BOROUGE PLC Q3 2025

Management Discussion & Analysis

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1. Summary of Operational and Financial Performance

Borouge Plc (**Borouge**) reported revenue of $1,447 million for the three months ending 30 September 2025 (**Q3 2025**), a reduction of 10 percent year-on-year (**YoY**), primarily due to lower benchmark prices as the blended average selling price declined by 5 percent YoY. Record production volumes of 1,390 kt were 3 percent higher YoY following the return to high utilisation rates after the completion of the planned B3 turnaround in Q2. However, sales volumes declined by 5 percent compared to Q3 2024, when volumes were supported by sales from inventory produced in prior periods. On a quarter-on-quarter (**QoQ**) basis, production and sales volumes increased by 46 percent and 19 percent, respectively, following the successful completion of the Borouge 3 turnaround, while blended average selling prices declined by 3 percent.

During the quarter, Borouge achieved premia above average benchmark prices of $230 per tonne for polyethylene (**PE**) and $132 per tonne for polypropylene (**PP**). The PE premia was 16 percent higher YoY, exceeding management guidance, while PP premia declined by 18 percent YoY, reflecting temporarily weaker market demand for these products. On a QoQ basis, PE and PP premia fell by 8 percent and 6 percent, respectively.

Borouge reported adjusted EBITDA [(1)] of $565 million, down 13 percent YoY, with an EBITDA margin of 39 percent. Total operating costs declined 8 percent YoY, primarily due to lower cost of sales. The company delivered a strong cash conversion rate of 93 percent.

For the nine months ending 30 September 2025, Borouge reported revenue of $4,172 million, down 5 percent YoY, reflecting both lower pricing and reduced sales volumes due to the B3 turnaround. Adjusted EBITDA declined 14 percent, with an EBITDA margin of 38 percent, while net profit fell 15 percent. The company maintained a strong cash conversion rate of 87 percent.

Net Debt stood at $2,915 million as of 30 September 2025.

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
	$m	*$m*		*$m*		*$m*	*$m*	
Revenue	**1,447**	**1,600**	**-10%**	**1,305**	**+11%**	**4,172**	**4,405**	**-5%**
Total costs	(840)	(916)	-8%	(866)	-3%	(2,552)	(2,519)	+1%
Gross Profit	**607**	**684**	**-11%**	**439**	**+38%**	**1,620**	**1,886**	**-14%**
General & Administrative Expenses	(49)	(57)	-15%	(42)	+16%	(151)	(164)	-8%
Selling & Distribution Expenses	(110)	(127)	-13%	(101)	+8%	(301)	(327)	-8%
Other Income & Expenses	4	5	-31%	6	-37%	16	16	-3%
Operating Profit	**452**	**506**	**-11%**	**302**	**+50%**	**1,184**	**1,411**	**-16%**
Profit for the Period	**295**	**328**	**-10%**	**193**	**+52%**	**769**	**908**	**-15%**
Profit Margin (%)	20%	20%		15%		18%	21%	
Total Comprehensive Income	**296**	**321**	**-8%**	**195**	**+52%**	**770**	**908**	**-15%**
Adjusted EBITDA [(1)]	**565**	**646**	**-13%**	**442**	**+28%**	**1,571**	**1,827**	**-14%**
Adjusted EBITDA Margin (%)	39%	40%		34%		38%	41%	
Basic Earnings per Share (US$)	0.01	0.01		0.01		0.03	0.03	
Diluted Earnings per Share (US$)	0.01	0.01		0.01		0.03	0.03	
Net Debt	**2,915**	**3,107**	**-6%**	**2,694**	**+8%**	**2,915**	**3,107**	**-6%**

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

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
Total Sales Volume (kt)	**1,355**	**1,422**	**-5%**	**1,137**	**+19%**	**3,745**	**3,869**	**-3%**
Polyethylene	753	809	-7%	625	+21%	2,118	2,250	-6%
Polypropylene	602	607	-1%	507	+19%	1,614	1,613	+0%
Ethylene & Others	0	6	-	6	-	13	6	+117%
Average Selling Price ($/t)	**1,021**	1,076	**-5%**	**1,056**	**-3%**	**1,047**	1,087	**-4%**
Polyethylene	1,047	1,093	-4%	1,081	-3%	1,068	1,109	-4%
Polypropylene	987	1,053	-6%	1,025	-4%	1,018	1,055	-3%
Average Product Premia ($/t)								
Polyethylene	230	198	+16%	249	-8%	233	205	+14%
Polypropylene	132	160	-18%	141	-6%	142	153	-7%

2. Operational Review

In Q3 2025, Borouge achieved record production of 1,390 kt, representing a 3 percent YoY and 46 percent QoQ increase. This strong performance followed the successful B3 turnaround in Q2 2025 and was split broadly between 55 percent PE and 45 percent PP, supported by high utilisation rates of 110 percent for PE and 112 percent for PP. For the first nine months of 2025, total production stood at 3,592 kt, representing a 7 percent YoY decrease, with utilisation rates of 97 percent for PE and 95 percent for PP due to the impact of the B3 turnaround in Q2 2025.

