



PHOSAGRO®

Presentation for 1-on-1 meetings

July 2018



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Operational Excellency & Market Momentum



Operational Excellency

- ✓ Main CAPEX cycle is DONE
- ✓ 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

PhosAgro

Market Momentum

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

More Value
for
Shareholders



PHOSAGRO®

Sustainable Advantages in a Changing Environment



PhosAgro at a glance



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⁽²⁾: 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)

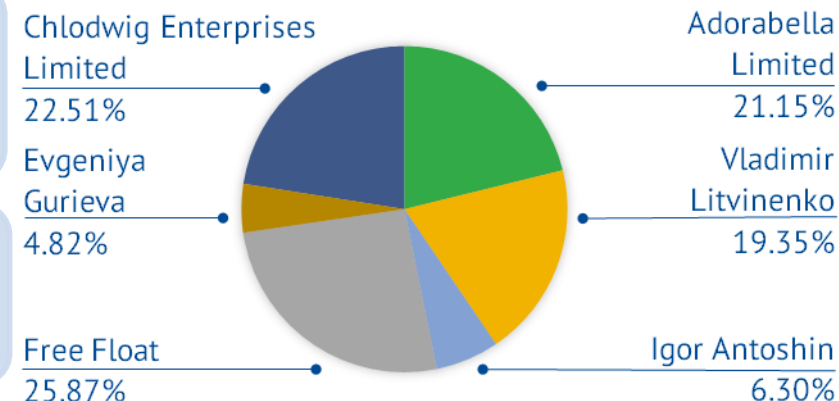
High corporate governance standards

- 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	FY15	FY16	FY17	1Q17	1Q18	Chng, % YoY
Revenue	189.7	187.7	181.4	44.4	54.6	23%
Adjusted ⁽⁴⁾ EBITDA	82.5	72.4	51.3	12.7	14.3	13%
Adjusted ⁽⁴⁾ EBITDA margin	43.5%	38.6%	28.3%	28.5%	26.2%	-3pp
Net profit	36.4	59.9	25.3	12.3	6.9	-44%
Adjusted ⁽⁴⁾ net profit	58.6	42.9	21.2	5.6	6.3	13%
Adjusted ⁽⁴⁾ net margin	30.9%	22.9%	11.7%	12.7%	11.6%	-1pp
Net debt	105.4	105.1	120.0	104.8	120.1	15%
Net debt / LTM EBITDA (x)	1.3x	1.5x	2.3x	2.3x	2.3x	
Dividend declared (RUB/GDR)	75	55	27.0	7.0	8.0	14%
Payout ratio (on adj NI)	50%	50%	50%	48%	49%	1pp

Shareholders structure as of 30th March 2018 ⁽⁵⁾



Note: (1) Excluding Chinese producers

(2) Self-sufficiency depends on the composition of the products produced by PhosAgro

(3) After the launch of ammonia plant, the Company has become 100% self-sufficient in ammonia

(4) Adjusted for non-cash FX items

(5) 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

Source: IFA, CRU, companies data, PhosAgro

Market position

Comments

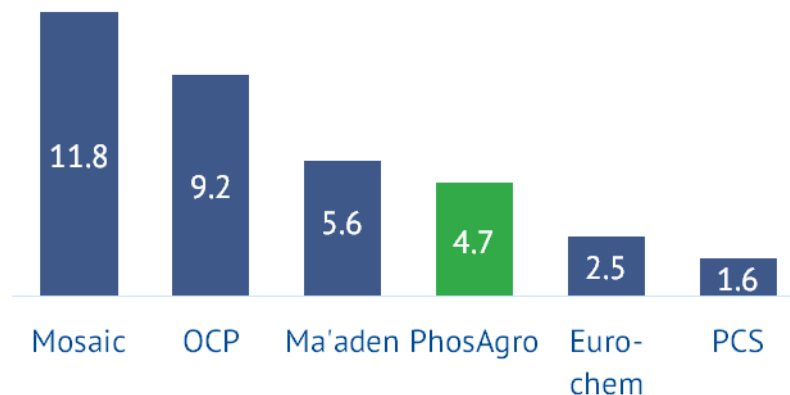
- ✓ Top-3 producer of phosphate rock global by capacity and the leader in production of high-grade phosphate rock with P_2O_5 content of over 35.7%
- ✓ Top-5 global producer of DAP/MAP by capacity
- ✓ The Company is the largest supplier of DAP/MAP and NPK fertilizers to Russia with the market share of 75% and 55%, respectively. The second largest supplier holds less than 20% in each market
- ✓ 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%

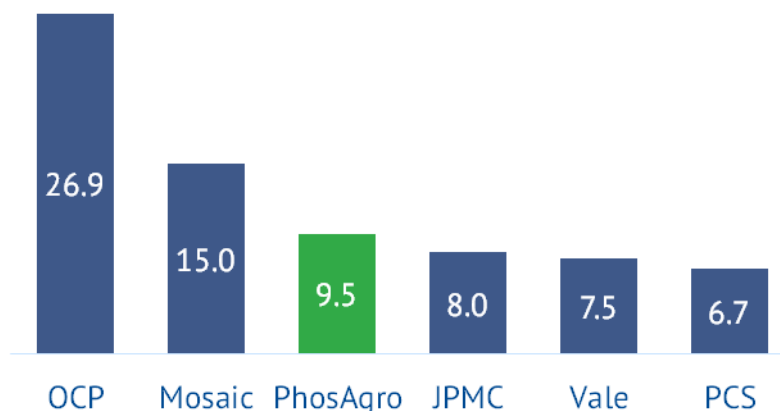
Global DAP/MAP producers (by capacity)⁽¹⁾

mln t



Global producers of PhosRock (by capacity)

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



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

Source: IFA, CRU, companies data, PhosAgro

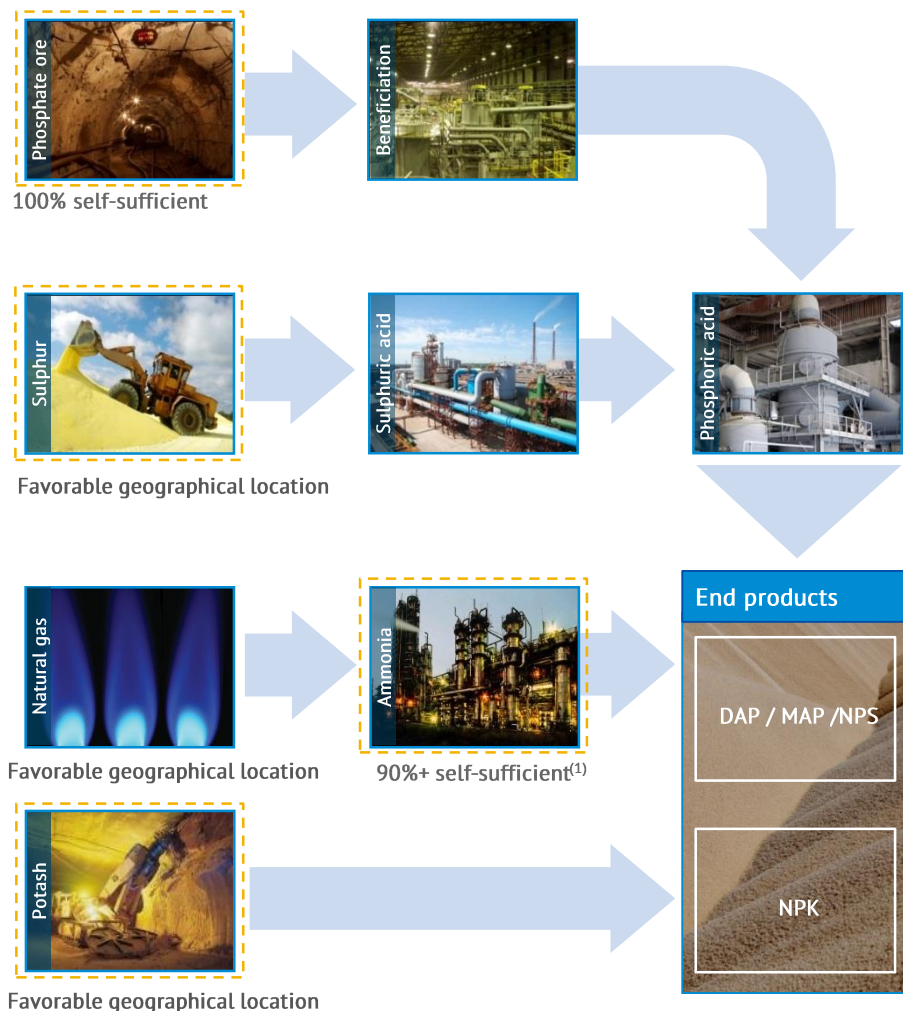
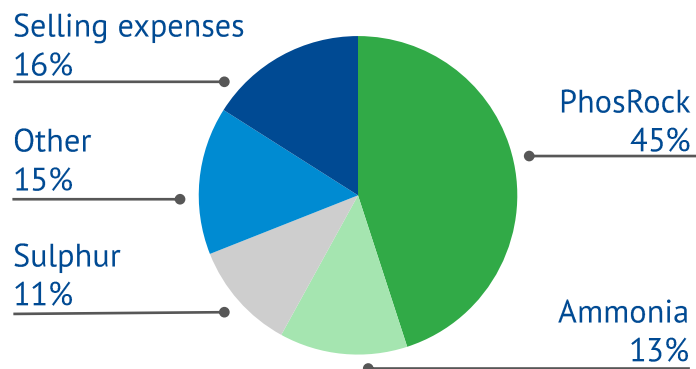
Vertical integration

Comments

- ✓ 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.
- ✓ PhosAgro is the global leader in production of high-grade phosphate rock
- ✓ After the launch of new 760 ktpa ammonia facility in 4Q17, PhosAgro has become 90%+ self-sufficient in the feedstock
- ✓ PhosAgro secures the access to local supplies of sulphur at competitive prices
- ✓ Vertical integration secures margins against growing feedstock prices

DAP cash cost at FOB breakdown in 2017

RUB



Flexible production model and key products

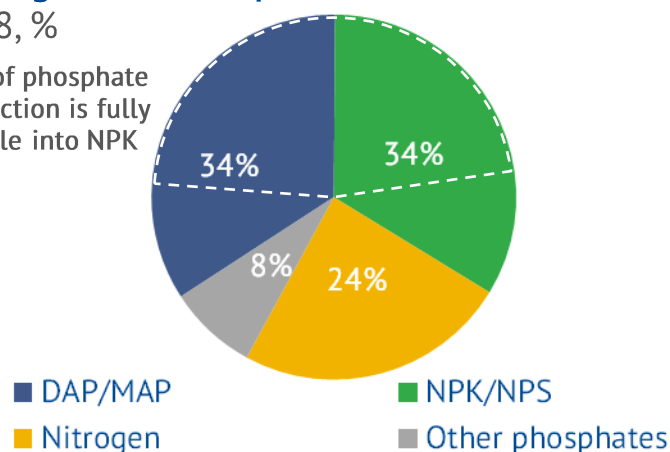
Comments

- ✓ Key products for sale – Up to 80% of headline revenue in 1Q18 was generated by phosphate-based products, where the share of MAP/DAP/NPKs is around 60%
- ✓ PhosAgro is able to produce MAP, DAP, NPK and NPS on the same production lines with 3.0 mln t of phosphate production fully flexible into NPK
- ✓ Special focus of PhosAgro on value-added NPKs secures extra margins vs. the basket of separate nutrients
- ✓ Quality of phosphate rock enables the Company to achieve high utilization rates, while flexibility of production helps to optimize netback prices

