

SIBUR REPORTS H1 2014 IFRS RESULTS

Moscow, 16 September 2014. OAO 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 2014 in accordance with International Financial Reporting Standards (IFRS).

Operational highlights

- *Associated petroleum gas (APG) processing volumes increased by 7.4% year-on-year*
- *Raw natural gas liquids (raw NGL) production increased by 7.4% year-on-year*
- *Liquefied petroleum gases (LPG) production increased by 12.6% following the expansion of gas fractionation capacities and completion of the construction of raw NGL pipeline*
- *Basic polymers' production increased by 50% following the launch of Tobolsk-Polymer Plant*

Financial highlights

- *Revenue increased by 32.1% year-on-year*
- *Revenue from sales of energy products increased by 59.8% year-on-year*
- *Revenue from sales of basic polymers increased by 58.2% year-on-year*
- *Revenue from sales of synthetic rubbers decreased by 20.1% year-on-year*
- *EBITDA increased by 29.8% year-on-year*
- *Adjusted profit⁽ⁱ⁾ increased by 32.8% year-on-year*

Operational Results

In the first half of 2014, SIBUR's gas processing plants (GPPs) processed 10.3 billion cubic metres of APG⁽ⁱⁱ⁾, an increase of 7.4% year-on-year. As a result, production of natural gas rose by 8% year-on-year to 9.0 billion cubic metres⁽ⁱⁱ⁾. Raw NGL production increased by 7.4% year-on-year to 2.5 million tonnes⁽ⁱⁱⁱ⁾.

SIBUR increased sales volumes of the majority of its energy products primarily due to substantial expansion of trading activities for naphtha following the launch of Ust-Luga transshipment facility. Natural gas sales volumes increased by 18.4% year-on-year to 7.4 billion cubic metres. External sales of NGLs, including liquefied petroleum gases (LPG), naphtha and raw NGL, rose 39.1% year-on-year to 3.2 million tonnes. Sales volumes of petrochemical products totaled 1.03 thousand tonnes, a decrease of 3.1% year-on-year.

Operating results

<i>Tonnes, except as stated</i>	Six months ended 30 June		<i>Change %</i>
	2014	2013	
Processing and production volumes			
APG processing (thousand cubic metres) ⁽ⁱⁱ⁾	10,347,137	9,635,356	7.4%
APG processing, SIBUR's share (thousand cubic metres) ⁽ⁱⁱⁱ⁾	8,941,429	6,786,469	31.8%
Natural gas production (thousand cubic metres) ⁽ⁱⁱ⁾	8,969,388	8,303,639	8.0%
Natural gas production, SIBUR's share (thousand cubic metres) ⁽ⁱⁱⁱ⁾	7,637,200	5,655,811	35.0%
Raw NGL production ⁽ⁱⁱ⁾	2,541,693	2,365,703	7.4%
Raw NGL production, SIBUR's share ⁽ⁱⁱⁱ⁾	2,214,222	1,727,569	28.2%
Basic polymers production	301,594	201,047	50.0%
Synthetic rubbers production	183,825	216,665	(15.2%)
Plastics and organic synthesis production	415,000	447,670	(7.3%)
Intermediates and other chemicals production	1,945,573	1,977,678	(1.6%)
Sales volumes			
Natural gas sales volumes (thousand cubic metres)	7,354,204	6,211,514	18.4%
NGLs sales volumes	3,247,103	2,334,561	39.1%
MTBE, other fuels & fuel additives sales volumes	292,514	320,791	(8.8%)
Petrochemical products sales volumes	1,031,689	1,064,436	(3.1%)

Financial Results

In the first half of 2014, SIBUR reported strong financial results attributable to the completion of large-scale projects on construction of integrated transportation infrastructure, processing capacities, as well as polymers production. The completion of the construction of the Purovsk–Pyt-Yakh–Tobolsk pipeline provides SIBUR with access to the additional available volumes of raw NGL, and the expanded fractionation capacity in Tobolsk enabled us to increase production volumes of energy products. We also increased production and sales of basic polymers following the launch of Tobolsk-Polymer Plant.

SIBUR's revenue increased by 32.1% to RR 171,712 million compared to RR 130,030 million in the first half of 2013.

In the first half of 2014, our revenue from sales of energy products increased by 59.8% year-on-year to RR 107,394 million from RR 67,219 million in the first half of 2013. Our energy product group delivered strong performance following the launch of the Ust-Luga transshipment facility in the end of 2013, which resulted in a significant increase in naphtha sales volumes. Moreover, the growth was attributable to the launch of the new integrated transportation and fractionation capacities.

Our revenue from sales of basic polymers increased by 58.2% year-on-year to RR 16,695 million from RR 10,555 million in the first half of 2013 following the launch of Tobolsk-Polymer Plant.

