

Presentation for  
1-on-1 meetings  
February 2020



Pure Minerals for Healthy Lives



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# PhosAgro at glance



# OVERVIEW

## Deposits lifetime

app. **60**  
years



## Global footprint

**100**  
countries



## Position in Russia

**#1**

By market share of  
DAP/MAP sales



For 2018

## Global position

**#4**

DAP/MAP/NPK/NPS capacities in mln t



## Dividend payout ratio

**67%**

of adj Net Income  
in FY19

## Investment grade ratings

**BBB-  
Baa3  
BBB-**

S&P global ratings  
Moody's  
Fitch ratings

## Fertilizer output

**9.5**  
mln t



FY2019

## Adj. EBITDA margin<sup>(2)</sup>

**30%**



As of 31/12/2019

## DAP cash cost

**1st**

quartile on the global  
cost curve



In 2019

## Product line

**>39**  
grades



## Company stocks

**LSE  
MOEX**

Since 2011  
Since 2011  
*Incl. in MSCI Russia*

## Employees

**17k**



As of 31/12/2019

## INED<sup>(6)</sup>

**7 out of 10**



## Sustainability rankings

MSCI – **BB**

SUSTAINALYTICS<sup>(9)</sup> – **54**



CDP – **C**

## Sustainable development goals

**10 out of 17**

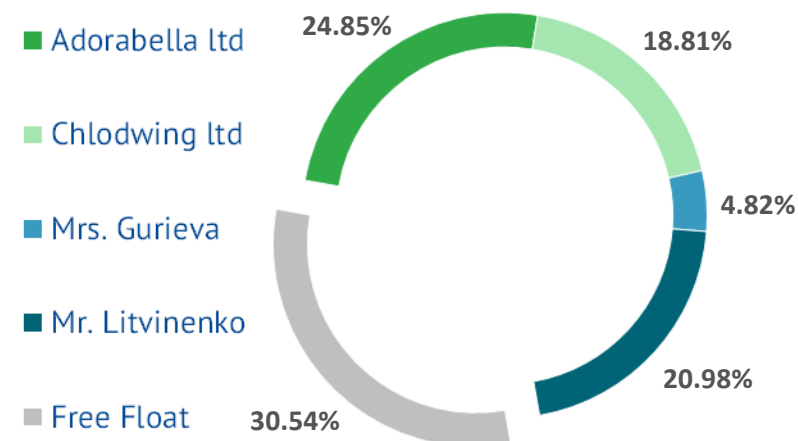
UN goals apply to PhosAgro



## Financial highlights

USD mln	2016	2017	2018	2019
Revenue	2 801	3 105	3 723	3 835
Adj. EBITDA <sup>(1)</sup>	1 080	870	1 195	1 168
Adj. EBITDA margin <sup>(2)</sup>	39%	28%	32%	30%
CFO <sup>(3)</sup>	751	514	952	1 106
FCF <sup>(4)</sup>	184	(75)	327	437
Net debt <sup>(5)</sup>	1 733	2 083	1 948	2 126
Net debt/ adj. EBITDA <sup>(7)</sup>	1.6x	2.4x	1.8x	1.7x

## Shareholder structure<sup>(8)</sup>, 31/12/2019



Source: Bloomberg, PhosAgro

(1) Adjusted EBITDA is defined as profit or loss for the period before finance income and finance costs, foreign exchange gain/loss, share of profit of associates, restructuring costs, income tax expense or benefit, depreciation, amortisation and impairment; (2) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue; (3) Cash flow from operating activities; (4) Free cash flow is defined as cash flow from operating activities less cash flow from investing activities; (5) Net debt is defined as total loans and borrowings, including lease liabilities, less cash and cash equivalents; (6) Independent non-executive directors; (7) ND to EBITDA calculated in Rubles, which can differ from ND to EBITDA calculated in USD on FX; (8) Based on information available to the Company the shares of Chlodwig Enterprises Limited and Adorabella Limited are held in trusts where the economic beneficiaries are Mr. Andrey Guryev and members of his family; (9) Average performer

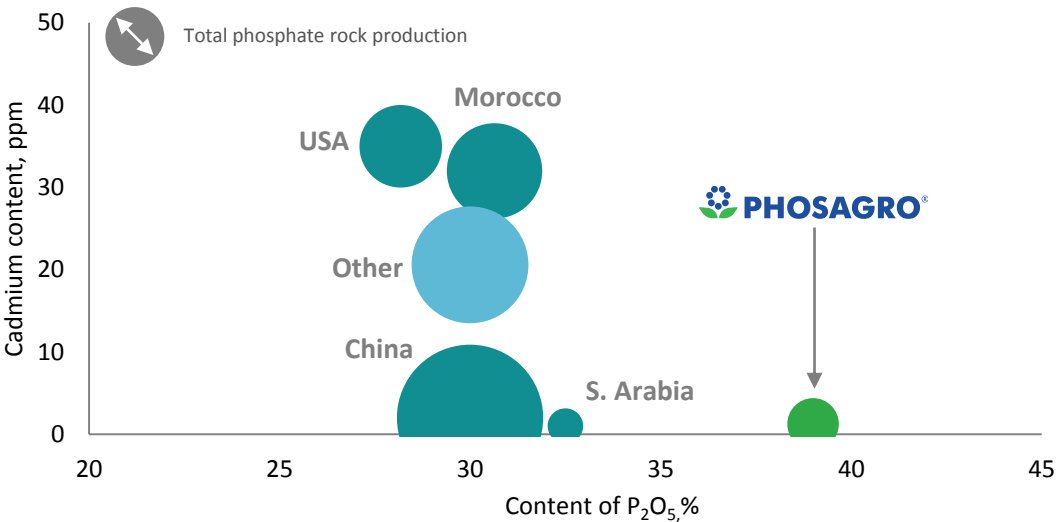
# #1 GLOBAL PRODUCER OF HIGH GRADE PHOSPHATE ROCK



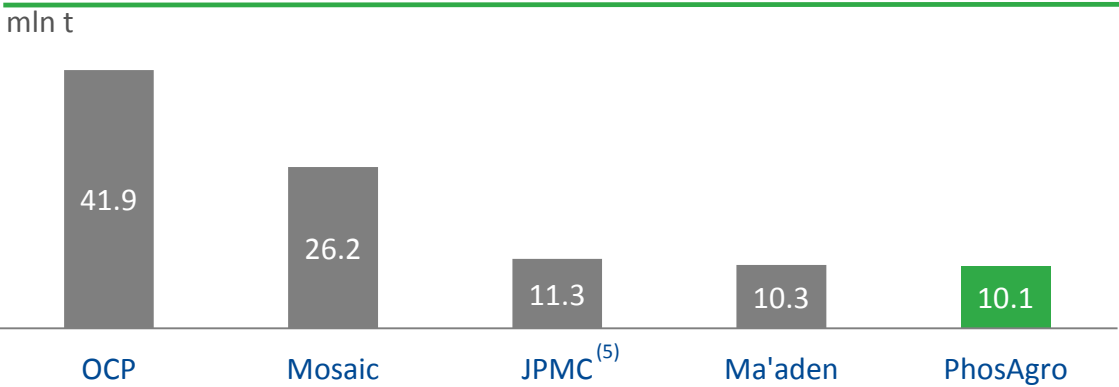
## Highlights

- PhosAgro is **the largest producer of high-grade phosphate rock** by production volume worldwide<sup>(1)</sup> and **#4 global producer of phosphate fertilizers** by nameplate capacity
- The Company is exceptionally positioned among competitors due to high quality ore reserve base:
  - **High grade phosphate rock** with  $P_2O_5$  content level in excess of 39% allows the Company to be one of most effective producers in the industry
  - **Low content levels of hazardous metals** (such as cadmium) secures PhosAgro's competitive advantage against its peers
  - Approximately **60 years lifetime** of existing resource base: 2.3 bln t of resources and 1.3 bln t of reserves<sup>(2)</sup> of apatite nepheline

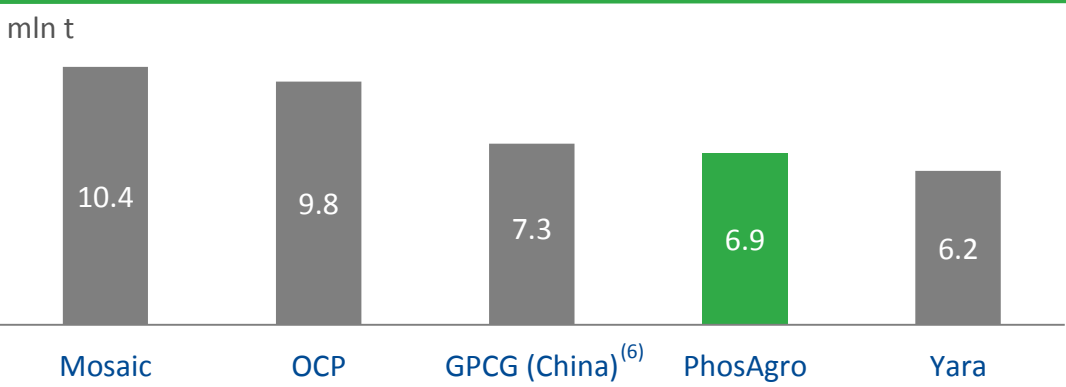
## Phosphate fertiliser universe<sup>(4)</sup>



## Global phosphate rock producers by capacity excl. China<sup>(4)</sup>



## Global phosphate fertilizers<sup>(3)</sup> producers by capacity<sup>(4)</sup>



Source: Fertecon, CRU, Company data

(1) Defined as phosphate rock with  $P_2O_5$  content of not less than 35.7 per cent. by production volume worldwide, according to the IFA  
(2) In accordance with JORC code (01.01.2018), measured by SPK Consulting  
(3) Includes DAP/MAP/NPS/NPK

(4) As of 31/12/2018  
(5) Jordan Phosphate Mines Company  
(6) Guizhou Phosphate Chemical Group (Kailin+Wengfu)

# PHOSAGRO ASSETS



## Mining capacities<sup>(4)</sup>

Kirovsk Branch of Apatit<sup>(3)</sup> (Kirovsk)

<b>37</b> mln t	Ore mining	<b>10.5</b> mln t	phosphate rock production
<b>2.3</b> bln t	Total resources	<b>39%</b>	Content of P <sub>2</sub> O <sub>5</sub>

## Production capacities<sup>(4)</sup>

Metachem (Volkhov)

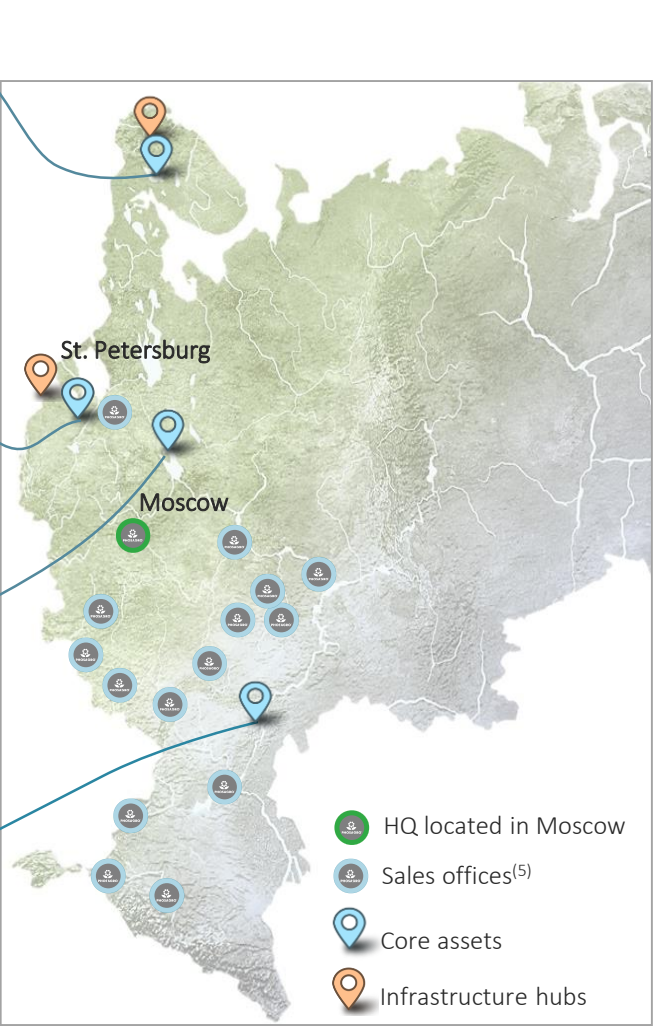
<b>0.2</b> mln t	NPK(S)	<b>0.3</b> mln t	Sulphuric acid
<b>0.1</b> mln t	STPP	<b>100</b> Kt P <sub>2</sub> O <sub>5</sub>	Phosphoric acid

Apatit (Cherepovets)

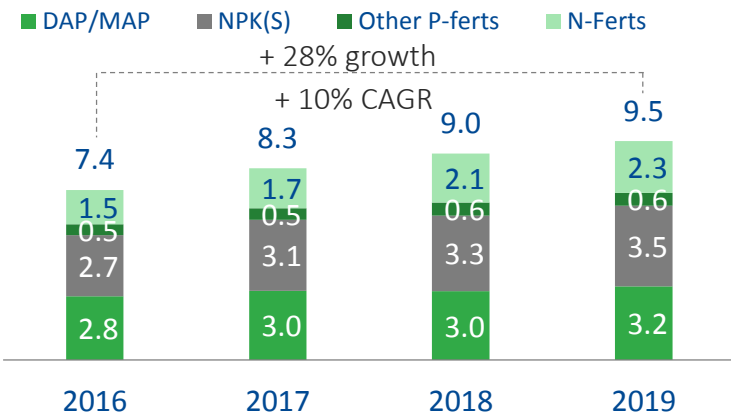
<b>4.8</b> mln t	MAP/DAP/NPK(S)	<b>0.6</b> mln t	AN/AN-based
<b>1.6</b> mln t	Urea	<b>1.9</b> mln t	Ammonia

Balakovo branch of Apatit (Balakovo)

<b>1.8</b> mln t	MAP/DAP/NPK	<b>0.4</b> mln t	MCP
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## Fertilizer production, mln t



## Sales

### Domestic distribution network

<b>17</b>	Sales offices	<b>8.9k</b>	Railcars of different configurations
<b>27</b>	Logistics distribution centers	<b>67</b>	Regions supplied by PhosAgro

### International offices

<b>10</b>	International sales offices	<b>+100</b>	Countries supplied by PhosAgro
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Source: PhosAgro

(1) Includes NPK, NPS and PKS

(2) Includes APP and MCP

(3) Joint Stock Company "Apatit" is the Initial guarantor of the potential loan issued

