



**PhosAgro Reports 3Q and 9M 2021 Operating Results:
Fertilizer Production Continues to Increase, Reaching 7.6 Million Tonnes in 9M**

Moscow – PhosAgro (“PhosAgro” or “the Company”) (Moscow Exchange, LSE: PHOR), one of the world’s leading vertically integrated phosphate-based fertilizer producers, reports that its fertilizer production increased year-on-year in the first nine months of 2021, reaching 7.6 million tonnes.

Highlights for 3Q and 9M 2021:

In 9M 2021, production of phosphate rock and nepheline concentrate decreased by 1.5% year-on-year to 8.8 million tonnes. In 3Q 2021, production of phosphate rock and nepheline concentrate amounted to about 3.0 million tonnes.

Fertilizer output for 9M 2021 increased by 0.2% to 7.6 million tonnes due to an increase in the production of DAP/MAP and NPK fertilizers. In 3Q 2021, fertilizer production remained essentially unchanged at 2.5 million tonnes.

Total fertilizer sales for 9M 2021 amounted to about 7.8 million tonnes. One of the factors driving the slight year-on-year decrease was the restrained seasonal demand in India as a result of a late decision on subsidies and the relatively low level of the subsidies.

Sales of nitrogen-based fertilizers in 9M 2021 increased by almost 8%, primarily on the back of high demand in global markets combined with a decrease in production of nitrogen-based fertilizers in Europe.

Production and sales volumes:

Production volumes by category						
(kt)	9M 2021	9M 2020	Chng, %	3Q 2021	3Q 2020	Chng, %
Phosphate-based & MCP	5,779.8	5,748.2	0.5%	1,954.3	1,940.5	0.7%
Nitrogen-based fertilizers	1,770.6	1,788.9	-1.0%	539.0	573.7	-6.0%
TOTAL fertilizers	7,550.4	7,537.1	0.2%	2,493.3	2,514.2	-0.8%
Phosphate rock and nepheline concentrate	8,774.2	8,907.9	-1.5%	2,954.8	2,976.6	-0.7%
Other products	128.4	141.4	-9.2%	43.0	48.8	-11.9%
Sales volumes by category						
(kt)	9M 2021	9M 2020	Chng, %	3Q 2021	3Q 2020	Chng, %
Phosphate-based & MCP	5,858.7	6,123.7	-4.3%	2,115.1	2,246.9	-5.9%
Nitrogen-based fertilizers	1,927.8	1,786.2	7.9%	515.4	477.3	8.0%
TOTAL fertilizers	7,786.5	7,909.9	-1.6%	2,630.5	2,724.2	-3.4%
Phosphate rock and nepheline concentrate	2,904.0	3,280.9	-11.5%	952.7	1,121.2	-15.0%
Other products	128.5	139.5	-7.9%	40.6	48.8	-16.8%

PhosAgro CEO Andrey Guryev said:

“To begin with, I would like to mention an important milestone for us: PhosAgro turns 20 years old in October. The Company has undergone a profound transformation since it was founded. Our commitment to continue upgrading our production facilities using the best available technologies enabled us to strengthen our market position as the largest supplier of fertilizers to Russian farmers and a global leader in terms of cash cost of production.

“In the third quarter, we once again demonstrated strong operating performance. This was largely the result of our ongoing investment programme, which is aimed at increasing production capacity and improving efficiency. Among the factors that supported our operating performance during the quarter, I would highlight strong seasonal demand in Russia and Latin American markets, high demand for key crops, as well as the low stocks of mineral fertilizers in our main sales markets.

“We have increased the production of phosphate-based fertilizers since the beginning of the year thanks to upgrades to our phosphoric acid production lines. Our production of the main grades of DAP/MAP and NPK fertilizers in 9M rose by 9% and 7%, respectively.

“Total mineral fertilizer sales exceeded production volumes in both 3Q and 9M 2021 owing to a decrease in stocks accumulated during the low season. This fact once again confirms the high level of demand we are seeing in our key markets.

“On a separate point, I would note the considerable increase in sales of nitrogen-based fertilizers in the third quarter, which was due to both their affordability for customers and the situation in the energy market. There was a slight decrease in sales of phosphate-based fertilizers in the same period due to deferred demand in India associated with a late decision on subsidies. This decrease will be completely offset in financial terms, however, thanks to the increase in global prices.

“At the moment, we see that, despite the approaching end of the high-demand season, fertilizer prices are continuing to recover in global markets. This trend is associated with an increase in natural gas prices in Europe and Asia, which has resulted in a localised decrease in the production of nitrogen-based fertilizers. The limitation on exports of phosphate-based fertilizers from China in favour of domestic supplies will also support price trends through the end of the year.”

