

Presentation for
1-on-1 meetings
April 2019



Pure Minerals for Healthy Lives

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PhosAgro at glance

Overview

Deposits lifetime

50+
years



Global footprint

>100
countries



Position in Russia

#1



By market share

Global position

#4



By DAP/MAP capacities in P₂O₅ (excl. China)

Dividend payout ratio

60%

of adj Net Income
in FY18

Investment rating

**BBB-
Baa3
BBB-**

S&P global ratings
Moody's
Fitch ratings

Fertilizer output

9.0
mln t



EBITDA margin

32%



DAP cash cost

~200
\$/t



4-year average

ND/EBITDA

1.8x



As of 9m18

Company stocks

**LSE
MOEX**

Since 2011
Since 2011

Participation in other indexes

**MSCI
Sustainalytics**

Since 2016
Since 2018

Product line

>39
grades



Employees

17k



INED

7 out of 10

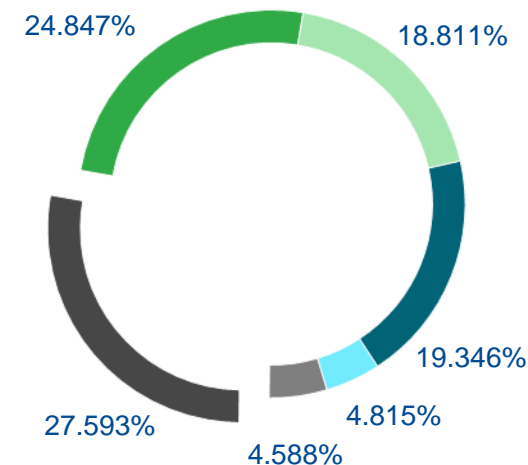


Financial highlights

RUB bln	4Q17	4Q18	Δ yoy	FY17	FY18	Δ yoy
Revenue	45.8	59.4	30%	181.4	233.4	29%
EBITDA	12.3	18.6	51%	50.8	74.9	47%
EBITDA margin	27%	31%	4pp	28%	32%	4pp
Adjusted NI	4.3	4.5	6%	25.3	22.1	-13%
NI margin	8%	18%	10pp	21.2	41.7	97%
Dividends (RUB/GDR)	5.0	17.0	240%	27.0	61.0	137%

Shareholder structure, 31.12.2018

- Adorabella ltd
- Chlodwing ltd
- Mr. Litvinenko
- Mrs. Gurieva
- Mr. Antoshin
- Free Float



PhosAgro assets



Mining

Kirovsk Branch of Apatit (Kirovsk)

35 mln t	Ore mining	10.1 mln t	phosphate rock production
1.96 bln t	Total resources	39%	Content of P ₂ O ₅

Production

Metachem (Volkhov)

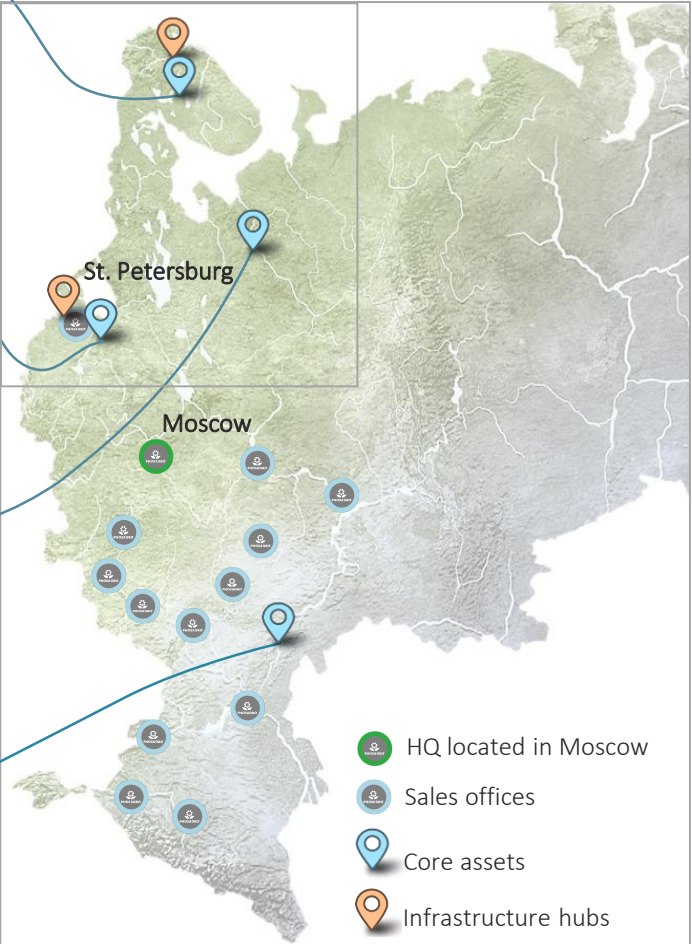
0.2 mln t	PKS, NPK	0.22 mln t	Sulphuric acid
0.11 mln t	STPP	80 Kt P ₂ O ₅	Phosphoric acid

Apatit (Cherepovets)

4.5 mln t	MAP/DAP/NPK(S)	0.5 mln t	AN/AN-based
1.6 mln t	Urea	1.9 mln t	Ammonia

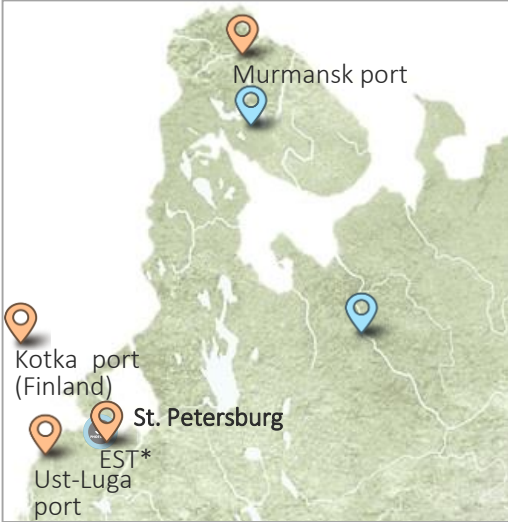
Balakovo branch of Apatit (Balakovo)

1.7 mln t	MAP/DAP/NPK	0.36 mln t	MCP
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Sales

Infrastructure hubs



Domestic distribution network

16	Sales offices	6.3k	Railcars of different configurations
26	Distribution centers	67	Regions supplied by PhosAgro

International offices

10	Trading offices	>100	Countries supplied by Phosagro
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Source: PhosAgro
* EST stands for European Sulphur Terminal

Vertical integration as a key advantage



Key Facts

- There are 4 core raw materials for P-fertilizer production...
- And 3 key feedstocks, in which PhosAgro is almost self-sufficient:

100%

phosphate rock

~90%

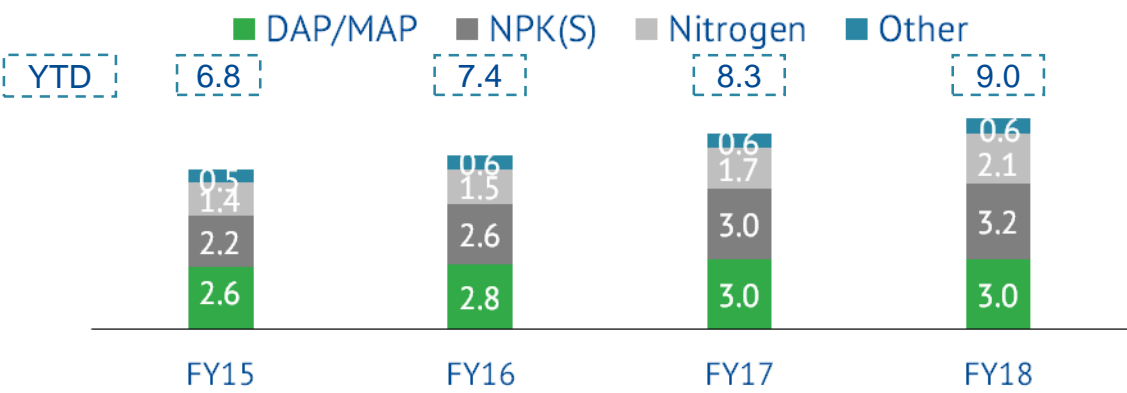
ammonia

~85%

sulphuric acid

That allows PhosAgro to secures margins against growing feedstock prices

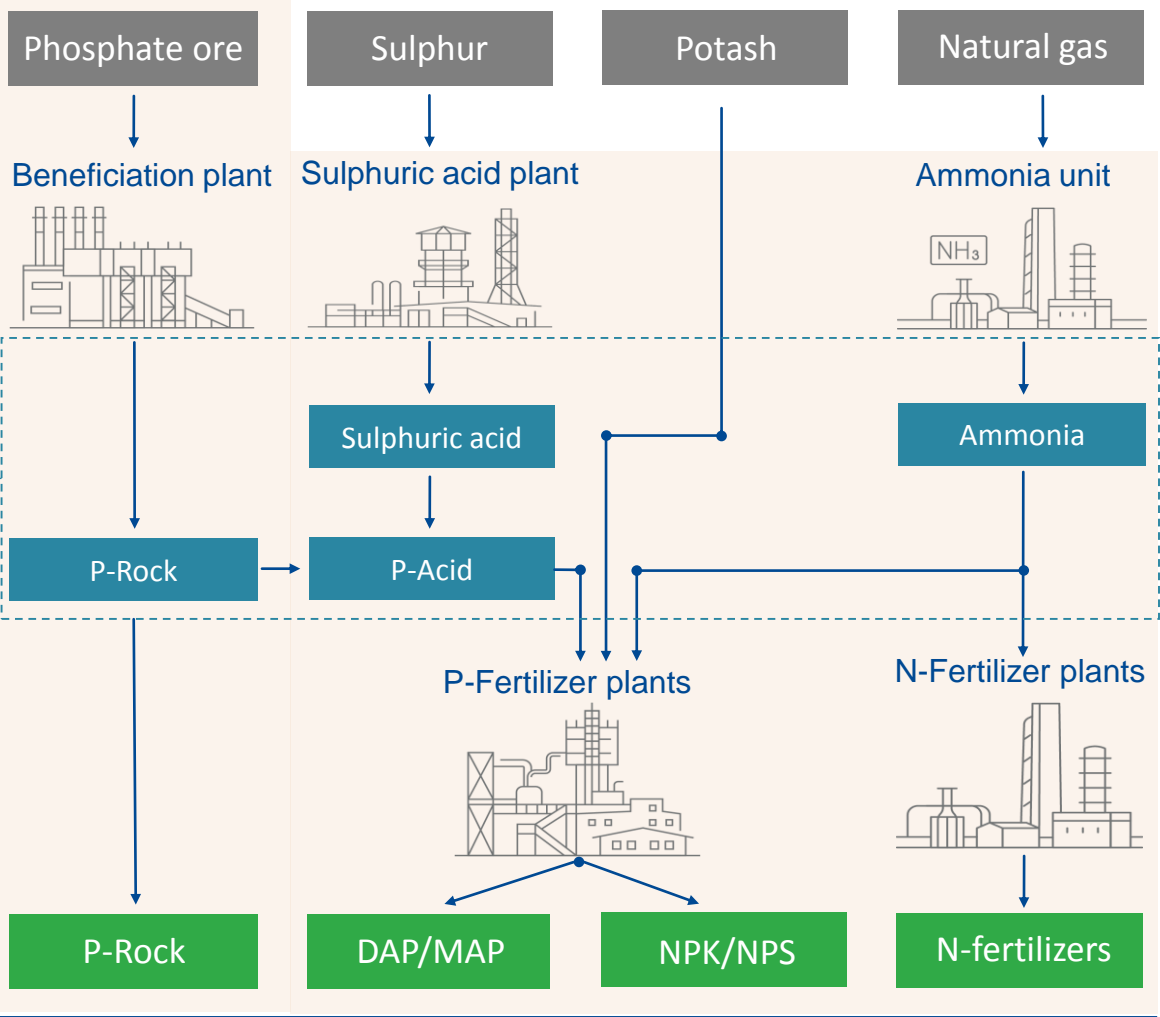
Fertilizer production split, mln t



Source: CRU, PhosAgro

Operational structure

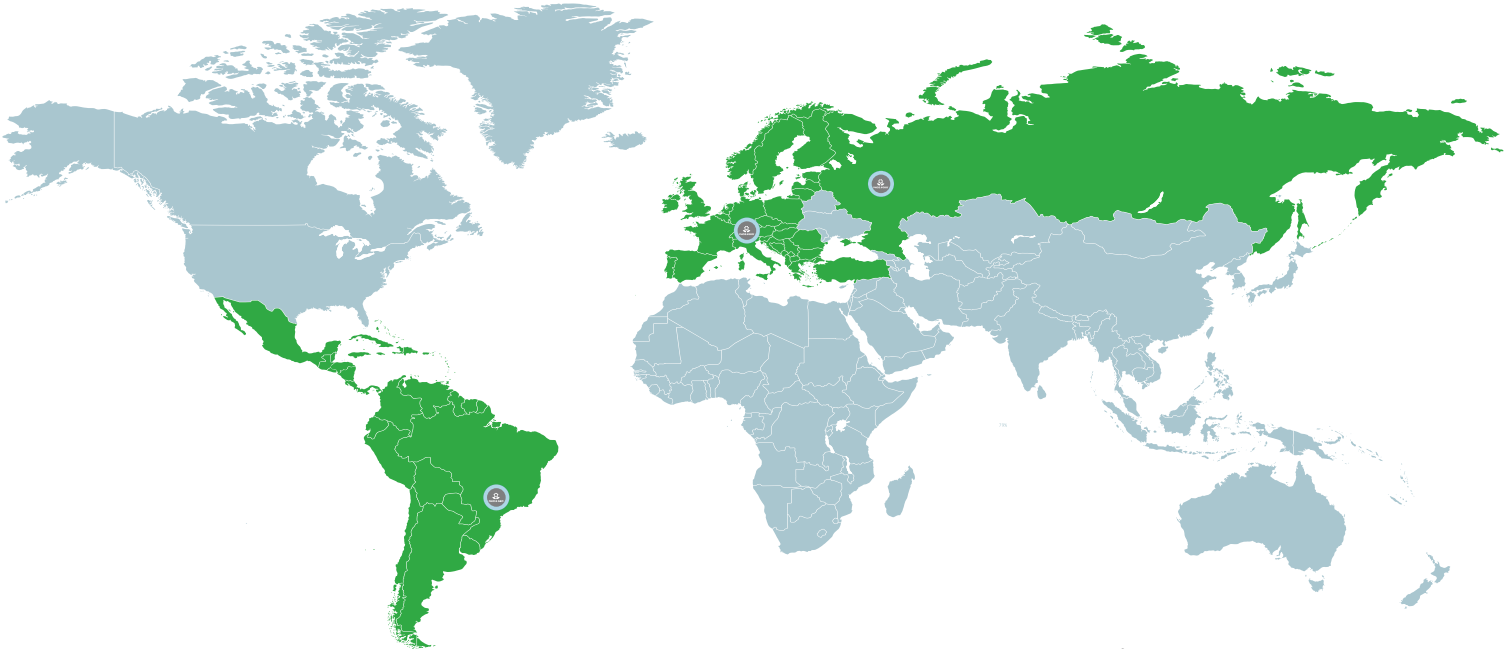
PhosAgro perimeter



PhosAgro global coverage



Key markets



Latin America

Share in PhosAgro Sales	20%
Market position	
DAP/MAP market share	8%
NPK import share	9%

