

# Citi 2015 Basic Materials Conference

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President & CEO



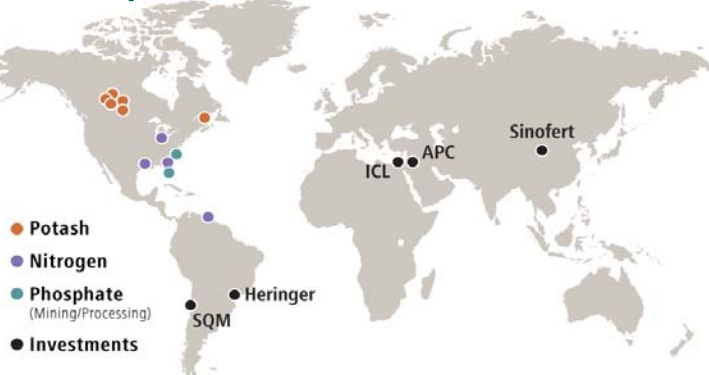
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## Forward-looking Statements

This presentation contains forward-looking statements or "forward-looking information" ("forward-looking statements"). These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. These statements often contain words such as "should," "could," "expect," "may," "anticipate," "believe," "intend," "estimates," "plans" and similar expressions. These statements are based on certain factors and assumptions as set forth in this document, including with respect to: foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates. While the company considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are subject to risks and uncertainties that are difficult to predict. The results or events set forth in forward-looking statements may differ materially from actual results or events. Several factors could cause actual results or events to differ materially from those expressed in forward-looking statements including, but not limited to, the following: variations from our assumptions with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates; fluctuations in supply and demand in the fertilizer, sulfur, transportation and petrochemical markets; changes in competitive pressures, including pricing pressures; costs and availability of transportation and distribution of our raw materials and products, including railcars and ocean freight; risks and uncertainties related to operating and workforce changes made in response to our industry and the markets we serve; risks and uncertainties related to our international operations and assets; failure to prevent or respond to a major safety incident; adverse or uncertain economic conditions and changes in credit and financial markets; the results of sales contract negotiations within major markets; economic and political uncertainty around the world; risks associated with natural gas and other hedging activities; changes in capital markets; unexpected or adverse weather conditions; catastrophic events or malicious acts, including terrorism; changes in currency and exchange rates; imprecision in reserve estimates; adverse developments in new and pending legal proceedings or government investigations; our prospects to reinvest capital in strategic opportunities and acquisitions; our ownership of non controlling equity interests in other companies; the impact of further technological innovation; increases in the price or reduced availability of the raw materials that we use; security risks related to our information technology systems; strikes or other forms of work stoppage or slowdowns; timing and impact of capital expenditures; rates of return on, and the risks associated with, our investments and capital expenditures; changes in, and the effects of, government policies and regulations; certain complications that may arise in our mining process, including water inflows; our ability to attract, retain, develop and engage skilled employees; risks related to reputational loss; earnings; and the decisions of taxing authorities, which could affect our effective tax rates. Additional risks and uncertainties can be found in PotashCorp's Form 10-K for the fiscal year ended December 31, 2014 under the captions "Forward-Looking Statements" and "Item 1A – Risk Factors" and in PotashCorp's other filings with the US Securities and Exchange Commission and the Canadian provincial securities commissions. Forward-looking statements included in this presentation are given only as at the date hereof. PotashCorp disclaims any obligation to update or revise any forward-looking statements in this presentation, whether as a result of new information, future events or otherwise, except as required by law.

