



# BOROUGE Q2 / H1 2024 RESULTS PRESENTATION

31 July 2024

INSPIRING TOMORROW 

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# AGENDA AND PRESENTERS

## Q2 2024 Results

### 01 Market Update

### 02 Operational Highlights

### 03 Financial Highlights

### 04 Outlook

### 05 Concluding Remarks



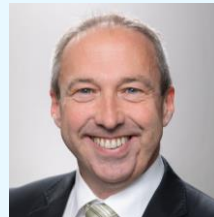
**Hazeem Sultan Al Suwaidi**  
Chief Executive Officer



**Rainer Hoefling**  
Chief Marketing Officer



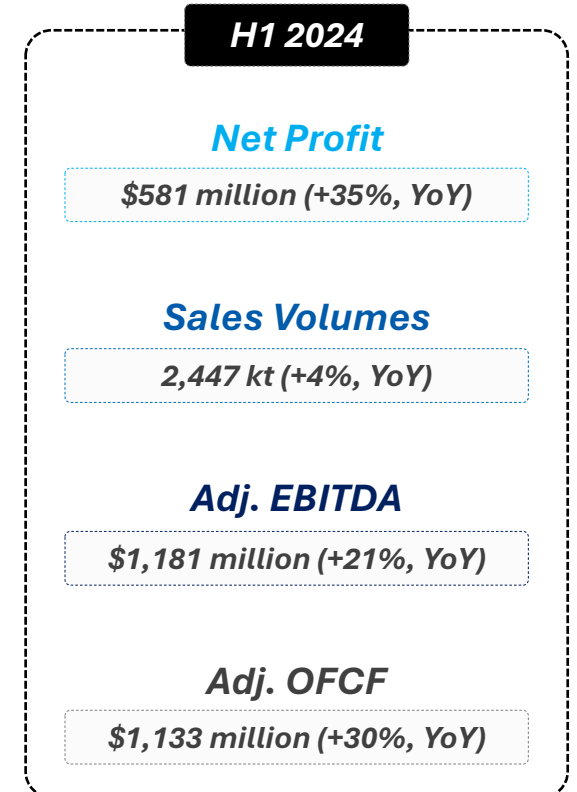
**Dr. Hasan Karam**  
Chief Operating Officer



**Jan-Martin Nufer**  
Chief Financial Officer

# Q2 / H1 2024 RESULTS HIGHLIGHTS

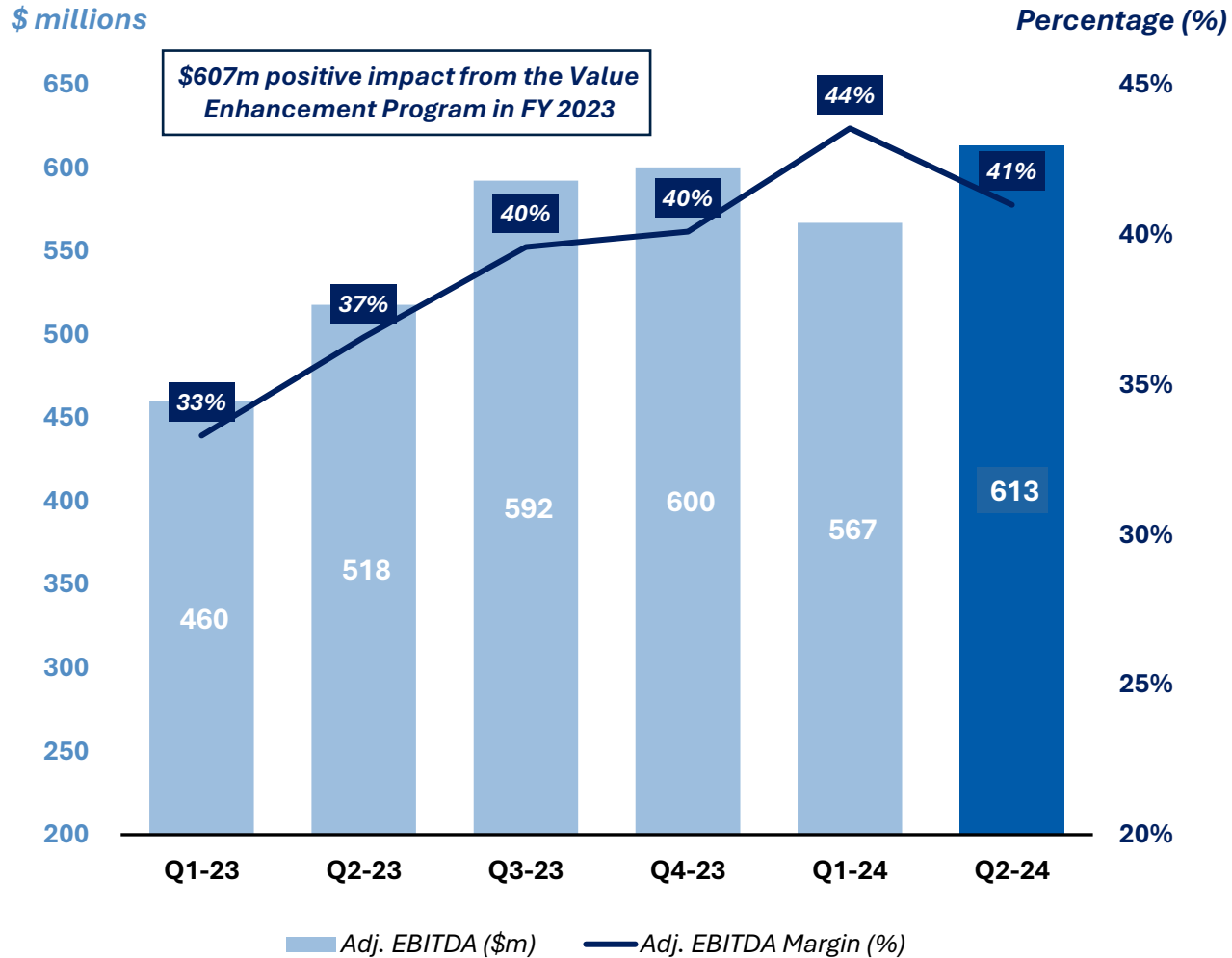
Excellent production & sales volumes and focused cost discipline drive strong results



