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Q2 ISSUE 2012

# INEOS OLYMPIC SPECIAL

## DRIVEN BY CHALLENGE

INEOS to go on the road in search  
of the best graduates

## FIRED-UP

Craig Hannah carries the Olympic flame

## PVC FLEXES ITS MUSCLES

Used at the Olympics and beyond

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**INEOS**  
THE WORD FOR CHEMICALS



INEOS is a key raw material supplier in Köln to the chemical sector in Germany. The site provides essential raw materials that serve as building blocks for the manufacture of plastics, rubber, fibres, solvents and detergents, paints, fertilisers and pesticides as well as in cosmetics and pharmaceuticals.

INEOS has owned the Köln site since 2005. It is the largest chemical company and the third largest industrial employer in Köln. The site covers some 200 hectare, it has over 2,000 employees and generates annual turnover of 2.6 billion Euro.





# INTRODUCTION



SCAN HERE  
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INEOS is at the heart of almost everything we see, do and feel. Most of the time, it goes unnoticed. But when a worldwide event like the Olympic Games comes to town, perhaps it’s only right that we should shout loudly about our achievements. Because our work did play an important role in London 2012.

As a company that manufactures about two million tons of PVC every year, we were delighted that the organisers agreed to allow this amazingly versatile material to be used so extensively to create the Olympic Park.

INEOS also helped the flame on its way from Athens to the Opening Ceremony – quite literally. Craig Hannah, one of our firefighters at Grangemouth in Scotland, was one of the 8,000 torchbearers nominated to carry the torch.

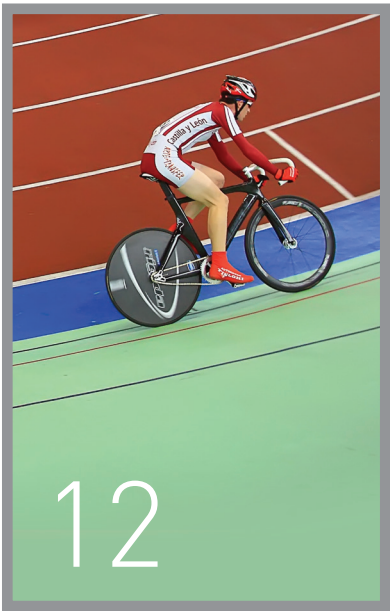
In this, our ‘Olympic Special’ edition, we also highlight how modern materials have helped to revolutionise sports in general. Saying that, even we were surprised when we heard how INEOS Oligomers had helped Paralympian Richard Schabel to become a world champion discus thrower.

Whilst the eyes of the world may have been focused on the Games in London, INEOS has kept its eye firmly on the ball.

We look at how we are improving safety, what we are doing to attract the very best graduates and how our portfolio of products is helping us to compete effectively across difficult world markets.

After an impressive start to the year, INEOS – like most manufacturing companies – felt the impact of a slowing world economy in the second quarter of the year. With the continued general air of uncertainty in the world, markets remain cautious. Eurozone manufacturing output in July shrank at its fastest pace since May 2009 and the Chinese economy also experienced its slowest growth since early 2009 in the second quarter of the year.

As we reported in the last edition of INCH, our main goal for this year was to refinance our borrowing and in April INEOS made history in the financial world. The company successfully achieved a significant improvement in how it is financed, an achievement that puts us in a better position as we face difficult world markets.



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# A BALANCED VIEW



**Andy Currie has been a director of INEOS for the past 13 years. As one of the INEOS Capital team he has been instrumental in shaping and progressing the company's successful growth strategy. Here he talks to Tom Crotty about INEOS, its balanced portfolio of businesses, its future growth and why it was able to weather the full brunt of the European crisis**



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TO VIEW VIDEO:  
INEOS CAPITAL  
INTERVIEW

**Tom: When you think about INEOS' growth, some would suggest that it has been opportunistic. Do you think that's fair?**

**Andy:** Historically, I think that's pretty fair. As you know, in our early days, particularly in the first five to 10 years of INEOS, we were always looking at orphaned assets from blue chip majors that were available, unloved and probably undermanaged and that became our target area. Since the big acquisition of Innovene in December 2005, times have moved on. We have been through some pretty difficult market conditions, but our emphasis these days is much more on running the day-to-day business, getting it more and more efficient and ensuring it's soundly financed for the future, but with the occasional acquisition. However, those have been very much strategic acquisitions. Seal Sands is a great example of that, where, essentially, we have been able to take over an asset which was struggling, change its costs base, improve its efficiencies and generally turn it around using the whole expertise that we have in the group. A more recent example would be the acquisition of Tessenderlo ChlorVinyls business by Kerling which, again, is going through that same type of progress.

**Tom: And what specific benefits have come from that approach?**

**Andy:** The great benefit is that we have the expertise in house. We have lots of people with a great variety of skills in running these operations efficiently. In the case of INEOS Nitriles, we are the largest producer in the world, our technology is all over the world in many, many plants so we have a lot of core expertise in the plants and technology, and we can then bring that to bear in how to run these plants very efficiently and very effectively.

**Tom: And what about portfolio products. What does that do for us?**

**Andy:** Essentially we are in many sectors within the chemical industry. The primary benefit of that is that we have robustness of earnings, and robustness of sales, particularly when times are difficult. Because, of course, being in commodities you inevitably have to deal with quite sharp cycles, so having a wide variety of businesses and applications across different end markets brings with it a natural protection in those bad times. And we have seen that. Obviously the 2008/2009 major downturn – almost meltdown in many ways – was the ultimate test of that. In those days our position was that nearly a quarter of our sales were in the consumables arena. This was very valuable because people continue to need food and this requires packaging which was valuable to us along with other products used in the likes of pharmaceuticals, cosmetics or even soap powers.

**Tom: So, whilst we have got a great balanced portfolio of products, you cannot really say that about our geographic balance?**

**Andy:** No. That's pretty fair. Although, having said that, look at our recent track record. Our profitability has been moving more and more towards 50/50 between North America and Europe, and when we go back to about six years ago, just after the Innovene transaction, about 70% was in Europe. It is not ideally balanced across the world but it is moving in a good direction. Obviously the US these days, with shale gas, is a very interesting market. But we are also keen to increase our exposure to Asia and our earnings in the region and that really is part of our underlying strategy going forwards.

**Tom: What are the main strategic challenges for INEOS moving forwards?**

**Andy:** One of our challenges is to get our debt down. We have made lots of progress. The refinancing is now thankfully completed so our next challenge is just to work at the portfolio, use the earnings but get our debt and leverage down to a lower level and at the same time look to fund growth.

**Tom: And what about growth? How do you see INEOS growing in the future?**

**Andy:** Our current main thrust, apart from those small opportunities around acquisitions, is that we are really looking at the US Gulf and the US market generally to see how we can take advantage of the recent arrival of shale gas. And the fact that you now have this major renaissance of the Gulf coast petrochemical industry and very low cost ethane feedstock coming into the market. We already have a nice position there and one of our challenges will be to look at how INEOS can take advantage of that. That will be a focus of growth. The other major focus will be Asia, particularly China. Everyone is very familiar with our phenol project but there are others coming behind it. That will be Intermediates where we clearly have very strong positions in markets but also very strong technology positions, so we have something to bring to the table with the Chinese, which is very important.

**Tom: And how easy is it to achieve those same results when you work with the constraints of joint ventures?**

**Andy:** Inevitably joint ventures do bring a degree of complication. With two sets of shareholders – even with good alignment – it is more complex. You need to believe the benefits outweigh the disbenefits that come with that. If you take our suite of major joint ventures, we have obviously got the refining joint venture where clearly we have a massive partner, one of the largest companies in the world, now together with us in the refining industry, which is, as you know, very challenged today. But they bring their upstream capability of sourcing to the table, their financial muscle and they also have a very large trading capability in the whole arena so that's where we see a very natural fit. If you take Styrolution, we have really put together two sets of assets to create the largest styrenics business in the world. There are obviously a lot of synergy possibilities of simplifying the business, reducing costs, and taking the best of both worlds. Joint ventures do work. It is not as straightforward as 100% ownership but, in terms of financing and what's possible, it's been very much on our agenda that we can achieve these joint ventures and we get a lot of benefits from them.

**Tom: And lastly Andy, around the INEOS Capital table, you have got Jim Ratcliffe supporting Manchester United, Jim Dawson Wolverhampton and John Reece Sunderland, where are your allegiances?**

**Andy:** Well, I must say I have kept my allegiances below the surface for quite some time. I can say it today, though, that I can just about put my nose above the parapet and say Sheffield Wednesday, who have now reached the glorious heights of the Championship as of next year so, yes, somewhat behind the rest of the pack but in recovery mode.







# ACCIDENTS CAST LONG SHADOWS

**One only has to think of Texas city, Piper Alpha and the Deep Water Horizon to understand why INEOS puts safety as its highest priority. Incidents of such magnitude are thankfully very rare throughout the world but it is often smaller incidents that lead to the larger ones. Tackling these not only prevents injuries but also shapes people’s whole attitude to safety and the prevention of incidents. Most of INEOS’ accidents are slips, trips and falls – or in Köln’s case, hand injuries. The campaign to address these at the site has been so successful that it is now being adopted by neighbouring businesses**

THERE’S a world of difference between listening and adopting.

No-one is more aware of that than Jürgen Schmitz, whose job at INEOS Köln is to deliver the key messages about safety on site to almost 2,000 employees and 1,000 contractors day in, day out – and hope that they have listened and understood.

