Good morning, ladies and gentlemen, and welcome to the Mosaic Company's Fourth Quarter 2019 Earnings Conference Call. At this time, all participants have been placed in a listen-only mode. After the company completes their prepared remarks, the lines will be open to take your questions.

Your host for today's call is Laura Gagnon, Vice President, Investor Relations of The Mosaic Company. Ms. Gagnon, you may begin.

Thank you, and welcome to our fourth quarter and full year 2019 earnings call. Presenting today will be Joc O’Rourke, President and Chief Executive Officer; Clint Freeland, Senior Vice President and Chief Financial Officer; and Rick McLellan, Senior Vice President Commercial. We also have other members of the senior leadership team available to answer your questions after our prepared remarks. The presentation slides we are using during the call are available on our website at mosaicco.com.

We will be making forward-looking statements during this conference call. The statements include, but are not limited to statements about future financial and operating results. They are based on management's beliefs and expectations as of today's date and are subject to significant risks and uncertainties.

Actual results may differ materially from projected results. Factors that could cause actual results to differ materially from those in the forward-looking statements are included in our press release issued yesterday and in our reports filed with the Securities and Exchange Commission.
We will also be presenting certain non-GAAP financial measures. Our fourth quarter press release and performance data attached as exhibits to yesterday's Form 8-K filing also contain important information on these non-GAAP measures. Now, I'd like to turn the call over to Joc.

Joc O'Rourke: Good morning, everyone and thank you for joining us today. As you're well aware, 2019 was a challenging year in our industry and for Mosaic, as poor weather in North America for three consecutive fertilizer application seasons left finished product inventories high and prices low, especially for phosphates. Our realized DAP price declined 20% in 2019 and while potash prices remained relatively stable for most of the year, sales volumes were off over 10% as market demand weakened. Despite these market dynamics, we at Mosaic continued to focus on execution within our business and actively managing our portfolio of assets to effectively navigate this period of short-term weakness and position Mosaic for long-term success.

Now with constructive agricultural commodity prices and nutrient depleted soils across most of the U.S. corn belt, growers have strong incentive to plant maximum acres and maximize their yields. We expect that U.S. farmers will plant 10 million to 15 million more acres than last year and we expect very strong fertilizer consumption and demand this spring in North America. And we are not alone.

A few weeks ago, we held our biggest customer event and it gave our entire executive team three days to engage with our top global customers. The atmosphere was upbeat. Ag retailers are feeling much better as we head into 2020. This sentiment shift, producer curtailments and a late fall surge of applications has driven phosphate prices higher. Today, we are seeing more than $65 per ton improvement from the lowest prices traded we made in December.

Add to that, the extended production downtime in China due to the coronavirus and we see a much more constructive global supply and demand picture for the global phosphate market. This demand has depleted our inventories and will lead us to bring phosphate production back to full levels before the end of the first quarter. The potash market is waiting for a China contract to form a new price benchmark and the country's necessary response to the coronavirus outbreak has made the timing of that settlement more uncertain.
We do expect good demand in North America, Brazil and Southeast Asia, as farm economics are driving strong demand for potash around the world. So we may see a divergence from the China contract as the benchmark. We will continue to monitor the dynamics in China as they develop. While we cannot control weather or viruses and how the market reacts to those types of events, our focus continues to be on running our operations well and advancing our strategic initiatives.

In 2019, we made significant progress in managing and transforming each of our business units. In potash, we demonstrated that we could exceed major development milestones allowing us to accelerate the development of our K3 mine at Esterhazy, Saskatchewan. We increased the pace of capital allocated to this mega project to match the execution pace, so that we could eliminate brine management costs at K1 and K2, a full 2.5 years earlier than originally planned. These cost savings combined with lower cost of production should result in a total cash savings of approximately $300 million.

The ramp-up of K3 production facilitated the extended idling of the Colonsay mine. We expect to be able to meet market demand with our currently operating potash facilities and we've retained substantial surge capacity if the pace of demand growth accelerates.

Our Mosaic Fertilizantes business in South America has made tremendous strides since we completed the Vale Fertilizantes acquisition two years ago. We've now achieved approximately $330 million in annual net synergies well above our original target and we've committed to achieve an additional $200 million in annual EBITDA benefit by the end of 2022.

We also responded to the difficult situation of changing tailings down regulations with an aggressive and transparent approach. While meeting the new standards resulted in $80 million in cost and significant downtime at three of our Brazilian facilities in 2019, we were able to reach a successful resolution with all operating down certified by third parties and return to full production.

In phosphates, we demonstrated market and cost discipline. First by permanently closing the Plant City facility and then through curtailments at other phosphate manufacturing plants as markets weakened. The
reduction in supply is now beginning to bring the global supply and
demand picture into balance.

