

# BAML Global Agriculture & Chemicals Conference

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**nature**  
provide

 PotashCorp

## 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, unexpected developments with respect to any of 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 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 within major markets; unexpected or adverse weather conditions; changes in currency and exchange rates; 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, as well as additional risks and uncertainties, are discussed in more detail under the headings "Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and in our other filings with the US Securities Exchange Commission and Canadian provincial securities commissions. Forward-looking statements included in this presentation are given only as at the date hereof and 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.

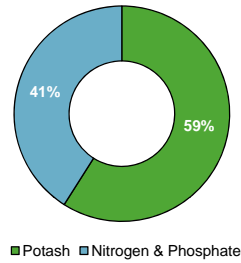
\* Picadilly, New Brunswick potash operations currently in care-and-maintenance

## PotashCorp Earnings Profile

Growth Expected to be Driven by Potash

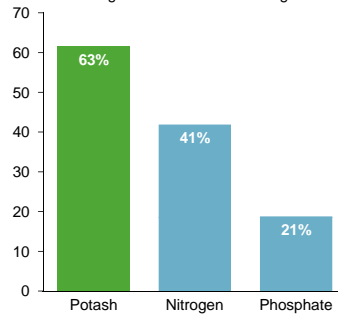
### Gross Margin Breakdown

5 Year Avg. (2011-2015)



### Gross Margin %

Percentage Net Sales – 5 Year Avg.



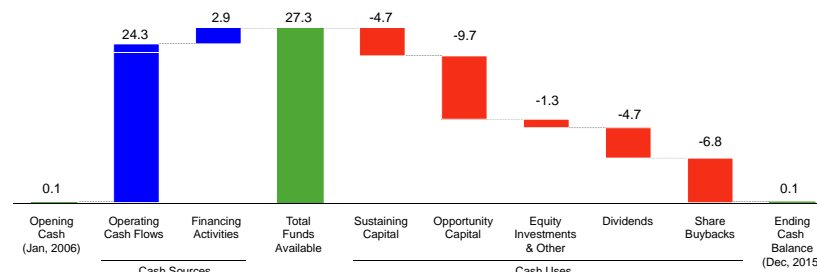
Source: PotashCorp

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## 10-Year Historical Cash Flow Summary

Growth Opportunities and Return to Shareholders Prioritized Over Past Decade

Cumulative Spending (2006-2015) - US\$ Billions



% Allocation by Category:

Type of Usage:

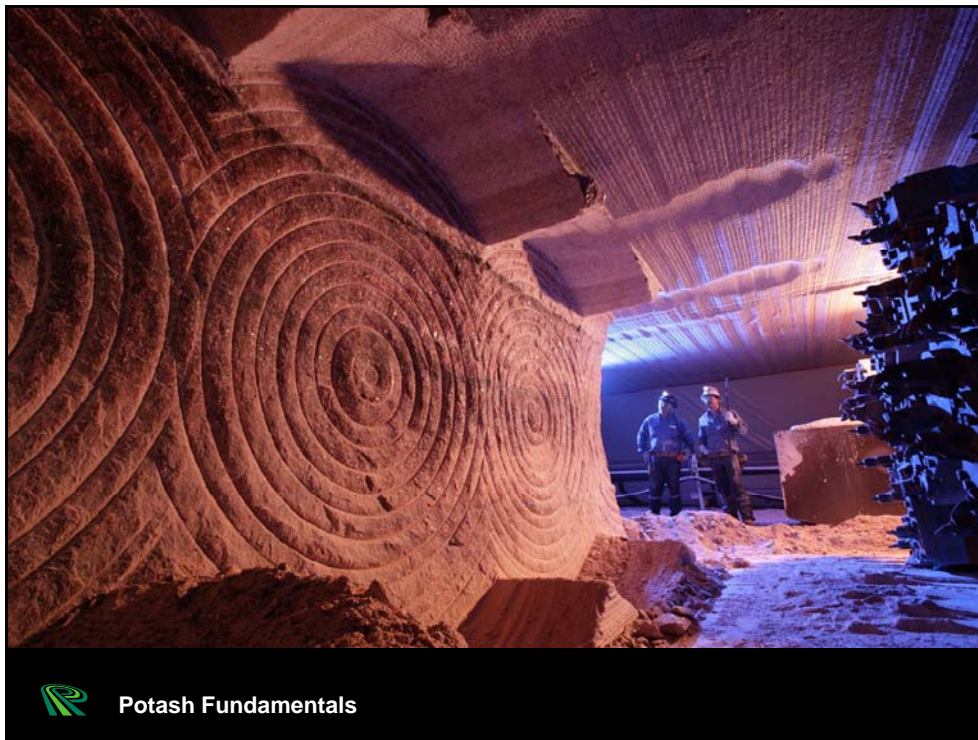
Maintenance Spending	17%	Invested in Growth	36%	Returned to Shareholders	47%
	17%	41%	42%		

