



**BMO Capital  
10th Annual Farm to  
Market Conference  
20-21 May, 2015**





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**PHOSAGRO**

# PhosAgro and the global fertilizer industry





## World class integrated phosphate producer

- #1 global producer of high-grade phosphate rock
- #3 global DAP/MAP producer<sup>(1)</sup>
- Overall fertilizer capacity of 6.5 mln t

## Large high quality apatite-nepheline resources

- 2.05 bln t of ore resources<sup>(2)</sup> (over 75 years of production)
- Al<sub>2</sub>O<sub>3</sub> resource of 283 mln t
- Substantial resources of rare earth oxides (41% of Russian resources <sup>(3)</sup>)

## Self-sufficiency in key feedstocks provides for low costs

- 100% self-sufficient in phosphate rock
- 72%-90% self-sufficient in ammonia<sup>(4)</sup>
- More than 40% self-sufficiency in electricity

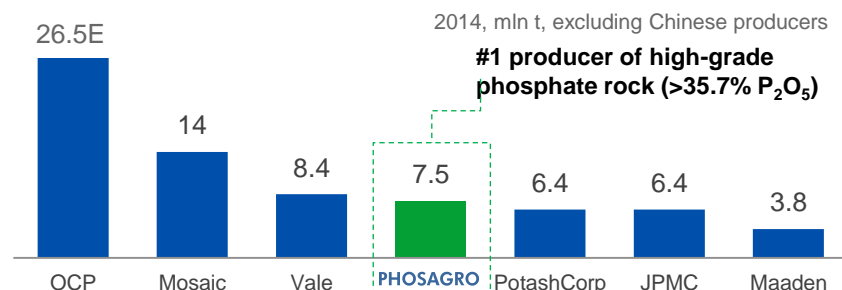
## Flexible production and sales

- Flexible production lines
- Phosphate fertilizer capacities of 4.3 mln t, 1.85 mln t fully flexible into NPK production
- Leader in Russian fertilizer market growing twice faster than the world consumption
- Net back driven sales model with a global presence

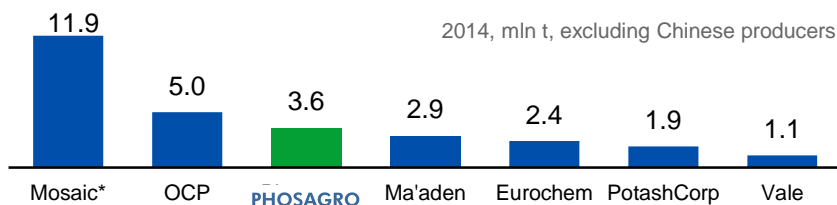
## Strong financial performance

- EBITDA of \$979 mln in 2014
- FY2014 Net debt/EBITDA: 2.48x

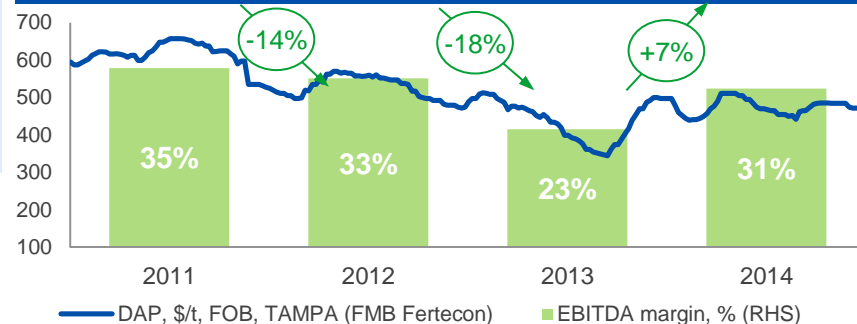
## Leading global phosphate rock producers (by production)



## Leading global DAP/MAP producers (by capacity)



## DAP price dynamics vs EBITDA margin, average DAP price change (%)



Note: (1) Excluding Chinese producers  
(2) PhosAgro, IMC as of June 2011

(3) Russian Academy of Science

(4) self-sufficiency depends on the composition of the products produced by PhosAgro

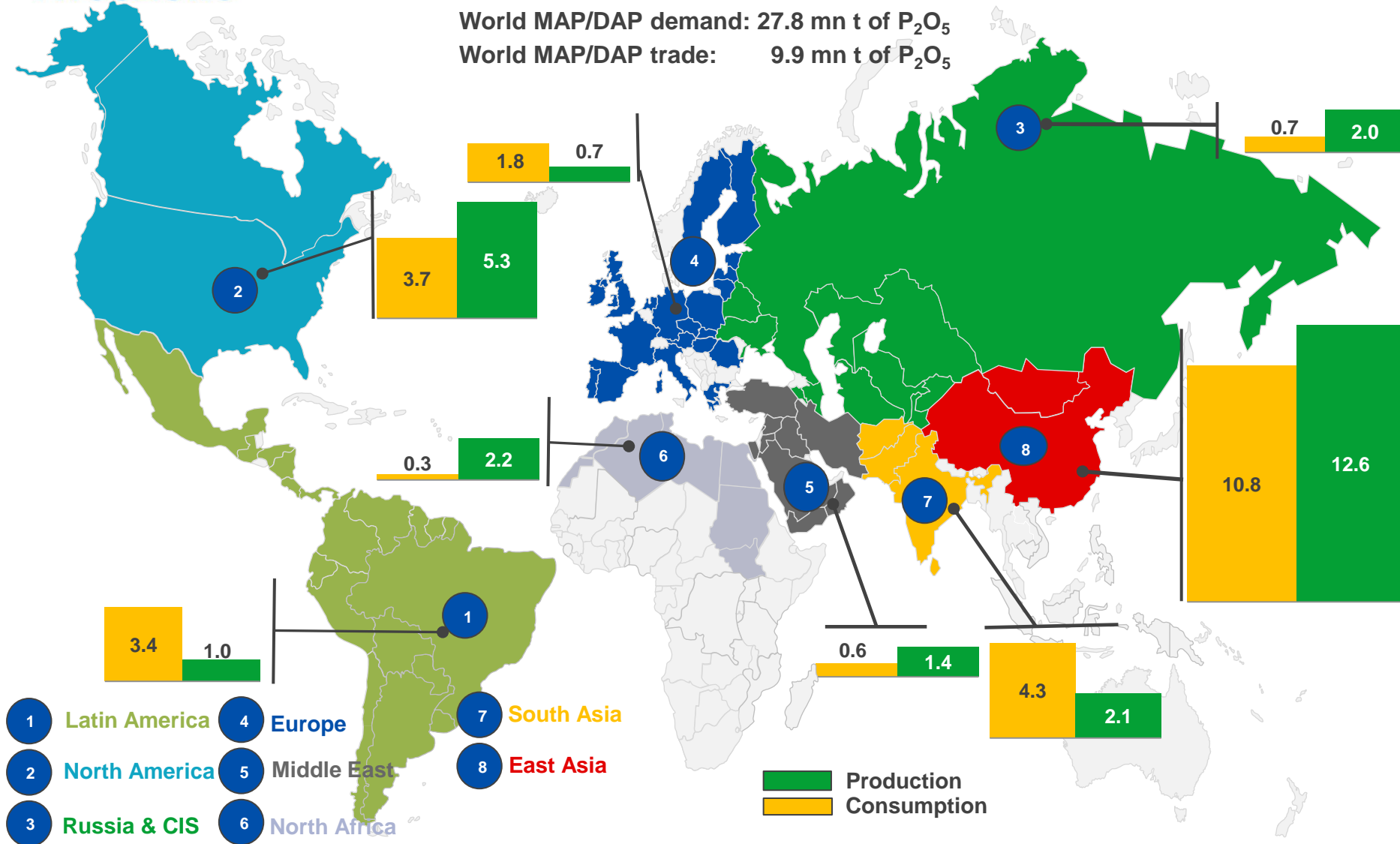
Source: IFA, CRU, companies' data, PhosAgro

Source: Argus-FMB, CRU, IFA, companies' data, PhosAgro

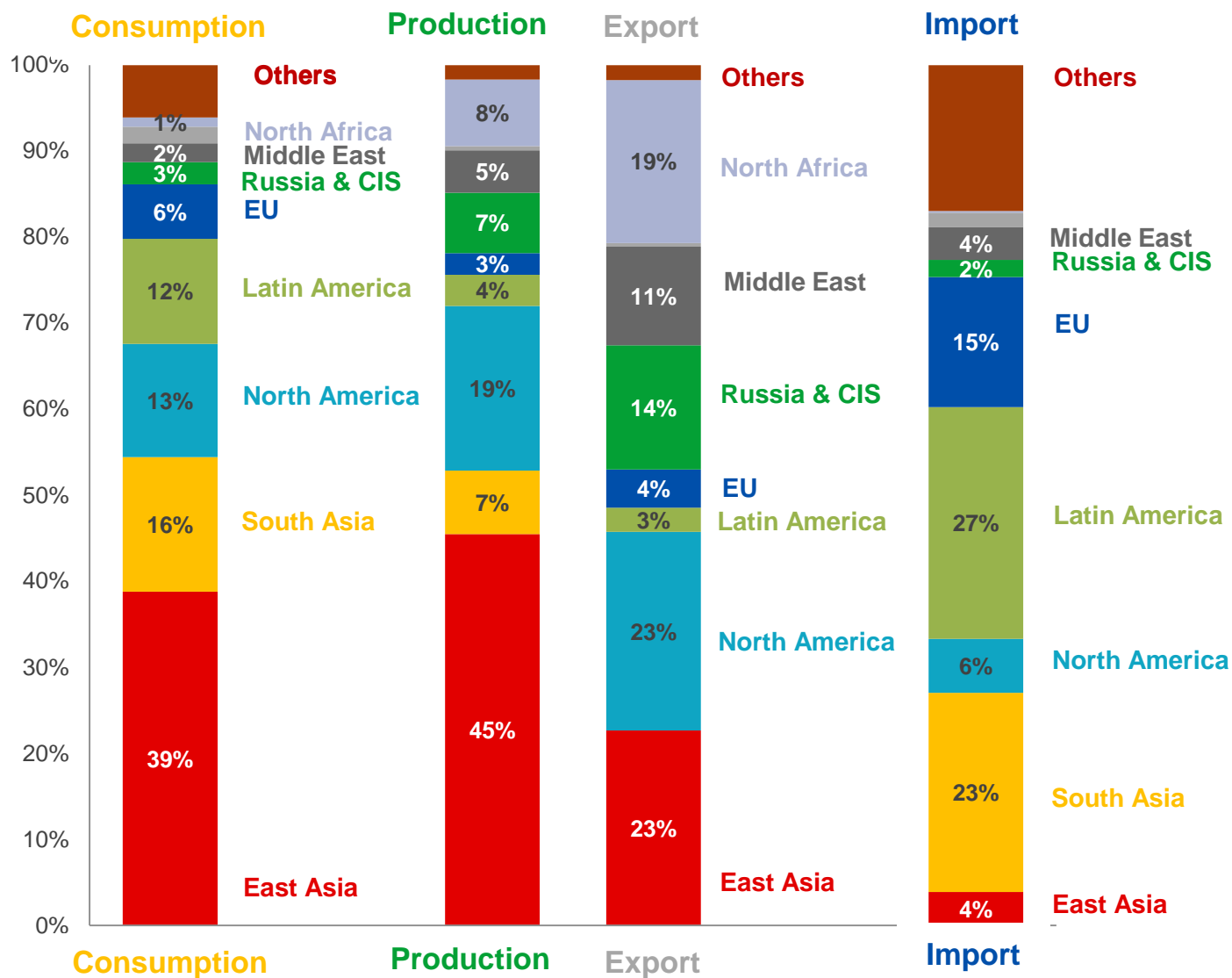
# 2013 MAP/DAP production vs consumption, global trade in million tonnes of $P_2O_5$

World MAP/DAP demand: 27.8 mn t of  $P_2O_5$

World MAP/DAP trade: 9.9 mn t of  $P_2O_5$

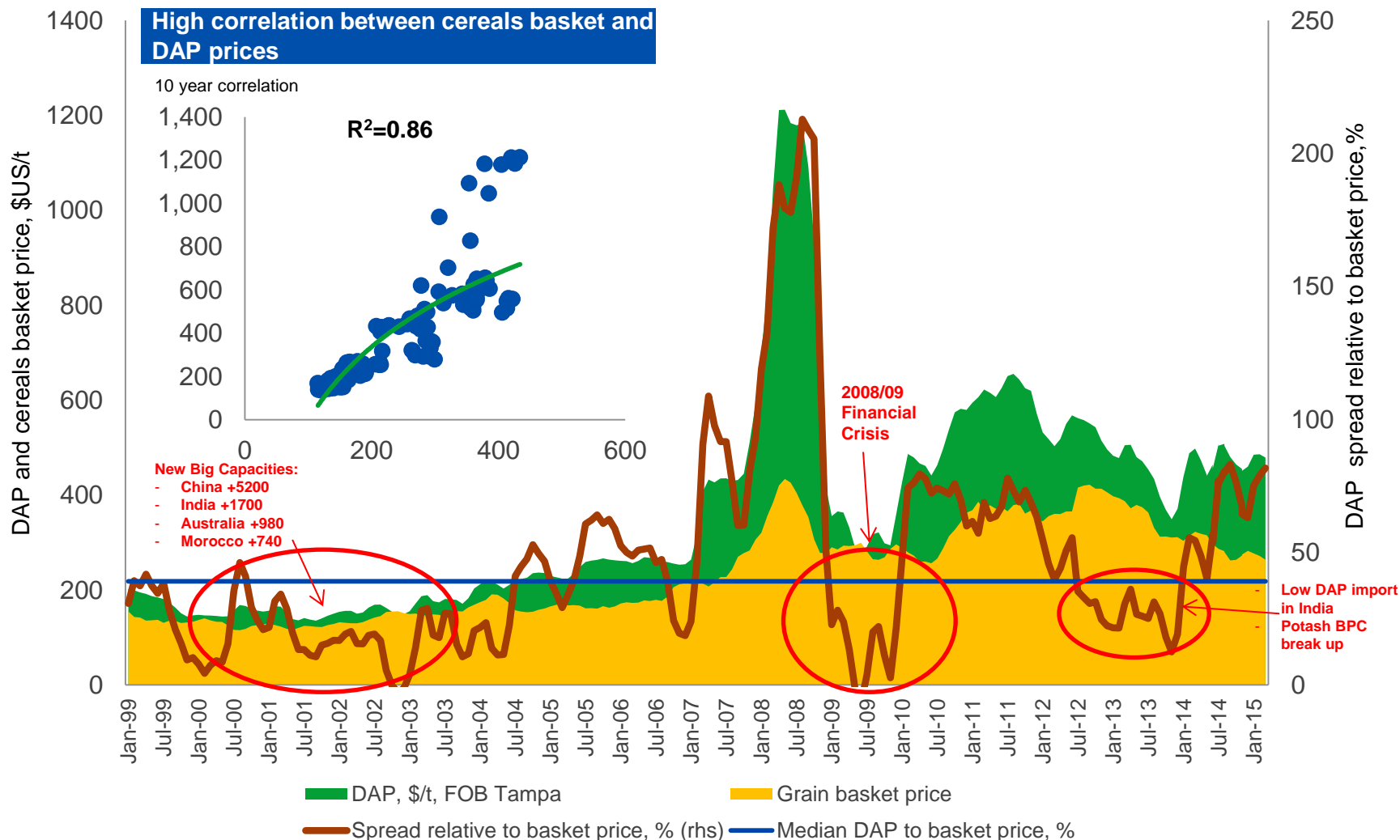


# 2013 MAP/DAP regional balances of P<sub>2</sub>O<sub>5</sub>, mn t



# High grain prices driven by market imbalances motivate farmers to use more fertilizers

## Cereals basket to DAP price spread

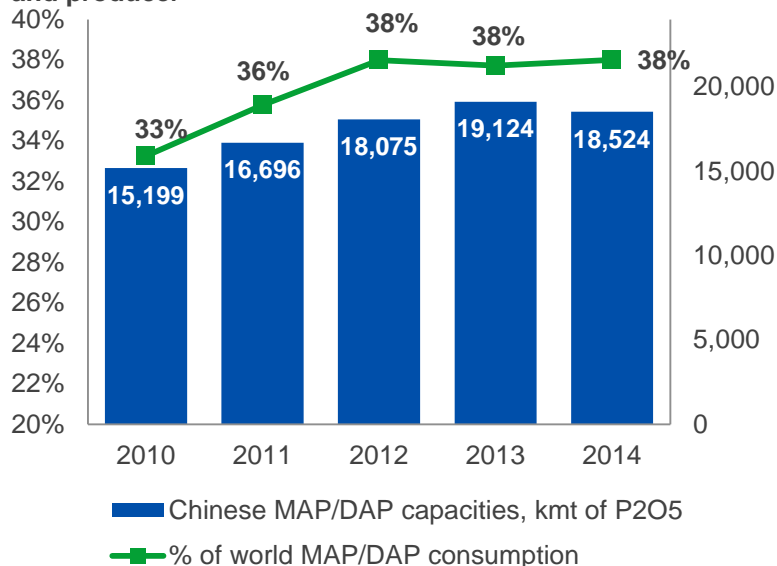


Source: Fertecon, Argus-FMB, FAO, USDA, IFA

Note: (1) agricultural commodity prices are represented by a grain index calculated as follows: (wheat price\*7+ corn price \*8 rice price\*4.5+soybeans price\*2.5)/22

## China is the world's largest MAP/DAP consumer

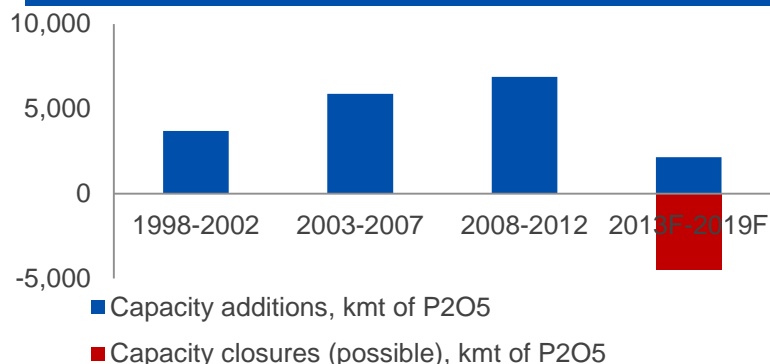
and producer



## China is a farming giant in absolute terms

Country	China	India	Brazil	Russia	USA
Employment in agriculture, % of total	35	47	15	10	2
Rural population, mn	636	852	30	38	59
Rural population, % of total	47%	68%	15%	26%	19%
Total population, mn	1,375	1,241	197	142	312
Farm Holdings, mn	201	138	5	23	2.2
Value added in agriculture, % of GDP	10	18	6	4	< 1
Arable land per capita, ha	0.1	0.1	0.4	0.8	0.5
Water resources per capita, '000 m <sup>3</sup> /cap	2.1	1.6	42.2	31.5	9.9
P <sub>2</sub> O <sub>5</sub> consumption, mn t	16.7	6.7	4.3	0.6	4.0
P <sub>2</sub> O <sub>5</sub> consumption, % of world total	36%	15%	9%	1%	9%

## Capacity closures outpace new capacity additions



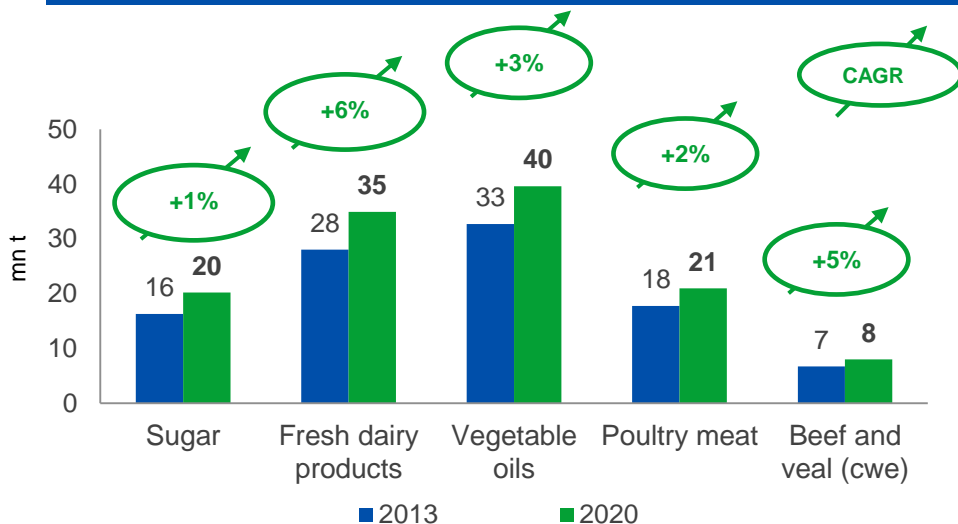
## Comment

- China accounted for 6% of world phosphate rock resources and 36% of world P<sub>2</sub>O<sub>5</sub> consumption
- Chinese population grows with 15 mn babies born annually and net population growth of 6 mn people (equivalent to the population of Belgium). Belgium consumes 3,690 kcal/capita/day and GDP is \$US 45 k per capita, compared to 2,990 kcal/capita/day and \$US 6 k in China
- Chinese government focus on food security appears in solid P<sub>2</sub>O<sub>5</sub> capacity growth, though it will continue at a much slower rate

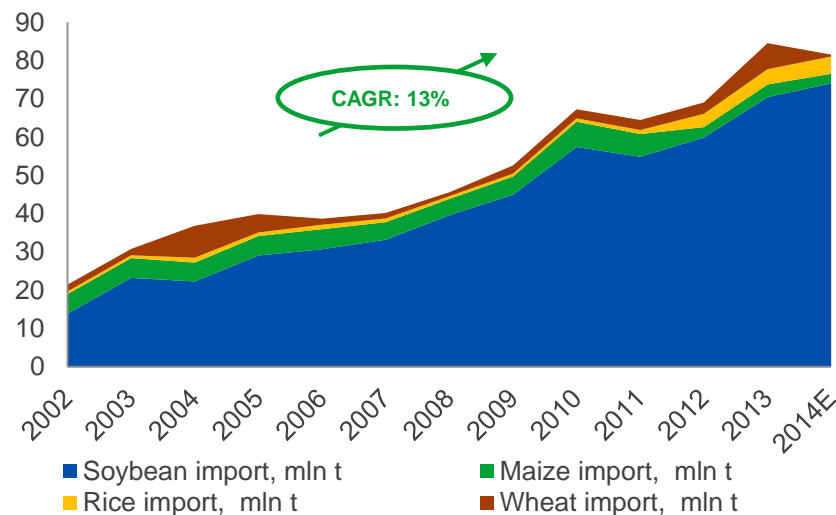


# China: a net P importer on the horizon

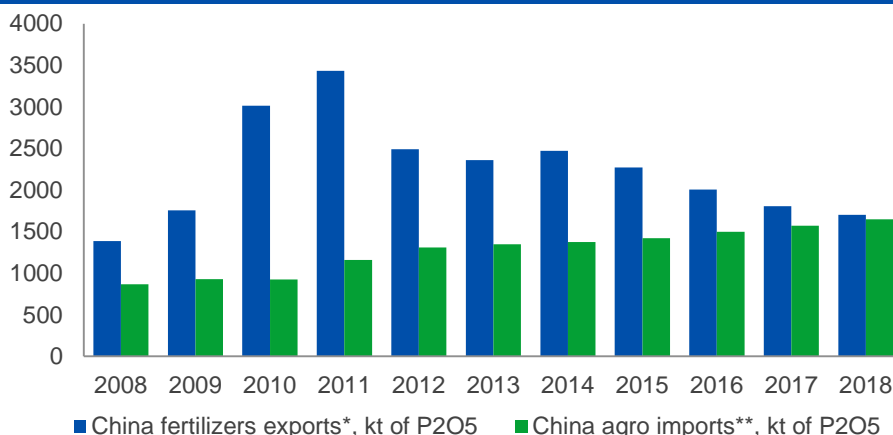
## Economic growth will affect dietary patterns significantly



