# **OCI** Q3 and 9M 2022 Results Presentation

3 November 2022



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### **Safety First: Commitment to Zero Injuries**

OCI is committed to providing a safe and healthy workplace for all employees and stakeholders by implementing the highest international safety standards to avoid any potential risks to people, communities, assets or the environment



#### Target zero injuries at all facilities

- Goal to achieve leadership in safety and health standards by fostering culture of zero injuries at all production facilities
- 12-month rolling recordable incident rate at the end of September 2022 was 0.36 incidents per 200,000 manhours

### **OCI N.V. Overview**



### Highlights



Adjusted EBITDA of \$962 million in Q3 2022 (+92%) and \$4.3 billion LTM. Net debt declined \$377 million to \$331 million as of 30 September 2022. **Trailing net debt / adjusted EBITDA** was 0.08x as of 30 September 2022



IFCo achieved 56% growth in own-produced DEF sales (663kt) and a total of 992kt including third-party sales through its N-7 joint venture during the first 9 months of 2022



**Capital returns:** OCI plans to distribute a semi-annual cash return to shareholders of €3.5/share (or c.\$730 million at current FX rates, including a \$200 million base) with respect to the period H2 2022, payable in April 2023. This follows total cash distributions of €5.0 per share during calendar 2022



Favourable farm economics and low global grain stocks, combined with tight supply dynamics, provide support for nitrogen selling prices to remain above historical averages



New 1.1 mtpa blue ammonia plant in Texas is well underway with preliminary site preparation work to be completed before year-end, with ground breaking in December



# Market cap growth largely reflection of net debt reduction despite much improved outlook

De-risked balance sheet and positioned for growth



#### **Capital Allocation Priorities**

Low net leverage combined with significantly improved market backdrop offers number of opportunities

- Net debt has declined from \$4.0 billion in Q1
   2020 to \$0.3 billion at end Q3 2022, offering:
  - De-risked balance sheet
  - Flexibility to return capital to shareholders
  - Flexibility to invest in growth opportunities

Cash distributions to shareholders c.\$1.1 billion during 2022:

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- ✓ €1.45 / share in June 2022
- ✓ €3.55 / share in October 2022
- Implied dividend yield c.13%

### **Texas Blue Ammonia Project**

Construction of New World-Scale Hydrogen-Based Blue Ammonia Facility in Texas Underway with Ground Breaking in December 2022







- Recently announced a 1.1 mtpa blue ammonia plant in
   Texas, with infrastructure to double capacity to 2.2 mtpa
- Project is well underway with the EP contract awarded in March 2022 and long-lead equipment ordered, preliminary site preparation work is expected to be completed before the end of the year
  - Ground breaking in December 2022
- Optimal location in Texas adjacent to OCI's existing facilities in Beaumont, with easy access to both the US and export markets to serve significant expected demand for clean ammonia
- Complementary to OCI's European Rotterdam ammonia throughput expansion to provide the full value chain with blue ammonia, to be delivered to customers in the future using new ammonia-fueled vessels ensuring a minimal carbon footprint

