

# **4Q & FY2019 IFRS RESULTS**

21.02.2020



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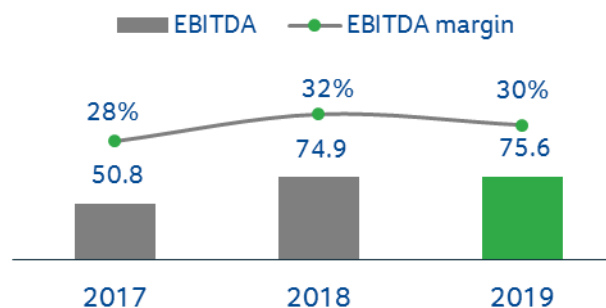
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# 4Q & FY2019 HIGHLIGHTS

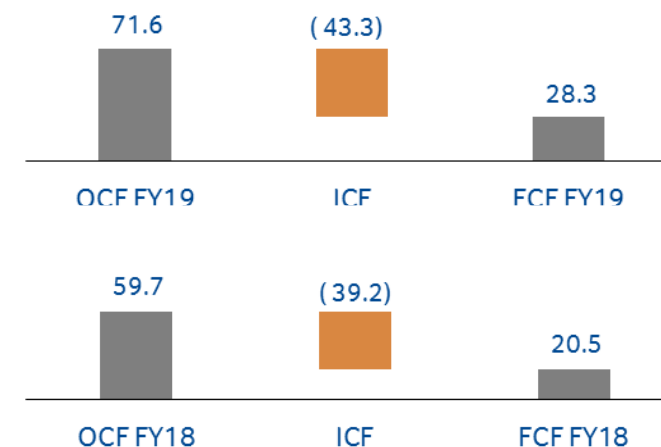


- EBITDA for FY 2019 increased by 0.9% to RUB 75.6 billion (USD 1.2 billion), while the EBITDA margin remained at a robust 30.5%. EBITDA for 4Q 2019 decreased by 39.7% year-on-year to RUB 11.2 billion (USD 176 million).
- Free cash flow for FY 2019 increased by 37.8% year-on-year to RUB 28.3 billion (USD 437 million), driven by a 7.0% year-on-year increase in sales volumes and more efficient management of working capital. Free cash flow in 4Q 2019 was negative, in line with the seasonal nature of the business.
- The net debt/EBITDA ratio improved to 1.7x as of year end (compared with 1.8x as of 31 December 2018), reflecting positive EBITDA performance and the appreciation of the rouble against the US dollar during the year. Net debt as of 31 December 2019 stood at RUB 131.6 billion (USD 2.1 billion).
- BoD recommended AGM to approve dividends payment for 4Q19: RUB 6.0 per GDR, which equals to 92% of adj. Net Income for the same period

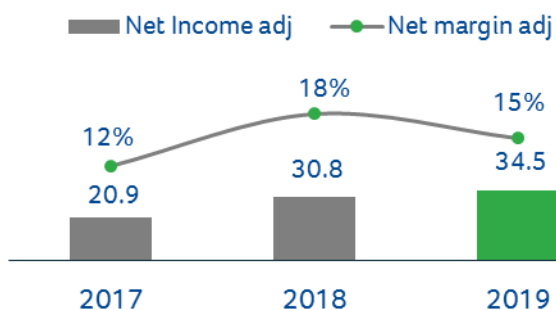
## EBITDA and EBITDA margin, RUB bln



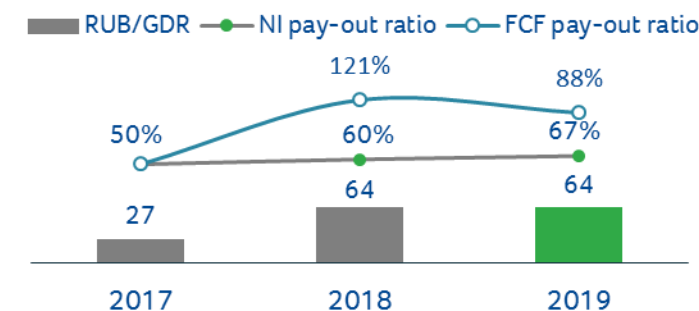
## FCF bridge, RUB bln



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



## Dividend payout based on adj. NI



FINANCIAL HIGHLIGHTS						
RUB million or %	4Q 2019	4Q 2018	Chng, %	12M 2019	12M 2018	Chng, %
Revenue	53 142	59 551	-11%	248 125	233 312	6%
EBITDA**	11 186	18 556	-40%	75 582	74 908	1%
EBITDA margin	21%	31%		30%	32%	
Net income	6 701	4 504	47%	49 408	22 135	123%
Net income adj*	2 528	10 904	-77%	37 062	41 748	-11%
FCF	-4 292	-1 551	-	28 272	20 510	38%
	<b>31.12.2019</b>	<b>31.12.2018</b>				
Net debt	131 583	135 330				
ND/LTM EBITDA	1.7x	1.8x				

