

BOROUGE Q4/FY 2023 EARNINGS CALL TRANSCRIPT

CORPORATE PARTICIPANTS

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PRESENTATION

Samar Khan – Borouge – Head of Investor Relations

A warm welcome to everyone and thank you for joining us today. My name is Samar Khan, and I am the Vice President of Investor Relations at Borouge. With me today, I have: Hazeem Al Suwaidi, Chief Executive Officer; Rainer Hoefling, Chief Marketing Officer; Dr. Hasan Karam, Chief Operating Officer; and Jan-Martin Nufer, Chief Financial Officer. We will begin with a short presentation by the management team in respect to performance for the fourth quarter and full year 2023 periods, as well as our outlook for 2024. We will then open the call to your questions. I will now hand over to Hazeem, to present highlights from the fourth quarter and the full year 2023.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

Thank you, Samar, and thank you all for joining us today. Borouge has delivered a strong operational and financial performance for the fourth quarter and full year 2023, despite the challenging market environment. Performance was driven by strong production rates, high sales volumes and disciplined cost management. Borouge reported a net profit of \$288 million in Q4, representing an increase of 16 percent on a year-on-year basis driven by strong sales volumes. Full-year 2023 net profit stood at \$1 billion, a decline of 29 percent, primarily due to a 16 percent drop in average selling prices over the year.

Adjusted EBITDA in Q4 increased 11 percent versus the same period last year to \$600 million and \$2.2 billion for the full-year 2023. The Value Enhancement Program delivered \$607 million positive impact for 2023, significantly outperforming its initial and revised targets of \$400 million and \$500 million, respectively. Strong cash conversion, high margins and robust balance sheet support our commitment to maintain a 2024 dividend of \$1.3 billion. This reflects our commitment to deliver superior shareholder value through market cycles. I'll now hand over to Rainer to discuss the market and provide an update on pricing and premia.

Rainer Hoefling – Borouge – Chief Marketing Officer

Thank you, Hazeem, and good afternoon everyone. As just mentioned, we continue to operate in a challenging market environment. In 2023, average selling prices across polyethylene and polypropylene were down 16 percent from the very high levels achieved in 2022. For quarter four, average selling prices were down 3 percent on a year-on-year basis and flat on a quarter-on-quarter basis.

In quarter four, benchmark prices for both polyethylene and polypropylene are down by 1 percent and 2 percent, respectively on a year-on-year basis. For the full-year, benchmark prices for polyethylene and polypropylene were down 9 percent and 12 percent from the previous year. Despite this challenging environment, Borouge was able to command healthy premia over benchmark prices, reflecting the Company's strong market positioning in key segments.

In quarter four 2023, premia for PE and PP were both up 7 percent and 4 percent respectively, versus Q3 2023. Premium for polyethylene was \$187 per tonne versus \$217 last year and for polypropylene was \$111 per tonne

versus \$117 during the same period last year. On a full-year basis, we recorded a healthy overall premium for polyethylene of \$215 per tonne and for polypropylene of \$125 per tonne.

The polyolefins market remains challenging in 2024 against the backdrop of macroeconomic and geopolitical uncertainty, short term polyolefin capacity increases and muted global demand. Market analysts anticipate a soft pricing environment to continue until a delayed recovery materializes. We expect a slight price uplift in Q1 2024 versus Q4 2023 price levels achieved for both PE and PP. That said, Borouge remains well-positioned versus industry peers and is expected to continue to deliver product premia above benchmarks due to its strategic focus on differentiated and durable products.

I'll now briefly discuss sales volumes for the period before I ask Hasan to take us through some operational highlights from the fourth quarter. Quarter four 2023 sales volumes remain strong at 1,359 million tonnes despite subdued global demand reflecting the strength of Borouge's extensive international distribution sales network and our ability to tactically move volumes in difficult market conditions. Sales volumes for PE were up by 3 percent and for polypropylene were down by 5 percent, respectively. On a full year basis, sales volumes were strong at 5.116 million tonnes, up 1 percent on a year-on-year basis.

