



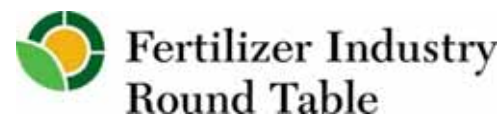
MAKING THE RIGHT MOVES
OUR CHALLENGES. OUR IMAGE. OUR FUTURE



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Phosphate Outlook





TFI Outlook – Phosphate Outlook

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November 2014



Who is Simplot



Phosphate Outlook

- **2014 Narratives**
- **Short-term Outlook**
- **Medium-term Outlook**
- **2015 Narratives**



Phosphate Outlook

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2014 narratives

Logistics



Weather



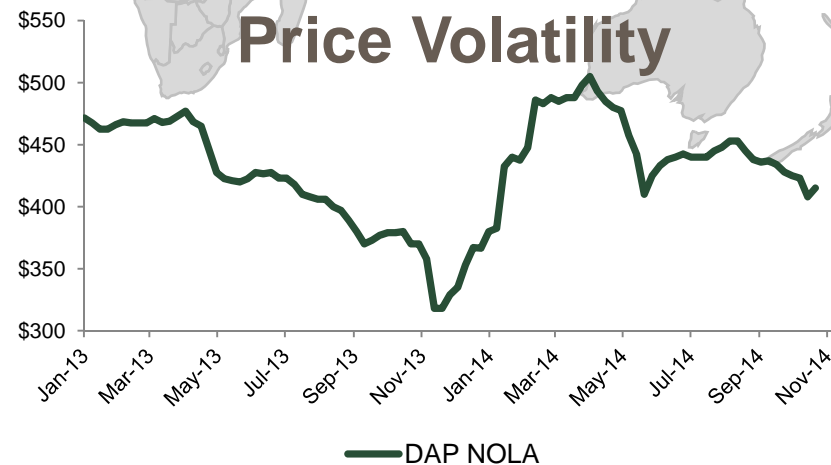
China Goes West



Record Production



Price Volatility



Source: CRU

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14.4 billion bushels of corn

4.0 billion bushels of soybeans

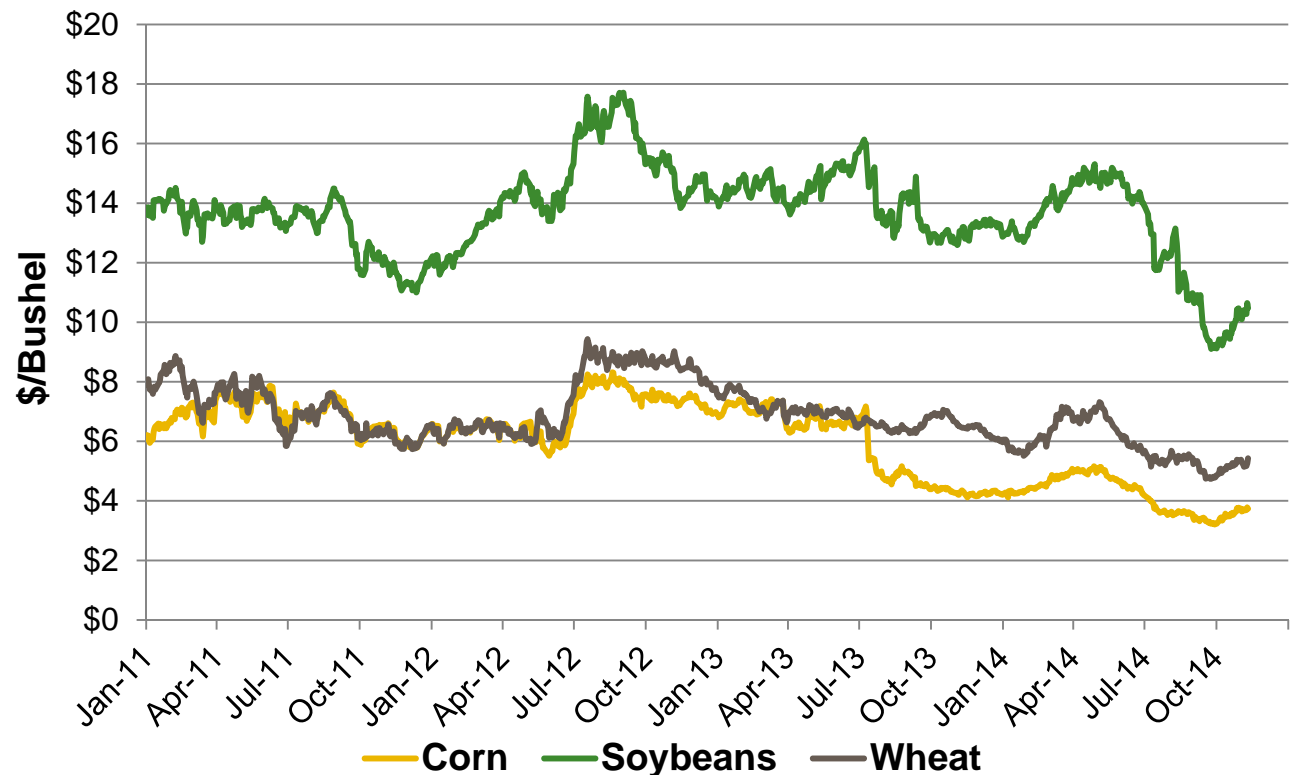
Both corn and soybeans are forecasted
to have the highest ending stock to use
ratio since 2006

