



OCP SA

SUMMARY OF THE PRELIMINARY PROSPECTUS

Undated Subordinated bond issue

Maximum issuance amount as authorized by the General Assembly: MAD 5 billion

The subscription is limited to qualified institutional investors, subject to the final VISA of the
AMMC

Financial Advisor and Global Coordinator



PRELIMINARY VISA OF THE AMMC

In accordance with the provisions of the AMMC's circular, taken pursuant to Article 14 of the Dahir No. 1- 93- 212 dated September 21st, 1993 as amended and supplemented, the original of the present preliminary prospectus has been approved by the AMMC on November 28th, 2016 under reference No VI/EM/031/2016/P.



DISCLAIMER

The Moroccan Capital Markets Authority (AMMC) has approved on November 28th, 2016 a preliminary prospectus relative to a subordinated bond issuance by OCP SA.

The preliminary prospectus approved by the AMMC is available at any time at the headquarters of OCP and can be provided by its financial advisor CDG Capital.

It is also publicly available for download on the website of the AMMC (www.ammc.ma).



PART I. PRESENTATION OF THE OFFERING

I. OBJECTIVES OF THE OFFERING

In 2008, OCP has launched its Capital Expenditure Program, which aims to improve its operating performance and make the Group consolidate and strengthen its leading position across the phosphate value chain.

This major capital expenditure program amounts to approximately 200 billion dirhams over the 2008-2025 period and is financed through both equity and debt.

In order to finance its investment program, and in accordance with the decision of the Board of Directors, the company decided to issue local subordinated notes. This offering is consistent with the company's strategy to optimize its access to the capital market and to diversify its financing sources.

PART II. INFORMATION ON THE ISSUER

I. GENERAL INFORMATION

Corporate name	OCP SA
Head office	2, Al Abtal street, Hay Erraha, Casablanca
Telephone	05.22.23.00.25
Fax	05.22.22.17.53
Website	www.ocpgroup.ma
Legal form	<i>Société Anonyme</i> (Joint Stock Company) governed by the laws and regulations in force, including Dahir no. 1-96-124 of Rabii II 14 , 1 417 promulgating Law no 17-95 on <i>Société Anonyme</i> as amended and supplemented by the laws no 81-99, 23-01, 20-05 et 72-12 .
Date of incorporation	Office Chérifien des Phosphates : August 7 th , 1920 OCP SA: Law no. 46-07 of February 26 th , 2008 relative to the transformation of <i>Office Chérifien des Phosphates</i> into a <i>Société Anonyme (SA)</i>
Term of the company	The term of the Company is set at 99 years starting April 1 st , 2008, except in the case of an early dissolution or an extension under the conditions provided by the company's charter or by law
Commercial register	Casablanca, 40 327
Fiscal year	Starting January 1 st until December 31 st
Share capital	MAD 8 287 500 000 composed of 82 875 000 shares with a nominal value of MAD100 each, all fully paid and of the same category
Access to legal documentation	The Company's charter, the minutes of the Ordinary General Meetings, and the auditors' reports are available at the headquarters of OCP SA: 2 Rue Al Abtal, Hay Erraha, Casablanca.

<p>Company's purpose</p>	<p>Pursuant to article 2 of the company's charter, the Company's purpose is:</p> <ul style="list-style-type: none">▪ The use of a monopoly over research and operations of phosphate reserves granted by the State under article 6 of the Dahir¹ of 9 Rejeb 1370 (16 April 1951) on mining regulation and more generally in accordance with Law no 46 -07;▪ All activities, operations and services of any kind, directly or indirectly related to the operation, processing and / or marketing in addition to the promotion and development, both in Morocco and abroad, of phosphates and its derivatives;▪ More generally, any transactions or structuring of financial, commercial, industrial, real estate, securities or other transactions linked directly or indirectly, in whole or in part to the corporate purpose described herein and to any similar or related purpose likely to facilitate or to promote the development of the Company and its business;▪ All directly or indirectly, for its own account or on behalf of third parties, either alone or with third parties, through the creation of new companies of any form, contribution, sponsorship, subscription, purchase of securities or social rights, merger, alliance, partnership, or taking or giving in rent or management of any property or rights, or otherwise, subject to the limitations imposed by law, both in Morocco and abroad.
<p>Laws and regulations applicable to the issuer</p>	<p>Given its legal form and its predominantly state-owned capital, OCP SA is governed by Moroccan Law, particularly by:</p> <ul style="list-style-type: none">▪ Law no 17-95 on joint stock companies (Sociétés Anonymes), promulgated by the dahir no 1-96-124 of August 30th, 1996, as amended and supplemented by the laws no 20-05 and 78-12;▪ Law no 69-00 relative to the State's financial control over public companies and other organizations;▪ Law no 02-12 relative to nominations to senior government posts according to the provisions of articles 49 and 92 of the Constitution, promulgated by the dahir no 1-12-20 of July 17th, 2012 <p>Given its operations, OCP is governed by:</p> <ul style="list-style-type: none">▪ Law no 46-07 relative to the transformation of the Office Chérifien des Phosphates into a joint stock company, promulgated by the dahir no 1-08-5 of February 26th, 2008. Article 2 of this law specifies that the main purpose of OCP SA is the use of a monopoly over research and operations of phosphate reserves granted by the State under article 6 of the Dahir of April 16th, 1951 on mining regulation;▪ Dahir of April 16th 1951 on mining regulation;▪ Dahir of November 30th, 1918, relative to temporary occupations of the public domain;▪ Dahir no 1-95-154 of August 16th, 1995, promulgating law no 10-95 relative to water (Official Bulletin of September 20th, 1995);▪ Dahir no 1-03-61 of May 12th, 2003, promulgating Law no 13-03 relative to the fight against air pollution (Official Bulletin of June 19th, 2003);▪ Dahir no 1-06-153 of November 22nd, 2006, promulgating Law no 28-00 relative to waste management and disposal (Official Bulletin no 5480 of December 7th 2006);▪ Dahir no 1-03-60 of May 12th, 2013, promulgating law no 12-03 relative to environmental impact studies (Official Bulletin of June 19th, 2003);▪ Dahir no 1-14-09 of March 6th, 2014 promulgating the framework law no 99-12 relative to the national charter for environment and sustainable development (Official Bulletin no 6240 of March 20th, 2014);▪ Dahir of August 25th, 1914, promulgating the rules governing unhealthy, inconvenient or dangerous establishments (Official Bulletin of

