

# 1Q 2020 IFRS RESULTS

14.05.2020



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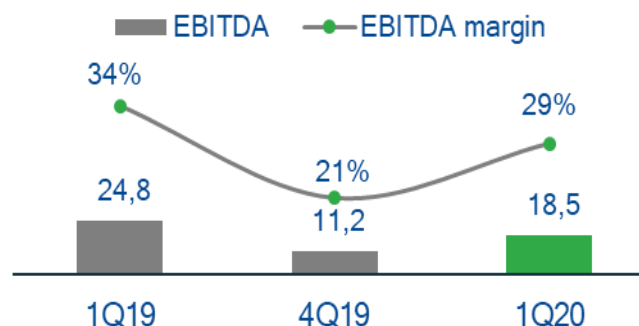
# 1Q 2020 HIGHLIGHTS

- Reported EBITDA came in at RUB 18.5 bln, down by 25,3% yoy but up by 65.4% qoq. The EBITDA margin remained at a robust level around 29%.
- Free cash flow was relatively flat yoy around RUB 18,3 bln, thanks to growth in sales, effective working capital management, low prices for feedstocks and Ruble devaluation in March 2020.
- The net debt/EBITDA ratio was 2.2x as of end of 1Q20 (compared with 1.7x as of 31 December 2019), reflecting Ruble devaluation against the US dollar during 1Q 2020.
- Recommended dividends for 1Q20: RUB 26.0 per GDR, which is 55% of FCF or 70% of adj. Net Income

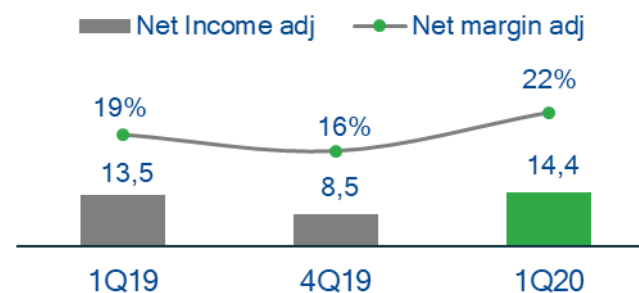
## Financial highlights

RUB million	1Q 2020	1Q 2019	Chng, % y/y	4Q 2019	Chng, % q/q
Revenue	64,058	72,287	(1.4%)	53,142	20.5%
EBITDA	18,502	24,778	(25.3%)	11,186	65.4%
EBITDA margin	29%	34%	(5 pp)	21%	8 pp
Net profit / (loss)	(15,588)	21,139	-	12,679	-
Adj Net income	14,355	13,540	6.0%	8,506	68.8%
Free cash flow	18,253	18,775	(2.8%)	(4,292)	-
	31.03.20	31.12.19			
Net debt, USD mln	1,957	2,126			
Net debt, RUB mln	152,142	131,583			
ND/LTM EBITDA	2.2x	1.7x			

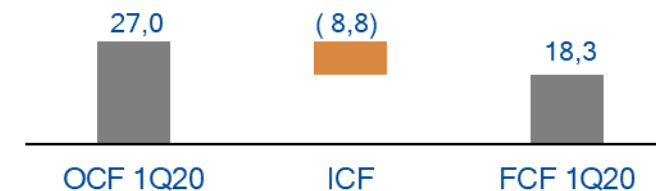
## EBITDA and EBITDA margin, RUB bln



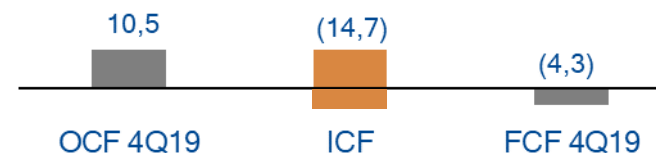
## Net income (adj) & net margin, RUB bln



