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Borouge



BOROUGE PLC Q3 2026

Management Discussion & Analysis

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1. Summary of Operational and Financial Performance

Borouge Plc (**Borouge**) reported revenue of \$1,444 million for the three months ended 30 September 2026 (**Q3 2026**), broadly flat year-on-year (**YoY**) and up 3 percent quarter-on-quarter (**QoQ**). The QoQ increase was driven by higher sales volumes, partly offset by lower average selling prices.

Production volumes declined 32 percent YoY but increased 32 percent QoQ to 949 kt (Q2 2026: 721 kt), supported by higher utilisation of 76 percent during the quarter due to improved ethane feedstock availability. Sales volumes declined 21 percent YoY but increased 22 percent QoQ to 1,069 kt (Q2 2026: 873 kt). Borouge shipped all production volumes from Ruwais, as well as an additional 54 kt from inventory, supported by the continued use of alternative logistics routes.

Blended average selling prices increased 22 percent YoY but declined 19 percent QoQ to \$1,249 per tonne (Q2 2026: \$1,535 per tonne), driven primarily by lower benchmark prices during Q3 following the spike in Q2. Reflecting the highly differentiated nature of the Company's offering and superior product performance, Borouge achieved PE and PP premia of \$301 per tonne and \$156 per tonne, respectively, above management's through-the-cycle guidance of \$200 per tonne for PE and \$140 per tonne for PP for the second consecutive quarter.

Borouge reported adjusted EBITDA⁽¹⁾ of \$279 million in Q3 2026, down 51 percent YoY, representing an EBITDA margin of 19 percent and reflecting lower realised prices and elevated propylene feedstock and logistics costs. Total operating costs increased 21 percent YoY and 18 percent QoQ, broadly in line with the 22 percent increase in sales volumes. Net profit declined 63 percent YoY and 43 percent QoQ to \$109 million. Adjusted operating free cash flow was \$244 million (Q2 2026: \$287 million), representing a cash conversion ratio of 88 percent.

For the nine months ended 30 September 2026 (**9M 2026**), Borouge reported revenue of \$4,025 million, down 4 percent YoY, reflecting lower sales volumes of 3,028 kt (9M 2025: 3,745 kt), offset by a 19 percent increase in average selling prices. Adjusted EBITDA declined 35 percent YoY, with an EBITDA margin of 25 percent, while net profit declined 41 percent to \$455 million. The Company generated adjusted operating free cash flow of \$825 million (9M 2025: \$1,361 million) and achieved a cash conversion ratio of 81 percent.

Net debt increased to \$3,346 million as at 30 September 2026 (30 September 2025: \$2,915 million).

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Revenue	1,444	1,447	-0%	1,406	+3%	4,025	4,172	-4%
Total costs	(1,017)	(840)	+21%	(865)	+18%	(2,649)	(2,552)	+4%
Gross Profit	427	607	-30%	541	-21%	1,377	1,620	-15%
General & Administrative Expenses	(46)	(49)	-6%	(50)	-9%	(142)	(151)	-6%
Selling & Distribution Expenses	(220)	(110)	+100%	(222)	-1%	(567)	(301)	+88%
Other Income	10	5	+114%	31	-67%	48	16	+201
Impairment Loss on PPE	0	(1)	-	(6)	-	(6)	(1)	+511%
Operating Profit	172	452	-62%	293	-41%	710	1,183	-40%
Profit for the Period	109	295	-63%	191	-43%	455	769	-41%
<i>Profit Margin (%)</i>	8%	20%		14%		12%	18%	
Total Comprehensive Income	110	296	-63%	196	-44%	466	770	-40%
Adjusted EBITDA ⁽¹⁾	279	565	-51%	401	-30%	1,023	1,571	-35%
Adjusted EBITDA Margin (%)	19%	39%		29%		25%	38%	
Basic Earnings per Share (US\$)	0.004	0.01		0.01		0.02	0.03	
Diluted Earnings per Share (US\$)	0.004	0.01		0.01		0.02	0.03	
Net Debt	3,346	2,915	+15%	3,275	+2%	3,346	2,915	+15%

