Virtual Cornbelt Tour Hosted by Bank of America: Mosaic Market Update

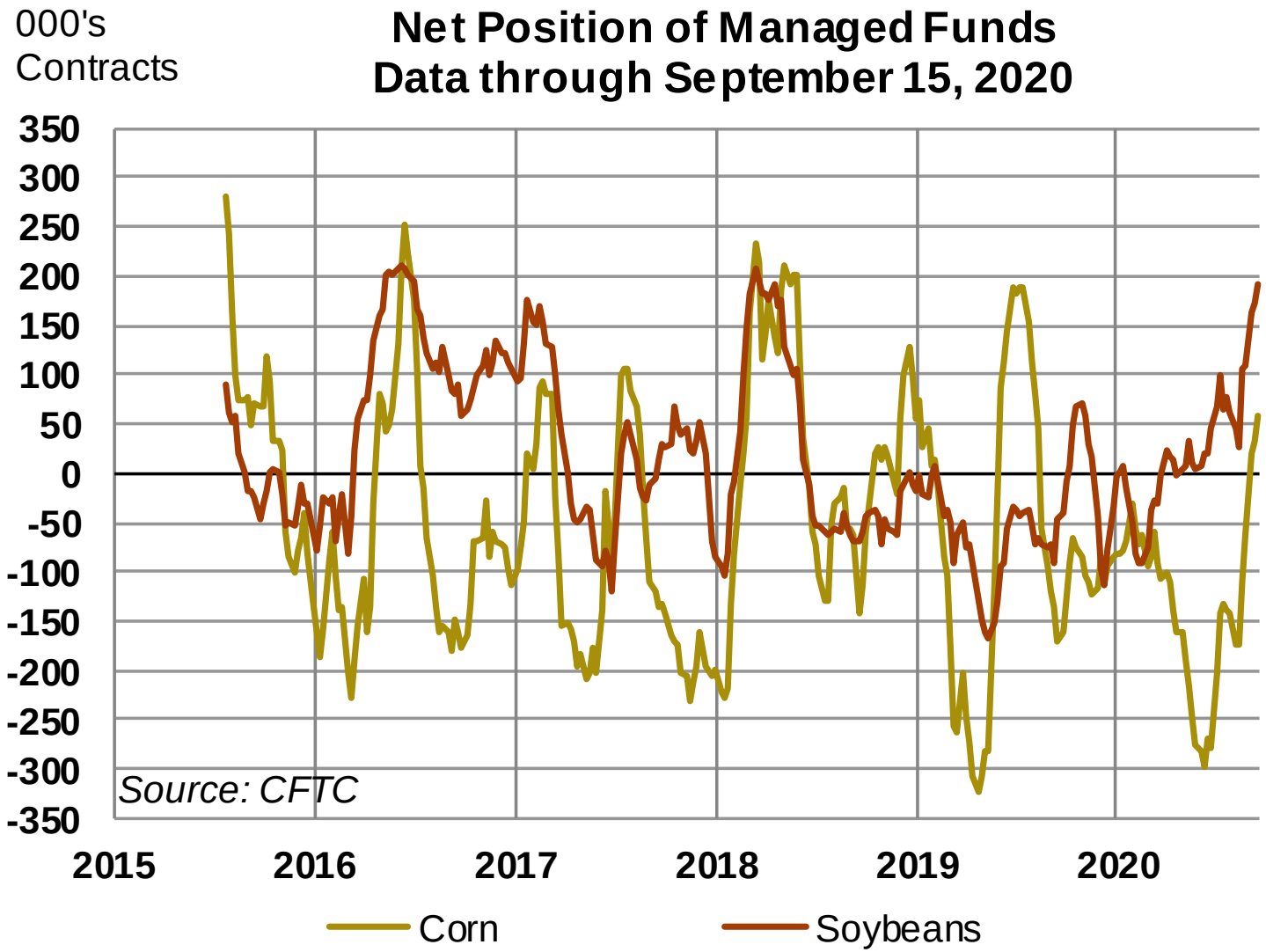
September 22nd, 2020



Safe Harbor

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about proposed or pending future transactions or strategic plans and other statements about future financial and operating results. Such statements are based upon the current beliefs and expectations of The Mosaic Company's management and are subject to significant risks and uncertainties. These risks and uncertainties include, but are not limited to: the economic impact and operating impacts of the coronavirus (Covid-19) pandemic, the potential drop in oil demand/production and its impact on the availability and price of sulfur, political and economic instability in Brazil or changes in government policy in Brazil, such as higher costs associated with the new mining rules or the implementation of new freight tables; the predictability and volatility of, and customer expectations about, agriculture, fertilizer, raw material, energy and transportation markets that are subject to competitive and other pressures and economic and credit market conditions; the level of inventories in the distribution channels for crop nutrients; the effect of future product innovations or development of new technologies on demand for our products; changes in foreign currency and exchange rates; international trade risks and other risks associated with Mosaic's international operations and those of joint ventures in which Mosaic participates, including the performance of the Wa'ad Al Shamal Phosphate Company (also known as MWSPC), the timely development and commencement of operations of production facilities in the Kingdom of Saudi Arabia, and the future success of current plans for MWSPC and any future changes in those plans; difficulties with realization of the benefits of our long term natural gas based pricing ammonia supply agreement with CF Industries, Inc., including the risk that the cost savings initially anticipated from the agreement may not be fully realized over its term or that the price of natural gas or ammonia during the term are at levels at which the pricing is disadvantageous to Mosaic; customer defaults; the effects of Mosaic's decisions to exit business operations or locations; changes in government