*EBITDA margins of 41% in Q2 / 42% in H1 supported by strategic focus on high-value products, geographic optimization and ongoing efficiencies*

# DELIVERING THE HIGHEST EBITDA MARGINS IN THE INDUSTRY

Substantial and sustained EBITDA margin profile through-the-cycle



1 Operational Excellence

2 Differentiated Product Portfolio

3 Commercial Excellence

4 Strategic Focus on High Growth Markets

5 Disciplined Cost Management

1. Industry Leading Margin Profile

2. High Cash Generation

3. Strong Balance Sheet

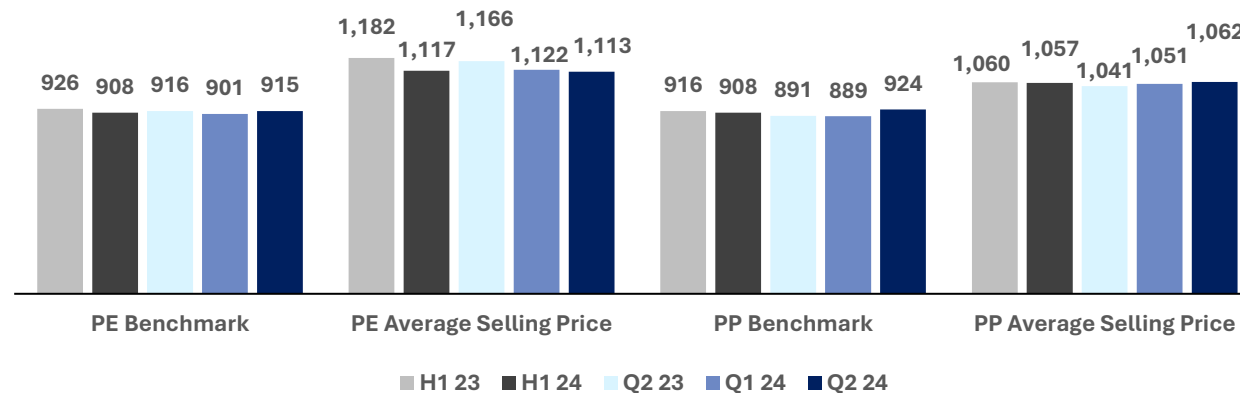
