

**OCI**

Annual Report

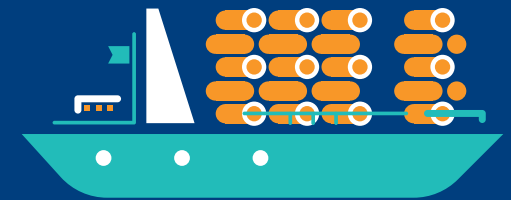
2019

OCI N.V. is a leading global producer and distributor of nitrogen and methanol products headquartered in the Netherlands.



OCI's production capacity spans four continents and comprises approximately 16.1 million metric tons per year of nitrogen fertilizers, methanol, diesel exhaust fluid, and melamine, serving agricultural and industrial customers around the world.

OCI is listed on Euronext in Amsterdam.



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## 2019 PERFORMANCE HIGHLIGHTS



<p><b>\$3,032M</b></p> <p>Revenue</p> <p>2018: \$3,250M</p>	<p><b>\$748M</b></p> <p>Adjusted EBITDA</p> <p>2018: \$938M</p>	<p><b>\$(208)M</b></p> <p>Adjusted net income/(loss)</p> <p>2018: \$17M</p>	<p><b>0.67</b></p> <p>GHG intensity MT CO<sub>2</sub>e / ton produced</p> <p>2018: 0.68</p>	<p><b>26.02</b></p> <p>Energy intensity GJ / ton of ammonia produced</p> <p>2018: 36.4</p>	<p><b>2.29</b></p> <p>Water Intensity M m<sup>3</sup> consumed / ton produced</p> <p>2018: 3.09</p>
<p><b>\$9,420M</b></p> <p>Total assets</p> <p>2018: \$7,320M</p>	<p><b>\$2,819M</b></p> <p>Total equity</p> <p>2018: \$ 1,477M</p>	<p><b>\$(1.598)</b></p> <p>Earnings/(loss) per share</p> <p>2018: \$(0.233)</p>	<p><b>2.5%</b></p> <p>Employee turnover rate</p> <p>2018: 1.0%</p>	<p><b>0.16</b></p> <p>Lost time injury rate</p> <p>2018: 0.08</p>	<p><b>0.41</b></p> <p>Total recordable injury rate</p> <p>2018: 0.39</p>
<p><b>\$4,662M</b></p> <p>Gross debt</p> <p>2018: \$4,580M</p>	<p><b>\$ 4,062M</b></p> <p>Net debt</p> <p>2018: \$4,120M</p>	<p><b>\$116M</b></p> <p>Free cash flow</p> <p>2018: \$620M</p>	<p><b>9.0%</b></p> <p>Women at OCI</p> <p>2018: 8.8%</p>	<p><b>95%</b></p> <p>Compliance training reach</p> <p>2018: N/A</p>	<p><b>2.26%</b></p> <p>Occupational illness rate</p> <p>2018: 2.27%</p>

# 2019 PERFORMANCE HIGHLIGHTS

## Our business

Our production facilities are located in the United States, the Netherlands, the United Arab Emirates, Egypt, and Algeria. We are able to produce and distribute approximately 16.1 million metric tons per year of merchant ammonia, granular urea, calcium ammonium nitrate (CAN), urea ammonium nitrate (UAN), ammonium sulphate (AS), methanol, diesel exhaust fluid, melamine, and other nitrogen products, serving agricultural and industrial customers around the world.

### Our employees



**3,147**

Employees in 2019 with proportionate contribution from Fertil

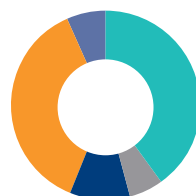
### Sustainable fuel solutions



**2.7MT**

Methanol, bio-methanol, DEF, and green ammonia sold in 2019

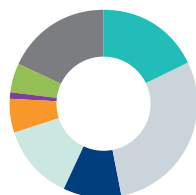
### Revenue by geography



**60**

Countries reached in 2019

### Sales by product



### Our customers



**11.7MT**

Sold in 2019

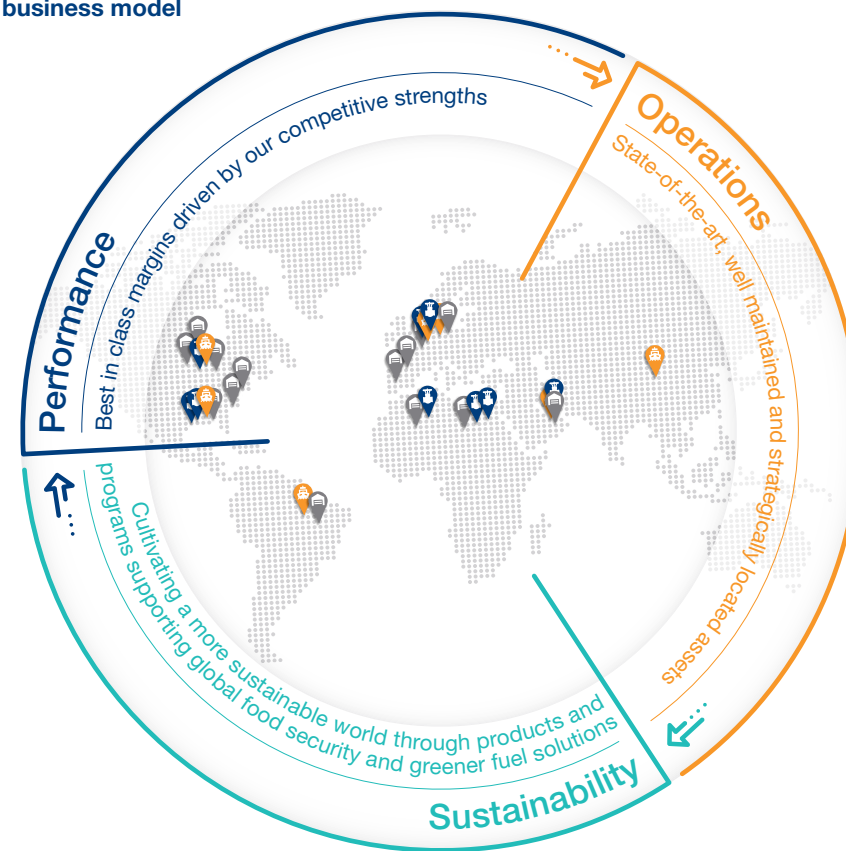
### Revenue by segment



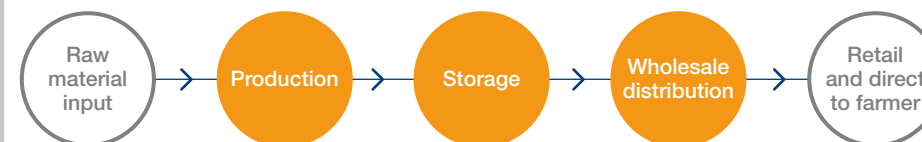
**\$3,032M**

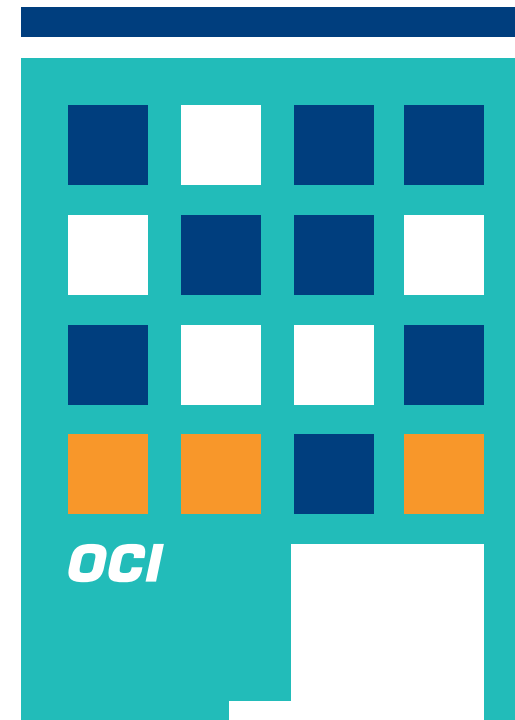
Revenue in 2019

## Our business model



## Our position in the value chain





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# CEO LETTER



## Our Vision

Cultivating a **more sustainable world** through **global food security** and **greener fuel solutions**.

2019 was a year of transition for OCI, during which we completed several initiatives that have set us up very well to deliver on our 2020 goals. In what turned out to be a challenging year for our end markets, mostly due to unprecedented weather conditions and global trade tensions, we remained fully focused on operational and commercial excellence across our platform in order to deliver on volume growth and free cash flow generation.

We continued to develop our production and commercial capabilities with the formation of Fertiglobe, which has combined our Middle East and North African (MENA) portfolio with Abu Dhabi National Oil Company's (ADNOC) nitrogen fertilizer business. This joint venture has created the world's largest nitrogen fertilizer seaborne export-focused platform and as a result has significantly strengthened our global competitive position. We also expect Fertiglobe to generate substantial synergies.

With the commissioning of a second methanol plant in the Netherlands during the summer, we also completed our ten-year, \$5 billion expansion capex program to reach a production capacity of more than 16 million metric tons per year of nitrogen and methanol products.

We could not have achieved these milestones without the dedication of the whole OCI team, especially their commitment to safety and reliability across our platform.

## Delivering on operational excellence

During 2019, we focused on operational excellence with an extensive turnaround and debottlenecking program across our nitrogen operations. Despite the resulting effect on our production volumes combined with a difficult market environment during the year, we sold a total of 11.7 million metric tons, a 5% increase over 2018.

This was a record for OCI, but we expect more to come. We are already starting to see the positive effect on onstream performance and cost efficiency from our initiatives and in particular at our high-margin operations in the US and Algeria.

Since the turnaround and debottlenecking program last summer, our Iowa nitrogen facility has operated without interruption at a utilization rate of about 115% of nameplate capacity on average for its upstream plants. In Algeria, following the conclusion of major turnarounds in 2019, all of Sorfert's production lines ramped up during the fourth quarter, reaching record utilization levels by December. We are pleased that the plants have started the new year well, running at high and stable asset utilization levels.

Our methanol business was affected by a combination of low methanol prices and unplanned shutdowns in the US during 2019 but should see an improved contribution in 2020 following a return to better production. For example, we accelerated a planned turnaround at OCI Beaumont from the second quarter of 2020 to the fourth quarter of 2019 to ensure improved performance going forward. OCI Beaumont's ammonia and methanol lines have been running at high utilization rates since their restart during the first quarter of 2020, which bodes well for the outlook for our methanol business.

As a result of our initiatives, we expect to benefit from higher average and more efficient asset utilization rates across our platform in 2020.

## CEO LETTER CONTINUED

### OCI's vision of a more sustainable world through global food security and greener fuel solutions

Climate change, hunger and other environmental and social challenges are some of the most important topics in society. As a global producer and distributor of nitrogen and methanol products, we are committed to our mission of delivering products that help achieve a more sustainable world through global food security and greener fuel solutions. For example, our nitrogen products help to improve crop yields thus reducing the need for more already scarce agricultural land. Our fuel solutions help lower harmful vehicle exhaust emissions, and can be used directly as greener fuels.

We are also committed to minimize our environmental footprint through continuous investment in state-of-the-art technologies.

Our strategic priorities are inherently guided by our commitment to provide sustainable solutions to our agricultural and industrial customers. We believe this alignment allows us to create long-term value for our communities, our customers, our employees, our shareholders, and a greener future for the world. As part of this commitment, we are currently undergoing an internal

evaluation from which we intend to set targets that align to both our long-term objectives and the world's ambitions.

### Health & safety first

We met our internal safety targets for the year and achieved several HSE improvements across our platform, but our 2019 total recordable injury rate increased by 5% to 0.41 as compared to 2018 as a result of increased contractor presence due to our extensive turnaround program. While we are proud of our employees' devotion and diligence, we would be doing each employee a disservice if we accepted any risk to their wellbeing. Safety remains our most important priority, and we continue to target zero incidents every year with focused attention to this from the Board in the HSE Committee.

### Continuing to create value

We anticipate a healthy increase in our sales volumes in 2020, driven by our focus on operational performance across all plants, the ramp-up of the new capacities in our methanol portfolio, as well as the full consolidation and realization of synergies of the Fertiglobe joint venture.

Our priority remains to maximize free cash flow generation through operational and commercial excellence, and we remain committed to our financial policy to deleverage towards 2x through the cycle.

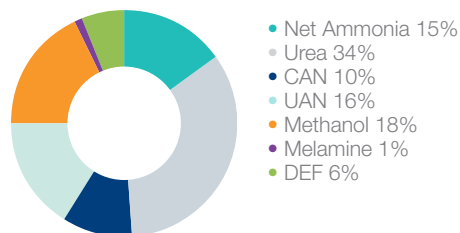
Finally, we are closely monitoring the recent outbreak of the novel coronavirus (COVID-19), which continues to impact the global economy and markets. At this time, the impact on our operations, supply chain and end market demand has been limited, production at our plants has not been disrupted by the events, and our liquidity position remains healthy. While it is difficult to predict the ultimate effect of these developments on our business, we remain well positioned to weather this period of uncertainty and we have set up a COVID-19 taskforce to develop and implement contingency plans. We are pro-actively taking all necessary actions to navigate our operations through these difficult times, help to ensure uninterrupted global food supply with our products and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

### Nassef Sawiris

Chief Executive Officer

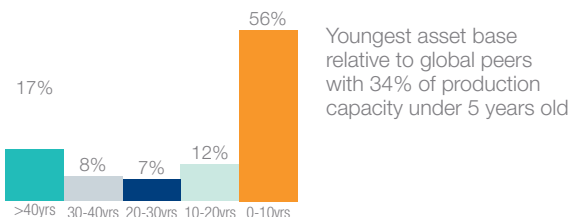
## INVESTMENT HIGHLIGHTS

### 16.1 million metric tons per year of production capacity



Global leader in nitrogen and methanol with excellent diversification

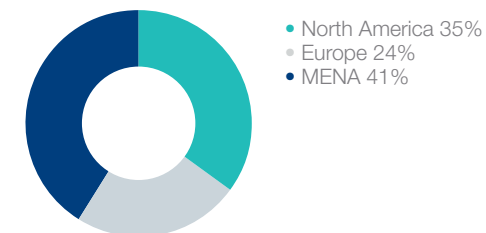
### Asset base by vintage



Youngest asset base relative to global peers with 34% of production capacity under 5 years old

Favourable position on the cost curve with state-of-the-art asset base

### Capacity by region



Highly strategic locations allow for enhanced netback pricing through a coordinated global commercial strategy



# GLOBAL STRATEGY REVIEW

We seek to provide sustainable solutions to our agricultural and industrial customers. We are committed to investing in a greener future to create value for our communities, our customers, our employees and our shareholders.

We believe our position as a leading global producer and distributor of nitrogen and methanol products gives us the opportunity to encourage sustainable practices in our industries and communities.

Today, nitrogen fertilizers feed 50% of the world's population, and will increasingly be farmers' main tool to increase crop yields to meet the world's food production needs. Our other products include methanol, bio-methanol, and diesel exhaust fluid, each of which plays an increasingly important role in developing cleaner fuels to meet the world's greenhouse gas reduction targets.

Global long-term fundamentals support expected sustained growth in our industries



Sources: UN FAOSTAT, World Economic Forum, IEA, IPCC

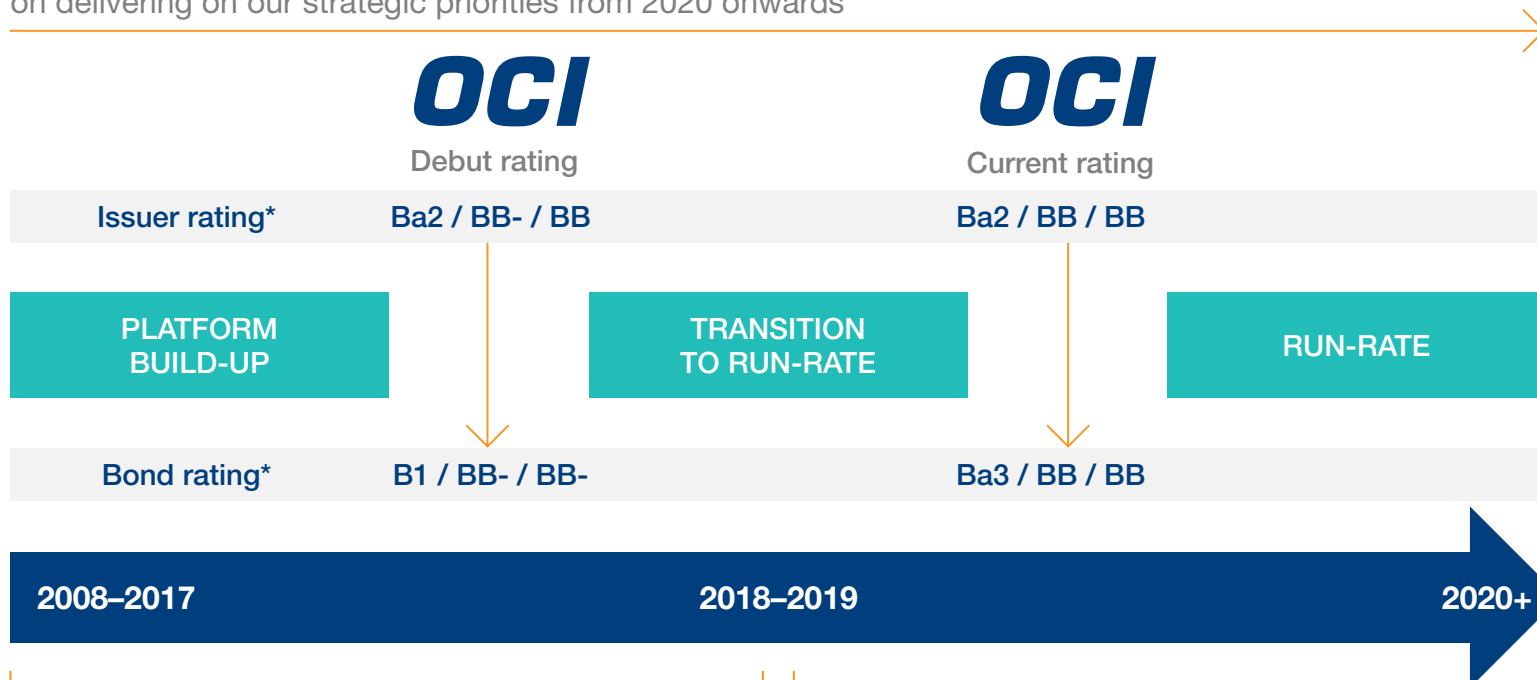
Our strategic priorities are underpinned by our commitment to investing in products that help achieve **global food security** and **greener fuel solutions**, and we have worked diligently to integrate these global goals into our strategic decision-making process. By integrating sustainability into our strategy, we are better able to contribute to the United Nations Sustainable Development Goals (SDGs).

OPERATIONAL EXCELLENCE	BUSINESS OPTIMIZATION	GLOBAL COMMERCIAL STRATEGY	SUSTAINABLE SOLUTIONS	MAXIMIZING FREE CASH FLOW
<p>We are committed to excellence in every aspect of our organization.</p> <p>We continuously look for ways to maximize our production efficiencies, minimize our emissions and waste, and maintain our industry leading health and safety records.</p> <p>We believe operational excellence does not stop at the gates of our plants and we hold all suppliers and business partners to the standards set out in our Supplier Code of Conduct.</p>	<p>We are committed to optimizing our global presence and enhance our position as a global leader in our industries.</p> <p>We will continue to explore strategic opportunities that are in line with our strategic goals and financial return expectations, including acquisitions, partnerships, joint ventures, business combination transactions, disposals, spin-offs or other transactions.</p>	<p>We are committed to implementing a global approach to our commercial strategy.</p> <p>We work diligently to align our group-wide sales and marketing activities to optimize our production mix through our flexible assets and to maximize the production of premium products, leverage logistical advantages through our global distribution network, and cultivate customer relationships to deliver strong netback prices.</p>	<p>We are committed to being an environmental steward by investing in products and initiatives that provide cleaner and more sustainable solutions to our customers.</p> <p>We will continue to invest in best available technologies to both minimize the environmental footprint of our conventional products and maximize the development and production of green solutions.</p>	<p>We are committed to our financial policy aimed at maximizing our free cash flow generation and deleveraging.</p> <p>We believe our diversified product portfolio, advantageous geographic presence, and coordinated global commercial strategy enables us to maximize netback prices, which coupled with our ramped-up production capacity and reduced capex requirements, will allow us to achieve strong free cash flow conversion.</p>

# STRATEGIC REVIEW

## DRIVING OUR STRATEGY FORWARD

With our build and transition phases complete, we are focused on delivering on our strategic priorities from 2020 onwards



### BUILDING ON OUR STRENGTHS...

- Global leader in our industries with excellent product and geographic diversification
- Favourable position on the global cost curve with state-of-the-art asset base
- Highly strategic locations and disciplined global commercial strategy allow for enhanced netback pricing globally

### ... AND CAPITALIZING ON OUR 2020 PERFORMANCE DRIVERS

- We enjoy a substantial reduction in execution risk with the completion of our expansion capex program, and expect strong volume ramp-up for nitrogen and methanol
- Upside from commodity pricing with all prices below mid-cycle averages, with a highly favourable gas pricing environment globally
- Demonstrated commitment to financial discipline and deleveraging with robust free cash flow conversion
- Continued focus on integrating sustainability into every decision to further drive our long-term value creation

### +\$5BN CAPEX PROGRAM

### DELEVERAGING

#### Greenfields

- 2008: EFC II
- 2009: EBIC
- 2013: Sorfert
- 2014: IFCo
- 2016: Natgasoline

#### Brownfields and Upgrades

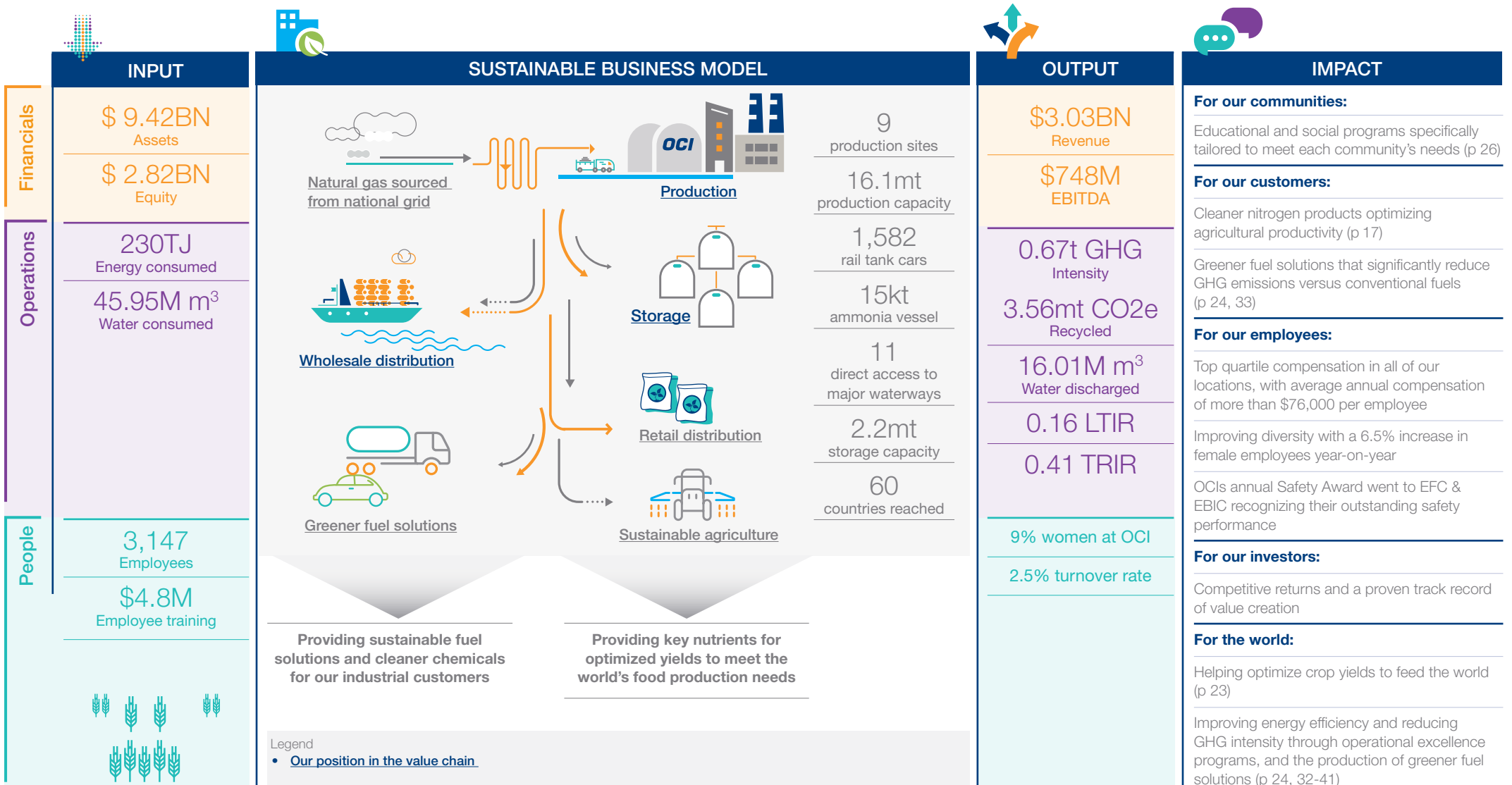
- 2011-13: OCI Nitrogen upgrade and debottlenecking
- 2011-14: Acquisition, refurbishment and debottlenecking of OCI Beaumont
- 2015: Acquisition of BioMCN and refurbishment of M1
- 2018: Refurbishment of BioMCN M2
- 2019: OCI Beaumont debottlenecking

Build and transition phases complete  
 Volume ramp up underway post end of capex program  
 Deleveraging expected despite market volatility  
 — Target 2.0x net leverage through the cycle

\* Ratings are ordered as Moody's / Fitch / S&P

# HOW WE CREATE VALUE


As a global producer and distributor of nitrogen and methanol products, we aim to create sustainable value for all stakeholders and are committed to delivering sustainable solutions to our customers. We take a holistic approach to our business model to optimize all resources available to us, thereby maximizing our positive financial, social and environmental impacts for a greener future.








# VALUE CREATION THROUGH BUSINESS OPTIMIZATION

## On 30 September 2019, OCI and ADNOC created Fertiglobe, a first-of-its-kind export platform:

- The platform combines ADNOC’s fertilizer business into OCI’s Middle East and North Africa (MENA) nitrogen fertilizer platform.
- OCI and ADNOC own a 58% and 42% stake, respectively.
- OCI fully consolidates the combined business.
- Expected to create significant value by unlocking approximately \$60-75 million in commercial and technical synergies.
- Innovative approach to growth by asset contribution achieves overnight scale and value without any capital outlay, underscoring OCI’s commitment to its strategic priority of business optimization.



## Fertiglobe is the largest MENA producer and the world’s largest exporter of nitrogen fertilizers

				
4	6.5	6	2,564	1
state-of-the-art production facilities	million metric tons of urea and merchant ammonia	direct access to ports on the Arab Gulf, Mediterranean Sea, and Red Sea	total employees	central point of sales to serve our global customers



Contribution to SDGs





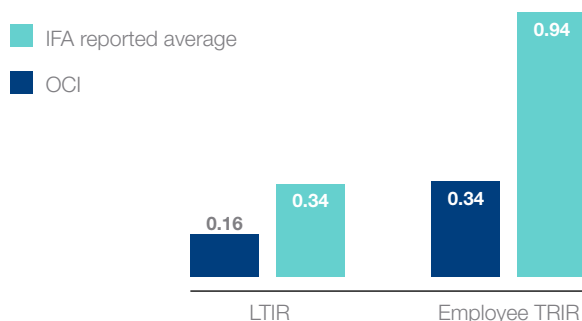
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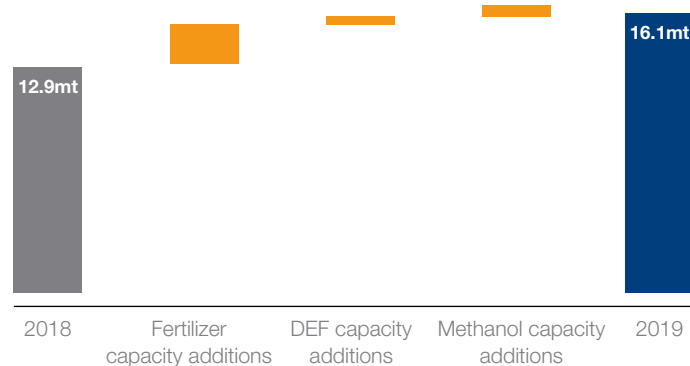
# BUSINESS PERFORMANCE

Strategic priorities	Delivering our strategy	Our priorities	Contribution to SDGs
<p><b>1</b></p> <p><b>OPERATIONAL EXCELLENCE</b></p>	<ul style="list-style-type: none"> <li>• <b>Completed turnarounds:</b> 12 of our nitrogen production lines at four plant sites underwent large planned turnarounds and debottleneckings during the year, which resulted in lower production volumes as compared to 2018. However, post these turnarounds, we have achieved material improvements in onstream performance and cost efficiency. Examples include our ammonia production facilities in Iowa and Algeria, which have since both achieved record production rates well above nameplate capacities.</li> <li>• <b>Appointed a Group Chief Operating Officer:</b> with the completion of our build and transition phases, we appointed Ahmed El-Hoshy as Group COO to steer our commercial and operational platforms and deliver on our growth and free cash flow generation.</li> <li>• <b>Safety first:</b> 2019 total recordable injury rate increased by 5% to 0.41 as compared to 2018 as a result of increased contractor presence due to our extensive turnaround program. Nevertheless, four plants achieved zero lost-time injuries, and all sites demonstrated a strong commitment to improve by completing more than 90% of their individual HSE programs and KPI's for the year.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Focus on delivering healthy volume ramp-up for nitrogen and methanol:</b> <ul style="list-style-type: none"> <li>- Expansion capex program completed in 2019 and ramp-up of new capacities in our methanol portfolio.</li> <li>- As a result of our operational initiatives during 2019, we expect to benefit from on average higher and more efficient asset utilization rates across our platform.</li> <li>- Fertiglobe JV adds 2.1 million metric tons of urea to our product portfolio.</li> </ul> </li> <li>• <b>Focus on realization of synergies across the Fertiglobe platform</b> with a technical task force dedicated to monitoring performance and identifying capex and opex savings.</li> <li>• <b>Committed to zero injuries</b> with particular attention to ensuring contractor occupational safety is on par with employee performance.</li> </ul>	

## Safety record continues to outperform the industry



## Growing our production capacity

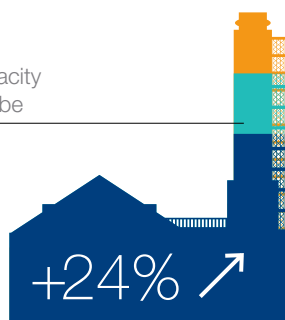


# BUSINESS PERFORMANCE CONTINUED

Strategic priorities	Delivering our strategy	Our priorities	Contribution to SDGs
<p><b>2</b></p> <p><b>BUSINESS OPTIMIZATION</b></p>	<ul style="list-style-type: none"> <li>• <b>Completed our expansion capex program:</b> our final two growth projects – the second methanol plant in the Netherlands and the capacity increase at OCI Beaumont – were completed over the summer, marking the culmination of our ten year \$5 billion expansion capex plan.</li> <li>• <b>Achieved innovative growth:</b> on 30 September, we achieved a major milestone with the completion of Fertiglobe, the landmark joint venture with Abu Dhabi National Oil Company (ADNOC). The consolidation of the JV has resulted in the addition of 2.1 million metric tons of annual urea capacity to our platform and is expected to generate substantial synergies.</li> <li>• <b>Announced a strategic review of our methanol group:</b> as part of our ongoing exploration of value accretive opportunities, we mandated J.P. Morgan to assist with the evaluation of strategic options for the methanol group. We have initiated a process with several interested parties that may result in a partial divestment or other structures.</li> <li>• <b>Finalized an agreement with Dyno Nobel:</b> in January 2020, N-7 finalized an agreement with Dyno Nobel to market their DEF, urea liquor and automotive grade urea in North America. This further strengthens N-7’s position as a major supplier, whilst providing additional geographic reach from a total of four sites across the United States.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Continue to evaluate strategic opportunities</b> including select add-on optimization opportunities, and the strategic options for our methanol group.</li> </ul>	 
<p><b>3</b></p> <p><b>GLOBAL COMMERCIAL STRATEGY</b></p>	<ul style="list-style-type: none"> <li>• <b>Integrated our commercial platforms</b> with both N-7 and OCI Methanol Marketing (OMM) contributing for the first full year in 2019. Our more focused platforms allowed us to react quickly to changing market dynamics, as evidenced by our strong execution during the second quarter in the US Midwest despite flooding in the region.</li> <li>• <b>Continued to optimize logistics</b> to maximize key market reach while streamlining our chartering activities to achieve a 5% improvement in average freight costs during the year as benchmarked against 2017. This in turn allowed us to achieve a 14% reduction in CO2e emissions in 2019 as benchmarked against 2017, illustrating our commitment to reducing our carbon footprint wherever possible.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Fully integrate Fertiglobe and realize commercial synergies,</b> which are estimated to be \$60-75 million.</li> <li>• <b>Continue to implement our global commercial strategy</b> on our expanded product portfolio and optimize logistics and storage capabilities globally wherever possible.</li> </ul>	 

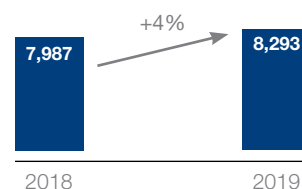
## Delivering growth

Increased group gross capacity with the creation of Fertiglobe

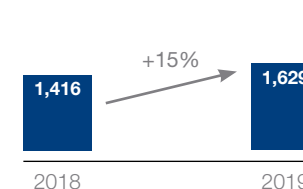


## Own product volumes grew 6% year-on-year

Nitrogen products

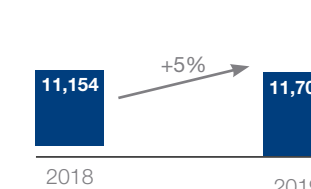


Methanol



## Total sales volumes grew 5% year-on-year

Total sales volumes



# BUSINESS PERFORMANCE CONTINUED

Strategic priorities	Delivering our strategy	Our priorities	Contribution to SDGs
<p><b>4</b> SUSTAINABLE SOLUTIONS</p>	<ul style="list-style-type: none"> <li>• <b>Grew our greener fuels platform</b> by doubling both our bio-methanol production optionality in Europe, and our DEF production in Iowa, and added production of bio-methanol in the United States during 2019. Our greener fuel solutions, which include methanol, bio-methanol, DEF, and green ammonia, contributed 23% of our sales volumes in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Continue to invest in minimizing our carbon footprint by:</b> <ul style="list-style-type: none"> <li>- Implementing best available technologies to minimize the environmental impact of our production processes.</li> <li>- Developing products and initiatives that provide cleaner and more sustainable solutions for our customers.</li> <li>- Recycling and re-using by-products of our production process wherever possible.</li> <li>- Evaluating alternative energy options to reduce our reliance on natural gas, similar to our use of bio-gas to produce bio-methanol.</li> </ul> </li> <li>• <b>Committed to environmental stewardship</b> across our operations in an effort to help meet global targets.</li> </ul>	

Sales volume contribution of greener fuel solutions

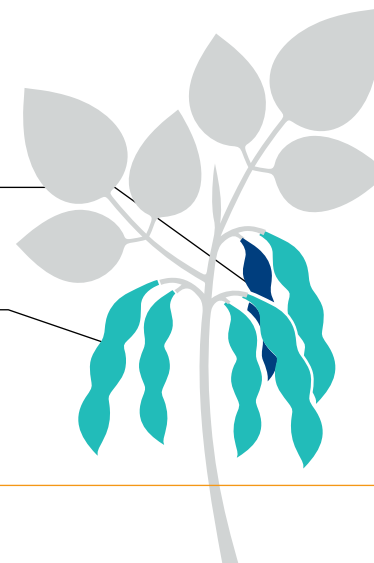


Methanol, bio-methanol, DEF, and green ammonia volume sold in 2019

Reducing our environmental impact


-1% YoY  
GHG intensity

-11% YoY  
Water intake intensity

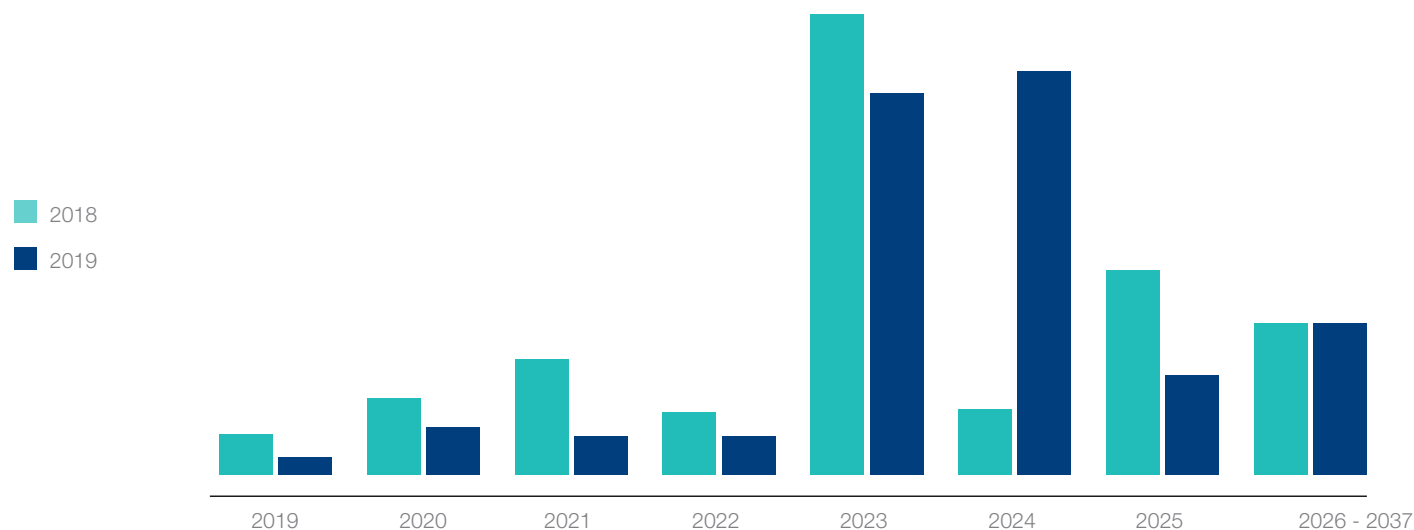




# BUSINESS PERFORMANCE CONTINUED

Strategic priorities	Delivering our strategy	Our priorities	Contribution to SDGs
<p><b>5</b></p> <p><b>MAXIMIZING FREE CASH FLOW</b></p>	<ul style="list-style-type: none"> <li> <b>Demonstrated commitment to financial discipline and deleveraging:</b> <ul style="list-style-type: none"> <li>- We continued to optimize our capital structure in 2019 and following a \$1.4 billion equivalent refinancing in October we extended our maturity profile, achieving a 90bps reduction of the cost of the refinanced debt.</li> <li>- Despite unfavorable market conditions resulting in lower EBITDA, we continued to focus on deleveraging and ended 2019 with slightly lower net debt of \$4.06 billion compared to 31 December 2018.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li> <b>Remain committed to our financial policy</b> to prioritize our free cash flows towards deleveraging with a net leverage target of 2x through the cycle.                 </li> <li> <b>Continue to optimize and simplify our capital structure</b> through opportunistic financing at both the parent and subsidiary levels should the result be further reduction of our weighted average cost of debt and the extension of our debt maturity profile.                 </li> </ul>	

**Weighted average group debt maturity extended 6 months from 4.7 to 5.2 years**



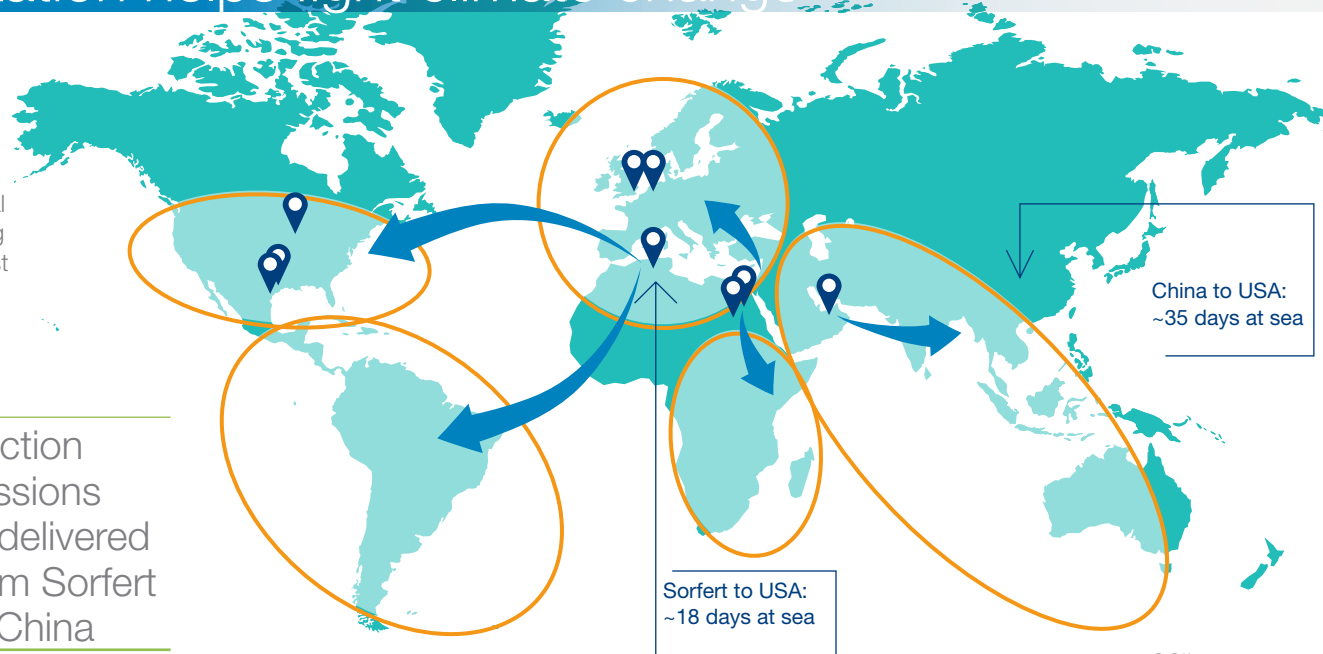
# BUSINESS PERFORMANCE CONTINUED

## Case study

# How logistics optimization helps fight climate change

Since announcing our shift to a centralized global commercial organization in 2017, we have actively streamlined our supply chain management processes to reduce the number of shipments we make to move our sales volumes around the world. This has resulted in both financial and environmental benefits, which we have assessed by benchmarking our urea distribution performance in 2019 — the first full year of implementing our centralized approach — to 2017. The improvements we have achieved highlight how our commitment to sustainability is integrated into our strategic objectives.

**49%** reduction in CO<sub>2</sub> emissions per shipment delivered to the USA from Sorfert instead of China



Contribution to SDGs



○ OCI's urea trade flows

➔ OCI's geographic end markets

### Optimizing our freight logistics

**Our centralized commercial strategy has allowed us to optimize our urea freight logistics. We have achieved:**

- **13%** reduction in the number of sailing days in 2019 versus 2017, while shipping **12%** more urea
- **14%** reduction in CO<sub>2</sub>e emissions
- **5%** improvement in freight costs per ton

### Displacing Chinese coal-based urea

**Our centralized commercial strategy has contributed to the displacement of over 1 million tons of Chinese urea exports in 2019, effectively saving approximately 41 thousand tons of CO<sub>2</sub>e in vessel emissions, a 25% reduction as compared to 2017.**

Chinese export destinations have significantly shifted in 2019 as compared to 2017:

- Exports to Europe, the Americas and Africa decreased by **58%**. During the year, exports from our North African plants increased by **45%** to the same regions.

- Exports to Asia and Oceania, to which Chinese exports are more efficiently shipped versus the Western Hemisphere, increased by **42%**, resulting in lower CO<sub>2</sub> emissions versus shipping west.

In addition to the reduced environmental impact of shorter shipping times for our urea, our natural gas based production process is significantly cleaner than Chinese anthracite coal based production, which emits **50% more CO<sub>2</sub>** as compared to natural gas.

# MANAGEMENT DISCUSSION AND ANALYSIS

\$ million	2018	2019
<b>Revenue</b>	<b>3,252.5</b>	<b>3,031.7</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>937.5</b>	<b>748.4</b>
Adjusted EBITDA margin	28.8%	24.7%
Adj. net income (loss) attributable to shareholders	17.0	(208.4)
Net income (loss) attributable to shareholders	(48.7)	(334.7)
Basic earnings per share	(0.233)	(1.598)
Operating profit as reported	504.3	105.0
Depreciation and amortization	424.9	544.7
EBITDA	929.2	649.7
EBITDA margin	28.6%	21.4%
<b>APM adjustments for:</b>		
Natgasoline	44.9	59.8
Expenses related to expansion projects	2.0	8.4
Sorfert insurance income/release of provision	(57.7)	-
Unrealized result natural gas hedging	8.8	4.8
Transaction costs	3.8	19.3
Other including provisions	6.5	6.4
<b>Total APM adjustments at EBITDA level</b>	<b>8.3</b>	<b>98.7</b>
<b>Reported net loss attributable to shareholders</b>	<b>(48.7)</b>	<b>(334.7)</b>
<b>Adjustments for:</b>		
Adjustments at EBITDA level	<b>8.3</b>	<b>98.7</b>
Add back: Natgasoline EBITDA adjustment	(44.9)	(59.8)
Expenses related to expansion projects	20.0	-
Expenses related to refinancing	31.4	9.1
Unrealized loss/(gain) gas hedging Natgasoline	-	12.0
Forex gain/loss on USD exposure	34.3	9.6
Derecognition of deferred tax assets	-	22.4
Other	3.0	3.7
Accelerated depreciation	-	53.6
Non-controlling interest adjustment	32.7	(12.9)
Tax effect of adjustments	(19.1)	(10.1)
<b>Total APM adjustments at net income level</b>	<b>65.7</b>	<b>126.3</b>
<b>Adjusted net profit/(loss) attributable to shareholders</b>	<b>17.0</b>	<b>(208.4)</b>

\$ million	2019 performance drivers
<b>Revenue</b>	<ul style="list-style-type: none"> <li><b>Sales volumes:</b> 5% increase in total volumes sold reaching a record 11.7 million tons, primarily due to a 6% increase in own product sales driven by the first-time contribution from the consolidation of Fertil in the fourth quarter and continued strong growth of DEF in the United States, partly offset by lower methanol volumes as a result of unplanned shutdowns in the United States.</li> <li><b>Selling prices:</b> General weakness in average pricing for our products as compared to 2018, mostly due to unprecedented weather conditions and global trade tensions, and particularly driven by a significant drop in our average benchmark ammonia and methanol prices.</li> </ul>
<b>Adjusted EBITDA</b>	<p>The main Alternative Performance Measure (APM) adjustments in 2019 and 2018 relate to:</p> <ul style="list-style-type: none"> <li>Natgasoline is not consolidated and an adjustment of \$59.8 million was made for OCI's 50% share in the plant's EBITDA, which includes OCI's 50% share of an insurance payment of \$30 million related to the unplanned shutdown from August to October 2019. Natgasoline's contribution to adjusted EBITDA in 2018 was \$44.9 million.</li> <li>Transaction costs of \$19.3 million related to the Fertiglobe joint venture that closed on 30th September.</li> <li>The unrealized result on natural gas hedge derivatives of \$4.8 million in 2019 and \$8.8 million in 2018 relates to hedging activities at OCI Beaumont and in the Netherlands.</li> <li>Other adjustments of \$6.4 million in 2019 include movements in provisions and fair value adjustment of inventories related to the Fertiglobe consolidation.</li> </ul>
<b>Operating profit</b>	<p>Operating profit decreased 79.2%, or \$399.3 million, in 2019 as compared to 2018, primarily as a result of:</p> <ul style="list-style-type: none"> <li>Gross profit decreased by \$299.3 million as a result of lower revenue in 2019, coupled with a \$78.5 million increase in cost of goods sold, primarily driven by a 28.2% increase in depreciation &amp; amortisation as a result of the consolidation of Fertil in the fourth quarter and accelerated depreciation of \$53.6 million at IFCo, Sorfert and OCI Beaumont related to turnarounds.</li> <li>Selling, general and administrative expenses increased 23.4% to \$219.1 million, primarily driven by the consolidation of Fertil in the fourth quarter, as well as costs related to the Fertiglobe transaction and expansion projects.</li> </ul>
<b>Financing costs</b>	<ul style="list-style-type: none"> <li>Finance income decreased 21% to \$60.8 million, driven by a \$13.0 million decrease in foreign exchange gains.</li> <li>Finance cost decreased 12% to \$387.7 million. This was primarily due to a \$28.9 million decrease in interest expense on financial liabilities, in addition to a \$24.6 million decrease in foreign exchange loss.</li> <li>The foreign exchange gains and losses mainly relate to external financing and to the revaluation of intercompany balances in foreign currencies.</li> </ul>
<b>Net income</b>	<ul style="list-style-type: none"> <li>Adjusted net loss attributable to shareholders was \$208.4 million in 2019, compared to a profit of \$17.1 million in 2018. The main APM adjustments in 2019 and 2018 relate to Natgasoline, expenses related to refinancing, accelerated depreciation, and derecognition of deferred tax assets.</li> <li>Net loss attributable to shareholders was \$334.7 million in 2019, compared to a loss of \$48.7 million in 2018.</li> </ul>

<sup>1</sup> 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.

# MANAGEMENT DISCUSSIONS AND ANALYSIS CONTINUED

## Condensed consolidated statement of cash flows for the years ended 31 December

\$ million	2018	2019
<b>Cash and cash equivalents at 1 January</b>	<b>231.0</b>	<b>460.7</b>
Cash flows from operating activities	671.6	337.5
Cash flows from (used in) investing activities	(262.9)	(252.6)
Cash flows from (used in) financing activities	(172.6)	55.2
Net cash flows (used in)	236.1	140.1
Currency translation adjustments	(6.4)	(0.3)
<b>Cash and cash equivalents at 31 December</b>	<b>460.7</b>	<b>600.5</b>

## Net debt as at 31 December

\$ million	2018	2019
Long-term interest-bearing debt	4,296.8	4,392.7
Short-term interest-bearing debt	283.5	269.6
Gross interest-bearing debt	4,580.3	4,662.3
Cash and cash equivalents	460.7	600.5
<b>Net debt</b>	<b>4,119.6</b>	<b>4,061.8</b>

## Outlook

Following an extensive planned turnaround schedule in 2019, OCI expects a healthy increase in production and sales volumes in 2020, in addition to the full consolidation of Fertigllobe.

Our priority remains to maximize free cash flow generation and we remain committed to our financial policy to deleverage towards 2x through the cycle. We will also continue to evaluate our capital structure to identify further cost-effective refinancing opportunities.

The recent outbreak of the novel coronavirus (COVID-19) continues to impact the global economy and markets. It is uncertain how this will develop and what the impact will be on our operations, financial performance and liquidity. At this time, the effects of COVID-19 on our business have been limited.

However, the virus may negatively impact amongst others our supply chain, our workforce and operations of our plants, demand in our end markets and our liquidity. Accordingly, we are closely evaluating the recent developments and will take necessary actions. Contingency plans are being developed and implemented.

\$ million	2019 performance drivers
<b>Cash flows from operating activities</b>	<ul style="list-style-type: none"> <li>Cash flows from operations primarily reflect the swing in net profit in 2018 to a net loss in 2019, and changes in working capital.</li> <li>Net loss was \$300.2 million in 2019 compared to a net profit of \$99.5 million in 2018, a swing of \$399.7 million.</li> <li>Working capital outflows of \$1.1 million compared to inflows of \$83.1 million in 2018, a swing of \$84.2 million.</li> </ul>
<b>Cash flows from investing activities</b>	<ul style="list-style-type: none"> <li>Cash flows used in financing activities were \$10.3 million lower than 2018, primarily due to the consolidation of Fertigllobe in Q4 2019, which contributed cash of \$45.8 million and more than offset a \$28.5 million decrease in dividends from equity-accounted investees.</li> <li>Total cash capital expenditures were \$300.0 million in 2019 compared to \$293.0 million in 2018, of which maintenance capital expenditure of \$169.8 million and \$136.1 million respectively. Growth capital expenditure in 2019 was mostly for the refurbishment of BioMCN's second line as well as \$30 million for final settlement payments to contractors related to other growth projects.</li> </ul>
<b>Cash flows from financing activities</b>	<ul style="list-style-type: none"> <li>Proceeds from borrowings in 2019 totalled \$1,760.1 million, which consisted of the net proceeds of new financing arrangements and changes in the outstanding amounts of revolving credit facilities.</li> <li>In October, OCI successfully completed a \$1.4 billion equivalent refinancing through a dual-tranche bond offering in US Dollars and Euros. The refinancing has resulted in a reduction in the weighted average cost of debt of the refinanced debt of about 90bps and has extended our maturity profile.</li> <li>Repayments of borrowings were \$1,648.9 million in 2019, related to the above refinancing and amortization of debt.</li> </ul>
<b>Free cash flow</b>	<ul style="list-style-type: none"> <li>Free cash flow before growth capital expenditure amounted to \$157.8 million in 2019 reflecting the reported EBITDA for the year, working capital outflow of \$38.3 million, maintenance capital currency effects of \$169.8 million and cash interest paid of \$268.3 million.</li> </ul>
<b>Gross debt</b>	<ul style="list-style-type: none"> <li>Gross interest-bearing debt increased by \$82.0 million due to upsizing of OCI NV bond and RCF.</li> </ul>
<b>Cash &amp; cash equivalents</b>	<ul style="list-style-type: none"> <li>As a result of a positive free cash flow, net proceeds from loans and the consolidation of Fertigllobe in Q4 2019, cash and cash equivalents increased to \$600.5 million.</li> </ul>
<b>Net debt</b>	<ul style="list-style-type: none"> <li>Net debt stood at \$4,061.8 million as at 31 December 2019, from \$4,119.6 million as at 31 December 2018.</li> </ul>

## MANAGEMENT DISCUSSIONS AND ANALYSIS CONTINUED

\$ million	2018	2019	% Δ
<b>Own product</b>			
Ammonia	2,013.1	1,907.1	(5%)
Urea	2,960.8	3,110.8	5%
Calcium Ammonium Nitrate (CAN)	1,063.8	1,140.8	7%
Urea Ammonium Nitrate (UAN)	1,538.4	1,489.6	(3%)
<b>Total fertilizer</b>	<b>7,576.1</b>	<b>7,648.3</b>	<b>1%</b>
Melamine	149.3	135.8	(9%)
DEF	261.0	508.7	95%
<b>Total Nitrogen products</b>	<b>7,986.4</b>	<b>8,292.8</b>	<b>4%</b>
<b>Methanol</b>	<b>1,415.7</b>	<b>1,628.7</b>	<b>15%</b>
<b>Total own product sold</b>	<b>9,402.1</b>	<b>9,921.5</b>	<b>6%</b>
<b>Traded third party</b>			
Ammonia	394.4	160.6	(59%)
Urea	328.1	329.5	0%
UAN	90.1	24.1	(73%)
Methanol	252.1	482.6	91%
Ammonium Sulphate (AS)	673.6	713.6	6%
DEF	13.5	73.3	nm
<b>Total traded third party</b>	<b>1,751.8</b>	<b>1,783.7</b>	<b>2%</b>
<b>Total own product and traded third party</b>	<b>11,153.9</b>	<b>11,705.2</b>	<b>5%</b>

\$ million	2019 market review	Market outlook
<b>Nitrogen</b>	<ul style="list-style-type: none"> <li>• Despite a strong start to the year, nitrogen prices were down significantly in 2019 compared to 2018.</li> <li>• Nitrogen markets faced significant headwinds in 2019 especially due to challenging weather conditions and politically driven global trade tensions.</li> <li>• Ammonia prices were particularly weak in 2019 as demand was affected by unfavourable weather in the US and additional merchant capacity starting up in the beginning of the year.</li> </ul>	<ul style="list-style-type: none"> <li>• Global nitrogen markets are showing improving fundamentals supported by a combination of limited new global capacity additions, expected higher demand in the US in 2020 driven by an increase in planted acreage, favourable farm economics for nitrogen and strong demand from key importing countries.</li> <li>• We expect to continue to benefit from a positive outlook for DEF in the United States, following a doubling of our product volumes in 2019.</li> </ul>
<b>Methanol</b>	<ul style="list-style-type: none"> <li>• Methanol prices weakened in 2019 to trough levels due to a number of factors including falling crude oil prices, Methanol-to-Olefins (MTO) affordability in China and exports from sanctioned countries to Asian markets being offered at discounted prices.</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term industry fundamentals remain positive, with expected new merchant global methanol supply expected to be below demand growth — good visibility into next 4-6 years of capacity additions given shortage of start-up activity today.</li> <li>• Demand growth expected to be driven by core derivatives (GDP growth), fuel applications, and MTO/MTP.</li> </ul>
<b>Natural Gas</b>	<ul style="list-style-type: none"> <li>• In 2019, natural gas prices in both the United States and Europe were significantly below the levels of 2018.</li> </ul>	<ul style="list-style-type: none"> <li>• Forward curves suggest natural gas prices will remain at low levels for the foreseeable future, and we expect to continue to be a beneficiary of the low gas price environment in 2020 and beyond.</li> </ul>

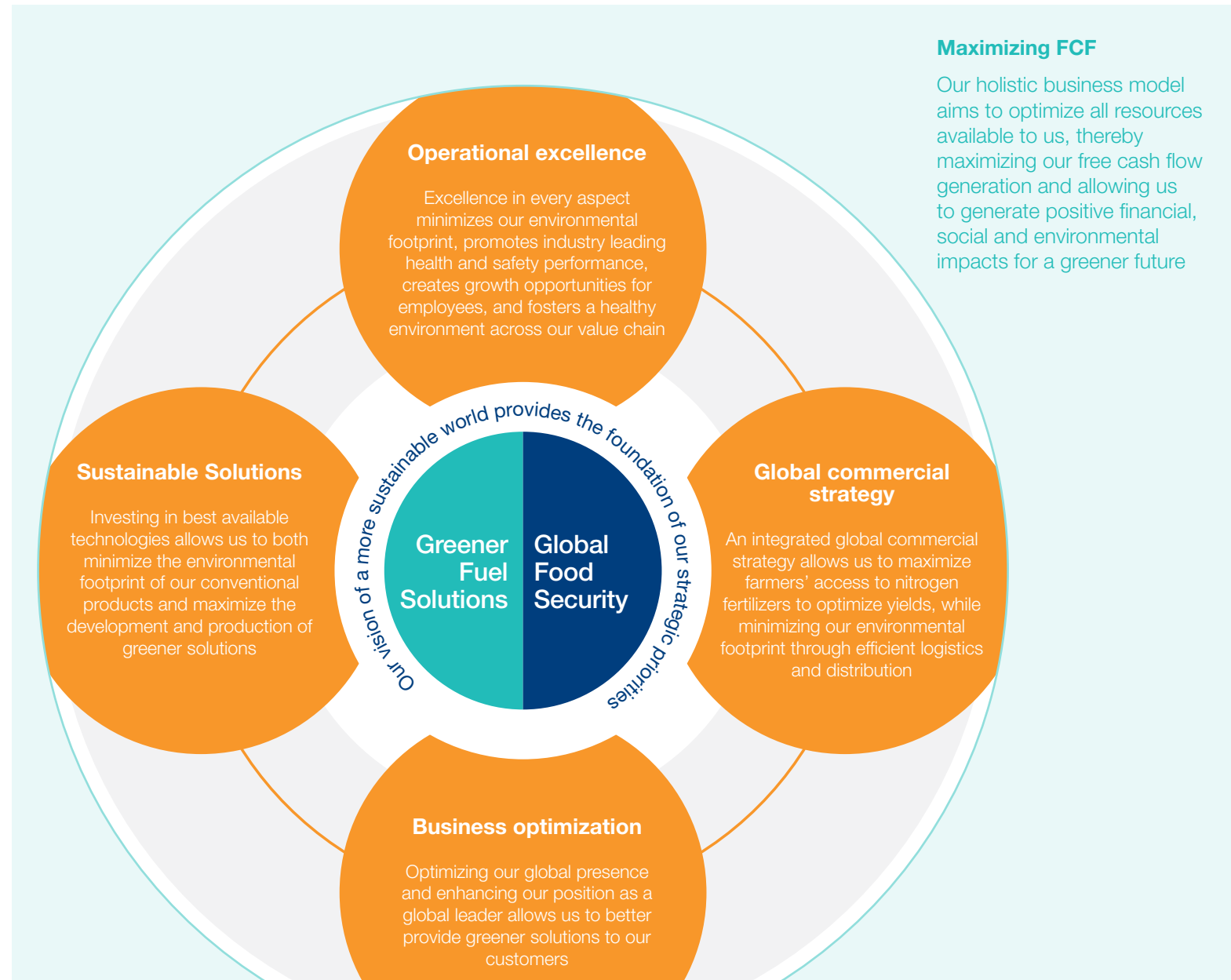
# SUSTAINABILITY STRATEGY

Our sustainability strategy is driven by our vision of a more sustainable world.

