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Borealis backs future of its Burghausen location by closing older plant

Production at High Density Polyethylene (HDPE) plant to cease at end of 2014

Borealis, a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers, announces that it will cease production at its HDPE plant in Burghausen, Germany at the end of 2014. The challenging economic situation in regard to polyolefins production, and in particular HDPE in Europe, is one important reason for the plant closure.

This step is also a component of the Borealis Group's "scrap and build" strategy, which entails ongoing investment in its most modern facilities across Europe. Thanks to continuous upgrading through investment, these cutting-edge production facilities and the jobs they provide are safeguarded in the long term, while older and unprofitable plants are closed.

Borealis aims to retain as many employees as possible and is seeking socially responsible solutions for all employees affected by the closure. The approximately 35 Burghausen employees directly impacted by the production stop will be retained by the company following redeployment or in some cases be offered early retirement. "Because our employees are our most important asset, we are doing all we can to retain as many as possible. We are already working closely with our works council," explains Jürgen Mader, Borealis Location Leader Burghausen. "We are optimistic that we will be able to find satisfactory solutions for all affected employees." If necessary, a comprehensive severance scheme will be implemented.

Difficult times for the European polyolefins industry

HDPE, e.g. polyethylene with especially high density, is used among other things for the manufacture of pipes and housewares. In closing the Burghausen HDPE plant, Borealis is responding to difficult market conditions in the area of HDPE production in Western Europe. The market

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pressure being exerted on Western European HDPE producers has led many to respond by investing in cutting-edge technology and innovative products. Because the outdated HDPE plant in Burghausen can no longer meet the challenges of modern HDPE production, Borealis will concentrate on optimising the existing polypropylene (PP) plants at its Burghausen site from now on.

Investing in a secure future

Closing the HDPE plant in Burghausen is intended to safeguard the location in the long run. "At our Burghausen location we are operating one of the most modern Borstar™ polypropylene plants in our entire network, enabling us to produce innovative products for the market. By closing the HDPE plant we will be able to focus even more aggressively on optimising the two remaining polypropylene plants at the site. In this way we can maintain the continued existence of the Burghausen site whilst taking the necessary steps to ensure its future competitiveness," concludes Jürgen Mader.

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Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. Borealis is headquartered in Vienna, Austria, and operates in over 120 countries with around 5,300 employees worldwide, generating EUR 7.5 billion in sales revenue in 2012. The International Petroleum Investment Company (IPIC) of Abu Dhabi owns 64% of the company, the remaining 36% is owned by OMV, the leading energy group in the European growth belt. 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 the unique Borstar® and Borlink™ technologies and 50 years of experience in polyolefins, Borealis and Borouge support key industries including infrastructure, automotive and advanced packaging. The Borouge plant expansion in Abu Dhabi will be fully operational by mid-2014 with a TOTAL annual capacity of 4.5 million tonnes. After this Borealis and Borouge will have approximately 8 million tonnes of polyolefin capacity.

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Borealis offers a wide range of base chemicals, including melamine, phenol, acetone, ethylene and propylene servicing a wide range of industries. Together with Borouge the two companies will produce approximately 6 million tonnes of Base Chemicals in 2014.

Borealis also creates real value for the agricultural industry with a large portfolio of fertilizers. The company distributes approximately 2.1 million tonnes per year.

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 contribute 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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