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Fertiglobe

Key Investment View

- ✓ *Leading Nitrogen fertilizer exporter globally*
- ✓ *The largest net ammonia export production capacity in the MENA region*
- ✓ *Higher Demand and Higher prices promise significant growth in the sector*

Equity Initiating Coverage
Sector: Fertilizer
Target Price: **AED 4.15**
Rating : **HOLD**

Robust, High-Quality, Young Asset Base

Fertiglobe has a diversified production footprint in advantaged markets. Sorfert, Egyptian Fertilizer Company, Fertil, and Egypt Basic Industries Corporation are based in export-focused locations that enable a global reach. Around 50% of capacity is less than 10 years compared to 11% for the industry. Additionally, ~80% of plants globally related to ammonia are more than 20 years. The advantage of the young asset base allows for higher reliability, superior gas conversion, and lower maintenance CAPEX for the Company. In addition, these advantages positively impact the EBITDA levels, FCF, and GHG Emissions of the Company. Fertiglobe plants have overlapping technologies that enable it to realize cost efficiencies and synergistic maintenance. Fertiglobe maintains an experienced in-house team for maintenance.

The Largest Net Ammonia Export Production Capacity in MENA Region

Fertiglobe has the largest net ammonia export production capacity in the MENA region and is ranked as top 3 globally. The Company is strategically located, which allows it to export to the highest netback markets. Furthermore, it has worldwide distribution with access to all key markets from advantageous freight locations. The Company also has a robust platform to attract and grow third-party traded volumes. It is a leader in merchant ammonia, and ample growth opportunities are expected from the transition to a clean hydrogen economy.

Strategically Positioned in 1st Quartile of Urea and Ammonia Cost Curves

Fertiglobe is positioned in the 1st quartile of Urea and Ammonia cost curves due to attractive price levels, long-term fixed feedstock gas contracts, and low conversion costs. The long-term fixed supply contracts with key players in the market support the Company's attractive cost position. Young asset base and local currency-denominated costs further arm the cost position. In addition, the freight and logistical advantage enable the Company to capitalise on higher market pricing during peak demand periods.

Several Growth Opportunities including Low Carbon Ammonia and Fertilizers

Fertiglobe plans to grow from a major nitrogen fertilizer exporter to low-carbon ammonia and fertilizers. One of the growth drivers is Fertiglobe's operational excellence program which is expected to generate around USD50m+ additional run-rate EBITDA in the short-to-medium term. Expanding to new markets and product lines and maximizing netback prices is expected to support the higher EBITDA levels significantly. Lastly, the blue ammonia project with ADNOC / ADQ in 2025 involves major ammonia and fertilizer markets opportunities. Furthermore, the Company plans to undertake an energy transition to clean hydrogen. It can capitalize on its current presence across the value chain which enables a competitive advantage.

Robust Financial Profile Enables Consistent Shareholder Returns

Fertiglobe has a strong Revenue profile that supports robust EBITDA levels. Due to the lower CAPEX, the cash flow generation is strong. In addition, the strategic location and long-term gas supply contracts majorly support the Revenue and EBITDA levels. Furthermore, capabilities derived from the young asset base, operations in tax-free / tax-advantageous zones, and conservative capital structure are ample to support the Company's dividend capacity and dividend distribution policy.

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Fertiglobe Initiation

Earlier in October, Fertiglobe plc was listed on the Abu Dhabi Exchange under "FERTIGLB". Stockholders from OCI and ADNOC sold 13.8% of the company's stock capital, amounting to 1.145 Bn shares. Directly after the IPO, the total issued share capital of the Company (OCI & ADNOC) reached USD1.33 Bn being 8.3 Bn shares each for USD0.16, out of which 4.15 Bn shares owned by the OCI being 50% plus 1 share of total issued share capital and ADNOC's share is 36.2% of total issued share capital totalling 3 Bn shares.

Shareholder	Percentage
OCI Fertilizer International BV	50.0%
Abu Dhabi National Oil Co (ADNOC)	36.2%

Introduction to Fertiglobe

Fertiglobe is an Abu Dhabi-based Leading Nitrogen fertilizer exporter globally and an early mover in clean Ammonia with a One-of-a-Kind Platform. It is a joint venture between OCI and ADNOC, with 58 percent and 42 percent ownership shares, respectively (Pre-IPO). Fertiglobe comprises 4 world-class production facilities in strategic locations, with global in-house distribution capabilities, including ~1,000kt storage capacity, 6.7 million tonnes of sellable volume capacity. The capacity is divided into 5.1 million tonnes of urea, 4.4 million tonnes of gross ammonia (corresponding to 1.6 million tonnes of net ammonia). In addition, the Company has a Diesel Exhaust Fluid (DEF) maximum production capacity of 0.5 million tonnes. However, the maximum downstream capacities cannot be achieved simultaneously, and the DEF production capacity is not included in the 6.7 million tonnes sellable volume capacity.

Fertiglobe has different competitive advantages that lead it to be well-positioned it in the market. Due to its outstanding logistics platform, Fertiglobe is achieving Freight and Transport Advantage and Duty-Free Delivery to East and West. Moreover, another advantage Fertiglobe has is Feedstock. The natural gas supply is secured at a favourable price and delivery times, on the realized weighted average gas price in H1 2021 of $2.8/mmbtu. The company benefits from gas price arrangements in Abu Dhabi, Algeria, and Egypt. Financially, the company is benefiting from an increase in prices and demand, achieving Adj. EBITDA of $532m for the 1H21 and having a healthy assets base as 50% of the assets are younger than 10 years.

Partnership with strong shareholder support

The Strategic Partnership between OCI and ADNOC is a tactical move towards pursuing leadership in sustainability in the MENA Region with good visibility on reducing carbon footprint. Growth and value creation are the goals of this partnership, which is backed by experienced shareholders.

- **OCI** is the world's third-largest producer of nitrogen products, as well as the EU's and US's #1 and #2 methanol producers, respectively. Plus, it is the world's #1 bio-methanol producer. The remaining OCI NV nitrogen business is mainly focused on nitrates with in-land assets. Fertiglobe and OCI have a synergistic connection based on the exchange of global market intelligence. Several efforts and strategic collaborations are underway to realize the promise of the energy transition. For example, Orascom Construction has partnered on renewable energy projects in the Middle East and North Africa (MENA).

- **Abu Dhabi National Oil Company (ADNOC)** is one of the world's leading energy producers and a primary catalyst for the growth and diversification of the Abu Dhabi economy. With a production capacity of more than 3.5 million barrels of oil per day and 10.5 billion cubic feet of natural gas per day, the company operates across the entire hydrocarbon value chain. They have a network of fully-integrated businesses for exploration, production, storage, refining, trading, and the development of a wide range of petrochemical products. Founded in 1971, ADNOC has been responsible for harnessing the UAE's energy resources by meeting the demands of an ever-changing energy market.

Environmental, social, and corporate governance

ESG Focus on Value Capture in Line with Shareholders' Strategy and Vision.

1. Environmental: Its environmental governance goal is to reduce carbon footprint and drive the energy transition and economic return. To achieve this goal, Fertiglobe is committed to minimizing carbon emissions through

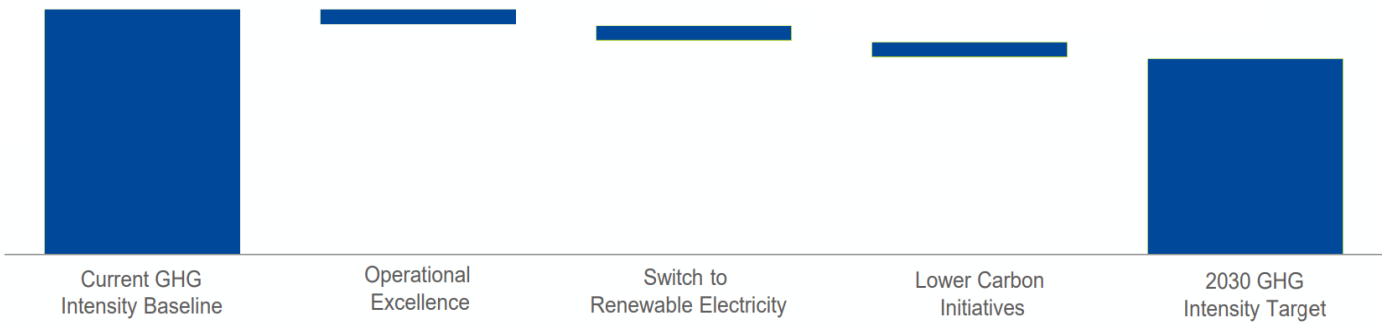
- Operational excellence
  - Initiatives at no or low cost
  - Focus on reliability, capital performance, and energy efficiency
- Switching to renewable energy
- Driving the transition to lower carbon products
- Minimizing freshwater consumption in water-stressed areas
- Decarbonization projects

Figure: Contribution to UN SDGs

Source: Company Information

Fertiglobe's commitment to reducing its carbon footprint will significantly contribute to OCI's stated target of a 20% reduction in emissions by 2030. This will be done through initiatives at no or low cost and focus on performance and energy efficiency. Low carbon initiatives will be achieved through new strategic plans at an appealing cost. The ideal value of the initiative is made through partnerships and lower-carbon technologies.

Figure: Metric ton CO2e / nutrient ton product (Illustrative)



Source: Company Information

2. Social: Its social governance goal is to foster diversity and inclusion by cultivating an inclusive culture that respects variety and nurtures local talent. It is the highest percentile of remuneration across all locations and a commitment to boost local employment and improve local skills.

Figure: Contribution to UN SDGs

Source: Company Information

3. Governance: Its governance goal is to have solid governance and reporting framework. The experienced board of directors, including senior representation from both major owners, led by ADNOC's CEO and OCI's Executive Chairman, demonstrated a strong governance and reporting system. The board comprises mostly independent members, with ESG supervision at the top who maintain best-in-class transparency and report in the MENA area, as measured by international standards.

Figure: Contribution to UN SDGs

Source: Company Information

By maintaining great capital discipline in pursuit of value accretive initiatives, Fertiglobe is committed to reducing its carbon footprint and will meaningfully contribute to OCI's stated emission reduction target of 20% by 2030.

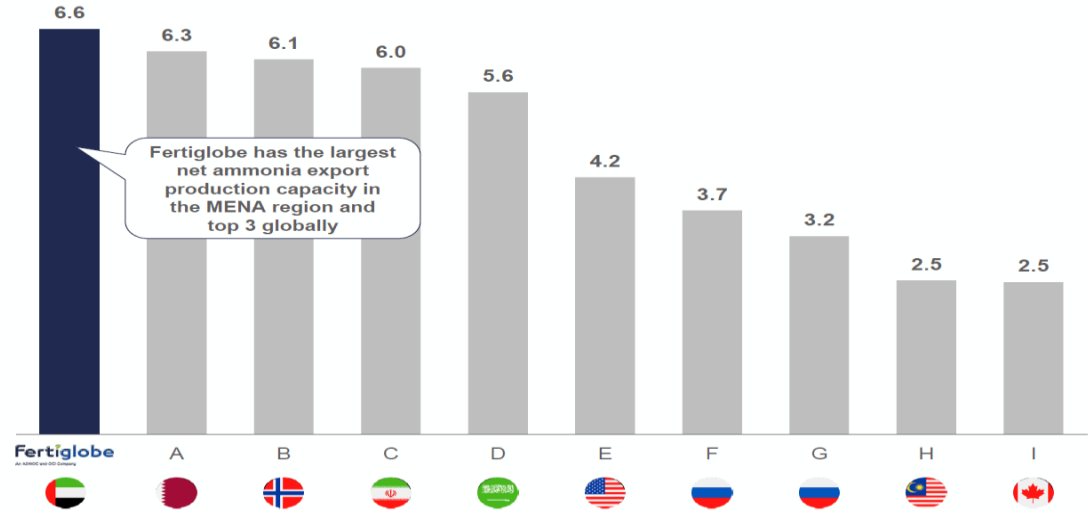
Key Investment Highlights

1. Top global exporter of Nitrogen fertilizer with unique ammonia platform.

Fertiglobe has a share of around 10% of global ammonia and urea seaborne exports.

- Large scale strategically located platform with the ability to direct volumes to highest netback markets.
- Global distribution with access to all key markets from advantageous freight locations.
- Strongly positioned to attract and develop third-party traded volumes, expanding distribution scale and market penetration even further.
- Increased economic returns due to the capacity to serve big orders reliably, obtain better commercial terms, and reduce transportation costs.
- Leadership in merchant ammonia and advantage in the expected transition to a clean hydrogen economy.

Figure: 2020 Ammonia and Urea Combined Export Production Capacity Mtpa

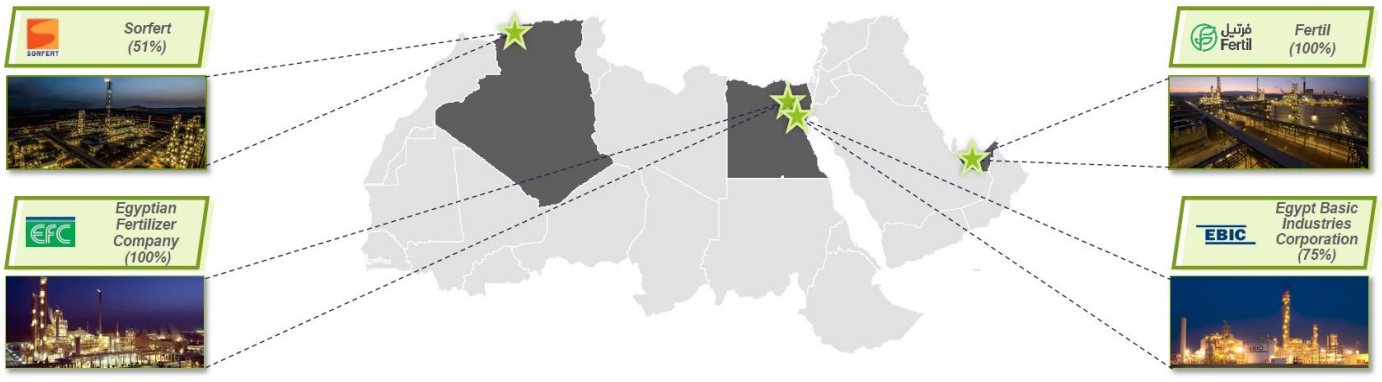


Source: Annual Reports and websites, CRU and Argus capacity tables

2. Structurally higher realized prices are driven by a strategically positioned asset base and worldwide distribution capabilities.

Fertiglobe has higher realized prices driven by its strategic location of the asset base. Assets are strategically located in the east and west of the Suez Canal, achieving a better reach. Moreover, the allocation of multiple interchangeable supply points gives the capability of delivering ammonia and urea from any of these three countries. It also benefits from the ability to Plug-and-play for low-carbon ammonia, with the potential to add both blue and green ammonia without prohibitive greenfield capital investment on existing operations. With a worldwide reach, a unique manufacturing platform in export-focused regions is available.

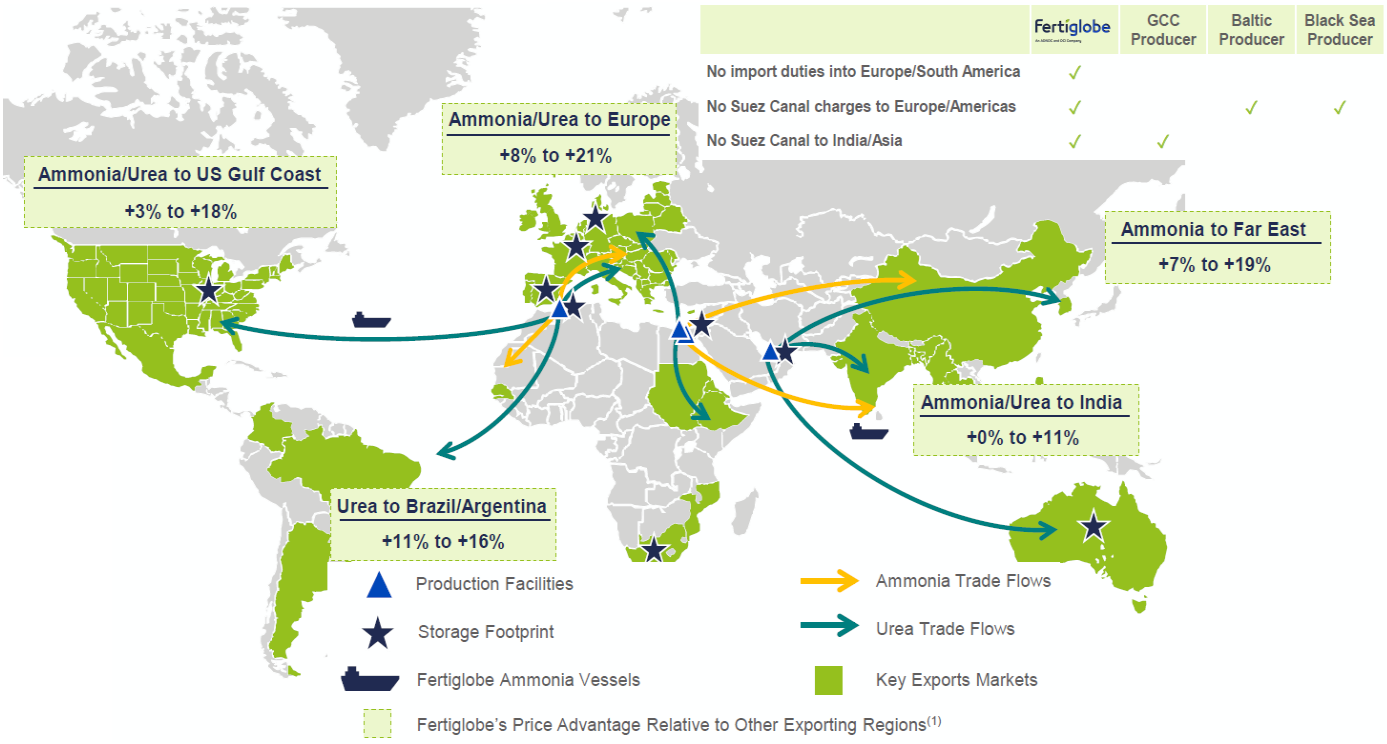
Figure: Strategic Geographical Positions



Source: Company Information

Fertiglobe has structural netback advantages over other exporting areas due to cheap freight costs, duty-free access to important importing countries, and a direct-to-customer strategy. Asia tops the 2020 Fertiglobe sales volume list by 32%, Europe at 23%, and the Americas at 14%.

Figure: Key Export Markets

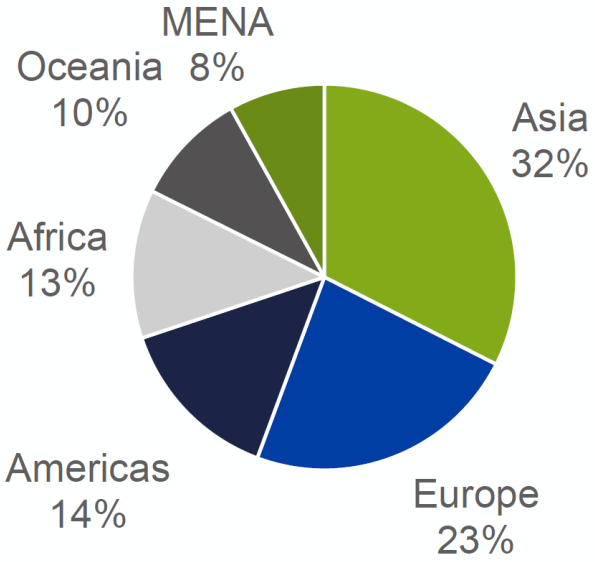


Source: Company Information

Notes: (1) Fertiglobe illustrative realized price differential vs. peers in key exports markets (as of June 2021 –including Duties, Freight rates, Suez Canal fees and trader margin): Illustrative netback premiums compared to typical Russian and Middle East producers for all markets with the exception of India and Far East compared to typical North African and Russian producers. Premium ranging from second closest exporters to widest gap

(2) Asia includes India

Figure: 2020 Fertiglobe Sales Volume Breakdown by Region



Source: Company Information

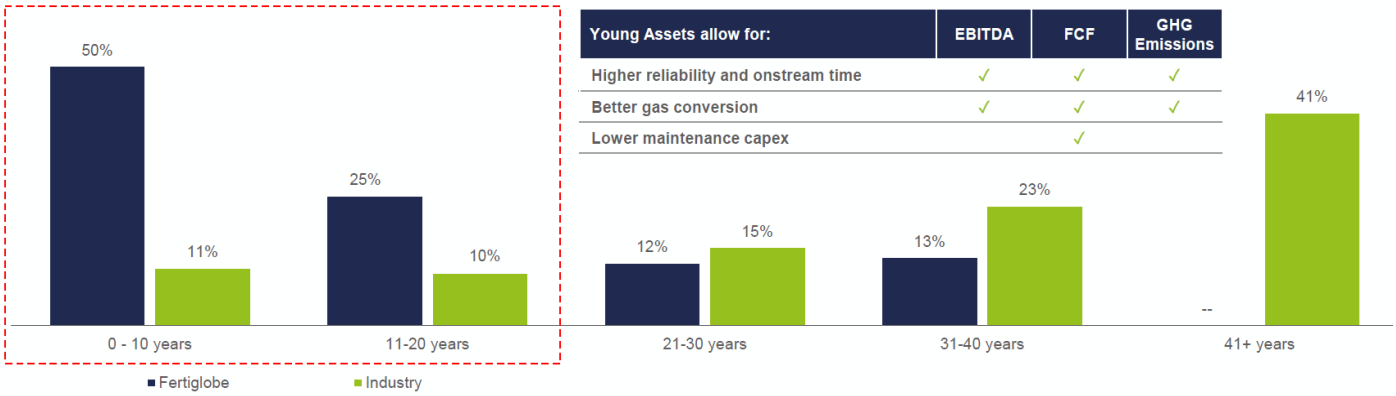
Note: Asia Includes India

3. Long-term feedstock contracts support a high-quality asset base at an advantageous cost curve position.

Fertiglobe's young assets base leads to higher output, lower cost, and GHG emission advantages. The asset base with 50% of capacity under 10 years old results in low maintenance costs and excellent dependability, as well as a far lower environmental footprint than coal and older gas-fired power plants. Almost 80% of the Ammonia plants throughout the world are more than 20 years old. Moreover, Fertiglobe plants feature overlapping technologies, making upkeep more cost-effective and synergistic. A large in-house maintenance crew is working with a world-class experience that shares best practices across assets to sustain operational efficiency.

The young asset base is also healthy in terms of financials as it pushes EBITDA and FCF with high efficiency and effectiveness and better gas conversion. In addition, the younger the assets are, the lower the Maintenance needed leading to less CAPEX and higher Free Cash flow.

Figure: Asset Base Age vs. Industry Average



Source: Company Information.

Note: Asset Base: Sample size of 142 worldwide operational plants as of 31 December 2020. Fertiglobe data is based on production capacity weighted by age. The industry data is based on a simple average and not weighted by capacity. Industry Average: Includes ammonia plants only

Fertiglobe is positioned to benefit from lower-cost due to different factors. One factor is an attractively priced long-term fixed feedstock gas contract that leads to low conversion costs, which put it in the first quartile of the ammonia and urea cost curves. Another factor is the Long-term fixed gas supply agreements with Egypt's EGPC, Algeria's Sonatrach, and Abu Dhabi's ADNOC. The young asset base with outstanding gas efficiency and dependability also places a role in lowering costs. Another factor in realizing lower costs is that expenses are denominated in local currency, resulting in cheaper overhead costs. In addition, Fertiglobe can increase market pricing during peak demand periods because of its freight and logistical advantages in most key markets.

Figure: 2021 Fertiglobe Situated in 1st Quartile of Ammonia Cost Curve ($/t)

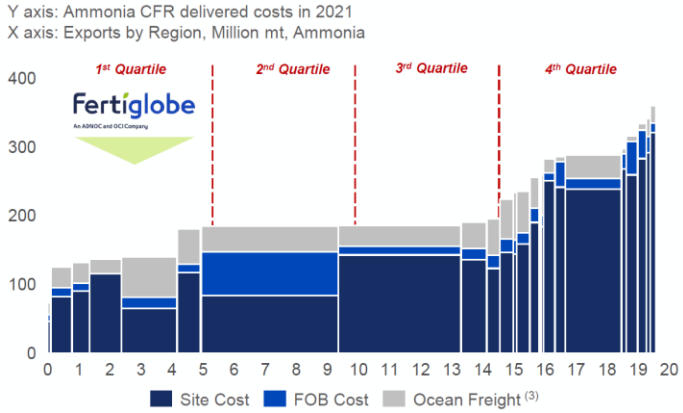
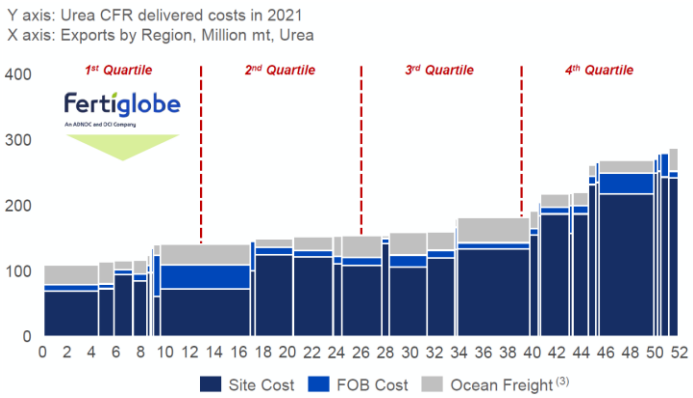


Figure: 2021 Fertiglobe Situated in 1st Quartile of Urea Cost Curve ($/t)



Source: Company Information

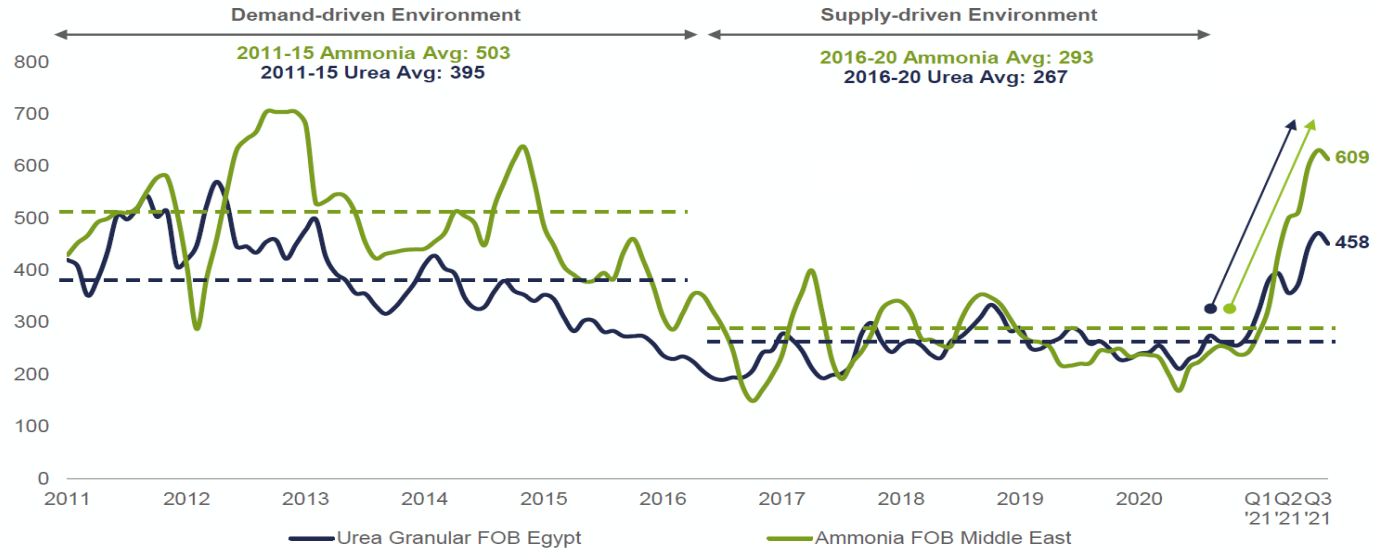
Note: (3) Weighted average freight costs (cost to CFR) of top three global export destinations

4) The industry's good outlook is bolstered by a demand-driven pricing environment.

The Demand is surging as the industry is in its demand-driven environment. This is due to the low stocks-to-use ratio, which reached a ratio below the 20-year average. In addition, due to the increase in demand and limitation of the supply, crop prices increased, leading to higher nitrogen demand. The increase in industrial demand also supports ammonia prices and is supported by environmental rules that limit new grey greenfield capacity that make room for an increase in demand for ammonia.

The capacity has been tightened due to delays, a lower level of output, and China tightening nitrogen market balances. On the other side, the feedstock prices have been reset at high prices, leading to an increase in marginal cost floors.

Figure: Urea and Ammonia Prices (Monthly Averages, 2011 - Q3 2021), $/t



Source: CRU
Note: (1) Q3 2021 until 2 September 2021

5) As part of the energy shift to clean hydrogen, Fertiglobe is well-positioned to benefit from low-carbon ammonia possibilities.

There are several growth drivers, including low-carbon ammonia opportunities.

One growth driver is to build on existing operational excellence, which will lead to $50m+ additional run-rate EBITDA in the Short-to-medium term. In addition, expanding into new markets and products will achieve an increasing EBITDA potential with a clear netback focus by driving commercial excellence and optimizing netback prices. Lastly, taking advantage of Low-Carbon Ammonia and fertilizer market opportunities to realize 70 kt of blue ammonia capacity is by 2024 and a 1 mt blue ammonia project in 2025, in collaboration with ADNOC / ADQ.

Figure: Short-Term and Long-Term Controllable Initiatives

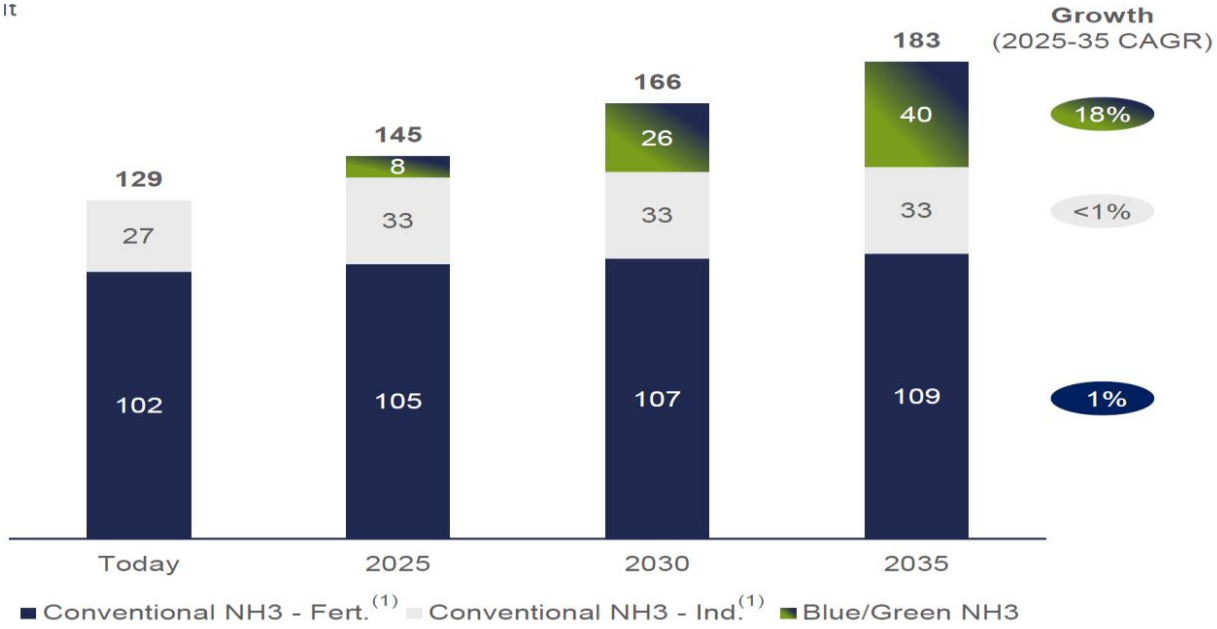
Source: Company Information

Fertiglobe's existing presence across the value chain is a solid competitive advantage in the energy transition, providing it a unique position in the clean hydrogen transition. The demand for blue/green ammonia is anticipated to rise from zero to 40 million tons in 2035 compared to the present commercial market of 20 million tons.

Fertiglobe is Ideally Positioned to Capitalize on the Hydrogen Opportunity through:

1. Relationships with governments and important renewable players.
2. Strategic locations on the busiest shipping lanes in the world
3. ADNOC's expertise in carbon capture and underground storage, as well as its worldwide commercial platform, make it a strong partner.
4. Plenty of low-cost solar and wind energy access in MENA
5. Direct access to European and Asian markets and strategically positioned in east and west of the Suez Canal.
6. Exporter of seaborne merchants with the capacity to use the current OCI platform on a global scale.

Figure: Global Ammonia Demand (MT)



Source: Company Information, Fertecon, Hydrogen Council, MMSA, Strategy Consultant, Argus Green Ammonia Conference 2021
Note: (1) Demand ex-China

6) Strong FCF generation and a stable capital structure throughout commodity cycles provide an attractive dividend capacity.

Dividend capacity is supported by a High EBITDA Margin and FCF conversion advantage. Revenue of around $2.1 bn as of LTM June 2021 and the growth in the revenue will be supported by strategical geographical location and centralized commercial strategy leveraging on the unique distribution platform. The adjusted EBITDA margin has been around 38% as of LTM June 2021. Feedstock advantage will support the margin with long-term gas supply contracts and a lean overhead cost structure. FCF will be supported by a leverage level consistent with the investment-grade rating profile due to conservative capital structure and lower interest expenses. In addition, the low tax rate will also play a role in high FCF due to the tax-advantaged regions / tax-free zones the operations are located in. Also, a young asset base will require low maintenance, which will lead to lower maintenance CAPEX.

Figure: Fertiglobe VS Peers

		Fertiglobe	Peers				
	Fertiglobe is superior vs. peer company	Fertiglobe	CF	YARA	Nutrien	OCI	سابك Sabic Agri-Nutrients
Financial Performance	EBITDA Margin LTM June 2021A	37.6%(1)	33.6%	18.5%	19.6%	33.1%	56.3%
	Tax Rate(2) LTM June 2021A	11.0%	12.5%(3)	14.6%	21.7%	14.2%	5.8%
	Net Income Margin(4) LTM June 2021A	12.0%	9.9%	8.7%	4.2%	3.5%	37.7%
	Capex as % of Revenues LTM June 2021A	2.6%	8.1%	5.6%	6.5%	4.1%	11.8%
	ROCE(5) LTM June 2021A	11.5%	7.1%	8.4%	3.3%	7.9%	13.9%
Operational Performance	Production Footprint in Multiple Countries	✓	✓	✓	✓	✓	✗
	Low Carbon Intensity Ammonia Projects	✓	✓	✓	✓	✓	✗

Source: Company Information Note: (1) Based on reported EBITDA post ecremage (2) Based on cash taxes paid (3) Based on income tax (4) Based on Net Income after Minorities (5) Calculated based on NOPAT / capital employed as of H1 2021A. Capital employed calculated as total assets – current liabilities

Nitrogen Fertilizer Market Dynamics

Nitrogen is the most widely used crop nutrient globally, constituting products of major importance: **Urea** is the most used and traded fertilizer globally since it is a bulk commodity that is easy to transport. **Ammonia** is a refrigerated liquid with a wide range of industrial uses. It is generally utilized downstream for other nitrogen products (e.g., urea, nitrates, etc.). A total of 19 million tonnes of ammonia are traded each year. **DEF** is a chemical compound made up of urea and de-ionized water that is used to decrease NOx and particle emissions from diesel combustion. With DEF manufacturing capability, Fertiglobe has a potential expansion prospect.

Figure: A wide range of applications exist, including emerging use cases such as hydrogen carrier and clean fuel.