Source: PhosAgro

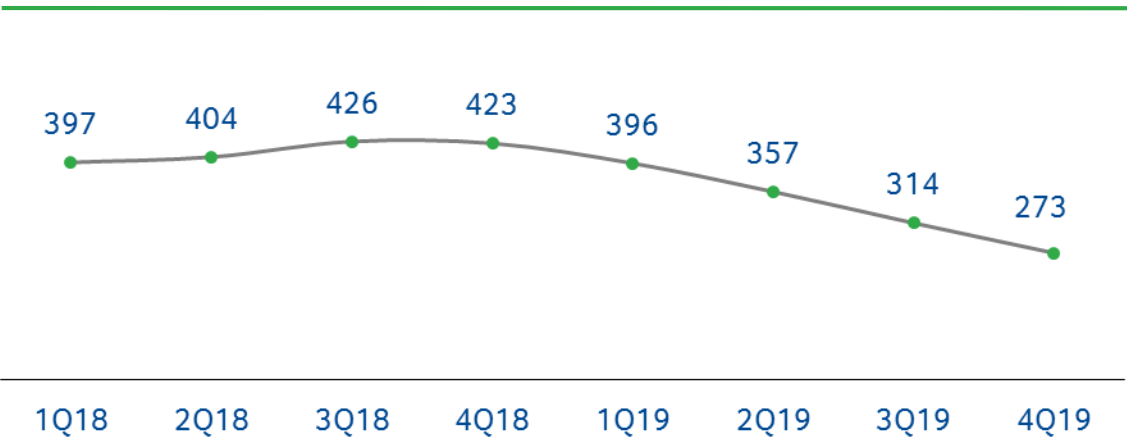
## MARKET OVERVIEW



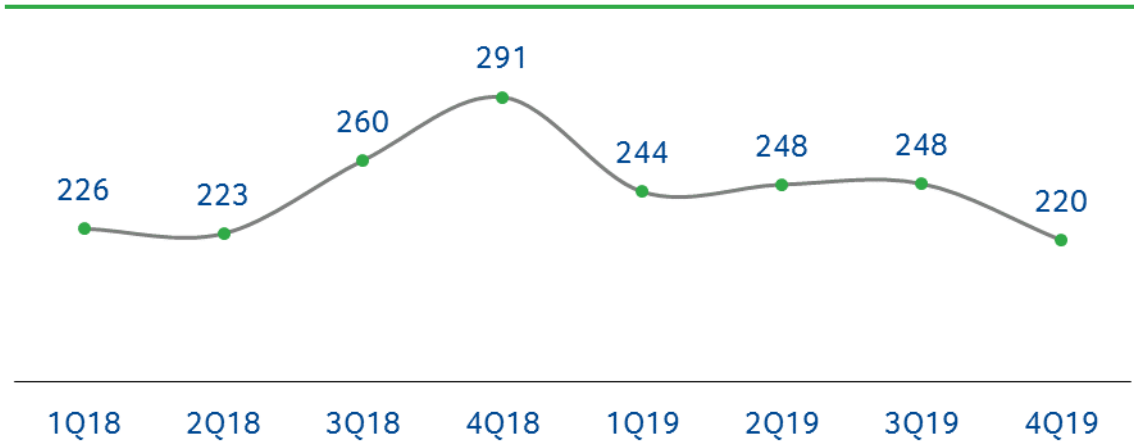
# FERTILIZER PRICE PERFORMANCE



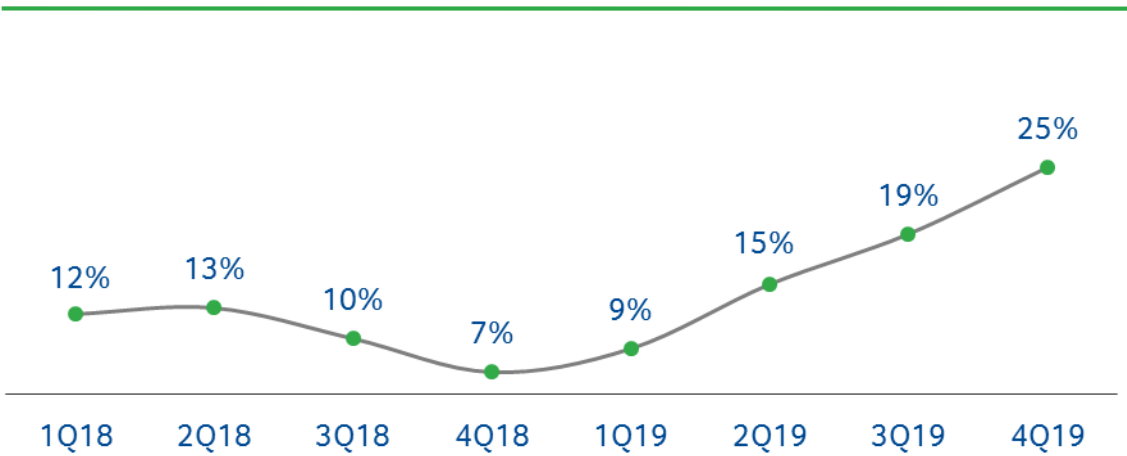
MAP FOB Baltic price performance, USD/t



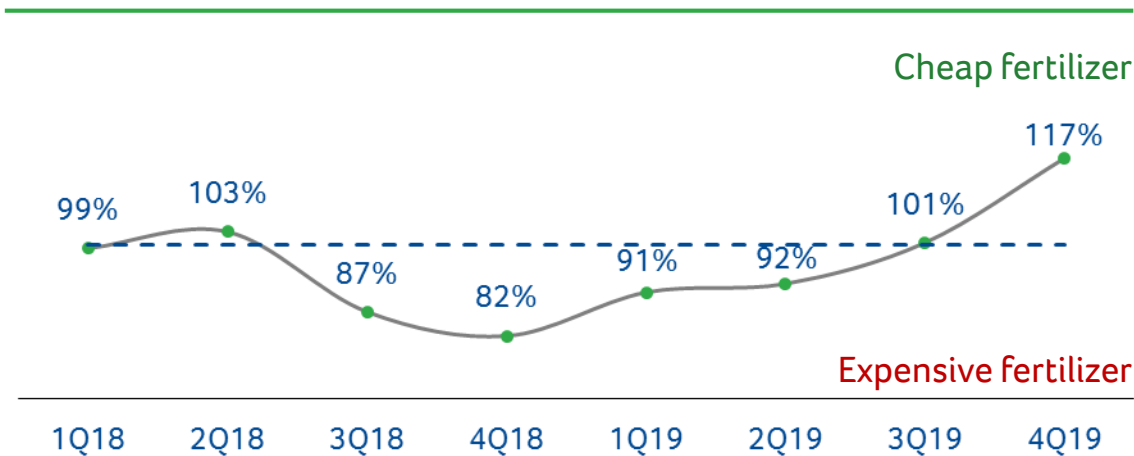
Prilled urea FOB Baltic price performance, USD/t



NPK price premium to nutrients, %



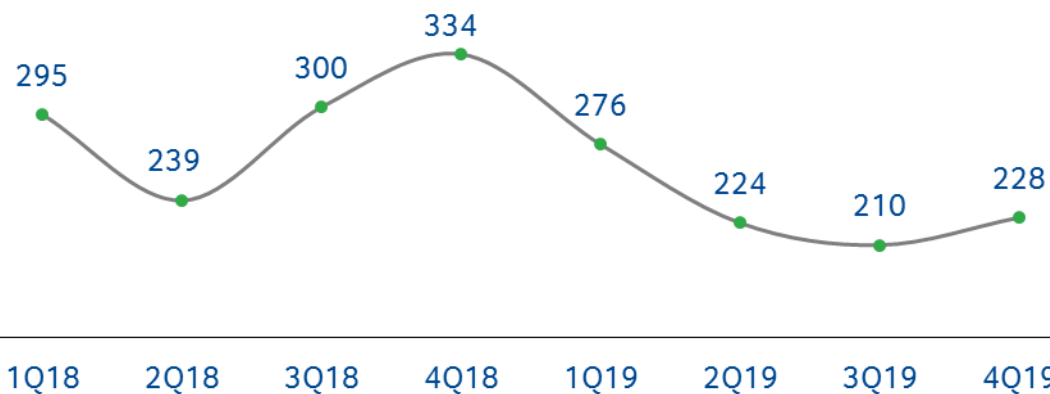
NPK basket vs. soft commodities, week 1 2011 = 0