Europe

Share in PhosAgro Sales	25%
Market position	
DAP/MAP market share	12%
NPK import share	14%

Russia

Share in PhosAgro Sales	28%
Market position	
DAP/MAP market share	79%
NPK market share	70%

Comments

We operate in >100 countries, but 3 regions are special for us due to next facts:

~40%

Share in Global production of soybeans, maize and wheat

~50%

Share in Global trade of soybeans, maize and wheat

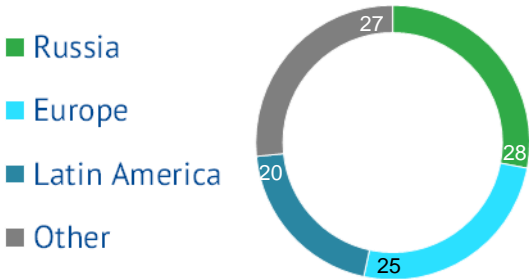
Healthy import

Strong demand on our products next decade

Better netbacks

We able to secure higher premiums on our products

Average Revenue breakdown by regions, %



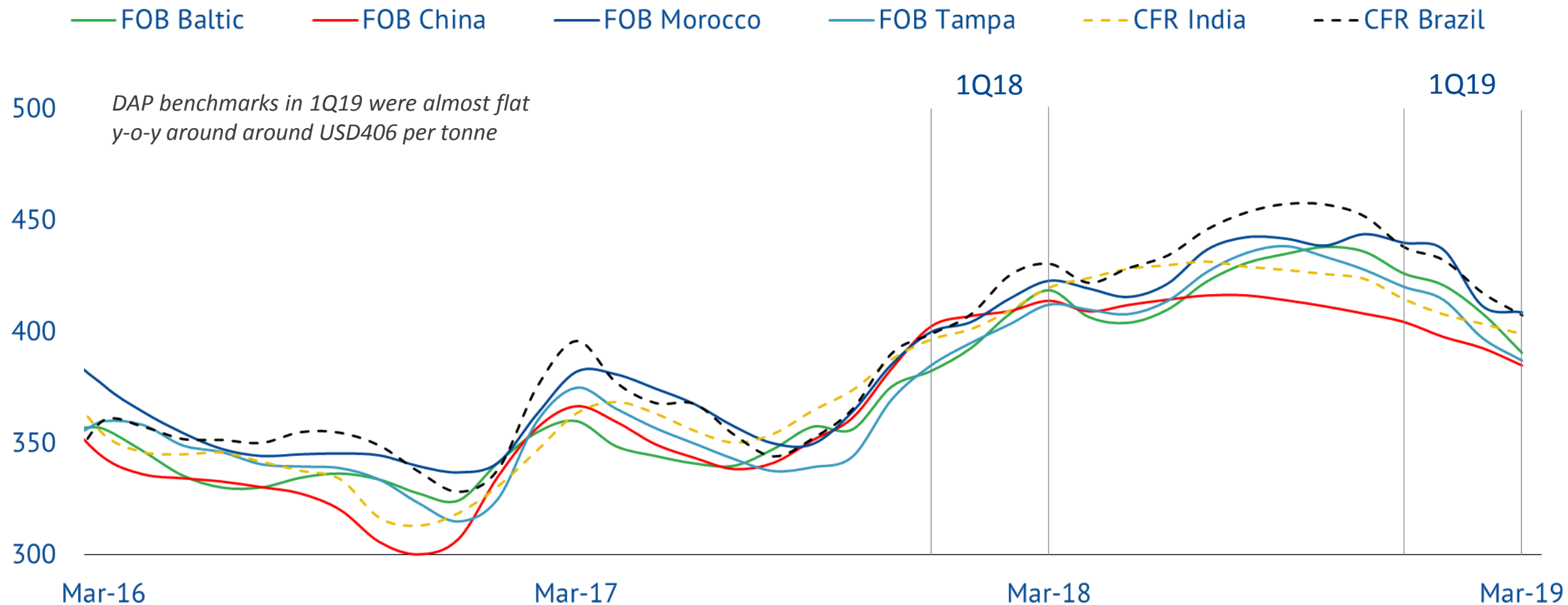
Source: IFA, IGC, PhosAgro



Fertilizer Industry

DAP Price Performance

USD/t

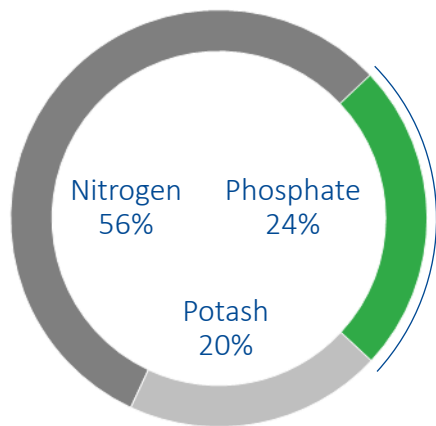


Source: CRU, PhosAgro

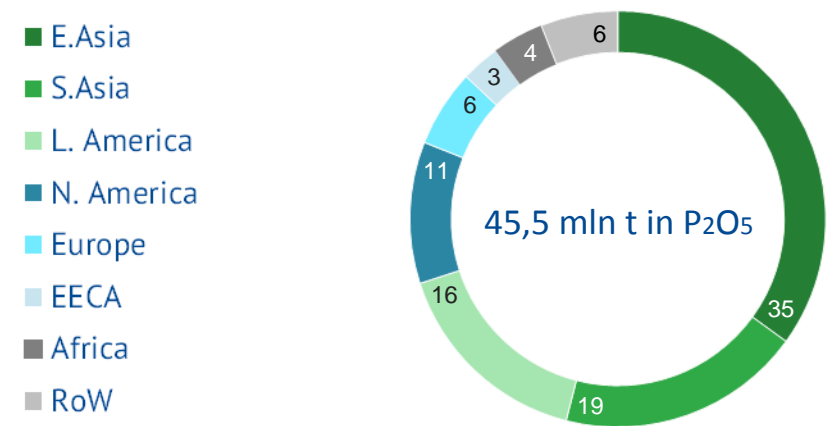
Phosphate fertilizers: demand in agriculture industry



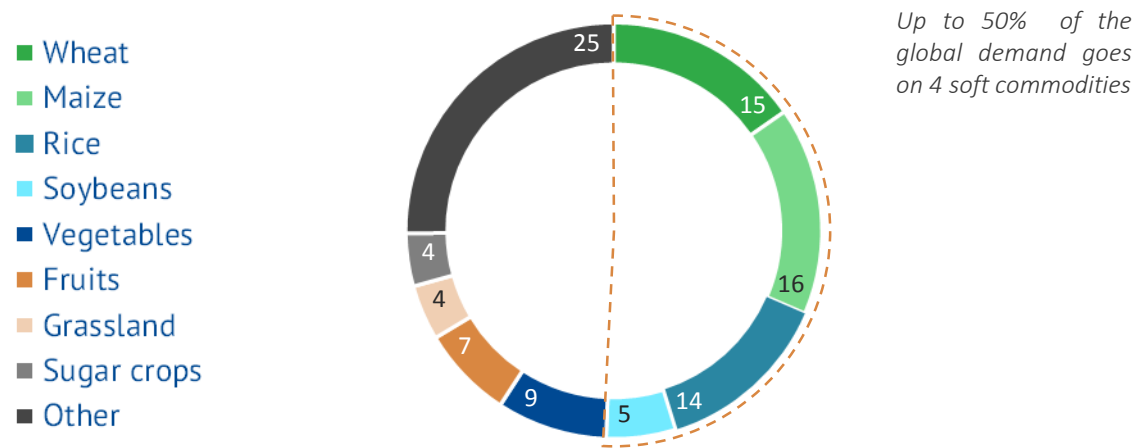
Fertilizer consumption split by products in 2018, %



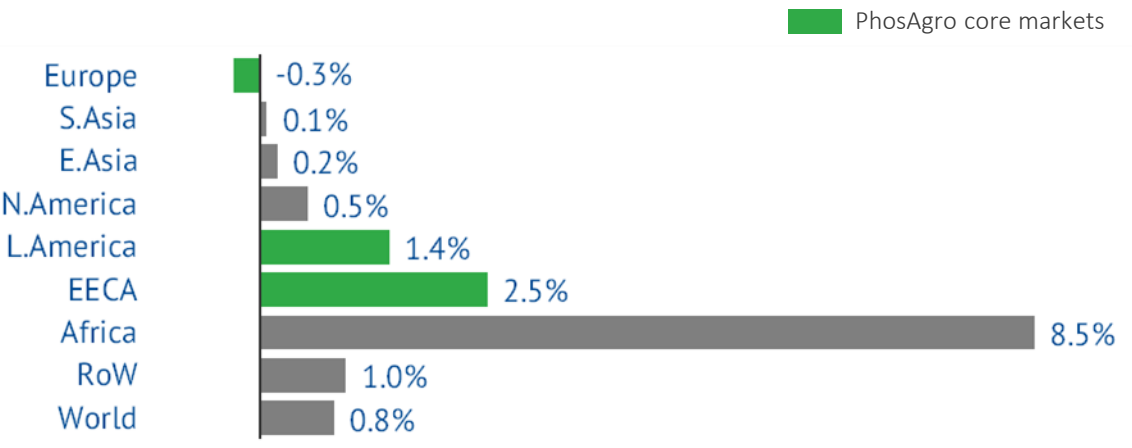
Phosphates consumption split by regions in 2018, %



Fertilizer usage by crop in 2015-2017, %



Phosphate demand CAGR over 2016-2018, %

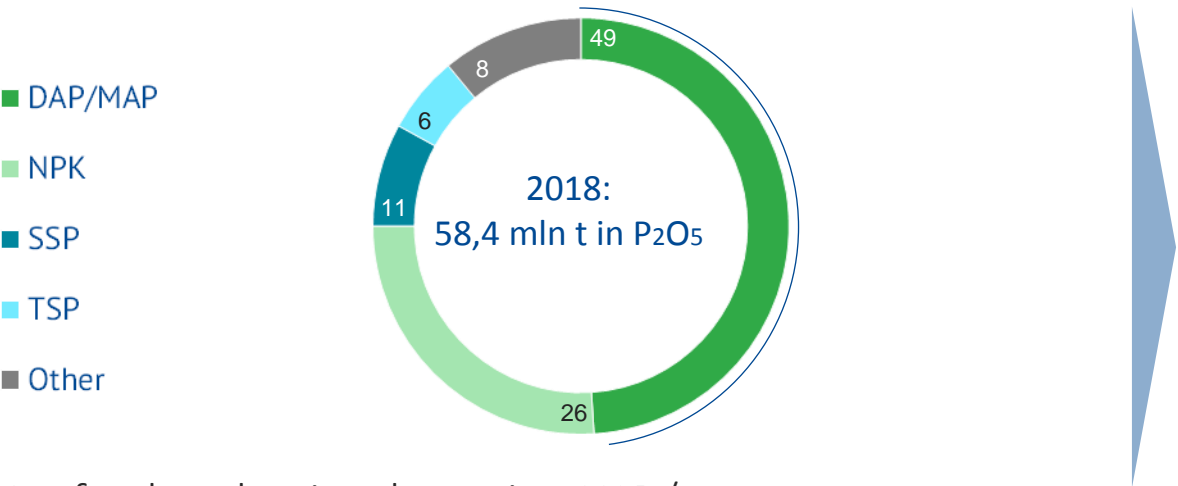


Source: Fertecon, IFA, PhosAgro

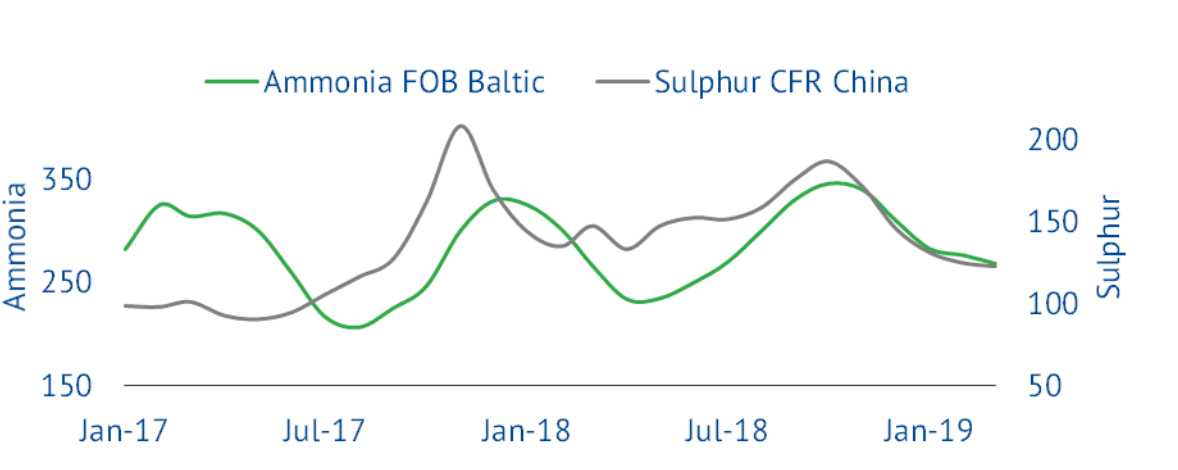
Phosphate fertilizers: supply



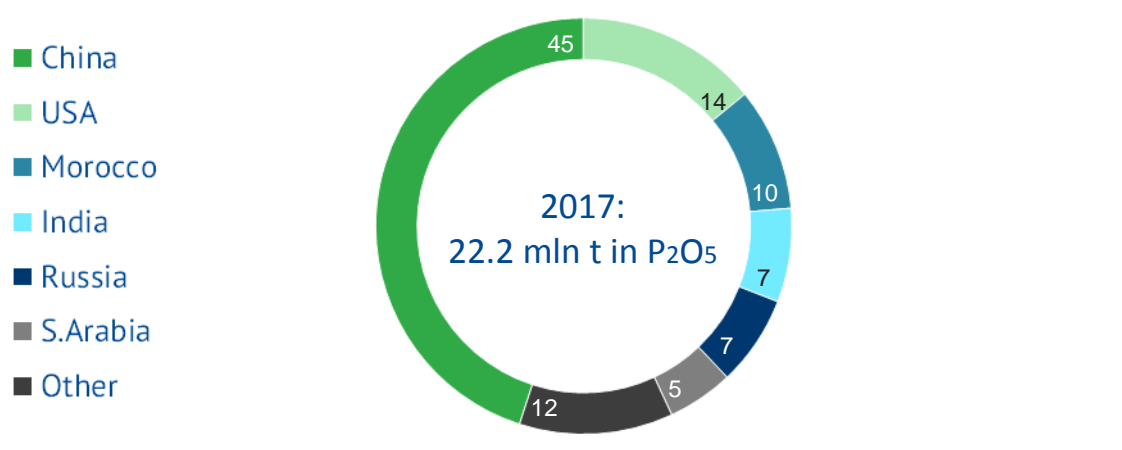
Production split by products in 2010-17, %



