

Borealis starts strongly in 2018, advances on key growth initiatives

- Borealis announces a net profit of EUR 240 million in the first quarter of 2018, compared to EUR 313 million in the first quarter of 2017
- Borealis announces the successful completion of the Q1 2018 Borouge 2 Turnaround
- Borealis and NOVA Chemicals sign definitive agreements with Total to form a JV in petrochemicals in the US
- Borealis and United Chemical Company LLP (UCC) sign a Joint Development Agreement (JDA) for the development of a world-scale polyethylene project in the Republic of Kazakhstan

Key figures and ratios		Q1 2018	Q1 2017	Q4 2017	FY 2017
Net Sales	EUR million	2,051	2,030	1,852	7,564
Total Sales*	EUR million	2,387	2,452	2,175	9,069
Net Profit	EUR million	240	313	247	1,095
Reduction / (increase) in net interest-bearing debt	EUR million	(559)	(619)	335	(140)
Gearing	%	23%	21%		12%

* 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 240 million for the first quarter of 2018, compared to EUR 313 million in the same quarter of 2017. The strong result came in despite a full Borouge 2 turnaround and was driven by lower but still healthy European integrated polyolefin margins and a solid profit contribution from Borouge. The contribution from Base Chemicals improved compared to the first quarter of 2017, despite a continuing difficult fertilizer market environment.

Net debt increased by EUR 559 million in the first quarter, largely due to the payment of a EUR 700 million dividend to Borealis shareholders. Despite the increase in net debt, Borealis financial position remains strong, with a gearing of 23% at the end of the first quarter 2018.

Borealis and NOVA Chemicals signed definitive agreements with Total to form a JV in petrochemicals in the US

Total S.A. (“Total”), Borealis AG (“Borealis”) and NOVA Chemicals Corporation (“NOVA Chemicals”) signed definitive agreements to form a joint venture in petrochemicals on the U.S. Gulf Coast. The joint venture – in which Total will own 50% and Novealis Holdings LLC, a joint venture between Borealis and NOVA Chemicals, will own the remaining 50% – will commence subject to customary closing conditions, including receipt of regulatory approvals.

The joint venture includes:

- the under-construction 1 Mt/y (2.2 b lb) ethane steam cracker in Port Arthur, Texas
- Total’s existing polyethylene 400 kt/y (880 m lb) facility in Bayport, Texas and
- a new 625 kt/y (1.35 b lb) Borstar® polyethylene unit at Total’s Bayport, Texas site.

Borealis and UCC sign Joint Development Agreement for world-scale polyethylene project

Borealis and United Chemical Company LLP (UCC) signed a Joint Development Agreement (JDA) for the development of a world-scale polyethylene project, integrated with an ethane cracker, in the Republic of Kazakhstan. The signing of the JDA comes after the successful conclusion of a pre-feasibility study. The project will now move into the feasibility study phase, which is expected to run until Q1 2019. The scope of the JDA will include the construction of an ethane cracker and 2 Borstar® PE units, with a total capacity of 1.250 ktpa and with a pre-investment in the cracker for future expansion. The final investment decision on the project is expected to be taken in 2020 and start-up would be scheduled for 2025.

A Memorandum of Understanding (MoU) was also signed to investigate a potential cooperation in regards to a 500 ktpa polypropylene project that is currently being implemented by the Samruk-Kazyna Sovereign Wealth Fund. In addition, a government support agreement between the Government of the Republic of Kazakhstan and the Government of the United Arab Emirates was signed.

Outlook

“Borealis continues to benefit from the healthy polyolefins industry margin supporting the strong polyolefins business profit contribution,” comments Mark Garrett, Borealis Chief Executive. “The Borouge result in the first quarter was solid but was naturally impacted by the Borouge 2 turnaround and by the limited availability of feedstock. The continued excellent financial performance of 2017 and Borealis’ strong financial position has enabled us to pay a EUR 700 million dividend to our shareholders.”

“In the second quarter, Borealis expects a strong result. We anticipate the polyolefins business and Borouge to continue to perform well, while the fertilizer market conditions will remain challenging. The focus in 2018 is on advancing the major global growth projects.”

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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 7.5 billion in sales revenue and a net profit of EUR 1,095 million in 2017. 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