We are also executing a number of very exciting and promising
initiatives to drive significant future efficiency gains. Those of you who
joined us for our Analyst Day last March may recall that we discussed
potential technological improvements at our mines. That potential is
beginning to come to fruition and we are moving towards automating
many elements of our mining processes in both phosphates and potash.

We expect the relative modest capital requirements to yield strong ROI
in the near future and enable safe and reliable production for many years
to come. We pushed the organization on many fronts in 2019 and we
accomplished a great deal while affirming our commitments to
responsible operations. In fact, we generated record safety performance
for the seventh consecutive year and our recordable injury frequency rate
is industry leading.

We believe the broad spectrum of ESG performance provides good
measures of risk management and management effectiveness, and we are
delivering strong results. Taken together, the moves we made in 2019
has strengthened Mosaic, permanently reduced our costs and help
balance global potash and phosphate supply and demand.

Now I will turn the call over to Clint to discuss the financial details and
changes in our approach to setting forward-looking expectations. After
that, I've asked Rick to provide some insight into the coronavirus impact
in China, before I close with our updated strategic priorities. Clint?

Clint Freeland: Thank you, Joc, and good morning, everyone. As you can see on Slide 5,
Mosaic's reported net loss for the fourth quarter of 2019 totaled $921
million or $2.43 per share, which included $1.1 billion in previously
announced non-cash charges related to asset and goodwill write-offs.
Adjusted EBITDA for the quarter was $202 million and adjusted EPS
was a loss of $0.29.

For the full year, Mosaic's net loss totaled $1.1 billion including
approximately $1.5 billion in non-cash charges related to the Plant City
closure and the impairment of goodwill at the phosphates business unit.
Adjusted EBITDA was $1.35 billion and adjusted earnings per share were $0.16.

At our potash business, adjusted EBITDA for the fourth quarter was $159 million, down from $270 million in the fourth quarter of 2018, primarily due to lower sales volumes and a higher rate of fixed cost absorption as we adjusted production levels to more closely align with customer demand.

With reduced demand during the fall application season, we curtailed production at our Colonsay facility leading to an overall operating rate for the segment of 63%, down from 99% in the fourth quarter of 2018. While this would normally lead to a sequential increase in production cost per ton given the fixed cost intensity of that business, cash cost of production during the fourth quarter actually declined compared to the third quarter of 2019 as the company began to realize the benefits associated with shifting production from Colonsay to the lower cost Esterhazy K3 facility.

Additionally, gross margins benefited from a true-up of Canadian resource taxes of $13.8 million or $9 a ton from extending the Colonsay idling. At the phosphates business, fourth quarter adjusted EBITDA totaled $8 million compared to $240 million in the fourth quarter of 2018, a significantly lower finished goods prices more than offset an improvement in raw material costs.

Despite market headwinds, which continued through the quarter, the company continued to focus on managing cost and for the period recorded a sequential decline in cash conversion cost to $64 per ton and a $2 per ton reduction in cash rock costs.

Adjusted EBITDA at Mosaic Fertilizantes totaled $78 million during the fourth quarter compared to $138 million in the fourth quarter of 2018 as lower finished goods prices, distribution margin pressure and higher idle costs, more than offset benefits from raw material costs and foreign exchange rates as well as transformational gains.

As noted on the slide though, the segment's operating rate improved reflecting the final resolution of the tailings dam remediation and helping
to drive cash conversion cost back to levels we saw before operations were slowed by the mine closures.

At this point, I'd like to turn to 2020 expectations. And as you may recall, I noted on our third quarter conference call that we were considering changes to our approach on earnings guidance.

The reason for this is that the primary driver behind Mosaic's earnings is the market price of finished phosphate and potash products, which is something we don't control and which can change quickly and meaningfully both positively as they did in 2018 or negatively as they did in 2019.

Additionally, we're mindful that any direct or implied pricing outlook we provide can and likely will influence customer behavior. As such, we're modifying our approach to give investors the information and tools we believe they need to accurately model the company and to make reasonable adjustments throughout the year as markets change.

As shown on slide 7, our approach pivots off of actual reported adjusted EBITDA results, $1.35 billion for full year 2019 in this case. We will also note those non-market related items that will be different going forward. In this case, the $225 million that we've previously disclosed related to cost incurred in 2019 that will not recur in 2020 or known structural benefits from actions taken by the company.

Further detail on the makeup of that $225 million can be found in the appendix of this presentation. The total of these two items $1.575 billion in this case, should be the starting point for an investor's 2020 analysis. As you can see we've provided annualized adjusted EBITDA sensitivities for both realized FOB mine fertilizer prices and foreign currencies, which can be applied by investors to adjust their estimates for full year consolidated results. Going forward, I would not expect to update these numbers unless there is a material change to the non-market-related items.