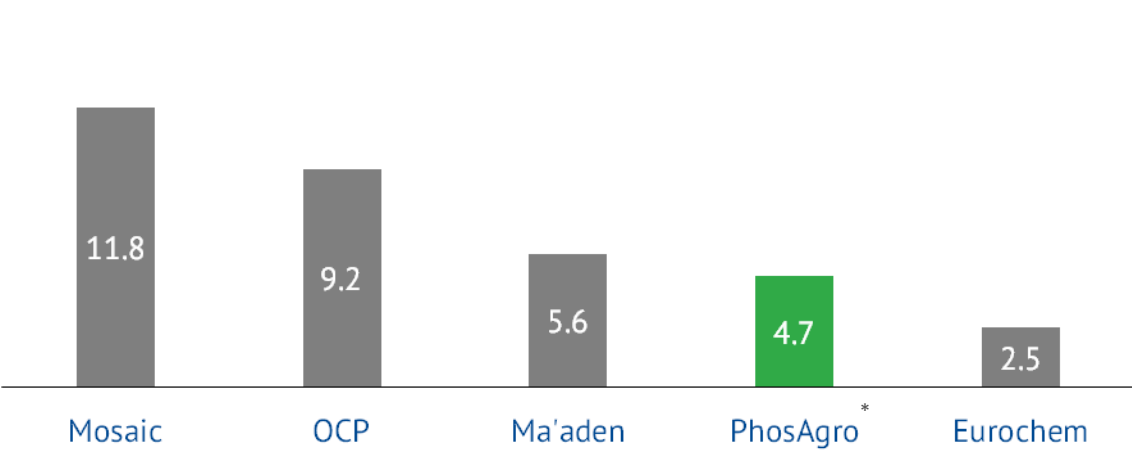
Key feedstock price dynamics, USD/t



DAP/MAP supply split by countries, %



Global DAP/MAP producers by capacities in 2017, mln t



Source: IFA, CRU, GTIS, FAI, PhosAgro
 *Production of all phosphate fertilizers converted into DAP/MAP by the average grade

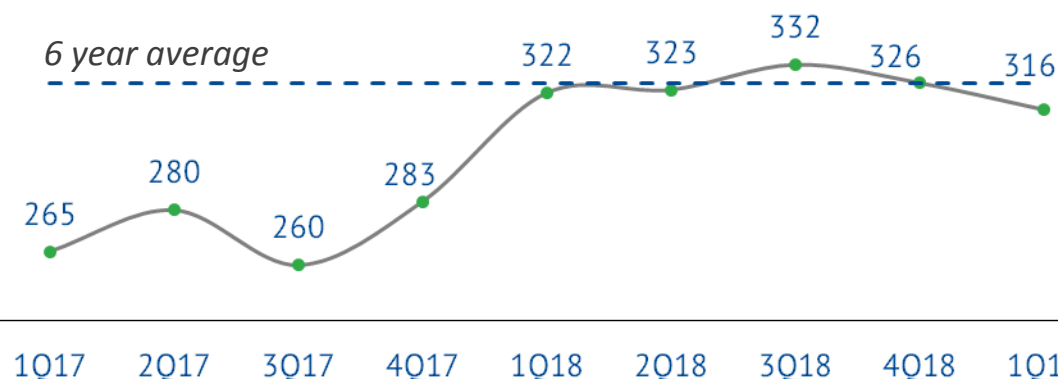
Phosphates Price Performance



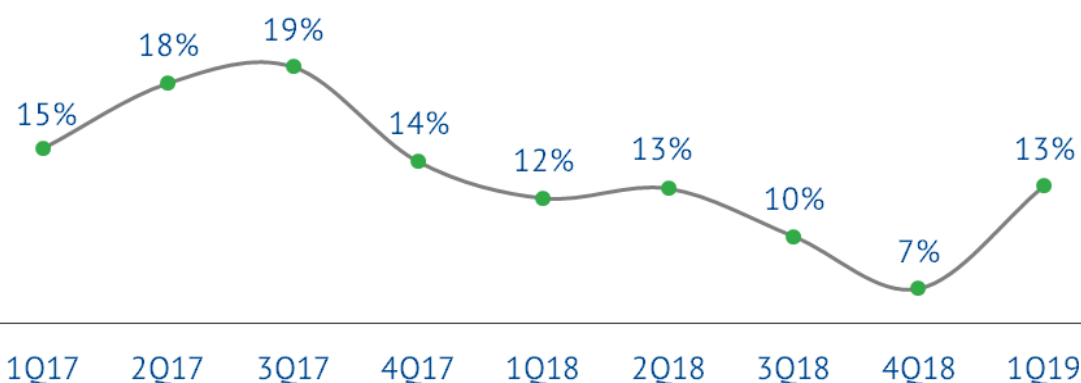
DAP FOB Tampa price performance, USD/t



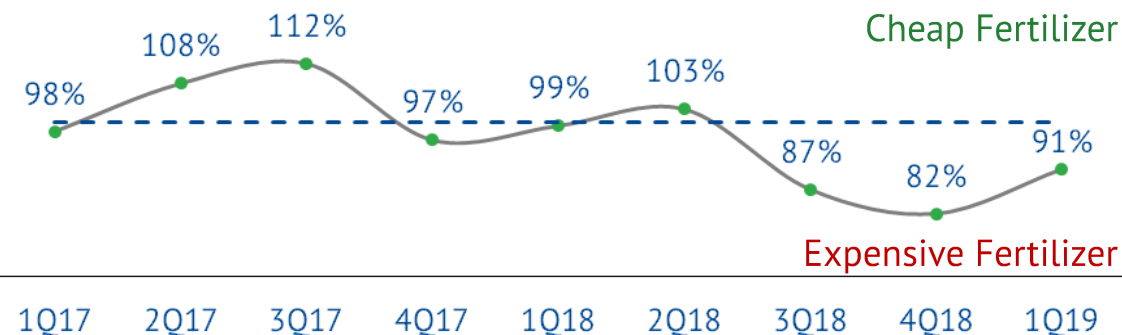
Performance DAP price net of N component, USD/t



