

# SMA Mining Supply Chain Forum

April 5, 2017

**Mark Fracchia**

President, PCS Potash

**PotashCorp**

Helping  
**nature**  
provide.

 **PotashCorp**



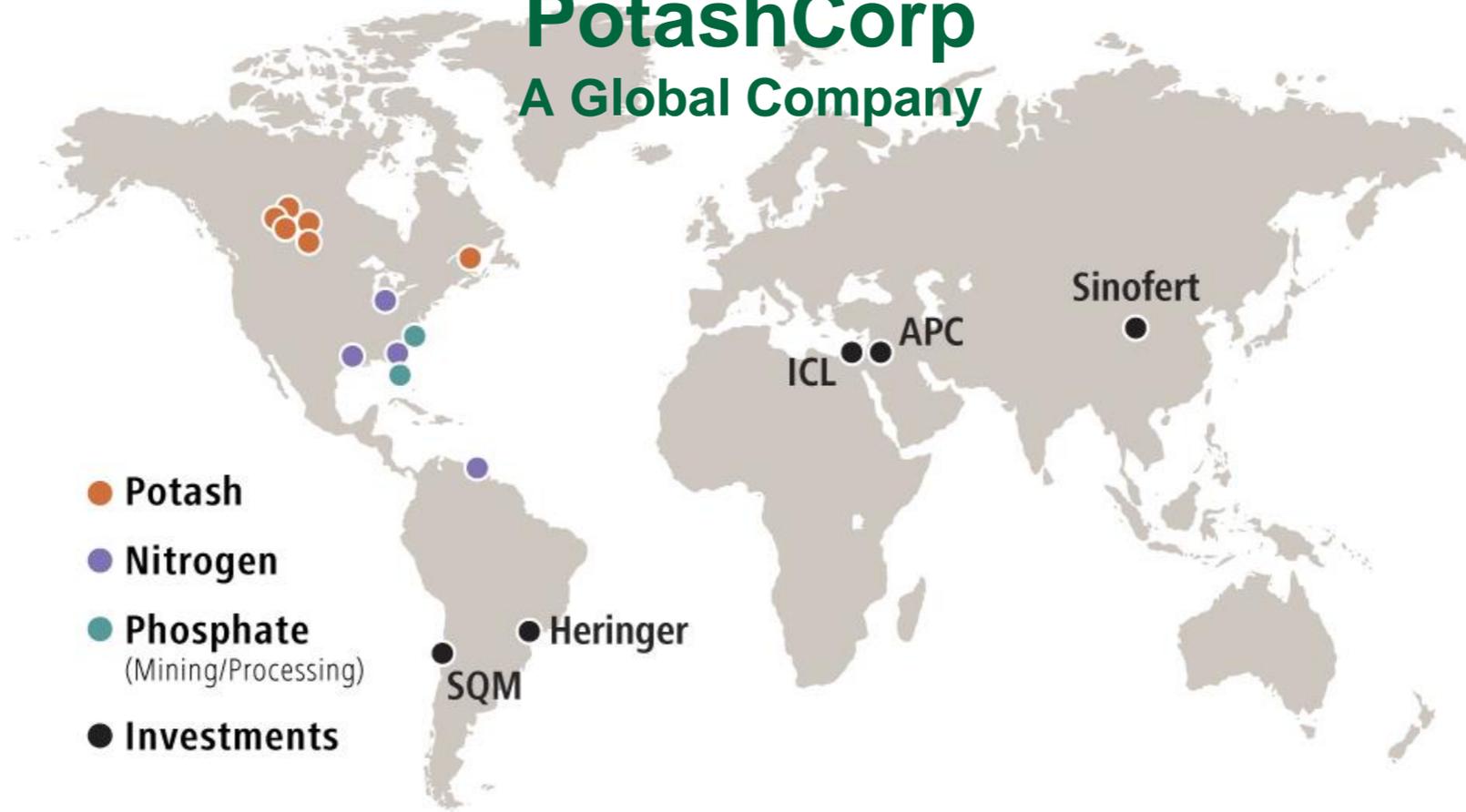
# Forward-looking Statements

This presentation contains “forward-looking statements” (within the meaning of the US Private Securities Litigation Reform Act of 1995) or “forward-looking information” (within the meaning of applicable Canadian securities legislation) that relate to future events or our future performance. 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,” “forecast,” “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, including the completion of the proposed merger of equals with Agrium, and effective tax rates. While we consider 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: our proposed merger of equals transaction with Agrium, including the failure to satisfy all required conditions, including required regulatory approvals, or to satisfy or obtain waivers with respect to all other closing conditions in a timely manner and on favorable terms or at all; the occurrence of any event, change or other circumstances that could give rise to the termination of the arrangement agreement; certain costs that we may incur in connection with the proposed merger of equals; certain restrictions in the arrangement agreement on our ability to take action outside the ordinary course of business without the consent of Agrium; the effect of the announcement of the proposed merger of equals on our ability to retain customers, suppliers and personnel and on our operating future business and operations generally; risks related to diversion of management time from ongoing business operations due to the proposed merger of equals; failure to realize the anticipated benefits of the proposed merger of equals and to successfully integrate Agrium and PotashCorp; the results of our impairment assessment regarding the carrying value of certain assets; the risk that our credit ratings may be downgraded or there may be adverse conditions in the credit markets; 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 and petrochemical markets; changes in competitive pressures, including pricing pressures; risks and uncertainties related to any operating and workforce changes made in response to our industry and the markets we serve, including mine and inventory shutdowns; adverse or uncertain economic conditions and changes in credit and financial markets; economic and political uncertainty around the world; changes in capital markets; the results of sales contract negotiations; unexpected or adverse weather conditions; risks related to reputational loss; the occurrence of a major safety incident; inadequate insurance coverage for a significant liability; inability to obtain relevant permits for our operations; catastrophic events or malicious acts, including terrorism; certain complications that may arise in our mining process, including water inflows; risks and uncertainties related to our international operations and assets; our ownership of non-controlling equity interests in other companies; our prospects to reinvest capital in strategic opportunities and acquisitions; risks associated with natural gas and other hedging activities; security risks related to our information technology systems; imprecision in reserve estimates; costs and availability of transportation and distribution for our raw materials and products, including railcars and ocean freight; changes in, and the effects of, government policies and regulations; earnings and the decisions of taxing authorities which could affect our effective tax rates; increases in the price or reduced availability of the raw materials that we use; our ability to attract, develop, engage and retain skilled employees; strikes or other forms of work stoppage or slowdowns; rates of return on, and the risks associated with, our investments and capital expenditures; timing and impact of capital expenditures; the impact of further innovation; adverse developments in new and pending legal proceedings or government investigations; and violations of our governance and compliance policies. These risks and uncertainties are discussed in more detail under the headings “Risk Factors” and “Management’s Discussion and Analysis of Results and Operations and Financial Condition” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, the joint information circular of the company and Agrium, filed as Exhibit 99.1 to the company’s Current Report on Form 8-K dated October 6, 2016 and with Canadian provincial securities commissions, in connection with the proposed merger of equals with Agrium and in other documents and reports subsequently filed by us with the US Securities and Exchange Commission and the Canadian provincial securities commissions. Forward-looking statements are given only as of the date hereof and we disclaim any obligation to update or revise any forward-looking statements in this release, whether as a result of new information, future events or otherwise, except as required by law.



