CAPITAL MARKETS DAY 2019
PHOSAGRO®
London, 25 September 2019

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PRESENTING TEAM

Xavier Robert Rolet KBE
Chairman of the
Board of Directors

Andrey Guryev
Chief Executive Officer

Irina Bokova
Chairman of the Sustainable
Development Committee

Sven Ombudstvedt
Chairman of the
Strategy Committee

Mikhail Rybnikov
Chief Operating Officer

Sergey Pronin
Deputy CEO for
Sales and Marketing

Alexander Sharabaiko
Chief Financial Officer

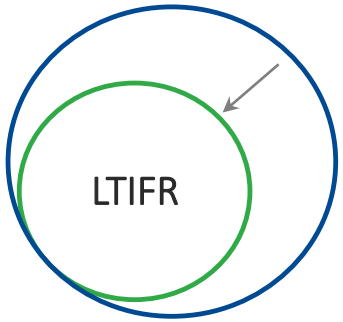
Siroj Loikov
Deputy CEO for
International Projects

AGENDA

	Page
1 Executive summary	6
2 Corporate governance	9
3 CEO statement	13
4 Business overview	23
5 Market outlook	36
Q&A	50
COFFEE BREAK	51
6 Strategy 2025	52
7 Sales strategy	59
8 Financial review	66
9 Sustainability	75
10 International projects	86
11 Concluding remarks	96
Q&A	98

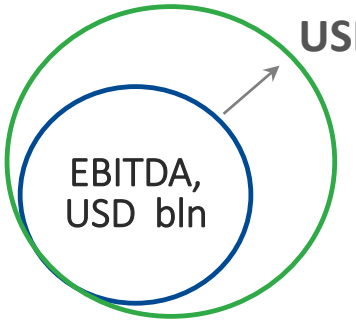
EXECUTIVE SUMMARY
PHOSAGRO®

BUSINESS MILESTONES



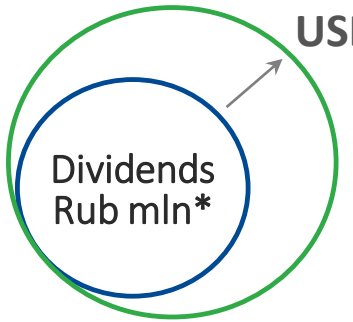
FY13
FY18

-80%



USD 1.2 bln

+60%



USD 0.5 bln

+310%

"STRATEGY 2020" TARGETS ACHIEVED

INVESTMENT PROJECTS COMPLETED

FOCUS ON SUSTAINABLE DEVELOPMENT

GREEN LABEL LAUNCHED

GLOBAL INDUSTRY LEADER

Source: PhosAgro

* LTM

OUR CORPORATE GOVERNANCE PRINCIPLES

1 ACCOUNTABILITY

Formulate and oversee the implementation of the Company's strategy

Establish and maintain systems that enable it to monitor PhosAgro's performance

2 TRANSPARENCY

PhosAgro ensures the reliable and suitable disclosure of all matters relating to its operations, such as financial updates, social and environmental indicators, operating results, ownership structure and corporate governance

3 RESPONIBILITY

PhosAgro seeks to take into account the rights and interests of all stakeholders;

The Company aims to foster mutually beneficial relationships through effective communications and attention to the needs and expectations of different groups

4 EQUALITY

PhosAgro's corporate governance system protects the rights of all shareholders and ensures that their interests are respected and taken into consideration

Source: PhosAgro

CORPORATE GOVERNANCE

PHOSAGRO®

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Independent Directors

Xavier Robert Rolet KBE
Chairman

Irina Bokova
Chairman of the Sustainable Development Committee

Sven Ombudstvedt
Chairman of the Strategy Committee//
Chairman of the Risk management Committee

James Rogers
Chairman of the Remuneration and HR Committee

Marcus Rhodes
Chairman of the Audit Committee

Andrey Sharonov
Non-Executive Director

Natalia Pashkevich
Non-Executive Director

Executive Directors

Andrey G Guryev
Deputy Chairman

Andrey A Guryev
Chief Executive Officer

Mikhail Rybnikov
Chairman of the Environmental, Health and Safety Committee

EXPERIENCE

London Stock Exchange · CQS · esma · Bank of England · Credit Suisse · Lehman Brothers · Dresdner Bank · PEACCEL · CA CV

Republic of Bulgaria Ministry of Foreign Affairs

Norske Skog · YARA · Hydro

QUANTUM asset management · Rogers International Commodity Index® · Arnhold and S. Bleichroeder

QIWI · Ernst & Young · Arthur Andersen

Troika Dialog · SKOLKOVO Moscow School of Management

Российская академия естественных наук · Saint-Petersburg Mining University

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HIGHLIGHTS

10
DIRECTORS

7
INED

6
COMMITTEES

5
COMMITTEES ARE CHAIRED BY INED

NEW **SUSTAINABLE DEVELOPMENT COMMITTEE** WAS ESTABLISHED AND CHAIRED BY

IRINA BOKOVA

Source: PhosAgro

BOARD OF DIRECTORS LONG-TERM PRIORITIES

ORGANIC GROWTH

1. Increase capacity to supply quality products with low levels of impurities
2. Maintain leading position on cash cost curve, securing self-sufficiency in feedstocks
3. Prioritise safety and environmental protection

INVESTMENT DISCIPLINE

1. Smart CapEx with high IRR
2. Commitment to maintain investment grade credit rating
3. Balanced capital allocation for sustainable development

SUSTAINABILITY

1. Set clear ESG goals and report on progress towards achieving them
2. Contribute to UN Global Compact goals
3. Transparent and timely disclosure of strategy updates and current performance

INNOVATION

1. Applying innovative technologies to traditional industrial processes
2. Replace physical labour with machines and automated processes
3. Further increase workplace safety through digitalisation

Source: PhosAgro

COMMITTEE HIGHLIGHTS FOR PREVIOUS 18 MONTHS

STRATEGY COMMITTEE

1. Approved 5-year development plan - Strategy 2025
2. Reviewed development plan for Metachem
3. Set KPIs for operating assets to monitor Strategy 2025 progress

REMUNIRATION/HR COMMITTEE

1. Conducted self-assessment of the Board of Directors
2. Reviewed KPIs based on results achieved in 2018, set new KPIs for top management for 2019
3. Reviewed implementation of social programmes in 2017-18 and set key social policy areas for 2019
4. Conducted Company-wide employee satisfaction survey and established recommendations to improve internal policies based on results

EHS COMMITTEE

1. Reviewed potential impact of changes in Russian environmental legislation on Company operations
2. Assessed performance of initiatives aimed at improving energy efficiency
3. Assessed initiatives to mitigate negative impact on environment and benchmarked against peers
4. Reviewed sustainable development policies

Source: PhosAgro

CEO’S STATEMENT

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PHOSAGRO KEY ADVANTAGES

#1 Global producer of high-grade phosphate rock

Leading position on the cash cost curve driven by vertical integration

Growing output of eco-friendly fertilizers and deposits with **50+ years** lifetime

