

Media Release, August 9, 2012 | 10:00 CET

## Borealis delivers solid profits in a difficult market environment

- **Borealis** recorded a net profit of EUR 112 million in the second quarter of 2012 compared to EUR 168 million during the same period in the record year 2011
- The **Base Chemicals business and joint venture Borouge contributed significantly to the result** while the Polyolefins business continues to be challenging
- Borealis scientist awarded with the prestigious **Giulio Natta Award**
- Key investments **Borouge 3 and the semi-commercial catalyst plant are progressing well**

Key figures and ratios		Q2 2012	Q2 2011	H1 2012	H1 2011
Net sales	EUR Million	1,869	1,897	3,751	3,756
Net profit	EUR Million	112	168	252	341
Reduction / (increase) in net interest-bearing debt	EUR Million	(223)	12	(409)	(183)
Gearing	%			44%	41%

**Borealis**, a leading provider of chemical and innovative plastics solutions, recorded a net profit of EUR 112 million for the second quarter of 2012 compared to EUR 168 million in the same quarter in 2011. Net profit for the first half of 2012 reached EUR 252 million compared to EUR 341 million during the same period of the record year 2011.

The Base Chemicals business and Borouge, Borealis' joint venture in Abu Dhabi, continued to perform well in the second quarter of 2012, contributing significantly to the net profit. The European Polyolefins

1 (5)

business delivered lower results in the second quarter. This is attributed largely to a weak economic sentiment in a decreasing price environment with the oil price decreasing rapidly from above USD 125 per barrel to below USD 100 per barrel. Borealis' financial position remained strong with a gearing of 44% at the end of June 2012.

### **Borouge 3 expansion project**

The Borouge 3 expansion project in Abu Dhabi, UAE, is progressing according to plan with some 23,000 contractor personnel currently on site. The expansion is on track to increase the annual production capacity of the integrated olefins/polyolefins site from 2 million tonnes to 4.5 million tonnes by mid-2014.

### **Semi-commercial catalyst plant in Linz, Austria**

The construction of the semi-commercial catalyst plant in Linz, Austria is progressing towards its planned finalisation in the second half of this year. The first chemical raw materials are expected to be delivered on site in August 2012.

### **Successful strategic financing activities**

In June Borealis successfully launched its second retail bond transaction in Austria with a maturity of 7 years. Due to strong investor demand the transaction amount was increased to EUR 125 million from initially EUR 100 million. The company has also successfully completed a US private placement with maturities of up to 15 years and a total amount of more than USD 130 million. These transactions reflect Borealis' strategy to maintain a strong liquidity position by the terming out its debt through diverse channels.

2 (5)

## Value Creation through Innovation

Borealis remains committed to its Value Creation through Innovation strategy in difficult market conditions.

In June Dr. Peter Denifl was awarded the 2012 **Giulio Natta Award**, named after Prof. Natta, who discovered polypropylene. Dr. Denifl is the mastermind behind Sirius, Borealis' groundbreaking new polyolefin catalyst technology. He received this prestigious award in recognition of the significant contribution his scientific activity has made to catalyst development in polypropylene products which contribute to enhancing quality of life.

Car maker **Renault has specified a Borealis and Borouge polypropylene (PP) grade** for use in the lightweight bumper applications for two new additional Renault automotive platforms: the Dacia Lodgy and the Renault Twizy, Renault's first electrical car. The material is already being used for a new generation of bumper applications in other Renault platforms in South America and Russia, helping Renault to make a significant contribution to overall vehicle weight reduction for fuel economy and lower emissions, with absolutely no compromise on the part's performance.

Borealis and Borouge, have unveiled **Borstar® Aquility™, a new family of tailor-made products for drip irrigation applications**. This product introduction underlines the important role of modern irrigation systems in conserving water and increasing crop yields – two crucial factors in addressing today's global challenge of water shortage and rising food demand. The new product family reflects Borealis and Borouge's commitment to support the pipe industry with lightweight, efficiency-focused material solutions that can make a positive contribution to these challenges.

3 (5)

Borealis has launched a new **BorPure family member PP grade**, offering packaging converters **up to a 10% saving in cycle time and up to 5% energy reduction** in the creation of lightweight hinge closures with superior optics.

### **Difficult market conditions may continue for a longer period**

“The political and economic situation in Europe is difficult and the markets have reacted accordingly,” says Borealis Chief Executive Mark Garrett.

“We have seen a significant drop in polyolefin prices and margins in the second quarter of 2012. Despite this, Borealis has produced a resilient set of results with particularly pleasing performance from our Base Chemicals Business and the Borouge joint venture. I believe Borealis will continue to outperform the market by maintaining our focus on cost competitiveness and our four pillars of safety, innovation operational and commercial excellence.”

**End**

### **For further information please contact:**

Kerstin Meckler, Director Communications

Tel. +43 (0)1 22 400 389, e-mail: [kerstin.meckler@borealisgroup.com](mailto:kerstin.meckler@borealisgroup.com)

---

**Borealis** is a leading provider of chemical and innovative plastics solutions that create value for society. With sales of EUR 7.1 billion in 2011, customers in over 120 countries, and around 5,300 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 1,700 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<sup>®</sup> and Borlink<sup>™</sup> technologies and their more than 50 years experience in polyolefins, 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 having recently completed a 1.5 million tonne capacity expansion in Abu Dhabi. The Borouge 3 plant expansion will be

4 (5)

completed at the end of 2013 with a further capacity of 2.5 million tonnes per year (t/y) being fully operational in mid-2014. The companies continue to invest to ensure that their customers throughout the value chain and across the globe can always rely on product quality, consistency 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:**

[www.borealisgroup.com](http://www.borealisgroup.com)  
[www.borouge.com](http://www.borouge.com)  
[www.waterfortheworld.net](http://www.waterfortheworld.net)

Borstar is a registered trademark of the Borealis group.

Borlink, Borstar Aquility and Water for the World are trademarks of the Borealis group.

5 (5)