

## FY 2018 Operational and Financial Results

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# 2018 HIGHLIGHTS

## Key Developments

### OPERATIONS

- Revenue at RUB 569 bln (up 25% y-o-y) / \$9.1 bln (up 16% y-o-y)
- All-time high EBITDA at RUB 201 bln (up 25% y-o-y) / \$3.2 bln (up 16% y-o-y)

### INVESTMENTS

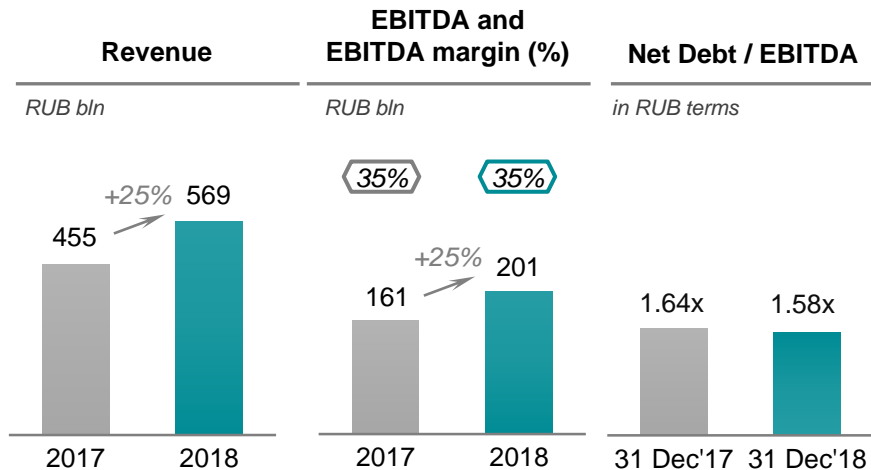
- ZapSib progress advanced to 92.5% completion from 71% as of 2017 year-end
- Project on TPE production expansion by 50 ktpa in Voronezh was approved in September (expected design capacity - 135 ktpa)
- Construction of a maleic anhydride (MAN) production facility was launched at SIBUR Tobolsk in December (planned capacity - 45 ktpa)

### CORPORATE

- In October, SIBUR sold its LPG tank car fleet for cash consideration of RUB 9,475 mln
- SIBUR purchased \$192 mln of its \$500 mln Eurobond notes at a price of 97.4% of the par value at a tender offer in October

(1) PP and PE

## Key Results



-2% y-o-y 846 ths tn

Polyolefins sales volumes<sup>(1)</sup>

+2% y-o-y 1,286 ths tn

Plastics & Elastomers sales volumes

+3% y-o-y 7.7 mln tn

Raw NGL fractionation

0.37

LTIF

# ZAPSIB PROGRESS UPDATE

Please follow the link to see the video of the construction site:  
<https://www.sibur.ru/en/press-center/video/>

## Progress Update

- Overall execution progress – **92.5%** as of 31 Dec'18 vs 71% as of 31 Dec'17

- Progress by stage as of 31 Dec'18:



- Progress by major units:

- Steam cracker – 96%
- PE unit – 95%
- PP unit – 99.6%

- Invested as of 31 Dec'18<sup>(1)</sup>:

c.\$6.9 bln (RUB 412 bln)

- Residual budget for 2019-2020<sup>(2)</sup>:

c.\$2.1 bln (RUB 149 bln)

- Committed credit lines<sup>(2)</sup> (ECA, VEB)<sup>(3)</sup>:

c.\$1.1 bln (RUB 73 bln)

(1) Calculated using annual average P/\$ exchange rates

(2) Data as of 31 Dec'18. Calculated based on exchange rates as of 31 Dec'18: P/\$ at 69.5, P/€ at 79.5

(3) VEB stands for Vnesheconombank. ECA stands for Export Credit Agency. Undrawn or unutilised amounts.

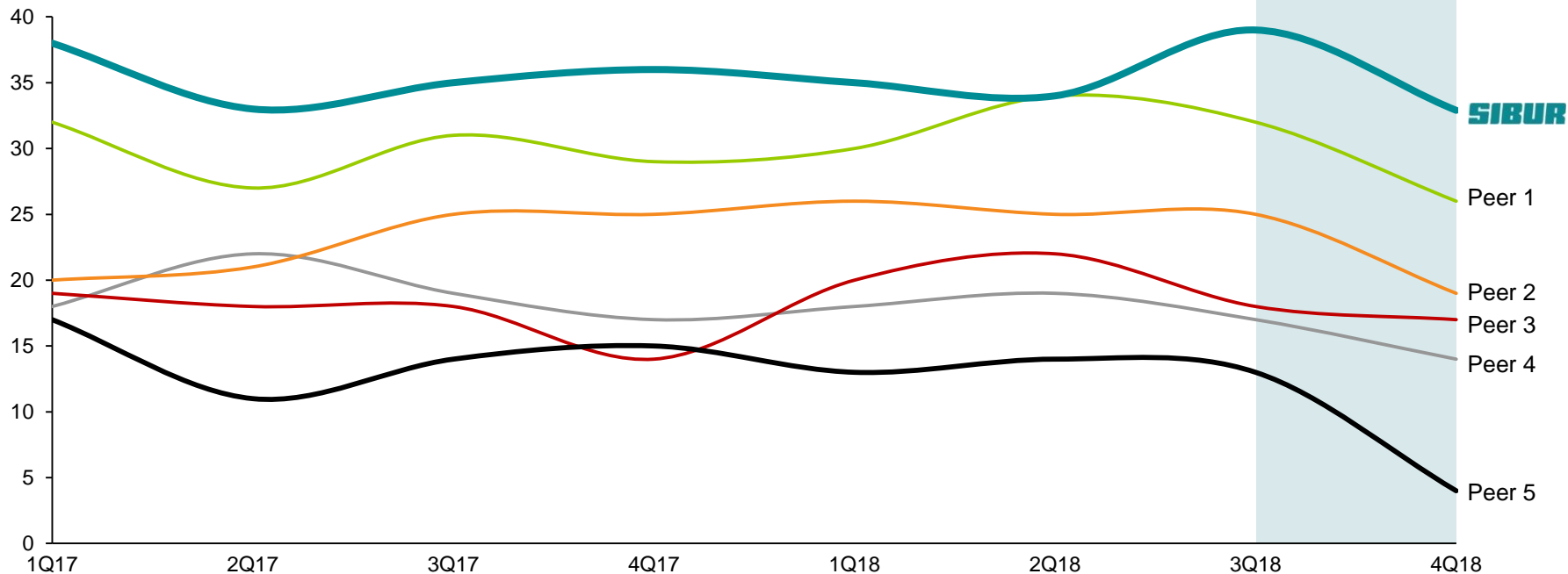
## Preparations for the Launch & Distribution

