

# The Mosaic Company

Citi's 2015 Basic Materials Conference

Joc O'Rourke, President and Chief Executive Officer

December 2, 2015

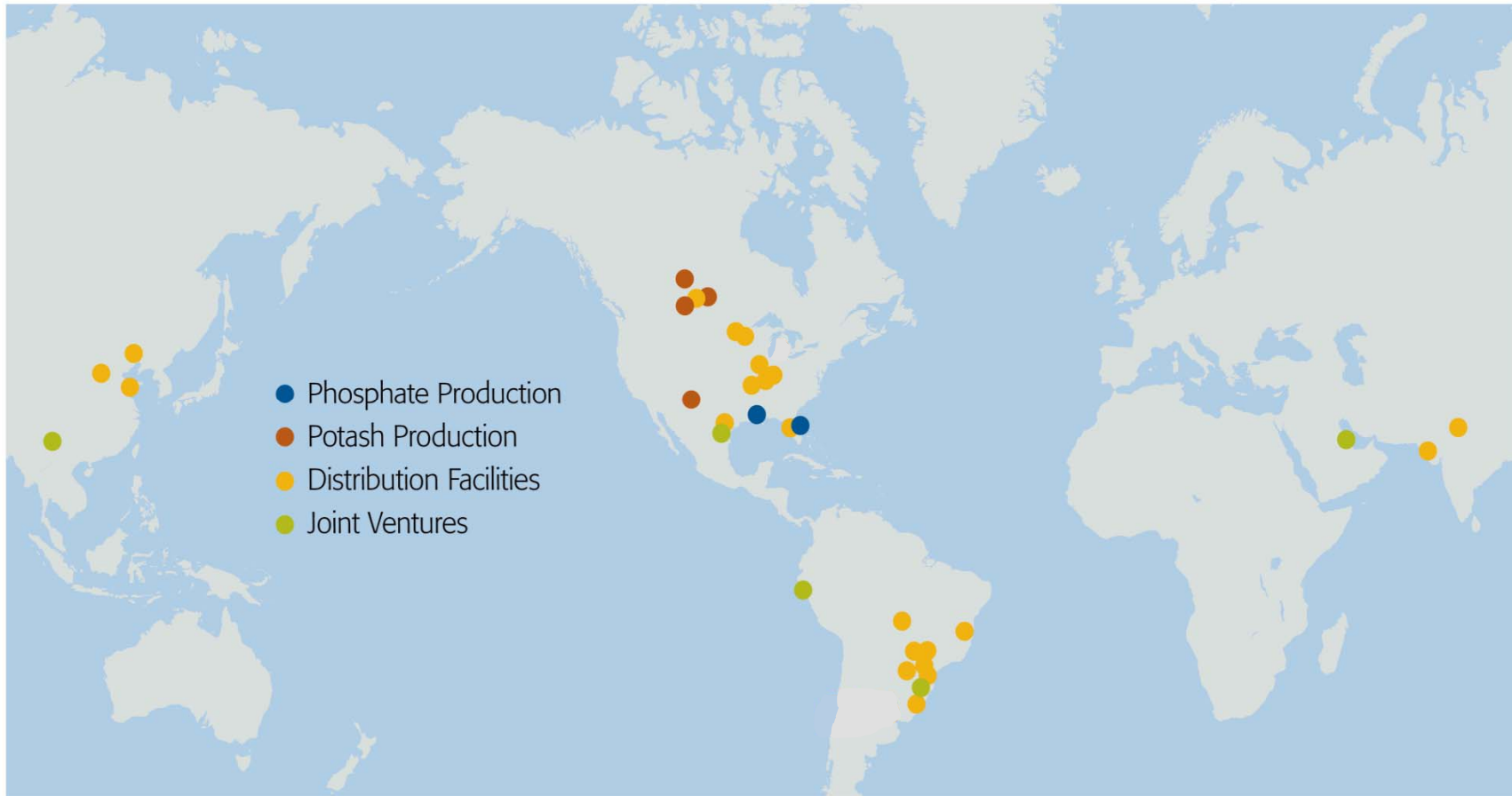


# Safe Harbor Statement

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the Wa'ad Al Shamal Phosphate Company (also known as the Ma'aden joint venture), the acquisition and assumption of certain related liabilities of the Florida phosphate assets of CF Industries, Inc. ("CF") and Mosaic's ammonia supply agreements with CF; repurchases of stock; other proposed or pending future transactions or strategic plans and other statements about future financial and operating results. Such statements are based upon the current beliefs and expectations of The Mosaic Company's management and are subject to significant risks and uncertainties. These risks and uncertainties include but are not limited to risks and uncertainties arising from the ability of the Ma'aden joint venture to obtain additional planned funding in acceptable amounts and upon acceptable terms, the timely development and commencement of operations of production facilities in the Kingdom of Saudi Arabia, the future success of current plans for the Ma'aden joint venture and any future changes in those plans; difficulties with realization of the benefits of the long term ammonia supply agreements with CF, including the risk that the cost savings from the agreements may not be fully realized or that the price of natural gas or ammonia changes to a level at which the natural gas based pricing under one of these agreements becomes disadvantageous to Mosaic; customer defaults; the effects of Mosaic's decisions to exit business operations or locations; the predictability and volatility of, and customer expectations about, agriculture, fertilizer, raw material, energy and transportation markets that are subject to competitive and other pressures and economic and credit market conditions; the level of inventories in the distribution channels for crop nutrients; the effect of future product innovations or development of new technologies on demand for our products; changes in foreign currency and exchange rates; international trade risks and other risks associated with Mosaic's international operations and those of joint ventures in which Mosaic participates, including the risk that protests against natural resource companies in Peru extend to or impact the Miski Mayo mine; changes in government policy; changes in environmental and other governmental regulation, including expansion of the types and extent of water resources regulated under federal law, greenhouse gas regulation, implementation of numeric water quality standards for the discharge of nutrients into Florida waterways or efforts to reduce the flow of excess nutrients into the Mississippi River basin, the Gulf of Mexico or elsewhere; further developments in judicial or administrative proceedings, or complaints that Mosaic's operations are adversely impacting nearby farms, business operations or properties; difficulties or delays in receiving, increased costs of or challenges to necessary governmental permits or approvals or increased financial assurance requirements; resolution of global tax audit activity; the effectiveness of Mosaic's processes for managing its strategic priorities; adverse weather conditions affecting operations in Central Florida, the Mississippi River basin, the Gulf Coast of the United States or Canada, and including potential hurricanes, excess heat, cold, snow, rainfall or drought; actual costs of various items differing from management's current estimates, including, among others, asset retirement, environmental remediation, reclamation or other environmental regulation, Canadian resources taxes and royalties, or the costs of the Ma'aden joint venture, its existing or future funding and Mosaic's commitments in support of such funding; reduction of Mosaic's available cash and liquidity, and increased leverage, due to its use of cash and/or available debt capacity to fund share repurchases, financial assurance requirements and strategic investments; brine inflows at Mosaic's Esterhazy, Saskatchewan, potash mine or other potash shaft mines; other accidents and disruptions involving Mosaic's operations, including potential mine fires, floods, explosions, seismic events or releases of hazardous or volatile chemicals; and risks associated with cyber security, including reputational loss, as well as other risks and uncertainties reported from time to time in The Mosaic Company's reports filed with the Securities and Exchange Commission. Actual results may differ from those set forth in the forward-looking statements.