	Nitrogen (N)
Industry Sector	▪ Natural gas
% of Global Fertilizer Use(1)	 57%
Primary Crop Benefits	▪ Key component of plant growth ▪ Most commonly lacking nutrient ▪ Essential constituent of proteins ▪ Increases crop size
Application	▪ Annual application is critical
Agricultural vs Industrial Uses	▪ 19% of total urea consumption and 35% of traded ammonia for industrial uses(2)

Source: CRU 2020, OECD-FAO, Industry reports
Notes: (1) Based on the split between Nitrogen, Phosphorus, and Potassium. (2) At normalized levels

Ammonia can be used as Hydrogen carriers to Store and Transport H2

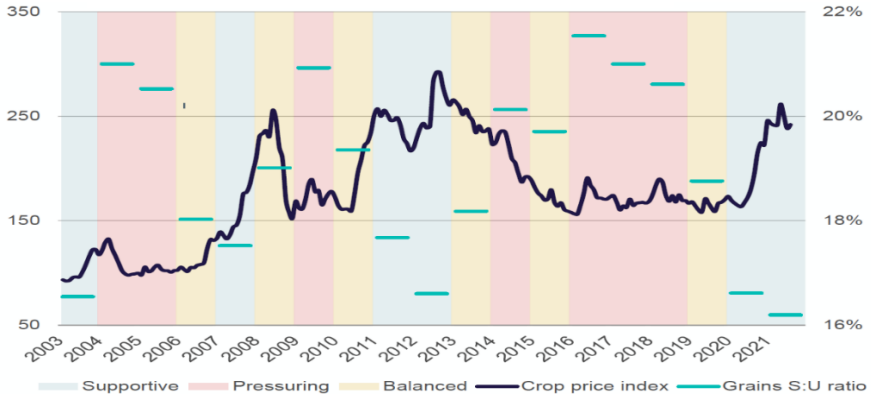
As the company recovers from a 5-year downturn, a strong pricing outlook is expected for 2021 and beyond.

1. **Corn Stocks-to-use Ratio:** Crop prices are expected to be supportive and affordable in a demand-driven environment. The Corn futures >$5/bushel are boosting farm profitability and nitrogen demand. With that in mind, the corn stocks-to-use ratio is expected to decrease to 24% going forward from 2021 from 30% in the last 5-6 years.
2. **Demand Recovery:** Strong recovery of industrial demand in major markets underpinned by ammonia prices, allowing per annum worldwide IP growth to rise to 4.1% per year till 2025 from 2.3%, Industrial production over the period of 2015-2019, excluding negative Covid-19 impact in 2020.
3. **High Gas and coal prices:** Gas and coal prices are expected to increase, owing to low storage levels in Europe and increased Asian demand, which pushed up the cost floor. The price is projected to rise to $13 per MMBtu TTF, between 2021 and 2023, from $5 per MMBtu TTF over the past 5-6 years.
4. **Demand & Supply:** The merchant ammonia market is structurally tighter, with minimal net capacity additions and increased demand. Between 2015 and 2019, the urea capacity growth was 23 mt, while the demand growth was 11 mt. However, growth in demand is expected to exceed growth in supply between 2021 and 2025, with a Urea capacity growth of 15 mt vs. 16 mt in demand growth. In addition, new urea capacity is being delayed, and Chinese closures are speeding up.
5. **Environmental Approach:** Increase environmental concerns have driven the change from grey to green. Stricter environmental laws are a barrier to entry into this industry. The global drive to transition to an H2 economy contributes to the need for low-carbon ammonia. Greenfield capacity expansions in the US, Europe, and the Middle East and North Africa (MENA). By 2025, there will be limited new grey capacity, production based on conventional hydrocarbon feedstocks from current producers, and 8 million tons of new ESG-driven ammonia demand.

Crop low stocks-to-use Ratio Outlook

Crop Prices - With the tightness in corn supply that is expected to last until 2023 at least, the price is in the supportive area, as shown in the graph. The increase in the price is not limited to low capacity but the increase in demand taking place, which is expected to remain. With the hike in demand, the corn futures are around $5/bushel to 2023. The USDA projections graph in the August WASDE report shows the tightening in the grain and oilseed markets happening in 2021/2022.

Figure: Crop Prices Supported by "Stocks: use" Ratio



Source: Company Information, CRU, Bloomberg, USDA

Note: Crop price index, Jan 2006 = 100 , Global grain and oilseed "stocks : use" ratio (excluding China) %

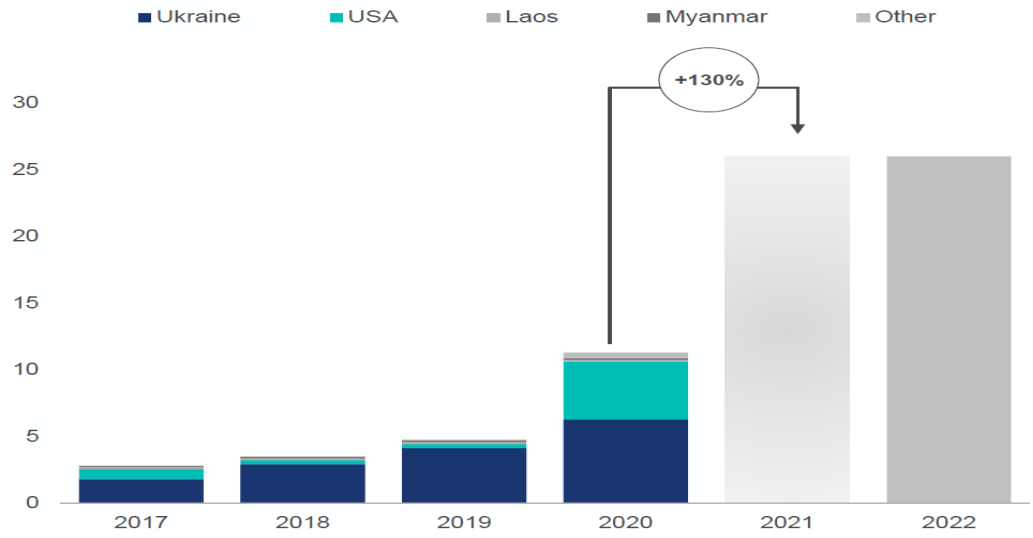
Chinese Exports Curtailed On Prioritizing Domestic Demand And Tight Environmental Regulations

China is in the early phases of swineherd recovery, which, along with the arbitrage to import corn, will sustain imports of 26 million tonnes in 2021 and 2022, up from 11 million tonnes in 2020. As a result, year-to-date May imports are four times greater than this time last year.

The Chinese government has taken progressive steps to restrict exports from 1st October and curb operating rates of nitrogen producers, given soaring coal prices and dual controls on energy consumption and intensity adding upwards price pressure.

– Expected to be a repeat phenomenon overwinter as environmental controls on coal tighten.
– Capacity closures due to environmental regulations resulting in lower exports in 2021 – 2025.
– As a result, Chinese exports are conservatively expected to drop by ~1Mt in 2022.

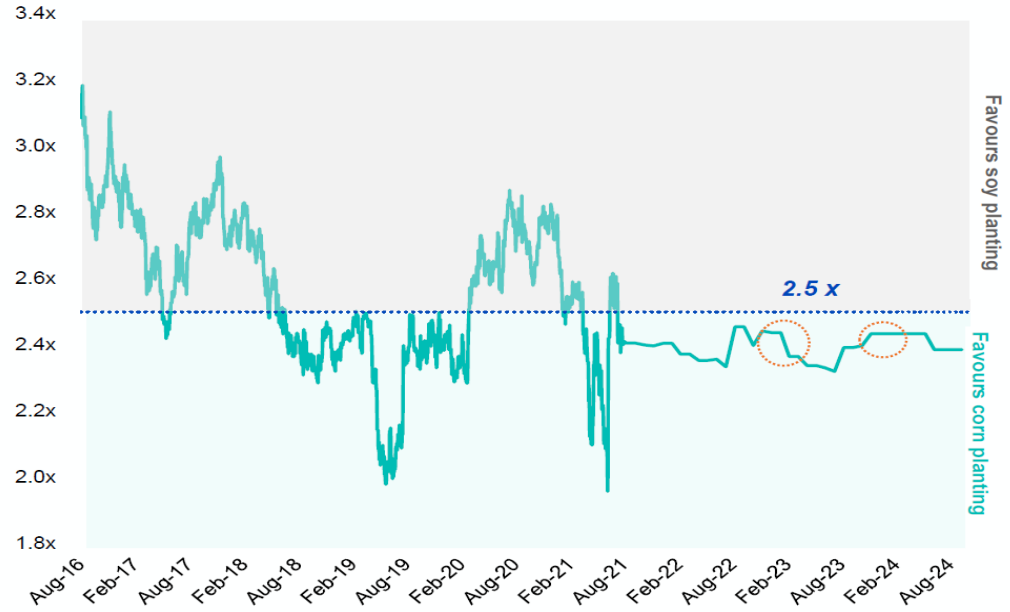
Figure: China Doubles Corn Imports with Large Purchases from the US



Source: Company Information, CRU, Bloomberg, USDA

US farmer's preference - In the US, the farmers decide on their planting product based on the corn versus soybean demand. The graph below shows that the demand is skewed towards corn because of the tighter fundamentals. Since corn is more favored than soybean, this will support the demand growth on nitrogen as corn is more nutrient intensive.

Figure: Soy-to-Corn Price Ratio in the US Strongly Favors More Nutrient Intensive Corn Planting

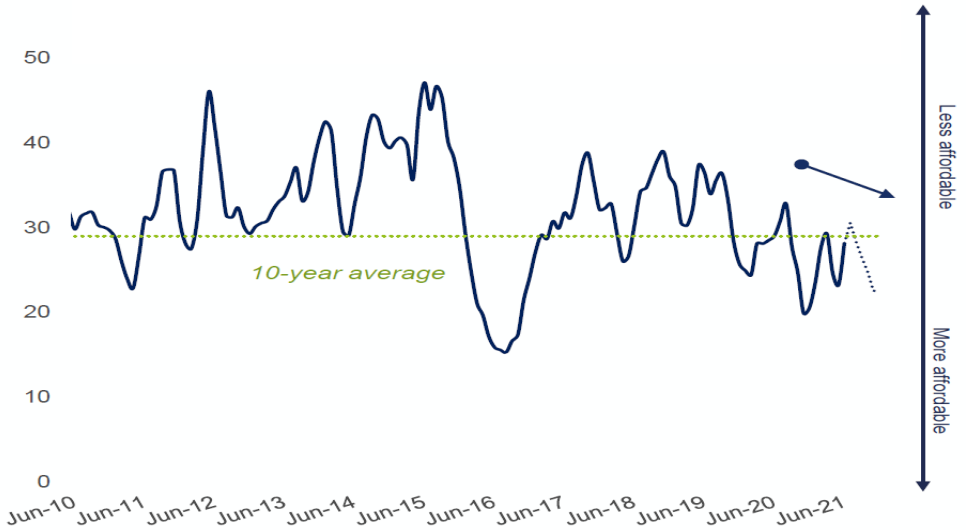


Source: Company Information, CRU, Bloomberg, USDA

Farmers Affordability - Aside from the US, other countries also benefit from high demand to supply ratio. For the past 10-years, Brazil and LatAm have been stuck in the less affordable range to farming than in this current year. The high corn prices in aiding farmers to better affordability levels support an increase in the area of corn planted by 5.5% and record demand for 2021 and 2022.

Figure: Best Farmer Affordability in Brazil and LatAm since 2016-17

Urea Barter Ratio



Source: Company Information, CRU, Bloomberg, USDA

Note: (1) Urea Barter ratio is a measure of affordability in Brazil. It is calculated as a ratio of the price of a 60 kg bag of corn vs the price of a tonne of urea

All the indicators above signal a forecasted increase in price due to lower supply and an increase in demand.

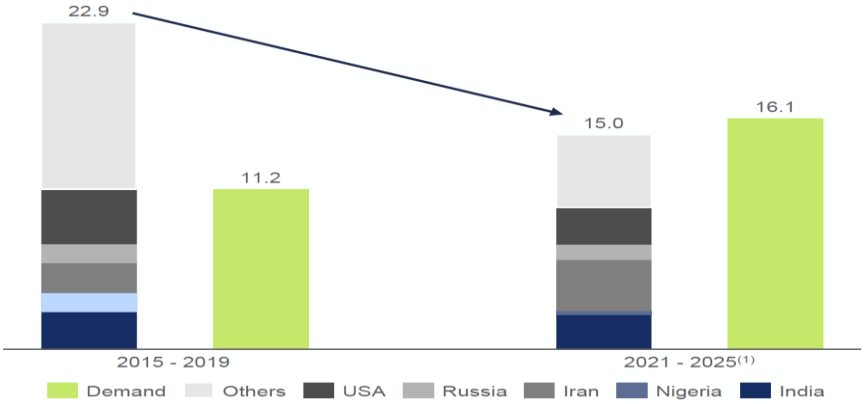
Demand and Supply

The Urea demand and supply dynamics show an attractive profile, and the demand is further expected to increase more than capacity additions. Low global crop inventories, strong farm economics, continued

strong fertilizer demand, and recovering industrial demand support current nitrogen price levels. Stocks-to-use ratios are below 20-year norms, which supports crop prices, while nitrogen demand is greater.

A rebound in industrial demand supports ammonia price. China's nitrogen market balances are being tightened by delayed and lower-level new capacity, as well as increasing capacity reductions. As a result, feedstock prices reset at high levels, causing marginal cost floors to rise. In addition, new grey greenfield capacity is limited by environmental concerns, resulting in increased demand for ammonia.

Figure: Ex-China Urea Capacity Additions Slow Relative to 2015-19 Global urea capacity additions ex-China, Mt

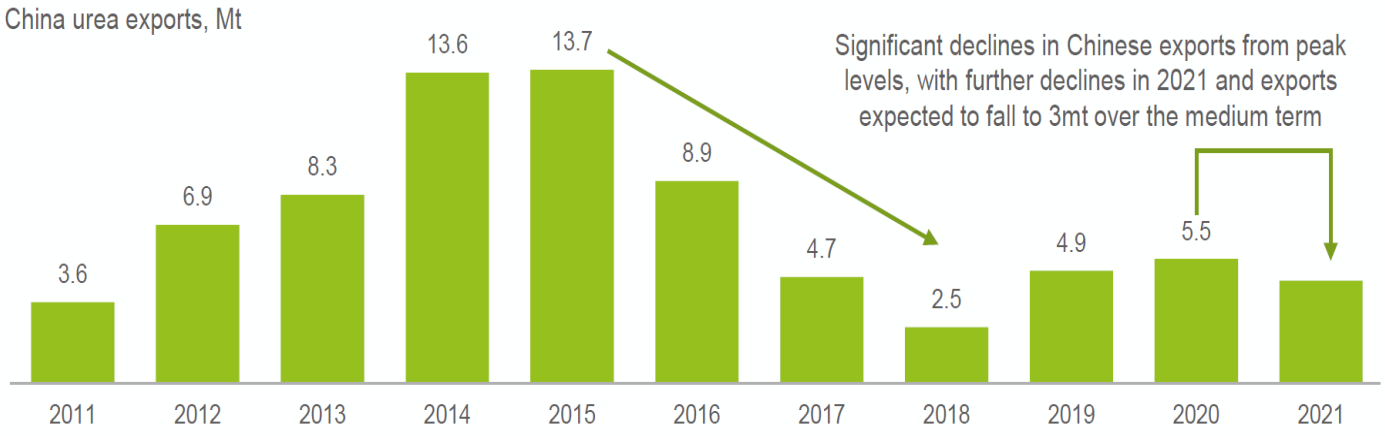


Source: Source: CRU, Company Information

Note: (1) Based on trend demand growth of 2% from OCI analysis

Demand growth is expected to exceed capacity additions, resulting in attractive urea supply/demand dynamics. Demand is likely to outpace supply growth, with new supply expected to be delayed and utilization rates slow to ramp up, minimizing the impact on the traded market. New capacity has been delayed, and 4 million tonnes of capacity will be commissioned in 2021. Increased environmental awareness is a barrier to entry into this business, restricting grey capacity expansions in the United States, the European Union, China, and elsewhere. Given the 4–6-year lead time to establish a new facility, there is good visibility on supply increases.

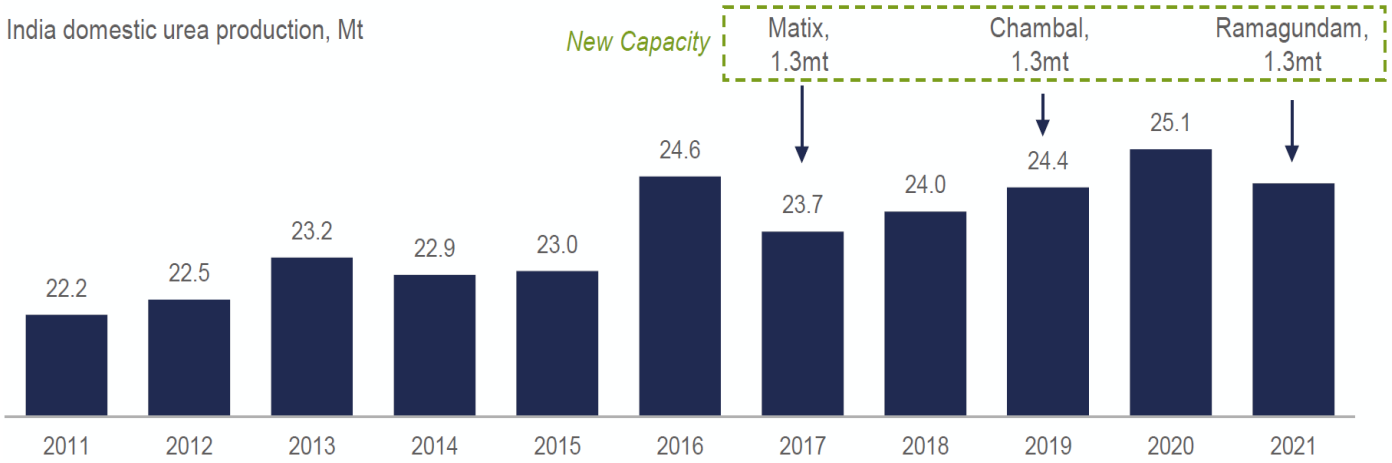
Figure: Chinese Exports Curtailed on Domestic Demand and Closures



Source: CRU, MMFMS, China Customs, Company Information

The Chinese market balances are mainly underpinned by low-stocks to use ratio, increase in domestic crop prices, and government initiatives on food security. It has increased the fertilizer demand for two years in a row in 6 years. Furthermore, growth in resins and DEF demand majorly contributed to the domestic industrial recovery in 2021. On the other hand, certain environmental regulations led to capacity closures that are expected to impact the levels of exports in 2021+ negatively. As a result, the Chinese exports dropped significantly from high levels and continue to decline in 2021. Furthermore, the export levels are expected to drop to 3mt in the medium term.

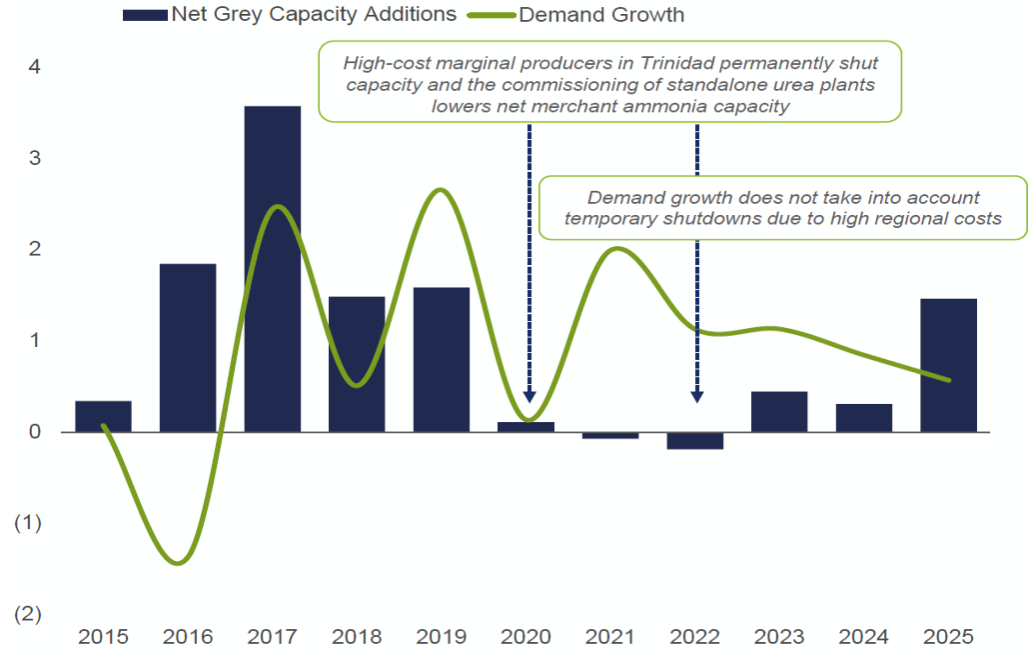
Figure: Indian Supply Has Remained Flat Despite New Capacity Commissioning, Supportive of Imports



Source: CRU, MMFMS, China Customs, Company Information

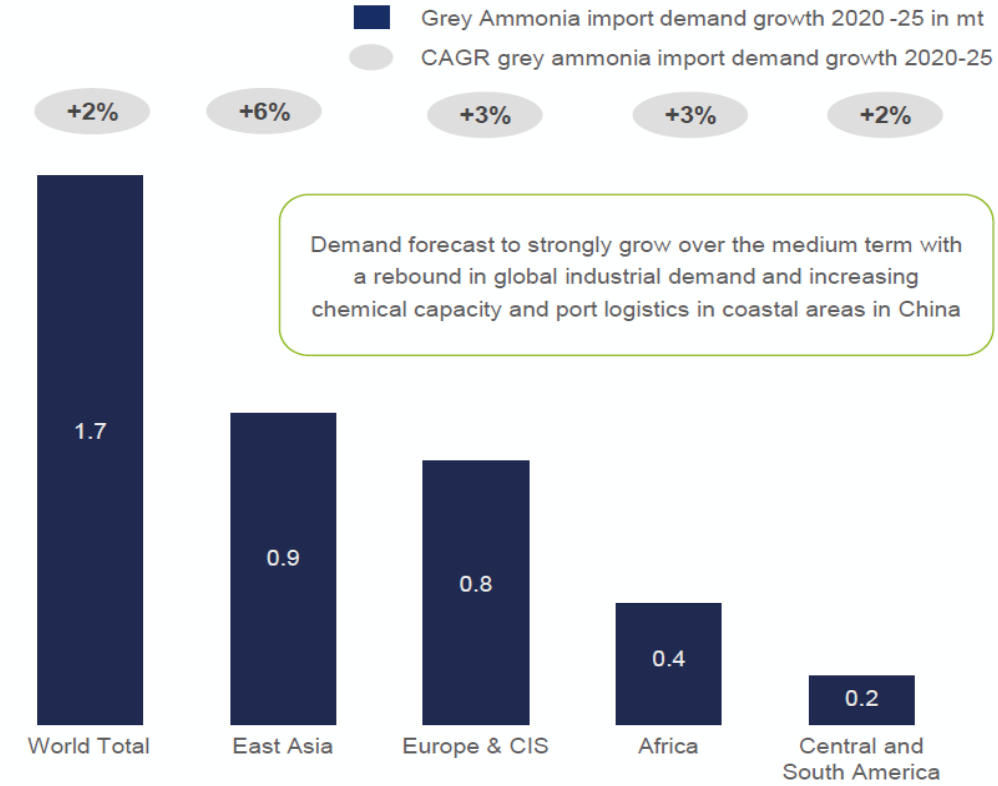
The supply in India is flat even though after the capacity additions. The commissioning of the three plants over the period of 2017-2021 managed to increase slight domestic production levels in 2020. However, the domestic production decreased 1mt year to August 2021. The capacity additions are expected to witness delays and on different timelines as presented in the published government timetables. India is expected to stay as a net importer over the medium term however, the upside is expected as domestic demand is likely to be strong due to growth in crop area and subsidies on urea.

Figure: Ammonia Capacity and demand
Global ammonia and net capacity additions ex-China ex-urea, Mt



Source: Company Information, CRU, Bloomberg

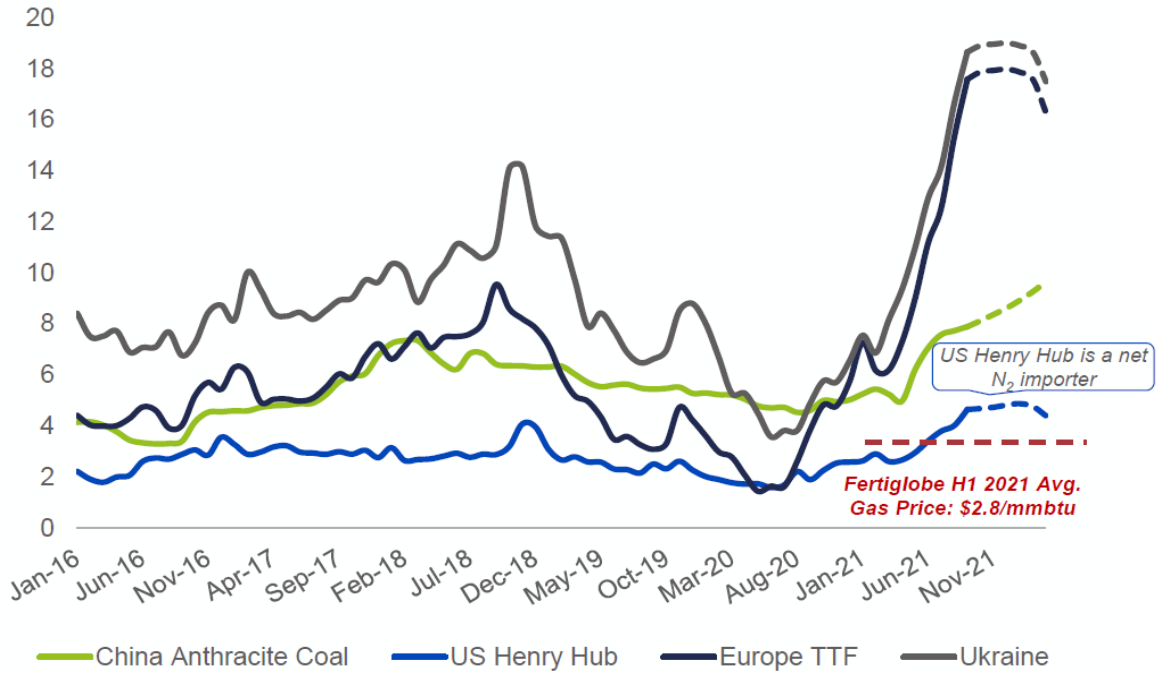
Significant Growth in Industrial Demand Benefits Ammonia



Source: Company Information, CRU, Bloomberg

With a resurgence in global industrial demand and increased chemical capacity and port logistics in China's coastal districts, demand is expected to expand rapidly in the medium term. Rising feedstock costs for marginal producers support nitrogen prices. Gas prices have recovered because of low storage levels in Europe and increased worldwide demand for gas, notably in Asia. TTF futures predict gas prices of $18/MMBtu for the rest of the year and first quarter of 2022 and $13/MMBtu by the end of 2023. Significant increase in Chinese coal prices because of lower coal output due to higher environmental inspections and lower imports, which is likely to boost marginal urea costs.

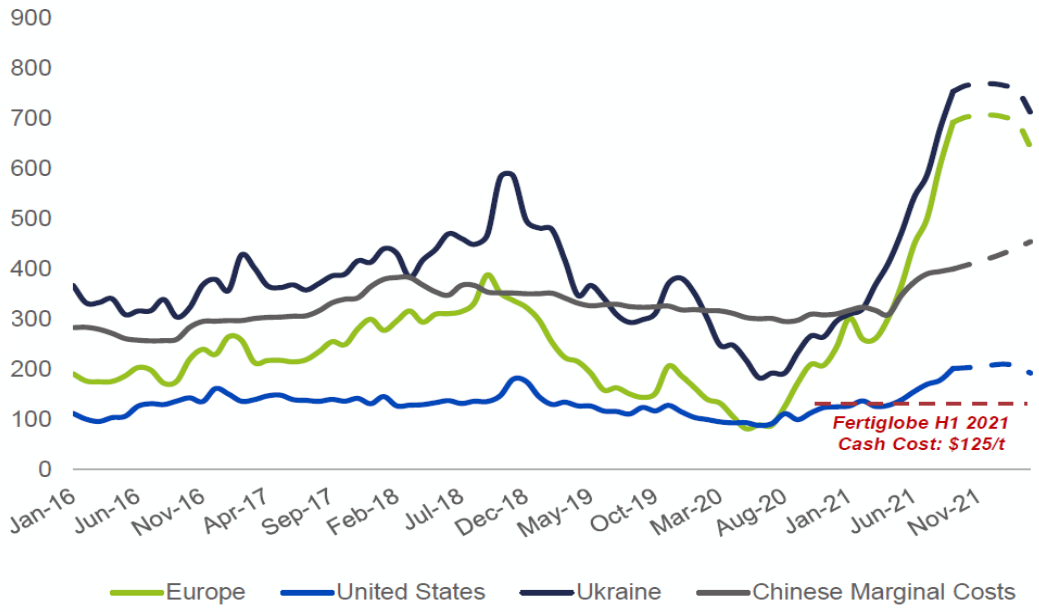
Figure: Gas Prices (Monthly Averages, 2016 - Q1 2022), $/MMBtu



Source: Bloomberg, CCTD, CRU, OCI, Gas futures as of 03 September

2021 Fertiglobe 1H21 monthly average gas was c. $2.8/mmbtu.

Figure: Cash Cost per Tonne of Ammonia [1,2] (Monthly Averages, 2016 - Q1 2022), $/t

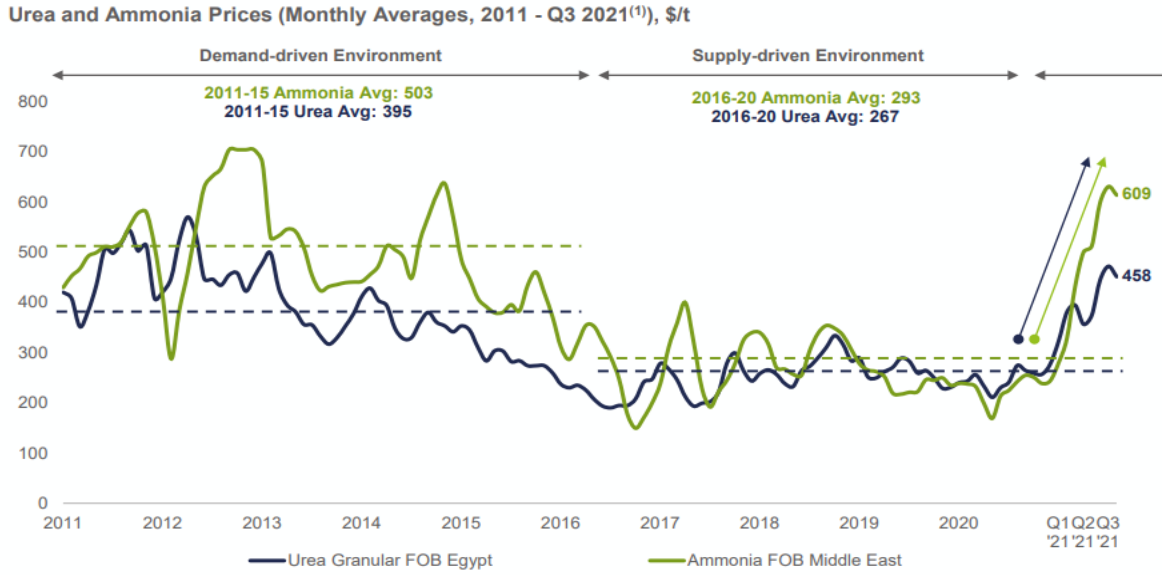


Source: Bloomberg, CCTD, CRU, OCI, Gas futures as of 03 September 2021

Notes: (1) Cash costs include feedstock 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.

Figure: Urea and Amminia Prices (Monthly Averages, 2011 – Q3 2021), $/t



Source: CRU, Note (1) Q3 2021 until 2 September 2021

Fertiglobe 1H21 cash cost per tonne of ammonia was around $125/t. The Nitrogen fertilizer market is now in a demand-driven environment, and It is supported by the current nitrogen price levels, strong fertilizer demand that is expected to continue, and forecasted improvements in industrial demand. The rebound to a demand-driven environment is underpinned by stocks-to-use ratios that are supportive of crop prices. The recovery in industrial demand supports the ammonia pricing environment. The delays, reduction in new capacity, as well as closures of capacity in China are tightening the nitrogen market balances. The increase in feedstock prices has supported the marginal cost floors, adding to the demand-driven environment. Moreover, the environmental focus encourages a shift from grey to green by limiting grey capacity and boosting incremental demand for ammonia.

Hydrogen and Clean Ammonia Potential

Given the requirements to reduce the CO_2 Emissions, Governments have established goals for the 1.5 – 2°C pathway, which includes The European Union Green Deal to decrease emissions by 55% by 2030 and attempts to eliminate these emissions by 2050. On the other hand, the United States has recommitted to the Paris agreement, which also entitles reaching zero Emissions by 2050 while shaping environmentally friendly deals. In order to achieve Emission Reduction, Hydrogen will be a significant factor across all industries. Decarbonization opportunities are possible due to Hydrogen and Clean Ammonia, which will decrease Emissions from marine fuel, power production, transportation, building, and agriculture, to name a few. Fertiglobe can play the leading role in GHG reductions in fields contributing to up to 80% of total Emissions.

Figure: Global CO2 Emissions, Gt CO2 / Year

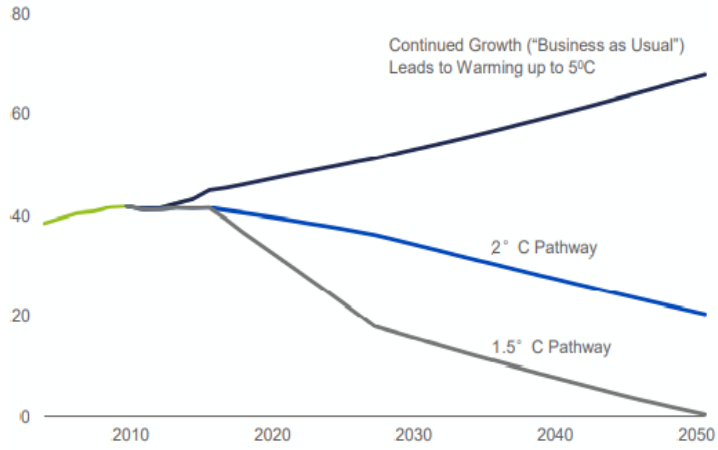
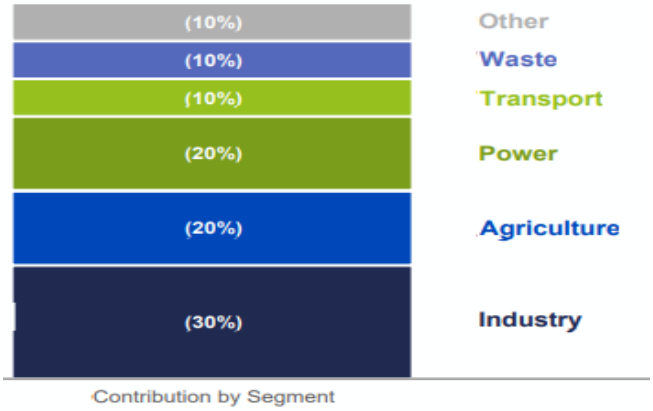


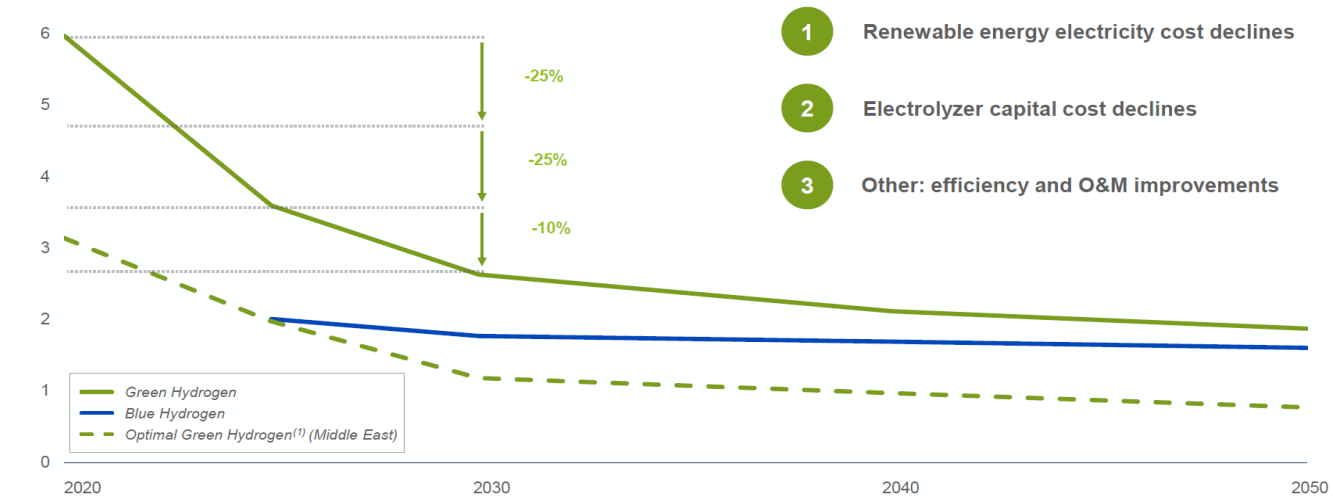
Figure: Fertiglobe can help facilitate GHG reductions in industries that make up 80% of current emissions



Source: United Nations Emissions Gap Report 2019

Hydrogen Production Costs - In support of the reduction of CO2 Emissions, Hydrogen production costs are expected to fall significantly over the next decade, supported by a decline in Renewable Energy Electricity costs, Electrolyser capital costs, and the Optimal Green Hydrogen costs known as Green Ammonia produced using wind/solar energy as shown in the below graph.

