# The Phosphate Outlook

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**Manager, Market Research**
**PotashCorp**

# *Forward-Looking Statements*

*This presentation contains forward-looking statements. These statements are based on certain factors and assumptions as set forth in this release including foreign exchange rates, expected growth, results of operations, performance and business prospects and opportunities. While the company considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to: fluctuations in supply and demand in fertilizer, sulfur, transportation and petrochemical markets; changes in competitive pressures, including pricing pressures; risks associated with natural gas and other hedging activities; changes in capital markets; changes in currency and exchange rates; unexpected geological or environmental conditions; and government policy changes. Additional risks and uncertainties can be found in our 2005 annual report to shareholders and in filings with the U.S. Securities and Exchange Commission and Canadian provincial securities commissions. Forward-looking statements are given only as at the date of this presentation and the company disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.*

# *The Phosphate Outlook*

## *Agenda*

- Summary of Previous Year
- Offshore Demand
- Domestic Consumption
- Supply
- Conclusion

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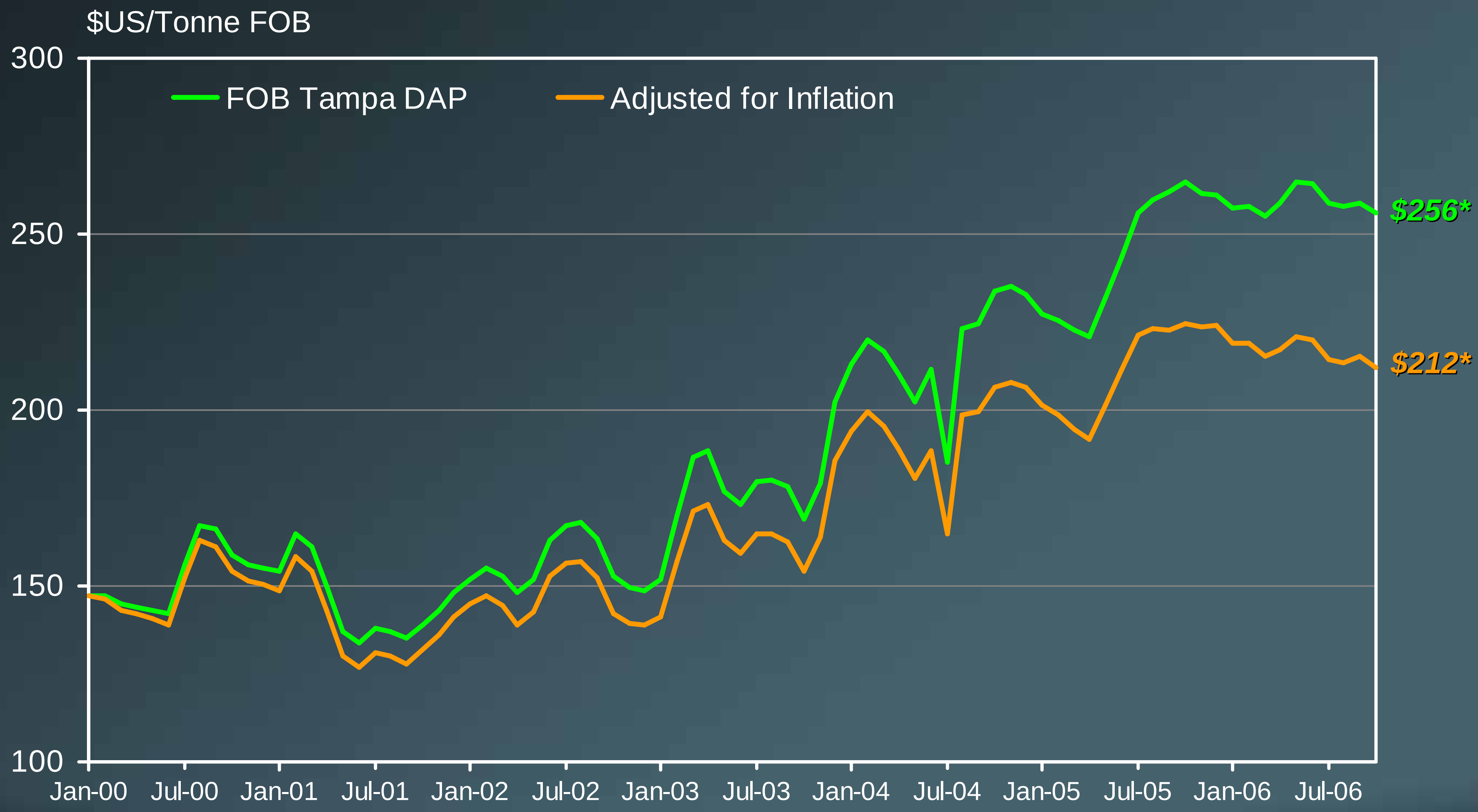
# FOB Tampa DAP Price

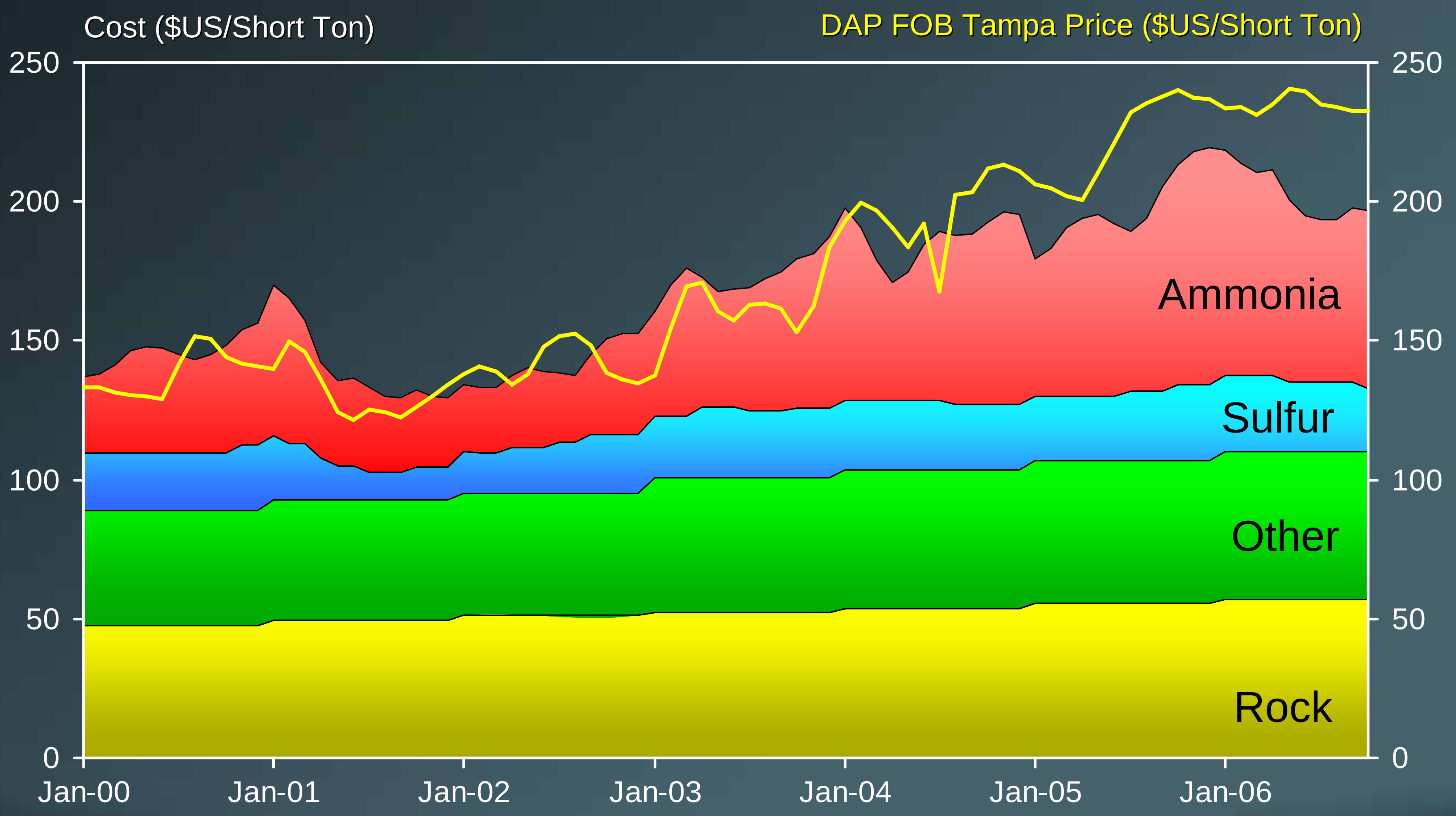



Source: Fertecon

* Average for the month-to-date

# US DAP Cost vs DAP Price

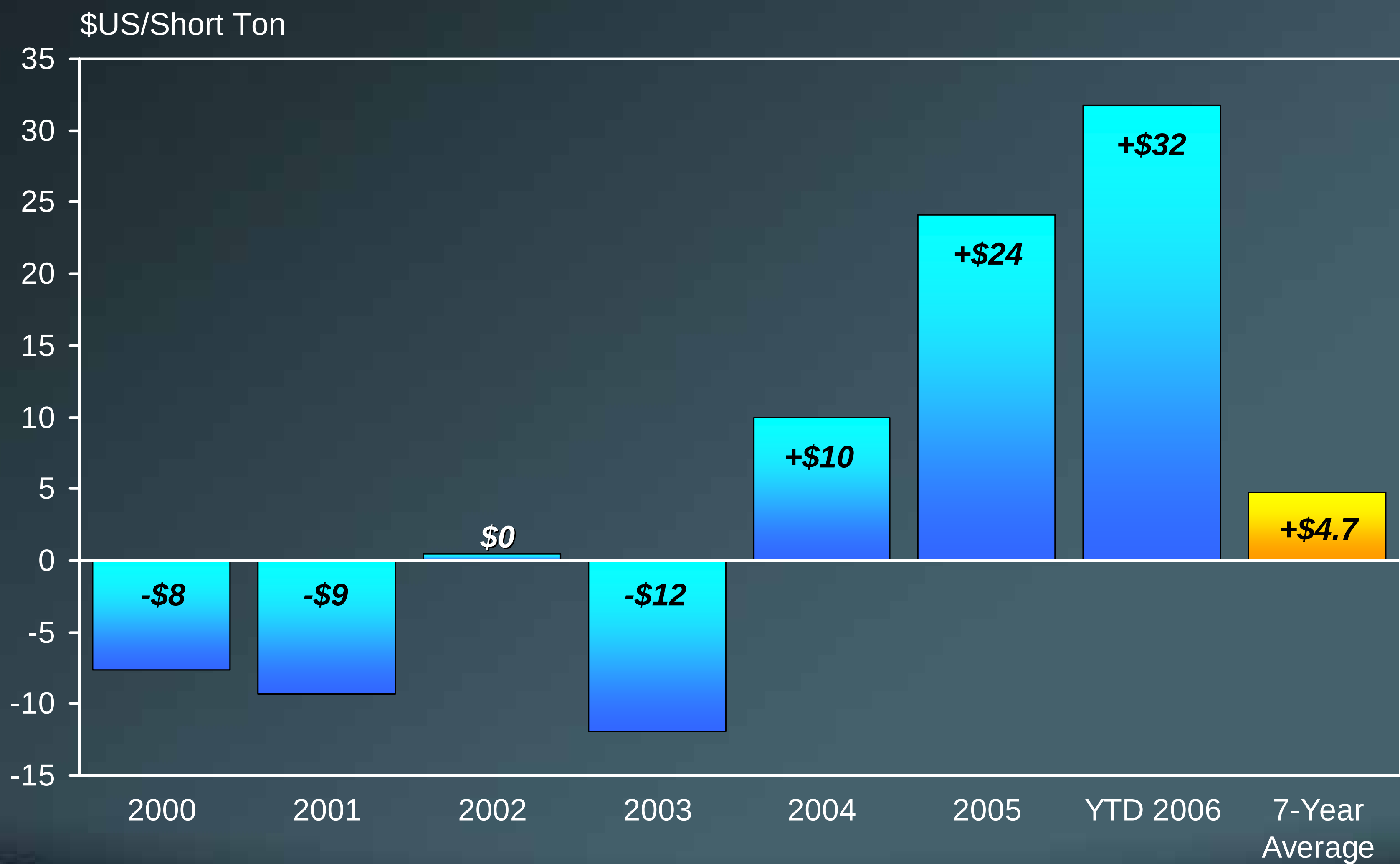
## Estimate for an Average-Cost Producer




Source: TFI, Fertecon, PotashCorp

*** Average for the month-to-date**

# US DAP Yearly Average DAP Margin
## *Estimate for an Average-Cost Producer*




Source: TFI, Fertecon, PotashCorp

# *DAP ROI at the Top of the Cycle*

| | |
|---|---|
| ▸ 1mmt of new $P_2O_5$ capacity (2.2mmt of DAP) | \$1 Billion |
| ▸ Cost of New Capacity | \$ 460/mt |
| | |
| ▸ Average Margin (Jan-00 to present) | <u>\$ 5/mt</u> |
| ▸ Payback Period | 92 years |
| ▸ ROI | 1% |
| | |
| ▸ Current Margin (\$35/st) | <u>\$ 40/mt</u> |
| ▸ Payback Period | ~12 years |
| ▸ ROI | ~9% |

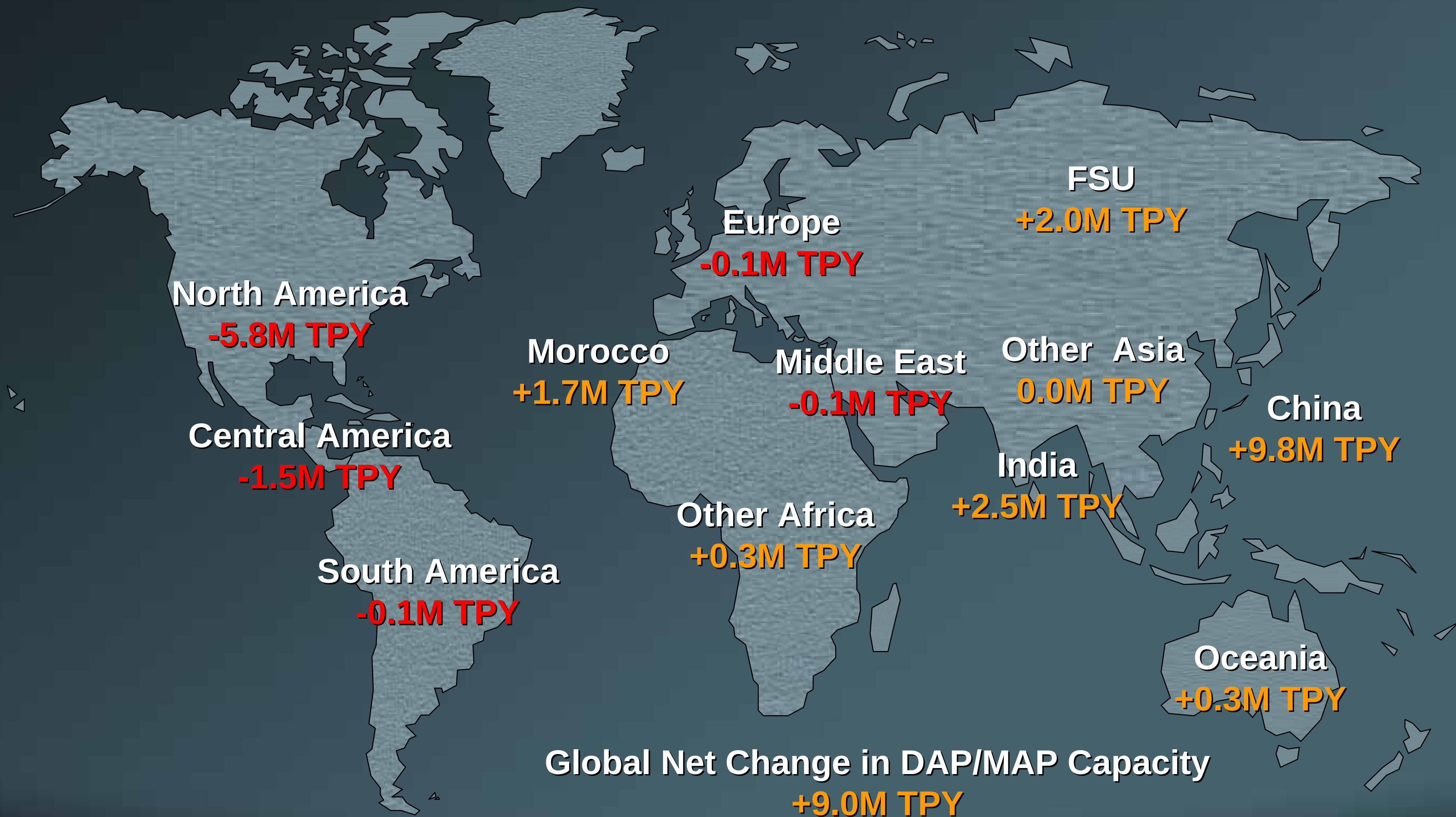
*And it is currently considered the top of the market !?!*