Capital Allocation



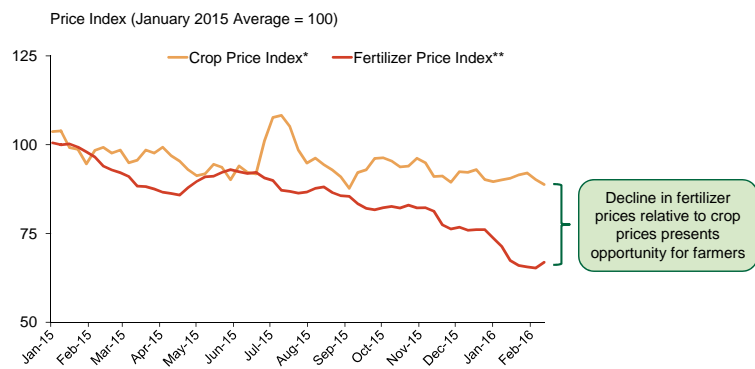
Source: PotashCorp

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## Crop and Fertilizer Price Index

Entering 2016, Fertilizer Represents Even Greater Value for Farmers



\* Based on corn, soybean and wheat prices (weighted by global consumption).

\*\* Based on urea, DAP and KCl prices (weighted by global consumption).



Source: Bloomberg, Fertilizer Week

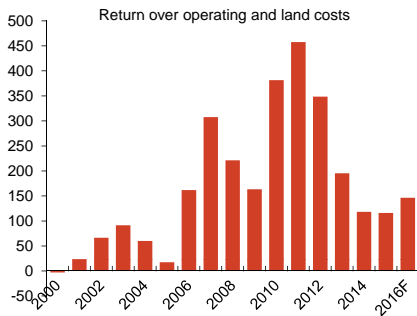
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## US and Brazil Crop Returns

Farmer Returns Remain Supportive; 2016 Expected to Surpass Prior Year

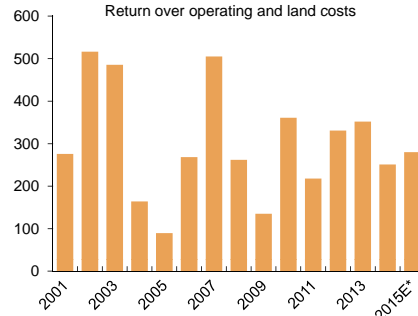
### US Corn

US\$/Acre



### Brazil Soybean

Reals/Acre



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



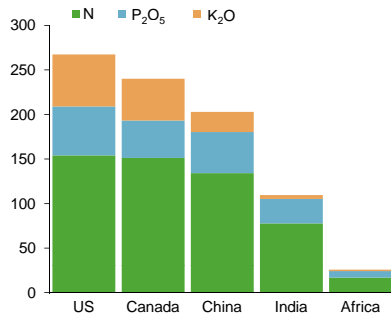
Source: USDA, IMEA, Conab, PotashCorp

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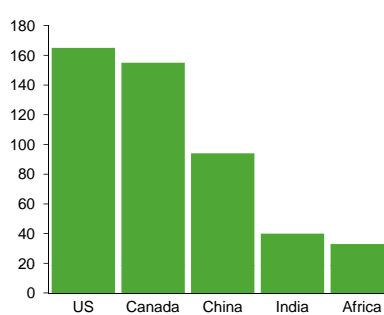
## Corn Fertilization Rates and Yield