Our sales volumes from energy and infrastructure solutions represent 36 percent of overall sales volumes in Q4 and 39 percent for the full year. This is part of Borouge's strategy to focus on durable products for industrial applications. Further progress was made in the year towards the circular economy with more than 18 new recyclates partnerships to explore sustainable applications. We also launched two new mobility grades made from up to 70 percent recycled materials. The Company maintains its focus on innovation, with more than 20 percent of Borouge's annual sales volume comprised of new products and 8 new product launches in 2023.

The 2024 product pipeline includes new applications including the introduction of healthcare grades. The Asia Pacific market continues to be the largest destination for sales, with 63 percent of total sales volumes, followed by the Middle East and Africa with 30 percent. Other regions represent 7 percent. Over to you Hasan.

Dr Hasan Karam – Borouge – Chief Operating Officer

Thank you, Rainer, and good afternoon, everyone. In 2023, Borouge continued to focus on safe and reliable operation while maximising production and achieving some of the highest ever utilisation rates. Growth in scale has been achieved while maintaining industry leading levels of asset reliability and operational excellence. This underscores Borouge's commitment to operational excellence and ambitious future growth and is a testament to Borouge's capability. During 2023, we secured the highest product quality while introducing a significant volume of new advanced and diversified grades to support Borouge's strategic focus on delivering high value added and differentiated products. We remain committed to operational and commercial excellence, with a detailed efficiency enhancement strategy focused on safety, plant reliability and integrity, and also opex optimisation.

In Q4, production operated at utilisation rates of 112 percent and 99 percent for PE and PP, respectively. For the full year, utilisation rates for PE and PP were 101 percent and 97 percent respectively. This allowed us to produce over 4.9 million tonnes of polyolefins above the nameplate in 2023 despite the Borouge 2 turnaround in the year. Access to stable feedstock quantities of ethane and propylene and our cracker reliability and PE and PP reliability all support our ability to sustain these high utilisation rates.

The Olefin Conversion Unit, which allows Borouge to internally produce large amounts of propylene from ethylene, also operated at a high utilisation rate in Q4 of 92 percent. As you are aware, Ethylene is typically prioritised for use in maximizing PE production and the additional quantities are sent to the OCU.

A planned turnaround of the Borouge 3 plant and feedstock-related operations is scheduled for 2024 with a total volume impact of 500kt in the year. This will take place in two phases as follows: In Q1, there will be an approximately 170kt of propylene volume reduction from a feedstock-related operational stop. In Q4, there will be an approximately 330kt of ethane volume reduction due to the Borouge 3 planned shutdown. This is part of Borouge's regular plant maintenance which keeps the company's world-class asset base well-maintained and supports industry-leading asset reliability, and efficient and safe operations.

I'll now hand over to Jan-Martin, to discuss our financials.

Jan-Martin Nufer – Borouge – Chief Financial Officer

Thank you, Hasan and good afternoon, everyone. Overall, we are pleased to report a strong \$1 billion USD net profit for the year in a very challenging environment which saw significant price decrease versus the previous year. \$288 million USD net profit was achieved in the fourth quarter, increasing by 16 percent on a year-on-year basis and up by 2 percent compared to Q3 2023.

Quarter four revenue remained flat on a quarter-on-quarter basis at \$1.5 billion USD, a 6 percent decline on a year-on-year basis. On a full year basis, revenue is down 14 percent to \$5.8 billion versus \$6.7 billion in 2022. This is primarily due to a 16 percent decline in average selling prices during the same period. While top and bottom-line performance in 2023 experienced pressure versus the previous year, due to significantly lower comparative market pricing, we delivered a healthy EBITDA margin in Q4 2023 of 40 percent versus 34 percent in Q4 2022. This is reflecting our improved operational efficiencies.

Market weakness was counteracted by the positive impact of the Value Enhancement Programme – and we will delve deeper into that in the upcoming slides – and healthy sales volumes. On to the next slide.