Figure: Production Cost for Hydrogen, $/kg H2



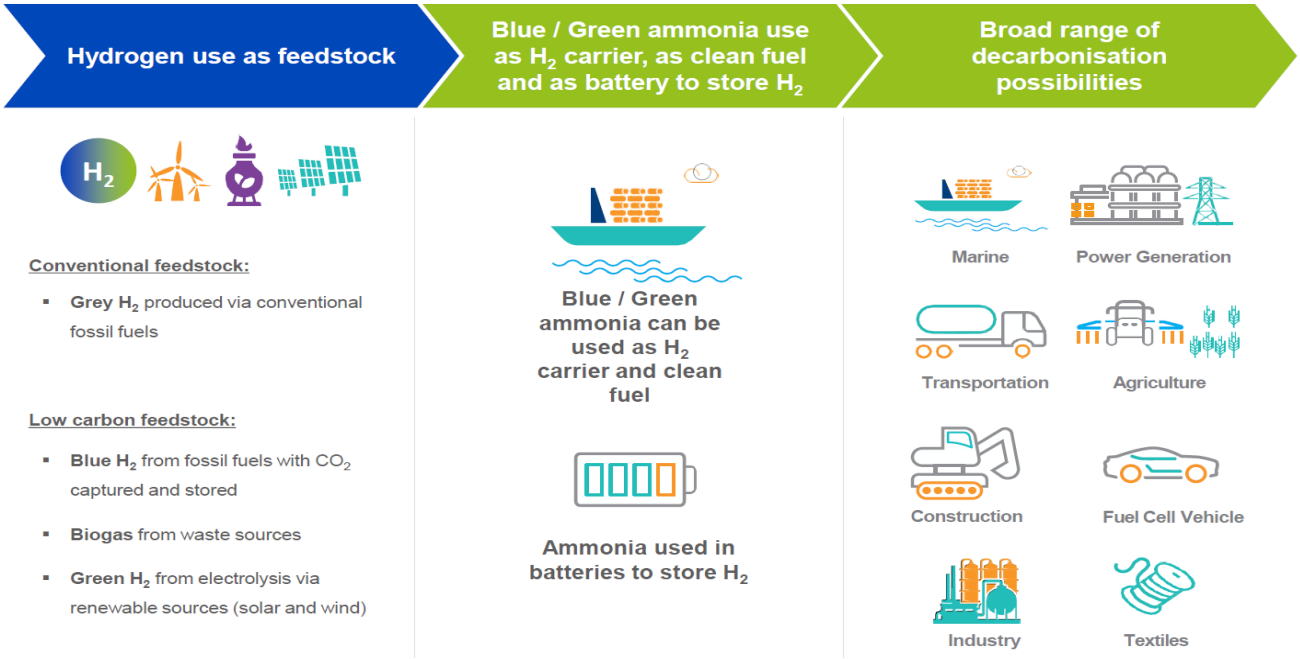
Source: Hydrogen Council, Strategic Consultant

Note: (1) Optimal green hydrogen refers to green ammonia produced using wind/solar energy in the Middle East

Ammonia will then play a major role in the emerging H_2 economy, with more than 40% of Grey Hydrogen currently in use supported by the decrease in production costs and the continuous efforts towards green energy mitigating climate change.

In support of the European Union (EU) plan mentioned earlier to decreasing 55% of Emissions by 2030, the EU will be spending around EUR550 Bn and will also provide EUR7 Bn in an attempt to mobilize another EUR30 Bn in financing. Nevertheless, the United States and in support of its plan, has also allocated a USD2 Tn bill for climate change-related investments in clean energies, which will help to reduce GHG emissions by 51% by 2030. Also, Japan is creating its own "Hydrogen Society" by 2030 and wishing to achieve zero carbon emissions by 2050. In India, the government will make it mandatory for refiners and fertilizers to use green hydrogen as of 2023, opening the door for a significant increase in the country's hydrogen industry.

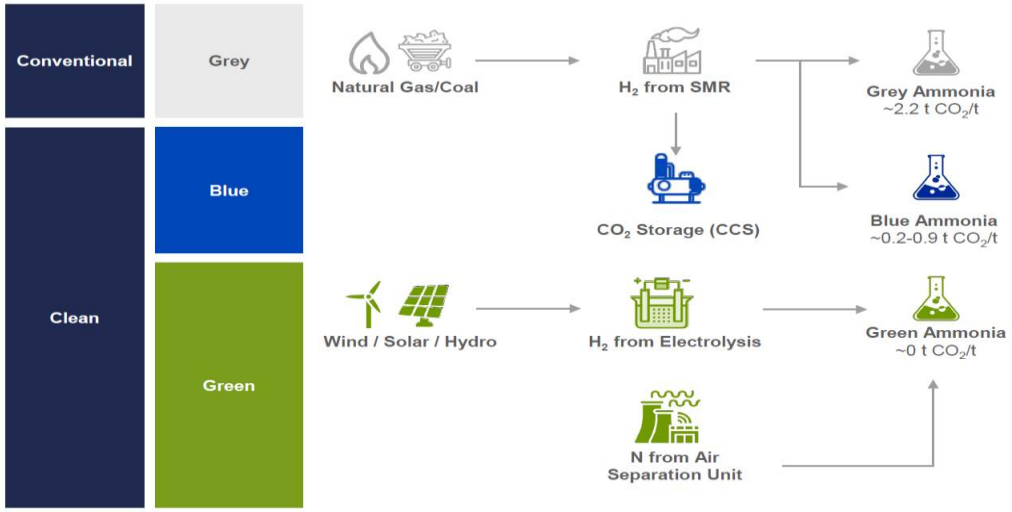
Figure: Hydrogen for the Future



Source: Hydrogen Council, Strategic Consultant

Ammonia Production cycle - The Clean ammonia used to decrease carbon emissions can be produced in blue ammonia and or green ammonia through Carbon Capture & Storage, and electrolysis, respectively. It is worth noting that ammonia in all its forms can be used for several purposes, out of which the traditional use in fertilizers like Urea, Nitrates, and fertilizers as well as the industrial use in explosives, chemicals, NOx abatement, and industrial heat. Nevertheless, the new usage for ammonia is the Power production field in order to decrease its Carbon emissions and co-firing in thermal plants. Ammonia engine or fuel cell is to be used in marine and finally ammonia can be used in H_2 energy carrier. All of which will participate in achieving the goal of decreasing emissions globally.

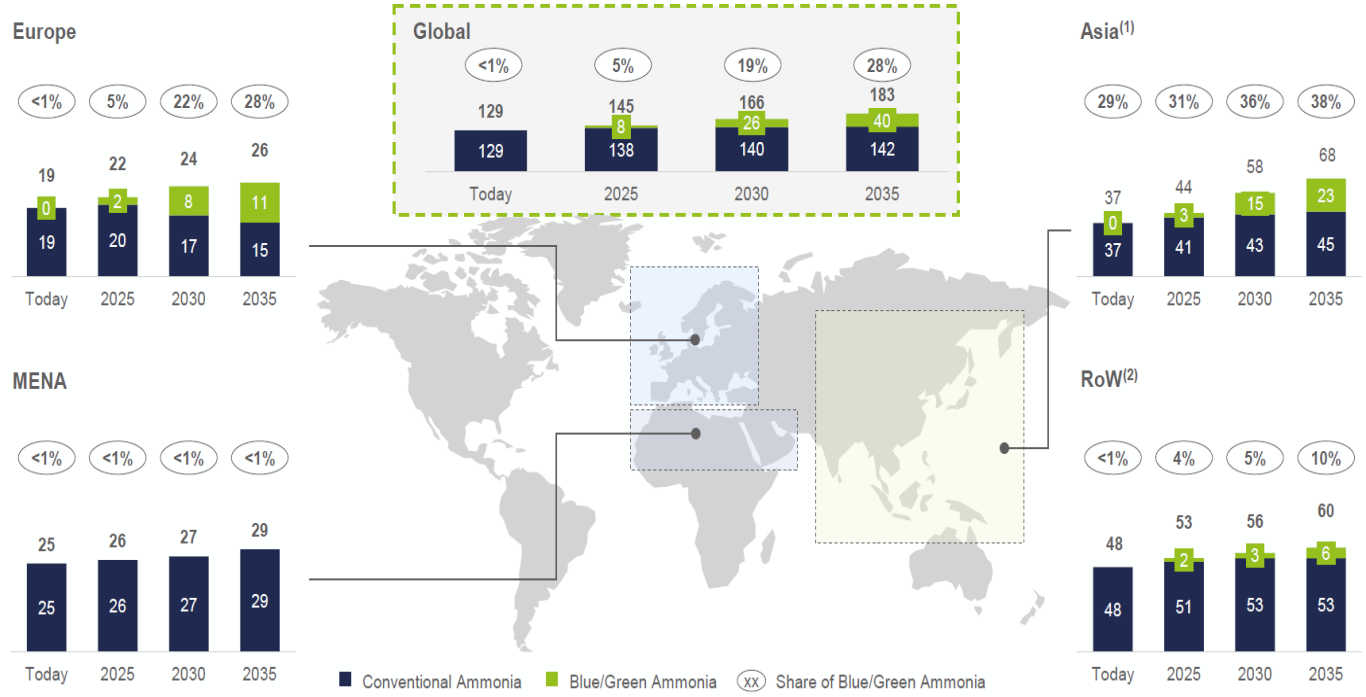
Figure: Ammonia Production Archetypes



Source: Fertecon Ammonia Outlook, Argus Green Ammonia Conference 2021

Demand Growth - The global demand for clean ammonia is forecasted to follow an increasing trend globally and reach 28% of Total Ammonia by 2035, reaching in total 40 Mt out of 183 Mt. Asia is forecasted to witness the highest increase reaching 23 Mt in 2035 up from zero today followed by Europe 11 Mt also from none currently and North America, Latin America, Oceania and rest of Africa reaching 6 Mt from zero usage today.

Figure: Accelerating Demand Growth Expected from 2025 Onwards to Reach >25mt by 2030 in Base Case Scenarios

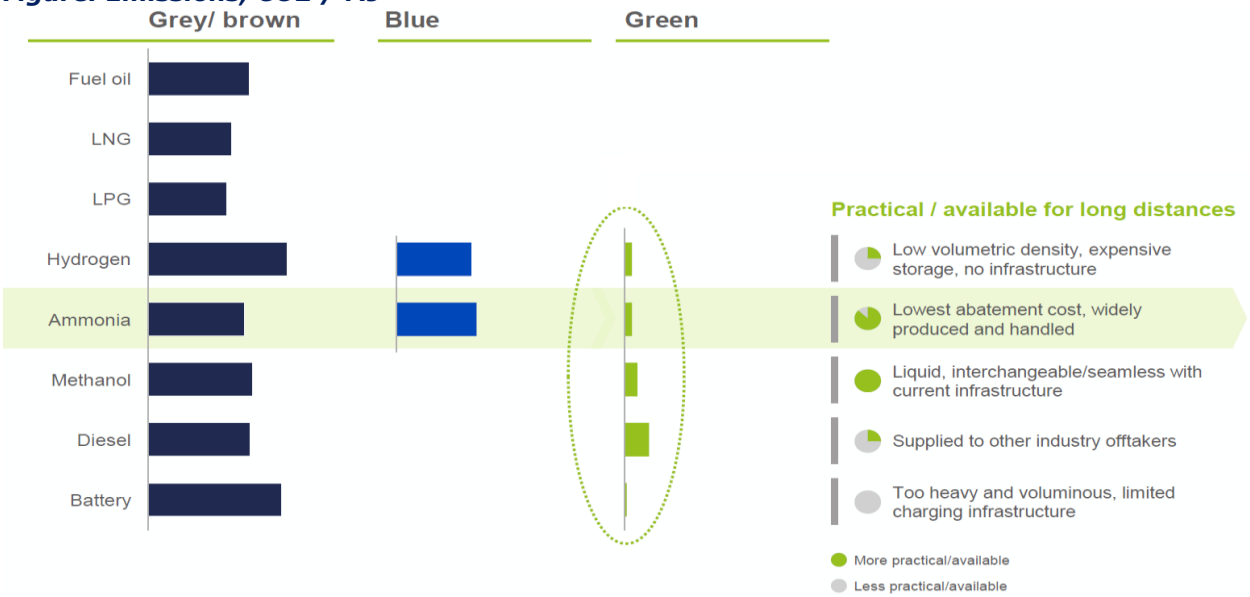


Source: Fertecon Ammonia outlook 2021, EU Commission, IEA, Strategy Consultant

Notes: (1) Excl. China(2) North America, Latin America, Oceania, rest of Africa, Global Marine Applications and Global Sustainable Fertilizers (excl. Europe).

Decarbonize effect - Ammonia will likely become the most important green fuel given that it is one of the most viable fuels to decarbonize the Maritime Sector. Shipping accounts for 3% of global GHG emissions and is one of the most difficult industries to decarbonize. When used as a fuel, ammonia burns the cleanest. Other green fuels (hydrogen/battery) and availability (biodiesel) are not particularly feasible or available for marine applications. Until the industry has completely scaled up to green production, Fertiglobe wants to employ the grey and blue pathways as a bridge option.

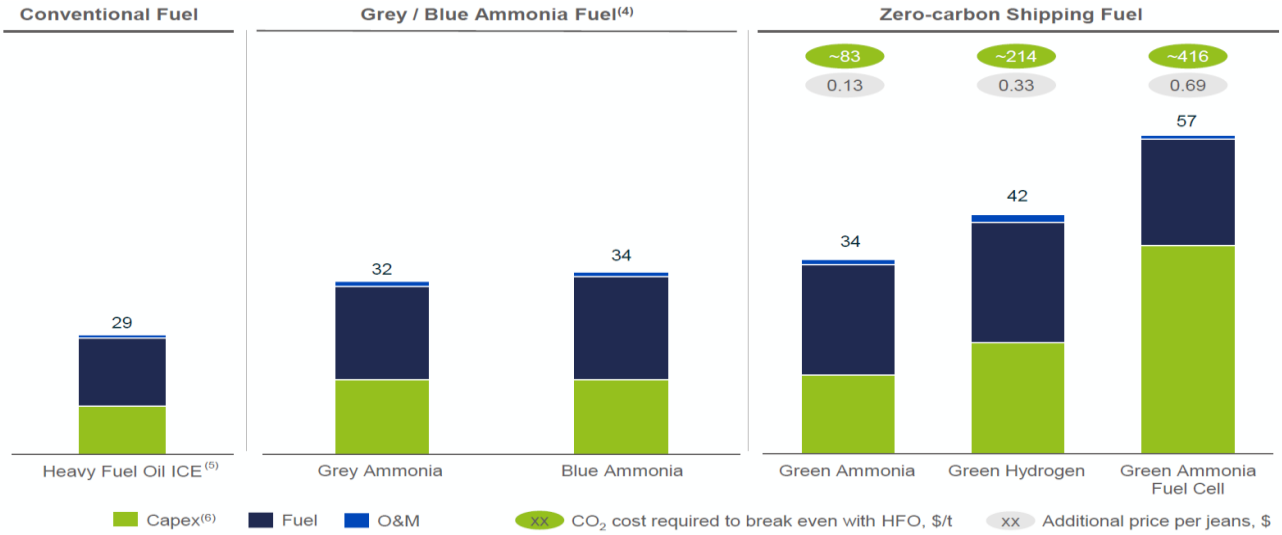
Figure: Emissions, CO2 / MJ



Source: Trafigura, IMO 4th GHG report, E.Lindstad (decarbonizing marine transport)

Cost-Effective – By reaching 2030, ammonia is forecasted to be the most cost-effective zero-carbon fuel for container ships. Green shipping will be cost-competitive with heavy fuel oil beginning in 2030, with a CO2 cost of $83/t. This works out to $12 per washing machine or $0.13 for each pair of pants. The grey and blue ammonia routes are near to cost parity with heavy fuel without a carbon tax. Ammonia Expected to be the Cheapest Zero-carbon Fuel for Container Ships in 2030.

Figure: Container Ship and Bunkering Location in the Middle East, $m per annum, 2030



Source: 2021 Hydrogen Council report (adjusted for OCI analysis), MMSA, Fertilizer Week, IEA, Argus

Notes: (1) All figures converted from EUR to USD at spot FX as at September 2021 of US$1.188/EUR. (2) 67 MW ship, TEU = 13,000-15,000, sailing distance of 84,200 nautical miles/year. (3) Price assumptions: HFO: 740 $/t, Grey ammonia: 350 $/t; Blue ammonia: 370 $/t; Green ammonia: 385 $/t; Green hydrogen: 2,800 $/t.

(4) Compared to HFO. (5) ICE refers to Internal Combustion Engine, fuel price average between IEA (850 $/t and hydrogen council report at 630 $/t)

(6) Including opportunity costs from increased space requirements compared to HFO ICE engine as well as larger tank sizes due to low volumetric density of hydrogen and ammonia.

Advantage on the increase in demand – As discussed earlier, the Emerging market for ammonia will increase demand significantly and with it the increase in the end-product price, which is forecasted to be mitigated by the willingness to shift to green energy and the capability of payment. Novo Nordisk, a major pharmaceutical firm, has told its 60,000 suppliers that they must make and deliver their goods responsibly starting 2030 onwards, supporting the plan to decrease emissions and shift to green ammonia.

Figure: Small Increase in End-product Price

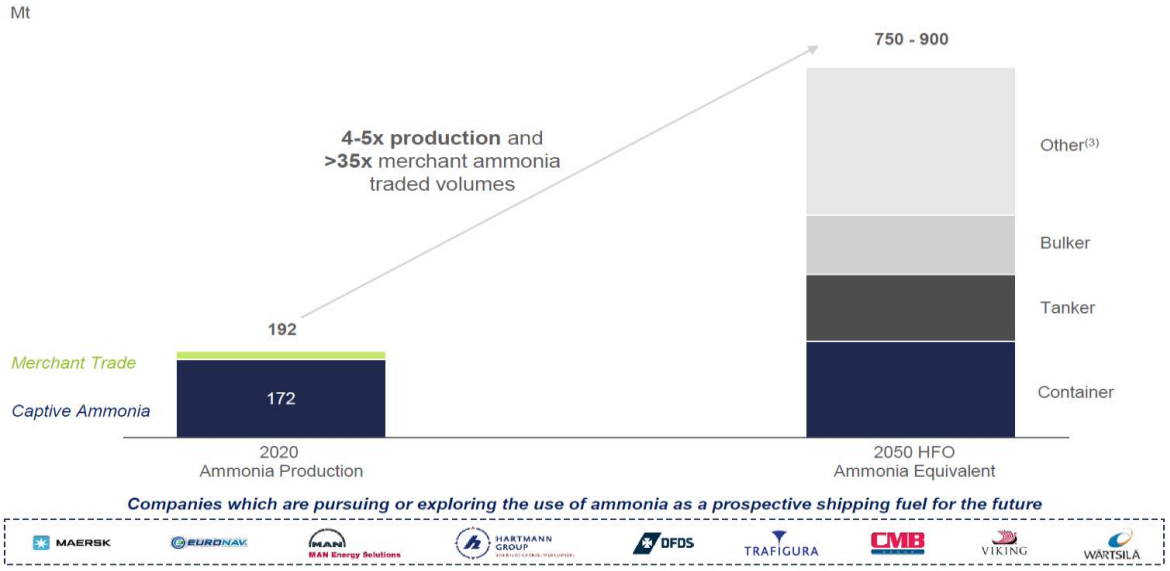
Vessel Type and Owner	Transported Good		Typical Route	End-product	Added Cost to End Product (1) USD	Relative Price Increase of End Product (1)	Typical Shipping End Client	
Container	1 pair of jeans			Jeans in store	0.13	<1%	H&M	Levi's
	1 banana			Banana in supermarket	0.04	20%	Walmart	Ahold Delhaize
	1 TV			TV	4	2%	amazon	SAMSUNG
Dry Bulk	1 ton of iron ore			Ton of iron ore delivered	10	10%	RioTinto	BHP
				Increase of steel cost	15	4%	TATA	ArcelorMittal
				Car production cost	80	<1%	BMW	Mercedes-Benz
Tanker	1 ton of ammonia	NH 3	EBIC	Ton of ammonia	7	2%		Ahold Delhaize
				Increase in EU nitrates cost	2	1%		

Source: Energy Transition Commission.

Note: (1) Using 100% ammonia, increasing the cost of transportation by ~60%, 2035

Marine Fuel as an opportunity – As mentioned, Ammonia is the main and one of the most cost-effective replacements for Heavy Fuel Oil (HFO) currently used as a Marine Fuel, representing a substantial market opportunity for Fertiglobe. As a result, ammonia as a potential maritime fuel is being pursued or investigated by major ship-owners and engine manufacturers to become the future shipping fuel, with the usage of blue ammonia in a ship has the potential to reduce GHG emissions by more than 50%. It is forecasted that Ammonia production will increase up to 4 to 5 times by 2050, reaching 750 to 900 Mt up from 192 Mt in 2020, with an increase of 35% in the ammonia traded volumes.

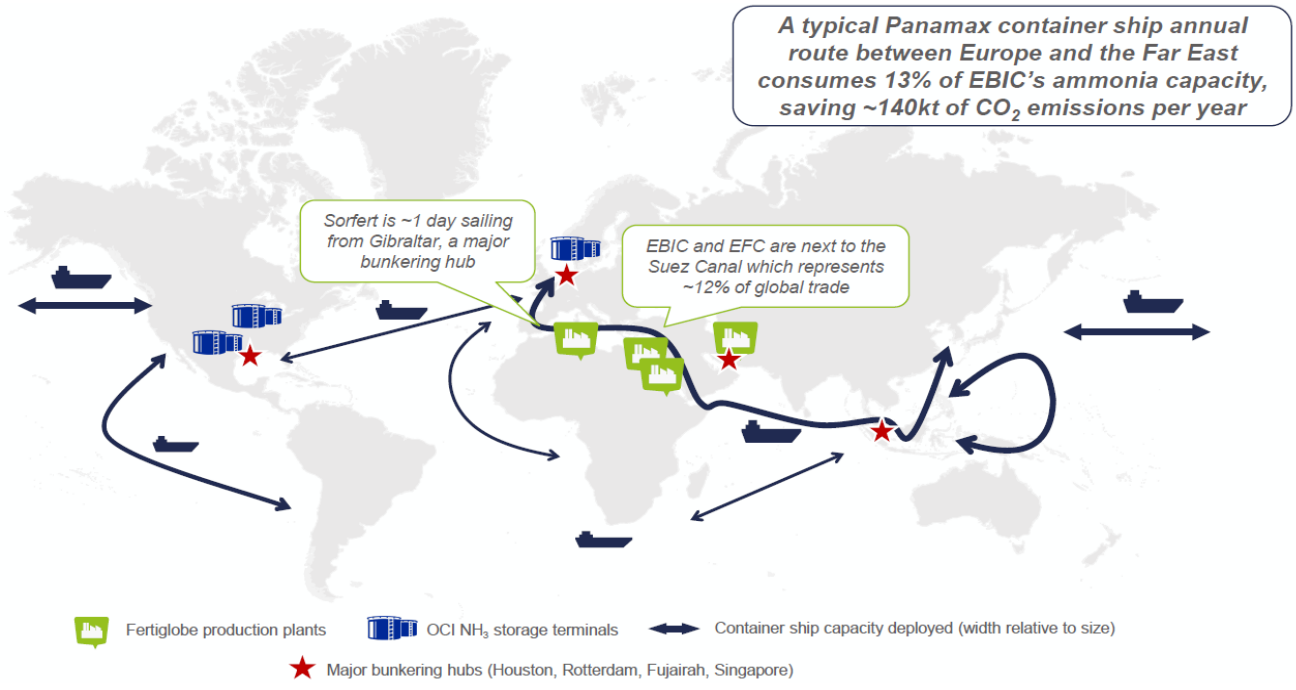
Figure: 2050 Outlook potential for Ammonia in the Marine Fuels Industry as a substitute for HFO



Source: Hydrogen Council, MMSA, CRU, IEA, Argus, Strategy Consultant

Strategic Location –Fertiglobe production plants' locations from major bunkering hubs and near the Suez Canals are strategic and strengthen Fertiglobe's and OCI's position among rivals globally both in production and in terms of trading of ammonia. Furthermore, ADNOC's global presence in the fuel and energy sector is strategic to Fertiglobe. It is worth noting that a typical Panamex container saves almost 140 Kt of CO_2 emissions annually. In addition, the Company's current footprint enables the strategic potential for bunkering stations stopovers and with the limited investment needed for the ammonia fuel ship engines.

Figure: Fertiglobe's Network Located at Key Bunkering Hubs on Major Shipping Lanes



Source: Hydrogen Council, MMSA, CRU, IEA, Argus, Strategy Consultant

Fertiglobe is Ideally Positioned to Capitalize on the Hydrogen Opportunity – To proceed with Fertiglobe's strategic positions, we would like to emphasize on the following:

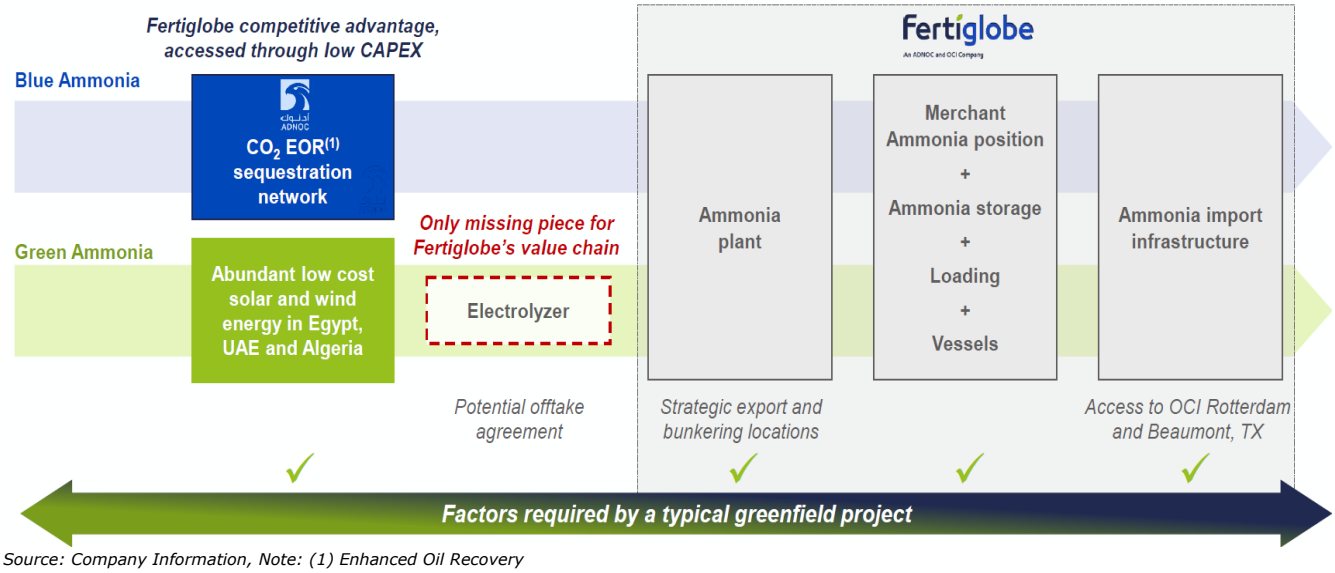
- Fertiglobe is well established as a global exporter of seaborne merchant ammonia with trading knowledge and infrastructure and has a great potential to use the current OCI platform. This leads it to guarantee access to 4.4 Mt of gross ammonia per year and an advantage globally in terms of trading, distribution, and logistics platform.
- Fertiglobe is also strategically positioned in the east and west of the Suez Canal, with direct access to Europe and Asia. The strategic position allows it to capitalize on the enormous future demand for ammonia its usage in power production and energy transport. It is forecasted to reach 5 Mn tonnes of H2 from the EU and Asia (excluding China) by 2025.
- Fertiglobe, in MENA, has access to low-cost solar and wind energy to manufacture Green Ammonia. It has 19.3GW of existing and estimated renewable energy divided among Egypt with 6.8GW and the United Arab Emirates (UAE) with 12.5GW.
- The UAE potential could be unlocked via the leading position of ADNOC globally and its extensive experience in carbon capture and underground storage, allowing it to increase its CCUS capacities from 800 Ktpa currently to 5 Mtpa by 2030.
- With key positions near 3 out of 4 top bunkering hubs and located on the world's busiest shipping channels, the company is well-positioned to capitalize on the tremendous potential demand for ammonia as a marine fuel, and it accounts for almost 12% of the world trade volume of ammonia via Suez Canal.
- Fertiglobe benefits from its good relationships with governments and major renewable players to be able to accelerate the implementation of its plan

Figure: Relationships with governments and other renewable energy stakeholders to speed up implementation

Source: Company Information

Fertiglobe has a plug-and-play capabilities– Fertiglobe has a competitive advantage in Low Carbon Ammonia over Greenfields, given its access to the whole supply chain needed to produce blue and green ammonia electrolyzer being the only missing piece of this supply chain. In addition, it has a CAPEX advantage which allows it to add blue and green hydrogen capacity almost freely or at an extreme low cost. Finally, Fertiglobe is complimentary to ADNOC and OCI's strategy.

Figure: Fertiglobe competitive advantage, accessed through low CAPEX

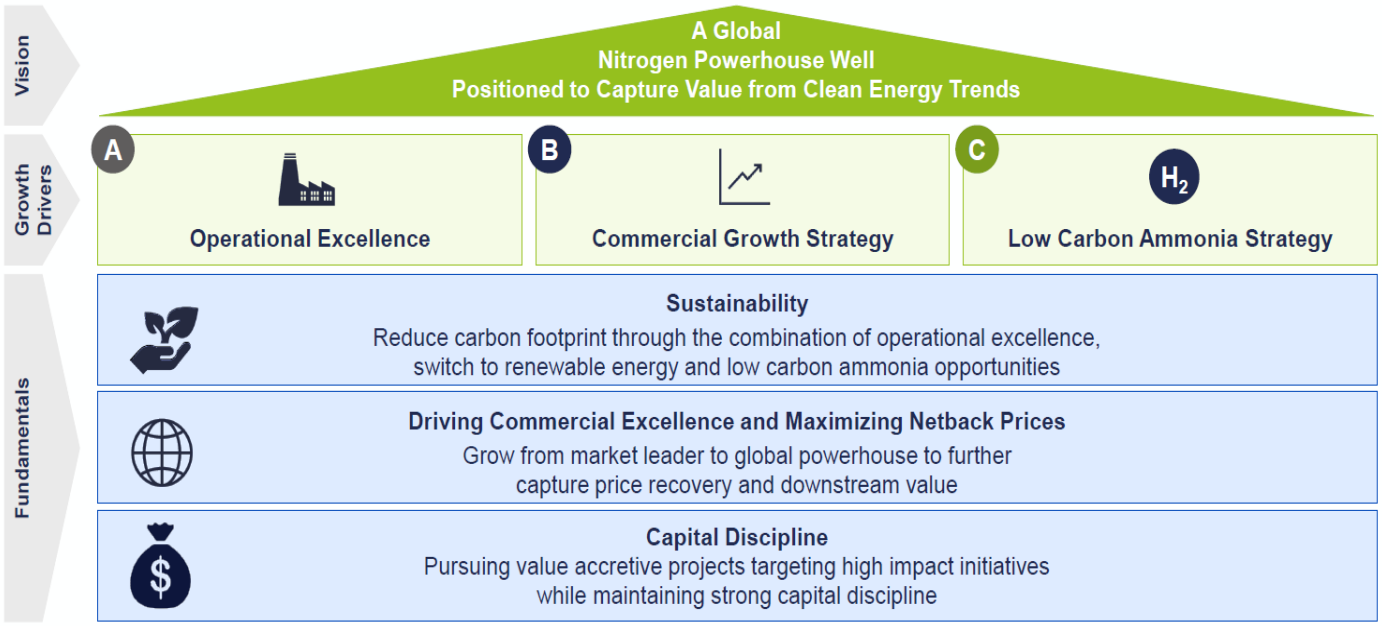


Source: Company Information, Note: (1) Enhanced Oil Recovery

Fertiglobe Strategy and Growth Drivers

Fertiglobe has a definite strategy and growth goal to be achieved, shown, and concluded in a vision, Growth Drivers and Fundamentals. The vision of the global nitrogen powerhouse is to undertake and gain value from clean energy trends. This vision is of importance for ADNOC & OCI's focus and strategy.

Figure: Vision and Growth Drivers



Source: Company Information

A. Operational Excellence

Fertiglobe is working to develop better utilization rates to achieve maximum proven capacity and reduce energy consumption, resulting in $50m+ incremental EBITDA. The Operational Excellence Program at Fertiglobe is built on three key pillars. **Process Safety and Reliability** pillar consist of three Programs. The first program is Site-led improvement programs leading to site-specific process safety and reliability goals. Global reliability program concentrates on identifying and eliminating recurring difficulties. A program related to significant turnarounds and structured readiness assessments is conducted to enhance completion timelines, competitiveness, and predictability. **Energy efficiency** is shown in designs featured by Fertiglobe's young asset base. It focuses on operational excellence right away and is backed up by industry-leading monitoring tools. Efficiency is also supported by Identifying and pursuing additional efficiencies through value-adding initiatives. **Cost Optimization** is achieved by strategies and best practices. Its framework consists of capital deployment optimization, centralized logistics strategy and best practice sharing resource and knowledge exchange amongst OpCos.

B. Commercial Growth Strategy

Fertiglobe is building the leading global marketing platform in Nitrogen Fertilizers and increasing market penetration to expand net-backs. This will be achieved through accelerated commercial expansion in high-growth markets. The physical growth will be in 9 markets and through strategic profit-sharing partnerships. Establishing a strategic profit-sharing alliance allows for more flexibility in product sale schedule and location and net-back optimization. As a result, Fertiglobe can capture a larger portion of the downstream value.

Increase traded volume by establishing an in-house distribution business. Through the potential of having much room to target the volume that's now being sold to traders, as well as the extra new capacity that's scheduled to come online. Moreover, growing volumes of 3rd-party traded ammonia and urea, bolstering Fertiglobe's market position, and increasing direct-to-customer sales leading to a significant incremental EBITDA potential will aid the goal of increasing volume traded.

Product expansion offers long-term growth possibilities by expanding the capabilities to generate high margin Diesel Exhaust Fluid (DEF). Meanwhile, over the medium term, worldwide DEF demand is anticipated to rise at a rate of c.11% per year. Middle East, India, and the European Mediterranean are among Fertiglobe's possible target markets. DEF is usually more expensive than urea. Hence, allowing a 450ktpa DEF capacity.

