

Trading Update – Third Quarter 2017

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### OCI N.V. Trading Update<sup>1</sup>

#### Highlights

- Record sales volumes during Q3 2017, up 29% versus Q3 2016
- Iowa Fertilizer Company ammonia plant currently running above design capacity
- Egypt ammonia plant running above 90% utilization since resumption of exports in July 2017
- Continued shutdown of one ammonia line in Algeria, business interruption expected to be covered by insurance
- Nitrogen fertilizer prices at trough conditions during the quarter
- Net debt stood at \$4.45 billion as of 30 September 2017, at approximately the same level as at 30 June 2017
- Natgasoline 92.2% complete as at 30 September 2017, first production expected in March 2018
- BioMCN refurbishment of second production line progressing, on track for commissioning in Q4 2018

#### Operational Performance

Own-produced fertilizer and chemical volumes increased by 28.6% in the third quarter of 2017 to a record level of 2.0 million metric tons compared to 1.5 million metric tons the same period last year, driven by significantly higher urea ammonium nitrate (UAN) and urea volumes. Own-produced volumes also increased 18.7% compared to the second quarter of 2017.

OCI's recently started new greenfield facility Iowa Fertilizer Company (IFCo) in the United States ramped up production during the quarter. Ammonia production reached design capacity in September and has achieved levels of almost 110% since then. The UAN, urea and diesel exhaust fluid (DEF) downstream units have also exceeded design capacity and currently operate at varying levels of utilization depending on market supply and demand. IFCo's ultimate product mix is adjusted to maximize netbacks and profits, based on which product provides the greatest margin.

As a result, OCI expects the fourth quarter to be IFCo's first full quarter of operations. The plant will produce up to 2 million metric tons of both nitrogen fertilizer products and DEF annually, marking an increase of 30% in OCI's global production capacity.

#### *Performance of the Fertilizer Segment*

During the third quarter of 2017, the fertilizer segment ramped up production significantly with the start-up of IFCo and the return to utilization levels in excess of 90% of OCI's ammonia facility in Egypt (EBIC) since regaining access to its export jetty in July 2017. Total own-produced fertilizer volumes improved 33.8% during the third quarter of 2017 compared to the same quarter last year.

OCI's total ammonia volumes increased by 7.5% during the third quarter of 2017 compared to the same period last year. Higher ammonia volumes from IFCo and EBIC were partly offset by lower volumes from Sorfert in Algeria.

One of Sorfert's ammonia production lines has been shut down for maintenance and repairs since 30<sup>th</sup> April 2017, and is expected to restart in December. The loss of revenue resulting from the shutdown is expected to be covered by insurance (less 45 days deductibles).

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<sup>1</sup> Quarterly figures are based on unaudited results

Urea volumes increased 53.3% in the third quarter of 2017 compared to the same quarter last year as a result of on average higher utilization at OCI's facilities in North Africa.

In the third quarter of 2016, Sorfert was shut down from the end of July to the beginning of September for a planned turnaround and Egyptian Fertilizers Company (EFC) was still subjected to gas curtailments, which have since been resolved through major gas finds by global oil & gas majors.

Urea volumes increased despite a maintenance turnaround at EFC in July and August 2017, which was timed to coincide with a seasonal slowdown in demand. Since the turnaround, EFC has been running at 100% utilization.

Nitrates volumes increased by 39.1% during the third quarter of 2017 compared to the same period last year, the result of the first-time contribution of UAN volumes from IFCo and supported by steady calcium ammonium nitrate (CAN) sales volumes in Europe.

Fertilizer selling prices in the third quarter of 2017 were mixed. Urea prices were at low levels during most of the quarter, but on average higher than the same quarter last year. Urea prices rebounded by more than \$100 per metric ton during September. Ammonia prices were down significantly, both compared to the third quarter last year and the second quarter this year. Nitrate prices improved compared to the third quarter of 2016.

### *Performance of the Industrial Chemicals Segment*

OCI's industrial chemicals portfolio performed well during the quarter, with an increase of 9.7% in own-produced volumes and an increase in selling prices for both methanol and melamine compared to the third quarter of 2016.

Methanol volumes improved 11.0% due to high capacity utilization at OCI Beaumont in the United States and a strong increase in volumes at BioMCN in the Netherlands. Following repairs to the methanol unit in May 2017, OCI Beaumont has been running consistently at rates above nameplate capacity, except for a few days shutdown during the recent storms in Texas, and on average at higher levels than before the downtime in the second quarter. In the third quarter of 2017, methanol prices in both the United States and Europe increased significantly compared to the same quarter last year.

Melamine sales volumes in the third quarter of 2017 were at the same level as in the same period last year. Melamine prices remained firm. The quarterly European contract price increased by €40 per ton compared to the second quarter of 2017 and is €150 higher than in the third quarter of 2016. This business continues to be a healthy source of diversification for OCI's Dutch operations.