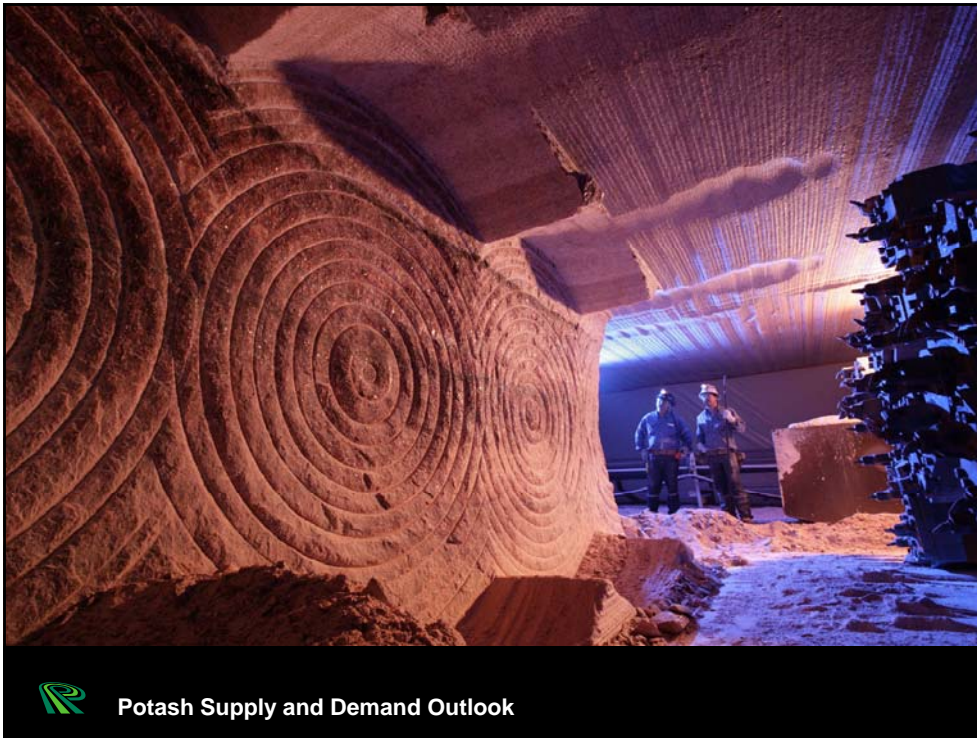
## PotashCorp Overview



World's largest fertilizer producer by capacity;  
#1 in potash and among the largest in nitrogen and phosphate.

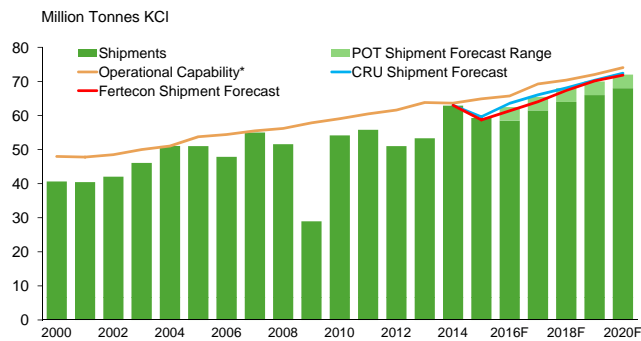
Canadian potash operations and strategic offshore investments position us to benefit from growth markets.

World-class nitrogen and phosphate businesses focused on historically more stable feed and industrial markets.



## Global Potash Supply and Demand

Supply/Demand Balance Expected to be Similar to Historical Levels



\* Estimated annual achievable production level from existing operations; announced probable and possible projects; assuming typical ramp-up periods for new capacity. Probable and possible projects based on PotashCorp's view of project probabilities.

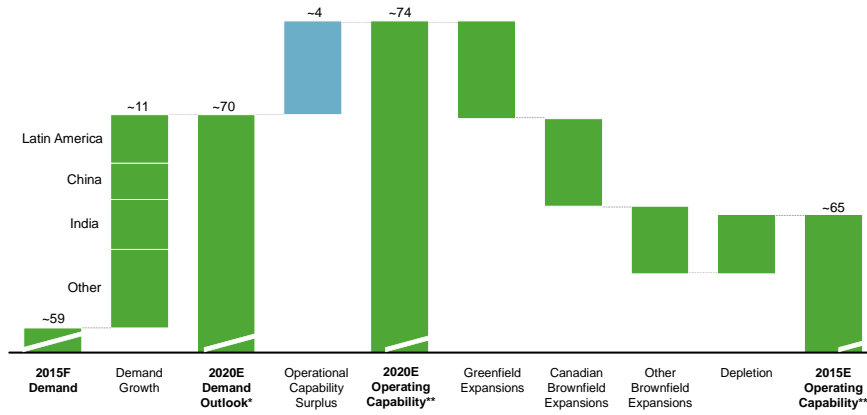


Source: Fertecon, CRU, IFA, PotashCorp

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## Global Potash Supply and Demand: A Closer Look