As a global producer and distributor of nitrogen and methanol products, we are committed to our mission of delivering products that help achieve this vision through **global food security** and **greener fuel solutions**.

Our strategic priorities are inherently guided by our vision for a more sustainable world, with each priority contributing to our ability to better provide sustainable solutions to our agricultural and industrial customers.

We believe this alignment allows us to create sustainable value for our communities, our customers, our employees, our shareholders, and a helps develop a greener future for the world.





# OUR COMMITMENT TO A MORE SUSTAINABLE WORLD

SDG	How we contribute	Quantifying our contribution	
	<ul style="list-style-type: none"> <li>We provide direct and indirect employment opportunities around the world with a commitment to maximize the use of local resources whenever possible by drawing local people into our company and developing their skills.</li> <li>We consistently rank amongst the top quartile of employers by annual compensation in each of our communities.</li> </ul>	<p><b>3,147</b></p> <p>Employees in 2019 with proportionate contribution from Fertil</p>	<p><b>100%</b></p> <p>Top quartile in compensation across our communities, well above livable wage levels</p>
	<ul style="list-style-type: none"> <li>Our nitrogen fertilizers allow farmers to increase crop yields and improve food quality, resulting in improved food availability and improved diets.</li> <li>Community engagement with local charities to improve access to STEM education, healthcare, and farmer education to improve food security.</li> </ul>	<p><b>8.9MT</b></p> <p>Nitrogen fertilizers sold in 2019</p>	<p><b>60</b></p> <p>Countries reached in 2019</p>
	<ul style="list-style-type: none"> <li>Our sustainable fuel solutions portfolio, which includes ammonia, methanol, bio-methanol, and DEF, provides sustainable clean fuel alternatives that can be used to significantly reduce GHG emissions versus conventional fuels.</li> </ul>	<p><b>2.7MT</b></p> <p>Greener fuel solutions sold in 2019</p> <p>Sales volumes include methanol, bio-methanol, DEF, and green ammonia</p>	<p><b>60%</b></p> <p>GHG savings when bio-methanol is used as fuel versus gasoline</p>
	<ul style="list-style-type: none"> <li>Distribution of economic growth ensures the financial wellbeing of employees and the communities in which we operate.</li> <li>Good workplace practices as described in our Code of Conduct and other policies promotes a safe and encouraging workplace, diversity, and equal opportunity.</li> </ul>	<p><b>0.16</b></p> <p>LTIR performance is <b>52%</b> better than industry peers as reported by IFA</p>	<p><b>\$2.65BN</b></p> <p>Economic value distributed in 2019</p>
 	<ul style="list-style-type: none"> <li>We strictly maintain safe, environmentally responsible production sites that aim to protect local environments and ensure safe communities.</li> <li>We invest in maintaining state-of-the-art production facilities with best-in-class technologies.</li> </ul>	<p><b>10%</b></p> <p>Improvement in energy intensity since 2016</p>	<p><b>\$270M</b></p> <p>Invested in capex in 2019</p>
 	<ul style="list-style-type: none"> <li>Our investment in maintaining state-of-the-art production facilities, coupled with the positive impact of our sustainable fuels portfolio, allows us to minimize our emissions and consequently our impact on climate change.</li> <li>Our commitment to educate farmers on nutrient stewardship allows them to maximize yields through optimal fertilizer application. This in turn reduces soil nutrient loss, protects from deforestation, and minimizes runoff to groundwater.</li> </ul>	<p><b>3%</b></p> <p>Improvement in GHG intensity since 2016</p>	<p><b>91%</b></p> <p>Lower N<sub>2</sub>O emissions than the global average</p>
 		<p><b>52%</b></p> <p>Lower NO<sub>x</sub> emissions than the global average</p>	<p><b>75%</b></p> <p>Lower CAN CO<sub>2</sub> footprint than the industry average</p>

# FEED THE WORLD

We are committed to working towards global food security. Through various programs, we work with our customers around the world to maximize yields, strengthen crops, and accelerate growth to meet the world's rising food demands. We also work to ensure our products are used in a way which safeguards health, occupational and public safety, the environment, and security.

Click on the links for more information of the work we do to promote sustainable agriculture and **feed the world**.

## HOW WE FEED THE WORLD

### 1 Fertilizers maximize yields and support sustainable agriculture

Our fertilizers provide an effective source of nitrogen, the key nutrient for crop growth and development. By using nitrogen fertilizers, farmers can grow more food on their land.

### 2 Crops sequester carbon dioxide

Our fertilizers are essential to maintaining crop and soil nutrient health. High quality soil maximizes farm yields and ensures healthy crops, which in turn naturally sequester carbon dioxide to help fight climate change.

### 3 Efficient farming reduces land sequestration

Fertilizers help farmers maximize the use of existing farmland. This reduces the need for new land to be sequestered, which therefore reduces greenhouse gas (GHG) emissions by limiting deforestation.



## HOW WE PROMOTE SUSTAINABLE AGRICULTURE

### 1 Developing more effective fertilizers

In addition to producing high quality conventional fertilizers, such as UAN and CAN, we have invested in research and technology to develop innovative products like **Exacote**, a range of eco-friendly coated fertilizer blends specifically formulated for a wide range of crops and nutrient requirements. Our CAN is also ICFS certified with a CO<sub>2</sub> footprint that is 75% lower than the industry average.

### 2 Promoting nutrient stewardship through farmer education

In Europe, we educate farmers on fertilizer application, storage, **provide digital resources**, and work with organizations to encourage **sustainable farming**. In the US, we support the 4R Nutrient Stewardship program through our membership in The Fertilizer Institute (TFI).

### 3 Responsible supply chain

We promote sustainable agriculture and nutrient stewardship through our supply chain, which begins with sourcing natural gas and ends at our agricultural and industrial customers. We work diligently to ensure every aspect of our business operates optimally, and promote best practices through our Supplier Code of Conduct.

Contribution to SDGs





# GREENER FUEL SOLUTIONS

## Case study Biofuels for a greener future

In order to meet the energy-related targets set by the SDG's, the world needs to triple its transport biofuel consumption by 2030

### WHAT WE DO

We are a global leader in the production of bio-methanol made from renewable biomethane.



#1

Global bio-methanol producer



2.9MT

Proportionate methanol capacity

### HOW WE MAKE BIO-METHANOL

We produce bio-methanol from biomethane sourced from waste digestion plants.

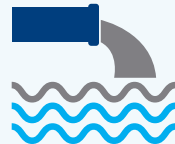
Feedstocks include:



Food waste



Manure



Sewage sludge



Municipal organic waste

The entire supply chain from feedstock to end customer meets the highest sustainability standards, certified by ISCC EU and audited by SGS, Dekra, and SCS Global.

### HOW THIS HELPS REDUCE OUR CARBON FOOTPRINT

Using biomethane as a feedstock means we consume less conventional natural gas and help reduce harmful methane emissions from waste sources that would otherwise be released into the air.



### WHAT BIO-METHANOL CAN BE USED FOR

When used as a biofuel, bio-methanol has a 60% GHG savings versus petrol, helping to decarbonize the transport sector.



60%

GHG savings when bio-methanol is used as fuel versus petrol

Bio-methanol can also be used as a green building block for a range of products, including bio-MTBE, bio-DME, biohydrogen, synthetic biofuels, silicones, plastics, paints, and other chemical applications.

Contribution to SDGs



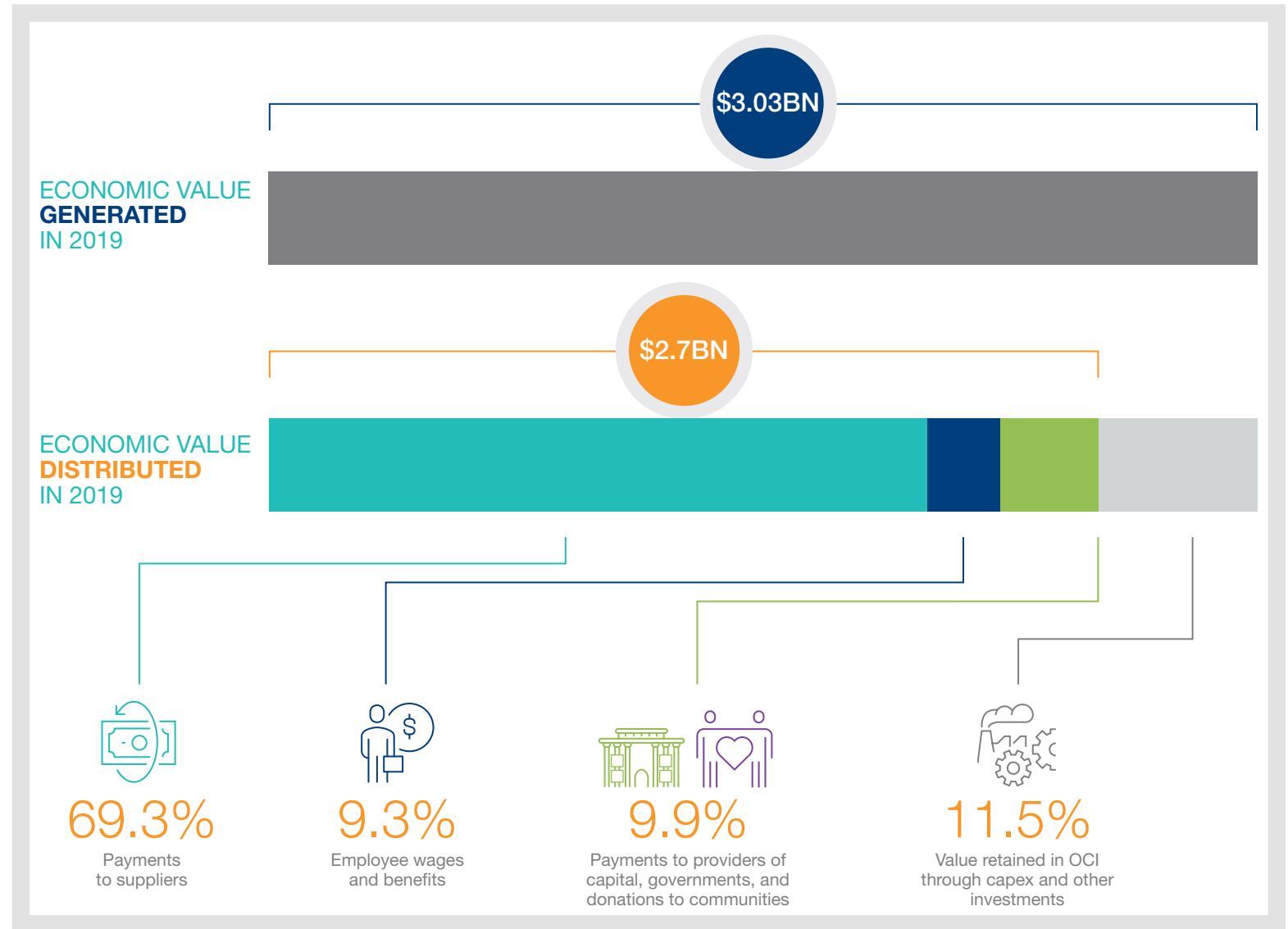
# HOW WE CREATE VALUE FOR OUR COMMUNITIES

We strive to support the economic and social well-being of our communities through strong local community engagement programs and partnerships.

Our operations directly and indirectly create significant economic opportunities for our communities in both developed and developing countries through payments for goods and services, job creation, improved farmer productivity, taxes, research and development, and donations to develop the communities in which we operate.

We have invested more than \$5 billion in growth and improvement projects in under a decade, which has created thousands of ancillary businesses and job opportunities.

In 2019, we created \$3.03 billion in value, of which 88.5% was redistributed. The balance was reinvested in OCI, primarily as capex for BioMCN M2.



Contribution to SDGs



## HOW WE CREATE VALUE FOR OUR COMMUNITIES CONTINUED

### A tailored approach to each community

We have cultivated local social development programs tailored to the specific needs of each of our communities to maximize the impact of our donations. In addition to our sponsorships and financial contributions to various causes, our employees personally invest their time in our local communities by participating in fundraisers and volunteering at events.

In 2019, we continued to focus on investing on the social causes that matter to each of our communities. Our tailored approach allows us to create a meaningful and sustained impact. Please refer to **Our Stories** for examples of how we create value for our communities.



#### EDUCATION

We endow time and resources into the entire education value chain, from donating school supplies to children in need and rewarding high achievers by funding university scholarships and providing on-site training opportunities.

Our local operations have worked hard to encourage students of all ages to pursue an education in fields of science, technology, engineering and mathematics (STEM) through various initiatives. We also participate in programs specifically designed to encourage girls to pursue STEM, such as Girlsday.

In 2019, 3,890 students and young professionals benefited from the training or education opportunities availed through the programs we participated in or sponsored in Europe, the United States, and North Africa.



#### SOCIAL CAUSES

Our plants pay close attention to the social causes that matter to each community to effectively participate in local development. Such causes include sponsoring or donating time to local sports teams, music and arts festivals, food banks, toy runs, youth programs, and animal rights causes.

In addition, we have strong ties to local healthcare initiatives that provide necessary physical, mental, and emotional support to our communities. Our plants work with trusted partners focusing on the issues that significantly impact their communities, including elderly care centers, cancer treatment and support, essential supplies for the underprivileged, and programs that encourage healthy living.

3,890  
Students reached  
in 2019

300,000  
Meals provided in  
South East Texas over the last 6 years

#### Contribution to SDGs



## OUR EMPLOYEES

Our people are fundamental to our success. We strive to create a safe and encouraging workplace where there is mutual trust and respect towards and amongst employees. We promote excellence in every aspect of our operations by investing in our people to foster their development and encourage their passion to excel.

### A local employer, globally

We are proud to have cultivated a strong community focused identity as a local employer with 3,147 employees around the world. We have a commitment to maximize the use of local resources whenever possible by drawing local people into our company and developing their skills, and by choosing local partners where possible to supply materials and other services.

### Living wage

We are mindful of the importance of ensuring that all employees are fairly compensated and have crafted our local compensation frameworks using each country's living wage as the baseline. We believe that when an employee can afford their family's needs including discretionary income, they are more motivated to succeed. We consistently rank amongst the top quartile of employers by annual compensation in each of our communities.

In addition to top quartile compensation, we offer employees a range of benefits, including but not limited to health insurance, retirement plans, parental leave, and other non-financial benefits in line with local employment laws.

**100%**  
top quartile in compensation  
across our communities, well above  
livable wage levels

**6.5%**  
Improvement in women  
employed versus 2018

### Diversity and inclusion

Our employment strategy has resulted in a diverse global workforce encompassing 24 nationalities located in ten countries, with multiple ethnicities, religious beliefs, cultures, ages, and other traits working together respectfully and with a shared sense of purpose.

Our Code of Conduct requires all employees to act with honesty and integrity to foster a business environment that protects the rights and interests of all stakeholders. Our Code of Conduct also highlights our zero-tolerance policy for any form of harassment or bullying. Employees are required to treat all individuals with respect, tolerance, dignity, and without prejudice to create a mutually respectful, collaborative, and positive working environment. We do our utmost to provide employees with a safe environment to address any issue directly with

management, and through our Whistleblowing Policy we also provide a confidential procedure to raise any concerns, instances of discrimination, and other breaches to our Code of Conduct.

Though we operate in traditionally male dominated industries, we are working to improve our gender diversity in both technical and non-technical roles and at all levels of our organization. We have made significant strides in recent years, including adding two women to our Board in line with our Board Diversity & Inclusion (D&I) Policy. Women as a percentage of total employees increased to 9.0% in 2019 from 8.8% in 2018. We will continue to work towards increasing gender diversity while continuing to hire or promote based on merit.

### OUR EMPLOYEE ENGAGEMENT PRIORITIES

- **Diversity:** increase gender diversity and inclusion across the group
- **Development:** increase training and development opportunities for all employees
- **Dependability:** maintain our low voluntary turnover rates at under 3%
- **Drive:** provide employees with the resources they need to feel engaged, empowered, and driven to deliver

### OUR HUMAN RIGHTS POLICY PRINCIPLES

- No forced or child labor
- No harassment or discrimination
- Safe and healthy workplace
- Fair compensation and living wage
- Equal employment
- Freedom of association and collective bargaining

## OUR EMPLOYEES CONTINUED

### Talent development

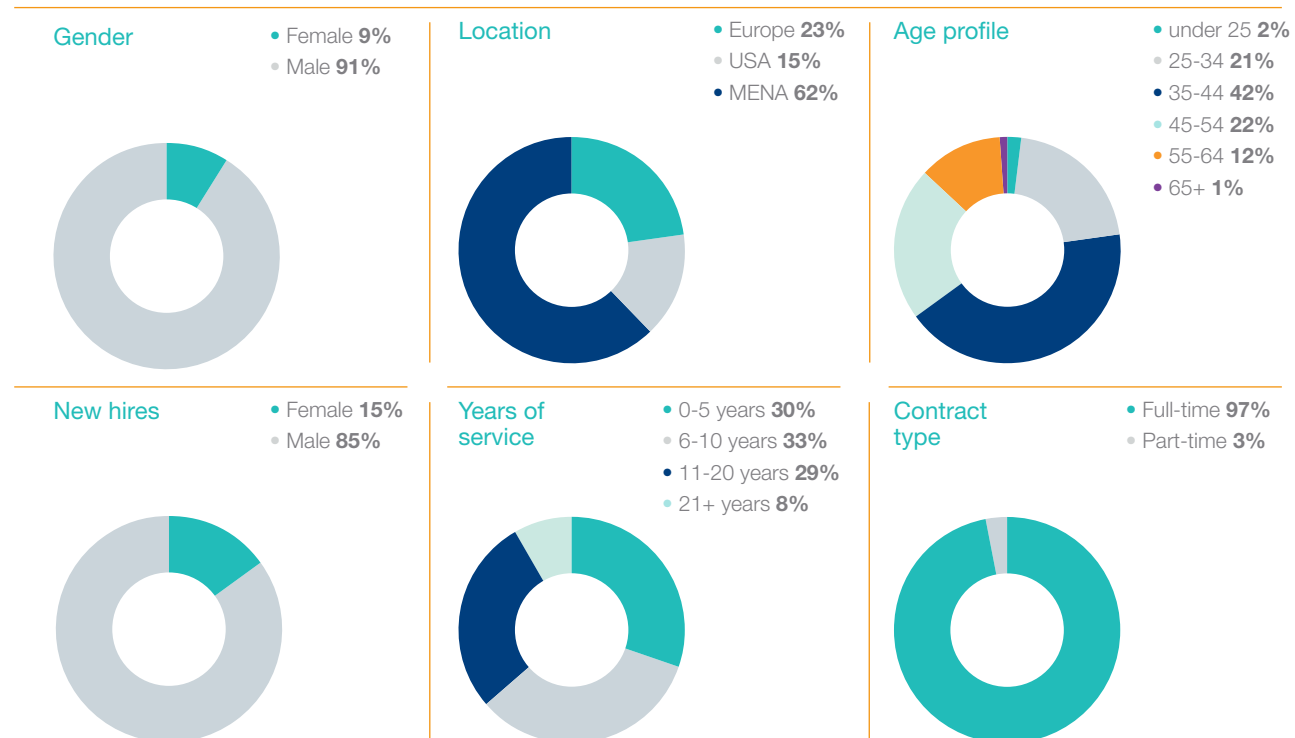
We are committed to fostering an environment that encourages individuals to seek opportunities for professional growth and enrichment. We recognize the importance of training and development of new employees, improving the performance of experienced employees, and building future leaders. We invest in our employees through training and development programs focused on professional growth and enrichment. Opportunities are tailored to the needs of each employee, and can include on-the-job practical training programs, sponsoring higher education, mentorships and leadership programs for succession planning, and online courses.

### Human rights and working conditions

We are committed to respecting and promoting human rights and safe working conditions. We conduct all business activities responsibly, efficiently, transparently, and with integrity and respect towards all stakeholders. This expectation extends to our suppliers and business partners, who are required to conduct their business according to the principles included in our Supplier Code of Conduct.

These principles are based on global human rights standards, including the International Bill of Human Rights, the International Labour Organization's declaration on Fundamental Principles and Rights at Work, and the United Nations International Children's Emergency Fund (UNICEF). Accordingly, our suppliers cannot use forced or child labor, or engage in slavery or human trafficking.

These principles also form part of our Human Rights Policy, which falls within our Compliance Framework and aims to ensure that salient human rights issues potentially arising through our supply chain are tackled effectively. We perform customary due diligence to ensure our suppliers and business partners are compliant, and have an anonymous reporting hotline where employees can report suspected violations throughout our supply chain.



Employee metrics exclude Fertil to facilitate comparability between 2018 and 2019

## OUR EMPLOYEES CONTINUED

Workplace profile	Unit	2018	2019
<b>Total Employees*</b>	#	<b>2,933</b>	<b>3,037</b>
Full-time	#	2,870	2,944
Part-time	#	63	93
<b>Engagement and development</b>			
Voluntary turnover rate	%	1.0	2.5
Employee Absenteeism	%	2.27	2.26
Employees covered by Collective Bargaining or Unions	%	41.4	42.2
Average spending on training and development	\$ / employee	1,727	1,562
<b>Diversity</b>			
<b>Women</b>	%	<b>8.8</b>	<b>9.0</b>
Woman in Technical roles	%	1.0	1.1
Woman Non-Technical roles	%	7.8	7.9
<b>Age profile</b>			
under 25	%	1.8	1.7
25-34	%	23.5	21.3
35-44	%	39.2	41.8
45-54	%	22.5	22.3
55-64	%	12.3	12.1
65+	%	0.6	0.8
<b>Years of service*</b>			
0-5 years	%	24.9	30.4
6-10 years	%	33.1	33.1
11-20 years	%	32.8	28.5
21+ years	%	11.0	8.1

\* 2018 breakdown by years of service was incorrectly reported last year. This has been corrected

# 3,037

Direct employees  
(excluding Fertil) in 2019

# \$1,562

Average value of training  
investment per employee

# 17.0%

Increase in female employees  
in technical roles

# 42.2%

Employees covered by collective  
bargaining or unions

# 2.5%

Voluntary turnover rates

# 24

Nationalities in our  
global workforce

# HEALTH AND SAFETY

We are committed to providing a safe and healthy workplace for all employees. We implement the highest international safety standards to avoid any potential risks to people, communities, assets or the environment.

**Our approach focuses on the following HSE priorities:**

1. COMMITMENT TO ZERO INJURIES
2. FOCUS ON OPERATIONAL EXCELLENCE
3. CONTINUOUS IMPROVEMENT OF OUR PROCESSES
4. HEALTH AND WELLNESS OF ALL EMPLOYEES
5. PRODUCT STEWARDSHIP

We believe that the health and safety of our employees is essential to the successful conduct and future growth of our business and are in the best interests of our stakeholders.

## 1. COMMITMENT TO ZERO INJURIES

Safety is a core focus in every aspect of our operations. Our goal is to achieve leadership in safety and occupational health standards across our operations by fostering a culture of zero injuries at all our production facilities, and continuously improving health, safety and environmental monitoring, prevention and reporting across our plants.

We have integrated this goal into our corporate values, and into the programs and policies of each of our production facilities. Safety is considered an integral part of plant operation, quality control, cost reduction and efficiency, and we are committed to providing resources to enable this.

### Occupational safety

While we met our safety targets in 2019, we suffered more lost time injuries as compared to 2018 with a lost time injury rate (LTIR) of 0.16 for the year. The majority of these injuries were contractor-related, as a result of increased contractor presence at our sites due to our extensive turnaround schedule.

While we are proud of every employee's diligence and attention to safety, which has brought our total recordable injury rate down by 51% since 2014, we do not take a decline in safety performance lightly. Safety remains our most important priority, and we continue to target zero incidents every year.

Accordingly, we maintain an awareness program and refresher sessions for all employees as part of our training program.

We will continue to promote a strong safety culture and focus on targeting zero injuries across our organization, both with our own employees and with contractors.

## 2. FOCUS ON OPERATIONAL EXCELLENCE

We promote excellence in every aspect of our operations to ensure a safe and healthy work environment, protect our communities, and optimize operational costs. We continuously train all employees to implement the best sustainable practices and maintain our focus on operational excellence.

### Process safety

We implement a process safety management (PSM) framework across our sites, which was developed based on international industry best practices and standards including the U.S. OSHA Process Safety Management regulations and AIChE Technology Alliance – Center for Chemical Process Safety (CCPS) information. Our PSM is further enhanced by case studies on industry incidents and lessons learned.

We track process safety incidents (PSI's) in three categories of severity, and take all incidents very seriously. We have achieved a 32% reduction in our PSI's since 2015 to 17 in 2019. Most incidents were related to minor leaks or releases of substances as a result of an equipment failure or operator error, all of which were immediately contained with no further impact. We continue to work diligently to achieve zero PSI's at all our sites every year.

## 2019 SAFETY SCORECARD

### Recipients of the 2019 OCI NV Safety Award

9.85

Million man hours worked

4

Plants achieved zero LTI's

63%

Reduction in employee LTIR in 6 years

2

Smoking free sites

7M

EFC's man-hours worked without a lost time injury

51%

Reduction in total TRIR in 6 years

ZERO

OCI Beaumont achieved 0 TRIRs for the fourth consecutive year

69%

Reduction in employee TRIR in 6 years

2.26%

Occupational illness rate

5M

EBIC's man-hours worked without a lost time injury

HSE performance metrics exclude Fertil to facilitate comparability between 2018 and 2019

# HEALTH AND SAFETY CONTINUED

## Global management and quality assurance standards

Our assets hold global certifications recognizing the quality of our products and management processes, including ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, and OHSAS 18001 Occupational Health and Safety Management Systems. Other certifications include REACH, International Sustainability and Carbon Certification (ISCC), NTA8080 (Biomass Sustainability Certification), Fertilizers Europe Product Stewardship, and OCI Beaumont is an OSHA VPP Star Site.

## 3. CONTINUOUS IMPROVEMENT OF OUR PROCESSES

We regularly assess our HSE management systems to ensure our processes enable operational excellence. We do so through internal HSE audits, performance reviews, incident analysis, and groupwide knowledge sharing. We reward HSE excellence, encourage best-practice sharing across our sites, and provide additional support wherever needed to ensure all sites meet or exceed our standards.

## 4. HEALTH AND WELLNESS OF ALL EMPLOYEES

Occupational health and general well-being is part of our overall HSE management, and we implement wellness programs across the organization to ensure that everyone working at OCI remains healthy.

A Fitness for Duty Process is set up to ensure that each employee can safely perform the essential physical and mental requirements of the job. A Health Risk Assessment Process is in place to estimate the nature and probability of adverse health effects to employees.

## 5. PRODUCT STEWARDSHIP

Product stewardship ensures that our products and their raw materials, additives and intermediate products are processed and manufactured, handled, stored, distributed and used in a way which safeguards health, occupational and public safety, the environment, and which ensures security.

We use the best available technologies to minimize our carbon footprint, and implement the Product Stewardship guidelines developed by Fertilizers Europe and International Fertilizer Association (IFA) throughout our production processes to monitor and minimize our environmental, health and safety impact from feedstock to farmer.

We comply with international standards as members of IFA, Fertilizers Europe, The Fertilizer Institute (TFI), and the International Methanol Producers & Consumers Association (IMPCA), among others.

## 2019 SAFETY SCORECARD

Safety (cases per 200,000 hours worked)	2018	2019
<b>Total hours (million)</b>	<b>9.67</b>	<b>9.85</b>
<b>Lost Time Injury Rate - total</b>	<b>0.08</b>	<b>0.16</b>
Lost Time Injury Rate - employees	0.03	0.07
Lost Time Injury Rate - contractors	0.16	0.31
<b>Total Recordable Injury Rate - total</b>	<b>0.39</b>	<b>0.41</b>
Total Recordable Injury Rate - employees	0.30	0.34
Total Recordable Injury Rate - contractors	0.53	0.51

Plant certifications					
Plant	ISO 9001	ISO 14001	OHSAS 18001	REACH	Others
OCI Nitrogen	✓			✓	Fertilizers Europe Product Stewardship ISCC Plus Certification (green ammonia)
BioMCN	✓	✓		✓	International Sustainability and Carbon Certification (ISCC) (bio-methanol) NTA8080 (Biomass Sustainability Certification)
OCI Beaumont	✓	✓			OSHA VPP STAR
EFC	✓	✓	✓	✓	DEF added to ISO 9001
EBIC	✓	✓	✓	✓	
Sorfert				✓	

HSE performance metrics exclude Fertil to facilitate comparability between 2018 and 2019



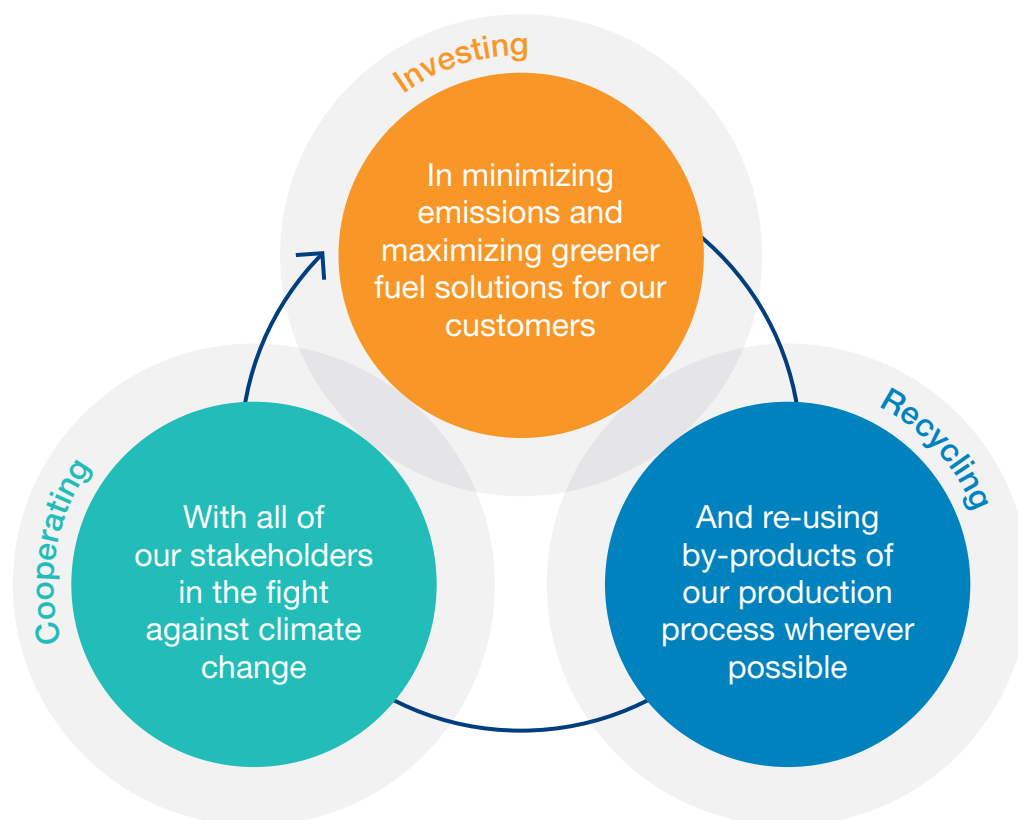
# OUR APPROACH TO CLIMATE CHANGE

We are committed to being an environmental steward and have aligned our strategy to the world’s goal of combating climate change, as established through the 2015 Paris Climate Agreement.

As a producer of nitrogen-based products, our production processes create greenhouse gases. However, our nitrogen fertilizers are essential to achieving the crop yields necessary to meet global food demand. Other products in our portfolio such as methanol and DEF are important contributors to the development of cleaner fuels. Through their respective cycles, our end products all contribute positively to the fight against climate change by aiding the sequestration of carbon in farming, land reclamation, and the elimination of vehicle emissions.

With production facilities in five countries around the world, our operations are subject to different environmental regulations, but we are unequivocal in our goal to reduce our environmental impact wherever possible. This has been our policy since we first became a nitrogen fertilizer player in 2008. We have invested heavily in achieving this by both minimizing our environmental footprint through continuous investment in state-of-the-art technologies, and maximizing our development of greener products, including our greener fuel solutions portfolio.

With the completion of our growth and improvement capital expenditure program, our assets are amongst the youngest and most efficient production facilities in the world. Going forward, our approach will focus on:



	Opportunities	Challenges and risks	Approach
<b>Air</b>	Continue to invest in Best Available Control Technologies (BACT) to minimize our environmental footprint and maximize our operation efficiency	Further reducing our greenhouse gas emissions to meet ambitious regional and global targets	Invest in incremental technological and process improvements, and develop long-term carbon capture solutions throughout our value chain
<b>Water and waste</b>	Continue to invest in our water management process to maximize water efficiency and maintaining our implementation of best-in-class technologies	Reducing our water usage and effluents, particularly at our plants in more water stressed locations	Increase our water re-use and recycling wherever possible, and continue to develop innovative solutions like our land reclamation project in the Egyptian desert
<b>Developing the products of the future</b>	Continue to invest in greener solutions for both conventional products and our greener fuel solutions portfolio	Scaling up the use of our greener fuel solutions through supportive legislation, subsidies, demand growth, and other regulatory and technological factors	Cooperate with governments, industry associations, competitors, customers, and other stakeholders to advocate for progress across our markets and products

# OUR APPROACH TO CLIMATE CHANGE CONTINUED

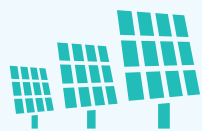
## Case study Delivering decarbonization with green ammonia

If produced globally, green ammonia could reduce global GHG emissions by more than 1%

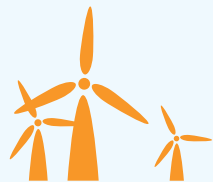
### HOW GREEN AMMONIA IS MADE

Clean Energy

Water or biogas for hydrogen



Solar power



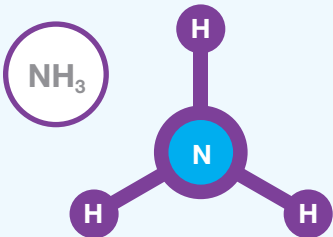
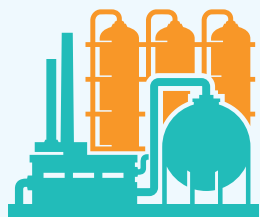
Wind power



Biogas

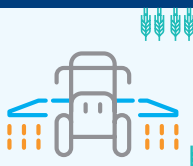


Water electrolysis



By using water electrolysis and renewable electricity, ammonia production can be made completely carbon-free.

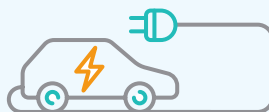
### WHAT GREEN AMMONIA CAN BE USED FOR



Fertilizer



Transportation



Fuel cell vehicle



Ammonia power plant



Refrigeration



Textiles and pharmaceuticals



Energy storage

Green ammonia has multiple carbon-free uses, including as a fertilizer, fuel, or source of energy storage.

### DEVELOPING OUR GREEN AMMONIA CAPABILITIES

**Decarbonizing our ammonia production**  
We are evaluating green ammonia initiatives across our ammonia production portfolio.

**6.9MT**  
Gross ammonia capacity

**2.4MT**  
Merchant ammonia capacity



**First in Europe**  
Our Dutch fertilizer complex successfully produced and sold green ammonia in 2019, the first ammonia producer in Europe to add ISCC+ certified green ammonia produced from bio-methane to its portfolio.

Contribution to SDGs



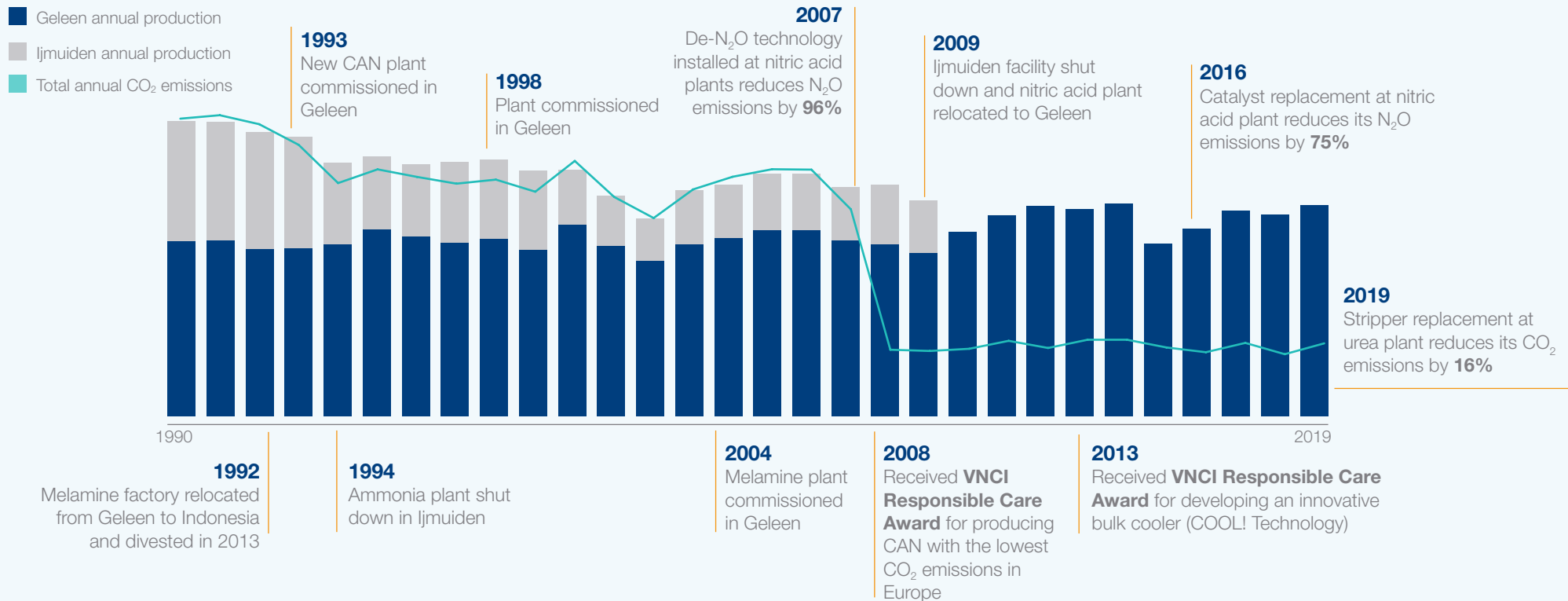
# OUR APPROACH TO CLIMATE CHANGE CONTINUED

## WORKING TOWARDS EUROPE'S EMISSIONS TARGETS

Our Dutch facilities are a driving force in reducing the Dutch chemical industry's impact on climate change, in line with Europe's announced targets to be carbon neutral by 2050.

As an example, our Dutch nitrogen subsidiary, OCI Nitrogen, has a long history of investing in reducing its carbon footprint. These investments and initiatives have resulted in a 60% reduction in CO<sub>2</sub> emissions since 1990, well ahead of Europe's ambitious targets and an example of our long-standing commitment to environmental stewardship. We are proud of our contributions to the Dutch economy as a producer, a leading employer, and a community supporter.

### WHAT WE HAVE ACHIEVED



## OUR APPROACH TO CLIMATE CHANGE CONTINUED WORKING TOWARDS EUROPE'S EMISSIONS TARGETS

### WHAT WE HAVE ACHIEVED

# -60%

Reduction in **Geleen and Ijmuiden complexes' total CO<sub>2</sub> emissions** since 1990

# +20%

Increase in production at **Geleen complex** since 1990

# -39%

Reduction in **Geleen complex's CO<sub>2</sub> emissions** since 1990

# -49%

Reduction in **Geleen complex's CO<sub>2</sub> intensity** since 1990

# 0.54

**Geleen complex's 2019 CO<sub>2</sub> intensity** (CO<sub>2</sub> produced/ton)

### HOW WE'RE MOVING FORWARD

We will continue to invest in best-in-class technologies and innovative alternative solutions to combat climate change and achieve Europe's GHG reduction targets. Some of our initiatives include:

#### GREEN PRODUCTION USING BIOGAS

OCI Nitrogen and Re-N Technology are developing a large-scale biogas plant on the Chemelot industrial site. The project, called Zitta® Biogas Chemelot, aims to make a significant contribution to reducing the Netherlands' surplus manure. It will also lower OCI Nitrogen's GHG emissions, making the complex more sustainable. The project has received through a renewable energy subsidy called SDE+ from the Dutch government.

#### WASTE STEAM GASIFICATION

OCI Nitrogen is developing a waste gasification concept to make green hydrogen from waste streams that can be converted to ammonia. This will reduce GHG emissions at a large and replicable scale through the more efficient and circular use of municipal waste. This first-of-its-kind installation is aimed to be built at the Chemelot location

#### ISCC+ CERTIFIED GREEN AMMONIA

In May, OCI Nitrogen became the first producer in Europe to use bio-methane to produce and sell green ammonia. The sustainable product and mass balance system is ISCC+ certified, and enables customers to produce more sustainable downstream products.



#### CARBON CAPTURE AND STORAGE

OCI Nitrogen is developing a carbon capture and storage project where a significant portion of its ammonia plants' CO<sub>2</sub> emissions would be liquified and transported to the Port of Rotterdam's CO<sub>2</sub> Transfer Hub and Offshore Storage, which would receive and store CO<sub>2</sub> in the empty gas fields under the North Sea.

## OUR APPROACH TO CLIMATE CHANGE CONTINUED

### Case study

## Working towards Europe's emissions targets

We continuously invest in improving the environmental impact of our production facilities.

Our investments come in several forms, including implementing Best Available Control Technology, upgrading equipment, or developing more efficient processes and products.

In 2019, we replaced the stripper in OCI Nitrogen's urea plant. The new stripper has an optimized design and more sophisticated construction material. Together with some other modifications, this investment has allowed the urea plant to:

- ✓ Reduce energy consumption by 20%
- ✓ Reduce annual GHG emissions by 16%
- ✓ Increase urea capacity by 5%

This project allowed OCI Nitrogen to meet the Dutch government's energy efficiency directive target for 2019.

In addition to installing the stripper, we installed more than a kilometer of new piping. The project was completed in over 70,000 man-hours without any safety incidents.



20%

Improvement in urea plant energy consumption

16%

Reduction in urea plant's annual GHG emissions

5%

Increase in urea plant capacity

0

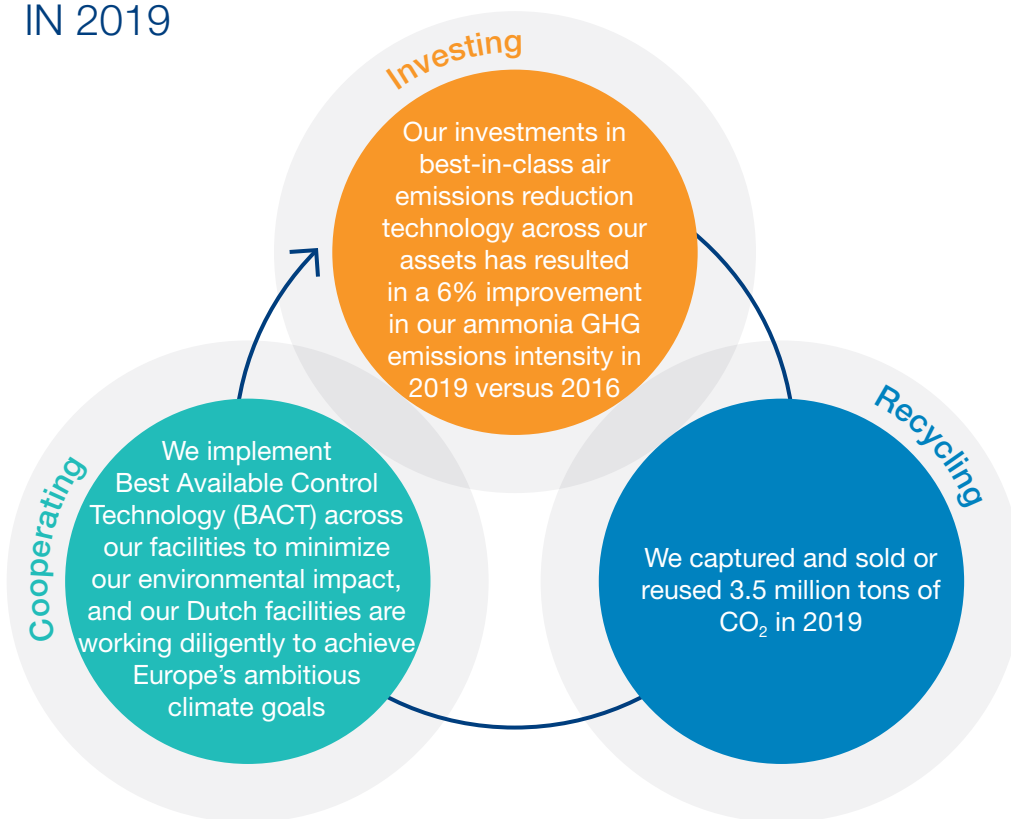
Recordable Injuries

70K

Man-hours

# OUR ENVIRONMENT

## HOW WE DID IN 2019



### Capturing Carbon Dioxide in our processes

Our production facilities emit greenhouse gases directly from the conversion of natural gas into our products, and indirectly through the generation of purchased electricity and steam. We diligently work to minimize our carbon dioxide (CO<sub>2</sub>) emissions by investing in reduction technologies, recycling CO<sub>2</sub> within our downstream processes, and selling CO<sub>2</sub> to third parties. In 2019, we:

### Minimizing our NOx and N<sub>2</sub>O impact

We have worked diligently to reduce nitrogen oxide (NOx) and nitrous oxide (N<sub>2</sub>O) emissions, which are significantly more harmful than CO<sub>2</sub>. We have installed best available technologies at all of our nitrogen fertilizer production facilities to achieve in best-in-class results: our global N<sub>2</sub>O emissions are 91% lower than the global average for nitric acids plants, and our overall NOx emissions are 52% lower than the global average for nitric acid plants.



Sold 0.37 million tons of CO<sub>2</sub> to other industrial users

Purchased 55 thousand tons of CO<sub>2</sub> to produce methanol



Captured 3.14 million tons of CO<sub>2</sub> by recycling it in our production processes

### REDUCING EMISSIONS EQUIVALENT TO...

**760K**

Passenger vehicles driven for one year

**152M**

Trash bags of waste recycled instead of landfilled

**3.9BN**

Pounds of coal burned

**8.2M**

Barrels of oil consumed

### ... AND EQUIVALENT TO CARBON SEQUESTERED BY

**4.7M**

Acres of US forests in one year



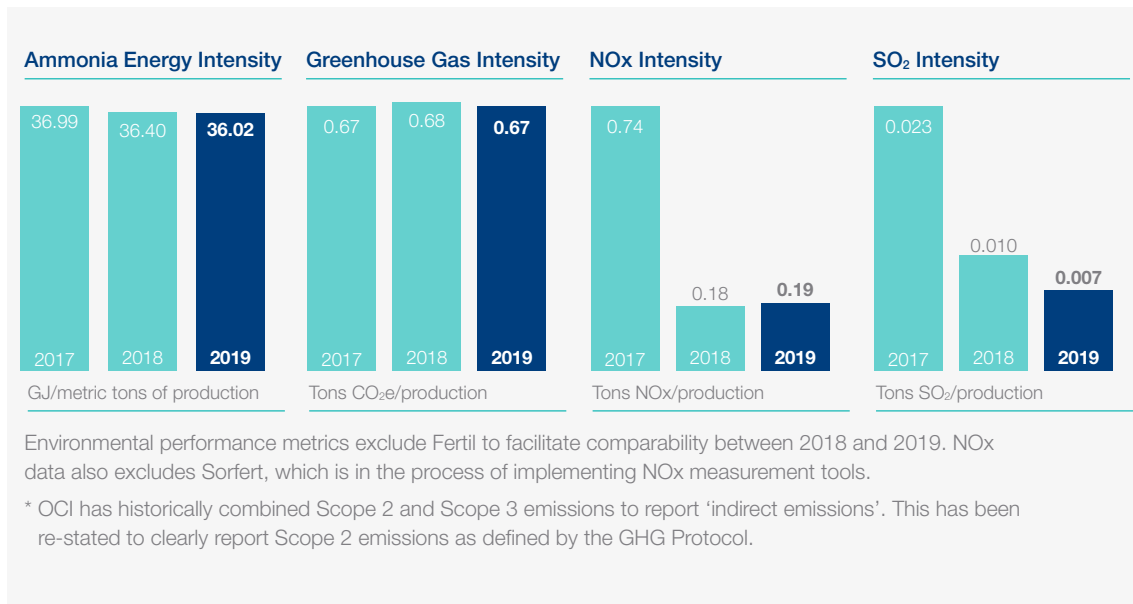
Source: EPA Greenhouse Gas Equivalencies Calculator



# OUR ENVIRONMENT CONTINUED

## 2019 ENERGY AND AIR EMISSIONS SCORECARD

OCI Ammonia plants		Unit	2018	2019
Energy consumption	TJ		170,760	<b>167,698</b>
Energy intensity	GJ / metric ton gross production		36.40	36.02
OCI consolidated		Unit	2018	2019
Energy Consumption	TJ		225,539	230,050
Energy Intensity	GJ / ton gross production		18.27	19.02
GHG emissions (scope 1)	Million tons of CO <sub>2</sub> e		7.96	7.79
GHG emissions (scope 2*)	Million tons of CO <sub>2</sub> e		0.31	0.30
GHG intensity	ton CO <sub>2</sub> e / ton gross production		0.68	0.67
NOx	metric tons		1,794	1,943
N <sub>2</sub> O	metric tons		99	143
SO <sub>2</sub>	metric tons		126	87



10%

Improvement in group energy intensity since 2016

7%

Improvement in ammonia energy intensity since 2016

69%

Reduction in SO<sub>2</sub> emissions since 2017

91%

N<sub>2</sub>O emissions are 91% lower than global average for nitric acid plants\*\*

57%

Ammonia capacity under 10 years old versus 70% of industry over 20 years old

3%

Improvement in group GHG emissions intensity since 2016

6%

Improvement in ammonia GHG emissions intensity since 2016

74%

Reduction in NOx emissions since 2017

52%

NOx emissions are 52% lower than global average for nitric acid plants\*\*

56%

Total capacity under 10 years old; youngest asset base compared to peers

\*\* IFA 2017 global emissions benchmark

## OUR ENVIRONMENT CONTINUED

### HOW WE DID IN 2019

#### Conscientious Water Management

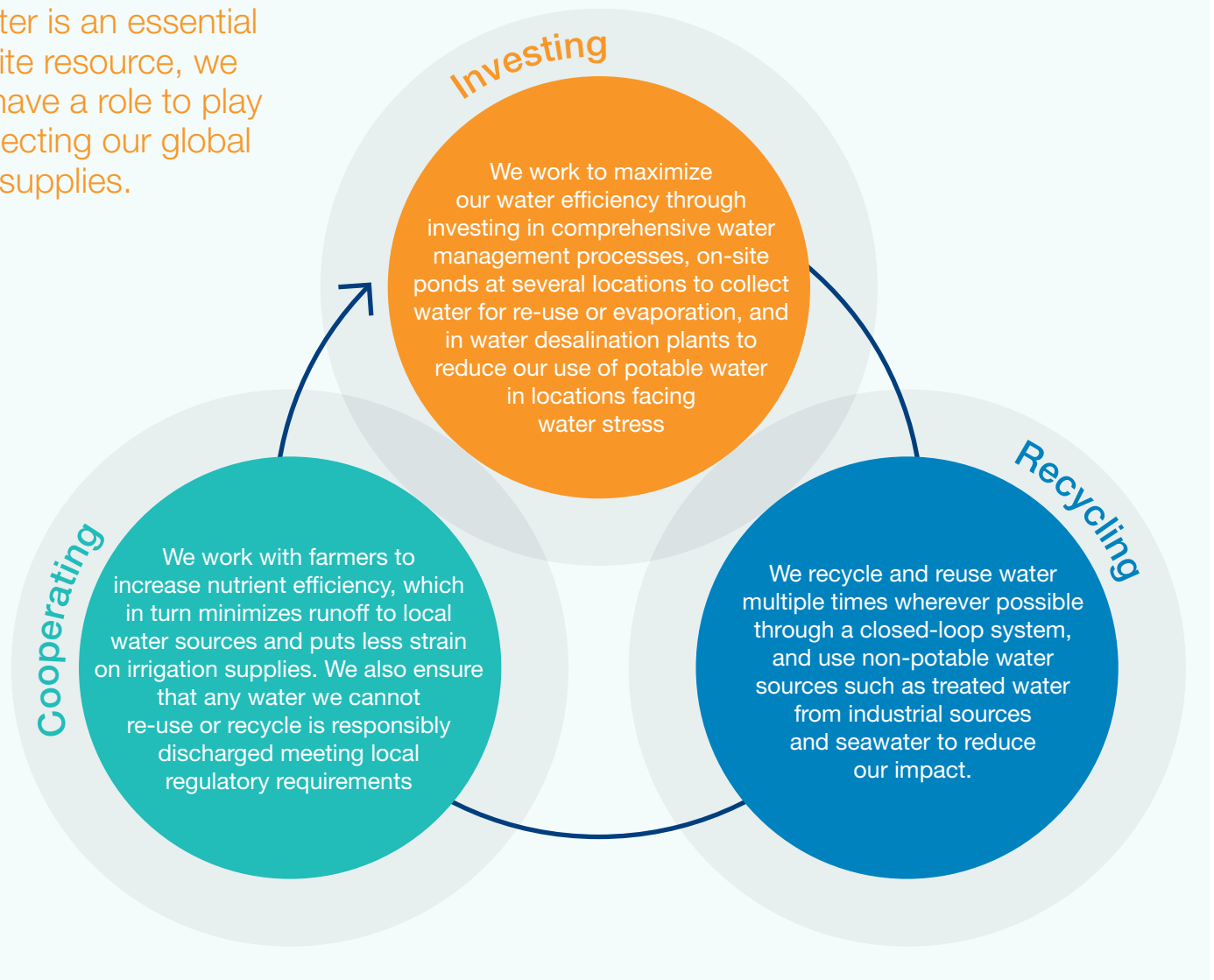
We primarily use water in our production processes for cooling, steam generation, or in our downstream aqueous products.

Our water management processes implement best available technologies wherever possible to reduce our water use and maximize re-use and re-cycling of water in our production processes to minimize our water discharge and our need for fresh water.

We closely monitor our water withdrawals and discharges at every facility and ensure any discharged water is treated to meet applicable environmental requirements and safely discharged. At several facilities, including those in Egypt and Iowa, we have invested in on-site pools to safely evaporate discharged water, or treat the collected water for irrigation. Some of our facilities benefit from interconnections with neighboring plants, allowing them to safely recycle water for use in other facilities' production processes.

We continuously review our water management processes, our water use, and evaluate ways in which we can improve our water stewardship at every facility.

As water is an essential but finite resource, we each have a role to play in protecting our global water supplies.





