



**PhosAgro Reports 3Q and 9M 2021 Financial Results
With Record Quarterly EBITDA of Over RUB 57 Billion**

Moscow – PhosAgro (“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 third quarter (3Q) and nine months (9M) ended 30 September 2021.

Highlights for 3Q and 9M 2021:

Revenue for 3Q 2021 increased by 63.8% year-on-year to RUB 116.3 billion (USD 1.6 billion) on the back of strong seasonal demand for fertilizers.

Revenue for 9M 2021 increased by 50.0% year-on-year and amounted to RUB 292.6 billion (USD 4.0 billion). This growth was mainly due to the recovery in global prices for fertilizers during the year, due to high affordability for end consumers and low inventory levels in key markets.

In 3Q 2021, the Company's EBITDA more than doubled year-on-year and reached RUB 57.2 billion (USD 779 million). Upgrades to production assets, improved efficiency for key production facilities, and growing self-sufficiency in key feedstocks enabled the Company to achieve an EBITDA margin for the quarter of 49.2%.

EBITDA for 9M 2021 increased by 92.2% year-on-year to RUB 130.3 billion (USD 1.8 billion). EBITDA margin for 9M 2021 rose to 44.5%.

Capital expenditure for 9M 2021 amounted to RUB 31.7 billion, an increase of 15.8% year-on-year. This growth was driven by investments for the final stage of construction of a modern production complex at the Volkhov site, in line with the Company’s long-term development strategy.

In 3Q 2021, free cash flow increased by 6.9% year-on-year and amounted to RUB 20.7 billion (USD 283 million).

Free cash flow reached RUB 55.0 billion (USD 742 million) for 9M 2021, an increase of 38.5% year-on-year.

In 3Q and 9M 2021, adjusted net profit** more than doubled year-on-year, amounting to RUB 39.7 billion (USD 541 million) and RUB 85.1 billion (USD 1.2 billion), respectively.

Net debt as of 30 September 2021 decreased by RUB 33.6 billion compared to the end of 2020, amounting to RUB 123.3 billion (USD 1.7 billion). The net debt/EBITDA ratio decreased to 0.83x at the end of 3Q 2021.

Financial and operational highlights

FINANCIAL HIGHLIGHTS						
RUB mln	9M 2021	9M 2020	Chng. %	3Q 2021	3Q 2020	Chng. %
Revenue	292,564	194,988	50.0%	116,303	70,992	63.8%
EBITDA*	130,291	67,791	92.2%	57,197	27,927	104.8%
EBITDA margin	44.5%	34.8%	9.8 pp	49.2%	39.3%	9.8 pp

Net profit	87,840	3,958	2,119.3%	39,188	-1,333	n/a
Adj. net profit**	85,065	41,205	106.4%	39,737	18,968	109.5%
Free cash flow	54,952	39,665	38.5%	20,735	19,391	6.9%
	30.09.2021	31.12.2020				
Net debt	123,285	156,875				
ND/LTM EBITDA	0.83	1.86				

RUB/USD rates: average 3Q 2021 rate: 73.5; average 3Q 2020 rate: 73.6; as of 30 September 2021: 72.8; 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 from financial activity.

Commenting on the Company's financial results, PhosAgro CEO Andrey Guryev said:

"First, I would like to share a very important milestone for us: in the third quarter of 2021, PhosAgro became the first company in Russia to receive a certificate for compliance with the requirements of the national standard for higher quality products. PhosAgro's Cherepovets, Volkhov, and Balakovo production sites were all certified. This means that all of the production output from our mineral fertilizer production facilities has been certified for compliance with the Russian national standard, which introduces the world's toughest restrictions on heavy metals and arsenic contents. This confirms the unique eco-efficiency of PhosAgro products, and we will now be able to label with the national standard. PhosAgro is also able to use a green label on fertilizers it sells in the EU, in line with strict European Commission guidelines regarding cadmium contents in phosphate-based fertilizers.

"PhosAgro also continues to ramp up fertilizer production at its production sites. We are currently nearing completion of a state-of-the-art production complex at our Volkhov site with a capacity of up to one million tonnes of eco-efficient fertilizers.

"I am also pleased to report another one of PhosAgro's successes in the capital markets: we successfully closed a USD 500 million seven-year bond issue with a coupon of 2.6% per annum. This is a record low coupon among all Russian corporate US dollar issues with a comparable maturity, which will enable PhosAgro to reduce the overall cost of its debt portfolio.