policy; changes in environmental and other governmental regulation, including expansion of the types and extent of water resources regulated under federal law, carbon taxes or other greenhouse gas regulation, implementation of numeric water quality standards for the discharge of nutrients into Florida waterways or efforts to reduce the flow of excess nutrients into the Mississippi River basin, the Gulf of Mexico or elsewhere; further developments in judicial or administrative proceedings, or complaints that Mosaic's operations are adversely impacting nearby farms, business operations or properties; difficulties or delays in receiving, increased costs of or challenges to necessary governmental permits or approvals or increased financial assurance requirements; resolution of global tax audit activity; the effectiveness of Mosaic's processes for managing its strategic priorities; adverse weather conditions affecting operations in Central Florida, the Mississippi River basin, the Gulf Coast of the United States, Canada or Brazil, and including potential hurricanes, excess heat, cold, snow, rainfall or drought; actual costs of various items differing from management's current estimates, including, among others, asset retirement, environmental remediation, reclamation or other environmental regulation, Canadian resources taxes and royalties, or the costs of the MWSPC; reduction of Mosaic's available cash and liquidity, and increased leverage, due to its use of cash and/or available debt capacity to fund financial assurance requirements and strategic investments; brine inflows at Mosaic's Esterhazy, Saskatchewan, potash mine or other potash shaft mines; other accidents and disruptions involving Mosaic's operations, including potential mine fires, floods, explosions, seismic events, sinkholes or releases of hazardous or volatile chemicals; and risks associated with cyber security, including reputational loss; as well as other risks and uncertainties reported from time to time in The Mosaic Company's reports filed with the Securities and Exchange Commission. Actual results may differ from those set forth in the forward-looking statements.

Ag commodity markets: Bullish sentiment prevailing…



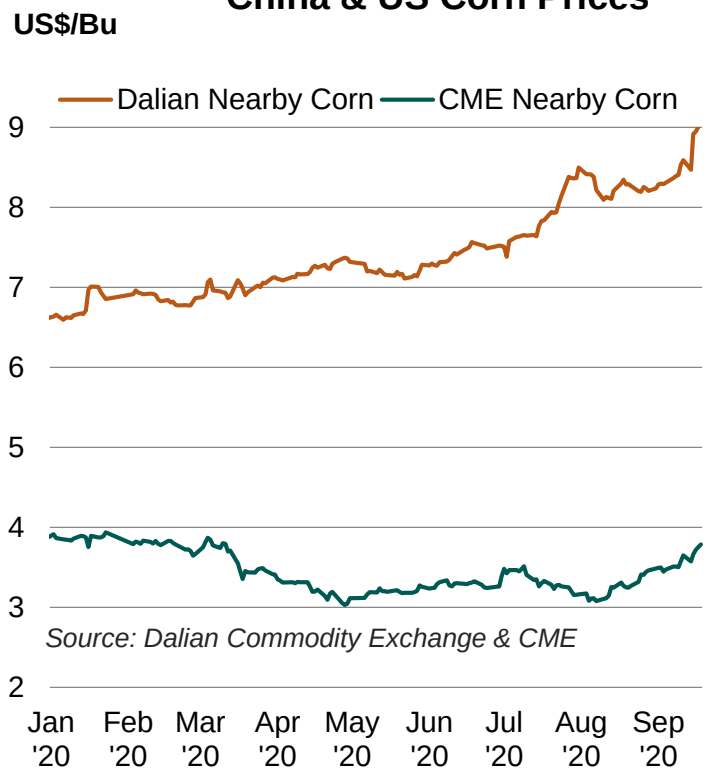
Beans: Biggest net long in ~2½ years (possibility of a corrective pullback)

