



## PhosAgro Reports 4Q and FY 2021 Financial Results Record-High Annual EBITDA Exceeds RUB 191 Billion

**Moscow** – 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 12 months (FY) of 2021.

### 4Q and FY 2021 highlights

Revenue for 4Q 2021 increased by 117.2% year-on-year to RUB 127.9 billion (USD 1.8 billion), driven by higher sales volumes combined with high demand in global markets.

Revenue for FY 2021 increased by 65.6% year-on-year and amounted to RUB 420.5 billion (USD 5.7 billion). This growth was driven mainly by the Company’s record-setting production volumes, a global recovery in fertilizer prices during the year and strong end-user demand combined with low inventories in key markets.

In 4Q 2021, the Company’s EBITDA more than tripled year-on-year to RUB 61.5 billion (USD 847 million). EBITDA margin for the quarter grew to 48.1%, driven by upgrades to production assets, efficiency improvements at key production units and high levels of self-sufficiency in key inputs.

In FY 2021, the Company’s EBITDA more than doubled year-on-year to RUB 191.8 billion (USD 2.6 billion). EBITDA margin for the year increased to 45.6%.

Capex for FY 2021 amounted to RUB 48.0 billion (USD 651 million), an increase of 17.3% year-on-year. This growth was driven by investments in the final stage of construction of a state-of-the-art production facility in Volkhov and the implementation of other projects in line with the Company’s long-term development strategy.

In 4Q 2021, free cash flow amounted to RUB 22.9 billion (USD 315 million), up from RUB 2.9 billion in 4Q 2020.

Free cash flow was a record RUB 77.9 billion (USD 1.1 billion) for FY 2021, up 83.1% year-on-year.

Adjusted net profit\*\* tripled year-on-year in FY 2021 to RUB 130.2 billion (USD 1.8 billion).

Net debt as of 31 December 2021 decreased slightly year-on-year, amounting to RUB 153.7 billion (USD 2.1 billion). The net debt/EBITDA ratio decreased to 0.8x as of the end of 2021.

### Financial and operating highlights

Financial highlights						
RUB mln	FY 2021	FY 2020	Chng. %	4Q 2021	4Q 2020	Chng. %
Revenue	420,488	253,879	65.6%	127,924	58,891	117.2%
EBITDA*	191,810	85,659	123.9%	61,519	17,868	244.3%

EBITDA margin	45.6%	33.7%	11.9 p.p.	48.1%	30.3%	17.7 p.p.
Net profit	129,674	16,921	666.3%	41,834	12,963	222.7%
Adj. net profit**	130,205	43,370	200.2%	45,140	2,165	1,985.0%
Free cash flow	77,857	42,519	83.1%	22,905	2,854	702.6%
	<b>31.12.2021</b>	<b>31.12.2020</b>				
Net debt	153,718	156,875				
ND/LTM EBITDA	0.80x	1.83x				
<b>Sales volumes by category</b>						
<b>(kt)</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>Chng. %</b>	<b>4Q 2021</b>	<b>4Q 2020</b>	<b>Chng. %</b>
Phosphate-based fertilizers and feed phosphates	7,762	7,669	1.2%	1,904	1,545	23.2%
Nitrogen-based fertilizers	2,495	2,286	9.1%	567	500	13.5%
<b>TOTAL fertilizers</b>	<b>10,257</b>	<b>9,955</b>	<b>3.0%</b>	<b>2,470</b>	<b>2,045</b>	<b>20.8%</b>
Other products	177	184	-3.5%	49	44	10.4%
<b>TOTAL fertilizers and other products</b>	<b>10,434</b>	<b>10,138</b>	<b>2.9%</b>	<b>2,519</b>	<b>2,089</b>	<b>20.6%</b>

RUB/USD exchange rates: average 4Q 2021 rate: 72.6; average 4Q 2020 rate: 76.2; as of 31 December 2021: 74.3; as of 31 December 2020: 73.9.

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

\*\* Net profit as reported minus FX gain or loss.

**Commenting on the Company's performance, Xavier Rolet, Chairman of PhosAgro's Board of Directors, said:**

"Notwithstanding a great financial performance, PhosAgro made notable progress in the execution of its sustainable strategy and extended the selection and quality of its ESG ratings throughout 2021. For example, in keeping with the Climate and Water Strategies approved by the Board in 2020, we've added water security to our work with ratings agency CDP in the area of climate change and were delighted to see our overall climate change rating raised to B in 2021 and our inaugural water security rating achieving a C.

"In 2021 we also participated in the S&P ESG rating for the first time and achieved a strong CSA result of 46 points.