NPK price Premium/Discount to Nutrients, %



NPK basket vs. Soft Commodities, Week 1 2011 = 0



Source: CRU, PhosAgro

Feedstocks inflation

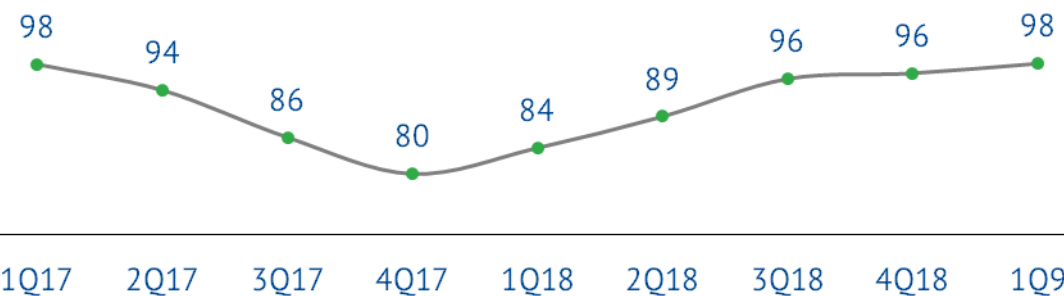
Ammonia FOB Baltics price, USD/t



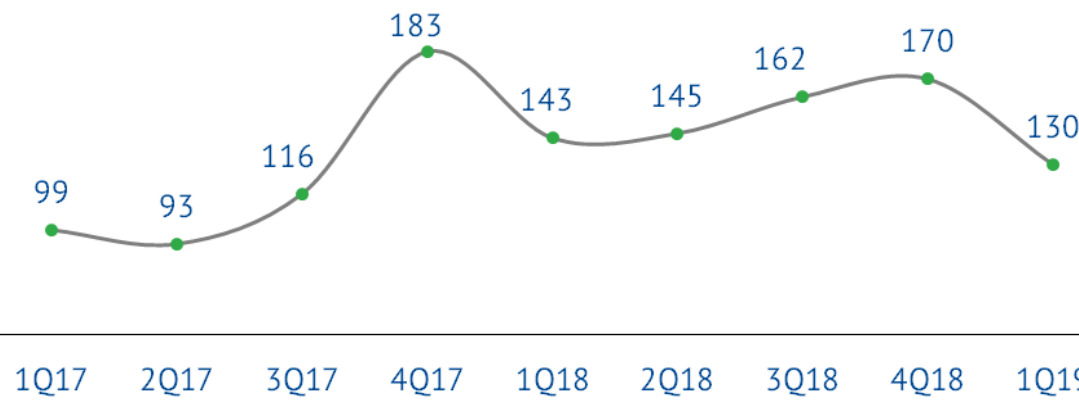
Phosphoric Acid CFR India price, USD/t



Phosphate Rock FOB Morocco prices, USD/t



Sulphur CFR China prices, USD/t

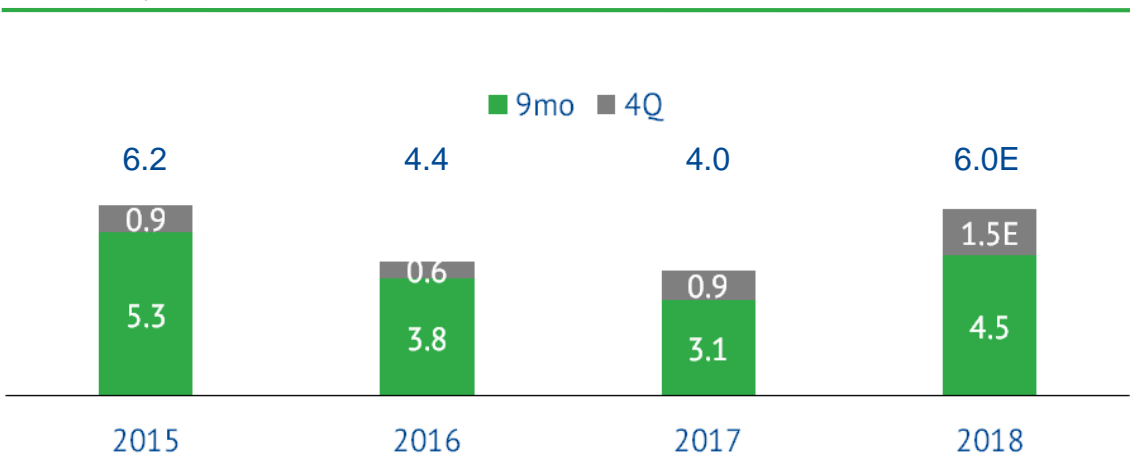


Source: CRU, PhosAgro

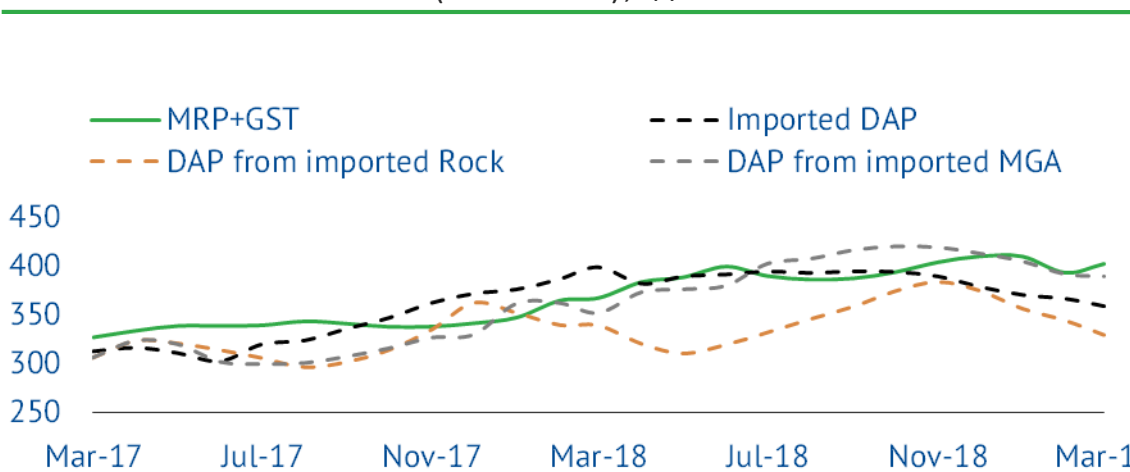
Fertilizer industry – India



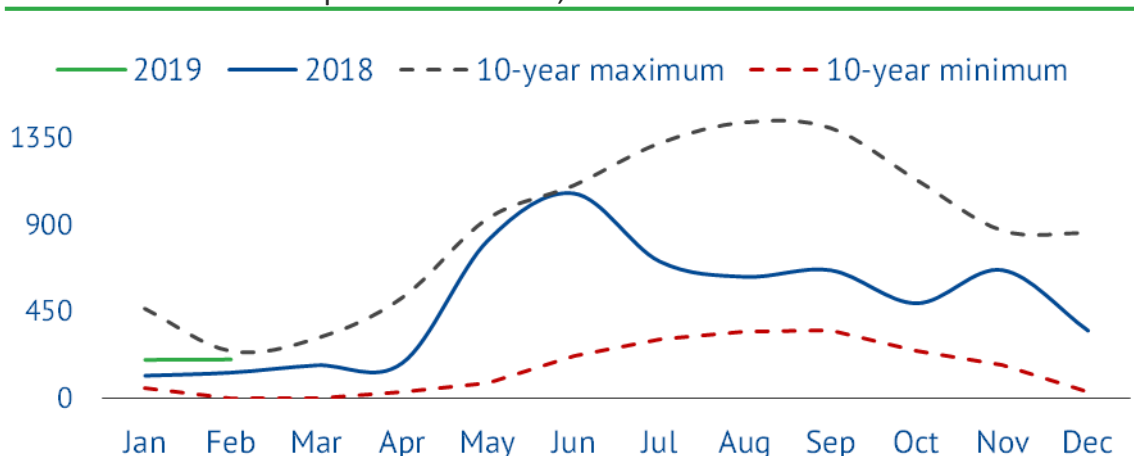
DAP import to India, Mln t



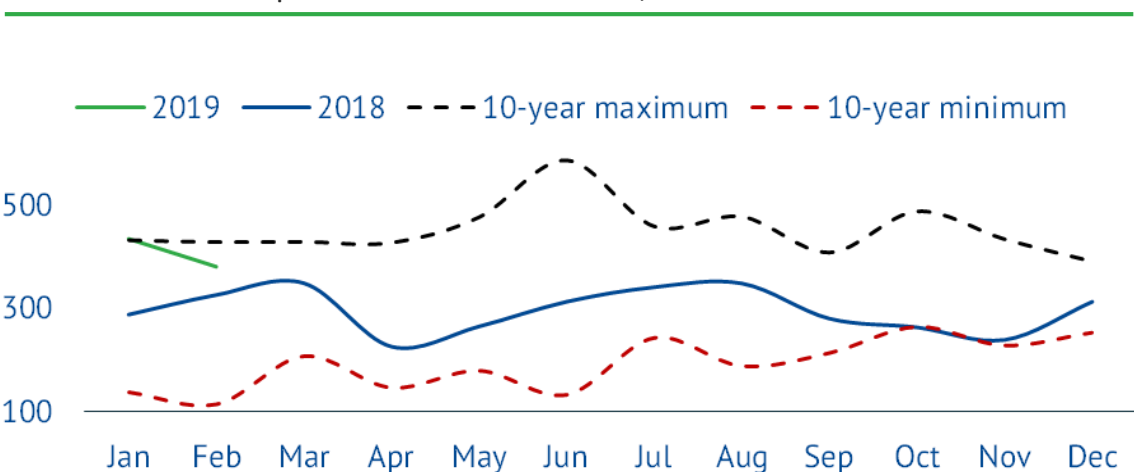
DAP cash cost vs MRP (incl. GST), \$/t



Seasonal DAP import in India, kt



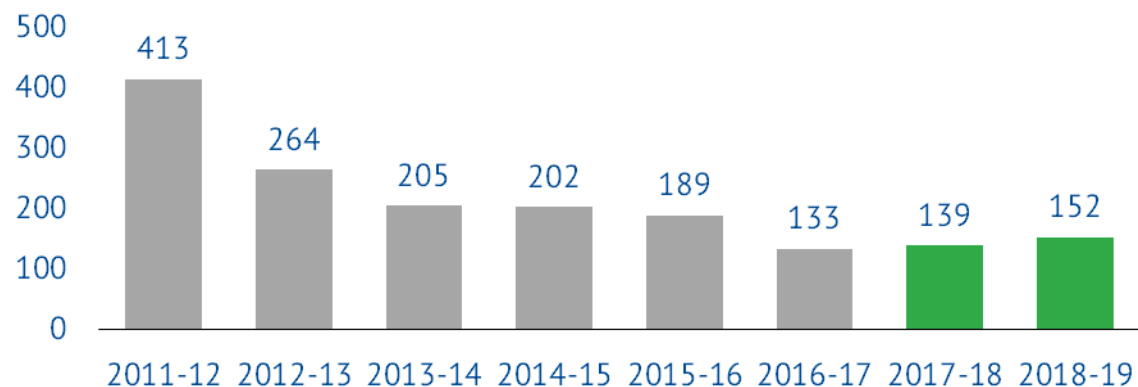
Seasonal DAP production in India, kt



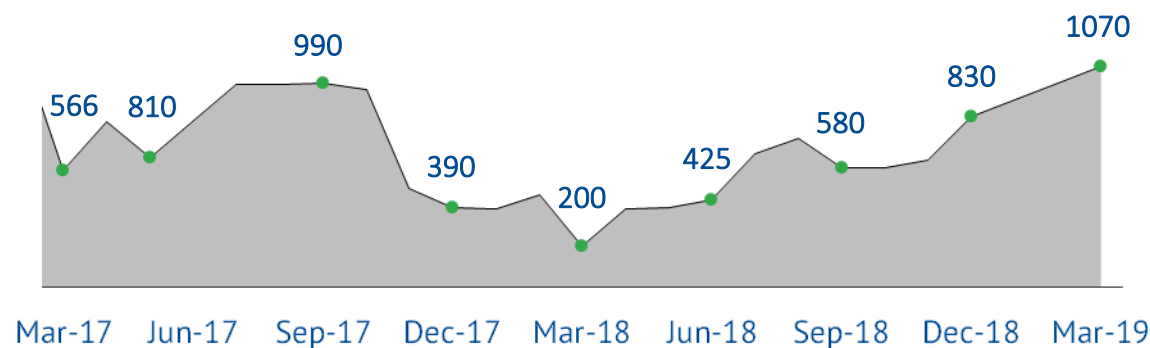
Source: CRU, Fertecon, PhosAgro estimates

Fertilizer industry – India

Nutrient-based subsidy rates for DAP, \$/t



Dynamics in DAP inventories, kt



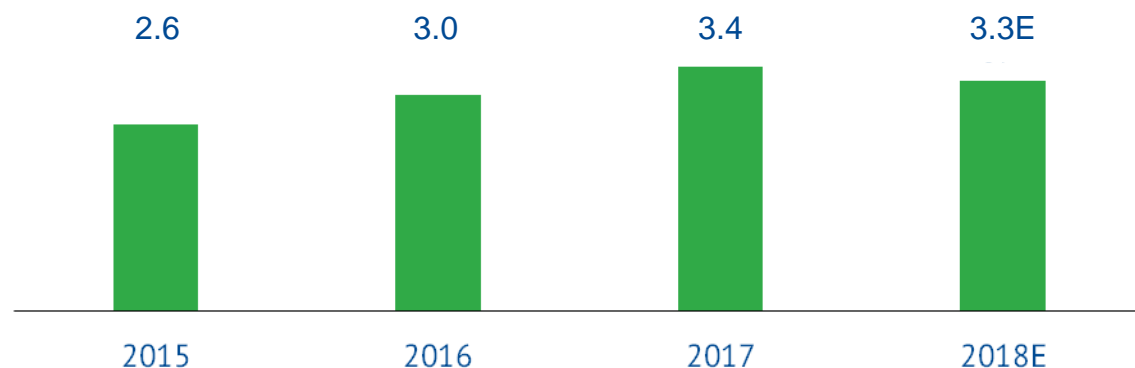
INR performance vs USD, week 1 2015 = 0



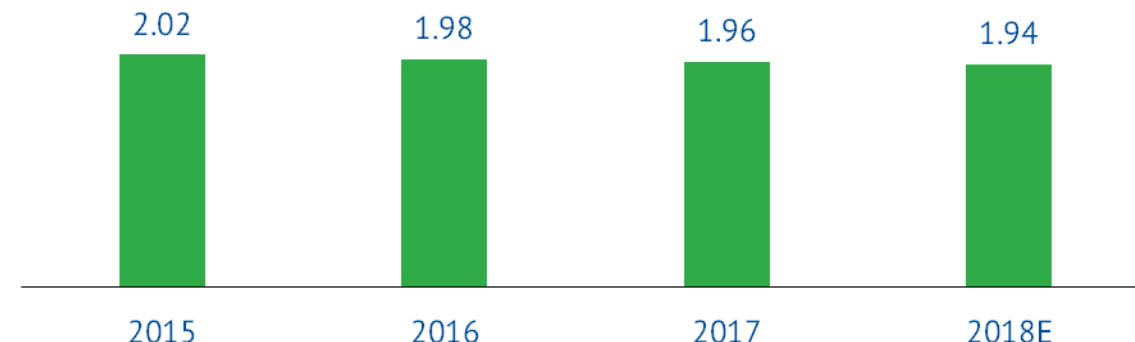
Source: CRU, Fertecon, PhosAgro estimates

Fertilizer industry – Latin America

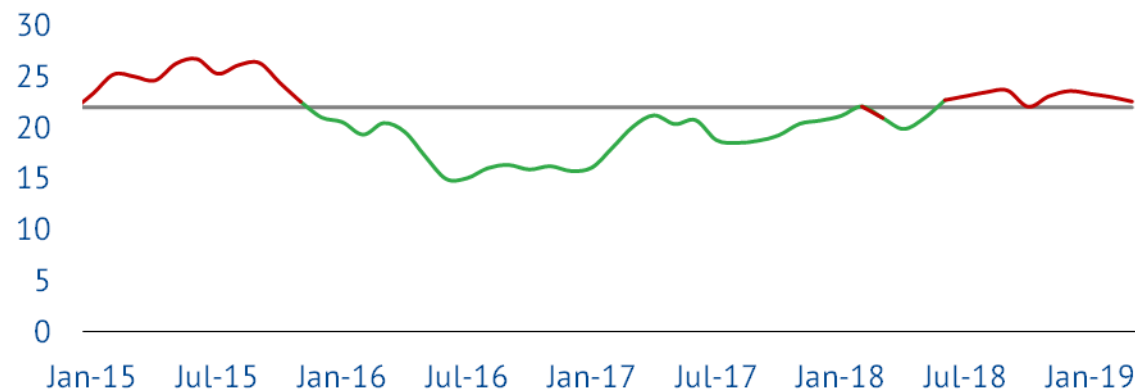
P-fertilizer import to Brazil, mln t P₂O₅



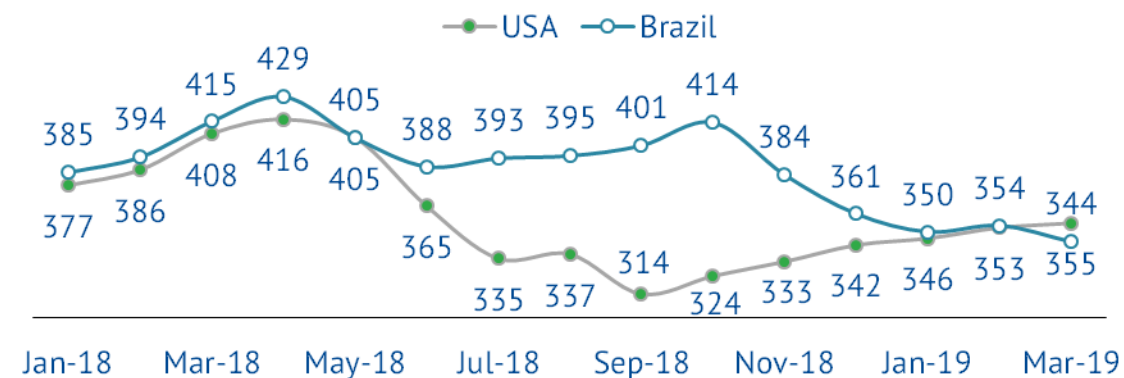
P-fertilizer production in Brazil, mln t P₂O₅



