

# Q4 2016 Investor Presentation



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," "estimate," "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 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, Canadian court and securityholder 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 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; 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 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, 2015, 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.



## Company Overview

World Class Potash Assets and Advantaged Positions in Nitrogen and Phosphate

**K**  
**POTASH**

- Six mines in Canada with over 16 MMT of nameplate capacity
- Highest-quality, lowest-cost North American potash producer with significant platform for growth

**N**  
**NITROGEN**

- Three facilities in the US and a large-scale facility in Trinidad
- Lower-cost natural gas, proximity to key markets and more stable industrial customer base

**P**  
**PHOSPHATE**

- Two mining/processing plants and five upgrading facilities in the US
- Most diversified product offering in the industry; historically higher margins and more stable returns

**I**  
**INVESTMENTS**

- Four strategic investments: APC (Jordan) 28%, ICL (Israel) 14%, Sinofert (China) 22% and SQM (Chile) 32%
- Market value of \$4.0 billion\*, or \$5 per PotashCorp share

\* At market close on October 26, 2016

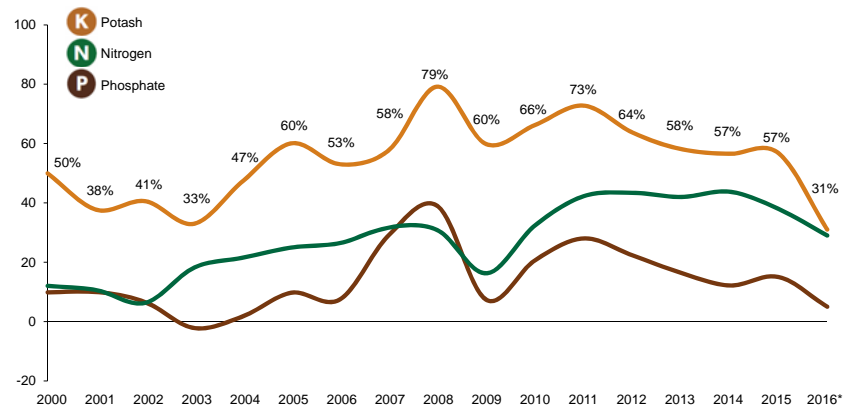
 Source: PotashCorp

Slide #4


## Company Overview

Potash Has Generated Superior Margins Even in Weak Market Conditions

**PotashCorp Gross Margin (as a % of Net Sales)**  
Percentage



\* 2016 based on Q3 YTD gross margin percentage

 Source: PotashCorp

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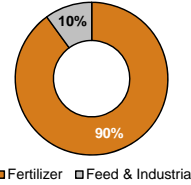
## Company Overview

**K** Potash

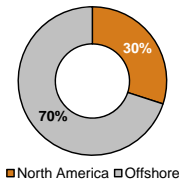
### Priorities

- Long-term strategy of matching supply to demand
- Strike the right balance between:
  - Maximizing flexibility (operational capability to respond to demand growth)
  - Minimizing costs (optimization of production to lowest cost mines)
- Enhance market opportunities and distribution capabilities
- Explore additional opportunities to enhance our potash enterprise

### Product Sales Volumes (2015)



### Geographic Sales Volumes (2015)



Source: PotashCorp

Slide #6

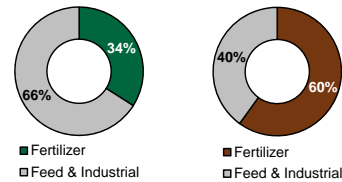
## Company Overview

**N** Nitrogen **P** Phosphate

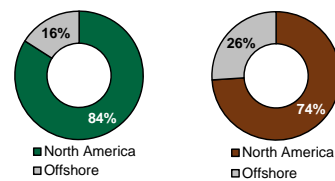
### Priorities

- N** Nitrogen
- Enhance our cost position by achieving energy and labor efficiencies
  - Reduce the impacts from natural gas related production curtailments in Trinidad
  - Maintain/enhance product and market flexibility
- P** Phosphate
- Improve the cost position of our assets by refining mining techniques and procurement initiatives
  - Maximize sales of less cyclical, higher-return products
  - Evaluate new market viability and product differentiation opportunities

