



BOROUGE ANALYST & INVESTOR PRESENTATION

FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2023

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AGENDA AND PRESENTERS

Q2 and H1 23 Results

Market Update

Operational Highlights

Financial Highlights

Outlook

Sustainability

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



Q2 & H1 23 RESULTS

RESILIENT PERFORMANCE IN A CHALLENGING MARKET WITH HEALTHY SALES VOLUMES, PREMIA ABOVE MANAGEMENT GUIDANCE AND STRONG IMPACT FROM VALUE ENHANCEMENT PROGRAMME

Highlights from the three and six months ended 30 June 2023



Resilient Q2 performance within a challenging market environment, supported by high production rates, healthy sales volumes and strong premia



Overall cost base -9% YoY, with costs / tonne -16% due to **significant cost savings** achieved through the Value Enhancement Programme



Premia for PE and PP sustained above benchmarks reflecting strong positioning in key markets and demand for differentiated products



Strong balance sheet and cash conversion supports \$1.3bn dividend commitment

\$2.8bn

H1 23 revenue, **-19% y-o-y**

\$978m

H1 23 Adjusted EBITDA, **35% margin**

\$431m

H1 23 profit for the period, **-50% y-o-y**

\$873m

H1 23 operating free cashflow, **89% cash conversion**



Value Enhancement Programme has already delivered cost savings and revenue enhancements of \$253m in H1'23

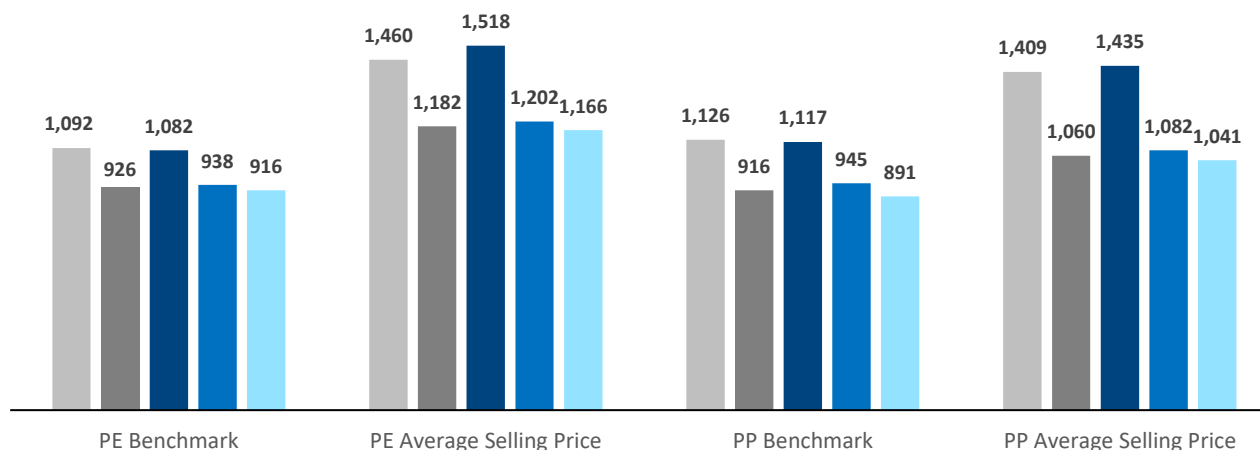
Exploring international expansion in geographies and markets that align with existing strategic priorities