"Turning to PhosAgro's 9M 2021 financial performance, I would note that we have again set several records. Upgrades to production assets, improved production efficiency overall and growing self-sufficiency in key feedstocks enabled the Company to increase its phosphoric acid output and further increase fertilizer production by 5% year-on-year, meaning we were able to grow production of the highest-margin fertilizer grades MAP/DAP and NPK by 9% and 7% year-on-year, respectively.

"Favourable conditions in global markets for agricultural products and fertilizers in the third quarter contributed to robust cash flow generation of higher profitability. Revenue for the quarter exceeded RUB 116 billion, increasing by more than 50%, while EBITDA more than doubled and amounted to RUB 57.2 billion, a record for the entire public history of the company.

"The higher profit levels that the Company has achieved so far in 2021 have resulted in an increase in tax payments at all levels. Compared to the same period last year, tax payments exceeded RUB 28 billion, with more than a 3-fold increase to regional budgets and an almost 6-fold increase to the federal budget. We are confident that these revenues will contribute to the development of the social sphere in all regions where we operate.

"Our highly efficient business, flexible capex volumes and effective management of working capital meant that the Company was able to generate free cash flow of more than RUB 20 billion in the third quarter.

"The high profitability of sales helped to bring net debt at the end of the quarter down to RUB 123 billion, while the net debt/EBITDA ratio decreased to 0.83x, which corresponds with PhosAgro's long-term goal of maintaining comfortable debt levels.

“To summarize the above, I would like to reiterate that the Company's strong operating and financial performance, low debt levels and balanced long-term development programme ensure strong free cash flow generation, financing of its investment and social projects and a fair distribution of profits between the company and its shareholders.”

3Q 2021 market conditions

Prices for phosphate-based fertilizers once again renewed multiyear highs in early 3Q 2021, rising to USD 700-720 per tonne (FOB Baltic) for MAP, thanks to continued high prices for agricultural products and developing seasonal demand in Brazil. Despite a subsequent correction in global prices for grains and oilseeds, growing exports from China and relatively low import demand for fertilizers in India, global prices for phosphate-based fertilizers remained high. Cutbacks in production and exports in the United States at the end of the quarter, as well as the threat of export restrictions in China helped prices to stabilise and resume an upward trend. The average price for MAP in 3Q 2021 was USD 695 per tonne (FOB Baltic) against USD 617 per tonne (FOB Baltic) in 2Q 2021. Contract prices for phosphoric acid supplies to India in 3Q 2021 were agreed at USD 1,160 per tonne of 100% P₂O₅ (CFR India), which was USD 162 per tonne higher than in 2Q 2021, in line with changes in the phosphate-based fertilizer market. Phosphate feedstock prices (68%-72% BPL) in 3Q 2021 were set at USD 130-190 per tonne (FOB Morocco) compared to USD 85-155 per tonne (FOB Morocco) in 2Q 2021. World sulphur prices remained relatively stable at previously high levels of USD 180 per tonne (FOB Black Sea/Baltic).

Prices for nitrogen-based fertilizers rose on the back of seasonal demand in key markets in Latin America and especially in Brazil, as well as India and other Asian countries. The threat of export restrictions from China has also helped to keep prices high. Average prices for urea in 3Q 2021 reached USD 442 per tonne (FOB Baltic) against USD 359 per tonne (FOB Baltic) in 2Q 2021.

Global prices for commercial ammonia continued to rise due to a recovery in industrial demand and continued limited exports from large producers in the Middle East, Southeast Asia and the United States due to unscheduled maintenance. The average price for commercial ammonia in 3Q 2021 was USD 578 per tonne (FOB Black Sea), which is USD 114 or 25% higher than the average price in 2Q 2021.

In PhosAgro's priority domestic market, the season of phosphate-based fertilizer application for field work has ended. At present, there is increased demand for ammonium nitrate. Therefore, Russian producers have voluntarily prolonged the price freeze on mineral fertilizers until 31 December 2021 and, as a priority, are meeting increased domestic demand for nitrogen fertilizers. This measure will stimulate preparation for seasonal field work and will strengthen the sustainability of Russian agriculture, fulfilment of harvest plans, saturation of domestic market with domestically grown food with improved characteristics and the export of agricultural products.