4. Attractive Dividend Returns

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

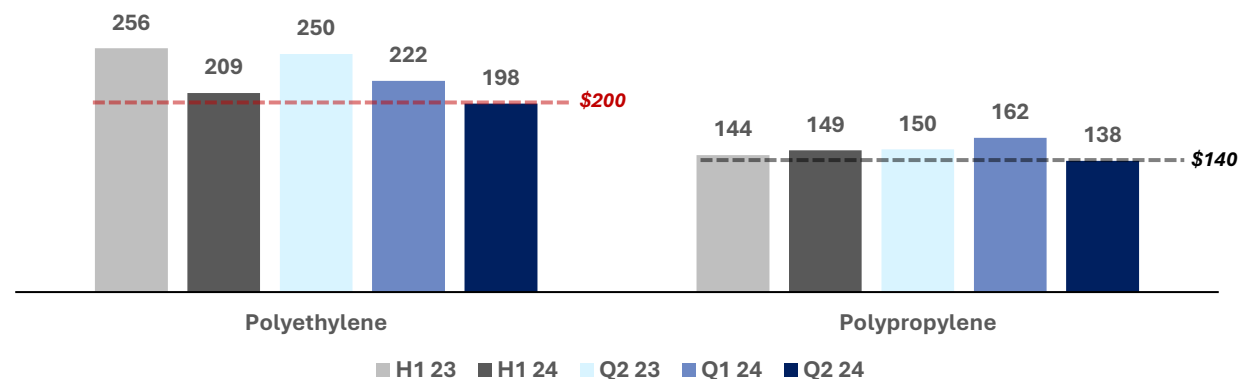
# POLYOLEFINS PRICES & PREMIA

## Product Prices and Premia Evolution

**Benchmark Prices vs Avg. Selling Price<sup>(1)</sup>**  
(\$ / t)



**Premia Over Benchmark Prices<sup>(1)</sup>**  
(\$ / t)



Medium-term guidance  
 - - PE > \$200  
 - - PP > \$140

Sources: Company Information.

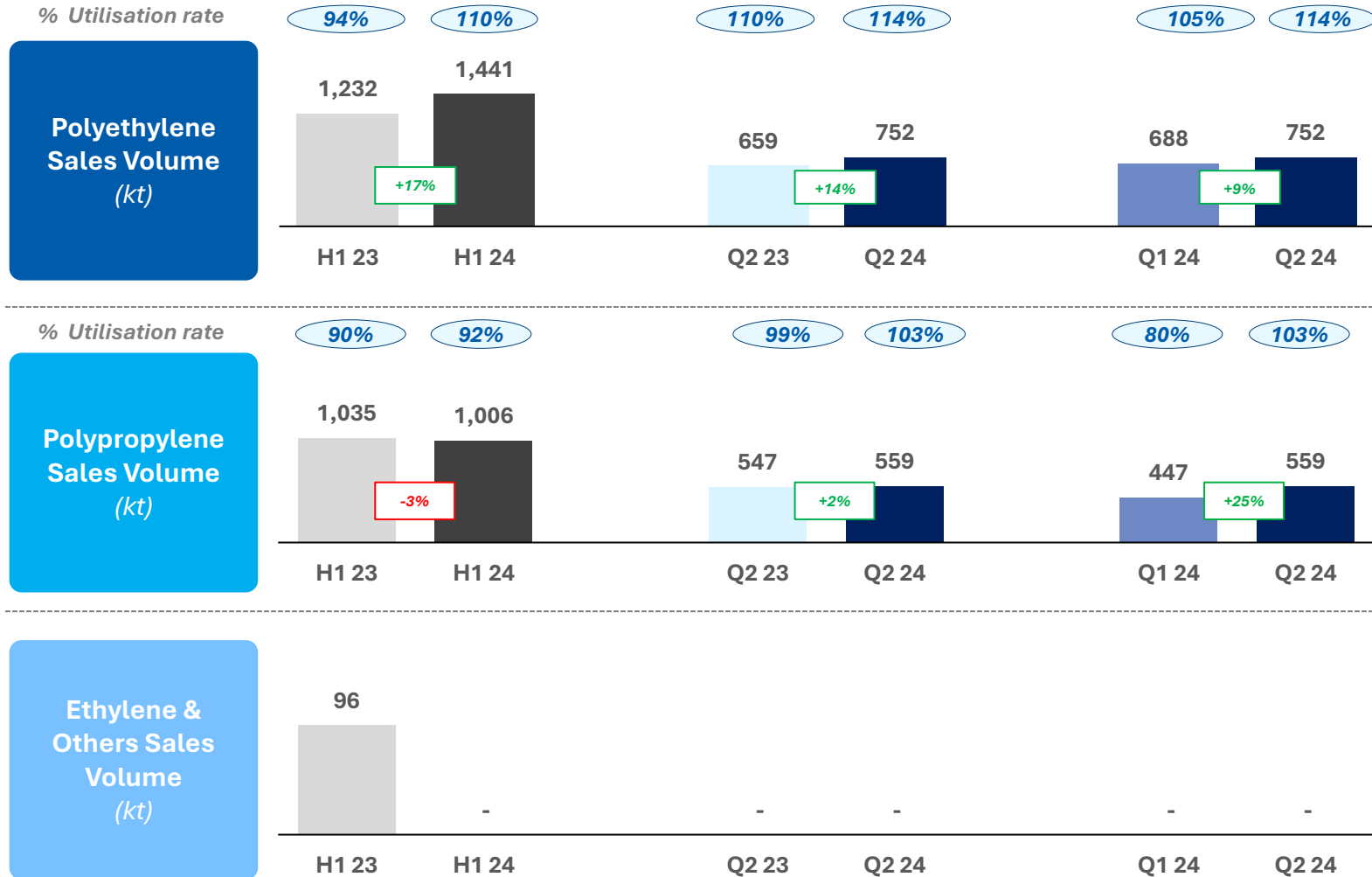
1) Benchmark prices represent HDPE Blow Molding NEA CFR and PP Raffia NEA CFR prices as per IHS Markit data.