| | |
|---|---|
| ▸ *DAP Price at a 15-20% Return* | *\$293-320/mt* |

Source: TFI, Fertecon, PotashCorp

# Global Net Change DAP/MAP Capacity

*2000-2006E*

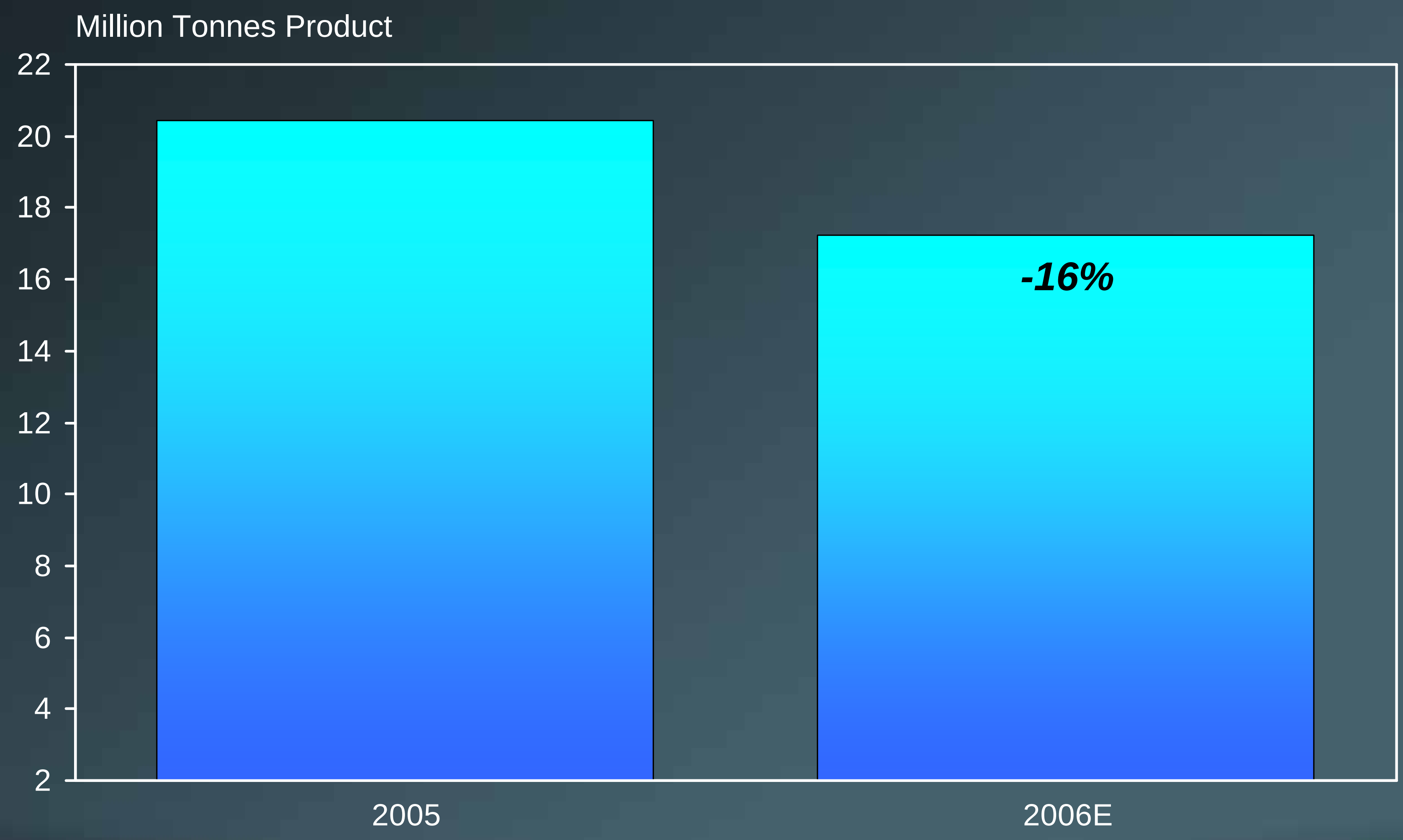



**Global Net Change in DAP/MAP Capacity**
**+9.0M TPY**

**Global Net Change in DAP/MAP Consumption**
**+7.4M TPY**

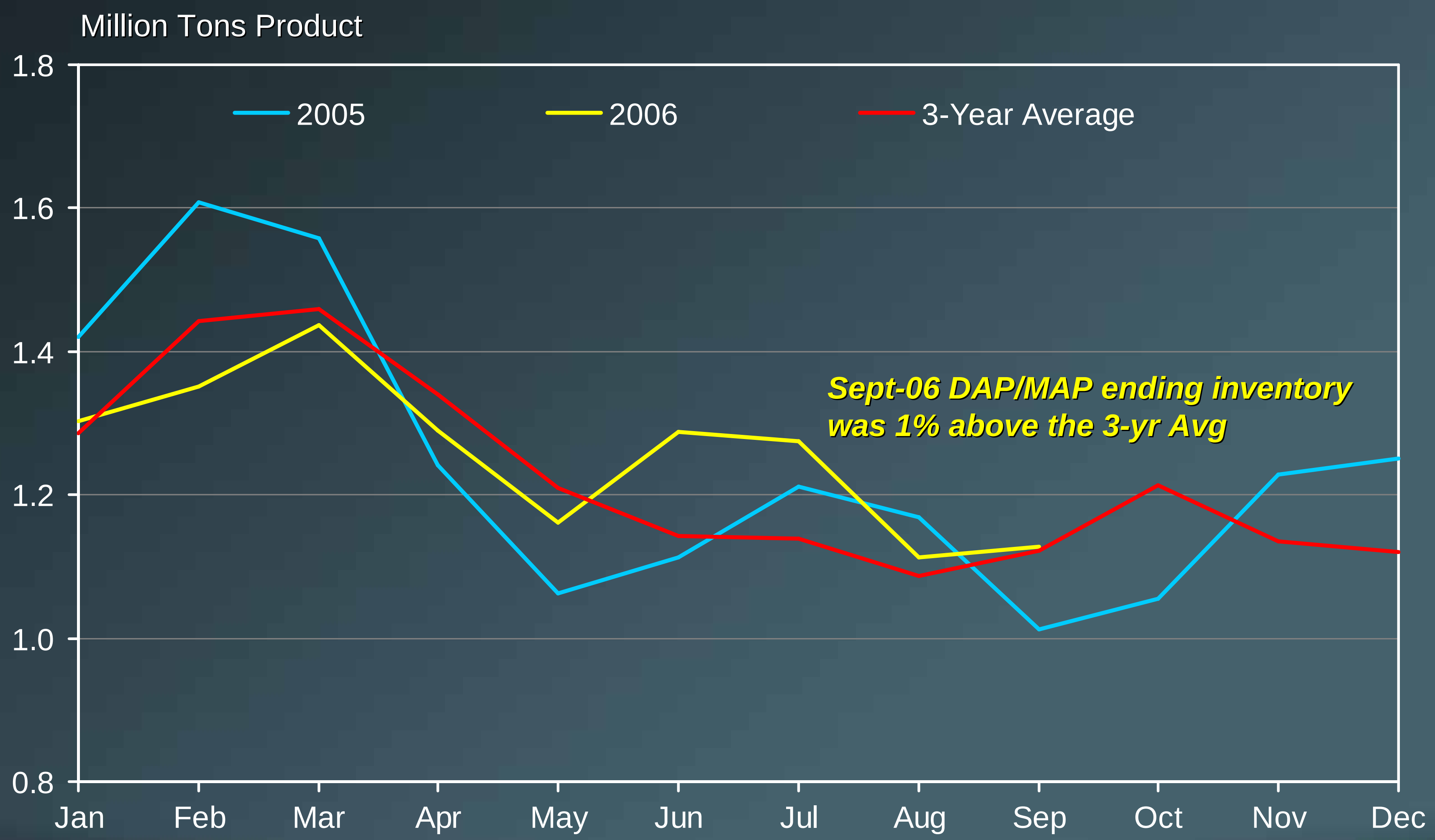
Source: British Sulphur, Fertecon

# US Phosphate Fertilizer Capacity
## *Estimated*




Source: British Sulphur, PotashCorp

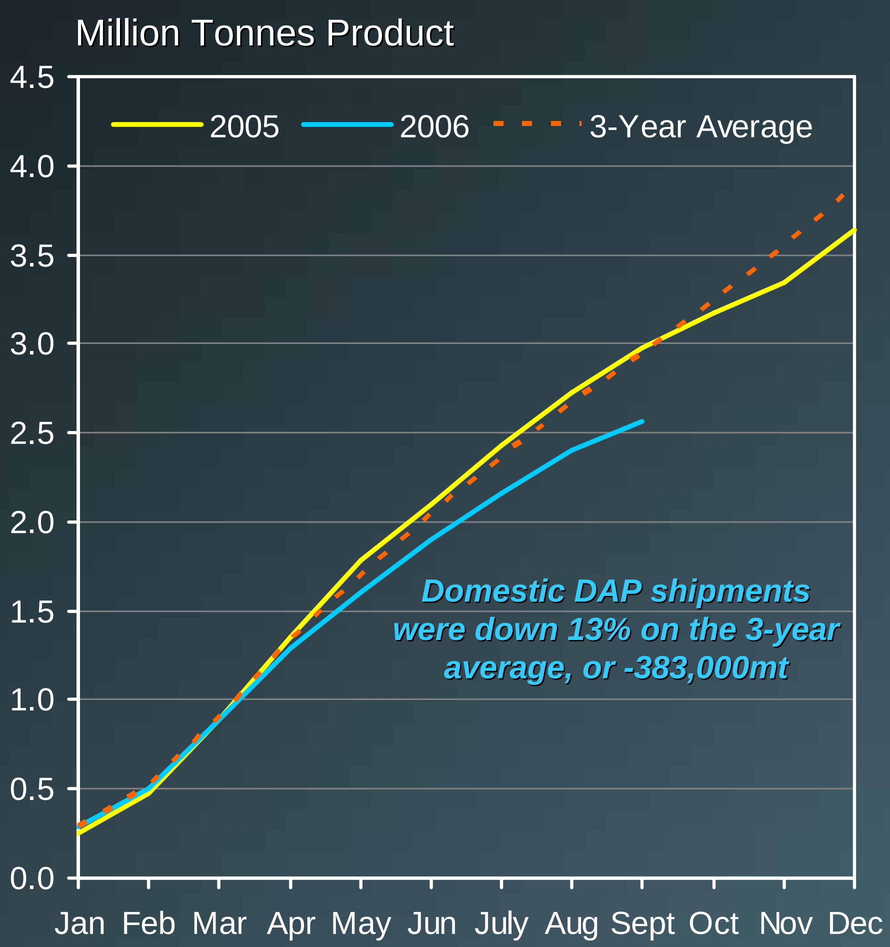
# US Producers' DAP/MAP Ending Inventory



