

Presentation for
1-on-1 meetings
December 2018



Pure Minerals for Healthy Lives

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Operational Excellency & Market Momentum

Operational Excellency

PhosAgro

- ✓ Focus on Vertical Integration and Cash Costs Control
- ✓ Experience with successful organic growth
- ✓ Leading Position on the cash-cost curve
- ✓ Sustainable Div. Policy & Accurate approach towards leverage/capex

More Value
for
Shareholders

Market Momentum

- ✓ Main Feedstocks Inflation
- ✓ Ecology Regulation in China - more export cuts
- ✓ Proper Assets Allocation (closure by Mosaic; more to come)
- ✓ Healthy demand in India – more subsidies/No stocks/less domestic production
- ✓ Lat. America – favorable soft commodities/FX environment
- ✓ Long-term Supply/Demand balance looks tight



Sustainable Advantages in a Changing Environment

Highlights

World class integrated phosphate producer

- PhosAgro is a leading vertically integrated producer of fertilizers with phosphate rock grade above 39%
- One of the Top 5 biggest DAP/MAP producers in the World⁽¹⁾
- Overall fertilizer capacity is 8.3 mln t as of 2017

Self-sufficiency in key feedstocks provides for low costs

- Strong resource base -70+ years of mines life
- Self-sufficient in major inputs⁽¹⁾: 100% in phosphate rock, 90%+ in ammonia in 4Q17
- The lowest DAP cash cost producer globally and in the 1st quartile for urea production

Flexible production and sales

- Depending on the market situation, 46% of phosphate production can be switched from DAP/MAP to NPK
- Top-3 markets: Russia and CIS, Europe and Latin America
- Net back driven sales model with a global presence

Strong financial profile

- Strong profitability and one of the highest gross margins in phosphate segment
- Corporate Ratings: BBB-/Baa3/BBB-
- The lowest leverage among global and domestic peers
- Mid-term goal is to return capex to normal level (up to 50% of adj. EBITDA)

High corporate governance standards

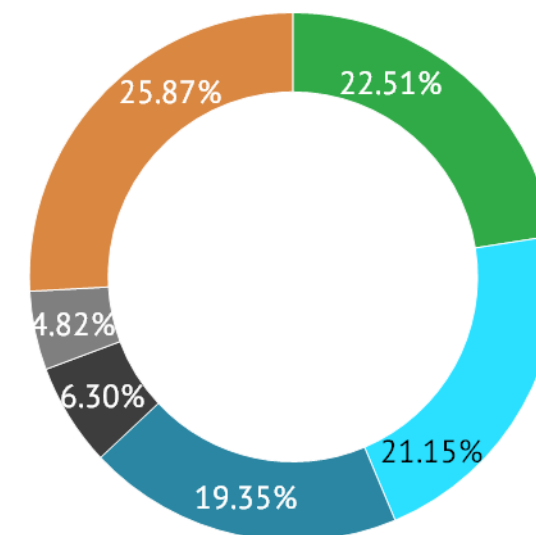
- Transparent ownership structure with 25.9% shares in free float
- 6 INED members of the Board of Directors
- Dual listing on LSE and MoEx since 2011 and membership in MSCI Russia Index
- Dividend payout (based on adj. NI) is 30-50%

Key metrics

RUB mln	3Q17	2Q18	3Q18	Change y-o-y, %	9M17	9M18	Change y-o-y, %
Revenue	46.5	56.6	62.8	35.1%	135.6	174.0	28.4%
EBITDA	13.6	18.7	23.4	71.6%	38.5	56.4	46.3%
EBITDA margin, %	29%	33%	37%	4 pp	28%	32%	2pp
NI	7.3	3.0	7.8	6.2%	21.1	17.6	-16.3%
NI adj for FX	5.8	11.6	12.9	123.2%	17.5	30.8	76.4%
NI (adj) margin	12%	21%	21%	4 pp	13%	18%	3 pp
FCF	2.3	8.4	12.4	440.1%	4.4	22.1	402.6%
ND	109.1	122.9	120.8	10.8%	109.1	120.8	10.8%
ND/ LTM EBITDA	2.1	2.1	1.7	n.a.	2.1	1.7	n.a.
DPS	7.0	15.0	24.0	242.9%	22.0	47.0	113.6%

Shareholders structure as of 21th November 2018 ⁽²⁾

- Chlodwing Enterprise Ltd
- Adorabella Ltd
- Vladimir Litvinenko
- Igor Antoshin
- Evgeniya Gurieva
- Free Float



Source: IFA, CRU, companies data, PhosAgro

Note: (1) Self-sufficiency depends on the composition of the products produced by PhosAgro

(2) 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 Guriev and members of his family

Market position

Comments

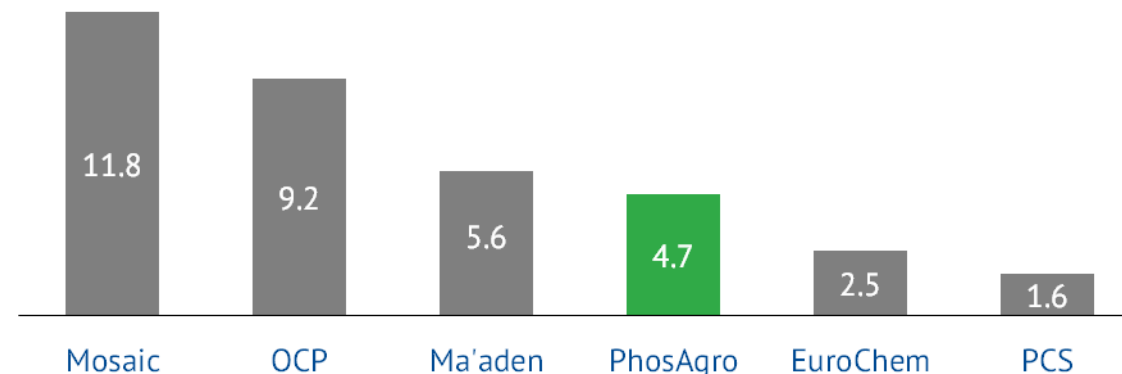
1. Top-3 producer of phosphate rock global by capacity and the leader in production of high-grade phosphate rock with P2O5 content of over 35.7%
2. Top-5 global producer of DAP/MAP by capacity
3. The Company is the largest supplier of DAP/MAP and NPK fertilizers to Russia with the market share of 75% and 55%, respectively. The second largest supplier holds less than 20% in each market
4. PhosAgro has strong market positions on premium European market and fast-growing Latin America market

PhosAgro market share in 2016

	DAP/MAP	NPK
Russia ⁽³⁾	75%	55%
Europe	19%	13%
Latin America	9%	10%

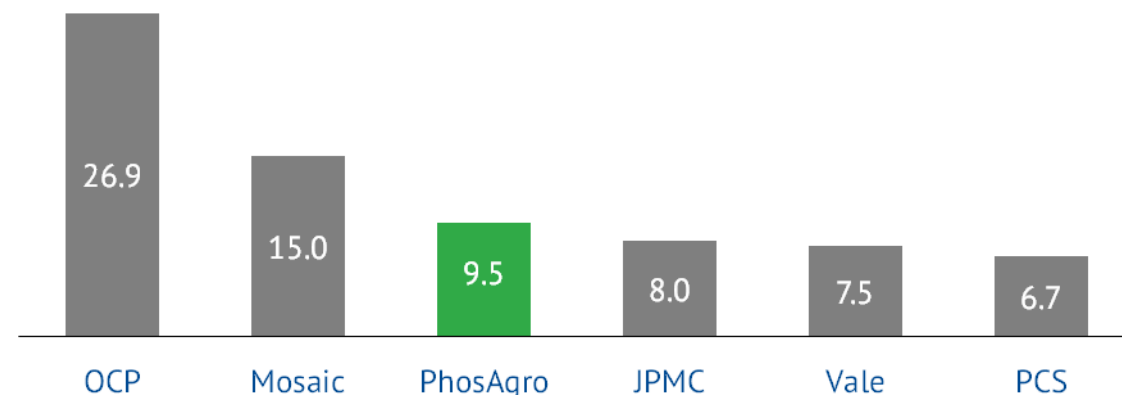
Global DAP/MAP producers ⁽¹⁾

mln t



Global producers of PhosRock

mln t (PhosAgro, Mosaic – 2017, rest – 2016)



Source: IFA, CRU, companies data, PhosAgro

Notes: (1) Excluding Chinese producers

(2) Production of all phosphate fertilizers converted into DAP/MAP by the average grade

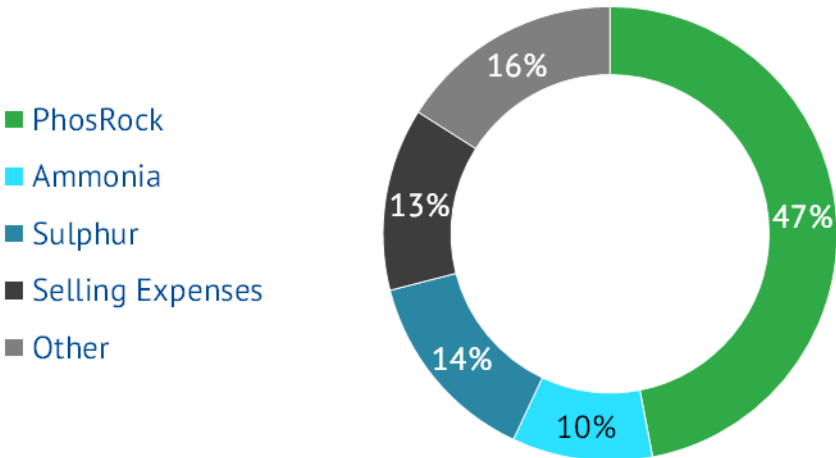
(3) Based on production volumes (4) Including Vale assets

Vertical integration

Comments

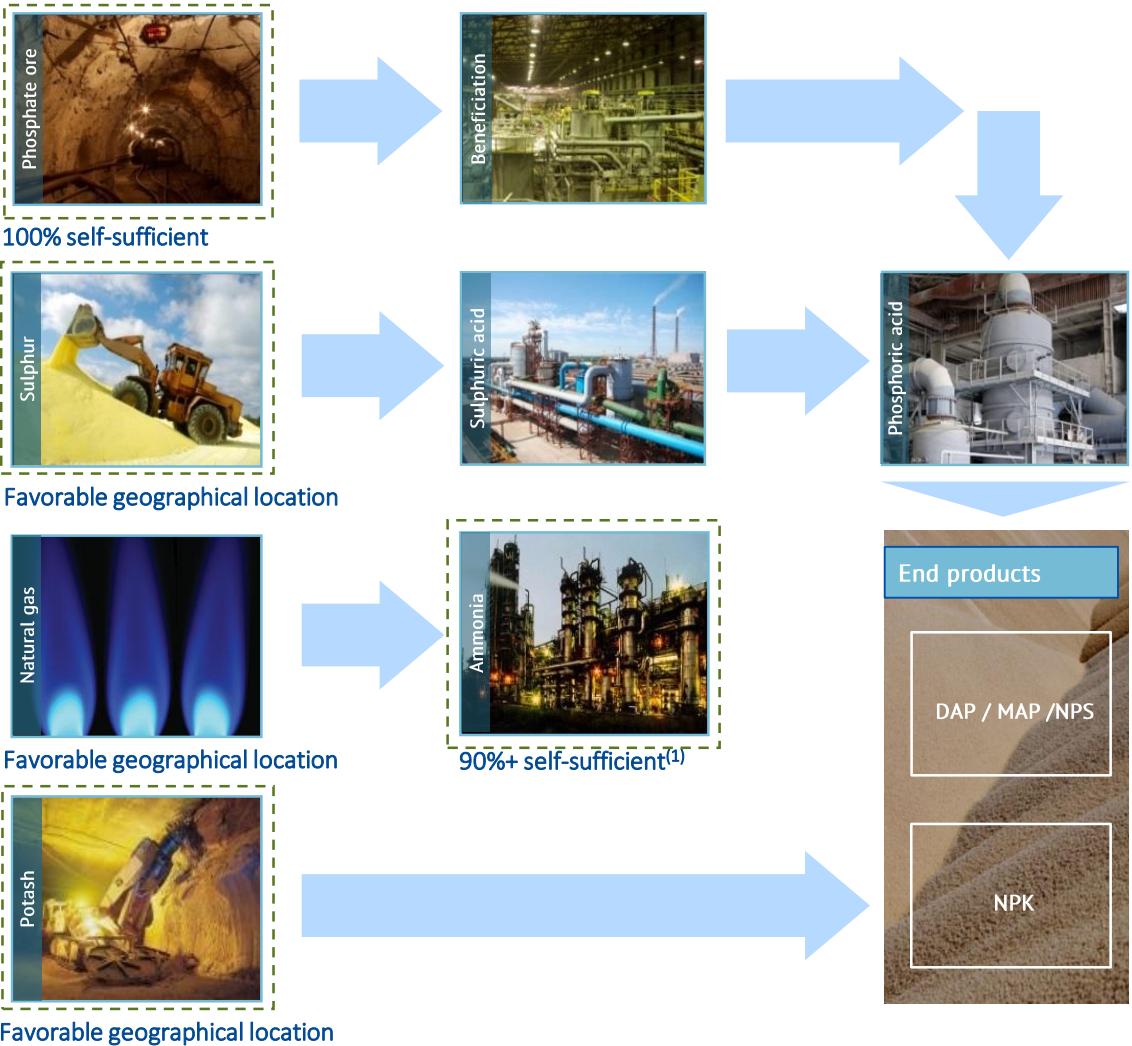
- 1. Production of phosphate fertilizers is very complex and require 3 types of feedstocks: 1) phosphate rock or acid, 2) sulphur or sulphuric acid and 3) ammonia. In addition, NPK fertilizers production requires potash.
- 2. PhosAgro is the global leader in production of high-grade phosphate rock
- 3. After the launch of new 760 ktpa ammonia facility in 4Q17, PhosAgro has become 90%+ self-sufficient in the feedstock
- 4. PhosAgro secures the access to local supplies of sulphur at competitive prices
- 5. Vertical integration secures margins against growing feedstock prices

DAP cash cost at FOB breakdown in 9mo18



Source: PhosAgro

Note: (1) After the launch of ammonia plant in 4Q 2017



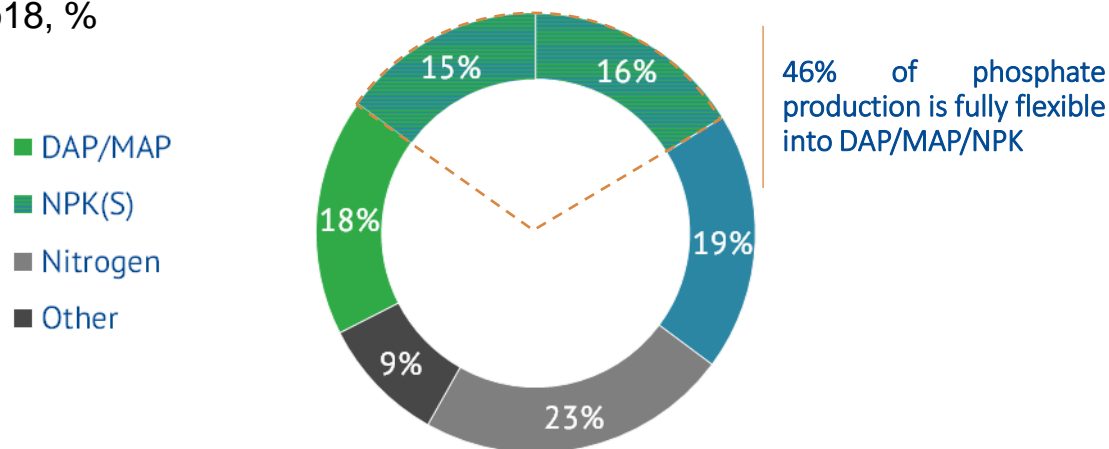
Flexible production model and key products

Comments

1. PhosAgro developed unique operating cycle, which allows to swap production up to 3 mln t between DAP/MAP/NPK(S) on the same production lines without substantial costs in the shortest time;
2. That gives PhosAgro an ability to focus on value-added products with extra margins. Additionally, the Company has special focus on value-added NPKs, which secures extra margins vs. the basket of separate nutrients;
3. Therefore, the Company always maintains optimal product mix against market headwinds.
4. Over 9M18 PhosAgro significantly increased NPK(S) and Nitrogen-based products by 12% and 43% y-o-y ahead of high global demand. The growth in nitrogen segment became possible after fully ramped up new urea and ammonia lines

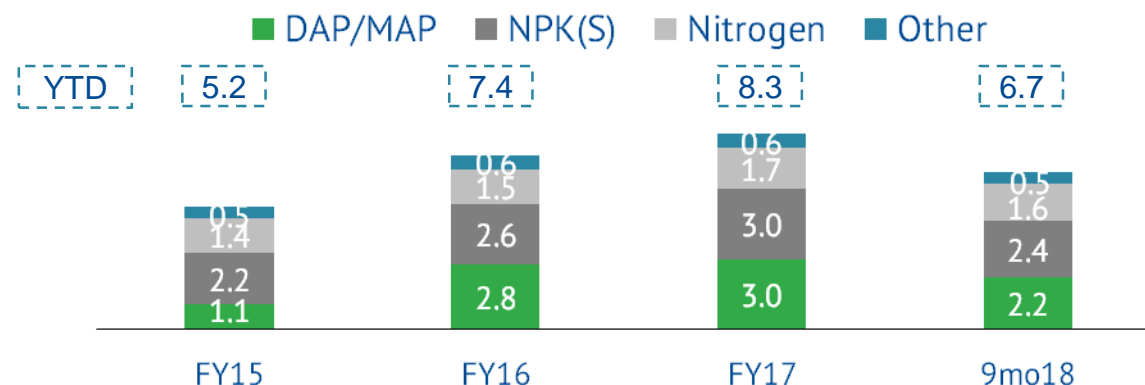
PhosAgro fertilizer production structure