POLYOLEFINS MARKET & PREMIA UPDATE

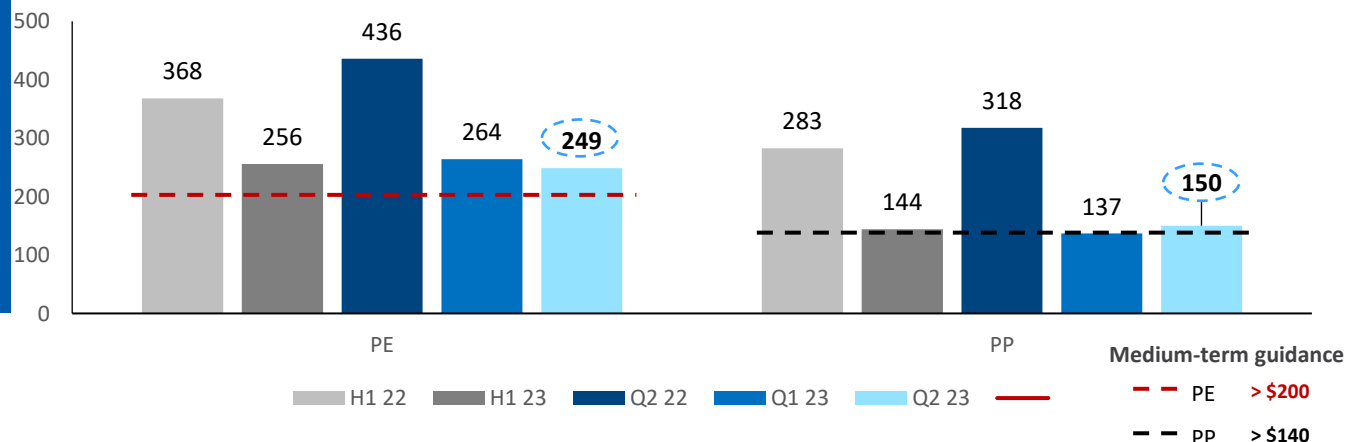
Product Prices and Premia Evolution

Commentary

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



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



- Challenging market environment putting pressure on prices YoY and QoQ across all regions
- Narrowing regional pricing differential is impacting average selling prices and premia
- QoQ PE premia -6% and PP premia +9%
- Premia remains above management over-the-cycle guidance

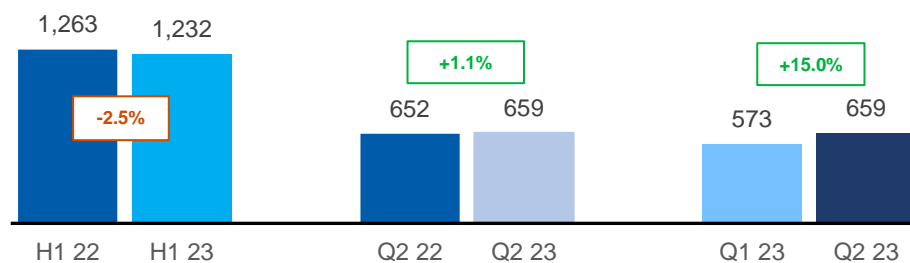
Sources: Company Information.

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

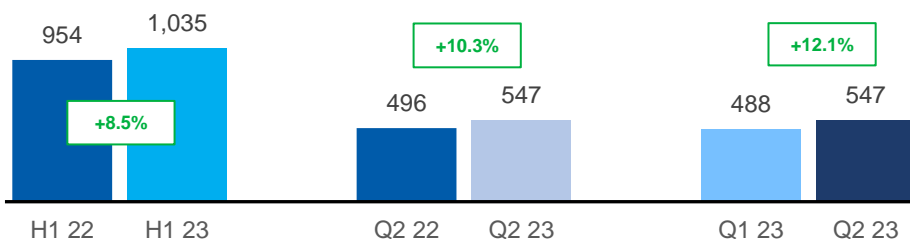
OPERATIONAL PERFORMANCE

Sales Volumes⁽¹⁾

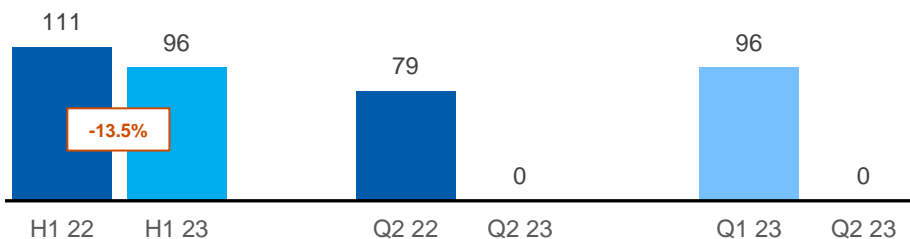
Polyethylene (kt)



Polypropylene (kt)



Ethylene & Others⁽²⁾ (kt)



Sources: Company Information.

