# Fluid Fertilizer Foundation

## Market Update

**6 Dec. 2016**

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VP, Fertilizer Sales

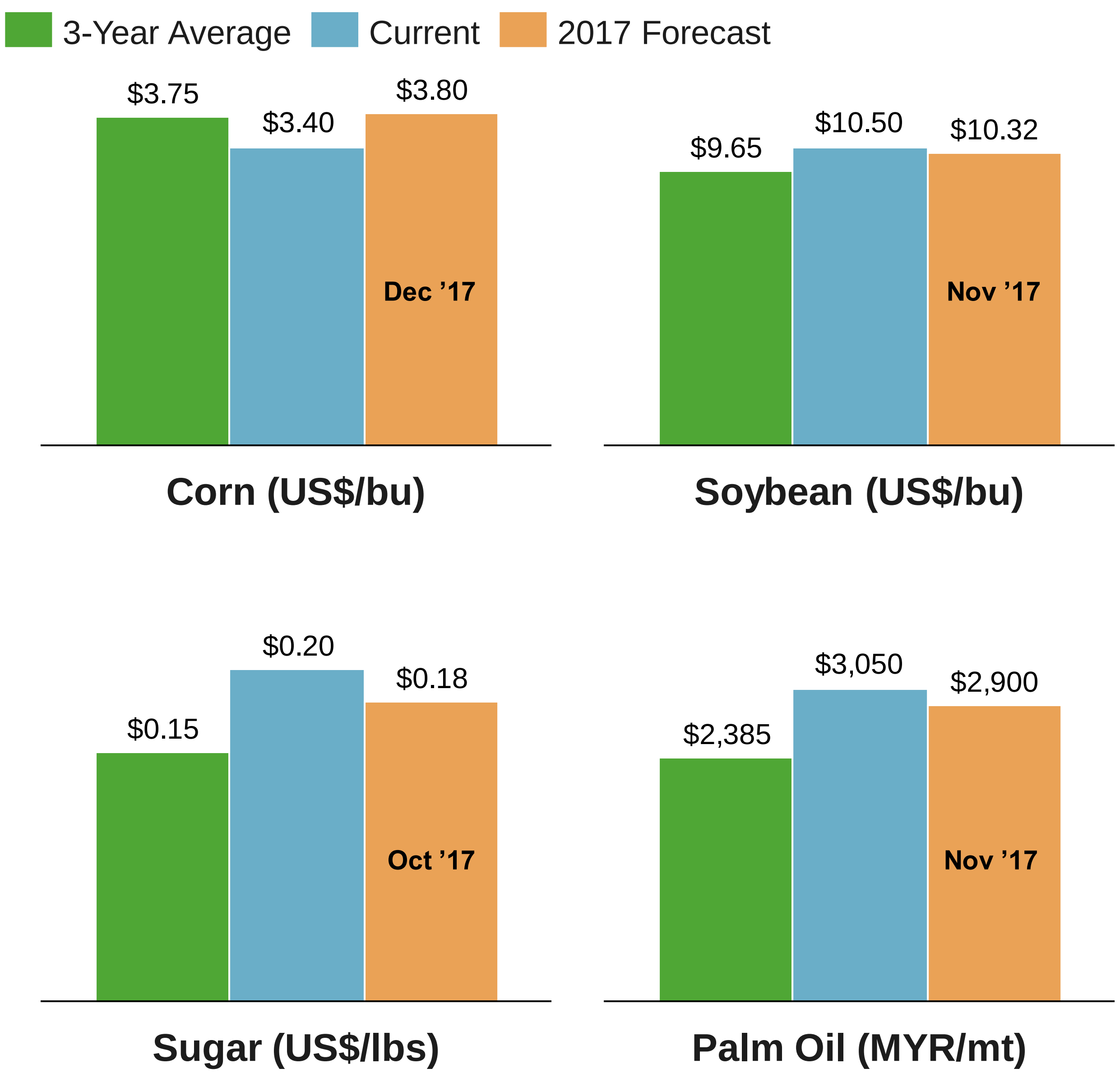
# Forward-looking Statements

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; 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.

# Crop Price Update

## Prices Remain at Supportive Levels Due to Strong Demand

### Selected Crop Prices*




### Highlights

- Record global grain/oilseed consumption maintains incentive to increase crop production
- US exports for major crops are at all-time highs, helping offset record production in 2016
- US corn acreage for 2017 season expected at 91M+ acres, Soybeans 83M+ acres
- South American planting progressing well; moisture conditions good in Mato Grosso with alleviating dry conditions in Southern growing regions
- Palm oil and Sugar markets supported by strong demand and tight supply availability