PhosAgro fertilizer production structure

1Q18, %

46% of phosphate production is fully flexible into NPK



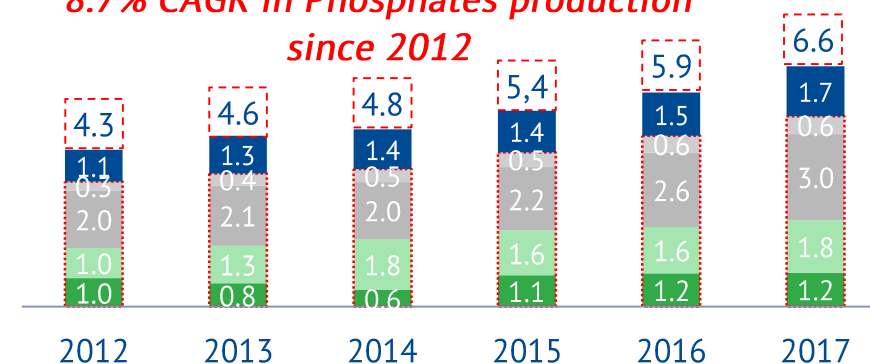
Fertilizer production dynamics

mln t

■ DAP ■ MAP ■ NPK/NPS ■ Other P2O5-based ■ All P2O5 ■ Nitrogen

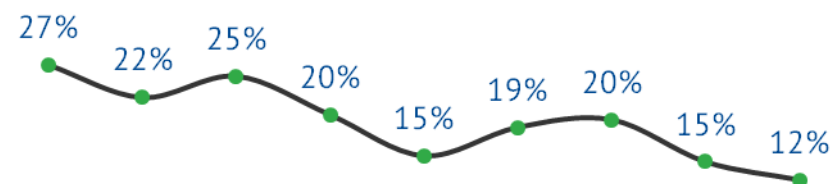
8.7% CAGR in Phosphates production

since 2012



NPK premium dynamics

%

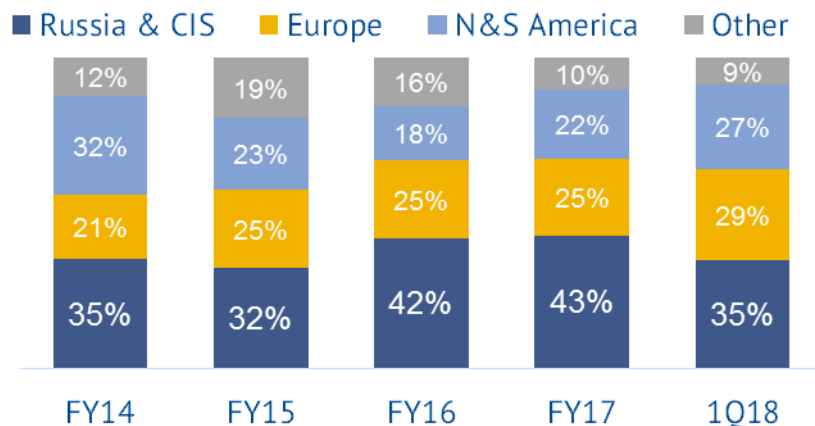


Key markets

Comments

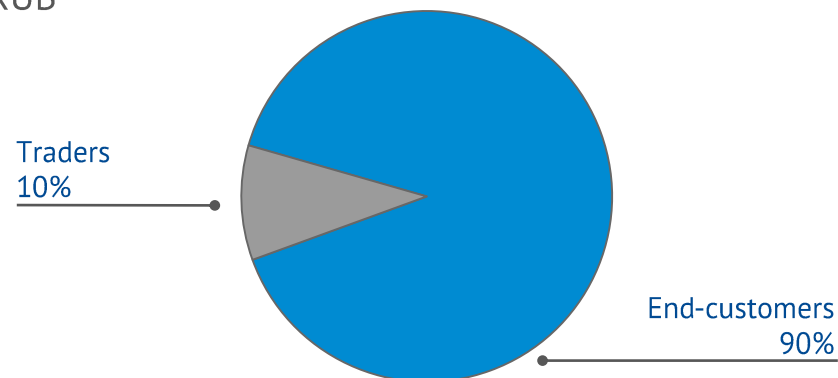
- ✓ The priority markets for the Company are Russia&CIS, Europe, Latin America, where we generated circa 90% of our headline revenue in FY2017
- ✓ Up to 90% of all customers are end-customers, the rest are traders
- ✓ PhosAgro is the largest supplier of MAP and NPK in Russia with a market share of 80% and 60%, respectively, in 2017
- ✓ PhosAgro's sales of phosphate fertilizers to domestic market grow faster than the market consumption for the second consecutive year pushing market share higher

Revenue breakdown by regions



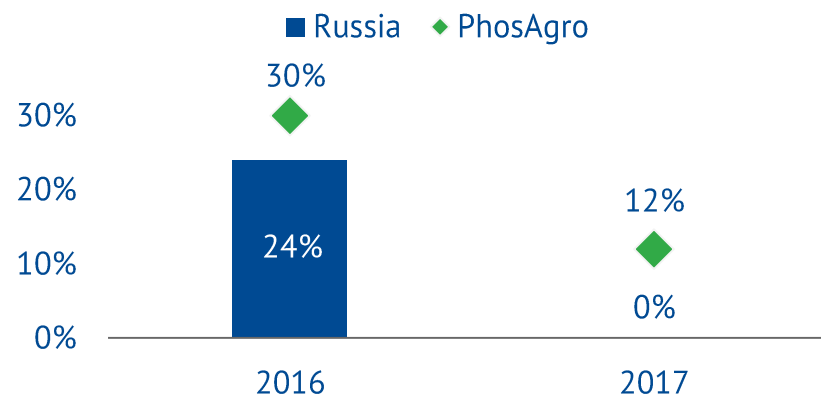
PhosAgro customers breakdown in 2017

RUB



Group's phosphates sales growth in Russia

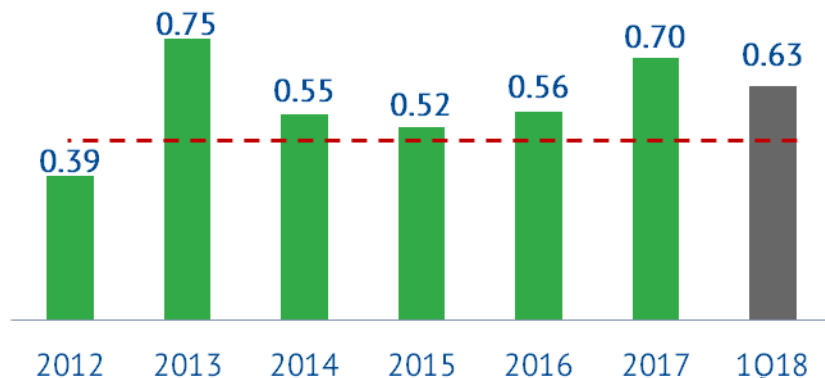
%, y-o-y



Capital Expenditure & Debt Overview

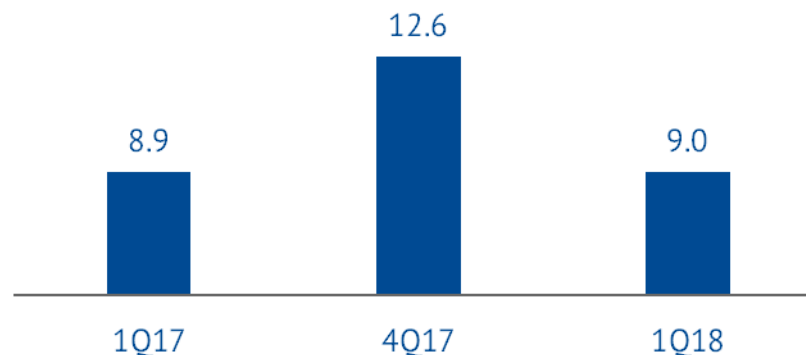
Capex/EBITDA ratio

x

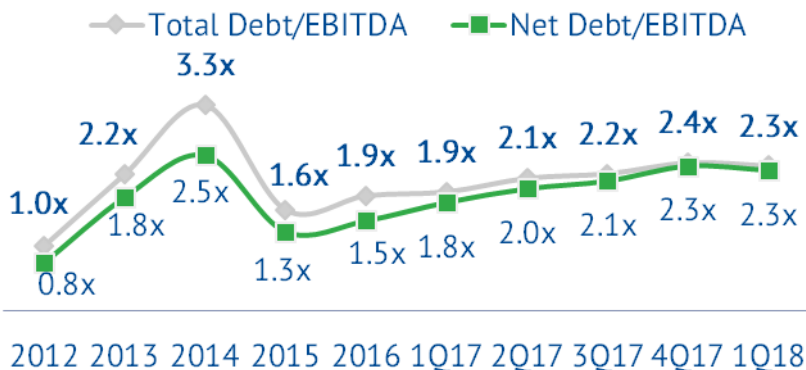


Capital expenditure

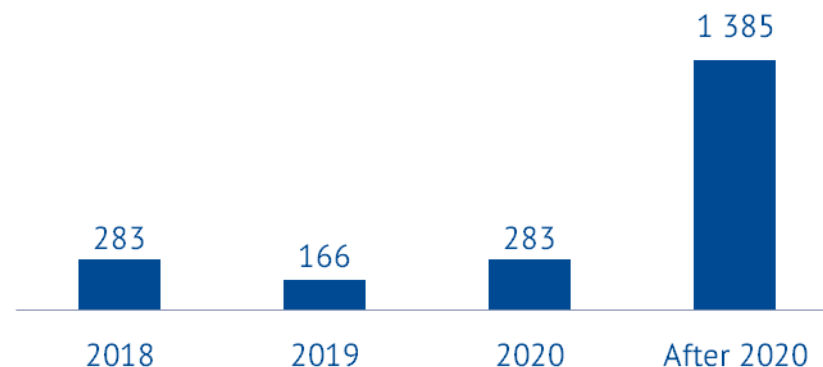
RUB bln



Total debt and net debt/LTM EBITDA ratio



Maturity profile (USD mln) as of 30 March 2018





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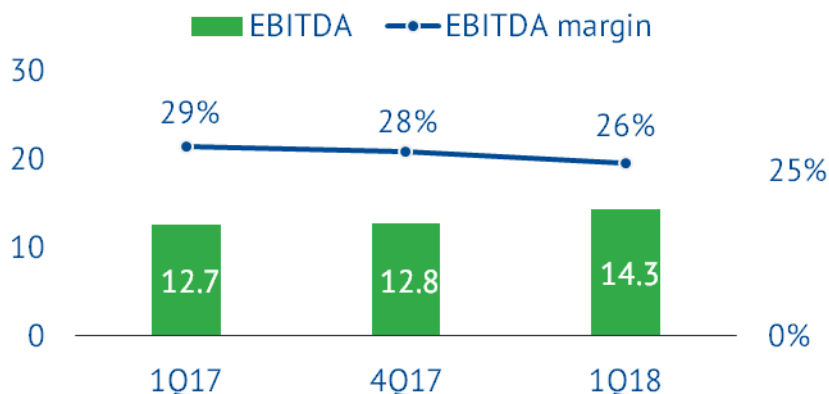
Financial Review