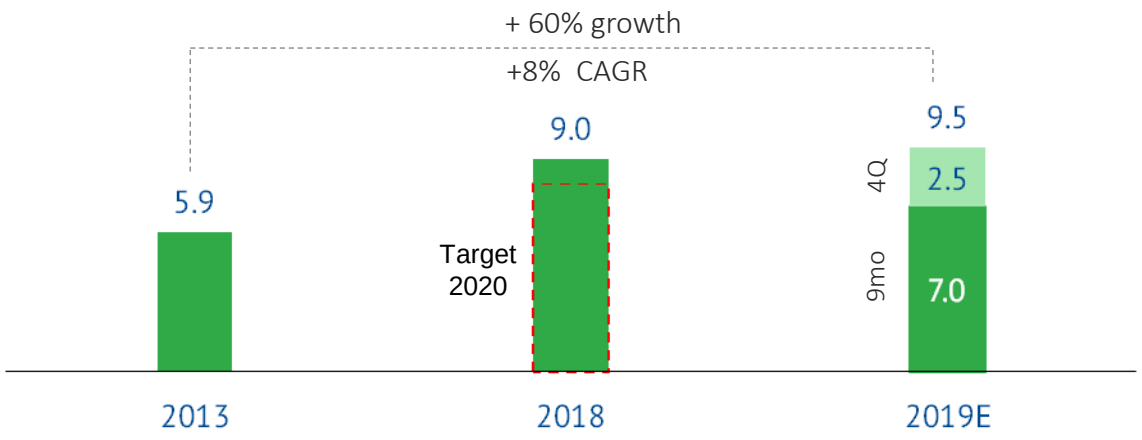
Smart capital allocation approach

Global footprint - 100+ countries

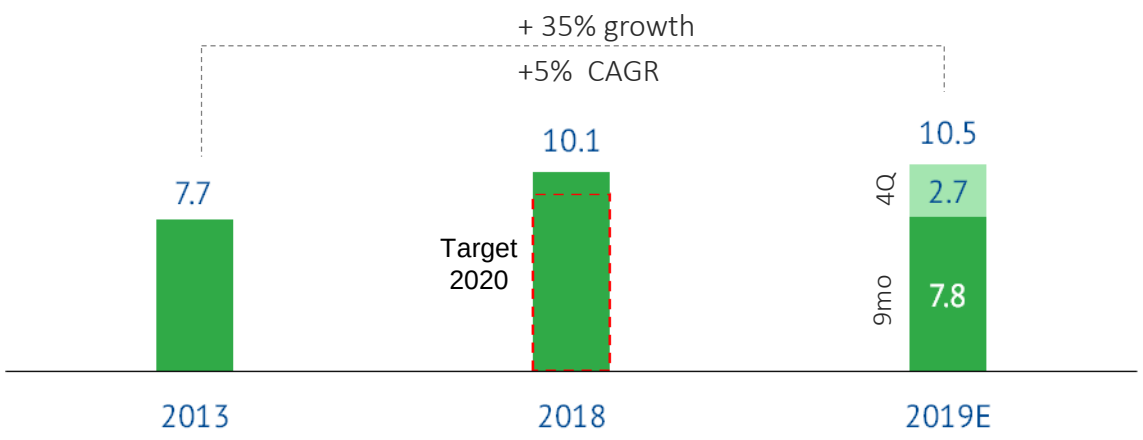
Source: PhosAgro

STRATEGY 2020 RESULTS: ABOVE AND BEYOND OUR COMMITMENTS

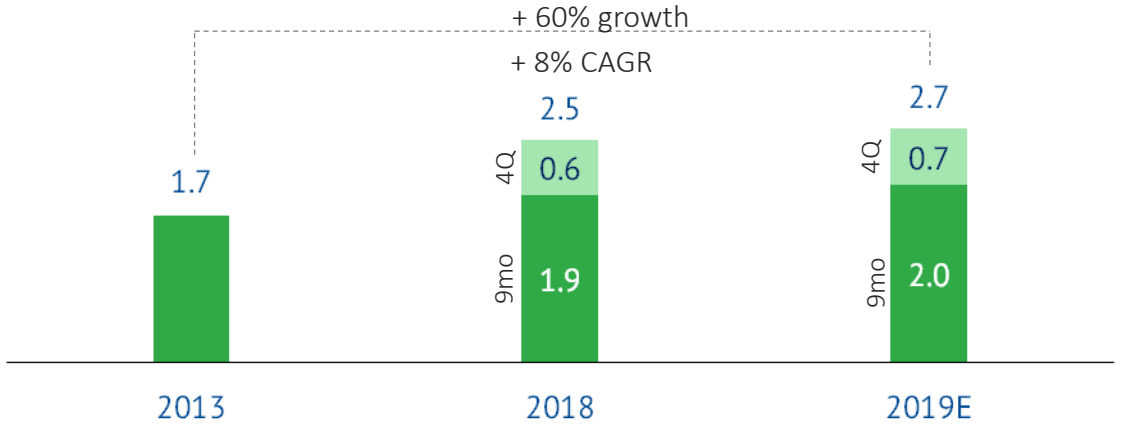
Fertilizer production, mln t



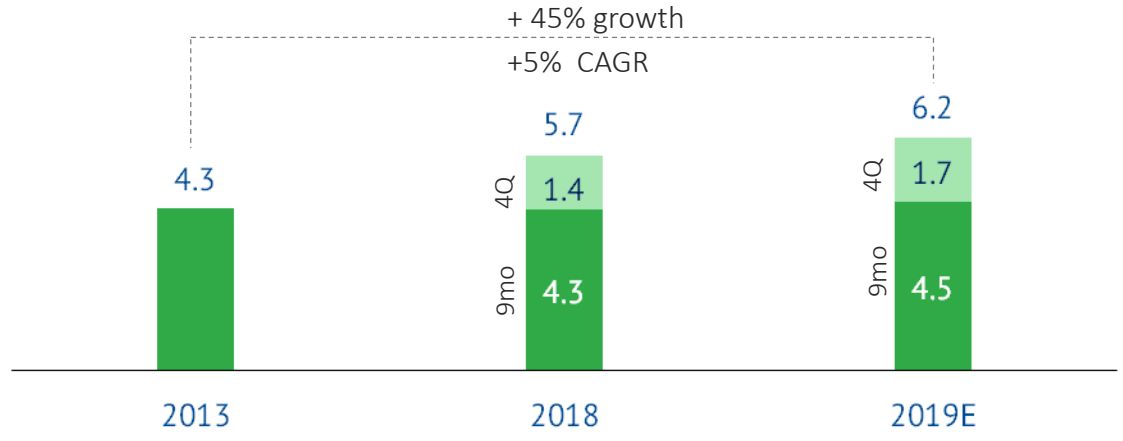
Phosphate rock production, mln t



Phosphoric acid production, P_2O_5 mln t



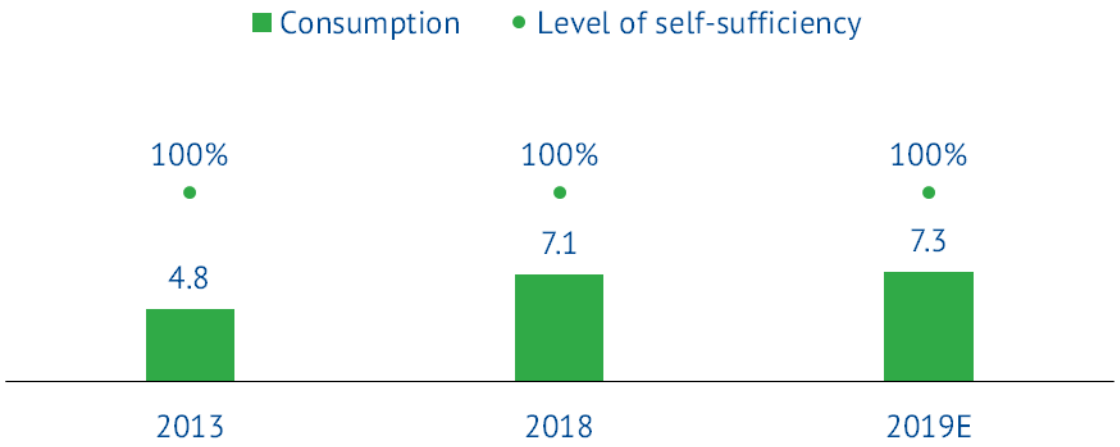
Sulphuric acid production, mln t



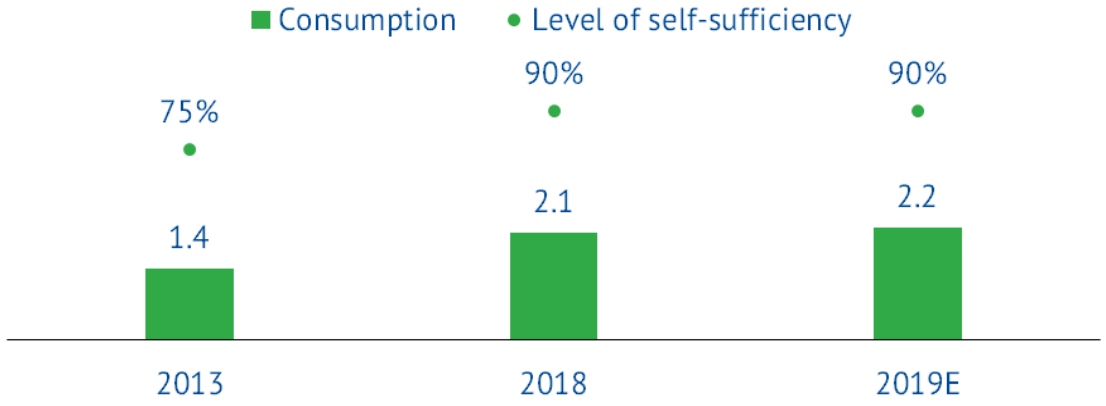
Source: PhosAgro

STRATEGY 2020 RESULTS: INTEGRATION INTO FEEDSTOCKS

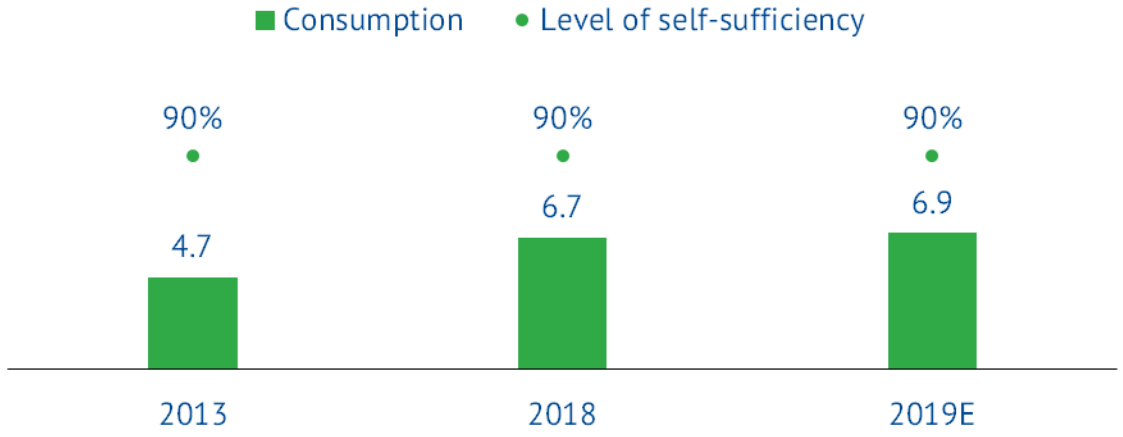
Phosphate rock internal consumption, mln t