# Mosaic: High Quality Assets



# Mosaic: Strong Balance Sheet

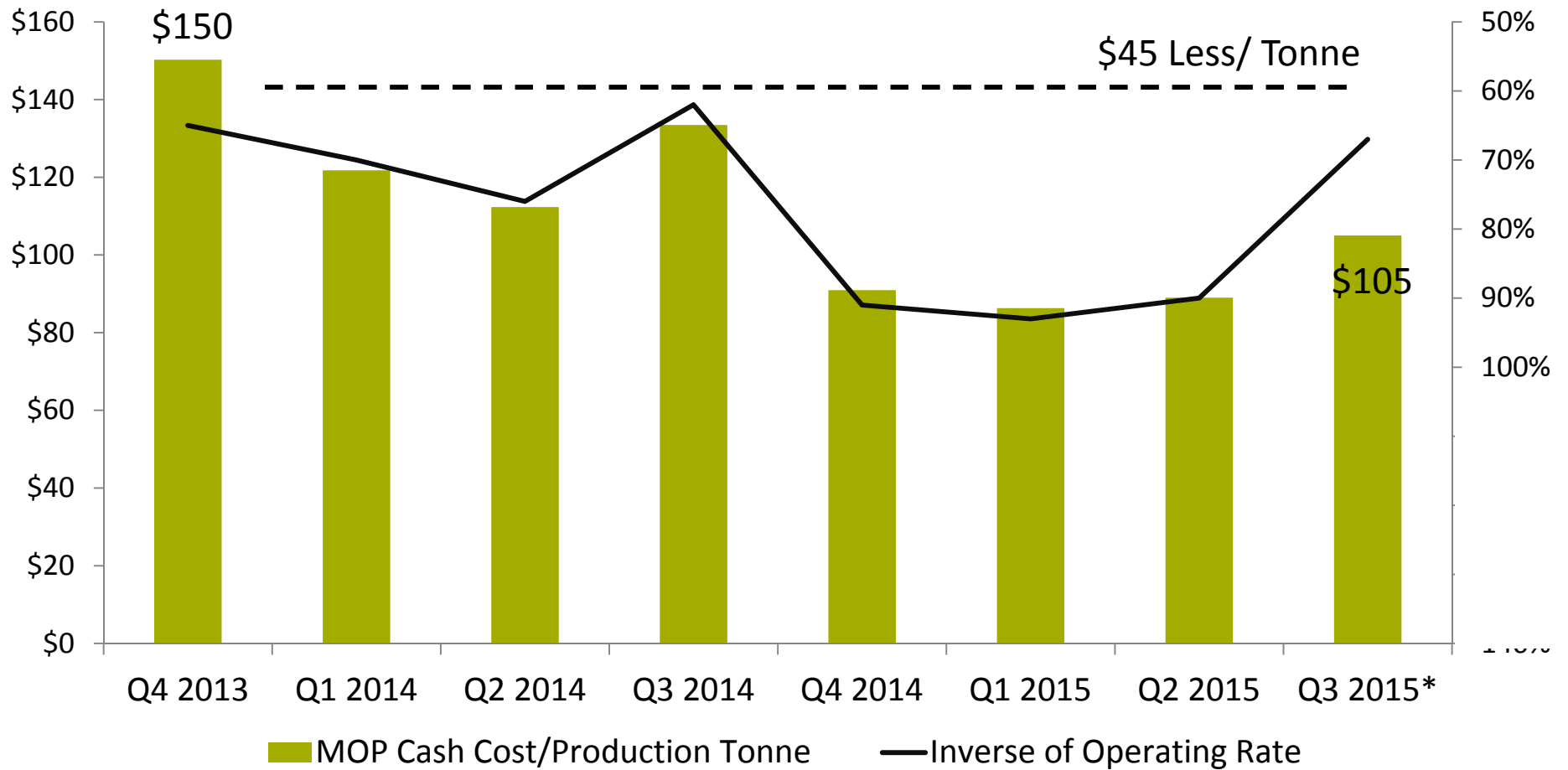
***Committed to retaining investment grade rating and maintaining flexibility to capitalize on opportunities***

- Targeted liquidity buffer of \$2.5 billion
  - Current liquidity of \$2.8 billion
  - Mix of committed lines to cash may shift
- Targeted adjusted debt\* to adjusted EBITDA\* of 1.5 to 2.0 times
  - Current of 2.0 times
  - Gross long-term debt: \$3.74 billion
  - Net of cash: \$2.5 billion

\* Reconciliations in the appendix.



