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Borealis records solid performance for 2008 despite difficult fourth quarter

- Despite worsening market conditions, Borealis achieves net profit of EUR 239 million for 2008
- Positive contribution of Borouge and plant nutrients business to results
- Company moves forward with its strategic investments in Europe, the Middle East and Asia
- Commitment to Value Creation through Innovation secures future growth

Key figures and ratios (Quarter ending December 31, 2008)		4Q 2008	4Q 2007	YTD 2008	YTD 2007
Sales revenue	MEUR	1,346	1,610	6,697	6,350
Operating profit/(loss)	MEUR	(199)	28	163	451
Net profit/(loss) after tax	MEUR	(122)	58	239	533
Reduction/(increase) in net interest-bearing debt	MEUR	93	64	(453)	(7)
Gearing	%			47	27
ROCE	%			9	22

Borealis, a leading provider of innovative, value creating plastics solutions, completes 2008 with a net profit of EUR 239 million, down 55% from the record profit of 2007. The return on capital employed (ROCE) after tax was 9% this year, down from 22% the year before. Net interest-bearing debt increased by EUR 453 million during 2008, driven largely by Borealis' ongoing growth investments. The gearing ratio increased from 27% in 2007 to 47% at year-end 2008.

These solid results were achieved despite deteriorating market conditions, especially in the last quarter. The industry faced a dramatic rise in feedstock prices in the first half of the year, followed

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by a drop in prices during the fourth quarter. However fixed quarterly feedstock prices in the fourth quarter did not adequately reflect this movement and caused an imbalance with dropping polymer prices leading to a net loss of EUR 122 million in the fourth quarter. More than half of this loss was due to inventory impairment at year-end.

Borealis' leadership position in safety was furthered during 2008 with a Total Recordable Injuries (TRI) per million working hours of 1.6 (excluding the melamine and plant nutrients operations), down from 1.7 the year before. A step change in safety was attained in the melamine and plant nutrients operations, in which the Lost Time Accident (LTA) frequency reached a level of 0.9, compared to 5.6 in 2007. Starting in 2009, the melamine and plant nutrients TRI frequency measurement will be reported as part of Borealis' result.

Borealis continues to progress its strategic investments. In Europe, important developments in 2008 included the inauguration of the expanded Borstar® second generation polypropylene plant in Burghausen, Germany, and the start of construction of the new 350,000 tonnes per year (t/y) polyethylene plant in Stenungsund, Sweden. The latter, Borealis' largest-ever investment in Europe, is planned for start-up at the end of 2009.

In the Middle East, Borouge, Borealis' joint venture with the Abu Dhabi National Oil Company (ADNOC), continued to perform well during the year, advancing its reputation and business throughout the Middle East and Asia. In addition to the Borouge 2 project, which will expand production capacity from 600,000 tonnes per year (t/y) of polyethylene to 2 million t/y of both polyethylene and polypropylene by 2010, the company announced the initiation of a feasibility study for Borouge 3 to add an additional 2.5 million t/y of capacity.

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The proposed expansion would enable Borouge to meet the long-term growth in demand for polyolefins in the Middle East and Asia for the infrastructure, automotive and advanced packaging markets.

Borealis is also further developing its Base Chemicals business by actively participating in the development of first complex in the new Chemicals Industrial City (Chemaweyaat) to be located in Abu Dhabi, United Arab Emirates. It will be the largest and most integrated of its kind in the world, making Abu Dhabi a significant player in the international chemical markets. In addition, Borealis is participating in a feasibility study for the construction of a world-scale plant nutrients complex in Uzbekistan.

On the innovation front, Borealis celebrated the groundbreaking for the expansion of its Innovation Headquarters in Linz, Austria, supporting its commitment to Value Creation through Innovation. With an investment of approximately EUR 50 million, Linz is becoming the international hub of Borealis' research activities, focusing on the innovation of compounding as well as polymer solutions for the pipe, automotive and advanced packaging industries.

"Though the global recession has impacted our business, we have come through 2008 with solid results," comments Borealis Chief Executive Mark Garrett. "We will continue to ensure we are cost-competitive and operationally efficient, while maintaining our leadership in safety. We know the next two years will be very difficult and volatility in the financial markets and the real economy will continue. We have taken steps to protect our liquidity while ensuring our counter-cyclical investments in Stenungsund and Abu Dhabi are completed.

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Value Creation through Innovation and commercial excellence in our key markets along with the continued valuable contribution from our joint venture Borouge will help keep us on track for the difficult times ahead."

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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. We have production facilities, innovation centres and service centres across Europe, the Middle East and Asia Pacific and work with customers in more than 170 countries around the world to provide plastic materials that make an essential contribution to society and to sustainable development. We are committed to the principles of Responsible Care® and to leading the way in 'Shaping the Future with Plastics™.'

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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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