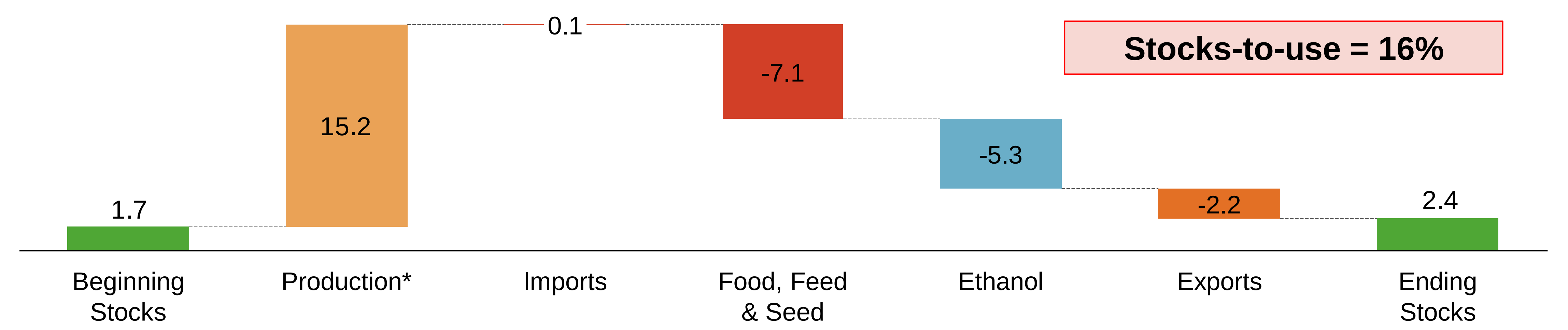
* As at November 30, 2016

**Source: CapIQ**

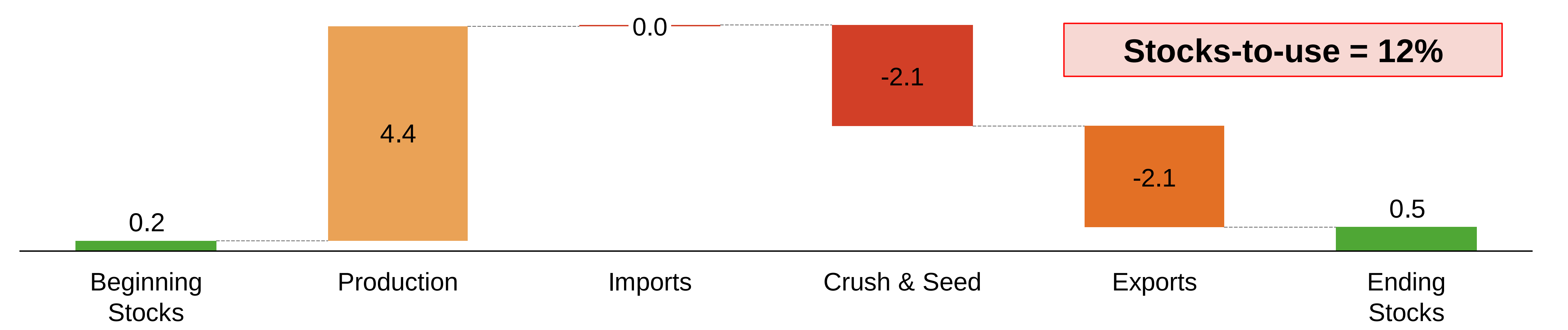
# US Corn and Soybean Profile

## Large Stocks Allow for Strong Demand Growth

### 2016/17 US Corn Profile
Billion Bushels




### 2016/17 US Soybean Profile
Billion Bushels

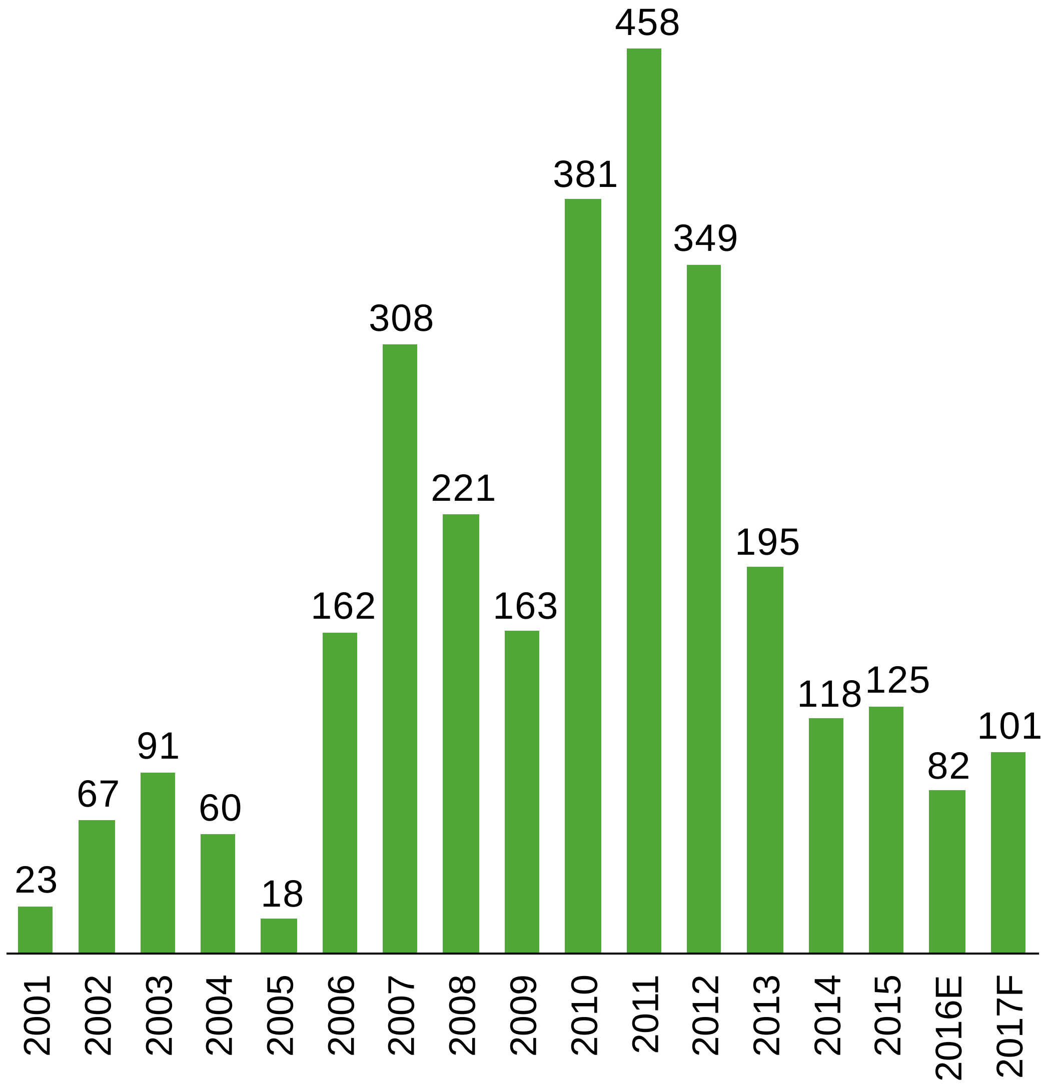



Source: USDA

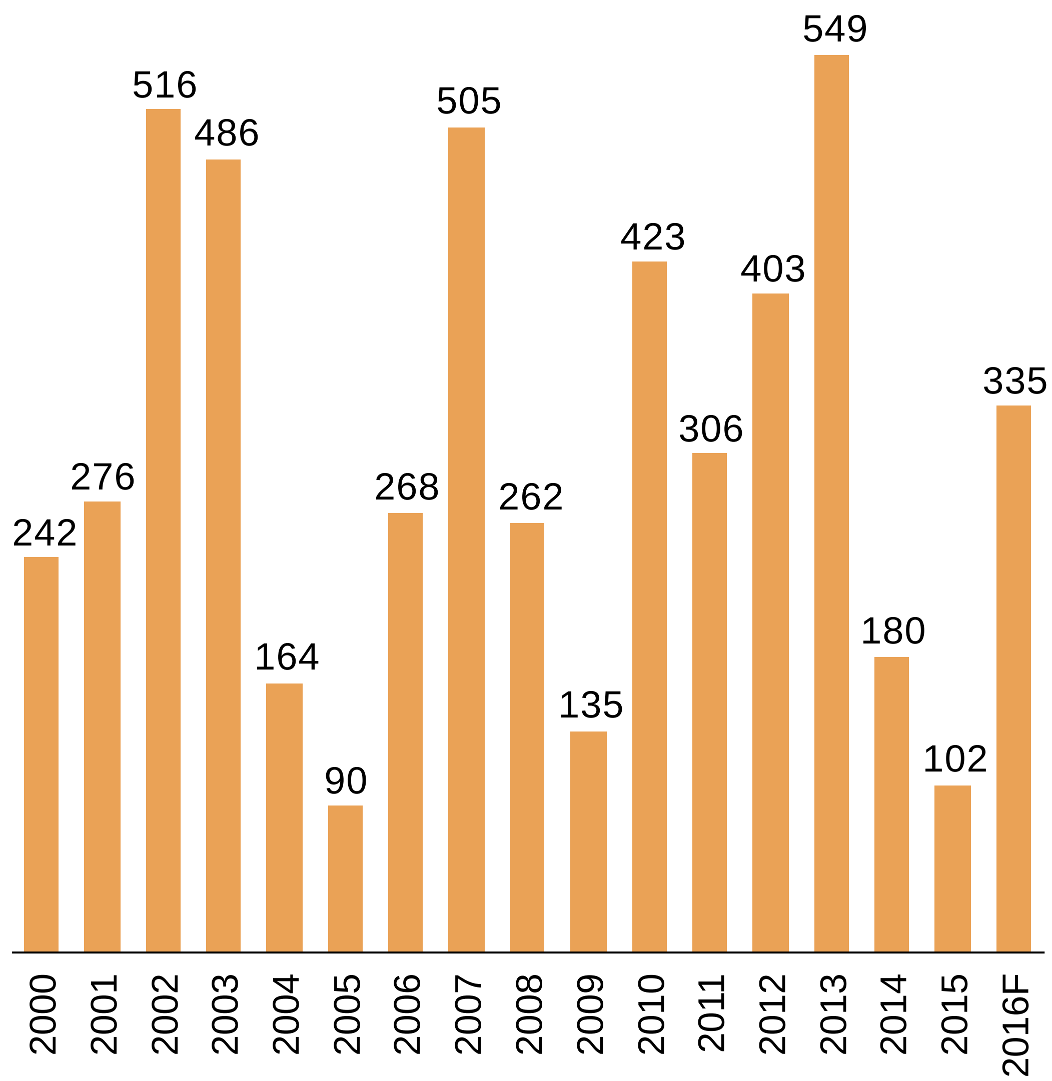
# US and Brazil Crop Returns

## Farmer Returns Remain Supportive; Forward Budgets to Surpass Prior Year

**US Corn**
Return over Operating and Land Costs (US$/acre)




**Brazil Soybean**
Return over Operating and Land Costs (Reals/acre)



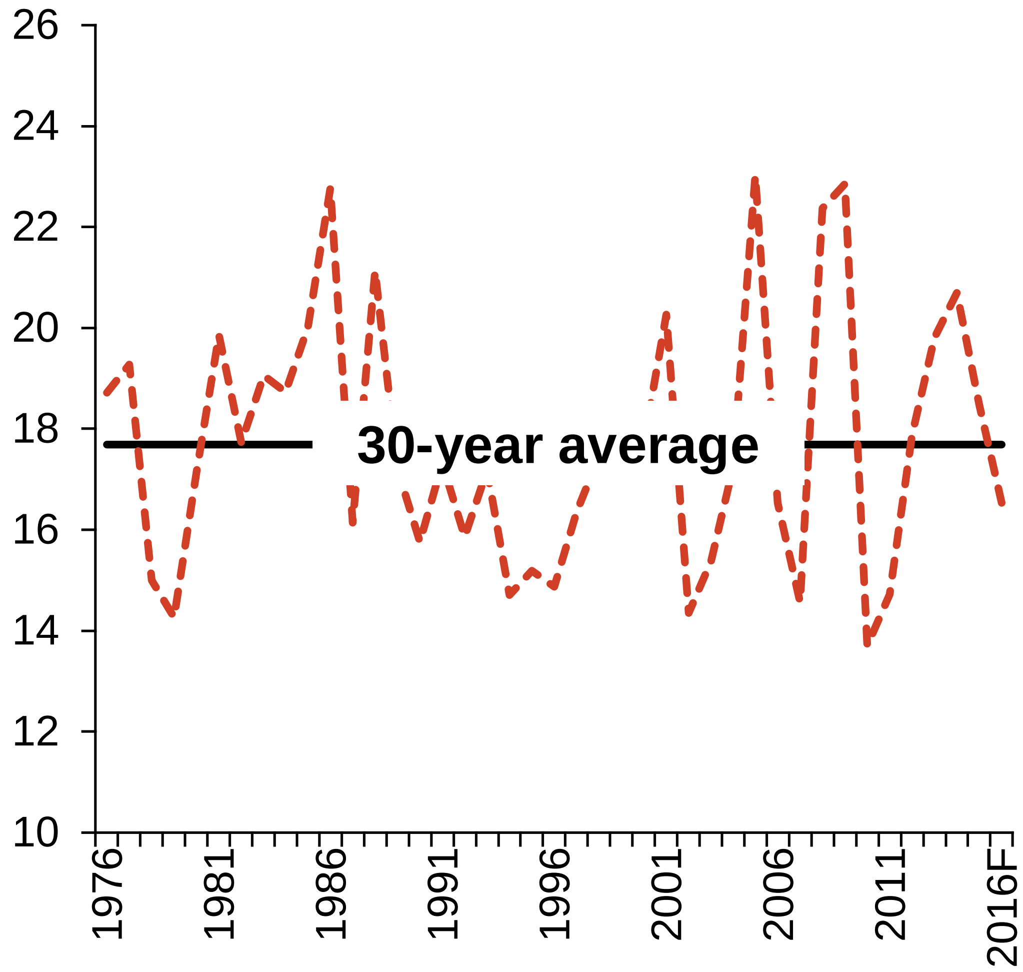

* 2016F represents the 2016/17 Brazilian crop year.