### **Financial Highlights**

Consolidated third quarter 2017 revenue was higher than in the same period last year, driven by the higher own-produced volumes, as well as higher methanol and melamine prices.

Adjusted EBITDA was higher than the level in the same period last year, despite lower ammonia prices and higher natural gas costs in Europe. In the United States, Henry Hub spot gas prices were approximately at the same level as last year (\$2.9 per MMBtu). European TTF spot gas prices increased from \$4.3 per MMBtu in third quarter of 2016 to \$5.5 per MMBtu in the third quarter of 2017.

Net debt was \$4.45 billion as at 30 September 2017, at approximately the same level as at 30 June 2017 excluding a Euro to US\$ translation effect for Euro-denominated debt. Gross debt decreased by 1% to \$4.69 billion.

**Update on Expansion Projects**

Following the completion and ramp-up of Iowa Fertilizer Company, OCI has two growth projects remaining, Natgasoline in the United States and BioMCN in the Netherlands. From an accounting perspective, revenue recognition and depreciation for IFCo did not commence during the third quarter of 2017, as the upstream ammonia plant did not reach design capacity until September 2017. It is expected that revenue recognition and depreciation for IFCo will start from the fourth quarter of 2017 onwards.

Natgasoline, a 1.8 million metric ton methanol facility in Texas, was 92% complete at the end of September 2017. Pre-commissioning activities are underway and initial commissioning for major systems has started. First production is expected in March 2018.

The refurbishment of the second methanol production line at BioMCN is progressing and the plant is expected to start commissioning in the fourth quarter of 2018. The expansion will almost double BioMCN's current maximum proven capacity to 934 kt. Including OCI's proportionate share in Natgasoline and OCI Beaumont, OCI's methanol group's capacity will reach 2.8 million metric tons by the end of 2018, from a current capacity of 1.4 million metric tons.

**Market Environment**

Nitrogen markets have once again gone through a period of extreme volatility in the past year. Therefore, during the third quarter, OCI took the initiative to reassess its global sales and marketing efforts. To that end, the Company has taken a number of measures, including a Group-wide strategic decision to limit both the quantity of forward contracted sales globally, and limit the Company's participation in the annual "fill season" selling program in North America. OCI will continue to develop innovative pricing products that could help to create a more stable environment for nitrogen fertilizer prices and as a result serve its customers better.

After reaching historically low levels in the second quarter of 2017, urea prices rebounded towards the end of the third quarter. These price increases were driven by strong global demand, in particular from India and Latin America, tightening inventory levels globally, increasing costs for marginal producers and low exports from China.

Chinese exports decreased by 53% in the first nine months of 2017 compared to the same period last year, and in September 2017 reached the lowest level since the beginning of 2013. The reduction in exports was driven by higher coal costs used for the production of urea, high domestic urea prices relative to other regions and environmental curtailments. Outside China, supply tightened as a result.

The medium-term outlook for the supply demand balance continues to trend positively. Starting 2018, OCI expects incremental demand to outpace global urea capacity additions over at least the next four years and exports from China to stay at structurally lower levels going forward, with potential rebounds in exports capped by environmental curtailments and increased focus on profitability of the industry.

Ammonia markets were weak throughout the third quarter of 2017. Prices lagged urea price increases and reached unsustainably multi-year low levels in August 2017. Ammonia markets turned more bullish in September and prices have steadily increased into the fourth quarter.

Ammonia price increases have been driven by a rebound in prices of downstream fertilizer products, in particular urea, and tight supply at key export hubs, where the availability of merchant ammonia is limited due to a combination of capacity outages and higher local ammonia demand for downstream products.

Prices for CAN, OCI's main nitrates business in Europe, have been more resilient and were at a higher level in the third quarter of 2017 than in the same period last year, and have continued to rise into the fourth quarter.

Methanol prices have been stable during the third quarter of 2017 and at significantly higher levels than in the same period last year. Towards the end of the quarter and into the fourth, global contract and spot prices increased largely due to improving Methanol-to-Olefins (MTO) economics and resulting higher operating rates of Chinese MTO facilities.

The outlook for the methanol markets remains stable, with strong demand growth coupled with relatively limited new capacity additions ensuring a healthy balance. Global methanol demand is expected to remain underpinned by MTO affordability and the expected start-up of three new MTO units in the next 12 months. Traditional demand for methanol in the United States has also increased and is expected to remain strong in the near term due to increased demand for downstream products used for building materials.

Melamine markets have remained positive throughout 2017. Quarterly European contract selling prices have gone up every quarter this year and are up 13% since the end of 2016. The supply and demand balance is expected to remain tight, with fundamentals supportive of continued healthy demand.