9mo18, %



Production dynamics of P&N fertilizers*

mln t



NPK price Premium/Discount to Nutrients

%



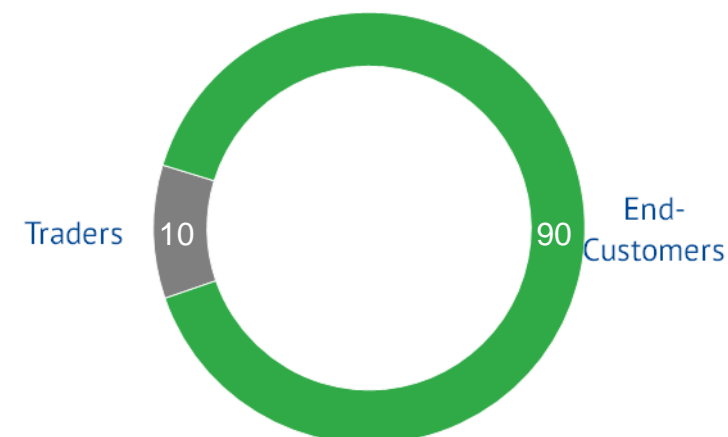
Key markets

Comments

1. The priority markets for the Company are Russia&CIS, Europe, Latin America, where we generated circa 90% of our headline revenue in FY2017
2. Up to 90% of all customers are end-customers, the rest are traders
3. PhosAgro is the largest supplier of MAP and NPK in Russia with a market share of 75% and 55%, respectively, in 2017
4. PhosAgro's sales of phosphate fertilizers to domestic market grow faster than the market consumption for the second consecutive year pushing market share higher

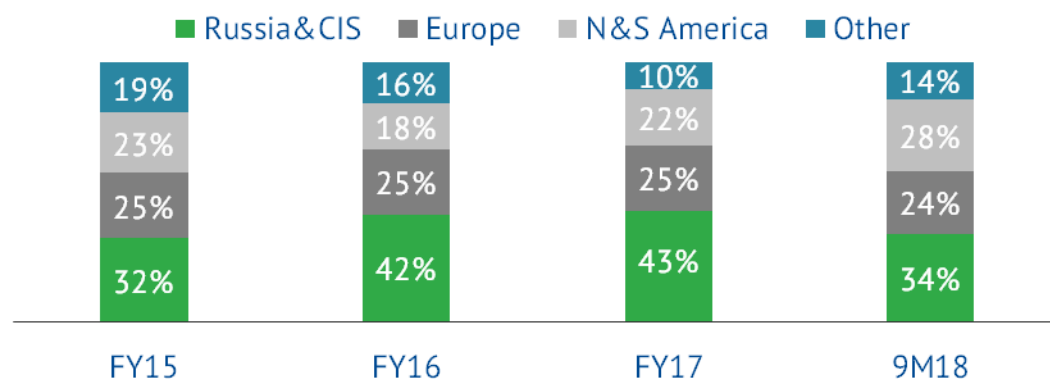
PhosAgro customers breakdown in 2017

%



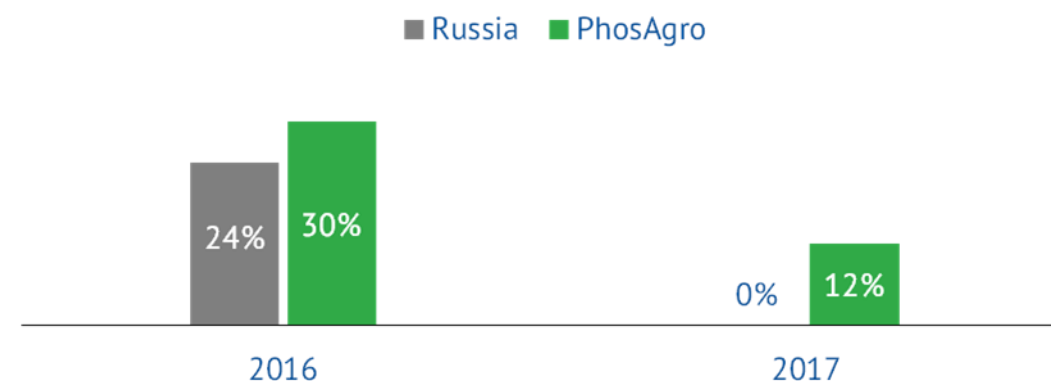
Revenue breakdown by regions

1H18, %



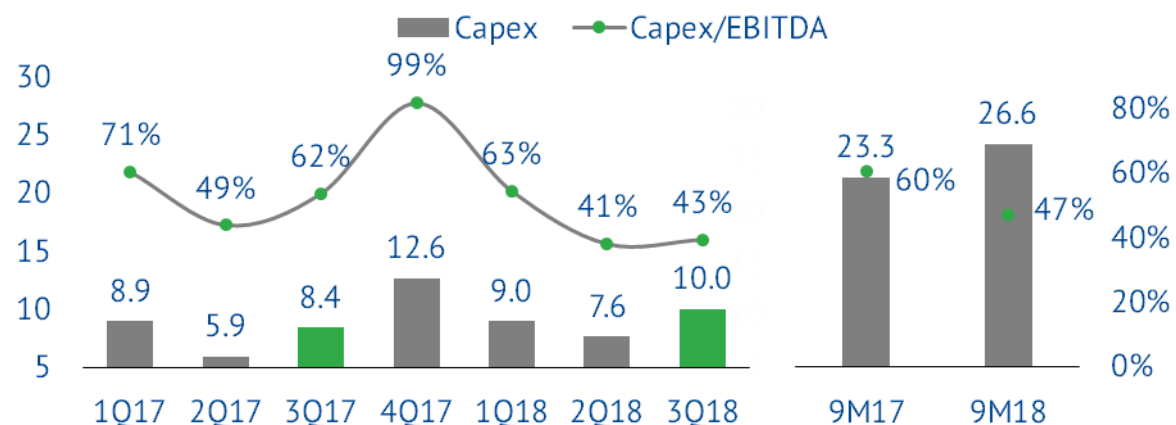
Group's phosphates sales growth in Russia

%, y-o-y



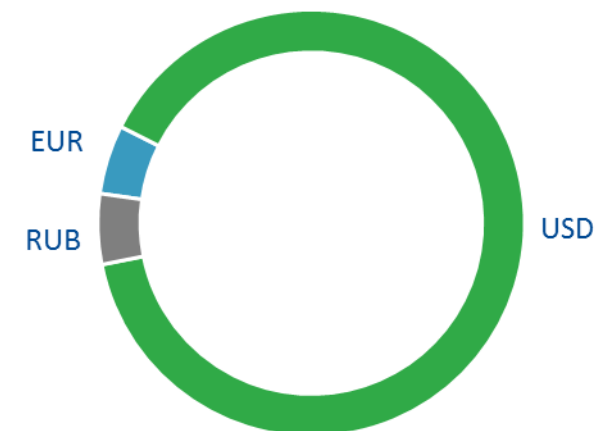
Capital Expenditure & Debt Overview

Capex and Capex/EBITDA ratio



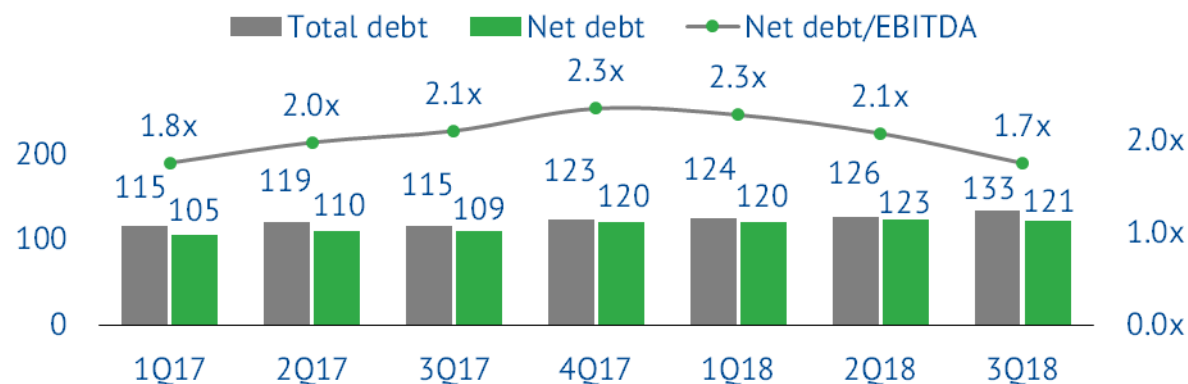
Debt structure as of 30 September 2018

%



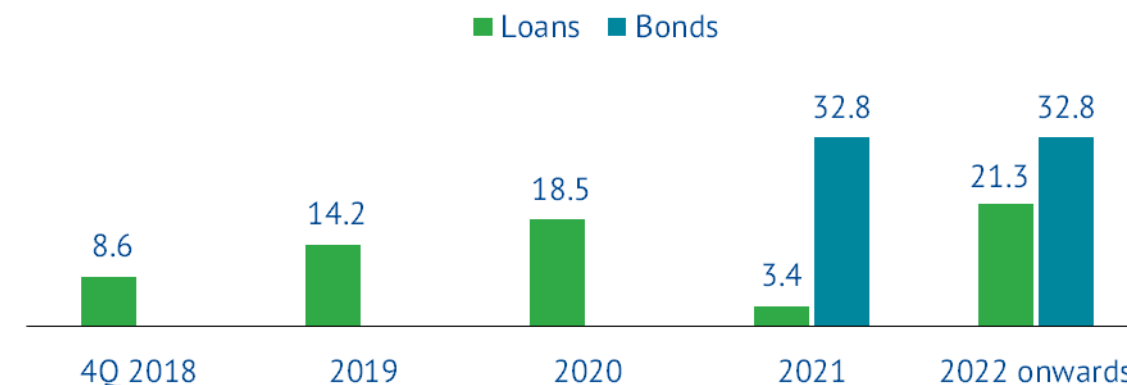
Total debt and net debt/LTM EBITDA ratio

x



Maturity profile

RUB bln





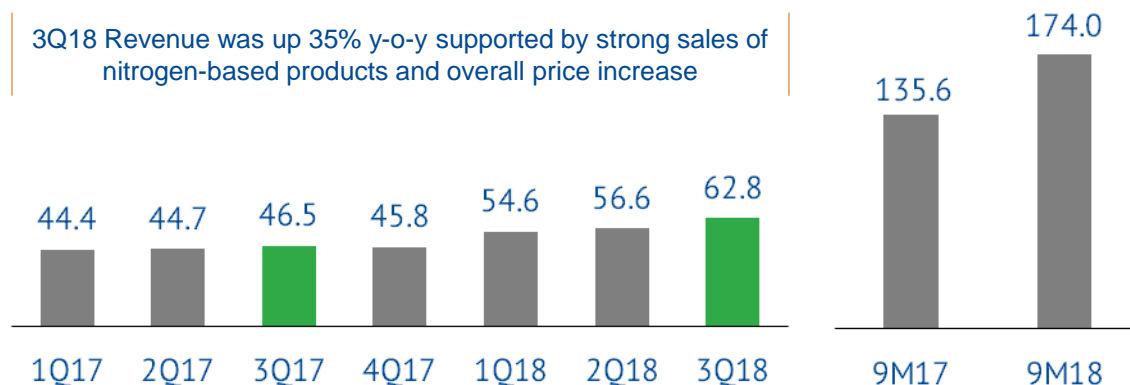
Financial review

Revenue Analysis

Revenue dynamics

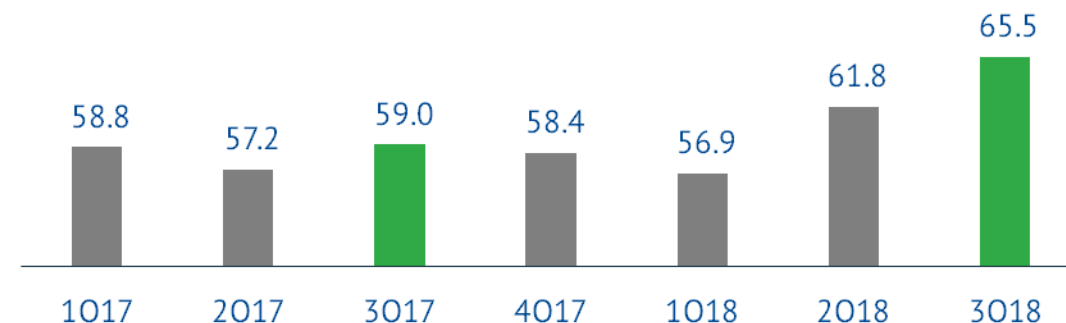
RUB bln

3Q18 Revenue was up 35% y-o-y supported by strong sales of nitrogen-based products and overall price increase