1) Proforma combined ADP and PTE for H1'21A, H1'22A and Q1'22A. Borouge plc actuals from Q2'22A.

2) Consists of ethylene and byproducts.

Commentary

- Q2 production volumes at high utilisation rates following B2 Turnaround in Q1
- Healthy PE and PP sales volumes achieved in Q2 with 40% in the value-added infrastructure segment
- Sales volumes +4% QoQ, offsetting -3.2% QoQ polyolefin price decline
- OCU continues to run at a high utilisation rate, providing a cost advantage through internally produced propylene

REVENUE & PROFITABILITY

Key Metrics⁽¹⁾



Commentary

- Resilient Q2 performance within a challenging market environment
- Q2 net profit up 16% QoQ on +4% increase in sales volumes (offsetting QoQ polyolefin price decline of 3.2%)
- Pricing premia maintained above management guidance despite overall challenging market environment
- Q2 net profit -53% YoY primarily driven by significant decline in selling prices over the period (from exceptionally high levels in Q2 22)

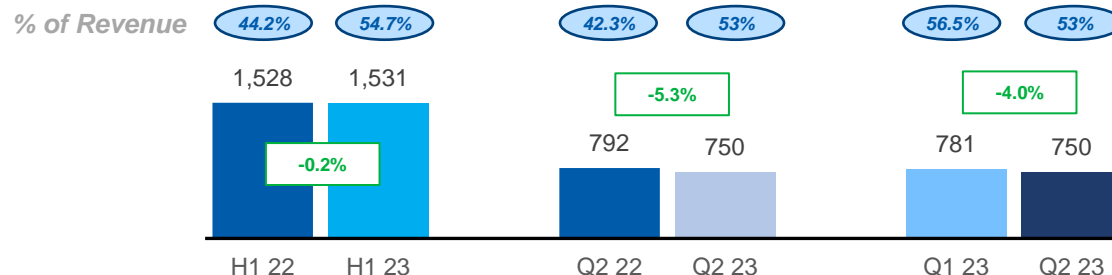
Sources: Company Information.

1) Proforma combined ADP and PTE H1'22A. Borouge plc actuals from Q2'22A.

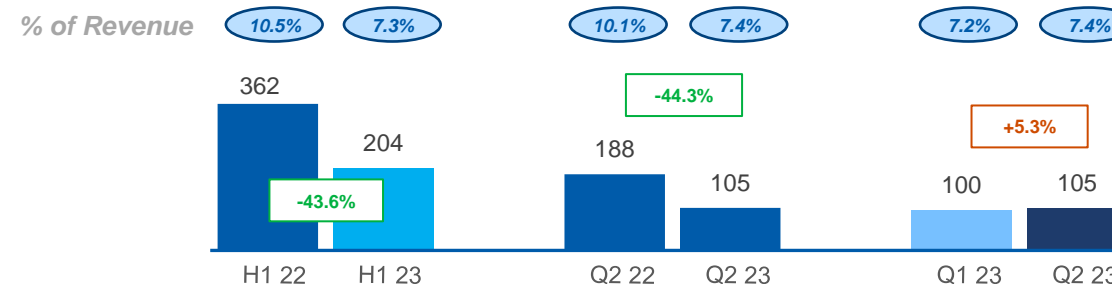
COSTS

Key Metrics⁽¹⁾

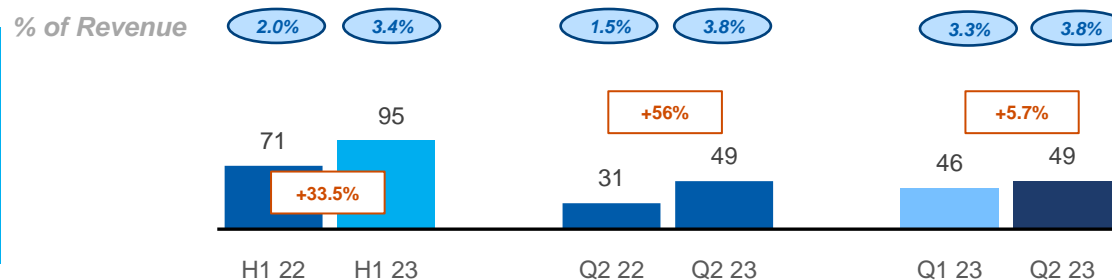
Cost of Sales (\$m)