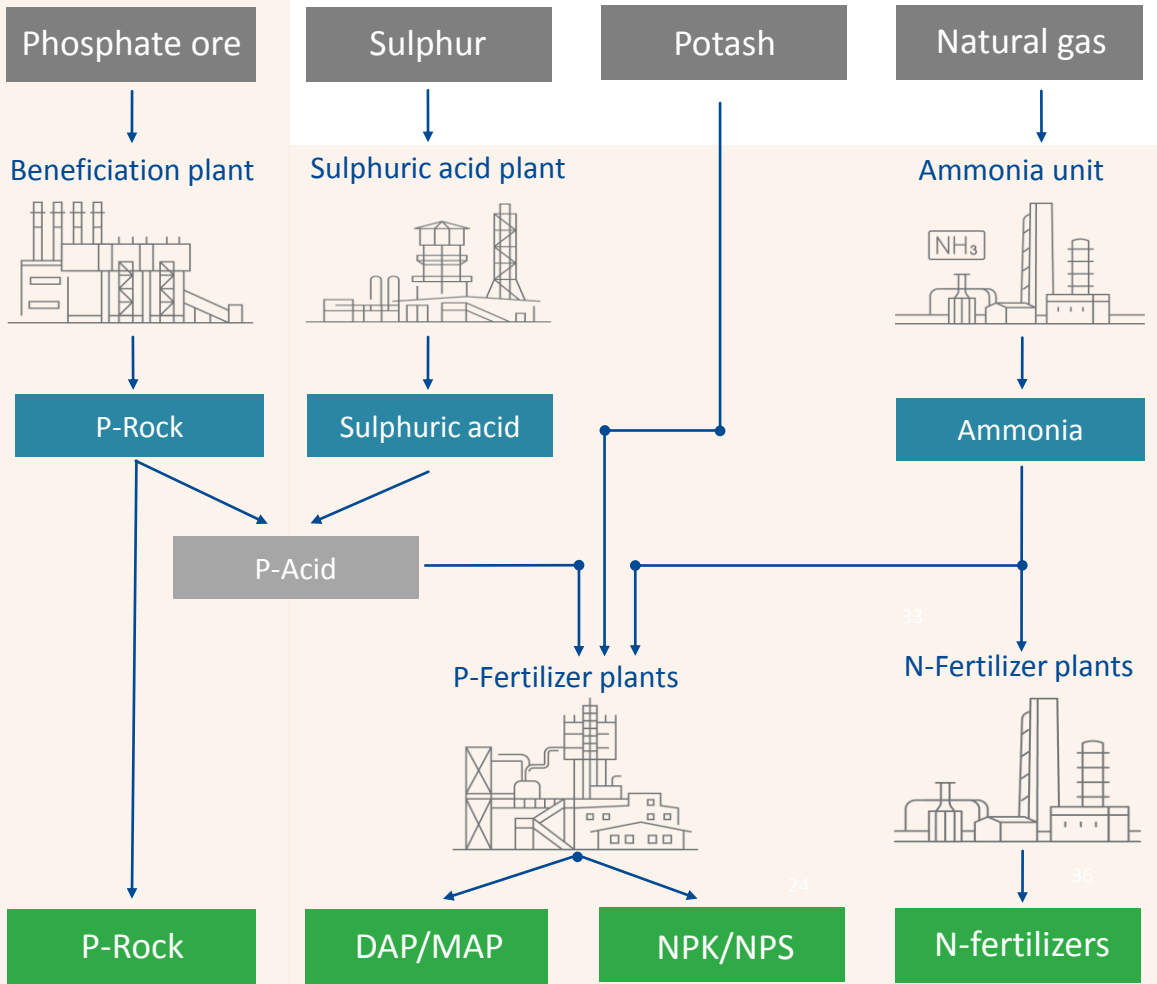
(4) As of 31/12/2019

(5) Other offices are located in Novosibirsk, Krasnoyarsk and Vladivostok

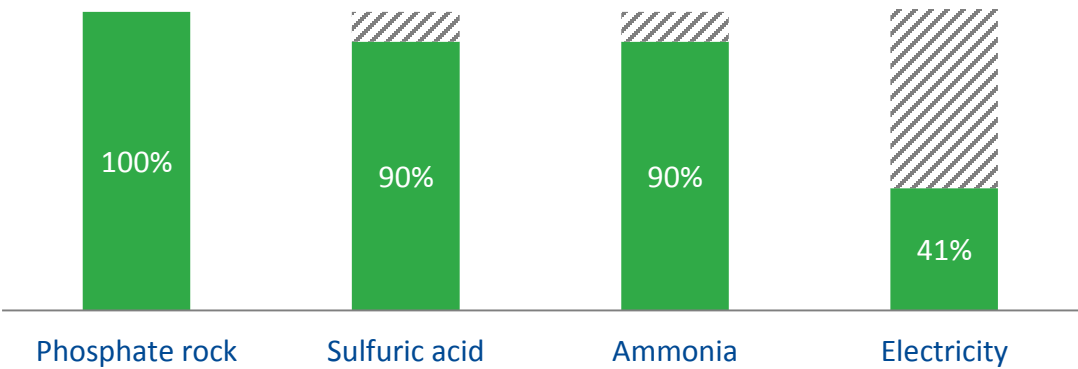
# VERTICAL INTEGRATION AS A KEY ADVANTAGE



Operational structure  PhosAgro perimeter



Self-sufficiency as of 30/09/2019



Mining operations

**80%**  
underground

**20%**  
open pit

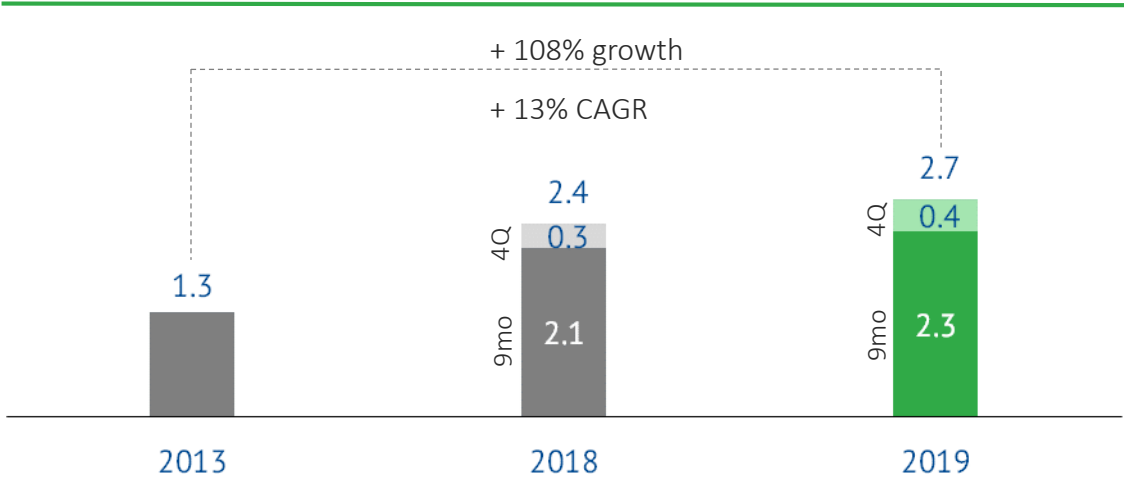


Source: CRU, PhosAgro

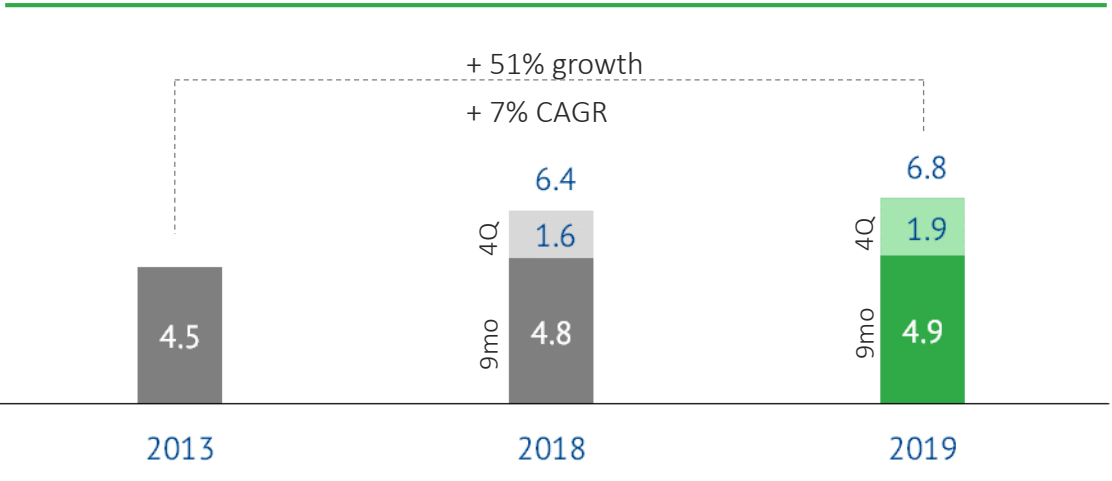
# GLOBAL FOOTPRINT WITH DIVERSIFIED PRODUCT PORTFOLIO



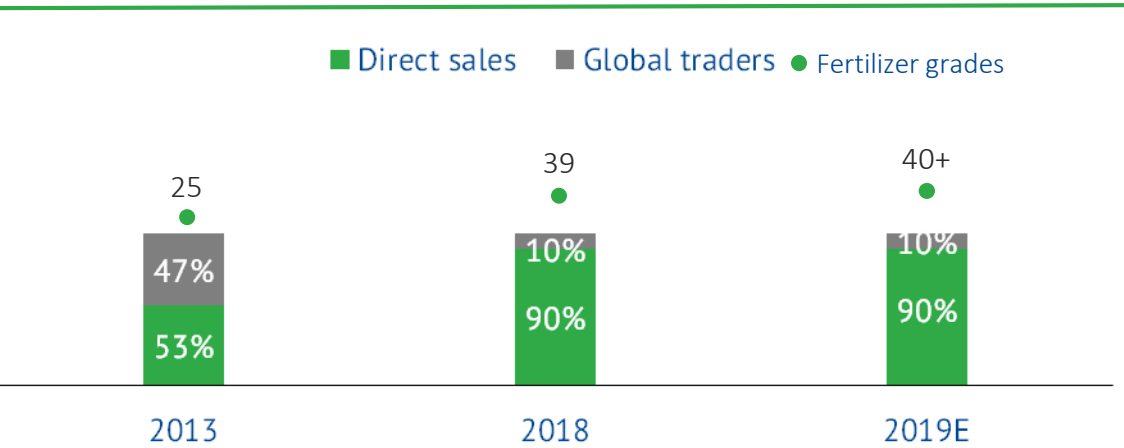
Russia fertilizer sales, mln t



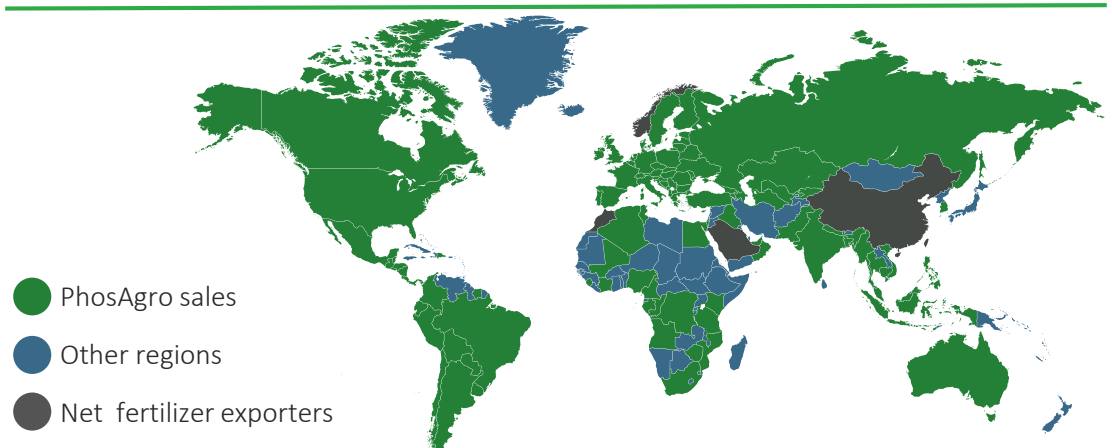
Export fertilizer sales, mln t



Access to markets



Global footprint



Source: PhosAgro










# CORPORATE GOVERNANCE






## BOARD OF DIRECTORS

### Independent Directors

- **Xavier Robert Rolet KBE**  
Chairman
- **Irina Bokova**  
Chairman of the Sustainable Development Committee
- **Sven Ombudstvedt**  
Chairman of the Strategy Committee//  
Chairman of the Risk management Committee
- **James Rogers**  
Chairman of the Remuneration and HR Committee
- **Marcus Rhodes**  
Chairman of the Audit Committee
- **Andrey Sharonov**  
Non-Executive Director
- **Natalia Pashkevich**  
Non-Executive Director

### Executive Directors

- **Andrey G Guryev**  
Deputy Chairman
- **Andrey A Guryev**  
Chief Executive Officer
- **Mikhail Rybnikov**  
Chairman of the Environmental, Health and Safety Committee

