

Presentation for
1-on-1 meetings
June 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

34%



DAP cash cost

<200
\$/t



4-year average

ND/EBITDA

1.4x



As of 1Q19

Company stocks

LSE

Since 2011

MOEX

Since 2011

Participation in other indexes

MSCI

Since 2016

Sustainalytics

Since 2018

Product line

>39
grades



Employees

17k



INED

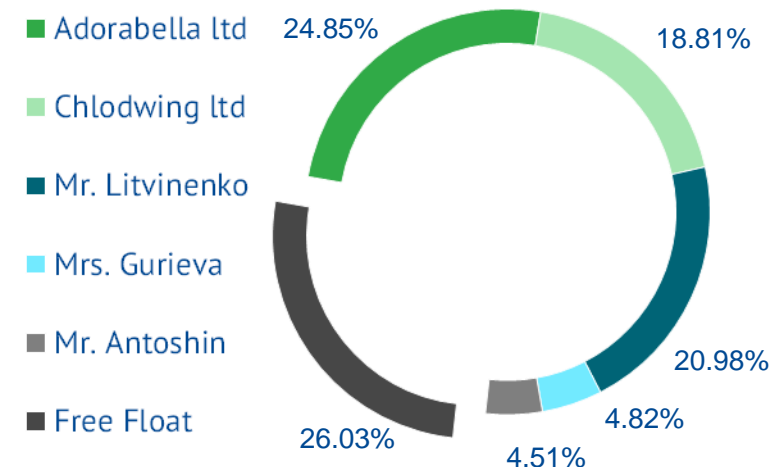
7 out of 10



Financial highlights

RUB bln	1Q18	1Q19	Δ yoy	FY17	FY18	Δ yoy
Revenue	54.6	72.3	32%	181.4	233.4	29%
EBITDA	14.3	24.8	73%	50.8	74.9	47%
EBITDA margin	26%	34%	8pp	28%	32%	4pp
Adjusted NI	6.3	13.5	113%	21.2	41.7	97%
NI margin	12%	19%	7pp	12%	18%	6pp
Divs (RUB/GDR)	8	17	118%	27	61	126%

Shareholder structure, 31.05.2019



PhosAgro assets



Mining

Kirovsk Branch of Apatit (Kirovsk)

35.3 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)

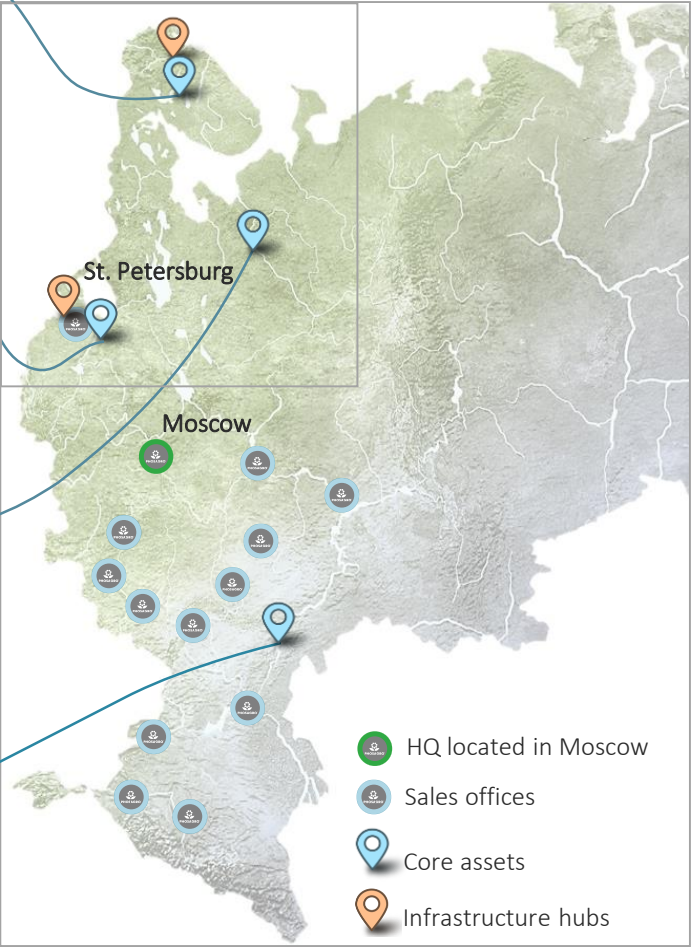
0.2 mln t	PKS, NPK	0.22 mln t	Sulphuric acid
0.11 mln t	STPP	80 Kt P ₂ O ₅	Phosphoric acid

Apatit (Cherepovets)

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

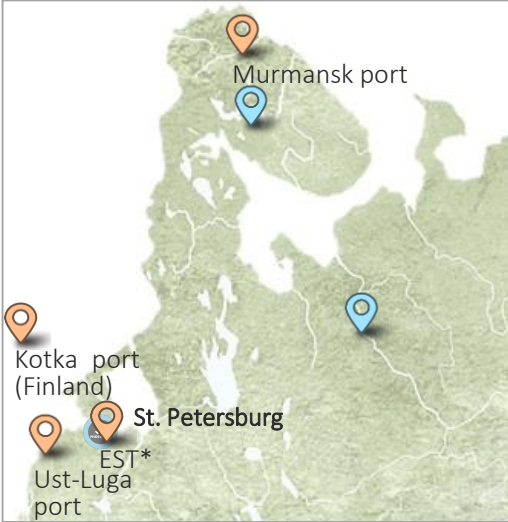
Balakovo branch of Apatit (Balakovo)

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:

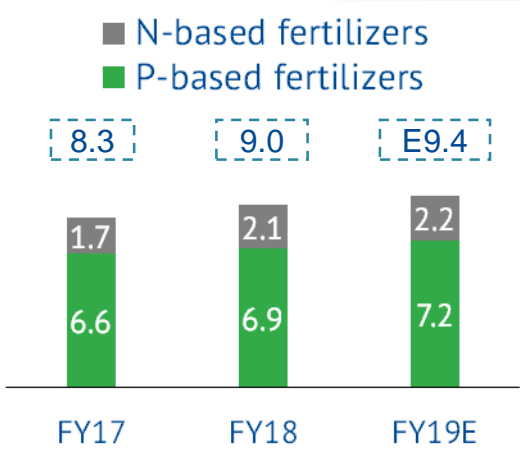
100%
phosphate
rock

~90%
ammonia

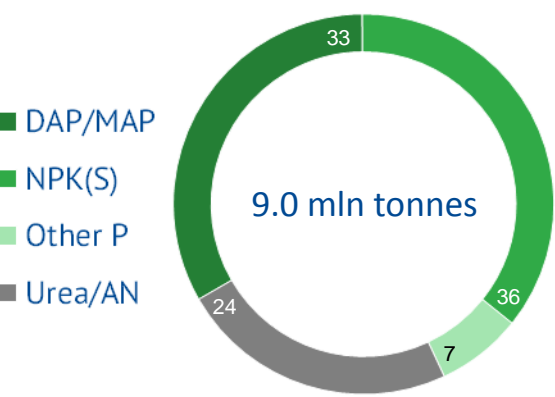
~85%
sulphuric
acid

PhosAgro secures margins against any market headwinds

Fertilizer production, mln t



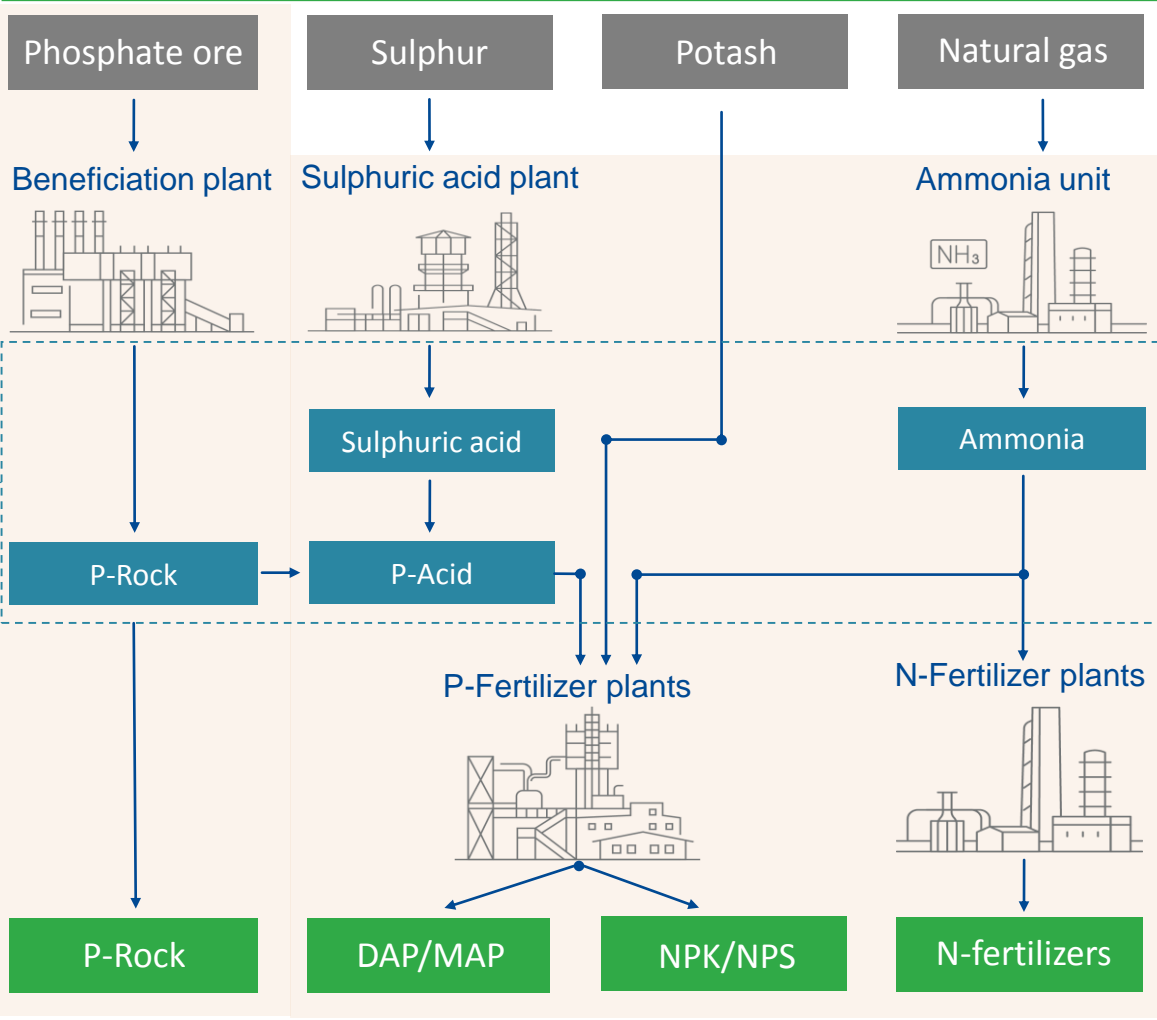
Product mix in 2018, %



Source: CRU, PhosAgro

Operational structure

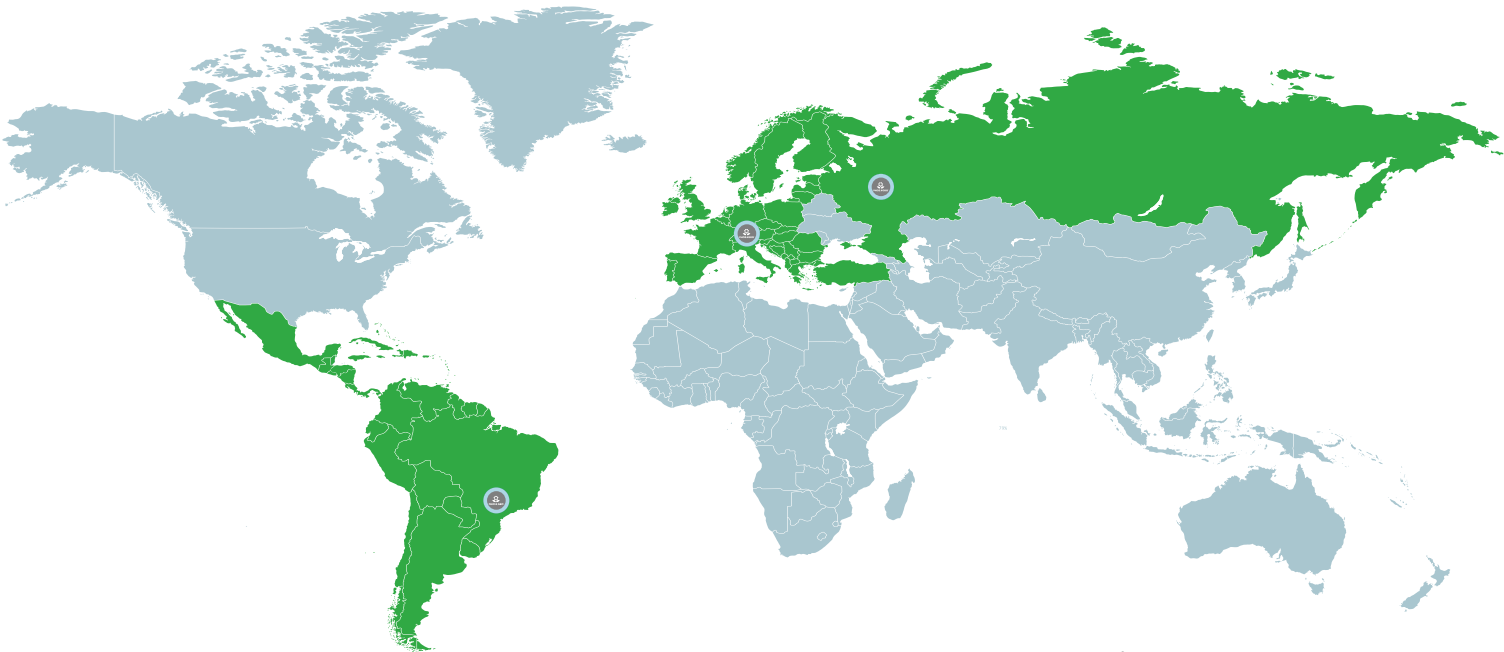
PhosAgro perimeter



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 Russia, L.America and Europe are more lucrative than others due to next facts:

~40%

Share in Global production of soybeans, maize and wheat

~50%

Share in Global trade of soybeans, maize and wheat

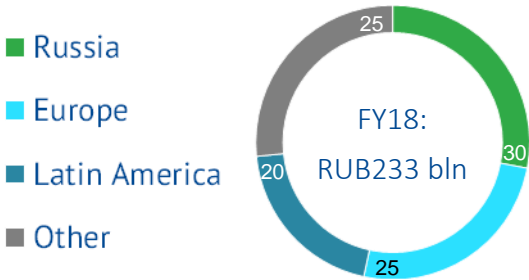
Healthy import

Strong demand on our products next decade

Better netbacks

We able to secure higher premiums on our products

Revenue breakdown by regions, %



Source: IFA, IGC, PhosAgro

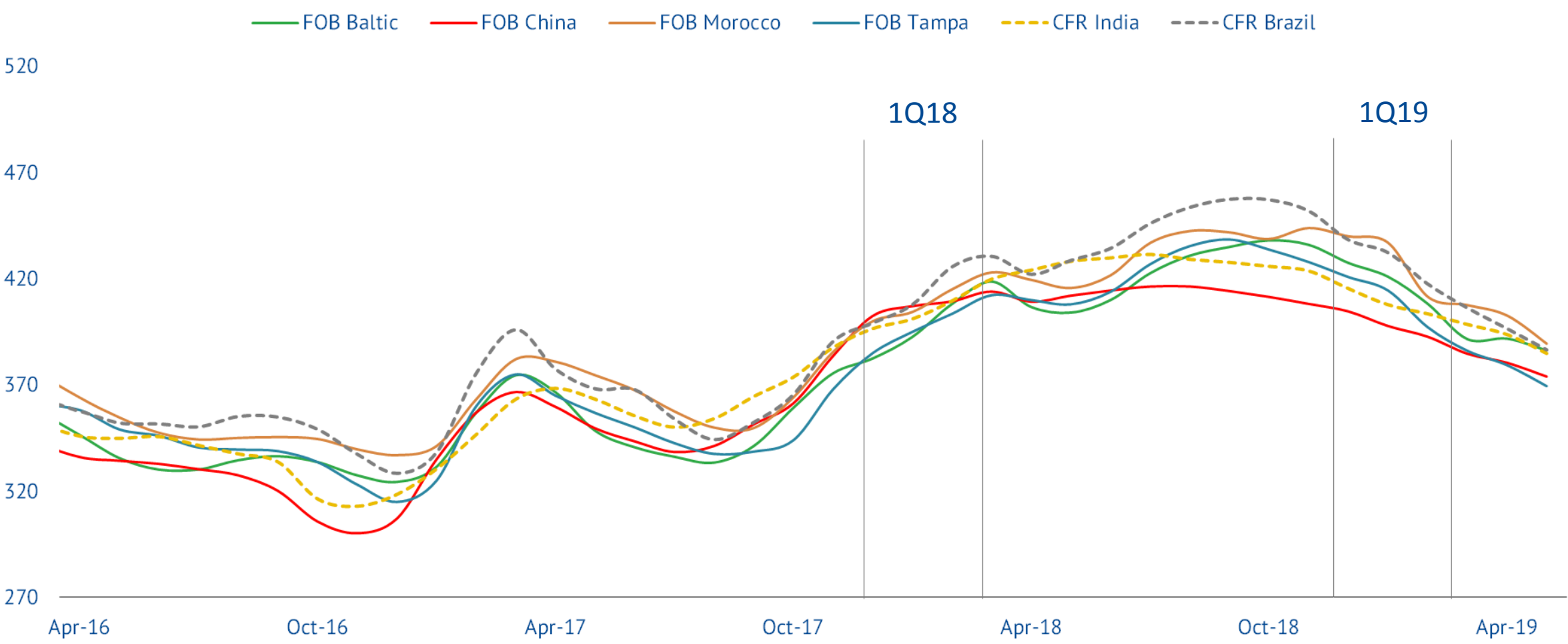


Fertilizer Industry

DAP Price Performance



USD/t

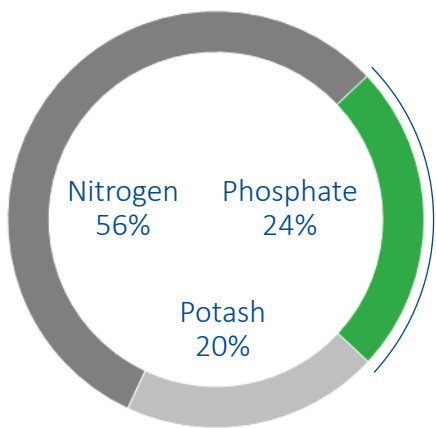


Source: CRU, PhosAgro

Phosphate fertilizers: demand in agriculture industry



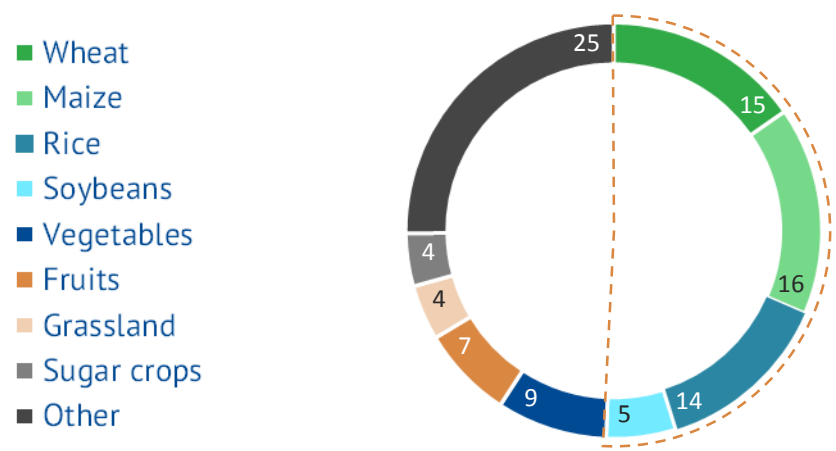
Global fertilizer consumption split by products in 2018, %



