



Press release

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OCP Reports Earnings for Second Quarter and First Half 2024

-- Industrial flexibility, Innovation and Operating Efficiencies Drive Strong Growth Across Key Metrics --

OCP S.A. (“OCP” or the “Group”), the world leader in plant nutrition solutions and phosphate-based fertilizers, today reported results for the second quarter and first half, ended June 30, 2024.

Management Commentary

“OCP Group delivered strong financial results in the first half of 2024, with double-digit growth across key metrics. The Group’s expanded fertilizer production capacity enabled it to meet rising demand in several key importing regions, while improving production and operational efficiencies throughout the value chain.

Market dynamics during this period were shaped by constrained supply and robust demand, which significantly reduced global inventory levels. OCP deployed its industrial and commercial flexibility to deliver substantially increased volumes of customized products, including TSP, which rebounded by nearly 50% on a just-in-time basis, capturing heightened demand in key regions. These core strengths, combined with the Group’s production efficiency, continue to reinforce OCP’s competitiveness and support our industry-leading margins”, noted *Mostafa Terrab, Chairman and CEO of OCP Group*.

First Half 2024 Key Figures

- Revenues were MAD 43,248 million (US\$ 4.32 billion), up from MAD 37,561 million (US\$ 3.70 billion) during the same period in 2023.
- EBITDA rose to MAD 16,319 million (US\$ 1.63 billion), significantly higher than the MAD 7,673 million (US\$ 752 million) reported last year, achieving an EBITDA margin of 38%, well above the 20% for the same time last year.
- Capital expenditures increased to MAD 19,753 million (US\$ 1.97 billion), from MAD 12,029 million (US\$ 1.18 billion) in the year-ago period.

Operating and Financial Results

Global fertilizer prices remained stable during the first quarter of 2024 but showed some volatility in the second quarter, declining between March and May before starting to recover in response to several factors, including lower-than-expected Chinese exports, and increased demand from key importing regions, particularly the U.S., Europe, and Africa. In contrast, customers in Brazil and India adopted a more cautious stance, postponing purchases amid uncertainties surrounding crop price trends, Chinese supply levels, and reduced Indian subsidies.

In the first half of 2024, OCP Group's revenues increased to MAD 43,248 million (US\$ 4.32 billion), up from MAD 37,561 million (US\$ 3.70 billion) in the same period last year. This growth was primarily driven by higher export volumes.

Fertilizer revenues for the first half of 2024 increased by 15% in local currency compared to the same period last year. This growth was mainly driven by higher export volumes, reflecting stronger global demand.

First-half acid revenues grew significantly, up 83% year-over-year in local currency, driven by increased export volumes to key regions. This growth was driven in part by increased demand in India and sustained strong demand in Europe.

Rock revenues for the period declined by 42% year-over-year in local currency, reflecting reduced demand. However, export volumes increased substantially, particularly to customers in Europe and Asia.

Gross profit for the first half of 2024 reached MAD 28,131 million (US\$ 2.81 billion), a significant improvement from MAD 18,500 million (US\$ 1.83 billion) in the same period of 2023. This growth was driven by strong revenue increases and lower raw material costs, particularly for ammonia and sulfur.

First-half 2024 EBITDA surged 113% year-over-year to MAD 16,319 million (US\$ 1.63 billion), up from MAD 7,673 million (US\$ 752 million) in the same period last year. The EBITDA margin rose to 38%, reflecting the Group's robust performance, production, and operational efficiencies across the value chain.

Operating profit totaled MAD 11,800 million (US\$ 1.12 billion), a substantial increase from MAD 2,422 million (US\$ 238 million) in the same period last year.

Balance Sheet and Cash Flow

Available cash and cash equivalents amounted to MAD 15,718 million (US\$ 1.58 billion) as of June 30, 2024.

Net financial debt was MAD 81,026 million (US\$ 8.13 billion), and the Net Financial Debt to EBITDA ratio, was 2.13x (2.15x in USD) as of June 30, 2024, compared to 2.32x (2.38x in USD) at the end of 2023.

Second quarter 2024 Key Figures

- Second quarter revenues increased to MAD 23,660 million (US\$ 2.36 billion), up from MAD 19,280 million (US\$ 1.92 billion) during the same period last year.
- Gross profit reached MAD 15,426 million (US\$ 1.54 billion), compared to MAD 9,424 million (US\$ 942 million) in Q2 2023.
- EBITDA increased to MAD 8,616 million (US\$ 860 million), up from MAD 2,985 million (US\$ 297 million) in the same period of 2023.

Recent corporate highlights

- **Financing** : As previously reported, in May 2024, OCP successfully issued a Eurobond on the international markets for a total of US\$2.0 billion, including \$ 1.25 billion over 10 years at a coupon of 6.750% per year and \$ 750 million over 30 years at a coupon of 7.500%. This new bond issue was the largest ever placed by OCP and was more than 3.1 times oversubscribed, reflecting the confidence of international investors in the Group's sustainable growth vision. OCP plans to allocate the funds to its Green Investment Program through 2027, to achieve its ambitious goals of expanding production capacities, investing in water, renewable energy, and green ammonia production.

Additionally, on May 31, 2024, OCP Group finalized a EUR 200 million financing agreement with KfW, Germany's development and investment bank, to enhance global food security and combat climate change. The proceeds of the KfW loan will be used to increase sustainable fertilizer production as part of OCP Group's green investment strategy for 2023-2027. EUR 150 million will be dedicated to the Group's goal of using 100% non-conventional water in 2024 for its industrial operations. EUR 50 million will help the Group reach its targets of 100% clean energy by 2027 (5 gigawatts) and full carbon neutrality in Scopes 1 and 2 by 2030, and in Scope 3 by 2040, while increasing production of green fertilizers.

- **Capacity expansion** : OCP has initiated the execution of its Mzinda Meskala Strategic Programme, which targets significant capacity expansions in two key regions. In the Mzinda-Safi Corridor, the goal is to reach an annual production capacity of 12 million tonnes of rock, 3 million tonnes of phosphoric acid, and 8.4 million tonnes of fertilizers by 2028; and in the Meskala-Essaouira Corridor, where the target is to achieve an annual production capacity of 20 million tonnes of rock, 1 million tonnes of phosphoric acid, and 2 million tonnes of fertilizers by 2030.
- **Energy Program** : OCP Green Energy is making significant progress in Phase 1 of its solar energy project, which will deliver 202 MW to Khouribga and Benguerir by 2024. Currently, 93% of the work is complete, with key progress including the installation and assembly of PV modules and trackers, the construction of the transformation substation, and the completion of civil engineering works.

Summary and Outlook

2024/2025 season's stock-to-use ratio for oilseeds and grains remains at its lowest level in over 15 years, while aggregated phosphate fertilizers inventories in key markets are at their lowest since 2016. The Group expects these conditions to drive a significant increase in fertilizer demand in the latter half of 2024, particularly from Brazil and India, which have both been active in the third quarter to date. Concurrently, supply constraints are expected to persist.

Against this backdrop, OCP Group is well-positioned to continue delivering strong performance, benefiting from its industrial flexibility, production and operational efficiency. The Group continues to innovate and is meeting demand while advancing its sustainable growth strategy. This includes expanding production capacities to support global food security and investing in key areas such as water management, renewable energy, and the development of green ammonia and green hydrogen.

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