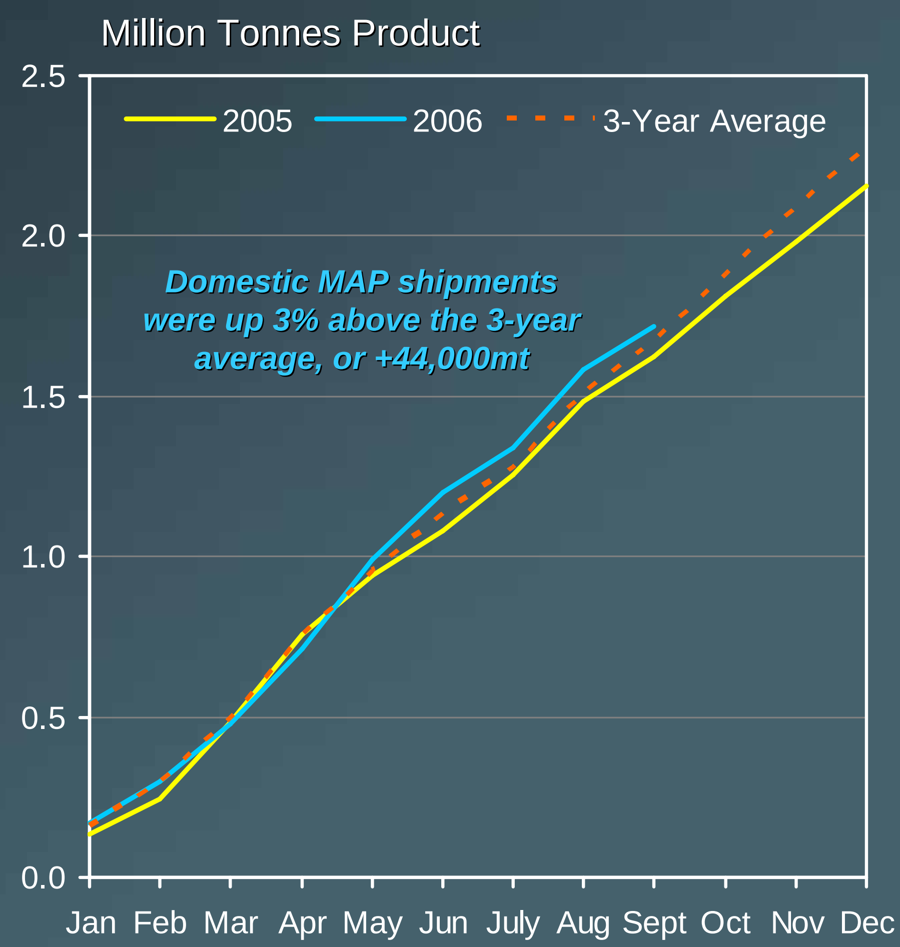

Source: TFI

# US DAP/MAP Domestic Shipments

## *Cumulative by Month*




**DAP**

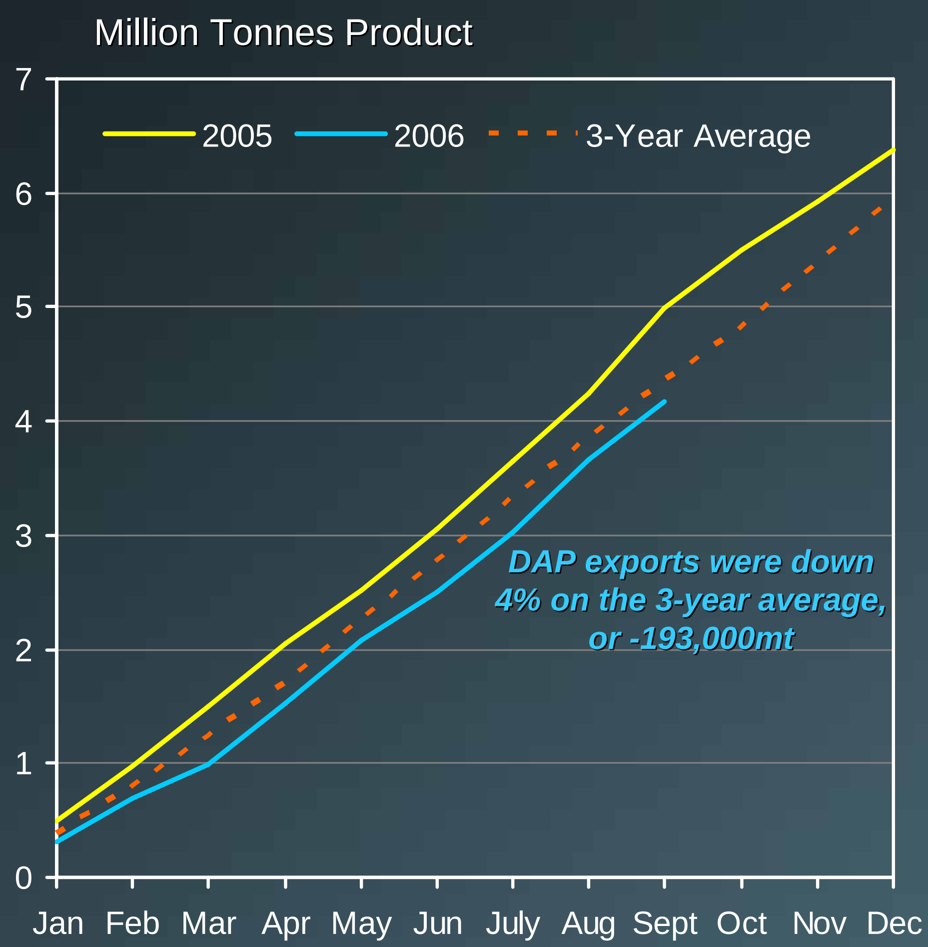



**MAP**

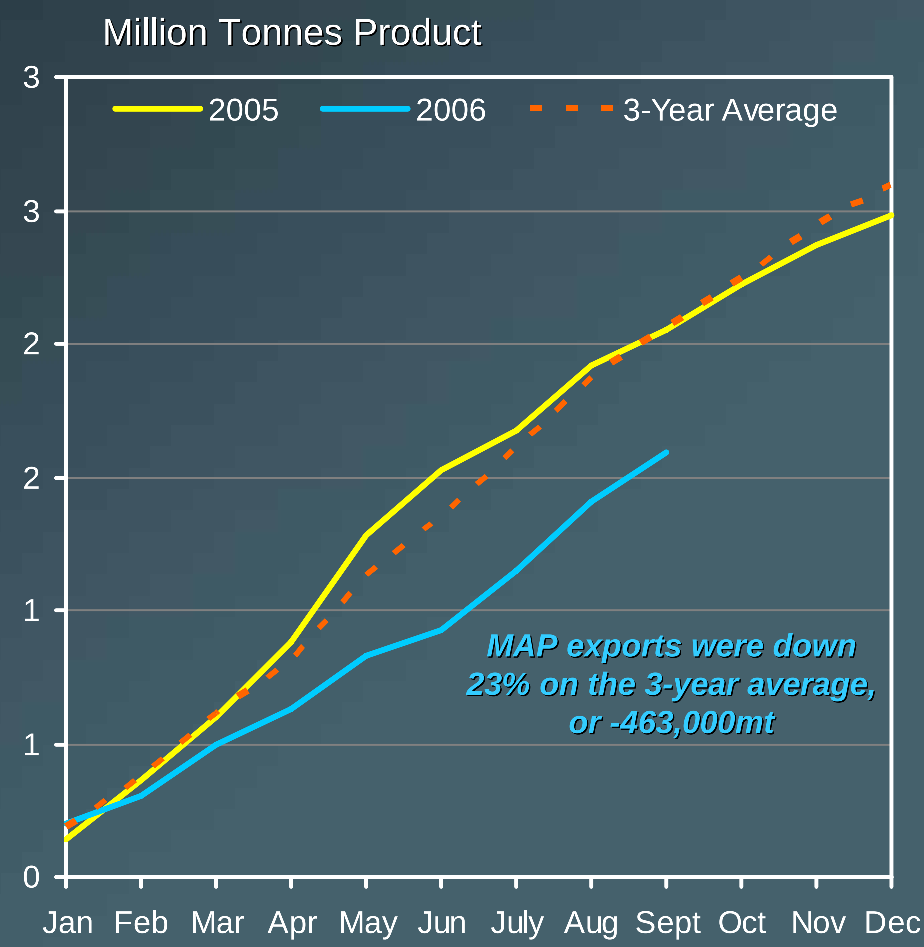
Source: TFI

# US DAP/MAP Exports

## *Cumulative by Month*




DAP




MAP

Source: TFI

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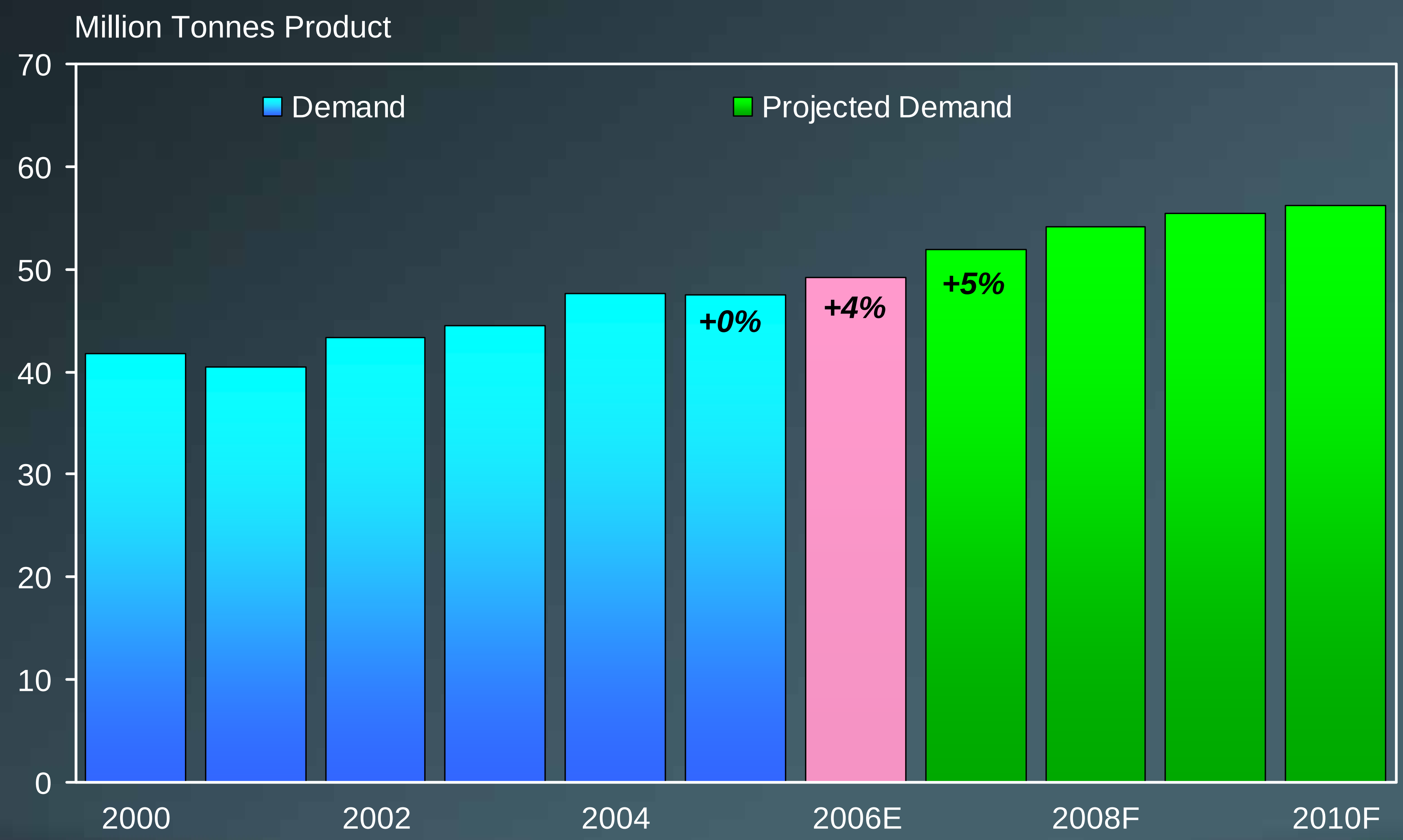
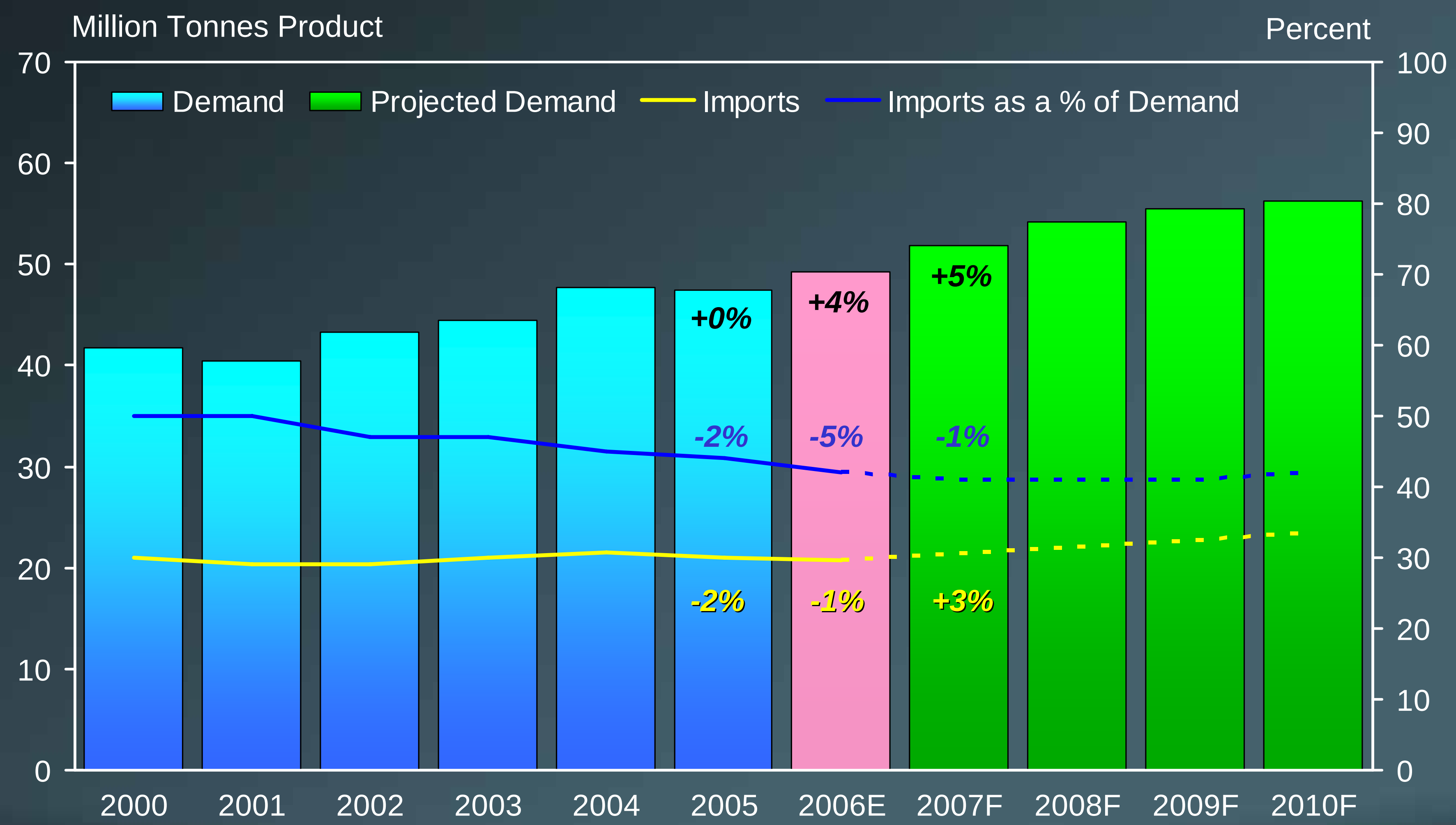
# Global DAP/MAP/TSP Demand