1Q 2018 Highlights

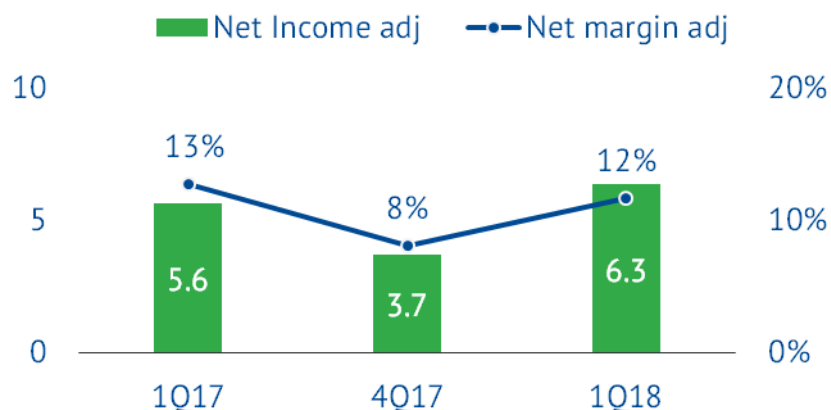
EBITDA and EBITDA margin

RUB bln and %



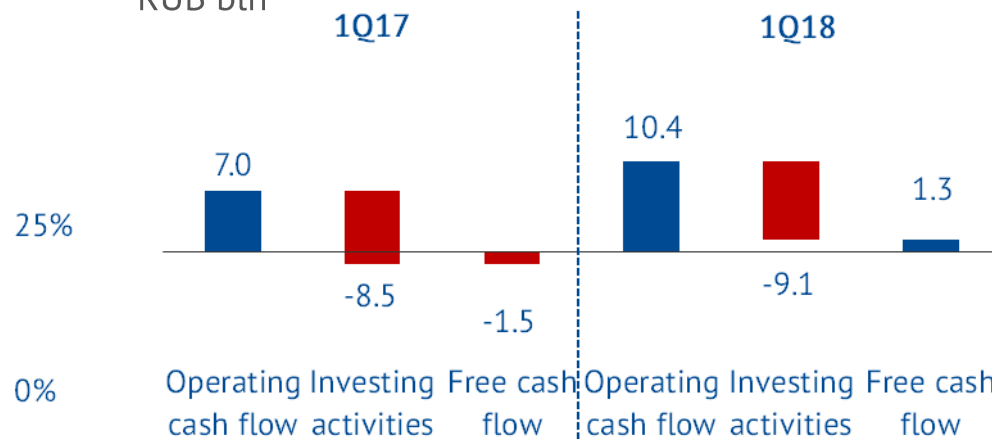
Net income (adj.) and net margin

RUB bln



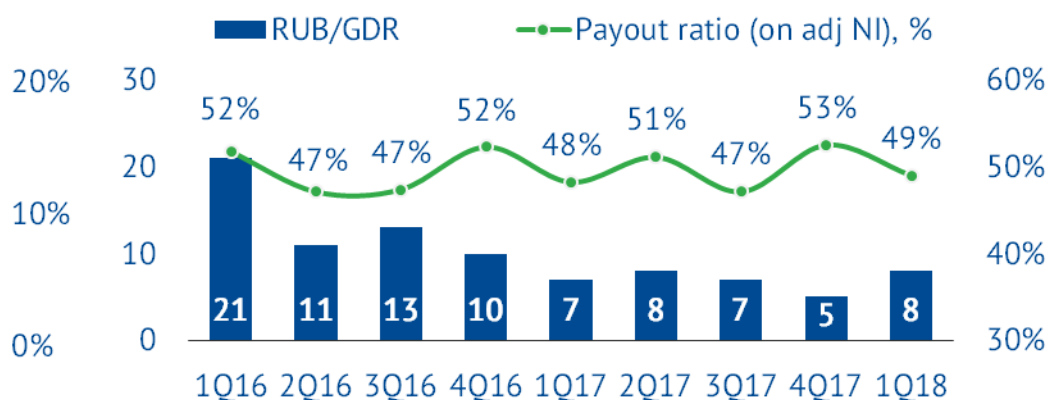
Operating and free cash flow

RUB bln



Despite headwinds we adhere to our dividend policy

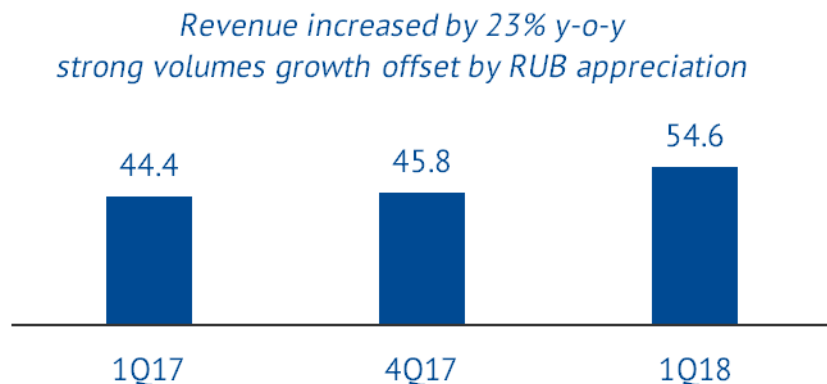
DPS – RUB/GDR and payout ratio - %



1Q 2018 Revenue Breakdown

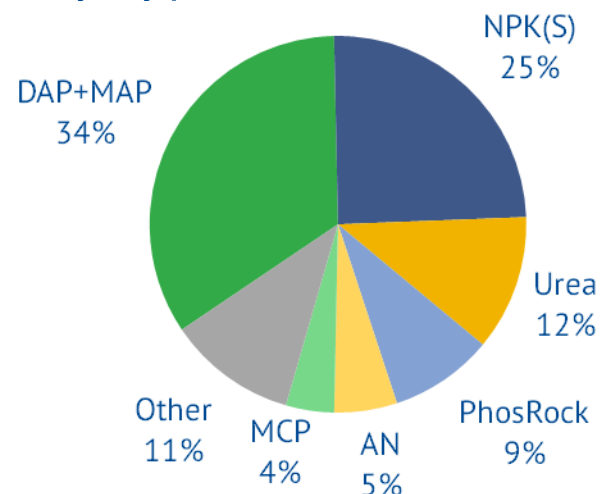
Revenue dynamics in 1Q18

RUB bln



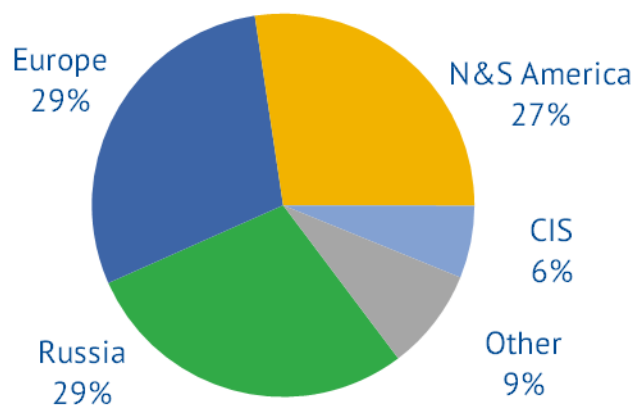
Revenue by key products in 1Q18

%



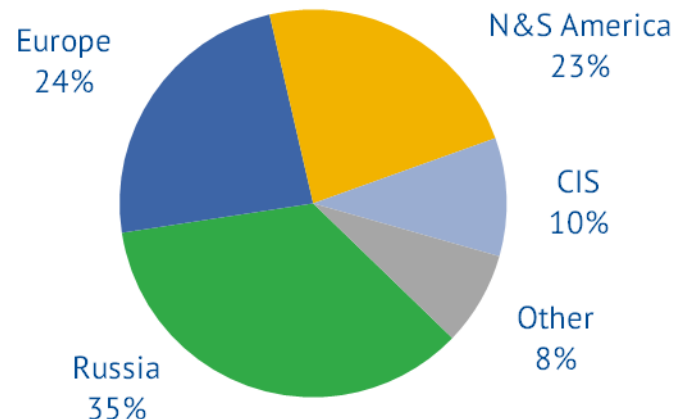
Revenue by key regions in 1Q18

%



Revenue by key regions in 1Q17

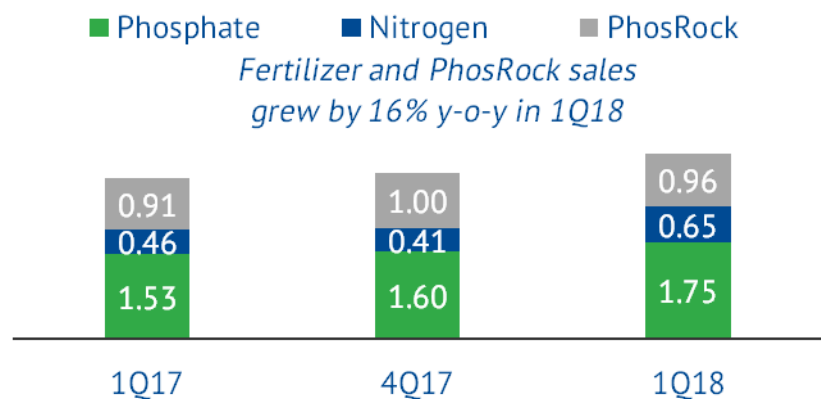
%



1Q 2018 EBITDA bridge

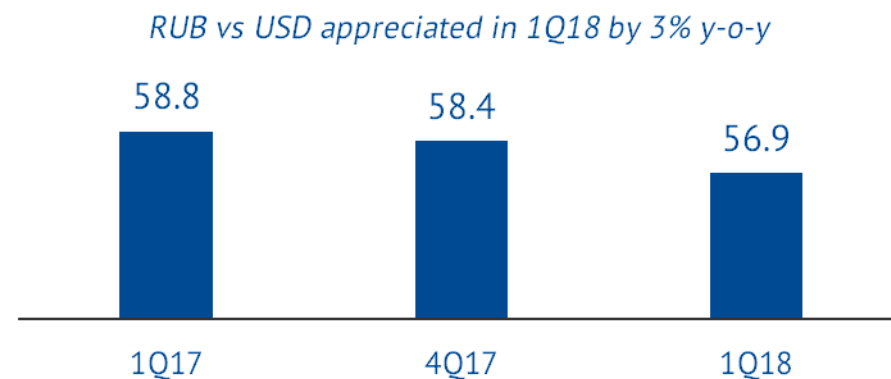
Strong sales in 1Q 2018...

Fertilizer and PhosRock sales, mln t



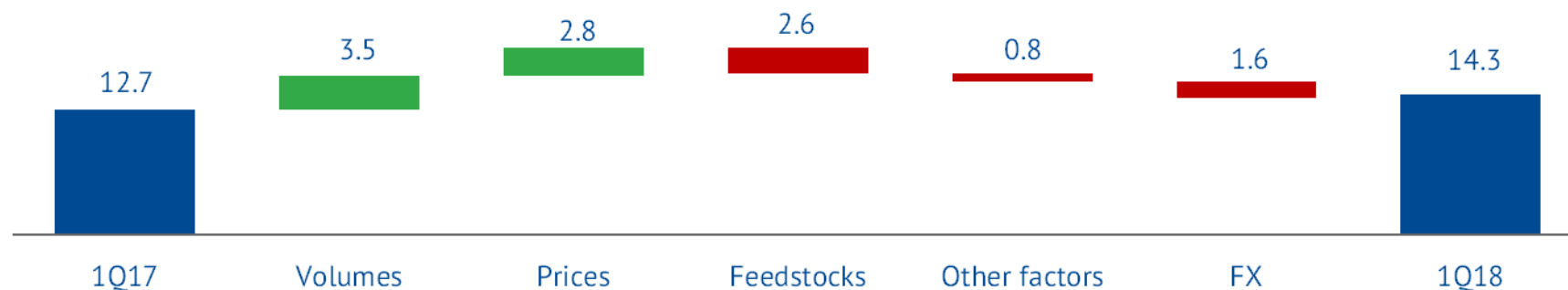
Were offset by y-o-y RUB appreciation

RUB per USD



EBITDA bridge

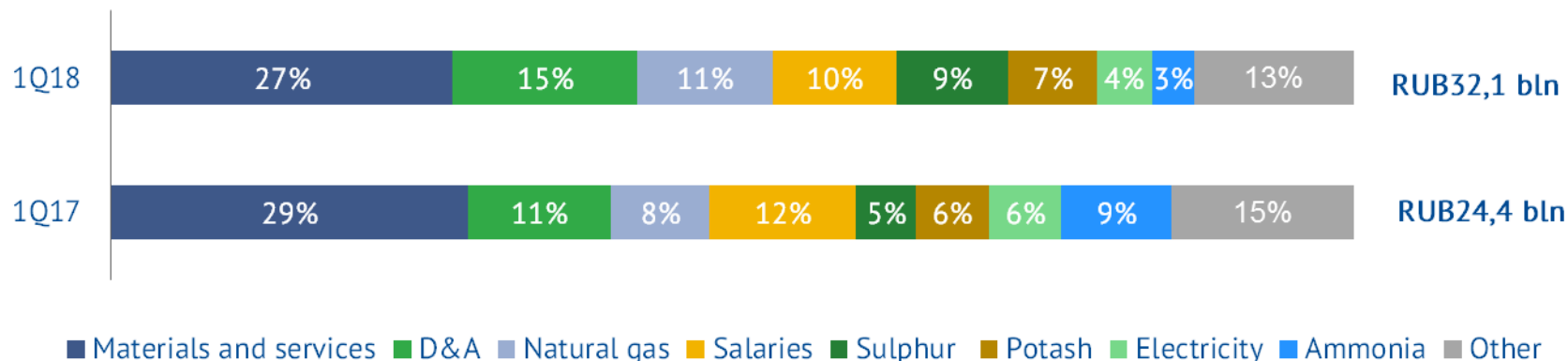
RUB bln



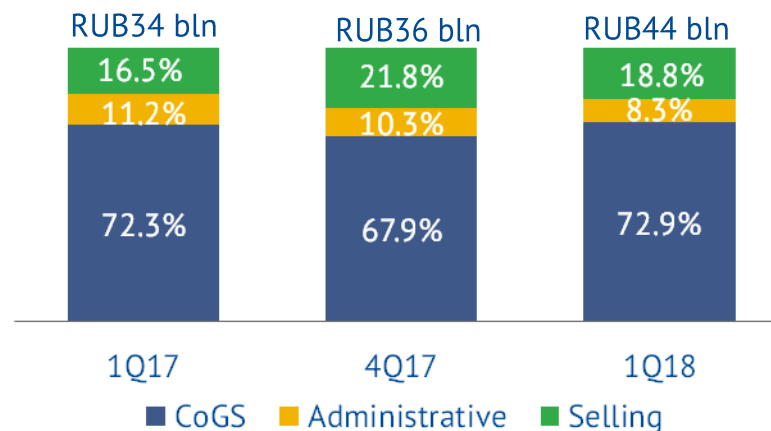
Cost analysis

Cost of Goods Sold Structure

%



Dynamics of major cost items



Capex review and outlook

Comments

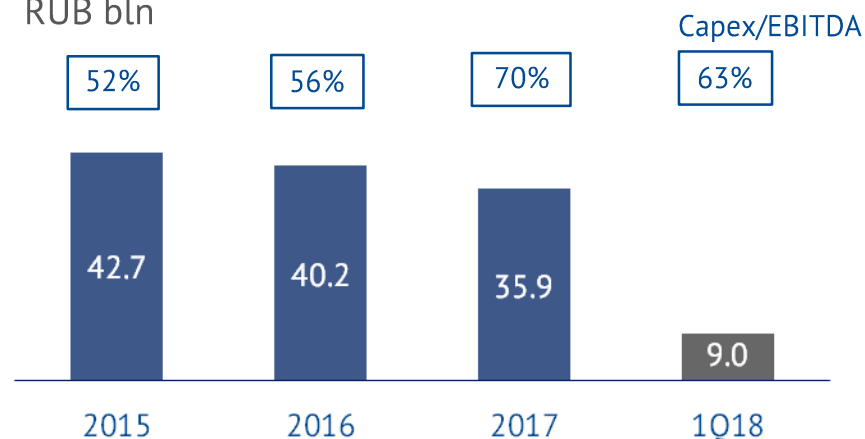
- ✓ The Company has successfully passed the peak of its capex-intensive period, completing ammonia and urea units.
- ✓ Major investment projects were completed in 2015-2017
- ✓ No plans to undertake any new significant capital expenditure investments in 2018-2019
- ✓ Capex/EBITDA ratio is targeted below 0.5x

Key Completed Projects in 2015-2017:

- ✓ Construction of 760 th t/year ammonia plant
- ✓ Construction of 500 th t/year urea plant
- ✓ Development of Kirovsky mine
- ✓ Ammonia pipeline to Balakovo

Capex dynamics⁽¹⁾

RUB bln



Key Projects in 2018-2019:

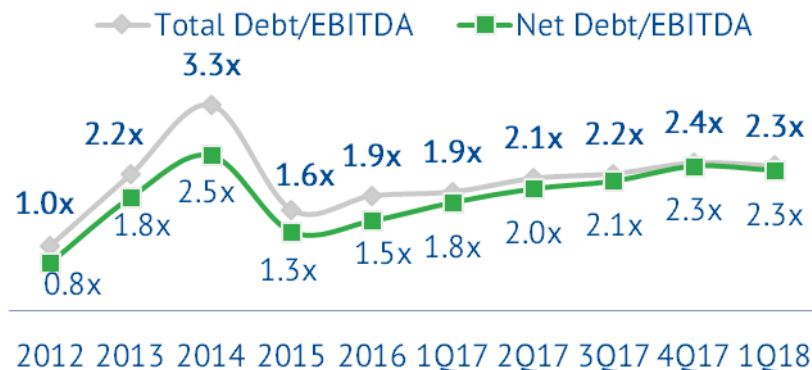
- ❑ Construction of sulphuric and nitric acid plants in Cherepovets
- ❑ Sludge collector #2 for phosphogypsum
- ❑ Construction of ammonium sulphate plant
- ❑ Conveyor system at Kirovsk branch
- ❑ Modernization of phosphoric acid production