"Further in December 2021, the international agency Sustainalytics recognised PhosAgro as the best company in the global agrochemical sector in terms of ESG – PhosAgro's ESG risk rating improved from 27.3 to 22.8.

"PhosAgro remains committed to its policy of proactive cooperation with supranational institutions dedicated to Climate Change action. In 2021, PhosAgro and the United Nations Food and Agriculture Organization (FAO) announced the extension of their cooperation agreement on global soil protection through 2023. Working together, FAO and PhosAgro have built a global network of 760 soil laboratories spanning 150 countries, extending the reach of the Soil Doctors project, which promotes the use of best practices in agriculture. In the next stage of cooperation, the FAO and PhosAgro plan to focus on solving the issue of soil health, with particular focus on contamination linked to heavy metals."

**Commenting on the Company's financial results, Andrey Guryev, PhosAgro's CEO and a member of the Board of Directors, said:**

“Looking at the Company’s performance in 2021, I would note that this was a record year for us not only in terms of production; the Company also achieved all-time highs in terms of its financial results.

“Growth in the production and sales of fertilizers, driven by the implementation of our long-term investment programme, enabled us to increase revenue by more than 50%, exceeding RUB 420 billion for the year. Favourable conditions in global agricultural markets also led to higher margins and increased cash flow. EBITDA more than doubled in 2021 to RUB 192 billion, our best-ever result since going public.

“Despite rising investments in fixed assets and expenditures on major overhauls, which amounted to a little under RUB 50 billion in total for the year, we were able to generate almost RUB 80 billion in free cash flow during the year thanks to our highly efficient business and flexible sales system focused on the most attractive markets.

“High sales margins and a balanced long-term development programme ensured that the Company’s net debt decreased slightly to about RUB 154 billion as of the end of the year. At the same time, however, our net debt/EBITDA ratio decreased to 0.8x, which is a comfortable level in the long term, as per our financial policy.”

#### **4Q 2021 market conditions**

In the course of 4Q 2021, prices in global phosphate-based fertilizer markets were impacted by export restrictions in China in October, which forced DAP consumers in Asia and MAP consumers in Latin America and Australia to make essential seasonal purchases from alternative sources, including from Russia and Morocco. In addition, scaled-back US production of DAP/MAP also supported import demand in the region. The average price of MAP in 4Q 2021 was USD 767 per tonne (FOB Baltic), up from USD 695 per tonne (FOB Baltic) the previous quarter. Prices for NPK fertilizers increased on the back of seasonal demand in European countries and rising world prices for potassium feedstocks. The average price for 15-15-15 NPK fertilizer in 4Q 2021 was USD 547 per tonne (FOB Baltic), which was up USD 121 from the average price in 3Q 2021 (USD 426 per tonne FOB Baltic). Contract prices for phosphoric acid supplies to India in 4Q 2021 were agreed at USD 1,330 per tonne of 100% P<sub>2</sub>O<sub>5</sub> (CFR India), which was USD 170 per tonne higher than the price in 3Q 2021, in line with changes in the phosphate-based fertilizer market. Phosphate feedstock prices (68%–72% BPL) in 4Q 2021 were at USD 130–225 per tonne (FOB Morocco), compared with USD 105–190 per tonne (FOB Morocco) in 3Q 2021. World sulphur prices also rose thanks to favourable conditions in phosphate-based fertilizer markets, reaching USD 222 per tonne (FOB Baltic) in 4Q 2021, compared with USD 185 per tonne (FOB Baltic) the previous quarter.

Global prices for nitrogen-based fertilizers and commercial ammonia also reached record highs, mainly due to the ongoing energy crisis and record increase in natural gas prices in Europe. The introduction of restrictions on urea exports from China led to an imbalance whereby the demand in Asian markets outstripped the supply, especially in India, where the fourth quarter has traditionally accounted for the largest volume of import purchases. The average price level for urea in 4Q 2021 was USD 788 per tonne (FOB Baltic), compared with USD 442 per tonne (FOB Baltic) in 3Q 2021. The average price for commercial ammonia increased from USD 574 per tonne (FOB Baltic) in 3Q 2021 to USD 839 per tonne (FOB Baltic) in 4Q 2021.

#### **4Q and FY 2021 financial performance**

In 4Q 2021, the Company’s revenue increased by 117.2% year-on-year to RUB 127.9 billion (USD 1.8 billion). The main growth driver was a 20% year-on-year increase in fertilizer sales combined with favourable conditions in phosphate- and nitrogen-based fertilizer markets.

