

Fertiglobe Announces Q1 2022 Adj. Net Income of \$361 million; Raises H1 2022 Dividend Guidance to At Least \$700 million Underpinned by Robust Outlook

Highlights:

- Q1 2022 revenues increased 118% YoY to \$1,185 million and adjusted EBITDA +171% YoY to \$625 million, driven by higher selling prices. This has more than offset the lower volumes due to a rephasing of some deliveries to Q2 2022 at better netbacks.
- Adjusted net income was \$361 million in Q1 2022, an increase of 332% compared to \$84 million in Q1 2021.
- Net cash position as of 31 March 2022 supports growth opportunities and allows for attractive dividends.
- Fertiglobe generated free cash flow of \$521 million in Q1 2022 despite net working capital outflows of \$79 million during Q1 due to higher inventories ahead of the application season in Q2; we expect a typical reversal during Q2, based on executed and committed deliveries.
- Positive market outlook until at least 2024 underpinned by favourable farm economics and low global grain stocks, exacerbated by weather-related reduced crop production and geo-political events, giving strong support for prices
- **Outlook:** Based on current visibility for volumes and prices, Fertiglobe expects higher EBITDA and FCF in Q2 2022 compared to Q1 2022.
- Based on the continued favourable market dynamics and resulting free cash flows, and in line with the company's dividend policy of distributing excess free cash flows to its shareholders, management now expects a cash distribution of at least \$700 million for H1 2022 (payable in October 2022), compared to the previous guidance of at least \$200 million. The exact dividend amount will be announced with the Q2 2022 results in August 2022.

Abu Dhabi, UAE – 12 May 2022: Fertiglobe (ADX: FERTIGLB), the strategic partnership between ADNOC and OCI, the world's largest seaborne exporter of urea and ammonia combined, the largest nitrogen fertilizer producer in the Middle East and North Africa ("MENA") region, and an early mover in clean ammonia, today reported that its Q1 2022 revenues increased 118% to \$1,185 million, while adjusted EBITDA grew 171% to \$625 million compared to Q1 2021. Free cash flow increased to \$521 million in Q1 2022 from \$151 million in Q1 2021.

Fertiglobe operates a diverse regional footprint of four world-class production facilities in three countries, Egypt, Algeria and the UAE. The company has significant non-GDP growth levers, benefitting from a unique combination of factors including strategic locations and a competitive low-cost position, which support healthy free cash flows and attractive dividends.

As a global leader in merchant ammonia and an early mover in clean ammonia, Fertiglobe is well positioned to capitalize on the global transition to a hydrogen economy, with ammonia having emerged as one of the most promising products to enable the energy transition, and benefitting from its existing ammonia production, distribution infrastructure, and access to abundant attractive wind and solar resources for renewable energy generation.

Ahmed El-Hoshy, Chief Executive Officer of Fertiglobe commented:

"We are pleased to report another quarter of solid performance, backed by our unique global positioning in cost competitive production and industry leading distribution capabilities. We now expect H1 2022 dividends to be at least \$700 million, up from our previous guidance of at least \$200 million, given continued favourable market dynamics, the current outlook on volumes and prices, healthy cash conversion and our robust capital structure.

We look forward to an even better performance in Q2, as we benefit from strong in-season demand, the phasing of volumes from Q1 into Q2 and higher selling prices. The majority of our volumes are already committed for Q2, which provides good visibility ahead and sets us up for a strong Q3 and Q4 2022.

The outlook for our end markets until at least 2024 continues to be positive, giving strong support for nitrogen prices to remain above historical averages. This is underpinned by decade-high crop price futures and healthy farm economics that drive strong demand for nitrogen fertilizers, high gas price futures in Europe that set a higher price floor for the medium term, and a multi-year structural tightening of supply.

As a leading producer and largest seaborne exporter globally of essential nitrogen fertilizer products, our global team is focused on running our world-scale assets efficiently and utilize global supply chains to the fullest in partnership with OCI, to try and fill in any supply gaps that may arise and as such help address potential grain shortfalls and overall food security concerns.