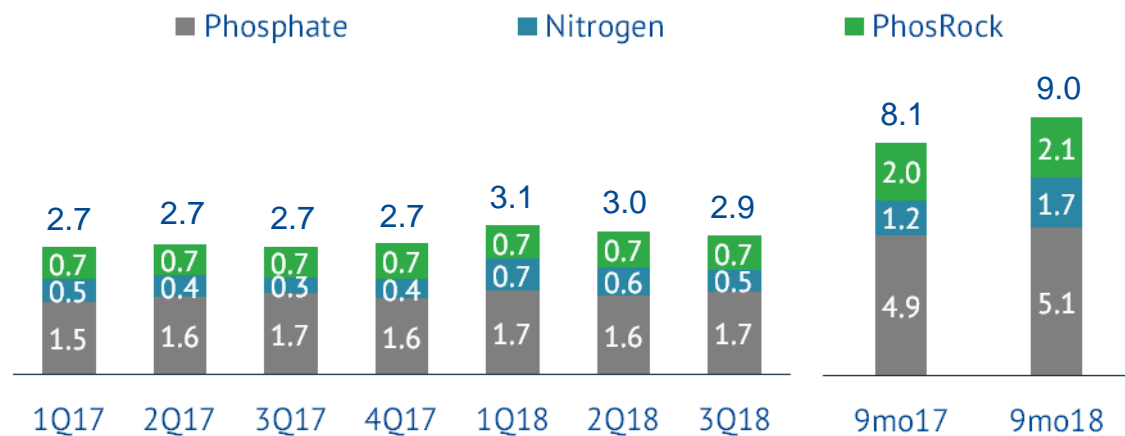
FX rates

RUB/USD

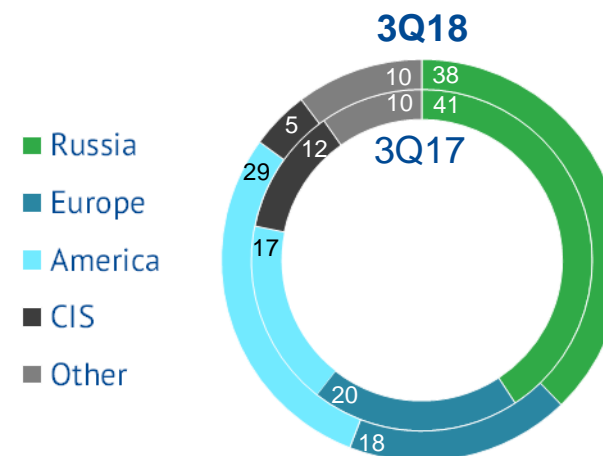


Sales breakdown

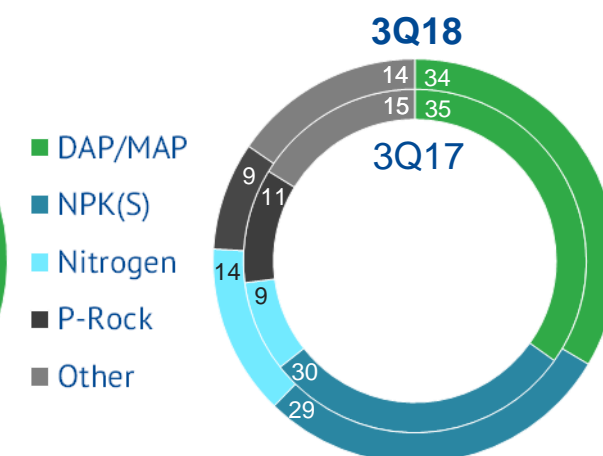
Mln tonnes



Revenue by region, %

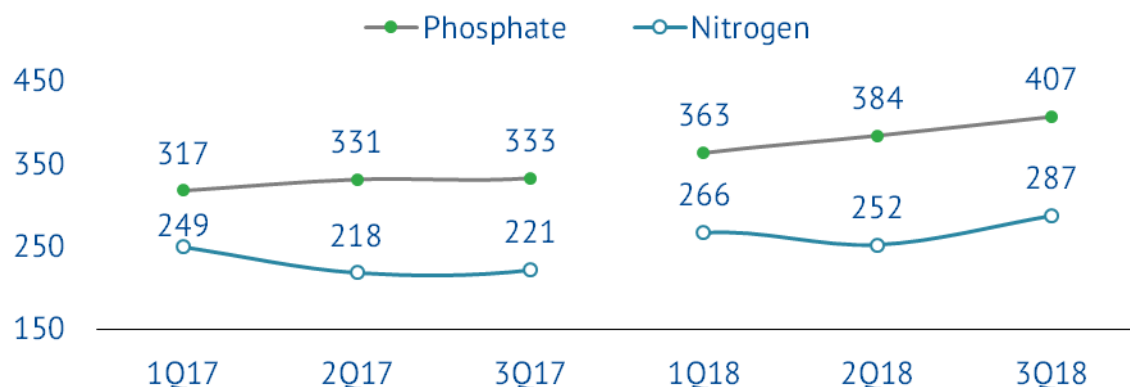


Revenue by product, %

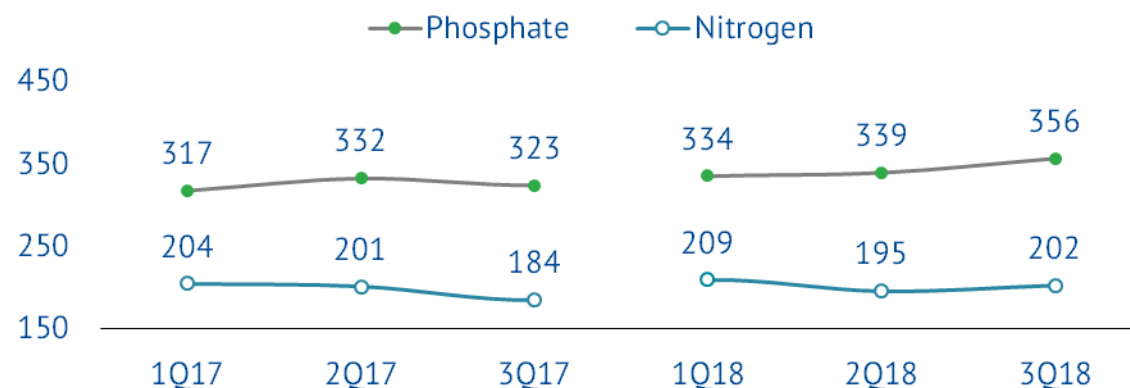


Revenue Analysis

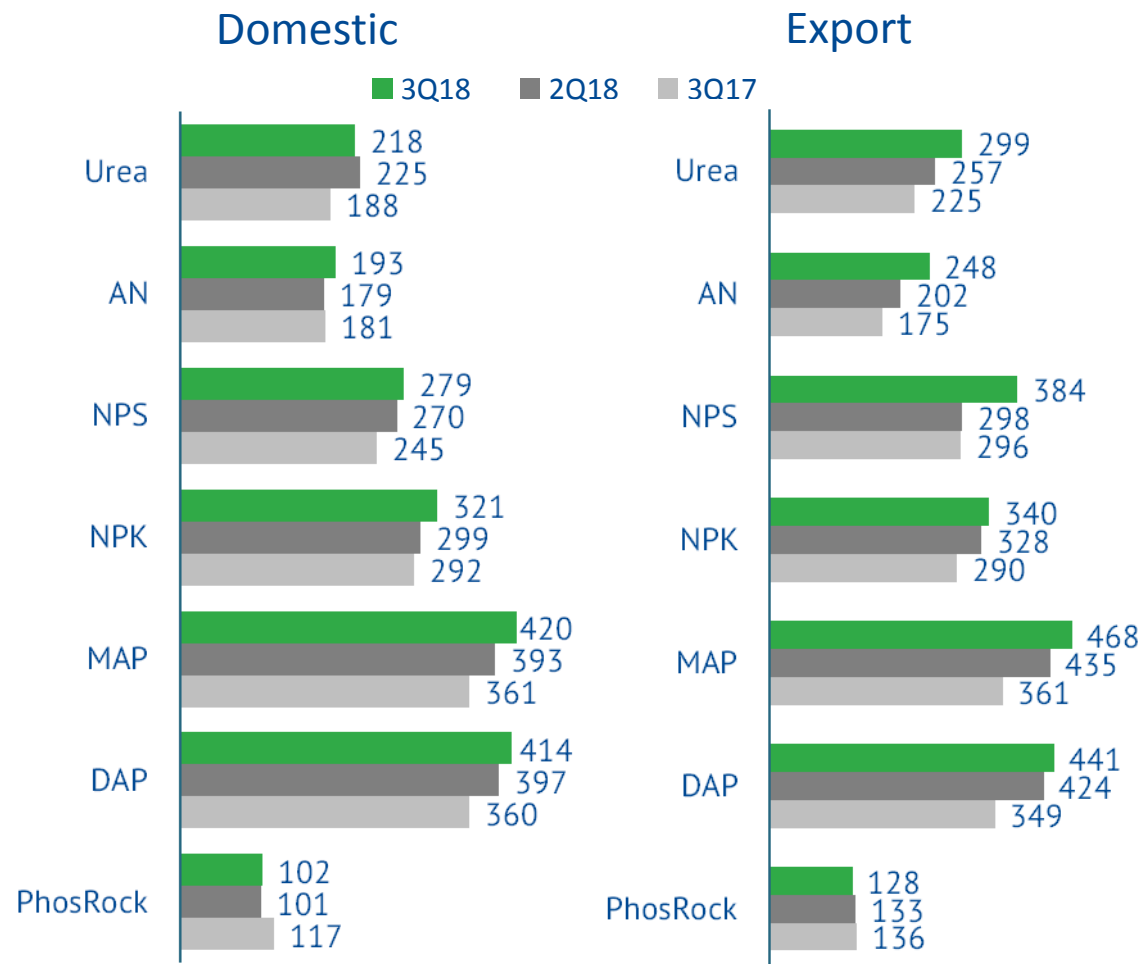
Average revenue by products – export
USD/t



Average revenue by products – domestic
USD/t

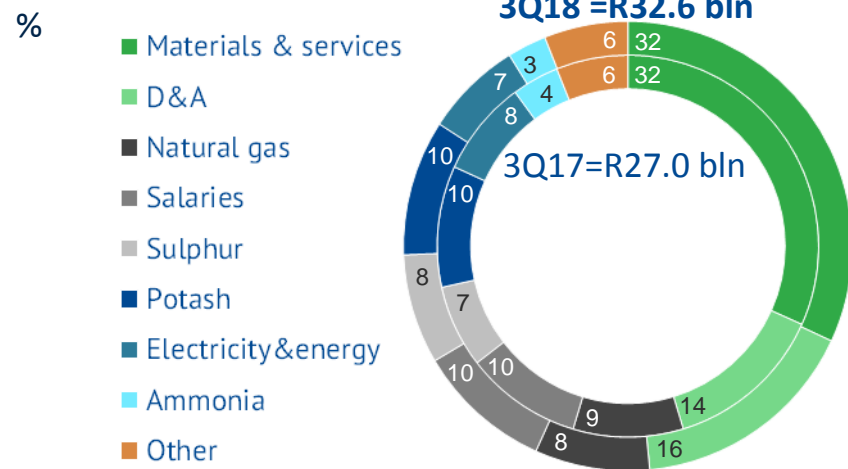


Average revenue by key products
USD/t



Cost Analysis

Cost of goods sold structure



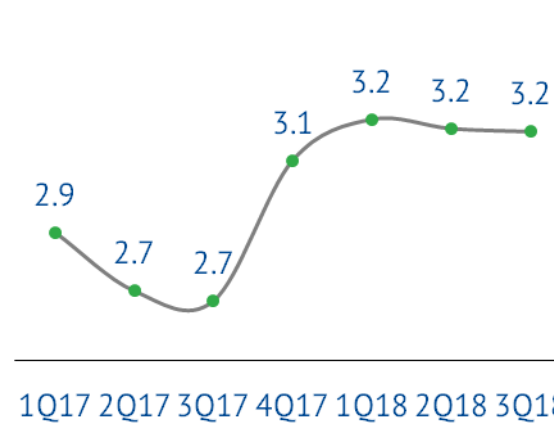
Materials and services

RUB bln



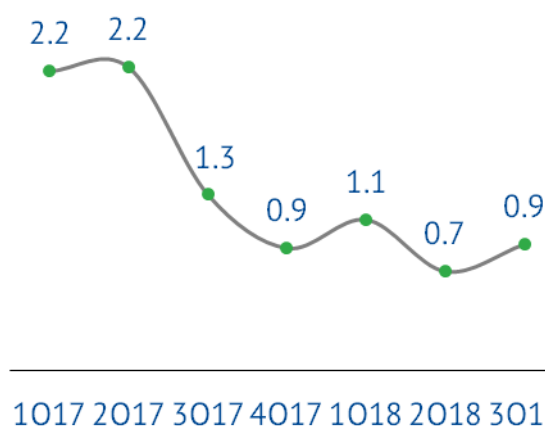
Salaries

RUB bln



Ammonia expenses

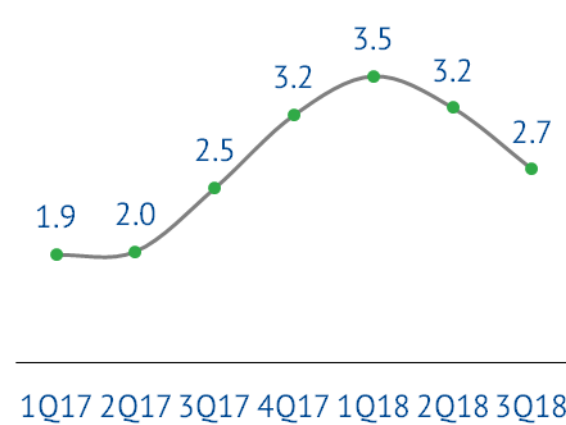
RUB bln



1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18

Natural gas expenses

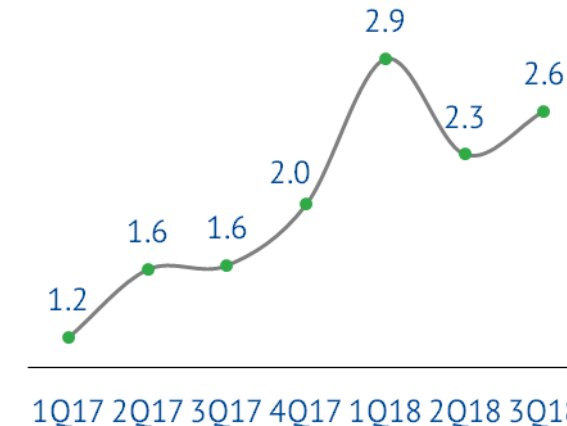
RUB bln



1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18

Sulphur expenses

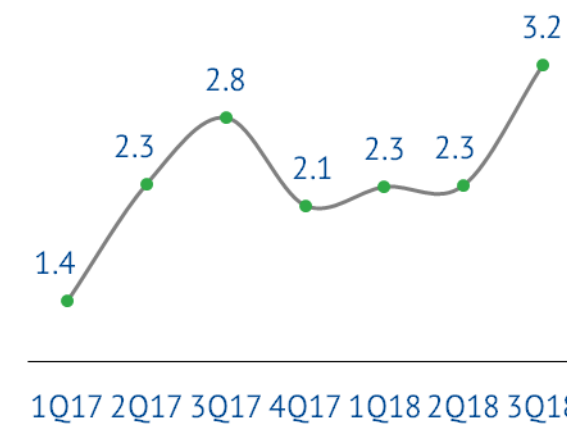
RUB bln



1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18

Potash expenses

RUB bln

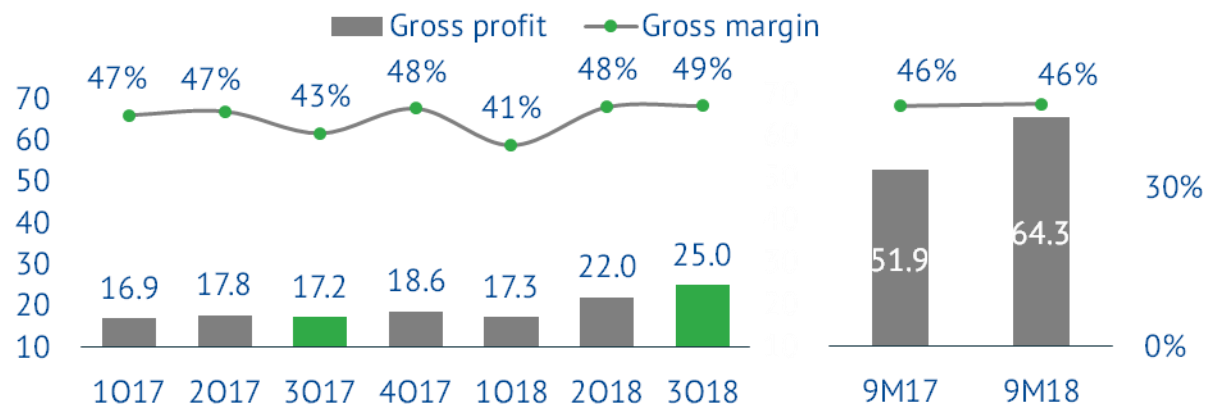


1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18

Segment Profitability

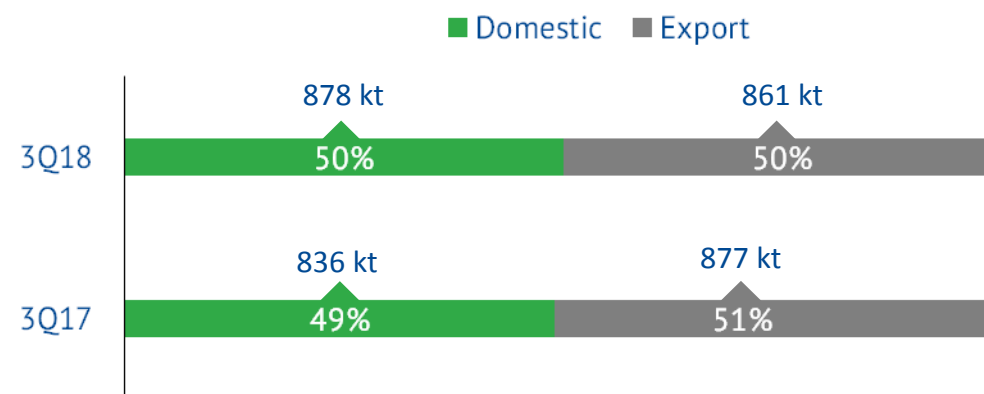
Phosphate segment gross profit and margin

RUB bln and %



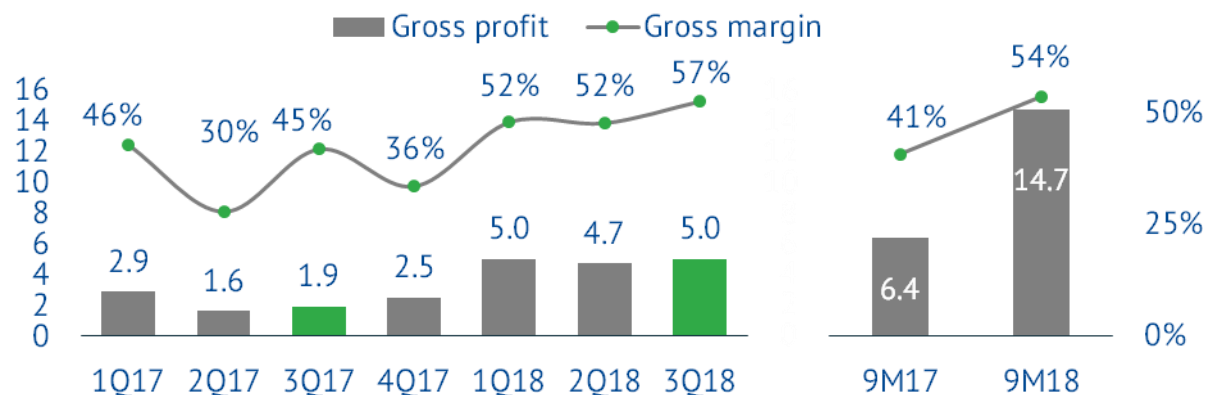
Phosphate sales (export + domestic)

kt



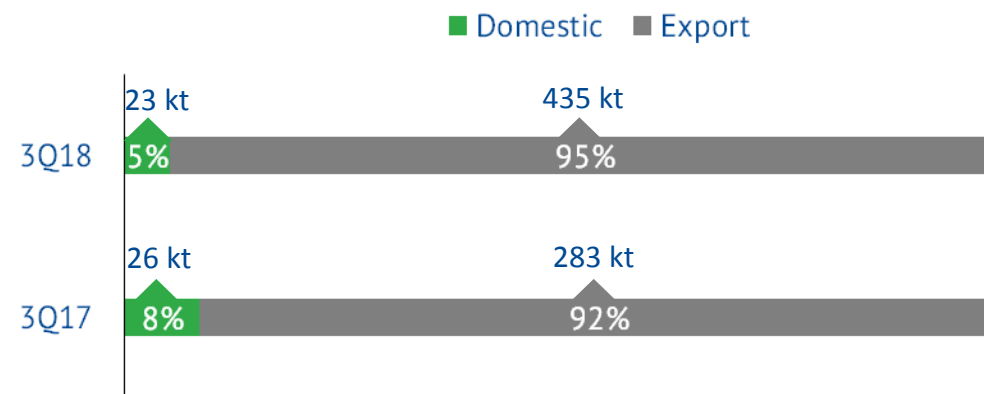
Nitrogen segment gross profit and margin

RUB bln and %



Nitrogen sales (export + domestic)