We will now look at costs – an area where we have made remarkable progress. In quarter four 2023, our overall cost base declined by 13 percent as compared to Q4 2022. Feedstock costs increased by 1 percent while other variable and fixed production costs decreased by 21 percent on a year-on-year basis. Our selling and distribution expenses in Q4 2023 recorded a decline of 33 percent year-on-year, primarily due to lower freight costs.

General and admin expenses in Q4 2023 decreased by 23 percent from \$59 USD million to \$46 million on a year-on-year basis. On a full-year basis, Cost of Goods Sold – excluding Depreciation and Amortization – decreased by 5 percent, supported by a 14 percent decline in other variable and fixed costs despite higher volumes.

Selling and distribution expenses were significantly down by 43 percent, strongly supported by the cost reductions from logistics while General and Admin expenses remained flat on a year-on-year basis. Borouge's first quartile position in the PE and PP cost curves is an important component that, when combined with premia against benchmarks, supports a strong margin profile.

I'll now discuss the progress on our ambitious Value Enhancement Programme. At the end of 2022, we introduced a targeted Value Enhancement Programme to counter the anticipated market impact, support future growth opportunities and overall enhance our competitive positioning in 2023. In light of the challenging market conditions, our focus was on managing logistics, conversion, and fixed costs as well as on revenue optimisation. Following the strong progress reported in the previous quarters, I am pleased to report that the Value Enhancement Programme achieved \$607 million USD positive impact in 2023, significantly outperforming our initial and revised targets of \$400 million USD and \$500 million respectively.

This significant contribution of our program of more than \$600 million was key in counteracting the sharp decline in polyolefins prices versus exceptionally high levels in 2022 and position the company successfully for the future.

Capex and cash flow. Adjusted operating free cash flow in Q4 was \$526 million USD and \$1.97 billion USD for the full year. Cash conversion in Q4 was 88 percent. Net debt stood at \$2.96 billion at the period end imply a ratio of 1.4 times Net Debt to EBITDA on an LTM basis.

Throughout 2023, Borouge has managed to repay \$850 million debt under the Commercial Facility. Cash and Cash equivalents stand at \$354 million USD, the company disposes furthermore of a \$500 million USD Revolving Credit Facility, which was fully undrawn at the 31 December 2023.

Two dividend payments of \$650 million USD were distributed in 2023 amounting to \$1.3 billion USD. Borouge intends to maintain a \$1.3 billion USD dividend for 2024. Borouge's unique operating model plays a key role in achieving premia above benchmark prices over the cycle, which ultimately contributes to strong operating free cashflows and high dividend paying capacity.

I will hand over to Hazeem to summarize and conclude.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

Thank you, Jan-Martin. As mentioned earlier, we are currently navigating a challenging market environment characterized by subdued global demand, geopolitical uncertainty, and short-term polyolefin capacity increase. We expect pricing in Q1 2024 to be slightly higher than the Q4 2023 levels achieved for both PE and PP.

The company will continue to focus on its core strategy in the high value-added segments and regional optimisation. Planned maintenance operations in the year will impact 2024 production volumes by 500 kilotonne. Borouge is well-positioned from an overall cost basis going into 2024, following the successful implementation of the Value Enhancement Program in 2023

Despite a challenging market, Borouge's performance continues to be resilient supported by high production and sales volumes and a culture of cost discipline. Borouge remains committed to its strategic focus on differentiated and durable products and strives to be a leader in specialty and value-add segments. Product innovation and differentiation enables us to achieve premia over product benchmarks. The company is well-positioned on an overall cost basis going into 2024 having realised significant efficiencies in 2023.

The Borouge 4 project has crossed the halfway construction phase and is expected to be completed by the end of 2025. With the re-contribution of Borouge 4, Borouge's production capacity will increase by 1.4 million tonnes per annum to 6.4 million tonnes per annum. Additional growth is being explored through international expansion opportunities as mandated by the Board.