C. Fertiglobe Has several Clean Ammonia Initiatives Underway

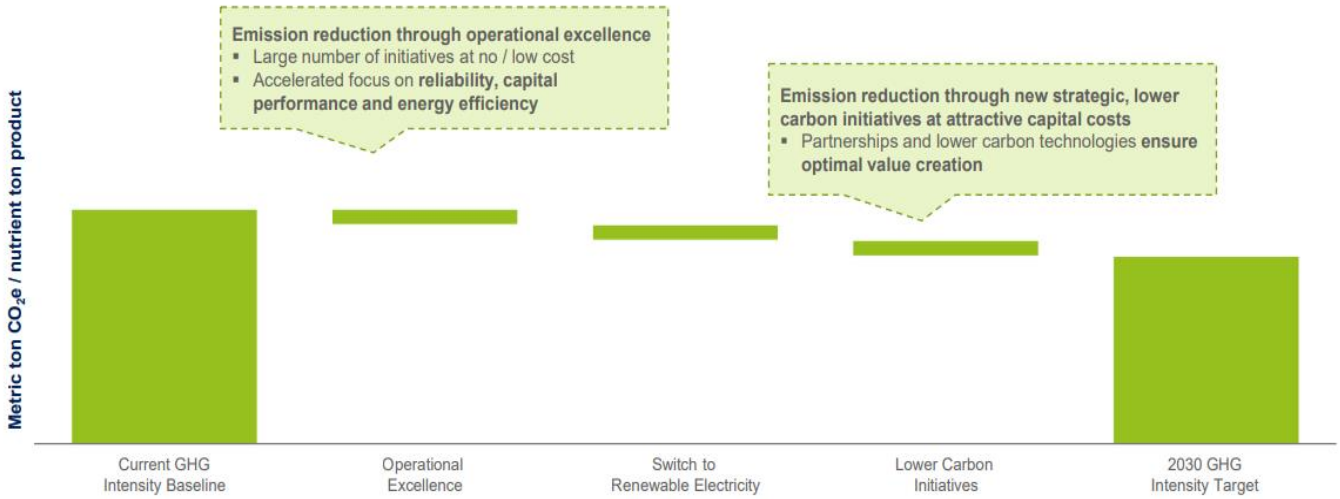
While pursuing green ammonia production projects, Fertiglobe has an advantageous position to ramp up blue ammonia production as demand grows potentially.

- **Fertil - Blue Ammonia Project:** Is being strategically located in the UAE, leveraging ADNOC's capabilities to produce blue ammonia. It is scalable with low conversion CAPEX and no impact on urea production and has an attractive IRR at grey ammonia pricing before assuming any blue premium. The first batch of blue ammonia production was completed in Q3 2021 and has an estimated CAPEX of $30 million over 2022/23 Capacities.
- **Blue Ammonia Project on a Global Scale in Abu Dhabi:** Located in the TA'ZIZ Industrial Chemicals Zone, next to the Ruwais Industrial Complex, which will provide appealing hydrogen and nitrogen feedstocks. It is the first world-scale blue ammonia factory in the MENA area, constructed in collaboration with ADNOC, with a capacity of up to 1,000 ktpa, emphasizing exporting to Asia and Europe Timing. The final investment decision is expected in 2022, with the start date in 2025.
- **Green Ammonia Concentrate (EBIC) Pilot:** In the concept phase to produce green ammonia in Egypt (tax-free zone) utilizing low-cost wind/solar energy or waste gasification. Partnerships are being explored to ensure the availability of renewable energy upstream.

Fertiglobe has collaborated with ADNOC to sell its first blue ammonia cargoes to Itochu, Idemitsu, and Inpex in Japan at a premium price. Demonstrating a distinct competitive advantage in order to open up new markets for blue ammonia in fertilizer manufacturing and other uses.

Carbon footprints and Targets – Fertiglobe is committed to cut down on its carbon footprint and will help OCI achieve its stated emissions reduction target of 20% by 2030. It plans to achieve the target via Operational excellence, Adopting renewable electricity, and Lower carbon initiatives. Fertiglobe plans to maintain the robust capital discipline to achieve the targeted goals and to pursue value-enhancing projects. The emission reduction via operational excellence with large initiatives undertaken at lower costs. The focus on reliability, capital performance, and energy efficiency are further expected to add to the operational strategy. At the same time, the emission reduction via lower carbon initiatives is through new strategic initiatives and lower levels of carbon initiatives implemented at favorable costs. Partnerships and lower-carbon technologies will drive optimal value creation.

Figure: Fertiglobe's carbon footprint and targets

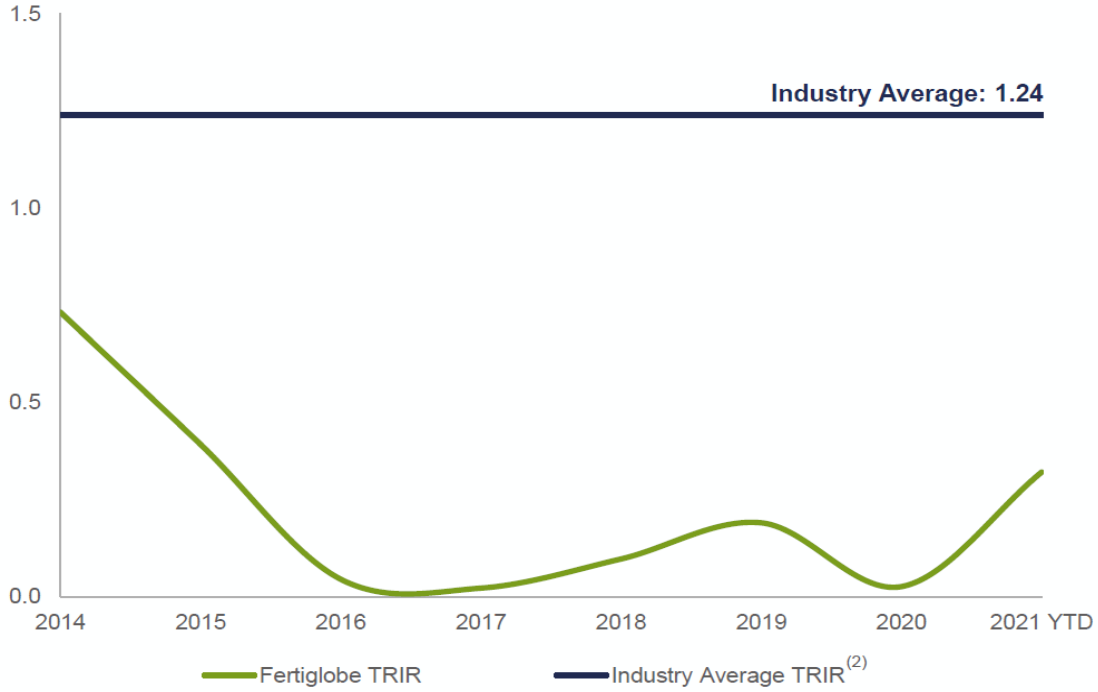


Source: Company Information

Deep-Dive on Fertiglobe's Business

Fertiglobe has consistently achieved some of the lowest Total Recordable Injury Rate (TRIR) numbers in the industry by attaining leadership in safety and occupational standards across the operations, nurturing a culture of zero injuries at all production sites, and improving health and safety monitoring, prevention, and reporting across plants. In addition, Fertiglobe is dedicated to creating a safe and healthy working environment for all its workers and stakeholders by holding to the highest international safety standards to avoid any possible hazards to people, communities, assets, or the environment.

Figure: Total TRIR (Total Recordable Injury Rate)



Source: Company Information, IFA

Notes: Includes both employees and contractors. Per 200,000 hours worked

Figure: HSE Certifications

- *OHSAS 18001 Occupational Health and Safety Management Systems*
- *RC 14001 Responsible Care Management Systems*
- *Assets are also REACH certified*

Source: Company Information

A portfolio of 4 Global Assets Using a Centralized Global Commercial Platform

Figure: Fertiglobe 4 Global Assets

Source: Company Information

Notes: (1) Fertiglobe is headquartered in Abu Dhabi and was established as an ADGM company in 2019

(2) Fertiglobe increased its ownership in EBIC from 60% to 75% in Aug-21, by acquiring a 15% stake from a KBR-led consortium, which includes Mitsubishi, JGC and Itochu

(3) Maximum downstream capacities cannot be achieved at the same time. DEF production capacity not included in the 6.7mt sellable volume capacity

Fertiglobe has the following capacities: Gross Ammonia 4.4 million tonnes per annum (mtpa), Net Ammonia 1.6 mtpa, Urea 5.1 mtpa, and Def 0.5 mtpa. Maximum downstream capacities cannot be achieved at the same time.

Fertiglobe, an ADNOC and OCI company, has subsidiaries in different Arab countries out of which we highlight the below:

- **Fertil** is located in UAE, and Fertiglobe owns 100%. It has a capacity of around 2.1 mtpa of Urea and 0.1 mtpa of DEF. Commissioned in 1983 (line I) and 2013 (line II), the facility can store 180 kt of urea on-site and has its own loading jetty.

- **Egyptian Fertilizer Company (EFC)** is located in Egypt, and Fertiglobe owns 100%. The entity has a capacity of 1.7 mtpa of Urea and 0.4 mtpa of DEF. Orascom Construction built the company and is capable of exporting from the Mediterranean and Red Sea; the lines were commissioned in 2000 (line I) and 2006 (line II).

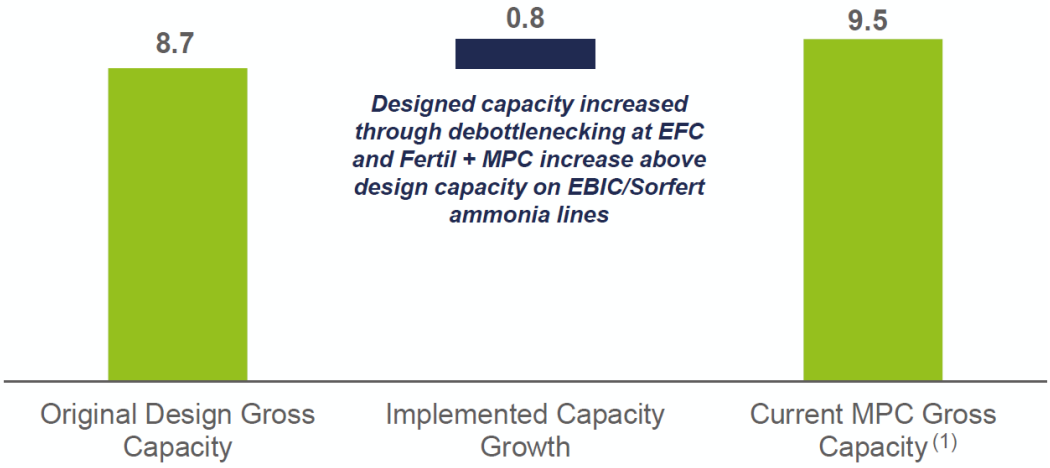
- **Egypt Basic Industries Corporation (EBIC)**, located in Egypt, and Fertiglobe owns 75%. The entity has a capacity of 0.7 mtpa of ammonia. The corporation was commissioned in 2009. Egyptian General Petroleum Corporation and private people are minor partners in the project, built by Orascom Construction and located 8 kilometers from the Sokhna Port.

- **Sorfert** is located in Algeria, and Fertiglobe owns 51%. The entity has a capacity of 1.3 mtpa of urea and 0.8 mtpa of ammonia. Orascom oversaw the construction. It is located 8 km away from Arzew Port and 11 km away from Bethouia Port, completed in 2013 with Sonatrach as a minority partner.

Fertiglobe Distribution is responsible for suppling and trading its own urea and ammonia products, as well as third-party urea and ammonia. Urea distribution is aided by leased/owned distribution infrastructure along with strategic partnerships with regional distributors. Three ammonia vessels are presently contracted for ammonia distribution (2 long-term and 1 medium-term).

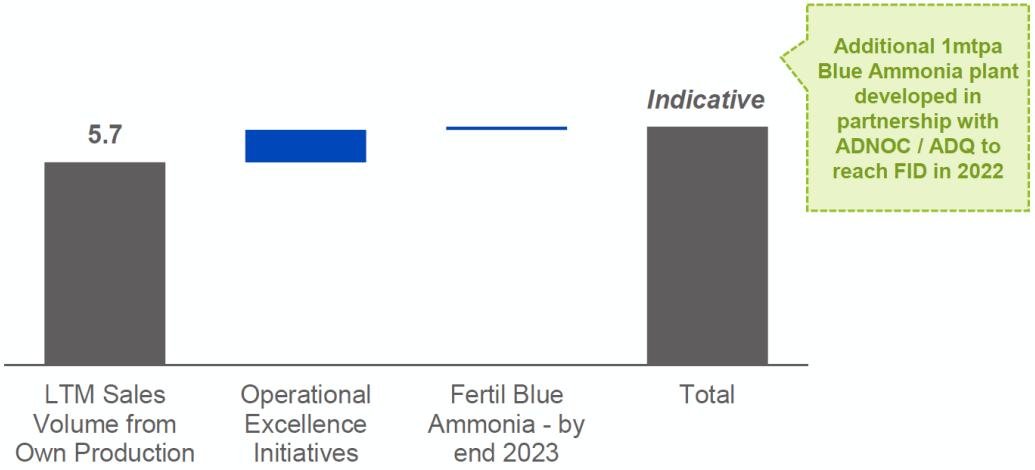
Efficient Production Capacity – Fertiglobe could increase its capacity above the original design gross capacity at a low cost through internal engineering and development knowledge and expertise. It has also entered in Blue ammonia projects in Abu Dhabi in partnership with ADNOC/ADQ and is expected to reach FID in 2022, which along with the operational excellence program, provides a possibility for organic volume expansion throughout the platform.

Figure: From Original Design Capacity to MPC (1) (mtpa)



Source: Company Information
Note: (1) Maximum Proven Capacity (MPC) is calculated by annualizing the proven production of a production unit's best achieved 30 day continuous rate

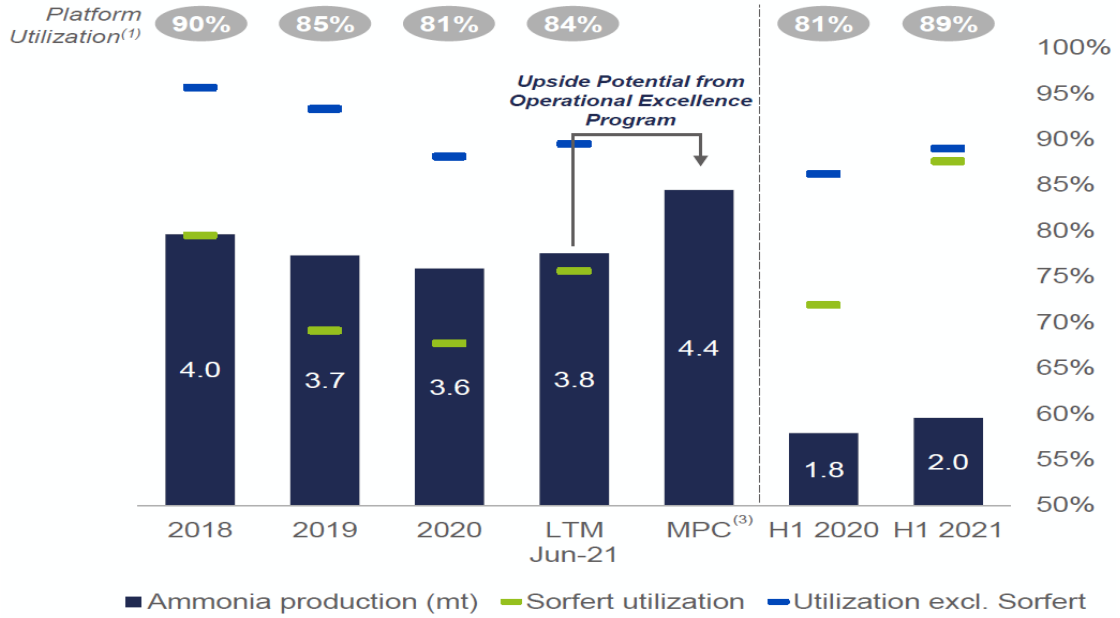
Figure: Upside from Operational Excellence Initiatives and Projects (mtpa)



Source: Company Information

Production efficiency - The production of ammonia in 2019 and 2020 was caused by one-time factors along with regular turnarounds. Over the two years, Sorfert's ammonia utilization rate was low at 68%, compared to 91% for the whole ammonia platform. In 2019, both Sorfert ammonia lines witnessed significant turnarounds, including constructing a new waste heat boiler. In addition, Algerian power disruptions were resolved in 4Q20 by installing a dedicated 60kV electrical supply system. Overall, Covid-19 has had little impact on operations since nitrogen goods were judged necessary by all Fertiglobe end-market governments to assure the continued delivery of food and other critical items. Over the last 12 months, the platform has significantly improved onstream performance, with Sorfert achieved 88 percent utilization in 1H21 and LTM 2021 76% (LTM) lower due to a protracted turnaround in H2 2020). In H1 2021, the ammonia platform achieved 89%, while in LTM June 2021, it achieved 84%. MPC has much more substantial upside potential.

Figure: Historical Gross Ammonia Production



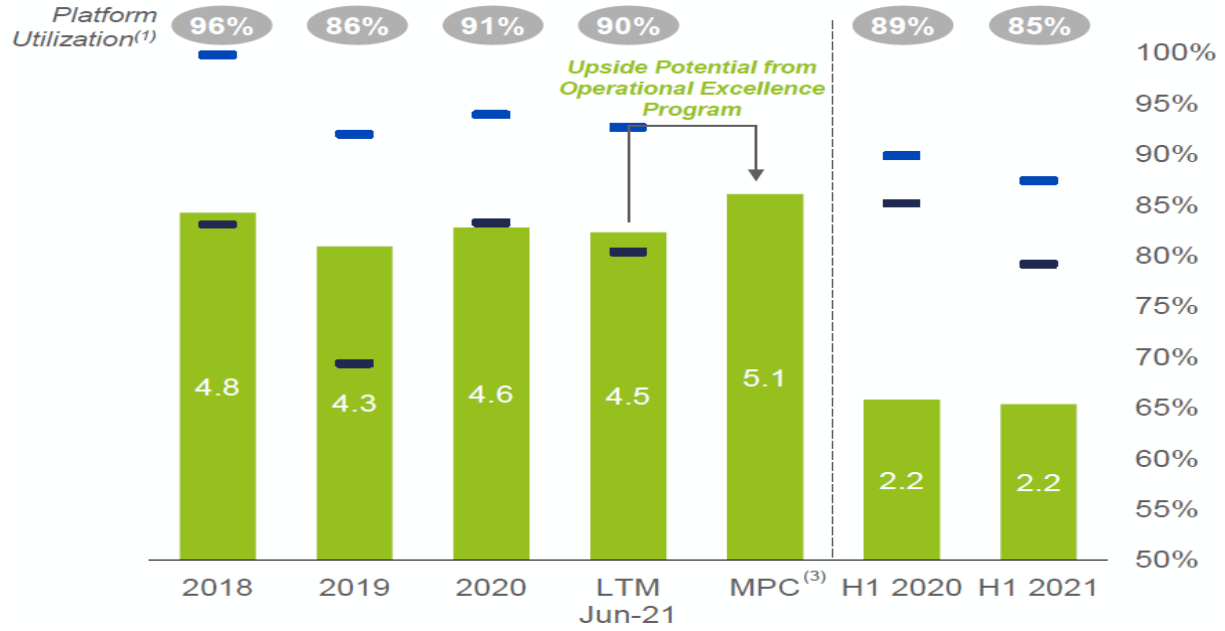
Source: Company Information

Notes: (1) Utilization rate defined as production over MPC times 365 days which results in a lower stated utilization rate than some industry peers who calculate utilization rate based on design capacity and assume contingency for shutdown days

(2) Maximum Proven Capacity (MPC) is calculated by annualizing the proven production of a production unit's best achieved 30 day continuous rate

Fertiglobe has a strong track record in Egypt and UAE from 2018 until 1H21 despite the one-time events at Sorfert, which decreased urea volumes to an average of 70% over 2019 and 2020 as compared to 93% for the remainder of the urea platform. It is worth noting that Production has been hampered in recent months due to a long turnaround at EFC in June/July 2021. Overall, Covid-19 had little impact on operations since all Fertiglobe end-market governments treated nitrogen products as necessary to ensure the continued supply of food and other critical items. Sorfert achieved a high usage rate over the previous 12 months, with 79% utilization in 1H21 and 80% in LTM 2021. In H1 2021, the Urea platform achieved 85%, and in LTM June 2021, it hit 90%. MPC has much more substantial upside potential.

Figure: Historical Urea Production



Source: Company Information

Notes: (1) Utilization rate defined as production over MPC times 365 days which results in a lower stated utilization rate than some industry peers who calculate utilization rate based on design capacity and assume contingency for shutdown days. (2) Maximum Proven Capacity (MPC) is calculated by annualizing the proven production of a production unit's best-achieved 30-day continuous rate

Fertiglobe Gas Contracts Overview – Fertiglobe also has a competitive advantage and is considered attractive through the nitrogen cycle. Under Sorfert, the price is set by national law, with a stable contractual price of USD 1.25/MMBtu in place until the end of 2023 with a 5% annual increase. The price of natural gas will be negotiated with Sonatrac and determined according to applicable regulations after the pricing stabilization mechanism expires. Meanwhile, Fertil Price is set via a bilateral agreement with ADNOC and currently stands at $2.9 in 2021 and is expected to increase to $3.5 in 2022, with a 3% annual increase. Under EFC and EBIC, Price is set by a bilateral agreement, with a $4 floor with cost growth factors beyond specific product benchmark price levels.

Figure: Attractively Priced Fixed Gas Contracts

	فرتيل Fertil	EFC (1)	EBIC	SORFERT
Gas Supplier	ADNOC	GASCO(2)	EGPC(2)	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 $2.9 in 2021 o $3.5 in 2022 o Escalation of +3% p.a.	Price determined in bi-lateral agreement: o $4 floor o *Cost escalation factors above certain product benchmark price levels*		Price is determined by national decree, with a contractual price stabilization until end 2023 o USD 1.25/MMBtu in 2021 and increases annually by 5%. With additional profits paid to Sonatrach under ecremage 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
Gas Supplier Participation in FG Equity	✓ 42% of FG	NA	✓ 15% of EBIC	✓ 49% of Sorfert

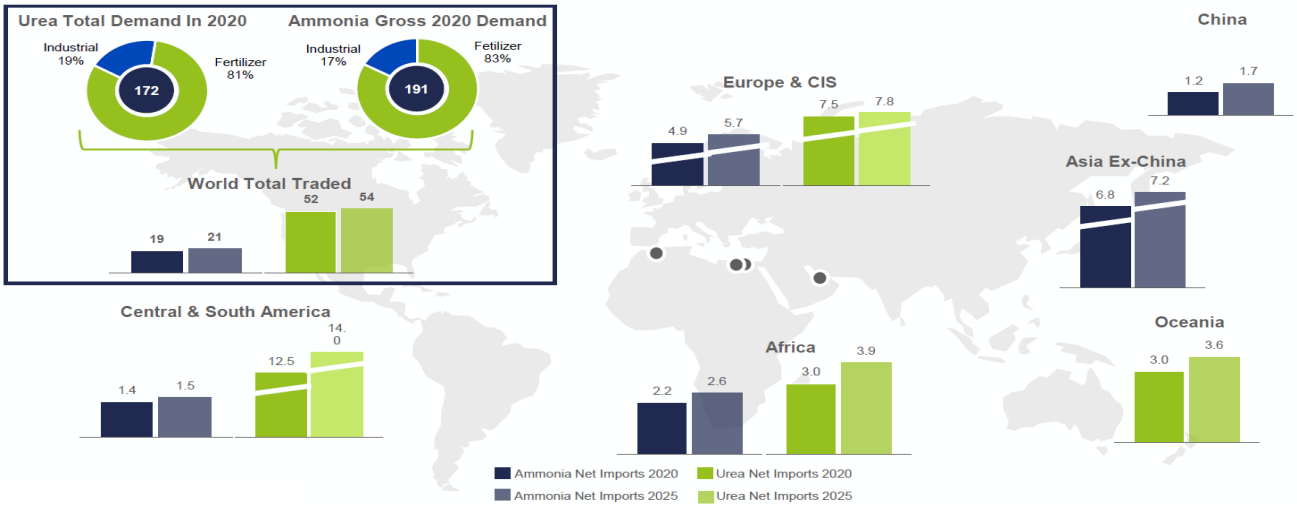
Source: Company Information

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

Commercial Deep-Dive

Fertiglobe Best Positioned to Cater to High Growth Nitrogen Markets - Urea's total demand in 2020 reached 172MT that is distributed between industrial demand (19%) and fertilizer demand (81%); meanwhile, gross ammonia demand in 2020 reached 191MT, 17% coming from industrial demand and 83% from fertilizer demand. As a result, world ammonia net imports are expected to increase from 19MT in 2020 to 21MT in 2025, and Urea from 52MT to 54MT. The biggest increase in urea imports will be witnessed in Africa, rising from 3MT in 2020 to 3.9MT in 2025; meanwhile, Europe and CIS are anticipated to be the regions where the biggest increase in ammonia net imports is coming from 4.9MT to 5.7MT.

Figure: Merchant Ammonia and Urea Traded Market Growth, 2020 vs 2025, Mt



Source: Company Information

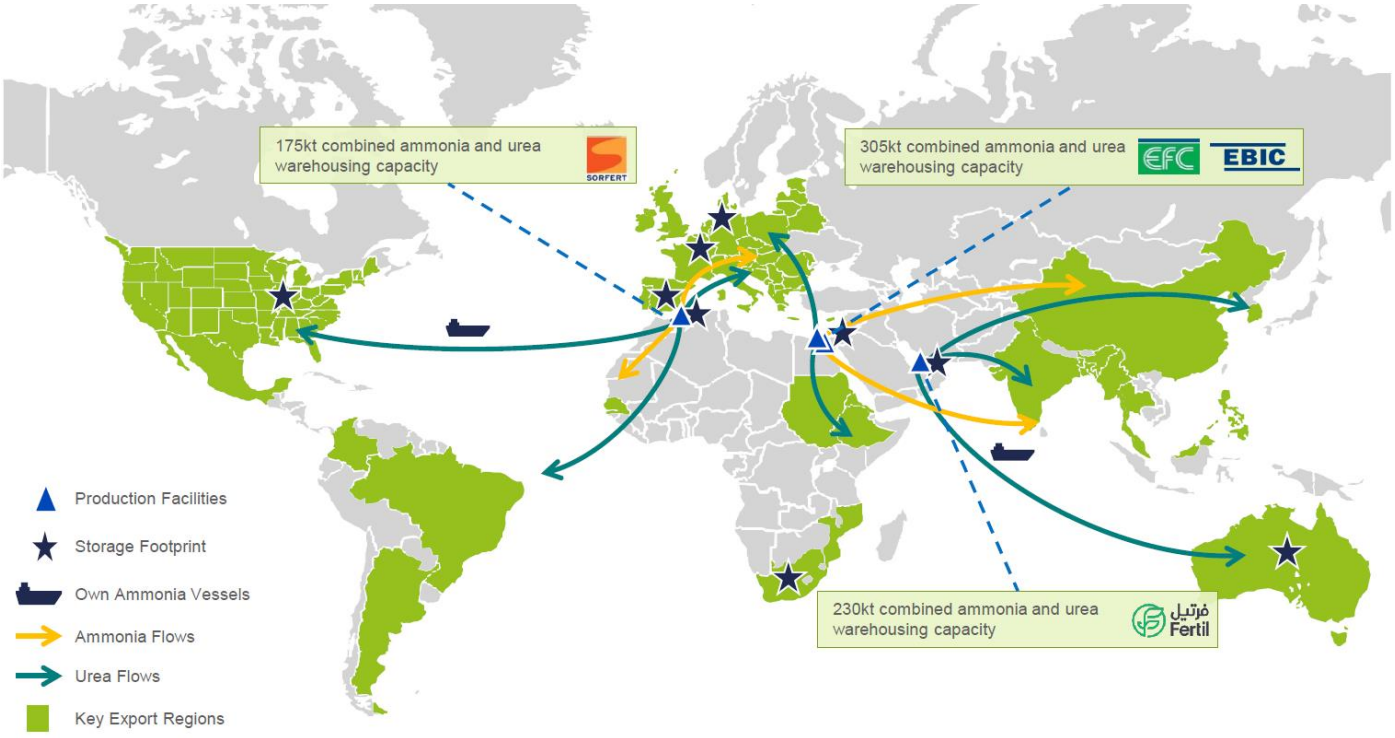
Notes: (1) Grey ammonia / urea only. (2) At normalized levels, 35% of traded merchant ammonia is industrial

Logistics - Using strategic allocation of assets, the export distribution can reach 34+ countries. Key export regions are the USA, Mexico, Brazil, Argentina, Europe, South Africa, Sudan, Ethiopia, the Far East region, including China, and Australia.

The value generation will be maximized via commercial operations, which are backed up by substantial inland storage and distribution infrastructural facilities, as well as effective multimodal on-site loading and logistics. Furthermore, around 974 kt of combined ammonia and urea warehousing capacity will be added out of which 710 kt near-production units and 264 kt of destination urea warehousing capacity is expected to increase. The capacity of urea warehousing permits volume adjustments for seasonality. Furthermore, to support the distribution network, there is an in-house logistic operations staff to add value

Fertiglobe 2020 sales are distributed all over the world; the top 3 markets are Asia with 32%, Europe with 23%, and the Americas with 14%. Fertiglobe has a price advantage in ammonia and urea exported to the US Gulf Coast ranging between 3% to 18% compared to other exporting regions; meanwhile, this advantage can go between 8% to 21% to Europe, and in ammonia between 7% to 19% for the Far East region. In addition, the substantial netback premium derived through locational advantage across asset base is illustrated clearly in the Indian market, where the price advantage for urea could reach 11%.

Figure: Distribution Network and Logistics Set Up



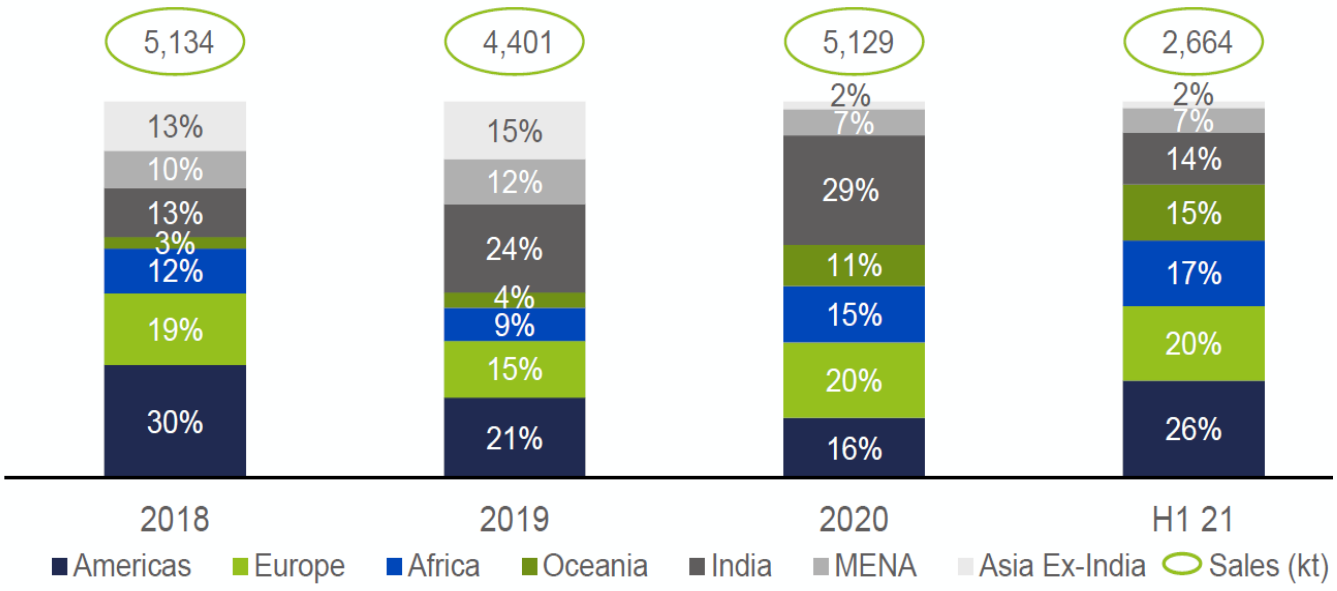
Source: Company Information

Sales Breakdown - Urea sales have fluctuated since 2018, decreasing from 5,134kt to 4,401kt in 2019 then increasing once again to 5,129kt in 2020. Important to mention that in the 1H21, sales reached 2,664kt i.e., performance is expected to increase compared to the previous years. As of the 1H21, America tops the list of urea sales with 26%, followed by Europe 20%, and Africa 17%. On the other hand, ammonia sales have decreased since 2018 registering 1,433kt in 2018, 1,210kt in 2019, 1,026kt in 2020, and 798kt in the 1H21. As of the 1H2021, Europe tops the list of sales with 40%, followed by Mena 24%, and Asia Ex-India 14%.

Asset locations and market intelligence enable netback optimization, through global presence (distribution in 34+ countries) and streamlined trade flows via commercial strategy to decrease dependency on any one market, adding to a solid track record of delivering in major importing markets with strong distribution infrastructure in Europe. Large volume tenders from key importing markets such

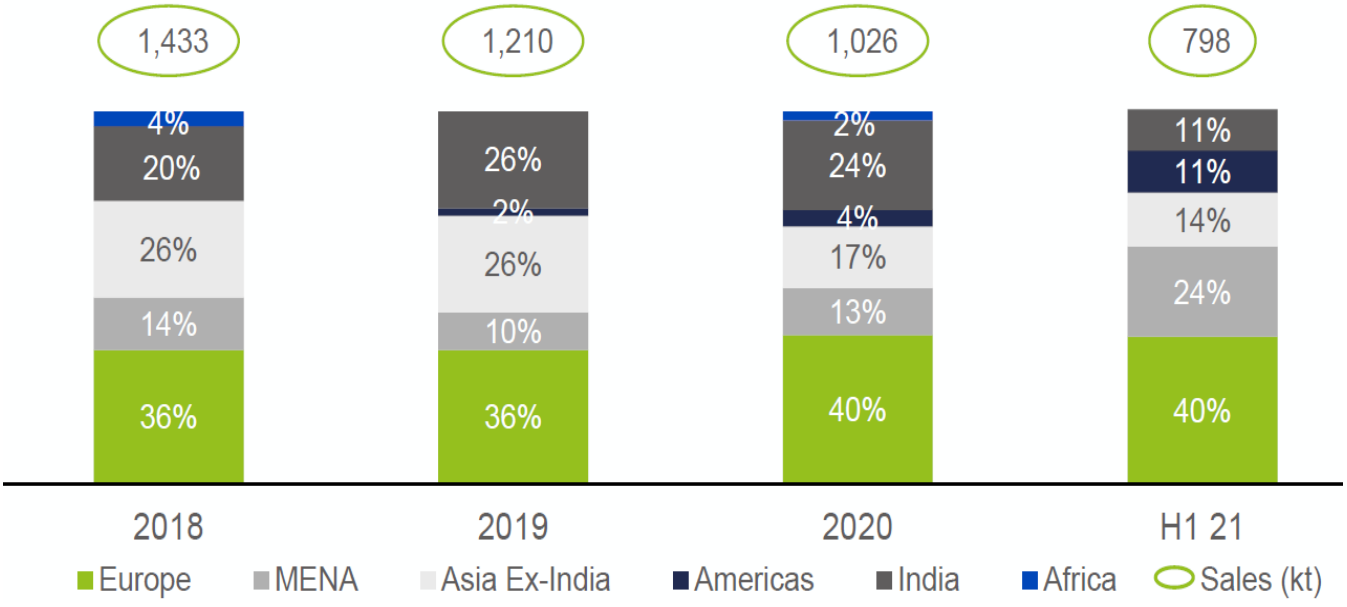
as India and Africa have supported the sales levels. N-7 provides access to new growth areas such as Australia and South Africa, as well as significant distribution infrastructure in the United States, allowing it to target this market when netbacks are favourable. Important to mention that ammonia is mostly sold on long-term contracts, but urea is mostly traded on the spot market. Fertiglobe's structural netback advantages are enabled by low freight costs, duty-free access to key importing markets, and a direct-to-customer strategy that boost sales.