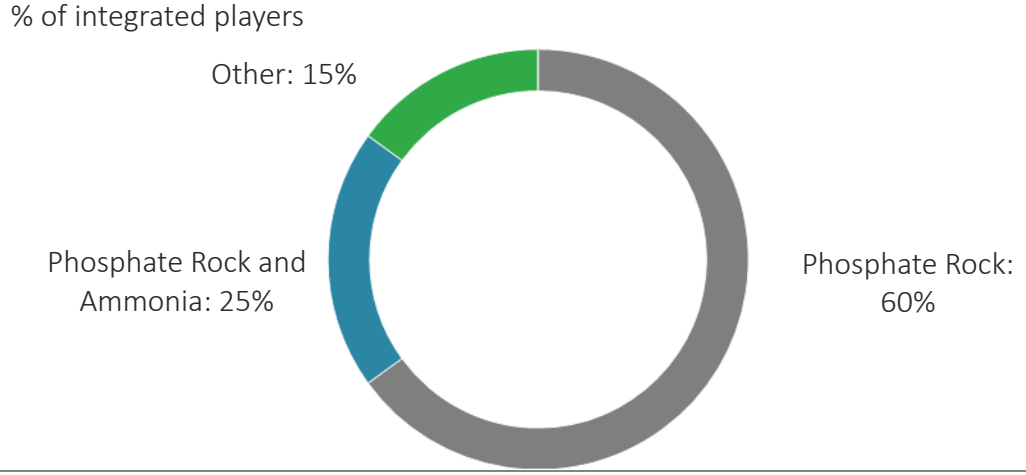
Ammonia, mln t



Sulphuric acid, mln t



Global industry breakdown by scale of integration*

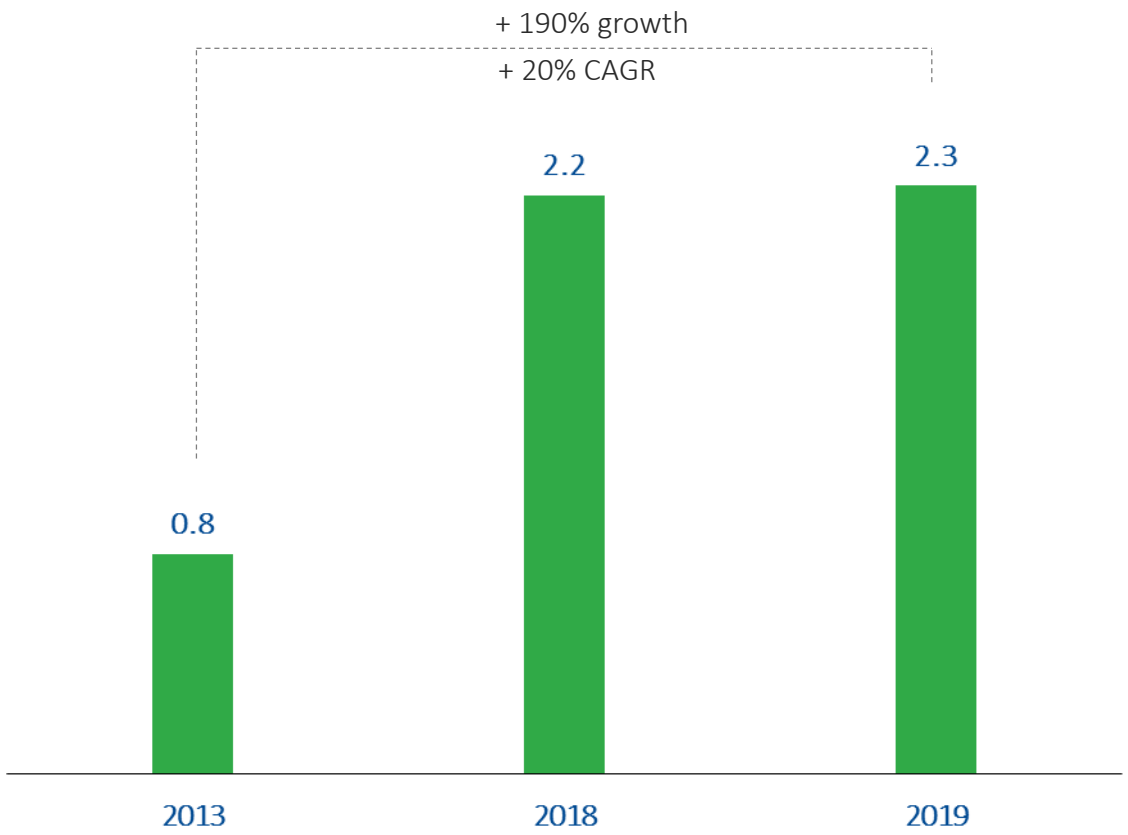


Source: PhosAgro

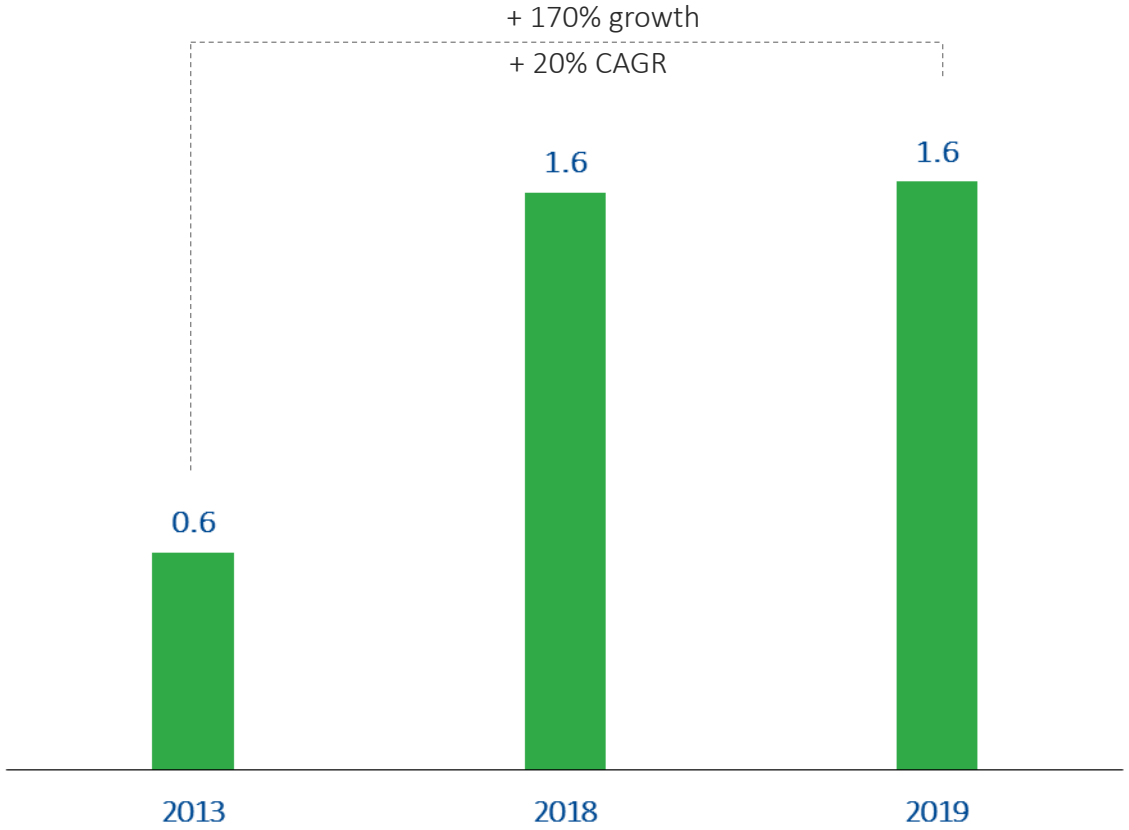
* Excluding China

STRATEGY 2020 RESULTS: LABOUR PRODUCTIVITY

Labour productivity in Upstream*, ktpp



Labour productivity in Downstream, ktpp



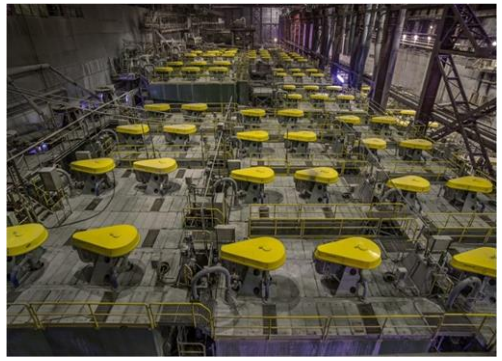
Source: PhosAgro

* Including phosphate rock and nepheline concentrate production

** Including the production of mineral fertilizers, feed monocalcium phosphate, sodium tripolyphosphate, potassium sulphate, sulphate of potash magnesia