Debt Overview

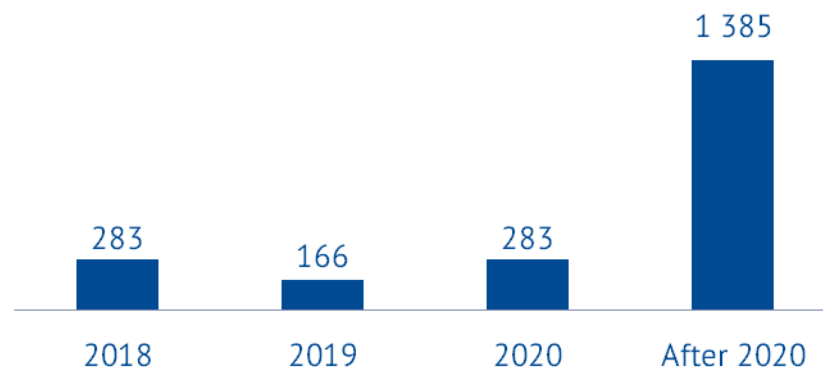
Comments

- ✓ Gross debt (including finance lease liabilities) as of 31 March 2018 increased marginally by 1% q-o-q to RUB 124 billion (USD 2.2 billion).
- ✓ Net debt as of end-March remained flat versus end-December 2017 around RUB 120 billion (USD 2.1 billion), representing a net debt/LTM EBITDA ratio of 2.27x, versus 2.34x as of 31 December 2017
- ✓ Most of the Company's debt is denominated in US Dollars and naturally hedged by USD-denominated sales

Total debt and net debt/LTM EBITDA ratio



Maturity profile (USD mln) as of 30 March 2018





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Fertilizer Industry

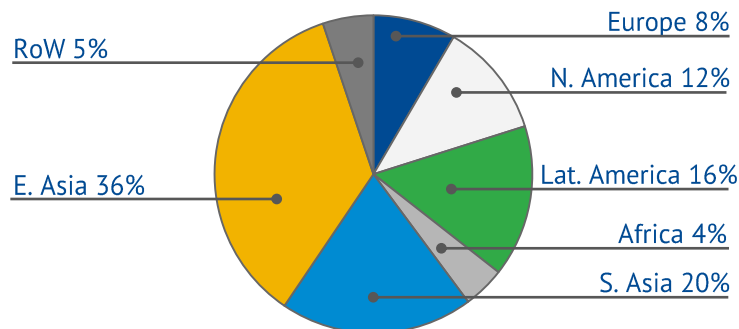


Phosphate fertilizers: demand

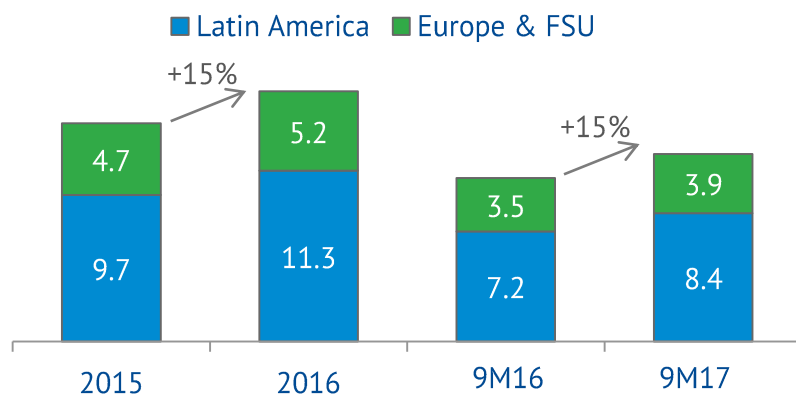
Comments

- ✓ Brazil: phosphate imports grew by 10%+ y-o-y in FY17 to 3.4 mln t P_2O_5
- ✓ India: DAP imports decreased by 10% y-o-y to 4.0 mln t in 2017 which is coupled with 60% y-o-y drop in inventories
- ✓ Russia: DAP/MAP/NPK demand remained flat y-o-y at 2.4 mln t in 2017
- ✓ Strong soft commodity production 2017YTD assumes high removal rates for phosphate fertilizers
- ✓ In October 2017 European Parliament adopted new regulation on cadmium limits in phosphate fertilizers

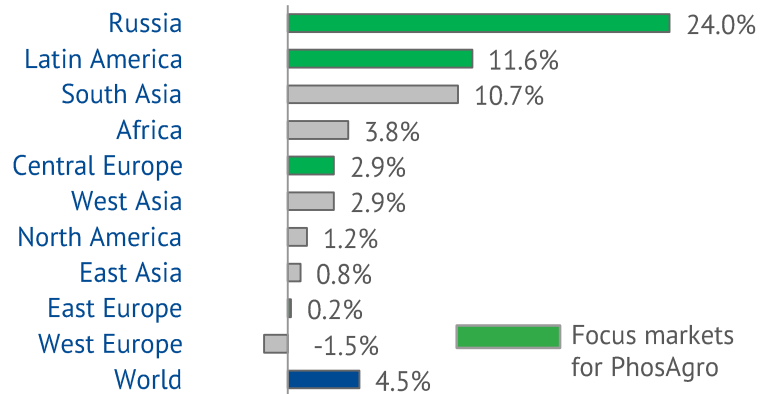
Regional breakdown of phosphates consumption (in nutrients in 2016)



Phosphate imports of PhosAgro's focus markets mln t of DAP/MAP/NPS/TPS



Regional growth in phosphate demand % y-o-y change in 2016



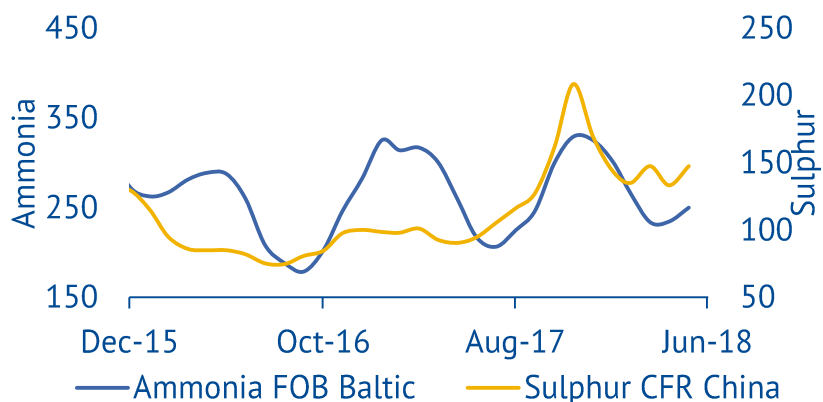
Phosphate fertilizers: supply

Comments

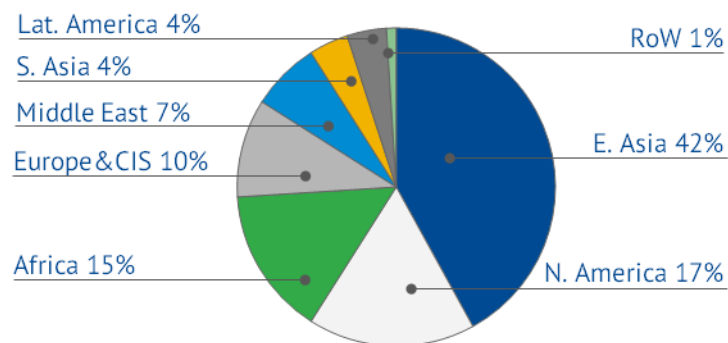
- ✓ Recent rally in the main feedstock prices, ammonia and sulphur, has led to significant inflation in the industry cash costs, especially for Chinese producers
- ✓ China: export of phosphates grew by 10% y-o-y to 11.0 mln t in 2017 though collapsed by 30% y-o-y in 4Q17
- ✓ China: stricter regulation on air pollution, health and safety. Water tax is introduced since December 1, 2017
- ✓ Mosaic idled 950 ktpa P_2O_5 Plant City facility for at least 1 year effective 1 January 2018, which should help balancing the supply
- ✓ New projects: JPH-3 by OCP was completed in 1Q17, Ma'aden JV-2 was launched in 3Q17, JPH-4 is delayed by 1H18

Key feedstock price dynamics

USD/t

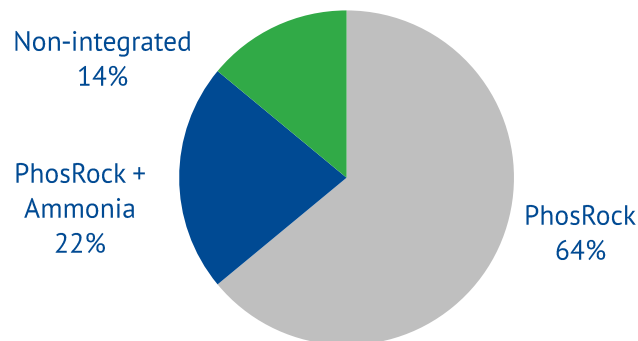


Regional breakdown of phosphates production (in nutrients in 2016)



