

Project Whale










Project Status – Investor Feedback

October 23rd, 2014

EVERCORE







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Preliminary Feedback – Financial bidders

Company	Type	Comments	Status
<i>Apollo</i> 	Sponsor	<ul style="list-style-type: none"> - Apollo doubts they will proceed in the process simply because they think it is a “complicated and hairy” place to start for their first investment in fertilizers / phosphates - Nonetheless, Apollo needs a few more days to see if they will officially decline or do more work on the opportunity 	✓✗
<i>Aventicum</i> 	Sponsor	<ul style="list-style-type: none"> - In the process of launching a new fund this week which has distracted analysis of Fertinal - They are interested only in financing a buyer or the ongoing projects. No equity investment - They tested interest from their LP, Qatar SWF, but they have decided to pass on the opportunity due to other commitments in Mexico 	✗
<i>Black Diamond Capital</i> 	Sponsor	<ul style="list-style-type: none"> - Will not submit an IOI - Mexico is viewed as a high risk market 	✗
<i>BTG/BA Mineracao</i>  	Sponsor	<ul style="list-style-type: none"> - Conversation with BA Mineracao - a BTG portfolio company - Their initial view is that an investment in Mexico is viewed as a stretch for the business and given Fertinal's cash requirement early on they are finding it difficult to underwrite a strategic proposition - Ricardo Lobo (Head of M&A) is intrigued by the opportunity and will raise this again internally - They are willing to review a potential partnership with another bidder. This seemed to spark some interest although any majority control acquisition will still likely be viewed as having an incremental element of risk to it given Fertinal's current operating performance - They will revert back in the next 10 days following a full internal review with a final decision 	✓
<i>GP Investments</i> 	Sponsor	<ul style="list-style-type: none"> - GP were looking at Fertinal as the second step to a Brazilian opportunity they are currently studying - This process has stalled and the timetable for the opportunity is unknown - Even though there is interest in Fertinal, an investment in Mexico as a first platform step is not favored - Evercore mentioned that there could be the potential to co-invest with a partner to help mitigate the equity risk. This strategy could be of interest 	✓
<i>KKR</i> 	Sponsor	<ul style="list-style-type: none"> - Will not submit an IOI - They have spent weeks looking for an angle but single site / single asset worries them 	✗
<i>Platinum Equity</i> 	Sponsor	<ul style="list-style-type: none"> - Will not submit an IOI - Cash requirements for the business in the near term coupled with risks (single asset facility, ammonium price volatility, construction and cost risks on ammonia and co-gen projects) are hindering their valuation expectations - They do like the opportunity and mentioned to be kept in mind should the process take a turn 	✗
<i>Sun Capital</i> 	Sponsor	<ul style="list-style-type: none"> - Will not submit an IOI - Size and investment structure is not appealing to Sun Capital - Too much project financing which is an area which Sun has little/no experience 	✗









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Preliminary Feedback – Strategic / Trading bidders

Company	Type	Comments	Status
<i>Agrogen</i> 	Strategic	- Submitted IOI on October 23, 2014	✓
<i>Ameropa</i> AMEROPA	Trading	- Will not submit an IOI	✗
<i>Mosaic</i> 	Strategic	- Will not submit an IOI - Fertinal does not have a good fit with the strategic direction of the company at this point in time	✗
<i>Potash Corp</i> 	Strategic	- Declined opportunity - Pending to receive rationale	✗
<i>Roullier</i> 	Strategic	- Finalized site visits and presentations - Roullier seemed very pleased with the site visit and presentations and will review internally about next steps	✓
<i>SQM</i> 	Strategic	- Declined opportunity - Focused on internal issues at the moment	✗
<i>Sojitz</i> 	Trading	- Conveyed interested through a formal letter - Interested in the opportunity but Fertinal is too big (can invest between US\$50-100 million) - Would be willing to partner for a minority investment - Ideal partner would have strong financial background, significant experience owning and operating phosphate fertilizer plants and long term commitment (no financial sponsor) - Sojitz would also consider an investment only in the ammonia and co-gen facilities if this was available and acceptable by other investment partner(s) - They would be fine with current management team running the business (under the guidance of the new board) or new management with significant operating experience	✓






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Investors still potentially reviewing the opportunity