Production volumes by type:

Production volumes by category						
(kt)	9M 2021	9M 2020	Chng, %	3Q 2021	3Q 2020	Chng, %
Phosphate rock	7,931.1	8,037.4	-1.3%	2,674.1	2,683.2	-0.3%
Nepheline concentrate	843.1	870.5	-3.1%	280.7	293.4	-4.3%
TOTAL	8,774.2	8,907.9	-1.5%	2,954.8	2,976.6	-0.7%
Phosphate-based fertilizers						
DAP/MAP	2,597.8	2,388.5	8.8%	942.8	771.3	22.2%
NPK	2,268.8	2,123.3	6.9%	724.7	736.7	-1.6%
NPS	462.4	746.2	-38.0%	148.3	302.2	-50.9%
APP	152.9	157.0	-2.6%	53.6	40.2	33.3%
MCP	287.1	289.2	-0.7%	84.9	87.0	-2.4%
PKS	10.8	44.0	-75.5%	0.0	3.1	-100.0%
TOTAL	5,779.8	5,748.2	0.5%	1,954.3	1,940.5	0.7%

Nitrogen-based fertilizers						
AN	504.1	505.7	-0.3%	145.6	142.9	1.9%
Urea	1,220.7	1,263.5	-3.4%	383.5	419.9	-8.7%
Ammonium sulphate	45.8	19.7	132.5%	9.9	10.9	-9.2%
TOTAL	1,770.6	1,788.9	-1.0%	539.0	573.7	-6.0%
TOTAL fertilizers	7,550.4	7,537.1	0.2%	2,493.3	2,514.2	-0.8%
Other products						
STPP	67.1	74.7	-10.2%	25.5	27.3	-6.6%
Other	61.3	66.7	-8.1%	17.5	21.5	-18.6%
TOTAL other products	128.4	141.4	-9.2%	43.0	48.8	-11.9%
Feedstocks						
Ammonia	1,412.8	1,509.5	-6.4%	456.2	496.9	-8.2%
Phosphoric acid	2,167.0	2,073.4	4.5%	746.9	692.8	7.8%
Sulphuric acid	5,397.4	5,136.9	5.1%	1,843.4	1,742.9	5.8%
Ammonium sulphate	175.7	214.5	-18.1%	73.1	71.5	2.2%
TOTAL feedstocks	9,152.9	8,934.3	2.4%	3,119.6	3,004.1	3.8%

The production of phosphoric acid, the main feedstock in the production of phosphate-based fertilizers, increased by 7.8% year-on-year in 3Q 2021 to 0.75 million tonnes. The increase was made possible thanks to upgrades to production units and efficiency improvements.

The increase in the production of phosphoric acid enabled the Company to increase production of phosphate-based fertilizers by 0.7% year-on-year in 3Q 2021. At the same time, production of DAP/MAP increased by 22.2% year-on-year over the same period, reaching almost 950 thousand tonnes. The faster growth in terms of DAP/MAP production was due to the higher margins for highly concentrated fertilizers under current market conditions.

In 9M 2021, production of phosphate-based fertilizers increased by 0.5% year-on-year, driven mainly by an 8.8% increase in DAP/MAP production and a 6.9% increase in the production of NPK.

In 3Q 2021, sulphuric acid production increased by 5.8% year-on-year to 1.8 million tonnes. The reason for this considerable increase was that the new sulphuric acid production unit in Cherepovets reached full capacity in early 2021. With an annual nameplate capacity of 1,100 thousand tonnes, the new production line will increase the Company's self-sufficiency in sulphuric acid to above 90%.

In 9M and 3Q 2021, production in the nitrogen segment decreased by 1.0% and 6.2% year-on-year, respectively, due to scheduled maintenance on the ammonia production facilities in August–September 2021.