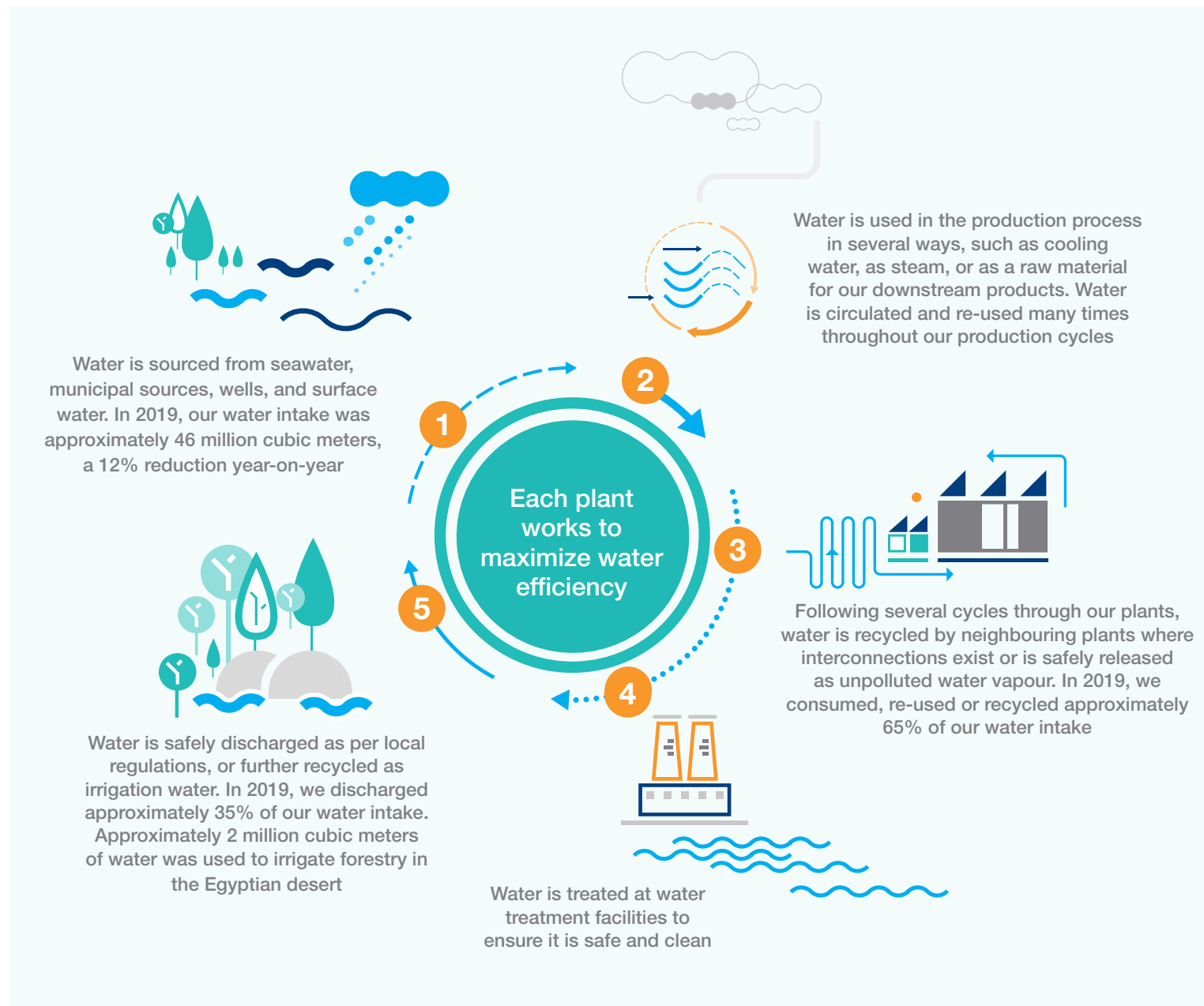
# OUR ENVIRONMENT

## HOW WE DID IN 2019 CONTINUED

### Waste and spills

Our production processes for nitrogen and methanol products are not waste intensive resulting in limited by-products, and our distribution processes are primarily bulk shipments with minimal packaging required. Each facility monitors its hazardous and non-hazardous waste through active waste management programs. We minimize potential waste leakage or spills through primary and secondary containment systems that are regularly inspected.

In 2019, our facilities reported 36 environmental incidents, a 27% decrease over 2018. Of these incidents, one would be considered significant. In August, a NOx cloud escaped from a nitric acid plant at OCI Nitrogen. This was quickly contained with no injuries or exposure. OCI Nitrogen has launched a program designed to address this and prevent future incidents.



## OUR ENVIRONMENT CONTINUED

### 2019 WATER & WASTE SCORECARD

#### Land reclamation in the Egyptian desert

EFC is the only plant in Egypt that has implemented a novel solution to the large quantity of water produced as a by-product of the urea manufacturing process.

In 2010, we invested \$1.2 million for the construction of two irrigation ponds capable of holding up to 10,000 cubic meters of water. In 2018, we added a third pond to increase capacity to 15,000 cubic meters.

The water is used to irrigate 50 acres of forestry that was planted by EFC in the nearby desert, contributing to essential land reclamation in the Egyptian desert and creating an additional source of carbon sequestration. The 50 acres of forestry sequester an estimated 39 metric tons of carbon dioxide a year.

#### Minimizing freshwater consumption in water stressed regions

Our Middle East and North African operations work diligently to minimize their use of freshwater given the high stress on water resources in the region. We have invested in reverse osmosis seawater desalination units on-site at all of our MENA locations.

Our assets in Egypt source more than half their water intake from the sea, and increased seawater use by 21% year-on-year.

Our Algerian facility sources 100% of its water intake from the sea.

Fertil in the UAE also sources water from the sea.

#### 2019 water intake by source

- Surface water **44%**
- Groundwater **16%**
- Seawater **40%**



**Total water intake**  
45.95 million cubic meters

#### 2019 water discharge by source

- Surface water **2%**
- Groundwater **14%**
- Seawater **40%**
- Third party **44%**



**Total water discharge**  
16.01 million cubic meters

65%

Water consumed, reused, or recycled

50

Acres of land reclaimed in the Egyptian desert through our water recycling efforts

11%

Reduction in water intake per ton of production year-on-year

27%

Improvement in environmental incidents year-on-year

26%

Reduction in water consumption per ton year-on-year

2.0

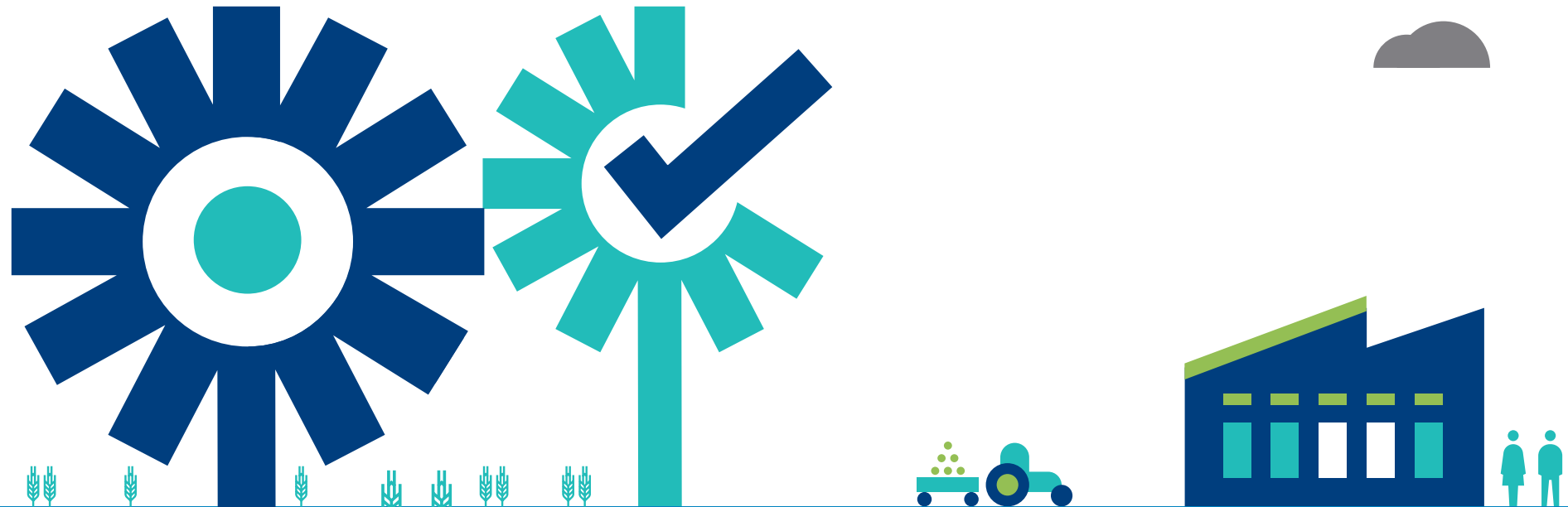
Million cubic meters of water re-used for irrigation in the Egyptian desert

2.18

Million cubic meters of total water re-used or re-cycled

72%

Water intake from seawater in high stressed regions



# 3 Risk Management and Compliance

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# RISK MANAGEMENT

## Our approach

Our businesses inherently involve risks. Our management is cognizant of these risks and takes a measured mitigation approach. Our Board and management foster a transparent company-wide approach to risk management and internal controls, driven by our conviction that risk management is most effective when it is aligned with our strategy, is integrated at all management levels, and is as dynamic as the industry and environments where we operate, allowing us to quickly act on value creation opportunities.

## Risk management framework

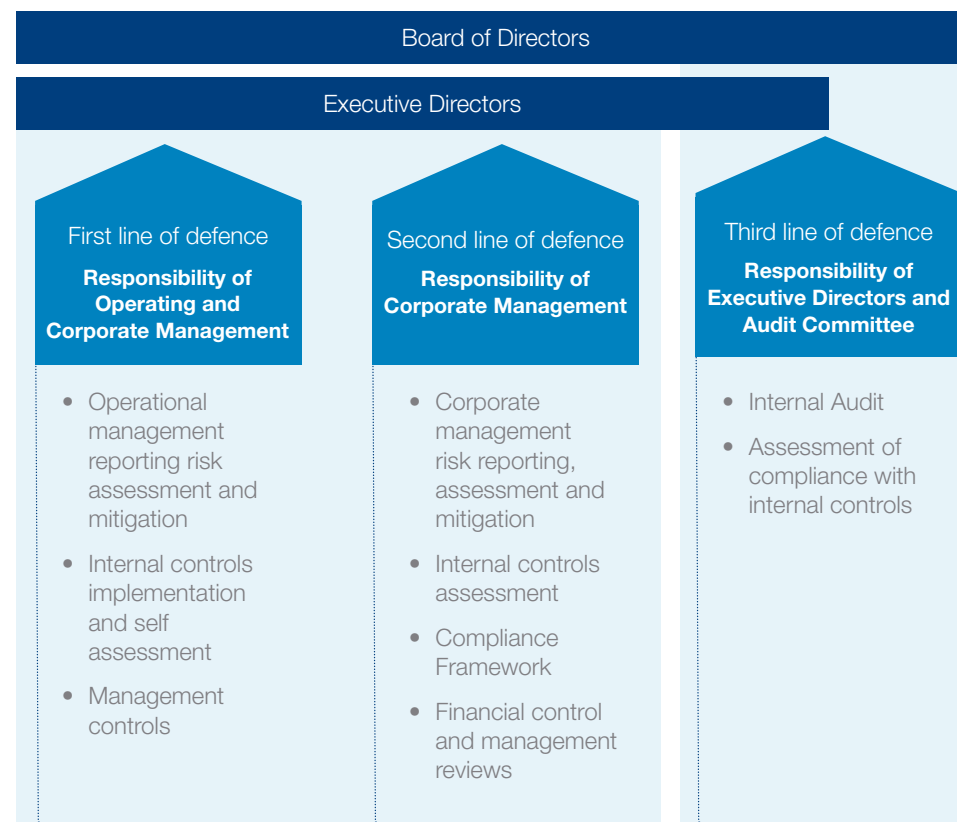
Risk management is a company-wide activity with roles and responsibilities allocated across all levels of the group to secure our in-control position. Equipped with updated insights from the market, industry and geopolitics, we follow a bottom up approach to ensure that all relevant business risks are identified, managed and reported in a timely and comprehensive manner.

The Board has the overall responsibility of maintaining a sound and effective risk management and internal control program. The Audit Committee supports the Board in monitoring our risk exposure, including the design and effectiveness of our internal control program.

The internal Audit & Risk team assists the Audit Committee, Executive management and local management by facilitating the identification of risks and the promotion of risk awareness and ownership across our organization. The team is integrated across operating companies and is centrally managed at the group level to ensure our Internal Control Framework (ICF) is properly institutionalized and applied, that we have effective and up-to-date internal control and internal audit systems in place, and that we are aligned with our external auditors.

Each quarter, executive management monitors and assesses the consolidated group risk profile comprising of strategic, operational, financial and compliance risks with the involvement of key stakeholders.

Our ICF aligns with the Enterprise Risk Management Integrated Framework of COSO and the Dutch Corporate Governance Code and is designed to provide reasonable assurance that the risks we face are properly evaluated and mitigated, and that management is provided with all information necessary to make informed decisions.



# RISK MANAGEMENT CONTINUED

## Our key business risks with management's assessment of each risk's potential development

Our risk appetite is flexible to account for our diversified market presence and product portfolio, and is tailored to four main categories. These categories tie into our strategic priorities and aim to support our ability to mitigate against risks, and protect OCI's ability to create long-term value.

### STRATEGIC

#### Description

Risks that may impede our ability to achieve strategic objectives that we believe are critical to our performance and growth. These are risks that are considered strategic matters for the Board and Executive Directors, and may impact the company as a whole.

#### Risk appetite

As a leading player in our markets, we are able to take certain calculated strategic risks that create opportunities to maximize our ability to deliver outstanding value to our stakeholders. Our ability to adapt our risk management to meet the requirements of our global positioning and diversified exposure to emerging and developed markets is key to maintaining our success.

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Economic and political conditions in the markets in which we operate	●
Egypt tax verdict appeal	●
Risk of adverse sovereign action	●

### OPERATIONAL

#### Description

Risks that may impede our ability to achieve operational objectives and performance. These risks can be internal or external, and are typically directly managed and monitored by the local management teams of each operating company and supervised by our Executive Directors.

#### Risk appetite

We aim to minimize operational risks while maximizing our ability to capitalize on our leadership positions in our markets. We strive to maximize operational efficiency and stability at all facilities while fostering a safe and entrepreneurial environment for our employees and the environment in general.

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Cost of production	●
Commodity pricing and over-supply risk	●
Business interruption	●
Business continuity and competition	●
Risks associated with our partnerships	●
Human capital	●
Cybersecurity	●

### FINANCIAL

#### Description

Risks related to financial, accounting, and reporting controls and processes that may impede our ability to meet financial commitments, obligations, and daily operating needs.

#### Risk appetite

We implement a financial strategy to maintain an efficient balance sheet whilst securing good access to financing. Our key policies are described throughout the annual report.

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Ability to raise debt or meet financing requirements	●
Currency fluctuations	●

### REGULATORY

#### Description

Risks related to changes in laws and regulations, including HSE, tax, and financial reporting, and other legislation that may require changes in the way we do business.

#### Risk appetite

We comply with applicable laws and regulations everywhere we do business. All employees are bound by our Compliance Framework, which we are continuously embedding throughout our organization. It is in our core values to act with honesty, integrity and fairness to foster a business climate that maintains such standards.

Below is a summary of our key business risks with management's assessment of each risk's potential development:

Regulatory conditions in the markets in which we operate	●
Ability to maintain our health, safety and environment (HSE) standards	●

**Risk trend:** ● Risk decreasing ● Risk stable ● Risk increasing

# STRATEGIC RISKS

Risk	Risk management approach
<p><b>Economic and political conditions in the markets in which we operate</b></p> <p>OCI does business in both developed and emerging markets, which means that we are exposed to some countries where there is a risk of political or socioeconomic instability.</p> <p>Accordingly, developments in any of the countries in which we operate can create an uncertain environment for investment and business activity and may adversely impact our business.</p>	<p>We mitigate the impact of potential weaknesses in any single market by diversifying our presence, both in terms of sales destinations and the geographic locations of our production facilities, which are located in emerging and developed markets.</p> <p>Our run-rate production capacity of 16.1 million metric tons is evenly split geographically, with 35% in the USA, 24% in Europe, and 41% in the Middle East and North Africa. In addition, we sell our products around the world, reaching 60 countries in 2019.</p> <p>We actively monitor economic, political and regulatory developments and maintain positive relationships with various governmental bodies in the countries where we operate as part of our effort to be a 'local' player in each of our markets.</p>
<p><b>Egypt tax verdict appeal</b></p> <p>In October 2012, the Egyptian Tax Authority (ETA) raised a tax evasion claim against our Egyptian subsidiary, Orascom Construction Industries S.A.E. (OCI S.A.E.). The tax dispute was related to the sale of OCI S.A.E.'s cement assets to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its tax and legal advisors believed that the aforementioned transaction was exempted of tax, management entered into a settlement agreement with the ETA to resolve the tax dispute whereby EGP 7.1 billion would be paid by OCI S.A.E. over a five-year period. The agreement was followed by payment of a first instalment of EGP 2.5 billion in 2013.</p> <p>Following the change in government, the company was fully exonerated by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The appeal is ongoing.</p>	<p>OCI S.A.E. and its local counsel believe the likelihood of a judgment in favor of the ETA is not probable. As this dispute is a legacy case prior to the demerger of the construction group that formed Orascom Construction PLC (OC) in 2015, any liabilities and any recoveries are shared under the Tax Claim Agreement on a 50:50 basis between OCI N.V. and OC. As of December 31, 2019, should the ETA win their appeal, OCI's maximum share of the tax claim would be EGP 2.3 billion, which equates to approximately \$143.3 million.</p> <p>For additional information, please refer to note 28 of our financial statements.</p>
<p><b>Risk of adverse sovereign action</b></p> <p>Our North African assets represent 28% of our run-rate production capacity. These facilities are in Egypt and Algeria, where we are exposed to a greater than average risk of adverse sovereign action, including overt or effective expropriation or nationalization of property, the renegotiation of contract terms, the implementation of export controls on commodities regarded by them as strategic, the placement on foreign ownership restrictions, or changes in tax structures or free zone designations.</p>	<p>We work closely with the governments in the countries in which we do business to maintain positive working relationships. Although there is no guarantee that the government of a location where we operate will not adopt adverse policies, we have worked to minimize this risk through watertight contracts for our assets and government agreements, and have strategically partnered with sovereign-backed entities to reduce risk of adverse sovereign action.</p> <p>Our legal team also works diligently to monitor and review our practices and any changes in laws or regulations in the countries where we operate to provide reasonable assurances that we remain in line with all relevant laws.</p> <p>Management has also drafted contingency plans for various unforeseen events and adverse scenarios.</p>

# OPERATIONAL RISKS

Risk	Risk management approach
<p><b>Cost of production</b></p> <p>Our cost of production is primarily dependent on the availability and cost of natural gas, the primary feedstock in manufacturing our products. Our costs are also subject to fluctuations in the cost of labour, other raw materials, and foreign exchange rates.</p>	<p>Our success is dependent, in part, on our continued ability to manage cost fluctuations through pricing actions and cost savings. We have hedged our global exposure to natural gas price fluctuations through a mix of long-term contracts in the United Arab Emirates, Egypt and Algeria, and spot prices in the United States and the Netherlands, where we also take calculated hedge positions.</p> <p>We continuously identify, implement, and sustain cost improvement plans, including our outsourcing projects and those related to general overhead and workforce rationalization.</p>
<p><b>Business interruption</b></p> <p>Our production facilities may experience unplanned shutdowns or utilization rate reductions, which may result in lost volumes and unplanned costs.</p>	<p>We have consistently invested heavily in best-in-class technologies at all our facilities, which maximizes reliability and efficiency. Our facilities are on average the youngest in the industry with approximately 56% of our production capacity under ten years old, which supports above average utilization rates and low maintenance costs. We have also invested heavily in our older facilities to refurbish, debottleneck, and improve efficiency and reliability.</p> <p>We have a well-developed preventative maintenance system, including scheduled maintenance turnarounds, frequent follow ups on action items from previous shutdowns, and regular knowledge-sharing amongst all sites. We maintain adequate spare parts positions and winterization procedures (where appropriate) as well as reliability initiatives where required. For large and extended shutdown events, our plants have business interruption insurance.</p>
<p><b>Business continuity and competition</b></p> <p>The industries in which we operate are highly competitive. The products we manufacture are global commodities with little or no product differentiation, and customers make their purchasing decisions principally based on delivered price. Our business continuity is dependent on our ability to maintain our competitive advantage.</p>	<p>We have a balanced product split with no single product representing more than approximately 34% of our capacity. Moreover, our diversified product mix is exposed to a variety of cyclical and seasonal patterns which mitigates the impact of an individual product's fluctuations and results in a more stable revenue stream. We also occupy a leading market position in many of our products.</p> <p>We have policies in place to respond to competitive factors and maintain mutually beneficial relationships with our key customers to effectively compete and achieve our business plans. We have global sales, marketing, distribution and logistics teams that work diligently to expand our sales channels, develop new and repeat customer relationships, negotiate favorable contracts, and create market contacts by attending various industry and trade conferences. During the year we further strengthened our competitive position with the creation of Fertiglobe, which added 2.1 million tons to our product portfolio, and provides enhanced logistical agility to better serve our customers.</p> <p>Our production and manufacturing teams also work diligently to ensure our plants operate efficiently to produce high quality products that meet or exceed international standards. Our products and processes are certified by global quality control institutions.</p>



# OPERATIONAL RISKS

Risk	Risk management approach
<p><b>Commodity pricing and over-supply risk</b></p> <p>A change in market dynamics in our industries, such as over-supply, may result in lower product prices, which would adversely impact our margins.</p>	<p>We have a balanced product split with no single product representing more than approximately 34% of our capacity. Our products have inherently different industrial dynamics, including different supply/demand drivers, seasonal cycles, customers, competitors, and other factors that may affect prices. This mitigates the risk of potential downturns in any of our products or sectors. We are also geographically diversified in emerging and developed markets to reduce market-related risks.</p>
<p><b>Risks associated with our partnerships</b></p> <p>We participate in partnerships including Natgasoline, Fertiglobe, Sorfert Algérie, Egypt Basic Industries Corporation, and N-7 LLC. Our investments in partnerships involve various economic, operational, and legal risks that are different from the risks involved in owning facilities and operations independently. In addition, our ability to apply OCI's governance and internal control standards could be affected by country specific risks and the work boundaries under our JV agreements.</p>	<p>The Shareholders Agreements for our partnerships include clauses that protect OCI's economic and operating interests as much as reasonably possible.</p> <p>We maintain close working relationships with our partners and monitor the operating and financial results of the partnerships in which we hold minority stakes or do not have management control. We retain management control and/or seats on each partnership's Board of Directors.</p> <p>In addition, we constantly review all businesses to determine whether they continue to be core assets worth retaining on a long-term basis. This is particularly applicable to businesses in which we do not have management control. If a business becomes non-core or has reached a certain level of maturity, we actively pursue monetizing the business through divestment.</p> <p>Finally, our Corporate Internal Audit &amp; Risk team performs audit reviews of our JV operations' governance, risk management, and internal controls to provide additional assurance to our Board of Directors.</p>
<p><b>Human capital</b></p> <p>Our ability to employ, develop, and retain talented employees is essential to maintain our high-quality operations and management.</p>	<p>We have been able to attract, motivate and retain knowledgeable and experienced employees due to our reputation and market position, our in-house training and talent development programs, our Employee Incentive Plans (as described in note 21 of the financial statements), as well as our strategic partnerships with industry leaders, which offer employees exposure to high profile projects and advanced technologies.</p>
<p><b>Cybersecurity</b></p> <p>Despite our IT security measures, our information technology and infrastructure may be vulnerable to cyber-attacks or breaches due to unforeseen control deficiencies. Any such breach could result in business disruption or compromise our systems and result in downtime or leak of personal and/or business sensitive data adversely affecting our reputation.</p>	<p>We continuously implement up-to-date security procedures and measures to strengthen our security posture and minimize our vulnerabilities to cyber-attacks. We believe these measures and procedures are appropriate.</p> <p>Our IT team is focused on the monitoring and enhancement of our IT security capabilities across the group for both our IT infrastructures and plant process control systems. In addition, we engage with external security experts to support the implementation of various action plans that are part of our comprehensive cyber security management system.</p> <p>Throughout the year, we run several internal and external security assessments across the group to ensure that our risk levels are appropriate. We also maintain a group wide cyber insurance program as last line of defense in case of adverse incidents. Additionally, we regularly run IT audits and security assessments with the supervision of Corporate Internal Audit &amp; Risk.</p>

# FINANCIAL AND REGULATORY RISKS

## Financial risk

### Ability to raise debt or meet financing requirements

Our ability to complete strategic acquisitions and greenfield projects or refinancing existing debt is contingent on our access to new funding.

Although we strive to ensure that adequate levels of working capital and liquidity are maintained, unfavorable financial market conditions may adversely affect our financing costs, hinder our ability to achieve additional financing, and/or hinder our ability to refinance existing debt. This could therefore have an adverse impact on our business prospects, earnings and/or our financial position.

### Currency fluctuations

A substantial portion of the Company's consolidated revenue, operating expenses and long-term debt is denominated in foreign currencies. Significant changes in the exchange rates of operational currencies, which include the US Dollar, the Euro, the Egyptian Pound, the UAE Dirham, and the Algerian Dinar, can have a material effect on the reported and actual financial performance of the Company.

## Risk management approach

We strive to maintain a strong financial position and creditworthiness with our creditors. We closely monitor our cash position and credit lines to ensure our financial flexibility. We have also diversified our funding sources to avoid dependence on a single market, and have staggered our debt maturity profile to reduce repayment burdens. OCI has robust in-house financing expertise and a proven track record in both refinancing debt and accessing new funding.

We hedge our foreign exchange cash flow risk on a consolidated basis by matching our foreign currency-denominated liabilities with continuing sources of foreign currencies.

## Regulatory risk

### Regulatory conditions in the markets in which we operate

Changes in laws, regulations and the related interpretations may alter the environment in which we do business. This includes changes in health and safety, competition and product-related laws and regulations, as well as changes in accounting standards and taxation requirements. This also includes the impact of proposed climate change related regulations at both the international and national levels, such as the EU's proposed carbon dioxide reduction targets.

Failure to comply with these laws may result in substantial fines, penalties or other sanctions such as the obligation to invest in newer equipment, permit revocations or facility shutdowns. Consequently, we may experience delays in obtaining or be unable to obtain required permits, which may delay or interrupt our operations. Our ability to manage regulatory, tax and legal matters and to resolve pending matters within current estimates may impact our results.

### Ability to maintain our health, safety and environment (HSE) standards

HSE is a vital aspect across the group. We have a deep commitment to maintaining our strong HSE track record. Despite the nature of our businesses, we aim to prevent every accident through stringent HSE rules, standards and training programs.

## Risk management approach

We actively monitor regulatory developments to ensure we comply with the laws and regulations of the countries where we operate, including climate and HSE legislation to maintain our licenses to operate. Additionally, we actively provide comments and feedback regarding proposed or draft rules when given the opportunity, specifically when the said draft rules are open for public comments.

As a result of the Paris Climate Agreement and the European Union's announced carbon dioxide emissions reductions targets, our Dutch operations are part of a group of companies engaged in the ongoing dialogue with Dutch government regarding proposed new carbon dioxide emissions regulations and additional taxes. We are also engaged in ongoing lobbying on the national and European Union levels to enhance cooperation and transparency between regulators and our industries.

We implement strict HSE training and operating discipline at every plant to minimize HSE risks, and we closely monitor our plants through regular management site visits and HSE audits, in addition to comprehensive knowledge sharing across the group. Our safety and emissions records meet or exceed international standards, underscoring our commitment to providing our employees with a safe, secure and environmentally conscious workplace.

In addition, the HSE Committee supervises our HSE activities, as described in the HSE Committee report.

# COMPLIANCE

OCI strives to conduct all business activities responsibly, transparently, and with integrity and respect towards all stakeholders. These values underpin everything we do and form the framework which defines the day-to-day attitudes and behaviors of our employees.

## Our approach

To make those values clear and provide clear ground rules for how we do business, our Compliance Framework comprises of policies that outline in specific terms what we stand for as a company and the conduct required in the workplace, in how we deal with business partners, serve our customers, and the broader responsibilities we have to the communities in which we work and live. The Compliance Framework also sets out rules on important topics such as the prohibition of bribery, dealing with confidential information and conflicts of interest, the importance of accurate record keeping and reporting, and explains the possibility of disciplinary measures when in breach of the framework.

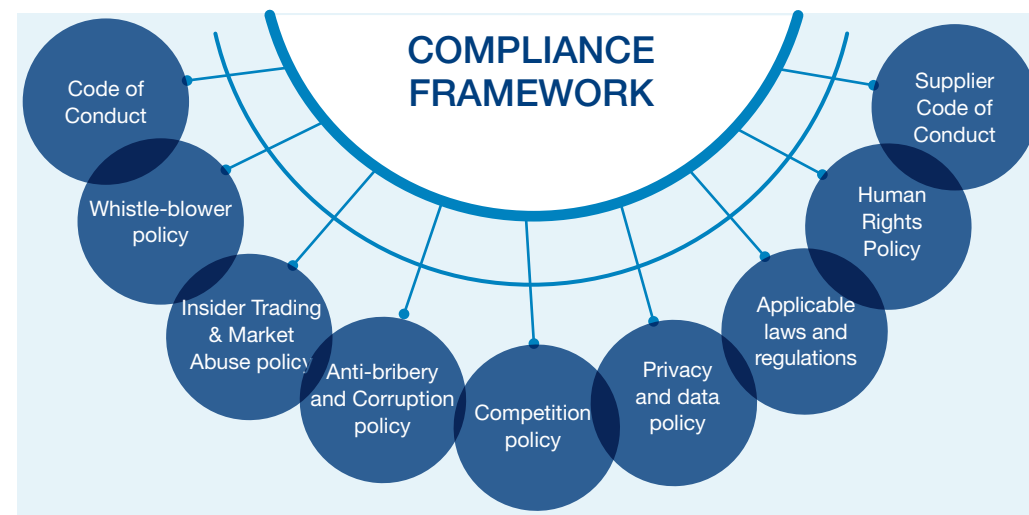
All employees are trained on the key principles and applications of the Compliance Framework through a group-wide e-learning platform, and are able to anonymously raise any concerns and breaches through a safe and confidential whistleblowing and incident reporting procedure. All reports are handled with the utmost care and confidentiality, regardless if reported internally or via the anonymous reporting hotline.

## Our compliance program

The Group Compliance Officer, in close collaboration with the Board of Directors, implements our group Compliance Program and ensures that our Compliance Framework remains in line with applicable regulations and is properly applied. The Integrity Committee, comprising of the CFO and the Group Compliance Officer, handles incidents of a severe nature. The Integrity Committee did not meet in 2019, as no incident of a (potential) severe nature was reported.

Management of Operating Companies and staff departments are responsible and accountable for raising compliance awareness within their respective businesses and departments, and are supported by a Local Compliance Officer who reports on alleged breaches and compliance incidents to both operating company management and to corporate leadership. Additionally, the Audit Committee receives a Quarterly Compliance Report.

At the start of every year the Group Compliance Officer, in collaboration with operating company management, sets the annual compliance agenda. The agenda consists of continuous and new compliance activities and requirements, to ensure growth in maturity of the Compliance Program. These activities and requirements are concrete and measurable, and are reported internally on a quarterly basis, and can be tested on their effectiveness. Through this annual agenda, compliance controls are continuously developed and enhanced for effectiveness.



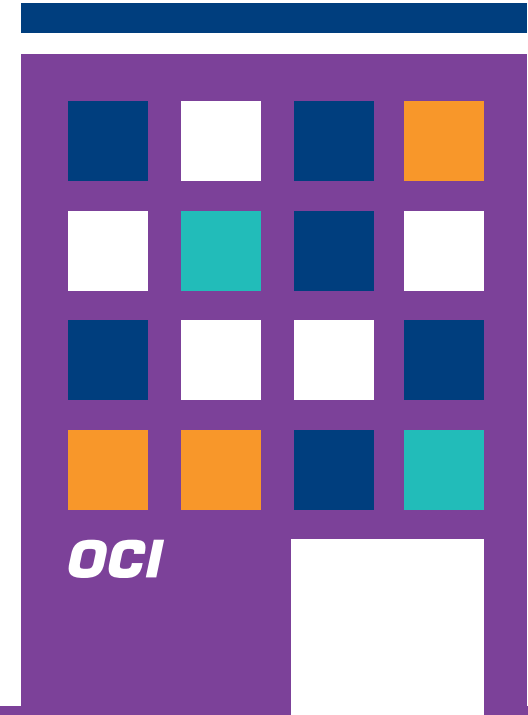
In 2019, amongst others, the following compliance requirements and activities were achieved:

- Roll out and implementation of the Competition Policy
- Completion of the Anti-bribery and Corruption e-learning
- Development of the Sanctions Policy
- Step-by-step implementation of Third party Due diligence automation tool
- Harmonization of compliance clauses for contracts

At the end of the year, the CEO and CFO of each operating company sign the Non-Financial Letter of Representation (NF LoR) to confirm compliance with the Code of Conduct and other corporate non-financial requirements. The outcome is reviewed by the CFO, the Group Compliance Officer and the Director Internal Audit & Risk and the results are reported to the Audit Committee and the Board of Directors. Reported outstanding actions are followed up on by the Internal Audit department and monitored in quarterly reviews. The outcome of the NF LoR process, in combination with the internal control self-assessments, the HSE reports, the Compliance reports, the risk assessments and the performed internal audits, establishes the basis for the In Control Statement of the Board of Directors in this Report.

During 2019, we received 12 incident notifications. All incidents were investigated, with no substantial cases found.

There were no violations of applicable laws in 2019. Since launching our compliance training programs in 2018, nearly 100% of employees eligible or included in the various programs successfully completed their training. Moving forward, we will continue to raise awareness of fraud and train employees in relevant policies and procedures.



# 3 Corporate governance

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## CHAIRMAN'S INTRODUCTION



**MICHAEL BENNETT**  
CHAIRMAN

As the first year in over a decade without a major expansion project, the Board of Directors focused on guiding OCI into its next strategic phase of value creation during 2019.

We are particularly proud of OCI's drive to innovate as exemplified by its successful development of a first-of-its-kind export platform in the Middle East and North Africa in partnership with the Abu Dhabi National Oil Company (ADNOC). This joint venture, Fertiglobe, is the world's largest exporter of nitrogen fertilizers and allowed us to achieve overnight scale without any capital outlay, underscoring our commitment to value creation.

With our enhanced platform comes a wider global impact. We have always been driven by our commitment to a sustainable world, and the Board has spent considerable time ensuring that our sustainability strategy permeates into every aspect of our business to create value for all our stakeholders. We have taken several steps to better communicate our track record of investing in a greener future through a revamped annual report and website and are devoted as a Board to drive continuous improvements in our environmental, social, and governance (ESG) performance.

I am also personally delighted to welcome Ahmed El Hoshy to his new appointment as Chief Operating Officer. I have worked with Ahmed closely and firmly believe his leadership, commitment to excellence, and diligence will propel our organization forward in our new phase.

For the year ended 31 December 2019, the Board reports the following:

- The Board has reviewed and internally discussed the audited financial statements for the year 2019.
- The Board discussed with the external auditor the outcome of the audits performed in accordance with International Standards on Auditing.
- The Board has received written confirmation of the external auditor's independence.
- Based on the review and discussions referred to above, the Board has approved that the audited consolidated and Parent Company financial statements be included in the 2019 annual report.

The Board of Directors recommends that the General Meeting of Shareholders adopts the 2019 financial statements included in this annual report and looks forward to overseeing continued excellence in every aspect in 2020.

“As the first year in over a decade without a major greenfield project, the Board of Directors focused on guiding OCI into its next strategic phase of value creation during 2019.”

## BOARD PROFILE



**Michael Bennett**

Independent Non-Executive Director and Chairman



**Nassef Sawiris**

Chief Executive Officer (CEO)



**Hassan Badrawi**

Chief Financial Officer (CFO)



**Maud de Vries**

Executive Director  
Chief Legal and Human Capital Officer (CLHCO)

Year of birth	1953	1961	1976	1972
Gender	Male	Male	Male	Female
Nationality	American	Egyptian	Egyptian	Dutch
Initial appointment date	January 2013	January 2013	May 2018	June 2019
Date of (last) re-appointment	May 2019	May 2019	May 2019	-
End of current term	2020	2020	2020	2020
Committee membership	HSE <sup>1</sup> , N&R	-	-	-
Attendance at Board and Committee meetings <sup>2</sup>	BoD (8/8) HSE (4/4) N&R (5/5)	BoD (8/8)	BoD (8/8)	BoD (5/5)
Current external appointments	Director Morningside College	<ul style="list-style-type: none"> <li>Supervisory Director Adidas AG</li> <li>Executive chairman of Aston Villa FC</li> </ul> Member of the: <ul style="list-style-type: none"> <li>J.P. Morgan International Council</li> <li>Cleveland Clinic's International Leadership Board Executive Committee</li> <li>University of Chicago's Board of Trustees.</li> </ul>		EVP HR NNS Luxembourg S.à r.l.

BoD: Board of Directors, AC: Audit Committee, HSE: Health, Safety and Environment Committee and N&R: Nomination & Remuneration Committee

<sup>1</sup> HSE Committee member until Q3 2019

<sup>2</sup> The number of meetings held are pro-rated to the term of the individuals Board and Committee membership during the year

## BOARD PROFILE CONTINUED



**Jan Ter Wisch**

Independent Non-Executive Director  
and Vice-Chairman



**Sipko Schat**

Independent Non-Executive Director



**Jérôme Guiraud**

Non-Executive Director



**Robert Jan van de Kraats**

Independent Non-Executive Director

Year of birth	1952	1960	1961	1960
Gender	Male	Male	Male	Male
Nationality	Dutch	Dutch	French	Dutch
Initial appointment date	January 2013	December 2013	June 2014	June 2014
Date of (last) re-appointment	May 2019	May 2019	May 2019	May 2019
End of current term	2020	2020	2020	2020
Committee membership	AC, N&R	AC, N&R	AC, N&R	AC, N&R
Attendance at Board and Committee meetings <sup>1</sup>	BoD (8/8) AC (7/7) N&R (5/5)	BoD (8/8) AC (7/7) N&R (5/5)	BoD (8/8) AC (7/7) N&R (5/5)	BoD (8/8) AC (6/7) N&R (3/5)
Current external appointments	<ul style="list-style-type: none"> <li>Chairman of Investment Committee 5square MKB Fund III Coöperatieve U.A.</li> <li>Chairman of Investment Committee 5square Fund V Coöperatieve U.A.</li> </ul>	Member Supervisory Board: <ul style="list-style-type: none"> <li>Rothschild &amp; Co.</li> <li>Rothschild Bank A.G.</li> <li>Trafigura Group Pte Ltd</li> <li>VanWonen Holding B.V. (Chairman)</li> <li>Drienim B.V.</li> <li>Director Randstad Beheer B.V.</li> </ul>	<ul style="list-style-type: none"> <li>CEO NNS Luxembourg S.à r.l.</li> <li>COO NNS Advisers Ltd</li> <li>Non-Executive Director and Chairman Orascom Construction Plc</li> <li>Non-Executive Director BESIX Group</li> <li>Director various NNS Group entities and OS S.à r.l. Luxembourg</li> </ul>	<ul style="list-style-type: none"> <li>Non-Executive Director VEON Ltd.</li> <li>Non-Executive Chairman TMF Group</li> <li>Supervisory Board Member Royal Schiphol Group N.V.</li> <li>Director Randstad Beheer B.V.</li> <li>Member advisory board SUITSUPPLY</li> <li>Advisor to the Supervisory Board HEMA B.V.</li> </ul>

BoD: Board of Directors, AC: Audit Committee, HSE: Health, Safety and Environment Committee and N&R: Nomination & Remuneration Committee

<sup>1</sup> The number of meetings held are pro-rated to the term of the individuals Board and Committee membership during the year



## BOARD PROFILE CONTINUED



**Greg Heckman**

Independent Non-Executive Director



**Anja Montijn-Groenewoud**

Independent Non-Executive Director



**David Welch**

Independent Non-Executive Director



**Dod Fraser**

Independent Non-Executive Director

Year of birth	1962	1962	1953	1950
Gender	Male	Female	Male	Male
Nationality	American	Dutch	American	American
Initial appointment date	June 2015	June 2016	May 2019	May 2019
Date of (last) re-appointment	May 2019	May 2019	-	-
End of current term	2020	2020	2020	2020
Committee membership	HSE	HSE	HSE	AC
Attendance at Board and Committee meetings <sup>1</sup>	BoD (8/8) HSE (5/5)	BoD (8/8) HSE (5/5)	BoD (5/5) HSE (1/1)	BoD (5/5) AC (2/2)
Current external appointments	<ul style="list-style-type: none"> <li>Member of the board and CEO Bunge Ltd</li> <li>Member Rabobank North America Agribusiness Advisory Board</li> <li>Member Board of Governors for the AKSARBEN Foundation</li> <li>Member of University of Illinois Division of Intercollegiate Athletics Campaign Steering Committee</li> </ul>	Member of the Supervisory Board: <ul style="list-style-type: none"> <li>Fugro N.V.</li> <li>Volker Wessels N.V.</li> <li>Member of the Board VEUO (a representative organization of listed companies which looks after the interest of companies listed at Euronext Amsterdam)</li> </ul>	Member of the board of: <ul style="list-style-type: none"> <li>Subsea 7 S.A.</li> <li>Rayonier Inc.</li> <li>Fleet Topco Limited, the private holding company of Argus Media Ltd.</li> </ul>	

BoD: Board of Directors, AC: Audit Committee, HSE: Health, Safety and Environment Committee and N&R: Nomination & Remuneration Committee

<sup>1</sup> The number of meetings held are pro-rated to the term of the individuals Board and Committee membership during the year

## BOARD PROFILE

### SUMMARY OF SKILLS AND EXPERIENCE

	M. Bennett	N. Sawiris	H. Badrawi	M. de Vries	J. Ter Wisch	S. Schat	J. Guiraud	R.J. van de Kraats	G. Heckman	A. Montijn	D. Welch	D. Fraser
Independent	•				•	•		•	•	•	•	•
International business experience	•	•	•	•	•	•	•	•	•	•	•	•
Commercial/Marketing		•						•	•	•		
HSE	•	•							•	•		
Strategic management	•	•	•	•	•	•	•	•	•	•	•	•
Financial expertise: banking		•	•			•	•	•				•
Financial expertise: accounting			•		•	•	•	•				•
Nitrogen/Methanol experience	•	•	•						•			
Emerging Markets experience	•	•	•		•	•	•	•	•	•	•	
Tax/Legal/Compliance			•	•	•	•	•	•				•
HR & executive compensation		•		•		•	•	•		•		•
Risk management			•	•	•	•	•	•			•	•
Government/Regulatory knowledge	•		•	•	•			•	•		•	
ESG	•	•	•	•				•		•	•	
Change management/Business consolidation	•	•	•	•		•	•	•	•	•	•	•
Technology/IT								•		•		

# BOARD REPORT

OCI is a public limited liability company (*naamloze vennootschap*) established under the laws of the Netherlands, with its official seat in Amsterdam, the Netherlands.

## Governance framework

### Introduction

OCI is committed to the principles of good corporate governance. The Board of Directors (Board) believes that good corporate governance practices align the interests of all stakeholders by having structures in place that ensure the business is managed with integrity and efficiency, thereby maximizing the profitability and long-term value creation of the company.

OCI's strategic priorities as described on page 8 aim to deliver long-term value creation for the company and its stakeholders. These priorities are supported by the Board and are underpinned by OCI's commitment to invest in products that help achieve OCI's vision of **global food security** and **greener fuel solutions**. Please refer to the Strategy and value creation section of this annual report for the Board's view on OCI's strategy and its implementation.

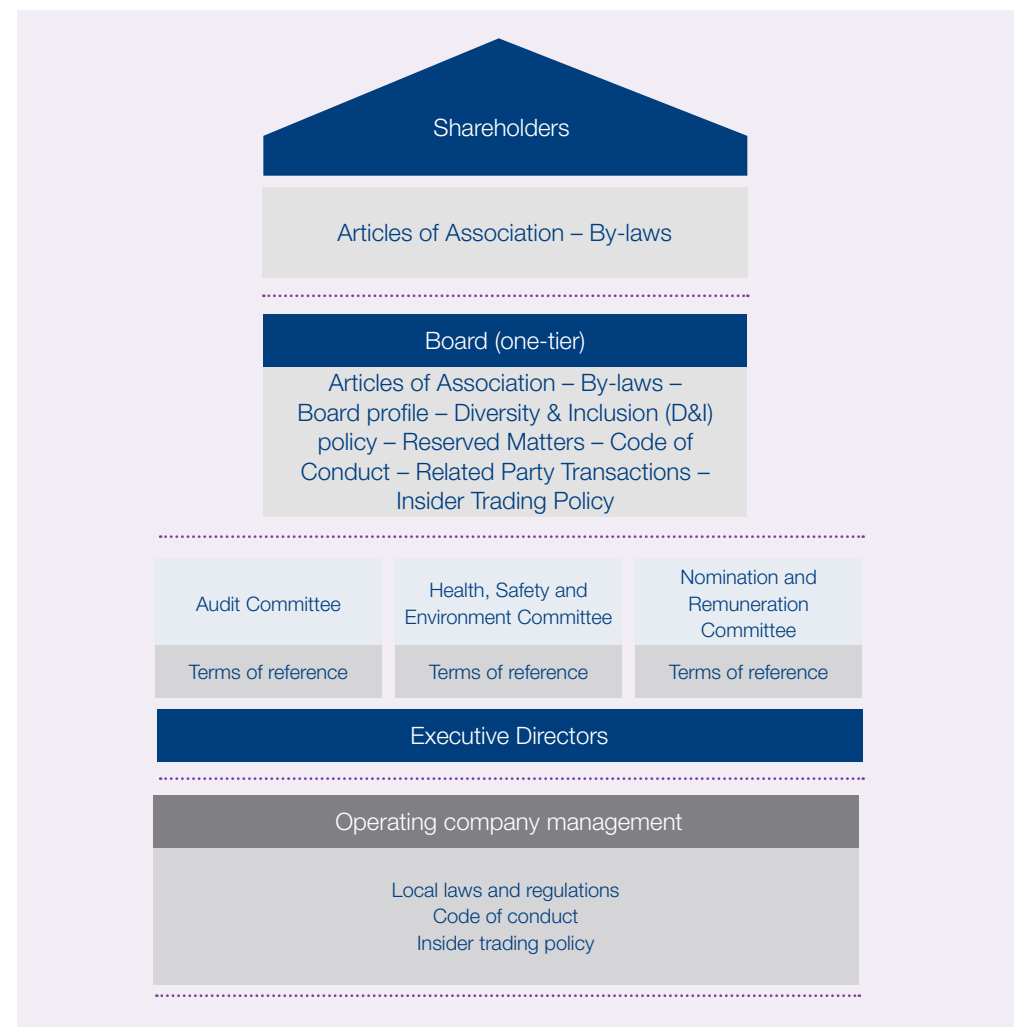
### Organizational and corporate structure

OCI is organized by its two primary functional segments, nitrogen and methanol.

The Board sets the strategic mandate with operational and financial goals relayed to management. The Executive Directors supervise the achievement of these goals and the day-to-day operations. In executing its goals, the Executive Directors are supported by several corporate functions. In addition, each principal subsidiary is led by a General Manager and a Finance Director who report to the Executive Directors.

### Governance structure

OCI has designed its corporate governance structure in compliance with its articles of association, by-laws, the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code (Code), applicable securities laws, and the rules and regulations of the Euronext in Amsterdam.



## BOARD REPORT CONTINUED

### The Board of Directors

OCI is managed by a one-tier Board comprised of Non-Executive Directors and Executive Directors. The Board maintains three committees as part of its supervisory role: the Audit Committee, the Nomination and Remuneration Committee and the Health, Safety and Environment Committee (Committees).

During 2019 the Board was composed of nine Non-Executive Directors and the following three Executive Directors: Nassef Sawiris (CEO), Hassan Badrawi (CFO) and Maud de Vries (CLHCO). Ms. Maud de Vries was appointed to the Board at the 2019 Annual General Meeting of Shareholders (AGM).

The Board is collectively responsible for OCI's management and strategy. The Board promotes a culture of openness and accountability within the Board and throughout the entire organization. The tasks, responsibilities and procedures of the Board are set out in OCI's by-laws, which are available on our website.

Apart from certain reserved matters as set out in OCI's articles of association and by-laws, the Board has delegated the operational management of the business to the CEO. Matters reserved for the Board include, amongst others, changes in overall strategy, dividend proposals to the General Meeting of Shareholders, as well as the approval of the entering into of material transactions.

The Board is authorized to represent OCI. In addition, the Chairman of the Board and each Executive Director are authorized to solely represent OCI.

### Executive Directors

The Executive Directors are charged with the day-to-day management of OCI. They are responsible for the continuity of OCI, the optimization of its business, and creating a culture that contributes to long-term value creation for stakeholders. Each Executive Director has an individual responsibility for certain business segments, functional areas, projects and tasks.

### Non-Executive Directors

The role of the Non-Executive Directors is essentially supervisory in nature. The Non-Executive Directors supervise, amongst others, the interests of the stakeholders, the creation of a culture aimed at long-term value creation, the internal audit function, the effectiveness of internal risk management and control systems, the integrity and quality of financial reporting, the ICT systems and the management of risks associated with cyber security, the establishment and maintenance of internal procedures to ensure that all relevant information is known to the Board in a timely fashion, the risks associated with the remuneration structure for employees of OCI and its business, and shareholder engagement.

As Chairman, Mr. Michael Bennet is primarily responsible for the functioning of the Board and its Committees. Together with the Company Secretary the Chairman sets the agenda for Board meetings and leads an induction program for new Directors tailored to their respective needs. Mr. Sipko Schat is Senior Independent Director and acts as a trusted intermediary for the individual Directors. Mr. Dod Fraser and Mr. David Welch were appointed to the Board as Non-Executive Directors at the AGM of 2019.

### Appointment of Directors

The General Meeting of Shareholders can appoint, suspend or dismiss a Director by an absolute majority of the votes cast upon a proposal of the Board.

The Non-Executive Directors are selected individually for their broad and relevant experience and international profile as well as for their independence. Diversity in terms of age, background and gender are considered. The **Board profile** for Non-Executive Directors provides guiding principles for the composition of the Board.

# BOARD REPORT CONTINUED

## 2019 Board and Committee meetings

The table below summarizes how the duties of the Board and the Committees were carried out during 2019, including the focus topics that were reviewed, discussed and advised on.

	<b>Board</b>	<b>Audit Committee</b>	<b>Nomination and Remuneration Committee</b>	<b>Health, Safety and Environment Committee</b>
<b>General</b>	The Board focused on matters contributing to medium and long-term value creation and continues to be involved in shaping the strategy through regular discussions, and focus on supervising medium to long term strategic targets aligned to OCI's vision. The Board maintains three committees as part of its supervisory role, these committees are Non-Executive committees.	The Chairman met with the internal and external auditor in advance of every Audit Committee meeting to secure that all relevant issues were sufficiently addressed. The external auditor attended all Audit Committee meetings in 2019. The Audit Committee met with the external auditor twice during the year without the presence of management.	More information on the remuneration policy and the 2019 remuneration review can be found in the Remuneration Report on page 63-72.	More information on HSE can be found on page 21-41.
<b>Tasks, responsibilities and procedures</b>	Set out in the <b>by-laws</b>	Set out in the <b>Terms of Reference of the Audit Committee</b>	Set out in the <b>Terms of Reference of the Nomination and Remuneration Committee</b>	Set out in the <b>Terms of Reference of the Health, Safety and Environment Committee</b>
<b>Number of Members</b>	12 Directors	Five Non-Executive Directors. Robert-Jan van de Kraats is the Chair, given his competence in accounting or auditing as per section 2(3) of the Audit Committee Decree 2016	Five Non-Executive Directors. Sipko Schat is the Chair	Three Non-Executive Directors. Anja Montijn-Groenewoud is the Chair, replacing Greg Heckman in Q3 2019
<b>Number of Meetings held</b>	Eight	Seven	Five	Five
<b>Focus topics</b>	<ul style="list-style-type: none"> <li>Establishment of Fertiglobe and the integration of the partnership with ADNOC</li> <li>Refinancing strategy</li> <li>Medium and long term strategy</li> <li>Sales and inventories strategy</li> <li>Refurbishment of BioMCN M2</li> <li>Operational performance and cost control</li> <li>Succession planning</li> <li>Organizational design and management development</li> <li>Debt capital structure optimization</li> <li>Review of the Remuneration Policy</li> <li>Climate Agreement in the Netherlands, Dutch Carbon Tax and impact on the Dutch business' viability</li> <li>HSE</li> <li>Methanol strategy</li> <li>ESG and sustainability</li> <li>Composition of the Board and Committees</li> <li>Internal controls</li> <li>Natural gas risk management</li> <li>Directors &amp; Officers insurance</li> <li>Cybersecurity</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management and Internal Controls</li> <li>IT and IT security</li> <li>In-control statement and underlying in-control situation</li> <li>Related Party Transactions</li> <li>Tax review and policy</li> <li>Refinancing</li> <li>Establishment and integration of Fertiglobe</li> <li>Compliance Framework and effectiveness</li> <li>Evaluation year-end closing process</li> <li>Litigation</li> <li>Assessment of the functioning of the external auditor, its appointment, including scope, risk assessment and materiality</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration cycle and policy review</li> <li>HR roadmap: Succession planning and talent management and development</li> <li>Strengthening key positions in the internal organization</li> <li>The Board's profile and composition</li> <li>Share ownership guidelines</li> <li>Retention program in the United States</li> <li>Scenario analysis on the value of the outstanding share plans</li> <li>Fertiglobe governance and integration</li> <li>Reception of the new Remuneration Policy</li> <li>EU Shareholders Rights Directive</li> <li>Evaluation of the 2019 targets for the Executives</li> <li>Setting 2020 targets for the Executives</li> </ul>	<ul style="list-style-type: none"> <li>2019 HSE strategy and performance</li> <li>2020 HSE plan</li> <li>Review of the HSE organization</li> <li>Quality and outcome of the HSE audits</li> <li>Benchmark of OCI's HSE statistics</li> <li>Dutch Safety Board report on Chemelot and impact on OCI Nitrogen</li> <li>Employee Safety Perception Survey</li> <li>Risk assessment of the environmental compliance of all plants</li> <li>Climate Agreement in the Netherlands</li> <li>Energy and environmental developments</li> <li>Safety Award</li> <li>HSE audits</li> <li>Process Safety training</li> <li>OCI Nitrogen site visit</li> <li>Assessment of the 2019 HSE targets</li> <li>Setting 2020 HSE targets</li> </ul>
<b>Medium to long term strategic targets</b>	The Board's medium to long term strategic targets are focused on guiding and supervising the company's journey to achieving its commitment to sustainable value creation by focusing on its strategic priorities of operational excellence, business optimization, a global commercial strategy, sustainable solutions, and maximizing free cash flow to achieve 2.0x net leverage through the cycle. This formed the work of the three Board committees, which provided focused guidance in line with their respective areas of expertise.			

## BOARD REPORT CONTINUED

### Board rotation schedule

In 2019, Directors eligible for reappointment were appointed for a one-year term. The Board assessed and changed for reason of continuity and succession planning, the yearly appointment terms of the Directors to the standard terms under the Code (four years for Executive Directors and two times four years with possible extensions of two times two years for Non-Executive Directors). These new appointment terms will be implemented for the first time at the 2020 AGM.

The rotation schedule aims to avoid, as far as possible, a situation in which many Directors retire at the same time. The aforementioned change in appointment terms will lead to the rotation schedule outlined in the table below (included as an annex to OCI's by-laws).

Name	Date of first appointment	End of current term	Final retirement (max. 8 (12) years)
Nassef Sawiris	16 Jan 2013	2020	None
Hassan Badrawi	24 May 2018	2020	None
Maud de Vries	1 Jun 2019	2020	None
Michael Bennett	25 Jan 2013	2020	2021(25)
Jan Ter Wisch	25 Jan 2013	2020	2021(25)
Sipko Schat	9 Dec 2013	2020	2022(26)
Jérôme Guiraud	26 Jun 2014	2020	2022(26)
Robert Jan van de Kraats	26 Jun 2014	2020	2022(26)
Greg Heckman	10 Jun 2015	2020	2023(27)
Anja Montijn-Groenewoud	28 Jun 2016	2020	2024(28)
David Welch	29 May 2019	2020	2027(31)
Dod Fraser	29 May 2019	2020	2027(31)

### Board composition and independence

The composition of the Board strives to arm OCI with leadership that is diverse in skills, experience, gender and background, thereby maximizing the Board's ability to independently and critically act without emphasis on particular interests. The Board maintains independence by ensuring the majority of the Non-Executive Directors including the Chairman are independent. Mr. Guiraud is not considered independent within the meaning of the Code.

The Board's composition, independence, competencies, and qualifications are detailed in the **Board Profile** and the **D&I Policy**. The Board Profile is assessed annually, taking into account

the required competencies and expertise required for OCI's mission and strategic priorities, opportunities and threats, and our aim of long-term value creation. Appointments of new Board members are made based on objective selection criteria highlighting the specific skills and experience needed to ensure a balanced Board composition and to match the overall Board profile.

The Board undertakes necessary measures to ensure diversity in education, professional experience, nationality, age and gender in the selection of new candidates for the Board. In addition, the Board tries to maintain a balance between experience and affinity with the nature and culture of the group. In this regard, the Board will follow the success of female talent in the organization closely. New appointments are based on objective selection criteria highlighting the specific skills and experience needed to ensure a rounded Board. With regard to vacancies, the Board prepares a profile based on the required education and professional experience.

In 2019 three new Directors were appointed to the Board, contributing to diversity in age, nationality, knowledge and experience:

- Maud de Vries (CLHCO) was appointed as Executive Director. Ms. De Vries has a wide range of knowledge and experience in the fields of governance, legal, compliance, risk management and organizational design.
- Dod Fraser was appointed as Non-Executive Director and has a wide range of knowledge and experience in corporate finance and investment banking both internationally and in the United States.
- David Welch was appointed as Non-Executive Director and has a broad range of knowledge and international experience in government and business, including in the United States, Europe, Africa and the Middle East.

### Gender diversity

The statutory objective for a balanced governance composition is a minimum of 30% male and 30% female representatives. Although amongst the Executive Directors this target figure on gender diversity is currently met, the Board as a whole does currently not meet this target figure.

The Board acknowledges the importance of gender diversity within its Board and is considering its overall size and composition to look for opportunities to increase the female representation in the Board. OCI's target is to improve gender diversity and to maintain diversity within the Board taking into account nationality, age, gender and background of education and professional experience of the Directors. In case of a vacancy in the Board, OCI will use all efforts in the coming years to find a suitable female candidate to the meet gender diversity target, while taking into account the male-dominated nature of our industries.