Source: USDA, IMEA, Conab, PotashCorp

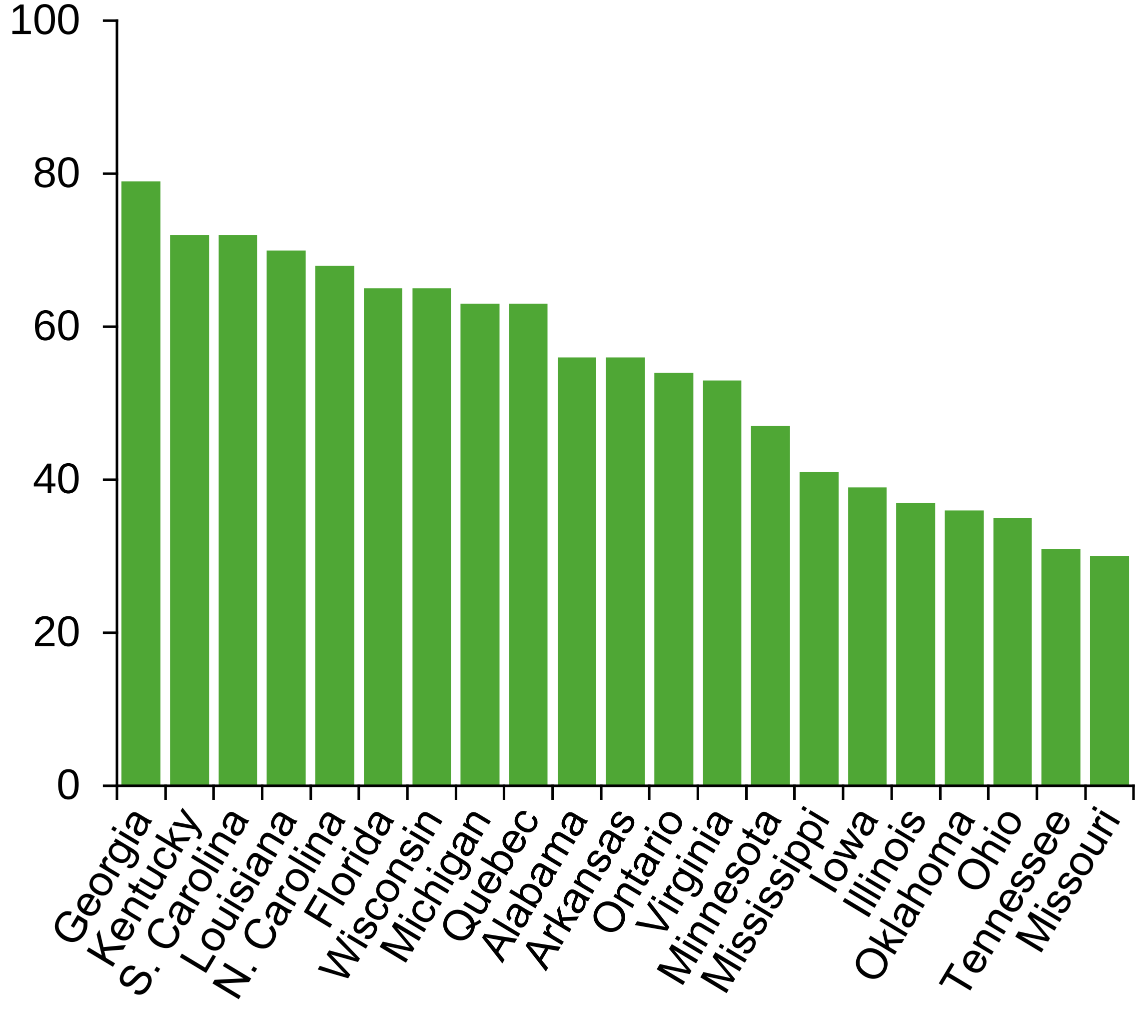
# US Fertilizer Cost and Soil K Needs

## Strong Value in Fertilizer As Soils Continue to Test Below Critical Potassium Levels

**Fertilizer Cost as Percentage of Corn Revenue**
Percent




**North American Potassium Soil Test Levels**
Percentage of Soils Testing Below Critical Level for K, 2015

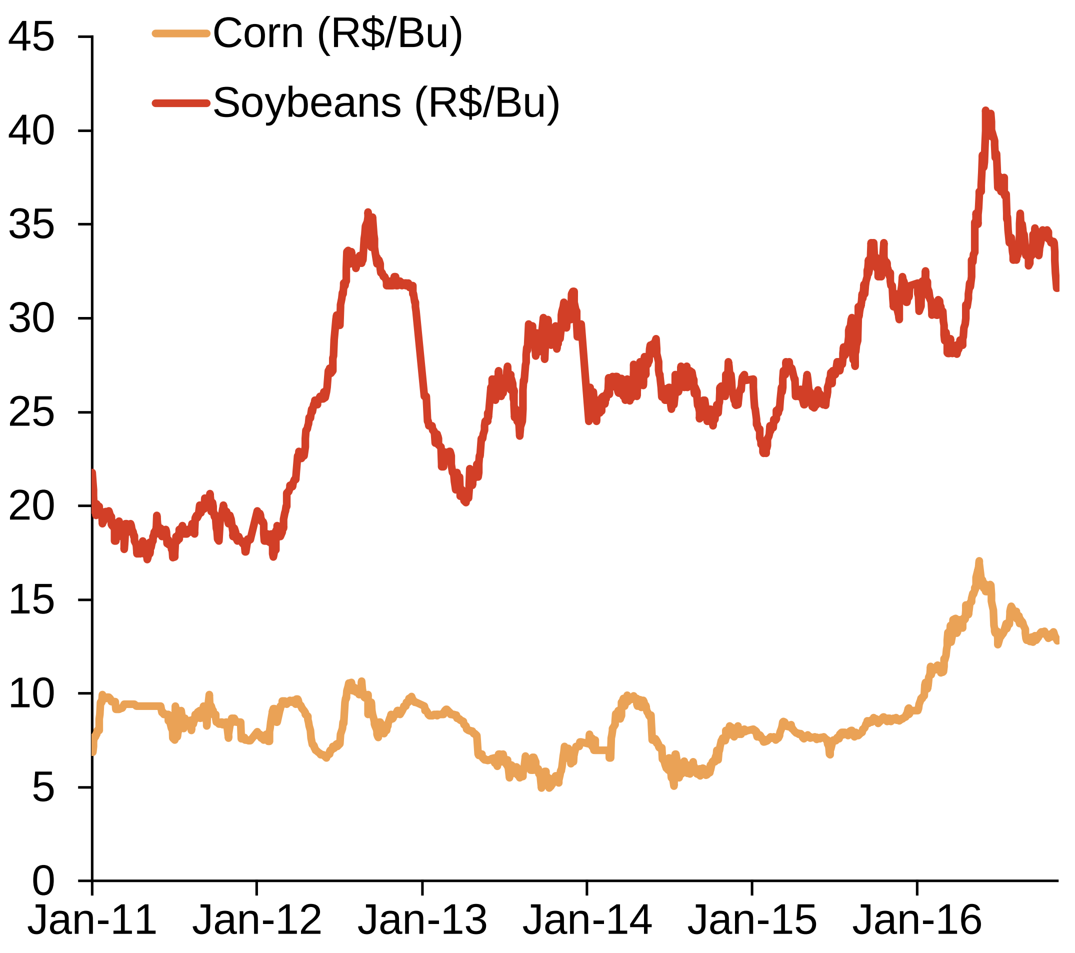



Source: USDA, PotashCorp

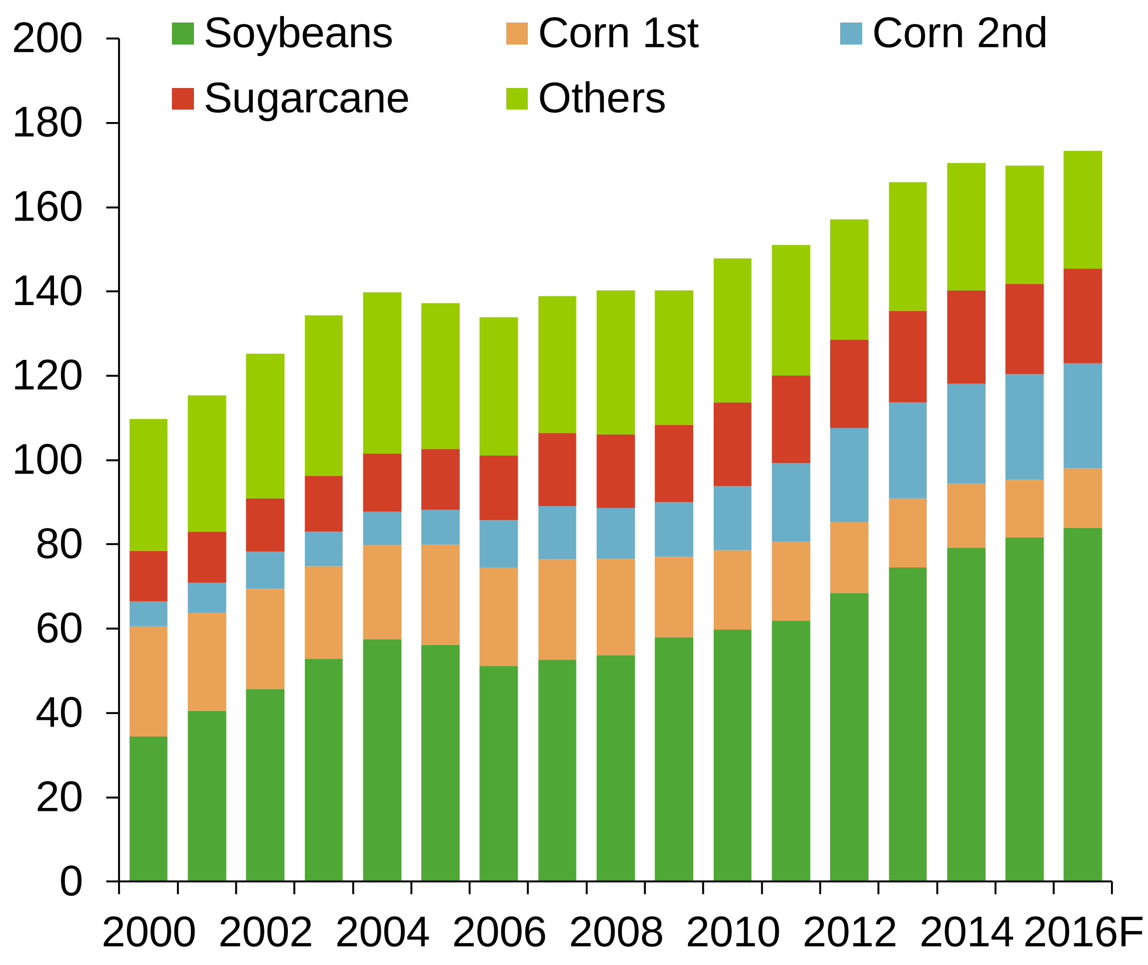
# Brazil's Crop Prices and Planting Area

## Robust Brazilian Farm Prices Support Strong Planting Outlook

**Brazil Crop Prices (Mato Grasso)**
Real / Bushel




**Brazil Planted Area by Crop**
Million Acres




* 2016F represents the 2016/17 Brazilian crop year.

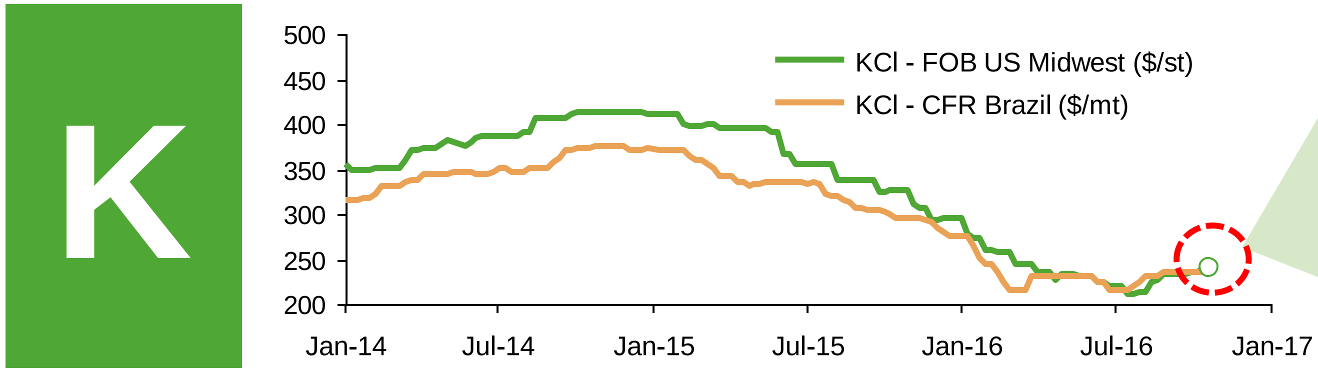
Source: USDA, IMEA, Conab, PotashCorp

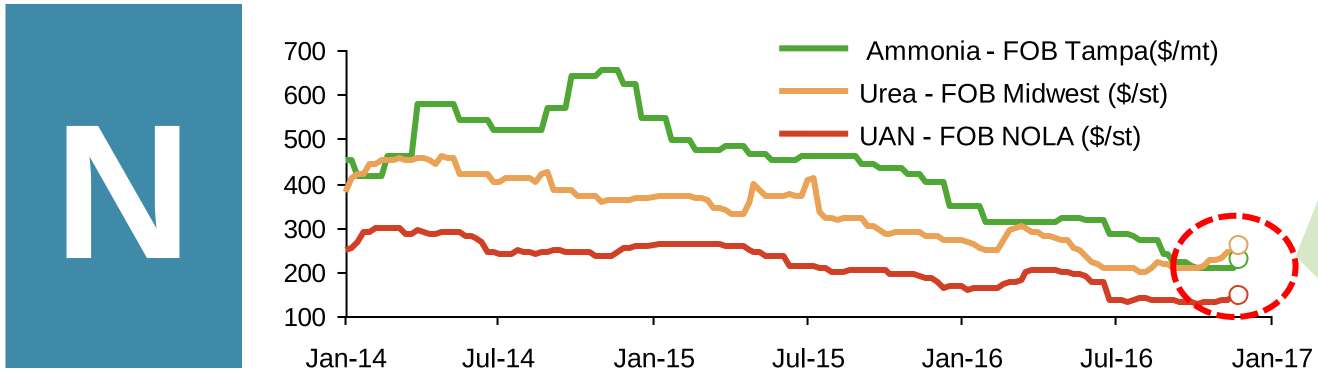
## Fertilizer Market Fundamentals

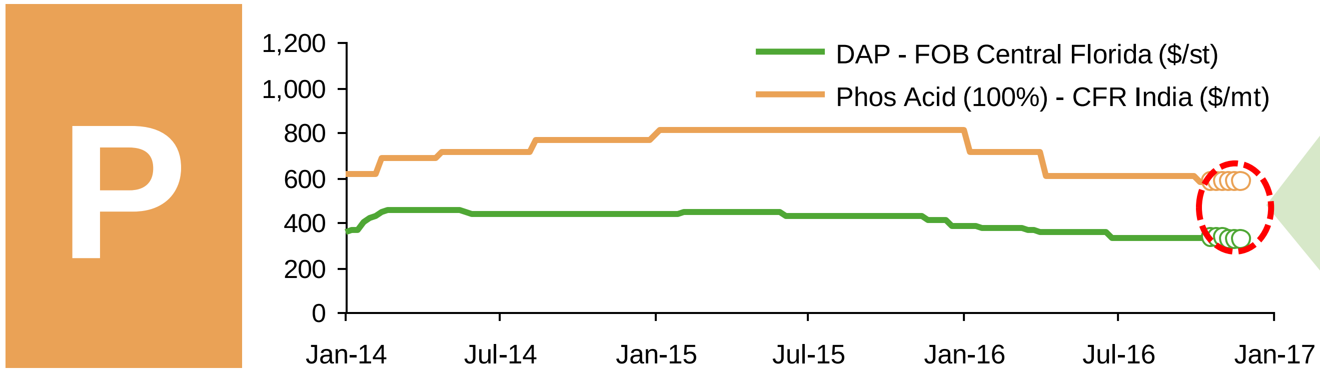
# World Fertilizer Prices

## Potash Prices Move Up; Phosphates Stabilize

### **Selected Fertilizer Prices** (US$)




### Key Highlights

- Strong demand and tight supply lift prices in most spot markets
- New business in most markets being conducted at ~$30/mt higher than end of Q2'16