¹ Royal decree

September 7th, 1914);

Due to its public offering, OCP SA is governed by all statutory and regulatory provisions relating to public offering, namely:

- Dahir providing Law no 1-93-212 dated September 21st, 1993 as amended and supplemented bylaws n° 23-01, 36-05, and 44-06;
- Dahir no 1-93-211 of September 21st, 1993 on the Stock Exchange as amended and supplemented by laws no 34-96, 29-00, 52-01 and 45-06;
- The General Rules of the Stock Exchange approved by the decree of the Minister of Economy and Finance no 499-98 of July 27th, 1998 and amended by the decree of the Minister of Economy, Finance, Privatization and Tourism no 1960-01 of October 30th, 2001, and as modified by the amendment of June 2004 that came into effect in November 2004 by decree no 1268-08 of July 7th, 2008;
- Dahir no 1-96-246 of January 9th, 2011, providing Law no 35-96 on the creation of a central depository and the establishment of a general system of registration of certain securities, as amended and supplemented by Law no 43-02;
- The General Regulation of the Central Depository approved by the decree of the Minister of Economy and Finance no 932-98 of April 16th, 1998, amended by the decree of the Minister of Economy and Finance, Privatization and Tourism no 1961-01 of October 30th, 2001.
- The General Regulations of AMMC as approved by the decree of the Minister of Economy and Finance no 822/08 of April 14th, 2008.

Competent court for disputes	Commercial court of Casablanca
Applicable taxation regime	<p>OCP SA is subject to the proportional corporate tax rate, that currently amounts to 31%, and to a VAT rate of 20%</p> <p>Given that the Company is an exporter, OCP SA has an income tax exemption ensuring a favorable rate of 17.5% on its exports.</p>



II. INFORMATION ON THE CAPITAL OF OCP SA

II.1 GENERAL INFORMATION

At the time of this offering, the share capital of OCP SA amounts to 8,287,500,000 MAD, and is fully paid-up. It is composed of 82,875,000 shares with a nominal value of MAD 100.

II.2 CAPITAL AND SHAREHOLDING HISTORY

II.2.1 Share capital

As at December 31st, 2015, the share capital of OCP SA amounted to 8,287,500,000 dirhams. It was composed of 82,875,000 shares with a nominal value of MAD 100.

The share capital of OCP SA has been subject to the following changes:

Date	Transaction	Number of shares issued	Share price (MAD)	Nominal value	Transaction amount	Total number of shares	Share capital (post transaction) (KMAD)
26/02/2008	Transformation of <i>Office Chérifien des Phosphates</i> into a Joint Stock Company (SA)	78 000 000	100	100	7 800 000	78 000 000	7 800 000
13/01/2009	Capital Increase for BCP	4 875 000	1 025.64	100	5 000 000	82 875 000	8 287 500

Source: OCP SA

On February 26th, 2008, the *Office Chérifien des phosphates*, a state office, has been transformed into joint stock company (*société anonyme*) and renamed "OCP SA". It had a share capital of MAD 7,800,000,000 composed of 78,000,000 shares with a nominal value of MAD 100 each.

II.2.2 History of the shareholding over the past five years

Shareholder	31/12/2011			31/12/2012		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Moroccan State	78 000 000	94.12%	94.12%	78 000 000	94.12%	94.12%
Banque Centrale Populaire	4 046 250	4.88%	4.88%	3 789 457	4.57%	4.57%
SADV	-	-	-	729 300	0.88%	0.88%
Moussahama II Fund	472 507	0.57%	0.57%	-	-	-
Infra Maroc Capital	356 243	0.43%	0.43%	356 243	0.43%	0.43%
Total	82 875 000	100%	100%	82 875 000	100%	100%

Source: OCP SA

Shareholder	31/12/2013			31/12/2014			31/12/2015		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Moroccan State	78 000 000	94.12%	94.12%	78 000 000	94.12%	94.12%	78 000 000	94.12%	94.12%
Banque Centrale Populaire	3 789 457	4.57%	4.57%	3 789 457	4.57%	4.57%	2 280 381	2.75%	2.75%
SADV	729 300	0.88%	0.88%	729 300	0.88%	0.88%	729 300	0.88%	0.88%
Infra Maroc Capital	356 243	0.43%	0.43%	356 243	0.43%	0.43%	1 865 319	2.25%	2.25%
Total	82 875 000	100%	100%	82 875 000	100%	100%	82 875 000	100%	100%

Source: OCP SA

II.3 SHAREHOLDING STRUCTURE

The shareholding structure of OCP SA as of September 30th, 2016 is as follows:

Shareholder	Number of shares	% of capital & voting rights
Moroccan State	78 000 000	94.12%
Banque Centrale Populaire	1 674 570	2.02%
SADV	729 300	0.88%
Infra Morocco Capital	2 471 130	2.98%
Total	82 875 000	100%

Source: OCP SA

III. ADMINISTRATIVE BODIES

Articles 12 to 19 of OCP's charter contain rules on the composition, convening notice modes, powers, functioning and quorum of OCP SA's Board of Directors. They comply with Law no. 17-95 on joint stock company (*Société anonyme*) and Article 3 of Law no. 46-07 pertaining to the transformation of *Office Chérifien des Phosphates* into a joint stock company (*Société anonyme*).

