

BOROUGE Q1 2024 NET PROFIT INCREASES 37% YOY TO \$273 MILLION, BEATING MARKET EXPECTATIONS

- *Borouge realises industry-leading 44% EBITDA margin, driven by higher pricing premia, strategic focus on high-value product segments and increased operational efficiency*
- *Company delivers sustainable benefits from 2023 value enhancement programme*
- *Quarterly net profit of \$273 million significantly outperforms analyst consensus and expectations¹*
- *Borouge 4 growth project over 60% completed on time and on budget, and will increase annual production capacity by 28%*
- *Company remains committed to a dividend of \$1.3 billion in 2024, with current dividend yield at an attractive 6.5%*

ABU DHABI, UAE – 30 April 2024: Borouge Plc, a leading petrochemicals company providing innovative and differentiated polyolefins solutions, has reported a 37% year-on-year increase in first-quarter net profit to \$273 million on stronger pricing premia driven by a focus on high-value product segments and cost efficiencies.

The Company continues to demonstrate a significant competitive advantage in key growth markets in Asia Pacific, the Middle East and Africa due to its premium solutions suited to sectors such as infrastructure, energy, agriculture, speciality packaging and healthcare. As a result, the price premium for Borouge's polyethylene widened to \$222 per tonne, up 19% from the previous quarter, and the premium for polypropylene increased 46% on a quarterly basis to \$162 per tonne.

In the first quarter, the overall cost base decreased 20% from a year earlier and 18% on the previous quarter to \$739 million, supporting an improvement in Borouge's industry-leading EBITDA margin to 44%, up from 40% in the fourth quarter. The Company continues to take a highly disciplined approach to managing the cost base following the success of its Value Enhancement Programme in 2023, which exceeded targets and resulted in a positive impact of \$607 million in 2023.

At the Company's Annual General Meeting on 28 March, Borouge reiterated its intention to maintain a \$1.3 billion dividend in 2024. Equivalent to 15.88 fils per share, the dividend represents a current yield² of 6.5%.

¹ Bloomberg

² Based on the closing share price on 29 April 2024

Hazeem Sultan Al Suwaidi, Chief Executive Officer of Borouge, commented: “Borouge continues to demonstrate industry leadership on a broad range of metrics, from profitability and price premia, to operational excellence and efficiency. By achieving robust earnings in the face of difficult global market conditions, the company has proved remarkable resilience and agility. This provides us with confidence that Borouge will achieve continued success in the coming period.

Our strategy remains focused on high value-add segments, maintaining strong customer relationships in the world’s fastest growing economies, and maximising geographic reach. This is backed by continuous product innovation and an unwavering commitment to excellence in all aspects of the business, from safety and optimal utilisation at our production facilities in Al Ruwais, to the expansion of our international commercial network.”

“Borouge is now entering a transformational phase in our growth journey. We are making excellent progress on the Borouge 4 production facility, which is over 60% completed. The plant will raise annual capacity by 28% to 6.4 million tonnes and leverage a new generation of technology to elevate our product profile. The company is also pursuing accelerated global growth prospects including a significant opportunity in the Asia Pacific region that has reached feasibility stage.” Al Suwaidi added.

Strategic focus on high-value product segments, driving higher prices and profitability

Borouge reported revenue of \$1.3 billion in the first quarter of 2024, a 6% year-on-year decline due to lower prices and planned feedstock-related operational maintenance that had a volume impact of 170 kilo tonnes during the quarter.

Operations continued their outstanding production record, reflected by overall asset reliability, which stood at of 99% at the end of the first quarter of 2024.

The 400-basis-point consecutive improvement in the EBITDA margin was driven by higher price premia as Borouge continued to pursue a strategy to prioritise high value-add segments. This was reflected in the increased prominence of energy and infrastructure solutions, which accounted for 45% of total sales volume, up from 36% in the fourth quarter.

Borouge’s average sales prices increased from the previous quarter - 4% for polyethylene and 6% for polypropylene, compared to a 1% rise in global benchmark prices for both products. As a result, the premia for polyethylene of \$222 per tonne and polypropylene of \$162 per tonne achieved in the quarter, exceeded the company’s through-the-cycle premia guidance of \$200 per tonne and \$140 per tonne respectively, which continues to be affirmed by management.

Net profit was \$273 million, representing an increase of 37% year-on-year. Cash conversion reached a high level of 97%, with a healthy adjusted operating free cash flow of \$552 million, up 46% year-on-year.

