

Borealis delivers another record year with a net profit of EUR 1.1 billion in 2016, continuing sustainable growth

- Borealis announces a record net profit of EUR 1,107 million in 2016 compared to EUR 988 million in 2015
- Improved contribution from polyolefins in a strong market environment. Base chemicals contribution was lower due to weak demand and low prices in Fertilizers
- Solid contribution from Borouge

Key figures and ratios		Q4 2016	Q4 2015	FY 2016	FY 2015
Net Sales	EUR million	1,803	1,803	7,218	7,700
Total Sales*	EUR million	2,269	2,146	8,768	9,026
Net Profit	EUR million	239	242	1,107	988
Reduction / (increase) in net interest-bearing debt	EUR million	157	223	445	702
Gearing	%			10%	19%

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

Borealis, a leading provider of innovative solutions in the fields of polyolefins and base chemicals, announces a net profit of EUR 239 million for the fourth quarter of 2016, compared to EUR 242 million in the same quarter of 2015. For the full year 2016 the company recorded a net profit of EUR 1,107 million, compared to EUR 988 million in 2015. The improved result over 2016 was driven by overall stronger margins in the polyolefins business and an improved contribution from Borouge, following the successful completion of the Borouge 3 project. The contribution from Base Chemicals was lower compared to 2015 as a result of weak demand and low prices in the fertilizer business.

In the fourth quarter, net debt reduced by EUR 157 million largely driven by the solid business result. Over the full year 2016, net debt reduced by EUR 445 million. As a result Borealis' financial position further strengthened, with a gearing of 10% at year-end 2016.

Safety

Borealis reports a Total Recordable Injuries (TRI) frequency of 0.9 per million hours worked in 2016, as compared to a TRI frequency of 1.4 in 2015. 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, launching a number of additional initiatives in 2016 to drive the safety performance toward this goal.

Borouge

Borouge, Borealis' joint venture with the Abu Dhabi National Oil Company (ADNOC) in Abu Dhabi, UAE, successfully completed its mega project "Borouge 3". After the start-up of its cross linked polyethylene (XLPE) plant, Borouge saw the first cross-linked polyethylene compounds based on Borealis' proprietary Borlink™ technology being manufactured at the Borouge 3 expansion plant in Ruwais, UAE.

Next steps for Borouge include optimising Borouge 1, 2 and 3 and building another polypropylene (PP) plant, PP5. Pending approval of the project in 2017, PP5 could be up and running by around 2020. Borouge will also focus on finding ways to create more value by stretching the oil barrel. For Borouge this means the cracking of naphtha and perhaps of other mixed feeds, and converting these to downstream products. Cracking could be done in a facility called "Borouge 4". If the Borouge 4 project meets the approval of shareholders, it would be by far the most ambitious and challenging petrochemicals project that Borealis or ADNOC have ever undertaken.

2016: preparing for sustainable growth

In September, Borealis announced the feasibility study for a new, world-scale propane dehydrogenation (PDH) plant. The plant would be located at the existing Borealis production site in Kallo, Belgium. The final investment decision is expected to be taken in the third quarter of 2018, while the potential start-up of the plant is scheduled for the second half of 2021. The new PDH plant would have a targeted annual production capacity of 740 Kilotonnes per calendar year, making it one of the largest and most efficient facilities in the world.

As an industry leader, Borealis is committed to discovering and realising the opportunities presented by the circular economy. By fully acquiring the German plastics recycler mtm plastics GmbH and mtm compact GmbH, Borealis takes its engagement in the circular economy to the next level. Based in Niedergera, Germany, mtm plastics GmbH is regarded as a technology leader in the recycling of mixed post-consumer plastic waste and as one of Europe's largest producers of post-consumer polyolefin recyclates. Plastic recycling provides a circular business opportunity in a growing market within a broader sustainability agenda.

Outlook

"2016 was a very strong year for Borealis of which all our people should be proud. Whilst we do not expect to repeat the 2016 result in 2017, we still expect 2017 to be a very solid year, with Borealis remaining in the top echelon of profitable companies", says Mark Garrett, Borealis Chief Executive.

"During 2017 we expect significant capacities to start coming on stream in North America. North America will become a significant net exporter in the coming years and it would be naïve to think that this won't affect us; it's simply the nature of our cyclical business. Our challenge at Borealis is to invest intelligently in a counter cyclical manner as we did in Borouge 3. 2017 will also be more challenging for Borealis due to the intensive turn-around schedule, involving five locations."

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Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. With its Head Office in Vienna, Austria, the company currently has around 6,600 employees and operates in over 120 countries. Borealis generated EUR 7.2 billion in sales revenue and a net profit of EUR 1,107 million in 2016. The International Petroleum Investment Company (IPIC) of Abu Dhabi 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 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 made Borouge the world's largest integrated polyolefins complex. Now fully ramped up, the additional 2.5 million tonnes of polyolefins capacity 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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