- Commissioning works on off-plot facilities in progress
- Pre-commissioning works at processing units in line with the schedule
- Critical off-site facilities have been commissioned
- 95% of operational staff mobilised. Around 80% of ZapSib operational team will be sourced out of internal staff
- Pre-marketing initiatives covered more than two thousand customers in Russia, CIS, Turkey, Europe and Asia
- Logistics upgrade:
  - Platform in Tobolsk: 99.7% progress; trial packaging in progress
  - Hub in Kaluga region (Karl Schmidt): 81% progress; all critical equipment in place, trial operations in progress



# FOLLOWING PETROCHEMICAL TRENDS, SIBUR DELIVERS SUPERIOR MARGINS COMPARED TO PEERS

EBITDA margin, %



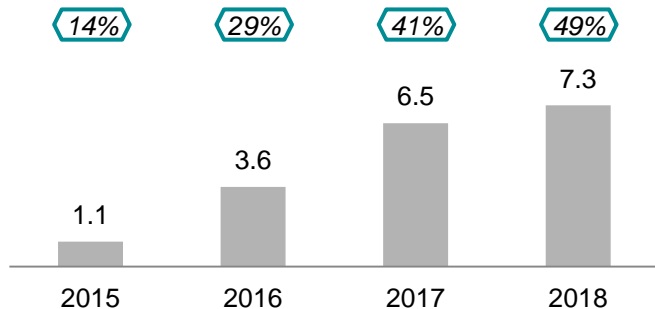
Peer universe includes: DowDuPont, LyondellBasell, PTT Chemicals, SABIC, Westlake

Source: Capital IQ

# ZAPSIB CONTRIBUTION TO SIBUR ASSET BASE

## ZAPSIB ACCUMULATED PROJECT COST<sup>(1)</sup>

USD bln

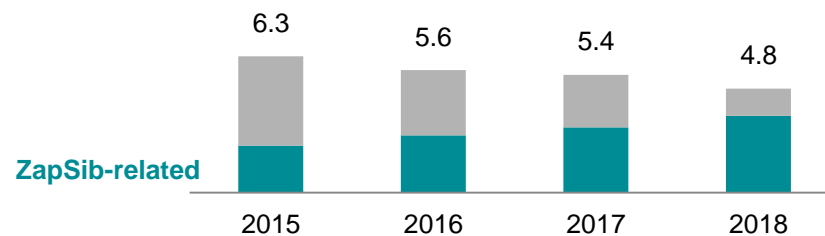


**X%** ZapSib share of SIBUR's Non-current assets

- Historical peak of accumulated investments driven by ZapSib project
- Strong asset base with higher cash generative potential
- Investment grade financial profile despite heavy CapEx cycle

## TOTAL DEBT

USD bln



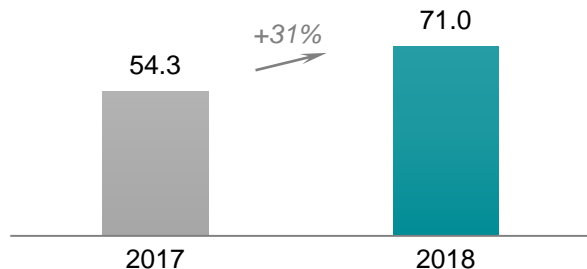
<b>ZapSib-related debt share</b>	<b>35%</b>	<b>47%</b>	<b>55%</b>	<b>74%</b>
<b>Net Debt/EBITDA (in USD terms)</b>	<b>1.8x</b>	<b>2.2x</b>	<b>1.7x</b>	<b>1.4x</b>

(1) Calculated using End Of Period P/\$ exchange rates

# MACRO ENVIRONMENT

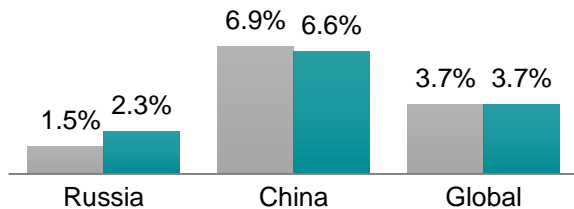
## Average Oil Price (Brent)<sup>(1)</sup>

\$ / bbl



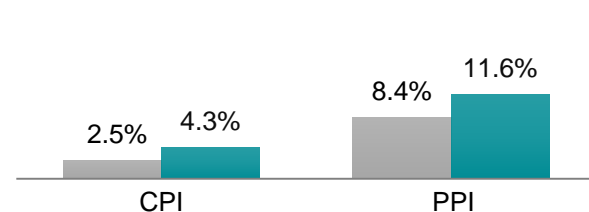
## GDP growth rate<sup>(2)</sup>

■ 2018  
■ 2017



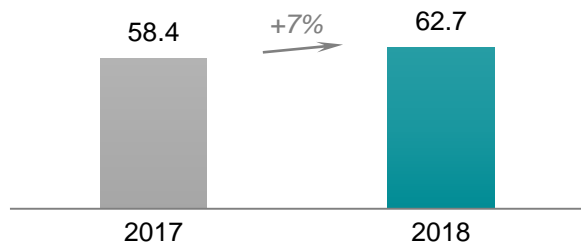
## CPI & PPI (y-o-y)<sup>(2)</sup>

■ 2018 / 2017  
■ 2017 / 2016



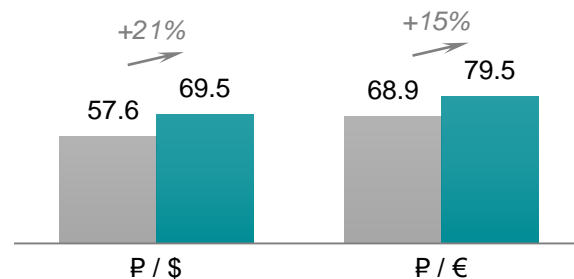
## Average Exchange Rate<sup>(3)</sup>

₽ / \$



## EOP Exchange Rate<sup>(3)</sup>

■ 31 Dec'18  
■ 31 Dec'17



## Tariffs Indexation

Description	Effective Date	Indexation Rate
Regulated natural gas price	Aug 2018	3.4%
Railway transportation tariff	Jan 2018	5.4%
SIBUR effective avg. electricity tariff	2018/2017	4.5%

