



## PRESS RELEASE

### SIBUR REPORTS FY 2016 IFRS RESULTS

**Moscow, 14 March 2017.** PAO SIBUR Holding, an integrated gas processing and petrochemicals company, today published its operational and financial results for the full year 2016 in accordance with International Financial Reporting Standards (IFRS).

#### Operational highlights<sup>(1)</sup>

- *APG processing volumes increased by 4.4% year-on-year<sup>(2)</sup>*
- *Natural gas production increased by 5.2% year-on-year<sup>(2)</sup>*
- *Raw NGL fractionation volumes increased by 5.2% year-on-year<sup>(3)</sup>*
- *LPG production volumes increased by 6.4% year-on-year<sup>(3)</sup>*
- *PP production increased by 14.8% year-on-year*
- *Elastomers production increased by 8.6% year-on-year*

#### Financial highlights:

- *Revenue increased by 8.4% year-on-year*
- *EBITDA increasing by 2.9% year-on-year*
- *EBITDA margin amounted to 33.9%*
- *Adjusted EBITDA<sup>(4)</sup> increased by 5.3% year-on-year*
- *Total debt decreased by 25.2% year-on-year*

#### Operational results

In 2016 SIBUR's gas processing plants (GPPs) processed 22.4 billion cubic metres of APG<sup>(2)</sup>, an increase of 4.4% year-on-year following the launch of Yuzhno-Priobskiy GPP (JV with Gazprom Neft). As a result, production of natural gas rose by 5.2% year-on-year to 19.4 billion cubic metres<sup>(2)</sup>. Raw NGL fractionation volumes increased by 5.2% year-on-year to 8.2 million tonnes<sup>(3)</sup>.

Natural gas sales volumes increased by 3.5% year-on-year to 18.2 billion cubic metres. External LPG sales volumes increased by 10.3% year-on-year to 4.7 million tonnes.

In 2016 SIBUR increased sales volumes of all types of petrochemical products. Sales volumes of polypropylene increased by 17% year-on-year to 539 thousand tonnes following the increased utilisation rate at our flagship polypropylene production in Tobolsk.

Sales of elastomers increased by 7.6% year-on-year to 442 thousand tonnes. Our sales of plastics and organic synthesis products increased by 0.7% to 776 thousand tonnes, and sales of MTBE and fuel additives increased by 11.1% year-on-year to 668 thousand tonnes.

## Operational results

<i>Thousand tonnes, except as stated</i>	Year ended 31 December		Change %
	2016	2015	
<b>Processing and production volumes</b>			
APG processing <sup>(2)</sup> (million cubic metres)	22,415	21,467	4.4%
APG processing, SIBUR's share <sup>(5)</sup> (million cubic metres)	21,927	21,228	3.3%
Natural gas production <sup>(2)</sup> (million cubic metres)	19,427	18,471	5.2%
Natural gas production, SIBUR's share <sup>(5)</sup> (million cubic metres)	19,051	18,343	3.9%
Raw NGL fractionation <sup>(3)</sup>	8,177	7,773	5.2%
Raw NGL fractionation, SIBUR's share	7,246	6,573	10.2%
Production of olefins and polyolefins	1,623	1,501	8.1%
Production of plastics, elastomers and intermediates	5,105	4,835	5.6%
<b>Sales volumes</b>			
Natural gas (million cubic metres)	18,241	17,622	3.5%
LPG	4,709	4,268	10.3%
Naphtha	1,299	1,229	5.7%
Petrochemical products	3,441	3,188	8.0%
PP	539	461	17.0%
Elastomers	442	411	7.6%
Plastics and organic synthesis products	776	771	0.7%
MTBE and fuel additives sales volumes	668	602	11.1%

## Financial results

In 2016, SIBUR recorded a 5.3% increase in Adjusted EBITDA<sup>(4)</sup>, which totaled RR 149.2 billion. Operationally the growth was primarily a result of higher PP production volumes, as well as the growth in hydrocarbon feedstock processing volumes following the recent capacity expansions. RusVinyl, our PVC joint venture with Solvay, also contributed to the growth as it increased capacity load in 2016. The increase in volumes across the majority of products was somewhat offset by the overall negative pricing environment in international markets, which was partially compensated by the Russian rouble depreciation.

Our revenue increased by 8.4% year-on-year to RR 411.8 billion on positive dynamics in each segment.

- Olefins & Polyolefins segment made the highest contribution to the total revenue growth with the segment revenue increasing by 16.4% to RR 86.8 billion on higher PP utilization rate in Tobolsk.
- Feedstock & Energy segment revenue increased by 4.3% to RR 170.7 billion largely due to higher sales volumes of LPG and natural gas following the recent capacity expansions.
- Plastics, Elastomers & Intermediates segment revenue increased by 2.1% to RR 130.7 billion due to higher elastomers revenue on higher capacity load, which was partially offset by lower revenue from MTBE and fuel additives on lower prices.
- Unallocated revenue increased by 73.7% to RR 23.6 billion, which was driven by higher revenue from NIPIGAZ services and sales of power following the acquisition of Tobolsk Heating and Power Plant in February 2016.