## Commentary

- Polyolefin prices improved in Q2 due to upbeat oil / feedstock prices, global logistics constraints and lower operating rates at marginal producers
- Borouge’s overall polyolefin selling prices in Q2 remained in a narrow band
  - PE avg. selling price -9 \$/t versus Q1 24
  - PP avg. selling price +11 \$/t versus Q1 24
- In Q2 Borouge continued to command premia above benchmark prices and in-line with through-the-cycle management guidance, but down QoQ
  - PE premia of 198 \$/t, -24 \$/t versus Q1 24
  - PP premia of 138 \$/t, -24 \$/t versus Q1 24
- In H1 2024 premia for both PE and PP was above management’s through-the-cycle guidance of 200\$/t for PE and 140\$/t for PP

# OPERATIONAL AND COMMERCIAL PERFORMANCE

## Capacity Utilisation Rates & Sales Volumes



## Commentary

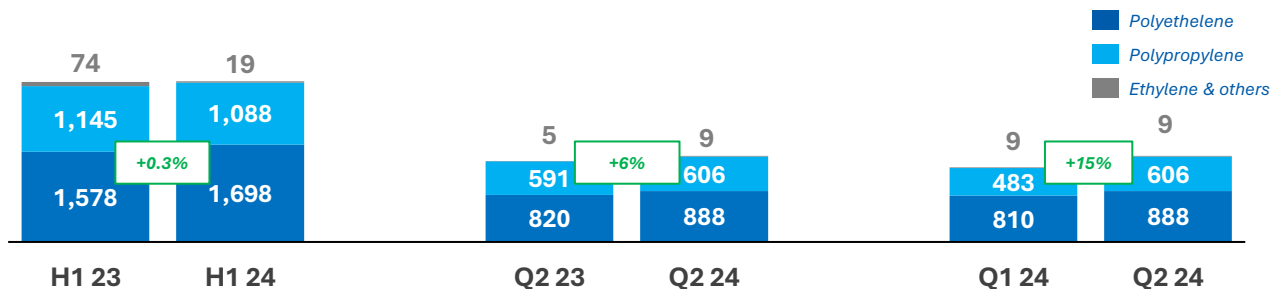
- Highest-ever total quarterly production in Q2 24 of 1,355kt, with utilisation rates of:
  - PE : 114% (784 kt production)
  - PP: 103% (572 kt production)
- High OCU capacity utilisation in Q2
- High asset reliability of 97%
- Q2 total sales volumes of 1,311 kt, comprised of strong sales in both segments:
  - PE : 752 kt (+14% YoY)
  - PP: 559 kt (+2% YoY)
- Continued strong contribution from value-added energy and infrastructure segment in Q2 of 41%

Sources: Company Information.

