

# First-quarter results 2008

**Mark Garrett, Chief Executive**  
**Dan Shook, Chief Financial Officer**

May 6, 2008



# Borealis at a glance

- Leading provider of innovative, value creating plastics solutions
- Developing a Base Chemicals business
- Unique Borstar® technology to develop polyolefin solutions that are tailored to customers' needs
- 5,400 employees in around 20 countries
- Customers in more than 120 countries
- Ownership 64% IPIC/36% OMV
- Joint venture in Middle East and Asia: Borouge



# Continue to successfully pursue our 'Value Creation through Innovation' path

## 'Commodity' path

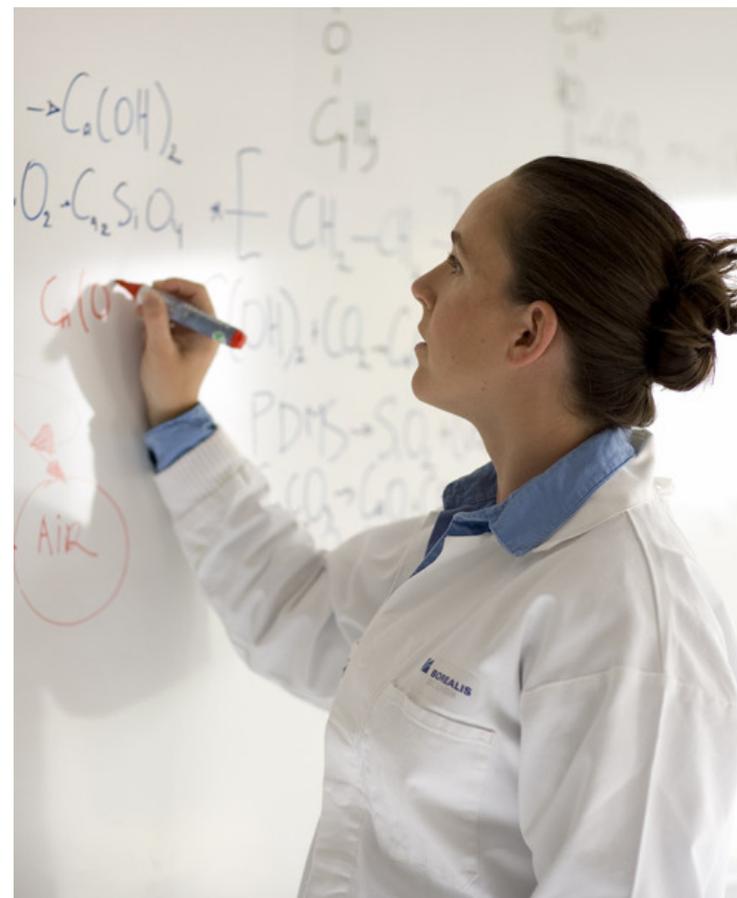


## 'Value Creation' path



# Investing in innovation and asset base

- Increase competitiveness of our asset footprint
- Improve operational excellence
- Ensure cost competitiveness from feedstock to customer
- Step change in world-class innovation
- Commercial excellence
- Recruit skilled and talented staff



# Providing solutions in polyolefins



infrastructure



automotive



advanced packaging

# Investment in European asset base

## Burghausen, Germany

- 330,000 t/y Borstar® PP plant to serve the advanced packaging market

## Stenungsund, Sweden

- 350,000 t/y LDPE plant to serve the wire and cable and Nordic advanced packaging markets

## Schwechat, Austria

- Installation of a four-reactor configuration of the PP plant to serve the automotive, pipe and advanced packaging markets



# Expansion in the Middle East: Borouge 2 and beyond

## Borouge 2

- Expansion to be completed in 2010
- Tripling of current product capacities to 2 million tonnes of polyolefins per year

## Borouge 3

- Feasibility study for further expansion of polyolefin operations in United Arab Emirates
- 2.5 million tonnes per year of additional capacity by 2014
- Meets growing demands of specific polyolefin markets in the Middle East and Asia



# Wire and cable: Visico FX – Fast forwarding production

## The challenge

- High demand for high quality and cost efficient solutions in the low voltage markets

## The solution

- Removes bottlenecks from XLPE production
- Shortens lead times
- Reduces manufacturing complexity

## The benefits

- Outstanding curing speed and productivity improve cost efficiency and profitability
- Higher flexibility facilitates installation