## EXPERIENCE



## HIGHLIGHTS

**10**  
DIRECTORS

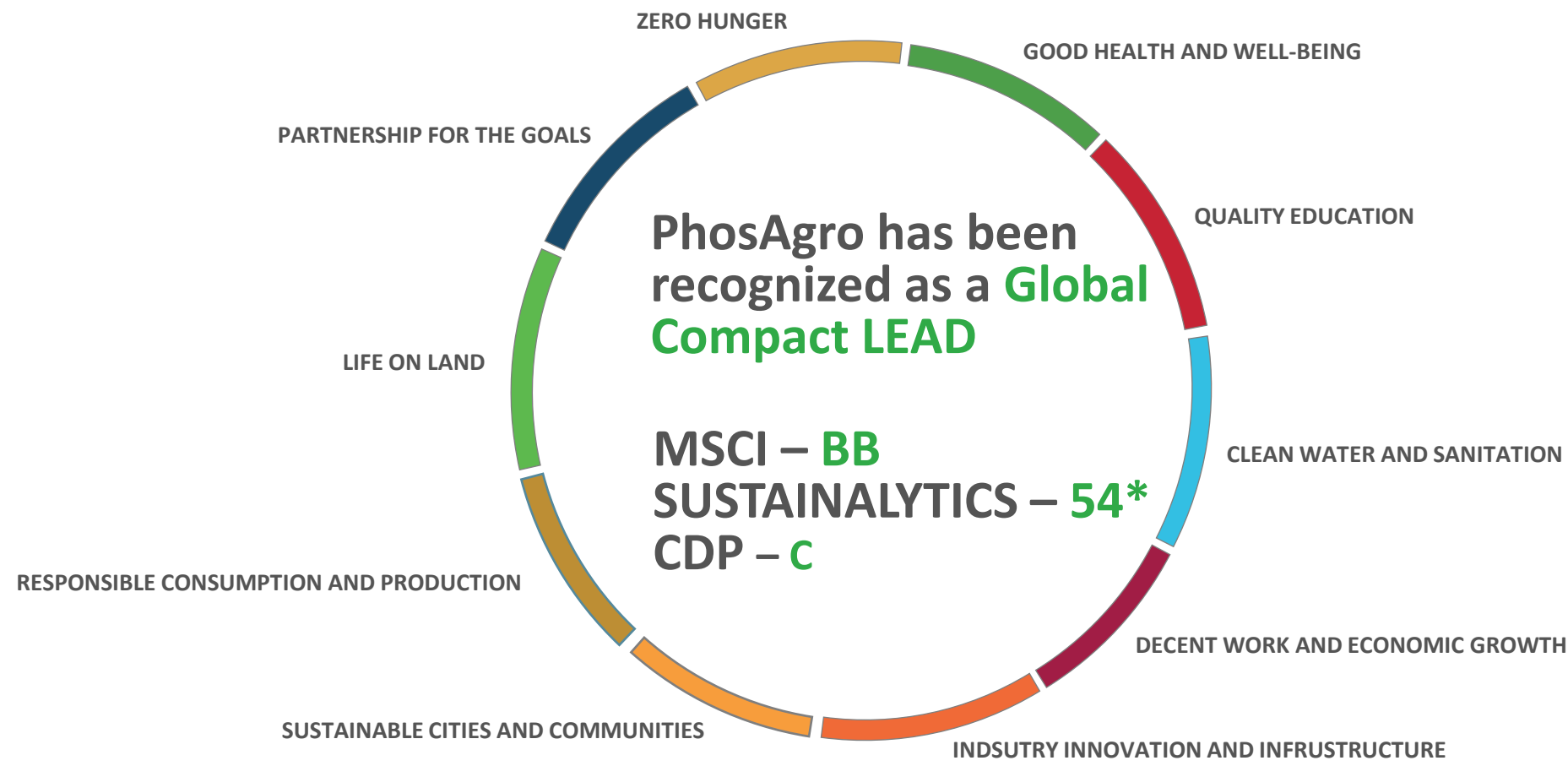
**7**  
INED

**6**  
COMMITTEES

**5**  
COMMITTEES ARE  
CHAired BY INED

NEW **SUSTAINABLE DEVELOPMENT COMMITTEE**  
WAS ESTABLISHED AND CHAired BY  
**IRINA BOKOVA**

# ESG & UN PRINCIPLES - PART OF OUR STRATEGY



Source: PhosAgro  
\* Average performer

## Environment

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1. Air emissions **reduction by 10%** to 1.45 kg/ton
2. Water pollution **reduction by 20%** to 7.4 m3/ton
3. **Reduction of CO2 emissions by 10%** to 218 kg in CO2/ton
4. **Increase** waste recycling and disposal processes **to 40%** from 27% in 2018

## Health & Safety

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1. **Zero** fatal injuries
2. **Zero** tolerance to accidents
3. LTIFR **reduction by 15%** to 0.19

## Social

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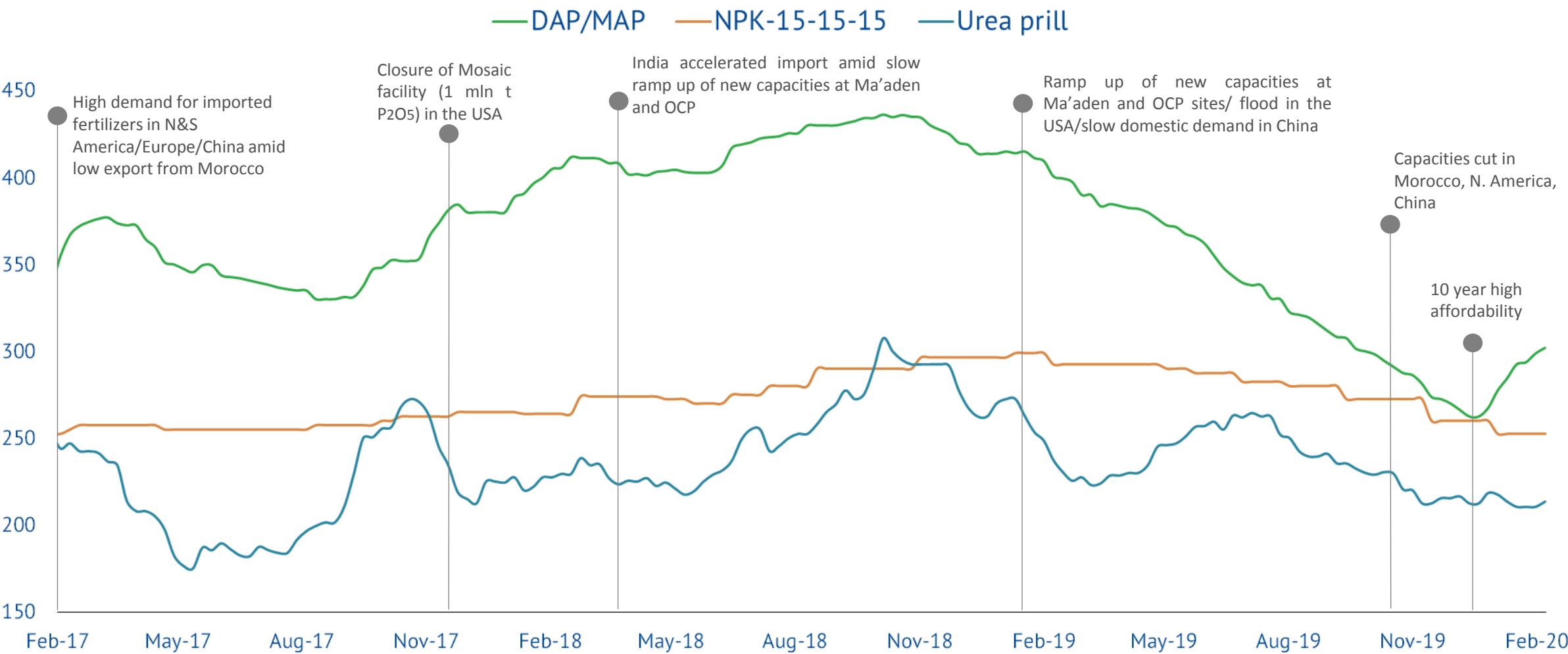
1. **Increase** employee loyalty and satisfaction index from 62% **to 75%**
2. **Increase** the average annual number of education hours per employee **by 50%** to 123 to increase work efficiency
3. **Increase** investments in health and wellbeing programs per employee **by 40%**





# Fertilizer Industry

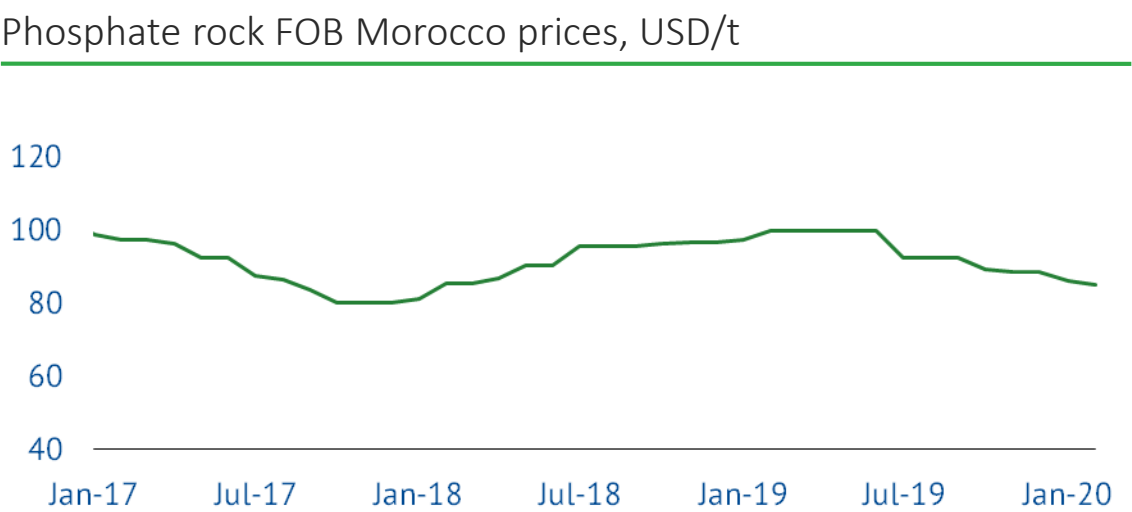
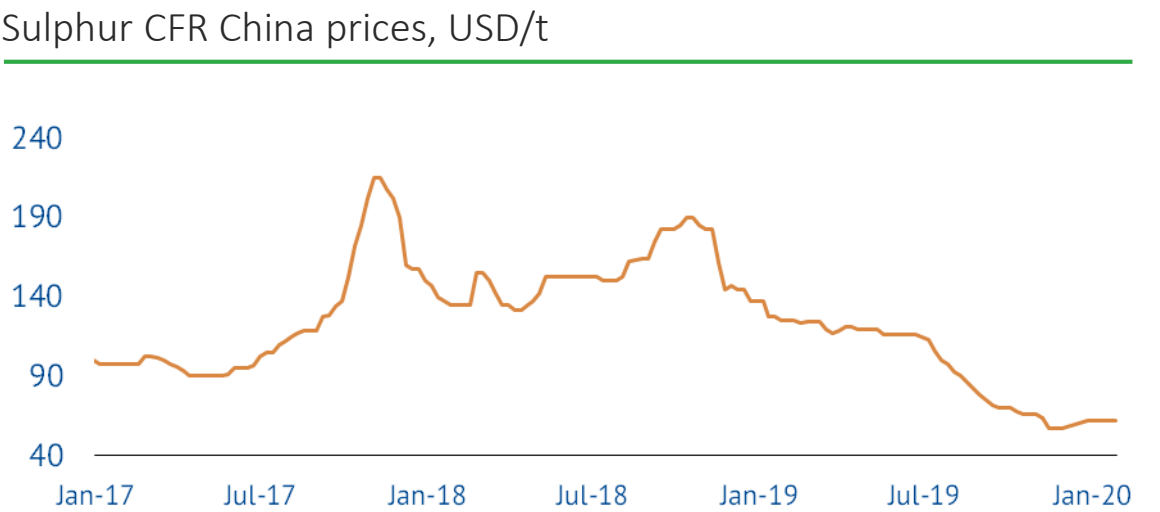
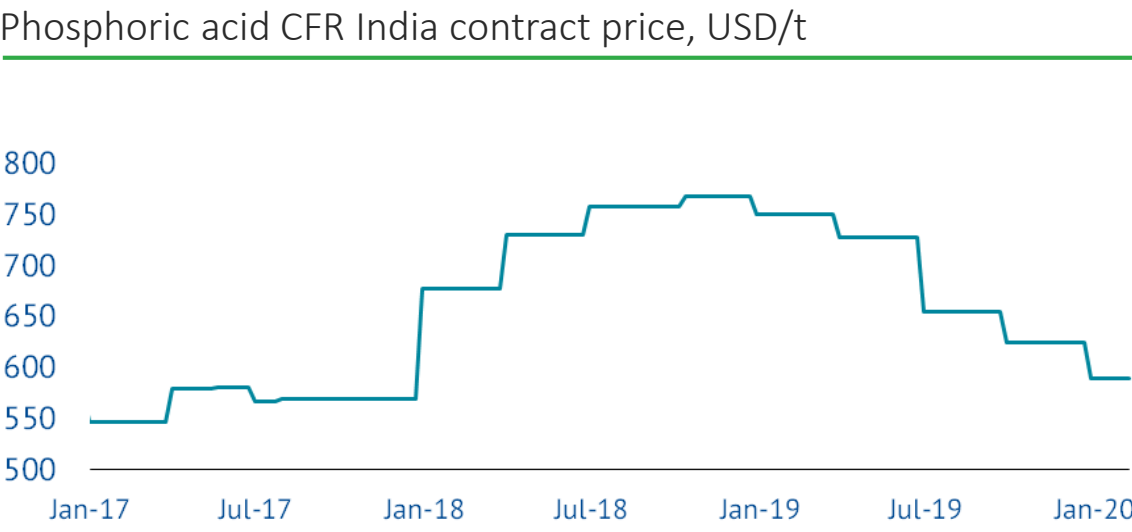
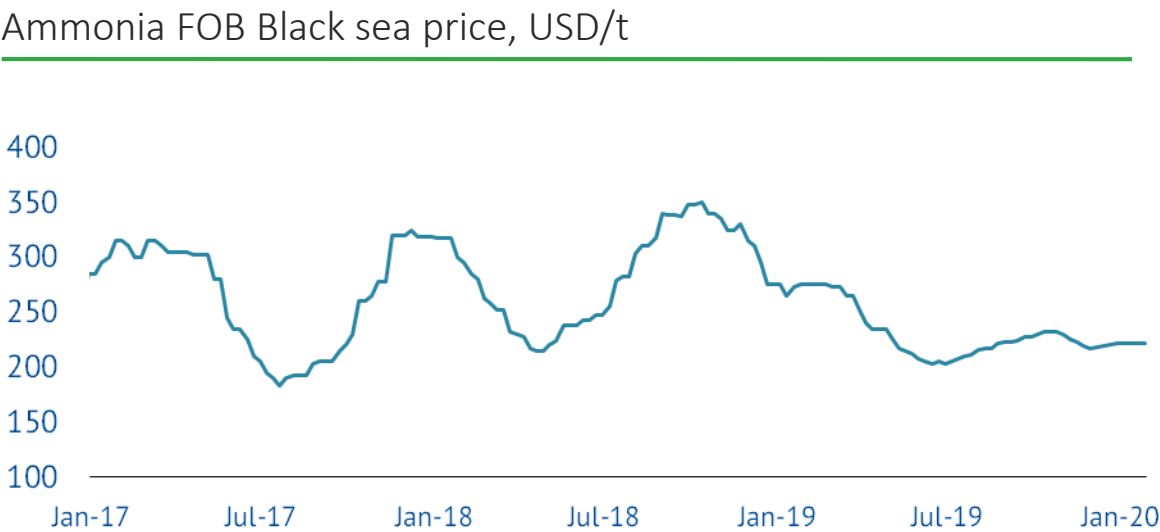
# FERTILIZER PRICE PERFORMANCE, FOB BALTICS (USD/T)