Figure: Urea sales breakdown 2018A - H1 21 (1)



Source: Company Information
Note: (1) Includes own produced + third party traded volumes

Figure: Ammonia sales breakdown 2018A - H1 21 (1)



Source: Company Information
Note: (1) Includes own produced + third party traded volumes

Figure: Fertiglobe Netback Price Potential Compared to Other Major Exporting Regions – (Far East – Brazil/Argentina – Europe)

	Far East				
	Ammonia Bulk CFR Far East				
	Fertiglobe MENA			Russian Producer	
	Egypt	Algeria	Middle East	Black Sea	Baltic Sea
Market Price	457	457	457	457	457
Duties					
Freight	77	87	63	90	120
Suez canal		16		16	16
Trader margin	5	5		5	5
FOB Price(1)	375	349	393	346	316
$ Premium(2)		26		29	59
Range	26 – 59				
% Premium(2)		7%		8%	19%
Range	7% - 19%				

	Brazil / Argentina				
	Urea Granular Bulk CFR Brazil Spot				
	Fertiglobe MENA			Russian Producer	
	Egypt	Algeria	Middle East	Black Sea	Baltic Sea
Market Price	378	378	378	378	378
Duties			25	25	25
Freight	35	32	50	42	37
Suez canal					
Trader margin			5	5	5
FOB Price(1)	343	346	298	306	312
$ Premium(2)			48	40	34
Range	34 - 48				
% Premium(2)			16%	13%	11%
Range	11% - 16%				

	Europe									
	Ammonia NW Europe					Urea Granular Bulk FCA France Spot				
	Fertiglobe MENA			Russian Producer		Fertiglobe MENA			Russian Producer	
	Egypt	Algeria	Middle East	Black Sea	Baltic Sea	Egypt	Algeria	Middle East	Black Sea	Baltic Sea
Market Price	440	440	440	440	440	412	412	412	412	412
Duties				24	24			27	27	27
Freight	45	25	75	50	27	31	24	45	40	25
Suez canal	16		16					7		
Trader margin			5	5	5			5	5	5
FOB Price(1)	379	415	344	361	384	381	388	328	340	355
$ Premium(2)			71	55	31			60	48	33
Range	31 – 71					33 - 60				
% Premium(2)			21%	15%	8%			18%	14%	9%
Range	8% - 21%					9% - 18%				

Source: CRU (as of May 2021) Notes: (1) Calculated as CFR Price – Duties – Freight – Suez Canal Charges – Trader Margins – Transloading Costs (where applicable) (2) Calculated relative to Fertiglobe's most advantaged region

Fertiglobe Target Volumes to Value Accretive Markets: Fertiglobe has a commercial approach in order to realize higher netbacks. There is a three-step process 1) Production, 2) Port, and lastly 3) Distribution warehouse at the port to help attain the target volumes. At the production level, the advantages include the ability to engage in tender-driven markets with limited participants, such as Bangladesh and Ethiopia, high liquidity, minimum logistics and financial concerns, access to various end-markets, and the ability to maximize netbacks by using several site sources. The selling price adopted is Free on Board (FOB) with the added benefit of being priced at a premium over the benchmark.
At the port level, the advantages realized are that reliance on traders has declined optimization of freights and routes using the company's own chartering staff, product outlets that are secure, accessing real-time data, and gathering market insight further add to the advantages. Selling price adopted is Cost and Freight (CFR) with the advantage of +USD 5-10/t (Net of additional cost such as insurance).

Figure: Fertiglobe Netback Price Potential Compared to Other Major Exporting Regions – (India – US Gulf)

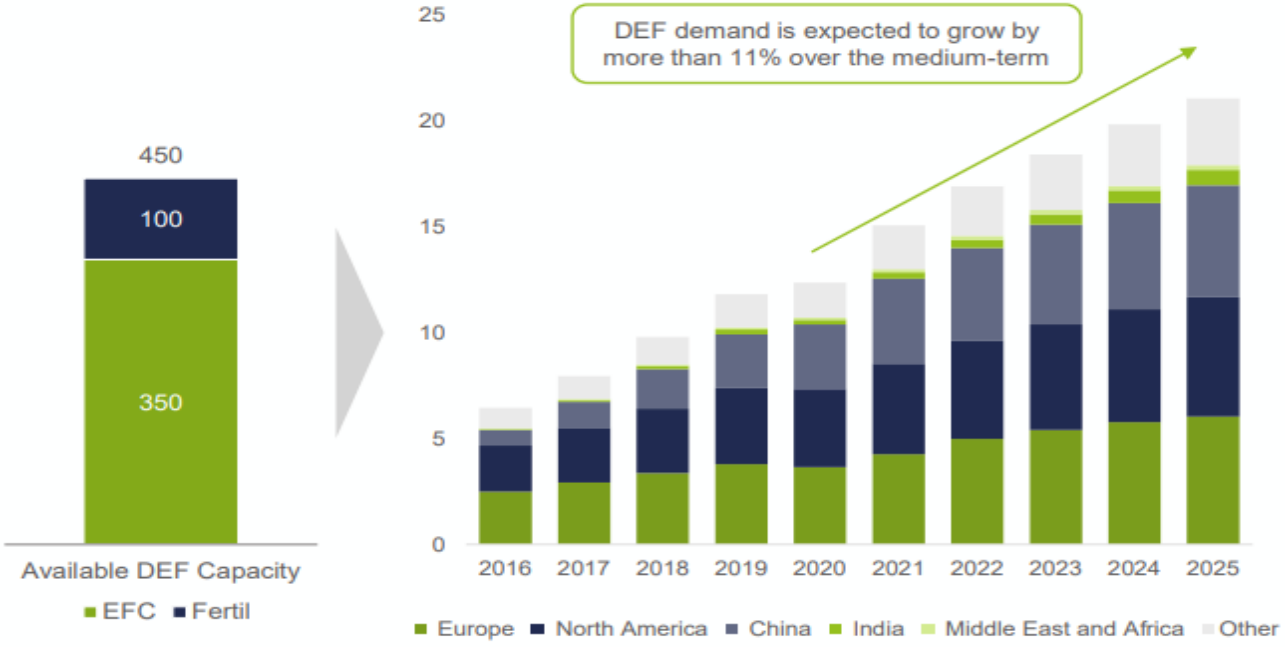
	India										
	Ammonia India					Urea Prilled/Granular Bulk CFR India Spot					
	Fertiglobe MENA			Russian Producer		Fertiglobe MENA			Russian Producer		Chinese Producer
	Egypt	Algeria	Middle East	Black Sea	Baltic Sea	Egypt	Algeria	Middle East	Black Sea	Baltic Sea	to ECI
Market Price	428	428	428	428	428	367		367	367	367	367
Duties											
Freight	48	48	32	42	42	35	45	25	42	48	20
Suez canal		16		16	16				6	6	
Trader margin	5	5		5	5	5	5		5	5	5
FOB Price(1)	376	360	397	365	365	327	317	342	314	308	342
$ Premium(2)		16		11	11				28	34	0
Range	11 – 16					0 – 34					
% Premium(2)		4%		3%	3%				9%	11%	0%
Range	3% - 4%					0% - 11%					

	US Gulf									
	Ammonia Bulk CFR US Tampa Spot					Urea Granular Bulk FOB US New Orleans barge Spot				
	Fertiglobe MENA			Russian Producer		Fertiglobe MENA			Russian Producer	
	Egypt	Algeria	Middle East	Black Sea	Baltic Sea	Egypt	Algeria	Middle East	Black Sea	Baltic Sea
Market Price	444	444	444	444	444	398	398	398	398	398
Transloading						6	6	6	6	6
Freight	80	60	97	80	70	35	31	42	42	37
Suez canal	16		16					6		
Trader margin			5	5	5			5	5	5
FOB Price(1)	348	384	326	359	369	358	361	339	345	350
$ Premium(2)	36		58	25	15			22	16	11
Range	15 - 58					11 – 22				
% Premium(2)	10%		18%	7%	4%			6%	5%	3%
Range	4% - 18%					3% - 6%				

Source: CRU (as of May 2021) Notes: (1) Calculated as CFR Price – Duties – Freight – Suez Canal Charges – Trader Margins – Transloading Costs (where applicable) (2) Calculated relative to Fertiglobe's most advantaged region

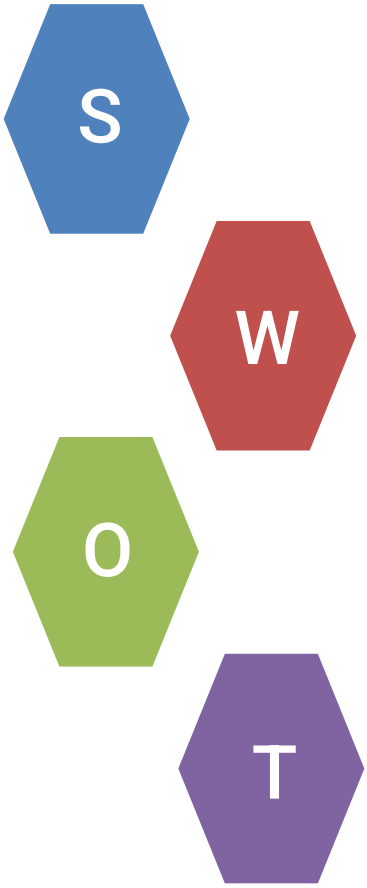
Growth via Diesel Exhaust Fluid (DEF) – Fertiglobe considers DEF as a potentially attractive growth market. The demand is expected to surge by 11% over the medium term, till 2025. It is expected to provide ample of opportunities to Fertiglobe. Furthermore, it is well-positioned to crystalize on-demand with its DEF capabilities. DEF has resulted in a ~5% increase in fuel economy and uses diesel more efficiently, adding to the demand. Furthermore, the increase in regulations in US and EU that require the replacement of old non-SCR-equipped vehicles have boosted the growth further. DEF is priced at a premium to urea price levels, another attractive demand driver aiding the growth. Furthermore, Fertiglobe plans to target Middle East, India, and European Mediterranean as the potential key markets to tap on the increase in DEF demand

Figure: DEF Demand and Capabilities



Source: Company Information, Argus

SWOT Analysis



Strengths

- High barriers to entry.
- Highly experienced owner-operator.
- Leading in nitrogen fertilizer exporter.
- Strategic location and wide reach globally.
- Young asset base.
- High selling Volume.
- Strong logistic advantages and duty-free delivery.
- Feedstock advantage.
- Committed to push standards with ISO certifications. Assets are REACH certified. Safe and healthy workplace.

Opportunities

- Low Carbon Ammonia and Fertilizer Markets.
- Increase in demand for Blue / Green Ammonia.
- Ongoing transition towards Hydrogen opportunities
- Stocks-to-use ratio below 20-year averages.
- Increase in demand for Diesel Exhaust Fluid (DEF).
- Ammonia as an alternative for Heavy Fuel Oil for Marine fuel
- Clean ammonia initiatives.

Weakness

- The large scale of business gives opportunities for operational and administrative issues.
- The dependence on key shareholders, Government entities, and relevant renewable players is necessary.

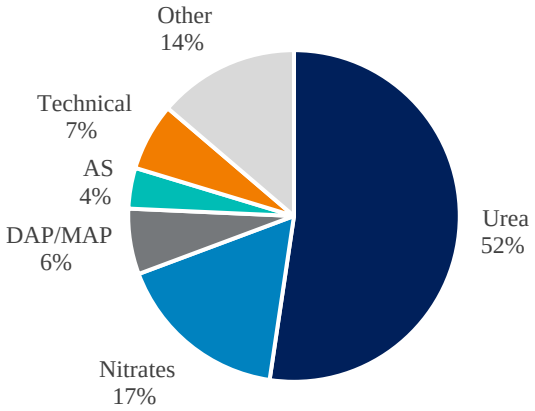
Threats

- High competition levels.
- Less than expected recovery in industry demand/supply dynamics.
- The sudden decrease in price levels for key products or increase in prices for raw materials.
- Dependence on climate conditions.
- Volatility in the fertilizer market can impact the prices.
- Sluggish Utilization rate due to weak economic activities.
- Lockdowns and increase in COVID-19 cases big markets.
- Sensitivity to political climate in Egyptian and Algerian economies.
- Deficient Monsoon could impact demand for fertilizers.
- Government restriction on exports.

Fertilizer Industry Overview

Fertilizers are solid, liquid, or gaseous natural or artificial substances with chemicals like nitrogenous, potash, zinc, and other metals and phosphate to help the plants grow by replacing the natural chemical elements extracted from the soil. The fertilizers industry has been severely affected by the COVID-19 global pandemic, especially in the initial periods of lockdowns with the lack of workers and the need to shut down plants in certain areas worldwide, especially in China, the largest consumer of fertilizers in the Asia-Pacific region, accounting for almost 60% of the global fertilizer market worldwide with China consisting of 53% of this market, which later recovered and then the production rates went up again limiting the effect of the pandemic to moderate. As a result, the fertilizers market is estimated to register a CAGR of 2.1% between 2021 and 2026. The fertilizers market is divided by type (straight or complex), crop type (grains and cereals, pulses and oilseeds, commercial crops, fruits, and vegetables, etc.), and the geographical area (North America, Europe, Asia-Pacific, South America, and Africa). Nitrogen-based fertilizers can be divided into three groups: basic (ammonia, urea, ammonium nitrate, etc.), multi-nutrient, and specialty (calcium nitrate, potassium nitrate). Urea occupies more than 52% of the nitrogen-based fertilizers, followed by Nitrates with only 17%.

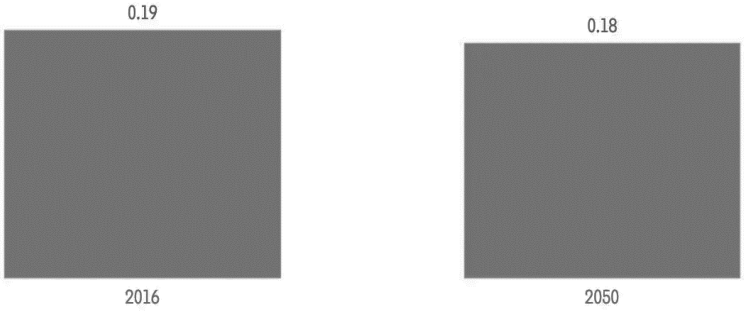
Figure: 2021 Breakdown of nitrogen-based fertilizers



Source: Republished under license from CRU International Ltd—2021

The fact that the population is growing in an increasing trend has put a challenge on the fertilizer industry and is driving up the demand for food along with decreasing arable land due to industrial development and urbanization. The Food and Agriculture Organization (FAO) revealed that there is little opportunity to expand in agricultural land, which currently occupies 12%, used for crop production, of the world's land surface. In 2005, the global per capita land availability was around 0.22 ha, which dropped to 0.19 ha in 2016, and analysts forecast that this area will drop to 0.18 ha worldwide by 2050, out of which 0.15 ha on average in developing countries and 0.42 ha on average in developed countries. On the contrary to the land surface, the global population is estimated to increase from 7.4 Bn in 2016 to 9.7 Bn in 2050, with the increase being mainly in developing areas with the lowest percentage of land availability.

Figure: Fertilizer Market Per Capita Arable Land in Hectares, Global, 2016-2050F



Source: FAO

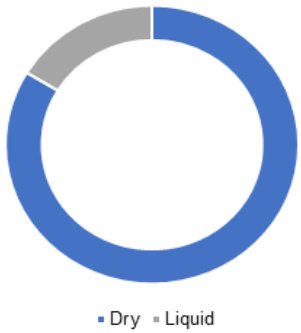
This analysis implies that the food production must be increased by 60% to 70% between 2005 to 2050 since the per capita land is expected to decrease in the future putting more pressure on the arable land to advance in technology to be able to produce food in a sustainable manner. The demand for nitrogenous in Asia is hitting its highs and the market for potassium fertilizers is forecasted to rise significantly during the coming years. Many governmental and non-governmental entities globally are spreading awareness to stress on the importance of using fertilizers and the positive impact of these fertilizers on the agriculture output. Countries are also promoting the use of fertilizers which is estimated to have a positive effect on the market share of fertilizers which is expected to drive the income generation higher. Awareness campaigns are present to guide farmers on how much fertilizers are healthy for the plants and the human body for them not to abuse the usage and harm the environment.

Figure: Fertilizer Market Market Size by Region, 2020

Source: Mordor Intelligence

Fertilizers are generally segmented into dry and liquid segments; the dry segment, easier to store and requiring less conditions and no special storage guidance, is forecasted to generate more than USD175 Bn by 2027, which can be used for heavy pre-plant applications, and this increase is mainly driven by higher expected agricultural activities in the future.

Figure: Fertilizer Market, By Form, 2020 (USD Million)

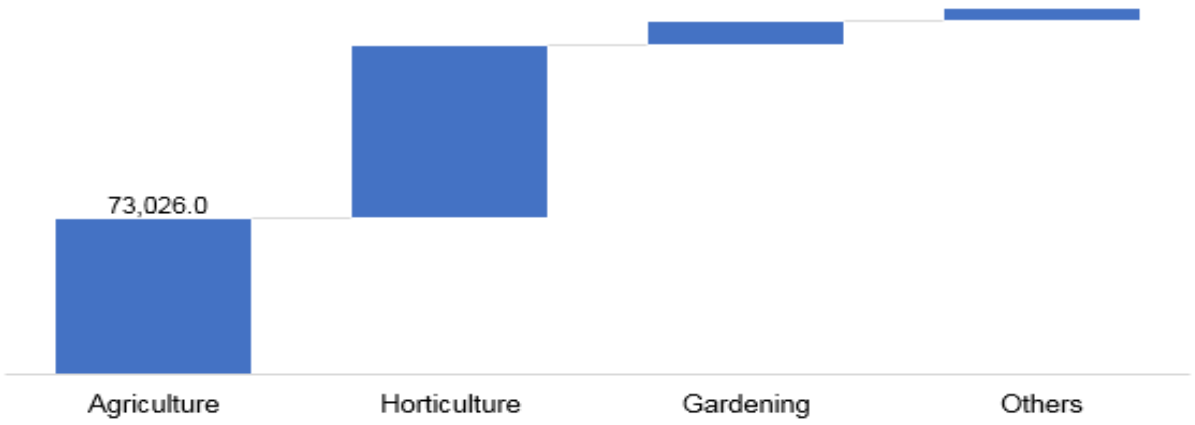


Source: Global Market Insights

Organic fertilizers (plant-based, animal-based, and mineral-based) in specific, which are considered the best fertilizers for different kinds of plants and crops, are forecasted to increase while witnessing over 6% CAGR throughout the period ranging from 2021 to 2027, as the world moves toward safer, less harmful and non-toxic products than the inorganic fertilizers (Nitrogen, Phosphorus, Potassium). In addition, the customer behavior is also switching with an increase in demand for organic products, which will increase the organic fertilizer market income and the fertilizer income in general.

The agriculture segment on a standalone basis generated around USD73 Bn in 2020 and is forecasted to increase within the predicted period from 2021 to 2027. Usage of fertilizers in the agricultural field will also follow an increasing trend in the market by 2027, driven by the increase in demand from Asia Pacific, Africa, and Europe in the production of barley, wheat, buckwheat, maize, millets, rice, paddy, etc.

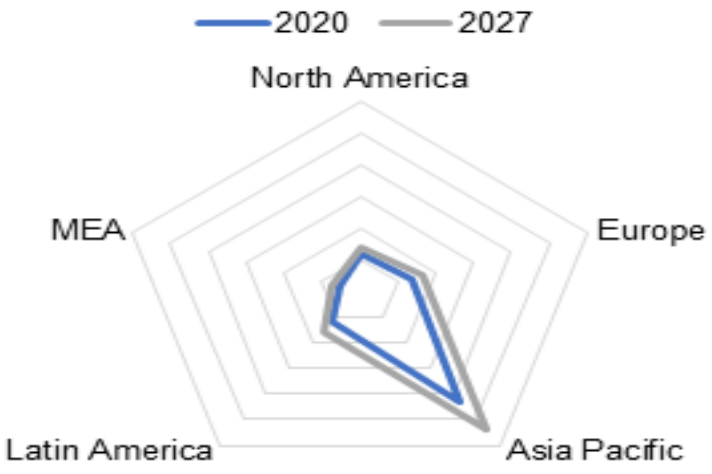
Figure: Fertilizer Market, By Application, 2020 (USD Million)



Source: Global Market Insights

As discussed above, the Asia Pacific accounts for the highest market share in 2020, will keep on dominating the industry between 2021 and 2027 given the increasing demand for fertilizers in the region give the increase of agricultural products' exports from these countries to boost their economy and offer millions of job opportunities in the region. Vietnam and Thailand are the leading exporters of rice and India followed in 2020. Furthermore, the increase in investment inflows and the subsidies provided by the government in the fertilizer sector will boost product demand further in Asia Pacific region, which will help maintain its largest position with more than 50% market share.

Figure: Fertilizer Market, By Region, 2020 & 2027 (USD Million)



Source: Global Market Insights

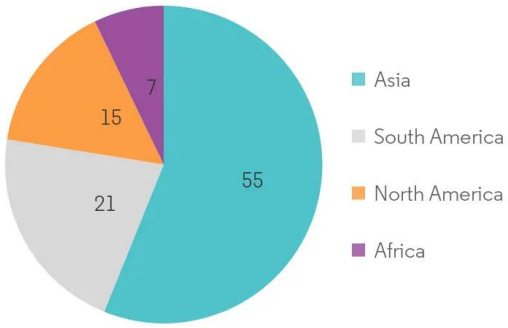
The GCC market in specific is forecasted to record a CAGR of 8.9% within the period from 2020 to 2025; this increase in the fertilizer market is driven by the rising demand for food grains and the increased education to the farming community about the benefits of the fertilizers to boost productivity. The fertilizer production increased in 2017 to USD42.3 MT compared to USD37.7 MT in 2016. The demand is also increasing due to the high population density leading to insufficient food and requiring a significant growth in food production.

Figure: GCC Fertilizer Market: fertilizer production (million tons), 2016-2017

Source: Gulf Petrochemicals and Chemicals Association, Mordor Intelligence

The global demand for fertilizer, increasing mainly in India and Brazil, is also driving the fertilizer exports to grow in the GCC region, knowing that the majority of the fertilizers being produced in the GCC are exported to other countries, with 70% of the exports being divided between India, the United States, Brazil, and Thailand among others. Back in 2016, 24 Mn MT of fertilizers were exported with a decrease to 20.4 Mn MT in 2017 out of which India accounted for 55%; then South America accounted for 21% followed by North America with 15% and Africa with only 7%.

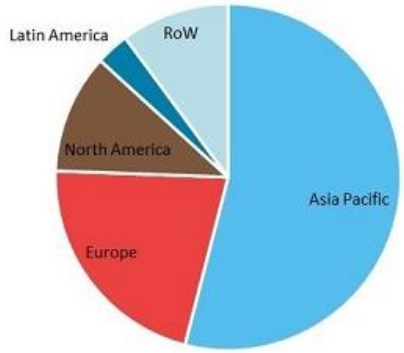
Figure: GCC Fertilizer Market: Fertilizer Export in %, Major Region, 2017



Source: Gulf Petrochemicals and Chemicals Association, Mordor Intelligence

Ammonia - Given that Nitrogen is a major component and a needed element for plants to grow, it is worth noting that Ammonia is a combination of 82% Nitrogen and 18% Hydrogen. Hence, it has the highest Nitrogen compared to all other commercial fertilizers. It can be directly applied to soil or transformed into other Nitrogen fertilizers; Ammonia is also used in Urea production. Thus, the Ammonia market has witnessed growth in the previous years and is estimated to keep on increasing in the coming years at an average annual rate of 3.5%, mainly because of the phosphate and nitrogen fertilizers increase in demand. In addition, the fertilizer production will drive ammonia consumption as increasing food consumption requires rising usage of fertilizers. Finally, global market growth will be mainly provided by Asia Pacific and Middle East regions. China's ammonia imports are expected to increase at a CAGR of 8.7% from 1.2 Mn MT in 2020 to 1.75 Mn MT in 2025 due to the expansion of tank capacity after reaching its maximum capacity since 2018.

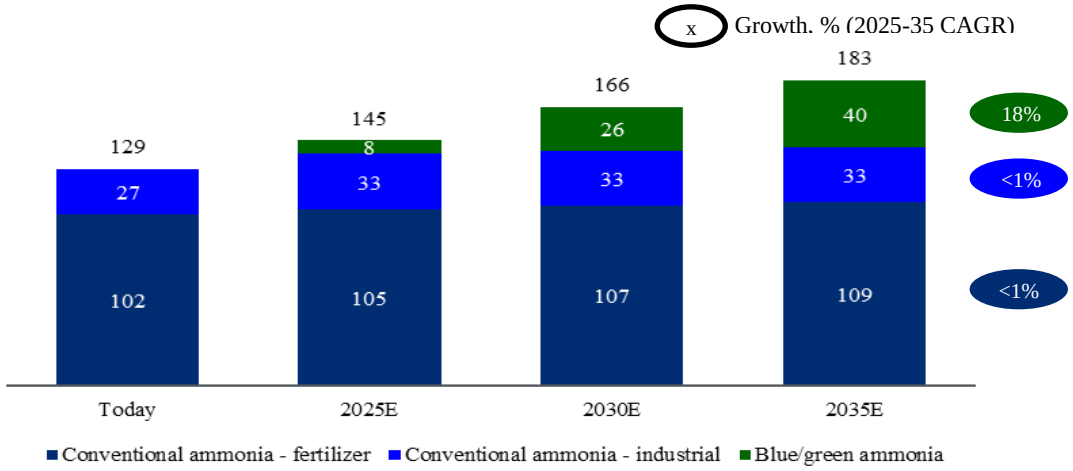
Figure: Global Ammonia Demand by Region



Source: Merchant Research & Consulting Ltd.

The Global production market of Ammonia is forecasted to reach USD74.61 Bn by 2025, increasing at a CAGR of 5.59% from 2021 to 2025 right after it was affected by COVID-19 global pandemic resulting in a decreasing demand impacting the growth negatively. The main factors of this increase are the increasing demand for nitrogen, the use of green ammonia as a marine fuel, the rising demand for urea, as well as a rise in the usage of margarine, and the expansionary pace of the explosive field along with higher consumption of semiconductor. It is worth noting that only 10% of the produced ammonia was traded in 2020, and the remaining was transformed to other nitrogen products like mainly Urea along Nitrates, DAP and MAP. Despite all these factors, the growth would be faced by higher capital requirements for green ammonia plant infrastructure and the health issues caused by being exposed to ammonia. As the world is shifting toward clean energy, there will be more demand for blue and green ammonia forecasted to increase at a CAGR of 18% from zero today to 26 Mn tons in 2030 and estimated to reach 40 Mn tons in 2035 with more projects using blue and green ammonia are being declared reaching 4 Mn tons in 2025 and 10 Mn tons in 2030.

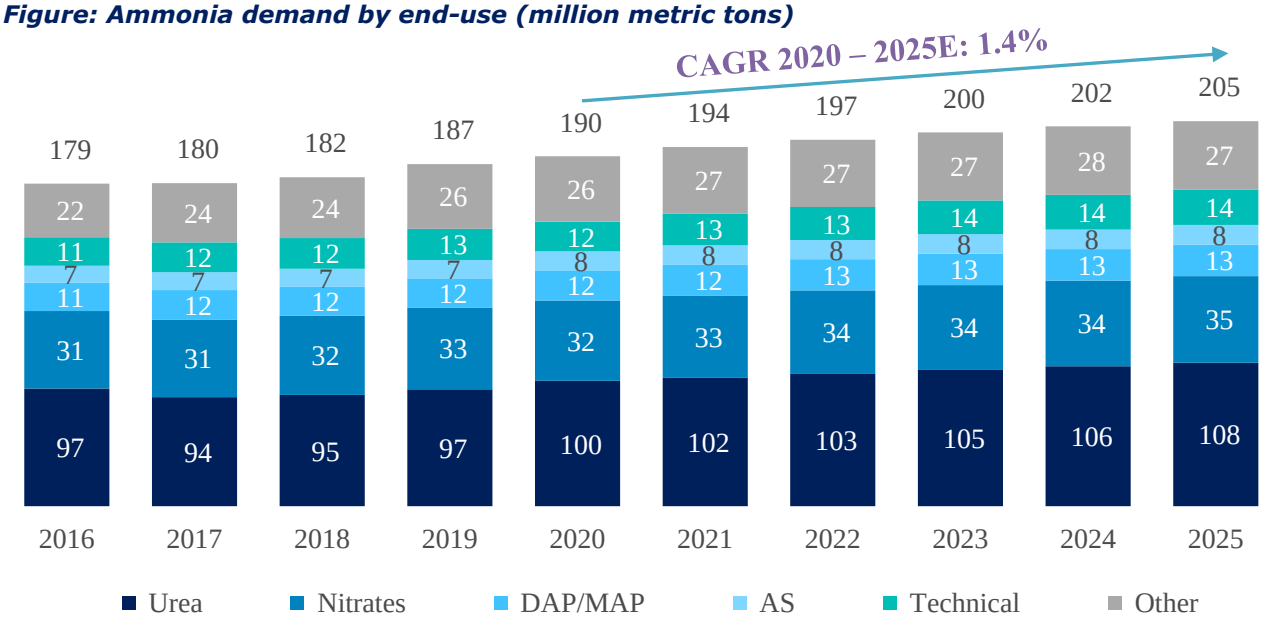
Figure: Global Ammonia Demand (excl. China) by Type (in a million tons of NH3)



Sources: Industry sources, McKinsey

To note that the ammonia market is highly competitive and is currently facing constant price fluctuations regardless of the encouragement of adopting ammonia across different industries, which accelerates the growth of the market, especially in Asia Pacific due to China's enormous production, which is likely to increase in the following years and the USA which is also a major producer of ammonia and is planning on increasing its capacity in the near future, the factor that would accelerate further the worldwide ammonia market. Global ammonia consumption is forecasted to increase to almost 205 Mn MT by 2050 up from 190 Mn MT in 2020, increasing at a CAGR of 1.4% between 2020 and 2025. Fertiglobe supplies ammonia worldwide, and the demand is forecasted to increase starting 2021 given the rebound in industrial demand expected to increase by CAGR of 1.6% by 2025, reaching 21 Mn MT mainly due to China, South Korea, and Taiwan witnessing recovering production rates which will boost imports of Ammonia to the Asia Pacific.

Figure: Ammonia demand by end-use (million metric tons)

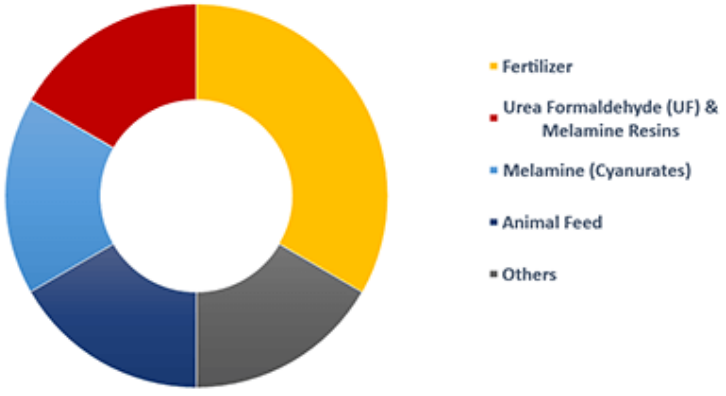


Source: Republished under license from CRU International Ltd—2021
Note: Technical use means non-fertilizer use e.g., use in industrial production or as a fuel additive

Ammonia consumption in GCC has been growing in recent years by almost 1%. It is forecasted to grow further but at a slower pace by 0.3% by 2025, given the slow progress of urea capacity in the region in the short and medium term. Ammonia demand is forecasted to increase significantly after 2025, while the GCC will remain a pillar in exporting in the region, with Saudi Arabia leading and Qatar and Oman following. To note that 50% of the exported Ammonia are for the Indian market and the rest exported to Asian and African markets, with the demand expected to reach 13 Mn MT by 2035.
The supply of Ammonia is also forecasted to increase at a CAGR of 1.1% between 2020 and 2025, reaching 243 Mn MT up from 230 Mn MT; however, the Ammonia will face some challenges given that Urea and Phosphate standalone plants are being constructed, which will take market share away from the Ammonia for around 1 Mn MT in addition to exports decreasing from Trinidad by 15% YOY to 3.91 Mn MT in 2020, the lowest since 17 years, and market availability for Ammonia decreasing by 0.6 Mn MT starting 2021. Nevertheless, China is still facing environmental restrictions, which are expected to persist. On the other hand, imports in China have increased from around 0.5 Mn MT in 2016 to 1.5 Mn MT in 2020 and it is forecasted to import a total of 1.35 Mn MT in 2021.

Like Ammonia, **Urea** is one of the most popular and available nitrogen fertilizers and is usually consumed in the country where it is produced, with minor quantities being exported to global markets. Urea is produced at high pressure and temperature from the contact of Ammonia and Carbon Dioxide, and it is used in solid form. It is also used in industrial activities to produce resins, melamine, DEF, and animal feedstock.

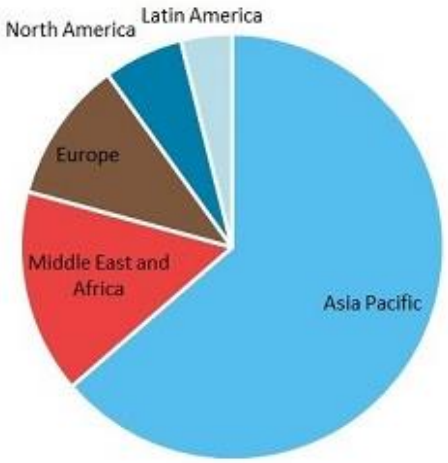
Figure: Global Urea Market, Market Share by Application %



Source: Expert Market Research

Asia Pacific once again accounts for almost 70% of the worldwide demand, which will drive the global market of Urea, followed by North America and Europe. Urea remains the most traded nitrogen fertilizer worldwide in terms of volume.

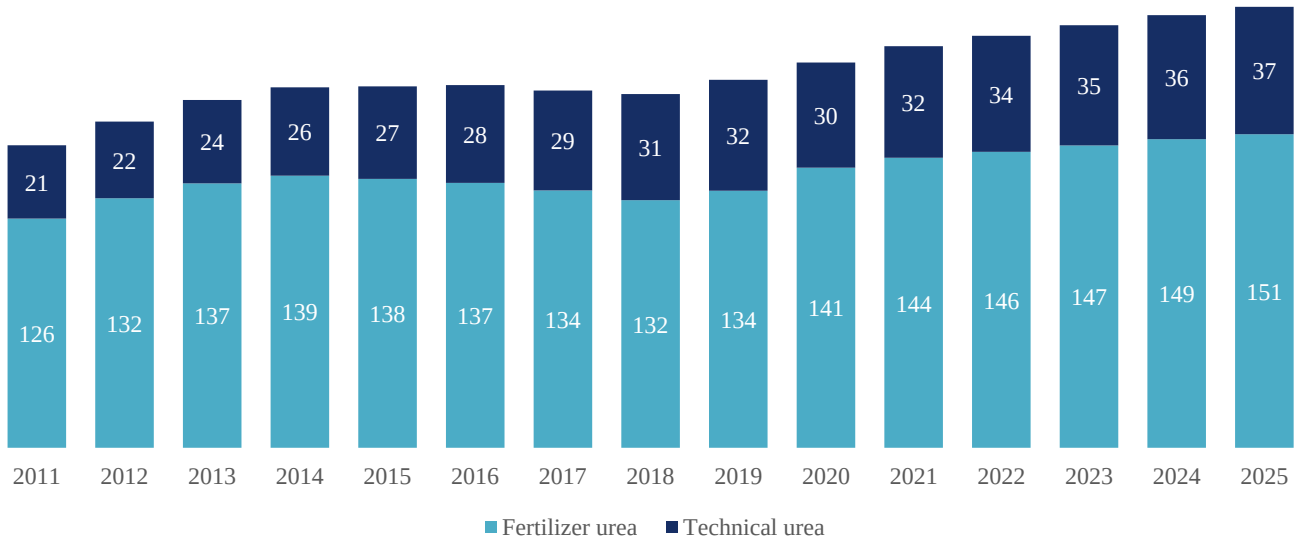
Figure: Global Urea Demand by Region



Source: Merchant Research & Consulting Ltd.

The Global Urea market reached 187.8 Mn MT in 2020 with record demand from Brazil and India, two of the main importing countries globally. The demand for Urea will further increase at a CAGR of 1.5% from 2020 to 2025, driven by the increasing demand from India and Thailand for traditional fertilizers, to reach by 2025 around 189 Mn MT with 80% of the demand being consumed by the fertilizer segment having the most applications for urea as opposed to the industrial applications.