Marketing Year
Source: USDA



Price Trends Reflect Supply Expectations

- Prices dropped to the lowest levels in 4 years
- Growers are watching grain prices and contemplating fertilizer affordability
- Will growers cut application rates in response to lower grain prices?

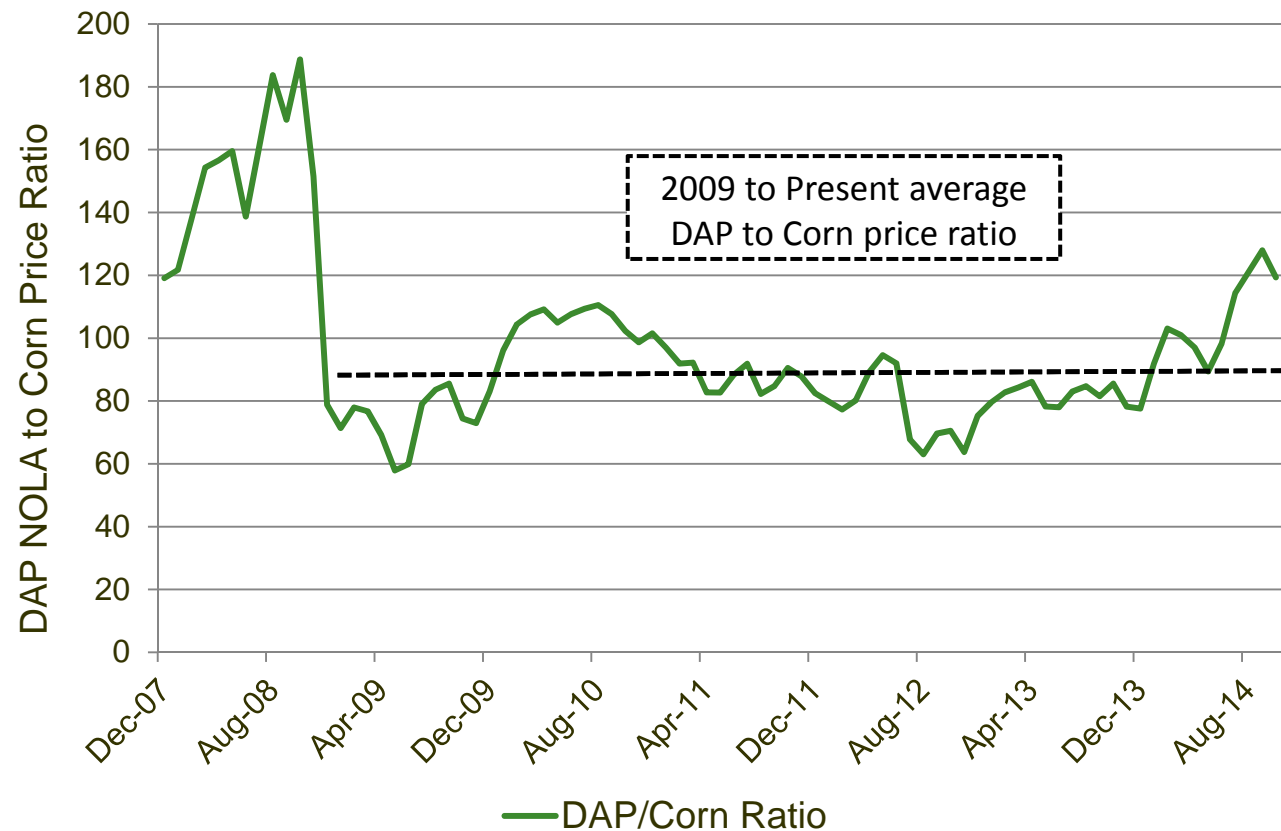


Daily Nearby Futures
Source: Trading Charts

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Phosphate Affordability

