BOROUGE PLC Q1 2026

Management Discussion & Analysis

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1. Summary of Operational and Financial Performance

Borouge Plc (**Borouge**) reported revenue of $1,175 million for the three months ended 31 March 2026 (**Q1 2026**), a 17 percent year-on-year (**YoY**) decrease, mainly due to lower pricing in January and February and logistics disruption in March. Sales volumes declined 13 percent YoY to 1,085 kt, primarily reflecting reduced shipments in March following the closure of the Strait of Hormuz, through which the Company typically normally exports the majority of its production. In response to the evolving geopolitical situation, Borouge activated business continuity and contingency plans including alternative export routes to mitigate the impact of the disruption and was able to successfully dispatch 61% of March production volumes. Blended average selling prices declined 6 percent YoY to $1,005 per tonne due to low benchmark pricing in January and February 2026. Production was broadly flat YoY, with strong utilisation rates of approximately 98 percent supporting total output of 1,208 kt. Volumes not sold during the quarter were placed into storage and are expected to be shipped to customers during Q2 2026.

On a quarter-on-quarter (**QoQ**) basis, production declined 17 percent from the record-high levels achieved in Q4 2025, which were supported by exceptionally high utilisation rates. Sales volumes declined 34 percent QoQ due to logistics constraints, while blended average selling prices increased 5 percent, reflecting tighter market conditions in March 2026.

During the quarter, Borouge achieved premia above average benchmark prices of $196 per tonne for polyethylene (**PE**) and $107 per tonne for polypropylene (**PP**). PE premia declined by 13 percent YoY, but remained broadly in line with management guidance of approximately $200 per tonne. PP premia of $107 per tonne represented a decline of 31 percent YoY and compares to through the cycle guidance of approximately $140 per tonne, reflecting temporarily weaker market demand for PP products. On a QoQ basis, PE and PP premia reduced by 3 percent and 9 percent, respectively.

Borouge reported adjusted EBITDA(1) of $343 million in Q1 2026, down 39 percent YoY, with an EBITDA margin of 29 percent. Total operating costs decreased 9 percent YoY, primarily reflecting the 13 percent YoY reduction in sales volumes. The Company generated adjusted operating free cash flow of $295 million (Q1 2025: $524 million), corresponding to a cash conversion rate of 86 percent.

Net Debt increased to $2,582 million as at 31 March 2026 (31 March 2025: $2,348 million).

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
	$m	*$m*		*$m*	
Revenue	**1,175**	**1,420**	**-17%**	**1,676**	**-30%**
Total costs	(766)	(846)	-9%	(1,014)	-24%
Gross Profit	**409**	**574**	**-29%**	**662**	**-38%**
General & Administrative Expenses	(46)	(61)	-24%	(46)	+1%
Selling & Distribution Expenses	(125)	(90)	+39%	(115)	+9%
Other Income & Expenses	6	6	+4%	9	-31%
Operating Profit	**244**	**430**	**-43%**	**510**	**-52%**
Profit for the Period	**156**	**281**	**-45%**	**330**	**-53%**
Profit Margin (%)	13%	20%		20%	
Total Comprehensive Income	**160**	**277**	**-42%**	**333**	**-52%**
Adjusted EBITDA [(1)]	**343**	**564**	**-39%**	**601**	**-43%**
Adjusted EBITDA Margin (%)	29%	40%		36%	
Basic Earnings per Share (US$)	0.01	0.01		0.01	
Diluted Earnings per Share (US$)	0.01	0.01		0.01	
Net Debt	**2,582**	**2,348**	**+10%**	**2,696**	**-4%**

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

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
Total Sales Volume (kt)	**1,085**	**1,253**	**-13%**	**1,643**	**-34%**
Polyethylene	594	740	-20%	935	-36%
Polypropylene	491	506	-3%	708	-31%
Ethylene & Others	0	7	-	0	-
Average Selling Price ($/t)	**1,005**	1,068	**-6%**	**958**	**+5%**
Polyethylene	1,034	1,079	-4%	994	+4%
Polypropylene	969	1,050	-8%	912	+6%
Average Product Premia ($/t)					
Polyethylene	196	224	-13%	202	-3%
Polypropylene	107	154	-31%	118	-9%

2. Operational Review

In Q1 2026, Borouge recorded production of 1,208 kt, supported by strong utilisation rates of 98 percent, with production split broadly between 56 percent PE and 44 percent PP. This represented a 3 percent YoY and 17 percent QoQ decrease. The QoQ decline reflects the exceptionally high production levels recorded in Q4 2025, which benefited from record utilisation rates and surplus feedstock availability.

