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BOROUGE DELIVERS STRONG 2022 RESULTS WITH 10% PRODUCTION CAPACITY AND 15% SALES VOLUME GROWTH DRIVING UP FULL-YEAR REVENUE

Strong 15% growth in sales volumes for the year resulting in 8% revenue growth

Announces $400 million value enhancement programme to drive sustainable growth, focused on high-impact cost efficiency and revenue optimisation initiatives

Board mandates company to explore international growth opportunities

Reiterates commitment to pay $975 million in post-IPO dividends for 2022, and at least $1.3 billion for FY 2023

Abu Dhabi, UAE – 2 February 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 twelve-month and three-month periods ended 31 December 2022, with strong year-on-year growth in sales volumes driving healthy revenue growth.

Highlights for the twelve months to 31 December 2022: Borouge reported revenue of $6.7 billion, increasing by 8.2% versus 2021. The increase in revenue over the twelve-month period was driven by a 14.9% increase in total polyolefin sales volumes. Overall production capacity grew by 10% year-on-year, in support of increasing volumes, with the successfully completed ramp-up of Borouge's PP5 unit adding significant production capacity of 500 kilo tonnes per annum, bringing more differentiated grades into the production mix and supporting premium production. Adjusted EBITDA for the full-year period stood at $2.6 billion. Net profit for the year was $1.4 billion, in line with market expectations and holding up well, despite an overall challenging market environment.

Building on cost optimisation activities in 2022, Borouge has announced its high-impact value enhancement programme, anchored in cost efficiency and revenue optimisation initiatives. The programme focuses on driving efficiencies within variable costs, fixed costs, and revenue enhancement opportunities, and is expected to deliver a $400 million EBITDA impact in 2023. Thereafter, Borouge management expects to sustain a 15% positive EBITDA impact from 2024 onwards, versus the full-year 2022 baseline. This is intended to offset market pressures and position the Company for future growth.

In light of its highly competitive position, very robust financial profile and long-term approach to sustainable growth, Borouge's Board of Directors has also mandated Executive Management to actively explore growth opportunities through international expansion. These will be focused on geographies and markets that support the Company's existing strategic priorities and will be considered within the framework of Borouge's disciplined capital allocation policy.

Hazeem Sultan Al Suwaidi, Chief Executive Officer of Borouge, commented: *"We are pleased to report our strong twelve-month financial results, which demonstrate the resilience and efficiency of our business, and our ability to achieve significant volume and revenue growth in the face of challenging*

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market conditions. As we look ahead to 2023 and beyond, we will continue to execute on our commitment to organic growth, as well as explore new opportunities for expansion in the UAE and internationally, where they complement our long-term growth strategy and reinforce our position as a world-leading polyolefins producer.

"Our operations are of world-class quality and scale, as shown by very strong production volumes, and we are bringing ever-greater differentiation to our production mix, supporting premia and bolstering our competitive positioning. We expect demand in our core territories to continue to outperform global markets, and we will press ahead with our strategy of innovation, bringing new products to customers while tactically placing volumes to meet shifting demand."

Highlights for the three months to 31 December 2022: Revenue was $1.6 billion with pricing pressures partially offset by very strong sales volumes. Total sales volume for the period increased by 23.8% year-on-year to 1,415kt and increased by 5.5% against the previous quarter. Borouge maintains its pricing premia guidance over the cycle, which is a key competitive advantage for the business, despite some quarter-on-quarter compression, an industry-wide challenge in the current market environment. Borouge delivered adjusted EBITDA of $541 million in the fourth quarter, flat on a year-on-year basis. Net profit for the period was $247 million, in line with market expectations.

During the fourth quarter, there was some cost relief, with shipping costs coming down from very high levels and this is expected to be supportive of improved margins. The Company expects this trend to continue as it executes its value enhancement programme, targeting significant further efficiencies in fixed and variable costs, coupled with revenue optimisation. Additionally, with Borouge's Olefin Conversion Unit ("OCU") playing an important role in bringing a material cost benefit from internally rather than externally sourced propylene feedstock, the unit will be maintained at maximum capacity to support margin enhancement. The Company continues to operate comfortably within the top quartile of the global cost curve, owing to its competitive feedstock contracts, economies of scale and young asset fleet.