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 20.1% year-on-year to RR 13,488 million from RR 16,878 million in the first half of 2013. This resulted in an increase of revenue from sales of petrochemical products by 3.4% year-on-year to RR 59,930 million from RR 57,984 million in the first half of 2013.

Our EBITDA for the period increased by 29.8% year-on-year to RR 49,486 million from RR 38,117 million in the first half of 2013. This was largely attributable to the completion of large-scale investment projects.

SIBUR's adjusted profit for the first half of 2014 increased by 32.8% year-on-year to RR 30,727 million from RR 23,132 million a year earlier. The profit was positively affected by the increase of operational profit following the launch of new capacities and Russian rouble depreciation.

SIBUR recorded a non-cash gain on acquisition of a 49% stake in OOO Yugragazpererabotka related to the revaluation of SIBUR's share in the JV accounted for at historical cost before the transaction. This was partially offset by a non-cash charge related to the equity-settled share-based payment plans granted to the Group's former and current directors and key management in July 2013, and a non-cash gain on deconsolidation of OOO Yugragazpererabotka in the first half of 2013. Our profit for the first half of 2014 increased almost three times to RR 75,691 million from RR 25,545 million a year earlier.

In the first half of 2014, our capital expenditures decreased by 26.4% to RR 26,520 million in the first half of 2014 from RR 36,044 million a year earlier, as we completed several large-scale projects in 2013.

Financial results

RR millions, except as stated	Six months ended 30 June		Change %
	2014	2013	
Revenue (net of VAT and export duties)	171,712	130,030	32.1%
Energy products	107,394	67,219	59.8%
Petrochemical products	59,930	57,984	3.4%
Other	4,388	4,827	(9.1%)
EBITDA	49,486	38,117	29.8%
EBITDA margin, %	28.8%	29.3%	
Profit for the reporting period	75,691	25,545	196.3%
Adjusted profit ⁽ⁱ⁾	30,727	23,132	32.8%
Operating cash flows before working capital changes	49,281	37,827	30.3%
Net cash used in investing activities, including	(51,420)	(36,325)	41.6%
Capital expenditures	(26,520)	(36,044)	(26.4%)

Borrowings

As of 30 June 2014, our total debt amounted to RR 129,247 million, a decrease of 1.7% from RR 131,452 million as of 31 March 2014. The portion of long-term debt increased to 62.4% from 47.9% as of 31 March 2014

Our net debt^(iv) decreased by 4.6% to RR 114,466 million as of 30 June 2014 from RR 119,984 million as of 31 March 2014. As of 30 June 2014, our net debt to EBITDA ratio was 1.27x compared to 1.48x as of 31 March 2014 demonstrating the company's strong financial position.

Borrowings

RR millions, except as stated	As of 30 June 2014	As of 31 March 2014	As of 31 December 2013	Change, % vs 31 Mar 2014	Change, % vs 31 Dec 2013
Total debt	129,247	131,452	100,474	(1.7%)	28.6%
Cash and cash equivalents	14,781	11,468	7,948	28.9%	86.0%
Net debt ^(iv)	114,466	119,984	92,526	(4.6%)	23.7%

Key ratio

	As of 30 June 2014	As of 31 March 2014	As of 31 December 2013
Debt / EBITDA	1.43x	1.62x	1.27x
Net debt ^(iv) / EBITDA	1.27x	1.48x	1.17x

Borrowings by scheduled maturities

RR millions, except as stated	As of 30 June 2014	% of total borrowings	As of 31 March 2014	% of total borrowings	As of 31 December 2013	% of total borrowings	Change, % vs 31 Dec 2013
Due for repayment:							
Within one year	48,570	37.6%	68,551	52.1%	42,743	42.5%	13.6%
Between one and two years	30,496	23.6%	8,466	6.4%	6,344	6.3%	380.7%
Between two and five years	41,547	32.1%	45,248	34.4%	42,454	42.3%	(2.1%)
After five years	8,634	6.7%	9,187	7.0%	8,933	8.9%	(3.4%)
Total debt	129,247	100.0%	131,452	100.0%	100,474	100.0%	28.6%

⁽ⁱ⁾ Profit for the reporting period net of equity-settled share-based payment plans and the non-cash gain on acquisition and deconsolidation of OOO Yugragazpererabotka.

⁽ⁱⁱ⁾ Including Rosneft's share in the processing / production volumes of OOO Yugragazpererabotka for 2013.

⁽ⁱⁱⁱ⁾ Excluding Rosneft's share in the processing / production volumes of OOO Yugragazpererabotka for 2013.

^(iv) Net debt represents total debt less cash and cash equivalents.