### Product Sales Volumes (2015)



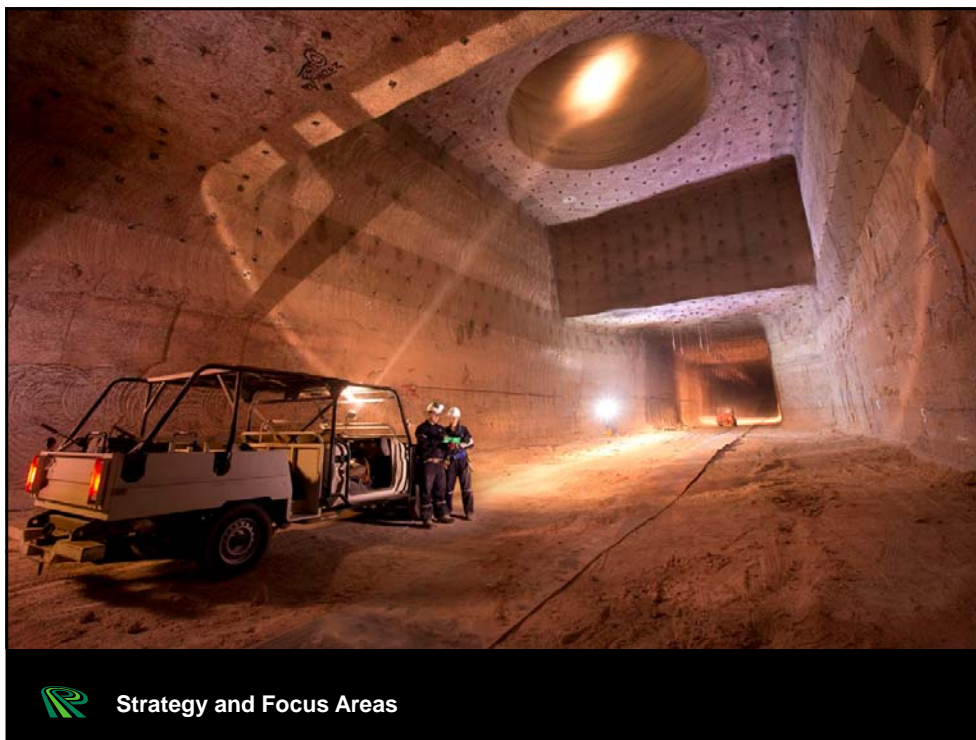
### Geographic Sales Volumes (2015)



Source: PotashCorp

Slide #7





## Strategy and Key Focus Areas

Positioned to Succeed by Focusing on Three Key Areas

### Market Responsive Potash Approach

- Aligning operating capability to current and expected market demand
- Responding, as appropriate, with additional operational capability to meet future demand growth

### Portfolio Optimization

- Focusing on continued operational excellence across all three nutrients
- Shifting potash production toward lowest-cost operations
- Ramping up Rocanville in 2017 to further reduce per-tonne costs

### Financial Flexibility

- Focusing on protecting the balance sheet and our investment grade credit rating
- Evaluating value creation opportunities

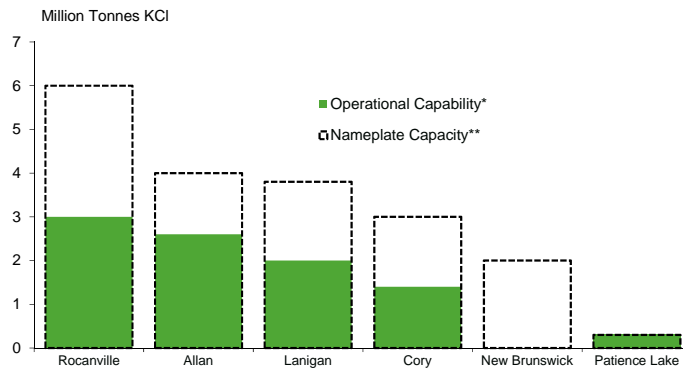


Source: PotashCorp

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## Market Responsive Potash Approach