Sales volumes by type:

Sales volumes by category						
(kt)	9M 2021	9M 2020	Chng, %	3Q 2021	3Q 2020	Chng, %
Phosphate rock	2,065.0	2,409.6	-14.3%	679.0	828.0	-18.0%
Nepheline concentrate	839.0	871.3	-3.7%	273.7	293.2	-6.7%
TOTAL	2,904.0	3,280.9	-11.5%	952.7	1,121.2	-15.0%
Phosphate-based fertilizers						
DAP/MAP	2,606.7	2,667.9	-2.3%	914.0	922.3	-0.9%
NPK	2,310.9	2,244.0	3.0%	892.7	886.7	0.7%
NPS	491.2	719.5	-31.7%	182.0	299.8	-39.3%
APP	149.8	148.1	1.1%	45.6	38.3	19.1%

MCP	291.6	294.7	-1.1%	79.8	95.2	-16.2%
PKS	8.5	49.5	-82.8%	1.0	4.7	-78.7%
TOTAL	5,858.7	6,123.7	-4.3%	2,115.1	2,247.0	-5.9%
Nitrogen-based fertilizers						
AN	629.4	467.8	34.5%	191.7	73.4	161.2%
Urea	1,253.5	1,308.0	-4.2%	318.8	396.1	-19.5%
Ammonium sulphate	44.9	10.4	331.7%	4.9	7.8	-37.2%
TOTAL	1,927.8	1,786.2	7.9%	515.4	477.3	8.0%
TOTAL fertilizers	7,786.5	7,909.9	-1.6%	2,630.5	2,724.3	-3.4%
Other products						
STPP	67.3	70.9	-5.1%	23.1	26.4	-12.5%
Other	61.2	68.6	-10.8%	17.5	22.4	-21.9%
TOTAL feedstocks	128.5	139.5	-7.9%	40.6	48.8	-16.8%

Fertilizer sales in 9M and 3Q 2021 amounted to 7.8 million tonnes and 2.6 million tonnes, respectively, down slightly year-on-year. The decreases were associated both with the restrained seasonal demand in India as a result of a late decision on subsidies and the relatively low level of the subsidies, and with the high base effect from the previous period, when sales of phosphate-based fertilizers increased amid production restrictions in India and China due to the COVID-19 pandemic.

Growth was driven mainly by sales in the nitrogen segment in 9M and 3Q 2021, which were up 8.0% year-on-year. Ammonium nitrate sales were the main driver of this growth, due to both high seasonal demand and the affordability of fertilizers for end users.

Sales of phosphate-based fertilizers in 3Q 2021 amounted to 2.1 million tonnes. The 5.9% year-on-year decrease was due to the high base of the previous period, when the reduction in fertilizer production in China and India enabled the Company to ramp up sales in Asia. At the same time, the volume of fertilizer sales in 3Q 2021 remained at a normal level for this period due to their excellent affordability for end users at a time of rapidly rising prices for basic agricultural crops.

Market highlights

The upward price trend in mineral fertilizer markets persisted in 3Q 2021 as a result of a combination of the following factors:

- the ongoing favourable situation in markets for agricultural products, where prices reached record highs for the past 8–10 years;
- peak seasonal demand in key markets in Latin America and urea tenders in India;
- further price increases in ammonia and potash markets owing to unscheduled work stoppages at key producers;
- reduced production of phosphate- and nitrogen-based fertilizers in the United States due to adverse weather conditions (a hurricane in the Gulf of Mexico at the end of August).

At the beginning of 4Q 2021, fertilizer markets are seeing further escalation in prices, driven by a growing energy crisis, the unprecedented rise in natural gas prices in Europe and Asia, and the subsequent reduction in fertilizer production. Fertilizer prices will also be supported by restrictions on exports from China in favour of domestic supplies.

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About us

PhosAgro (www.phosagro.com) is one of the world's leading vertically integrated phosphate-based fertilizer producers in terms of production volumes of phosphate-based fertilizers and high-grade phosphate rock with a P₂O₅ content of 39% and higher. PhosAgro's environmentally friendly fertilizers stand out for their high efficiency, and they do not lead to the contamination of soils with heavy metals.

The Company is the largest phosphate-based fertilizer producer in Europe (by total combined capacity for DAP/MAP/NP/NPK/NPS), the largest producer of high-grade phosphate rock with a P₂O₅ content of 39%, a top-three producer of MAP/DAP globally, one of the leading producers of feed phosphates (MCP) in Europe, and the only producer in Russia, and Russia's only producer of nepheline concentrate (according to the RAFP).

PhosAgro's main products include phosphate rock, more than 50 grades of fertilizers, feed phosphates, ammonia, and sodium tripolyphosphate, which are used by customers in over 100 countries spanning all of the world's inhabited continents. The Company's priority markets outside of Russia and the CIS are Latin America, Europe and Asia.

PhosAgro's shares are traded on the Moscow Exchange, and global depositary receipts (GDRs) for shares trade on the London Stock Exchange (under the ticker PHOR). Since 1 June 2016, the Company's GDRs have been included in the MSCI Russia and MSCI Emerging Markets indexes.