



## OCP REPORTS FIRST HALF AND SECOND QUARTER 2015 EARNINGS

Casablanca - Morocco, September 18, 2015 - OCP S.A. ("OCP" or the "Company"), a global leader in the fertilizer industry, today reported earnings for the half year ended June 30, 2015.

### FIRST HALF 2015 KEY FIGURES :

- First half revenues increased to MAD 23,895 million (US\$bn 2.5) from MAD 19,366 million (US\$bn 2.4) in the prior-year period.
- EBITDA rose to MAD 8,634 (US\$m 890) from MAD 4,638 million (US\$m 567) in the first half of 2014.
- EBITDA margin increased to 36% from 24% in the first half of 2014.
- Adjusted operating cash flow was of MAD 6,789 million (US\$m 700) in the first half of 2015.

### SECOND QUARTER 2015 KEY FIGURES :

- Second quarter revenues increased to MAD 12,983 million (US\$bn 1.3), from MAD 10,798 million (US\$bn 1.3) in the prior-year period.
- EBITDA rose to MAD 4,687 (US\$m 479) from MAD 2,497 million (US\$m 305) in the second quarter of 2014.

### MANAGEMENT COMMENTARY :

"We are pleased to report solid year-to-date results, with a significant increase in first half 2015 EBITDA, as well as higher year-over-year revenues. For the second consecutive quarter, we reported an industry leading EBITDA margin and we expect increased capacity in key product categories to enable higher sales volumes, additional economies of scale and production optimization in the future. Our first half results are consistent with our expectation for continued revenue and EBITDA growth for the full year 2015. This improved performance is being driven by the outcomes of our capital investment program and business strategy, which comprises increased production capacity, commercial and industrial agility and cost leadership," said Dr. Mostafa Terrab, Chairman and Chief Executive Officer of OCP.

"OCP has competitive advantages across all three product segments and our vertically integrated business model enables us to tailor our product mix to optimize our margins. In response to the decrease in imports by Brazil in the first half, we leveraged our industrial and commercial agility to target higher value markets, such as India and Africa. We were also able to achieve solid results by shifting our product sales mix to rock and acid, thereby capturing higher prices and stronger demand."

"We continue to make steady progress on our capital expenditure plan, which we expect to have a meaningful impact on our results going forward. As always, these strategic investments will be supported by OCP's long-term competitive advantages, namely access to the largest and highest quality phosphate reserve base in the world."

## FIRST HALF 2015

### OPERATING AND FINANCIAL RESULTS :

First half 2015 revenues increased to MAD 23,895 million (US\$bn 2.5) from MAD 19,366 million (US\$bn 2.4) in the year-ago period. The result reflects higher rock and acid sales, which offset slightly lower fertilizer volumes, and the benefit of favorable exchange rates. Moreover, during the period, OCP was able to offset a temporary decline in Brazilian imports by almost doubling its sales to Africa. These initiatives are in keeping with the Company's strategy of vertical integration and the penetration of high growth markets.

Gross profit increased year-over-year, reaching MAD 16,371 million (US\$bn 1.7) compared to MAD 12,398 million (US\$bn 1.5) in the first half of 2014.

OCP's first half EBITDA increased to MAD 8,634 million (US\$m 890) from MAD 4,638 million (US\$m 567) in the year-ago period. The positive change was driven by higher revenues as well as lower operating costs, due to the slurry pipeline's impact on transportation and energy expenses, among other factors. First-half operating profit increased to MAD 6,975 million (US\$m 719) from MAD 3,254 million (US\$m 398) in the first half of 2014.

### BALANCE SHEET & CASH FLOW :

OCP's cash & cash equivalents were MAD 7,448 million (US\$m 766) as of June 30, 2015. Net financial debt was MAD 35,352 million (US\$bn 3.6), with a leverage ratio of 2.17 as of June 30, 2015.

Adjusted operating cash flow was MAD 6,789 million (US\$m 700) in the first half of 2015, compared to MAD 5,042 million (US\$m 616) in the prior-year period. Capital expenditures totaled MAD 7,454 million (US\$m 768) in the first six months of the year.

