



BOROUGE

Q1 2024 RESULTS PRESENTATION

30 April 2024

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AGENDA AND PRESENTERS

Q1 2024 Results

01 Market Update

02 Operational Highlights

03 Financial Highlights

04 Outlook

05 Concluding Remarks



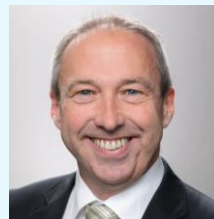
Hazeem Sultan Al Suwaidi
Chief Executive Officer



Rainer Hoefling
Chief Marketing Officer



Dr. Hasan Karam
Chief Operating Officer



Jan-Martin Nufer
Chief Financial Officer

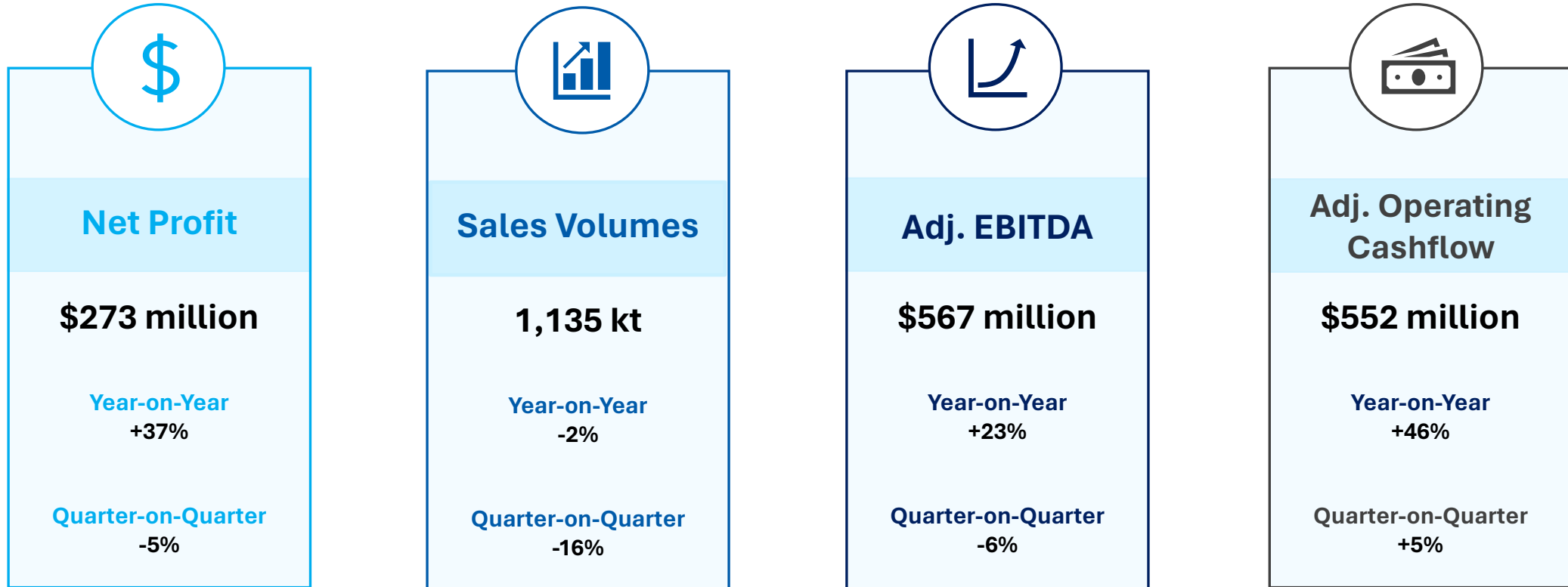


Q1 2024 RESULTS



Q1 2024 RESULTS HIGHLIGHTS

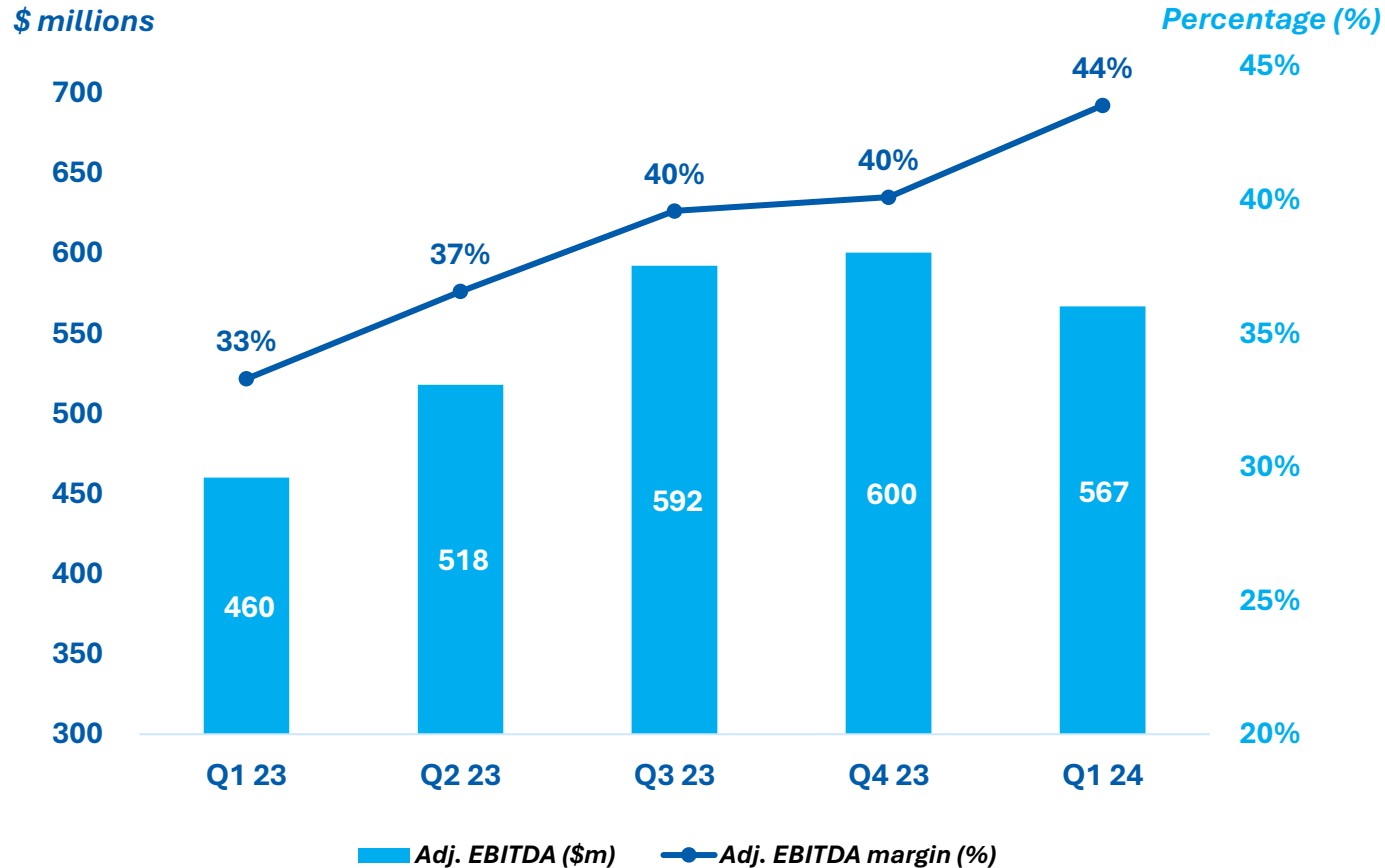
Strong performance supported by improved pricing, healthy sales volumes and focused cost discipline



44% EBITDA margin achieved in the first quarter: strategic focus on high-value products and strong cost position after implementation of our successful Value Enhancement Programme in 2023

