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Borouge



BOROUGE PLC Q4 / FY 2025

Management Discussion & Analysis

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1. Summary of Operational and Financial Performance

Borouge Plc (**Borouge**) reported revenue of \$1,676 million for the three months ending 31 December 2025 (**Q4 2025**), up 3 percent year-on-year (**YoY**), driven by record quarterly production of 1,464 kt, 10 percent higher YoY and record sales volumes of 1,643 kt, representing a 12 percent increase compared to Q4 2025 with sales volumes supported by sales from inventory. Blended average selling prices declined by 8 percent YoY, reflecting lower benchmark prices during the period with pricing premia maintained. On a quarter-on-quarter (**QoQ**) basis, production and sales volumes increased by 5 percent and 21 percent, respectively, underscoring continued strong operational performance and commercial resilience, while blended average selling prices declined by 6 percent.

During the quarter, Borouge achieved premia above average benchmark prices of \$202 per tonne for polyethylene (**PE**) and \$118 per tonne for polypropylene (**PP**). The PE premia was 13 percent higher YoY, exceeding management guidance, while PP premia declined by 16 percent YoY, reflecting temporarily weaker market demand for PP products. On a QoQ basis, PE and PP premia reduced by 12 percent and 11 percent, respectively.

Borouge reported adjusted EBITDA⁽¹⁾ of \$601 million in Q4 2025, down 8 percent YoY, with an EBITDA margin of 36 percent. Total operating costs increased 4 percent YoY, primarily due to the 12 percent YoY increase in sales volumes. The company generated robust adjusted operating free cash flow of \$502 million (Q4 2024: \$572 million), achieving a cash conversion rate of 84 percent.

For the twelve months ending 31 December 2025 (**FY 2025**), Borouge reported revenue of \$5,848 million, down 3 percent YoY, reflecting lower realised pricing. Adjusted EBITDA declined 12 percent, with an EBITDA margin of 37 percent, while net profit decreased by 11 percent to \$1,099 million. The company delivered adjusted operating free cash flow of \$1,864 million, down 19 percent YoY, and achieved a strong cash conversion rate of 86 percent.

Net Debt stood at \$2,696 million as of 31 December 2025 (31 December 2024: \$2,691 million).

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Revenue	1,676	1,621	+3%	1,447	+16%	5,848	6,026	-3%
Total costs	(1,014)	(972)	+4%	(840)	+21%	(3,566)	(3,491)	+2%
Gross Profit	662	649	+2%	607	+9%	2,282	2,535	-10%
General & Administrative Expenses (excl. D&A)	(46)	(32)	+41%	(49)	-6%	(197)	(193)	+2%
Selling & Distribution Expenses (excl. D&A)	(115)	(145)	-21%	(110)	+4%	(416)	(472)	-12%
Other Income & Expenses	9	37	-76%	4	+141%	25	51	-51%
Operating Profit	510	510	+0.1%	452	+13%	1,694	1,921	-12%
Profit for the Period	330	331	-0.1%	295	+12%	1,099	1,239	-11%
<i>Profit Margin (%)</i>	20%	20%		20%		19%	21%	
Total Comprehensive Income	333	335	-1%	296	+13%	1,104	1,243	-11%
Adjusted EBITDA ⁽¹⁾	601	650	-8%	565	+6%	2,172	2,477	-12%
Adjusted EBITDA Margin (%)	36%	40%		39%		37%	41%	
Basic Earnings per Share (US\$)	0.01	0.01		0.01		0.04	0.04	
Diluted Earnings per Share (US\$)	0.01	0.01		0.01		0.04	0.04	
Net Debt	2,696	2,691	+0.2%	2,915	-8%	2,696	2,691	+0.2%

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

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
Total Sales Volume (kt)	1,643	1,467	+12%	1,355	+21%	5,388	5,335	+1%
Polyethylene	935	823	+14%	753	+24%	3,053	3,072	-0.6%
Polypropylene	708	640	+11%	602	+18%	2,322	2,253	+3.1%
Ethylene & Others	0	4	-	0	-	13	10	+30%
Average Selling Price (\$/t)	958	1,045	-8%	1,021	-6%	1,020	1,075	-5%
Polyethylene	994	1,059	-6%	1,047	-5%	1,046	1,095	-4%
Polypropylene	912	1,025	-11%	987	-8%	985	1,047	-6%
Average Product Premia (\$/t)								
Polyethylene	202	178	+13%	230	-12%	224	197	+14%
Polypropylene	118	140	-16%	132	-11%	134	150	-11%

2. Operational Review

In Q4 2025, Borouge achieved record production of 1,464 kt, representing a 10 percent YoY and 5 percent QoQ increase. This strong performance followed record production in Q3 2025 and was split broadly between 56 percent PE and 44 percent PP. Production was supported by record utilisation rates during the period of 119 percent for PE and 114 percent for PP.