Industry breakdown by scale of integration

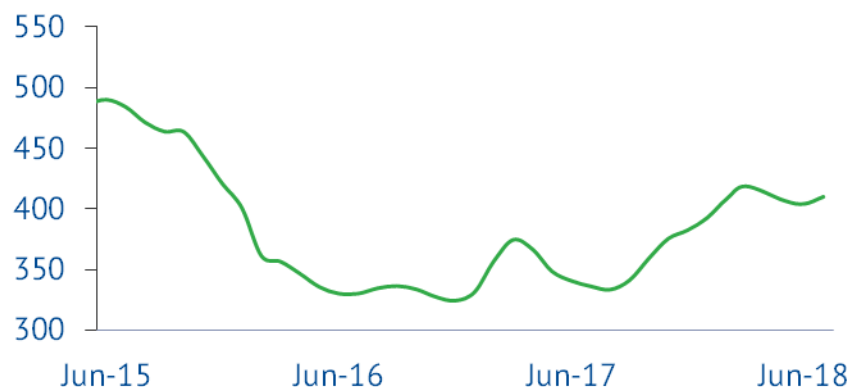
% of integrated players



Phosphates Price Performance

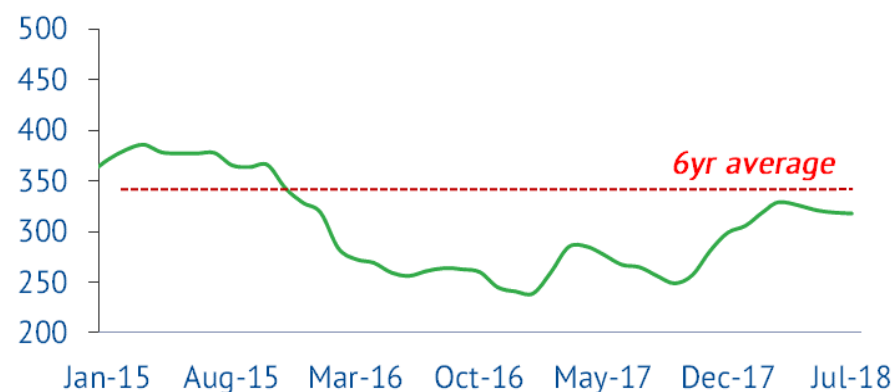
DAP price performance

USD/t, FOB Baltics



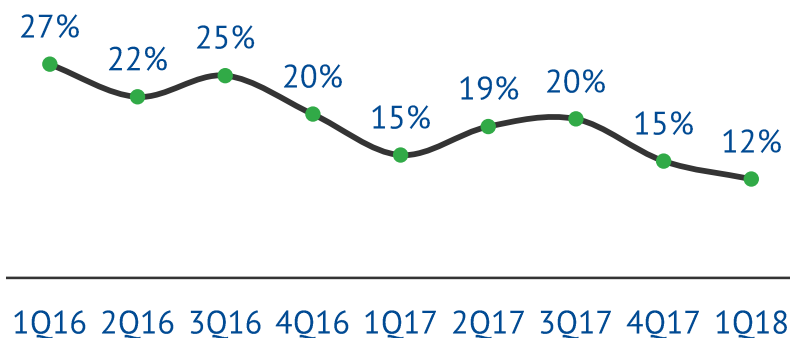
Dynamics in “pure” P

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



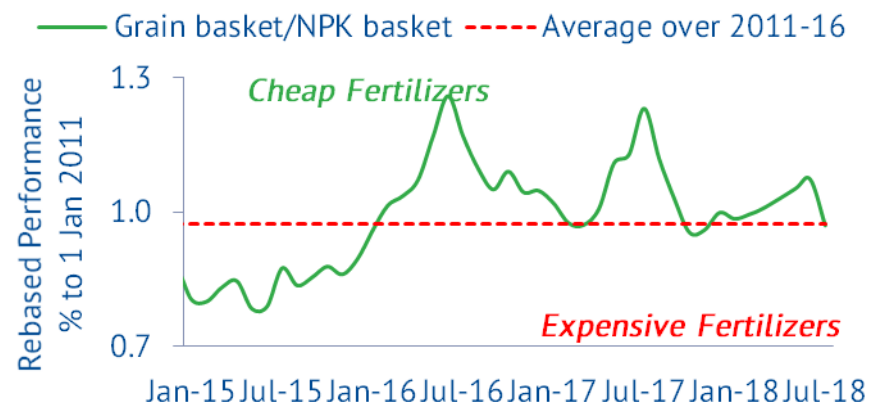
NPK price performance

NPK (16-16-16) FOB Baltics Premium/Discount⁽²⁾



Fertilizers vs. Soft Commodities

Dynamics in Grain basket/NPK basket⁽³⁾



Note: (1) Calculated as DAP (FOB Baltics) – Urea (FOB Baltics)*18/46

(2) Premium/Discount to main nutrients, %

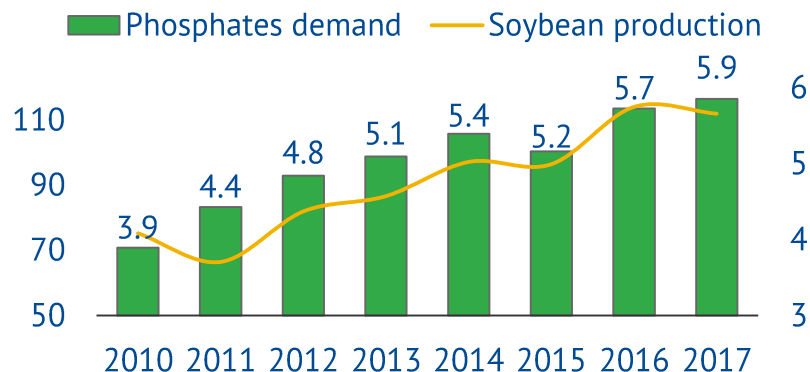
(3) Rebased Performance % to 1 Jan 2011

Source: CRU, PhosAgro

Fertilizer industry – Latin America

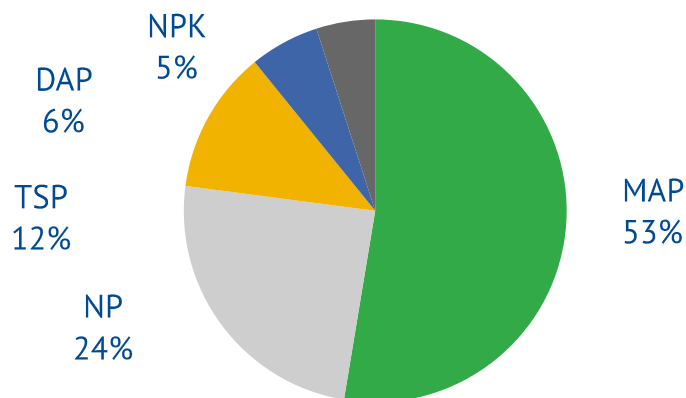
Main focus on soybean production

Soybean prod. (mln t, lhs) and P_2O_5 demand (mln t, rhs)



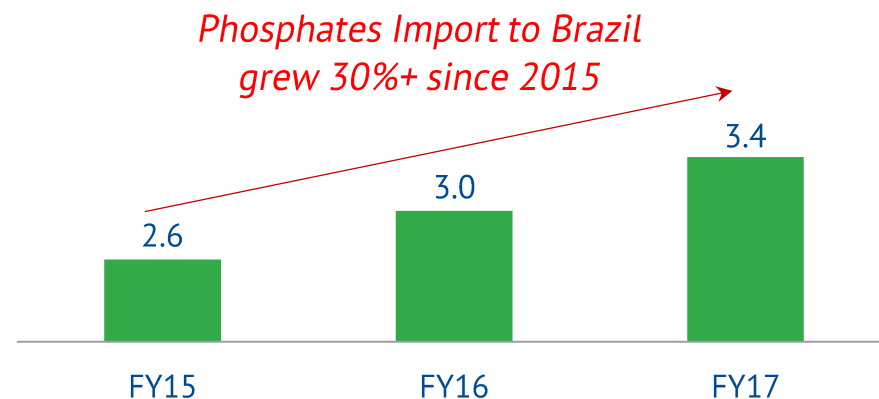
Product structure of phosphates import

% in P_2O_5 , FY2017



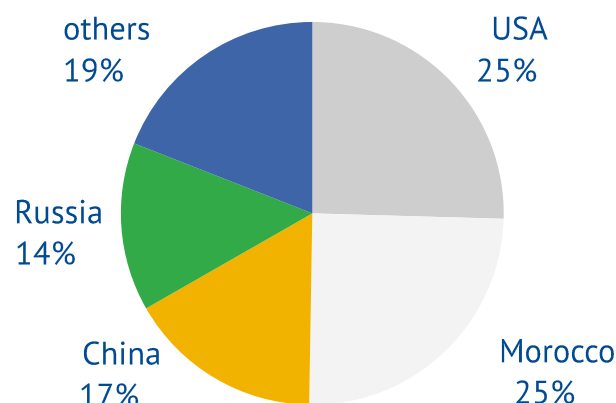
P_2O_5 Import to Brazil added 30%+ in 2017

P_2O_5 '000 t



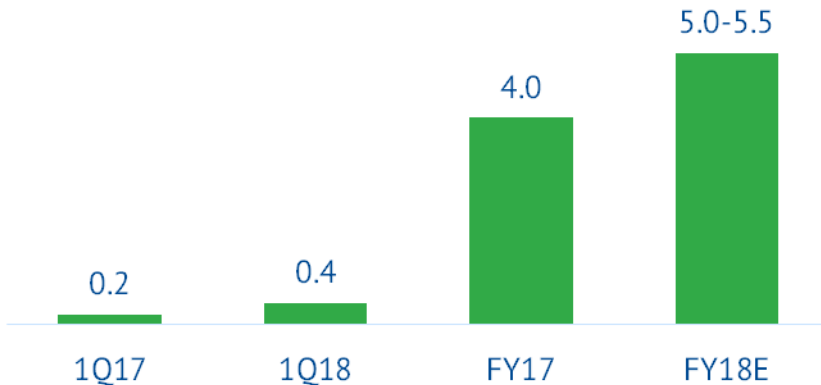
Key Importers of phosphates to Brazil

% in P_2O_5 , FY2017

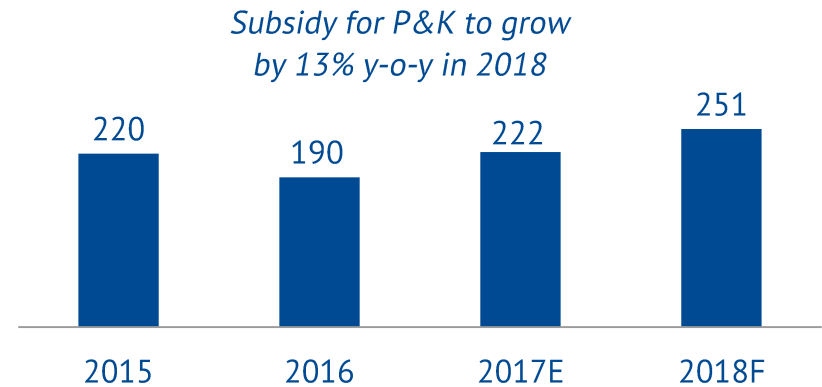


Fertilizer industry – India

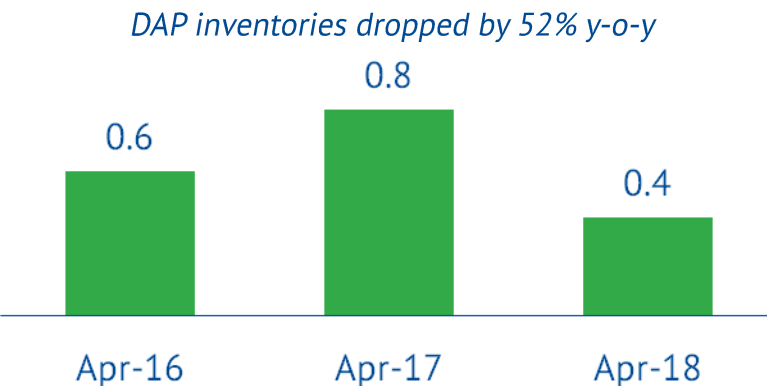
DAP Imports to India
mln t



Subsidies for P&K in India
INR bln



Dynamics in DAP inventories
mln t



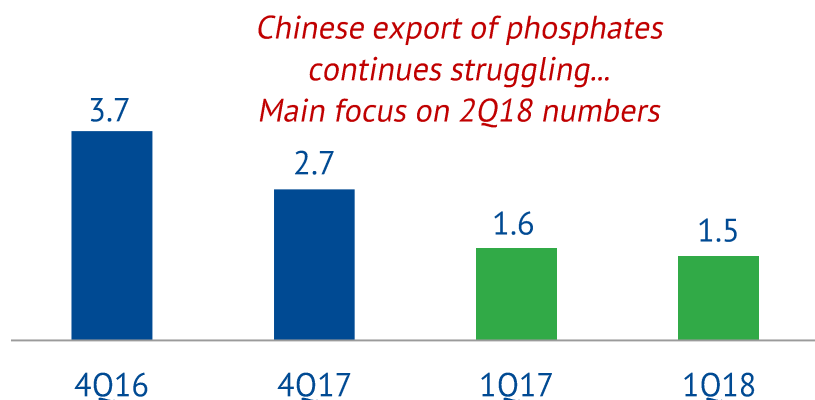
Rupee Devaluation to drive MRP higher
INR/USD exchange rate



