

SIBUR REPORTS FY 2014 IFRS RESULTS

Moscow, 18 March 2015. PAO SIBUR Holding, an integrated gas processing and petrochemicals company, and a leader in the Russian petrochemical industry, today published its operational and financial results for the full year 2014 in accordance with International Financial Reporting Standards (IFRS).

Operational highlights

- *Associated petroleum gas (APG) processing volumes increased by 6.3% year-on-year*
- *Raw natural gas liquids (raw NGL) fractionation increased by 20.1% year-on-year*
- *NGL sales volumes increased by 34.7% year-on-year*

Financial highlights:

- *Revenue increased by 34% year-on-year*
- *Revenue from sales of energy products increased by over 50% year-on-year*
- *Revenue from sales of basic polymers increased by 68.3% year-on-year, largely attributable to operations at the Tobolsk-Polymer plant*
- *Revenue from sales of synthetic rubbers decreased by 14.1% year-on-year*
- *EBITDA increased by 30% year-on-year to more than RR 100 billion*
- *Net profit decreased by 44.8% year-on-year due to FX fluctuations*

Operational results

In 2014 SIBUR's gas processing plants (GPPs) processed 20.8 billion cubic metres of APG, an increase of 6.3% year-on-year. As a result, production of natural gas⁽¹⁾ rose by 6.4% year-on-year to 18 billion cubic metres. Raw NGL fractionation volumes increased by 6.6% year-on-year to 5.2 million tonnes.

In 2014 SIBUR increased sales volumes of the majority of its energy products. Natural gas sales volumes increased by 35.2% year-on-year to 16 billion cubic metres. Sales of NGLs, including liquefied petroleum gases (LPG), naphtha and raw NGL, rose by 34.7% year-on-year to 6.5 million tonnes. Sales volumes of petrochemical products totaled 2.2 million tonnes, an increase of 5.6% year-on-year, including sales volumes of 397.7 thousand tonnes of polypropylene, a 1.9 times increase year-on-year.

Operating results

<i>Tonnes except as stated</i>	Year ending 31 December		<i>Change %</i>
	2014	2013	
Processing and production volumes			
APG processing (thousand cubic metres)	20,834,647	19,600,139	6.3%
Natural gas production (thousand cubic metres)	17,989,399	16,908,508	6.4%
Raw NGL fractionation	6,315,299	5,256,760	20.1%
Basic polymers production	655,590	403,252	62.6%
Synthetic rubbers production	353,257	418,147	(15.5%)
Plastics and organic synthesis production	900,118	858,970	4.8%
Intermediates and other chemicals production	4,232,671	4,207,925	0.6%
Sales volumes			
Natural gas sales volumes (thousand cubic metres)	16,004,874	11,841,787	35.2%
NGLs sales volumes	6,469,868	4,802,073	34.7%
Petrochemical products sales volumes	2,246,660	2,127,895	5.6%

Financial results

In 2014, SIBUR posted strong financial results despite the challenging external environment in the second half of the year. Our EBITDA for the period amounted to RR 102.8 billion, an increase year-on-year of 30.3%, which was largely attributable to threefold EBITDA growth in petrochemicals and EBITDA growth in energy products. We also increased production and sales of polypropylene following our continued capacity ramp-up at the Tobolsk-Polymer plant during 2014. The launch of the Purovsk–Pyt-Yakh–Tobolsk pipeline provides SIBUR with access to additional available volumes of raw NGL, and the expanded fractionation capacity in Tobolsk enabled us to increase production volumes of energy products.

Our revenue increased by 33.8% year on year to RR 361 billion. Our revenue from sales of energy products increased significantly by 50.1% year-on-year to RR 217.2 billion. The solid performance of our energy product group was primarily attributable to higher sales volumes on expanded naphtha trading activities following the launch of the Ust-Luga transshipment facility in the end of 2013 and higher LPG and naphtha production following the launch of the transportation and fractionation capacities, as well as growth in APG processing volumes. Our revenue from sales of basic polymers increased by 68.3% year-on-year to RR 38.4 billion, largely attributable to operations at the Tobolsk-Polymer plant. The increase of revenue from sales of plastics and organic synthesis products was primarily attributable to higher sales volumes of PET and BOPP-films following respective capacity expansions. Our synthetic rubber business remained under significant pressure on the back of persistently negative market environment for our synthetic rubber grades resulting in a decrease of revenue by 14.1% year-on-year to RR 27.8 billion. Our revenue from sales of petrochemical products increased by 14.2% year-on-year to RR 132.5 billion.

