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## Borealis announces a softening of its net profit in the second quarter of 2008

- Borealis reports net profit of EUR 71 million for the second quarter and EUR 201 million for the first half of 2008
- Base Chemicals business and Borouge, Borealis' joint venture in Abu Dhabi, contribute significantly to the solid performance
- Investments in research facilities support the polyolefin business innovation strategy

Key figures and ratios (Quarter ending June 30, 2008)		2Q 2008	2Q 2007	1H 2008	1H 2007
Sales revenue	EUR M	1.825	1.593	3.521	3.075
Operating profit / (loss)	EUR M	52	152	189	280
Net profit / (loss) after tax	EUR M	71	137	201	250
Reduction / (increase) in net interest-bearing debt	EUR M	(152)	(89)	(346)	(28)
Gearing	%	41	32	41	32

Borealis, a leading provider of innovative, value creating plastics solutions, has announced a net profit of EUR 71 million for the second quarter of 2008, a 48% decrease compared to the EUR 137 million of the second quarter of the previous year. The net profit for the first half-year 2008 totalled EUR 201 million, a 20% drop from EUR 250 million in the first half of 2007. Net interest-bearing debt increased by EUR 152 million during the second quarter and by EUR 346 million in the first half-year. As a consequence the gearing ratio rose from 36% in the first quarter to 41% in the second. The primary reason for this increase was the effect of higher input costs on the company's working capital.

The company's results were impacted by increased global crude oil and naphtha prices. On the other hand, Borealis benefited from continued

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contributions from the newly formed Base Chemicals business, in particular from plant nutrients. Borouge, Borealis' joint venture with the Abu Dhabi National Oil Company (ADNOC), also contributed favourably.

The second quarter saw the groundbreaking of the EUR 50 million expansion of Borealis' Innovation Headquarters in Linz, Austria. A further investment in a new research & development tool, a parallel pressure reactor, at the Borealis Innovation Centre in Porvoo, Finland, enables researchers to develop innovations faster and reduce the related time to market. These two investments underline Borealis' strong commitment to providing customers with infrastructure, automotive and advanced packaging solutions.

The major investment programme at Borouge 2 in Ruwais, Abu Dhabi, is proceeding according to plan with more than 7,000 persons currently working on the construction site. The new 350,000 t/y low-density polyethylene plant in Stenungsund, Sweden, is also on schedule for completion in the second half of 2009.

"We have said before that we anticipate ongoing volatility and a softening of the markets and have been proactively preparing ourselves, especially by improving our cost competitiveness", comments Borealis Chief Executive Mark Garret. "As a result we are in a sound financial position to pursue our strategy based on value creation through innovation and to continue our ambitious investment projects in the Middle East."

**End**

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**Borealis and Borouge** are leading providers of innovative, value creating plastics solutions. With more than 40 years of experience in polyolefins and using our unique Borstar® technology, we focus on the infrastructure, automotive and advanced packaging markets across Europe, the Middle East and Asia. Our production facilities, innovation centres and service centres work with customers in more than 170 countries to provide the materials that make an essential contribution to society and sustainable development. We are committed to the principles of Responsible Care® and to leading the way in 'Shaping the Future with Plastics'™.

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For more information on Borealis and Borouge, a joint venture between Borealis and the Abu Dhabi National Oil Company, visit [www.borealisgroup.com](http://www.borealisgroup.com) and [www.borouge.com](http://www.borouge.com).

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