*“It’s not an easy task,” he says. “It can be challenging to find new ways to make safety topics interesting for the audience. But it is so important because safety is paramount on our site.”*

The number and severity of accidents on the 191-hectare site has constantly decreased in recent years. 98% of the accidents are behavioural related. Therefore, Jürgen and his team together with Holger Laqua, INEOS Oxide asset manager in Köln, decided to adopt a different approach and, for the first time, hired an advertising agency from Düsseldorf to help them develop an effective safety campaign.

*“It proved to be a stimulating undertaking,” said Jürgen. “We are safety engineers and somehow blinkered technical types and they are all very creative and out-of-the-box thinking guys.*

*“So it was interesting to see and hear about safety interpreted by people who aren’t involved with safety issues every day like we are.*

*“As such, they came up with very fresh ideas.”*

The advertising agency encouraged Jürgen, as head of the occupational health and safety department, and his team to think about safety from an employee’s viewpoint.

Working together they created six different scenarios for a series of hard-hitting posters. Each of these focused on an area where accidents are most likely to occur.

*“Instead of hiring external people, we asked our employees if they would contribute as models for the pictures taken on site, in an environment that our staff would recognise,” he said.*

The result was immediate. Employees could see themselves in each hazardous situation and could clearly visualise the potential danger.

So far three of the posters – all entitled ‘Accidents cast long shadows’ – have been unveiled. One shows an employee working in a confined space, another working at height and the third focuses on safe biking. The shadows in each picture reflect what could happen in the event of an accident.

*“Those are all typically dangerous situations on site and for the chemical industry itself,” said Jürgen.*

When each poster was launched, Jürgen and his team organised an interactive safety awareness day with simulators for employees to test their skills and knowledge. There was even a quiz with a prize.

Jürgen says the trigger for the campaign was the desire to make staff think about safety in a new, unknown way.

*“It is all about psychology,” he said. “We want employees to stop for a minute and think before they start working.”*

So far, the feedback from employees and contractors to the poster campaign has been positive. The message, it seems, has not only been heard, but understood.

In fact the campaign has been so effective and convincing that posters have been translated into Dutch, English, Italian and Norwegian to be used at other INEOS businesses and sites.

The campaign has also been praised by external organisations.

*“Local authorities were very interested in what we were doing and asked to share the posters with other chemical companies in Germany,” said Jürgen.*

On a personal level, Jürgen is proud of his team and what has been achieved so far.

*“They have had a lot of fun working on this campaign. But we are aware that we still need to push the rock – safety is a constant Sisypheus labour.”*



“WINNERS DON’T DO DIFFERENT THINGS. THEY DO THINGS DIFFERENTLY.”

Shiv Khera, Indian business consultant







# IN THE HEADLINES



## INEOS takes pride as basketball team net top trophy

INEOS is a great believer in developing emerging talent – be it at work or play.

The work the company does in attracting the brightest talent is well known among apprentices; its passion for supporting junior sports teams perhaps less so.

But that support has helped BBC Nyon’s under 19s basketball team to win the Swiss National Championships.

In fact the A team swept the board, also winning the Conférence OUEST de Basketball title and the Vaud’s cup.

*“The support of companies like INEOS is very important for sports clubs because we not only want to improve the standard of training but we also want to encourage a child’s passion for sport,”* said club contact Josiane Chabbey.

*“We also believe that sport plays an important social role in a child’s life and helps to keep them on the right path.”*

INEOS Rolle, which started sponsoring the team at the start of the 2011/2012 season, is proud of its job on the sidelines.

*“We believe that we have a social responsibility to support the local*

*communities where we operate,”* said Rolle-based David Thompson, who is Procurement Director for INEOS Olefins and Polymers with a group responsibility for sponsorship. He said the club, which is regularly attended by about 200 children and also welcomes foreigners’ children, had used the money to invest in professional coaching and facilities and equipment for all the club’s junior teams.

INEOS Rolle also sponsors Bursin/Rolle/Perroy soccer club, Nyon rugby club and Lausanne Hockey Club.

*“All focus the money we provide towards their junior teams,”* said David.



## INEOS Oxide race for the sun

To be fair, the eight of them could have flown from Paris to Nice in under two hours. But that wasn’t the aim of the game in any of their books.

Instead Kurt De Bruyn, Didier Audenaert, Johan De Veirman, Jan De Meyere, Patrick Staes, Chantal Bracke, Kathleen Vriesacker and Chris Vroman from INEOS Oxide wanted to take a slightly more scenic route and go by bike, because it fitted in with their yearly challenge that compelled them to get fit.

The 1,155km route – known in the professional cycling world as ‘the race to the sun’ – began in earnest.

It wasn’t meant to be a race, but rather a six-day endurance challenge with a strong team-building element.

But since they are all quite competitive souls, there was a constant desire to go faster,

especially on the hills.

The biggest ‘hill’ facing them was the 21km climb to the top of the 6,273ft (1,912m) Mont Ventoux – the highest mountain in the Provence region of France – and one of the toughest cols to climb in France.

It is also the stuff of legend, having claimed the life of British cyclist Tom Simpson who died from heat exhaustion within half a mile of the summit on July 13, 1967.

Thierry Nordera from INEOS Lavera, which is not too far from the mountain, had joined his colleagues for the climb to the top of the col which they all reached in good spirits.

From the top, you get a breath-taking view of the whole of Provence and the lunar landscape on top of the mountain is quite spectacular.

The journey, though, was not without drama.

Some days it was so hot that the road melted, others left the riders soaked to the skin, and one particular day the fog was so dense that it made the ride from the Col de Vence not only scary but exhausting.

All were greatly relieved to eventually arrive in Nice.

To celebrate, they enjoyed a hearty meal washed down with a few glasses of wine as they rested their weary limbs in a hotel overlooking Nice.

The following day they boarded their support mini-bus, which had accompanied them on their journey from Paris to Nice, as they made their way back to Antwerp.

The group, which has always been well supported by INEOS, said a future ride might be organised to link some of INEOS’ European sites.

## NEWS FROM AROUND INEOS

### INEOS supports historic panda project

AN HISTORIC project that will see the reintroduction of giant pandas into the wild has won financial support from INEOS Grangemouth and PetroIneos Fuels Ltd.

The company has agreed to support the Royal Zoological Society of Scotland’s giant panda research for three years.

As part of the conservation research project, two giant pandas are now housed at Edinburgh Zoo. They are the only animals of their kind in the UK and one of only three pairs in Europe.

China confirmed that the two pandas could be brought to the UK on the same day that INEOS signed a letter of intent which subsequently led to the formation of a refining joint venture with PetroChina.



Gordon Grant, CEO INEOS Grangemouth Services, said it was rather fitting that the sponsorship arrangement should also be agreed on that day.

Andrew Gardner, commercial manager for PetroIneos Fuels, said the partnership with PetroChina would also bring tremendous benefits to INEOS’ refineries in Scotland and Southern France.

### INEOS awards ground-breaking contract

Cleveland Fire Brigade has won a multi-million pound contract to provide 24-hour emergency cover at INEOS Nitriles’ Seal Sands site.

It is the first time the fire brigade has won a private sector contract but hopes this will be the first of many to help it safeguard local fire and rescue services in Cleveland amid sweeping British Government cuts in the public sector.

*“We’re over the moon that our social enterprise approach has scored its first big commercial success,”* said Chief Fire Officer Ian Hayton.

All profits will be used to fund dozens of community fire safety schemes over the next three years.

INEOS said it was delighted with its decision to award the job to Cleveland.

*“Not only will we be receiving a high quality, professional service, but we are also delighted that profit will be used to provide vital community safety work that will make a positive difference to quality of life across Teesside.”* said Jean Phaneuf from INEOS Nitriles.



## SPREAD THE WORD

If you would like to contribute an article to a future issue of INCH or have a topic that you would like covered, then contact us at [info@inchnews.com](mailto:info@inchnews.com)

All submissions are welcome!



# THE WORLD TUNES IN

## FOR THE GREATEST SPORTS SHOW ON EARTH

MORE than one billion people from all corners of the globe watched the Opening Ceremony of London's Olympic Games on July 27.

That was almost the entire population of China who tuned in to witness arguably the greatest sports show on earth.

INEOS was watching too – for a host of reasons.

As a company, it had been greatly cheered by the Olympic organisers' decision to embrace PVC and all its magical qualities in creating the Olympic Park.

As a company with manufacturing sites in Belgium, Canada, France, Germany, Holland, Italy, Norway, Sweden, UK and USA, employees of many nations were cheering for their own home-grown athletes.

And for some, like Jerry Tweddle and Manfred Hartung, who both work for INEOS, it was deeply personal as their offspring British gymnast Beth and German fencer Max aimed to bring home gold during this summer's Games.

As INCH went to press, Max had narrowly failed to beat Hungarian Aron Szilagyi to win a place in the semi-finals of the men's sabre event.

But Beth went on to become the first British woman to ever win an Olympic medal in individual women's gymnastics. In a tense final at North Greenwich Arena, the 27-year-old earned a bronze medal after qualifying for the uneven bars final with one of the best routines of her life.

Organisers of this summer's London 2012 Games said it had taken weeks to prepare the Olympic Stadium in Stratford, East London, for the extravagant Opening Ceremony entitled Isles of Wonder.

*"We wanted to capture a picture of ourselves as a nation, where we have come from and where we want to be,"* said Danny Boyle, London 2012 Olympic Games Opening Ceremony Artistic Director.

**"AT THE OPENING CEREMONY WE WANTED TO CAPTURE A PICTURE OF OURSELVES AS A NATION, WHERE WE HAVE COME FROM AND WHERE WE WANT TO BE."**

Danny Boyle, London 2012 Olympic Games Opening Ceremony Artistic Director.