Source: CRU/FW, Fertecon, Argus, Green Markets, Prophecy, PhosAgro



# FEEDSTOCK PRICES



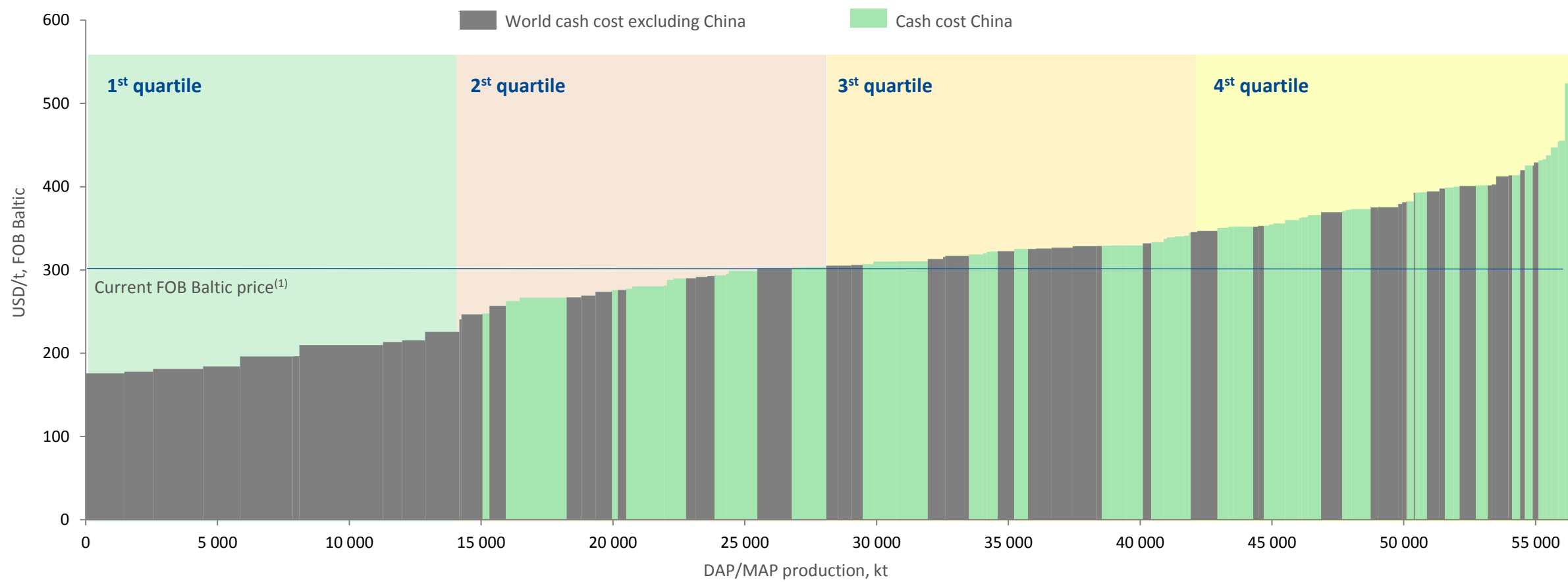
Source: CRU, PhosAgro



# GLOBAL DAP/MAP CASH COST, USD/t, FOB



PhosAgro remains in the **1<sup>st</sup> quartile** of world DAP / MAP producers in **2019** by expected **cash cost**. The difference with the lowest cost producers from the North Africa and the Middle East is within USD10-20/t



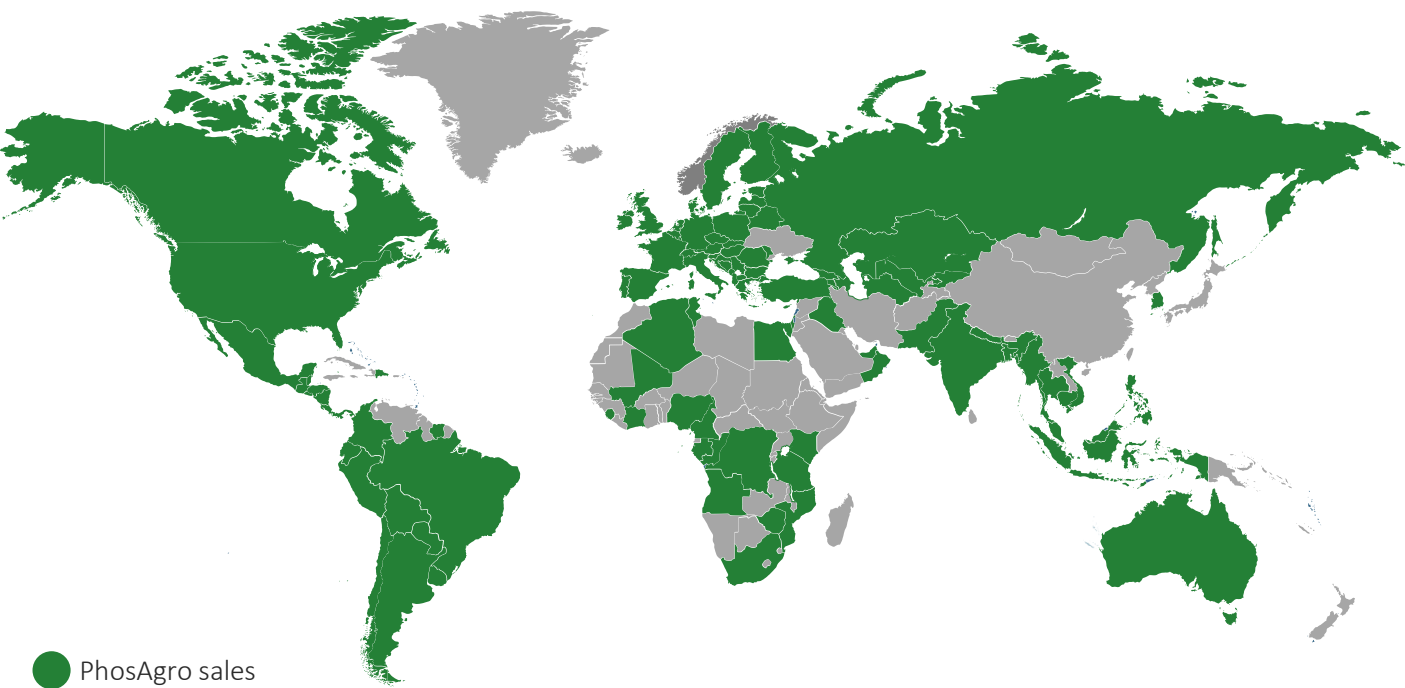
Source: CRU/FW, Fertecon, Argus, Green Markets, Prophecy, PhosAgro  
(1) As of January 2019

# PREMIUM MARKET EXPANSION



## Key markets

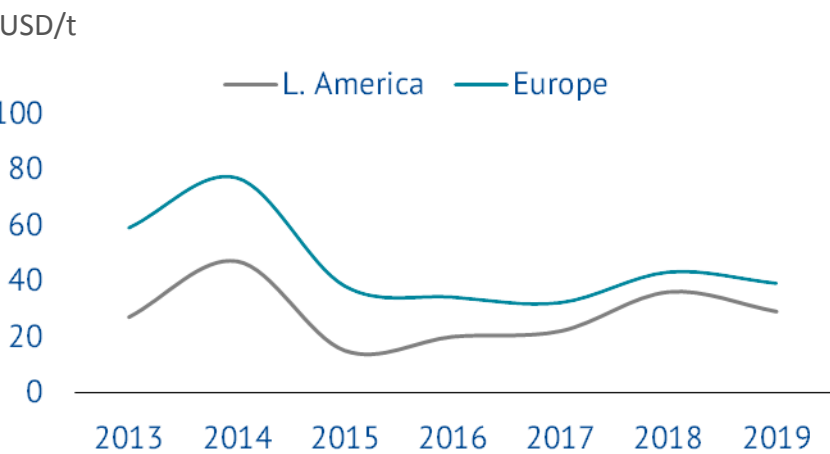
PhosAgro operates in +100 countries, but Russia, North and South America and Europe are the target markets, as they account for ~40% and ~50% shares on global production and global trade of soybeans, corn and wheat



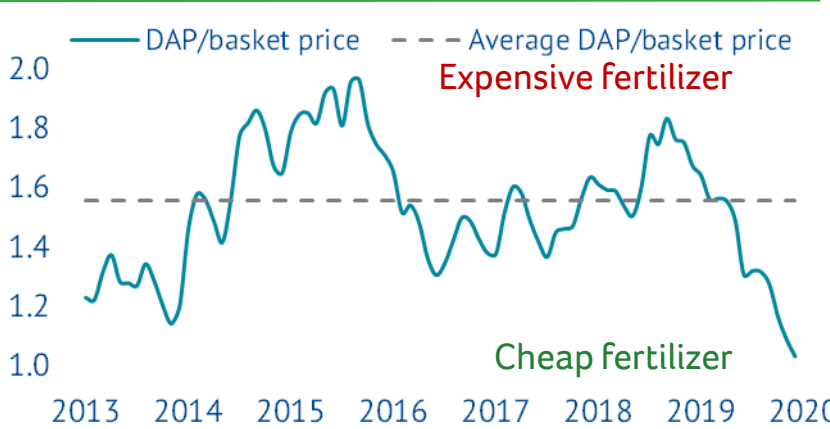
	North America	South America	Europe	Russia
Share in PhosAgro revenue <sup>(1)</sup>	8%	15%	30%	33%
Market share in phosphate fertilizers <sup>(1,2)</sup>	18%	11%	15%	67%

Source: Argus, Fertecon, CRU, PhosAgro  
 (1) Shares in revenue and market shares are based on 2019 data  
 (2) Phosphate fertilizers include DAP/MAP/NPK(S). Market shares in North and South America and Europe are represented by shares in import markets of corresponding regions

## Premium to Indian netback prices, FOB Baltic



## DAP/Crops basket price affordability, x



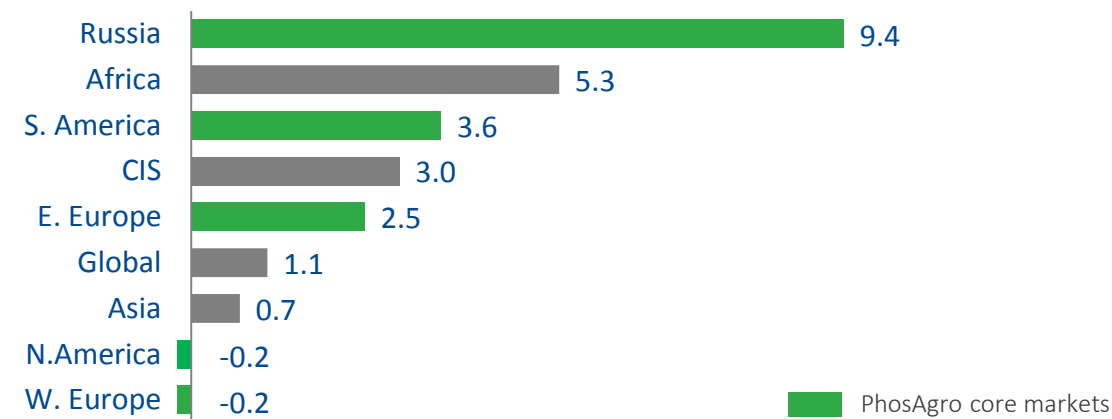
# PHOSPHATE FERTILIZERS: DEMAND AND SUPPLY STRUCTURE



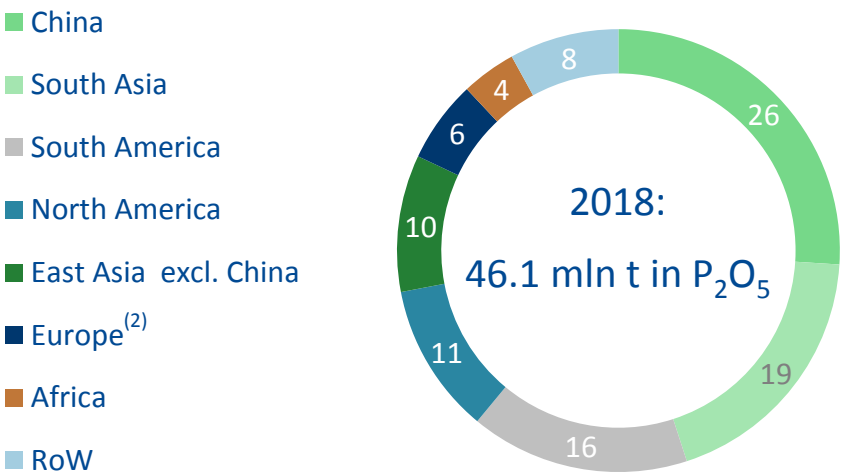
## Highlights

- For 2016-2018 global markets showed mixed fertilizers demand growth rates. Russia demonstrated the highest result– 9.4% versus global 1.1% increase
- For the next 30 years, global population is expected to grow from current 7 bln to around 10 bln, according to UN. Drivers for the increasing food demand are changes in diet, alternative uses of crops (e.g. bioethanol), as well as farmers striving to increase their crop yield because of limited land suitable for cultivation
- In recent years several fertilizer production facilities were closed/cut globally: Mosaic (1.8 mln t Plant City plant, Florida; 0.5 mln t Louisiana facilities), Nutrien (0.7 mln t Redwater, Canada), Chinese GPCG<sup>(1)</sup> (0.7 mln t) and Sinochem (1.9 mln t), as well as Moroccan OCP (0.5 mln t)

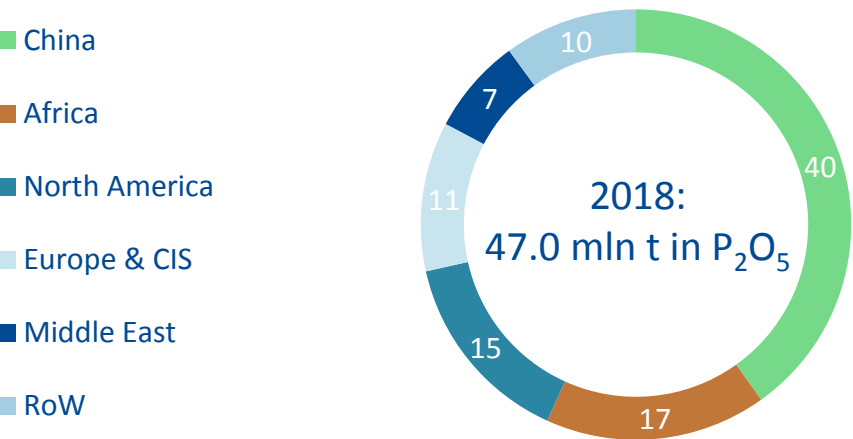
## Phosphate fertilizers demand CAGR over 2016-2018, %



