

Q4 2020 Results Conference Call

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Disclaimer

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Borealis at a glance - leading polyolefin producer with a focus on innovation



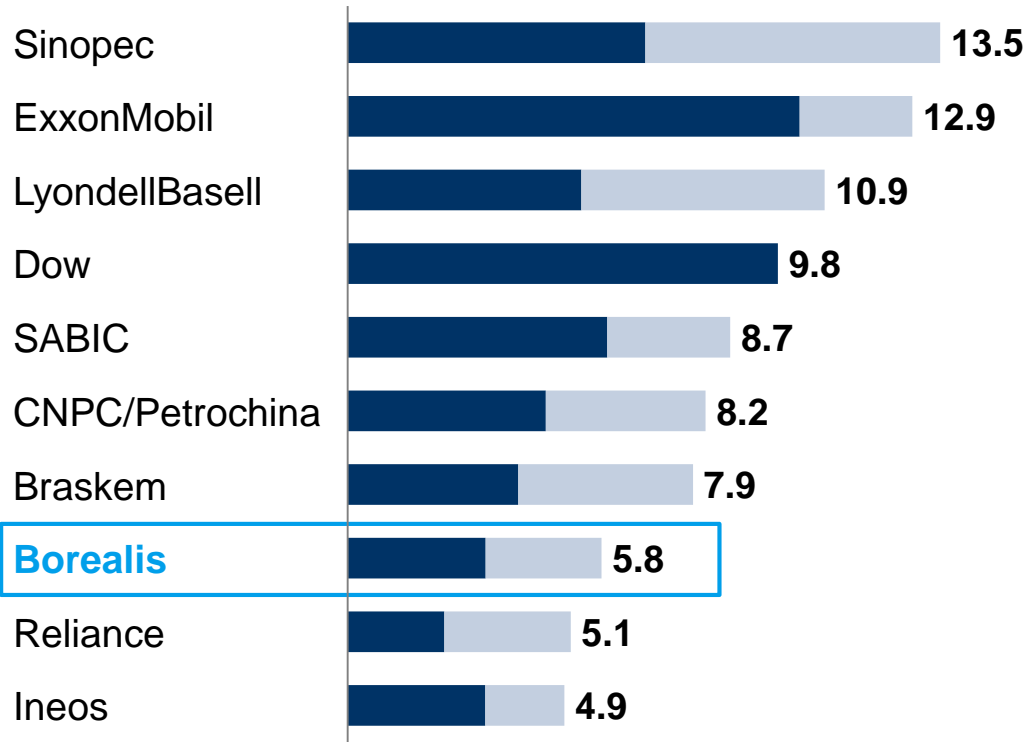
- ▶ **Long history and expertise in polyolefins business**, established 25 years ago by three oil & gas companies (Neste, OMV, Statoil)
- ▶ **Global footprint in ~250 mn t global polyolefin market**, showing above GDP growth
- ▶ **Leading global market position (#8)**: strong base in Europe (#2) and international growth projects
- ▶ **Innovation leadership via proprietary Borstar® technology**, venture-based licencing only
- ▶ **Leader in circular economy and mechanical recycling**
- ▶ **Advantaged feedstock and high feedstock flexibility** providing resilience and a hedge to oil price volatility
- ▶ **Significant share of specialty products** and presence in value-add applications with strong growth potential
- ▶ **Strong customer relationships and brand name**

Borealis is the second largest polyolefin producer in Europe and among the top 10 worldwide

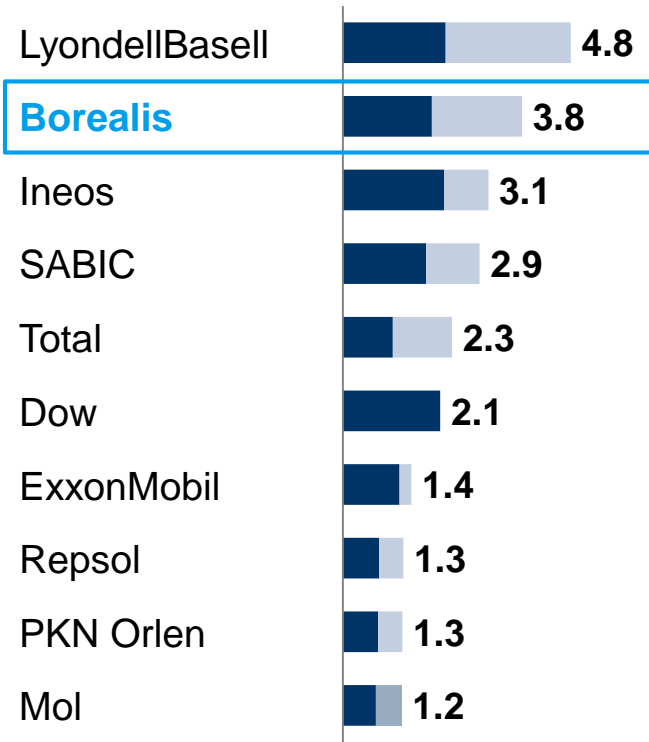
Capacities 2019, based on ownership share
mn t

