



BOROUGE ANALYST & INVESTOR PRESENTATION

FOR THE THREE-MONTH AND TWELVE-MONTH
PERIODS ENDED 31 DECEMBER 2022

2nd February 2023

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AGENDA AND PRESENTERS

Q4 & FY 22 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



Louis Roland R. Desal
Chief Operating Officer



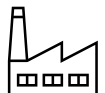
Q4 & FY22 RESULTS

STRONG VOLUME GROWTH DESPITE CHALLENGING MARKET ENVIRONMENT

Highlights from the three and twelve months ended 31 December 2022



FY22 Revenue of \$6,727m, up 8% y-o-y driven by growing sales volumes, despite challenging market environment



FY22 Sales volumes increased 15% y-o-y on higher production volumes, including ramp-up of new PP5 unit



Premia contracted against backdrop of softening prices, but remain strong



Launch of \$400m value enhancement programme focused on high-impact cost efficiency and revenue optimisation initiatives



Strong cashflow generation supports commitment to pay \$975 million in dividends to shareholders for FY 22

\$1,593m

Q4 22 revenue, **-5%** q-o-q

\$541m

Q4 22 Adjusted EBITDA, margin of **34%**

\$247m

Q4 22 profit for the period, **-20%** q-o-q

\$465m

Q4 22 operating free cashflow, **86%** cash conversion

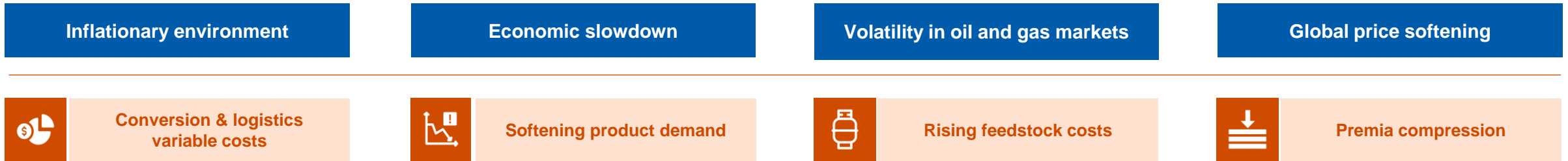


Value enhancement programme to drive positive EBITDA impact of \$400m or 15% in 2023, sustainable impact thereafter

Exploring international expansion in geographies and markets that support the Company's existing strategic priorities

MACROECONOMIC CHALLENGES AND OPPORTUNITIES

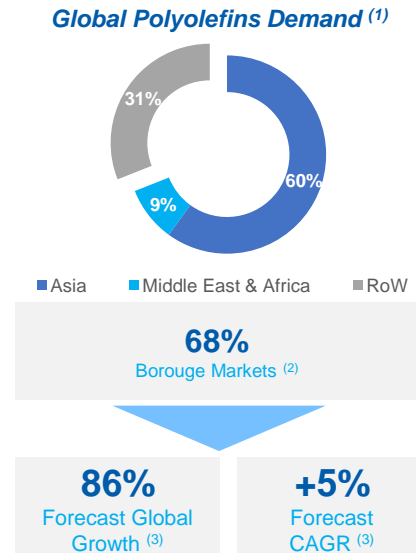
While global, industry-wide challenges exist...



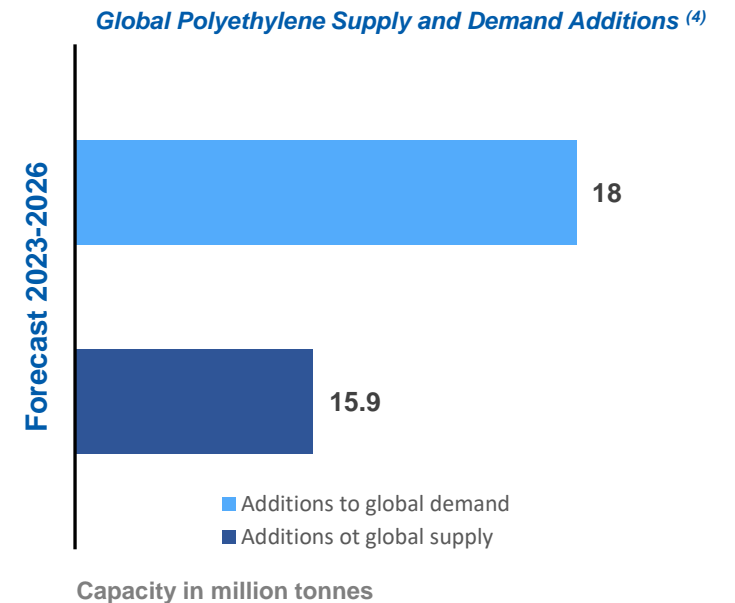
...Borouge is addressing global megatrends

