



Press release

Casablanca, March 28th, 2023

OCP Reports Earnings for Fourth Quarter and Full Year 2022.

-- Delivered Record Results Across All Key Financial Metrics in 2022 --

-- Strong Financial Position Provides Resources to Support Future Growth and Commitment to Food Security --

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, 2022.

Management commentary

"We are pleased to report that 2022 was another year of record results for OCP. The Group delivered exceptional operating and financial performance, benefitting from higher prices across our product portfolio, together with continued production and operating efficiencies. OCP's industry-leading EBITDA margin of 44% for 2022 is reflective of our distinctive competitive advantages, derived from industrial flexibility, commercial agility, and our ongoing actions to maintain our cost leadership position.

"Phosphate prices remained high throughout 2022 due to a combination of factors, including supply chain disruptions and export restrictions related to growing global demand, as well as higher input costs for finished products. OCP was able to fully leverage the benefits of higher prices, while calibrating production to match the attendant lower volumes, and effectively managing through the anticipated sequential easing of prices in the second half of the year.

"Strong double-digit revenue growth in 2022 was led by a 44% increase in fertilizer revenues, which accounted for a record 64% of total revenues for the year, up from 61% a year ago. We continued to serve a geographically diverse customer base, directing our sales to high-demand markets like South America, Asia, and Africa.

"Concurrent with our substantial financial and operating achievements in 2022, we recently announced the launch of the Second Phase of our Investment Program, which aims to enhance OCP's competitiveness and support its operational efficiency through capacity expansions and targeted sustainability investments around solar energy, water and Green Ammonia." noted Mostafa Terrab, Chairman and CEO.

Full year 2022 Key Figures

- Revenues increased to MAD 114,574 million (US\$ 11.28 billion), compared with MAD 84,300 million (US\$ 9.36 billion) in the same period last year.
- Gross profit reached MAD 70,381 million (US\$ 6.93 billion) compared to MAD 55,218 million (US\$ 6.12 billion) a year earlier.
- EBITDA amounted to MAD 50,076 million (US\$ 4.93 billion), up from MAD 36,269 million (US\$ 4.04 billion) reported in 2021, leading to an EBITDA margin of 44%.
- Capital expenditures totaled MAD 20,011 million (US\$ 1.97 billion), compared to MAD 13,135 million (US\$ 1.46 billion) in the year-ago period.

Operating and Financial Results

- Full Year 2022

During 2022, supply chain disruptions resulting from the Russia-Ukraine war coupled with reduced Chinese exports pushed fertilizer prices to record levels. Beginning in the third quarter, global fertilizer prices gradually eased from their earlier peaks, reflecting lower demand as farmers postponed purchases due to affordability issues. Most regions have seen demand destruction, notably Brazil, Europe and the US, which also faced adverse weather conditions. Conversely, India boosted imports due to low inventory levels and higher government subsidies.

OCP achieved a 36% revenue increase year-over-year in local currency to reach MAD 114,574 million (US\$ 11.28 billion), reflecting higher prices across all product categories, which more than offset lower sales volumes compared to last year.

Rock revenues were up 51% year-over-year in local currency, mainly reflecting improved prices, amid lower export volumes to key importing regions.

Phosphoric acid revenues increased 1% in local currency, as lower export volumes, mainly to Europe and India, were largely offset by higher phosphoric acid prices. The drop in volumes to India primarily resulted from a shift to fertilizers to accommodate market trends and delayed second-quarter acid imports.

Full year fertilizer revenues increased by 44% compared to the previous year in local currency, owing to higher global fertilizer prices, which mitigated the impact of lower export volumes in most regions as higher prices and lower farmer affordability resulted in reduced demand.

Gross profit reached MAD 70,381 million (US\$ 6.93 billion), significantly ahead of MAD 55,218 million (US\$ 6.12 billion) reported a year earlier, benefiting from higher prices that more than offset the impact of higher input costs, namely sulfur and ammonia.

Full year EBITDA increased by 38% year over year in local currency and totaled MAD 50,076 million (US\$ 4.93 billion), compared to MAD 36,269 million (US\$ 4.04 billion) in the prior year. Improved pricing and continued operating efficiencies resulted in an EBITDA margin of 44%.