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### Q3 2022 Results

during calendar 2022

Summary	Key Financials <sup>1</sup> and KPIs								
	\$ million unless otherwise stated	Q3 '22	Q3 '21	%Δ	9M '22	9M '21	% <b>/</b>		
	Revenue	2,330.4	1,537.3	<b>52%</b>	7,515.9	4,119.8	82%		
Own-produced sales volumes sold in Q3 '22 vs. Q3 '21:	Gross profit	871.3	272.7	220%	2,904.2	1,017.7	185%		
Nitrogen volumes increased 3% compared to O3 2021	Gross profit margin	37.4%	17.7%		38.6%	24.7%			
	Adjusted EBITDA <sup>2</sup>	961.8	500.6	92%	3,221.8	1,487.8	117%		
Methanol volumes increased 3% compared to Q3 2021	EBITDA	944.5	521.4	81%	3,109.4	1,454.9	114%		
Third party traded volumes were 20% higher in O2 (22 vs O2 /21	EBITDA margin	40.5%	33.9%		41.4%	35.3%			
Third party traded volumes were 50% nigher in QS 22 vs QS 21	Adjusted net profit attributable to shareholders <sup>2</sup>	257.1	56.9	352%	1,138.8	284.4	300%		
	Reported net profit attributable to shareholders	316.4	30.8	927%	1,202.8	275.7	336%		
	Earnings per share (\$)								
	Basic earnings per share	1.503	0.147	922%	5.721	1.314	335%		
Summary of O3 2022 performance:	Diluted earnings per share	1.495	0.146	924%	5.689	1.306	336%		
	Adjusted earnings per share <sup>2)</sup>	1.223	0.271	351%	5.417	1.355	300%		
Revenues +52% and Adjusted EBITDA +92% in Q3 2022 y-o-y	Capital expenditure	123 7	76.0	63%	249.2	163.6	52%		
> Adjusted net income of \$257 million in O3 2022, compared to a net income of \$55	Of which: Maintenance Capital Expenditure	72.9	64.6	13%	162.2	150.0	8%		
million in Q3 2021	Free cash flow <sup>2, 3</sup>	392.3	81.9	379%	1,930.0	805.2	140%		
OCI generated free cash flow of \$392 million during O3 2022 and \$1.9 billion		30-Sep-22	31-Dec-21	%Δ					
during 9M 2022	Total Assets	10,728.0	9,811.6	9%					
	Gross Interest-Bearing Debt	2,711.3	3,800.8	(29%)					
Net debt declined by \$377 million during Q3 to \$331 million as of 30 September	Net Debt	330.7	2,220.5	(85%)					
2022 after distributions to minorities of \$368 million, or consolidated net leverage									
of 0.08x based on an LTM adjusted EBITDA of \$4.3 billion. OCI distributed cash to		Q3 '22	Q3 '21	%Δ	9M '22	9M '21	% <i>L</i>		
shareholders of £3.55 / share (c \$765 million) in October	Sales volumes ('000 metric tons)								
	OCI Product Sold <sup>4</sup>	2,595.1	2,528.8	3%	8,245.1	8,737.4	(6%)		
➢ OCI plans to distribute a semi-annual cash return to shareholders of €3.5 per	Third Party Traded	1,140.5	879.8	30%	2,895.1	2,222.5	30%		
share (c.\$730 million, including a \$200 million base) with respect to the period H2	Total Product Volumes	3,735.6	3,408.6	10%	11,140.2	10,959.9	2%		
2022, payable in April 2023. This follows total cash distributions of €5.0 per share	(1) Unaudited.								

(2) OCI presents certain financial measures when discussing OCI's performance, that are not measures of financial performance under IFRS. These non-IFRS measures of financial performance (also known as non-GAAP or alternative performance measures) are presented because management considers them important supplemental measures of OCI's performance and believes that similar measures are widely used in the industry in which OCI operates.
 (3) Free cash flow is an APM that is calculated as cash from operations less maintenance capital expenditures less distributions to non-controlling interests plus dividends from equity accounted investees, and before growth capital expenditures and lease payments.

(4) Fully consolidated, not adjusted for OCI proportionate ownership stake in plants, except OCI's 50% share of Natgasoline volumes.

### OCI records 38% growth in DEF volumes in 9M 2022

### **Attractive Fundamental Drivers for DEF Demand**

- Diesel Exhaust Fluid (DEF) is a combination of 32.5% urea and 67.5% de-ionized water. DEF is used in Selective Catalytic Reduction engines (SCR) to reduce NOx and particulate emissions from diesel combustion
- DEF has demonstrated a **~5% improvement in fuel economy** and uses diesel fuel more efficiently, contributing to a reduction in overall GHG emissions
- Electric power trains and heavy-duty trucks have been largely unsuccessful in challenging diesel in heavy segments due to poor power-to weight ratios leaving few near-term alternatives to DEF for emissions abatement in truck and rail
- Growth driven by regulations in the US and EU requiring **replacement of older non-SCR**equipped vehicles, and increased dosing rates in newer generation diesel engines

#### Historic and Forecast Global DEF Consumption, Million Metric DEF Tons



### DEF is one of OCI's fastest-growing products

- **38% YoY growth in DEF volumes** achieved in 9M 2022 by N-7, a marketing JV with Dakota Gasification that also has the offtake for Dyno Nobel's products
- DEF now represents >40% of IFCo's sales volumes and IFCo is ideally positioned geographically to transport DEF to key customers and can produce over 1 million mtpa
- US DEF dynamics have significantly tightened in 2022, with high pricing and premiums compared to urea. We have also started decoupling DEF contract pricing from fertilizer linked NOLA urea pricing, as a result of which we can provide stable, reliable and consistent supply to our customers. The adjusted price mechanism, and our long-term gas hedging, should give our US nitrogen operations more stable returns going forward.
- OCI is also expanding its product offering in Europe and intends to start production of DEF (under the brand AdBlue<sup>®</sup>) at its nitrogen facilities in the Netherlands in Q1 2024
- In October 2022, OCI has started to market AdBlue in Europe given tight market fundamentals, with trial shipments from our facilities in Egypt.