■ PE ■ PP

World



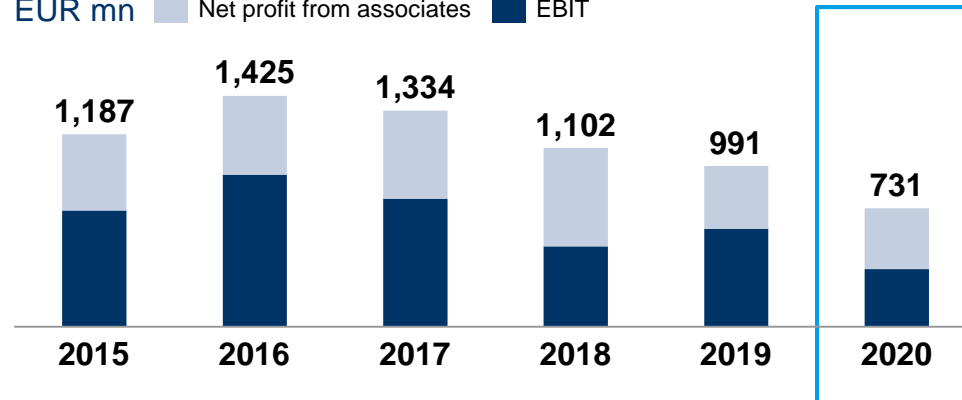
Europe



Strong financial track record

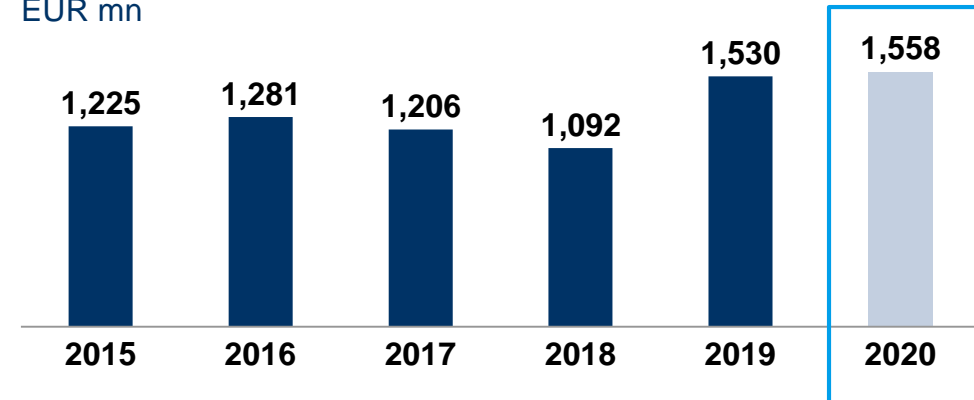
Operating result (incl. JVs)

EUR mn Net profit from associates EBIT



Cash flow from operating activities (incl. JV dividends)