# Automotive: Eye-catching design of the Fiat 500 – Car of the year 2008

## The challenge

- Create a visually appealing, highly-differentiated small car based on a famous, historical model

## The solution

- Polypropylene-based Daplen™ thermoplastic olefins (TPO) for bumpers and dashboard

## The benefits

- Excellent scratch resistance and low gloss
- Lighter components reduce fuel consumption and CO2 emissions
- Excellent stiffness/impact ratio



# Providing solutions in base chemicals



phenol and acetone



feedstocks and olefins



melamine



plant nutrients

# Base Chemicals development in Europe

- Integration of Agrolinz Melamine International (AMI), the world's second largest producer of melamine and the Danube region's market leader in plant nutrients
- EUR 155 million expansion of cracker, PP plant and phenol plant in Porvoo, Finland
- EUR 5 million investment in expansion of AdBlue production capacity to 100 million litres per year in Linz



# Base Chemicals development in the Middle East

- IPIC, Borealis and the Abu Dhabi Investment Council announce a memorandum of understanding for the first phase of the development of a new Chemicals Industrial City in Abu Dhabi by 2013
- The largest and most integrated of its kind in the world
- Comprises a world-scale naphtha cracker, downstream propylene and ethylene derivatives, a world-scale reformer, xylene, benzene, cumene, phenol and derivatives units



# Base Chemicals: AdBlue®

## The challenge

- EU standards for heavy-duty vehicles require reduction of nitrogen oxide emissions