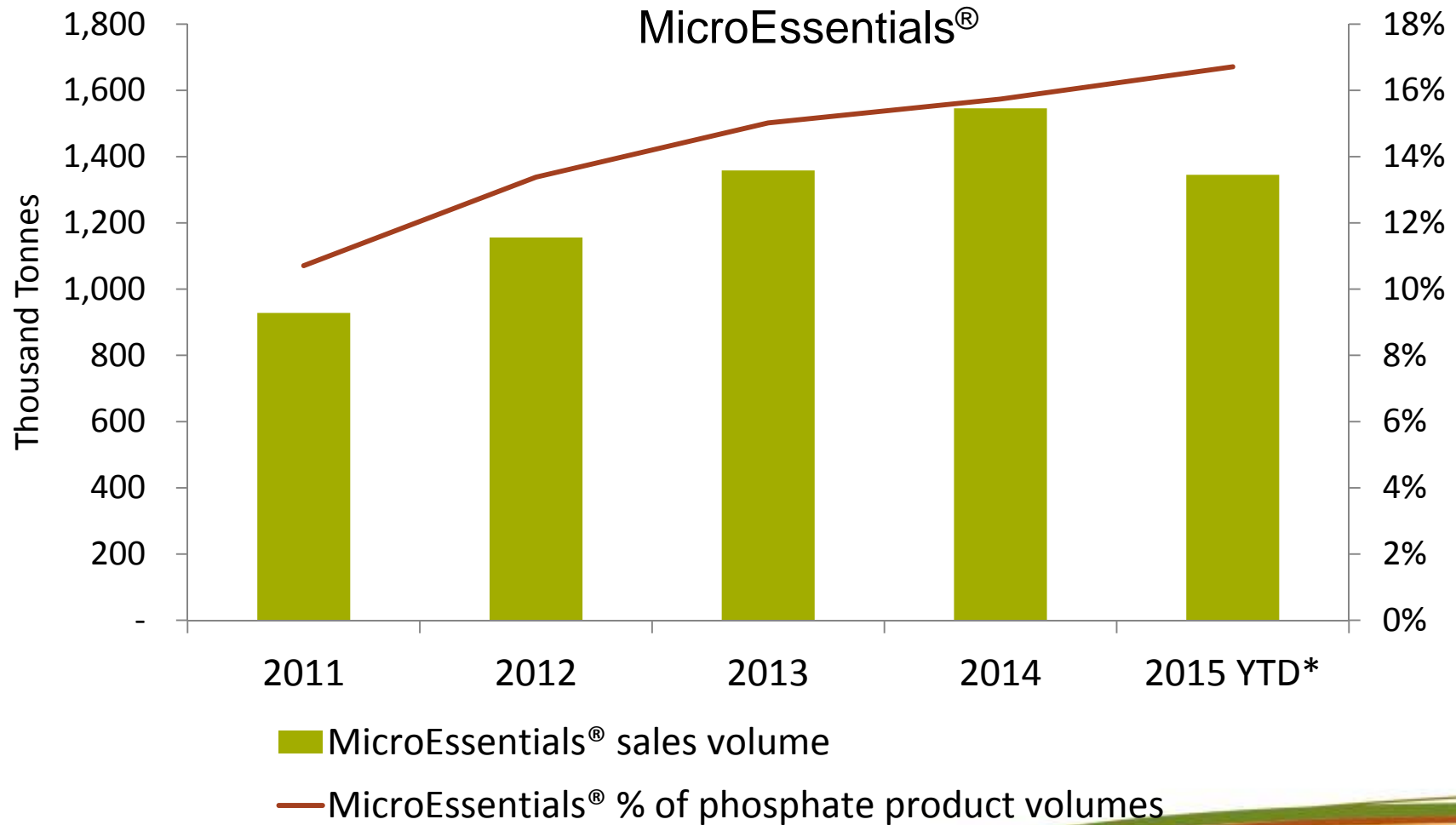
# Mosaic: Operational Excellence



\* Q3 2015 includes \$20 / tonne in brine management costs



# Mosaic: History of Innovation



\* As of September 30, 2015

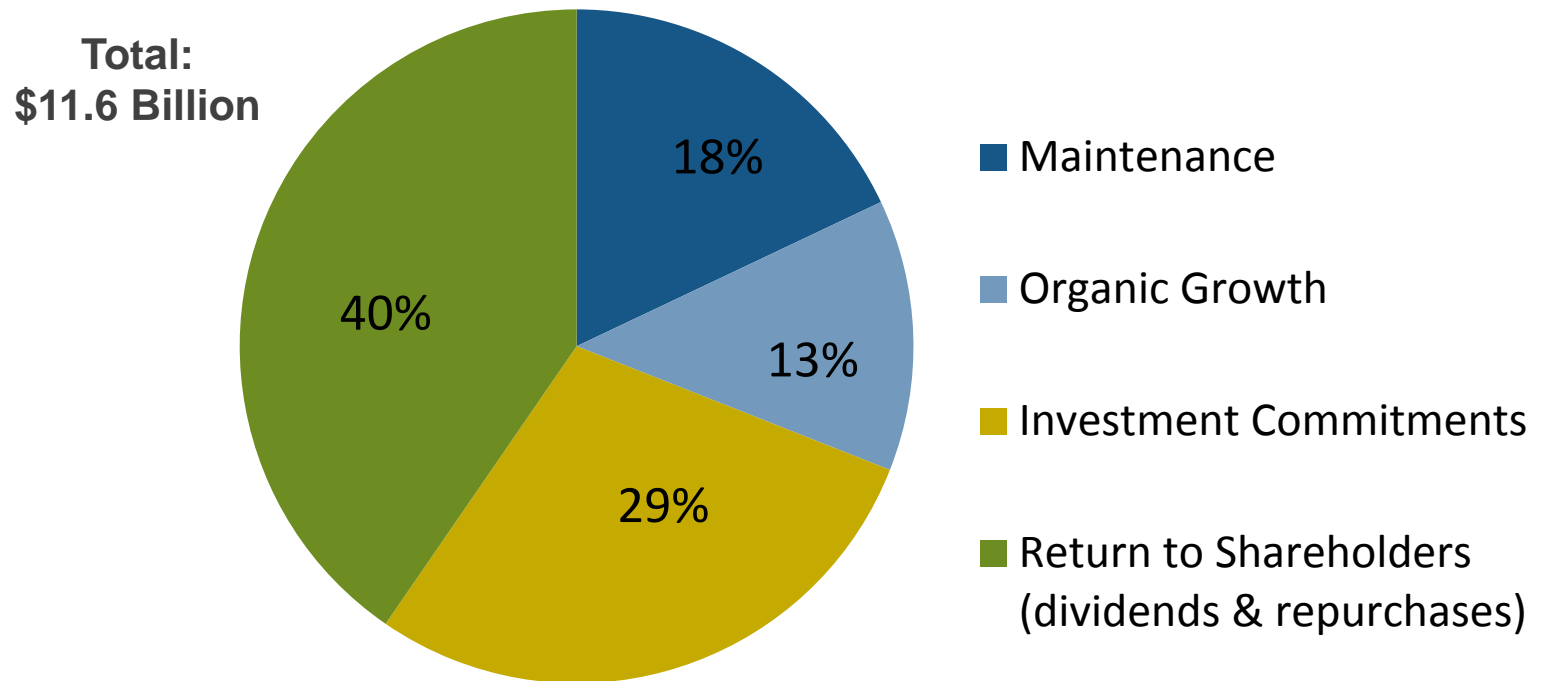




# Mosaic: Effective Capital Management

## Capital Allocation: Three Year Summary\*

(\$ in billions)



