

OCI N.V. Reports Second Quarter 2020 Results

Highlights:

- Revenues declined 8% to \$875 million and adjusted EBITDA declined 20% to \$220 million in Q2 2020 vs Q2 2019. Revenues increased 9% to \$1.7 billion and adjusted EBITDA increased 2% to \$413 million in H1 2020 vs H1 2019
- OCI-produced volumes sold increased 6% to a record 3.3 million metric tons in Q2 2020 compared to Q2 2019
- OCI also delivered record own-produced volumes of 6.0 million tons in H1 2020, up 26% compared to H1 2019. On a like-for-like basis, excluding Fertil, H1 2020 volumes improved 7% year-on-year
- Adjusted net loss of \$20 million in Q2 2020 compared to adjusted net income of \$37 million in Q2 2019
- Free cash flow of \$191 million before growth capex during the quarter
- Net debt \$3.84 billion as of 30 June 2020, a reduction of \$222 million compared to 31 December 2019
- Fertiglobe has successfully negotiated final terms with lenders for a \$385 million refinancing package¹⁾, which will crystallise interest savings of c.\$9 million per annum
- OCI maintains a policy of not producing solid ammonium nitrate (AN), and has not done so since shutting down production of AN in 2008. With ever-increasing safety concerns surrounding AN, the product could be substituted by urea or other nitrates going forward
- Ms. Heike van de Kerkhof is nominated to OCI's Board of Directors, bringing 30 years' experience in the chemicals industry and a strong track record in sustainability
- COVID-19 has not caused any direct disruption to production or distribution to date
- Selling prices for urea and methanol have rebounded significantly since reaching trough levels during the second quarter, and the outlook for our end markets has recently improved

Statement from the Chief Executive Officer – Ahmed El-Hoshy:

"We delivered resilient results supported by record volumes, despite selling prices reaching trough cycle levels during the quarter. This quarter our volumes increased 6% from the previous record second quarter last year. First half own-produced volumes increased 26% year over year, exceeding 6 million tons for the first time. Notwithstanding the low prices and the extraordinary circumstances as a result of the pandemic, we reduced net debt by \$222 million so far this year.

These results were achieved with an excellent safety record: the 12-month rolling recordable incident rate at the end of June was 0.23 incidents per 200,000 manhours, one of the lowest in our global industry. Operational excellence remains one of our main focus points going forward.

The outlook for our end markets has become more positive in recent months and, given our low-cost position, OCI is well-positioned to benefit disproportionately vis-à-vis peers in this environment of improving selling prices.

1) Closing of Fertiglobe refinancing expected in Q3 2020

Global nitrogen fertilizer markets are looking positive for the remainder of this year and into 2021 on the back of healthy farm fundamentals, supported by strong demand from major importing countries, in particular India and Brazil, a recent strengthening of the outlook for the US, and increases in global corn demand. Urea prices have rebounded more than 30% since reaching a trough in the second quarter, but ammonia prices have lagged as a result of weak industrial demand. However, we have already seen a significant pick-up in diesel exhaust fluid sales in the US in July and August to record monthly levels, and have started to see recovery in demand of industrial ammonia and melamine.

The outlook for our methanol end markets has also strengthened. Spot methanol prices have rebounded more than 50% since reaching trough levels towards the end of the second quarter. Demand from Methanol-to Olefins (MTO) plants in China has been rising and utilization rates now exceed 85% on the back of healthy economics. High inventories in the system are being cleared and high-cost methanol capacity has been shutting down. Global downstream demand continues to recuperate steadily, as fuel consumption is returning and a pick-up in construction and other industrial activity is driving increased demand for derivatives such as formaldehyde.

Our priority remains to optimize free cash flow generation and we remain committed to our financial policy to deleverage towards 2x through the cycle. We demonstrated healthy free cash flow conversion in the first half of this year despite the difficult macro environment, but timing to achieve our targets remains dependent on selling prices, as we continue to focus on operational and commercial excellence and volume growth.

We maintain our forecast that we are on track to deliver robust volume growth in 2020. As we reach our run-rate production, we expect to benefit from a further step-up in volumes in 2021 compared to 2020. We expect this particularly in methanol, where we have finalized major turnarounds at OCI Beaumont in February and in the Netherlands in June.