# PotashCorp

## A Global Company



## Three Essential Crop Nutrients

### Production

Mined from natural mineral deposits left by ancient evaporated seas

### Crop Benefits

Root strength, disease resistance  
Enhances taste, color and texture of food



### Production

Mined from ancient sea fossils

### Crop Benefits

Speeds crop maturity



### Production

Synthesized from air

### Crop Benefits

Speeds plant growth



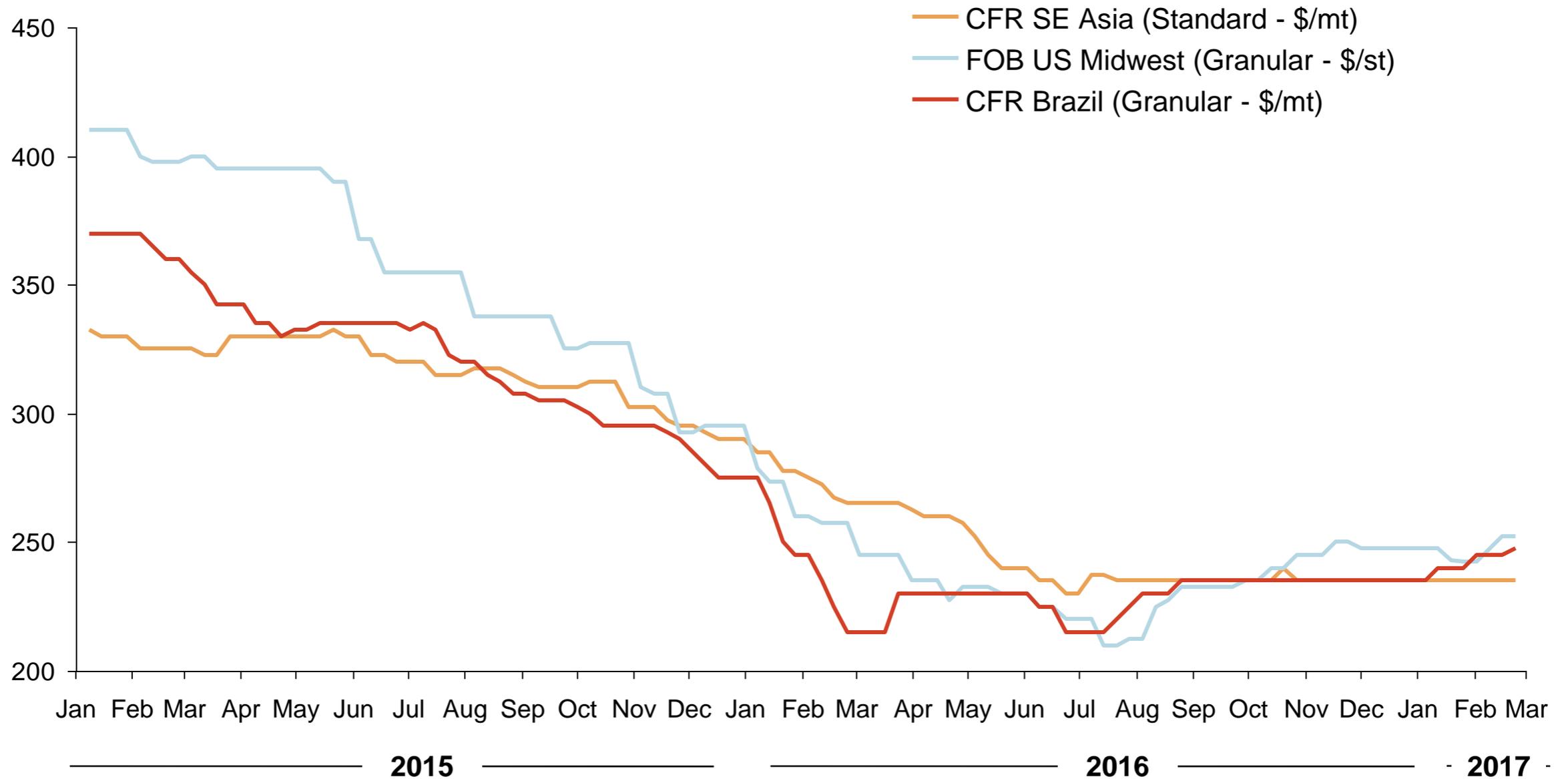


# Global Market Overview



# Potash: Prices have improved on tighter S&D fundamentals

Selected Potash Prices

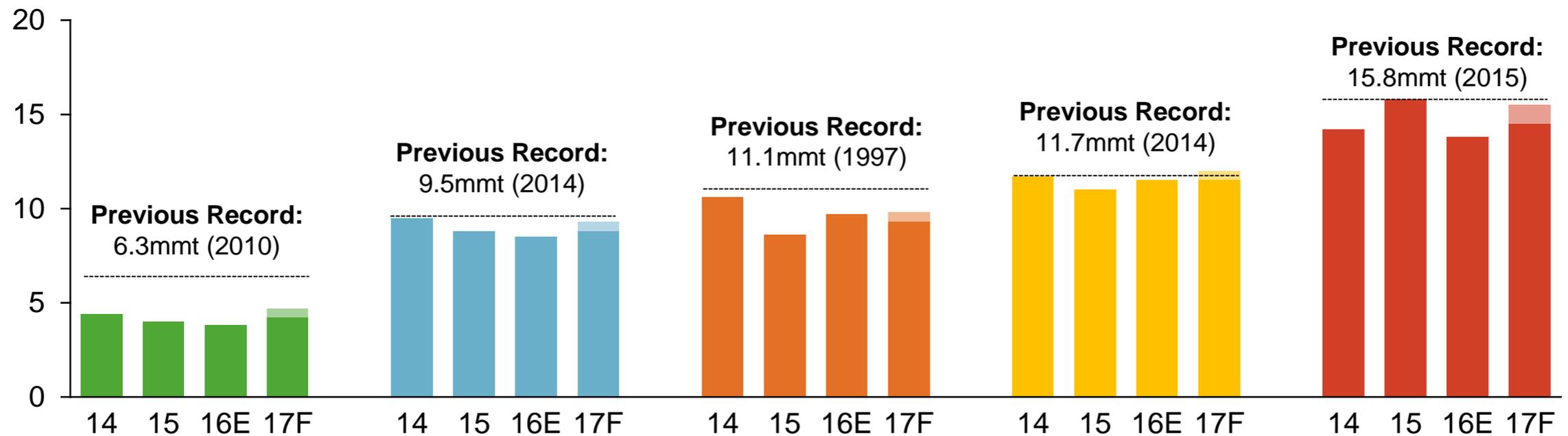


Source: Fertilizer Week

# Potash Shipments by Region

Expect Demand of 61-64 Million Tonnes in 2017

Million Tonnes KCl



2017  
Highlights

Region	Forecast Range (mmt)	Highlights
India	4.2 – 4.7	<ul style="list-style-type: none"> <li>Lower nutrient retail prices and reduced inventory levels to support demand</li> </ul>
Other Asia	8.8 – 9.3	<ul style="list-style-type: none"> <li>Demand supported by good crop economics and improved moisture conditions</li> </ul>
North America	9.3 – 9.8	<ul style="list-style-type: none"> <li>Supportive nutrient prices and significant removal of nutrients following record crop expected to support demand</li> </ul>
Latin America	11.5 – 12.0	<ul style="list-style-type: none"> <li>Agronomic need, favorable crop economics, and lower inventories expected to support demand growth</li> </ul>
China	14.5 – 15.5	<ul style="list-style-type: none"> <li>Lower inventories and strong consumption expected to support demand growth</li> </ul>

