Fertiglobe
An ADNOC Company

FERTIGLOBE PLC
Second Quarter 2026 Earnings
Webcast and Conference Call Transcript

28 July 2026 – 3:00pm UAE

Corporate Participants:

Rita Guindy	Vice President, Investor Relations and Communications
Ahmed El-Hoshy	Chief Executive Officer
Haroon Rahmathulla	Chief Commercial and Growth Officer (CCGO)
Andrew Tait	Chief Financial Officer

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Good morning and good afternoon, ladies and gentlemen. Thank you for joining Fertiglobe's Q2 and H1 2026 results conference call and webcast. With me today are Ahmed El-Hoshy, Fertiglobe's Chief Executive Officer, Haroon Rahmathulla, Chief Commercial and Growth Officer (CCGO) and Andrew Tait, Chief Financial Officer. On this call, we will review Fertiglobe's key operational events and financial highlights for the quarter, as well as a discussion of our outlook for nitrogen markets, followed by a question-and-answer session at the end of the call.

The presentation we will discuss today can be found on our investor relations website; webcast participants can download it by clicking on the link at the top of the screen. As always, please be reminded that any forward-looking statements made on this call may involve risks, and that the actual results could differ materially from those statements.

With this, I will now hand it over to Ahmed El-Hoshy, CEO of Fertiglobe.

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Thanks Rita, and welcome everyone to today's call.

I am pleased to kick off by highlighting our commendable safety performance with a 12-month rolling recordable incident rate of 0.02 per 200,000 work hours as of June 30th, a great result that came amid a significantly improved reporting culture. Furthermore, I would like to share that as of 10 June, we reached one year without any reported injuries across Fertiglobe, supported by more than 9,000 safety observations year to date. While this performance compares very favorably against industry benchmarks, safety continues to be a key focus area for us and we must not fall into the trap of complacency, instead we remain committed to the highest HSE standards across our platform.

Moving on to our financial results, Fertiglobe today reported Q2 2026 revenues of $1.1 billion, up 92% year-on-year and 19% higher than Q1 2026 levels. Adjusted EBITDA was $371 million, more than doubling year-on-year, up 9% compared to the previous quarter, while adjusted net profit attributable to shareholders was $145 million, up 12.5x year-on-year and broadly flat relative to the previous quarter. This performance reinforces Fertiglobe's resilience and was supported by our company's strategic geographic diversification, established trading platform and agile logistics network, which all helped us maintain customer supply during a very critical time, while continuing to capture value in a volatile market environment.

For the first six months of 2026, we reported revenues of $2 billion, up 59% from the first half of 2025; adjusted EBITDA of $713 million, up 63% year-on-year; and adjusted net profit attributable to shareholders of $289 million, up 3.4x compared to last year.

Total sales volumes were up 9% year-on-year, supported by our trading arm, which helped maintain supply to our customers during the unprecedented situation of the SoH. We tested the feasibility of exporting product out of the UAE through various channels, and despite the constraints, managed to ship about 56% of our production. Note, that Fertil production was impacted by a three week stoppage on one of the lines to perform critical maintenance in June, and is since operating at higher rates.

On the operational side, we continued to see record utilization rates in Egypt and Algeria in Q2 2026, leading to overall urea utilization rates of 92% in the first half of the year, a significant improvement compared to 81% last year, demonstrating tangible progress on the company's Manufacturing Improvement Plan. As you may recall, in Q2 2025, we experienced gas curtailments in Egypt; this year, we are pleased to report that we have not faced any gas supply issues in Egypt, allowing us to capitalize on the benefits of the Manufacturing Improvement Plan.

Our strong year-to-date performance and disciplined capital allocation support our proposed dividend increase of at least 20% year-on-year, equivalent to a minimum of $[150] million or 6.73 fils per share, subject to Board approval in September and payment in October 2026. Including this proposed distribution, which implies an annualized yield of 5%, Fertiglobe will have returned more than 50% of its IPO market capitalization to shareholders.

By way of update, all our established contingency plans have all been reactivated following the recent conflict re-escalations and we are well equipped to continue delivering utilization our global production and distribution system, despite the challenges with access to alternative export routes and additional storage in the UAE.

With this, I would like to hand it over to Haroon to discuss our commercial performance and the outlook for nitrogen and ammonia markets in more detail.

Haroon Rahmathulla – Fertiglobe Chief Commercial & Growth Officer (CCGO)

Thanks Ahmed.