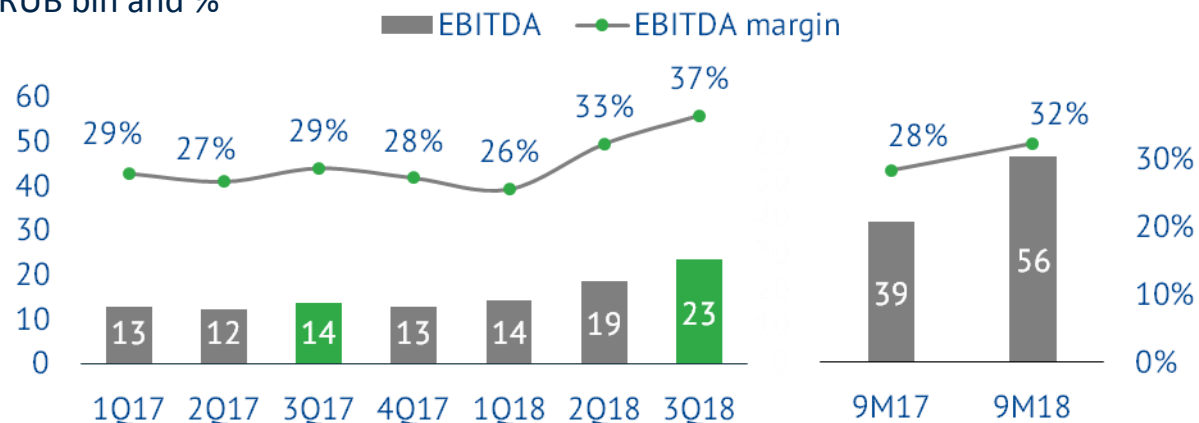
kt



EBITDA Analysis

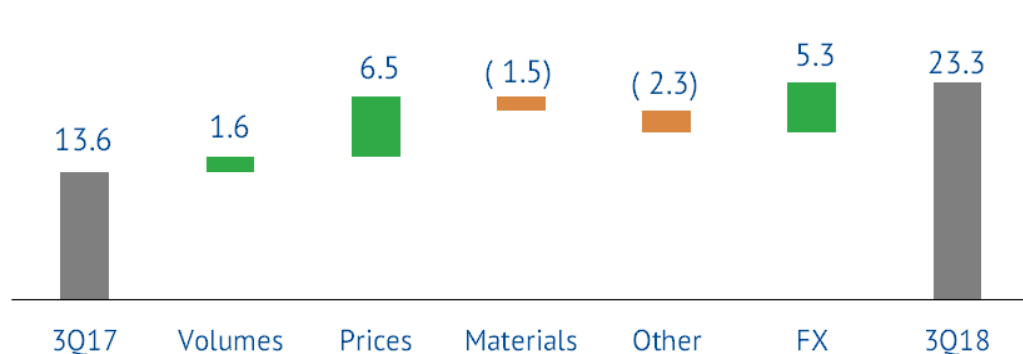
EBITDA and EBITDA margin

RUB bln and %



EBITDA bridge in 3Q18

RUB bln



Comments

- EBITDA in 3Q 2018 amounted to RUB 23.4 billion (USD 357 million), up by 72% year-on-year, while EBITDA margin nearly reached a three-year high of 37%
- Major upward factors were solid sales in the nitrogen segment (up by 48% year-on-year to 458 kt) and meaningful increases in average prices per tonne in both the phosphate (up by 18% year-on-year to USD 390 per tonne) and nitrogen (up by 30% year-on-year to USD 283 per tonne) segments
- However EBITDA growth was partially offset by inflation of feedstock prices (i.e. sulphur and potash)

EBITDA bridge in 9M18

RUB bln



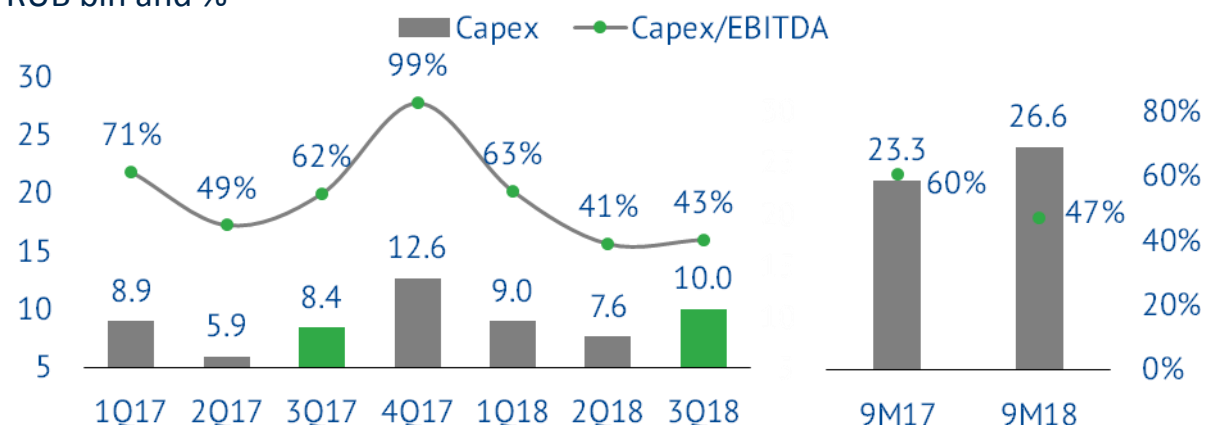
FCF Analysis

Comments

- Net operating cash flow in 3Q 2018 increased by 124% year-on-year to RUB 22.9 billion (USD 350 million) primarily driven by profitability growth coupled with working capital release
- Capital expenditure in 3Q 2018 totaled around RUB 10.0 billion (USD 152 million). Capex spending was primarily on scheduled maintenance and development of the upstream business, as well as on construction of new sulphuric and nitric acid plants
- Therefore 3Q 2018 FCF (et operating cash flow minus spending on investment activity) reached RUB 12.4 billion (USD 189 million)

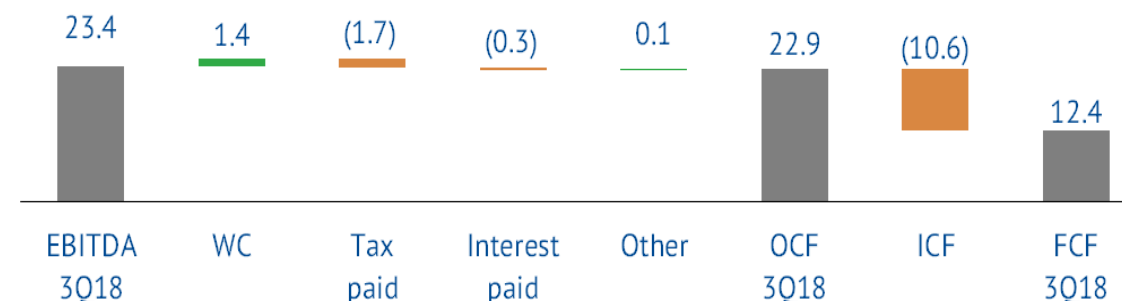
Capex and Capex/EBITDA ratio

RUB bln and %



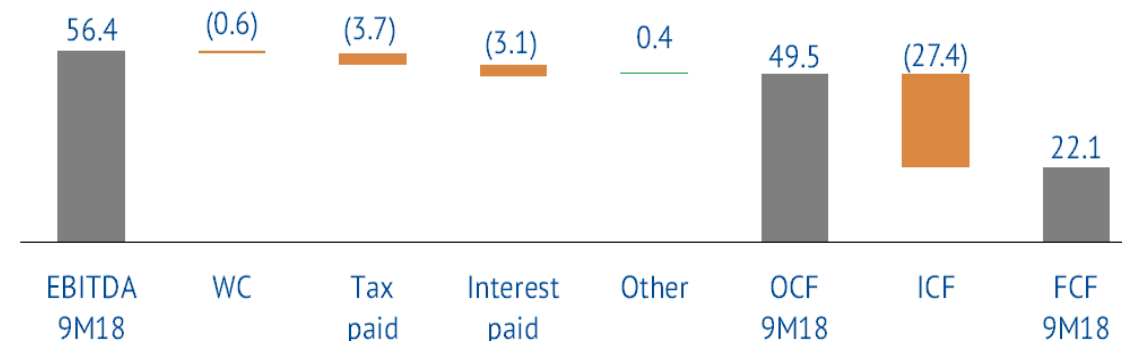
3Q18 EBITDA to FCF conversion

RUB bln



9M18 EBITDA to FCF conversion

RUB bln



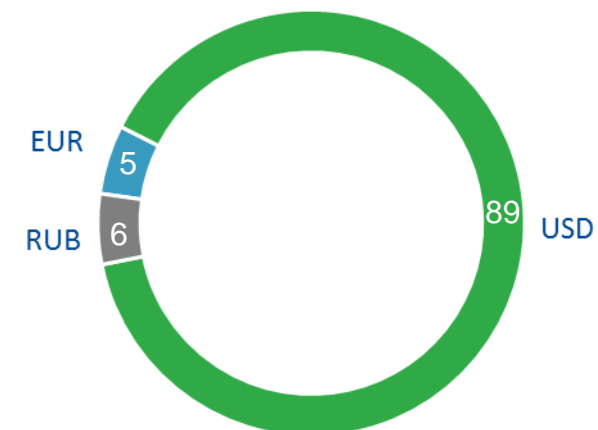
Debt Overview

Comments

- Debt (incl. finance lease liabilities) increased by 8% over 9M18 to RUB 133 billion (USD 2.0 billion) driven by Russian Rouble depreciation, as most debt is denominated in US Dollars
- As of the end of September 2018, net debt totaled RUB 120.8 billion (USD 1.8 billion), bringing the net debt/LTM EBITDA ratio to a two-year low of 1.7x, thanks to positive dynamics in EBITDA performance

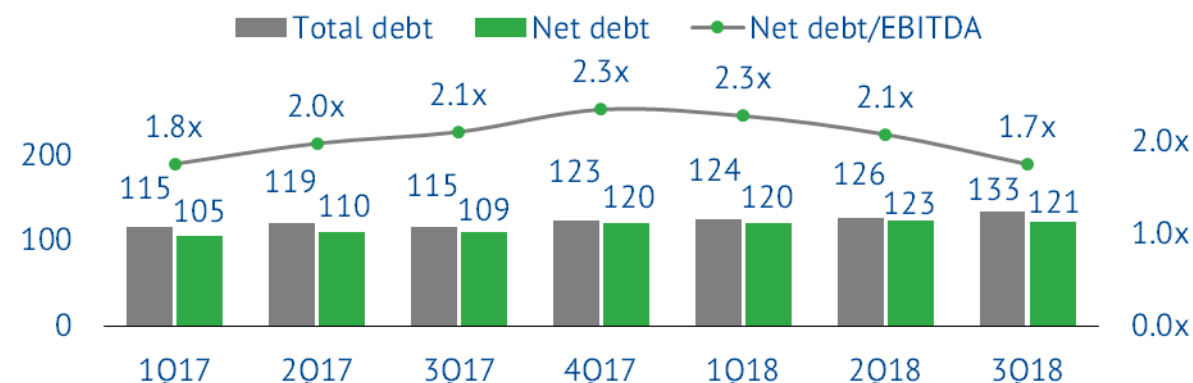
Debt structure as of 30 September 2018

%



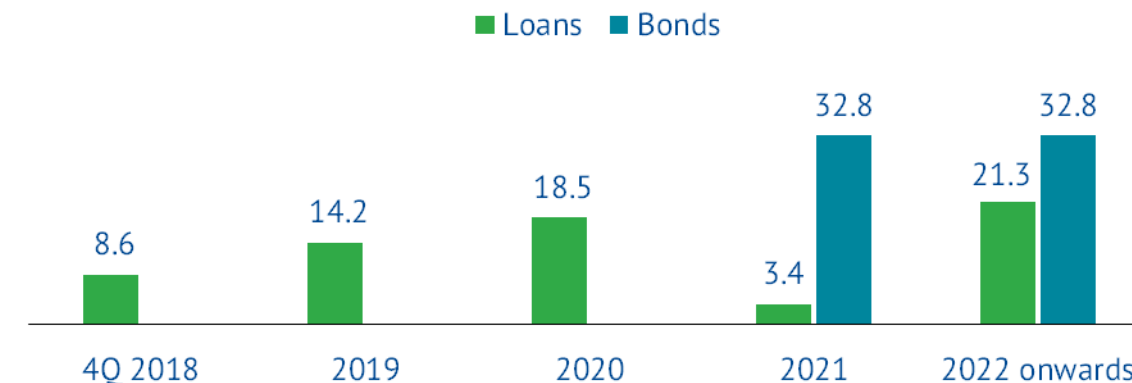
Total debt* and net debt/LTM EBITDA ratio

RUB bln and x



Maturity profile

RUB bln



Source: PhosAgro

Note: Total debt includes finance lease liabilities

Fertilizer Industry

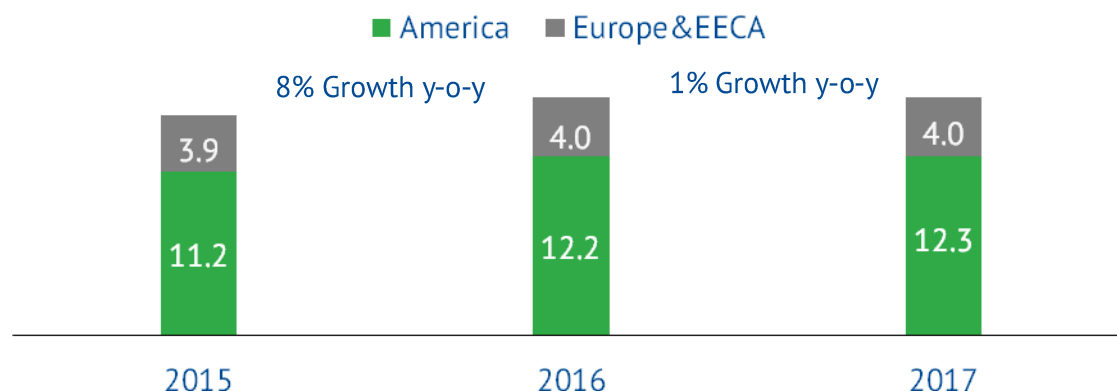
Phosphate fertilizers: demand

Comments

- Total demand for phosphate-based products was almost flat growing by circa 1% y-o-y to 45,2 mln tonnes in P₂O₅. The growth was restrained by India, Europe and other regions.
- As of 2017, E.Asia (incl. China), S.Asia (incl. India), N&S America consumed around 81% of global demand:
- India: DAP imports decreased by circa 10% y-o-y to 4.0 mln t in 2017 due to firm domestic production, which was coupled with 60% y-o-y drop in inventories
- Brazil: Total imports of phosphates reached 10-year high 3.4 mln t P₂O₅ in 2017
- Russia: Demand was up 0,9% y-o-y to 0,75 mln t P₂O₅ in 2017
- Strong crop commodity production in 2018YTD assumes high removal rates for phosphate fertilizers

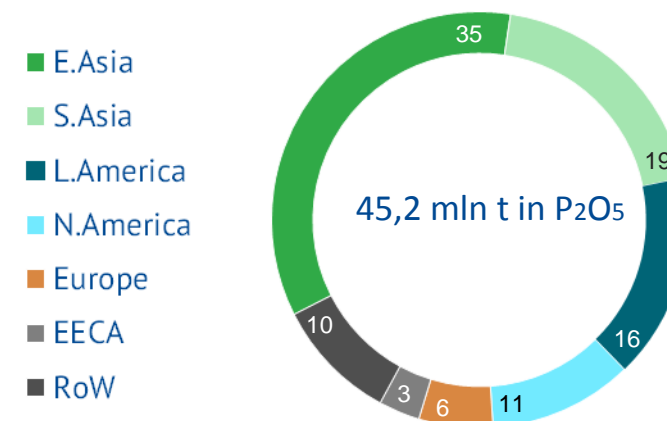
Phosphate imports of PhosAgro's focus markets

Mln t in P₂O₅



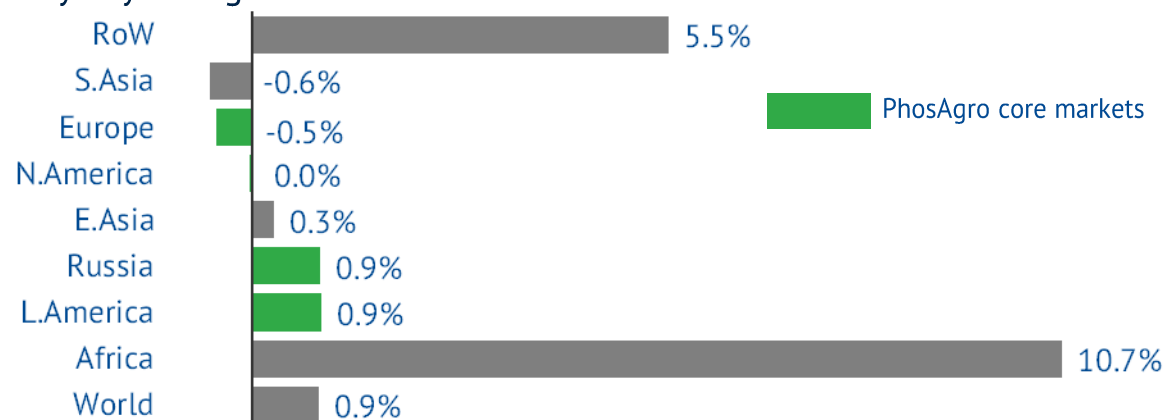
Regional breakdown of phosphates consumption in 2017

%



Regional growth in phosphate demand

% y-o-y change in 2017

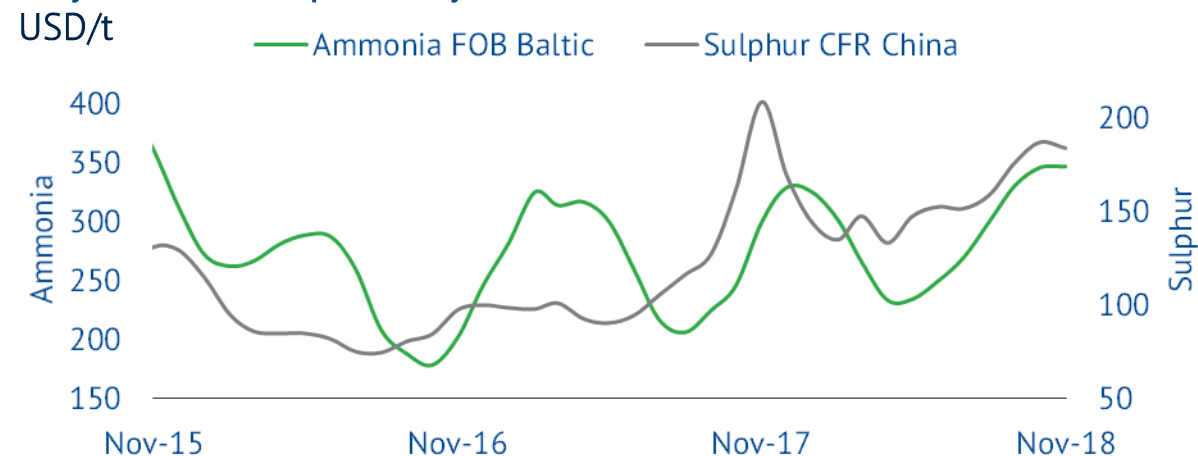


Phosphate fertilizers: supply

Comments

- Recent rally in the main feedstock prices, ammonia and sulphur, has led to significant inflation in the industry cash costs, especially for Chinese producers.
- China: 9M18 export of DAP totaled ca. 4.9 mln tones (up 10% y-o-y) on the back of elevated prices and recovery of seasonal demand in India.
- China: stricter regulation on air pollution, health and safety. Water tax is introduced since December 1, 2017.
- On January 2018 Mosaic closed Plant City facility in Florida with capacity 950 ktpa P2O5, that supported global fertilizer prices in mid-Season.
- New projects: Ma'aden JV-2 was launched in 3Q17, full rump up should be in 4Q18; OCP JPH-4 is partially completed and currently under commissioning.