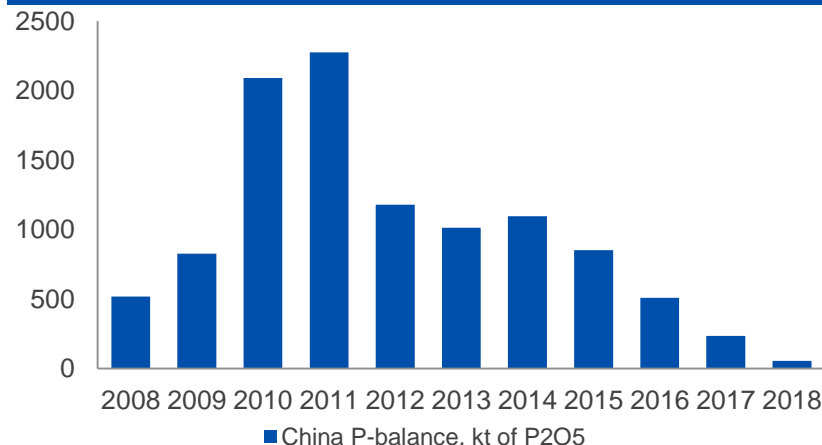
## China will continue to increase food imports



## Growing P intakes of imported food



## ..lead to potential P net imports

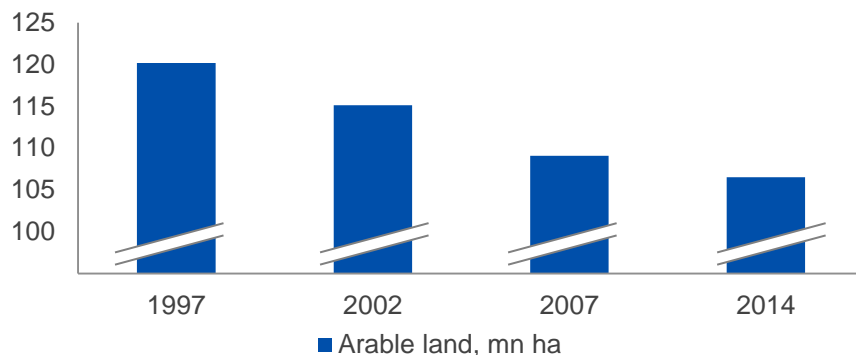


Note: (\*) CRU data, (\*\*) calculated as USDA/IGC data about ag imports multiplied on P<sub>2</sub>O<sub>5</sub> removal rate in kg P<sub>2</sub>O<sub>5</sub> per t of primary crops: wheat - 11.3; rice - 6.4; corn - 6.7; barley - 7; soybean - 17; palm oil - 2; rapeseed - 9

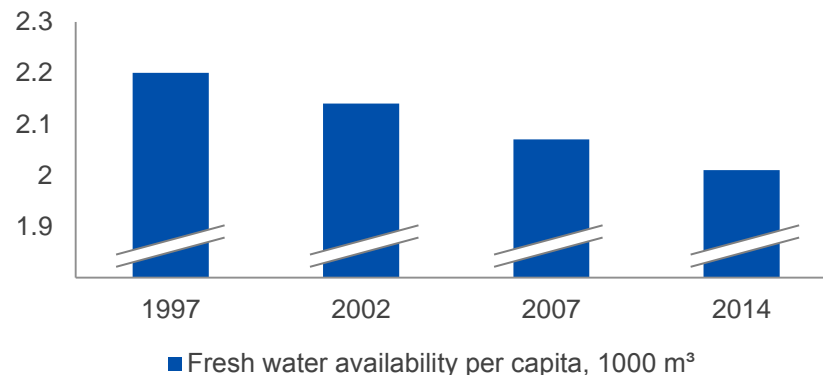
Source: FAO, CRU

# China: environmental issues coming to the forefront

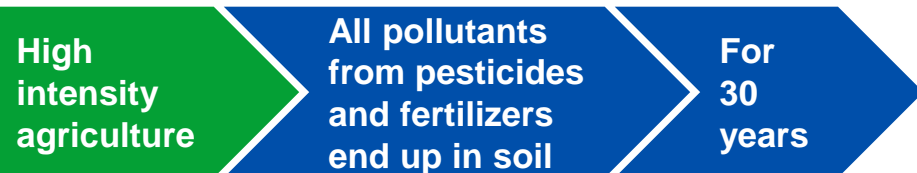
## Chinese ag resources deteriorate with limited arable land



## ... and water availability decreases



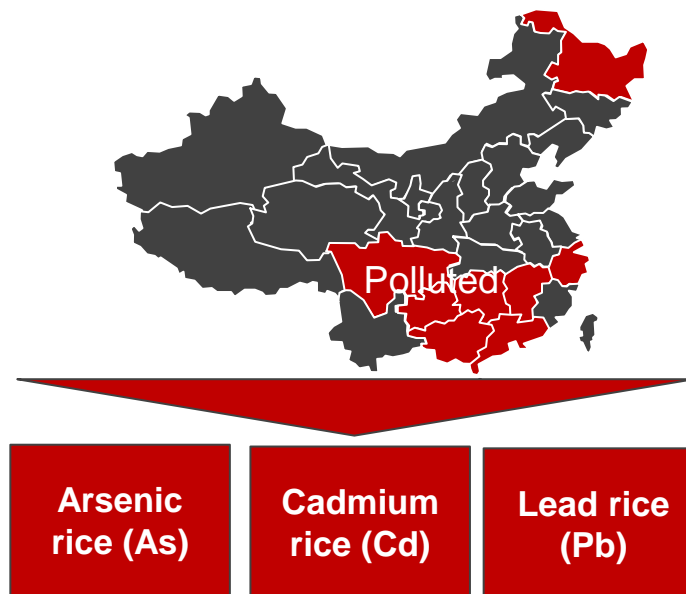
## Chinese farmers use high-intensity agricultural techniques



- Water scarcity, contamination and pollution
- Fertilizer burn
- Soil pollution and cadmium contamination



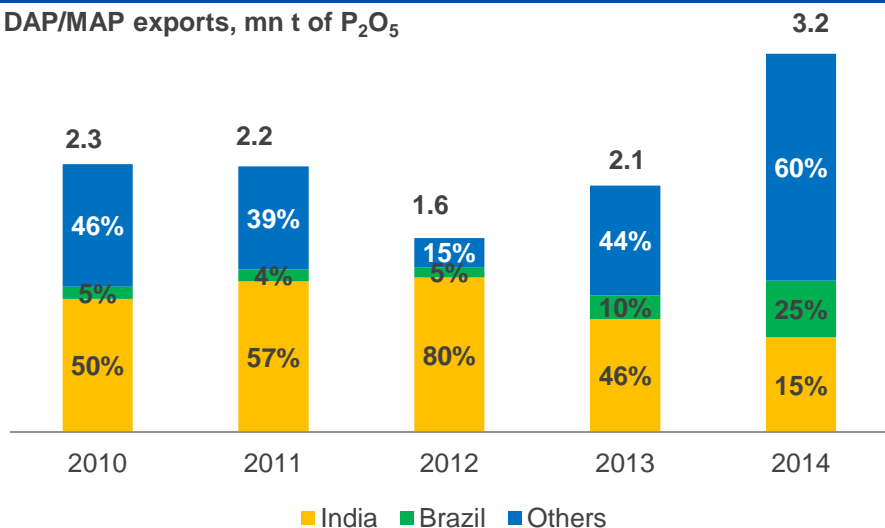
## Tainted rice was discovered in several Chinese provinces



# Chinese exports go to India

China exports a significant part of its p-based fertilizers to India

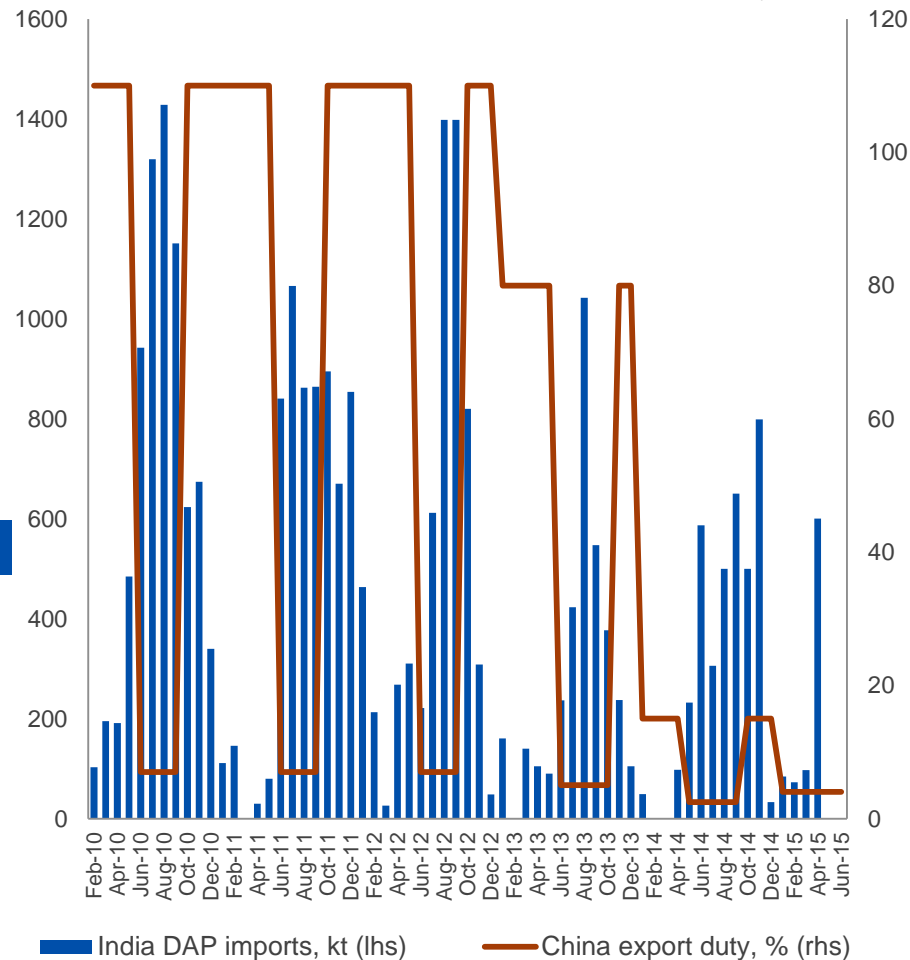
DAP/MAP exports, mn t of  $P_2O_5$



... and India imports correspond with China's "export window"

DAP imports, kt

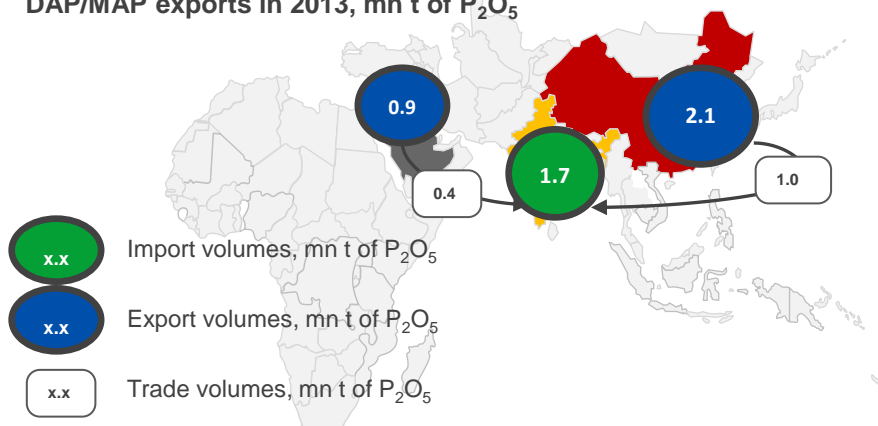
Export duty for DAP, %



(\*)DAP imports in Apr-15 is an estimate

Half of exports from China and Ma'aden go to India

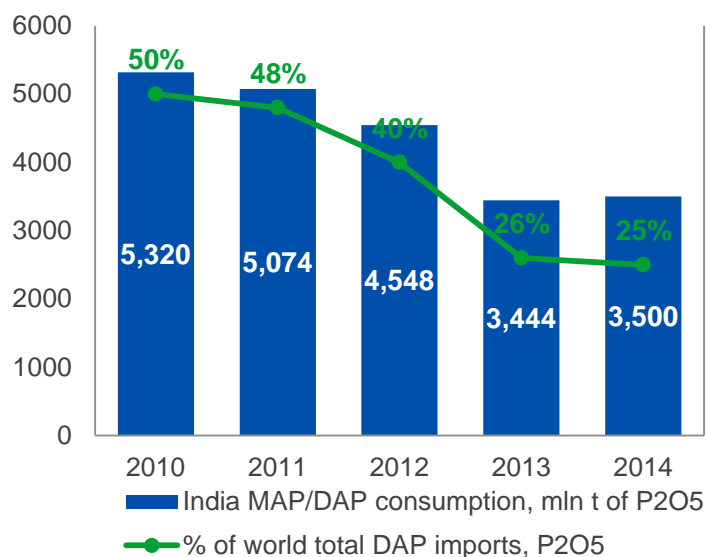
DAP/MAP exports in 2013, mn t of  $P_2O_5$





## India is the second largest MAP/DAP consumer

and the world largest DAP importer



## Rural population and ag production dominate in India

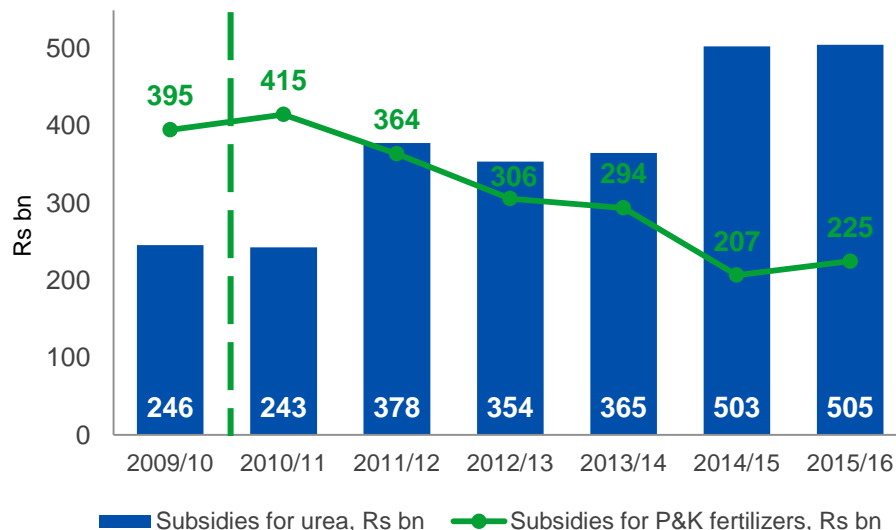
Country	India	China	Brazil	Russia	USA
Employment in agriculture, % of total	47	35	15	10	2
Rural population, mn	852	636	30	38	59
Rural population, % of total	68%	47%	15%	26%	19%
Total population, mn	1,241	1,375	197	142	312
Farm Holdings, mn	138	201	5	23	2.2
Value added in agriculture, % of GDP	18	10	6	4	< 1
Arable land per capita, ha	0.1	0.1	0.4	0.8	0.5
Water resources per capita, '000 m <sup>3</sup> /cap	1.6	2.1	42.2	31.5	9.9
P <sub>2</sub> O <sub>5</sub> consumption, mn t	6.7	16.7	4.3	0.6	4.0
P <sub>2</sub> O <sub>5</sub> consumption, % of world total	15%	36%	9%	1%	9%

## Comment

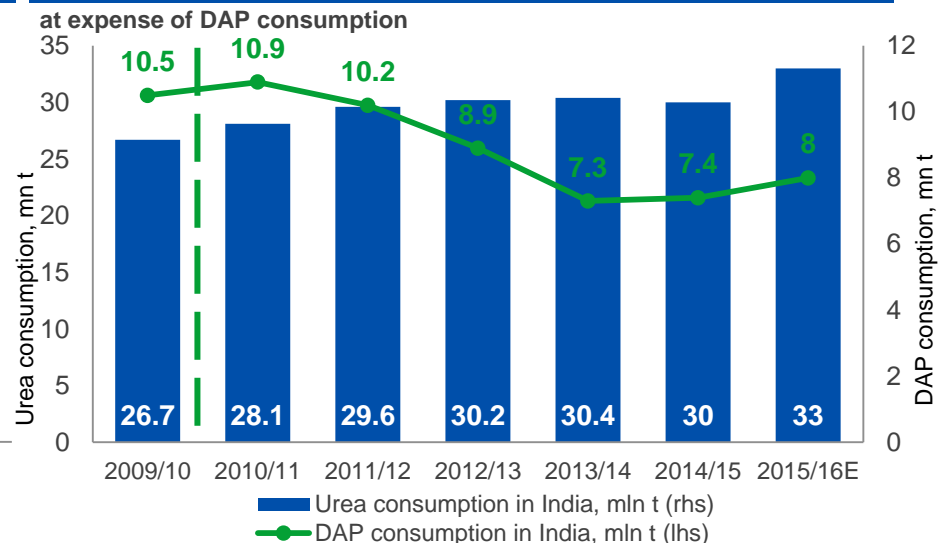
- India accounted for 0% of world phosphate rock resources and 15% of world P<sub>2</sub>O<sub>5</sub> consumption
- 22 mn babies are born annually in India; this is the equivalent of the entire population of Australia. Australia consumes 3,220 kcal/capita/day and GDP is \$US 67 k per capita compared to 2,360 kcal/capita/day and GDP of \$US 1.5 k in India
- Second largest population in combination with scarcity in phosphate resource make India a major importer of phosphates
- Large number of farm holdings implies their relative small size: limited access to modern farming and agronomic technologies result in imbalanced fertilizer application

# India's subsidy policy: favouring urea leads to unbalanced fertilization

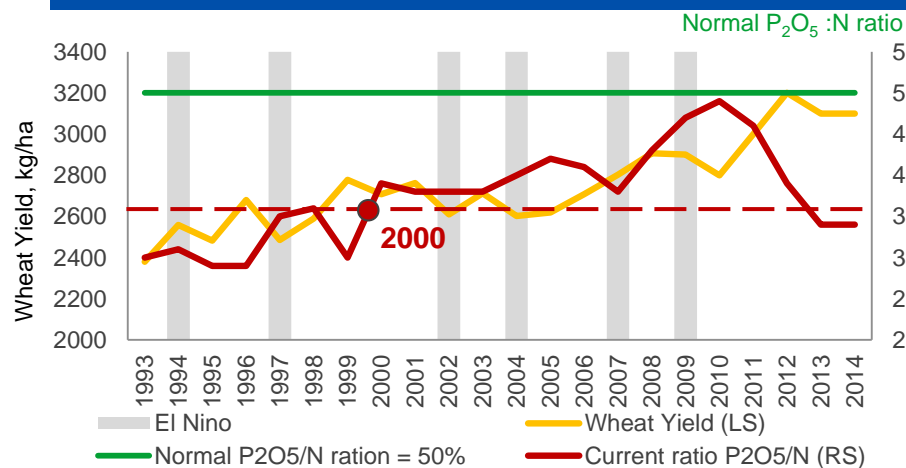
## India introduced a new subsidy system in 2010



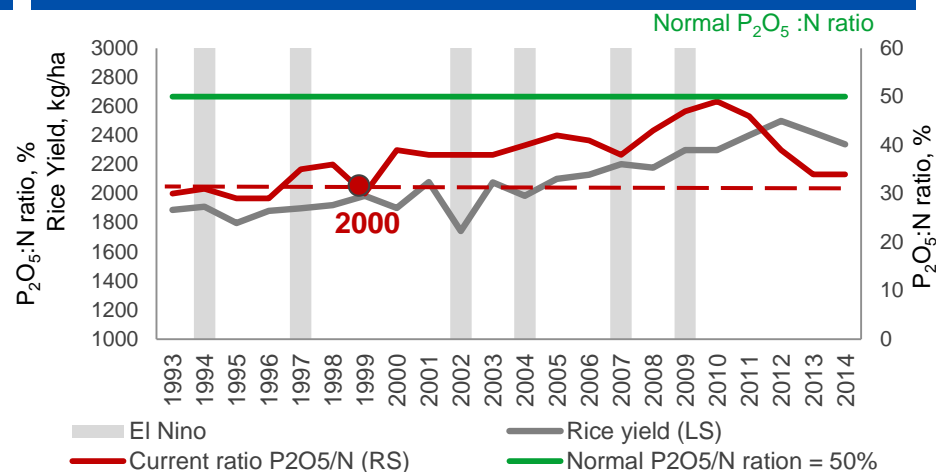
## ...which lead to increased urea consumption



## P<sub>2</sub>O<sub>5</sub> : N ratios, wheat yields



## P<sub>2</sub>O<sub>5</sub> : N ratios, rice yields



# Uncertain policy for nutrient subsidies in India decrease fertilizer imports and unbalance fertilization

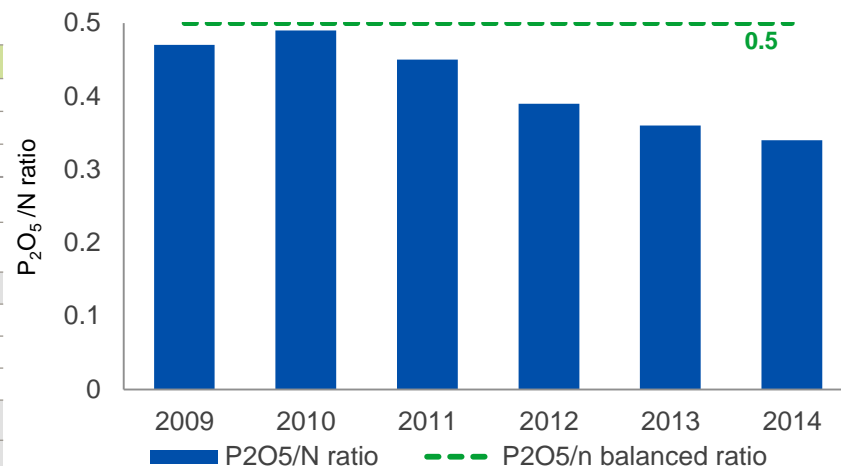
## Evolution of N : P<sub>2</sub>O<sub>5</sub> : K<sub>2</sub>O ratio in India

	N	P <sub>2</sub> O <sub>5</sub>	K <sub>2</sub> O
<b>Balanced ratio</b>	<b>4.0</b>	<b>2.0</b>	<b>1.0</b>
2010/11	4.3	2.0	1.0
2011/12	6.9	3.1	1.0
2012/13	7.7	3.0	1.0