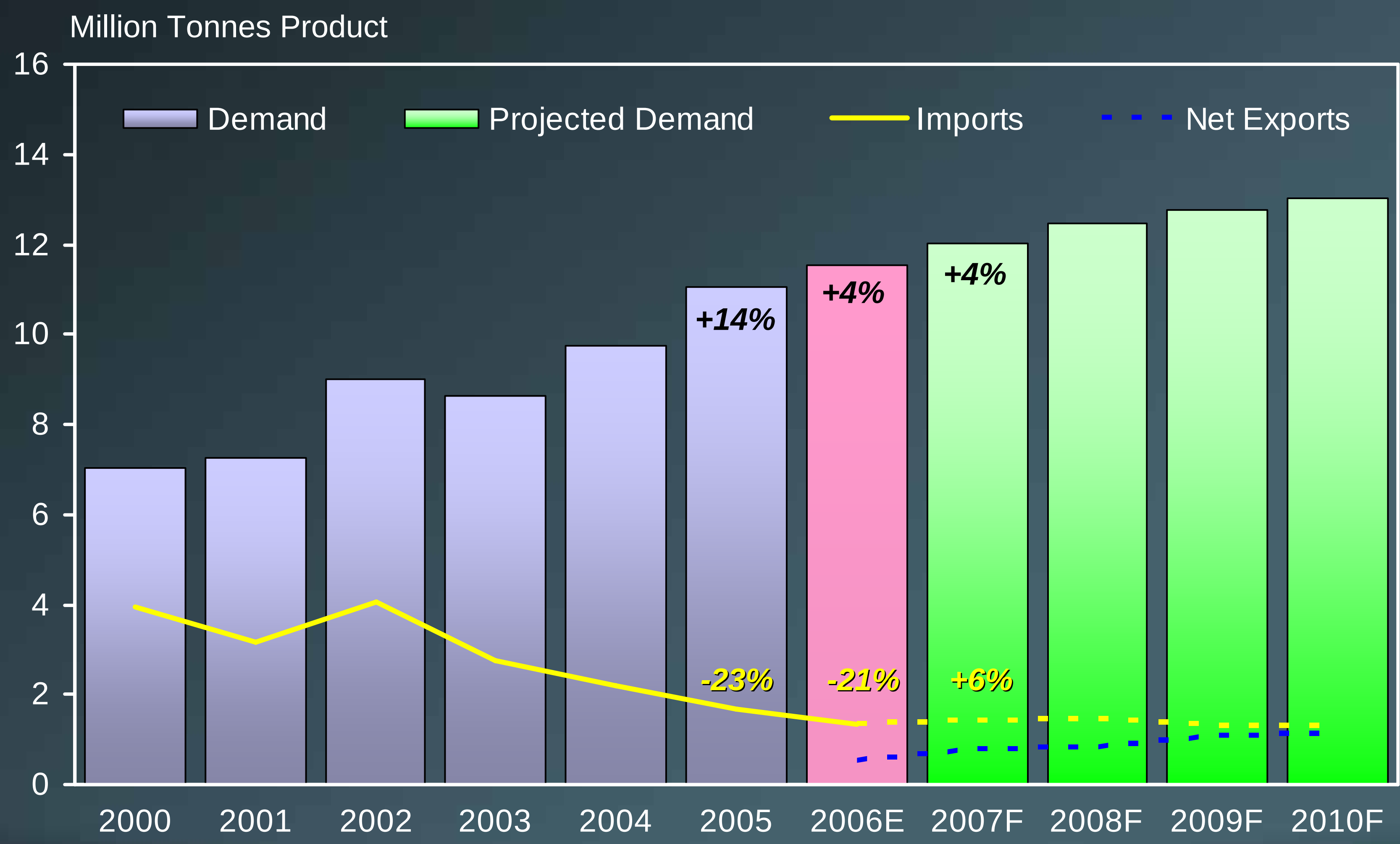

Source: Fertecon

# Global DAP/MAP/TSP Demand and Trade




Source: Fertecon

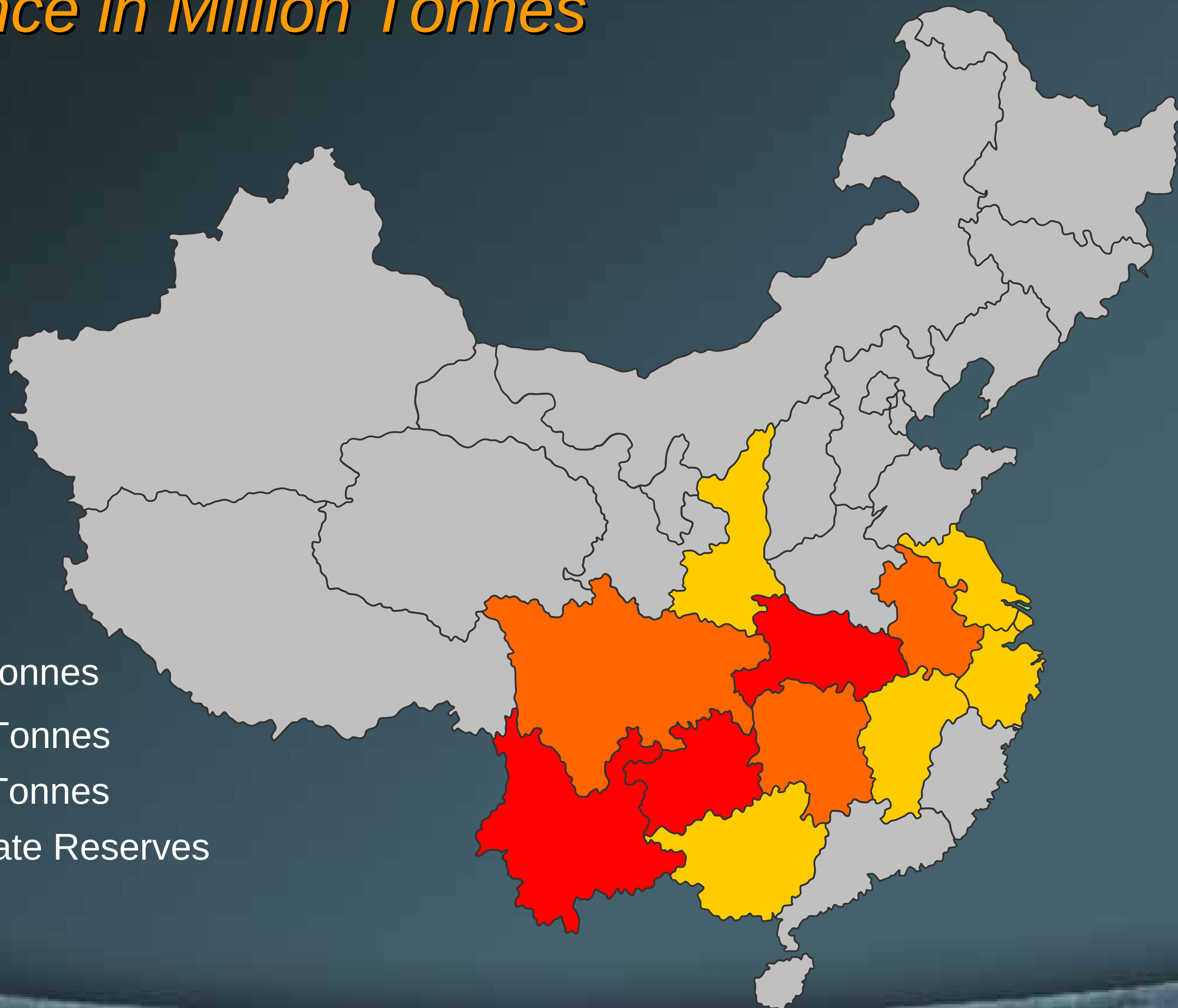
# China DAP/MAP/TSP Demand




Source: Fertecon

# *China's Phosphate Rock Production*

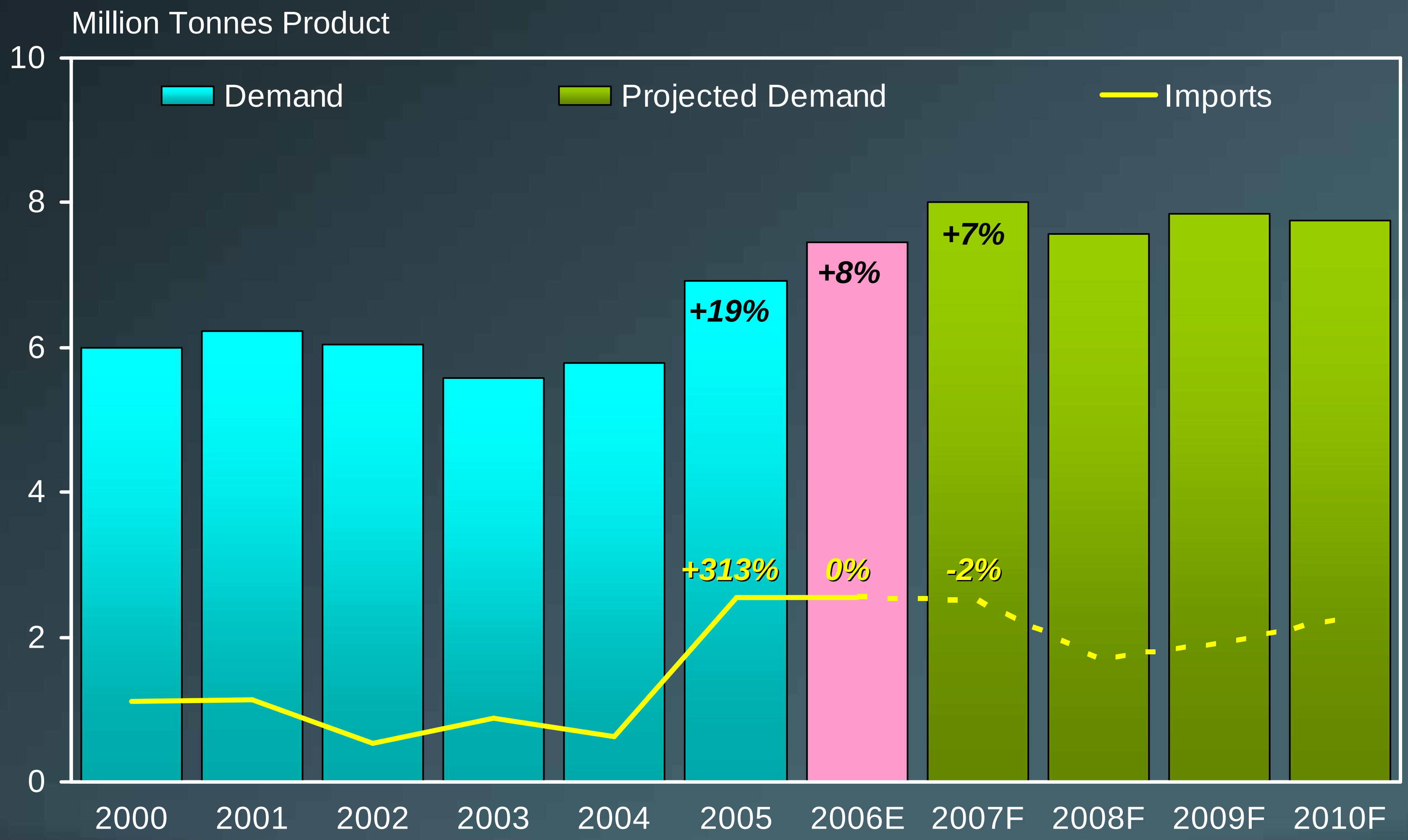
## *By Province in Million Tonnes*



- 5+ Million Tonnes
- 1-5 Million Tonnes
- < 1 Million Tonnes
- No Phosphate Reserves