The lighting of the cauldron in the 80,000-seater stadium with the Olympic flame signalled the start of the 16-day event and the end of the 70-day torch relay, involving 8,000 torchbearers, that had begun at Land's End in Cornwall on May 19 when Ben Ainslie, three times Olympic gold medallist in sailing, set off on the first leg of the 8,000-mile journey.

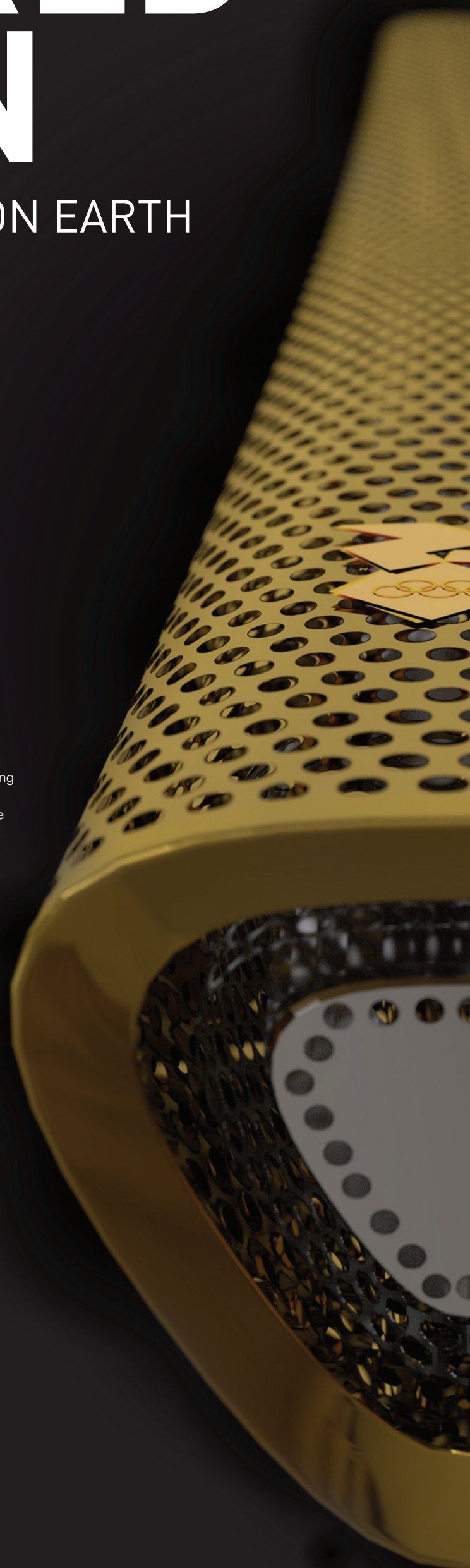
During its epic relay, the flame travelled – apart from on foot – by lifeboat, steam train, rowing boat, on horseback, via a zip wire, cable car and across Loch Ness, and passed a host of historic landmarks such as Aintree Racecourse, The Eden Project, Caernarfon Castle, Stonehenge, Clifton Suspension Bridge, Trafalgar Square, Downing Street and Buckingham Palace.

It was handled, among others, by former Olympic runner Brendan Foster, Jerry Tweddle's daughter Beth, who is now considered Britain's best-ever gymnast, and of course INEOS firefighter Craig Hannah.

The torch had been tested in BMW's climatic testing facility in Munich, Germany, to ensure it could withstand Britain's changeable weather.

And although the flame did go out due to a malfunctioning burner in Devon, it remained alight when it reached the highest point of all on the London 2012 Torch Relay – the 3,560ft (1,085m) summit of Snowdon in North Wales.

In fact, the weather was near perfect when mountaineer Sir Chris Bonington, 77, who conquered Mount Everest in 1975, stood on the Welsh summit, holding the flame aloft.





# QUIRKY FACTS

## ABOUT LONDON'S OLYMPICS & PARALYMPICS



14 million

meals were served



357

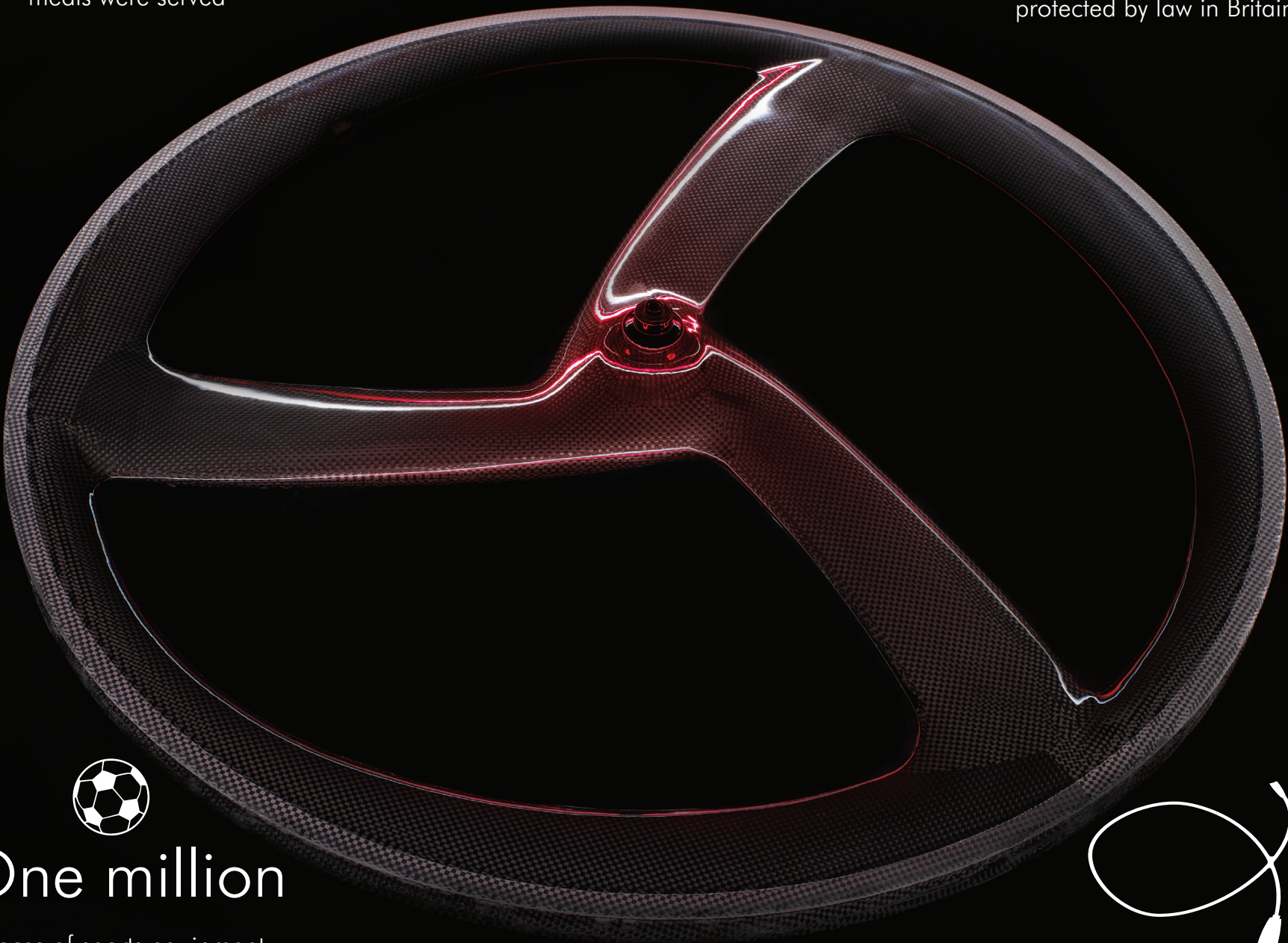
football pitches

The Olympic Park is the size of London's Hyde Park or



2,000

great crested newts found on the site of the Olympic Park have been moved to a nearby nature reserve. The newts are protected by law in Britain



One million

pieces of sports equipment, including 2,700 footballs, were ordered



10,000

temporary toilets – enough to service the entire population of Malta – were provided

300,000

nails were needed to construct the velodrome



350 miles

(563kms) of cabling – enough to wrap around the London Eye 1.3 million times – were laid



Four skeletons

were removed from a prehistoric settlement that was discovered on the site



# FIRED-UP CRAIG CARRIES OLYMPIC FLAME



SCAN HERE  
TO VIEW  
VIDEO:  
OLYMPIC  
TORCH

**THE Olympic flame was in exceptionally safe hands when it was passed to Craig Hannah on June 8.**



For the 48-year-old, chosen to carry the flame through the Scottish city of Glasgow, has been a firefighter for years.

Craig, who works at INEOS' Grangemouth site, said there were no dramas on the day – apart from the drama of the occasion, that is.

*"I was on cloud nine that day,"* he said.

The flame, which Craig carried for half a mile before handing it to the next torchbearer, had been lit from the sun's rays in Greece 29 days earlier.

*"When you think about it, it's awesome,"* said Craig. *"You're holding a flame that's come all that way."*

Lord Sebastian Coe, who is chairman of the London 2012 Organising Committee, said the flame symbolised the Olympic spirit and its journey around the UK had brought the excitement of the London Games to the streets of Britain.

That's certainly what Craig had hoped to see – and witnessed – when he took to the streets.

*"It was good to get the kids excited about the Olympics and to encourage them to do sport because you hardly see younger ones out and about these days,"* he said. *"They all seem to be at home on their computers."*

Craig had been chosen as one of the UK's 8,000 torchbearers after being nominated by brother-in-law Jim Blaikie for his work in the Bo'ness community.

*"It was very humbling to know that I was chosen out of so many people who were nominated,"* he said.

Craig is a well-known pillar of the Bo'ness community.

He has run a music project for young people in Bo'ness called Cozy Blanket for about 15 years. And many local children and bands use the studio, which is kitted out with equipment.