# REVENUE & PROFITABILITY

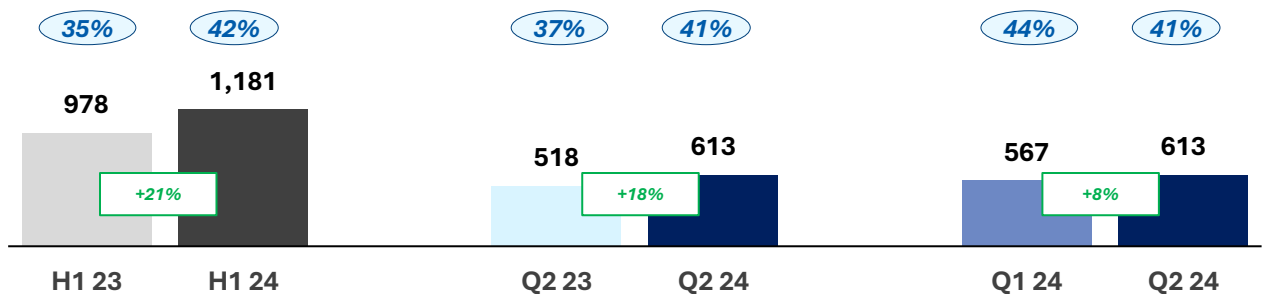
## Key Metrics

**Revenue**  
(\$m)



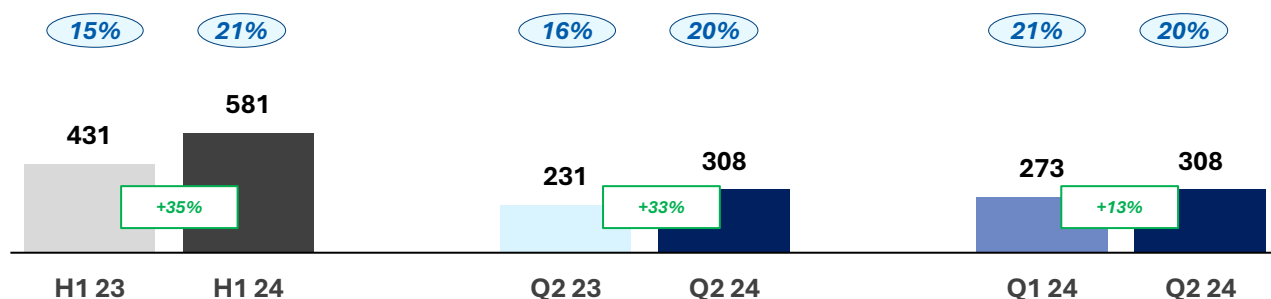
**Adjusted EBITDA (1)**  
(\$m)

% Margin



**Net Profit**  
(\$m)

% Margin



## Commentary

- Strong Q2 performance supported by record high production, robust sales volume and strict cost discipline
- Q2 revenue increased 15% versus Q1 24 primarily due to higher sales volumes
- Adj. EBITDA of \$613m one of the highest in the last 6 quarters and industry leading EBITDA margin of 41% in Q2 24
- Q2 net profit up 33% YoY and 13% QoQ
- In H1 24, adj. EBITDA is up 21% YoY and Net profit increased by 35% YoY

Sources: Company Information.