For full year volumes, we've provided a summary of the history of each segment on slide 8. Like prices, volumes are driven by market conditions. So, consistent with our approach on market prices, we will not be providing forward guidance on volumes. But this is an important
assumption that investors should update in their evaluation of the company.

One thing to note for 2020 is that we do not expect the previously disclosed curtailments in the phosphate and potash businesses to limit sales volumes in 2020 as the ramp-up of K3 replaces lost production from Colonsay and Bartow has already begun to restart production.

As reflected on slide 9, we will continue to provide the company's outlook for capital expenditures and those items needed to help investors reconcile from adjusted EBITDA to EPS. This is the same information we've provided in the past including our expectations for DD&A, net interest expense, non-notable adjustments like equity compensation and ARO accretion, and an estimated effective tax rate.

As you will note, Mosaic's sustaining CapEx level for 2020 is somewhat elevated compared to historic norms, primarily due to approximately $75 million in record spend related to the phosphate segments consent decree. All work under that agreement must be final this year, so this will not be a recurring cost moving forward.

Growth CapEx for the year is focused on the K3 project at Esterhazy, and represents approximately $300 million of this total. Most of the balance is associated with previously disclosed phosphate mine extension efforts in Florida and investments in Brazil related to the next-generation transformation work at Mosaic Fertilizantes, which is expected to generate $200 million per year in recurring EBITDA benefits by the end of 2022.

And finally, to assist investors in refining their modeling of the company, we will be supplementing our traditional disclosures with two new sets of data. First, we will add new disclosures to our quarterly performance data on a number of topics. Most importantly, detail around realized pricing, product and geographic mix and raw material mix and realized costs.

Second, while our updated outlook approach is focused on annual results, we recognize the importance of modeling quarterly earnings. So to that end, we will begin disclosing monthly sales volumes and revenues by business unit for the first two months of each quarter. This
information will be provided in the middle of the following month on Mosaic's investor website with results for the third month of each quarter provided in the regular quarterly earnings release.

We believe this will enable investors to more effectively model quarterly results and better understand both the seasonality of our business and the lag that typically occurs between visible changes in benchmark prices and actual product pricing realized by the company.

And finally, to assist investors with more detailed modeling of Mosaic, particularly those who have less history with the company, we'll be providing an investor education deck on our investor website that will provide additional detail on the most important factors and dynamics that should be included in an analysis of the company. With that, I'll turn the call over to Rick to share insight on the coronavirus.

Rick McLellan: Thank you, Clint and good morning. On behalf of all Mosaic employees, I'd like to say our thoughts continue to be with our China employees and the people in China as they manage not only the direct impacts of the coronavirus, but also the challenges they are facing with restricted movements, supply shortages and the uncertainty of when normal daily operations will resume.

Since keeping farmers healthy is critical to protecting China's food supply, we are in the process of procuring face mask to distribute to rural farmers through our local operations and business partners. These small efforts are greatly needed in the region and we hope this assists in stemming the spread of the virus.

Beyond the imminent humanitarian issues, we know there will be impact in China's supply and demand for both phosphates and potash. Approximately 30% of Chinese phosphate rock, 30% of China's DAP, and 45% of China's MAP are produced in Hubei province, which is the epicenter of this outbreak and has been subject to the most restricted rules enacted to reduce the spread of the virus.

In Hubei, phosphate production facilities have been on extended shutdowns and we understand the second round of shutdowns has been enacted from February 16 through the 29th. We believe the earliest these plants could reopen would be sometime in the first week of March.
Plants that had already resumed operations outside of Hubei province are now running short of raw materials causing some of them to reduce production. We believe the overall phosphate production shortfall will ultimately be two million ton in the first half of 2020.

Based upon surveys our China team conducted, half of the NPK and blend plant operators surveyed stated they have about two weeks of raw material on hand once they return to operations. This is a very low level. If phosphate prices are attractive, we do expect China to be able to ramp up to recover a portion in the back half of 2020.

For potash, transportation issues have hampered movement of product away from the ports and will impact ongoing contract discussions. However, spring is near and the government is working proactively to ensure the return of logistics support for agricultural products. When workers are able to safely return to duty in the plants and in transportation, the resumption of normal operations is expected to be slow. But once trucks return to the road, we expect potash will move from the port to the blenders and on to farmers, creating a need for additional potash imports during the second quarter. We continue to monitor the situation and how best we can position Mosaic in these markets and expect to provide an update later in March.

I’ll now turn the call back over to Joc to share our updated strategic priorities.