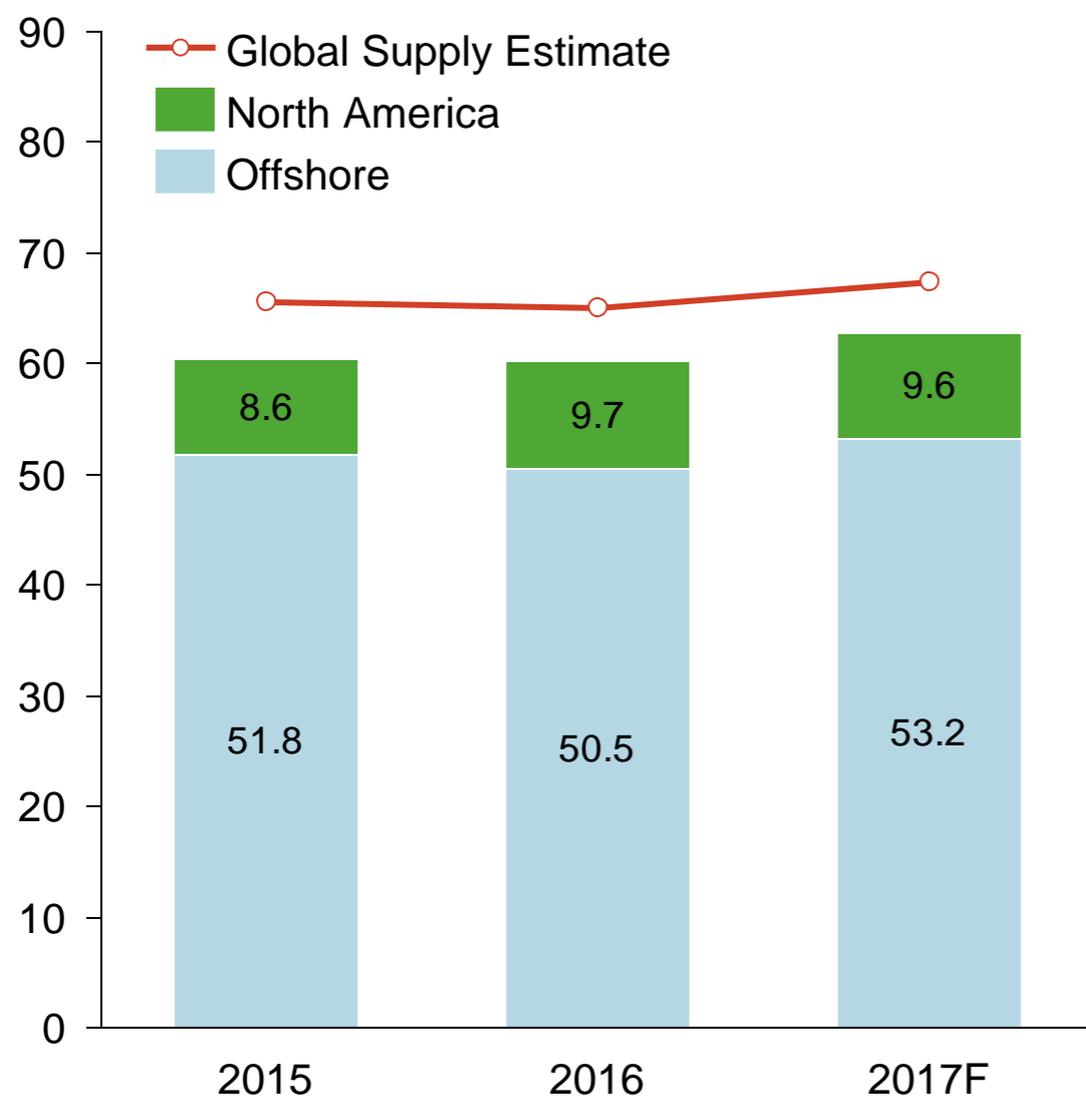
Note: Shaded bars represent shipment forecast range as of January 26, 2017.



Source: Fertecon, CRU, Industry Publications

# Potash Market: Demand growth expected to outpace new supply additions in 2017

Global Potash Supply & Demand, Mmt



## Key Market Trends

1

Strong demand carrying into 2017 in most markets

**+2.9Mmt**

Y-o-Y anticipated increase in potash demand in 2017

2

Brownfield and greenfield projects coming online

**+2.2Mmt**

Y-o-Y net potash capacity addition anticipated in 2017\*

3

Historically robust global operating rates\*\*

**>90%**

Anticipated global potash operating rate\*

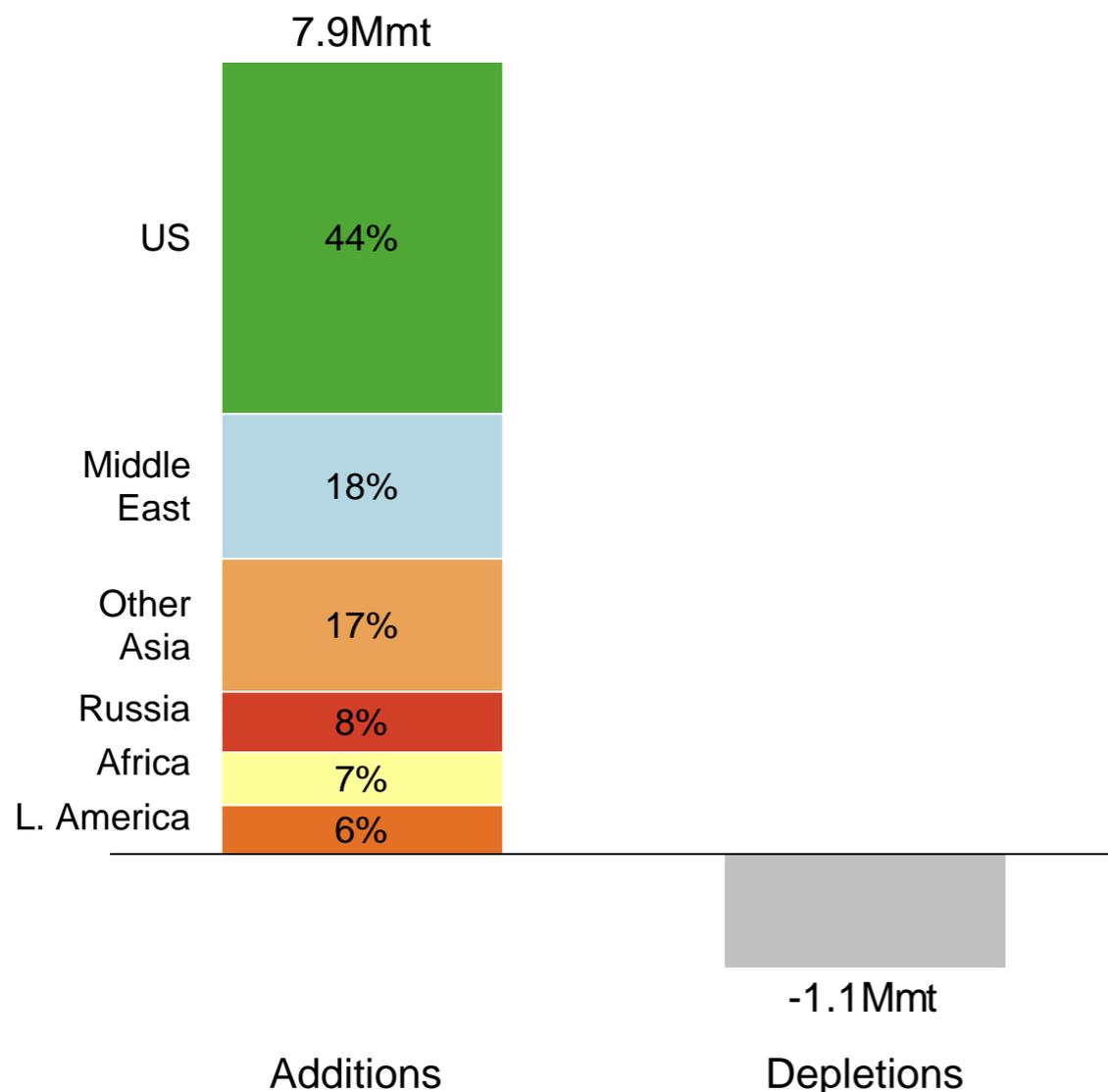
\* Based on PotashCorp's estimates for operational capability and ramp-up of new projects