Corn: Sharp reversal – September provides the first net long in ~2 years

…Driven by strong Chinese ag commodity appetite – renewed industry focus on corn

China corn price ~$9/bu vs. U.S. price of ~$4/bu → **Due to a tightening corn S/D** → **China's corn imports to outperform USDA's forecast & tighten the U.S. corn S/D**

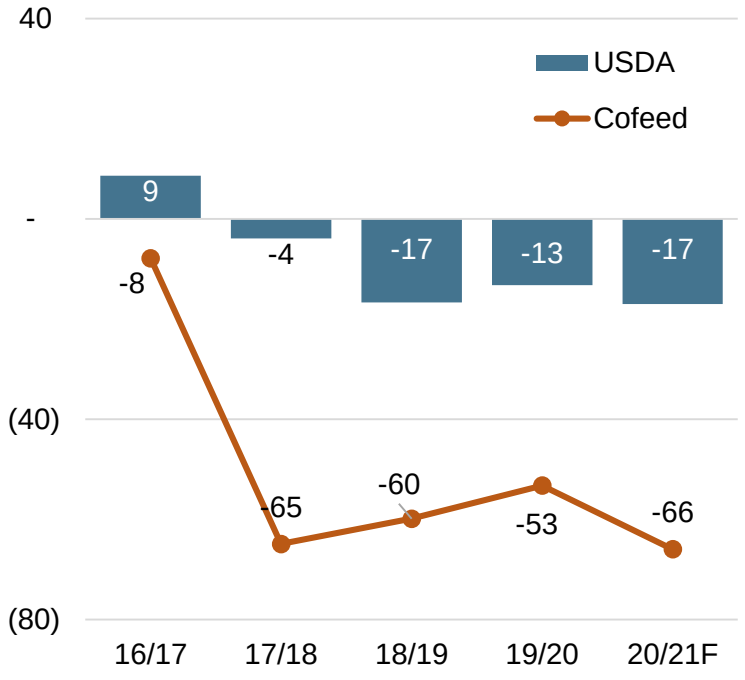
China & US Corn Prices



Source: Dalian Commodity Exchange & CME

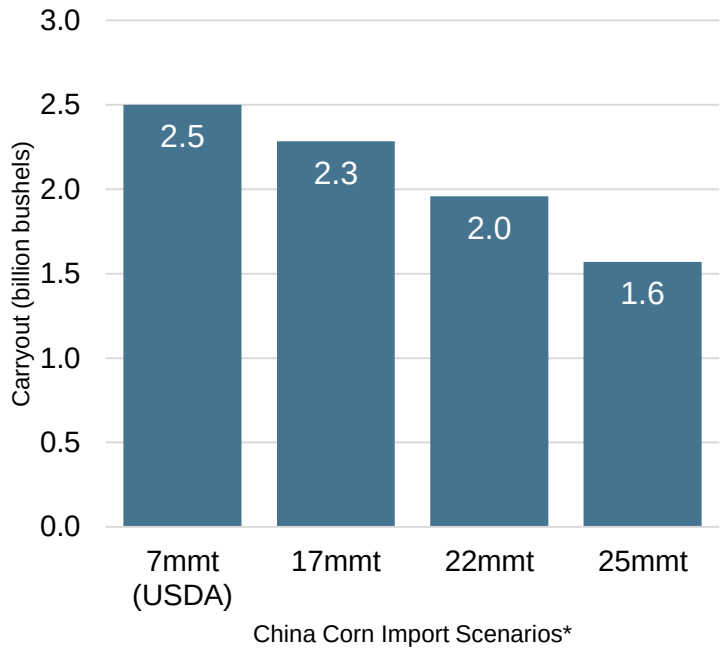
Corn Domestic S/D Balance[1]