## SECOND QUARTER 2015

### OPERATING AND FINANCIAL RESULTS :

Second quarter net sales increased to MAD 12,983 million (US\$bn 1.3) from MAD 10,798 million (US\$bn 1.3) in the year-ago period and benefited from the same factors that positively impacted half-year revenues.

Gross profit increased year-over-year, reaching MAD 8,990 million (US\$m 919) from MAD 6,789 million (US\$m 830) in the second quarter of 2014.

Second quarter EBITDA increased to MAD 4,687 million (US\$m 479) from MAD 2,497 million (US\$m 305) in the year-ago period. As with the half year results, EBITDA was positively impacted by reduced transportation and energy costs thanks to the slurry pipeline and other cost reduction initiatives. Second quarter operating profit increased to MAD 3,722 million (US\$m 380) from MAD 1,563 million (US\$m 191) in the second quarter of 2014.

### CORPORATE HIGHLIGHTS FOR THE FIRST HALF 2015 :

- On April 15, OCP priced a US \$1 billion offering with a maturity of 10.5 years and a 4.5% coupon. The offering follows OCP's inaugural international bond issue in April 2014. The proceeds are being directed towards the industrial capital expenditure program, which aims to double the Company's mining capacity and triple its fertilizer capacity by 2025, as well as general corporate purposes.
- In the first half of 2015, OCP paid dividends totaling MAD 1,240 million (US\$m 128).
- OCP completed ODI 1 project during first half, and the ramp up is complete.

- The main expenditures during the period relate to the projects ODI 2, ODI 3, ODI 4 and the Jorf Lasfar port. They also include the construction of the new granulation plant, the analysis and construction of the El Halassa washing plant, the drying unit in Jorf Lasfar, and the adaptation of the phosphoric acid plant to pulp.

## **SUMMARY AND OUTLOOK :**

“Although the phosphate market has faced some short-term headwinds in recent months, we remain confident in the strength of global demand. To date, market conditions have been relatively stable, with phosphate prices supported by robust Indian demand, offset by relatively weak Brazilian import demand and Chinese DAP/MAP exports. Looking ahead, grain prices and uncertain economic growth prospects in many developing countries, combined with increased volatility in currency markets and fluctuations in commodity prices, remain key variables for the phosphate market.”

“We are cautiously optimistic for the second half of the year as we anticipate increased Brazilian demand following the decrease in imports in the first half of the year. Based on our current visibility, we expect ongoing revenue and EBITDA growth in 2015 as we advance on our strategic initiatives to expand capacity and further reduce our already low cost of production. In particular, EBITDA should benefit from a full year’s operation of the slurry pipeline, which is significantly reducing our transportation and energy costs.”

“Longer term, we believe that the global phosphate market is at the beginning of an upswing in the business cycle, which should counterbalance any intermittent market volatility. Given capacity additions underway, growing operating efficiencies and other strategic initiatives in place, we expect to strengthen our position in the global phosphates market in the coming years,” noted Dr. Terrab.

## **CONFERENCE CALL :**

OCP senior management will host a conference call at 10 a.m. EDT and 3 p.m. GMT+1/Morocco time on September 18, 2015, to discuss the financial results. Qualified institutional buyers, bondholders, securities analysts and market makers are invited to participate in the call. Conference call details are available at OCP’s Investor Relations portal on the Intralinks website. Eligible parties that have not already registered for access to the Intralinks portal may do so by contacting Mrs. Ghita LARAKI, Investors Relations at [g.laraki@ocpgroup.ma](mailto:g.laraki@ocpgroup.ma)

## **ABOUT OCP :**

OCP is a global leader in the fertilizer industry, backed by almost a century’s production history. OCP has exclusive access to the largest phosphate rock reserve base in the world. It is one of the lowest cost producers of phosphate rock in the industry and has become a leading player in production and trade volumes across the phosphate value chain. OCP employs 23,000 people and contributes to regional development through its mining and fertilizer operations, and through its sustainability program.

