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Borealis keeps strong focus on delivering added value to customers despite unstable market conditions

- **Borealis** recorded a net profit of EUR 140 million in Q1 2012, compared to EUR 174 million in Q1 2011
- **Acquisition of French fertilizer producer PEC-Rhin closed on January 31, 2012**
- Borealis and Borouge launch **step-change innovation: Borlink™, a wire and cable industry-wide platform**
- Borouge 3 expansion project well on track

Key figures and ratios		Q1 2012	Q1 2011	Q4 2011	Year 2011
Net sales	EUR Million	1,882	1,859	1,589	7,096
Net profit	EUR Million	140	174	58	507
Reduction / (increase) in net interest-bearing debt	EUR Million	(186)	(195)	82	(84)
Gearing	%	40%	43%	35%	35%

Borealis, a leading provider of chemical and innovative plastics solutions, recorded a net profit of EUR 140 million for the first quarter of 2012 compared to EUR 174 million in the same quarter in 2011. The decrease in net profit was a result of the difficult market conditions, especially for the European Polyolefin business segment. Both Borouge and the Fertilizer business continued their strong performance.

Net debt increased by EUR 186 million in the first quarter of 2012, largely driven by the acquisition of the French fertilizer producer PEC-Rhin and a dividend payment to Borealis' shareholders. Borealis' financial position remained strong reflected by a gearing of 40%, improving 3 percentage points, compared to the first quarter of 2011.

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Acquisition of PEC-Rhin completed

In November, Borealis made a firm offer to acquire the French fertilizer producer PEC-Rhin, and closed the transaction on January 31, 2012. This investment complements Borealis' existing fertilizer business and will enable the company to further strengthen its Base Chemical business segment.

After closing of the transaction, the PEC-Rhin fertilizer production was immediately integrated into Borealis' LINZER AGRO TRADE sales channel which provided for a seamless transition and an immediate benefit to the company.

Value Creation through Innovation

Borealis' investment in innovation and technology continues to deliver new products and services which underpin both its reputation as a market leader and its strong financial performance.

Borealis and Borouge have launched **Borlink™, a wire and cable industry-wide technology platform** based on Borealis' unique technology configuration in Stenungsund, Sweden, that enables us to offer a complete global package of power materials, experience, knowledge and support. Borlink represents another step change innovation, specifically for the wire and cable industry. The official launch took place at the 2012 wire exhibition in Düsseldorf.

Borcoat™ steel pipe coating material was selected to secure the integrity of Europe's longest offshore natural gas pipeline, Nord Stream. The advanced performance offered by Borcoat contributes towards securing the integrity of the pipeline over its minimum 50 year service life. Nord Stream plays a crucial role in helping to meet the

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European Union's growing energy demands by delivering gas from the fields directly into Europe's core gas network.

At the VDI International Conference "Plastics in Automotive Engineering" in Mannheim, Germany, Borealis and Borouge showed how their material solutions **support the automotive industry's drive to reduce vehicle weight and emissions**. Cutting-edge components and under-the-bonnet applications used by BMW and Fiat / General Motors demonstrate the added value of pioneering Xmod™ short glass fibre reinforced polypropylene (PP), Nepol™ long glass fibre reinforced PP and Daplen™ materials.

Borouge Expansion

The Borouge 3 expansion project in Abu Dhabi, UAE, is progressing as planned, with currently nearly 21,000 contractor personnel on site. The expansion will increase the annual capacity of the integrated olefins/polyolefins site from 2 million tonnes to 4.5 million tonnes by 2014.

Water for the World™

As part of their Water for the World initiative, Borealis and Borouge are supporting the development of the x-runner portable toilet venture in order to address the world's growing sanitation challenges. The x-runner venture, an innovative sanitation initiative and a social business concept, offers a water-neutral, portable and private low cost solution for urban areas where sewage networks are unavailable. Borealis and Borouge are supporting this innovative project in the development and implementation phase by providing financial funding as well as material expertise.

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Expecting slow recovery in the second half of the year

“As expected, the beginning of the year has been tough with overall clean margins still far below a long term sustainable level,” says Mark Garrett, Borealis Chief Executive. “The expected recovery during the coming quarters will be slow, and for Borealis dependent upon increasing political and economic stability, especially in Europe. However, I remain confident that Borealis will continue to deliver a solid performance by remaining focused on its four pillars of safety, innovation, and operational as well as commercial excellence.”

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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.

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For more information visit:

www.borealisgroup.com
www.borouge.com
www.waterfortheworld.net

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