



SIBUR announces limited operational update for Q1 2015

10 June 2015

PAO SIBUR Holding, an integrated gas processing and petrochemicals company and a leader in the Russian petrochemicals industry, today publishes limited operational update for the three months ended 31 March 2015.

KEY HIGHLIGHTS

- Associated petroleum gas (APG) processing volumes increased by 1.4% year-on-year;
- Raw natural gas liquids (raw NGL) fractionation volumes increased by 36.0%⁽¹⁾ year-on-year;
- Liquefied petroleum gas (LPG) sales volumes increased by 19.1% year-on-year;
- Naphtha sales volumes decreased by 41.3% year-on-year due to the termination of low-margin trading operations via Ust-Luga; net of such trading operations naphtha sales volumes increased by 13.9% year-on-year;
- Polypropylene sales volumes increased by 64.5% year-on-year;
- Revenue from sales of energy products increased by 6.0% year-on-year in RR terms (excl. trading operations via Ust-Luga);
- Revenue from sales of petrochemicals increased by 46.0% year-on-year in RR terms;
- ZapSibNeftekhim financing totaled RR 7,371 million (excl.VAT).

OPERATIONAL HIGHLIGHTS

Energy Products Sales Revenue

RR millions, except as stated	Three months ended 31 March				Change %
	2015	% of energy products sales revenue ⁽²⁾	2014	% of energy products sales revenue ⁽²⁾	
LPG	19,629	44.9%	18,993	46.0%	3.4%
Natural gas	9,916	22.7%	7,095	17.2%	39.8%
Naphtha	8,176	n/m	15,188	n/m	(46.2%)
<i>Naphtha (excl. trading operations)</i>	7,602	17.4%	6,857	16.6%	10.9%
MTBE	5,148	11.8%	4,372	10.6%	17.8%
Raw NGL	547	1.3%	2,859	6.9%	(80.9%)
Other fuels and fuel additives	920	2.1%	1,115	2.7%	(17.5%)
Total energy products sales revenue	44,336	n/m	49,622	n/m	(10.6%)
<i>Total energy products sales revenue (excl. trading operations)</i>	<i>43,762</i>	<i>100.0%</i>	<i>41,291</i>	<i>100.0%</i>	<i>6.0%</i>

In the first quarter of 2015, our revenue from sales of energy products⁽²⁾ increased by 6.0% year-on-year to RR 43,762 million on higher revenue from sales of natural gas and marginal increase in MTBE, naphtha⁽²⁾ and LPG revenue, which was partially offset by lower revenue from raw NGL sales. The increase in natural gas revenue was a result of the terms of cooperation with Rosneft and the full consolidation of Yugragazpererabotka from March 2014. LPG and naphtha revenue remained largely at the previous year's level despite collapsed pricing in international markets due to higher production and sales volumes, alleviation of export duties and the Russian rouble depreciation. The decrease in raw NGL revenue was a result of increased internal use for the production of higher value-added products.

- *Natural gas*: sales revenue up 39.8% year-on-year to RR 9,916 million due to the full consolidation of natural gas volumes produced at the GPPs of Yugragazpererabotka after gaining full control over the JV in March 2014.
- *MTBE*: sales revenue up 17.8% year-on-year to RR 5,148 million on higher prices in RR terms and lower stock accumulation.

⁽¹⁾ Including fractionation volumes under processing arrangements.

⁽²⁾ Revenue adjusted for naphtha trading operations via Ust-Luga, ceased in 2015.