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

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
Total Sales Volume (kt)	1,069	1,355	-21%	873	+22%	3,028	3,745	-19%
Polyethylene	542	753	-28%	454	+19%	1,590	2,118	-25%
Polypropylene	527	602	-12%	419	+26%	1,438	1,614	-11%
Ethylene & Others	0	0	-	0	-	0	13	-
Average Selling Price (\$/t)	1,249	1,021	+22%	1,535	-19%	1,243	1,047	+19%
Polyethylene	1,309	1,047	+25%	1,582	-17%	1,283	1,068	+20%
Polypropylene	1,185	987	+20%	1,484	-20%	1,198	1,018	+18%
Average Product Premia (\$/t)								
Polyethylene	301	230	+31%	438	-31%	301	233	+29%
Polypropylene	156	132	+18%	282	-45%	176	141	+25%

2. Operational Review

Strong operational recovery at the Ruwais complex, reflecting higher utilisation and improved feedstock supply

In Q3 2026, Borouge produced 949 kt of PE and PP (Q2 2026: 721 kt), with average utilisation increasing to 76 percent from 58 percent in Q2, supported by improved ethane feedstock availability, while maintaining high technical asset availability. Production declined 32 percent YoY but increased 32 percent QoQ, with the production mix comprising 58 percent PE and 42 percent PP.

PE production increased 69 percent QoQ, with utilisation improving to 80 percent from 48 percent in Q2, supported by increased availability of ethane feedstock. PP utilisation remained broadly stable at 71 percent, reflecting optimisation of the production mix in response to prevailing product margins and elevated propylene feedstock costs.

For the first nine months of 2026, total production stood at 2,878 kt (9M 2025: 3,591 kt), representing a 20 percent YoY decrease, with utilisation rates of 75 percent for PE and 80 percent for PP.

Borouge 4 megaproject

The Company continued to progress the Borouge 4 growth project, which is expected to add 1.4 million tonnes of production capacity once fully ramped up. During Q3 2026, the Company successfully reached mechanical completion and commissioning of its Polyethylene 7 (PE7) plant at Borouge 4, adding 700,000 tonnes of additional annual polyethylene production capacity.

The new Borouge 4 XLPE 2 plant recorded approximately 20 kt of sales during the quarter. The plant adds 100 kt of annual production capacity, doubling Borouge's XLPE production capacity and expanding its portfolio of differentiated products.

Further Borouge 4 plants are expected to come online in Q4 2026 and 2027, supporting additional production volumes and future sales growth.

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
Production Capacity (kt)	1,255	1,255		1,242		3,725	3,725	
Polyethylene	693	693		686		2,057	2,057	
Polypropylene	562	562		556		1,668	1,668	
Utilisation Rate								
Polyethylene	80%	110%		48%		75%	97%	
Polypropylene	71%	112%		71%		80%	95%	
Production Volume (kt)	949	1,390	-32%	721	+32%	2,878	3,591	-20%
Polyethylene	553	763	-28%	327	+69%	1,551	1,995	-22%
Polypropylene	397	627	-37%	394	+1%	1,327	1,584	-16%
Ethylene & Other	0	0	-	0	-	0	13	-

3. Revenue and Pricing

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
Sales Volume by Product	1,069	1,355	-21%	873	+22%	3,028	3,745	-19%
Polyethylene	542	753	-28%	454	+19%	1,590	2,118	-25%
Polypropylene	527	602	-12%	419	+26%	1,438	1,614	-11%
Ethylene & Others	0	0	-	0	-	0	13	-
Polyethylene (US\$/t)								
Average Sales Prices ⁽¹⁾	1,309	1,047	+25%	1,582	-17%	1,283	1,068	+20%
Average Premia ⁽²⁾	301	230	+31%	438	-31%	301	233	+29%
Average Benchmark ⁽³⁾	1,008	817	+23%	1,144	-12%	982	835	+18%
Polypropylene (US\$/t)								
Average Sales Prices ⁽¹⁾	1,185	987	+20%	1,484	-20%	1,198	1,018	+18%
Average Premia ⁽²⁾	156	132	+18%	282	-45%	176	141	+25%
Average Benchmark ⁽³⁾	1,029	855	+20%	1,202	-14%	1,022	877	+17%

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
	\$m	\$m		\$m		\$m	\$m	\$m
Revenue by Product								
Polyethylene	781	831	-6%	779	+0%	2,237	2,445	-8%
Polypropylene	659	605	+9%	627	+5%	1,776	1,689	+5%
Ethylene & Others	5	10	-55%	1	+559%	12	38	-68%
Total Revenues	1,444	1,447	-0%	1,406	+3%	4,025	4,172	-4%

(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).