## BOARD REPORT CONTINUED

Additionally, our focus on gender diversity is cascaded throughout the organization by continuously looking for female talent to increase the internal pipeline. When recruiting for senior management positions, in case of equally suitable candidates, female candidates are preferred.

In 2019, we recruited or promoted women to senior management positions in the legal, business development, and HR functions, amongst others. As a result, the percentage of women in the layer below management has increased during 2019 and the overall percentage of female employees at OCI has increased by 6.2% year-on-year.

### Board involvement

Members of the Board regularly visit one or more of OCI's plants, headquarters and corporate offices to gain greater familiarity with the workforce and senior management and to develop deeper knowledge of local operations, local customs, operational opportunities and challenges, and the business in general.

In 2019, the Board visited OCI Nitrogen to gain an insight into the company's presence at the Chemelot site. The visit deepened the Board's understanding of the history, legacy set-up, products and production processes, financial performance, operational safety performance, and the collaboration with other operators at a chemical park. It also provided an update on the European climate goals and the implications for OCI Nitrogen both in terms of risks and opportunities.

The Board interacts with senior management throughout the entire organization on various occasions and in various settings. The Board is regularly informed about relevant topics by OCI's senior leaders and experts during Committee and Board meetings, annual site visits, and also as part of their ongoing professional education. In 2019, the Board was trained on reporting obligations resulting from the Market Abuse Regulation and Financial Supervision Act.

### ESG

In line with OCI's current phase of strategic development, the Board has prioritized Environmental, Social and Governance (ESG) matters when discussing and determining its medium-term and long-term strategy. The Board has mandated the company to more clearly and effectively communicate its sustainability strategy, will continue to dedicate time in both the HSE Committee and during Board sessions to ESG topics, and has specifically added ESG to the scope of the Executive Directors and the Group Corporate Affairs Director. Our focus on sustainability and ESG topics is highlighted throughout the 2019 annual report. We are committed to being an environmental steward, continuously investing in the best available technologies to minimize the environmental footprint of conventional products and maximize the development and production of greener fuel solutions, while maintaining our industry leading health and safety records.

### Culture

OCI strives to conduct all business activities responsibly, efficiently, transparently, and with integrity and respect towards stakeholders. In doing so, we promote a culture of excellence, collaboration, value creation and agility. These values underpin everything we do and form the Compliance Framework, which defines the day-to-day attitudes and behaviors of our employees. The Compliance Framework comprises of policies and principles that outline in specific terms what we stand for as a company and the conduct required in the workplace, in how we deal with business partners, serve our customers, and the broader responsibilities we have to the communities in which we work and live (such as the Code of Conduct). The Corporate HR and Compliance teams work closely with each operating company to ensure OCI's Compliance Framework and core values are communicated to all employees and reflected in any local codes of conduct that may be tailored to reflect local regulations and customs. We refer to the Compliance section on page 49 for further details on OCI's Compliance Framework, including compliance with the Code of Conduct. We do not stop at the gates of our plants and hold all suppliers and business partners to the standards set out in our Supplier Code of Conduct. OCI places great value on its Compliance Framework, which is fundamental to its reputation and continued success. For further information on the Compliance Framework, please refer to page 49.

### Assessment and evaluation of the Board

An evaluation of the Board is performed every year by an external advisor. OCI engaged the services of Lintstock to assist with the 2019 review of Board performance. Lintstock is a corporate governance advisory firm that specializes in facilitating Board reviews, and has no other connection with OCI.

The first stage of the review involved Lintstock engaging with the Chairman and Company Secretary to set the context for the evaluation and to tailor the survey content to the specific circumstances of OCI. All Board members were then invited to complete an online survey addressing the performance of the Board and its Committees. The anonymity of the respondents was ensured throughout the process in order to promote an open exchange of views.



## BOARD REPORT CONTINUED

The exercise was weighted to ensure that core areas of Board and Committee performance were addressed, with a particular focus on the following topics:

- The role played by the Board in relation to the recent establishment of the joint venture company in Abu Dhabi together with ADNOC and the lessons that the Board can draw from the overall process
- Of OCI's strategy, and the top challenges the business is facing over the next three to five years
- The oversight of various aspects of risk, and the effectiveness of OCI's approach to HSE
- The Board's composition, and changes to be made to the profile of the Board in the context of OCI's strategy
- The organizational structure of OCI at senior levels, and the Board's oversight of the succession plans for the Board and the layer of management below the Board to manage and develop talent
- The understanding amongst Board members of investors, customers and employees, and the development of the mechanisms by which the Board engages with key stakeholder groups
- The atmosphere at Board meetings, and the extent to which the experience of Non-Executive Directors is drawn on for the benefit of the business
- The quality of information and support available to the Board, including specific areas in which Directors would benefit from greater training or support in future
- The individual performance of each of the Board members.

The overall feedback from the evaluation in 2019 was that the Board members feel the Board generally functions well. The above topics have the constant attention of the Board throughout the year, with a particular focus on strategy, operational excellence, Board composition and succession planning.

### Shareholders' rights and meetings

OCI's shareholders exercise their rights through the AGM which is held in the Netherlands no later than six months after the end of OCI's financial year (which equals the calendar year). The AGM for the financial year 2019 will be held on 7 May 2020.

The AGM has the authority to discuss and decide on inter alia the following main items:

- The adoption of the annual accounts
- The release of the Directors from liability for their respective duties, insofar as the exercise of such duties is reflected in the annual accounts and/or otherwise disclosed to the GM prior to the adoption of the annual accounts
- Dividend distributions
- The appointment of the external auditor
- The appointment, dismissal and suspension of the Directors
- The determination of the remuneration policy applicable to the Board

- An advisory vote regarding the remuneration report applicable to the Board
- The issue of shares and the restriction or exclusion of pre-emptive rights of shareholders (both insofar not delegated to the Board)
- The reduction of share capital
- The approval of those decisions of the Board that entail a significant change in the identity or character of OCI or its business.

The agenda for the AGM is published on our website in advance of the AGM. After the AGM the minutes are made available on our website as well.

Shareholders representing more than 3% of the issued share capital may submit proposals for the agenda, if substantiated and submitted in writing at least 60 calendar days in advance of the AGM.

Additional Extraordinary General Shareholders meetings (EGM) may be convened at any time by the Board or by one or more shareholders representing more than 10% of the issued share capital. During 2019, no EGM was held.

Votes representing shares can be cast at the AGM or EGM either personally or by proxy. No restrictions are imposed on these proxies, which can be granted electronically or in writing to OCI or independent third parties.

OCI's shareholders may cast one vote for each share. All resolutions adopted by the GM are passed by an absolute majority of the votes cast, unless the law or OCI's articles of association prescribe a larger majority.

The 2019 AGM was held on 29 May 2019. The following proposals were voted on:

- The adoption of the Annual Accounts 2018 and allocation of profits
- The discharge of the Executive Directors and Non-Executive Directors from liability
- The reappointment of the Executive Directors and Non-Executive Directors and the appointment a new Executive Director and two new Non-Executive Directors
- The approval of the new Remuneration Policy and the new Executive Directors Performance Stock Unit Plan
- The extension of the designation of the Board as the authorised body to issue shares in the share capital of OCI, to restrict or exclude pre-emptive rights upon the issuance of shares and to repurchase shares in the share capital of OCI
- The appointment of KPMG Accountants N.V. as auditor charged with the auditing of the annual accounts for the financial year 2019.

## BOARD REPORT CONTINUED

### External Auditor

OCI's external auditor is appointed by the AGM. The Audit Committee evaluates the functioning of the external auditor and recommends to the Board the external auditor to be proposed for (re) appointment by the AGM. At the 2019 AGM, KPMG Accountants N.V. was appointed as external auditor for OCI for that same year.

The external auditor attends all Audit Committee meetings. During these meetings, the external auditor discusses the outcomes of the audit procedures. In particular, key audit topics are discussed. The external auditor receives the financial information per quarter and can comment on and respond to such information, which is also included in OCI's quarterly condensed financial statements. The external auditor is also present at the AGM and may be questioned on its statement of the fairness of the financial statements.

As the current lead audit partner will need to rotate off OCI's audit after signing the 2019 financial statements, a new lead audit partner attended all Audit Committee meetings during the 2019 financial statements audit and was involved in the analysis and conclusions of all major accounting and reporting matters during the 2019 transition period. Furthermore, after closing of the Fertiglobe transaction, the new lead audit partner is responsible to oversee the onboarding of Fertil in OCI's group audit.

Independence of the auditor is a continued area of focus. In accordance with OCI's external audit independence policy, the Audit Committee reviews the independence of the auditor annually.

The internal Audit & Risk team assist the Audit Committee, Executive management and local management by facilitating the identification of risks and the promotion of risk awareness and ownership across our organization. The internal Audit & Risk department reports the results from internal audits, risk assessments from operating companies and group consolidated risk dashboard to the Audit Committee quarterly, and performs periodic independent internal audits to review any specific issues at the subsidiary and holding company levels.

### Decree Article 10 EU Takeover Directive

OCI confirms that it has no anti-takeover instruments, in the sense of measures that are primarily intended to block future hostile public offers for its shares. Although the members of the Sawiris family have not entered into any formal shareholders agreement, they have historically coordinated their voting on the OCI shares and should therefore be regarded as parties acting in concert (personen die in onderling overleg handelen) as defined in section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). Their collective voting rights of 54.37% as at 31 December 2019 act as an implicit anti-takeover element.

### Compliance with the Code

In accordance with the Code's 'comply or explain' principle, OCI has outlined in section Gender Diversity on page 59 its departure from the Code to ensure full transparency.

### Potential conflicts of interest

Potential or actual conflicts of interest are governed by OCI's articles of association and by-laws which regulations are in line with the relevant principles of the Code and the law. A Director shall immediately report any conflict of interest or potential conflict of interest that is of material significance to the other Directors and may not take part in any discussion or decision-making that involves a subject or transaction in relation to which he/she has a potential conflict of interest with OCI.

Based on our Code of Conduct, personal loans are prohibited.

During 2019, no transactions occurred in respect of which a Director had a conflict of interest.

### Related party transactions

OCI has recently implemented a **Related Party Transaction Policy**, in line with the implementation in Dutch law of the amended Shareholders Rights Directive as per 1 December 2019. The purpose of this policy is to provide adequate protection for the interests of OCI and its stakeholders and has been prepared with due observance of the requirements of Dutch law, the Code, and OCI's articles of association and by-laws.

The overview of the related party transactions is disclosed in the Financial Statements in note 30.

# REMUNERATION REPORT

## Introduction by the Chair of the Nomination and Remuneration Committee

On behalf of the Board, I am pleased to present our 2019 Remuneration Report.

The Nomination and Remuneration Committee (the Committee) oversees the Remuneration Policy, remuneration plans and practices of OCI N.V. and recommends changes when appropriate. The Committee is comprised of a majority of Independent Non-Executive Directors from the OCI N.V. Board of Directors.

Following a full review of the Remuneration Policy, OCI put forward a revised Remuneration Policy to the Annual General Meeting (AGM) in 2019. With over 99% votes in favor, this policy was approved.

Remuneration Policy	For	Against	Votes cast	Votes withheld
Total number of votes cast	173,478,324	982,880	174,461,204	18,506
% of votes cast	99.44%	0.56%		0.00%

The 2019 Remuneration Policy provides good alignment between the remuneration of the Executive Directors and shareholders' long-term interests, for which OCI aims to create value by focusing on its strategic priorities of operational excellence, business optimization, global commercial strategy, sustainable solutions, and maximizing free cash flow. These strategic priorities are underpinned by the organization's commitment to investing in products that help achieve OCI's vision of cultivating a more sustainable world through global food security and greener fuel solutions. The Executive Directors are incentivized through both short-term and long-term compensation schemes that align to the group's long-term value creation through the cycle as well as shorter and medium term company targets, individual objectives and focus areas, and strategic non-financial metrics that are fundamental to the group's long-term success, such as Health, Safety and Environment (HSE).

During 2019, OCI completed several key initiatives that allow the group to enter a new phase of its evolution, including:

- completing a \$5 billion, 10-year growth capex program to realize a run rate capacity of 16.1 million metric tons per year;
- achieving strong operational and commercial results to achieve a record sales volume of 11.7 million tons, despite an extensive planned turnaround schedule and a difficult pricing environment; and
- further developing the group's production and commercial capabilities with the formation of Fertiglobe, the continued expansion of N-7 and OMM, and other regional initiatives.

This Remuneration Report explains the application of the 2019 Remuneration Policy in its first year in light of the group's achievements and overall performance, and endeavors to provide additional information to ensure full transparency with our shareholders.

The Remuneration Report will be subject to an advisory vote at our AGM on 7 May 2020.

## 2019 activities of the Nomination and Remuneration Committee

The key activity for the Committee this year was the review of the Remuneration Policy in light of the new requirements under the Dutch Civil Code. The objective of OCI's Remuneration Policy is to attract, motivate and retain the qualified individuals needed to achieve its strategic and operational objectives, also on the long-term. The very high level of support (99.44%) from all shareholders on the 2019 Remuneration Policy as put forward to voting at our 2019 AGM was taken into account by the Committee when reviewing the policy for 2020. The Committee also took note of the views of the individual Executive Directors on their remuneration. The review resulted in a limited number of changes to the Remuneration Policy as summarized hereafter. The revised Remuneration Policy will be put forward to the AGM for voting on 7 May 2020.

On behalf of the Nomination and Remuneration Committee,

**Sipko Schat**  
Chairman

# REMUNERATION REPORT CONTINUED

## Proposed changes to our Remuneration Policy

### HSE target

In our current (2019) Remuneration Policy, the targets for the annual bonus are developed around a mix of financial (60%) and non-financial (40%) measures, with a 20% reduction in payouts if HSE targets are not met.

Given the importance of HSE in all aspects of OCI's operations, the Committee reviewed HSE target setting as part of the Remuneration Policy's non-financial measures with the following goals:

- Improved alignment to the principle of 'pay-for-performance'; and
- More holistic assessment of HSE performance through the inclusion of targets that specifically cover health, process safety, occupational safety, environmental performance, and the promotion of safety culture and awareness.

Following an internal assessment and a benchmarking exercise against global industry peers similar in size, complexity and scope to OCI, the Committee proposes to include HSE as a separate non-financial target in the 2020 Remuneration Policy and will consider adding measures to assess performance on an expanded set of metrics as described above.

The overall annual bonus opportunity will not change.

### Total Shareholder Return (TSR) Peer group

The Executive Directors' Performance Stock Units (PSU) Plan aims to incentivize the creation of shareholder value in excess of that achieved by comparable organizations. This is done by measuring the TSR performance of OCI and a selected peer group over a period of 3 years. To compare OCI's TSR performance fairly, the TSR peer group is intended to reflect the market in which OCI competes for investment. Next to that, the companies in our peer group should be comparable in terms of industry and market, thus facing the same market conditions as regards of volatility of commodity prices and selling prices. This year, with support from external advisors, we propose changing the TSR peer group. The TSR peer group is detailed in the Remuneration Policy which is published on the company website.

The overall opportunity under the PSU Plan will not change.

### Recruitment Policy

Our current Remuneration Policy did not include a derogation clause, allowing deviation from the policy in exceptional circumstances. After careful consideration, we drafted a Recruitment Policy, as OCI may only wish to (temporarily) deviate from the Remuneration Policy in case – in exceptional circumstances – a new Executive Director needs to be recruited as soon as possible to serve the long-term interests and sustainability of the company.

The Recruitment Policy will be added to the Remuneration Policy in the form of an addendum. If approved by the AGM, the new policy will be published on the company website.

### Other

The fixed and variable remuneration for our Executive Directors will remain the same as per last year.

Fees for our Chairman and Non-Executive Directors will remain unchanged for the forthcoming year.

### 2019 Remuneration at a glance

Based on the approval from the vast majority of our shareholders, for our Remuneration Policy (99.4%) and the PSU Plan (96.5%) at the 2019 AGM, we granted target long-term incentive awards of 125% of annual base salary to the Executive Directors on 7 February 2019. The number of performance stock units is based on the annual salaries as per 1 January 2019.

The table below provides an overview of the 2019 Remuneration of the Executive Directors in a glance.

		Chief Executive Officer (CEO)	Chief Financial Officer (CFO)	Chief Legal and Human Capital Officer (CLHCO)	
Remuneration in 2019	Annual base salary (with effect from 1 January 2019) <sup>1</sup>	\$2,000,000	\$1,150,000	\$ 480,000 (with effect from 1 June 2019) <sup>2</sup>	
	Bonus for financial year ending 31 December 2019	% of salary	60%	48%	
		% of maximum	40%	40%	
		\$ total amount	\$1,200,000	\$552,000	
	Vesting of 2016 PSP award	% of salary	117.4%	n/a	n/a
		% of maximum	78.3%	n/a	n/a

<sup>1</sup> These figures exclude employer's social security payments (impact \$0.6 million).

<sup>2</sup> Based on current 80% contract; the full-time equivalent is \$600,000.

## REMUNERATION REPORT CONTINUED

The following part of the Remuneration Report explains in further detail how the 2019 Remuneration Policy was implemented in 2019 for the Executive Directors.

### Executive Director

#### Appointment terms

The Executive Directors referred to in this Remuneration Report are the CEO, CFO, Chief Legal and Human Capital Officer (CLHCO). The details of their appointment terms are as follows:

Name	Title	Date of appointment	Current time commitment
N. Sawiris	Chief Executive Officer (CEO)	16 January 2013	Full time
H. Badrawi	Chief Financial Officer (CFO)	1 October 2017	Full time
M. de Vries	Chief Legal and Human Capital Officer (CLHCO)	1 June 2019	80% contract

#### Base salary

The CEO's base salary of \$2,000,000 remained unchanged since 2013. The CFO's salary was \$1,150,000 effective 1 January 2019. The CLHCO's base salary was set at \$480,000 (pro-rated to an 80% contract) on appointment and was not increased during the year. As mentioned in the Policy, the Executive Director's base salaries include a fixed cash allowance of 25% of the total which is designed to compensate for the personal provision of key benefits such as pension, car, life and disability insurance and other key benefits. OCI does not provide for a pension fund nor contribute to a pension plan for its Executive Directors.

The Executive Directors do not receive housing allowances or other expatriate-style benefits. They are reimbursed for OCI-related expenses for travel, accommodation and representation. The CFO receives medical insurance (gross value 2019: USD 6,815). In 2019 no extra-ordinary items or one-off payments were paid.

The base salaries of the Executive Directors include their fees for their positions on the OCI N.V. Board of Directors. The Executive Directors do not receive any remuneration from other OCI Group companies.

### Summary of pay in the year

The details of the individual remuneration of the Executive Directors are as follows:

Executive Director	Year	Fixed remuneration		Variable remuneration		Medical insurance	Total Remuneration	Proportion of fixed and variable remuneration	
		Base salary <sup>1</sup>	Annual bonus	SBC <sup>3</sup>				Fixed	Variable
N. Sawiris, CEO	2019	\$ 2,000,000	\$ 1,200,000	\$ 2,641,951	n/a	\$ 5,841,951	34%	66%	
	2018	\$ 2,000,000	\$ 2,000,000	\$ 2,290,967	-	\$ 6,290,967	32%	68%	
H. Badrawi, CFO	2019	\$ 1,150,000	\$ 552,000	\$ 863,471	\$ 6,815	\$ 2,572,286	45%	55%	
	2018	\$ 950,000	\$ 950,000	\$ 497,640	\$ 5,716	\$ 2,403,356	40%	60%	
M. de Vries, CLHCO	2019	\$ 280,000 <sup>2</sup>	\$ 134,400	\$ 108,060	n/a	\$ 522,460	54%	46%	
	2018	-	-	-	-	-	-	-	-

<sup>1</sup> These figures exclude employer's social security payments (impact \$0.6 m).

<sup>2</sup> Pro rated to 7 months in service.

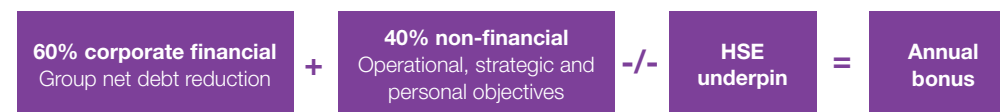
<sup>3</sup> The amounts mentioned in this column are based on accounting standards (IFRS).

To support the objectives of the Remuneration Policy and the underlying objectives of the company, a significant portion of the Executive Directors' remuneration is 'at risk' with pay-out contingent on performance measures. As shown in the table above, a portion between 46% to 66% of the total remuneration was variable.

#### Annual Bonus

The annual bonus plan supports our strategic priorities in both the short and long term, with challenging financial and non-financial targets. With the implementation of the 2019 Remuneration Policy, the bonus opportunities did not change. For the CEO the target annual bonus opportunity is 75% of annual base salary. For the Other Executive Directors (OEDs) the target opportunity is 60% of annual base salary. The maximum opportunity is 200% of target (i.e. 150% of annual base salary for the CEO and 120% of annual base salary for the OEDs).

The structure can be summarized as follows:



## REMUNERATION REPORT CONTINUED

For 2019, the targets can be summarized as follows:

Performance measures	Weighting	2019 performance		Positioning against target
		2019 target	Outcome	
Net debt reduction	60%	\$350-420 m	\$58 m	0%
Operational, strategic and personal objectives	40%	See table below	200%	200%
Employee Lost Time Injury Rate	Underpin	0.12	0.07	Underpin achieved
Total Recordable Injury Rate	Underpin	0.44	0.41	Underpin achieved

Group Net debt Reduction is the sole financial measure in our annual bonus. This fully aligns to our strategic priorities as we consider net debt reduction the measurable outcome of the free cash flow generated by our operational excellence, business optimization and the implementation of our disciplined commercial strategy.

Net debt reduction was \$58 million in 2019; as a result, this element of the bonus did not pay out.

OCI's commitment to HSE is reflected in the HSE performance measure. In line with OCI's approach in the past five years, each year's HSE performance targets are set at a 10% improvement over the previous year's targets for the group's Employee Lost Time Injury Rate (LTIR) and Total Recordable Injury Rate (TRIR). Accordingly, the HSE underpin was achieved and no discount was applied. Please refer to pages 30-31.

The following table summarizes performance against the 2019 operational, strategic and personal objectives for each Executive Director. These objectives link directly to the strategic priorities of operational excellence, business optimization, global commercial strategy and sustainable solutions, thus contributing to maximizing free cash flow. Based on the assessment of all targets by the Committee as approved by the Board, the outcome is determined at 200%.

Executive Director	Operational, strategic and personal objectives	Weighting	2019 performance Outcome	Positioning against target
<b>N. Sawiris,</b> CEO	Management and execution of strategic opportunities (divestments, mergers & acquisitions) contributing to the long-term shareholders value.*	20%	200%	200%
	Management and organizational development, including succession planning and staffing of key positions.	20%	200%	200%
<b>H. Badrawi,</b> CFO	Management and execution of strategic opportunities (divestments, mergers & acquisitions) contributing to the long-term shareholders value.*	20%	200%	200%
	Management and organizational development of the risk management /internal controls function.	10%	200%	200%
	Management and organizational development of the IT function, including management of OCI's cybersecurity,	10%	200%	200%
<b>M. de Vries,</b> CLHCO	Management and organizational development, including succession planning and staffing of key positions.	15%	200%	200%
	Management and organizational development of the compliance function.	10%	200%	200%
	Integration of newly acquired and merged companies.	15%	200%	200%

\* As we consider further transparency on this strategic target to be commercially sensitive and eventually prejudicial to OCI's business and long-term interests, we choose not to disclose more detailed information.

## REMUNERATION REPORT CONTINUED

The following table shows actual bonuses earned compared to opportunity in 2019:

Executive Director	2019 base salary	Variable remuneration			2019 Bonus outcome			Total 2019 bonus
		Target (% of salary)	Maximum (% of salary)	Financial performance (% of salary)	Individual objectives (% of salary)	Total 2019 bonus (% of salary)		
<b>N. Sawiris,</b> CEO	\$2,000,000	75%	150%	0%	60%	60%	\$1,200,000	
<b>H. Badrawi,</b> CFO	\$1,150,000	60%	120%	0%	48%	48%	\$552,000	
<b>M. de Vries,</b> CLHCO	\$280,000 <sup>1</sup>	60%	120%	0%	48%	48%	\$134,400	

<sup>1</sup> \$480,000 pro rated to 7 months in service.

### Long-term variable remuneration

#### Options

As at 31 December 2019, N. Sawiris held no stock options (2018: 0). H. Badrawi holds 35,000 stock options (2018: 35,000). M. de Vries holds no stock options. These stock options are granted to Mr Badrawi prior to his board appointment. The stock options will vest in 2020 contingent on his continued employment with OCI.

#### Share Matching rights (legacy arrangement)

The plan was discontinued effective 1 January 2019; as such no new matching rights were awarded in 2019.

As at 31 December 2019, the Executive Directors had 53,834 share matching rights to bonus shares outstanding.

Executive Director	Award cycle	Outstanding year-end 2019	Value at grant date in USD	Vesting date	End of lock-up period
N. Sawiris	2016	21,571	379,345	12-04-2020	12-04-2022
	2017	17,190	381,810	23-04-2021	23-04-2023
H. Badrawi	2016 <sup>1</sup>	7,500	131,894	12-04-2020	12-04-2022
	2017	1,398	31,067	23-04-2021	23-04-2023
M. de Vries	2016 <sup>1</sup>	1,200	21,103	12-04-2020	12-04-2022
	2017 <sup>1</sup>	4,975	110,495	09-04-2021	09-04-2023

<sup>1</sup> These represent awards granted before the appointment to the Board.

Vesting of the share matching rights is contingent on the continued employment with OCI.

#### Restricted Stock Unit Plan (legacy arrangement)

As at 31 December 2019, the CLHCO had been granted Restricted Stock Units.

Executive Director	Award cycle	Outstanding year-end 2019	Value at grant date in USD <sup>2</sup>	Vesting date	End of lock-up period
M. de Vries	2018 <sup>1</sup>	14,263	296,163	1/3 <sup>rd</sup> : 17-04-2021	17-04-2023
				2/3 <sup>rd</sup> : 17-04-2022	17-04-2024

<sup>1</sup> These represent awards granted before the appointment to the Board.

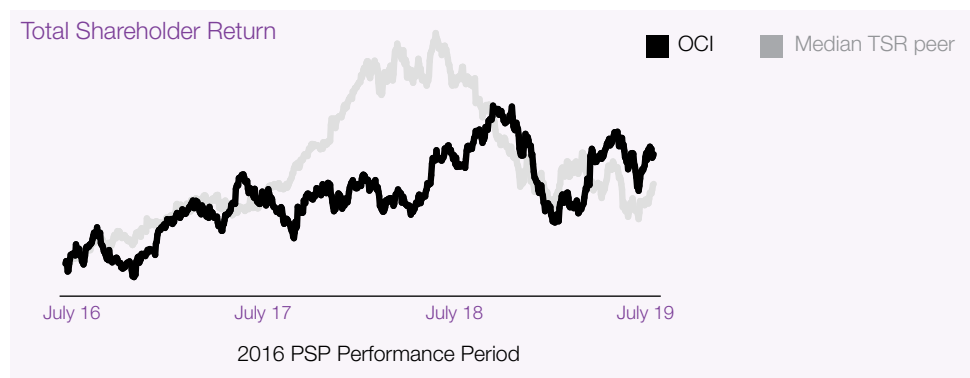
Vesting of the Restricted Stock Units is contingent on the continued employment with OCI.



## REMUNERATION REPORT CONTINUED

### Performance Shares – 2016 award

Based on the PSP awards of 1 July 2016, conditional shares were granted to the Executive Director. The vesting of these shares was conditional on OCI's TSR performance in the three-year performance period ending 30 June 2019 and continued employment.



TSR remains an important performance measure aligning executives remuneration to long-term shareholders value and demonstrating the Group's absolute commitment to delivering returns to shareholders. The TSR performance is measured relative to the performance of the TSR peer group. This means that only if and to the extent that OCI's TSR performance exceeds the TSR performance of the companies in the peer group, the conditional share awards will vest.

For the 2016 PSP Award, OCI's TSR grew by 63.5% over the 3-year period measured in the 2016 PSP award; performance was upper quartile relative to the peer group; as a result, the award vested 117.4% of target.

The Committee reviewed this achievement in light of the broader financial as well as non-financial performance of the Group in the respective period. In view of the excellent progress on the deleveraging following the strong free cash flow generated in 2017 and 2018, the disciplined commercial strategy and the strong operational performance above the industry the Committee decided to make no further adjustments to the pay-out.

The Committee believes that TSR is an important performance measure aligning executives to shareholders and demonstrating the Group's absolute commitment to delivering returns to shareholders.

After vesting, the performance shares awarded will be subject to a further 2-year holding period in line with the Dutch Corporate Governance demonstrating a further commitment to the long-term sustainability of the Group.

### Performance Shares – awards granted in 2019

In 2019 Awards were granted under the new Performance Share Units Plan on 7 February.

As at 31 December 2019, the Executive Directors had been granted 411,478 conditional performance share units at target.

Name	Award cycle	Outstanding year-end 2018	Granted conditional in 2019	Outstanding year-end 2019	Value at grant date in USD	Vesting date	End of lock-up period
N. Sawiris	2017	103,587	-	103,587	1,973,124	07-02-2020	07-02-2022
	2018	84,873	-	84,873	2,181,674	07-02-2021	07-02-2023
	2019	-	116,002	116,002	116,002	07-02-2022	07-02-2024
H. Badrawi	2018	40,315	-	40,315	1,036,304	07-02-2021	07-02-2023
	2019	-	66,701	66,701	1,437,500	07-02-2022	07-02-2024

### Share ownership guidelines

Subject to the Share Ownership Guidelines for the Executive Directors of the Board as per 1 December 2018 all Executive Directors are required to own a percentage of OCI shares of their salary. These percentages are a holding of 300% for the CEO and 150% for the other Executive Directors.

The table below summarizes the number of shares currently held by Executive Directors (which have no further performance conditions attached). Their holding as a percentage of salary is based on a share price of € 18.75 (being the closing share price on 31 December 2019). Executive Directors are expected to build up share ownership over a period of five years of the date of appointment. Until this requirement has been met, Executive Directors must retain at least 50% of any vested shares from the PSU Plan. The CEO and CFO already meet the share ownership guidelines.

Executive Director	Shares held	Shareholding <sup>1</sup> (% of salary)
N. Sawiris	62,768,285	Majority shareholder in OCI N.V.
H. Badrawi	117,101	214%
M. de Vries	9,447	41%

<sup>1</sup> Based on a share price of € 18.75 on 31 December 2019.

## REMUNERATION REPORT CONTINUED

### Internal pay ratio

In the past two years, we calculated the internal pay ratio on the basis of the 2019 average employee benefits expense (IFRS-based) of a reference group (our employees in Europe and North America on an FTE basis) compared to the CEO's and average Executive Directors' total direct compensation (base salary and annual bonus). In view of the purposes of the EU Shareholder Rights Directive, we decided to change our calculation method going forward and report the internal pay ratio on the basis of the reference group consisting of all our employees globally (on an FTE basis). For the sake of completeness, we calculated both the regional and the global internal pay ratio for 2019 as shown in the table below.

	Internal pay ratio as at 31 December 2019	
	Global employee reference group	Regional employee reference group
CEO	44.5:1	21.4:1 (2018: 29.6:1)
Average Executive Directors	27.2:1	13.2:1 (2018: 22.2:1)

For our internal pay ratio, we consider the total direct compensation of the CEO most relevant, as the long-term incentive (PSP/PSU) is only granted to the Executive Directors, it is highly volatile and at risk during the three year vesting period.

The following part of the Remuneration Report explains in further detail how the 2019 Remuneration Policy was implemented in 2019 for the Non-Executive Directors.

### Non-Executive Directors

The remuneration of the Non-Executive Directors consists of fixed fees for their Board Membership and for services on the Committees. To ensure their independence the Non-Executive Directors are not entitled to any variable remuneration linked to the performance of the Company. The remuneration is set at the level required to attract qualified Non-Executive Directors with the personal skills, competencies and international experience required to oversee the company's strategy and contribute to its performance and the long-term value creation. In view of the increased responsibilities and time spent, the fees for the Non-Executive Directors were increased in 2019.

The Non-Executive Directors do not receive any benefits. They are reimbursed for OCI-related expenses for travel, accommodation and representation.

The table below summarizes the details of the individual remuneration of the Non-Executive Directors.

Non-Executive Director	Year	Fixed remuneration in USD					Total Remuneration	Proportion of fixed remuneration
		Board fee	Audit Committee	N&R Committee	HSE Committee	Extraordinary Items		
M. Bennett Chairman <sup>1</sup>	2019	290,000	-	7,500	3,750	-	301,250	100%
	2018	260,000	-	7,500	7,500	81,575	356,575	100%
J. Ter Wisch	2019	145,000	20,000	7,500	-	-	172,500	100%
	2018	130,000	20,000	7,500	-	-	157,500	100%
S. Schat	2019	145,000	20,000	17,500	-	-	182,500	100%
	2018	130,000	20,000	10,000	-	-	160,000	100%
J. Guiraud	2019	145,000	20,000	7,500	-	-	172,500	100%
	2018	130,000	20,000	7,500	-	-	157,500	100%
R. J. van de Kraats	2019	145,000	25,000	7,500	-	-	177,500	100%
	2018	130,000	25,000	7,500	-	-	162,500	100%
G. Heckman	2019	145,000	-	-	8,750	-	153,750	100%
	2018	130,000	-	-	10,000	-	140,000	100%
A. Montijn-Groenewoud	2019	145,000	-	-	8,750	-	153,750	100%
	2018	130,000	-	-	7,500	-	137,500	100%
D. Welch <sup>2</sup>	2019	88,710	-	-	3,750	-	92,460	n/a
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D. Fraser <sup>2</sup>	2019	88,710	10,000	-	-	-	98,710	n/a
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>2019</b>	<b>1,337,420</b>	<b>95,000</b>	<b>47,500</b>	<b>25,000</b>	<b>n/a</b>	<b>1,504,920</b>	<b>100%</b>
	<b>2018</b>	<b>1,040,000</b>	<b>85,000</b>	<b>40,000</b>	<b>25,000</b>	<b>81,575</b>	<b>1,271,575</b>	<b>100%</b>

<sup>1</sup> The additional fee for Mr. Bennett is for service on the Board of OCI Beaumont in the US / on the board of OCI Partners, a publicly-traded subsidiary of the Company in the United States.

<sup>2</sup> Appointed May 2019.

## REMUNERATION REPORT CONTINUED

The following part of the Remuneration Report explains how the remuneration of the Directors develops over time and for the relevant periods it includes remuneration details for current and former Directors.

### Development of directors' remuneration, company performance and employee remuneration

The table below sets out the change in remuneration for each individual director, the change in OCI's company performance and the average change in remuneration for the employees at OCI (excluding directors) over the past 5 years.

For the Non-Executive Directors, there is no link to the company performance to ensure their independence.

The company performance is presented as the TSR performance applied as the sole performance measure for our PSP/PSU plans.

For the average employee remuneration, we used the same data as for the calculation of the internal pay ratio. As the internal pay ratio is disclosed by OCI since 2017, only the data of the last three years is available.

### 5-year table

	2019	2018	2017	2016	2015
<b>Executive Director's Remuneration in USD</b>					
<b>N. Sawiris, CEO</b>	5,841,951	6,290,697	4,842,242	5,243,873	3,411,935
<b>H. Badrawi, CFO</b>	2,565,471	2,397,640	351,500 <sup>1</sup>	n/a	n/a
<b>S. Butt, former CFO</b>	n/a	n/a	5,600,665	3,080,962	2,474,861
<b>M. de Vries, CLHCO</b>	522,460 <sup>2</sup>	n/a	n/a	n/a	n/a
<b>Non-Executive Director's Remuneration in USD</b>					
<b>M. Bennett, USA, Chairman</b>	301,250	356,575	428,750	653,486	432,500
<b>J. Ter Wisch, NED</b>	172,500	157,500	162,500	167,500	167,500
<b>S. Schat, NED</b>	182,500	160,000	160,000	160,000	160,000
<b>A. Montijn-Groenewoud, NED</b>	153,750	137,500	141,250	72,500 <sup>3</sup>	n/a
<b>R.J. van de Kraats, NED</b>	177,500	162,500	162,500	162,500	162,500
<b>G. Heckman, USA</b>	153,750	140,000	140,000	138,125	103,125 <sup>4</sup>
<b>J. Guiraud, FR</b>	172,500	157,500	157,500	157,500	157,500
<b>C. Welch, USA</b>	92,460 <sup>5</sup>	n/a	n/a	n/a	n/a
<b>D. Fraser, USA</b>	98,710 <sup>6</sup>	n/a	n/a	n/a	n/a

	2019	2018	2017	2016	2015
<b>Performance at OCI</b>					
<b>TSR performance</b>	78.50	74.57	88.05	69.42	95.46
<b>Average Employee Remuneration and Internal pay ratio's</b>					
<b>Average employee remuneration – global employee reference group</b>					
<b>(FTE, Total Remuneration Costs)</b>	70,692 <sup>7</sup>	n/a	n/a	n/a	n/a
<b>Internal pay ratio – global employee reference group</b>					
	44.5 <sup>7</sup>	n/a	n/a	n/a	n/a
<b>Average employee remuneration – EU+USA employee reference group</b>					
<b>(FTE, Total Remuneration Costs)</b>	146,019	122,040	122,843	n/a	n/a
<b>Internal pay ratio – EU+USA employee reference group</b>					
	21.4	29.6	24.8	n/a	n/a

<sup>1</sup> H. Badrawi was appointed CFO on 1 October 2017 and appointed a member of the Board at the 2018 AGM; the amount represents his remuneration for the part of 2017 financial year he was a Director.

<sup>2</sup> M. de Vries was appointed as Executive Director per 1 June 2019; the amount is based on her 80% contract and represents her remuneration for the part of 2019 financial year she was a Director.

<sup>3</sup> A. Montijn-Groenewoud was appointed as Non-Executive Director per June 2016.

<sup>4</sup> G. Heckmann was appointed as Non-Executive Director per June 2015.

<sup>5</sup> C. Welch was appointed as Non-Executive Director per May 2019.

<sup>6</sup> D. Fraser was appointed as Non-Executive Director per May 2019.

<sup>7</sup> Per 2019 we changed the employee reference group for calculating our internal pay ratio from regional to global.

# REMUNERATION REPORT CONTINUED

## Implementation of Policy in 2020

### Salary

We do not propose any increase to salaries per 1 January 2020.

### Annual Bonus

The bonus will be based on corporate financial objectives (60%) and strategic, operational and personal objectives, now including HSE (40%). These will be measured over the financial year ending 31 December 2020.

The bonus opportunities remain unchanged with an at target opportunity of 75% of annual base salary for the CEO and 60% for the other Executive Directors.

The maximum opportunity remains at 150% of annual base salary for the CEO and at 120% of annual base salary for the other Executive Directors.

### Performance Share Unit Plan

Opportunities are unchanged from 2019. Target opportunities are 125% of salary for all Executive Directors.

The 2020 awards were granted on 7 February 2020 in line with our consistent course of action.

In line with the Dutch Corporate Governance Code, awards will be subject to a two-year holding period in addition to the current three-year performance period, resulting in a total five-year period from the date of grant.

### Shareholding Guidelines

The Guidelines introduced in 2019 will remain unchanged; the CEO has a requirement of 300% of salary; the other Executive Directors have a requirement of 150% of salary.

## 2020 Remuneration at a glance

The table below provides an overview of the 2020 Remuneration of the Executive Directors in a glance.

	Chief Executive Officer (CEO)	Chief Financial Officer (CFO)	Chief Legal and Human Capital Officer (CLHCO)	
<b>Role</b>				
Remuneration in 2020	<b>Annual base salary</b> (with effect from 1 January 2020)	\$2,000,000	\$1,150,000	\$ 480,000 <sup>1</sup>
	<b>2020 Target Bonus opportunity</b>	75% of annual base salary	60% of annual base salary	60% of annual base salary
	<b>2020 Target PSU award</b> (subject to shareholder approval)	125% of annual base salary	125% of annual base salary	125% of annual base salary
	<b>Share ownership guidelines</b>	300% of annual base salary	150% of annual base salary	150% of annual base salary

<sup>1</sup> Based on current 80% contract; the full-time equivalent is \$600,000.

## 2020 Remuneration Scenarios

The Remuneration Committee conducts pay scenario modelling on an annual basis which investigates pay-out quantum for Executive Directors under different performance scenarios. This modelling is undertaken to ensure that the Remuneration Policy links directly with the performance of OCI and therefore, is in the interests of shareholders.

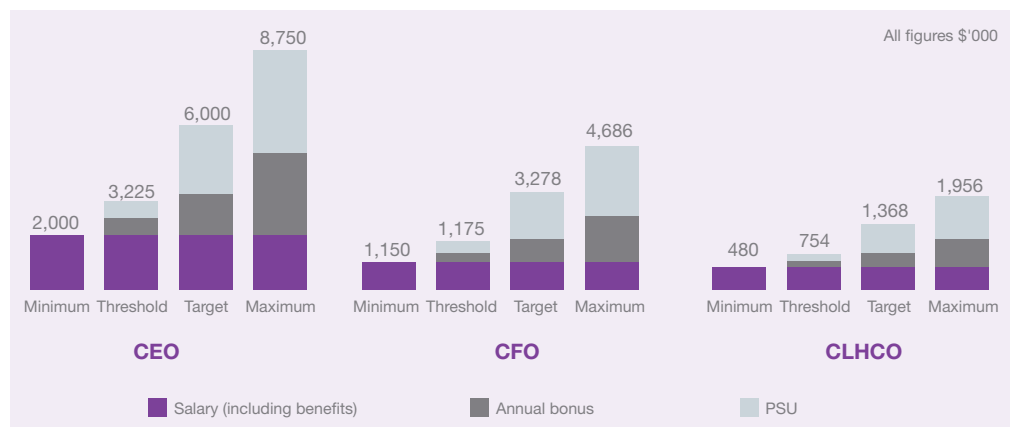
In the event that specific short-term and long-term threshold performance targets are not achieved, there will be no variable pay vesting or payout for Executive Directors for the relevant period.

The charts below illustrate how much the current Executive Directors could receive under different scenarios in the first year of the Remuneration Policy, assuming a constant share price (i.e. no appreciation) and no dividend payments.

## REMUNERATION REPORT CONTINUED

Element of remuneration	Details of assumptions
Fixed remuneration	This comprises base salary with effect from 1 January 2020. The base salary is inclusive of the 25% benefits allowance. The CEO's salary amounts to \$2,000,000, the CFO's salary \$1,150,000 and the salary of the CLHC \$480,000 (pro-rated on a 80% contract)
Annual bonus	Assumes maximum opportunity of 150% of salary for the CEO and 120% of salary for the OEDs Directors. For target, the scenario assumes 75% of annual base salary for the CEO and 60% of annual base salary for the OEDs. For threshold, the scenario assumes 30% of salary for the CEO and 24% of salary for the OEDs. For minimum, the scenario assumes no pay-out of the bonus.
Performance Share Unit Plan	Assumptions apply to all Executive Directors. There is a maximum opportunity of 150% of target (187.5% of annual base salary) in conditional shares. For target, the scenario assumes 125% of annual base salary for all Executive Directors. For threshold, the scenario assumes 25% of target for all Executive Directors. For minimum, the scenario assumes 0% of target for all Executive Directors.

Further to the pay scenario modelling conducted, the Committee concluded that the relationship between the financial and strategic priorities of the company and the performance measures set for the annual bonus as well as the PSP/PSU plan are adequate. Next, the Committee concluded that the objectives of the Remuneration Policy and the underlying objectives of the company are well served by the ratio between fixed and variable pay, which is at least 62:38 in the threshold scenario and 25:75 in the maximum scenario.



# DECLARATIONS

## Introduction

This 2019 annual report comprises regulated information within the meaning of sections 1:1 and 5:25c of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

For the OCI consolidated and OCI N.V.'s 2019 financial statements (*jaarrekening*) within the meaning of section 2:361 of the Dutch Civil Code, reference is made to the financial statements. OCI N.V.'s Directors have signed the 2019 financial statements in line with section 2:101, paragraph 2 of the Dutch Civil Code.

## Corporate governance statement

As referred to in article 2a of the Decree laying down additional requirements for annual reports (*Besluit inhoud bestuursverslag*) effective 1 January 2018 (the "AR Decree"), OCI N.V. is required to make a statement on corporate governance.

The information required to be included in the corporate governance statement as described in articles 3, 3a and 3b of the AR Decree can be found in the following sections of this annual report:

The information concerning compliance with the Dutch Code, as required by article 3 of the AR Decree, can be found in the section Compliance with the Code on page 49;

- The information concerning OCI N.V.'s risk management and control frameworks relating to the financial reporting process, as required by article 3a(a) of the AR Decree, can be found in the section Risk Management on page 43;
- the information regarding the functioning of OCI N.V.'s General Meeting of Shareholders, and the authority and rights of OCI N.V.'s shareholders, as required by article 3a(b) of the AR Decree, can be found in the section Shareholders' rights and meetings on page 61;
- the information regarding the composition and functioning of OCI N.V.'s Board and its Committees, as required by article 3a(c) of the AR Decree, can be found on page 57-58;
- the information regarding the D&I policy concerning the composition of the Board, as required by article 3a(d) of the AR Decree, can be found in the sections Board composition and Gender diversity on pages 59; and
- the information concerning the inclusion of the information required by the Decree Article 10 Takeover Directive (*Besluit artikel 10 overnamerichtlijn*), as required by article 3b of the AR Decree, can be found in the section Decree Article 10 Takeover Directive on page 62.

The Dutch Corporate Governance Code was last amended with effect from 1 January 2017 and is available at the website of the Corporate Governance Monitoring Committee (<http://www.mccg.nl>).

## In control statement

The Board is responsible for the design, implementation and operation of OCI's internal risk management and control systems. In discharging this responsibility, the Board has made an assessment of the effectiveness of OCI's internal control and risk management systems.

Based on this assessment and to the best of its knowledge and belief, the Board states that:

- There are no material failures in the effectiveness of OCI's internal risk management and control systems;
- OCI's internal risk management and control systems provide reasonable assurance that the annual report does not contain any errors of material importance;
- there is a reasonable expectation that OCI will be able to continue in operation and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the annual report; and
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of OCI's enterprise in the coming twelve months.

The above statements do not imply that our systems and procedures provide absolute assurance as to the realization of our operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Furthermore, the above statements only apply to OCI's subsidiary company Fertil as of the fourth quarter of 2019 (since this company was only acquired by OCI as of the start of the fourth quarter of 2019).

## Directors' statement pursuant to article 5:25c of the Dutch Financial Supervision Act

In accordance with Article 5:25c of the Dutch Financial Supervision Act, the Directors declare that to the best of their knowledge:

the 2019 financial statements provide a true and fair view of the assets, liabilities, financial position and results of OCI N.V. and its subsidiaries included in the consolidated statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU); and the Board Report (*bestuursverslag*) provides a true and fair view of the situation as at 31 December 2019, and of OCI's state of affairs for the financial year 2019, as well as the principal risks and uncertainties that OCI faces.

## DECLARATIONS CONTINUED

### Non-Financial Statement pursuant to Directive 2014/95/EU

Directive 2014/95/EU requires large companies to disclose non-financial and diversity information. This Directive has been implemented into Dutch law through the Decree disclosure of non-financial information (*Besluit bekendmaking niet-financiële informatie*) (the NF Disclosure Decree).

Pursuant to article 2 of the NF Disclosure Decree, OCI has included the information as described in article 3 of the NF Disclosure Decree in the following sections of this annual report:

OCI's business model is described on page 10;

- The policy, the applied procedures of care, the results of this policy and the main risks in respect of:
- environmental, social and employee matters and respect for human rights are described on pages 21-41;
- the preventing anti-corruption and bribery policies are described in the section Risk Management & Compliance on page 42-49; and
- the non financial performance indicators which are relevant for OCI's business activities are described on page 3.

Amsterdam, the Netherlands, 20 March 2020

### The OCI N.V. Board

Michael Bennett, Chairman  
Nassef Sawiris  
Hassan Badrawi  
Maud de Vries  
Jan Ter Wisch  
Sipko Schat  
Jérôme Guiraud  
Greg Heckman  
Robert Jan van de Kraats  
Anja Montijn-Groenewoud  
David Welch  
Dod Fraser





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## Consolidated Financial Statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT**

\$ millions	Note	31 December 2019	31 December 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(7)	6,570.6	4,975.7
Right-of-use assets	(4.1), (7)	277.5	-
Goodwill and other intangible assets	(8)	599.8	487.3
Trade and other receivables	(9)	4.1	4.1
Equity-accounted investees	(10)	506.9	566.6
Financial assets at fair value through other comprehensive income	(11)	33.4	36.9
Deferred tax assets	(12)	6.5	38.4
<b>Total non-current assets</b>		<b>7,998.8</b>	<b>6,109.0</b>
<b>Current assets</b>			
Inventories	(13)	308.7	233.6
Trade and other receivables	(9)	508.4	516.7
Income tax receivables	(12)	3.2	-
Cash and cash equivalents	(14)	600.5	460.7
<b>Total current assets</b>		<b>1,420.8</b>	<b>1,211.0</b>
<b>Total assets</b>		<b>9,419.6</b>	<b>7,320.0</b>

## Consolidated Financial Statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** CONTINUED

AS AT

\$ millions	Note	31 December 2019	31 December 2018
<b>Equity</b>			
Share capital	(15)	5.6	5.6
Share premium	(15)	6,316.3	6,316.3
Reserves	(16)	(237.8)	(249.0)
Retained earnings		(4,726.6)	(5,065.6)
<b>Equity attributable to owners of the Company</b>		<b>1,357.5</b>	<b>1,007.3</b>
Non-controlling interest	(17)	1,461.2	469.8
<b>Total equity</b>		<b>2,818.7</b>	<b>1,477.1</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	(18)	4,392.7	4,296.8
Lease obligations	(4.1), (19)	244.3	-
Trade and other payables	(20)	30.7	14.1
Provisions	(21)	2.8	9.7
Deferred tax liabilities	(12)	490.2	211.7
<b>Total non-current liabilities</b>		<b>5,160.7</b>	<b>4,532.3</b>
<b>Current liabilities</b>			
Loans and borrowings	(18)	269.6	283.5
Lease obligations	(4.1), (19)	41.0	-
Trade and other payables	(20)	991.3	848.9
Provisions	(21)	129.5	110.5
Income tax payables	(12)	8.8	67.7
<b>Total current liabilities</b>		<b>1,440.2</b>	<b>1,310.6</b>
<b>Total liabilities</b>		<b>6,600.9</b>	<b>5,842.9</b>
<b>Total equity and liabilities</b>		<b>9,419.6</b>	<b>7,320.0</b>

The notes on pages 82 to 125 are an integral part of these consolidated financial statements.

## Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEARS ENDED 31 DECEMBER

\$ millions	Note	2019	2018
Revenue	(27)	3,031.7	3,252.5
Cost of sales	(22)	(2,708.9)	(2,630.4)
<b>Gross profit</b>		<b>322.8</b>	<b>622.1</b>
Other income	(23)	5.8	62.6
Selling, general and administrative expenses	(22)	(219.1)	(177.6)
Other expenses	(24)	(4.5)	(2.8)
<b>Operating profit</b>		<b>105.0</b>	<b>504.3</b>
Finance income	(25)	60.8	76.6
Finance cost	(25)	(387.7)	(441.2)
<b>Net finance cost</b>	(25)	<b>(326.9)</b>	<b>(364.6)</b>
Income from equity-accounted investees (net of tax)	(10)	(56.6)	(30.8)
<b>Profit / (loss) before income tax</b>		<b>(278.5)</b>	<b>108.9</b>
Income tax	(12)	(21.7)	(9.4)
<b>Total net profit / (loss)</b>		<b>(300.2)</b>	<b>99.5</b>
<b>Other comprehensive income:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Movement in hedge reserve	(16)	0.2	(2.3)
Currency translation differences	(16)	4.6	32.0
Currency translation differences from equity-accounted investees	(10)	(0.2)	(0.7)
<b>Items that will not be reclassified to profit or loss</b>			
Changes in the fair value of financial assets at fair value through other comprehensive income	(16)	(3.4)	(11.7)
<b>Other comprehensive income, net of tax</b>		<b>1.2</b>	<b>17.3</b>
<b>Total comprehensive income</b>		<b>(299.0)</b>	<b>116.8</b>
<b>Profit / (loss) attributable to:</b>			
Owners of the Company		(334.7)	(48.7)
Non-controlling interest		34.5	148.2
<b>Net profit / (loss)</b>		<b>(300.2)</b>	<b>99.5</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(329.9)	(24.3)
Non-controlling interest		30.9	141.1
<b>Total comprehensive income</b>		<b>(299.0)</b>	<b>116.8</b>
<b>(Loss) / earnings per share (in USD)</b>			
Basic (loss) / earnings per share	(26)	(1.598)	(0.233)
Diluted (loss) / earnings per share	(26)	(1.598)	(0.233)

The notes on pages 82 to 125 are an integral part of these consolidated financial statements.

## Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

\$ millions	Note	Share capital (15)	Share premium (15)	Reserves (16)	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest (17)	Total equity
<b>Balance at 1 January 2018</b>		<b>5.6</b>	<b>6,316.3</b>	<b>(242.9)</b>	<b>(4,952.5)</b>	<b>1,126.5</b>	<b>292.4</b>	<b>1,418.9</b>
Impact of IFRS 9 adoption		-	-	-	(7.3)	(7.3)	(0.4)	(7.7)
<b>Adjusted balance at 1 January 2018</b>		<b>5.6</b>	<b>6,316.3</b>	<b>(242.9)</b>	<b>(4,959.8)</b>	<b>1,119.2</b>	<b>292.0</b>	<b>1,411.2</b>
Net profit / (loss)		-	-	-	(48.7)	(48.7)	148.2	99.5
Other comprehensive income		-	-	24.4	-	24.4	(7.1)	17.3
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>24.4</b>	<b>(48.7)</b>	<b>(24.3)</b>	<b>141.1</b>	<b>116.8</b>
Impact difference in profit sharing non-controlling interest	(15)	-	-	-	-	-	37.9	37.9
Dividend to non-controlling interest	(15)	-	-	-	-	-	(9.6)	(9.6)
Treasury shares sold / delivered	(16)	-	-	6.2	0.6	6.8	-	6.8
Treasury shares acquired	(16)	-	-	(1.2)	-	(1.2)	-	(1.2)
Increase shareholding OCI Beaumont (net of taxes)	(15)	-	-	-	(80.2)	(80.2)	(16.1)	(96.3)
Contribution N-7 LLC		-	-	-	(1.4)	(1.4)	1.4	-
Repayment of convertible bond (equity component)		-	-	(35.5)	23.2	(12.3)	-	(12.3)
Reduction of declared dividends to non-controlling interest		-	-	-	-	-	23.1	23.1
Share-based payments	(15)	-	-	-	0.7	0.7	-	0.7
<b>Balance at 31 December 2018</b>		<b>5.6</b>	<b>6,316.3</b>	<b>(249.0)</b>	<b>(5,065.6)</b>	<b>1,007.3</b>	<b>469.8</b>	<b>1,477.1</b>
Net profit / (loss)		-	-	-	(334.7)	(334.7)	34.5	(300.2)
Other comprehensive income		-	-	4.8	-	4.8	(3.6)	1.2
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>4.8</b>	<b>(334.7)</b>	<b>(329.9)</b>	<b>30.9</b>	<b>(299.0)</b>
Impact difference in profit sharing non-controlling interest	(15)	-	-	-	-	-	10.5	10.5
Dividend to non-controlling interest	(15)	-	-	-	-	-	(143.3)	(143.3)
Treasury shares sold / delivered	(16)	-	-	7.7	(7.7)	-	-	-
Treasury shares acquired	(16)	-	-	(1.3)	-	(1.3)	-	(1.3)
Business combination Fertigllobe	(15)	-	-	-	674.8	674.8	1,093.3	1,768.1
Share-based payments	(15)	-	-	-	6.6	6.6	-	6.6
<b>Balance at 31 December 2019</b>		<b>5.6</b>	<b>6,316.3</b>	<b>(237.8)</b>	<b>(4,726.6)</b>	<b>1,357.5</b>	<b>1,461.2</b>	<b>2,818.7</b>

The notes on pages 82 to 125 are an integral part of these consolidated financial statements.

## Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEARS ENDED 31 DECEMBER

\$ millions	Note	2019	2018
<b>Net profit / (loss)</b>		<b>(300.2)</b>	99.5
<b>Adjustments for:</b>			
Depreciation and amortization	(7), (8)	544.7	424.9
Interest income	(25)	(5.9)	(8.7)
Interest expense	(25)	311.8	340.7
Net foreign exchange loss and others	(25)	21.0	32.6
Loss on sale of scrapped property, plant and equipment	(24)	-	1.5
Share in income of equity-accounted investees	(10)	56.6	30.8
Result on sale of investment	(23)	-	(0.2)
Equity-settled share-based payment transactions	(15)	6.6	0.7
Impact difference in profit-sharing non-controlling interest	(15)	10.5	37.9
Income tax expense	(12)	21.7	9.4
<b>Changes in:</b>			
Inventories	(13)	(50.0)	(47.8)
Trade and other receivables	(9)	90.7	(137.1)
Trade and other payables	(20)	(42.4)	283.8
Provisions	(21)	0.6	(15.8)
<b>Cash flows:</b>			
Interest paid		(274.1)	(278.8)
Interest paid Nile Holding loan		-	(75.1)
Interest received		5.8	7.6
Income taxes paid	(12)	(59.9)	(34.3)
<b>Cash flow from / (used in) operating activities</b>		<b>337.5</b>	<b>671.6</b>
Investments in property, plant and equipment	(7)	(300.0)	(293.0)
Cash acquired in business combination	(2.2.1)	45.8	-
Dividends from equity-accounted investees	(10)	1.6	30.1
Loans issued to equity-accounted investees	(30)	-	(27.5)
Repayment of loans issued to equity-accounted investees	(30)	-	27.5
<b>Cash flow from / (used in) investing activities</b>		<b>(252.6)</b>	<b>(262.9)</b>

## Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

### FOR THE YEARS ENDED 31 DECEMBER

<b>\$ millions</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Proceeds from sale of treasury shares	(16)	-	6.8
Purchase of treasury shares	(16)	(0.7)	(1.2)
Proceeds from borrowings	(18)	1,765.5	3,290.8
Repayment of borrowings	(18)	(1,654.4)	(3,241.1)
Newly incurred transaction costs	(18)	(19.0)	(76.9)
Payment of lease obligations	(19)	(30.1)	-
Dividends paid to non-controlling interest	(17), (15)	(6.1)	(21.1)
Repayment of convertible bond (equity component)	(18)	-	(12.3)
Acquisition of non-controlling interest	(15)	-	(117.6)
<b>Cash flows from / (used in) financing activities</b>		<b>55.2</b>	<b>(172.6)</b>
<b>Net cash flows from / (used in)</b>		<b>140.1</b>	<b>236.1</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>140.1</b>	236.1
Cash and cash equivalents at 1 January		460.7	231.0
Effect of exchange rate fluctuations on cash held		(0.3)	(6.4)
<b>Cash and cash equivalents at 31 December</b>		<b>600.5</b>	<b>460.7</b>

For non-cash movements in loans and borrowings and lease obligations, reference is made to notes 18 and 19, respectively.

