

AFCOME 2017

Le marché des engrais en Afrique Subsaharienne

10th November, 2017
Avignon, France



AGENDA

OCP Group Overview

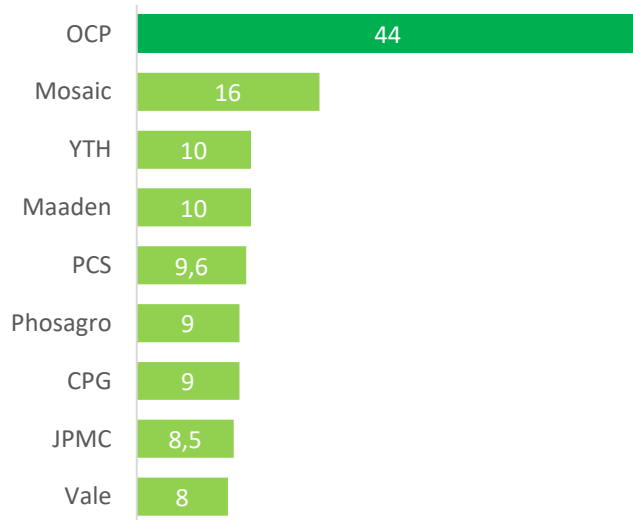
OCP Group's commitment to growth in Africa

Cadmium regulation in the EU



OCP is among the largest fertilizer companies in the world and the largest P2O5 pure player

Phosphate Rock Capacity (million tons)

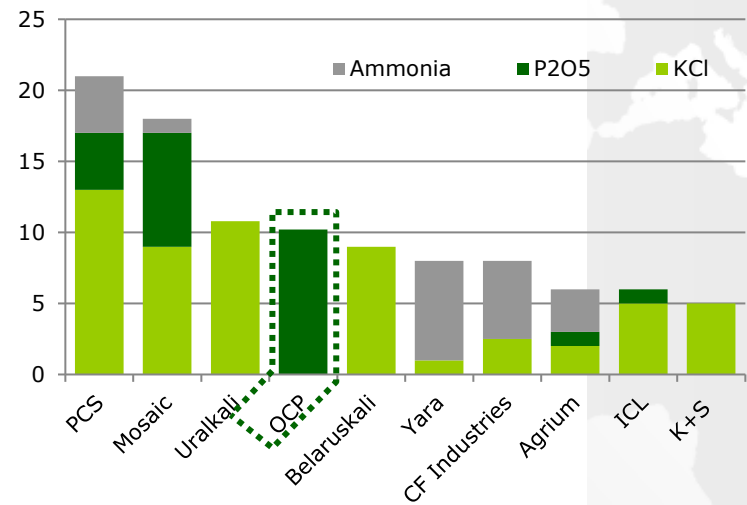


Source : Fertecon, Public Filings, OCP analysis

OCP is the leader in the phosphate industry...

Top 10 Largest Global Fertilizers Companies

Million Tons Primary Product Capacity



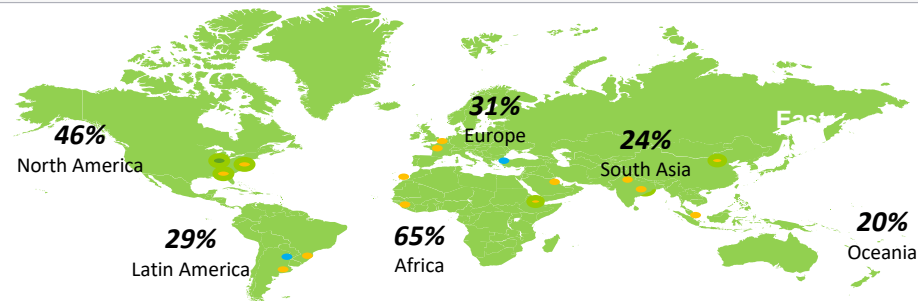
... and the 4th largest fertilizer company

OCP AT A GLANCE

#1 Phosphate producer

- #1 Phosphates producer/exporter
- Exclusive access to 75% of proven reserves worldwide (*)
- Most competitive phosphate rock cost position

27% Global trade market share**



\$4.3bn revenues
(in 2016)

- Turnover: USD ~4.3 billion
- EBITDA: USD ~1.3 billion
- Employees: ~21,000 employees

\$21bn Investment
(2008-2025)

- Doubling of mining capacity
- Tripling of fertilizer production capacity
- Massive cost reduction through value chain optimization

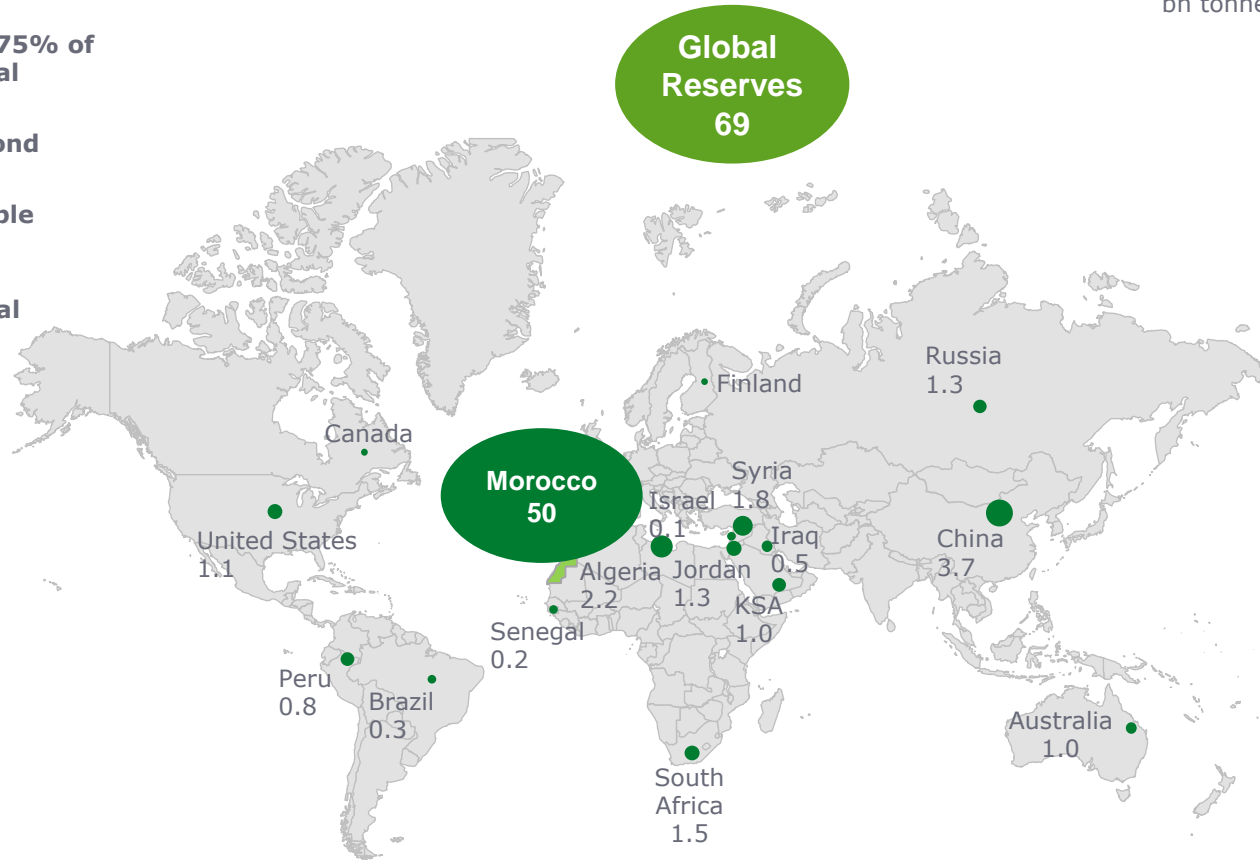
* Source USGS; * 9M 2016

Exclusive access to the largest phosphate rock reserves globally...