- *Naphtha*: sales revenue⁽¹⁾ up 10.9% year-on-year to RR 7,602 million; sales volumes up 13.9% year-on-year on a 2.6% increase in production and higher inventory sales. Change in the terms of cooperation with naphtha trading suppliers and the subsequent termination of purchases of the product for resale, providing instead transshipment services via the Ust-Luga transshipment facility to the partners.
- *LPG*: sales revenue up 3.4% year-on-year to RR 19,629 million; sales volumes up 19.1% year-on-year on a 23.6% increase in production following the launch of integrated transportation and fractionation capacities in 2014, which enabled SIBUR to process increased volumes of available light raw NGL feedstock. The increase in production was partially offset by the growth in internal sales to the petrochemicals business on higher Tobolsk-Polymer capacity utilisation.
- *Export duties*: support for LPG and naphtha netbacks on lower export duties; 68.7% decrease in naphtha export duty (in USD terms); zeroing of LPG export duty from February 2015.
- *Russian rouble depreciation*: natural hedge for our effective average selling prices from the collapse in market prices for most products.
- *Raw NGL*: sales revenue down 80.9% year-on-year on a 36.0%⁽²⁾ increase year-on-year in fractionation volumes following the expansion of fractionation capacity.

Petrochemical Products Sales Revenue

RR millions, except as stated	Three months ended 31 March				Change %
	2015	% of petrochemical products sales revenue	2014	% of petrochemical products sales revenue	
Basic polymers	12,186	29.6%	7,396	26.2%	64.8%
Synthetic rubbers	9,104	22.1%	6,739	23.9%	35.1%
Plastics and organic synthesis products	14,538	35.3%	9,781	34.6%	48.6%
Intermediates and other chemicals	5,389	13.1%	4,317	15.3%	24.8%
Total petrochemical products sales revenue	41,217	100.0%	28,233	100.0%	46.0%

In the first quarter of 2015, our revenue from sales of petrochemical products increased by 46.0% year-on-year to RR 41,217 million on strong sales of basic polymers and plastics and organic synthesis products as a result of capacity expansions and support from Russian rouble depreciation, while synthetic rubbers were slowly recovering benefiting from lower feedstock costs.

- *Basic polymers*: sales revenue up 64.8% year-on-year to RR 12,186 million primarily due to 64.5% year-on-year increase in PP sales volumes (Tobolsk-Polymer Plant average capacity utilisation of 91.2%).
- *Synthetic rubbers*: sales revenue up 35.1% year-on-year to RR 9,104 million due to higher capacity load on collapsed feedstock pricing and Russian rouble depreciation, as well as completed homologation with key clients for thermoplastic elastomers; a 16.0% increase year-on-year in commodity rubber sales volumes; and a 25.3% increase year-on-year in thermoplastic elastomers sales volumes.
- *Plastics and organic synthesis products*: sales revenue up 48.6% year-on-year to RR 14,538 million on higher sales volumes of glycols, PET, and BOPP-films, following capacity expansions.
- *Intermediates and other chemicals*: sales revenue up 24.8% year-on-year to RR 5,389 million.
- *International market prices*: decline in international prices in USD terms at lower rate compared to the collapse in hydrocarbon feedstock pricing.
- *Russian rouble depreciation*: natural hedge to our effective average selling prices despite declined market prices for most products.

⁽¹⁾ Adjusted for naphtha trading operations via Ust-Luga, ceased in 2015.

⁽²⁾ Including fractionation volumes under processing arrangements.

Key Feedstock Purchases

<i>RR millions, except as stated</i>	Three months ended 31 March		Change %
	2015	2014	
APG	5,533	3,006	84.1%
NGLs	5,002	7,254	(31.0%)
Paraxylene	1,579	1,268	24.5%

In the first quarter of 2015, our hydrocarbon feedstock purchases were impacted by the full consolidation of Yugragazpererabotka from March 2014, when we changed approach to the treatment of APG and NGLs, while there were no changes to the available volumes at operational level. We also observed a decline in our average purchase prices versus the fourth quarter of 2014.

- *APG*: purchasing expenses up 84.1% year-on-year to RR 5,533 million; purchasing volumes up 40.6% and purchase price up 30.9% year-on-year due to the consolidation of Yugragazpererabotka and the related new terms of cooperation with Rosneft; 1.4% increase year-on-year in total processing volumes; average purchase price down 6.5% quarter-on-quarter.
- *NGLs*: purchasing expenses down 31.0% year-on-year to RR 5,002 million; purchasing volumes down 35.0% and average purchase price up 6.1% year-on-year due to the consolidation of Yugragazpererabotka; average purchase price down 22.6% quarter-on-quarter.
- *Paraxylene*: purchasing expenses up 24.5% year-on-year to RR 1,579 million; 13.8% increase in purchasing volumes following PET capacity expansion and 9.5% increase year-on-year in average purchase price.