## The solution

- AdBlue®, a urea solution, converts nitrogen oxide into nitrogen and water

## The benefit

- Reduction of nitrogen oxide emissions in the exhaust gas



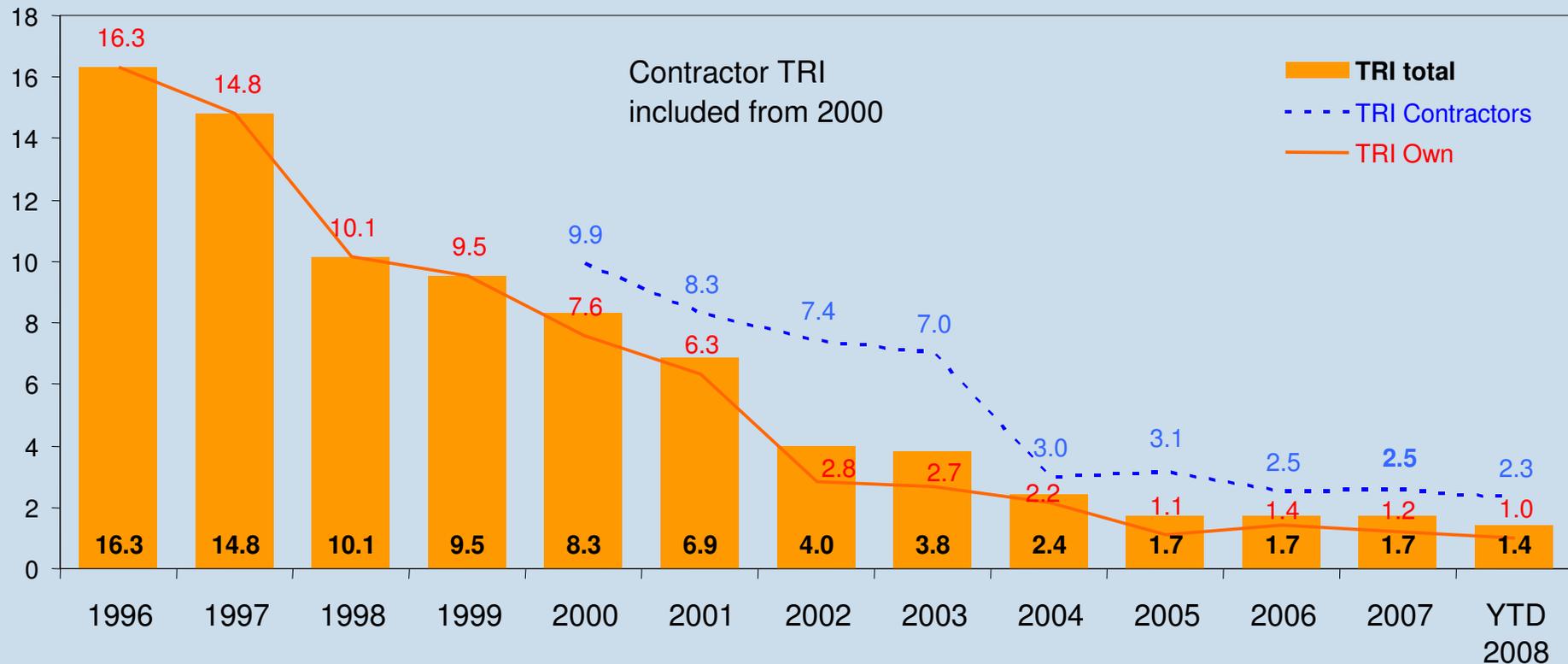
# First quarter performance



# Safety performance comparable to industry leaders

## TRI Frequency, Own vs Contractors 1996-2008

Central Europe in from 1998  
 Portugal out from 2005  
 Norway out from September 2007

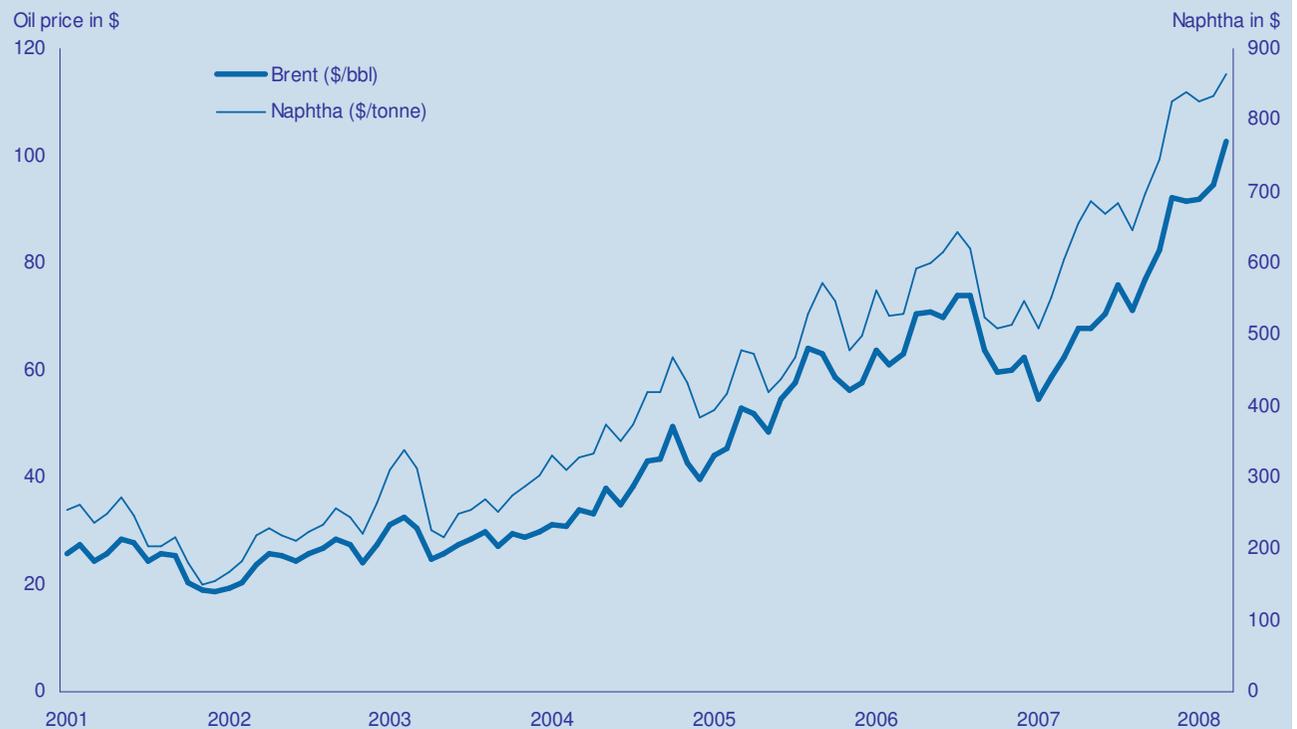


# Strong crude continued driving naphtha higher

Brent	\$ per barrel	€ per barrel
<b>Q1 2008 average</b>	<b>96</b>	<b>64</b>
Q4 2007 average	89 (+9%)	61 (+5%)
Q1 2007 average	59 (+65%)	45 (+44%)
<b>2008 average</b>	<b>96</b>	<b>64</b>
2007 average	73 (+33%)	53 (+21%)