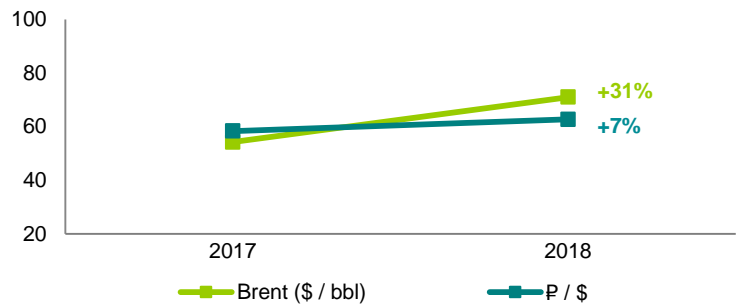
(1) Source: Bloomberg

(2) Source: Russian Federal State Statistics Service, National Bureau of Statistics of the People's Republic of China, IMF

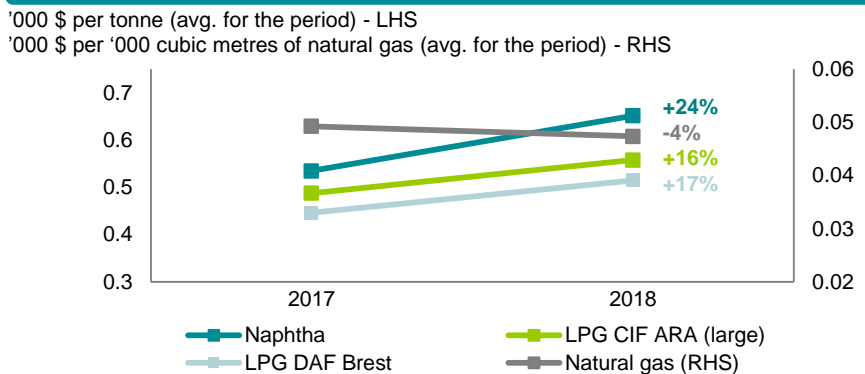
(3) Source: CBR

# PRICING ENVIRONMENT

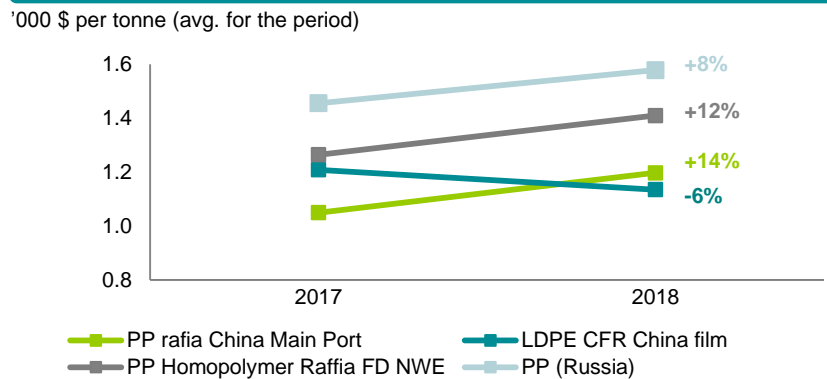
## Oil and FX



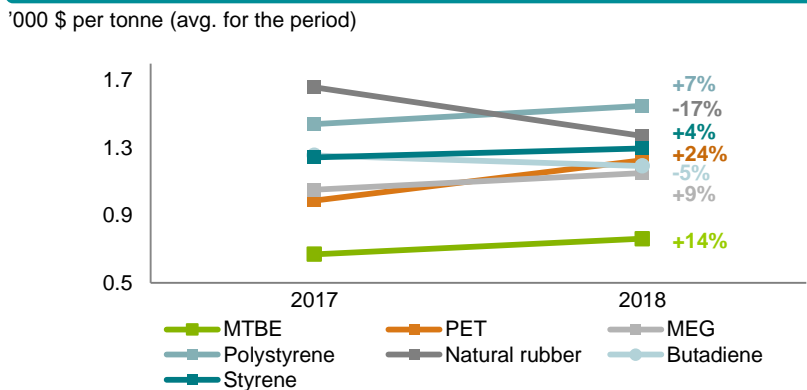
## Midstream



## Olefins and Polyolefins



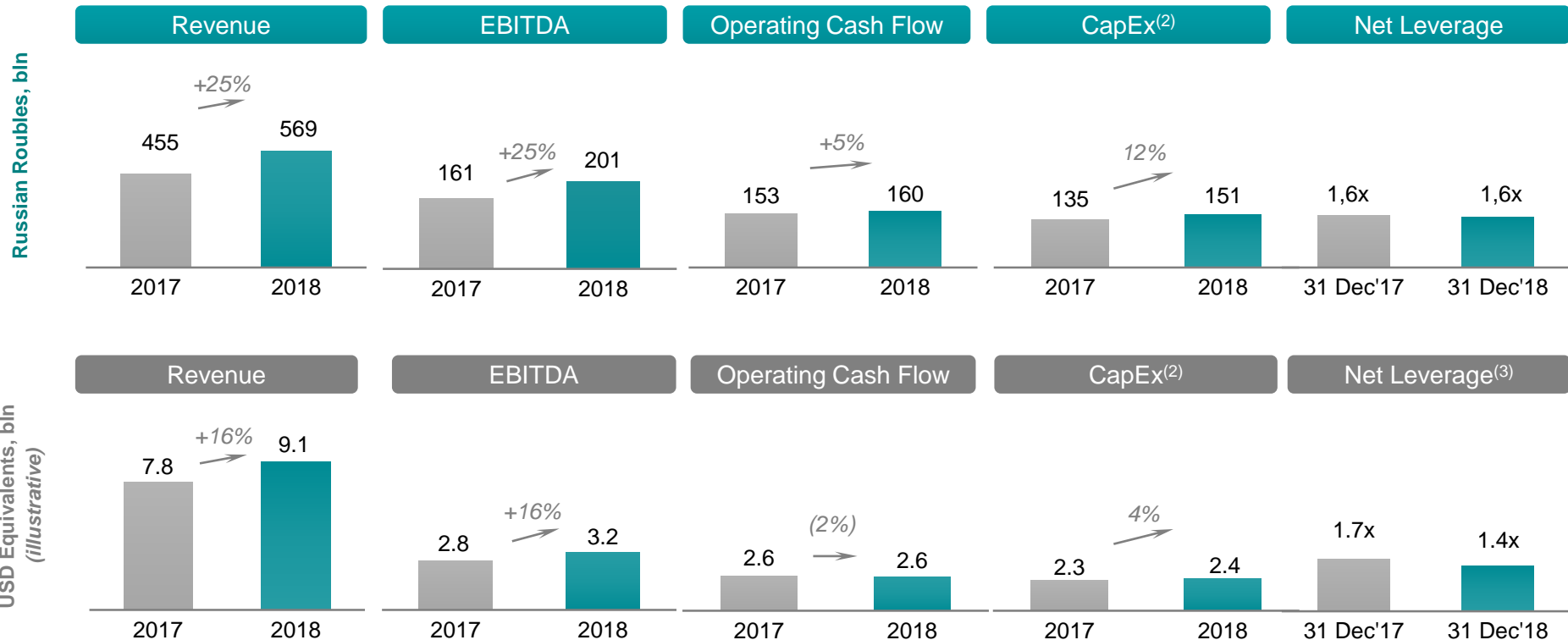