\*\* Based on PotashCorp's estimates for demand and operational capability



# Nitrogen: Adjusting to new US capacity; reduced Chinese urea and FSU ammonia exports

Ammonia Capacity Additions\* (2017), Mmt



Ammonia demand growth projected at ~2% in 2017

### Key Market Trends

- Low-cost producers adding new capacity

**~6.8Mmt**

Net Ammonia additions in 2017
- Reduced Russian operating rates and exports

**~1.0Mmt**

Reduction in 2016 Black Sea exports vs. previous 5-year high
- Low Chinese operating rates\*\*

**~55-60%**

Current operating rate vs typical average ~77%

Prices bounce off of recent lows on typical seasonal strength and near-term supply tightness

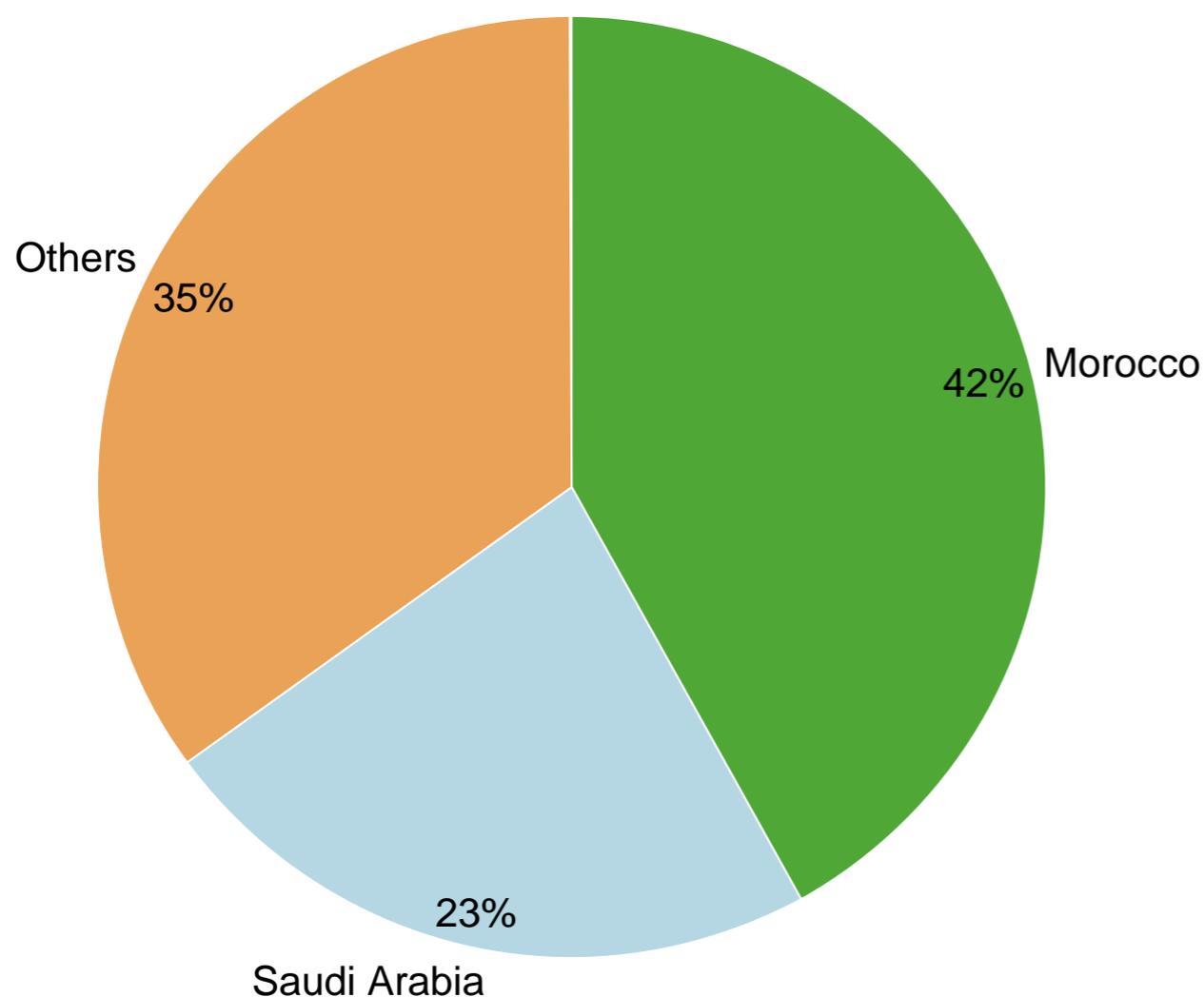
\* Based on industry consultant estimates; capacity is prorated for start-up timing in 2017

\*\* Based on industry consultant estimates



# Phosphate: New capacity and weak near-term Indian demand driving challenged market

Phosphate Capacity Additions (2017)\*



Phosphate demand growth projected at ~2% in 2017

\* Based on industry consultant estimates; capacity is prorated for start-up timing in 2017

\*\* Based on industry consultant estimates

Source: CRU, Katana, Profercy, PotashCorp

## Key Market Trends

- 1 Low-cost producers adding new capacity **~1.5Mmt**  
Net P<sub>2</sub>O<sub>5</sub> additions in 2017
- 2 Elevated Indian inventories to begin 2017 **~1.4Mmt**  
DAP inventory on hand (57% above trailing 3-year average)
- 3 Low Chinese operating rates\*\* **~65-70%**  
Current operating rate vs typical average ~77%

Prices move off of lows on rising input costs and reduced Chinese exports



# Our Focus...

## Advance SHE&S

## Asset Optimization



GOING HOME SAFE MEANS...

EVERY MOMENT MATTERS

ENGAGING IN OUR 4 KEY SAFETY PRIORITIES

<p><b>1</b></p> <p>Job Hazard Assessments (JHA)</p> <p>Taking the time to identify and mitigate hazards before every job</p>	<p><b>2</b></p> <p>Frequent and Structured Pausing</p> <p>Regularly stopping to reassess for hazards and check for personal focus</p>	<p><b>3</b></p> <p>Serious Injury and Fatality (SIF) Prevention</p> <p>Creating a purposeful focus on SIF exposures and integrating SIF prevention thinking into all we do</p>	<p><b>4</b></p> <p>Safety Leadership</p> <p>Creating the right culture of caring through daily effective safety engagement</p>
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## Operational Excellence

### Share your NEW IDEAS



Submissions are being requested from all Employees for our Excellence in Innovation Award which recognizes innovation in our operations. Innovation must result in measurable and quantifiable performance improvements in SHE, Reliability, Efficiency, Production, Costs or any combination of same.

Closing date for quarterly submissions: 5th working day at the start of quarter

Quarterly Winner  
At the end of quarter  
Quarterly Innovation  
All Innovators  
special recognition  
Grand Prize Innovation  
Announced at

PRIZE: 2 economic  
and US \$1000

\*All submissions will be

## Diversity & Inclusion



# Continuous Improvement is Core to our Success

***Continuous Improvement*** is the driving force behind our strategic and competitive advantage:

- *Safety, Health & Environmental Performance*
- *Production Efficiency*
- *Maintenance Reliability*
- *Cost Position*
- *Customer and Supply Chain Relationships*

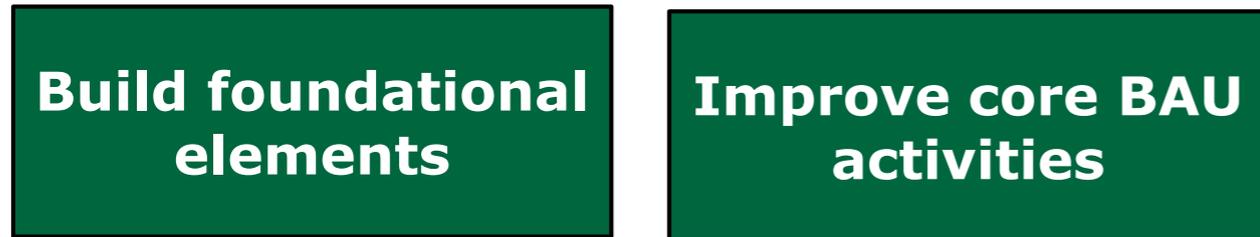


Focused on developing a robust continuous improvement culture...