Opportunity to Improve Yields Through Increased Potash Applications

Application Rate - Pounds/acre



Yield - Bushels/acre\*



\* 2013-2015 average

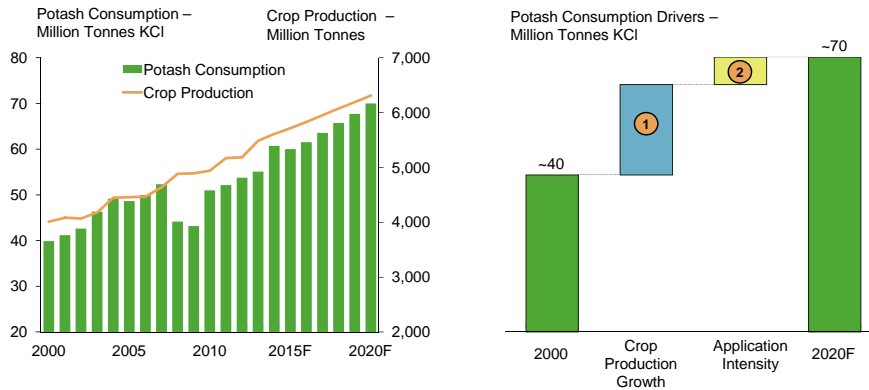


Source: IFA, USDA, FAO, PotashCorp

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## Crop Production Driving Potash Consumption

Crop Production Growth Expected to Underpin Potash Growth



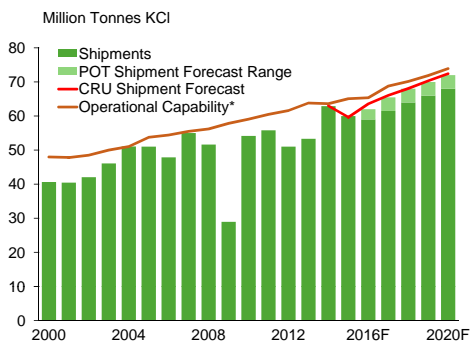
- ① Driven by increasing global population and improved diets; additional ~1.6 billion people from 2000 to 2020F
- ② Certain markets moving toward more balanced fertilizer application practices and growth in potassium-intensive crops

Source: Fertecon, CRU, FAO, PotashCorp

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## Global Potash Supply and Demand

Supply/Demand Expected to be Relatively Balanced; 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.

### Demand Highlights (2016F)

- China: 13.5 – 14.5mmt**
  - Underlying consumption continues to grow, but elevated inventories to begin the year expected to reduce shipments
- India: 4.2 – 4.7mmt**
  - Expect modest demand growth with a normalized monsoon
- Other Asia: 8.5 – 8.8mmt**
  - Supportive crop economics and agronomic need expected to support steady demand
- Latin America: 10.8 – 11.3mmt**
  - Favorable crop economics expected to keep demand at elevated levels despite credit and currency headwinds
- North America: 9.2 – 9.7mmt**
  - Low dealer inventories and large nutrient requirements anticipated to support an increase in shipments

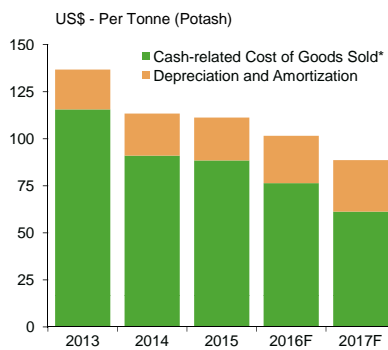
Source: Fertecon, CRU, IFA, PotashCorp

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## Asset Optimization

Aligning Potash Capability and Optimizing Production Toward Lowest-Cost Facilities



\* Cash costs refers to total cost of goods sold less depreciation and amortization. Forecasted amounts assume: Rocanville production of approximately 3 million tonnes in 2016 and 5.0 million tonnes in 2017; FX rate of CDN 1.37 per 1 USD in 2016 and 1.40 per 1 USD in 2017; 2016 volumes consistent with guidance and sales volumes of 9.5mmt in 2017 (for illustrative purposes only; actual 2017 sales expectations may differ).

\*\* Excluding severance and transition charges in 2016

### Our Focus

#### Align Capability With Market Conditions

- Accelerated closure of Penobscquis and indefinite suspension of potash mining at Picadilly aligns with our approach of matching supply to demand
- Managing inventory levels through SK production downtime (Dec 2015 and Mar 2016)

#### Optimize production

- Shifting NB production to lower-cost SK mines expected to save \$40-\$50 million beginning in 2016\*\*
- Cash costs\* at Rocanville – our largest, most efficient mine – anticipated to be approximately \$45 per tonne when fully ramped
- Expect to receive incremental Canpotex allotment by 2H 2017



Source: PotashCorp

Slide #13

## Logistical Optimization

Lower-cost Supplier in North America Given Geographic and Logistical Positioning

### Saskatchewan Operations

- Five lower-cost potash operations in Saskatchewan
- Positioned to efficiently serve North America by rail