In addition, we continue to optimize our capital structure to identify further cost-effective refinancing opportunities as demonstrated by a \$385 million refinancing at Fertiglobe. We are ahead of plan in generating commercial synergies at Fertiglobe, and we will now also achieve significant interest savings for the group. This debut financing for Fertiglobe will reset the capital structure and centralise some of the operating company debt at the Fertiglobe holding level. We are pleased that the facility has attracted strong interest from the capital markets and will achieve a low interest rate, reflecting the leading competitive position of Fertiglobe and its healthy balance sheet.

Outlook

Nitrogen

- The outlook for nitrogen fertilizers for the remainder of the year and into 2021 is looking considerably more favourable than a few months ago:
 - Demand in several importing countries is expected to remain healthy, including South Asia, Latin America, East Africa and Australia
 - The outlook for the US has strengthened recently as the downward revision of corn acreage by the USDA has reduced expected corn stocks and the outlook for corn demand has strengthened as ethanol markets recover. In addition, global demand for corn has increased driven by purchases from China
 - We are anticipating a favourable fall application season in the US given the rapid pace of planting this spring and the maturity of the current corn crops, allowing for a potentially extended application window before winter

- Following a record quarter for our calcium ammonium nitrate (CAN) volumes in Q2, our order book in Europe is looking healthy. Going forward, we expect nitrate prices to be supported by healthy demand and room to catch up with increases in urea prices
- Higher domestic urea prices and demand in China, combined with temporary capacity shutdowns due to COVID-19 in China during the first half of 2020 limited the amount of urea available for export; full year Chinese exports are expected to be lower than in 2019
- Industrial nitrogen markets have been weak in Q2 2020 as a result of GDP/industrial activity slowdown, but are showing signs of recovery:
 - Global ammonia prices have lagged urea as a result of weak industrial demand, but should benefit from a recovery in industrial markets, with further support from curtailment of high-cost capacity and the recent increase in natural gas prices
 - The fuel ethanol market in the US is recovering from trough conditions
 - Demand for Diesel Exhaust Fluid (DEF) in the US has also increased significantly recently with the rebound of road traffic, and IFCo is reaching record shipments at increasing pace in Q3 so far
 - Melamine demand in our core European markets is improving

Methanol

- US methanol spot prices have rebounded c.50% since reaching a bottom below \$150 / ton in June
- Rising utilization rates of MTO plants in China on the back of healthy MTO economics versus naphtha crackers have been a key driver of a rebound in methanol demand
- The outlook for downstream demand has also improved, with fuel consumption picking up following the easing of lockdowns, and a gradual return of global industrial and construction activity; in the US and Europe we have seen month-to-month improvements in demand from the lows reached in the spring
- The idling of high cost methanol production capacity by competitors also helped tighten supply / demand balances in 2020 and supported pricing
- OCI is one of the lowest cost producers globally, and expected to benefit from the ramp-up of our methanol capacity as well as the normalization of production and improved onstream efficiency

Gas Markets

We expect to remain at the low end of the global cost curve. In addition, the recent increase in gas prices supports selling prices and benefits OCI as one of the lowest-cost and most efficient producers globally.

Consolidated Financial Results at a Glance¹⁾

Financial Highlights (\$ million unless otherwise stated)

	Q2 '20	Q2 '19	% Δ	H1 '20	H1 '19	% Δ
Revenue	875.4	953.5	<i>(8%)</i>	1,686.5	1,550.0	9%
Gross Profit	126.7	165.4	<i>(23%)</i>	204.0	217.9	<i>(6%)</i>
Gross profit margin	14.5%	17.3%		12.1%	14.1%	
Adjusted EBITDA²⁾	219.5	275.1	<i>(20%)</i>	412.5	404.4	2%
EBITDA ²⁾	221.4	221.6	<i>(0%)</i>	397.5	343.8	16%
EBITDA margin	25.3%	23.2%		23.6%	22.2%	
Adj. net income (loss) attributable to shareholders	(19.9)	36.9	<i>nm</i>	(101.9)	(45.3)	<i>nm</i>
Net income (loss) attributable to shareholders	(2.4)	19.9	<i>nm</i>	(83.8)	(61.3)	<i>nm</i>
Earnings / (loss) per share (\$)						
Basic earnings per share	(0.011)	0.095	<i>nm</i>	(0.400)	(0.293)	<i>nm</i>
Diluted earnings per share	(0.011)	0.095	<i>nm</i>	(0.400)	(0.293)	<i>nm</i>
	30-Jun '20	31 Dec '19	% Δ			
Total Assets	8,962.1	9,419.6	<i>(5%)</i>			
Gross Interest-Bearing Debt	4,484.8	4,662.3	<i>(4%)</i>			
Net Debt	3,839.7	4,061.9	<i>(5%)</i>			
	Q2 '20	Q2 '19	% Δ	H1 '20	H1 '19	% Δ
Free cash flow ³⁾	191.1	150.9	27%	105.7	135.0	<i>(22%)</i>
Capital Expenditure	68.1	48.7	40%	163.8	108.4	51%
Of which: maintenance capital expenditure	51.9	26.7	94%	142.6	45.3	215%
Sales volumes ('000 metric tons)⁴⁾						
OCI Product	3,264.7	3,084.3	6%	6,002.5	4,778.9	26%
Third Party Traded	683.3	488.6	40%	1,235.6	964.0	28%
Total Product Volumes	3,948.0	3,572.9	10%	7,238.1	5,742.9	26%