3Q 2021 financial performance

In 3Q 2021, the Company's revenue increased by 63.8% year-on-year to RUB 116.3 billion (USD 1.6 billion). The main growth driver was the rise in global prices for phosphate- and nitrogen-based fertilizers against the backdrop of high demand and low inventory levels in the main sales markets.

EBITDA for 3Q 2021 more than doubled year-on-year and amounted to a record RUB 57.2 billion (USD 779 million). Such significant growth was achieved in part thanks to successful measures aimed at increasing productivity and self-sufficiency in key inputs. EBITDA margin for 3Q 2021 exceeded 49%.

- EBITDA in the phosphate-based fertilizers segment amounted to RUB 47.5 billion (USD 646 million), a nearly twofold increase year-on-year. Higher profits were recorded for all products, mainly due to farmers' record-high purchasing power on the back of high prices for agricultural products.
- EBITDA in the nitrogen-based fertilizer segment amounted to RUB 9.4 billion (USD 128 million), which is almost 2.5 times the result for 3Q 2020.

Net profit adjusted for non-cash FX gain/loss for 3Q 2021 more than doubled year-on-year to RUB 39.7 billion (USD 541 million).

In 3Q 2021, the Company's free cash flow amounted to RUB 20.7 billion (USD 283 million). The main source of cash flow was an increase the production of all types of mineral fertilizers, higher income from sales due to higher average prices and an improvement in the finished product portfolio structure.

Capex in 3Q 2021 amounted to RUB 10.6 billion (USD 144 million). The Company's investments were primarily focussed on the construction of a large industrial complex at its Volkhov site, where the first production lines have already been launched with a design capacity of almost 800,000 tonnes of MAP per year. Once the project is complete, the total capacity of the new complex will reach almost 900,000 tonnes.

As of 30 September 2021, the net debt/EBITDA ratio was 0.83x. PhosAgro was able to decrease its debt burden thanks to higher profits and effective cost controls. Net debt as of 30 September 2021 was RUB 123.3 billion (USD 1.7 billion).

COST OF SALES						
RUB mln or %	9M 2021	9M 2020	Chng. %	3Q 2021	3Q 2020	Chng. %
Amortisation	18,771	18,721	0.3%	6,433	6,498	-1.0%
Materials and services	35,147	31,672	11.0%	12,625	11,352	11.2%
<i>Phosphate rock transport</i>	6,659	6,682	-0.3%	2,422	2,446	-1.0%
<i>Repair expenses</i>	8,609	7,380	16.7%	2,972	2,613	13.7%
<i>Drilling and blasting costs</i>	2,780	2,380	16.8%	973	891	9.2%
<i>Other materials and services</i>	17,099	15,230	12.3%	6,258	5,402	15.8%
Raw materials	43,510	27,871	56.1%	18,773	9,568	96.2%
<i>Ammonia</i>	9,433	3,480	171.1%	4,554	1,213	275.4%
<i>Sulphur and sulph. acid</i>	12,004	3,459	247.0%	5,942	1,201	394.8%
<i>Potassium</i>	11,284	9,811	15.0%	4,985	3,785	31.7%
<i>Natural gas</i>	9,671	9,875	-2.1%	2,795	2,954	-5.4%
<i>Ammonium sulphate</i>	1,118	1,246	-10.3%	497	415	19.8%
Salaries and social contributions	11,562	10,910	6.0%	4,003	3,796	5.5%
Electricity	4,924	4,919	0.1%	1,713	1,683	1.8%
Fuel	4,092	2,970	37.8%	1,369	923	48.3%
Products for resale	7,584	6,795	11.6%	2,291	2,038	12.4%
Customs duties	1,654	1,023	61.7%	516	459	12.4%
Freight, port and stevedoring expenses	19,286	13,909	38.7%	6,469	4,845	33.5%
Russian Railways' tariffs and operators' fees	8,329	8,732	-4.6%	2,730	2,815	-3.0%
Other	962	871	10.4%	373	336	11.0%
Total	155,821	128,393	21.4%	57,295	44,313	29.3%

Cost of sales in 9M 2021 increased by 21.4% year-on-year largely due to a considerable increase in prices for raw materials.