Strong progress on strategic growth initiatives

The company is actively advancing its polyethylene production capabilities, with construction of the Borouge 4 facility reaching, to date, more than 60% completion. The new plant will increase

the company's production capacity by 28%, making the Al Ruwais production site the world's largest integrated single-site polyolefin complex. The increased production is expected to add approximately \$1.5 - \$1.9 billion to revenue annually after recontribution and full production ramp-up of the plant. Completion is on track for the end of 2025, after which the project will be transferred to Borouge from its majority shareholders, ADNOC and Borealis.

Borouge 4 continues to stimulate the UAE's manufacturing sector. It serves as a significant contributor to the UAE's In-Country Value (ICV) programme, targeting an ICV score of 63%. The project has already delivered substantial economic benefits by awarding purchase orders totalling over \$600 million to companies within the country.

Borouge is also advancing plans for a second ethylene unit (EU2) to increase total production of olefins and polyolefins by a further 230,000 tonnes. After project completion in 2028, the unit is expected to contribute \$220 million –\$250 million of annual revenue. Together, with Borouge 4 project, this revamp will help to boost Borouge's annual total polyolefin production capacity to reach 6.5 million tonnes.

Driving innovation with digitalisation and AI

Borouge is actively implementing digitalisation and artificial intelligence (AI) programmes across its operations to drive innovation, value creation, and enhance efficiency. These initiatives have already delivered significant value and the company is targeting approximately \$280 million of value generation in the coming years. The Innovation Centre in Abu Dhabi is instrumental in Borouge achieving a sustained international competitive advantage and has facilitated the introduction of 8 groundbreaking products in the last year. These include a pioneering solution for gas pipes that is globally recognised for its unrivalled safety and reliability standards, and contribution to the successful expansion of the infrastructure solutions segment.

Growing international footprint

Earlier this year, Borouge announced the establishment of new offices in Kenya and South Korea as part of a strategy to expand its market share in high-growth geographies. The Company's global footprint now includes 14 international offices across key markets in the UAE, China, Egypt, India, Japan, and Southeast Asia.

Commitment to Net Zero by 2045

In April this year, Borouge announced a commitment to achieving Net Zero carbon emissions for its scope 1 and 2 by 2045. The commitment is an extension of the company's best practice approach to ESG and supports the UAE's sustainability goals.

To achieve its Net Zero goal, Borouge has intermediate targets of 25% greenhouse gas (GHG) emissions intensity reduction and 30% energy intensity reduction by 2030. The company will also look to explore new technologies and decarbonisation levers, including electrification and carbon capture.

Outlook

Borouge will continue to pursue a strategic focus on high-value segments such as investment in renewable energy and electrification. Management maintains a positive outlook for the

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company's polyolefins pricing and reiterates its through-the-cycle premia guidance. Borouge's highly successful Value Enhancement Programme resulted in a significant positive EBITDA impact versus the 2022 baseline, and management expects to sustain the majority of gains from the cost improvement measures through 2024 and onwards, while continuing to invest in innovation to optimise deployment of superior Borealis Borstar® proprietary technology and economies of scale at one of the world's largest integrated polyolefins complexes.

Financial Highlights

USD millions	Q1 2024	Q1 2023	YoY % Change	Q4 2023	QoQ % Change
Sales Volume (kt) ⁽¹⁾	1,135 kt	1,157kt	-2%	1,359 kt	-16%
Revenue	1,302	1,382	-6%	1,497	-13%
Adj. EBITDA ⁽²⁾	567	460	23%	600	-6%
Net Profit	273	199	37%	288	-5%
Adj. Operating FCF ⁽³⁾	552	378	46%	526	5%

(1) PE, PP and ethylene sales (including Borealis volumes).

(2) Adj. EBITDA defined as EBITDA plus adjustments on foreign exchange gain or loss and impairment loss on Property, Plant and Equipment.

(3) Adj. Operating FCF defined as Adjusted EBITDA less capital expenditure.

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About Borouge Plc

Borouge Plc, listed on the Abu Dhabi Securities Exchange (ADX symbol: BOROUGE / ISIN AEE01072B225), is a leading petrochemicals company that provides innovative and differentiated polyolefin solutions for the infrastructure, energy, mobility, healthcare, agriculture and advanced packaging industries. Borouge employs more than 3,000 people and serves customers in over 86 countries across Asia, the Middle East and Africa.

Founded in 1998 through a strategic partnership between ADNOC and Borealis, Borouge was formed to build and operate a polyolefins complex in Al Ruwais Industrial City, United Arab Emirates, which today is one of the world's largest integrated polyolefin complexes. ADNOC owns a majority 54% stake and Borealis holds a 36% stake in Borouge.

To find out more, visit: borouge.com

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