- Ratio provides context to the price of DAP relative to expected revenue per acre
- Average ratio since 2009 is 85-90 and today's ratio is 120
- Current ratio is 37% higher than historical average.....suggesting affordability issues

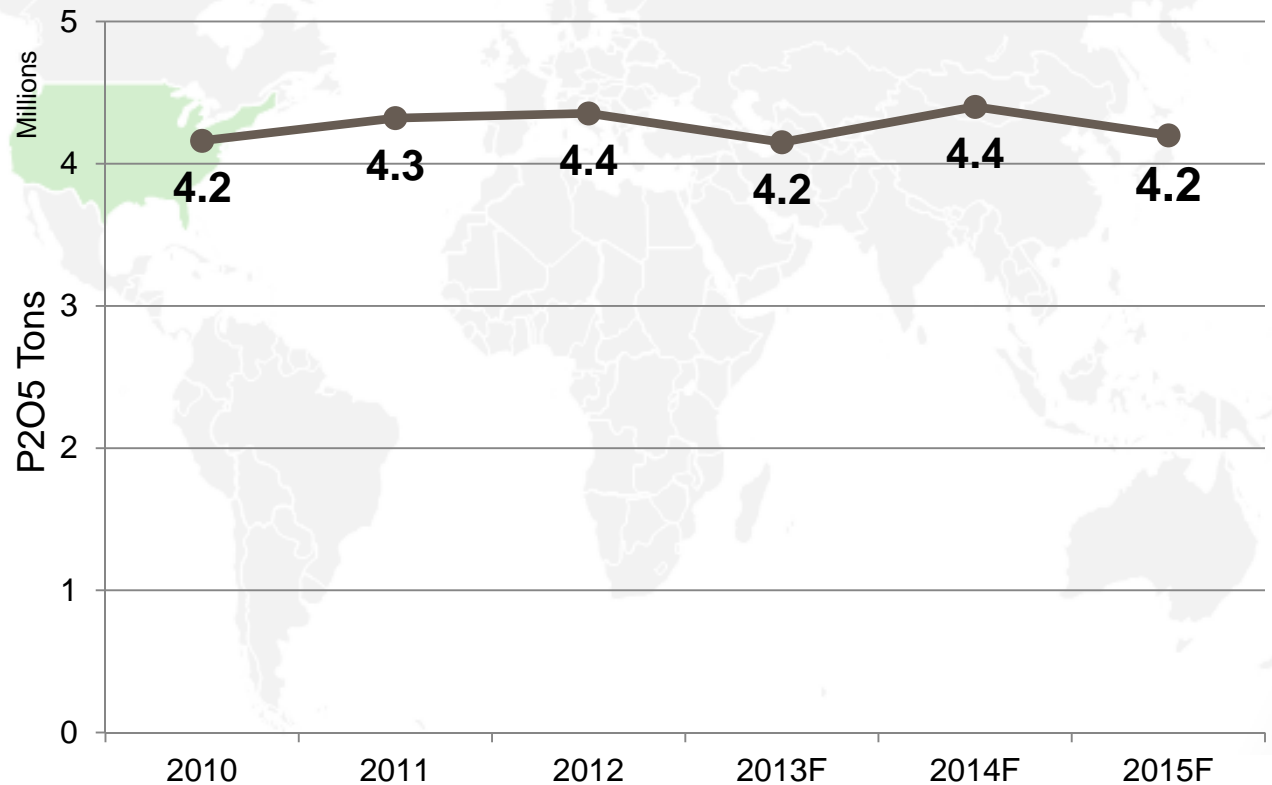


Source: Trading Charts, CRU

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U.S. phosphate demand stays flat to down