**Joc O'Rourke:** Thank you, Rick. The short-term challenges we faced in 2019 are largely behind us and our focus is on the future. We have a clear strategic road map to grow and strengthen the company and we have the right teams in place to execute the strategy. Our goals have not changed to drive increased efficiency and competitiveness in our existing business and grow value for the long-term.

The enterprise is aligned around six strategic priorities that will build on our current strong foundation and drive a step change in performance. First in North America, we’ll continue to transform our potash and phosphate businesses and pursue new opportunities to improve their profitability and competitiveness. Technology and innovation will be used to accelerate our progress and drive value beyond the
transformative efforts currently underway such as Esterhazy K3 and next-generation mining in phosphates.

Second, we plan to fully leverage our manufacturing and distribution advantage in Brazil, which is the fastest-growing agricultural market in the world to increase market share and profitability.

Third, we will continue to grow and strengthen the value of our product portfolio by building on the success of performance products and by pursuing strategic opportunities within the broader soil health space.

Fourth, we will leverage the learnings from our very successful Brazil integration to drive improved collaboration and efficiency in our corporate functions as well.

Fifth is our approach to capital and asset optimization. We will continue to balance our allocation between strengthening the balance sheet, growing the business and returning money to shareholders. And finally, we remain committed to operating responsibly and ethically in all that we do.

So, we're excited about the path before us. Markets are improving and we expect strong global demand for phosphates and potash this year and in the years ahead. We have made tremendous progress. We are managing capital effectively, maintaining our market discipline and taking actions to permanently reduce our cost base, while growing long-term value.

In this increasingly unpredictable environment, new seed and other technologies and effective soil nutrition are necessary for the world farmers to meet the ever-growing need for food. At Mosaic, we are managing for long-term prosperity so that we can fulfill our mission to help the world grow the food it needs.

We expect to achieve the promise of our mission by building and sustaining the most competitive, resilient, profitable and responsible company in our space. We have the right strategic plans in place to accelerate our progress on that path. And we believe Mosaic is very well positioned to add strong value for all of our stakeholders in 2020 and beyond.
Now, we will take your questions. Operator?

Operator: Thank you. As a reminder, to ask a question, you will need to press star one on your telephone keypad. That will be star one on your telephone. To withdraw your question, press the pound key. We will limit the question to one question for participants in order to give chance to others to ask a question. Thank you. Please stand by while we compile the Q&A roster. Your first question comes from the line of Mark Connelly from Stephens Incorporated. Your line is now open. You may ask your question.

Mark Connelly: Thank you, Joc. You covered a lot of ground, but you didn't mention Ma'aden. Can you talk about how that business is performing and how it's responding to the stress of this market?

Joc O'Rourke: Yeah. Thanks Mark. Yeah, good morning. Ma'aden's performance so far I guess this is a mega project close to $8 billion of spend. It is ramping up and continues to ramp up. While I think the final answers to that should be with the Ma'aden company to answer how they feel about the ramp-up.

From our perspective, it's ramping up about as we expected. I think they'll add another 0.5 million ton this year of production. So, by the end of this year we'll be on track with that project for final production levels. We still expect similar price impact benefits to Mosaic as that project completes. It will be a low-cost producer. It gives us diversity of supply particularly into markets like India and Asia. So, we still think it's a great project. It was ultimately a needed project in global S&D and that's about where it stands today. Thanks.

Operator: Thank you. Next question comes from the line of Jonas Oxgaard from Bernstein. Your line is now open; you may ask your question.

Jonas Oxgaard: Thank you. I was wondering if you could expand a little bit on K3. You say you're going to move about 600,000 tons in 2020 to production there. But could you I guess give us a fuller picture of where are you? At the end of next year how much production will there be in K3? And how should we think about the capital spend going forward?
Joc O'Rourke: Yes. Thanks Jonas. K3 as we've stated a number of times, we've actually accelerated that project a couple of times now. And with that comes an acceleration obviously of the capital. The capital spend over the next couple of years I believe is in the $300 million range per year, but then ramps down quickly after 2021.

In terms of where the project is at, we have completed the first shaft it is running. We have completed the conveyor over to K2 already. It is running and in production that's where the 600,000 ton has been moved - - of product has been moved.

We are ramping up very quickly. We're ramping up a single new minor every three or four months and we'll soon have a conveyor over to K1 and then the second shaft running. So, we'll be at full capacity in a little over two years and that will completely complete that project.

Jonas Oxgaard: Thanks.

Operator: Thank you. Next question comes from the line of Christopher Parkinson from Credit Suisse. Your line is now open; you may ask your question.

Christopher Parkinson: Great. Thank you. So, lower sulfur prices declined yet kind of where the theme across the entire global phosphate cost curve in 2019 which had varying effects across the quartiles depending on timing. Just given your own assessment of your global cost position and the fact that you had to cycle through some higher price inventory even into the second half to the events in North America. Can you just simply give us an update right here right now given your outlook for sulfur in 2020? Just what type of benefit should this actually mean for strip margins and how should we be thinking about this? Thank you.