Let me start by discussing the highlights of our commercial performance in the second quarter of 2026. Fertiglobe's total own-produced sales volumes of 1.2 million tons for the quarter was down 3% compared to Q2 2025 driven by a few factors. Last year's own-produced sales volumes were impacted by lower operating rates mainly driven by external factors in Egypt. Q2 2026 showed resilient performance – supported by strong operating rates in both Algeria and Egypt. This offset some of the export challenges and inventory build up out of the UAE, Q2 2026 results do not include c.100 thousand tons of urea sales shifting into early Q3 2026. We have seen a visible increase in our third-party traded volumes for Q2 2026, which was up 87% year-on-year as we strived to fulfil customer commitments through our wide-reaching commercial platform, amid regional constraints. This has led to improvement in our total volumes, up 9% Y-o-Y, a great result in a regionally constrained and uncertain context. For the first six months of 2026, Fertiglobe's own-produced sales volumes were 2.6 million tons, down 8% Y-o-Y driven by lower urea and ammonia sales of 3% and 24% respectively. The first six months were also impacted by trade route disruptions out of the UAE and also a high base effect as H1 2025 included 239k thousand tons of volumes deferred from 2024. Once again due to strong traded volumes, our total sales volumes were broadly flat Y-o-Y at 3.1 million tons

Now, moving on to nitrogen market developments and the outlook for our products. Ammonia and urea prices averaged $723/t FOB Egypt and $866/t CFR NW Europe in Q2, respectively, supported by tight nitrogen markets following the onset of the conflict in the Middle East which constrained the export of 21% of global ammonia and 30% of global urea exports typically passing through the Strait of Hormuz.

In the urea markets, supply shortages caused by the conflict escalation coincided with continued buying across several key markets, which led to urea prices peaking in the high $800s/t FOB Egypt / $910/t FOB Middle East in April 2026.

During Q2, Europe, Australia and the US were actively purchasing urea to cover in-season demand. Typically, around 60% of Australian purchases happen between April and July, while the US buying season ends in May. India also tendered for product twice in Q2 to support local stock build up and to offset urea production losses from LNG shortages in March. During the quarter, India secured 4.2m tons of urea imports across both tenders. The first tender for 2.5 million tons achieved an average L1 price of $947/t, demonstrating India's ability to pay during times of need.

Meanwhile, China was also absent from the international market for much of Q2, with the first export guidance issued in mid- May. Exports to date have been limited to just 0.5m tons up to June, and are expected to average 5.5 million tons for the year, compared to 4.9 million tons in 2025.

As the quarter progressed, urea markets transitioned into the typically slower months, as expected, which combined with poor urea affordability, saw prices resetting to the low $400s/t by end of June. By July, the more normalized price environment and support from grains prices resulted in vast improvements to urea affordability, back to the 2021-2025 average.

More recently, the market has seen a further uptrend in pricing, with FOB Egypt reaching $555/t ton in mid-July. A combination of improved affordability levels and grain price support has stimulated purchases in Europe to cover deferred demand. In France, buyers have also seen support from government subsidies, providing farmers with a EUR50/t subsidy for nitrogen products, between July and September 2026.

Egypt also saw an improvement in the urea export tax, which was reduced to 10% from $90/t. In July 2026, Russian duties on N and P products into the EU have risen to EUR60 per ton duty from EUR40 per ton. The duty will continue rising annually, reaching EUR315 per ton by July 2028 with a declining import threshold and is applied on top of the existing EU urea import tariffs of 6.5% still applied to Russian product. In July, Brazil has entered its urea buying season which will continue across the second half of the year. India is also expected to issue a further urea tender for 2-2.5mt in the coming weeks as it ramps up local sales for the upcoming season, with the next European season due to start towards the end of Q3. Long-term urea demand growth ex-China of 11.4 million tons is expected to materially outstrip additional capacity growth of 9.1 million tons by 2030, supporting a structurally tight market. In the ammonia market, tightness amplified at the start of Q2, as supply shortages worsened with the loss of Middle East exports and ongoing buying across several major markets. Prices reached over $900/t CFR NW Europe across May, vs $667 per ton in Jan '26 and $435 per ton in May '25, as the market remained persistently tight with the loss of Arab Gulf tons, despite the ongoing ramp-up of new capacity in the US Gulf Coast.

Ammonia prices in the West moderated to $700/t as the market moved into the slower summer season. However, over the last week, TTF gas prices in Europe rallied to $21/MMBtu, due to increased concern over LNG shortages from the Middle East and Europe's need to refill gas stocks before the upcoming winter. Today gas prices remain elevated at $19/MMBtu with European marginal producer costs at $730/t (ex CO_2),above current CFR NW Europe prices ($700/t).

In CBAM-regulated markets, supply options continue to remain limited with high country default values on the import of ammonia from the US, until verification is established. Last week the US Trade Representative's (USTR) office also exempted Trinidad ammonia import duties on product into the US, which could encourage the redirection of Trinidad ammonia flows back towards the US.