China – focus on cash costs

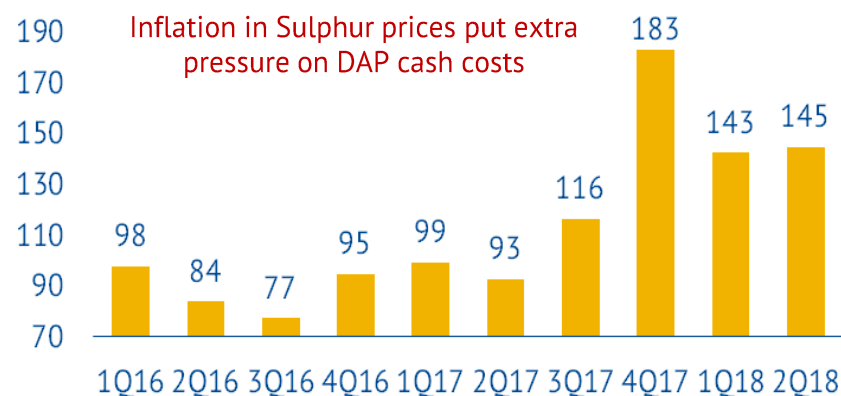
Export of phosphates from China

mln t



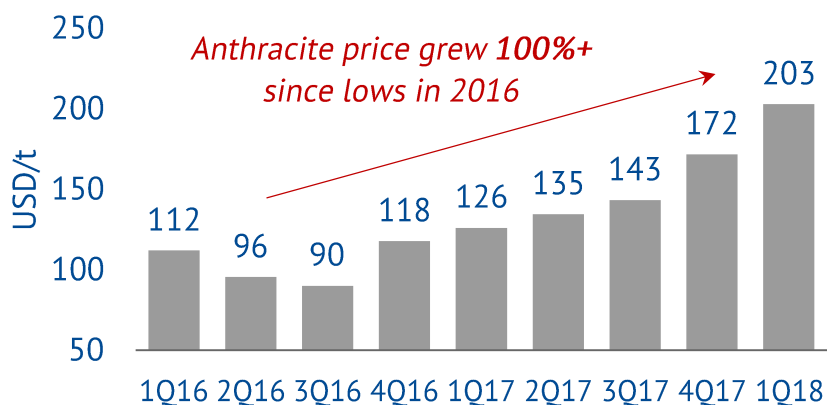
Sulphur price in China moves upward

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



Coal price pushes ammonia and DAP cash costs up

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



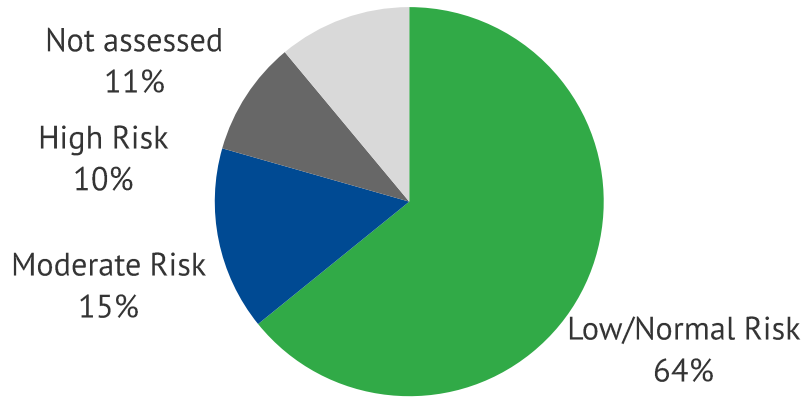
Ammonia market price in China

USD/t

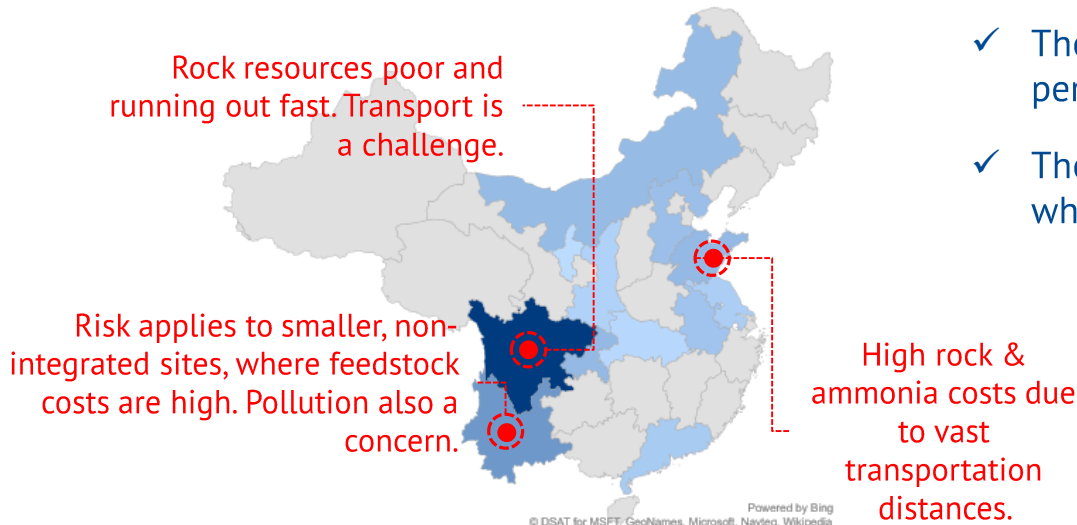


China – environmental issues in the spotlight

Assessment of Chinese phosphate production



Areas most at risk of closure



China's environmental efforts

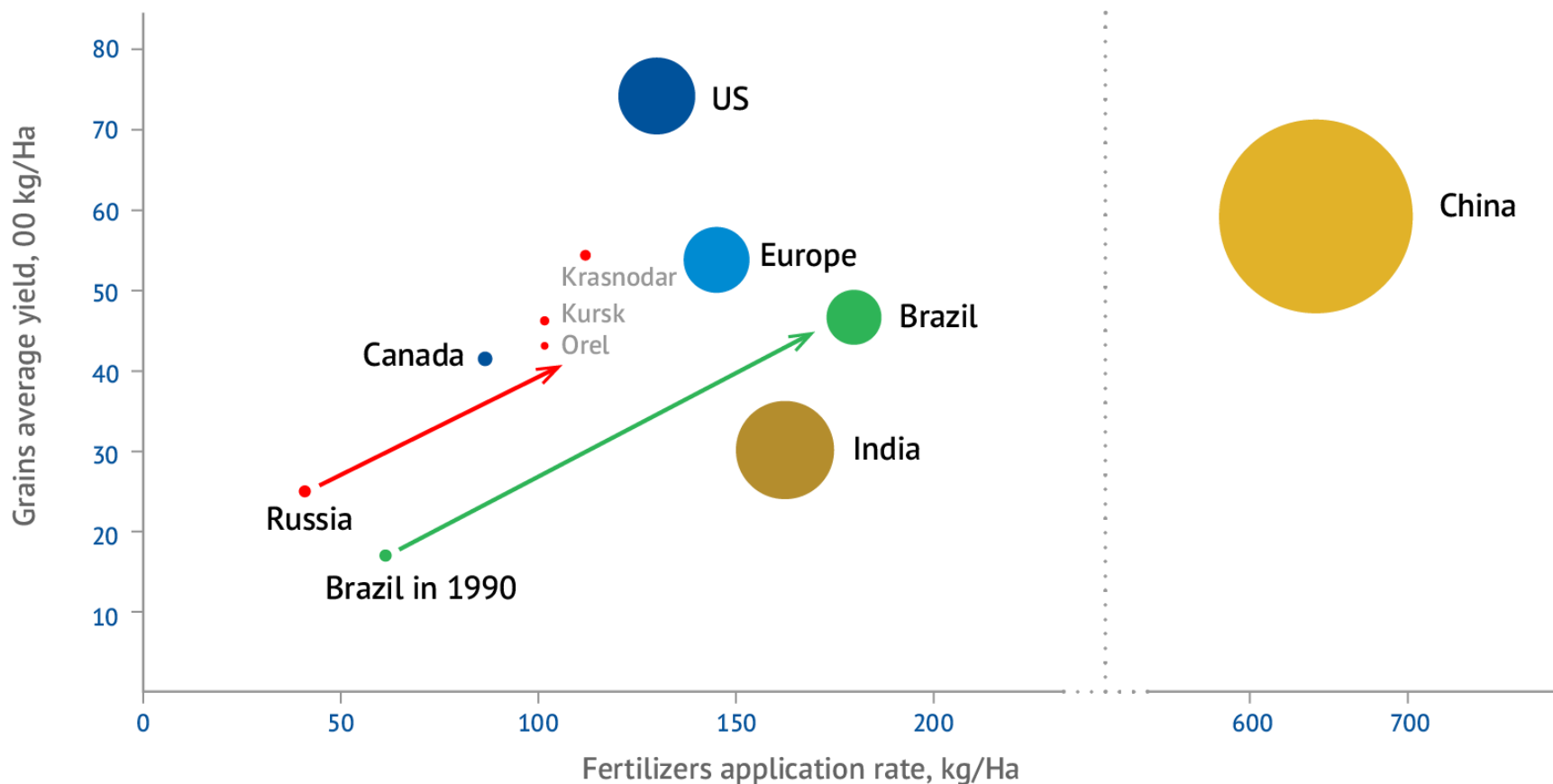
- ✓ A new **federal bureau of environmental investigation** has been set up in China to look into industrial pollution.
- ✓ **260 inspectors** have been specifically trained to monitor air, water, noise and odour emissions
- ✓ Inspections will begin in the north of country, but **will move to Sichuan, 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**.

Domestic market – more space for growth

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



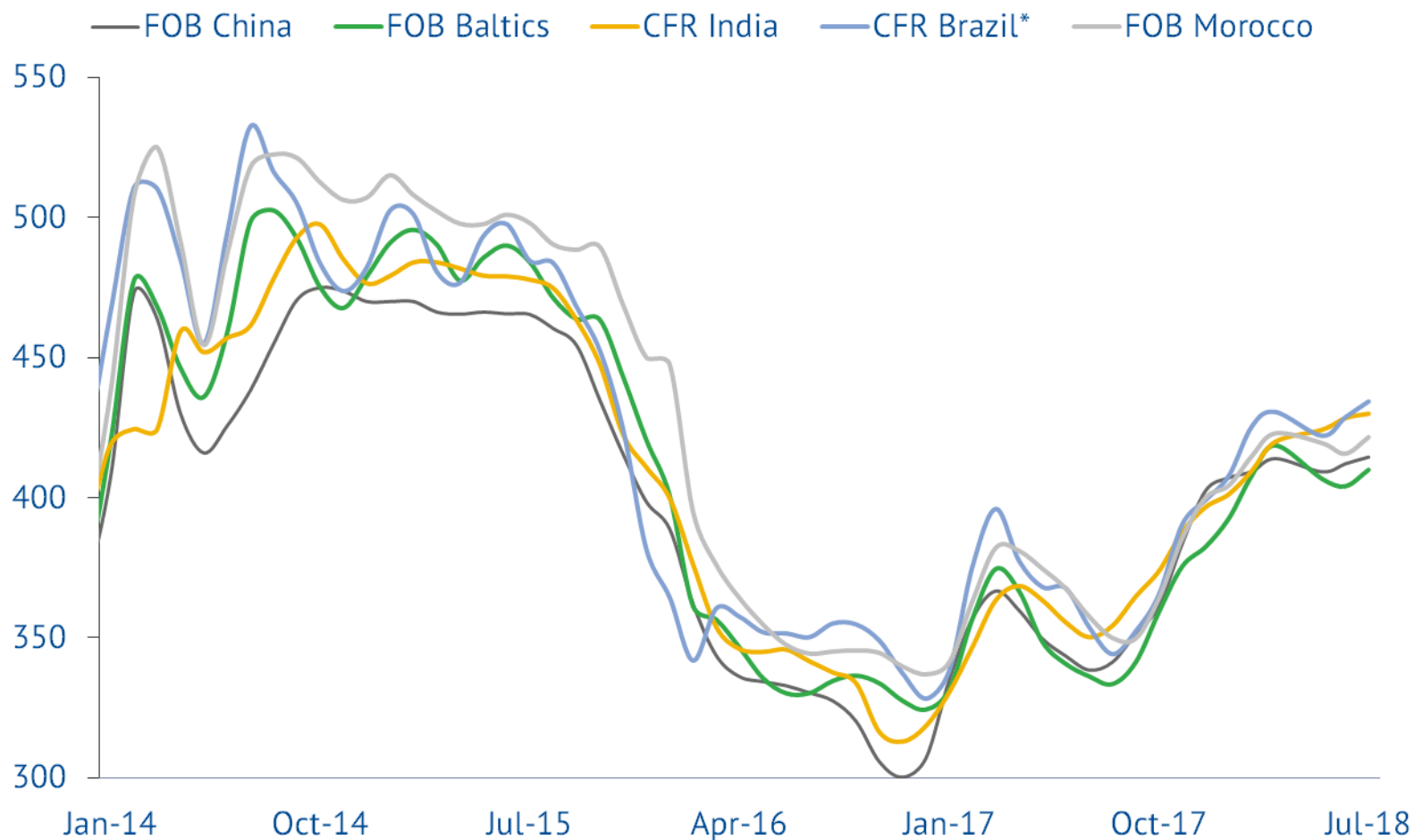
Total Fertilizers consumption



DAP Price Performance

DAP price performance

USD/t

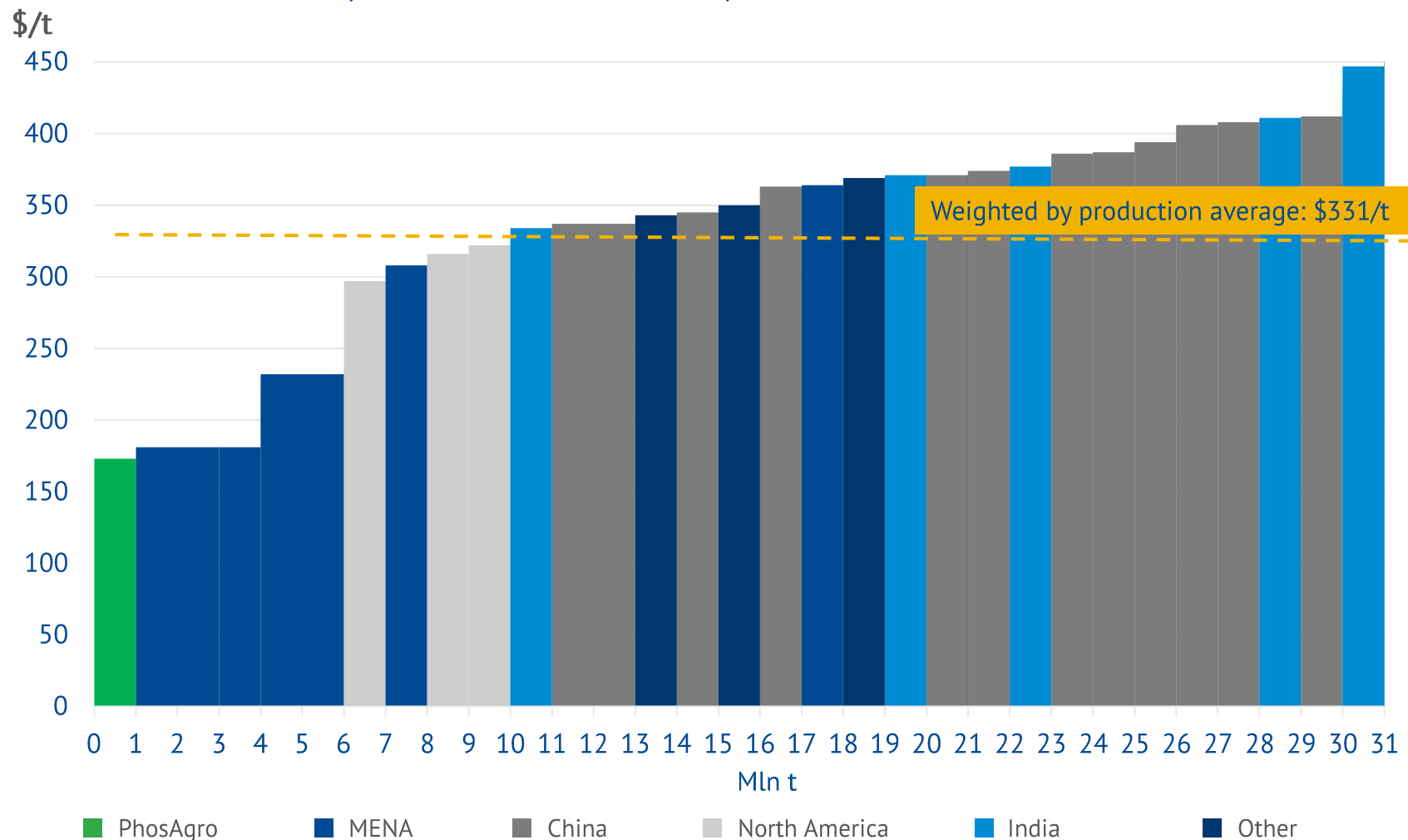


Source: CRU, PhosAgro

* - MAP CFR Brazil

Lowest cash costs in the industry

DAP business cash cost (FOB, as of November 2017)