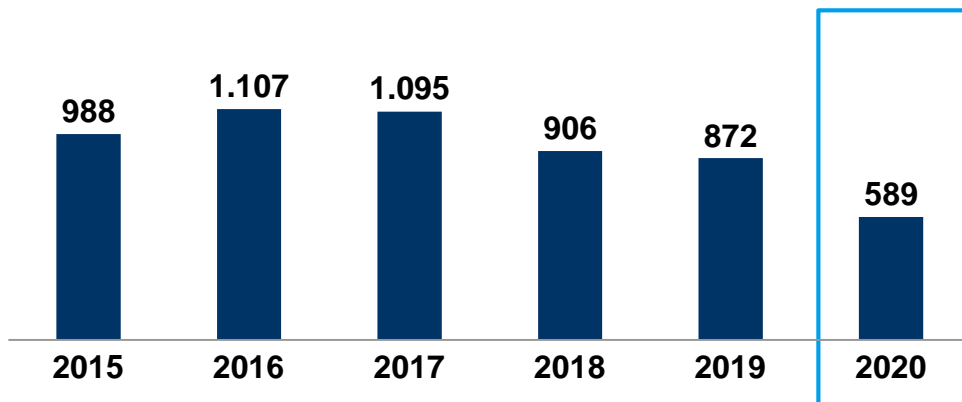
EUR mn



Net profit

EUR mn

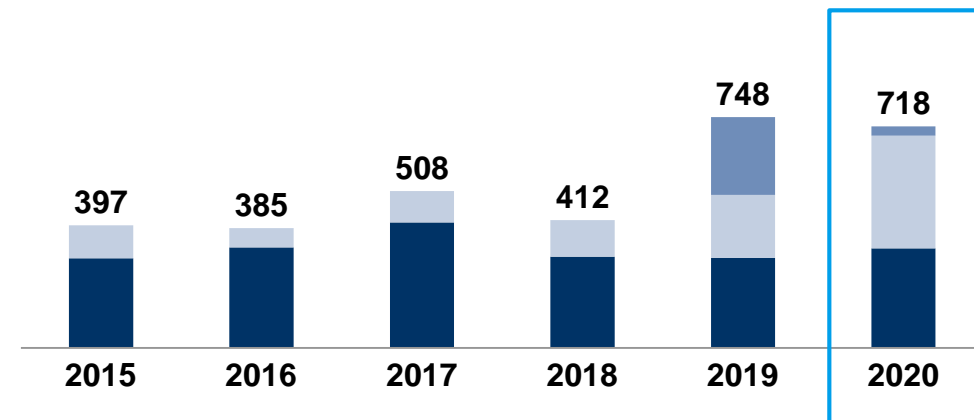
Net profit



CAPEX

EUR mn

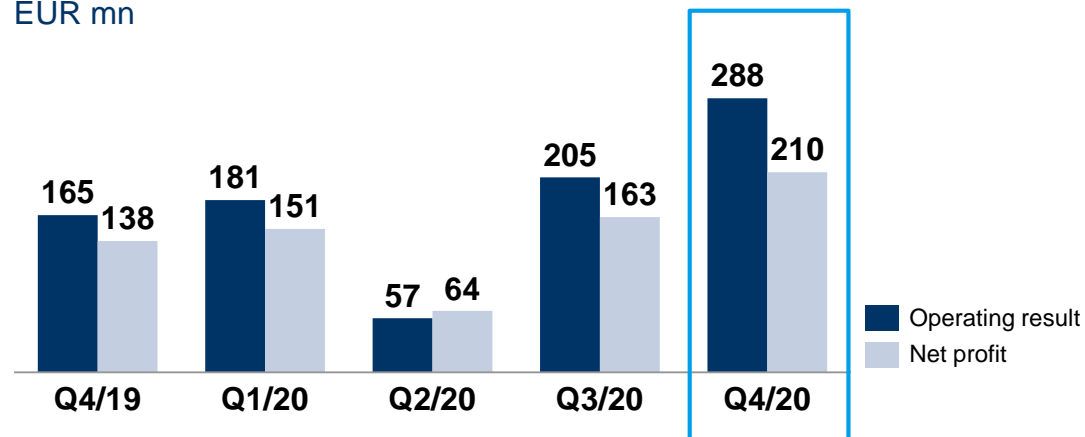
Finance Lease (IFRS16) Growth Running business