Longer-term, low-carbon ammonia is a key decarbonization enabler in the fertilizer, chemicals, marine, power generation sectors with growth potential across multiple geographies.

Finally, I would like to re-emphasize our unique global positioning to navigate challenging times and to capture value in the current market environment, supported by a strong order book and robust commercial capabilities.

With that, I would like to hand it over to Andrew to discuss the financial results in more detail.

Andrew Tait – Fertiglobe Chief Financial Officer

Thank you, Haroon.

Let me start with some highlights of our performance in Q2 2026, which highlighted Fertiglobe's resilience against difficult market conditions:

Q2 2026 revenues of $1.1 billion, up 92% on a y-o-y basis, mainly driven by higher prices throughout the quarter. Our adjusted EBITDA was up 111% year-on-year to $371 million in Q2 2026, resulting in an adjusted EBITDA margin of 34.2% versus 31.1% last year. Adjusted EBITDA margin on own-produced volumes was 40.2% versus 37.7% last year. Q2 2026 adjusted net profit attributable to shareholders was $145 million, up 12.5x year-on-year compared with adjusted net profit attributable to shareholders of $12 million in Q2 2025, driven by lower interest costs, lower taxes (following the tax rate adjustment at Fertil), and the EBITDA improvement as a result of higher prices and volumes. H1 2026 revenues of $2 billion were up 59% on a y-o-y basis, mainly driven by higher prices. Our adjusted EBITDA is up 63% Y-o-Y to $713 million in H1 2026, leading to adjusted EBITDA margins of 35.6% versus 34.7% in H1 2025. Adjusted EBITDA margin for our own produced volumes was 44.4% versus 41.7% in H1 2025. H1 2026 an adjusted net profit attributable to shareholders was $289 million, up 3.4x YoY compared to an adjusted net profit attributable to shareholders of $85 million in H1 2025.

Turning to the balance sheet and cash flow performance. As of 30 June 2026, Fertiglobe reported a net debt position of $621 million, implying net debt / last twelve months adjusted EBITDA of 0.5x, down from $1 billion as of end of December 2025, allowing us to balance capital disciplined and value-led growth while providing sustainable shareholder return. Consolidated free cash flow before growth capex amounted to $320 million in Q2 2026, compared to $94 million in Q2 2025, reflecting performance for the quarter, working capital changes and maintenance capex, as well as taxes and net interest payments. Total cash capital expenditures including growth capex were $34 million in Q2 2026 compared to $42 million in Q2 2025, of which $26 million was related to maintenance capital expenditures, compared to $31 million in the same period last year.

Consolidated free cash flow before growth capex amounted to $555 million in H1 2026, compared to $307 million in H1 2025, reflecting performance for the quarter, working capital changes and maintenance capex, as well as taxes and net interest payments. It is important to note that the consolidated free cash flow does not reflect the accrued gas cost at Sorfert, amounting to $46.4 million for Q2 2026 and $82.5 million for H1 2026, respectively. Total cash capital expenditures including growth capex were $53 million in H1 2026 compared to $66 million in H1 2025, of which $36 million was related to maintenance capital expenditures, compared to $49 million in the same period last year. You will have noticed that on maintenance capex, we are still well below our guidance of $145-170 million on average for 2025-26, as we continue pushing through with the MIP, given the backloaded nature of these investments, and we therefore expect to close the gap in the second half of the year.

I will now hand it back to Ahmed for our outlook and concluding remarks.

By way of update, all our established contingency plans have all been reactivated following the recent conflict re-escalations and we are well equipped to continue delivering utilization our global production and distribution system, despite the challenges with access to alternative export routes and additional storage in the UAE.

With this, I would like to hand it over to Haroon to discuss our commercial performance and the outlook for nitrogen and ammonia markets in more detail.

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Thanks Andrew.

To conclude, the re-escalation of the conflict in the Middle East has further disrupted global fertilizer supply, and prices have started to reflect that with an over 20% increase in urea prices just in recent weeks. With that, Fertiglobe's role as a reliable provider of essential nitrogen fertilizers remains critical to contribute to agricultural productivity and global food security, supported by established contingency plans including increasing storage capacity and alternative logistics routes.

We are pleased with the tangible and measurable benefits of our Manufacturing Improvement Plan, which have been critical to offset temporary and uncontrollable disruptions in our regular activities. To close, I would like to again reiterate that safety remains our highest priority, and we remain fully focused on protecting our people, contractors and assets while maintaining safe and reliable operations.

We can now open the line for questions.

Operator (Questions and Answers)

Thank you.

(Operator Instructions)

Operator

Our first question is from Rabih Moussa from QIC Asset Management. Your line is now open. Please go ahead.