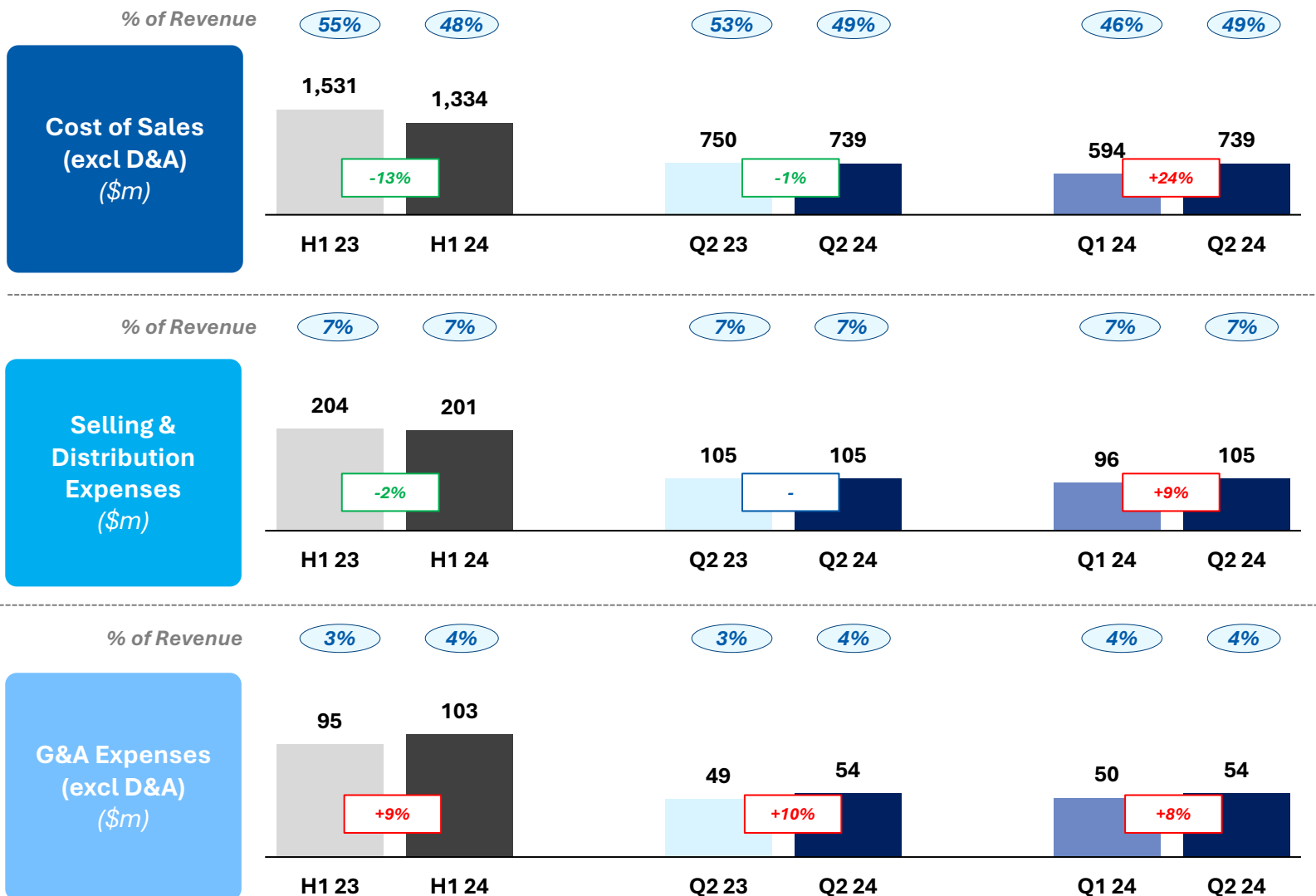
1) Adjusted EBITDA is calculated as EBITDA plus adjustments on foreign exchange gain or loss and impairment loss on property, plant and equipment.



# COSTS

## Key Metrics

## Commentary

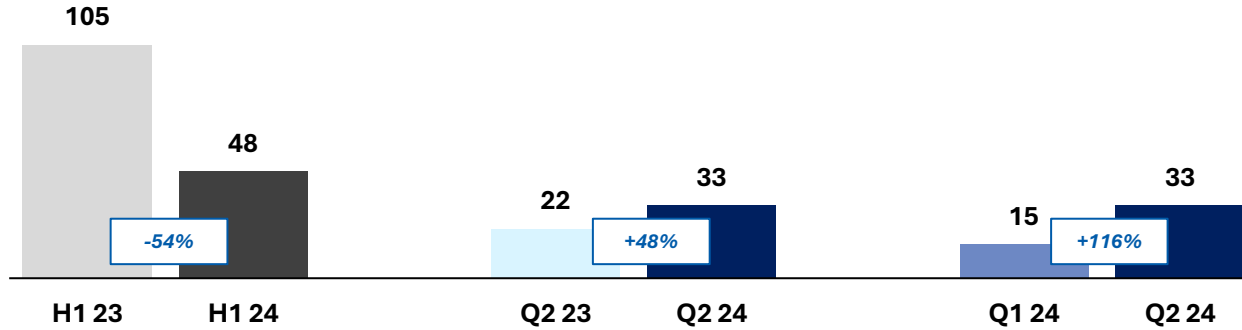


- In Q2 total cost base (excl. D&A) remained flat YoY and up 21% QoQ primarily due to higher production volumes
- Selling & distribution expenses in Q2 increased by 9% on QoQ mainly due to higher sales volumes
- General & admin (excl. D&A) expenses in Q2 increased by 8% QoQ and 15% YoY due to one-off items
- In H1 24, total cost base (excl. D&A) declined 11% YoY due lower COGS and selling & distribution expenses