Key feedstock price dynamics



Regional breakdown of phosphates production (in tones in 2017)

■ China

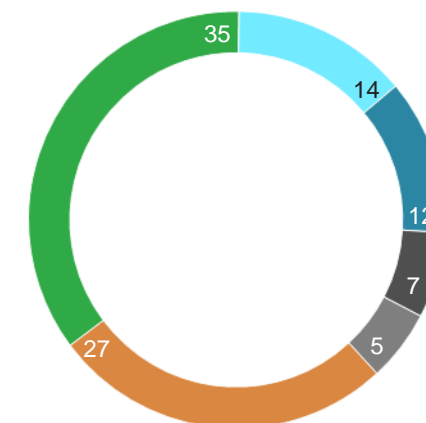
■ USA

■ Morocco

■ Russia

■ Saudi Arabia

■ Other

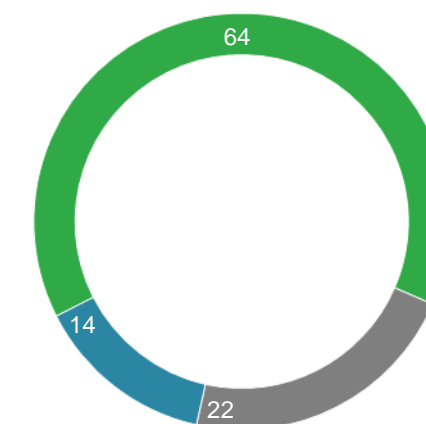


Industry breakdown by scale of integration % of integrated players

■ PhosRock

■ PhosRock + Ammonia

■ Non-integrated

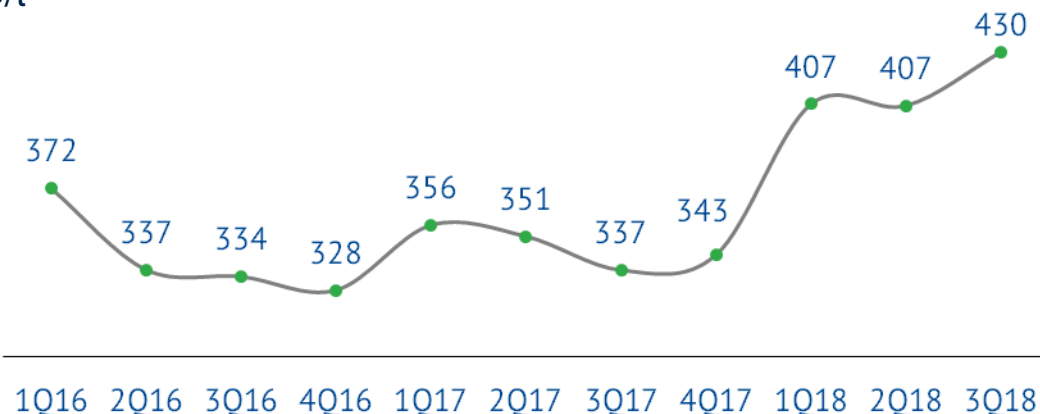


Phosphates Price Performance



DAP FOB Baltic price performance

USD/t



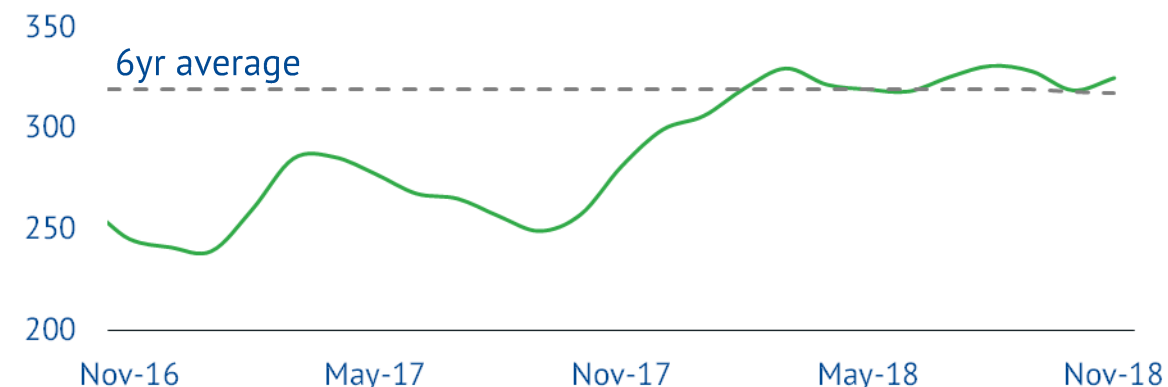
NPK price Premium/Discount to Nutrients

%



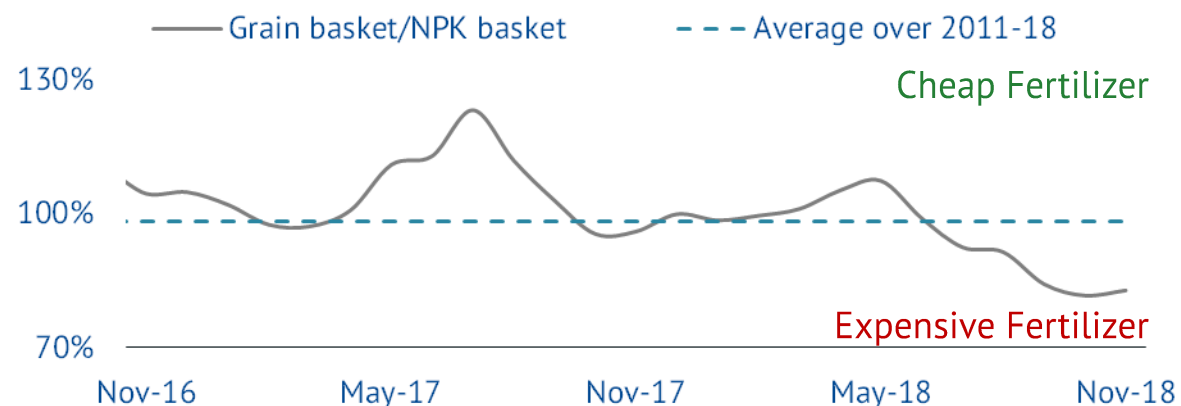
Dynamics in “pure” P

DAP net of N component(1) dynamics, USD/t



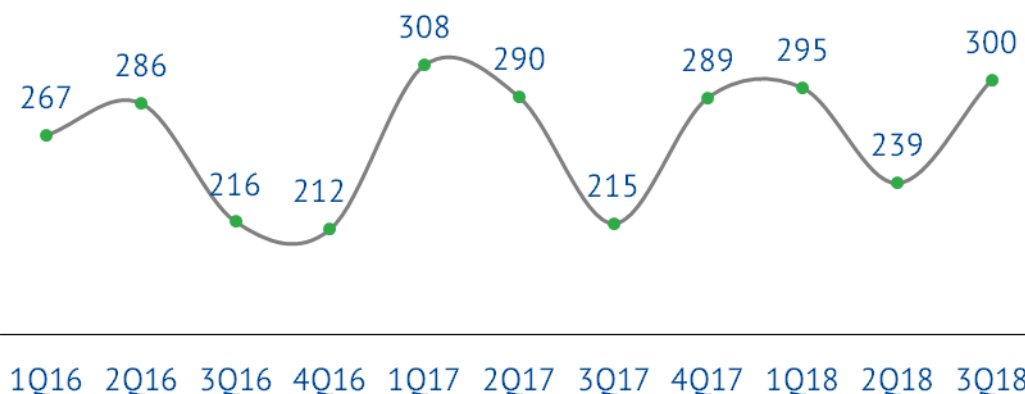
NPK basket vs. Soft Commodities

Week 1 2011 = 0

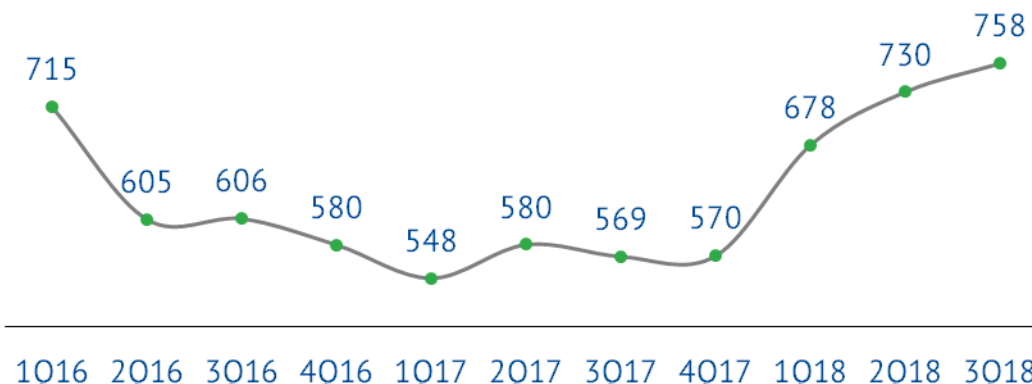


Feedstocks Inflation

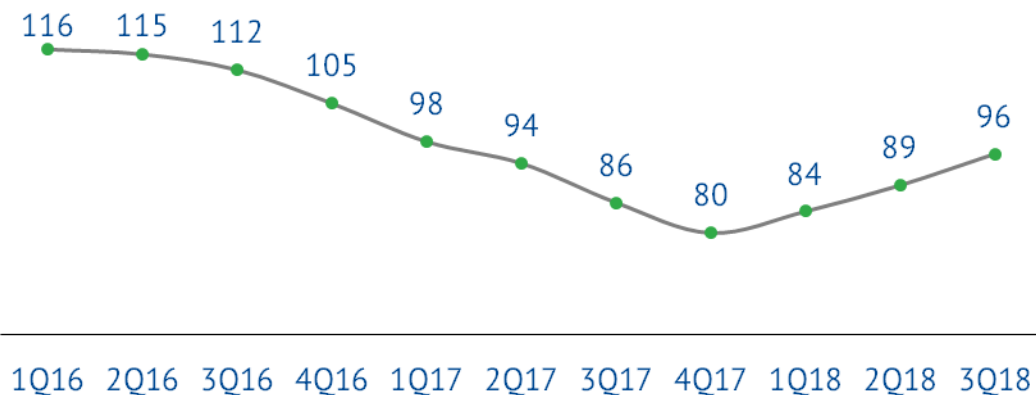
Ammonia price
USD/t, FOB Baltics



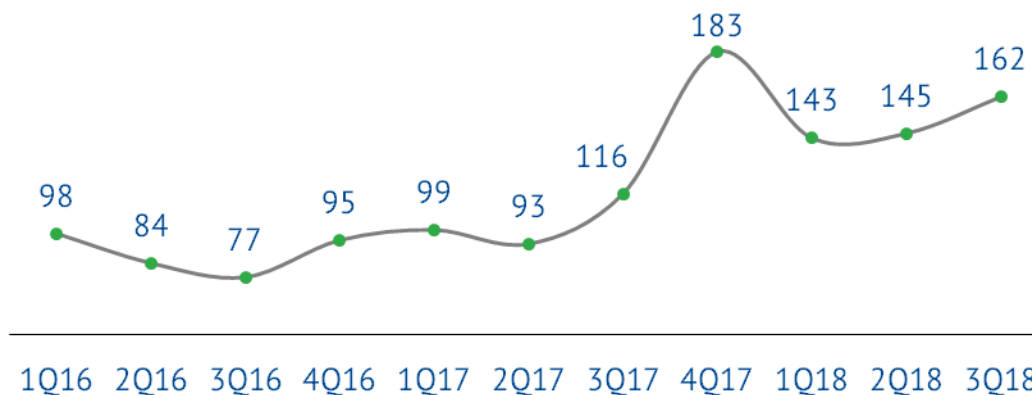
Phosphoric Acid prices
USD/t, CFR India



Phosphate Rock prices
USD/t, FOB Morocco



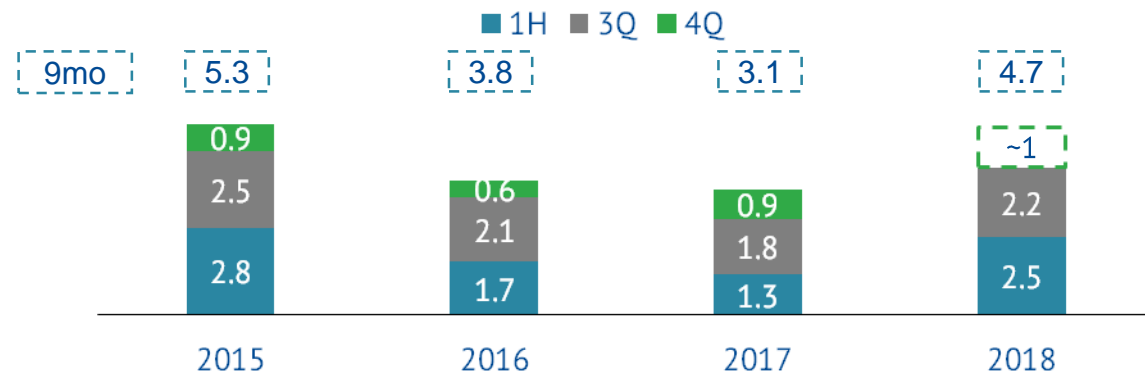
Sulphur prices
USD/t, CFR China



Fertilizer industry – India

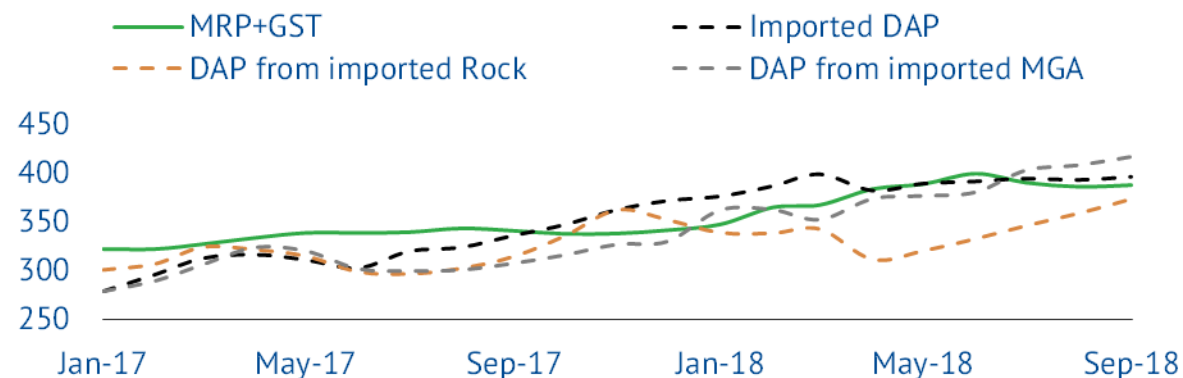
DAP import to India

Mln t



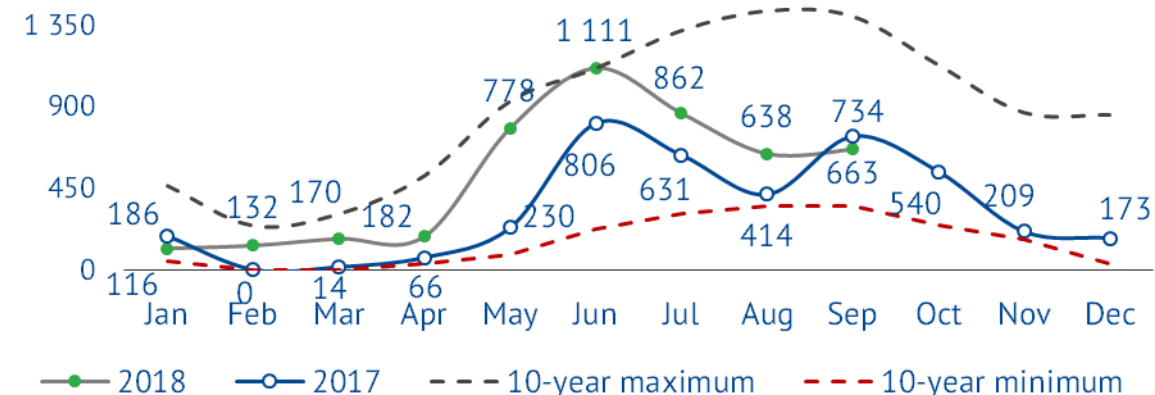
DAP cash cost vs MRP (incl. GST)

