

SIBUR REPORTS FY 2013 IFRS RESULTS

Moscow, 18 March 2014. OAO SIBUR Holding, an integrated gas processing and petrochemicals company, today published its operational and financial results for the year ended 31 December 2013 in accordance with International Financial Reporting Standards (IFRS).

Operational and financial highlights

- Associated petroleum gas (APG) processing volumes increased by 4.8% year-on-year
- Raw natural gas liquids (raw NGL) production increased by 13.6% year-on-year
- Natural gas sales volumes increased by 12.0% year-on-year
- Revenue remained flat compared to 2012
- An increase in revenue from sales of energy products, basic polymers, plastics and organic synthesis products compared to declining revenue from sales of synthetic rubbers, intermediates & other chemicals
- EBITDA decreased by 4.2% year-on-year
- Net cash from operating activities increased by 16.1% year-on-year
- Adjusted profit⁽¹⁾ decreased by 15.2% year-on-year

Operational Results

In 2013, SIBUR's gas processing plants (GPPs), including GPPs operated by OOO Yugragazpererabotka, processed 19.6 billion cubic metres of APG⁽²⁾, an increase of 4.8% year-on-year. As a result, production of natural gas⁽³⁾ rose by 3.6% year-on-year to 17.0 billion cubic metres⁽²⁾. Raw NGL production increased by 13.6% year-on-year to 5.3 million tonnes⁽²⁾.

SIBUR increased sales volumes of the majority of its energy products primarily due to increased hydrocarbon feedstock processing. Natural gas sales volumes rose by 12.0% year-on-year to 11.8 billion cubic metres. External sales of NGLs, including liquefied petroleum gases (LPG), naphtha and raw NGL, rose 18.3% year-on-year to 4.8 million tonnes. Sales volumes of petrochemical products totaled 2.1 million tonnes, a decrease of 6.3% year-on-year.

Operating results

<i>Tonnes, except as stated</i>	Year ended 31 December		Change %
	2013	2012	
Processing and production volumes			
APG processing (thousand cubic metres) ⁽²⁾	19,600,139	18,709,246	4.8%
APG processing, SIBUR's share (thousand cubic metres) ⁽⁴⁾	13,869,949	12,986,326	6.8%
Natural gas production (thousand cubic metres) ⁽²⁾	16,966,143	16,371,383	3.6%
Natural gas production, SIBUR's share (thousand cubic metres) ⁽⁴⁾	11,548,022	10,993,627	5.0%
Raw NGL production ⁽²⁾	5,294,895	4,662,593	13.6%
Raw NGL production, SIBUR's share ⁽⁴⁾	3,759,589	3,116,230	20.6%
Basic polymers production	403,251	385,794	4.5%
Synthetic rubbers production	418,146	423,348	(1.2%)
Plastics and organic synthesis production	858,970	844,836	1.7%
Intermediates and other chemicals production	3,106,319	3,445,000	(9.8%)

Sales volumes			
Natural gas sales volumes (thousand cubic metres)	11,841,787	10,572,284	12.0%
NGLs sales volumes	4,802,073	4,060,897	18.3%
MTBE, other fuels & fuel additives sales volumes	630,966	564,566	11.8%
Petrochemical products sales volumes	2,127,896	2,269,887	(6.3%)

Financial Results

In 2013, our revenue remained largely flat at RR 269,814 million compared to RR 271,330 million in 2012. Our energy product group delivered strong performance on higher sales volumes. Our revenue from sales of energy products increased by 11.8% year-on-year to RR 144,716 million from RR 129,409 million in 2012, which was primarily attributable to higher sales volumes of the vast majority of products despite flat average selling prices. The Company also increased revenue from sales of plastics & organic synthesis products that was attributable to the commercial launch of new production facilities and targeted acquisitions in 2012. Higher production and sales volumes in basic polymers group on the launch of Tobolsk-Polymer additionally supported our revenue in 2013.

This was fully offset by declining revenue from sales of synthetic rubbers, intermediates & other chemicals, processing services, trading and other sales. Our synthetic rubber business remained under significant pressure in a persistently negative market environment.

We also saw a decrease in revenue from sales of intermediates & other chemicals, including monomers, used as a feedstock for synthetic rubbers production. The decrease in trading and other sales was attributable to a termination of trading activity in favour of the mineral fertilisers business and deconsolidation of OOO Yugragazpererabotka⁽⁵⁾ (our former joint venture with RN Holding) as of 12 March 2013, which reduced our sales of processing services from the second quarter of 2013, as we deconsolidated the JV's revenue.