III.1 COMPOSITION OF THE BOARD

Articles 12 and 14 of OCP SA's charter provide that:

- The Company is managed by a Board of Directors composed of at least three members and at most twelve members from amongst the shareholders and appointed in accordance with Law no 17-95 on joint stock company (*Société anonyme*) as amended and supplemented by Law no 20-05;
- The term of office of the first directors designated by the charter is three years;
- The term of office of directors appointed by the General Meeting of Shareholders (AGO) is six years. It expires following the Ordinary General Meeting that approves the accounts for the previous financial year, held in the year in which their mandate expires;
- The Board of Directors elects a Chairman, from amongst its individual members, and sets his/her term of office which may not exceed his/her term as a director;
- The Board also appoints a secretary, even outside of its members;

- The Board of OCP SA is chaired by Mr. Mostafa TERRAB whose mandate has been renewed on June 30th, 2011.

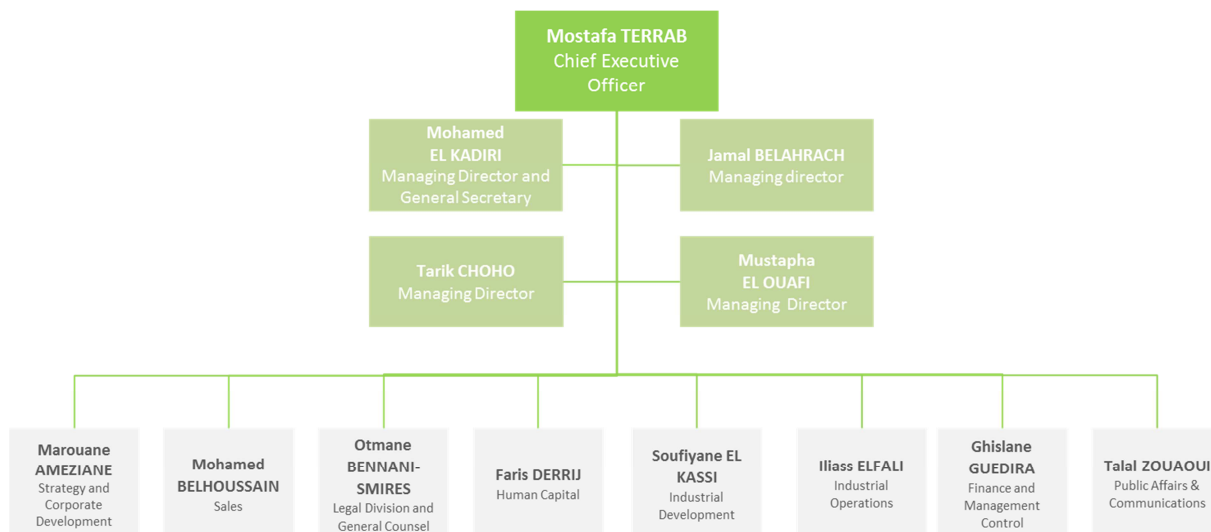
The composition of the Board of OCP SA as at September 30th, 2016 is as follows:

Members of the Board	Current function	Appointment date / Cooptation	Mandate expiry date
Mr. Mostafa TERRAB Chairman and CEO	Chairman and CEO	2008	OGM Accounts 2016
Mr. Abdelkader AMARA Minister of Energy, Mines, Water and Environment	Director	2012 Cooptation	OGM Accounts 2016
BCP as represented by Mr. Mohamed BENCHAABOUN CEO of Banque Centrale Populaire	Director	2015 Renewal	OGM Accounts 2020
Mr. Mohamed BOUSSAID Minister of Economy and Finance	Director	2014	OGM Accounts 2016
Mr. Moulay Hafid ELALAMY Minister of Industry, Trade, Investment and Digital Economy	Director	2014	OGM Accounts 2019
Mr. Mohamed HASSAD Minister of Interior	Director	2014	OGM Accounts 2016
Mr. Mohamed LOUFA Deputy Minister to the Head of the Government in charge of General Affairs and Governance	Director	2014	OGM Accounts 2016
Mr. Salaheddine MEZOUAR Minister of Foreign Affairs and Cooperation	Director	2016 Renewal	OGM Accounts 2021
Mr. Mohamed SADIKI General Secretary to the Ministry of Agriculture and Maritime Fishing	Director	2015 Cooptation	OGM Accounts 2016

Source: OCP SA

The secretariat of the board shall be provided by Mr. Mohamed EL KADIRI (Managing Director and General Secretary of OCP SA).