Resilient business model underpinned by solid 2020 financials

Quarterly operating result (incl. JVs) and net profit 2020

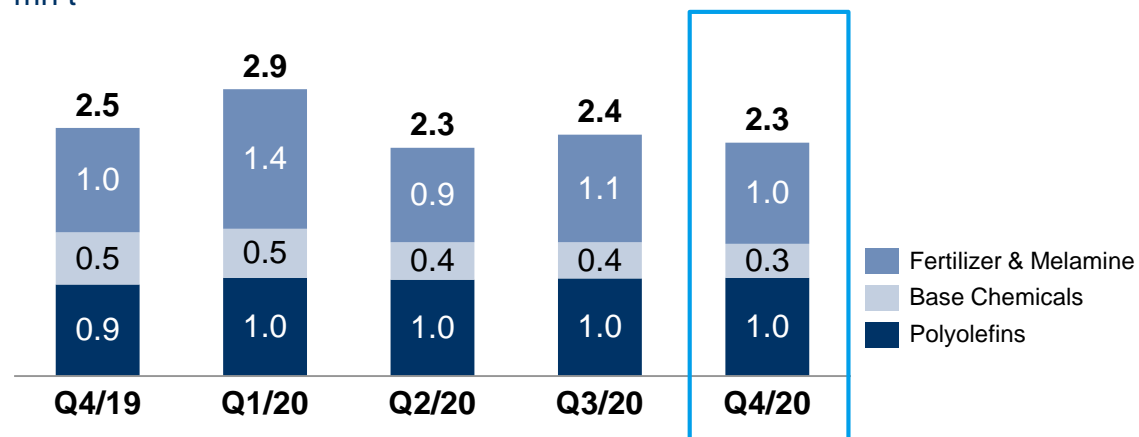
EUR mn



- ▶ **Strong operating cash flow** and net profit even in a volatile market environment
- ▶ **Balanced application portfolio** including high share of specialty grades, proving resilience
- ▶ **Specialty grades** less exposed to general market volatility

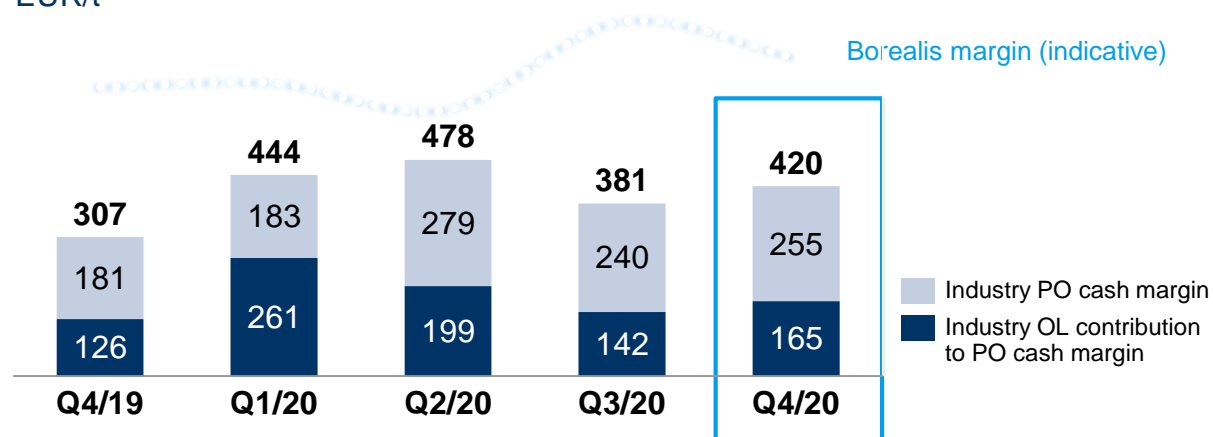
Sales volumes (excl. JVs)

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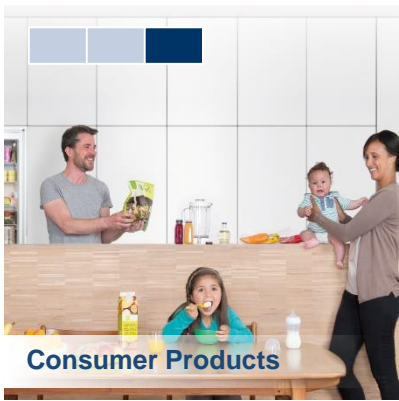
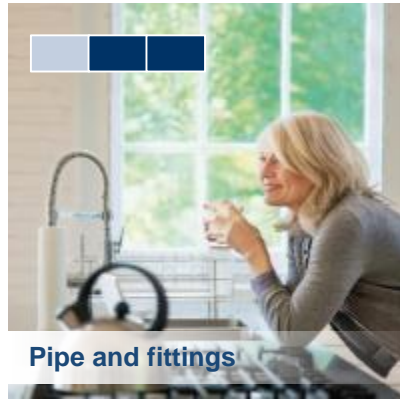


Industry vs. Borealis margin

EUR/t



Leading polyolefin producer with strong global market presence and resilient portfolio focusing on specialties