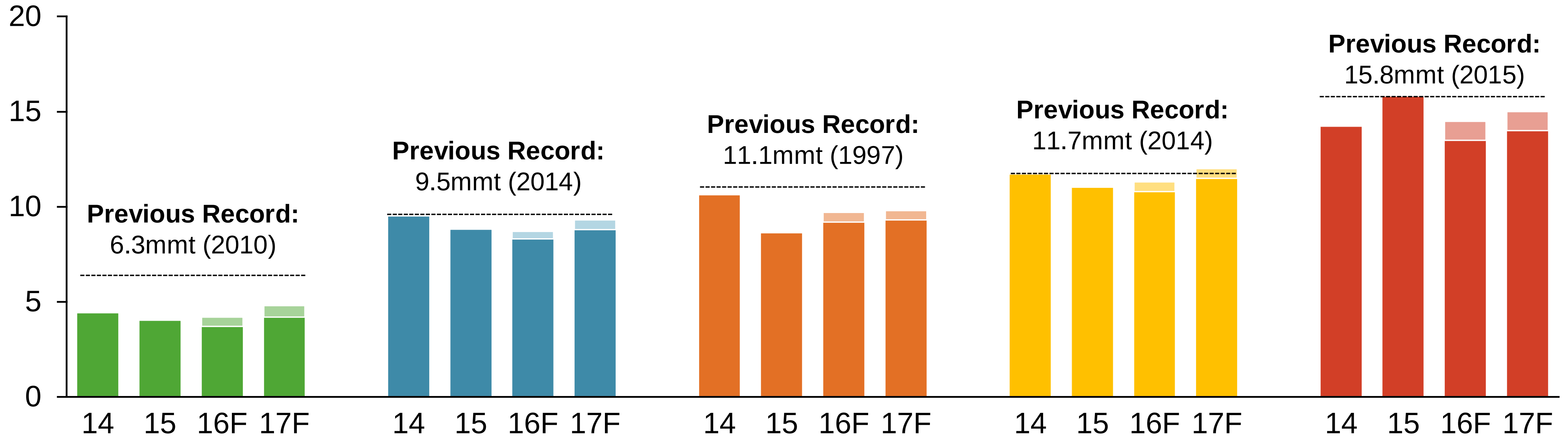
- Tampa ammonia prices recently strengthened having found near-term support
- Urea prices rally on limited supply from China

- Solid fertilizer market stable to lower on weak demand and lower input costs
- Phos Acid markets move lower on weak Indian demand

# Potash Shipments by Region

## Expect Demand of 61-64 Million Tonnes in 2017

**Global Potash Shipment Estimate by Market** (Million Tonnes KCl)




**2017 Highlights**

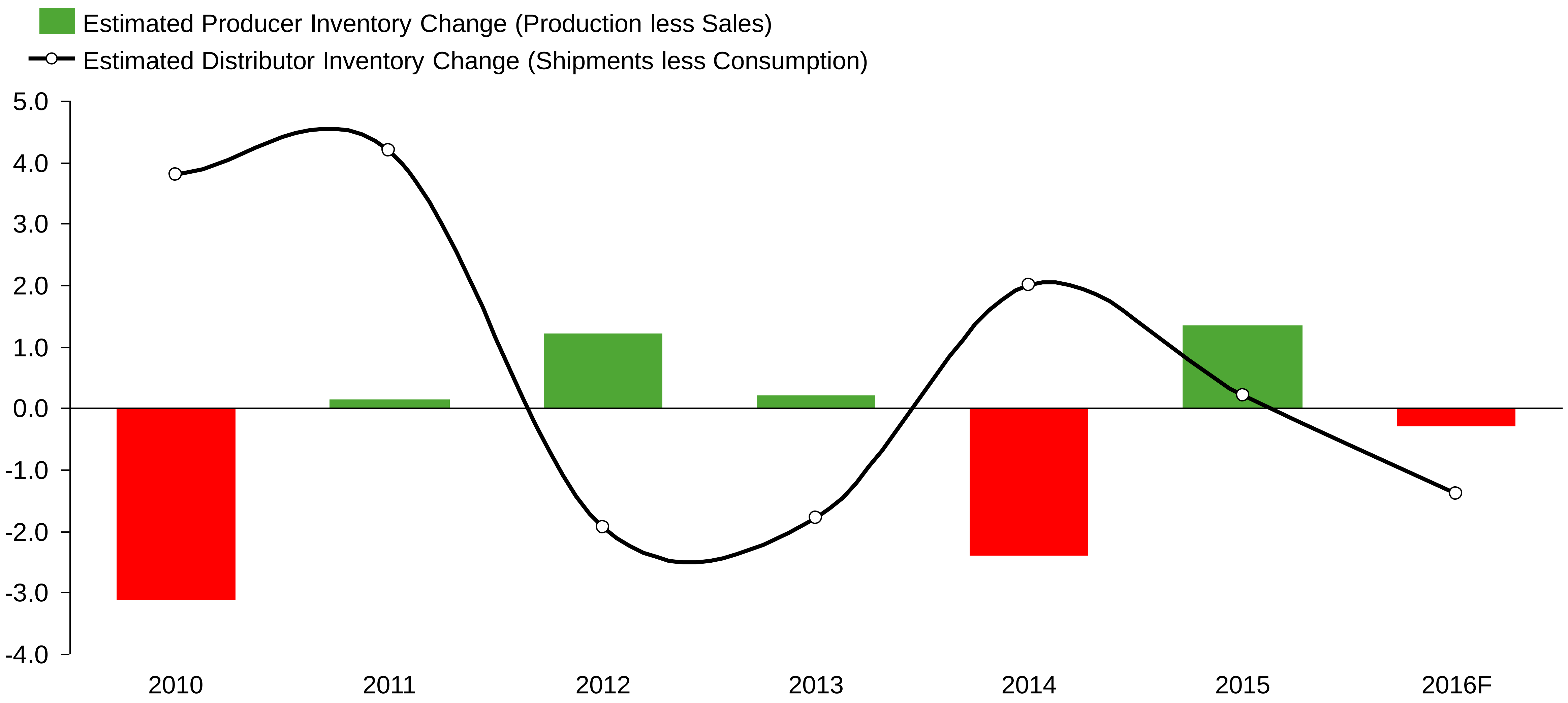
| India | Other Asia | North America | Latin America | China |
|---|---|---|---|---|
| **4.2 – 4.7mmt** | **8.8 – 9.3mmt** | **9.3 – 9.8mmt** | **11.5 – 12.0mmt** | **14.5 – 15.5mmt** |
| • Lower farm retail prices (due to support MRP and subsidy changes) expected to support consumption growth | • Supportive crop economics and the absence of lengthy contract deferrals are expected to support normalized demand | • Significant removal of nutrients following record crop along with attractive potash price likely to support strong demand | • Agronomic need and increased crop acreage expected to support demand growth | • Lower inventories, more timely contract settlements, and strong consumption trends expected to support shipments |

Note: Shaded bars represent shipment forecast range.

# World Potash Inventory Changes

## Inventory Has Been Drawn Down at Both Producer and Distribution Level

**Estimated Inventory Change**
Million Tonnes (KCl)

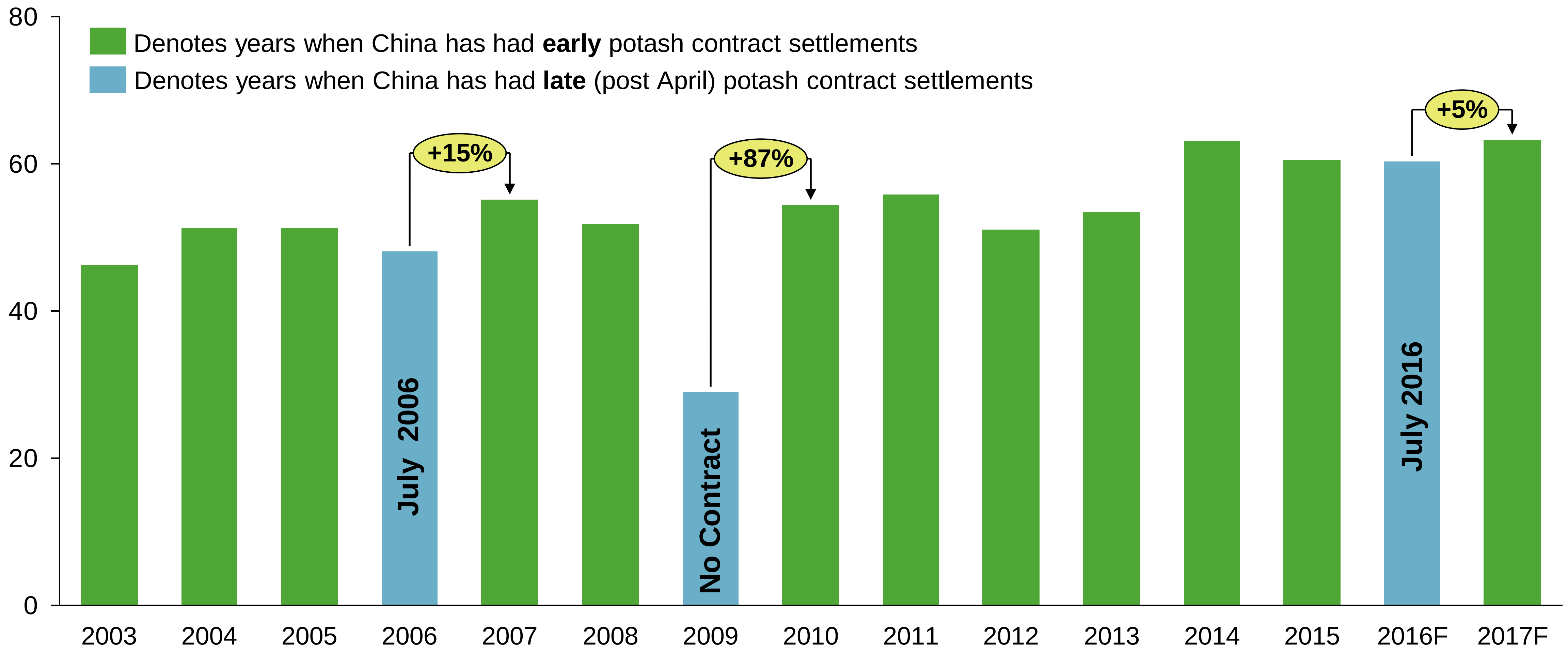



Source: CRU TFI, Company Reports, PotashCorp

# Potash Shipments Historical Trends

## Late Chinese Contract Settlement Has Historically Created a Rebound in Demand

**Global Potash Shipment Estimates** (Million Tonnes KCl)



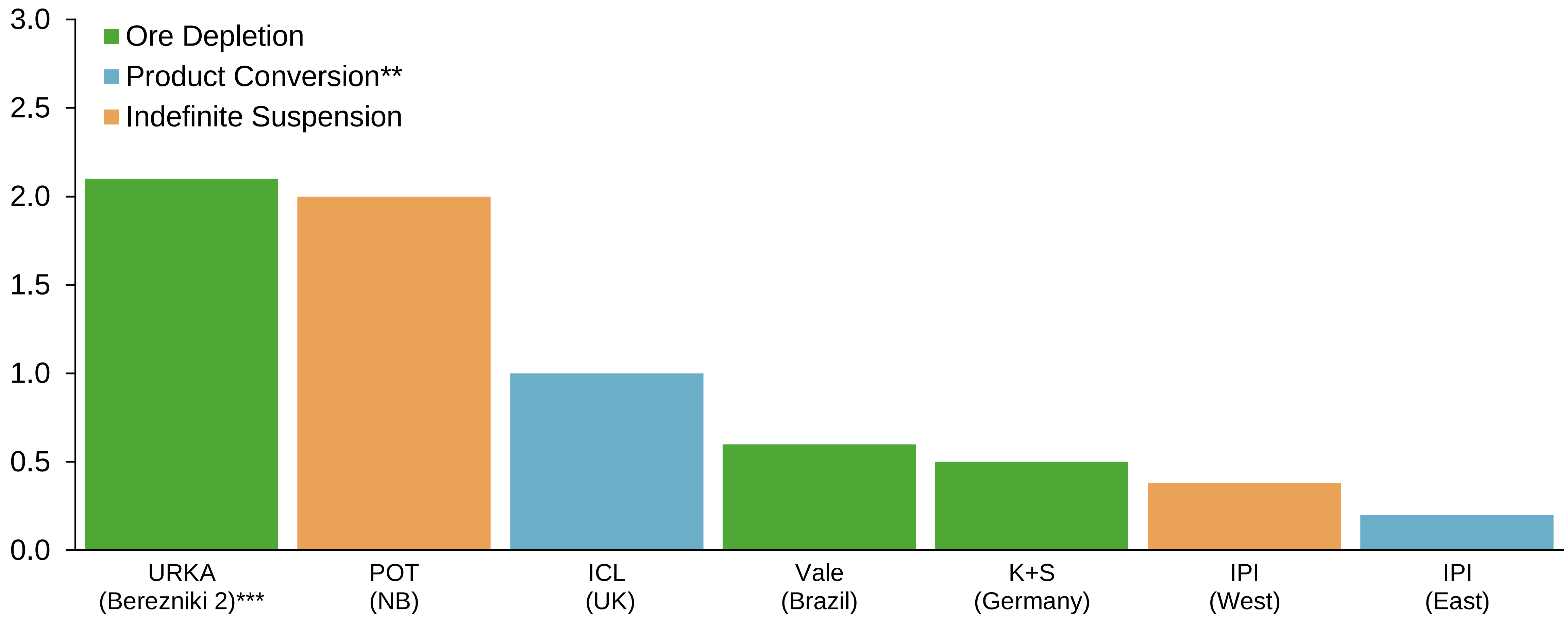

Note: 2016F & 2017F based on midpoint of shipment forecast range; all dates reflect timing of Canpotex settlement, with the exception of 2016, which indicates first announced producer settlement

