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Borealis records strong financial results for 2011 despite an increasingly challenging market in the second half of the year

- Borealis announces a net profit of EUR 507 million in 2011, compared to EUR 333 million in 2010.
- The Borouge 2 expansion project has reached full performance levels; for Borouge 3 all major contracts are awarded and construction is well underway.
- Borealis' safety performance remains world class but Total Recordable Injuries increased to 1.6 compared to 1.0 in 2010.
- Borealis continues its commitment to invest for future growth and Corporate Social Responsibility.

Key figures and ratios		Q4 2011	Q4 2010	FY 2011	FY 2010
Net sales	EUR Million	1,589	1,653	7,096	6,269
Net profit	EUR Million	58	134	507	333
Reduction / (increase) in net interest-bearing debt	EUR Million	82	9	(84)	(27)
Gearing	%			35%	37%
ROCE	%			13%	10%

Borealis, a leading provider of chemical and innovative plastics solutions, recorded a net profit of EUR 507 million in 2011, compared to EUR 333 million in 2010. The company delivered a return on capital employed (ROCE) of 13%, compared to 10% in 2010. Net debt increased by MEUR 84 by the end of December 2011 but the gearing improved to 35%, reflecting Borealis' strong financial position.

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2011: A year of two contrasting halves

2011 was a year of high volatility with the economic climate improving in the first half of the year only to deteriorate in the second half, due in part to the unresolved sovereign debt crisis. This shift in market sentiment had a profound impact on the European polyolefins industry and resulted in significant margin erosion. As a result, the Polyolefins business segment recorded lower profits in 2011 compared to 2010. The Base Chemicals business segment was less impacted by the change in market sentiment, improving profits compared to 2010 driven by healthy margins and commercial excellence.

Borouge, Borealis' joint venture with ADNOC, also contributed significantly to Borealis' annual results through the continued ramping up of its production due to the Borouge 2 expansion.

Safety a top priority

Borealis' safety performance, measured by the number of Total Recordable Injuries per million hours worked (TRI), remained world-class, but increased to 1.6 compared to 1.0 in the previous year. Although the severity of injuries was low, any increase in the number of injuries is disappointing. Borealis will continue to work with all employees and contractors to continuously improve the company's world class safety performance in order to achieve the ultimate objective of an accident free working environment.

Borouge exceeding expectations

Borealis' joint venture in the Middle East and Asia, Borouge, performed extremely well in 2011. The Borouge 2 expansion project, a highly complex endeavour involving more than 23.000 contractors,

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started up in record time and is now fully on stream. In addition, the final contracts for the Borouge 3 expansion project in Abu Dhabi were awarded during the year. This multi-billion dollar investment will further support the growth ambitions of Borouge and Borealis as it will increase Borouge's total annual production capacity to 4.5 million tonnes of polyolefins. The Borouge 3 expansion will be completed by the end of 2013 and be fully operational in mid-2014.

Value Creation through Innovation remains at the heart of all we do

In 2011, Borealis launched its first polypropylene (PP) grade for one-piece squeezable cosmetics tubes, Borsoft™ SL600MO. The material was launched as part of a sustainability-focused packaging solution for the cosmetics sector called CLUBE®, a one-piece squeezable tube with an integrated closure and in-mould label (IML) that cuts material usage by up to 40%. The company also launched Bormed™ HE9601-PH, a high density polyethylene (HDPE) for the healthcare market that creates productivity improvements for converters without compromising the packaging performance. In September, Borealis received the Frost & Sullivan Europe Product Leadership Award in the High Voltage Direct Current (HVDC) Cable Insulation Market - a prestigious recognition of the company's accomplishments in this sector, where Borealis has played a pioneering role by introducing Borealis Superclean™ LE4253, a cross-linked polyethylene (XLPE) based insulation compound.

Continued investment for future growth

In 2011, Borealis celebrated the groundbreaking of a new semi-commercial catalyst plant in Linz, Austria. With this investment,

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Borealis strengthens its research capabilities in the area of catalyst development and polyolefin production and it marks a further cornerstone of Borealis' worldwide growth strategy. Borealis also completed its investment of EUR 7.8 million to convert a naphtha cavern to butane use at its plant in Stenungsund, Sweden, thus improving competitiveness and feedstock flexibility at the site.

Borealis' Base Chemicals business segment continues to play a key role in the company's long-term strategy and Borealis is committed to developing this segment further. In November, Borealis made a firm offer to acquire the French fertilizer producer PEC-Rhin, and closed the transaction on January 31, 2012. This acquisition complements Borealis' existing fertilizer business and will enable the company to further strengthen the business in Central and Eastern Europe.

Committed to Corporate Social Responsibility (CSR)

In 2011, Borealis continued to advance its CSR flagship initiative 'Water for the WorldTM', a joint programme with Borouge to foster partnerships, solutions, expertise and know-how to address the global water challenge. Borealis tested the European Water Stewardship (EWS) standard for industry operators and took an active role in the Stockholm Water Week. In addition to the Water for the World initiative, Borealis promotes projects in Europe, Asia and the Middle East through the Borealis Social Fund. A portion of the company's profits are contributed to this fund every year, and in 2011 donations were made to the Emirates National School, the Zayed Higher Organisation for Humanitarian Care and the Emirates Foundation for Philanthropy. The Emirates Foundation for

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Philanthropy will use its donation to support two environmental research projects relating to water sustainability initiatives across the UAE. In Europe, Borealis has signed long-term contracts with the Johannes Kepler University in Linz and the TGM (School of Technology) in Vienna to support scholarships for young, talented people who lack the necessary financial means but wish to pursue an education in the field of plastics engineering.

Expecting a challenging year

“The second half of 2011 showed that the global economy is being severely impacted by the European sovereign debt crisis, however, Borealis proved yet again that the company is well prepared to also perform in a difficult market environment,” states Mark Garrett, Borealis Chief Executive. “Both our Base Chemicals business and the further growth of Borouge contributed significantly to our profitability in the second half of the year. While our Polyolefins strategy continues to differentiate us from our competitors, results have deteriorated with the overall market. In the year to come we will focus on realising improved margins.”

“Despite a volatile market environment, Borealis delivered strong results in 2011. I expect the coming year to be very challenging, but I am confident that Borealis will be able to deliver a solid performance in 2012 by remaining focused on its four pillars of safety, innovation, operational and commercial excellence,” says His Excellency, Khadem Al Qubaisi, Chairman of Borealis’ Supervisory Board and Managing Director of IPIC (Abu Dhabi based International Petroleum Investment Company).

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For further information please contact:

Kerstin Meckler, Director Communications

Tel. +43 (0)1 22 400 389, e-mail: kerstin.meckler@borealisgroup.com

Borealis is a leading provider of chemical and innovative plastics solutions that create value for society. With sales of EUR 7.1 billion in 2011, customers in over 120 countries, and around 5,300 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 1,700 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 more than 50 years experience in polyolefins, 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 fertilizer 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 having recently completed a 1.5 million tonne capacity expansion in Abu Dhabi. The Borouge 3 plant expansion will be completed at the end of 2013 with a further 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 and 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:

www.borealisgroup.com

www.borouge.com

www.waterfortheworld.net

Water for the World is a trademark of the Borealis group.

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