III.2 SENIOR MANAGEMENT

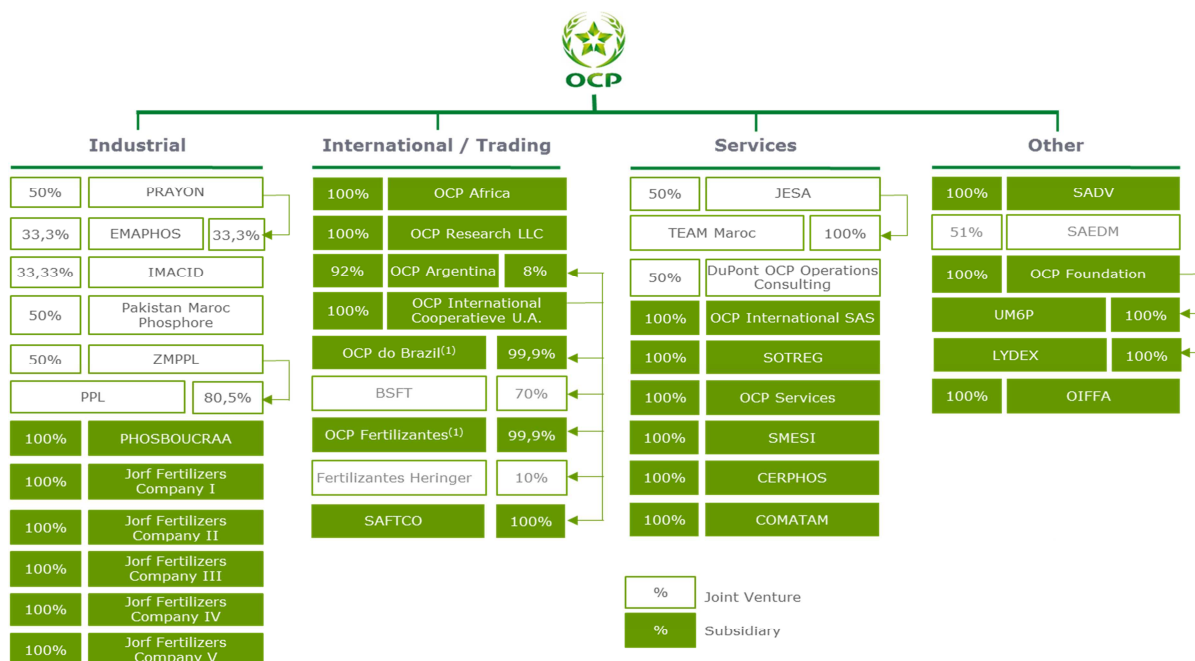


Source : OCP SA

IV. ORGANISATIONAL STRUCTURE OF OCP

LEGAL ORGANISATIONAL STRUCTURE

The following chart sets forth the Group’s organizational structure as of June 30th, 2016. The chart provides information in respect of the Company’s principal subsidiaries and sets forth the Group’s ownership of the subsidiaries’ share capital:



⁽¹⁾OCP International SAS holds a 0,1% stake in OCP do Brazil OCP Fertilizantes

Source : OCP SA

V. OCP BUSINESS

OCP Group is the world's largest phosphate producer and a vertically integrated leading global fertilizer player, backed by almost a century of production history. OCP has exclusive access to the largest phosphate rock reserve base in the world. It is one of the producers of phosphate rock with the lowest cost in the industry and has become a leading player in production and trade volumes across the phosphate value chain.

The mining activities of OCP Group are located in the regions of Khouribga, Gantour and Boucraâ. They consist in the extraction, processing, beneficiation and supply of phosphate to the Group's chemical units that are based in Jorf Lasfar and Safi, as well as in exports of phosphate rock to more than thirty countries.

The Group's operations are organized in two main axes:

- Northern axis: includes the mining site of Khouribga, and the chemical site of Jorf Lasfar.
- Central axis: includes the Gantour basin, the mining site of Boucraa and the chemical site of Safi.

The Group is involved across the entire phosphate value chain and specializes in the extraction, processing, marketing and sale of (i) phosphate rock, (ii) phosphoric acid (including purified phosphoric acid) and (iii) phosphate fertilizers.

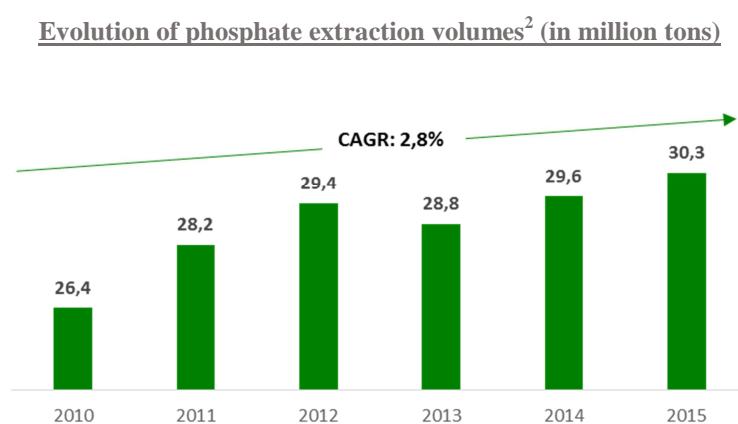
The Group processes approximately two-thirds of its phosphate rock production into phosphoric acid, a significant part of which is in turn further processed into phosphate-based fertilizers. In addition to phosphoric acid, the Group produces and exports four major types of phosphate-based fertilizers: MAP, DAP, NPK, TSP. The Group also started producing a number of specialized fertilizer products, such as Sulphur-enriched fertilizers, reactive phosphate rock, fertilizers enriched with micronutrients and feed phosphate products.