On 5 April 2026, an incident occurred at the Company's production facilities located in the Ruwais Industrial Area. Following a security-related incident in the surrounding area, falling debris resulted in damage to certain assets at the site. There were no injuries, and the resulting fires were promptly contained. Production activity in affected areas was suspended following the incident. Following initial repairs to some of the affected lines and a phased restart of the plant, most production units are available and utilisation is ramping up. Inventory from unsold production in March is being sold into a higher price environment in Q2, supporting consistent customer deliveries throughout the first half of the year.

Borouge 4 megaproject

The Company's strategic growth projects continued to progress during the quarter. Production from the first Borouge 4 facility to come online, XLPE 2, commenced at the beginning of April 2026. Output from Borouge 4 is expected to ramp up through 2026 as the remaining facilities are commissioned and brought online.

In March 2026, an Asset Usage Agreement was entered into between Abu Dhabi Polymers Company (a subsidiary of Borouge) and B4 LLC, a company owned 70 percent by ADNOC and 30 percent by OMV. Under the agreement, Borouge will operate and market Borouge 4 volumes in return for an at-cost asset utilisation fee. Following full ramp-up, the agreement is expected to deliver approximately US$400 million of cumulative net profit over three years and approximately 10 percent earnings accretion.

China joint venture

Following the Project Collaboration Agreement announced in July 2024, Borouge signed a 50:50 joint venture agreement in April 2026 with Wanrong New Materials, a subsidiary of Wanhua Chemical Group, relating to the proposed development of a cracker and polyethylene complex in Fujian, China.

The joint venture agreement, which remains subject to regulatory approvals, establishes the governance and financing framework for the next phase of development. The proposed project will leverage Borstar® technology and Borouge's established regional sales network, and represents an attractive growth opportunity alongside a highly experienced joint venture partner.

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
Production Capacity (kt)	**1,228**	**1,228**		**1,255**	
Polyethylene	678	678		693	
Polypropylene	550	550		562	
Utilisation Rate					
Polyethylene	99%	102%		119%	
Polypropylene	98%	99%		114%	
Production Volume (kt)	**1,208**	**1,248**	**-3%**	**1,464**	**-17%**
Polyethylene	671	695	-3%	822	-18%
Polypropylene	537	547	-2%	642	-16%
Ethylene & Other	0	7	-	0	-

3. Revenue and Pricing

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
Sales Volume by Product	**1,085**	**1,253**	**-13%**	**1,643**	**-34%**
Polyethylene	594	740	-20%	935	-36%
Polypropylene	491	506	-3%	708	-31%
Ethylene & Others	0	7	-	0	-
Polyethylene (US$/t)					
Average Sales Prices (1)	1,034	1,079	-4%	994	+4%
Average Premia (2)	196	224	-13%	202	-3%
Average Benchmark (3)	838	855	-2%	792	+6%
Polypropylene (US$/t)					
Average Sales Prices (1)	969	1,050	-8%	912	+6%
Average Premia (2)	107	154	-31%	118	-9%
Average Benchmark (3)	862	896	-4%	794	+9%

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
	$m	*$m*		*$m*	
Revenue by Product					
Polyethylene	678	859	-21%	991	-32%
Polypropylene	490	546	-10%	678	-28%
Ethylene & Others	7	14	-53%	6	+7%
Total Revenues	**1,175**	**1,420**	**-17%**	**1,676**	**-30%**

(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 Q1 2026, total sales volumes declined 13 percent YoY to 1,085 kt, reflecting a 20 percent decrease in PE volumes and a 3 percent decrease in PP volumes. The reduction in sales volumes was primarily driven by logistics disruptions following the closure of the Strait of Hormuz, which impacted shipments during March. Despite these regional developments, approximately 61% of March production was successfully routed through alternative logistics routes. Volumes that could not be shipped were placed into storage and are expected to be delivered to customers in Q2 2026.