\$/t



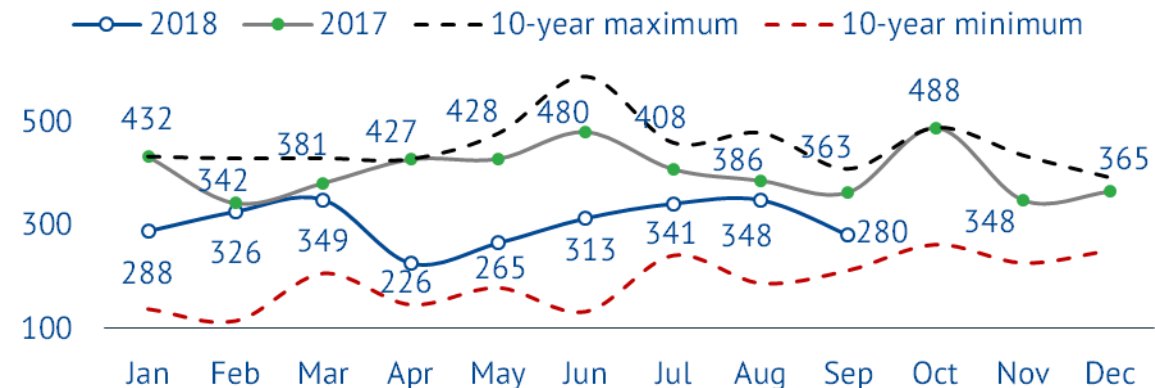
Seasonal DAP import in India

Mln t



Seasonal DAP production in India

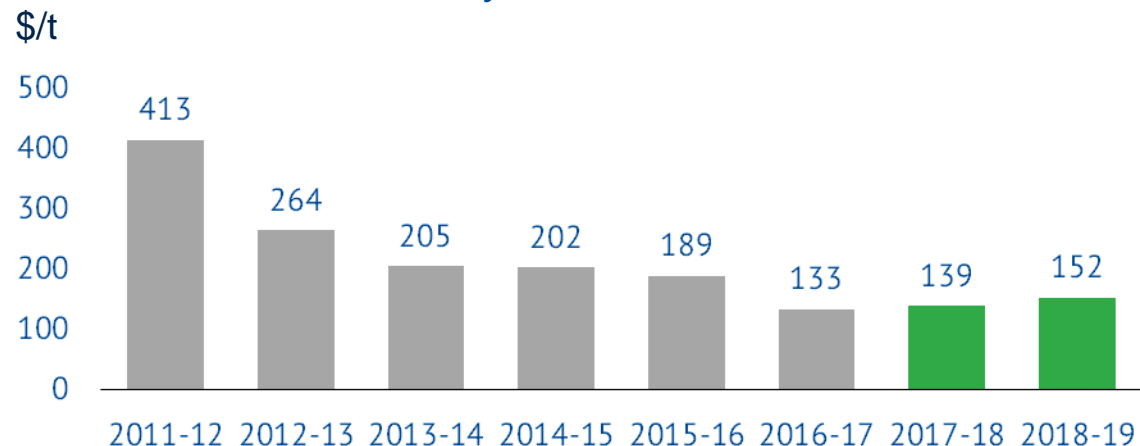
Mln t



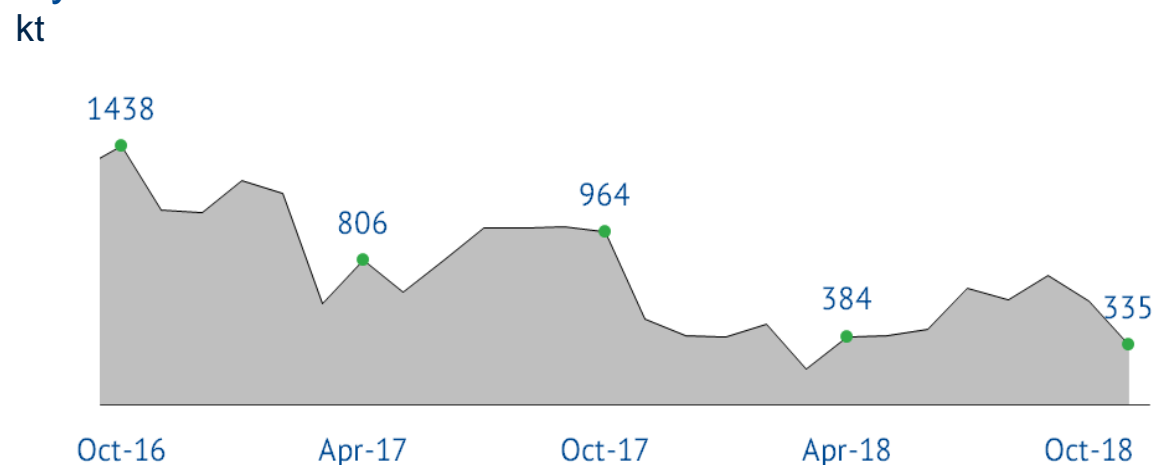
Source: CRU, Fertecon, PhosAgro estimates

Fertilizer industry – India

Nutrient-based subsidy rates for DAP



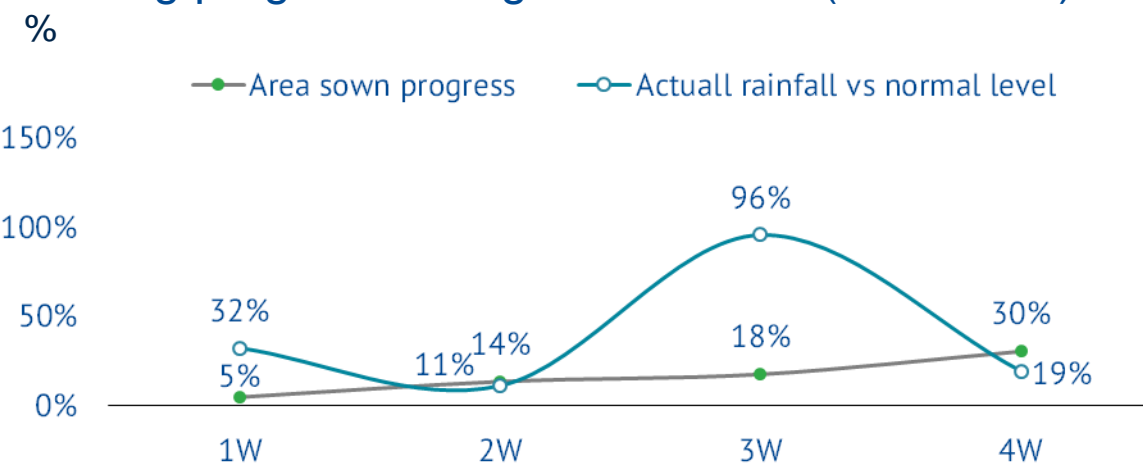
Dynamics in DAP inventories



INR performance vs USD, week 1 2015 = 0



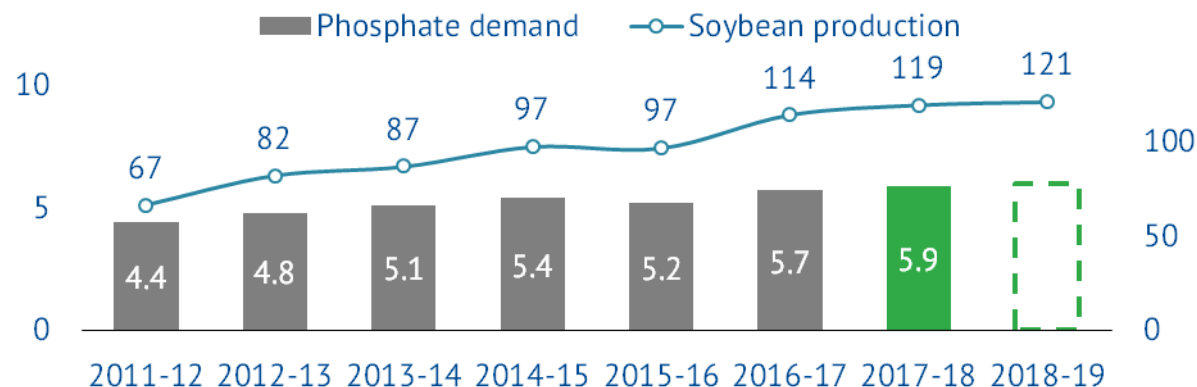
Sowing progress during Rabi season (November)



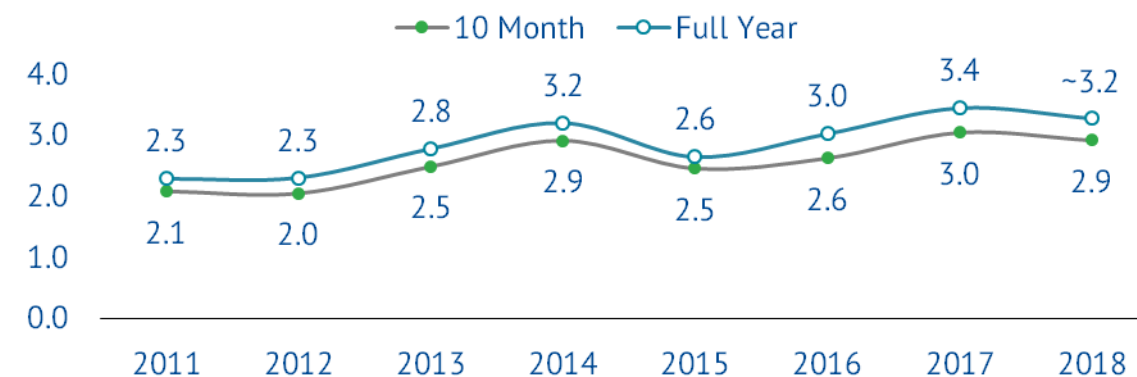
Fertilizer industry – Latin America

Main focus on soybean production

Soybean prod. (mln t, lhs) and P2O5 demand (mln t, rhs)

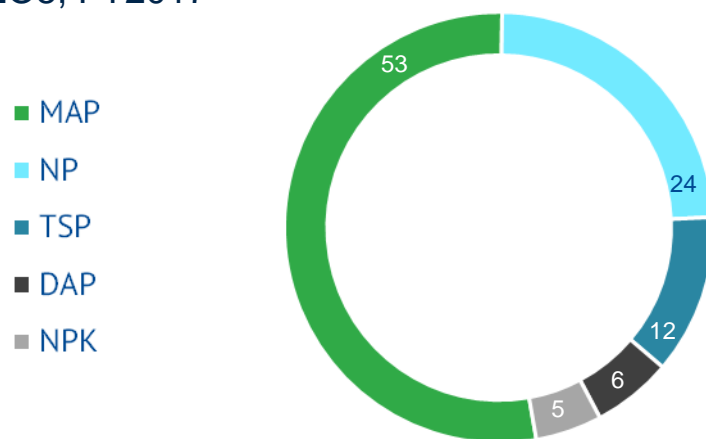


Import to Brazil slid by 7% y-o-y in 9mo18, mln t P2O5



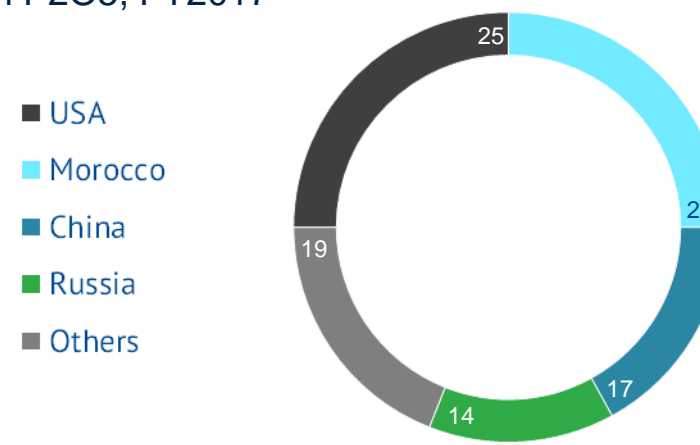
Product structure of phosphates import

% in P2O5, FY2017



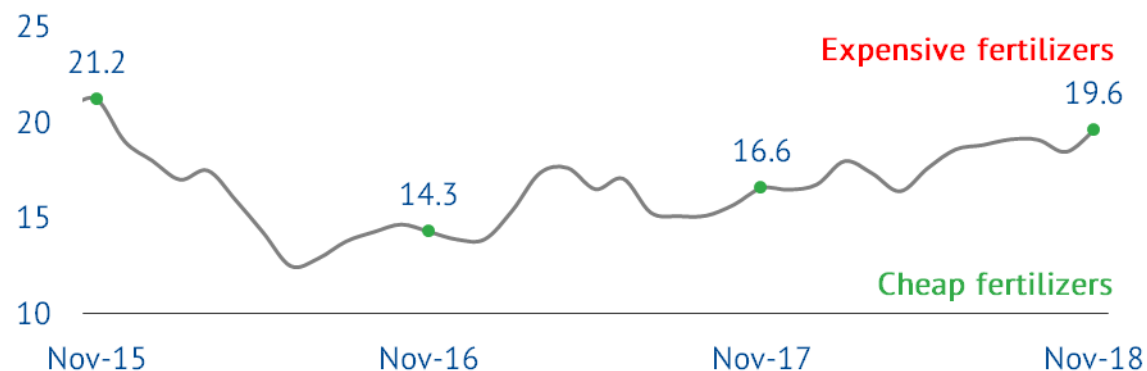
Key Importers of phosphates to Brazil

% in P2O5, FY2017

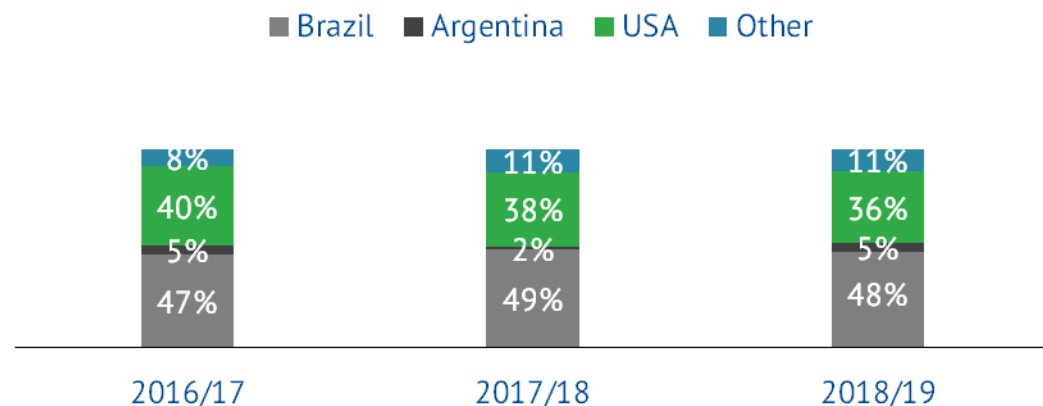


Fertilizer industry – Latin America

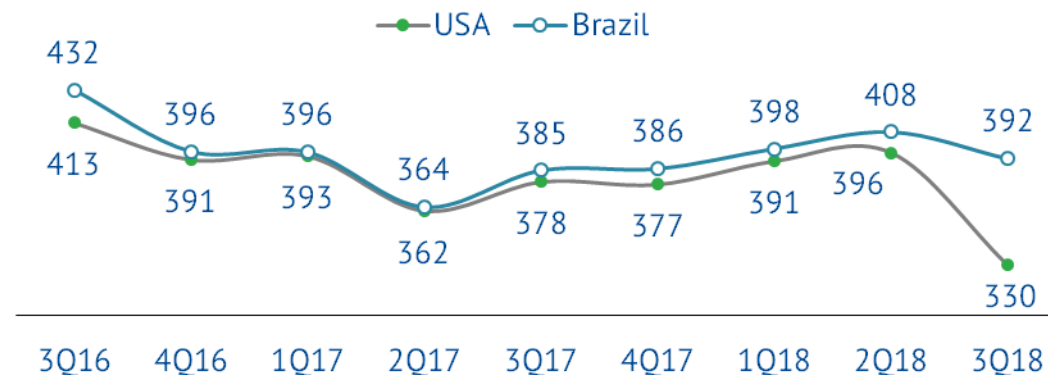
Map barter ratio,
Number of soy bags/1 t of MAP