Global Phosphate Rock Reserve Estimates

bn tonnes

- ✓ Exclusive access to ~75% of currently known global phosphate reserves
- ✓ >10x larger than second largest base
- ✓ Economically exploitable phosphate reserves equivalent to several hundred years of global consumption²

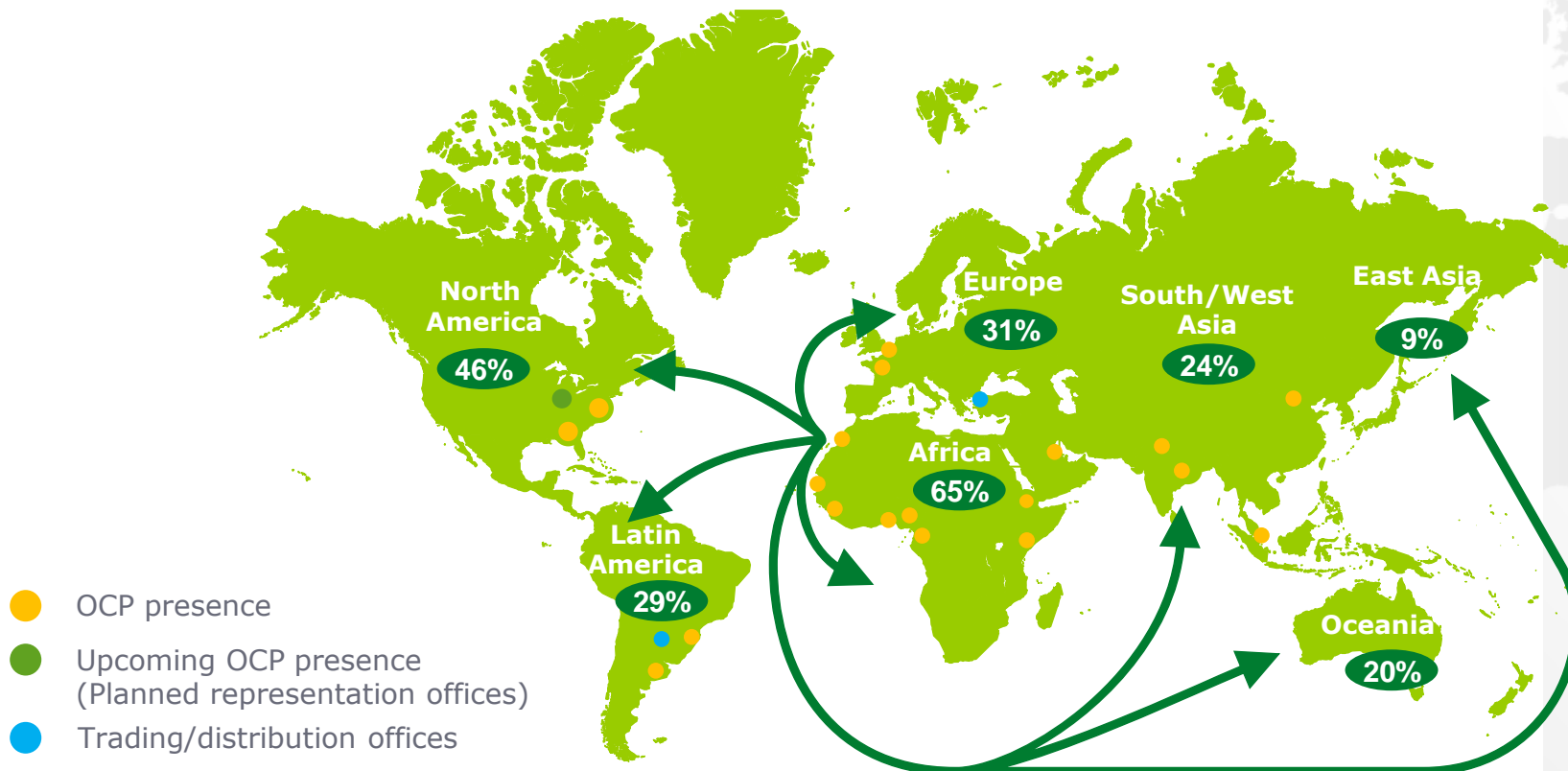


Source: USGS, January 2016.

Exclusive access to the largest phosphate rock reserves globally...

► OCP is well-positioned to serve a global customer base at short notice

% of Global Phosphate Imports Sourced from OCP¹



Source: IFA, preliminary 3Q 16 statistics

1. In 9M 2016, based on P_2O_5 volumes traded limited to rock, acid, DAP/MAP and TSP (excluding NPK's).

An aerial photograph of a large-scale water treatment plant expansion project. The image shows several large circular aeration tanks, some filled with green algae. In the foreground, a large circular tank is under construction, surrounded by dirt roads and construction equipment. To the right, a long, narrow structure is being built with a green steel framework. The background features a vast, flat landscape under a clear blue sky. A green banner with white text is overlaid in the center of the image.