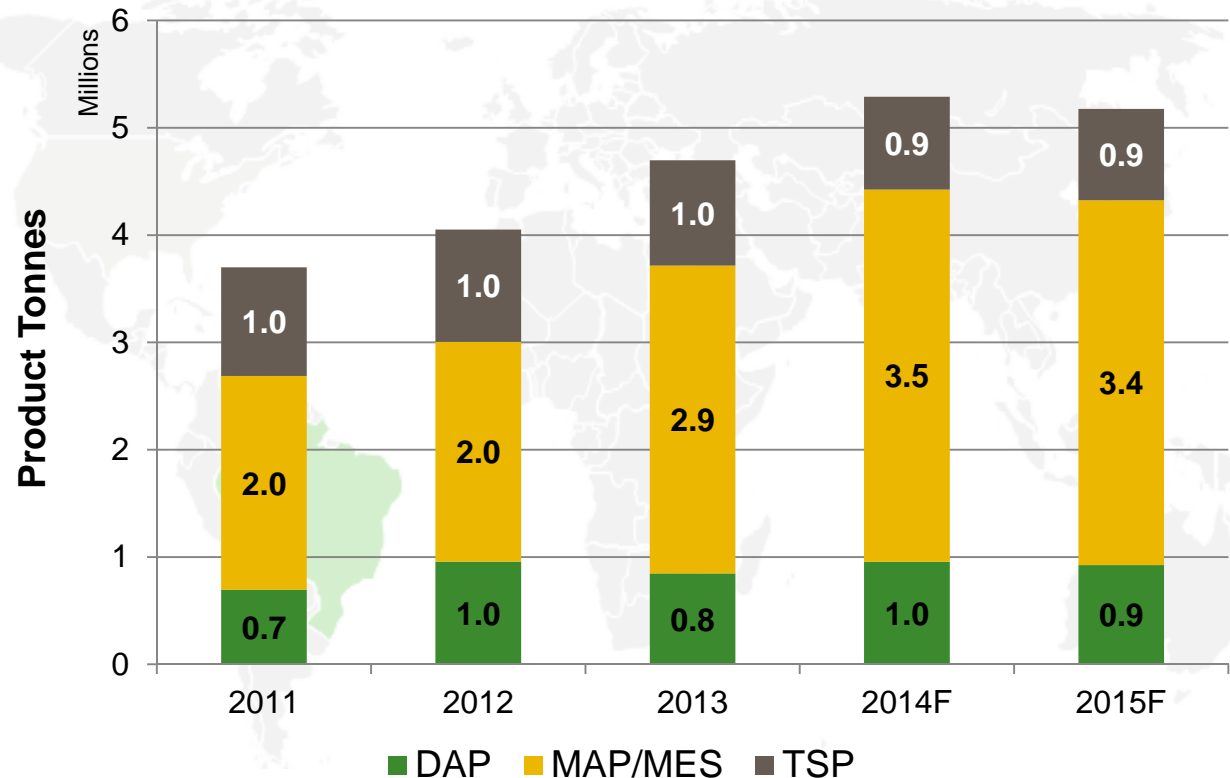
- Due to lower expected revenue per acre growers are going to cut P application rates
- Harvest delays will defer demand to spring
- Logistic constraints will act as a barrier preventing all demand from being met



Source: AAPFCO, Simplot

Commodity markets impact Brazilian import demand

- Similar to the U.S., Brazilian farmers will generate lower revenue per acre, which will in turn impact nutrient demand
- Growers in Mato Grasso may forego planting a safrinha crop
- In country phosphate inventories are growing

