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Borealis announces record profits for 2006 and EUR 370 million investment in Sweden

Key figures and ratios (Quarter ending December 31, 2006)		4Q 2006	4Q 2005	2006	2005
Sales revenue	EUR M	1,423	1,264	5,742	4,814
Operating profit / (loss)	EUR M	108	45	353	236
Net profit / (loss) after tax	EUR M	100	52	327	226
Reduction / (increase) in net interest-bearing debt	EUR M	136	(29)	58	(110)
Gearing	%			34	44
ROCE after tax	%			17	12

- Net profit increases by 45% in 2006, resulting in the best financial performance in the history of the company
- EUR 370 million to be invested in Stenungsund, Sweden, for the wire and cable market
- More than EUR 100 million to strengthen innovation capability
- Major expansion spearheads growth in Middle East and Asia

Borealis, a leading provider of innovative, value creating plastics solutions, announces record financial results for 2006, with a net profit of EUR 327 million, compared to EUR 226 million the year before, an increase of 45%. The result corresponds to a return on capital employed (ROCE) after tax of 17%, compared to 12% in 2005. Net interest-bearing debt was reduced by EUR 58 million during 2006, and the gearing ratio fell from 44% in 2005 to 34% at year-end 2006.

This performance was achieved through key market sales growth, operational excellence and the expansion of Borealis' global footprint. With leading positions in the wire and cable, and pipe markets, Borealis took full advantage of the active infrastructure, automotive and advanced packaging sectors. Opportunities were fuelled by demand growth and high operating rates, the commissioning of large infrastructure investments and the substitution of traditional materials.

Commenting on the results, Chief Executive John Taylor said:

"The successful execution of our 'Value Creation through Innovation' strategy and overall good performance of our plants continue to deliver solid financial results. We took decisive steps to increase our competitiveness and benefited from new capacity coming fully on stream."

Borealis also announces that it will invest EUR 370 million in a new 350,000 t/y high-pressure, low-density polyethylene (LDPE) plant in Stenungsund, Sweden, enhancing its capability to provide advanced materials for wire and cable applications. This complements the additional cross-linkable polyethylene (XLPE) capacity coming on stream during the second half of the year. 230,000 t/y of old, high-cost polyethylene capacity will be shutdown.

The company is currently investing more than EUR 100 million in capital projects across Europe, strengthening its ability to innovate and provide value creating plastics solutions throughout the value chain. These projects include the expansion of the international Innovation Centre and the new Borstar® PP pilot plant in Austria.

At Borouge, Borealis' joint venture with the Abu Dhabi National Oil Company in the United Arab Emirates, a significant milestone was achieved with the signing of a USD 1.3 billion contract for a 1.5 million t/y ethane cracker, considered to be the largest gas cracker in the world. This substantial investment follows the successful performance of Borouge during its five years of operation and lays the groundwork for further expansion in the Asian and Middle Eastern markets.

Borealis also continued with its leadership in safety during 2006 by achieving a Total Recordable Injuries (TRI) rating of 1.7 per million working hours.

Looking ahead, John Taylor comments:

"We are making significant investments in our key market sectors to capitalise on the positive growth in Europe, the Middle East and Asia. We will continue to increase the overall efficiency and competitiveness of our operations and have a clear goal to make a step change in innovation."

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Borealis and **Borouge** are leading providers of innovative, value creating plastics solutions. With more than 40 years of experience in polyolefins and using our unique Borstar® technology, we focus on the infrastructure, automotive and advanced packaging markets across Europe, the Middle East and Asia. Our production facilities, innovation centres and service centres work with customers in more than 170 countries to provide the materials that make an essential contribution to society and sustainable development. We are committed to the principles of Responsible Care® and to leading the way in 'Shaping the Future with Plastics'™.

For more information on Borealis and Borouge, a joint venture between Borealis and the Abu Dhabi National Oil Company, visit www.borealisgroup.com and www.borouge.com.

Borstar® is Borealis' proprietary technology supporting differentiated PE and PP products and is a registered trademark of Borealis A/S.

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