



CEO MESSAGE

2019 STATE OF THE BUSINESS REPORT

DEAR MOSAIC STAKEHOLDERS:

ALL OF US AT THE MOSAIC COMPANY ARE MOTIVATED BY OUR CRITICAL MISSION, TO HELP THE WORLD GROW THE FOOD IT NEEDS. Fertilizers account for half of all crop yields, so our products play an essential role in sustaining Earth's population. The simple facts that there are ever more people and they all need to eat bring great opportunity for Mosaic, and also tremendous responsibility.

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For Mosaic to thrive for decades and not just quarters, we must be a good neighbor, everywhere we do business. We must be careful and effective stewards of all manner of resources—financial, natural and human. We must reward our customers' confidence. We must prepare the next generation of Mosaic leaders to continue setting and meeting ambitious commitments.

Tough times demand more than survival; progress must be constant. In fact, over the past five years we have reduced annual costs across the organization by over \$1 billion.

JOC O'ROURKE - PRESIDENT & CEO

And we must do all that regardless of the business and market environment, regardless of regular and unpredicted commodity cycles. In 2019, a confluence of factors—including three consecutive seasons of poor weather during fertilizer application periods in North America as well as shifting global agricultural trade policy—created a difficult business environment for the fertilizer industry, including Mosaic.

While business fundamentals look much stronger for 2020, we, like the rest of the world, face an unexpected and major challenge: the coronavirus pandemic. At this writing, the social and economic dislocation resulting from the pandemic remain extreme, but I am proud to report that Mosaic continues to perform well. Farmers will continue to farm because food demand will continue to rise, and we will continue to meet our customers' needs.

We are executing a number of promising automation initiatives to drive significant future efficiency gains across Mosaic.



Tough times demand more than survival; progress must be constant. In fact, over the past five years we have reduced annual costs across the organization by over \$1 billion, which has enabled the company to perform across market cycles. In 2019, we moved even farther forward, further strengthening our resilient, nimble, efficient, responsible franchise:

- In potash, we accelerated the development of our K3 mine at Esterhazy, Saskatchewan. We now plan to eliminate brine management costs at K1 and K2 two and a half years earlier than originally planned. These cost savings, along with lower cost of production, should lead to total cash savings of approximately \$300 million.
- The ramp-up of K3 production facilitated the indefinite idling of our Colonsay, Saskatchewan mine. Colonsay will be maintained so that we could return it to operation when potash demand justifies it.
- Our Mosaic Fertilizantes business in South America has made tremendous strides since we completed the Vale Fertilizantes acquisition in January 2018. We've now achieved approximately \$330 million in annual net synergies, and we've committed to realize an additional \$200 million in annual EBITDA benefit by the end of 2022.
- We responded to the difficult situation of changing tailings dam regulations in Brazil with a proactive and transparent approach. While meeting the new standards resulted in \$80 million in cost and significant downtime at three of our Brazilian facilities in 2019, we were able to reach a successful resolution and return to full production.
- In phosphates, in the face of weak global prices, we demonstrated market and cost discipline, first by permanently closing the Plant City, Florida manufacturing facility, and then through curtailments at other phosphate manufacturing plants.



\$330M
ANNUAL NET SYNERGIES

\$200M
ANNUAL EBITDA BENEFIT
BY END OF 2022

- We are executing a number of promising automation initiatives to drive significant future efficiency gains across Mosaic.
- In early 2020, we announced another set of strategic decisions to improve operating efficiency. We combined our potash and phosphates businesses, led by a single management group. In addition, we are working to create a global shared service center, which will lead to more effective back office operation.
- Perhaps most important, we generated record safety performance for the seventh consecutive year and delivered an industry-leading recordable injury frequency rate. We will continue to push toward zero injuries and environmental incidents.



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As external constituents continue to increase their scrutiny of corporations, Mosaic is committed to the broad spectrum of responsible operation and transparent reporting. In 2020, we are evolving to expand our focus from environmental sustainability to the more encompassing realm of environmental, social and governance (ESG) performance.

We believe the broad spectrum of ESG performance provides good measures of risk management and management effectiveness. We are performing well and making good progress today, and soon we will announce a new set of ESG targets to drive performance and employee accountability in every area of the company.

At Mosaic, we have embraced society's heightened expectations—for financial performance, of course, but also for safe and responsible operation, good community relationships and impeccable governance.

As business conditions improve—and we expect improvement in phosphate and potash markets in 2020—we look forward to continuing our journey to deliver value to all of you.

Sincerely,

Joc O'Rourke

President and CEO