The Group sells its products to other industrial companies, including integrated and non-integrated players, large and established traders and distributors.

Phosphate rock operations

The total phosphate rock production of OCP Group, as at the end of 2015 amounts to 30.3 million tons. The Khouribga site alone represents more than 71% of this production.

The evolution of phosphate extraction volumes between 2010 and 2015 is presented in the following chart:

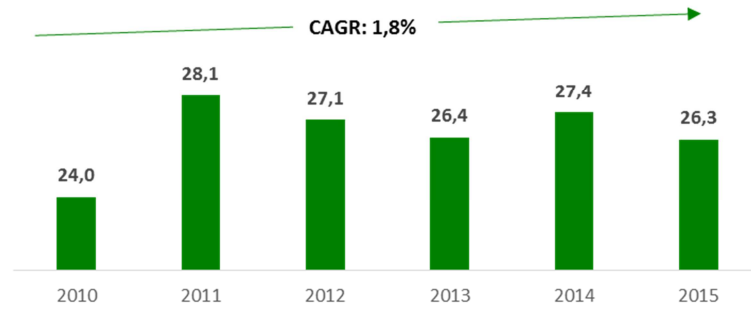


Source : OCP SA

² These volumes are expressed in TSM (Tonne Sec Marchand)

The evolution of processed phosphate volumes over the past five years is presented in the following chart:

Evolution of market production volumes - Processed phosphates - (in million tons)

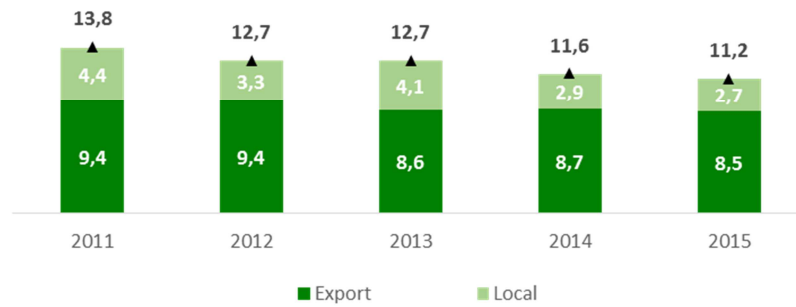


Source : OCP SA

The evolution of phosphate volumes sold (consolidated) between 2011 and 2015 is as follows:

Evolution of phosphate sales volumes - exports and local sales (in million tons)

Local CAGR: -11,5%
 Export CAGR: -2,5%
 Total CAGR: -5,1%



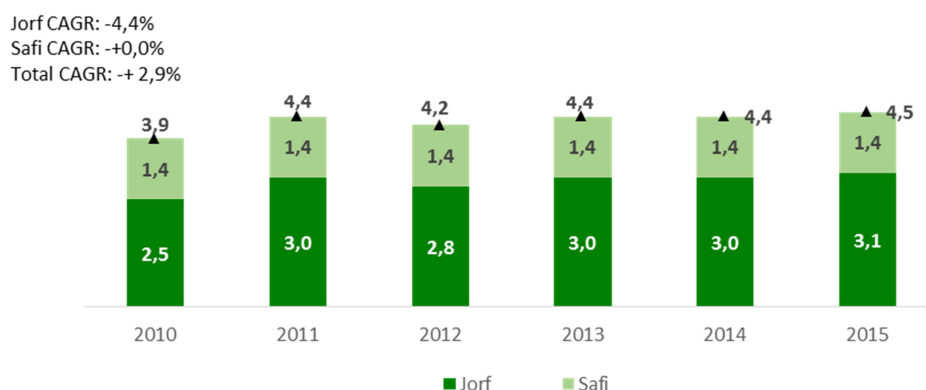
Source : OCP SA, IFRS net of intra-group transactions

(i) Phosphoric acid operations

The total phosphoric acid production by OCP Group, as at the end of 2015, reached 4.5 million tons P2O5, 68% of which has been produced in the Jorf Lasfar site, and 32% in Safi.

The evolution of phosphoric acid volumes produced (all subsidiaries combined) between 2010 and 2015 is presented in the following chart:

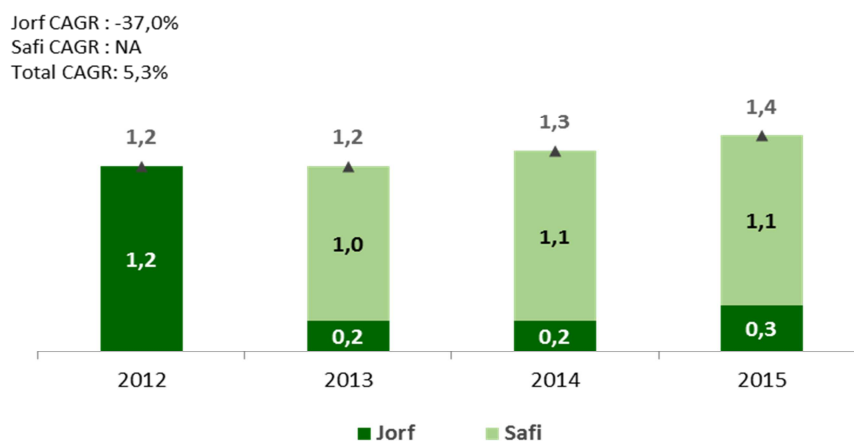
Evolution of phosphoric acid production volumes by site (in million P2O5 tons)