Phosphates consumption in agriculture by regions, %

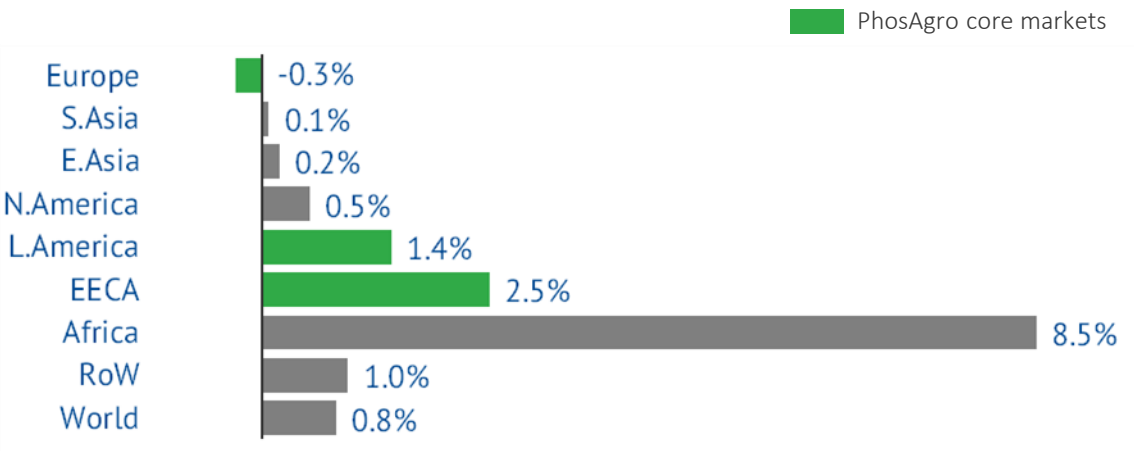


Fertilizer usage by crop in 2015-2017, %



Up to 50% of the global demand goes on 4 soft commodities

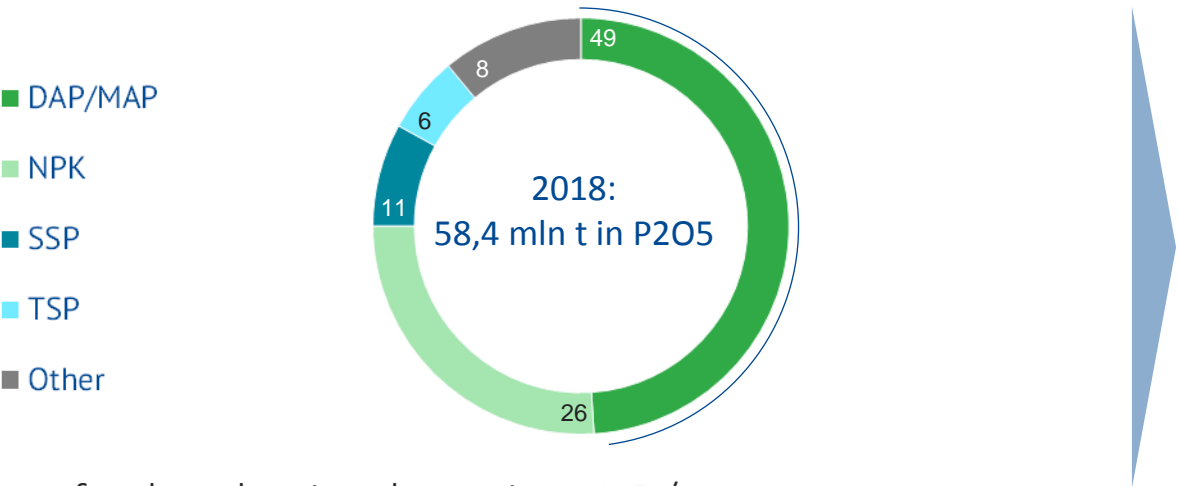
Phosphate demand CAGR over 2016-2018, %



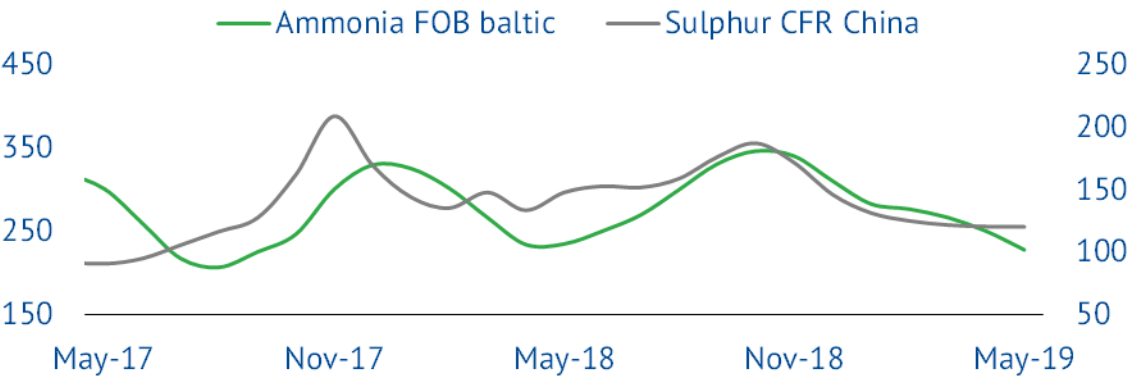
Source: Fertecon, IFA, PhosAgro

Phosphate fertilizers: supply

Production split by products in 2010-17, %



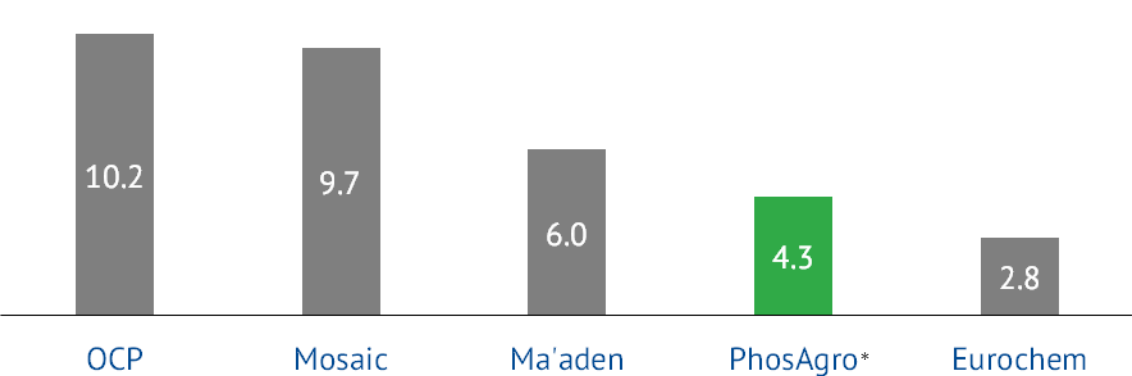
Key feedstock price dynamics, USD/t



DAP/MAP supply split by countries, %



Global DAP/MAP producers by capacities in 2018, mln t



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

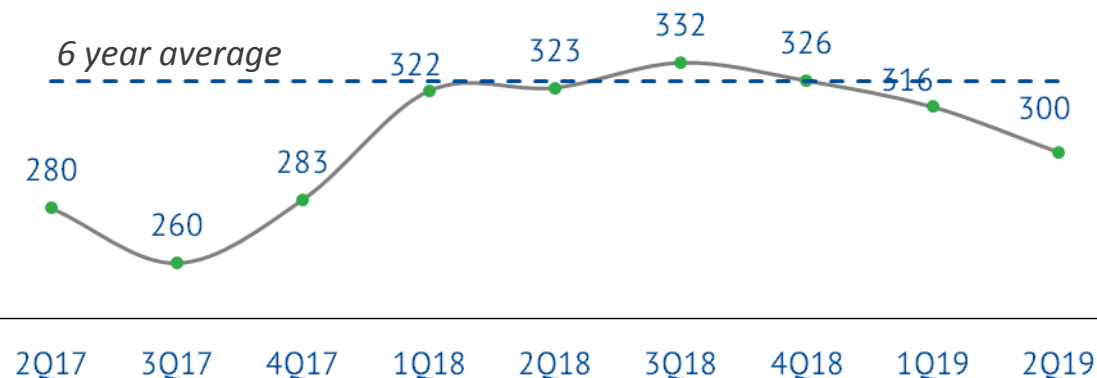
Phosphates Price Performance



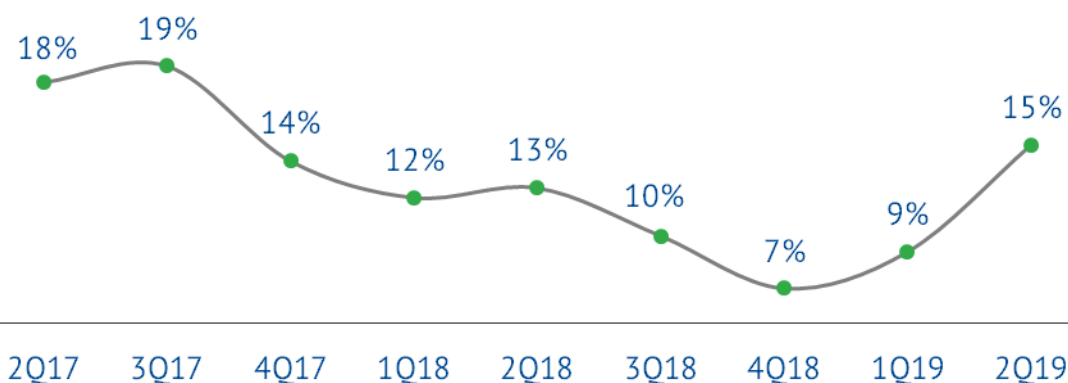
DAP FOB Tampa price performance, USD/t



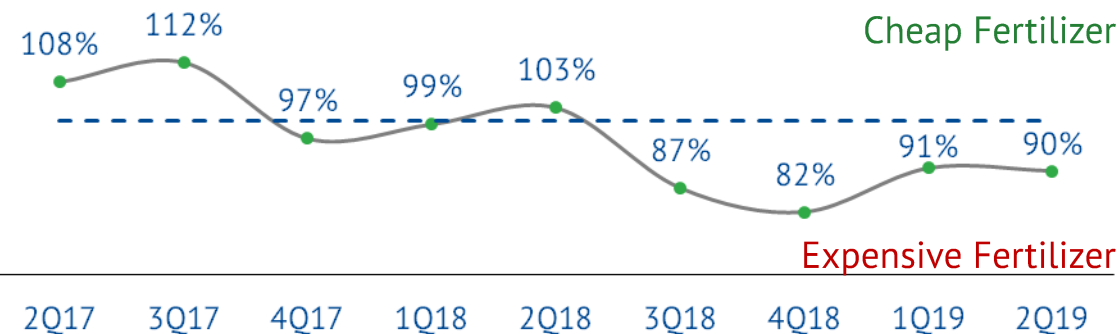
Performance DAP price net of N component, USD/t



NPK price Premium/Discount to Nutrients, %



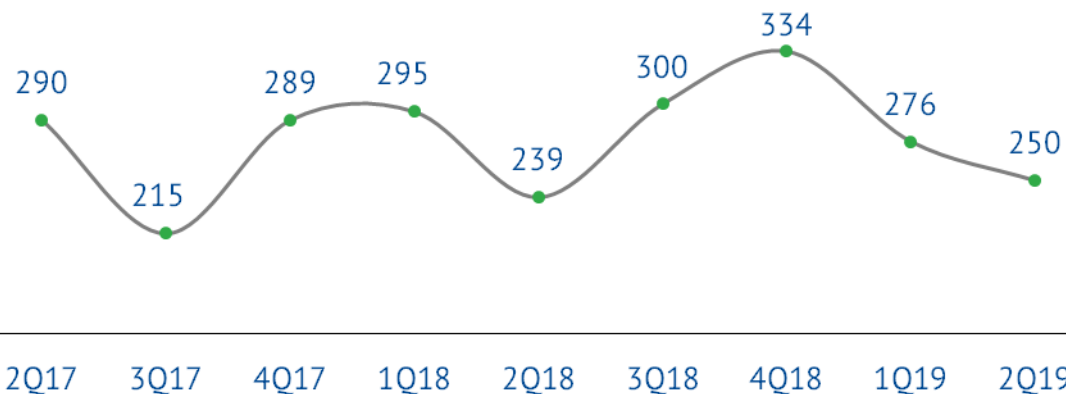
NPK basket vs. Soft Commodities, Week 1 2011 = 0



