

BOROUGE Q2 2024 NET PROFIT JUMPS 33% YOY THROUGH RECORD PRODUCTION VOLUMES, STRONG SALES AND COST EFFICIENCIES

- Q2 revenue of \$1.5 billion, up 6% YoY, with net profit of \$308 million, up 33% YoY and beating analysts' expectations
- Company delivers industry-leading 41% EBITDA margin and record production volumes, driving Q2 sales volume increase of 16% QoQ and 9% YoY
- Borouge 4 growth project over 70% complete and will increase annual production capacity by 28%
- Company remains committed to a dividend of \$1.3 billion in 2024, with attractive current dividend yield of 6.5%¹

ABU DHABI, UAE – 31 July 2024: Borouge Plc, a leading petrochemicals company providing innovative and differentiated polyolefins with technology solutions, has reported a 33% year-on-year (YoY) increase in second-quarter net profit to \$308 million, powered by higher sales and cost efficiencies as the company recorded its highest ever production volumes.

Adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) surged 18% YoY to \$613 million in the second quarter (Q2), underpinned by a 6% increase in revenue and a 6% improvement in cost per tonne, reflecting sustained efficiencies from the Value Enhancement Programme that delivered a \$607 million positive impact in 2023. Borouge maintained its industry leadership in profitability, with an EBITDA margin of 41% in Q2, up from 37% a year earlier.

Borouge's premium products continued to drive strong sales performance, underlining the company's resilience in a challenging global market environment for the wider petrochemicals industry. The company is leveraging its competitive advantage in Asia Pacific, the Middle East, and Africa, driven by superior technology, innovation, operational excellence, and an extensive sales and marketing network.

A key driver of Borouge's industry-leading profitability is its sustained price premia for polyethylene and polypropylene, which remained robust at \$198 and \$138 per tonne respectively in Q2. This was in line with the company's mid-term through-the-cycle guidance, which is reiterated by management. Borouge achieved record quarterly production levels, driven by outstanding capacity utilisation rates of 114% for polyethylene and 103% for polypropylene, supported by an ongoing focus on process safety and asset reliability, which stood at 97% in Q2.

Hazeem Sultan Al Suwaidi, Chief Executive Officer of Borouge, commented: "We are delivering exceptional financial and operational performance, highlighting the company's remarkable strength and resilience. Borouge stands out globally for its operational excellence and determined focus on value creation, as reflected in peak utilisation rates, record production

¹ Current dividend yield as at the market close on 30 July 2024.

volumes and industry-leading EBITDA margins. Our priority is to drive accelerated growth through capacity expansion, optimal productivity and a focus on high-value customer segments. We will deliver a transformational increase in production volumes through the Borouge 4 complex, our second ethylene unit EU2, and as part of a consortium that is drawing plans for a new speciality polyolefins plant in China. An ambitious artificial intelligence programme is also powering growth and enhancing productivity, safety and sustainability to unlock significant financial value.”

Sales volumes rise 16% in Q2, supported by infrastructure solutions segment

Borouge reported revenue of \$1.5 billion in Q2, up 6% YoY. Sales volumes increased 16% quarter-on-quarter (QoQ) driven by a focus on high-value segments, with infrastructure solutions contributing 41% of sales volumes.

Average sales prices softened marginally in the quarter, with a small gain for polypropylene offset by a slight decline for polyethylene, while global benchmarks rose 4% and 2% QoQ respectively. Asia Pacific accounted for 66% of sales volume, unchanged YoY, with the Middle East and Africa advancing to 28% from 27% a year earlier as the company optimised its regional sales mix.

Adjusted EBITDA increased to \$613 million from \$518 million a year earlier, with the company achieving management guidance on price premia despite the challenging market conditions.

Borouge remains committed to distributing \$1.3 billion dividend in 2024

For the first half (H1) of 2024, the company reported a net profit of \$581 million, an increase of 35% YoY, with adjusted EBITDA increasing 21% to \$1.18 billion. H1 revenue of \$2.81 billion was unchanged from a year earlier, while costs, excluding depreciation and amortisation, decreased 11% through a continued commitment to rigorous cost management.

At Borouge's Annual General Meeting on March 28, the company reaffirmed its intention to maintain a \$1.3 billion dividend for 2024, or 15.88 fils per share, providing a significant current yield ^[1] of almost 6.5%. Shareholders are scheduled to meet at a general meeting in the third quarter to approve distribution of a 7.94 fils per share interim dividend.