Source : OCP SA

The evolution of sold phosphoric acid volumes (consolidated) between 2012 and 2015 is as follows :

Evolution of sold phosphoric acid volumes by site (in million P2O5 tons)



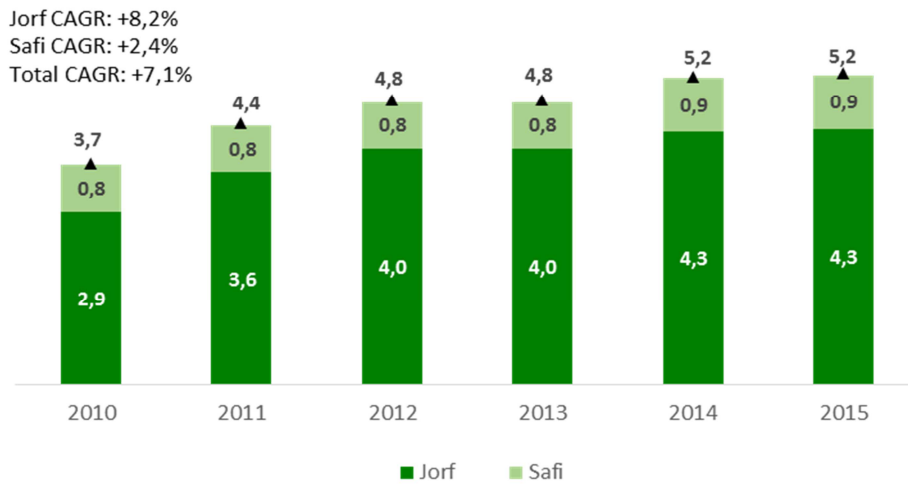
Source : OCP SA, IFRS net of intra-group transactions

(ii) Fertilizers operations

The total OCP Group's production of fertilizers amounts to 5.2 million tons as at the end of 2015, more than 83% of which was produced in Jorf Lasfar.

The evolution of fertilizers production volumes between 2010 and 2015 is presented below:

Evolution of fertilizers production volumes between 2010-2015 (in million tons)

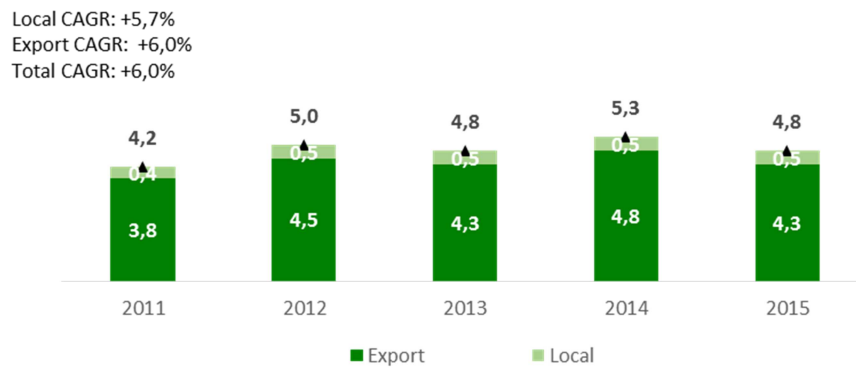


Source : OCP SA

The volumes of fertilizers produced have shown an upward trend since 2010. Similar to phosphate rock, this rise is supported by the demand for fertilizers.

The evolution of sold fertilizers volumes between 2011 and 2015 is presented below:

Evolution of fertilizers volumes sold (in million P2O5 tons)



Source : OCP SA, IFRS net of intra-group transactions



PART III. FINANCIAL INFORMATION

I. OCP GROUP CONSOLIDATED BALANCE SHEET

The following table shows the main items of the Group's consolidated balance sheet for the periods ending on December 31th, 2013, 2014, 2015 and on June 30th, 2016:

In MMAD	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013
ASSETS				
Current assets				
Cash and Cash equivalents	10 421	9 246	8 996	5 440
Cash financial assets	3 527	7 097	4 767	4 627
Inventories	10 075	10 224	9 039	7 832
Trade receivables	5 737	5 409	6 412	3 843
Other current assets	9 511	10 836	9 713	19 536
Total current assets	39 272	42 812	38 927	41 277
Non-current assets				
Non-current financial assets	13 194	11 227	13 072	2 632
Investments in associates	3 316	3 437	2 668	2 296
Deferred tax assets	92	195	110	135
property, plant and equipment	88 804	83 981	73 360	55 944
Intangible assets	170	187	109	71
Total non-current assets	105 576	99 027	89 319	61 079
Total assets	144 849	141 839	128 247	102 355

Source: OCP SA

In MMAD	June 30, 2016	December 31, 2015	December 31, 2014	December 31, 2013
LIABILITIES				
Current liabilities				
Current loans and financial debts	6 214	4 798	4 418	3 442
Current provisions	151	142	24	7
Trade payables	14 970	13 945	15 903	11 328
Other current liabilities	7 366	7 412	10 117	6 053
Total current liabilities	28 700	26 298	30 461	20 830
Non-current liabilities				
Non-current loans and financial debts	46 536	46 792	35 589	17 206
Non-current provisions for employee benefits	4 691	4 477	4 216	9 172
Other non-current provisions	644	449	324	234
Deferred tax liabilities	289	45	67	46
Total non-current liabilities	52 161	51 763	40 196	26 658
Issued capital	8 288	8 288	8 288	8 288
Paid-in capital	18 698	18 698	18 698	18 698
Consolidated reserves	33 929	28 780	25 232	20 795
Net profit for the period	3 069	8 011	5 077	7 087
Shareholder's equity	63 983	63 776	57 294	54 867
Non-controlling interests	5	3	296	0
Total Equity	63 988	63 778	57 590	54 867
Total equity and liabilities	144 849	141 839	128 247	102 355