For more information, visit: [OCPGROUP.MA](http://OCPGROUP.MA)

## FORWARD LOOKING STATEMENTS :

This press release has been prepared by OCP S.A. ("OCP") and contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of the safe harbor provisions set forth in the U.S. Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, liabilities, strategic, industrial, commercial plans and expected future financial and operating results such as revenue growth and earnings. They are based on the current beliefs, expectations and assumptions of OCP's management as of the date on which they are made in connection with past and/or future financial results, and are subject to significant uncertainties and risks, which OCP shall not be held liable for. These risks and uncertainties include, but are not limited to, risks and uncertainties arising from the future success of current and strategic plans and future financial and operating results and reserves; changes in such plans and results; any difficulty that OCP may experience with the realization of benefits and anticipated levels of capital expenditures for the second half of year 2015 and beyond; the current and future volatility in the credit markets and future market conditions; OCP's strategy in connection with customer retention, growth, product development and market position; industry trends; volatility in commodity prices; changes in foreign currency, interest and exchange rates; international trade risks; changes in government policy and developments in judicial or administrative proceedings in jurisdictions which OCP is subject to; changes in environmental and other governmental regulation, including regulatory investigations and proceedings; any natural events such as severe weather, fires, floods and earthquakes or man-made or other disruptions of OCP's operating systems, structures or equipment; the effectiveness of OCP's processes for managing its strategic priorities; and OCP's belief that it has sufficient cash and liquidity and/or available debt capacity to fund future financial operations and strategic business investments.

Actual results may differ from those set forth in the forward-looking statements contained in this release, and OCP undertakes no obligation to publicly update any of its forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

This press release includes OCP's financial statements which are produced in Moroccan Dirhams (the local currency). For ease of presentation, some financial information has been translated into U.S. Dollars, and these translated figures have not been audited. For the purpose of such translated figures, OCP used the following exchange rate table, which sets forth the year average and year-end U.S. Dollar/Dirhams exchange rates for the following periods:

	June 2015	June 2014	December 2014
Period End	9.7190	8.2091	9.0419
Average	9.6999	8.1859	8.4072

## CONSOLIDATED FINANCIAL STATEMENTS FOR FIRST HALF 2015

## BALANCE SHEET :

<i>(In millions of dirhams)</i>	30 June 2015	31 December 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	8 112	8 996
Cash financial assets	8 167	4 767
Inventories	9 840	9 039
Trade receivables	5 520	6 412
Current tax receivables	28	222
Other current assets	16 968	9 492
<b>Total current assets</b>	<b>48 634</b>	<b>38 928</b>
<b>Non-current assets</b>		
Non-current financial assets	6 948	13 071
Interests in associates and joint ventures accounted for using the equity method	3 228	2 668
Deferred tax assets	503	110
Property, plant and equipment	79 334	73 360
Intangible assets	101	109
<b>Total non-current assets</b>	<b>90 114</b>	<b>89 319</b>
<b>Total Assets</b>	<b>138 748</b>	<b>128 247</b>

<i>(In millions of dirhams)</i>	30 June 2015	31 December 2014
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Current loans and financial debts	5 070	4 418
Current provisions	29	24
Trade payables	10 900	12 059
Current tax payables	1 005	17
Other current liabilities	10 238	13 944
<b>Total current liabilities</b>	<b>27 242</b>	<b>30 461</b>
<b>Non-current liabilities</b>		
Non-current loans and financial debts	45 561	35 589
Non-current provisions for employee benefits	4 472	4 216
Other non-current provisions	356	324
Deferred tax liabilities	45	67
<b>Total non-current liabilities</b>	<b>51 433</b>	<b>40 196</b>
<b>Equity</b>		
Issued capital	8 288	8 288
Paid-in capital	18 698	18 698
Consolidated reserves	29 088	25 232
Net (profit) loss for the period	3 997	5 077
<b>Total equity - Group share</b>	<b>60 070</b>	<b>57 294</b>
<b>Minorities' interests</b>	<b>4</b>	<b>296</b>
<b>Total equity</b>	<b>60 073</b>	<b>57 590</b>
<b>Total Liabilities</b>	<b>138 748</b>	<b>128 247</b>