## Product Sales Volumes

'000 metric tons	Q3 2017	Q3 2016	% Δ	9M 2017	9M 2016	% Δ
<b>Own Product</b>						
Ammonia	416.4	387.3	7.5%	1,119.0	1,106.2	1.2%
Urea <sup>1)</sup>	633.7	413.5	53.3%	1,822.2	1,399.3	30.2%
Calcium Ammonium Nitrate (CAN)	293.4	312.0	(6.0%)	956.7	724.0	32.1%
Urea Ammonium Nitrate (UAN) <sup>2)</sup>	275.6	97.0	184.1%	381.0	349.6	9.0%
<b>Total Fertilizer</b>	<b>1,619.1</b>	<b>1,209.8</b>	<b>33.8%</b>	<b>4,278.9</b>	<b>3,579.1</b>	<b>19.6%</b>
Methanol <sup>3)</sup>	334.3	301.2	11.0%	928.4	924.8	0.4%
Melamine	35.5	35.8	(0.8%)	119.0	104.2	14.2%
<b>Total Industrial Chemicals</b>	<b>369.8</b>	<b>337.0</b>	<b>9.7%</b>	<b>1,047.4</b>	<b>1,029.0</b>	<b>1.8%</b>
<b>Total Own Product Sold</b>	<b>1,988.9</b>	<b>1,546.8</b>	<b>28.6%</b>	<b>5,326.3</b>	<b>4,608.1</b>	<b>15.6%</b>
<b>Traded Third Party</b>						
Ammonia	25.9	29.5	(12.2%)	154.4	191.1	(19.2%)
Urea	34.6	26.3	31.6%	71.2	40.6	75.4%
UAN	14.3	33.0	(56.7%)	106.5	53.4	99.4%
Ammonium Sulphate (AS)	202.9	334.3	(39.3%)	568.4	1,129.5	(49.7%)
<b>Total Traded Third Party Product</b>	<b>277.7</b>	<b>423.1</b>	<b>(34.4%)</b>	<b>900.5</b>	<b>1,414.6</b>	<b>(36.3%)</b>
<b>Total Own Product and Traded Third Party</b>	<b>2,266.6</b>	<b>1,969.9</b>	<b>15.1%</b>	<b>6,226.8</b>	<b>6,022.7</b>	<b>3.4%</b>

1) Includes Diesel Exhaust Fluid product volumes (in equivalent urea tons)

2) Includes 25.9% nitrogen solution (in equivalent UAN tons)

3) Includes 10.9 kt procured by OCI Beaumont in Q2 2017 during an unplanned shutdown

## Benchmark Prices

		Q3 2017	Q3 2016	% Δ	Q2 2017	% Δ	
<b>Granular Urea</b>	Egypt, FOB	\$/t	233	193	21%	201	16%
<b>Ammonia</b>	NW Europe, FOB	\$/t	245	285	(14%)	318	(23%)
<b>Ammonia</b>	US Gulf Tampa	\$/t	212	261	(19%)	302	(30%)
<b>CAN</b>	Germany, CIF	€/t	176	151	17%	177	(1%)
<b>UAN</b>	France, FOT	€/t	138	136	1%	150	(8%)
<b>UAN</b>	US Midwest, FOB	\$/t	165	179	(8%)	194	(15%)
<b>Melamine</b>	Europe contract	€/t	1,540	1,390	11%	1,500	3%
<b>Methanol</b>	USGC Contract, FOB	\$/t	374	267	40%	405	(8%)
<b>Methanol</b>	Rotterdam FOB Contract	€/t	315	240	31%	405	(22%)

### Forward Looking Statements

Certain statements contained in this document constitute forward-looking statements relating to OCI N.V. (the "Company"), its business, markets and/or industry. Forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside of the Company's control and are difficult to predict, that may cause actual results to differ materially from any future results expressed or implied from the forward-looking statements. The forward-looking statements contained herein are based on the Company's current plans, estimates, assumptions and projections. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. The information contained herein is expressed as of the date hereof and may be subject to change. Neither the Company nor any of its controlling shareholders, directors or executive officers or anyone else has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this document.

### About OCI N.V.:

OCI N.V. (Euronext: OCI) is a global producer and distributor of natural gas-based fertilizers & industrial chemicals based in the Netherlands. OCI produces nitrogen fertilizers, methanol and other natural gas based products, serving agricultural and industrial customers from the Americas to Asia. OCI is a leading global nitrogen fertilizer producer with over 9.6 million metric tons of capacity. OCI is also on track to become one of the world's largest methanol producers with almost 3.7 million tons of capacity. OCI is listed on Euronext in Amsterdam.

For additional information contact:

#### OCI N.V. Investor Relations Department:

Hans Zayed  
Director  
Email: [hans.zayed@oci.nl](mailto:hans.zayed@oci.nl)

Tel: +31 (0) 6 18 251 367

#### For additional information on OCI:

[www.oci.nl](http://www.oci.nl)

OCI stock symbols: OCI / OCI.NA / OCI.AS / OCINY

Honthorststraat 19  
1071 DC Amsterdam  
The Netherlands