	Growth in population and emerging economies		Food waste and scarcity
	Healthcare and Hygiene Demand		Mobility and electrification
	Water access and sanitation		Energy transition

...Serving high growth markets



...And market demand is outstripping supply



Sources: Company Information, IHS Markit

1) As at 2021

2) Figure not reconciling with Global Polyolefins Demand chart due to rounding

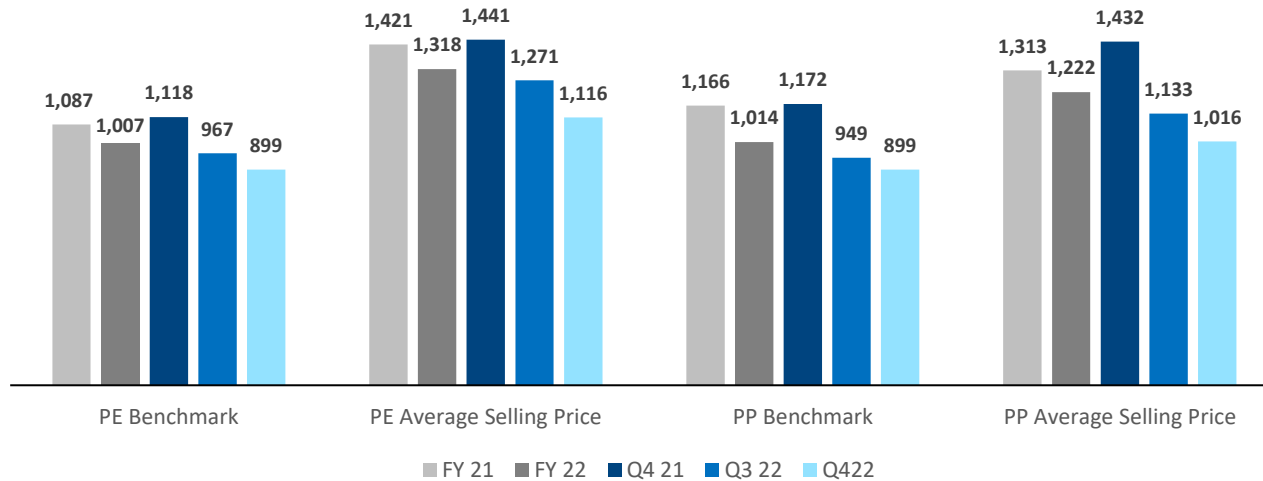
3) 2022 – 2026 CAGR (capacity on million tonnes)

