



BOROUGE ANALYST & INVESTOR PRESENTATION

FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2023

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AGENDA AND PRESENTERS

Q3 and 9M 2023 Results

Market Update

Operational Highlights

Financial Highlights

Outlook

Concluding Remarks



Hazeem Sultan Al Suwaidi
Chief Executive Officer



Rainer Hoefling
Chief Marketing Officer



Jan-Martin Nufer
Chief Financial Officer



Hasan Karam
Chief Operating Officer



Q3 & 9M 2023 RESULTS

Q3 / 9M 2023 RESULTS HIGHLIGHTS

Strong operational performance, high sales volumes and outperformance of the Value Enhancement Programme



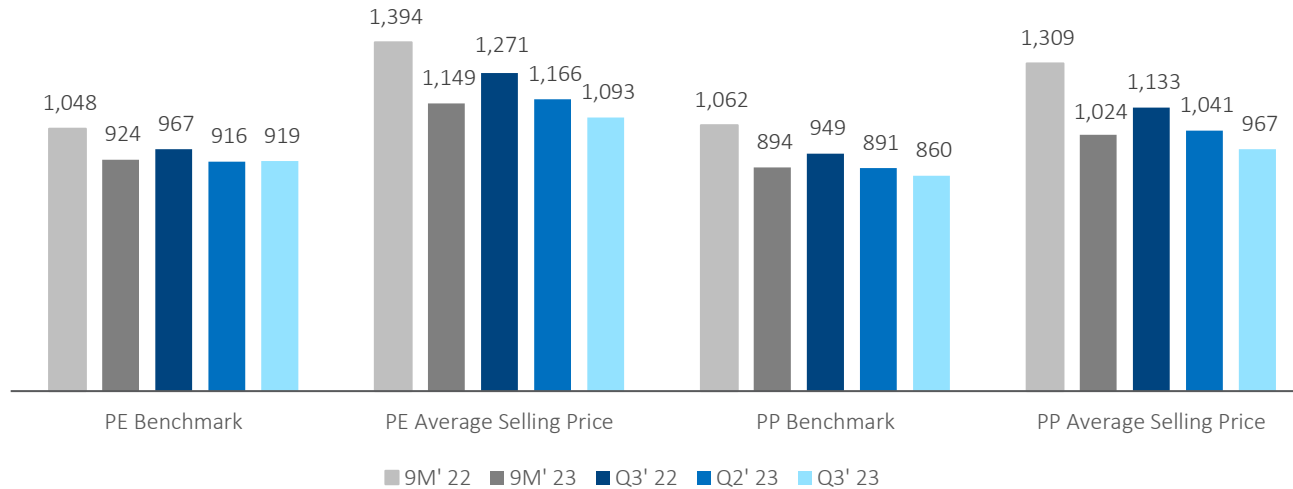
VALUE ENHANCEMENT PROGRAMME

\$420m achieved in cost savings and revenue optimisation YTD. Target raised from \$400m to \$500m to further mitigate challenging market environment and polyolefin price decline

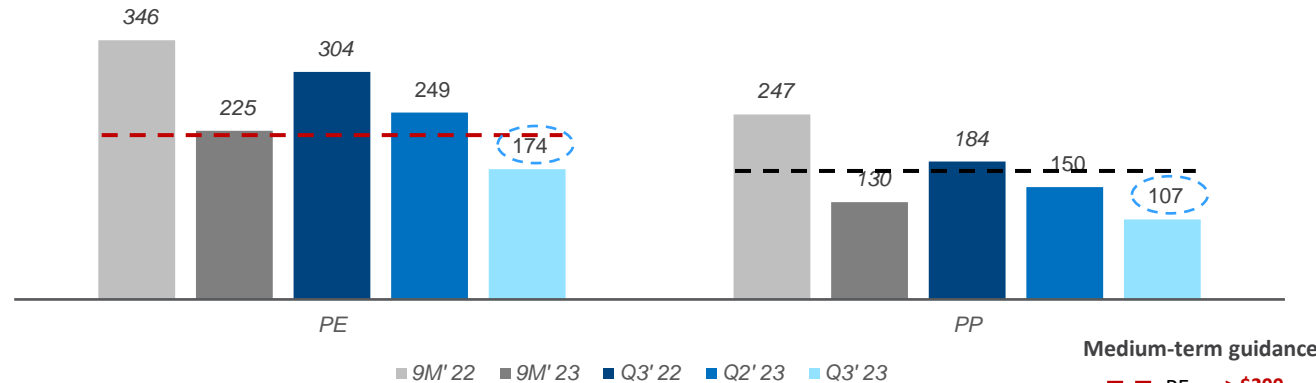
POLYOLEFINS MARKET & PREMIA UPDATE

Product Prices and Premia Evolution

Benchmark Prices vs Avg. Selling Price⁽¹⁾
(\$ / t)