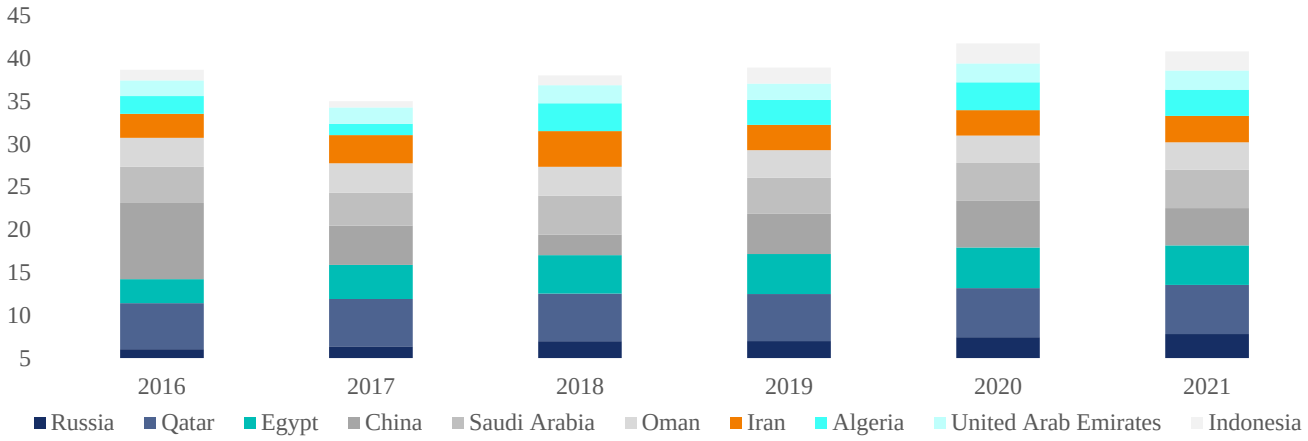
Figure: Global urea consumption by application (million metric tons)



Source: Republished under license from CRU International Ltd—2021

The major supplier of Urea is the Asia Pacific region, with more than 60% of the worldwide market supply with China leading both the production and the consumption of Urea in the region and India coming second in terms of consumption. More than 15.8 mn tonnes of Urea, are forecasted to be exported between 2020 and 2025, out of which 5 mn tonnes have already been shipped in 1H21, and the delay in commissioning is due to COVID-19 global pandemic, which is delaying the construction worldwide besides the gas and port infrastructure being also delayed in India and Nigeria.

Figure: Top 10 global exporters, urea exports (Million metric tons)

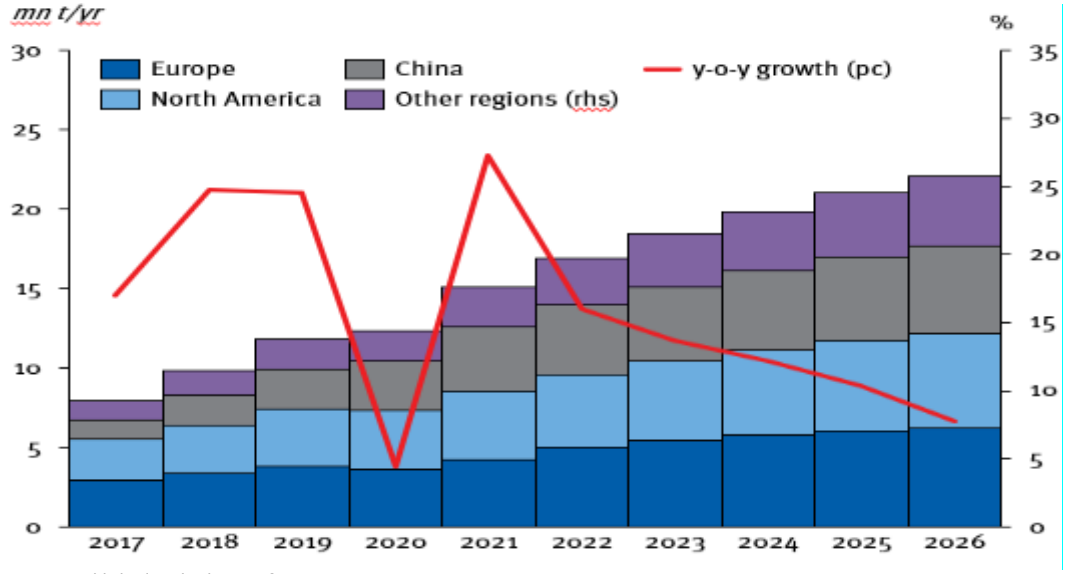


Source: Republished under license from CRU International Ltd—2021

The global demand for urea is driven by the increasing agriculture sector and mainly the rising demand for nitrogen fertilizers. The GCC in specific is largely an arid region where the agriculture sector has been facing obstacles such as small farm sizes, soil deterioration, and lack of water. Thus, fertilizer consumption is smaller than other regions, which allow the GCC region to be the larger exporter of urea globally. The demand for urea, although small is expected to witness an increase by 2% from 2018 to 2025, and the GCC urea exports are expected to slow down in the short term faced by China as the main competitor with low tariffs, but they will increase over the following 20 years at an annual average growth of 1% to reach 18 Mn MT by 2035 up from 15.7 Mn MT back in 2018, with the construction of new export-oriented plants, despite the fierce competition worldwide mainly from Iran looking to expand its exports, China and Africa as well.

Diesel Exhaust Fluid (DEF)- is a non-hazardous urea solution consisting of 67.5% de-ionized water and 32.5% urea. It eliminates emissions that harm the environment from cars, trucks, buses, and other types of vehicles. DEF consumption has increased in the past decade, specifically in countries with strict emissions requirements like Europe, China, North America, Brazil, India and Asia Pacific countries. The impact of COVID-19 global pandemic affected the vehicle industry, among others, which affected the demand for DEF. The demand is forecasted to increase by almost 21% in 2021 up to 15 Mn MT compared to 12.4 Mn MT in 2020. As the world keeps shifting to environmentally friendly cars, the DEF demand and consumption is forecasted to increase over the coming decade.

Figure: Historical and Forecast Global DEF Consumption (metric tons/yr)



Source: Republished under license from Argus—2021

The existing urea production mainly drives the supply of DEF, and the effort to control pollution and environmental health, especially in China, will drive the use of DEF utilized in Urea.

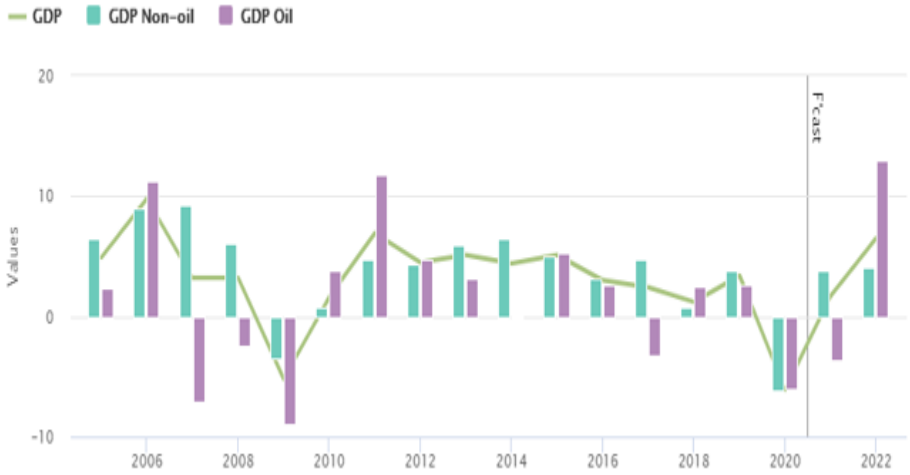
Macro-economy

UAE

The UAE economy is expected to increase by 2.1% in 2021 and 4.2% in 2022

The UAE's GDP will expand by 2.1% in 2021 and 4.2% in 2022, according to the central bank, as the Gulf state recovers from the coronavirus outbreak. The UAE's economy continued to improve in the second quarter, with growth approaching pre-COVID-19 levels. Real non-hydrocarbon growth is expected to be 3.8% in 2021 and 3.9% next year, albeit predictions are subject to lingering uncertainty in the wake of COVID-19. In the second quarter, the UAE economy benefitted from a resurgence in global tourism as well as an increase in local and external demand, as well as a successful vaccination program. Due to OPEC+-mandated output constraints, the oil industry has been sluggish to recover in 2021, but it will contribute significantly to GDP growth in 2022, rising by about 13%. From May 2022, the UAE's production baseline will be increased to over 3.5 million barrels per day, up from slightly under 3.2 million barrels per day today, allowing for a quicker increase in oil output in 2H22. The oil sector is expected to be a key engine of growth over the next decade, with ADNOC aiming to increase output to 5 million barrels per day by 2030. Over the last year, the United Arab Emirates has taken several efforts to strengthen its ability to attract and retain international money and expertise. The Dubai 2040 plan, for example, envisions a 75 percent increase in the city's population over the next two decades, as well as 'Operation Dh300bn,' which aims to increase the industrial sector's contribution to GDP from 1.3% to 2% over the following ten years. Headline inflation is growing in tandem with the domestic economic recovery, while it remains negative; average inflation last year and next is expected to be -0.5% and 1.1%, respectively, the lowest in the GCC area.

Figure: UAE Real GDP Growth



The real estate market, which is a crucial part of the country's economy, has improved. For the second quarter in a row, prices in Abu Dhabi increased year over year for the first time in more than five years. According to the central bank, prices in Dubai continued to fall in the second quarter, but at a slower rate. Dubai's economy is predicted to increase at a rate of 3.1% last year and 3.4% in 2022. Tourism and hospitality have rebounded in the emirate, with hotel occupancy rising to 62% in the 1H21, up from 54% for the entire year of 2020.

In 2Q21, the non-oil sector continued to strengthen, aided by a rebound in global tourism and a pick-up in local and worldwide demand, while the country remained a leader in controlling the virus's spread. As a result, the projection for real non-oil GDP growth in 2021 has been set at 3.8%. The UAE's economy continued to improve, with growth approaching pre-COVID-19 levels. The economy will increase by 2.1% in 2021 and 4.2% in 2022, according to forecasts. In the second quarter, the UAE economy benefitted from a rebound in global tourism as well as an increase in local and external demand, according to the central bank. There was also a successful immunization campaign. During the quarter, employment and average income stayed relatively constant, although were greater than the previous pre-crisis month, February 2020, likely supporting consumption.

Figure: Annual Real GDP Growth Rates in the UAE (%)

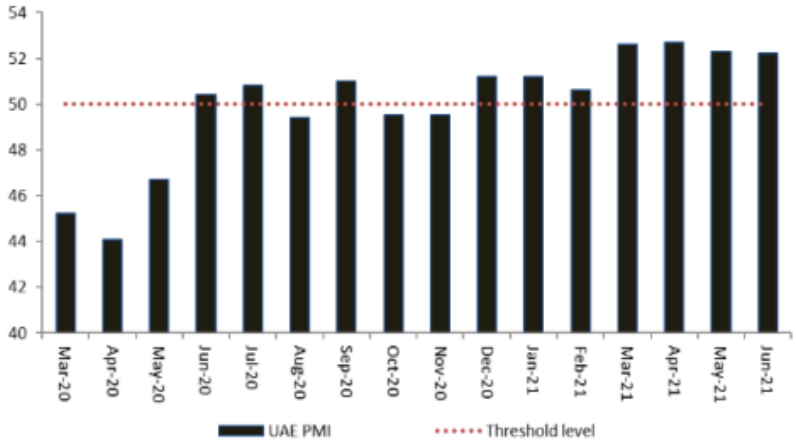
	2019	2020	2021^{F}	2022^{F}
Overall GDP	3.4	-6.1	2.1	4.2
Non-oil GDP	3.8	-6.2	3.8	3.9
Oil GDP	2.6	-6.0	-2.0	5.0

Source: FCSC for 2019 and 2020 and CBUAE projections for 2021 and 2022

The real estate market, which is a crucial part of the country's economy, has improved. For the second quarter in a row, prices in Abu Dhabi increased year over year for the first time in more than five years; meanwhile, prices in Dubai continued to fall in the second quarter, but at a slower rate. Tourism and hospitality have rebounded in the emirate, with hotel occupancy rising to 62% in the first half of the year, up from 54% for all of 2020. The Expo world fair, which begins on Oct. 1, is expected to give the UAE a further boost; however, analysts have warned that continued worldwide travel restrictions may limit the event's economic impact.

The average UAE PMI grew by 11.3% year on year in the second quarter, rising to 52.2 in June. The change reflects a more positive attitude bolstered by a widespread immunization program and the fact that the Dubai World EXPO is barely three months away.

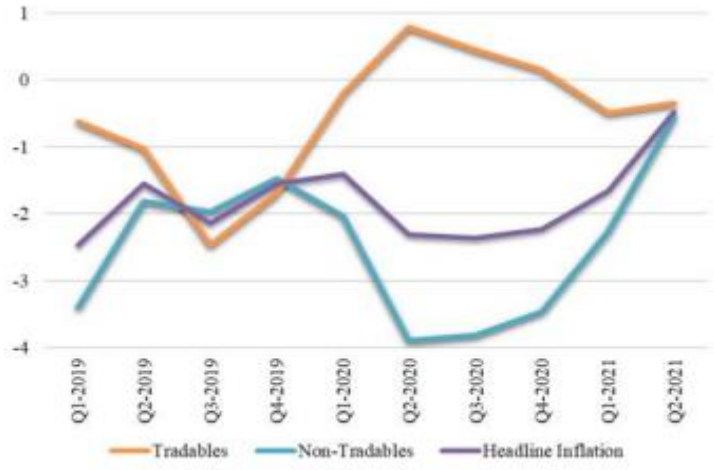
Figure: UAE PMI



Source: IHS Markit

The consumer price index fell by 0.5% Y-o-Y in the second quarter of 2021, compared to a reduction of 1.7% in the previous quarter. This was due to a drop in the price of non-tradable or products and services that are not traded across national boundaries. Their prices are mostly influenced by domestic supply and demand. Food and soft drink prices went from positive inflation in the final quarter of 2020 to negative inflation in the second quarter, at a rate of -2.9%. The values of the tradable basket's other subcategories continued to fall year over year. Furniture costs rose to a lesser amount, but the transportation sector was impacted by a 13% increase in oil prices during the quarter. All other non-tradeable were rising in price, except for communications and miscellaneous, which were slightly dropping. According to the CBUAE, average CPI inflation would continue at -0.2% in 2021, after being negative in the first half of the year at -1.1%.

Figure: Tradable and Non-Tradable Inflation



Source: FCSC and CBUAE calculations

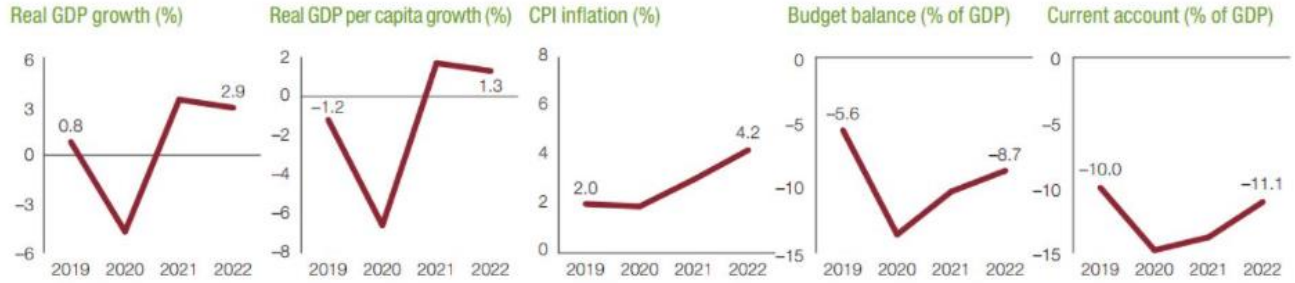
Due to increasing consumer expenditure, Dubai's non-oil private sector GDP grew in July. The IHS Markit UAE Purchasing Managers' Index (PMI) increased from 51.0 in June to 53.2 in July, seasonally adjusted. The travel and tourist industry has had the most significant increase in productivity growth since June, with wholesale and retail and construction also seeing higher growth. Even though economic conditions remained sluggish, businesses hired at the fastest rate in over 18 months. While some firms increased their output charges because of increasing expenses, others reduced their rates despite rising input prices due to global raw material shortages. In July, the non-oil economy of Dubai surged again, aided by an increase in consumer numbers. This was a major source of employment since companies regularly emphasized recruiting salespeople. Firms indicated increased capacity strain in July, as the amount of outstanding work reached its highest level in more than two years. Throughout the rest of the year, businesses will be trying to build on the economic rebound. The headline PMI rose to 53.2 in July, the highest level in 20 months, providing additional evidence that the economy is on the right track.

Algeria

In 2020, COVID–19 had a significant impact in Algeria. Aside from the human toll, the epidemic exacerbated other negative occurrences, most notably the drop in oil prices, plunging Algeria's economy into recession. After only rising by 0.8% in 2019, real GDP fell by 4.7% in 2020. The drop in oil and gas export earnings contributed to the public and external deficits expanding even further. Under the combined impact of a decline in hydrocarbon income and increased public spending to offset the economic effects of the health crisis, the budget deficit more than quadrupled in 2020, to 13.6% of GDP from 5.6%. While the Algerian economy showed indications of recovery in the second half of 2020, the recession has significantly impacted businesses and employees. Despite the devaluation of the Algerian dinar, the fiscal balance, banking liquidity, and external balance were all worsened by the brief drop in worldwide oil prices.

In 2021 and 2022, there will be a significant comeback in real growth, projected at 3.4% of GDP. A return to strong growth would reduce the overall budget deficit to 10.3% of GDP in 2021 and 8.7% in 2022, respectively. The current account deficit will reduce to 13.8% in 2021 and 11.1% in 2022, following a similar pattern. While additional exchange rate depreciation is predicted, it will require central bank funding to finance the budget deficit and sustain import reduction programs. The comeback in gas output is projected to help the Algerian economy in 2021; meanwhile, the recovery in non-hydrocarbon industries is expected to be modest and gradual.

Figure: Key Figures



Source: African Economic Outlook (AEO) 2021

Egypt

Pushing forward with macro-fiscal and structural reforms, increasing social protection, and pushing the human capital agenda will be critical for the Egyptian economy's robust recovery, as well as the tourist sector's advancement. Following the lifting of COVID-19 related limitations, growth increased somewhat in Q1- and Q2- FY2020/21, but remained low at 0.7% and 2%, respectively. After a substantial (temporary) drop, both labor force participation and employment rates have recovered. Travel restrictions, a fall in demand, and interruptions to local and global supply chains and commerce continue to affect key vulnerable industries like tourism, manufacturing, the Suez Canal, and oil and gas extractives.

Egypt's economic recovery accelerated in the second quarter of FY 2021 (April–June), with private and government expenditure leading the way, while fixed investment and exports declined at a slower pace. According to a preliminary assessment, the momentum gained impetus in Q4 FY 2021, merchandise exports and imports both increased significantly in April–June, indicating improved demand dynamics. Furthermore, the non-oil sector PMI generally stayed steady in Q4, but it averaged higher in July–August than the previous quarter. Slowly growing infection rates, combined with a delayed vaccine deployment, may moderate the rebound at the start of the next fiscal year.

In view of the continued effect of the pandemic and the increased spike in COVID-19 cases, Egypt's growth is expected to fall from 3.6% in FY2019/20 to 2.3% in FY2020/21. Remittance inflows increased social security, and decreased inflation are projected to help support private spending. After the downturn in the fiscal year 2021, GDP growth is expected to rise in the fiscal year 2022 (July 2021–June 2022). Recovering capital investment and a rebound in exports is expected to boost activity, while the relaxation of travel restrictions is good news for the tourist industry. However, the low immunization rate may stifle activity. GDP is expected to grow by 4.9% in the fiscal year 2022 and 5.1% in the fiscal year 2023.

Figure: Egypt Key Figures

Overview	Actual	Q3	Q4	Q1	Q2	2022
GDP Annual Growth Rate (%)	2.90	3.6	4	3.8	4.5	4.9
Unemployment Rate (%)	7.30	7	7.2	7.3	7.1	7.1
Inflation Rate (%)	5.70	5.4	5.4	5.6	6	6.5

Source: Trading Economics

Egypt's PMI Rises as Non-Oil Output and New Orders Rise

For the second time in three months, in August, output and new orders increased in Egypt's non-oil private sector economy. In August, the seasonally adjusted IHS Markit Egypt Purchasing Managers' Index (PMI) increased marginally to 49.8 from 49.1 in July, narrowly missing June's seven-month high. However, the composite index remains below the 50-neutral level, suggesting that the economy is shrinking. Input prices grew at their fastest pace in two years, causing a significant rise in output charges amid concerns that rising costs will stifle earnings. Higher pricing corresponded to the present worldwide picture of supply shortages and delays caused by the pandemic and transportation problems. Businesses appear to have made more efforts to recover from the COVID-19 epidemic, as seen by an uptick in output and new orders in August. As a result, job openings increased for the second month in a row. In August, however, all three indicators stayed close to the neutral 50 level, indicating that growth rates were just minor.

Valuation methodology

We have used DCF and CCM valuation methods to arrive at our fair value range for Fertiglobe. We have used three reliable ratios in the CCM valuation: EV/EBITDA, PE Multiples and PB Multiples to value the company. After combining the estimates from the two valuation models (DCF & CCM), we arrive at a fair value range. We present below the weightage assigned to each valuation method.

Target Fair Value Analysis

Model:	Weighting	Target Price
DCF	60%	USD 1.18
CCM	40%	USD 1.06
(in USD)		**USD 1.13**

Source: FABS Estimate

Target Fair Value Analysis

Model:	Weighting	Target Price
DCF	60%	AED 4.33
CCM	40%	AED 3.88
(in AED)		**AED 4.15**

Source: FABS Estimate

We have analysed the company's performance in detail to fully understand Fertiglobe's valuation. We have taken a fair estimate across the Income statement and balance sheet throughout our valuation. The valuation has brought forward a target price of AED4.15/USD1.13.

The weightage on DCF and relative valuation (CCM) is equal as 60% is allocated to DCF and 40% to CCM. We assign a similar weightage as the Fertilizer sector comparable is a good indicator of Valuing the Cashflow. Hence, we believe valuing the company by assigning the appropriate weight to market multiples would give us a fair estimate on the consensus valuation.

DCF Valuation

For the purpose of valuation in this transaction through DCF methodology, we have relied upon the guidance provided by management for the next five financial years starting from FY 2021 and ending FY 2025, supplemented by its Terminal Value based on the Gordon Model and extrapolating the adjusted free cash flows for last year at a terminal growth rate of 0.5% to perpetuity. To arrive at Ke (Cost of Equity), we have considered the Average Rf (Risk-Free) rate of 2.45% & Average Equity Risk premium of 9.1%, and the Average Beta of 1.25 for the Fertilizer sector. We arrived at a Ke of 12.5% after considering appropriate risk premium (including the size of the Company, nature of its Business, and the industry in which it operates) & the Weighted Average Cost of capital (WACC) arrived at 9.0%.

WACC :	9.0					
GROWTH RATE:	0.5			*USD 000*		
CY	2021	2022	2023	2024	2025	Terminal
Turnover	**3,673**	**3,710**	**3,508**	**3,635**	**3,768**	
PAT	627	652	582	651	702	
Add : Depreciation	266	261	257	253	249	
Less :Capital Expenditure	105	145	70	54	50	
Add : Interest (post Tax)	33	33	26	24	21	
Less: Working capital	77	6	26	5	10	
Free Cash Flows	**743**	**795**	**770**	**870**	**913**	**10,854**
Discounting Factor		0.92	0.84	0.77	0.71	0.71
Present value of Cash flow		**730**	**648**	**673**	**648**	**7,703**
Cumulative present value of Cash Flows	**10,401**					
Enterprise Value	**10,401**					
Less: Net Debt 2021F	**619**					
Equity Value		**$ 9,782**				
Number of shares		**8,301.3**				
Target Price in		**AED 4.33 / USD 1.18**				

Comparable Companies Multiple Method (CCM)

For the Valuation Analysis of the Company, we have used this methodology by comparing the PE, PB & EV/EBITDA multiple vis-a-vis certain companies listed on recognized Stock Exchanges belonging to the Oil & Gas Industry. We have selected the companies based on the following parameters:

1. *Market Cap*: - We have considered only those companies; whose Market Cap is close to the company's Market Cap.
2. *Region*: - We have considered most of these companies around the region Fertiglobe operates.
3. *Traded Value:* - Only companies that have been considered liquid and whose shares are frequently traded at Stock Exchanges; we have strictly ignored the low-volume companies.

We have considered similar listed Companies in the fertilizers Industry based on the industry transaction multiples in the current case. In our case, we found the industry-adjusted transaction of EV/EBITDA, PE multiple & PB Multiple of 8.5x, 13.2x & 3.1x (after adjusting suitable discount & premium), respectively. We considered the Full Year 2022 Sales, EBITDA & Profit for valuation, and we multiplied it with industry transaction multiple, respectively.

Target Value Analysis

	Weight	Value
Based on EV/EBITDA	50.0%	AED 4.25
Based on PB	10.0%	AED 2.33
Based on PE	40.0%	AED 3.82
(in AED)	**100.0%**	**AED 3.88**

Source: FABS Estimate

After constructing our detailed analysis of the company's structure and operation, we decided to base our CCM valuation on three Ratios: *EV/EBITDA, PE & PB.*

1) **EV/EBITDA** is a ratio that compares a company's Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA). The EV/EBITDA ratio is commonly used as a valuation metric to compare the relative value of different businesses. EV/EBITDA was also assigned 50% weight with a Target Price of AED 4.2. The multiples used for EV/EBITDA was 8.5X.

2) The price-to-earnings ratio (**P/E ratio**) is the ratio for valuing a company that measures its current share price relative to its per-share earnings (EPS). PE Ratio was assigned 30% with a Target Price of AED 2.3. The multiples used for the PE was 13.2X.

3) Finally, the price-to-book ratio (**P/B ratio**) is the ratio for valuing a company that measures its current share price relative to its Book Value (BV). P/B Ratio was assigned 30% with a Target Price of AED 3.8. The multiples used for the P/B were 3.1X.

Experienced Management Team with a long track record and relevant industry experience

Board of Directors

Chairperson – H.E. Dr. Sultan Ahmed Al Jaber

H.E. Dr. Sultan Ahmed AL Jaber serves as the CEO of ADNOC and UAE Minister of Industry and Advanced Technology. He will serve as one of the Board of Directors of Fertiglobe.

Executive Vice Chairperson – Nassef Sawiris

Mr.Nassef Sawiris is the Executive Vice Chairperson of OCI N.V. and will serve as one of the Board of Directors of Fertiglobe.
H.E. Dr. Sultan Ahmed Al Jaber & Mr. Nassef Sawiris are both highly experienced and represent as senior members of both the majority shareholders – ADNOC & OCI N.V. The Board will be led by 11 key members with relevant experience in industry and capital markets.

Key Management

Chief Executive Officer – Ahmed El-Hoshy

Mr. Ahmed El-Hoshy serves as Chief Executive Officer of OCI and, effective as of the date of Listing, Fertiglobe. Prior to becoming Chief Executive Officer of OCI, he was Chief Operating Officer and since joining OCI in 2009 has held various other positions including CEO of OCI Americas and was CEO of OCI Partners LP, a subsidiary of OCI, when it was a listed company on the NYSE. He oversaw OCI's expansion into North America from no production assets to the current 5.5+ million tons of nitrogen and methanol capacity, representing over $6 billion of replacement value. During this time, he led the development of the group's largest greenfield projects, including Iowa Fertilizer Company, and has been responsible for a wide variety of activities including project development, financing, commercial, M&A, corporate strategy and general management. Ahmed began his career at Goldman Sachs as a member of the investment banking and special situations groups in New York and Dubai. He received his bachelor's degree in economics with honors from Harvard College, USA. Mr El-Hoshy was born in 1984 and is a dual Egyptian and American citizen.

Chief Operating Officer – Haroon Rahmathulla

Mr.Rahmathulla has vast experience in the chemicals industry and served as the Managing Director at Barclays in the Chemicals team. Similarly, he held top management position and led the European Chemicals Investment Banking team of Jefferies Financials. Within the chemicals industry, Mr. Rahmathulla is experienced in commodity and specialty businesses, followed by vast experience in fertilizers and agriculture industries, mainly in nitrogen, potash phosphates, and crop chemicals. In addition, Mr. Rahmathulla holds an MBA in Finance degree from the prestigious NYU's Stern Business School.

Chief Financial Officer – Andrew Tait

Mr. Tait has vast experience in the financial industry. Before his position at Fertiglobe and more recently ADNOC, Mr. Tait worked for Shell in the Middle East for 16 years. Before joining Fertiglobe, Mr. Tait worked for 22 years with Shell as the MENA Upstream Commercial Finance Manager and later on Senior Finance secondee in important investments like Basrah Gas Company, Iraq as the CFO and PDO lastly, Oman, where he served as the Finance Manager. Mr. Tait is a Chartered Accountant with ICA (England and Wales).

Group Commercial Director – Hussein Nabil

Mr. Nabil has 25 years of experience in the sales industry, with 5 years at Mutlichoice Egypt, 7 years with EFC, followed by 7 years in MOPCO, 5 years served in OCI and lastly 1 year in Fertiglobe. Mr. Nabil has successfully led the team in the urea distribution model of Fertiglobe and has vast experience in the the global trade of fertilizers. Mr. Nabil is a Qualified Chartered Marketer with the Chartered Institute of Marketing (England).

Group Technical Director – Maged Altobgy

Mr.Altobgy has 22 years of experience with the production sites in Middle East and United States and specialized in projects related to commissioning, turnarounds and operational. Mr. Altobgy has spent 12 years at EFC and 2 years at Sorfert. He has also held top management position of Senior Projects Director at OCI in the United States. Mr. Altobgy holds the Bsc in Chemical Engineering degree.

Group Sustainability Director - Hesham Yehia

Before joining as the Group Sustainability Director of Fertiglobe, Mr Yehia served as the Commercial Director of EFC. He previously joined OCI back in 2008 and served key positions as Global Purchasing Director and Member of Global Commercial Committee. Mr. Yehia has more than 20 years of experience and has worked at Lafarge Holcim.

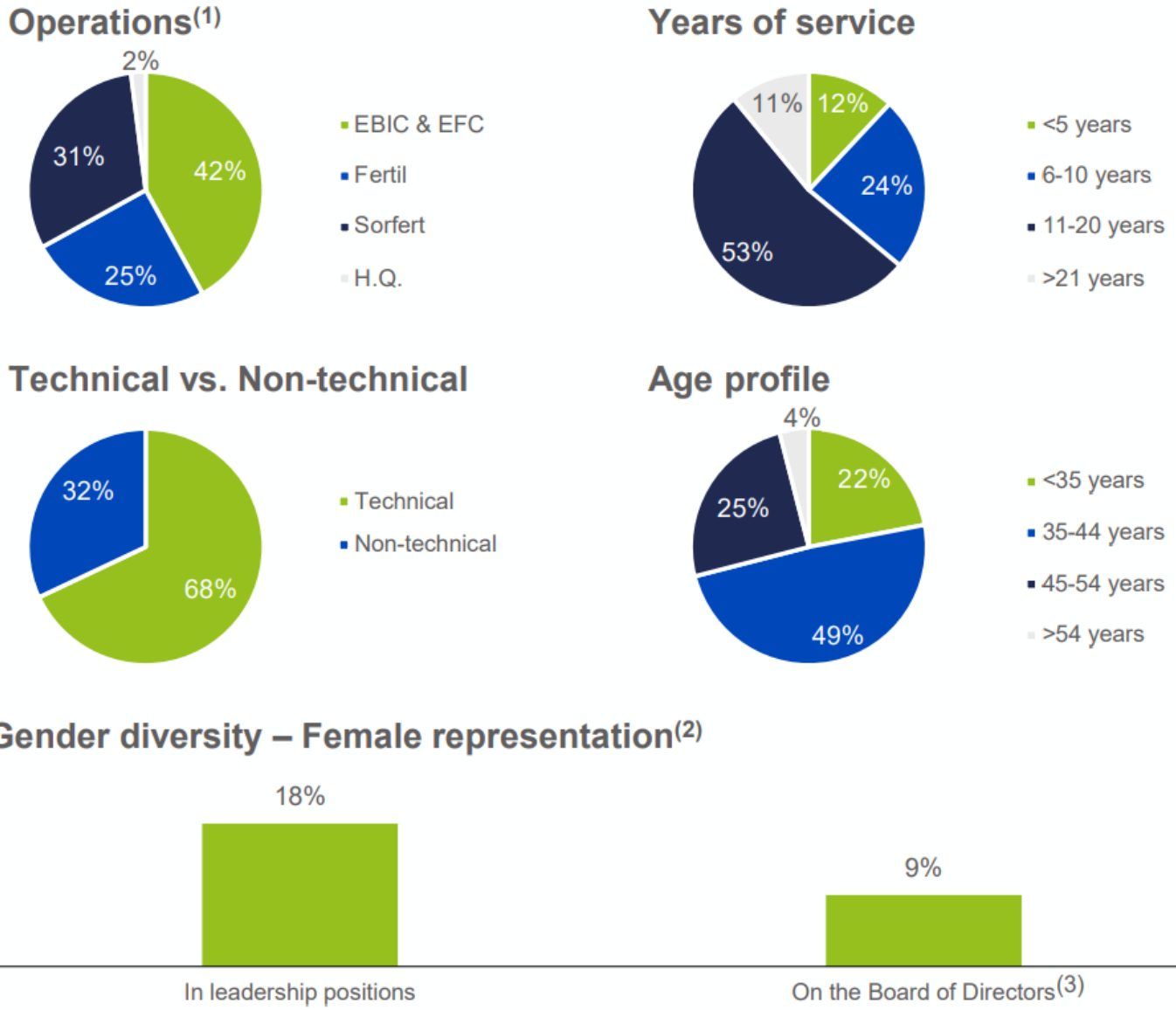
Vice President, Strategy – Myriam Hosri

Ms. Hosri has a vast experience with 10+ years in Mergers & Acquisitions and Corporate Finance in Europe and and the UAE. Her key roles include advising on financial & strategic decisions to aid the businesses and establish strategic partnerships. Ms. Hosri is an MBA from the prestigious ESSEC Business School of France.

Strong leadership and word-class capabilities across key management personnel that enable efficient and centralized decision making

Fertiglobe's leadership team is headquartered in Abu Dhabi and comprises of CEO, CFO and COO. It holds an office with fully-in staff capabilities that oversee marketing volumes on a centralized basis and are based in UAE. The team comprises of 14 staff members. Each Opco has a designated CEO & CFO who directly reports to the leadership team and is supported by operational staff. This strategic model is key to efficient and centralized decisions and follows local ownership in the region. It enables Fertiglobe to achieve operational and commercial excellence. Around 32% of the staff includes technical staff in line to ensure in-house engineering expertise. Fertiglobe promotes diversity inclusion and supports local talent development initiatives. Furthermore, Fertiglobe is strongly committed to increasing senior-level female representation at the top leadership levels.

Fertiglobe's workforce – June 2021 (total 2,624)



Source: Source: Company Information, Note: (1) H.Q. includes- Distribution, Corporates, Other (2). Calculated as a percentage of total female workforce (3) Minimum expected representation on the Board

Key Financial Metrics

Financial Performance at a glance:

We forecast an upcoming growth for Fertiglobe. A strong growth plan and expansion, pushing the bottom line even higher. Fertiglobe's strong financial profile is underpinned by robust operations, a solid commercial profile, and an attractive market back-drop. The performance of Fertiglobe can be demonstrated via key margins and levels. The Adjusted EBITDA is at a robust level of USD781 Mn, as of LTM June 2021.

It is expected to be strongly supported by the three advantages realized by the Company 1) Top-quartile cost position, 2) Ability to excel in commercial and operational segments, and lastly 3) Clean Ammonia Upside. The Benchmark prices most relevant to Fertiglobe's products are Ammonia Black Sea and Urea Egypt. Due to a favourable price environment, the Company's Total Revenue levels have increased significantly. The market is demand-driven, and Fertiglobe's global footprint and strong distribution network will aid future growth. Own Production sales Volumes stood at 5.7 mn t as of LTM June 2021 for Urea & Ammonia.

Similarly, the Third-Party Trading Sales Volumes stood at 0.9 mn t. The Third-Party Trading Sales volumes are increasing at high rates as the Company's focus shifts to the segment. The Average Weighted Gas Rate (does not include take-or-pay costs and fixed costs) is at $2.8/mmbtu LTM. The Company plans to secure the natural gas supply at advantageous prices and terms.

The Adjusted EBITDA margin (excluding Third-Party Trading) stood at 44% in LTM June 2021. The **Current Ratio** for 1H21 stood at 1.4. The ratio improved to 1.5 in FY2020, up from 1.1 in FY2019. The **Adjusted EBITDA margin** is used by the Company to better demonstrate the performance of the business. The Company has a strong Adjusted EBITDA margin profile at 37.7% as of LTM June 2021 and 29.2% in 2020. The Adjusted EBITDA margin surged to 42.2% in 1H21, up from 27.8% in 1H20.