- ▶ **Large share of specialty products** and application know-how, increasing earnings resilience (60% margin share)
- ▶ **Leading supplier in the Energy and Pipe** industry
- ▶ One of the **largest product offerings in the healthcare business**
- ▶ **Market growth above GDP** in almost all segments
- ▶ **Providing polymer solutions with long use-life**

PE pressure pipes for gas and water utilities

~50 years

Power cables

~40 years

Automotive

~15-20 years

PP
 PE
 approx. volume share in application

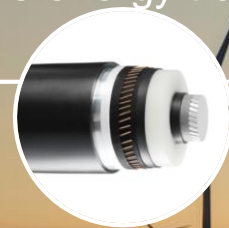
Borealis providing solutions to growing energy market

Leading supplier to the energy industry

- ▶ Strong market growth
- ▶ Borealis' Borstar® process one of the few to fulfill high material requirements
- ▶ Borealis' process meets exceptional cleanliness requirements to avoid transmission interruptions
- ▶ Borealis' technology makes power grids more robust and reliable, reducing transmission losses

- ▶ Long-distance energy transportation with 640 kV DC cable – world record!
- ▶ Borlink™ technology powering German energy transition, HVDC cable compounds used for majority of corridor projects, driving renewable energy transition

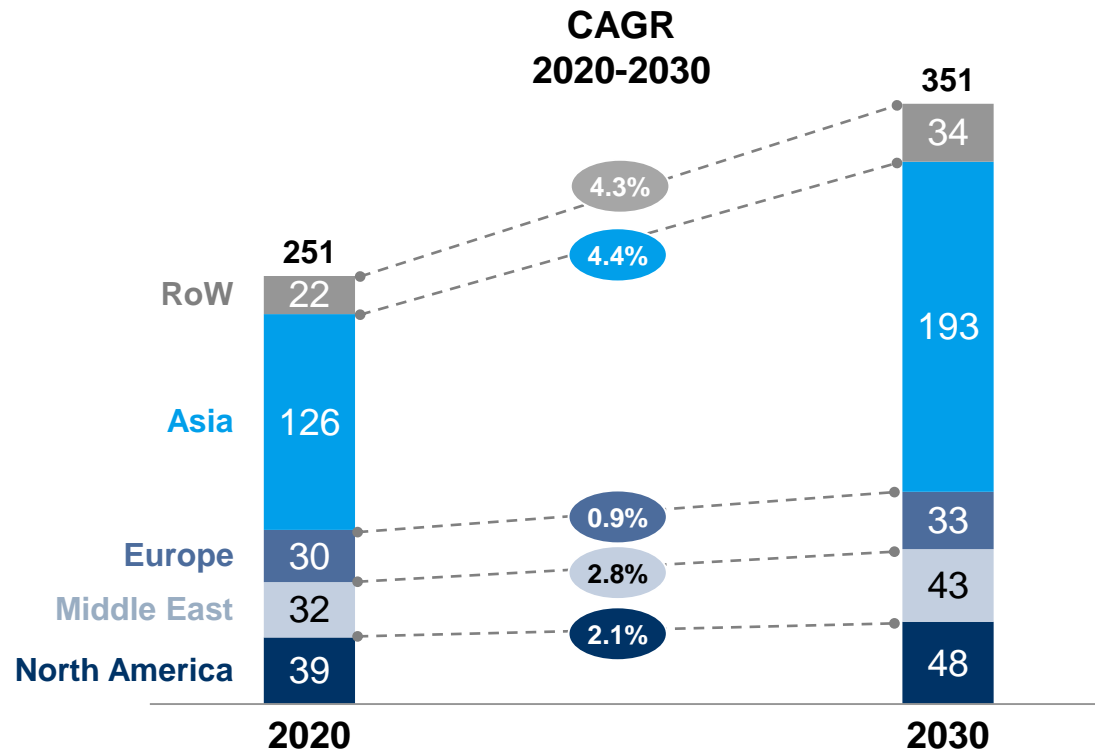
- ▶ Ongoing innovations like encapsulation materials and backsheets for solar modules
- ▶ Global supply strengthened with recent acquisitions of South-Korean compounder DYM Solution



