

## Borealis records a strong first half despite a softening second quarter

- Borealis announces a net profit of EUR 261 million in the second quarter of 2017, compared to EUR 309 million in the second quarter of 2016
- Borealis and ADNOC agree to extend and expand Borouge downstream petrochemical activities in Ruwais, UAE
- Borealis invests for further global growth and launches new solar brand Quentys™ with Borouge

Key figures and ratios		Q2 2017	Q2 2016	YTD 2017	YTD 2016
Net Sales	EUR million	1,861	1,790	3,891	3,661
Total Sales*	EUR million	2,250	2,149	4,701	4,342
Net Profit	EUR million	261	309	574	564
Reduction / (increase) in net interest-bearing debt	EUR million	112	245	(508)	120
Gearing	%			19%	17%

\* Net sales of Borealis plus pro-rata sales of 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 261 million for the second quarter of 2017, compared to EUR 309 million in the same quarter of 2016. This makes for a record first half year result, with a net profit of EUR 574 million. The solid net profit in the second quarter was supported by the increased profit contribution from Borouge. European integrated polyolefin margins remained healthy but were softer than in the second quarter of 2016. The fertilizer business environment continued to remain weak, with a similar business performance compared to the second quarter of 2016.

In the second quarter, net debt reduced by EUR 112 million, reflecting a solid business performance and a high investment level related to growth projects and turnarounds. Borealis financial position remains strong, with a gearing of 19% at the end of the second quarter of 2017.

### Borealis and ADNOC sign agreement to extend and expand Borouge downstream petrochemical activities

The Abu Dhabi National Oil Company (ADNOC) and Borealis have signed a framework agreement under which the companies will advance two key projects that will expand both ADNOC and Borealis downstream petrochemicals business and support the delivery of ADNOC's integrated smart growth and partnership strategy.

Under the agreement, ADNOC and Borealis will move to the pre-feed (front end engineering and design) stage for the construction of the Borouge 4 complex, which encompasses a world-scale, mixed feedstock cracker, using existing feedstock available in Abu Dhabi and downstream derivatives units for both polyolefin and non-polyolefin products. The proposed Borouge 4 complex is slated to come on stream around 2023 and will be integrated with ADNOC's Takreer refinery.

Simultaneously, the companies have agreed to commence engineering, procurement & construction (EPC) tendering for an additional polypropylene plant (PP5) based on Borealis' proprietary Borstar® technology. The plant, to be integrated with the Borouge 3 complex, will add value to the surplus propylene available from Takreer's new Propane Dehydrogenation (PDH) unit, producing around 0.5 million tonnes per annum of polypropylene.

## **Borealis invests for further global growth and launches new solar brand Quentys™ with Borouge**

Borealis announced its decision to build a dedicated automotive polypropylene (PP) compounding plant in North Carolina, thereby demonstrating its continuing commitment to the global automotive industry. The new facility will help secure the position of Borealis as a local supplier to automotive OEMs and their Tier partners in North America and will also strengthen the strong position of both Borealis and Borouge in Europe, Brazil and China. The plant is scheduled to become commercially operational in early 2019.

Borealis and Borouge launched Quentys, a new solar brand that will help exploit the full potential of solar energy by making solar applications more affordable, reliable, and durable. Borealis and Borouge are leveraging their decades of experience in the energy sector, and forming new strategic partnerships along the entire solar value chain, in order to deliver step-change innovations to the market. The first solar product using Quentys grades has already been rolled out, with more to follow during the year.

## **Outlook**

"Borealis has achieved a solid result for the second quarter, making for a record first half year result. The generally healthy integrated polyolefin margins have been the main driver for this result," said Mark Garrett, Borealis Chief Executive. "Borouge continues to contribute to our global growth and we have recommitted to our long-term engagement in this Joint Venture with ADNOC. We look forward to embarking on the next stage of our journey, with the extension and expansion of Borouge. This will allow us to capitalise on the steep demand growth for polyolefin products in Asian markets.

Our expectation that integrated polyolefin margins will gradually normalise, remains unchanged. We nevertheless believe that margins will stay at a healthy level in the next quarter. We anticipate further improvement in our fertilizer business, under still difficult market conditions. This year the main challenge for our company has been the record number of turnarounds. We are proud to be able to say that we have successfully completed the majority of them. However, we are very much aware that we still have significant turnaround work to complete in the second half of the year."

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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. 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 around the world in collaboration with Borouge, a joint venture with the Abu Dhabi National Oil Company (ADNOC). [www.borealisgroup.com](http://www.borealisgroup.com)

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