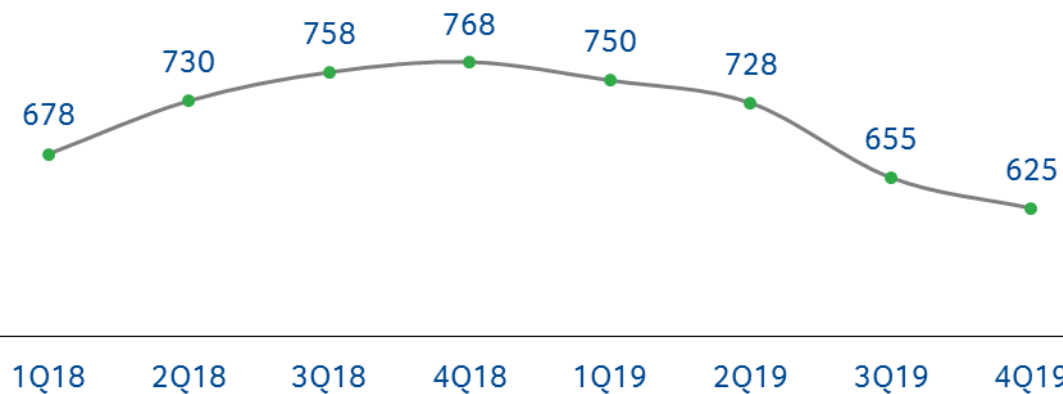
Source: CRU, PhosAgro

# FEEDSTOCK PRICES

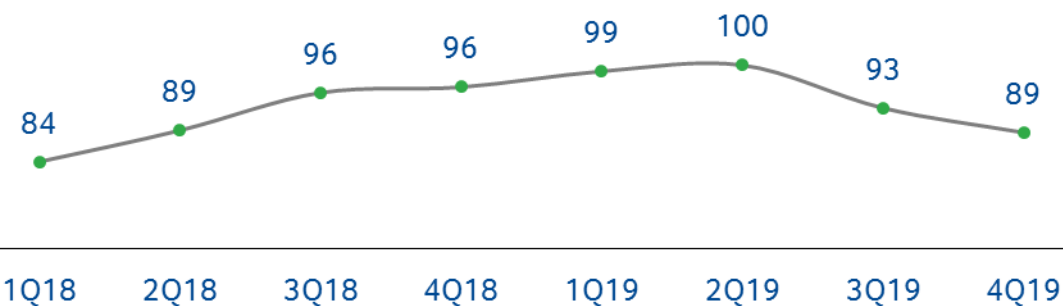
Ammonia FOB Baltics price, USD/t



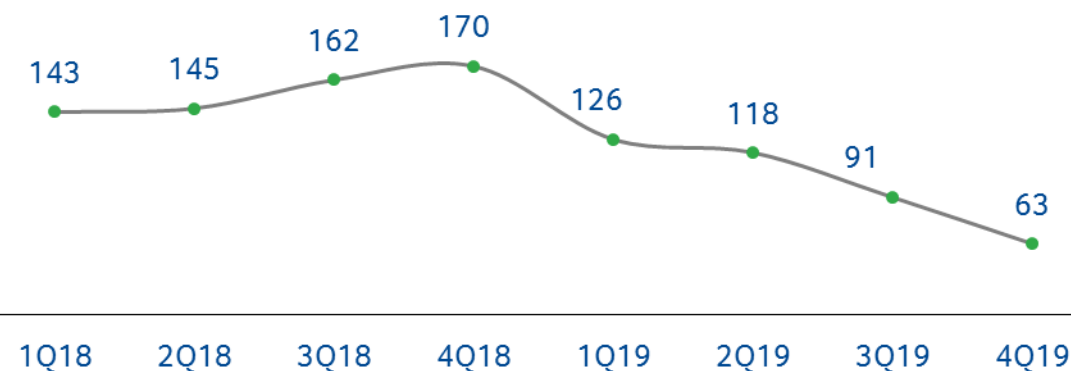
Phosphoric acid CFR India contract price, USD/t