STRATEGY 2020 RESULTS: COMPLETED INVESTMENT PROJECTS

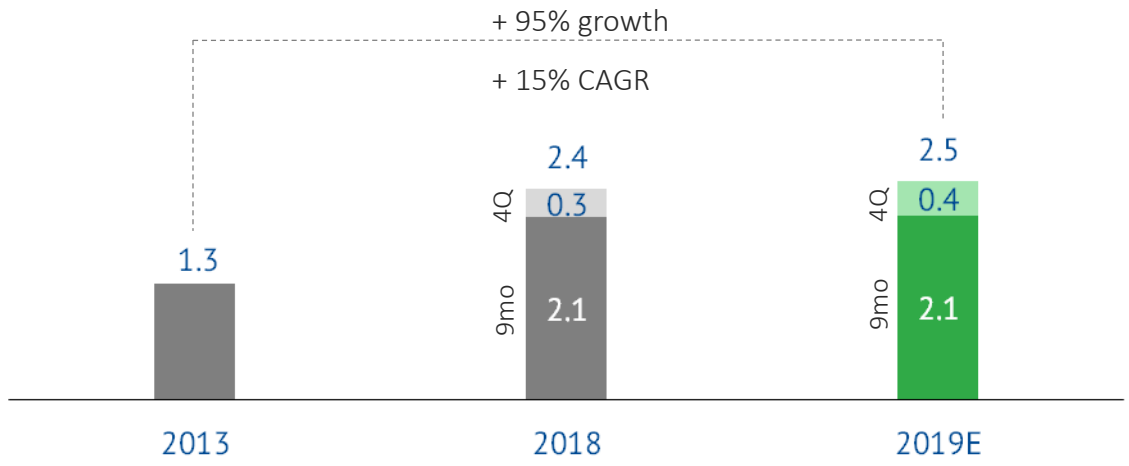
PROJECT	Construction of ammonia and urea lines	ANBP #3 development	Cherepovets and Balakovo development programme
SITE	Cherepovets	Kirovsk	Cherepovets and Balakovo
CAPEX	USD 988 mln	USD 145 mln	USD 197 mln
EFFECT	+500 ktpa urea; +760 ktpa ammonia	Capacity reached 9.0 mtpa of phosphate rock	+300 ktpa P_2O_5 of phosphoric acid
EBITDA (2019)	USD 150+ mln	USD 100 mln	USD 100+ mln