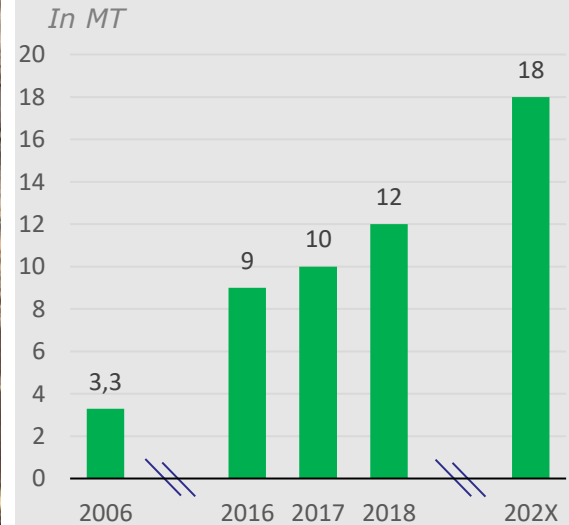
OCP'S EXPANSION PLAN

ON-GOING CAPACITIES RAMP-UP: 12MT fertilizer capacity by end 2017

On-going Capacity Expansion by Products



OCP Fertilizers capacity



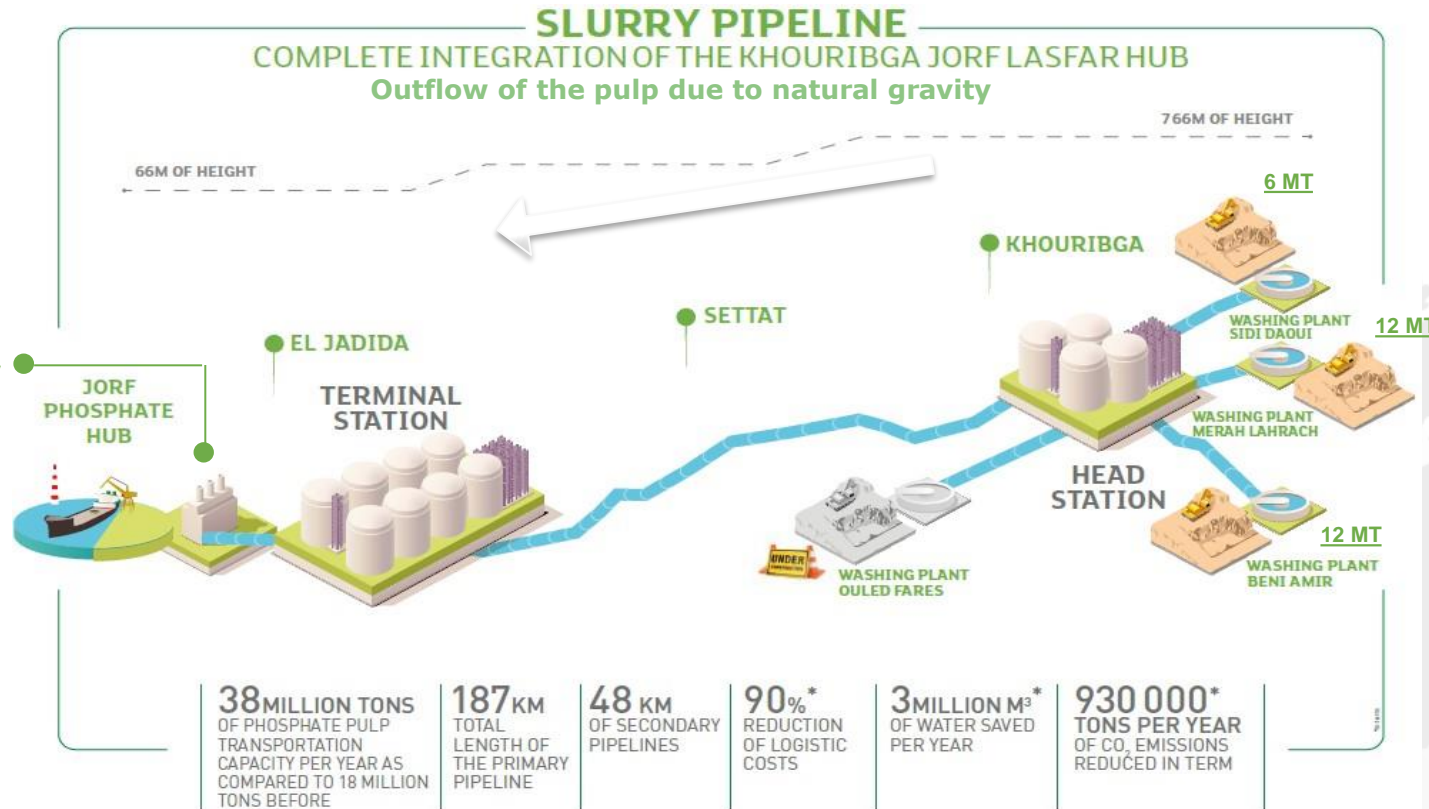
Note: Takes into account capacities pro-rata (12MT capacity will be installed by end 2017 but only fully utilized in 2018)

Increased capacities:
OCP fertilizers production increased by +2MT in 2016 and +2MT in 2017

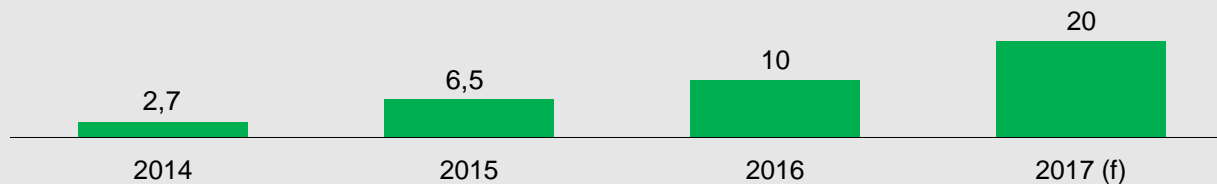
OVERVIEW OF A 1 MILLION TON INTEGRATED FERTILIZER PLANT



Successful operational Slurry Pipeline that removes logistics bottlenecks from the Mine to the Port



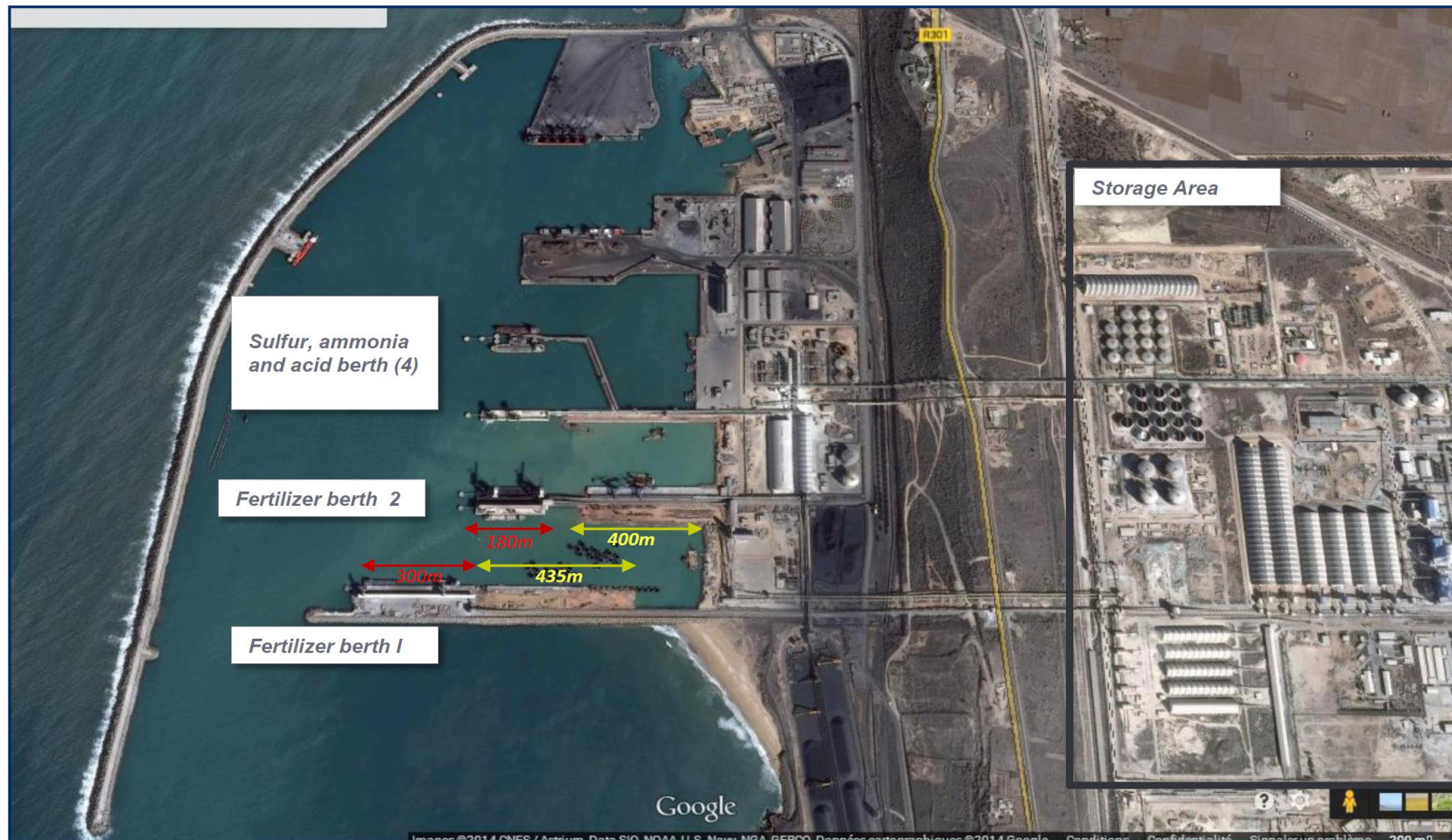
Slurry rock transported through the pipeline (in MT)



