



Press release

— Casablanca, September 22, 2022 —

OCP Reports Earnings for Second Quarter and First Half 2022.

- Higher Prices and Continued Efficiencies Drive Record Margins -

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, 2022.

MANAGEMENT COMMENTARY

"OCP delivered exceptional financial performance in the first half of 2022 as higher prices across our product categories, together with continued production and operating efficiencies, resulted in an industry-leading EBITDA margin of 50%. A confluence of factors notably, increased input costs, supply chain disruptions and export restrictions, layered over growing global demand, have caused average phosphate prices to more than double compared to last year's first half.

"Substantial double-digit revenue growth was achieved in each of our three product categories, as higher prices more than offset lower volumes. The sharpest increase was in fertilizers, where revenue increased 69% year-on-year to represent a record 63% of our total first half revenue, up from 60% one year ago. We continued to maintain a geographically diversified customer base, with high demand markets like South America and Africa accounting for 56% of total first half revenues.

"OCP leveraged its key competitive strengths to increase first half 2022 EBITDA and operating profit at a significantly higher rate than revenue growth, benefitting from the company's commercial agility, industrial flexibility across the value chain, and its cost leadership. The Group's strong year-to-date financial and operating results were achieved while we moved ahead with plans to expand capacity and increased our investments in environmental and social programs.

FIRST HALF 2022 KEY FIGURES

- First half 2022 revenues significantly increased to MAD 56,018 million (US\$ 5.76 billion), compared with MAD 32,479 million (US\$ 3.65 billion) in the same period of 2021.
- EBITDA amounted to MAD 28,084 million (US\$ 2.89 billion), up from MAD 12,533 million (US\$ 1.41 billion) reported last year, leading to an EBITDA margin of 50%, substantially above the 39% of the prior-year period.
- Capital expenditures totaled MAD 7,850 million (US\$ 809 million), compared to MAD 4,301 million (US\$ 482 million) reported in the year-ago period.

OPERATING AND FINANCIAL RESULTS

Global fertilizer prices continued to trend higher during the first half of 2022, mainly reflecting tight supply conditions caused by supply shortages fueled by the Ukraine-Russia conflict and reduced exports from China. Surging prices resulted in reduced fertilizer affordability for farmers that affected demand in Europe and the US, where adverse weather conditions were also a factor.

For the first half of 2022, OCP's revenues increased by 72% year-over-year in local currency, to reach MAD 56,018 million (US\$ 5.76 billion) from MAD 32,479 million (US\$ 3.65 billion) in the prior-year period, thanks to higher year-over-year selling prices across all product categories, which more than offset lower sales volumes.

Rock revenues were up 63% compared to the same period last year, mainly reflecting improved rock prices year-over-year amid lower export volumes to most key importing regions.

Higher prices resulted in increased phosphoric acid revenues, which increased 24% from the previous year in local currency. This price increase was partially offset by lower acid export volumes to Asia, as a result of delayed second quarter phosphoric acid imports.

First half fertilizer revenues increased by 69% compared to the prior-year period in local currency, reflecting higher fertilizer prices, which mitigated the impact of lower export volumes.

Gross profit for the period reached MAD 37,976 million (US\$ 3.90 billion), significantly ahead of MAD 21,177 million (US\$ 2.38 billion) reported a year earlier, benefiting from strong pricing that more than offset the impact of higher input costs, namely sulfur and ammonia.

First half 2022 EBITDA increased 124% year-over-year to reach MAD 28,084 million (US\$ 2.89 billion), up from MAD 12,533 million (US\$ 1.41) in the year-ago period. EBITDA margin expanded to a record 50%, reflecting higher prices and ongoing operating efficiencies.

Operating profit amounted to MAD 23,870 million (US\$ 2.46 billion), significantly higher than the MAD 8,059 million (US\$ 904 million) reported in the year-ago period.

BALANCE SHEET AND CASH FLOW

Available cash and cash equivalents amounted to MAD 19,835 million (US\$ 1.95 billion) as of June 30, 2022.

Net financial debt was MAD 45,235 million (US\$ 4.46 billion), and the Net Financial Debt to EBITDA ratio, was 0.87x (0.81x in USD) as of June 30, 2022, compared to 1.24x (1.20x in USD) at the end of 2021.

SECOND QUARTER 2022 KEY FIGURES

- Second quarter revenues increased to MAD 30,690 million (US\$ 3.09 billion), up from MAD 18,191 million (US\$ 2.05 billion) in the year-ago period.
- Gross profit amounted to MAD 22,088 million (US\$ 2.23 billion), compared to MAD 11,910 million (US\$ 1.35 billion) in the second quarter of 2021.
- Second quarter EBITDA increased to MAD 16,481 million (US\$ 1.67 billion), from MAD 7,197 million (US\$ 809 million) in the same period of 2021.

- Second quarter operating profit increased to MAD 14,474 million (US\$ 1.47 billion), compared to MAD 4,917 million (US\$ 552 million) in the Q2 2021.

RECENT DEVELOPMENTS

- In line with its commitment to preserving the world's food security and its farmer-centric mission, OCP launched a major initiative to empower African farmers during the current period of elevated fertilizer prices. In 2022, the Group is contributing by providing discounts on 550,000 tons of fertilizer, representing approximately 16% of Africa's total annual needs, to mitigate the impact of soaring commodity prices and droughts. This program is expected to benefit over 4 million farmers on the Continent.

SUMMARY AND OUTLOOK

Record first half results have set the stage for 2022 to be another year of strong operating and financial performance for OCP. The Group is well positioned to benefit from positive market dynamics, which are anticipated to continue for the rest of the year.

Prices have eased substantially in line with lower input costs and are expected to remain stable throughout the second half of 2022. At current prices, demand should increase from first half levels, reflecting more favorable farmer economics and low inventories in several regions, together with limited global supply.

OCP is executing on its capacity expansion strategy. The program, which is modular in design, should yield additional customized product capacity beginning in the fourth quarter of this year, with the major production ramp-ups scheduled for 2023 and 2024, and calibrated to market conditions. Additionally, the Group is continuing to invest in programs that will enable OCP to meet the increased demand for phosphates, while reducing its environmental impact by improving efficiency, using and generating green energy and helping farmers around the world use only as much phosphate as they need.

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