I am pleased to announce that we intend pay \$1.3 billion in dividends for 2024. Since the IPO, Borouge has paid dividends of \$1.63 billion. This is a testament to the resilience of our operating model that supports high cash generation and our ability to drive shareholder value through-the-cycle.

With that, we will open the floor for your questions.

Conference Call Operator

Thank you. If you would like to ask a question, please press star followed by one on your telephone keypad. If for any reason you would like to remove that question, please press star followed by two. Again, to ask a question, please press star followed by one. As a reminder, if you are using a speakerphone, please remember to pick up your handset before asking your question and please do ensure that you are unmuted locally.

Our first question today comes from the line of Ricardo Rezende from Morgan Stanley. Please go ahead. Ricardo, your line is now open.

Ricardo Rezende – Morgan Stanley

Hello. Good afternoon and thanks for taking my questions. I do have a question on the CapEx for 2024. How should we think about it given the turnaround in Borouge 3. And then a question on Borouge 4, and you mentioned that 2024 should still be a challenging year globally for the sector. How do you see the timing of Borouge 4 starting within the global supply and demand for polyethylene? Thank you.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

This question, Hasan, perhaps maybe Jan Martin can start and then maybe Dr. Hasan also can talk.

Jan-Martin Nufer – Borouge – Chief Financial Officer

Yeah, sure. Hi, Ricardo. Thanks for the question. I think how you can look at the at the CapEx for 2024, obviously, it takes into consideration the plant turnaround. It will, hence, be elevated across what you would see as the average that we're normally showing but it will be not significantly over that mark.

Dr Hasan Karam – Borouge – Chief Operating Officer

From the Borouge 3 turnaround, Borouge strategy, in terms of ensuring the integrity and reliability of our assets and to ensure that we'll have a good, reliable assets, we are going to plan, as mentioned, that in Q4 2024 for 47 days of the cracker 3 turnaround. And that's associated with around 330kt of the both polyolefins and the – polyolefins products.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

And the market side.

Rainer Hoefling – Borouge – Chief Marketing Officer

On the market side, I think, the Borouge 4 is coming in the right time. So 2024, of course, will be difficult, specifically on polyethylene. Investments are coming down significantly from 2025 onwards. So, the utilization rates will go up. And there's a lot of infrastructure projects going on in our regions. We also recently launched a new office in Kenya to penetrate more and more in East Africa, which gives additional potential and I'm very confident, that the Borouge 4 is coming at the right time. But – and we are waiting for it and prepared for it.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

One thing also, maybe to add on what Rainer just mentioned, Borouge 4 would be polyethylene, two big lines of polyethylene, focusing on the differentiated products, building on the success and the grades that the unique products we have in infrastructure, specifically in water. And as applications, we have been pioneering and working very closely with our partners in different regions, developing this important segment where we see also that we are realizing better the return for the company. So Borouge 4, really, will complement our strategy toward building a more differentiation in the market.

Ricardo Rezende – Morgan Stanley

Okay. Thank you.

Conference Call Operator

Thank you. The next question today comes from the line of Afaq Nathani from International Securities. Please go ahead. Your line is now open.

Afaq Nathani – International Securities

Hi. Thank you so much for taking my question. Just a couple of things from my side. One on the volume front, we've seen consistently impressive utilization this year. How should we see it going forward? Do you think a level over 100 percent is sustainable and something that we could, you know, build into our assumptions going forward? Of course, accounting for – after accounting for the turnarounds that have been communicated. That's one.

Second, with regards to Borouge 4 and how the financing of that would work, because it appears that the company is looking to distribute most of the funds that will be, you know, generated from the current operations. Is it fair to assume that Borouge 4 will be largely debt funded?