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Appendix



Our production assets

Kirovsk Branch of Apatit



Resources⁽¹⁾

Apatite-nepheline ore:
2.07 bln t

Al₂O₃: 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



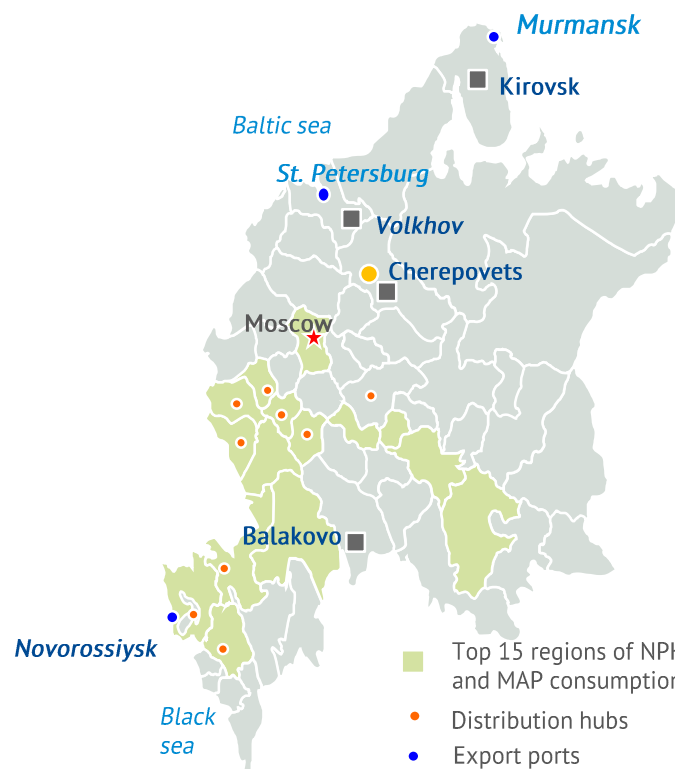
Capacity by product

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

AlF₃: 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

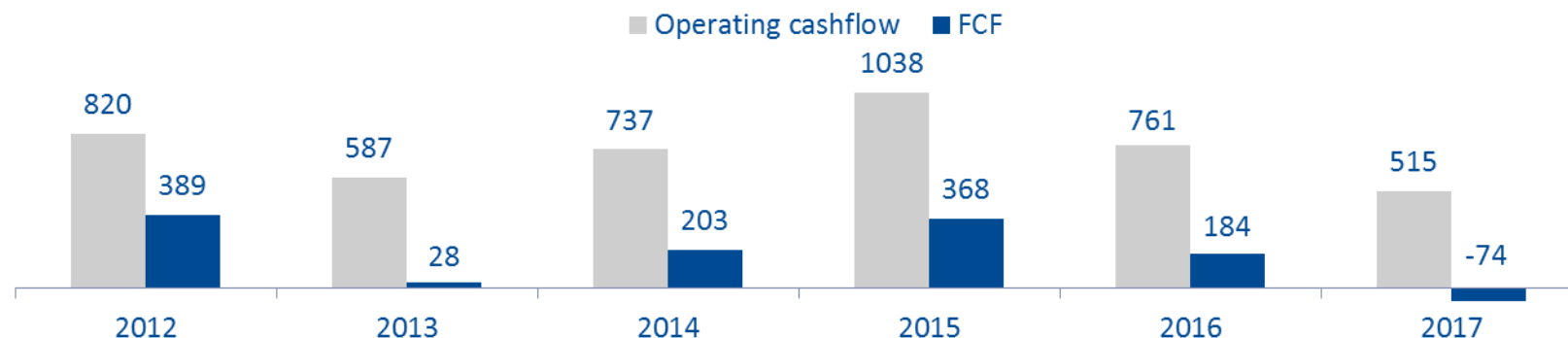
Highlights

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

Growing return for shareholders

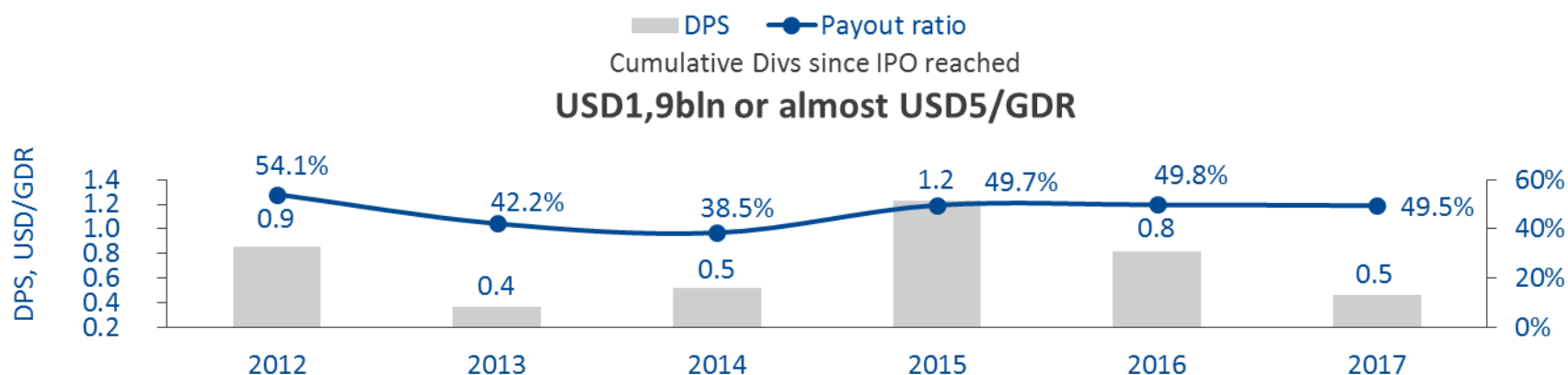
Operating cash flow and free cash flow

USD mln



Dividends and dividend payout ratio

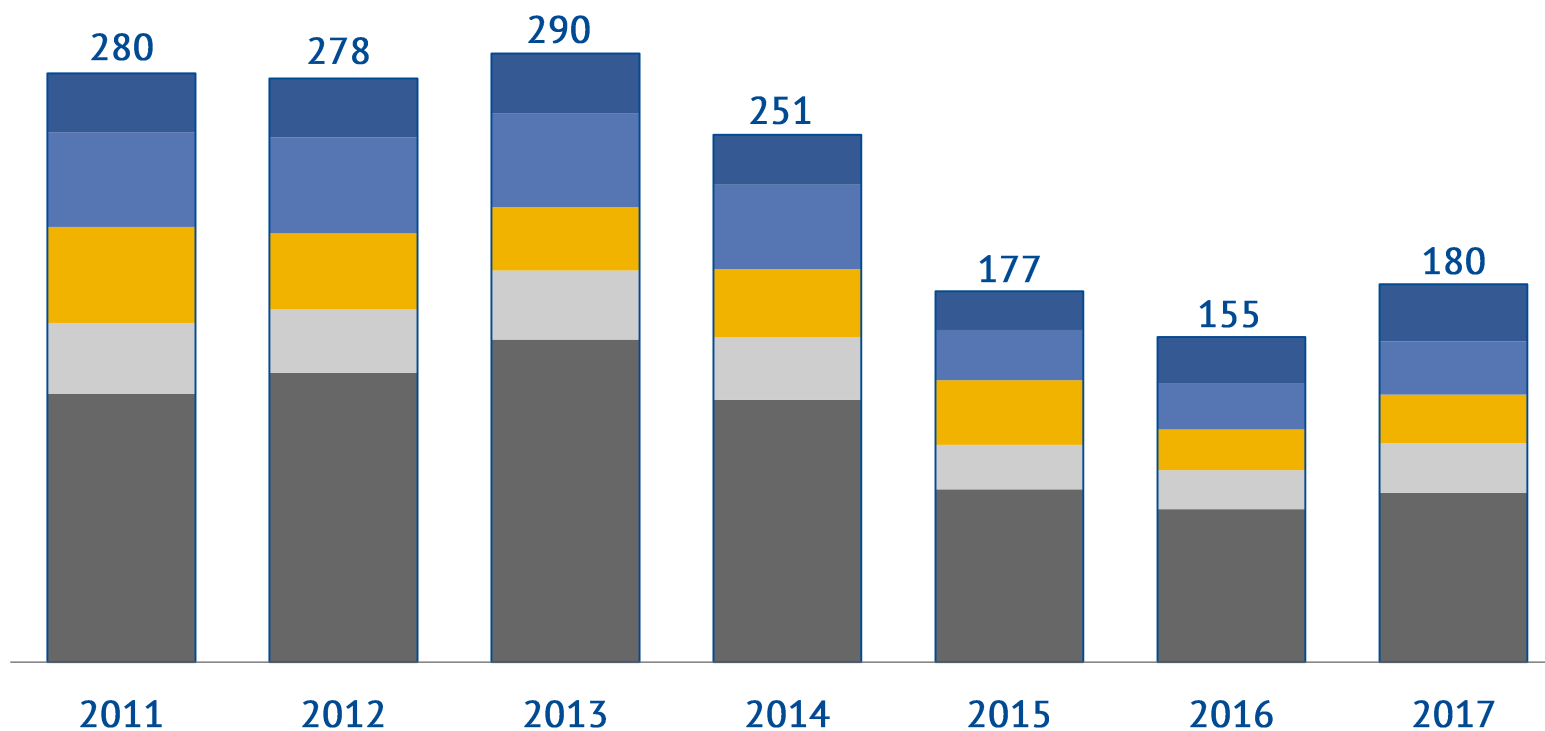
USD/GDR and %



DAP cash cost performance in 2011-17

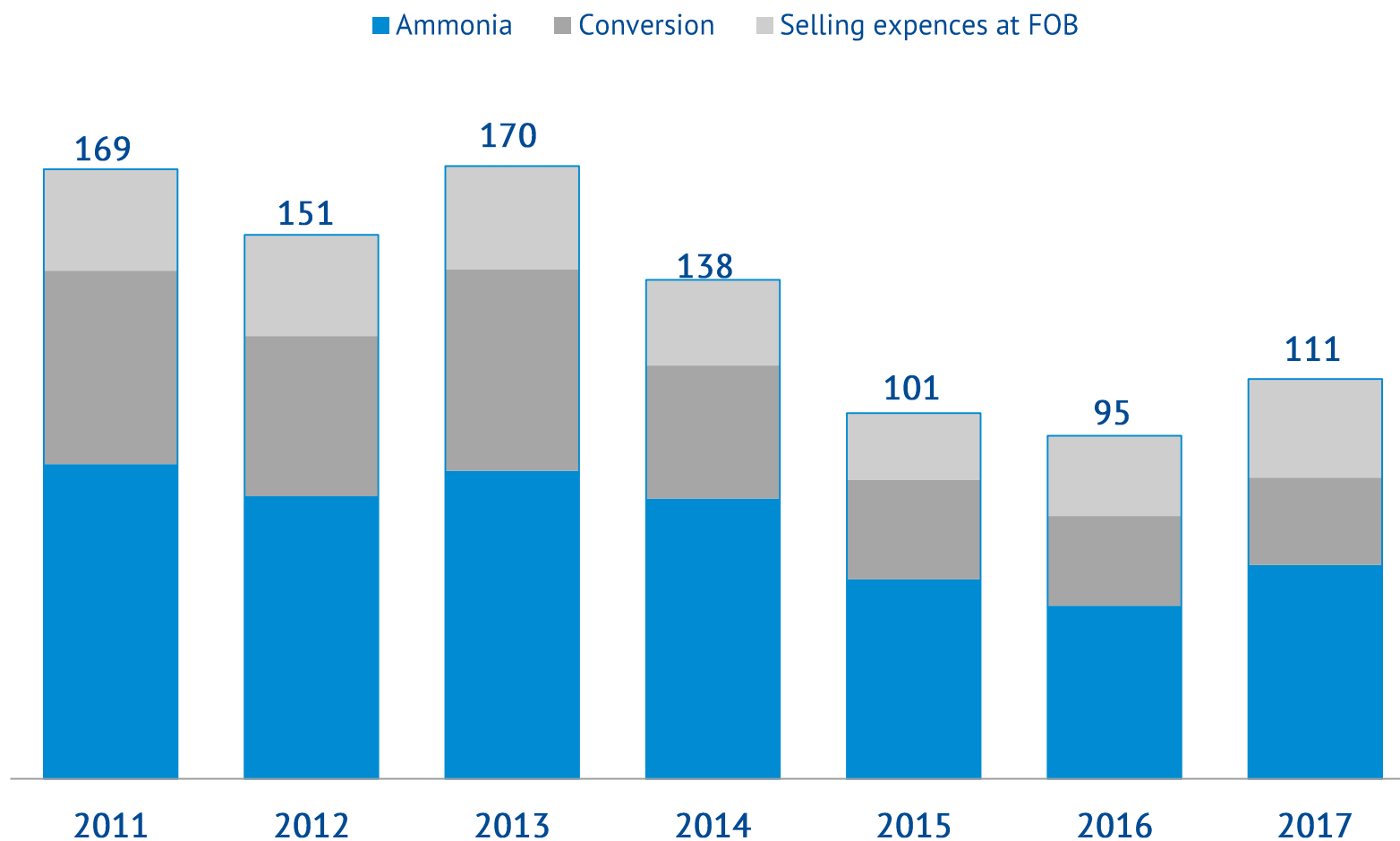
DAP cash costs at FOB
USD/t

■ Phosphate rock ■ Ammonia ■ Sulphur ■ Other ■ Selling expenses at FOB Spb



Urea cash cost performance in 2011-17

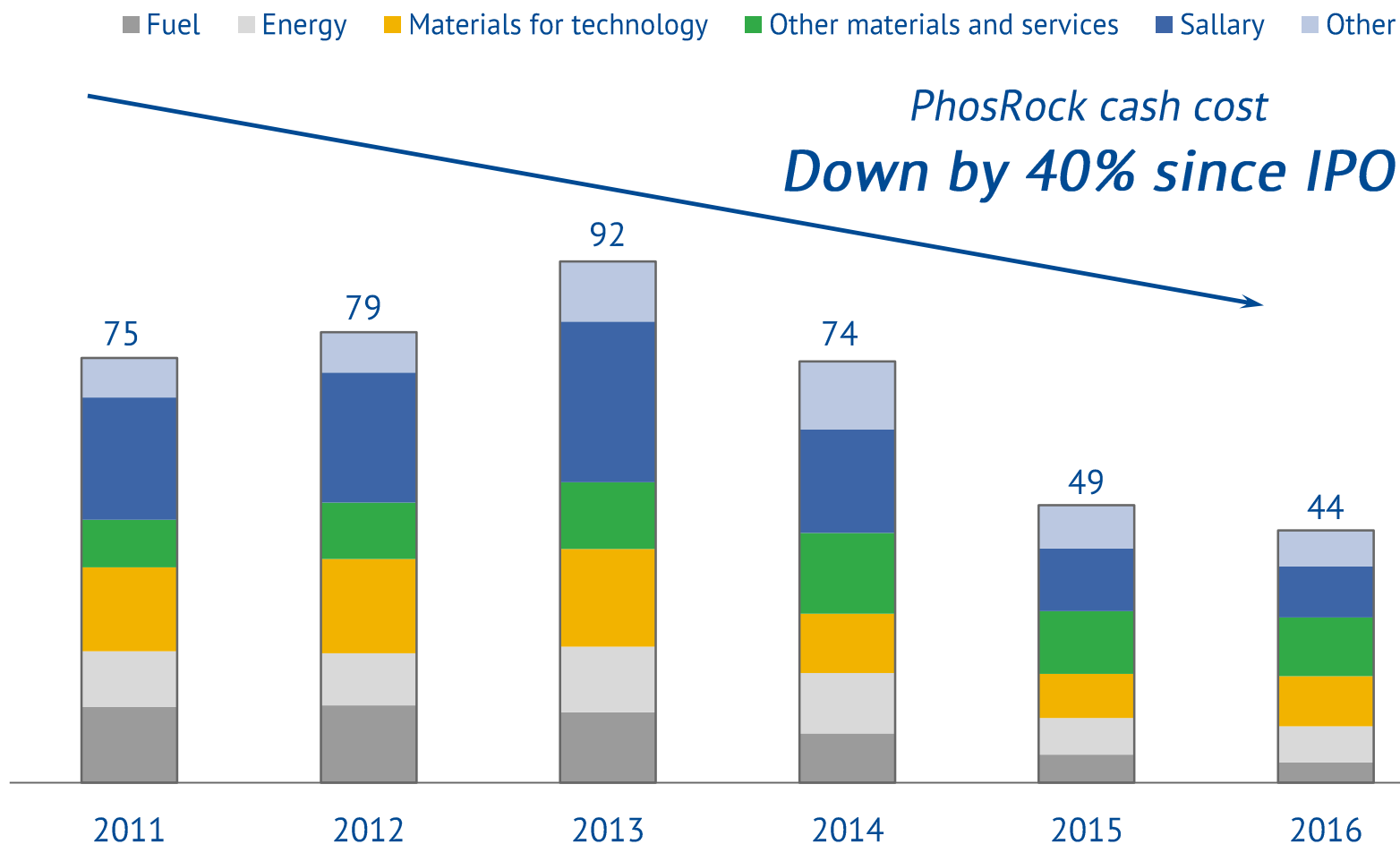
Urea cash costs at FOB
USD/t



PhosRock cash cost developments in 2011-16