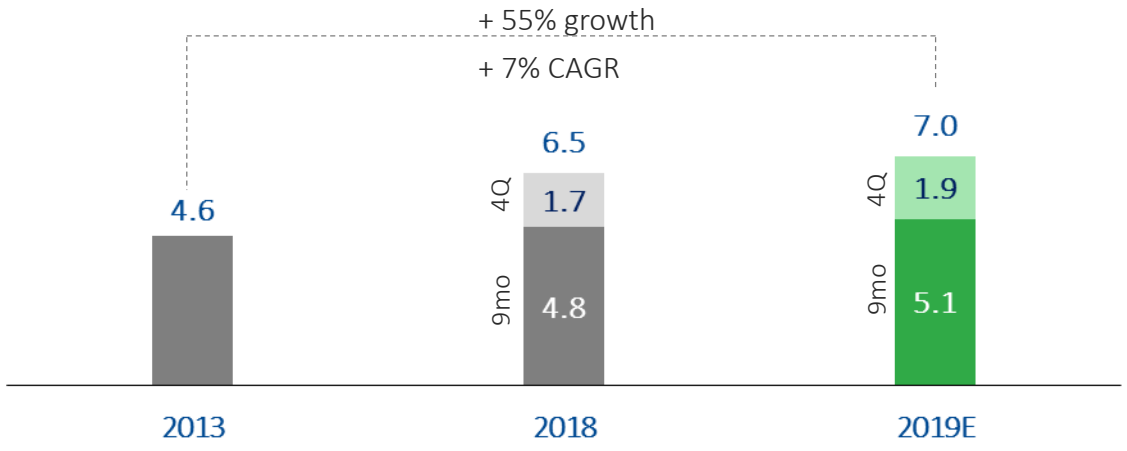
Source: PhosAgro

GLOBAL FOOTPRINT WITH DIVERSIFIED PRODUCT PORTFOLIO

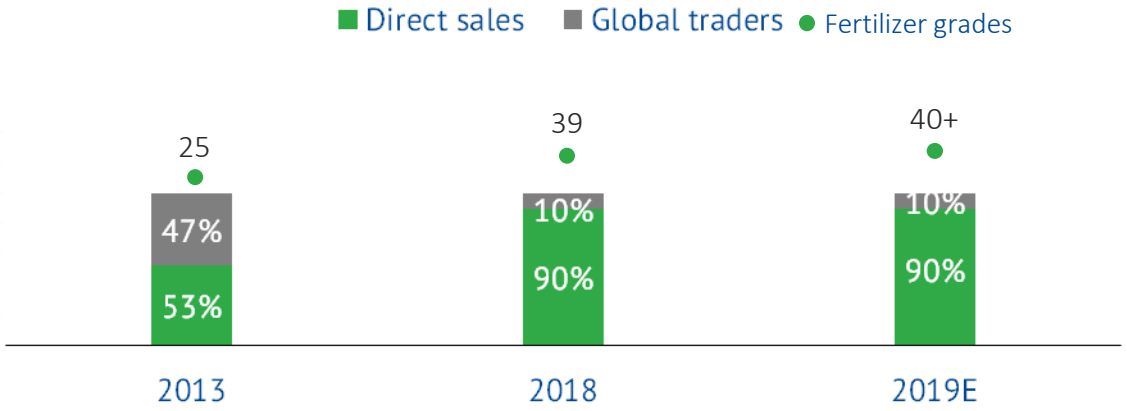
Russia fertilizer sales, mln t



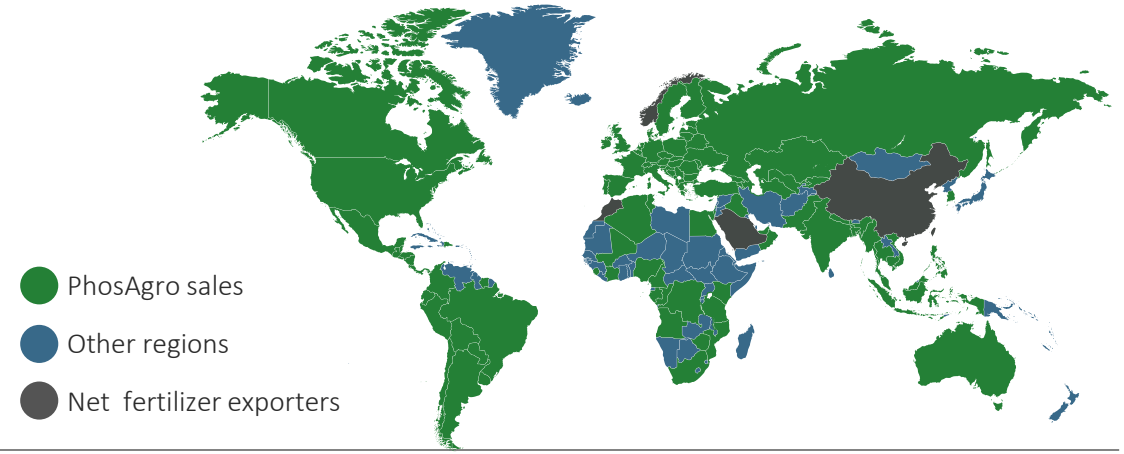
Export fertilizer sales, mln t



Access to markets



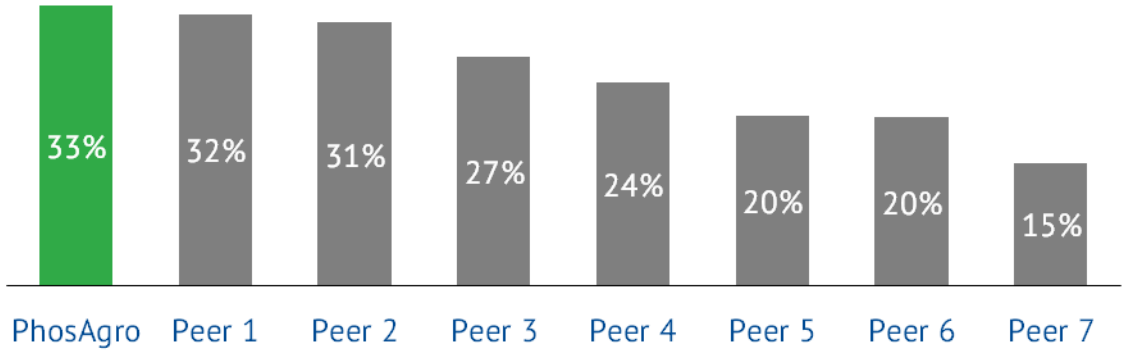
Global footprint



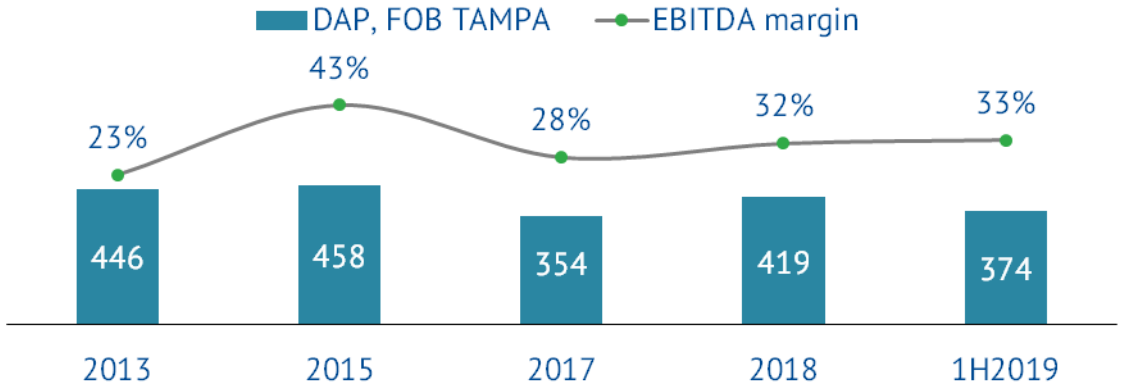
Source: PhosAgro

STRATEGY 2020 RESULTS: SOLID FINANCIAL PERFORMANCE THROUGH THE CYCLE

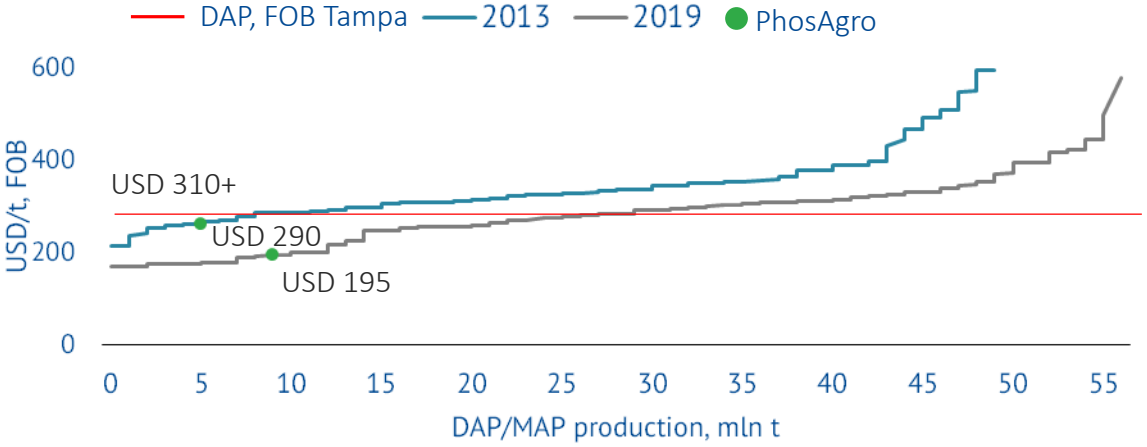
EBITDA margin comparison in 1H19*



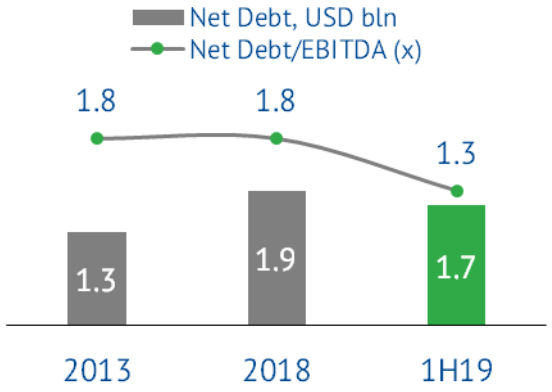
DAP price vs EBITDA margin



Global DAP/MAP Cash cost against current fob prices

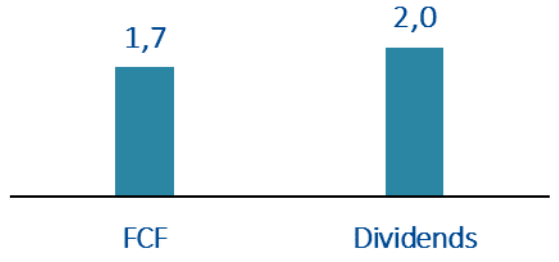


Net debt and deleverging



FCF vs Dividends, bln USD

2013-1H19

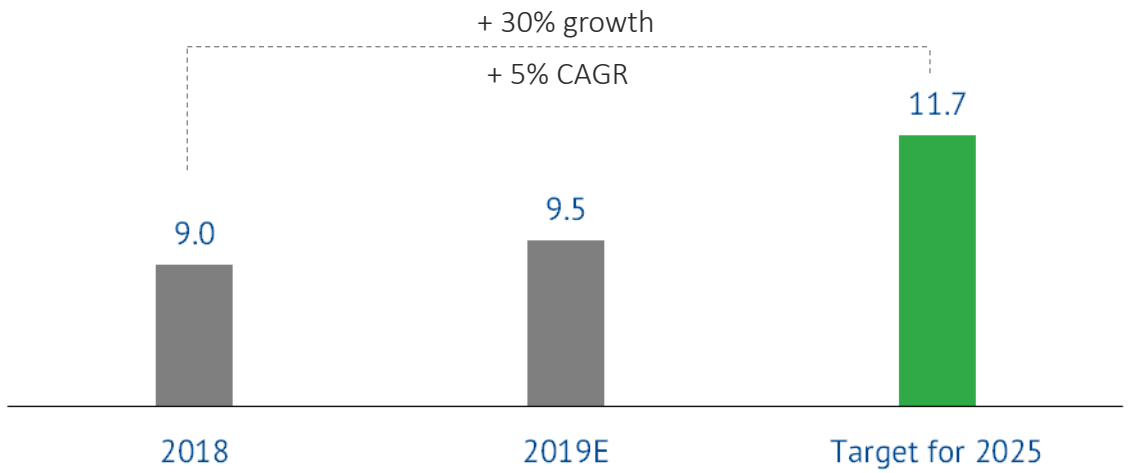


Source: CRU, Fertecon, Profercy, PhosAgro

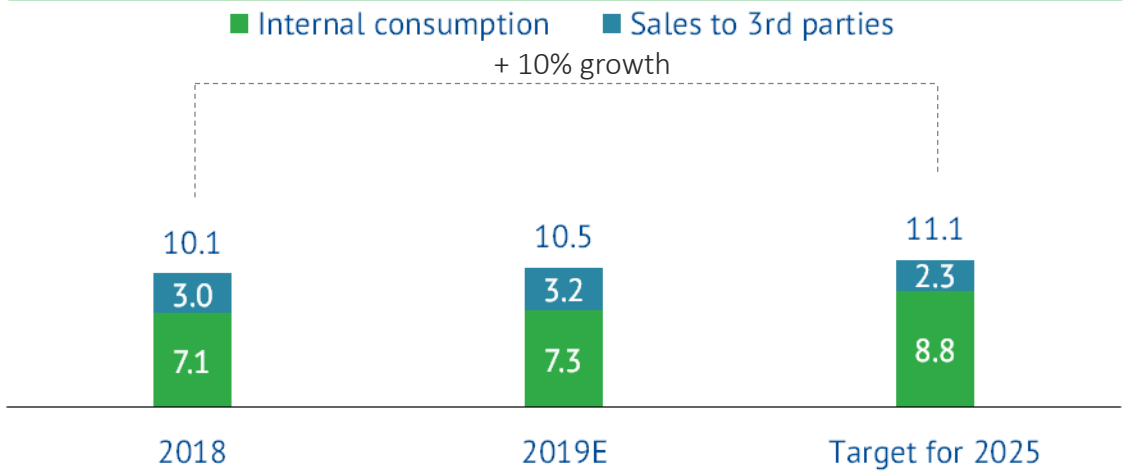
* Peer group includes Mosaic, OCP, Nutrien, ICL, Yara, Eurochem, Ma'aden

STRATEGY 2025: KEY TARGETS

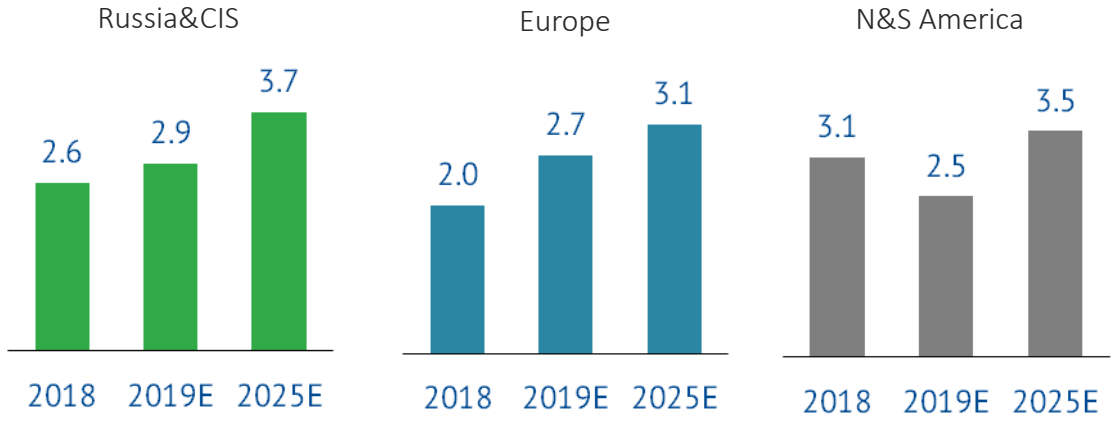
Fertilizer production, mln t



Phosphate rock production, mln t



Key markets, mln t



Operational and business efficiency

Comfort level ND/EBITDA: 1.0-1.5x

CapEx/EBITDA ratio below 0.5x p.a.

