



PhosAgro Reports Operating and Financial Results for 1H 2022

Moscow, 18 August 2022. PhosAgro (“PhosAgro” or “the Company”) (Moscow Exchange, LSE: PHOR), one of the world’s leading vertically integrated phosphate-based fertilizer producers, today announces its consolidated IFRS financial results for the first half (1H) of 2022.

1H 2022 highlights

In 1H 2022, mineral fertilizer production increased by 5.2% year-on-year to over 5.3 million tonnes. This increase was made possible thanks to the fact that new production units launched as part of the Company’s comprehensive long-term development programme reached full capacity.

Sales of mineral fertilizers in 1H 2022 increased by 10.2% year-on-year to almost 5.7 million tonnes. This growth was driven by an increase in production volumes, a decrease in stocks (accumulated during the low season) and strong demand for fertilizers in Russian and global markets.

Revenue for 1H 2022 increased by 90.9% year-on-year to RUB 336.5 billion (USD 4.4 billion). This increase was a result of the implementation of an ambitious programme for the modernisation and construction of new production facilities, which enabled the Company to expand the production of mineral fertilizers and considerably improve the performance of equipment.

The increase in revenue was also driven by an improved sales structure that favours high-margin fertilizers, which are in high demand in Russia and in global markets.

In 1H 2022, adjusted EBITDA increased by 123.8% year-on-year to RUB 165.3 billion (USD 2.2 billion). EBITDA margin for the period rose to 49.1%.

In 1H 2022, adjusted free cash flow amounted to RUB 77.6 billion (USD 1.0 billion), up 126.8% year-on-year.

As of 30 June 2022, net debt had decreased by RUB 91.6 billion since the end of 2021, amounting to RUB 62.1 billion (USD 1.2 billion). The net debt / adjusted EBITDA ratio had decreased to 0.22x as of the end of 2Q 2022.

Financial and operating highlights

Financial highlights			
RUB mln	1H 2022	1H 2021	Chng %
Revenue	336,509	176,261	90.9%
EBITDA*	135,548	73,094	85.4%
Adj. EBITDA**	165,322	73,860	123.8%
Adj. EBITDA margin	49.1%	41.9%	
Net profit	129,048	48,652	165.2%
Adj. net profit***	108,553	46,094	135.5%
Free cash flow	40,870	34,217	19.4%
Adj. free cash flow****	77,599	34,217	126.8%

	30.06.2022	31.12.2021
Net debt	62,083	153,718
ND / adj. LTM EBITDA	0.22x	0.80x

Operating highlights			
Production volumes by category			
kt	1H 2022	1H 2021	Chng %
Phosphate-based & MCP	4,054.0	3,825.5	6.0%
Nitrogen-based fertilizers	1,265.6	1,231.6	2.8%
TOTAL fertilizers	5,319.6	5,057.1	5.2%
Sales volumes by category			
kt	1H 2022	1H 2021	Chng %
Phosphate-based & MCP	4,335.3	3,743.6	15.8%
Nitrogen-based fertilizers	1,346.4	1,412.4	-4.7%
TOTAL fertilizers	5,681.7	5,156.0	10.2%

RUB/USD exchange rates: average 1H 2022 rate: 76.30; average 1H 2021 rate: 74.28; as of 30 June 2022: 51.16; as of 31 December 2021: 74.29.

* EBITDA is calculated as operating profit adjusted for depreciation and amortisation.

** Adj. EBITDA is EBITDA as reported minus FX differences from operating activities.

*** Adj. net profit is net profit as reported minus FX gain or loss.

**** Free cash flow adjusted for the amount of cash and cash equivalents written off as a result of the loss of ownership of foreign companies.

Concerning the Company's financial stability, it should be noted that, despite the withdrawal of credit ratings from all Russian companies by international rating agencies, PhosAgro continues to service its debt obligations, taking all the necessary steps to ensure that they are paid on time.

Among recent developments, the Company's coupon payment for Eurobonds maturing in 2025 is worth highlighting. On 22 July 2022, PhosAgro made another coupon payment in accordance with Decree of the President of the Russian Federation No. 430 of 5 July 2022, with the division of payment flows between bondholders under Russia jurisdiction and those elsewhere.