Source: British Suolphur, Fertecon

# India DAP/MAP Demand

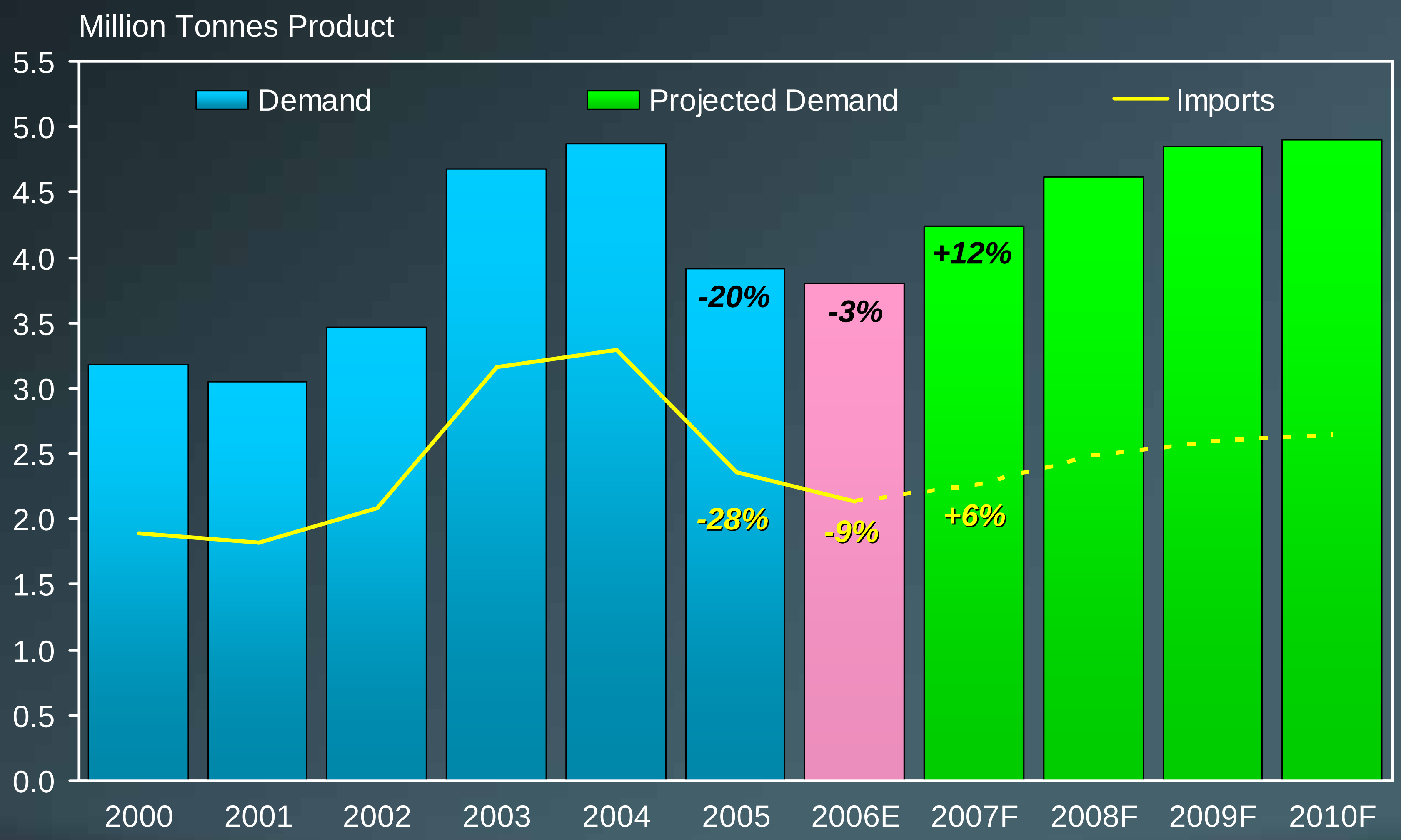



Source: Fertecon, PotashCorp

# Pakistan DAP/MAP/TSP Demand

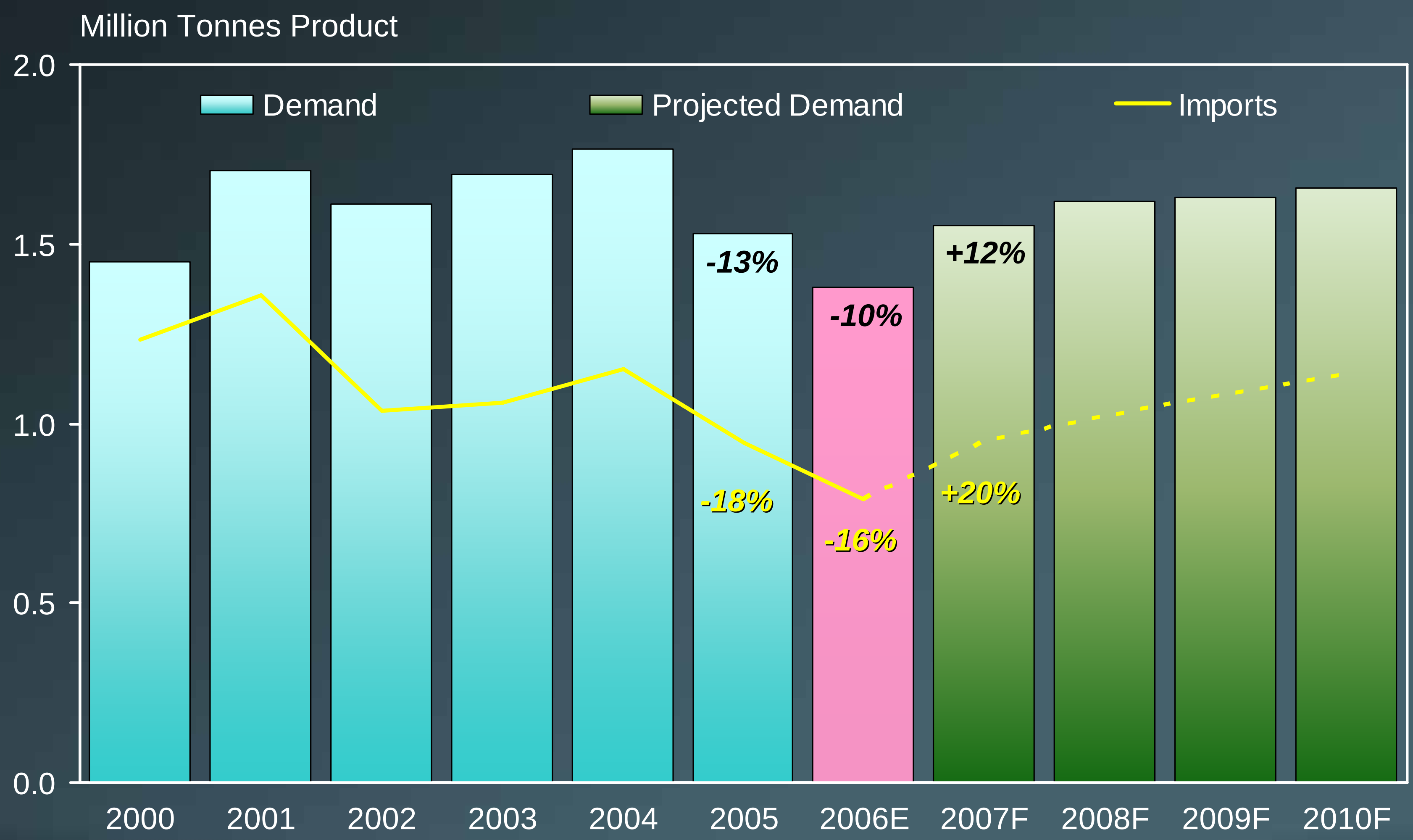

Source: Fertecon

# Brazil DAP/MAP/TSP Demand




Source: Fertecon

# Australia DAP/MAP/TSP Demand




Source: Fertecon

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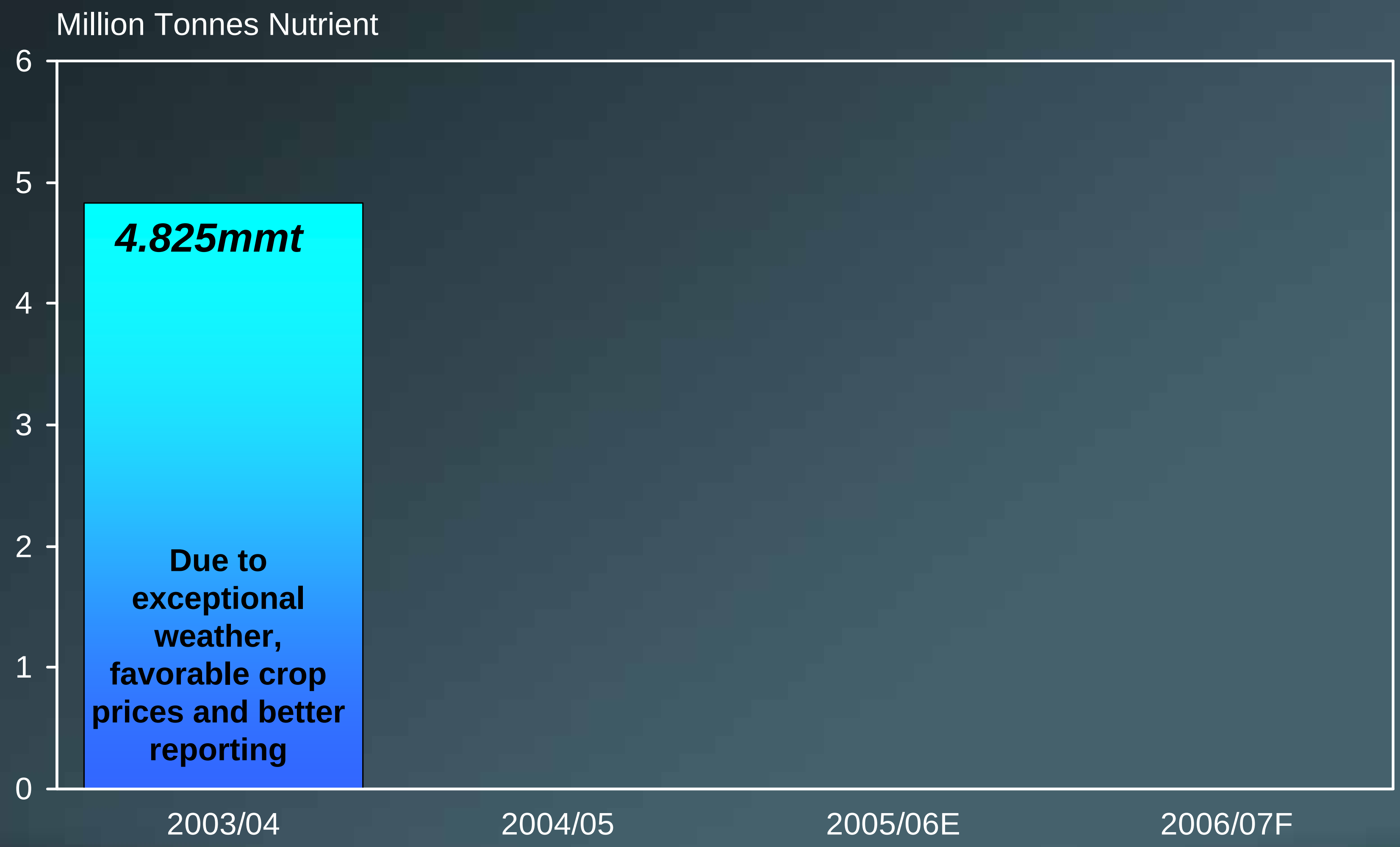
# US Phosphate Fertilizer Consumption Forecast




Source: TFI/AAPFCO, PotashCorp

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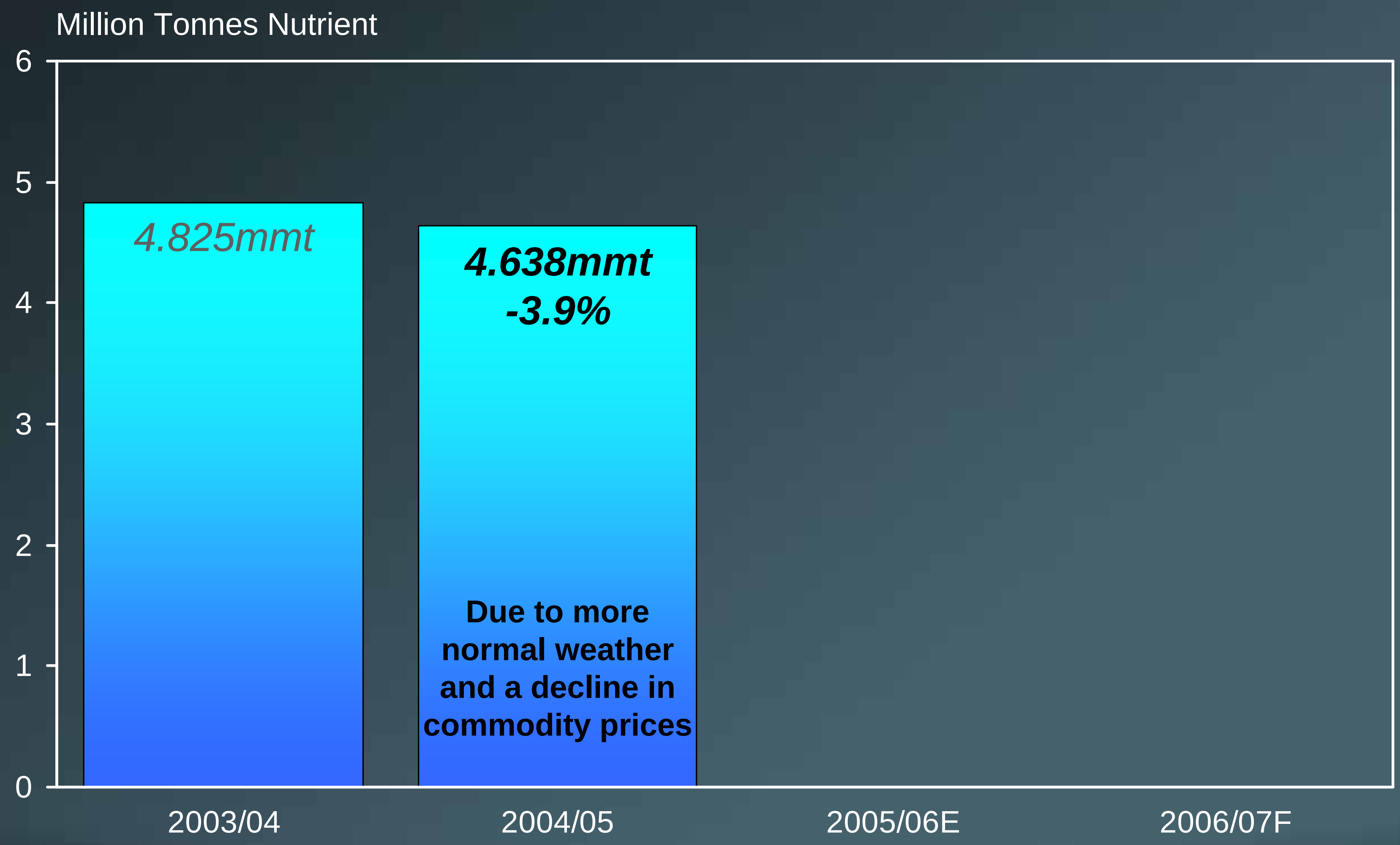


Source: TFI/AAPFCO, PotashCorp

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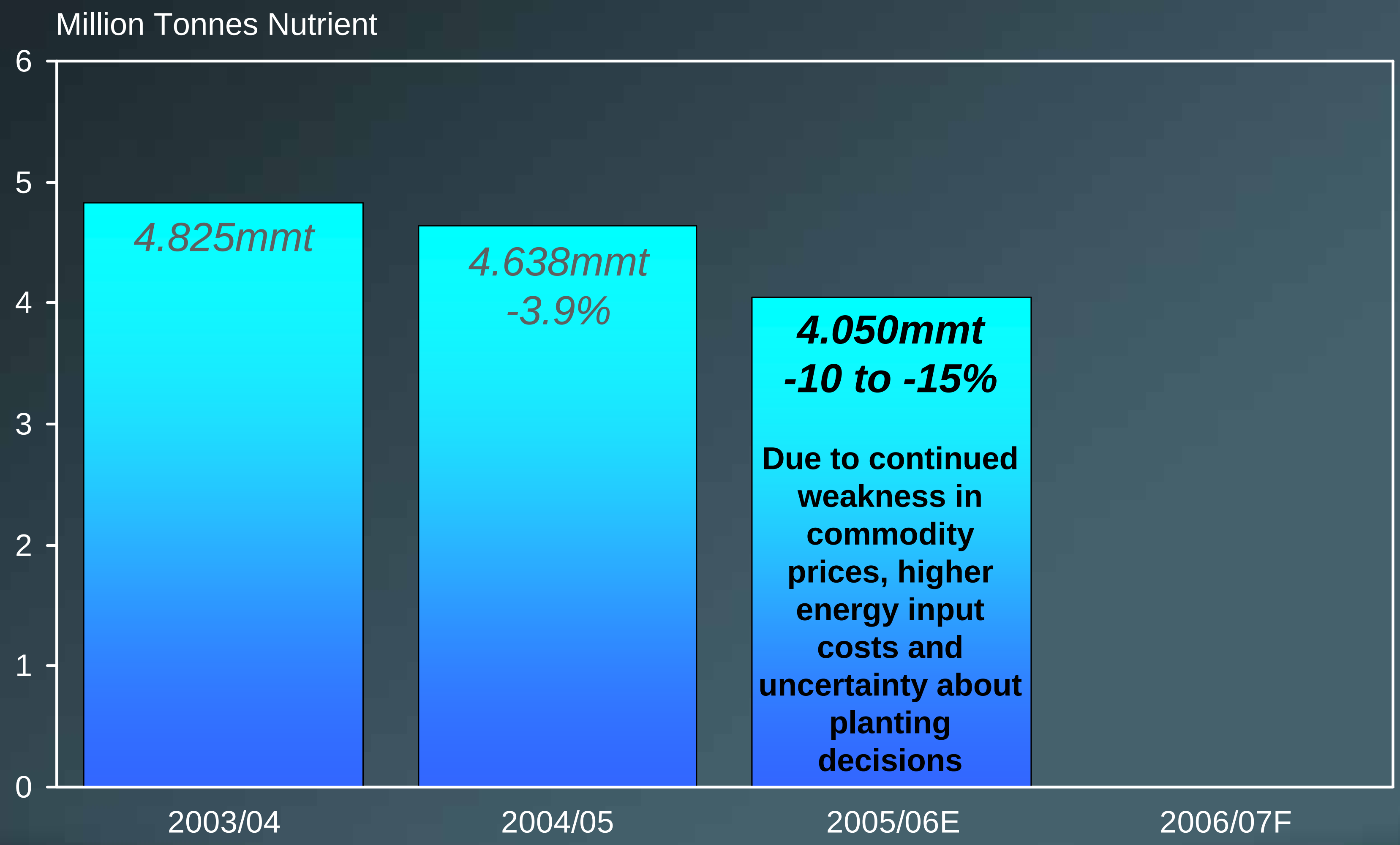
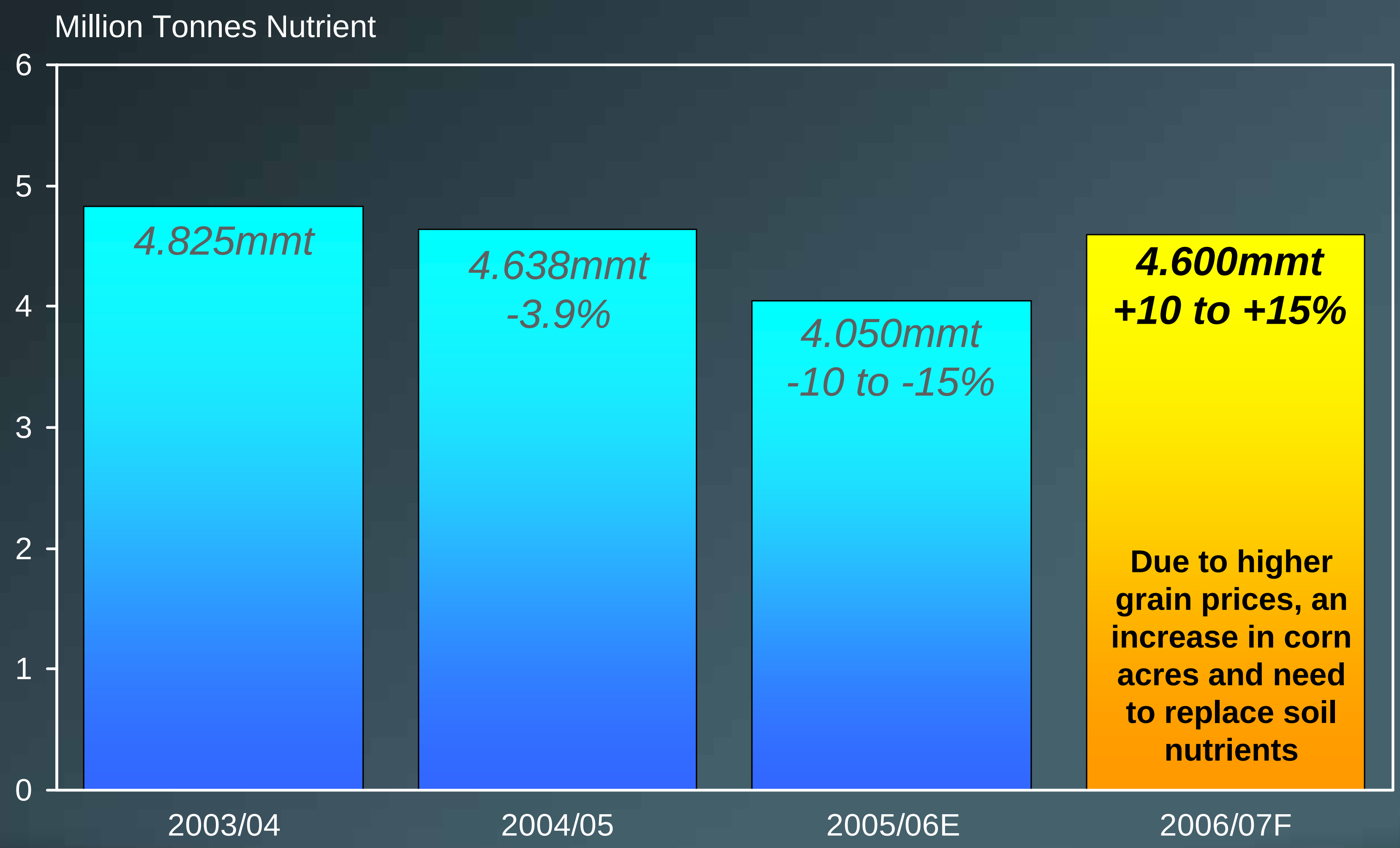