Joc O'Rourke: Okay Chris. I think the easiest way to answer that is obviously sulfur prices have been coming down quite a bit lately. Obviously, the difference between solid sulfur prices and the liquid molten sulfur prices makes the difference. As we go forward, we're looking as low as in the mid-60s for sulfur price into the first quarter.

I don't see any reason with a lot of sulfur inventory and IMO 2020, etcetera. There's really no strong reason for that sulfur market to tighten. And if we look at inventories around the world, for example, China with
three million ton of inventory sitting on the ground, there's plenty of sulfur in place for the near-term needs. So, I would expect continued weakness in sulfur pricing which as you alluded to is positive for our stripping margins.

Operator: Thank you. Next question comes from the line of Ben Isaacson from Scotiabank. Your line is now open; you may ask your question.

Ben Isaacson: Thank you. On page 23 of your deck, you show that 2020 shipment changes could increase from 0 to 2.5 million tons. Can you talk about the changes you see on the supply side that will contribute to your comment of a tightening market in phosphate?

So, I think you mentioned a few you've talked about I think 2 million ton down in China that could come back a little bit in the second half. You've talked about 0.5 million ton out of Ma'aden. What are the other changes that you see on the supply side that will contribute to a tightening market?

Joc O'Rourke: Thanks Ben. Let me hit a couple of these and maybe Rick McLellan might add some color to it. As we see the market on a macro scale as Rick mentioned in his remarks, the first piece is China will certainly be down. I mean Hubei province has been down. So, China's capacity will be down.

We also expect that they will focus that production that they do make in the first quarter certainly on internal or domestic requirements and then they'll make up some of that in the second half. And we expect that some of that will come back and that it is needed for global supply and demand balance.

In terms of new supply, as I said, we have new supply from Ma'aden as it ramps up. OCP has pushed back their new phos asset capacity until the second half of the year. But ultimately this year, we expect they will be also bringing on new capacity per our expectations. So, we expect in that case that we will have a relatively balanced market without any changes from China. But the strong growth demand will take up all of that and then some which will need from like I say China in the second half.
Rick McLellan: Joc, I think, the only thing that I would add is that on the demand side, we see two real clear pushes for increased demand. One is in North America where we're going to have 10 million to 15 million acres of production brought back in compared to 2019. And that in turn will improve demand in North America.

And the second is in Brazil and South America where grain prices and the currency are pointing farmers towards a big second crop corn. There's challenges with weather as there always is, but the farmers are following the economics and we've seen some of the Q4 demand that was sitting still in Brazil now get pulled into Q1. So, it bodes well on the demand side.

Operator: Thank you. Next question comes from the line of Adam Samuelson from Goldman Sachs. Your line is now open. You may ask your question.

Adam Samuelson: Yes. Thank you. Good morning, everyone. I was hoping to maybe dig a little bit more into the phosphates demand side this year in two parts. One, maybe this is for Rick, any view at this point kind of how much if any phosphate and I guess potash demand in China could be impacted by the supply disruptions and logistics disruptions in the first half of the year? I mean is there a risk of demand loss?

And then second on the North America point, you alluded to strong uptake and depletion of your own inventories in recent months in response to low prices, is there any concern that you've seen distributors resell at low prices and pull forward demand from the spring? Thank you.

Joc O’Rourke: Okay. Thanks, Adam. I will hand this over to Rick right away, but let me make a comment on the Chinese situation because I think the Chinese government is going to be highly focused on making sure that they can have a good planting for their own needs and to make sure that food accessibility and food security is correct.

But there is a real risk here that with the idling of plants and the curtailment of transport that they're going to have a tough time getting all the product to the farm that they need to get. So we do see a risk in this
but there will be some demand disruption at least in the first half of the year because of the big impact of this virus.

Rick McLellan: And I'll just take it from there Joc. Good morning, Adam. As we look at China demand, I think Joc hit it in that there will be disruptions in planting and usage, but the Chinese government and again this morning in China they repeated a mandate on the importance of prioritizing movement of fertilizers and agricultural products to the blenders and on through to the distributors. So, they're going to do everything possible to make sure that what gets produced gets moved to the farmer. And if somebody has a view of just what the impact of all that they've got a better view insight than we do. And we believe we have a very strong view.

The second is North American dealers and distributors have stepped into the market in a nice way in the last kind of two months almost. And it covered up the things that the volumes that they needed to just effectively take care of Q4 and get ready for the spring season. And it's a good time for us to kind of explain why we brought back up Bartow.