Rabih Moussa – QIC Asset Management

Hi. Hi, gents. Thank you. Thank you for the call. I have a couple of questions from my side. On the production, the production exported from the UAE, can we assume a similar rate, if the Strait continues to be closed? And on the utilization rates for Egypt and Algeria, can you provide us a breakdown? Plus, on the tax, the nitrogen tax in Egypt, they changed it to a 10% tax. What effect do you expect in the third and fourth quarter? And finally, on the CapEx, can you give us guidance on the full-year 2026 and 2027 CapEx?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Yes. So the 56% we had in Q2, as I shared in the earlier remarks, was based on the production we had in Q2 in Fertil and Abu Dhabi. so we had guided to under 50% in discussions with the markets in -- during Q2. We ended up above 50% to 56%, driven also by some additional shipments in June, but also the denominator was a bit smaller because we did have a three-week critical maintenance outage that happened on Fertile 1 in June. So when guiding for the future, it's difficult to tell given the volatility around the situation. We're going to obviously try to get out as much as possible. I think still in the 50% range -- under 50% range would still be where we'd guide to in general, but where we find opportunities to export more, we'll accelerate that. And that's kind of what happened really in the May and June period. Your second question on the utilization rates in Egypt and Algeria, they were very strong. So they were kind of close to 100% for urea. And when you think about the overall for the quarter, we're probably in the high-80s overall. And Fertil, because of this outage and because of the early April outage that we discussed during our Q1 results, we were kind of in the 70%-ish range. With regards to the nitrogen, the kind of this export tax, it was announced as a 90-day export tax taking place in the beginning of May, so it should be coming to completion at the end of July. But that tax was changed from $90 to 10%, effectively, I think the net back of the product that is sold. So that makes sense, right, that it comes down $90 was when they saw $900 urea in April. We saw urea come down into $400 in June, so it went to 10%, so that reduced the burden, but we had a decent part of May and June affected by this $90 tax. We're going to have to wait to see news out of Egypt. We're hopeful that the 90 days is when this is finalized, but we're still waiting to see kind of the official confirmation of that by the Egyptian government as a temporary measure. The last point was on CapEx guidance for this year and next year. So maybe, Andrew, you can go through those two.

Andrew Tait – Fertiglobe Chief Financial Officer

Yes, sure. Thanks, Ahmed. So, Ahmed sort of just sort of mentioned on the line, our maintenance CapEx, we're below our $145 million to $170 million on average for '25-'26, which we indicated at last year's Capital Markets Day. But we intend to remain within that envelope to the end of the year. And additionally, if we look ahead to next year, we indicated a range of $105 million to $125 million for maintenance CapEx year-on-year after this year, and that is still very much in our forecast. So, it's certainly unchanged from our Capital Markets Day guidance last year.

Rabih Moussa – QIC Asset Management

Okay. Thank you. Thank you. That was helpful. Just a follow-up on the production volume. Can you expect similar utilization rates till the end of the year?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

So we don't guide on utilization rates in general, but I think one thing that Andrew mentioned around the CapEx, if you look at our year-to-date CapEx on the maintenance side, compare that to our guidance for the year, and then we have a bit more back-ended CapEx spending, which could affect some utilization rates. But otherwise, we don't actually give guidance around utilization rates, pricing, or earnings.

Rabih Moussa – QIC Asset Management

Okay. Okay. Thank you. Thank you. That was very helpful.

Operator

Thank you, Rabih. Our next question is from Rene Selouan from Jadwa Investments. Your line is now open. Please go ahead.

Rene Selouan – Jadwa Investments

Yes. Thank you. Thank you for the presentation, and congratulations on the results. I'm wondering, given the much higher year-on-year performance despite the challenges that occurred, why wasn't the dividend growth in line with the free cash flow growth and the results of the company in the first half?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Hi, Rene. Thanks for the question and the comments, and I could have expected this one from you, I think. So the consolidated free cash flow is $555 million. But as we said before, that's a consolidated figure, consolidating all of our minorities. So when you basically look at it, in Algeria, we have the product type, which is a minority, and we have a 15 -- sorry, we have a 25% minority in Egypt. When you look at those minorities together, that's up $210 million out of the $555 million, so you need to deduct $210 million. And then when you look at the gas accrual we have because we continue to have higher payables for the gas accrual for the higher gas price, that's an $83 million increase in payables that effectively needs to be paid and is not our task, because it's going to have to go to the Algerian government. So the $210 million plus $83 million for the gas accrual, that alone takes you not far about $300 million from that figure. And then growth CapEx, we had in the first half $16 million of growth CapEx. And then the portion of ecremage, which is associated with the higher earnings of Algeria is around $60 million. So, if you kind of go through all of those and you make those deductions, it comes out to $186 million. We guided to at least $150 million and some of the -- and we'll confirm that number in September, as we said, but also it has to do with kind of where cash sits in the offloads and timing of when they get upstream, where there can be some differentials. But generally, we do continue to look to adhere to our payout ratio. I just wanted to give you that bridge on the numbers.

