

Market Announcement

BOROUGE REPORTS \$1.38 BILLION REVENUE IN Q1 2023, VALUE ENHANCEMENT PROGRAMME DELIVERS MATERIAL IMPACT, PRICING IMPROVES

Turnaround of Borouge 2 successfully completed as planned, on time and on budget

Improved pricing and premia in Q1 2023

Value enhancement programme already delivering significant efficiencies, with impact of more than \$100 million as at quarter-end

Borouge reiterates commitment to pay \$1.3 billion dividend for 2023

Abu Dhabi, UAE – 28 April 2023: Borouge Plc (“Borouge” or “the Company”) (ADX symbol: BOROUGE / ISIN: AEE01072B225), a leading petrochemical company that provides innovative and differentiated polyolefin solutions, today announced its financial results for the three-month period ended 31 March 2023, with revenues of \$1.38 billion and adjusted EBITDA of \$460 million. The Company’s value enhancement programme has already delivered a significant impact of more than \$100 million in efficiencies and revenue optimisation.

Hazeem Sultan Al Suwaidi, Chief Executive Officer of Borouge, commented: *“We are pleased to report our Q1 2023 results, along with a number of important operational and strategic achievements. The turnaround of our Borouge 2 facility was successfully completed on time and on budget, returning our asset base to full production capacity from the second quarter onwards. We also made important strides forward in the execution of our value enhancement programme, achieving revenue optimisation gains and significant efficiencies in both fixed and variable costs. We will be looking to build on this strong progress throughout the year.”*

“In April, we were pleased to pay a final dividend of \$650 million to shareholders, bringing total post-IPO dividends for 2022 to \$975 million, and we remain committed to paying dividends of \$1.3 billion for the year 2023.”

Highlights for the three months to 31 March 2023: Pricing premia for polyethylene (PE) and polypropylene (PP) improved compared to the previous quarter, by 22% for PE and 17% for PP, to reach \$264 and \$137 respectively. As such, Borouge maintained its healthy polyolefin pricing premia, a key competitive advantage for the business.

Quarterly sales volumes of 1,157kt increased by 5.1% year-on-year, with constraints on volumes vs. the previous quarter, and revenue stood at \$1.38 billion. Lower quarterly production volumes were due to the planned one-off impact of the Borouge 2 turnaround, which has been implemented in line with its expected timetable and within budget. The turnaround was successfully completed on 17 March 2023, with 200kt returned to Borouge’s total production capacity. It forms part of Borouge’s regular plant maintenance schedule, which aims to keep its world-class asset base well-maintained and support industry-leading reliability and efficiency of operations.

Borouge delivered adjusted EBITDA of \$460 million in the first quarter. A stable EBITDA margin of 33.3% reflected material efficiencies from the value enhancement programme, as well as higher revenues from product mix and differentiation, which partially offset the impact of lower production

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volumes. Net profit for the period was \$199 million, with lower sales volumes partially offset by strengthening prices. Cash conversion in the first quarter was very strong, at 82%, with Capex increasing by 8% quarter-on-quarter in support of the Borouge 2 turnaround.

Value enhancement programme makes an impact

The Company's value enhancement programme has already delivered a material impact in excess of \$100 million in efficiencies and revenue optimisation, as at the end of the quarter. While higher propylene feedstock costs in the first quarter reflected overall market trends, and the utilization of the cost-advantaged OCU to produce propylene was reduced by the Borouge 2 turnaround, the Company continues to operate comfortably within the top quartile of the global cost curve, owing to its very competitive feedstock contracts, economies of scale and young asset base.

Focused on revenue optimisation and efficiency across variable and fixed costs, the value enhancement programme is expected to deliver a \$400 million EBITDA impact in 2023, offsetting market pressures and positioning the Company for future growth. Thereafter, Borouge expects to sustain a 15% positive EBITDA impact from 2024 onwards, versus the 2022 baseline.

Strong balance sheet and cash conversion supporting future dividends and growth

With a consistent focus on maintaining a strong and healthy balance sheet, in January 2023, in view of a significant cash balance of over \$1 billion, Borouge repaid \$500 million of its \$3.65 billion Commercial Term Facility. This has resulted in significant interest cost savings. The Company will continue to strengthen its balance sheet as it pursues growth and ensures future dividend capacity.

As announced in February 2023, the Board of Directors has mandated Borouge's Executive Management to explore international expansion opportunities, focused on geographies and markets that support the Company's existing strategic priorities.

Outlook

Activity in Borouge's core Asia Pacific and Middle East markets remains stronger than in developed markets, with economic growth rates ahead of developed economies. Management expects stable polyolefin demand growth in its core territories and for sales volumes to return to levels equivalent to production volumes. The Company's differentiated product portfolio, enabled by Borstar® technology, its innovation capabilities, and integrated go-to-market approach result in a sustained and strong market position, with Borouge able to tactically place all volumes in response to changes in demand. Management expects to continue to achieve product pricing premia in line with its over-the-cycle mid-term guidance of \$200/tonne for PE and \$140/tonne for PP.

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About Borouge Plc

Borouge Plc, listed on the Abu Dhabi Securities Exchange (ADX symbol "BOROUGE" / ISIN "AEE01072B225"), is a leading petrochemical company that provides innovative and differentiated polyolefin solutions for the energy, infrastructure, mobility, advanced packaging, healthcare and agriculture industries. ADNOC owns a majority 54% stake, and Borealis holds a 36% stake in Borouge. To find out more, visit www.borouge.com.

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