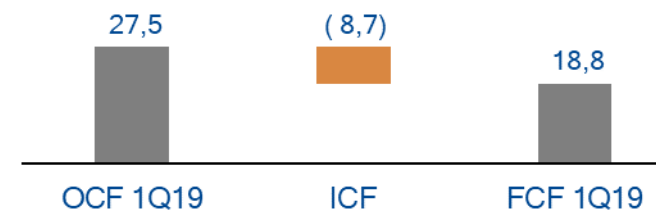
## FCF bridge in 1Q20, RUB bln



## FCF bridge in 4Q19, RUB bln



## FCF bridge in 1Q19, RUB bln



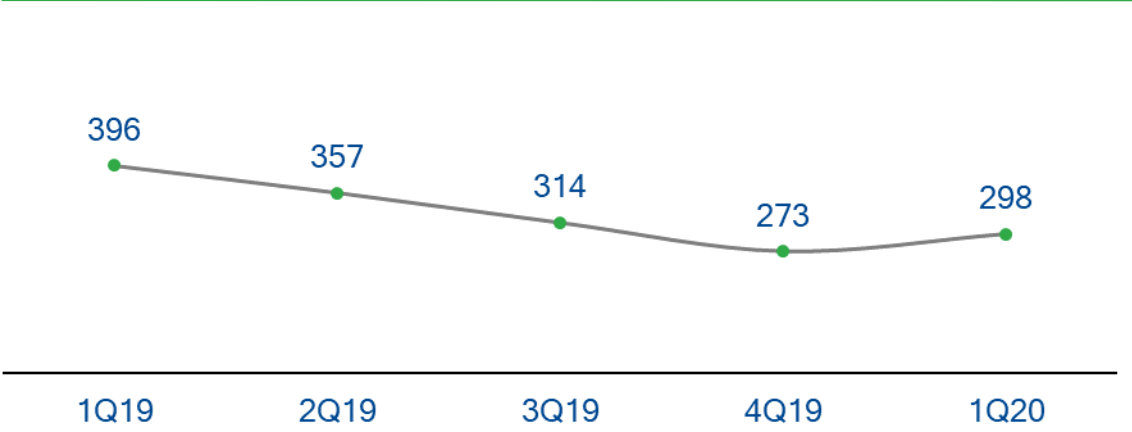
# MARKET OVERVIEW



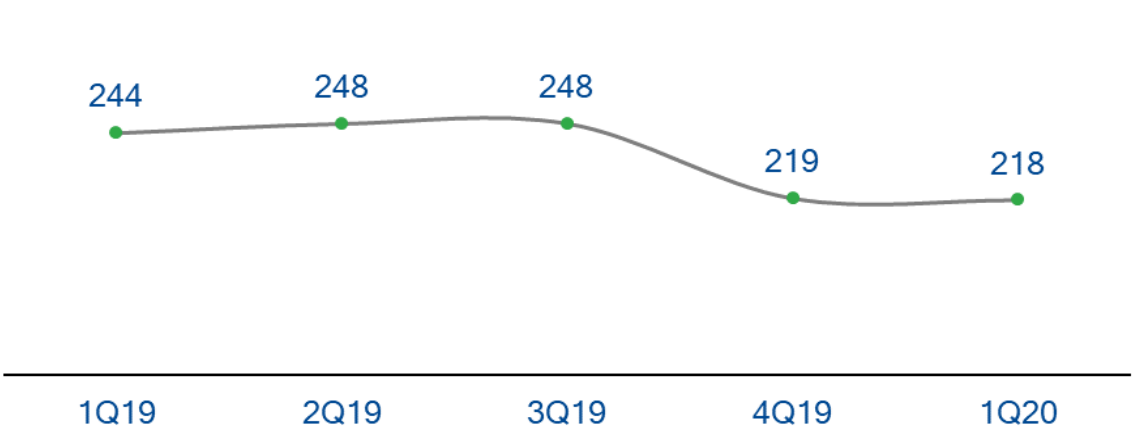
# FERTILIZER PRICE PERFORMANCE



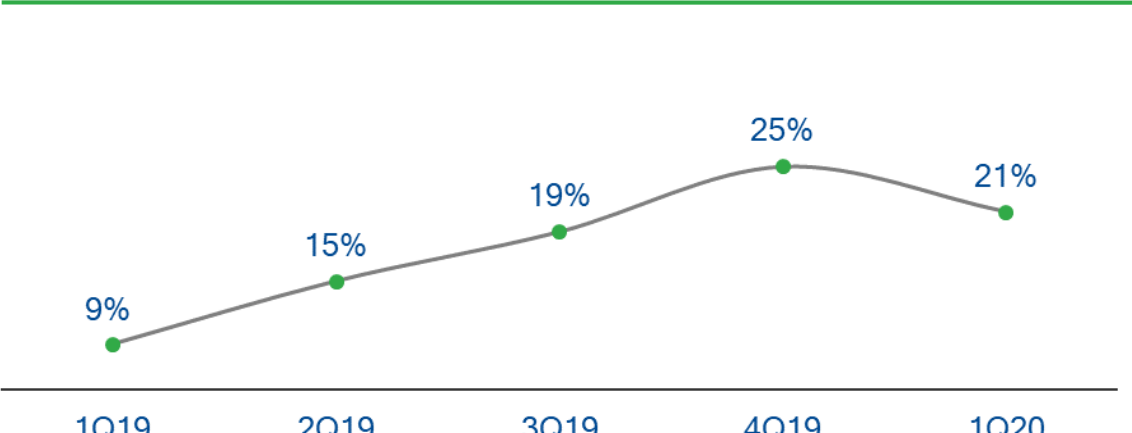
MAP FOB Baltic price performance, USD/t



Prilled urea FOB Baltic price performance, USD/t



NPK price premium to nutrients, %



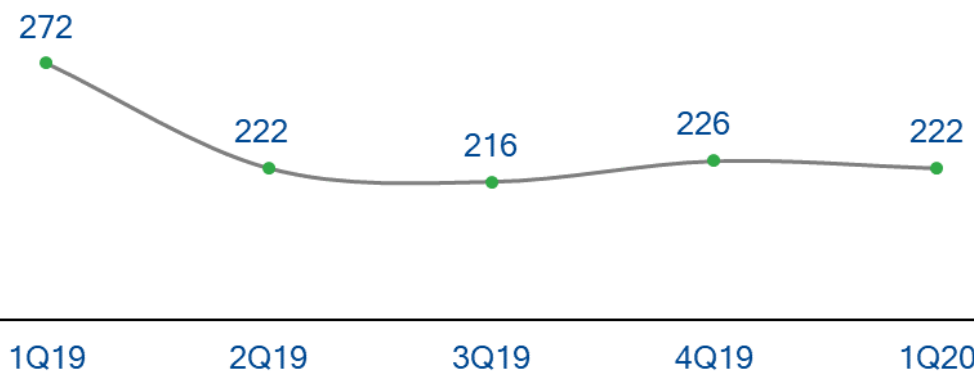
NPK basket vs. soft commodities, week 1 2011 = 0