If we look at what's in the distributor inventories, they're about normal for this time of year. When we look back to our own facilities, we were getting empty. There's a bit of an axiom that you can't sell of an empty production warehouse, so we had to bring the plants back up, it's that simple.

And we've seen prices continue to strengthen during this period and we're seeing prices in Brazil for MAP in the $335 to $340 range and we believe there's opportunities for that to strengthen and we've seen a big push in North America, despite some wobbliness as imports come in.

We're selling 285 barges at NOLA. And if you take a look at Brazil prices, it would equate to something near 300 for NOLA. So, all indications right now, we're going to continue to have to move product into the marketplace to assure we meet the spring demand.

Joc O'Rourke: And let me just add a clarifier there, Rick. Potash was really following almost exactly the same process. And in China, the movement will be
from the ports to the blenders and then to the farm. So both those commodities will be moving much the same way. Thank you.

Operator: Thank you. Next question comes from the line of Steve Byrne from Bank of America. Your line is now open. You may ask your questions.

Steve Byrne: Yes. Thank you. In your appendix, you have a couple of charts that show your estimates of shipments of P&K by region, it's very useful. But if I try to eyeball the numbers in, say, North American shipments, particularly for phosphate, the decline in 2019 seems relatively modest compared to what I would have thought given the level of weather-driven disruption in demand.

Can you comment on what portion of those shipments were from you versus imports has that changed versus historical ratios? And would that level of decline be commensurate with the level of price decline that you saw in 2019? And if not, what do you think was driving that level of price decline and your outlook for an inflection?

Joc O'Rourke: Okay. Thanks, Steve. Let me try and touch on that and then hand it to Rick for a little bit extra. Yes, the 9.4, remember that is a number that is shipments, not necessarily what went to the ground. So, we've talked a bunch about how much the inventory buildup was and how much the inventory buildup was, not only in our customers' warehouses, but along the river and throughout the system.

As, I think, was mentioned in the prepared remarks, the long tail of the fall application season has largely drawn down a lot of that inventory now. And so, while it shows a shipment number that is closer to a normal, the actual application number was much lower. And, of course, that's exactly what led to the price declines. And were we disproportionately hit? Absolutely. Mosaic was disproportionately hit, because the imports came in irrespective of the market conditions and the inventory build. Rick, anything to add?

Rick McLellan: Sorry. Yes, Steve. Good morning. I think, that Joc has hit the majority of it. I think your question is, what drove the pricing to where it was. I think the weather conditions, as we've kind of talked about, drove pricing to where it was and excess of imports coming to the U.S. Gulf compared to
what the demand was at the farm level, that displacement of time really put the pressure on pricing at the Gulf.

And so, as you look for demand increases for 2020, as we've got in the model for North America, I think one of the things you have to take a look at is the ratio of P&K to the commodity prices. If farmers follow money and where phosphate and potash prices are today, will certainly lend itself to increased farmer applications, on a per acre basis and that's the only other point, I'd add to what you said, Joc.

Joc O'Rourke: Thanks, Rick.

Operator: Thank you. Next question comes from the line of Don Carson from Susquehanna Financial. Your line is now open. You may ask your question.

Don Carson: Yes. A question on, some of the new data that you're presenting, on realizations on the phosphate page, you've got prices FOB mine. So, you're $266 million, in the fourth quarter. How long before this recent price increase, we've seen will translate into higher realizations for you? And also the $266 million and well below some of the benchmarks was that due to some of the index pricing that was resulted from all these imports coming in?

So again, just kind of the timing of price realizations, in the market today when you get them? And what your outlook would be, for first and second quarter price moves?

Joc O'Rourke: Sure. Thanks, Don. I'm going to hand that straight to Rick. I think we've actually had some sales recently in Brazil that would significantly push that price. And as we realize those Rick, you've got a better handle on that.

Rick McLellan: Yeah. I think, the timing Don, you hit a couple of key points. One is the index pricing model coming into North America or into NOLA that exacerbated the situation that we're dealing with. We think that the sellers into NOLA have learned a fair bit and there isn't going to be -- or that there should not be the amount of index pricing. In fact, indexing
into a market that's strengthening like, we're seeing today probably works more to the producer advantage than it does to the buyer.

And so from that perspective, and so that you talked about pricing, we believe that as we move forward into the second quarter, that you're looking at least center of gulf for noble pricing, in the $300 a ton range with some opportunities to move from there. And we're looking for the Brazil price. Right now, we've sold some 335 into Brazil for MAP and we're looking for the 340s and there are opportunities to move from there. Clint, do you want to add?

Clint Freeland: Yeah. And Don, this is, Clint. I'll maybe add a couple of things, here. Because I think part of your question was about kind of, when do we expect to begin realizing, the change in pricing, and I think that what you're touching on is something that's really important for investors to consider when they're modeling our company. And that is the lag between, when you see liquid benchmark prices move versus when you actually see it in our financial statements.

