



BOROUGE ANALYST & INVESTOR PRESENTATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2022

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AGENDA AND PRESENTERS

1 Strategic Overview

2 Market Update

3 Operational Highlights

4 Financial Highlights

5 Summary

6 Appendix



Hazeem Sultan Al Suwaidi
Chief Executive Officer



Rainer Hoefling
Chief Marketing Officer



Saeed Al Dhaheri
Chief Financial Officer



Louis Roland R. Desal
Chief Operating Officer



Jan-Martin Nufer
Chief Financial Officer (effective 1st November 2022)

STRONG Q3 SALES IN CHALLENGING MARKET ENVIRONMENT

Highlights from the three and nine months ended 30 September 2022



Revenue growth of 8% y-o-y in Q3 22 (-10% q-o-q) driven by growing sales volumes, despite weak operating environment



Sales volumes increased 18% y-o-y in Q3 22 (+9% q-o-q). PP5 ramping up and B1 turnaround completion



Premia remain above medium-term guidance in backdrop of softening prices



Adjusted EBITDA margin of 35% in Q3 22 vs. 47% in Q2 22 due to lower average selling prices but only modestly lower costs per tonne



Strong cashflow generation supports commitment to pay \$975 million in dividends to shareholders for FY22 (of which \$325 million paid in October)

