



Press release

Casablanca, March 24th, 2022

OCP Reports Earnings for Fourth Quarter and Full Year 2021.

— Record Results Achieved Amid Favorable Market Trends and Continued Efficiencies —

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, 2021.

MANAGEMENT COMMENTARY

“Excellent execution in the fourth quarter capped a year of record results and significant achievement for OCP. Progressively higher prices throughout 2021, together with our ability to meet global demand across the value chain resulted in a 50% year-on-year revenue increase. Importantly, we converted this strong growth into a 94% increase in EBITDA thanks to production and operating efficiencies that more than offset the impact of higher input costs,” noted Mostafa Terrab, Chairman and CEO.

“We achieved strong double digit revenue growth in all product categories in 2021, led by a 65% increase in fertilizer revenues, which accounted for a record 61% of total revenues for the year. Customized products represented 34% of fertilizer exports in 2021, up from 30% in 2020, a trend that we expect will continue in 2022. OCP’s commercial agility and industrial flexibility have been key attributes enabling us to effectively address demand from high growth markets as well as accommodate shifts in demand dynamics. Comparing to 2019 pre-pandemic levels, we re-directed exports from North America to South America and Asia, strengthening our position in these two important markets, while maintaining our leadership in Africa and developing new business in Oceania.

“Additionally, OCP managed well through this period of high input costs thanks to our scale and long-standing contractual strategy to secure supplies from diversified sources. Ongoing efficiency programs at our state-of-the art production facilities, combined with continuous progress on logistics and other cost savings brought our EBITDA margin for the year to a record 43%, an increase of 100 basis points from 2020 levels.

“In addition to the robust operational and financial performance we achieved in 2021, we are pleased to report that OCP made significant investments in innovation and research and development to substantially scale the customization capabilities of our production system, develop new mining techniques that have digital analytics at the core, streamline our operations, and increase the production and use of green energy sources. When completed, these initiatives will enable OCP to better serve the farmer with specialized products and services and will accelerate our drive toward the decarbonation of our business, underscoring our commitment to carbon neutrality by 2040.”

FULL YEAR 2021 KEY FIGURES

- Revenues significantly increased to MAD 84,300 million (US\$ 9.36 billion), compared with MAD 56,182 million (US\$ 5.93 billion) in the same period of 2020.
- Gross profit reached MAD 55,218 million (US\$ 6.12 billion) compared to MAD 36,426 million (3.85 billion) a year earlier. Gross margin was 66% in 2021.
- EBITDA amounted to MAD 36,269 million (US\$ 4.04 billion), up from MAD 18,657 million (US\$ 1.96 billion) reported in 2020, leading to an expanded EBITDA margin of 43% compared with 33% a year earlier.
- Capital expenditures totaled MAD 13,135 million (US\$ 1.46 billion), down from MAD 9,566 million (US\$ 1.0 billion) reported in the year-ago period.

OPERATING AND FINANCIAL RESULTS

- Full year 2021

Positive pricing momentum continued throughout 2021, with phosphate prices reaching their highest point in many years, mainly supported by strong demand combined with tight supply. Demand across most importing regions was driven by higher crop prices reflecting strong farmer economics, along with low inventories in key markets.

OCP achieved a 50% increase in revenues expressed in local currency to reach MAD 84 300 (\$US 9.36 billion) in 2021, thanks to sustained demand across the main importing regions and higher prices across all product categories compared to 2020.

Rock revenues were up 32%, owing primarily to improved prices, which trended upward in line with fertilizer prices, and higher export volumes, mostly to Europe and Asia.

Higher prices resulted in increased phosphoric acid revenues, which were up 51% from the previous year in local currency. The increase was partially offset by lower acid exports to Asia, notably India, where product mix shifted to match market trends.

Full year fertilizer revenues increased by 57% compared to the previous year in local currency, owing to high fertilizer prices, which mitigated the impact of lower export volumes. The decrease in sales volumes primarily resulted from OCP's low inventory levels at the beginning of 2021, resulting from the strong production and export volumes realized in 2020, lower demand from Europe and delayed government subsidies in India.