DELIVERING THE HIGHEST EBITDA MARGINS IN THE INDUSTRY

Borouge business model drives substantial and sustained EBITDA margin profile



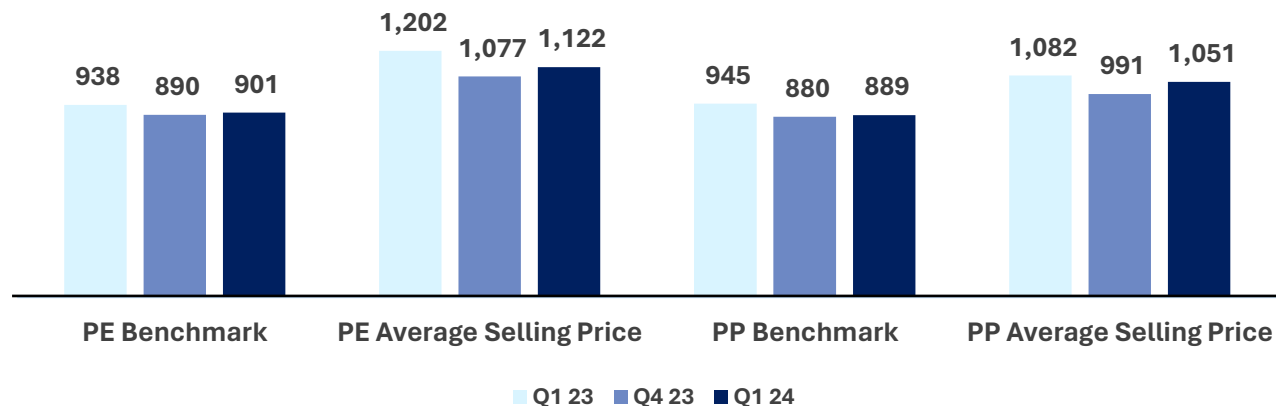
Pricing Premia	<i>Strategic focus on high value-add / differentiated products commanding above benchmark prices</i>
Maximized Sale Volumes	<i>Ability to sell what we produce even in challenging market environment supported by focus on high growth markets</i>
Efficient Cost Base	<i>Well-positioned cost base supporting bottom-line and management cost discipline in difficult pricing environment</i>
Exceptional Production Volumes	<i>Operational excellence drives high utilization rates and asset reliability</i>

Adjusted EBITDA is calculated as EBITDA plus adjustments on foreign exchange gain or loss and impairment loss on property, plant and equipment

