

**Media Release**

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## Borealis realises improved net profit in the second quarter

- Borealis announces a net profit of EUR 143 million for the second quarter of 2014
- Borouge 3 start-up progressing well with the cracker fully operational
- Borealis and SKW Stickstoffwerke Piesteritz to continue their cooperation at Borealis' melamine production location in Piesteritz, Germany
- In August, Borealis announced 10-year agreement with Antero Resources to supply ethane from the US

Key figures and ratios		Q2 2014	Q2 2013	H1 2014	H1 2013
Net Sales	EUR Million	2,091	1,976	4,347	3,955
Net Profit	EUR Million	143	83	245	144
Reduction / (increase) in net interest-bearing debt	EUR Million	(58)	(154)	(169)	(327)
Gearing	%			48%	50%

Borealis, a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers, recorded a net profit of EUR 143 million in the second quarter of 2014, compared to EUR 83 million in the same quarter of 2013. The improved result is a reflection of stronger margins for the polyolefins business while the fertilizer business was impacted by the turnaround in Grand-Quevilly, France. Borouge, Borealis' joint venture in Abu Dhabi, continued to deliver a strong result, which was up in the second quarter of 2014 compared to the second quarter of 2013. The improved result of Borouge comes as start-up activities of the Borouge 3 project are ongoing.

Net debt increased by EUR 58 million in the second quarter of 2014 largely due to an increase in working capital needs. Borealis' financial position remains strong with financial gearing of 48% at the end of the second quarter.

## **Borouge 3 start-up in full swing**

Borouge has successfully started up its third ethane cracker as part of the company's Borouge 3 expansion and has been producing on-spec ethylene since the middle of June. The cracker has an annual ethylene production capacity of 1.5 million tonnes. The two Borstar polyethylene, the low density polyethylene as well as the two Borstar polypropylene plants will start up sequentially in the coming period.

## **Strategic decisions to remain strong in Europe**

Borealis and SKW Stickstoffwerke Piesteritz GmbH have reached an agreement regarding the continuation of their cooperation at Borealis' Melamine production location in Piesteritz, Germany. New contracts for the delivery of urea, other essential raw materials and energy, as well as related services, were signed in June. The contracts will come into effect in January 2015.

In June, Borealis announced the divestment of its joint-ownership share in the Le Havre urea production plant and related ammonia storage facility at Gonfreville l'Orcher, France. Following the divestment, the plant and related storage facility will be fully owned by Yara France, who already owns the remaining share and operates these facilities. The divestment will not have an impact on Borealis employees.

## **Beyond the second quarter 2014 - capturing strategic opportunities**

On August 7, Borealis signed an agreement with DuPont Holding Netherlands to purchase the company's 67% shareholding in Speciality Polymers Antwerp. The company, located in Zwijndrecht (Antwerp, Belgium), is a joint venture between DuPont (67%) and Borealis (33%) and primarily manufactures ethylene acrylates copolymers and ethylene vinyl acetate (EVA).

On August 7, Borealis also announced the signing of a 10-year agreement with US-listed Antero Resources to supply, on an annual basis, 240,000 tonnes of ethane from the United States for its flexible steam cracker in Stenungsund, Sweden. A related long-term shipping agreement was signed with US-listed Navigator Holdings, who will build a new, 35,000 cbm state-of-the-art ethane vessel to ensure cost effective, safe and reliable transport of ethane to Stenungsund. The ethane supply coming to Stenungsund by ship will be stored in a purpose-built, fully refrigerated ethane tank. An amount of EUR 120 million will be invested in the Stenungsund location, including the upgrade of the cracker.

"In an increasingly challenging environment in Europe, we continue to capture opportunities along the whole value chain," says Mark Garrett, Borealis Chief Executive. "With the recent agreement to acquire full ownership of Speciality Polymers Antwerp in Belgium, we are adding acrylate copolymers to our portfolio, an important building block for our value-added products in the energy and infrastructure segment. On the supply side, the agreement with US-based Antero Resources to deliver ethane to our flexible cracker in Sweden will enable us to take advantage of the significant shift in ethane availability triggered by the US shale gas boom and strengthen our monomer position in Europe."

## **Outlook**

"The improved results in the second quarter and first six months reflect better margins in the polyolefins industry as well as our ongoing efforts to improve efficiency, plant operability and commercial excellence," continues Garrett. "Although there is still much work to do, we are well on track to achieve full operation of the Borouge 3 expansion through the end of this year, with the successful cracker start-up in June as a key first step."

**END**

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Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. This year, the company celebrates its 20th anniversary. With headquarters in Vienna, Austria, Borealis currently employs around 6,400 and operates in over 120 countries. It generated EUR 8.1 billion in sales revenue in 2013. 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 its proprietary 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 3 plant expansion in Abu Dhabi will be fully operational in 2014. Borouge 3 will deliver an additional 2.5 million tonnes of capacity when fully ramped up, bringing the total Borouge capacity to 4.5 million tonnes. Borealis and Borouge will then have approximately 8 million tonnes of polyolefin capacity.

Borealis offers a wide range of base chemicals, including melamine, phenol, acetone, ethylene, propylene, butadiene and pygas, 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 more than 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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