As I mentioned, in the prepared remarks, we'll be putting out kind of an investor education deck and that is one of the topics that will be addressed is how people should think about the lag and realizing prices and not only on the revenue side, but also on the raw material cost. I mean in general, kind of a rule of thumb is there's typically call it a 2-month lag between when you see prices move. And when you actually see it, show up in our financial statements.

And then one other thing that may assist people, on this front, just to monitor that lag and to see things as they realize are some of our monthly disclosures that we've talked about putting out going forward, around not only volumes, but also realize revenues on a monthly basis. So again, that will be another data point that people can reference to, to calibrate that lag.

Operator: Thank you. Next question comes from the line of Vincent Andrews from Morgan Stanley. Your line is now open.

Jeremy Rosenberg: Hey good morning guys. This is Jeremy Rosenberg on for Vincent. Just a question on potash, obviously, a lot of capacity was taken off-line this
year. You indicated comp is going to remain off-line. Just wondering your thoughts on kind of the other players, if there's risk that they all bring back their capacity this year that they curtailed? And just considering, the Greenfield tonnage we're expecting from EuroChem this year, can the market support all of those ton this year? Thanks.

Joc O'Rourke: Thanks, Jeremy. Yeah, look, we do expect some of that tonnage to come back. I think each company who curtailed in the fall will look at the demand expectations they have for the spring going forward and make sure that they have sufficient product for the needs.

On the basis that the demand recovery will be in the range, we believe in the range of 2.9 million tons even with the ramp-up of the other operations, we still expect there to be some deficit, which will have to come from the existing players bringing back new production.

In terms of our decision for Colonsay, I'd just like to give you a little color on that. The way we're looking at that is the combination of inventory and capacity ramp-up at Esterhazy which has been as we've talked about significantly better than what we originally planned some 8 years ago has allowed us to meet what we believe is market needs without the Colonsay operation for the near term.

We leave that in -- what I would call standby condition, so that if the markets do improve more than what we are expecting, then we would be able to bring that up at some point in the future.

Operator: Thank you. Next question comes from the line of PJ Juvekar from Citi. Your line is now open.

Kendall Marthaler: This is Kendall Marthaler on for PJ. Just kind of linking back to an earlier question around sulfur, with phosphate raw material prices coming down one of your competitors had recently said that, that could be a price headwind this year. So how do you think about that impact in the broader context of all the phosphate supply-demand factors, we've been talking about on the call for 2020?

Joc O'Rourke: Thanks Kendall. Look the way I would suggest, we look at it and I would suggest you would look at sulfur pricing is, in a weak market it is hard to have the consumer absorb the price of the raw material changes.
In a stronger market, we often expect that the raw materials are basically a flow through.

So what we look at is what we would call the stripping margin, which is really, what is the margin without the raw materials in it. And so in that way, yes the price may come down if the sulfur price goes down, but our profitability will not change.

Operator: Thank you. Next question comes from the line of Andrew Wong from RBC Capital. Your line is now open.

Andrew Wong: Hi, good morning. Thanks. So Joc, in your prepared remarks you mentioned that global potash prices might diverge a little bit from China. Could you elaborate a little bit on that? And does this indicate maybe a higher degree of uncertainty around the timing of a contract settlement this year? Thank you.

Joc O'Rourke: Yes, Andrew thanks for the question. I will talk about this a little bit. I think it's worthy of Rick talking a little bit on this as well. But let me start by saying, the coronavirus has created a situation. I mean if you think about the travel restrictions to China mean, it is impossible for sales teams and marketing teams to even go to China to have discussions.

So, those discussions, while they're probably going on are going on by phone. As such, there is added uncertainty as to when a China contract might be signed. As such, the needs in the rest of the world will continue whether that be South America for their second crop for North America, for Indonesia, Malaysia all those areas are going to need potash soon. So if there isn't a Chinese contract, there may have to be a different process for this year. Rick, do you want to talk about that a little more?

Rick McLellan: Yes Joc. Good morning, Andrew. I think as we look at this, the China contract is going to be driven by how fast those port inventories can be drawn down because there's no more inventory -- saleable inventory being sent to China. So, we're below 2.5 million tones. We see that being drawn down probably accelerating as this direction from the government to move inventory into position to the blenders and on to the farmers was reinforced this morning. So, we think that has an impact.
The other market that doesn't get talked about that is really, really important and saw some significant decreases in 2019 is the Malaysia and Indonesia market. And frankly, palm oil prices have jumped up quite considerably.