#### DEF own produced and traded volumes 2017 – 9M 2022, Mt



### Q3 2022 Net Revenue up 52% and Adj. EBITDA up 92% YoY



### Adj. EBITDA (\$m) and Adj. EBITDA Margin (%)



**OCI** 

### Leading Position in Global Ammonia Markets and Flexible Business Model



Segment Consolidated Adj. EBITDA (\$m)

OCI benefits from its leading position in global ammonia markets and flexibility to replace locally produced ammonia with imported ammonia shipped from Fertiglobe and the US 

- Ammonia capacity in Europe running at reduced rates due to curtailments and shutdowns, methanol production in Europe shut down, but OCI operates downstream production of nitrates and melamine profitably with support from our imported ammonia
- ✓ Nitrogen Europe represents c.27% of consolidated revenues, but 7% of OCI's consolidated gas consumption in Q3 2022
- Flexibility ensures that the company can satisfy the demand of our agricultural and industrial customers in key European markets
- OCI helps reduce Europe's dependence on natural gas by importing ammonia to maximise downstream production

68%

Fertiglobe

US

Europe

### Q3 2022 Free Cash Flow and Net Debt Build-up

### Reconciliation of Q3 2022 Reported EBITDA to Free Cash Flow



#### Change in Net Debt from 30 June 2022 to 30 September 2022



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### Nitrogen Outlook Supported by Attractive Supply-Demand Dynamics

Supporting Strong Pricing Outlook For H2 2022 and Beyond as We Recover From a 5-year Downturn

	Bull Market Drivers Support Demand Driven Environment	Prior cycle (last 5-6 years)	Next cycle (starting in 2022)
	CROP PRICES SUPPORTIVE OF FARM ECONOMICS AND NITROGEN DEMAND Corn Futures >\$5/bushel and Wheat Futures >\$7/bushel supportive of affordability Grain stocks to use ratios at decade lows requiring at least until 2024 to replenish	30% corn stocks-to-use ratio \$3.7/bushel average corn price 2015 - 2019	26% 22/23 corn stocks-to-use ratio \$6.5/bushel corn futures 2022 - 2024
~~	GAS AND COAL PRICES RESET AT HIGH LEVELS Feedstock pricing has support to remain well above historical averages given tight supply fundamentals and limited Russian gas flows which cannot be made up with incremental LNG volumes given capacity and logistics bottlenecks	<b>\$5/MMBtu</b> TTF (Dutch natural gas hub)	\$35/MMBtu TTF to end of 2024 <sup>1</sup>
	TIGHTENING NITROGEN MARKET BALANCES New urea capacity is limited, faces delays and accelerating Chinese closures Structurally tighter merchant ammonia market with limited net capacity additions No new nitrates capacity additions tightening balances	<b>23mt</b> new urea capacity vs. <b>17mt</b> demand growth over 2015 - 2019	<b>11mt</b> new urea capacity vs. <b>16mt</b> demand growth over 2022 - 2026
л́ л́	<b>ENVIRONMENTAL FOCUS DRIVES SHIFT FROM GREY TO GREEN</b> Stricter mandates around environment regulations are barriers to enter this industry Global push to move towards $H_2$ economy adds <b>incremental low-carbon ammonia demand</b>	Wave of "grey" greenfield capacity additions in US, Europe, MENA	Limited new grey ammonia capacity from established producers and significant new ESG driven ammonia demand by 2025

**OCI** Source: Company Information, CRU, Industry consultants, Hydrogen Council. (1) Average TTF from November-22 to Dec-24