4) Based on announced capacity only

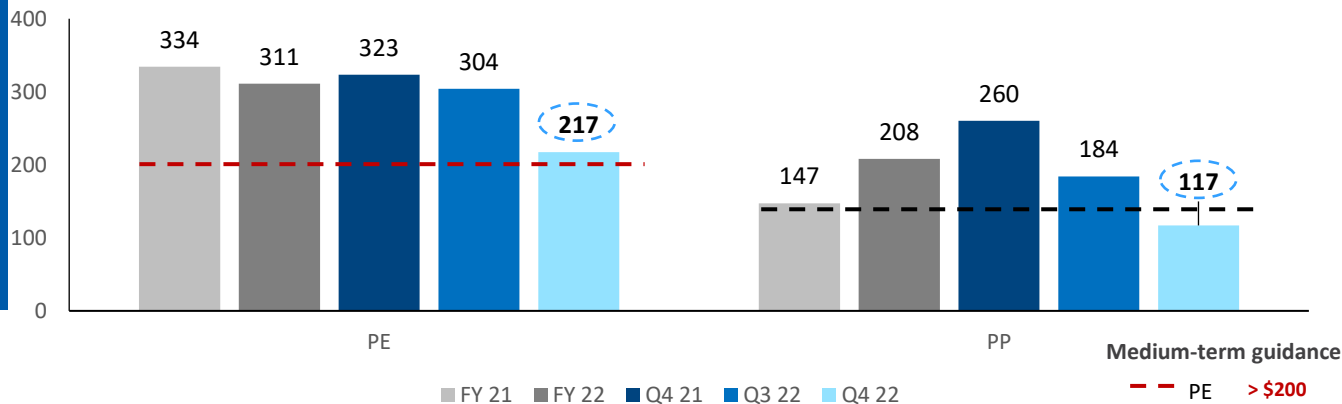
POLYOLEFINS MARKET & PREMIA UPDATE

Product Prices and Premia Evolution

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



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



Commentary

- Q4 average selling price continued to soften, driven by weaker demand relative to available supply
- PE: avg. selling price down 12% in Q4
 - Q4 premia of \$217 / tonne
- PP: avg. selling price down 10% in Q4
 - Q4 premia of \$117 / tonne
- FY 2022 premia for both PE and PP remained above over-the-cycle guidance with premia of \$311 / tonne and \$208 / tonne, respectively

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

- Q4 22 sales volumes grew 6% q-o-q (24% y-o-y) supported by strong production volumes
- PP volumes higher in Q4 22 following ramp-up of PP5, representing 44% of total sales volumes
- PE infrastructure sales volume growth of 27% y-o-y
- Continued utilization of OCU is bringing high-cost benefit from propylene substitution, offsetting impact of LDPE shutdown
- Capacity utilization remains high
 - PE: 99%
 - PP: 104%

Sources: Company Information.

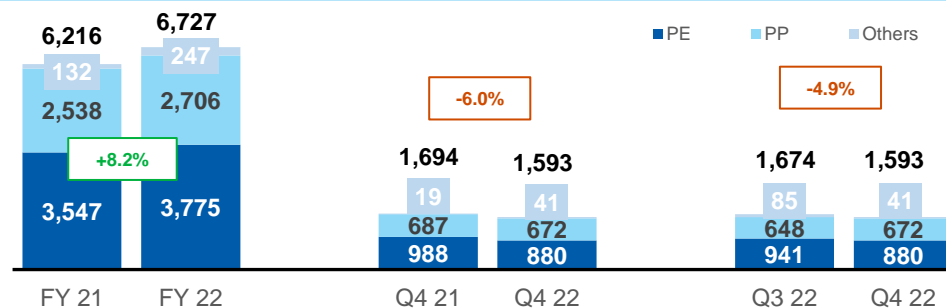
1) Proforma combined ADP and PTE for FY 2021, Q4 21. Borouge plc actuals from Q3 22.

2) Consists of ethylene and byproducts.

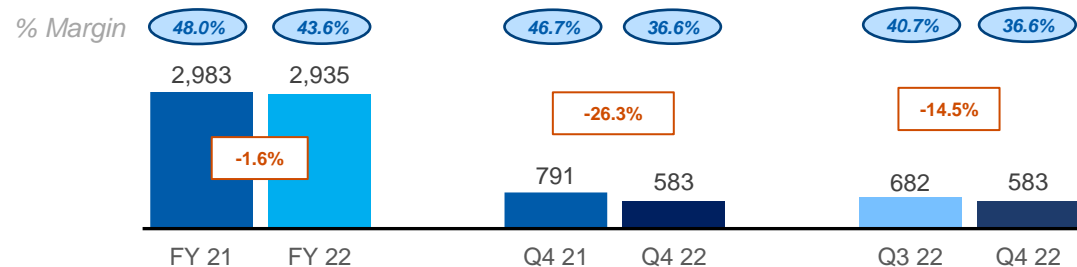
REVENUE & PROFITABILITY

Key Metrics⁽¹⁾

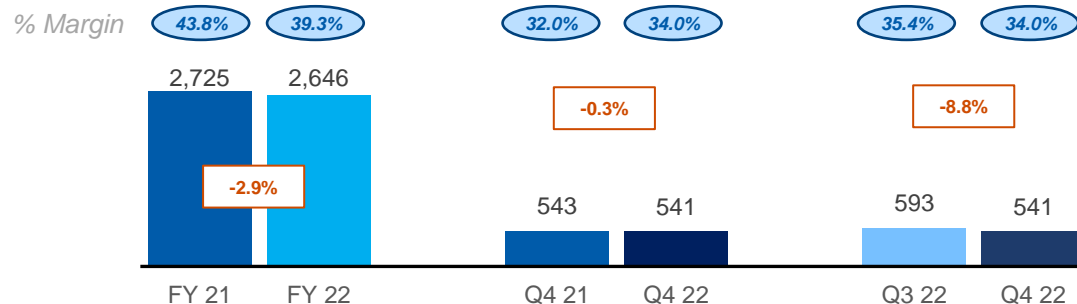
Revenue
(\$m)



Gross Profit
(\$m)



Adj. EBITDA
(\$m)



Sources: Company Information.