Market highlights in 1H 2022

The situation in global mineral fertilizer markets in 1H 2022 showed a high degree of price volatility, especially in markets for nitrogen-based fertilizers. At the same time, the cost of mineral fertilizers for Russian farmers, through 30 May 2022, was fixed at price levels from the middle of last year.

The global price of urea in 1H 2022 fluctuated by as much as USD 500 per tonne, from a low of USD 390 per tonne to a high of USD 890 per tonne (FOB Baltic). Prices for MAP fluctuated between USD 800 and USD 1,245 per tonne (FOB Baltic).

The current situation in fertilizer markets is being driven by the following factors:

- A rapid increase in global energy prices, which have remained high, especially in Europe; that has led to a reduction in domestic production capacity and an increase in import demand and higher prices for both feedstocks and fertilizers (especially nitrogen-based);
- A reduction in the export supply of Russian fertilizers and a disruption of existing trade flows;

- A reduction in fertilizer exports from China in favour of supplying the domestic market;
- The high degree of global price volatility for the main types of agricultural products.

The average export price for MAP in 1H 2022 amounted to USD 1,009 per tonne (FOB Baltic), compared with USD 569 per tonne in 1H 2021. The average price for urea in 1H 2022 was USD 644 per tonne (FOB Baltic), up from USD 339 per tonne in the period from January to June 2021;

Prices for the main types of feedstock commodities also rose steadily during the first half of the year, surpassing previous record highs. The most notable price increase was for ammonia, which was due to high prices for natural gas in Europe and the suspension of exports of commercial ammonia from Russia (as a result of the imposition of sanctions and the shutdown of the Tolyatti–Odessa ammonia pipeline). Ammonia prices in March and April reached the equivalent of USD 1,500–1550 per tonne (FOB Baltic). Phosphate feedstock and sulphur prices rose in line with changes in the market for phosphate-based fertilizers. The average price for sulphur in 1H 2022 was USD 308 per tonne (FOB Baltic), compared with USD 155 per tonne in the period from January to June 2021. Prices for phosphate feedstocks increased steadily, reaching USD 300 per tonne (FOB Morocco) (for feedstocks with P_2O_5 content of 31%–33%) as of the end of 1H 2022, up from USD 126 per tonne a year earlier.

Market outlook

Nitrogen-based fertilizer markets continue to demonstrate a high degree of price volatility, being driven by record-high natural gas prices in Europe, new production cuts in Europe and seasonal demand in key markets in Asia (India), Latin America (Brazil) and, closer to autumn, in Europe and North America.

The market for phosphate-based fertilizers is also starting to see seasonal demand in South Asia and Latin America.

About us

PhosAgro (www.phosagro.ru) 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 P_2O_5 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 P_2O_5 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 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 (under the ticker PHOR), and global depositary receipts (GDRs) for shares trade on the London Stock Exchange (under the ticker PHOR).

More information about PhosAgro can be found on the Company's website: www.phosagro.ru.

PJSC “PhosAgro”**Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2022**

<i>RUB million</i>	Note	Six months ended 30 June	
		2022	2021
Revenues	5	336,509	176,261
Cost of Group products sold	6	(143,739)	(93,233)
Cost of products for resale		(7,394)	(5,293)
Gross profit		185,376	77,735
Administrative and selling overhead expenses	7	(28,430)	(13,173)
Taxes, other than income tax, net	8	(5,236)	(2,997)
Other expenses, net	9	(1,762)	(1,521)
Foreign exchange loss from operating activities, net	25	(29,774)	(766)
Operating profit		120,174	59,278
Finance income	10	1,909	194
Finance costs	10	(9,510)	(2,477)
Foreign exchange gain from financing activities, net	25	50,269	3,324
COVID-19 related expenses		-	(218)
Profit before tax		162,842	60,101
Income tax expense	11	(33,794)	(11,449)
Profit for the period		129,048	48,652
Attributable to:			
Non-controlling interests*		4	(15)
Shareholders of the Parent		129,044	48,667
Basic and diluted earnings per share (in RUB)	19	996	376
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference		(2,929)	(504)
Foreign currency translation difference reclassified to profit or loss upon loss of control over subsidiaries	26	(6,302)	-
Actuarial losses reclassified to profit or loss upon loss of control over subsidiaries		61	-
Other comprehensive loss for the period		(9,170)	(504)
Total comprehensive income for the period		119,878	48,148
Attributable to:			
Non-controlling interests*		4	(15)
Shareholders of the Parent		119,874	48,163