### Attractive Nitrogen Dynamics With Demand Expected To Exceed Capacity Additions

#### Ex-China urea capacity additions slow relative to 2015-19, Mt



- Demand growth expected to exceed supply growth, new supply subject to delays and utilization rates expected to be slow to ramp up, limiting the impact on the traded market
- Significant reversal in market dynamics from over-supply in the last down cycle (2015 2019) of 5.6 million Mt to a deficit of c.6 million Mt from 2022 2026
- 11 million Mt new capacity additions 2022 2026 includes 3.6 million Mt of capacity in Russia at risk of delays and 4 million Mt of capacity that has commissioned in 2022
- Increased focus on the environment is a barrier to enter this industry, limiting "grey" capacity additions in the US, EU, China and elsewhere
- ✓ Good visibility on supply given 4-6 years lead time to build a greenfield plant

#### Merchant ammonia market structurally tightening

Global ammonia net capacity additions and demand growth, ex-China ex-urea, Mt



- Structural tightening in ammonia with limited net capacity additions more than offset by higher demand growth, resulting in a supply deficit of 5 million Mt from 2023 – 2026 compared to a net surplus of 7.5 million Mt in 2015 – 2019, providing a strong market backdrop for forward ammonia pricing above high marginal cost floors
- Downside risks being monitored given the volatile macro economic environment and high energy complex's impact on industrial production and ammonia demand, but this should be partially offset by lower supply from Russia and Europe
- Further upside for ammonia from the expected incremental demand for clean ammonia in new applications across a range of sectors including marine fuel and power, and as a hydrogen carrier

### **Higher Costs for Marginal Producers Supportive of Nitrogen Prices**



- Surge in gas prices has been driven by limited Russian gas flows, lower than average storage levels in Europe and higher global demand for gas resulting in highly volatile gas markets
  - TTF futures point towards gas prices of c.\$38/MMBtu for 2023 and c.\$30/MMBtu in 2024/2025, compared to \$5/MMBtu in 2015 2019
  - Gas prices expected to remain volatile, and pricing has support to remain well above historical averages given lower Russian gas into Europe, reduced US LNG short-term exports and tight coal and power markets
  - 2023 on avg. expected to have higher feedstock prices than 2022 factoring in no Russian gas for full year, LNG import and export logistics and capacity bottlenecks and need to price above Asia. This doesn't factor (1) Potential colder-than-average weather, (2) lower LNG imports if Asia has a cold spike / Chinese economy rebounds (3) extended Freeport outage
  - Some downside risk from weather and EU government intervention to cap pricing in the short-term, but this will incentivize power consumption and hence demand which combined with low storage levels expected to keep EU gas prices elevated to end 2023/24 winter
  - Europe is the marginal nitrogen producer 19 Mt of European ammonia capacity, 10 Mt of urea and 34 Mt of nitrates capacity at risk of being permanently shut if pricing remains below costs for a sustained period
- Higher marginal costs have steepened the global cost curves and provide support for nitrogen and methanol pricing into 2023 and beyond

Source: Bloomberg, CCTD, CRU, OCI, Gas futures as of 02 November 2022. (1) Cash costs includes feedstock costs, and variable costs such as labour, SG&A, power. It does not include debt servicing or maintenance capex.(2) Average North American production assumed to be 37.2 MMBtu per ton of ammonia for feedstock; Average European production assumed at 37.8 MMBtu per ton of ammonia for feedstock; Average Ukrainian production assumed at 38 MMBtu per ton of ammonia for feedstock; Chinese production assumed to be 1.12 tons of coal for feedstock.

### Methanol Market Fundamentals Are Supportive, with Significant Long-term Upside

#### Methanol spot and contract prices Methanol supply & demand balance tightening Methanol contract and spot US prices, USD per metric ton Methanol capacity vs. demand growth, Million Mt — USGC Contract --- US Gulf Coast Contract L10Y Average Demand expected to exceed supply after a 700 - USGC Spot --- US Gulf Coast Spot L10Y Average prolonged period of under investment, further tightening the market 600 500 23 21 400 18 13 300 200 100 2018-2020 2021 2022E-2027E Additional Capacity Additional Demand 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

Methanol pricing has been range bound but fundamentals remain healthy with good downstream demand from a diversified customer base and high crude and coal providing price floor support