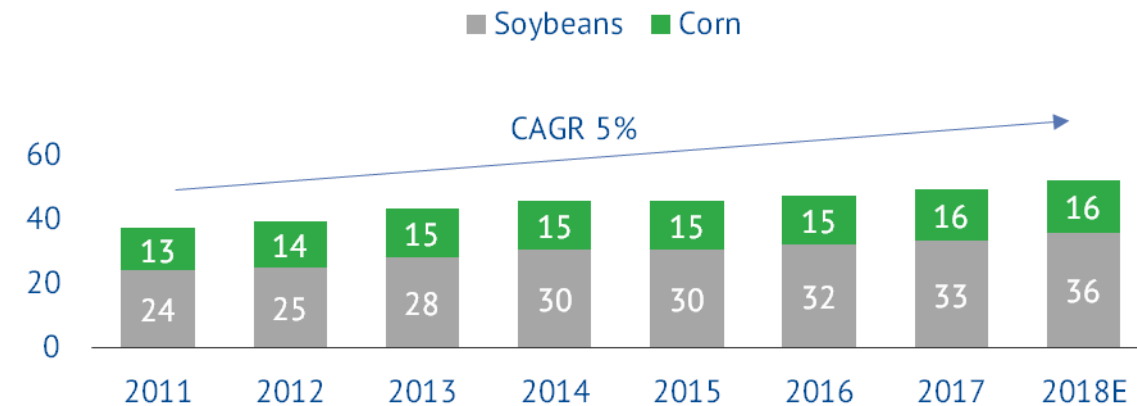
Export of soybeans,
Mln tones



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



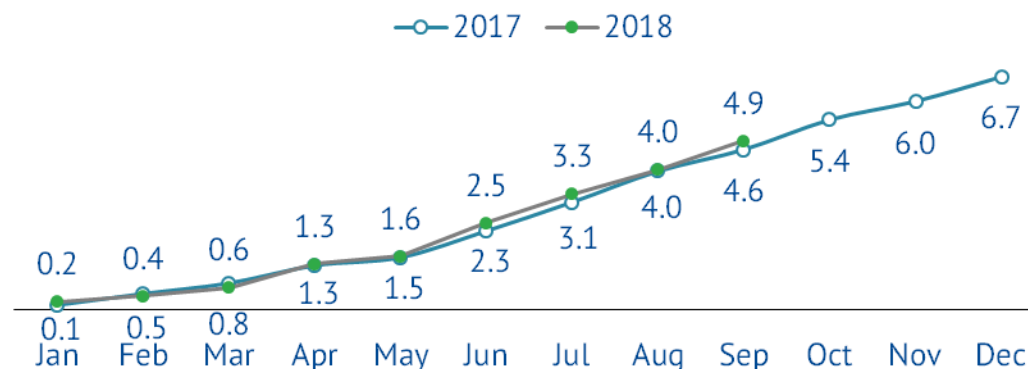
Brazil harvested area forecast,
Mln ha



China – focus on cash costs

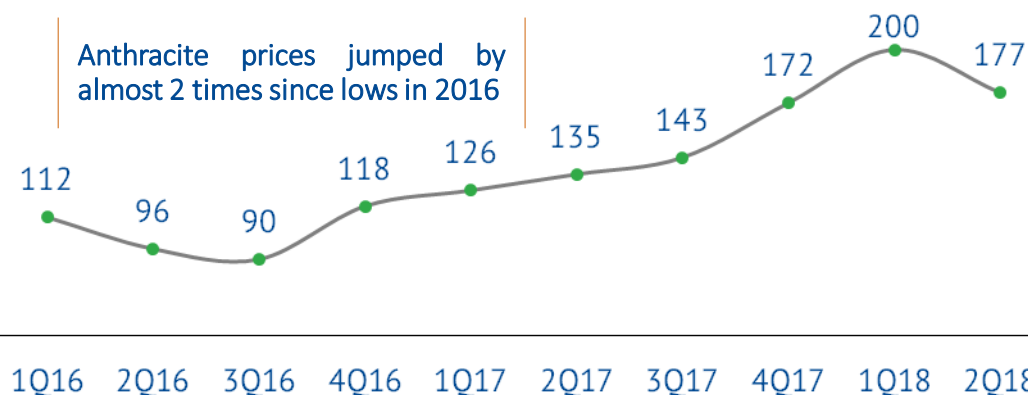
Export of DAP from China

mln t, YTD



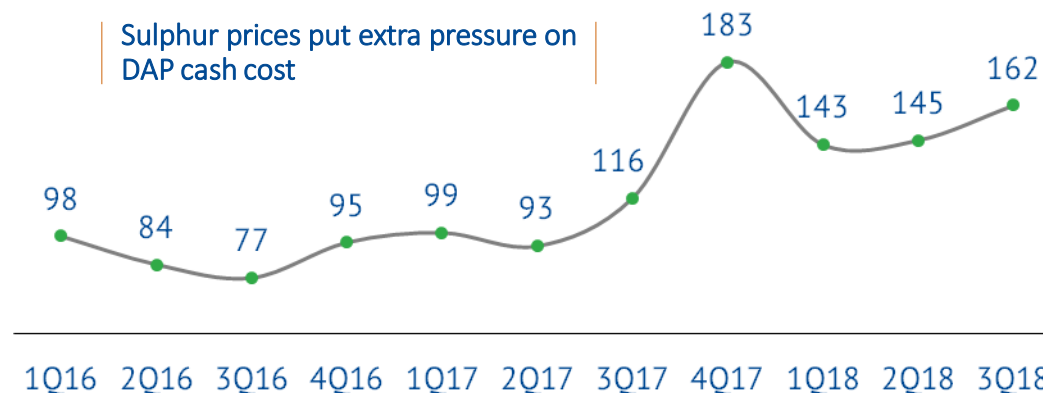
Coal price pushes ammonia and DAP cash costs up

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



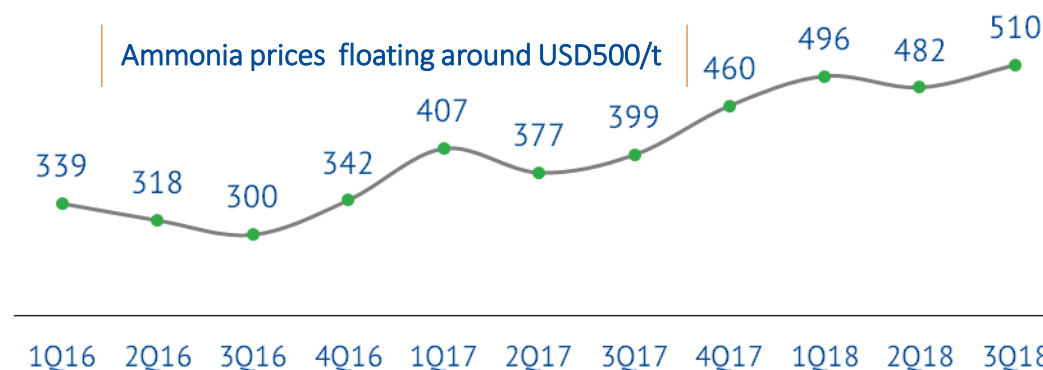
Sulphur price in China moves upward

Sulphur price, USD/t, CFR China (Granular)



Ammonia market price in China

USD/t

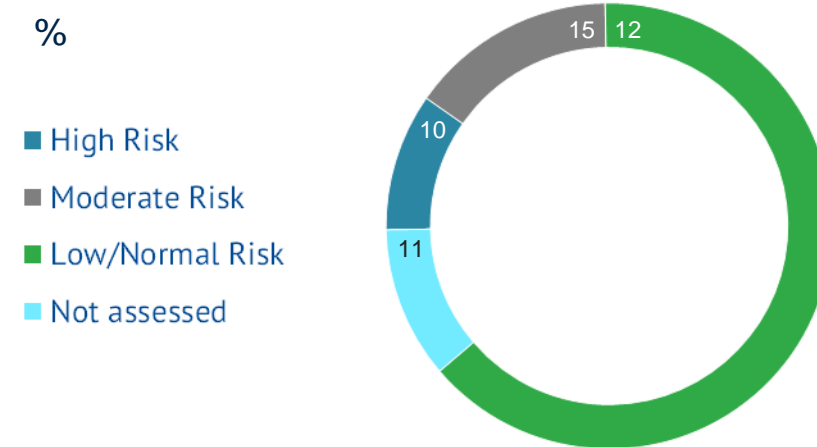


China – environmental issues in the spotlight

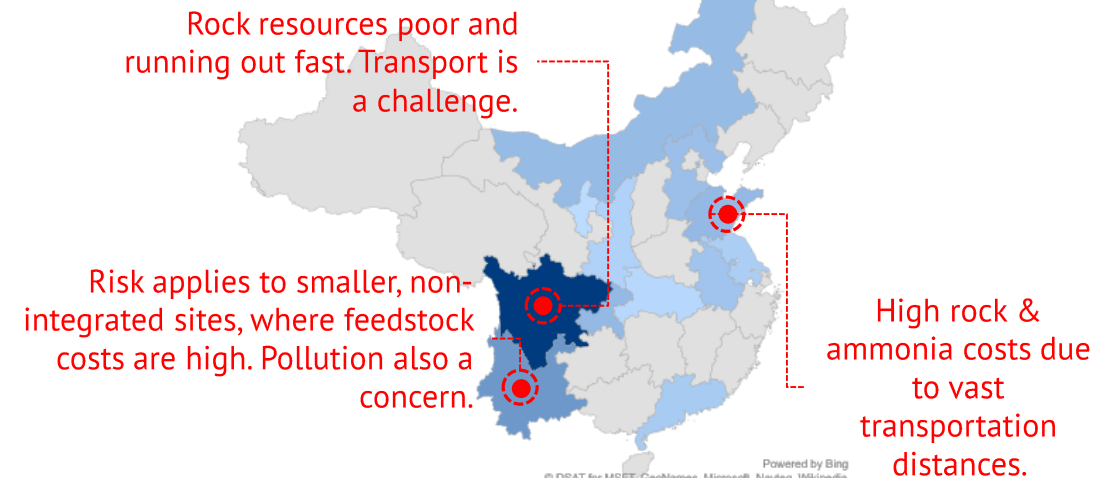
China's environmental efforts

- 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, %




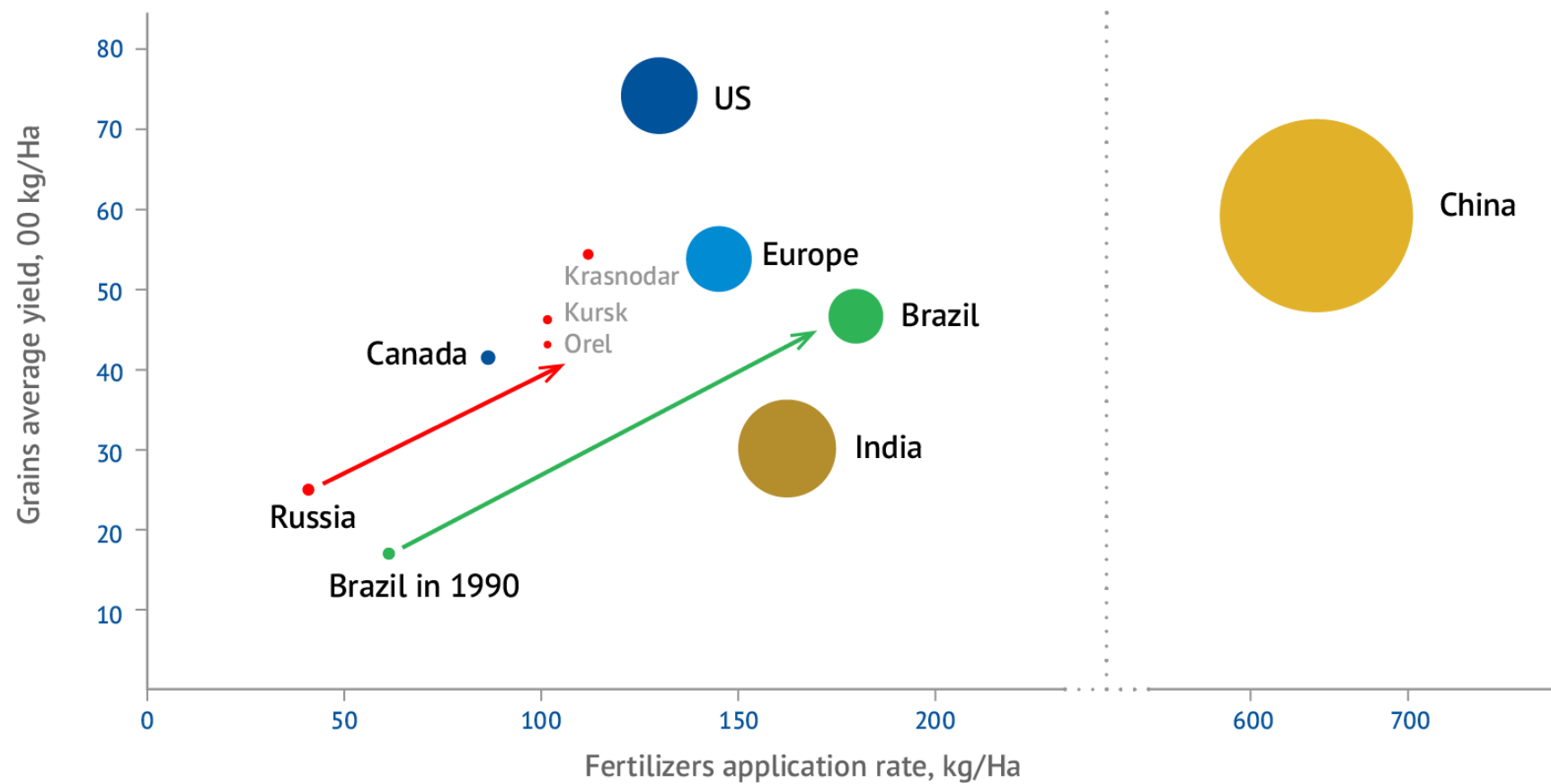
Areas most at risk of closure



Domestic market – more space for growth

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

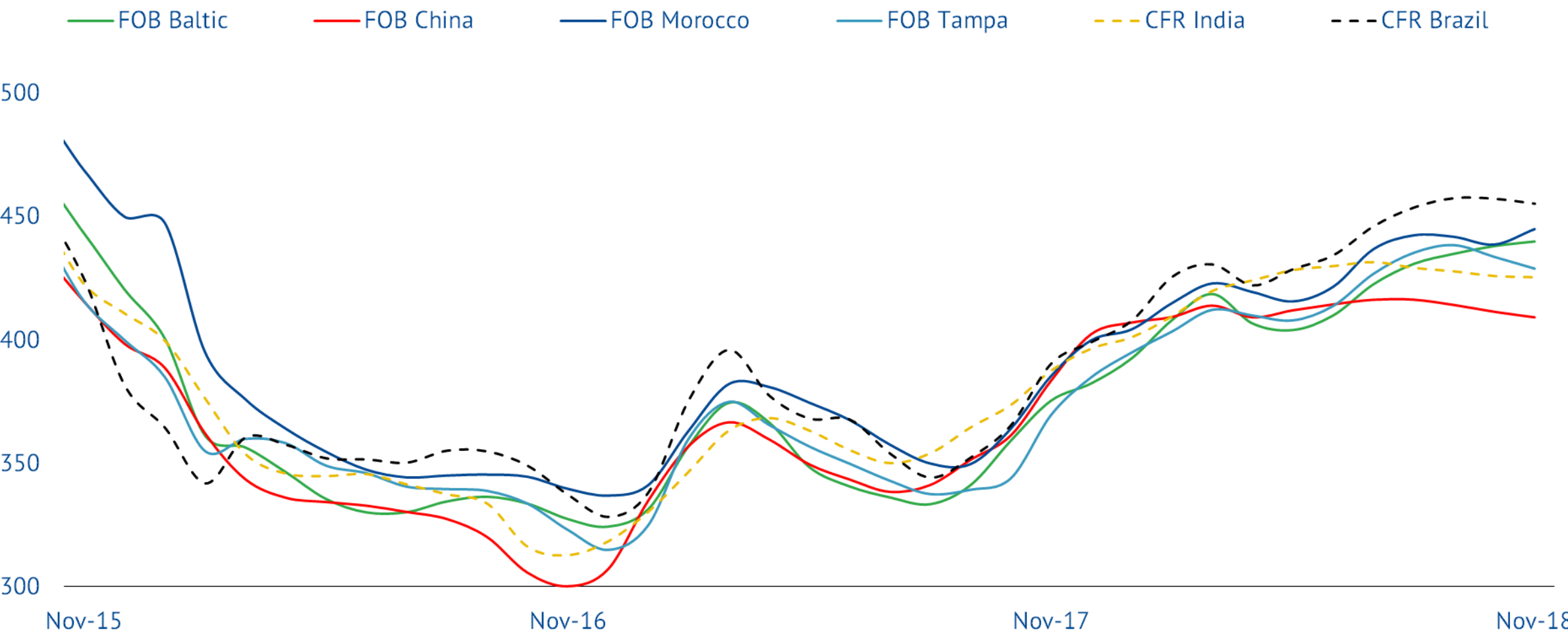
 Total Fertilizers consumption



DAP Price Performance



DAP price performance
USD/t



Source: CRU, PhosAgro

Appendix

Our production assets

Kirovsk Branch of Apatit



Resources⁽¹⁾

Apatite-nepheline ore: 2.07 bln t
 Al_2O_3 : over 280 mln t
 REO⁽²⁾: 7.5 mn t

Capacity by product

Phosphate rock: 9.5 mln t

Highlights

- Largest standalone global producer of high grade phosphate rock(3)
- Standard grade – P2O5 content of 39%
- Lowest hazardous element content among the major phosphate rock producing regions; benefits from low levels of radioactivity