Premia Over Benchmark Prices⁽¹⁾
(\$ / t)



Commentary

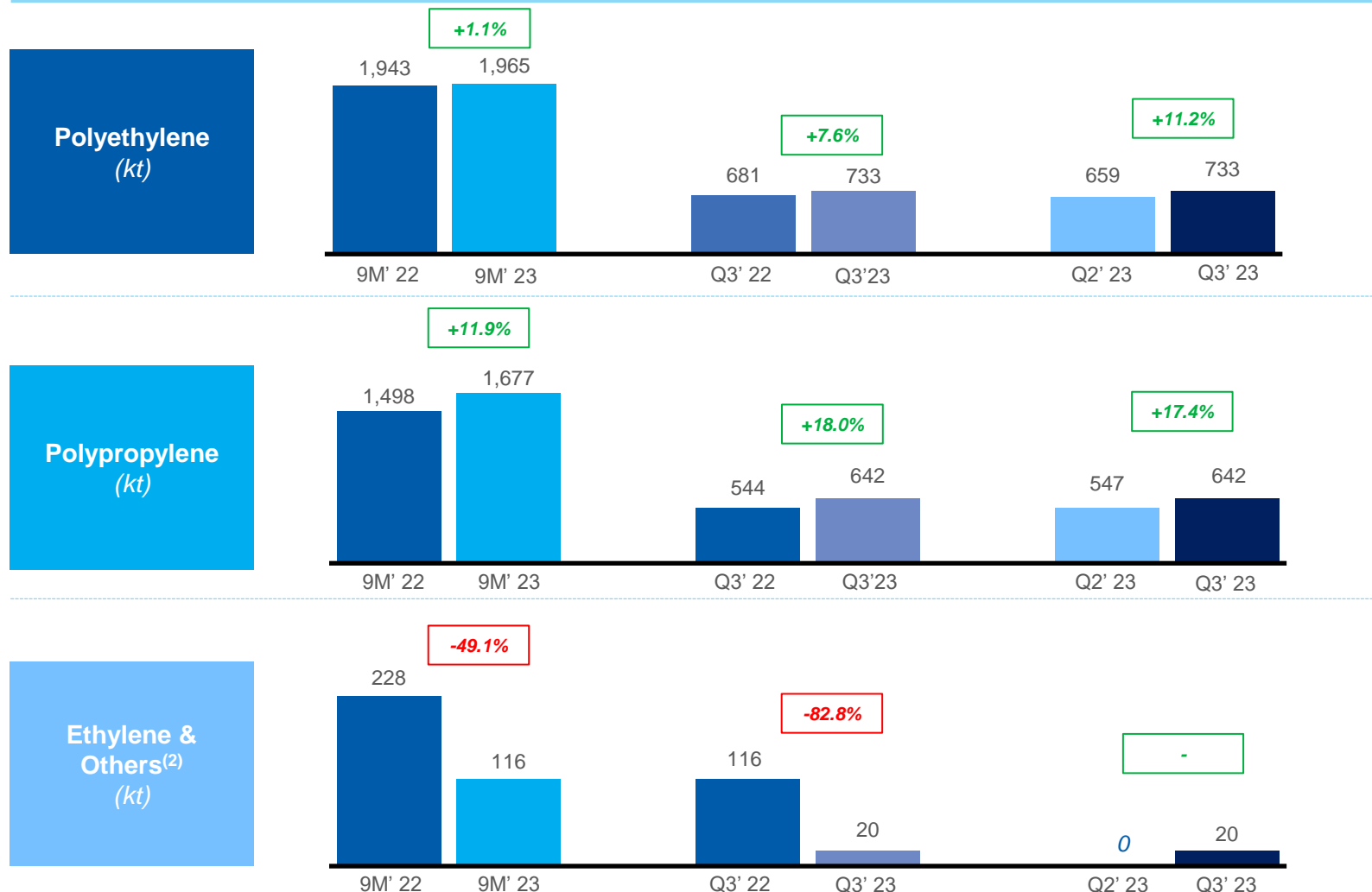
- Challenging macro environment and increasing polyolefin supply continued to put pressure on prices
- Polyolefin prices impacted by increased capacity in Q3, particularly PP
- Narrowing regional pricing differential also impacted average selling prices and premia for both PE and PP
- Q3 premia below management over-the-cycle guidance in weak pricing environment
 - PE \$174 / tonne (\$249 / tonne in Q2 23)
 - PP \$107 / tonne (\$150 / tonne in Q2 23)

Sources: Company Information.