For FY 2025, total production stood at 5,055 kt, representing a 3 percent YoY decrease, as high utilisation rates were offset by the B3 turnaround in Q2 2025. Utilisation rates for the full year, including the impact of the turnaround, were 102 percent for PE and 100 percent for PP.

The Company's strategic growth projects continue to advance. Commissioning activities for the first Borouge 4 facility, XLPE 2, commenced at the end of 2025, and the first shipments to customers are expected to take place in Q1 2026. The XLPE 2 facility utilises resin feedstock from the B3 plant to produce high purity XLPE material, primarily serving the high value wire and cable market. Production from Borouge 4 is expected to ramp up through 2026 as the remaining facilities are commissioned and brought online.

The expansion project for the EU2 ethane cracker continues, with Front-End Engineering Design (FEED) services completed. The Company is now seeking to award an Engineering, Procurement and Construction contract (EPC) for the project in 2026. Borouge has also carried out a feasibility study for the expansion of its third ethane cracker (EU3) and is progressing with pre-FEED activities.

Borouge expanded its differentiated product offering with 10 innovative new products released in FY 2025. These included the Company's first made-in-the-UAE healthcare-grade low-density polyethylene (LDPE) product. The Company also introduced advanced material solutions supporting ROX Motor's new-energy vehicle development. In addition, Borouge expanded its circular product solutions through the Recleo™ portfolio, made from mechanically recycled polyolefin materials. Borouge further launched a new Borstar® product for advanced packaging applications, enabling energy savings and a reduction in food waste. Together, these innovations generated \$94 million of value in FY 2025.

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
Production Capacity (kt)	1,255	1,255		1,255		4,980	4,994	
Polyethylene	693	693		693		2,750	2,758	
Polypropylene	562	562		562		2,230	2,236	
Utilisation Rate								
Polyethylene	119%	113%		110%		102%	110%	
Polypropylene	114%	98%		112%		100%	98%	
Production Volume (kt)	1,464	1,337	+10%	1,390	+5%	5,055	5,216	-3%
Polyethylene	822	783	+5%	763	+8%	2,817	3,024	-7%
Polypropylene	642	549	+17%	627	+2%	2,225	2,182	+2%
Ethylene & Other	0	4.3	-	0	-	12.7	10.3	+23%

3. Revenue and Pricing

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
Sales Volume by Product	1,643	1,467	+12%	1,355	+21%	5,388	5,335	+1%
Polyethylene	935	823	+14%	753	+24%	3,053	3,072	-1%
Polypropylene	708	640	+11%	602	+18%	2,322	2,253	+3%
Ethylene & Others	0	4.0	-	0	-	13.0	10.0	+30%
Polyethylene (US\$/t)								
Average Sales Prices ⁽¹⁾	994	1,059	-6%	1,047	-5%	1,046	1,095	-4%
Average Premia ⁽²⁾	202	178	+13%	230	-12%	224	197	+14%
Average Benchmark ⁽³⁾	792	881	-10%	817	-3%	822	898	-8%
Polypropylene (US\$/t)								
Average Sales Prices ⁽¹⁾	912	1,025	-11%	987	-8%	985	1,047	-6%
Average Premia ⁽²⁾	118	140	-16%	132	-11%	134	150	-11%
Average Benchmark ⁽³⁾	794	885	-10%	855	-7%	851	897	-5%

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Revenue by Product								
Polyethylene	991	933	+6%	831	+19%	3,436	3,558	-3%
Polypropylene	678	676	+0.4%	605	+12%	2,368	2,421	-2%
Ethylene & Others	6	13	-50%	10	-40%	44	47	-6%
Total Revenues	1,676	1,621	+3%	1,477	+16%	5,848	6,026	-3%

- (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 Q4 2025, total sales volumes increased 12 percent YoY to a record 1,643 kt, driven by a 14 percent increase in PE volumes, while PP volumes grew 11 percent. Infrastructure solutions accounted for 39 percent of total volumes. By region, Asia Pacific remained the largest market, representing 59 percent of total sales, followed by the Middle East and Africa, which accounted for 32 percent. On a QoQ basis, total sales volumes increased 21 percent, reflecting record-high utilisation rates for both PE and PP.