CAPITAL EXPENDITURES

<i>RR millions (excl. VAT)</i>		Three months ended 31 March		
Location	Description	2015	2014	Completion
Feedstock and Energy				
<i>Transportation infrastructure development</i>				
Western Siberia	Nyagan GPP - Urengoy (Gazprom) natural gas pipeline	277	14	2015
Tobolsk	Expansion of railway infrastructure	163	499	2015
<i>Gas fractionation capacity modernisation and expansion</i>				
Yamal-Nenets Autonomous Area	APG processing capacity expansion at Vyngapurovskiy GPP	1,657	2,031	2015
Petrochemicals				
Tobolsk	ZapSibNeftekhim ("ZapSib-2")	7,371	336	2020
Tomsk	Expansion of PP and LDPE production	627	115	2016

BORROWINGS

Total Debt and Net Debt

<i>RR millions, except as stated</i>	As of 31 March 2015	As of 31 December 2014	Change %
Total debt	265,559	206,294	28.7%
Cash and cash equivalents	44,824	27,667	62.0%
Net debt	220,735	178,627	23.6%

Debt Maturity Profile

<i>RR millions, except as stated</i>	As of 31 March 2015	% of total borrowings	As of 31 December 2014	% of total borrowings	Change %
Due for repayment:					
Within one year	71,078	26.8%	56,240	27.3%	26.4%
Between one and two years	37,631	14.2%	31,500	15.3%	19.5%
Between two and five years	138,211	52.0%	105,062	50.9%	31.6%
After five years	18,639	7.0%	13,492	6.5%	38.1%
Total debt	265,559	100.0%	206,294	100.00%	28.7%

Debt Currency Structure

<i>RR millions, except as stated</i>	As of 31 March 2015	% of total borrowings	As of 31 December 2014	% of total borrowings	Change %
Denominated in:					
Russian rouble	70,217	26.4%	39,030	18.9%	79.9%
Euro	13,976	5.3%	8,112	3.9%	72.3%
US Dollar	181,366	68.3%	159,152	77.2%	14.0%
Total debt	265,559	100.0%	206,294	100.0%	28.7%

- *Total debt*: a 28.7% increase vs. 31 December 2014 to RR 265,559 million attributable to the new borrowings to fund the acquisition of a 49% stake in Yugragazpererabotka (fully paid in April 2015), first drawdown of EUR 115 million out of EUR 1,575 million ECA-backed committed credit line for ZapSibNeftekhim (ZapSib-2).
- *Cash and cash equivalents*: RR 44,824 million of cash pending outstanding payment to Rosneft (fully paid in April 2015).
- *Net debt*: a 23.6% increase vs. 31 December 2014 to RR 220,735 million.
- *Credit lines*: RR 222,088 million available under existing credit facilities denominated in Russian roubles, US dollars and euros, both short- and long-term, of which an equivalent of RR 114,542 million committed.

CORPORATE HIGHLIGHTS

- *April 2015*: SIBUR paid the remaining amount due to Rosneft for a 49% stake in Yugragazpererabotka acquired in March 2014. Since then SIBUR does not have any payable outstanding for this transaction.
- *March 2015*: Moody's affirmed SIBUR rating at "Ba1" (negative outlook);
- *March 2015*: first drawdown of EUR 115 out of EUR 1,575 million ECA-backed committed credit line for ZapSibNeftekhim (ZapSib-2);
- *March 2015*: SIBUR Board of Directors approved the 2015 CAPEX plan of RR 64.7 billion (net of VAT);
- *February 2015*: official launch of ZapSibNeftekhim construction;
- *February 2015*: Fitch affirmed SIBUR rating at "BB+" (outlook stable).