1) Proforma combined ADP and PTE for FY 2021, Q4 21. Borouge plc actuals from Q3 22.

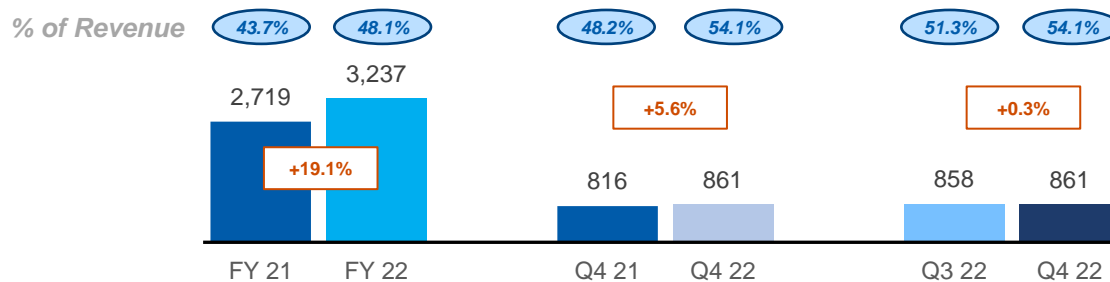
Commentary

- FY 22 revenue up 8% y-o-y, supported by significant volume growth offsetting price decline
- Q4 22 revenue down 5% q-o-q, driven by lower average selling price, offsetting higher volumes
- FY 22 adjusted EBITDA decreased by 2.9% to \$2.6 billion, primarily due to pricing pressure and higher cost base
- Q4 22 adjusted EBITDA of \$541 million was flat on a y-o-y, supported by gains on cost per tonne

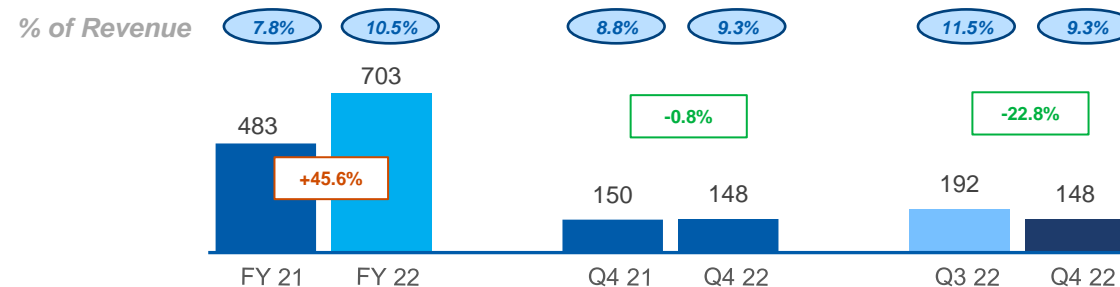
COSTS

Key Metrics⁽¹⁾

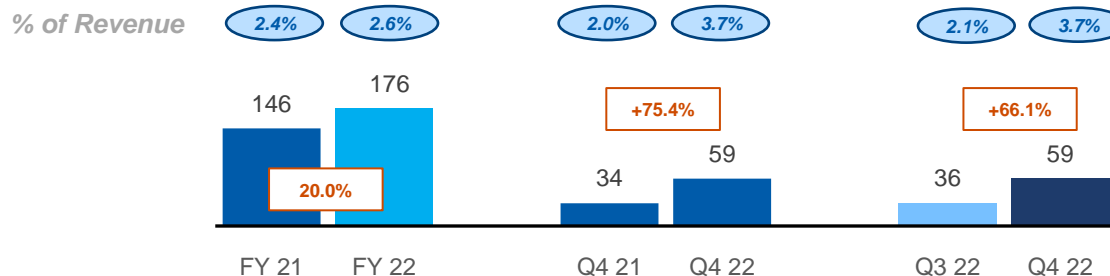
**Cost of Sales
(excl. D&A)
(\$m)**



**Selling and
Distribution
Expenses
(\$m)**



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



Commentary

- Overall cost base flat in Q4 22 vs Q3 22
- S&D costs in Q4 22 vs. Q4 21 were lower by 23% despite higher volumes, driven by significant reduction in sea freight rates
- G&A increase in Q4 22 vs. Q3 22 due to one-off manpower costs
- Overall costs in FY 22 increased by 16% and lower margins driven by higher S&D costs and higher variable & fixed costs

Sources: Company Information.