Strategic growth initiatives in the UAE and China to transform production capacity

Accelerating its international growth ambitions, Borouge announced in July the initiation of a feasibility study for a speciality polyolefins complex in China. Borouge is part of a consortium that intends to form a 50:50 joint venture with Wanrong New Material (Fujian), a subsidiary controlled by Wanhua Chemical, to establish a plant in Fuzhou with a capacity of 1.6 million tonnes per year.

In the UAE, the company has reached over 70% completion of the Borouge 4 facility mega project, which will increase production capacity by 28%, making Al Ruwais Industrial City the largest integrated single-site polyolefin complex in the world. The project, being built by Borouge on behalf of the project's owners, ADNOC and Borealis, is on schedule for completion at the end of 2025 and is projected to generate an additional \$1.5 - \$1.9 billion in annual revenue. Upon completion, the project is expected to be transferred to Borouge from its majority shareholders, ADNOC and Borealis.

Borouge is also advancing capacity increase plans at its second ethylene unit (EU2), aimed at raising production of olefins and polyolefins by a further 230,000 tonnes. Scheduled for completion in 2028, the additional capacity is expected to contribute \$220 - \$250 million in annual revenue.

Accelerating growth through digitalisation and AI

Artificial intelligence, Digitalisation and Technology (AIDT) are central to Borouge's strategy to create value, power innovation, and enhance productivity and processes. The company has realised \$215 million in value creation in the first half of 2024, through a broad portfolio of projects spanning health and safety, sales, sustainability, and innovative product development.

Borouge has already revolutionised industry practice through the installation of a real-time optimisation (RTO) system across three large-scale ethane crackers and 20 furnaces. The initiative analyses over 150,000 parameters per hour, enabling instant data-driven decisions, significantly enhancing productivity, optimising energy consumption and reducing emissions.

Sustainability achievements power Borouge into major global ESG index

Borouge has been selected for inclusion in the S&P Global LargeMidCap ESG (Environmental, Social and Governance) index, which tracks performance of securities meeting robust sustainability criteria. In 2023, Borouge's inaugural ESG score ranked in the top quintile of over 500 chemical companies measured by S&P Global, a testament to the progress made by the company on its comprehensive ESG strategy.

In line with its pledge to reach Net Zero carbon emissions for Scope 1 and 2 by 2045, Borouge has set interim 2030 goals of reducing greenhouse gas (GHG) emissions intensity by 25% and energy intensity by 30%. The company plans to explore new technologies and decarbonisation strategies, such as electrification and carbon capture.

Innovation driving operational excellence and differentiated product pipeline

With over 1,100 active patents, Borouge's Innovation Centre in Abu Dhabi is key to maintaining a competitive edge and enhancing profitability. Collaborating with Borealis' innovation centres in Europe, the UAE team is developing unique polymer solutions for new applications and markets. The centre has launched eight new groundbreaking polyolefin products over the past year. These include Anteo™ FK1510, a new consumer packaging solution that ensures longer shelf life and higher food safety, while enabling 100% recyclability through mono-materials solutions.

Outlook

Management anticipates a stable macro-economic environment in its core markets in the second half of 2024, with an improving operating environment marked by moderate GDP growth. Operationally, strong production levels and sales volumes are forecast to sustain a positive momentum, supported by a focus on realising greater efficiencies, while polyolefin prices are expected to remain stable, fluctuating within a narrow range. The scheduled maintenance of Borouge 3, previously planned for Q4 2024, with an estimated volume impact of 320,000 tonnes,

has been moved to Q2 2025. The updated timeline is expected to optimise feedstock availability and unlock between \$20-\$40 million in EBITDA compared to plan.

Financial Highlights

USD millions	Q2 2024	Q2 2023	YoY % Change	Q1 2024	QoQ % Change	H1 2024	H1 2023	YoY (%)
Sales Volume (kt) ⁽¹⁾	1,311 kt	1,206 kt	9%	1,135 kt	16%	2,447	2,363	4%
Revenue	1,503	1,416	6%	1,302	15%	2,805	2,798	0.3%
Adj. EBITDA ⁽²⁾	613	518	18%	567	8%	1,181	978	21%
Net Profit	308	231	33%	273	13%	581	431	35%

(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.

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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 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.

* Anteo TM is a registered trademark of Borealis AG.

To find out more, visit: borouge.com

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