The Company's strategic growth projects are continuing to advance, with Borouge 4 now more than 90 percent complete and expected to significantly enhance Borouge's earnings power once operational. A key milestone within this project is the start-up of the XLPE 2 facility, scheduled to commence operations by the end of 2025. This will more than double Borouge's cross-linked polyethylene (XLPE) capacity to 180,000 tonnes per year. XLPE 2 will utilise resin feedstock from the B3 plant to produce clean XLPE material, with a design capacity of 100,000 tonnes per annum, primarily serving the wire and cable market.

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
Production Capacity (kt)	**1,255**	**1,255**		**1,242**		**3,725**	**3,738**	
Polyethylene	693	693		686		2,057	2,064	
Polypropylene	562	562		556		1,668	1,674	
Utilisation Rate								
Polyethylene	110%	106%		78%		97%	109%	
Polypropylene	112%	110%		74%		95%	98%	
Production Volume (kt)	**1,390**	**1,355**	**+3%**	**954**	**+46%**	**3,592**	**3,879**	**-7%**
Polyethylene	763	734	+4%	538	+42%	1,995	2,240	-11%
Polypropylene	627	615	+2%	410	+53%	1,584	1,633	-3%
Ethylene & Other	0	6	-	6	-	13	6	+111%

3. Revenue and Pricing

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
Sales Volume by Product	**1,355**	**1,422**	**-5%**	**1,137**	**+19%**	**3,745**	**3,869**	**-3%**
Polyethylene	753	809	-7%	625	+21%	2,118	2,250	-6%
Polypropylene	602	607	-1%	507	+19%	1,614	1,613	+0%
Ethylene & Others	0	6	-	6	-	13	6	+117%
Polyethylene (US$/t)								
Average Sales Prices (1)	1,047	1,093	-4%	1,081	-3%	1,068	1,109	-4%
Average Premia (2)	230	198	+16%	249	-8%	233	205	+14%
Average Benchmark (3)	817	895	-9%	832	-2%	835	903	-8%
Polypropylene (US$/t)								
Average Sales Prices (1)	987	1,053	-6%	1,025	-4%	1,018	1,055	-3%
Average Premia (2)	132	160	-18%	141	-6%	142	153	-7%
Average Benchmark (3)	855	893	-4%	884	-3%	877	902	-3%

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
Revenue by Product	*$m*	*$m*		*$m*		*$m*	*$m*	
Polyethylene	831	928	-10%	754	+10%	2,445	2,626	-7%
Polypropylene	605	657	-8%	538	+13%	1,689	1,745	-3%
Ethylene & Others	10	15	-31%	13	-21%	38	34	11%
Total Revenues	**1,447**	**1,600**	**-10%**	**1,305**	**+11%**	**4,172**	**4,405**	**-5%**

(1) Average sales prices are equal to revenue over sales volumes (including commissions).
(2) Premia is equal to the difference between average sales prices and the benchmark prices.
(3) Benchmark prices represent HDPE Blow Molding NEA CFR for polyethylene and Raffia NEA CFR for polypropylene (as per CMA).

In Q3 2025, total sales volumes declined 5 percent YoY, driven by a 7 percent decrease in PE, while PP volumes were broadly flat. Infrastructure solutions accounted for 36 percent of total volumes. By region, Asia Pacific remained the largest market with 61 percent of sales, followed by the Middle East and Africa at 33 percent. On a QoQ basis, total sales volumes increased 19 percent, reflecting higher production following the planned B3 turnaround in Q2 2025.

Borouge achieved premia over benchmark prices of $230 per tonne for PE and $132 per tonne for PP. The PE premia were above management's through-the-cycle guidance of $200 per tonne, while PP premia were slightly below the guidance of $140 per tonne. This quality price premium reflects the company's strategic focus on differentiated, durable products, geographic optimisation, and agility in navigating global market dynamics.

Blended average selling prices declined by 5 percent YoY and 3 percent QoQ, reflecting softer market conditions. PE realised prices fell 4 percent YoY and 3 percent QoQ, while PP realised prices decreased 6 percent YoY and 4 percent QoQ.