Aligning Capability to Market Demand; Paid-for Capacity a Platform for Growth



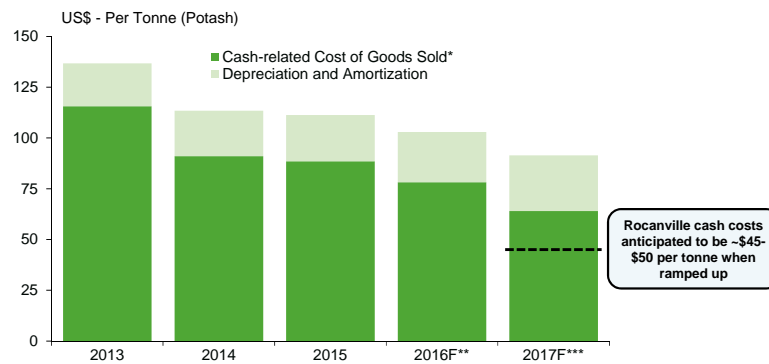
\* Estimated annual achievable production level at current staffing and operational readiness (estimated at beginning of 2016). Estimate does not include inventory-related shutdowns and unplanned downtime  
 \*\* Estimates based on 2017 capacity as per design specifications or Canpotex entitlements once determined. In the case of New Brunswick, nameplate capacity represents design specifications for the Picadilly mine, which is currently in care-and-maintenance mode. In the case of Patience Lake, estimate reflects current operational capability.

Source: PotashCorp

Slide #10

## Portfolio Optimization

Optimizing Potash Production Toward Lowest-Cost Operations



\* Refers to total cost of goods sold less depreciation and amortization  
 \*\* Excluding severance and transition charges in 2016  
 \*\*\* Assumes Rocanville production of approximately 3mmt in 2016 and 5mmt in 2017; FX rate of CDN 1.34 per 1 USD; 2016 sales volumes consistent with guidance and sales volumes of 9.5mmt in 2017 (for illustrative purposes only; actual 2017 sales expectations may differ)

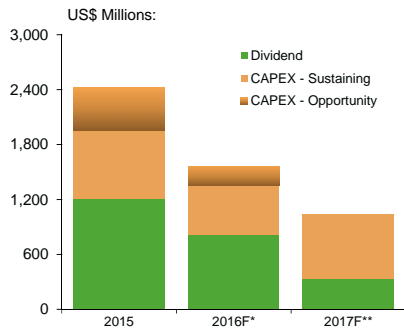
Source: PotashCorp

Slide #11

## Financial Discipline and Flexibility

Focusing on Financial Flexibility and Investment-Grade Credit Rating

### Reduced Capex/Dividend Requirements

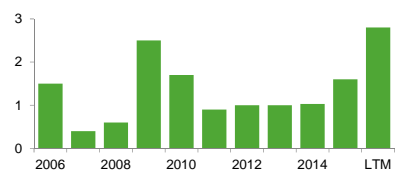


\* Combined sustaining and opportunity CAPEX represents guidance ~\$800 million; annual dividend expenditures based on current payout level  
 \*\* Represents midpoint of sustaining capital expenditures range of \$600-\$800 million; annual dividend expenditures based on current payout level