(million tonnes)



1. Domestic S/D Balance = Domestic production minus domestic consumption

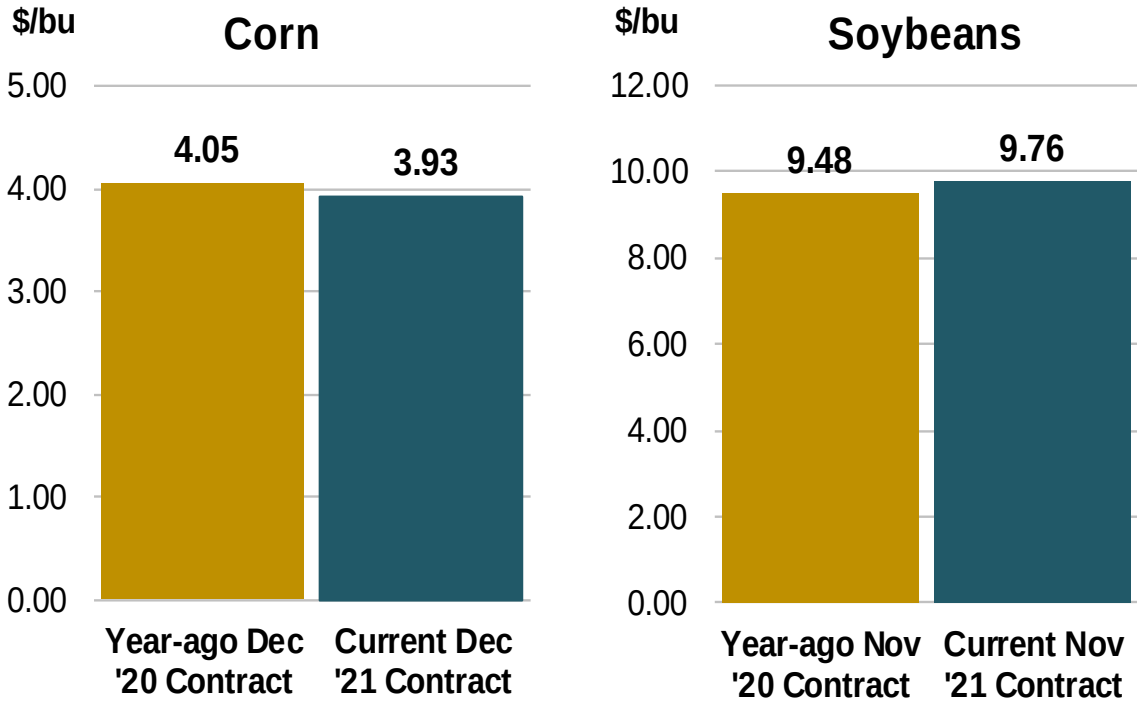
U.S. 2020/21 Corn Carryout Scenarios



** Assumes the U.S. supplies 55% of additional China corn imports*

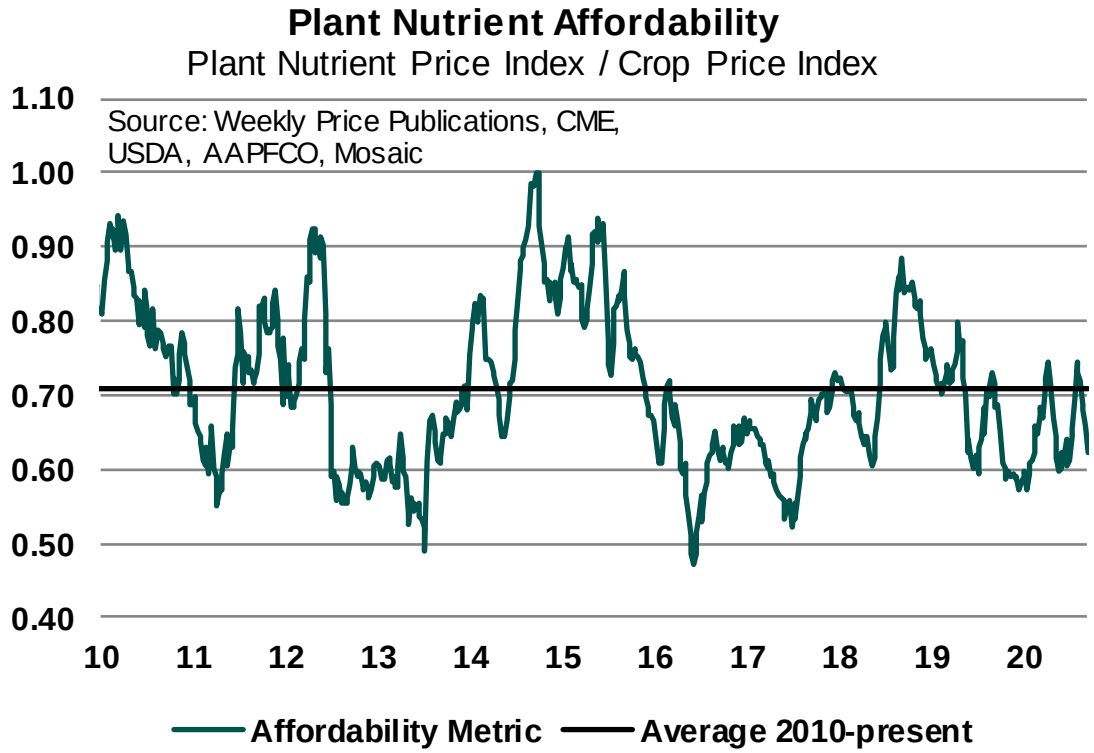