1) Benchmark prices represent HDPE Blow Molding NEA CFR and PP Raffia NEA CFR prices as per IHS Markit data.

OPERATIONAL PERFORMANCE

Sales Volumes⁽¹⁾



Commentary

- Q3 production volumes at high utilisation rates of 109% for PE and 104% for PP
- Healthy PE and PP sales volumes achieved in Q3 with 38% in the value-added infrastructure segment
- Total sales volumes of 1,395kt, +16% QoQ, offsetting -7% QoQ polyolefin price decline
- OCU continues to run at a high utilisation rate (109% in Q3), providing a cost advantage through internally produced propylene

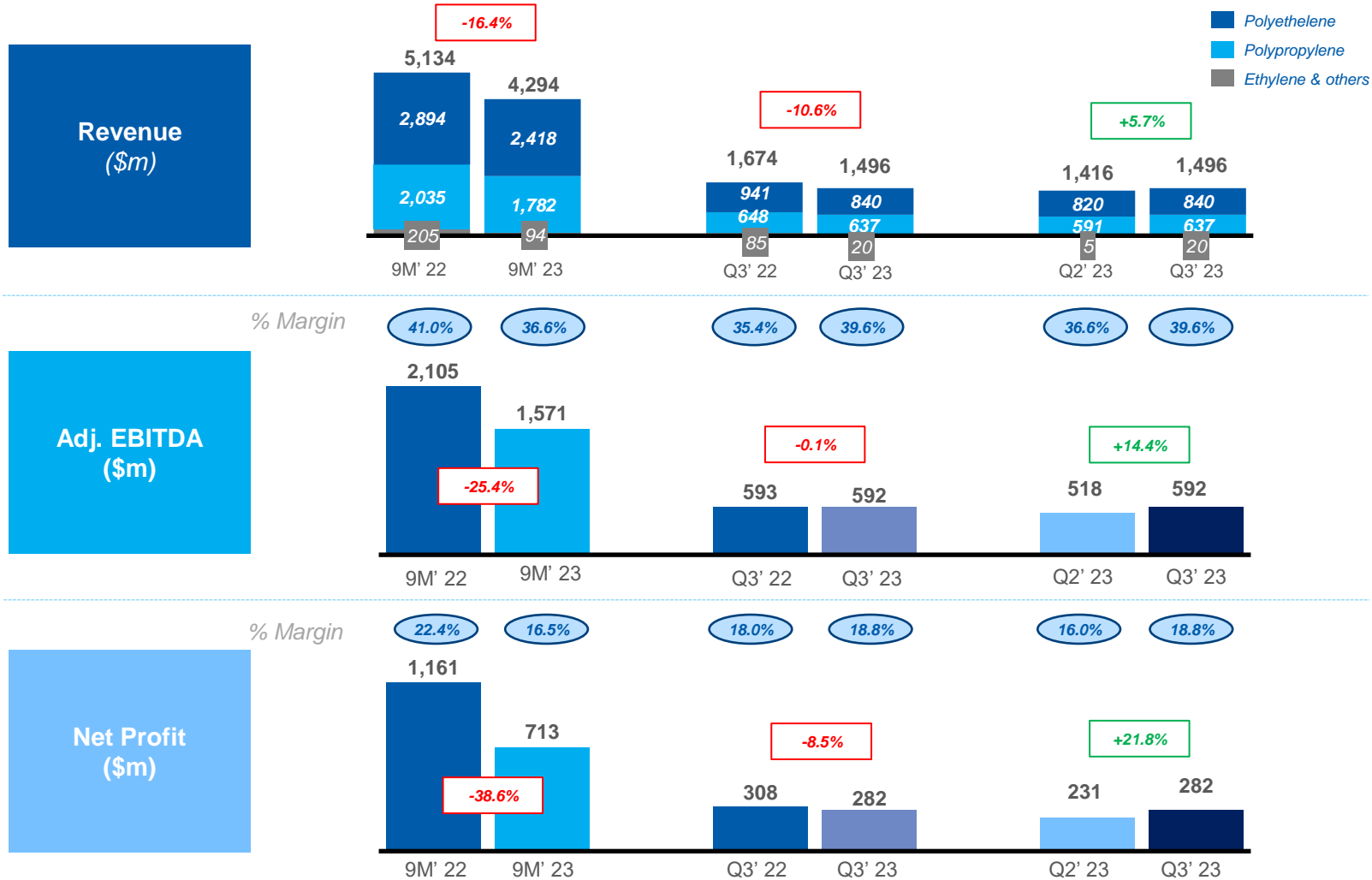
Sources: Company Information.