Source: CRU, PhosAgro

Feedstocks inflation

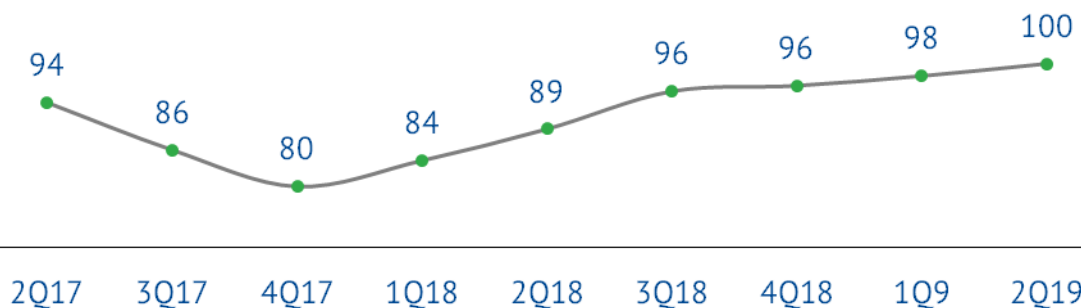
Ammonia FOB Baltics price, USD/t



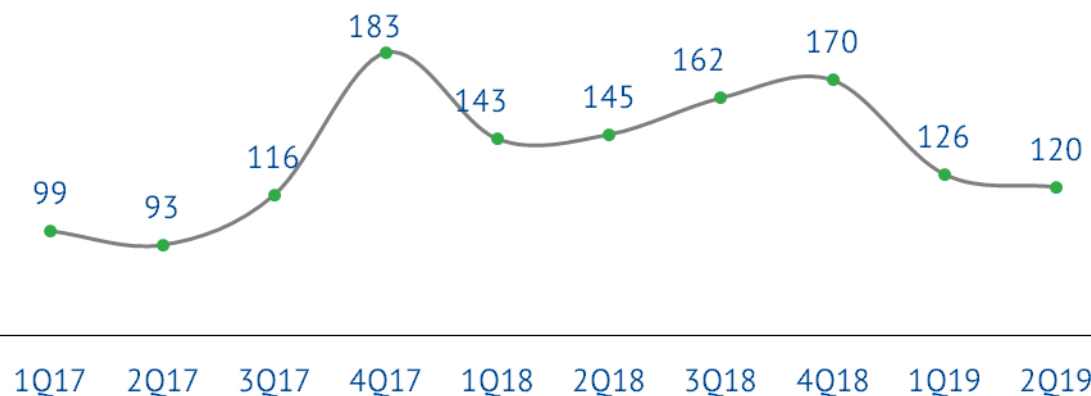
Phosphoric Acid CFR India price, USD/t



Phosphate Rock FOB Morocco prices, USD/t



Sulphur CFR China prices, USD/t

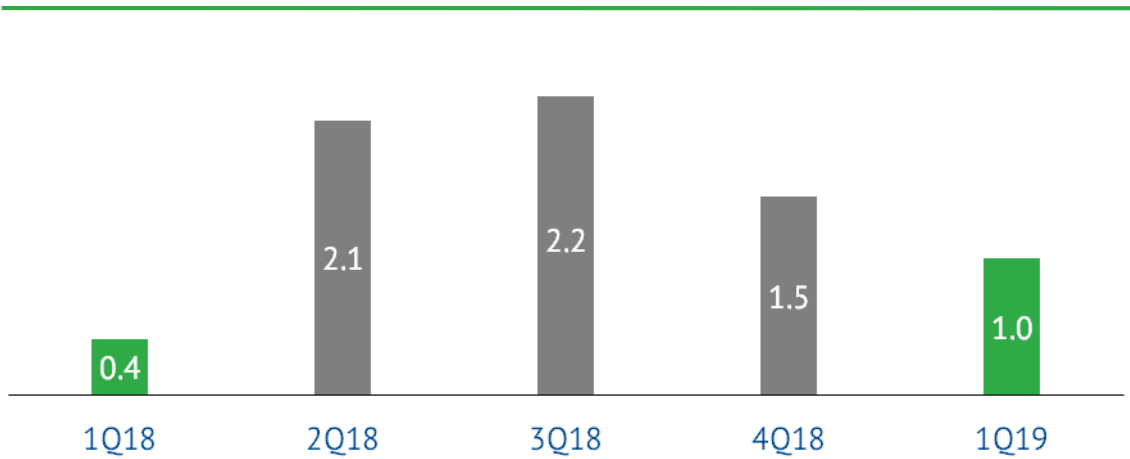


Source: CRU, PhosAgro

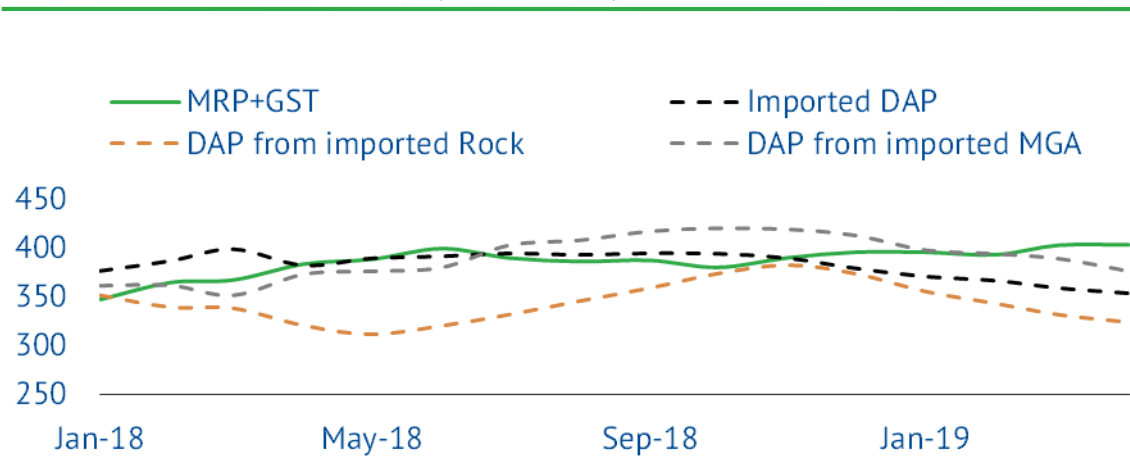
Fertilizer industry – India



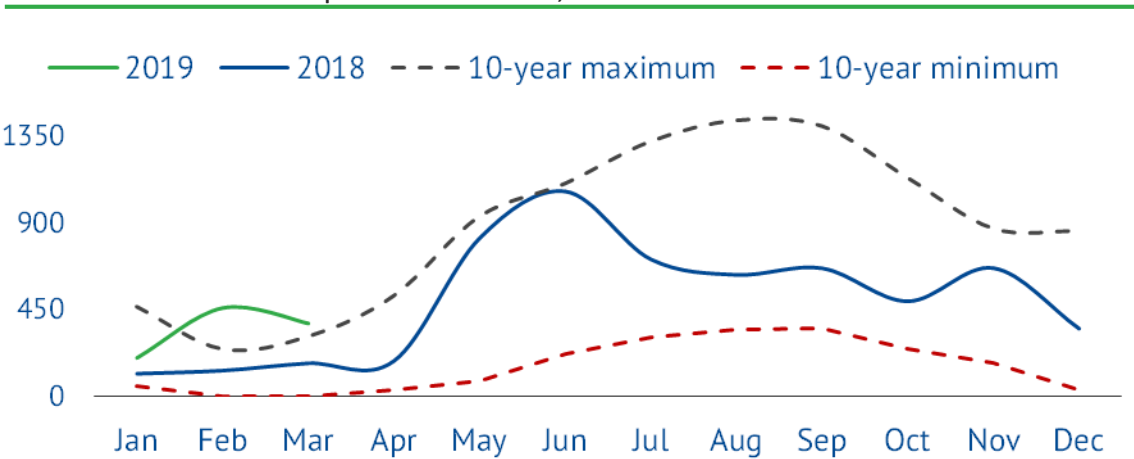
DAP import to India, Mln t



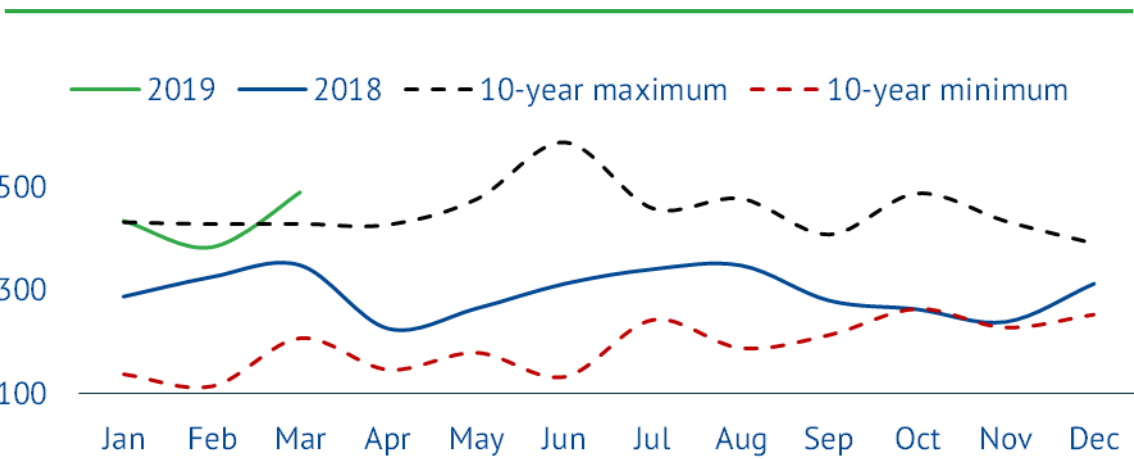
DAP cash cost vs MRP (incl. GST), \$/t



Seasonal DAP import in India, kt



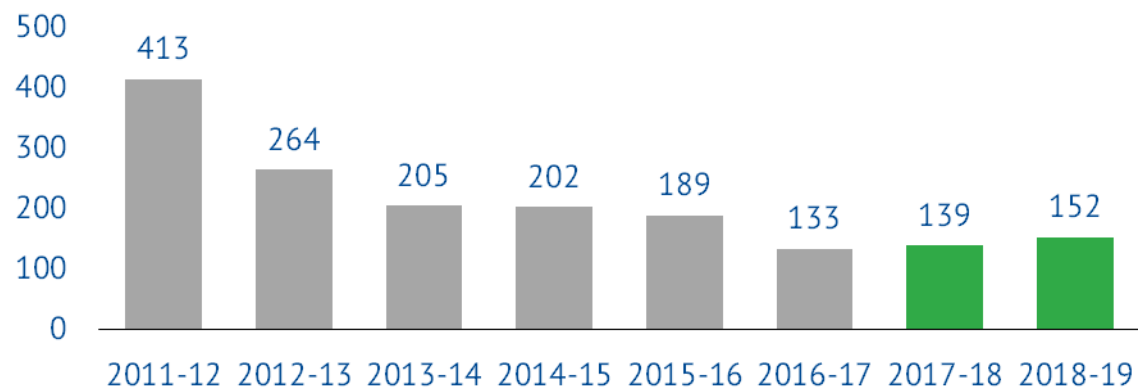
Seasonal DAP production in India, kt



Source: CRU, Fertecon, PhosAgro estimates

Fertilizer industry – India

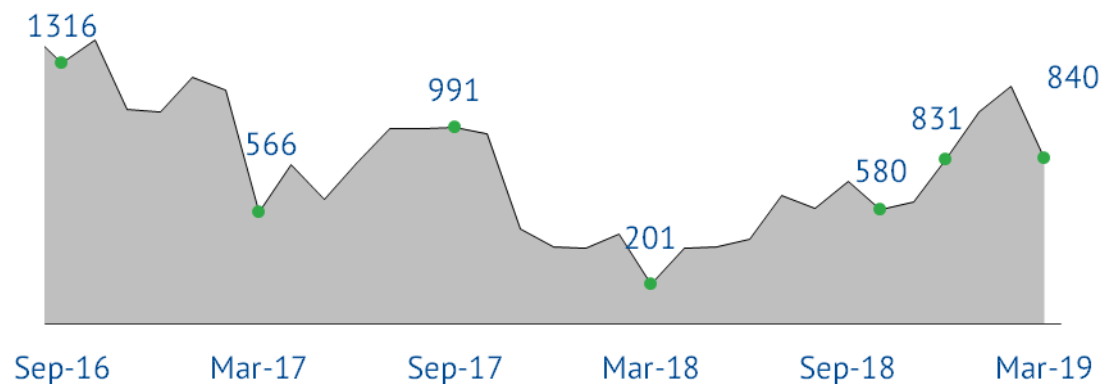
Nutrient-based subsidy rates for DAP, \$/t



INR performance vs USD, week 1 2015 = 0



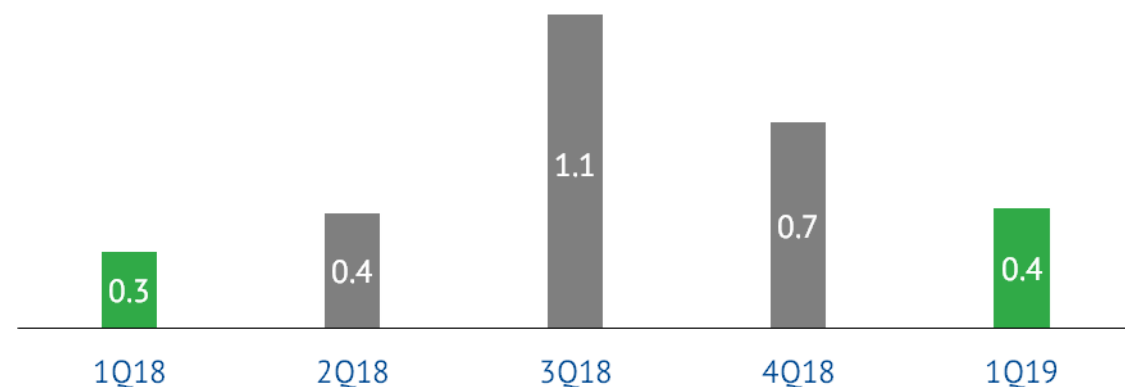
Dynamics in DAP inventories, kt



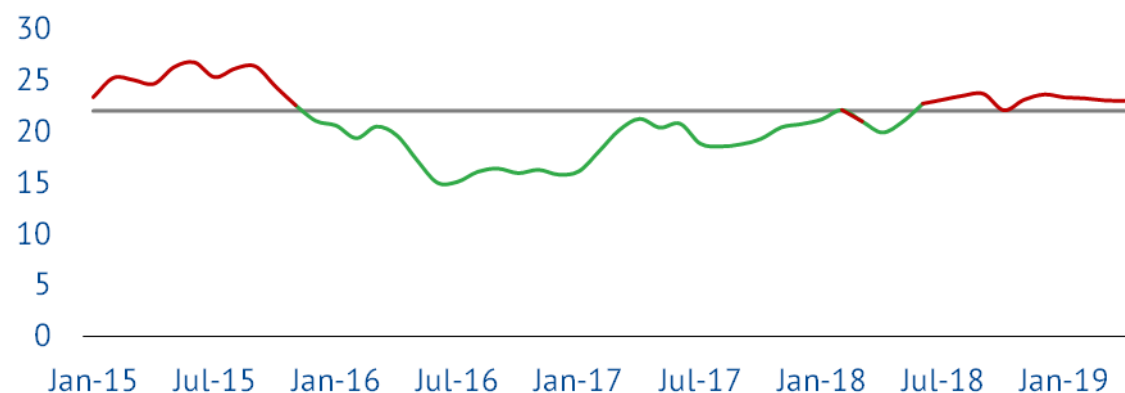
Source: CRU, Fertecon, PhosAgro estimates

Fertilizer industry – Latin America

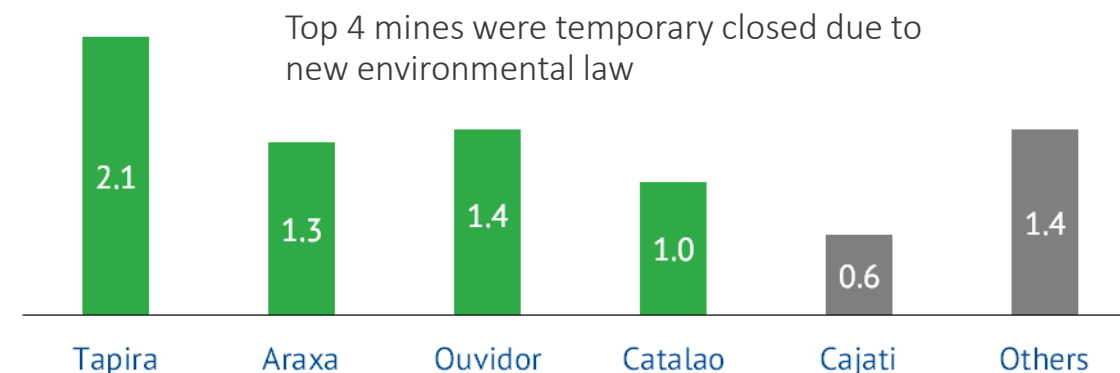
MAP/NP import to Brazil, mln t P₂O₅



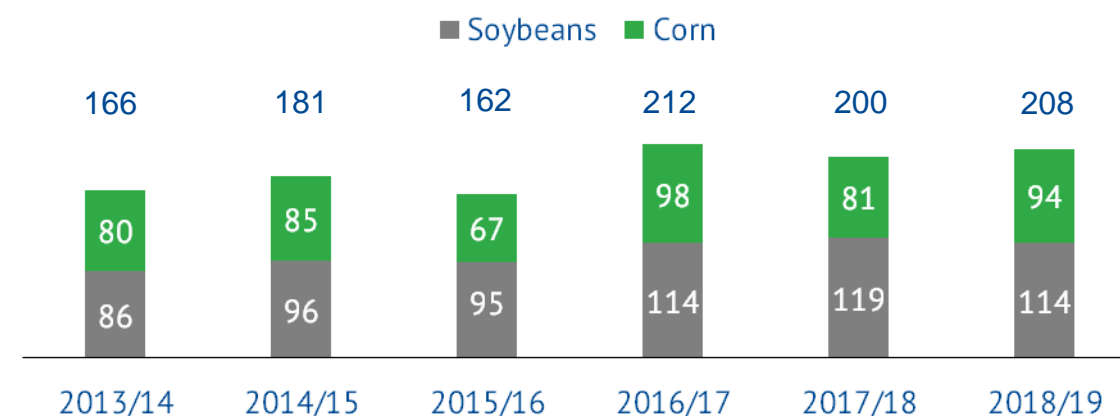
MAP barter ratio, 1t of MAP/60kg of soy price



Brazil phosphate mines capacities in 2018, mln t



Brazil agricultural production, mln t

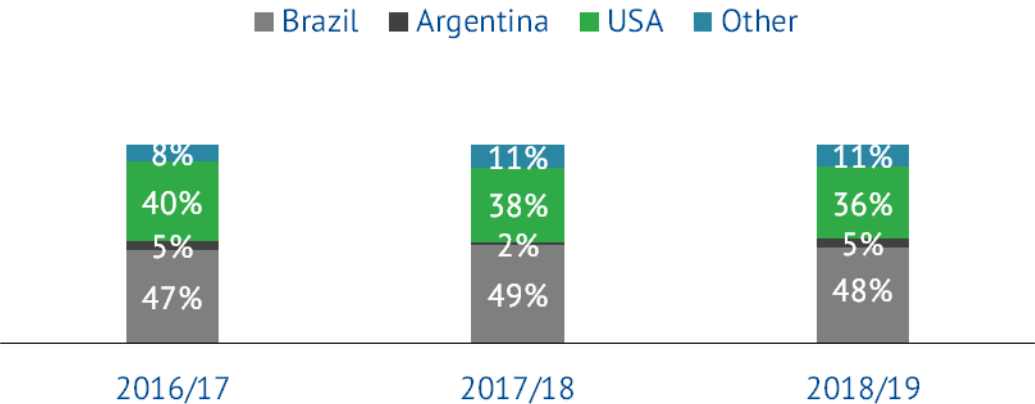


Source: CRU, Agrolink.com.br, USDA, IFA, ANDA, PhosAgro

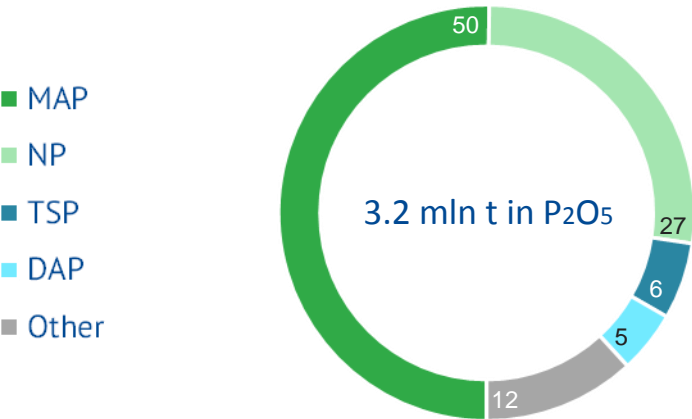
Fertilizer industry – Latin America



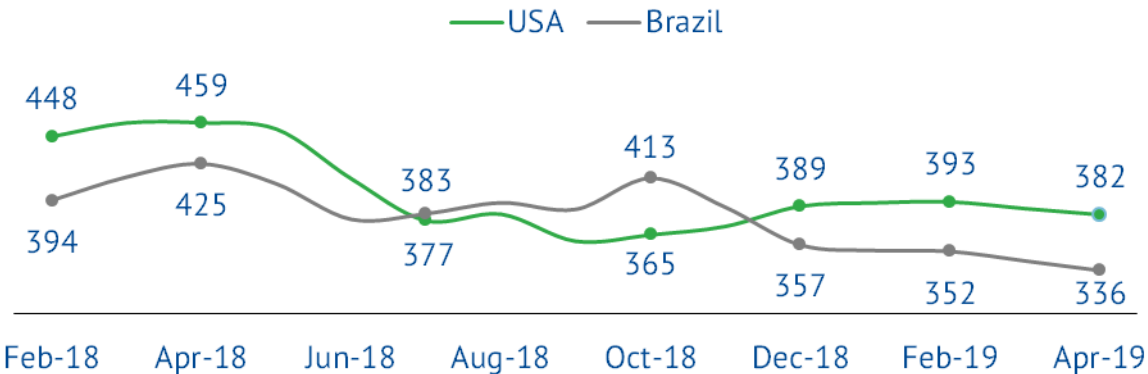
Export of soybeans, Mln tones



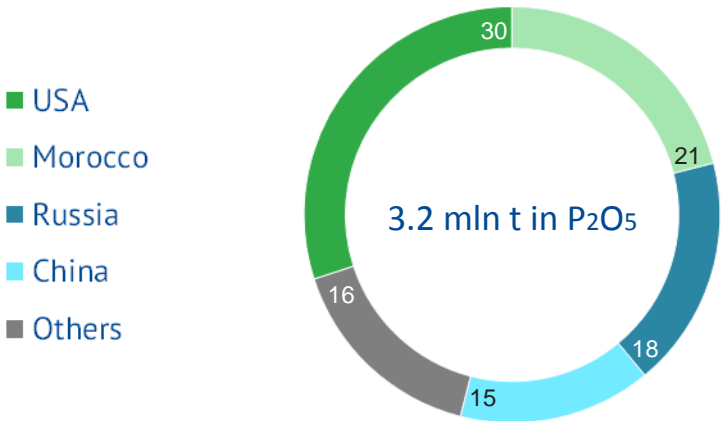
P-fertilizer import split by products in 2018, %