Total sales volumes declined 21 percent YoY but increased 22 percent QoQ to 1,069 kt (Q2 2026: 873 kt). PE sales volumes decreased 28 percent YoY but grew 19 percent QoQ, while PP sales volumes declined 12 percent YoY and increased 26 percent QoQ. Sales volumes exceeded Ruwais production by 120 kt, including 66 kt of non-Ruwais sales and a 54 kt inventory drawdown. The continued use of alternative logistics routes supported consistent customer deliveries, demonstrating the resilience of the Company's supply chain and marketing network.

Asia Pacific remained the Company's largest market in Q3 2026, accounting for 59 percent of total sales volumes, up from 49 percent in Q2 and more in line with the Company's historical sales mix. Sales to the Middle East and Africa represented 34 percent of total sales volumes, down from 41 percent in Q2 and returning closer to historical levels. Infrastructure solutions accounted for 39 percent of total sales volumes, up from 34 percent in Q2, while consumer solutions accounted for 58 percent, compared with 63 percent in Q2.

Borouge achieved premia over benchmark prices of \$301 per tonne for PE (Q2 2026: \$438 per tonne) and \$156 per tonne for PP (Q2 2026: \$282 per tonne), above management's through-the-cycle guidance of \$200 per tonne and \$140 per tonne, respectively. Premia reduced compared to the elevated levels achieved in Q2 2026, but continued to reflect the Company's differentiated product offering and strong customer demand.

Blended average selling prices increased 22 percent YoY, with PE and PP prices increasing 25 percent and 20 percent, respectively. QoQ, blended average selling prices decreased 19 percent, primarily reflecting lower benchmark prices which reduced from the peak levels seen in Q2 2026. PE benchmark prices increased 23 percent YoY but declined 12 percent QoQ, while PP benchmark prices increased 20 percent YoY but declined 14 percent QoQ.

Total sales volumes declined 19 percent YoY during the first nine months of 2026. PE sales volumes decreased 25 percent, while PP sales volumes declined 11 percent. Average selling prices increased 20 percent for PE and 18 percent for PP, reflecting strong premia and elevated benchmark prices from March 2026 onwards. Borouge achieved average premia of \$301 per tonne for PE and \$176 per tonne for PP, both exceeding management's through-the-cycle guidance. The Company maintained its strategic focus on higher-value segments, with infrastructure solutions accounting for 38 percent of total sales volumes during the period.

Segmental revenue breakdown (includes polyolefins and olefins)⁽¹⁾

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
By Product Group								
Polyethylene	54%	57%		55%		56%	59%	
Polypropylene	46%	42%		45%		44%	40%	
Ethylene & Others	0%	1%		0%		0%	1%	
By End Market								
Consumer Solutions ⁽²⁾	53%	57%		59%		55%	54%	
Infrastructure Solutions	45%	40%		38%		42%	42%	
Other ⁽³⁾	2%	3%		3%		3%	4%	
By Geography								
Asia Pacific	62%	60%		51%		55%	59%	
Middle East & Africa	32%	34%		39%		36%	32%	
Rest of World	6%	5%		10%		8%	7%	
Ethylene & Others	0%	1%		0%		0%	1%	

(1) Percentages may not total 100 percent due to rounding differences.

(2) Consumer Solutions includes sales to the agriculture sector.

(3) "Other" in "By End Markets" includes mobility and healthcare sectors and ethylene and other products.

Segmental volume breakdown (includes polyolefins and olefins)⁽¹⁾

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
By Product Group								
Polyethylene	51%	56%		52%		53%	57%	
Polypropylene	49%	44%		48%		47%	43%	
Ethylene & Others	0%	0%		0%		0%	0%	
By End Market								
Consumer Solutions ⁽²⁾	58%	62%		63%		60%	59%	
Infrastructure Solutions	39%	36%		34%		38%	38%	
Other ⁽³⁾	2%	2%		3%		3%	3%	
By Geography								
Asia Pacific	59%	61%		49%		54%	59%	
Middle East & Africa	34%	33%		41%		38%	33%	
Rest of World	7%	5%		10%		9%	7%	
Ethylene & Others	0%	0%		0%		0%	0%	

(1) Percentages may not total 100 percent due to rounding differences.