Company	Type	Comments
<i>Austin International</i> 	Strategic	- Scheduling call to discuss opportunity
<i>Axis</i> 	Financial	- In the process of executing NDA
<i>Cementos Pacasmayo</i> 	Strategic	- Discussions with Credicorp, Peruvian bank, relative to Fertinal
<i>EuroChem</i> 	Strategic	- Founder/ Chairman and CEO are aware of Fertinal and did acknowledge that VTB presented it to CFO - They also announced today that they are moving the holding company to Zurich/ Zug and that restructuring is prime focus - They are also consumed with their dollar financing risk as they are raising \$8bn for their two main potash projects - They don't have the bandwidth to look at Fertinal now - but CEO asked IF they would look - would Pemex be able to provide advantaged feedstock for the ammonia plant? - Scheduling a call with Eurochem to discuss options
<i>Pemex</i> 	Strategic	- Hired Goldman Sachs to review Fertinal opportunity
<i>OCP</i> 	Strategic	- They have signed the NDA and have received the CIM
<i>Orica</i> 	Strategic	- Scheduling call to discuss opportunity
<i>Oxbow</i> 	Strategic	- Oxbow are finalizing an IOI and will likely submit it next week - The IOI will likely be a structured proposal with the majority of the new capital at the debt level - Evercore have made it clear that (i) this is not a restructuring and cents on the dollar would not be favorably considered, and (ii) Fertinal requires near term capital/cash for the execution of its strategic plans, and while a restructured balance sheet frees up cash assuming a lower cost of debt an equity proposal would be far more compelling. - It is clear Oxbow have interest and pending their proposal teaming them up with Sojitz may provide a compelling solution

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Investors still potentially reviewing the opportunity (Cont.)

Company	Type	Comments
<i>Shaanxi Chengbe Industrial Co., Ltd.</i> 	Strategic	<ul style="list-style-type: none"> - They would like to relocated a 700KTA and 800KTA ammonia and urea facility from China to Mexico to benefit from the advantaged natural gas feedstock in North America - Expect the total cost of this move to be ~\$600m and would expect Fertinal to contribute land, infrastructure and permits in return for an ~25% ownership in these 2 plants - They would arrange for a China equity consortium, EPC and financing package - Expects the dismantling, shipping and build of the facilities to take 18 month - With regard to offtake of the plants they would be willing to provide Fertinal ~250KTA of ammonia with the balance used in the Urea facility and/or shipped back to China for consumption
<i>Southern Cross</i> 	Financial	<ul style="list-style-type: none"> - They have signed the NDA and have received the CIM - They are working to submit an IOI by week of October 27th
<i>Technimont</i> 	Strategic	<ul style="list-style-type: none"> - Through their work on the ammonia feasibility study they are keen to participate further than just an EPC and see the value that this plant (and the co-gen) can deliver - They want to focus on the “good assets” and form New Fertinal – the remaining liabilities which consist of primarily the current credit facilities and some tax liabilities would remain with the current shareholders of Fertinal - Technimont would then contribute technology, licenses and an EPC contract to New Fertinal in addition to equity which will be used to capitalize the company (pari passu with new equity from Fertinal). Technimont would use its relationship with ECAs to provide the financing for the projects
<i>Uralchem</i> 	Strategic	<ul style="list-style-type: none"> - They have signed the NDA and have received the CIM
<i>Wamex</i> 	Financial	<ul style="list-style-type: none"> - Pending NDA execution

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Agrogen – IOI Summary



GENERAL OVERVIEW

Description of Bidder - Grupo Pablex S.A. de C.V.
 - Affiliate of Agrogen
 Advised by - Fians Capital - Mexican boutique

PRICE AND STRUCTURE CONSIDERATIONS

Price offered (currency)	124.00 US\$ m
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Envisaged scheme - Up to 100% stake acquisition
 - Debt free / cash free

Price consideration (for 100%)
 Implicit Purchase price in US\$m

- US\$124m
 - Debt free

Financing

Envisaged source(s) of financing - Current available cash
 - Credit facilities with domestic banks

Valuation issues - Valuation based on simplified financial model

APPROVALS, ADDITIONAL REQUIREMENTS and OTHER

Approvals/ conditions to complete the Transaction - No indication on level of internal approval
 - Subject to DD

Significant DD issues

- Sales-related issues
- Production-related issues
- Capex
- Potential cost reductions
- Variable and fixed costs
- Audited Financial Statements
- Mine concessions and reserves
- Labor-related issues
- Corporate office
- Insurance and environmental matters
- Industrial facilities
- Licenses, permits, and other legal matters
- Tax-related topics
- Patents and brands
- Natural Gas supply by Pemex

Additional relevant remarks

- 3 months to complete DD
- Subject to regulatory approvals

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Roullier, Sojitz – Interest Letter Summaries



- Submitted on September 26th, 2014
- Fertinal makes strategic sense for Roullier as the assets are a good fit with its strategy to expand in the Americas and to integrate upstream with raw materials operations
- Require additional information to submit IOI
- Would like to understand better the phosphate cost structure and its potential improvements
- Request for site visits and management meetings before submission of formal IOI



- Submitted on September 29th, 2014
- Following review of the opportunity, Sojitz is not in a position, on its own, to proceed with the transaction
- Sojitz has strong interest in looking into a minority stake transaction
- Sojitz would look to partner with a strategic partner with strong financial background, and with significant experience owning and operating phosphate fertilizer plants
- They ask to remain in the loop should a partner be available for a transaction