Expected effect on EBITDA* USD 450+ mln from investment projects

Source: PhosAgro

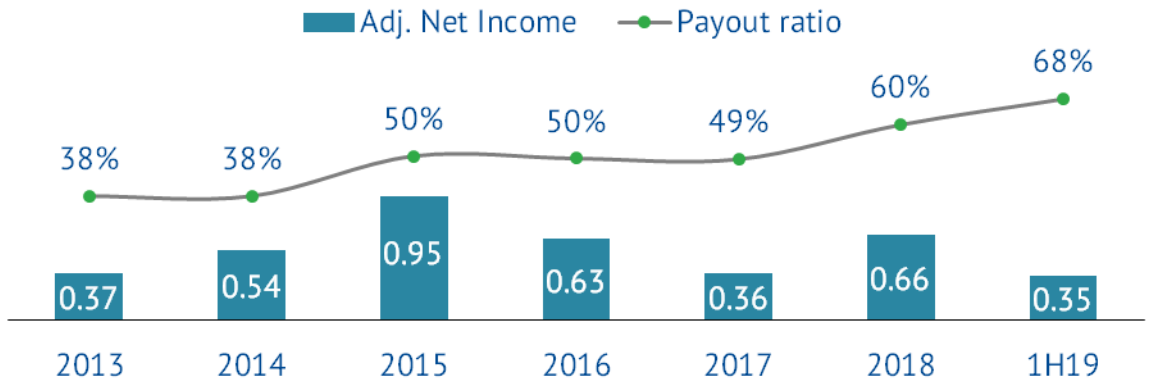
* Subject to macro condition changes

NEW DIVIDEND POLICY

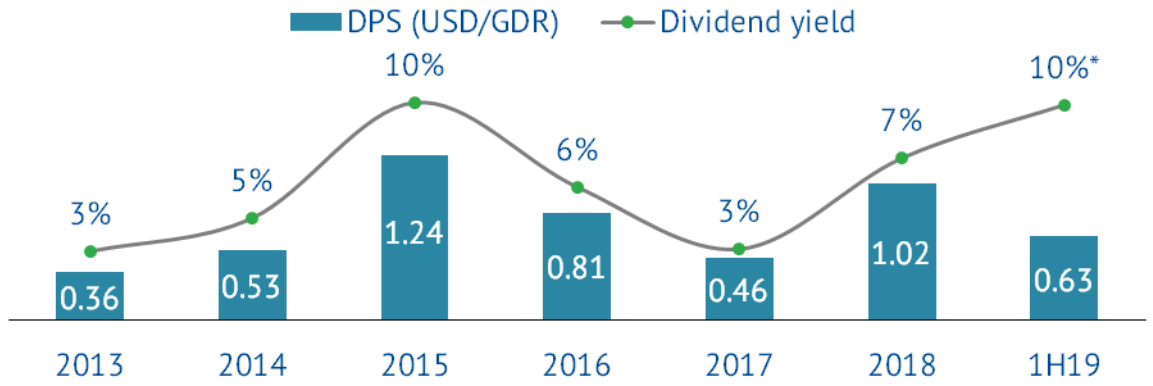
Board of Directors approved new dividend policy on 24 September 2019

Dividend base	FREE CASH FLOW		
Frequency	Quarterly		
Threshold	ND/EBITDA <1.0x	ND/EBITDA 1-1.5x	ND/EBITDA >1.5x
Payout ratio	>75%	50-75%	<50%
Minimum payout	50% of adj. net Income		

Historical dividend payments, USD bln



Dividends per GDR and dividend yield, USD/GDR



Source: PhosAgro

1H19 dividend yield are annualized

BUSINESS OVERVIEW
PHOSAGRO®

PHOSAGRO ASSETS IN 2019

Mining

Kirovsk Branch of Apatit (Kirovsk)

38 mln t	Ore mining	**10.5** mln t	phosphate rock production
2.3 bln t	Total resources	**39%**	Content of P_2O_5

Production

Metachem (Volkhov)

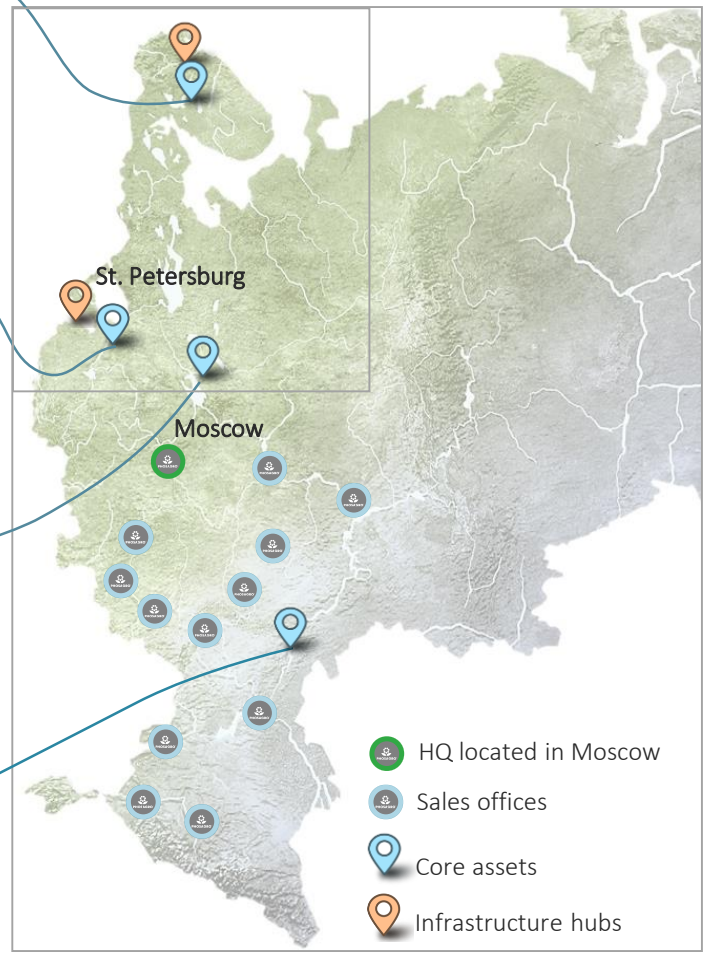
0.3 mln t	NPK(S)	**0.2m** ln t	Sulphuric acid
0.1 mln t	STPP	**96** Kt P_2O_5	Phosphoric acid

Apatit (Cherepovets)

4.8 mln t	MAP/DAP/NPK(S)	**0.5** mln t	AN/AN-based
1.7 mln t	Urea	**1.9** mln t	Ammonia

Balakovo branch of Apatit (Balakovo)

1.8 mln t	MAP/DAP/NPK	**0.4** mln t	MCP



Sales

Infrastructure hubs

Domestic distribution network

16	Sales offices	**8.9k**	Railcars of different configurations
26	Distribution centers	**67**	Regions supplied by PhosAgro

International offices

10	Trading offices	**~100**	Countries supplied by PhosAgro

Source: PhosAgro

* EST stands for European Sulphur Terminal

QUALITY RESOURCE BASE WITH 50+ YEARS LIFETIME

IN ACCORDANE WITH JORC CODE (01.01.2018)

MEASURED AND INDICATED MINERAL RESOURCES: 2.3 BLN TONNES, WHERE 80% ARE UNDERGROUND

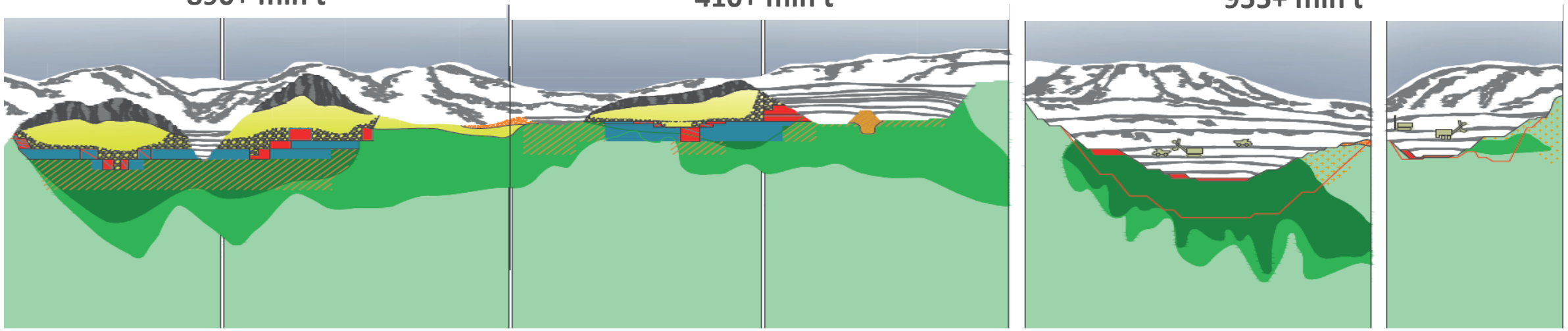
PROVED AND PROBABLE PHOSPHATE ORE RESERVE: 1.3 BLN TONNES, WHERE 71% ARE UNDERGROUND

- Recovered reserves
- Available reserves
- Accessed reserves
- Phosphate ore reserves
- Future horizons