The published data may be revised when we publish the IFRS unaudited consolidated interim condensed financial information as of and for the three and six months ended 30 June 2015 and supporting MD&A.

APPENDIX⁽¹⁾

Energy Products

Production and Sales Volumes

<i>Tonnes, except as stated</i>	Three months ended 31 March		Change %
	2015	2014	
LPG			
Production ⁽²⁾	1,625,028	1,075,757	51.1%
Production, SIBUR's share	1,329,528	1,075,757	23.6%
External sales	985,859	827,956	19.1%
<i>Domestic</i>	250,761	205,731	21.9%
<i>Export</i>	735,098	622,224	18.1%
Natural gas (thousand cubic metres)			
Production	4,403,952	3,030,307	45.3%
External sales	4,205,472	2,898,382	45.1%
<i>Domestic</i>	4,205,472	2,898,382	45.1%
<i>Export</i>	-	-	n/m
Naphtha			
Production	350,387	341,379	2.6%
External sales	311,084	530,130	(41.3%)
<i>External sales (excl. trading operations)</i>	289,640	254,210	13.9%
<i>Domestic</i>	5,024	20,491	(75.5%)
<i>Export</i>	284,616	233,719	21.8%
MTBE			
Production	111,677	123,823	(9.8%)
External sales	112,626	107,446	4.8%
<i>Domestic</i>	112,626	107,446	4.8%
<i>Export</i>	-	-	n/m
Raw NGL			
Production ⁽³⁾	1,282,064	1,000,938	28.1%
Fractionation ⁽³⁾⁽⁴⁾	1,873,194	1,377,142	36.0%
Fractionation, SIBUR's share	1,573,194	1,377,142	14.2%
External sales	27,339	180,187	(84.8%)
<i>Domestic</i>	-	116,210	(100.0%)
<i>Export</i>	27,339	63,978	(57.3%)
Other fuels and fuel additives			
Production	55,249	55,453	(0.4%)
External sales	35,420	44,482	(20.4%)
<i>Domestic</i>	14,652	15,970	(8.3%)
<i>Export</i>	20,768	28,513	(27.2%)

⁽¹⁾ In tables of this Appendix immaterial deviations in the calculation of percentage changes, subtotals and totals are explained by rounding.

⁽²⁾ Including production volumes under processing arrangements.

⁽³⁾ Following the acquisition of control in OOO Yugragazpererabotka, we changed our approach to the treatment of raw NGL production and fractionation volumes at Nyagan GPP.

⁽⁴⁾ Including fractionation volumes under processing arrangements.

Sales Revenue

<i>RR millions, except as stated</i>	Three months ended 31 March		<i>Change %</i>
	2015	2014	
LPG	19,629	18,993	3.4%
<i>Domestic</i>	3,424	3,285	4.2%
<i>Export</i>	16,205	15,708	3.2%
Natural gas	9,916	7,095	39.8%
<i>Domestic</i>	9,916	7,095	39.8%
<i>Export</i>	-	-	n/m
Naphtha	8,176	15,188	(46.2%)
<i>Naphtha (excl. trading operations)</i>	7,601	6,857	10.8%
<i>Domestic</i>	111	499	(77.7%)
<i>Export</i>	7,489	6,358	17.8%
MTBE	5,148	4,372	17.8%
<i>Domestic</i>	5,148	4,372	17.8%
<i>Export</i>	-	-	n/m
Raw NGL	547	2,859	(80.9%)
<i>Domestic</i>	-	1,767	(100.0%)
<i>Export</i>	547	1,092	(49.9%)
Other fuels and fuel additives	920	1,115	(17.5%)
<i>Domestic</i>	279	275	1.6%
<i>Export</i>	640	840	(23.8%)
Energy products, total	44,336	49,620	(10.6%)
<i>Energy products, total excl. naphtha trading operations</i>	43,762	41,290	6.0%
<i>Domestic</i>	18,880	17,293	9.2%
<i>Export</i>	24,882	23,998	3.7%

