

بروچہ
Borouge



BOROUGE PLC Q2 2025

Management Discussion & Analysis

Table of Contents

1. Summary of Operational and Financial Performance
2. Operational Review
3. Revenue and Pricing
4. Costs
5. Cash Generation
6. Current Trading and Outlook
7. Management Q2 2025 Earnings Call

1. Summary of Operational and Financial Performance

Borouge Plc (Borouge) reported second-quarter revenue of \$1,305 million, representing a year-on-year decrease of 13 percent, primarily due to lower production volumes available from the planned Borouge 3 Turnaround in the quarter. The Borouge 3 turnaround was successfully completed during the quarter, within budget and delivered eight days ahead of schedule. Overall production volumes and sales volumes in the second quarter were down 30 percent and 13 percent, respectively, on a year-on-year basis and blended average selling prices were down 3 percent over the same period. On a quarter-on-quarter basis, sales volumes were down by 9 percent and blended average selling prices declined by 1 percent.

Borouge achieved premia above the benchmark price in the second quarter of \$249 per tonne for PE and \$141 per tonne for PP, both above management's through-the-cycle guidance. Premia for PE increased 11 percent while premium for PP declined 8 percent, respectively, versus the previous quarter. On a year-on-year basis, premia above benchmark for PE and PP are up by 26 percent and 2 percent, respectively.

The company reported a Q2 adjusted EBITDA of \$440 million, down 28 percent on a year-on-year basis and an EBITDA margin of 34 percent in the second quarter. Total operating costs in the second quarter decreased by 2 percent on a year-on-year basis driven by lower volumes during the quarter. The company maintained a cash conversion of 71 percent during the quarter.

On a half yearly basis, the company reported a revenue of \$2,725 million, representing a decline of 3 percent versus the previous year. Adjusted EBITDA and net profit for the period declined by 15 percent and 18 percent respectively, versus the previous period. Borouge was able to maintain an EBITDA margin of 37 percent and a healthy cash conversion of 83 percent during the same period.

Net Debt stood at \$2,694 million as of 30 June 2025.

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Revenue	1,305	1,503	-13%	1,420	-8%	2,725	2,805	-3%
Cost of Sales	(866)	(873)	-1%	(846)	+2%	(1,711)	(1,603)	+7%
Gross Profit	439	630	-30%	574	-24%	1,013	1,202	-16%
General & Administrative Expenses	(42)	(56)	-25%	(61)	-31%	(103)	(107)	-4%
Selling & Distribution Expenses	(101)	(105)	-3%	(90)	+13%	(191)	(201)	-5%
Other Income & Expenses	6	7	-11%	6	-1%	12	11	+11%
Operating Profit	302	476	-37%	430	-30%	732	905	-19%
Profit for the Period	193	308	-37%	281	-31%	474	581	-18%
<i>Profit Margin (%)</i>	15%	20%		20%		17%	21%	
Total Comprehensive Income	195	309	-37%	277	-30%	475	587	-19%
EBITDA	442	613	-28%	565	-22%	1,006	1,181	-15%
Adjusted EBITDA	440	611	-28%	564	-22%	1,004	1,178	-15%
Adjusted EBITDA Margin (%)	34%	41%		40%		37%	42%	
Basic Earnings per Share (US\$)	0.01	0.01		0.01		0.02	0.02	
Diluted Earnings per Share (US\$)	0.01	0.01		0.01		0.02	0.02	
Net Debt	2,694	2,813	-4%	2,348	+15%	2,694	2,813	-4%

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

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
Total Sales Volume (kt)	1,137	1,311	-13%	1,252	-9%	2,390	2,447	-2%
Polyethylene	625	752	-17%	740	-16%	1,365	1,441	-5%
Polypropylene	507	559	-9%	506	+0.2%	1,012	1,006	+1%
Ethylene & Others	6	0	-	7	-7%	13	0	-
Average Selling Price (\$/t)	1,056	1,091	-3%	1,068	-1%	1,062	1,093	-3%
Polyethylene	1,081	1,113	-3%	1,079	+0.1%	1,080	1,117	-3%
Polypropylene	1,025	1,062	-3%	1,050	-2%	1,038	1,057	-2%
Product Premia (\$/t)								
Polyethylene	249	198	+26%	224	+11%	235	209	+12%
Polypropylene	141	138	+2%	154	-8%	148	149	-1%

2. Operational Review

In Q2, the company achieved utilization rates of 78% for PE and 74% for PP, despite 57% of total polyolefin production capacities being unavailable during the Borouge 3 Turnaround. On a half-year basis, Borouge delivered high utilization rates of 90% for PE and 86% for PP.