They've corrected recently, but the returns are there for palm oil producers, and we see a significant demand growth there. It's one that we don't talk about enough and maybe gets lost in the noise of Brazil, China and North America, but it's a significant market and we will provide significant opportunities for growth in 2020.

Joc O'Rourke: And just let me add too. If we look back to last year, India settled in the spring without the Chinese and then again in the fall without the Chinese. So, it doesn't say that the Chinese isn't an important benchmark market, but it does say that the other needs will at some point take precedent and they will have to deal with their own needs in their own countries.

Operator: The next question comes from the line of John Roberts from UBS. Your line is now open. Again John Roberts, your line is now open. You may ask your question.

John Roberts: Excuse me, can you hear me now?

Joc O'Rourke: Yeah, we can hear you.

John Roberts: Yeah. In that investor education deck that you're planning, could we get a sample of what a monthly update would look like say, what you would have reported in mid-December for the fourth quarter?

Joc O'Rourke: Clint, yeah, go ahead.

Clint Freeland: Yeah. Hi, John, it's Clint. No, I think that certainly is something that we can include in there for investors reference.

John Roberts: Okay. And then maybe you could refresh us on the earn-out that Vale had on the Fertilizantes business. Obviously, the performance in the recent quarters has been much lower than expected.
Joc O'Rourke: Yeah. The simplest answer there is it wasn't actually based on business performance. The business performance has been probably better than what we expected. It was based on currency and DAP and MAP pricing. So, the payout is now complete. The payout will be zero.

Operator: Thank you. Next question comes from the line of Michael Piken. Your line is now open.

Michael Piken: Yeah. Hi. I just wanted to talk a little bit more about kind of your longer-term strategic plans for your Florida mines. And specifically, I know you've talked about lowering your rock cost, conversion costs. I mean if you could walk us a little bit through the cadence? I know you had showed a slide there showing that prices could be down maybe $2 by the end of 2021 on rock. But maybe you could just walk us through maybe like a five-year outlook and what the trajectory might look like? And how you see the long-term competitiveness of your Florida operations?

Joc O'Rourke: Yeah. Thanks Michael. Yeah, I think that's an important question. As we sit at the very bottom of the market that becomes a question obviously. If we look going forward, if you go back, our 2021 target has been -- 2021 target that we talked about at Investors Day, has been to hold our cash cost of mined rock flat over the time frame. So basically, I think the number we came to you with was about $39 per ton.

Likewise, our cash conversion cost as we go through some of these transformations, we expect to go down into the mid-50s to high-50s. So, long-term, with our transformation efforts can really drive significant cost out of our system compared. And if we look at basically our rock plus conversion cost, we believe we're in the best quartile position. And certainly, overall where we believe we're firmly in the bottom half of the cost curve and probably in the bottom third of the cost curve. As such, through market, this is a pretty attractive business and we intend to continue to improve that business to make it even better.

Operator: Next question comes from the line of Joel Jackson from BMO Capital. Your line is now open.

Bria Murphy: Hi. This is Bria Murphy on for Joel. Thanks for taking my question. Firstly thanks for the sensitivity information that you provided, it's very helpful. For the phosphate segment, if phosphate prices in 2020 average the same as 2019 levels, would EBITDA be $20 million higher because
of the Plant City cost savings, or how would you expect phosphate segment EBITDA to trend in a flat pricing environment even directionally?

Joc O'Rourke: I'm going to hand that to Clint to give that. I think that's part of our guidance approach.

Clint Freeland: Yes. No it is. Good morning. I think that would be kind of the starting point would be the $20 million that we spend on idle costs at Plant City last year, obviously that will not affect us this year. So you would see an improvement there. And then I guess the other things that you would need to factor in not only finished goods prices, but also update raw materials, also update volume expectations and then overall cost targets.

So to the extent that you would adjust any of the volume targets as far as sales. Also think about what that does to cost per ton, also think about what that does to idle costs relative to this year. So, I would say that those are just a number of things to keep in mind as you model that business.

Joc O'Rourke: Yes. Let me just add one thing before we head off because I think we're running out of time very quickly, which is, look, this year we also absorbed a bunch of costs through idling our plants, we don't expect that to repeat itself. So when you look at our cost, you will expect them to be more in line with long-term improvements because we have made underlying improvements.

So let me summarize before we go here. Markets are improving and we expect the global demand for both phosphates and potash this year to increase and be strong. And also we expect that to continue into the years ahead. As a company, we've made tremendous progress. We're managing capital effectively. We're maintaining our market discipline and taking actions to permanently reduce our cost base while growing long-term value.

So with that, I'd like to say thank you very much for listening to us. And in terms of the questions that you may have with respect to the modeling, Lucy and Laura will be available to answer your questions. So please go ahead and have a safe and happy day. We'll see you soon. Thanks. Bye.
Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.