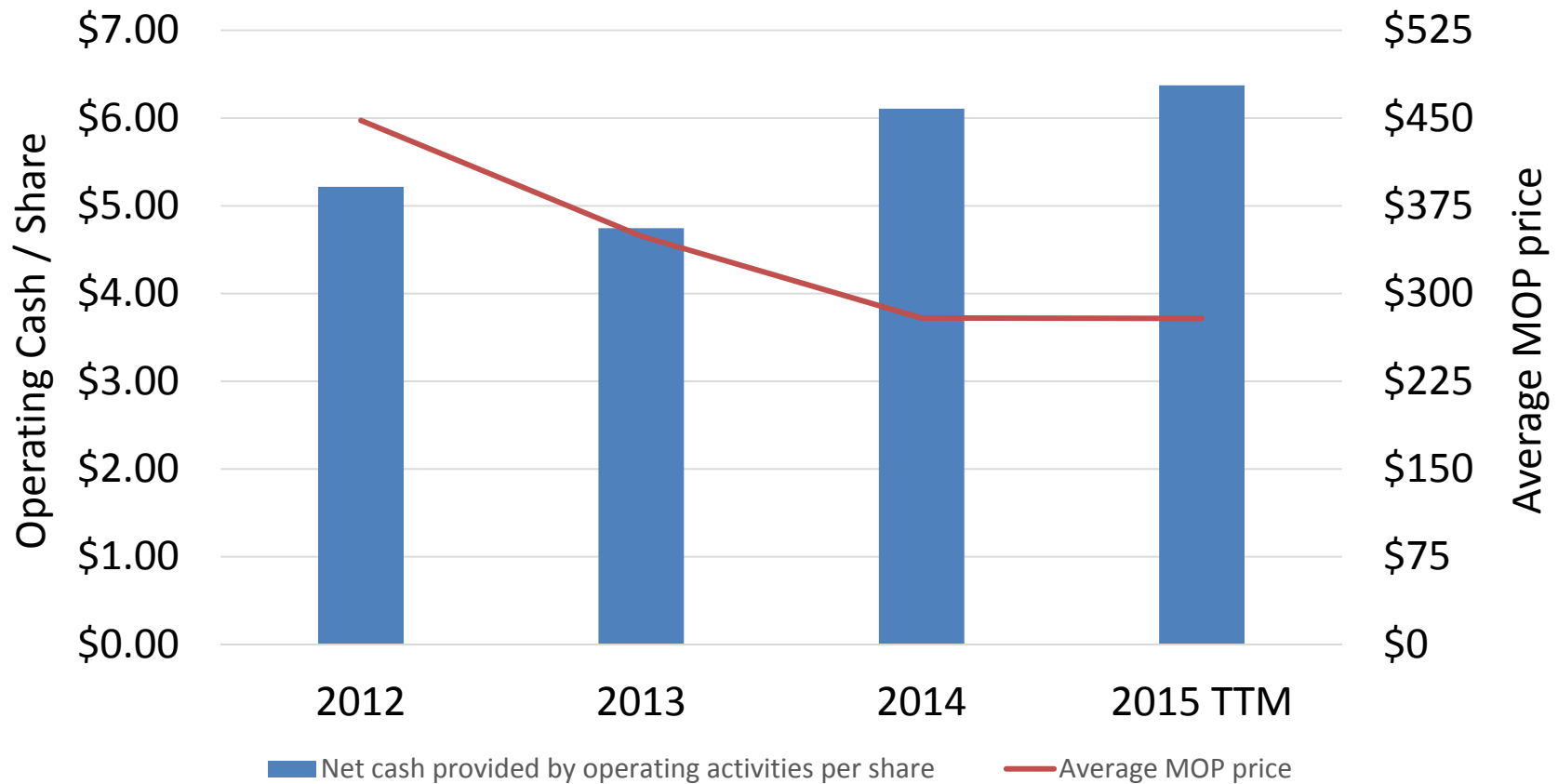
A Balanced Approach to Capital Allocation

\* Q4'12 through Q3'15

Source: Mosaic 7



# Mosaic: Strong Cash Generation



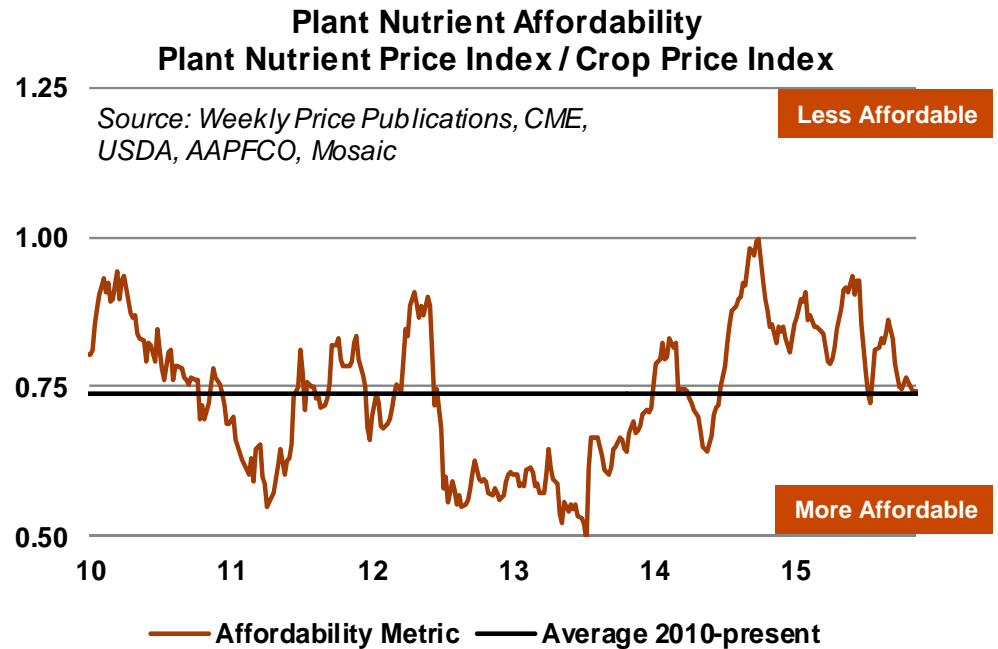
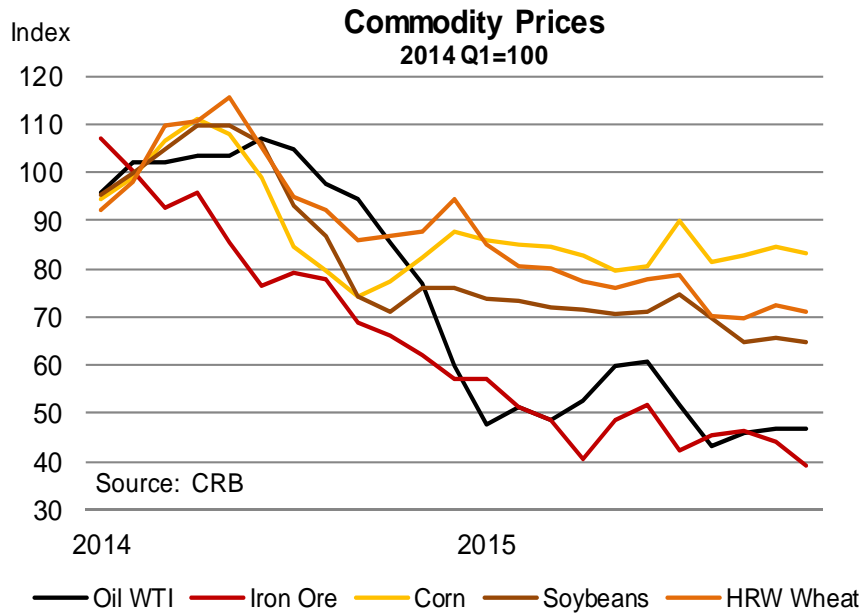