Underlying product benchmark prices for PE declined 9 percent YoY and 2 percent QoQ, while PP benchmarks reduced by 4 percent YoY and 3 percent QoQ. Premia above benchmark for PE improved

16 percent YoY, while PP premia declined 18 percent YoY. Borouge continues to optimise operations and sales to navigate market challenges and deliver strong financial results for shareholders.

Overall sales volumes declined by 3 percent YoY during the first nine months of 2025. PE volumes were down 6 percent, while PP volumes remained flat. Average selling prices for PE and PP decreased by 4 percent and 3 percent, respectively YoY, reflecting weaker market benchmark prices. However, this was partially offset by strong premia of $233 per tonne for PE and $142 per tonne for PP, both exceeding management's TTC guidance. The company continued to maintain a strategic focus on high value-add segments such as infrastructure solutions, which contributed 38 percent of total sales volume during the first nine months of the year.

Segmental revenue breakdown (includes polyolefins and olefins)

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
By Product Group								
Polyethylene	57%	58%		58%		59%	60%	
Polypropylene	42%	41%		41%		40%	40%	
Ethylene & Others	1%	1%		1%		1%	1%	
By End Market								
Consumer Solutions (1)	57%	56%		51%		54%	53%	
Infrastructure Solutions	40%	40%		45%		42%	43%	
Other (2)	3%	3%		4%		4%	3%	
By Geography								
Asia Pacific	60%	63%		58%		59%	62%	
Middle East & Africa	34%	30%		33%		32%	31%	
Rest of World	5%	6%		8%		7%	7%	
Ethylene & Others	1%	1%		1%		1%	1%	

(1) Consumer Solutions includes sales to the agriculture sector.
(2) "Other" in "By End Markets" includes mobility and healthcare sectors and ethylene and other products.

Segmental volume breakdown (includes polyolefins and olefins)

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
By Product Group								
Polyethylene	56%	57%		55%		57%	58%	
Polypropylene	44%	43%		45%		43%	42%	
Ethylene & Others	-	-		1%		-	-	
By End Market								
Consumer Solutions (1)	62%	59%		56%		59%	56%	
Infrastructure Solutions	36%	38%		41%		38%	41%	
Other (2)	2%	3%		3%		3%	3%	
By Geography								
Asia Pacific	61%	65%		57%		59%	63%	
Middle East & Africa	33%	29%		34%		33%	30%	
Rest of World	5%	6%		8%		7%	6%	
Ethylene & Others	-	-		1%		-	-	

(1) Consumer Solutions includes sales to the agriculture sector.
(2) "Other" in "By End Markets" includes mobility and healthcare sectors and ethylene and other products.

4. Costs

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
	$m	*$m*		*$m*		*$m*	*$m*	
Revenue	**1,447**	**1,600**	**-10%**	**1,305**	**+11%**	**4,172**	**4,405**	**-5%**
Cost of Sales (excl. D&A)	(731)	(779)	-6%	(728)	+0.4%	(2,172)	(2,113)	+3%
…Feedstock Costs	(339)	(359)	-6%	(230)	+48%	(911)	(950)	-4%
…Other Variable & Fixed Production Costs	(393)	(420)	-6%	(499)	-21%	(1,261)	(1,163)	+8%
…as % of revenue	51%	49%		56%		52%	48%	
General & Administrative Expenses (excl. D&A)	(47)	(55)	-15%	(40)	+17%	(145)	(158)	-8%
…as % of revenue	3%	3%		3%		3%	4%	
Selling & Distribution Expenses (excl. D&A)	(110)	(127)	-13%	(101)	+8%	(301)	(327)	-8%
…as % of revenue	8%	8%		8%		7%	7%	
Other Income & Expenses	5	5	-12%	6	-19%	17	16	+3%
Depreciation & Amortisation	(112)	(139)	-20%	(140)	-20%	(386)	(412)	-6%
Operating Profit	**452**	**506**	**-11%**	**302**	**+50%**	**1,184**	**1,411**	**-16%**
…as % of revenue	31%	32%		23%		28%	32%	

Overall operating costs increased by 9 percent YoY, despite a 3 percent YoY rise in production volumes during the quarter.

Cost of Sales (excluding depreciation and amortisation) declined by 6 percent, in line lower sales volumes and reflecting a 6 percent reduction in feedstock costs and a 6 percent decrease in other variable and fixed production expenses. On a QoQ basis, cost of sales (excluding depreciation and amortisation) increased marginally by 0.4 percent, despite a 19% increase in sales volumes.

General and Administrative expenses (excluding depreciation and amortisation) fell by 15 percent YoY; however, rose by 17 percent on a QoQ basis. Selling and Distribution expenses decreased by 13 percent YoY but grew by 8 percent QoQ, mainly reflecting changes in sales volumes.