Cash cost of production in 3Q 2021 increased by 29.3% year-on-year, which was associated with an increase in prices for raw materials, fuel, materials, and services:

- Expenses for materials and services increased by 11.2% year-on-year and amounted to RUB 12.6 billion (USD 172 million) due to an increase in planned maintenance, mainly on ammonia and phosphoric acid production lines, and an overall rise in prices for materials and services.
- Expenses for raw materials increased by 96.2% year-on-year to RUB 18.8 billion (USD 256 million):
 - Ammonia costs increased by 275.4% year-on-year to RUB 4.6 billion (USD 62 million) due to an increase in the price of ammonia in 2021 amid seasonal shutdowns in global ammonia production at the beginning of the year and an increase in natural gas prices in Europe in the third quarter.
 - Expenses for sulphur and sulphuric acid rose by 394.8% year-on-year to RUB 5.9 billion (USD 81 million) due to higher global prices for these products following growth in fertilizer prices.

- Freight, port, and stevedoring expenses grew by 33.5% to RUB 6.5 billion (USD 88 million) due to higher transportation tariffs.

Administrative and selling expenses						
RUB mln	9M 2021	9M 2020	Chng. %	3Q 2021	3Q 2020	Chng. %
Administrative expenses	14,946	12,941	15.5%	5,057	4,139	22.2%
<i>Salaries and social contributions</i>	9,722	8,376	16.1%	3,280	2,648	23.9%
<i>Professional services</i>	1,279	1,285	-0.5%	441	332	32.8%
<i>Amortisation</i>	1,022	1,019	0.3%	330	341	-3.2%
<i>Security and fire safety services</i>	777	658	18.1%	271	230	17.8%
<i>Other</i>	2,146	1,603	33.9%	735	588	25.0%
Selling and marketing expenses	4,826	4,307	12.1%	1,542	1,418	8.7%
<i>Salaries and social contributions</i>	2,890	2,318	24.7%	980	736	33.2%
<i>Materials and services</i>	850	866	-1.8%	262	304	-13.8%
<i>Amortisation</i>	1,086	1,123	-3.3%	300	378	-20.6%

Administrative, selling and marketing expenses in 3Q 2021 increased by 22.2% year-on-year to RUB 5.1 billion (USD 68 million) and by 8.7% to RUB 1.5 billion (USD 21 million), respectively. The main drivers of this increase were changes in payroll and social contributions associated with the adjustment of employee salaries, compensation payments and changes in exchange rates.

Market outlook

In early 4Q 2021, global fertilizer markets saw further price increases due to the unprecedented rise in natural gas prices in Europe and Asia and a subsequent decline in fertilizer production, as well as due to export restrictions from China in favour of domestic supplies. Prices on global markets have renewed multiyear highs and continue to rise, especially for nitrogen-based fertilizers amid approaching seasonal demand in key markets in North America, Europe and China.

Conference call and webcast:

PhosAgro will hold a conference call and webcast today at 14:00 London time (17:00 Moscow; 09:00 New York).

The call will be held in English, with simultaneous translation into Russian on a separate line.

Webcast link:

<https://www.webcast-egs.com/phosagro20211108>

Participant dial-in numbers:

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+7 495 213 1767

8 800 500 9283

United Kingdom:

+44 (0) 330 336 9127

0800 358 6377

United States:
+1 323-794-2423
888-254-3590

Conference ID numbers:

In English: 5329184
In Russian: 7839516

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About PhosAgro

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 102 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.

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three and nine months ended 30 September 2021 (unaudited)

<i>RUB million</i>	Nine months ended		Three months ended	
	30 September		30 September	
	2021	2020	2021	2020
Revenues	292,564	194,988	116,303	70,992
Cost of Group products sold	(148,237)	(121,598)	(55,004)	(42,275)
Cost of products for resale	(7,584)	(6,795)	(2,291)	(2,038)
Gross profit	136,743	66,595	59,008	26,679
Administrative and selling overhead expenses	(19,772)	(17,248)	(6,599)	(5,557)
Taxes, other than income tax, net	(4,446)	(2,339)	(1,449)	(756)
Other expenses, net	(2,423)	(1,974)	(902)	(529)
Foreign exchange (loss)/gain from operating activities, net	(690)	1,894	76	873
Operating profit	109,412	46,928	50,134	20,710
Finance income	407	576	213	223
Finance costs	(3,914)	(4,357)	(1,437)	(1,484)
Foreign exchange gain/(loss) from financing activities, net	2,775	(37,247)	(549)	(20,301)
COVID-19 related expenses	(350)	(844)	(132)	(555)
Profit/(loss) before tax	108,330	5,056	48,229	(1,407)
Income tax (expense)/benefit	(20,490)	(1,098)	(9,041)	74
Profit/(loss) for the period	87,840	3,958	39,188	(1,333)
Attributable to:				
Non-controlling interests*	(17)	(6)	(2)	(13)
Shareholders of the Parent	87,857	3,964	39,190	(1,320)
Basic and diluted earnings/(loss) per share (in RUB)	678	31	303	(10)
<i>Other comprehensive (loss)/income</i>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation difference	(453)	3,571	51	2,037
Other comprehensive (loss)/income for the period	(453)	3,571	51	2,037
Total comprehensive income for the period	87,387	7,529	39,239	704
Attributable to:				
Non-controlling interests*	(17)	(6)	(2)	(13)
Shareholders of the Parent	87,404	7,535	39,241	717