1) Proforma combined ADP and PTE for 9M' 22A, 9M' 23A and Q2' 23A. Borouge plc actuals from Q3' 23A.

2) Consists of ethylene and byproducts.

REVENUE & PROFITABILITY

Key Metrics⁽¹⁾



Commentary

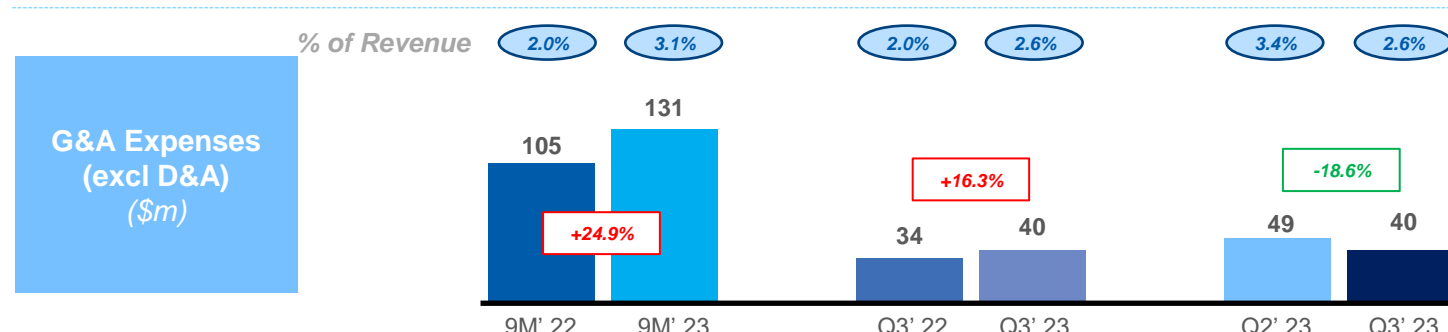
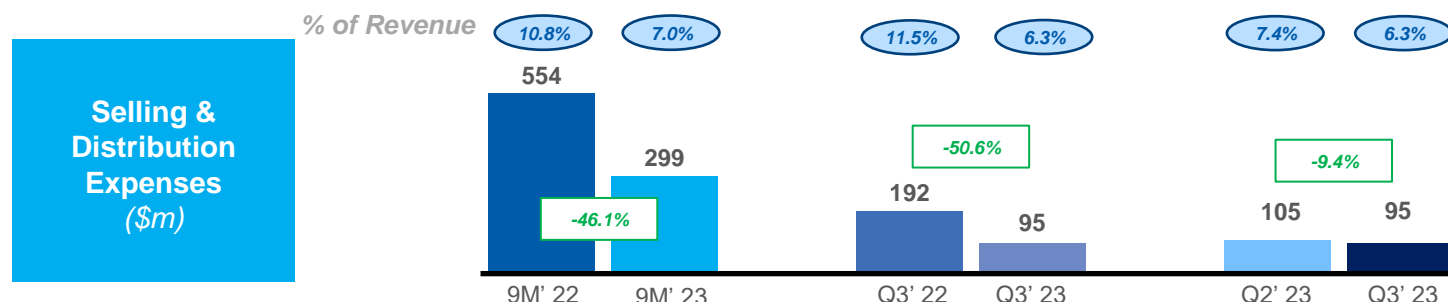
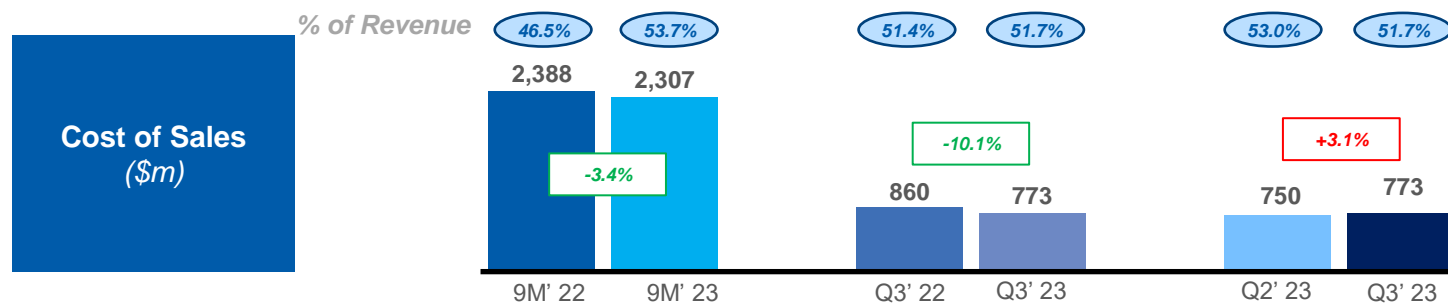
- Resilient Q3 performance within a challenging market environment supported by high sales and mitigation from Value Enhancement Programme
- Q3 net profit up +22% QoQ on +16% increase in sales volumes (offsetting QoQ polyolefin price decline of -7%)
- Q3 net profit -9% YoY primarily driven by significant decline in selling prices over the period (from exceptionally high levels in Q3 22)