Projected Operating Capability Modestly Above Demand Over Coming Years



\*2020 demand estimate based on 2.5-3.0% long-term growth rate  
 \*\*Estimated annual achievable production level from existing operations; announced probable and possible projects; assuming typical ramp-up periods for new capacity. Probable and possible projects based on PotashCorp's view of project probabilities



Source: Fertecon, CRU, Public Filings, PotashCorp

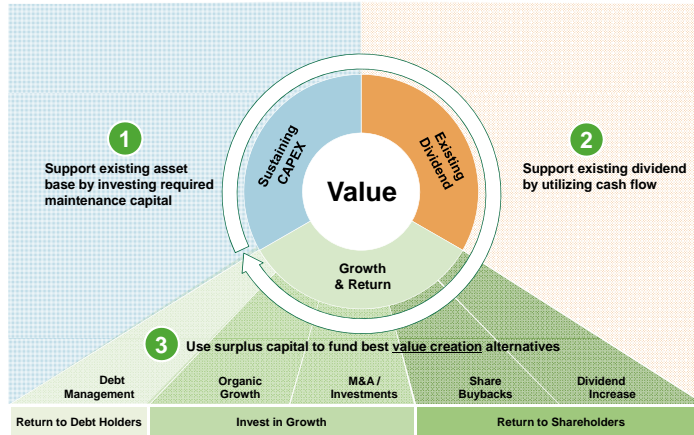
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Capital Allocation

## Our Approach to Capital Allocation

Priority to Support Existing Assets and Dividend; Continue to Explore Opportunities



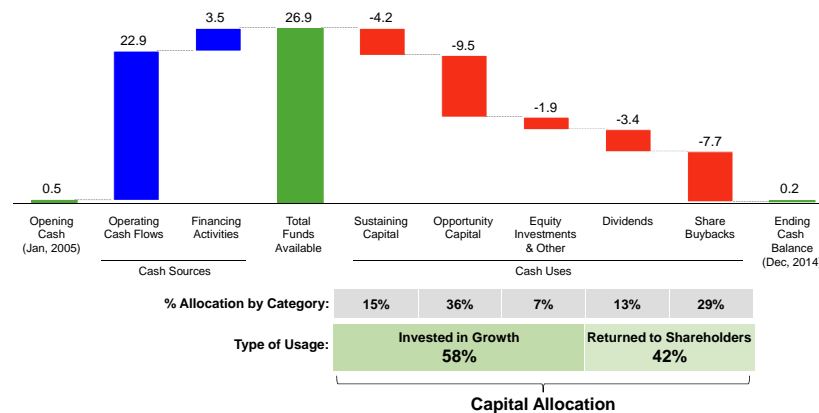
Source: PotashCorp

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## 10-Year Historical Cash Flow Summary

Potash Expansions a Priority Over Past Decade; Now Nearly Complete

Cumulative Spending (2005-2014) - US\$ Billions

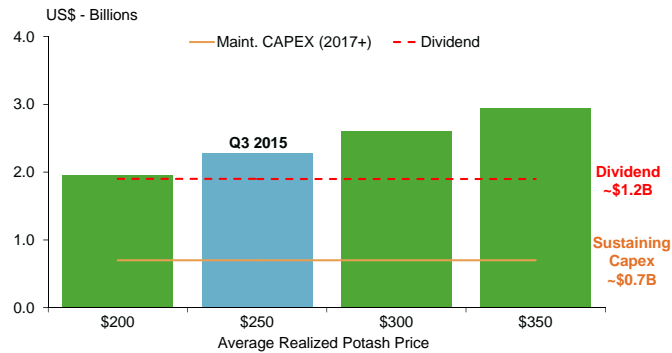


Source: PotashCorp

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## PotashCorp Cash Flow From Operations Sensitivity\*

Cash From Operations Supports Both Dividend and Sustaining Capex



\* Estimate assumes potash sales volumes of 10mmt, FX at 1.30 CAD per USD; nitrogen/phosphate earnings, SG&A, finance costs, freight rates and other income in line with 2015E. Does not include working capital changes.