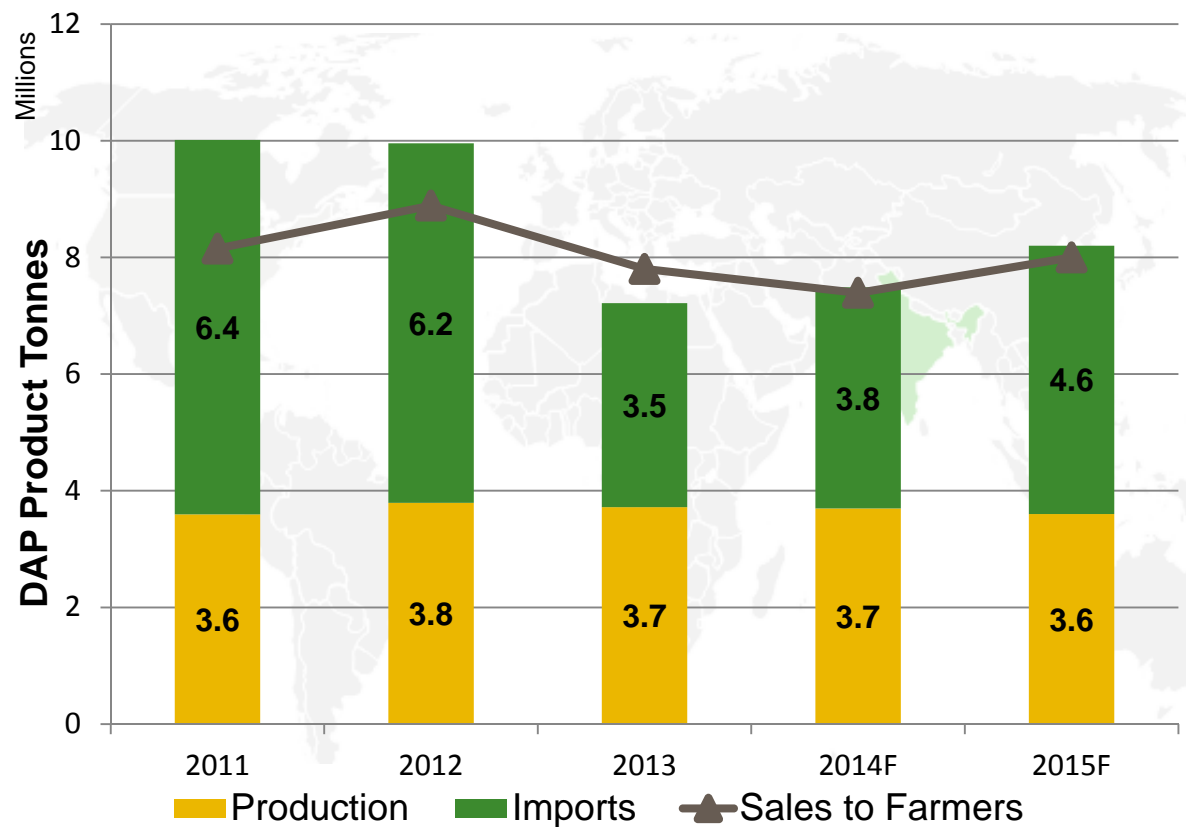


Source: CRU, Simplot

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India - finally revising the NBS.....