The Group's cost efficiencies along with the improved pricing environment more than offset the impact of higher sulfur and ammonia costs and resulted in a 52% increase in gross profit in local currency to MAD 55,218 million (US\$ 6.12 billion), significantly ahead of MAD 36,426 million (US\$ 3.85 billion) a year earlier.

2021's EBITDA growth was substantial at 94% year over year in local currency, the highest in more than a decade, increasing to MAD 36,269 million (US\$ 4.04 billion), from MAD 18,657 million (US\$ 1,96 billion) in the prior year. EBITDA margin expanded to a decade record 43%, reflecting revenue growth and continued operating efficiencies.

Operating profit amounted to MAD 25,799 million (US\$ 2.87 billion), significantly higher than the MAD 6,262 million (US\$ 659 million) reported last year. Full year 2020 operating profit included a one-time expense of MAD 3 billion representing OCP's contribution to the Covid-19 Special National Fund in the second quarter of 2020.

Net financial debt was MAD 45,076 million (US\$ 4.86 billion) resulting in a leverage ratio of 1.24 at December 31, 2021.

In June 2021, OCP Group issued an international bond loan of \$ 1.5 billion, including \$ 750 million over 10 years at a rate of 3.75% per year and \$ 750 million over 30 years at a rate of 5.125% per year.

This operation was complemented by the partial redemption of 41% of the 2014 10-year bond and 44% of the 2015 - 10.5 year bond for respectively 517 and 444 million dollars.

- Fourth quarter 2021

Revenues increased to MAD 26,654 million (US\$ 2.91 billion) in the fourth quarter of 2021, up from MAD 14,496 million (US\$ 1.60 billion) in last year's fourth quarter, driven by favorable market conditions and sustained demand across the main importing regions.

Gross profit increased to MAD 17,343 million (US\$ 1.89 billion) from MAD 9,597 million (US\$ 1.1 billion) in the same period of 2020.

Fourth quarter EBITDA amounted to MAD 11,791 million (US\$ 1.30 billion), significantly higher than the MAD 4,976 million (US\$ 544 million) reported in Q4 2020, resulting in a strong EBITDA margin of 44 %.

SUSTAINABILITY ACHIEVEMENTS IN 2021

As custodians of the world's largest phosphate reserves, OCP has an outsized impact on the world's food security, a responsibility it takes very seriously. In particular, the Company continues to invest in technical breakthroughs to improve farmers' crop yields around the world and maintains its commitment to support the agricultural independence of Africa, while reducing its own environmental impact and promoting social well-being.

Some of our accomplishments in 2021 included:

- 30% of OCP's water needs in 2021 were met from non-conventional sources through desalination and wastewater treatment programs;
- 86% of the Company's electricity was generated from cogeneration and renewable sources;
- Rehabilitation of over 200 ha (500 acres) of land at two mining sites, of which 90 ha (220 acres) have been developed and planted;
- OCP was awarded CDP's "Management Level" ranking for its first reporting and has become an official sponsor of the Task Force on Climate-related Financial Disclosures.

We encourage all our stakeholders to read our Sustainability Reports on our website www.ocpgroup.ma

SUMMARY AND OUTLOOK

Fourth quarter results represented a strong finish to a year of exceptional growth for OCP, and positive market dynamics have continued in the first months of 2022. Since the end of 2021, pricing has trended up, reflecting the tight supply/demand situation as well as further supply constraints related to the Russia-Ukraine conflict and Belarusian sanctions.

Market conditions are expected to remain strong in 2022, benefitting from consistent high demand in key grain-exporting markets, namely Brazil and North America, where crop prices are at record levels, and in India, thanks to the recent increase in subsidies. Raw material

prices are set to increase in 2022, as sulfur inventories remain limited and high natural gas prices and shortages are pushing up ammonia prices. The phosphate supply situation should remain very tight, certainly in the first half of this year, amid reduced exports from China and caps on Russian exports.

OCP plans to increase volumes by approximately 10% in 2022 using existing capacity. The Company also announced that it has activated its mini capacity expansion program that is modular in design and scheduled to bring on 3 million tons of additional capacity in 2023. Production capacity will be in a ramp-up phase in 2023 and 2024 and will be calibrated to market conditions and the demand levels of its global customer base. Additionally, OCP will continue its investments in environmental and social programs that sustain its industry leadership and ensure its positive impact on worldwide food security.

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