Given its healthy cash flow and operational performance, Borouge reiterates its commitment to pay a total of $975 million in post-IPO dividends to shareholders for 2022, and at least $1.3 billion for FY 2023, having paid an interim dividend of $325 million to shareholders in October 2022.

In January 2023, a post-period event, based on a significant cash balance of over $1 billion at year end, the Company repaid $500 million of its $3.65 billion Commercial Term Facility, resulting in significant interest cost savings and an updated balance for the Facility of $3.15 billion. The Company will continue to prudently manage its debt and capital allocation in response to the prevailing market environment, further strengthening its balance sheet in anticipation of growth and ensuring future dividend capacity.

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 therefore expects stable polyolefin demand growth in its core territories. Borouge expects sales volumes to return to levels equivalent to production volumes, and the resumption of economic activity in China. 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 realise healthy premia and reiterates its over-the-cycle guidance of $200 per tonne for PE and $140 per tonne for PP.

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The planned turnaround of Borouge 2 is underway and is expected to run until March 2023, with a volume impact of approximately 200kt during that period. The turnaround of Borouge 2 is part of Borouge's regular plant maintenance schedule, which keeps the Company's world-class asset base well-maintained and supports industry-leading asset reliability, and efficient and safe operations.

In focus: Value Enhancement Programme

Building on the Company's strong financial profile, the value enhancement programme is designed to enable Borouge to pursue future growth opportunities, achieve healthy margins and premia versus benchmark pricing, and further enhance its competitive positioning. The programme is expected to result in a positive and sustained EBITDA impact, most of which is expected to be achieved during the second half of the year and thereafter, offsetting market pressures anticipated to continue through 2023.

The value enhancement programme is in direct support of Borouge's 2030 strategy for growth, which has the principal objectives of strengthening its market position by growing production capacity, pursuing operational excellence, and offering differentiated and more sustainable products to customers across international markets. The Company remains well-positioned to take advantage of growth opportunities presented by current market conditions.

Al Suwaidi commented: *"We are creating an even stronger platform for profitable and sustainable growth, having already begun proactively managing down costs, with the further optimisation of our fixed and variable costs well underway. We are also tapping a range of revenue optimisation opportunities, to continue to drive top-line growth while maintaining healthy margins. We expect the programme to yield significant benefits for the company and its shareholders in 2023 and beyond."*

The value enhancement programme will comprise four main components:

- Logistics variable costs, which were substantially elevated in 2022, will play a significant part in the programme. These include a revised global logistics strategy that includes optimising sea freight and warehousing rates, rationalising packaging operations, and exploring new supply chain opportunities. Logistics variable costs are expected to account for the largest portion of the value enhancement programme improvements.
- Levers for reducing conversion variable costs, already introduced in 2022, aim to support improved profitability through initiatives including the transition to alternative product grades; further strengthening integration across companies at the Al Ruways Industrial City; higher production volumes and maximum asset utilisation; and optimisation of energy, utilities and chemicals consumption.
- Meanwhile, efforts to reduce fixed costs are already underway since December 2022, including a Shared Service Centre Initiative.
- Revenue optimisation will be driven by improvements to the Borouge product mix and regional sales mix, enabled by Borouge's ability to tactically place volumes and to achieve a high level of differentiation for its product grades, supporting increased share of infrastructure solutions sales and greater volumes sold to high-growth end markets. At the same time, management expects to maintain its pricing premia over-the-cycle.

Borouge continues to achieve high cashflow conversion and maintains a highly robust balance sheet. The Company will provide further updates on the progress of the value enhancement programme through the regular cycle of quarterly financial disclosures.

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Key Performance Metrics

USD Millions	Twelve Months to Dec 31, 2021 Pro Forma	Twelve Months to Dec 31, 2022 Pro Forma	% Change	Q4 2021 Pro Forma	Q4 2022 Pro Forma	% Change
Sales volumes ('000 tonnes)	4,422	5,083	14.9%	1,143	1,415	23.8%
Revenue	6,216	6,727	8.2%	1,694	1,593	(5.9%)
Adjusted EBITDA	2,725	2,646	(2.9%)	543	541	(0.3%)
Profit for the period	1,528	1,409	(7.8%)	299	247	(17.3%)
Operating free cash flow	2,469	2,457	(0.5%)	445	465	4.7%

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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

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