PhosRock (39% P₂O₅ content) cash cost developments over 2011-16,
USD/t. EXW



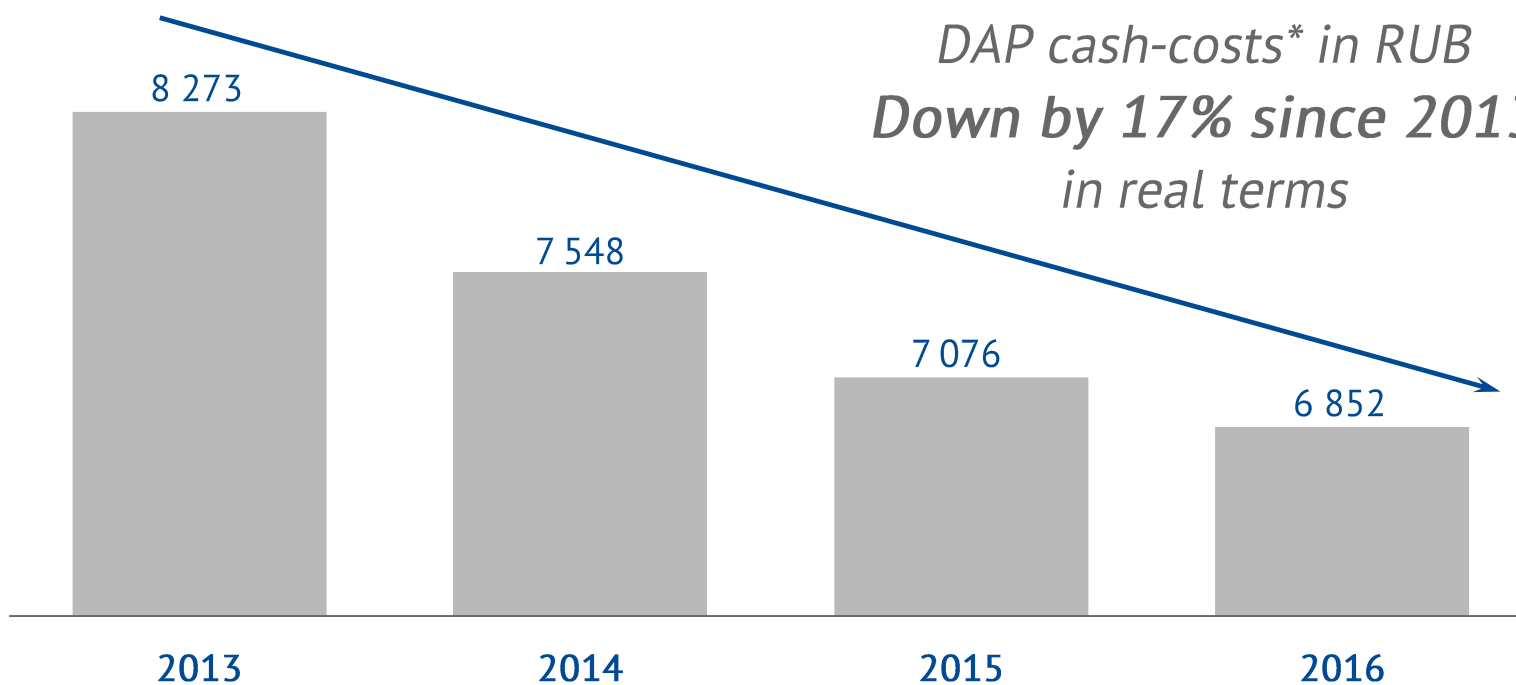
DAP RUB cash costs performance

DAP cash costs adjusted for USD-linked components and CPI
RUB/t

Whether the cut in cash costs is ONLY due to weak
RUB?

NO!

DAP cash-costs in RUB
Down by 17% since 2013
in real terms*



Key feedstocks production

Phosphate ore mining

mln t

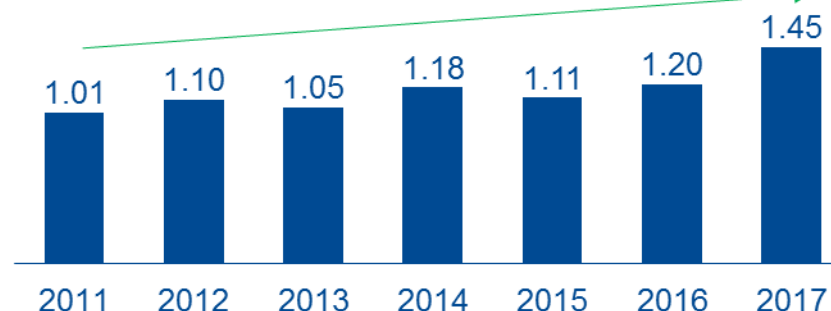
■ Underground ■ Open pit
Underground mining grew by 63% since 2011



Ammonia production

mln t

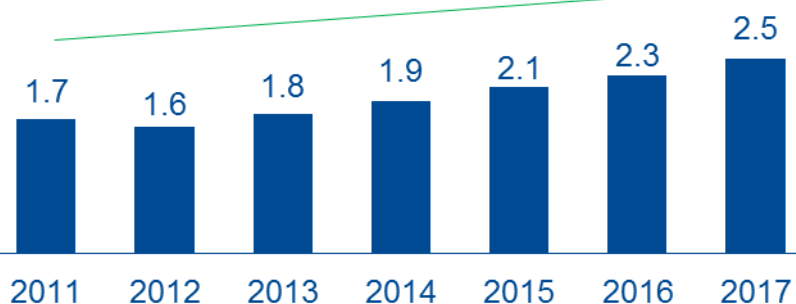
Ammonia production grew by 44% since 2011



Phosphoric acid production

mln t P₂O₅

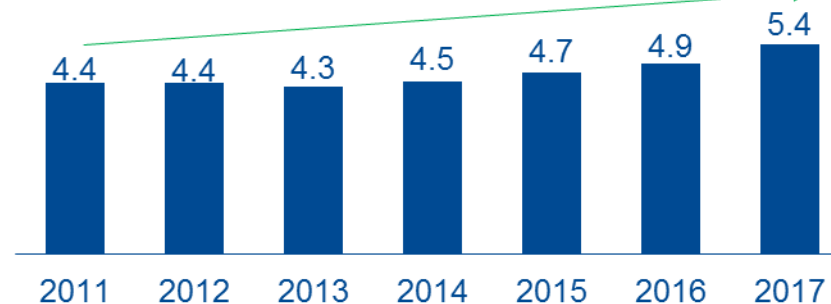
PhosAcid production grew by 44% since 2011



Sulphuric acid production

mln t mng

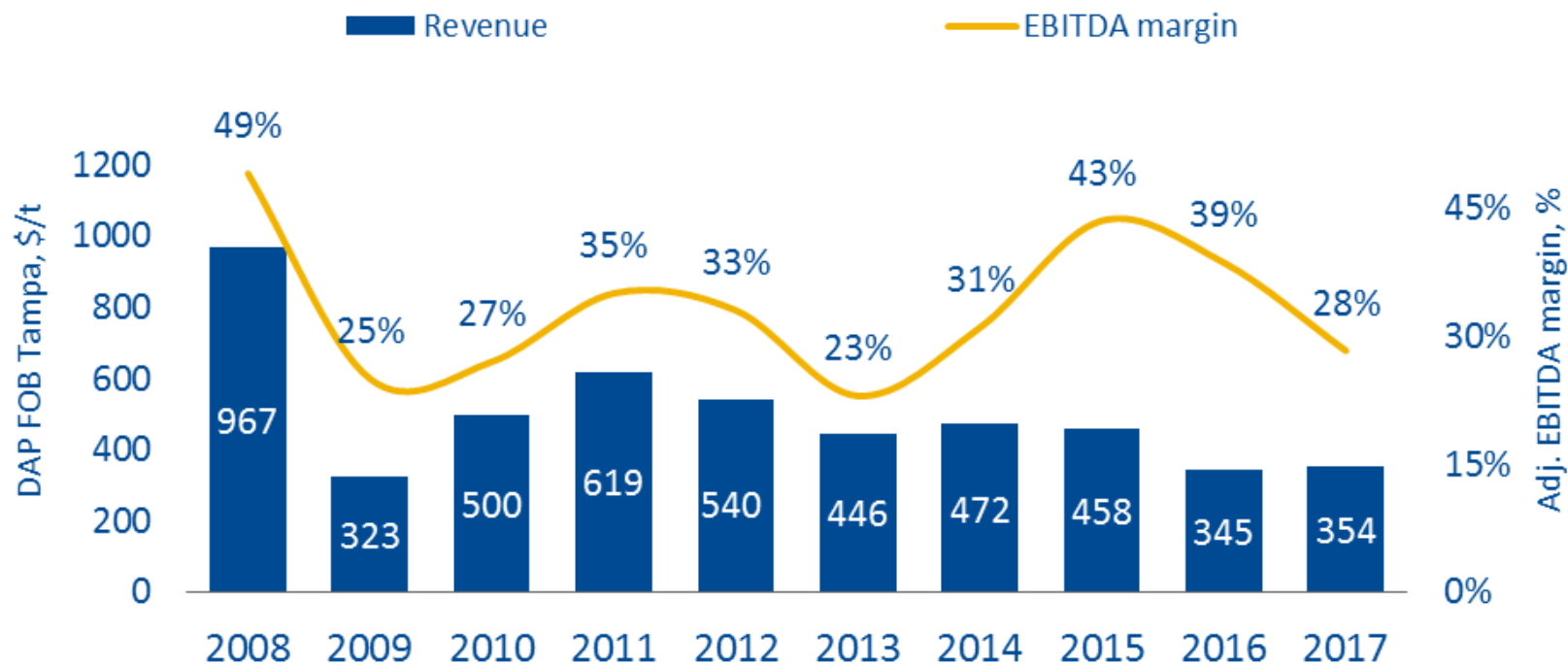
Sulphuric acid production grew by 22% since



Sustainability against market headwinds

DAP price and EBITDA margin

USD/t FOB Tampa and %





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Thank you