## Plastics, Elastomers and Intermediates



Source: Argus, Platts, Bloomberg, ICIS, Chemease, Malaysian Rubber Board, Federal Antimonopoly Service of Russian Federation.



# SIBUR FINANCIAL SUMMARY<sup>(1)</sup>

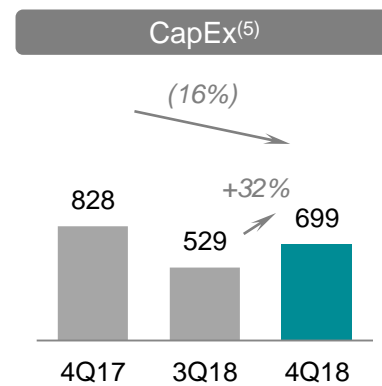
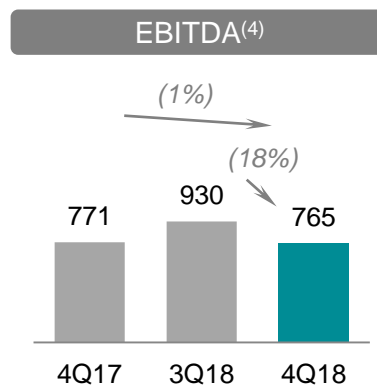
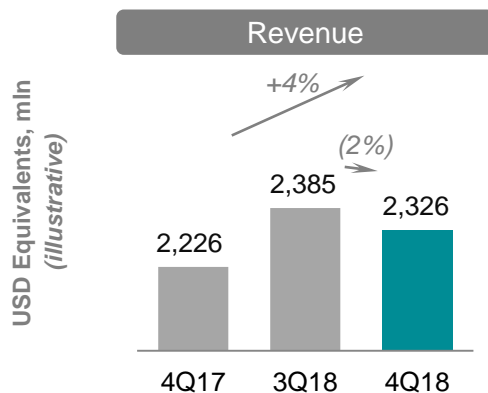
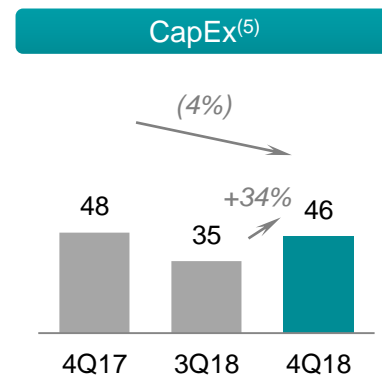
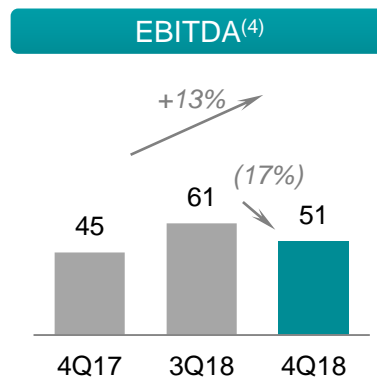
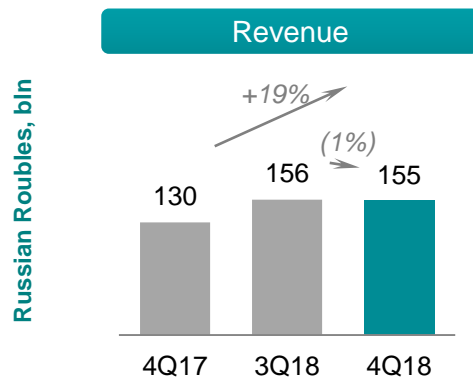
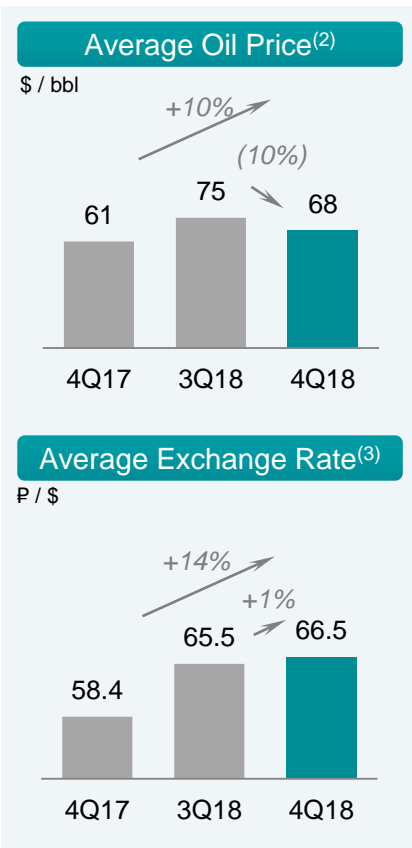