Polyolefins continue to show above-average market growth

Polyolefin demand by region

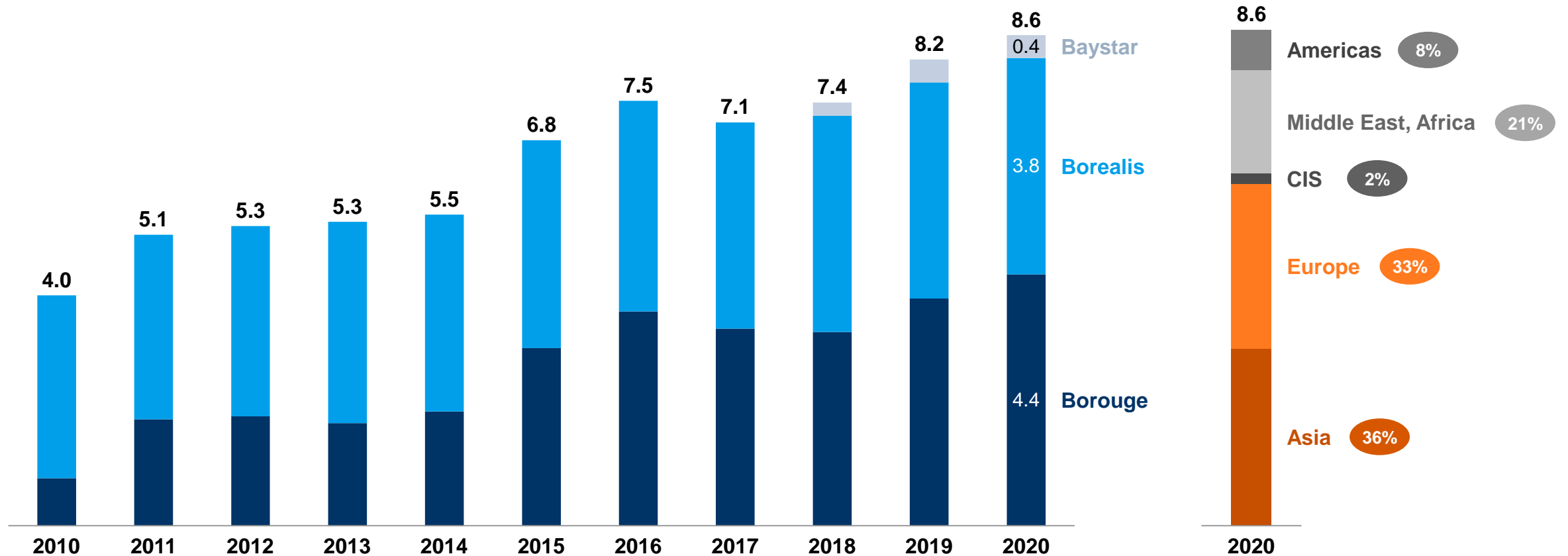
mn t



- ▶ **Polyolefin market (representing ~50% of global polymer market) growing above global GDP** and showing higher increase vs. remaining polymer market
- ▶ **Strong global increase (+~100 mn t)**, with even stronger growth rates in Polypropylene
- ▶ **Regional growth in all markets driven by Asian market**, followed by Middle East and North America
- ▶ **Borealis well set up for global supply** into growing markets
- ▶ **Further expansion** into Middle East /Asia-Pacific (Borouge) as well as North America (Baystar)

Together with Borouge and Baystar, Borealis supplies polyolefins across the globe

PO sales volume and regional split ¹
mn t



Borealis benefits from feedstock cost advantage, integration, and high flexibility

▶ Central Europe

- ▶ **Integration with OMV refineries**, over the fence supply with ethylene and propylene