Source: PotashCorp

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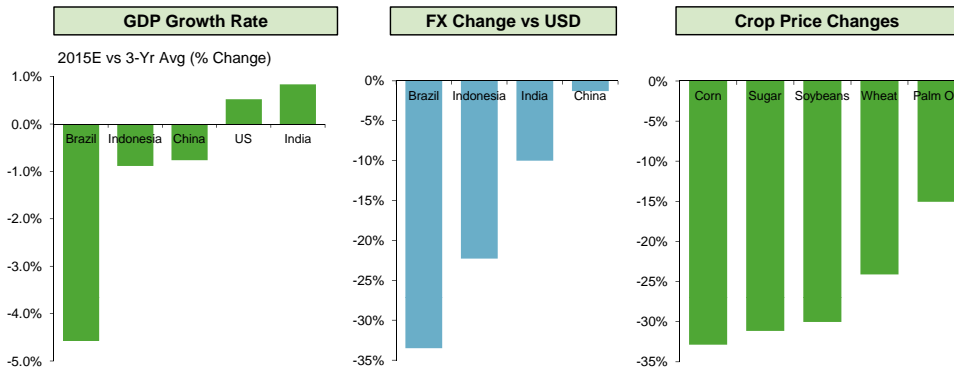
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## Macroeconomic Factors

Emerging Market Uncertainty and Weaker Ag Environment Create Recent Headwinds



**Macroeconomic uncertainty significant contributor to fertilizer market challenges in 2015**

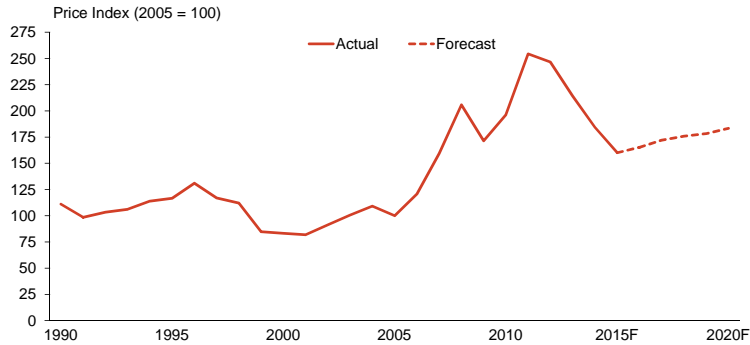
As at November 26, 2015

 Source: IMF, Bloomberg

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## Global Crop Price Index\* Forecast

Forecast Moderate – but Supportive – Crop Price Environment



**Base case:** No major supply/demand shocks, moderate economic and energy price environment.  
**Upside Factors:** Supply side shock, demand surge (favorable biofuel policy), spike in energy prices.  
**Downside Factors:** Favorable global growing conditions, government policy change (e.g. lower biofuel mandates or China/India grain price support), negative food consumption event.

\* Based on corn, soybean, wheat, palm oil and sugar prices. Forecast based on Bloomberg consensus and BMI.