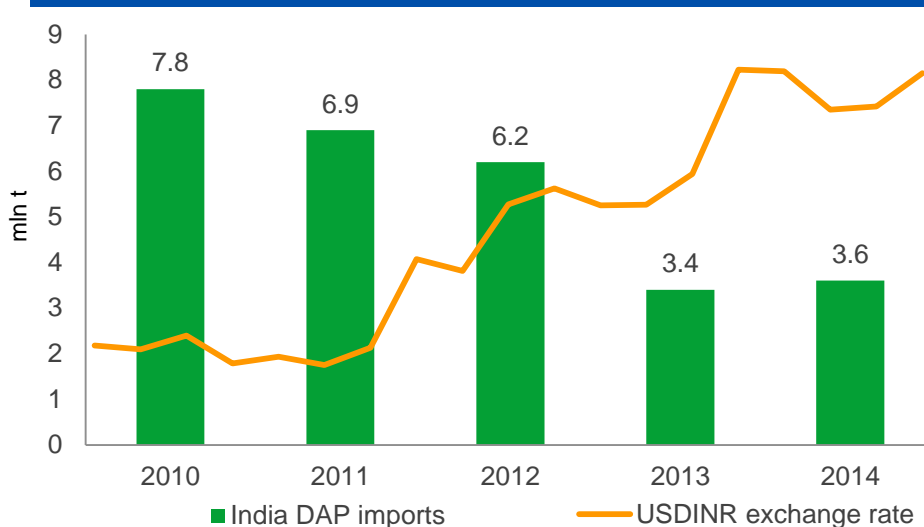
## Nutrient Based Subsidy (NBS) Rates in India (Rs/kg nutrient)

	N	P <sub>2</sub> O <sub>5</sub>	K <sub>2</sub> O
2011/12	27.153	32.338	26.756
2012/13	24.0	21.804	24.0
2013/14	20.875	18.679	18.833
2014/15	20.875	18.679	15.5
2015/16e	20.875	18.679	15.5
2015/2011 Change	-23%	-42%	-42%

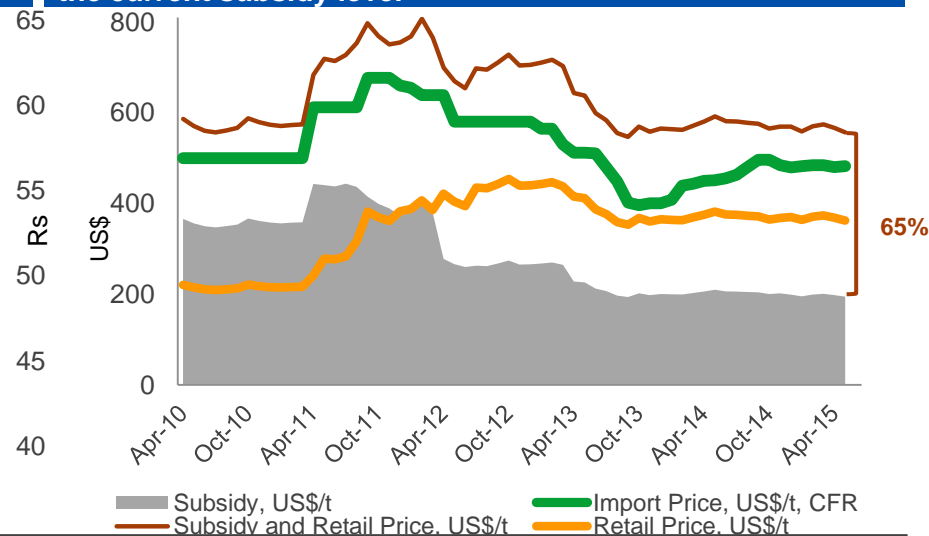
## Unbalanced fertilization



## India DAP imports and Rupee exchange rate

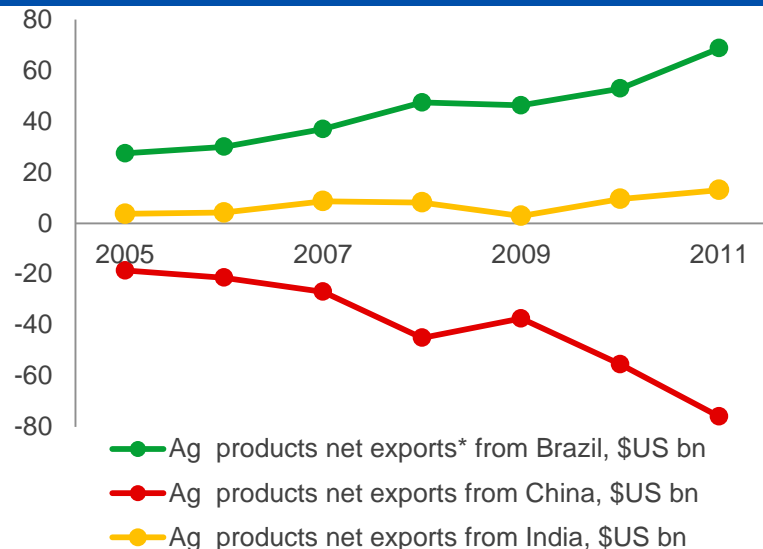


## Indian domestic price is twice above the current subsidy level





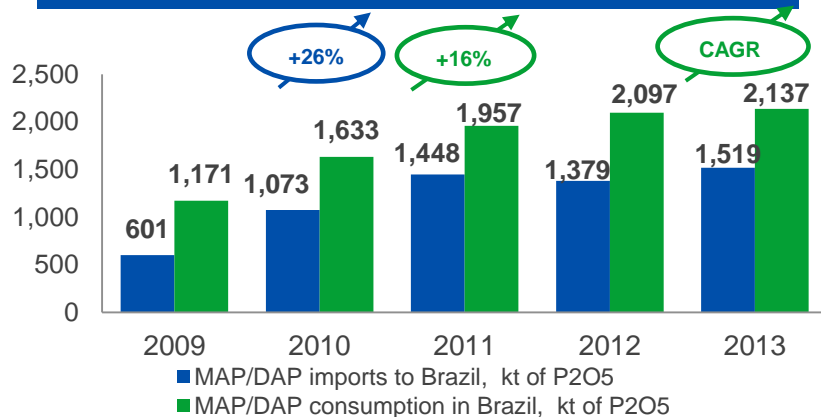
## Brazil is the largest ag exporter among developing countries



## Brazil is a rising star of world ag production and P consumption

Country	Brazil	China	India	Russia	USA
Employment in agriculture, % of total	15	35	47	10	2
Rural population, mn	30	636	852	38	59
Rural population, % of total	15%	47%	68%	26%	19%
Total population, mn	197	1,375	1,241	142	312
Farm Holdings, mn	5	201	138	23	2.2
Value added in agriculture, % of GDP	6	10	18	4	< 1
Arable land per capita, ha	0.4	0.1	0.1	0.8	0.5
Water resources per capita, '000 m <sup>3</sup> /cap	42.2	2.1	1.6	31.5	9.9
P <sub>2</sub> O <sub>5</sub> consumption, mn t	4.3	16.7	6.7	0.4	4.0
P <sub>2</sub> O <sub>5</sub> consumption, % of world total	9%	36%	15%	1%	9%

## Growing P consumption is secured by imports



## Comment

- Brazil accounted for 0.4% of world phosphate rock resources and 9% of world P<sub>2</sub>O<sub>5</sub> consumption
- Agricultural exports are a key driver of Brazil ag production growth

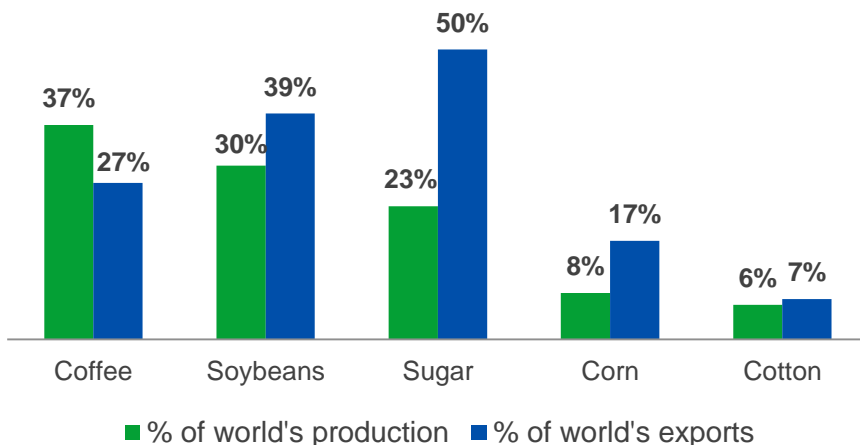
Source: World bank, IFA, FAO, CRU

Note: (1) data provided for 2012, unless otherwise stated

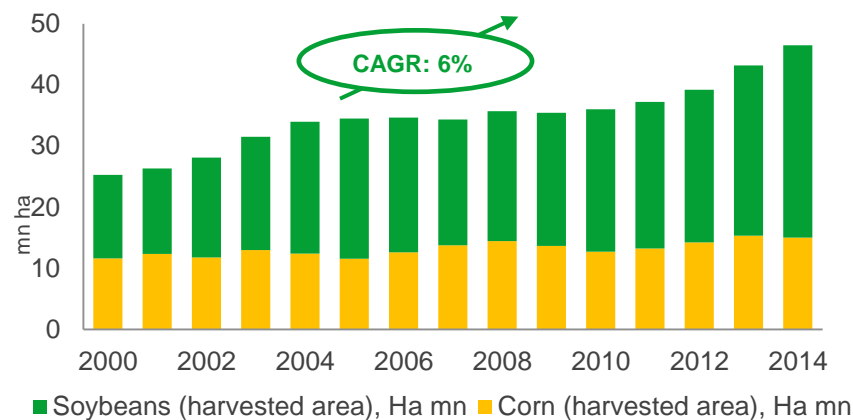
(\*) Net export equals ag production exports less ag production imports

# Brazil is a top ag exporter among developing countries

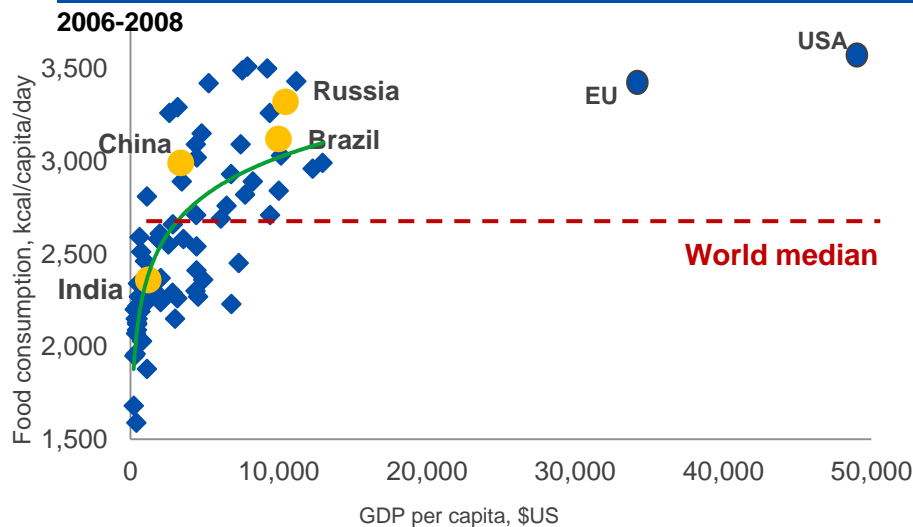
## Exports are a key driver for ag production growth



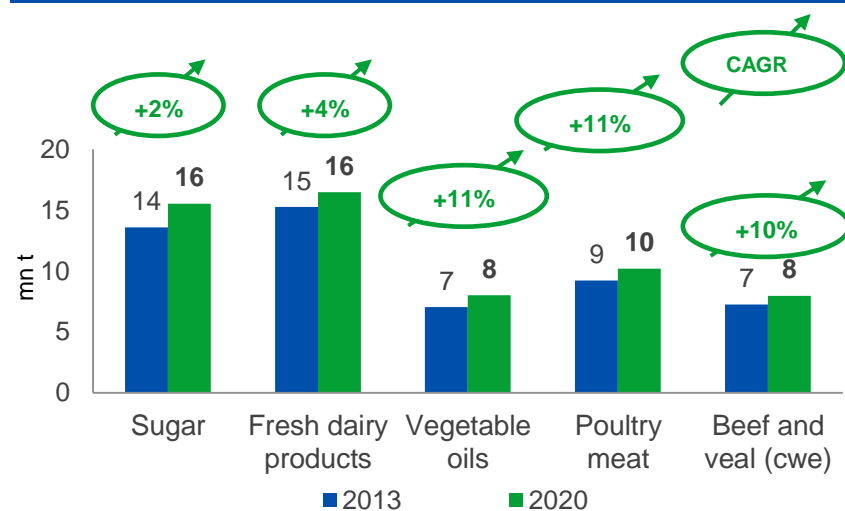
## Soybeans drive ag production in Brazil



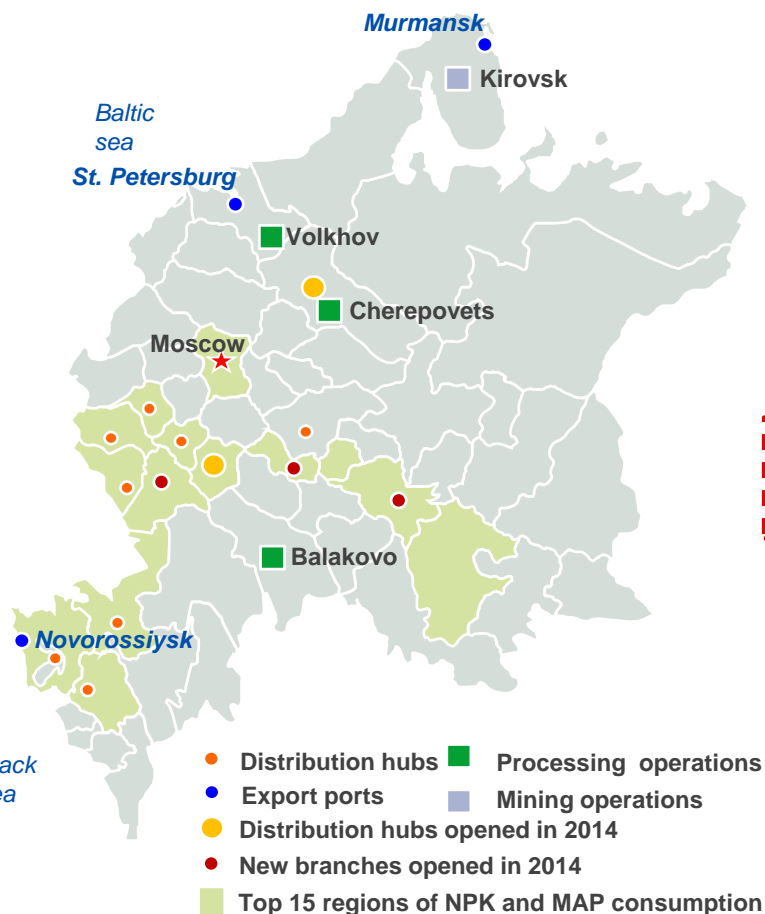
## Domestic food consumption is relatively high



## Dietary changes are more important



## PhosAgro dominates domestic phosphate market



## Russia has abundant ag resources

Country	Russia	China	India	Brazil	USA
Employment in agriculture, % of total	10	35	47	15	2
Rural population, mn	38	636	852	30	59
Rural population, % of total	26%	47%	68%	15%	19%
Total population, mn	142	1,375	1,241	197	312
Farm Holdings, mn	23	201	138	5	2.2
Value added in agriculture, % of GDP	4	10	18	6	< 1
Arable land per capita, ha	0.8	0.1	0.1	0.4	0.5
Water resources per capita, '000 m <sup>3</sup> /cap	31.5	2.1	1.6	42.2	9.9
P <sub>2</sub> O <sub>5</sub> consumption, mn t	0.4	16.7	6.7	4.3	4.0
P <sub>2</sub> O <sub>5</sub> consumption, % of world total	1%	36%	15%	9%	9%

## Comment

- Russia accounted for 2% of world phosphate rock resources and just 1% of world P<sub>2</sub>O<sub>5</sub> consumption
- Ample resources provide a good base for ag production growth