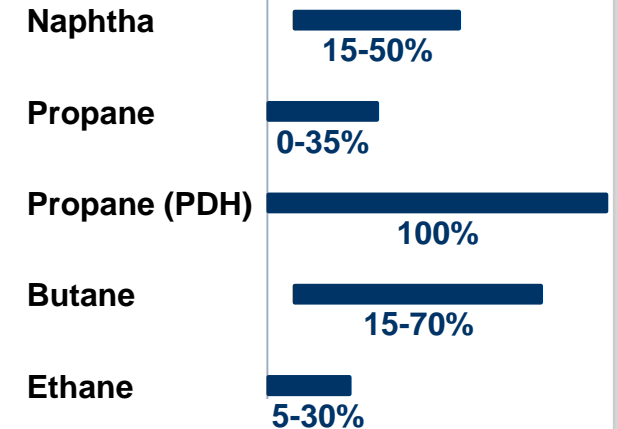
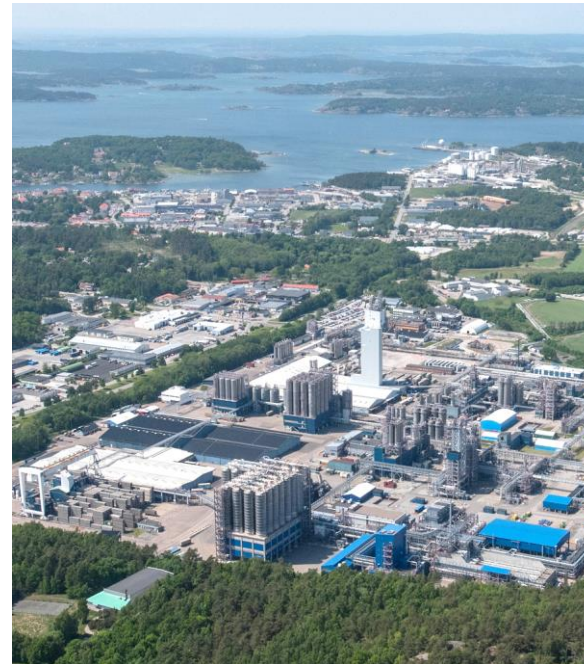
▶ Nordics/Benelux

- ▶ **High feedstock flexibility** in Sweden and Finland
- ▶ Borealis **caverns and logistic infrastructure** in Sweden, Finland, and Belgium **allow for optimization** of feedstock slate leveraging market price volatility
- ▶ **Propane dehydrogenation unit** in Kallo, Belgium, with a new PDH unit under construction

▶ Middle East/ North America

- ▶ **Advantaged feedstock based on ethane**

Average feedstock flexibility at Borealis' crackers



Optimization potential and light feedstock cracking flexibility shows Borealis' crackers in Q1 net cash margin benchmark

Borealis well positioned to participate in market expansion via global growth projects



Belgium – new PDH¹ plant in Kallo, located in proximity to Port of Antwerp

- ▶ Cost advantaged feedstock: **propane**
- ▶ Further integration of European feedstock
- ▶ Attractive hub with flexibility in ARA region
- ▶ World scale 750 k t plant



Project progress:
~50%
Start-up plan: Q2 2023



Texas (US) – Baystar JV with Total

- ▶ Cost advantaged feedstock **Ethane**
- ▶ First Borstar® PE plant in North America to follow the customer
- ▶ Value chain partner and global supply of specialty grades
- ▶ Strong local sales force presence in the Americas



Project progress:
Cracker: in commissioning
Start-up plan: April 2021
Borstar® PE units: ~50%
Start-up plan: Q1 2022



Abu Dhabi – Borouge

- ▶ Cost-advantaged feedstock **ethane**
- ▶ Further expand successful partnership with ADNOC (PP5/ Borouge 4)
- ▶ Leverage strong presence to supply growing Asia-Pacific market
- ▶ Borouge Pte. (headquarters in Singapore) as established sales force on the ground



Project progress:
PP5: ~90%, start-up plan: Q3 2021
Borouge 4: FEED

Borealis acts as frontrunner in transforming the industry toward circularity



~60% of plastic production expected to be based on recycled feedstock by 2050, according to McKinsey


- ▶ **Changing industry trends leading to strong market demand** for recycled polyolefins (rPO)
- ▶ **Borealis** has the right capabilities to **develop solutions** for its customers
- ▶ **Borealis leading in circular economy solutions**
Four mechanical recycling plants in Austria and Germany (~100 k t capacity)
- ▶ **Together with OMV's leading chemical recycling technology (ReOil®), well set to be a frontrunner in circularity**

Target 2025:

Make rPO a significant part of our product portfolio by more than tripling production volume – 350 k t p.a.

Strong position for continued leadership in circularity and outperforming the market

- ▶ **Global footprint** with a leading position in polyolefin industry clusters
- ▶ **Advancing growth** with projects in Asia-Pacific, United States, and Europe
- ▶ **Asset integration, advantaged feedstock, and flexibility**
- ▶ **Significant share of specialty products** with strong customer relationships
- ▶ **Innovative strength and Borstar® technology development**
- ▶ Well positioned to **advance in circular economy jointly with OMV**
- ▶ **Healthy balance sheet and high operating cash flow generation**



**Embrace
circularity
for a more
mindful
future!**



BOREALIS



OMV