MAP barter ratio, 1t of MAP/60kg of soy price



Export prices (FOB) for soybeans, \$/t

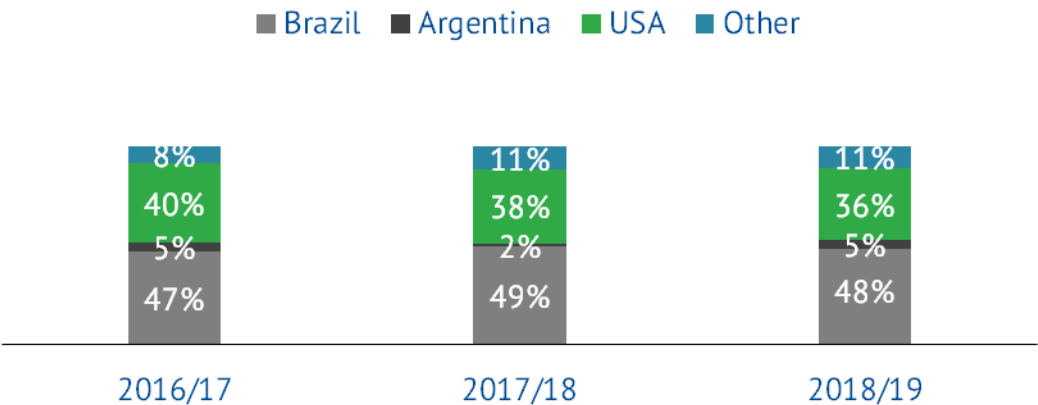


Source: CRU, Agrolink.com.br, USDA, IFA, ANDA, PhosAgro

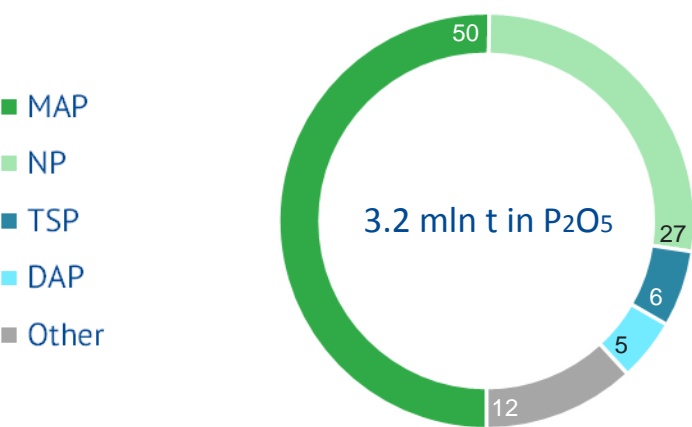
Fertilizer industry – Latin America



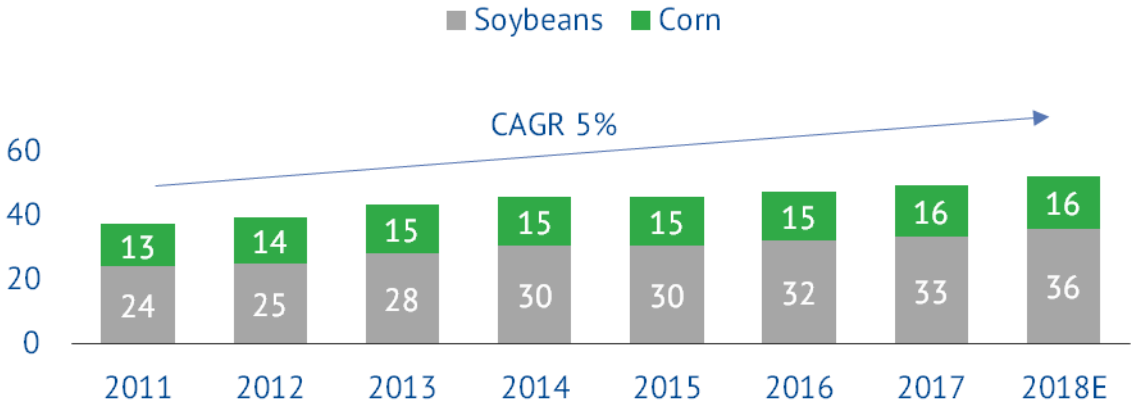
Export of soybeans, Mln tones



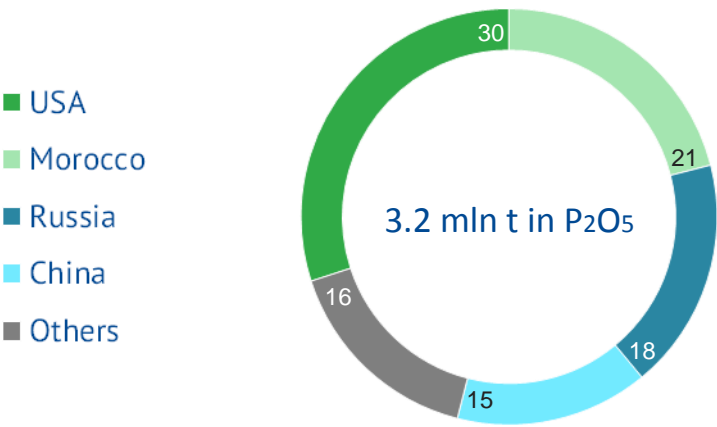
P-fertilizer import split by products in 2018, %



Brazil harvested area forecast, Mln ha



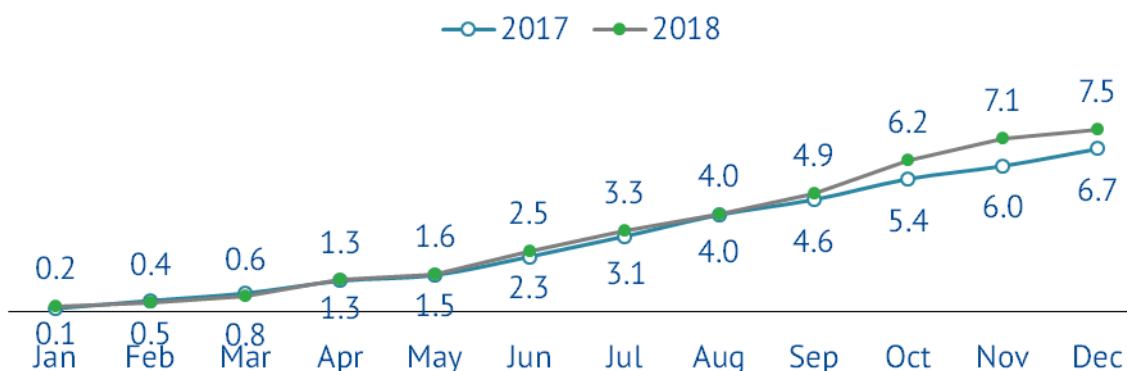
P-fertilizer import split by countries in 2018, %



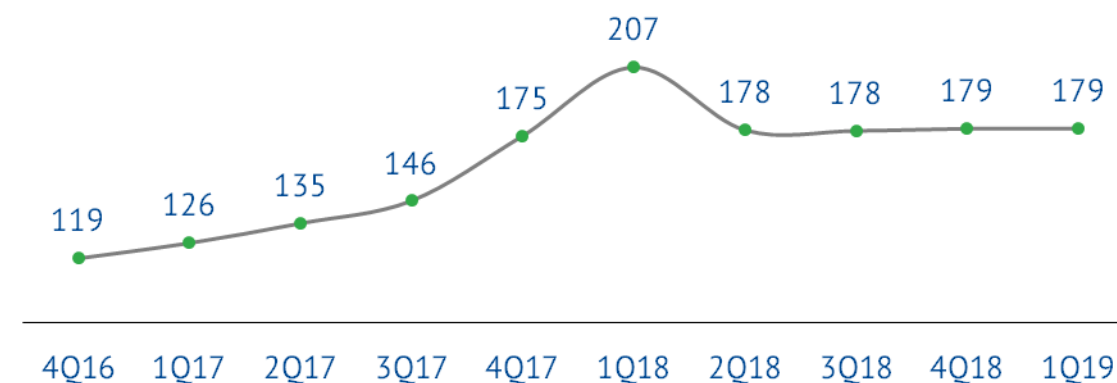
Source: CRU, Agrolink.com.br, USDA, IFA, ANDA, PhosAgro

China – focus on cash costs

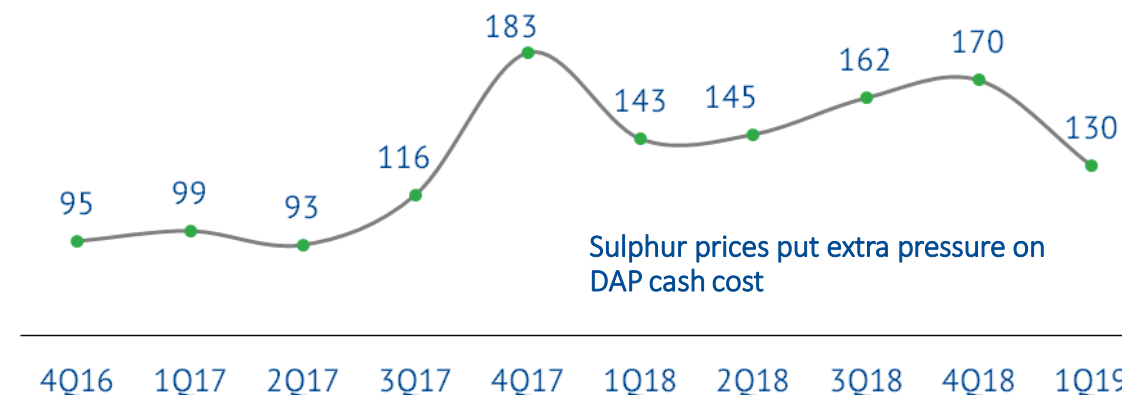
DAP Export from China, mln t, YTD



Anthracite price (USD/t Mid-lump Jincheng FOT)



Sulphur CFR China price, USD/t



Ammonia price in China, USD/t



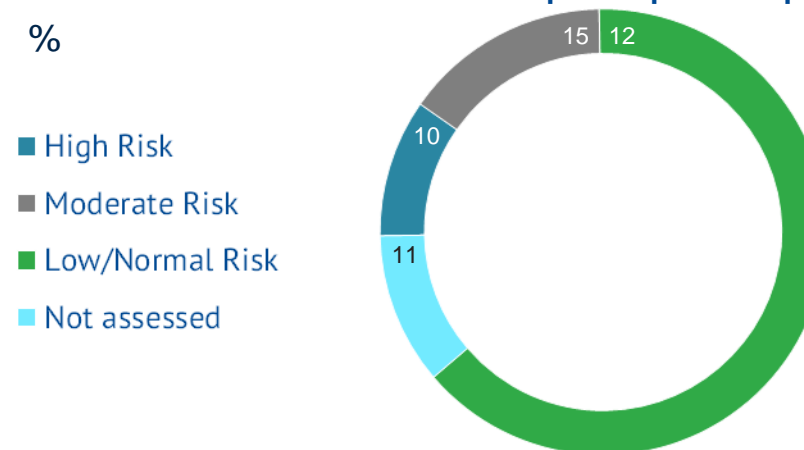
Source: CRU, PhosAgro

China – environmental issues in the spotlight

China's environmental efforts

- A new federal bureau of environmental investigation has been set up in China to look into industrial pollution.
- 260 inspectors have been specifically trained to monitor air, water, noise and odour emissions
- Inspections will begin in the north of country, but will move to Sichuan, Chongqing and Hubei in March.
- The efforts are likely to accelerate the idling and permanent closure of old MAP plants.
- The nitrogen industry is also likely to be impacted, which could raise raw materials prices.