Source: Fertecon, CRU, PotashCorp

# Announced Potash Mine Closures (2016-2020)

## Approximately 7 Million Tonnes of Capacity Expected to Be Closed by 2020*

**Potash Mine Closures** (Nameplate Capacity)
Million Tonnes KCl

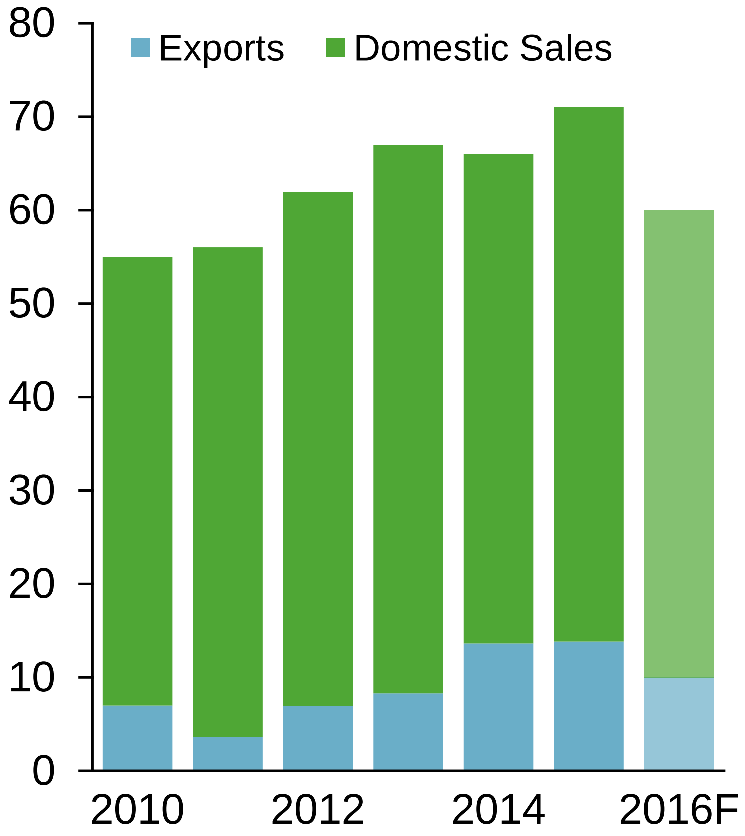



* Based on changes disclosed in company reports and CRU estimates
** Conversion of KCl mines to specialty multi-nutrient products
*** Represents total mine capacity. Capacity depletion to begin in 2019 as per company reports

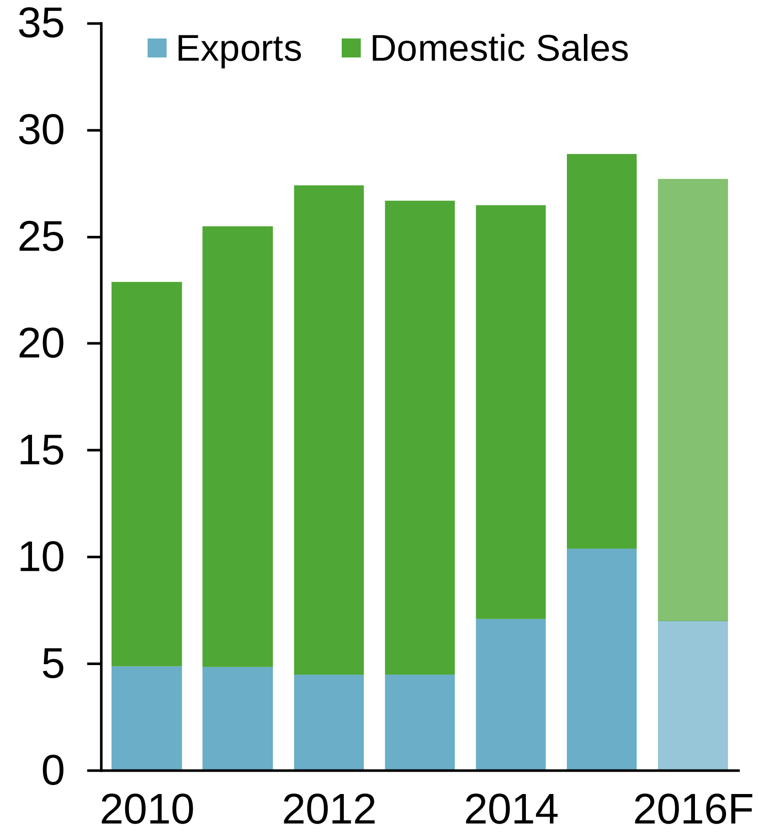
# China's Nutrient Profile

## Historically Low Operating Rates Due to Diminishing Profits

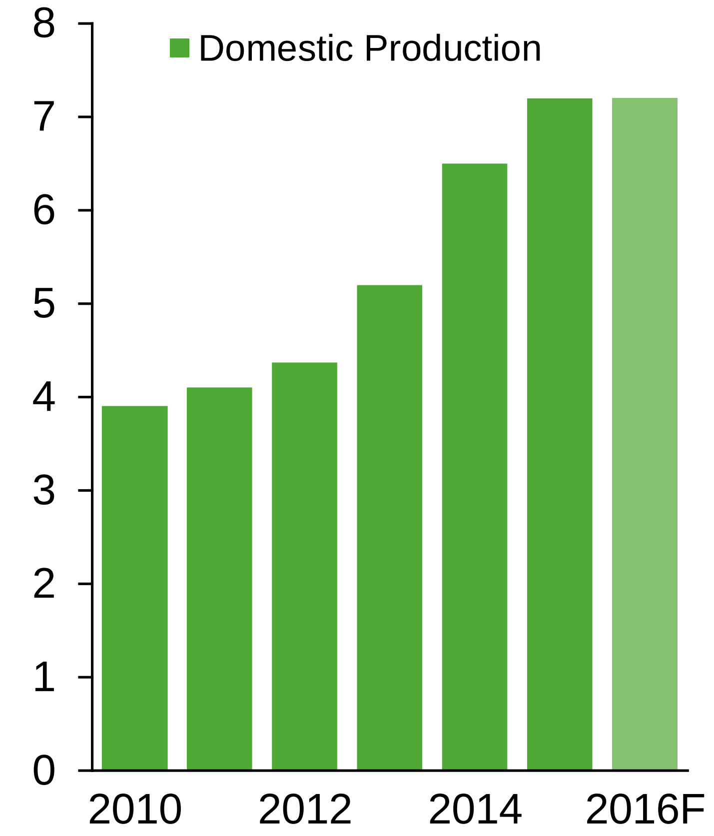
**Nitrogen (Urea)**
Million Tonnes




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




**Potash (KCl)**
Million Tonnes



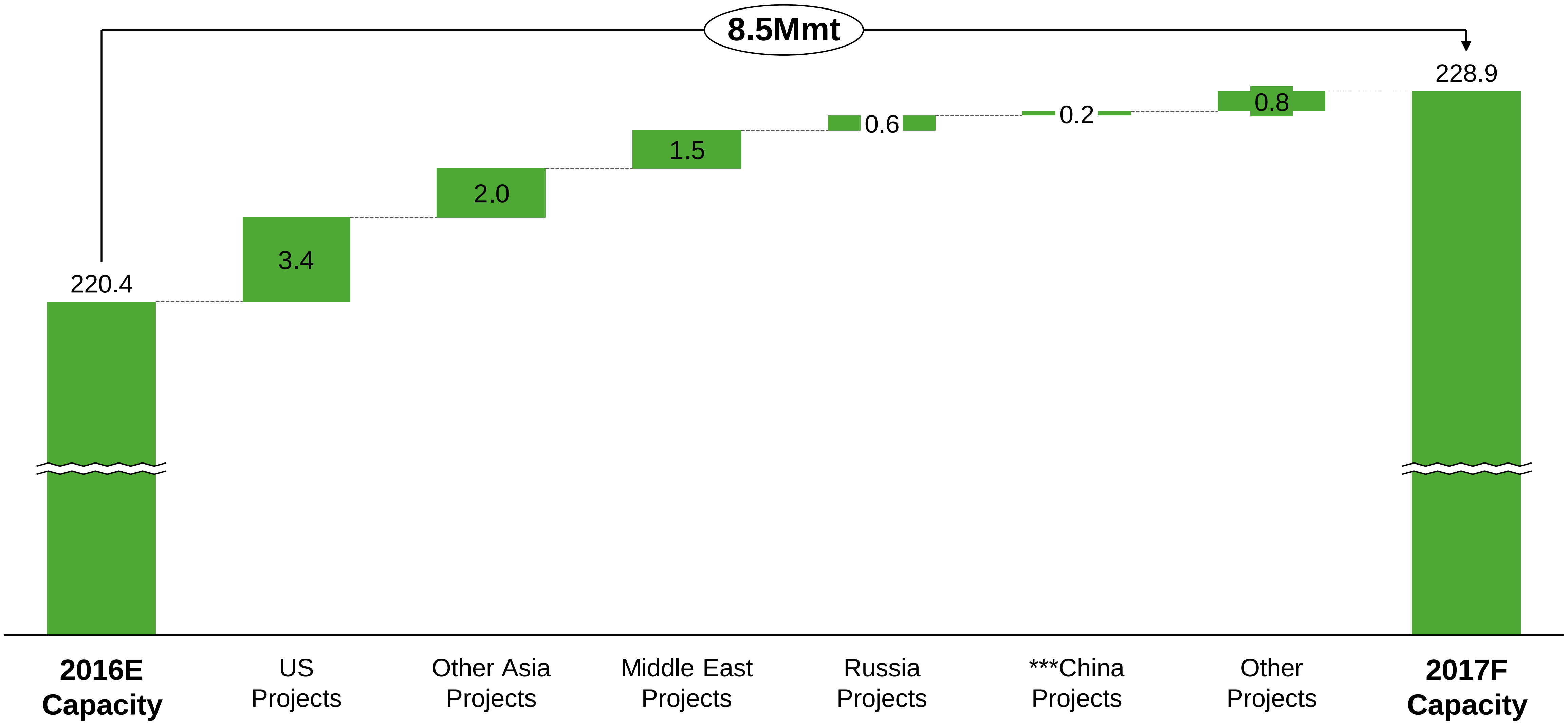

| Current Operating Rate*: | ~52% | ~60% | ~89% |
|---|---|---|---|

* Based on industry consultants' estimates.