...as “***the way we do business***”



*Good progress has been made on putting a foundation in place and “banking” tangible benefits...*

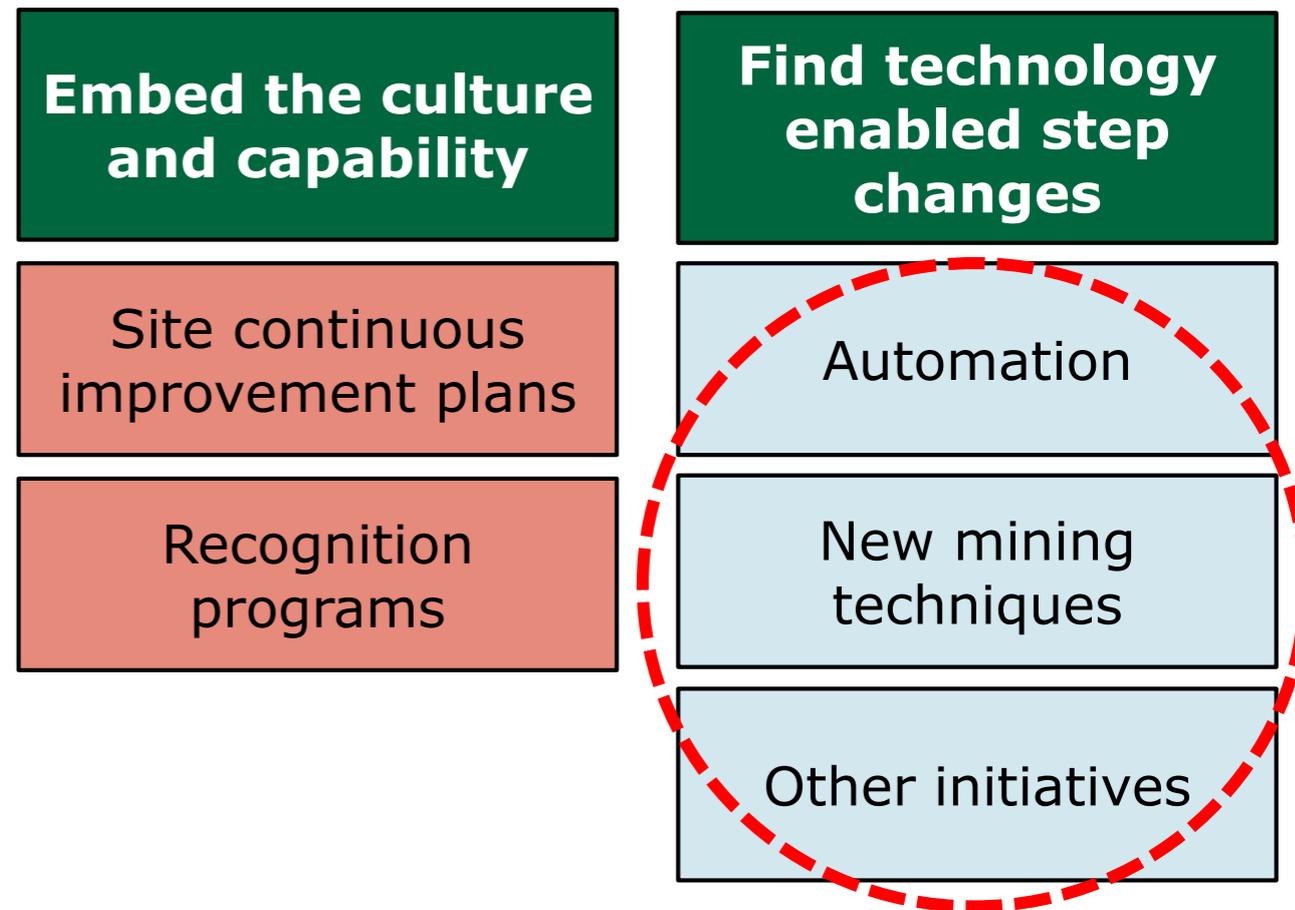


*...Maintenance and Reliability process developed around four main themes:*

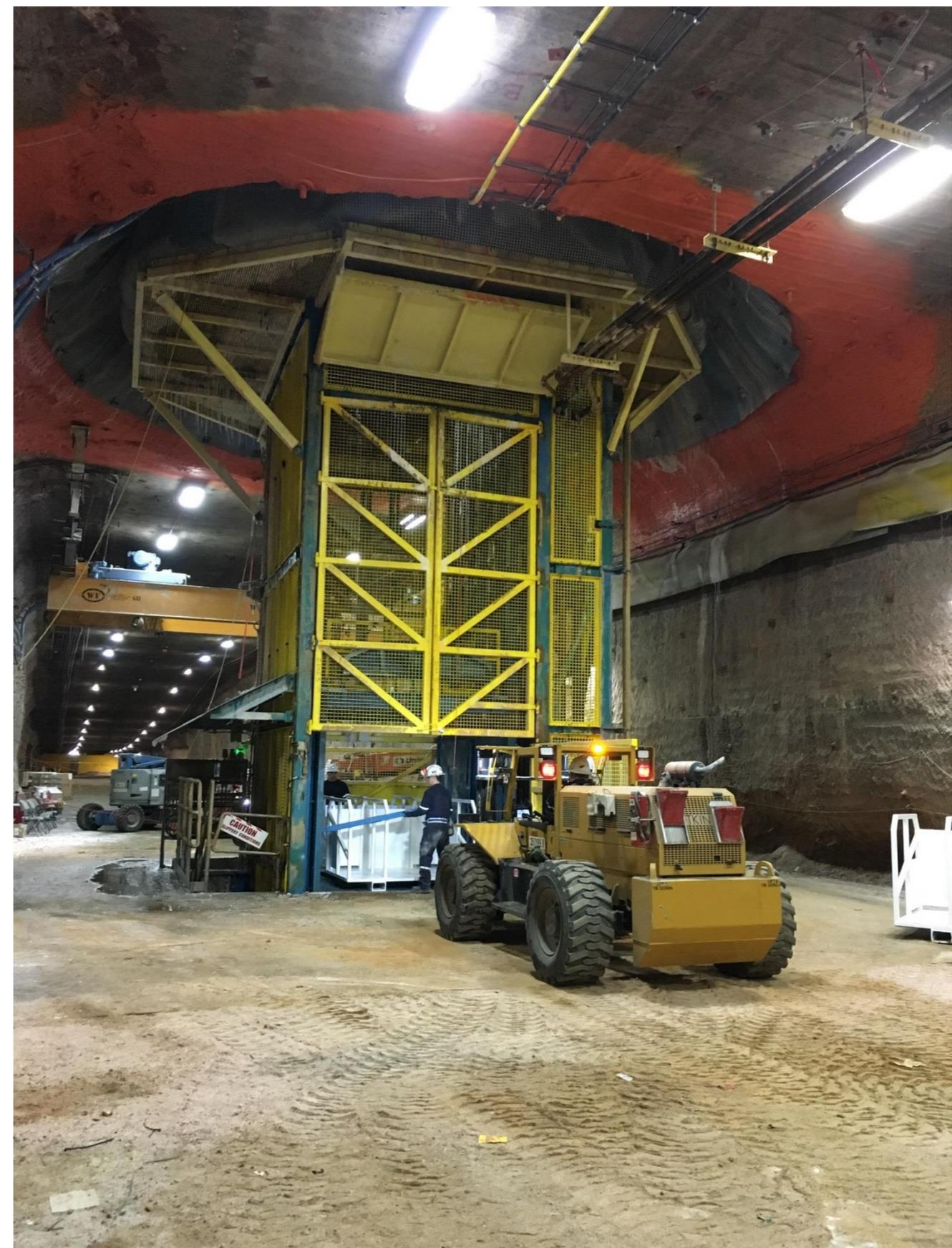
- 1. Ensuring accurate measurement and visibility*
- 2. Building planning process and expertise*
- 3. Improving reliability performance*
- 4. Reducing unit cost of maintenance activities*