# Industry: New Challenges



# Agriculture: Constant, Growing Demand

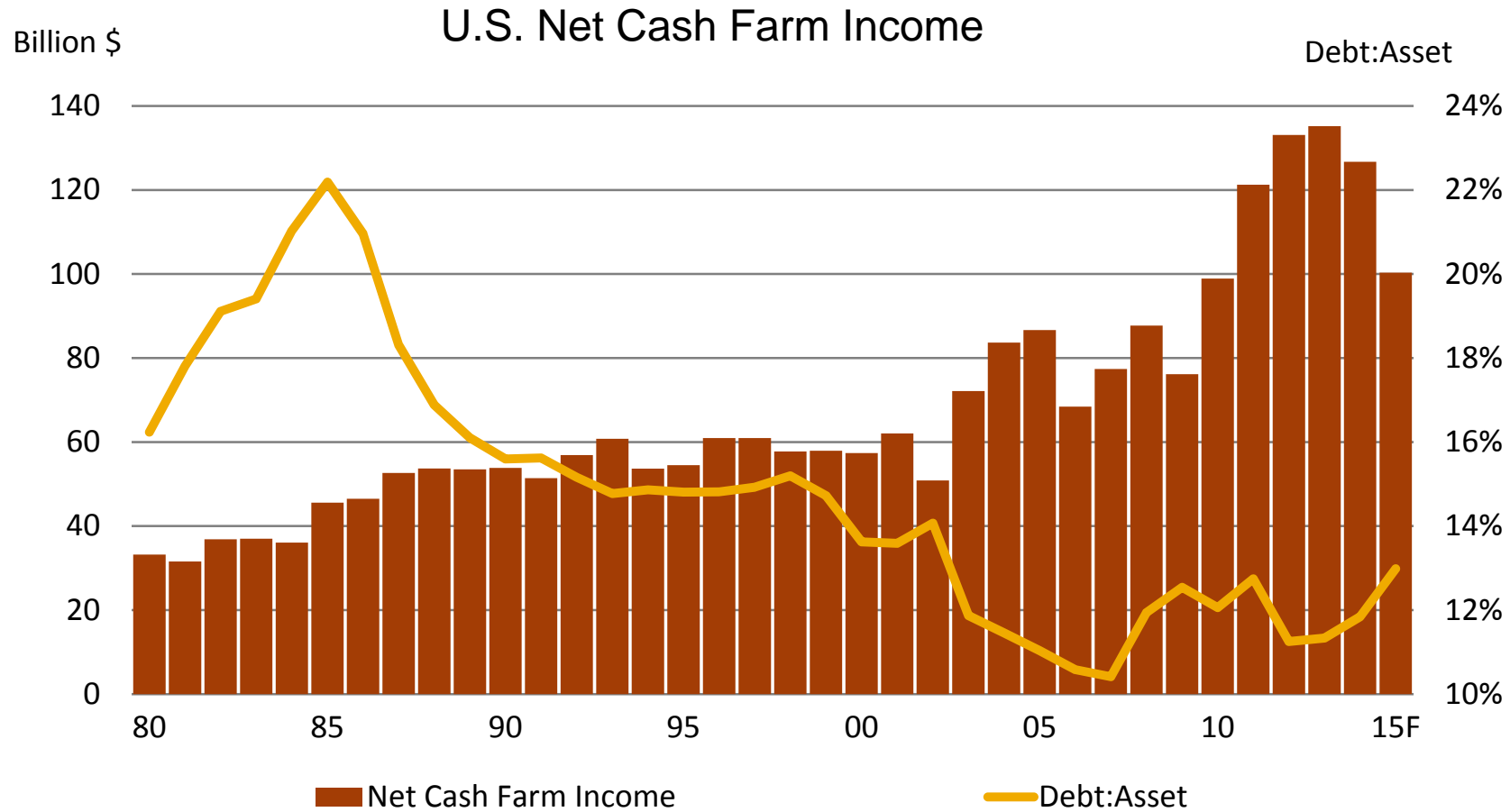
## Indexed Fertilizer and Crop Prices



Source: Weekly Price Publications, CME, USDA, AAPFCO, Mosaic



# Agriculture: Declining Farm Income



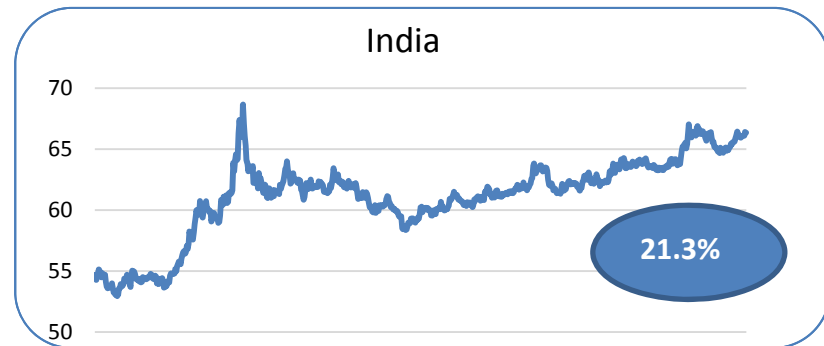
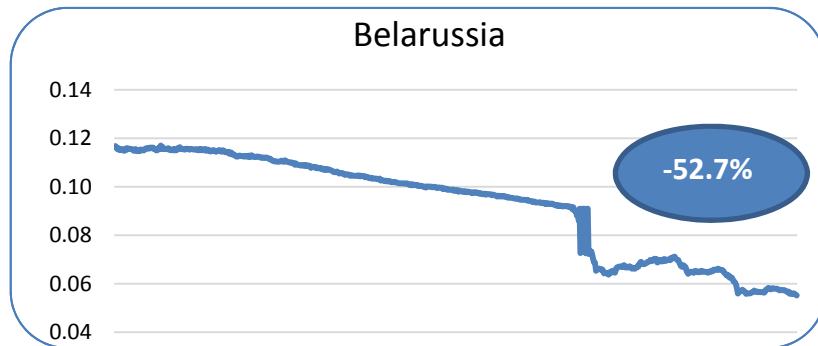
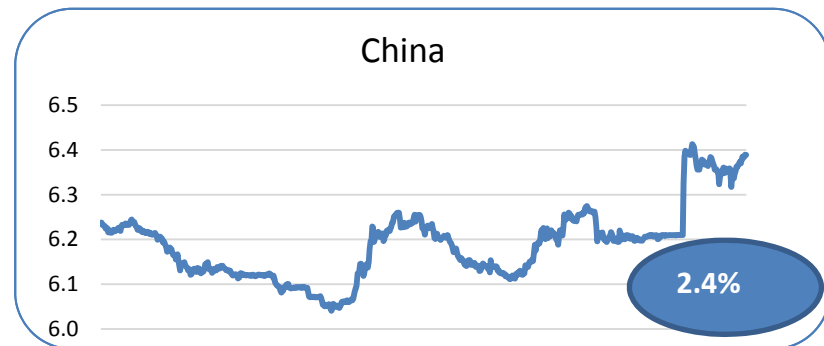
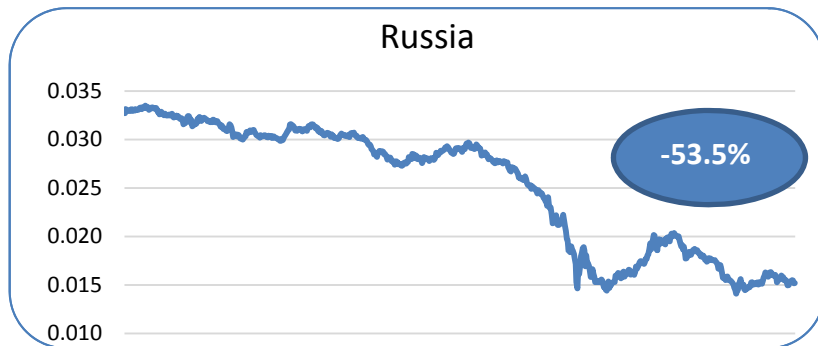
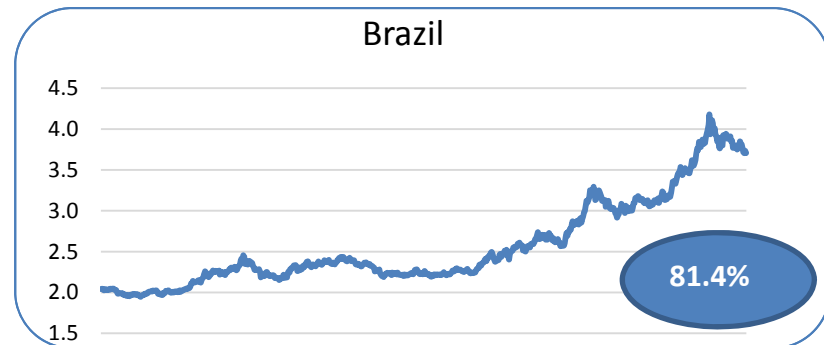
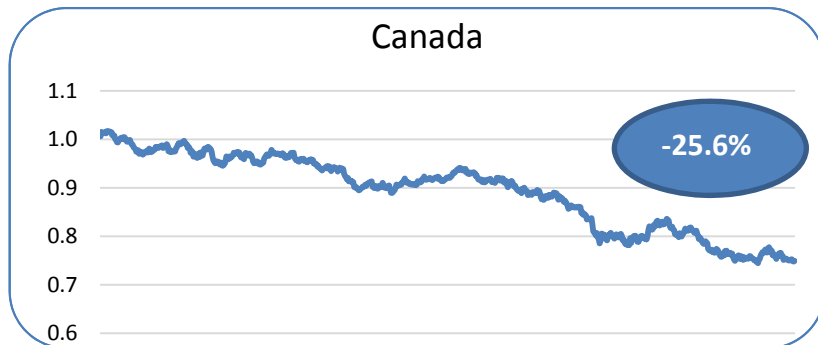
- Net Cash Income is the sum of crop and livestock receipts, direct government payments and other farm-related income (e.g. custom harvesting services), minus cash expenses, including rent.
- This metric is used to benchmark the short term financial health of the U.S. farm sector.



