

Borealis delivers positive second quarter financial result despite Covid-19 and a low oil price environment

- Lower Q2 profit versus 2019 mainly driven by the negative inventory value development due to the declining oil price, a decreased advantage from the use of light feedstock versus naphtha, and the unplanned outage of the steam cracker in Sweden
- Relatively stable polyolefins sales volumes
- Ongoing resilience programme helps maintain solid financial position in face of uncertain global market outlook
- Increased net profit expected for the second half of 2020

Key figures and ratios		Q2 2020	Q2 2019	YTD 2020	YTD 2019
Net Sales	EUR million	1,529	2,137	3,492	4,280
Total Sales*	EUR million	1,890	2,583	4,199	5,127
Net Profit	EUR million	64	328	215	528
Reduction / (increase) in net interest-bearing debt	EUR million	(279)	279	(395)	(149)
Gearing	%			31%	22%

* Net sales of Borealis plus pro-rata sales of at equity consolidated companies

Borealis announces a net profit of EUR 64 million for the second quarter of 2020, compared to EUR 328 million in the same quarter of 2019. The deterioration in profit compared to the second quarter of 2019 was mainly driven by the negative inventory value development due to the declining oil price, a decreased advantage from the use of light feedstock versus naphtha, and the unplanned outage of the steam cracker in Sweden. The sales volume in the Polyolefins business remained relatively stable, even during the pandemic, and the contribution from the Fertilizer business was at the level as in the same period in 2019. However, Borouge recorded higher sales volumes year-on-year, but weaker polyolefin prices in Asia impacted the earnings negatively.

Outlook

“The European polyolefins industry environment has been impacted by Covid-19 and the deterioration of the oil price since the end of the first quarter of 2020. However, the crisis has demonstrated how important our products are for sustainable living during a pandemic. Certain segments of our diversified application portfolio are performing well: Healthcare, parts of Consumer Packaging, and Fertilizers, but our Automotive business has not been spared the challenges experienced by many players in this industry,” comments Alfred Stern, Borealis CEO.

“The resilience programme we launched with focus on reduction of cost and investments is helping to maintain positive results and strong cash flow even during the COVID-19 crisis. For the second half of the year, we expect net profit to increase again compared to the first half of 2020. Borealis is in a good position to successfully weather this challenging period and remain a strong partner for our customers and the value chain.”

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Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals, fertilizers and melamine. With its head office in Vienna, Austria, the company currently has more than 6,900 employees and operates in over 120 countries. Borealis generated EUR 8.1 billion in sales revenue and a net profit of EUR 872 million in 2019. Mubadala, through its holding company, owns 64% of the company, with the remaining 36% belonging to Austria-based OMV, an integrated, international oil and gas company. Borealis provides services and products to customers globally, in collaboration with Borouge, a joint venture with the Abu Dhabi National Oil Company (ADNOC) and with Baystar™, a joint venture with Total in Texas, USA. www.borealisgroup.com | www.borealiseverminds.com