***...building internal capability, embedding the culture of change and initiating technology enabled step changes***



# Supply Chain Opportunities

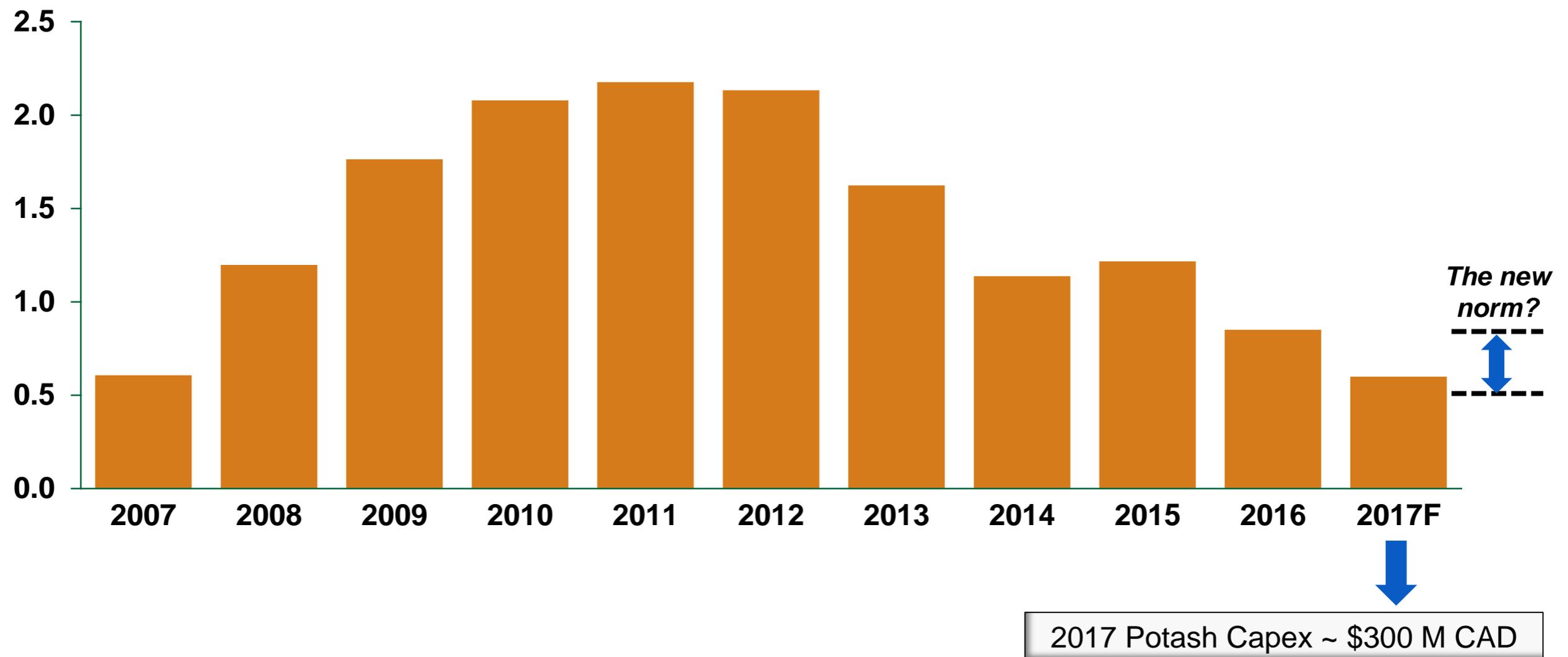


# PotashCorp's Capital Spending Profile

Focusing on Sustaining Capital and Select Opportunity Projects in 2017

## PotashCorp Total Capital Spending

US\$ Billions



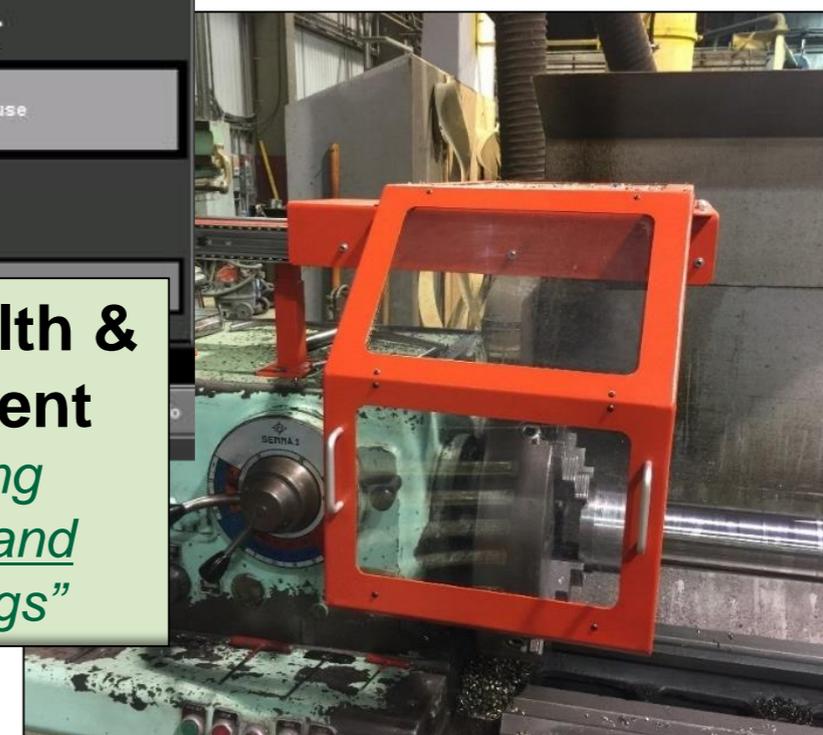
# Engaging our Supply Chain...