1) Unaudited

2) OCI N.V. uses Alternative Performance Measures ('APM') to provide a better understanding of the underlying developments of the performance of the business. The APMs are not defined in IFRS and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. A detailed reconciliation between APM and the most directly comparable IFRS measure can be found in this report

3) Free cash flow is an APM that is calculated as cash from operations less maintenance capital expenditures less distributions to non-controlling interests plus dividends from non-controlling interests, and before growth capital expenditures and lease payments

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

Operational Highlights

Highlights

- 12-month rolling recordable incident rate to 30 June 2020 0.23 incidents per 200,000 manhours
- Own product sales volumes increased 6% to 3.3 million metric tons during the second quarter of 2020 compared to the second quarter of 2019:
 - Total own-produced nitrogen product volumes were up 8%, driven by record CAN volumes, an increase in volumes at IFCo and contribution from Fertil, partly offset by lower ammonia volumes at Fertiglobe
 - Total own-produced methanol volumes decreased 11% as a result of lower utilization at Natgasoline YoY and an extensive turnaround in the Netherlands
- Selling prices were lower in Q2 2020 compared to Q2 2019 for all products, resulting in a c.\$120 million negative impact on adjusted EBITDA for the quarter

Product Sales Volumes ('000 metric tons)

	Q2 2020	Q2 2019	% Δ	H1 2020	H1 2019	% Δ
Own Product						
Ammonia	346.8	592.1	(41%)	888.3	959.6	(7%)
Urea	1,240.7	857.1	45%	2,357.0	1,305.3	81%
Calcium Ammonium Nitrate (CAN)	670.6	618.1	8%	840.8	726.8	16%
Urea Ammonium Nitrate (UAN)	496.1	459.2	8%	836.1	699.1	20%
Total Fertilizer	2,754.2	2,526.5	9%	4,922.2	3,690.8	33%
Melamine	29.3	32.9	(11%)	59.8	68.1	(12%)
DEF	129.0	128.9	0%	269.4	225.9	19%
Total Nitrogen Products	2,912.5	2,688.3	8%	5,251.4	3,984.8	32%
Methanol¹⁾	352.2	396.0	(11%)	751.2	794.1	(5%)
Total Own Product Sold	3,264.7	3,084.3	6%	6,002.6	4,778.9	26%
Traded Third Party						
Ammonia	70.3	22.6	211%	144.6	112.4	29%
Urea	297.8	114.5	160%	455.9	186.2	145%
UAN	6.7	3.4	96%	12.5	10.2	23%
Methanol	88.6	151.1	(41%)	188.4	247.6	(24%)
Ammonium Sulphate (AS)	169.6	177.2	(4%)	328.2	379.0	(13%)
DEF	50.3	19.8	nm	106.0	28.6	nm
Total Traded Third Party	683.3	488.6	40%	1,235.6	964.0	28%
Total Own Product and Traded Third Party	3,948.0	3,572.9	11%	7,238.2	5,742.9	26%