LARGEST PHOSPHATE FLOTATION PLANT IN THE WORLD



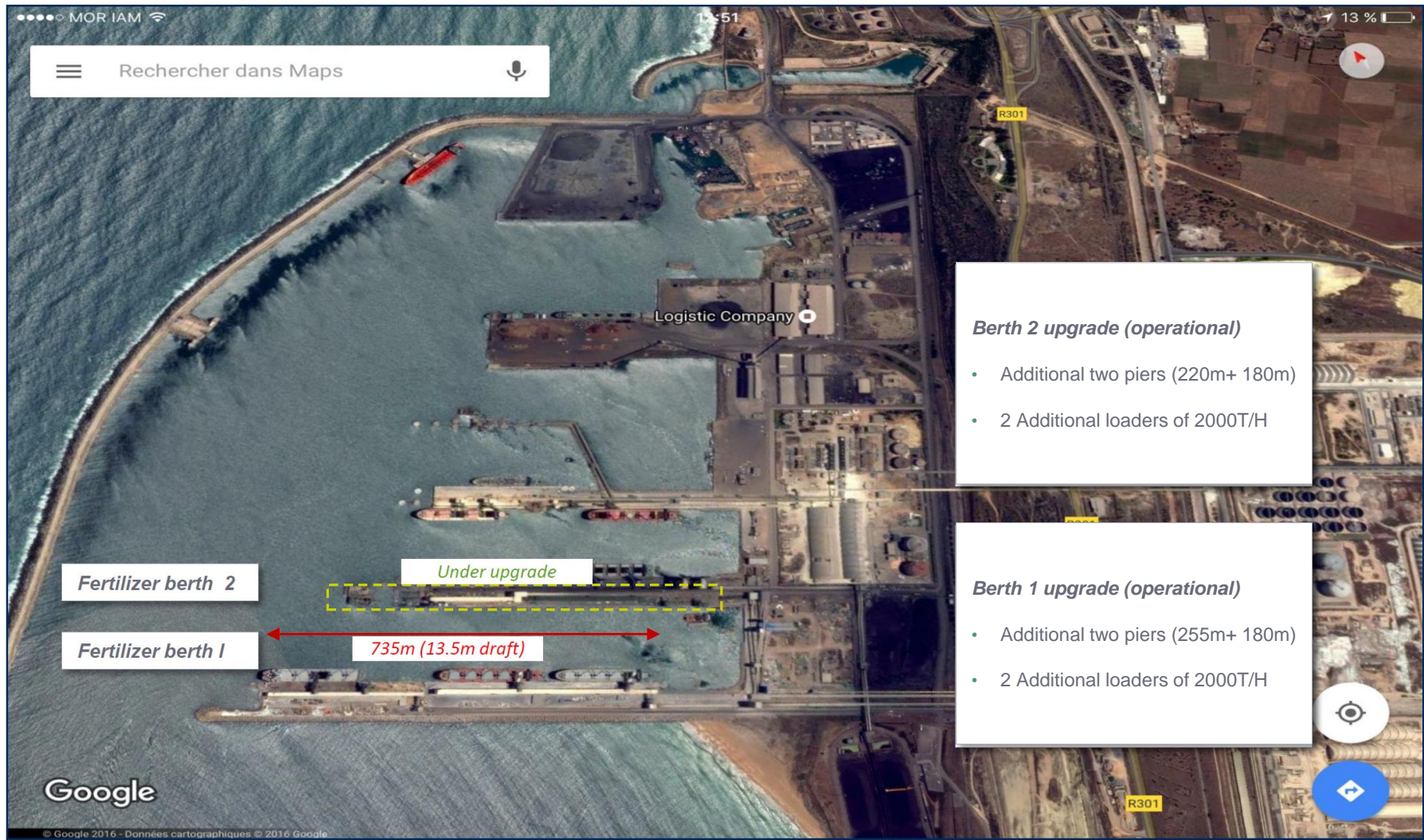
Jorf Lasfar Port facilities in 2015/16



↔ Existing (2015)

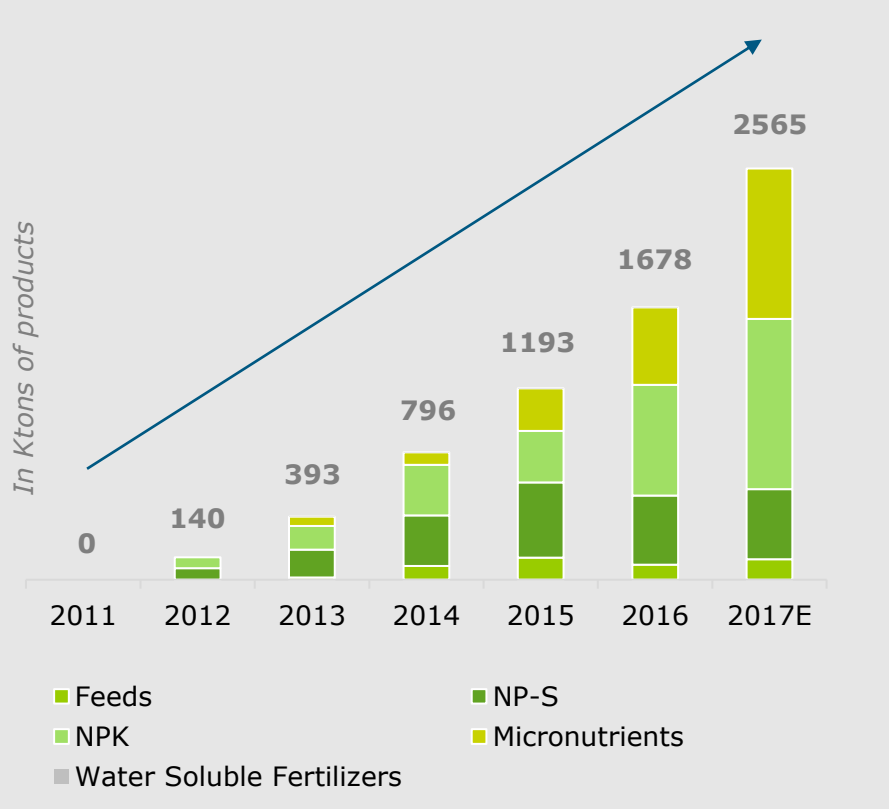
↔ Not used (2015)

