

## **BOROUGE REPORTS FIRST-HALF REVENUES OF \$2.8 BILLION, VALUE ENHANCEMENT PROGRAMME ACHIEVES \$253 MILLION IMPACT YTD**

*Despite a challenging market, Borouge achieves healthy sales volumes and returns to full production capacity*

*Borouge maintains strong premia above benchmarks in a weak pricing environment*

*Value Enhancement Programme delivers positive and material impact of \$253 million year to date*

*Board endorses \$650 million interim dividend and reiterates commitment to pay \$1.3 billion in dividends for 2023*

**Abu Dhabi, UAE – 28 July 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- and six-month periods ended 30 June 2023, with first-half revenues of \$2.8 billion and adjusted EBITDA of \$978 million. The Company’s ambitious Value Enhancement Programme delivered a material \$253 million impact in efficiencies and revenue optimisation year to date and is a significant and positive contributor to countering external market pressures.

**Hazeem Sultan Al Suwaidi, Chief Executive Officer of Borouge,** commented: *“In a challenging market environment, our results for the second quarter and first half of 2023 are a demonstration of our resilience. Following the successful completion of the planned turnaround of our Borouge 2 facility, our production is at a very high utilisation rate. In addition, we continue to achieve significant efficiencies through our ambitious Value Enhancement Programme, which is assisting us in mitigating market pressures and positions us for further growth.*

*“In view of our robust financial position and very strong cash conversion, we are pleased to announce that our board has endorsed an interim dividend of \$650 million to be approved by shareholders during the second half of the year and reiterated our commitment to pay \$1.3 billion in dividends for 2023. Our commitment to creating value for our shareholders, while innovating and differentiating our solutions to deliver the highest quality in the market, remains as strong as ever.”*

**Highlights for the three months ended 30 June 2023:** Second-quarter revenue increased by 2.5% quarter-on-quarter, to reach \$1.4 billion, and declined on a year-on-year basis. Borouge reported net income of \$231 million in Q2 2023, increasing by 16% compared to the first quarter, supported by a 4% increase in sales, but decreased compared to Q2 2022.

While top and bottom-line performance in Q2 faced year-on-year pricing challenges, Borouge delivered a healthy EBITDA margin of 37%, up 10% compared to the previous quarter, reflecting improved operational efficiencies. Cash conversion was very strong at 96%, with a healthy adjusted operating free cash flow of \$496 million, up 31% compared to the previous quarter.

Pressures from market weakness were partially offset by the positive impact of the Value Enhancement Programme, as well as by healthy sales volumes and the resilience of the Company’s pricing premia compared to benchmarks. Strong volumes for both polyethylene (PE) and polypropylene (PP) included

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40% of total sales to the value-added infrastructure segment, representing a high premia end market and strategic growth focus for Borouge. Meanwhile, production resumed at a high utilisation rate following the successful completion of the planned turnaround of the Borouge 2 facility in Q1.

Pricing premia was maintained above management guidance for both PE (\$249/t) and PP (\$150/t) despite softening benchmark prices and some compression driven by a challenging market environment.

**Highlights for the six months ended 30 June 2023:** In the first half of 2023, sales volumes grew by 1.5% year-on-year to 2.4 million metric tonnes. Net profit for the period was impacted due to a sharp 22% decline in average selling prices compared to their peak levels in Q2 2022, when prices were supported by a combination of high product benchmark rates and exceptional premia for PE and PP.

### **Value Enhancement Programme delivers \$253 million material impact within this year**

Borouge's Value Enhancement Programme continues to successfully deliver cost efficiencies and revenue optimisation. Tracking ahead of its target of \$400 million, the programme has achieved a \$253 million material impact within this year. This is the result of a stringent and detailed range of operational improvement initiatives addressing fixed and variable costs.

In addition, Borouge's cost-advantaged Olefins Conversion Unit (OCU) is operating at high utilisation, bringing a cost benefit from propylene substitution and supporting margins. Owing to its competitive feedstock contracts, economies of scale and young asset base, Borouge is positioned in the first quartile of the global cost curve.

### **A strong balance sheet and high cash conversion support significant dividends and future growth; Borouge 4 successfully concludes project funding**

Borouge continues to manage a robust balance sheet and maintains a conservative leverage profile, enabling significant dividend capacity and future growth. Borouge 4, which is being built by the Company's major shareholders, ADNOC and Borealis, has reached another important milestone in completing project funding constituting of equity, shareholder loans and long-term external financing.

The Company continues to explore international expansion opportunities, focusing on geographies and markets that are aligned with its strategic roadmap.

### **Driving innovation within the industry**

Borouge continues to drive innovation, ensuring that its products are of the highest quality and sustainability standards. As part of its strategy for innovation, Borouge recently launched a new polypropylene infrastructure product to assist with the manufacturing of durable, corrosion-free plumbing and heating pipe systems. With a longer lifetime and easy installation process, the product provides several sustainability benefits and differentiates the Company's overall PP product portfolio. The new solution is expected to add significant value to Borouge's hot and cold water pipe offering, aiming to grow its market share of the segment to over 20%.

### **Outlook**

Borouge's strategy continues to focus on delivering value-added, differentiated products and innovative solutions to its customers, capitalising on economic opportunities in its territories. While the polyolefin markets remain challenging, with pricing expected to operate within a narrow band of volatility in 2023, Borouge remains well positioned in its core territories to continue to deliver product premia

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versus benchmarks over the cycle given the Company's competitive and cost advantaged feedstock position, economies of scale through one of the world's largest integrated polyolefins complexes, proprietary Borstar® technology and leading position in key growing and sustainable market segments. The Company also expects to realise further material results from its Value Enhancement Programme during the coming quarters.

### Majority shareholder's recent announcement on potential merger of polyolefins businesses

On 15 July 2023, Abu Dhabi National Oil Company (ADNOC) P.J.S.C. ("ADNOC"), Borouge's majority shareholder, and OMV AG ("OMV"), Borealis AG ("Borealis") majority shareholder, announced that they entered into formal negotiations regarding a potential merger of Borouge and Borealis. Any final decision will be subject to the governance processes of Borouge and other relevant parties involved. Borouge will make any necessary disclosures to the market, if and when required, in full compliance with its regulatory obligations.

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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 infrastructure, energy, mobility, healthcare, agriculture and advanced packaging industries. ADNOC owns a majority 54% stake and Borealis holds a 36% stake in Borouge. To find out more, visit: [borouge.com](https://www.borouge.com)

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