Mosaic®

U.S. farm economics look OK; Facing similar crop prices y-o-y; Nutrients are cheaper y-o-y, driving affordability



Source: CME

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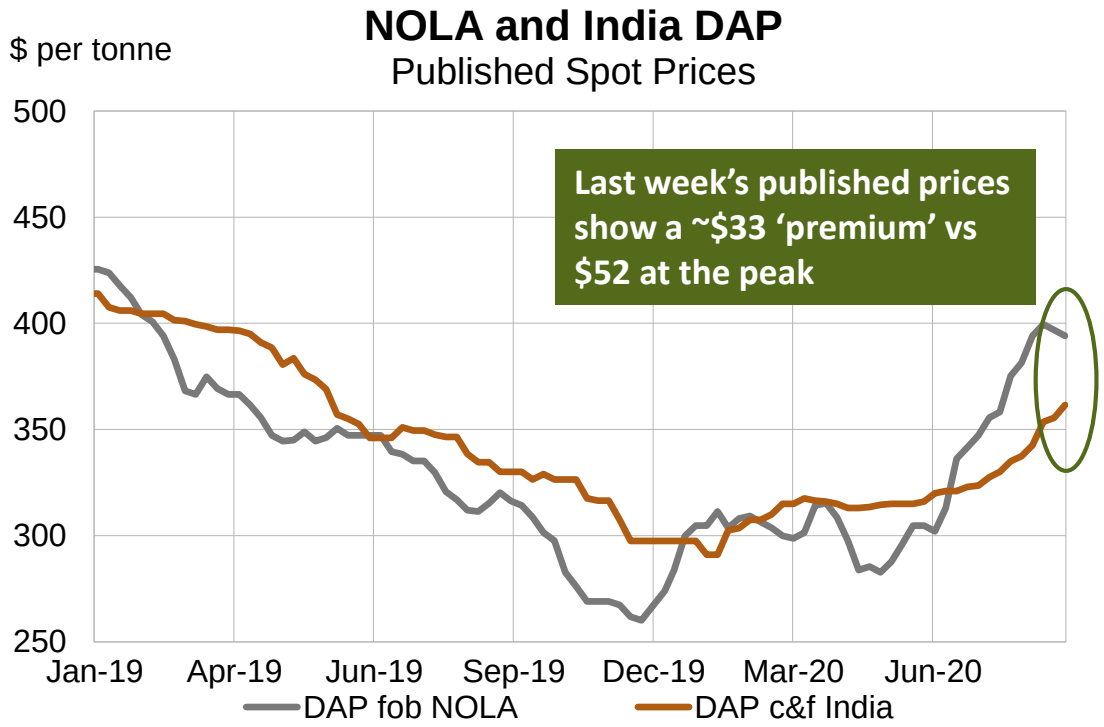