# Russia: potential for significant ag production growth

## Growing agriculture land use

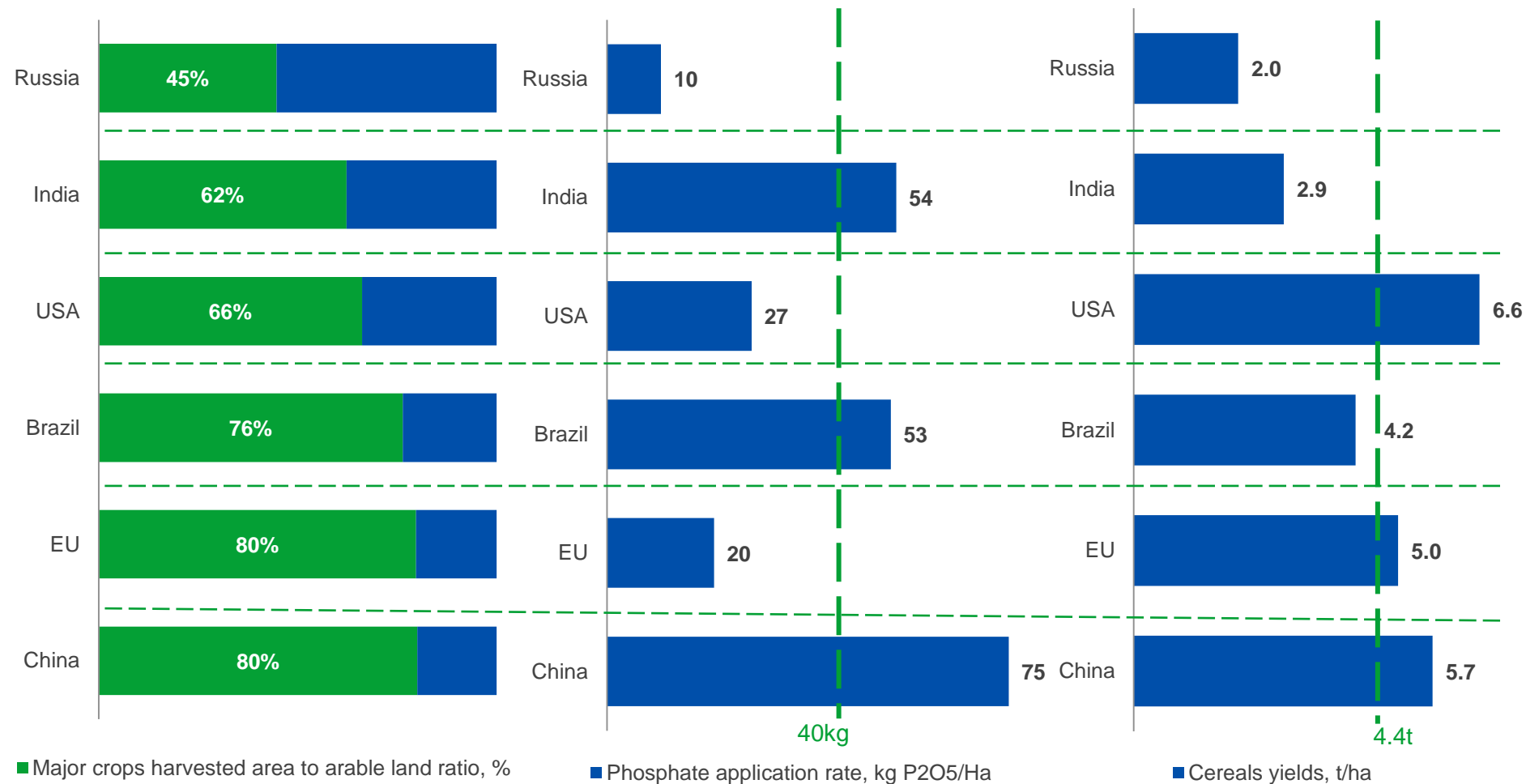
2009-2012

## ...and increased phosphate application rates

2009-2012

## ... will result in higher yields

2009-2012





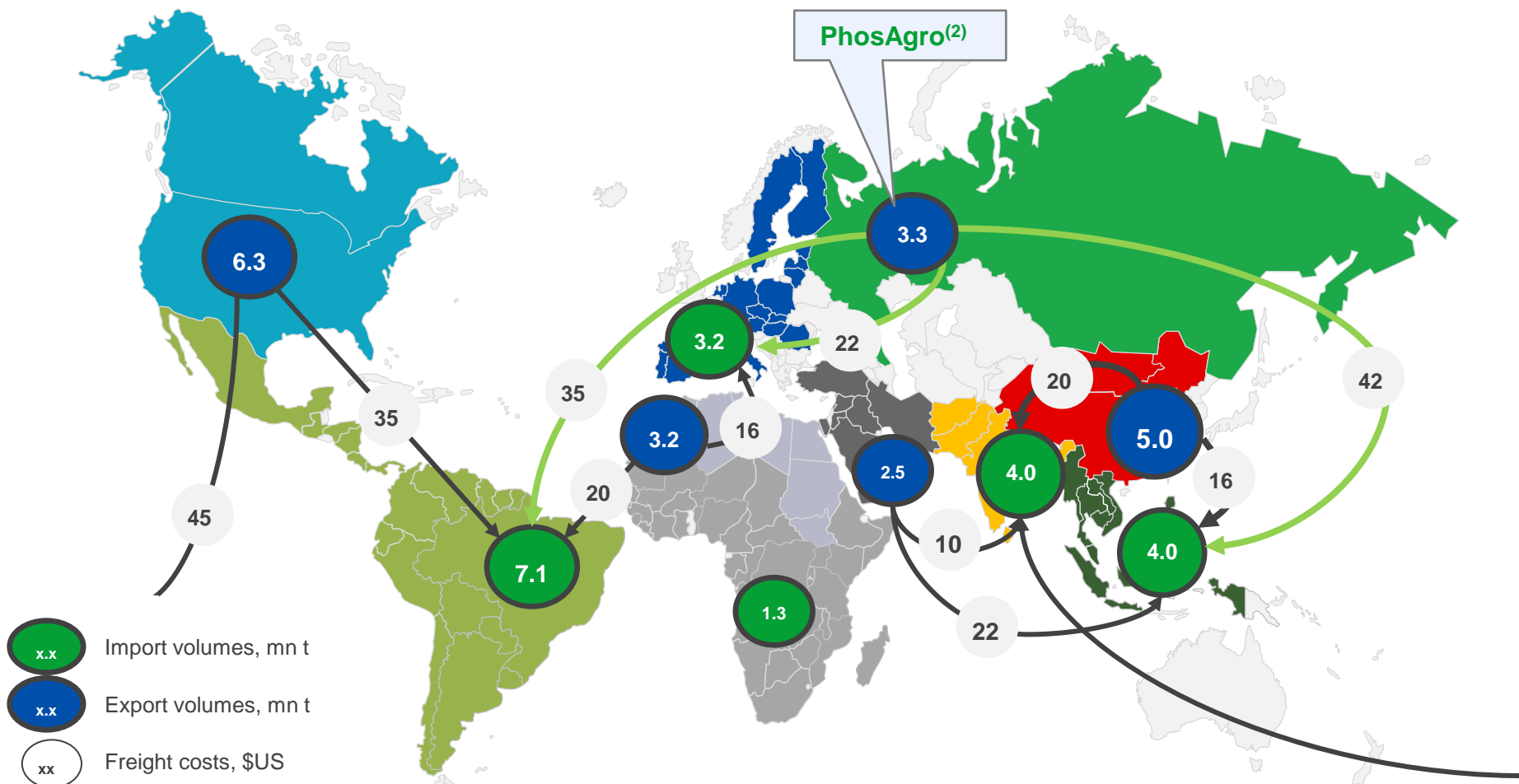
PHOSAGRO

# Sales focus and Industry developments



# 2013 Primary phosphate<sup>(1)</sup> trade flows

World DAP/MAP trade: 21.3 mn t



Source: IFA, CRU, USITC, CFMW, PhosAgro estimate

Note: (1) - DAP/MAP/NPK/NPKS

(2) - PhosAgro sales volumes

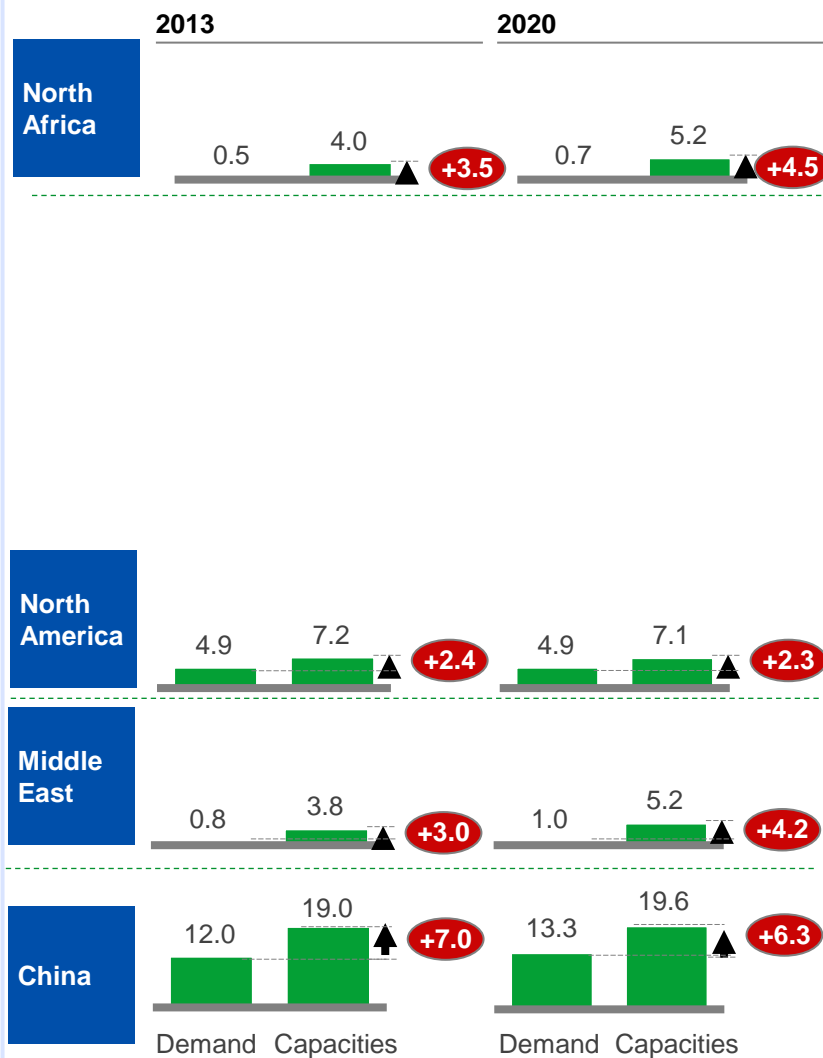


# P<sub>2</sub>O<sub>5</sub>: No changes in regional deficits by 2020

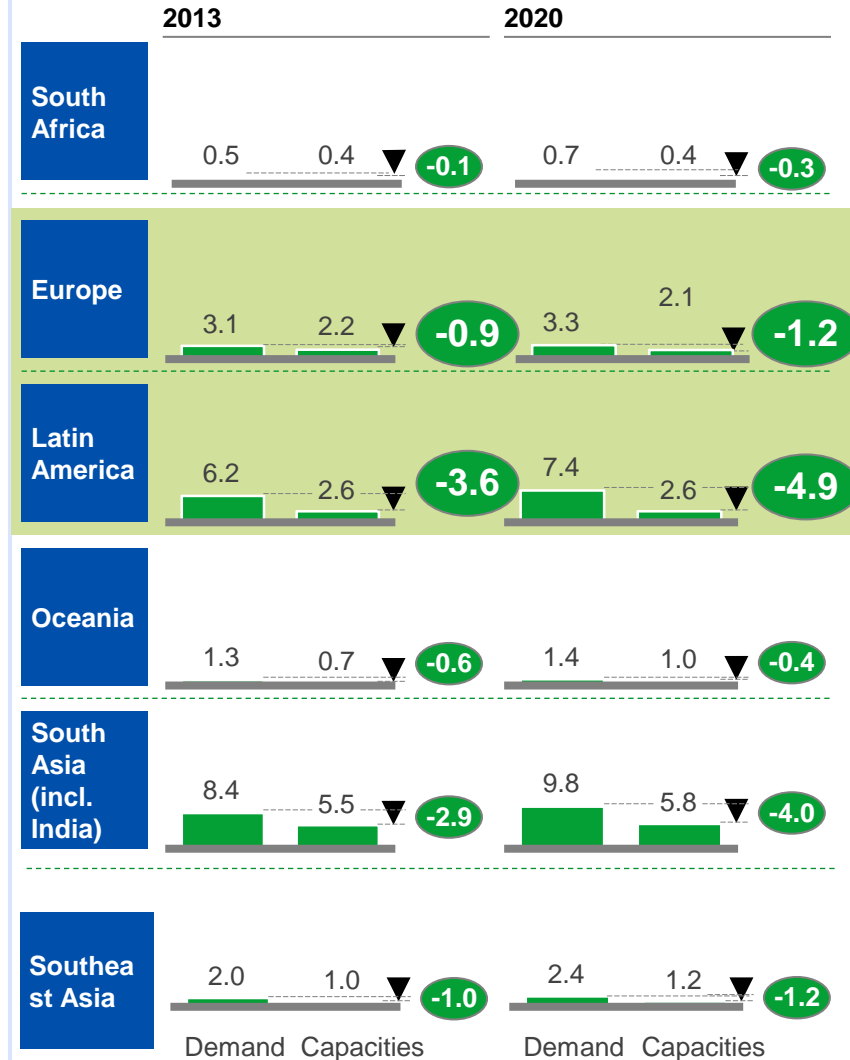
mn t  
P<sub>2</sub>O<sub>5</sub>

Supply – demand balance

## Oversupply regions



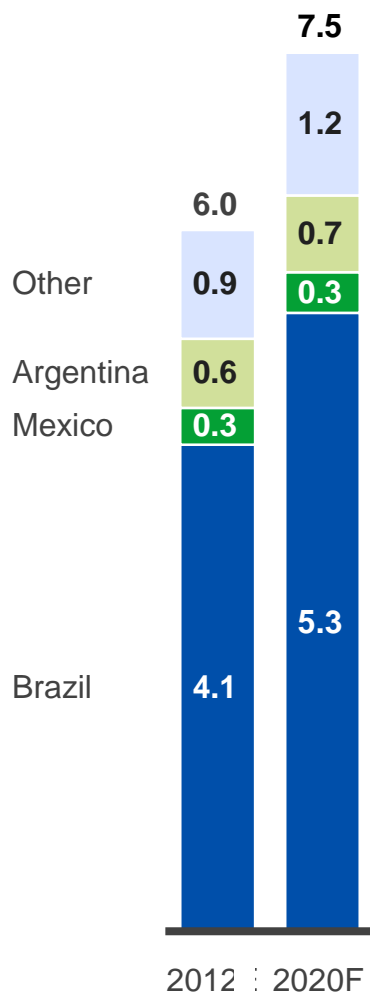
## Deficit regions








# Key drivers of P<sub>2</sub>O<sub>5</sub> demand growth in Latin America

## Demand growth by country

mn t



## Largest phosphate fertilizer consumers in Latin America by crops

	Recommended application rates, kg/ha*		Solutions
 <b>Soy bean</b>	N	0-5	PKS 1:20:25
	P	15-32	MOP 0:0:60
	K	0-83	
 <b>Sugar cane</b>	N	110-120	MAP 15:15:15
	P	17-20	Urea 46:0:0
	K	50-116	MOP 0:0:60
 <b>Maize</b>	N	100-150	MAP 12:52:0
	P	20-28	Urea 46:0:0
	K	0-42	MOP 0:0:60
 <b>Grape</b>	N	80	NPK(S) 15:15:15(10)
	P	26	SOP 0:0:50
	K	66	Urea 46:0:0
 <b>Wheat</b>	N	80-120	NPK 10:20:20
	P	20-26	Urea 46:0:0
	K	0-42	

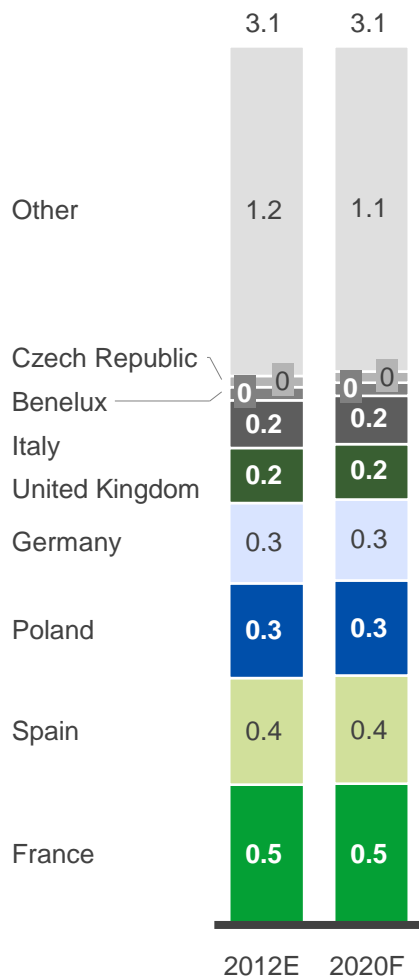
Source: McKinsey Fertilizer Demand Model

\*IPNI (in nutrients: N – nitrogen; P – phosphorus in P<sub>2</sub>O<sub>5</sub>; K – potassium in K<sub>2</sub>O)






# Key drivers of P<sub>2</sub>O<sub>5</sub> demand growth in Europe

## Demand growth structure

mn t



## Largest phosphate fertilizer consumers in Europe by crops

Recommended application rates, kg/ha*			Solutions
	N	40-210	NPK(S) 15:15:15(10)
	P	45-110	Urea 46:0:0
	K	40-130	
	N	30-160	NPK(S) 15:15:15(10)
	P	45-110	Urea 46:0:0
	K	40-130	
	N	50-150	NPK(S) 15:15:15(10)
	P	30-90	Urea 46:0:0
	K	20-80	
	N	20-150	DAP 18:46:0
	P	20-115	Urea 46:0:0
	K	110-205	MOP 0:0:60
	N	20-60	NPK(S) 15:15:15(10)
	P	40-110	SOP 0:0:50
	K	80-220	

# Priorities: trade restrictions vs. health

**Cadmium restrictions**

**Apatit**

**2.05**

billion tonnes of  
apatite-nepheline ore

Urals

EUROPEAN CONTINENT

**Heavy metal content, mg/kg  $P_2O_5$**

European  
countries grouped  
by allowable  
cadmium level

Maximum limits of cadmium  
in national fertilizers  
containing more than 5%  
 $P_2O_5$ , mg/kg  $P_2O_5$

**Strict limits**

**20**

**Medium limits**

**~55**

**Mild limits**

**90**

Phosphate  
rock

Cd

As

Pb

Russia (Kola)

0.05-0.09

0.2-0.3

0.6-0.8

South Africa

0.2

6

35

USA

11

12

12

Middle East

9

6

4

Morocco

30

11

7

Other N.Africa

60

15

6



# New sales model to improve premium market access

## Our new sales strategy

### Roadmap

- Set up local sales offices in São Paulo, Geneva and Warsaw
- sales office in São Paulo will cover Latin America markets
- sales office in Geneva and Warsaw will cover Northern and Eastern Europe and potentially Southern Europe

### Rationale

- + High probability of selling entire market volume
- + Building a deep understanding of end buyers and market tendencies
- + Ability to promote PhosAgro products (without cadmium, ammonium NPK)
- Necessity of finding and hiring local managers with a developed client base



Sales volumes, kt

	DAP/MAP		NP/NPK/NPS		Urea	
	2013	2020	2013	2020	2013	2020
Latin America	500	+250	210	+110	200	+270
Northern and Eastern Europe	480	-80	270	+670	70	+330



New sale offices



Existing sale offices

PhosAgro became the #1 overall supplier of fertilizers to the Russian market in 2014, and continues to grow its market share

## Fertilizers sales in Russia, 2014

kt

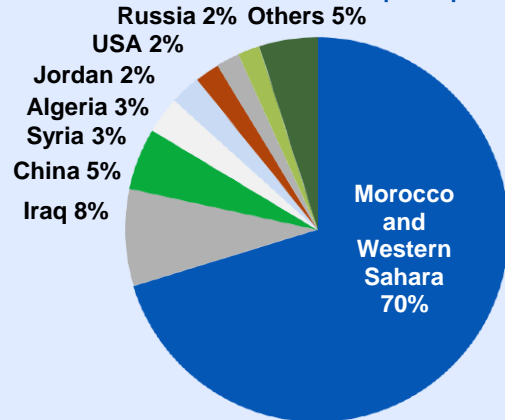
## Market share

Percent

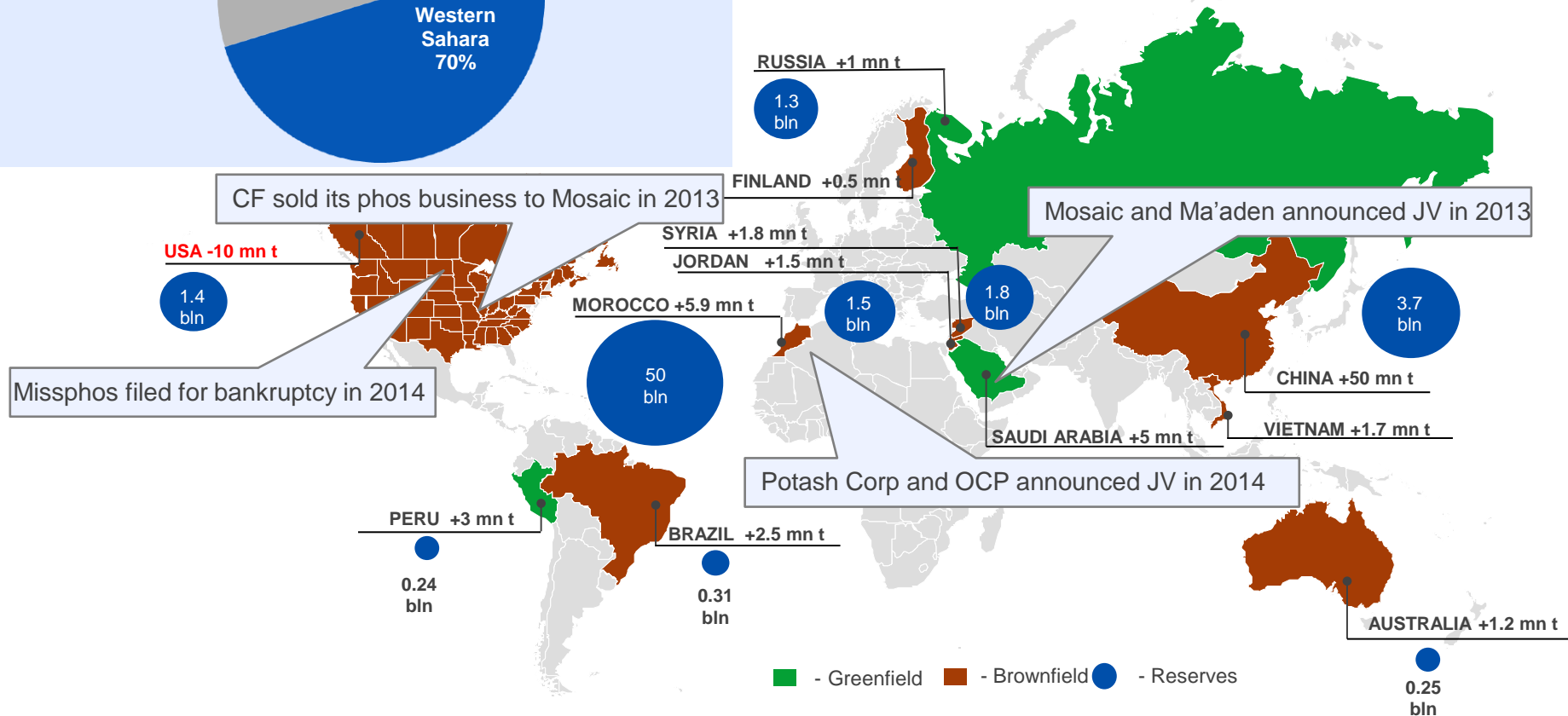
	<div> <div>NPK</div> <div>MAP/DAP</div> <div>Ammonium nitrate</div> <div>Urea</div> </div>				Total	2014	2013	2012
PhosAgro	723	483	248	29	1483	20%	18%	15%
Eurochem	84	180	953	122	1339	18%	17%	17%
Uralchem	40	15	733	202	990	14%	12%	16%
SDS-Group			890	88	978	13%	14%	14%
Acron	249		424	94	768	10%	15%	13%
Rossosh	169		267		436	6%	6%	8%
Kuybishev			397	59	455	6%	7%	6%

# Recent industry developments

Morocco controls most of world phosphate ore reserves



Net addition to phosphate rock production capacities (excl. China) of 14 mn t with 0.8% CAGR

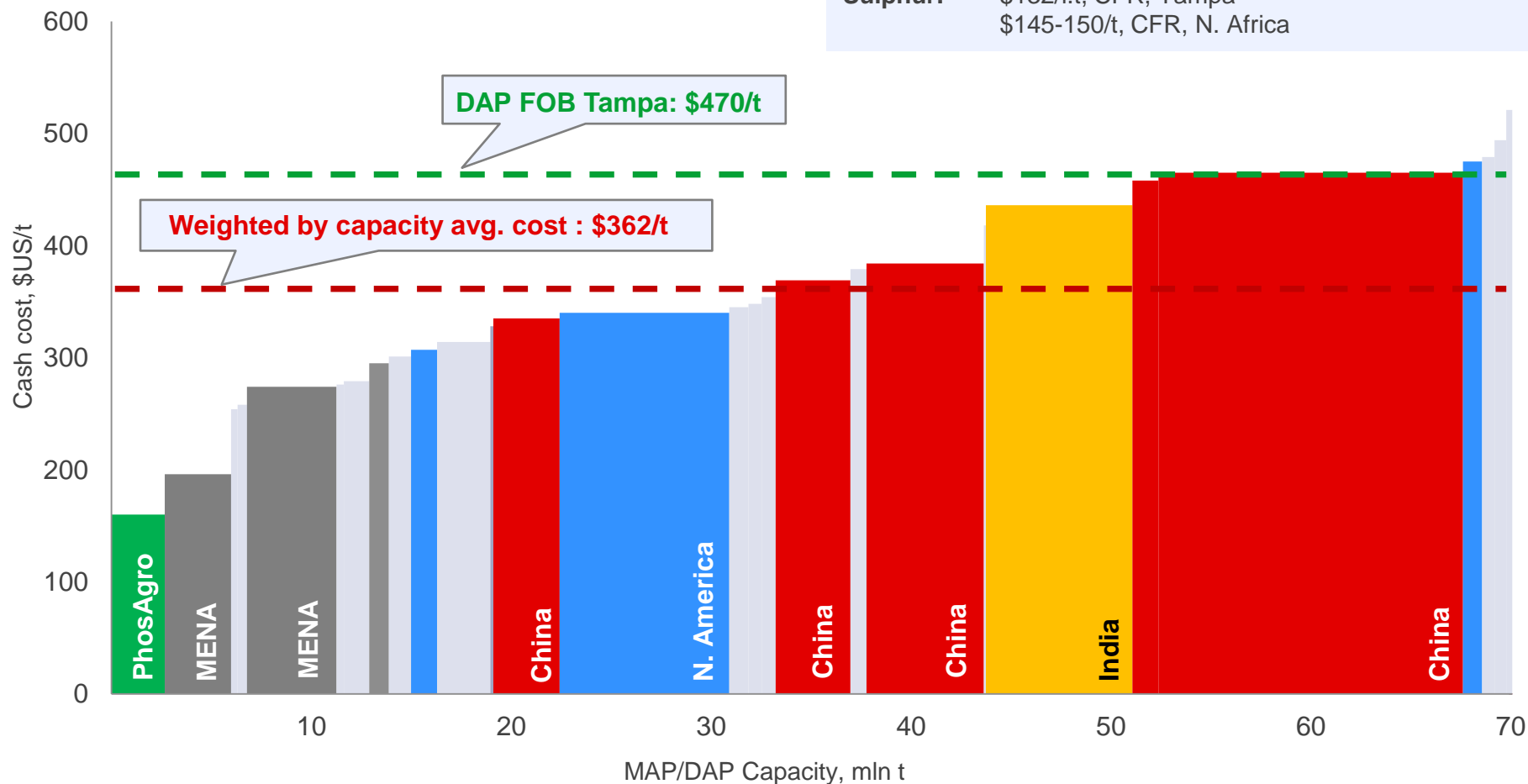


# Estimated MAP/DAP business cash cost curve \$US/t FOB<sup>(1)</sup> Morocco

Estimated with feedstock prices set forth below:

**Ammonia:** \$465/t, CFR, Tampa  
\$415-440/t, CFR, N. Africa

**Sulphur:** \$132/l.t, CFR, Tampa  
\$145-150/t, CFR, N. Africa



Source: PhosAgro estimates, CRU, Fertecon, Integer, Argus-FMB, PhosAgro

Note: (1) MAP/DAP business cash cost est. are based on feedstock prices in Q1 2015, on site's specific location relative to FOB Morocco and its product nutrient content relative to DAP  
USD/RUB exchange rate of RUB 61.88 applied for calculation MAP/DAP business cash cost

