

Borealis delivers an extraordinary record result with a net profit of EUR 988 million in 2015

- Borealis announces a record net profit of EUR 988 million in 2015 compared to EUR 571 million in 2014
- All business groups had an improved contribution supported by a strong market environment in 2015 compared to 2014
- Successful start-up of the Borouge 3 mega project

Key figures and ratios		Q4 2015	Q4 2014	FY 2015	FY 2014
Net Sales	EUR million	1,803	1,980	7,700	8,330
Net Profit	EUR million	242	141	988	571
Reduction / (increase) in net interest-bearing debt	EUR million	223	255	702	(28)
Gearing	%			19%	40%

Borealis, a leading provider of innovative solutions in the fields of polyolefins and base chemicals, announces a net profit of EUR 242 million for the fourth quarter of 2015, compared to EUR 141 million in the same quarter of 2014. For the full year 2015 the company recorded a net profit of EUR 988 million, compared to EUR 571 million in 2014. The improved result over 2014 was driven by overall stronger margins in the polyolefins business, a higher contribution from the base chemicals business and an improved contribution from Borouge following the successful start-up of the Borouge 3 project. Within Base Chemicals the fertilizer business saw operational improvements; however, the overall operability is not yet at the desired level.

In the fourth quarter net debt reduced by EUR 223 million largely driven by the solid business result and an inventory reduction following the completion of the site turnaround in Stenungsund, Sweden. Over the full year 2015, net debt reduced by EUR 702 million driven by the healthy profits realized in all businesses. As a result Borealis' financial position further strengthened with a gearing of 19% at year-end 2015.

Safety

Borealis reports a Total Recordable Injuries (TRI) frequency of 1.4 per million hours worked in 2015, as compared to a TRI frequency of 1.3 in 2014. A TRI frequency below two is world-class in the industry. However, Borealis continues to maintain its ambitious targets and continues to work harder towards the ultimate goal of zero injuries and launched a number of additional initiatives in 2015 to drive the safety performance toward this goal.

Borouge 3

Borouge, Borealis' joint venture with the Abu Dhabi National Oil Company (ADNOC) in Abu Dhabi, UAE, continued the successful start-up of its mega project "Borouge 3" throughout the year 2015. In April, Borouge successfully started-up the low density polyethylene plant (LD1). Now the cracker and all of the five polyolefin plants are running as planned. The only remaining unit to be started-up is the cross-linked polyethylene (XLPE) plant which will complete the start-up of the Borouge 3 mega project.

Once fully ramped up, Borouge 3 will deliver an additional 2.5 million tonnes of capacity, bringing the total Borouge capacity to 4.5 million tonnes, thus making Borouge the biggest integrated polyolefins complex in the world. Borealis and Borouge together will then have approximately 8 million tonnes of polyolefin capacity.

2015: investing for the future

Next to completing the Borouge 3 mega project, Borealis announced a number of major investments in Europe and beyond in 2015:

In May, Borealis and Agrifos Partners LLC, a project development company, announced a major milestone in the development of an ammonia production plant in the United States. Borealis and Agrifos reached a preliminary agreement to jointly develop a world-scale ammonia project through Gulf Coast Ammonia LLC (GCA). The plant will be located within an existing chemical site on the Texas Gulf Coast and secure long-term supplies of feedstock based on the attractive economics of U.S. natural gas, hence further strengthening the fertilizer business of Borealis.

In July, Borealis announced a EUR 160 million investment in Stenungsund, Sweden, to upgrade and revamp four cracker furnaces to the highest currently available standards in process safety and energy efficiency, enabling Borealis to secure improved reliability and operability whilst reducing plant complexity and maintenance requirements.

In December, Borealis together with Neste and Veolia communicated their agreement to create a joint venture company to build a new combined heat and power plant in Porvoo, Finland. This plant will produce and supply steam and other utilities to Neste's refinery and Borealis' petrochemical plant with a total investment cost expected to be EUR 400 million.

Outlook

"2015 was a very good year financially for Borealis where we achieved an extraordinary record result improving further on the record result realised in 2014. However, work continues to improve on our

safety and operational reliability,” comments Mark Garrett, Borealis Chief Executive. “2015 saw historically high integrated polyolefin industry margins. Despite lower feedstock costs, polyolefin prices did not retreat to the same extent driven by a tight market as a result of solid demand combined with a supply shortfall, in particular resulting from unplanned production stops. In addition, imports of polyolefins into Europe have been uncompetitive following the weakening of the Euro. We expect this situation to ease in 2016, but we believe the integrated polyolefin industry margin will be solid. In addition we expect further improvements within our fertilizer business, while Borouge’s profitability will be impacted by the lower price environment in Asia. Overall, Borealis expects to see a solid, albeit lower profitability in 2016 compared to 2015, as the strategy of growing the three profit centres polyolefins, base chemicals and Borouge contributes to ensure the competitiveness and resilience of the company.”

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Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. With headquarters in Vienna, Austria, the company currently has around 6,500 employees and operates in over 120 countries. Borealis generated EUR 7.7 billion in sales revenue and a net profit of EUR 988 million in 2015. The International Petroleum Investment Company (IPIC) of Abu Dhabi owns 64% of the company, with the remaining 36% belonging to OMV, an international, integrated oil and gas company based in Vienna. 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 more than 50 years of experience in polyolefins, Borealis and Borouge support key industries with a wide range of applications in the areas of energy, automotive, pipes, consumer products, healthcare, and advanced packaging.

The Borouge 3 plant expansion will make Borouge the world’s largest integrated polyolefins complex. Once fully ramped up in 2016, the additional 2.5 million tonnes of polyolefins capacity will yield a total Borouge capacity of 4.5 million tonnes, and a combined Borealis and Borouge capacity of 8 million tonnes.

Borealis offers a wide range of base chemicals, including melamine, phenol, acetone, ethylene, propylene, butadiene and pygas, servicing a wide range of industries. Borealis also creates real value for the agricultural industry, selling approximately 5 million tonnes of fertilizers. Technical nitrogen and melamine products complement the portfolio with applications ranging from mono-nitrogen oxide (NOx) abatement to glues and laminates in the wood working industry.

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 work to solve the world’s water and sanitation challenges through product innovation and their Water for the World™ programme.

For more information visit:

www.borealisgroup.com
www.borouge.com
www.waterfortheworld.net

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