The notes on pages 82 to 125 are an integral part of these consolidated financial statements.



## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER

### 1. General

OCI N.V. ('OCI' or 'Company') was established on 2 January 2013 as a public limited liability company incorporated under Dutch law, with its head office located at Honthorststraat 19, Amsterdam, the Netherlands. OCI is registered in the Dutch commercial register under no. 56821166 dated 2 January 2013. The consolidated financial statements comprise the financial statements of the Company, its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

The Group is primarily involved in the production of natural gas-based products.

### 2. Basis of preparation

#### 2.1 General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU).

The consolidated financial statements have been prepared on the historical cost convention, except when otherwise indicated.

The financial year of the Group commences on 1 January and ends on 31 December.

The Company's functional currency is the Euro ('EUR'). Because the Group's major foreign operations have the US dollar as their functional currency, the presentation currency of the Company is the US dollar ('USD'). All values are rounded to the nearest tenth of a million (in millions of USD), except when stated otherwise.

These financial statements have been authorized for issue by the Company's Board of Directors on 20 March 2020. These consolidated financial statements are subject to adoption by the Annual General Meeting of Shareholders.

#### 2.2 Business combinations

##### 2.2.1 Fertigllobe business combination

On 30 September 2019, the Group and Abu Dhabi National Oil Company ("ADNOC") completed a transaction to combine ADNOC's fertilizer business into OCI's Middle East and North Africa ("OCI MENA") nitrogen fertilizer platform.

As part of the transaction, Fertigllobe, a step-down subsidiary of the Group obtained OCI MENA under common control and acquired 100% of the voting powers and economic returns from Ruwais Fertilizer Industries Ltd. ("Fertil"), a previously wholly owned subsidiary of ADNOC. Fertil is consolidated by the Group from 30 September 2019. Fertil is based out of the Emirate of Abu Dhabi, United Arab Emirates and is engaged in processing feedstock gas to produce nitrogen fertilizers. In exchange the Group transferred 42% of the total share capital of Fertigllobe to ADNOC. With the acquisition of Fertil, Fertigllobe will become the largest producer of nitrogen fertilizers in the MENA region.

For the three months ended 31 December 2019, Fertil contributed revenue (before intercompany revenue elimination) of USD 131 million and a loss before tax of USD 4 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been USD 3,412 million and the consolidated loss before tax USD 267 million. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

The accounting of the business combination in our unaudited quarterly condensed consolidated financial statements for the period ended 30 September 2019 was based on provisional fair values, which resulted in an adjustment to the initial accounting of the business combination and revised accounting for the acquisition. The measurement period adjustments recognized, compared to the unaudited Q3 condensed financial statements, resulted in a decrease of goodwill (USD 127.7 million), trade and other receivables (USD 50.3 million), trade and other payables (USD 5.2 million) and deferred tax liabilities (USD 2.3 million) and in an increase of Property, plant and equipment (USD 14.7 million) and inventories (USD 0.3 million). The measurement period adjustments are the result of adjustments to the purchase price allocation assessment and our updated assessment for the consideration transferred and contingent consideration to be received during the last quarter of 2019. Going forward, the Group expects that only a change in the contingent consideration will result in a material adjustment of the accounting for the business combination.

#### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Fertil as at the date of acquisition were:

\$ millions	Fair value recognized on acquisition
<b>Assets</b>	
Property, plant and equipment	1,843.4
Right-of-use assets	84.9
Inventories	25.7
Trade and other receivables*	33.9
Cash and bank equivalents	45.8
<b>Total assets</b>	<b>2,033.7</b>
<b>Liabilities</b>	
Employees benefits	(11.0)
Lease obligations	(86.4)
Trade and other payables	(45.5)
Deferred tax liabilities	(287.4)
<b>Total Liabilities</b>	<b>(430.3)</b>
<b>Total identifiable net assets at fair value</b>	<b>1,603.4</b>

\* The receivables acquired have a gross contractual amount approximately equal to their fair value.

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 2.2.1 Fertiglobe business combination (continued)

##### Goodwill

Goodwill arising from the acquisition has been recognized as follows:

\$ millions	
Consideration transferred**	1,057.5
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	710.7
Fair value of identifiable net assets	(1,603.4)
Additional consideration to be received***	(49.7)
<b>Goodwill</b>	<b>115.1</b>

\*\* The consideration transferred (being 42% of OCI MENA) has been measured by applying a discounted cashflow method. The calculations were performed by discounting the future cash flows generated by OCI MENA. Cash flows beyond the forecasted period of five years have been extrapolated using a 2% growth rate. The pre-tax WACC used to determine the expected discounted future cash flows is 12.5% for EFC, 11.7% for Sorfert and 10.8% for EBIC.

\*\*\* The additional consideration receivable relates to the closing adjustment between OCI and ADNOC regarding the formation of Fertiglobe. The receivable amount of USD 49.7 million recorded is the uncontested amount of the additional cash consideration to be received from ADNOC as a result of the closing adjustment. The Group's position is that the final closing adjustment, (which is currently being negotiated) should be materially higher than the above mentioned uncontested amount.

No further contingencies were recognized as part of the transaction. Although based on the land lease of the production facility, Fertil has the obligation to restore the site upon decommissioning. The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility indefinitely (also taken into account the possible changes in technology and availability of raw materials). The deferred tax liabilities comprise the tax effect of the accelerated depreciation for tax purposes of tangible assets and are relating to the fair value step-up applied on PP&E as part of the business combination.

The goodwill of USD 115.1 million comprises the value of expected synergies, future benefits from the assembled workforce and the expected high profitability of the acquired business. None of the goodwill recognized is expected to be deductible for income tax purposes.

Transaction costs of USD 19.3 million were incurred in 2019 and are included in administrative expenses. Costs incurred in 2018 related to the transaction with ADNOC amounted to USD 3.8 million.

#### 2.2.2 Completed demerger of the Engineering & Construction Business in 2015

OCI demerged the Company's Engineering & Construction business in March 2015 ('the Demerger'). The ultimate parent company holding the demerged Engineering & Construction activities and that became listed on the Cairo and Dubai stock exchanges directly after the demerger is Orascom Construction PLC ('OC'). The demerger was completed on 7 March 2015.

##### Ongoing relationship between OCI N.V. and Orascom Construction PLC

After the Demerger, OCI and OC each operate as separately listed companies.

##### Construction contracts

Subsidiaries of OC and OCI are still party to continuing commercial arrangements.

##### Shared services agreement

OCI and OC provide certain support services to each other on an ad-hoc basis. The consideration payable is on a cost-plus basis.

##### Conditional sale agreement

Orascom Construction Industries S.A.E ('OCI S.A.E.') was the former parent company of the OCI Group, which was replaced by OCI N.V. in 2013 and was delisted from the Egyptian Stock Exchange in 2016. OCI S.A.E. acts as the sub holding of several operating fertilizer companies of OCI NV. At the time of the demerger, OCI S.A.E. also held certain construction activities that could not be legally transferred to Orascom Construction PLC as part of the demerger due to legal, regulatory, or other considerations.

In order to have the Engineering & Construction businesses derecognized from the OCI N.V. consolidated financial statements, a conditional sale agreement was entered into between the OCI Group and the OC Group. The agreement stipulates that the management of construction activities, as well as the economic effect of all related risks and rewards (including the right to any dividends), would be passed from OCI SAE to OC effective 30 September 2014 until OCI SAE's construction activities are terminated, or until OCI SAE's construction activities are demerged into a separate construction entity called 'Construction Egypt' that is then transferred to OC.

In addition to management, OC also received the right to vote on the board of directors of OCI S.A.E. in matters related to the construction business. This transfer of economic benefits, liabilities and rights will remain in force until the transfer of the 'Construction Egypt' shares have been legally formalized. Any new awarded projects will be sought through a wholly-owned subsidiary of OC.

##### Tax indemnity agreement

On 6 February 2015, OC and OCI S.A.E. entered into a tax indemnity agreement. The agreement sets out each party's obligations in respect of the tax claim lodged by the tax authorities in Egypt relating to the sale of the OCI S.A.E.'s cement business to Lafarge SA in 2007 (further reference is made to note 28). The parties have agreed to equally split any liability incurred by OCI S.A.E. in relation to the Tax Claim (including the costs of dealing with the Tax Claim). In addition, to the extent that any recoveries are made in relation to the tax claim, including interest received on the funds, these will be shared between the parties on a 50%/50% basis (excluding the amount of EGP 1.9 billion (refund received in March 2015) for which it was announced that the rights will be transferred to Tahya Misr social fund in Egypt).

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3. Summary of significant accounting policies

The Group has applied the accounting policies set out in note 3 consistently over both periods presented in these consolidated financial statements, except for the new policies resulting from the application of IFRS 16 'Leases'. IFRS 16 became effective as of 1 January 2019 and has not resulted in a restatement of the 2018 comparative numbers. The IAS 17 accounting policies applicable to leases in 2018 are included in note 3.15 while the new IFRS 16 accounting policies applicable to leases in 2019 are included in note 4.1.

#### 3.1 Consolidation

The consolidated financial statements include the financial statements of OCI, its subsidiaries and the Group's interests in associates and joint ventures.

##### Subsidiaries

Subsidiaries are all companies to which OCI is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any investment retained in the former subsidiary is recognized at fair value. The fair value shall be regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Any resulting gain or loss is recognized in profit or loss including related cumulative translation adjustments accumulated in other comprehensive income. If it becomes an associate or joint venture, the interest retained is subsequently measured in accordance with the equity method. The principal subsidiaries are listed in note 34.

##### Transactions eliminated in the consolidated financial statements

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

##### Non-controlling interest

Non-controlling interest is presented as a separate component in equity. 'Profit or loss' and 'Total comprehensive income' attributable to the non-controlling interest are presented as a separate line items in the consolidated statement of profit or loss and other comprehensive income. Non-controlling interest is measured at its proportionate share of the acquiree's identifiable net assets at the balance sheet date. Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### 3.2 Equity-accounted investees

#### Associates

Associates are those companies in which the Group exercises significant influence, but does not have control over the financial and operating policies, and are presumed to exist when the Group holds 20% to 50% of the shareholding and related voting rights of the other entity. Associates are accounted for under the equity method. The Group's share of profit or loss of an associate is recognized in profit or loss from the date when significant influence begins up to the date when that influence ceases. Investments in associates with negative shareholder's equity are impaired and a provision for its losses is recognized only if the Group has a legal or constructive obligation to cover the losses. Equity changes in investees accounted for under the equity method that do not result from profit or loss are recognized in other comprehensive income. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Unrealized gains on transactions between two associates are not eliminated.

#### Joint ventures

Investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor. Those joint arrangements that are assessed as joint ventures are accounted for using the equity method. Joint operations are accounted for using line by line accounting.

Joint ventures are accounted for under the equity method. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted subsequently for the Group's share in the post-acquisition profit or losses and movements in comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

### 3.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date, fair value of the assets and liabilities assumed and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the classification of particular financial assets and financial liabilities assumed as, at fair value through profit or loss, or at amortized cost or as a financial asset measured at fair value through other comprehensive income. The Group makes an assessment of whether embedded derivatives of the acquiree should be separated from their host contracts.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3. Summary of significant accounting policies (continued)

The consideration transferred in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The Group recognizes the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

Changes in the fair value of consideration that are not measurement period adjustments shall be adjusted as follows:

- Contingent consideration classified as equity shall not be remeasured.
- Other contingent consideration shall be measured at fair value with changes recognized in profit or loss.

### 3.4 Foreign currency

#### Foreign currency transactions

The financial statements of subsidiaries and joint operations are prepared in the currencies which are determined based on the primary economic environment in which they operate ('the functional currency'). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are revalued into the entity's functional currency at the then prevailing closing-rates. Exchange differences arising on the settlement and translation of monetary items are included in profit or loss for the period except when deferred to other comprehensive income for financial assets at fair value through other comprehensive income and the effective part of qualifying cash flow hedges.

#### Foreign currency translation

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the US dollars are translated into US dollars using the exchange rates prevailing at the balance sheet date. Income and expense items are translated using exchange rates prevailing at the date of the transactions. Investments in joint ventures and associates with a functional currency other than the US dollars are translated into US dollars using exchange rates prevailing on the balance sheet date. Exchange rate differences arising during consolidation and on the translation of investments in subsidiaries, joint arrangements and associates are included in other comprehensive income, as 'Currency translation differences'. When a foreign operation is (partly) disposed of or sold, (the proportionate share of) the related currency translation differences that were recorded in other comprehensive income are recycled to profit or loss as part of the gain or loss on disposal or sale. Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are considered as assets and liabilities denominated in the functional currency of the foreign subsidiary.

### 3.5 Financial instruments

#### Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, at fair value through profit or loss ('FVTPL') and at fair value through other comprehensive income ('FVOCI'). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

#### Amortized cost

Trade and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the 'hold-to-collect' business model criteria for amortized cost measurement. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss on derecognition is recognized directly in profit or loss.

The Group sells certain trade receivables under a securitization agreement to a third party. For these selected debtors the Group will use the 'hold-to-collect-and-sell business model' as defined under IFRS 9 and will measure these receivables going forward at FVOCI.

#### Fair value through profit or loss ('FVTPL')

Derivative financial instruments held by the Group are classified in the category FVTPL, unless the instrument is designated in a hedge relationship and the hedge meets the requirements for hedge accounting. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

#### Fair value through other comprehensive income ('FVOCI')

Equity investments, previously recognized as available-for-sale assets, are measured at FVOCI, based on the irrevocable election made by the Group. The Group elected this approach as these investments are not held for trading. Movements in the carrying amount are recognized in other comprehensive income, except for the recognition of impairment gains and losses, interest income and foreign exchange gains and losses which are recognized in the profit or loss. On derecognition the cumulative gain or loss recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividend income is recognized in profit or loss when the Group's right to receive payment is established.

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3. Summary of significant accounting policies (continued)

#### Financial liabilities

Financial liabilities, like loans and borrowings and trade and other payables, are measured at amortized cost, unless the financial liability:

- is a derivative at FVTPL;
- arose from the transfer of a financial assets that does not qualify for derecognition or if the continuing involvement approach applies;
- is a financial guarantee contract;
- is a commitment to provide a loan at a below-market interest rate; and
- is a contingent consideration resulting from a business combination to which IFRS 3 applies, measured at FVTPL.

#### Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. Based on the assessment undertaken on historical data, there's limited impact from the expected credit loss model. The Group will evaluate any possible impact going forward. For the assessment of loss allowance for expected credit losses, a simplified model for trade receivables is applied. The loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL. They are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- the contractual cash flows that are due to an entity under the contract; and
- the cash flows that the holder expects to receive.

In order to assess the lifetime ECLs for trade receivables, both historic credit losses experience and forward-looking information is assessed.

For other receivables (and other financial assets) the Group measures the loss allowance at an amount equal to the lifetime ECLs if the credit risk on that financial instrument has increased significantly since initial recognition.

If at the reporting date, the credit risk of other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

### 3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Restricted cash comprises cash balances where specific restrictions exist on the Company's ability to use this cash. Restricted cash includes cash deposited as collateral for letters of credit issued by the Company. Restricted funds include bank balances reserved by the lending institution for installments of loan payments to be made in the near future.

### 3.7 Share capital

Ordinary shares are classified as equity. Share premium is the excess amount received over the par value of the shares. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction, net of tax, from the proceeds. When ordinary shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a deduction from 'Reserves'. Repurchased shares are classified as treasury shares and are presented in 'Reserves'. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in 'Reserves', and the resulting surplus or deficit on the transaction is presented in share premium.

### 3.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes cost of material, direct labour, other directly attributable cost incurred to bring the asset ready to its intended use, cost of asset retirement obligations and any capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed as incurred. Spare parts of property, plant and equipment are recognized under property, plant and equipment if the average turn-over exceeds 12 months or more, otherwise they are recognized within inventories.



## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3.8 Property, plant and equipment (continued)

#### Property, plant and equipment under construction

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded as 'under construction' until the asset is completed and becomes ready for use. Upon the completion of the assets, the recognized costs are reclassified from 'under construction' to its final category of property, plant and equipment. Assets under construction are not depreciated and measured at cost less any impairment losses.

#### Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis through profit or loss over the estimated useful lives of each component, taking into account any residual values. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

#### The estimated useful lives for items of property, plant and equipment are as follows:

	Years
Buildings	10 - 50
Plant and equipment	5 - 25
Fixtures and fittings	3 - 10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary by the Group.

### 3. Summary of significant accounting policies (continued)

#### Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognized as part of the cost of those assets. All other borrowing costs are recognized as 'Finance cost' in the period in which they are incurred.

### 3.9 Goodwill and other intangible assets

#### Goodwill

Goodwill represents the excess of purchase price and related costs over the value assigned to the Groups' share of identifiable assets acquired and liabilities assumed of businesses acquired that were directly attributable to the legal entities comprising the Group. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

Goodwill on acquisition of entities that qualify as subsidiaries is presented under 'Goodwill and intangible assets'. Goodwill on acquisitions of entities that qualify as associates or joint ventures is included in

'Equity-accounted investees'. Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of units that are expected to benefit from the business combination through which the goodwill arose, based on past experience.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is tested annually for impairment; an impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of the cash-generating unit is determined by the higher of its fair value less cost to sell and its value in use. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold. All other expenditures on internally generated goodwill and other intangible assets is recognized in profit or loss as incurred.

#### Other intangible assets

Other intangible assets with a finite useful life (licenses, customer relations, brand names and other rights that are acquired separately or through business combinations) are amortized on a straight-line basis in profit or loss over their estimated useful lives taking into account any residual value and impairment losses, from the date that they are available for use.

#### The estimated useful lives of intangible assets are as follows:

	Years
Licenses and trade names	3 - 10
Purchased rights and other	4 - 10

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

### 3.10 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories of raw materials, spare parts and supplies are based on the weighted average principle or the first-in-first-out method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3. Summary of significant accounting policies (continued)

#### 3.11 Impairment of assets

##### Non-derivative financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a non-derivative financial asset or a group of non-derivative financial assets is impaired. A non-derivative financial asset is considered to be impaired if the counterparty does not meet the agreed payment terms or when evidence exists that the counterpart will not be able to do so. The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is recognized for the amount by which the carrying amount of a non-derivative financial asset exceeds its estimated discounted future cash flows using the original interest rate. Impaired non-derivative financial assets are tested periodically to determine whether the estimated future cash flows have increased and the impairment has to be reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

In the case of a financial asset classified as financial asset at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the financial asset at fair value through other comprehensive income below its acquisition cost is considered as an indicator that the financial asset at fair value through other comprehensive income is impaired. If any such evidence exists for a financial asset at fair value through other comprehensive income, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments classified as financial asset at fair value through other comprehensive income are not reversed through profit or loss.

##### Derivative financial assets

Derivative financial assets are measured at fair value and the Group investigates whether the counterparty's creditworthiness gives rise to an impairment. When determining the fair value, credit value and debit value adjustments are taken into account.

##### Non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognized for the amount by which the

assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by continued use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment be (partially) reversed. Impairment losses on goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

#### 3.12 Provisions

Provisions are recognized when a present legal or constructive obligation based on past events exists, and it is probable that an outflow of economic benefits is required to settle the obligation. If the outflow is probable, but cannot be determined reliably, the obligation is disclosed. The non-current part of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognized as finance cost.

##### Asset retirement obligations

The Group recognizes a provision if the Group has an obligation to restore a leased asset in its original condition at the end of its lease term and in case of legal requirements with respect to clean-up of contamination of land, and the estimate can be made reliable. Based on the land lease of their production facilities, some entities have the obligation to restore their site upon decommissioning. The Group has not recorded a liability for this conditional asset retirement obligation, as it does not believe there is currently a reasonable basis for estimating a date or range of dates of cessation of the operations, which is necessary to estimate the fair value of this liability. Considering that maintenance, turnarounds and any other upgrades will be conducted on a regular basis as was done in the past, this can extend the physical life of the production facility indefinitely (also taken into account the possible changes in technology and availability of raw materials).

##### Claims and contingencies

The Group is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the Company. If it is probable that an obligation to the Group exists, which will result in an outflow of resources and the amount of the outflow can be reliably estimated, a provision is recognized.

##### Donation provision

The donation provision is recognized as a constructive obligation, the amount is undiscounted as the Group does not know the exact settlement date.



## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3. Summary of significant accounting policies (continued)

#### 3.13 Revenue from contracts with customers

Revenues are recognized to depict the transfer of goods or services to customers in the ordinary course of the Group's activities, in the amounts that reflect the considerations to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when the Group satisfies the performance obligations by transferring promised goods or services to customers. The main performance obligation of the Group is the transfer of the Group's fertilizer and chemical products to customers. Revenue from the sale of fertilizer and chemical products are the two main revenue streams of the Group.

Goods are transferred when the customer obtains control of the asset. The timing of when control transfers depends on the sales and shipping terms agreed. Depending on its nature and the agreed sales terms, a performance obligation is either satisfied at certain point in time or over a certain period of time.

Revenue is recognized net of expected discounts and rebates to customers. Accumulated experience and management judgement is used to estimate and provide for the discounts and rebates and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The Group does not have any contracts where the period of time between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, no adjustment is made to transaction prices for the time value of money.

#### 3.14 Government grants

An unconditional government grant related to an asset is recognized in profit or loss as 'Other income' when the grant becomes receivable. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss as 'Other income' on a systematic basis in the periods in which the expenses are recognized. Other government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognized in profit or loss as 'Other income' on a systematic basis over the useful life of the asset.

#### 3.15 Operating leases

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made by OCI under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a 'straight-line' basis over the period of the lease.

#### 3.16 Finance income and cost

Finance income comprises:

- interest income on funds invested (including on financial assets at fair value through other comprehensive income);
- gains on the disposal of financial assets at fair value through other comprehensive income;
- dividend income;
- fair value gains on financial assets at fair value through profit or loss;
- gains on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- interest income is recognized as it accrues in profit or loss, using the effective interest method.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance cost comprise:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- interest expense related to lease obligations;
- losses on disposal of financial assets at fair value through other comprehensive income;
- fair value losses on financial assets at fair value through profit or loss;
- loss on hedging instruments related to foreign currency and interest rate derivatives that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss and expensed as incurred. Foreign currency gains and losses are recognized on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3. Summary of significant accounting policies (continued)

#### 3.17 Employee benefits

##### Defined contribution plan

Certain Group subsidiaries provide pension plans, end of service remuneration plans and long-term service benefits. These pension plans qualify as defined contribution plans. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

##### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Long-term employee benefits

The Group long-term employee benefits are recognized if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably to determine its present value. The discount rate is the yield at the balance sheet date on triple-A ('AAA') credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Re-measurements are recognized in profit or loss in the period in which they arise.

##### Termination benefits

Employee termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. OCI recognizes termination benefits when OCI is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when OCI is providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

##### Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

The grant date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period (the vesting period) that the employees render service and becomes unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For cash-settled share-based compensation plans and share-based compensation plans with cash alternatives the liability is remeasured at each balance sheet date during the vesting period and for share option plans also during the exercise period.

#### 3.18 Income tax

##### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Current income tax receivable and payable are offset when there is a legally enforceable right to offset and when the current income tax relates to the same fiscal authority.

##### Deferred tax

Deferred income tax liabilities are recognized for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements ('liability' method). Deferred income tax assets are recognized for all deductible temporary differences, unused carry forward losses and unused carry forward tax credits, to the extent that it is probable that future taxable profit will be available against which the deferred income tax assets can be utilized.

Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Also, no deferred income tax is recognized regarding the initial recognition of goodwill and regarding investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred income tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

#### 3.19 Segment reporting

An operating segment is a component of an entity that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker ('CODM') to make decisions about resource allocation to the segment and to assess its performance and for which discrete financial information is available. The Group determines and presents operating segments on the basis of information that internally is provided to the CODM during the period. Operating segments are grouped into reporting segments based on similar economic environments and similar products.

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 3. Summary of significant accounting policies (continued)

#### 3.20 Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the 'indirect' method. Cash flows in foreign currencies have been translated applying average exchange rates. Currency translation differences are shown separately in the consolidated statement of cash flows. Cash flows from investing activities consist mostly of investments and divestments in property, plant and equipment, intangible assets, and acquisitions insofar as these are paid for in cash. Acquisitions or disposals of subsidiaries are presented as acquisition of subsidiary, net of cash. Cash flows relating to capitalized borrowing cost are presented as cash flows from operating activities. Cash flows from discontinued operations / assets held for demerger are presented separately from the cash flows from continuing operations.

#### 3.21 Earnings per share

Earnings per ordinary share are calculated by dividing the profit or loss (net) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. In making this calculation the (ordinary) treasury shares are deducted from the number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the weighted average number of ordinary shares outstanding plus the potential increase as a result of the conversion of convertible bonds and the settlement of share-based compensation plans (share option plans). Anti-dilutive effects are not included in the calculation. The convertible notes are assumed to be converted in full. An adjustment is made to profit or loss (net) to eliminate interest charges, whilst allowing for effect of taxation. Regarding equity-settled share option plans it is assumed that all outstanding plans will vest. The potential increase arising from share option plans is based on a calculation of the value of the options outstanding. This is the number of options multiplied by the exercise price, divided by the average share price during the financial year. This potential increase is only applied if the option has intrinsic value.

### 4. New accounting standards and policies

On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations. These new accounting standards, amendments and revisions to existing standards and interpretations are subject to endorsement by the European Union.

#### 4.1 Standards, amendments, revisions and interpretations that became effective to OCI during 2019

The Group has applied the following standards for the first time in the annual reporting period commencing 1 January 2019:

##### IFRS 16 'Leases'

IFRS 16 issued on 13 January 2016 is effective for reporting periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for the customer ('lessee') and the supplier ('lessor'). IFRS 16 introduces a single lessee accounting model.

Applying that model, a lessee is required to recognize:

- assets and liabilities for all leases with voluntary exceptions for short-term leases (of less than 12 months) and leases of which the underlying asset is of low value;
- depreciation of lease assets separately from interest on lease obligations in the statement of profit or loss; and
- repayment of lease obligations is presented as cash flows from finance activities.

OCI has chosen to implement IFRS 16 using the modified retrospective approach effective 1 January 2019. Comparative numbers were not restated. While applying the modified retrospective approach, OCI has elected the option to measure the right-of-use asset based on the value of the lease obligation, to exclude initial direct cost and to use the incremental borrowing rate to determine the present value of the lease obligation. The incremental borrowing rate will be determined for each lease obligation as the sum of the entity specific average borrowing rate and a discount reflecting the security of the underlying 'right-of-use asset', taking into account the term structure difference between the average borrowing rate and the term of the lease.

The adoption of IFRS 16 did not result in any adjustment to equity in the 2019 opening balances and does not affect any covenants.

The group elected the following practical expedients and applied these consistently to all leases:

- no reassessment of whether any existing contracts already assessed under previous IFRS guidance contain leases;
- excluded initial direct costs from the measurement of right-of-use assets on transition;
- leases for which the lease term ends during 2019 will be expensed as short-term leases.

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 4. New accounting standards and policies (continued)

The impact of implementing IFRS 16 can be seen in the below schedules:

Right-of-use assets:

\$ millions	Note	Land and buildings	Plant and equipment	Fixture and fittings	Total
Impact of adoption of IFRS 16	7	101.5	102.9	11.8	216.2
<b>At 1 January 2019</b>		<b>101.5</b>	<b>102.9</b>	<b>11.8</b>	<b>216.2</b>

Lease obligations:

\$ millions	Note	Non-current lease obligations	Current lease obligations	Total
Impact of adoption of IFRS 16	19	189.7	26.5	216.2
<b>At 1 January 2019</b>		<b>189.7</b>	<b>26.5</b>	<b>216.2</b>

The weighted average incremental borrowing rate for the lease liabilities is 2.4%.

The differences between the IFRS 16 value of lease obligations compared to the discounted value (using the same incremental borrowing rate) of the IAS 17 lease obligations is the result of the short-term leases maturing in 2019 that are being expensed under the IFRS 16 practical expedient and the non-lease elements excluded from certain leases under IFRS 16.

We have used the same database of leases to calculate the value under IFRS 16 as was used previously under IAS 17, the difference in value is then only in leases still treated as if they were operating leases. 'Regular' low-value and short-term leases are insignificant by default, so the main difference is in the initial exemption. The difference between the commitments recognized under IAS 17 and the impact of IFRS 16 is merely related to extended contracts and discounting.

#### IFRS 16 Accounting policy

##### Lessee accounting

Whether an arrangement is, or contains a lease is assessed at the commencement date of the lease. In general, an arrangement is considered to be or to contain a lease when all of the following apply:

- there is an identified asset;
- OCI obtains substantially all economic benefits from the use of the asset; and
- OCI can direct the use of the identified asset.

Lease obligations are recognized based on the present value of the future minimum lease payments. Right-of-use assets are valued equal to the lease liabilities. As leases do not easily provide for an implicit rate, OCI uses the incremental borrowing rate. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

For leases, each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the term of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

OCI has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component. For assets in the class leases of offices and buildings, we account for the lease and non-lease components separately. For these types of leases the allocation of the consideration between lease and non-lease components is based on the relative stand-alone prices of lease components included in the lease arrangements. Leases are presented as 'Right-of-use assets' and 'Lease obligations'.

Short term leases (less than 12 months) or low value leases (less than USD 5,000) are expensed through the statement of profit or loss as incurred.

#### IFRIC 23

The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirements in IFRIC 23 Uncertainty over Income Tax Treatments, which became effective on 1 January 2019. As of 1 January 2019 the Group applied this interpretation to uncertain tax positions.

#### 4.2 Standards, amendments, revisions and interpretations not yet effective to OCI

IFRS standards and interpretations thereof not yet in force which may apply to the future Group's consolidated financial statements are being assessed for their potential impact. Currently there are no standards and interpretations not yet effective that would have a significant impact on the Group.

#### 5. Critical accounting judgment, estimates and assumptions

The preparation of the financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods, if the changed estimates affect both current and future periods. The most critical accounting policies, involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements, are the following:

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 5. Critical accounting judgment, estimates and assumptions (continued)

#### Goodwill and other intangible assets

Intangible assets with finite useful lives are carried at cost less cumulative amortization and any impairment. Amortization is calculated using the 'straight-line' method based on the estimated useful lives. Management makes estimates regarding the useful lives and residual values and assumes that amortization takes place on a 'straight-line' basis. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. For intangible assets with finite useful lives, OCI assesses annually or more frequently whether indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of intangible assets, OCI makes estimates and assumptions about future cash flows based on the value in use.

In doing so, OCI also makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows. OCI tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. The recoverable amount is the higher of the fair value less cost of disposal and the value in use. In determining the recoverable amount, OCI makes estimates and assumptions concerning future revenues, future costs, future working capital, future investments, Weighted Average Cost of Capital ('WACC') and future inflation rates.

#### Property, plant and equipment

Depreciation is calculated using the 'straight-line' method based on the estimated useful lives, taking into account any residual values. Management makes estimates regarding the useful lives and residual values and assumes that depreciation takes place on a 'straight-line' basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. OCI assesses annually, or more frequently, whether indicators exist that suggest that an item of property, plant and equipment might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of property, plant and equipment, OCI makes estimates and assumptions about future cash flows based on the value in use. The discount rate to be used in order to calculate the net present value of the future cash flows in the impairment analysis is based on the WACC.

#### Financial instruments

The fair value of financial instruments traded in active markets (financial instruments in the fair value hierarchy level 1) is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market with observable market prices (financial instruments in the fair value hierarchy level 2) is determined using generally accepted valuation techniques. These valuation techniques include estimates and assumptions about forward rates, discount rates based on a single interest rate, or on a yield-curve based on market conditions existing at the balance sheet date. The fair value of borrowings and interest rate swaps is calculated based on the present value of the estimated future cash flows based on the yield-curve applicable at the balance sheet date. If the financial instrument contains a floating interest rate, the future expected interest rates are determined based on forward rates. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. Gas price option and gas swap contracts are valued using applicable market yield curves.

All inputs for the fair value calculations represent observable market data that are obtained from external sources that are deemed to be independent and reliable. The net carrying amount of trade receivables and trade payables is assumed to approximate the fair value due to the short-term nature. The fair value of financial instruments with no observable market prices (financial instruments in the fair value hierarchy level 3) is based on assumptions that market participants would use when pricing these assets or liability, including assumptions about risk. Assumptions about risk include the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and the risk inherent in the inputs to the valuation technique, including a risk adjustment when there is significant measurement uncertainty.

The fair value of non-current financial liabilities is estimated by discounting the future cash flows using original effective yield-curves. Unlisted equity securities in the financial assets at fair value through other comprehensive income category (financial instruments in the fair value hierarchy level 3) are measured at cost less impairments. A significant and prolonged decline in the fair value of a financial asset at fair value through other comprehensive income below its acquisition cost is considered as an indicator that the financial asset at fair value through other comprehensive income is impaired. If any such evidence exists for a financial asset at fair value through other comprehensive income, the cumulative losses previously recognized in other comprehensive income is recognized in the profit or loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss.

#### Impairment financial instruments (including trade receivables)

Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy, or has failed on the repayments of principal and interest. In other circumstances OCI uses judgment to determine whether financial assets may be impaired. OCI uses judgment to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. For listed equity securities in the financial assets at fair value through other comprehensive income category, the Group uses the assumption that if the market value declined by more than 25 percent and more than 6 months, the asset is assumed to be impaired.

For unlisted equity securities in the financial assets at fair value through other comprehensive income category, an impairment test is performed if objective evidence becomes available to the Group that the asset might be impaired. For debt-securities, an impairment trigger exists when the counterpart fails to meet its contractual payment obligations or there is evidence that the counterpart has encountered financial difficulties. The impairment is determined based on the carrying amount and the recoverable amount.

The recoverable amount is determined as the present value of estimated future cash flows using the original effective interest rate.



## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 5. Critical accounting judgment, estimates and assumptions (continued)

#### Inventories

In determining the net realizable value of inventories, OCI estimates the selling prices in the ordinary course of business, cost of completion and cost to sell. In doing so, OCI makes estimates and assumptions based on current market prices, historical usage of various product categories versus current inventory levels and specific identified obsolescence risks (e.g. end of life of specific goods and spare parts and the impact of new environmental legislation).

#### Provisions

Recognition of provisions include significant estimates, assumptions and judgments. IFRS requires only those provisions to be recognized if there is an expected outflow of resources in the near future and if the cost of these outflows can be estimated reliably. Accordingly, management exercises considerable judgment in determining whether it is more likely than not that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. These judgments are subject to change as new information becomes available. The required amount of a provision may change in the future due to new developments in the matter. Revisions to estimates may significantly impact future profit or loss. Upon resolution, the Group may incur charges in excess of the recorded provisions for such matters.

Provisions for asset retirement obligations, represent estimated costs of decommissioning. Due to the long time period over which future cash outflows are expected to occur, including the respective interest accretion, assumptions are required to be made. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect future laws and regulation with respect to asset retirements. The Group has not recognized any asset retirement obligations because a reliable estimate of the amount of the obligations cannot be made.

With respect to legal cases, the Group has to estimate the outcome. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. The Company periodically reviews the status of these proceedings with both the internal and external legal counsels.

#### Income taxes

OCI is subject to income taxes in several jurisdictions. Estimates are required in determining the group-wide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. OCI recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available for the deferred tax asset to be recovered. This is based on estimates of taxable future income by jurisdiction in which OCI operates and the period over which deferred tax assets are expected to be recoverable. In the event that actual results or new estimates differ from previous estimates and depending on the possible tax strategies that may be implemented, changes to the recognition of deferred tax assets could be required, which could impact the financial position and profit or loss.

#### Leases

The assessment of whether a contract is or contains a lease requires judgment with respect to whether the lessor has substantive substitution rights, who obtains economic benefits from use of the asset and who takes the 'how and for what purpose' decisions during the period of use. Judgement is also applied in order to assess whether the entity will exercise any extension or cancellation options of a lease.

The group applies judgments in order to determine the incremental borrowing rate in order to calculate the lease liabilities.

#### Control over investees

In determining whether OCI shall consolidate certain investments in joint arrangements, OCI makes assumptions about whether certain decision rights are substantive or protective in nature. In doing so, OCI applies judgement regarding shareholder agreements it has with those other investees. If OCI determines it holds the majority of the substantive decision rights, it assumes that it holds power over the investee. OCI also makes assumptions whether it is exposed to variable returns and whether these are linked to the power OCI holds. The linkage is tested by making assumptions whether OCI might be acting as a principal rather than an agent. If OCI meets all three criteria, OCI assumes it controls the investee.

#### Liquidity risk

As part of the preparation of the financial statements, the Company has assessed its liquidity risk and going concern. Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has made a number of assumptions in assessing its ability to meet its covenant requirements and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows. Key assumptions include product pricing, gas pricing, utilization rates and the ability to arrange financing and obtain waivers for potential covenant breaches.

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 6. Financial risk and capital management

##### Overview

The Group has exposure to credit, liquidity and market risks from financial instruments. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated company basis. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, additionally it also includes the Group's management of capital.

##### Risk management framework

The Board has oversight responsibility on the establishment and monitoring of the Group's risk management framework. Senior (local) management is responsible for the effective operation of the internal risk management and control systems. The Audit and Risk department is responsible for the facilitation and supervision of the Risk Management function, compliance with OCI Internal Control Framework and supports the Board in the exercise of their aforementioned risk management duties.

The Group's risk management policies and practices are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's business activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Audit and Risk Department. The Audit and Risk Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

##### 6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The Company mitigates the exposure to credit risk on outstanding cash balances by placing funds at multiple financial institutions with a sufficient credit rating. The Group's exposure to customer credit risk is monitored and mitigated by performing credit checks before selling any goods. No collateral is received. The Group establishes an allowance, if needed, for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that are expected based on historical performance. IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. As at 31 December 2019, management assessed any significant increase in credit risk based on internal and external factors related to the financial instruments and concluded no such significant credit risk was present. Hence, no allowance related to credit risk has been recognized.

As of September 2018, the Group entered into a securitization agreement to sell certain trade receivables to an external financial institution. The agreement permits securitization of trade receivables up to EUR 180.0 million (USD 201.8 million). As per 31 December 2019 an amount of EUR 116.3 million (USD 130.4 million) of trade receivables were transferred.

With respect to transactions with financial institutions, the Group sets a minimum credit rating for the counterparties. The maximum exposure to credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category. There is no significant concentration by counterparty of credit risk in trade and other receivables, financial assets at fair value through other comprehensive income or cash and cash equivalents. Concentrations of receivables by region can be seen in the table below.

The maximum exposure to credit risk at the reporting date is as follows:

\$ millions	Note	2019	2018
Trade and other receivables	(9)	512.5	520.8
Financial assets at fair value through other comprehensive income	(11)	33.4	36.9
Cash and cash equivalents	(14)	600.5	460.7
<b>Total</b>		<b>1,146.4</b>	<b>1,018.4</b>

The maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

\$ millions	2019	2018
Middle East and Africa	122.7	86.7
Asia and Oceania	53.7	26.0
Europe	214.7	297.4
Americas	121.4	110.7
<b>Total</b>	<b>512.5</b>	<b>520.8</b>

The maximum exposure to credit risk for cash and cash equivalents by geographic region is as follows:

\$ millions	2019	2018
Middle East and Africa	425.0	323.1
Europe	96.6	18.2
Americas	78.9	119.4
<b>Total</b>	<b>600.5</b>	<b>460.7</b>



## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 6.2 Liquidity risk

##### 6.2.1 General

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting agreements:

At 31 December 2019 \$ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Financial liabilities</b>						
<i>Cash outflows:</i>						
Loans and borrowings	(18)	4,662.3	6,081.4	469.1	4,303.0	1,309.3
Lease obligations		285.3	311.5	41.5	116.7	153.3
Trade and other payables	(20)	1,004.4	1,004.4	984.3	19.7	0.4
Letters of guarantee	(28)	-	-	-	-	-
Derivatives	(20)	17.6	17.6	7.0	10.6	-
<b>Total</b>		<b>5,969.6</b>	<b>7,414.9</b>	<b>1,501.9</b>	<b>4,450.0</b>	<b>1,463.0</b>

At 31 December 2018 \$ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Financial liabilities</b>						
<i>Cash outflows:</i>						
Loans and borrowings	(18)	4,580.3	6,195.0	560.7	3,785.4	1,848.9
Trade and other payables	(20)	847.5	847.5	838.7	8.4	0.4
Letters of guarantee	(28)	-	0.2	-	0.2	-
Derivatives	(20)	15.5	15.5	10.2	5.3	-
<b>Total</b>		<b>5,443.3</b>	<b>7,058.2</b>	<b>1,409.6</b>	<b>3,799.3</b>	<b>1,849.3</b>

The interest on floating rate loans and borrowings is based on forward interest rates at period-end. This interest rate may change as the market interest rate changes. Callable loan amounts are classified as 'Less than one year'. The future obligations will be managed by the future incoming cash from operations, currently available non-restricted cash and cash equivalents of USD 560.5 million and unused amounts on credit facility agreements in the amount of USD 686.4 million, reference is made to note 18.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is also safeguarded by using multiple financial institutions in order to mitigate any concentration of liquidity risk.

Following completion of the bulk of the Group's expansion projects, the Group's financing strategy is to secure external financing primarily at OCI N.V. with debt at an operating company level only if there is a compelling economic rationale. OCI N.V. acts as the financing company thus limiting the number of cross relationships within the Company and maximizing flexibility to divest operating companies.

The liquidity risk is monitored internally at Group level. On an ongoing basis the Group prepares liquidity forecasts to verify whether the Group is able to meet its future debt obligations. The Company has also carefully evaluated the funding of its Business Plan for at least the next 12 months from the date of issuance of the financial statements, taking into account the measures mentioned below and has applied sensitivities to the forecast level of liquidity headroom available. Key assumptions include product pricing, natural gas pricing and utilization rates. Management has applied these assumptions to the forecasts, which would leave sufficient liquidity headroom.

##### 6.2.2 Refinancing activities

Several refinancing activities were completed during 2019 to optimize the Group's finance cost, extend its debt maturity profile, and enhance its cashflow up-streaming to OCI N.V.

- In March 2019 OCI Nitrogen B.V. entered into an inventory financing agreement. The agreement is capped at USD 67.3 million (EUR 60.0 million), of which USD 64.3 million (EUR 57.4 million) was utilized as per 31 December 2019. The facility bears interest at a rate of 1.25% above Euribor.
- In April 2019, IFCo priced USD 120.0 million of tax-exempt bonds maturing in 2022 at an interest rate of 3.125%, replacing existing bonds with a 5.5% interest rate and the same maturity resulting in a debt modification gain of USD 6.2 million.
- In October 2019, OCI N.V. completed a dual-tranche bond offering consisting of USD 600.0 million senior secured fixed rate notes due 2024 and EUR 700.0 million senior secured fixed rate notes due 2024. The Dollar Notes bear interest at a rate of 5.250% per annum and the Euro Notes bear interest at a rate of 3.125% per annum. The Notes were issued at par, are senior secured obligations of the Company and are guaranteed by certain of the Company's subsidiaries. Interest will be payable semi-annually. The majority of the proceeds were used to repay borrowings at OCI Beaumont, repay the term loan and partially repay the revolving credit facility at OCI N.V.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 6.3 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to foreign currency risk arising in separate ways:

##### Foreign exchange translation risk

Due to the Group's international presence, the Group is exposed to foreign exchange fluctuations as these affect the translation of the Group's business entities presented in foreign currencies that are different from the US dollar (which is the Group's functional currency). The currencies concerned are mainly the Euro and the Algerian dinar. Foreign exchange translation exposure is considered a part of doing business on an international level; this risk is not hedged. The Group seeks to mitigate translation risk to our credit metrics by broadly matching the currency of debt with cashflows.

##### Foreign exchange transaction risk

The Group entities predominantly execute their activities in their respective functional currencies. The Group is however exposed to foreign exchange transaction risk to the extent that there is a mismatch between the currencies in which sales, purchases, investments and borrowings are denominated and the respective functional currencies of the Group entities. The Group monitors the exposure to foreign currency risk arising from operating activities and enters selectively into foreign exchange contracts to hedge foreign currency exposures. The nominal amount of the foreign currency derivatives outstanding as per 31 December 2019 was USD 304.9 million (2018: USD 85.6 million) and relates to the USD exposure of the Group (of Euro and Egyptian Pound currencies). The functional currencies of the Group entities are primarily the US dollar, the Algerian dinar and the Euro. EFC and EBIC have exposure to fluctuations in the USD/EGP exchange rates.

The summary of balances of the Group's exposure to foreign exchange transaction, where the main exposure currencies are different from the functional currencies, including intercompany balances, is as follows:

At 31 December 2019 \$ millions	USD	EUR	EGP
Trade and other receivables	19.2	6.4	77.8
Trade and other receivables intercompany	2,046.4	3.5	0.1
Trade and other payables	(61.9)	(0.9)	(16.3)
Trade and other payables intercompany	(65.3)	(1.4)	(0.2)
Loans and borrowings	(1,435.0)	-	(51.4)
Loans and borrowings intercompany	(1,190.6)	-	-
Provisions	-	-	(118.7)
Cash and cash equivalents	237.2	19.2	23.4

At 31 December 2018 \$ millions	USD	EUR	EGP
Trade and other receivables	67.4	6.4	68.0
Trade and other receivables intercompany	934.6	10.3	0.7
Trade and other payables	(30.6)	(4.7)	(7.8)
Trade and other payables intercompany	(24.6)	(8.0)	(1.1)
Loans and borrowings	(1,161.0)	-	(59.9)
Loans and borrowings intercompany	(29.3)	-	-
Provisions	-	-	(106.5)
Cash and cash equivalents	176.3	19.0	22.6

The Algerian dinar is not included in the above table of foreign exchange transaction exposure, since there are no entities in the Group which have monetary items denominated in Algerian dinar, except for Sorfert, which has the Algerian dinar as its functional currency.

##### Significant rates

The following significant exchange rates applied during the year:

	Average 2019	Average 2018	Closing 2019	Closing 2018
Euro	1.1193	1.1813	1.1213	1.1428
Egyptian pound	0.0596	0.0562	0.0623	0.0559
Algerian dinar	0.0084	0.0086	0.0084	0.0085

The following tables demonstrate the sensitivity to a reasonably possible change in EUR, EGP and DZD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

31 December 2019 \$ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	5 percent	33.1	-
	(5) percent	(33.1)	-
EGP - USD	3 percent	2.6	-
	(3) percent	(2.6)	-
DZD - USD	3 percent	(6.7)	-
	(3) percent	6.7	-

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### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 6. Financial risk and capital management (continued)

31 December 2018 \$ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	7 percent	22.7	-
	(7) percent	(22.7)	-
EGP - USD	3 percent	(2.5)	-
	(3) percent	2.5	-
DZD - USD	3 percent	(7.0)	-
	(3) percent	7.0	-

The figures in the above overview are determined based on the currency volatility of the respective years. A significant part of the Group's exposure to foreign currency transaction risk relates to intercompany balances.

#### Interest rate risk

The Group's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments and refinancing fixed rate borrowings. The Group regularly reviews its exposure to the global interest rate environment. The Group has not entered into any interest rate derivatives.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

\$ millions	In basis points	2019	2018
Effect on profit before tax for the coming year	+100 bps	(7.2)	(18.3)
	- 100 bps	7.2	18.3

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market data, showing a lower volatility compared to prior years. The interest rate sensitivity calculation is based on the interest-bearing liabilities excluding the restricted funds of IFCo, reference is made to note 14.

#### Commodity price risk

Natural gas is one of the primary raw materials used in the Group's production processes. The Group is exposed to natural gas price commodity risk for those entities that buy natural gas at spot prices. Management monitors the development of gas prices and products' selling prices on a daily basis using external historical and forecast market data provided by several data vendors. Management analyzes the potential profit margin per product based on these data in order to make operational and hedging decisions.

The Group enters into gas hedges in order to hedge future gas price levels over a certain period of time (reference is made to note 20). The Group uses derivatives (Basis swaps, Index swaps and options) in order to do so and did not apply hedge accounting on these instruments, therefore all fair value changes related to these financial instruments are recognized in profit or loss. Fixed price gas contracts and month-ahead swaps are accounted for under the 'own use' exemption and accounted at cost. The fiscal year 2020 gas price risk is managed by the Group to an extent of 19% (including both physical pricings and financial hedges).

The outstanding gas derivatives in MMBtu as per 31 December 2019 for the years 2020-2023 are:

- Flat priced contracts 10.1 million;
- Options (delta equivalent) 35.2 million;
- Month Ahead Swaps 0.8 million;
- Basis Swaps 21.9 million

For the entities that are impacted by changes in natural gas prices during FY 2020, an increase in the average natural gas prices by USD 1 per MMBtu would negatively impact the total annual cost of sales by USD 121.3 million and a decrease by USD 1 MMBtu would have a positive impact on cost of sales by USD 112.1 million.

#### Categories of financial instruments:

31 December 2019 \$ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value	Financial assets through other comprehensive income at fair value
<b>Assets</b>				
Trade and other receivables	(9)	507.5	5.0	-
Financial assets at fair value through other comprehensive income	(11)	-	-	33.4
Cash and cash equivalents	(14)	600.5	-	-
<b>Total</b>		<b>1,108.0</b>	<b>5.0</b>	<b>33.4</b>
<b>Liabilities</b>				
Loans and borrowings	(18)	4,662.3	-	-
Trade and other payables	(20)	1,004.4	17.6	-
<b>Total</b>		<b>5,666.7</b>	<b>17.6</b>	<b>-</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 6. Financial risk and capital management (continued)

31 December 2018 \$ millions	Note	Loans and receivables / payables at amortized cost	Derivatives at fair value	Financial assets through other comprehensive income at fair value
<b>Assets</b>				
Trade and other receivables	(9)	516.1	4.7	-
Financial assets at fair value through other comprehensive income	(11)	-	-	36.9
Cash and cash equivalents	(14)	460.7	-	-
<b>Total</b>		<b>976.8</b>	<b>4.7</b>	<b>36.9</b>
<b>Liabilities</b>				
Loans and borrowings	(18)	4,580.3	-	-
Trade and other payables	(20)	847.5	15.5	-
<b>Total</b>		<b>5,427.8</b>	<b>15.5</b>	<b>-</b>

The Group has limited financial instruments carried at fair value. For derivative financial instruments, the fair value is calculated within hierarchy category level 2. Financial assets at fair value through other comprehensive income recognized as level 1 is USD 3.4 million (2018: USD 3.6 million), the investment in the Infrastructure and Growth Capital Fund of USD 6.8 million (2018: USD 10.1 million) was recognized as level 2 as the valuation is partially derived from listed shares. The investment in Notore Chemical of USD 23.2 million (2018: USD 23.2 million) is recognized as level 3, reference is made to note 11.

Notore was listed on the Nigerian Stock Exchange in 2018, however due to the lack in trading volumes the investment is still valued within the hierarchy category level 3 based on audited financial statements. No fair value adjustments have been made to category level 3 investments during the period.

In 2019 and 2018, there were no transfers between the fair value hierarchy categories. The fair value of loans and borrowings and receivables are disclosed in notes 18 and 9, respectively.

#### 6.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group is required by external financial institutions to maintain certain capital requirements compared to its debt. Reference is made to note 18 for a description of financial covenants.

The Group's net debt to equity ratio at the reporting date was as follows:

\$ millions	Note	2019	2018
Loans and borrowings	(18)	4,662.3	4,580.3
<b>Less: cash and cash equivalents</b>	(14)	<b>600.5</b>	<b>460.7</b>
<b>Net debt</b>		<b>4,061.8</b>	<b>4,119.6</b>
Total equity		2,818.7	1,477.1
<b>Net debt to equity ratio at 31 December</b>		<b>1.44</b>	<b>2.79</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 7. Property, plant and equipment

\$ millions	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost	598.7	6,489.4	24.2	95.0	7,207.3
Accumulated depreciation	(58.7)	(1,988.9)	(16.5)	-	(2,064.1)
<b>At 1 January 2018</b>	<b>540.0</b>	<b>4,500.5</b>	<b>7.7</b>	<b>95.0</b>	<b>5,143.2</b>
Impact of adoption of IFRS 9	-	9.6	-	-	9.6
<b>Restated balance at 1 January 2018</b>	<b>540.0</b>	<b>4,510.1</b>	<b>7.7</b>	<b>95.0</b>	<b>5,152.8</b>
<b>Movements in the carrying amount:</b>					
Additions	0.4	4.0	4.0	301.5	309.9
Disposals	(0.8)	(1.3)	-	-	(2.1)
Depreciation	(26.9)	(393.7)	(2.0)	-	(422.6)
Transfers	0.2	160.0	4.7	(164.9)	-
Effect of movement in exchange rates	(2.6)	(51.3)	(0.2)	(8.2)	(62.3)
<b>At 31 December 2018</b>	<b>510.3</b>	<b>4,227.8</b>	<b>14.2</b>	<b>223.4</b>	<b>4,975.7</b>
Cost	594.1	6,533.6	32.3	223.4	7,383.4
Accumulated depreciation	(83.8)	(2,305.8)	(18.1)	-	(2,407.7)
<b>At 31 December 2018</b>	<b>510.3</b>	<b>4,227.8</b>	<b>14.2</b>	<b>223.4</b>	<b>4,975.7</b>
<b>Movements in the carrying amount:</b>					
Additions	0.1	31.2	3.6	253.3	288.2
Business combination Fertigllobe	103.8	1,714.5	2.0	23.1	1,843.4
Disposals	-	(1.3)	(0.2)	(2.1)	(3.6)
Depreciation	(26.0)	(482.9)	(2.8)	-	(511.7)
Transfers	2.4	334.7	1.3	(338.4)	-
Effect of movement in exchange rates	(0.9)	(16.9)	0.2	(3.8)	(21.4)
<b>At 31 December 2019</b>	<b>589.7</b>	<b>5,807.1</b>	<b>18.3</b>	<b>155.5</b>	<b>6,570.6</b>
Cost	749.9	9,209.3	58.8	155.5	10,173.5
Accumulated depreciation	(160.2)	(3,402.2)	(40.5)	-	(3,602.9)
<b>At 31 December 2019</b>	<b>589.7</b>	<b>5,807.1</b>	<b>18.3</b>	<b>155.5</b>	<b>6,570.6</b>

#### Right-of-use assets:

\$ millions	Note	Land and buildings	Plant and equipment	Fixture and fittings	Total
Impact of adoption of IFRS 16		101.5	102.9	11.8	216.2
<b>At 1 January 2019</b>		<b>101.5</b>	<b>102.9</b>	<b>11.8</b>	<b>216.2</b>
<b>Movement in the carrying amount:</b>					
Additions		1.6	24.2	0.9	26.7
Business combination Fertigllobe		36.4	-	48.5	84.9
Modifications		1.0	(16.7)	(2.5)	(18.2)
Disposals		(1.6)	(0.2)	-	(1.8)
Depreciation	(22)	(5.8)	(21.9)	(3.1)	(30.8)
Effect of movement in exchange rates		0.5	-	-	0.5
<b>At 31 December 2019</b>		<b>133.6</b>	<b>88.3</b>	<b>55.6</b>	<b>277.5</b>

As at 31 December 2019, the Group has land with a carrying amount of USD 35.3 million (2018: USD 35.3 million).

The transfers of USD 338.4 million are mainly assets under construction that were put into use during the year. Transfers mainly relate to BioMCN for USD 205.6 million, OCI Nitrogen for 71.0 million and IFCo for USD 49.2 million. The additions of USD 288.2 million mainly relate to OCI Nitrogen of USD 81.0 million and OCI Beaumont of USD 52.1 million and to the expansion of the second line at BioMCN of USD 66.7 million. The effect of movement in exchange rates in 2019 mainly relates to Sorfert and OCI Nitrogen, which have different functional currencies (Algerian dinar and Euro respectively), to the Group's presentation currency. The Algerian dinar decreased by 1.2% and the Euro decreased by 1.9% against the US dollar in 2019. The capitalized borrowing costs during the year ended 31 December 2019 amounts to USD 3.5 million (2018: USD 4.1 million) and relates fully to BioMCN. The capitalization rate used is 4.0%. The capitalized borrowing costs for both periods were substantially paid.

The difference between the additions in the above schedule and the investments in property, plant and equipment mentioned in the consolidated statement of cash flows is mainly caused by changes in capital expenditure creditors not yet paid and capitalized borrowing costs, which are presented as part of interest expenses under cash flows from operating activities in the consolidated statement of cash flows. For capital commitments reference is made to note 29.

Property, plant and equipment of USD 2,041.2 million (2018: USD 2,636.4 million) have been pledged as security for external loans and borrowings of IFCo. Reference is made to note 18.

In the 3rd quarter of 2019, Orascom E&C USA Inc. ("OEC"), the EPC Contractor for IFCo, closed all subcontracts related to the construction of the IFCo facility. As part of this process, all related liens placed on the assets of IFCo have been removed as of 21 August 2019.