(2) Consumer Solutions includes sales to the agriculture sector.

(3) "Other" in "By End Markets" includes mobility and healthcare sectors and ethylene and other products.

4. Costs

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
	\$m	\$m		\$m				
Revenue	1,444	1,447	-0%	1,406	+3%	4,025	4,172	-4%
Cost of Sales (excl. D&A)	(913)	(731)	+25%	(766)	+19%	(2,349)	(2,172)	+8%
...Feedstock Costs	(364)	(339)	+8%	(391)	-7%	(1,125)	(911)	+24%
...Other Variable & Fixed Production Costs	(548)	(393)	+40%	(375)	+46%	(1,224)	(1,261)	-3%
...as % of revenue	63%	51%		55%		58%	52%	
General & Administrative Expenses (excl. D&A)	(43)	(47)	-8%	(47)	-10%	(134)	(145)	-8%
...as % of revenue	3%	3%		3%		3%	3%	
Selling & Distribution Expenses (excl. D&A)	(220)	(110)	+100%	(222)	-1%	(566)	(301)	+88%
...as % of revenue	15%	8%		16%		14%	7%	
Other Income & Expenses	10	5	+114%	24	-58%	41	17	+144%
Depreciation & Amortisation	(107)	(112)	-4%	(101)	+6%	(307)	(386)	-21%
Operating Profit	172	452	-62%	293	-41%	710	1,184	-40%
...as % of revenue	12%	31%		21%		18%	28%	

Cost of sales (excluding depreciation and amortisation) increased 25 percent YoY and 19 percent QoQ, primarily reflecting higher other variable and fixed production costs. On a per-tonne basis, feedstock costs were \$341 per tonne, up from \$250 per tonne in Q3 2025, primarily due to higher propylene feedstock prices, but down from \$448 per tonne in Q2 2026. Other variable and fixed production costs were \$513 per tonne, compared with \$290 per tonne in Q3 2025 and \$430 per tonne in Q2 2026. As a result, total cost of sales (excluding depreciation and amortisation) was \$854 per tonne, down from \$878 per tonne in Q2 2026, but above \$540 per tonne in Q3 2025.

General and administrative expenses (excluding depreciation and amortisation) decreased 8 percent YoY and 10 percent QoQ. Selling and distribution expenses (excluding depreciation and amortisation) increased 100 percent YoY but fell 1 percent QoQ, reflecting sustained elevated logistics costs during the quarter. On a per-tonne basis, selling and distribution expenses decreased 19 percent QoQ to \$206 per tonne, from \$254 per tonne in Q2 2026.

For the nine months ended 30 September 2026, cost of sales (excluding depreciation and amortisation) increased 8 percent YoY. On a per-tonne basis, cost of sales increased to \$778 per tonne from \$580 per tonne in 9M 2025. Feedstock costs increased to \$372 per tonne from \$243 per tonne, while other variable and fixed production costs increased to \$406 per tonne from \$337 per tonne.

General and administrative expenses (excluding depreciation and amortisation) decreased 8 percent YoY. Selling and distribution expenses (excluding depreciation and amortisation) increased 88 percent, reflecting higher logistics costs. On a per-tonne basis, selling and distribution expenses increased to \$187 per tonne from \$80 per tonne in 9M 2025.

Borouge continues to maintain strict cost discipline and pursue logistics optimisation initiatives, with further improvement in logistics costs seen in early Q4 2026.

5. Cash Generation

	Q3 2026	Q3 2025	YoY (%)	Q2 2026	QoQ (%)	9M 2026	9M 2025	YoY (%)
	\$m	\$m		\$m		\$m	\$m	\$m
Profit for the Period	109	295	-63%	191	-43%	455	769	-41%
Income Tax Expense	27	122	-78%	62	-57%	143	308	-54%
Net Finance Cost	37	36	+2%	40	-8%	112	107	+4%
Depreciation of PPE	95	105	-9%	93	+2%	280	367	-24%
Depreciation of Right-of-Use Assets	3	1	+193%	3	+2%	6	3	+131%
Amortisation of Intangible Assets	9	6	+54%	6	+62%	21	17	+24%
Impairment Loss on PPE	0	1	-	6	-	6	1	+511%
Adjusted EBITDA ⁽¹⁾	279	565	-51%	401	-30%	1,023	1,571	-35%
Capital Expenditure ⁽²⁾	35	40	-13%	114	-70%	198	210	-6%
Adjusted Operating Free Cash Flow ⁽³⁾	244	525	-54%	287	-15%	825	1,361	-39%
Cash Conversion (%)	88%	93%		71%		81%	87%	

(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.