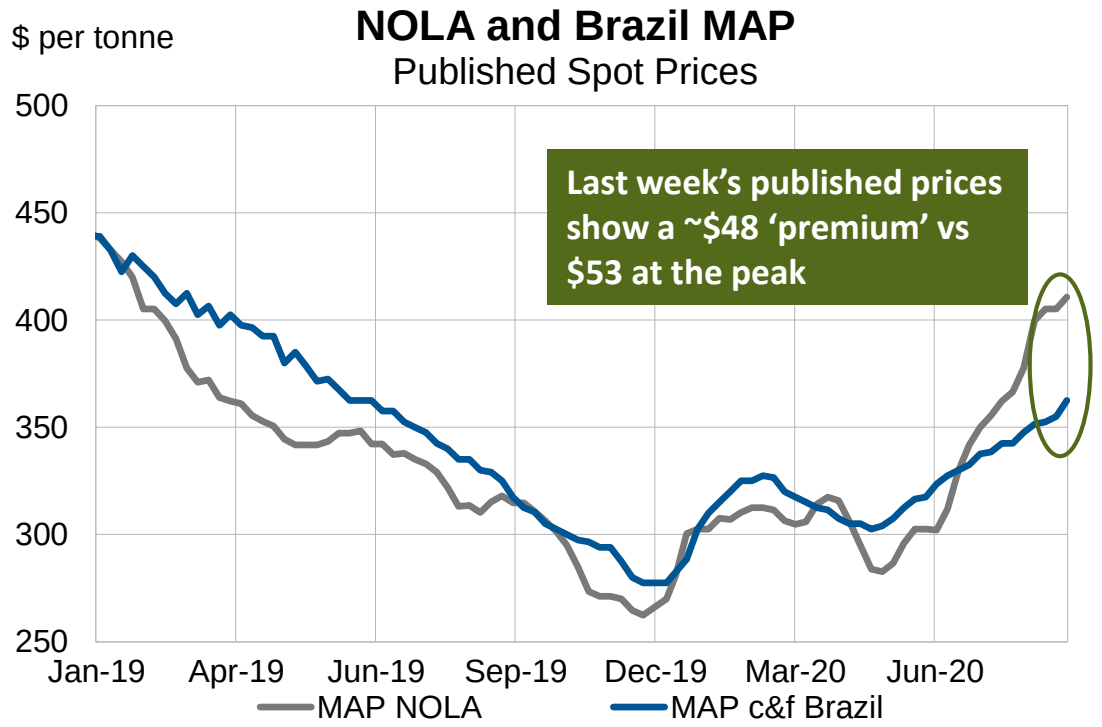
- **Ag commodity prices are in line with year-ago levels**

- **Total plant nutrient costs are lower y-o-y at both the wholesale and retail levels**

Phosphate: Price rally continues; NOLA "premium" is narrowing, as expected

- **Prices were rising before Mosaic's CVD petition was filed (the global S/D was tightening)**
- **NOLA DAP/MAP prices at a ~$20/mt discount to global benchmarks prior to the CVD**
- **Other benchmarks are now gaining ground on NOLA, particularly DAP**





