b>ENERGY PRODUCTS</b>		
Oil	Brent (USD per bbl)	Bloomberg
Naphtha	Naphtha CIF NWE	Argus
LPG	LPG DAF Brest	Argus
	LPG Sonatrach	Argus
<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
Butyl rubber	IIR 1751 (yanshan)	Chemease
Butadiene	Butadiene Contract, FD NWE	ICIS
Styrene-butadiene rubber	ESBR 1500 Spot, FD NWE	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