Assessment of Chinese phosphate production, %




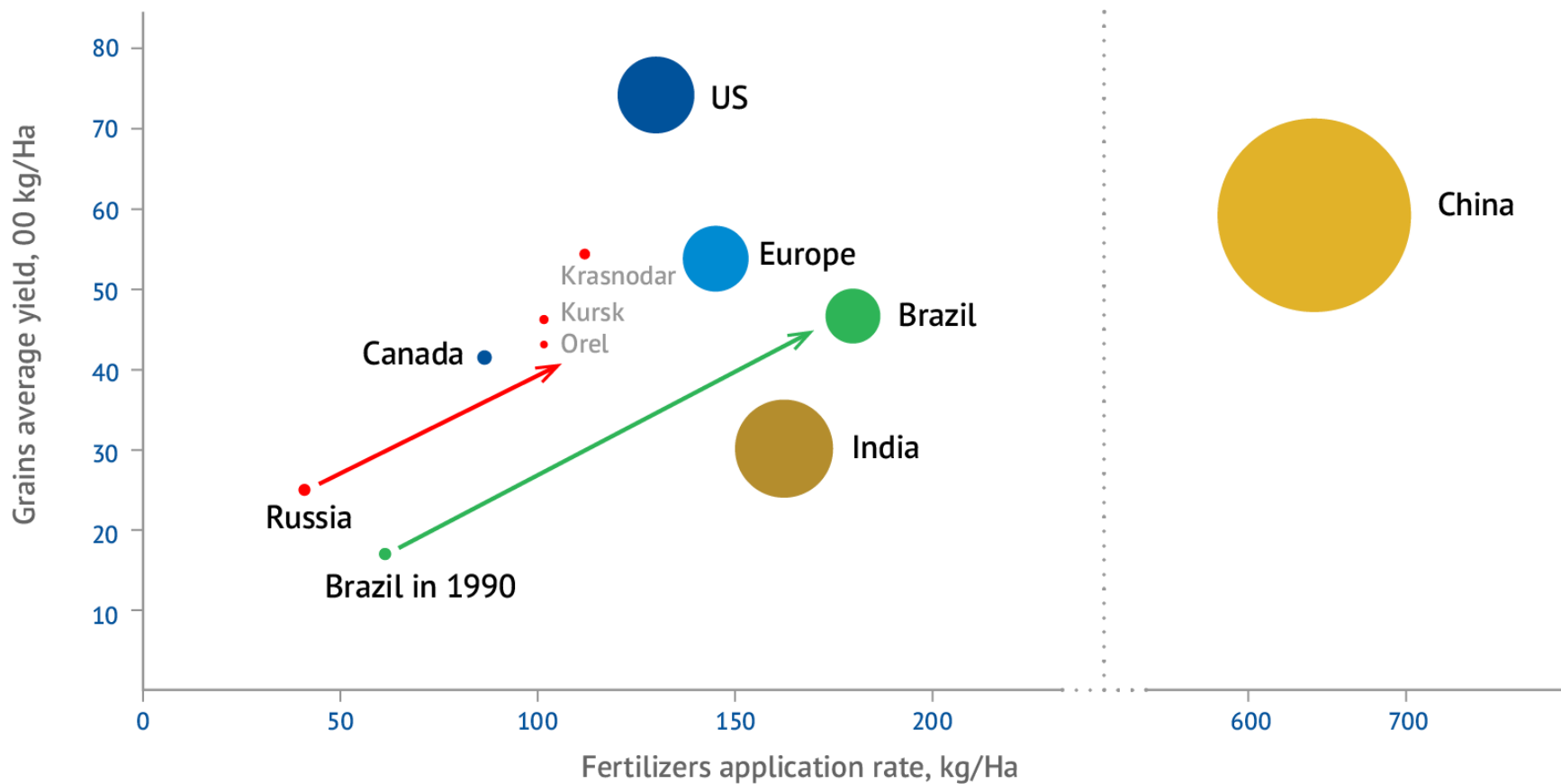
Areas most at risk of closure



Domestic market – more space for growth

Fertilizer application rate and average grain yield,
Kg/Ha and 00 kg/Ha

 Total Fertilizers consumption



Source: CRU, PhosAgro

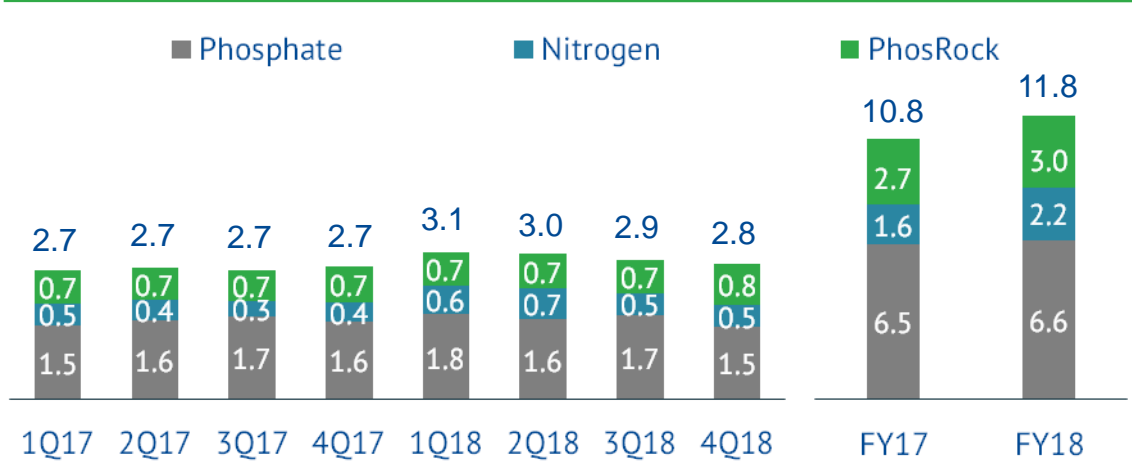


Financial review

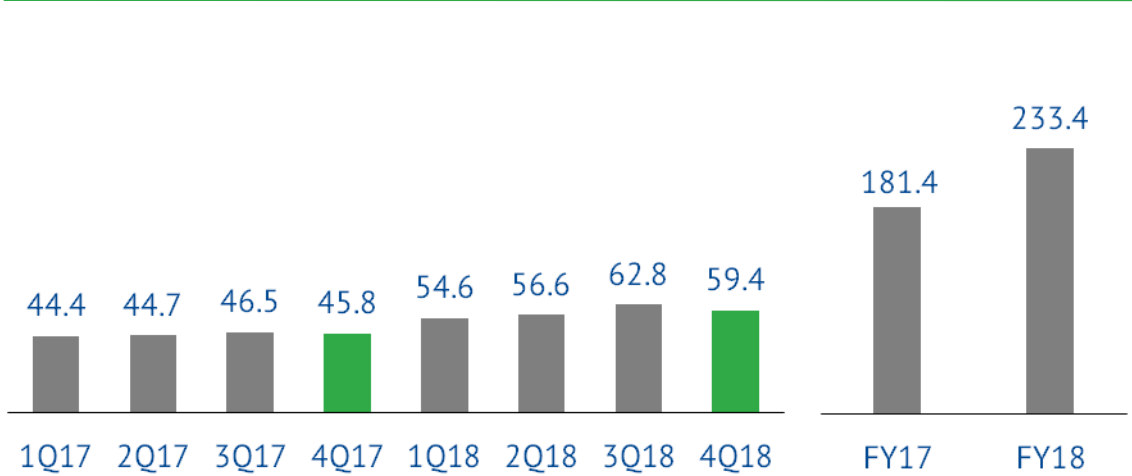
Revenue breakdown



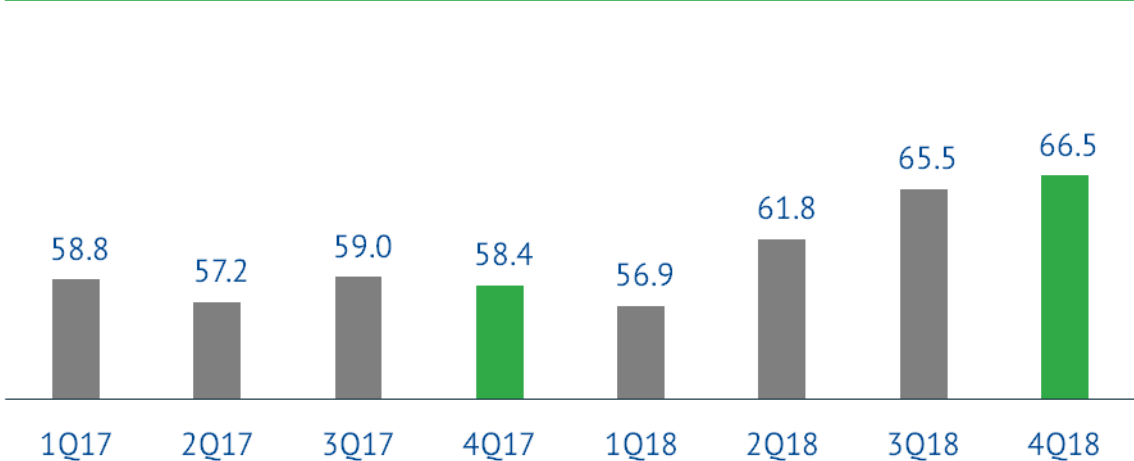
Sales breakdown, mln tonnes



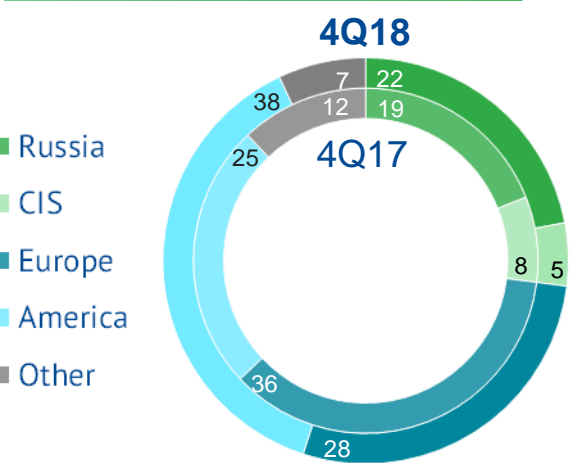
Revenue dynamics, RUB bln



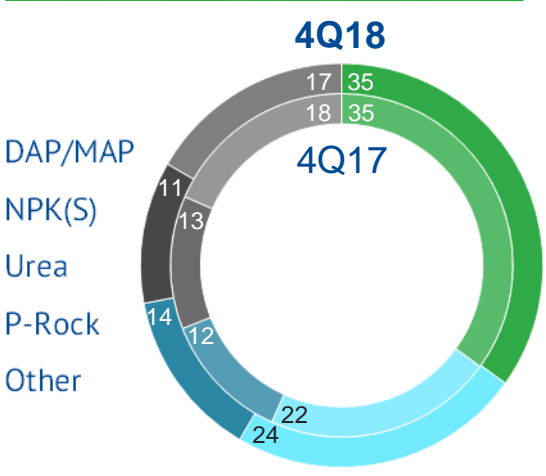
FX rates, RUB/USD



Revenue by region, %



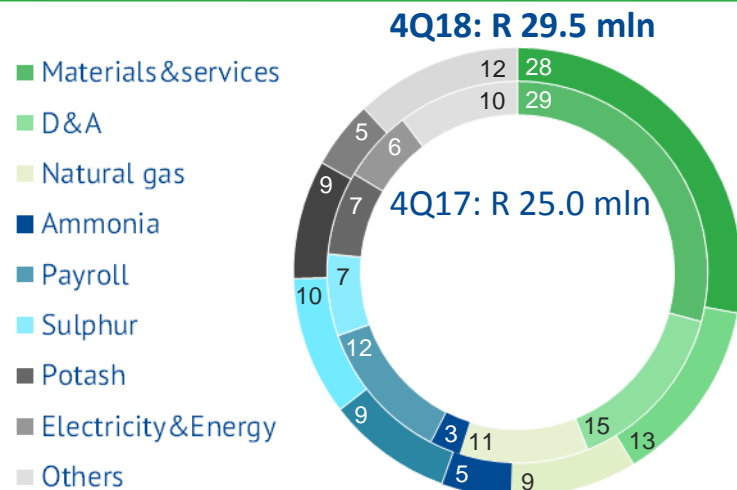
Revenue by product, %



Source: PhosAgro

Cost Analysis

Cost of goods sold structure, %



Ammonia, RUB bln



Sulphur, RUB bln



Materials&services, RUB bln



Payroll, RUB bln



Natural gas, RUB bln



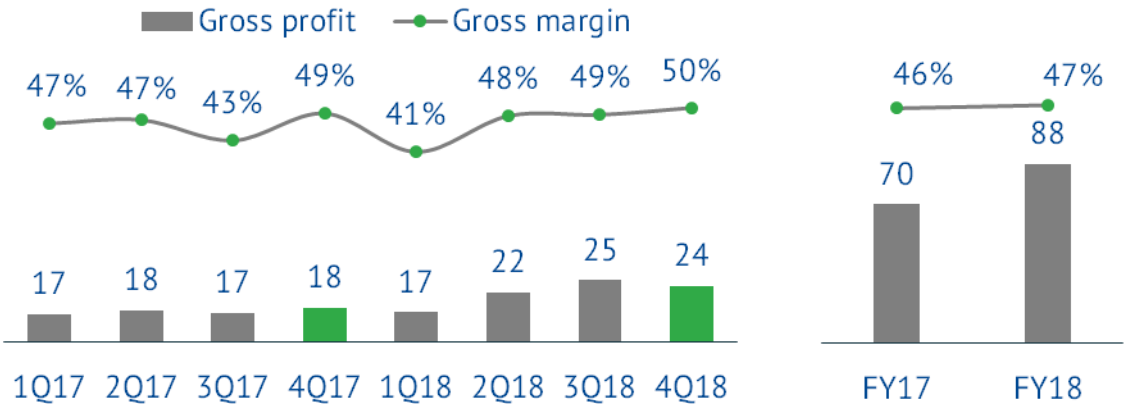
Potash, RUB bln



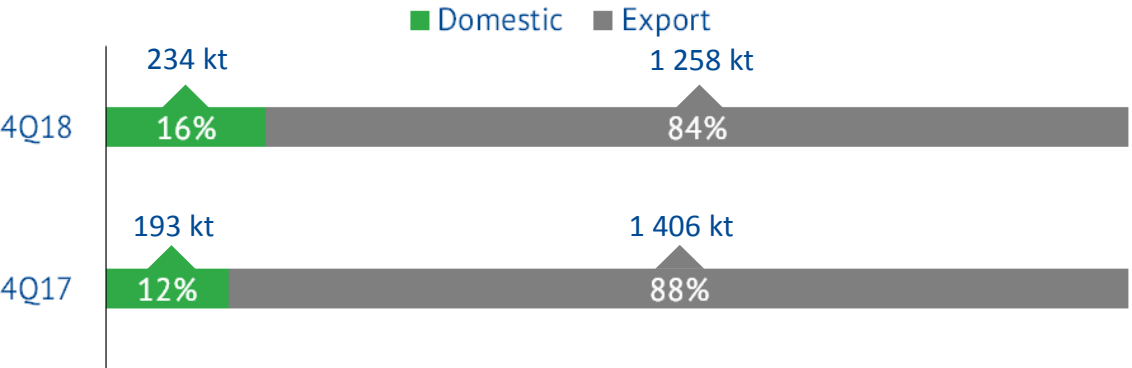
Source: PhosAgro

Segment Profitability

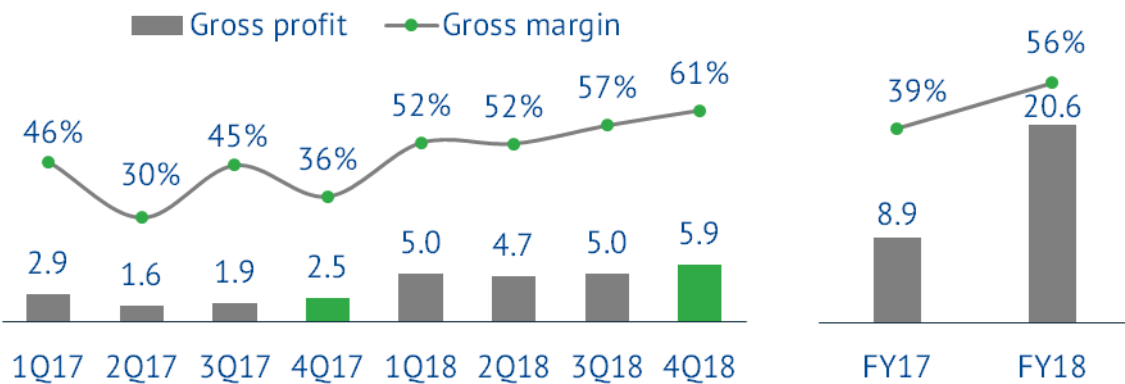
Phosphate - gross profit and margin, RUB bln