# Ammonia Supply Overview

## ~8.5MMT of new supply in 2017 with 40% in US

**Global Ammonia Supply**** (Million Tonnes)



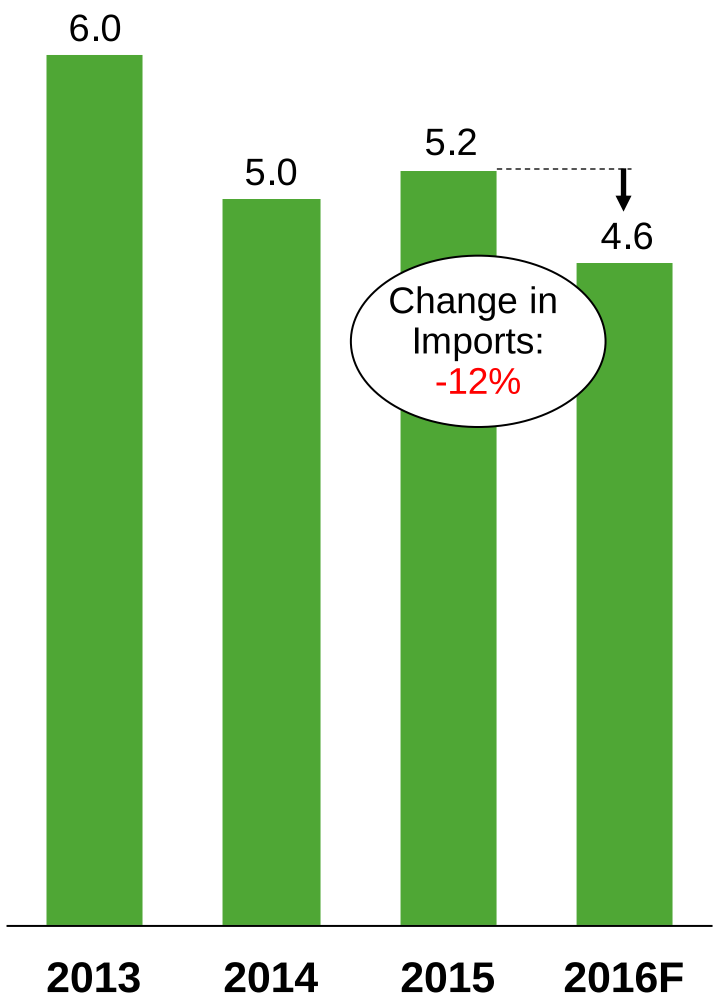

* Does not include smaller debottleneck projects
** Capacity is prorated for startup timing in the year
*** Net of additions and closures

**Source: CRU, Fertecon, Company Reports, PotashCorp**

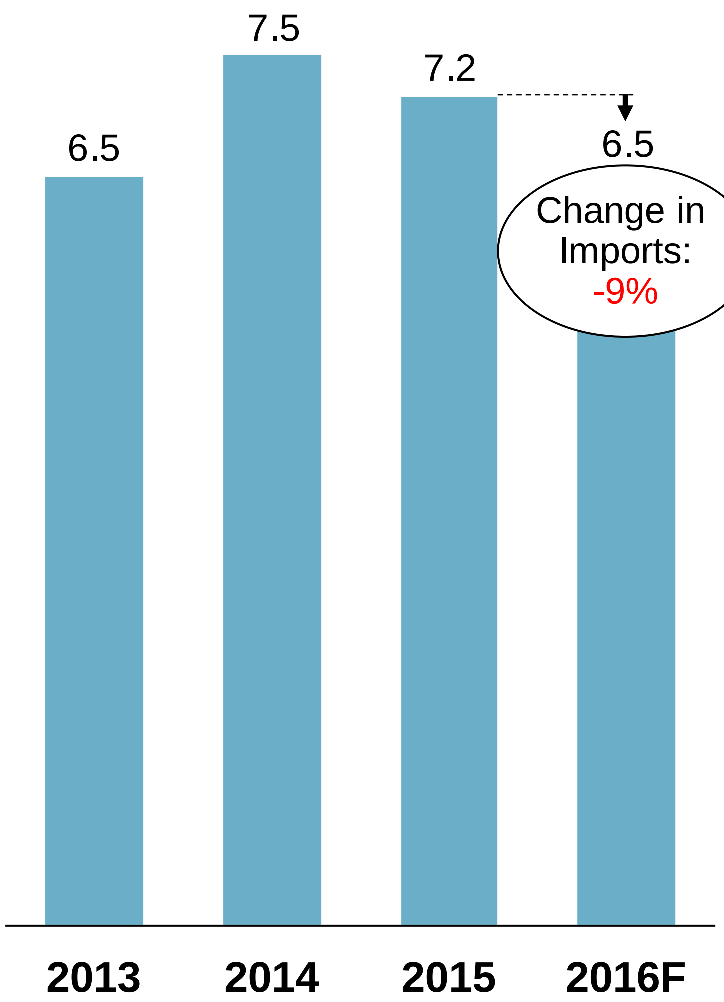
# US Nitrogen Import Profile

## Increased US Production to Reduce Dependency of Offshore Imports

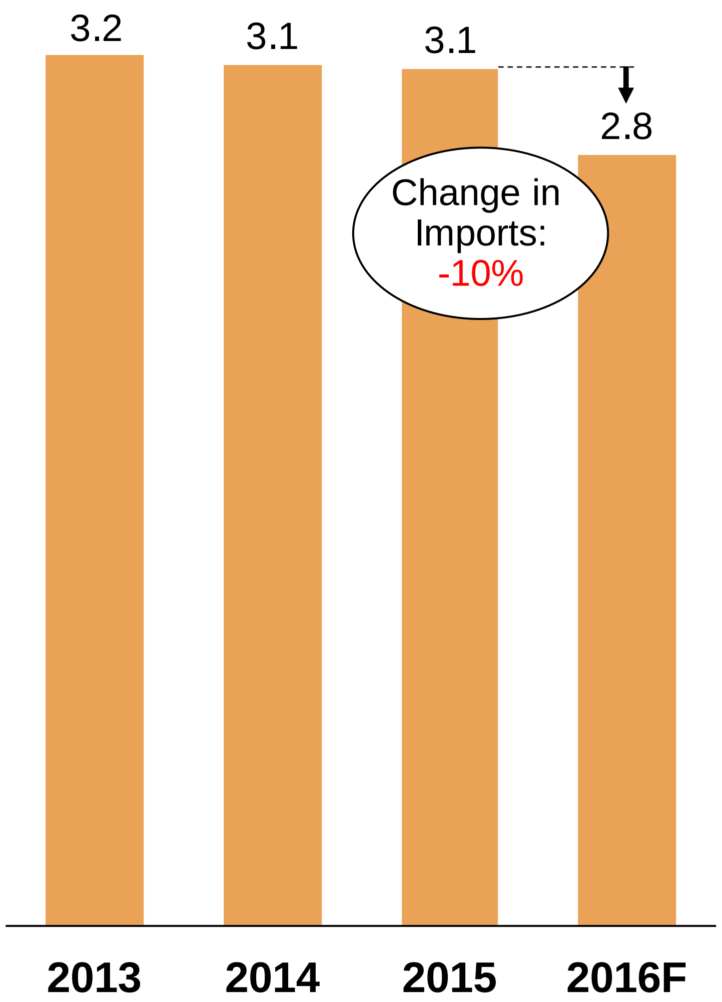
**Ammonia (US)**
(Million Tonnes)




