

BOROUGE UPDATES INVESTORS ON PROPOSED CREATION OF US\$ 60 BILLION GLOBAL PETROCHEMICAL CHAMPION

ADNOC and OMV agree terms of a binding framework agreement for the proposed combination of Borouge and Borealis into Borouge Group International

Borouge Group International will acquire Nova Chemicals, leading North America-based polyethylene producer for US\$ 13.4 billion expanding global reach and access to growth markets

Borouge 4 expansion project expected to be recontributed at cost, estimated at US\$7.5 billion, with through-the-cycle EBITDA of approximately US\$900 million once fully ramped up

New company set to become the world's 4th largest polyolefins company by nameplate production capacity

New entity through-the-cycle EBITDA is expected to be over US\$7 billion

Agreement leverages unique strengths of Borouge, Borealis, and Nova with an extensive production and sales network spanning across all major markets, including North America

Borouge Group International will be listed on the Abu Dhabi Stock Exchange and targets a minimum annual dividend payout of 16.2 fils per share, representing an uplift on Borouge current annual dividend and deliver immediate dividend accretion as compared to existing Borouge dividend for shareholders

Abu Dhabi, UAE, March 4 2025: Borouge Plc (“Borouge” or “the Company”) (ADX symbol: BOROUGE / ISIN: AEE01072B225), a leading petrochemical company that provides innovative and differentiated polyolefin solutions, will update the market today on the announcements by Abu Dhabi National Oil Company (“ADNOC”) and OMV Aktiengesellschaft (“OMV”) regarding their entry into a binding Framework Agreement for the proposed combination of Borouge and Borealis AG (“Borealis”) into Borouge Group International, and its acquisition of Nova Chemicals Corporation (“Nova”).

The company will hold an investor briefing, jointly with ADNOC and XRG to provide an update on the key highlights of the proposed transactions following the announcements by ADNOC and OMV on 4 March 2025. Under the terms of the agreement, ADNOC and OMV will hold equal stakes of 46.94% in Borouge Group International, with joint control and equal partnership, with the remaining 6.12% in free float. This is subject to Securities and Commodities Authority (SCA) approval and assuming all existing Borouge free float shareholders accept to exchange their existing shares in Borouge into shares in Borouge Group International.

The proposed agreement assumes a primary cash injection of approximately €1.6 billion by OMV into Borouge Group International. The cash injection will be reduced accordingly upon closing due to adjustment of the equity value of Borouge and Borealis after expected dividend payments up to completion. The new entity will be listed on the Abu Dhabi Securities Exchange (ADX), subject to approval by the SCA and ADX. The proposed transactions are expected to be completed in Q1 2026, subject to regulatory approvals and other customary conditions.

Borouge Group International will also acquire Nova for US\$13.4 billion (including debt), further expanding its footprint in North America. The acquisition would create a global polyolefins champion, set to be the world's fourth largest by nameplate production capacity.

One of the key elements of the transactions is ADNOC and OMV's agreement to recontribute the Borouge 4 expansion project at cost, estimated at US\$7.5 billion. The project is expected to be re-contributed at cost once it becomes fully operational, by the end of 2026. Upon completion, Borouge 4 is expected to deliver an additional production capacity of 1.4 million tonnes per year and is projected to contribute a through-the-cycle EBITDA of approximately US\$900 million per annum.

The final transaction will be under comprehensive review by the Borouge PLC Board of Directors.

Hazeem Sultan Al Suwaidi, Borouge Chief Executive Officer, said: "The proposed combination of Borouge and Borealis, and the acquisition of Nova, presents a compelling growth opportunity. By combining the highly complementary strengths of three polyolefin leaders, world-class proprietary technologies, competitive feedstock, differentiated and premium product offering, direct access to growth markets, and leading circularity credentials, strategic and financial value across multiple dimensions are being created."