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



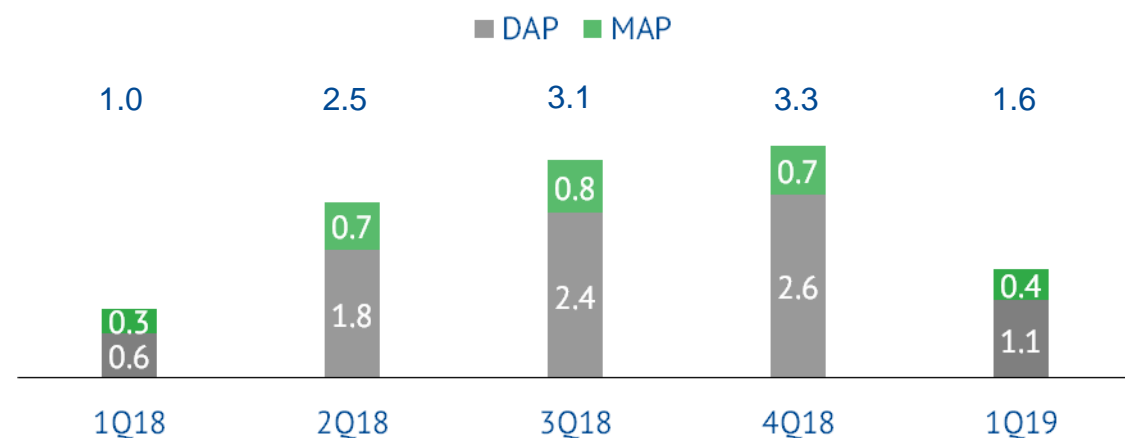
P-fertilizer import split by countries in 2018, %