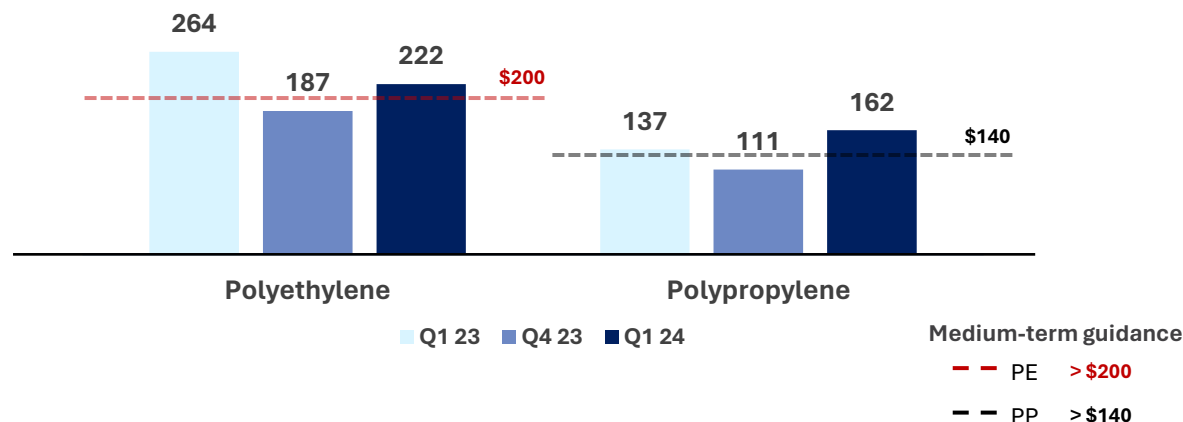
POLYOLEFINS PRICES & PREMIA

Product Prices and Premia Evolution

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



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



Commentary

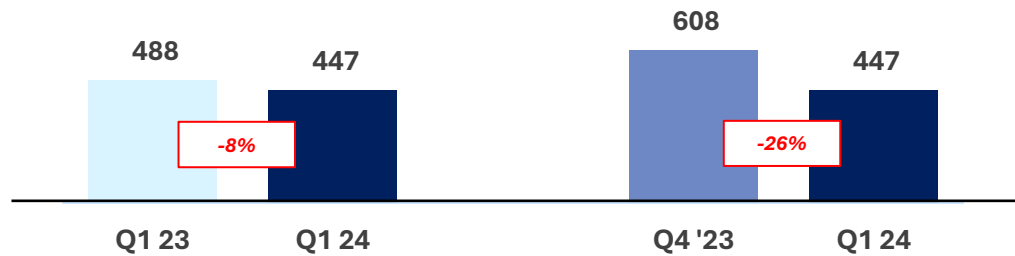
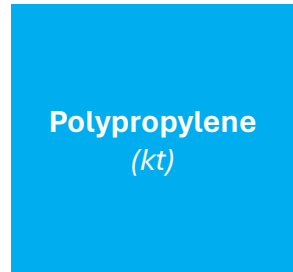
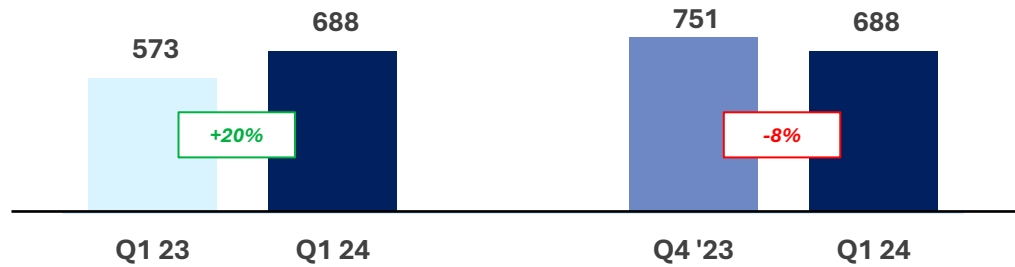
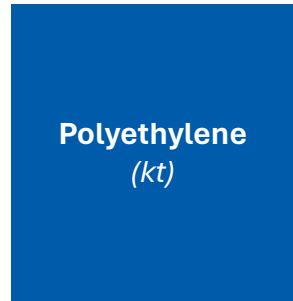
- Market prices improved in Q1 due to limited supply during turnaround season, higher oil / feedstock prices and elevated freight costs
- Borouge's overall polyolefin selling prices in Q1 strengthened versus Q4 23
 - PE avg. selling price +45 \$/t versus Q4 23
 - PP avg. selling price +60 \$/t versus Q4 23
- Continuous focus on product differentiation and product / regional optimisation improved premia
 - PE premia of 222 \$/t, +35 \$/t versus Q4 23
 - PP premia of 162 \$/t, +51 \$/t versus Q4 23
- Above management's through-the-cycle guidance of 200\$/t for PE and 140\$/t for PP

Sources: Company Information.

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

OPERATIONAL AND COMMERCIAL PERFORMANCE

Sales Volumes⁽¹⁾



Sources: Company Information.
1) Consists of ethylene and byproducts.

Commentary

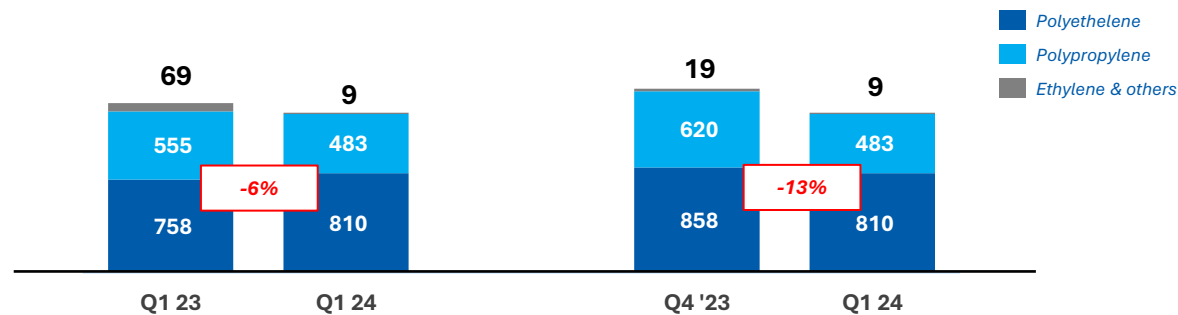
- Strong total sales volumes at 1,135 kt in Q1 mitigating planned feedstock-related turnaround successfully completed as scheduled
- Healthy sales volumes achieved in both PE and PP with 45% in value added Infrastructure in Q1 versus 36% in Q4 23
- Q1 production continued at high utilisation rates
 - PE : 106%
 - PP: 81% (impacted by feedstock-related turnaround)
- High OCU utilisation of 101% in Q1
- Ethylene sales are further optimized by increasing the PE production resulting in no Ethylene sales in the period
- High asset reliability of 99%

