

SIBUR REPORTS H1 2015 IFRS RESULTS

Moscow, 28 September 2015. PAO SIBUR Holding, an integrated gas processing and petrochemicals company, today published its operational and financial results for the three and six months ended 30 June 2015 in accordance with International Financial Reporting Standards (IFRS).

Operational highlights

- *Associated petroleum gas (APG) processing volumes remained largely flat year-on-year*
- *Natural gas sales volumes increased by 16.3% year-on-year*
- *Gas fractionation volumes increased by 26.5% year-on-year*
- *Liquefied petroleum gases (LPG) sales volumes increased by 15.8% year-on-year*
- *Petrochemical products sales volumes increased by 30.0% year-on-year*
- *Polypropylene production volumes increased by 69.5% year-on-year*

Financial highlights

- *Revenue from sales of petrochemical products increased by 44.9% year-on-year*
- *Revenue from sales of basic polymers increased by 52.6% year-on-year*
- *Revenue from sales of energy products decreased by 18.6% year-on-year*
- *EBITDA increased by 30.6% year-on-year*

“In the first half of 2015, SIBUR delivered strong financial results despite the challenging environment, which proves the strategy of building a vertically integrated company right. Starting from the second quarter of 2014, our feedstock & energy business have been affected by the collapsed pricing for the majority of energy products on the back of lower oil prices. At the same time, the expansion of our petrochemical business helped to partly mitigate the downward profitability trend in our feedstock & energy segment”, - commented SIBUR’s CEO Dmitry Konov.

Operational Results

In the first half of 2015, SIBUR’s gas processing plants (GPPs) processed 10.4 billion cubic metres of APG, an increase of 0.7% year-on-year. Production of natural gas decreased by 1% year-on-year to 8.9 billion cubic metres. Raw NGL fractionation volumes increased by 26.5% year-on-year to 3.8 million tonnes on the back of the fractionation capacity expansion in Tobolsk and the expanded access to the additional volumes of raw NGL via the newly launched pipeline.

Natural gas sales volumes increased by 16.3% year-on-year to 8.9 billion cubic metres on the back of consolidation of OOO Yugragazpererabotka. External sales of LPG rose 15.8% year-on-year to 2.03 million tonnes as a result of the fractionation capacity expansion in Tobolsk and the expanded access to the additional volumes of raw NGL via the newly launched pipeline. Naphtha sales volumes decreased by 49.6% year-on-year to 580.6 thousand tonnes primarily due to the termination of low-margin trading activities. Starting 2015, SIBUR changed the terms of cooperation with its naphtha trading suppliers and ceased purchases of the product for resale, instead providing transshipment services via the Ust-Luga transshipment facility to the partners. External sales of raw NGL decreased by 85.5% year-on-year to 49.9 thousand tonnes as additional volumes of raw NGL were fully utilised internally on higher fractionation volumes following the capacity expansion in Tobolsk.

SIBUR increased sales volumes of the majority of its petrochemical products. Sales volumes of plastics and organic synthesis products increased by 27.2% year-on-year to 472.6 thousand tonnes. Sales volumes of basic polymers increased by 23.3% year-on-year to 375.5 thousand tonnes. Sales volumes of synthetic rubbers increased by 19.2% year-on-year to 212.5 thousand tonnes attributable to increase of production of both commodity and special rubbers, as well as TPEs. Sales volumes of intermediates and other petrochemical products increased by 58.5% year-on-year to 281.1 thousand tonnes, inter alia due to higher revenue from sales of ethylene following initiation of ethylene supplies to RusVinyl.

Operating results

<i>Tonnes, except as stated</i>	Six months ended		Change %
	30 June		
	2015	2014	
Processing and production volumes			
APG processing (thousand cubic metres)	10,424,657	10,357,132	0.7%
Natural gas production (thousand cubic metres)	8,907,047	8,996,186	(1.0%)
Raw NGL fractionation	3,780,341	2,989,568	26.5%
Sales volumes			
Natural gas sales volumes (thousand cubic metres)	8,551,695	7,354,203	16.3%
LPG sales volumes	2,030,027	1,752,914	15.8%
MTBE, other fuels & fuel additives sales volumes	298,506	292,514	2.0%
Petrochemical products sales volumes	1,341,642	1,031,689	30.0%
Plastics and organic synthesis products	472,569	371,615	27.2%
Basic polymers	375,496	304,467	23.3%
Synthetic rubbers	212,476	178,281	19.2%
Intermediates and other chemicals	281,101	177,326	58.5%

Financial results

In the first half of 2015, our revenue increased by 5.6% to RR 181,397 million compared to RR 171,712 million in the first half of 2014. A 44.9% year-on-year increase in revenue from sales of petrochemical products to RR 86,841 million is primarily attributable to higher PP production following a year-on-year increase in Tobolsk-Polymer Plant average capacity utilisation rate that resulted in a 52.6% increase in sales of basic polymers. In the first half of 2015, our revenue from sales of plastics and organic synthesis products increased by 45.3% year-on-year. The increase was primarily attributable to expanded production of PET and BOPP-films, as well as increase in glycols production. Additionally, our revenue from sales of synthetic rubbers increased by 29.2% on higher capacity load due to improved economics on the Russian rouble depreciation and lower feedstock prices, as well as completion of product homologation with key clients.