Further, Fertiglobe continues to make good progress in its efforts to capture value accretive opportunities from emerging demand for clean ammonia. Fertiglobe has multiple initiatives to develop blue / green ammonia as a solution to decarbonize industries that make up around 90% of current global greenhouse gas emissions, capitalizing on growth opportunities from emerging demand for clean ammonia.

We look forward to continuing to deliver outstanding performance, leveraging our competitive and young global platform all the while continuing to execute on our hydrogen strategy, with a consistent focus on shareholder value.

Finally, we are pleased that Fertiglobe has been included in the FTSE ADX 15 Index, representing the 15 largest and most liquid companies on the Abu Dhabi Securities Exchange.”

Markets

Nitrogen outlook supported by tight market fundamentals

Fertiglobe’s earnings momentum is underpinned by several factors which suggest a structural shift to a multi-year demand driven environment for nitrogen products.

- i. The global grain stock-to-use ratio is at one of the lowest points in the past 20 years, exacerbated by numerous weather-related crop production issues in Latin America, and the conflict in Ukraine.
- ii. As a result, it will take at least until 2024 to replenish stocks to ease food security concerns, providing support for higher crop pricing. Corn futures are above \$6/bushel to the end of 2024, incentivizing farmers to increase acres and maximize yields by using more nitrogen.
 - o The US nitrogen outlook is underpinned by low inventories and higher grain prices driving farm incomes to record levels in 2022.
 - o Farmers in grain exporting regions in the US, Europe and Latin America have been hedging their operating margins, by selling forward their new crop at current high forward corn and wheat pricing. At the same time, they are incentivised to purchase nitrogen, secure input costs and lock in margins. This is expected to be supportive of nitrogen demand and pricing over the summer period.
 - o In India, demand is strong as the government continues to prioritize food security and subsidise nitrogen fertilizer costs for farmers.

- In October last year, the Chinese government implemented measures to curb exports and prioritize domestic supply until July 2022. Recent articles suggest that government discussions are ongoing for export restrictions to stay in place until June 2023, which, combined with tight environmental restrictions, are capping medium term exports below 3 million Mt.
- iii. Nitrogen pricing has support to remain above higher marginal cost floors in Europe and Asia:
- iv. Global input costs to produce nitrogen products are elevated for the medium term. Gas price futures in Europe currently indicate c.\$30 / mmBtu for 2022 and \$23/MMBtu over 2023/2024, compared to \$5 / mmBtu in 2016 to 2019 period.

Outlook favourable for ammonia

The **ammonia** market is structurally tightening over the medium term as demand growth is expected to more than offset limited net new capacity additions, resulting in an estimated supply deficit of 4 million Mt over the medium-term compared to a net surplus of 7 million Mt in the last five years, providing a strong market backdrop for forward ammonia pricing.

Further, over the medium term there is 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.

Gas markets

Fertiglobe's assets are favourably positioned on the global cost curve, and we are a net beneficiary of a higher global gas price environment. Fertiglobe has a significant competitive advantage with favourable gas price supply agreements.

Dividends and capital structure

Fertiglobe's dividend policy is to substantially distribute all of the Company's distributable free cash flow after providing for growth opportunities, while maintaining an investment grade credit profile. In light of the prevailing market backdrop and given the company's healthy free cash generation, Fertiglobe raised its H1 2022 dividend guidance to at least \$700 million, well above the previous guidance of at least \$200 million. The exact dividend amount, payable in October 2022, will be announced with Q2 2022 results in August 2022.

Fertiglobe's potential for attractive future dividends is supported by its cash flow performance and competitive position on the global cost curve. Strong earnings and cash generation during the quarter resulted in a net cash position of \$2 million as of 31 March 2022, compared to net debt of \$487 million as at 31 December 2021 (0.3x net debt / adjusted EBITDA), in line with management's previous guidance to become approximately net debt free by the end of Q1 2022.