The Company’s 4Q 2021 EBITDA increased by 244.3% year-on-year to a record RUB 61.5 billion (USD 847 million). This substantial growth was due in part to the launch of new production facilities

at the Company's Volkhov complex and the improved efficiency of existing production units thanks to operational improvements. EBITDA margin for the quarter exceeded 48%.

- EBITDA in the phosphate-based fertilizers segment amounted to RUB 45.1 billion (USD 621 million), a more than threefold increase year-on-year. Higher profitability was driven by increased sales volumes on the back of high demand in global markets.
- EBITDA in the nitrogen-based fertilizer segment was RUB 16.0 billion (USD 221 million), up more than fourfold year-on-year. This growth was driven by a considerable increase in prices for nitrogen-based fertilizers in late 2021 amid the gas crisis in Europe.

Net profit adjusted for non-cash FX gain/loss for 4Q 2021 amounted to RUB 45.1 billion (USD 622 million), up from RUB 2.1 billion in 4Q 2020.

In 4Q 2021, the Company's free cash flow was RUB 22.9 billion (USD 315 million). The main source of cash flow was an increase in sales volumes of DAP/MAP and of all types of nitrogen-based fertilizers, as well as an increase in sales revenue as a result of higher average prices.

Capex in 4Q 2021 amounted to RUB 16.3 billion (USD 224 million). The principal investments were aimed at completing the construction of a large production facility in Volkhov, completing a project to increase the production of aluminium fluoride in Cherepovets and developing the ore feedstock base in Kirovsk.

As of 31 December 2021, the net debt/EBITDA ratio was 0.8x. The Company was able to decrease its debt burden thanks to higher profitability combined with effective internal cost controls. Net debt as of the end of 2021 was RUB 153.7 billion (USD 2.1 billion).

Cost of sales						
RUB mln	FY 2021	FY 2020	Chng. %	4Q 2021	4Q 2020	Chng. %
Amortisation	24,812	23,743	4.5%	6,041	5,022	20.3%
Materials and services	47,084	40,937	15.0%	11,937	9,265	28.8%
<i>Phosphate rock transport</i>	9,105	8,134	11.9%	2,446	1,452	68.5%
<i>Repair expenses</i>	11,373	10,134	12.2%	2,764	2,754	0.4%
<i>Drilling and blasting costs</i>	3,486	3,168	10.0%	706	788	-10.4%
<i>Other materials and services</i>	23,120	19,501	18.6%	6,021	4,271	41.0%
Feedstocks	63,534	35,514	78.9%	20,024	7,643	162.0%
<i>Ammonia</i>	14,277	4,802	197.3%	4,844	1,322	266.4%
<i>Sulphur and sulph. acid</i>	17,707	4,360	306.1%	5,703	901	533.0%
<i>Potassium</i>	16,574	12,253	35.3%	5,290	2,442	116.6%
<i>Natural gas</i>	12,635	12,342	2.4%	2,964	2,467	20.1%
<i>Ammonium sulphate</i>	2,341	1,757	33.2%	1,223	511	139.3%
Salaries and social contributions	15,286	13,807	10.7%	3,724	2,897	28.5%
Electricity	6,740	6,311	6.8%	1,816	1,392	30.5%
Fuel	5,578	3,885	43.6%	1,486	915	62.4%
Products for resale	12,725	9,333	36.3%	5,141	2,538	102.6%
Customs duties	2,483	1,482	67.5%	829	459	80.6%
Freight, port and stevedoring expenses	28,587	19,128	49.5%	9,301	5,219	78.2%
Russian Railways' tariffs and operators' fees	10,728	11,452	-6.3%	2,399	2,720	-11.8%
Other	1,250	1,111	12.5%	288	240	19.5%
<b>Total</b>	<b>218,807</b>	<b>166,703</b>	<b>31.3%</b>	<b>62,986</b>	<b>38,310</b>	<b>64.4%</b>

Cost of sales increased by 31.3% in 2021 mainly due to an increase in sales volumes of commercial product and higher prices for primary feedstocks.

Cash cost of production in 4Q 2021 increased by 64.4% year-on-year, which was due to a 20.8% increase in fertilizer sales volumes compared with 4Q 2020 as well as a considerable increase in prices for feedstocks, fuel and other materials and services:

- Spending on materials and services increased by 28.8% year-on-year to RUB 11.9 billion (USD 164 million) due to an increase in the cost of phosphate rock transport owing to a 9.6% increase in production year-on-year and an overall increase in prices for materials and services. Expenses for materials and services decreased by 5.4% from the 3Q 2021 partly due to the completion of scheduled maintenance on ammonia production lines at the end of the quarter.
- Costs for feedstocks increased by 162.0% year-on-year to RUB 20.0 billion (USD 276 million):
- Ammonia costs increased by 266.4% year-on-year to RUB 4.8 billion (USD 67 million) due to an increase in the price of ammonia in late 2021 amid rising production costs and shutdowns of ammonia production facilities worldwide owing to rising natural gas prices in Europe in 3Q 2021.
- Expenses for sulphur and sulphuric acid increased year-on-year to RUB 5.7 billion (USD 79 million) due to higher global prices for these products in the wake of an increase in fertilizer prices.
- Freight, port and stevedoring costs increased by 78.2% to RUB 9.3 billion (USD 128 million) due to higher transportation tariffs and seasonal growth in sales to Latin America and Europe.