# Macro: Currency Volatility

Bringing costs of production down .....

..... and costs for customers up.



1/1/13

11/24/15

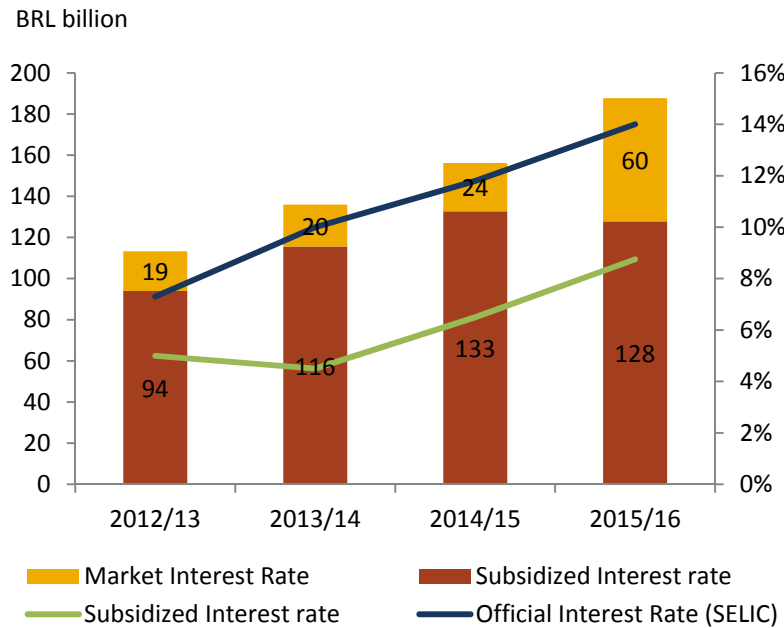
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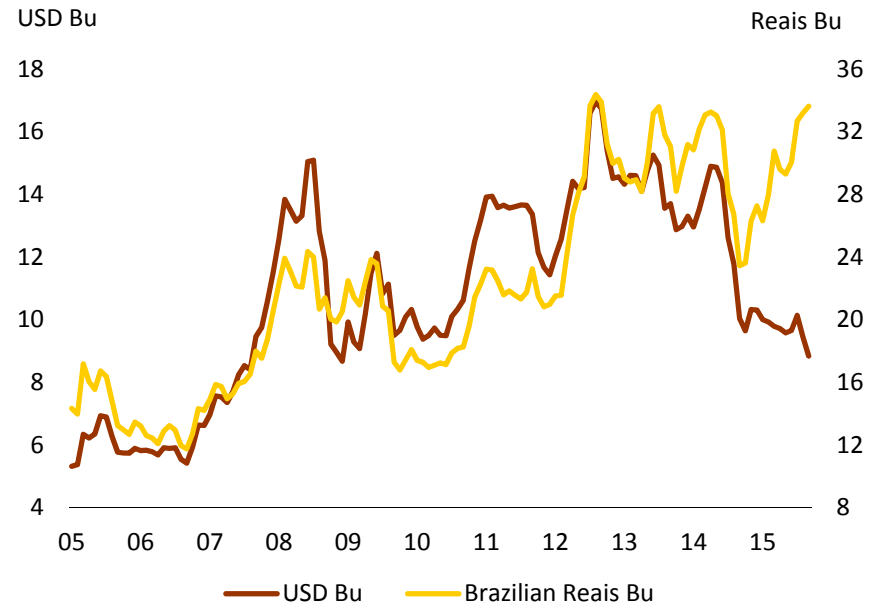
Source: Bloomberg