The Borouge 3 Turnaround was completed 8 days ahead of schedule, optimizing downtime by 15%, significantly boosting our overall ethylene and polyolefin production in Q2 2025. During the turnaround, all major maintenance activities were completed effectively, enabling the high performance of B3 assets for the next 6 years. Additionally, all major tie-in activities for key growth projects, including Borouge 4 and PE4/5 Revamps and 88 minor debottlenecking projects were executed, which will further improve Borouge's asset performance.

The Olefin Conversion Unit (OCU) was maintained at a high-capacity utilization rate. Ethylene is typically prioritised for use in maximising PE production with the additional quantities are sent to the OCU. Any excess ethylene can be sold in the market.

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
Production Capacity (kt)	1,242	1,242		1,242		2,483	2,483	
Polyethylene	686	686		686		1,371	1,371	
Polypropylene	556	556		556		1,112	1,112	
Utilisation Rate								
Polyethylene	78%	114%		101%		90%	110%	
Polypropylene	74%	103%		98%		86%	92%	

3. Revenue and Pricing

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
Sales Volume by Product	1,137	1,311	-13%	1,252	-9%	2,390	2,447	-2%
Polyethylene	625	752	-17%	740	-16%	1,365	1,441	-5%
Polypropylene	507	559	-9%	506	0%	1,012	1,006	+1%
Ethylene & Others	6	0	-	7	-7%	13	0	
Polyethylene (US\$/t)								
Average Sales Prices ⁽²⁾	1,081	1,113	-3%	1,079	0%	1,080	1,117	-3%
Premia ⁽³⁾	249	198	+26%	224	+11%	235	209	+12%
Benchmark ⁽¹⁾	832	915	-9%	855	-3%	845	908	-7%
Polypropylene (US\$/t)								
Average Sales Prices ⁽²⁾	1,025	1,062	-3%	1,050	-2%	1,038	1,057	-2%
Premia ⁽³⁾	141	138	+2%	154	-8%	148	149	-1%
Benchmark ⁽¹⁾	884	924	-4%	896	-1%	890	908	-2%

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Revenue by Product								
Polyethylene	754	888	-15%	859	-12%	1,613	1,698	-5%
Polypropylene	538	606	-11%	546	-2%	1,084	1,088	0%
Ethylene & Others	13	9	+42%	14	-8%	28	19	+47%
Total Revenues	1,305	1,502	-13%	1,420	-8%	2,725	2,805	-3%

(1) Benchmark prices represent HDPE Blow Molding NEA CFR for polyethylene and Raffia NEA CFR for polypropylene (as per CMA).

(2) Average sales prices are equal to revenue over sales volumes (including commissions).

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

During the quarter, total sales volumes were down by 13 percent on a year-on-year basis and down by 9 percent versus the previous quarter, with Inventory sales of approximately 140kt mitigating some of the lower production volumes in the quarter from the B3 planned Turnaround. Quarterly sales volumes from Polyethylene (PE) are down by 16 percent while sales volumes from PP are flat versus the previous quarter due to turnover-related activity. Sales volumes from infrastructure solutions contributed 41 percent to total sales volumes. Asia Pacific continues to be the region with highest sales with 57 percent of total sales volumes followed by Middle East and Africa at 34 percent.

Borouge achieved a premia over benchmark of \$249 per tonne for PE and \$141 per tonne for PP in the second quarter. Both are above management's through-the-cycle guidance of \$200 per tonne for PE and \$140 per tonne for PP. This is driven by the company's strategic focus on differentiated, durable products, geographic optimization, and agility in navigating market challenges.