### Investment Grade Credit Rating

	Long-term	Short-term
Moody's	<b>Baa1</b>	<b>P-2</b>
S&P	<b>BBB+</b>	<b>A-2</b>

### Net Debt to EBITDA Ratio

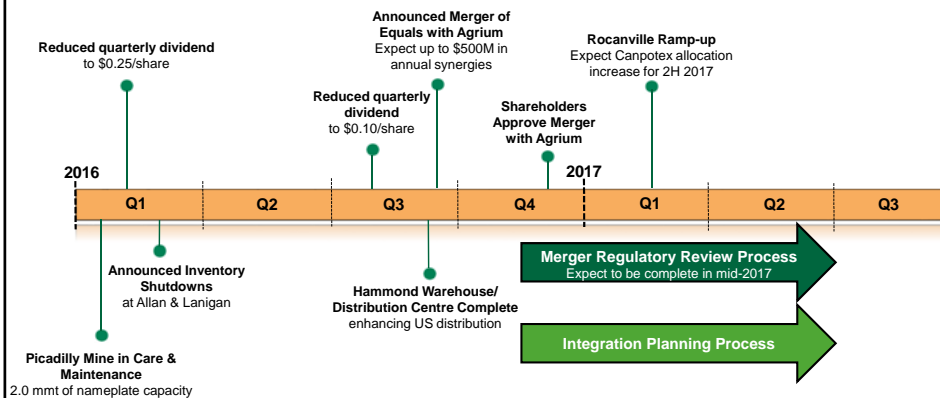


Source: PotashCorp, S&P, Moody's

Slide #12

## Recent and Upcoming Event Timeline

Commitment to a Proactive Approach; Merger Expected to Close Mid-2017



Source: PotashCorp

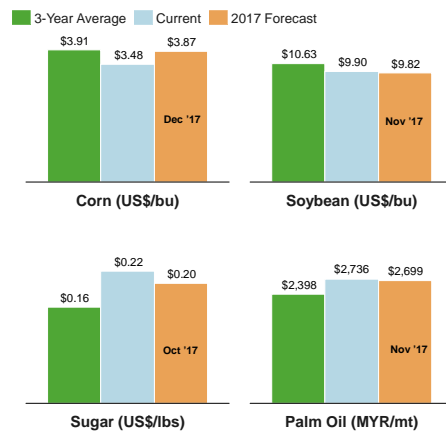
Slide #13



## Crop Market Update

Prices Remain at Supportive Levels Due to Strong Demand


### Selected Crop Prices\*



### Highlights

- Record global grain/oilseed consumption provides incentive to increase crop production
- US exports for major crops are at all-time highs in 2016, partially offsetting record production
- South American planting progressing well; anticipate growth in corn and soybean acres
- US corn acreage projected at ~90 million acres in 2017; expect minimal impact on nutrient demand
- Palm oil and sugar markets supported by strong demand and tight supply

\* As at November 6, 2016. 2017 based on consensus forecast as reported by CapIQ



Source: CapIQ

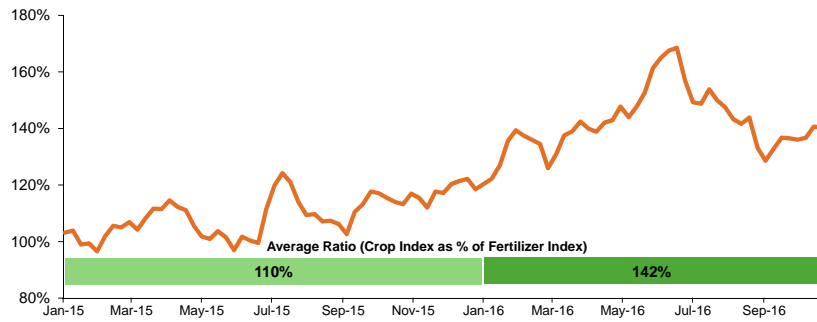
Slide #15



## Fertilizer Affordability Index

Fertilizer Represents Good Value for Farmers

Crop Price Index\* as a % of Fertilizer Price Index\*\*



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

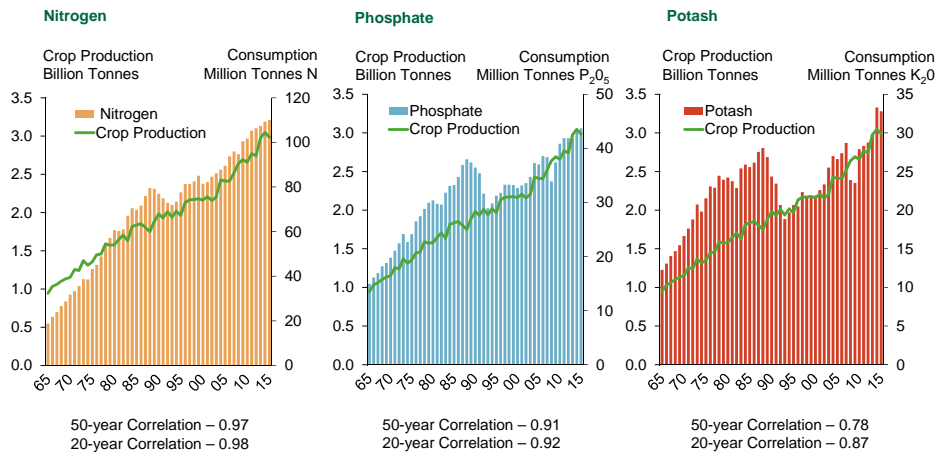


Source: Bloomberg, Fertilizer Week

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## World Fertilizer Consumption and Crop Production

