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Borealis' innovation capability drives strong financial performance

- Net profit growth of 29% (excluding one-off gain from sale of Norwegian operations) underpinned by Value Creation through Innovation strategy, focus on key market segments, and positive market conditions.
- Competitiveness in Europe and growth in Middle East and Asia prepare Borealis for future market challenges.
- Base Chemicals established as a "second leg" to the integrated Polyolefin's business.

Key figures and ratios (Quarter ending December 31, 2007)		4Q 2007	4Q 2006	2007	2006
Sales revenue	EUR M	1,610	1,423	6,350	5,742
Operating profit / (loss)	EUR M	28	108	451	353
Net profit / (loss) after tax	EUR M	58	100	533	327
Reduction / (increase) in net interest-bearing debt	EUR M	64	136	(7)	58
Gearing	%			27	34
ROCE after tax	%			22	17

Borealis, a leading provider of innovative, value creating plastics solutions, announces strong financial results for 2007 with a net profit of EUR 533 million, compared to EUR 327 million the year before, an increase of 63% (or 29% without the one-off gain from the sale of the Norwegian operations). The result corresponds to a return on capital employed (ROCE) after tax of 22% (18% without the one-off gain from the sale of the Norwegian operations) compared to 17% in 2006. Net interest-bearing debt increased by EUR 7 million during 2007, while the gearing ratio fell from 34% in 2006 to 27% at year-end 2007.

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“A combination of positive market conditions and the successful execution of our Value Creation through Innovation strategy brought us solid financial results again this year” comments Chief Executive Mark Garrett. “By making key asset development decisions, we further strengthened the alignment between our asset footprint and target market segments, thereby improving our competitiveness in Europe.”

With construction started on a new 350.000 t/y LDPE (Low Density Polyethylene) plant in Sweden to supply the growing wire and cable market, the completion of the Borstar® polypropylene expansion in Germany, the integration of Agrolinz Melamine International (AMI) in Austria and the sale of its Norwegian polyolefins operations and share in the Noretyl cracker, Borealis continued to enhance the overall competitiveness of its European operations.

An investment of USD 4.7 billion in a major expansion project with Borouge, Borealis’ joint venture with the Abu Dhabi National Oil Company (ADNOC), aims at tripling annual production capacity to two million tonnes of polyolefins by 2010. This major project lays the groundwork for further expansion in the rapidly growing Asian and the Middle Eastern markets.

Borealis continued to strengthen its ability to innovate and provide new plastic solutions in infrastructure, automotive and advanced packaging, focussing on solutions that address major global challenges such as climate, energy and water. Ongoing projects in Austria to expand the International Innovation Centre in Linz and to build a new Borstar Polypropylene pilot plant in Schwechat are in progress as is the establishment of a new Innovation Centre in Abu Dhabi by Borouge.

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Another key development during the year was the formation of a new Base Chemicals business group with the integration of AMI, a leading provider of melamine and plant nutrients, into Borealis' existing hydrocarbons and aromatics businesses.

"There are signs of more challenging business conditions ahead, however our strong financial performance in 2007, coupled with our increased operational competitiveness and a focus on value added solutions for our customers should position us well to face a more volatile market", comments Mark Garrett.

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For further information, please contact:

Kerstin Meckler, Borealis Group Media Relations Manager, Tel. +43 122 400 389,
Email: kerstin.meckler@borealisgroup.com

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.

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