# Macro: Brazil Economy

## Farm Credit History



## Soybean Prices

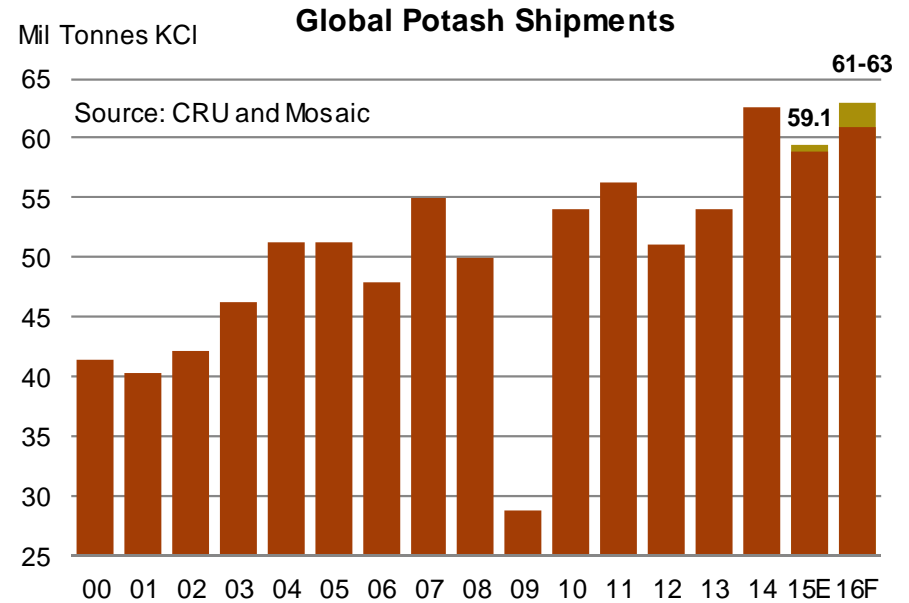
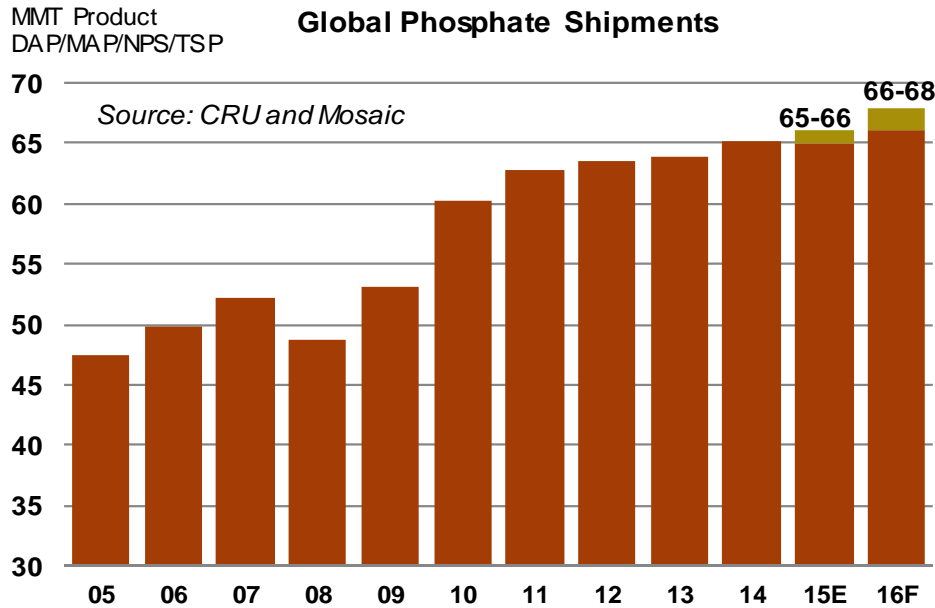


Soybean Prices Monthly Average of CBOT Daily Nearby Close

Main Concern: Ongoing Credit Issues



# Macro: Near record demand for P & K



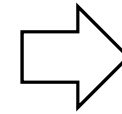
In spite of the macroeconomic turmoil, we are expecting record phosphate demand and near record potash demand





# Potash: New Capacity

2014



2020F



Capacity

Op Rate

- 20 million tonnes
- 87%

New capacity from:

- 29 million tonnes
  - 81%
- K+S, MOS, POT, AGU



Capacity

Op Rate

- 23 million tonnes
- 99%

New capacity from:

- 27 million tonnes
  - 93%
- EuroChem, Uralkali, Belaruskali, Turkmenkhimija



Capacity

Demand

Op Rate

- 66 million tonnes
- 62 million tonnes
- 94%

- 80 million tonnes
- 72 million tonnes
- 89%

Effective Potash Capacity Overstated



# Potash: Supply Reductions and Curtailments\*

Producer	Permanent Closures 2014-2018	Capacity (in tonnes)
Mosaic	Hersey	100K
	Carlsbad MOP	500K
Potash Corp	Penobsquis	800K
Uralkali	Solikamsk 2	2,400K
ICL	Boulby MOP	900K
Intrepid	Carlsbad East MOP	250K
TOTAL		~5 MM

Producer	Curtailments 4Q/2015 (in tonnes)
Mosaic	~500K
Potash Corp	500K
Uralkali	300K
BPC	520K
TOTAL	~1.8MM

Balancing near-term supply and demand

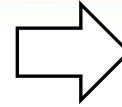
Significant acceleration of mine closures offsets new greenfield capacity

\* Sources in appendix



# Phosphate\*: Balanced S&D

2014



2020F



**Capacity**

▪ 29 million tonnes

▪ 31 million tonnes

**Op Rate**

▪ 87%

▪ 87%



**Capacity**

▪ 6 million tonnes

▪ 9 million tonnes

**Op Rate**

▪ 81%

▪ 90%



**Capacity**

▪ 3 million tonnes

▪ 6 million tonnes

**Op Rate**

▪ 83%

▪ 87%



**Capacity**

▪ 73 million tonnes

▪ 81 million tonnes

**Demand**

▪ 61 million tonnes

▪ 71 million tonnes

**Op Rate**

▪ 84%

▪ 88%

\* High Analysis Granular Phosphate DAP/MAP/NPS

# Compelling Free Cash Flow Growth Even at Today's Nutrient Prices

- Free cash flow\* positive even at current low prices
- Benefits of investments expected to drive meaningful growth in 2017
- Significant upside leverage to higher prices