In 2018, OCP will be able to load 6 fertilizer Panamax at the same time at Jorf Lasfar



OCP is continuously innovating for further customized products, tailored to farmers' needs

Evolution of OCP specialty products production...



...And more to come in the future

34 new formulas in the last 5 years

- **NP-S**
 - NP 20-20-0
 - NPS 13-45-5S
 - NPS 19-38-7S standard
 - NPS 19-38-7S Amine
 - NPS 12-46-7S
 - NPS 12-48-5S
- **NPK**
 - NPK 16-11-20
 - NPK 17-16-12
 - NPK 10-20-10-6S
 - NPK 12-24-12
 - NPK 14-24-12
 - NPK 15-15-15
 - NPK 10-14-16
- **Micronutriments**
 - NPK 10-10-10-6S-0.1B-0.5Zn
 - NPK 14-18-18-6S-1B
 - NPK 14-23-14-5S-1B
 - NPK 15-15-15-6S-1B
 - NPK 15-15-15-10S
 - NPK 16-9-24-2MgO
 - NPS 12-40-7S 0.5Zn TAP
 - NPS 12-46-1Zn
 - NPS 13-45-5S 1Zn
 - NPS 13-45-5S 1Zn TAP
 - NPS 19-38_7S 0,1Zn
 - MAP 11-51-1Zn
- **Feeds**
 - DCP
 - MDCP
- **Engrais solubles**
 - MAP 11-62

OCP is continuously innovating for further customized products, tailored to farmers' needs

	OCP priorities	OCP Main achievements across value chain
Rock	Increase rock export to offset price drop	Up 42% 5.2 million MT
Acid	Maintain leadership position on Acid	Stable 0.9 million P ₂ O ₅
Fertilizers	Consolidate leadership position by focusing on growth market and premium products	DAP / MAP Up 10% 1.9 million MT NPS/NPK/TSP Up 45% 2 million MT



***Stimulate and Create New Trade Demand
Across all 3 segments***

AGENDA

OCP Group Overview

OCP Group's commitment to growth in Africa

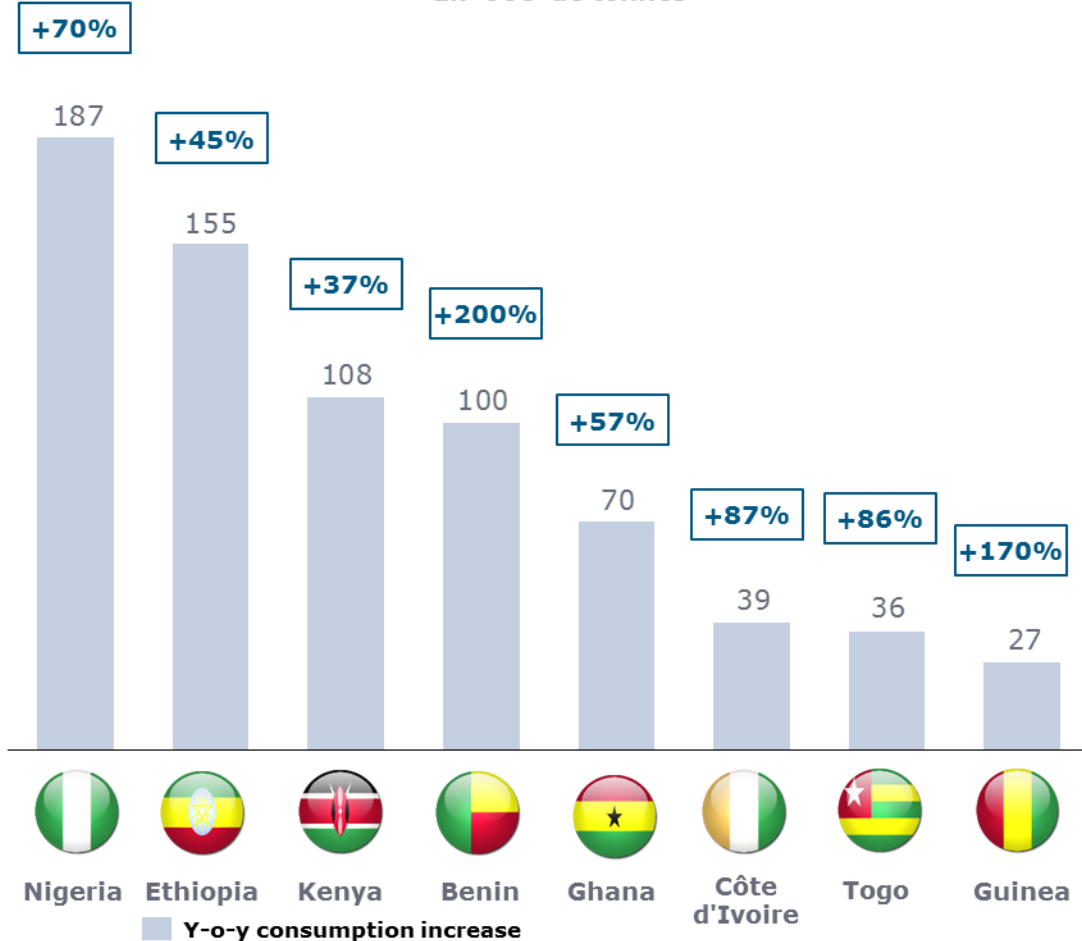
Cadmium regulation in the EU



MAJOR SALES INCREASE BY OCP DRIVEN BY GROWTH IN AFRICA

Forte croissance des importations en Afrique (1^{er} semestre)

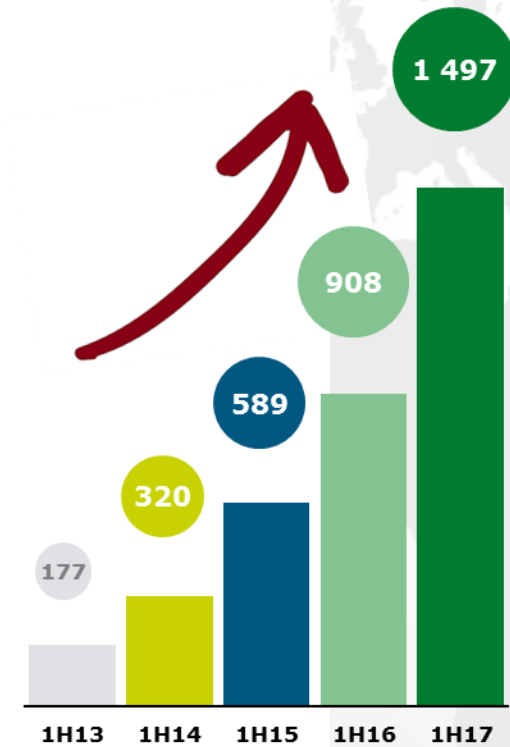
En '000 de tonnes



+XX% Croissance en %

Exportations d'engrais en Afrique

En '000 de tonnes



Africa is the 2nd largest region in the world with plentiful of resources

Fertile land

> 1/2



Over half of the world's fertile yet unused cropland is in Africa.