\$5,134m

9M 22 revenue at 14% y-o-y growth

\$2,104m

9M 22 Adjusted EBITDA, margin of 41%

\$1,161m

9M 22 profit for the period, margin of 23%

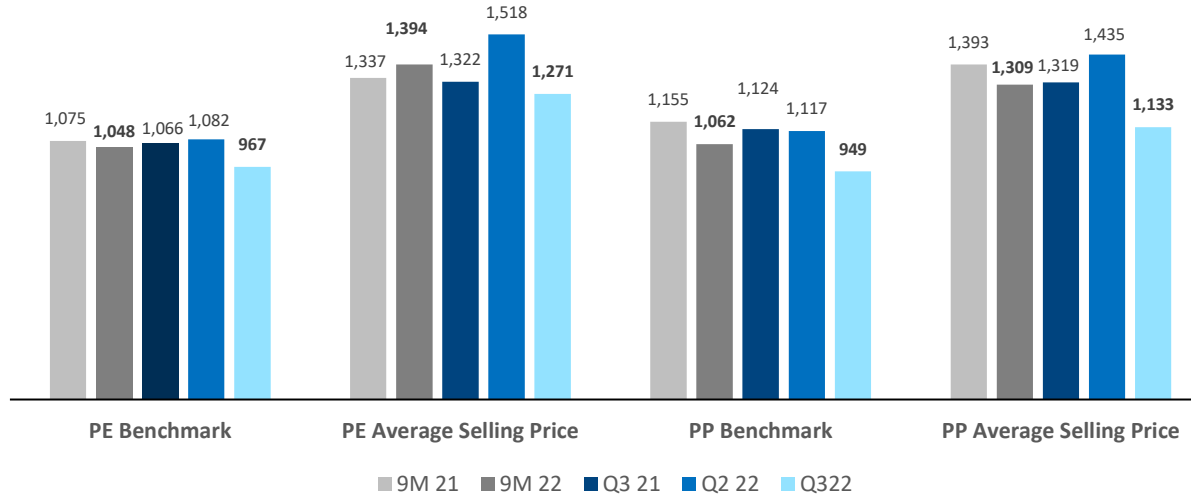
\$1,992m

9M 22 operating free cashflow, 95% conversion

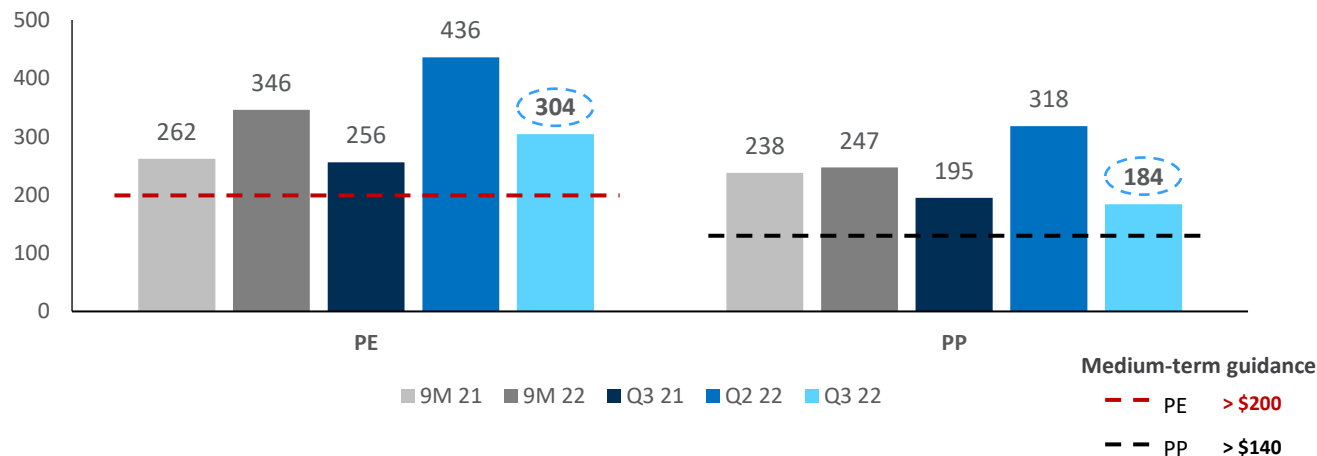
POLYOLEFINS MARKET & PREMIA UPDATE

Product Prices and Premia Evolution

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



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

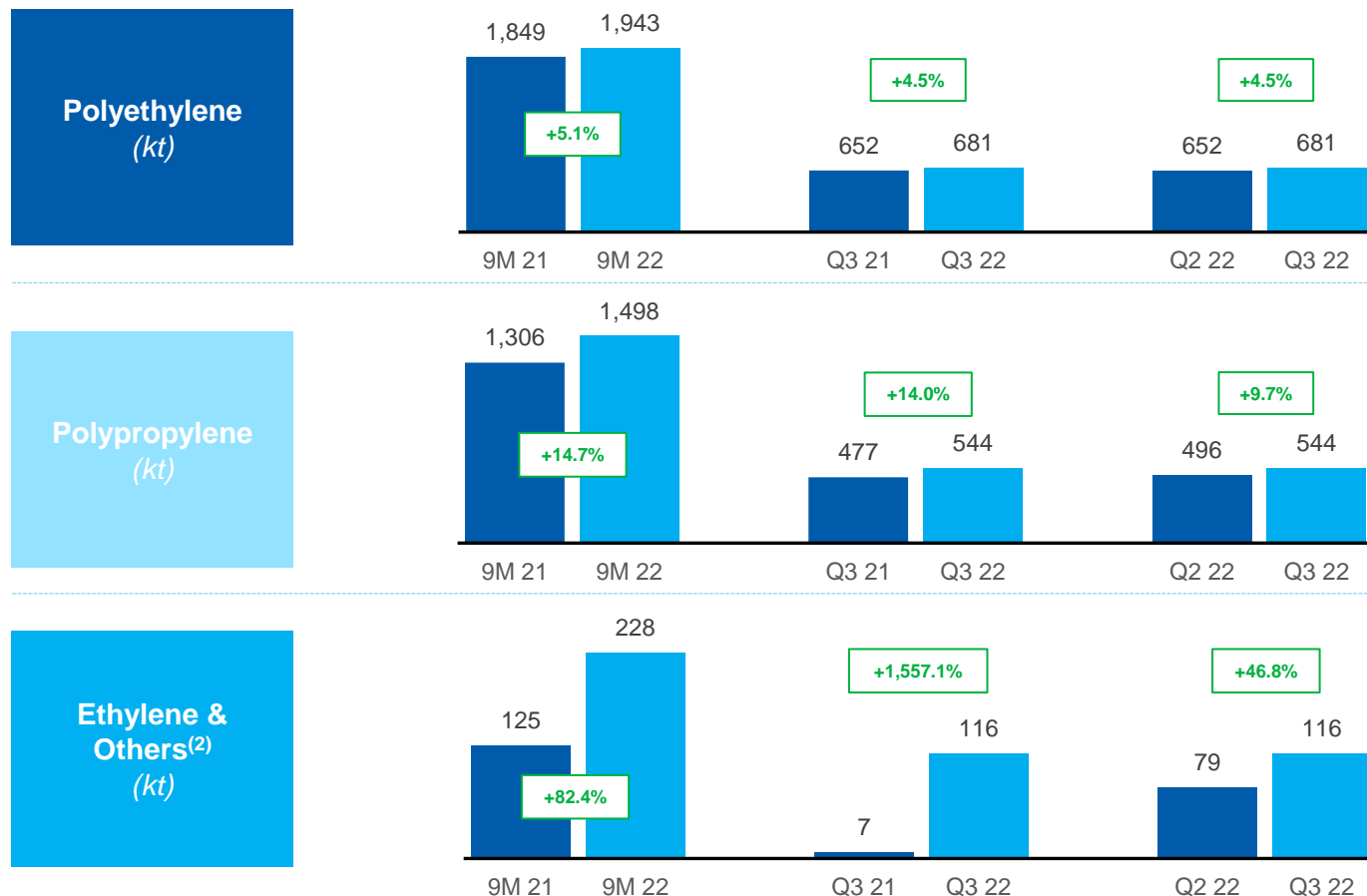


Commentary

- Q3 average selling price fell by 21% q-o-q for polypropylene (PP) and by 16% for polyethylene (PE)
- Headwind and weaker price environment driven by world economy
- Despite compression, premia for both PE and PP is above medium-term guidance
 - PE: \$304 / t (Q3 22)
 - PP: \$184 / t (Q3 22)
- Economic activity in core markets of Asia Pacific and Middle East remains relatively strong, supporting healthy sales volumes