(1) Values in USD estimated based on average P/\$ rate of 62.7 and 58.4 in 2018 and 2017, respectively

(2) Includes purchase of PPE, intangible assets and other non-current assets

(3) Net Debt for the purpose of Net Leverage calculation is converted in USD with respective end-of-period P/\$ exchange rates

# 4Q 2018 FINANCIAL SUMMARY<sup>(1)</sup>



(1) Values in USD estimated based on average P/\$ rate of 66.5, 65.5 and 58.4 in 4Q18, 3Q18 and 4Q17, respectively

(2) Source: Bloomberg

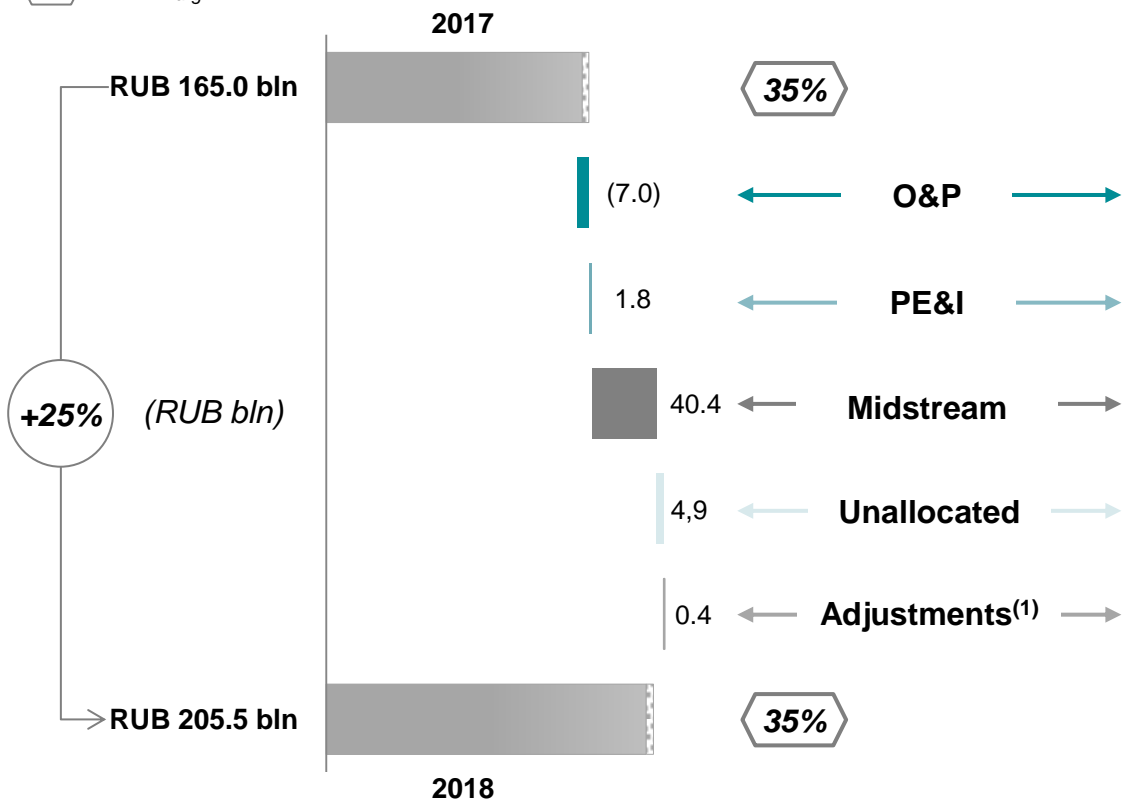
(3) Source: CBR

(4) Includes gain on disposal of tanks for LPG transportation in 4Q18 (5) Includes purchase of PPE, intangible assets and other non-current assets

# ADJUSTED EBITDA DYNAMICS

## Adjusted EBITDA Dynamics

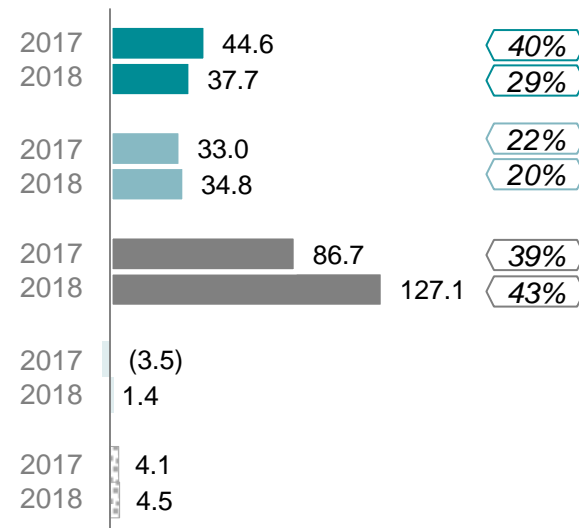
% EBITDA margin



## Segments

% EBITDA margin

### EBITDA by Segment (RUB bln)



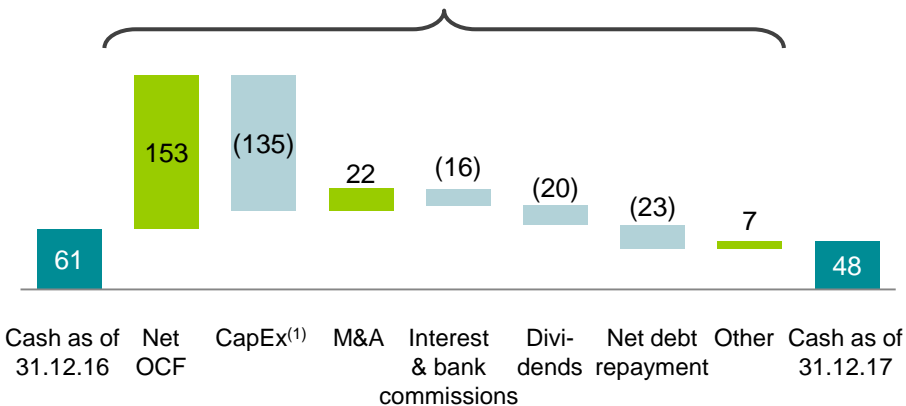
(1) Adjusted for SIBUR's portion of EBITDA of JVs and associates less NCI share of subsidiaries' EBITDA.