- In the US, the contract price for November 2022 settled at \$584/t, at the same level as in September and October 2022
- Operating rates for major derivatives segments (MTBE, formaldehyde, acetic acid) are reported to be at healthy rates in the US and Europe
- Near to medium term demand growth: Coastal inventories in China are near record low as they head into the seasonally tighter winter months, and MTO demand has been resilient through a challenged global olefin market, maintain operating rates > 75%. Downside risks being monitored given the volatile macro economic environment and high European energy complex's impact on industrial production, but this should be partially offset by higher demand for gasoline blending
- Strong visibility on medium term pricing environment with incremental demand expected to exceed new supply by ~5mtpa through 2027
- Robust long term demand growth for methanol from driven by growth in existing applications, with significant upside demand potential from the hydrogen transition, notably for road and accelerating adoption into marine fuels

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## **Reconciliation of adjusted EBITDA and adjusted net income**

#### **Reconciliation of Reported Operating Income to Adjusted EBITDA**

\$ million	Q3 '22	Q3 '21	9M '22	9M '21	Comment
Operating profit as reported	803.2	205.2	2,675.6	828.1	
Depreciation, amortization and impairment	141.3	316.2	433.8	626.8	
EBITDA	944.5	521.4	3,109.4	1,454.9	
APM adjustments for:					
Natgasoline	24.8	9.2	100.9	74.0	OCI's share of Natgasoline EBITDA
Unrealized result natural gas hedging	(26.8)	(20.6)	(19.5)	(30.5)	(Gain) / loss at OCIB, IFCo and OCI NV
Unrealized result EUA derivatives	21.5	(12.1)	19.6	(12.1)	(Gain) / loss at OCIN and OCI NV
Provisions & other	(2.2)	2.7	11.4	1.5	
Total APM adjustments at EBITDA level	17.3	(20.8)	112.4	32.9	
Adjusted EBITDA	961.8	500.6	3,221.8	1,487.8	

#### Reconciliation of Reported Net Income to Adjusted Net Income

\$ million	Q3 '22	Q3 '21	9M '22	9M '21	Adjustment in P&L
Reported net profit attributable to shareholders	316.4	30.8	1,202.8	275.7	
Adjustments for:					
Adjustments at EBITDA level	17.3	(20.8)	112.4	32.9	
Add back: Natgasoline EBITDA adjustment	(24.8)	(9.3)	(100.9)	(74.0)	
Result from associate—		(41.0)		(04.0)	Finance income / evenence
unrealized gas hedging (gain)/loss Natgasoline	(6.2)	(41.2)	(37.6)	(64.3)	Finance income / expense
Forex (gain) / loss on USD exposure	(8.6)	7.6	(95.2)	3.2	Finance income / expense
Expenses related to refinancing	-	0.7	66.1	12.8	Finance expense
NCI adjustment	(34.1)	24.1	(6.9)	26.1	Minorities
Recognition of previously unused tax losses IFCo	-	(96.7)	-	(96.7)	
Accelerated depreciation and impairments of PP&E	0.4	161.5	12.9	170.7	Depreciation & impairment
Other adjustments	(22.5)	-	(26.9)	-	Finance income / expense
Tax effect of adjustments	19.2	0.2	12.1	(2.0)	Income tax
Total APM adjustments at net profit level	(59.3)	26.1	(64.0)	8.7	
Adjusted net profit attributable to shareholders	257.1	56.9	1,138.8	284.4	

## **Reconciliation of EBITDA to free cash flow and change in net debt**

\$ million	Q3 '22	Q3 '21	9M '22	9M '21
EBITDA	944.5	521.4	3,109.4	1,454.9
Working capital	(96.8)	(98.7)	(246.7)	(61.7)
Maintenance capital expenditure	(72.9)	(64.6)	(162.2)	(150.0)
Tax paid	(39.0)	(29.6)	(178.5)	(66.4)
Interest paid	(25.8)	(10.1)	(93.5)	(119.8)
Lease payments	(12.2)	(12.4)	(36.0)	(34.3)
Dividends from equity accounted investees	0.4	-	1.8	2.6
Dividends paid to non-controlling interest and withholding tax	(383.3)	(237.4)	(700.1)	(271.1)
Other	77.4	13.3	235.8	51.0
Free Cash Flow	392.3	81.9	1,930.0	805.2
Reconciliation to change in net debt:				
Growth capital expenditure	(50.8)	(11.6)	(87.0)	(13.8)
Methanol Group 15% sale (net)	-	-	373.7	-
Other non-operating items	4.3	(86.2)	17.0	(104.6)
Net effect of movement in exchange rates on net debt	33.8	7.7	52.8	22.7
Debt redemption cost	-	(0.7)	(66.1)	(12.8)
Other non-cash items	(0.1)	(3.4)	(8.0)	(12.3)
OCI dividend paid to shareholders and withholding tax	(2.2)	-	(322.6)	-
Net Cash Flow (Increase) / Decrease in Net Debt	377.3	(12.3)	1,889.8	684.4