Highlights of the proposed transactions announced by ADNOC and OMV include:

- **Creation of a global polyolefins platform with scale and reach:** The proposed transaction would create the fourth largest polyolefins player by nameplate production with capacity of approximately 13.6 million tonnes annually, including Borouge 4. The new entity would have a global production footprint and extensive global reach in marketing and distribution across all major markets.

- **Nova Chemicals, a leading North American polyethylene producer** with 2.6 million tonnes of polyethylene capacity and 4.2 million tonnes of ethylene capacity, will be acquired by Borouge Group International and will further strengthen our global presence with a stronger North America footprint, an enhanced product portfolio, and a broader suite of production technologies.
- **Significant expected through-the-cycle EBITDA of over US\$7 billion:** Substantial EBITDA uplift assumes mid-cycle market conditions, capacity expansions coming online such as Borouge 4, Kallo and AST2, as well as run-rate synergies of US\$500m.
- **Plans for an enhanced dividend payout:** Supported by stronger cash flow generation, Borouge Group International's dividend policy will be based on a 90% payout ratio with potential upside for distribution based on free cash flow generation, with the objective of maintaining a minimum annual payout of 16.2 fils per share, representing a minimum 2% accretion vs. Borouge's targeted full year 2024 DPS.
- **Borouge 4 positive conclusion on recontribution:** ADNOC and OMV have agreed to recontribute the Borouge 4 expansion project, once fully operational by end of 2026, at cost, estimated at approximately US\$7.5 billion with through-the-cycle EBITDA of approximately US\$900 million. The project is expected to deliver an additional production capacity of 1.4 million tonnes polyolefins per year.
- **Leading technologies enabled through innovation-led strategy and R&D focus:** Technology and innovation are at the core of Borouge, Borealis, and Nova strategies. The combined platform would include 800+ R&D experts and a pipeline of over 16,500+ patents and seven world-class innovation centres. This foundation would enable an even more differentiated product offering and scope for higher value products.
- **Attractive financial profile with robust balance sheet and industry-leading margins:** Margin profile of the new entity is expected to remain best-in-class globally and is expected to also be resilient over the cycle compared to peers, while providing the financial strength to fund future organic and inorganic growth opportunities.
- **Superior value creation:** The proposed transactions are expected to unlock significant value through the realisation of operational and commercial synergies, improved global market access, accelerated rollout of new innovations, and sharing and scaling of advanced technologies. These synergies are currently estimated by ADNOC and OMV to deliver around a US\$500 million additional run-rate EBITDA, with 75% expected to be realised within three years after completion of the transactions.

Market Announcement

- **Targeting leadership in sustainable and circular solutions to meet the demands of tomorrow:** Borouge Group International is well-positioned to achieve global leadership in circularity and sustainability solutions, with Borouge, Borealis, and Nova at the forefront of circular solutions, building on their existing initiatives to further develop its sustainable polyolefin solutions. Borealis and Borouge have both committed to reaching Scope 1 and 2 net zero emissions targets before 2050 with Borouge Group International's sustainability strategy and targets to be rolled out post Completion.

Borouge Group International is intended to be headquartered and domiciled in Vienna, with regional headquarters in Abu Dhabi, subject to regulatory approvals. In addition, Borouge Group International will retain key corporate hubs in Calgary, Pittsburgh and Singapore.

Borouge Group International will be listed on the ADX, subject to regulatory approvals. Completion of the combination is estimated in Q1 2026, subject to regulatory approvals and ongoing discussions with SCA.

Borouge will continue to make all required market disclosures related to these transactions, in full compliance with its governance and regulatory obligations.

Borouge management will host a webcast together with ADNOC and XRG representatives at 13:30 UAE on the 4th March 2025 to provide further details on the transactions. For more information regarding these transactions and to access the webcast, please visit https://www.borouge.com/en/investor-relations/Pages/Transactions_Announcement_Webcast.aspx

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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 3,100 people and serves customers in 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.

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To find out more, visit: [borouge.com](https://www.borouge.com)

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Market Announcement

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