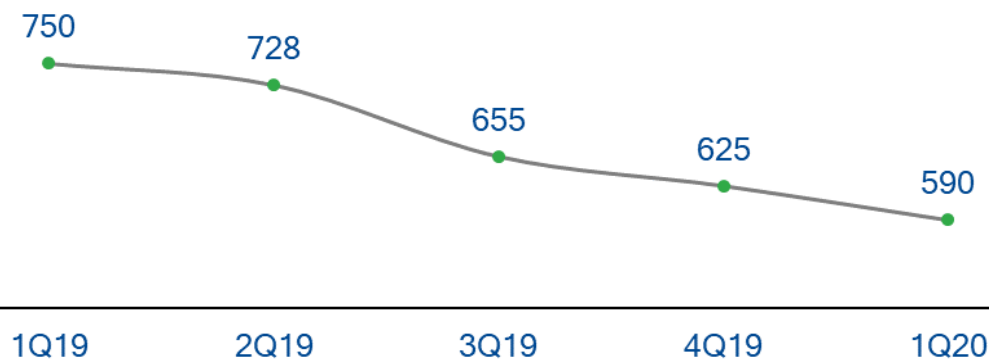
Source: CRU, PhosAgro

# FEEDSTOCK PRICES

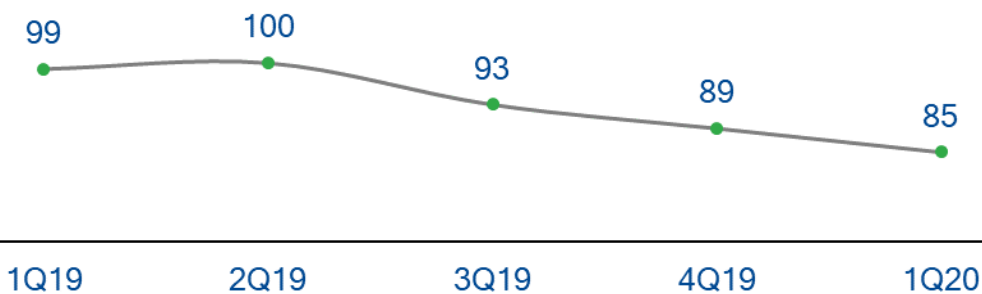
Ammonia FOB Black price, USD/t



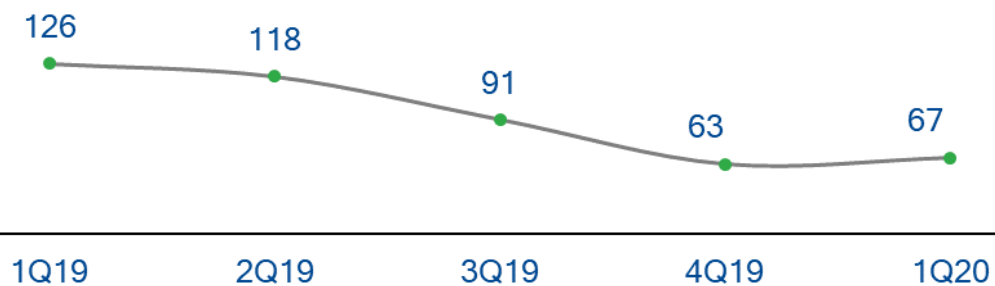
Phosphoric acid CFR India contract price, USD/t