Consolidated Financial Results at a Glance¹

Financial Highlights (\$ million unless otherwise stated)

\$ million unless otherwise stated	Q1 2022	Q1 2021	% Δ
Revenue	1,184.8	543.4	118%
Gross Profit	587.8	189.2	211%
<i>Gross profit margin</i>	49.6%	34.8%	
Adjusted EBITDA	624.6	230.8	171%
<i>Adjusted EBITDA margin</i>	52.7%	42.5%	
EBITDA	619.6	230.8	168%
<i>EBITDA margin</i>	52.3%	42.5%	
Adjusted net Income attributable to shareholders	361.0	83.6	332%
Reported net income attributable to shareholders	356.6	85.2	318%
Earnings per share (\$)			
Basic earnings per share	0.043	0.010	318%
Diluted earnings per share	0.043	0.010	318%
Adjusted earnings per share	0.043	0.010	332%
Earnings per share (AED)			
Basic earnings per share	0.158	0.038	318%
Diluted earnings per share	0.158	0.038	318%
Adjusted earnings per share	0.160	0.037	332%
Free cash flow	520.8	151.3	244%
Capital expenditure	9.4	7.9	19%
<i>Of which: Maintenance Capital Expenditure</i>	6.8	7.5	-9%
	31- Mar-22	31-Dec-21	% Δ
Total Assets	5,658.4	5,168.5	9%
Gross Interest-Bearing Debt	1,337.1	1,385.7	-4%
Net (Cash)/Debt	(2.4)	486.6	n/m
	Q1 2022	Q1 2021	% Δ
Sales volumes ('000 metric tons)			
Fertiglobe Product Sold	1,254	1,504	-17%
Third Party Traded	276	155	78%
Total Product Volumes	1,530	1,659	-8%

1) Unaudited

The full financial statements can be found at <https://fertiglobe.com/investor-relations/>.

Operational Highlights

Highlights

- 12-month rolling recordable incident rate to 31 March 2022 0.23 incidents per 200,000 manhours.
- Fertiglobe's improved performance in Q1 2022 compared to Q1 2021 is due to an increase in selling prices year-on-year across its product portfolio, more than offsetting an 8% drop in sales volumes mostly due to a shift of sales volumes into Q2 2022 at better netbacks.
- Fertiglobe's total own-produced sales volumes were down 17% to 1,254kt in Q1 2022 vs Q1 2021, driven by:
 - A 46% YoY drop in ammonia own-produced sales volumes to 223kt from 418kt in Q1 2021, and
 - 5% lower urea own-produced sales volumes of 1,031kt YoY compared to 1,087kt in Q1 2021.
- Traded third party volumes increased 78% YoY to 276kt in Q1 2022, compared to 155kt in Q1 2021.
- Black Sea ammonia and Egypt urea benchmark prices were 256% and 129% higher YoY, respectively, in Q1 2022 (+39% and -6% compared to Q4 2021).

Product Sales Volumes ('000 metric tons)

Sales volumes ('000 metric tons)	Q1 2022	Q1 2021	% Δ
Own Product			
Ammonia	223	418	-46%
Urea	1,031	1,087	-5%
Total Own Product Sold	1,254	1,504	-17%
Third-Party Traded			
Ammonia	52	35	48%
Urea	224	120	87%
Total Traded Third-party Product	276	155	78%
Total Own Product and Traded Third-party	1,530	1,659	-8%

Benchmark Prices

			Q1 2022	Q1 2021	% Δ	Q4 2021	% Δ
Ammonia	Black Sea, FOB	\$/mt	1,180	332	256%	852	39%
Ammonia	Middle East, FOB	\$/mt	897	322	179%	696	29%
Granular Urea	Egypt, FOB	\$/mt	841	367	129%	895	(6%)
Granular Urea	Middle East, FOB	\$/mt	776	344	125%	876	(11%)
Natural gas	TTF (Europe)	\$ / mmBtu	32.2	6.6	392%	31.2	3%
Natural gas	Henry Hub (US)	\$ / mmBtu	4.6	2.7	67%	4.8	(6%)

Operational Performance

Total own-produced sales volumes were down 17% during the first quarter of 2022 to 1,254kt compared to the same period last year, mainly due to a rephasing of urea and ammonia shipments to Q2 2022 at higher prices, although 2% higher as compared to Q4 2021.