He's also a church elder at St Andrew's, plays drums in local band Hunter and volunteers as a first response contact with the ambulance.

*"It's good having a job where you work shifts because it allows me to facilitate all the voluntary stuff,"* he said.

Those who missed Craig in Glasgow later found him – and the Olympic torch he carried through the Scottish city's streets – at the Bo'ness Children's Fair Festival on June 29.

## FACING AN OLYMPIC CHALLENGE

**TWO-TIME Olympic silver medallist Nick Rogers has spoken to INCH magazine about his disappointment at failing to be selected for London 2012.**

The 35-year-old British sailor, who won medals at both Athens in 2004 and Beijing in 2008, admitted he was 'gutted' but said that was all part of competition.

*"If you enter you have to be prepared to win and to lose,"* he said.

In the interview for INEOS' global magazine, Nick also talked about the psychology of sport, peaking at the right time, how to deal with the pressure of competing in the Olympics, and what manufacturers could do to improve the 470 high performance sailing fibreglass dinghy.

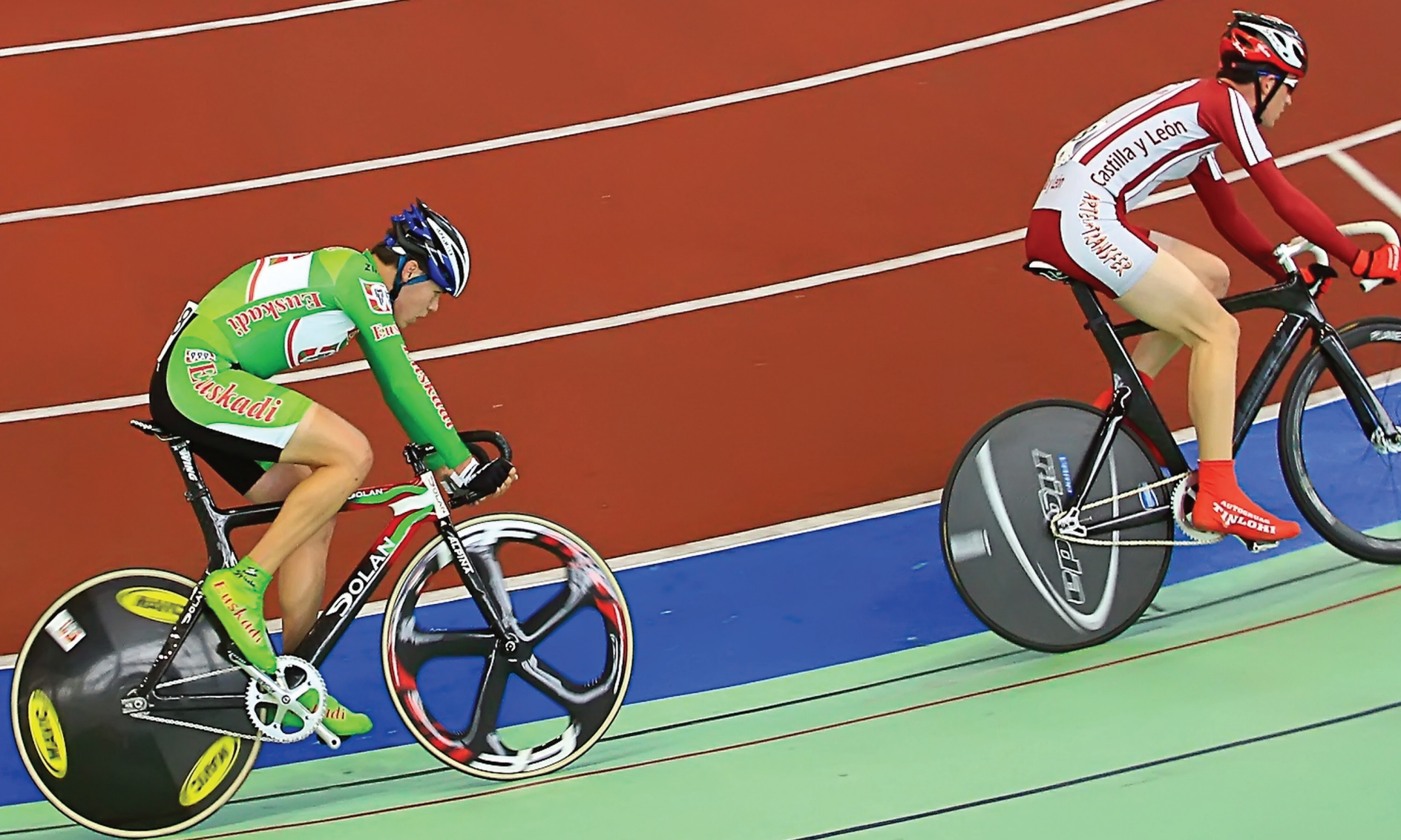
Nick began sailing when he was 14. After winning gold at the 1995 Youth Sailing Championships, he teamed up with Joe Glanfield for a highly successful 11-year partnership which saw them win silver Olympic medals at Athens and Beijing.

For the full interview, log on to ...

SCAN HERE TO VIEW  
VIDEO: SAILING &  
THE OLYMPICS







# PVC FLEXES ITS MUSCLES

**INEOS doesn't have a habit of shouting about its achievements from the rooftops but maybe it should. If you are looking for a company that touches almost everything we do INEOS really is the word for chemicals**

INEOS has been helping to break world records, shape world events and create world champions for years.

As a company, it's deeply proud of those achievements but there the accolades seemingly end.

For few others - outside the industry - are perhaps aware of the massive contribution that PVC makes to the world of modern sport.

*"It's an amazing material,"* said Jason Leadbitter, Sustainability and Compliance Manager for INEOS ChlorVinyls.

*"It is cost-effective, long-lasting, easy to maintain and a highly versatile construction material with a favourable environmental footprint."*

That said, Jason said that sadly some would always be institutionally racist against PVC.

*"It will always be seen by some as the bad boy of plastics, which really grieves me,"* he said.

Fearing that the organisers of London 2012 might buckle under pressure from environmental groups such as Greenpeace and ban PVC from the Olympic Games – just as the Australian organisers in Sydney had

done in 2000 – he, along with other industry representatives, arranged to meet Dan Epstein, Olympic Delivery Authority's head of sustainable development, about five years ago to make a case for using PVC.

*"All we asked for was a fair hearing,"* said Roger Mottram, Environmental & Regulatory Affairs Manager for INEOS ChlorVinyls and chairman of the British Plastics Federation Vinyls Group. He also attended the meeting.

*"And that's what we got. He was very good to us."*

*"He told us that just as the athletes would be expected to raise the bar on performance, he wanted the industry to do the same."*

*"He wanted us to set new standards and innovate."*

*"We just wanted the chance to prove we could. And that's essentially what we intend to do."*

When the London Games officially opened on July 27, more than 142,000 square metres of PVC had been used to create the venues – including the aquatics centre – for the biggest sports' show on earth.

Athletes competed in arenas with PVC floors and some relied on equipment made from PVC.





The thousands watching as the events unfolded sat under PVC canopies, protected by PVC barriers.

That's not to mention the miles of PVC pipes and electrical cables that had been laid before the Opening Ceremony, which attracted a worldwide TV audience of over one billion people.

**"PVC was in use almost everywhere you looked,"** said Roger.

And the reason for that is simple. In short, PVC can withstand pouring rain, raging seas and blazing sunshine, which is good news when one considers Britain's unpredictable summers.

Those who think, though, that the Olympic Delivery Authority simply caved in under pressure from the PVC industry and gave it an easy ride, should think again.

Aware that the use of PVC is a contentious issue, London 2012's sustainability group published a policy in 2009 outlining the use of vinyl in the Olympic Park.



**"We wanted to use the opportunity of hosting the London 2012 Olympics to work with the industry to set new standards,"** said Dan Epstein.

**"We wanted to help move the industry towards a more sustainable manufacture, use and disposal of PVC fabrics."**

He said the stringent controls and audit processes had been put in place to ensure that where PVC was used, it was done in an environmentally-friendly way so that much of it could be recycled or reused.

David Stubbs, head of sustainability on the London Organising Committee of the Olympic Games and Paralympic Games, said recycling was important because London 2012 had more temporary venues than at any previous Olympics or global event.

All those temporary structures are due to be torn down and recycled when the Paralympic Games come to a close on September 9.

The PVC will be separated from other materials such as natural textiles, metal and rubber and then recycled or reused.

The proposal is to use some of the PVC at the 2014 FIFA World Cup in Brazil and it is hoped that once the basketball arena has been dismantled that it may be reused at the 2016 Rio Games.

The policy, which was drawn up by London 2012, also insisted that all materials had to:

**INCLUDE** at least 30% recycled content;

**BE** manufactured in accordance with The European Council of Vinyl Manufacturers' Industry Charter; and

**MEET** standards for effluent discharges and vent gases and must not contain lead, mercury or cadmium stabilisers.

Richard Jackson, principal sustainable development and regeneration manager of the Olympic Delivery Authority, spoke of lessons learned in a report, entitled Learning Legacy.

He said despite initial concerns about the policy, the plastics industry had broadly welcomed the approach and said that it had actually stimulated the supply chain to innovate a non-phthalate PVC, which was used in a number of the building wraps.

The policy, he said, had also recognised the PVC industry's voluntary code, Vinyl2010, which during its 10-year lifecycle had exceeded its own targets on recycling and made good progress in phasing out various additives.

INEOS had been heavily involved in Vinyl2010's commitment to look at what the industry could do about PVC across Europe and had made a significant financial contribution to its success.

Last year the European PVC industry – buoyed by the success of Vinyl2010 – went even further and signed up to VinylPlus, a new 10-year voluntary commitment.