Phosphate rock FOB Morocco prices, USD/t



Sulphur CFR China prices, USD/t

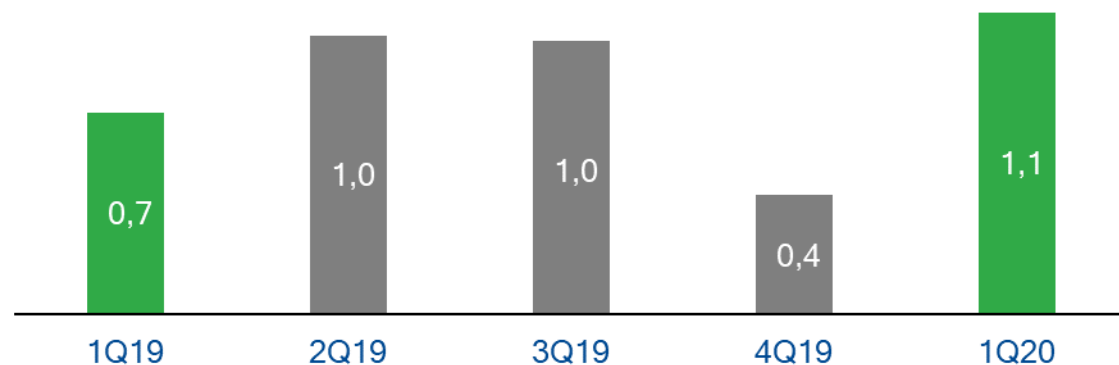


Source: CRU, PhosAgro

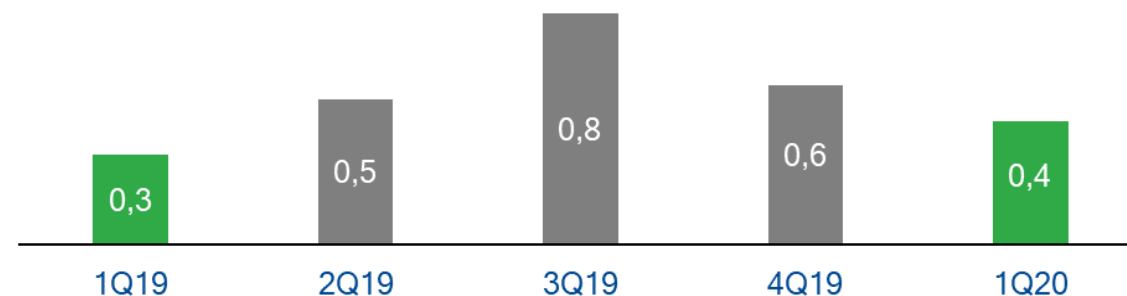


# GLOBAL TRENDS

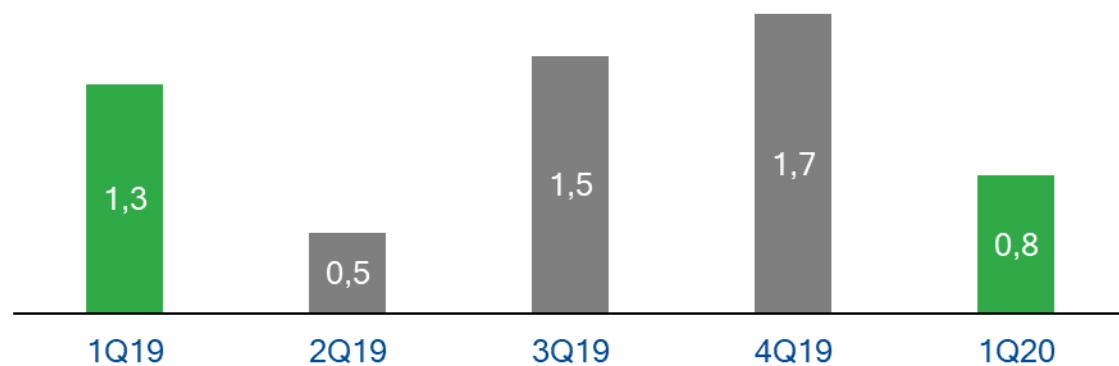
MAP/NPK/NP sales in Russia, mln t



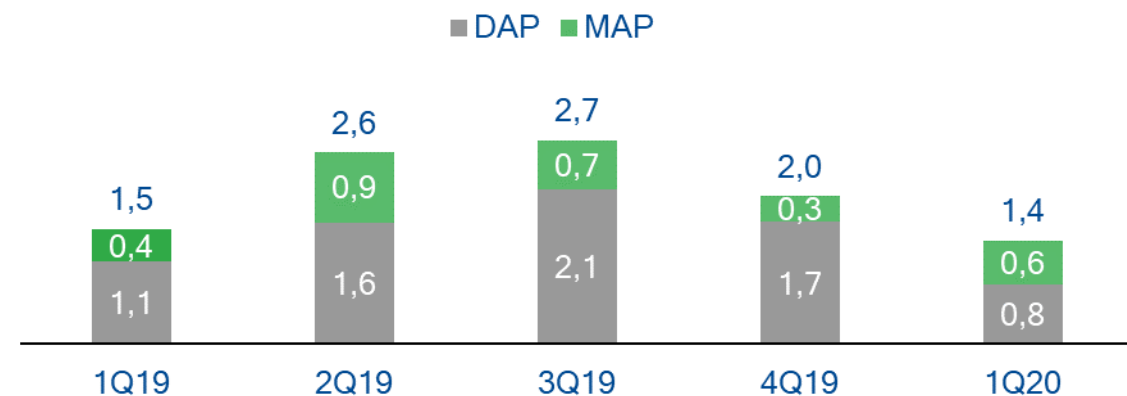
MAP/NP import to Brazil, mln t P2O5



Urea export from China, mln t



DAP/MAP export from China, mln t



Source: CRU, Fertecon, RAPU, China General Administration of Customs, PhosAgro