Plentiful agricultural labor



> 60% of Africa's labor force employed in agriculture

Abundant water resources

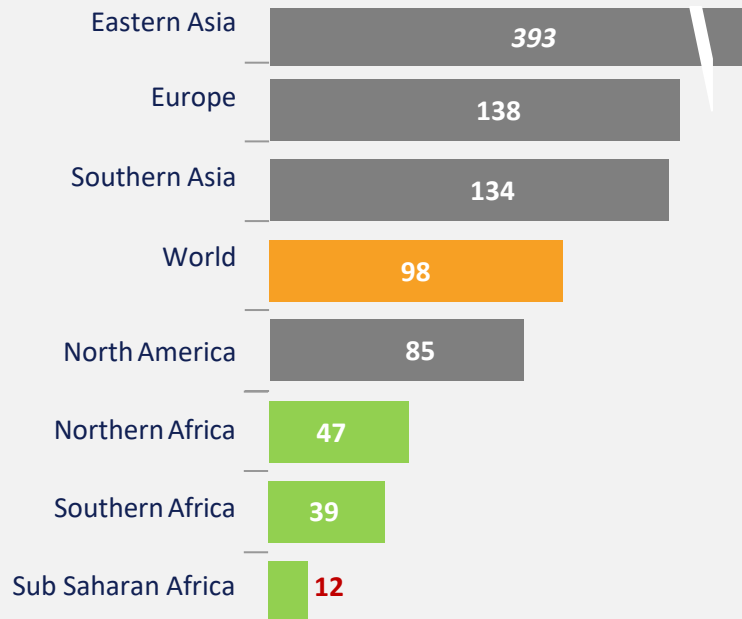


Africa has one of the world's longest rivers (Congo, Nile, Zambèze, Niger) and lakes (Victoria Lake)

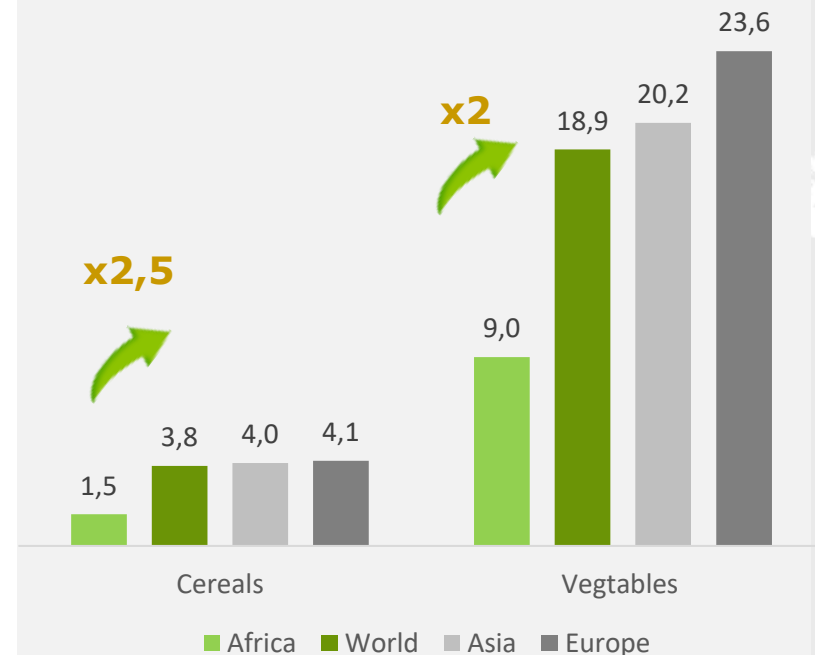


Fertilizer is a major contributor to achieve a sustainable development of agriculture

Low fertilizer application rate... (Kg nutrient/ha)

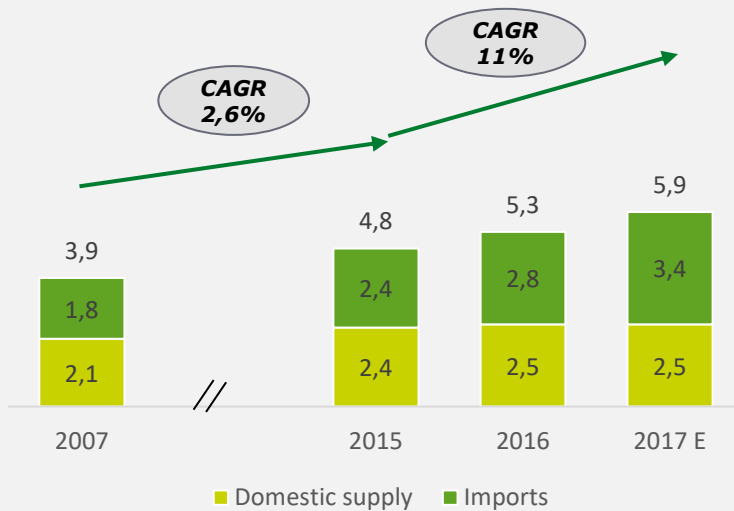


... Leads to low yields (T/ha)

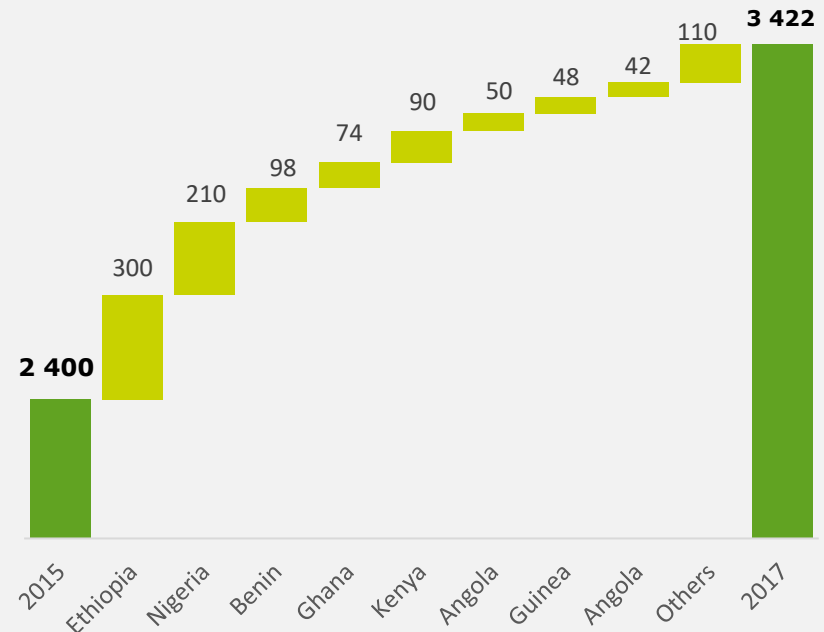


As of 2017, Africa phosphate Demand increased significantly thanks to governments' awareness and agricultural development initiatives