Consolidated Interim Condensed Statement of Financial Position
as at 30 September 2021 (unaudited)

<i>RUB million</i>	30 September 2021	31 December 2020
Assets		
Property, plant and equipment	229,455	220,031
Advances issued for property, plant and equipment	11,671	7,835
Deferred tax assets	8,491	7,462
Right-of-use assets	6,369	7,335
Non-current spare parts	4,647	4,308
Catalysts	2,184	2,292
Intangible assets	1,568	1,621
Other non-current assets	910	948
Investments in associates	582	556
Non-current assets	265,877	252,388
Cash and cash equivalents	67,989	8,460
Trade and other receivables	34,404	17,515
Inventories	31,981	30,580
VAT and other taxes receivable	8,038	10,285
Income tax receivable	468	479
Other financial assets	271	311
Current assets	143,151	67,630
Total assets	409,028	320,018
Equity		
Share capital	372	372
Share premium	7,494	7,494
Retained earnings	136,656	90,757
Actuarial losses	(717)	(717)
Foreign currency translation reserve	9,128	9,581
Equity attributable to shareholders of the Parent	152,933	107,487
Equity attributable to non-controlling interests	112	129
Total equity	153,045	107,616
Liabilities		
Loans and borrowings	152,665	103,824
Deferred tax liabilities	11,979	11,578
Lease liabilities	3,036	4,268
Defined benefit obligations	938	945
Non-current liabilities	168,618	120,615
Trade and other payables	46,382	29,869
Loans and borrowings	33,522	55,316
VAT and other taxes payable	4,367	3,675
Lease liabilities	2,051	1,927
Income tax payable	1,043	1,000
Current liabilities	87,365	91,787
Total equity and liabilities	409,028	320,018

Consolidated Interim Condensed Statement of Cash Flows
for the nine months ended 30 September 2021 (unaudited)

<i>RUB million</i>	Nine months ended 30 September	
	2021	2020
<i>Cash flows from operating activities</i>		
Operating profit	109,412	46,928
<i>Adjustments for:</i>		
Depreciation and amortisation	20,879	20,863
Loss on disposal of property, plant and equipment and intangible assets	147	62
Operating profit before changes in working capital and provisions (Increase)/decrease in inventories, catalysts and non-current spare parts	130,438 (2,257)	67,853 2,648
(Increase)/decrease in trade and other receivables	(15,835)	1,241
(Decrease)/increase in trade and other payables	(718)	1,887
Cash flows from operations before income taxes and interest paid	111,628	73,629
Income tax paid	(21,070)	(3,990)
Finance costs paid	(3,164)	(2,396)
Cash flows from operating activities	87,394	67,243
<i>Cash flows from investing activities</i>		
Acquisition of property, plant and equipment and intangible assets	(31,681)	(27,360)
Borrowing cost capitalised paid	(906)	(889)
Other	145	671
Cash flows used in investing activities	(32,442)	(27,578)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings, net of transaction costs	53,296	47,829
Repayment of borrowings	(23,513)	(62,026)
Early eurobond partial redemption fees	-	(292)
Dividends paid to shareholders of the Parent	(22,728)	(18,774)
Dividend paid to non-controlling interests	-	(30)
Lease payments	(1,457)	(1,492)
Cash flows from/(used in) financing activities	5,598	(34,785)
Net increase in cash and cash equivalents	60,550	4,880
Cash and cash equivalents at 1 January	8,460	8,236
Effect of exchange rates fluctuations	(1,021)	2,292
Cash and cash equivalents at 30 September	67,989	15,408