Administrative and selling expenses						
RUB mln	FY 2021	FY 2020	Chng. %	4Q 2021	4Q 2020	Chng. %
Administrative expenses	21,083	17,828	18.3%	6,137	4,887	25.6%
<i>Salaries and social contributions</i>	13,493	11,249	19.9%	3,771	2,873	31.3%
<i>Professional services</i>	1,971	1,929	2.2%	692	644	7.5%
<i>Amortisation</i>	1,384	1,368	1.2%	362	349	3.7%
<i>Security and fire safety services</i>	1,053	886	18.8%	276	228	21.1%
<i>Other</i>	3,182	2,396	32.8%	1,036	793	30.6%
Selling and marketing expenses	6,762	6,220	8.7%	1,936	1,913	1.2%
<i>Salaries and social contributions</i>	4,002	3,484	14.9%	1,112	1,166	-4.6%
<i>Materials and services</i>	1,280	1,221	4.8%	430	355	21.1%
<i>Amortisation</i>	1,480	1,515	-2.3%	394	392	0.5%

Administrative expenses increased by 18.3% year-on-year to RUB 21.1 billion (USD 286 million) in 2021, while selling and marketing expenses were up by 8.7% year-on-year to RUB 6.8 billion (USD 92 million). The main drivers behind these increases were changes in payroll and social contributions associated with the indexation of employee salaries, compensation payments and changes in exchange rates.

### Market outlook

The start of 2022 has been marked by continued high demand for phosphate-based fertilizers thanks to the early resumption of DAP/NPK purchases from India due to low carry-over stocks and higher subsidies for fertilizer purchases. Since the beginning of the year, India has already

purchased more than 1.5 million tonnes of phosphate-based fertilizers for delivery during 1Q 2022, thus counterbalancing off-season activity in other markets. An additional factor supporting prices is the ongoing restrictions on fertilizer exports from China in favour of supplies to the domestic market.

Global urea markets are seeing a price correction in the wake of the active phase of import purchases in most major markets, while global ammonia prices remain at record highs on the back of high natural gas prices and continued import demand from Europe.

**Conference call and webcast:**

PhosAgro will hold a conference call and webcast today at 13:30 London time (16:30 in Moscow; 08:30 in New York).

The call will be held in English.

**Webcast link:**

<https://www.webcast-egs.com/phosagro20220210>

**Participant dial-in numbers:**

Russia:

+7 495 646 1870  
8 10 800 2816 5011

United Kingdom:

+44 (0)330 336 9600  
0800 279 6894

United States:

+1 646-828-8082  
800-281-7989

Conference ID numbers:

English: 416118

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## **About Us**

*PhosAgro ([www.phosagro.ru](http://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, 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.*

*More information about PhosAgro can be found on the website: [www.phosagro.ru](http://www.phosagro.ru).*

**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021**

<i>RUB million</i>	<b>2021</b>	<b>2020</b>
Revenues	420,488	253,879
Cost of Group products sold	-206,082	-157,37
Cost of products for resale	-12,725	-9,333
<b>Gross profit</b>	<b>201,681</b>	<b>87,176</b>
Administrative and selling overhead expenses	-27,845	-24,048
Taxes, other than income tax, net	-5,946	-2,962
Other expenses, net	-3,449	-2,512
Foreign exchange (loss)/gain from operating activities, net	-307	1,379
<b>Operating profit</b>	<b>164,134</b>	<b>59,033</b>
Gain from revaluation of financial assets measured at fair value	1,193	-
Finance income	778	975
Finance costs	-5,044	-5,455
Foreign exchange loss from financing activities, net	-531	-26,449
COVID-19 related expenses	-475	-1,434
<b>Profit before tax</b>	<b>160,055</b>	<b>26,67</b>
Income tax expense	-30,381	-9,749
<b>Profit for the year</b>	<b>129,674</b>	<b>16,921</b>
Attributable to:		
Non-controlling interests*	-23	-11
Shareholders of the Parent	129,697	16,932
Basic and diluted earnings per share (in RUB)	1,002	131
<b><i>Other comprehensive loss</i></b>		
<b><i>Items that will never be reclassified to profit or loss</i></b>		
Actuarial losses	-36	-28
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>		
Foreign currency translation difference	-350	2,345
<b>Other comprehensive (loss)/income for the year</b>	<b>-386</b>	<b>2,317</b>
<b>Total comprehensive income for the year</b>	<b>129,288</b>	<b>19,238</b>
Attributable to:		
Non-controlling interests*	-23	-11
Shareholders of the Parent	129,311	19,249