Strong Correlation Between Growth in Crop Production and Fertilizer Use

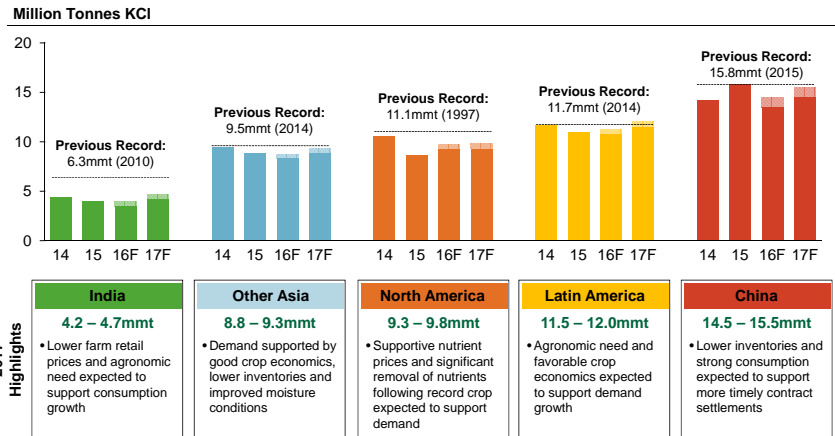


Source: Fertecon, CRU, USDA, PotashCorp

Slide #17

## Potash Shipments by Region

Expect Demand of 61-64 Million Tonnes in 2017



Note: Shaded bars represent shipment forecast range as of October 27, 2016.

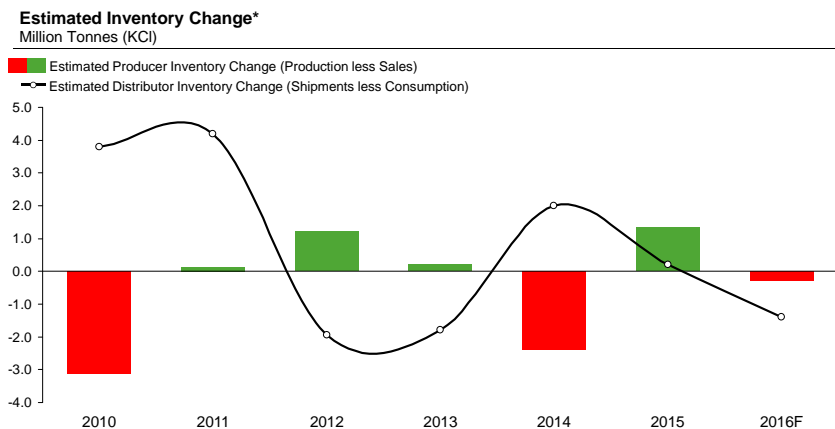


Source: Fertecon, CRU, Industry Publications, PotashCorp

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## World Potash Inventory Changes

Inventory Has Been Drawn Down at Both Producer and Distribution Level



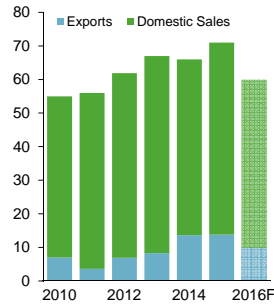
Source: CRU, TFI, Company Reports, PotashCorp

Slide #19

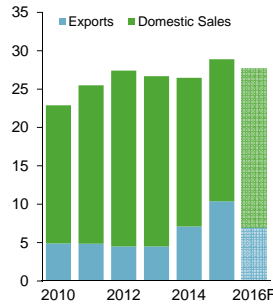
## China's Nutrient Profile

Lower Operating Rates and Slowdown in Capacity Expansion

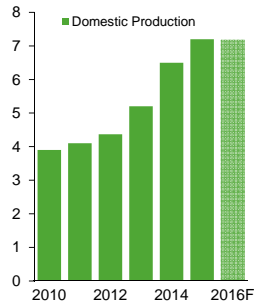
**Nitrogen (Urea)**  
Million Tonnes



**Phosphate (DAP/MAP)**  
Million Tonnes



**Potash (KCl)**  
Million Tonnes



Current  
Operating  
Rate\*:

**~52%**

**~60%**

**~89%**

\* Based on industry consultants' estimates.



Source: Fertecon, CRU

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## Contact Us

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