# CASH FLOWS HIGHLIGHTS

## 2017 Cash Flow Reconciliation

RUB bln

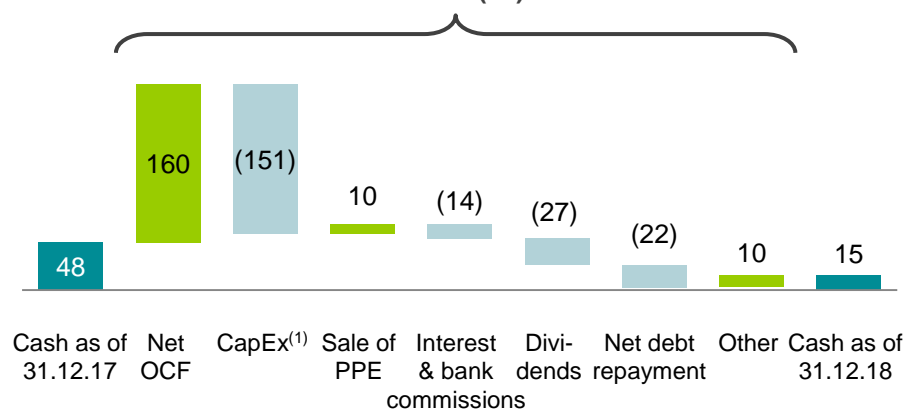
Net CF: (12)



## 2018 Cash Flow Reconciliation

RUB bln

Net CF: (34)



## Key Factors

- Net cash from operating activities increased by 5% y-o-y due to increase in EBITDA largely offset by the negative impact of working capital changes
- Net cash used in investing activities increased by 26% y-o-y on:
  - 12% increase in CapEx due to the ongoing ZapSib construction and growth of payments in hard currencies affected by Russian rouble depreciation
  - low base of 2017 as we received proceeds from the divestment of Uralorgsintez
- Net cash used in financing activities increased by 11% y-o-y mainly as a result of higher dividends payout as compared to 2017

(1) Includes purchase of property, plant and equipment, intangible assets and other non-current assets.

# DEBT PROFILE

## Key Figures

<i>RUB bln, except as stated</i>	31 December 2018	31 December 2017	31 Dec'18 vs. 31 Dec'17, %
Total debt	332.4	312.3	6%
<i>Conventional debt</i>	86.6	139.1	(38%)
<i>ZapSib related debt</i>	245.8	173.2	42%
Cash & cash equivalents	14.8	48.5	(70%)
Net debt	317.6	263.9	20%
<b>WA loan tenor (years)</b>	<b>7.1</b>	<b>6.9</b>	
<i>WA Conventional debt</i>	3.1	3.1	
<i>WA ZapSib related debt</i>	8.5	9.9	
<hr/>			
<b>Available credit lines, incl.</b>	<b>391.9</b>	<b>267.2</b>	<b>47%</b>
<i>Committed</i>	133.8	127.6	5%

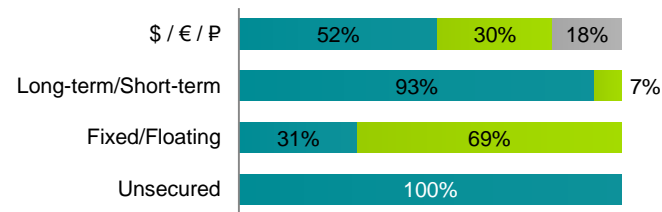
## Leverage Ratios

	31 December 2018	31 December 2017
Debt / EBITDA	1.65x	1.94x
Debt / EBITDA ( <i>in \$</i> )	1.49x	1.97x
Net debt / EBITDA	1.58x	1.64x
<i>Conventional net debt</i>	0.37x	0.64x
<i>ZapSib related net debt</i>	1.21x	1.00x
Net debt / EBITDA ( <i>in \$</i> )	1.43x	1.66x