Basic Polymers

Production and Sales Volumes

<i>Tonnes, except as stated</i>	Three months ended 31 March		<i>Change %</i>
	2015	2014	
PP			
Production	149,347	66,156	125.7%
External sales	122,295	74,349	64.5%
<i>Domestic</i>	60,979	43,474	40.3%
<i>Export</i>	61,316	30,876	98.6%
PE (LDPE)			
Production	66,632	67,266	(0.9%)
External sales	63,531	64,549	(1.6%)
<i>Domestic</i>	35,740	35,559	0.5%
<i>Export</i>	27,791	28,990	(4.1%)
Basic Polymers, total			
Production	215,978	133,422	61.9%
External sales	185,826	138,898	33.8%
<i>Domestic</i>	96,719	79,033	22.4%
<i>Export</i>	89,107	59,866	48.8%

Sales Revenue

<i>RR millions, except as stated</i>	Three months ended 31 March		<i>Change %</i>
	2015	2014	
PP	7,925	3,931	101.6%
<i>Domestic</i>	4,005	2,307	73.6%
<i>Export</i>	3,919	1,624	141.3%
PE (LDPE)	4,262	3,465	23.0%
<i>Domestic</i>	2,367	1,823	29.9%
<i>Export</i>	1,895	1,642	15.4%
Basic Polymers, total	12,186	7,396	64.8%
<i>Domestic</i>	6,372	4,130	54.3%
<i>Export</i>	5,814	3,267	78.0%

Synthetic Rubbers

Production and Sales Volumes

<i>Tonnes, except as stated</i>	Three months ended 31 March		Change %
	2015	2014	
Commodity rubbers			
Production	67,526	56,979	18.5%
External sales	67,447	58,166	16.0%
<i>Domestic</i>	25,346	21,442	18.2%
<i>Export</i>	42,101	36,724	14.6%
Specialty rubbers			
Production	24,226	23,454	3.3%
External sales	25,091	23,722	5.8%
<i>Domestic</i>	2,389	2,841	(15.9%)
<i>Export</i>	22,702	20,881	8.7%
Thermoplastic elastomers			
Production	12,127	16,158	(24.9%)
External sales	11,430	9,120	25.3%
<i>Domestic</i>	6,040	5,318	13.6%
<i>Export</i>	5,390	3,802	41.8%
Synthetic Rubbers, total			
Production	103,879	96,590	7.5%
External sales	103,968	91,007	14.2%
<i>Domestic</i>	33,775	29,601	14.1%
<i>Export</i>	70,194	61,407	14.3%

Sales Revenue

<i>RR millions, except as stated</i>	Three months ended 31 March		Change %
	2015	2014	
Commodity rubbers	5,535	4,025	37.5%
<i>Domestic</i>	2,009	1,499	34.0%
<i>Export</i>	3,526	2,526	39.6%
Specialty rubbers	2,495	1,959	27.4%
<i>Domestic</i>	250	243	2.9%
<i>Export</i>	2,245	1,716	30.8%
Thermoplastic elastomers	1,074	755	42.1%
<i>Domestic</i>	601	427	40.8%
<i>Export</i>	473	328	43.9%
Synthetic rubbers, total	9,104	6,739	35.1%
<i>Domestic</i>	2,860	2,169	31.8%
<i>Export</i>	6,244	4,570	36.6%