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Market Outlook

### Nitrogen Fertilizer Pricing Supported by Demand-Driven Environment

# Strong support for nitrogen prices to reset above mid-cycle levels, given low global crop inventories, strong farm economics and higher marginal costs

Urea, Ammonia, CAN and UAN Prices (Monthly Averages, 2011 - Q4 20221), \$/t



### **Agricultural Fundamentals Supports Robust Nitrogen Demand at Least Until 2024**

## Crop prices supported by stocks : use ratio at 10 year lows, requiring at least until 2024 to replenish



#### Medium-term crop prices supported and incentive to plant corn

#### US Corn and wheat prices, \$ / bushel



# Tight grain stocks for corn and wheat at further risk given dry weather and supportive of demand to rebuild stocks



#### US farmers incentivised to plant nitrogen intensive corn over soybeans





### **High Farm Incomes Supportive Of Demand**

Farm operating margins (revenue above operating costs), USD/ha



Higher crop futures reflective of tight market conditions Higher profitability: Higher farm revenues exceed higher fertilizer and operating costs Incentivised increased planted acreage of all crops and nitrogen demand to maximise yields <u>until 2024</u> Supportive farm incomes in 22/23 :

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Farm margins are attractive in grain exporting regions as input costs have been offset by higher crop prices, incentivising farmers to plant more acres across all crops. High forward grain prices is supportive of sustaining farm incomes and strong demand until at least 2024.

# Inelastic nitrogen demand compared to other fertilizers :

Farmers cannot cut nitrogen application by >10% without realising an immediate loss in yields as evidenced in the 21/22 season with limited demand destruction in grain exporting countries

US season nitrogen demand down 4% due to bad weather and EU 5% due to limited availability. Additional upside with switching to more nitrogen use in India

Farmers locking in input costs:

Farmers in US, Europe and Brazil are **hedging their operating margins, by selling forward their new crop at high forward grain pricing. At the same time, they are buying nitrogen** to lock in margins, supportive of demand and pricing

### Lower Chinese Exports And Robust Indian Imports Supportive Of Nitrogen Prices

- Chinese market balances supported by:
  - Government measures to curb exports until at least H2
     2023 and prioritise domestic supply including mandatory stocking requirements. This is expected to cap 2022 exports to ~ 2 Mt
  - High domestic crop prices and government emphasizing food security is supportive of crop expansion and robust fertilizer demand in 2022 and 2023
  - Permanent capacity closures due to environmental regulations and curtailments over winter-heating season contributing to lower exports in 2022 and beyond
  - Medium-term exports expected to fall to ~3 mt given environmental policy impacts and prioritization of energy for domestic consumption
- Despite the commissioning of three world-scale plants in India over 2017-2021, domestic production has been relatively flat and decreased c.600 kt in 2021. Further, as evidenced in 2022, new production is partly offset by lower production from older, more inefficient plants
- Capacity additions in India are subject to delays and not expected to commission in line with published government timelines, supporting imports.
- Short-term, India is expected to issue two follow-up tenders before March to replenish inventories and fulfil Rabi season requirements. Demand for Indian wheat and good monsoons, supportive of robust demand into H1 2023.
- Further upside for Indian import demand in 2023 given growth in crop area and nutrient based subsidies favoring urea expected to result in increased substitution from P&K

**Chinese Exports Curtailed on Domestic Demand and Closures** 

China urea exports, Mt



Indian Supply Has Remained Flat Despite New Capacity Commissioning and Robust Demand Supportive of Imports India imports, Mt



