

Announcement: Moody's: ZapSibNeftekhim investment project poses no immediate threat to Sibur's financial profile

Global Credit Research - 07 Aug 2015

London, 07 August 2015 -- Sibur Holding, PJSC's (Ba1 negative) \$9.5 billion ZapSibNeftekhim (previously known as ZapSib-2) investment project will not prevent the company from decreasing and sustaining its leverage at around 2.0x adjusted debt/EBITDA says Moody's Investors Service.

The report titled "Sibur Holding, PJSC: Large Investment Project Poses No Immediate Threat to Financial Profile" is now available on www.moodys.com. Moody's subscribers can access this report via the link provided at the end of this press release.

"Sibur's sustainable export operations, high margins and strong operating cash flow, combined with investment flexibility and a conservative financial policy will mitigate both investment pressure and the weak operating environment in Russia", said Ekaterina Botvinova, Moody's Vice President and Senior Analyst. "All Ba1-rated Russian companies, including Sibur, have negative outlooks on their ratings, which is in line with our negative outlook for Russia's Ba1 sovereign rating", added Ekaterina Botvinova.

Moody's notes that Sibur's high margins and strong operating cash flow generation offset investment pressure. Sibur's average five-year adjusted EBITDA margin is 30%, while adjusted operating cash flow reached RUB92 billion (\$2.5 billion) in 2014. The sustainability of this performance is rooted in Sibur's integrated gas processing and petrochemicals business, access to attractively priced feedstock and product and market diversification, making operating cash flow over 2015-20 comparable to its capital expenditure (capex) of around \$11 billion in US dollar terms, including ZapSibNeftekhim.

Moody's also notes that investment flexibility and commitment to a conservative financial policy contribute to Sibur's control over its external debt needs, leverage and liquidity. Moody's expects that Sibur will reduce its adjusted debt/EBITDA to around 2.0x over the next 12-18 months, factoring in its EBITDA's growth potential and ability to adjust investments and dividend payouts in line with cash generation under an internal conservative leverage target. Signed hard-currency bank facilities for capex support Sibur's strong liquidity.

Subscribers can access the report via this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBC_1005650

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