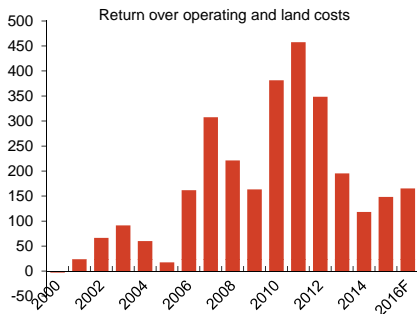
Source: Bloomberg, BMI

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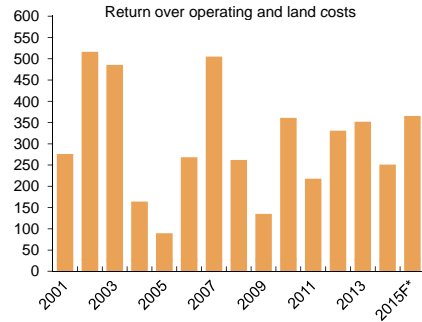
## Farmer Returns a Key Driver of Potash Consumption

Lower Returns but Levels Remain Supportive

**US Corn**  
US\$/Acre



**Brazil Soybean**  
Reals/Acre



\* 2015F represents the 2015/16 Brazilian crop year.

**Despite macroeconomic pressures, farmer returns on key crops in most growing regions remain at supportive levels**



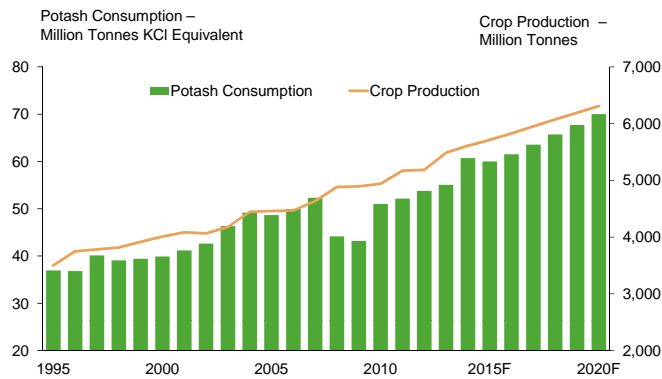
Source: USDA, IMEA, Conab, PotashCorp

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## Crop Production a Key Driver of Potash Consumption

Crop Production Growth Expected to Underpin Potash Growth



Crop production growth has historically been less sensitive to macroeconomic factors

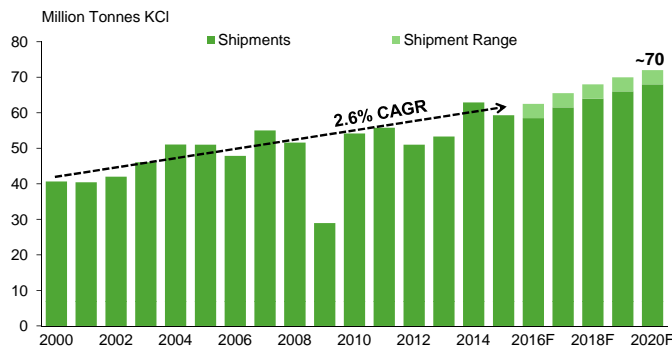


Source: Fertecon, CRU, FAO, PotashCorp

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## Global Potash Demand

Strong Potash Consumption Drivers Support Our Long-term Growth Potential



Longer-term growth expected between 2.5% and 3.0%, in line with historical trend; assumes a moderated, less volatile pricing environment