Rene Selouan – Jadwa Investments

Okay. Clear. Thanks.

Operator

Thank you, Rene.

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

You're welcome.

Operator

Our next question is from Ram Kamath from Barclays. Your line is now open. Please go ahead.

Ramchandra Kamath – Barclays

Yes. Hi. Thanks for taking my question. Your trading contribution has improved substantially in this year, both 1Q and 2Q. So perhaps could you talk through what, I mean, contributing to this increase? And is it something you would focus on and expand further? And how should we see this in the second half or in general? And second, specifically on the profitability, the headline EBITDA margin was impacted by understandably higher logistics cost and conflict-related and export duties, as you have mentioned. But could you provide more detail on this? Should we consider this conflict related cost as one-off, or they are likely to continue until the situation in West Asia normalizes? Thank you.

Haroon Rahmathulla – Fertiglobe Chief Commercial & Growth Officer (CCGO)

Yes. Thanks for your question. Your point on the trading profitability is a good one and basically highlights the strength of the commercial platform. So as we looked to meet our commitments globally, especially, let's say, in Australia, as you may remember, we acquired a distribution business in Australia last year. And as we looked this year during the conflict to honor those commitments, that's where our trading team did a very good job of sourcing product at a very competitive price and then basically on selling that to some of the short positions that we had in Australia mainly and some of the other parts of the world. So it's more, I think, a testament of the adaptability of the platform where we do have the shots that need to be fulfilled and sourcing competitively whether that's from Africa or other parts of the world to meet that short commitment. Yes. Andrew, you want to take the next one?

Andrew Tait – Fertiglobe Chief Financial Officer

Yeah, sure. Thanks. Yes. Just taking this, so looking at those one-off costs, so they are related to conflict and we see them really essentially as one-off adjustments as a mixture of safety purposes at the beginning of the quarter. And there was some exceptional costs that essentially arose at that beginning of that conflict. So, if I sort of break those down, we saw about sort of $6 million from flaring to reduce ammonia for safety reasons in the early period. Then we've had some exceptional logistics and temporary warehousing costs of around about $9 million and then some exceptional insurance costs. So essentially, what we see is these are really related to sort of one-off safety measures at the earlier phase. So we don't really see those carrying through into other quarters after this.

Ramchandra Kamath – Barclays

Okay. Clear. Thank you.

Operator

Thank you, Ram. Our next question is a follow-up question from Rabih Moussa from QIC Asset Management. Your line is now open. Please go ahead.

Rabih Moussa – QIC Asset Management

Hi. Just two follow-up questions. One on the UAE production. How much volume did you export in July? And another is on Egypt. Are you seeing any issues in terms of gas supply in Egypt?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

We don't disclose the volumes individually that we export out of different locations. So, wouldn't be able to give you the UAE one or give you kind of the percentage relative of typical -- well, our actual production as we said, the 56%. And actual production was impacted by the downtime in June and the downtime in early April. With regards to the gas in Egypt, the gas has been fine in Egypt. The Egyptian government has done a good job of securing additional gas and balancing the system and we have had no interruptions from gas.

Rabih Moussa – QIC Asset Management

Do you expect any interruptions or any effects from gas? Or do you think it'll stay the same?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Specifically, in terms of the summertime, and we're sitting in kind of late July, early August, so I can't forecast. I think, the government's been really focused on securing kind of pipeline gas imports, as well as LNG cargoes, as well as relying on higher renewable capacity coming on stream in Egypt. So, I think they've done a good job, but it still is a deficit market. So, see what happens over the next month, month-and-a-half. But so far, we're well underway through the summer and hot period, and we continue to supply all the gas that the fertilizer sector needs.

Rabih Moussa – QIC Asset Management

Okay. Thank you.

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

You're welcome.

Operator

Thank you very much. Our next question is from Raghibi Abdessamad from Bernstein. Your line is now open. Please go ahead.

Abdessamad Raghibi – Bernstein

Yes. Thank you. Assalamualaikum. So I'm quite curious about how do you see diversification. I mean, we know that diversification has paid off during the conflict. And I mean, you mentioned that the commercial platform is working just fine. So, I'm really wondering whether is this something a theme that Fertiglobe is looking into, I mean, beyond 2026, of course?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Wa Alaikum assalam. And -- I mean, it's a good question. As we think about our Grow 2030 strategy and just our overall focus on balancing continued dividend distribution with growth including the support of ADNOC and XRG warehousing new investment or new growth investment, we continually look at areas to expand geographically. We've reviewed many, many opportunities over the last several years. As Haroon mentioned, we bought Wengfu's distribution assets in Eastern Australia, we like that market a lot. And there are other markets that can be very interesting for us. And it adds for resilience and flexibility to be able to deliver from different production points as well as having kind of downstream reach our second pillar of our Grow 2030 strategy is getting closer to the customer. So, I do think over time, you could see more geographic diversification as well as potentially some additional downstream, we're adding extra ammonia in UAE with Project Harvest, but also potentially downstream uses of ammonia whether inside the Middle East or -- in the Middle East or abroad.