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#### 8. Goodwill and other intangible assets

\$ millions	Goodwill	Licenses and trademarks	Other intangible assets	Total
Cost	1,808.3	79.3	5.1	1,892.7
Accumulated amortization and impairment	(1,322.9)	(76.3)	(2.5)	(1,401.7)
<b>At 1 January 2018</b>	<b>485.4</b>	<b>3.0</b>	<b>2.6</b>	<b>491.0</b>
<b>Movements in the carrying amount:</b>				
Amortization	-	(1.3)	(1.0)	(2.3)
Effect of movement in exchange rates	(1.1)	(0.1)	(0.2)	(1.4)
<b>At 31 December 2018</b>	<b>484.3</b>	<b>1.6</b>	<b>1.4</b>	<b>487.3</b>
Cost	1,807.2	75.4	4.8	1,887.4
Accumulated amortization and impairment	(1,322.9)	(73.8)	(3.4)	(1,400.1)
<b>At 31 December 2018</b>	<b>484.3</b>	<b>1.6</b>	<b>1.4</b>	<b>487.3</b>
<b>Movements in the carrying amount:</b>				
Business combination Fertiglobe	115.1	-	-	115.1
Amortization	-	(1.3)	(0.9)	(2.2)
Effect of movement in exchange rates	(0.4)	-	-	(0.4)
<b>At 31 December 2019</b>	<b>599.0</b>	<b>0.3</b>	<b>0.5</b>	<b>599.8</b>
Cost	1,921.9	74.0	4.8	2,000.7
Accumulated amortization and impairment	(1,322.9)	(73.7)	(4.3)	(1,400.9)
<b>At 31 December 2019</b>	<b>599.0</b>	<b>0.3</b>	<b>0.5</b>	<b>599.8</b>

#### Goodwill

Goodwill has been allocated to the cash generating units as follows:

Cash generating units \$ millions	Reporting segment	2019	2018
Egyptian Fertilizers Company ('EFC')	Fertiglobe	440.0	440.0
Ruwais Fertilizer Industries Ltd. ('Fertil')	Fertiglobe	115.1	-
OCI Beaumont	Methanol US	23.0	23.0
OCI Nitrogen	Nitrogen Europe	20.9	21.3
<b>Total</b>		<b>599.0</b>	<b>484.3</b>

#### Licenses and trademarks

The licenses and trademarks mainly relate to the customer relationships, trademarks and technology assets of OCI Nitrogen. These intangible assets were identified during the acquisition of OCI Nitrogen in 2010. The useful life of the customer relationships, trademarks and technology assets are respectively 5 to 10 years, 3 years and 5 years.

#### Other intangible assets

Other intangible assets were recognized as part of the purchase price allocation related to the acquisition of BioMCN B.V. ('BioMCN') in 2015.

#### Goodwill impairment testing

The determination of the recoverable amounts for the cash generating units requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable amounts have been estimated based on value in use.

The tests were carried out by discounting future cash flows to be generated from the continuing use of the cash-generating units to which the goodwill applies and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, selling price outlook per product, natural gas prices and the number of expected operating days per plant. Selling prices assumptions are based on a published independent price outlook prepared by global experts. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

The impairment tests are based on specific estimates for the US dollar cash flow projections for the years 2020 to 2024 (this period captures the cyclical nature of the industry). For the subsequent years the residual values were calculated based on the average EBITDA margin of the projection period and whereby a perpetual growth rate of 2.0% was taken into account. The estimated pre-tax cash flows are discounted to their present value using pre-tax discount rates.

The following rates were applied in performing the impairment test:

Percentage	2019			2018		
	EFC	OCI Beaumont	OCI Nitrogen	EFC	OCI Beaumont	OCI Nitrogen
Pre-tax discount rate	12.5%	9.8%	9.9%	14.0%	10.0%	10.7%
Perpetual growth rate	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%

#### Result of the impairment test

For all cash generating units the recoverable values significantly exceed the carrying amounts. In 2019 the headroom of EFC is USD 313.0 million, compared to a headroom USD 162.0 million in 2018.

Impairment of EFC goodwill would occur if sales prices would be consistently more than 12.0% lower in the period 2020-2024 compared to the prices assumed in the impairment model.

The Fertil goodwill results from a recent acquisition the group completed on 30 September 2019 using the fair values of assets and liabilities acquired and the fair value of the consideration involved.

No subsequent impairment indicators have been identified that require an updated assessment of goodwill. Further reference is made to note 2.2.1 in these financial statements.



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#### 9. Trade and other receivables

\$ millions	2019	2018
Trade receivables (net)	220.9	280.5
Loans and trade receivables due from related parties (note 30)	55.7	65.4
Prepayments	30.3	36.5
Other tax receivables	90.7	83.3
Supplier advanced payments	24.7	21.7
Commodity derivatives	3.3	4.7
Foreign currency derivatives	1.7	-
Other receivables	85.2	28.7
<b>Total</b>	<b>512.5</b>	<b>520.8</b>
Non-current	4.1	4.1
Current	508.4	516.7
<b>Total</b>	<b>512.5</b>	<b>520.8</b>

In 2018, the Group entered into a securitization agreement to sell certain trade receivables to an external financial institution. By doing so, the Group is able to receive cash flows from selected debtors sooner than would normally be the case. Upon transfer of the balances, OCI derecognizes the trade receivables, since substantially all risks and rewards of ownership are transferred. The agreement permits securitization of trade receivables up to EUR 180.0 million (USD 201.8 million) (2018: EUR 120.0 million). As per 31 December 2019 an amount of EUR 116.3 million (USD 130.4 million) (2018: EUR 119.7 million) of trade receivables were transferred. The USD 130.4 million (2018: USD 136.8 million) transferred trade receivables are pledged as security under the securitization program.

The other tax receivable contains an amount of EGP 900 million (USD 56.1 million) relating to a payment made to the Egyptian Tax Authorities as part of the tax claim which will be refunded upon settlement of the tax claim. Reference is made to note 28 'OCI S.A.E. tax dispute'.

The carrying amount of 'Trade and other receivables' as at 31 December 2019 approximates its fair value.

The aging of current trade receivables at the reporting date were as follows:

\$ millions	2019	2018
Neither past due nor impaired	212.5	259.8
Past due 1 - 30 days	7.0	19.9
Past due 31 - 90 days	0.8	0.7
Past due 91 - 360 days	0.6	0.1
More than 360 days	-	-
<b>Total</b>	<b>220.9</b>	<b>280.5</b>

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. The Group has not recognized any allowance for trade receivables.

#### 10. Equity-accounted investees

(i) The following table shows the movements in the carrying amount of the Group's associates and joint ventures:

\$ millions	2019	2018
<b>At 1 January</b>	<b>566.6</b>	<b>626.9</b>
Share in income	(56.6)	(30.8)
Intercompany profit elimination on upstream transactions	(1.3)	1.3
Dividend	(1.6)	(30.1)
Effect of movement in exchange rates	(0.2)	(0.7)
<b>At 31 December</b>	<b>506.9</b>	<b>566.6</b>
Joint ventures	2.7	4.0
Associates	504.2	562.6
<b>Total</b>	<b>506.9</b>	<b>566.6</b>

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### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 10. Equity-accounted investees (continued)

(ii) The Group has interests in the following associates and joint ventures:

Name	Type	Participation via	Country	Participation %
Firewater LLC (Natgasoline)	Associate	Firewater B.V.	United States	50.0
Sitech Manufacturing Services C.V.	Associate	OCI Nitrogen B.V.	The Netherlands	35.0
Sitech Utility Holding Beheer B.V.	Associate	OCI Nitrogen B.V.	The Netherlands	40.0
Sitech Utility Holding C.V.	Associate	OCI Nitrogen B.V.	The Netherlands	39.9
Sitech Services B.V.	Associate	OCI Nitrogen B.V.	The Netherlands	23.0
Nitrogen Iberian Company SL.	Joint venture	OCI Nitrogen B.V.	Spain	50.0
Shanxi Fenghe Melamine Company Ltd.	Joint venture	OCI Nitrogen B.V.	China	49.0
Fitco OCI Agro S.A.	Joint venture	OCI Trade Holding B.V.	Uruguay	50.0

(iii) The following table summarizes the financial information of OCI's associates and joint ventures (on a 100% basis):

\$ millions	2019			2018		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Non-current assets	2,254.7	1.9	2,256.6	2,116.5	1.8	2,118.3
Current assets	277.3	5.7	283.0	266.2	9.9	276.1
Non-current liabilities	(1,186.7)	-	(1,186.7)	(966.1)	-	(966.1)
Current liabilities	(305.0)	(2.2)	(307.2)	(264.0)	(3.7)	(267.7)
<b>Net assets</b>	<b>1,040.3</b>	<b>5.4</b>	<b>1,045.7</b>	<b>1,152.6</b>	<b>8.0</b>	<b>1,160.6</b>
Income	797.4	45.2	842.6	736.1	48.7	784.8
Expenses	(902.7)	(47.4)	(950.1)	(787.5)	(48.3)	(835.8)
<b>Net (loss) / profit</b>	<b>(105.3)</b>	<b>(2.2)</b>	<b>(107.5)</b>	<b>(51.4)</b>	<b>0.4</b>	<b>(51.0)</b>

#### Associates

The following chart summarizes the financial information of significant associates (on a 100% basis):

\$ millions	Firewater LLC (Natgasoline)		Sitech Services B.V.	
	2019	2018	2019	2018
Non-current assets	2,131.2	1,991.7	117.3	117.2
Current assets (excluding cash and cash equivalents)	81.4	79.0	34.0	28.1
Cash and cash equivalents	24.9	48.1	29.8	19.6
Non-current liabilities	(1,115.0)	(891.4)	(71.7)	(74.6)
Current liabilities	(138.9)	(123.0)	(56.1)	(45.6)
<b>Net assets</b>	<b>983.6</b>	<b>1,104.4</b>	<b>53.3</b>	<b>44.7</b>
Group's share of net assets	491.8	552.2	12.3	10.3
Revenues	285.1	199.8	202.2	196.4
Depreciation	(145.0)	(50.9)	(13.1)	(12.8)
Interest income	0.4	0.2	-	0.1
Interest expense	(72.9)	(24.5)	(1.5)	(1.6)
(Loss) / profit before taxes	(121.0)	(66.5)	19.2	19.9
Tax expense	-	-	(3.5)	(4.8)
(Loss) / profit after taxes	(121.0)	(66.5)	15.7	15.1
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(121.0)</b>	<b>(66.5)</b>	<b>15.7</b>	<b>15.1</b>
Group's share in total comprehensive income	(60.5)	(33.2)	3.6	3.5
<b>Dividends</b>	<b>-</b>	<b>60.0</b>	<b>6.1</b>	<b>-</b>

Included in the associates is Firewater LLC, the holding company of Natgasoline LLC, which is a methanol plant in Texas USA and Sitech, which operates at the Chemelot site in Geleen, the Netherlands, where the factory of OCI Nitrogen is. The Chemelot site is also used by other companies.



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### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 11. Financial assets at fair value through other comprehensive income

\$ millions	2019	2018
Infrastructure and Growth Capital Fund LP (UAE)	6.8	10.1
Notore Chemical Industries (Mauritius)	23.2	23.2
Orascom Construction PLC (UAE)	3.4	3.6
<b>Total</b>	<b>33.4</b>	<b>36.9</b>
Non-current	33.4	36.9
Current	-	-
<b>Total</b>	<b>33.4</b>	<b>36.9</b>

The Group holds an investment in the Infrastructure and Growth Capital Fund LP, which is managed by the Abraaj Group. Abraaj Holdings and Abraaj Investment Management are in provisional liquidation in the Cayman Islands and their court-appointed joint provisional liquidators, Deloitte and PwC, are overseeing the restructuring of Abraaj's debt.

The investment in Notore Chemical Industries represents a 13.07 percent shareholding. Further, OCI N.V. holds shares in Orascom Construction PLC.

#### 12. Income taxes

##### 12.1 Income tax in the statement of profit or loss

\$ millions	2019	2018
Current tax	1.9	(29.8)
Deferred tax	(23.6)	20.4
<b>Total income tax in profit or loss</b>	<b>(21.7)</b>	<b>(9.4)</b>

##### Current tax expense

\$ millions	2019	2018
Current year	4.6	(29.3)
Minimum tax requirements	-	(1.6)
Dividend withholding tax not recoverable	(7.8)	-
Changes in estimates relating to prior years	5.1	1.1
<b>Income tax benefit / (expense) in profit or loss</b>	<b>1.9</b>	<b>(29.8)</b>

#### Deferred tax expense

\$ millions	2019	2018
Origination and reversal of temporary differences	84.0	89.5
Movement in provision for uncertain tax positions	(27.2)	-
Changes in tax rates	(1.7)	(4.6)
Unrecognized tax assets	(76.1)	(45.5)
Dividend withholding tax not recoverable	(2.6)	(9.4)
<b>Income tax benefit / (expense) in profit or loss</b>	<b>(23.6)</b>	<b>30.0</b>

##### 12.2 Reconciliation of effective tax rate

OCI's operations are subject to income taxes in various foreign jurisdictions. The statutory income tax rates vary from 0.0% to 30.5%, which results in a difference between the weighted average statutory income tax rate and the Netherlands' statutory income tax rate of 25.0%.

Reconciliation of the statutory income tax rate in the Netherlands with the effective tax rate can be summarized as follows:

\$ millions	2019	%	2018	%
Profit / (loss) before income tax	(278.5)		108.9	
Enacted income tax rate in the Netherlands	25%		25%	
<b>Tax calculated at the enacted Dutch tax rate</b>	<b>69.6</b>	<b>25.0</b>	<b>(27.2)</b>	<b>25.0</b>
Unrecognized tax assets	(76.1)	(27.3)	(45.5)	41.8
Expenses non-deductible	(51.3)	(18.4)	(16.1)	14.8
Effect of tax rates in foreign jurisdictions	11.5	4.1	28.3	(26.0)
Income not subject to tax	20.7	7.4	66.5	(61.1)
Dividend withholding tax not recoverable	(2.6)	(0.9)	(9.3)	8.6
Adjustments prior years	5.1	1.8		
Change in tax rates	(1.7)	(0.6)	(4.4)	4.0
Uncertain tax positions	3.1	1.1	-	-
Other	-	-	(1.7)	1.5
<b>Total income tax in profit or loss</b>	<b>(21.7)</b>	<b>(7.8)</b>	<b>(9.4)</b>	<b>8.6</b>

The effective tax rate is (7.8%) (2018: 8.6%), mainly due to (i) unrecognized tax assets for an amount of USD (76.1) million mainly relating to BioMCN, IFCo, Natgasoline and OCI USA not meeting the recognition criteria, (ii) expenses non-deductible for an amount of USD (51.3) million and (iii) income not subject to tax for an amount of USD 20.7 million. The non-deductible expenses mainly relate to interest expense that is limited under local interest deduction limitation rules.

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### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 12. Income taxes (continued)

The income not subject to tax mainly relates to the tax-free status of several entities in the Group.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

#### 12.3 Deferred income tax assets and liabilities

Changes in deferred tax asset and liabilities (net):

\$ millions	2019	2018
<b>At 1 January</b>	<b>(173.3)</b>	<b>(216.2)</b>
Profit or loss	(23.6)	20.4
Equity	-	21.3
Business combination Fertigllobe	(287.4)	-
Effect of movement in exchange rates	0.6	1.2
<b>At 31 December</b>	<b>(483.7)</b>	<b>(173.3)</b>

Recognized deferred tax assets and liabilities:

\$ millions	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Intangible assets	114.0	77.7	(62.7)	(62.9)	51.3	14.8
Property, plant and equipment	0.1	-	(612.2)	(302.2)	(612.1)	(302.2)
Inventory	2.8	7.0	(2.5)	(3.8)	0.3	3.2
Investment in partnership	-	-	(74.1)	(77.7)	(74.1)	(77.7)
Trade and other receivables	-	-	(0.2)	-	(0.2)	-
Loans and borrowings	60.6	47.9	-	(0.6)	60.6	47.3
Trade and other payables	14.9	8.3	(1.3)	(1.0)	13.6	7.3
Provisions	-	-	(8.7)	(7.2)	(8.7)	(7.2)
Uncertain tax positions	-	-	(27.2)	-	(27.2)	-
Provision for withholding tax	-	-	(3.4)	(8.5)	(3.4)	(8.5)
Operating losses carry forward and tax credits	116.2	149.7	-	-	116.2	149.7
<b>Total</b>	<b>308.6</b>	<b>290.6</b>	<b>(792.3)</b>	<b>(463.9)</b>	<b>(483.7)</b>	<b>(173.3)</b>
Netting of fiscal positions	(302.1)	(252.2)	302.1	252.2	-	-
<b>Amounts recognized in the Statement of Financial Position</b>	<b>6.5</b>	<b>38.4</b>	<b>(490.2)</b>	<b>(211.7)</b>	<b>(483.7)</b>	<b>(173.3)</b>

Deferred tax liabilities relating to intangible assets mainly relates to goodwill of EFC for USD 62.6 million. This deferred tax liability will be reversed when the asset is impaired. Deferred tax liabilities recognized in relation to property, plant and equipment will be realized over the depreciation period of the related asset, and mainly relate to Fertil (USD 281.0 million), IFCo (USD 220.7 million), EFC (USD 74.7 million) and OCI Nitrogen (USD 15.4 million). The uncertain tax position of USD 27.2 million is related to a difference in interpretation of local regulation with local tax authorities, this is currently under discussion although no agreement is expected on the treatment within a short timeframe. Furthermore, the deferred tax liability 'investment in partnership' (USD 74.1 million) relates to OCI USA Inc's investment in OCI Beaumont.

Deferred tax assets relate to temporary differences, tax credits and tax losses carry forward. In addition, the Company has tax losses carry forward and tax credits totaling USD 365.7 million, for which an amount of USD 249.5 million has not been recognized. The losses carry forward mainly relate to the US operations (USD 233.7 million), Dutch operations (USD 32.7 million) and Egyptian operations (USD 20.7 million). Tax credits are available amounting to USD 76.4 million mainly relating to the US operations.

Expiration scheme of unrecognized carry forward tax losses, tax credits and deferred temporary tax assets:

2019 \$ millions	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	Unlimited	Total
Unrecognized operating losses carry forward, tax credits and temporary differences	4.9	34.0	55.4	2.0	84.0	69.2	<b>249.5</b>

2018 \$ millions	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	Unlimited	Total
Unrecognized operating losses carry forward, tax credits and temporary differences	0.6	34.1	1.8	7.3	66.0	63.6	<b>173.4</b>

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## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 12.4 Income tax receivables and payables (continued)

Changes in income tax receivables and payables:

\$ millions	2019	2018
<b>At 1 January</b>	<b>(67.7)</b>	<b>(73.9)</b>
Profit or loss	1.9	(29.8)
Payments	59.9	34.3
Effect of movement in exchange rates	0.3	1.7
<b>At 31 December</b>	<b>(5.6)</b>	<b>(67.7)</b>
Income tax receivable	3.2	-
Income tax payables	(8.8)	(67.7)
<b>Total</b>	<b>(5.6)</b>	<b>(67.7)</b>

### 13. Inventories

\$ millions	2019	2018
Finished goods	189.3	132.0
Raw materials and consumables	29.8	34.6
Spare parts, fuels and others	89.6	67.0
<b>Total</b>	<b>308.7</b>	<b>233.6</b>

During 2019, the total write-downs amount to USD 5.2 million (2018: USD 7.2 million) of which USD 2.6 million (2018: USD 3.5 million) relates to spare parts. During 2019 there were USD 4.4 million of reversals of write downs (2018: nil). Inventory amounting to USD 43.3 million (2018: USD 42.2 million) has been pledged as security for external loans of IFCo. Reference is made to note 18.

### 14. Cash and cash equivalents

\$ millions	2019	2018
Cash on hand	0.2	0.1
Bank balances	560.3	441.9
Restricted cash	40.0	18.7
<b>Total</b>	<b>600.5</b>	<b>460.7</b>

#### Restricted cash

Restricted cash of USD 23.1 million is held as part of IFCo's debt service requirements for the outstanding bonds, of which USD 15.0 million is held as a required deposit in a major maintenance reserve account and is to be used to fund capital expenditure.

The remaining restricted balances are held as collateral against letters of credit and letters of guarantees issued.

### 15. Equity attributable to owners of the Company

The movements in the number of shares can be summarized as follows:

	2019	2018
Number of shares at 1 January	210,306,101	210,306,101
Number of issued shares	-	-
<b>On issue at 31 December - fully paid</b>	<b>210,306,101</b>	<b>210,306,101</b>
<b>Par value per share (in EUR)</b>	<b>0.02</b>	<b>0.02</b>
<b>At 31 December (in millions of USD)</b>	<b>5.6</b>	<b>5.6</b>

The authorized capital of the Company amounts to EUR 12.0 million. The authorized capital is divided into 600 million shares, with a nominal value of EUR 0.02 each.

#### Movements in equity attributable to owners of the Company in 2019:

- Total dividends declared to non-controlling interest amounted to USD 143.3 million, of which USD 137.2 million related to Sorfert.
- Impact difference in profit sharing non-controlling interest: In the partnership agreement of Sorfert between OCI and the partner, a profit-sharing arrangement is agreed, where the other investor will receive a relatively higher portion of dividends in compensation for lower natural gas prices arranged for by the partner. As a result of this agreement the non-controlling interest increased by USD 10.5 million during 2019.
- The business combination Fertiglobe with ADNOC resulted in an increase in retained earnings of USD 674.8 million and an increase in non-controlling interest of USD 1,093.3 million. Reference is made to note 2.2.1. and note 17.
- An amount of USD 6.6 million related to share-based compensation expense was recognized in retained earnings.

#### Movements in equity attributable to owners of the Company in 2018:

- Total dividends declared to non-controlling interest amounted to USD 9.6 million, of which USD 6.6 million related to OCI Beaumont and USD 3.0 million related to EBIC.
- Impact difference in profit sharing non-controlling interest: In the partnership agreement of Sorfert between OCI and the partner, a profit-sharing arrangement is agreed, where the other investor will receive a relatively higher portion of dividends in compensation for lower natural gas prices arranged for by the partner. As a result of this agreement the non-controlling interest increased by USD 37.9 million during 2018.
- The reduction of declared dividends to non-controlling interest in the amount of USD 23.1 million relates to the dividends declared by Sorfert relating to the financial year 2016, that were reduced by a resolution on the general meeting of shareholders of Sorfert in March 2018.

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#### 15. Equity attributable to owners of the Company (continued)

- In July 2018, OCI purchased shares ('Common Units') in OCI Beaumont from non-controlling interests for an amount of USD 117.6 million. The net effect after taxes is a decrease in equity of USD 96.3 million. Following the transaction, OCI's ownership in OCI Beaumont increased from 88.25% to 100%. The Common Units have been suspended from trading and were delisted from the New York Stock Exchange.
- A capital contribution was made in the amount of USD 1.4 million to the newly established and 50% owned US trading entity N-7 LLC.
- As part of the convertible bond repayment an amount of USD 12.3 million was allocated to the equity component. Reference is made to note 18.

#### 16. Reserves

\$ millions	Hedge reserve	Financial assets at fair value through other comprehensive income <sup>1</sup>	Currency translation	Convertible note	Treasury shares	Total
<b>At 1 January 2018</b>	<b>1.9</b>	<b>11.8</b>	<b>(258.1)</b>	<b>31.4</b>	<b>(29.9)</b>	<b>(242.9)</b>
Decrease in hedge reserve	(2.3)	-	-	-	-	(2.3)
Currency translation differences	-	-	34.3	4.1	-	38.4
Financial assets at fair value through other comprehensive income	-	(11.7)	-	-	-	(11.7)
<b>Other comprehensive income</b>	<b>(2.3)</b>	<b>(11.7)</b>	<b>34.3</b>	<b>4.1</b>	<b>-</b>	<b>24.4</b>
Repayment of convertible bond	-	-	-	(35.5)	-	(35.5)
Treasury shares sold / delivered	-	-	-	-	6.2	6.2
Treasury shares acquired	-	-	-	-	(1.2)	(1.2)
<b>At 31 December 2018</b>	<b>(0.4)</b>	<b>0.1</b>	<b>(223.8)</b>	<b>-</b>	<b>(24.9)</b>	<b>(249.0)</b>
Increase in hedge reserve	0.2	-	-	-	-	0.2
Currency translation differences	-	-	8.0	-	-	8.0
Financial assets at fair value through other comprehensive income	-	(3.4)	-	-	-	(3.4)
<b>Other comprehensive income</b>	<b>0.2</b>	<b>(3.4)</b>	<b>8.0</b>	<b>-</b>	<b>-</b>	<b>4.8</b>
Treasury shares sold / delivered	-	-	-	-	7.7	7.7
Treasury shares acquired	-	-	-	-	(1.3)	(1.3)
<b>At 31 December 2019</b>	<b>(0.2)</b>	<b>(3.3)</b>	<b>(215.8)</b>	<b>-</b>	<b>(18.5)</b>	<b>(237.8)</b>

<sup>1</sup> Cannot be subsequently reclassified to profit or loss

OCI is a company incorporated under Dutch law. In accordance with the Dutch Civil Code, legal reserves have to be established in certain circumstances. The hedging reserve, the financial assets at fair value through other comprehensive income reserve, the currency translation reserve and other legal reserves are legal reserves that limit distributions to shareholders to the extent that these reserves individually have a credit balance. 'Other reserves' include amongst other the reserve for non-distributed income of minority share holdings.

#### Treasury shares

During the financial year ended 31 December 2019 the company acquired 48,330 shares and sold and delivered out of share-based payment plans 336,127 shares.

	2019	2018
Number of shares	722,253	1,010,050
Average carrying value per share (USD)	23.05	23.25
<b>Total (In millions USD)</b>	<b>16.6</b>	<b>23.5</b>
Foreign exchange effect	1.9	1.4
<b>Total carrying value of treasury shares (In millions of USD)</b>	<b>18.5</b>	<b>24.9</b>

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**17. Non-controlling interest**

2019 \$ millions	Fertil	EFC*	Egyptian Basic Industries Corporation*	Sorfert Algeria Spa*	Other	Total
Non-controlling interest	42.00%	42.06%	65.20%	70.43%	-	-
Non-current assets	846.7	680.3	197.8	650.6	26.3	2,401.7
Current assets	57.2	31.4	42.4	290.3	1,169.9	1,591.2
Non-current liabilities	(154.9)	(183.9)	(4.7)	(314.5)	(342.5)	(1,000.5)
Current liabilities	(28.9)	(64.1)	(38.1)	(283.6)	(1,116.5)	(1,531.2)
<b>Net assets</b>	<b>720.1</b>	<b>463.7</b>	<b>197.4</b>	<b>342.8</b>	<b>(262.8)</b>	<b>1,461.2</b>
Revenues	55.1	37.8	70.5	186.5	352.8	702.7
Profit	(6.9)	2.6	(1.0)	41.8	(2.0)	34.5
Other comprehensive income	-	-	-	(3.6)	-	(3.6)
<b>Total comprehensive income</b>	<b>(6.9)</b>	<b>2.6</b>	<b>(1.0)</b>	<b>38.2</b>	<b>(2.0)</b>	<b>30.9</b>
<b>Dividend cash flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6.1)</b>	<b>(6.1)</b>

\* NCI in EFC, EBIC and Sorfert increased due to the Fertiglobe business transaction and the transfer of 42% in OCI MENA, reference is made to note 2.2.1.

2018 \$ millions	OCI Partners LP <sup>1</sup>	Egyptian Basic Industries Corporation	Sorfert Algeria Spa	Other	Total
Non-controlling interest	-	40.00%	49.01%	-	-
Non-current assets	-	130.5	489.6	3.5	623.6
Current assets	-	25.9	158.9	98.0	282.8
Non-current liabilities	-	-	(262.5)	(1.2)	(263.7)
Current liabilities	-	(34.7)	(48.0)	(90.2)	(172.9)
<b>Net assets</b>	<b>-</b>	<b>121.7</b>	<b>338.0</b>	<b>10.1</b>	<b>469.8</b>
Revenues	26.3	80.5	236.3	35.5	378.6
Profit	6.7	14.7	126.0	0.8	148.2
Other comprehensive income	-	-	(7.1)	-	(7.1)
<b>Total comprehensive income</b>	<b>6.7</b>	<b>14.7</b>	<b>118.9</b>	<b>0.8</b>	<b>141.1</b>
<b>Dividend cash flows</b>	<b>(6.6)</b>	<b>(5.0)</b>	<b>(6.5)</b>	<b>(3.0)</b>	<b>(21.1)</b>

<sup>1</sup> OCI acquired the remaining units of OCI Beaumont in July 2018.

**Fertiglobe business combination with ADNOC (NCI)**

OCI N.V. owns 58% shares in one of its subsidiaries, Fertiglobe, which controls 100% of the voting powers and economic returns from Fertil (and holds the Group's share in OCI MENA). For purchase accounting purposes, the company has determined the fair value of the shares in Fertil as described above. As OCI N.V. retains control over shares that were already owned by Fertiglobe in OCI MENA, these assets and liabilities are not revalued as part of the purchase accounting. As a result, the NCI in Fertiglobe is the sum of 42% of the fair value of Fertil and 42% of the OCI MENA net assets as at 30 September 2019. OCI N.V.'s disposal of 42% ownership in Fertiglobe, whilst retaining control in the subsidiary was treated as an equity transaction. NCI of USD 382.6 million is recognized as part of the disposal of 42% ownership in its former OCI MENA net assets, while the difference between 42% of the fair value of OCI MENA and the book value resulted in an equity increase of USD 674.8 million.

The NCI recognized as part of the non-controlling interest held by ADNOC in Fertil amounted to USD 710.7 million as per September 2019. It is noted that the proportion of net assets that are reattributed to the non-controlling interest includes the relevant proportion of goodwill. The fair value of Fertil has been measured by applying a discounted cashflow method, cash flows beyond the forecasted period of five years have been extrapolated using a 2% growth rate. The pre-tax WACC used to determine the expected discounted future cash flows is 9.0%.

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**18. Loans and borrowings**

\$ millions	2019	2018
<b>At 1 January</b>	<b>4,580.3</b>	<b>4,677.6</b>
Impact of adoption of IFRS 9	-	19.4
<b>Restated balance at 1 January</b>	<b>4,580.3</b>	<b>4,697.0</b>
Proceeds from loans	1,765.5	3,290.8
Redemptions of loans	(1,654.4)	(3,241.1)
Newly incurred transaction costs	(24.1)	(76.9)
Amortization of transaction costs / (bond) premiums	25.6	28.7
Effect of movement in exchange rates	(24.4)	(58.2)
Debt modification gain	(6.2)	(2.2)
Accrued interest	-	(56.6)
Other	-	(1.2)
<b>At 31 December</b>	<b>4,662.3</b>	<b>4,580.3</b>
Non-current	4,392.7	4,296.8
Current	269.6	283.5
<b>Total</b>	<b>4,662.3</b>	<b>4,580.3</b>

The effect of movement in exchange rate mainly relates to EUR and DZD denominated loans, which are different from the Group's presentation currency.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in the financial risk and capital management paragraph in note 6.

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**18. Loans and borrowings (continued)**

Borrowing company	Type of loan	Principal amount (\$ millions)	Interest rate	Date of maturity	Carrying amount <sup>1</sup> (\$ millions)	Long-term portion (\$ millions)	Short-term portion (\$ millions)	Fair value (\$ millions)	Collateral / Guarantee given (if applicable)
Sorfert Algeria SPA ('Sorfert')	Secured	USD 961.3 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	539.9	439.8	100.1	n/a	Debt service reserve account, ban for any disposal or decrease of the Company share and assets
Iowa Fertilizer Company ('IFCo')	Secured	USD 120.0	Fixed: 3.125%	December 2022	118.6	82.3	36.3	122.0	Certain bank accounts, property of IFCo, inventories, all funds, including equity contributions of USD 762.0 million by OCI
		USD 429.0	Fixed: 5.25%	December 2025	424.9	424.9	-	466.7	
		USD 147.2	Fixed 5.875%	December 2027	138.6	138.6	-	155.1	
		USD 425.4	Fixed 5.25%	December 2037	411.2	411.2	-	465.7	
Egyptian Fertilizers Company ('EFC')	Secured	USD 60.0	LIBOR + 3.75%	June 2025	49.9	44.3	5.6	51.0	Pledge EFC shares 99.9% owned by 'Orascom Fertilizer Plant Maintenance'. Power of Attorney for perfection of commercial and real estate mortgages. OCI will pay for shortfalls
		USD 100.0	LIBOR + 3.75%	June 2026	82.6	72.5	10.1	84.3	
		USD 69.8 (EGP 1,120.0)	CBE Mid Corridor + 0.75% margin for EGP denominated borrowings	June 2025	50.6	44.6	6.0	51.4	
		USD 220.0	LIBOR + 3.75%	June 2025	126.6	112.1	14.5	127.5	
OCI N.V. ('OCI')	Senior Secured Notes	USD 650.0	Fixed at 6.625%	April 2023	639.8	639.8	-	677.6	The Notes are guaranteed, jointly and severally, by OCI Chemicals B.V., OCI Fertilizers B.V., OCI Fertilizer International B.V., OCI Intermediate B.V., BioMethanol Chemie Nederland B.V. and BioMethanol Chemie Holding II B.V., OCI Nitrogen B.V., OCI Chem 4 B.V., OCI Partners LP, OCI Beaumont LLC
		USD 448.5 (EUR 400.0)	Fixed at 5.0% for EUR denominated notes	April 2023	441.0	441.0	-	466.7	
OCI N.V. ('OCI')	Senior Secured Notes	USD 784.9 (EUR 700.0)	Fixed: 3.125%	November 2024	772.8	772.8	-	818.9	The Notes are guaranteed, jointly and severally, by OCI Chemicals B.V., OCI Fertilizers B.V., OCI Fertilizer International B.V., OCI Intermediate B.V., BioMethanol Chemie Nederland B.V. and BioMethanol Chemie Holding II B.V., OCI Nitrogen B.V., OCI Chem 4 B.V., OCI Partners LP, OCI Beaumont LLC
		USD 600.0	Fixed: 5.250%	November 2024	590.6	590.6	-	625.5	
OCI N.V. ('OCI')	Secured	USD 185.0	LIBOR + 4.00%	April 2023	178.2	178.2	-	178.2	Guaranteed, jointly and severally, by OCI Chemicals B.V., OCI Fertilizers B.V., OCI Fertilizer International B.V., OCI Intermediate B.V., BioMethanol Chemie Nederland B.V. and BioMethanol Chemie Holding II B.V., OCI Nitrogen B.V., OCI Chem 4 B.V., OCI Partners LP, OCI Beaumont LLC
OCI Fertilizer Trading Ltd. ('OFT')	Revolver	USD 75.0	LIBOR + 2.50%	Renewed annually	32.7	-	32.7	32.7	n/a
OCI Nitrogen	Inventory financing	USD 64.3 (EUR 57.4)	1.25%	No defined maturity, facility is uncommitted with monthly roll overs	64.3	-	64.3	64.3	Stand by letter of credit of EUR 9.0 million (USD 10.1 million) and OCI N.V. guarantee of EUR 90 million (USD 100.9 million)
<b>Total 31 December 2019</b>					<b>4,662.3</b>	<b>4,392.7</b>	<b>269.6</b>	<b>n/a</b>	

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

**18. Loans and borrowings** (continued)

Borrowing company	Type of loan	Principal amount (\$ millions)	Interest rate	Date of maturity	Carrying amount <sup>1</sup> (\$ millions)	Long-term portion (\$ millions)	Short-term portion (\$ millions)	Fair value (\$ millions)	Collateral / Guarantee given (if applicable)
Sorfert Algeria SPA ('Sorfert')	Secured	USD 972.7 (DZD 114,440.0)	Algerian bank interest rate plus rate of 1.95% per annum	June 2026	606.9	525.9	81.0	n/a	Debt service reserve account, ban for any disposal or decrease of the Company share and assets
Iowa Fertilizer Company ('IFCo')	Secured	USD 63.1	Fixed: 5.00%	December 2019	31.7	-	31.7	34.8	Certain bank accounts, property of IFCo, inventories, all funds, including equity contributions of USD 762.0 million by OCI
		USD 120.0	Fixed: 5.50%	December 2022	119.7	119.7	-	121.5	
		USD 429.0	Fixed: 5.25%	December 2025	425.0	425.0	-	453.5	
		USD 147.2	Fixed 5.875%	December 2027	146.0	146.0	-	155.1	
		USD 425.4	Fixed 5.25%	December 2037	409.8	409.8	-	453.2	
Iowa Fertilizer Company ('IFCo')	Secured	USD 59.7	USD LIBOR + 3.0%	December 2019	19.3	-	19.3	19.9	Certain bank accounts, property of IFCo and all funds
Egyptian Fertilizers Company ('EFC')	Secured	USD 60.0	LIBOR + 3.75%	June 2025	56.0	50.0	6.0	57.0	Pledge EFC shares 99.9% owned by 'Orascom Fertilizer Plant Maintenance'. Power of Attorney for perfection of commercial and real estate mortgages. OCI will pay for shortfalls
		USD 100.0	CBE Mid Corridor + 0.75%	June 2026	92.8	82.3	10.5	94.8	
		USD 62.6 (EGP 1,120.0)	margin for EGP denominated borrowings	June 2025	59.5	55.6	3.9	59.9	
		USD 220.0	LIBOR + 3.75%	June 2025	168.9	153.9	15.0	172.5	
OCI N.V. ('OCI')	Senior Secured Notes	USD 650.0	Fixed at 6.625%	April 2023	636.9	636.9	-	638.6	The Notes are guaranteed, jointly and severally, by OCI Chemicals B.V., OCI Fertilizers B.V., OCI Fertilizer International B.V., OCI Intermediate B.V., BioMethanol Chemie Nederland B.V. and BioMethanol Chemie Holding II B.V.
		USD 457.1 (EUR 400.0)	Fixed at 5.0% for EUR denominated notes		447.4	447.4	-	466.1	
OCI N.V. ('OCI')	Secured	USD 522.3	LIBOR + 4.00%	April 2023	513.6	513.6	-	522.4	Guaranteed, jointly and severally, by OCI Chemicals B.V., OCI Fertilizers B.V., OCI Fertilizer International B.V., OCI Intermediate B.V., BioMethanol Chemie Nederland B.V. and BioMethanol Chemie Holding II B.V.
OCI N.V. ('OCI')	Secured	USD 368.7 (EUR 322.6)	EURIBOR + 4.00%	April 2022	364.2	290.5	73.7	368.6	Guaranteed, jointly and severally, by OCI Chemicals B.V., OCI Fertilizers B.V., OCI Fertilizer International B.V., OCI Intermediate B.V., BioMethanol Chemie Nederland B.V. and BioMethanol Chemie Holding II B.V.
OCI Fertilizer Trading Ltd. ('OFT') and OCI Fertilizers Trade & Supply Ltd. ('OFTS')	Revolver	USD 75.0	LIBOR + 2.50%	Renewed annually	38.2	-	38.2	38.2	n/a
OCI Beaumont ('OCIB')	Secured	USD 455.0	USD LIBOR + 4.25%	March 2025	444.4	440.2	4.2	451.6	Secured by liens on OCI Beaumonts' assets as well as assets of future consolidated entities
<b>Total 31 December 2018</b>					<b>4,580.3</b>	<b>4,296.8</b>	<b>283.5</b>	<b>n/a</b>	

<sup>1</sup>As at 31 December 2019 the carrying amount of loans and borrowings excluded interest of USD 79.1 million (2018: USD 63.2 million)



## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 18. Loans and borrowings (continued)

#### Covenants

Certain loan agreements include financial covenants. The definitions for calculating the financial covenants applicable to the facilities within the Group can be summarized as follows:

- Debt Service Coverage Ratio: Income Available (revenue earned less operating expenses) to Debt Service (net finance charges including the capital element of finance leases) or gross profit less change in working capital to interest and principal payments.
- Debt to Equity Ratio: Gross Debt (current and long-term debt obligations) to total Equity (the sole capital of the borrower).
- Net Leverage Ratio: the Group's Net Debt (meaning the aggregate amount of all obligations of the Group, excluding intergroup loans and cash and cash equivalents, but including finance leases) to adjusted EBITDA.
- Interest Coverage Ratio: EBITDA, EBIT or Distribution Receipts (cash received by the borrower by way of dividends or repayments of loans) to Finance Charges (meaning finance payments in respect of borrowings including the interest element of finance leases).

As per 31 December 2019 all financial covenants were met.

In the event the respective borrowing company's would not comply with the covenant requirements, in total an amount of USD 1,348.3 million of the loans would become immediately due. Refer to note 6.2 for additional discussion of the Company's liquidity risk. The external borrowings include change in control clauses that enable the lenders to call the financing provided.

#### Fair value measurement loans and borrowings

Except for the IFCo bonds, the senior secured notes of OCI N.V. and the loan of Sorfert, the fair value of all other loans and facilities is calculated within hierarchy category level 2. The bonds of IFCo and OCI N.V. are measured following hierarchy category 1. The fair value of the loan of Sorfert cannot be determined as no observable market data is available.

#### New and amended financing arrangements in 2019

##### OCI Nitrogen

In March 2019 OCI Nitrogen B.V. entered into an inventory financing agreement. The agreement is capped at USD 67.3 million (EUR 60.0 million), of which USD 64.3 million was utilized as per 31 December 2019. The facility bears interest at a rate of 1.25% above Euribor.

##### IFCo

In April 2019, IFCo priced USD 120.0 million of tax-exempt bonds maturing in 2022 at an interest rate of 3.125%, replacing existing bonds with a 5.5% interest rate and the same maturity resulting in a debt modification gain of USD 6.2 million.

##### OCI

In October 2019, OCI N.V. completed a dual-tranche bond offering consisting of USD 600.0 million senior secured fixed rate notes due 2024 and EUR 700.0 million senior secured fixed rate notes due 2024. The Dollar notes bear interest at a rate of 5.250% per annum and the Euro notes bear interest at a rate of 3.125% per annum. The notes were issued at par, are senior secured obligations of the Company and are guaranteed by certain of the Company's subsidiaries. Interest will be payable semi-annually. The majority of the proceeds were used to repay borrowings at OCI Beaumont, repay the term loan and partially repay the revolving credit facility at OCI N.V.

#### Proceeds from borrowings

Proceeds from borrowings in 2019 totaled an amount of USD 1,765.5 million, which consisted of the net proceeds of the new financing arrangements of OCI N.V., OCI Nitrogen and changes in the outstanding amounts of the revolving credit facilities at EFC and OFT.

#### Redemptions

Redemptions of borrowings in 2019 totaled an amount of USD 1,654.4 million, which consisted of the repayment of the term loan at OCI Beaumont, partly repayment of the revolving credit facility at OCI N.V. and regular installments for borrowings and changes in the outstanding amounts of the revolving credit facilities at IFCo, Sorfert, EFC and OFT.

#### Undrawn bank facilities

As of 31 December 2019, the Group had not drawn external bank facilities in the amount of USD 686.4 million. This relates to a trade finance facility of OFT and OFTS of USD 42.3 million, a working capital facility of IFCo of USD 49.8 million and external bank facilities of EFC of USD 70.0 million and EGP 150.0 million (USD 9.3 million) and OCI N.V. of USD 515.0 million.

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 19. Lease obligations

The Group leases a number of office spaces, warehouses, land, employee accommodation, computers, machinery and vehicles. Lease terms vary from 1 year to indefinite renewal options. Calculations of the lease obligation for leases with indefinite renewal options are done using a lease term based on the expected renewal periods and can be more than 100 years.

Lease obligations:

\$ millions	Note	Non-current lease obligations	Current lease obligations	Total
Impact of adoption of IFRS 16		189.7	26.5	216.2
<b>At 1 January 2019</b>		<b>189.7</b>	<b>26.5</b>	<b>216.2</b>
<b>Movement in the carrying amount:</b>				
Payments		-	(30.1)	(30.1)
Accretion of interest	(25)	3.9	1.9	5.8
Additions		18.8	7.9	26.7
Disposals		(1.5)	(0.3)	(1.8)
Transfers		(28.0)	28.0	-
Modifications		(15.3)	(2.9)	(18.2)
Business combination Fertigllobe		76.4	10.0	86.4
Effect of movement in exchange rates		0.3	-	0.3
<b>At 31 December 2019</b>		<b>244.3</b>	<b>41.0</b>	<b>285.3</b>

#### 20. Trade and other payables

\$ millions	Note	2019	2018
Trade payables		281.7	314.2
Trade payables due to related parties	(30)	85.0	82.4
Amounts payable under the securitization agreement		76.7	95.1
Accrued interest to non-controlling interest		141.2	10.6
Other payables		114.7	131.5
Employee benefit liabilities		14.6	0.8
Accrued expenses		202.1	144.8
Accrued interest		79.1	63.3
Deferred revenue		3.2	-
Other tax payable		6.3	4.8
Commodity derivative financial instruments		17.4	15.5
<b>Total</b>		<b>1,022.0</b>	<b>863.0</b>
Non-current		30.7	14.1
Current		991.3	848.9
<b>Total</b>		<b>1,022.0</b>	<b>863.0</b>

Information about the Group's exposure to currency and liquidity risk is included in note 6. The carrying amount of 'Trade and other payables' approximates its fair value.

#### Derivative financial instruments

Derivative financial instruments consist of commodity gas hedges contracts in order to hedge future gas price levels. The fair value of these contracts amounts to USD 17.4 million as per 31 December 2019. All derivatives included in trade and other payables are classified in the fair value hierarchy level 2.

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 21. Provisions

\$ millions	Claims and other provisions	Donation provision	Total
<b>At 1 January</b>	<b>13.7</b>	<b>106.5</b>	<b>120.2</b>
Provision made during the year	7.2	-	7.2
Provision used during the year	(0.2)	-	(0.2)
Provisions reversed	(7.0)	-	(7.0)
Effect of movement in exchange rates	(0.1)	12.2	12.1
<b>At 31 December</b>	<b>13.6</b>	<b>118.7</b>	<b>132.3</b>
Non-current	2.8	-	2.8
Current	10.8	118.7	129.5
<b>Total</b>	<b>13.6</b>	<b>118.7</b>	<b>132.3</b>

##### Claims and other provisions

The Group is involved in various litigations and arbitrations. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized. Reference is made to note 28 for detailed information with respect to major ongoing litigations and claims for which no provision has been recognized.

##### Donation provision

On 13 November 2014, the Company announced that it had decided to transfer the rights to the amounts receivable from the first installment already paid to the Egyptian Tax Authority in 2013 of EGP 2,500 million (approximately USD 360.0 million) to the Tahya Misr ('Long Live Egypt') Fund (reference is made to note 28 for the claim in relation to the OCI S.A.E. tax dispute). No formal agreement has been drafted with the Tahya Misr Fund yet and no payments have been made to the fund. The transfer of rights has been approved by OCI's Board of Directors on 12 November 2014.

Following the guidance under IAS 37 (constructive obligations) the Company has presented the transfer of rights to the Tahya Misr Fund as a donation provision. The timing of the outflow of resources is uncertain.

In March 2015, the Company received a cheque for EGP 1,904 million (approximately USD 266.2 million) from the Egyptian Authorities. At year end 2019 the carrying amount in US dollars had reduced to USD 118.7 million, due to the devaluation of the EGP since March 2015.

#### 22. Development of cost of sales and selling, general and administrative expenses

##### a. Expenses by nature

\$ millions	Note	2019	2018
Raw materials and consumables and finished goods		1,884.2	1,931.9
Maintenance and repair		104.5	111.5
Employee benefit expenses	22 (b)	279.4	237.7
Depreciation and amortization	7	544.7	424.9
Consultancy expenses		28.6	34.6
Other		86.6	67.4
<b>Total</b>		<b>2,928.0</b>	<b>2,808.0</b>
Cost of sales		2,708.9	2,630.4
Selling, general and administrative expenses		219.1	177.6
<b>Total</b>		<b>2,928.0</b>	<b>2,808.0</b>

##### b. Employee benefit expenses

\$ millions	2019	2018
Wages and salaries	188.9	169.4
Social securities	8.1	7.6
Employee incentive plans	31.7	28.7
Pension cost	14.9	15.7
Share-based compensation expenses (c)	6.6	3.0
Other employee expenses	29.2	13.3
<b>Total</b>	<b>279.4</b>	<b>237.7</b>

During the financial year ended 31 December 2019, the number of key executives was 3 (2018: 2 key executives), which represents the Executive Board members; Nassef Sawiris ('CEO'), Hassan Badrawi ('CFO') and Maud de Vries ('CLHCO'). During the financial year ended 31 December 2019, the number of staff employed in the Group converted into full-time equivalents amounted to 3,147 employees (2018: 2,933 employees).

##### c. Share-based compensation arrangements

OCI has currently award agreements outstanding under five different share-based compensation plans. In 2019 share based compensation agreements were granted under two new issued plans which are intended to (i) attract and retain the best available personnel for positions of substantial responsibility, (ii) provide additional incentive to management and employees, (iii) promote the success of the Company's business, and (iv) align the economic interests of key personnel directly with those of shareholders. Under the first plan, stock options have been granted to management and employees. The other plans are comprised of share incentive plans.

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 22. Development of cost of sales and selling, general and administrative expenses (continued)

##### Share option plans

On 20 December 2013, the non-executive board members of OCI adopted an additional Employees Incentive Plan. This plan authorized the issuance of up to 1 million shares to employees, but excludes the executive directors. The exercise price of the options granted to employees is equal to the fair market value of the shares on the date of grant. The options granted under this plan generally vest after three years (cliff vesting) and expire after seven years. Employees and former construction employees currently hold 828,175 vested options which are exercisable as at 31 December 2019 for which payment of the purchase price could be made with a promissory note.

The Company modified the plan as at 7 March 2015 due to the demerger of the Construction business. Under the terms of the demerger, OCI shareholders received one Orascom Construction share for every two OCI shares owned. As a result of these developments, all outstanding options held by awardees related to OCI shares have been replaced with new option rights. The new option right will give the awardee a right to a cash payment equal to the increase in value of one OCI share plus ½ Orascom Construction share, less the original exercise price. The exercise price of the options and all other terms and conditions remained the same. Of the 828,175 option rights outstanding as at 31 December 2019, 520,675 are option rights held by former employees which are now employed by Orascom Construction after the demerger.

The following table summarizes information about the stock options outstanding at 31 December 2019:

Grant date	Number of options outstanding at 31 Dec 2019 Fertilizer	Number of options outstanding at 31 Dec 2019 Construction	Number of options outstanding at 31 Dec 2019 Total	Exercise price per share (EUR)	Remaining life as at 31 Dec 2019 (in years)	Number of options exercisable at 31 Dec 2019
31 Dec 2013	307,500	520,675	828,175	32.74	1.0	828,175
<b>Total</b>	<b>307,500</b>	<b>520,675</b>	<b>828,175</b>			<b>828,175</b>

##### Measurement of fair values

As a consequence of the demerger of the construction business on 7 March 2015 the option plans were modified from equity-settled plans into cash-settled plans and as a consequence fair values are remeasured as at 31 December 2019 to determine the liability out of share option plans as at 31 December 2019.

The inputs used in the measurement of the fair values at remeasurement date were as follows:

Options granted in:	2013
Fair value at 31 December 2019 (remeasurement date)	EUR 0.156
Share price at grant date	EUR 32.74
Share price at remeasurement date	EUR 20.66
Exercise price	EUR 32.74
Expected volatility (weighted average)	37.2%
Expected life (weighted average in years)	0.5
Expected dividends	none
Risk-free interest rate (based on government bonds)	0.08%
Performance conditions	none

The weighted average exercise price is equal to the exercise price. Expected volatility has been based on the developments of the share price over the option's expected life taking into account the remaining contractual life and the effects of expected early exercise. The fair value on remeasurement date were calculated using the Black-Scholes option model.

##### Performance share plans

In 2014 a new performance share plan was introduced for the Executive Board. The share plan comprises the conditional granting of shares in OCI. Each year a plan with a 3-year vesting period starts in which the Company's performance is measured based on total shareholder return ('TSR') against a peer group of companies. The fair value of these awards has been calculated using Monte-Carlo simulations. The number of conditional shares corresponds to a percentage (maximum of 150%) of the fixed reference salary divided by the price of the share on the stock market on the first day of the vesting period. The relative ranking that OCI achieves in the peer group determines the definitive number of shares that are granted at the end of the vesting period. The remaining shares vested must be retained by the members of the Executive Board for a period of 2 years.

In 2016, in total 261,120 conditional shares have been granted with a fair value of EUR 2.6 million (fair value at grant date EUR 9.833 per share, using a volatility of 38.4%, a risk-free rate of (0.6) percent and a dividend yield of 0.0%). At 30 September 2017, a total of 119,207 conditional shares are vested at a TSR of 19.9% resulting in a total number of shares of 23,682 delivered. At 30 June 2019, a total of 141,913 conditional shares are have vested at a TSR of 117.4% resulting in a total number of shares of 166,606 delivered.

In 2017, in total 190,600 conditional shares have been granted with a fair value of EUR 3.4 million (fair value at grant date EUR 17.710 per share, using a volatility of 39.3%, a risk-free rate of (0.7) percent and a dividend yield of 0.0%). At 30 September 2017, a total of 87,013 conditional shares are have vested at a TSR of 55.4% resulting in a total number of shares of 48,239 delivered.

In 2018, in total 166,564 conditional shares have been granted with a fair value of EUR 3.4 million (fair value at grant date EUR 20.770 per share, using a volatility of 37.5%, a risk-free rate of (0.589) percent and a dividend yield of 0.0%).

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 22. Development of cost of sales and selling, general and administrative expenses

(continued)

#### Bonus matching plan

In 2014 a new bonus matching plan was introduced for the members of the Executive Board and Senior Management. In this plan members of the Executive Board and Senior Management are entitled to buy shares from their annual bonus. The shares will be withheld for a period of three years. After the 3-year period, the participants will receive a bonus share for each share of the plan. For the members of the Executive Board, the shares vested must be retained for a period of 2 years.

In 2016, 172,648 bonus matching rights were granted in the bonus matching plan with a fair value of EUR 2.1 million (with a fair value of EUR 12.22 at grant date equal of the share price at grant date calculated with a dividend yield of 0.0%). In March 2017, 10,900 bonus matching rights were granted in the bonus matching plan 2016 and in September 2017, 14,027 shares were vested. In May 2019, the bonus matching plan vested and a total of 169,521 shares were delivered.

In 2017, 95,060 bonus matching rights were granted in the bonus matching plan with a fair value of EUR 1.6 million (with a fair value of EUR 16.59 at grant date equal of the share price at grant date calculated with a dividend yield of 0.0%). In September 2017, 14,496 shares were vested giving a total outstanding at 31 December 2017 of 80,564 bonus matching rights.

In 2018, 93,451 bonus matching rights were granted in the bonus matching plan with a fair value of EUR 1.7 million (with a fair value of EUR 18.085 at grant date equal of the share price at grant date calculated with a dividend yield of 0.0%).

In 2019 it was decided to discontinue the Bonus Matching Plan for all eligible employees. Current matching rights will continue to vest at their normal vesting date, but no new awards will be made after those made in 2018.

#### Performance share units plan

In 2019, a new performance share unit plan was introduced for the Executive Board as replacement for the performance share plan. The performance share unit plan comprises the conditional granting of shares in OCI. Each year a plan with a 3-year vesting period starts in which the Company's performance is measured based on total shareholder return ('TSR') against a peer group of companies operating in a similar or the same market. Between 0% and 150% of this award will vest at the end of 3-year performance period based on the actual performance. Vested shares are subject to a holding period of 2 years after vesting. The fair value of these awards has been calculated using a Monte-Carlo simulations model. The number of performance stock units comprising Shares has been calculated based on the average OCI N.V. closing sales price of the Shares as quoted in Euronext Amsterdam on the date of the grant.

The relative ranking that OCI achieves in the peer group determines the definitive number of shares that are granted at the end of the vesting period. The remaining shares vested must be retained by the members of the Executive Board for a period of 2 years.

In 2019, in total 182,703 conditional shares have been granted with a fair value of EUR 3.6 million (fair value at grant date EUR 19,46 per share, using a volatility of 34.7%, risk-free rate of (-0.659) percent and expected dividend yield of 0.0%).

### Restricted stock units plan

For the level below the Board, a Restricted Stock Unit Plan was implemented to replace the Bonus Matching Plan. First awards granted under this plan was made in 2019. Executive Directors are not eligible for RSU grants. The restricted stock unit plan comprises the conditional granting of shares in OCI. The total gross entitlement of an eligible employee under the applicable short-term incentive plan will be paid out partly in cash in accordance with the short-term incentive plan and partly in awards in accordance with this RSU plan. Shares will vest for 1/3 of the restricted stock units comprising the award at the second anniversary of the date of grant and for 2/3 of the restricted stock units comprising the award on the third anniversary of the date of grant subject to still being employed by OCI. The RSU entitles the participants to dividend equivalents. The restricted stock unit plan comprises the conditional granting of shares in OCI. In 2019, in total 206,253 conditional shares have been granted with a fair value of EUR 5.5 million (fair value at grant date of EUR 26,45 per share equals the share price at grant date calculated with a dividend yield of 0.0%).

### 23. Other income

\$ millions	2019	2018
Insurance claim	3.3	51.8
Gain on embedded derivatives in biogas purchase contracts	-	3.2
Result on sale of Gavilon	-	0.2
Release of accrual for settlement of claims	-	4.0
Other	2.5	3.4
<b>Total</b>	<b>5.8</b>	<b>62.6</b>

#### Insurance claims

Insurance proceeds in 2018 of USD 51.8 million relate to the recognition of the insurance refund for the business interruption caused by an incident at Sorfert in 2017.

### 24. Other expenses

\$ millions	2019	2018
Loss on sale of scrapped assets	0.9	1.5
Other	3.6	1.3
<b>Total</b>	<b>4.5</b>	<b>2.8</b>

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 25. Net finance cost

\$ millions	2019	2018
Interest income on loans and receivables	5.9	8.7
Foreign exchange gain	54.9	67.9
<b>Finance income</b>	<b>60.8</b>	<b>76.6</b>
Interest expense and other financing costs on financial liabilities measured at amortized cost	(311.8)	(340.7)
Foreign exchange loss	(75.9)	(100.5)
<b>Finance cost</b>	<b>(387.7)</b>	<b>(441.2)</b>
<b>Net finance cost recognized in profit or loss</b>	<b>(326.9)</b>	<b>(364.6)</b>

The foreign exchange gains and losses mainly relate to external financing and to the revaluation of intercompany balances in foreign currencies (for which the statement of profit or loss impact is not eliminated in the consolidated financial statements).

For the interest expense related to lease obligations please refer to note 19.