Infrastructure solutions accounted for 39 percent of total sales volumes during the quarter. By region, Asia Pacific remained the Company’s largest market, representing 52 percent of total sales, down from 59 percent in the prior quarter. This was followed by the Middle East and Africa, which accounted for 39 percent of total sales, up from 32 percent in Q4 2025, primarily reflecting increased shipments via land freight into the region. On a quarter-on-quarter basis, total sales volumes declined 34 percent from the record-high sales levels achieved in Q4 2025.

Borouge achieved premia over benchmark prices of $196 per tonne for PE and $107 per tonne for PP. The PE premia was broadly in line with management’s through-the-cycle guidance of $200 per tonne, while PP premia were $33 per tonne below the guidance of $140 per tonne. This quality price premium reflects the Company’s strategic focus on differentiated products, geographic optimisation, and operational agility in navigating evolving global market conditions.

Blended average selling prices declined 6 percent year-on-year, with PE prices down 4 percent and PP prices down 8 percent. This reflected weaker underlying benchmark prices, with PE benchmarks declining 2 percent YoY and PP benchmarks down 4 percent.

On a quarter-on-quarter basis, blended average selling prices increased by 5 percent, with PE prices rising 4 percent and PP prices up 6 percent. Prices strengthened materially through March, with blended average selling prices increasing by approximately 62 percent compared to January and February, driven by a global supply shortage of polyolefins following the closure of the Strait of Hormuz. Pricing momentum has continued into April. Underlying benchmark prices also increased QoQ, with PE benchmarks up 6 percent and PP benchmarks rising 9 percent.

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

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
By Product Group					
Polyethylene	58%	60%		59%	
Polypropylene	42%	38%		40%	
Ethylene & Others	1%	1%		0%	
By End Market					
Consumer Solutions [(2)]	53%	55%		54%	
Infrastructure Solutions	44%	41%		43%	
Other [(3)]	3%	3%		3%	
By Geography					
Asia Pacific	53%	59%		59%	
Middle East & Africa	38%	31%		32%	
Rest of World	9%	9%		9%	
Ethylene & Others	1%	1%		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.

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

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
By Product Group					
Polyethylene	55%	59%		57%	
Polypropylene	45%	40%		43%	
Ethylene & Others	-	1%		-	
By End Market					
Consumer Solutions [2]	58%	59%		59%	
Infrastructure Solutions	39%	38%		39%	
Other [3]	2%	3%		2%	
By Geography					
Asia Pacific	52%	59%		59%	
Middle East & Africa	39%	31%		32%	
Rest of World	9%	9%		9%	
Ethylene & Others	-	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.

4. Costs

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
	$m	*$m*		*$m*	
Revenue	**1,175**	**1,420**	**-17%**	**1,676**	**-30%**
Cost of Sales (excl. D&A)	(670)	(712)	-6%	(927)	-28%
…Feedstock Costs	(370)	(343)	+8%	(384)	-4%
…Other Variable & Fixed Production Costs	(301)	(370)	-19%	(543)	-45%
…as % of revenue	57%	50%		55%	
General & Administrative Expenses (excl. D&A)	(44)	(59)	-26%	(42)	+3%
…as % of revenue	4%	4%		3%	
Selling & Distribution Expenses (excl. D&A)	(125)	(90)	+39%	(115)	+9%
…as % of revenue	11%	6%		7%	
Other Income & Expenses	6	6	+4%	9	-31%
Depreciation & Amortisation	(99)	(135)	-27%	(90)	+10%
Operating Profit	**244**	**430**	**-43%**	**510**	**-52%**
…as % of revenue	21%	30%		30%	

In Q1 2026, operating costs decreased by 9 percent YoY, primarily reflecting the 13 percent YoY decline in sales volumes during the period.