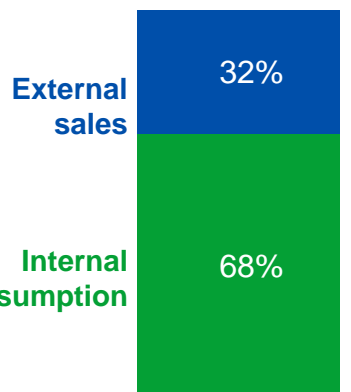


# Strategy for fertilizer volume growth

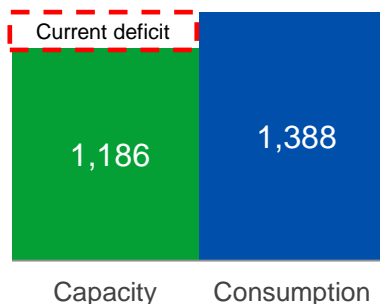
## Where we are in 2014

### Phosphate rock

Total: 7.5 mn t

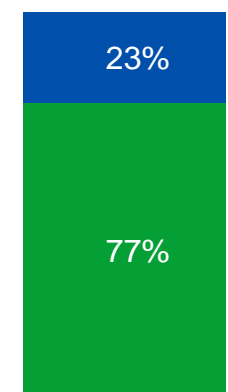


### Ammonia kt

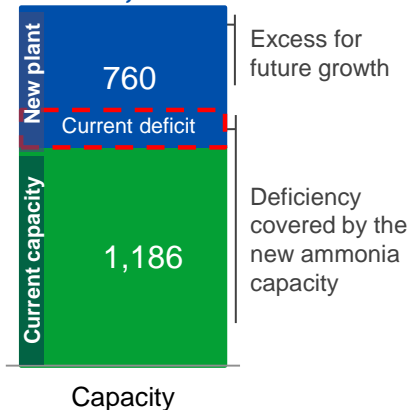


## Where we are headed (2017-2020)

Total: 7.1 mn t

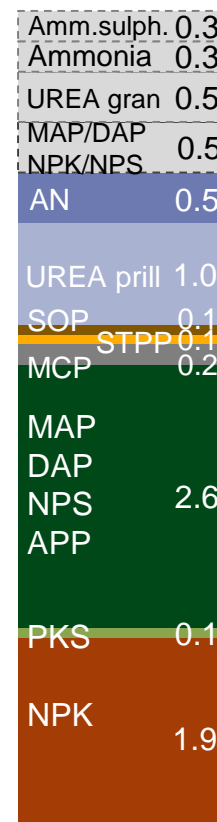


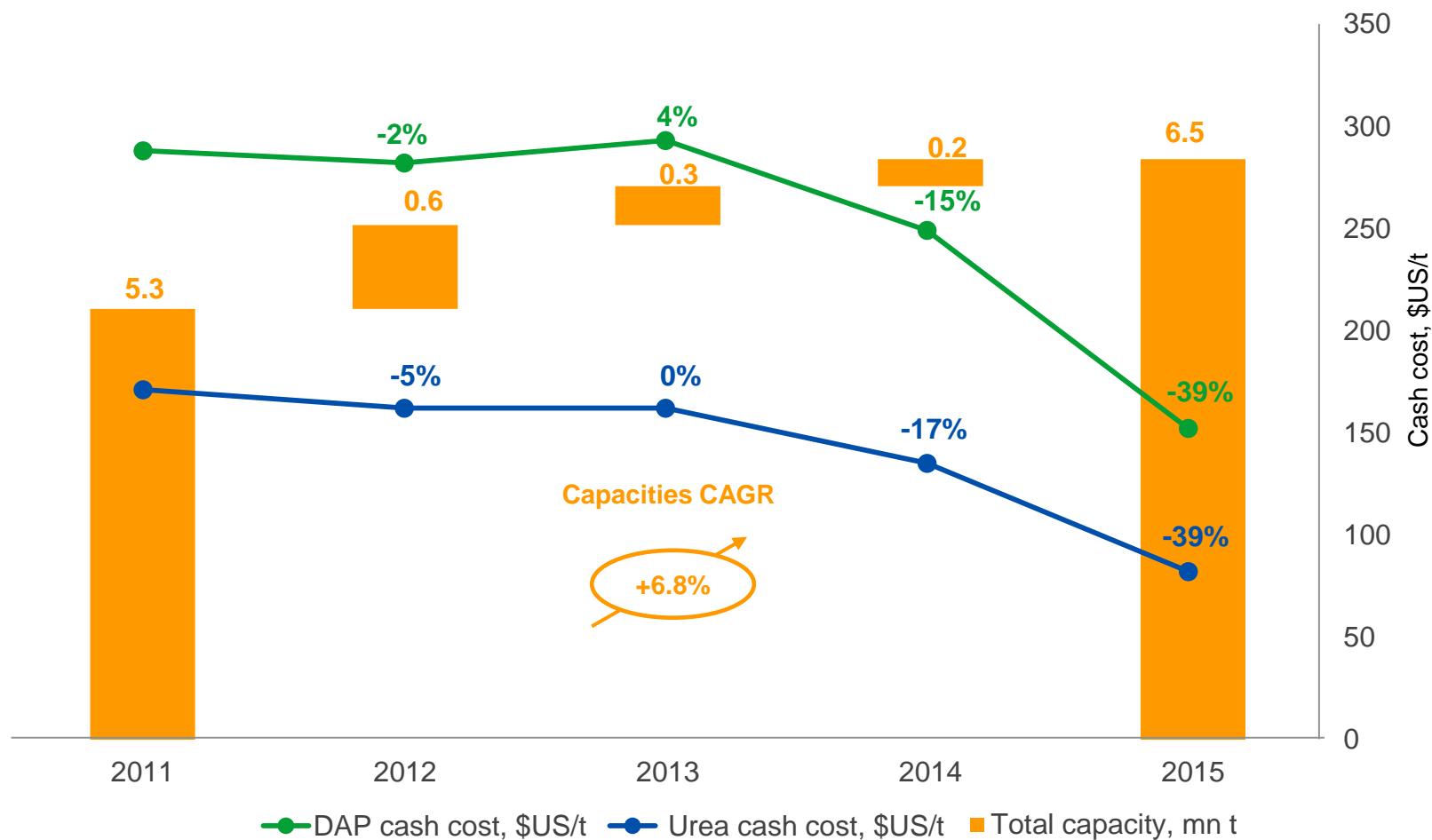
Total: 1,946 kt



+25%

Overall 8.1 mn t







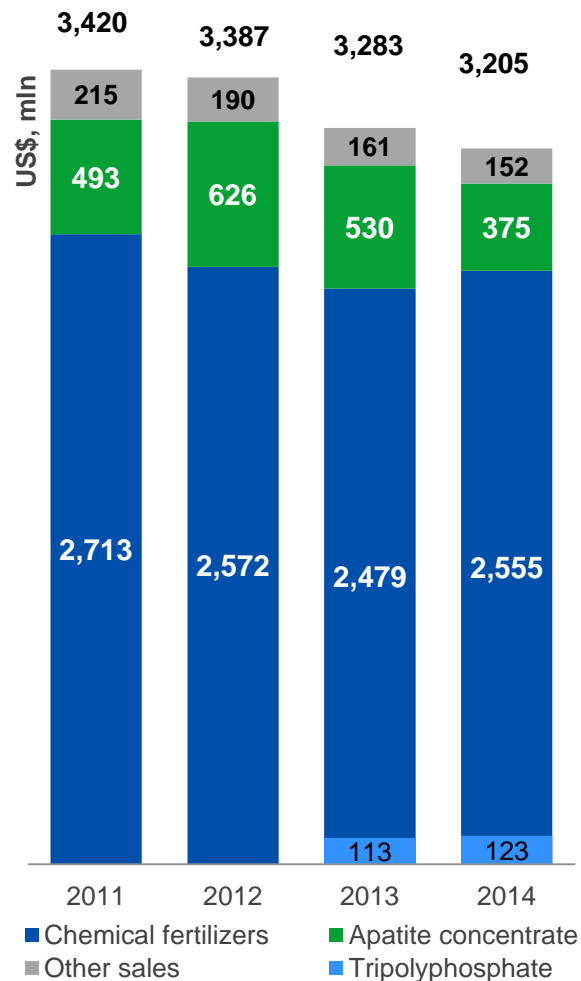
**PHOSAGRO**

# **Financial performance: Strong balance sheet**

# FY Revenue, EBITDA and Net Profit

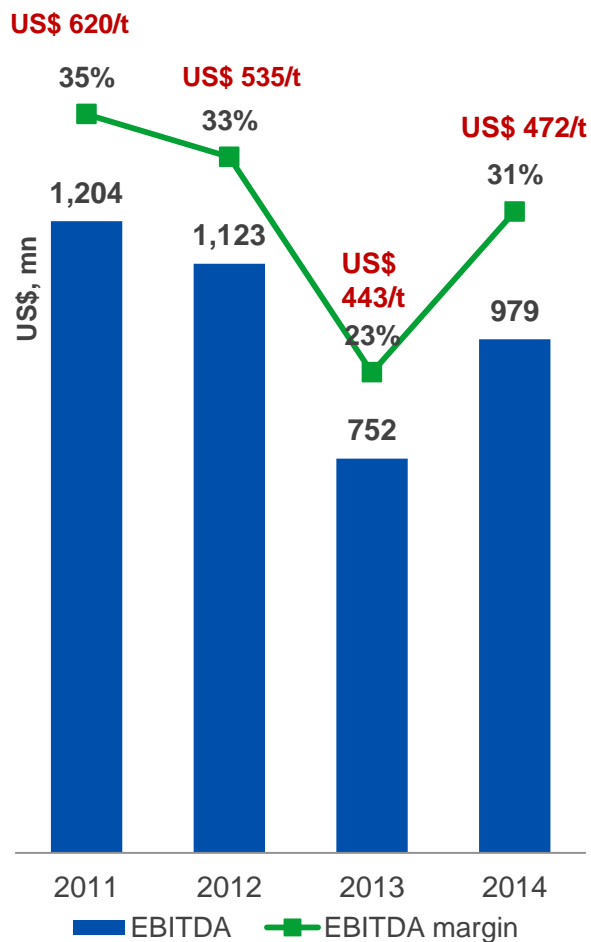
## Revenue (FY2011-2014)

### Total Revenue

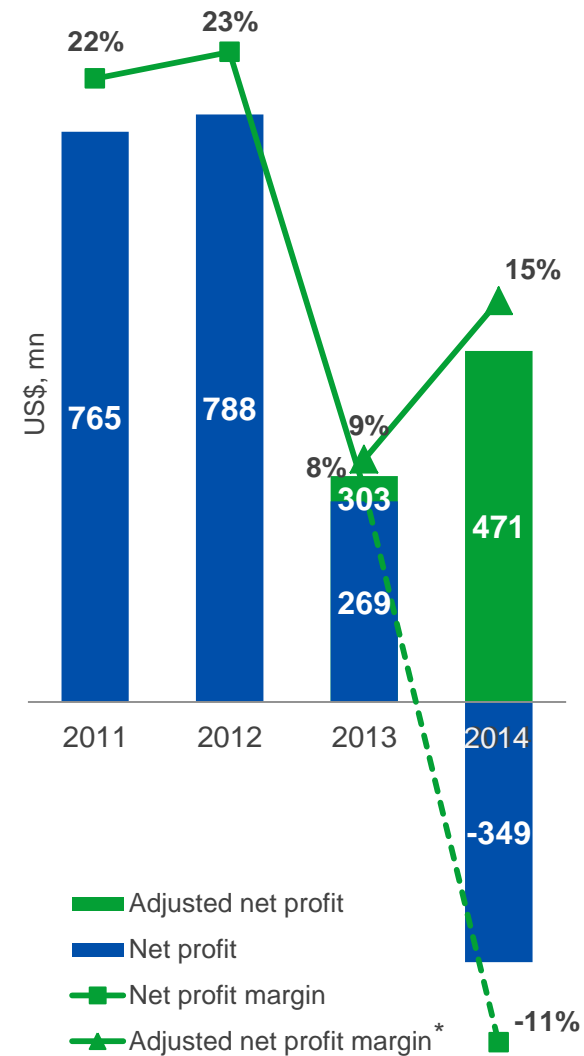


## EBITDA (FY2011-2014)

### Average DAP FOB Tampa



## Net Profit (FY2011-2014)



Note: Applied average USD/RUB exchange rates: 29.39 (2011), 31.09 (2012), 31.85 (2013), 38.4217 (2014)

\*Adjusted net profit is calculated for unrealized foreign exchange loss



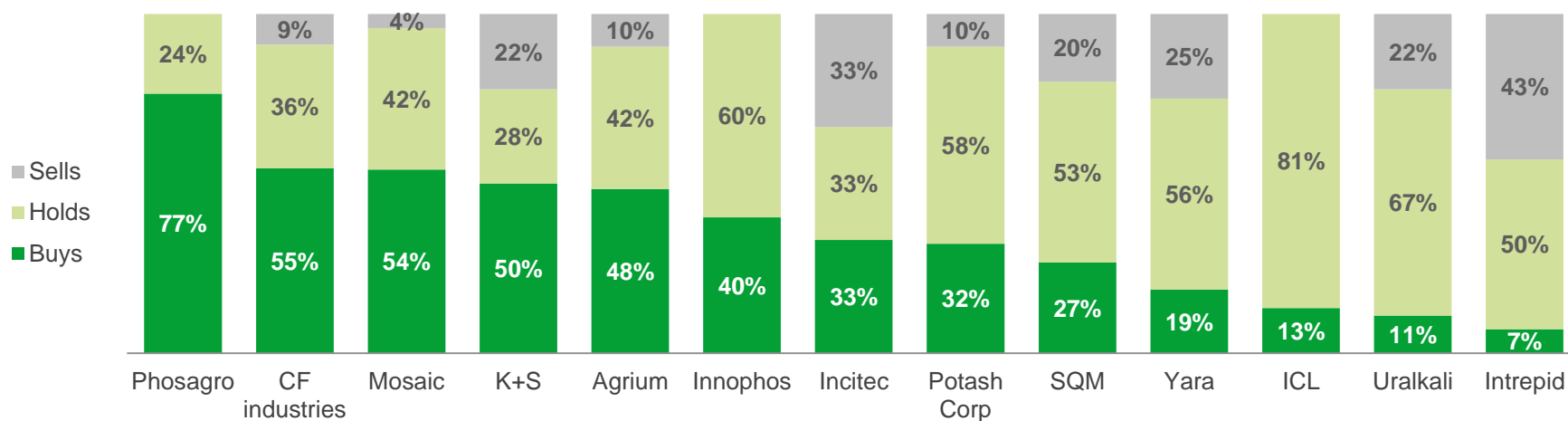


**PHOSAGRO**

# Industry Broker Ratings

(Typically a 12 month outlook)

# of Analysts	16	19	20	34	28	6	14	28	14	30	13	19	13
Average Target Price Premium	11%	6%	14%	9%	7%	21%	6%	10%	18%	5%	10%	0%	7%



N	12%	100%	-	-	34%	-	-	11%	-	97%	-	-	-
P	88%	-	12%	-	6%	100%	24%	22%	-	2%	12%	-	-
K	-	-	56%	70%	16%	-	-	67%	48%	1%	56%	100%	100%







**PHOSAGRO**

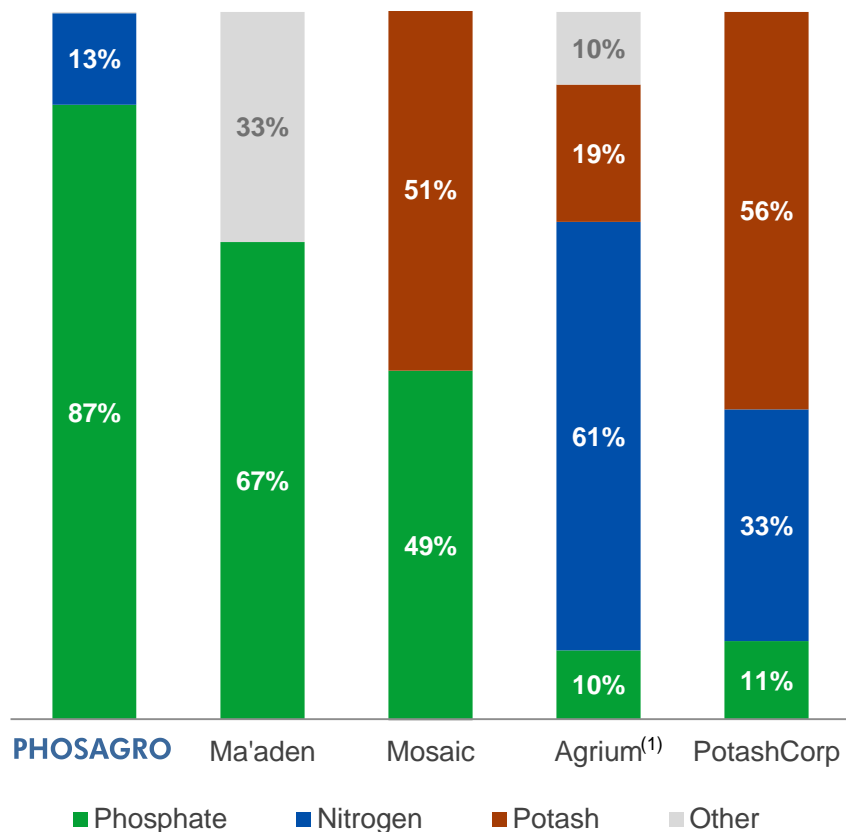
# Appendix



# PhosAgro: the only pure play phosphates producer

## Gross profit breakdown by segment

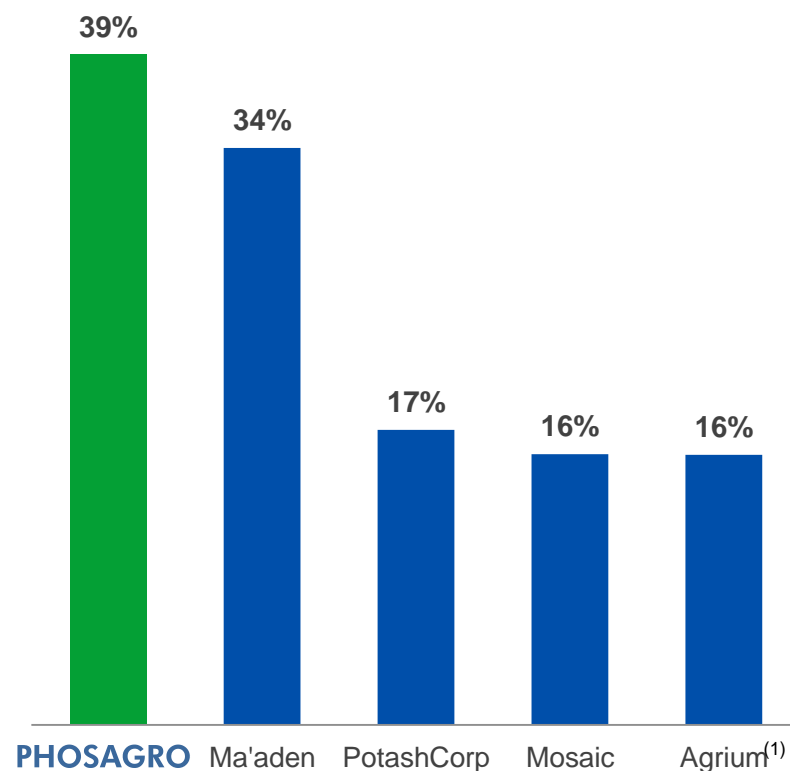
Average gross profit breakdown by segment for 2012-2014



Source: Capital IQ database, companies' reports  
Note: (1) Excluding resale, retail and advanced technologies

## Phosphate segment gross profit margin

Average gross profit margin of phosphate segment for 2012-2014



Source: Companies' reports  
Note: (1) Wholesale



## Apatit



### Resources<sup>(1)</sup>

Apatite-nepheline ore: 2,050 mt  
 $Al_2O_3$ : 283 mn t  
 REO<sup>(2)</sup>: 7.5 mn t

### Capacity by product

Phosphate rock: 7.5 mn t  
 Nepheline: 1.7 mn t

### Highlights

- Largest standalone global producer of high grade phosphate rock<sup>(3)</sup>
- Standard grade –  $P_2O_5$  content of 39%
- Lowest hazardous element content among the major phosphate rock producing regions; benefits from low levels of radioactivity

## Balakovo branch of Apatit



### Capacity by product

MAP/DAP/NPS: 1.2 mn t  
 Feed phosphate (MCP): 240 kt

### Highlights

- Leading European producer of feed phosphate MCP
- Only Russian producer of MCP



### PhosAgro-Trans (Transportation)

- Operates around 7,000 railcars, of which the majority are mineral hoppers

### PhosAgro-Region (Domestic distribution)

- Owns and operates eight distribution centres in Russia located in proximity to major agricultural regions of Russia (processed over 1.2mn tonnes in 2012, largest distributor in Russia)

## Cherepovets production complex - largest in Europe

### PhosAgro-Cherepovets



### Capacity by product

MAP/DAP/NPK/NPS: 3.1 mn t  
 Ammonia: 1,186 kt  
 AN/AN-based: 450 kt  
 Urea: 500 kt  
 APP: 140 kt  
 $AlF_3$ : 24 kt

### Highlights

- Largest standalone phosphate fertilizers producer in Europe
- Largest standalone producer of sulphuric and phosphoric acids in Europe
- One of the largest standalone producers of urea, ammonia, AN/AN-based fertilizers in Russia

### Agro-Cherepovets



### Capacity by product

Urea: 480 kt

### Highlights

- One of the most modern urea capacities in Russia

### Metachem



### Capacity by product

Sulphuric acid: 215 kt  
 Phosphoric acid: 80 kt of  $P_2O_5$   
 PKS: 100 kt  
 Sulphate of potash (SOP): 80 kt

### Highlights

- Sodium tripolyphosphate (STPP): 130 kt
- Unique SOP granulating technology in Russia
- Close proximity to St. Petersburg sea port

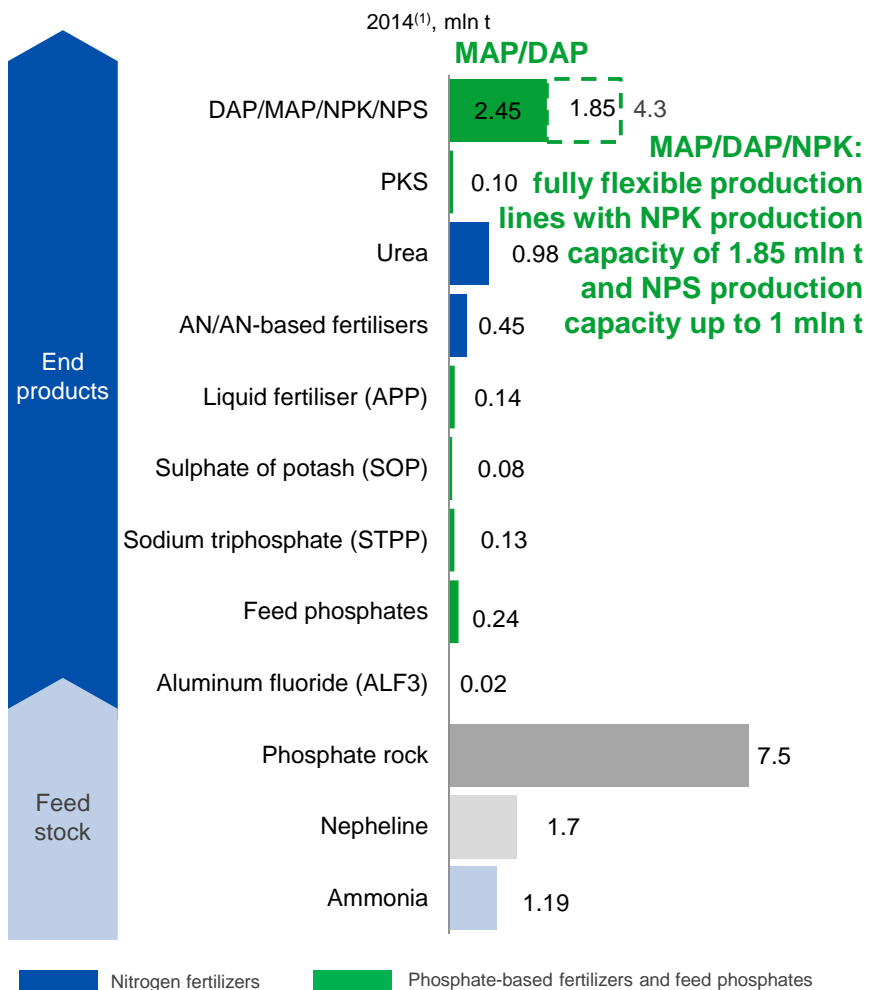
Source: PhosAgro (capacity as of December 31, 2014), CRU, European Commission

