

PhosAgro 1Q18 Fertilizer Output Increases 18.5% YoY

Moscow - PhosAgro (Moscow Exchange, LSE: PHOR), one of the world's leading vertically integrated phosphate-based fertilizer producers, announces its operational results for the three months (1Q) ended 31 March 2018. Overall fertilizer production for 1Q 2018 grew by 18.5% year-on-year and exceeded 2.3 million tonnes.

PhosAgro's production and sales volumes are summarised in the tables below.

Production volumes by type			
('000 mt)	1Q 2018	1Q 2017	Chg y/y
Phosphate-based & MCP	1,757.2	1,573.6	11.7%
Nitrogen-based	560.8	382.6	46.6%
Total fertilizers	2,318.0	1,956.2	18.5%
PhosRock & nepheline	2,789.7	2,502.3	11.5%
Other products	42.9	28.8	49.0%

Sales volumes by type			
('000 mt)	1Q 2018	1Q 2017	Chg y/y
Phosphate-based & MCP	1,753.0	1,533.2	14.3%
Nitrogen-based	652.0	460.5	41.6%
Total fertilizers	2,405.0	1,996.5	20.5%
PhosRock & nepheline	956.0	910.6	5.0%
Other products	56.0	36.0	55.6%

Commenting on the 1Q 2018 operational results, PhosAgro CEO Andrey Guryev said:

"I am very pleased that PhosAgro is off to a strong start for the year, with a nearly 20% year-on-year increase in downstream production and a more than 10% year-on-year rise in upstream output. The impressive growth in our downstream operations was provided by a nearly 50% year-on-year jump in the production of nitrogen products after the launch of our new granulated urea line in August 2017. Phosphate-based fertilizer production remained on a growth trajectory as well, with a double-digit year-on-year increase. With the solid operating performance PhosAgro delivered in the first quarter, we feel comfortable confirming our annual production guidance of nearly 9 million tonnes of finished products.

"As for production by key products, in 1Q 2018 the Company increased output of its most marginal NPK(S) grades by 20% year-on-year to more than 0.8 million tonnes, while the share of complex fertilizers in the overall phosphate basket reached nearly 50%. DAP production increased by a similar 20% year-on-year. Looking at mid-stream products, we increased ammonia output by 80% to half a million tonnes after the launch of our new ammonia line in July 2017, while sulphuric acid output jumped by over 15% thanks to the modernisation of existing units. Both of these are important parts of our further vertical integration in key feedstocks.

“PhosAgro’s geography of sales in 1Q 2018 saw nearly flat year-on-year performance for the Russian market (affected by the cold weather in March), while sales to our priority European and Latin American markets advanced by 55% and 24% year-on-year, respectively. In addition, our sales to North America grew by almost 60% year-on-year to 0.4 million tonnes.

“Looking ahead to market conditions in 2Q 2018, we remain cautiously optimistic on prices, despite the end of the high season and more phosphate products becoming available for export from China. Our view is based on weak import numbers in 1Q 2018 in Brazil (MAP imports were down by half year-on-year), as well as subdued activity in mature markets like Europe and the US due to cold weather, meaning additional demand is likely to appear in the second quarter. These factors, coupled with seasonally high activity in South Asia (India and Pakistan), the recent increase in phosphoric acid prices by OCP and stabilisation in sulphur prices (which determine cash costs in China) should help to absorb additional volumes from China and contributions from the new unit that is expected from OCP in the second quarter.

The table below provides a breakdown of production volumes by major product:

Production volumes			
('000 MT)	1Q 2018	1Q 2017	Chg y/y
<i>Apatit mine and beneficiation plant</i>			
Phosphate rock	2,523.9	2,290.4	10.2%
Nepheline concentrate	265.8	211.9	25.4%
<i>Phosphate-based fertilizers</i>			
DAP/MAP	798.1	751.9	6.1%
NPK	646.6	532.5	21.4%
NPS	132.7	115.8	14.6%
APP	51.7	43.2	19.7%
MCP	88.2	96.4	(8.5%)
PKS	39.9	33.8	18.0%
<i>Nitrogen-based fertilizers</i>			
AN	143.5	129.8	10.6%
Urea	417.3	252.8	65.1%
<i>Other products</i>			
STPP	24.8	15.3	62.1%
Other	18.1	13.5	34.1%
<i>Feed stock</i>			
Ammonia	496.1	279.3	77.6%
Phosphoric acid	656.1	596.4	10.0%
Sulphuric acid	1,483.9	1,284.3	15.5%

The table below provides a breakdown of sales volumes by major product:

Sales volumes			
('000 mt)	1Q 2018	1Q 2017	Chg y/y
<i>Apatit mine and beneficiation plant</i>			
Phosphate rock	691.0	687.0	0.6%
Nepheline concentrate	265.0	223.6	18.5%

Phosphate-based fertilizers			
DAP/MAP	809.0	733.9	10.2%
NPK	647.0	502.1	28.9%
NPS	136.0	118.9	14.4%
APP	47.0	56.9	(17.4%)
MCP	85.0	89.5	(5.0%)
PKS	29.0	31.9	(9.1%)
Nitrogen-based fertilizers			
AN	249.0	228.3	9.1%
Urea	403.0	232.2	73.6%
Other products			
STPP	24.0	16.2	48.1%
Other	32.0	19.8	61.6%

* Excluding intra-group sales

** Excluding feedstock