In the second quarter, blended average prices were down 3 percent compared to the previous year and down by 1 percent on a quarter-on-quarter basis. Average selling prices for PE declined by 3 percent versus the previous year and remained flat on a quarter-on-quarter basis. Average selling prices for PP declined by 3 percent on year-on-year basis and declined by 2 percent on quarter-on-quarter basis. Product benchmarks for PE decreased by 9 percent and 3 percent respectively on year-on-year and quarterly basis. Benchmark prices for PE and PP also decline moderately by 3 percent and 1 percent,

respectively. Premia above benchmark for PE and PP improved significantly by 26 percent and 2 percent, respectively, versus the same period last year.

Borouge's commercial excellence has been instrumental in navigating market challenges and delivering excellent financial results for its shareholders.

On a half yearly basis, overall sales volumes are down by 2 percent, on a year-on-year basis. Sales volumes from PE are down by 5 percent while sales volumes from PP increased by 1 percent, versus the previous year. Average selling prices for PE and PP declined by 3 percent and 2 percent, respectively on a year-on-year basis. Decline in product benchmark prices were offset by healthy premia of \$235 per tonne for PE and \$148 per tonne for PP. The company continued to maintain a strategic focus on high value-add segments like infrastructure solutions that contributed 39 percent to total sales volume during the first half of the year.

Segmental revenue breakdown (includes polyolefins and olefins)

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
By Product Group								
Polyethylene	58%	59%		60%		59%	61%	
Polypropylene	41%	40%		38%		40%	39%	
Ethylene & Others	1%	1%		1%		1%	1%	
By End Market								
Consumer Solutions ⁽¹⁾	51%	53%		55%		53%	51%	
Infrastructure Solutions	45%	43%		41%		43%	45%	
Other ⁽²⁾	4%	3%		3%		4%	3%	
By Geography								
Asia Pacific	58%	65%		59%		59%	61%	
Middle East & Africa	33%	29%		31%		32%	31%	
Rest of World	8%	6%		9%		8%	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)

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
By Product Group								
Polyethylene	55%	57%		59%		57%	59%	
Polypropylene	45%	43%		40%		42%	41%	
Ethylene & Others	1%	0%		1%		1%	0%	
By End Market								
Consumer Solutions ⁽¹⁾	56%	57%		59%		58%	55%	
Infrastructure Solutions	41%	41%		38%		39%	43%	
Other ⁽²⁾	3%	2%		3%		3%	2%	
By Geography								
Asia Pacific	57%	66%		59%		58%	62%	
Middle East & Africa	34%	28%		31%		33%	31%	
Rest of World	8%	6%		9%		9%	7%	
Ethylene & Others	1%	0%		1%		1%	0%	

(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

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Revenue	1,305	1,503	-13%	1,420	-8%	2,725	2,805	-3%
Cost of Sales (excl. D&A)	(728)	(739)	-2%	(712)	+2%	(1,441)	(1,334)	+8%
...Feedback Costs	(230)	(339)	-32%	(343)	-33%	(572)	(591)	-3%
...Other Variable & Fixed Production Costs	(499)	(400)	+25%	(370)	+35%	(869)	(743)	+17%
...as % of revenue	56%	49%		50%		53%	48%	
General & Administrative Expenses (excl. D&A)	(40)	(54)	-25%	(59)	-32%	(99)	(103)	-4%
...as % of revenue	3%	4%		4%		4%	4%	
Selling & Distribution Expenses	(101)	(105)	-3%	(90)	+13%	(191)	(201)	-5%
...as % of revenue	8%	7%		6%		7%	7%	
Other Income & Expenses	6	7	-11%	6	-1%	12	11	+11%
Depreciation & Amortisation	(140)	(136)	-2%	(135)	+4%	(274)	(273)	-0.4%
Operating Profit	302	476	-37%	430	-30%	732	905	-19%
...as % of revenue	23%	32%		30%		27%	32%	

During the second quarter, overall operating costs decreased 2 percent on a year-on-year basis mostly due to lower volumes during the quarter.