## Phosphates fertilizers consumption by regions, %



## Phosphate fertilizers production<sup>(3)</sup> by regions, %



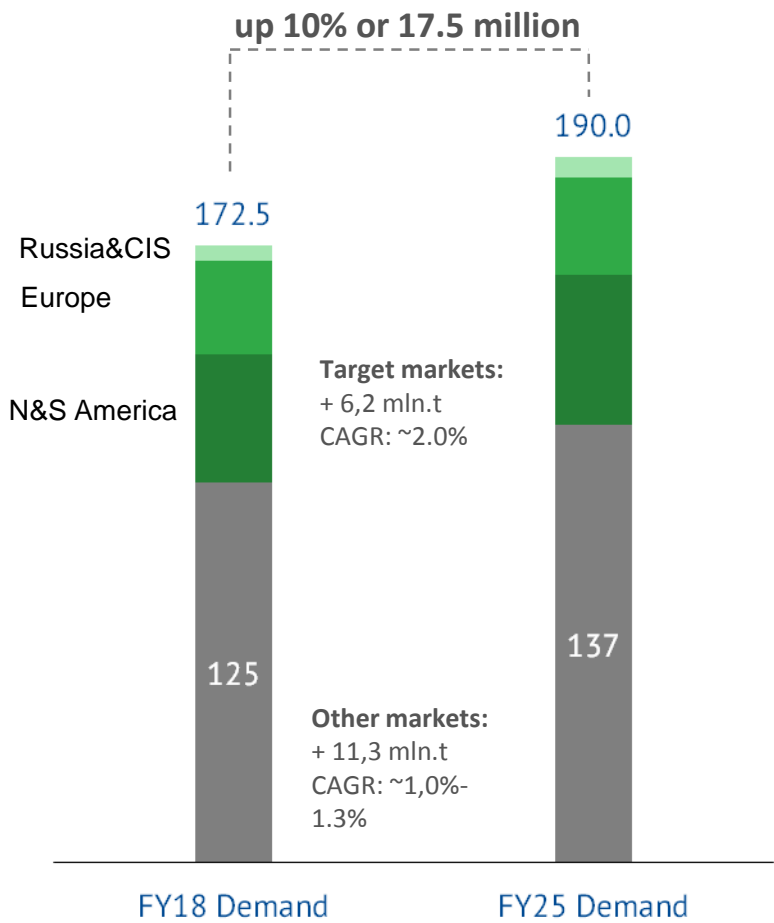
Source: Fertecon, UN, IFA, PhosAgro  
(1) Guizhou Phosphate Chemical Group (Kailin+Wengfu)  
(2) Includes West and Central Europe  
(3) In terms of phosphoric acid production



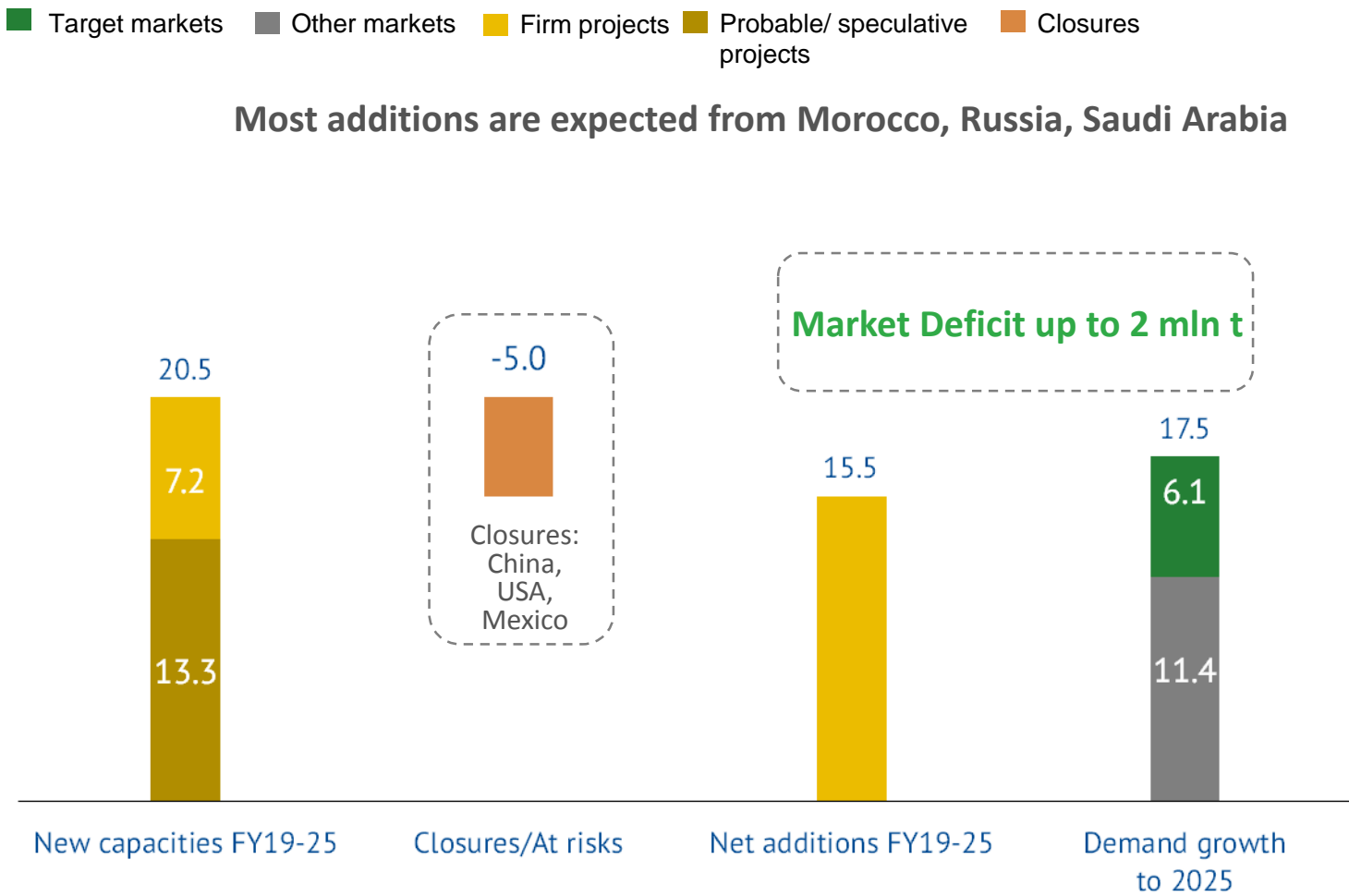
# GLOBAL P-FERTILIZER MARKET: DEMAND IS GROWING FASTER THAN SUPPLY



P-fertilizers demand, mln t



P-fertilizers supply growth vs demand growth, mln t

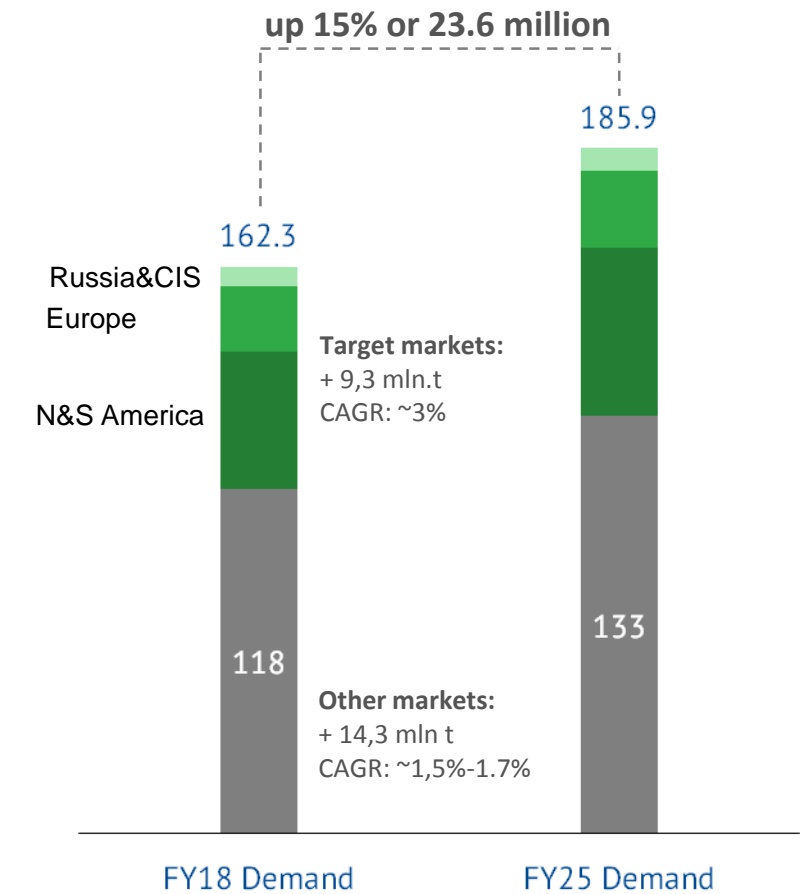


Source: CRU, Companies, PhosAgro  
Note: P-fertilizers include DAP/MAP/NP/NPS/NPK

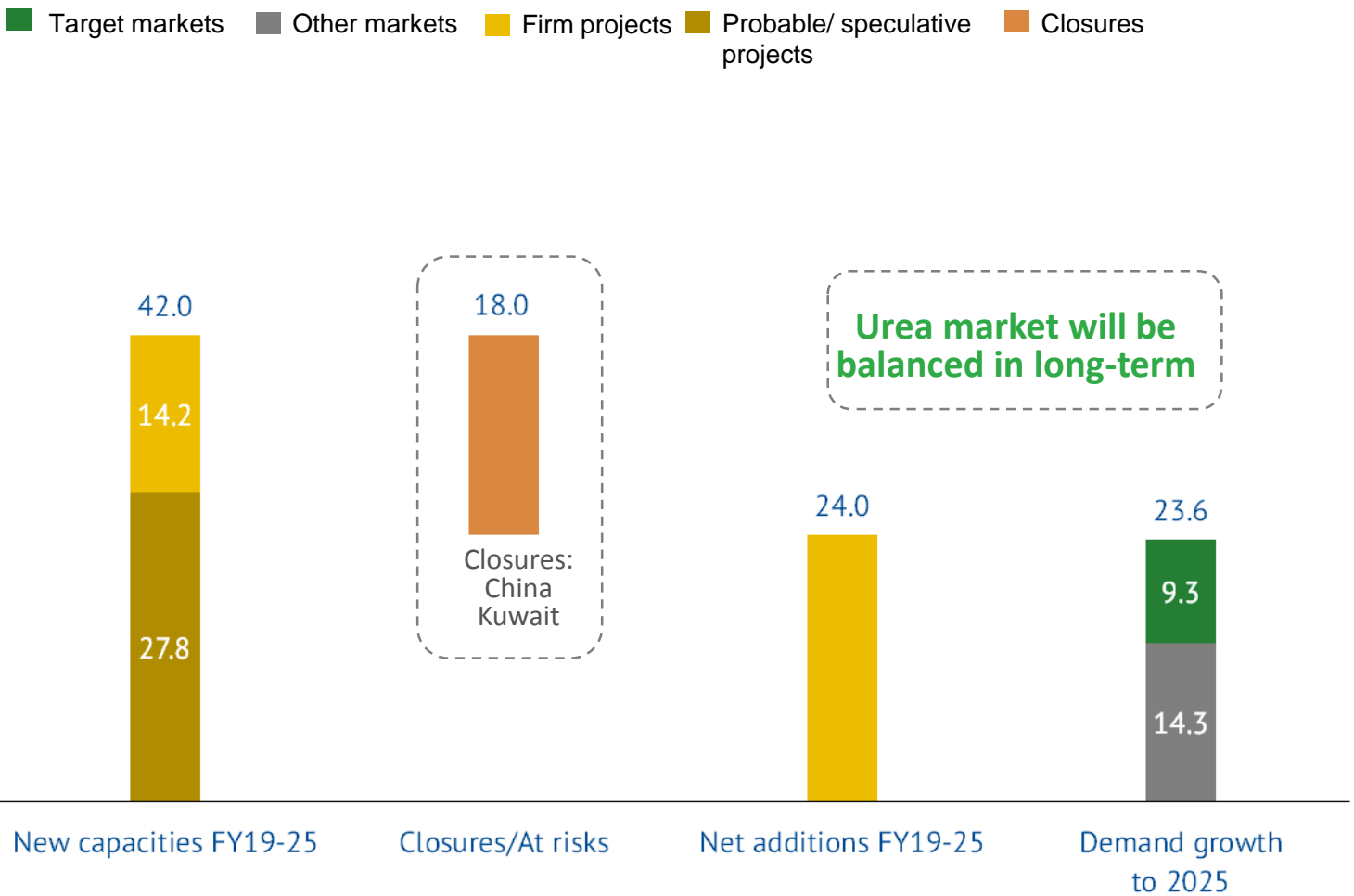
# GLOBAL UREA MARKET: LONG-TERM BALANCE EXPECTED