1) Proforma combined ADP and PTE for FY 2021, Q4 21. Borouge plc actuals from Q3 22.

VALUE ENHANCEMENT PROGRAMME

Reinforcing robust financial profile

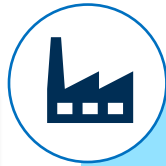
Positioning for sustainable future growth

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

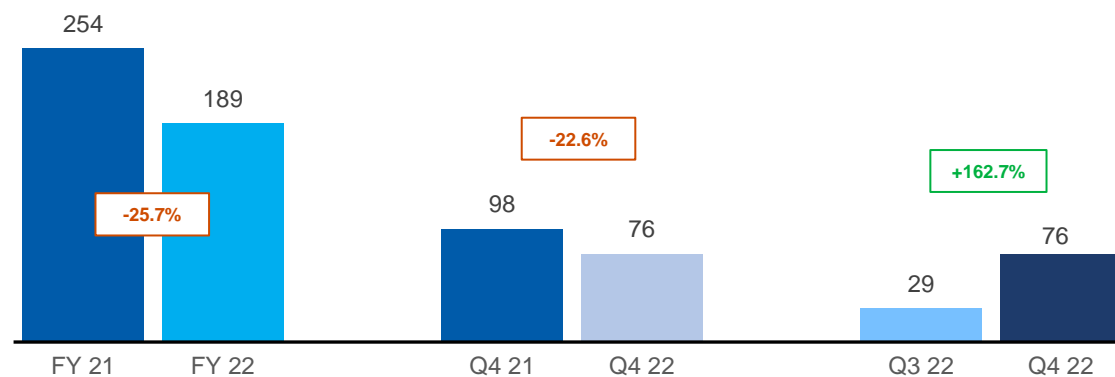
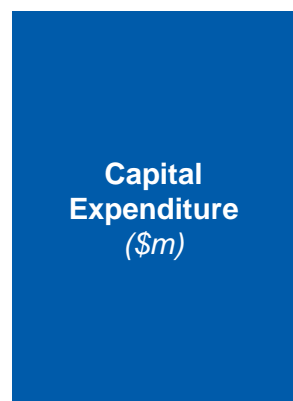


REVENUE OPTIMISATION

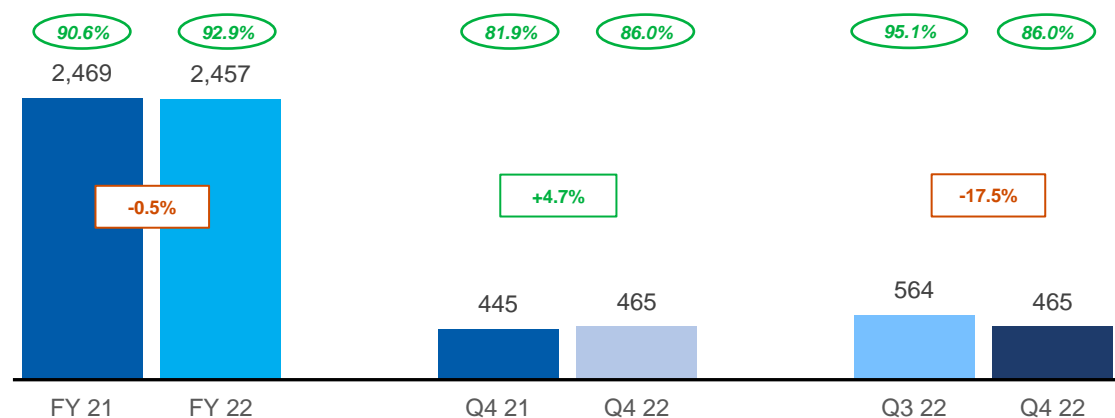
Expected to sustain a 15% positive EBITDA impact from 2024, versus the 2022 baseline

CAPEX & FREE CASH FLOW

Key Metrics⁽¹⁾



Cash Conversion⁽²⁾



Commentary

- Cashflow conversion of 86% in Q4 22 versus 95% in the previous quarter
- Higher capex in Q4 mainly related to operations expenses for LDPE and B2 Turnaround
- Net debt remained stable in the period at approximately 1.1x Net Debt/ Adj. EBITDA

Sources: Company Information.