**Urea (US)**
(Million Tonnes)



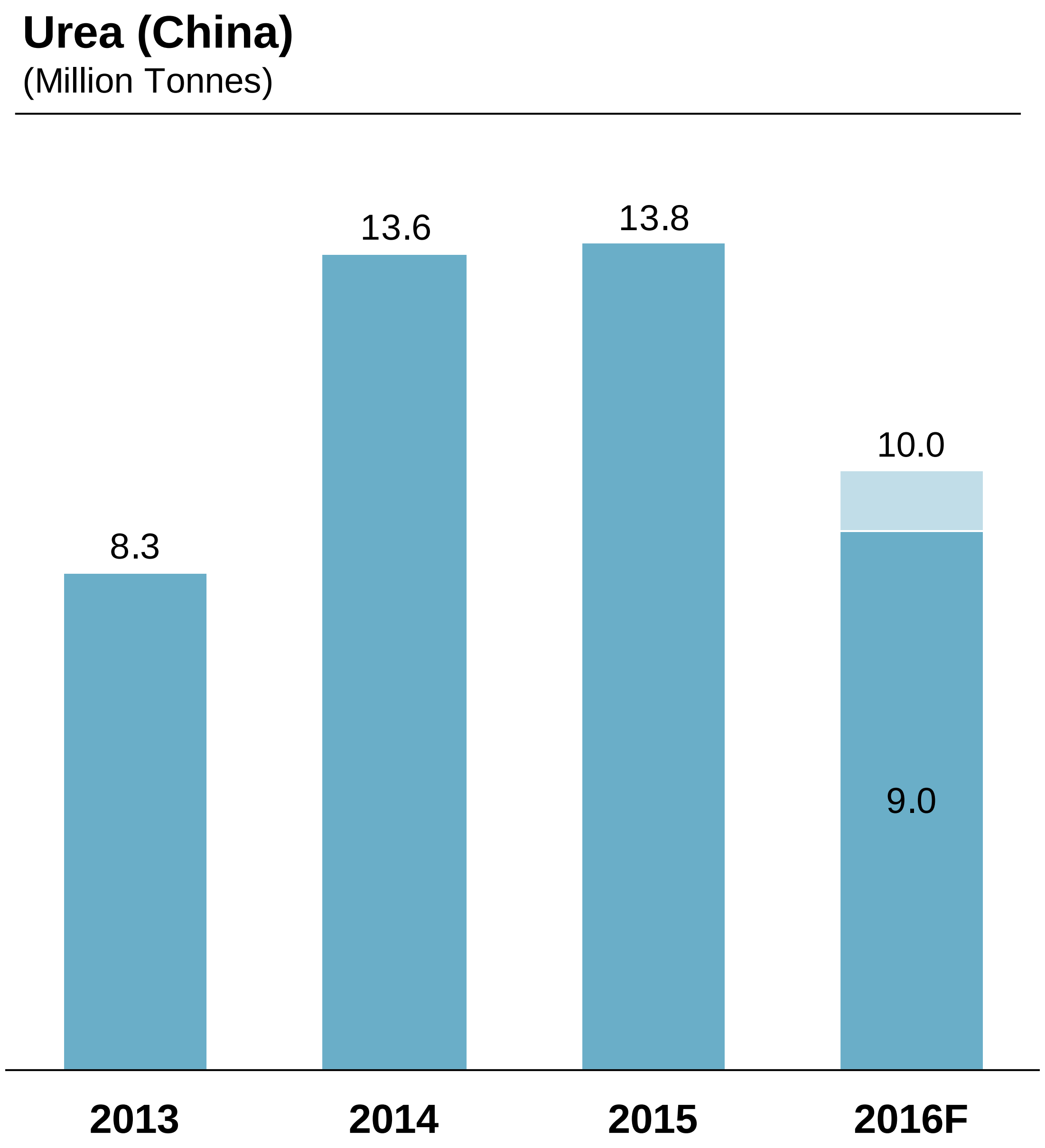

**UAN (US)**
(Million Tonnes)

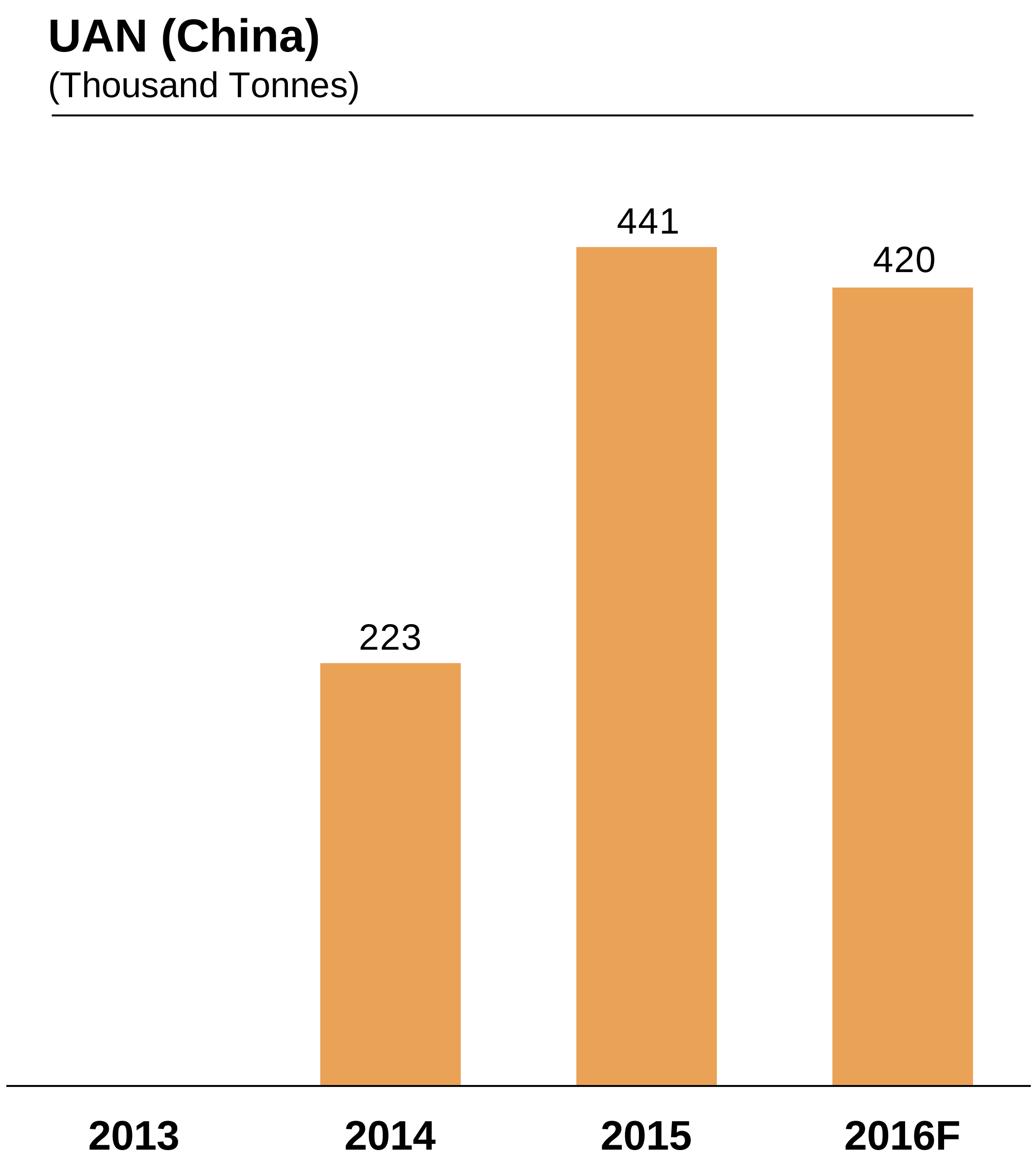



**Source: USDOC, PotashCorp**

# Chinese Urea and UAN Exports

## Coal Cost Increase and Nitrogen Price Decrease Pressuring Exports



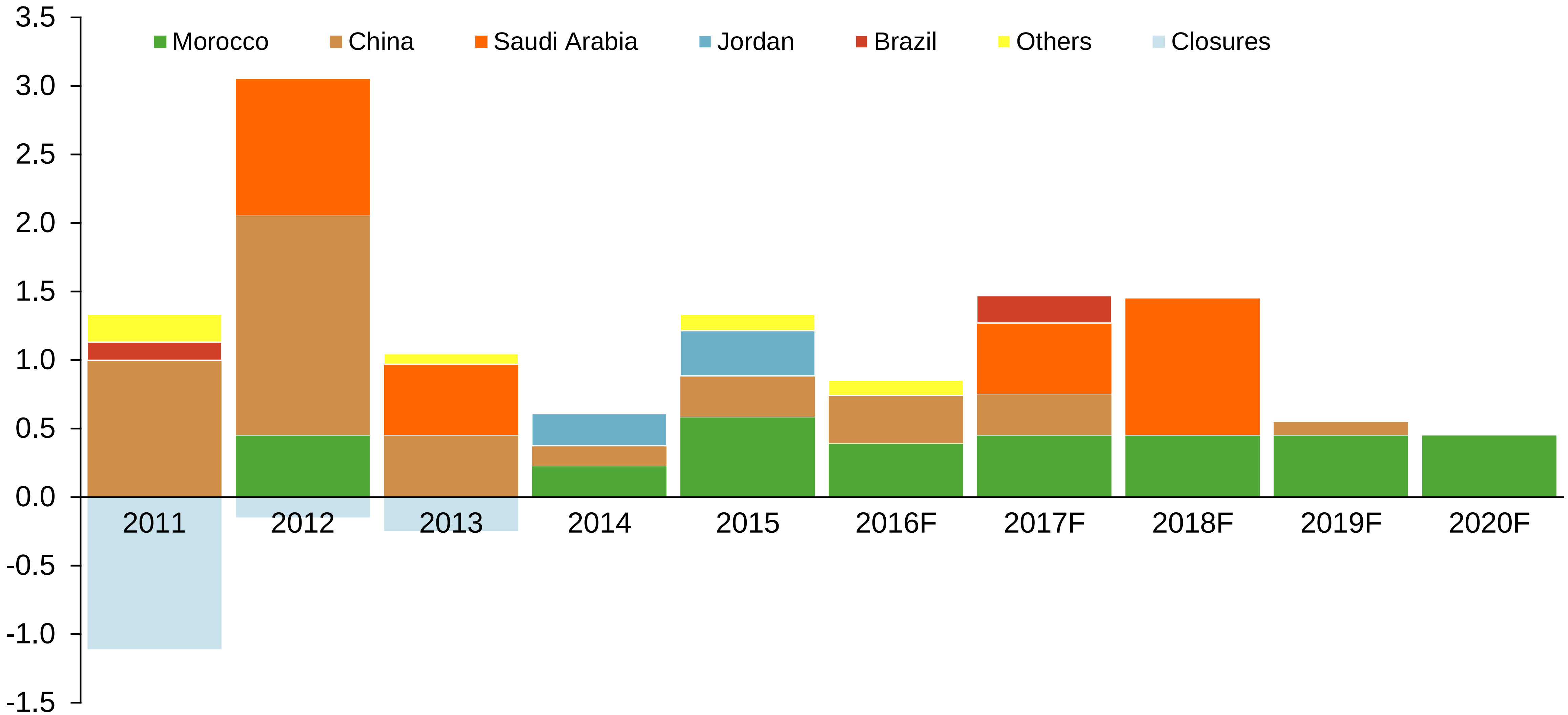




Source: CRU, Fertecon, PotashCorp

# Global Phosphoric Acid Capacity Additions

## Majority of New Capacity Being Developed in Saudi Arabia and Morocco

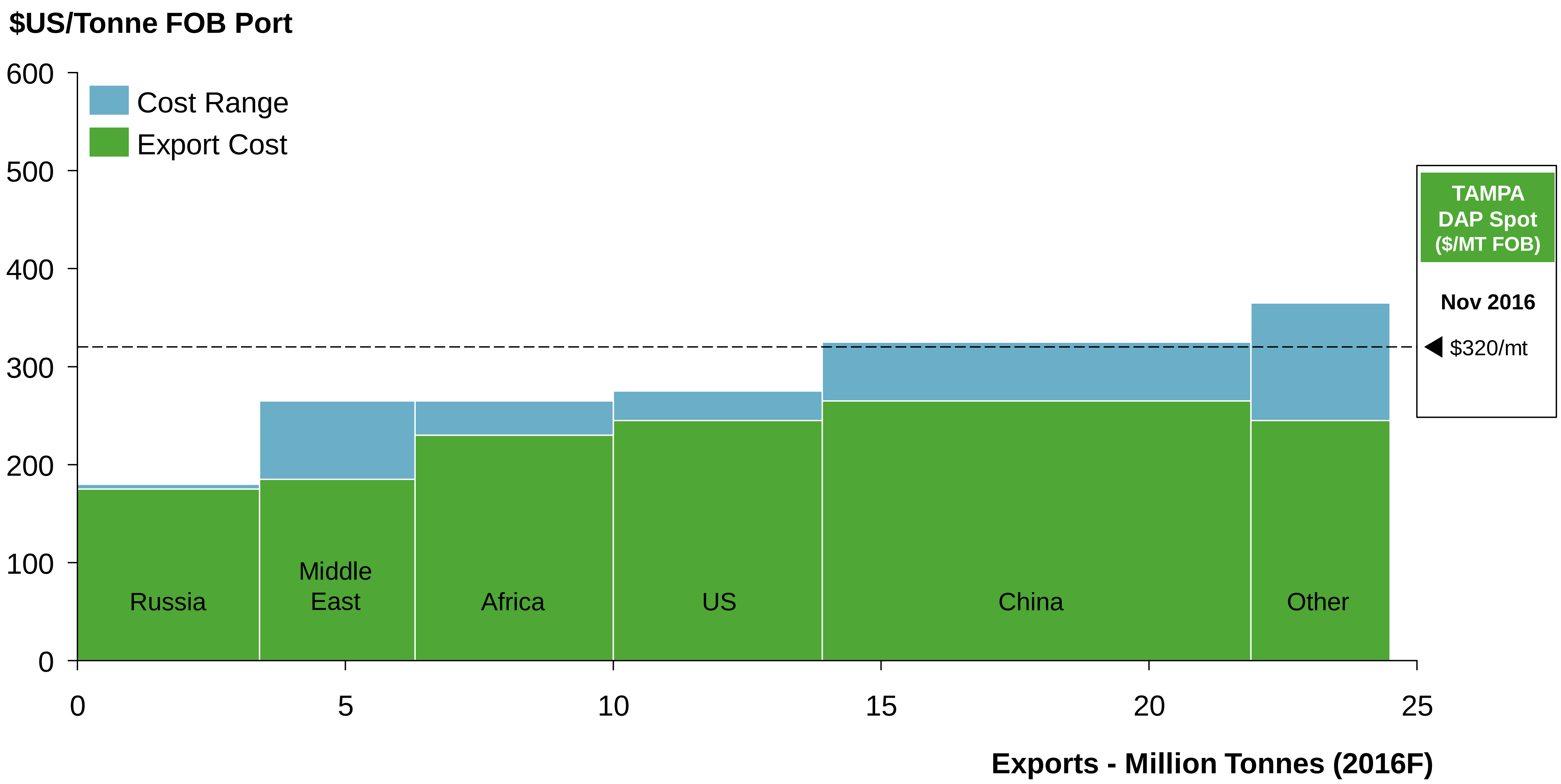
**Global Capacity Additions** (Million Tonnes $P_2O_5$)