Urea demand, mln t



Urea supply growth vs demand growth, mln t



Source: CRU, Companies Data





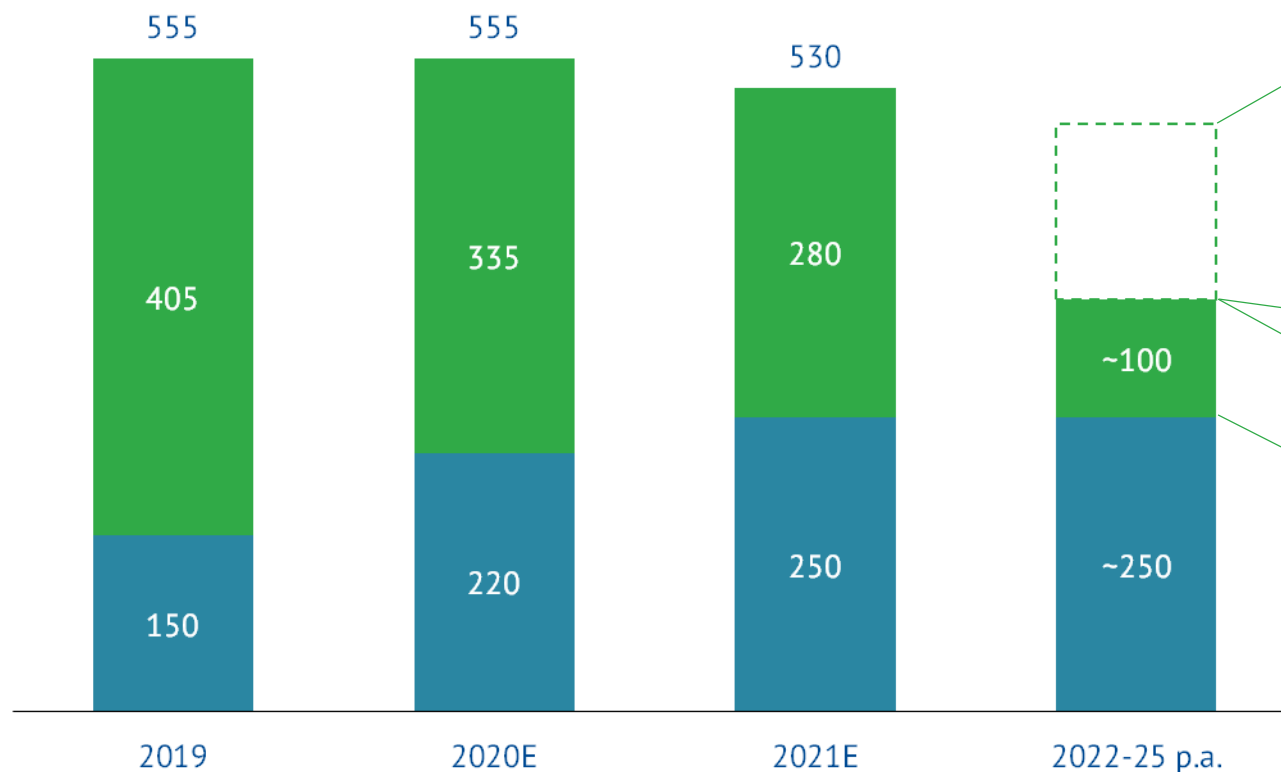
# Strategic Developments



# INVESTMENT PROGRAM 2019-2025

CapEx allocation\*, USD mln

- Investment projects
- Stay-in-business projects



## Investment projects

- Investment projects CapEx 2019-2025: USD 1.1 bln
- Stay-in-business CapEx 2019-2025: USD 1.7 bln
- Effect on EBITDA\*\*\*: USD 450+ mln
- Projected IRR\*\*: 20%+ at WACC 11%

Potential projects under consideration, complying with company investment principles:

- IRR 20+%
- Substantial synergies to business model
- ESG principles compliance, etc.

Committed investment projects for 2022-2025

Source: PhosAgro

\* CapEx calculated at RUB65/USD

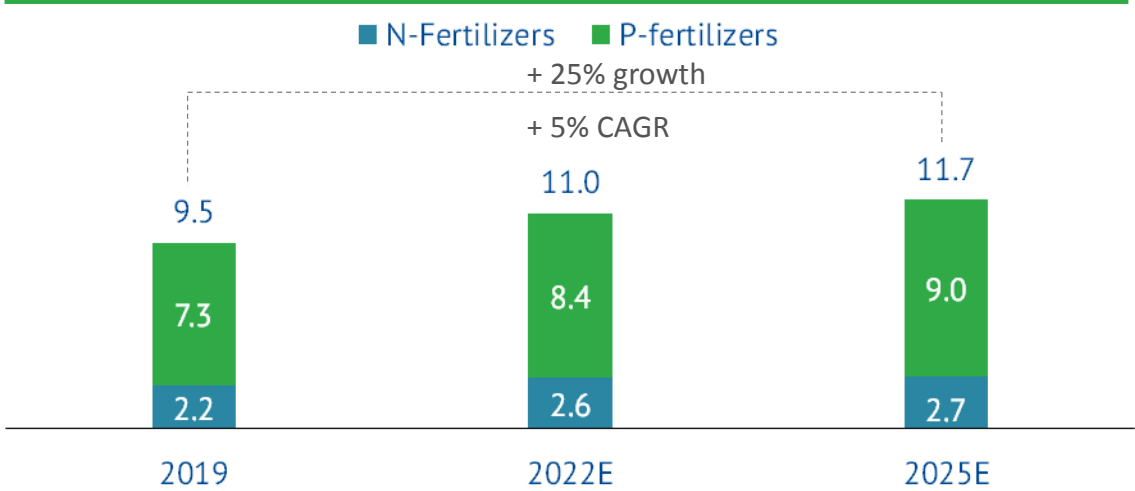
\*\*IRR calculated for investment projects, including new capacities and plants' upgrade

\*\*\* Subject to macro condition changes

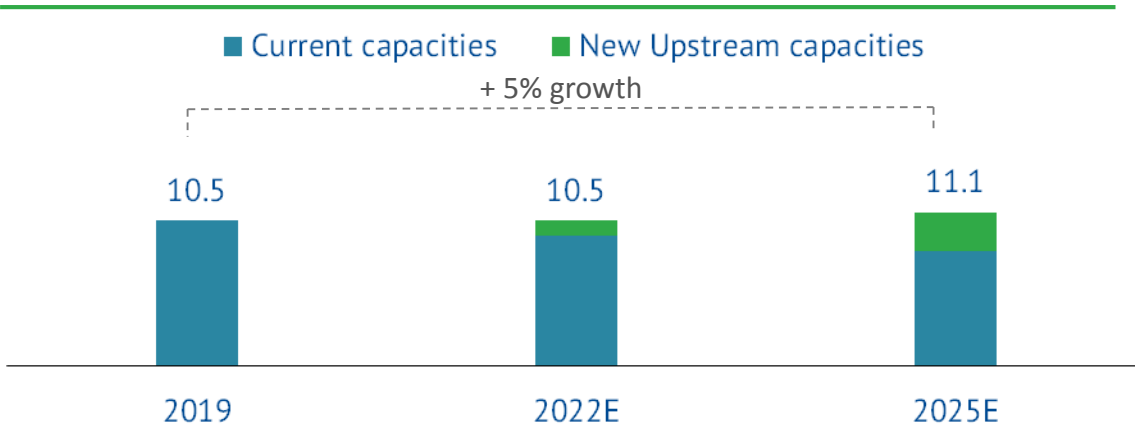
# PRODUCTION GUIDANCE 2019-2025



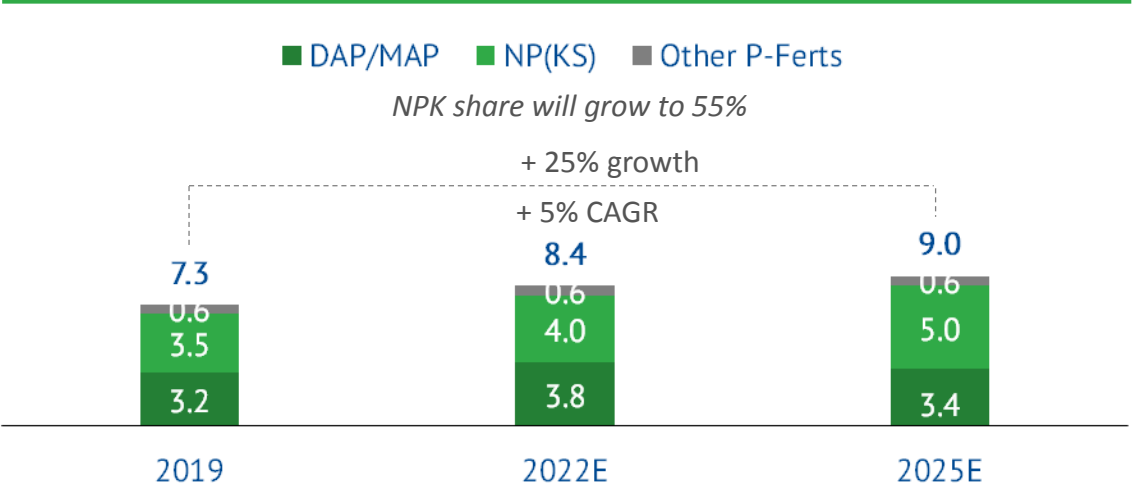
Fertilizer production outlook, mln t



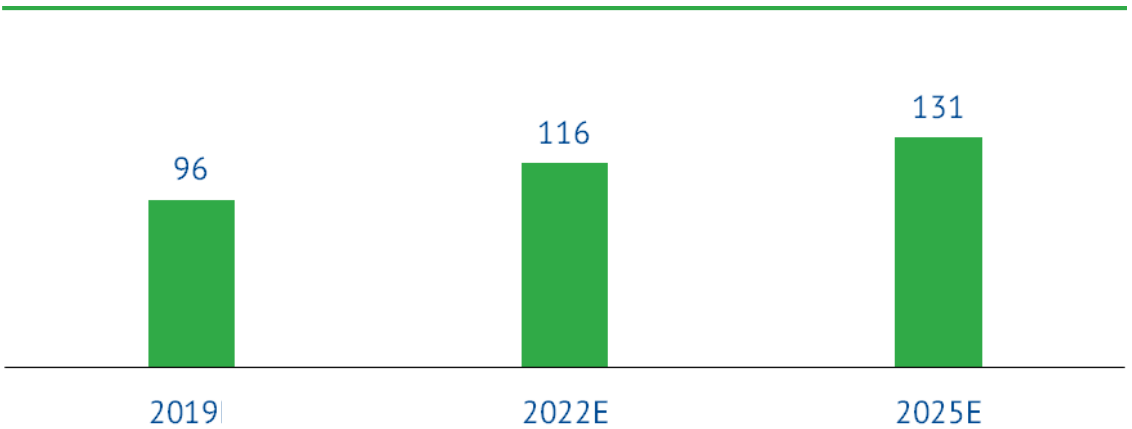
Phosphate rock output, mln t



Phosphate fertilizer production, mln t



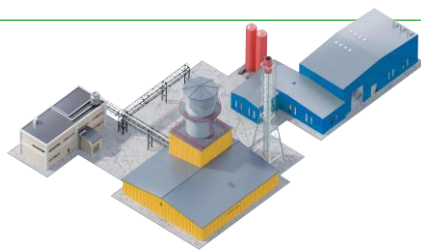
Processing margin\*, USD/ t of Ph-rock



Source: PhosAgro  
\*additional margin, that company expected to get from processing of Phrock into Fertilizers instead of selling it to 3<sup>rd</sup> parties.  
"E" stands for Expected by Management team

# ASSET DEVELOPMENT PIPELINE

PROJECT	MAP CAPACITES	NPK/NPS LINE	CHEREPOVETS CAPACITIES
TARGET	MAP for export markets	NPK(S) for domestic and European markets	Debottlenecking initiatives
SITE	Metachem	Balakovo	Cherepovets
COMMISSIONING	2021	2022	2019-20
DESIGNED CAPACITY	0.86 mtpa	1.7 mtpa	Various targets
CAPEX	USD 430 mln	USD 240 mln	USD 389 mln
EBITDA	USD 90+ mln	USD 50+ mln	USD 60+ mln
WACC	11%	11%	11%
NPV	USD 173 mln	USD 143 mln	USD 265 mln
IRR	20%	20%	20+%