Max Head Current		Oil OK	Oil Messages	Estimate Control OK	Z/S Bypassed	Vent Fan Running	Borer Conveyor Running	SOV	Gas OK
M1 91	SP 85	91 Amps		Stamler Run	Extendible Conveyor Running	E-Stop OK	Tram Low	First/Final Limit OK	Bridge Comp. Running
M2 85	AUTO MODE		STEER VALUE		SAFETY MOMENT		BRIDGE JUMPER Installed		
		1.02 R		Please take a moment for a safety pause					
		FWD							
		STOP							
L. Tram Set	R. Tram Set								
57.55 %	60.01 %								
L. Tram Out	R. Tram Out								
34.20 %	35.40 %								
Operator: R. Sp									
September-07-16									
12:44									
Main Screen									

**Safety, Health & Environment**  
*Engineering prevention and "soft landings"*



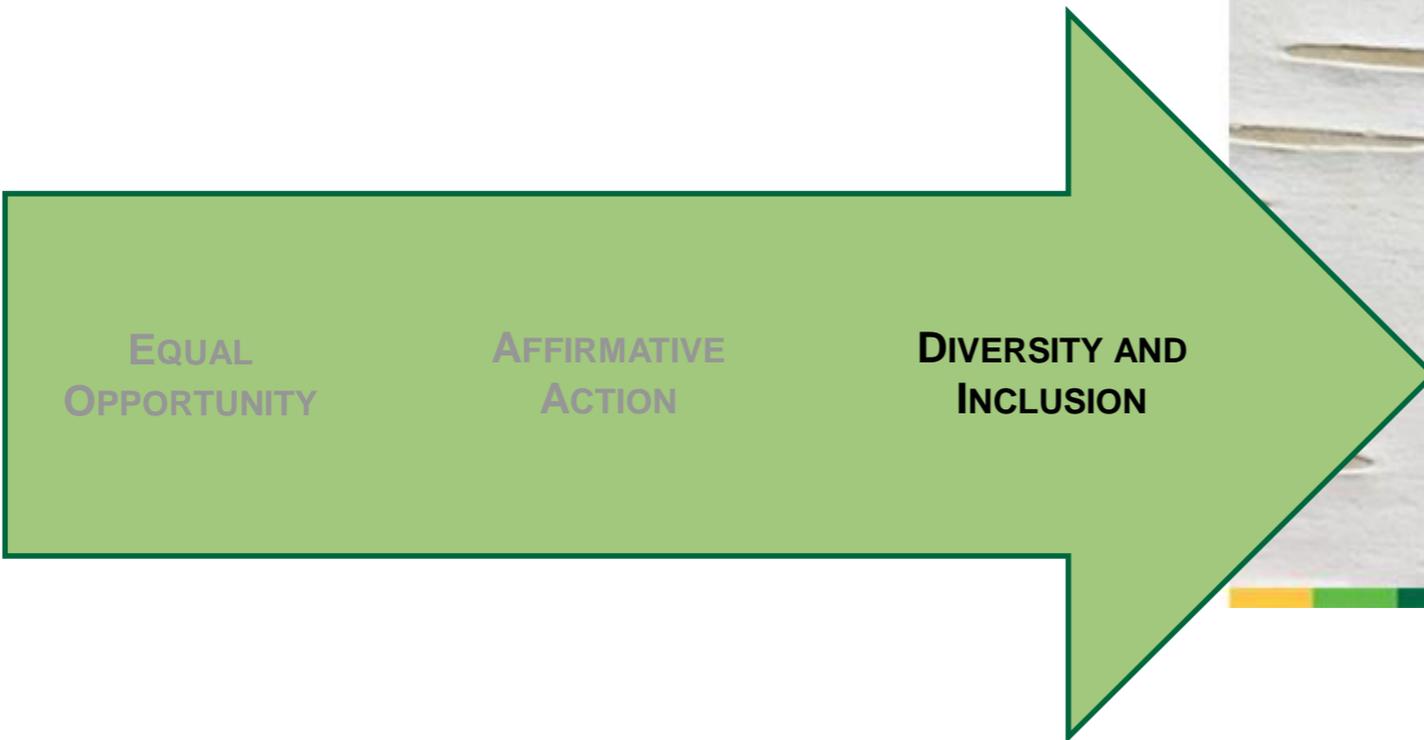
**Sustaining Capex**  
*Structural & Electrical Integrity*  
*Storage Facilities*  
*Mine, Mill & Mobile Equipment*  
*Electrical & Instrumentation*  
*Tailings Management Areas*  
*Engineering & Construction*  
*Services*

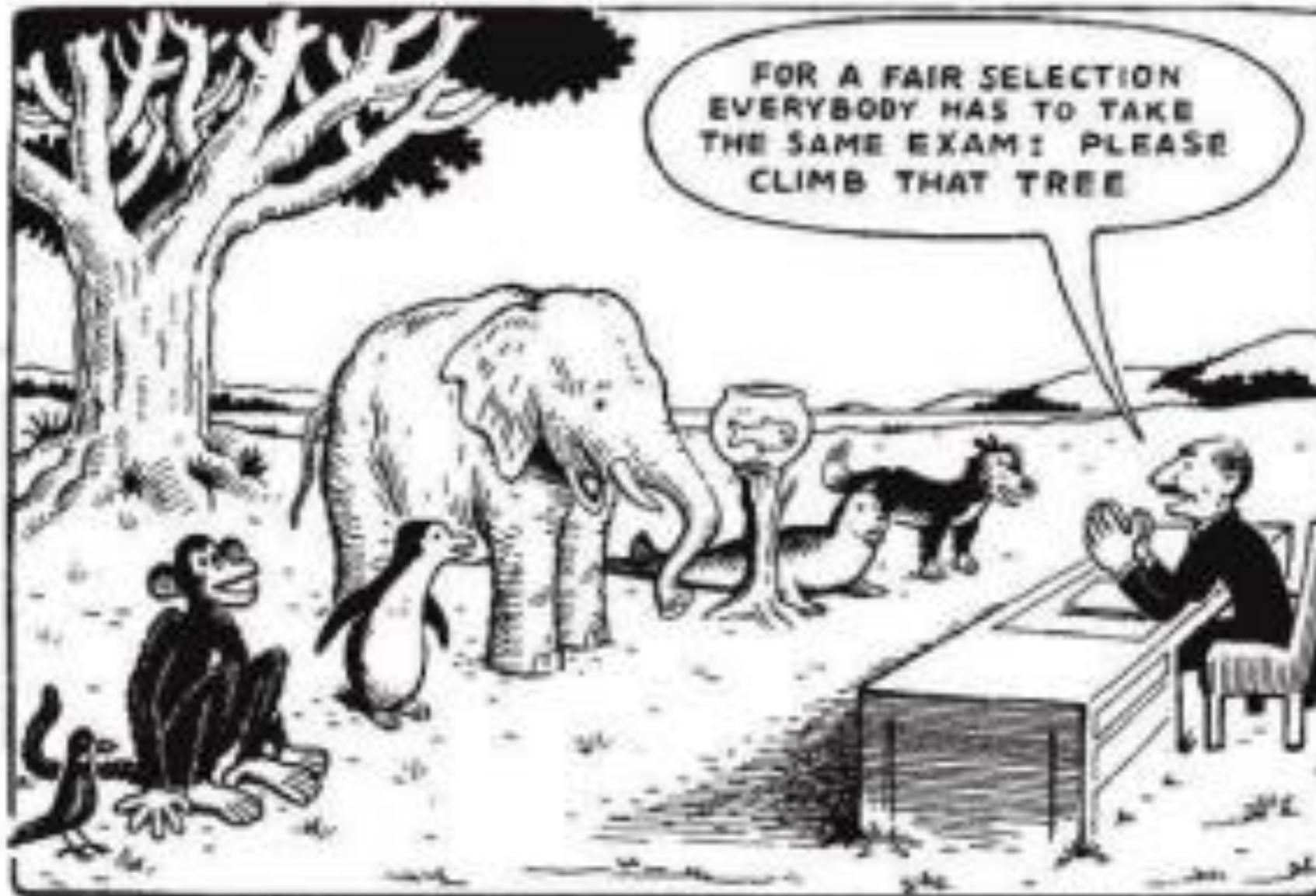


**Innovation & Technology**  
*Advancing "step changes" in the way we do things*



# Diversity & Inclusion





**Meritocracy** focuses on:  
Rewarding individual skills, abilities, and achievements  
while

**Diversity & Inclusion** focuses on **meritocracy** as:  
Individual skills and abilities and the opportunity to exercise those skills and abilities;  
and be rewarded for doing so



## PotashCorp's 2020 Target

Allocate 30% of local spending to Aboriginal suppliers or suppliers who share our commitment to Aboriginal development in Saskatchewan.