### **Methanol Uniquely Positioned as Alternative Fuel in Energy Mix**

- Methanol is positioned as an economically advantageous fuel compared to alternatives
  - Crude oil futures point towards oil prices of \$85+/bbl for 2023 and oil pricing is expected to remain volatile, supporting methanol into gasoline blending
  - High LNG prices support utilization of methanol for fuel and energy applications.
     Interest for methanol blending into gasoline has appeared in South America. Similar uptake of methanol should happen in Europe, as methanol is significantly discounted compared to gasoline.
  - Methanol burns more cleanly as a fuel and has low SOx emissions paving the way for low carbon methanol uptake and this provides additional opportunities for OCI as a global leader in bio-methanol production

#### **Energy and Gasoline Applications supported in Asia**

Product pricing, converted to HHV, \$/MMBtu



#### **Gasoline Blending Supported in the Americas**

*Product pricing, converted to HHV, \$/MMBtu* 



#### Fuel Use and Gasoline Blending Supported in Europe

Product pricing, converted to HHV, \$/MMBtu



### Significant Incremental Ammonia Demand From New Clean Energy Applications

### Clean Hydrogen is strongly positioned to lead the world's energy transition, and ammonia is the key enabler

- Clean hydrogen use in energy applications will be a major contributor to emission reduction across industries where abatement is difficult (e.g. power and shipping)
- Ammonia is one of the most efficient ways to transport and store clean hydrogen, as hydrogen is difficult to store and transport due to low boiling temperature (-252 C)
- On the back of this transition, several new applications are emerging which individually would create an end market multiple times as large as the current ammonia merchant
- Incremental demand for clean ammonia is expected to tighten the conventional market further as grey capacity is decarbonized to cater to the new clean ammonia demand



#### Blue/Green Ammonia to Make Up ~50% of Merchant Market vs Zero Today

Incremental blue / green ammonia demand, Mt

Appendix

OCI: Strategic Positioning

### Ammonia and methanol are versatile and have a diverse set of end applications

#### **Ammonia: End-Use Applications Examples**

Ammonia is primarily utilized in fertilizers, but also supports a diverse array of industrial applications. Nitrogen (ammoniated) fertilizers need to be applied every year unlike P & K.



#### **Methanol: End-Use Applications Examples**

With its diversity of applications – from paints and plastics, furniture and carpeting, car parts and windshield wash fluid – methanol is one of the world's most widely used industrial chemicals



### **Fertiglobe Gas Contracts Overview**

### Attractively Priced Fixed Gas Contracts Ensure Fertiglobe is Competitive Through the Nitrogen Cycle

	فرتيل Fertil		EBIC	SORFERT
Gas Supplier	ADNOC	GASCO <sup>(2)</sup>	EGPC <sup>(2)</sup>	Sonatrach
Contract Start Date	2019	2005 - 2006	2008	2013
Contract End Date	2044	2030 - 2031	2028	2033
Annual Contract Volume (m mmbtu)	56.0	33.5	24.0	60.7
Contract Pricing Mechanism (\$ / mmbtu)	Price determined in bi-lateral agreement: o \$3.5 in 2022 o Escalation of +3% p.a.	Price determined in bi-lateral agree o \$4 floor o <i>Cost escalation factors above ce</i>	ement: ertain product benchmark price levels	<ul> <li>Price is determined by national decree, with a contractual price stabilization until November 2023</li> <li>O USD 1.3/MMBtu in 2022 and increases annually by 5%. With additional profits paid to Sonatrach under Ecremage</li> <li>Following the expiry of the pricing stabilization mechanism, the price of natural gas will be determined in accordance with applicable regulation. Regulation provides that the sale price of natural gas will be freely negotiated with Sonatrach</li> </ul>
Gas Supplier Participation in FG Equity	<b>√</b> 36% of FG	ΝΑ	15% of EBIC	49% of Sorfert

**OCI** 

Source: Company Information Notes: (1) Different tenors refer to Line I and Line II (2) EGPC and GASCO are subsidiaries of EGAS the Egyptian national oil & gas company

### **Fertiglobe Profit Sharing Mechanisms – Sensitivity to Product Prices**

Fertiglobe Has Profit Sharing Mechanisms that Provide the Egyptian and Algerian Governments with Greater Income Participation as Product Pricing Increases<sup>(1)</sup>