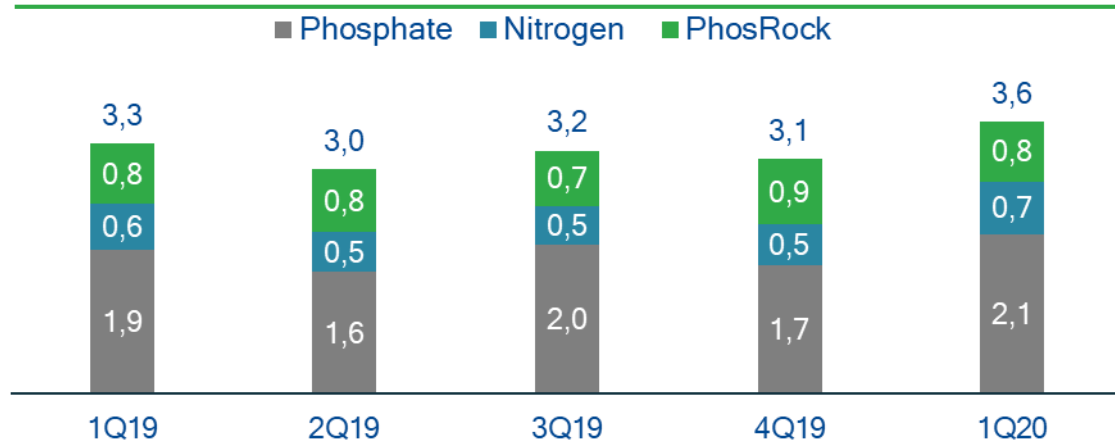
# FINANCIAL REVIEW



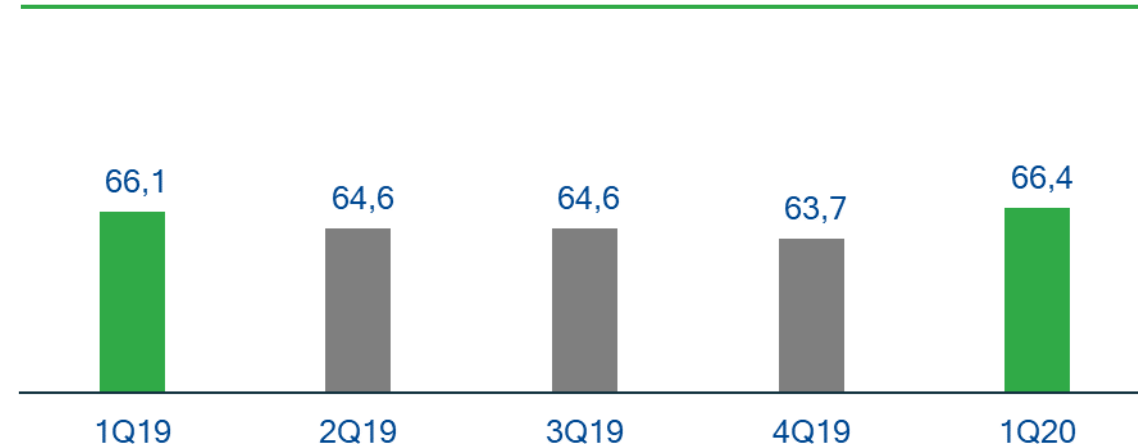


# REVENUE BREAKDOWN

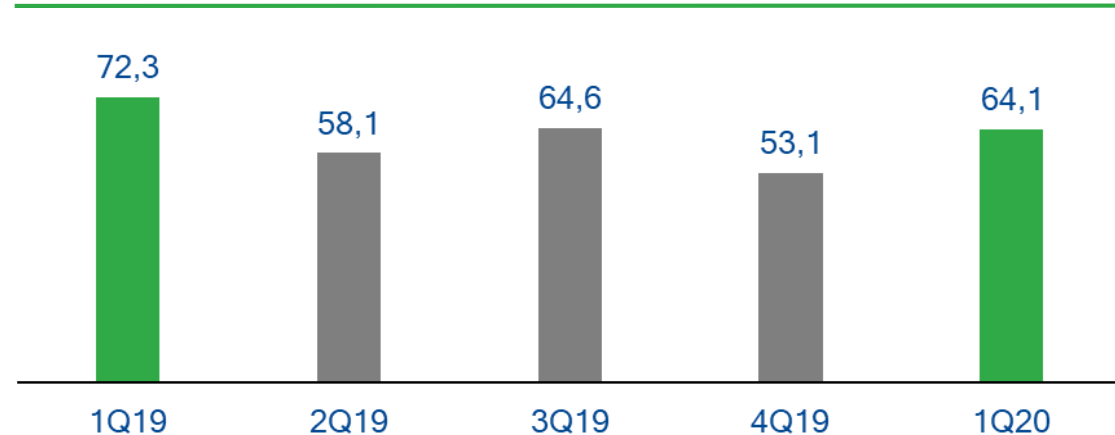
Sales breakdown, mln tonnes



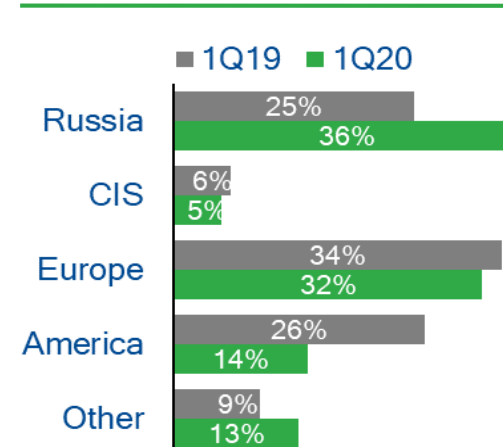
FX rates, RUB/USD



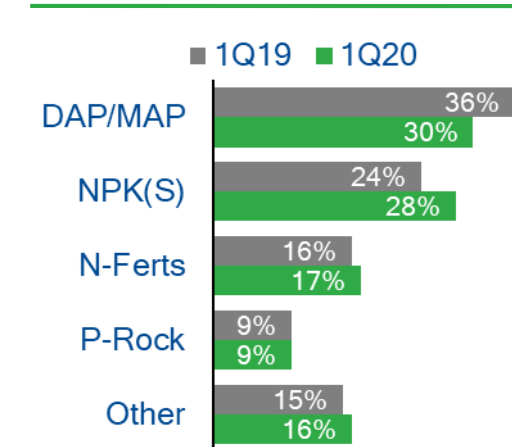
Revenue dynamics, RUB bln



Revenue by region



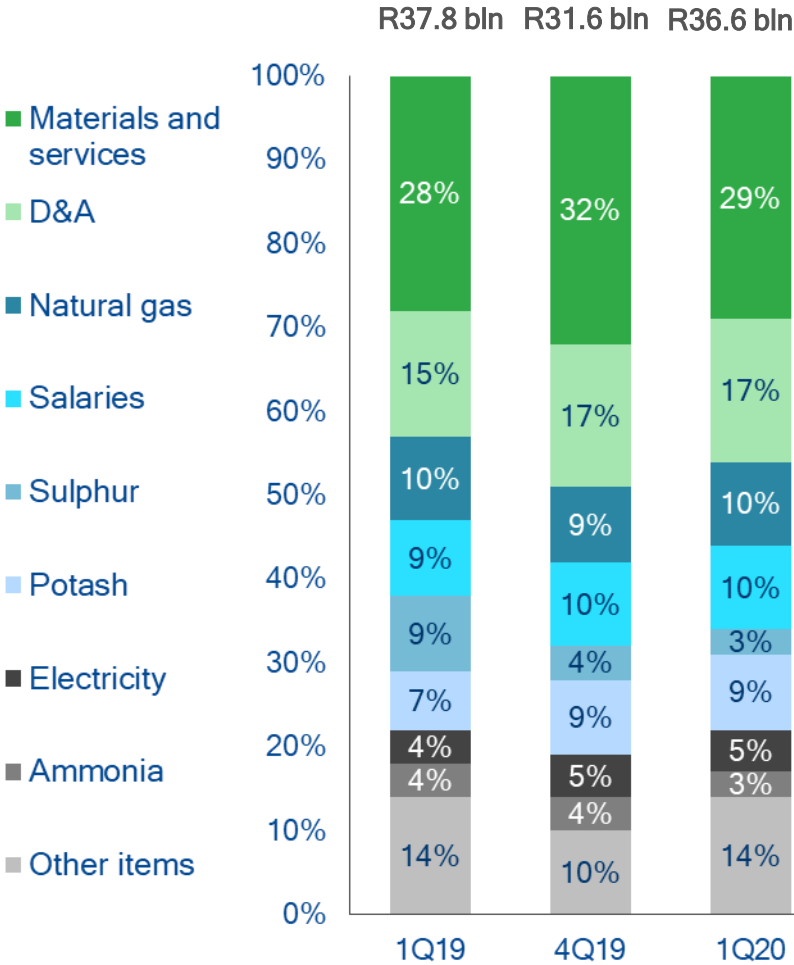
Revenue by product



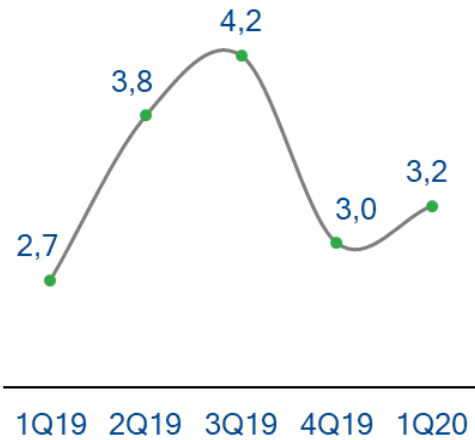
# COST ANALYSIS



Cost of goods sold structure, %



Potash, RUB bln