Note: (1) Measured and indicated, PhosAgro, IMC, JORC report June 2011

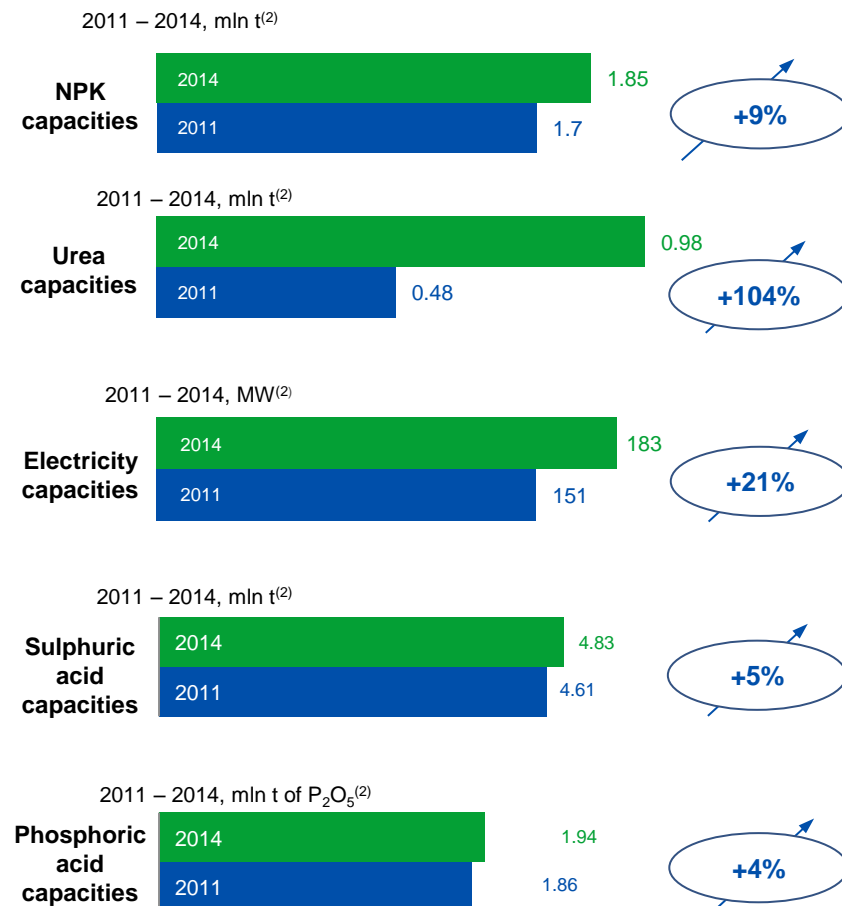
(2) Rare earth oxides

(3) Defined as phosphate rock with  $P_2O_5$  content over 35.7%

## PhosAgro production capacities



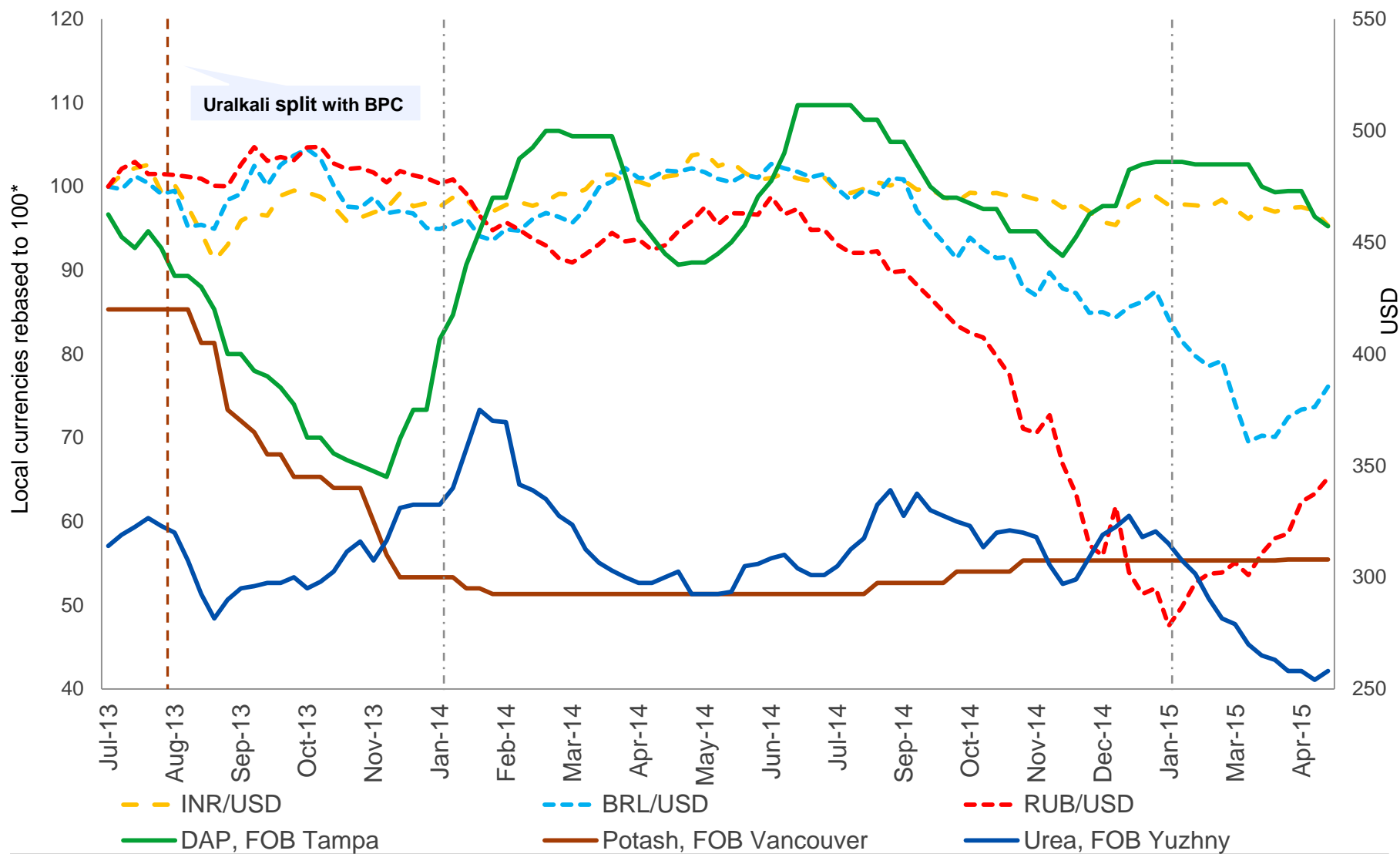
## Capacity growth 2011-2014



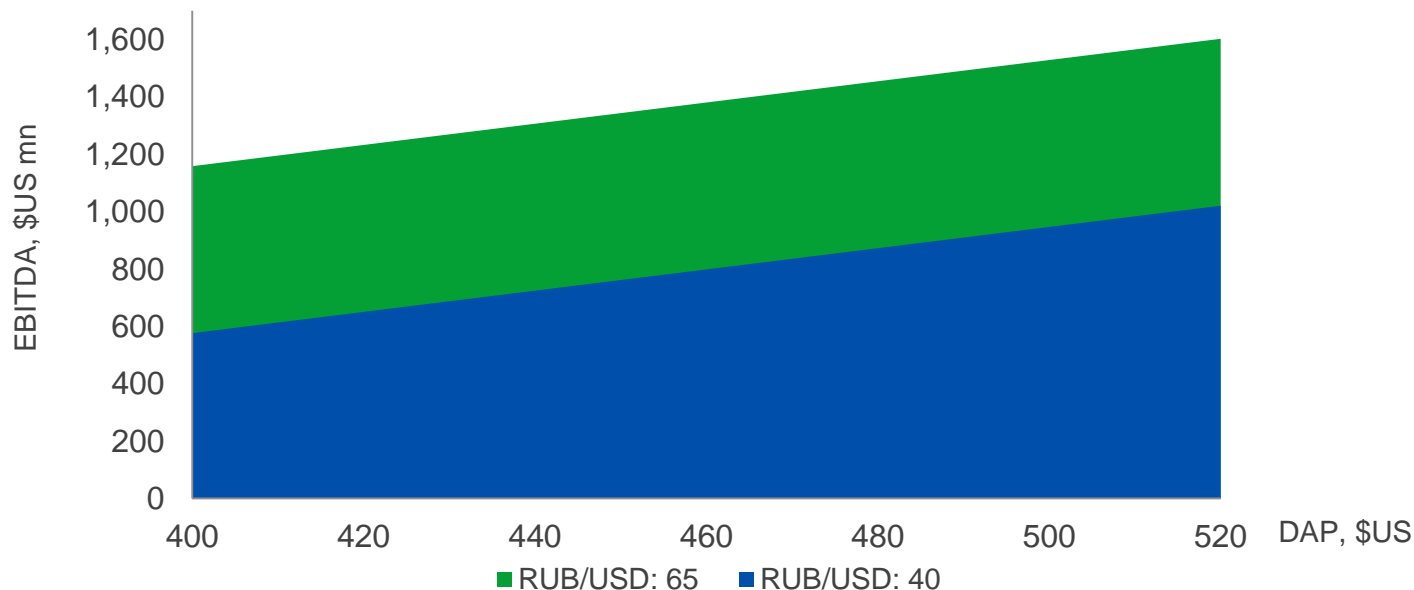
Source: PhosAgro

Source: PhosAgro

Note: (1) production capacities as of 31 December 2014  
(2) as of 31 December 2011 and 31 December 2014



## RUB devaluation: EBITDA sensitivity<sup>(1)</sup>



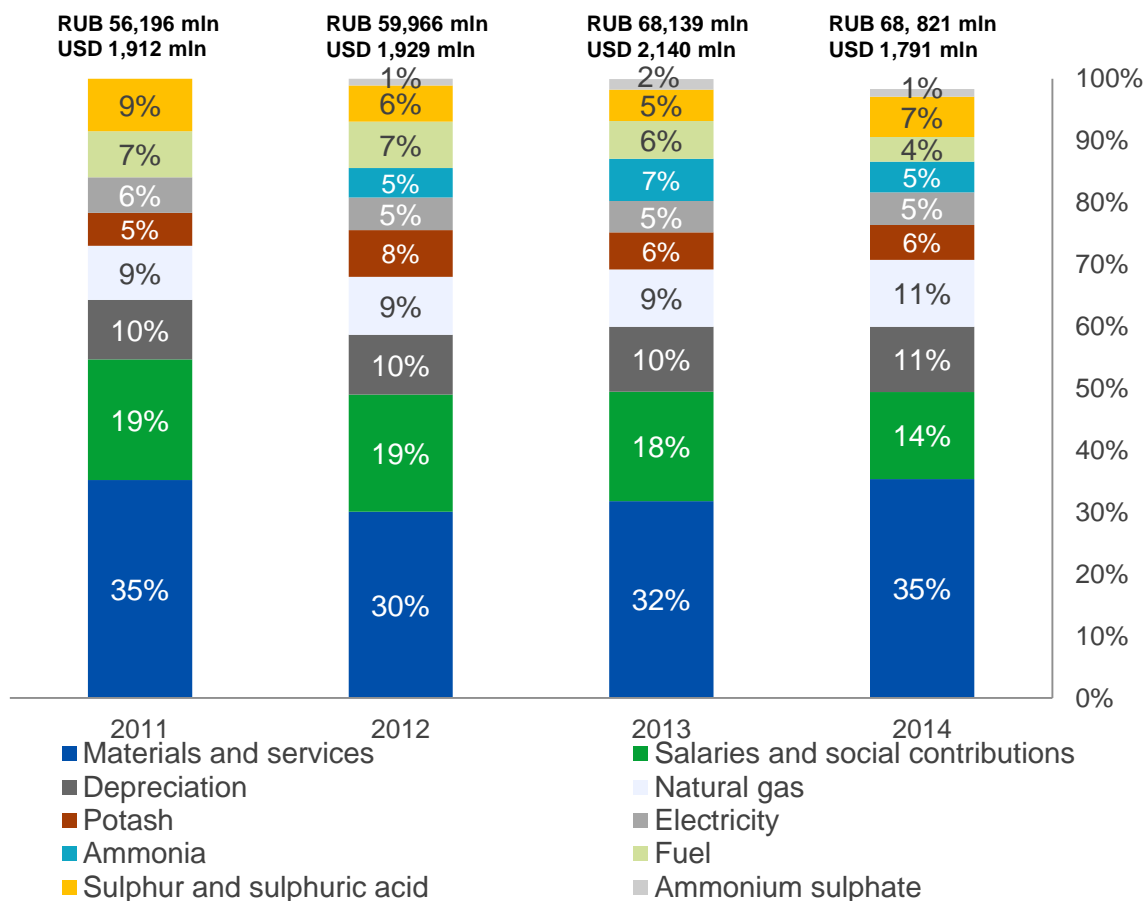
in mln USD		2015F DAP FOB Baltic price, \$/tonne						
		400	420	440	460	480	500	520
RUB/USD exchange rate	40	577	651	725	799	873	947	1,021
	45	745	819	893	967	1,041	1,115	1,189
	50	879	953	1,027	1,101	1,175	1,249	1,323
	55	989	1,063	1,137	1,211	1,285	1,359	1,433
	60	1,081	1,155	1,229	1,303	1,377	1,451	1,525
	65	1,158	1,232	1,306	1,380	1,454	1,528	1,602

■ Current market conditions



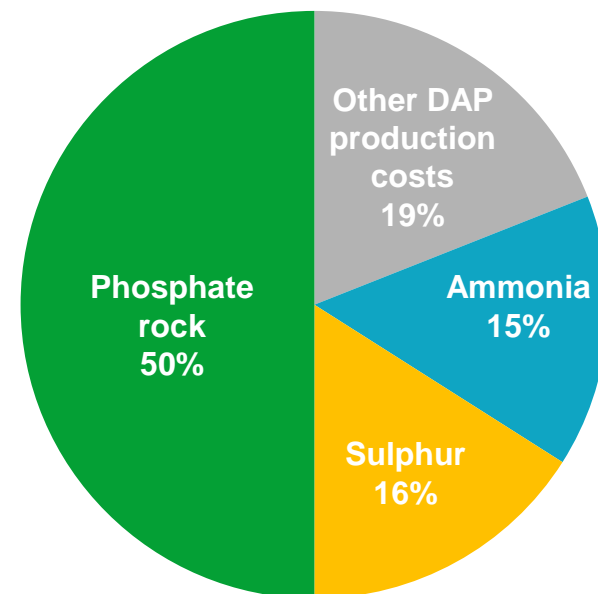
## Cost of Goods Sold and Sales Volumes

Sales (kt)	2011	2012	2013	2014
Fertilisers <sup>(1)</sup>	4,062	4,243	4,672	6,092
Phosphate Rock	3,153	3,542	2,921	2,392



## DAP production cash cost breakdown

ExW, US\$, FY2014



Source: PhosAgro

Note: Average USD/RUB exchange rates: 29.39 (2011), 31.09 (2012), 31.85 (2013), 38.4217 (2014)

(1) Phosphate-based fertilizers, MCP, STPP and nitrogen fertilizers

# Dividend history

## Dividends

Post-IPO dividends	per share, RUB	per GDR, RUB	per GDR, US\$
2011 April-December	57.50	19.17	0.61
2012	82.90	27.63	0.88
2013	34.75	11.58	0.35
1H2014	25.00	8.30	0.20
9M2014	20.00	6.67	0.09
Approved final dividend for 2014*	15.00	5.00	0.1

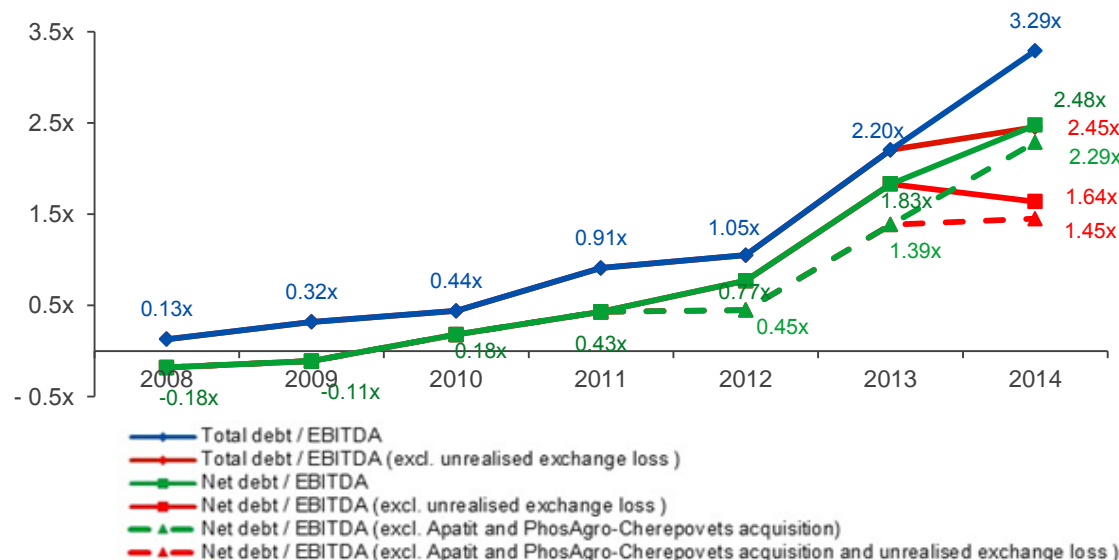
## Total paid

Post-IPO dividends paid	Dividends, RUB bln	Net profit attributable to PhosAgro shareholders, RUB bln	Payout ratio, %
2011 (April-December)	7.2	14.6	49%
2012	10.4	21.3	49%
2013	4.5	7.6	59%
1H2014	3.2	7.9	41%
9M2014	2.6	6.0	43%
<b>Total</b>	<b>27.9</b>	<b>57.4</b>	<b>49%</b>

Source: PhosAgro

Note: (\*) – for approved final dividend for 2014 per GDR applied USD/RUB exchange rate 51,4690 (as of 28.04.2015)

## Total debt and net debt / annualised EBITDA



## Comment

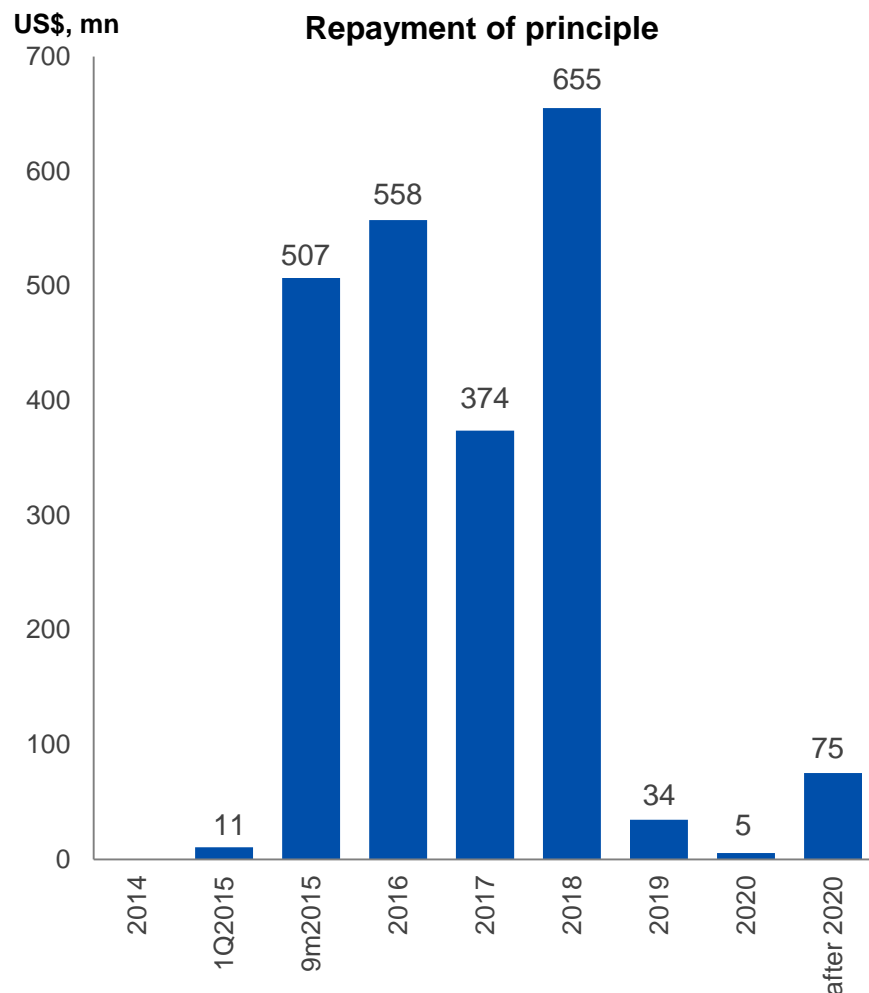
- PhosAgro carefully manages its balance sheet and cost of financing for all current initiatives, including both the consolidation of subsidiaries and growth projects
- The Company's net debt to annualised EBITDA ratio increased to 2.48 x as of 31 December 2014, from 1.83x as of 31 December 2013. Excluding the effect of the PhosAgro-Cherepovets buyout (assuming normal course of business), net debt/EBITDA would be 2.29x. Excluding both the effect of the PhosAgro-Cherepovets buyout and the unrealised exchange loss, net debt/EBITDA would be 1.45x
- Net debt at 31 December 2014 stood at RUB 93.1 billion, up from RUB 43.8 billion at 31 December 2013. Most of the Company's debt is denominated in USD as a natural hedge against primarily USD-denominated sales. The depreciation of the Russian rouble against the US dollar was the primary reason for the increase of PhosAgro's net debt in RUB terms
- Fitch Ratings has affirmed the Company's long-term foreign currency Issuer Default Rating (IDR) of 'BB+' with a Stable outlook. Standard & Poor's left PhosAgro's BBB- credit rating with a Negative outlook unchanged after that agency's downgrade of the Russian sovereign rating in January 2015, while Moody's Investor Service adjusted the Company's long-term Issuer Rating to Ba1/Negative on 25 February 2015, following the Russian Federation sovereign ceiling downgrade by that agency

## Public debt

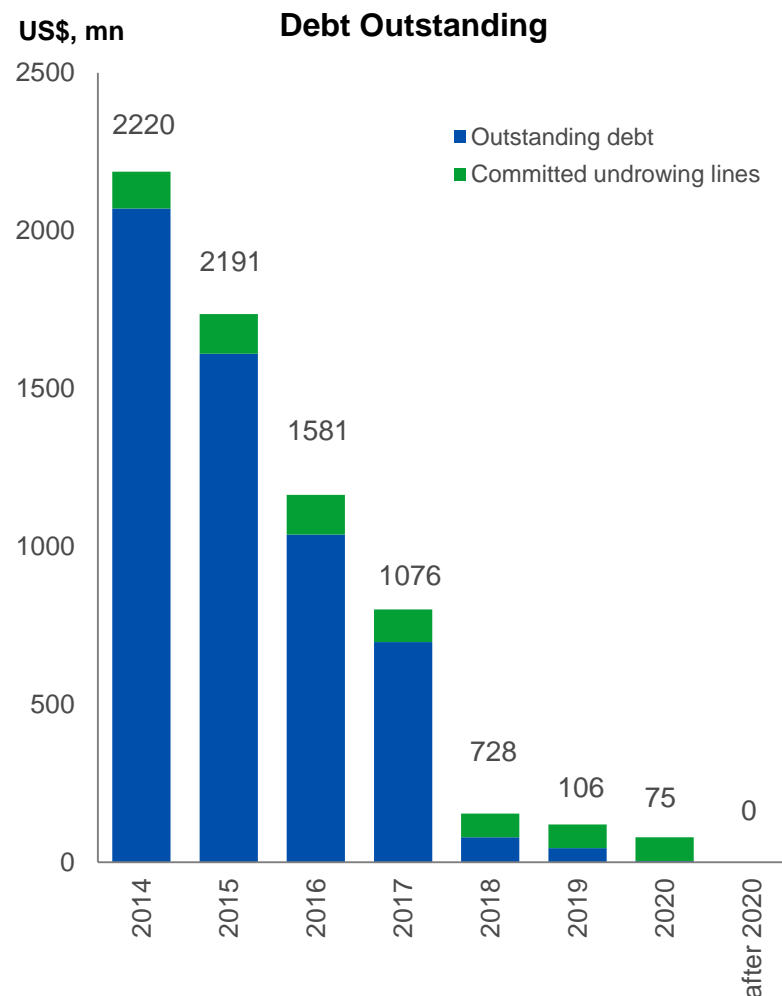
### Eurobonds issued on February 2013 (LPN)