**"With VinylPlus we have put in place some new, more ambitious targets for sustainable development,"** said Jason.

All the targets have been indirectly set by stakeholders following a consultation.

**"This means we can really address the areas that are perceived to be issues,"** he said.

Their plan is to:

**RECYCLE** 800,000 tons of PVC every year by 2020;

**PHASE** out lead stabiliser additives by 2015; and

**REDUCE** the amount of energy used in the production of PVC.

**"We're trying to find ways to make people more aware of the benefits of PVC but also show that we're making progress on environmental sustainability,"** said Jason.

At a press conference in London in June, Roger launched a British Plastic Federation brochure PVC in Sport to show how critical PVC had become to the world of high performance sports.

**"These are exciting times for sporting events and PVC will play its part,"** he said.

The brochure also highlighted the criteria that the Olympic Delivery Authority had set in its PVC policy for London 2012.

Roger said he hoped it would help to spread the message about the sustainability of PVC.

**"The UK PVC industry has undergone a transformation after a period when the material was effectively labelled a public menace,"** he told journalists.

During a recent interview with British Plastics and Rubber Magazine, Roger spoke of the importance of events like the Olympics to PVC.

**"If a lot of PVC is used in big projects like the Olympics and can be shown to meet the very strict sustainability criteria, then we hope that it will encourage others to follow suit,"** he said.

**"What we've shown is that PVC can be recycled and that it can, and is being, responsibly produced at a very high standard."**

Jason said one of the main aims of VinylPlus was also to make stakeholders aware of the contribution PVC made in modern life.

**"PVC is incredibly versatile and used in many everyday items that people take for granted,"** he said.

The group is also promoting a new study which compares the full cost of PVC against other materials.

**"In the current economic climate, where the public sector is under pressure to make savings, we want to show that you can save millions on council budgets if you use PVC products."** he said.



SCAN HERE TO  
VIEW VIDEO:

Sporting venues, surfaces, equipment and clothing all rely on PVC – which is proving its performance at sporting events around the world. View the British Plastics Federation Video here







INEOS KEEPS ATHLETES IN THE

# RUNNING FOR GOLD

**Carbon fibre stands to revolutionise the way we all live, work and play. And in many ways, it already has. One only has to watch sprinters competing in the Paralympic Games on carbon-fibre blades. INEOS Nitriles supplies the world with acrylonitrile, the core ingredient needed to make carbon fibre**

NO-ONE will forget the sight of American sprinter Dennis Oehler break the 12-second barrier in the 100-metres at the Seoul 1988 Paralympic Games in South Korea.

For it was the first time the world had seen carbon fibre springs in action.

Those carbon-fibre blades, which have since revolutionised track events for disabled athletes, are today an iconic symbol of Paralympic sport.

And for INEOS Nitriles – the world's largest producer of Acrylonitrile – it's yet another reason to feel mighty proud.

Acrylonitrile – a chemical from the cyanide family – is an essential ingredient in the manufacture of carbon fibre.

Without it, the world would not have carbon fibre, and without carbon fibre many important, new developments would simply not be possible.

Barry Slater is global sales director of INEOS Nitriles.

*"It is an incredibly exciting area to be working in,"* he said.

*"The biggest challenge is that carbon fibre is expensive – it's a lot more expensive than steel - but it's starting to find its way into many premium markets."*

Take the Boeing 787, America's state-of-the-art medium-sized, aircraft, which was launched late last year. Its carbon fibre structure has led to a reduction in weight with CO<sub>2</sub> emissions being slashed by almost 20% compared to existing aircraft.

The people behind the aircraft are Toray, a Japanese company that is now considered the world number one in the manufacture of carbon fibre. The people behind Toray are INEOS, which has secured the rights to supply Toray with Acrylonitrile for the Boeing 787 fleet.

And so far Boeing is believed to have already received orders for more than 800 aircraft from airlines around the world.

*"It is fantastic for INEOS,"* said Barry.

In the meantime, though, attention is, for now, focused on the Paralympic Games which open in London on August 29.

There, carbon fibre has played a significant role in the dramatic increase in performance for disabled athletes and it is the properties of the material that make it ideal for prosthetics.

For a start it is about five times as strong as steel. It is stiffer but much lighter. It is made up of strands of carbon, thinner than a human hair that are twisted together and then woven like cloth to make a carbon fibre layer.

Each running blade is made up of more than 80 layers of carbon. Each layer is added one at a time over a mould, by hand. It can take one person two hours to lay the carbon for a single running blade. Pressure and heat are then applied to fuse and harden the carbon layers. It is the moulding and the setting that is the interesting bit.

One athlete competing using carbon fibre running blades will be 100m World Champion Heinrich Popow who almost set a new European record when he ran the 100 metres in 12.43 seconds at Berlin on June 15.

*"It was the perfect start to the season,"* he said. *"And I now cannot wait for London."*

At London 2012 he will be competing in the 100 metres and the long jump.

But it is the 100 metres where he hopes to take home the gold medal to Germany.

*"It's all about the 100 metres and I don't want to finish second,"* he said.

He also hopes his performance will help to raise the bar for all Paralympic sports.

*"For me it is clear that all competitors for the Paralympic Games are acknowledged as athletes in their own right, not for their disabilities,"* he said.

Heinrich, who had once dreamed of becoming a professional footballer, said it had taken time to learn how to run fast with a prosthetic leg, but the secret had been to never give up.

*"Sport is the most important thing in my life,"* said Heinrich, who was just nine when doctors discovered a tumour in his left calf and told him that his leg had to be amputated.

*"No matter whether I win or lose, I don't give up. I stick with it. I want to encourage other people with my success and show them that there is always an opportunity, even in the biggest setback."*

Also competing at the London 2012 Paralympic Games on a carbon fibre running blade will be Kelly Cartwright. The International Paralympic Committee believes Heinrich and Kelly are two of the athletes to watch this summer.

*"I believe you can do everything that you want to do in life regardless of whether you have a disability or not,"* said Kelly.

*"I am asked quite a bit about the things that I can't do because of my disability but the only thing that I can think of is wearing high heels."*



# INEOS EXCELS COME RAIN OR SHINE

**INEOS Oligomers produces some amazing materials, including Poly Isobutylene, a phenomenal product with a myriad of uses that most ordinary people would never be aware of. One extraordinary man, who was aware, was Richard Schabel who not only discovered Poly Isobutylene but used it to help him become a world champion**

PARALYMPIAN Richard Schabel's chances of a gold medal literally slipped out of his hands at the Sydney Olympics in 2000.

The British discus thrower, who is unable to grip with his hand, had used a glue-like substance to help him hold on to it until its release.

But the pine resin-type substance he had been using melted in the palm of his hand in the blistering heat.

*"It meant the discus was so slippery that I couldn't grip it,"* he said.

Disappointment led him on a quest to find a product that would perform at its best – come rain or shine.

That search led him to Indopol H18000, a product produced by INEOS Oligomers.

*"He had already tried a sample of it and knew it worked, but he wanted to speak to the manufacturer to source a larger, regular supply,"* said Ian Purvis, account manager INEOS Oligomers.

Ian was happy to oblige.

*"We could certainly see why it would work, if not how it would work,"* he said. *"Indopol H18000 is one of the tackiest products in the market and provides excellent adhesion to almost any surface and its hydrophobic properties means it would not be affected by rain or sweat."*

The product – although not a 'glue' in its own right – worked wonders.

*"It made a massive difference to my performance,"* said Richard who went on to become the world No.1 discus champion.

*"It was consistently good, which meant I could train better. And on the day of any competition, it meant it was one less thing for me to worry about."*

But it took time for Richard to perfect his throw using the substance, which he applied to three fingertips and the palm of his hand.

*"I have got no control over when the discus is released so if you have got too little on, the discus can slip out of your hand too early,"* he said. *"And if you put on too much, it comes out too late."*

What helped Richard, though, was that the product retained its tackiness, which meant he just had to work on his timing.

Sadly Richard, who is now 54, will not get to put it to the ultimate test after failing to qualify for the GB squad for this summer's Paralympics in London.

He's disappointed but he will be watching from the sidelines.

And having completed the London Marathon four times, he knows the difference a home crowd will make to the British athletes.

*"There will be an extra buzz for all of them because they will be competing in front of a home crowd,"* he said.

*"I remember the noise being deafening in Beijing, so hopefully they will see that too in London."*

Richard, who broke his neck in a car accident when he was 21, had already had a sneak preview of the London 2012 Olympic Stadium.

He – along with scores of athletes – had been invited to take part in a test event inside the 80,000-seater stadium.

Although Richard has not made the GB squad, one who will definitely be watching Britain's Paralympic discus throwers will be Ian.

*"It is a shame that Richard won't be among them,"* said Ian. *"But on a personal level, it's wonderful that we have been able to help Richard."*

*"And from a business perspective, it's always fascinating to find new and interesting applications for our products because it helps us to understand how we can help businesses create new products, using our materials."*

INEOS Oligomers product helps Richard Schabel to become world champion



ALMOST 80,000 tons of Poly Isobutylene is produced at INEOS Oligomers' site in Lavera, France, every year.

It's known as '**PIB**' for short and is a clever little chemical that can be found in everything from cosmetics, to '**blue tack**', to motorbike oil to cling film. It even puts the 'chew' in chewing gum.

*"There is nothing like it on the market,"* said Ian Purvis, Account Manager for INEOS Oligomers, who has been selling PIBs for 11 years. *"It is a phenomenal product with a myriad of uses that most ordinary people would never be aware of."*

INEOS provides the chemistry, and different processes are then used in the production activity that results in different grades of Poly Isobutylene. Some emerge as free-flowing oils, some are more sticky with a honey-like consistency and others finish off as very tacky, rubber-like materials.