Rocanville, SK

### North American Production/Distribution

- Extensive and highly efficient North American infrastructure, including:
  - 4,300 specialized potash railcars
  - Nearly 200 owned/leased potash distribution points
  - Hammond, IN warehouse/distribution facility enables by-pass of Chicago rail congestion



Hammond, IN

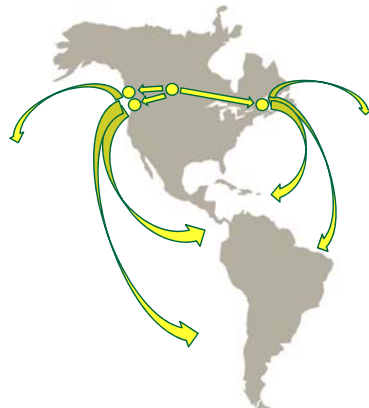


Source: PotashCorp

Slide #14

## Logistical Optimization

Lower-cost Supplier to Offshore Markets Given Port and Logistical Capabilities



### Our Focus

#### Canpotex Positioning

- One of Canada's premier exporting companies, with a dedicated sales force and service to 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
  - Access to ports on East and West coasts (Vancouver, BC, Portland, WA and Saint John, NB)
  - Fleet of ocean vessels
- Member company distribution investments in key markets, including Brazil, China, etc.



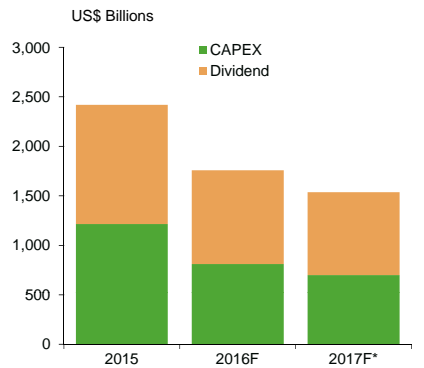
Source: PotashCorp

Slide #15



## Capital Profile and Dividend

Declining Capital Expenditures and Dividend Realignment Enhance Flexibility



\* Represents midpoint of sustaining capital expenditures range of \$600-\$800 million; annual dividend expenditures based on current payout level

### Our Focus

#### Support Existing Asset Base

- Safety, longevity and competitiveness of assets a top priority
- Sustaining capital expenditures of \$600-\$800M annually

#### Maintain Financial Flexibility

- A healthy balance sheet allows us to navigate challenging periods and pursue value creation opportunities
- Retain an investment-grade credit rating

#### Support a Competitive Dividend

- Competitive dividend remains a priority; current yield of ~6%

#### Evaluate Value Creation Opportunities

- Continue to explore options that create long-term value while ensuring the potential return justifies the associate risk



Source: PotashCorp

Slide #16

## A Snapshot: Positioned to Succeed

A Disciplined Approach, Best-in-Class Assets and Strong Balance Sheet

### Matching Supply to Demand

- Aligned operating capability to market conditions through suspension of New Brunswick potash operations (Nov 2015 and Jan 2016)
- Inventory shutdowns at SK potash operations (Dec 2015 and Mar 2016)

**1.8 Million Tonnes**

Reduction in operational capability from Penobscot closure and Picadilly suspension

### Asset Optimization

- Shifted production from New Brunswick to Saskatchewan, reducing annual COGS by \$40-\$50 million beginning in 2016\*
- Ramping up Rocanville later this year will further improve cost profile in 2017

**\$50-\$60 Per Tonne**

Estimated potash cash cost savings by 2017 compared to 2013 levels\*\*

### Logistical Optimization

- Capacity at New Brunswick port available to Canpotex for East Coast delivery
- Completing Hammond IN distribution center (with 110,000 tonnes storage) to position potash outside busy Chicago rail corridor

**2.5 Million Tonnes**

East Coast port capacity at Saint John, NB available to Canpotex

### Capital Profile

- Rocanville marks completion of potash expansion program in late 2016
- Eliminating \$185 million in New Brunswick capital expenditures through 2018
- Sustaining capital expenditures estimated at \$600-\$800 million per year

**\$500 Million**

Estimated reduction in capital spending by 2017 compared to 2015 levels

### Dividend

- Competitive dividend a priority; returned \$1.2 billion to shareholders in 2015
- Reduced dividend by 34 percent to balance returns and financial flexibility


**~6 Percent**

PotashCorp's current dividend yield




Source: PotashCorp

Slide #17






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