Kirovskiy deposits
890+ mln t

Rasvumchorskiy deposits
410+ mln t

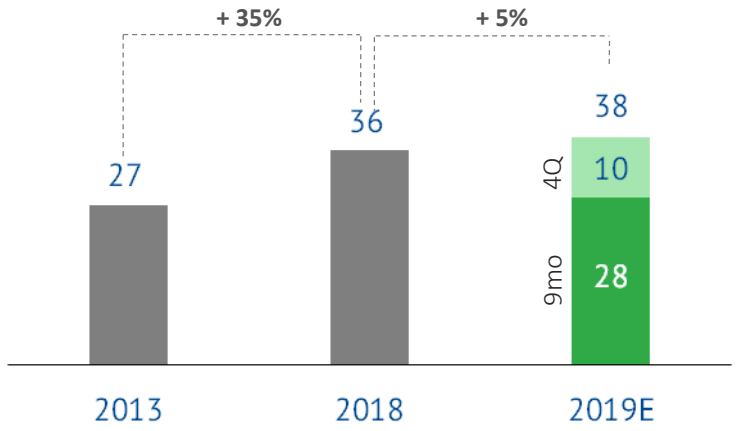
Vostochniy deposits
955+ mln t



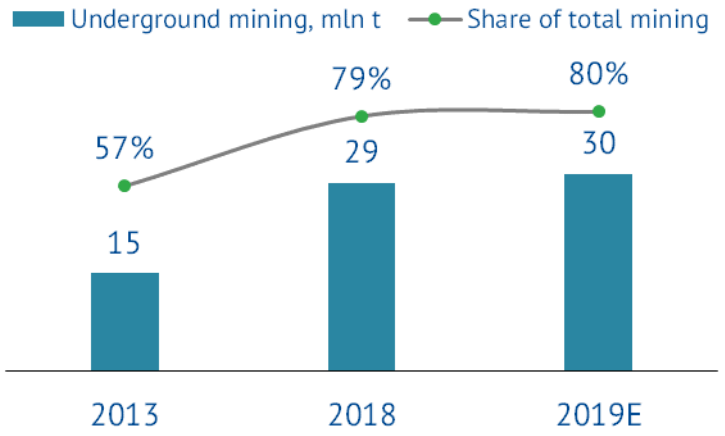
Source: PhosAgro

UPSTREAM ASSETS EXPANSION

Phosphate ore extraction, mln t



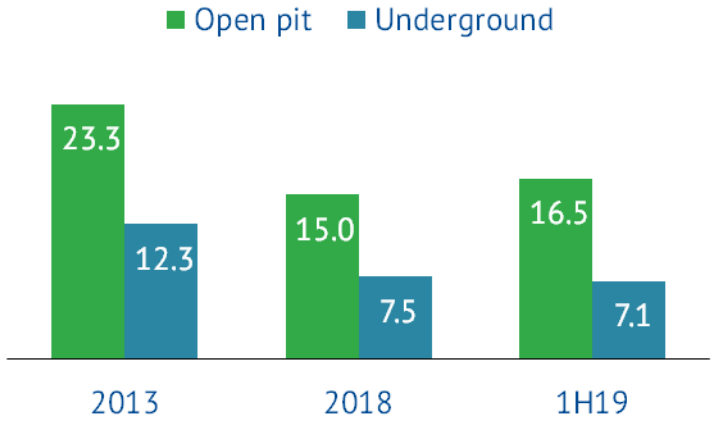
Focus on underground mining



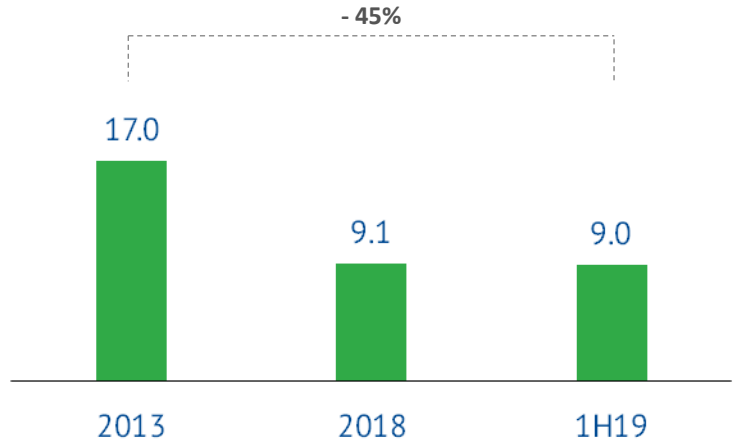
Highlights

- **Our upstream assets:** Kirovsk branch of Apatit has been in operation since 1929
- **6 deposits with 50+ years lifetime**
- **2 underground mines:** Kirovskiy mine, Rasvumchor mine,
- **1 open pit:** Vostochniy mine