And, lastly, a little bit on your value enhancement program, which we've seen has outperformed the initial guidance on the revised guidance. But lately we've seen shipping cost going up after the problems in the Red Sea. Do we – is it fair to estimate – is it fair to assume that, you know, some portion of it might be reversed in the coming quarters or so? Thank you.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

First question on the production utilizations to Dr. Hasan, our Chief Operations Officer. And then the second on Borouge 4 and the Value Enhanced Programme to Jan-Martin. And, perhaps also, Rainer, you can just give a short statement on the shipping cost because we have also quite good contracts in place already that will go to FY '24. So things are under control on cost. Dr. Hasan?

Dr Hasan Karam – Borouge – Chief Operating Officer

We will continue the same spirit in maximizing and sweating our asset to the maximum utilization, as we did in 2023. And looking to the to what we mentioned about the turnaround of Borouge 3, that will give us more assurance that our asset availability, reliability, and utilization will be maximized during the 2024.

Jan-Martin Nufer – Borouge – Chief Financial Officer

Then on to the second question on the Borouge financing. Indeed, the intention that it will be primarily debt financed. Let me recap a little bit the structure that was set up for the financing for Borouge 4 and the plans for the financing at the contribution point in time. Borouge 4 has achieved a long-term funding, one of the export credit agencies, which is securing a large portion of the CapEx that we're looking for. This loan is then set up to be transferred to Borouge PLC at the point in time when a recontribution will happen. And for the rest, Borouge disposes off a very strong balance sheet, which you can see from the net debt to EBITDA ratio that we're displaying, so that we're well prepared for the contribution of Borouge 4.

You mentioned around the dividend distribution, this is correct. We have also made a clear statement around the dividend for 2024. Bear in mind, as I mentioned in the short presentation, that Borouge has also managed to repay \$850 million of debt throughout the year 2023, which is, I think, a very good testimony to the excellent credit standing of Borouge.

Onto the Value Enhancement Programme, indeed, we're extremely pleased that we had such an enormous outcome of the Value Enhancement Programme. We have a couple of levers, and to go to your question around, you know, what is sustained and what potentially could be reversed in light of the current shipping rates, let's just look a little bit into the levers that we have been looking at.

One, approximately 50 percent of the programme was based on the logistics variable costs that you have been seeing also from the reduction in the sales of distribution costs by 40 percent, 43 percent, an enormous decrease. So that's testimony to the good work that are being done. Now, the task for us is to maintain most of these savings in 2024. And the good achievements in here, we're migrating the program into a continuous improvement, initiative, which we will be looking at on a constant basis. It's clear that probably not everything can be maintained. I would then hand over to Rainer to talk a little bit about the current situation on the logistics side we presented in the in the current market situation on the Red Sea. But overall, the target remains that the company is focused on having a conscious and very clear cost focus also in 2024.

Rainer Hoefling – Borouge – Chief Marketing Officer

Yeah. On the logistics side, as Jan-Martin, said, first of all, it was a great deal done in 2023 by the –to bring the cost significantly down as a contribution to the Value Enhancement Programme and to get also more resilient to its volatility, although it was much more than just the sea freight.

When you look at the current, situation, specifically for Borouge, you have to understand that not our full business is impacted on this; it's a roughly 15 to 20 percent is impacted by the Red Sea issue. So that relates to a longer – a bit longer lead time to its customers. The availability of vessels and containers is still there. So there's no big disruptive process going on. What's happening, they have some surcharges on the cost side which we need to digest. But this is manageable by also pricing in the higher cost into the polyolefin prices. Also because such a thing gives also an economic opportunity because the trade flow of polyolefin changed a little bit, so less polyethylene from the U.S. is coming into Asia and less polypropylene are coming from Asia into the Middle East and Mediterranean region. So with our set up we can take the opportunity, right, to lift the prices up. And this is what we are doing, in quarter one, and take the opportunity and with our setup we have the agility also to move a little bit volume where the opportunities are.

The rest, so 80 percent of our business and logistics is not impacted at all. I had this week the meetings with all big shipping lines, and they confirmed their availability and their strong focus on Borouge as one of the biggest customer worldwide for them.

Afaq Nathani – *International Securities*

Wonderful. Thank you so much for quite a detailed response. And that's all from my side.