Phosphate rock FOB Morocco prices, USD/t



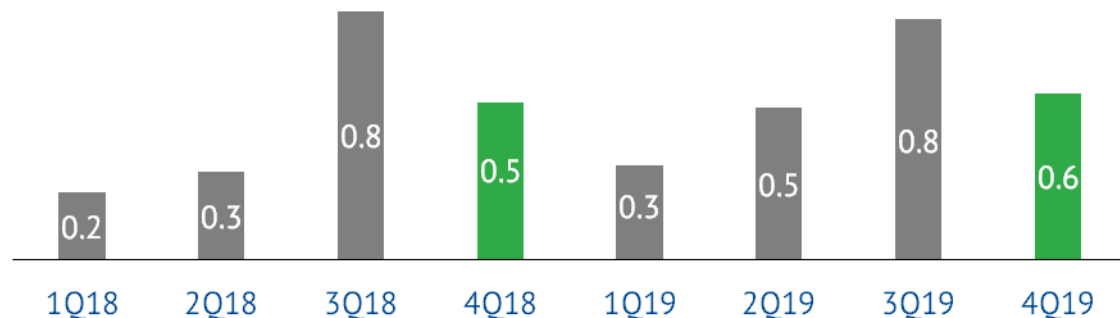
Sulphur CFR China prices, USD/t



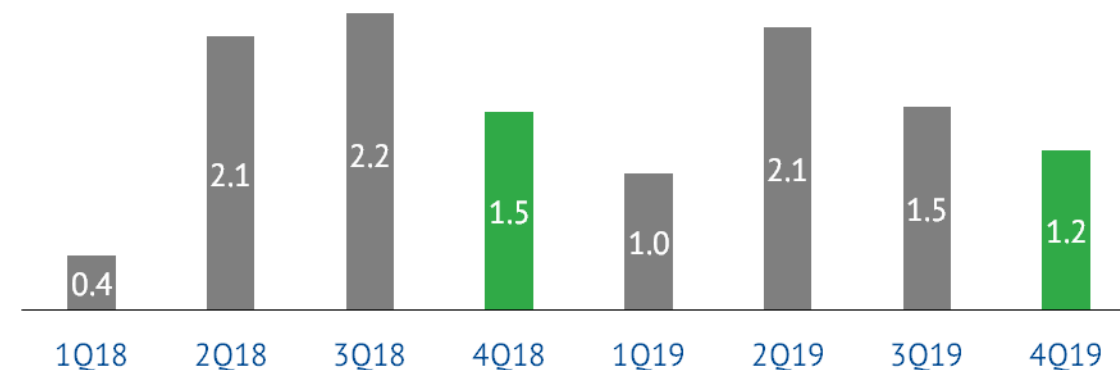
Source: CRU, PhosAgro

# GLOBAL TRENDS

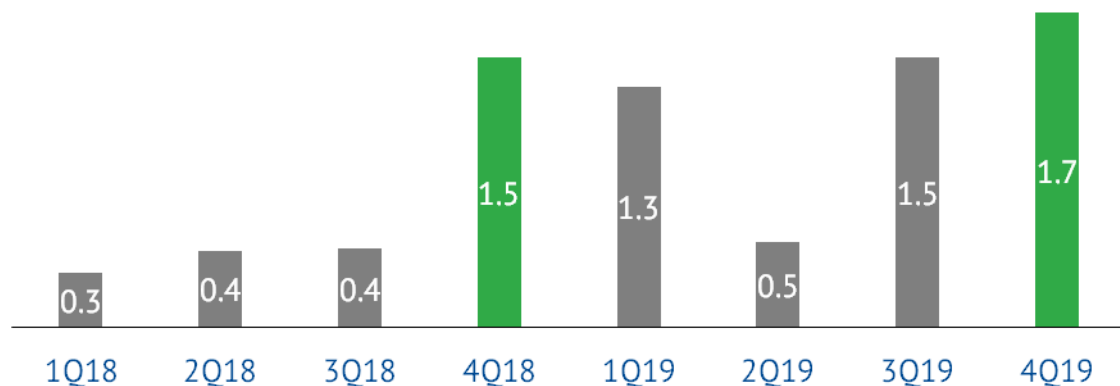
MAP/NP import to Brazil, mln t P2O5



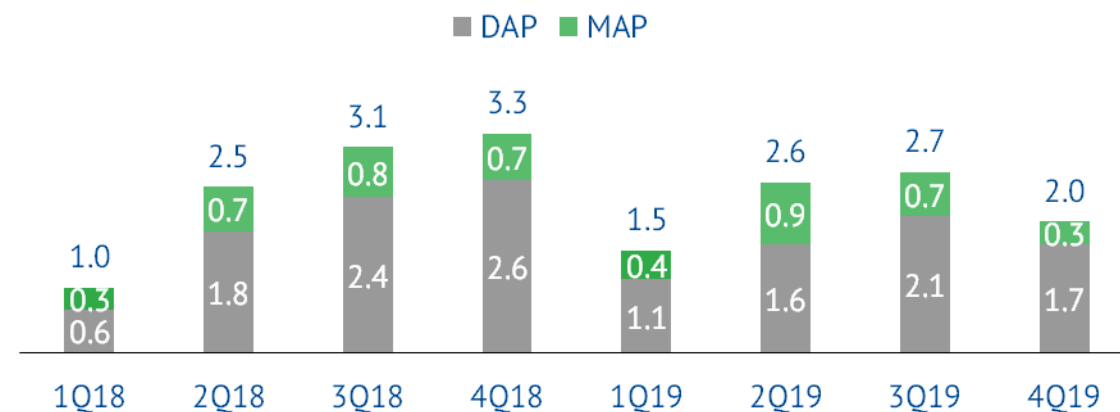
DAP import to India, mln t DAP



Urea export from China, mln t



DAP/MAP export from China, mln t DAP



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

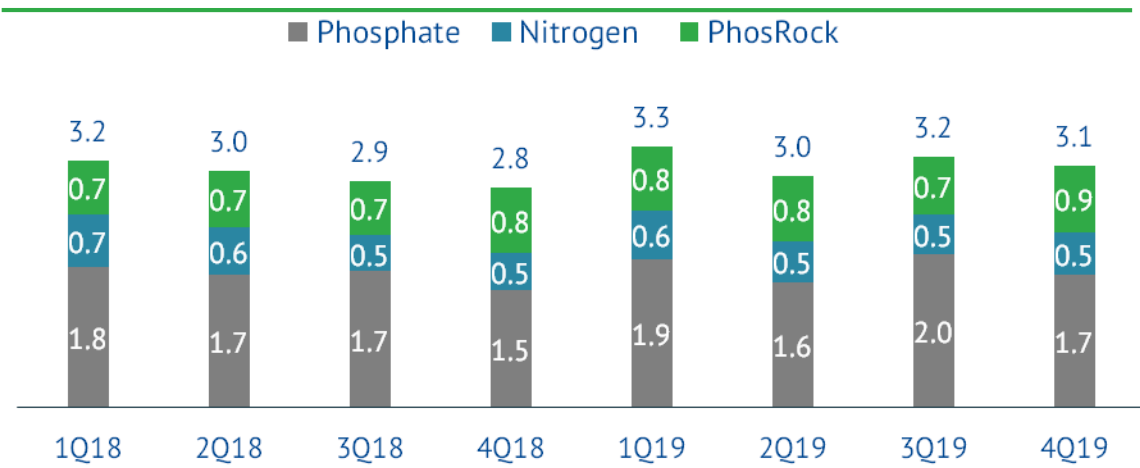