Borouge reported adjusted EBITDA⁽¹⁾ of \$279 million in Q3 2026, down 51 percent YoY and 30 percent QoQ, representing an EBITDA margin of 19 percent (Q2 2026: 29 percent). The YoY decrease primarily reflected lower sales volumes and higher costs, while QoQ performance was impacted by lower realised prices and continued elevated costs, resulting in reduced margins. Adjusted operating cash flow was \$244 million, down 54 percent YoY and 15 percent QoQ.

Capital expenditure during Q3 2026 was \$35 million, down 13 percent YoY and 70 percent QoQ.

For the nine months ended 30 September 2026, adjusted EBITDA was \$1,023 million, down 35 percent YoY. Adjusted operating cash flow was \$825 million, down 39 percent YoY, while capital expenditure was \$198 million, down 6 percent YoY.

6. Current Trading & Outlook

The strong operational recovery achieved during Q3 has continued into Q4, with utilisation reaching approximately 90 percent in October, supporting higher production volumes. Global polyolefin benchmark prices in Q4 to date have also exceeded Q3 2026 levels, following the significant moderation in prices during Q3 from the exceptionally high levels seen in Q2.

Utilisation rates are expected to maintain higher levels through Q4 2026, subject to feedstock availability. Management also reiterates its through-the-cycle premia guidance of approximately \$200 per tonne for PE and \$140 per tonne for PP, supported by the Company's differentiated product offering and long-standing customer relationships.

The Company therefore expects adjusted EBITDA in Q4 2026 to be significantly higher than Q3 2026, supported by higher production volumes and improved pricing.

The Company expects to continue utilising alternative logistics routes in the near term to maintain reliable customer supply and support sales volumes. While freight and logistics costs are expected to

remain above historical levels, further incremental improvements in logistics costs per tonne are expected through Q4 2026 as the Company continues to optimise its logistics network.

For FY 2026, management intends to pay dividends amounting to 16.2 fils per share, in line with the Company's commitment to maintain a minimum dividend of 16.2 fils per share per annum until at least 2030.

Borouge management guidance:

Metric	Management Guidance
Production ⁽¹⁾	<ul style="list-style-type: none"> Targeting continued high utilisation rates through Q4 2026, subject to feedstock availability
Pricing	<ul style="list-style-type: none"> Q4 2026 global polyolefin benchmark prices expected to be higher than Q3 2026 levels, supporting higher realised selling prices
Adjusted EBITDA	<ul style="list-style-type: none"> Q4 2026 adjusted EBITDA expected to be significantly higher than Q3 2026, supported by higher production volumes and improved pricing
Borouge 4	<ul style="list-style-type: none"> Production expected to ramp up through Q4 2026 and 2027, subject to feedstock availability, as units are commissioned and brought online
Through-the-cycle product premia guidance ⁽²⁾	<ul style="list-style-type: none"> Polyethylene: c. \$200/t premia Polypropylene: c. \$140/t premia
Costs	<ul style="list-style-type: none"> Purchase propylene feedstock linked to market prices Further incremental improvements in logistics costs per tonne expected through Q4 2026, while remaining above historical levels
FY 2026 Dividend	<ul style="list-style-type: none"> 16.2 fils per share

(1) Ruwais nameplate capacity: 5 Mtpa

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

7. Management Q3 2026 Earnings Call

Borouge management will host its Q3 2026 earnings call on 29 October 2026 at 12:00pm UAE time. Webcast and call access details are provided below.

Webcast Link:

<https://webcast.openbriefing.com/brg-q3-26/>

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): +1 646 233 4753

United States (Toll-Free): +1 855 9796 654

[Global Dial-In Numbers](#)

Access Code: 315167