*"All the 'magic' basically goes on in the polymerisation phase,"* said Ian. Some of INEOS' biggest customers are film producers (supplying farmers with silage wrap), and producers of adhesives and sealants.

Ian said PIBs had been around for years so it was operating in a mature market where every possible use had, in the most part, been exploited.

That's one of the reasons why Ian said he was so thrilled to be contacted by Paralympian Richard Schabel.

*"Most people who call me for samples are producers,"* he said. *"It's rare we get to speak to someone who actually uses the end product."*

*"Whilst this really is the ultimate niche market, it illustrates well how we work. Listening to stories like this helps us to understand how we can develop new business and create new products using our materials."*



# THE OLYMPICS: A SUSTAINABLE LEGACY OR EXPENSIVE EXTRAVAGANCE?



Britain has so far spent £9.3 billion on hosting this year's Olympic Games. UK Prime Minister David Cameron believes the Games will deliver a lasting legacy to the city of London. But others might beg to differ, most notably Greece, which blames hosting the 2004 Games in Athens for its current massive debt crisis. So what are the Olympics: a sustainable legacy or an expensive extravagance?



## LEGACY

- 1 The Olympics will revitalise local sport in Britain for generations to come. The legacy of sports in schools, where we have got half the country's schools taking part in a schools Olympics. And the least tangible of all, which is the inspiration people will feel when they see great British athletes, whether rowing in a race, riding on a bicycle or running on the track. It's well-known that this has a transformational effect. You can have any number of Government summits about sport in schools, but the sight of Sir Chris Hoy or someone like that has people in the shops saying 'I want to buy a bicycle, I want to get on my bike'. That's the bit you can't touch, but it is very, very powerful and I think it can bring the country together.  
**David Cameron, British Prime Minister**
- 2 The legacy of the 2012 Olympics has preoccupied us almost as much as the event itself. Which is as it should be. When we invest so much in a two-and-half-week festival of sport, we expect to reap some longer-term benefits. Having said that, legacy is a problematic word, because it has so many elements to it. First there is the material legacy left behind in the shape of venues like the velodrome, the aquatic centre and the Olympic stadium itself. Then there is the cultural legacy, the impression of Britain that visitors take away with them. But the most important part, in my opinion, is the human legacy. British sport will receive an unquantifiable but powerful boost from the fact that the Olympics will be in the foreground of everybody's thoughts.  
**Sir Steve Redgrave, five-times Olympic gold medalist**
- 3 Notwithstanding the massive social benefits from staging the Olympics, there has already been great investment into an area of London in desperate need of rejuvenation. East London is characterised by rising levels of child poverty, not opportunity and promise. This is no 'circus'. This will have a long-term effect on the area and on the British economy.  
**Charlie Edwards, founder and editor of Political Promise**
- 4 The Beijing Olympic Games were in many ways the most extravagant games ever held. Stunning new stadiums were erected that have themselves become tourist sites. Large parts of northern Beijing (a city where land is expensive and scarce) were devoted to Olympic athletic, recreational and housing facilities. All this went well above budget, even before one counts the cost of the magnificent opening ceremonies. But what the city gained was an enormous investment in its basic infrastructure and in its public spaces. New subway lines began to criss-cross a city that had become paralysed by vehicular traffic. New highways were added, as ring-upon-ring roads encircled the central city. A stunning new airport terminal, larger than all of Heathrow, and perhaps the most beautiful on earth, opened to coincide with the Olympics, and new parks were built across this otherwise grey city.  
**William Kirby, professor of Chinese Studies, Harvard University**
- 5 The 1996 Summer Games had a tremendously positive effect on Atlanta's urban landscape. Without the incentive of hosting the Games, who knows if an excellent public space like Centennial Olympic Park would have been constructed in our city centre. The park is a centrepiece in Downtown Atlanta's revitalization efforts as several major high-rises, museums and attractions have been built on its periphery. It still serves as an amazing event space. Yes, the Olympics are costly, but they can help create a more sustainable urban environment for the host city.  
**Dahshi Marshall, urban planner, Atlanta Regional Commission**

## EXTRAVAGANCE

- 1 No one knows how much the Olympics cost Greece, although many think it played a major role in producing the debt that spurred the country's economic downfall. As one of the smallest countries to host the event, the Greeks still speak of 2004 as a defining moment, when the country crackled with optimism, confidence and pride. But Athens' Olympic Park is no testimony to past glories. Instead, it is indicative of misplaced extravagance, desolation and despair.  
**Helena Smith, The Sydney Morning Herald**
- 2 The Olympics was all about consumption in order to capitalise on the Olympic phenomenon and create advertising spots to sell products. For us it was catastrophic.  
**Manolis Trickas, Councillor in the Athens suburb Hellenikon**
- 3 There is no doubt that hosting an Olympic festival produces a large measure of civic pride. When a host city is placed before the television, the eyes of two thirds of the world's population, the event becomes a magnified public relations and advertising phenomenon. But civic pride aroused from such an endeavor is fleeting and the monuments built for the spectacle in the form of stadiums and sporting venues shortly become little more than ghostly reminders of once glorious days. In point of fact, the historical record of long-term benefit from Olympic-related sports facilities is one indelibly burdened by maintenance and operation costs that rise well above user-fee revenue.  
**Robert K Barney, International Centre for Olympic Studies at the University of Western Ontario in Canada**
- 4 The evidence from past Olympic Games hardly suggests that there's a resounding economic gain from being the host city. Montreal's 1976 Olympics left the city with \$2.7 billion of debt that it finally paid off in 2005. A city looking for an economic boost would be wise to not host the Olympics.  
**Andrew Zimbalist, economist, Smith College, Massachusetts**
- 5 Economists generally find that local organisers and sports boosters routinely exaggerate the benefits and underestimate the costs of hosting major events such as the Olympics. If a city is using an expectation of a financial windfall as justification for hosting the Olympics, past experience suggests that the host will be in for a rude awakening.  
**Victor Matheson, economist, College of Holy Cross in Worcester, Massachusetts**



# CLOTHED IN SUCCESS

## HOW INEOS PLAYS ITS PART IN PRODUCING HIGH PERFORMERS

**Who would have imagined that clothes – once worn because they were cheap – would today be leading the way in high performance clothing? But that’s the score. And one that both INEOS and Dralon are exceptionally proud of – for very different reasons**

MEN and women of a certain age will remember nylon and acrylic.

The synthetic fabrics were popular in the seventies. Nylon didn’t crease and it dried quicker than cotton, and acrylic was bulky and warm. And both were cheap.

But in time, they became products to avoid.

Barry Slater, global sales director for INEOS Nitriles, remembers those days well.

*“Synthetics were considered the poor alternative to natural fibres,” he said. “Their performance and ‘feel’ were worse, but, they had their own place in the market.”*

Then something changed. They changed. Like all athletes, they worked on their performance.

*“That’s the good thing about synthetics,” said Barry. “Because they are man-made you can actually play with their properties. You can adjust the mix of the chemicals, you can change the characteristics so that they can compete with natural fibres. And sometimes you can make them even better.”*

And that’s what Dralon, the world’s largest producer of dry-spun acrylic fibres, did, drawing on INEOS’ piped supply of Acrylonitrile to make it happen.

Dralon and INEOS share a site in Dormagen, near Köln, which makes life easier for both companies to do business.

Every day more than 200 tons of Acrylonitrile, the principal raw material needed for the manufacture of acrylic fibre, are piped to Dralon where magical things have been happening for years.

*“A lot of development has been done there over the years,” said Barry.*

*“Acrylic, for instance, is a lot softer now. It used to be so strong that jumpers would begin to pill. A lot of work has been done to make the fabric weaker so that the little balls of fluff now fall off.”*

The result is that today, world-class athletes swear by both nylon and acrylic clothing to enhance their performance.

Little wonder. Today’s acrylic fabrics are clever. If you’re cold, it keeps you warm, and if you’re hot and sweaty, it does something about it. It soaks up the moisture, wicking it away from the body, and transports it up and out so that it evaporates.

That’s unlike cotton, which, when it gets wet, becomes heavy, leading to blisters on feet. The same applies to denim and why you should never go hiking in it. It gets wet and heavy in poor weather.

*“Cotton actually becomes almost round when it is exposed to water and sweat,” said Manfred Borchers, head of marketing and sales worldwide for Dralon.*

Tests have also shown that nylon dries 60% faster than cotton, with acrylic performing even better – at 75%.

Socks hold their shape and jackets retain their thermal properties even when they are wet.

Dralon produces 188,000 tons of dry and wet spun acrylic fibres every year at its two German plants. Those fibres are then made into a multitude of high performance clothing including socks, sweaters, T-shirts, ski wear and hats.

*“Our dry-spun fibre doesn’t absorb any moisture at all,” said Manfred.*

The Acrylonitrile industry is now a more than five-million ton industry.

*“INEOS is the global number one maker and marketer,” said Barry. “And we ship it across the world.”*

INEOS Nitriles’ top five customers include Dralon, Chi Mei, the world’s largest manufacturer of ABS plastic in Taiwan, and Turkish company AKSA, one of the world’s largest acrylic manufacturers.

It also supplies Acrylonitrile to Japanese synthetic fibre maker Toray Industries, the world’s number one in the manufacture of carbon fibre, which – given time – stands to revolutionise the way we all live, work and play.

*“Carbon fibre is effectively roasted acrylic fibre,” said Barry. “But it’s an amazing material.”*

One only has to look at the iconic Lotus bike that British cyclist Chris Boardman rode to victory at the 1992 Barcelona Olympics.

The acrylic fibre industry, meanwhile, is not as lucrative as it once was.