Sources: Company Information.

1) Proforma combined ADP and PTE for 9M' 22A, 9M' 23A and Q2' 23A. Borouge plc actuals from Q3' 23A.

COSTS

Key Metrics⁽¹⁾



Sources: Company Information.

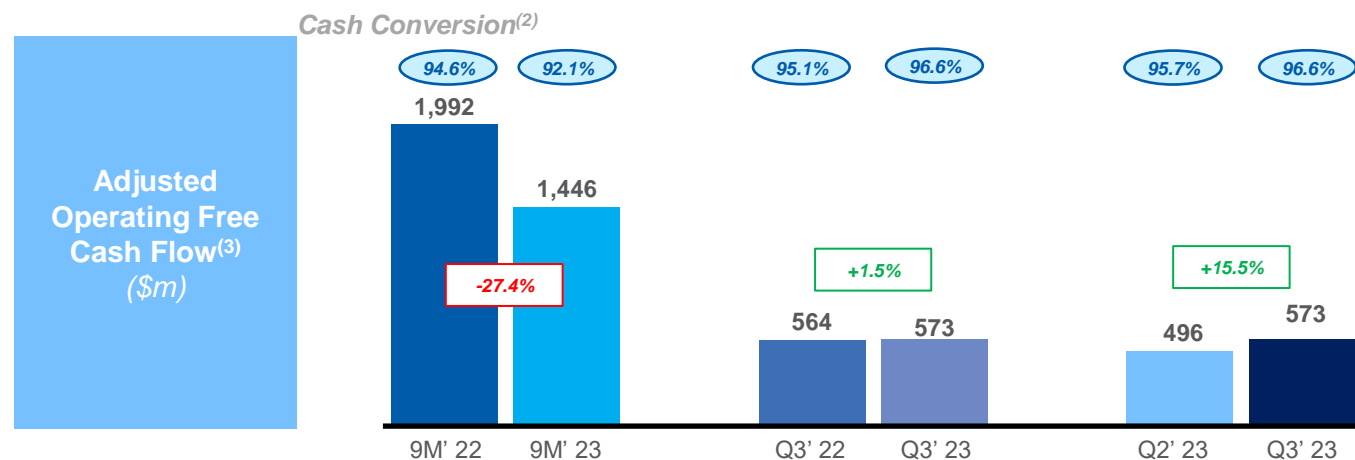
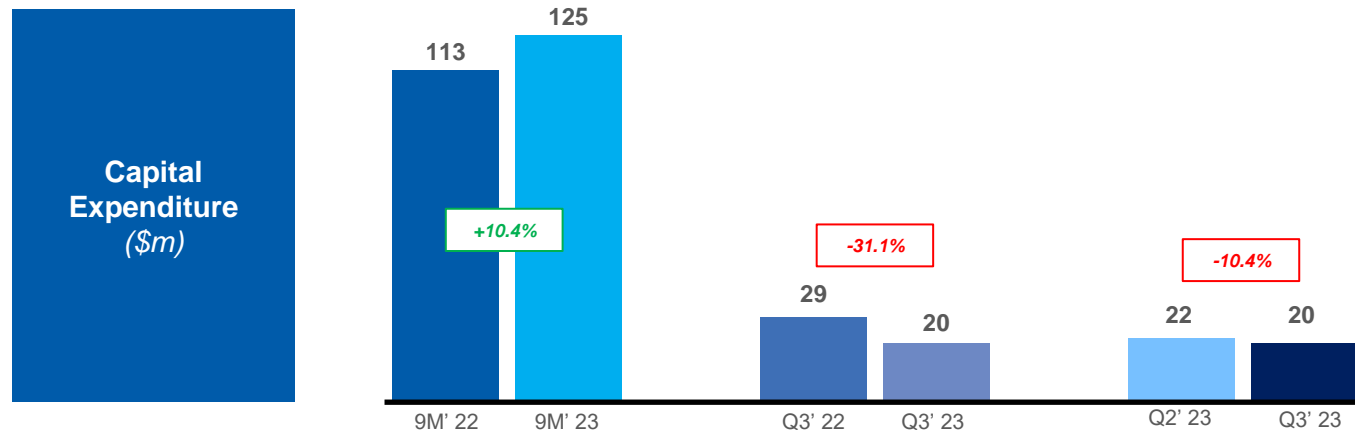
1) Proforma combined ADP and PTE for 9M' 22A, 9M' 23A and Q2' 23A. Borouge plc actuals from Q3' 23A.