Abdessamad Raghibi – Bernstein

Okay. Thank you.

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

You're welcome.

Operator

Thank you, Raghibi. We will move on to text question. I will now hand over to Rita. Please go ahead.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Gabrielle. Thanks, everyone. We will now go over to the webcast questions we received. The first one is on gas costs. What gas costs can we assume across Egypt, Algeria, and the UAE for the second half of this year?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Yes. It's a very good question. We can't predict the gas costs because, as a reminder, we have gas-linked -- sorry, product-linked gas pricing effectively in both Egypt as well as Algeria. So, product prices are very strong. We'll see a higher gas cost. And so, to give you a sense, in Q2, our overall gas price was $6 MMBtu for Q2. And if you include the ecremage of Algeria, it was actually $8 MMBtu, but that's with the higher pricing that we saw in Q2. So, again, it's that right-way risk. If we do see stronger pricing, like we've been witnessing here in July, persistent where we're in the mid-$500s for urea. Ammonia, we're seeing going close to $600 in the Arab Gulf and Northwest Europe in the $700s and going up. That could result in some higher gas costs, but that's more than absorbed by our higher product pricing and leading to higher margins in those scenarios.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Ahmed. And then there's some questions on Project Harvest. The first one on whether -- when, in 2027, the first production is expected and when the plant is expected to reach full capacity?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

And with regards to full capacity, I think the question is, when will it reach full capacity. There will be a ramp-up period as typical for new production plants. So it won't start off right away at 100% on a utilization basis.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thank you, Ahmed. And then on project CapEx, how much has been spent? How much is left to spend in the second half of this year in '27? And whether that's a total project cost or only Fertiglobe's share, the $500 million?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

The $500 million that we've shared with the market is the total project cost. We own 30%, but 30% of $500 million is $150 million. We've already put in a very large portion of that. Actually, we're looking now to put financing on the project at a 70% gearing, roughly, which will allow us to basically take some money back out and not have to contribute additional funds for the completion of the project.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Ahmed. And then also on Project Harvest, the project adds 1 million tons of lower carbon ammonia. Will all of this be sold as merchant ammonia, increasing your ammonia sellable capacity from 1.5 million tons to 2.5 million tons? Or will some of it be used for downstream operations or committed under offtake agreement?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

So, yes, it will take our gross ammonia from 1.5 million tons to 2.5 million tons. Note that on this extra million tons, again, we only own 30% of the equity. But basically, we're responsible for distributing all the tons that aren't going to our partners, GS out of Korea and Mitsui out of Japan. The two of them own 20%. They have 20% of the offtake, leaving us with 80% of the offtake or 800,000 tons. We're in discussions on potential further offtakes, given the low carbon nature of the project and we'll give updates to the market should they lead to binding commitments. We're putting it into our global distribution network. In terms of being -- consuming that ammonia into downstream products, we are heavily evaluating that. We announced an MoU in February with Covestro who have -- we're one of the largest ammonia buyers in the world, looking at Abu Dhabi for new growth, where they could need ammonia into the nitric acid and downstream value chain. And we continue to look for other opportunities in terms of upgrading the product, which, as a reminder, is part of our Pillar 3 nitrogen product expansion growth into different avenues to consume that merchant ammonia.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks. Also on Project Harvest, is there any additional urea capacity expected? Or is this project only for ammonia?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Yes. I think we answered that. So no additional --

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Yes

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

... urea capacity and we are looking at downstream products over time with the ammonia that we're adding.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Okay. And then on the 100,000 tons of shipments that were shifted into Q3. What own produced sales volumes should we assume for the second half? And have these 100,000 tons been sold already in Q3, or will they be spread across the second half?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