Selling & Distribution Expenses (\$m)



G&A Expenses (excl D&A) (\$m)



Commentary

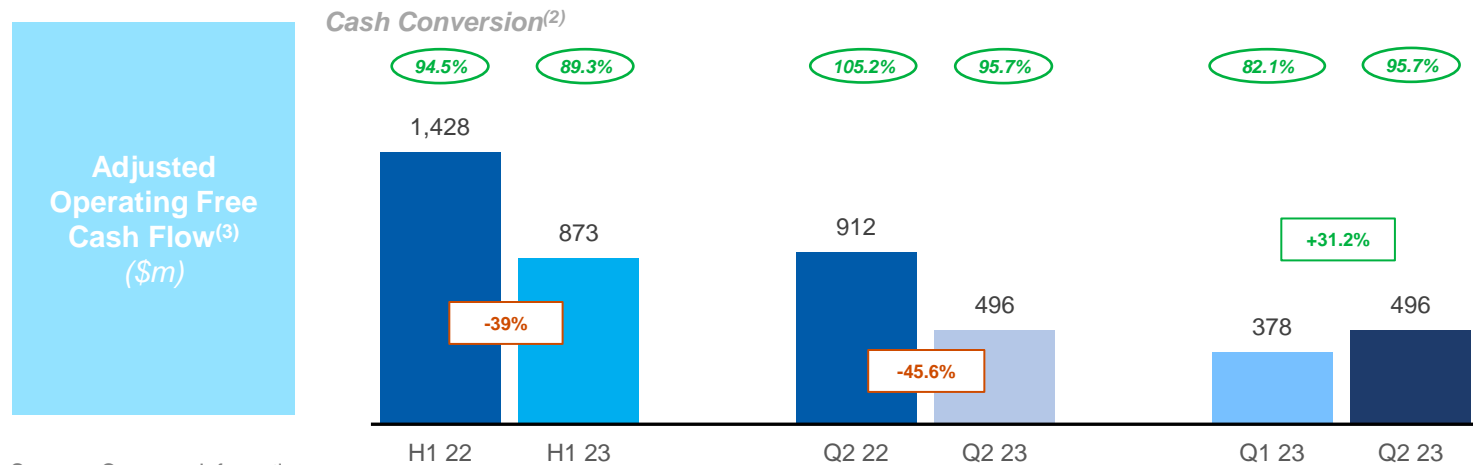
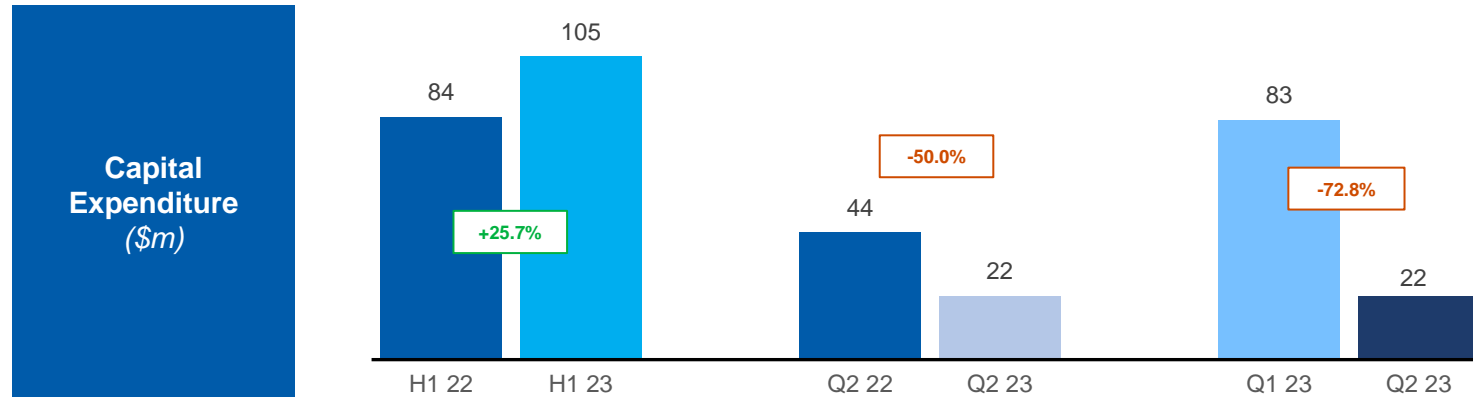
- Overall cost base -9% YoY, with costs / tonne -16% due to material cost savings
- Value Enhancement Programme tracking ahead of target with \$253m achieved in H1 2023
- Selling & distribution expenses significantly lower -44% YoY overall, despite higher volumes
- General & admin expenses increased by +56% due to non-recurring one-off items