REVENUE & PROFITABILITY

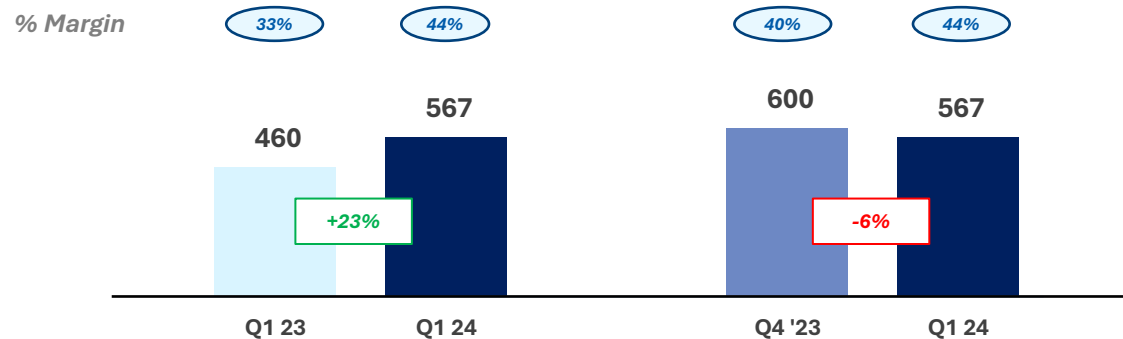
Key Metrics⁽¹⁾

Commentary

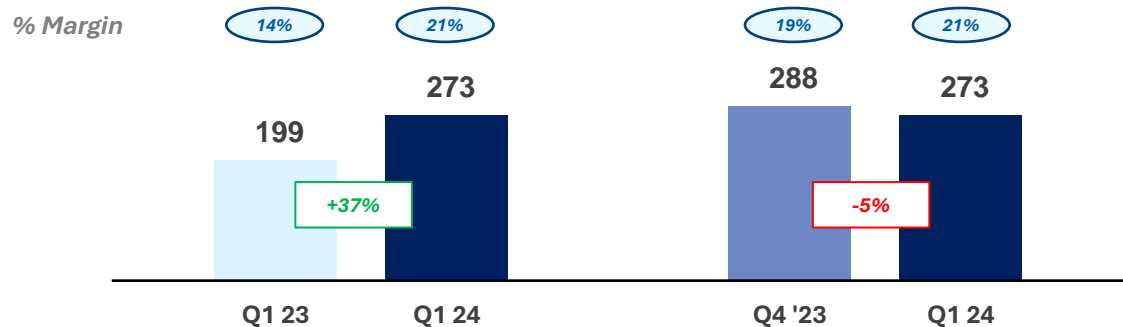
Revenue
(\$m)



Adj. EBITDA
(\$m)



Net Profit
(\$m)



- Strong Q1 performance supported by healthy sales volumes and improved average selling prices
- Q1 net profit significantly up 37% YoY and down 5% QoQ
- Strategic focus on high value add segments resulted in improved average selling prices
- EBITDA margin improved to 44% in Q1 24 versus 40% in Q4 23