Phosphate consumption in Africa (Mt Product)

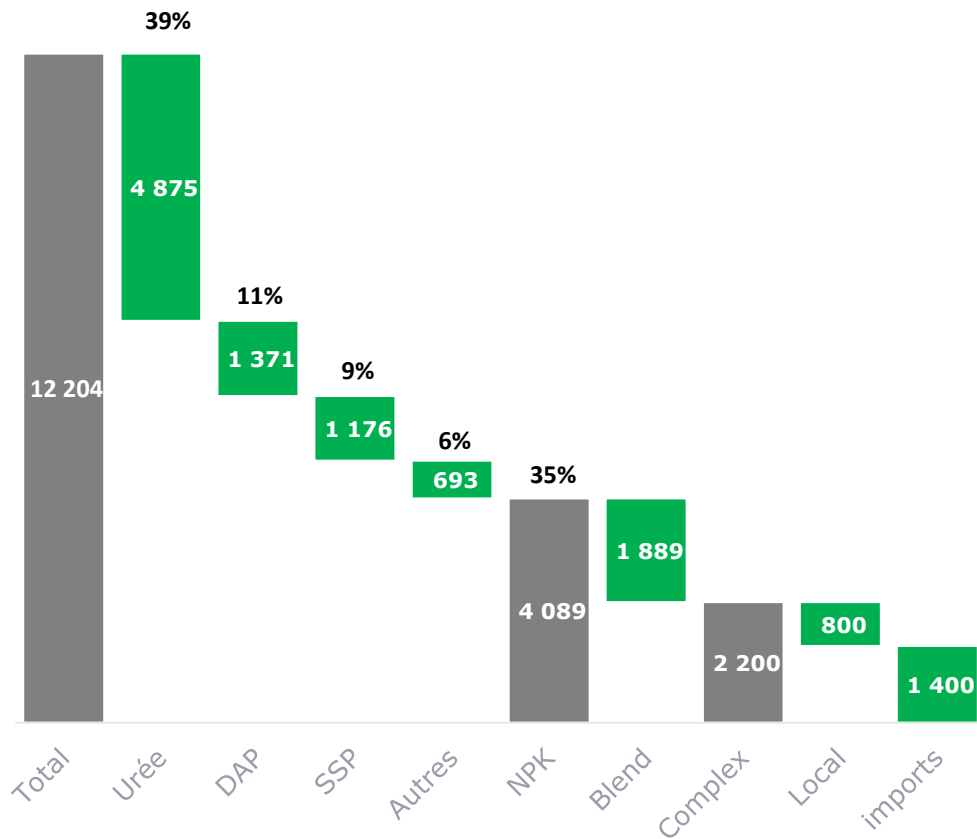


Main contributing countries in imports (Kt Products)

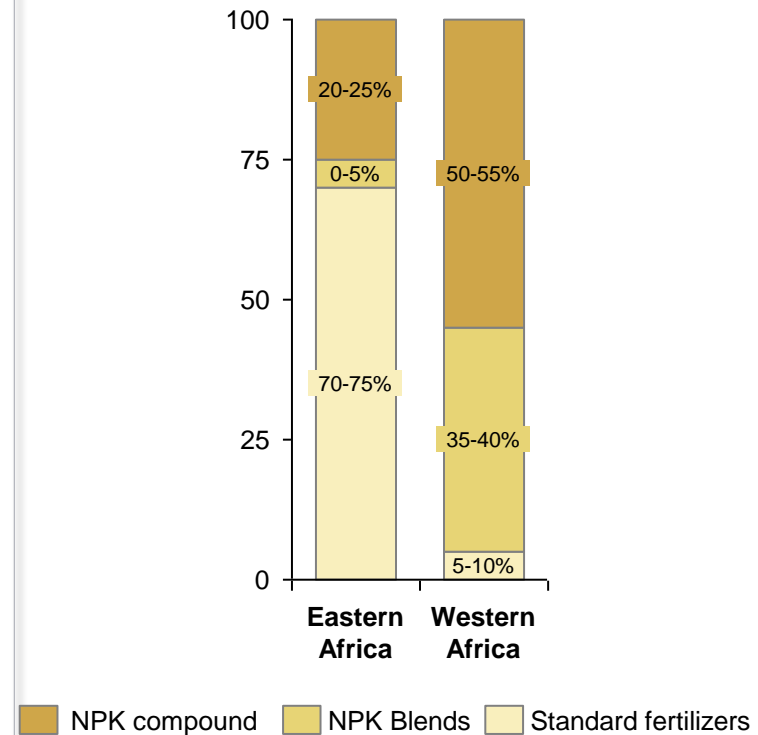


African farmers use mainly NPK and Urea, with different consumption habits between East and West


Phosphate consumption in Africa per product (Mt Product)




Phosphate consumption in Africa East vs. West (Mt Product)



EXAMPLES OF COUNTRIES INCREASING SIGNIFICANTLY THEIR P FERTILIZER CONSUMPTION IN AFRICA

 **Mali (+20%)**

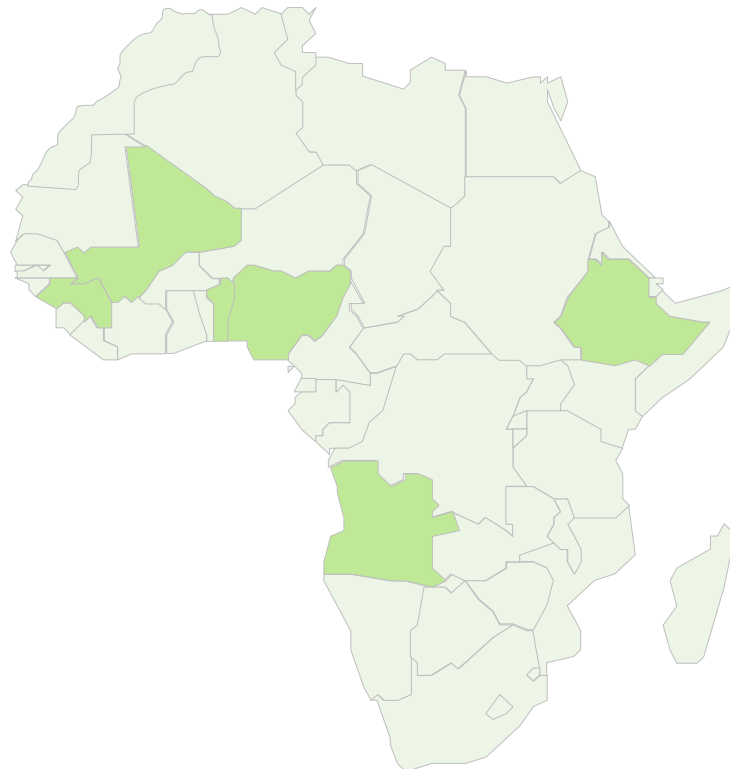
Demand increase yearly by 20% since 2015 due to Government willingness of Cotton and Rice development