Source: TFI/AAPFCO, PotashCorp

# US Phosphate Fertilizer Consumption Forecast




Source: TFI/AAPFCO, PotashCorp

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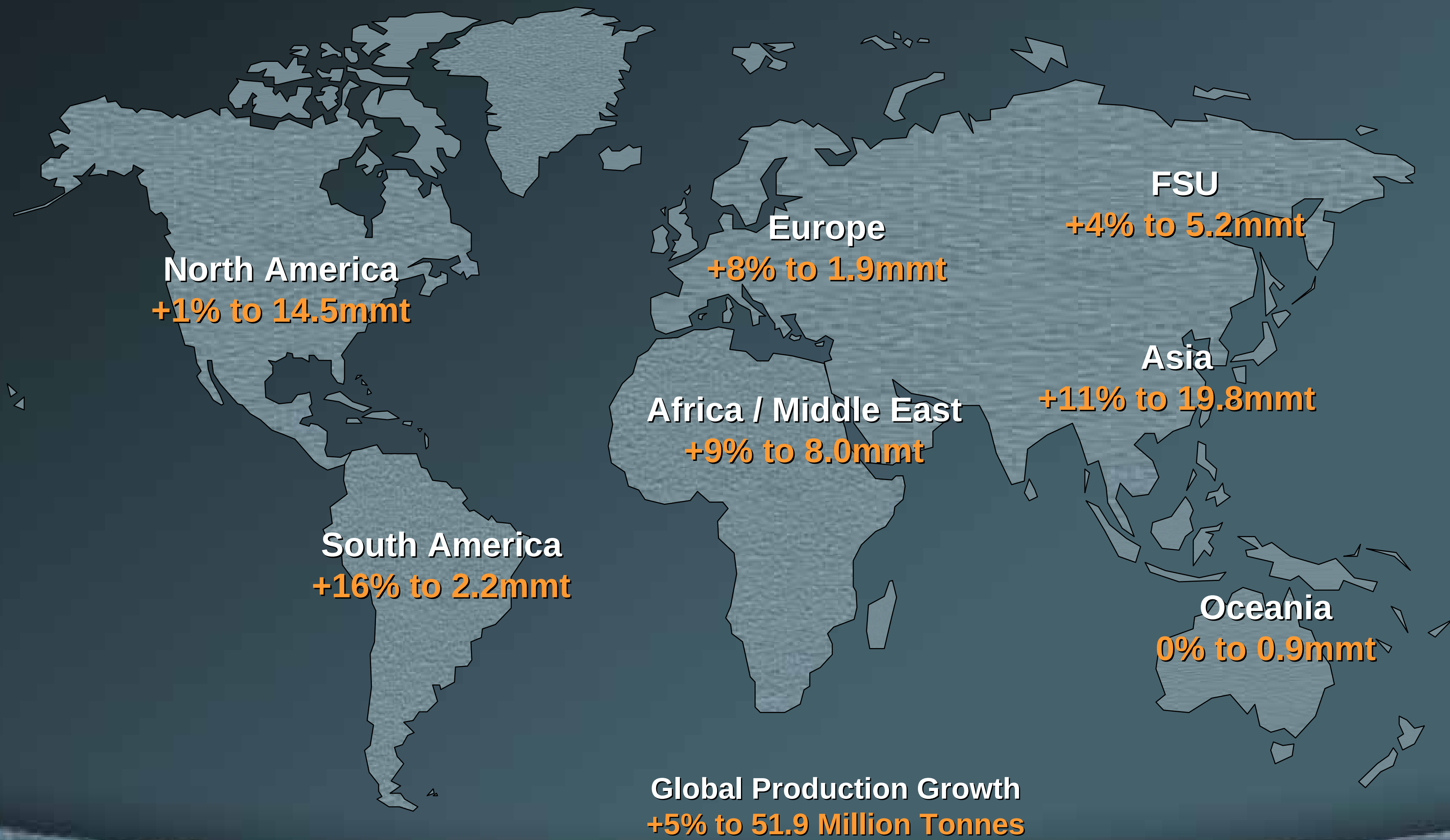
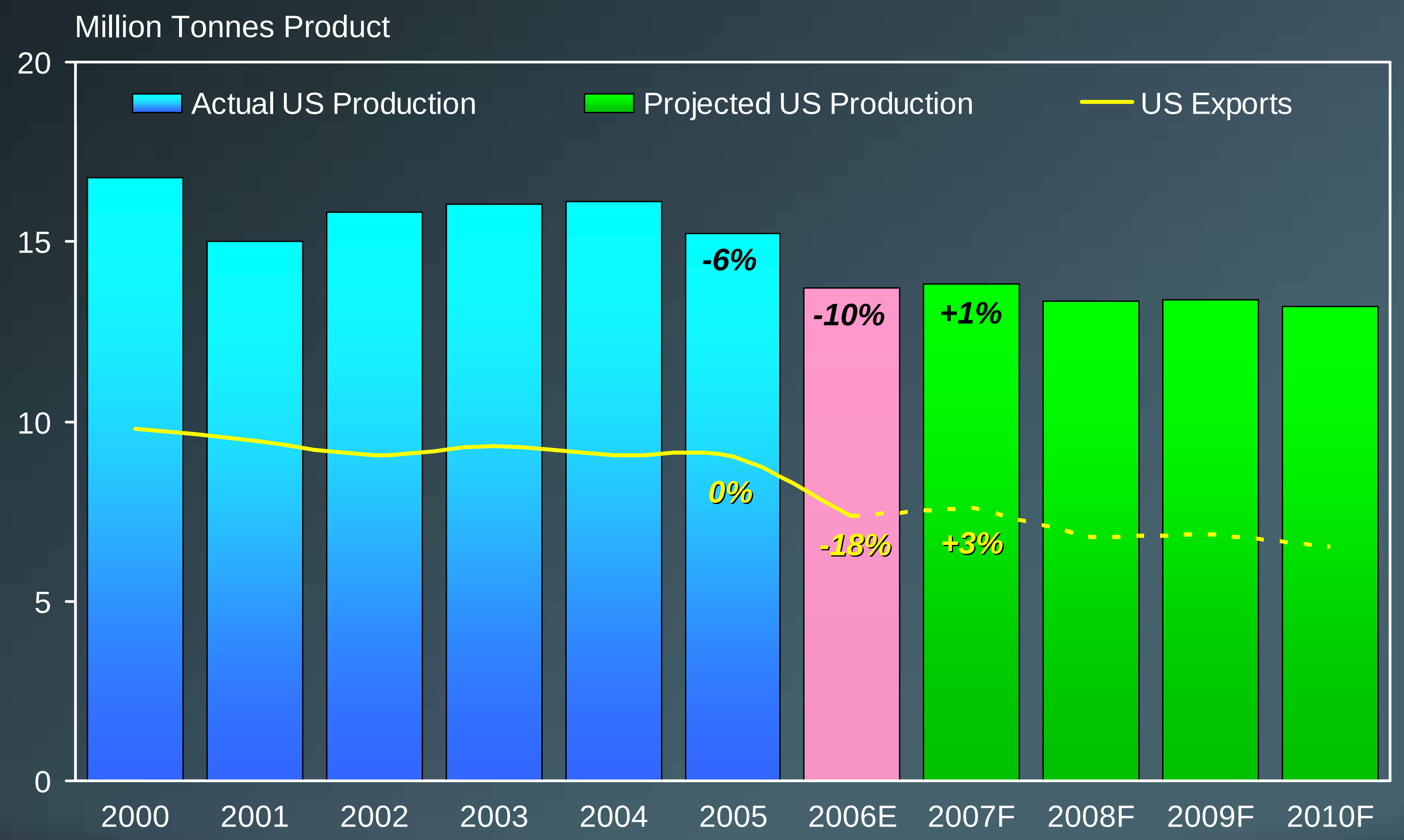
# Global DAP/MAP/TSP Production Growth