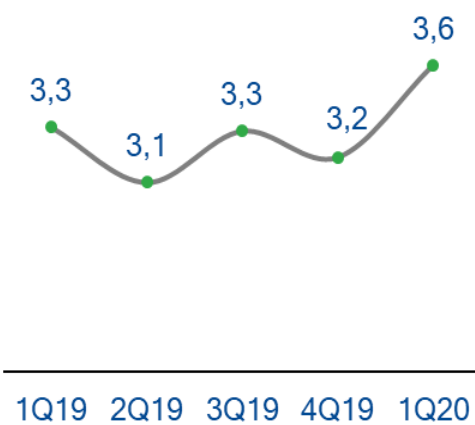
Ammonia, RUB bln



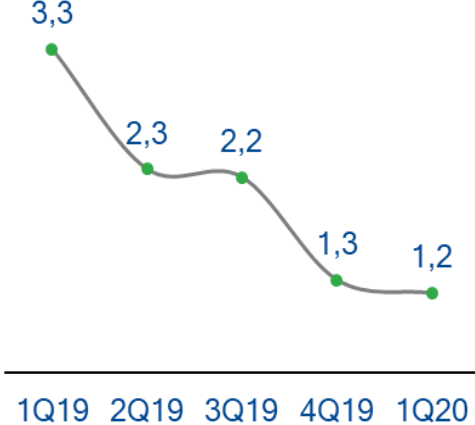
Natural gas, RUB bln



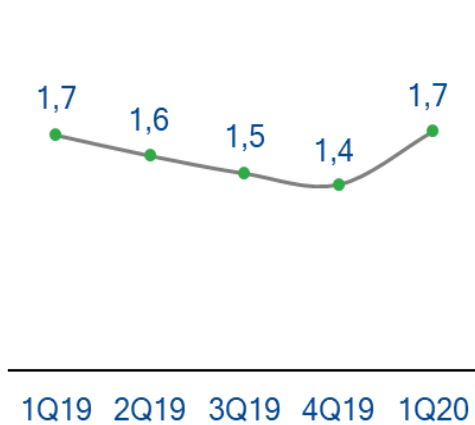
Payroll, RUB bln



Sulphur, RUB bln



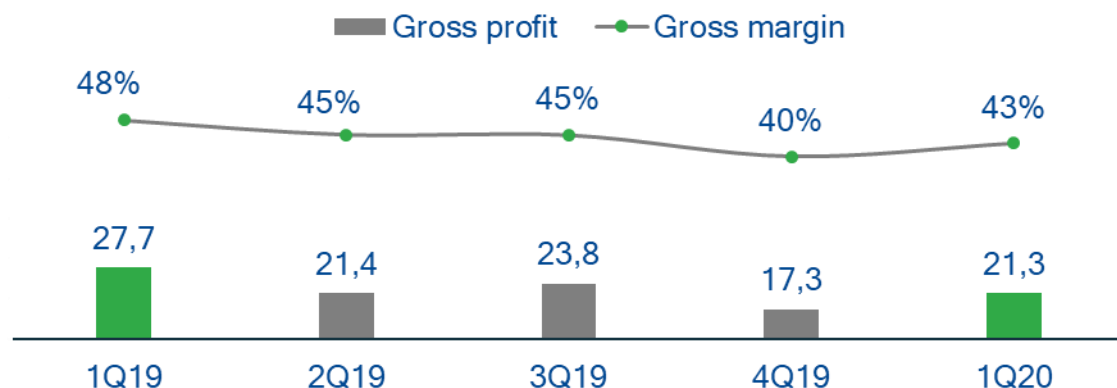
Electricity, RUB bln



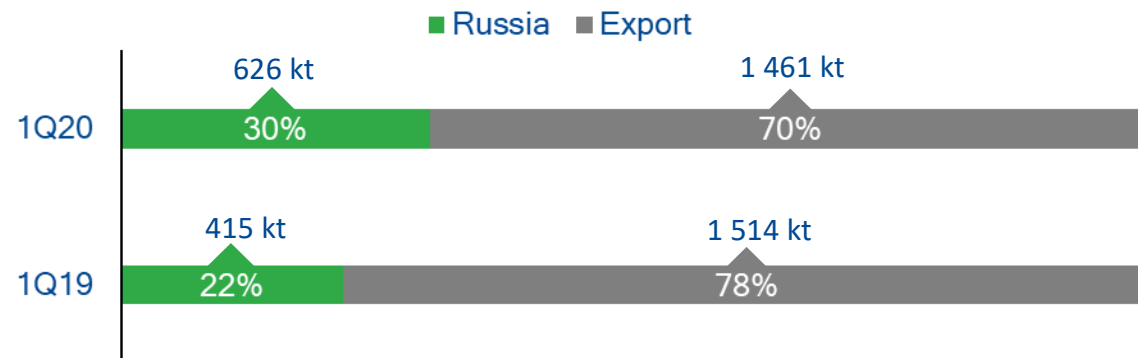
Source: PhosAgro

# SEGMENT PROFITABILITY

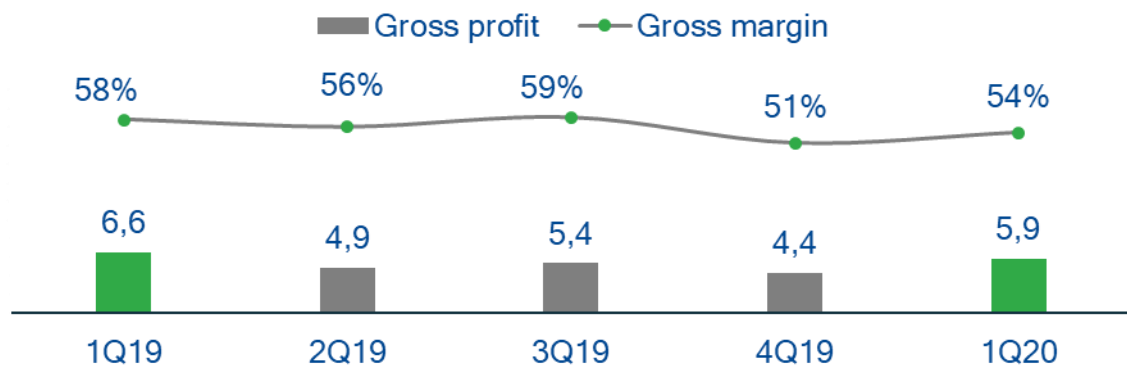
Phosphate - gross profit and margin, RUB bln



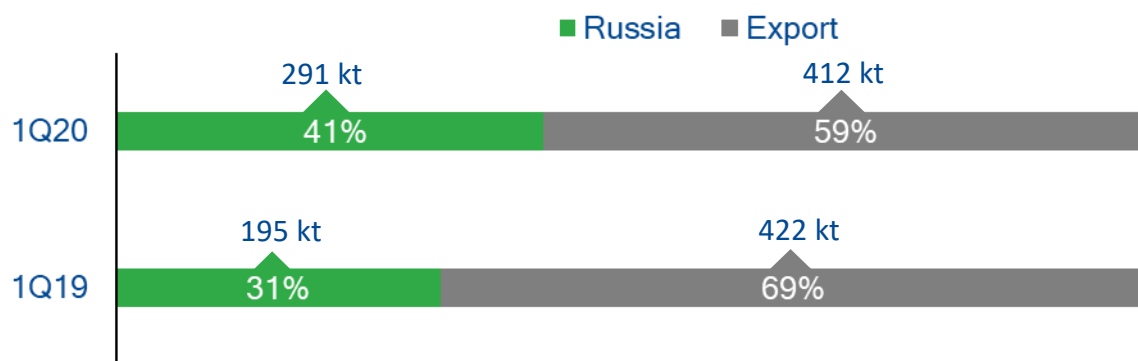
Phosphate fertilizers sales (export + domestic), kt