*“It used to produce two and a half million tons a year but it’s now two million due to the fact that polyester, which is cheaper, is competing with it,” said Barry.*

He said it was one of the reasons why the acrylic fibre industry had opted to specialise in the high performance sportswear market. It needed a niche market and it found one.

For INEOS Nitriles, the use of Acrylonitriles in the manufacture of plastics used in IT equipment, domestic appliances, like Dyson and car interiors, is an area that is growing.

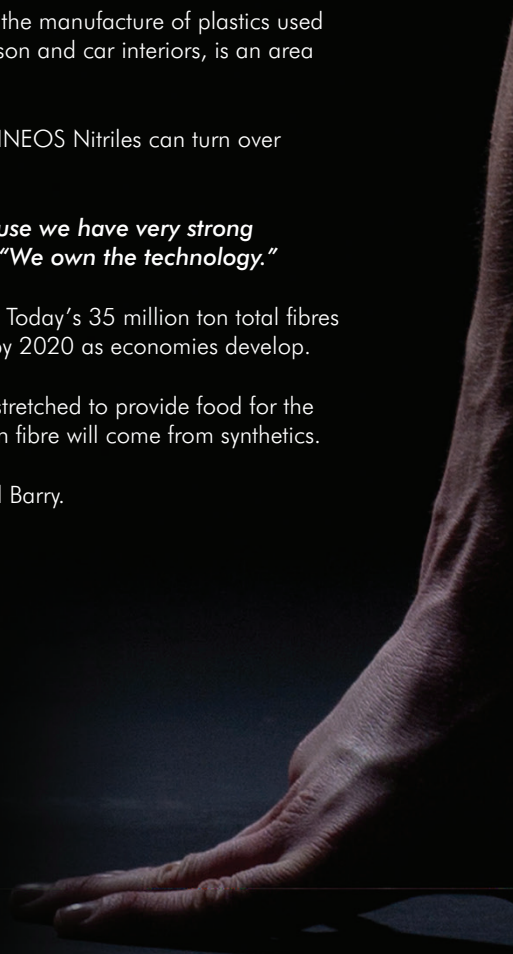
As a business though, when the stars line up, INEOS Nitriles can turn over about £3 billion a year.

*“We have some incredible customers because we have very strong manufacturing of Acrylonitrile,” said Barry. “We own the technology.”*

The demand for all fibres, though, is growing. Today’s 35 million ton total fibres market is forecast to grow to 70 million tons by 2020 as economies develop.

As the earth’s land resources are limited and stretched to provide food for the growing population, nearly all of this growth in fibre will come from synthetics.

*“That could be good news for acrylic,” said Barry.*







## MARRIAGE MADE IN HEAVEN

Köln is considered to be the home of acrylic fibres and Acrylonitrile in Europe.

What today is INEOS was then BP. What today is Dralon was then the acrylic fibre unit of Bayer AG.

In the late 1950s, BP and Bayer agreed to build a naphtha cracker in Dormagen to cover the increasing demand of Bayer for petrochemicals' derivatives. Around that cracker, downstream products – building block chemicals – such as Acrylonitrile were installed.

***“A big part of the available propylene was transformed into Acrylonitrile and a huge portion of that was, and still is, today fed by pipeline to Dralon,”*** said Manfred Borchers, head of marketing and sales worldwide for Dralon.

***“In doing that, a very sustainable supply chain was installed way ahead of today’s ongoing discussions of what is sustainable and what is not.”***

Today INEOS is a global industry leader in the Acrylonitrile business. Dralon is still global number three producer in the acrylic fibres world despite increasing competition from the Far East where fibres are mainly being processed.



# TIMED TO P

**INEOS’ big goal for this year had been to refinance the remainder of its borrowing when the time was right. Never one to miss an opportunity, INEOS deemed the time was right in April. And it seems others couldn’t agree more**



**“INEOS was able to switch at the last moment to where the pricing was keenest.”**

**Oliver West, Euroweek**

## INEOS made history in the financial world in April

Buoyed by the markets’ response at the end of January to what it could offer investors, it went back as planned to refinance the remainder of its borrowing and achieved the largest-ever covenant-lite loan for a European company and the largest globally since the credit crunch began in 2008.

*“It was a staggering achievement by the company,”* said Michael Moravec, head of European high-yield syndicate and co-head of EMEA leveraged finance origination at Barclays, global co-ordinators of the financing alongside JPMorgan.

*“It eliminated all INEOS’ near-term maturities, took refinancing risk off the table and converted its entire debt structure away from maintenance covenants to simple incurrence covenants.”*

He said the upshot of that – maintenance covenants are much more onerous for companies, especially in cyclical sectors such as chemicals – is greater freedom and flexibility for INEOS to operate.

*“Management can now concentrate on what it does best, which is managing a chemicals business,”* he said.

Elsewhere, reaction to the refinancing package was equally as positive.

Euroweek, the leading weekly newspaper for the global capital markets, said INEOS had shown its clout as a borrower.

*“INEOS was able to switch at the last moment to where the pricing was keenest,”* Oliver West, a leverage finance reporter, wrote in an article published at the end of April.

But it was also about timing, as INEOS Finance Director John Reece had forecast when he spoke to INCH magazine in March, after INEOS successfully refinanced a large chunk of its borrowing in January – a year before it needed to.

*“You really have to take advantage of the credit markets when they are there because they are very cyclical,”* he said.



# PERFECTION

**“ As it stands, INEOS can manage its affairs, through the ups and downs of the chemicals’ cycle, in a way that best suits the company and its long-term needs, without having to worry about shareholders’ shorter-term requirements.”**

**Malcolm Stewart, Ondra Partners**

Malcolm Stewart, a partner at Ondra Partners, a long-standing adviser to INEOS, said the timing had been perfect.

*“They nailed it,”* he said.

*“The initial deal had been so robustly received by the markets at the end of January that INEOS went back to the markets very quickly.”*

INEOS also knew the window of opportunity offered by the markets would not be open for very long – and management was right.

Within a month, interest rates had risen by 1%.

*“When you are talking about a \$3.8 billion refinancing deal, it’s a lot of money, which could be invested elsewhere in the business,”* said Malcolm, who described the April deal as the ‘happy culmination’ of four years’ work.

The revival in covenant-lite loans follows the search for ‘yield’ in corporate debt. With interest rates at an all-time low, investors want more for their money and borrowers want more leeway given the unpredictability of the global economy. Covenant-lite loans, which strip away some of the restrictions for companies, offer both.

In April, INEOS Group held investor days in London and New York. CEOs from each of the businesses gave detailed information on performance and markets to give investors the opportunity to fully understand the company. It wanted to refinance its senior credit facilities – and extract the best terms – and to do so, it simply made best

use of competing demand between US and Euro investors in high-yield bonds and loans.

*“The company initially came out with \$1.5 billion in loans and \$2.2 billion in bonds,”* said Malcolm.

*“But every investor in the world knows the strength and depth of the US high-yield bond market and that it could have absorbed the entire refinancing.*

*“So, initially showing a large high-yield bond gave every incentive to loan investors to submit large orders on tight terms.”*

In a smart move, INEOS surprised the market – almost at the 11th hour – by dropping the Euro high-yield bond component completely and reducing the US high-yield bond to just \$775 million.

Instead, it raised a \$2 billion six-year, covenant-lite leveraged loan, a \$375 million three-year covenant-lite loan and, the biggest surprise of all, a \$500 million six-year covenant-lite leveraged loan.

And there was more good news to come.

INEOS’ successful refinancing also helped to improve its credit rating.

Standard & Poor’s upgraded it from a B to B with a ‘positive’ outlook.

*“The rating actions reflect our view of INEOS’ resilient operating performance in recent quarters,”* said Oliver

Kroemker, associate director and credit analyst at Standard & Poor’s.

And Moody’s Investors Service also changed its outlook on INEOS to positive. It said the refinancing would give INEOS more financial freedom, thanks to the removal of the covenant restrictions.

Most of INEOS’ borrowing stems from 2005 when it took out a series of loans to buy Innovene from BP and many of those loans are now coming to maturity.

John said INEOS could have looked for finance in the equity market instead of the debt market, but chose not to.

*“The difference is that one gives INEOS control; the other doesn’t,”* he said.

Malcolm said he understood INEOS’ reluctance to be anything other than a privately-owned company.

*“Public equity is not in INEOS’ DNA,”* he said.

*“When you give the public shares, you give them votes and rights in how a company is managed.*

*“As it stands, INEOS can manage its affairs, through the ups and downs of the chemicals’ cycle, in a way that best suits the company and its long-term needs, without having to worry about shareholders’ shorter-term requirements.”*

## INEOS Group second quarter trading

INEOS suffered a slowdown in the second quarter of 2012 – after an impressive start to the year.

The Group reported that its earnings (EBITDA) for the second quarter were €308 million compared to €576 million (a quarterly record) for the same quarter last year – and down €157 on this year’s first quarter.

Finance Director John Reece said “Before this INEOS had actually enjoyed a fairly strong April but the impact of steeply declining oil prices – the price fell from \$123 per barrel to \$94 during the quarter – adversely affected May and June’s historical cost results.

It meant that non-cash inventory holding losses of about €141 million were incurred during the second quarter, mainly in the Olefins & Polymers businesses.

Chemical Intermediates reported EBITDA of €119 million compared to €267 million in the second quarter last year and €233 million for quarter one. Lower feedstock prices – combined with the general macro-economic uncertainty – had influenced sentiment in the chemical Intermediates businesses.

INEOS Phenol was one of the better performers. The heavy industry turnaround schedule had maintained a strong supply side influence, which had led to healthy margins and volumes.

And INEOS Oligomers also experienced steady demand and solid margins in all sectors.