Ammonia and urea selling prices were well above prices seen in Q1 2021, with ammonia Black Sea benchmark up 256% YoY and the urea Egypt benchmark price up 129%. Compared to Q4 2021, the ammonia Black Sea benchmark was up 39%, while the urea Egypt benchmark price was down 6%.

The higher selling prices resulted in a 118% YoY increase in revenues to \$1,185 million in Q1 2022. This translated into a 171% increase in adjusted EBITDA to \$625 million in Q1 2022 from \$231 million in Q1 2021. As a result, Fertiglobe's adjusted EBITDA margin expanded to 52.7% in Q1 2022 from 42.5% in Q1 2021.

Segment overview Q1 2022

\$ million	Production and marketing of own produced volumes	Third party trading	Other	Total
Total revenues	990.4	194.4	-	1,184.8
Gross profit	587.6	5.2	(5.0)	587.8
Operating profit	567.0	5.2	(14.6)	557.6
Depreciation & amortization	(61.9)	-	(0.1)	(62.0)
EBITDA	628.8	5.2	(14.4)	619.6
Adjusted EBITDA	628.8	5.2	(9.4)	624.6

Segment overview Q1 2021

\$ million	Production and marketing of own produced volumes	Third party trading	Other	Total
Total revenues	488.9	54.5	-	543.4
Gross profit	186.0	3.2	-	189.2
Operating profit	166.8	3.2	(3.0)	167.0
Depreciation & amortization	(63.7)	-	(0.1)	(63.8)
EBITDA	230.5	3.2	(2.9)	230.8
Adjusted EBITDA	230.5	3.2	(2.9)	230.8

Financial Highlights

Summary results

Consolidated revenue increased by 118% to \$1,185 million in the first quarter of 2022 compared to the same quarter in 2021, driven by higher prices across the board of Fertiglobe's product portfolio.

Adjusted EBITDA grew 171% YoY to \$625 million in Q1 2022 compared to \$231 million in Q1 2021. Fertiglobe benefited from higher selling prices during the quarter, which have more than offset higher profit sharing and lower volumes.

Q1 2022 adjusted net income was \$361 million compared to an adjusted net income of \$84 million in Q1 2021. Reported net profit attributable to shareholders was \$357 million in Q1 2022 compared to a net profit of \$85 million in Q1 2021.

Consolidated Statement of Income ¹

\$ million	Q1 2022	Q1 2021
Net revenue	1,184.8	543.4
Cost of Sales	(597.0)	(354.2)
Gross profit	587.8	189.2
SG&A	(30.4)	(22.2)
Other Income	0.2	-
Adjusted EBITDA	624.6	230.8
EBITDA	619.6	230.8
Depreciation & amortization	(62.0)	(63.8)
Operating profit	557.6	167.0
Interest income	0.4	0.2
Interest expense	(16.8)	(9.6)
Other finance income	15.9	3.9
Net finance costs	(0.5)	(5.5)
Net income before tax	557.1	161.5
Income tax expense	(90.0)	(27.0)
Net profit	467.1	134.5
Non-Controlling Interest	(110.5)	(49.3)
Net profit attributable to shareholders	356.6	85.2
Adjusted net profit attributable to shareholders	361.0	83.6

1) Unaudited

The full financial statements can be found at <https://fertiglobe.com/investor-relations/>.

Reconciliation to Alternative Performance Measures

Adjusted EBITDA

Adjusted EBITDA is an Alternative Performance Measure (APM) that intends to give a clear reflection of underlying performance of Fertiglobe's operations. The main APM adjustments in the first quarter of 2022 relate to movement in provisions.

