

June 22, 2011

Borealis to close two melamine low pressure plants in Linz – availability and quality are secured

Borealis, a leading provider of chemical and innovative plastics solutions, has decided to shut down two melamine low pressure plants with an overall capacity of 30 kilotonnes (kt) per year at its site in Linz, Austria. The 10 kt production plant was decommissioned already in January 2010, whilst the second plant with a capacity of 20 kt will follow on June 27.

Continuous investments to improve the efficiency of the state-of-the-art melamine high pressure plants are made within the scope of the EUR 145 million investment project for the production site in Linz. These measures sustainably compensate a large portion of the capacity closure by introducing modern technology. The decision process has been accelerated due to the need for major investments in the melamine low pressure plants, as such investments in low pressure technologies do not pay off in Europe. Borealis will continue to supply its customers with the same reliability and quality as before from its sites in Linz, Austria and Piesteritz, Germany.

Major customers have announced to switch their production to high pressure melamine. Customers who can only use low pressure melamine will continued being supplied at optimum levels through the remaining low pressure melamine production plant with a capacity of 20 kt. Logistics and warehousing have been optimised internally to secure timely deliveries to our customers.

“This decision is a major milestone on our mission to improve our competitiveness in a global business environment,” explains Markku Korvenranta, Executive Vice President Base Chemicals, Borealis. “Our clearly defined goal to focus on sustainable market leadership in Europe will strengthen Borealis’ position through quality, delivery service and cost competitiveness.”

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Borealis is a leading provider of chemical and innovative plastics solutions that create value for society. With sales of EUR 6.3 billion in 2010, customers in over 120 countries, and 5,100 employees worldwide, Borealis is owned 64% by the International Petroleum Investment Company (IPIC) of Abu Dhabi and 36% by OMV, the leading energy group in the European growth belt. Borealis is headquartered in Vienna, Austria, and has production locations, innovation centres and customer service centres across Europe and the Americas.

Through Borouge, a joint venture between Borealis and the Abu Dhabi National Oil Company (ADNOC), one of the world's major oil and gas companies, the company's footprint reaches out to the Middle East, Asia Pacific, the Indian sub-continent and Africa. Established in 1998, Borouge employs approximately 1,600 people, has customers in more than 50 countries and its headquarters are in Abu Dhabi in the UAE and Singapore.

Building on Borealis' unique Borstar® technology and their experience in polyolefins of more than 50 years, Borealis and Borouge provide innovative, value creating plastics solutions for the infrastructure (pipe systems and power and communication cables), automotive and advanced packaging markets. In addition, Borealis offers a wide range of base chemicals from melamine and fertilizer to phenol and acetone.

Today, Borealis and Borouge have a manufacturing capacity of over 5.4 million tonnes of polyolefins (polyethylene and polypropylene) per year of which 26% are the result of a recently completed capacity expansion in Abu Dhabi. An additional 2.5 million tonnes per year is scheduled for completion by mid-2014, creating the world's largest integrated polyolefins plant. The companies continue to invest to ensure that their customers throughout the value chain, around the world, can always rely on superior products and security of supply.

Borouge and Borealis are committed to the principles of Responsible Care® and proactively contribute to addressing the world's water and sanitation challenges through their Water for the World™ initiative.

For more information visit:

Borealis: www.borealisgroup.com
Borouge: www.borouge.com
Water for the World: www.waterfortheworld.net

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