1) Proforma combined ADP and PTE for FY 2021, Q4 21. Borouge plc actuals from Q3 22.

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

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

OUTLOOK

Market

- 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

Prices

- Management re-iterates over-the-cycle premia guidance of \$200 / tonne for PE and \$140 / tonne for PP
- Increasing oil prices expected to support polyolefin prices

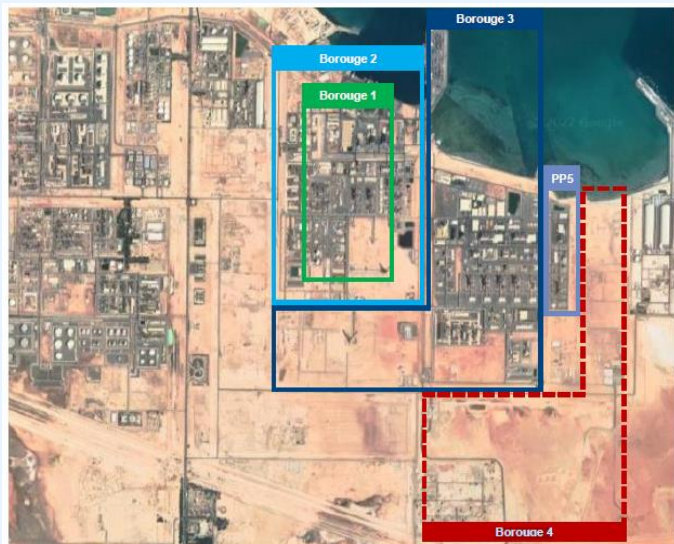
Volumes

- China gradually re-opening to further support volume demand in Q1 and Q2
- Supply / demand balance in our core markets, which are expected to continue to outperform global / developed markets

Costs & Margins

- Value enhancement programme targeting significant efficiencies in fixed and variable costs, and revenue optimisation to support margins
- OCU playing an important role in bringing significant cost benefit from internal propylene substitution, utilization will be maintained at maximum capacity to support margin enhancement

BOROUGE 4 UPDATE



Located in Al Ruways Industrial City adjacent to Borouge 1, 2, 3 and PP5

Access to competitive feedstock From ADNOC Gas

- 1.5mt ethane cracker
- 2x Borstar® PE units
- XLPE unit

Adds 1.4mt polyolefins capacity

Significant, positive impact on capital structure and growth

Optimised capital structure

- Recontribution expected to be **accretive to operating cash flows** and **dividend per share**
- Acquisition is intended to be primarily **debt financed**
- Borouge expects to maintain **robust long-term target capital structure**, and **investment grade credit profile**
- Net leverage may temporarily exceed long-term target levels post recontribution, **until Borouge 4 EBITDA is fully ramped-up**

Directly supports Borouge’s strategy for sustainable growth



High-value sustainable applications

70% infrastructure
30% consumer



Diversified geographical coverage

70% N. and S.E. Asia
30% ME and Africa



Contributor to higher margins

Competitive long-term feedstock = attractive PE production margins
Target EBITDA margins >40% from 2028



Contributor to increased UAE economic activity

Direct job creation
UAE GDP contribution through polyolefins export
UAE petrochemicals global leadership

Rationale for carve-out at IPO

- **Mitigated construction risk** for Borouge and its investors
- Borouge made **no capital outlay**, supporting current and future **dividend capacity**
- Enables **strong cash flow** and **dividend payments**
- **Optimized** Borouge’s **capital structure**

Wide-ranging impact

- Making Borouge the **world’s largest single-site polyolefin complex**
- Helping power **organic growth across the Middle East, Africa and Asia-Pacific**
- Enabling Borouge to maintain a **strong balance sheet**
- Ensuring **substantial capacity for future dividends**

CONCLUDING REMARKS



Robust sales volume growth, despite challenging market conditions



Value enhancement programme to mitigate headwinds and drive sustainable growth



Board support to explore international growth



Committed to product innovation and differentiation, while tactically placing volumes to meet demand



\$975 million post-IPO dividend for FY22

At least \$1.3 billion dividend for FY23

Post-period event



- Repayment of \$500 million towards \$3.65 billion Commercial Term Facility
- We continue to prudently manage debt and capital allocation in response to prevailing market environment



THANK YOU

www.borouge.com/en/investor-relations

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