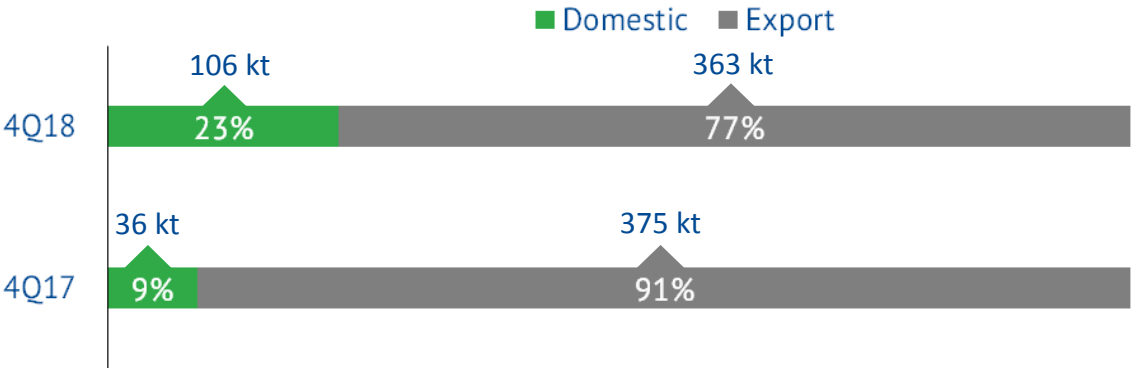
Phosphate sales (export + domestic), kt



Nitrogen - gross profit and margin, RUB bln



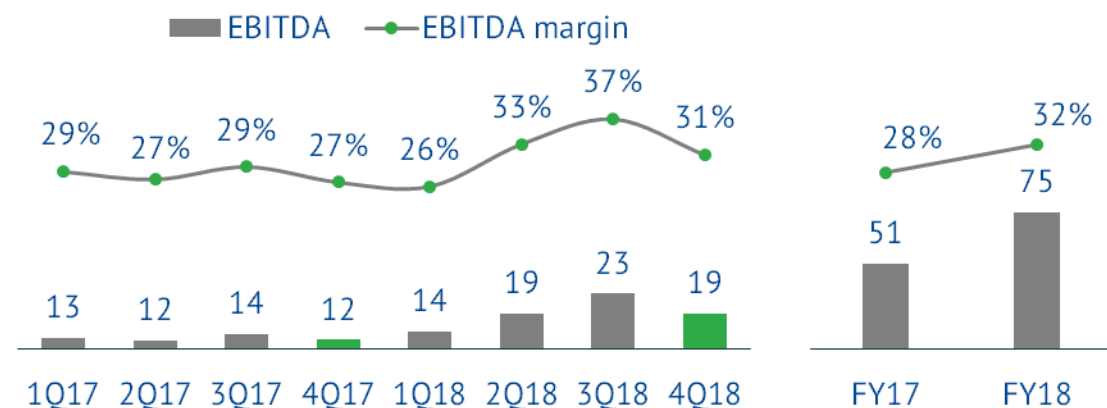
Nitrogen sales (export + domestic), kt



Source: PhosAgro

EBITDA Analysis

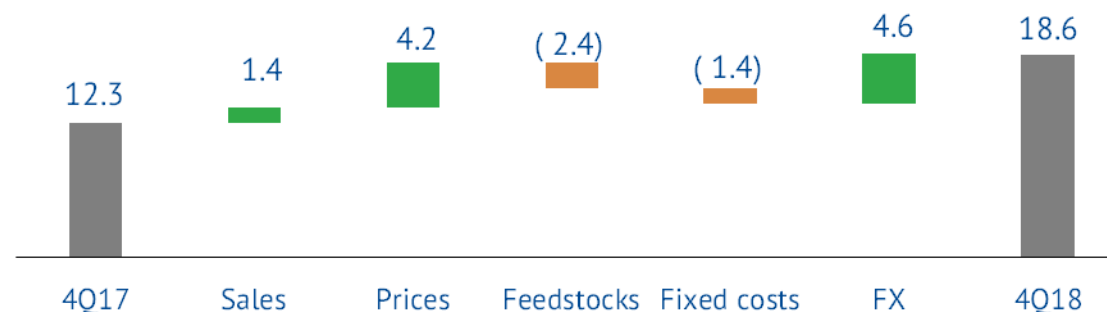
EBITDA and EBITDA margin, RUB bln



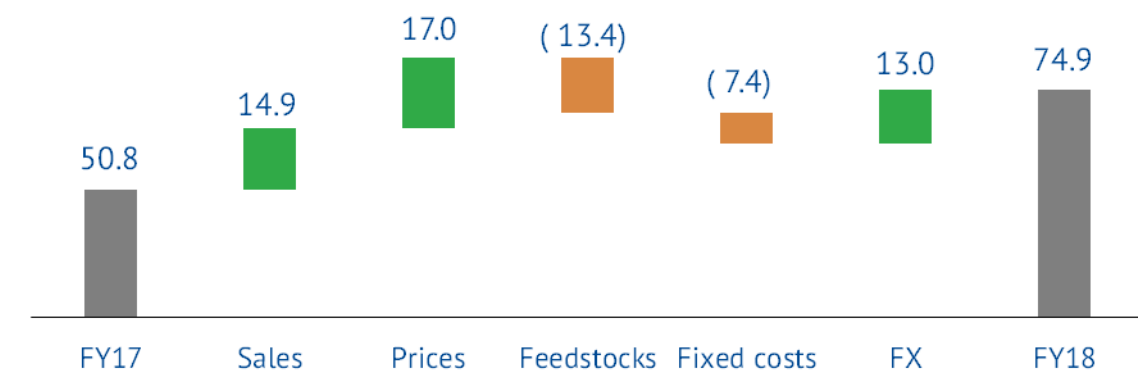
Comments

- EBITDA in 4Q 2018 amounted to RUB 18.6 billion (USD 279 million), up by 51% year-on-year, while EBITDA margin reached 31%.
- Major upward factors were 18% growth year-on-year in average realized prices (in USD terms) and 14% RUB depreciation against USD.
- However EBITDA growth was partially offset by inflation of feedstock prices (i.e. sulphur and potash)

EBITDA bridge in 4Q18, RUB bln



EBITDA bridge in FY18, RUB bln



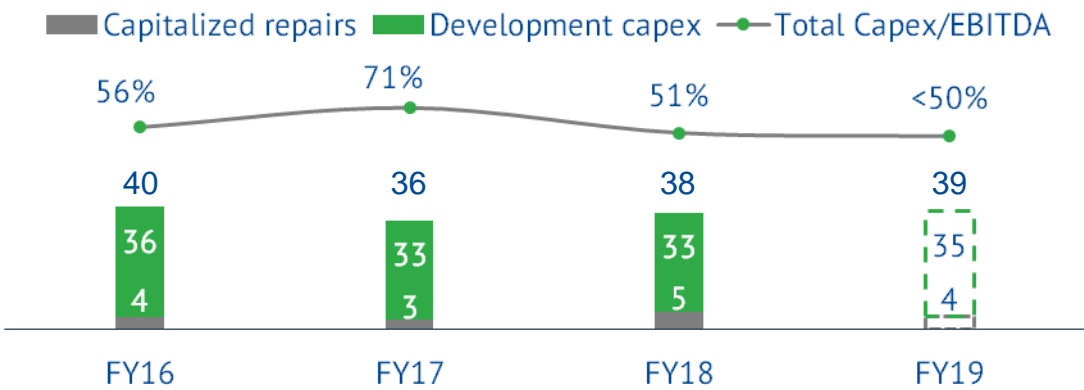
Source: PhosAgro

FCF Analysis

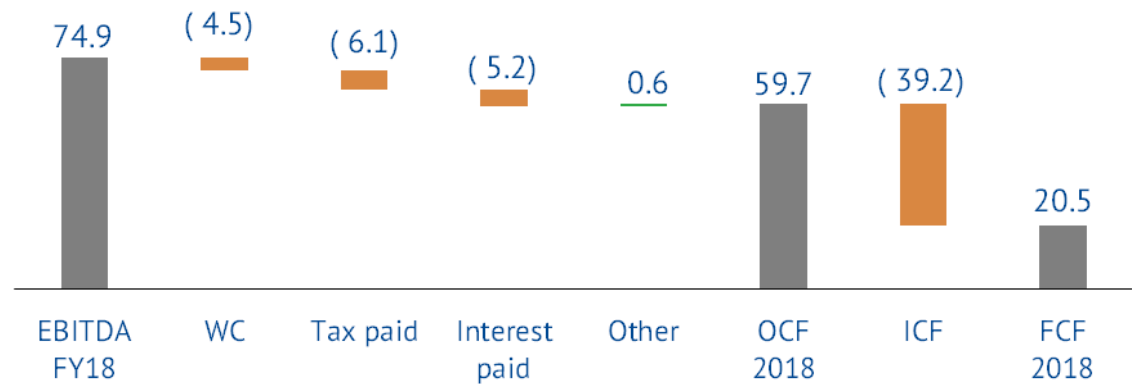
Comments

- In 2018 FCF totaled around RUB 20.5 billion (USD 324 million) driven by healthy EBITDA performance.
- Operating cash flow almost doubled year-on-year to RUB 59.7 billion (USD 947 million) driven by improved profitability, but restrained by a build-up of working capital. PhosAgro had to postpone export shipments in 4Q18 due to unfavourable weather conditions in Europe. That was coupled with the company decision to accumulate stocks for the next application season in priority markets.
- In 2018 capex totaled around RUB 38 billion (USD 611 million), down by 7% y-o-y. Full year capex represented almost 50% of EBITDA for 2018, in line with our guidance.

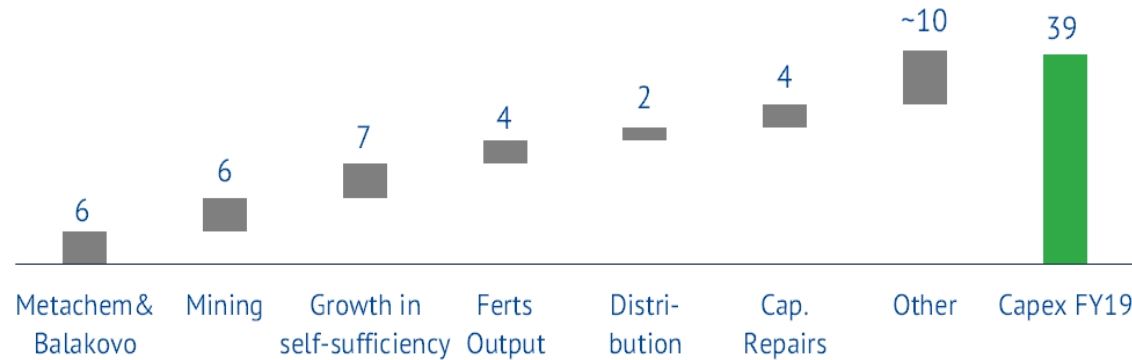
Capex and Capex/EBITDA ratio, RUB bln



FY18 EBITDA to FCF conversion, RUB bln



FY19 Capex breakdown



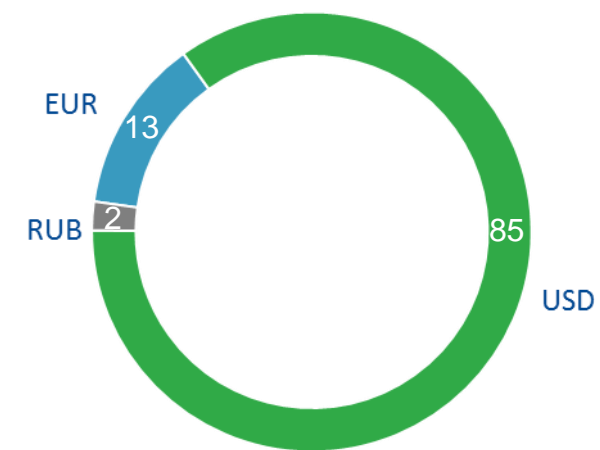
Source: PhosAgro

Debt Overview

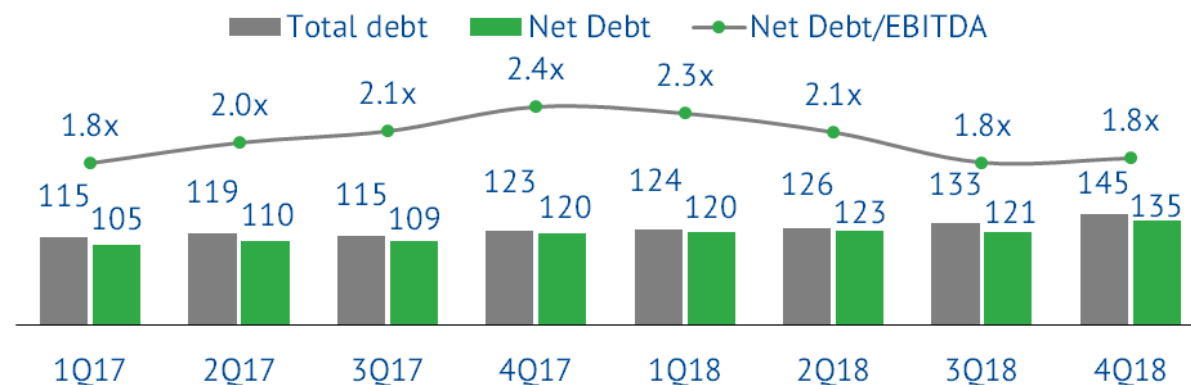
Comments

- Debt (incl. finance lease liabilities) increased by 18% over FY18 to RUB 145 billion (USD 2.1 billion) driven by depreciation of the Russian rouble, as most debt is denominated in US dollars
- As of the end of December 2018, net debt totaled RUB 135.3 billion (USD 2.0 billion), representing a net debt/LTM EBITDA ratio of 1.8x against 2.4x as of end of 2017, thanks to solid EBITDA performance.

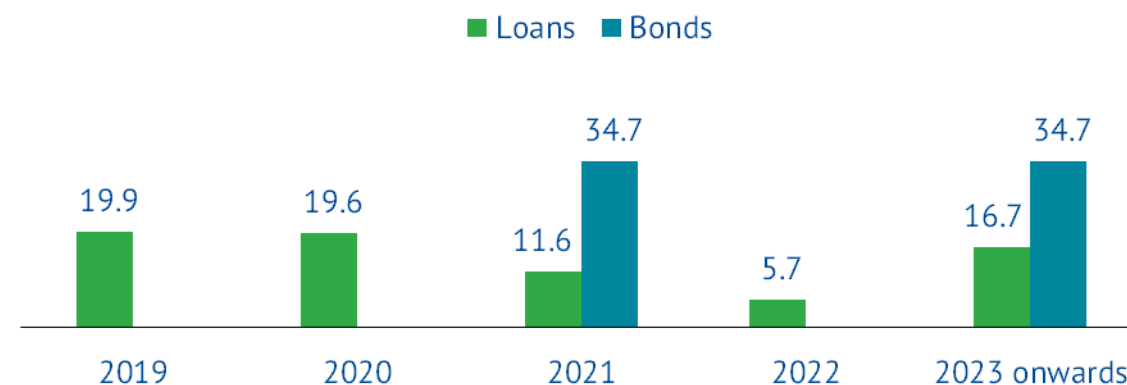
Debt split as of 31 December 2018, %



Total debt* and Net Debt/LTM EBITDA ratio, RUB bln and x



Maturity profile, RUB bln



Source: PhosAgro

Note: Total debt includes finance lease liabilities

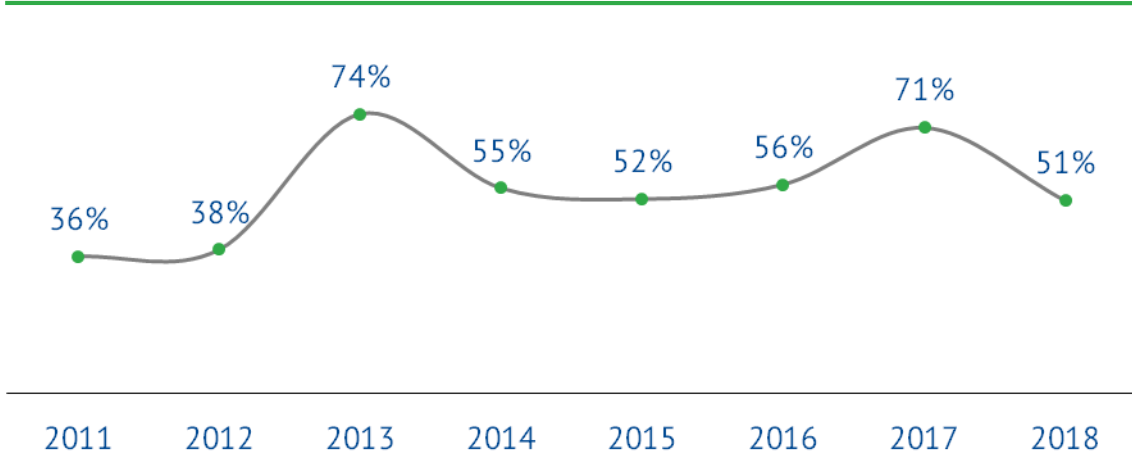
Prudent balance between dividends and organic growth