Our 2013 EBITDA amounted to RR 78,862 million, a year-on-year decline of 4.2% from RR 82,291 million in 2012. Our EBITDA margin totaled 29.2% compared to 30.3% reported a year earlier. The year-on-year decrease in EBITDA and EBITDA margin was primarily attributable to downwards dynamics in the synthetic rubber product group.

SIBUR's adjusted profit for the year decreased by 15.2% year-on-year to RR 50,939 million in 2013 from RR 60,085 million a year earlier. The profit was adversely affected by the foreign currency loss.

In 2013, the Group recorded a non-cash charge related to the equity-settled share-based payment plans. Under the IFRS standards, following the increase in the Group's directors and key management stake and the respective grant of equity-settled share-based payment plans, the Group has to recognise current and past service costs associated with the plans in the statement of profit or loss. In 2013, SIBUR reported non-cash gain from deconsolidation of OOO Yugragazpererabotka. Accounting for these non-cash items, SIBUR's profit decreased by 24.3% year-on-year to RR 45,458 million.

Despite the decline in EBITDA, our net cash from operating activities increased by 16.1% year-on-year to RR 72,741 million from RR 62,661 million in 2012 that was largely attributable to changes in working capital.

In 2013, our capital expenditures decreased by 5.7% to RR 70,010 million from RR 74,274 million a year earlier, resulting from completion of several large-scale projects.

Financial results

<i>RR millions, except as stated</i>	Year ended 31 December		Change %
	2013	2012	
Revenue (net of VAT and export duties)	269,814	271,330	(0.6%)
<i>Energy products</i>	144,716	129,409	11.8%
<i>Petrochemical products</i>	116,018	126,439	(8.2%)
<i>Other</i>	9,080	15,482	(41.4%)
EBITDA	78,862	82,291	(4.2%)
<i>EBITDA margin, %</i>	29.2%	30.3%	
Profit for the year	45,458	60,085	(24.3%)
Adjusted profit for the year ⁽¹⁾	50,939	60,085	(15.2%)

<i>RR millions, except as stated</i>	Year ended 31 December		Change %
	2013	2012	
Net cash from operating activities	72,741	62,661	16.1%
Net cash used in investing activities, including:	(71,144)	(50,992)	39.5%
<i>Capital expenditures</i>	(70,010)	(74,274)	(5.7%)

Borrowings

As of 31 December 2013, our total debt amounted to RR 100,474 million compared to RR 95,994 million as of 31 December 2012, an increase of 4.7% year-on-year. The share of long-term debt in the company's overall credit portfolio increased to 57.5% compared to 42.8% as of 31 December 2012.

Our net debt⁽⁶⁾ increased by 12.3% to RR 92,526 million as of 31 December 2013 from RR 82,424 million as of 31 December 2012. The net debt to EBITDA ratio stood at 1.17x, demonstrating the company's strong financial position.

Borrowings

<i>RR millions, except as stated</i>	As of 31 December 2013	As of 31 December 2012	Change, %
Total debt	100,474	95,994	4.7%
Cash and cash equivalents	7,948	13,570	(41.4%)
Net debt ⁽⁶⁾	92,526	82,424	12.3%
Key ratio			
Debt / EBITDA	1.27x	1.17x	
Net debt ⁽⁶⁾ / EBITDA	1.17x	1.00x	

Borrowings by scheduled maturities

<i>RR millions, except as stated</i>	As of 31 December 2013	% of total borrowings	As of 31 December 2012	% of total borrowings	Change, %
Due for repayment:					
Within one year	42,743	42.5%	54,936	57.2%	(22.2%)
Between one and two years	6,344	6.3%	15,175	15.8%	(58.2%)
Between two and five years	42,454	42.3%	12,679	13.2%	234.8%
After five years	8,933	8.9%	13,204	13.8%	(32.3%)
Total debt	100,474	100.0%	95,994	100.0%	4.7%

Full version of the audited consolidated financial statements as of and for the years ended 31 December 2013 and 2012 in accordance with 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 December 2013, SIBUR operated 26 production sites located all over Russia, had over 1,500 major customers engaged in the energy, automotive, construction, fast moving consumer goods (FMCG), chemical and other industries in approximately 60 countries worldwide and employed over 26,000 personnel.

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- ⁽¹⁾ Profit for the year net of equity-settled share-based payment plans and gain on deconsolidation of OOO Yugragazpererabotka.
 - ⁽²⁾ Including RN Holding's share in processing / production volumes of OOO Yugragazpererabotka
 - ⁽³⁾ An equivalent to dry gas, a product of APG processing.
 - ⁽⁴⁾ Excluding RN Holding's share in processing / production volumes of OOO Yugragazpererabotka.
 - ⁽⁵⁾ 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.
 - ⁽⁶⁾ Net debt is calculated as total debt less cash and cash equivalents.