## *2007E (Million Tonnes)*



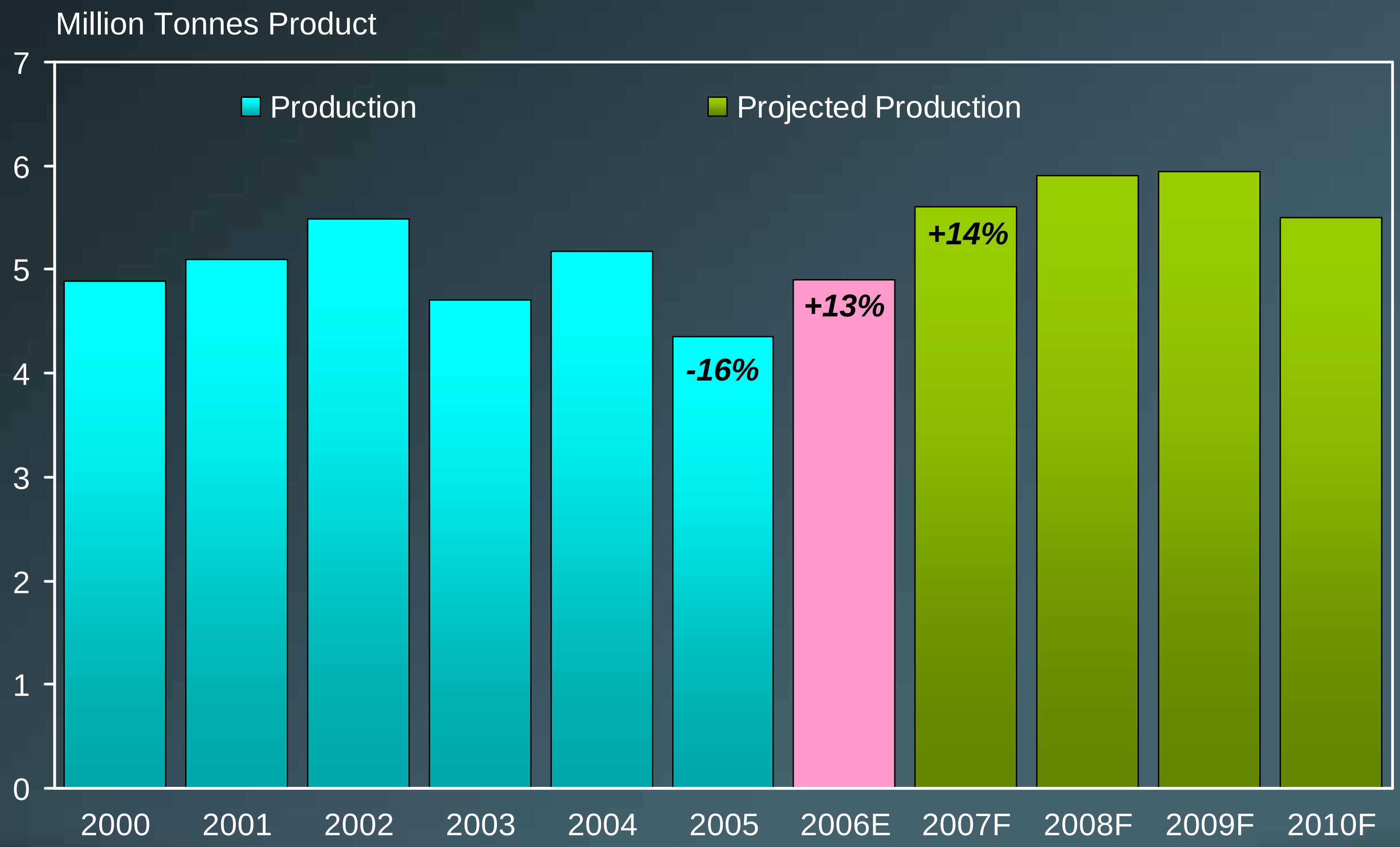

Source: Fertecon

# US DAP/MAP/TSP Production and Exports



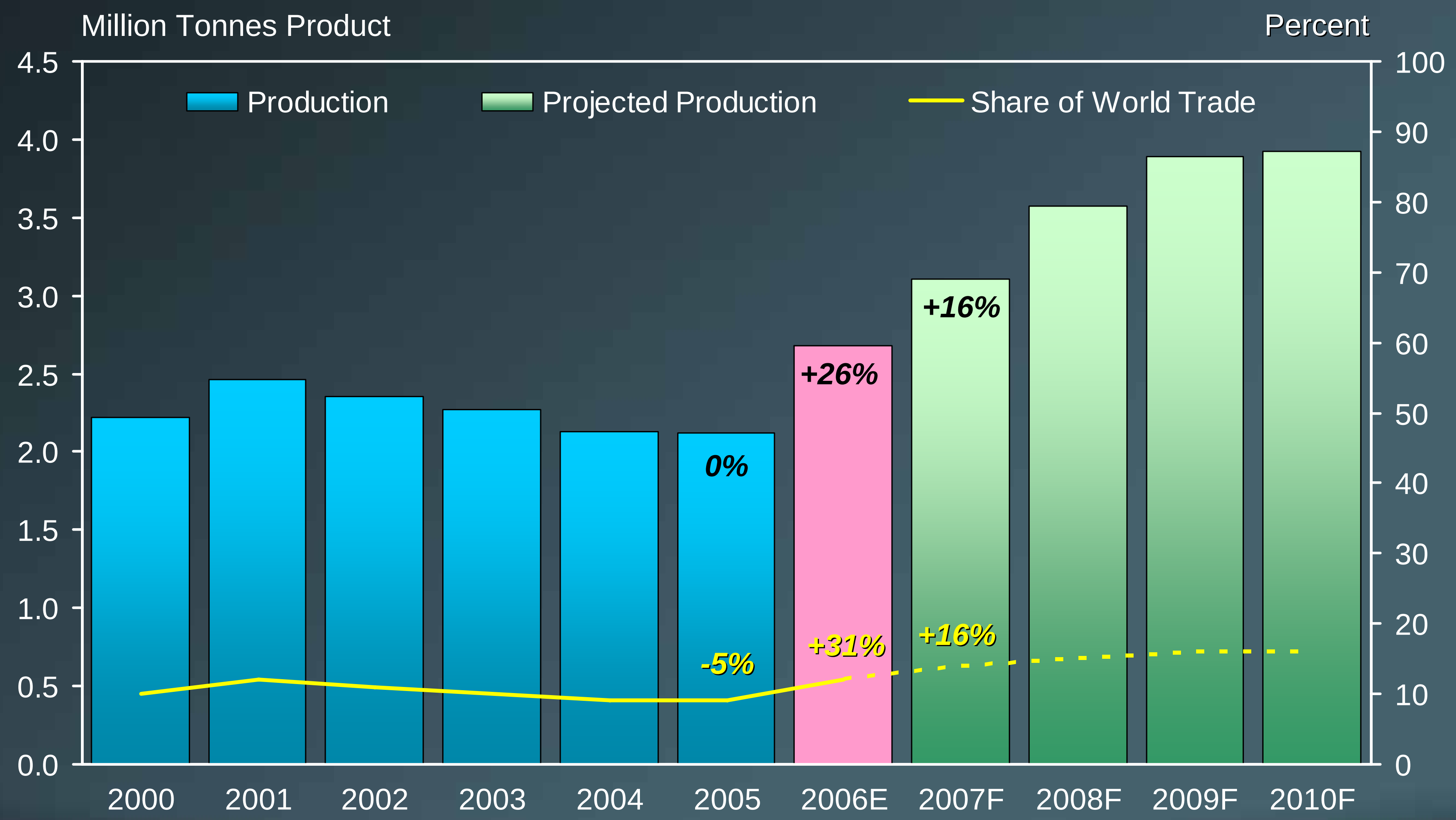

Source: Fertecon, PotashCorp

# India DAP Production



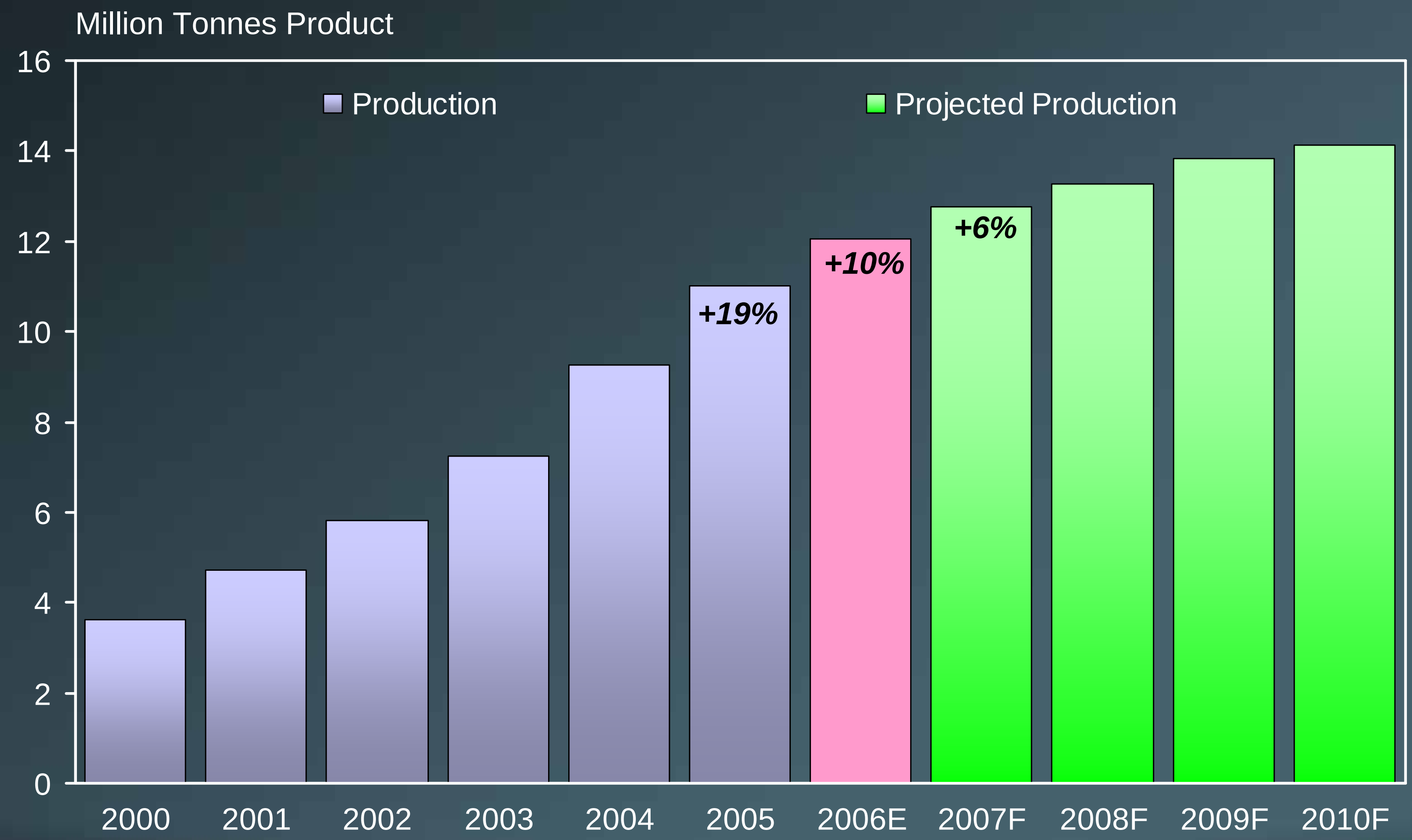

Source: Fertecon

# Morocco DAP/MAP/TSP Production




Source: Fertecon

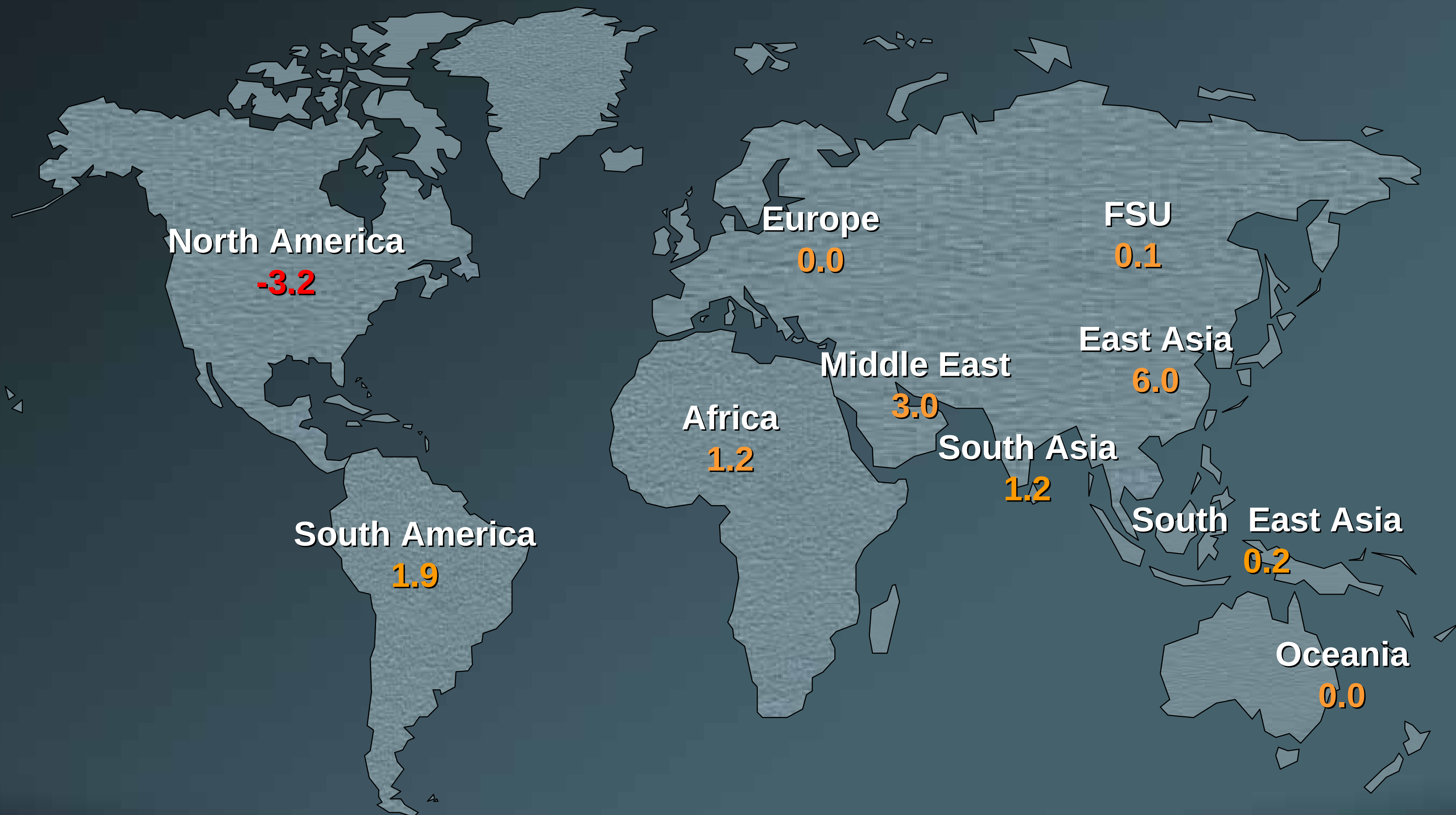
# China DAP/MAP/TSP Production




Source: Fertecon

# Projected DAP/MAP/TSP Capacity Changes

## *Estimated 2006-2010 (Million Tonnes Product)*




**Net Capacity Additions = 10.9 Million Tonnes**

Source: British Sulphur, PotashCorp

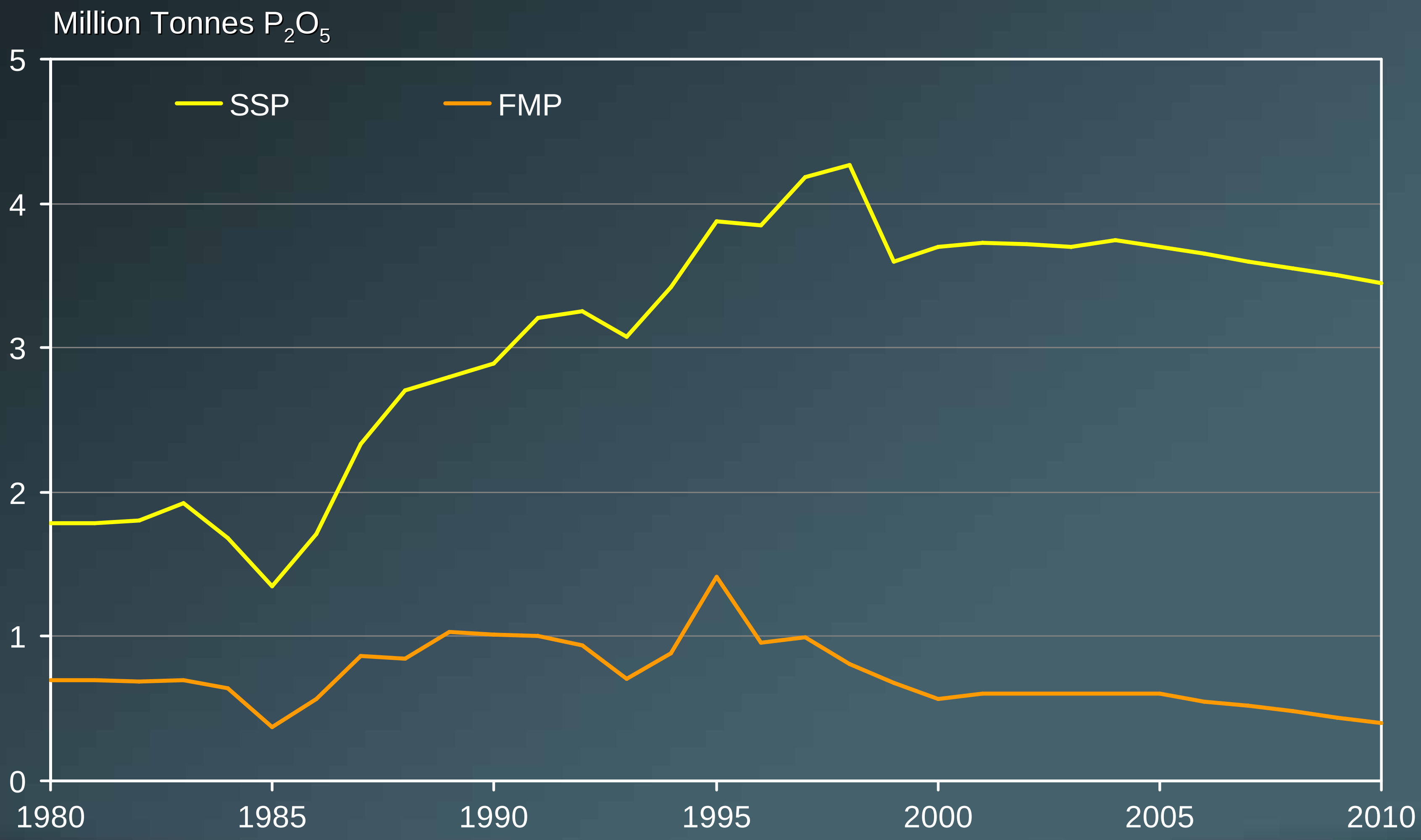
# China DAP/MAP Projects

## *Estimated 2006-2010 (Million Tonnes Product)*

| Location | Production | Product | Operational |
|---|---|---|---|
| Hubei - Yihua Group Corp | 0.3 Million | DAP | 2008 |
| Guizhou - Kaiyang | 0.5 Million | MAP | 2007 |
| Yunnan - NG Chemical Comples | 0.8 Million | DAP/MAP | 2008 |
| Hubei - Yangfeng & Dayukouu | 0.9 Million | DAP | 2006 |
| Miscellaneous | 3.5 Million | DAP/MAP | 2007-2010 |
| Total | 6.0 Million | | |