Conference Call Operator

Thank you. As a reminder, if you would like to ask a question, please press star followed by one on your telephone keypad. Our next question today comes from the line of Faisal Azmeh from Goldman Sachs. Please go ahead. Your line is now open.

Faisal Azmeh – *Goldman Sachs*

Thank you for the opportunity to ask questions. And congratulations on the strong set of numbers. Maybe just looking at or going back to some of the commentary that you've provided on the premia. Generally, we're still below the kind of the medium-term guidance. So how should we think about the trajectory to going back to that higher level that you've achieved before, or in the first half of last year? Would it take some time, or do you expect to get there at some point in the second half of this year? That is my first question.

My second question relates to the mix in terms of the shutdown in Q4. So how much of that would be polyethylene and how much of that would be polypropylene? If you can shed some colour there.

And then finally, any update on the Borouge Borealis stocks? In terms of kind of when should we expect to hear something on that front? Thank you very much.

Rainer Hoefling – *Borouge – Chief Marketing Officer*

Yeah, hi. Perhaps I start with the premium. I, first of all, to understand the premium, also this is a benchmark price versus a commodity price in China. So what you have to know is based on this business environment where we are, this is a down cycle environment. The premium we achieved are excellent versus our competitors. So in polyethylene, we are above the guidance over the year with more than 200. Then in polypropylene, we aren't so far away from the guidance of 125, 140. But you also have to know is we had in this year record production volumes with record sales volumes. I think we are selling 5.1 million tonnes. We are selling significantly more volume on polypropylene in the market where we had also quite some volumes into a little bit more packaging and commoditized areas but generating additional margins. This brings the premium a little bit down, but the margins up.

So if you look at the 2024, around similar market sentiment, I would say, as we have in 2023, though we have a little bit, perhaps, less polypropylene to sell due to the turnaround. So that gives some options to lift up a little bit the premium. You would see this already in quarter one. So we are getting closer to the guidance. But overall, I think we continue to focus on this differentiated segment infrastructure segments, wire and cable segments. For example, we had the highest high voltage sales ever in 2023, right. And these high voltage sales that delivers premium of 1,500 U.S. dollar per tonne.

So we are going in that direction. We launched a new product, but in the infrastructure segment in polypropylene. So we had eight new product launches. We have seven new product launches in 2024. Just elevating and also the differentiation level.

So it will be around the guidance, but also in 2024, but in a relatively, slow, subdued, a bit subdued market. But we have shown that we can manage the market pretty well.

Dr Hasan Karam – *Borouge – Chief Operating Officer*

And back to your question, with regard to the PEs to PPs. As we mentioned that the whole 500kt will have a deficit and in 2024; 170kt will be Q1, and that's because of the propylene shutdown and the feedstock; and the other is the Q4 2024, which will be related to the Borouge 3 turnaround. However, as I mentioned, that we are having a good journey of the Operation Excellence and also Reliability Programme, which we can enhance whatever the deficit that we did in 2024 with a great sort of program that we are having an Operation Excellence. It will maximize our utilization and availability of our asset in 2024.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

Just on also the Borouge Borealis discussion, I just would like to also make this clear. These discussions are still currently being carried out between our major shareholders, ADNOC and Borealis and OMV. And Borouge would make the necessary disclosures to the market if and when required. The full compliance with the regulatory applications and any final decisions would be subject to the governance processes of Borouge and other relevant parties involved.

And I just would like to also reiterate on our international expansion and growth, we continue in Borouge to explore growth opportunities through international expansion, as mandated by our Board of Directors. We are exploring accretive growth, accretive growth opportunities within the UAE and beyond, specifically in geographies that market and markets that support the company's existing strategies and priorities, where we are open to the right opportunities provided they are value accretive to the business and our complementary organic growth program.

Faisal Azmeh – Goldman Sachs

Thank you.

Conference Call Operator

Thank you. The next question today comes from the line of Shadab Ashfaq from Al Ramz Capital. Please go ahead. Your line is now open.