Plastics and Organic Synthesis Products

Production and Sales Volumes

<i>Tonnes, except as stated</i>	Three months ended 31 March		Change %
	2015	2014	
PET			
Production	74,622	67,958	9.8%
External sales	74,567	57,889	28.8%
<i>Domestic</i>	74,152	57,730	28.4%
<i>Export</i>	415	158	162.1%
BOPP-films			
Production	36,271	25,334	43.2%
External sales	32,059	25,417	26.1%
<i>Domestic</i>	20,418	19,830	3.0%
<i>Export</i>	11,641	5,587	108.4%
Glycols			
Production	71,016	46,110	54.0%
External sales	44,407	23,296	90.6%
<i>Domestic</i>	18,956	21,540	(12.0%)
<i>Export</i>	25,451	1,756	1349.6%
Alcohols (including 2-ethylhexanol)			
Production	42,363	40,431	4.8%
External sales	38,630	33,889	14.0%
<i>Domestic</i>	14,279	14,507	(1.6%)
<i>Export</i>	24,350	19,382	25.6%
Expandable polystyrene			
Production	25,179	22,485	12.0%
External sales	19,156	18,533	3.4%
<i>Domestic</i>	15,511	13,576	14.3%
<i>Export</i>	3,645	4,957	(26.5%)
Acrylates			
Production	10,617	10,967	(3.2%)
External sales	12,904	12,203	5.7%
<i>Domestic</i>	5,863	4,980	17.7%
<i>Export</i>	7,041	7,223	(2.5%)
Plastic compounds			
Production	-	2,658	(100.0%)
External sales	-	3,956	(100.0%)
<i>Domestic</i>	-	3,841	(100.0%)
<i>Export</i>	-	115	(100.0%)
Plastics and organic synthesis products, total			
Production	260,069	215,943	20.4%
External sales	221,722	175,184	26.6%
<i>Domestic</i>	149,179	136,006	9.7%
<i>Export</i>	72,543	39,178	85.2%

Sales Revenue

<i>RR millions, except as stated</i>	Three months ended 31 March		<i>Change %</i>
	2015	2014	
PET	4,684	2,857	63.9%
<i>Domestic</i>	4,657	2,848	63.5%
<i>Export</i>	27	9	211.6%
BOPP-films	3,472	2,180	59.3%
<i>Domestic</i>	2,283	1,742	31.1%
<i>Export</i>	1,190	438	171.5%
Glycols	2,094	980	113.8%
<i>Domestic</i>	841	908	(7.4%)
<i>Export</i>	1,253	71	1656.2%
Alcohols (including 2-ethylhexanol)	1,745	1,530	14.0%
<i>Domestic</i>	548	667	(17.8%)
<i>Export</i>	1,196	863	38.6%
Expandable polystyrene	1,564	1,243	25.8%
<i>Domestic</i>	1,242	904	37.3%
<i>Export</i>	322	339	(4.8%)
Acrylates	979	833	17.5%
<i>Domestic</i>	492	359	37.2%
<i>Export</i>	487	475	2.5%
Plastic compounds	-	158	(100.0%)
<i>Domestic</i>	-	154	(100.0%)
<i>Export</i>	-	3	(100.0%)
Plastics and organic synthesis products, total	14,538	9,781	48.6%
<i>Domestic</i>	10,063	7,583	32.7%
<i>Export</i>	4,475	2,198	103.6%

Feedstock Purchasing Volumes

<i>Tonnes, except as stated</i>	Three months ended 31 March		<i>Change %</i>
	2015	2014	
APG (thousand cubic metres)	5,107,400	3,632,942	40.6%
NGLs	586,763	902,710	(35.0%)
Paraxylene	47,333	41,581	13.8%

Debt Portfolio Structure

<i>RR millions, except as stated</i>	Currency	Due	As of 31 March 2015	As of 31 December 2014
Variable rate loans				
Vnesheconombank	USD	2013-2023	26,262	26,822
UniCredit Bank Group	USD, EUR	2013-2019	18,392	17,900
RaiffeisenBank	USD	2015-2017	17,480	16,812
Promsvyazbank	USD	2017	14,594	14,041
Nordea Bank	USD	2013-2016	11,693	11,252
Deutsche Bank	EUR	2014-2030	8,574	2,120
ING Bank Group	USD, EUR	2008-2021	4,664	5,065
Alfa-Bank	USD	2016	3,508	3,376
Citibank	USD	2013-2023	2,552	2,449
Fixed rate loans				
Sberbank of Russia	RR	2015-2019	68,530	37,805
Eurobonds	USD	2018	58,364	56,150
Alfa-Bank	USD	2016	29,232	11,252
NPP Neftekhimia	RR	2011-2017	1,250	800
Gazprom Mezhregiongaz	RR	2011-2017	437	425
Other	USD	2031	26	25
Total debt			265,559	206,294