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

China – focus on cash costs

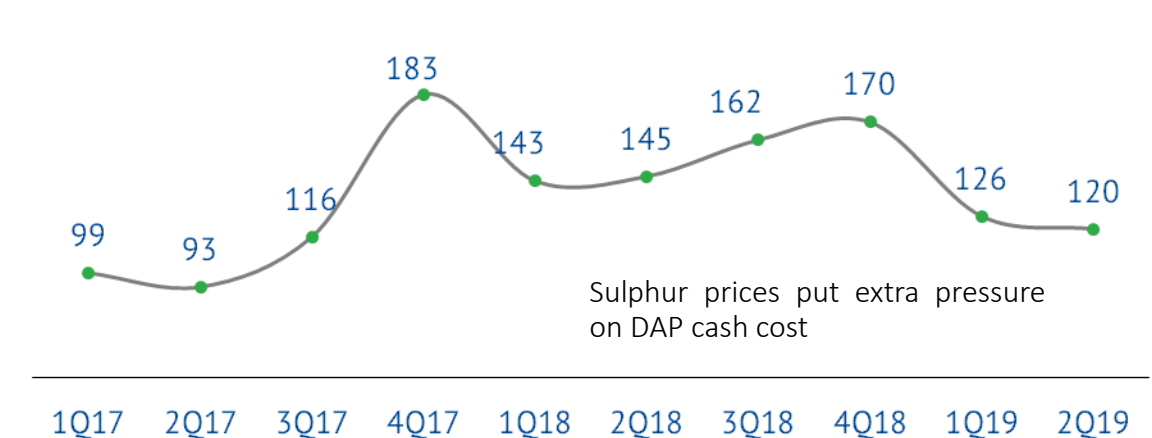
DAP/MAP export from China, mln t DAP



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



Sulphur CFR China price, USD/t



Ammonia price in China, USD/t



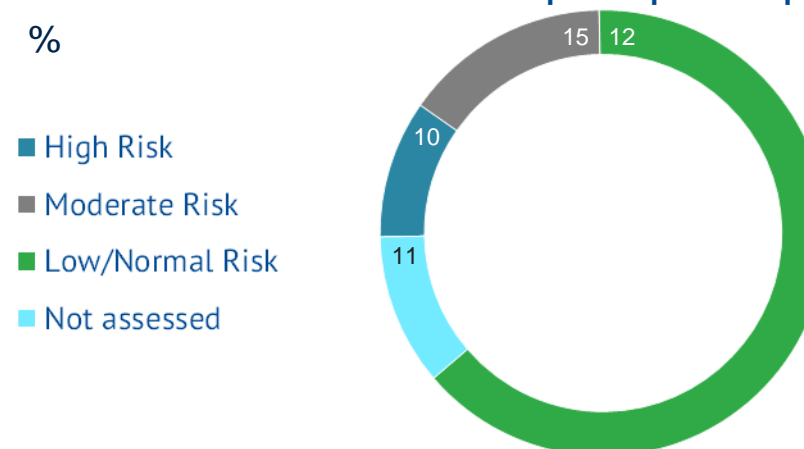
Source: CRU, PhosAgro

China – environmental issues in the spotlight

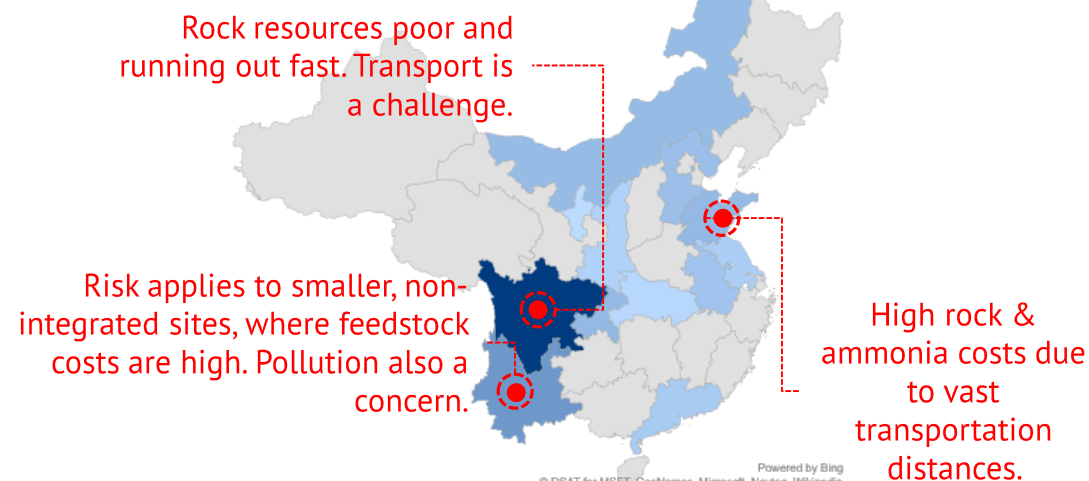
China's environmental efforts

- 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, %




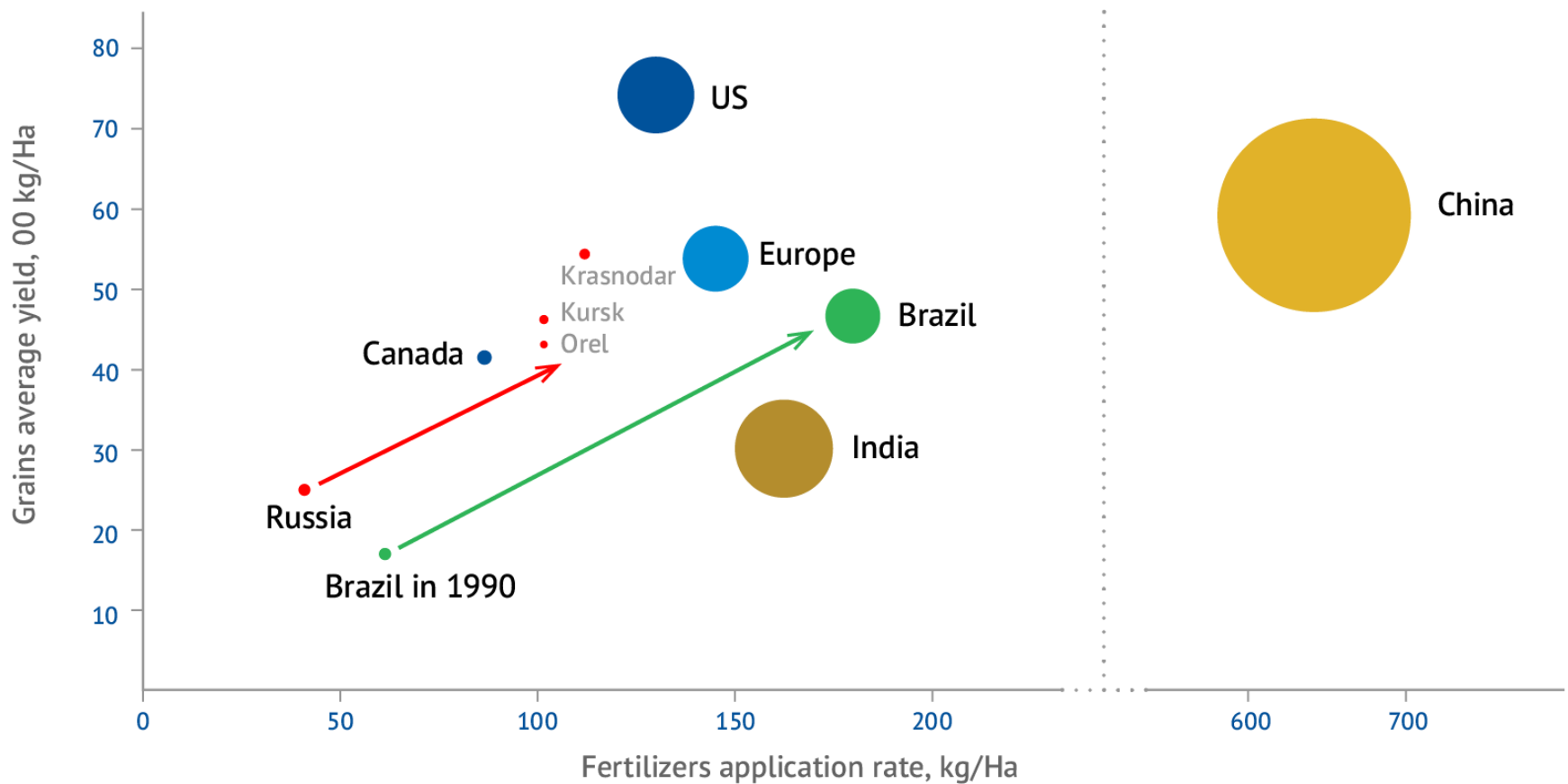
Areas most at risk of closure



Domestic market – more space for growth

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

 Total Fertilizers consumption



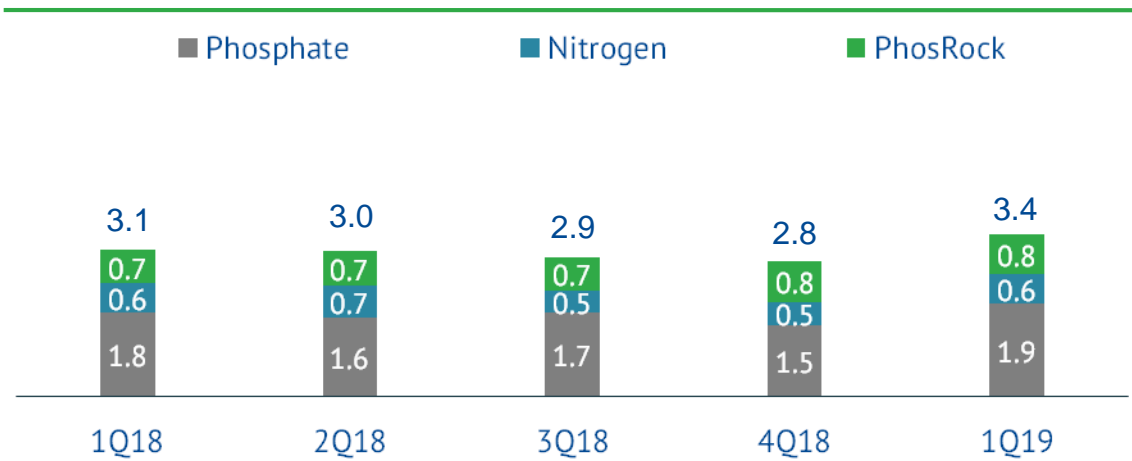
Source: CRU, PhosAgro



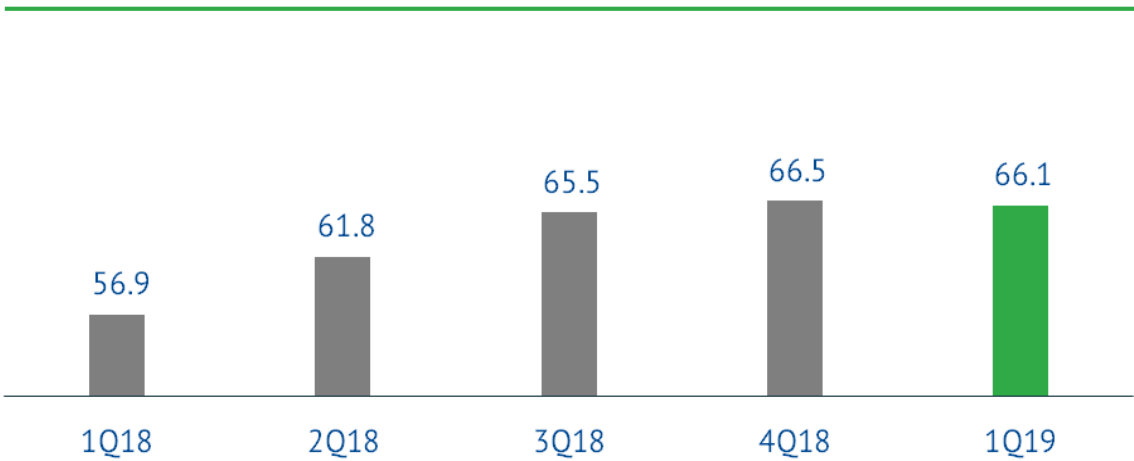
Financial review

Revenue Breakdown

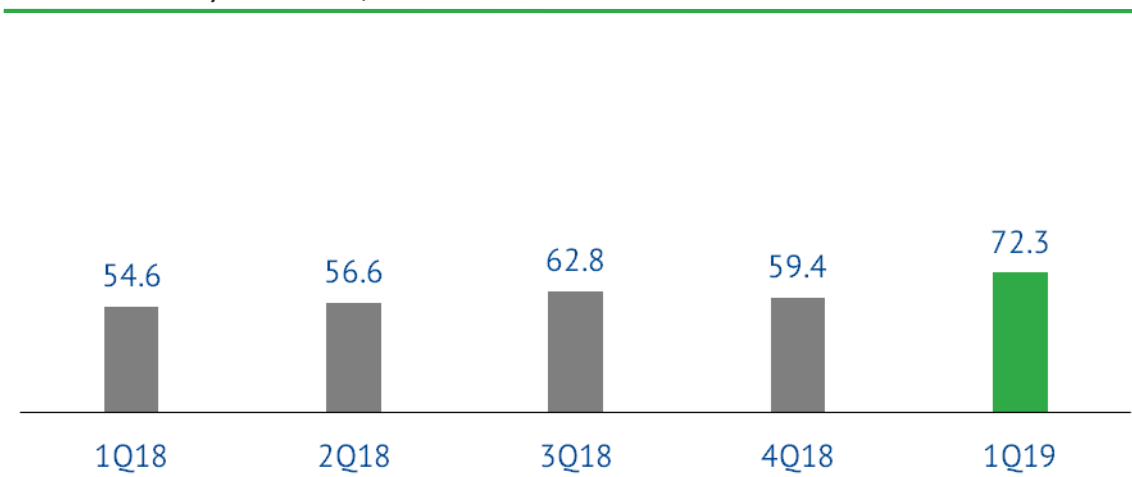
Sales breakdown, mln tonnes



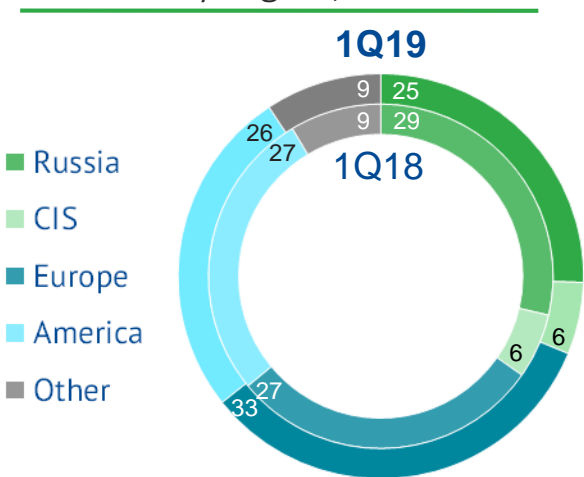
FX rates, RUB/USD



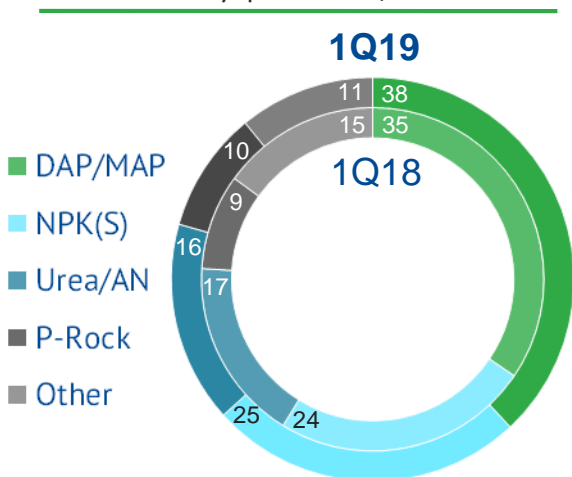
Revenue dynamics, RUB bln



Revenue by region, %



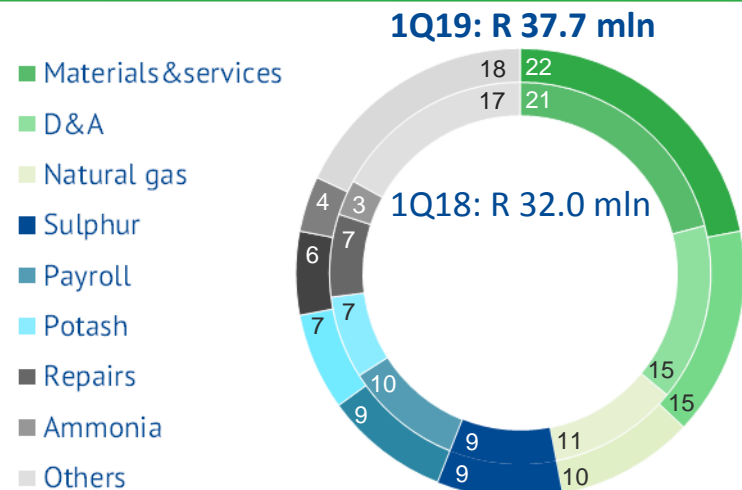
Revenue by product, %



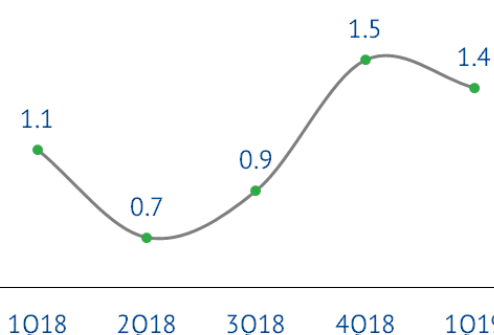
Source: PhosAgro

Cost Analysis

Cost of goods sold structure, %



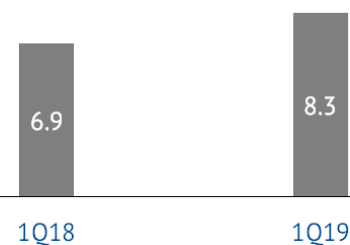
Ammonia, RUB bln



Sulphur, RUB bln



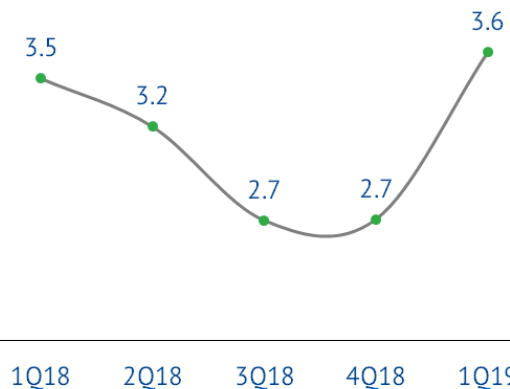
Materials&services, RUB bln



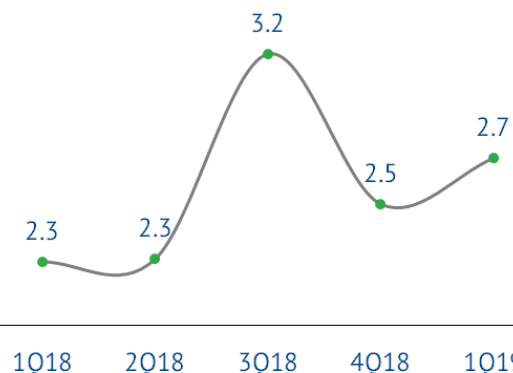
Payroll, RUB bln



Natural gas, RUB bln



Potash, RUB bln

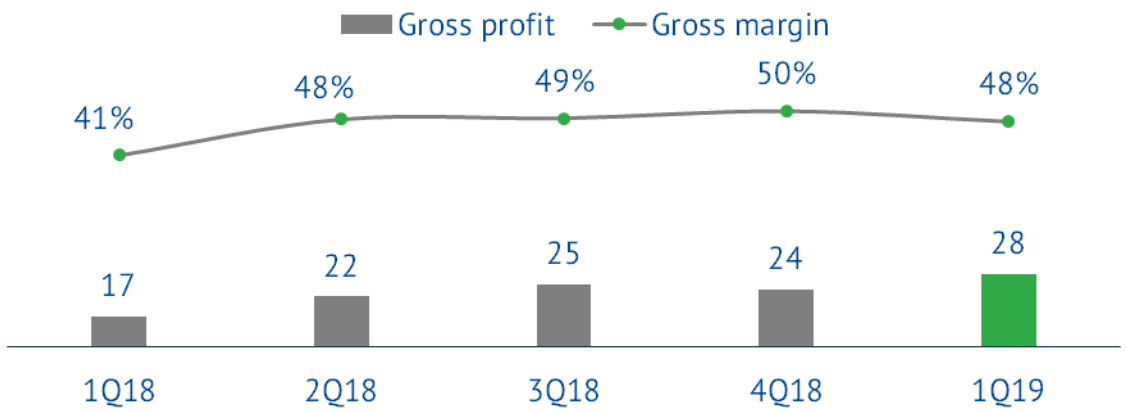


Source: PhosAgro

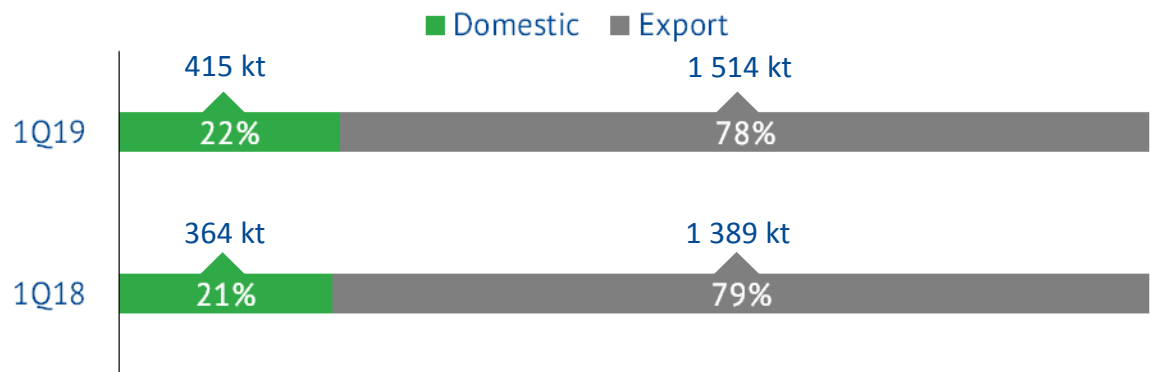
Segment Profitability



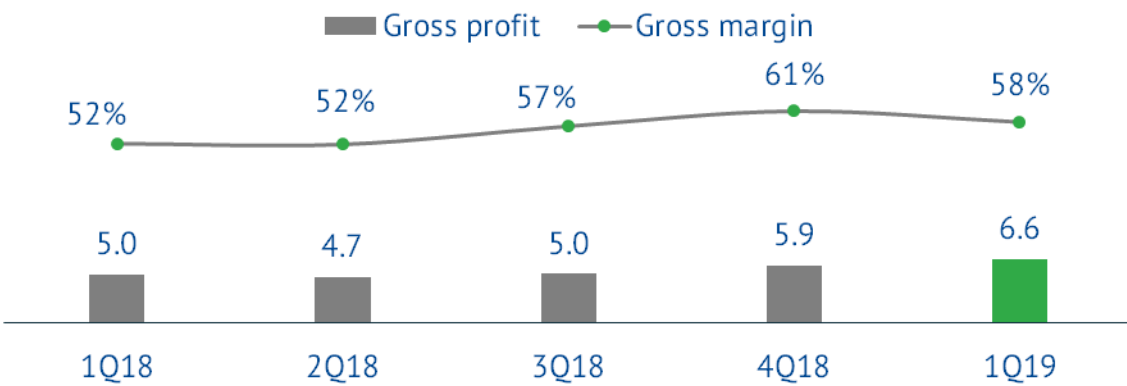
Phosphate - gross profit and margin, RUB bln