Volumes and margins for INEOS Nitriles, continued to be relatively weak, with subdued demand for acrylic fibre and ABS in the Far East and Europe.

Meanwhile, INEOS Oxide’s performance was mixed. The demand for ethylene oxide in Europe held up but it had been offset by slow demand for glycols, especially in Asia.

INEOS Olefins & Polymers North America reported EBITDA of €132 million compared to €163 million for the same quarter last year and €175m compared to Q1. The business had continued to benefit from the use of cheaper gas feedstock, which meant it could maintain good margins, and resulting in another record quarterly performance (before inventory holding losses).

The American cracker business environment continued to strengthen with lower feedstock costs, boosting cracker operating margins during the quarter. And Polymer demand remained solid overall, with derivative exports filling the gap from weaker domestic demand as gas crackers remain very competitive globally. One of the crackers at Chocolate Bayou had a scheduled turnaround during the quarter, which was completed successfully.

INEOS Olefins & Polymers Europe reported EBITDA of

€57 million compared to €146 million for the same quarter last year and €57 million compared to Q1. Demand for olefins was moderate, with butadiene continuing to perform well. The large decreases in naphtha prices led to healthy cracker margins throughout the second quarter. But volumes had decreased with some customers destocking. The cracker at Rafnes, Norway, completed a major scheduled turnaround during the second quarter. Polymer demand was subdued, though, as customers anticipated lower prices in the wake of weakening oil and naphtha prices. Softness in the commodity polymer markets also resulted in low margins.

In May 2012 the Group successfully issued \$775 million Senior Secured Notes due in 2020 and a new Senior Secured Term Loan totalling \$3,025 million. The net proceeds had been used to repay all of the remaining indebtedness under the Senior Facilities Agreement, together with accrued PIK interest and associated issue costs.

John said INEOS Group would continue to focus on cash management and liquidity.

INEOS’ net debt was €6.55 billion at the end of June 2012. Cash balances at the end of the second quarter were €1,247 million, and availability under undrawn working capital facilities was €200 million. Net debt leverage was around 4.9 times as at the end of June 2012.



# DRIVEN BY CHALLENGE

## INEOS TO GO ON THE ROAD IN SEARCH OF THE BEST GRADUATES

**Historically, INEOS has grown by acquiring other businesses. But 2008/09 has taken it down a different track. The company is now in a period of organic growth and if it is to continue to develop its business, then it needs to continue to develop its own talent. INEOS offers a difference to many of its competitors that is appreciated by its graduate intake; but how good is INEOS at attracting, keeping and nurturing its graduates?**

INEOS is a company that believes in itself. In its values, its ethos, its direction. And what it has to offer future employees.

For someone like Oliver Hayward-Young, a graduate with ambition and desire to prove his worth and be trusted to do a good and meaningful job from day one, that made all the difference when it came to applying for a job after he finished university.

*“I didn’t apply to any other chemical companies,” he said. “INEOS was my first and only choice.”*

But despite INEOS’ position as one of the world’s largest chemical companies – Oliver said many of his contemporaries had never even heard of the company.

*“I was in a unique position because I grew up five minutes from Lyndhurst where INEOS had its head office before it moved to Switzerland, so they were at forefront of my mind,” he said.*

*“I did some work experience with them before I went to university and then got in touch during my final year.*

*“But only a handful of my peers had actually heard about the company.”*

That lack of awareness among under-graduates is something that INEOS is now working hard to change.

*“Considering the size of INEOS, we have never really told the INEOS story as well as we should,” said Jill Dolan, INEOS Group HR Director.*

*“In some countries, such as America and Germany, we have very established graduate recruitment programmes. INEOS has a lot to offer, but we recognise that there is a lot more we can do globally to tell a coherent story about the company, to help us attract the best.*

*“We believe that our offer is very different to other chemical companies.”*

This October, INEOS plans to attend some of Britain’s and Europe’s top university careers fairs for the first time, to raise the company’s profile, shout about the benefits of working for a very large company with a flat management structure and tempt the very best students to apply. In addition, the already established and successful careers fairs in America will be enhanced.

INEOS, which employs 15,000 people and operates 51 manufacturing plants in 13 countries, knows what it can offer. The problem is that some better known brands on the face of it – are seemingly more attractive places to work. And they may be for some. But for those graduates that want real jobs from day one, that want to shine, learning new skills in real roles, alongside talented senior management, then INEOS is the place.

*“That’s why we need to improve our graduate recruitment branding,” said Jill.*

*“Because once graduates are working for INEOS, many comment on the fact that they hadn’t realised that the company was so big, with such a flat structure. In some companies you can get lost in the bureaucracy – not INEOS.*

### What graduates thought of INEOS

*‘You want to push yourself and apply what you’ve learnt, and INEOS allows that and helps you to evolve’*

*‘You feel free to discuss things with others no matter how experienced, and that your own ideas are valid’*

*‘INEOS is a dynamic and exciting place to work. They want you to come and hit the ground running’*

*‘INEOS is up there with BP and Total’*

*‘It is a stimulating work environment, with varied problems to solve. No two days are the same’*

*‘There are all the benefits of a close ‘family feel’, but within a big successful company’*

*‘There are lots of opportunities to learn, evolve and improve and become a better asset to the company’*

*‘I was in a real job from day one with responsibility but felt supported by the team and manager’*

*“We are straight talking. I suppose you could say we do what we say on the tin. We just need to improve the tin.”*

Graduates seeking a fast-paced, dynamic, entrepreneurial working environment won’t be disappointed. INEOS is up there with the best. It just needs to be seen to be up there with the best.

*“INEOS gives its graduates a lot of responsibility very early on and that was very important to me,” said Oliver, who graduated from University College London with an economics degree in June 2010.*

*“For me, the best opportunity to learn and develop comes from taking on responsibility and being pushed.*

*“But being given responsibilities and accountabilities means that being able to use your initiative and make calculated decisions are very important.”*

It is a view echoed by Jill.

*“INEOS affords an exciting working future for those who want to be challenged,” she said.*

*“Overall we want our graduates to thrive in the INEOS environment. And a key part of the INEOS offer is the very real job that a graduate will come into.”*

At INEOS, graduates won’t be placed on a ‘graduate scheme’ and moved into different areas every six months to complete yet another project or report.

At INEOS, we expect initiative, drive, passion and an appreciation and understanding of the organisation’s ethos.

*“Most graduates are energised by INEOS’ lean management structure with real jobs and support to help them develop at a fast pace,” said Jill.*

*“It’s a very open and non-hierarchical environment where exposure to senior managers is common, and we expect our graduates to welcome challenge and learning opportunities both as an individual and also as part of a team.*

*“That inevitably means working hard and smart, but graduates seem to enjoy working alongside other high-calibre individuals.”*





Look closer and you'll find that those individuals all have something in common.

*"The kind of graduate who does well at INEOS has a 'can do' attitude, is adaptable, energetic, intelligent, technically excellent, results oriented, but also down to earth with good interpersonal skills," said Jill.*

Oliver joined the company in October 2010, working with the polyolefin product managers. He then moved into an analyst position in INEOS O&P's Feedstocks Trading Team, before recently taking on a new role as the Energy and carbon trader. Here, Oliver is involved in the European gas, power and emission trading markets where he executes trades to manage O&P's price risk exposure.

*"Given that our exposure in Euro terms is in the hundreds of millions, these are very important decisions," he said.*

Oliver is one of only a handful of commercial graduates.

That, in itself, was a big selling point for joining the company.

*"For me it represented a unique opportunity to enter a new and exciting role," he said.*

Oliver, who is based at INEOS' offices in London's Canary Wharf, was also won over by the way INEOS operates.

*"INEOS is not overstaffed," he said. "Every role is important and if it's not done properly, it will affect the company's performance in some way.*

*"Everyone's contribution is important and that is very motivating."*

He also saw huge benefits in the company's flat management structure which he said meant that all employees often saw their senior managers daily.

*"Having the opportunity to spend time with senior managers, who have to make key decisions for the business, is so valuable and helps you to sharpen and develop your own skills and broaden your knowledge," he said.*

As for his long-term future, he hopes it will be with INEOS.

*"Looking at the variety of roles which INEOS offers, there is a great opportunity to learn and take on new challenges," he said.*

*"INEOS' growth record over the past 14 years is very impressive and an exciting feature for someone just starting their career.*

*"This organisation is not standing still."*

In July, INEOS organised a meeting of HR Directors from across its businesses to discuss how best to recruit the best.

The response to the improvement plans from the different teams was excellent.

Feedback from graduates, with two or three years in the company under their belts, was also very positive in terms of INEOS delivering what it had promised.

*"We were very encouraged to hear the feedback because it confirmed that INEOS graduates actually do experience what we are planning to articulate in the forthcoming recruitment rounds," said Jill.*

INEOS, though, doesn't recruit for the sake of it.

*"We recruit graduates directly into real roles rather than run a specified quota every year," said Jill. "Our lean structures also mean that we recruit a lot of experienced graduates who have already worked in industry."*

Looking to the future, they plan to continue that trend.

*"At the workshop, there was unanimous recognition and support for improving both our graduate recruitment and development processes across the businesses," said Jill.*

*"Each INEOS business is different so we do not want to lose that, but we do want to capture the best of local development with a big INEOS underpin."*

In September and October, when INEOS visits universities, it will spell out those very real benefits of working in a flat non-hierarchical structure within one of the largest chemical companies in the world.

And what graduates will also find refreshing is that INEOS expects them to strike a balance between work and play.

*"Finding that balance is important to both our graduates and the company," said Jill. "We've found that individual performance overall thrives when he or she gets it right."*



**INEOS**  
THE WORD FOR CHEMICALS

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