Nitrogen - gross profit and margin, RUB bln



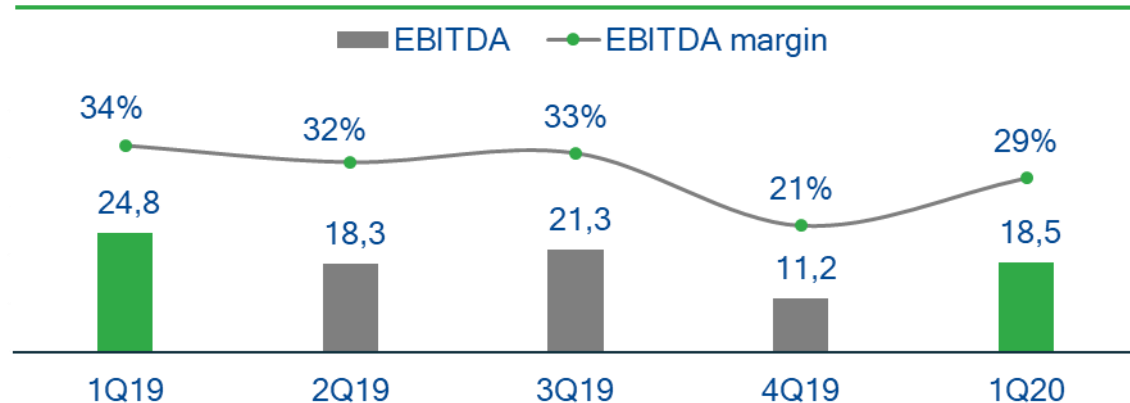
Nitrogen fertilizers sales (export + domestic), kt



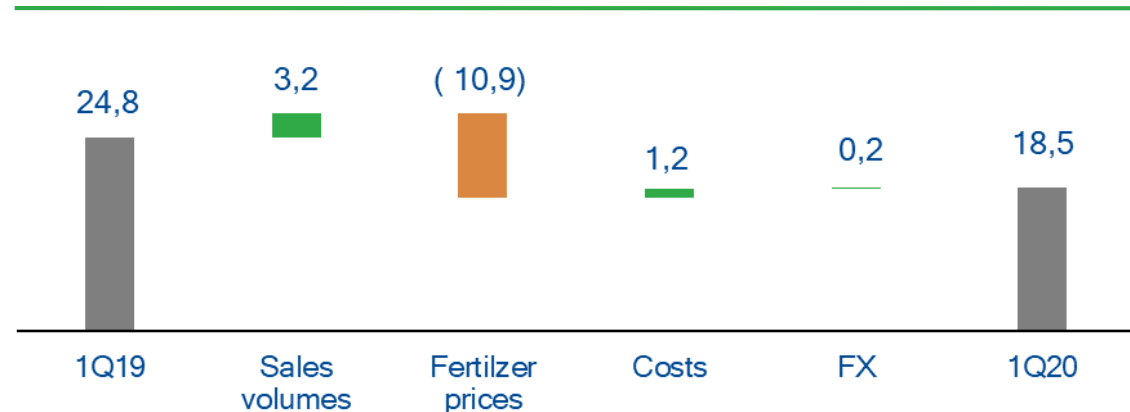
Source: PhosAgro

# EBITDA ANALYSIS

## EBITDA and EBITDA margin, RUB bln



## EBITDA bridge in 1Q20, RUB bln



## Comments

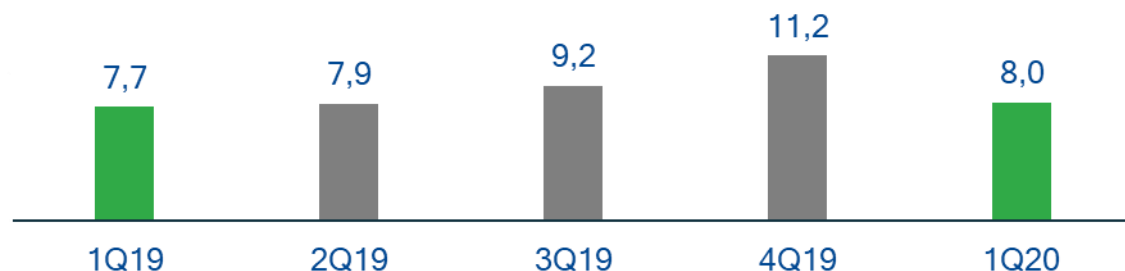
- The Company's EBITDA in 1Q 2020 decreased by 25.3% year-on-year to RUB 18.5 billion (USD 279 million).
- Main downward factor was a correction of price for phosphate-based and nitrogen-based fertilizers by 26% and 11% respectively.
- At the same time, a 9.6% increase in fertilizer sales volumes in 1Q 2020 helped to limit the impact of lower prices.
- Despite the fact that prices for phosphate-based and nitrogen-based fertilizers were lower year-on-year, EBITDA margin remained at robust 29%. The Company was able to maintain high EBITDA margin thanks to improved operational efficiency at its production sites, lower prices for key inputs, higher sales volumes and lower inventories.

# FCF ANALYSIS

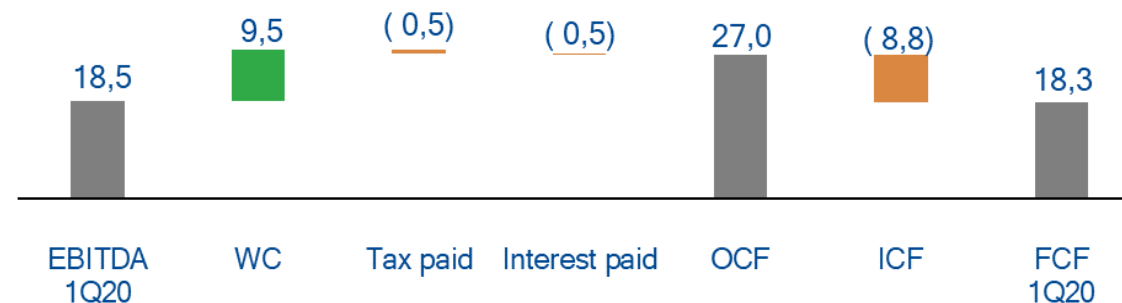
## Comments

- Free cash flow remained unchanged year-on-year, while increasing significantly versus 4Q 2019 to RUB 18.3 billion (USD 275 million). This was attributable to the significant rise in sales in the Russian market and the sale of fertilizers stockpiled during the low season. An additional factor driving this growth was the decrease in prices for the Company's main feedstocks, which reduced the cost of sales.
- Capex in 1Q 2020 amounted to RUB 8.8 billion (USD 132 million), or 47% of EBITDA for the reporting period. The Company primarily invested in the development of its resource base in Kirovsk, the construction of new and upgrades to existing sulphuric acid and phosphoric acid production facilities in Cherepovets and Balakovo, as well as the comprehensive development of the Volkhov production site.