Balakovo branch of Apatit

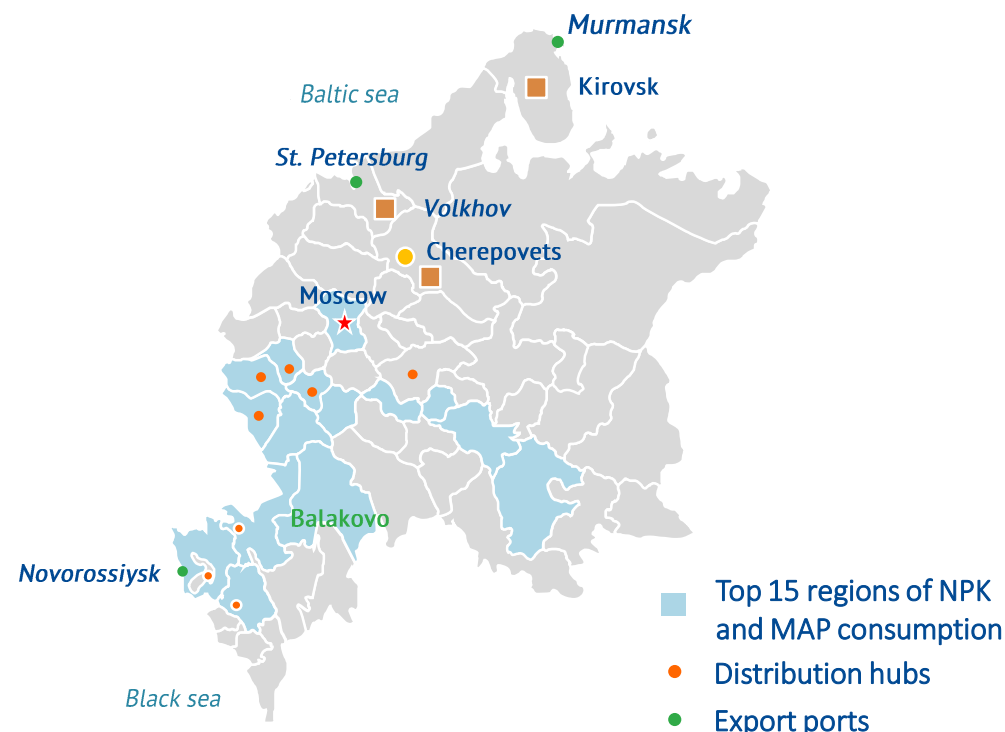


Capacity by product

MAP/DAP/NPS: 1.7 mln t
 Feed phosphate (MCP): 360 kt

Highlights

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



PhosAgro-Trans (Transportation)

- Operates 6,100 railcars, of which the majority are mineral hoppers

PhosAgro-Region (Domestic distribution)

- Owns and operates ten distribution centres in Russia located in proximity to major agricultural regions of Russia
- Largest distributor in Russia

Apatit



Capacity by product

MAP/DAP/NPK/NPS: 4.4 mln t
 Ammonia: 1.9 mln t
 AN/AN-based: 450 kt
 Urea: 1.5 mln t
 APP: 140 kt
 AIF₃: 43 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

Metachem



Capacity by product

Phos. acid: 80 kt of P₂O₅
 Sulphuric acid: 215 kt
 PKS/SOP: 150 kt
 STPP: 130kt

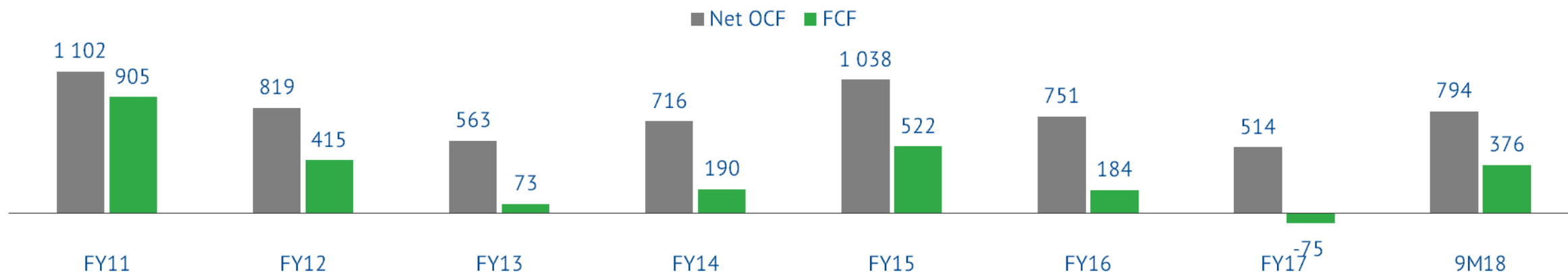
Highlights

- Unique SOP granulating technology in Russia
- Close proximity to St. Petersburg sea port

Growing return for shareholders

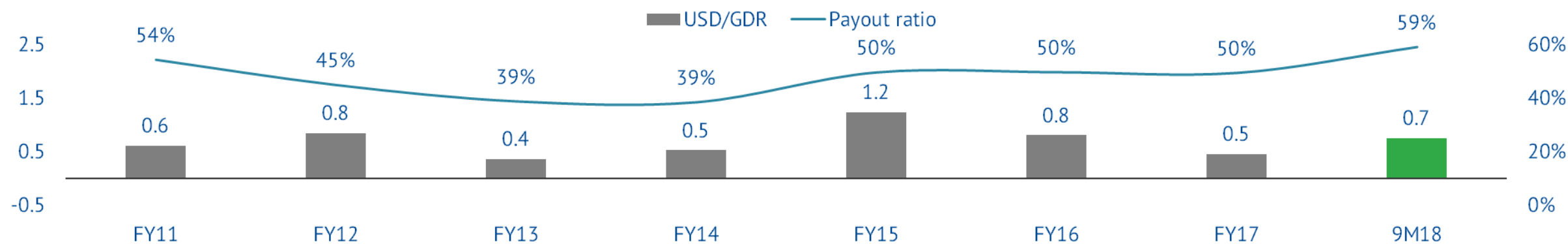
Operating cash flow and free cash flow

Mln USD



Dividends and dividend payout ratio

USD/GDR and %

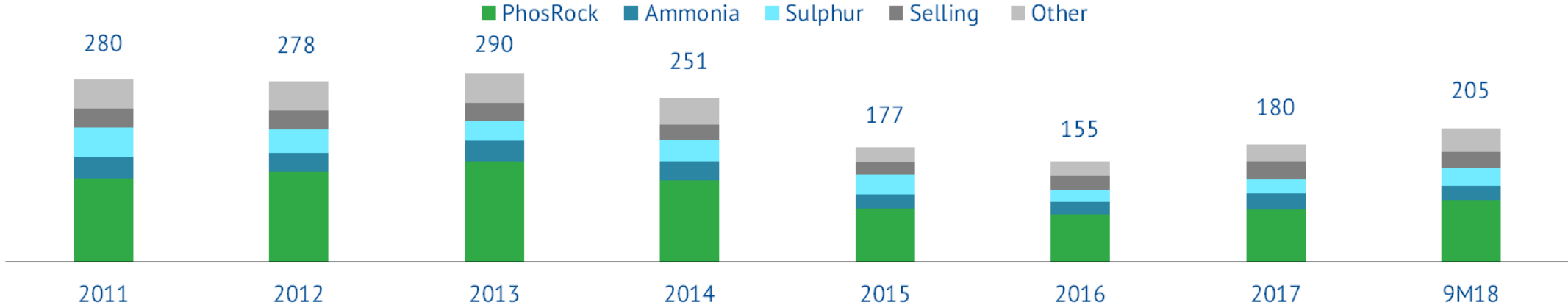


Source: CRU, PhosAgro

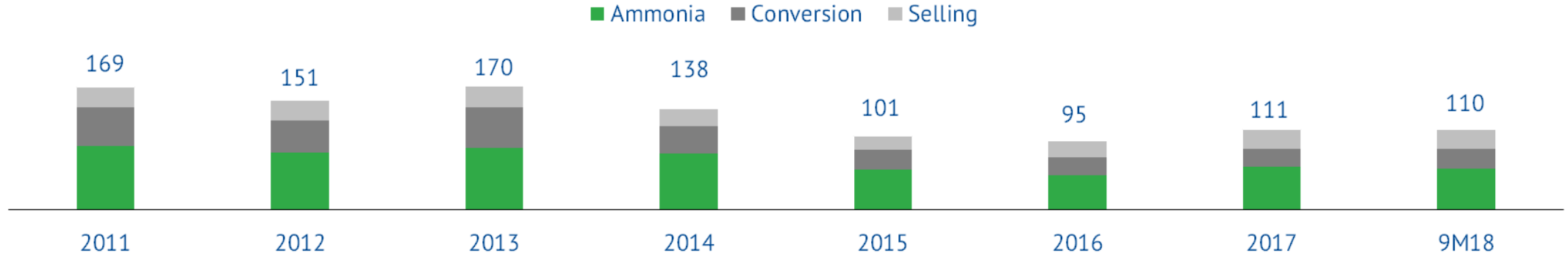
Cash cost performance in 2011-2018



DAP cash costs at FOB
USD/t



Urea cash costs at FOB
USD/t

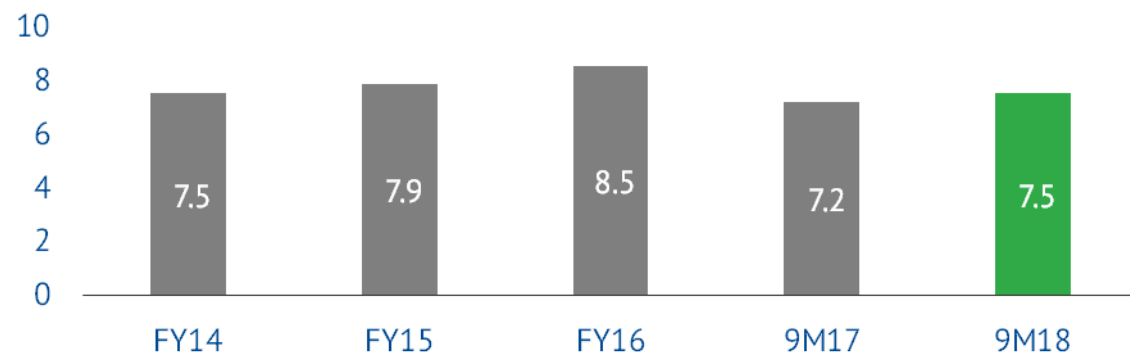


Source: CRU, PhosAgro

Key feedstocks production

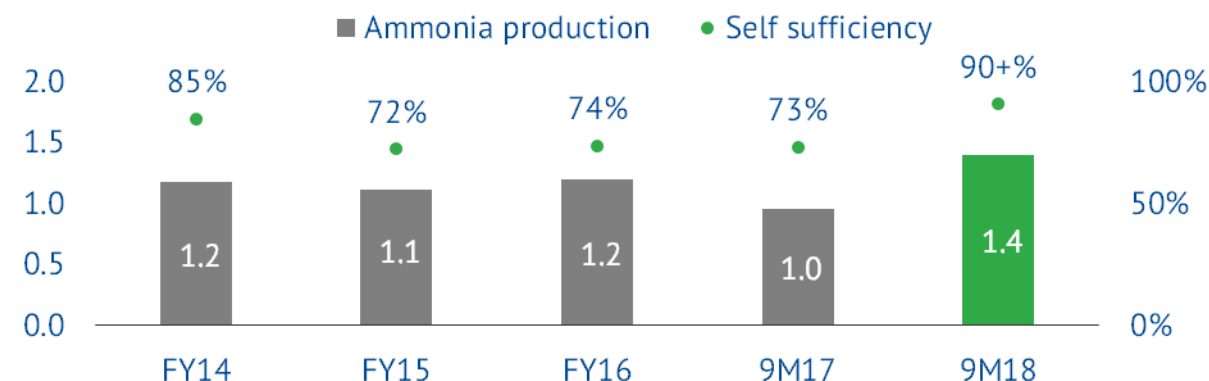
Phosphate rock production

mln t



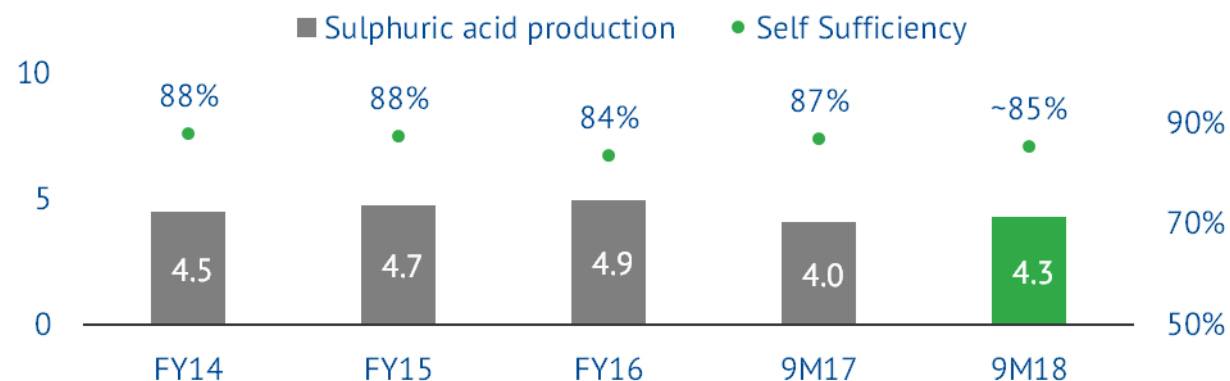
Ammonia production

mln t



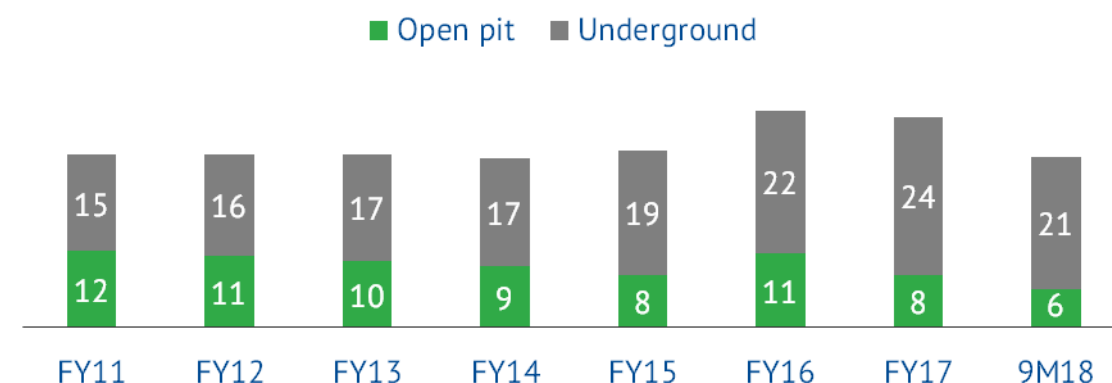
Sulphuric acid production

mln t



Ore mining

mln t

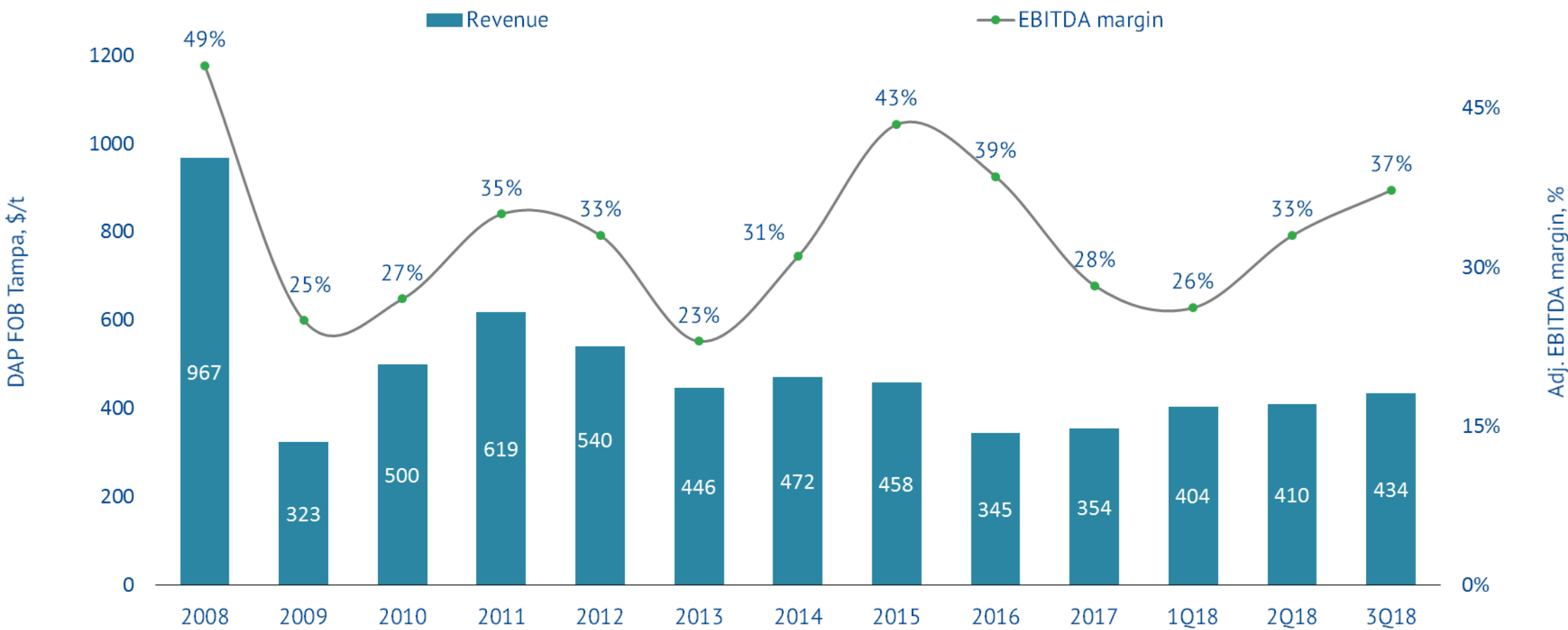


Source: CRU, PhosAgro

Sustainability against market headwinds



DAP price and EBITDA margin
USD/t FOB Tampa and %



Source: CRU, PhosAgro



Thank you!

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