The **Net Profit Margin** has surged by 16.7% to 25.1% in 1H21, up from 8.4% in 1H20. As of LTM June 2021, the Net Profit Margin (based on Net Income after Minorities) is 12%.

(US, Mn)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Revenue	1,056	1,551	3,673	3,710	3,508	3,635	3,768
Gross Profit	197	272	1,347	1,397	1,254	1,382	1,464
Operating Profit	142	182	1,240	1,288	1,142	1,268	1,348
Net Profit	4	74	627	652	582	651	702
Gross Profit Margin (%)	*18.6%*	*17.6%*	*36.7%*	*37.7%*	*35.7%*	*38.0%*	*38.8%*
Operating Profit Margin (%)	*13.5%*	*11.7%*	*33.8%*	*34.7%*	*32.6%*	*34.9%*	*35.8%*
Net Profit Margin (%)	*0.4%*	*4.8%*	*17.1%*	*17.6%*	*16.6%*	*17.9%*	*18.6%*
EBITDA Margin (%)	*33.8%*	*30.4%*	*41.3%*	*42.0%*	*40.3%*	*42.3%*	*43.2%*
Current Ratio	*1.1*	*1.5*	*1.8*	*2.3*	*2.8*	*3.3*	*3.9*

Source: FABS Forecast and Company's Data

Dividend Policy:

Fertiglobe intends to adopt a sustainable semi-annual cash dividend payment program with H1 dividends paid out in October of this financial year and H2 dividends paid out in April of the next financial year. The distribution policy is subject to Board discretion, general assembly approval, and market conditions. The dividends will be distributed in cash.

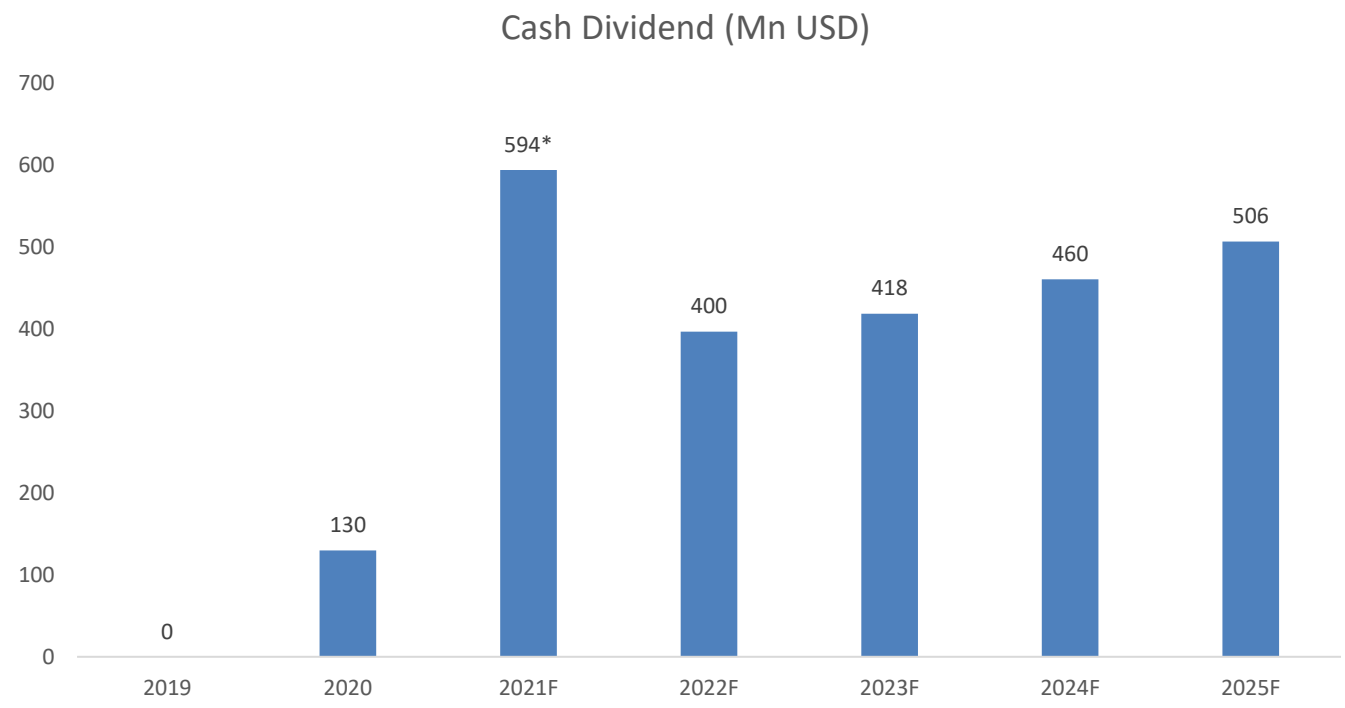
The Board of directors has approved and fully paid the Cash Dividends amounting to USD55 Mn by end of March 2021, and by the end of June 2021 the Board also approved and paid in full the amount of USD130 Mn of Cash Dividends. These Dividends were approved by the stockholders of the company on 28 June 2021. Nevertheless, USD93.6 Mn in Cash Dividends were paid to OCI and ADNOC followed by interim Dividends approved by shareholders for USD165 Mn also paid on 4 October 2021. Finally, a special one-time dividend amounting for USD850 Mn was approved by Shareholders and paid in Full.

Fertiglobe expects to distribute a dividend of at **least $240 million for 2H21** payable in April 2022 and **at least $400 million for FY 2022.**

Fertiglobe plans to maintain a strong dividend payment program and return the distributable free cash flows to its shareholders after supporting the growth opportunities and the investment-grade profile.

Dividend (mm USD)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Dividend Paid	0.0	130	594*	400	418	460	506

**Pre-IPO extra-ordinary dividend of $850mm +($500 mm Cash Dividend+ $93.6 Sorfert).*



Source: FABS Forecast and Company's Data

Financials

Revenues:

Fertigloble's Total Revenue is projected to grow at 0.6% CAGR to USD3,768 Mn in 2025, up from USD3,673 Mn in 2021. The Revenue from Own Production is likely to decline to USD3,027 Mn in 2025. The Third-Party Revenue is forecasted to increase by 5.3% CAGR to USD741 Mn in 2025, up from USD604 Mn in 2021.

The **Total Sales Volume** is expected to increase by 4.3% CAGR to 8.15 mn t in 2025, up from 6.88 mn t in 2021. The Sales volume pertaining to Own Production is forecasted to increase by 3.1% CAGR to 6.55 mn t in 2025, up from 5.79 mn t in 2021. Net Ammonia (own production) is forecasted to increase by 2.3% CAGR, followed by Urea (own production) that is expected to increase by 3.4% CAGR. Furthermore, the **Third-Party production** is expected to boost by 9.9% CAGR to 1.60 mn t in 2025, up from 1.10 mn t in 2021. Urea (Third Party) is expected to increase by 7% CAGR. However, the growth in the segment is predicted to be driven by a 25.1% CAGR in the Ammonia (Third Party). The contribution of Third-Party Trading Revenue is expected to range 16%-20% of the Total Revenue over the forecasted period of 2021-2025.

The Ammonia Black Sea is expected to reach USD569/t in 2021 and then decrease to USD421/t in 2025. The Urea Egypt is forecasted to reach USD547/t in 2021 and decrease to USD475/t in 2025.

The **Total Revenue** witnessed a growth of 46.9% YOY to USD1,551 Mn in FY2020, up from USD1,056 Mn in FY2019. As of LTM June 2021, the Total Revenue is USD2,073 Mn. The growth in Total Revenue was robust in 1H21. It increased by 71% YOY to USD1,260 Mn in 1H21, up from USD738 Mn in 1H20. It was mainly driven by attractive prices scenario and higher production volumes. As a result, Fertiglobe witnessed c.14% YOY increase in sale volumes and ~80% increase in average benchmark prices. Fertiglobe reports Total Revenue mainly via two segments – i) Production and Marketing of own produced volumes and ii) Third Party Trading. The Own production segment increased by 34.9% YOY to USD1,385 Mn in FY2020, up from USD1,027 Mn in FY2019. The Third-Party segment increased significantly to USD166 Mn in FY2020, up from USD29 Mn in FY2019. The majority is dominated by Production and Marketing of own produced volumes; however, the focus is to increase Third-Party Trading. Therefore, the segment has witnessed higher growth levels.

The Revenue can be broken down into **Volumes sold** (in mn t) and **Average Product Benchmark Prices** ($/t). The Total Volumes sold have declined by 2.3% CAGR from 6.5 mn t in FY2018, down to 6.2 mn t in FY2020. However, the volume sold has strongly increased by 11% YOY to 6.2 mn t in FY 2020, up from 5.6 mn t in FY2019. It was mainly driven by the successful implementation of operation excellence initiatives and growth in Third-Party Trading Volumes. As of LTM June 2021, the Total Volumes sold is at 6.5 mn t. Fertiglobe witnessed strong growth in 1H21, with volumes sold increase by 13% YOY to 3.4 mn t, up from 3 mn t in 1H20. The Total Volumes can be further broken down to Urea (own production), Ammonia (own production), and Third-Party Trading (Urea & Ammonia). The volumes sold are dominated by Urea (own production), followed by Ammonia (own production) and Third-Party Trading (Urea & Ammonia). Urea productions comprise 74%-79% of the Total Volumes sold from 2018 to 2020. The Urea volumes have declined by 3.1% CAGR to 4.6 mn t in FY2020, down from 4.9 mn t in FY2018. However, like Total Volumes, it increased by 4.5% YOY to 4.6 mn t in FY2020, up from 4.4 mn t in FY2019. The Ammonia (own production) volumes comprise of 14.5%-18.5% of the Total Volumes Sold, over the period of 2018-2020. The Third-Party Trading (Urea & Ammonia) volumes have surged by 32% CAGR to 0.7 mn t in FY2020, up from 0.4 mn t in FY2018. The segment increased significantly by 7x to 0.7 mn t in FY2020, up from 0.1 mn t in FY2019. The growth is driven by the Company's focus on boosting Third-Party Trading. The Total Volume sold increased by 13% YOY to 3.4 mn t in 1H21, up from 3 mn t in 1H20. The Third-Party Trading volumes increased by 67% YOY to 0.5 mn t in in 1H21, up from 0.3 mn t in 1H20. The Ammonia (own production) surged by 40% YOY to 0.7 mn t in 1H21, up from 0.5 mn t in 1H20. Lastly, the Urea (own production) maintained the level at 2.2 mn t in 1H21, same as 1H20.

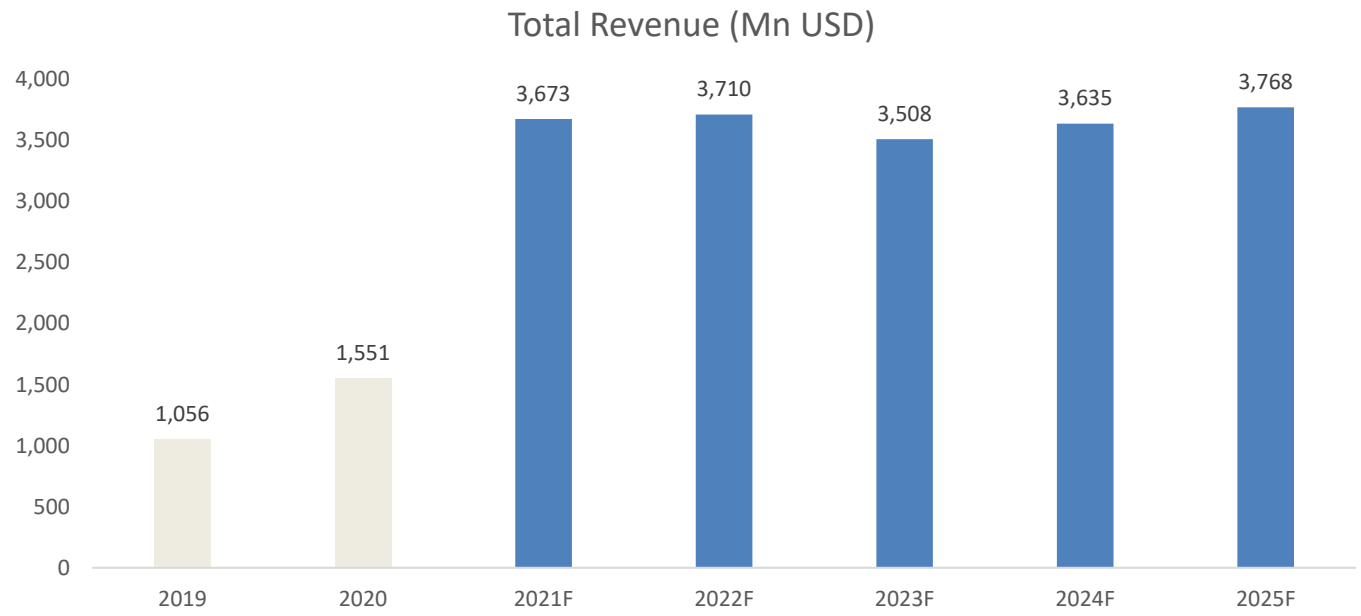
Urea Egypt and Ammonia Black Sea are the most relevant **Average Product Benchmark Prices** for Fertiglobe. The attractive prices in 1H21 are not fully reflected in LTM 2021 and 1H21 Total Revenue due

to the lower price environment of 4Q20. Additionally, the Company witnessed an increase in prices in July & August that were c.20%-45% higher than 1H21 average prices. However, this price momentum is not yet reflected in the current financial performance of Fertiglobe. The Company's profit-sharing mechanism allows Egyptian and Algerian Governments higher-income participation as sales prices increase. In Egypt, the higher gas price of above $4/mmbtu is outweighed by higher Revenue levels due to high product prices. For Algeria, the agreement with Sonatrach has incentive-driven by-product prices to provide for the competitive gas prices. As per the Company, for a +USD50/t increase above LTM June 2021 in both 12-month Average Urea and Ammonia pricing, the EBITDA is positively impacted by c.USD 250 Mn.

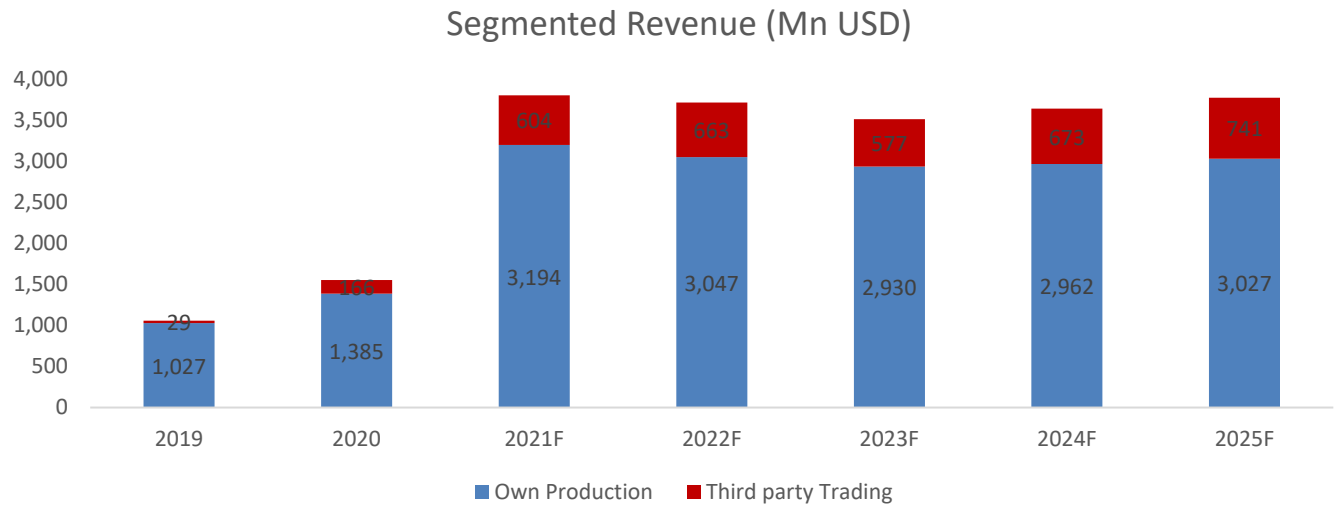
The **Geographic Distribution** of the Total Revenue does not exceed 10% of Total Revenue to any individual country. The Asia and Oceania region dominates the Total Revenue in FY2020, followed by Europe, Africa, South America, North America, and lastly the Middle East. The Total Revenue from one major customer is part of the Production and Marketing of the own produced volumes segment and comprises of USD102.2 Mn in FY2020, down from USD117.6 Mn in FY2019. It is around 7.4% of the Total segmental Revenue in FY2020.

Volume Forecast (Mn t)	2021F	2022F	2023F	2024F	2025F
Own Production (Urea & Ammonia)	**5.79**	**5.97**	**6.16**	**6.35**	**6.55**
Ammonia (Own Production)	1.39	1.42	1.46	1.49	1.53
Urea (Own Production)	4.39	4.54	4.70	4.86	5.02
Third Party trading (Urea & Ammonia)	**1.10**	**1.30**	**1.21**	**1.44**	**1.60**
Ammonia (Third Party)	0.14	0.30	0.32	0.33	0.34
Urea (Third Party)	0.96	1.00	0.89	1.11	1.26
Total Volume	**6.88**	**7.27**	**7.37**	**7.79**	**8.15**

Source: FABS Forecast and Company's Data



Source: FABS Forecast and Company's Data



Source: FABS Forecast and Company's Data

The **Total Revenue** increased robustly to USD866.7 Mn in 3Q21, up from USD314.8 Mn in 3Q20. The Revenue can be broken down to Production and marketing of own produced volumes and Third-Party Trading. The increase was driven by growth in Third-Party Trading revenue with a growth of 6.4x to USD160.8 3Q21, up from USD21.6 in 3Q20. The Own products segments increased strongly by 1.4x to USD705.9 in 3Q21, up from USD293.2. Similarly, the Total Revenue more than doubled to USD2,126.7 Mn in 9M21, up from USD1,052.3 Mn in 9M20. The strong growth was mainly attributable to the high selling prices and volumes sold on a year-on-year basis. It was driven by significant growth in the Third-Party trading revenue to USD366 Mn in 9M21, up from USD97.8 Mn in 9M20. Similarly, the Revenue from Own production increased strongly to USD1,760.7 Mn in 9M21, up from USD954.5 Mn in 9M20. The Company witnessed a strong increase in both the volumes sold and selling prices that strongly supported the operational growth in 9M21.

The **Total Product Volumes** increased strongly by 33% YOY to 1,698 thousand metric tons in 3Q21, up from 1,274 thousand metric tons in 3Q20. The Total Sales Volumes is broken down to Fertiglobe Product Sold and Third Party Traded. The Fertiglobe Product sold increased strongly by 21% YOY to 1,396 thousand metric tons in 3Q21, up from 1,156 thousand metric tons in 3Q20. The main own produced products include Ammonia and Urea. The total volumes for Ammonia increased by 22% YOY to 310 thousand metric tons, up from 253 thousand metric tons. It majorly added to the increase in the total sales volumes. The Total Urea Sales Volumes increased by 20% YOY to 1,086 thousand metric tons in 3Q21, up from 903 thousand metric tons in 3Q20. This increase is despite the turnaround in one of EFC's urea lines. Under the Third-Party segment, the Total Sales Volume increased significantly to 302 thousand metric tons in 3Q21, up from 119 thousand metric tons in 3Q20. It was mainly driven by Urea total volume increased by 2.5x to 262 thousand metric tons in 3Q21, up from 106 thousand metric tons in 3Q20. The Ammonia sales robustly increased by 3.3x to 40 thousand metric tons in 3Q21, up from 12 thousand metric tons in 3Q20.

On a 9M basis, the Total Product Volumes increased strongly by 19% YOY to 5,163 thousand metric tons in 9M21, up from 4,322 thousand metric tons in 9M20. The Total Own Product volumes increased by 12% YOY to 4,338 thousand metric tons in 9M21, up from 3,882 thousand metric tons in 9M20. It was mainly driven by Urea sales volumes with 5% YOY increase to 3,295 thousand metric tons in 9M21, up from 3,134 thousand metric tons in 9M20. Similarly, the Ammonia sales volumes witnessed a robust increase of 5% YOY to 1,044 thousand metric tons in 9M21, up from 748 metric tons in 9M20. The Third-Party traded volumes increased strongly by 87% YOY to 824 thousand metric tons in 9M21, up from 440 thousand metric tons in 9M20, in line with the Company's strategy. The segment was driven by strong growth in Urea sales volumes by 91% YOY to 720 thousand metric tons in 9M21, up from 377 thousand metric tons in 9M20. Similarly, the Ammonia sales volumes increased by 64% YOY to 104 thousand metric tons in 9M21, up from 63 thousand metric tons in 9M20.

The strong performance was also driven by a significant increase in **Selling prices** for both Ammonia and Urea products. The most relevant benchmark prices include Urea Egypt and Ammonia Black Sea. The Urea Egypt increased sharply by 87% YOY to 484 USD/mt in 3Q21, up from 259 USD/mt in 3Q20. As compared to 2Q21, it increased by 24%. The Ammonia Black Sea increased strongly by 3.1x to 578 USD/mt in 3Q21, up from 184 USD/mt in 3Q20. Similarly, the price increased by 25% as compared to 2Q21.

Total Expenses:

The Cost of Sales is estimated to decline slightly to USD2,305 Mn in 2025, down from USD2,326 Mn in 2021. The Cost of Sales mainly consists of Raw materials, consumables, finished goods, Depreciation & Amortization, and Others. The Raw Materials & Consumables & Finished Goods mainly comprise of Gas costs, Purchase of volumes from Third Parties and Others.

The **Cost of Sales** increased by 49% YOY to USD1,279 Mn in FY2020, up from USD858.9 Mn in FY2019. The Cost of Sales is dominated by Raw materials, Consumables & Finished Goods that comprise of 67% of the total in FY2020. Furthermore, the Depreciation & Amortization consist of 21% of the Total Cost of Sales in FY2020. The Cost of Sales and SG&A in LTM June FY2021 stood at USD1,563, mainly dominated by Raw materials & Consumables & Finished Goods, which comprised of 66% of the total costs. Additionally, the Cost of Sales and SG&A increased by 29% YOY to USD863 Mn in 1H21, up from USD668 Mn in 1H20. It was mainly due to 42% YOY increase in costs related to Raw materials & Finished goods.

The **Raw materials & Consumables & Finished Goods** is forecasted to increase by 0.5% CAGR to USD1,824 Mn in 2025, up from USD1,790.76 Mn in 2021. The Raw materials & Consumables & Finished Goods are further divided into Gas costs, Purchase of Volumes from Third Parties and Others. The Raw materials, Consumables & Finished Goods increased by 54% YOY to USD852.1 Mn in FY2020, up from USD554.2 Mn in FY2019. It was mainly due to an increase in expenses pertaining to the Related parties segment that stood at USD184.4 Mn in FY2020, up from USD40.6 Mn in FY2019. The LTM June FY2021 costs stood at USD1,031 Mn, mainly dominated by Gas costs at USD467 Mn. The Raw Materials increased by 42% YOY to USD602 Mn in 1H21, up from USD423 Mn in 1H20. The increase was mainly due to a significant increase in costs related to the Purchase of volumes to third parties that stood at USD192 Mn in 1H21, up from USD84 Mn in 1H20. The Other costs that pertain to maintenance and repair, employee benefits, consultancy expenses, and other items grew by 52% YOY to USD170 Mn in 1H21, up from USD112 Mn in 1H20. The Natural gas costs are denominated in USD. However, the Non-natural gas costs pertaining to Alegria, Egypt, and UAE are denominated in the local currency.

The **Depreciation and Amortization** are expected to decline by 2% YOY to USD248.9 Mn in 2025, down from USD265.6 Mn in 2021. The D&A expenses comprised 21% of the Total Cost of Sales in 2020. The D&A expenses increased by 20% YOY to USD268 Mn in FY2020, up from USD223 Mn in FY2019. It is calculated as per the straight-line method. It is driven by the young asset base and the increase in fair value after the acquisition of Fertil. Around USD131 Mn, which comprises 49% of FY2020 D&A charges, are attributable to Fertil. The LTM June FY2021 D&A expenses stood at USD271 Mn. Additionally, the expenses slightly increased by 1% YOY to USD136 Mn in 1H21, up from USD134 Mn in 1H20.

The **Selling, General & Administrative Expenses** are forecasted to increase by 1.9% CAGR to USD115.8 Mn in 2025, up from USD107.3 Mn in 2021. The SG&A expenses increased by 57% YOY to USD89.4 Mn in FY2020, up from USD57.2 Mn in 2019. It is mainly driven by salaries, employee profit-sharing, pension, and social security costs. The LTM June FY2021 expenses stood at USD92 Mn. Furthermore, the SG&A expenses increased by 9.8% YOY to USD45 Mn in 1H21, up from USD41 Mn in 1H20.

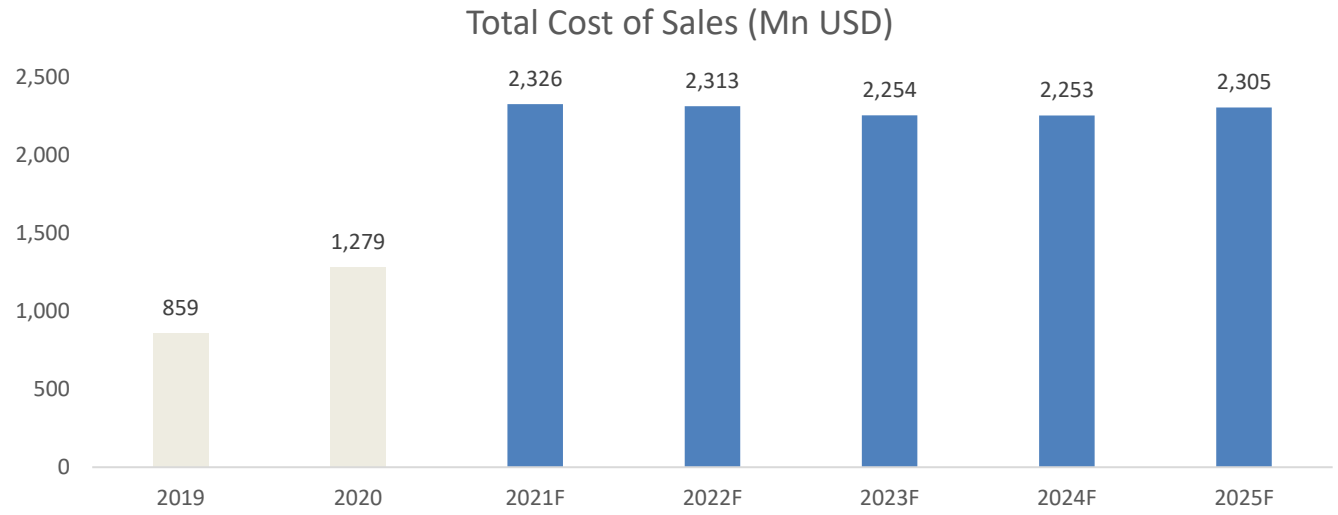
The Total Cost of sales increases more than twice to USD528 Mn in 3Q21, up from USD254.8 Mn in 3Q20. The increase was mainly attributable to the costs related to the Third-Party trading that increased by 7.55x to USD160.9 Mn in 3Q21, up from USD21.3 Mn in 3Q20. The costs related to the Own Products increased strongly by 57% YOY to USD367.1 Mn in 3Q21, up from USD233.5 Mn in 3Q20. On a 9M basis, the Cost of Sales has increased strongly by 53% YOY to USD1,346 Mn in 9M21, up from USD881.6 Mn in 9M20. Similar to the 3Q analysis, the Costs mainly increased for Third Party sales to USD358.9 Mn in

9M21, up from USD98.6 Mn in 9M20. The Own Production costs increased by 26% YOY to USD988.2 Mn in 9M21, up from USD783 Mn in 9M20.

The Raw materials and consumables and finished goods increased significantly to USD424.8 Mn in 3Q21, up from USD152.4 Mn in 3Q20. On a 9-month basis, the costs increased by 78% YOY to USD1,026.3 Mn in 9M21, up from USD575 Mn in 9M20.

The Depreciation and Amortization declined slightly by 1.9% YOY to USD65.8 Mn in 3Q21, down from USD67.1 Mn in 3Q20. On a 9-month basis, the costs incurred increased slightly by 1% YOY to USD202.1 Mn in 9M21, up from USD200.8 Mn in 9M20.

The Selling, General and Administrative expenses increased by 10% YOY to USD27.4 Mn in 3Q21, up from USD 24.8 Mn in 3Q20. Similarly, on the 9-month basis, the costs increased by 10% YOY to USD72.4 Mn in 9M21, up from USD66.1 Mn in 9M20.



Source: FABS Forecast and Company's Data

Adjusted EBITDA:

Fertiglobe's adjusted EBITDA is expected to decrease by 1.5% CAGR to USD1,609 Mn in 2025, up from USD1,517 Mn in 2021. The Adjusted EBITDA is strong and is underpinned by three advantages 1) Top-quartile cost position, 2) Ability to excel in commercial and operational segments and, lastly 3) Clean Ammonia Upside. As a result, the Adjusted EBITDA increased by 22% YOY to USD453.4 Mn in FY2020, down from USD371.1 Mn in FY2019. The Adjusted EBITDA margin stood at 29.2% in FY2020. However, if the impact from Third-party trading is removed, the margin is strong at 33% in FY2020. Adjustment in EBITDA is mainly attributable to Foreign Exchange Gains or Losses and Share of Equity Accounted Investees.

The Adjusted EBITDA for LTM June 2021 stood robustly at USD780.8 Mn underpinned by Fertiglobe's advantages. The EBITDA before adjustments stood at USD794.9 Mn in LTM June 2021. The Adjusted EBITDA margin stands at a strong level of 37.7%. However, the margin without adjustments is at 44% in LTM June 2021. The Adjusted EBITDA has increased significantly to USD532.2 Mn in 1H21, up from USD204.7 in 1H20. It was mainly due to an increase in overall EBITDA level on a year-on-year basis and a reduction in adjustments. The Adjusted EBITDA margin increased by 14.4% to a robust level of 42.2% in 1H21, up from 27.8% in 1H20. Lastly, the Adjusted EBITDA declined by a 22% CAGR to USD453.3 Mn in FY2020, down from USD737.5 Mn in FY2018.

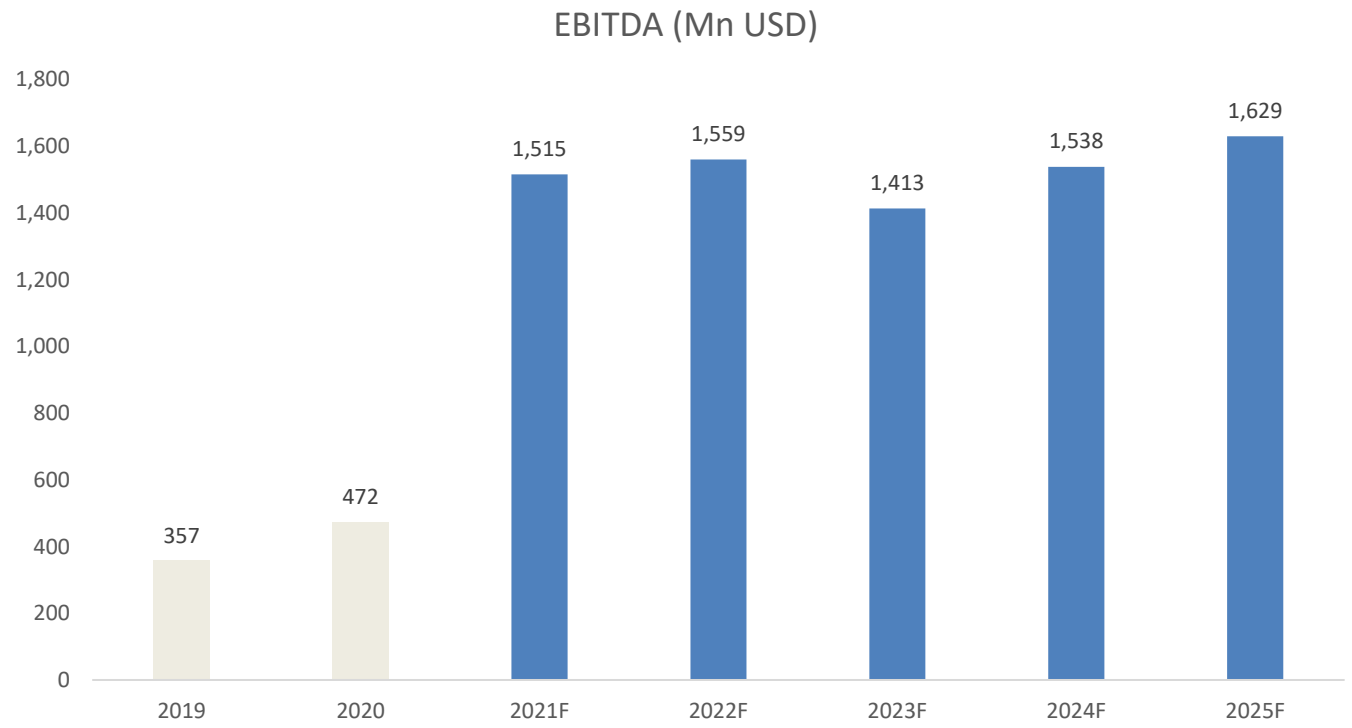
The LTM June 2021 Adjusted EBITDA of USD781 Mn is 78% attributable to Fertiglobe shareholders and the balance 22% to the Company's minority interest EBIC and Sorfet. Fertiglobe expects Sorfert's operational performance to increase and therefore expects the attributable rate to minorities to increase to ~22% to 25% range.

The Total Adjusted EBITDA increased robustly to USD370.7 Mn in 3Q21, up from USD103.7 Mn in 3Q20. The increase was mainly attributable to the increase in sales volumes and selling prices witnessed by Fertiglobe. The rise is driven by a significant increase in Own Production segment to USD377.5 Mn in 3Q21, up from USD108 Mn in 3Q20. The loss from Third Party segment reduced in 3Q21. It was driven by higher nitrogen prices and improvement in the sales volumes.

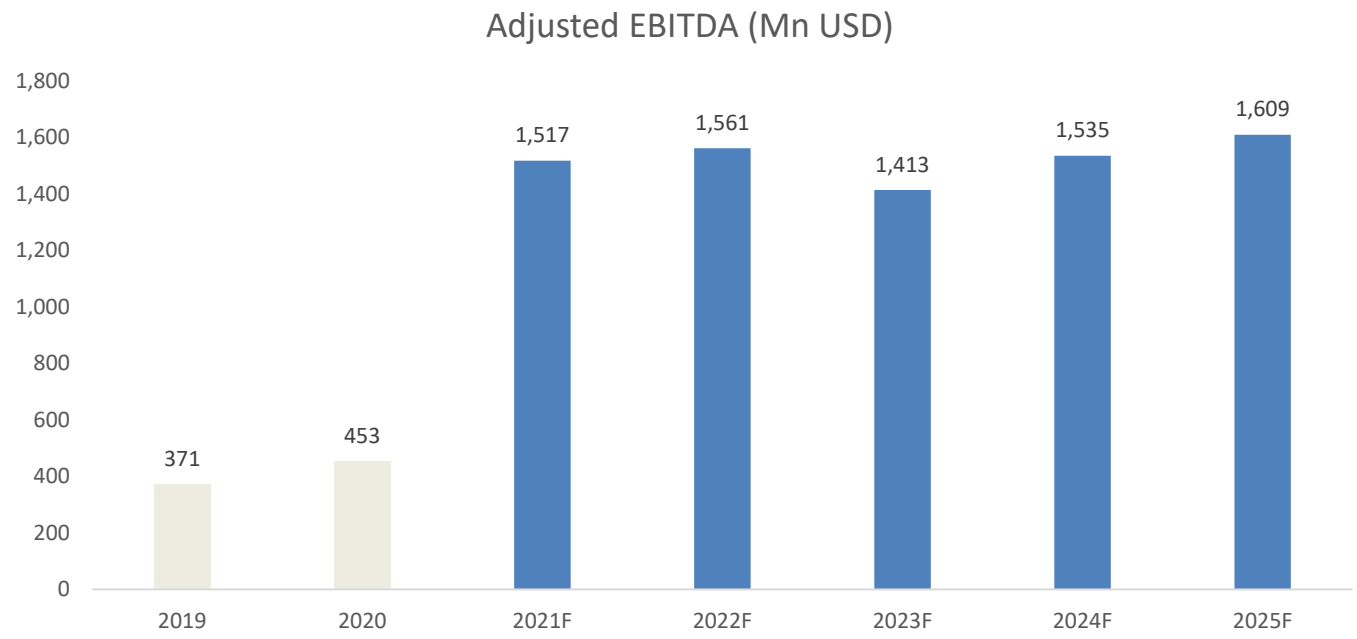
On a 9-month basis, the Total Adjusted EBITDA increased strongly 2.9x to USD902.9 Mn in 9M21, up from USD308.4 Mn in 9M20. It was mainly driven by the significant increase in the Own Production segment to USD909.3 Mn in 9M21, up from USD319.3 Mn in 9M20. The Adjusted EBITDA from the Third-Party segment witnessed positive levels to USD7.1 Mn in 9M21, up from the negative level of USD10.1 Mn in 9M20.