In 2016, our EBITDA increased by 2.9% year-on-year to RR 139.6 billion. The growth was fueled by the strong performance in the Olefins & Polyolefins segment, which EBITDA increased by 32.6% to RR 48.9 billion. The increase resulted from higher PP production coupled with the decline in feedstock costs due to lower netbacks following the decrease in international benchmarks. The growth was somewhat negated by lower EBITDA of Feedstock & Energy and Plastics, Elastomers & Intermediates segments on the negative dynamics in international benchmark prices.

Our net profit in 2016 totaled RR 113.1 billion.

In 2016, our capital expenditures<sup>(6)</sup> increased by 72.6% year-on-year to RR 145.7 billion. The increase is attributable to the active phase of the implementation of ZapSibNeftekhim project.

#### Financial results

RR millions, except as stated	Year ended 31 December		Change %
	2016	2015	
Revenue (net of VAT and export duties):	411,812	379,852	8.4%
Feedstock & Energy	170,708	163,707	4.3%
Plastics, Elastomers & Intermediates	130,690	127,954	2.1%
Olefins & Polyolefins	86,830	74,616	16.4%
Unallocated	23,584	13,575	73.7%
Adjusted EBITDA <sup>(4)</sup>	149,157	141,663	5.3%
EBITDA margin	33.9%	35.7%	
Net cash from operating activities	137,694	119,102	15.6%
Operating cash flows before working capital changes	142,142	128,916	10.3%
Net cash used in investing activities, including:	(142,243)	(123,403)	15.3%
Capital expenditures <sup>(6)</sup>	(145,693)	(84,391)	72.6%

#### Borrowings

As of 31 December 2016, our net debt<sup>(7)</sup> amounted to RR 281.2 billion. Our net debt to EBITDA ratio was 2.0x. As of 31 December 2016 our cash balance totaled RR 60.6 billion.

As of 31 December 2016 our total debt decreased by 25.2% to RR 341.8 billion. The decrease was attributable to substantial repayment of debt denominated primarily in foreign currencies. The short-term debt decreased by 53.5%.

#### Borrowings

RR millions, except as stated	As of 31 December 2016	As of 31 December 2015	Change %
Total debt	341,813	457,149	(25.2%)
Net debt <sup>(7)</sup>	281,178	285,066	(1.4%)

#### Borrowings by scheduled maturities

RR millions, except as stated	As of 31 December 2016	% of total borrowings	As of 31 December 2015	% of total borrowings	Change %
<b>Due for repayment:</b>					
Within one year	22,188	6.5%	47,745	10.4%	(53.5%)
Between one and two years	41,580	12.1%	48,794	10.7%	(14.8%)
Between two and five years	135,411	39.6%	212,286	46.4%	(36.2%)
After five years	142,634	41.8%	148,324	32.5%	(3.8)%
<b>Total debt</b>	<b>341,813</b>	<b>100%</b>	<b>457,149</b>	<b>100%</b>	<b>(25.2%)</b>

The full version of the audited consolidated financial statements as of and for the year ended 31 December 2016 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.

SIBUR operates 26 production sites located all over Russia, serving over 1,400 large customers engaged in the energy, chemical, fast moving consumer goods (FMCG),

*automotive, construction and other industries in approximately 80 countries worldwide and employed almost 28,000 personnel.*

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<sup>(1)</sup> In 2017, SIBUR introduces a new format for business segment reporting. To ensure reporting transparency for two segments with different profitability, the petrochemicals segment was split into two segments –olefins and polyolefins, and plastics, elastomers and intermediates. From now on, the feedstock and energy segment includes only the energy products, while MTBE and other fuels were relegated to the new segment of plastics, elastomers and intermediates. The new breakdown for 2016 data was disclosed in comparison with the same metrics for 2015.

<sup>(2)</sup> Including Gazprom Neft's share in the processing / production volumes of Yuzhno-Priobskiy GPP starting September 2015.

<sup>(3)</sup> Including volumes under processing arrangements.

<sup>(4)</sup> EBITDA adjusted for the respective portion of EBITDA of joint ventures and associates.

<sup>(5)</sup> Excluding Gazprom Neft's share in the processing / production volumes of Yuzhno-Priobskiy GPP starting September 2015.

<sup>(6)</sup> Includes purchase of property, plant and equipment, intangible assets and other non-current assets.

<sup>(7)</sup> Net debt represents total debt less cash and cash equivalents and bank deposits.