

## OCP REPORTS EARNINGS FOR THE THIRD QUARTER AND NINE-MONTHS OF 2018

**CASABLANCA, Morocco, November 29, 2018** – OCP S.A. (“OCP” or the “Group”), a global leader in the fertilizer industry, today reported results for the third quarter and the nine-month period ending September 30, 2018.

### MANAGEMENT COMMENTARY

« Improved market conditions and OCP’s leadership across the value chain led to another quarter of strong operating and financial performance, positively impacting earnings for the period ending September 30.

As anticipated, phosphate prices continued to increase, reflecting strong demand factors and higher input prices. Within this more favorable business environment, OCP sustained a double-digit increase in revenues and achieved significant operating leverage, demonstrating the Group’s competitive advantages. The contribution of fertilizer sales to total revenues continued to expand year-on-year, reaching 56% for the nine month period, up from 53% in the similar 2017 period.

Competitive production costs, increased capacities from new installations and ongoing cost benefits from the slurry pipeline led to improved EBITDA margins for the third quarter and first nine months of 2018, attaining levels substantially above the industry average ». said Mr. Mostafa Terrab, Chairman and Chief Executive Officer.

### YEAR-TO-DATE KEYS FIGURES

- Revenues reached MAD 41,100 million (US\$ 4.40 bn), up from MAD 35,990 million (US\$ 3.69 bn) in the same period of 2017.
- EBITDA amounted to MAD 12,830 million (US\$ 1.37 bn), higher than the MAD 10,097 million (US\$ 1.03 bn) reported in 2017.
- EBITDA margin expanded to 31%, from last year’s 28%.
- Capital expenditures were MAD 7,200 million (US\$ 771 million), and the current investment program is proceeding according to schedule.

### YEAR TO DATE OPERATING AND FINANCIAL RESULTS

For the first nine months of 2018, OCP’s revenues increased 14% year-over-year to MAD 41,100 million (US\$ 4.40 billion) driven by strong fertilizer and acid revenues.

Fertilizer sales were up 23% compared to the same period last year and acid exports increased by 15% thanks to improved prices in both segments and higher volumes in



fertilizers, while rock pricing and volumes were broadly stable. Higher raw material prices and favorable demand dynamics sustained higher prices during the period.

OCP's exports were higher across most regions, particularly Asia and the Americas, driven by several factors, namely: strong demand from the U.S. due to reduced capacities in the region; a slight recovery in Brazilian imports, where application levels were healthy; and higher imports from India, where lower inventories and environmental pressures supported increased demand.

Gross profit for the period reached MAD 27,784 million (US\$ 2.97 billion) up from MAD 23,598 million (US\$ 2.41 billion) a year earlier, primarily due to higher sales volumes and prices as well as operating improvements resulting in continued cost efficiencies that more than offset increased raw material costs.

We continued to benefit from the ongoing ramp up of the slurry pipeline. Year-to-date cost savings derived from the pipeline were MAD 1,568 million compared with MAD 1,260 million for the year ago period and have aggregated MAD 5,469 million since becoming operational in April 2014.

EBITDA for the first nine months was up 27% and totaled MAD 12,830 million (US\$ 1.37 billion), compared to MAD 10,097 million (US\$ 1.03 billion) for the same period last year. OCP improved its EBITDA margin to 31%, from 28% in the year-ago period.

Capital expenditures reached MAD 7,200 million (US\$ 771 million) in the first nine months of 2018, and the ramp up of the fourth fertilizer unit is underway since becoming operational in April 2018.

### **THIRD QUARTER 2018 OPERATING AND FINANCIAL RESULTS**

Third quarter revenue growth was driven by a substantial increase in OCP's fertilizer exports.

Revenues increased to MAD 14,501 million (US\$ 1.54 billion) vs. MAD 12,838 million (US\$ 1.36 billion) in 3Q 2017.

EBITDA was MAD 4,823 million (US\$ 511 million) higher compared to last year's MAD 4,189 million (US\$ 439 million) in 3Q 2017, resulting in an EBITDA Margin of 33% compared with 32% for the same period last year

Operating profit amounted to MAD 3,338 million (US\$ 355 million) up from MAD 2,552 million (US\$ 265 million) in the 2017 third quarter.



## SUMMARY AND OUTLOOK

Looking ahead, seasonal factors are expected to lead to a slight softening in demand in the fourth quarter, which should result in a stable or modestly lower pricing environment as we move through the end of this year. While additional capacities are scheduled for the fourth quarter, a large portion of those volumes are likely to be offset by recent plant closures and production cutbacks. At the same time, we should see an easing of raw material prices in the fourth quarter as new supplies from the US and the ramp up of production in Indonesia should result in lower ammonia prices, and seasonally lower demand should drive down sulfur prices.

With these improved market conditions as a backdrop, OCP is on track to deliver considerable revenue and EBITDA growth for full year 2018. The Company continues to execute on its value chain strategy by consolidating its rock export volumes, maintaining its leadership in phosphoric acid and strengthening its market position in fertilizers by focusing on growth markets and developing demand through customized products. Additionally, OCP's commercial and industrial flexibility combined with its cost leadership position provide competitive advantages that have enabled the Company to consistently achieve amongst the highest margins in the industry.

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