Cost of Sales (excluding depreciation and amortisation) decreased 6 percent YoY, broadly in line with lower sales volumes. The decrease was primarily driven by a 19 percent reduction in other variable and fixed production costs, partly offset by an 8 percent increase in feedstock costs, reflecting higher propylene feedstock prices. On a QoQ basis, cost of sales (excluding depreciation and amortisation) decreased 28 percent, mainly driven by a 45 percent reduction in other variable and fixed production costs, while sales volumes declined 34 percent over the same period.

General and Administrative expenses (excluding depreciation and amortisation) fell by 26 percent YoY but grew marginally by 3 percent on a QoQ basis. Selling and Distribution expenses (excluding depreciation and amortisation) increased by 39 percent YoY and 9 percent QoQ, mainly reflecting changes in sales volumes and higher freight costs in March 2026.

The Company's overall cost base remains well positioned, reflecting its focus on disciplined cost management and sustained efficiencies following the successful completion of the Value Enhancement Program in 2023, which delivered $607 million through a combination of revenue optimisation and cost reductions. Building on this foundation and following strong momentum in 2025, Borouge will continue to implement strict cost control measures and targeted revenue improvement initiatives in 2026.

5. Cash Generation

	Q1 2026	Q1 2025	YoY (%)	Q4 2025	QoQ (%)
	$m	*$m*		*$m*	
Profit for the Period	**156**	**281**	**-45%**	**330**	**-53%**
Income Tax Expense	54	113	-52%	133	-60%
Net Finance Cost	35	35	-1%	47	-25%
Depreciation of PPE	91	128	-29%	83	+11%
Depreciation of Right-of-Use Assets	1.0	0.9	+8%	0.9	+3%
Amortisation of Intangible Assets	6	6	+9%	6	-1%
Impairment Loss on PPE	-	-	-	0.4	-
Adjusted EBITDA [1]	**343**	**564**	**-39%**	**601**	**-43%**
Capital Expenditure [2]	48	41	+19%	98	-51%
Adjusted Operating Free Cash Flow [3]	**295**	**524**	**-44%**	**502**	**-41%**
Cash Conversion (%)	86%	93%		84%	

(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 Q1 decreased by 39 percent YoY to $343 million, representing a margin of 29 percent, reflecting lower sales volumes and higher feedstock and freight costs during the period. Adjusted operating free cash flow for the quarter was $295 million, down 44 percent YoY.

6. Current Trading & Outlook

Global polyolefin pricing was subdued during January and February 2026, before strengthening materially in March, with prices increasing by approximately 62 percent during the month of March [3], driven by a global supply shortage following the closure of the Strait of Hormuz, which disrupted regional and global shipping flows. Pricing momentum has continued into April, supported by tighter supply conditions. While market conditions are expected to remain dynamic, elevated pricing levels are anticipated to persist in the near term.

While operations were impacted by the incident on 5 April, the Company is targeting strong utilisation rates in the second half of the year to offset this impact, supported by operational flexibility and disciplined production management.

Management reiterates its through-the-cycle premia guidance of $200 per tonne for PE and $140 per tonne for PP, underpinned by the Company's differentiated product offering and strong, long-standing customer relationships. Borouge has activated alternative logistics routes to maintain the sales of its product to customers and remains well positioned to tactically allocate volumes to the highest-netback opportunities across its global customer base.

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

Borouge management guidance:

Metric	Management Guidance
Production	▪ **2026 polyolefins production targeting 105% utilisation[1]**
Borouge 4	▪ **Production expected to ramp up through 2026 as units are commissioned and brought online**
Through-the-cycle product premia guidance[2]	▪ **Polyethylene: c. $200/t premia** ▪ **Polypropylene: c. $140/t premia**
FY 2026 Dividend	▪ **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.
(3) March price increase measured as average order price received in the week of 25 to 31 March divided by the average realised sales price per tonne in February 2026.

7. Management Q1 2026 Earnings Call

Borouge management will host its Q1 2026 earnings call on 30th April 2026 at 12:00 pm UAE time. Webcast and call access details are provided below.

Webcast Link:
https://webcast.openbriefing.com/brg-q126/

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: 908028