**weekly average reported spot pricing for prompt delivery*

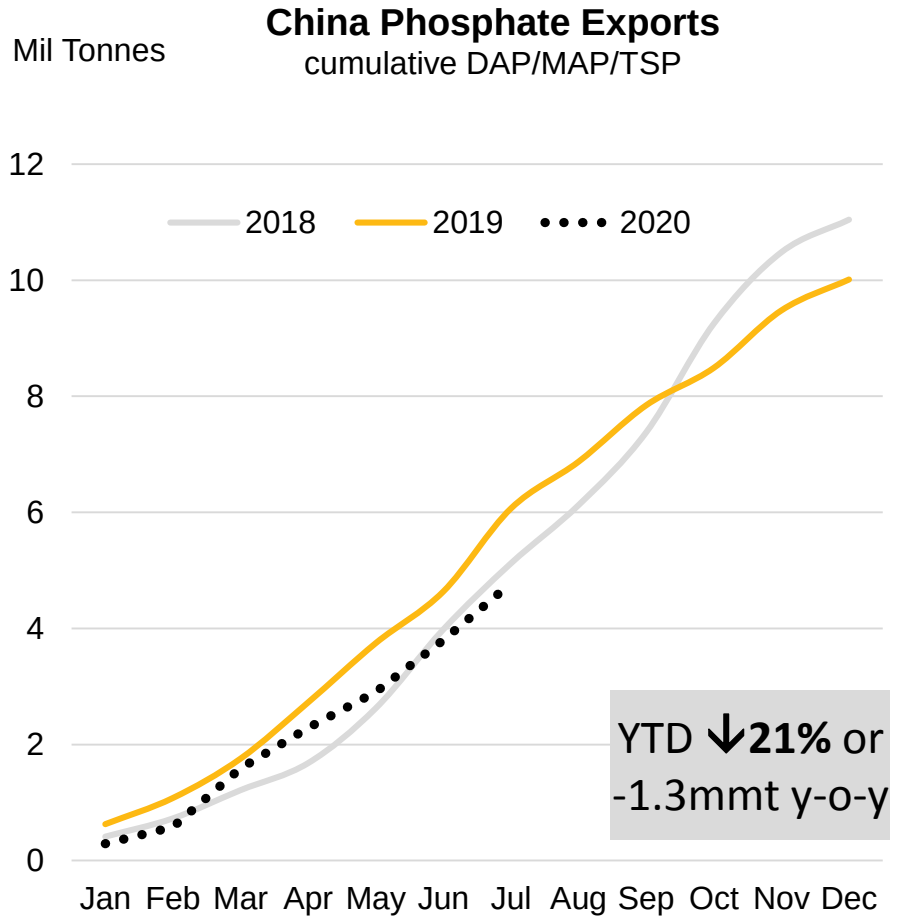
Source: Argus, Green Markets

Phosphate: S/D tightens in 2020; balanced in 2021

Phosphate Supply / Demand Forecast
(Incremental Y-o-Y Change)

