

August 11, 2011 | 10:00 CET

Borealis delivers strong second quarter results despite a softening market environment

- Borealis recorded a net profit of EUR 168 million in the second quarter of 2011. This results in a net profit of EUR 341 million for the first half of 2011 compared to EUR 146 million during the same period in 2010
- The Base Chemicals business continued its strong performance whilst the Polyolefins business experienced lower margins towards the end of the quarter due to softening market conditions
- Borouge, Borealis' joint venture in Abu Dhabi, contributed significantly to the results
- The expansion of the petrochemical plant in Abu Dhabi – the 'Borouge 3' project - continues to be on track with start-up planned by end of 2013 and being fully operational mid 2014

Key figures and ratios		Q2 2011	Q2 2010	H1 2011	H1 2010
Net sales	EUR Million	1,897	1,614	3,756	3,026
Operating profit	EUR Million	109	126	288	187
Net profit	EUR Million	168	92	341	146
Reduction / (increase) in net interest-bearing debt	EUR Million	12	76	(183)	(138)
Gearing	%	41	44	41	44

Borealis, a leading provider of chemical and innovative plastics solutions, announces a net profit of EUR 168 million for the second quarter of 2011, an increase of EUR 76 million compared to the second quarter of 2010. Net profit for the first half of 2011 reached EUR 341 million compared to EUR 146 million during the same period last year. Net debt decreased during the second quarter, resulting in a gearing of 41%, reflecting the company's overall strong financial position.

Polyolefins and Base Chemicals

The second quarter of 2011 was impacted by continued high volatility in feedstock prices. Borealis' Polyolefins business delivered a lower profit in the second quarter of 2011 compared to the first quarter of 2011 and the same period last year, as the European market conditions became increasingly challenging, leading to lower volumes and decreasing margins. The Base Chemicals business continued the strong performance of the first quarter of 2011, driven by a high margin environment, improving the results versus same period last year.

Borouge

Borouge, the ADNOC (Abu Dhabi National Oil Company) / Borealis joint venture, continues to perform well and delivered a significant contribution to Borealis' net profit in the second quarter of 2011. The expansion of the Borouge petrochemicals plant in Abu Dhabi to a total capacity of 4.5 million tonnes is in the engineering, procurement and construction (EPC) phase and is running according to schedule. Wim Roels has been appointed CEO of Borouge Pte, the Borouge Marketing Company headquartered in Singapore. Wim Roels brings a broad polyolefin background including production, innovation and business management. Wim Roels succeeds William Yau, who assumes the role of Borealis Senior Vice President for Commercial Excellence and has been appointed to the Board of Borouge Pte.

Continuing Product Innovation

In June Borealis and Borouge launched a new moulding innovation for the healthcare market, Bormed™ HE9601-PH. Bormed HE9601-PH is a high density polyethylene (HDPE) grade that delivers a flow rate improvement of up to 2.5 times that of comparable alternatives and simplifies the injection moulding process. With this latest initiative Borealis and Borouge further build on their commitment to deliver dedicated products to this highly demanding market segment.

Linz Production Site Investment

On June 22 Borealis announced the closure of two melamine low pressure plants in Linz, Austria. This represents an integral part of the strategy to improve competitiveness and to focus investment and production on high pressure technology plants. This step is part of the broader scope of the EUR 145 million investment programme for the entire Linz production site.

Expansion into Southeast Europe

Continuing the company's strategy to expand its Base Chemicals business into Southeast Europe, Borealis has announced the establishment of a new subsidiary, Linzer Agro Trade Bulgaria, as well as the investment of EUR 4.5 million for the construction of a new import hub in Giurgiu, Romania. The new hub will serve both the Bulgarian and Romanian markets. A distribution point in Timisoara, Romania is also planned for this year.

"Our second quarter financial results are strong," says Mark Garrett, Chief Executive of Borealis. "However volatility remains high and based upon the recent softening of the market conditions we expect the second half of the year to be much more challenging. These past years have demonstrated Borealis' capabilities in dealing with these turbulent conditions, I am confident that we will be able to weather the next wave as well."

End

For further information please contact:

Kerstin Meckler, Director Communications

Tel. +43 1 22 400 389, kerstin.meckler@borealisgroup.com

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 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 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 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. The Borouge 3 plant expansion will be completed at the end of 2013 with an additional capacity of 2.5 million tonnes per year (t/y) being fully operational in mid 2014. 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:

Borouge: www.borouge.com

Water for the World: www.waterfortheworld.net

Boromed and Water for the World are trademarks of the Borealis group.