Borouge achieved premia over benchmark prices of \$202 per tonne for PE and \$118 per tonne for PP. The PE premia were above management's through-the-cycle guidance of \$200 per tonne, while PP premia were \$22 per tonne 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 8 percent YoY and 6 percent QoQ, reflecting softer market conditions. PE realised prices fell 6 percent YoY and 5 percent QoQ, while PP realised prices decreased 11 percent YoY and 8 percent QoQ.

Underlying product benchmark prices for PE declined 10 percent YoY and 3 percent QoQ, while PP benchmarks reduced by 10 percent YoY and 7 percent QoQ. Premia above benchmark for PE improved 13 percent YoY to \$202 per tonne, while PP premia declined 16 percent YoY to \$118 per tonne. Borouge continues to optimise its operations and sales strategies to navigate market challenges and deliver strong financial results for shareholders.

Borouge achieved record sales volumes of 5,388 kt in FY 2025, representing a 1 percent YoY increase and reflecting strong commercial performance. PE sales decreased by 1 percent, while PP sales increased by 3 percent during the year. Average selling prices for PE and PP decreased by 4 percent and 6 percent, respectively YoY, reflecting weaker market benchmark prices. However, this was partially offset by strong premia of \$224 per tonne for PE and \$134 per tonne for PP, with PE exceeding management's TTC guidance and PP slightly below. 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 year.

Segmental revenue breakdown (includes polyolefins and olefins)

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
By Product Group								
Polyethylene	59%	58%		57%		59%	59%	
Polypropylene	40%	42%		42%		40%	40%	
Ethylene & Others	0.4%	1%		1%		1%	1%	
By End Market								
Consumer Solutions ⁽¹⁾	54%	55%		57%		54%	54%	
Infrastructure Solutions	43%	42%		40%		42%	43%	
Other ⁽²⁾	3%	3%		3%		3%	3%	
By Geography								
Asia Pacific	59%	62%		60%		59%	62%	
Middle East & Africa	32%	30%		34%		32%	31%	
Rest of World	9%	7%		5%		8%	7%	
Ethylene & Others	0.4%	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)

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
By Product Group								
Polyethylene	57%	56%		56%		57%	58%	
Polypropylene	43%	44%		44%		43%	42%	
Ethylene & Others	-	0.3%		-		0.2%	0.2%	
By End Market								
Consumer Solutions ⁽¹⁾	59%	59%		62%		59%	57%	
Infrastructure Solutions	39%	39%		36%		38%	40%	
Other ⁽²⁾	2%	3%		2%		3%	3%	
By Geography								
Asia Pacific	59%	63%		61%		59%	63%	
Middle East & Africa	32%	30%		33%		32%	30%	
Rest of World	9%	7%		5%		8%	7%	
Ethylene & Others	-	0.3%		-		0.2%	0.2%	

(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

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Revenue	1,676	1,621	+3%	1,447	+16%	5,848	6,026	-3%
Cost of Sales (excl. D&A)	(927)	(837)	+11%	(731)	+27%	(3,099)	(2,947)	+5%
...Feedstock Costs	(384)	(338)	+14%	(339)	+13%	(1,295)	(1,288)	+1%
...Other Variable & Fixed Production Costs	(543)	(499)	+9%	(393)	+38%	(1,804)	(1,659)	+9%
...as % of revenue	55%	52%		51%		53%	49%	
General & Administrative Expenses (excl. D&A)	(42)	(27)	+56%	(47)	-9%	(188)	(185)	+2%
...as % of revenue	3%	2%		3%		3%	3%	
Selling & Distribution Expenses (excl. D&A)	(115)	(145)	-21%	(110)	+4%	(416)	(472)	-12%
...as % of revenue	7%	9%		8%		7%	8%	
Other Income & Expenses	9	37	-76%	5	+89%	25	51	-51%
Depreciation & Amortisation	(90)	(140)	-36%	(112)	-20%	(476)	(553)	-14%
Operating Profit	510	510	+0.1%	452	+13%	1,694	1,921	-12%
...as % of revenue	30%	31%		31%		29%	32%	

In Q4 2025, operating costs increased by 4 percent YoY, despite a 12 percent YoY rise in sales volumes during the period.