# FINANCIAL REVIEW



# REVENUE BREAKDOWN



Sales breakdown, mln tonnes



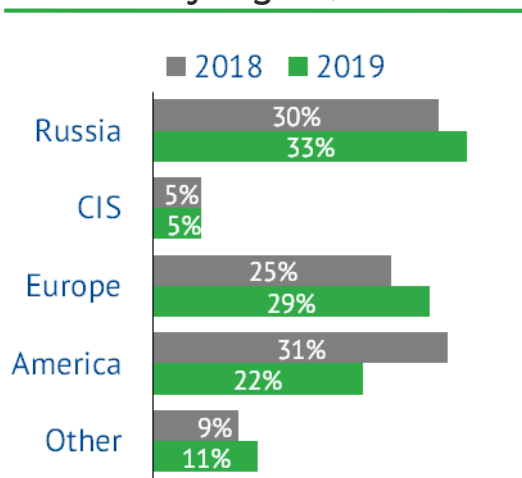
Revenue dynamics, RUB bln



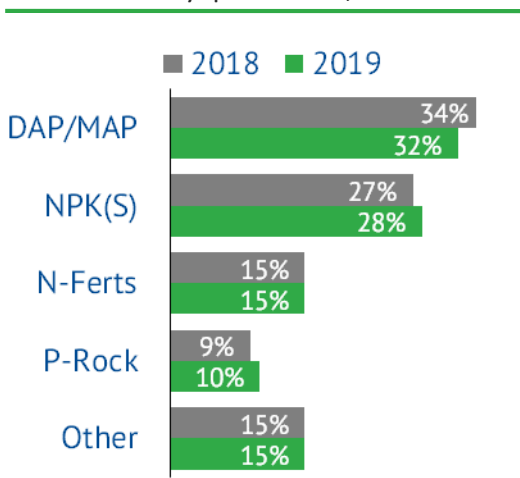
FX rates, RUB/USD



Revenue by region, %



Revenue by product, %

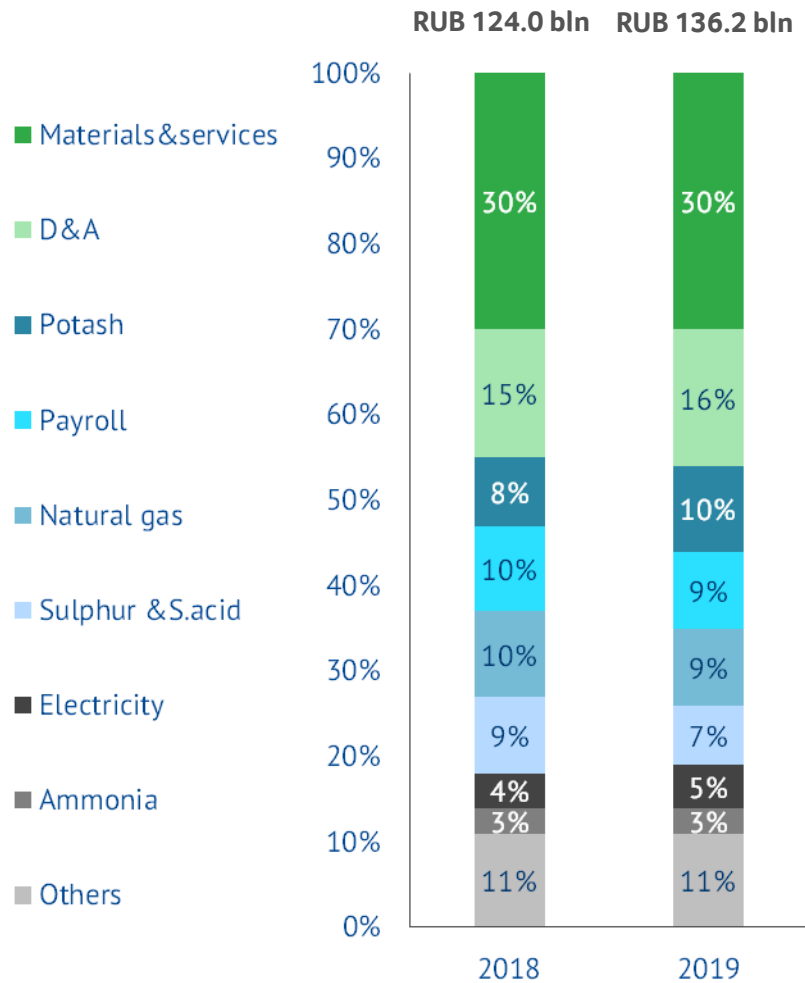


Source: PhosAgro

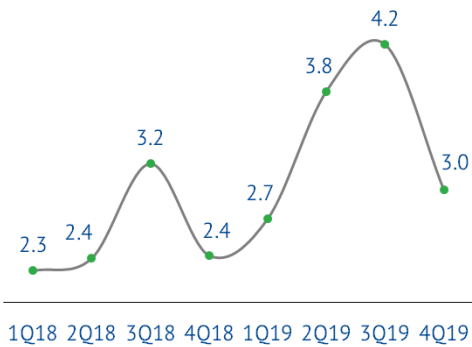
# COST ANALYSIS



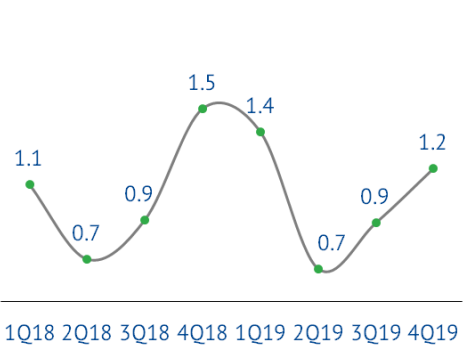
Cost of goods sold structure, %



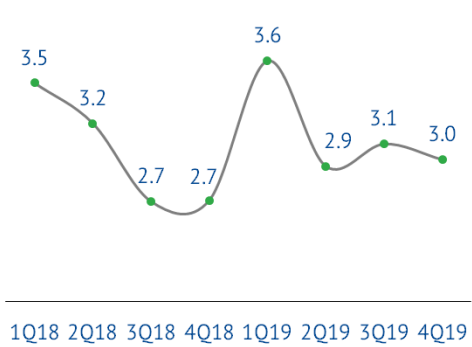
Potash, RUB bln