Operating profit amounted to MAD 40,382 million (US\$ 3.97 billion), significantly ahead from MAD 25,799 million (US\$ 2.87 billion) reported last year.

Net financial debt was MAD 50,945 million (US\$ 4.88 billion) resulting in a leverage ratio of 1.02x (0.99x in USD) as of December 31, 2022, compared to 1.24x (1.20x in USD) at the end of 2021.

- Fourth quarter 2022

Fourth quarter revenues were MAD 25,036 million (US\$ 2.33 billion), compared to MAD 26,654 million (US\$ 2.91 billion) in the year-ago period, amid reduced demand in key importing regions.

Gross profit was MAD 14,135 million (US\$ 1.32 billion), compared to MAD 17,343 million (US\$ 1.89 billion) in the same period of 2021.

EBITDA amounted to MAD 7,112 million (US\$ 615 million), compared to MAD 11,791 million (US\$ 1.30 billion) in Q4 2021.

2022 Key Investment and Sustainability Highlights

Food Security

In line with its commitment to preserving global food security and its mission focused on farmers, OCP has launched several major initiatives to assist African farmers during this period of significant price increases. On one hand, the Group's contribution in 2022 through discounts on 550,000 tons of fertilizer, in order to mitigate the impact of rising commodity prices and droughts, targeted more than 4 million farmers on the continent. On the other hand, as more recently announced, OCP is committed to dedicating more than 4 million tons of fertilizer for African farmers in 2023. This fertilizer supply program will include a component dedicated to training and capacity building in partnership with local stakeholders, in line with the Group's farmer-centric approach. This allocation will ensure that the right fertilizers are available across the continent, with the aim of boosting yields for 44 million farmers in 35 countries.

Investments

OCP Group has announced the launch of the Second Phase of Investment Program which provides for a global investment of about \$13 billion over the 2023-2027 period. It is based on increasing mining and fertilizer production capacities while achieving full carbon neutrality by 2040. This investment program aims to increase production capacity from the current 12 million tons of fertilizer to 20 million tons by 2027 and will provide for an extension of mining capacities via the opening of a new mines in Meskala and the installation of a new fertilizer production complex in Mzinda.

OCP Group's 2027 Investment Plan will be based on the following key objectives:

- *Green Ammonia*: Production of 1 million tons by 2027.
- *Green Energy*: Production of 5 gigawatts (GW) of clean energy by 2027.
- *Seawater Desalination*: Reaching capacity of 560 million m³ in 2027, of which 110 million m³ should be achieved in 2023 due to the commissioning of several new desalination stations.
- *Specialty Chemicals*: Reaching volume of 20,000 tons of fluorine and 30,000 tons of intermediate products for Lithium Iron Phosphate batteries by 2027.

Summary and outlook

Following robust results in 2022, OCP is looking ahead to balanced market conditions in 2023, led by demand recoveries in the Americas and Africa, and stable import levels in India, met by higher Chinese exports. TSP capacities from OCP will be deployed gradually and calibrated to demand recovery trends, and no material industrywide capacity additions are planned. Input costs are anticipated to decline from 2022 levels, with ammonia prices continuing

their decrease in concert with urea and natural gas, and sulfur prices remaining in synch with demand for fertilizer and industrial uses.

With this as a backdrop, OCP is looking ahead to another year of strong performance in 2023, as easing prices are expected to improve the affordability of phosphates for farmers, and lower input costs should benefit strong margins. OCP plans to continue to leverage its key competitive strengths to efficiently serve a global customer base and invest in long-term, sustainable food security, while preserving its strong financial position.

As stewards of the world's largest and highest quality phosphate reserves, the Group continues to invest responsibly to support its competitiveness and to meet the anticipated growth in long-term demand. The recently announced program is modular in design with the flexibility to fine-tune timetables to match market trends and conditions. Additionally, OCP's R&D investments include work on technology advancements to improve farmers' crop yields globally and developing highly specialized products that support the agricultural independence of Africa. At the same time, the Group is making great progress on reducing OCP's environmental impact and on implementing programs that promote social well-being.

We encourage all our stakeholders to read the Sustainability Reports on our website www.ocpgroup.ma to learn more about our commitment to food security and sustainability.

Contact

- Mrs. Ghita LARAKI
Head of Investor Relations
E-mail : G.laraki@ocpgroup.ma