Source: British Sulphur, PotashCorp

# China's Low Analysis Phosphate Production
## *SSP & Fused Magnesium Phosphate*



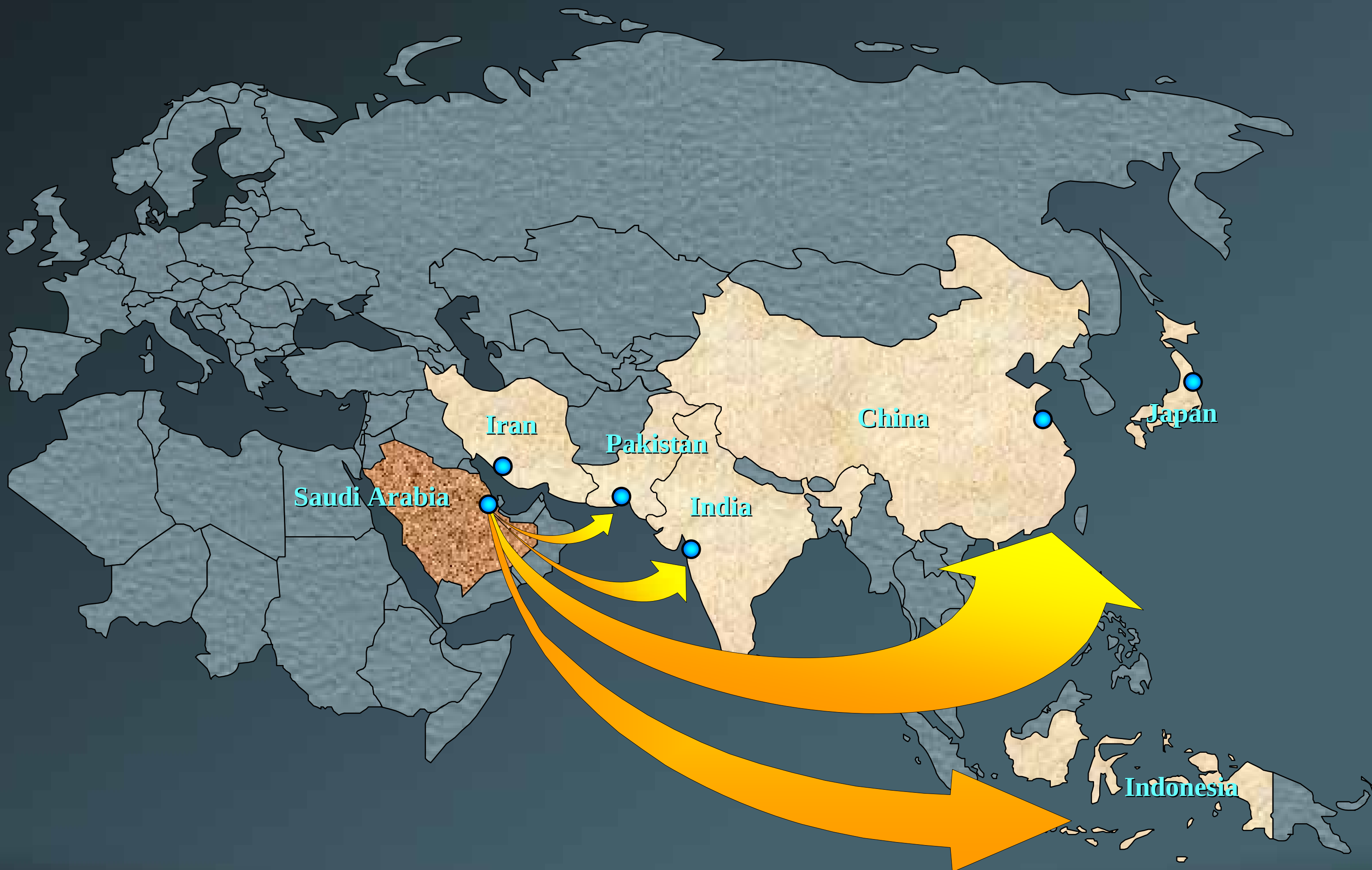

***Total reduction 2005-2010 = .5 million tonnes $P_2O_5$***

Source: Fertecon

# Ma'aden Phosphate Project


Source: Ma'aden

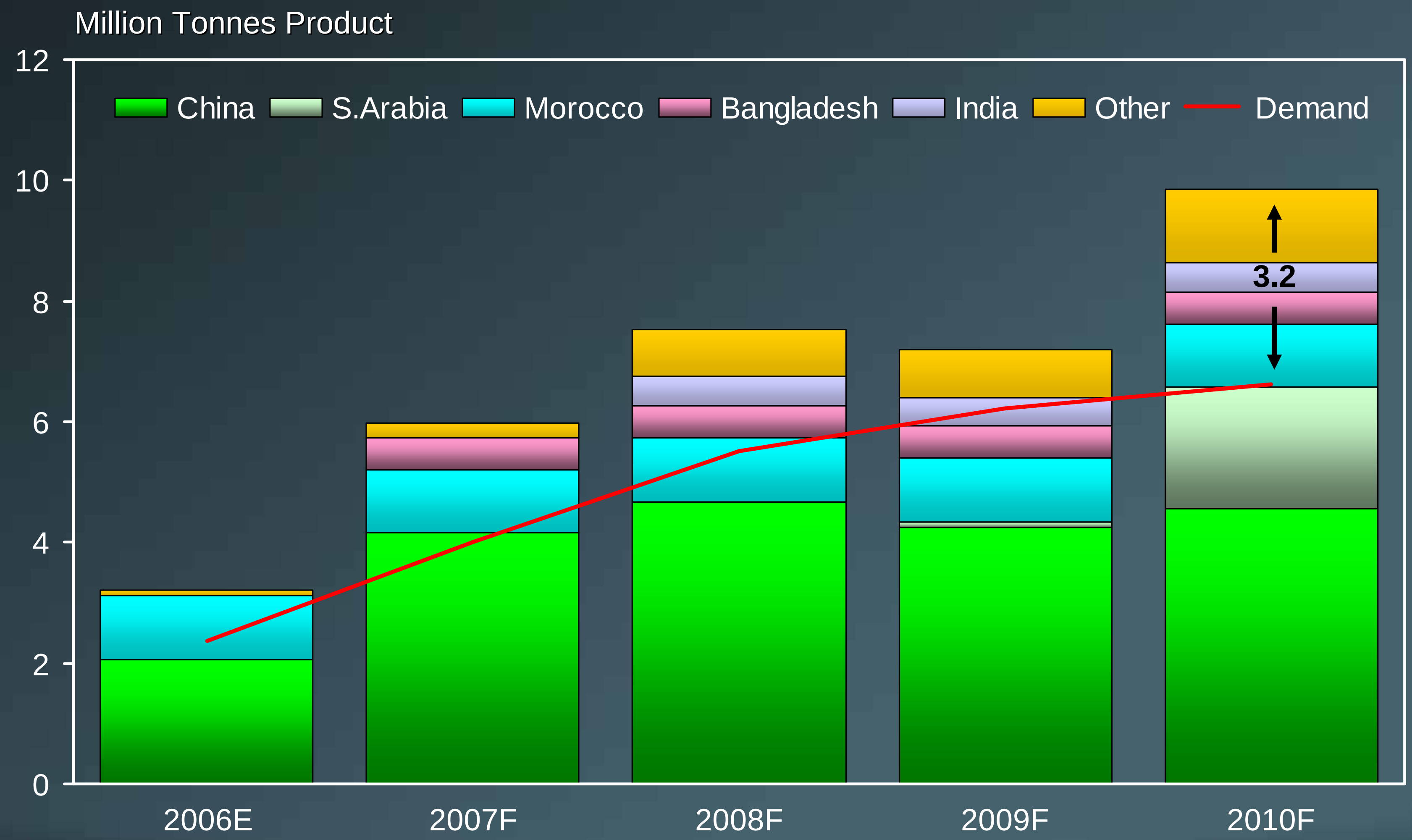
# Ma'aden Phosphate Project Proposed Market




Source: Ma'aden

# New DAP Capacity* vs Demand**

## Cumulative Growth – Net Capacity




***Several projects uncertain, unlikely projects excluded**
****Adjustments made to net out North American capacity curtailments**

Source: British Sulphur, Fertecon, PotashCorp

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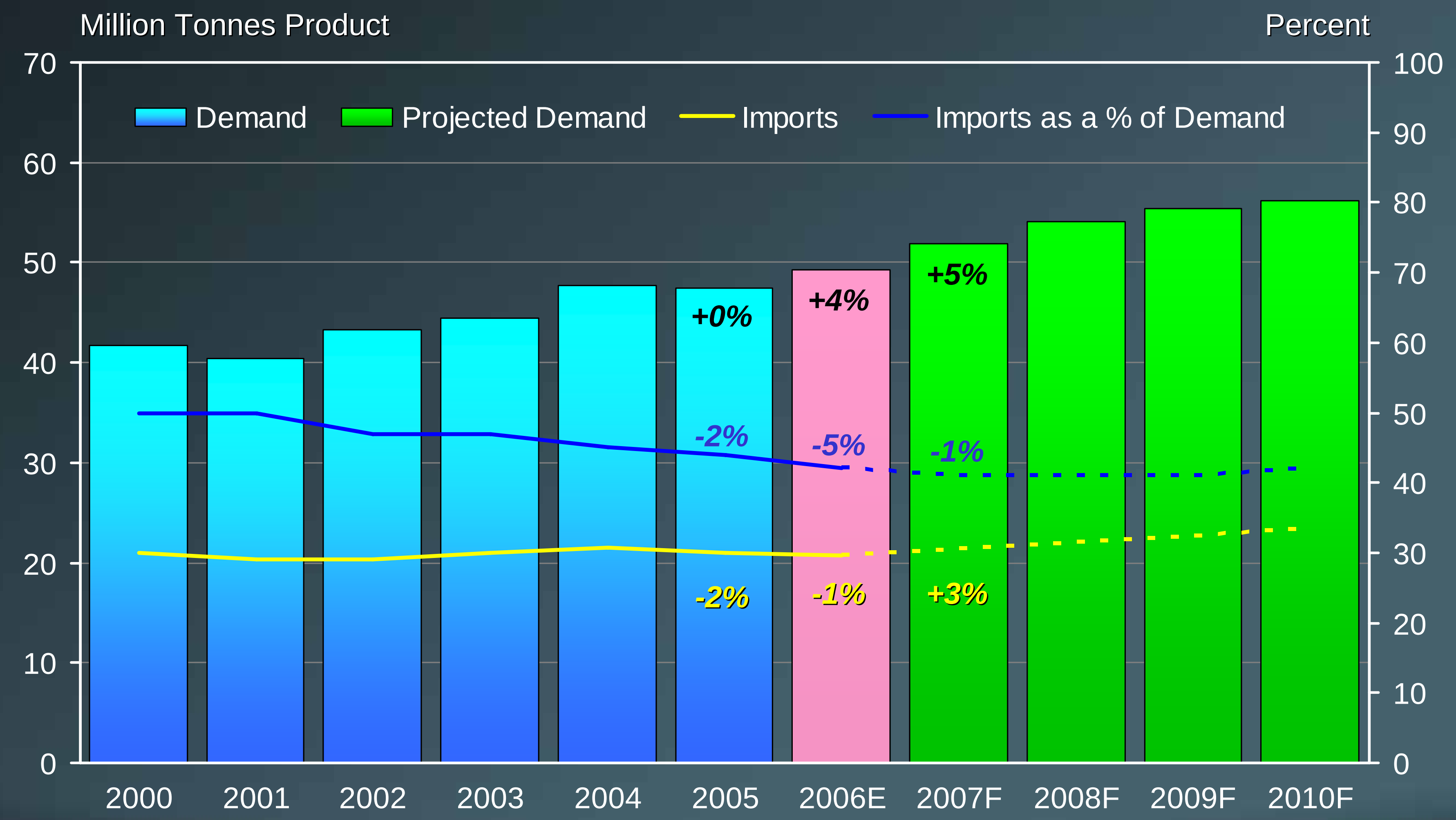
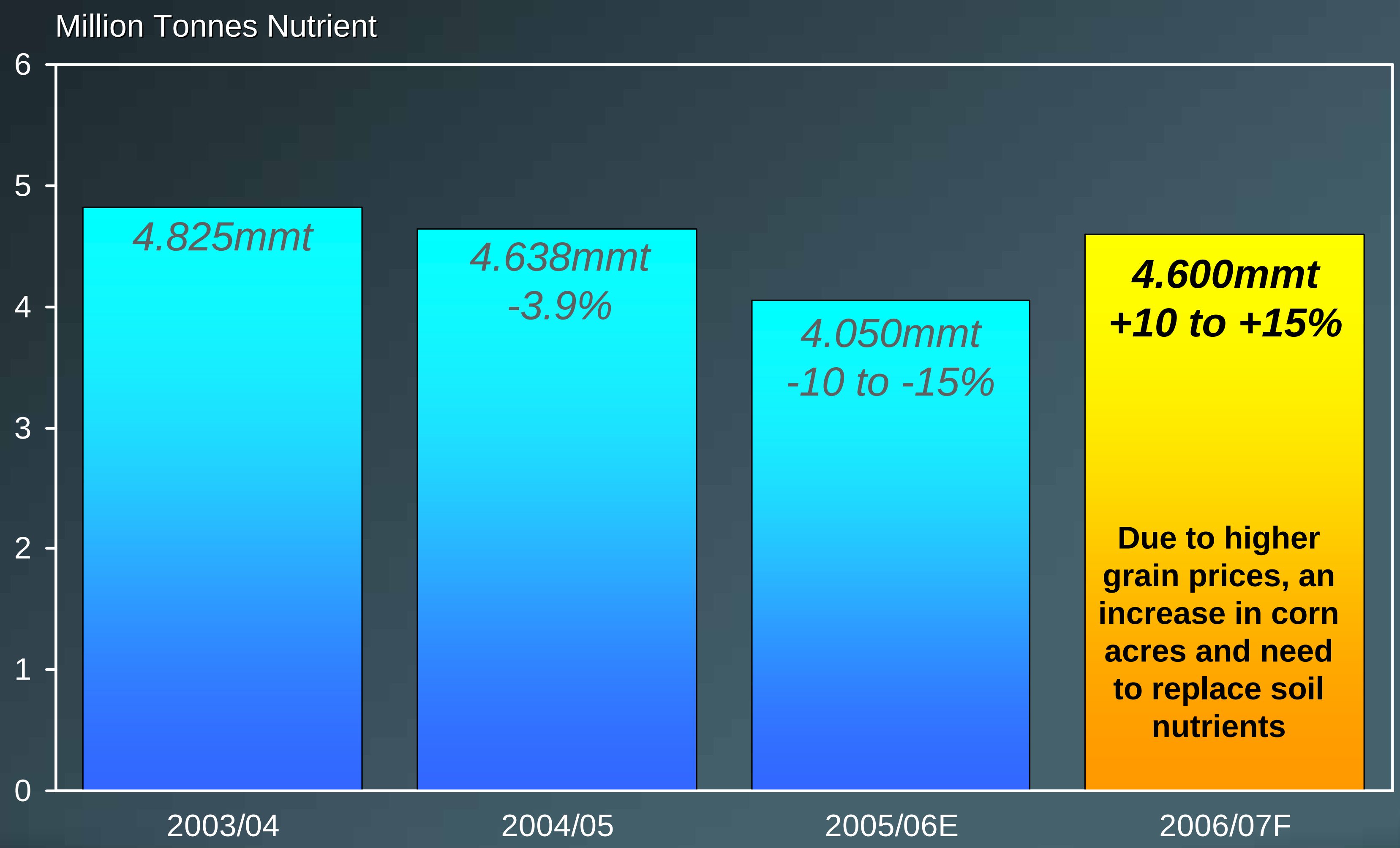
# Global DAP/MAP/TSP Demand and Trade




Source: Fertecon

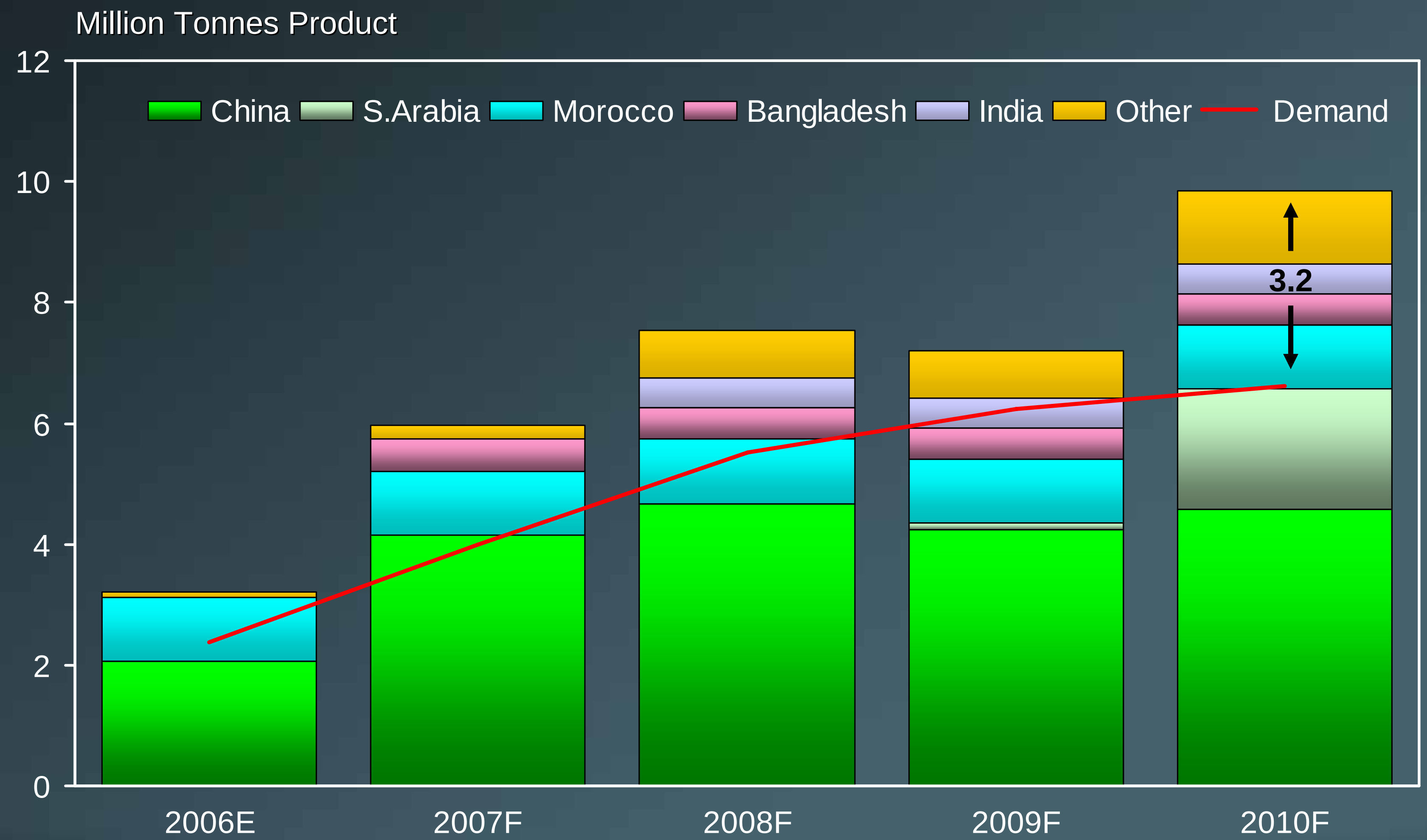
# US Phosphate Fertilizer Consumption Forecast




Source: TFI/AAPFCO, PotashCorp

# New DAP Capacity* vs Demand**

## Cumulative Growth – Net Capacity

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Source: British Sulphur, Fertecon, PotashCorp

# Thank-You