# DAP/MAP Exporter Cash Cost Curve

## Current DAP Prices Appear to be At (or Below) Marginal Exporter Levels

**2016E DAP/MAP Exporter Cash Cost Curve**

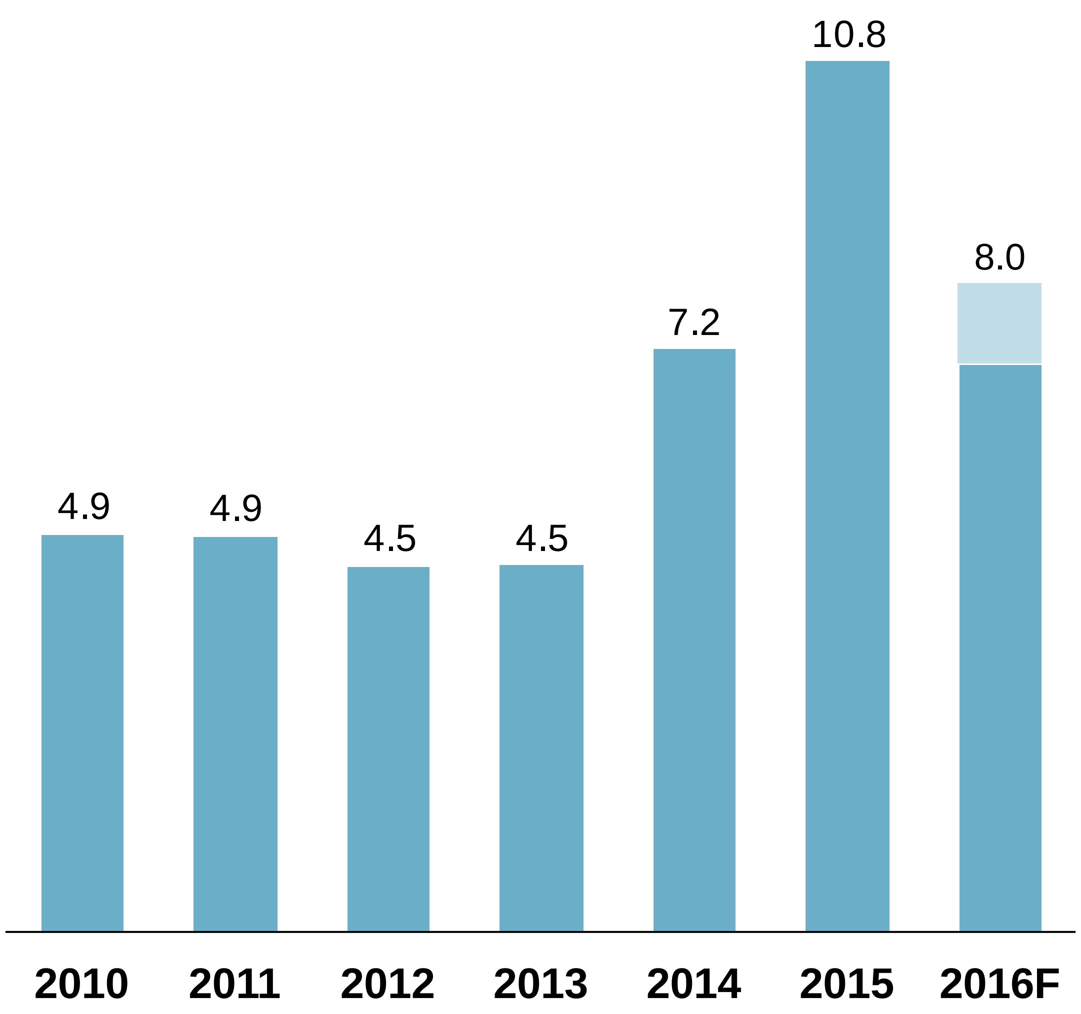



Source: Profercy, PotashCorp

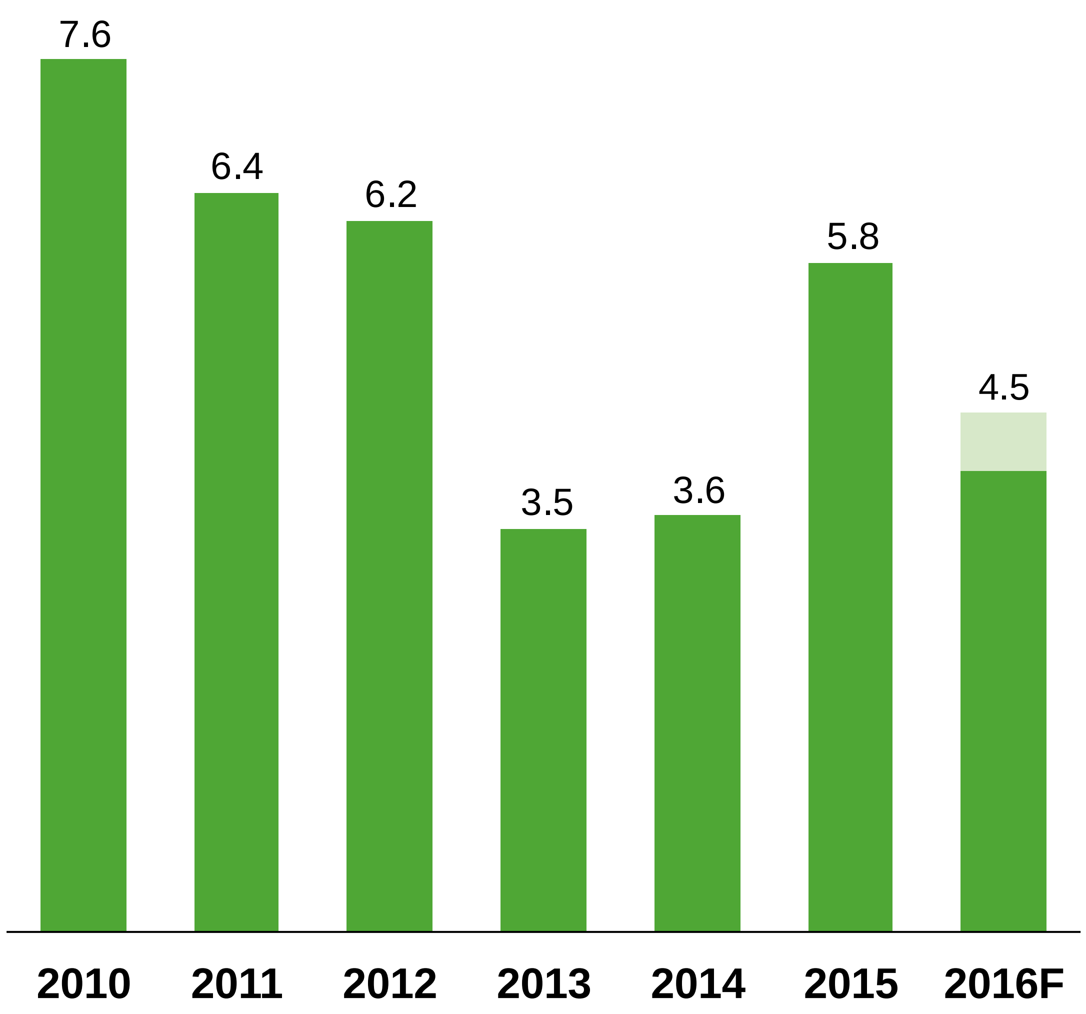
# China's DAP Exports and India's DAP Imports

## China's Trade Increasingly Dependent on Market in India

**DAP/MAP Exports (China)**
(Million Tonnes)




**DAP Imports (India)**
(Million Tonnes)

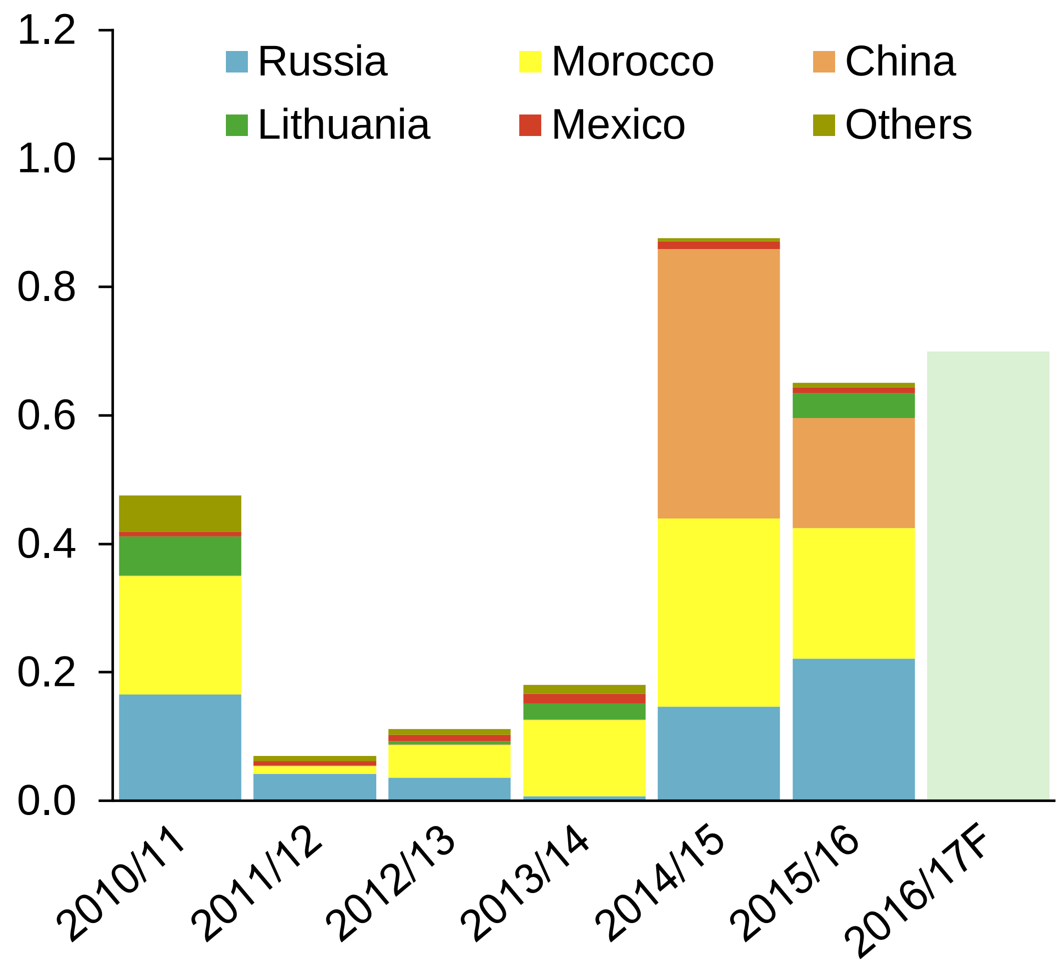



Source: CRU, Fertecon, PotashCorp

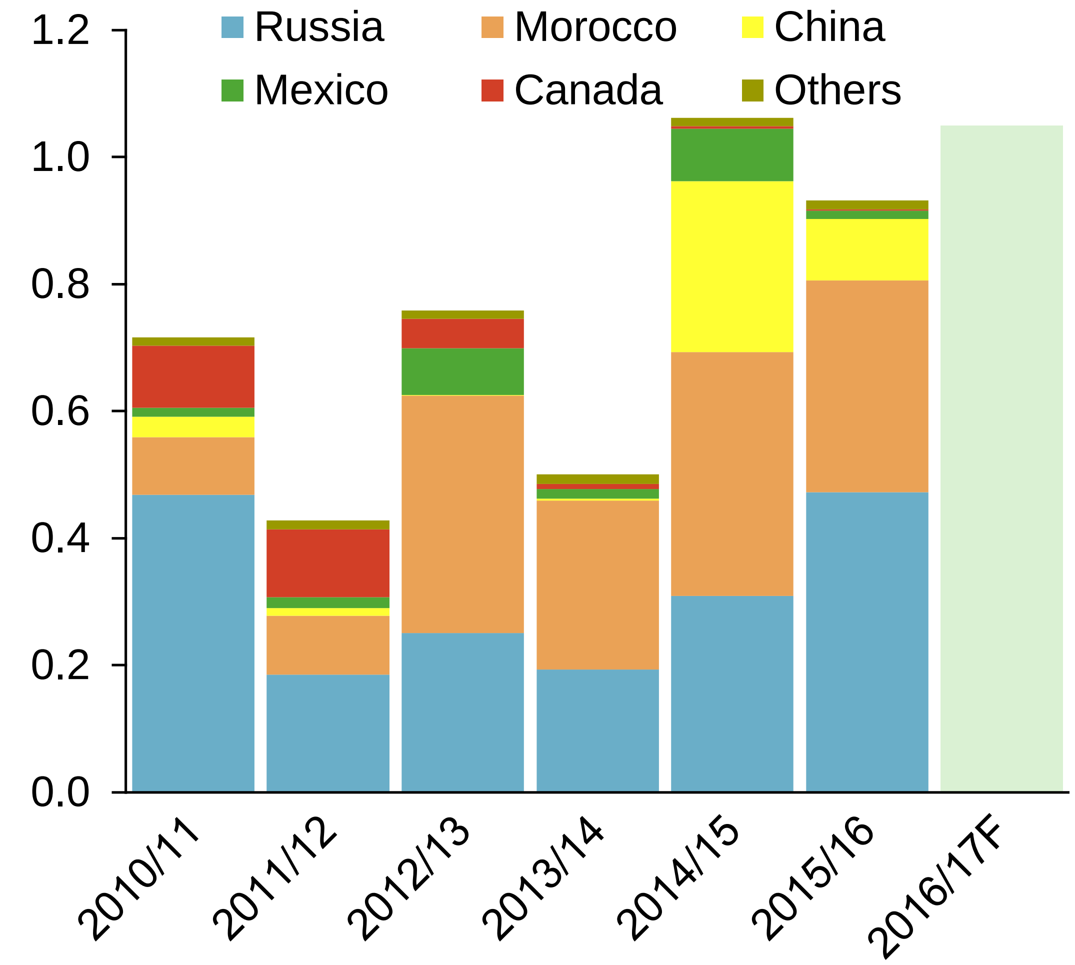
# US DAP/MAP Fertilizer Year Import Profile

## Offshore Imports Remain Relatively Stable

**DAP Imports**
Million Tonnes




**MAP Imports**
Million Tonnes




**Source: USDOC, Piers, PotashCorp**

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