#### 26. Earnings per share

	2019	2018
<b>i. Basic</b>		
Net (loss) attributable to shareholders	(334.7)	(48.7)
Weighted average number of ordinary share (Basic)	209,461,639	209,234,670
<b>Basic earnings per ordinary share</b>	<b>(1.598)</b>	<b>(0.233)</b>
<b>ii. Diluted</b>		
Net (Loss) attributable to holders of ordinary shareholders	(334.7)	(48.7)
Weighted average number of ordinary shares (Basic)	209,461,639	209,234,670
Adjustment for assumed equity-settled share-based compensation	anti-dilutive	anti-dilutive
<b>Diluted earnings per ordinary share</b>	<b>(1.598)</b>	<b>(0.233)</b>

#### Weighted average number of ordinary shares calculation

shares	2019	2018
Issued ordinary shares at 1 January	210,306,101	210,306,101
Effect of treasury shares held	(844,462)	(1,071,431)
<b>Weighted average number of ordinary shares outstanding as per 31 December</b>	<b>209,461,639</b>	<b>209,234,670</b>

#### 27. Segment reporting

OCI's reportable segments are consistent with how the Chief Operating Decision Maker ('CODM') manages the business operations and views the markets it serves. The reportable segments are: Methanol US, Methanol Europe, Nitrogen US, Nitrogen Europe and Fertigllobe. The organizational structure of the segments is based on a number of factors that the CODM uses to evaluate, view, and direct business operations.

##### Segment policy

The Company derives the results of the business segments directly from its internal management reporting system. All segments are managed separately because they require different operating strategies and use their own assets and employees. The entities grouped together in each segment have similar regulatory environments, macroeconomic conditions, banking, insurance and public utilities.

The Group has two revenue streams from contracts with customers that relate to the sale of goods, namely, Nitrogen and Methanol.

Segment revenues includes revenues from sales to external customers and intersegment revenues. EBITDA, Adjusted EBITDA and Profit / (loss) are the primary performance measure used by our CODM to evaluate operating results and allocate capital resources among segments. These are also the profitability measures used to set management and executive incentive compensation goals. 'Other' consists of share-based compensation and certain corporate general and administrative expenses that are not allocated to the segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be reasonably and consistently re-allocated.

A summary description of each reportable segment is as follows:

##### Methanol US

This segment consists of OCI Beaumont (OCIB), Natgasoline LLC and the trading entities: OCI Methanol Marketing LLC (OMM) and OCI Fuels Ltd.

OCI Beaumont is an integrated methanol and ammonia production facility that is strategically located on the Texas Gulf Coast near Beaumont. Natgasoline LLC is a world scale methanol production complex in Beaumont, Texas. OCI and its partner, Consolidated Energy Limited (CEL)/G2X, each own 50% stakes.

Natgasoline LLC is an equity-accounted investee of the Group, reference is made to note 10. Natgasoline commenced production in 2018 and due to the similarities in regulatory environment, products and customer base, this equity accounted investee has been included in the 'Methanol US' segment as of 2018 on a proportionally consolidated basis. The elimination column is used to eliminate the proportionally consolidated figures of Natgasoline that are included in the US Methanol segment and to include the investment in, and results from Natgasoline (associate) and thereby reconcile to the Group's reported figures.

OCIB and Natgasoline sell mainly domestically; primarily to industrial customers in and around the U.S. Gulf Coast through pipeline connections to adjacent customers, port access with dedicated methanol and ammonia import / export jetties, and truck loading facilities for both methanol and ammonia. OCI Fuels is a trading entity that supplies biogas to OCIB to process into bio-methanol. OMM is a trading entity that sells products produced by OCIB and Natgasoline.



## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 27. Segment reporting (continued)

##### Methanol Europe

This segment consists of BioMCN, located at Delfzijl in the Netherlands. BioMCN is one of Europe's largest methanol producers. BioMCN produces two types of methanol: bio-methanol and regular (also known as grey) methanol.

##### Nitrogen US

This segment consists of Iowa Fertilizer Company (IFCo), a wholly owned nitrogen fertilizer complex in Iowa and the trading entity, N-7. IFCo has been operational since October 2017. IFCo products are sold via the trading entity.

##### Nitrogen Europe

This segment consists of OCI Nitrogen. OCI Nitrogen is Europe's second largest integrated nitrates fertilizer producer and the world's largest melamine producer with production site in Geleen, the Netherlands.

##### Fertiglobe (previously Nitrogen MENA)

During 2019 OCI and ADNOC completed a transaction to combine ADNOC's fertilizer business into OCI's Middle East and North Africa (MENA) nitrogen fertilizer platform, creating Fertiglobe. The Fertiglobe segment consists of the following entities: Egyptian Fertilizer Company (EFC), Egypt Basic Industries Corporation (EBIC), Sorfert, Fertil, OCI Fertilizer Trading (OFT), OCI Fertilizer Trade and Supply (OFTS) and OCI S.A.E. EFC is a granular urea producer in Egypt. EBIC is an ammonia plant in Egypt. Sorfert is a partnership with Algeria's state-owned oil and gas authority and is one of the largest nitrogen fertilizer producers in North Africa. Fertil is a producer of urea fertilizer. OFT and OFTS are trading entities based in Dubai and the Netherlands.

##### Other

This segment consists of all remaining entities of the Group.

2019 \$ millions	Methanol US <sup>1</sup>	Methanol Europe	Nitrogen US	Nitrogen Europe	Fertiglobe	Other	Eliminations	Total
Segment revenues	547.6	251.1	541.1	812.1	1,055.5	-	-	3,207.4
Inter-segment revenues	(66.9)	(19.2)	-	(0.5)	(89.1)	-	-	(175.7)
<b>Total revenues</b>	<b>480.7</b>	<b>231.9</b>	<b>541.1</b>	<b>811.6</b>	<b>966.4</b>	<b>-</b>	<b>-</b>	<b>3,031.7</b>
EBITDA <sup>2</sup>	67.3	(2.4)	219.5	150.5	370.8	(107.7)	(48.3)	649.7
Adjusted EBITDA <sup>2</sup>	86.9	(1.0)	219.5	152.4	375.3	(84.7)	-	748.4
Income from equity-accounted investees	1.4	-	-	2.6	-	(0.1)	(60.5)	(56.6)
Depreciation and amortization	(151.6)	(14.6)	(152.7)	(71.3)	(222.6)	(4.4)	72.5	(544.7)
Finance income	0.2	-	1.1	4.0	13.9	41.8	(0.2)	60.8
Finance expense	(70.3)	(1.8)	(61.1)	(7.1)	(94.1)	(189.8)	36.5	(387.7)
Intercompany finance cost (net)	(1.3)	3.5	(56.3)	-	(55.9)	110.0	-	-
Income tax (expense) / income	-	(24.3)	(0.5)	(16.6)	(15.1)	34.8	-	(21.7)
<b>Net profit / (loss)</b>	<b>(154.3)</b>	<b>(39.6)</b>	<b>(50.0)</b>	<b>62.1</b>	<b>(3.0)</b>	<b>(115.4)</b>	<b>-</b>	<b>(300.2)</b>
Equity-accounted investees	-	-	-	14.4	-	0.7	491.8	506.9
Capital expenditures PP&E	57.6	66.6	36.7	80.9	50.6	0.8	(5.0)	288.2
<b>Total assets</b>	<b>1,682.1</b>	<b>314.2</b>	<b>2,269.0</b>	<b>675.1</b>	<b>4,859.5</b>	<b>248.1</b>	<b>(628.4)</b>	<b>9,419.6</b>

<sup>1</sup> Including ammonia at OCIB

<sup>2</sup> 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.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

**27. Segment reporting** (continued)

2018 \$ millions	Methanol US <sup>1</sup>	Methanol Europe	Nitrogen US	Nitrogen Europe	Fertiglobe	Other	Eliminations	Total
Segment revenues	549.5	238.2	489.1	906.8	1,237.6	3.7	-	3,424.9
Inter-segment revenues	(77.8)	(1.1)	-	(0.4)	(93.1)	-	-	(172.4)
<b>Total revenues</b>	<b>471.7</b>	<b>237.1</b>	<b>489.1</b>	<b>906.4</b>	<b>1,144.5</b>	<b>3.7</b>	<b>-</b>	<b>3,252.5</b>
EBITDA	180.5	(9.7)	156.4	111.7	562.9	(68.1)	(4.5)	929.2
Adjusted EBITDA	229.3	(7.7)	157.2	113.4	503.7	(58.4)	-	937.5
Income from equity-accounted investees	(1.3)	-	-	3.7	-	-	(33.2)	(30.8)
Depreciation and amortization	(86.5)	(8.3)	(117.1)	(62.8)	(174.6)	(1.0)	25.4	(424.9)
Finance income	0.1	-	3.0	5.7	6.9	61.0	(0.1)	76.6
Finance expense	(42.9)	(0.7)	(66.5)	(20.9)	(82.4)	(240.1)	12.3	(441.2)
Intercompany finance cost (net)	(3.9)	4.1	(45.6)	7.2	(54.2)	92.4	-	-
Income tax income / (expense)	(14.6)	(2.0)	(0.8)	(4.9)	(30.6)	43.5	-	(9.4)
<b>Net (loss) / profit</b>	<b>31.5</b>	<b>(16.5)</b>	<b>(70.6)</b>	<b>39.6</b>	<b>228.0</b>	<b>(112.5)</b>	<b>-</b>	<b>99.5</b>
Equity-accounted investees	-	-	-	13.7	-	0.7	552.2	566.6
Capital expenditures PP&E	124.0	168.7	38.8	74.0	18.7	2.7	(117.0)	309.9
<b>Total assets</b>	<b>1,636.8</b>	<b>267.7</b>	<b>2,336.9</b>	<b>628.6</b>	<b>2,850.5</b>	<b>108.3</b>	<b>(508.8)</b>	<b>7,320.0</b>

<sup>1</sup> Including ammonia at OCIB

<sup>2</sup> 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.

## Geographical information of continuing operations

The geographic information below analyses the Group's revenue (by destination of the goods) and non-current assets (by the Company where the activities are being operated). OCI has no single customer that represents 10 percent or more of revenues and therefore information about major customers is not provided.

\$ millions	Revenue		Non-current assets	
	2019	2018	2019	2018
Europe	1,235.8	1,513.8	775.2	619.1
Americas	1,330.3	1,321.7	3,123.4	3,232.5
Africa & Middle East	184.7	182.9	4,098.6	2,254.5
Asia & Oceania	280.9	234.1	1.6	2.9
<b>Total</b>	<b>3,031.7</b>	<b>3,252.5</b>	<b>7,998.8</b>	<b>6,109.0</b>

The key performance obligation of the OCI group is always the supply of products as specified in the contracts with customers, possible additional performance obligations included are transportation and related cost of insurance, depending on the incoterms. The Group has two revenue streams from contracts with customers that relate to the supply of products i.e. Nitrogen and Methanol. No impairment losses on receivables are recognized (reference is made to note 6.1 and note 9).

Based on the IFRS 15 accounting policies adopted, the following modifications to the contracts are allowed: discounts and rebates. They are all taken into account when presenting the segment revenues. Time value of money is not considered to be relevant for the amendment of the revenue amount, as the payment terms are short. Also, there are no non-cash considerations that would need to be disclosed separately. No information is provided about remaining performance obligations at current and comparative year end date that have an original expected duration of one year or less, as allowed by IFRS 15.

**28. Contingencies**

## Contingent liabilities

## Letters of guarantee / letters of credit

OCI has a guarantee facility with Rabobank for a maximum guarantee amount of USD 128.9 million (EUR 115.0 million). Under this guarantee facility, USD 54.4 million (EUR 48.5 million) has been utilized. The facility is used to issue guarantees on behalf of the subsidiaries, mainly for operational purposes.

OFT has performance guarantees and tender guarantees provided by HSBC amounting to USD 8.7 million.

Outstanding letters of credit as at 31 December 2019 (uncovered portion) amounted to nil.

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 28. Contingencies (continued)

#### Litigations and claims

In the normal course of business, the Group entities and joint ventures are involved in some arbitration or court cases as defendants or claimants. These litigations are carefully monitored by the entities' management and legal counsels, and are regularly assessed with due consideration for possible insurance coverage and recourse rights on third parties. OCI does not expect these proceedings to result in liabilities that have a material effect on the Company's financial position.

In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized in the financial statements which is disclosed in note 21 'Provisions'. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, OCI cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

#### Sorfert legal case

On 5 March 2018, the lower criminal court of Oran (Tribunal du pôle pénal spécialisé d'Oran) issued a judgment against Sorfert regarding an alleged violation of exchange control regulations as well as the regulation of public markets and public service delegations. The lower court ordered Sorfert to pay a fine in the amount of 5.5 billion Algerian dinars (about USD 46.2 million) and an officer of the company received a fine of DZD 2.8 billion (about USD 23.5 million). On 7 March 2018, Sorfert lodged an appeal with the Court of Appeal of Oran, Algeria who upheld the verdict against Sorfert in its judgment rendered on 28 November 2018. In January 2019, Sorfert lodged an appeal against this judgment with the Supreme Court. Sorfert disputes the validity of the judgment and continues to vigorously defend its case. To date, no Supreme Court hearing has been scheduled and during the appeal period the enforcement of the judgment is suspended. Various renowned local and international law firms have examined OCI's legal position. No provision has been recorded by the Group related to this matter.

#### EBIC free zone status

On 20 April 2013, the Administrative Court ruled in favor of EBIC for the reinstatement of EBIC to its previous status as a free zone entity in Egypt. The General Authority for Investment and Free Zones ('GAFI') filed an appeal before the Administrative Court. The Court has not yet rendered a decision. OCI concluded to release the (deferred) tax liabilities totaling USD 138.2 million at 31 December 2015 and no tax filings have been done by EBIC since the filing for the year 2011. On 4 January 2018, GAFI issued an executive decision that allows for the enforcement of the Administrative Court's judgment in favor of EBIC and EBIC received the Free Zone Status tax card. EBIC's free zone status will remain subject to the outcome of the Appeal before the Administrative Court.

#### OCI S.A.E. tax dispute

In October 2012, the Egyptian Tax Authority ('ETA') raised a tax evasion claim against our Egyptian subsidiary, Orascom Construction Industries S.A.E. ('OCI S.A.E.'). The tax dispute related to the sale of OCI S.A.E.'s cement business to Lafarge SA in 2007. This was filed against OCI S.A.E. despite there being no official investigation. Although OCI S.A.E. and its legal and tax advisors believed that the aforementioned transaction was exempted of tax, management entered into a settlement agreement whereby EGP 7.1 billion would be paid over a 5-year period.

The agreement was followed by payment of a first installment of EGP 2.5 billion in 2013. Following the change in government, the company was exonerated from the tax claim by the Egyptian Public Prosecutor on 18 February 2014 and subsequently by the ETA's Independent Appeals Committee on 4 November 2014. The ETA appealed this decision without including new facts or documents. The appeal is ongoing. OCI S.A.E. and its local counsel believe the likelihood of a judgment in favor of the ETA is not probable. On 13 November 2014 OCI S.A.E. announced that it would transfer its rights to EGP 1.9 billion undue paid tax amounts to the Tahya Misr Fund and recorded a provision for this amount, reference is made to note 21.

Despite the ETA Independent Appeals Committee ruling in favor of OCI S.A.E., OCI S.A.E. was still held to pay EGP 900 million. OCI S.A.E. has lodged a reimbursement claim for this amount.

As this dispute occurred prior to the demerger of the Engineering and Construction Group that formed Orascom Construction PLC ('OC') in 2015, any liabilities and any recoveries are shared on a 50:50 basis between OCI N.V. and OC. Should the ETA win their appeal, OCI N.V.'s maximum share of the tax claim would be EGP 2.3 billion, which equates to approximately USD 143.3 million.

#### Asset retirement obligations

Sorfert has a contractual asset retirement obligation in connection with the lease of its land. This asset retirement obligation is being disclosed as a contingent liability because it is not possible to determine a reliable estimate in both timing and value of this obligation.

OCI Nitrogen entered into agreements with DSM and associated company Sitech for respectively the lease of the sites (land) on which it operates its plant and site services/usage. These agreements have an indefinite term and include an asset dismantling obligation and the obligation to clean up environmental pollution occurred after zero measurement. These obligations have not been accounted for, since the company has no plans to end its business activities in the foreseeable future as such the financial impact is assessed as not material by the company's management.

Fertil entered into an agreement with ADNOC for the lease of the land on which it operates its plant. The agreement has an indefinite term and includes an asset dismantling obligation and the obligation to clean up environmental pollution occurred after decommissioning. This obligation has not been accounted for, since the company has no plans to end its business activities in the foreseeable future as such the financial impact is assessed as not material by the company's management.

## Consolidated Financial Statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED 31 DECEMBER CONTINUED

### 29. Commitments

#### 29.1 Biogas purchase agreements

OCI enters into biogas purchase agreements around the USA for the production of bio-methanol in the methanol plant in Beaumont (Texas, USA) and for sale to the USA transportation market. Through these long-term agreements OCI purchases biogas for a fixed price. Per 31 December 2019, an expected 16.0 million mmbtu biogas will be purchased over the coming years (2020 - 2026). The total expected purchase commitment per 31 December 2019 amounts to USD 202.0 million. Total contract value is 23.0 million mmbtu and the total contract value is USD 276.8 million.

#### 29.2 Capital commitments

Capital commitments relate to purchase commitments of property, plant and equipment.

\$ millions	2019	2018
OCI Beaumont	15.3	1.7
Sorfert	32.7	-
Fertil	8.9	-
BioMCN	13.7	4.5
OCI Nitrogen	21.9	21.6
EFC	3.5	-
IFCo	1.8	25.1
<b>Total</b>	<b>97.8</b>	<b>52.9</b>

### 30. Related party transactions

#### Transactions with related parties – Normal course of business

Transactions with related parties occur when a relationship exists between the Company, its participating interest and their directors and key management personnel. In the normal course of business, the Company buys and sells goods and services from and to various related parties (including associates) within the Group. The CEO is able to expense the use of a private aircraft for business travel.

Moreover, OCI used to own construction operations until 7 March 2015 when the Engineering & Construction business was divested into a separate legal entity incorporated under the name Orascom Construction PLC ('OC') in the United Arab Emirates. The Sawiris Family, the majority shareholders of OCI, also owns the majority of the outstanding shares of OC, which qualifies OC and its subsidiaries to be classified as related parties.

The Group has ongoing construction contracts with OC Group. The transactions with the following entities of the OC Group are presented in the financial statements as related party transactions:

- Orascom Construction PLC ('OC')
- OCI Construction Holding Cyprus
- OCI Construction Cyprus
- Orascom E&C ('OEC')
- Contrack International Inc. ('Contrack')
- The Weitz Group LLC ('Weitz')
- Orascom Construction Egypt
- Suez Industrial Development Company

Next to this, the Group engages in transactions with its associates and joint ventures of the Group:

- Firewater LLC
- Natgasoline LLC
- Fitco OCI Agro S.A.
- Shanxi Fenghe Melamine Company Ltd.
- Nitrogen Iberian Company SL
- Sitech Manufacturing Services C.V.
- Sitech Utility Holding Beheer B.V.
- Sitech Utility Holding C.V.
- Sitech Services B.V.
- Utility Support Group B.V.

Other related party transactions of the Group:

The Group engages in transactions with NNS Luxembourg Sarl.

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 30. Related party transactions (continued)

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2019:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivable	Interest income
Orascom Construction Egypt	OC group company	-	-	-	0.3	-	-
Contrack International	OC group company	-	-	0.1	0.5	-	-
OCI Construction Holding Cyprus	OC group company	-	-	-	0.8	-	-
Orascom Construction PLC	OC group company	-	0.2	-	-	-	-
Natgasoline LLC	Related via an associate	6.7	0.2	143.7	34.9	-	-
Sitech Manufacturing Services C.V.	Associate	-	-	123.9	29.3	-	-
Utility Support Group B.V.	Related via an associate	17.0	3.1	64.1	8.2	52.1	1.8
Sitech Services B.V.	Associate	-	-	16.6	2.6	-	-
OCI Nitrogen Iberian Company	Joint venture	13.4	-	-	1.1	-	-
Shanxi Fenghe Melamine Co Ltd.	Joint venture	-	0.1	20.6	-	-	-
NNS Luxembourg Sarl	Related via shareholder	-	-	0.2	7.1	-	-
Nassef Sawiris	CEO	-	-	1.0	0.2	-	-
<b>Total</b>		<b>37.1</b>	<b>3.6</b>	<b>370.2</b>	<b>85.0</b>	<b>52.1</b>	<b>1.8</b>

The following is a list of significant related party transactions and outstanding amounts as at 31 December 2018:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivable	Interest income	Interest expense and other financing charges
Orascom Construction Egypt	OC group company	-	-	-	4.0	-	-	-
Contrack International	OC group company	-	-	-	0.3	-	-	-
Orascom E&C	OC group company	-	-	-	30.0	-	-	-
OCI Construction Cyprus	OC group company	-	-	-	0.8	-	-	-
OCI Construction Holding Cyprus	OC group company	-	-	-	0.8	-	-	-
Orascom Construction PLC	OC group company	-	3.5	-	1.0	-	-	-
Natgasoline LLC	Related via an associate	4.5	-	105.1	13.9	-	0.7	-
Fitco Agro S.A.	Joint venture	1.1	-	-	-	-	-	-
Sitech Manufacturing Services C.V.	Associate	-	-	127.8	28.9	-	-	-
Utility Support Group B.V.	Related via an associate	23.3	4.8	86.0	0.8	53.1	1.9	-
Sitech Services B.V.	Associate	-	-	6.6	1.0	-	-	-
OCI Nitrogen Iberian Company	Joint venture	11.1	3.6	-	-	-	-	-
NNS Luxembourg Sarl	Related via shareholder	-	-	0.2	0.6	-	-	8.8
Shanxi Fenghe Melamine Co Ltd.	Joint venture	0.3	0.4	28.6	-	-	-	-
Nassef Sawiris	Shareholder	-	-	1.4	0.3	-	-	-
<b>Total</b>		<b>40.3</b>	<b>12.3</b>	<b>355.7</b>	<b>82.4</b>	<b>53.1</b>	<b>2.6</b>	<b>8.8</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 30. Related party transactions (continued)

##### Construction contracts

As per 31 December 2018 USD 30.0 million was recognized under Trade and Other Payables being the final installment between IFCo and OEC (a wholly owned subsidiary of OC) and the amount was paid in 2019.

##### Related party transactions and balances

Due to the related party nature of above transactions, the terms and conditions may not necessarily be the same as transactions negotiated between third parties. Management believes that the terms and conditions of all transactions with our related parties are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

The loan receivable balance from Utility Support Group consists of 2 loans:

- A loan of EUR 44.0 million that bears interest at a rate of 6 month Euribor + 3% (floor of 3.5% all in rate) and is repayable on 30 September 2020.
- A loan of EUR 2.4 million that bears interest at a rate of 12 month Euribor + 1.7% (no floor) and is repayable on 30 September 2020.

#### 31. Remuneration of the Board of Directors (key management personnel)

During 2018, we considered the members of the Board of Directors (Executive and Non-executive) to be the key management personnel as defined in IAS 24 'Related parties'. For transactions with key management personnel reference is made to note 30. No other benefits or remuneration were provided to or have been entered into with above mentioned key management personnel except as disclosed below.

##### Remuneration of the Directors

During the financial year ended 31 December 2019, the total remuneration costs relating to the Executive Directors amounted to USD 8.9 million (2018: USD 8.7 million) consisting of the elements listed in the table below:

2019	Age	Base salary <sup>1</sup>	Annual bonus	Share-based compensation	Total remuneration
N. Sawiris	58	2,000,000	1,200,000	2,641,951	5,841,951
H. Badrawi	43	1,150,000	552,000	863,471	2,565,471
M. de Vries	47	280,000 <sup>2</sup>	134,400	108,060	552,460
<b>Total</b>		<b>3,430,000</b>	<b>1,886,400</b>	<b>3,613,482</b>	<b>8,929,882</b>

<sup>1</sup> These figures exclude employer's social security payments (USD 0.6 million) and medical insurance, if applicable.

<sup>2</sup>With effect from 1 June 2019.

2018	Age	Base salary <sup>1</sup>	Annual bonus	Share-based compensation	Total remuneration
N. Sawiris	57	2,000,000	2,000,000	2,290,967	6,290,967
H. Badrawi <sup>1</sup>	42	950,000	950,000	497,640	2,397,640
<b>Total</b>		<b>2,950,000</b>	<b>2,950,000</b>	<b>2,788,607</b>	<b>8,688,607</b>

<sup>1</sup> These figures exclude employer's social security payments (USD 0.3 million).

As at 31 December 2019, the Executive Directors held 35,000 stock options (2018: 35,000). Mr. Badrawi participated in this plan before he was appointed as a board member for OCI N.V.

	Outstanding year end 2018	Granted	Exercised	Expired	Outstanding year end 2019	Exercise price	Expiration
H. Badrawi	35,000	-	-	-	35,000	EUR 32.74	31-12-2020
<b>Total</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>-</b>	<b>-</b>

As at 31 December 2019, the Executive Directors held 411,478 conditional performance shares (2018: 370,688).

	Outstanding year end 2018	Granted conditional	Vested	Less / more due to TSR	Outstanding year end 2019	Vesting date
N. Sawiris	141,913	-	(166,606)	24,693	-	01-07-2019
	103,587	-	-	-	103,587	07-02-2020
	84,873	-	-	-	84,873	07-02-2021
	-	116,002	-	-	116,002	07-02-2022
<b>N. Sawiris total</b>	<b>330,373</b>	<b>116,002</b>	<b>(166,606)</b>	<b>24,693</b>	<b>304,462</b>	<b>-</b>
H. Badrawi	40,315	-	-	-	40,315	07-02-2021
	-	66,701	-	-	66,701	07-02-2022
<b>H. Badrawi total</b>	<b>40,315</b>	<b>66,701</b>	<b>-</b>	<b>-</b>	<b>107,016</b>	<b>-</b>
<b>Total</b>	<b>370,688</b>	<b>182,703</b>	<b>(166,606)</b>	<b>24,693</b>	<b>411,478</b>	<b>-</b>

## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 31. Remuneration of the Board of Directors (Key management personnel) (continued)

As at 31 December 2019, the Executive Directors held 53,834 bonus matching shares (2018: 105,508).

	Outstanding year end 2018	Granted	Vested	Outstanding year end 2019	Vesting date
N. Sawiris	20,874	-	(20,874)	-	23-05-2019 <sup>1</sup>
	21,571	-	-	21,571	12-04-2020
	17,190	-	-	17,190	23-04-2021
<b>N Sawiris total</b>	<b>59,635</b>	<b>-</b>	<b>(20,874)</b>	<b>38,761</b>	<b>-</b>
H. Badrawi	36,975	-	(36,975)	-	23-05-2019 <sup>1</sup>
	7,500	-	-	7,500	12-04-2020
	1,398	-	-	1,398	23-04-2021
<b>H. Badrawi total</b>	<b>45,873</b>	<b>-</b>	<b>(36,975)</b>	<b>8,898</b>	<b>-</b>
M. de Vries <sup>2</sup>	1,636	-	(1,636)	-	23-05-2019 <sup>1</sup>
	1,200	-	-	1,200	12-04-2020
	4,975	-	-	4,975	09-04-2021
<b>M. de Vries total</b>	<b>7,811</b>	<b>-</b>	<b>(1,636)</b>	<b>6,175</b>	<b>-</b>
<b>Total</b>	<b>113,319</b>	<b>-</b>	<b>(59,485)</b>	<b>53,834</b>	<b>-</b>

<sup>1</sup> The Matching rights could not vest on 23 May 2019, as OCI was in a Closed Trading Period (share based transactions related to the 2016 Bonus Matching Plan were not allowed during this period under the Insider Trading / Market Abuse Regulations). The 2016 Matching Award vested on 17 June 2019 (the first trading day after the Closed Trading Period).

<sup>2</sup> These bonus matching shares outstanding were granted before appointment to the board.

As at 31 December 2019, the Executive Directors held 14,263 RSU shares (2018: 0).

	Outstanding year end 2018	Granted	Vested	Outstanding year end 2019	Vesting date
M. de Vries	-	4,754	-	4,754	17-04-2021
	-	9,509	-	9,509	17-04-2022
<b>Total</b>	<b>-</b>	<b>14,263</b>	<b>-</b>	<b>14,263</b>	<b>-</b>

In 2019, the total remuneration costs relating to the Non-Executive Directors amounted to USD 1,504,919 (2018: USD 1,271,575) consisting of the elements in the table below:

2019	Annual fixed fee	Audit committee membership	Additional fee	Nomination governance and remuneration committee	Health safety environment committee	Total
M. Bennett	290,000	-	-	7,500	3,750	301,250
J.A. Ter Wisch	145,000	20,000	-	7,500	-	172,500
S. N. Schat	145,000	20,000	-	17,500	-	182,500
A. Montijn	145,000	-	-	-	8,750	153,750
R.J. van de Kraats	145,000	25,000	-	7,500	-	177,500
G.A. Heckman	145,000	-	-	-	8,750	153,750
J. Guiraud	145,000	20,000	-	7,500	-	172,500
D. Welch	88,710	-	-	-	3,750	92,460
D. Fraser	88,710	10,000	-	-	-	98,710
<b>Total</b>	<b>1,337,420</b>	<b>95,000</b>	<b>-</b>	<b>47,500</b>	<b>25,000</b>	<b>1,504,920</b>

2018	Annual fixed fee	Audit committee membership	Additional fee	Nomination governance and remuneration committee	Health safety environment committee	Total
M. Bennett <sup>1</sup>	260,000	-	81,575	7,500	7,500	356,575
J.A. Ter Wisch	130,000	20,000	-	7,500	-	157,500
S. N. Schat	130,000	20,000	-	10,000	-	160,000
A. Montijn	130,000	-	-	-	7,500	137,500
R.J. van de Kraats	130,000	25,000	-	7,500	-	162,500
G.A. Heckman	130,000	-	-	-	10,000	140,000
J. Guiraud	130,000	20,000	-	7,500	-	157,500
<b>Total</b>	<b>1,040,000</b>	<b>85,000</b>	<b>81,575</b>	<b>40,000</b>	<b>25,000</b>	<b>1,271,575</b>

<sup>1</sup> The additional fee for Mr. Bennett is for service on the Board of OCI Beaumont in the US.



## Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED 31 DECEMBER CONTINUED

#### 32. Subsequent events

##### Natgasoline insurance proceeds

In March 2020, Natgasoline LLC received a USD 15 million progress payment from the insurance company for business interruption loss and repairs related to the unplanned shutdown which occurred in 2019. OCI will record its proportionate share (USD 7.5 million) in the first quarter of 2020.

##### COVID-19 impact

The recent outbreak of the novel coronavirus (COVID-19) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as production at our plants is uninterrupted, and we have currently not witnessed significant changes in demand, whereas supply chains and distribution channels are intact and our liquidity remains healthy.

However, going forward the COVID-19 outbreak may negatively impact amongst others our supply chain, workforce, operations of our plants, demand of our end markets, and liquidity. Accordingly, OCI has set up a COVID-19 taskforce to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

Based on our current knowledge and available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the future.

#### 33. External auditors' fee

The service fees recognized in the financial statements 2019 for the service of KPMG amounted to USD 5.3 million (2018: USD 3.9 million). Other assurance services provided to the Group include agreed-upon procedures related to covenant reporting and other statutory requirements.

The amounts per service category are shown in the following table:

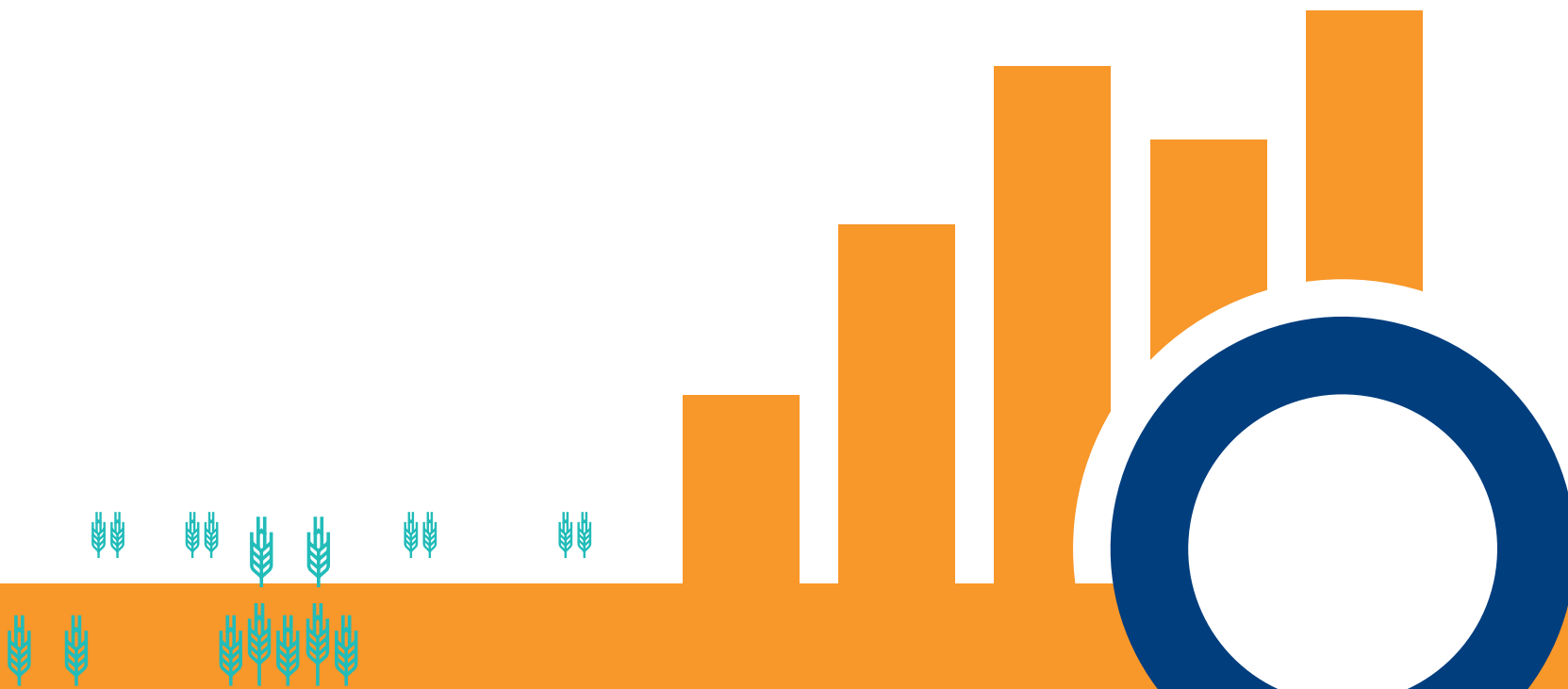
\$ millions	Total service fee		of which KPMG Accountants N.V. (The Netherlands)	
	2019	2018	2019	2018
Audit of group financial statements	4.3	3.2	2.4	1.6
Other assurance services	0.9	0.7	0.5	0.6
<b>Total assurance services</b>	<b>5.2</b>	<b>3.9</b>	<b>2.9</b>	<b>2.2</b>
Tax services	0.1	-	-	-
Sundry services	-	-	-	-
<b>Total</b>	<b>5.3</b>	<b>3.9</b>	<b>2.9</b>	<b>2.2</b>

#### 34. List of principal subsidiaries as per 31 December 2019

Companies	Country	Percentage of interest	Consolidation method
Fertiglobe Holding	UAE	58.00	Full
OCI Fuels Limited	Cyprus	100.00	Full
OCI Nitrogen B.V.	The Netherlands	100.00	Full
BioMCN B.V.	The Netherlands	100.00	Full
Iowa Fertilizer Company LLC	United States	100.00	Full
OCI USA Inc.	United States	100.00	Full
OCI Partners LP / OCI Beaumont	United States	100.00	Full
N-7 LLC	United States	50.00	Full
OCI Methanol Marketing LLC	United States	100.00	Full
<b>Key subsidiaries held via Fertiglobe holding</b>			
Ruwais Fertilizers Industries Ltd (Fertil)	UAE	100.00	Full
Egypt Basic Industries Corporation	Egypt	60.00	Full
Egyptian Fertilizers Company	Egypt	99.96	Full
Sorfert Algérie Spa	Algeria	50.99	Full
Orascom Construction Industries S.A.E.	Egypt	99.96	Full
Fertiglobe Distribution Limited	UAE	100.00	Full
OCI Fertilizer Trade and Supply	UAE	100.00	Full
OCI Fertilizer Trading Limited	UAE	100.00	Full

A full list of affiliated companies will be available for public inspection at the Commercial Registry in conformity with the provisions of Article 2:379 and 2:414 of the Dutch Civil Code.





# 4

# Parent Company Financial statements

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## Parent Company Financial Statements

**PARENT COMPANY STATEMENT OF FINANCIAL POSITION**

\$ millions	Note	31 December 2019	31 December 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	(41)	7,600.7	7,646.3
Property, plant and equipment		0.4	0.6
Right-of-use assets		1.2	-
Financial assets at fair value through other comprehensive income	(43)	3.4	3.6
Other receivables	(42)	881.8	392.1
Deferred tax assets		4.8	-
<b>Total non-current assets</b>		<b>8,492.3</b>	<b>8,042.6</b>
<b>Current assets</b>			
Other receivables	(42)	51.2	515.8
Cash and cash equivalents	(44)	92.3	11.1
<b>Total current assets</b>		<b>143.5</b>	<b>526.9</b>
<b>Total assets</b>		<b>8,635.8</b>	<b>8,569.5</b>
<b>Equity</b>			
Share capital	(45),(15)	5.6	5.6
Share premium	(15)	6,316.3	6,316.3
Currency translation reserve		(1,692.0)	(1,569.6)
Financial assets at fair value through other comprehensive income		(0.7)	(0.5)
Other reserves		(120.8)	(127.2)
Retained earnings		1,195.5	1,824.6
<b>Equity attributable to owners of the Company</b>		<b>5,703.9</b>	<b>6,449.2</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	(46)	2,622.4	1,888.5
Lease obligations		0.6	-
Trade and other payables	(47)	-	0.3
Deferred tax liabilities	(53)	-	1.6
<b>Total non-current liabilities</b>		<b>2,623.0</b>	<b>1,890.4</b>
<b>Current liabilities</b>			
Loans and borrowings	(46)	112.1	147.1
Lease obligations		0.6	-
Trade and other payables	(47)	196.2	70.2
Income tax payables		-	12.6
<b>Total current liabilities</b>		<b>308.9</b>	<b>229.9</b>
<b>Total liabilities</b>		<b>2,931.9</b>	<b>2,120.3</b>
<b>Total equity and liabilities</b>		<b>8,635.8</b>	<b>8,569.5</b>

The notes on pages 131 to 141 are an integral part of these parent company financials statements.

## Parent Company Financial Statements

## PARENT COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

\$ millions	Note	2019	2018
Revenue from dividend income	(48)	52.5	1,279.9
Other income	(50)	0.2	0.1
General and administrative expenses	(49)	(55.1)	(33.5)
Other expenses <sup>1</sup>	(51)	(543.7)	(17.9)
<b>Operating profit / (loss)</b>		<b>(546.1)</b>	<b>1,228.6</b>
Finance income	(52)	80.3	75.3
Finance cost	(52)	(192.2)	(261.6)
<b>Net finance (cost)</b>	(52)	<b>(111.9)</b>	<b>(186.3)</b>
<b>Profit / (loss) before income tax</b>		<b>(658.0)</b>	<b>1,042.3</b>
Income tax	(53)	30.0	51.9
<b>Total net profit / (loss)</b>		<b>(628.0)</b>	<b>1,094.2</b>
<b>Other comprehensive income:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Currency translation differences		(122.4)	(314.7)
<b>Items that will not be reclassified to profit or loss</b>			
Changes in fair value of other financial assets		(0.2)	(0.8)
<b>Other comprehensive income, net of tax</b>		<b>(122.6)</b>	<b>(315.5)</b>
<b>Total comprehensive income</b>		<b>(750.6)</b>	<b>(778.7)</b>

<sup>1</sup>Other expenses in 2019 include impairment of investment in subsidiaries of USD 504.8 million, reference is made to note 51.

The notes on pages 131 to 141 are an integral part of these parent company financials statements.

## Parent Company Financial Statements

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

\$ millions	Note	Share capital (15)	Share premium (15)	Financial assets at fair value through other comprehensive income <sup>1</sup>	Currency translation <sup>2</sup>	Other reserves	Retained earnings	Equity attributable to owners of the Company
<b>Balance at 1 January 2018</b>		<b>5.6</b>	<b>6,316.3</b>	<b>0.3</b>	<b>(1,254.9)</b>	<b>(97.4)</b>	<b>707.4</b>	<b>5,677.3</b>
Impact of IFRS 9 adoption	(4.1)	-	-	-	-	-	(0.8)	(0.8)
<b>Restated balance at 1 January 2018</b>		<b>5.6</b>	<b>6,316.3</b>	<b>0.3</b>	<b>(1,254.9)</b>	<b>(97.4)</b>	<b>706.6</b>	<b>5,676.5</b>
Net profit / (loss)	(45.2)	-	-	-	-	-	1,094.2	1,094.2
Other comprehensive income		-	-	(0.8)	(314.7)	-	-	(315.5)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(0.8)</b>	<b>(314.7)</b>	<b>-</b>	<b>1,094.2</b>	<b>778.7</b>
Repayment of convertible bond (equity component)		-	-	-	-	(35.5)	23.2	(12.3)
Treasury shares sold / delivered	(16)	-	-	-	-	6.2	0.6	6.8
Treasury shares acquired	(16)	-	-	-	-	(1.2)	-	(1.2)
Share-based payments	(15)	-	-	-	-	0.7	-	0.7
<b>Balance at 31 December 2018</b>		<b>5.6</b>	<b>6,316.3</b>	<b>(0.5)</b>	<b>(1,569.6)</b>	<b>(127.2)</b>	<b>1,824.6</b>	<b>6,449.2</b>
Net profit / (loss)	(45.2)	-	-	-	-	-	(628.0)	(628.0)
Other comprehensive income		-	-	(0.2)	(122.4)	-	-	(122.6)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(0.2)</b>	<b>(122.4)</b>	<b>-</b>	<b>(628.0)</b>	<b>(750.6)</b>
Treasury shares sold / delivered	(16)	-	-	-	-	7.7	(7.7)	-
Treasury shares acquired	(16)	-	-	-	-	(1.3)	-	(1.3)
Share-based payments	(15)	-	-	-	-	-	6.6	6.6
<b>Balance at 31 December 2019</b>		<b>5.6</b>	<b>6,316.3</b>	<b>(0.7)</b>	<b>(1,692.0)</b>	<b>(120.8)</b>	<b>1,195.5</b>	<b>5,703.9</b>

<sup>1</sup> Cannot be reclassified to profit or loss

<sup>2</sup> Legal reserve under Dutch Law.

The notes on pages 131 to 141 are an integral part of these parent company financials statements.

## Parent Company Financial Statements

**PARENT COMPANY STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER**

<b>\$ millions</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Net profit / (loss)</b>		(628.0)	1,094.2
<b>Adjustments for:</b>			
Depreciation	(49)	0.7	0.2
Interest income	(52)	(41.3)	(19.5)
Interest expense	(52)	141.8	159.9
Net foreign exchange loss	(52)	11.5	45.9
Dividend income from subsidiaries	(48)	(52.5)	(1,279.9)
Impairment of subsidiaries	(41)	504.8	-
Share-based compensation	(15)	6.6	0.7
Income tax expense	(53)	(30.0)	(51.9)
<b>Changes in:</b>			
Other receivables	(42)	(650.0)	(150.0)
Trade and other payables	(47)	116.5	3.9
<b>Cash flows:</b>			
Interest paid		(124.5)	(79.9)
Interest paid Nile Holding loan		-	(75.1)
Interest received		61.0	1.2
Income taxes paid		(1.9)	(32.0)
Dividends received		28.6	75.3
<b>Cash flow (used in) / from operating activities</b>		<b>(656.7)</b>	<b>(307.0)</b>
Capital contributions to subsidiaries	(41)	-	(3.4)
<b>Cash flow (used in) investing activities</b>		<b>-</b>	<b>(3.4)</b>
Proceeds from sale of treasury shares	(16)	-	6.8
Purchase of treasury shares	(16)	(0.7)	(1.2)
Proceeds from borrowings	(18), (46)	1,631.3	2,391.3
Proceeds from borrowings from subsidiaries	(46)	68.0	402.7
Repayment of borrowings	(46)	(936.6)	(1,815.1)
Repayment of borrowings from subsidiaries	(46)	(6.2)	(621.1)
Newly incurred transaction costs	(46)	(17.2)	(46.5)
Payment of lease obligations		(0.6)	-
Repayment of convertible bond (equity component)	(18)	-	(12.3)
<b>Cash flow from financing activities</b>		<b>738.0</b>	<b>304.6</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>81.3</b>	<b>(5.8)</b>
Cash and cash equivalents at 1 January		11.1	17.6
Effect of exchange rate fluctuations on cash held		(0.1)	(0.7)
<b>Cash and cash equivalents at 31 December</b>		<b>92.3</b>	<b>11.1</b>

The notes on pages 131 to 141 are an integral part of these parent company financials statements.

## Parent Company Financial Statements

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER

### 35. General

OCI N.V. ('The Company' or 'OCI') was established on 2 January 2013 as a public limited liability company incorporated under Dutch law, with its head office located at Honthorststraat 19, Amsterdam, the Netherlands. OCI is registered in the Dutch commercial register under no. 56821166 dated 2 January 2013. OCI is a holding company and is tax resident in the Netherlands.

### 36. Basis of preparation

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU).

The parent company financial statements have been prepared on the historical cost basis, except when otherwise indicated.

The financial year of OCI commences on 1 January and ends on 31 December.

The Company's functional currency is the Euro ('EUR'). Because the Company's major foreign operations have the US dollar as their functional currency, the presentation currency of the Company is the US dollar ('USD').

All values are rounded to the nearest tenth million (in millions of USD), except when stated otherwise.

The parent company financial statements have been authorized for issue by the Company's Board of Directors on 20 March 2020. The financial statements are subject to adoption of the Annual General Meeting of Shareholders.

### 37. Accounting principles applied

In the parent company financial statements, the same accounting policies have been applied as set out in the notes to the consolidated financial statements, except for the measurement of the subsidiaries as presented under 'Investments in subsidiaries' in the parent company financial statements. These policies have been consistently applied to all years presented.

For an overview of the amendments that became applicable and the new standards not yet applicable to OCI, reference is made to note 4.2 of the consolidated financial statements.

The impact of the implementation of IFRS 16 on 1 January 2019 was the recognition of USD 1.7 million right-of-use assets and lease obligations of USD 1.7 million.

### 38. Summary of significant accounting policies

#### Investments in subsidiaries

These policies have been consistently applied to all years presented.

In the parent company financial statements, investments in subsidiaries are recorded at cost less impairment. In the parent company statement of profit or loss and other comprehensive income, dividend received from investments in subsidiaries is recorded as dividend income.

Due to this application, the parent company equity and net result are not equal to the consolidated equity and net result. A reconciliation for total equity attributable to owners of the company and total comprehensive income is presented in note 45 to the parent company financial statements.

#### Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the parent company financial statements, in the period in which the dividend is approved by the Company's shareholders.

#### Dividend Income

Dividend income from the Company's subsidiaries is recognized when the right to receive payment is established.

### 39. Use of estimates and judgments

The preparation of the parent company financial statements requires management to exercise judgment and make estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company financial statements are the impairment of the investments in subsidiaries.

#### Valuation of investments in subsidiaries

At each balance sheet date, the Company reviews whether there is an indication that its investments in subsidiaries might be impaired.

An indication for impairment of the investments in subsidiaries may include, respectively, management's downward adjustment of the strategic plan. Further indications for impairments of its investments may include other areas where observable data indicates that there is a measurable decrease in the estimated future cash flows. These determinations require significant judgment. In making this judgment, management evaluates, among other factors, the financial performance of and business outlook for its investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

#### 39. Use of estimates and judgments (continued)

If any indication for impairment exists, the recoverable amount of the investments is estimated in order to determine the extent, if any, of the impairment loss. An investment is impaired if the recoverable amount is lower than the carrying amount. The recoverable amount is defined as the higher of an investment's fair value less costs to sell and its value in use.

The investments' fair value less costs to sell represents the best estimate of the amount OCI would receive if it sold its investments. The fair value of each investment has been estimated on the basis of the present value of future cash flows.

The determination of the investment's value in use is based on calculations using pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period and the terminal value period.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. Any impairment loss is recognized immediately in the statement of profit or loss.

Impairment losses recognized in prior periods shall be reversed only if there has been a change in the estimates or external market information used to determine the investment's recoverable amount since the last impairment loss was recognized. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

#### 40. Financial risk and capital management

Reference is made to note 6 'Financial risk and capital management' in the notes to the consolidated financial statements.

##### 40.1 Credit risk

The maximum exposure to credit risk at the reporting date was as follows:

\$ millions	Note	2019	2018
Other receivables	(42)	933.0	907.9
Financial assets at fair value through other comprehensive income	(43)	3.4	3.6
Cash and cash equivalents	(44)	92.3	11.1
<b>Total</b>		<b>1,028.7</b>	<b>922.6</b>

The maximum exposure to credit risk for other receivables by geographic region was as follows:

\$ millions	2019	2018
Middle East and Africa	0.8	360.2
Europe	31.6	43.8
Americas	900.6	503.9
<b>Total</b>	<b>933.0</b>	<b>907.9</b>

##### 40.2 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

At 31 December 2019 \$ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Financial liabilities</b>						
Loans and borrowings	(46)	2,622.4	3,219.9	138.9	3,081.0	-
Loans and borrowings from subsidiaries <sup>1</sup>	(46)	112.1	112.1	112.1	-	-
Trade and other payables	(47)	196.2	196.2	196.2	-	-
Letters of guarantee	(27)	-	-	-	-	-
<b>Total</b>		<b>2,930.7</b>	<b>3,528.2</b>	<b>447.2</b>	<b>3,081.0</b>	<b>-</b>

At 31 December 2018 \$ millions	Note	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Financial liabilities</b>						
Loans and borrowings	(46)	1,962.2	2,484.9	191.4	2,293.5	-
Loans and borrowings from subsidiaries <sup>2</sup>	(46)	73.4	73.4	73.4	-	-
Trade and other payables	(47)	70.5	70.5	70.2	0.3	-
Letters of guarantee	(27)	-	0.2	-	0.2	-
<b>Total</b>		<b>2,106.1</b>	<b>2,629.0</b>	<b>335.0</b>	<b>2,294.0</b>	<b>-</b>

<sup>1</sup> The contractual cash flows do not include interest cash flows for the loans received from OCI Overseas Holding and OCI Nitrogen since these loans are repayable on demand.

<sup>2</sup> The contractual cash flows do not include interest cash flows for the loans received from OCI Overseas Holding, OCI Beaumont and OCI Nitrogen since these loans are repayable on demand.

OCI N.V. leases office space and vehicles. The office space lease is for an initial period of 7 years, with an option to renew the lease thereafter. Lease payments are indexed annually.

##### Future minimum lease payments

\$ millions	2019
Less than one year	0.5
Between one and five years	0.5
More than five years	-
<b>Total</b>	<b>1.0</b>



## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

#### 40. Financial risk and capital management (continued)

As part of the preparation of the financial statements, the Company has assessed its liquidity risk. Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has made a number of assumptions in assessing its ability to meet its covenant requirements and satisfy obligations as they become due. Determining these assumptions requires significant judgment about future results and cash flows. Key assumptions include product pricing, gas pricing, utilization rates, and the ability to arrange financing and obtain waivers for anticipated covenant breaches. Refer to note 6.2 and note 18 of the notes to the consolidated financial statements for the Company's analyses of liquidity risk and debt covenants, respectively. Furthermore, the Company's financial liabilities include loans and borrowings from subsidiaries. Although these loans and borrowings from subsidiaries are sometimes classified as short-term due the contractual terms, the repayment date of these loans and borrowings can be controlled and determined by OCI and may be extended beyond one year.

#### 40.3 Market risk

##### Foreign exchange risk

As of 31 December 2019, if the US dollar had weakened / strengthened by 5 percent against the Euro with all other variables held constant, the translation of foreign currency receivables, payables, cash and cash equivalents and loans and borrowings would have resulted in a increase / decrease of USD 30.7 million of the profit of the year.

The summary of quantitative data about the Company's exposure to foreign exchange transaction exposure based on risk management policy for the main currencies was as follows:

At 31 December \$ millions	2019 USD	2018 USD
Other receivables	903.1	866.8
Trade and other payables	(90.2)	(28.6)
Loans and borrowings	(1,437.7)	(1,190.3)
Cash and cash equivalents	11.1	(10.5)

The following tables demonstrate the sensitivity to a reasonably possible change in EUR-USD exchange rates, with all other variables held constant. The impact on the Company's general and administrative expenses is due to changes in the fair value of monetary assets and liabilities, including inter-company positions. The Company's exposure to foreign currency changes for all other currencies is not material.

2019 \$ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	5 percent	30.7	-
	(5) percent	(30.7)	-

2018 \$ millions	Change in FX rate	Effect on profit before tax	Effect on equity
EUR - USD	7 percent	25.4	-
	(7) percent	(25.4)	-

##### Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings plus refinancing of fixed rate borrowings, as follows:

\$ millions	In basis points	2019	2018
Effect on profit before tax for the coming year	+100 bps	(1.6)	(5.6)
	- 100 bps	1.6	5.6

## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

#### 40. Financial risk and capital management (continued)

##### Categories of financial instruments

2019 \$ millions	Note	Loans and receivables / payables at amortized cost	Financial asset at fair value through other comprehensive income
<b>Assets</b>			
Other receivables	(42)	933.0	-
Financial asset at fair value through other comprehensive income	(43)	-	3.4
Cash and cash equivalents	(44)	92.3	-
<b>Total</b>		<b>1,025.3</b>	<b>3.4</b>
<b>Liabilities</b>			
Loans and borrowings from third parties	(46)	2,622.4	-
Loans and borrowings from subsidiaries	(46)	112.1	-
Trade and other payables	(47)	196.2	-
<b>Total</b>		<b>2,930.7</b>	<b>-</b>
<b>2018</b>			
2018 \$ millions	Note	Loans and receivables / payables at amortized cost	Financial assets at fair value through other comprehensive income
<b>Assets</b>			
Other receivables	(42)	907.9	-
Financial asset at fair value through other comprehensive income	(43)	-	3.6
Cash and cash equivalents	(44)	11.1	-
<b>Total</b>		<b>919.0</b>	<b>3.6</b>
<b>Liabilities</b>			
Loans and borrowings from third parties	(46)	1,962.1	-
Loans and borrowings from subsidiaries	(46)	73.5	-
Trade and other payables	(47)	70.5	-
<b>Total</b>		<b>2,106.1</b>	<b>-</b>

The only financial instrument carried at fair value by the Company is the financial asset at fair value through other comprehensive income which is measured with hierarchy level 1 of the fair value hierarchy category.

#### 41. Investment in subsidiaries

\$ millions	2019	2018
<b>Balance at 1 January</b>	<b>7,646.3</b>	<b>7,317.7</b>
Impairment	(504.8)	-
Capital contribution	602.9	712.3
Exchange rate differences	(143.7)	(383.7)
<b>Balance at 31 December</b>	<b>7,600.7</b>	<b>7,646.3</b>

##### Capital contributions

In 2019, capital contributions of USD 602.9 million were made to OCI Intermediate B.V. in kind by settling loans and receivable balances.

In 2018, the following additions to the capital of the subsidiaries in the amount of USD 712.3 million have been made:

- Capital contributions in kind of USD 708.9 million were made to OCI Intermediate B.V. by settling loans.
- Capital contributions were made in cash of USD 3.4 million to OCI Intermediate B.V.

##### Impairment testing 2019

An impairment trigger was identified in OCI N.V.'s investments due to a decrease in share price and drop in commodity selling prices. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

In accordance with IAS 36, the Group has performed an impairment test on the investments. The determination of the recoverable amounts requires significant judgments and estimates, including projections of future cash flows from the businesses. The recoverable values have been estimated based on value in use. The tests were carried out by discounting future cash flows to be generated from the continuing use of the operating entities to which the investments relate and on the assumption of an indefinite life. Key assumptions used in the calculation of recoverable amounts are the discount rate, the terminal value growth rate, selling price outlook per product, natural gas prices and the number of expected operating days per plant. Selling price assumptions are based on a published independent price outlook prepared by global fertilizer experts. The other assumptions used are based on past experience and external sources, but that are unpredictable and inherently uncertain.

The impairment test is based on specific estimates for the USD cash flow projections for the subsequent five years. The residual value was calculated on the basis of the last year of the projection period and whereby a perpetual growth rate of 1.8% was taken into account. The estimated pre-tax cash flows are discounted to their present value using a pre-tax weighted average cost of capital in the range of 9.3% to 12.4%.

The carrying amount of OCI Intermediate B.V. exceeded the recoverable values, estimated using discounted cash flows, by USD 504.8 million, for which an impairment charge was recognized in the

## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

#### 41. Investment in subsidiaries (continued)

Parent company statement of Profit or Loss and Other Comprehensive Income. For OCI Intermediate B.V. the sensitivity analysis for 2019 is shown below:

\$ millions	Change %	2019
WACC	0.5%	(681.0)
WACC	(0.5)%	795.0
Long-term growth rate	0.5%	660.0
Long-term growth rate	(0.5)%	(564.0)

List of subsidiaries as per 31 December 2019

Name	Country of incorporation	Ownership %
OCI Intermediate B.V.	The Netherlands	100.0
OCI UK Ltd.	United Kingdom	100.0

OCI Intermediate is a holding company which has all operating companies as subsidiaries.

#### 42. Other receivables

\$ millions	2019	2018
Receivables from subsidiaries	925.6	897.3
Receivables from related parties	0.2	3.5
Other receivables	7.2	7.1
<b>Total</b>	<b>933.0</b>	<b>907.9</b>
Non-current	881.8	392.1
Current	51.2	515.8
<b>At 31 December</b>	<b>933.0</b>	<b>907.9</b>

The carrying amount of receivables approximates their fair value.

The assessment of the expected credit losses did not result in an impairment of receivables. This will be monitored on a continuous basis going forward and periodically reassessed. During 2019 capital contributions of USD 602.9 million were made in kind by settling loans and receivable balances. Reference is made to note 41.

Specification of loans and other receivables from subsidiaries:

\$ millions	Type	Interest rate	2019 Long-term	2019 Short-term	2018 Long-term	2018 Short-term
OCI USA Inc.	Unsecured	8% fixed	392.1	-	392.1	-
OCI USA Inc.	Unsecured	6.418% fixed	489.7	-	-	-
OCI S.A.E.	Unsecured	LIBOR + 3.25%	-	-	-	344.8
Other receivables subsidiaries	-	-	-	43.8	-	160.4
<b>Total</b>			<b>881.8</b>	<b>43.8</b>	<b>392.1</b>	<b>505.2</b>

#### 43. Financial assets at fair value through other comprehensive income

\$ millions	2019	2018
Orascom Construction Limited (Dubai)	3.4	3.6
<b>Total</b>	<b>3.4</b>	<b>3.6</b>

Orascom Construction Limited is a related party.