Issue size	\$US 500 mln		
Corporate ratings	Ba1 Moody's	BBB- S&P	BB+ Fitch
Tenor	5 years		
Coupon frequency	Semi annually		
Spread	mid swaps+ 320 bps; UST + 335.8 bps		
Coupon rate	4.204%		
Maturity Date	02/13/2018		

## Payment Schedule



## Debt Repayment Plan/ Outstanding Debt

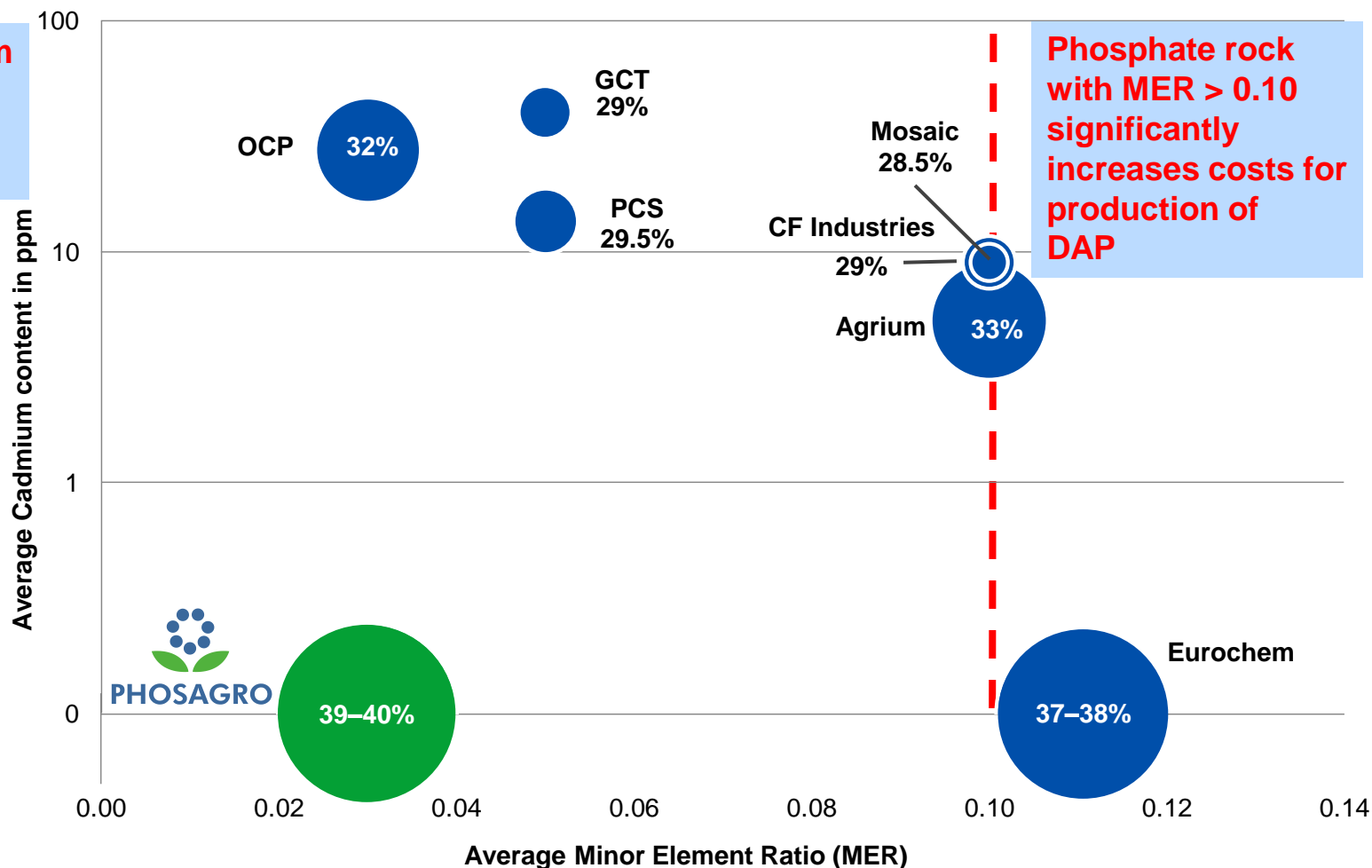


Source: PhosAgro

Note: (1) maturity profile as of March 31, 2015  
 applied USD/RUB exchange estimate rate: 50,00  
 applied EUR/RUB exchange estimate rate: 55,00

# Control of world's premium phosphate resource base

Higher cadmium content in sedimentary rocks



Phosphate rock with MER > 0.10 significantly increases costs for production of DAP

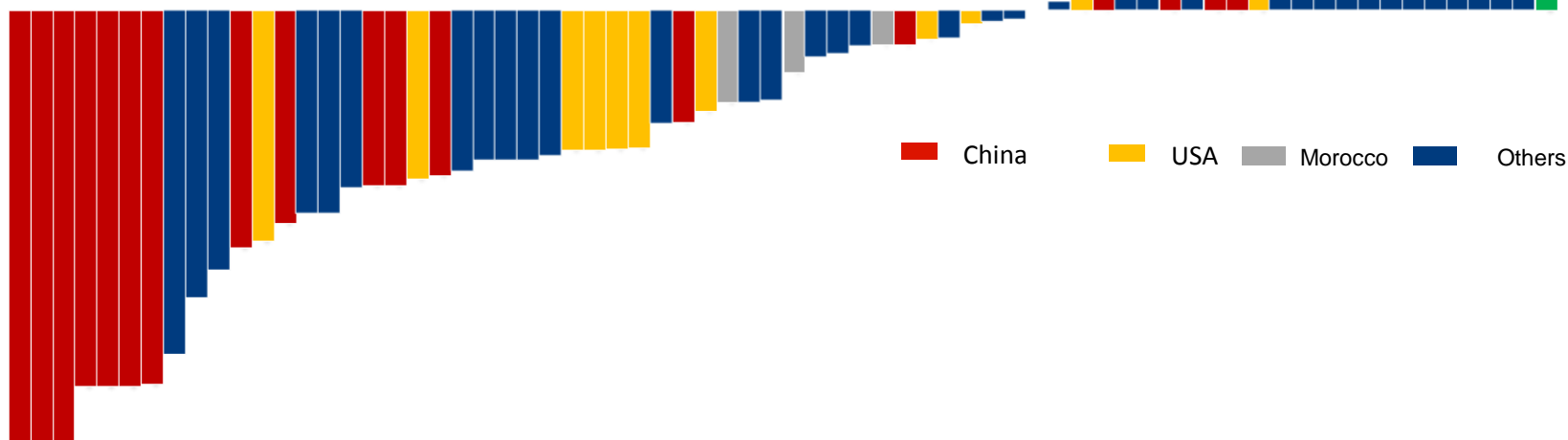
Note: Size of the bubble represents P<sub>2</sub>O<sub>5</sub> content in phosphate rock in excess of 28%, which is recognized as a minimum for production of high quality phosphate fertilizers  
Source: FERTECON, PhosAgro, companies' data



# Premium/discount to the most affordable Moroccan phosphate rock

- Phosphate ore affects production costs associated with impurities
- **The benchmark:** K10 phosphate rock, made by OCP (Morocco)
- **Important characteristics included:**  $P_2O_5$  content, CaO content, MER, F and Cl
- **Important characteristics not included:** product variability, content of organic matter, and the maintenance cost implications of different rock characteristics.

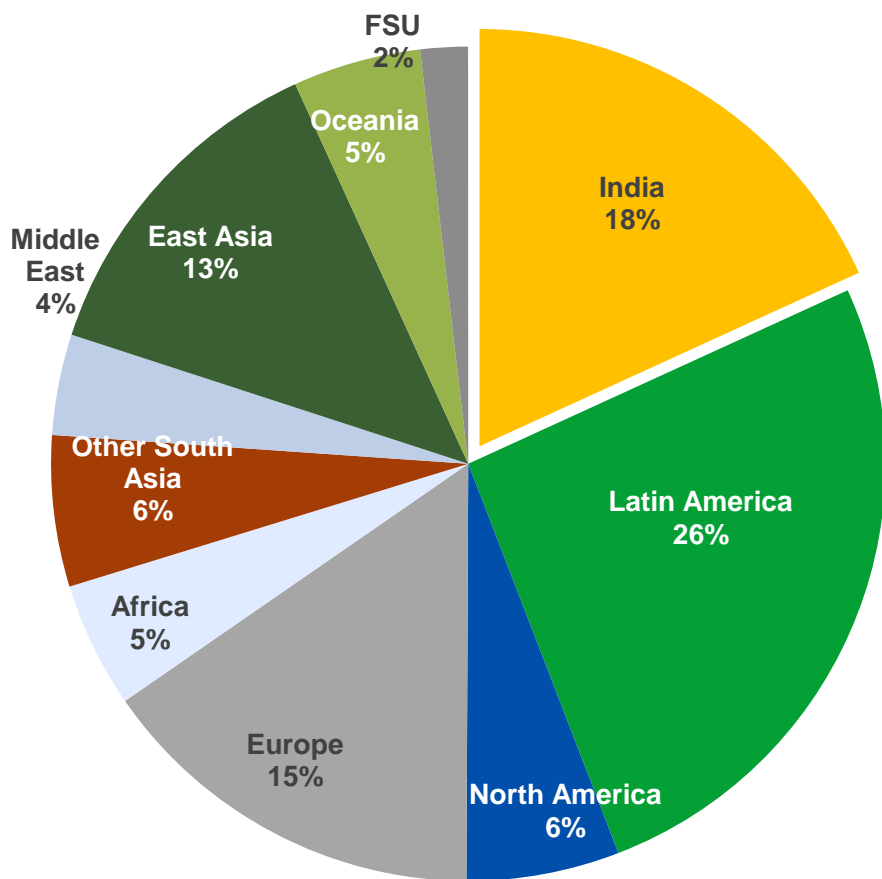
High grade phosphate rock  
Apatit (PhosAgro)



# India depends on $P_2O_5$ imports

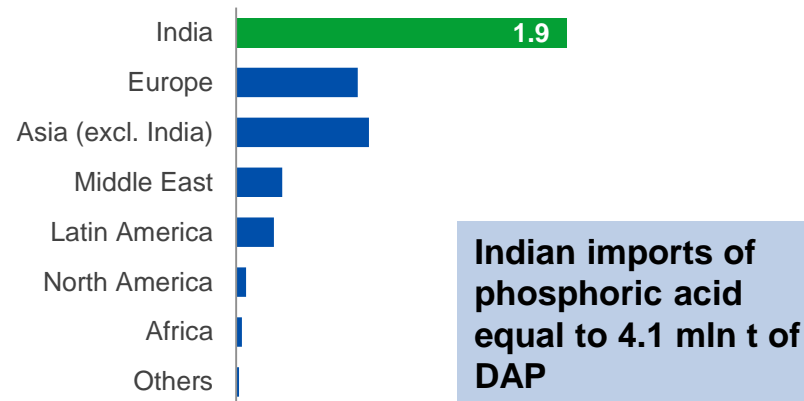
## India is the major purchaser of DAP/MAP...

World DAP/MAP Imports : ~9.5 mln t of  $P_2O_5$  per annum<sup>(\*)</sup>

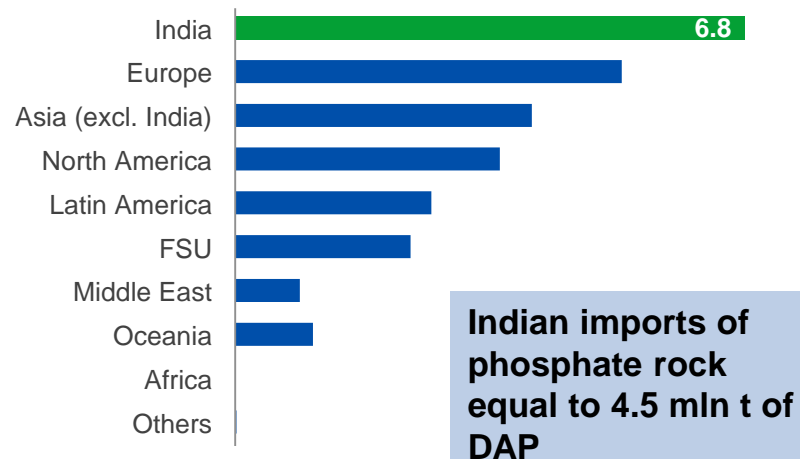


## ... and importer of feedstock for phosphates production

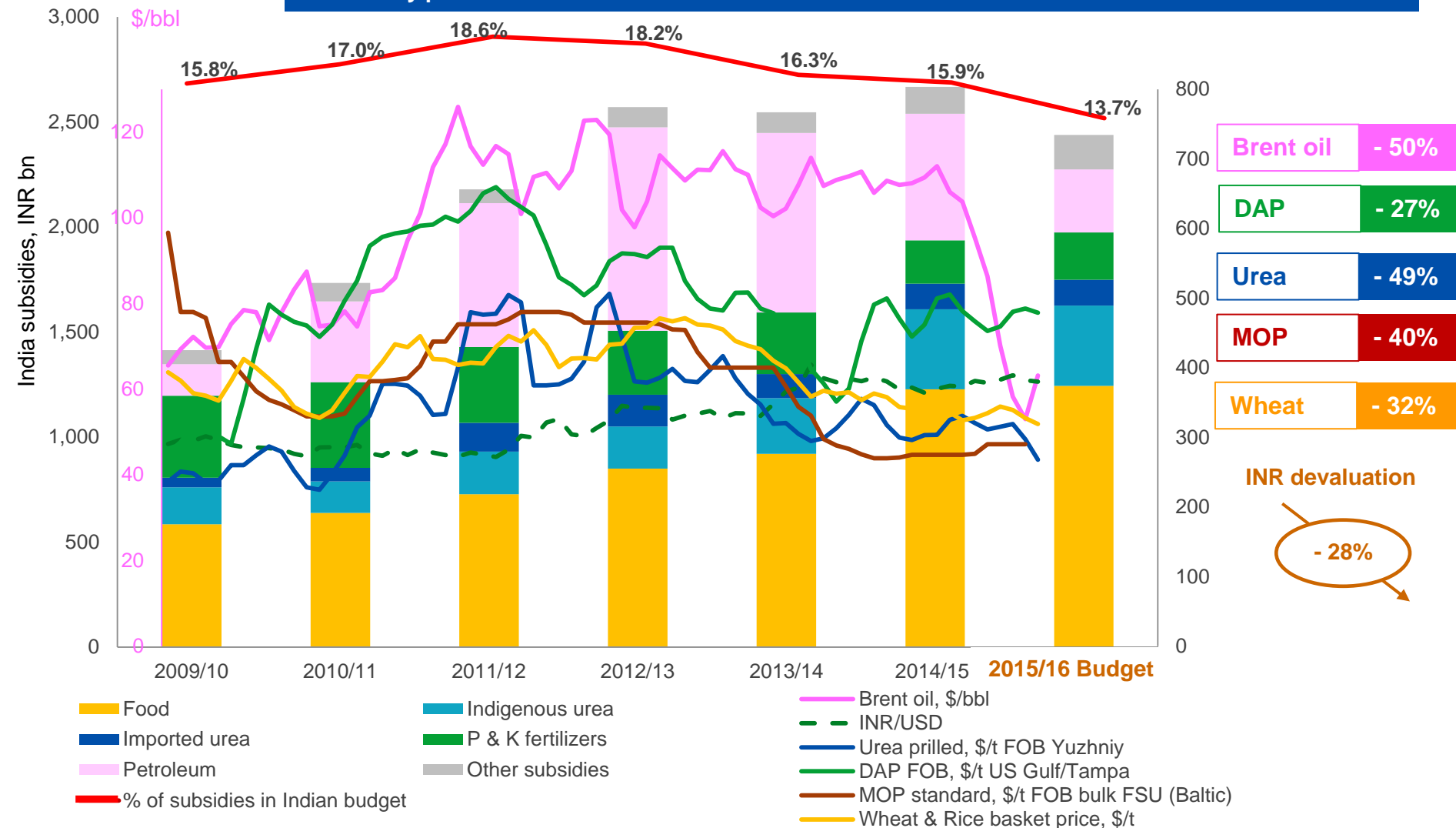
Global Phosphoric Acid Imports of 3.9 mln t  $P_2O_5$  <sup>(\*)</sup>



Global Phosphate Rock Import of 26.3 mln t <sup>(\*)</sup>

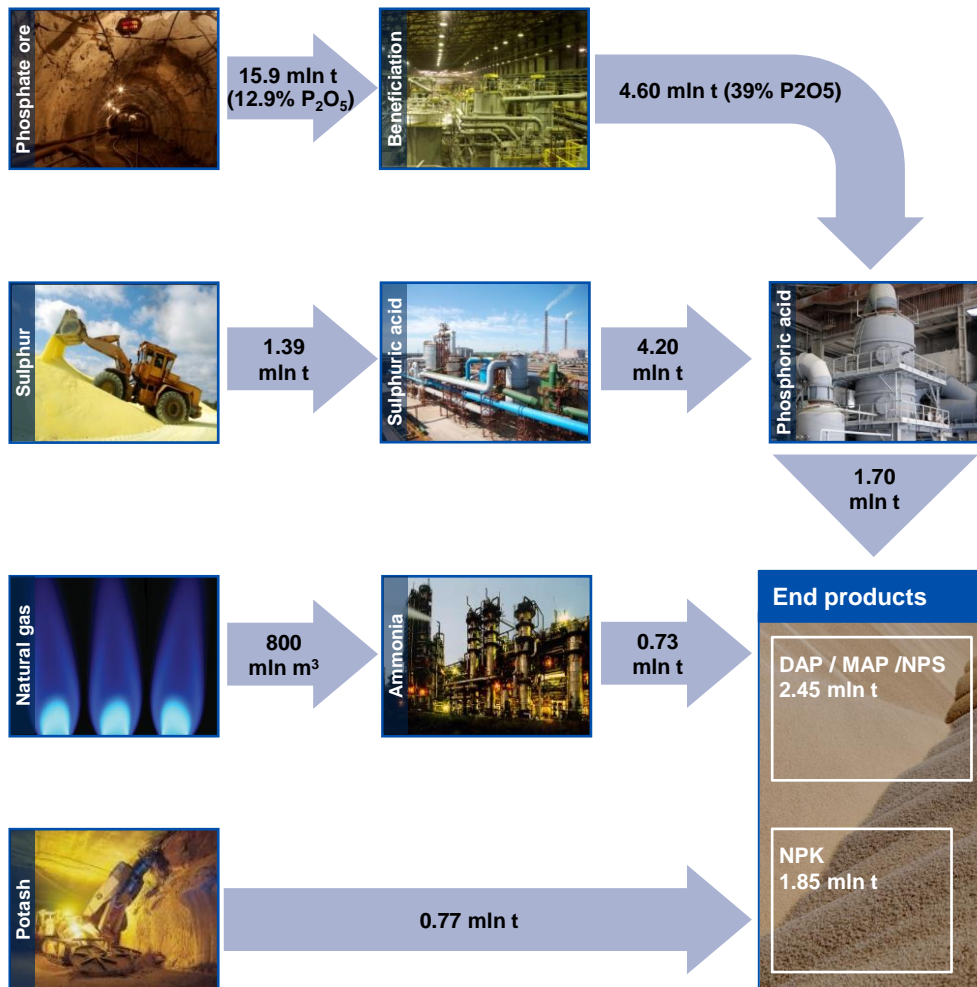


## Commodity prices and Indian fertilizer subsidies



# Need for a combination of feedstocks and complexity of production process act as barriers to entry

## Integrated phosphate-based production model <sup>(1)</sup>



## Replacement cost

Ma'aden		PHOSAGRO		
Key products		DAP		
		MAP, DAP, NPK, NPS, Urea, AN		
Production facilities	Capacity, mln t p.a.	CAPEX, mln \$US	Capacity, mln t p.a.	Replacement cost, mln \$US
Mining and beneficiation	5.0	1,330	7.8	2,697
Sulphuric acid	4.7	620	4.8	642
Phosphoric acid	1.5	523	1.9	740
Ammonia	1.09	951	1.15	1,000
Phosphate fertilizer	2.9	486	4.3	716
Nitrogen fertilizer	-	-	1.4	684
Infrastructure and other		~ 2,000		~ 4,000
<b>Total</b>		~ US\$ 6 bln		~ US\$ 10 bln
<b>Current capitalization</b>		US\$ 4.6 bln <sup>(2)</sup>		