## Consolidated Statement of Financial Position as at 31 December 2021

<i>RUB million</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Assets</b>		
Property, plant and equipment	237,444	220,031
Advances issued for property, plant and equipment	13,237	7,835
Deferred tax assets	9,499	7,462
Right-of-use assets	6,955	7,335
Non-current spare parts	4,698	4,308
Other non-current assets	2,058	948
Catalysts	2,049	2,292
Intangible assets	1,756	1,621
Investments in associates	569	556
<b>Non-current assets</b>	<b>278,265</b>	<b>252,388</b>
Trade and other receivables	48,526	17,515
Inventories	41,177	30,58
Cash and cash equivalents	21,710	8,460
VAT and other taxes receivable	15,013	10,285
Income tax receivable	540	479
Other financial assets	216	311
<b>Current assets</b>	<b>127,182</b>	<b>67,630</b>
<b>Total assets</b>	<b>405,447</b>	<b>320,018</b>
<b>Equity</b>		
Share capital	372	372
Share premium	7,494	7,494
Retained earnings	148,193	90,757
Actuarial losses	-753	-717
Foreign currency translation reserve	9,231	9,581
<b>Equity attributable to shareholders of the Parent</b>	<b>164,537</b>	<b>107,487</b>
Equity attributable to non-controlling interests	106	129
<b>Total equity</b>	<b>164,643</b>	<b>107,616</b>
<b>Liabilities</b>		
Loans and borrowings	157,081	103,824
Deferred tax liabilities	12,937	11,578
Lease liabilities	3,459	4,268
Defined benefit obligations	952	945
<b>Non-current liabilities</b>	<b>174,429</b>	<b>120,615</b>
Trade and other payables	41,756	29,869
Loans and borrowings	12,71	55,316
VAT and other taxes payable	6,397	3,675
Income tax payable	3,334	1
Lease liabilities	2,178	1,927
<b>Current liabilities</b>	<b>66,375</b>	<b>91,787</b>
<b>Total equity and liabilities</b>	<b>405,447</b>	<b>320,018</b>

## Consolidated Statement of Cash Flows for the year ended 31 December 2021

<i>RUB million</i>	<b>2021</b>	<b>2020</b>
<b><i>Cash flows from operating activities</i></b>		
Operating profit	164,134	59,033
<i>Adjustments for:</i>		
Depreciation and amortisation	27,676	26,626
Loss on disposal of property, plant and equipment and intangible assets	198	209
Operating profit before changes in working capital and provisions	192,008	85,868
Increase in inventories, catalysts and non-current spare parts	-10,855	-1,843
Increase in trade and other receivables	-38,667	-2,316
Increase in trade and other payables	17,490	12,612
Cash flows from operations before income taxes and interest paid	159,976	94,321
Income tax paid	-28,806	-6,462
Finance costs paid	-4,945	-4,121
<b>Cash flows from operating activities</b>	<b>126,225</b>	<b>83,738</b>
<b><i>Cash flows from investing activities</i></b>		
Acquisition of property, plant and equipment and intangible assets	-47,951	-40,878
Borrowing cost capitalised paid	-1,141	-1,220
Other	724	879
<b>Cash flows used in investing activities</b>	<b>-48,368</b>	<b>-41,219</b>
<b><i>Cash flows from financing activities</i></b>		
Proceeds from borrowings, net of transaction costs	61,622	63,520
Repayment of borrowings	-50,081	-66,182
Early eurobond partial redemption fees	-	-292
Dividends paid to shareholders of the Parent	-72,260	-38,852
Dividends paid to non-controlling interests	-	-30
Lease payments	-1,950	-1,951
Other payments	-	-249
<b>Cash flows used in financing activities</b>	<b>-62,669</b>	<b>-44,036</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>15,188</b>	<b>-1,517</b>
Cash and cash equivalents at 1 January	8,460	8,236
Effect of exchange rates fluctuations	-1,938	1,741
<b>Cash and cash equivalents at 31 December</b>	<b>21,710</b>	<b>8,460</b>