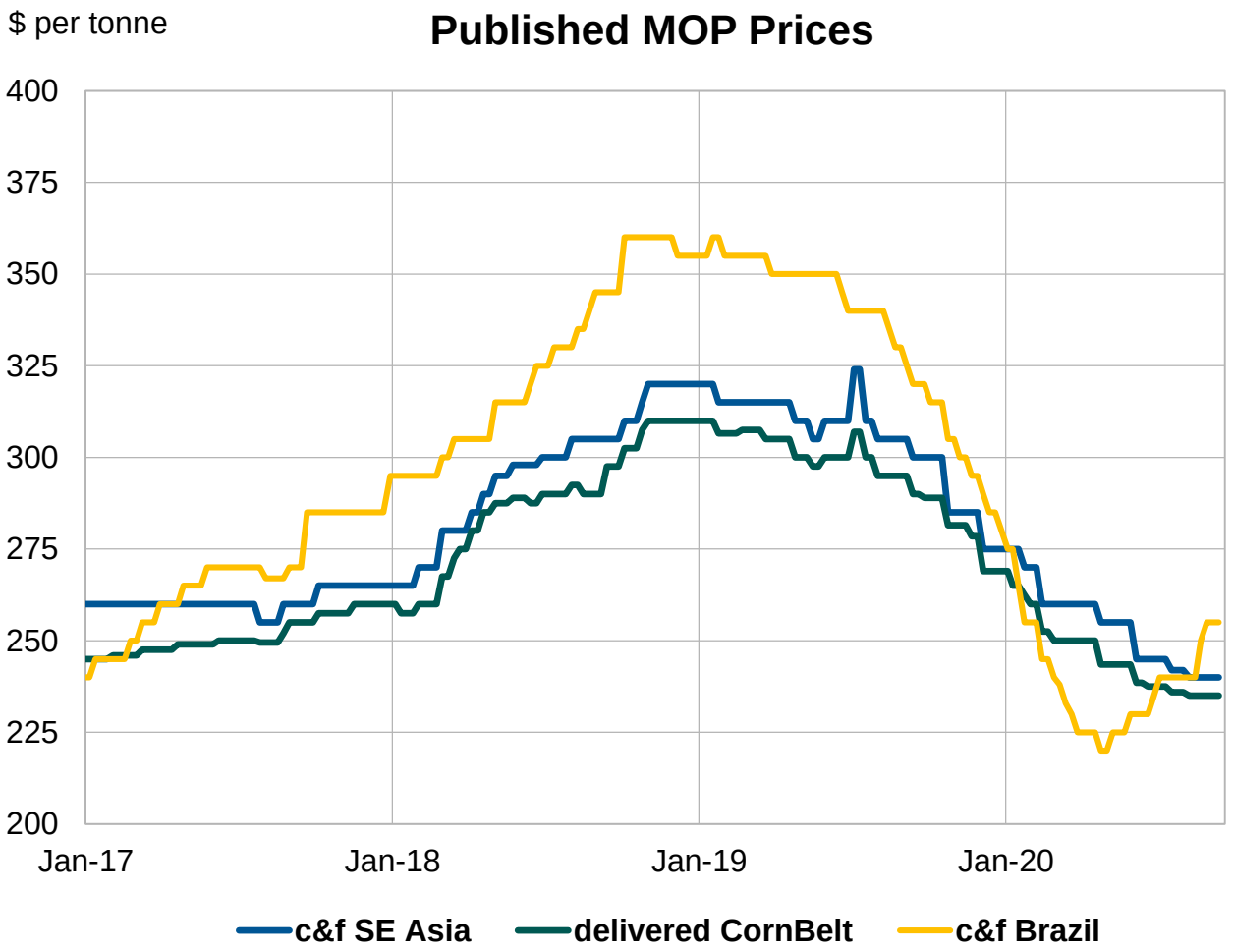
Mil Tonnes DAP/MAP/NPS/TSP	2020
Projected Shipment Changes	**0.57**
Percent Change	0.8%
Potential Supply Changes	**-0.13**
Producer Inventory Draw (+) or Build (-)	0.50
Q1 Voluntary Producer Curtailments (OCP / M	-0.70
OCP Line F Ramp-Up and Debottlenecking	0.27
MWSPC Ramp-Up	0.00
GCT M'dilla Commissioning/Ramp-up	0.00
Turkey/Egypt Greenfields	0.39
FSU Expansions	0.00
Other Ramp-Ups/ Closures	-0.13
Miscellaneous Changes	0.25
COVID-19 Curtailments (not noted above)	-0.70
S/D Surplus (+) / Deficit (-) Excl. China	**-0.70**
Base Case China Export Change	-0.60
S/D Surplus (+) / Deficit (-)	***-1.30***

Source: Mosaic



Tight S/D in 2020, but looking more balanced in 2021 if ramp ups are successful; China exports are a key variable; note that the CVD doesn't change the S/D

Global MOP prices moving modestly higher – led by Brazil



- **Brazil prices up ~$33/tonne from the decade-low in April**
- **NOLA and Cornbelt prices now inching higher**
- **SE Asia flat on tepid demand (for now)**

**weekly average reported spot pricing for prompt delivery*

Potash S/D shifting towards tightness as we move towards 2021; Wildcards are in Russia/Belarus

Projected MOP Supply/Demand Changes

Mil Tonnes KCl	2020
Projected Shipment Changes	**1.27**
Percent Change	2.0%
Projected Supply Changes	**1.20**
Producer Inventory Draw	0.35
SQM Production Adjustments	0.22
K+S Bethune Ramp-Up	0.20
Eurochem Usolskiy Ramp-Up	0.86
Eurochem Volgakaliy Ramp-Up	0.00
Uralkali Ramp-Ups	-0.20
Belaruskali Petrikovsky	0.10
Other Changes	-1.32
Other Existing Utilization	1.00
S/D Surplus (+) / Deficit (-)	**0.00**

Source: Mosaic

Modest rebound in 2020; expectations for a more meaningful recovery in 2021 that tightens the S/D

Uralkali H1 2020 production was down ~400kt y-o-y

Primarily higher Canpotex member production

Balanced S/D in 2020, relying on higher production rates in Canada and a producer inventory drawdown