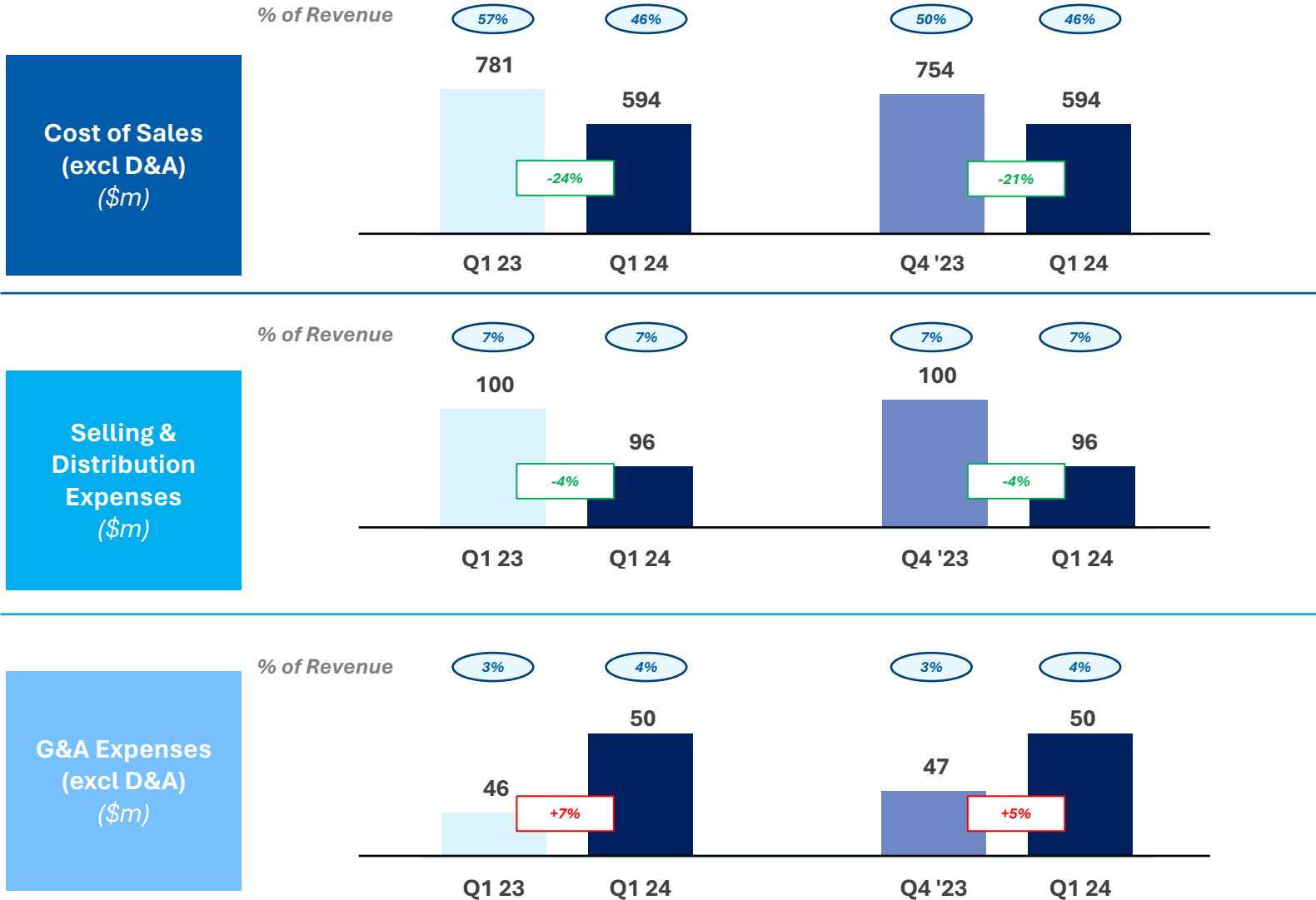
Sources: Company Information.

1) Adjusted EBITDA is calculated as EBITDA plus adjustments on foreign exchange gain or loss and impairment loss on property, plant and equipment

COSTS

Key Metrics⁽¹⁾

Commentary

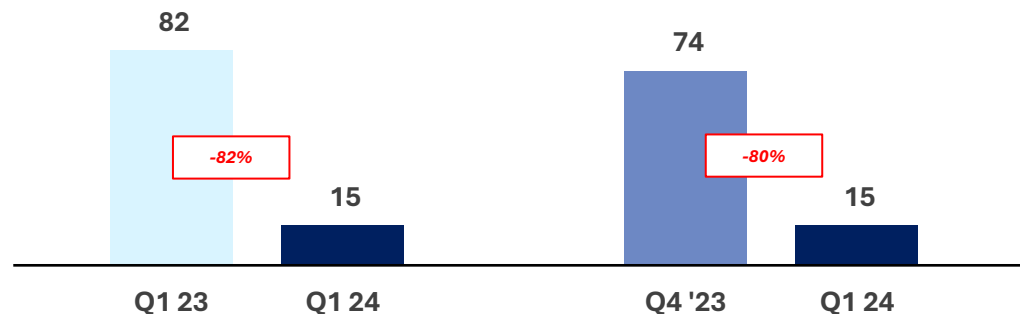


- Overall cost base down 20% YoY and 18% QoQ respectively driven by lower COGS and selling and distribution expenses
- Total cost per tonne (excl. D&A) down -27% YoY and -6% QoQ – primarily driven by COGS due to lower production volume and one-off items
- Selling & distribution expenses in Q1 declined by 4% on YoY and QoQ basis
- General & admin (excl D&A) expenses in Q1 increased by 8% YoY