So, these 100,000 tons were supposed to be delivered in Q2, but it moved to Q3, so they're not being reported until Q3. Q3 is obviously benefiting from higher pricing in July, up about 30% from the lows in June. But typically, you sell them out when you agree the price a month in advance. So these will be probably closest to the June pricing rather than the July pricing for those 100,000 tons. And we don't provide guidance on own produced sales volumes or operating rates as discussed before.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Ahmed. And I think, we have touched also on this before, a question on price expectations for the second half of the year?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Yes. So, sorry to sound like a broken record, but we don't provide price guidance. But what I can point to that's a little bit different than where we were in Q2 is that, marginal costs have become an issue again, not just for ammonia, but for urea as well. When we have TTF gas sitting at close to $20 MMBtu, that means cash costs for urea in Europe need to be above $500 a ton for ammonia, above $800 a ton. So, to the extent this persistence of higher TTF and global gas pricing continues, that provides a bit of a floor. So that's something to watch out for when we think about what does outlook look like. And from what we've been seeing over the last few weeks with the rise in geopolitical tensions leading to $22 MMBtu and now back kind of closer to $20 MMBtu, gas storage levels sit at critically low levels in Europe during the typical resale period, well below the typical averages of what we should have in storage in Europe. We're sitting in the high 50s right now. I think there's concerns that we won't get to the critical 80% in Europe ahead of the winter. So that's going to result in some pretty asymptotic and parabolic movements in gas to the extent we have cold weather fronts in Europe later in the year. So that's something that we're going to watch out for. El Nino also, with the hotter weather in Southeast Asia, is going to be -- is driving more gas demand for cooling in the summer now. That's also potentially going to be a bit of a pull where Europe versus East Asia and Southeast Asia are trying to get the same gas molecules while the Strait is effectively shut for LNG exports as we stand right now.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Ahmed. And then on the maintenance in the UAE, whether that was planned or unplanned during Q2?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Without going into too much detail, the maintenance in the UAE was related to some safety-related measures we took earlier in the quarter, as Andrew was alluding to. And we had to take some maintenance outages because we were seeing reliability come down. Nothing affecting the site itself from outside, but more just how we operated. So, we took the decision on -- a planned decision a few weeks before, but it wasn't planned for the year, to address that and ensure that we could get back to the full operating rates on Fertil one. And weather also -- there were also some weather-related matters that caused us to have to take this plan down and basically address them and get back to full operating rates.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thank you. And then another question on third-party traded volumes that I think we touched on briefly. Do you see scope for third-party traded volumes to be higher should the disruption continue?

Haroon Rahmathulla – Fertiglobe Chief Commercial & Growth Officer (CCGO)

As I mentioned earlier, look, we continue to remain opportunistic around it. But we're very conscious of the risks we take. And as performance in the second quarter showed, we've been prudent and quite successful at delivering a trading margin that was -- that's much higher than historically. So, yes, we continue to remain opportunistic, but we're very conscious that we don't take untoward risks or high exposures.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thank you, Haroon. And on the 56% exports out of production from the UAE, is there any room to push this higher?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

We're always looking for ways to push that higher. We've been working closely with XRG, ADNOC, the UAE government at land routes as well as sea-related routes. So it's hard to provide guidance on it. But our goal is obviously to get that number higher and higher. Where we were able to get some products out in Q2 to get to the 56% were really in June and later May, where a lot of that product went out. Unfortunately, that was at a period where the pricing wasn't as strong as it was in April. But again, having the diversified footprint with Egypt and Algeria allows us to participate in it, depending on what things look like in UAE.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks. And back again on the pricing outlook. Given the inventory buildup in the UAE and Southeast, do you think urea prices could remain pressured once the Strait opens up due to the higher available inventories that are ready to be shipped?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

I think that the inventory levels sitting within the Strait are much lower than they were in June. So in the June timeframe and late May, we thought -- we think that it was something in the order of 1.3 million tons ready to go. And now, we believe that it's just under 500,000 tons. We've also seen sporadic operations out of Iran as well, where they had many plants offline over the last few weeks. So, it may take some time to normalize and we don't have as much of an inventory build. I think a lot of the Saudi product was cleared out as well as the Qatari product. And we took up quite a few ships as well in June and we're just not seeing as much of a buildup, but it just depends on the timing. And also alternative routes have been sought by us as well as other parties, particularly the Saudis.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Ahmed. And then also as discussed briefly, have you -- is your production in the UAE curtailed? Or do you continue to produce and store when you are not able to export?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

We continue to produce and store when we're not able to export. So we haven't had an impact. Kind of the supply chain team has done very well with commercial operations, so the storage of products has not been an issue, whether it's on land or at sea. And again, just back to the prior question, in terms of the market absorption, I think we kind of hit after the Northern Hemisphere demand season really ended in May. We had a demand low coupled with a lot product leaving the GCC and the Strait of Hormuz in June which led to that floor. Now with the higher marginal cost of gas periods globally and the Latin American we need to buy and the Europeans need to start buying as we get closer to the end of the year. Obviously, our eye is also on Chinese export. That's I think we're in a little bit of a better position here market-wise for the balance of the year to be able to potentially absorb some funds coming out of Strait of Hormuz.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Ahmed. And then on a similar note, can you talk about long-term plans to reroute production out of the UAE? Is there a scenario where, in a couple of months, we can see the company rerouting the majority of its UAE volumes? Or is this difficult?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Yes. We wouldn't be able to comment on that. Obviously, it's a focus across all the UAE kind of major exporters. We're happy with what we're seeing now versus what we saw a few months ago. Every week, every month, we're getting smarter and smarter, and I'll be able to kind of do sharper work-arounds, but our goal is to increase that up.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks. Are you seeing any evidence of demand destruction at current fertilizer price levels, particularly in Europe, India, or Brazil? And separately, how much market share does Fertiglobe currently hold in India and Brazil? And are there opportunities to increase that share?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