**DIRECT  
EMPLOYMENT**

**ABORIGINAL BUSINESS  
AND  
ENTREPRENEURSHIP**

### **GOAL**

To be a company whose supply chain reflects the diversity of our operating communities.

**ABORIGINAL  
SUBCONTRACTING**

**COMMUNITY  
INVESTMENT**



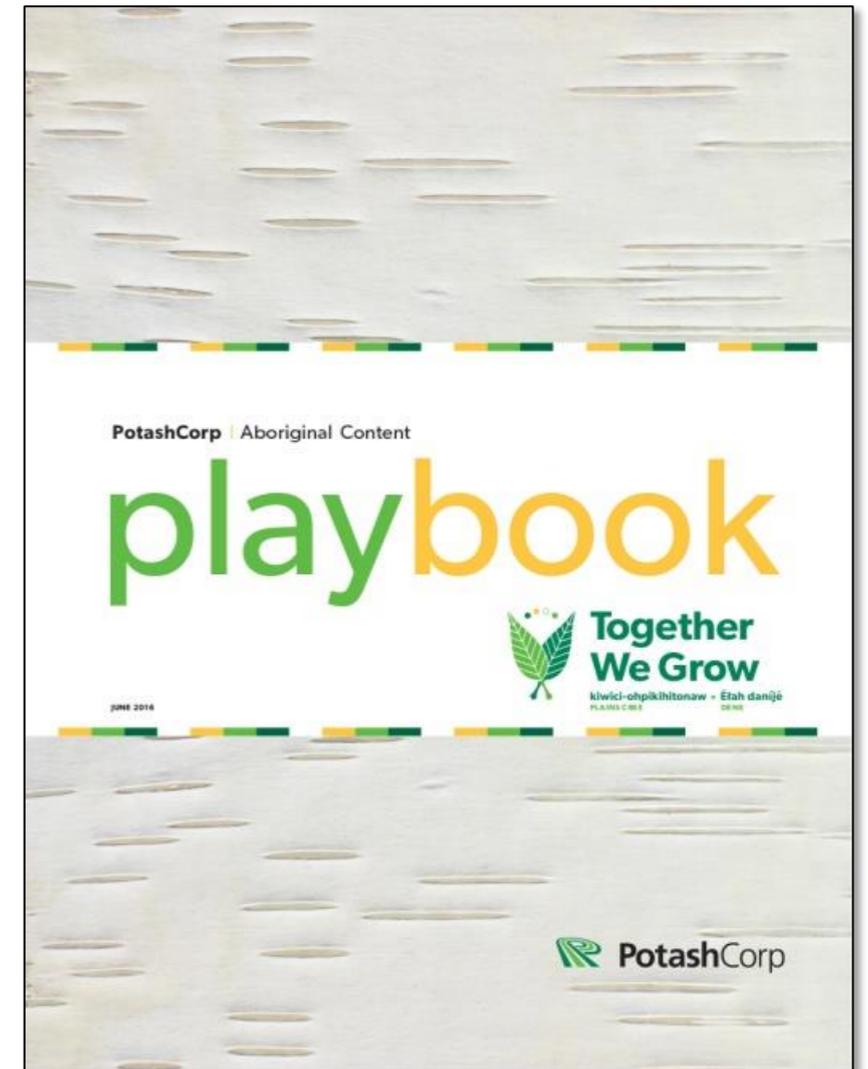
# How do we achieve our target?

## PotashCorp's Aboriginal Content Playbook

- Provides sample strategies, goals and targets to:
  - Identify diversity priorities
  - Set measurable goals
  - Build meaningful relationships with Aboriginal partners
- Available at: [potashcorp.com/about/procurement](http://potashcorp.com/about/procurement)
  - Access the Playbook by following the link to “Diversity and Inclusion”

## Dialogue...actions...

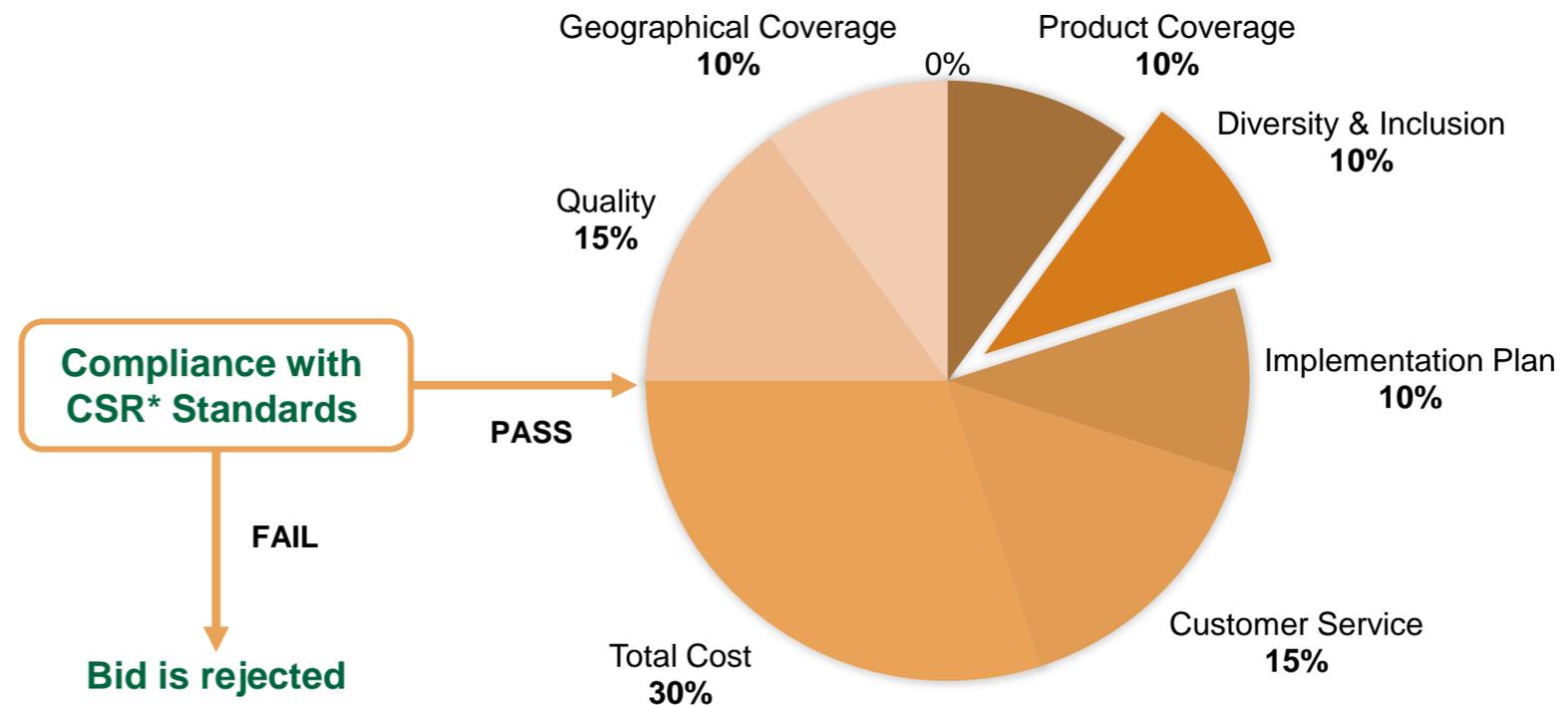
- Finding opportunities in a challenging economic environment



# Understanding Our Evaluation Matrix

## Transparency and Clarity

- Cross-functional team evaluates RFP responses
- Weighting varies with size of spend, associated risks or specific **PotashCorp** objectives
- Criteria are typically defined in the RFP
- Certain categories have sub-matrices



Example for illustration purposes only

\* Corporate Social Responsibility



# ☘ Thank you

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