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17 June, 2019

ADNOC and OCI to form Joint Venture, Creating New Global Nitrogen Fertilizer Leader



Abu Dhabi – June 17, 2019: The Abu Dhabi National Oil Company (ADNOC) today announced a new strategic partnership with OCI N.V. (OCI). OCI is a global producer and distributor of natural gas-based fertilizers and industrial chemicals, headquartered in the Netherlands. The partnership will see ADNOC combine its fertilizer business, ADNOC Fertilizers, into OCI's Middle East and North Africa (MENA) nitrogen fertilizer platform to form a new joint venture (JV).

The JV will become the largest export-focused nitrogen fertilizer platform

globally and the largest producer in the MENA region with a production capacity of 5 million tons of urea and 1.5 million tons of sellable ammonia. Annual revenues for the combined entity are \$1.74 billion, based on 2018 pro forma figures. ADNOC and OCI will own a 42% and 58% stake in the JV respectively.

This combination brings greater geographic diversity to the platform's MENA production channels, enabling greater combined market access to strengthen market share and better serve its customers around the world. It will have a centralized commercial team, supported by a robust storage and distribution infrastructure with access to key ports on the Mediterranean, Red Sea and Arabian Gulf.

The JV will operate a young, state-of-the-art asset base with low maintenance costs and strong free cash flow generation. As a result, the company will be well-positioned to pay its shareholders attractive dividends and to fund future organic and inorganic growth opportunities.



In conjunction with this joint venture, ADNOC Fertilizers has also signed a new long-term gas supply agreement with ADNOC, which will provide its facilities in Ruwais with the required feedstock for its operations based on a competitive pricing formula.

The JV will be based in Abu Dhabi and registered in the Emirate's international financial center, Abu Dhabi Global Market (ADGM), furthering the development of fertilizer expertise and trading in Abu Dhabi. The board of the new entity will consist of 6 members nominated by OCI and 4 nominated by ADNOC. H.E. Dr Sultan Ahmed Al Jaber, UAE Minister of State and Chief Executive Officer (CEO) of the ADNOC Group, will be Chairman of the Board.

Nassef Sawiris will assume the role of CEO of the JV, alongside his current role as CEO of OCI. His leadership will be supported by a joint management team of experienced key executives from OCI and ADNOC, which will drive value creation through the unlocking of substantial operational, supply chain, marketing and trading synergies across the combined platform.



H.E. Dr Sultan Ahmed Al Jaber, UAE Minister of State and ADNOC Group CEO, said: "We are extremely pleased to have created this new joint venture with OCI who are a world leader in nitrogen fertilizers and share our ambition and vision to grow our new combined fertilizer business. Pooling our assets and capabilities is a value enhancing step for both companies, allowing us to leapfrog competitors to become the top nitrogen export platform globally. It will also enable us to access new markets, benefitting both existing and new customers."

He added, "This unique business combination is in line with ADNOC's approach to value-added partnerships and will improve the profitability and cash flow of our fertilizer portfolio. It also supports ADNOC's objectives to attract investors to Ruwais by leveraging its strategic location, world-class logistics and the UAE's abundant gas resources at commercially attractive terms. It is another milestone in the delivery of ADNOC's 2030 strategy and our ambitions to expand ADNOC's Downstream portfolio."

Nassef Sawiris, CEO of OCI N.V. commented: "I am very pleased to start a long-term strategic partnership with ADNOC, a company which has a clear downstream strategy and drive to unlock value. This partnership creates a first-of-its-kind export platform with best-in-class cash conversion metrics. I believe that this platform has significant potential for future growth and value creation, with the support and under the guidance of its two key shareholders".

ADNOC Fertilizers has a track record of more than 35 years in fertilizer production, operating two plants in ADNOC's integrated downstream complex in Ruwais in the UAE. The first plant, FERTIL-1, began production of ammonia and urea in 1983, and the second plant, FERTIL-2, became operational in 2013. The plants combined have an annual capacity of 1.2 million tons of gross ammonia and 2.1 million tons of urea. ADNOC Fertilizers markets and sells granulated

urea to local and international markets including the Indian sub-continent, the US, Latin America and Australia. ADNOC is currently the sole shareholder in ADNOC Fertilizers after acquiring the 33% stake held by Total S.A. (Total) in late 2018. This acquisition of Total's stake in ADNOC Fertilizers is a further demonstration of ADNOC's long term commitment to the fertilizer sector and its strong desire to rapidly pursue new growth opportunities.

OCI's global production capacity spans three continents and comprises approximately 14 million metric tons per year of nitrogen fertilizers, methanol, diesel exhaust fluid, melamine, and other nitrogen products, serving agricultural and industrial customers around the world. OCI's MENA assets include Egyptian Fertilizer Company (EFC), a 60% stake in Egypt Basic Industries Corporation (EBIC), a 51% stake in Sorfert in Algeria and a global trading platform based in the UAE. OCI's MENA facilities can produce up to 3.2 million tons of gross ammonia and 2.9 million tons of urea annually. OCI's MENA trading platform can effectively reach a diverse customer base and has access to key distribution infrastructure.

This new partnership marks another step in ADNOC's group-wide transformation and value creation program that addresses the evolving energy and petrochemicals landscape and ensures ADNOC remains a resilient and flexible company able to take full advantage of emerging market opportunities and trends. The Group's transformation is driven by an expanded approach to strategic partnerships and co-investments as well as the more proactive management of ADNOC's portfolio of businesses, assets and capital. ADNOC is delivering on its ability to package and structure smart transactions with its partners.

This transaction continues this strategy and follows on from several other recent value creation initiatives, including ADNOC's debut capital markets transaction, the issuance of the Abu Dhabi Crude Oil Pipeline (ADCOP) bond, the IPO of ADNOC Distribution, the recent strategic equity and commercial partnerships between ADNOC Drilling and Baker Hughes as well as ADNOC Refining and Eni and OMV.

Central to ADNOC's 2030 strategy is the significant expansion of ADNOC's Downstream business. In May 2018, ADNOC announced its new Downstream strategy that includes an AED 165 billion (USD 45 billion) investment program that will see the Ruwais Industrial Complex upgraded to significantly increase its flexibility and capabilities to produce greater volumes of higher-value refined and petrochemical products.

The transaction is expected to close in the third quarter of 2019, subject to legal and regulatory conditions.

Citi acted as exclusive financial advisor and Shearman & Sterling as legal counsel to ADNOC on the transaction. J.P. Morgan Securities PLC acted as exclusive financial advisor and Cleary Gottlieb Steen & Hamilton LLP as legal counsel to OCI on the transaction.

About ADNOC

ADNOC is a major diversified group of energy and petrochemical companies that produces about 3 million barrels of oil and 10.5 billion cubic feet of raw gas a day. Its integrated upstream, midstream and downstream activities are carried out by 14 specialist subsidiary and joint venture companies.

To find out more visit: www.adnoc.ae (<http://www.adnoc.ae>)

For further information: media@adnoc.ae (<mailto:media@adnoc.ae>)

About ADNOC Fertilizers

ADNOC Fertilizers has a 35 year plus track record in fertilizer production, operating two plants in ADNOC's integrated downstream complex in Ruwais in the UAE. The first plant, FERTIL-1, began production of ammonia and urea in 1983, and the second plant, FERTIL-2, started operations in 2013. The plants have a combined capacity of 1.2 million tons per annum of ammonia and 2.1 million tons per annum of urea. ADNOC Fertilizers markets and sells granulated urea to local and international markets including the Indian sub-continent, the US, Latin America and Australia. ADNOC Fertilizers is the 12th largest nitrogen fertilizer exporter globally.

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