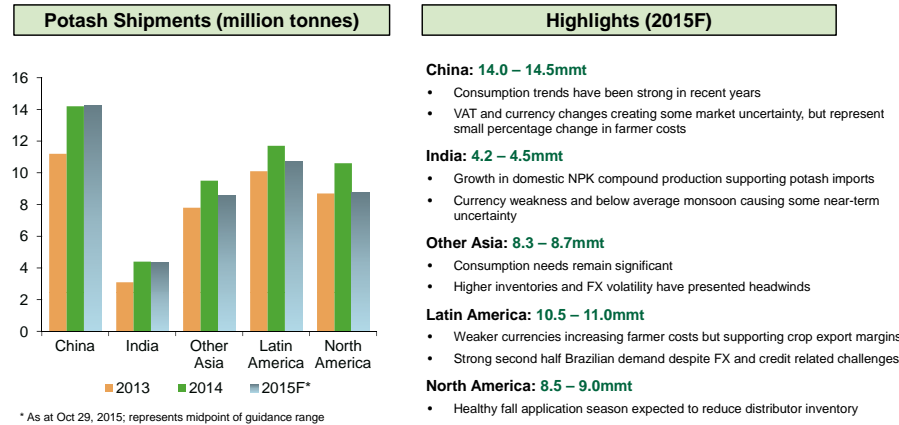


Source: Fertecon, CRU, IFA, PotashCorp

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## Potash Market Outlook

Despite Macro Headwinds, Offshore Demand Expected to Remain Historically High

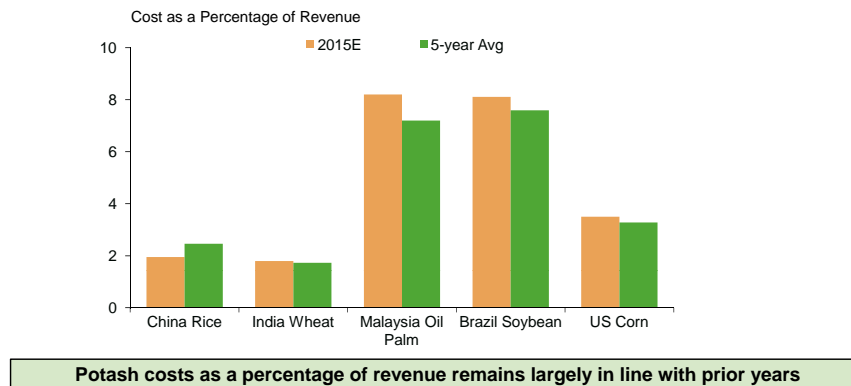


Source: PotashCorp

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## Potash Costs by Region and Major Crop

Despite Macroeconomic Pressure, Potash Remains Affordable

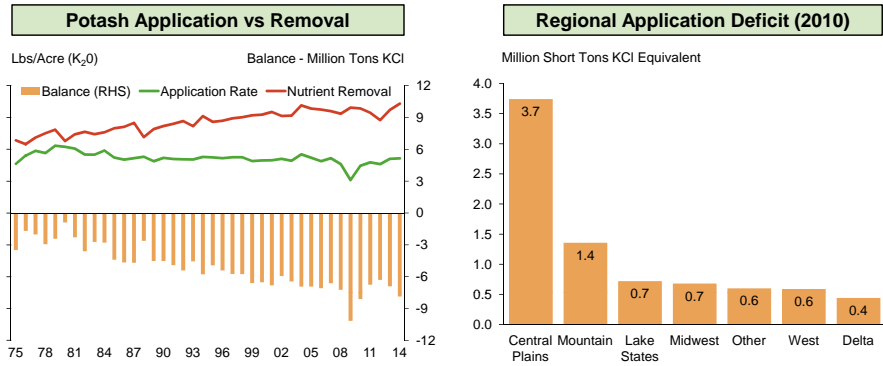


Source: Fertilizer Week, USDA, IPNI, PotashCorp

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## US Potash Application Balance\*

Large Application Deficit Due to Rising Crop Removal



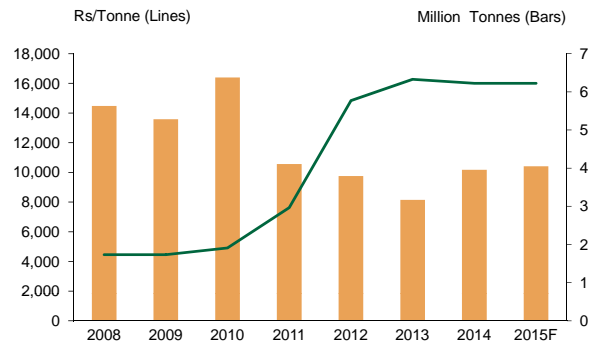
\* Calculations based on commercial fertilizer application data, estimated nutrients available from manure and crop removal rates for all major crops grown in the US.