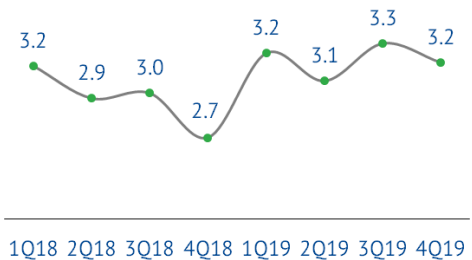
Ammonia, RUB bln



Natural gas, RUB bln



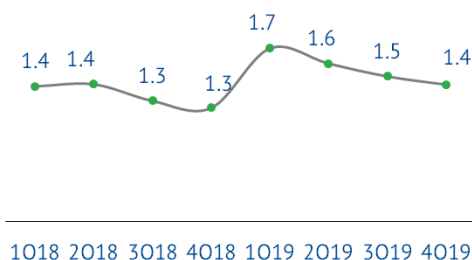
Payroll, RUB bln



Sulphur, RUB bln



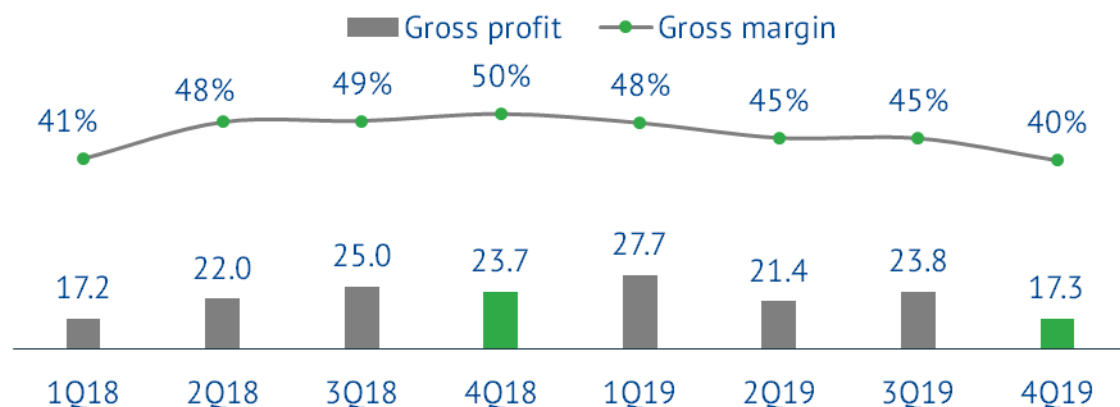
Electricity, RUB bln



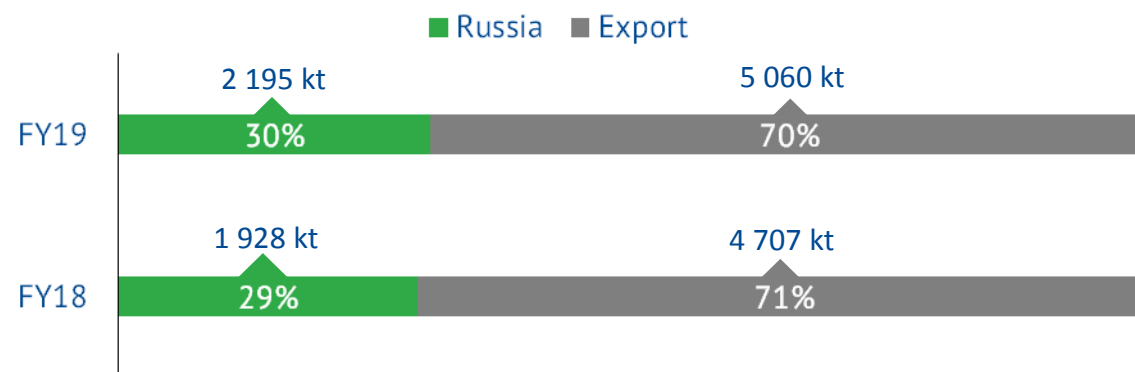
Source: PhosAgro

# SEGMENT PROFITABILITY

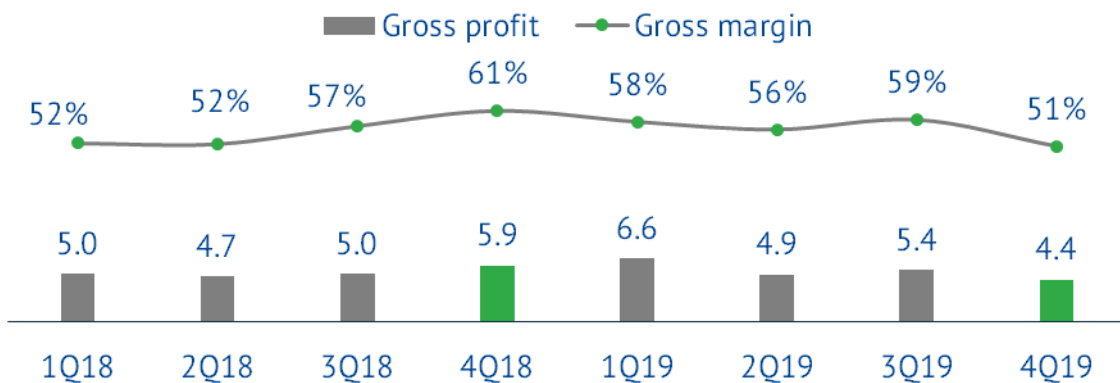
## Phosphate - gross profit and margin, RUB bln



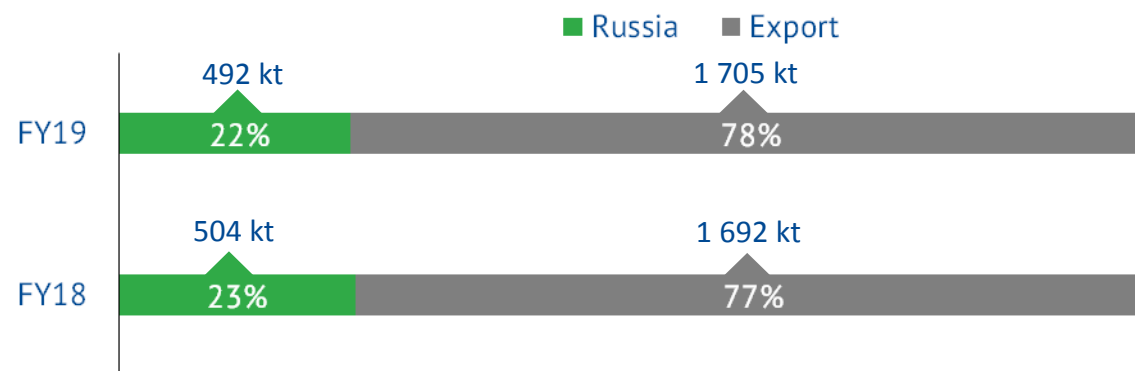
## Phosphate fertilizer sales (export + domestic), kt



