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Borealis' strong 2010 performance underpinned by proven solid strategy

- Borealis achieved significant net profit growth in 2010 with EUR 333 million compared to EUR 38 million in 2009, return to pre-crisis levels
- Borouge 2 in Ruwais, UAE and new LDPE plant in Stenungsund, Sweden completed while achieving major milestones in the Borouge 3 project
- Continuing to follow ambitious growth strategy with focus on value-adding segments
- Maintaining industry leading safety standards

Key figures and ratios (Quarter ending December 31)		Q4 2010	Q4 2009	FY 2010	FY 2009
Sales revenue	MEUR	1,653	1,267	6,269	4,714
Operating profit / (loss)	MEUR	82	11	349	24
Net profit / (loss) after tax	MEUR	134	13	333	38
Reduction / (increase) in net interest-bearing debt	MEUR	9	91	(27)	55
Gearing	%			37	43
ROCE	%			10	2

Borealis, a leading provider of chemical and innovative plastics solutions, announces a net profit of EUR 333 million for the full year 2010, compared to EUR 38 million in 2009. Return on capital employed (ROCE) increased to 10% for 2010, up from 2% in 2009. Borealis maintains a solid financial position with gearing reduced to 37% compared to 43% at the end of 2009, despite net debt increasing by EUR 27 million to EUR 1,058 million by December 2010. These results were achieved in a year in which Borealis funded the Borouge 2 expansion project and continued critical investments within its European footprint.

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“Borealis significantly improved its financial performance in 2010 and delivered a solid result for the year,” says His Excellency, Khadem Al Qubaisi, Chairman of Borealis’ Supervisory Board and Managing Director of IPIC (Abu Dhabi based International Petroleum Investment Company). “The past year was critical for the future of the company with two major investments being finalised. Holding a strong liquidity position, Borealis is well positioned to benefit from the economic recovery and we will continue to support its strategy of growth and ‘Value Creation through Innovation.’”

Borealis’ increased profitability was driven by improved industry conditions across all businesses combined with further efficiency gains by the organisation. The European polyolefins industry showed some recovery from its lows in 2009. Average market prices grew across the portfolio largely mirroring the recovering feedstock prices. Borouge contributed positively to the total result whilst, more importantly, successfully starting up the Borouge 2 expansion.

Within the Base Chemicals business group, the melamine business saw an increase in prices and margins during 2010 driven by a sharp rebound of global demand and temporary worldwide supply tightness. The fertilizer business unit also experienced a tight supply situation leading to increased prices across all product categories. The feedstock and olefins business saw positive developments with higher sales volumes and better industry margins. The phenol business achieved record production and sales records which supported results.

Focus on safety performance

Borealis’ continuous focus on safety was instrumental in delivering yet another world-class TRI (total recordable injuries) rate of 1.0 in 2010. In recognition of its outstanding safety performance, Borealis’ location in Porvoo, Finland received the Finnish Chemical Industry’s Safety Award.

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The award emphasises Borealis' continuous safety work as part of its commitment to Responsible Care.

Continuous investments in asset efficiency and innovation

During the fourth quarter, Borealis announced an investment of EUR 17 million to increase the efficiency and production capacity of its Borstar® polyethylene plant in Porvoo. Preparations for the EUR 75 million investment in a new semi-commercial catalyst plant in Linz, Austria are on track with the groundbreaking planned for early 2011. On the product innovation side, Borealis was pleased to receive the Frost & Sullivan 2010 Global New Product Innovation Award in the category "Automotive under the Hood Plastics." This award recognises the unique capabilities of Borealis Xmod™ polypropylene (PP) compounds, which were used for the first time in an air intake manifold application.

Highlights in corporate social responsibility (CSR)

In the area of corporate social responsibility, the Borealis Social Fund made donations totalling AED 1.5 million (ca. EUR 300,000) to a number of UAE charities including the Emirates Foundation and the Red Crescent Fund. Another highlight was Water for the World's third anniversary which Borealis and Borouge celebrated at K 2010, the number one trade fair for rubber and plastics worldwide. So far, the CSR programme has reached out to more than one quarter of a million people globally.

Borouge 3 expansion in Ruwais, Abu Dhabi on track

Through its ongoing project Borouge 3, the company is further expanding the petrochemical plant in Abu Dhabi by 2.5 million tonnes per year to a total annual capacity of 4.5 million tonnes by mid-2014, creating the world's largest integrated olefins/polyolefins site. Just recently, in January 2011, Borouge awarded the final major contracts for the project to Alpine Bau Deutschland AG to construct the non-process buildings and to Hyundai

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Engineering & Construction for the construction of a cross-linkable polyethylene (XLPE) unit.

“We are very happy with our achievements in 2010. Our cost competitiveness and efficiency initiatives have all paid off allowing us to maintain our financial fitness,” says Borealis Chief Executive Mark Garrett. “Nevertheless, we need to remain cautious as it remains unclear whether the global economy has truly emerged from this recession into a new period of stable growth. We will continue to focus on commercial and operational excellence and our commitment to Value Creation through Innovation.”

“Based on our solid financial position and with the support of our strong owners, we remain committed to our international growth ambitions,” Garrett continues. “We currently operate one of the youngest asset fleets in Europe and to maintain this, we will continue our successful investment strategy. The additional capacity of Borouge provides an ideal opportunity for future growth and to jointly expand our value creating solutions worldwide.”



LDPE plant in Stenungsund, Sweden

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Borealis is a leading provider of chemical and innovative plastics solutions that create value for society. With sales of EUR 6.3 billion in 2010, customers in over 120 countries, and 5,100 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 centres and customer service centres 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 and gas 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 1,600 people, has customers in more than 50 countries and its headquarters are in Abu Dhabi in the UAE and Singapore.

Building on Borealis' unique Borstar® technology and their experience in polyolefins of 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 have a manufacturing capacity of over 5.4 million tonnes of polyolefins (polyethylene and polypropylene) per year of which 26% are the result of a recently completed capacity expansion in Abu Dhabi. An additional 2.5 million tonnes per year is scheduled for completion by mid-2014, creating the world's largest integrated polyolefins plant. The companies continue to invest to ensure that their customers throughout the value chain, around the world, can always rely on superior products 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

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