## Overview

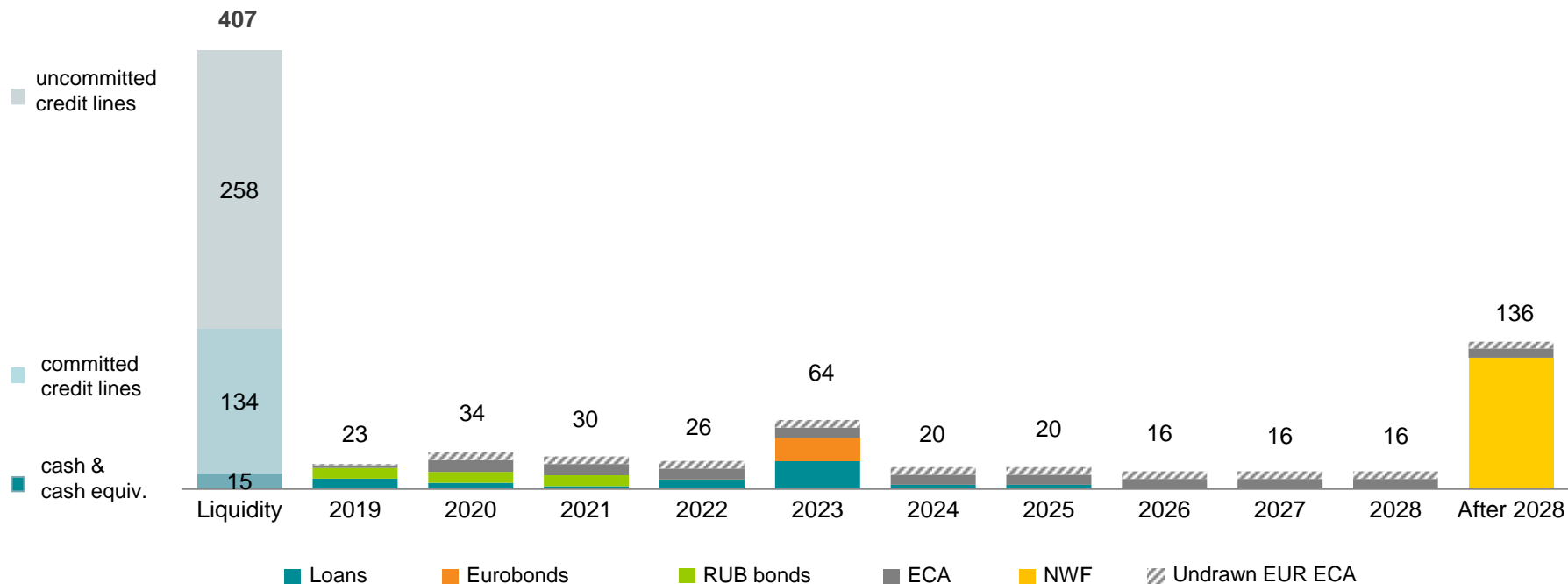
- As of 31 Dec'18 vs. 31 Dec'17 our total debt increased by 6% and net debt increased by 20% mainly due to new drawdowns on ZapSib and foreign exchange dynamics
- Average tenor improved to 7.1 from 6.9 years following Eurobond'18 redemption
- As of 31 Dec'18 net leverage remained at 1.6x compared to 31 Dec'17
  - conventional net leverage decreased to 0.37x from 0.64x
  - ZapSib net leverage increased to 1.21x from 1.00x on on-going project financing

## Loan portfolio structure as of 31 Dec'18



# LIQUIDITY AND DEBT MATURITY PROFILE<sup>(1)</sup>

As of 31 December 2018, RUB bln

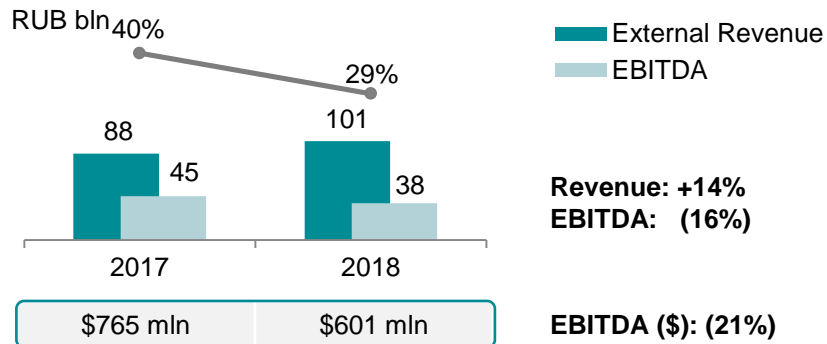


(1) Items denominated in \$ and € are converted into R at P/\$ and P/€ FX rates as of 31 December 2018.

## APPENDIX

# O&P (OLEFINS & POLYOLEFINS) SEGMENT HIGHLIGHTS

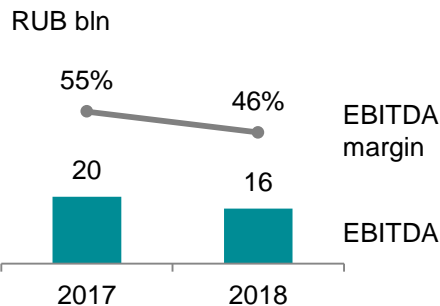
## Segment Financial Performance



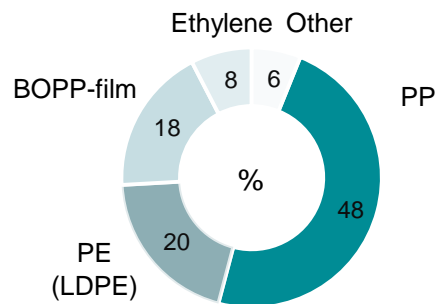
## Key Factors

- PP: positive pricing dynamics due to imbalances on international markets
- LDPE: weak market environment due to global capacities additions and increased competition on the domestic market
- Tighter PE spreads in higher oil environment combined with shift to higher consumption of more expensive naphtha feedstock

## Tobolsk PP Results



## Revenue<sup>(1)</sup> Structure 2018



## Product Revenues Development (% change y-o-y)<sup>(1)</sup>

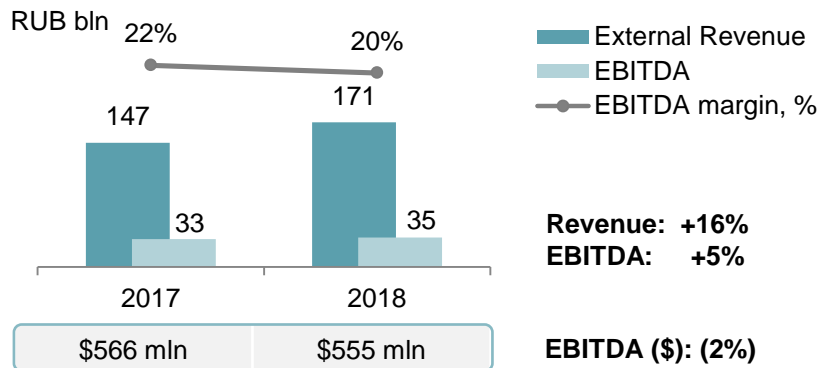
	Volume	Price	Total
PP	(2%) ↓	+17% ↑	+14% ↑
PE (LDPE)	(2%) ↓	(1%) ↓	(3%) ↓
BOPP-films	(2%) ↓	+14% ↑	+11% ↑
Ethylene	+6% ↑	+25% ↑	+33% ↑

(1) Represents external revenue.