## Capex\*, RUB bln



## 1Q20 EBITDA to FCF conversion, RUB bln



\*- Acquisition of property, plant and equipment excluding capitalized repairs

Source: PhosAgro

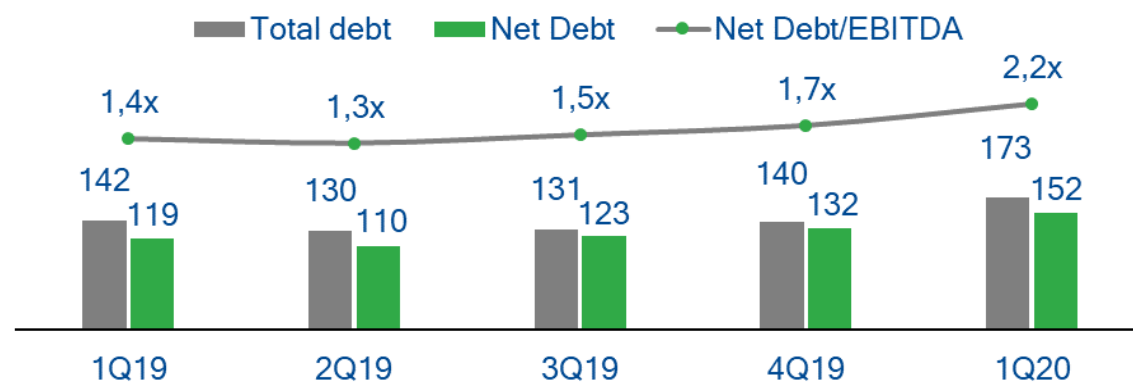


# Debt Overview

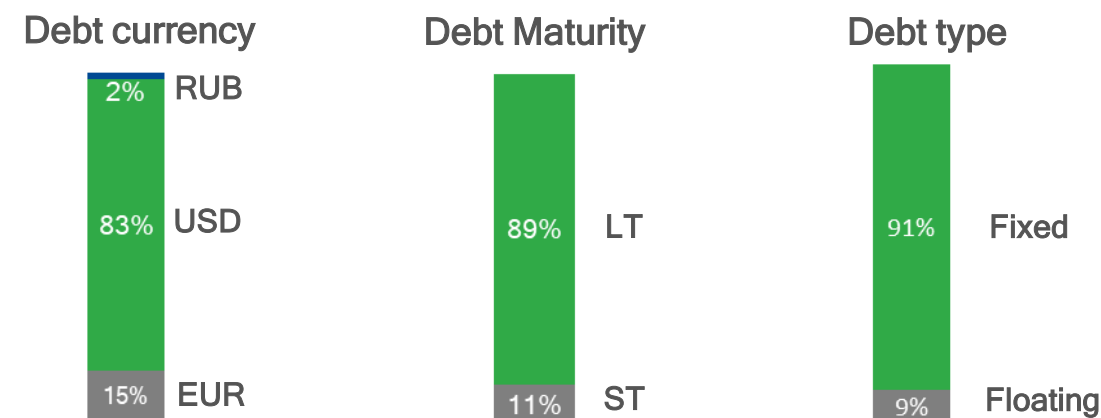
## Comments

- As of 31 March 2020, the net debt/EBITDA ratio was 2.2x. The increase during the first three months of the year was due to the devaluation of the rouble against the US dollar in March 2020, as a large part of the Company's loan portfolio is denominated in US dollars. Net debt as of 31 March 2020 amounted to RUB 152.1 billion (USD 2.0 billion).

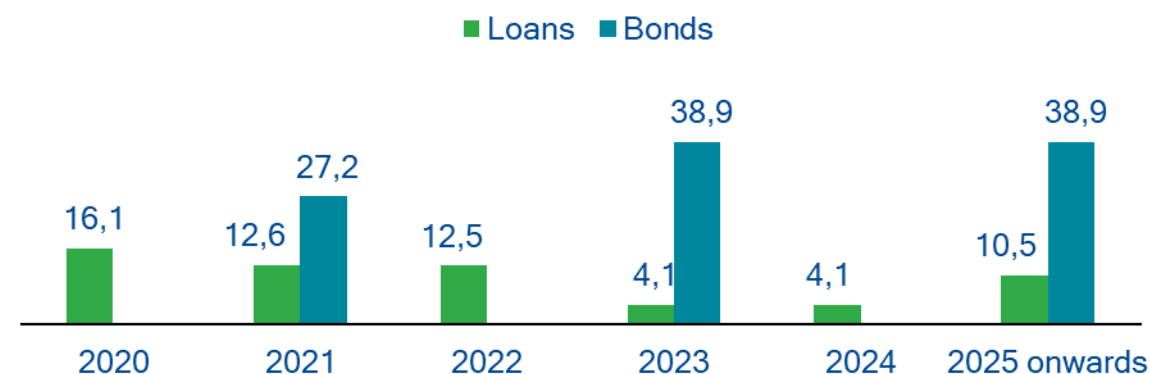
## Total debt\* and net debt/LTM EBITDA ratio, RUB bln and x



## Debt breakdown by currency as of 31 March 2020



## Maturity profile, RUB bln



Source: PhosAgro

\* Total debt includes finance lease liabilities

# MARKET OUTLOOK



- At the moment, the Company does not see significant disruptions in sales in connection with the introduction of quarantine measures, as fertilizers are classified as essential goods in many countries. However, currency fluctuations in key fertilizer sales markets, price volatility in markets for major agricultural crops and supply chain disruptions in light of ongoing complications caused by the COVID-19 situation throughout the world may continue to have a negative impact on demand and prices for mineral fertilizers.
- Since the beginning of April, downward trends have been observed in all fertilizer markets, which is attributed to the off-season period in a number of key regions, including Europe, Latin America, the United States and Russia. An additional negative factor will be the expected increase in supply from China, where production rebounded following the lifting of quarantine measures, which, combined with export support measures and low energy prices, will see more Chinese fertilizers in global markets.
- Factors that will help stabilise prices in the near future may include an increase in seasonal demand in two main fertilizer markets - India and Brazil - along with continued measures to ensure that fertilizers remain affordable relative to major agricultural products.



**Thank you!**

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