OPERATIONAL PERFORMANCE

Sales Volumes⁽¹⁾



Commentary

- 9M 22 sales volumes grew by 12% y-o-y, with record steam cracker performance in Q3
- Q3 22 sales volumes higher for polypropylene due to production ramp-up of PP5 and ethylene & others, jointly representing 50% of all sales volumes in Q3
- PE sales volumes increased y-o-y supported by strong sales in infrastructure solutions
- PP5 unit ramp-up to support premium production through introduction of more differentiated grades into the production mix
- LPDE shutdown partially offset by maximum utilization of OCU for the conversion of more cost-advantaged ethane to propylene. Additional ethylene also available for sale

Sources: Company Information.

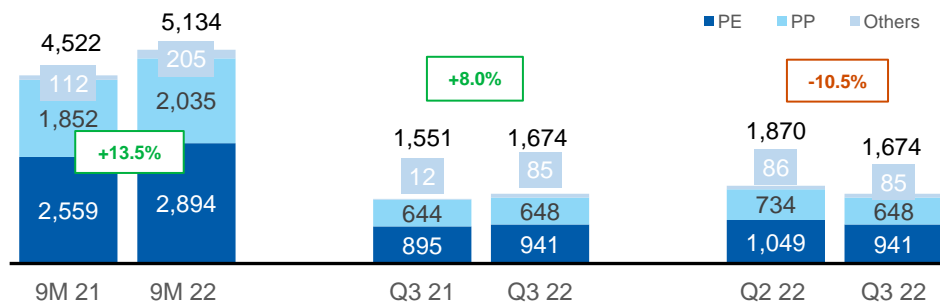
1) Proforma combined ADP and PTE for H1'21A, H1'22A and Q1'22A. Borouge plc actuals from Q2'22A.

