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Borealis achieves positive net profit and improves gearing despite difficult market environment

- Borealis recorded a EUR 38 million net profit in 2009 as the result of a continuous focus on cost competitiveness, commercial and operational excellence
- Reduction of debt without restricting major investments in the growth projects LD5 (wire and cable), Borouge 2 and Borouge 3
- Continued focus on safety as confirmed through a second DuPont Safety Award
- Key investment decision in catalyst production capabilities reinforces commitment to innovation

Key figures and ratios (Quarter ending December 31, 2009)		4Q 2009	4Q 2008	2009	2008
Sales revenue	MEUR	1,267	1,346	4,714	6,697
Operating profit / (loss)	MEUR	11	(199)	24	163
Net profit / (loss) after tax	MEUR	13	(122)	38	239
Reduction / (increase) in net interest-bearing debt	MEUR	91	93	55	(453)
Gearing	%			43	47
ROCE	%			2	9

Borealis, a leading provider of chemical and innovative plastics solutions, announces a net profit of EUR 38 million for the full year 2009, compared to EUR 239 million in 2008. The company ended 2009 with a return on capital employed (ROCE) after tax of 2%, down from 9% in 2008. Despite its ongoing significant investments, Borealis' net interest-bearing debt decreased by EUR 55 million due to a significant focus on working capital management and specific cost reduction measures. Borealis' financial position remains solid with a gearing ratio of 43% at the end of 2009, compared to 47% at year-end 2008.

1 (4)

Borealis' performance was affected by the economic crisis, which hit with full force in 2009, causing a significant downturn in consumer and industry demand and placing polyolefin margins under pressure, as well as costs incurred due to the start-up of the LDPE plant in Stenungsund, Sweden. Borouge's contribution in 2009 was also impacted by the economic crisis and costs related to the upcoming start-up of Borouge 2. In order to stay competitive Borealis had to take difficult decisions, one of them being the closure of its high-density PE plant in Beringen, Belgium, by the end of March 2010.

The economic climate also had a negative impact on the base chemicals business group, specifically in the areas of melamine and plant nutrients. The feedstock and olefins business experienced lower margins while the phenol and aromatics business was able to improve largely through cost management.

Borealis achieved the lowest accident rate in the company's history with Total Recordable Injuries (TRI) per million working hours of 0.7 as compared to 1.6 in 2008. Borealis' exceptional performance was once again acknowledged with a DuPont Safety Award, in the category "Sustainable Business Impact", recognising the successful change management programme within the melamine and plant nutrients business.

2009 was an important year for advancing the company's growth projects. Borealis' largest investment in Europe to date, the new 350,000 t/y low-density PE plant in Stenungsund, Sweden, is now in start-up phase. This investment will further strengthen Borealis' capabilities to meet the needs of the growing wire and cable markets.

In the Middle East, Borouge is tripling the annual production capacity of its petrochemical complex in Ruwais, Abu Dhabi, to 2 million tonnes of

2 (4)

polyethylene and polypropylene, with the start-up of Borouge 2 planned for the middle of the year. Borouge is also reinforcing its commitment to the growing Asian markets with a new compound manufacturing facility in Shanghai and logistics hubs in China and Singapore. Concurrently, the Borouge 3 project gains momentum with the basic engineering phase as well as the site preparation well underway, thereby laying the foundations for an additional 2.5 million tonnes per year of polyolefin capacity by the end of 2013, strengthening Borealis' and Borouge's ability to serve their customers throughout the world.

In 2009, Borealis further reinforced the commitment to "Value Creation through Innovation". An additional investment of EUR 75 million was announced in the area of catalyst production capabilities: Borealis is planning to build a semi-commercial catalyst plant to scale up new catalysts for value creating, innovative products in Linz, Austria.

Significant milestones were achieved within Borealis' and Borouge's joint Water for the World™ initiative. As the first petrochemical and plastics producer to assess the water footprint of its operations and products, Borealis is pioneering this important concept for the industry. Borealis also supported the construction of water utility pipes for temporary housing facilities in L'Aquila, Italy, which suffered from severe damage after an earthquake in April 2009. A further milestone was the establishment of a "Water School" project in Finland, an educational website for school children.

"2009 was a tough year for the plastics industry. We suffered from the economic crisis, a demand drop as well as additional capacities coming on stream in the Middle East which resulted in lower margins," says Borealis Chief Executive Mark Garrett. "Despite the very difficult, recessionary environment Borealis maintained, as promised, its focus on safety, innovation and commercial excellence as well as its growth

3 (4)

projects whilst re-emphasising cost reductions and cash generation to very successfully manage through an extremely difficult environment. This year's financial result is lower than what we recorded in the boom years but in light of the severe recession this is an outstanding achievement that goes beyond our record year of 2007 and is a testament to our employees' hard work and commitment. With two major start-ups, more Middle East capacity coming online and a continuing difficult economy we expect 2010 to be even tougher than 2009."

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Borealis is a leading provider of chemical and innovative plastics solutions that create value for society. With sales of EUR 4.7 billion in 2009, customers in over 120 countries, and 5,200 employees worldwide, Borealis is owned 64% by the International Petroleum Investment Company (IPIC) of Abu Dhabi and 36% by OMV, the leading energy group in the European growth belt. Borealis is headquartered in Vienna, Austria, and has production locations, innovation centers and customer service centers across Europe and the Americas. Through Borouge, a joint venture between Borealis and the Abu Dhabi National Oil Company (ADNOC), one of the world's major oil companies, the company's footprint reaches out to the Middle East, Asia Pacific, the Indian sub-continent and Africa. Established in 1998, Borouge employs approximately 1,400 people, has customers in more than 50 countries and its headquarters are in Abu Dhabi in the UAE and Singapore.

Building on the unique Borstar® technology and their experience in polyolefins for more than 50 years, Borealis and Borouge provide innovative, value creating plastics solutions for the infrastructure (pipe systems and power and communication cables), automotive and advanced packaging markets. In addition, Borealis offers a wide range of base chemicals from melamine and plant nutrients to phenol and acetone.

Today Borealis and Borouge manufacture 4.4 million tonnes of polyolefins (polyethylene and polypropylene) per year. Borouge is currently tripling its polyolefins manufacturing capacity to 2 million tonnes per year (t/y) by mid-2010 and an additional 2.5 million t/y is scheduled for 2013. The companies continue to invest to ensure that their customers throughout the value chain, across the globe, can always rely on product quality, consistency and security of supply.

Borouge and Borealis are committed to the principles of Responsible Care® and proactively contribute to addressing the world's water and sanitation challenges through their Water for the World™ initiative.

For more information visit:
Borealis: www.borealisgroup.com
Borouge: www.borouge.com
Water for the World: www.waterfortheworld.net

4 (4)