Reconciliation of reported operating income to adjusted EBITDA

\$ million	Q1 2022	Q1 2021	Adjustment in P&L
Operating profit as reported	557.6	167.0	
Depreciation and amortization	62.0	63.8	
EBITDA	619.6	230.8	
APM adjustments for:			
Movement in provisions	5.0	-	Cost of sales
Total APM adjustments	5.0	-	
Adjusted EBITDA	624.6	230.8	

Adjusted net income attributable to shareholders

At the net income level, the main APM adjustments relate to the impact of non-cash foreign exchange gains.

Reconciliation of reported net income to adjusted net income

\$ million	Q1 2022	Q1 2021	Adjustment in P&L
Reported net profit attributable to shareholders	356.6	85.2	
Adjustments for:			
Adjustments at EBITDA level	5.0	-	
Forex gain on USD exposure	(14.6)	(4.3)	Finance income and expense
Non-controlling interest	14.0	2.7	Minorities
Total APM adjustments at net income level	4.4	(1.6)	
Adjusted net income attributable to shareholders	361.0	83.6	

Free Cash Flow and Net Debt

Free cash flow before growth capex amounted to \$521 million during Q1 2022, compared to \$151 million during the same period last year, reflecting performance for the quarter, working capital outflows of \$79 million, taxes and maintenance capital expenditures.

Total cash capital expenditures including growth capex were \$9 million in Q1 2022 compared to \$8 million in Q1 2021. Management continues to expect 2022 capital expenditures (excluding growth capital expenditure) to be in the range of \$120-140 million.

Reconciliation of EBITDA to Free Cash Flow and Change in Net Debt

\$ million	Q1 2022	Q1 2021
EBITDA	619.6	230.8
Working capital	(79.4)	(59.2)
Maintenance capital expenditure	(6.8)	(7.5)
Tax paid	(56.4)	(15.7)
Net interest paid	(11.7)	(8.8)
Lease payments	(1.3)	(1.3)
Dividends paid to non-controlling interests ¹⁾	(3.8)	-
Ecremage	60.6	13.0
Free Cash Flow	520.8	151.3
Reconciliation to change in net debt:		
Growth capital expenditure	(2.6)	(0.4)
Other non-operating items	-	0.8
Net effect of movement in exchange rates on net debt	(25.7)	1.0
Dividend to shareholders	-	(31.9)
Other non-cash items	(3.5)	(0.5)
Net Cash Flow / Decrease in Net Debt	489.0	120.3

¹⁾ Includes EBIC dividends paid to minority shareholder in January 2022 (accumulated dividend covering 2020 to 2021).

Investor and Analyst Conference Call

On 12 May 2022 at 4:30 PM UAE (1:30 PM London, 8:30 AM New York), Fertiglobe will host a conference call for investors and analysts. To access the call please dial:

International: +44 (0) 203 009 5709

UAE: 8000 3570 2543

UK: 0844 493 6766 / Toll free: 0800 694 1461

United States: 1 646 787 1226 / Toll Free: 1 866 280 1157

Passcode: 17625326

About Fertiglobe:

Fertiglobe is the world's largest seaborne exporter of urea and ammonia combined, and an early mover in clean ammonia. Fertiglobe's production capacity comprises of 6.7 million tons of urea and merchant ammonia, produced at four subsidiaries in the UAE, Egypt and Algeria, making it the largest producer of nitrogen fertilizers in the Middle East and North Africa (MENA), and benefits from direct access to six key ports and distribution hubs on the Mediterranean Sea, Red Sea, and the Arab Gulf. Headquartered in Abu Dhabi and incorporated in Abu Dhabi Global Market (ADGM), Fertiglobe employs more than 2,600 employees and was formed as a strategic partnership between OCI N.V. ("OCI") and the Abu Dhabi National Oil Company ("ADNOC"). Fertiglobe is listed on the Abu Dhabi Securities Exchange ("ADX") under the symbol "FERTIGLB" and ISIN "AEF000901015". To find out more, visit: www.fertiglobe.com

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