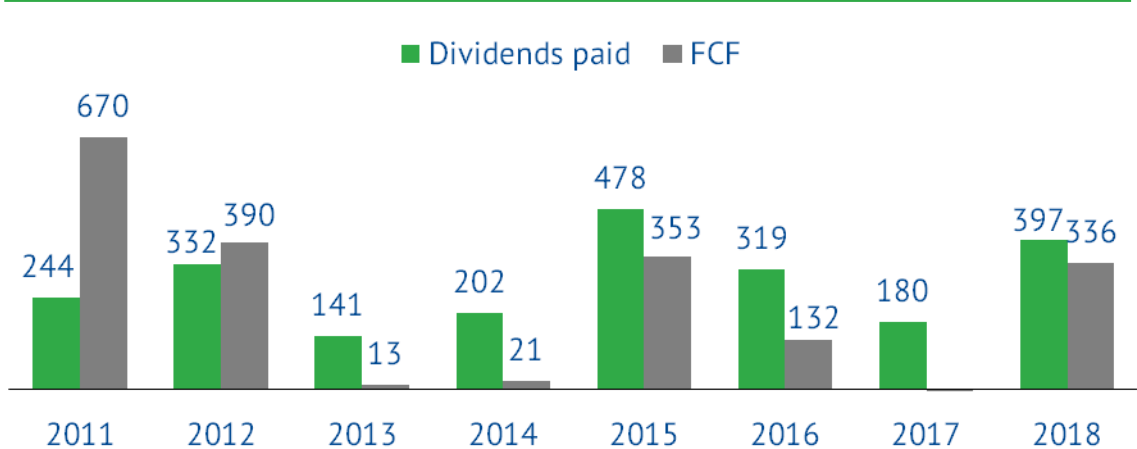
Key Facts

- Quarterly dividend payments
- 30-50% of Net income adjusted on non-cash gains/losses
- \$5.9/GDR (or 42%) has been returned to shareholders since IPO
- Goal to maintain capex around 50% of EBITDA for the same period and follow dividend policy

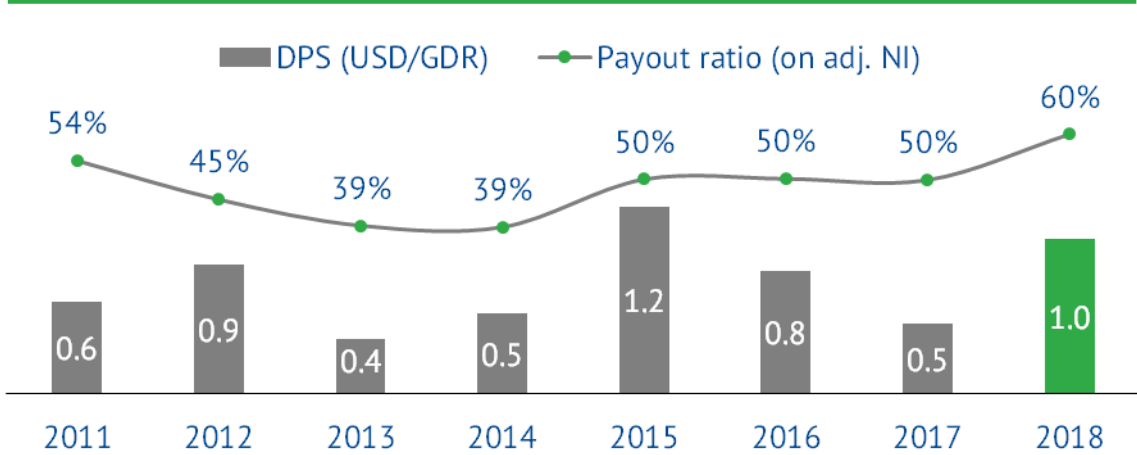
Capex/EBITDA ratio



Dividend payout history, mln USD



Stable dividend policy



Source: PhosAgro
FCF calculated as Net Operating Cash Flow deducted by CapEx

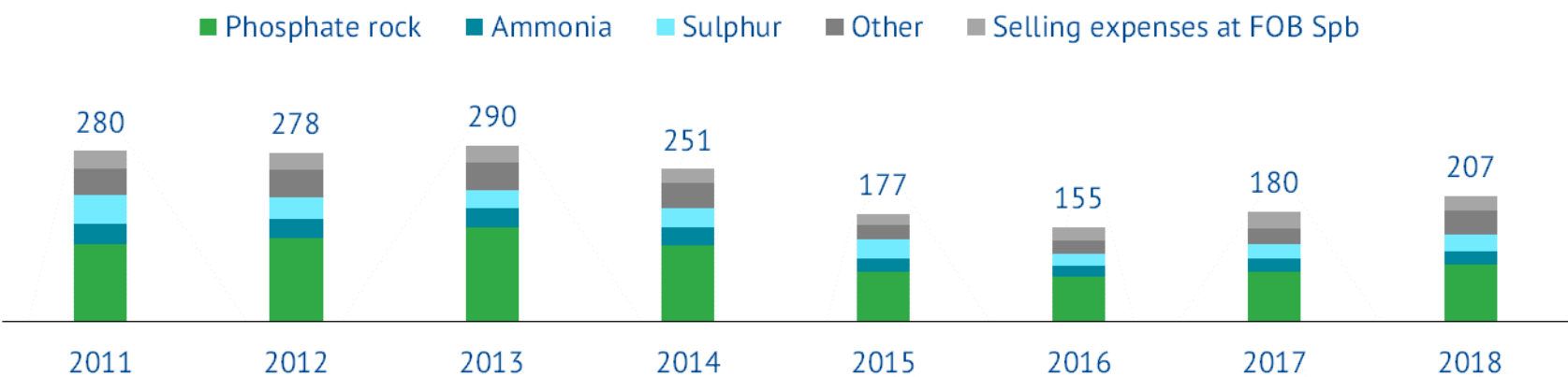


Appendix

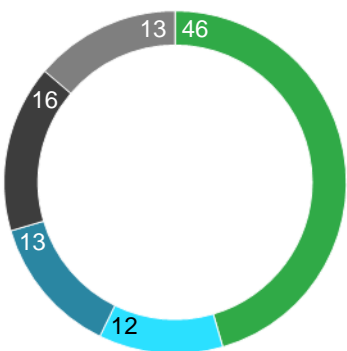
Cash cost performance



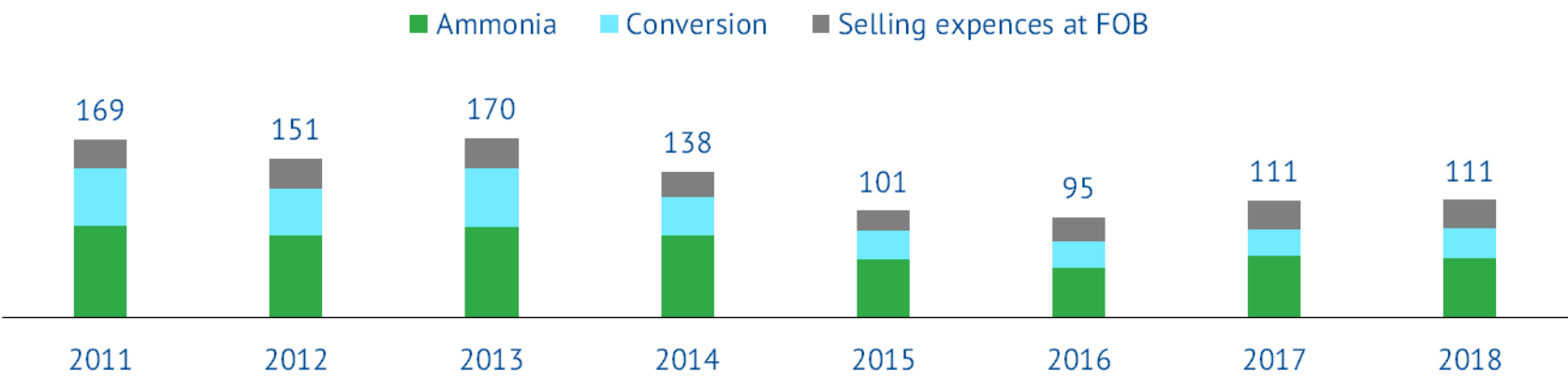
DAP cash costs at FOB, USD/t



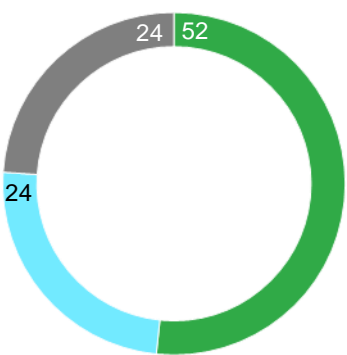
Av. DAP cash cost, %



Urea cash costs at FOB, USD/t



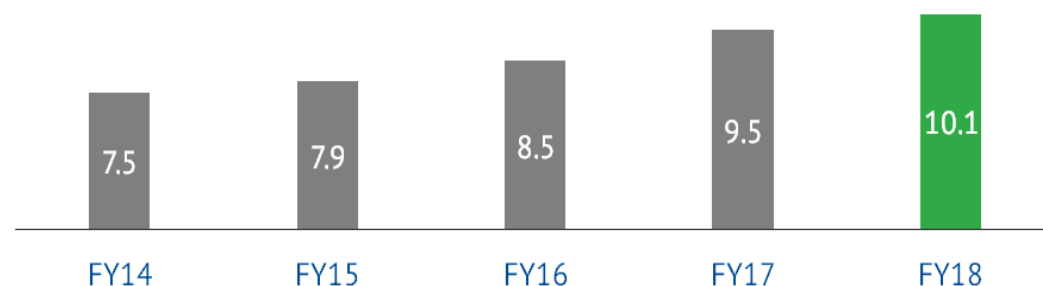
Av. Urea cash cost, %



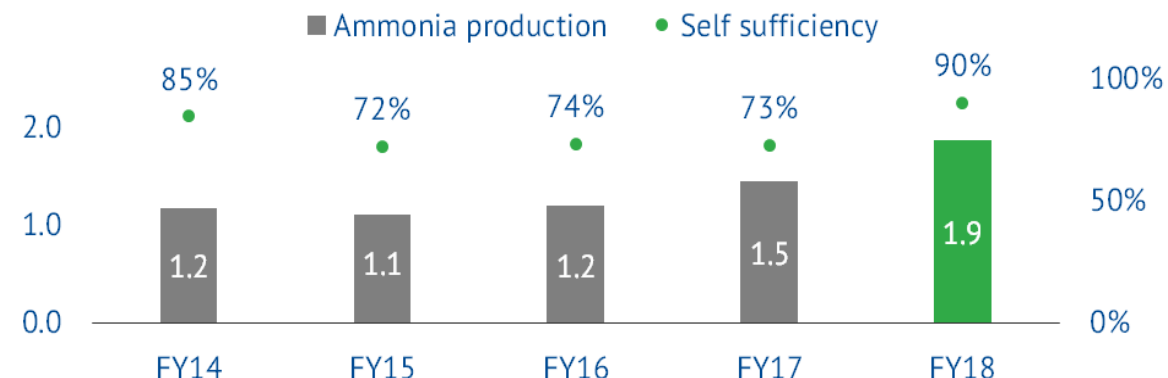
Source: CRU, PhosAgro

Key feedstocks production

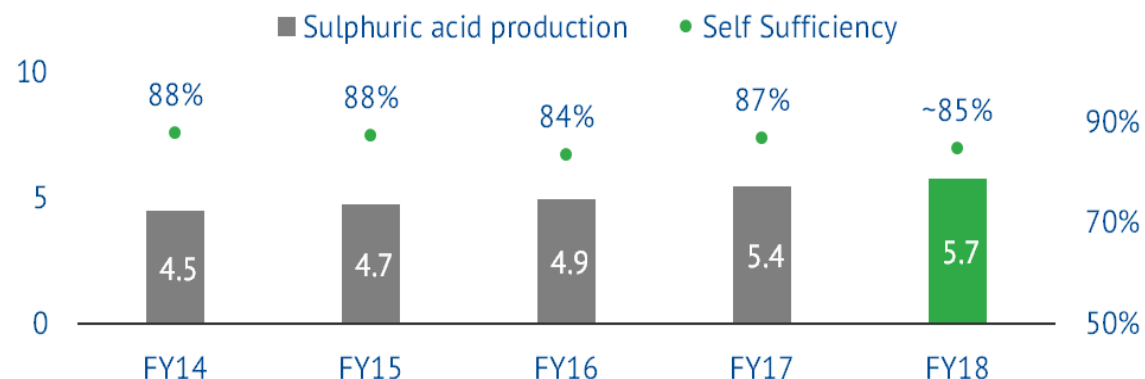
Phosphate rock production, mln t



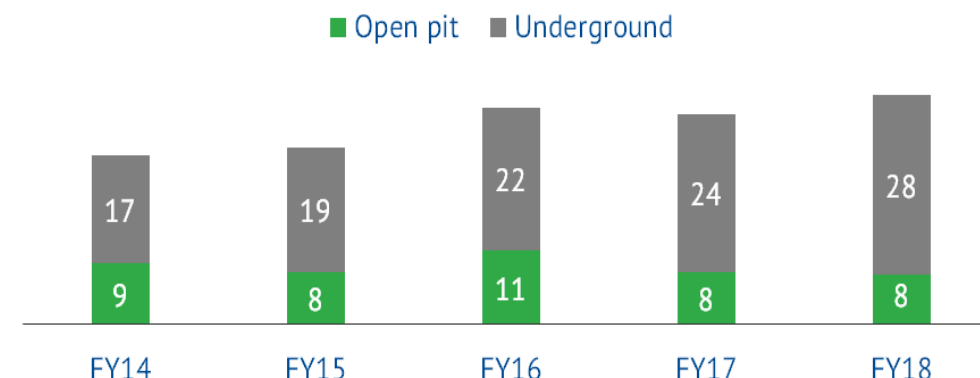
Ammonia production, mln t



Sulphuric acid production, mln t



Ore mining, mln t



Source: CRU, PhosAgro



Thank you!

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