#### 44. Cash and cash equivalents

\$ millions	2019	2018
Bank balances	92.3	11.1
<b>Total</b>	<b>92.3</b>	<b>11.1</b>

The bank balances are freely available for usage and are not restricted.

## Parent Company Financial Statements

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER CONTINUED

### 45. Equity attributable to owners of the Parent Company

#### 45.1 Reconciliation of consolidated income and equity attributable to shareholders to Parent Company income and equity attributable to owners

\$ millions	2019		2018	
	Equity	Profit / (loss)	Equity	Profit / (loss)
<b>Consolidated equity attributable to owners of the company</b>	<b>1,357.5</b>	<b>(329.9)</b>	<b>1,007.3</b>	<b>(24.3)</b>
Revaluation of subsidiaries	7,592.0	-	7,592.0	-
Difference gain on demerger 2015	(387.8)	-	(387.8)	-
Difference in profit or loss	1,503.6	(293.3)	1,796.9	1,142.9
Other comprehensive income	(1,682.9)	(127.4)	(1,555.5)	(339.9)
Business combination Fertigllobe	(674.8)	-	-	-
Other direct equity movements (including impact IFRS 9 adoption)	162.9	-	162.9	-
Impairment subsidiaries	(2,166.6)	-	(2,166.6)	-
<b>Parent Company equity attributable to owners</b>	<b>5,703.9</b>	<b>(750.6)</b>	<b>6,449.2</b>	<b>778.7</b>

The differences between total shareholders' equity and total comprehensive income according to the consolidated financial statements and the parent company financial statements in general relate to the accounting of investments at cost (fair value as deemed cost upon adoption of IFRS) in the parent company financial statements and subsequent impairments.

The reconciling items for equity and income are further detailed below.

#### Revaluation of subsidiaries

The revaluation of subsidiaries of USD 7,592.0 million relates to the step up in fair value at the date of transition to IFRS, 1 January 2014. The revaluation reserve related to the deemed cost value step-up of the subsidiaries was subsequently converted into share capital and partly distributed as part of the demerger transaction of OCI's E&C Business.

#### Gain on demerger

In the 2015 parent company financial statements, the demerger gain of USD 243.0 million is lower compared to the demerger gain as reported in the consolidated financial statements of USD 630.8 million as the investment is stated at cost in the parent company financial statements versus the equity value in the 2015 consolidated financial statements.

#### Difference in profit or loss

The 2019 net result is USD 293.3 million lower in the parent company financial statements as the net loss for 2019 is USD 628.0 million, whereas the net loss attributable to owners of the company in the consolidated financial statements was USD 334.7 million.

The 2018 net result is USD 1,142.9 million higher in the parent company financial statements as the net profit for 2018 is USD 1,094.2 million, whereas the net loss attributable to owners of the company in the consolidated financial statements was USD 48.7 million.

#### Other comprehensive income

The reconciliation item 'Other comprehensive income' represents hedge and currency translation differences which are recognized in the consolidated financial statements but not in the parent company financial statements as the investments are stated at cost.

The 2019 difference in income of USD 126.4 million comprises USD 129.4 million of currency translation gains and USD 0.2 million of gains on cash flow hedges and USD 3.2 million losses financial asset at fair value through other comprehensive income, which do not occur in the parent company financial statements.

The 2018 difference in income of USD 339.9 million comprises USD 327.0 million of currency translation differences and USD 12.9 million of gains on cash flow hedges and financial asset at fair value through other comprehensive income, which do not occur in the parent company financial statements.

#### Business combination Fertigllobe

The Fertigllobe business combination resulted in an increase of USD 674.8 million in equity attributable to the owners of the company in the consolidated financial statements, but had no impact on the parent company. Reference is made to note 2.2.1. and note 17.

#### Other direct equity movements

The other direct equity movements in 2018 mainly relate to the effect of OCI Beaumont buy-back of minority shares net of taxes.

### 45.2 Appropriation of net profit / (loss)

\$ millions	2019	2018
Added to / (deducted from) retained earnings	(628.0)	1,094.2
<b>Total net profit / (loss) attributable to shareholders</b>	<b>(628.0)</b>	<b>1,094.2</b>

Upon adoption of this proposed net profit /(loss) appropriation, the dividend for the 2019 financial year will be nil. This proposed net profit /(loss) appropriation is in conformity with article 26 of the Company's Articles of Association.

## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

**46. Loans and borrowings**

\$ millions	2019	2018
Senior notes	2,444.3	1,084.3
Term loan and revolving credit facility	178.1	877.8
<b>Sub-total third-party</b>	<b>2,622.4</b>	<b>1,962.1</b>
OCI Overseas Holding Ltd.	1.1	24.4
OCI Nitrogen	111.0	44.1
OCI Beaumont	-	5.0
<b>Sub-total subsidiaries</b>	<b>112.1</b>	<b>73.5</b>
<b>Total</b>	<b>2,734.5</b>	<b>2,035.6</b>
Non-current	2,622.4	1,888.5
Current	112.1	147.1
<b>At 31 December</b>	<b>2,734.5</b>	<b>2,035.6</b>

Reference is made to note 18 'Loans and borrowings' of the consolidated financial statements for detailed information on third-party loans and the undrawn bank facility.

The carrying amounts of loans and borrowings from subsidiaries approximates their fair values.

\$ millions	2019	2018
Balance at 1 January	2,035.6	2,559.6
Impact of IFRS 9 adoption	-	1.0
<b>Restated balance at 1 January</b>	<b>2,035.6</b>	<b>2,560.6</b>
Proceeds from borrowings	1,631.3	2,391.3
Proceeds from borrowings subsidiaries	68.0	402.7
Proceeds from borrowings subsidiaries in kind	44.4	4.1
Redemptions of borrowings	(936.6)	(1,815.1)
Redemptions of borrowings subsidiaries	(6.2)	(621.1)
Redemptions of borrowings subsidiaries in kind	(66.8)	(768.5)
Newly incurred transaction costs	(22.2)	(46.5)
Amortization of transaction costs / (bond) premiums	11.4	18.0
Effect of movement in exchange rates	(25.3)	(47.6)
Accrued interest	0.9	(42.3)
<b>At 31 December</b>	<b>2,734.5</b>	<b>2,035.6</b>

**Net proceeds from borrowings third-party**

Proceeds from borrowings in 2019 for the Company totaled an amount of USD 1,631.3 million (2018: USD 2,391.3 million). Reference is made to note 18 of the consolidated financial statements.

**Net proceeds from borrowings from subsidiaries**

Proceeds from borrowings from subsidiaries in 2019 of USD 68.0 million consists of USD 67.7 million from OCI Nitrogen B.V. and USD 0.3 million from OCI Overseas Holding Ltd.

Proceeds from borrowings from subsidiaries in kind consists of USD 43.1 million settlements with OCI Nitrogen and USD 1.3 million settlements with OCI Overseas Holding.

**Redemptions of borrowings from subsidiaries**

Redemptions of borrowings from subsidiaries in 2019 consist of USD 5.0 million to OCI Beaumont and USD 1.2 million to OCI Methanol Marketing.

Redemptions of borrowings from subsidiaries in kind consist of USD 43.2 million to OCI Nitrogen and USD 23.6 million to OCI Overseas Holding.

The maturity dates of loans and borrowings from third-party and related party are as follows:

\$ millions	2019	2018
2019	-	73.7
2020	-	92.1
2021	-	110.6
2022	-	92.1
2023	1,283.5	1,629.7
2024	1,384.9	-
<b>Sub-total</b>	<b>2,668.4</b>	<b>1,998.2</b>
Deducted transaction costs	(46.0)	(36.1)
<b>Total</b>	<b>2,622.4</b>	<b>1,962.1</b>

## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

**46. Loans and borrowings** (continued)

Specification of loans and borrowings from subsidiaries:

\$ millions	Type	Interest %	2019		2018	
			Long-term	Short-term	Long-term	Short-term
OCI Overseas Holding Ltd.	Unsecured	LIBOR + 3.25	-	1.1	-	24.3
OCI Nitrogen	Unsecured	EURIBOR + 4.20	-	-	-	44.2
OCI Nitrogen	Unsecured	0.05%	-	111.0	-	-
OCI Beaumont	Unsecured	LIBOR + 0.50	-	-	-	5.0
<b>Total</b>			<b>-</b>	<b>112.1</b>	<b>-</b>	<b>73.5</b>

**47. Other payables**

\$ millions	2019	2018
Payables due to subsidiaries	129.0	15.3
Payables due to related parties	7.8	3.0
Share-based compensation	0.1	0.8
Accrued interest	29.6	31.7
Other current liabilities	29.7	19.7
<b>Total</b>	<b>196.2</b>	<b>70.5</b>
Non-current	-	0.3
Current	196.2	70.2
<b>Total</b>	<b>196.2</b>	<b>70.5</b>

The carrying amount of 'Other payables' approximates its fair value.

**48. Revenue from dividend income**

Revenue from dividend income in 2019 consists of USD 52.5 million from OCI Intermediate of which USD 28.6 million was in cash and USD 23.9 million was dividends in kind.

**49. Development of general and administrative expenses**

## a. Expenses by nature

\$ millions	Note	2019	2018
Employee benefit expenses	(b)	15.6	10.5
Depreciation		0.7	0.2
Consultancy expenses		33.1	17.5
Other		5.7	5.3
<b>Total</b>		<b>55.1</b>	<b>33.5</b>

The expenses by nature comprise 'general and administrative expenses'.

## b. Employee benefit expenses

\$ millions	2019	2018
Wages and salaries	4.7	4.0
Social securities	0.3	0.2
Employee incentive plans	3.6	3.2
Pension cost	0.5	0.5
Share-based compensation expense	6.5	3.0
Other employee expenses	-	(0.4)
<b>Total</b>	<b>15.6</b>	<b>10.5</b>

For specifications on share-based payments, reference is made to note 22c of the notes to the consolidated financial statements.

**50. Other income**

\$ millions	2019	2018
Other	0.2	0.1
<b>Total</b>	<b>0.2</b>	<b>0.1</b>

## Parent Company Financial Statements

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER CONTINUED

**51. Other expenses**

\$ millions	2019	2018
Impairment of subsidiaries	504.8	-
Other	38.9	17.9
<b>Total</b>	<b>543.7</b>	<b>17.9</b>

Reference is made to note 41 for the impairment of subsidiaries. The increase in other is mainly due to higher recharge of head office cost to OCI N.V. and losses on derivatives.

**52. Net finance cost**

\$ millions	2019	2018
Interest income on loans and receivables third-party	0.2	0.5
Interest income on loans and receivables related parties	-	0.7
Interest income on loans and receivables subsidiaries	41.1	18.3
Foreign exchange gain	39.0	55.8
<b>Finance income</b>	<b>80.3</b>	<b>75.3</b>
Interest expense and other financing costs on financial liabilities measured at amortized cost third-party	(140.7)	(136.8)
Interest expense and other financing costs on financial liabilities measured at amortized cost related party	-	(8.8)
Interest expense and other financing costs on financial liabilities measured at amortized cost subsidiaries	(1.0)	(14.3)
Foreign exchange loss	(50.5)	(101.7)
<b>Finance cost</b>	<b>(192.2)</b>	<b>(261.6)</b>
<b>Net finance (cost) recognized in profit or loss</b>	<b>(111.9)</b>	<b>(186.3)</b>

**53. Income taxes****53.1 Income tax in the statement of profit or loss**

\$ millions	2019	2018
Current tax	29.9	29.4
Deferred tax	0.1	22.5
<b>Total income tax in profit or loss</b>	<b>30.0</b>	<b>51.9</b>

**Current tax**

\$ millions	2019	2018
Current year	20.5	25.1
Changes in estimates relating to prior years	9.4	4.3
<b>Income tax benefit / (expense) in profit or loss</b>	<b>29.9</b>	<b>(29.4)</b>

**Deferred tax**

\$ millions	2019	2018
Origination and reversal of temporary differences	0.1	22.5
<b>Income tax benefit / (expense) in profit or loss</b>	<b>0.1</b>	<b>22.5</b>

**53.2 Reconciliation of effective tax rate**

Reconciliation of the statutory income tax rate in the Netherlands with the effective tax rate can be summarized as follows:

\$ millions	2019	%	2018	%
Profit / (loss) before income tax	(658.0)		1,042.3	
Enacted income tax rate in the Netherlands	25%		25%	
<b>Tax calculated at statutory tax rate</b>	<b>164.5</b>	<b>25.0</b>	<b>(260.6)</b>	<b>25.0</b>
Impairment of subsidiaries	(126.2)	(19.2)	-	-
Expenses non-deductible	(31.6)	(4.8)	(14.8)	1.4
Income not subject to tax <sup>1</sup>	13.4	2.1	323.0	(31.0)
Adjustments prior years	9.9	1.5	4.3	(0.4)
<b>Total income tax in profit or loss</b>	<b>30.0</b>	<b>4.6</b>	<b>51.9</b>	<b>(5.0)</b>

<sup>1</sup> Income not subject to tax related to dividend income is USD 52.5 million gross.



## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

#### 53. Income taxes (continued)

##### 53.3 Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities:

\$ millions	2019	2018
<b>At 1 January</b>	<b>(1.6)</b>	<b>(24.7)</b>
Profit or loss	0.1	22.5
Effect of movement in exchange rates	-	0.6
Other	6.3	-
<b>At 31 December</b>	<b>4.8</b>	<b>(1.6)</b>

Other relates to changes the Company made to its provisional 2018 tax declaration for CIT as a result of discussions with the Dutch Fiscal Authority, which resulted in a change of position from a current tax payable to net operating losses being capitalized on the balance sheet.

Recognized deferred tax assets and liabilities:

\$ millions	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Trade and other receivables	-	-	(0.2)	-	(0.2)	-
Loans and borrowings	-	-	-	(0.6)	-	(0.6)
Trade and other payables	-	-	(1.3)	(1.0)	(1.3)	(1.0)
Operating losses carry forward and tax credits	6.3	-	-	-	6.3	-
<b>Total</b>	<b>6.3</b>	<b>-</b>	<b>(1.5)</b>	<b>(1.6)</b>	<b>4.8</b>	<b>(1.6)</b>

Of the deferred tax liabilities at 31 December 2019, an amount of USD 0.1 million is to be settled within 12 months.

Deferred tax assets relate to temporary differences of USD (1.5) million and tax losses carried forward of USD 6.3 million. The tax losses carried forward can be utilized against profit (within the fiscal unity) for a period up to 6 years. The impact from change in CIT percentage is not expected to be material and therefor not recorded.

#### 54. Related party transactions

For an overview of the related parties, reference is made to note 30 of the consolidated financial statements. The Company has the following current account related party balances as at 31 December 2019:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivables	Loans payables	Interest income	Interest expense
Orascom Construction PLC ('OC')	OC group company	-	0.2	-	-	-	-	-	-
Contrack International	OC group company	-	-	0.1	0.5	-	-	-	-
Nassef Sawiris	CEO	-	-	1.0	0.2	-	-	-	-
NNS Luxembourg Sarl	Related via shareholder	-	-	0.2	7.1	-	-	-	-
<b>Total</b>		<b>-</b>	<b>0.2</b>	<b>1.3</b>	<b>7.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Parent Company Financial Statements

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER CONTINUED

#### 54. Related party transactions (continued)

The Company has the following current account related party balances as at 31 December 2018:

Related party	Relation	Revenue transactions during the year	AR outstanding at year end	Purchase transactions during the year	AP outstanding at year end	Loans receivables	Loans payables	Interest income	Interest expense and other financing charges
Orascom Construction PLC ('OC')	OC group company	-	3.5	-	1.0	-	-	-	-
Contract International	OC group company	-	-	-	0.3	-	-	-	-
OCI Construction Cyprus	OC group company	-	-	-	0.8	-	-	-	-
Nassef Sawiris	CEO	-	-	1.4	0.3	-	-	-	-
Natgasoline	Related via an associate	-	-	-	-	-	-	0.7	-
NNS Luxembourg Sarl	Related via shareholder	-	-	0.2	0.6	-	-	-	8.8
<b>Total</b>		<b>-</b>	<b>3.5</b>	<b>1.6</b>	<b>3.0</b>	<b>-</b>	<b>-</b>	<b>0.7</b>	<b>8.8</b>

The current accounts consist of management fees, transferred cost and other.

All outstanding related party balances are unsecured.

#### 55. Contingencies

##### Guarantees

OCI has provided financial guarantees to certain subsidiaries including OCI Nitrogen related to its inventory financing and EFC related to its International Finance Corporation ('IFC') bank loan. For OFT, OFTS and OCI S.A.E. a comfort letter was provided by OCI.

The Company has a guarantee facility with Rabobank for a maximum guarantee amount of USD 128.9 million (EUR 115.0 million). Under this guarantee facility, USD 54.4 million (EUR 48.5 million) has been drawn. The facility is used to issue guarantees on behalf of the subsidiaries, mainly for operational purposes.

The Company also has a guarantee facility with BNP for an amount of USD 93.7 million, that is fully drawn.

#### 56. Employees

The total number of employees in 2019 was 32 (2018: 25 employees).

#### 57. Fiscal unity

OCI N.V. forms a fiscal unity with several Dutch entities for corporation tax purposes. In accordance with the standard conditions, a company and its subsidiaries that form the fiscal unity are jointly and severally liable for taxation payable by the fiscal unity. The following entities are included in the fiscal unity headed by OCI N.V.:

- OCI N.V.
- OCI Intermediate B.V.
- OCI Nitrogen B.V.
- OCI Personnel B.V.
- OCI Terminal Europoort B.V.
- OCI Fertilizers B.V.
- OCI China Holding B.V.

## OTHER INFORMATION

Amsterdam, the Netherlands, 20 March 2020

[The OCI N.V. Board of Directors](#)

Michael Bennett, Chairman

Nassef Sawiris

Hassan Badrawi

Jan Ter Wisch

Sipko Schat

Jérôme Guiraud

Robert Jan van de Kraats

Greg Heckman

Anja Montijn

Maud de Vries

David Welch

Dod Fraser

[Extract from the Articles of Association relating to Net Profit /\(Loss\) appropriation](#)

Article 26. 'Profits and Distributions'.

26.1 The Board may decide that the profits realized during a financial year will fully or partially be appropriated to increase and/or from reserves.

26.2 The profits remaining after application of Article 26.1 shall be put at the disposal of the General Meeting. The Board shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.

26.3 Distributions from the Company's distributable reserves are made pursuant to a resolution of the General Meeting at the proposal of the Board.

26.4 Provided it appears from an interim statement of assets signed by the Board that the requirement mentioned in Article 26.8 concerning the position of the Company's assets has been fulfilled, the Board may make one or more interim distributions to the holders of Shares.

26.5 The Board may decide that a distribution on Shares shall not take place as a cash payment but as a payment in Shares, or decide that holders of Shares shall have the option to receive a distribution as a cash payment and / or as a payment in Shares, out of the profit and / or at the expense of reserves, provided that the Board is designated by the General Meeting pursuant to Articles 6.2. The Board shall determine the conditions applicable to the aforementioned choices.

26.6 The Company's policy on reserves and dividends shall be determined and can be amended by the Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

26.7 The Company may further have a policy with respect to profit participation for employees which policy will be established by the Board.

26.8 Distributions may be made only insofar as the Company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.



# INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders of OCI N.V.

## **Report on the audit of the 2019 financial statements included in the annual report**

### ***Our opinion***

In our opinion the accompanying financial statements give a true and fair view of the financial position of OCI N.V. as at 31 December 2019 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

### ***What we have audited***

We have audited the 2019 financial statements of OCI N.V. (the Company) based in Amsterdam, the Netherlands.

The financial statements comprise:

- 1 the consolidated and parent company statement of financial position as at 31 December 2019;
- 2 the following consolidated and parent company statements for 2019: the statement of profit or loss and other comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of OCI N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



# INDEPENDENT AUDITOR'S REPORT CONTINUED

## Audit approach

### Summary

#### Materiality

- Materiality of USD 25 million for the consolidated financial statements, which is 0.8% of consolidated total revenue;
- Materiality of USD 60 million for the parent company financial statements, which is 0.7% of the parent company total assets.

#### Group audit

- 99% of total consolidated assets;
- 95% of consolidated revenue.

#### Key audit matter

1. Acquisition of Ruwais Fertilizer Industries Ltd.;
2. Business enterprise valuation in impairment tests.

#### Opinion

Unqualified opinion

### Materiality

Based on our professional judgement, we determined the materiality for the consolidated financial statements as a whole at USD 25 million (2018: USD 24 million). The materiality is determined with reference to the consolidated revenues, of which it represents 0.8% (2018: 0.7%). We consider revenues as the most appropriate benchmark as the Company is result oriented. We deem profit before tax from continuing operations as not representative because the Company is operating at a low margin and as the profit before tax benchmark is highly volatile.

We determined a separate materiality for our audit of the parent company financial statements. Based on our professional judgment, we determined the materiality for the parent company financial statements at USD 60 million (2018: USD 60 million) using parent company total assets as a benchmark, of which it represents 0.7% (2018: 0.7%). Given the nature of the parent company's activities – the holding and financing of investments within the Company – we consider the use of the total asset benchmark as most appropriate in respect of the parent company financial statements.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and parent company financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of USD 1.25 million and USD 3 million which have been identified during the audit of the consolidated and parent company financial statements respectively, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.



## INDEPENDENT AUDITOR'S REPORT CONTINUED

### **Scope of the group audit**

OCI N.V. is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of OCI N.V.

To ensure sufficient coverage over the group's financial information, we have requested 14 component auditors (2018: 12 component auditors) to perform a full scope audit of the financial information of the related component (audit of complete reporting package). Furthermore, we requested 2 component auditors (2018: 2 component auditors) to perform specified audit procedures. The relative size of the component and the likelihood for the component to include a significant risk were both evaluated in determining the scope of our component audits.

For the remaining components we have performed audit procedures ourselves or performed analytical procedures in order to corroborate our assessment that the risk of material misstatement in the residual population is less than reasonable possible.

We provided detailed instructions to all component auditors as part of the group audit, covering the significant audit areas, including the relevant risks of material misstatement identified by us, and set out the information required to be reported back to us. We visited component auditors and performed file reviews for components in the Netherlands, Egypt, Algeria and Abu Dhabi and visited the components in the United States of America. Telephone conferences were held with all the component auditors that were part of the group audit. During these visits and telephone conferences, the planning, audit approach, findings and observations were reviewed and discussed. Any further work deemed necessary was subsequently performed by the component auditors and reviewed by us.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements. This resulted in a coverage of 99% of consolidated total assets and of 95% of consolidated total revenue.

The audit coverage as stated in the section summary can be further specified as follows:

### **Consolidated total assets**

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99%

Audit of the complete reporting package

### **Consolidated total revenue**

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95%

Audit of the complete reporting package



## INDEPENDENT AUDITOR'S REPORT CONTINUED

### **Audit scope in relation to fraud**

In accordance with the Dutch standards on auditing, we are responsible for obtaining a high (but not absolute) level of assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

As part of our risk assessment process, we have evaluated events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud ('fraud risk factors') to determine whether fraud risks are relevant to our audit. During this risk assessment we made use of our own forensic specialist.

We communicated identified fraud risks throughout our team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at group level.

In accordance with the auditing standards, we evaluated the fraud risks that are relevant to our audit:

- The presumed fraud risk in relation to revenue recognition, this specifically relates to the risk of accelerating the revenue recognition for transactions of the subsequent financial year and recording such transactions in the current financial year and to the risk of recording revenue transactions at year-end which will be reversed in the subsequent financial year; and
- The presumed fraud risk in relation to management override of controls to meet certain targets and/or expectations.

Our audit procedures included an evaluation of the design and implementation of internal controls relevant to mitigate these fraud risks and supplementary substantive audit procedures. This included inquiries of management, detailed testing of high risk journal entries and an evaluation of key estimates and judgments by management. Furthermore, in relation to the correct recognition of revenues for the period close to the financial year-end, we carried out inspection and testing of documentation such as agreements with customers and remittance documents.

In determining the audit procedures, we make use of the company's evaluation in relation to fraud risk management (prevention, detection and response), including the set-up of ethical standards to create a culture of honesty. As part of our evaluation of any instances, allegations or suspicions of fraud, we inspected the incident register/whistle blowing reports and follow up by management.

We communicated our risk assessment and audit response to the Board of Directors. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character. Our procedures to address fraud risks did not result in the identification of a key audit matter.

We do note that our audit is based on the procedures described in line with applicable auditing standards and are not primarily designed to detect fraud.

### **Audit scope in relation to non-compliance with laws and regulations**

We have evaluated facts and circumstances in order to assess laws and regulations relevant to the Company. In this evaluation we made use of our own forensic specialist.

We identified laws and regulations that could reasonably be expected to have a material effect on the financial statements based on our general understanding and sector experience, through discussion with relevant management and evaluating the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level. The potential effect of these laws and regulations on the financial statements varies considerably:

- Firstly, the Company is subject to laws and regulations that directly affect the financial statements including taxation and financial reporting (including related company legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- Secondly, the Company is subject to other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

Inherent to the Company's nature and operations as well as its geographical spread we identified areas that most likely have such an indirect effect, these include laws and regulations related to: labour, health and safety, environmental, anti-bribery and anti-competition.

Auditing standards limit the required audit procedures to identify non-compliance with laws and regulations that have an indirect effect to inquiring of relevant management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not identify any





## INDEPENDENT AUDITOR'S REPORT CONTINUED

actual or suspected non-compliance other than those previously identified by the company in each of the above areas, we refer to Note 28 for the current allegations against Sorfert. We considered the effect of actual or suspected non-compliance as part of our procedures on the related financial statement items.

Our procedures to address compliance with laws and regulations did not result in the identification of a key audit matter.

We do note that our audit is not primarily designed to detect non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more remote non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

### **Our key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Last year's key audit matter about the accounting for the debt refinancing & securitization program is not included anymore in 2019, given the one-off nature of this program.

### #1 Acquisition of Ruwais Fertilizer Industries Ltd.

#### Description

As discussed in Note 2.2.1 to the consolidated financial statements, on 30 September 2019, the Company and Abu Dhabi National Oil Company ('ADNOC') completed the transaction to combine ADNOC's fertilizer business with OCI's Middle East and North Africa ("MENA") business. Fertigllobe, a subsidiary of OCI, acquired 100% of the voting powers and economic returns of Ruwais Fertilizer Industries Ltd. ("Fertil") from ADNOC in exchange for the transfer of 42% of the shares of Fertigllobe to ADNOC. Fertigllobe also obtained the interest in OCI's MENA business. This transaction resulted in OCI effectively acquiring 58% of Fertil and disposing off 42% of OCI's MENA business.

The accounting of this business combination was significant to our audit due to the complexity of the transaction as well as the complexity of the enterprise value determination of both the acquired business of Fertil as well as the disposed OCI MENA business.

Complexities relate to:

- the assessment of the subscription and contribution agreement in respect of obtaining control and identifying all net assets acquired in the business combination and the calculation of the non-controlling interest;
- the judgments in the assumptions in respect of expected cash flows and weighted average cost of capital of the identified assets and liabilities and specifically including the estimated replacement value of the acquired Property, Plant and Equipment;
- the estimation uncertainty of key assumptions in the enterprise value such as the production volumes, sales prices, gas prices, terminal growth rate and the weighted average cost of capital ("WACC").



## INDEPENDENT AUDITOR'S REPORT CONTINUED

### #1 Acquisition of Ruwais Fertilizer Industries Ltd. (continued)

#### Our response

We have obtained the signed subscription and contribution agreement in respect of the above Fertiglobe business combination and we have read and assessed whether the ownership percentages used in management calculation of the PPA and non-controlling interests agree to the final signed agreement. Furthermore, we assessed whether the net assets acquired is based on this agreement. We also evaluated management assessment in respect of maintaining control over Fertiglobe by comparing management analysis with the signed agreement and the requirements under IFRS 10.

In respect of determination of the fair value of the net assets acquired, we evaluated the reasonableness of the key assumptions in the business enterprise valuation of Fertil and OCI MENA described above, we obtained managements business plans for Fertil and Fertiglobe and amongst others:

- compared the production volumes with the historical averages and forecasts;
- compared the sales prices with historical and forward prices;
- compared the gas price with historical and forward gas prices; and
- recalculated the WACC.

Furthermore, we assessed the appropriateness of the model used by management to calculate the fair value. Due to the inherent complexities in valuation models and assumptions, we also engaged our valuation specialist to assist in the evaluation of the reasonableness of the assumptions including the replacement value of property plant and equipment, the terminal growth rate, the WACC and the fair value model. We assessed the completeness of the identified assets and assumed liabilities by comparing to:

- the signed subscription and contribution agreement;
- the historical and future business financial information; and
- information obtained from inquiry of key management personnel.

In respect to the opening balance audit of Fertil, we engaged KPMG Abu Dhabi to perform specified audit procedures over this opening balance for purposes of the PPA and consolidation into the Company's financial statements.

Furthermore, we assessed the adequacy of the disclosure (note 2.2.1) to the financial statements by comparing it to the audit work performed above.

#### Our observation

The results of our procedures regarding this transaction were satisfactory and we assessed the disclosure (note 2.2.1) to the financial statements as being appropriate.

### #2 Business enterprise valuation in impairment tests

#### Description

As described in Note 8 to the consolidated financial statements, management performs a yearly goodwill impairment test. Furthermore, as described in Note 41 to the parent company financial statements, management identified a triggering event in respect of the impairment indicators of the valuation of subsidiaries.

Impairment tests under IFRS require to assess whether the entities assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and the value in use). As such, the company determined the business enterprise value based on the individual cash generating units value in use. This requires significant estimates in respect of key assumptions used in the business enterprise valuations such as:

- production volumes;
- sales prices;
- gas prices;
- terminal growth rate; and
- weighted average cost of capital ("WACC").

The impairment tests were significant to our audit due to the inherent complexity of determining the value in use including the estimation uncertainty in respect of key judgments and assumptions which are affected by future market and economic developments.

#### Our response

In our audit we evaluated the appropriateness of the cash flow projections of the identified cash generating units. In respect of the key assumptions, we obtained managements business plans and amongst others:

- compared the production volumes with the historical average's and external forecasts;
- compared the sales prices with historical and external forward prices;
- compared the gas price with historical and external forward gas prices; and
- recalculated the WACC.

Furthermore, we obtained the value in use model and assessed the appropriateness of the methodologies used by management including recalculating. We also engaged our valuation specialist to assist in the evaluation of the reasonableness of the key assumptions including the terminal growth rate, the WACC and the value in use methodology.



## INDEPENDENT AUDITOR'S REPORT CONTINUED

### #2 Business enterprise valuation in impairment tests (continued)

We also performed a sensitivity analysis for the key assumptions used by management. We specifically focused on evaluating whether a reasonably possible change in the assumptions could cause the carrying amount to exceed its recoverable amount and assessed the historical accuracy of management's estimates. We verified the accuracy of the calculated impairment. Furthermore, we also assessed the adequacy of the disclosure (Note 41) in the parent company financial statements.

We furthermore specifically focused on the sensitivity in the available headroom for the cash generating unit EFC, evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and assessed the historical accuracy of management's estimates. Furthermore, we assessed the adequacy of the disclosure (Note 8) to the consolidated financial statements.

#### Our observation

Based on our procedures performed, we consider management's key assumptions and methodology used in the impairment tests to be within a reasonable range. Furthermore, we determined that the related disclosure for the valuation of the subsidiaries in the parent company financial statements (Note 41) and the disclosures in respect of the goodwill impairment test (Note 8) are appropriate.

### Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.



## INDEPENDENT AUDITOR'S REPORT CONTINUED

### **Report on other legal and regulatory requirements**

#### ***Engagement***

We were engaged by the General Meeting of Shareholders as auditor of OCI N.V. for the year 2019. Our first appointment as statutory auditor of the Company was in 2013 to audit the 2013 financial statements.

#### ***No prohibited non-audit services***

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

#### **Description of responsibilities regarding the financial statements**

##### ***Responsibilities of the Board of Directors for the financial statements***

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 20 March 2020

KPMG Accountants N.V.

M. Meester RA

Appendix:

Description of our responsibilities for the audit of the financial statements



## INDEPENDENT AUDITOR'S REPORT CONTINUED

### Appendix

#### Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.




# 5 Other information

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# GLOBAL REPORTING INITIATIVE (GRI) INDEX

## General disclosures

GRI indicator	Response
102-1 Name of the organization	OCI N.V.
102-2 Activities, brands, products, and services	We produce and distribute approximately 16.1 million metric tons per year of merchant ammonia, granular urea, calcium ammonium nitrate (CAN), urea ammonium nitrate (UAN), ammonium sulphate (AS), methanol, diesel exhaust fluid, melamine, and other nitrogen products, serving agricultural and industrial customers around the world. For more information see 'Our business', page 4
102-3 Location of headquarters	Amsterdam, the Netherlands
102-4 Location of operations	Our nine production facilities are located in the Netherlands (Geleen and Delfzijl), the United States (Iowa and Texas), Egypt (Ain Sokhna), Algeria (Arzew), and the United Arab Emirates (Ruwais)
102-5 Ownership and legal form	Public limited liability company
102-6 Markets served	We serve agricultural and industrial customers around the world, with sales recorded in 60 countries in 2019. Our agricultural customers are primarily cooperatives and fertilizer distributors, and our industrial customers are mainly industrial chemical producers, fuel producers, and MTO/MTBE facilities
102-7 Scale of the organization	See 2019 'Performance highlights', page 3-4
102-8 Information on employees and other workers	We employed 3,147 employees in 2019 with Fertil's proportionate contribution. Excluding Fertil, we employed 3,037 employees. For more information, see 'Our employees', page 27-29
102-9 Supply chain	<p>Natural gas is our primary raw material. The total annual cost of our natural gas procurement depends on the volume of gas procured and fluctuations in market prices, and totaled \$713.4 million in 2019. Each facility is supplied with natural gas by pipeline, which is purchased through a mix of long-term contracts with national oil and gas companies (in Egypt, Algeria, and the UAE), and spot purchases on national grids (in the Netherlands and the United States).</p> <p>In addition to natural gas providers, our supply chain includes (but is not limited to) providers of transportation and logistics services, utilities, other production materials, maintenance and engineering services, advisory and professional services, facilities management, contracting, information technology including hardware and software services, and other needs as the business requires. The number of suppliers fluctuates depending on the projects and business activities throughout the year, but exceed 3,200 suppliers in a given year.</p> <p>Our supply chain includes 2.2 million metric tons of product storage capacity in approximately 85 warehouses and storage tanks around the world. We lease 1,583 rail cars in Europe and the United States, and lease a 15 thousand metric ton ammonia vessel.</p>
102-10 Significant changes to the organization and its supply chain	We formed Fertiglobe, a 58/42% owned joint venture with ADNOC. The joint venture adds 2.1 million metric tons of nitrogen products to our portfolio, produced at a nitrogen fertilizer complex in Ruwais, UAE. For more information, see page 11
102-11 Precautionary principle or approach	We support the precautionary principle by working to reduce our environmental impact. We therefore aim to minimize our energy consumption and environmental footprint while producing high quality fertilizers that allow farmers to sustainably optimize yields
102-12 External initiatives	United Nations Sustainable Development Goals, Global Reporting Initiative
102-13 Membership of associations	In addition to local memberships at the plant level, OCI's memberships include: 
102-14 Statement from senior decision-maker	See 'CEO Letter', page 6
102-15 Key impacts, risks, and opportunities	See 'How we create value', page 10, and 'Our approach to climate change', page 32
102-16 Values, principles, standards, and norms of behavior	See 'CEO Letter', page 6
102-17 Mechanisms for advice and concerns about ethics	See <b>Code of Conduct</b> , and 'Compliance', page 49



# GLOBAL REPORTING INITIATIVE (GRI) INDEX

## General disclosures continued

GRI indicator	Response
102-18 Governance structure	See <b>Corporate governance</b>
102-19 Delegating authority	See 'Organizational and corporate structure', page 56 and 'The Board of Directors', page 57
102-20 Executive-level responsibility for economic, environmental, and social topics	The Board has appointed the Executive Directors and the COO as jointly responsible for economic, environmental, and social topics. The Executive Directors and COO work closely with the corporate directors who are respectively responsible for their functions, as well as plant senior management.
102-21 Consulting stakeholders on economic, environmental, and social topics	See 102-40 to 44
102-22 Composition of the highest governance body and its committees	See 'Board profile', page 52-55
102-23 Chair of the highest governance body	The Board maintains independence by ensuring the majority of Non- Executive Directors including the Chairman are independent. The Independent Non-Executive Chairman of the Board is Michael Bennett.
102-24 Nominating and selecting the highest governance body	The General Meeting of Shareholders can appoint, suspend or dismiss a Director by an absolute majority of the votes cast upon a proposal of the Board. The Non-Executive Directors are selected individually for their broad and relevant experience and international profile as well as for their independence. Diversity in terms of age, background and gender are considered. The <b>Board profile and policies</b> provide guiding principles for the composition of the Board and committees.
102-25 Conflicts of interest	Potential or actual conflicts of interest are governed by OCI's <b>Articles of Association and By-Laws, and corporate governance policies and procedures</b> . A Director shall immediately report any conflict of interest or potential conflict of interest that is of material significance and may not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a potential conflict of interest with the Company. Personal loans are prohibited in our <b>Code of Conduct</b> . OCI complies with provisions 2.7.3 2.7.4, 2.7.5 and 2.7.6 of the Dutch Corporate Governance Code.
102-26 Role of highest governance body in setting purpose, values, and strategy	See 'Board report', page 56-58
102-27 Collective knowledge of highest governance body	See 'Board profile', page 52-55
102-28 Evaluating the highest governance body's performance	See 'Board report', page 60-61
102-29 Identifying and managing economic, environmental, and social impacts	See 'Board report', page 58, 60
102-30 Effectiveness of risk management processes	See 'Risk management and compliance', page 43-49
102-31 Review of economic, environmental, and social topics	See 'Board report', page 58
102-32 Highest governance body's role in sustainability reporting	The Board discusses sustainability reporting in Board meetings and HSE Committee meetings. The Board provides input on the annual report and sustainability disclosures ahead of publication.
102-33 Communicating critical concerns	See 'Board report', page 61
102-34 Nature and total number of critical concerns	OCI deems this to be confidential

# GLOBAL REPORTING INITIATIVE (GRI) INDEX

## General disclosures continued

GRI indicator		Response															
102-35	Remuneration policies	See 'Remuneration report', page 63-72															
102-36	Process for determining remuneration	See 'Remuneration report', page 63-72															
102-37	Stakeholders' involvement in remuneration	Our current Remuneration Policy was approved last year by shareholders at our 2019 AGM and governs remuneration for both Executive and Non-Executive Directors. Our Remuneration Policy is formulated in accordance with the Dutch Civil Code; we have proposed certain amendments to the policy to comply with the Shareholder Rights Directive II, whereby we have developed a Recruitment Policy to guide the remuneration package of newly appointed Executive Directors.															
102-38	Annual total compensation ratio	See 'Remuneration report', page 63-72															
102-39	Percentage increase in annual total compensation ratio	See 'Remuneration report', page 63-72															
102-40	List of stakeholder groups	Our key stakeholders include our employees, customers, investors, and communities.															
102-41	Collective bargaining agreements	Approximately 42.2% of our global workforce (excluding Fertil) is represented by a works council or labor union as required by local law.															
102-42	Identifying and selecting stakeholders	We strive to maintain an open dialogue with our stakeholders to ensure our strategy, activities, and policies are implemented responsibly, and aim to nurture our stakeholders' trust in OCI through our interactions. Our stakeholders are individuals or entities that have a link to or an interest in our activities.															
102-43	Approach to stakeholder engagement	We engage with stakeholders on a regular basis through customer and investor meetings and calls, industry and investor conferences, customer service, employee meetings, surveys, portals and hotlines, community outreach programs, and governmental or regulatory interactions. Our Executive Directors engage with key stakeholders on ESG and sustainability topics, reflecting our commitment at all levels of the organization. In addition to our direct stakeholder interactions, we are an active member of several industry associations where we work with our peers to sustainably improve global standards in our industries and engage in dialogue on key global challenges related to our industries.															
102-44	Key topics and concerns raised	<p>During the year, key topics and questions raised by stakeholders included:</p> <table border="1"> <thead> <tr> <th>Stakeholders</th> <th>Topics</th> <th>Addressed through</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td>Compensation and benefits, training and development, HSE</td> <td>Townhalls, internal communication, employee surveys</td> </tr> <tr> <td>Customers</td> <td>Relationship management following Fertiglobe announcement, product information and distribution</td> <td>Customer letters, direct communication by commercial leadership team, product information sheets published on our website</td> </tr> <tr> <td>Investors</td> <td>Market trends, operational excellence, overall business performance</td> <td>Annual General Meeting, quarterly conference calls, investor meetings and conferences</td> </tr> <tr> <td>Communities</td> <td>Community safety and environmental impact, local socio-economic development programs, job opportunities</td> <td>Engagement with community leaders, non-profits, direct donations, local recruitment</td> </tr> </tbody> </table>	Stakeholders	Topics	Addressed through	Employees	Compensation and benefits, training and development, HSE	Townhalls, internal communication, employee surveys	Customers	Relationship management following Fertiglobe announcement, product information and distribution	Customer letters, direct communication by commercial leadership team, product information sheets published on our website	Investors	Market trends, operational excellence, overall business performance	Annual General Meeting, quarterly conference calls, investor meetings and conferences	Communities	Community safety and environmental impact, local socio-economic development programs, job opportunities	Engagement with community leaders, non-profits, direct donations, local recruitment
Stakeholders	Topics	Addressed through															
Employees	Compensation and benefits, training and development, HSE	Townhalls, internal communication, employee surveys															
Customers	Relationship management following Fertiglobe announcement, product information and distribution	Customer letters, direct communication by commercial leadership team, product information sheets published on our website															
Investors	Market trends, operational excellence, overall business performance	Annual General Meeting, quarterly conference calls, investor meetings and conferences															
Communities	Community safety and environmental impact, local socio-economic development programs, job opportunities	Engagement with community leaders, non-profits, direct donations, local recruitment															
102-45	Entities included in the consolidated financial statements	Note 34 of the financial statements															
102-46	Defining report content and topic Boundaries	We determine material topics and boundaries by engaging with key stakeholders, benchmarking against industry peers, and considering disclosure requirements and guidelines issues by various institutions and regulatory bodies. We assess the topics raised by the various interactions we have with stakeholders by considering both its impact on OCI, and its influence on our stakeholders. We evaluate the impact these material topics have on our global value chain, our local operations and our stakeholders to report a holistic view of how we strive to sustainably manage our business. Our assessment criteria also considered the GRI's materiality principles of sustainability context, materiality, completeness, and stakeholder inclusiveness.															

# GLOBAL REPORTING INITIATIVE (GRI) INDEX

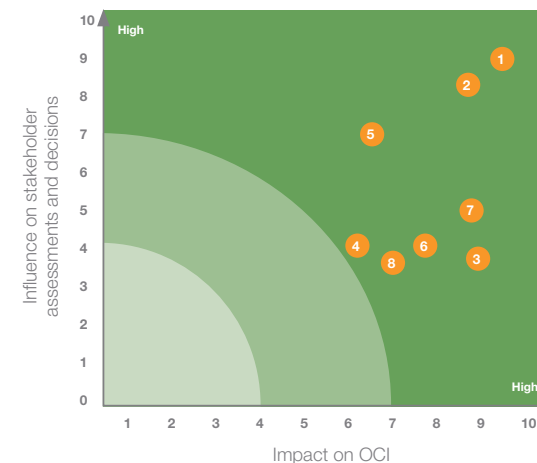
## General disclosures continued

GRI indicator	Response
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102-47 List of material topics

Through these interactions and assessments, we have identified our key material issues and boundaries to be:

Number	Material Topic	Impact on OCI	External Impact
1	Occupational health and safety	✓	✗
2	Environmental impact and climate change	✓	✓
3	Energy efficiency	✓	✗
4	Local economic development	✗	✓
5	Food security through nutrient stewardship	✗	✓
6	Employee development	✓	✗
7	Ethics and integrity	✓	✓
8	Stakeholder engagement	✓	✓



102-48	Restatements of information	Any exceptions, restatements, or changes to data reported are noted where applicable. We restated scope 2 GHG reporting to reflect scope 2 as defined by the GHG Protocol. We also corrected a calculation error in 2018 breakdown of employees by years of service.
102-49	Changes in reporting	Any exceptions, restatements, or changes are noted where applicable. There are no such changes in this report.
102-50	Reporting period	Year ended 31 December 2019
102-51	Date of most recent report	2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	<b>sustainability@oci.nl</b>
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	Global Reporting Initiative (GRI) Index, page 153-158
102-56	External assurance	While our non-financial information is not externally assured, it is reviewed and verified by senior leads of relevant functions, including the internal audit and corporate HSE teams, senior management, and corporate function heads.

# GLOBAL REPORTING INITIATIVE (GRI) INDEX

## Topic-specific disclosures

GRI indicator		Response										
<b>Economic</b>												
201-1	Direct economic value generated and distributed	See 'How we created value for our communities', page 25										
201-2	Financial implications and other risks and opportunities due to climate change	See 'Our approach to climate change', page 32										
<b>Energy</b>												
302-1	Energy consumption within the organization	See 'Our environment', page 38										
302-3	Energy intensity	See 'Our environment', page 38										
<b>Water</b>												
303-1	Water withdrawal by source	See 'Our environment', page 41										
303-3	Water recycled and reused	See 'Our environment', page 41										
<b>Emissions</b>												
305-1	Direct (Scope 1) GHG emissions	See 'Our environment', page 38										
305-2	Energy indirect (Scope 2) GHG emissions	See 'Our environment', page 38										
305-4	GHG emissions intensity	See 'Our environment', page 38										
305-5	Reduction of GHG emissions	See: 'Case study: How logistics optimization helps fight climate change', page 17, 'Case study: Working towards Europe's emissions targets', page 34-36, 'Our environment', page 37										
<b>Effluents and waste</b>												
306-2	Waste by type and disposal method	<table border="1"> <thead> <tr> <th>Thousand metric tons</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Hazardous waste reused, recycled or recovered</td> <td>1.5</td> </tr> <tr> <td>Hazardous waste treated or disposed of</td> <td>1.0</td> </tr> <tr> <td>Hazardous waste reused, recycled or recovered</td> <td>1.3</td> </tr> <tr> <td>Non-hazardous waste treated or disposed of</td> <td>7.0</td> </tr> </tbody> </table>	Thousand metric tons	2019	Hazardous waste reused, recycled or recovered	1.5	Hazardous waste treated or disposed of	1.0	Hazardous waste reused, recycled or recovered	1.3	Non-hazardous waste treated or disposed of	7.0
Thousand metric tons	2019											
Hazardous waste reused, recycled or recovered	1.5											
Hazardous waste treated or disposed of	1.0											
Hazardous waste reused, recycled or recovered	1.3											
Non-hazardous waste treated or disposed of	7.0											
<b>Environmental compliance</b>												
307-1	Non-compliance with environmental laws and regulations	OCI has complied with applicable environmental laws and regulations										

# GLOBAL REPORTING INITIATIVE (GRI) INDEX

## Topic-specific disclosures continued

GRI indicator		Response
<b>Employment</b>		
401-1	New employee hires and employee turnover	See 'Our employees', page 29
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	See 'Our employees', page 27-29. In addition, please refer to financial benefits as described in note 22 of our financial statements. Our part-time employees receive benefits commensurate to hours worked.
<b>Occupational health and safety</b>		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	See 'Our employees', page 27-29, and 'Health and safety', page 30-31
<b>Training and education</b>		
404-1	Average hours of training per year per employee	See 'Our employees', page 29
404-2	Programs for upgrading employee skills and transition	See 'Our employees', page 27-29 and <b>Comprehensive Development Programs</b>
<b>Diversity and equal opportunity</b>		
405-1	Diversity of governance bodies and employees	See 'Our employees', page 27-29, and 'Board of Directors profile', page 52-55

# ESG PERFORMANCE SUMMARY

HSE	Unit	2018	2019
<b>Emissions</b>			
Energy consumption	TJ	223,539	230,050
Energy intensity	GJ / ton gross production	18.27	19.02
GHG emissions (Scope 1)	million tons of CO <sub>2</sub> e	7.96	7.79
GHG emissions (Scope 2)	million tons of CO <sub>2</sub> e	0.31	0.30
GHG intensity	ton CO <sub>2</sub> e / ton gross production	0.68	0.67
NOx	metric tons	1,794	1,943
N <sub>2</sub> O	metric tons	99	143
SO <sub>2</sub>	metric tons	126	87
<b>Water</b>			
<b>Total intake by source</b>	Million cubic meters	<b>52.32</b>	<b>45.95</b>
Groundwater	Million cubic meters	7.85	7.54
Seawater	Million cubic meters	22.03	18.23
Surface water	Million cubic meters	22.44	20.18
<b>Total water discharge by destination</b>	Million cubic meters	<b>12.27</b>	<b>16.01</b>
Groundwater	Million cubic meters	2.59	2.28
Seawater	Million cubic meters	6.92	6.33
Surface water	Million cubic meters	0.50	0.31
Third party water	Million cubic meters	2.26	7.09
<b>Safety</b>			
<b>Lost Time Injury Rate - total</b>	Per 200,000 hours worked	<b>0.08</b>	<b>0.16</b>
Lost Time Injury Rate - employees	Per 200,000 hours worked	0.03	0.07
Lost Time Injury Rate - contractors	Per 200,000 hours worked	0.16	0.31
<b>Total Recordable Injury Rate - total</b>	Per 200,000 hours worked	<b>0.39</b>	<b>0.41</b>
Total Recordable Injury Rate - employees	Per 200,000 hours worked	0.30	0.34
Total Recordable Injury Rate - contractors	Per 200,000 hours worked	0.53	0.51

All data excludes Fertil

## ESG PERFORMANCE SUMMARY CONTINUED

<b>Working at OCI</b>	<b>Unit</b>	<b>2018</b>	<b>2019</b>
<b>Employees</b>			
<b>Total employees</b>	#	<b>2,933</b>	<b>3,037</b>
Full-time	#	2,870	2,944
Part-time	#	63	93
<b>Engagement and development</b>			
Voluntary turnover rate	%	1.0%	2.5%
Employee absenteeism	%	2.27%	2.26%
Employees covered by Collective Bargaining or Unions	%	41.4%	42.2%
Incident notifications	#	15	12
Incidents investigated	#	15	12
Substantial cases	#	0	0
Average spending on training and development	\$ / employee	1,727	1,562
<b>Diversity</b>			
<b>Women</b>	%	<b>8.8%</b>	<b>9.0%</b>
Woman in technical roles	%	1.0%	1.1%
Woman non-technical roles	%	7.8%	7.9%
<b>Age profile</b>			
under 25	%	1.8%	1.7%
25-34	%	23.5%	21.3%
35-44	%	39.2%	41.8%
45-54	%	22.5%	22.3%
55-64	%	12.3%	12.1%
65+	%	0.6%	0.8%
<b>Years of service<sup>1</sup></b>			
0-5 years	%	24.9%	30.4%
6-10 years	%	31.3%	33.1%
11-20 years	%	32.8%	28.5%
21+ years	%	11.0%	8.1%

<sup>1</sup> 2018 breakdown by years of service was incorrectly reported last year. This has been corrected



# GLOSSARY OF ABBREVIATIONS AND KEY TERMS

## Abbreviations

ADNOC	Abu Dhabi National Oil Company	ISCC	International Sustainability & Carbon Certification
AGM	Annual General Meeting of Shareholders	LTI	Lost time injury
APM	Alternative Performance Measures	LTIR	Lost time injury rate
AS	Ammonium sulphate	M	Million
BACT	Best Available Control Technology	M m <sup>3</sup>	Million cubic meters
BN	Billion	MENA	Middle East and North Africa
CAN	Calcium ammonium nitrate	MMBTU	Million British thermal unit
Capex	Capital expenditure	MT	Million metric tons
CO <sub>2</sub>	Carbon dioxide	N <sub>2</sub> O	Nitrous oxide
CO <sub>2</sub> e	Carbon dioxide equivalent	NF LoR	Non-financial Letter of Representation
COSO	Committee of Sponsoring Organizations of the Treadway Commission	NOx	Nitrogen oxide
DEF	Diesel exhaust fluid	OHSAS	Occupational Health and Safety Assessment Series
EBIC	Egypt Basic Industries Corporation	OSHA	Occupational Safety and Health Administration
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	PSI	Process safety incident
EFC	Egyptian Fertilizers Company	REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
EPS	Earnings per share	SDE+	Stimulation of Sustainable Energy Production
ESG	Environmental, Social, Governance	SDG	Sustainable Development Goal
FCF	Free cash flow	SO <sub>2</sub>	Sulphur dioxide
GHG	Greenhouse gas	STEM	Science, Technology, Engineering, and Maths
GJ	Gigajoule	TFI	The Fertilizer Institute
GRI	Global Reporting Initiative	TJ	Terajoule
HSE	Health, Safety and Environment	TRIR	Total recordable injury rate
ICF	Internal Control Framework	TSR	Total shareholder return
ICFS	International Carbon Footprint Standard	UAN	Urea ammonium nitrate
IEA	International Energy Agency	UN FAOSTAT	United Nations Food and Agriculture Organization Statistics
IFA	International Fertilizer Association	VNCI	The Royal Association of the Dutch Chemical Industry
IFRS	International Financial Reporting Standards	VPP	Voluntary Protection Program
IPCC	Intergovernmental Panel on Climate Change	YoY	Year-on-year

## GLOSSARY OF ABBREVIATIONS AND KEY TERMS CONTINUED

### Definitions

Biofuel	A fuel made from renewable resources
Brownfield	An expansion or improvement project to an existing asset
CO <sub>2</sub> equivalents	units to measure greenhouse gas emissions
Environmental Incidents	A measure of the number of environmental incidents such as unauthorized product discharge, leaks, spills, or other potential environmental damage
Greener fuel solutions	Products in our portfolio that can be used as greener alternatives to conventional fuels, including methanol, bio-methanol, diesel exhaust fluid, ammonia, and green ammonia
Greenfield	Newly built asset on an undeveloped site
GHG intensity	Total scope 1 and scope 2 greenhouse gas emissions divided by total production
Greenhouse Gas Protocol (GHG Protocol)	A standardized framework from the World Resources Institute for measuring and managing greenhouse gas emissions
Living wage	the minimum income necessary for a worker to meet their basic needs, including discretionary spending
Lost time injury rate	Total lost-time injuries for every 200,000 hours worked
Netback price	the price achieved after deducting any applicable transportation costs incurred
Production Capacity	Each production unit's maximum proven capacity (MPC), which is calculated as annualizing the proven production of a production unit's best achieved month. For new plants, the MPC is the design (also known as nameplate) capacity. For facilities with more than one interconnected production unit, namely IFCo and OCI Nitrogen, the Production Capacity of each downstream product cannot all be achieved at the same time
Scope 1	Direct GHG emissions from our production processes as per the Greenhouse Gas Protocol
Scope 2	Indirect GHG emissions from steam and electricity import/export as per the Greenhouse Gas Protocol
Total recordable injury rate	Total recordable injuries for every 200,000 hours worked

# SHAREHOLDER INFORMATION

## Share listing

OCI N.V.'s shares have been listed on the Euronext in Amsterdam as of 25 January 2013.

## Share capital

The authorized capital of the Company amounts to EUR 12 million. The authorized capital is divided into 600 million shares, with a nominal value of EUR 0.02 each. OCI's issued share capital consists of 210,306,101 ordinary shares. The shares are registered shares. No share certificates are issued.

As at 31 December 2019, 45.63% of the total shares outstanding were free-float.

## Shareholder engagement

We place great importance on maintaining active dialogue with existing and potential shareholders, banks, and analysts. We are committed to providing relevant, high-quality and timely information to all stakeholders, and to giving current and potential shareholders, analysts and financial press broader insight into the Company and the industries in which we operate. We strive to ensure that relevant information is provided equally and simultaneously to all interested parties as governed by our shareholder communications policy.

As per our by-laws, we observe a 'black-out' period during which analysts' meetings and presentations to and/or direct discussions with current or potential shareholders do not take place shortly before the publication of the regular financial information.

We regularly conference calls and meetings with potential and current equity and debt investors through roadshow days, conferences and inhouse meetings. In addition to the Investor Relations director, meetings were conducted by our CEO and CFO.

We held a results conference call hosted by our CEO, CFO, and COO on the day results were published, during which investors and analysts are invited to ask questions. A replay option was made available on our website.

In order to ensure our Board of Directors is fully apprised of shareholders' areas of focus, concerns, and feedback, an investor relations update is provided at each Board meeting.

## Dividend policy

OCI has a flexible dividend policy and as a priority is committed to its financial policy to deleverage its balance sheet towards 2x net leverage through the cycle. The company has made good progress, and will continuously evaluate dividends/capital return.

Accordingly, the Board of Directors has not announced a dividend for FY 2019.

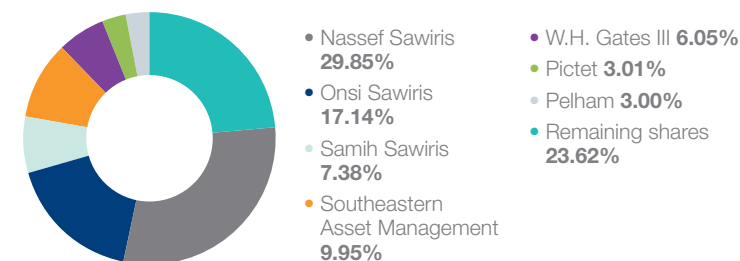
## Information in 2019

Number of outstanding ordinary shares as at 31 December 2019	210,306,101
Highest share price (EUR/share)	26.50
Average share price (EUR/share)	21.52
Lowest share price (EUR/share)	17.10
Share price at 31 December 2019 (EUR/share)	18.75
Market capitalization at 31 December 2019 (EUR billion)	3.94

## Shareholders

According to the Dutch Financial Supervision Act, shareholders of 3% or more must disclose to the Dutch Authority for the Financial Markets (AFM). These disclosures are made available on the AFM's public register, which can be found at [www.afm.nl](http://www.afm.nl)

According to the AFM's register, the following shareholders possessed an interest of 3% or more as at 31 December 2019:



## Contact us

This annual report is available online at [www.oci.nl](http://www.oci.nl)

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The Netherlands

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

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