

Media Release

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Borealis' second quarter profits improved over first quarter, but lower than in 2012

- Borealis announces a net profit of EUR 83 million in the second quarter of 2013, an improvement over the first quarter but lower than previous year
- Borealis completed the acquisition of GPN SA, and the majority interest in Belgium's Rosier SA
- The Borouge 3 expansion continues according to plan

Key figures and ratios		Q2 2013	Q2 2012	H1 2013	H1 2012
Net sales	EUR Million	1,976	1,869	3,955	3,751
Net profit	EUR Million	83	112	144	252
Reduction / (increase) in net interest-bearing debt	EUR Million	(154)	(223)	(327)	(409)
Gearing	%			50%	44%

Borealis, a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers, recorded a net profit of EUR 83 million for the second quarter of 2013 compared to EUR 112 million in the same quarter in 2012. Net profit for the first half of 2013 reached EUR 144 million compared to EUR 252 million during the same period of the year 2012.

The improvement in net profit in Q2 versus Q1 was driven by continued good results in Fertilizer and Base Chemicals and an improvement in Borouge profits following the completion of the Q1 turnaround. The lower net profit in the year-on-year comparison results largely from soft market conditions for polyolefins in Europe. Net debt increased in Q2 2013 due to the acquisitions of GPN SA and TOTAL's majority interest in Rosier SA. Borealis' financial position remains strong with gearing (net debt/equity) of 50% at the end of Q2.

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Borouge, Borealis' joint venture in Abu Dhabi

The plants at Borouge's integrated polyolefins site at Ruwais, UAE performed better during the second quarter after the start-up from the turnaround. Borouge's ethane crackers achieved record production levels. Construction activities for the Borouge 3 expansion project are on track for the planned start-up in 2014.

Significant growth of the fertilizer business

On June 28, 2013, Borealis acquired GPN SA, France's largest nitrogen fertilizer manufacturer, from the TOTAL Group. On the same date, Borealis closed an agreement with TOTAL to acquire its majority interest of 56,86% in Rosier SA, a mineral fertilizer manufacturer with two production facilities in Moustier, Belgium and Sas van Gent, The Netherlands. These acquisitions are in line with Borealis' strategy to continue to grow within fertilizers while diversifying its European businesses and maintaining its position as a leading fertilizer producer in Europe.

Further investments to remain strong in Europe

The new Borealis Sirius Catalyst plant was inaugurated in June in Linz, Austria. This plant produces specialized polyolefin catalyst utilising the proprietary Borealis Sirius catalyst technology, which will enable further tailoring of finished polymers. In June, Borealis also announced a EUR 65 million investment to upgrade its production site in Porvoo, Finland. The Borstar® PE2 plant will be upgraded to the new Borstar® third generation (3G) technology, thereby extending the Borstar® PE platform.

In July, Borealis announced it will close its HDPE plant in Burghausen, Germany, at the end of 2014. The HDPE plant in Burghausen is based on non-proprietary technology and no longer provides a sufficient innovation platform or attractive economic return. The closure will ensure Borealis maintains its competitive position in the currently weak European market. Many of the products and customers currently served will be transitioned to Borstar® plants within the company.

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Still expecting challenging years ahead

“We do not expect the European polyolefin markets to improve any time soon”, states Mark Garrett, Borealis Chief Executive. “We need to continue to strengthen our European position by taking the necessary decisions, like the closure of our HDPE plant in Burghausen at the end of 2014. We will continue our work to optimise our European Polyolefin business and assets in order to improve our profitability and grow in volatile markets. At the same time, we will continue to expand our fertilizer business creating a more diversified business portfolio and support the further growth and development of Borouge.”

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For further information please contact:

Kerstin Meckler, Director Communications
Tel. +43 (0)1 22 400 389 (Vienna, Austria)
e-mail: kerstin.meckler@borealisgroup.com

Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. With headquarters in Vienna, Austria, Borealis currently employs around 6,200 and operates in over 120 countries. It generated EUR 7.5 billion in sales revenue in 2012. The International Petroleum Investment Company (IPIC) of Abu Dhabi owns 64% of the company, with the remaining 36% owned by OMV, the leading energy group in the European growth belt. Borealis provides services and products to customers around the world in collaboration with Borouge, a joint venture with the Abu Dhabi National Oil Company (ADNOC).

Building on the unique Borstar® and Borlink™ technologies and 50 years of experience in polyolefins, Borealis and Borouge support key industries including infrastructure, automotive and advanced packaging. The Borouge plant expansion in Abu Dhabi will be fully operational by mid-2014 with a total annual capacity of 4.5 million tonnes. After this Borealis and Borouge will have approximately 8 million tonnes of polyolefin capacity.

Borealis offers a wide range of base chemicals, including melamine, phenol, acetone, ethylene and propylene servicing a wide range of industries. Together with Borouge the two companies will produce approximately 6 million tonnes of Base Chemicals in 2014.

Borealis also creates real value for the agricultural industry with a large portfolio of fertilizers. The company distributes approximately 2.1 million tonnes per year. This volume will increase to around 5 million tonnes by the end of 2014.

Borealis and Borouge aim to proactively benefit society by taking on real societal challenges and offering real solutions. Both companies are committed to the principles of Responsible Care®, an initiative to improve safety performance within the chemical industry, and contribute to solve the world's water and sanitation challenges through product innovation and their Water for the World™ programme.

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