Cost of sales (excluding depreciation and amortisation) decreased by 2 percent compared to the same period last year. This decrease was supported by a 32 percent decline in feedstock cost for the period offset by an increase of 25 percent in other variable and fixed production costs primarily due to inventory impact in the quarter. On a quarter-on-quarter basis, cost of sales (excluding depreciation and amortisation) increased by 2 percent.

General and administrative expenses (excluding depreciation and amortization) are down both year-on-year and on a quarterly basis by 25 percent and 32 percent respectively. Selling and distribution expenses decreased on a year-on-year basis by 3 percent.

On a half yearly basis, cost of sales (excluding depreciation and amortization) increased by 8 percent, driven by higher other variable and fixed production costs during the period. Both general and administrative expenses and selling and distribution expenses were down by 4 percent and 5 percent, respectively versus the previous 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

	Q2 2025	Q2 2024	YoY (%)	Q1 2025	QoQ (%)	H1 2025	H1 2024	YoY (%)
	\$m	\$m		\$m		\$m	\$m	
Profit for the Period	193	308	-37%	281	-31%	474	581	-18%
Income Tax Expense	73	123	-41%	113	-36%	186	235	-21%
Net Finance Cost	35	45	-22%	35	+0.1%	69	88	-22%
Realised Gain/Loss	0.8	0.7	+24%	0.7	+23%	2	1	+55%
Unrealised gain/Loss	0.6	-0.07	n.m	0.04	n.m	0.6	-0.01	n.m
Depreciation of PPE	133	129	+3%	128	+4%	262	260	+1%
Depreciation of Right-of-Use Assets	0.9	1.2	-28%	0.9	-1%	2	2.4	-27%
Amortisation of Intangible Assets	5	6	-4%	6	-8%	11	11	+1%
Impairment Loss on PPE	-	1.5	n.m	-	-	-	2.1	n.m
Adjusted EBITDA ⁽¹⁾	440	611	-28%	564	-22%	1,004	1,178	-15%
EBITDA	442	613	-28%	564	-22%	1,006	1,181	-15%
Capital Expenditure ⁽²⁾	130	33	+296%	41	+218%	170	48	+256%
Adjusted Operating Free Cash Flow ⁽³⁾	311	579	-46%	523	-41%	834	1,130	-26%
Cash Conversion (%)	71%	95%		93%		83%	96%	

(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 the second quarter decreased by 28 percent on a year-on-year basis to \$440 million, representing a margin of 34 percent. Adjusted operating free cash flow in the second quarter of \$311 million, a decrease of 46 percent versus the same quarter last year.

On a half yearly basis, Borouge maintained a healthy cash conservation of 83 percent despite the higher capex recorded during the second quarter relating to the Borouge 3 Turnaround.

6. Current Trading & Outlook

Expectations of a stable macro environment in Borouge core markets, with the company well positioned to tactically allocate volumes to the highest netbacks. Borouge remains committed to focus on innovation and strives to generate at least 20 percent of annual sales volumes from new products. Management reiterates its over-the-cycle premia guidance of \$200 per tonne for PE and \$140 per tonne for PP.

In the second half of the year, the company is expected to maintain its resilient operational and commercial performance while delivering high utilisation rates and optimizing sales volumes.

For FY2025, management intends to pay a total cash dividend of 16.2 fils per share, with the interim dividend for the first half of FY2025 of 8.1 fils per share expected to be paid in September, subject to approval by the shareholders at the General Assembly Meeting to be held on August 29th.

Borouge management guidance summarised below:

Metric	Management Guidance
Over-the-cycle product premia guidance⁽¹⁾	<ul style="list-style-type: none"> ▪ Polyethylene: ~\$200 / tonne premia ▪ Polypropylene: ~\$140 / tonne 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 Q2 2025 Earnings Call

Borouge management will host its Q2 2025 earnings call on 31st July 2025 at 12:00 pm UAE time. Webcast and call access details are provided below.

Webcast Link:

<https://webcast.openbriefing.com/brg-q2-25/>

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): +44 800 358 1035

United States (Local): +1 646 664 1960

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

[Global Dial-In Numbers](#)

Access Code: 631623