*Non-controlling interests are the minority shareholders of the subsidiaries of PJSC “PhosAgro”

PJSC “PhosAgro”**Consolidated Interim Condensed Statement of Financial Position as at 30 June 2022**

<i>RUB million</i>	Note	30 June 2022	31 December 2021
Assets			
Property, plant and equipment	12	250,503	237,444
Advances issued for property, plant and equipment and other non-current assets		13,684	13,237
Other non-current assets	14	6,064	2,058
Deferred tax assets		5,859	9,499
Non-current spare parts		4,786	4,698
Right-of-use assets	13	3,841	6,955
Catalysts		1,822	2,049
Intangible assets		1,767	1,756
Investments in associates		598	569
Non-current assets		288,924	278,265
Cash and cash equivalents	18	71,927	21,710
Trade and other receivables	17	63,356	48,526
Inventories	16	33,945	41,177
VAT and other taxes receivable		15,397	15,013
Income tax receivable		539	540
Other financial assets	15	200	216
Current assets		185,364	127,182
Total assets		474,288	405,447
Equity			
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		277,237	148,193
Actuarial losses		(692)	(753)
Foreign currency translation reserve		-	9,231
Equity attributable to shareholders of the Parent		284,411	164,537
Equity attributable to non-controlling interests		110	106
Total equity		284,521	164,643
Liabilities			
Loans and borrowings	20	84,665	157,081
Deferred tax liabilities		18,478	12,937
Lease liabilities	21	1,609	3,459
Defined benefit obligations		765	952
Non-current liabilities		105,517	174,429
Loans and borrowings	20	46,667	12,710
Trade and other payables	22	30,175	41,756
VAT and other taxes payable		4,967	6,397
Income tax payable		1,372	3,334
Lease liabilities	21	1,069	2,178
Current liabilities		84,250	66,375
Total equity and liabilities		474,288	405,447

PJSC “PhosAgro”**Consolidated Interim Condensed Statement of Cash Flows for the six months ended 30 June 2022**

<i>RUB million</i>	Note	Six months ended 30 June	
		2022	2021
Cash flows from operating activities			
Operating profit		120,174	59,278
Adjustments for:			
Depreciation and amortisation	6, 7	15,374	13,816
Loss on disposal of property, plant and equipment and other non-current assets	9	221	188
Operating profit before changes in working capital and provisions		135,769	73,282
Increase in inventories, catalysts and non-current spare parts		(7,162)	(2,154)
Decrease/(increase) in trade and other receivables*		19,663	(3,383)
Decrease in trade and other payables*		(14,116)	(459)
Cash flows from operations before income taxes and interest paid		134,154	67,286
Income tax paid		(24,599)	(8,862)
Finance costs paid		(2,987)	(2,512)
Cash flows from operating activities		106,568	55,912
Cash flows from investing activities			
Cash and cash equivalents disposed as a result of loss of control over subsidiaries	26	(36,729)	-
Acquisition of property, plant and equipment and intangible assets		(28,423)	(21,073)
Loans issued	15	(3,130)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	14	1,778	-
Advances issued for right-of-use assets		(419)	-
Borrowing cost capitalised paid	12	(465)	(618)
Finance income received		1,611	1
Other		79	(5)
Cash flows used in investing activities		(65,698)	(21,695)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	20	29,462	15,787
Repayment of borrowings	20	(13,798)	(23,246)
Dividends paid to shareholders of the Parent		-	(6,119)
Lease payments	21	(854)	(954)
Cash flows from/(used in) financing activities		14,810	(14,532)
Net increase in cash and cash equivalents		55,680	19,685
Cash and cash equivalents at 1 January		21,710	8,460
Effect of exchange rates fluctuations		(5,463)	(1,036)
Cash and cash equivalents at 30 June	18	71,927	27,109

*Changes in trade and other receivables and changes in trade and other payables include effect of foreign exchange differences from operating activities