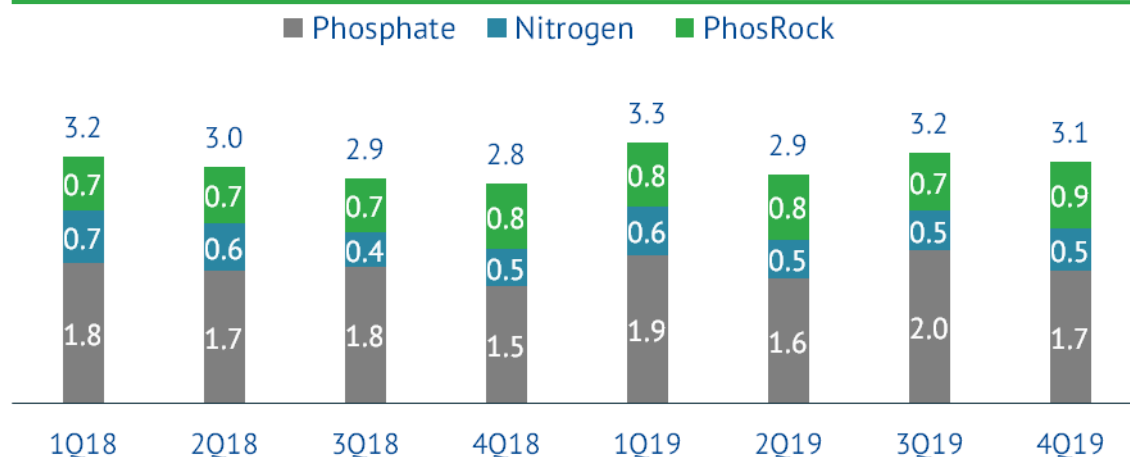


# Financial review



# REVENUE BREAKDOWN

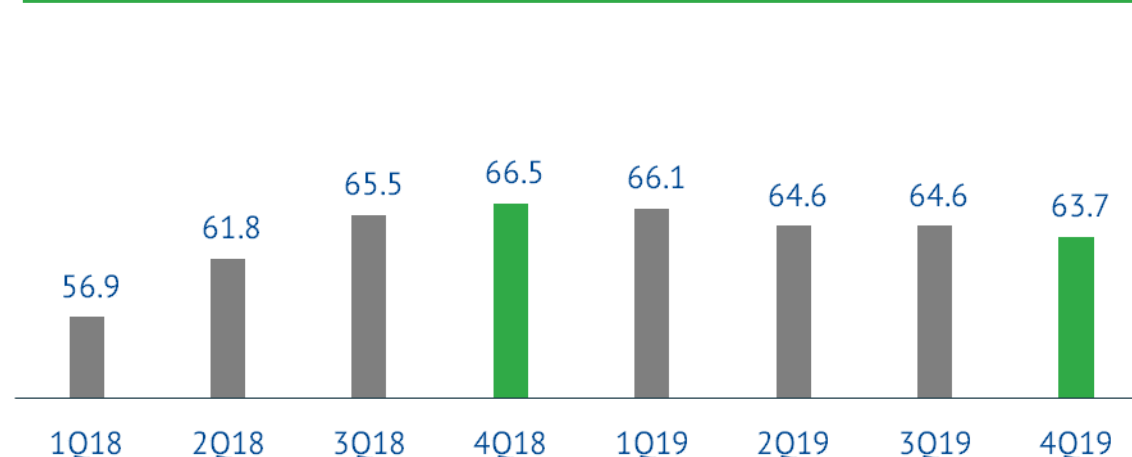
Sales breakdown, mln tonnes



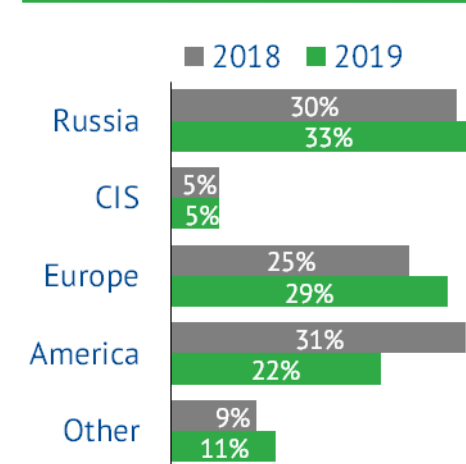
Revenue dynamics, RUB bln



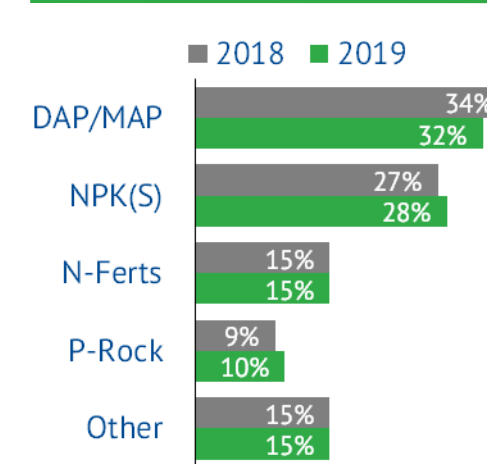
FX rates, RUB/USD



Revenue by region, %



Revenue by product, %

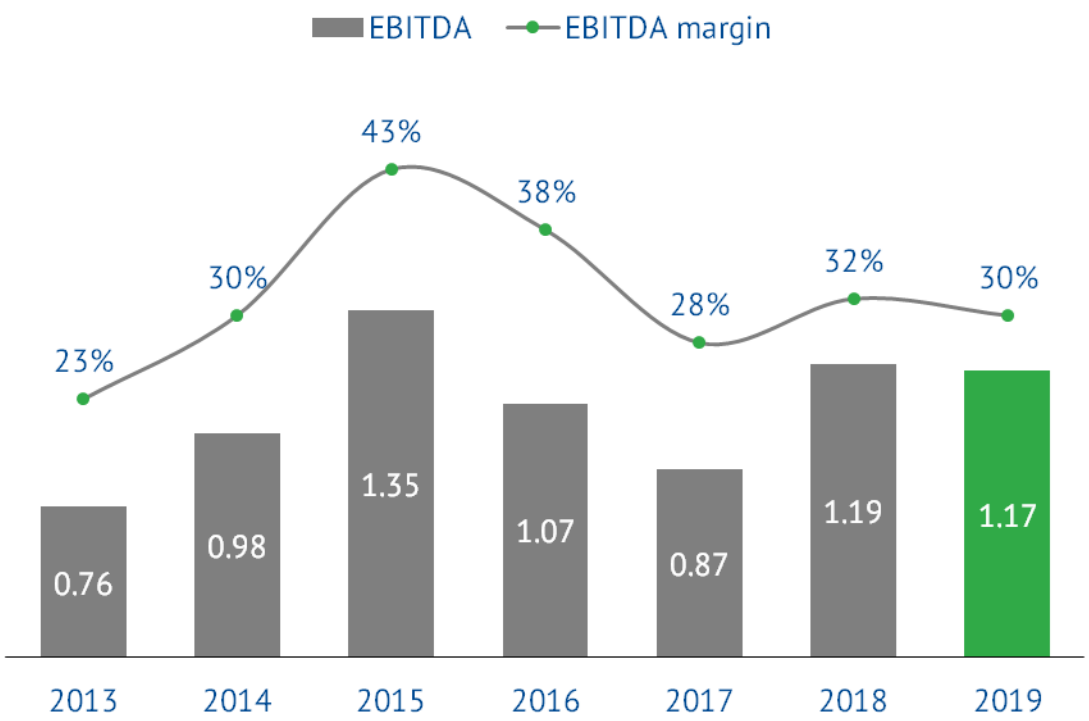


Source: PhosAgro

# THE MOST EFFICIENT COMPANY AMID MARKET HEADWINDS

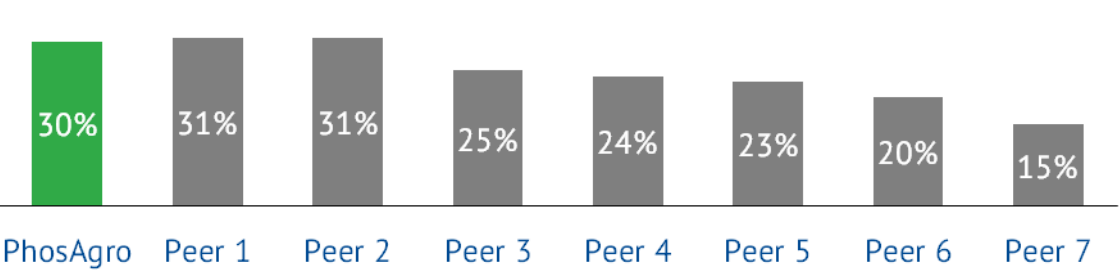


EBITDA and EBITDA margin for the last 6 years

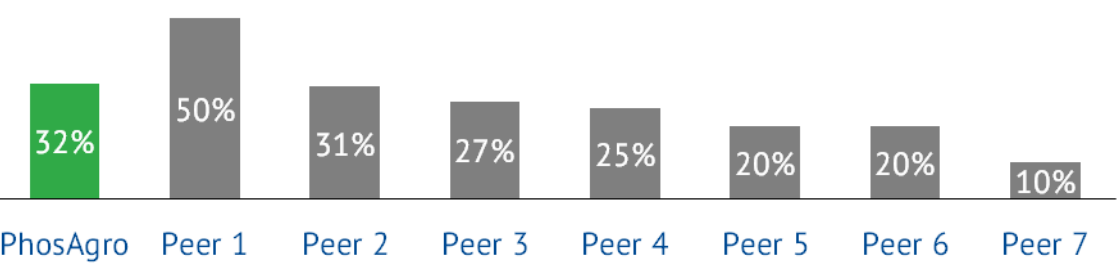


**PhosAgro** has a proven track record as a **sustainably profitable company** in the industry, delivering leading EBITDA margin performance throughout the cycle

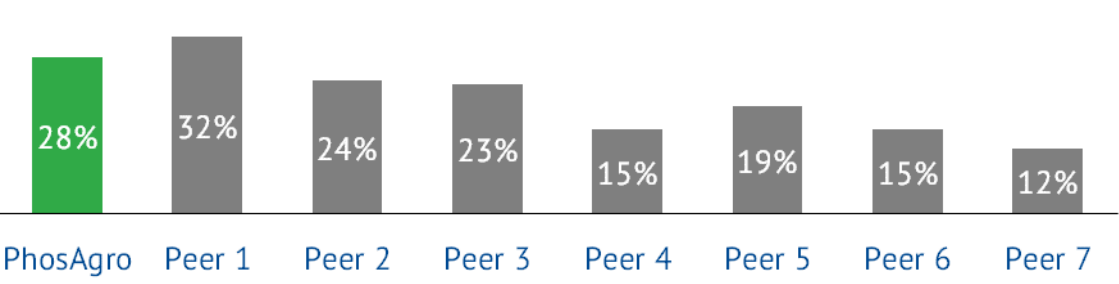
EBITDA margin comparison in 2019



EBITDA margin comparison in 2018



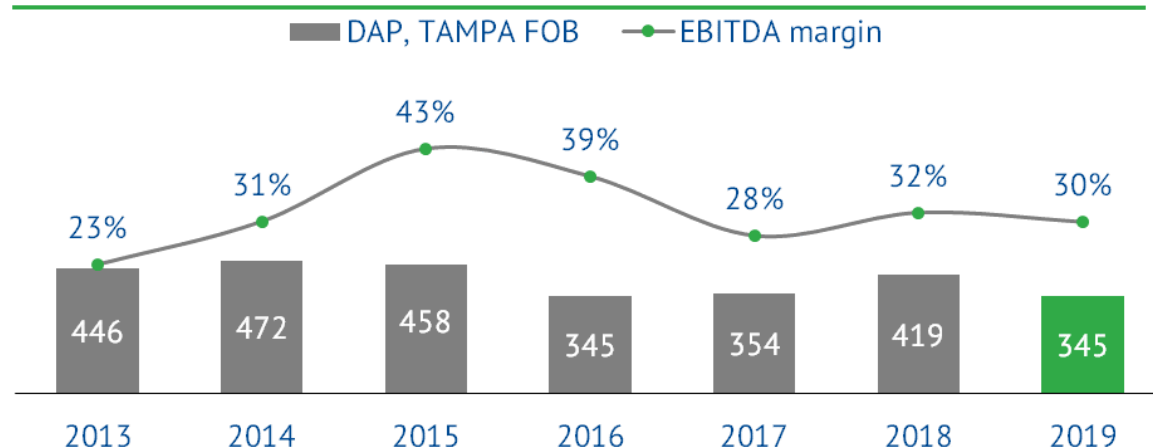
EBITDA margin comparison in 2017



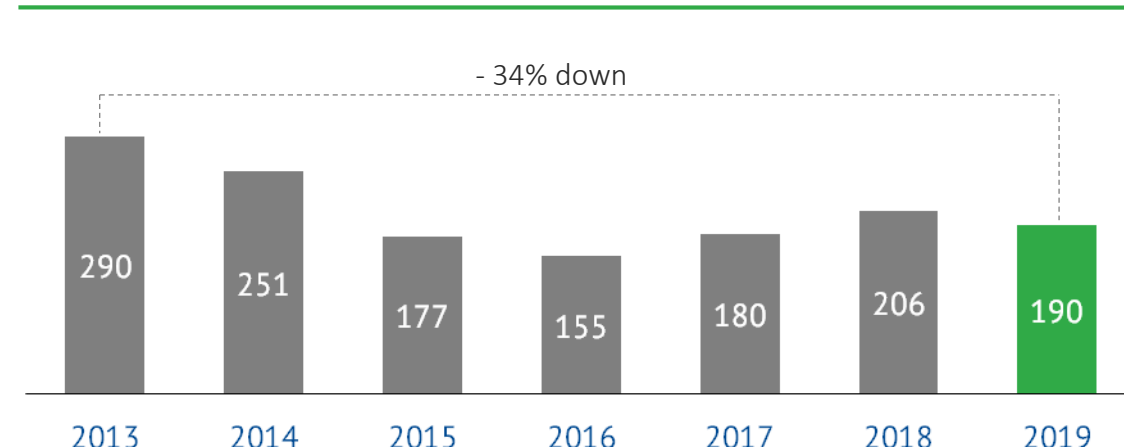
Source: PhosAgro  
Note: Peer group includes Mosaic, OCP, Nutrien, ICL, Yara, Eurochem, Ma'den