2) Consists of ethylene and byproducts.

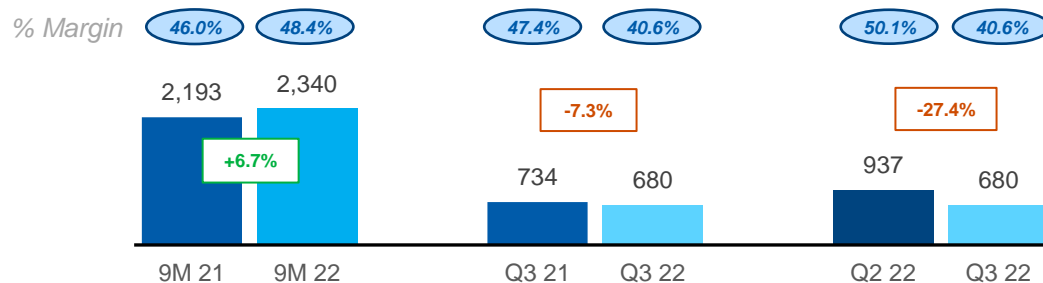
REVENUE & PROFITABILITY

Key Metrics⁽¹⁾

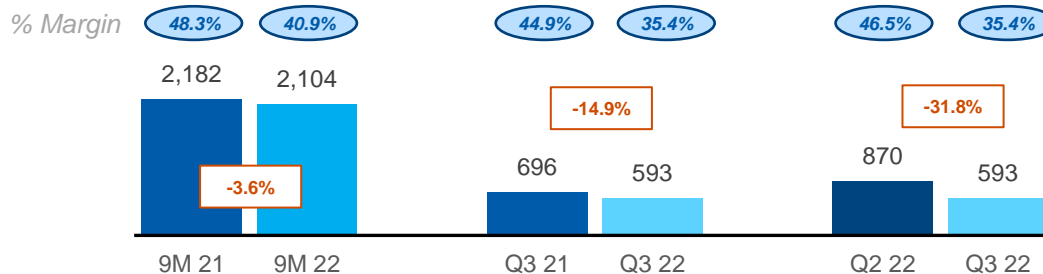
Revenue (\$m)



Gross Profit (\$m)



Adj. EBITDA (\$m)



Sources: Company Information.

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

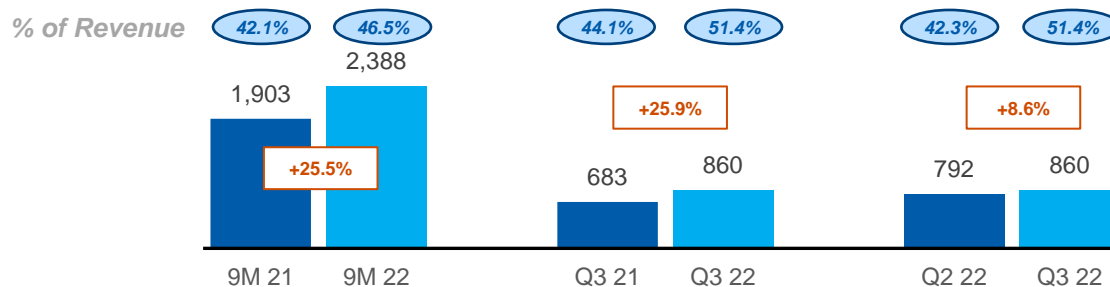
Commentary

- 9M 22 revenue increase of 14% y-o-y and 8% in Q3 vs. Q2, primarily driven by higher volumes
- Q3 22 revenue down by 10% vs. Q2, due to a 19% drop in sales price, partially offset by strong sales volume growth of 9%
- Adjusted EBITDA in the third quarter declined to \$593 million vs. the prior quarter of \$870 million, primarily reflecting the drop in prices
- Margins decreased overall due to higher logistics costs, increased raw materials costs, propylene mix and one-off inventory effect