1) Including OCI's 50% share of Natgasoline volumes

Benchmark Prices

			Q2 '20	Q2 '19	% Δ	Q1 '20	% Δ	H1 '20	H1 '19	% Δ
Ammonia	NW Europe, FOB	\$/mt	250	272	(8%)	268	(7%)	259	298	(13%)
Granular Urea	Egypt, FOB	\$/mt	226	274	(18%)	246	(8%)	236	271	(13%)
CAN	Germany, CIF	€/mt	164	193	(15%)	174	(6%)	169	207	(18%)
UAN	France, FOT	€/mt	150	176	(15%)	153	(2%)	151	193	(22%)
UAN	US Midwest, FOB	\$/mt	198	249	(20%)	181	9%	190	246	(23%)
Melamine	Europe contract	€/mt	1,393	1,525	(9%)	1,405	(1%)	1,399	1,550	(10%)
Methanol	USGC Contract, FOB	\$/mt	316	421	(25%)	378	(16%)	347	428	(19%)
Methanol	Rotterdam FOB Contract	€/mt	255	350	(27%)	270	(6%)	263	350	(25%)
Natural gas	TTF (Europe)	\$/mmBtu	1.7	4.3	(60%)	3.1	(45%)	2.4	5.2	(54%)
Natural gas	Henry Hub (US)	\$/mmBtu	1.7	2.6	(35%)	1.9	(11%)	1.8	2.9	(38%)

Source: CRU, Argus, ICIS, Bloomberg

Operational Performance

COVID-19 has not had a direct impact on OCI's operations, and all OCI's products have been deemed as essential to ensure uninterrupted supply of food and other essential products. Supply chains and distribution channels continue to perform resiliently.

However, as we postponed a turnaround at some of our nitrogen plants in the Netherlands from Q2 to the second half of 2020, we are required to shut down for a short period for regulatory inspections in Q3. These inspections were originally scheduled to be performed during the turnaround.

Nitrogen Products

Total own-produced nitrogen sales volumes increased 8% during the second quarter of 2020 compared to the same period last year, reflecting strong demand for nitrogen fertilizers in our core markets amidst favourable weather conditions, but some weakness in industrial nitrogen end markets:

- The inclusion of Fertil in Abu Dhabi into our consolidated results since 30 September 2019, driving a strong increase in urea volumes
- Record CAN volumes in Europe in Q2 2020
- UAN volumes in the United States were higher in Q2 2020 compared to an already very strong Q2 2019, reflecting IFCo's stabilization and debottlenecking of production and OCI's strengthening competitive position in the US Midwest through its N-7 Joint Venture
- DEF volumes were stable compared to Q2 2019

As a result of significantly lower selling prices in Q2 2020, the adjusted EBITDA for the nitrogen business dropped from \$252 million in Q2 2019 to \$208 million in Q2 2020. The drop in prices was partially compensated by lower gas prices, benefiting our European operations in particular and resulting in a healthy increase in EBITDA for the Nitrogen Europe segment.

Methanol

Own-produced methanol sales volumes dropped 11% in Q2 2020 compared to the same period last year:

- Natgasoline had various equipment issues during April, which were successfully resolved, and the plant was able to operate reliably since restarting in early May. Natgasoline received a further insurance payment of \$10 million as compensation for business interruption losses and damages incurred in Q1 and Q2 2020
- Following the extensive turnaround in Q4 2019 and Q1 2020, OCI Beaumont's methanol plant was running at high levels on average in Q2 2020, resulting in an improvement in EBITDA for the Methanol US segment from the first into the second quarter as volumes ramped up and despite a drop in selling prices
- We finalized a turnaround at our methanol facility in the Netherlands in June, achieving steady utilization rates of 90 - 95% since restarting, despite the unusually high temperatures in Europe, and achieving higher levels more recently

The adjusted EBITDA of the methanol business was lower in Q2 2020 compared to Q2 2019 due to the lower result at Natgasoline, the major turnaround at BioMCN and significantly lower methanol prices, partially offset by the improved result at OCI Beaumont and lower natural gas prices in the Netherlands and the US.

Segment overview Q2 2020

\$ million	Nitrogen				Total Nitrogen	Methanol			Total Methanol	Other	Elim.	Total
	US	Europe	Fertiglobe*	Elim.		US	Europe	Elim.**				
Total revenues	165.3	229.9	374.2	(21.6)	747.8	97.9	49.0	(9.4)	137.5	0.5	(10.4)	875.4
Gross profit	27.3	43.3	47.7	0.9	119.2	(3.4)	(0.9)	11.1	6.8	0.7	-	126.7
Operating profit	23.2	34.0	28.7	0.9	86.8	(7.5)	(1.0)	11.9	3.4	(16.3)	-	73.9
D&A	(34.9)	(19.6)	(66.8)	-	(121.3)	(37.9)	(6.9)	19.5	(25.3)	(0.9)	-	(147.5)
EBITDA	58.1	53.6	95.5	0.9	208.1	30.4	5.9	(7.6)	28.7	(15.4)	-	221.4
Adj. EBITDA	58.1	53.6	95.5	0.9	208.1	22.8	5.9	(2.0)	26.7	(15.3)	-	219.5