So, we definitely saw some demand destruction in Australia. We've seen kind of really delayed buying in Brazil as well, which may or may not lead to demand destruction. And we've seen affordability levels come up a bit with the higher crop pricing over the last few weeks, allowing more buying and we've seen Europeans step in. But definitely, there has been less buying in the last few months than we've typically seen just because of the higher price effect. Our market share in India kind of varies quarter to-quarter, and our market share, quite frankly, in most places varies, and we go where the market's telling us to go. So this year, we sent a few vessels to the U.S., and other years, we've sent zero vessels to the U.S. if the market price doesn't make sense. So, this is us leveraging our global commercial footprint, getting closer to the customer. But one -- two key markets that we definitely focus on are Europe and Australia, particularly, actually both Eastern and Western Australia. Both are premium markets, both we have established distribution. And for both those markets, we look to maintain market share there and leverage our diversified production footprint and our trading platform to be able to deal with shocks like we did with the Strait of Hormuz closure that Haroon was discussing.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks, Ahmed. And then on M&A, are there any M&A opportunities currently in the pipeline, particularly within lower carbon ammonia or downstream nitrogen products?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

So, we're always in the market looking for opportunities. We looked at over 50 opportunities since the inception of Fertiglobe and we've been relatively selective. Nothing to report as of now that we can share, but our focus is going to be on attractive returns on capital employed. And when it comes to low carbon, we think that that's the market that we've taken a disciplined approach, as we've said in Pillar 4 of our Capital Markets Day last year, and we will continue to take a very disciplined approach given the higher cash flow. We need to make sure the demand is there, that the carbon border tax is working in the right way, that people will pay that premium for it. So I wouldn't put that as a highlight for us to do something on the low carbon side, just given: one, the lack of available kind of M&A targets in that space; and two, the economic viability is a little bit challenged given where geopolitics stand today and a little bit of less focus on low carbon for us to be able to make a constructive investment.

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks. And then on utilization rates, do you think that the high urea utilization rates achieved in H1 in Algeria and Egypt are sustainable?

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

Hopefully, yes. I mean, we are very happy. We can't give predictions for every quarter or next quarter, but we've told the market as Pillar 1 under our Capital Markets Day from last year was operational excellence. We've targeted to get to 93% on ammonia and 95% on urea outside of turnaround and outside of external shocks. And I think, we're well on track with that and we target to get that done by the end of 2027. So, all I can do is commend the leadership of the site, the leadership within Fertiglobe, as well as the teams really focusing on safety, process safety, understanding what the kit they're running with looks like to get out ahead of issues and have less interruptions despite some of the regional geopolitical obstacles we've faced. They've done an excellent job, and hope for that to continue

Rita Guindy – Fertiglobe Vice President, Investor Relations and Communications

Thanks. And then on the Algeria accruals, can you please provide more color on the $468 million accruals related to the Sorfert gas cost? When do you expect to settle this amount? And how should we calculate future payments going forward?

Andrew Tait – Fertiglobe Chief Financial Officer

Yes. So, the $468 million accrual reflects our views as a revised gas pricing arrangement, which has a retrospective component from November '23, whilst the negotiations to conclude this long-term agreement continue. But importantly, our financial results already incorporate our best viewed outcome, which is also reviewed by auditors every quarter. So we don't have a finalized agreement on payment schedule or settlement yet as those discussions continue. We will provide that update once the process is concluded. And going forward, the actual payments will be determined by that final agreed pricing formula. But until then, we continue to provision based on our latest assessment, as I said, for which our auditors review information as well and support that view.

Rita Guindy – Vice President, Investor Relations and Communications

Yes. I think with that, we will have answered all of the questions related to Fertiglobe's results and performance. Ahmed, back to you for closing remarks.

Ahmed El-Hoshy – Fertiglobe Chief Executive Officer

So thanks, everyone, for the good questions, and looking forward to our next session.

An ADNOC Company

Address: P.O. Box 0000
T +000 0 000 0000 F +000 0 000 0000 E info@fertiglobe.com www.fertiglobe.com