Adjusted EBITDA (in USD mm)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Depreciation and amortization	222.7	268.0	265.6	261.1	257.1	253.3	248.9
Operating Profit	142.1	181.6	1,239.8	1,287.6	1,142.4	1,268.4	1,347.7
EBITDA *(excluding FX & Income (Loss) from Equity Accounted Investees)*	**364.8**	**449.6**	**1,505.4**	**1,548.7**	**1,399.5**	**1,521.7**	**1,596.6**
Foreign exchange gain	11.5	31.6	20.2	22.3	22.8	25.4	41.4
Foreign exchange loss	-19.5	-9.1	-10.6	-11.5	-9.8	-9.5	-9.0
EBITDA	**356.8**	**472.1**	**1,515**	**1,559**	**1,413**	**1,538**	**1,629**
Net foreign exchange (gain)/loss	8.0	-22.5	1.8	1.1	0.1	-3.5	-20.7
Share of loss of equity-accounted investees (net of tax)	0.1	0.1	0.0	0.4	0.4	0.4	0.4
Total Adjustments	6.2	3.7	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	**371.1**	**453.4**	**1,516.8**	**1,561.0**	**1,413.0**	**1,534.6**	**1,608.8**

Source: FABS Forecast and Company's Data



Source: FABS Forecast and Company's Data



Source: FABS Forecast and Company's Data

Tax Profile:

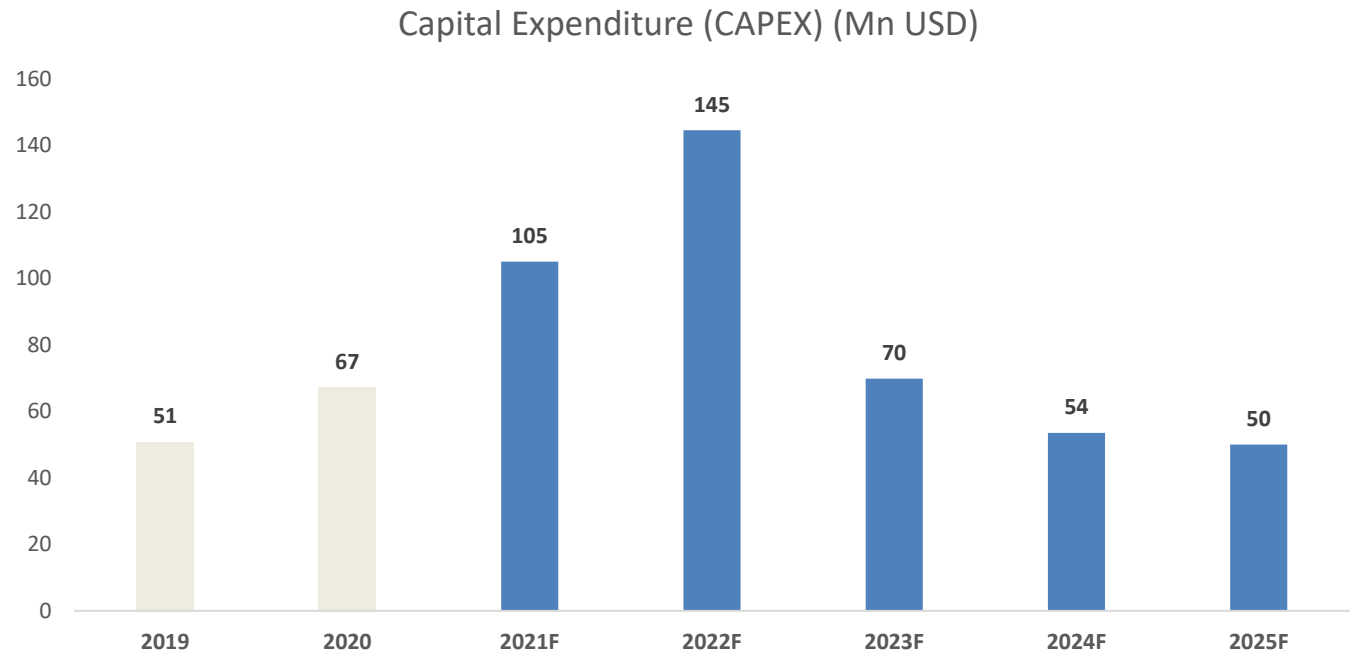
Fertiglobe has an advantage related to its tax profile and has a low combined Cash Income Tax rate of ~11%, which is USD52 Mn per LTM June 2021. The effective tax rate for FY2020 was at 12.3%. The Income Tax reported has increased significantly to USD41 Mn in FY2020, up from USD15Mn in FY2019. However, the effective cash tax paid has declined by 60% YOY to USD20.6 Mn in FY2020, down from USD51.8 Mn in FY2019. The difference from the tax reported is mainly due to different tax treatment at EFC that the Company doesn't pay in cash.

Furthermore, Sorfert has a tax-exempt profile for its international sales. These tax-exempt sales comprise of a large portion of the Company's total sales. EBIC is strategically located in an EFZ (Economic Free Zone) and hence is exempted from taxes. Fertil has a 25% tax rate attributable to most of the taxes paid in cash. Similarly, FDL and Fertiglobe holding are both tax-exempt. EFC is expected to zero USD in taxes for the foreseeable future due to historical costs. Additionally, in FY2020, the Egyptian Parliament approved the law to provide EFC with economic free zone status, which is yet to be sanctioned.

Capital Expenditure (CAPEX):

The CAPEX is forecasted to decline by 16.9% CAGR to USD50 Mn in FY2025, down from USD105 Mn in FY2021. Cash Capex is expected to increase to c. USD100-110 Mn in 2021 and increase further in 2022 to c. USD120-140 Mn. After 2022 Capex is forecasted to decrease through the maintenance cycle. Fertiglobe increased its capital expenditure to USD67.1 Mn in 2020, up from USD51 Mn in 2019 and USD24.7 Mn in 2018, driven mainly by the Plant turnarounds despite the delay in some of them to 2021 and 2020, which led to a concentration in Capex.

The forecast does not consider the 1 mpta blue ammonia project in Abu Dhabi in partnership with ADNOC and ADQ. The Fertil Blue ammonia project has an expected CAPEX of c. USD30 Mn in 2022 and 2023 and other projects will be initiated only after being financially feasible. It is worth noting that Fertiglobe maintains a well-disciplined CAPEX program in pursuit of low carbon ammonia along with several growth opportunities with the support of a low capital cost and a good return. As of the first half of 2021, the Capital expenditure recorded amounted to USD13.6 Mn, down from USD26 Mn in 1H20.

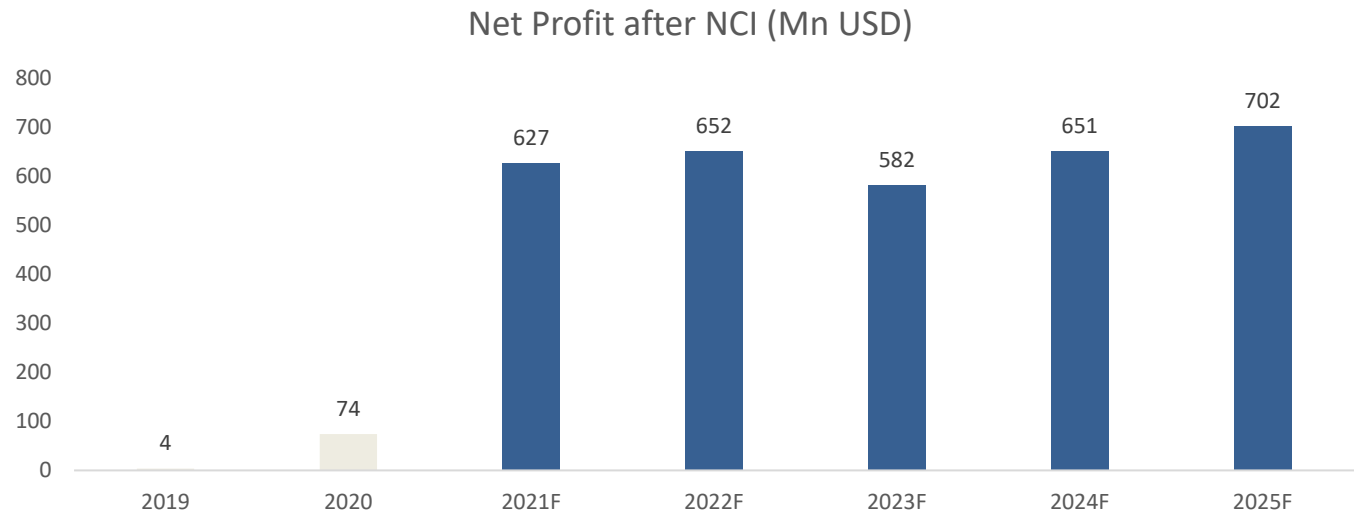


Source: FABS Forecast and Company's Data

Net Profit:

The Net profit is expected to increase by 2.9% CAGR to USD702 Mn in 2025, up from USD627 Mn in 2021. Fertiglobe's Net Profit increased significantly to USD74 Mn in FY2020, up from USD4 Mn in FY2019. It was mainly due to an increase in Volume sales that supported the robust growth in Revenue. Furthermore, Fertiglobe improved its margins via cost optimization techniques that boosted the EBITDA level in 1H21. Before NCI, the Net Profit Margin (before NCI) stood at 8% in FY2020, up from 4% in FY2019. The significant decline in Finance Costs supported boosting the profitability levels in FY2020, compared to high-Interest costs for financial liabilities, for related parties, and Foreign exchange loss reported in FY2019.

The Adjusted Net Profit increased significantly to USD158.2 Mn in 3Q21, up from USD5.8 Mn in 3Q20. It was mainly due to robust operational performance in 3Q21 with high sales volumes and high selling prices. The Company did not witness a direct impact on its operations due to the COVID-19 since all of its products were labeled as essentials. However, the industrial nitrogen markets were low due to shutdowns resulting in higher inventories in 3Q21. On a 9M basis, the Adjusted Net Profit increased significantly to USD336.2 Mn in 9M21, up from USD29.2 Mn in 9M20.



Source: FABS Forecast and Company's Data

Non-Controlling Interests – EBIC & Sorfert:

The portion of Fertiglobe's adjusted EBITDA attributable to NCI is forecasted to increase to 22%-25%, depending on the solid operating results of Sorfert. As of LTM June 2021, around ~22% of the adjusted EBITDA is for the NCI of the Company. The Adjusted EBITDA level of LTM in June 2021 stood at USD781 Mn. Around 78% is attributable to Fertiglobe shareholders, and the balance 22% is attributable to NCI. The Company has two NCI – EBIC & Sorfert. In August 2021, Fertiglobe further acquired 15% share in EBIC that increased its existing share from 60% to 75%. The Company owns 51% of Sorfert, and the Algerian Government owns the balance 49% through Sonatrach. However, the profit share agreement signed with Sonatrach may boost its economic value of ownership to more than 49%. The NCI share in Net Income amounts to 35% as of LTM June 2021. It is higher mainly due to the increase in D&A charges attributable to Fertil and the P&L taxes attributable to EFC. The taxes for EFC are not paid in cash due to a certain accounting treatment.

As of September 2021, Fertiglobe has acquired an additional 15% ownership in Egypt Basic Industries Corporation (EBIC), after an agreement with a KBR-led consortium (NYSE: KBR), including Mitsubishi, JGC and Itochu, for USD43 Mn. The Group shares in EBIC reached 75% after this acquisition securing a more powerful position for the Group. The Net amount Paid totaled USD38.4 Mn after being reduced by USD4.6 Mn, representing KBR's claim to unpaid Dividends. Thus, the carrying amount value of NCI acquired is USD48.8 Mn, with only USD38.4 Mn paid for the acquisition. The effect of this transaction on the Shareholders' Equity is an increase by USD10.4 Mn in total.

Working Capital:

Fertiglobe's Total Working Capital, including Dividends Payable, increased significantly YOY on the Balance sheet to USD60.2 Mn in 2020, up from negative USD5.2 Mn in 2019, while the Total Working Capital excluding the Dividends Payable has decreased to USD72.4 Mn in 2020, down from USD136 Mn in 2019. The Working Capital requirements have been changing from one period to another, mainly in accounts receivables due to the extension of payment terms. Suppliers tend to become smoother over time with minor changes. Fertiglobe's Working Capital comprises Inventories, Receivables and Payables. The Days Sales outstanding decreased to 64 days in 2020, down from 81 days in 2019, the Days Inventory Outstanding recorded 36 days in 2020, and the Days Payables Outstanding. It is worth noting that the change in working capital differs between the Balance sheet and Cash Flow statements, given that some items like Accrued Dividends and Accrued Interest are treated differently. For instance, disclosure of cash dividends in the Balance Sheet is recorded as trade and other payables, same as accrued interest, whereas it is disclosed separately under the Cash Flow statement. Note that the average working capital decreased in 2020 to USD72.4 Mn compared to USD136 Mn on average in 2019.

Cash Flow Generation:

Fertiglobe's cash profile is robust and strong, demonstrated by favorable Leveraged Free Cash Flow (LFCF) level, strong Adjusted EBITDA margin, and Operating Free Cash flow, leading to an attractive cash conversion rate. The LFCF conversion rate is positively impacted by low tax rates and low maintenance CAPEX levels; as a result, it is above 90%. The LFCF conversion in 1H21 was reported at 87%. It implies capacity for attractive returns to the shareholders of the Company and the ability to monetize on growth opportunities. The LFCF (pre-NCI leakage) stood at USD440.8 Mn in FY2020. As of LTM June 2021, the LFCF level is at USD625 Mn. The LFCF level has significantly increased by 66% to USD462.7 Mn in 1H21, up from USD278.5 Mn in 1H20. The Cash Conversion, which is defined as LFCF by adjusted EBITDA, stood at 86.9% in 1H21, down from 136.1% in 1H20. As of LTM June 2021, the cash conversion is at 80%. The young asset fleet aids the strong cash generation, therefore lower maintenance CAPEX requirements.
Furthermore, lower tax payments due to advantaged asset locations boost the cash profile. As a result, the Operating Cash flow increased significantly by 2.04x to USD520.8 Mn in FY2020, up from USD255.1 Mn in FY2019. It was mainly driven by increased levels of Revenue and favorable working capital adjustments. As of LTM June 2021, the Operating Free Cash flow stood strongly at USD689.6 Mn. On a 1H basis, the Operating cash flow increased robustly by 54% YOY to USD482 Mn in 1H21, up from USD313.2 Mn in 1H20. The dividends attributable to the minorities can be proxied from the Net Income portion attributed to the NCI.

The Free cash flow increased strongly to USD56.1 Mn in 3Q21, up from USD5 Mn in 3Q20. It was mainly attributable due to robust financial performance in 3Q21 that increased the EBITDA to USD377.1 Mn in 3Q21, up from USD103.8 Mn in 3Q20. The Working capital increased significantly to USD119 Mn in 3Q21, up from USD65.5 Mn in 3Q20. The Company paid dividends to NCI worth USD182.8 Mn in 3Q21. On a 9M basis, the Free cash flow increased strongly by 80.4% YOY to USD535 Mn in 9M21, up from USD296.4 Mn in 9M20. Like 3Q21, the performance was driven by strong EBITDA levels. The working capital reduced the 9M21 FCF, as compared to 9M20. The Company paid USD193.4 Mn in dividends to NCI in 9M21. Total cash capital expenditure increased slightly to USD21 Mn in 3Q21, up from USD20 Mn in 3Q20. It includes the growth CAPEX. On a 9M basis, the CAPEX decreased to USD34 Mn in 9M21, down from USD46 Mn in 9M20.

Financial Leverage:

Fertiglobe's Net Debt decreased significantly to USD229 Mn in 2020, down from USD558 Mn in 2019. The group closely monitors its ability to fulfill its debt obligations for the upcoming year while maintaining the capital requirements set by external financial institutions compared to its debt levels. The leverage reflects the Group's conservative capital structure, which only targets investment-grade rating profiles to decrease further its interest expenses. It is worth noting that over last year the leverage after being adjusted for changes is c. 1.5x and is anticipated to remain under C.3x within the forecasted period. In addition, Fertiglobe entered a USD1.1 Bn bridge facility to improve its capital structure ahead of the IPO, which will cancel the current outstanding debt and include a USD850 Dividend recap. Fertiglobe also got a new revolving credit facility for USD 300 Mn to boost its liquidity while redeeming its loan denominated in Algerian Dinar for an outstanding balance of around USD336 Mn and a redeeming amount of USD71.5 Mn annually.

Fertiglobe increased its stake in EBIC to 75% with a KBR-led consortium. The deal was finalized for USD43 Mn in August 2021. The strategic purchase streamlined Fertiglobe's business and ownership structure. The Net Cash flow / change in Net Debt increased to USD214.6 Mn in 3Q21, up from USD57.1 Mn in 3Q20. The changes in Net Debt were mainly due to dividends to shareholders worth USD130 Mn in 3Q21, up from USD62.9 Mn in 3Q20. The increase in stake of EBIC further increased the outflow. Lastly, the Advanced dividend to shareholders stood at USD93.6 Mn in 3Q21. On a 9M basis, the Net Cash flow / change in Net Debt declined to USD191.8 Mn in 9M21, down from USD236.8 Mn in 9M20. It was mainly due to increase in Dividends to shareholders and Advanced dividend to shareholders. The Net Debt stood at negative USD56.2 Mn in 9M21, up from positive USD135.6 Mn in 9M20, demonstrating a strong cash position in 9M21 for the Company.

Financial Leverage (USD, Mn)	2019A	2020A	2021E	2022E	2023E	2024E	2025E
Short Term Borrowing	169	126	68	71	75	80	39
Long Term Borrowing	713	545	1,366	1,294	1,219	1,139	1,100
Lease Liability	100	93	85	77	69	63	57
Gross Debt	**982**	**764**	**1,518**	**1,442**	**1,364**	**1,282**	**1,196**
Cash	-425	-535	-899	-1,398	-1,873	-2,382	-2,911
Net Debt /(Net Cash)	**558**	**229**	**619**	**44**	**-509**	**-1,100**	**-1,716**

Source: FABS Forecast and Company's Data

Asset Base:

The Group enjoys a strategically located asset base with a worldwide and unique distribution platform with fully integrated assets located on both sides of the Suez Canal, more than a supply point delivering ammonia and urea from three countries, and the ability to add both blue and green ammonia with no CAPEX spending limits to supply for projects already in progress.

The Group enjoys a high-quality asset base with 50% of its capacity less than 10 years of age as compared to only 11% of the industry's assets below 10 years, allowing better reliability and timely onstream, better gas conversion, and lower maintenance Capex, thanks to the in-house team with top-notch experience with less environmental harm, compared to older gas producing plants. It is worth noting that 80% of ammonia plants worldwide are above have been functioning for more than 20 years. In addition, fertiglobe plants have newer and more cost-efficient technologies.

Financial Risk Management

The risks to which the group is exposed are Credit, Liquidity, and Market Risks. We will discuss below the objectives, policies, and processes of how the group is managing these risks.

Credit Risk

It is the counterparty risk meaning the risk of a client not meeting its obligations and defaulting on his payments mainly reflected in the receivables section of the balance sheet and investments in debt securities. The Credit Risk is decreased by depositing funds at different financial institutions with high credit ratings and by performing credit assessments before selling any products while no guarantee is received. The Group demands a minimum credit rating is met for every financial institution. In addition, the Group takes allowances for impairment as a forecast of the expected losses related to trade and other receivables. This allowance is calculated by taking into consideration a loss component for individual exposures and an overall component for groups facing similar risks or losses based on previous historical studies and trends conducted according to IFRS 9 over a three-stage impairment model and in accordance to changes in credit ratings of financial assets as compared to their initial ratings. As at the end of 2020 and like each end of the year, the group has assessed and reported the Credit Risk allowance according to internal and external factors. The Group revealed that there is no concentration in Credit Risk and that the exposure is collateralized for the main customers by Letter of Credit, guarantees, and securitization. The ones uncollateralized are dues from Government parties. The maximum exposure to Credit risk increased slightly from USD708 Mn in 2019 to USD762 Mn at the end of 2020. The exposure is divided by two main categories, Trade and Receivables totaling USD227.4 Mn in 2020 and spread over the Middle East and Africa for USD129.8 Mn, Asia and Oceania for USD16.7 Mn, Europe for USD76 Mn and Americas for only USD4.9 Mn and Cash and Cash equivalents amounting to USD534.9 Mn.

Liquidity Risk

The Liquidity Risk is the risk that the group will not be able to meet its short-term obligations related to its financial liabilities, which should be settled by cash or cash equivalents. The exposure to liquidity risk has decreased overall except for the exposure between 1 to 5 years, which increased from USD483.5 Mn in 2019 to USD606.8 Mn in 2020. In contrast, the exposure below a year decreased to USD584.2 Mn in 2020 down from USD647 Mn in 2019 and the exposure above 5 years have also reduced to USD312.9 Mn compared to USD856.1 Mn in 2019. The carrying amount dropped to USD1.09 Bn in 2020 compared to USD1.39 Bn in 2019 mainly due to the decrease in Loans and Borrowings from USD882.2 Mn in 2019 to USD670.5 Mn in 2020 and the decrease in Trades and Other Payables excluding the Employees Benefits to USD296.5 Mn down from USD401.6 Mn in 2019. The Contractual cash flow decreased as well to USD1.5 Bn in 2020, down from USD1.98 Bn in 2019, witnessing a significant decrease in Loans and Borrowings from USD1.22 Bn in 2019 to USD843 Mn in 2020. The Group always has sufficient liquidity to face the liabilities when they are due while evaluating the funding for the upcoming year and applying key assumptions to the forecasts, including the pricing of the products and the natural gas utilization rates.

Market Risk

Market risk includes the risk of changes in the market pricing like exchange rates, interest rates, commodity and equity pricing, which will influence the income of the Group and the value of its financial instruments holdings. The goal is mitigating the market risks while maximizing the return of the Group. The Group is exposed to Market Risk through the below areas:
Foreign exchange translation risk: Given the multinational status of the Group and its existence in different countries, it is exposed to foreign currencies like the Euro and the Algerian Dinar, and their exchange rates and the fluctuations compared to the US Dollar, which is the Group's operational currency. This risk is not hedged since it is considered part of the daily operations and the normal business process, so the Group tries to match the debt with the cashflows of the same currency.
Foreign exchange transaction risk: This arises from the mismatch between the US Dollar being the functional currency of the group and the exchange transaction risk to other currencies which affects sales, purchases, investments, and borrowings denominated in different currencies. The group tries to eliminate this risk or decrease it by hedging the foreign currency exposures of all operating activities

through foreign exchange contracts with good rating ratings and selective criteria. The highest exposure in 2019 and 2020 is in US Dollars for Trade and Receivables Intercompany and Loans and Borrowings intercompany for USD1.12 Bn and negative USD1.11 Bn respectively in 2020 up from USD1.09 Bn and negative USD1.08 Bn in 2019. The exposure to other currencies is minor.
Interest Rate Risk: This risk arises from the future variable financial instruments interest rates and fixed rate of borrowings which are continuously monitored. It is worth noting that the group does not enter any interest rate derivatives. The Group regularly calculates the effect of interest rate shifts on Profit and Loss. The shift applied is equal to all currencies. The sensitivity to this specific shift can be analysed and compared between different currencies while all other factors are held constant. This shift is based on market factors and the effect of volatility. At the end of 2020, financial instruments on the assets side were divided into Trade and Other Receivables amounting to USD227.4 Mn and Cash and equivalents totaling USD534.9 Mn with a total of USD762.3 Mn up from USD707.9 Mn while the Liabilities side divided into USD670.5 Mn of Loans and Borrowings and USD327.5 Mn of Trade and Other Payables totaling USD998 Mn in 2020 down from USD1.29 Bn in 2019.
As at the end of the second quarter 2021, total financial instruments on the assets side reached USD1.1 Bn up from USD762.3 Mn at end of 2020 with the increase mainly due to the significant rise in Cash and Cash Equivalents to USD852.2 Mm up from USD534.9 Mm in 2020, while the Liabilities side reached USD1.24 Bn in 1H21 up from USD998 Mm at the end of the previous year, due to the increase in Trade and Other Payables to USD658.3 Mm in 1H21 up from USD327.5 Mm in 2020 outweighing the decrease in Loans and Borrowings. These figures are excluding the prepayments and supplier advance payments and the employee benefits for the period. It is worth noting that an interest rate benchmark reforming is taking place, shifting some interbank offered interest rates (IBOR) with substitutes being almost risk-free rates. The Group will mainly be shifting from USD LIBOR as the reporting rate on the Loans to the Secured Overnight Financing Rate (SOFR). This amendment of rates is expected to be done by end of 2021.

Capital Management

The Group follows a conservative capital structure targeting investment-grade credit profiles while accessing diversified lending markets backed up by top international banks globally and in the region. The conservatism followed by the group, along with good liquidity levels, led the Group to future growth opportunities and dividend continuity.

Appendix:

Income Statement: (Base Scenario)

Income Statement (USD'Mm)	2019	2020	2021	2022	2023	2024	2025
Revenue	1,056	1,551	3,673	3,710	3,508	3,635	3,768
Cost of Sales	-859	-1,279	-2,326	-2,313	-2,254	-2,253	-2,305
Gross profit	**197**	**272**	**1,347**	**1,397.0**	**1,253.8**	**1,382.0**	**1,463.5**
Other Income	5	0	0	0	0	0	0
Selling, general and administrative expenses	-57	-89	-107	-109	-111	-114	-116
Other expenses	-2	-1	0	0	0	0	0
Operating profit	**142**	**182**	**1,240**	**1,288**	**1,142**	**1,268**	**1,348**
Finance Income	15	34	25	27	27	30	46
Finance Cost	-104	-47	-54	-56	-45	-41	-37
Net finance (cost)/income	**-89**	**-14**	**-30**	**-29**	**-18**	**-12**	**9**
Share of profit from equity-accounted investees (Net of tax)	**0**	0	0.0	-0.4	-0.4	-0.4	-0.4
Profit before income tax	**53**	**168**	**1,210**	**1,258**	**1,124**	**1,256**	**1,356**
Income Tax	-15	-41	-315	-327	-292	-327	-353
Profit of the Year	**38**	**127**	**895**	**931**	**832**	**930**	**1,003**
Non-Controlling Interest	-35	-53	-269	-279	-250	-279	-301
Profit for the period	**4**	**74**	**627**	**652**	**582**	**651**	**702**

Source: FABS estimate & Co data

Balance Sheet: (Base Scenario)

Balance Sheet (USD'Mn)	2019	2020	2021	2022	2023	2024	2025
Assets							
Property and equipment	3,449	3,172	3,009	2,888	2,695	2,488	2,282
Right-of-use assets	95	86	76	69	62	56	51
Goodwill	605	605	605	605	605	605	605
Trade and other receivables	0	0	0.5	0.5	0.5	0.5	0.6
Equity-accounted Investees	1	0	0.0	0.0	0.0	0.0	0.0
Non-current assets	**4,149**	**3,863**	**3,691**	**3,562**	**3,362**	**3,150**	**2,939**
Inventories	100	126	186	183	175	180	186
Trade and other receivables	317	274	461	452	438	455	473
Income tax receivables	1	0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	425	535	899	1,398	1,873	2,382	2,911
Current Assets	**843**	**935**	**1,546**	**2,033**	**2,486**	**3,017**	**3,570**
Total Assets	**4,992**	**4,797**	**5,237**	**5,595**	**5,848**	**6,167**	**6,509**
Liabilities							
Loans and Borrowings	713	545	1,366	1,294	1,219	1,139	1,100
Lease obligations	88	81	73	66	60	54	49
Trade and Other payables	14	16	26	25	25	26	26
Provisions	0	0	0	0	0	0	0
Deferred tax liabilities	448	467	662	865	1,046	1,249	1,467
Non-current Liabilities	**1,263**	**1,109**	**2,127**	**2,251**	**2,350**	**2,467**	**2,642**
Loans and Borrowings	169	126	68	71	75	80	39
Lease obligations	13	12	12	10	9	9	8
Trade and Other payables	409	324	624	605	598	610	628
Provisions	153	155	166	177	189	203	217
Income tax payables	1	9	12	14	14	15	16
Current Liabilities	**744**	**626**	**881**	**879**	**887**	**917**	**908**
Total Liabilities	**2,007**	**1,735**	**3,009**	**3,129**	**3,237**	**3,384**	**3,550**
Equity							
Share capital	3,328	3,328	1,328	1,328	1,328	1,328	1,328
Reserves	-1,200	-1,229	-97	-115	-134	-153	-173
Retained Earnings	492	436	469	724	888	1,079	1,275
Equity attributable to owners of the Company	**2,619**	**2,535**	**1,700**	**1,938**	**2,083**	**2,254**	**2,430**
Non-controlling interests	366	528	528	528	528	529	529
TOTAL EQUITY	**2,985**	**3,062**	**2,228**	**2,465**	**2,611**	**2,782**	**2,959**
Total liabilities & equity	**4,992**	**4,797**	**5,237**	**5,595**	**5,848**	**6,167**	**6,509**

Source: FABS estimate & Co data

Cash Flow Statement: (Base Scenario)

Cash Flow (USD'Mn)	2019	2020	2021	2022	2023	2024	2025
Operating activities:							
Profit for the year	38	127	895	931	832	930	1,003
Adjustments for:							
Depreciation and amortization	223	268	266	261	257	253	249
Interest Income	-4	-2	-4	-4	-4	-4	-5
Interest Expense	85	38	44	44	35	32	29
Net foreign exchange gain and others	8	-23	2	1	0	-4	-21
Share of loss of equity-accounted investees (net of tax)	0	0	0	0	0	0	0
Impact difference in profit-sharing non-controlling interest	11	17	0	0	0	0	0
Income tax expense	15	41	315	327	292	327	353
Working capital changes:							
Changes in:							
Inventories	0	-32	-60	4	8	-5	-6
Trade and other receivables	-10	69	-187	9	14	-17	-18
Trade and other payables	-1	98	314	-18	-7	14	19
Provisions	-1	2	10	12	12	13	15
Change Flows:							
Interest Paid	-59	-64	-54	-56	-45	-41	-37
Interest received	3	1	25	27	27	30	46
Income taxes paid	-52	-21	-120	-124	-111	-124	-134
Cash flows from operating activities	**255**	**521**	**1,444**	**1,414**	**1,310**	**1,403**	**1,493**
Investing activities:							
Investments in property, plant, and equipment	-51	-67	-105	-145	-70	-54	-50
Advances to shareholders			-93.6				
Dividends from equity accounted investees	0	1	0	0	0	0	0
Business combination, net of cash acquired	46	0	0	0	0	0	0
Cash used in investing activities	**-5**	**-67**	**-199**	**-145**	**-70**	**-54**	**-50**
Financing activities:							
Proceeds from borrowings	70	340	1,100	0	0	0	0
Proceeds from borrowings related parties	1	0	0	0	0	0	0
Repayment of borrowings third parties	-212	-504	-337	-68	-71	-75	-80
Payment of finance lease obligations	-1	-13	-9	-8	-7	-7	-6
Transaction costs of new borrowings	0	-5	0	0	0	0	0
Dividends paid to non-controlling interests	-6	0	-269	-279	-250	-279	-301
Dividends paid to shareholders	0	-130	-1,350	-400	-418	-460	-506
Cash used in financing activities	**-149**	**-312**	**-864**	**-752**	**-746**	**-821**	**-893**
Net increase in cash and cash equivalents	102	142	382	517	494	528	550
Cash and cash equivalents at 1 January	323	425	535	899	1,398	1,873	2,382
Effect of exchange rate fluctuations on cash held	0	-32	-18	-18	-19	-19	-20
Cash and cash equivalents as at 31 December	**425**	**535**	**899**	**1,398**	**1,873**	**2,382**	**2,911**

Source: FABS estimate & Co data

Relative Valuation: (Base Scenario)

Target Value Analysis		
	Weight	Value
Based on EV/EBITDA	50.0%	AED 4.25
Based on PB	10.0%	AED 2.33
Based on PE	40.0%	AED 3.82
(in AED)	100.0%	AED 3.88

Source: FABS estimate

Peers Valuation: (Fertilizer Sector)

COMPANY	Mcap (Mn)	EV (M)	PE	P/Sales	P/BV	EV/Revenue	EV/EBITDA	ROE%	Net Debt/EBITDA	Country
JORDAN PHOSPHATE MINES	1,542.75	1,635.99	N/A	2.08	2.27	N/A	N/A	20.7%	0.5x	JORDAN
ACRON PJSC	295,006.45	408,756.45	13.07	1.83	3.92	3.2x	8.8x	63.4%	1.5x	RUSSIA
CHAMBAL FERTILISERS & CHEM	139,824.43	162,265.63	8.69	1.10	**2.66**	1.1x	6.4x	37.7%	0.9x	INDIA
PHOSAGRO PJSC	660,968.00	786,238.00	8.61	2.16	**4.94**	1.8x	5.5x	49.2%	1.0x	RUSSIA
ABOU KIR FERTIL & CHEMICALS	25,237.51	18,012.08	N/A	2.86	**3.02**	N/A	N/A	38.6%	-2.1x	EGYPT
YARA INTERNATIONAL ASA	111,467.93	15,601.90	11.92	1.03	**1.63**	1.1x	5.9x	14.3%	1.1x	NORWAY
SABIC AGRI-NUTRIENTS CO	83,496.61	81,643.08	25.77	15.89	**7.20**	N/A	19.1x	19.8%	-1.1x	SAUDI ARABIA
MISR FERTILIZERS PRODUCTION	20,391.43	21,583.32	N/A	2.63	**1.19**	N/A	N/A	21.6%	0.2x	EGYPT
ANHUI SIERTE FERTILIZER IN-A	10,029.28	9,512.52	N/A	2.12	**2.03**	N/A	N/A	10.6%	N/A	CHINA
RASHTRIYA CHEMICALS & FERT	45,569.44	48,991.84	N/A	0.55	**1.37**	N/A	N/A	11.5%	0.5x	INDIA
CF INDUSTRIES HOLDINGS INC	13,151.21	19,032.21	12.56	2.86	**4.05**	2.9x	8.0x	14.2%	1.8x	USA
NUTRIEN LTD	38,377.32	48,066.32	12.80	N/A	**N/A**	1.8x	7.4x	6.2%	2.2x	CANADA
OCI NV	5,438.52	11,145.21	12.42	1.44	**4.66**	N/A	6.7x	25.3%	2.3x	NETHERLANDS
NATIONAL FERTILIZERS LTD	29,459.23	46,910.33	N/A	0.25	**1.38**	N/A	N/A	11.7%	1.9x	INDIA

Median	12.5x	2.1x	2.7x	1.8x	7.1x	20%	1.0x
Mean	13.2x	2.8x	3.1x	2.0x	8.5x	25%	0.8x
High	12.9x	2.6x	4.1x	2.7x	8.2x	35%	1.8x
Low	12.5x	2.1x	2.7x	1.8x	7.1x	20%	1.0x

FAB Securities Contacts:

Research Analysts		
Ahmad Banihani	+971-2 -6161629	ahmad.banihani@Bankfab.com
Sales & Execution		
Trading Desk Abu Dhabi Head Office	+971-2 -6161777	Online Trading Link
Trading Desk Dubai DFM Branch	+971-4 -5659593	
Institutional Desk	+971-4 -5658395	
Sales and Marketing	+971-2 -6161622	
Customer Service		
Abu Dhabi Office	+971-2 -6161600	

FAB Securities Awards:

Best Brokerage House in UAE 2016 & 2017 by "Banker Middle East"

Best Brokerage House in UAE 2016, 2017, 2019 and 2020 by "IFA"

Best Brokerage in the UAE 2016 By "Global Investor/ ISF ME Awards"

Best Research House in UAE 2016 and 2020 by "IFA"

Best New Mobile Application in UAE 2016 by "IFA"

Best Equity Finance Company in UAE 2016 by "IFA"