Cost of Sales (excluding depreciation and amortisation) increased by 11 percent YoY, broadly in line with the 12 percent increase in sales volumes. The increase primarily reflected a 14 percent rise in feedstock costs and a 9 percent rise in other variable and fixed production expenses. On a QoQ basis, cost of sales (excluding depreciation and amortisation) increased significantly by 27 percent, mainly driven by a 38 percent increase in other variable and fixed production costs, while sales volumes increased 21 percent.

General and Administrative expenses (excluding depreciation and amortisation) grew by 56 percent YoY but reduced by 9 percent on a QoQ basis. Selling and Distribution expenses decreased by 21 percent YoY but grew by 4 percent QoQ, mainly reflecting changes in sales volumes.

In FY 2025, Cost of Sales (excluding depreciation and amortisation) increased by 5 percent YoY, primarily due to a 9 percent rise in other variable and fixed production costs, while feedstock costs grew by 1 percent, in line with the 1% increase in sales volumes. General and Administrative expenses (excluding depreciation and amortisation) increased by 2 percent, while selling and distribution expenses fell by 12 percent YoY.

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, which delivered \$607 million through revenue optimisation and cost reductions. Building on this foundation, and following sustained momentum in 2024, Borouge continued to implement strict cost control measures and revenue improvement initiatives in 2025. Additionally, Borouge achieved \$717 million in value generation in FY 2025 through its AI Digitilisation and Technology programme, significantly above its target of \$575 million.

Depreciation expense amounted to \$476 million, representing a 14 percent YoY decrease, reflecting the reassessment of the useful life of certain fixed assets that was undertaken in Q3, which increased asset life by up to an additional 10 years. The reassessment is expected to result in a recurring annual benefit of \$163 million in lower depreciation charges over the next 5 financial years, compared to depreciation levels reported in 2024.

5. Cash Generation

	Q4 2025	Q4 2024	YoY (%)	Q3 2025	QoQ (%)	FY 2025	FY 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Profit for the Period	330	331	-0.1%	295	+12%	1,099	1,239	-11%
Income Tax Expense	133	137	-3%	122	+9%	441	506	-13%
Net Finance Cost	47	42	+12%	36	+31%	154	176	-12%
Depreciation of PPE	83	133	-38%	105	-21%	449	524	-14%
Depreciation of Right-of-Use Assets	0.9	1.1	-14%	0.9	+4%	3.6	4.8	-25%
Amortisation of Intangible Assets	6.3	6.4	-1%	5.9	+7%	23.3	23.7	-2%
Impairment Loss on PPE	0.4	0.2	+136%	1.1	-63%	1.4	3.1	-53%
Adjusted EBITDA ⁽¹⁾	601	650	-8%	565	+6%	2,172	2,477	-12%
Capital Expenditure ⁽²⁾	98	78	+26%	40	+146%	308	167	+84%
Adjusted Operating Free Cash Flow ⁽³⁾	502	572	-12%	525	-4%	1,864	2,309	-19%
Cash Conversion (%)	84%	88%		93%		86%	93%	

(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 Q4 decreased by 8 percent YoY to \$601 million, representing a margin of 36 percent. Adjusted operating free cash flow for the quarter was \$502 million, down 12 percent YoY.

During FY 2025, Borouge maintained a cash conversion rate of 86 percent, compared to 93 percent in the prior corresponding period, primarily due to higher capital expenditure compared to the prior year. The increase in capital expenditure was mainly attributed to the planned Borouge 3 turnaround, which was successfully executed during Q2 2025.

6. Current Trading & Outlook

Pricing conditions are expected to reflect continued softness in global polyolefin benchmarks in the near term. However, demand in Asia Pacific and the Middle East is expected to outperform developed regions, supported by relatively resilient macroeconomic conditions and underlying growth in infrastructure and energy-transition-related applications.

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.

Based on levels of utilisation achieved in the second half of 2025, and the absence of any major maintenance turnarounds planned for 2026, management expects to achieve average utilisation of around 105% for FY 2026.

Management reiterates its FY 2025 dividend intention of 16.2 fils per share, subject to shareholder approval. 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⁾	<ul style="list-style-type: none"> ▪ Polyethylene: c. \$200/t premia ▪ Polypropylene: c. \$140/t premia
FY 2025 Dividend	<ul style="list-style-type: none"> ▪ 16.2 fils per share

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

7. Management Q4 / FY 2025 Earnings Call

Borouge management will host its Q4 / FY 2025 earnings call on 4th February 2026 at 12:00 pm UAE time. Webcast and call access details are provided below.

Webcast Link:

https://webcast.openbriefing.com/brg_q425/

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: 443155