Shadab Ashfaq – Al Ramz Capital

Congratulations for the good set of results! I have two questions. So what is a full year production guidance for Borouge? So like from the turnaround, the 10 percent of the capacity is currently out of maintenance, so leaving 4,500 kt operational. So are we likely to see the production level close to this remaining capacity or the company has a plan to operate at higher utilization rate?

Furthermore, is there a correlation between the high utilization and the increased maintenance costs that the company needs to consider? And my second question is how does the declining plastic imports in China attributed to their local production affecting the market for Borouge?

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

I think, on the first question, if I hear it cleanly, it's around also the turnaround of Borouge 3 and –

Shadab Ashfaq – Al Ramz Capital

Yeah, so like turnaround is 500 kilotonne. So, like, the guidance will be around near 4,500kt for the full year? Or maybe we can see higher utilization?

Dr Hasan Karam – Borouge – Chief Operating Officer

If I understand your question that you need to subtract the 500 from the 5 million and you'll have the – what do you call it – the difference.

Shadab Ashfaq – Al Ramz Capital

Okay, so if the company is going for higher utilizations, so does it include the higher maintenance cost also?

Dr Hasan Karam – Borouge – Chief Operating Officer

No, not necessarily. Because whatever is in scope of Borouge 3 turnaround already been calculated and factored in.

Shadab Ashfaq – Al Ramz Capital

Okay. Okay. And the Chinese imports are like decreasing. So is it affecting the market for Borouge?

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

Rainer?

Rainer Hoefling – Borouge – Chief Marketing Officer

The Chinese market?

Shadab Ashfaq – Al Ramz Capital

Yeah. So like if you see that imports from China – yeah.

Rainer Hoefling – Borouge – Chief Marketing Officer

Yeah, yeah. Let's say it like this. So 2024 will not change towards 2023. We always discuss in our calls that the market is oversupplied, but in an oversupplied market we were selling record sales volumes. So this means we were able to move in these markets. We saw the price are a bit more depressed, that you will – this will remain in 2024. But with our set up we can achieve excellent premium. We have, based on the innovation that we have, we can place our products well. So I always said that more than 20 percent of our products are new products, right? And you can position them excellent into the market.

As said, we recently developed new eight products, high voltage sales record. So we are looking still into markets where we see also the growth and where we can differentiate versus the competitors. But I also said that there's an energy transformation going on. So there's still a lot of projects going on into the energy market that we can supply wire and cable, where we can go also with a pipe material. There is a concern of not enough access to water. So you need to have water projects going on, and it's everywhere. A lot on being sustained also in food production. So we see a lot of greenhouse projects going on across our regions. India recently, also in Egypt where we introduced a new fibre; it's a 2.6 diameter to transport water into these regions. And combined with the setup of what we have in the most growing market. So 86 percent of the growth is happening in our region. And it represents nearly 70 percent of the global market. And when you have then a good marketing and sales set up combined with excellent production, with high quality – the customers, they like our product, right, because it's a high quality and innovative product. Then you are able to manoeuvre yourself through these cycles. But is the price level the absolute at the level we wish to have? The answer is no. But compared to our competitors we are doing quite well. And this is the reason why we are confident for 2024, but also cautious, right? So because it's still a difficult market environment and we are alert, but we have the right setup in the right strategy to manage it.

Shadab Ashfaq – Al Ramz Capital

Okay. Thank you.

Conference Call Operator

Thank you. As a final reminder, if you would like to ask a question on today's call, please press star, followed by one on your telephone keypad. There are no additional questions waiting at this time, so I'd like to pass the call back over to the CEO for any closing remarks.

Hazeem Al Suwaidi – Borouge – Chief Executive Officer

I would like to thank you for your valuable time to be with us and looking forward to interact and engage with you directly. Thank you.

Conference Call Operator

This concludes today's call. Thank you, all, for your participation. You may now disconnect your line.

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