Segment overview Q2 2019

\$ million	Nitrogen				Total Nitrogen	Methanol			Total Methanol	Other	Elim.	Total
	US	Europe	Fertiglobe*	Elim.		US***	Europe	Elim.**				
Total revenues	211.0	272.7	313.6	(38.9)	758.4	162.3	64.1	(22.8)	203.6	-	(8.5)	953.5
Gross profit	56.7	41.3	80.0	2.0	180.0	(6.6)	2.9	(7.1)	(10.8)	(3.8)	-	165.4
Operating profit	54.3	30.5	69.9	2.0	156.7	(12.3)	(0.1)	(5.5)	(17.9)	(28.7)	-	110.1
D&A	(32.6)	(16.5)	(44.7)	-	(93.8)	(31.7)	(2.5)	17.5	(16.7)	(1.0)	-	(111.5)
EBITDA	86.9	47.0	114.6	2.0	250.5	19.4	2.4	(23.0)	(1.2)	(27.7)	-	221.6
Adj. EBITDA	86.9	48.9	114.6	2.0	252.4	34.9	2.9	2.3	40.1	(17.4)	-	275.1

Segment overview H1 2020

\$ million	Nitrogen US	Europe	Fertiglobe*	Elim.	Total Nitrogen	Methanol US	Europe	Elim.**	Total Methanol	Other	Elim.	Total
Total revenues	284.0	392.3	737.5	(33.5)	1,380.3	227.9	130.8	(29.7)	329.0	0.7	(23.5)	1,686.5
Gross profit	37.5	57.8	110.3	1.9	207.5	(4.6)	(2.8)	4.1	(3.3)	(0.2)	-	204.0
Operating profit	28.9	39.4	72.0	1.9	142.2	(17.4)	(4.6)	9.2	(12.8)	(21.5)	-	107.9
D&A	(70.3)	(39.5)	(133.6)	-	(243.4)	(70.0)	(12.4)	38.2	(44.2)	(2.0)	-	(289.6)
EBITDA	99.2	78.9	205.6	1.9	385.6	52.6	7.8	(29.0)	31.4	(19.5)	-	397.5
Adj. EBITDA	99.2	78.9	209.1	1.9	389.1	50.2	7.8	(4.4)	53.6	(30.2)	-	412.5

Segment overview H1 2019

\$ million	Nitrogen US	Europe	Fertiglobe*	Elim.	Total Nitrogen	Methanol US***	Europe	Elim.**	Total Methanol	Other	Elim.	Total
Total revenues	302.2	466.4	467.0	(56.0)	1,179.6	297.6	122.9	(34.5)	386.0	-	(15.6)	1,550.0
Gross profit	69.3	65.0	99.4	(0.5)	233.2	11.8	(9.4)	(10.9)	(8.5)	(6.8)	-	217.9
Operating profit	60.9	44.1	80.0	(0.5)	184.5	0.9	(12.2)	(7.4)	(18.7)	(46.8)	-	119.0
D&A	(66.3)	(33.8)	(87.6)	-	(187.7)	(63.2)	(5.2)	33.5	(34.9)	(2.2)	-	(224.8)
EBITDA	127.2	77.9	167.6	(0.5)	372.2	64.1	(7.0)	(40.9)	16.2	(44.6)	-	343.8
Adj. EBITDA	127.2	79.8	167.6	(0.5)	374.1	72.4	(6.0)	(0.7)	65.7	(35.4)	-	404.4

* Previously Nitrogen MENA segment. Fertil consolidated from Q4 2019

** Mainly related to elimination of Natgasoline, which is included in Methanol US segment

*** Until 2019 OCI Fuels Ltd. was included in segment Methanol US. Effective 1 January 2020, OCI Fuels Ltd. has been combined with OCI Fuels B.V. in the segment Methanol Europe. The comparative numbers of 2019 are restated to reflect that change.

Financial Highlights

Summary results

Consolidated revenue decreased 8% to \$875 million in the second quarter of 2020 compared to the same quarter in 2019, as higher total volumes sold were offset by lower selling prices of our nitrogen products and methanol.

