

SIBUR REPORTS Q1 2014 IFRS RESULTS

Moscow, 10 June 2014. OAO SIBUR Holding, an integrated gas processing and petrochemicals company, today published its operational and financial results for the three months ended 31 March 2014 in accordance with International Financial Reporting Standards (IFRS).

Operational highlights

- *Associated petroleum gas (APG) processing volumes increased by 3.4% year-on-year*
- *Raw natural gas liquids (raw NGL) production increased by 7.5% year-on-year*
- *Natural gas liquids (NGLs) sales volumes increased by 40.5% year-on-year*
- *An increase in revenue from sales of energy products by 42.4% year-on-year*
- *An increase in revenue from sales of basic polymers by 48% year-on-year*
- *A decrease in revenue from sales of synthetic rubbers by 21.3% year-on-year*

Financial highlights

- *Revenue increased by 20.9% year-on-year*
- *EBITDA increased by 10.1% year-on-year*

Operational Results

In the first quarter of 2014, SIBUR's gas processing plants (GPPs) processed 5.04 billion cubic metres of APG⁽¹⁾, an increase of 3.4% year-on-year. As a result, production of natural gas⁽²⁾ rose by 3.2% year-on-year to 4.4 billion cubic metres⁽¹⁾. Raw NGL production increased by 7.5% year-on-year to 1.4 million tonnes⁽¹⁾.

SIBUR increased sales volumes of the majority of its energy products primarily due to substantial expansion of trading activities for LPG and naphtha following the launch of Ust-Luga transshipment facility. External sales of NGLs, including liquefied petroleum gases (LPG), naphtha and raw NGL, rose 40.5% year-on-year to 1.5 million tonnes. Natural gas sales volumes decreased by 17.8% year-on-year to 2.9 billion cubic metres. Sales volumes of petrochemical products totaled 496.4 thousand tonnes, a decrease of 6.2% year-on-year.

Operating results

<i>Tonnes, except as stated</i>	Three months ended 31 March		Change %
	2014	2013	
Processing and production volumes			
APG processing ⁽¹⁾ (thousand cubic metres)	5,038,650	4,872,095	3.4%
APG processing, SIBUR's share ⁽³⁾ (thousand cubic metres)	3,632,942	3,428,147	6.0%
Natural gas production ⁽¹⁾ (thousand cubic metres)	4,360,023	4,223,915	3.2%
Natural gas production, SIBUR's share ⁽³⁾ (thousand cubic metres)	3,030,307	2,863,610	5.8%
Raw NGL production ⁽¹⁾	1,392,966	1,295,491	7.5%
Raw NGL production, SIBUR's share ⁽³⁾	1,000,938	920,575	8.7%
Basic polymers production	133,422	100,290	33.0%
Synthetic rubbers production	96,590	119,363	(19.1%)
Plastics and organic synthesis production	215,943	236,603	(8.7%)
Intermediates and other chemicals production	1,061,761	1,102,025	(3.7%)
Sales volumes			
Natural gas sales volumes (thousand cubic metres)	2,898,382	3,523,923	(17.8%)
NGLs sales volumes	1,538,274	1,095,126	40.5%
MTBE, other fuels & fuel additives sales volumes	151,928	181,770	(16.4%)
Petrochemical products sales volumes	496,383	529,203	(6.2%)

Financial Results

In the first quarter of 2014, our revenue increased by 20.9% to RR 80,002 million compared to RR 66,184 million in the first quarter of 2013. Our energy product group delivered strong performance on higher sales volumes. Our revenue from sales of energy products increased by 42.4% year-on-year to RR 49,622 million from RR 34,846 million in 2013. SIBUR substantially expanded its trading activities for LPG and naphtha with the launch of Ust-Luga transshipment facility. In the first quarter of 2014, our revenue from sales of basic polymers increased by 47.8% year-on-year to RR 7,396 million from RR 5,004 million in the first quarter of 2013. The increase was primarily attributable to higher PP sales volumes following the launch of Tobolsk-Polymer plant the second half of 2013.

This was partially offset by declining revenue from sales of synthetic rubbers, intermediates & other chemicals and processing services. Our synthetic rubber business remained under significant pressure on the back of persistent market price correction for our synthetic rubber grades. An unscheduled shutdown at our steam cracker in Kstovo resulted in a decrease in production of certain intermediates and the respective decline in revenue from sales of intermediates & other chemicals. Following the deconsolidation of OOO Yugragazpererabotka as of 12 March 2013, we did not consolidate its revenue until March 2014, when we gained full control over OOO Yugragazpererabotka, which resulted in a decrease in sales of processing services in the first quarter of 2014⁽⁴⁾.