Illustrative Impact of Product Prices on Reported EBITDA at Fertiglobe										
	Fertiglobe			@ 2	021A + Sensitized F	Pricing				
	2021A	+\$100/t	+\$200/t	+\$300/t	+\$400/t	+\$500/t	+\$600/t	+\$700/t		
12M Avg Urea Benchmark Price (FOB Egypt, in \$ / t)	530	630	730	830	930	1,030	1,130	1,230		
12M Avg Ammonia Benchmark Price (FOB Black Sea, in \$ / t)	555	655	755	855	955	1,055	1,155	1,255		
<b>Gas Rates<sup>(2)</sup></b> (in \$ / mmbtu)	3.3	3.7	4.1	4.5	4.8	5.2	5.6	5.9		
Fertiglobe EBITDA Sensitivity		530	530 1,060		2,120	2,650	3,179	3,709		
Revenue vs. Cost Increase (in \$mn)		(135)	(275)	(416)	(557)	(698) ■ Additional cos	(839)	(980)		
Fertiglobe Reported EBITDA Impact	<b>\$1,551 m</b> (Fertiglobe reported 2021)	+\$395 m	+\$784 m	+\$1,173 m	+\$1,562 m	+\$1,951 m	+\$2,340 m	+\$2,729 m		

#### For a \$100/t increase above 2021 urea/ammonia prices, everything else equal, Fertiglobe reported EBITDA increases by ~\$350-400m

#### Source: Company Information

OC

Note: (1) Egypt: natural gas arrangements include cost escalation factors above certain product benchmark levels. Impact of higher gas pricing above \$4/mmbtu is significantly outweighed by the positive impact of higher revenue realized at such product pricing levels. Algeria: the partnership agreement with Sonatrach contains an incentive payment based on product prices driven formula, which is effectively a cost, compensating the Algerian state for Sorfert's competitive gas price. (2) Does not include take-or-pay costs and fixed costs

## Flexible production capabilities to maximize returns

Max. Proven Capacities <sup>1</sup> ('000 metric tons)												
							Total			Total		Total <sup>2</sup>
Plant	Country	Ammonia (Gross)	Ammonia (Net) <sup>3</sup>	Urea	UAN	CAN	Fertilizer	Melamine <sup>₄</sup>	DEF	Nitrogen	Methanol	OCI NV
Iowa Fertilizer Company⁵	USA	926	195	438	1,832	-	2,465	-	1,019	3,484	-	3,484
OCI Nitrogen <sup>5</sup>	Netherlands	1,196	350	-	730	1,560	2,640	219	-	2,859	-	2,859
Egyptian Fertilizers Company	Egypt	876	_	1,714	-	-	1,714	-	350	2,064	-	2,064
Egypt Basic Industries Corp.	Egypt	748	748	—	-	-	748	-	_	748	-	748
Sorfert Algérie	Algeria	1,606	803	1,259	-	-	2,062	-	_	2,062	-	2,062
Fertil	UAE	1,205	_	2,100	-	-	2,100	-	100	2,200	-	2,200
OCI Beaumont	USA	365	356	-	-	-	356	-	-	356	1,004	1,360
BioMCN	Netherlands	-	-	-	-	-	-	-	-	-	991	991
Natgasoline LLC	USA	-	-	-	-	-	-	-	-	-	1,807	1,807
Total MPC		6,922	2,452	5,511	2,562	1,560	12,085	219	1,469	13,773	3,802	17,575
Excluding 50% of Natgasoline		-	_	-	-	-	-	-	-	-	(904)	(904)
Total MPC with 50% of Natgasoline		6,922	2,452	5,511	2,562	1,560	12,085	219	1,469	13,773	2,898	16,671

<sup>1</sup> Capacities are maximum proven capacities (MPC) per line at 365 days. OCI Beaumont's capacity addition is an estimate of 2,853 tpd x 365 and BioMCN's M2 capacity is an estimate based on 1,250 tpd x 365 days; <sup>2</sup> Total capacity is not adjusted for OCI's ownership stakes or downstream product mix limitations (see below), except OCI's 50% stake in Natgasoline; <sup>3</sup> Net ammonia is estimated sellable capacity based on a certain product mix; <sup>4</sup> Melamine capacity split as 164 ktpa in Geleen and 55 ktpa in China. OCI Nitrogen owns 49% of a Chinese melamine producer, and exclusive right to off-take 90%; <sup>5</sup> OCI Nitrogen and IFCo each cannot achieve all downstream production simultaneously (i.e.: OCI Nitrogen cannot maximize production of UAN, urea and DEF simultaneously), and IFCo cannot maximize production of UAN, urea and DEF simultaneously



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