## Nitrogen - gross profit and margin, RUB bln

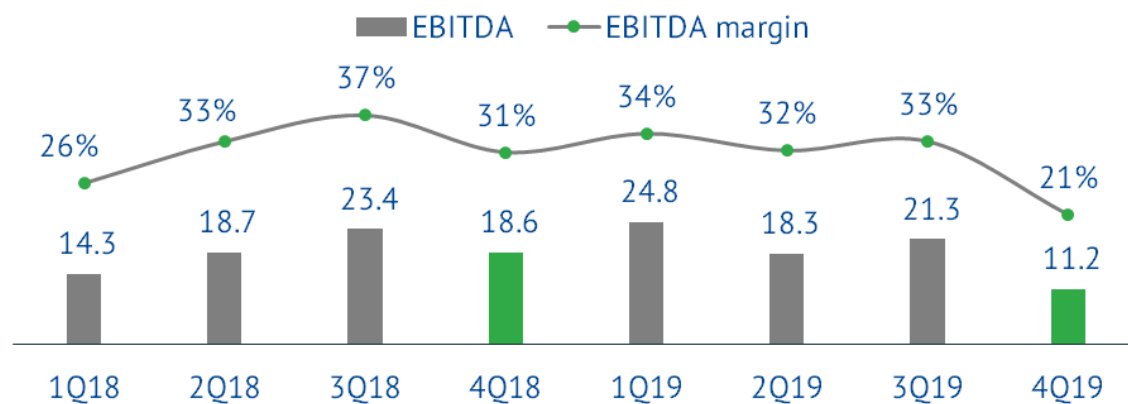


## Nitrogen sales (export + domestic), kt



# EBITDA ANALYSIS

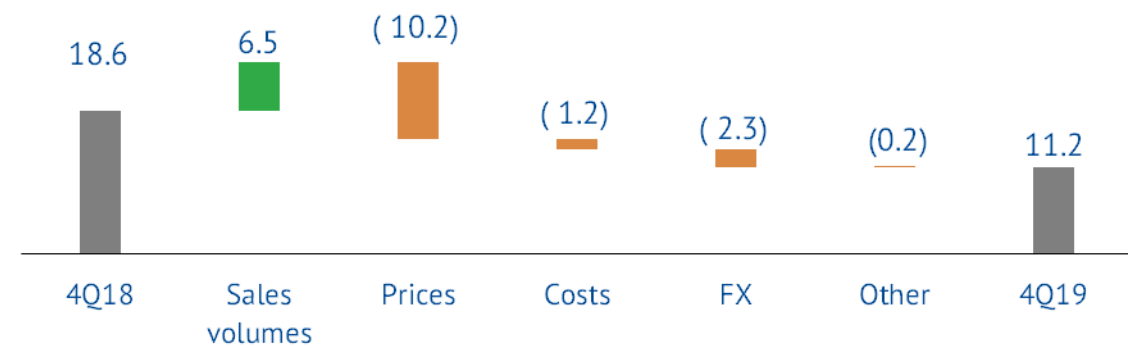
## EBITDA and EBITDA margin, RUB bln



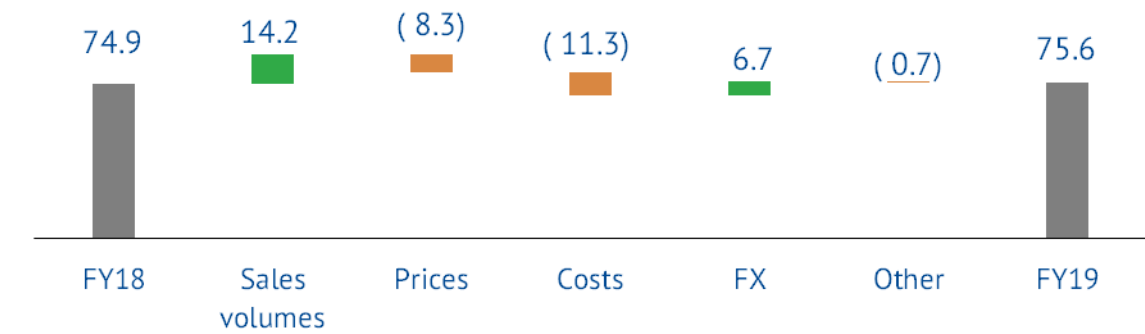
## Comments

- EBITDA for FY 2019 increased by 0.9% year-on-year to RUB 75.6 billion (USD 1.2 billion). EBITDA growth for the year was weakened by record low prices in the fourth quarter, resulting in a 39.7% year-on-year decrease in EBITDA in 4Q 2019 to RUB 11.2 billion (USD 176 million). Despite this, the EBITDA margin for FY 2019 remained at robust 30.5%.

## EBITDA bridge in 4Q19, RUB bln



## EBITDA bridge in FY19, RUB bln



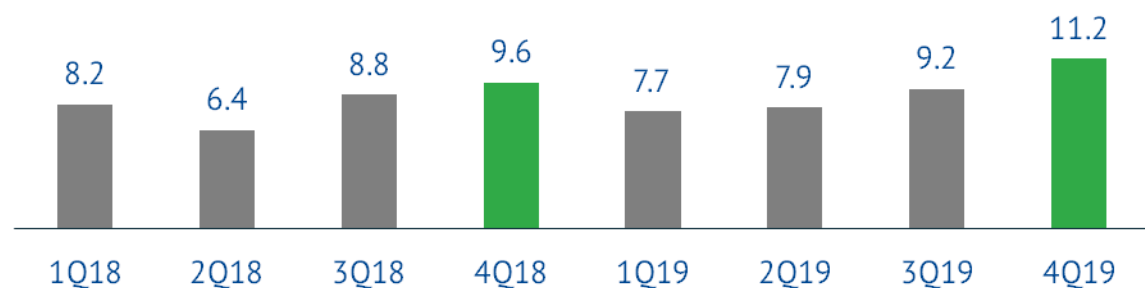
Source: PhosAgro

# FCF ANALYSIS

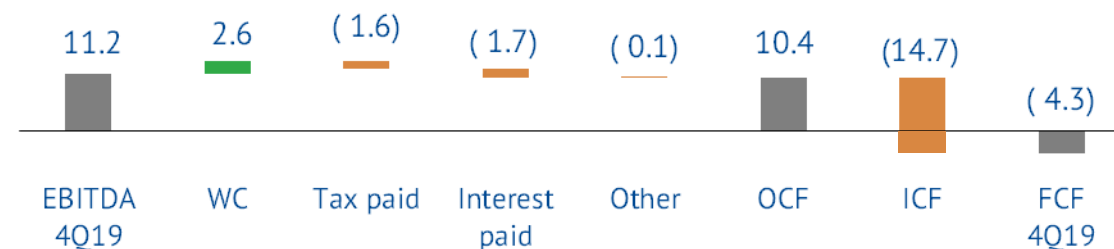
## Comments

- In 4Q19, net operating cash flow increased by 2% year-on-year to RUB 10.4 billion (USD 164 million) thanks to better payable turnover and higher sales during the quarter.
- Full year CapEx totaled RUB 36.0 billion (USD 555 million), which equals to 48% of FY19 EBITDA.