Depreciation expense of $112 million benefited by $33 million in Q3 from a reassessment of the useful life of certain fixed assets which has been increased by up to an additional 10 years. This reassessment is expected to result in a recurring annual benefit of $163 over the coming 5 financial years.

For the nine-month period, Cost of Sales (excluding depreciation and amortisation) increased by 3 percent YoY, primarily due to an 8 percent rise in other variable and fixed production costs. This increase was partially offset by a 4 percent reduction in feedstock costs. General and Administrative expenses (excluding depreciation and amortisation) declined by 8 percent, while selling and distribution expenses fell by 8 percent compared to the same period last year.

The overall cost base remained well positioned, reflecting the Company’s focus on strategic cost management and sustained efficiencies following the successful completion of the Value Enhancement Program in 2023, that delivered $607 million through revenue optimisation and cost reductions.

5. Cash Generation

	Q3 2025	Q3 2024	YoY (%)	Q2 2025	QoQ (%)	9M 2025	9M 2024	YoY (%)
	$m	*$m*		*$m*		*$m*	*$m*	
Profit for the Period	**295**	**328**	**-10%**	**193**	**+52%**	**769**	**908**	**-15%**
Income Tax Expense	122	134	-9%	73	+67%	308	369	-17%
Net Finance Cost	36	45	-20%	36	-1%	107	134	-20%
Depreciation of PPE	105	132	-20%	133	-21%	367	391	-6%
Depreciation of Right-of-Use Assets	0.9	1.2	-28%	0.9	+2%	2.7	3.7	-28%
Amortisation of Intangible Assets	5.9	6.4	-7%	5.3	+11%	17.0	17.4	-2%
Impairment Loss on PPE	1.1	0.8	+25%	-	-	1.1	2.9	-64%
Adjusted EBITDA (1)	**565**	**646**	**-13%**	**442**	**+28%**	**1,571**	**1,827**	**-14%**
Capital Expenditure (2)	40	41	-4%	130	-69%	210	89	+136%
Adjusted Operating Free Cash Flow (3)	**525**	**605**	**-13%**	**312**	**+68%**	**1,361**	**1,737**	**-22%**
Cash Conversion (%)	93%	94%		71%		87%	95%	

(1) Adjusted EBITDA is calculated as EBITDA plus adjustments on foreign exchange gain or loss and impairment loss on property, plant and equipment.
(2) Capital expenditure is calculated as additions to property, plant and equipment for the period.
(3) Adjusted Operating Free Cash Flow is calculated as Adjusted EBITDA less capital expenditure.

Adjusted EBITDA for Q3 decreased by 13 percent YoY to $565 million, representing a margin of 39 percent. Adjusted operating free cash flow for the quarter was $525 million, also down 13 percent YoY.

On a nine-month basis, Borouge maintained a cash conversion rate of 87 percent, despite higher capital expenditure compared to the prior year. The increase in capex was primarily associated with the planned Borouge 3 turnaround which was successfully executed during Q2 2025.

6. Current Trading & Outlook

Borouge expects pricing conditions to remain soft across its core markets in Q4 2025. Management reiterates its through-the-cycle premia guidance of $200 per tonne for PE and $140 per tonne for PP, reflecting its differentiated product offering and strong customer relationships. Borouge remains well positioned to tactically allocate volumes to the highest netback opportunities across its global customer base.

Borouge continues to make strong progress against its innovation agenda, reaffirming its commitment to derive at least 20 percent of annual sales volumes from new products. This focus on innovation is expected to support long-term growth and enhance portfolio resilience.

Management reiterates its FY 2025 dividend intention of 16.2 fils per share. An interim dividend of 8.1 fils per share for H1 2025 was paid in September 2025.

Borouge management guidance:

Metric	Management Guidance
Through-the-cycle product premia guidance (1)	▪ **Polyethylene:** c. $200/t premia ▪ **Polypropylene:** c. $140/t premia
FY 2025 Dividend	▪ 16.2 fils per share

(1) Premia is equal to the difference between average sales prices and the benchmark prices.

7. Management Q3 2025 Earnings Call

Borouge management will host its Q3 2025 earnings call on 29th October 2025 at 12:00 pm UAE time. Webcast and call access details are provided below.

Webcast Link:
https://webcast.openbriefing.com/brg_q325/

Conference Call Dial-in Details:
Operator Assisted Dial-In:
United Arab Emirates (Toll-Free): +971 800 0357 04553
United Kingdom (Local): +44 20 3936 2999
United Kingdom (Toll-Free): +44 808 189 0158
United States (Local): +1 646 664 1960
United States (Toll-Free): +1 855 9796 654
Global Dial-In Numbers
Access Code: 250990