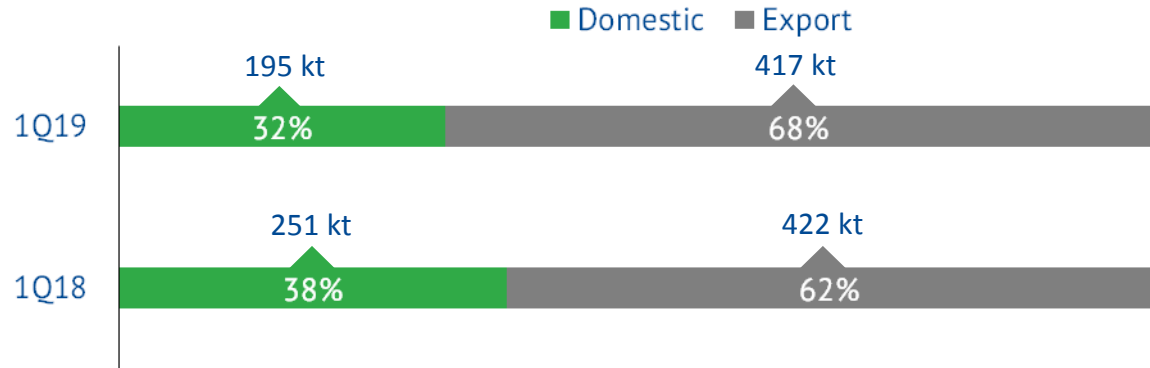
Phosphate sales (export + domestic), kt



Nitrogen - gross profit and margin, RUB bln



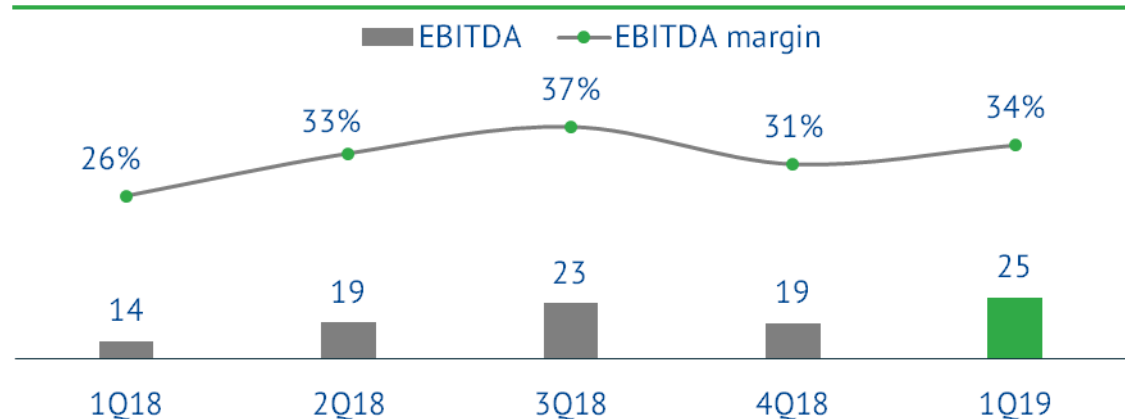
Nitrogen sales (export + domestic), kt



Source: PhosAgro

EBITDA Analysis

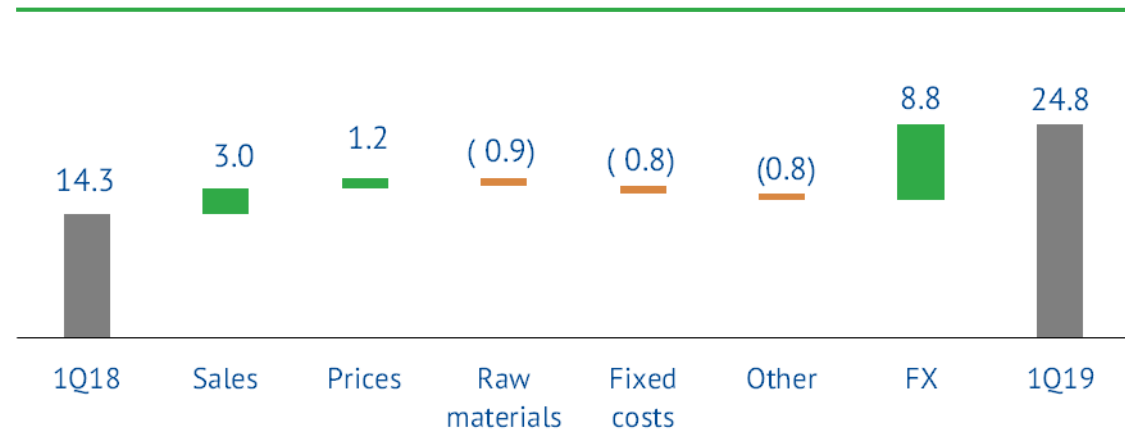
EBITDA and EBITDA margin, RUB bln



Comments

- EBITDA in 1Q 2019 amounted to RUB 24.8 billion (USD 375 million), up by 73% year-on-year, while EBITDA margin reached 34%.
- Major upward factors were the 5% year-on-year growth in fertilizer sales and an 8% year-on-year increase in average realised prices (in USD terms), which were supported by 16% year-on-year rouble depreciation against the US dollar.
- EBITDA growth was partially offset by inflation in feedstock prices (sulphur and potash)

EBITDA bridge in 1Q19, RUB bln



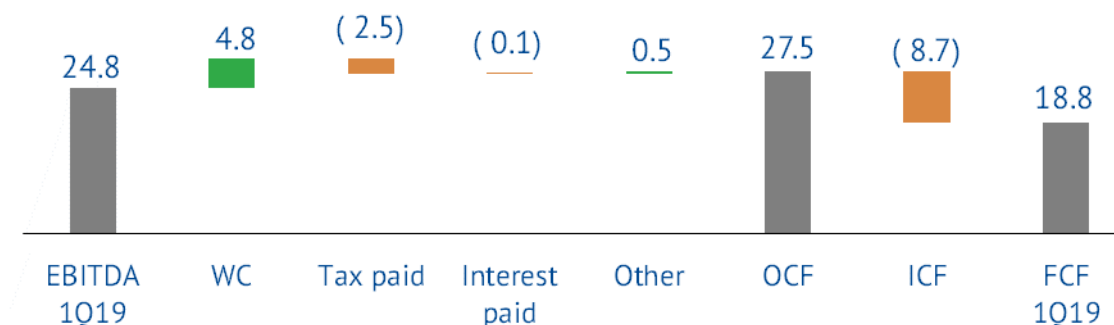
Source: PhosAgro

FCF Analysis

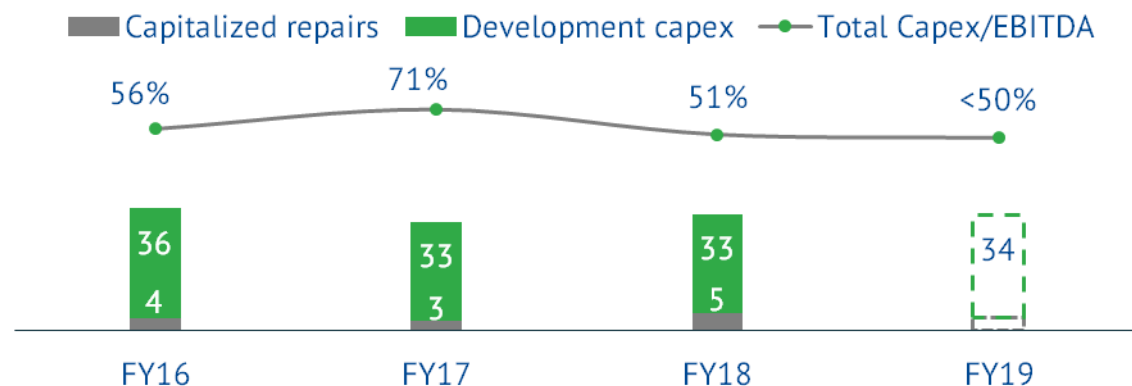
Comments

- In 1Q 2019 operating cash flow almost tripled to RUB 27.5 billion (USD 416 million) on solid EBITDA performance and working capital release.
- PhosAgro's capital expenditure for 1Q 2019 totalled around RUB 8.6 billion (USD 130 million), down by 4% year-on-year and representing 35% of the Company's EBITDA for the same period. The main capex items were scheduled maintenance and development of the upstream business, as well as construction of new sulphuric and nitric acid plants.

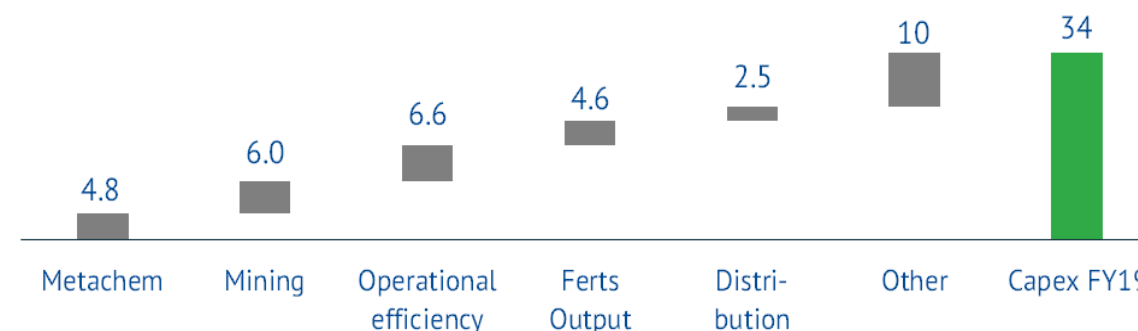
1Q19 EBITDA to FCF conversion, RUB bln



Capex and Capex/EBITDA ratio, RUB bln



FY19 Capex breakdown, w/o capitalized repairs



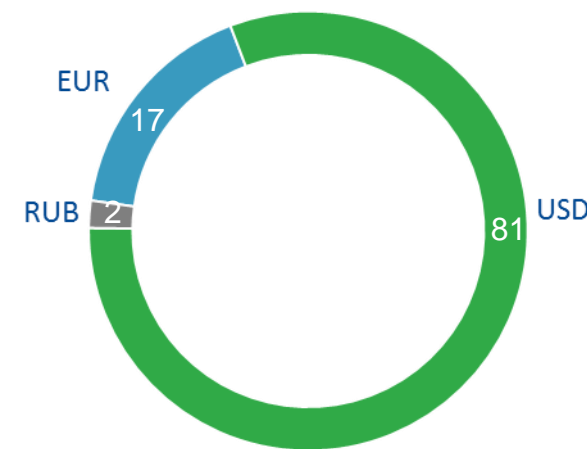
Source: PhosAgro

Debt Overview

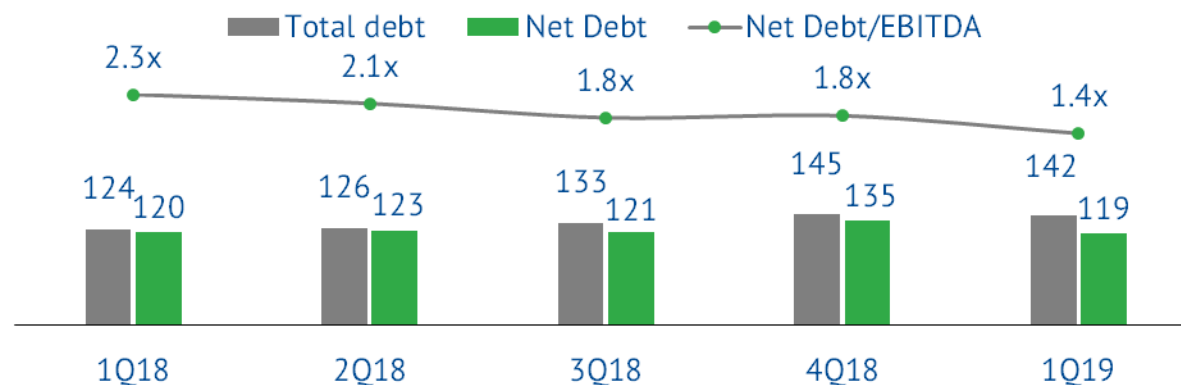
Comments

- Debt (incl. finance lease liabilities) decreased by 2% over 1Q19 to RUB 142 billion (USD 2.2 billion) driven by appreciation of the Russian ruble, as most debt is denominated in US dollars
- As of the end of March 2019, net debt totaled RUB 118.9 billion (USD 1.8 billion), representing a net debt/LTM EBITDA ratio of 1.4x against 1.8x as of end of 2018, thanks to solid EBITDA performance.

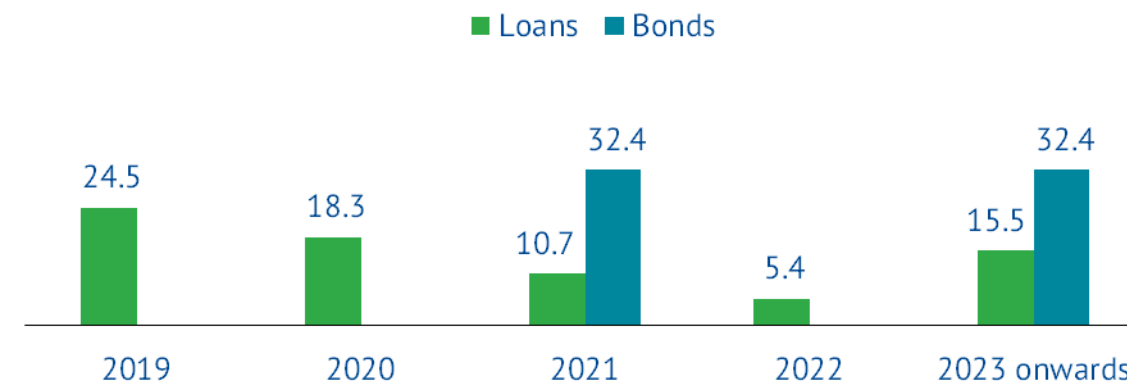
Debt currency breakdown as of 31 March 2019, %



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

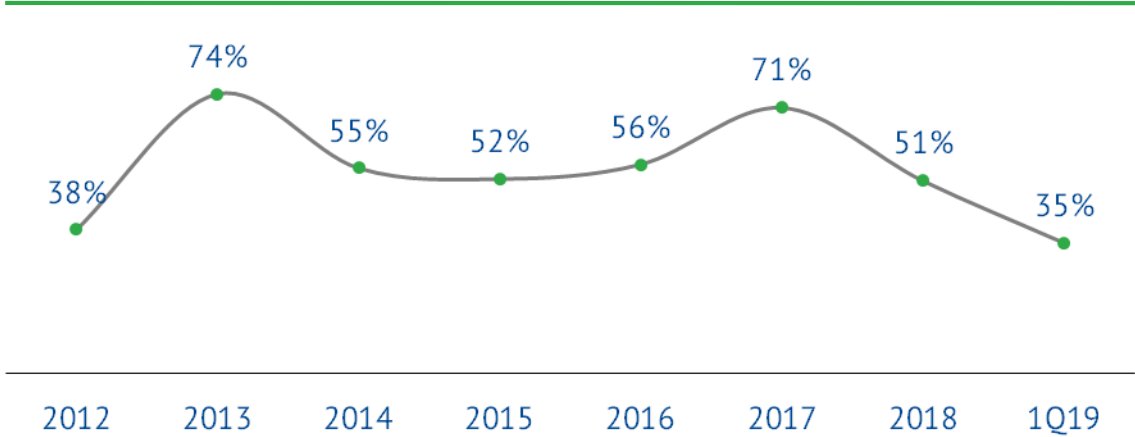
Prudent balance between dividends and organic growth