Rouble depreciation positively affected our revenue and EBITDA as sale prices for the majority of products are primarily linked to international commodity benchmark prices quoted in dollars and euros, while operational expenses are predominantly denominated in roubles.

Our net profit in 2014 decreased by 44.8% to RR 25.1 billion. It was negatively affected by the substantial Russian rouble depreciation that resulted in net foreign exchange loss in the amount of RR 85.4 billion, which was partially offset by non-cash gains related to the consolidation of Yugrazpererabotka and its further revaluation at market value.

In 2014, our capital expenditures decreased by 3.3% to RR 67.7 billion as we completed several large-scale projects in 2013 and early 2014, while we started financing ZapSibNeftekhim (ZapSib-2) at the end of 2014.

Financial results

RR millions, except as stated	Year ended 31 December		Change %
	2014	2013	
Revenue (net of VAT and export duties) including:	361,000	269,814	33.8%
Energy products	217,233	144,716	50.1%
Petrochemical products	132,513	116,018	14.2%
Other	11,254	9,080	23.9%
EBITDA	102,767	78,862	30.3%
EBITDA margin, %	28.5%	29.2%	
Profit for the reporting period	25,071	45,458	(44.8%)

RR millions, except as stated	Year ended 31 December		Change %
	2014	2013	
Operating cash flows	91,052	72,741	25.2%
Net cash used in investing activities, including	(97,370)	(70,384)	38.3%
Acquisition of interest in OOO Yugragazpererabotka	(20,547)	-	n/m
Capital expenditures	(67,707)	(70,010)	(3.3%)

Borrowings

As of 31 December 2014, our total debt amounted to RR 206.3 billion, increasing 2.1 times year-on-year. This was attributable to a revaluation of our debt denominated in foreign currency. The portion of long-term debt increased to 72.7% as of 31 December 2014 from 57.5% as of 31 December 2013.

Our net debt⁽²⁾ totaled RR 178.6 billion as of 31 December 2014. Our net debt to EBITDA ratio was 1.74x as of 31 December 2014, demonstrating the company's strong financial position.

Borrowings

RR millions, except as stated	As of 31 December 2014	As of 31 December 2013	Change, %
Total debt	206,294	100,474	105.3%
Cash and cash equivalents	27,667	7,948	248.1%
Net debt ⁽²⁾	178,627	92,526	93.1%
Net debt ⁽²⁾ /EBITDA	1.74x	1.17x	

Borrowings by scheduled maturities

RR millions, except as stated	As of 31 December 2014	% of total borrowings	As of 31 December 2013	% of total borrowings	Change, %
Due for repayment:					
Within one year	56,240	27.3%	42,743	42.5%	31.6%
Between one and two years	31,500	15.3%	6,344	6.3%	396.5%
Between two and five years	105,062	50.9%	42,454	42.3%	147.5%
After five years	13,492	6.5%	8,933	8.9%	51.0%
Total debt	206,294	100.0%	100,474	100.0%	105.3%

The full versions of the audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013 in accordance with International Financial Reporting Standards (IFRS) is available on our website (<http://investors.sibur.com/results-centre/financial-results.aspx>).

About SIBUR

SIBUR is a uniquely positioned vertically integrated gas processing and petrochemicals company. SIBUR owns and operates Russia's largest gas processing business in terms of associated petroleum gas processing volumes, and is a leader in the Russian petrochemicals industry.

SIBUR operates 26 production sites located all over Russia, has over 1,400 major customers engaged in the energy, automotive, construction, fast moving consumer goods (FMCG), chemical and other industries in approximately 70 countries worldwide and employs over 25,000 personnel.

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⁽¹⁾ An equivalent to dry gas, a product of APG processing.

⁽²⁾ Net debt represents total debt less cash and cash equivalents.