

Borealis sees a strong start to 2016 with net profit of EUR 255 million

- Borealis announces a net profit of EUR 255 million in the first quarter of 2016 compared to EUR 137 million in the first quarter of 2015
- Successful financial close of the new combined heat and power plant in Porvoo, Finland with a total investment value of about EUR 400 million
- EUR 80 million investment planned for melamine and fertilizer production facilities in Linz, Austria

Key figures and ratios		Q1 2016	Q1 2015	Q4 2015	FY 2015
Net Sales	EUR million	1,871	1,988	1,803	7,700
Total Sales*	EUR million	2,193	2,267	2,146	9,026
Net Profit	EUR million	255	137	242	988
Reduction / (increase) in net interest-bearing debt	EUR million	(125)	132	223	702
Gearing	%	22%	34%		19%

* 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 255 million for the first quarter of 2016, compared to EUR 137 million in the same quarter of 2015. The improved result was driven by the very strong margins in the polyolefins business. The base chemicals business also saw an improved performance compared to the first quarter of 2015, while the contribution from Borouge was lower due to limited feedstock availability.

In the first quarter, net debt increased by EUR 125 million largely due to the payment of a EUR 425 million dividend to Borealis' shareholders. Despite the increase in net debt, Borealis' financial position remains strong with a gearing of 22% at the end of the first quarter of 2016.

Borouge

Following the start-up of the Borouge 3 project in 2015, making Borouge the world's largest integrated polyolefins complex, Borouge has now embarked on an optimisation programme across all sites.

With the start-up of Borouge 3, the company has seen its production capacity more than double to 4.5 million tonnes. The next step of this project will be the overall optimisation of the entire Borouge complex, including production, supply chain and sales.

The only remaining Borouge 3 unit to be started up in the second quarter of 2016 is the cross-linked polyethylene (XLPE) plant to bring the combined Borealis and Borouge annual polyolefins production capacity to 8 million tonnes.

Investing in the future

In March, Borealis, Neste and Veolia announced the successful financial close of project to build a new combined heat and power plant in Porvoo, Finland, to match the energy needs of Neste and Borealis, and to be operated by Veolia. Neste and Veolia both own 40% of the power plant, Borealis owns 20%. The total investment value of this project is about EUR 400 million.

Borealis also announced a new round of investments in its melamine and fertilizer production facilities in Linz, Austria. The heart of the so-called "Linz 2020" programme is a EUR 80 million investment package to boost the overall long-term competitiveness of the Linz location.

Beyond the first quarter of 2016

The long-term ethane supply project of Borealis' location in Stenungsund, Sweden, with ethane from the United States has reached a new milestone: on 3 May 2016, Navigator Gas and Borealis celebrated the naming ceremony of the vessel 'Navigator Aurora', the new 35,000 cubic metre state-of-the-art ethane vessel, in Shanghai, China. This vessel is among the most modern in the world and will ensure cost effective, safe and reliable transport of ethane to Borealis' location in Stenungsund, Sweden. In the meantime, the currently ongoing, multi-million investment in the cracker upgrade and the construction of an ethane storage tank in Borealis' location in Stenungsund is proceeding according to plan. The commissioning of a new unloading and storage facility will begin in the fourth quarter of 2016.

Outlook

"Borealis continues to benefit from its strategy of growing the three profit centres of polyolefins, base chemicals and Borouge," comments Mark Garrett, Borealis Chief Executive. "The polyolefins business had an outstanding contribution in the first quarter supported by the strong polyolefins industry margin, resulting in significantly improved overall results for Borealis compared to the first quarter of 2015. The Borouge result in the first quarter was impacted by limited availability of feedstock, but the market conditions in Borouge's core region remain strong.

In the second quarter, Borealis expects yet again a solid result, albeit lower than the record second quarter of 2015. Both Borouge and the base chemicals business should see an improved profit

contribution in the second quarter compared to the first, while we expect the polyolefins business to continue to perform well.”

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Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. With headquarters in Vienna, Austria, the company currently has around 6,500 employees and operates in over 120 countries. Borealis generated EUR 7.7 billion in sales revenue and a net profit of EUR 988 million in 2015. The International Petroleum Investment Company (IPIC) of Abu Dhabi 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).

Building on its proprietary Borstar® and Borlink™ technologies and more than 50 years of experience in polyolefins, Borealis and Borouge support key industries with a wide range of applications in the areas of energy, automotive, pipes, consumer products, healthcare, and advanced packaging.

The Borouge 3 plant expansion will make Borouge the world's largest integrated polyolefins complex. Once fully ramped up in 2016, the additional 2.5 million tonnes of polyolefins capacity will yield a total Borouge capacity of 4.5 million tonnes, and a combined Borealis and Borouge capacity of 8 million tonnes.

Borealis offers a wide range of base chemicals, including melamine, phenol, acetone, ethylene, propylene, butadiene and pygas, servicing a wide range of industries. Borealis also creates real value for the agricultural industry, selling approximately 5 million tonnes of fertilizers. Technical nitrogen and melamine products complement the portfolio with applications ranging from mono-nitrogen oxide (NOx) abatement to glues and laminates in the wood working industry.

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 work 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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