Naphtha	\$ per tonne	€ per tonne
<b>Q1 2008 average</b>	<b>842</b>	<b>561</b>
Q4 2007 average	803 (+5%)	554 (+1%)
Q1 2007 average	555 (+52%)	424 (+32%)
<b>2008 average</b>	<b>842</b>	<b>561</b>
2007 average	676 (+25%)	493 (+14%)

Current period vs previous period change in brackets



Source: Platt's

# ..while polyolefin prices did not keep pace with feedstock prices

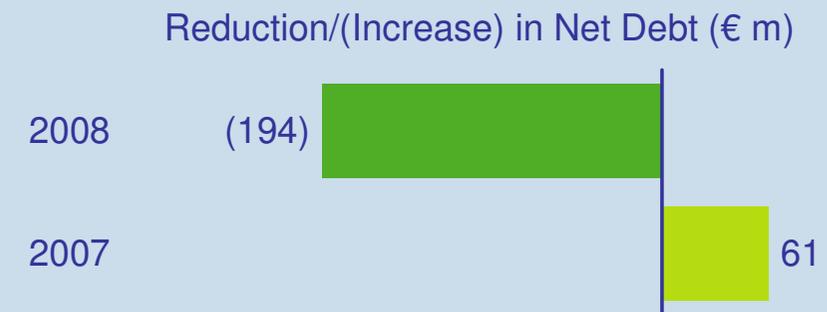
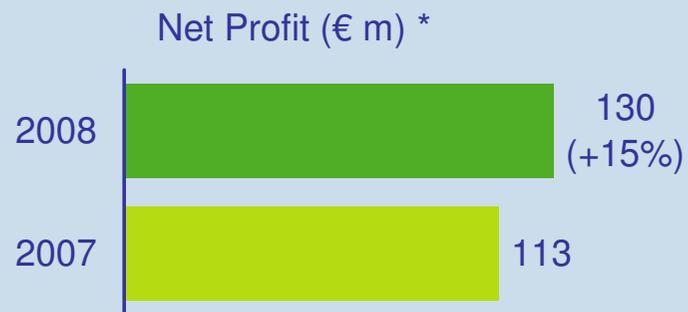
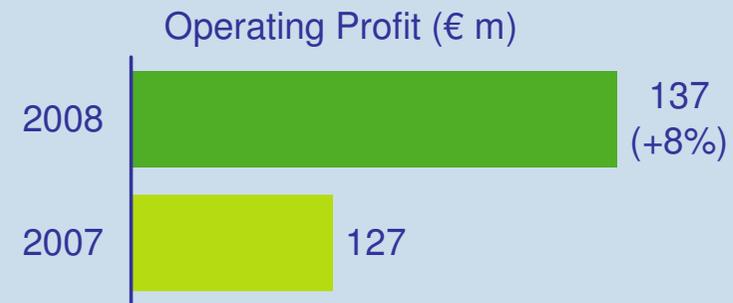
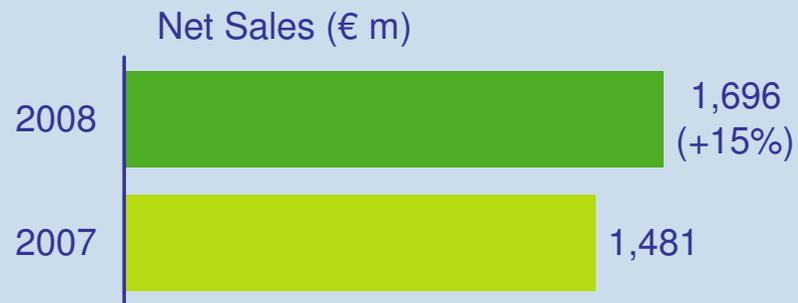
€ per tonne	PE	PP
<b>Q1 2008 average</b>	<b>1,321</b>	<b>1,256</b>
Q4 2007 average	1,274 (+4%)	1,249 (+1%)
Q1 2007 average	1,164 (+14%)	1,148 (+9%)
<b>2008 average</b>	<b>1,321</b>	<b>1,256</b>
2007 average	1,236 (+7%)	1,211 (+4%)