Adjusted EBITDA decreased by 20% to \$220 million in Q2 2020 compared to \$275 million in Q2 2019. The nitrogen segments benefited from the higher volumes and lower gas prices, offset by lower selling prices for all products. The methanol group's adjusted EBITDA was lower in Q2 2020 due to a sharp drop in methanol prices, lower production volumes at Natgasoline and turnaround activities in the Netherlands.

The adjusted net loss was \$20 million in Q2 2020 compared to a profit of \$37 million in Q2 2019. The reported net loss (after non-controlling interest) was \$2 million in Q2 2020 compared to a net profit of \$20 million in Q2 2019.

Consolidated Statement of Income*

\$ million	Q2 2020	Q2 2019	H1 2020	H1 2019
Net revenue	875.4	953.5	1,686.5	1,550.0
Cost of Sales	(748.7)	(788.1)	(1,482.5)	(1,332.1)
Gross profit	126.7	165.4	204.0	217.9
SG&A	(52.1)	(51.9)	(109.2)	(98.5)
Other Income	(0.4)	(0.5)	13.4	2.8
Other expense	(0.3)	(2.9)	(0.3)	(3.2)
Adjusted EBITDA	219.5	275.1	412.5	404.4
EBITDA	221.4	221.6	397.5	343.8
Depreciation & amortization	(147.5)	(111.5)	(289.6)	(224.8)
Operating profit	73.9	110.1	107.9	119.0
Interest income	1.0	1.4	2.6	3.1
Interest expense	(68.9)	(69.8)	(118.3)	(147.9)
Other finance income / (cost)	22.1	2.1	4.9	(13.0)
Net finance costs	(45.8)	(66.3)	(110.8)	(157.8)
Income from equity-accounted investees	(20.1)	1.8	(27.4)	(7.9)
Net income before tax	8.0	45.6	(30.3)	(46.7)
Income tax expense	(6.2)	(6.0)	(3.4)	4.1
Net profit / (loss)	1.8	39.6	(33.7)	(42.6)
Non-Controlling Interest	(4.2)	(19.7)	(50.1)	(18.7)
Net profit / (loss) attributable to shareholders	(2.4)	19.9	(83.8)	(61.3)

* Unaudited

Reconciliation to Alternative Performance Measures

Adjusted EBITDA is an Alternative Performance Measure (APM) that intends to give a clear reflection of underlying performance of OCI's operations. The main APM adjustments in the second quarters of 2020 and 2019 relate to:

- Natgasoline is not consolidated and an adjustment of \$2 million was made for OCI's 50% share in the plant's EBITDA in Q2 2020, which includes OCI's share of an insurance payment of \$10 million for issues related to a Q3 2019 incident with a waste heat boiler. Natgasoline's contribution to adjusted EBITDA in Q2 2019 was \$34 million
- The unrealized results on natural gas hedge derivatives of \$4 million in Q2 2020 and (\$11) million in Q2 2019 relate to hedging activities at OCI Beaumont and in the Netherlands
- Other adjustments of \$9 million in Q2 2019 mainly relate to movements in provisions

Reconciliation of reported operating income to adjusted EBITDA

\$ million	Q2 '20	Q2 '19	H1 '20	H1 '19	Adjustment in P&L
Operating profit as reported	73.9	110.1	107.9	119.0	
Depreciation and amortization	147.5	111.5	289.6	224.8	
EBITDA	221.4	221.6	397.5	343.8	
<u>APM adjustments for:</u>					
Natgasoline	2.4	33.9	23.8	42.0	<i>OCI's share of Natgasoline EBITDA</i>
Unrealized result natural gas hedging	(4.3)	10.6	(0.9)	8.7	<i>COGS</i>
Gain on purchase related to Fertiglobe	-	-	(13.3)	-	<i>Other income</i>
Expenses related to expansion projects	-	0.5	1.9	1.0	<i>SG&A / other expenses</i>
Other including provisions	-	8.5	3.5	8.9	
Total APM adjustments	(1.9)	53.5	15.0	60.6	
Adjusted EBITDA	219.5	275.1	412.5	404.4	

Net income attributable to shareholders

At the net income level, the main APM adjustments relate to non-cash foreign exchange gains or losses on US\$ exposure.