Source: USDA, AAPFCO, PotashCorp

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## India Retail Potash Prices and Sales

Demand Has Started to Recover With More Stable Pricing

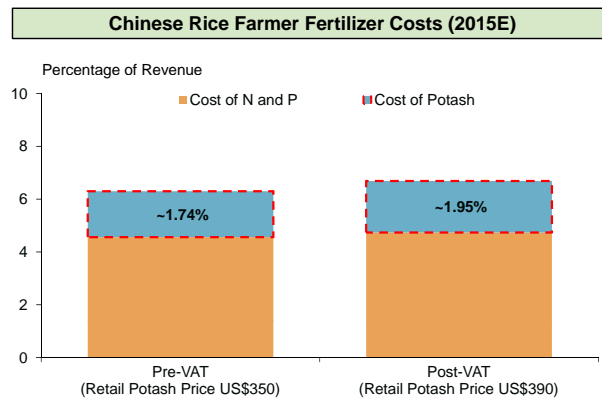


Source: FAI, Katana

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## Chinese Potash Costs

VAT Impact Expected to be Small Part of Total Fertilizer Cost



Source: Fertilizer Week, USDA, IPNI, PotashCorp

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Strategic & Other Highlights

## Strategic Highlights

### Potash

- Rocanville expansion nearing completion; Picadilly capacity in early ramp-up
- Operational capability aligned with anticipated demand; costs continue to decline

### Nitrogen

- Completed Lima expansion in October adding an additional 100,000mt of NH<sub>3</sub> capacity
- Evaluating additional brownfield expansion at Geismar

### Phosphate

- Focused on improving reliability; P<sub>2</sub>O<sub>5</sub> production continuing to improve
- Margin improvement opportunities identified and being implemented

### Capital Allocation Strategy

- Stable dividend and healthy balance sheet continue to be our priority
- Evaluating other strategic opportunities



Source: PotashCorp

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## PotashCorp Positioning – North America

Lower-cost Delivered Supplier Given Geographic Positioning and Logistical Capability



### Saskatchewan Operations

- 5 lower-cost potash operations; 2015 YTD cash-related COGS of ~\$83/tonne\*
- Finalizing Rocanville expansion (our largest and lowest cost operation), enabling further cost reductions in 2016
- Operational capability aligned with expected near-term demand; maintain flexibility to meet surges

### North American Production/Distribution

- Extensive and highly efficient North American infrastructure, including:
  - 4,200 specialized potash railcars
  - >150 owned or leased US distribution points
  - Hammond, IN warehouse/distribution facility enables by-pass of Chicago rail congestion
- Top-rated North American sales team

\* Cash costs refers to total cost of goods sold less depreciation and amortization.

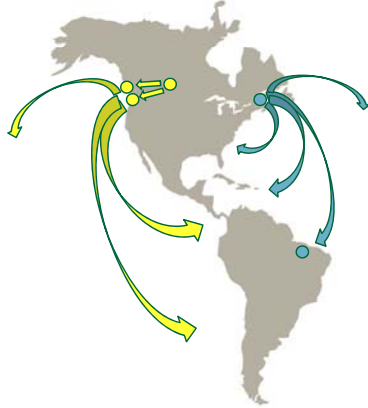


Source: PotashCorp

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## PotashCorp Positioning – Offshore

Lower-cost Delivered Supplier Given Port Access and Logistical Capabilities



### New Brunswick Opportunity

- Increasing operational capability to 1.8mmt through new Piccadilly mine
- Only East Coast potash port capability in North America, with flexibility to serve existing and new markets
- Supply agreement with Heringer; more than 1mmt per year to be served from New Brunswick or from Saskatchewan through Canpotex

### Canpotex Positioning

- One of Canada's premier exporting companies, serving approximately 35 countries
- Economies of scale, efficiencies and superior customer service through:
  - 5,400 specialized potash railcars and a state-of-the-art railcar maintenance facility
  - Two deep water ports (Vancouver, BC and Portland, WA)
  - Fleet of ocean vessels
- Member company distribution investments in key markets, including Brazil, China, etc.

 Source: PotashCorp

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Try Our Overview Site: [www.potashcorp.com/overview](http://www.potashcorp.com/overview)



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