# FINANCIAL PERFORMANCE

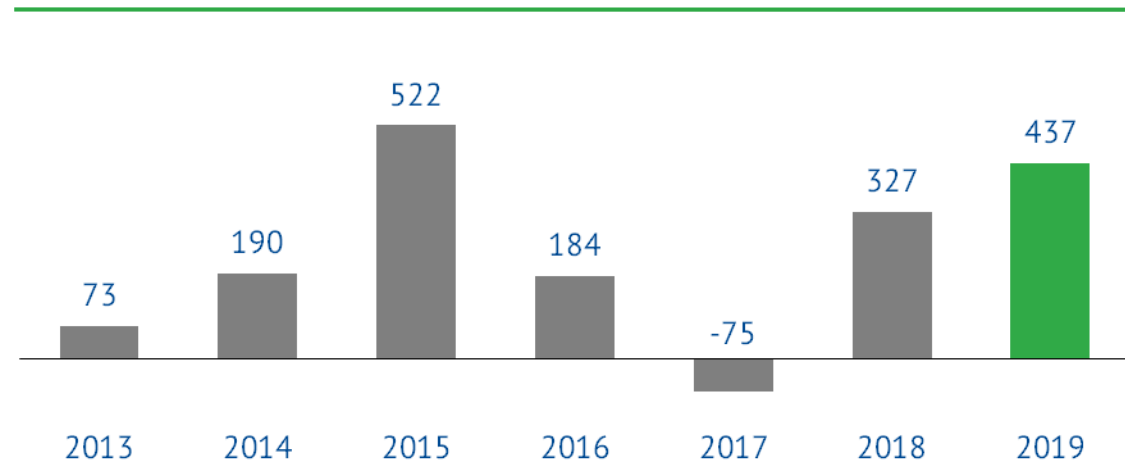
## DAP prices vs EBITDA margin



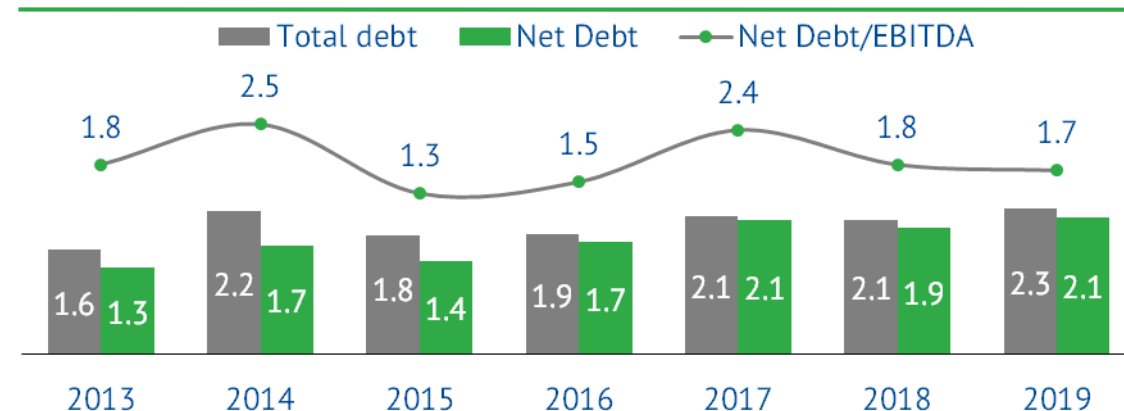
## DAP cash cost, USD/t



## FCF, mln USD



## Net debt/EBITDA, x

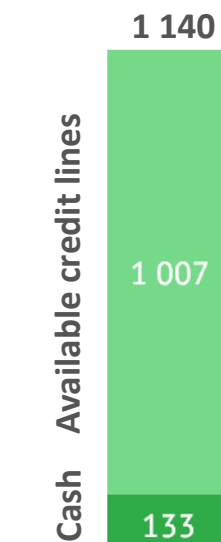


# DEBT PROFILE



## Liquidity position

USD mln



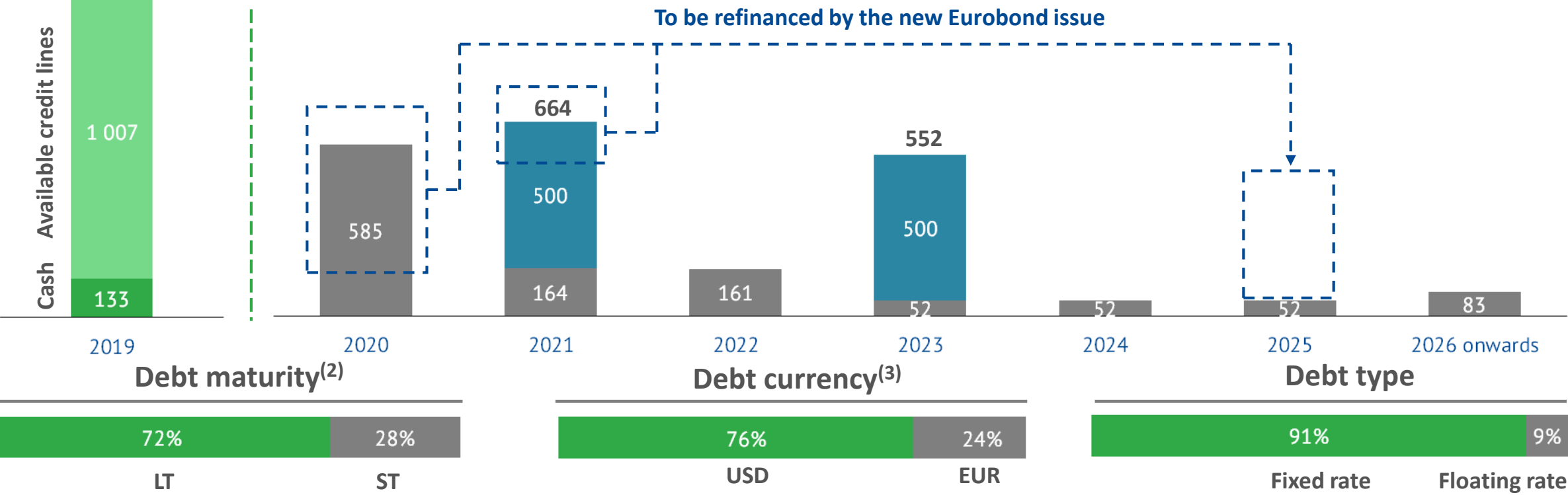
## Debt repayment schedule<sup>(1)</sup> as of 31/12/2019

USD mln

Cash Available credit lines Loans Bonds

### Current credit rating:

BBB- S&P global ratings  
Baa3 Moody's  
BBB- Fitch ratings



Source: PhosAgro

(1) Includes interest payable

(2) Short term debt is defined as debt with maturity less than 12 months, long-term debt – with maturity greater than 12 months

(3) RUB-denominated debt constitutes less than 1% as of 12M19

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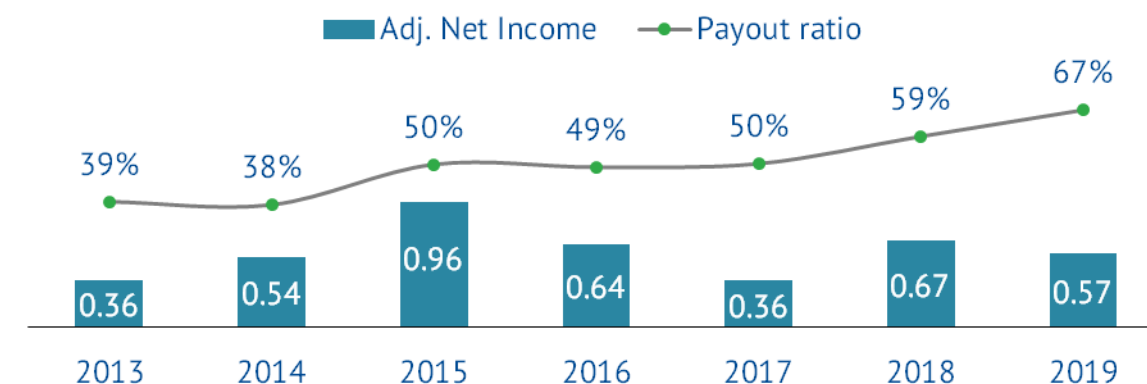


# NEW DIVIDEND POLICY

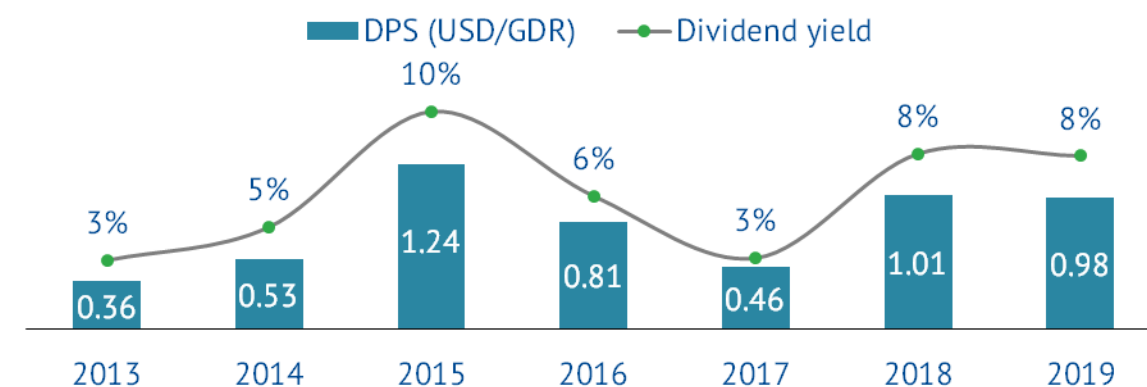
Board of Directors approved new dividend policy on 24 September 2019

Dividend base	FREE CASH FLOW		
Frequency	Quarterly		
Threshold	ND/EBITDA <1.0x	ND/EBITDA 1-1.5x	ND/EBITDA >1.5x
Payout ratio	>75%	50-75%	<50%
Minimum payout	50% of adj. net Income		

## Historical dividend payments, USD bln



## Dividends per GDR and dividend yield, USD/GDR

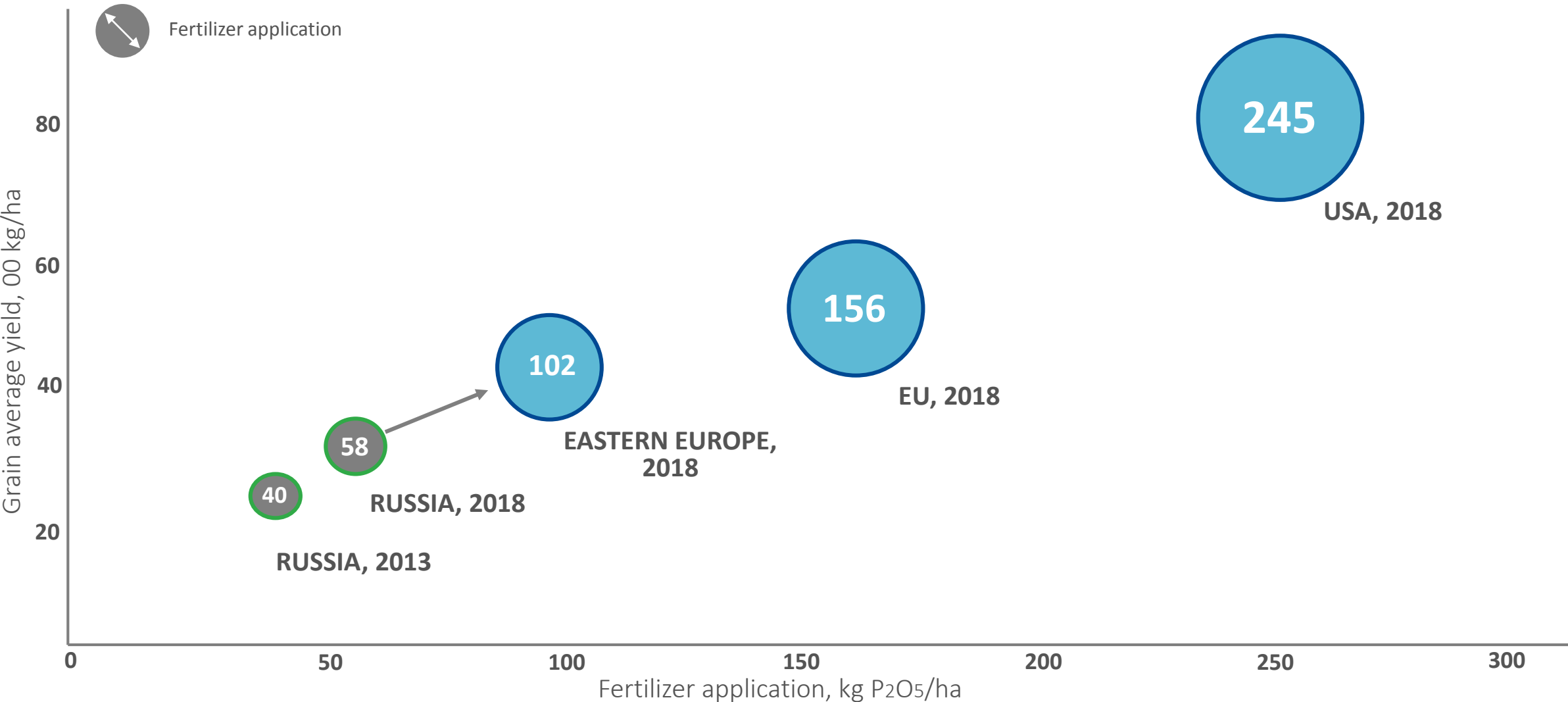




# Appendix



# RUSSIA: MORE SPACE FOR GROWTH



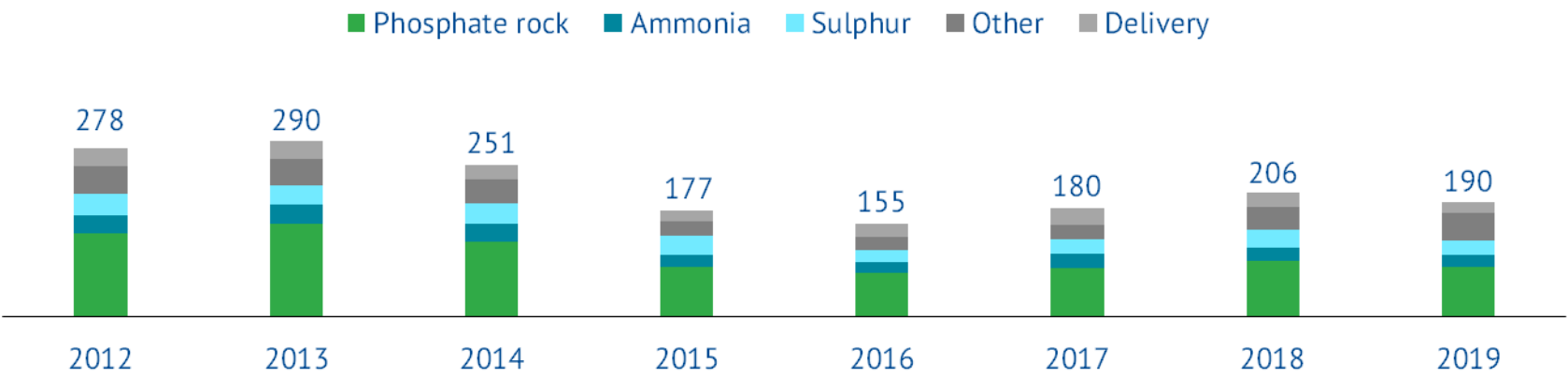
Source: Rosstat, RAPU, IFA, FAO, PhosAgro



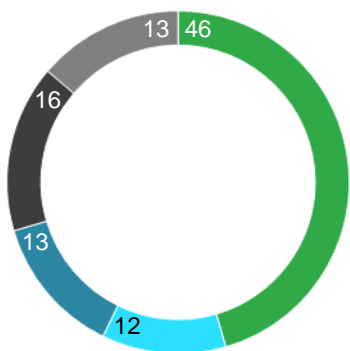
# Cash cost performance



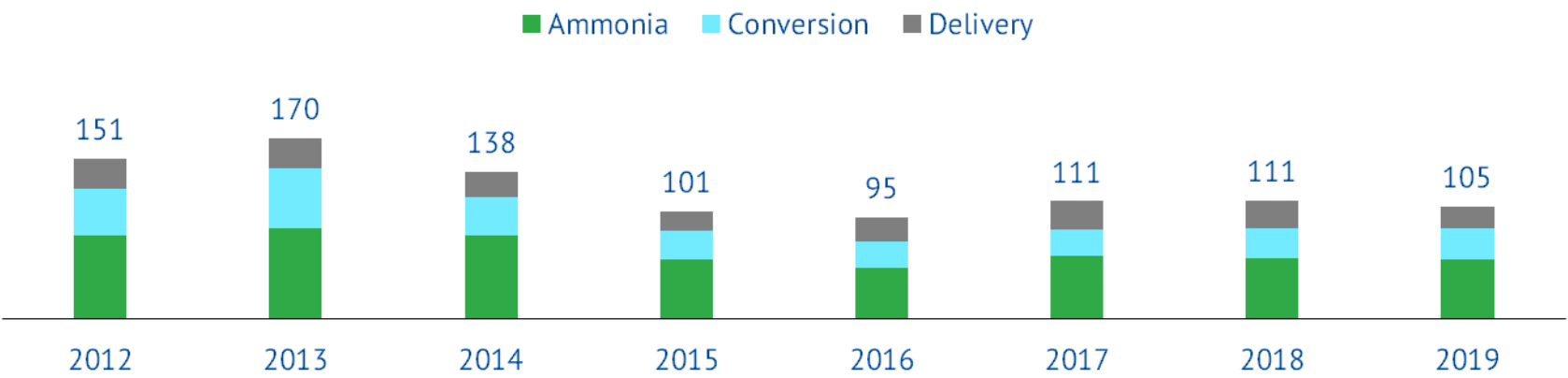
DAP cash costs at FOB, USD/t



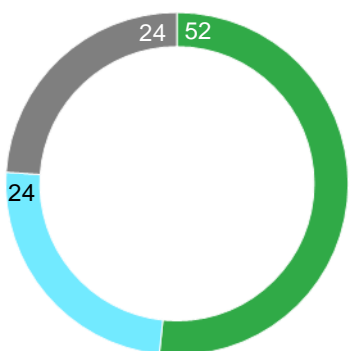
Av. DAP cash cost, %



Urea cash costs at FOB, USD/t



Av. Urea cash cost, %



Source: CRU, PhosAgro



**Thank you!**

PhosAgro IR contact

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