Our EBITDA for the period amounted to RR 22,569 million, a year-on-year growth by 10.1% from RR 20,505 million in the first quarter of 2013. Our EBITDA margin totaled 28.2% compared to 31.0% reported a year earlier. The year-on-year increase in EBITDA was primarily attributable to the completion of large-scale investment projects, such as Tobolsk-Polymer plant, the biggest polypropylene production facility in Russia. The EBITDA was positively affected by the foreign exchange rate fluctuations.

Our profit for the first quarter of 2014 increased four times to RR 56,774 million from RR 15,634 million a year earlier. The increase was primarily attributable to non-cash gain on consolidation of Yugragazpererabotka and the revaluation of SIBUR's share in the JV accounted for at historical cost before the transaction.

In the first quarter of 2014, our capital expenditures decreased by 36.4% to RR 13,682 million in the first quarter of 2014 from RR 21,507 million a year earlier, resulting from completion of several large-scale projects in feedstock & energy and petrochemicals segments.

In the first quarter of 2014, SIBUR made a payment of the first tranche for the acquisition of RN-Holding's 49% stake in OOO Yugragazpererabotka in the amount of RR 20,547 million

Financial results

<i>RR millions, except as stated</i>	Three months ended 31 March		Change %
	2014	2013	
Revenue (net of VAT and export duties)	80,002	66,184	20.9%
<i>Energy products</i>	49,622	34,846	42.4%
<i>Petrochemical products</i>	28,233	28,326	(0.3%)
<i>Other</i>	2,147	3,012	(28.7%)
EBITDA	22,569	20,505	10.1%
<i>EBITDA margin, %</i>	28.2%	31.0%	
Profit for the reporting period	56,774	15,634	263.1%
Net cash from operating activities	16,860	23,105	(27.0%)
Net cash used in investing activities, including:	(35,627)	(22,131)	61.0%
<i>Capital expenditures</i>	(13,682)	(21,507)	(36.4%)
<i>Acquisition of interest in OOO Yugragazpererabotka</i>	(20,547)	-	-

Borrowings

As of 31 March 2014, our total debt amounted to RR 131,452 million compared to 100,474 million as of 31 December 2013, an increase of 30.8%.

Our net debt⁽⁵⁾ increased by 29.7% to RR 119,984 million as of 31 March 2014 from RR 92,526 million as of 31 December 2013. The net debt to EBITDA ratio stood at 1.48x, demonstrating the company's strong financial position.

Borrowings

<i>RR millions, except as stated</i>	As of 31 March 2014	As of 31 December 2013	Change %
Total debt	131,452	100,474	30.8%
Cash and cash equivalents	11,468	7,948	44.3%
Net debt ⁽⁵⁾	119,984	92,526	29.7%
Key ratio			
Debt / EBITDA	1.62x	1.27x	
Net debt ⁽⁵⁾ / EBITDA	1.48x	1.17x	

Borrowings by scheduled maturities

<i>RR millions, except as stated</i>	As of 31 March 2014	% of total borrowings	As of 31 December 2013	% of total borrowings	Change %
Due for repayment:					
Within one year	68,551	52.1%	42,743	42.5%	60.4%
Between one and two years	8,466	6.4%	6,344	6.3%	33.4%
Between two and five years	45,248	34.4%	42,454	42.3%	6.6%
After five years	9,187	7.0%	8,933	8.9%	2.8%
Total debt	131,452	100.0%	100,474	100.0%	30.8%

Full version of the unaudited consolidated interim condensed financial information as of and for the three months ended 31 March 2014 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 31 March 2014, SIBUR operated 27 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 70 countries worldwide and employed over 27,000 personnel.

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⁽¹⁾ Including Rosneft's share in the processing / production volumes of OOO Yugragazpererabotka.

⁽²⁾ Equivalent to natural gas.

⁽³⁾ Excluding Rosneft's share in the processing / production volumes of OOO Yugragazpererabotka.

⁽⁴⁾ On 12 March 2013, SIBUR's call options for RN-Holding's (former TNK-BP Holding) interest in Yugragazpererabotka expired. Since that date, SIBUR started to recognise this investment in Yugragazpererabotka under IFRS 11 as an investment in a joint venture using the equity method, while previously SIBUR had consolidated Yugragazpererabotka, and RN-Holding's share had been booked as loans received.

⁽⁵⁾ Net debt is calculated as total debt less cash and cash equivalents.