

OCP REPORTS EARNINGS FOR FOURTH QUARTER AND FULL YEAR 2020

Casablanca, Morocco, March 25, 2021 – OCP S.A. (“OCP” or the “Group”), a global leader in the fertilizer industry, today reported results for the fourth quarter and the full year ended December 31, 2020..

MANAGEMENT COMMENTARY

“OCP achieved significant growth in 2020, one of the most challenging business periods in recent history. This performance demonstrates the strong worldwide demand for fertilizers as well as the flexibility and agility of our company. We appreciate the ways in which our people came together to keep OCP operational throughout the pandemic, and we believe the attributes we demonstrated in 2020 will continue to drive our success in the future,” said Mr. Mostafa Terrab, Chairman and Chief Executive Officer.

“Full year results represented significant year-on-year gains across all key metrics. The Group was able to maximize value by achieving continuous operational excellence, leveraging our industrial flexibility and broad commercial presence to meet rising demand in major importing regions.

2020’s results benefited from a gradually improving market environment, which led to a progressive increase in prices throughout the year. Higher fertilizer exports, coupled with lower raw material prices and cost savings, contributed to substantial operating leverage in 2020. As a result, we achieved full year EBITDA growth of 22% on a 4% revenue increase and expanded our EBITDA margin by five hundred basis points, from the prior year’s level.

We continued to carefully manage our global cost structure in 2020 as part of OCP’s strategy to address the impact of COVID-19. These actions contributed to this year’s strong results and are expected to be sustainable in a post-pandemic environment,” noted Mr. Terrab.

KEYS FIGURES

- Full year 2020

- Revenues reached MAD 56,182 million (US\$ 5.93 billion), compared with MAD 54,092 million (US\$ 5.62 billion) in the same period of 2019.
- Gross profit was MAD 36,426 million (US\$ 3.85 billion) compared to MAD 34,225 million (3.56 billion) a year earlier. Gross margin was 65% in 2020.
- EBITDA amounted to MAD 18,657 million (US\$ 1.96 billion), up from MAD 15,333 million (US\$ 1.59 billion) reported in 2019.
- EBITDA margin improved to 33 % from 28% in the year-ago period.
- Capital expenditures totaled MAD 9,566 million (US\$ 1.0 billion), down from MAD 13,964 million (US\$ 1.45 billion) in the same period last year.



OPERATING AND FINANCIAL RESULTS

- Full year 2020

Market conditions steadily improved throughout 2020, supported by strong demand in key consuming regions. After a sharp drop in prices near the end of 2019, phosphate prices began an upward trend during the 2020 first quarter that continued through the year. Higher crop prices, as well as improved weather conditions spurred demand, especially in India, with a good monsoon and in the United States, where rising consumption was mostly met by high inventories built over the prior two years.

Despite lower year-on-year prices across all product categories, OCP was able to achieve a 4% increase in revenues expressed in local currency, thanks to higher fertilizer and rock export volumes in 2020 compared to 2019, reaching MAD 56 182 (\$US 5.93 billion).

Rock revenues fell by 2% in 2020, owing primarily to lower rock prices and a less favorable product mix. Higher export volumes, mostly to Europe and Latin America, helped to offset a portion of the price decline, as did the closure of some worldwide production units due to COVID-19.

Lower prices and volumes reduced phosphoric acid sales, which were down 14% from the previous year. The drop in sales volumes was primarily due to lower acid exports to Asia, notably India, where local production was curtailed by restrictive measures to stop the spread of Covid-19.

Fertilizer sales in local currency increased by 12% in 2020 compared to the previous year, owing to high export volumes that offset the impact of year-over-year price declines. The increase in sales volumes was driven by strong demand from major importing regions, notably India and Brazil. Imports increased in India as a result of lower local fertilizer production due to the pandemic effects, as well as a good monsoon that encouraged widespread fertilizer application. Additionally, In Brazil, farmer economics were very favorable throughout the year supported by higher crop prices.

Furthermore, OCP's strong performance was supported by its efficient raw material procurement strategy, which was aided by lower year-over-year sulfur and ammonia prices. For sulfur, lower prices resulted from higher inventory levels in China and increased production capacity, particularly in Russia, Saudi Arabia, and Kuwait. Ammonia prices followed the same downward trend, due to the ramp-up of new production capacities in the United States, Russia, and Indonesia.

Gross Profit for the period amounted to MAD 36,426 million (US\$ 3.85 billion) ahead of MAD 34,225 million (US\$ 3.56 billion) a year earlier, as the benefit of lower raw material costs, primarily sulfur, more than offset lower prices across all three product categories.

EBITDA grew at a faster pace than other metrics, rising by 22% year over year to MAD 18,657 million (US\$ 1.96 billion), up from MAD 15,333 million (US\$ 1.59 billion) the previous year. Higher sales and continued operational efficiencies boosted EBITDA margin to 33%.



2020's Operating Profit amounted to MAD 6,262 million (US\$ 659 million), slightly down from MAD 6,362 million (US\$ 663 million) in 2019, mainly as a result of the one-time disbursement of MAD 3 billion, related to OCP's contribution to the COVID-19 Special National Fund in the second quarter of 2020.

Net financial debt was MAD 52,324 million (US\$ 5.88 billion) resulting in an adjusted leverage ratio of 2.82 at December 31, 2020.

- Fourth quarter 2020

Revenues increased to MAD 14,496 million (US\$ 1.60 billion) in the fourth quarter of 2020, up from MAD 11,639 million (US\$ 1.21 billion) in last year's fourth quarter, driven by higher fertilizer prices.

Gross profit increased to MAD 9,597 million (US\$ 1.1 billion) from MAD 7,239 million (US\$ 750 million) in the same period of 2019.

Fourth quarter EBITDA amounted to MAD 4,976 million (US\$ 544 million), significantly higher than the MAD 2,256 million (US\$ 233 million) reported in Q4 2019, resulting in a strong EBITDA margin of 34 %.

SUMMARY AND OUTLOOK

OCP ended 2020 with strong fourth quarter performance thanks to an improved pricing environment and the Group's ability to pivot efficiently its production and sales to address improved demand trends.

Market fundamentals should remain strong heading into 2021, with good consumption expected in all regions over the year, reflecting improved farmer economics across geographies as well as lower inventories in certain markets. Specifically, OCP anticipates strong growth in Africa, good Spring application in the U.S. and steady consumption levels in Europe. In Brazil, favorable currency dynamics and strong soybean demand from China should drive increased consumption. In India, imports should be higher resulting from lower inventories and increased subsidy.

The Group expects pricing conditions to remain favorable in 2021 as supply remains stable and raw material prices are on the rise.

Thanks to its competitive advantages, OCP is consolidating its presence in high growth markets and remains ideally positioned to benefit from future improved market conditions. Additionally, ongoing production efficiencies and continued cost saving strategy should enable OCP to maintain margins levels above the industry average, while making 2021 another year of progress.

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