# PE&I (PLASTICS, ELASTOMERS & INTERMEDIATES) SEGMENT HIGHLIGHTS

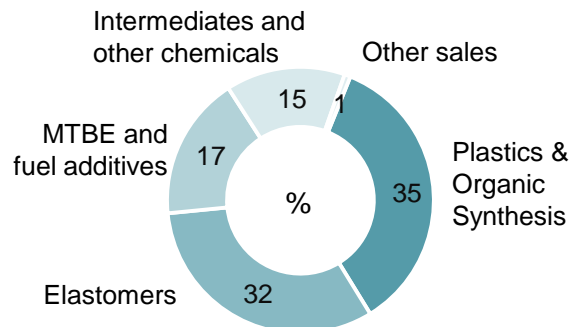
## Segment Financial Performance



## Key Factors

- Positive price dynamics within plastics and organic synthesis products, MTBE and fuel additives as well as intermediates and other chemicals following growth in benchmarks
- Decrease in sales volumes of intermediates and other chemicals mainly attributable to lower propylene sales volumes
- Higher prices for feedstock supplied internally from Midstream segment

## Revenue<sup>(1)</sup> Structure 2018



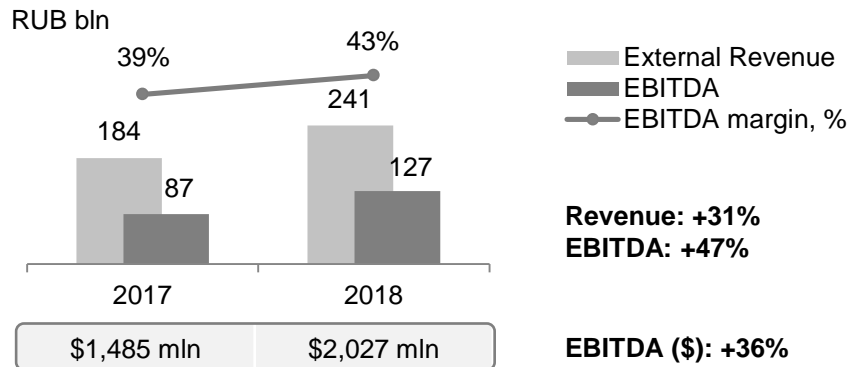
(1) Represents external revenue.

## Product Revenues Development (% change y-o-y)<sup>(1)</sup>

	Volume	Price	Total
Plastics & Organic Synthesis	+4% ↑	+22% ↑	+27% ↑
Elastomers	+0.2% ↑	+6% ↑	+6% ↑
MTBE & Fuel Additives	+1% ↑	+27% ↑	+29% ↑
Intermediates and other chemicals	(7%) ↓	+16% ↑	+7% ↑

# MIDSTREAM SEGMENT HIGHLIGHTS

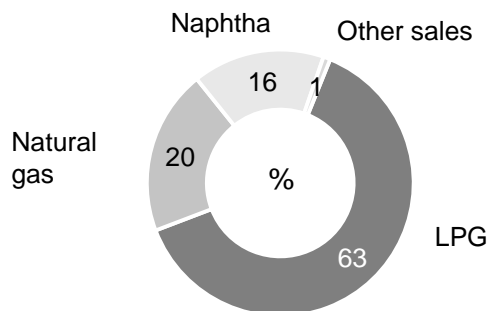
## Segment Financial Performance



## Key Factors

- Wider spreads between benchmark prices for liquids and purchased hydrocarbon feedstock prices
- Higher volumes of raw NGL purchases and fractionation, resulted in higher LPG sales volumes
- Internally produced naphtha volumes were replaced by purchased naphtha as feedstock for polyolefin production and were redirected to external sales to optimise logistics

## Revenue<sup>(1)</sup> Structure 2018



## Product Revenues Development (% change y-o-y)<sup>(1)</sup>

	Volume	Price	Total
LPG	+9% ↑	+26% ↑	+37% ↑
Natural gas	0.2% ↑	+3% ↑	+3% ↑
Naphtha	+19% ↑	+32% ↑	+57% ↑

(1) Represents external revenue.

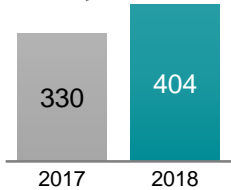
# OPERATING EXPENSES STRUCTURE AND DYNAMICS

## OpEx

RUB bln

72% 71%

+22%



x% - % of revenue

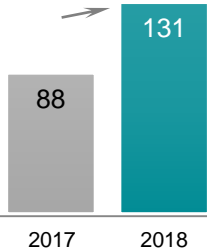
## Key Factors

- Higher **feedstock and materials**
  - higher purchase prices for hydrocarbon feedstock mainly on growth of respective export netbacks and purchase volumes
- Higher **transportation & logistics**
  - higher transported volumes of LPG, inter alia for export sales
- Higher **staff costs**
  - growth in the operating activities of NIPIGAZ as a result of the expansion in their operations
  - increase in average salaries in 2018
- Almost flat **energy & utilities** costs
- Higher purchases of **goods for resale**, compensated by higher external revenue
- Higher other expenses primarily attributable to growth of services provided by third parties on higher expenses of NIPIGAZ related to the subcontractors

## Feedstock & Materials

19% 23%

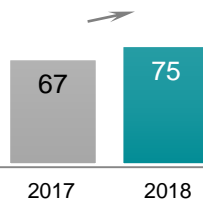
+49%



## Transport & Logistics

15% 13%

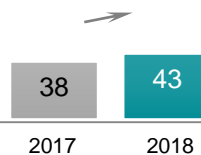
+12%



## Staff Costs

8% 8%

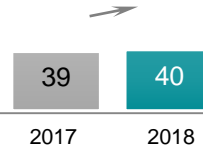
+13%



## Energy and Utilities

9% 7%

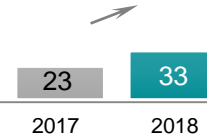
+3%



## Goods for resale

5% 6%

+40%



## Other

16% 14%

+11%