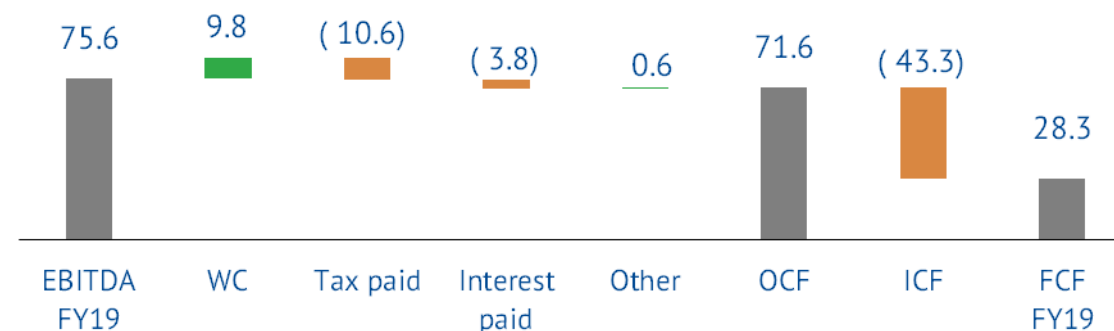
## Capex, RUB bln



## 4Q19 EBITDA to FCF conversion, RUB bln



## FY19 EBITDA to FCF conversion, RUB bln



Source: PhosAgro

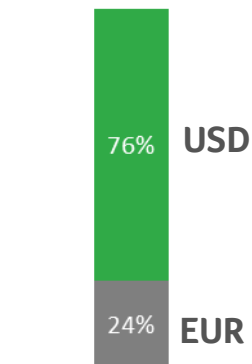
# Debt Overview

## Comments

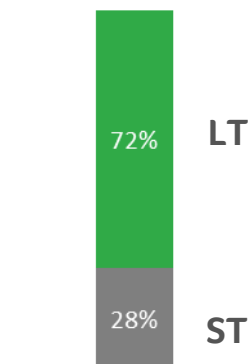
- Total debt (incl. finance lease liabilities) was RUB 139.8 billion (USD 2.3 billion) down by 3% year on year. Main driver was RUR appreciation, as all debt is denominated in foreign currencies.
- Net debt/EBITDA decreased to 1.7x from 1.8x as of 31 December 2018, reflecting strong EBITDA performance and the gradual appreciation of the RUR against the USD over 12M 2019. Net debt as of 31 December 2019 amounted to RUB 131.6 billion (USD 2.1 billion).

## Debt breakdown by currency as of 31 December 2019, %

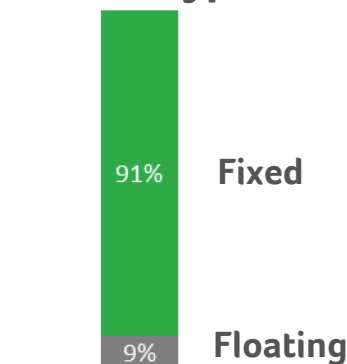
### Debt currency



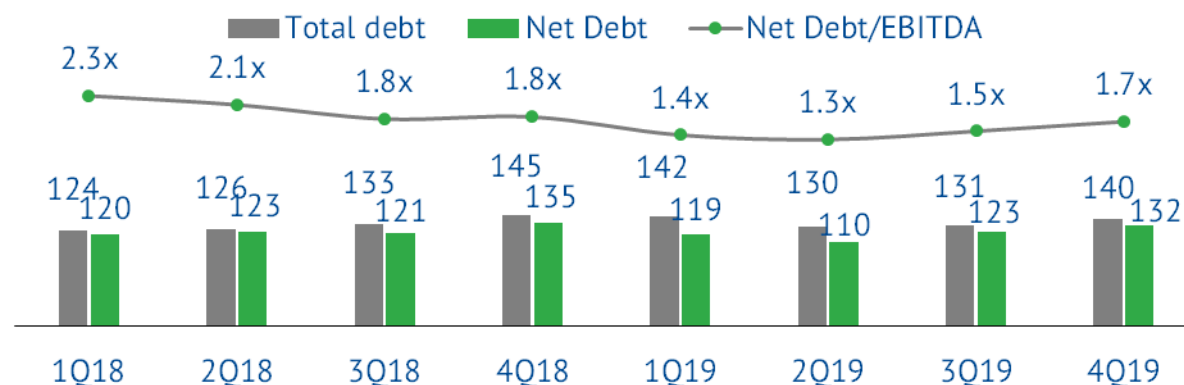
### Debt Maturity



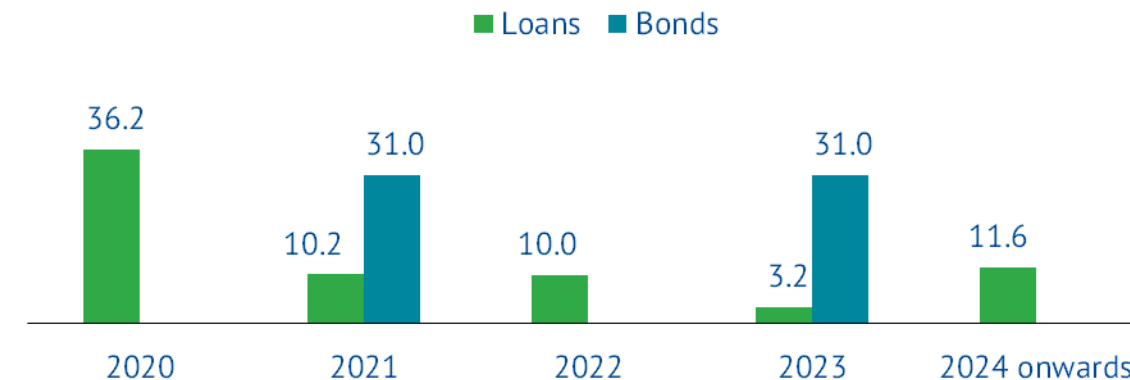
### Debt type



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



## Maturity profile, RUB bln



Source: PhosAgro

\* Total debt includes finance lease liabilities

## MARKET OUTLOOK



- At the end of December 2019, leading global producers in Morocco, the US and China announced plans to cut back production. Combined with increased seasonal demand in Western markets (Europe, North America and Latin America), this helped rebalance the market and supported price growth in January 2020 of USD 20-50 per tonne, depending on the market.
- Demand for phosphate-based fertilizers in the Russian market is expected to remain high in 2020 largely due to a national programme to increase agricultural exports, combined with high prices for these products. Demand growth in the Russian market this year could reach 5-10%, ahead of the expected average global growth rate of 1-2%.
- In addition, seasonal demand in European and North American markets is expected to increase in 1Q 2020, while favourable weather conditions in India will help reduce inventories and thus lead to earlier resumption of import demand.
- In turn, reduced production and potentially reduced exports from China could also lead to higher prices in some areas.
- The affordability of fertilizers relative to prices for agricultural products will remain the main driver behind the recovery in global prices for phosphate-based fertilizers in the short term.

**Thank you!**

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