**Ma'aden – total est. CAPEX<sup>(3)</sup>: US\$ 6 bln**

**Construction period: 6 years +**

**Over US\$ 2,000/tonne**

Source: PhosAgro, Maaden, Fertecon, Integer, Reuter

Note: (1) Based on PhosAgro's consumption ratios

(2) Bloomberg, as of April 2014

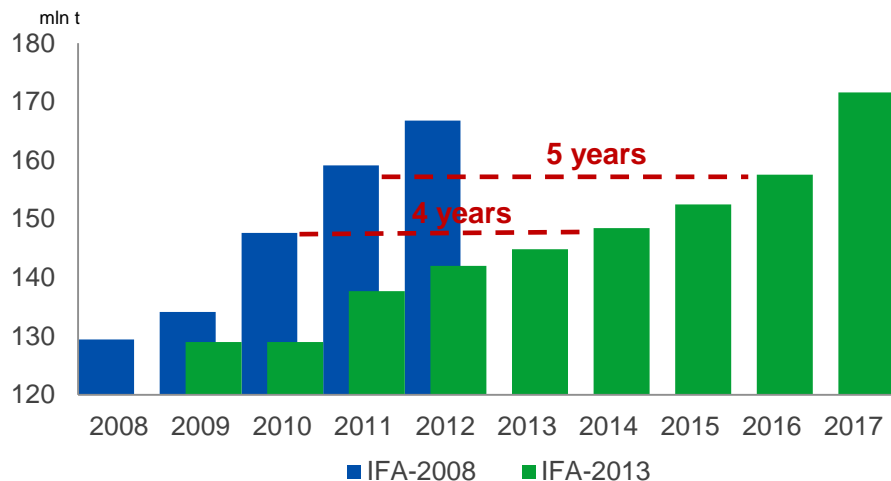
(3) CAPEX for the Phosphate Project



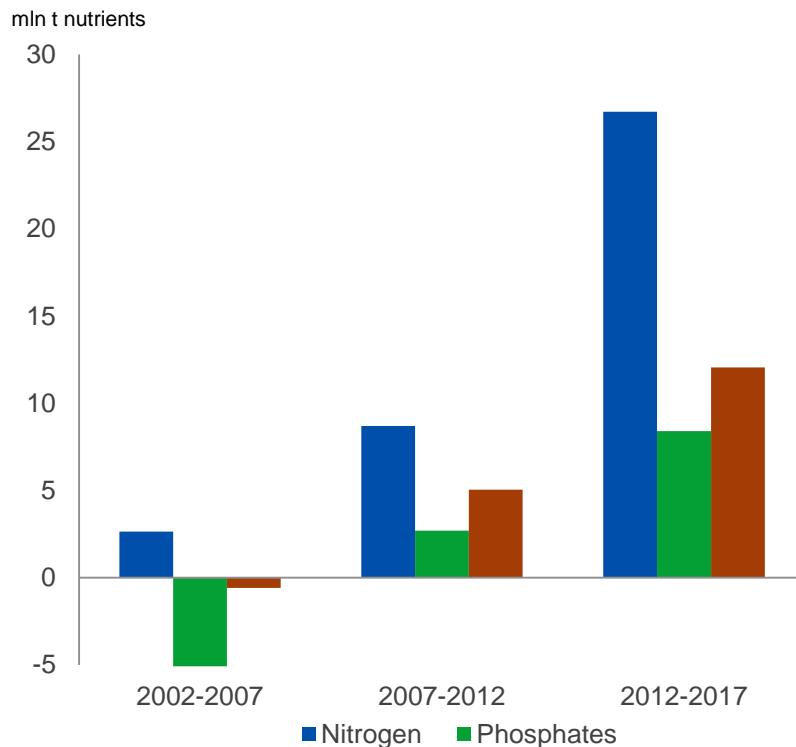


# Commissioning phosphate rock and phosphoric acid capacities

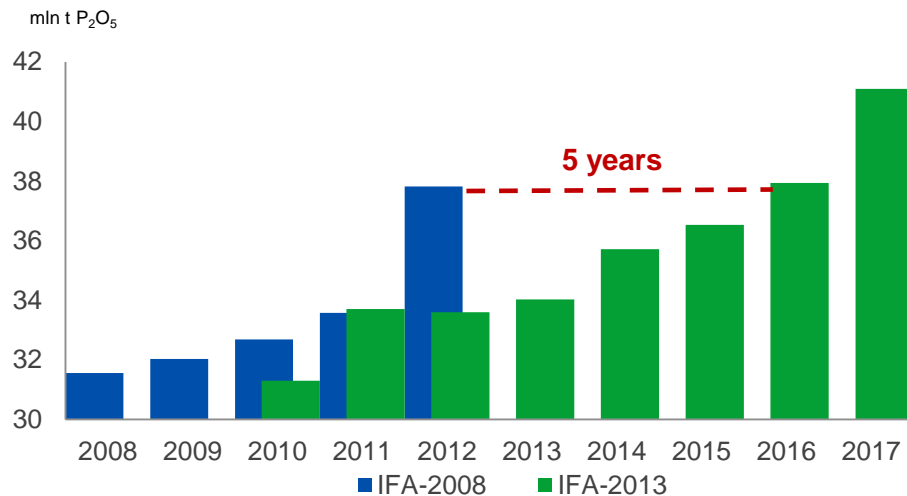
**Delays in addition of new phosphate rock capacities (excl. China)**



**Changes in world fertilizer capacities (excl. China)**



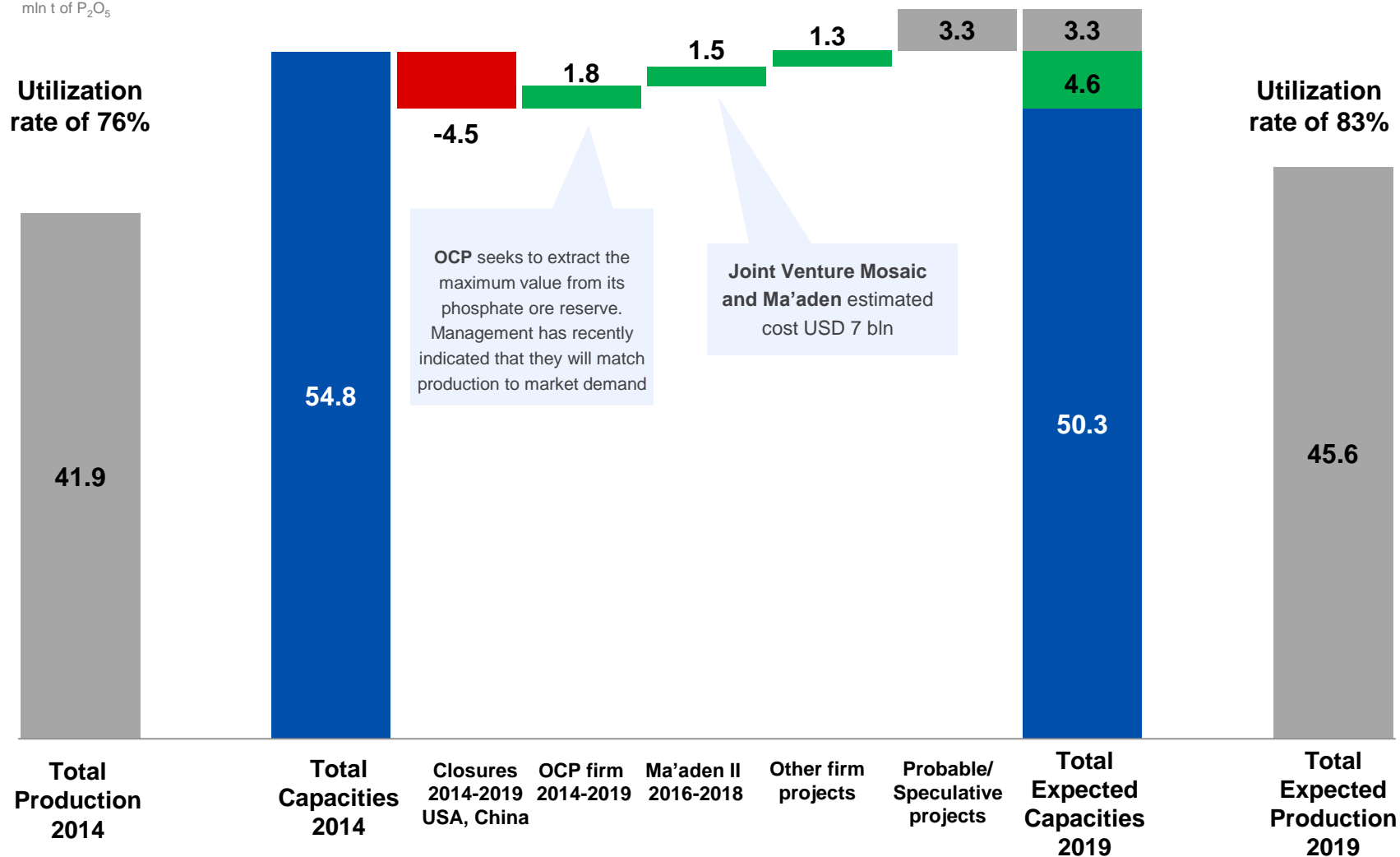
**Delays in commissioning phosphoric acid capacities (excl. China)**



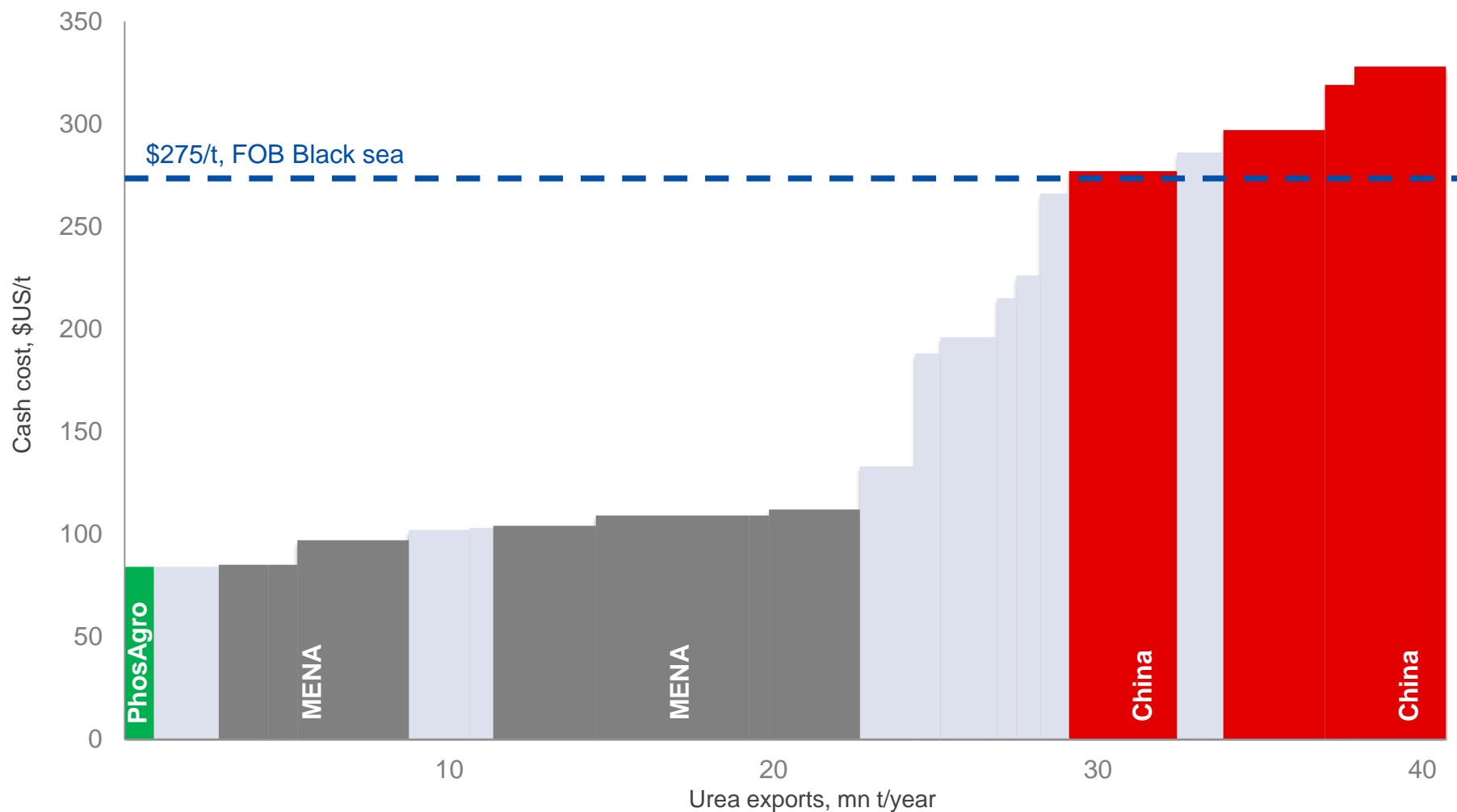
- Less new projects are announced in phosphates
- Commissioning of new capacities is delayed
- Shutdown in phosphate fertilizer capacities was more significant while less new commissioning in the past 5 years in comparison with nitrogen and potash sectors

mln t of  $P_2O_5$

## Timing and completion of new capacities is uncertain



# Estimated Urea export cash cost curve \$US/t FOB<sup>(1)</sup> Yuzhny



Source: PhosAgro estimates, CRU, Fertecon, IFA, Argus-FMB

Note: (1) Urea cash cost estimates are based on feedstock prices in Q1 2015

USD/RUB exchange rate of RUB 61.88 applied for calculation urea export cash cost

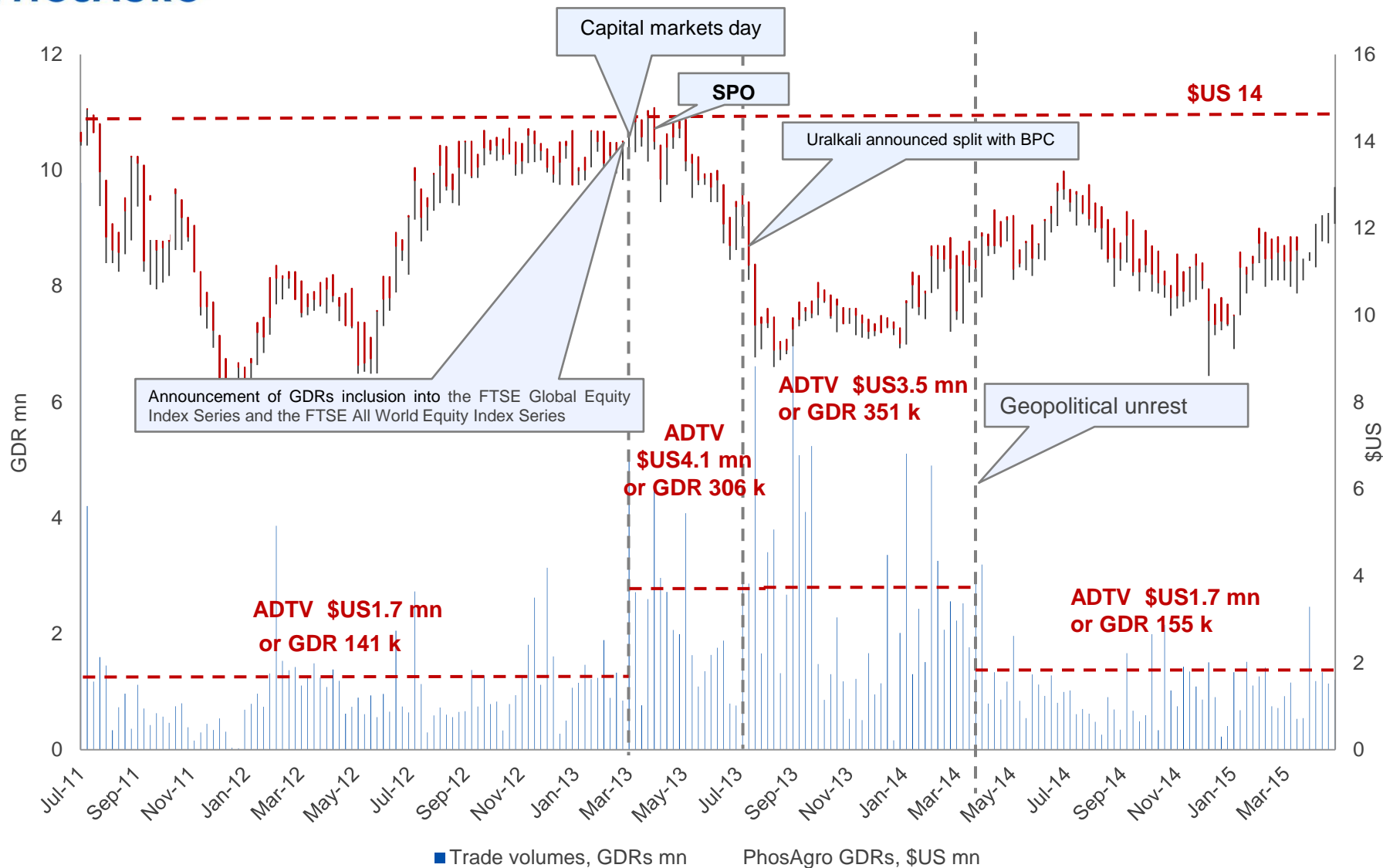


**PHOSAGRO**

# Stock/GDR performance

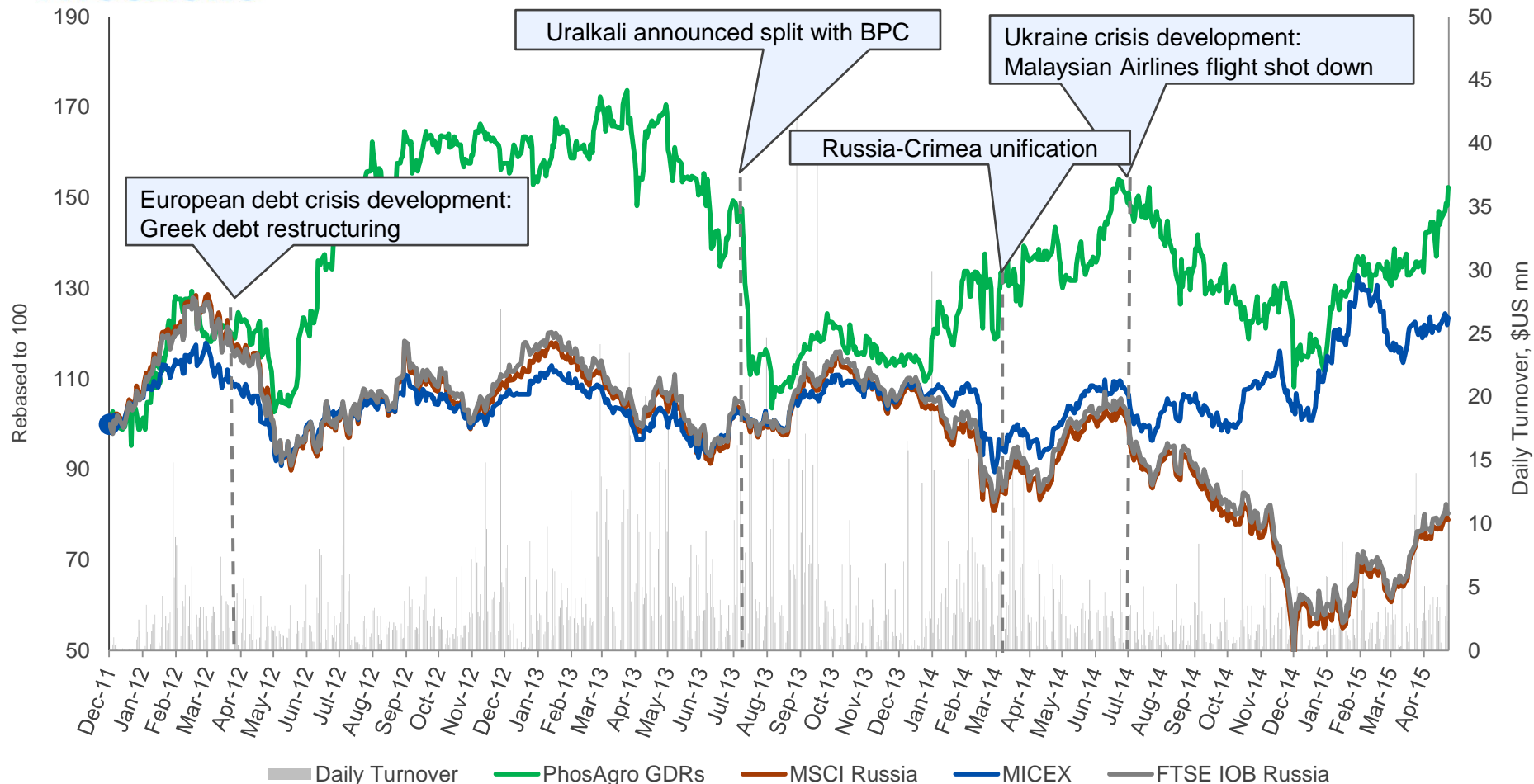


# PhosAgro GDR performance





# Global political and economic instability



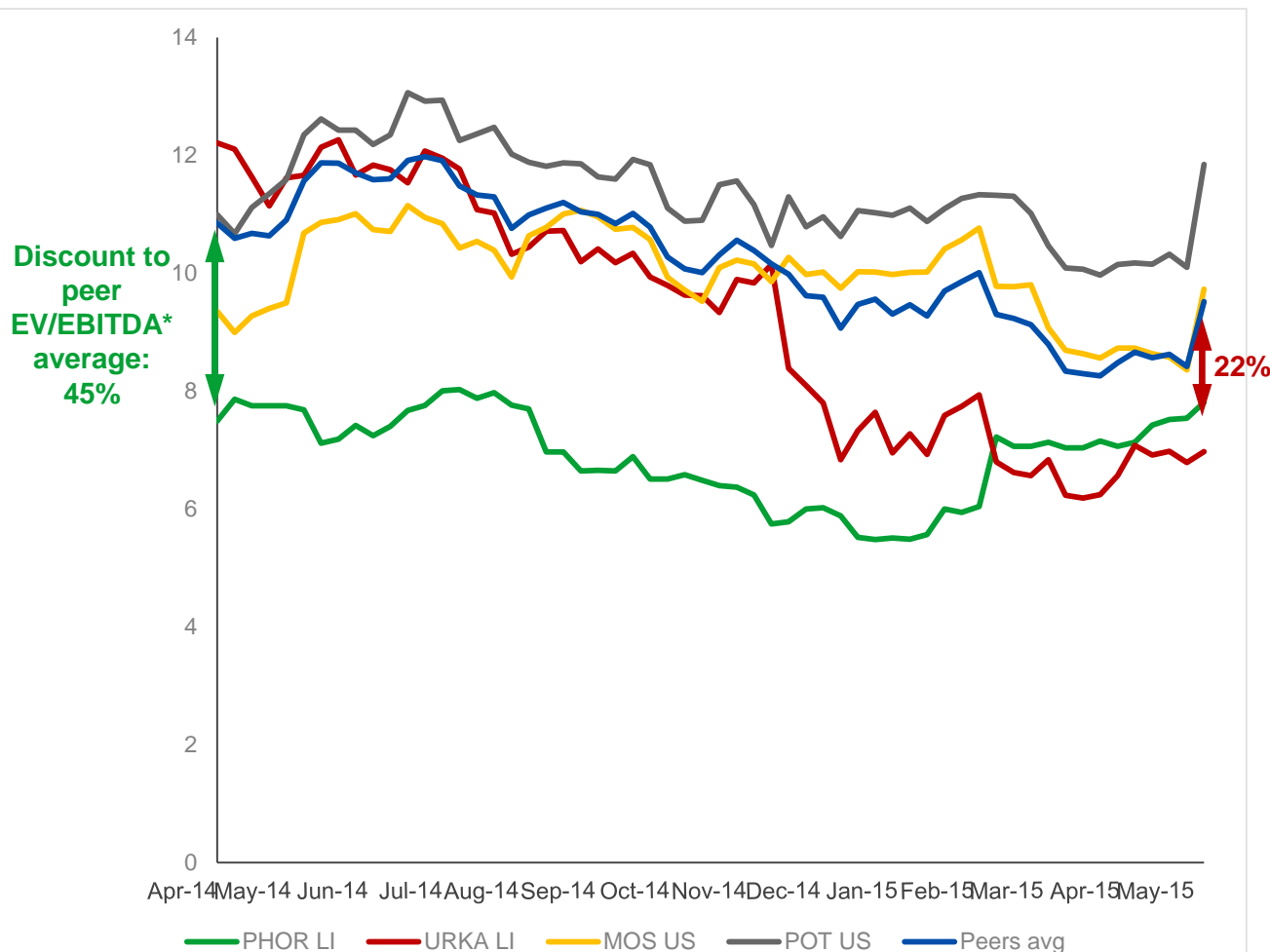
## % Performance

Since Russia-Crimea unification

	PhosAgro	FTSE IOB Russia	MSCI Russia	MICEX
Since Russia-Crimea unification	27.7%	(6.6%)	(6.2%)	33.1%
1 month	12.1%	7.6%	7.6%	1.5%
1 week	5.7%	2.5%	2.5%	1.5%

# EV/EBITDA performance relative to peers

Current discount to peer EV/EBITDA average: 22%



Bloomberg EV/EBITDA consensus	FY2015	PhosAgro Discount
Mosaic	7.7x	44%
Potash Corp	10.3x	57%
Uralkali	7.7x	45%
Peer average	8.1x	49%
PhosAgro	5.1x	





**Thank you!**