- New BJP government led by Modi will start to make the necessary revisions

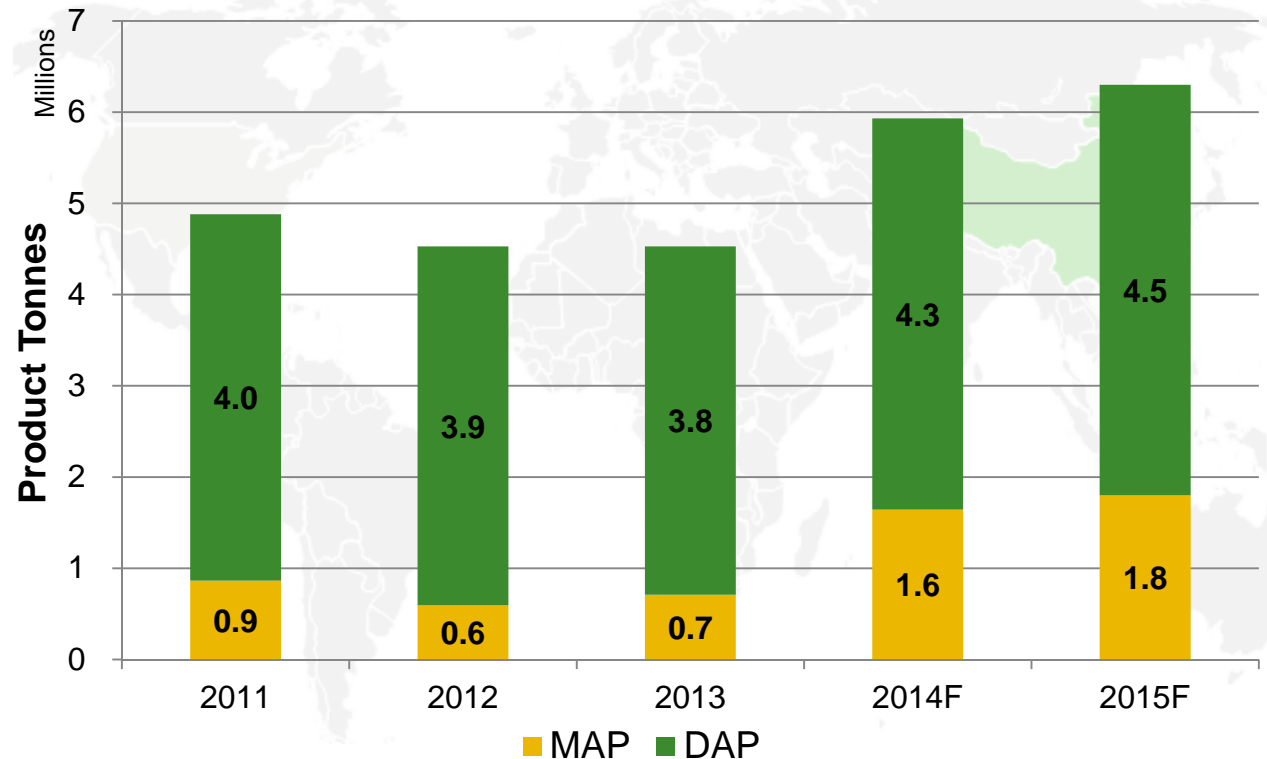


Source: CRU, Simplot

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China expands exports

- China increased MAP production to expand markets
- Exported ~1.5 million product tonnes to the Western Hemisphere in 2014
- Revisions to the 2015 export tax regime will enable China to export year round
- Cumulative impact is an Increase in exports



Source: CRU, Simplot

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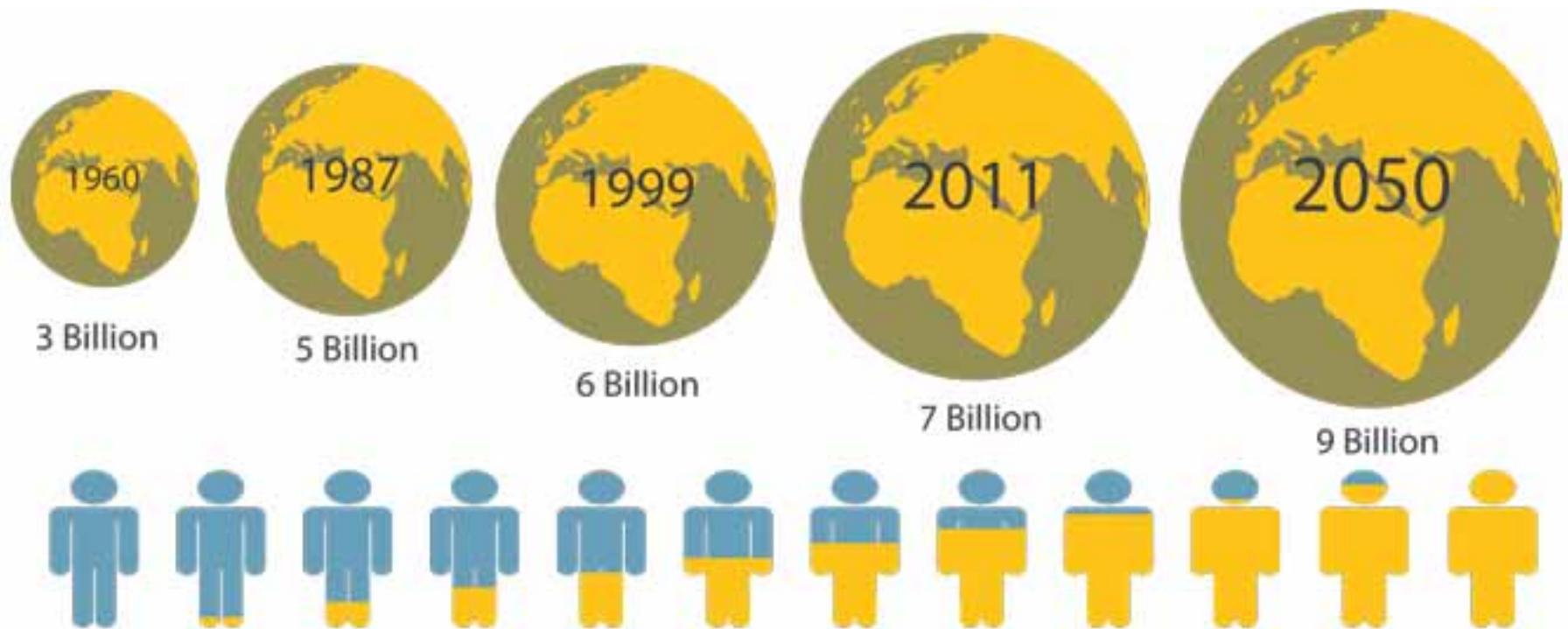
Global P2O5 capacity expansion