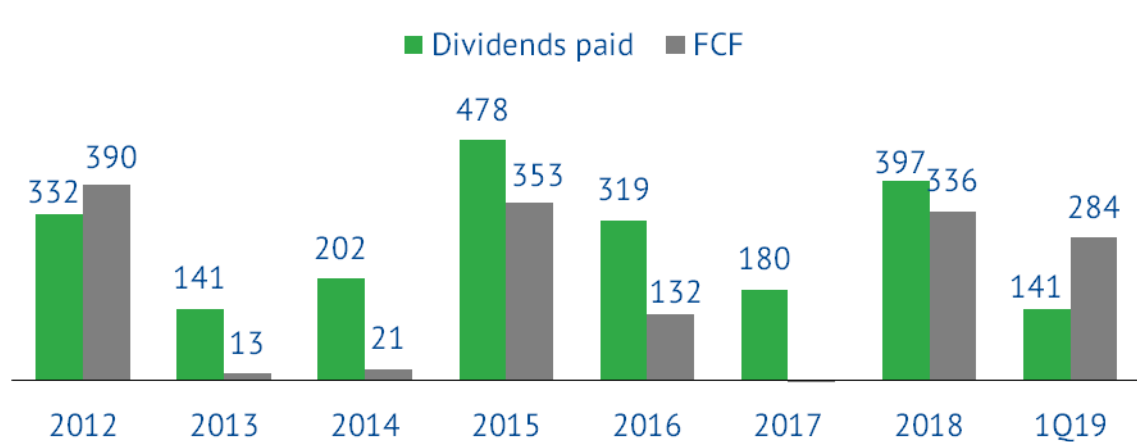
Key Facts

- Quarterly dividend payments
- 30-50% of Net income adjusted on non-cash gains/losses
- \$6.2/GDR (or 45%) has been returned to shareholders since IPO

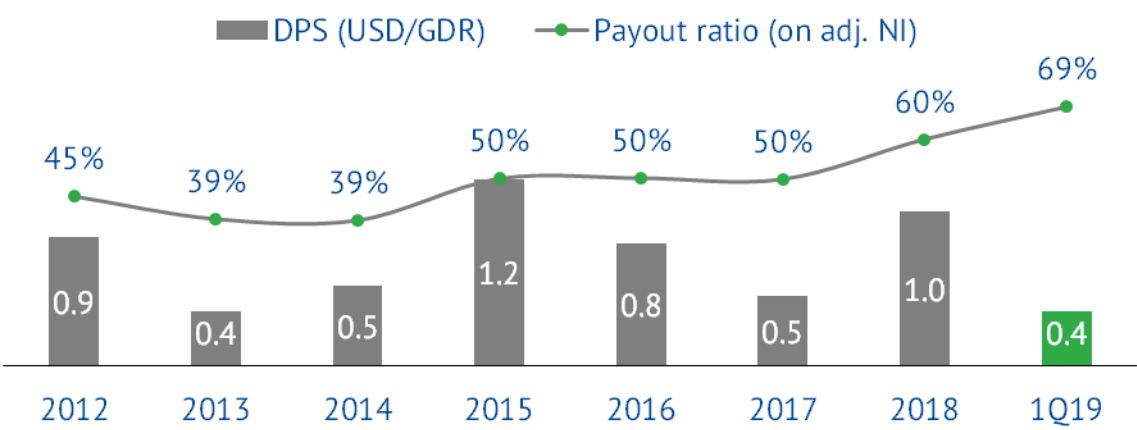
Capex/EBITDA ratio



Dividend payout history, mln USD



Stable dividend policy



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

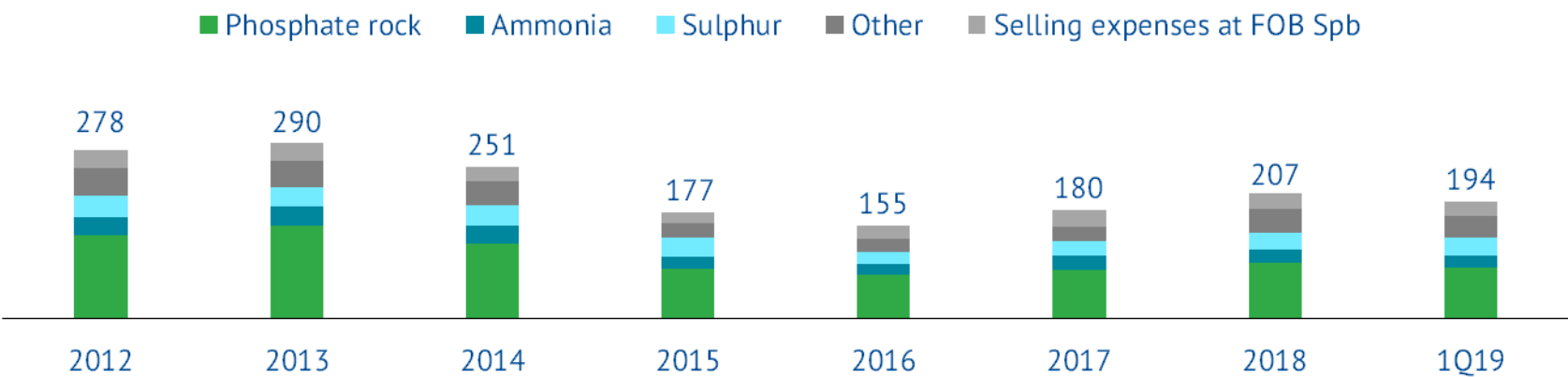


Appendix

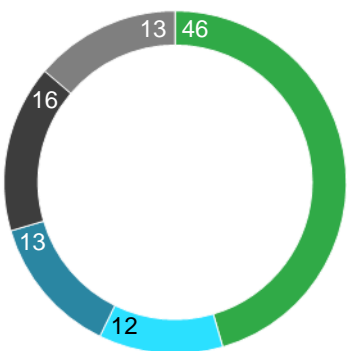
Cash cost performance



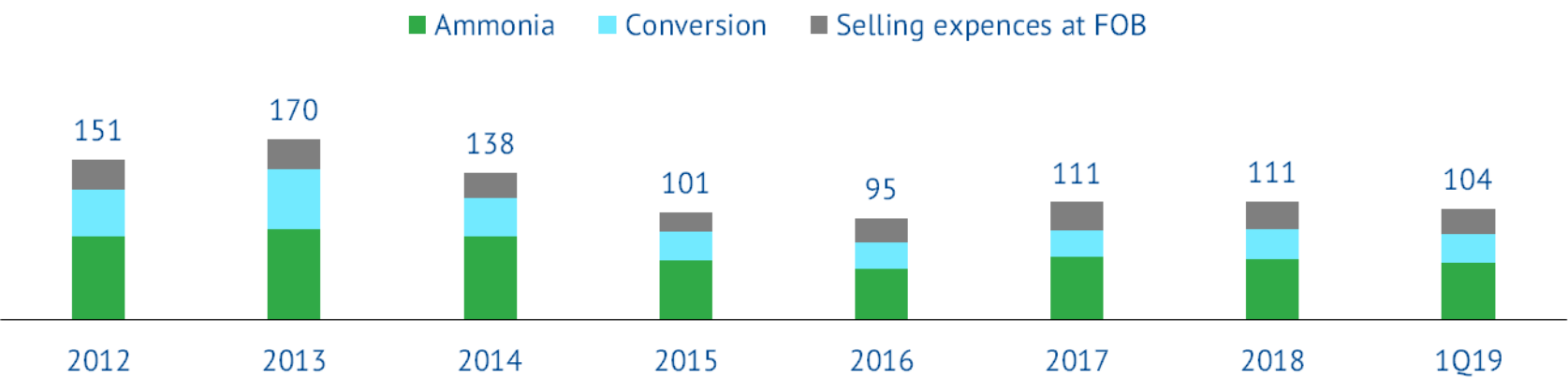
DAP cash costs at FOB, USD/t



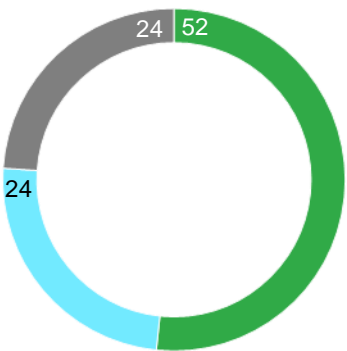
Av. DAP cash cost, %



Urea cash costs at FOB, USD/t



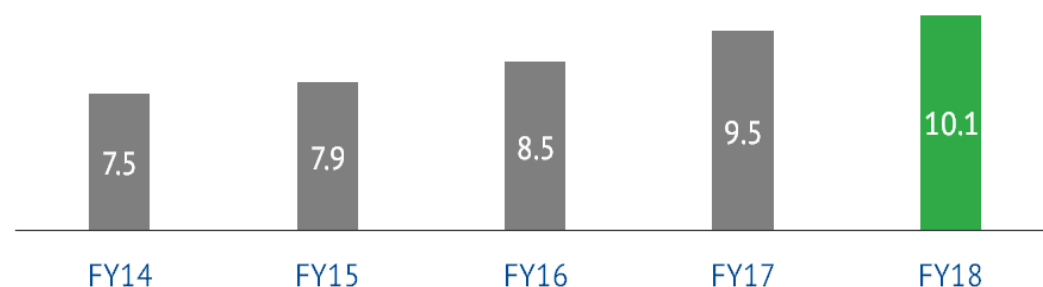
Av. Urea cash cost, %



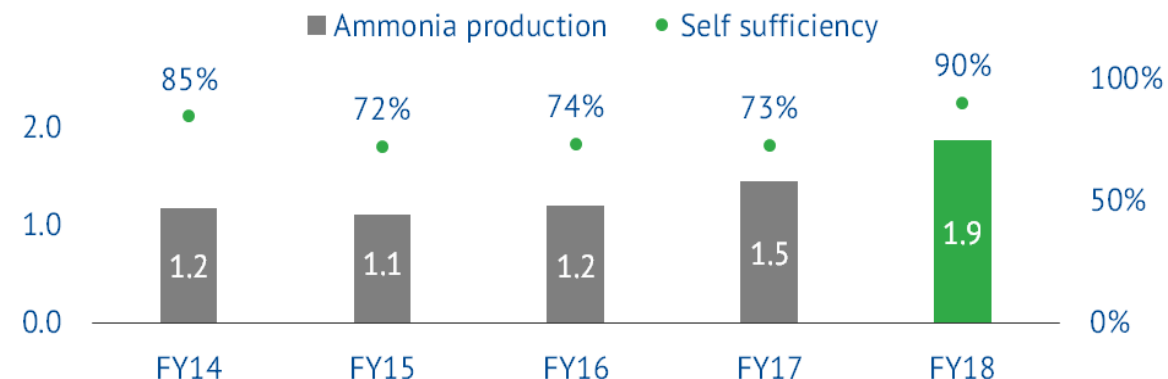
Source: CRU, PhosAgro

Key feedstocks production

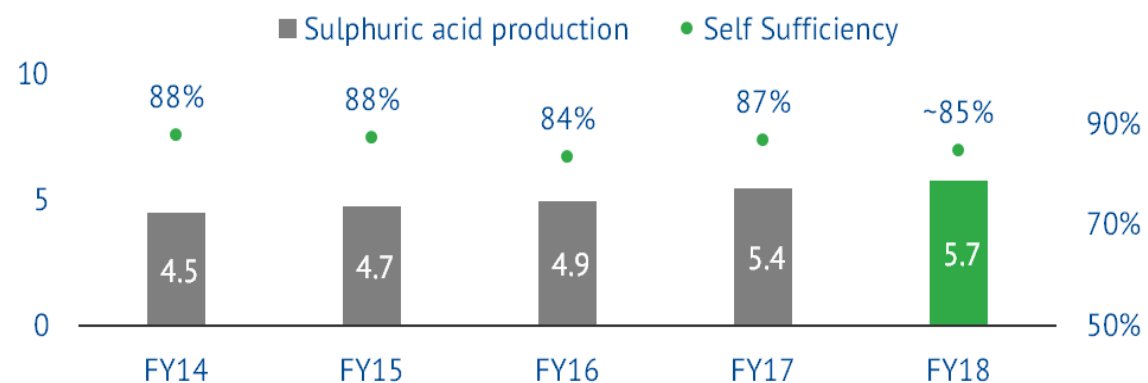
Phosphate rock production, mln t



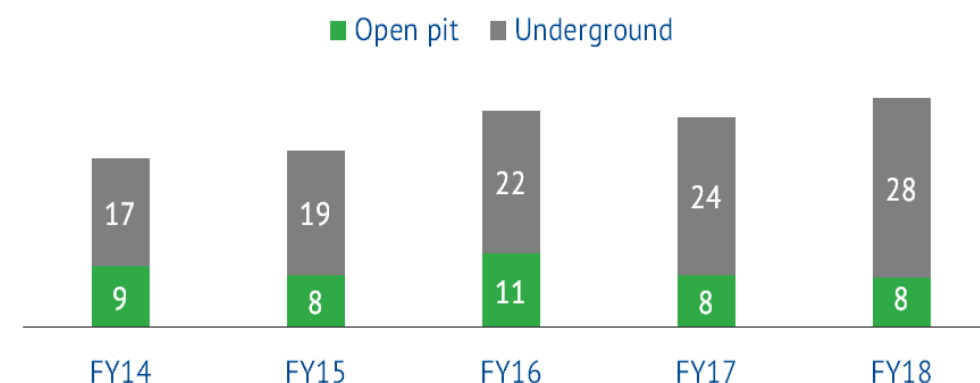
Ammonia production, mln t



Sulphuric acid production, mln t



Ore mining, mln t



Source: CRU, PhosAgro

Thank you!

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