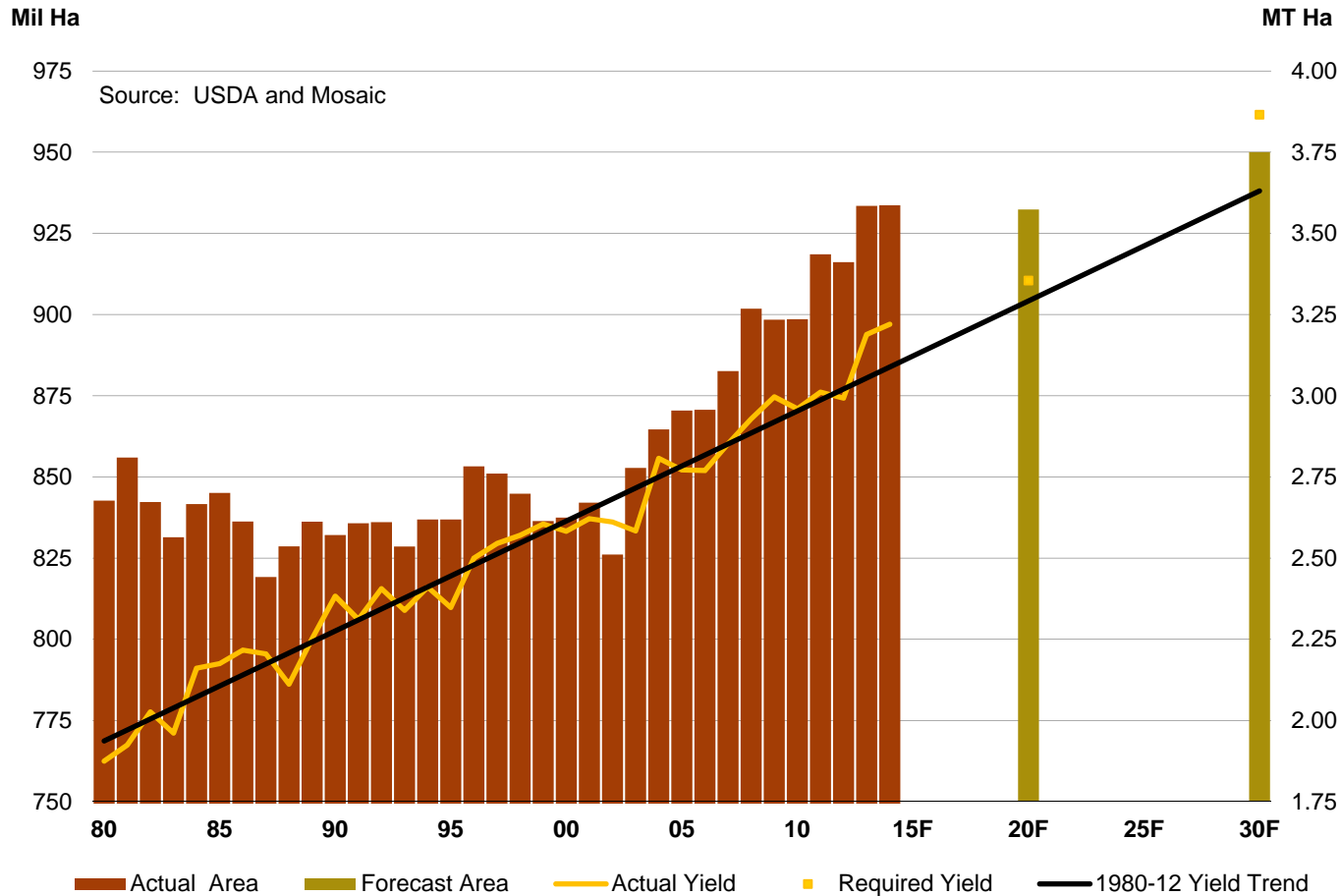
*\* Free cash flow reconciliation in the appendix.*

# Long Term



# And The Long-term Trend Is Up

## World Harvested Area and Average Yield



Yield Growth Required To Keep Up With Demand





# My Role

- Build on Mosaic's Track Record of Success:
  - Execution
  - Smart Investments
  - Environmental Stewardship & Safety
- Prudently Manage Capital
- Grow Value for Mosaic's Shareholders

Thank you



# Reconciliation: Free Cash Flow

In addition to financial measures prepared in accordance with U.S. generally accepted accounting principles ("**GAAP**"), the Company has presented free cash flow, a non-GAAP financial measure. Generally, a non-GAAP financial measure is a supplemental numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. Free cash flow is not a measure of financial performance under GAAP. Because not all companies use identical calculations, investors should consider that Mosaic's calculations may not be comparable to other similarly titled measures presented by other companies.

Free cash flow provides a metric that the Company believes is helpful to investors in evaluating the Company's ability to generate cash. Free cash flow should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

<b><u>Free Cash Flow</u></b>	<b>Nine months ended</b>	
<i>US\$ Million</i>	<b>September 30,</b>	
	<b>2015</b>	
Net cash provided by operating activities	\$	1,521
<u>Less: Capital expenditures</u>		<u>(702)</u>
<b><u>Free cash flow</u></b>	<b>\$</b>	<b>819</b>



# Non-GAAP Reconciliation: Adjusted Debt to Adjusted EBITDA

## EBITDA Calculation

US\$ Millions	Estimated CY2017*	Estimated CY2016*	Estimated CY2015 at Q3*	CY2014	CY2013
<b>Operating Earnings</b>				\$ 1,312	\$ 1,340
+ Depreciation, depletion & amortization				751	656
+ Equity Earnings				(2)	15
<b>EBITDA</b>	\$ 2,430	\$ 2,199	\$ 2,103	\$ 2,061	\$ 2,011
Rating agency adjustments	\$ 112	\$ 112	\$ 112	\$ 112	\$ 112
<b>Adjusted EBITDA</b>	\$ 2,542	\$ 2,311	\$ 2,215	\$ 2,173	\$ 2,123

**EBITDA (5 Year Average)** \$ 2,273

\* Based on FactSet estimates

## Adjusted Debt

Short Term Debt	\$ 18
Current Maturities of Long Term Debt	42
Long Term Debt, Less Current Maturities	3,738
Rating Agency Adjustments	853
<b>Total Adjusted Debt **</b>	<b>\$ 4,651</b>

\*\* Estimated based on written description of rating agency methodology

**Adjusted Debt to EBITDA** 2.0



# Source Disclosure

## **Slide 16, Closure Sources:**

Press release, "The Mosaic Company Reports Third Quarter 2013 Results", November 5, 2013

Press release, "The Mosaic Company Reports Second Quarter 2014 Results", July 31, 2014

Press release, "PotashCorp Reports 2015 Third-Quarter Earnings of \$0.34 per Share". October 27, 2015

Press release, "Intrepid Potash Announces Second Quarter and First Half 2015 Results", October 27, 2015.

ICL UK website, "Learn about ICL UK's Restructure", <http://icl-uk.uk/restructure>

Reuters, "UPDATE 1-Russian potash mine accident pushes Uralkali shares to 4-year low article", November 19, 2014

Bloomberg Business, "China to Sell Stake in Uralkali in \$2.3 Billion Buyback", September 25, 2015

## **Slide 16, Curtailment Sources:**

Press release, "The Mosaic Company Reports Third Quarter 2015 Results", November 3, 2015 (amount of curtailment is based on guided operating rate for Q4 2015, around 70 percent, compared to the Q4 2014 operating rate, 91 percent.

Press release, "PotashCorp Reports 2015 Third-Quarter Earnings of \$0.34 per Share", October 27, 2015

Press release, Belarusian Potash Company website, [belpc.by/en/pressroom/news-and-events/2015/10/30/press-release,-october-30,-2015](http://belpc.by/en/pressroom/news-and-events/2015/10/30/press-release,-october-30,-2015), October 30, 2015.

Reuters UK, "Russia's Uralkali says may cut Q4 potash sales target by 300,000 T", November 10, 2015