Commentary

- Overall cost base -14% YoY, with costs / tonne -26% due to material cost savings
- Value Enhancement Programme tracking ahead of target with \$420m achieved in 9M' 2023
- Selling & distribution expenses significantly lower -51% YoY overall, despite higher volumes
- General & admin expenses increased by +16% YoY due to non-recurring one-off items

CAPEX & FREE CASH FLOW

Key Metrics⁽¹⁾



Commentary

- Adjusted operating free cash flow of \$573m in Q3 and \$1.4bn YTD
- Cashflow conversion in Q3 of 97% and 95% YTD
- Net debt to LTM EBITDA ratio is 1.5x as of 30th September 2023

Sources: Company Information.

1) Proforma combined ADP and PTE for 9M' 22A, 9M' 23A and Q2' 23A. Borouge plc actuals from Q3' 23A.

2) Cash conversion defined as operating free cashflow (Adjusted EBITDA – Capital Expenditure) as a percentage of Adjusted EBITDA.

3) Operating Free Cash Flow is calculated as Adjusted EBITDA less capital expenditure.

VALUE ENHANCEMENT PROGRAMME

\$420m achieved in cost savings and revenue optimisation YTD

VEP target raised to \$500m to further mitigate challenging market environment and polyolefin price decline

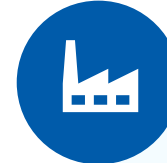
1. *Reinforcing robust financial profile*

2. *Positioning for sustainable future growth*

3. *Proactively addressing market challenges*



Logistics and Variable Costs



Conversion Variable Costs



Fixed Costs



Revenue Optimization

OUTLOOK

Market

- Market environment remains challenging with slower macro-economic recovery in Asian markets, increased supply, due to capacity additions and regional price convergences towards lower levels
- Borouge well-positioned to maintain premia over product benchmark

Prices

- Management expects Q4 2023 average selling prices to remain broadly in-line with the levels achieved in Q3 2023 but operating within a narrow band of volatility during the quarter
- We reiterate our over-the-cycle guidance of over \$200/tonne for polyethylene and over \$140/tonne for polypropylene

Volumes

- Management expects sales volumes to be in-line with Q2 2023 levels after the exceptionally high levels achieved in Q3 2023
- Continuous focus on product differentiation together with product and regional optimisation

Costs & Margins

- Value Enhancement Programme target increased to \$500m to further mitigate challenging market environment and polyolefin price decline
- OCU will be maintained at high capacity to support margin enhancement

CONCLUDING REMARKS



Strong production output and asset reliability supporting healthy sales volumes



Value Enhancement Programme delivering strong results YTD, target increased to \$500m to further mitigate market challenges



Exploring international expansion opportunities as mandated by the Board



Product innovation and differentiation enable premia over product benchmarks



\$1.3 billion dividend commitment for FY 2023. \$650 million interim dividend distributed to shareholders in September 2023



THANK YOU

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