Project	Region	Start-up	Capacity*
Toros Tarim – Samsun	MENA	2014	12
Hindalco – Dahej	S. Asia	2014	19
Vinachem – Lao Cai	SE Asia	2015	150
OCP	MENA	2015	900
GCT	MENA	2016	200
Ma'aden	MENA	2016	1,521
Total - Firm			2,802
Assorted Probable	Global	2016-18	2,225

*P2O5 tonnes

Source: CRU

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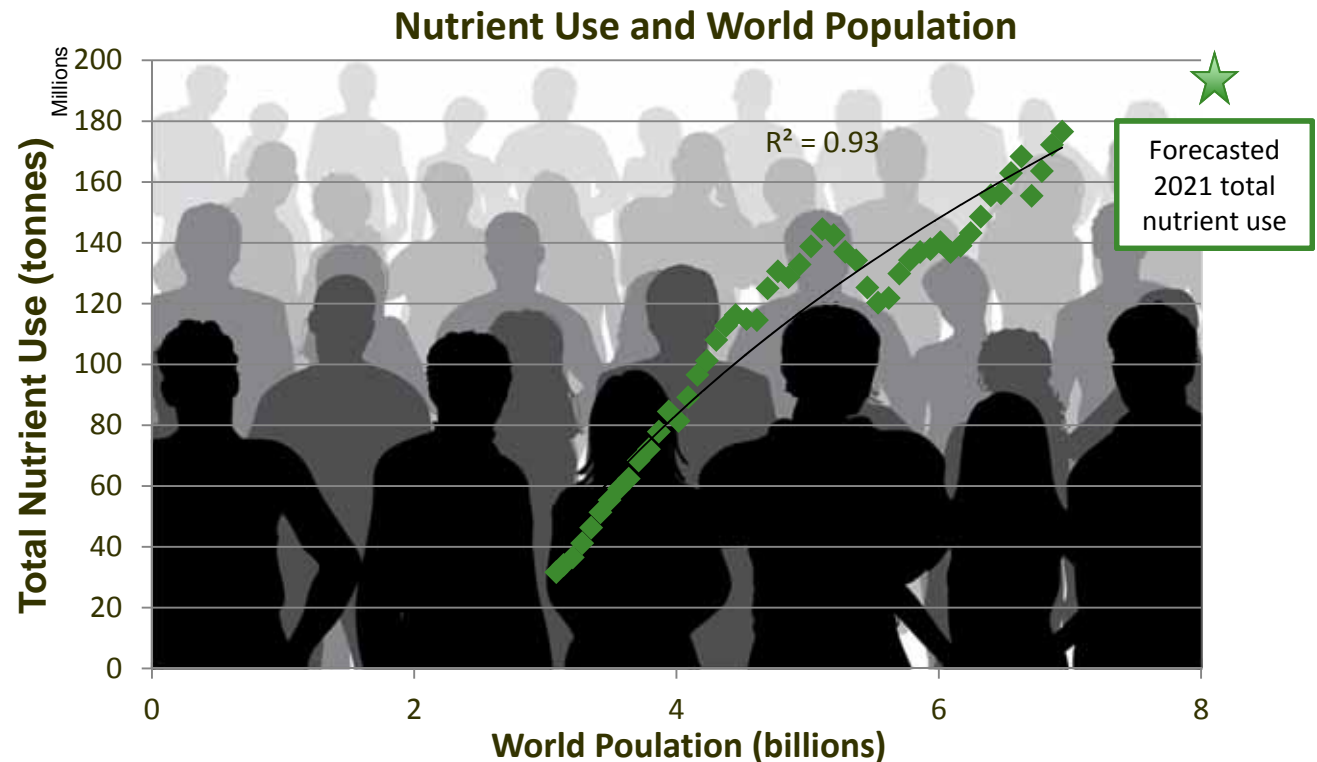
- Population growth will disproportionately hit Africa
- Huge opportunities to increase fertilizer use in Africa to insure food security