Reconciliation of reported net income to adjusted net income

\$ million	Q2 '20	Q2 '19	H1 '20	H1 '19	Adjustment in P&L
Reported net loss attributable to shareholders	(2.4)	19.9	(83.8)	(61.3)	
Adjustments for:					
Adjustments at EBITDA level	(1.9)	53.5	14.9	60.6	
Add back: Natgasoline EBITDA adjustment	(2.4)	(33.9)	(23.8)	(42.0)	
Result from associate (change in unrealized gas hedging Natgas)	0.7	6.6	(0.8)	(1.4)	<i>Finance expenses</i>
Accelerated depreciation	1.2	-	1.2	-	<i>Depreciation</i>
Impairment of PP&E	-	1.9	-	1.9	
Forex gain/loss on USD exposure	(21.0)	(6.9)	(16.3)	2.9	<i>Finance income and expense</i>
Non-controlling interest adjustment / release interest accrual	5.9	(1.7)	7.2	(0.8)	<i>Interest expense / minorities</i>
Tax effect of adjustments	-	(2.5)	(0.5)	(5.2)	<i>Income tax</i>
Total APM adjustments at net income level	(17.5)	17.0	(18.1)	16.0	
Adjusted net loss attributable to shareholders	(19.9)	36.9	(101.9)	(45.3)	

Free Cash Flow and Net Debt

Free cash flow before growth capex amounted to \$191 million during Q2 2020 reflecting our operational performance for the quarter and net operating working capital inflows, offset by capital expenditures and semi-annual interest payments.

Total cash capital expenditures were \$68 million in Q2 2020 compared to \$49 million in Q2 2019. Maintenance capital expenditure was \$52 million during Q2 2020, and growth capital expenditure \$16 million.

Net debt decreased by \$128 million from \$3,968 million at 31 March 2020 to \$3,840 at 30 June 2020, resulting in a total deleveraging of \$222 million to date in 2020.

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

\$ million	Q2 '20	Q2 '19	H1 '20	H1 '19
EBITDA	221.4	221.6	397.5	343.8
Working capital	131.3	87.6	6.3	(17.3)
Maintenance capital expenditure	(51.8)	(26.7)	(142.5)	(45.3)
Tax paid	(2.1)	(39.5)	(7.4)	(40.0)
Interest paid	(115.3)	(103.1)	(154.9)	(149.9)
Insurance receivable / received Sorfert	-	-	-	31.8
Dividends from equity accounted investees	2.6	1.4	2.6	1.6
Adjustment non-cash expenses	4.9	9.6	4.0	10.3
Free Cash Flow	191.0	150.9	105.6	135.0
Reconciliation to change in net debt:				
Growth capital expenditure	(16.3)	(22.0)	(21.3)	(63.1)
Cash received for Fertigllobe closing settlement	-	-	166.8	-
Lease payments	(15.2)	(6.7)	(24.1)	(14.4)
Other non-current items	(3.9)	2.0	(2.2)	7.6
Net effect of movement in exchange rates on net debt	(21.2)	(13.7)	11.4	3.4
Other non-cash items	(6.4)	(0.2)	(14.1)	(1.5)
Net Cash Flow / Decrease (Increase) in Net Debt	128.0	110.3	222.1	67.0

Notes

This report contains unaudited second quarter consolidated financial highlights of OCI N.V. ('OCI', 'the Group' or 'the Company'), a public limited liability company incorporated under Dutch law, with its head office located at Honthorststraat 19, 1071 DC Amsterdam, the Netherlands.

OCI N.V. is registered in the Dutch commercial register under No. 56821166 dated 2 January 2013. The Group is primarily involved in the production of nitrogen-based fertilizers and industrial chemicals.

Auditor

The financial highlights and the reported data in this report have not been audited by an external auditor.

Investor and Analyst Conference Call

On 27 August 2020, at 16:00 CET, OCI N.V. will host a conference call for investors and analysts. Investors can access the call by dialling +44 (0) 20 3009 5710 or 1 (866) 869 2321 using conference ID 7283247.

Market Abuse Regulation

This press release contains inside information as meant in clause 7(1) of the Market Abuse Regulation.

About OCI N.V.:

OCI N.V. (Euronext: OCI) is a leading global producer and distributor of nitrogen products and methanol providing sustainable solutions to agricultural and industrial customers around the world. OCI's production capacity spans four continents and comprises approximately 16.1 million metric tons per year of nitrogen fertilizers, methanol, diesel exhaust fluid, melamine, and other nitrogen products. OCI is headquartered in the Netherlands and listed on Euronext in Amsterdam.

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

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