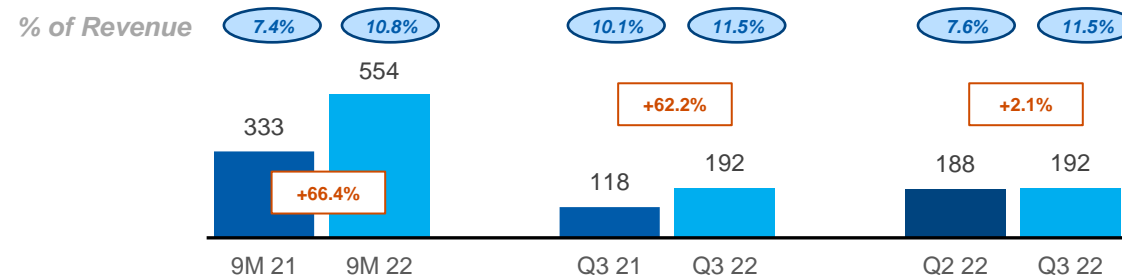
COSTS

Key Metrics⁽¹⁾

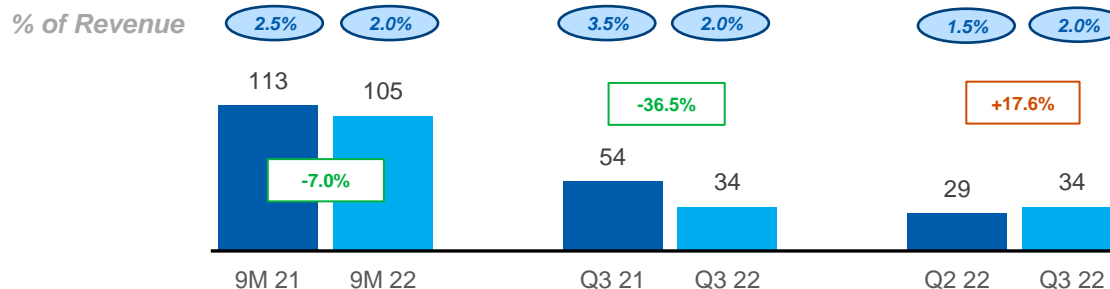
Cost of Sales (\$m)



Selling and Distribution Expenses (\$m)



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



Sources: Company Information.

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

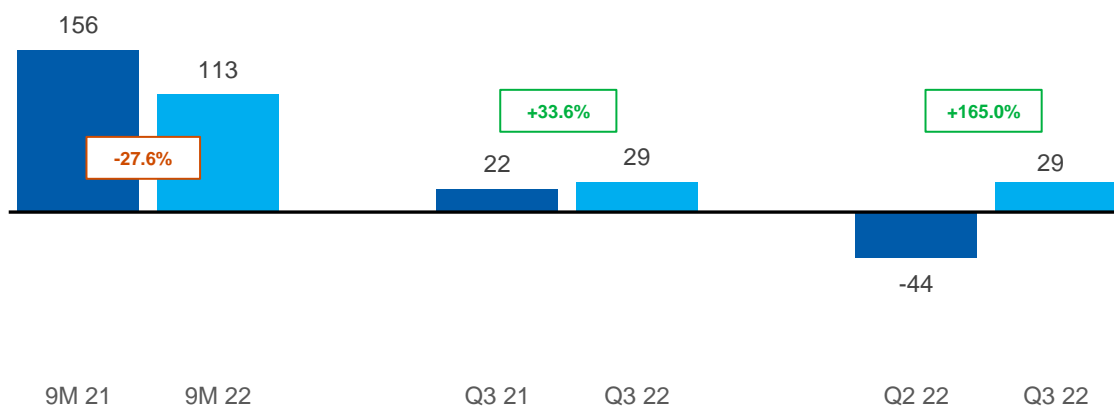
Commentary

- Cost of sales increased in Q3 22 vs Q2 22 and Q3 21 in absolute terms and as a percentage of revenue
- Q3 22 costs increased by 25.5% vs. Q3 21. Feedstock expenses increased by 7% over the previous quarter, reflecting higher volumes, and higher propylene prices in the period
- Variable costs continue to be elevated with chemicals and utilities, continuing to be impacted by an inflationary environment
- Mix effects also impacted margins with higher volumes of PP products produced on purchased propylene
- Increase in y-o-y selling and distribution costs due to higher sea freight rates and disruptions in the global shipping market
- Increased focus on fixed cost management contributed to a decrease in y-o-y G&A expenses, although impact modest in Q3