# CAPEX & FREE CASH FLOW

## Key Metrics

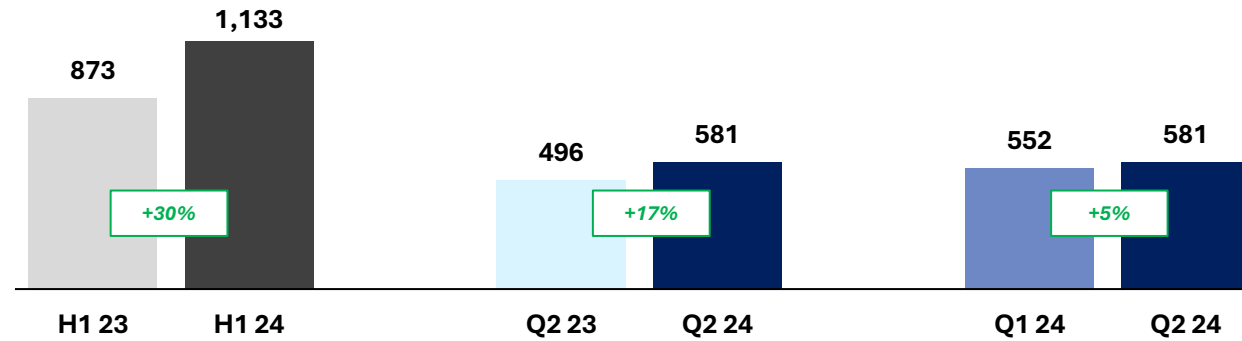
**Capital Expenditure (\$m)**



## % Cash Conversion <sup>(1)</sup>



**Adjusted Operating Free Cash Flow <sup>(2)</sup> (\$m)**



## Commentary

- CAPEX in Q2 of \$33m
- Q2 adjusted operating free cashflow of \$581 million up +17% YoY and +5% QoQ
- Consistently high cash conversion rates recorded in Q2 of 95%
- Net debt to LTM EBITDA ratio is 1.2x as on 30 June 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.

# BOROUGE POSITIONED TO DELIVER ACCELERATED GROWTH

*Strong pipeline of growth projects positioned across (1) substantial organic capacity expansion, (2) geographic diversification of production footprint (3) differentiated & specialty polyolefins at scale*

## International Expansion

- *China production expansion*
- *Specialty polyolefins*

**Capacity**  
**+1.6 mt**



## Borouge 4

- *Flagship growth project*
- *Next generation technology / differentiated product slate*

**Capacity**      **Revenue**  
**+1.4 mt**      **c. \$1.5 - \$1.9B**



## Existing Capacity Enhancement

- *Ongoing production capacity optimisation and enhancement*

**Capacity**      **Revenue**  
**+230kt**      **+\$250m**





## Market

- Stable macro-economic environment in Borouge core markets in the second half of 2024 marked by moderate GDP growth
- Demand in Borouge target markets remains stronger versus developed regions – expectations around increased Chinese demand following targeted stimulus efforts



## Prices

- Polyolefin prices expected to remain stable during H2 2024 due to upbeat crude oil prices, low operating rates and ongoing logistics challenges
- Management maintains over-the-cycle premia over benchmark guidance of c. \$200 / tonne for polyethylene and c. \$140 / tonne for polypropylene



## Volumes

- Continued strong production volumes to continue in second half of 2024
- Planned maintenance turnaround of Borouge 3 plant with a volume impact of 320kt now shifted from Q4 2024 to Q2 2025
- Company will continue to focus on its core strategy in the high value-added segments and product / regional optimisation



## Costs

- Ongoing cost efficiencies and optimization to continue in H2 2024
- Borouge remains well-positioned to manage supply chain and S&D costs considering the ongoing shipping disruptions

**Maintain \$1.3 billion dividend for FY 2024**  
**FY 2024 interim dividend of \$650 million to be paid in September 2024\***

\*Subject to shareholders approval at General Assembly Meeting to be held on 2<sup>nd</sup> September 2024.

## BOROUGE CAPITAL MARKETS DAY 2024

Please join us for Borouge's first capital markets day event in Abu Dhabi

**Date:** 30<sup>th</sup> October 2024

**Venue:** Abu Dhabi Energy Centre

[www.borouge.com/en/investor-relations](http://www.borouge.com/en/investor-relations)

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