Source: Farming 4R Future

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Global agricultural P2O5 demand driver

- Scatter plot of nutrient demand and population by year
- Clear relationship between population rates and nutrient use
- Regression analysis can predict nutrient demand based on population estimates

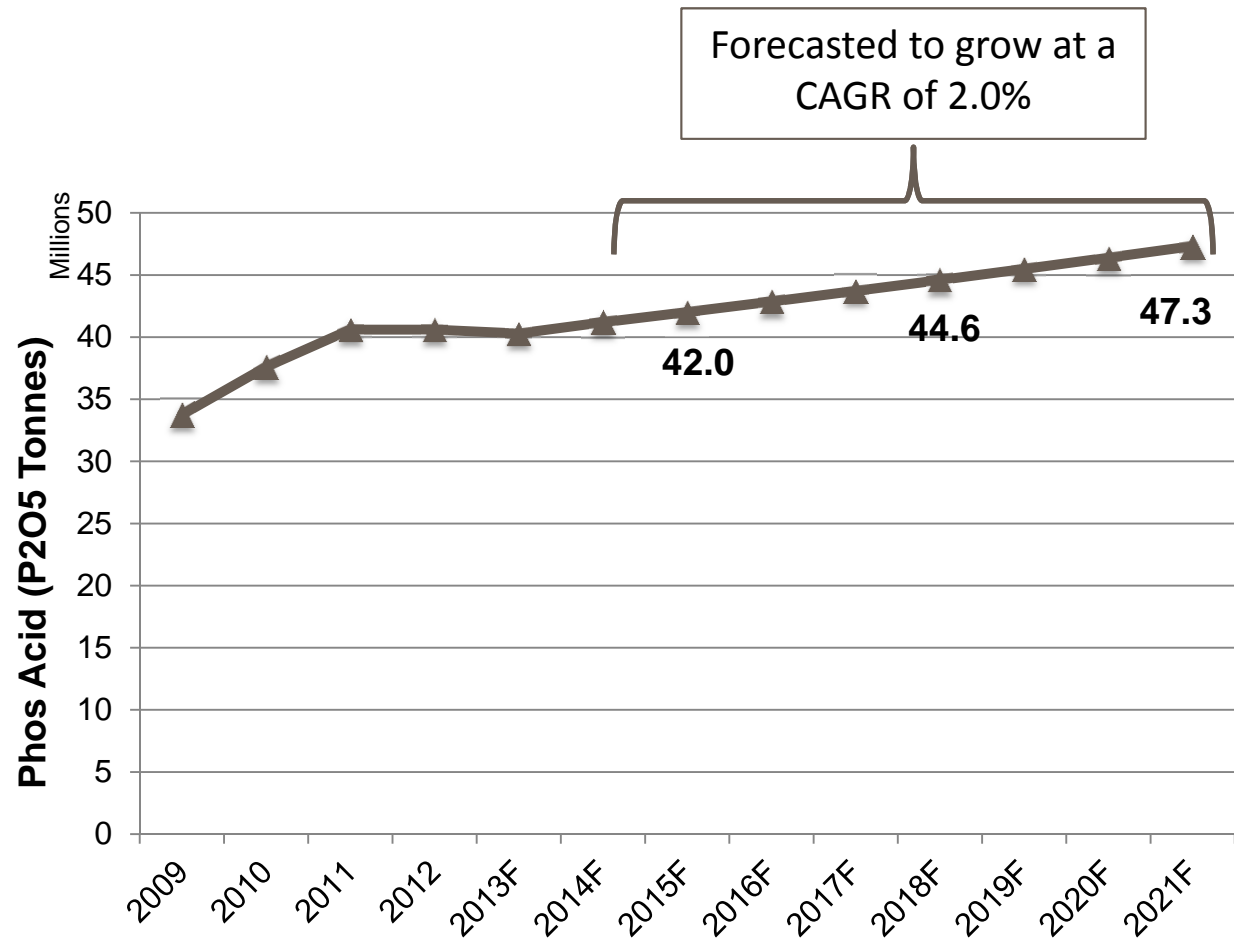


Source: IFA, FAO, Simplot

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Global agricultural P₂O₅ demand

- Medium-term outlook will trend with population increases
- Developing nations will account for the growth



Source: IFA, CRU, Simplot

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2015 narratives

Strong U.S. Dollar



Chinese Exports



End User Demand



Source: CRU



Thank You