Our revenue from sales of energy products decreased by 18.6% year-on-year to RR 87,459 million from RR 107,394 million in the corresponding period of 2014. The decrease was primarily attributable to lower prices for feedstock & energy products that was partly compensated by Russian rouble depreciation, higher LPG production following the launch of new transportation and fractionation capacities, and higher sales of natural gas.

In the first half of 2015, SIBUR recorded a 30.6% increase in EBITDA, which was driven by almost fivefold growth in the EBITDA of our petrochemicals segment and partially offset by a decrease in the contribution of our feedstock & energy segment. We recorded the highest EBITDA margin of 35.6% for the Group and our petrochemicals segment demonstrated 31.4% EBITDA margin.

Our adjusted profit¹ increased by 11.7% to RR 34,307 million in the first half of 2015 from RR 30,727 million a year earlier.

Our capital expenditures increased by 15.1% to RR 30,537 million in the first half of 2015 from RR 26,520 million a year earlier.

Financial results

<i>RR millions, except as stated</i>	Six months ended 30 June		Change %
	2015	2014	
Revenue (net of VAT and export duties)	181,397	171,712	5.6%
<i>Energy products</i>	87,459	107,394	(18.6%)
<i>Petrochemical products</i>	86,841	59,930	44.9%
<i>Other</i>	7,097	4,388	61.7%
EBITDA	64,622	49,486	30.6%
<i>EBITDA margin, %</i>	35.6%	28.8%	
Profit for the reporting period	21,331	75,691	(71.8%)
Adjusted profit ⁽ⁱ⁾	34,307	30,727	11.7%
Operating cash flows before working capital changes	63,460	49,281	28.8%
Net cash used in investing activities, <i>including</i>	(102,288)	(51,420)	98.9%
<i>Capital expenditures</i>	(30,537)	(26,520)	15.1%

Borrowings

As of 30 June 2015, our total debt amounted to RR 254,067 million, an increase of 23.2% from RR 206,294 million as of 31 December 2014. The increase was primarily attributable to new borrowings to fund the second tranche for the acquisition of a 49% stake in OOO Yugragazpererabotka, revaluation of debts and new borrowings for the continuing capital expenditures on ZapSibNeftekhim (ZapSib-2), including the first drawdown of EUR 115 million out of EUR 1,575 million ECA-backed committed credit line for the project.

Our net debtⁱⁱ increased by 31.7% to RR 235,203 million as of 30 June 2015 from RR 178,627 million as of 31 December 2014.

Borrowings

<i>RR millions, except as stated</i>	As of 30 June 2015	As of 31 December 2014	Change, %
Total debt	254,067	206,294	23.2%
Net debt ⁽ⁱⁱⁱ⁾	235,203	178,627	31.7%

Borrowings by scheduled maturities

<i>RR millions, except as stated</i>	As of 30 June 2015	% of total <i>borrowings</i>	As of 31 December 2014	% of total <i>borrowings</i>	Change, %
Due for repayment:					
Within one year	92,983	36.6%	56,240	27.3%	65.3%
Between one and two years	18,448	7.3%	31,500	15.3%	(41.4%)
Between two and five years	125,114	49.2%	105,062	50.9%	19.1%
After five years	17,522	6.9%	13,492	6.5%	29.9%
Total debt	254,067	100.0%	206,294	100.0%	23.2%

Full version of the Consolidated Interim Condensed Financial Information (unaudited) as of and for the three and six months ended 30 June 2015 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.

As of 30 September 2014, SIBUR operated 26 production sites located all over Russia, had over 1,400 major customers engaged in the energy, automotive, construction, fast moving consumer goods (FMCG), chemical and other industries in approximately 75 countries worldwide and employed over 26,000 personnel.

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ⁱ Profit adjusted for one-off non-cash factors, such as gain on consolidation of OOO Yugragazpererabotka and charges related to the equity-settled share-based payment plans

ⁱⁱ Net debt is calculated as total debt less cash and cash equivalents and bank deposits.