 **Benin (+177%)**

NPK consumption increased by from 40 KT in 2016 to **130 KT in 2017**


 **Nigeria (+100%)**

P fertilizer consumption shall increase from 500 KT in 2016 to **1MT in 2017**




 **Ethiopia (+43%)**

P fertilizer consumption went from 470 KT in 2014/2015 to 670KT in 2016/2017 and is shall achieve **1MT in 2018**

 **Guinea (+300%)**

NPK consumption will be **4 folds** in 2017 compared to 2016

 **Angola (+400%)**

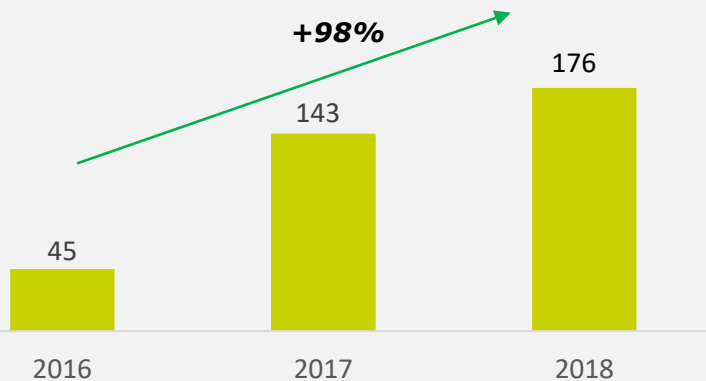
NPK Consumption will increase **5 folds** in 2017 compared to 2016 going from 20KT to 100KT

BENIN AND BURKINA: SIGNIFICANT INCREASE OF CONSUMPTION THANKS TO POLITICAL WILLINGNESS TO DEVELOP THE COTTON INDUSTRY

Benin case study

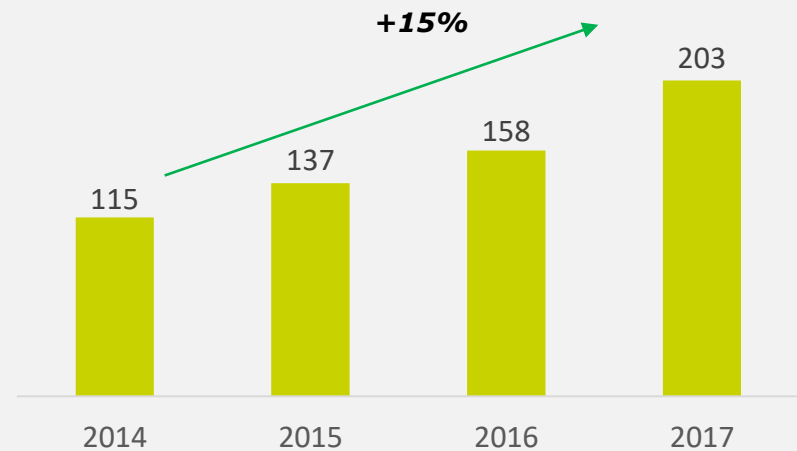
- Cotton accounts for 80% of Benin's exports*
- Cotton's P fertilizers** consumption, has increased by **166%** between 2017 and 2016:
 - Tender for Cotton formula in 2016: **45 KT**
 - Tender for Cotton formula in 2017: **120 KT**
- In 2018, consumption shall reach **150 KT NPKs** thanks to:

Major economic program launched by the president Patrice Talon to develop the Beninese agriculture and specifically the cotton industry.



Burkina Case study

- Cotton is key to the Burkina economy
- SOFITEX issue each year a tender to satisfy its fertilizers demand:
 - Tender Q4 2014: **115 KT**
 - Tender Q4 2015: **137 KT**
 - Tender Q4 2016: **158 KT**
 - Tender Q4 2017: **203 KT**
- **CAGR over the last 4 years of +15%**



*FAO

**Benin fertilizers are mainly imported through a tender issued by AIC (Association des Professionnels du coton)

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Cadmium regulation in the EU



THE PARLIAMENT'S VOTE ON OCTOBER 24TH AND THE NEXT STEPS

*The Parliament held an initial vote on the draft Regulation on October 24th.
The Parliament voted in favour of amending the Commission's proposed cadmium limits by considerably lengthening the implementation period:*

- *60mg limit applied in 2020*
- *40mg limit applied in 2026*
- *20mg limit applied in 2036*

NEXT STEPS

The Council of Ministers still has to agree on a position

Deadline to be defined for the Council to reach an agreement,

An agreement has to be negotiated in "Trilogue" meetings between the Council of Ministers, the Parliament and the Commission over the coming months, and finally adopted by a vote.

Deadline to be defined for the Trilogue and the timing of their conclusion will depend on when agreement can be reached.

The revised text would then be submitted for adoption in the Parliament and the Council of Ministers.

The Parliament came very close to voting for limits of 80mg (321 for and 339 against) or 60mg (320 for and 340 against).

KEY EXTRACTS FROM THE EUROPEAN COMMISSION'S IMPACT ASSESSMENT



The Commission identifies "disastrous" consequences if a cadmium limit of 40 mg comes into effect and decadmiation is not in operation

European Commission's Impact Assessment

SECTION 5.1.2

- "In the absence of a reliable and cost efficient decadmiation process at industrial scale, the immediate introduction of a limit of 20 mg cadmium/kg P₂O₅ would have **disastrous economical consequences** for almost all producing countries in **Northern Africa and the Middle East** who would **be shut out of the European market** ... It would thus be utterly incompatible with the European Neighbourhood Policy objectives. As these countries are the main suppliers of the European phosphates fertilisers market, **sufficient supply of EU farmers at reasonable prices would be endangered** ... practically the entire EU supply would depend on **one single phosphates exporting country, Russia** ... and it is uncertain whether Russia will be able to increase its production to levels necessary to make up for the no longer available sedimentary rocks"

European Commission's Impact Assessment

SECTION 6.4

- "Producers in Northwest Africa would probably seek to export phosphates with high cadmium content that could no longer be sold to the EU to other third countries... The EU imports in turn agricultural produce from developing countries, **the cadmium content of which could then possibly increase**"

European Commission's Impact Assessment

SECTION 6.5

- "... **As Morocco, Tunisia and Israel** will not be able to supply the European market with phosphate fertilisers with **an upper limit of 40 mg cadmium/kg P₂O₅ without decadmiation technology**, there will be a rush to low cadmium phosphates sources which will most likely lead to **strong price increases for such phosphates**"