Current period vs previous period change in brackets



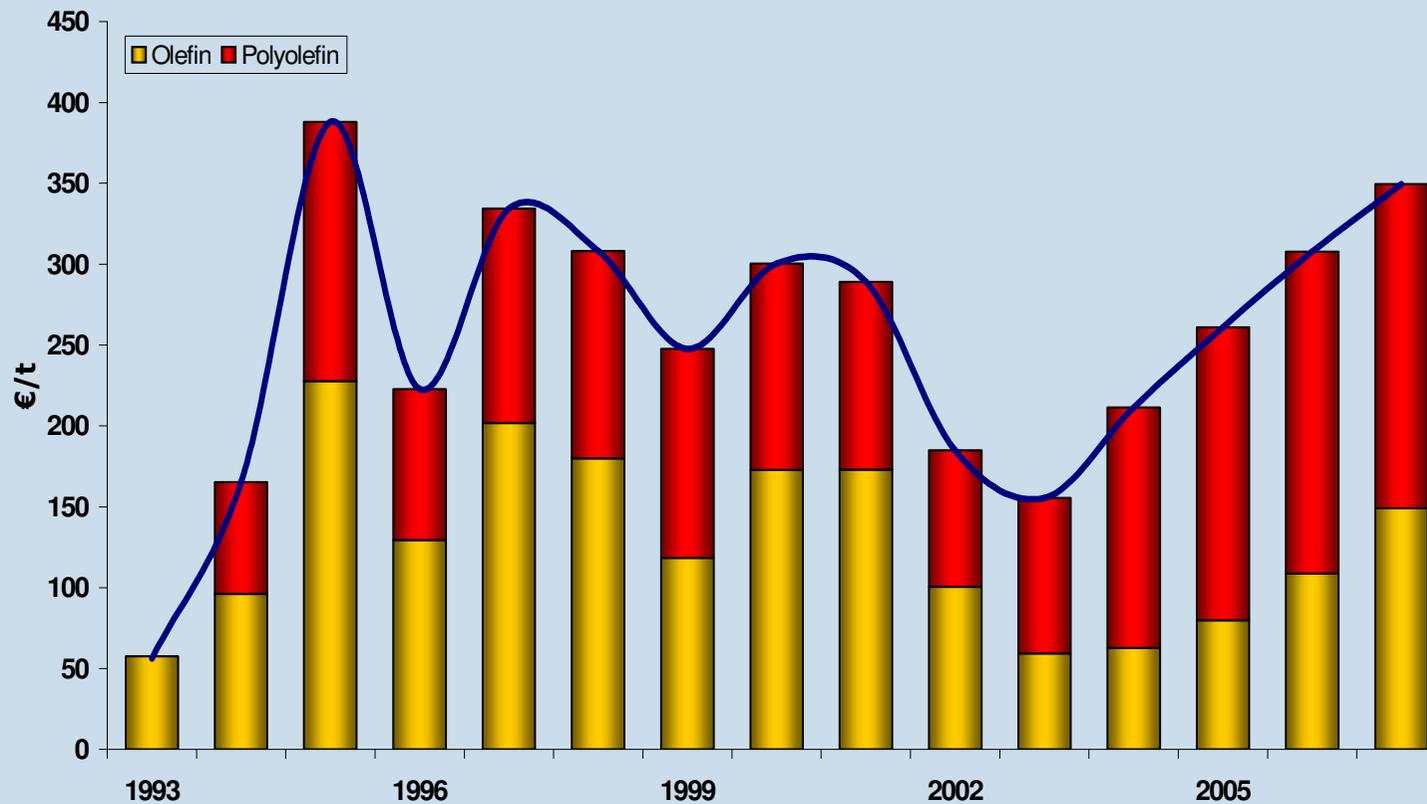
Source: ICIS

# Key figures – Q1

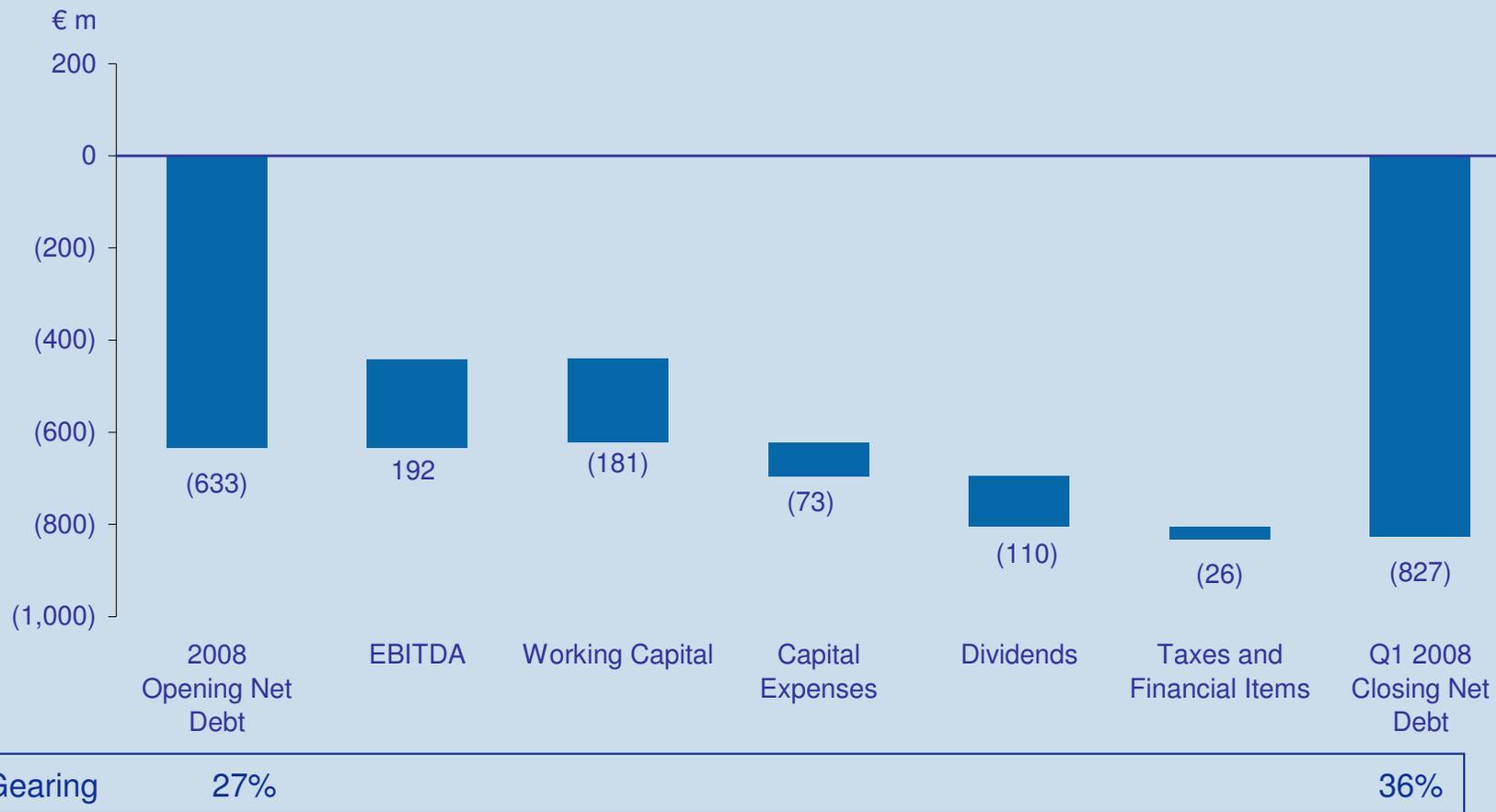


\*) Net profit attributable to equity holders of the parent

# W. European integrated cash cost margin (EUR/t)



# Solid financial position, despite ambitious investment programme



# Responding to global challenges...



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# Water for the World™

A joint Borealis and Borouge programme

Highlights:

- Prof. John Anthony Allan nominated as the 2008 Stockholm Water Prize Laureate
- Singapore International Water Week (June 23 to 27)
- Stockholm Water Week (August 17 to 23)
- World Water Week in Vienna (September 8 to 12)

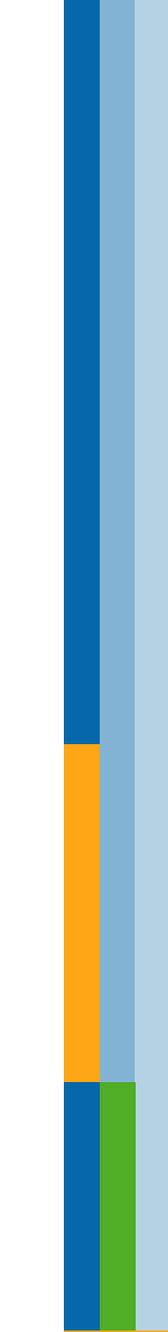




# **BOREALIS**

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**SHAPING *the* FUTURE *with* PLASTICS**



**End of presentation**  
**Mark Garrett, Dan Shook**  
**May 6, 2008**

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