Sources: Company Information.

1) Proforma combined ADP and PTE H1'22A. Borouge plc actuals from Q2'22A.

CAPEX & FREE CASH FLOW

Key Metrics⁽¹⁾



Sources: Company Information.

1) Proforma combined ADP and PTE H1'22A. Borouge plc actuals from Q2'22A.

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.

Commentary

- Cashflow conversion of 96% in Q2 23 versus 82% in the previous quarter related to B2 Turnaround capex
- Net debt to LTM EBITDA ratio stable, up slightly to 1.5x from 1.3x

VALUE ENHANCEMENT PROGRAMME

Reinforcing robust financial profile

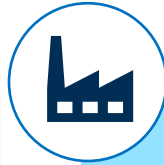
Positioning for sustainable future growth

Proactively addressing market challenges

\$400 million value enhancement programme, focused on high-impact cost efficiencies and revenue optimisation, directly supporting Borouge's sustainable growth strategy



LOGISTICS VARIABLE COSTS



CONVERSION VARIABLE COSTS



FIXED COSTS



REVENUE OPTIMISATION

Expected to sustain a 15% positive EBITDA impact from 2024, versus the 2022 baseline

\$253m achieved in cost savings and revenue optimisation in H1'23 – tracking ahead of target

Logistics variable costs (52%)

Revenue optimisation (29%)

Fixed costs (14%)

Conversion variable costs (5%)

TECHNOLOGY AND INNOVATION UPDATE

We continued to drive innovation in Q2 2023...

2023 HIGHLIGHTS

New PP infrastructure product

“Food for Taught” Initiative

Leader in “Zero Pallet Loss”

Sustainability out-of-the-box campaign

...and diversify our attractive product portfolio

...while minimizing our environmental impact

Launch of a new polypropylene infrastructure product for the manufacturing of durable corrosion-free plumbing/heating pipe systems



Launched “Food for Taught” initiative to promote Borouge’s greenhouse film & education for sustainable farming



Signing of Operation Clean Sweep® initiative with GPCA. Borouge among leaders in Zero Pallet Loss



Closed Q2 2023 with the delivery of over 25Kt CES sales



Dedicated campaign for the UAE Year of Sustainability – “Sustainability out-of-the-box”



OUTLOOK

Market

- Market environment remains challenging with polyolefin pricing expected to operate within a narrow band of volatility for the remainder of 2023
- Borouge well-positioned to maintain premia over product benchmark

Prices

- Benchmark prices for PE and PP have come down across regions. A soft pricing environment in Asia to remain until the recovery in China and Asian demand materializes
- We reiterate our over-the-cycle guidance of over \$200/tonne for polyethylene and over \$140/tonne for polypropylene

Volumes

- We remain focussed on differentiated products
- Borouge core markets relatively better positioned than global markets

Costs & Margins

- We expect to continue to realise positive results from the Value Enhancement Programme
- OCU will be maintained at high capacity to support margin enhancement
- Strategy of innovation, bringing new products to customers and supporting premium pricing has not changed

CONCLUDING REMARKS



High production capacity supporting healthy sales volumes



Value Enhancement Programme is tracking ahead of plan driving efficiencies and margins



Exploring international expansion as mandated by Board



Product innovation and differentiation enable premia over benchmarks



\$650 million interim dividend endorsed by the Board for approval by shareholders for H1 2023. Management reaffirms dividend commitment of \$1.3 billion for FY23



THANK YOU

www.borouge.com/en/investor-relations

ir@borouge.com