## PROFIT AND LOSS :

	1st half-year 2015	1st half-year 2014
Revenue	23 895	19 366
Production held as inventory	695	(192)
Purchases consumed	(8 780)	(7 488)
External expenses	(3 447)	(3 359)
Personnel expenses	(3 988)	(3 857)
Taxes	(156)	(117)
Amortization, depreciation and operating provisions	(1 446)	(996)
Profit (loss) of associates and joint ventures accounted for using the equity method	173	98
Other operating income and expenses	241	188
<b>Operating profit (loss) before exceptional items</b>	<b>7 188</b>	<b>3 642</b>
Other non-current operating income and expenses	(214)	(388)
<b>Operating profit (loss)</b>	<b>6 975</b>	<b>3 254</b>
Cost of gross financial debt	(384)	(185)
Financial income from cash investments	243	225
<b>Cost of net financial debt</b>	<b>(141)</b>	<b>39</b>
Other financial income and expenses	(1 587)	(226)
<b>Financial profit (loss)</b>	<b>(1 728)</b>	<b>(187)</b>
<b>Profit (loss) before tax</b>	<b>5 246</b>	<b>3 068</b>
Corporate income tax	(1 249)	(669)
<b>Net profit (loss) for the period</b>	<b>3 997</b>	<b>2 398</b>
Net income - Group share	3 997	2 403
Net income - minorities' share	0	(5)
<b>Basic and diluted earnings per share in dirhams</b>	<b>48,66</b>	<b>29,26</b>

## CASH FLOW STATEMENT :

(In millions of dirhams)	1st half-year 2015	1st half-year 2014	FY 2014
Consolidated total net profit (loss)	3 997	2 398	5 073
+/- Tax expense (income)	1 249	669	1 152
+/- Depreciation and amortization of PP&E and intangible assets	1 465	1 000	2 021
+/- Other provisions	71	(37)	84
+/- Net profit (loss) of associates and joint ventures accounted for using the equity method	(173)	(98)	(312)
+/- Net loss/(net gain) from investing activities	(104)	(63)	(315)
+/- Net loss/(net gain) from financing activities	161	(36)	170
+/- Other movements	1 590	268	(990)
<b>Funds from operations</b>	<b>8 256</b>	<b>4 101</b>	<b>6 883</b>
<b>Impact of the change in WCR:</b>	<b>(6 159)</b>	<b>988</b>	<b>2 115</b>
Inventories	(1 380)	(580)	(1 204)
Trade receivables	898	(1 115)	(2 576)
Trade payables	(1 129)	(62)	3 070
Other current assets and liabilities	(4 547)	2 743	2 825
- Taxes paid	(469)	(44)	(363)
<b>Total net cash flows related to operating activities</b>	<b>1 628</b>	<b>5 042</b>	<b>8 635</b>
Acquisitions of PP&E and intangible assets	(7 454)	(9 531)	(19 504)
Disposals of PP&E and intangible assets	218	8	70
Change in loans and advances granted	(18)	(0)	280
Impact of changes in scope*	(23)	1	248
Disposals of financial assets	-	-	300
Acquisitions of financial assets	(501)	93	-
Dividends received	138	109	187
<b>Total net cash flows related to investing activities</b>	<b>(7 641)</b>	<b>(9 320)</b>	<b>(18 419)</b>
Capital increase	(0)	298	297
Loan issue	11 428	17 451	20 492
Repayment of loan	(2 131)	(1 388)	(2 992)
Dividends paid to Group shareholders	(1 240)	(3 717)	(3 717)
Other flows related to changes in cash assets	(3 413)	(5 969)	(395)
<b>Total net cash flows related to financing activities</b>	<b>4 644</b>	<b>6 675</b>	<b>13 685</b>
Impact of changes in exchange rates on cash and cash equivalents	(17)	(0)	(1)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1 386)</b>	<b>2 397</b>	<b>3 900</b>
Opening cash and cash equivalents	8 834	4 934	4 934
Closing cash and cash equivalents	7 448	7 331	8 834
<b>Change in net cash</b>	<b>(1 386)</b>	<b>2 397</b>	<b>3 900</b>

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