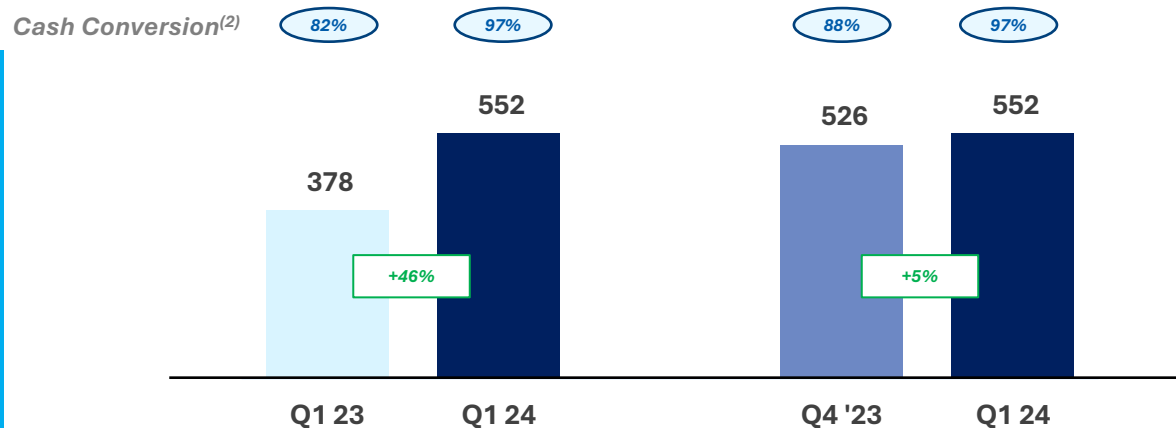
CAPEX & FREE CASH FLOW

Key Metrics⁽¹⁾

Capital Expenditure
(\$m)



Adjusted Operating Free Cash Flow⁽³⁾
(\$m)



Commentary

- CAPEX was down 80% QoQ due to seasonality effect and no turnaround related expense during the quarter
- Q1 adjusted operating free cashflow of \$552 million up +46% YoY
- One of the highest cash conversion rates recorded in Q1 of 97%
- Net debt to LTM EBITDA ratio is 1.1x as on 31 March 2024

Sources: Company Information.

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

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

OUTLOOK / GUIDANCE



Market

- Polyolefins market remains challenging in 2024 against the backdrop of macroeconomic and increased geopolitical uncertainty.
- Market analysts anticipate a soft pricing environment to continue in 2024



Prices

- Expectation for pricing in Q2 2024 to soften versus Q1 as seasonal demand falls away and new capacities gradually begin production
- Management maintains over-the-cycle premia over benchmark guidance of c. \$200 / tonne for polyethylene and c. \$140 / tonne for polypropylene



Volumes

- Excellent production levels and strong sales to continue in Q2 following the feedstock-related turnaround in Q1
- Planned maintenance turnaround of Borouge 3 plant in Q4 expected to have a volume impact of 330kt
- Company will continue to focus on its core strategy in the high value-added segments and product / regional optimisation



Costs

- Improvements from the highly successful Value Enhancement Program could be maintained and perpetuated in the key levers
- Borouge is well-positioned from an overall cost basis following the successful implementation of the Value Enhancement Program in 2023. Management remains disciplined on managing costs across the business
- Borouge's ethane costs are governed by a beneficial long-term supply and pricing agreement

CONCLUDING REMARKS



High operating and asset reliability rates supported strong production volumes and mitigated impact from planned feedstock-related operational turnaround in Q1



Strong sales volumes with focus on value-add segments enabled higher premia over product benchmarks in Q1



Continue to drive efficiencies, with overall costs per tonne in Q1 down significantly YoY and QoQ



Material growth in capacity to come from Borouge 4 project (over 60% complete)

Additional expansion from regular asset optimisation / debottlenecking – EU2 to add c. 230kt production capacity by 2028

Actively pursuing growth opportunity in Asia Pacific



\$1.3 billion dividend guidance for FY 2024

\$650 million dividend for the H2 2023 period paid in April 2024 bringing total distributed dividends since IPO to \$2.275 billion



THANK YOU

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