II. OCP GROUP CONSOLIDATED INCOME STATEMENT

The following table presents the historical figures of the Group's consolidated income statement for the periods ending on December 31st of 2013, 2014, 2015 and on June 30th, 2016:

In MMAD	S1 2016	S1 2015	2015	2014	2013
REVENUE	21 656	23 895	47 747	41 436	38 986
Production held as inventory	-377	695	2 205	250	-131
Purchases consumed	-7 587	-8 780	-17 404	-16 456	-14 293
External expenses	-3 356	-3 447	-7 241	-6 480	-6 112
Personnel Expenses	-4 076	-3 989	-8 093	-8 102	-8 270
Added-Value	10 336	12 363	25 307	18 750	18 450
<i>% Added-value (AD/Revenue)</i>	<i>48%</i>	<i>52%</i>	<i>53%</i>	<i>45%</i>	<i>47%</i>
Taxes	-176	-156	-244	-241	-231
Profit (loss) of equity-accounted operating companies	-64	173	358	312	-69
Exchange gains and losses on operating receivables and payables	-104	205	329	706	19
Other operating income and expenses	-1	37	0	-22	-55
EBITDA	5 916	8 634	17 659	11 402	9 845
<i>EBITDA margin (EBITDA / Revenue)</i>	<i>27%</i>	<i>36%</i>	<i>37%</i>	<i>28%</i>	<i>25%</i>
Amortization, depreciation and operating provisions	-2 047	-1 446	-3 840	-2 304	-1 394
Current operating income	3 869	7 188	13 820	9 099	8 451
Other non-current operating income and expenses	76	-214	145	-167	418
OPERATING PROFIT	3 946	6 975	13 965	8 932	8 869
<i>Operating margin (OP / Revenue)</i>	<i>18%</i>	<i>29%</i>	<i>29%</i>	<i>22%</i>	<i>23%</i>
Cost of gross financial debt	-481	-384	-591	-425	-479
Financial income from cash investments	468	243	228	311	756
Cost of net financial debt	-13	-141	-363	-114	277
Exchange gains and losses on financial receivables and payables	493	-1 584	-2 188	-2 262	49
Other financial income and expenses	12	-3	-986	-330	52
Financial profit	492	-1 728	-3 537	-2 707	378
PROFIT BEFORE TAX	4 438	5 246	10 428	6 225	9 246
<i>Pre-tax margin (PBT / Revenue)</i>	<i>20%</i>	<i>22%</i>	<i>22%</i>	<i>15%</i>	<i>24%</i>
Corporate income tax	-1 370	-1 249	-2 418	-1 152	-2 159
NET PROFIT FOR THE PERIOD	3 068	3 997	8 010	5 073	7 087
<i>Net margin (NP / Revenue)</i>	<i>14%</i>	<i>17%</i>	<i>17%</i>	<i>12%</i>	<i>18%</i>
Net profit – Group share	3 069	3 997	8 011	5 077	7 087
Net profit – Non controlling interests	-	-	-	-4	-
BASIC AND DILUTED EARNINGS PER SHARE IN MAD	37.36	48.66	97.52	61.81	86.28

Source: OCP SA



PART IV. RISK FACTORS

I. RISKS RELATED TO THE PHOSPHATE AND FERTILIZERS INDUSTRY

I.1 THE GROUP OPERATES IN A CYCLICAL SECTOR

The international market of fertilizers and other phosphate-derived products is impacted by periodic imbalances of supply and demand. Periods of high demand and rising prices lead industry players to invest in new facilities implying an increase in the production. When the supply exceeds the demand, the resulting overcapacity and falling prices lead to a restriction on investments and the beginning of a new cycle.

I.2 DEMAND FOR FERTILIZERS MAY BE VOLATILE IN RESPONSE TO MACROECONOMIC FACTORS

The Group operates on a global basis and generally attempts to mitigate reduced sales volumes in a particular region experiencing adverse economic conditions by increasing sales in regions where economic conditions are more favorable. Such mitigation, however, can be difficult when economic conditions are unfavorable globally.

I.3 THE OPERATIONS OF OCP GROUP ARE CLOSELY RELATED TO THE AGRICULTURAL SECTOR

The Group's operations largely depend on the agricultural sector and are substantially affected by the same trends that impact the latter, including agricultural products prices, adverse weather conditions and seasonality.

The following factors could have an impact on OCP Group's activity:

- Lower agricultural product prices may impact negatively agricultural production, which could decrease demand for fertilizers and result in downward pressure on fertilizers prices;
- Replacement of fertilizer application with other products or techniques aimed at improving crop yield (such as GMOs) could result in a decline in fertilizer use;
- Adverse weather conditions and climate change in some regions which may lead to decline in demand for fertilizers;
- Fertilizers application periods differ from region to region, which may lead to significant fertilizers' demand variation throughout the year. In addition, the purchase timing of farmers and distributors can increase the seasonality of the business.

I.4 THE GROUP IS EXPOSED TO GOVERNMENT POLICIES

The Group is exposed to governmental policies in Morocco and its export countries as well as in the countries where its raw materials' suppliers operate, including:

- Export and import duties on fertilizers and import or export quotas on phosphate products;
- The allocation of subsidies to farmers;
- Environmental policies pertaining to heavy metals;
- Trade barriers such as antidumping duties and quotas.