CAPEX & FREE CASH FLOW

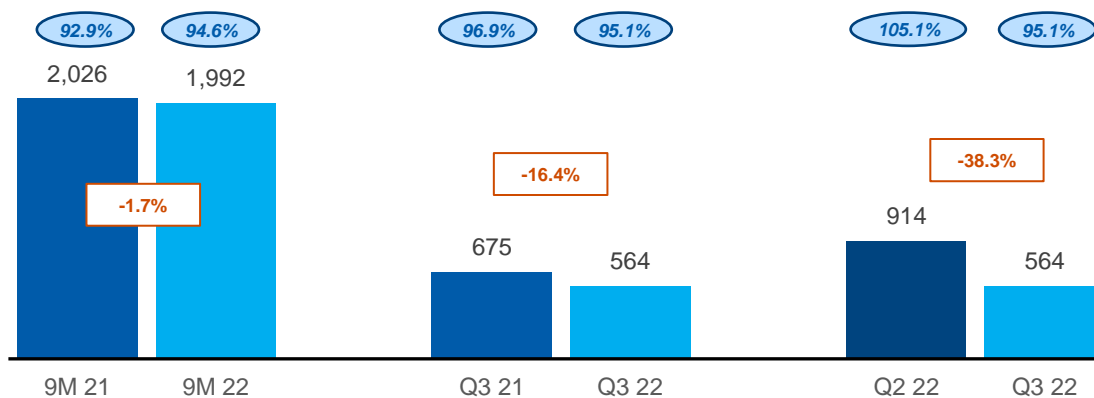
Key Metrics⁽¹⁾

Capital Expenditure (\$m)



Operating Free Cash Flow⁽³⁾ (\$m)

Cash Conversion⁽²⁾



Commentary

- Cashflow conversion was high, reflecting low capital expenditure in the period given recent project completions, including PP5
- Net debt remained stable in the period at approximately 1.1x Net Debt/EBITDA
- \$564 million of adjusted operating cash flow generated in the quarter, representing a conversion rate of 95%

Sources: Company Information.

- 1) Proforma combined ADP and PTE for H1'21A, H1'22A and Q1'22A. 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.

OUTLOOK

Market

- We recognize signs of slowing economic activity in developed markets, however, economic activity in our core markets of the Asia Pacific and Middle East remains robust
- Stable polyolefin demand growth expected following the potential easing of restrictions in China, a relatively stronger GCC economy and logistical challenges easing

Prices

- Benchmark prices for PE and PP have come down across all regions. Analyst pricing expectations currently anticipate a stable price scenario until the end of the year
- We reiterate our mid-term (over-the-cycle) premia guidance of over \$200/tonne for PE and over \$140/tonne for PP

Volumes

- Borouge core markets are performing relatively better than global markets overall
- We remain able to place our volumes and be tactical about the markets we address in response to changes in demand

Costs & Margins

- We anticipate continuing to run our OCU at high levels of utilisation in the final quarter of the year, generating cost-effective propylene feedstock for our PP production
- We also anticipate variable costs to come down in the fourth quarter and continue to focus on overall cost management

SUMMARY



Resilient performance, despite challenging market environment



Operational excellence driving volume growth



Tactical and flexible response to market demand



Innovation-driven business model, focussed on differentiated solutions



Confident in delivering dividend commitments for FY 2022 and FY 2023



THANK YOU

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