

## OCP REPORTS EARNINGS FOR SECOND QUARTER AND FIRST HALF 2020

**Casablanca, Morocco, September 29, 2020** – OCP S.A. (“OCP” or the “Group”), a global leader in the fertilizer industry, today reported results for the second quarter and first half, ended June 30, 2020.

### MANAGEMENT COMMENTARY

« OCP delivered strong first half operating results as the company’s key competitive strengths provided resilience in a less favorable pricing environment compared to the same period a year ago, and in a period of pandemic which posed real operational challenges that OCP was able to overcome. OCP leveraged its industrial flexibility to focus on products in high demand markets; its commercial agility to address strong demand in importing regions; and its cost leadership to attain favorable profitability.

OCP maintained stable revenue levels primarily due to a significant increase in fertilizer exports; which largely offset lower pricing as compared to the first half period of 2019. Notably, OCP utilized its unparalleled global footprint to respond to high first-half demand for fertilizers from its diversified customer base in key markets, namely, Latin America, Europe and India.

As of March, OCP has organized its operations in order to ensure a high level of production in full compliance with health measures that guarantee the health and safety of its employees, as decreed by the state of emergency implemented by the authorities.

The Group’s EBITDA margin of 31% reflected our ability to achieve consistently lower production costs, thanks to our cost leadership strategy of reducing operating expenses through continuous production improvements, efficiencies and cost controls. This performance was supported by lower sulfur and ammonia costs for the period, as well as cost savings resulting from Group-wide measures intended to reduce the spread of COVID-19. OCP has also implemented measures to monitor its performance in order to limit the pandemic’s negative impacts. The results of these measures, which will continue post-pandemic, will be reflected in 2020’s performance. » noted Mostafa Terrab, Chairman and CEO.

### FIRST HALF 2020 KEY FIGURES

- First half 2020 revenues reached MAD 27,403 million (US\$ 2.80 billion), compared to MAD 27,582 million (US\$ 2.87 billion) in the first half of 2019.
- EBITDA amounted to MAD 8,495 million (US\$ 869 million), compared to MAD 8,480 million (US\$ 883 million) for the same period last year, and EBITDA margin remained strong at 31%.
- Capital expenditures totaled MAD 5,087 million (US\$ 520 million).



## OPERATING AND FINANCIAL RESULTS

Market prices in the first half of 2020 declined 22% relative to the same period last year, but first half 2020 prices actually showed a slight recovery compared to 2019 year-end pricing levels. The impact of the year-on-year price decline was mostly offset by higher demand for fertilizer imports from most regions, apart from the US and India, which mainly drew down on their high inventories. On the supply side, Chinese exports were constrained mainly due to lower MAP/DAP production resulting from Covid-19 containment measures.

Despite lower first half prices across product categories, OCP's revenues totaled MAD 27,403 million (US\$ 2.80 billion) and remained stable compared to the same period last year. This revenue stability was attributable to higher fertilizer sales volumes, which increased more than 1.5 million tons from levels in the first half of 2019. For the period, rock revenues were down 5% year-on-year in local currency, primarily reflecting lower rock prices, which largely offset higher first-half export volumes, particularly to Latin America and Europe.

Phosphoric acid revenues decreased by 31% compared to the same period last year in local currency, impacted by both lower prices and volumes. The decrease in sales volumes was mainly due to lower acid exports to India, where lower demand reflected reduced local fertilizer production following the spread of the pandemic. Lower acid prices in 1H 2020 compared to 1H 2019, followed the same downward trend as rock and fertilizer prices.

Fertilizer revenues increased by 12% year-over-year in local currency, mainly reflecting strong export volumes, particularly to Latin America, Europe and India, which offset the effect of lower fertilizer prices in 1H 2020 compared to 1H 2019.

Gross profit amounted to MAD 17,487 million (US\$ 1.79 billion), slightly below the MAD 17,837 million (US\$ 1.86 billion) in the first half of 2019, as lower raw material prices, primarily sulfur, mitigated the impact of lower realized prices for fertilizers and phosphoric acid.

First half 2020 EBITDA reached MAD 8,495 million (US\$ 869 million), compared to MAD 8,480 million (US\$ 883 million) for the same period in 2019. EBITDA margin remained strong at 31%, benefiting from lower costs notably production and sulfur and ammonia costs, primarily over the second quarter.

First half 2020 operating profit amounted to MAD 871 million (US\$ 89 million), compared with MAD 3,828 million (US\$ 399 million), in 2019. This decline is primarily attributable to a one-time expense of MAD 3 billion representing OCP's contribution to the Covid-19 Special National Fund.



## BALANCE SHEET AND CASH FLOW

Available cash and cash equivalents amounted to MAD 10,755 million (US\$ 1.11 billion) as of June 30, 2020.

Net financial debt was MAD 53,391 million (US\$ 5.49 billion), and the Net Financial Debt to EBITDA ratio, was 3.48x as of June 30, 2020, which compares to 2.97x at the end of 2019. Adjusted for the one-time expense noted above, the Net Financial Debt to EBITDA ratio is 3.28x.

## SECOND QUARTER 2020

### - Key Figures

- Second quarter revenues slightly increased to MAD 15,133 million (US\$ 1.53 billion), from MAD 15,061 million (US\$ 1.56 billion) in the prior-year period.
- Gross profit was MAD 9,947 million (US\$ 1.00 billion), compared to MAD 9,250 million (US\$ 960 million) in the second quarter of 2019.
- Second quarter EBITDA increased to MAD 5,166 million (US\$ 523 million), compared to MAD 4,116 million, (US\$ 427 million) in the year-ago period.
- Second quarter operating profit increased to MAD 2,899 million (US\$ 299 million), compared to MAD 1,292 million (US\$ 134 million) in the Q2 2019.

## SUMMARY AND OUTLOOK

Market fundamentals in the second half of 2020 are expected to reflect balanced supply/demand conditions. The Group expects increased demand from India, following a good monsoon season and from Brazil, which is experiencing strong soybean exports. Demand from these regions should offset softening demand in Western Europe, where farmer economics have recently been less favorable. In addition, domestic demand in China is expected to lead to reduced export volumes, and input costs are expected to be stable.

OCP would like to recognize the tremendous efforts of its employees and leadership teams during the COVID-19 pandemic. Protocols implemented at the outset of the crisis to prioritize the health and safety of the Company's global workforce have enabled OCP to remain operational throughout this difficult period and provide farmers with the resources they need to maintain the world's food supply. The Group is also proud of the many community programs it has supported to help educate and provide personal protective equipment to at-risk populations.

OCP's strong first half performance has set the stage for continued progress in 2020, as confirmed by the first two months of the third quarter. Investment programs designed to further strengthen the Company's product and cost leadership positions are underway and together with its strong financial position and the dedication of its employees, should permit the Company to emerge from the COVID-19 crisis as an even stronger organization.

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