II.5 RISKS RELATED TO COMPETITION

The Group faces intense competition from foreign producers. Phosphate rock, phosphoric acid and phosphate-based fertilizers are global commodities. Customers base their purchasing decisions primarily on the price of delivery, customer service, product quality and time to market.

OCP competes with a number of foreign producers, including some producers that benefit from government support as state owned or government-subsidised entities. Some of the Group's competitors may have competitive advantages similar to, or even superior to those of the Group.

These benefits include control over certain raw materials or access to low-cost raw materials, access to low-cost financing, geographical proximity to major suppliers or customers, or long-standing commercial relationships with international market players.

II. RISKS RELATED TO THE GROUP'S OPERATIONS

II.1 CAPITAL EXPENDITURE PROGRAM

The Group is engaged in a significant capital expenditure program. As part of these projects, the Group is exposed to various risks that could affect its ability to implement its program within budget and on time, and consequently, to achieve the efficiency gains and cost reductions expected in the investment program. The program is funded partially by cash flows from operating activities in addition to external funding. The Group's business and financial condition may be adversely affected if it is unable to raise the necessary funds on acceptable cost and terms.

II.2 RISK RELATED TO JOINT-VENTURES

OCP'S Group conducts some of its production capital partnerships resulting in joint ventures in which it can sometimes have minority interests.

OCP is party to several joint-venture entities and agreements relating principally to phosphoric acid and purified phosphoric acid production, either directly or through its subsidiaries. The Group holds a 50% or less interest in the majority of these joint ventures. Accordingly, while it has a certain degree of influence, OCP does not solely control the operations or the assets of these joint-venture entities nor can it unilaterally make major decisions with respect to such entities. This lack of majority control may constrain the issuer's ability to have such entities take actions that would be in the best interests of the Group or refrain from taking actions that would be adverse to the interests of the Group and may result in operational inefficiencies or delays, which could in turn, negatively affect the Group's business.

II.3 TRANSPORTATION

The cost of transportation has an impact on the overall cost of the product. As a result, when transportation costs rises, sales volumes may decline. The Group may also be required, in such cases, to reduce its margins so that the overall price of the product remains competitive.

The bulk of the group's exports are shipped by sea via the ports of Casablanca, Jorf Lasfar, Safi and the wharf at Laayoune. In case of adverse weather conditions, these facilities may experience disturbances which can make the group's products exports and imports of raw materials difficult.

II.4 INCREASING PRODUCTION COSTS COULD HAVE A NEGATIVE IMPACT ON THE GROUP'S BUSINESS

The Group needs to purchase Ammonia and sulfur as raw material in the production of phosphate



derivatives. Their prices may be subject to changes, which may affect the Group's profitability, particularly if it fails to pass on this increase on its sale price.

If any of the Group's principal raw materials suppliers were to experience business interruptions or if the Group was unable to renew contracts with its suppliers, it could have a negative impact on the business and Group's earnings.

II.5 OPERATIONAL RISK RELATED TO THE INDUSTRY

The Group is exposed to a hazard risk related to the mining activities. This risk includes, amongst others, risks associated with blasting operations, accidents related to construction activities and the collapse of the mine walls. The occurrence of these risks could have an impact on production costs and cause serious human and material damage.

Moreover, the Group's business involves the use and storage of chemicals and hazardous substances whose impact on the environment could be disastrous in case of leakage or explosion.

II.6 NATURAL CATASTROPHE RISK

The Group's facilities may be damaged as a result of unforeseen events, including natural disasters such as floods or fires causing property damages, loss or death.

II.7 FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk principally because its reporting currency is Moroccan Dirhams and the major part of the Group's revenues is derived from export sales and received in USD. In addition, OCP Group conducts its purchases of raw materials (sulfur, ammonia) by freight services and a substantial part of its industrial purchasing is in USD. Therefore, the USD/MAD exchange rate, particularly a weaker US dollar compared to the MAD, may have a negative impact on the Group's operational earnings, causing an increase in interest expense on USD-denominated debt.

The Group is also indirectly impacted by the exchange rate to which customers are exposed. In case of an appreciation of the USD against the MAD, the customers' purchasing power decreases, and the Group's sales are impacted.

II.8 INTEREST RATE RISK

Interest rates are subject to factors beyond the Group's control, including the policies of central banks, economic conditions and, in general, political factors.

A rise in interest rates will result in an increased interest expense of the Group, mainly relative to non-incurred debts.

II.9 FINANCING AND REFINANCING RISK

OCP may not be able to obtain financing, or refinancing for its current borrowings, on commercially acceptable terms, if at all.

As of December 31st, 2015, the Group's total outstanding loans amounted to 51.6 billion MAD. If the Group's cash flow is insufficient to repay its loans, it will have to renegotiate them or seek alternative financing from the capital markets.

The Group's ability to raise alternative financing or to renegotiate loans on commercially acceptable terms, or at all, depends, among other factors, on the general conditions of the domestic and international capital markets.

If alternative financing becomes necessary, the Group may not be able to obtain such financing or at least not on acceptable commercial terms

DISCLAIMER

The aforementioned information is only a part of the preliminary prospectus approved by the AMMC under the reference No VI/EM/031/2016/P on November 28th, 2016.
The AMMC recommends reading the full preliminary prospectus made available to the public in French.