Mining cash cost, USD/t



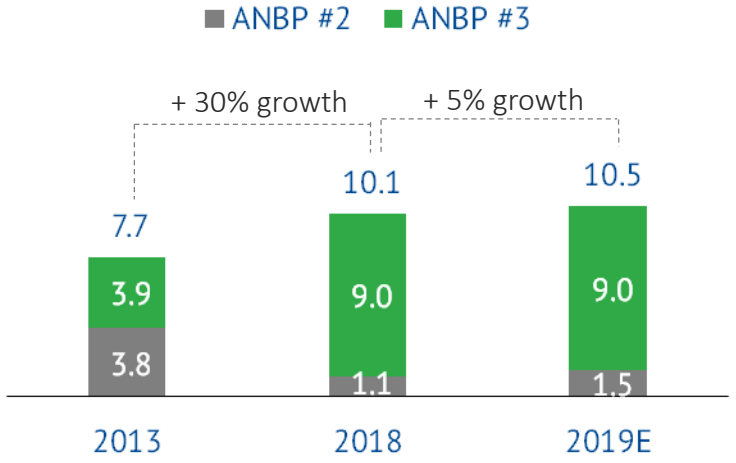
Average mining cash cost, USD/t



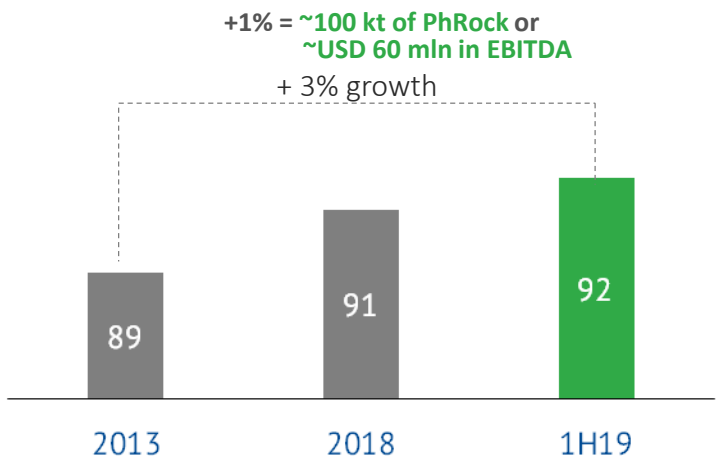
Source: PhosAgro

KIROVSK: UPGRADES OF BENEFICATION PLANTS

Phosphate rock production, mln t



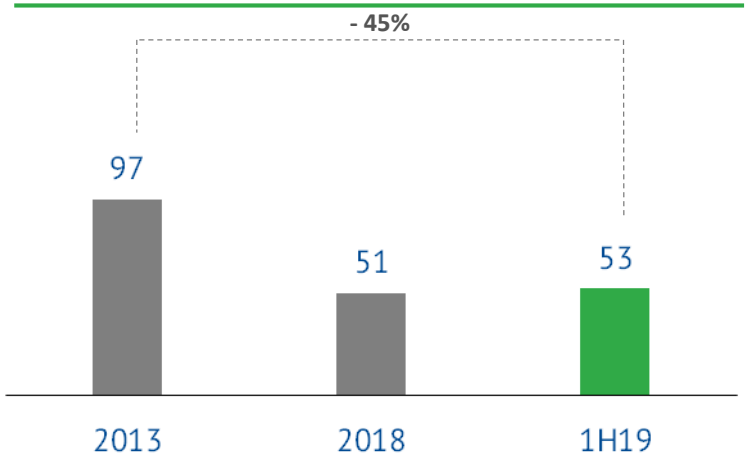
Average recovery ratio at ANBP #3, %



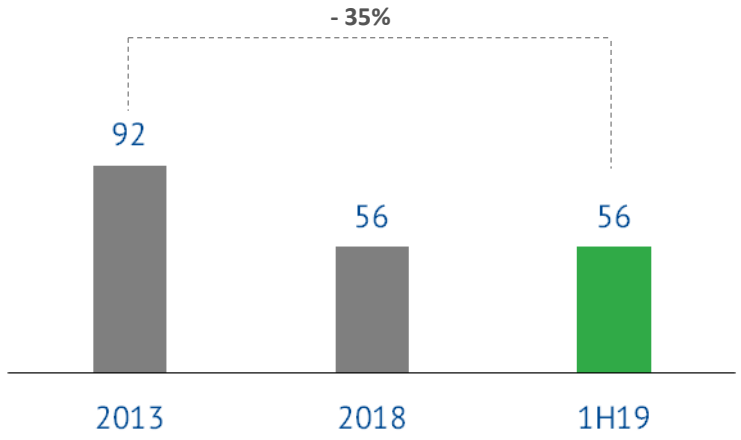
Highlights

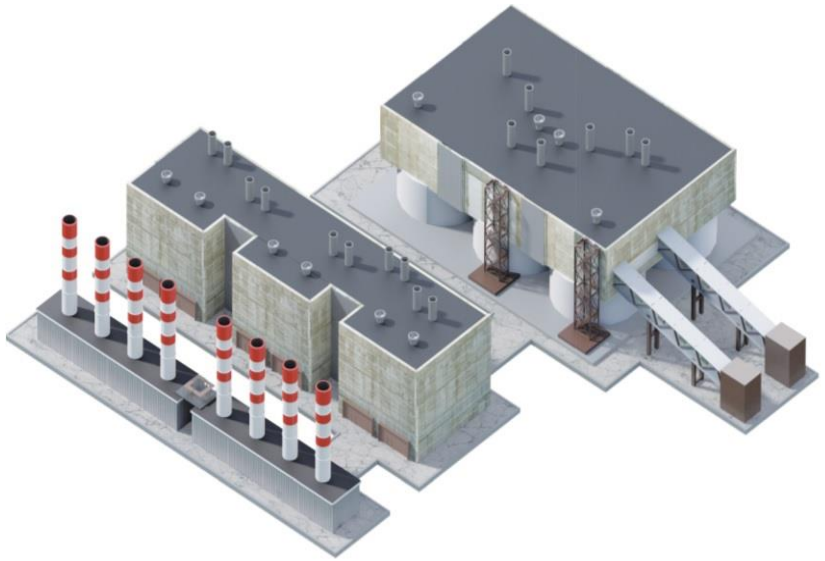
- **ANBP #3:**
  - **CapEx 2014-2018:** USD 145 mln
  - **Production capacity:** 9 mtpa
  - **EBITDA 2018:** USD 100 mln p.a.
- **ANBP #2:**
  - **CapEx 2014-2018:** USD 50 mln
  - **Production capacity:** up to 1.5 mtpa
  - **EBITDA 2018:** USD 15 mln p.a.

Phosphate rock cash cost at ANBP #3, USD/t



Average Phosphate rock cash cost, USD/t

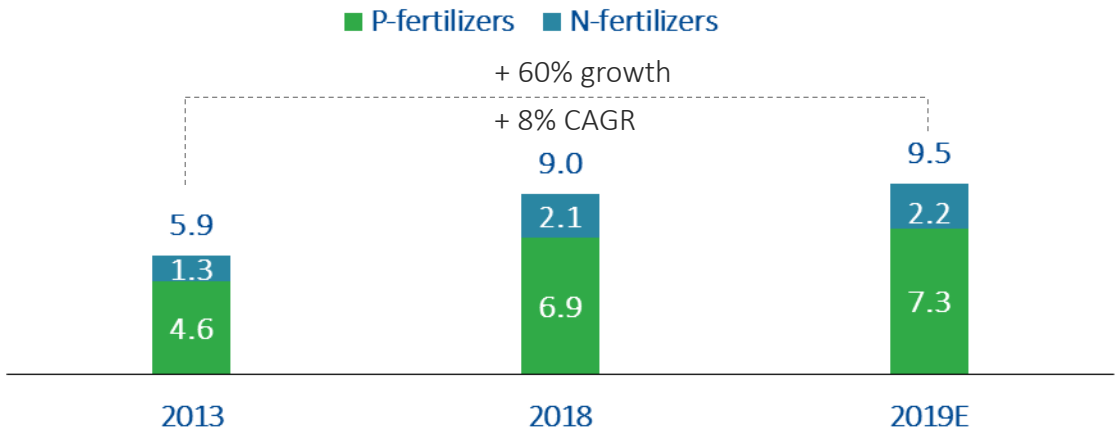




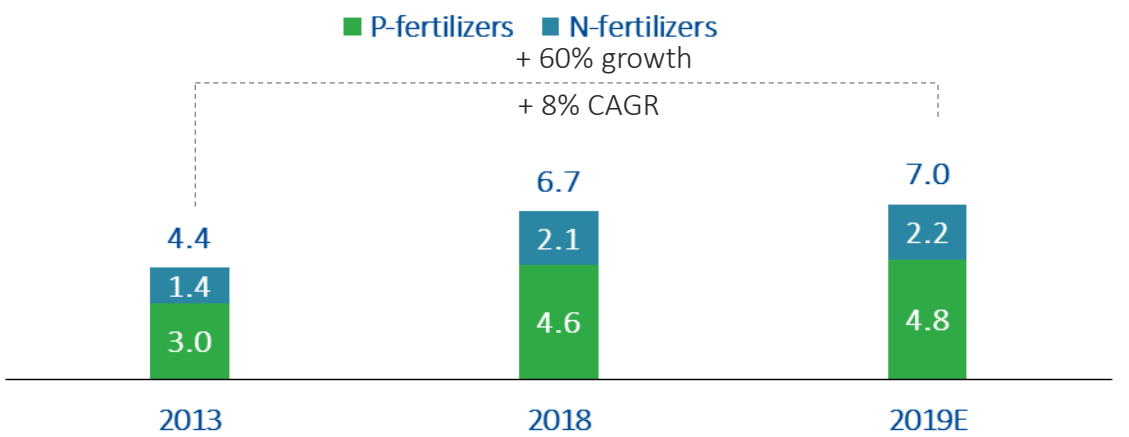
Source: PhosAgro

DOWNSTREAM PRODUCTION PERFORMANCE

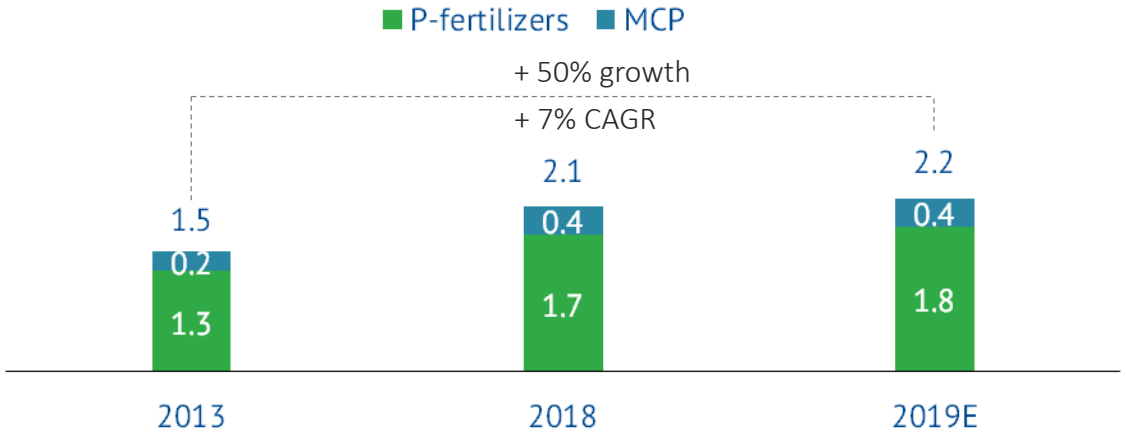
Fertilizer production, mln t



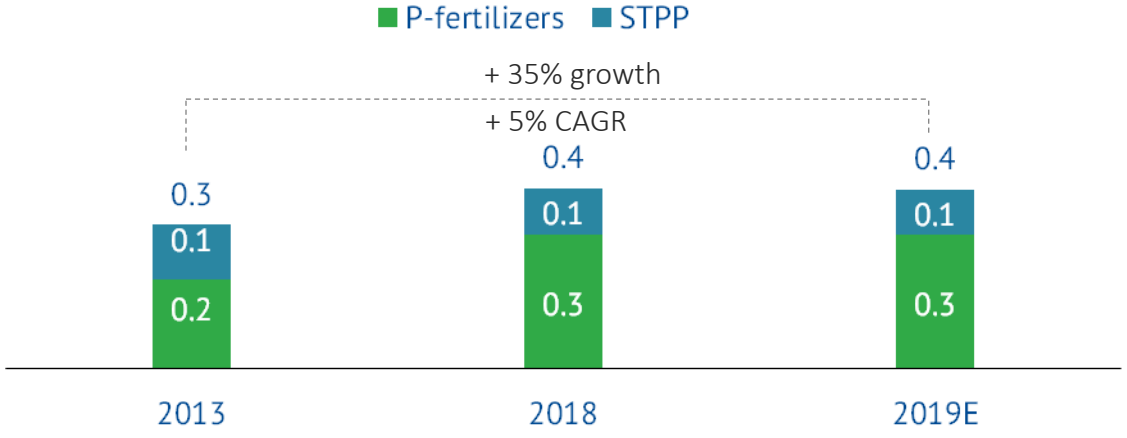
Fertilizer production at Cherepovets, mln t



Fertilizer (incl. MCP) production at Balakovo, mln t



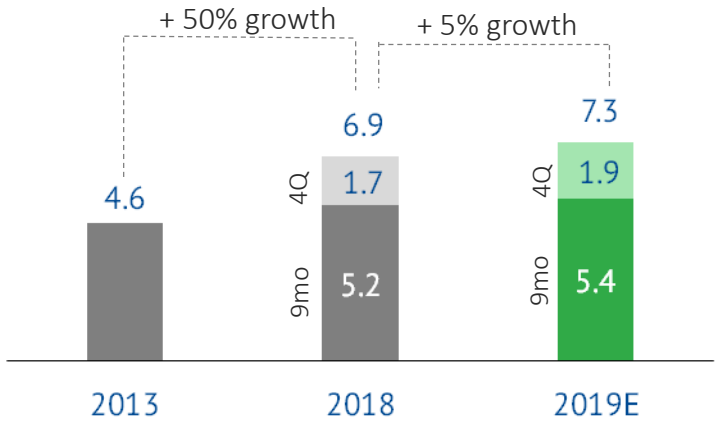
Fertilizer (incl. STPP) production at Metachem, mln t



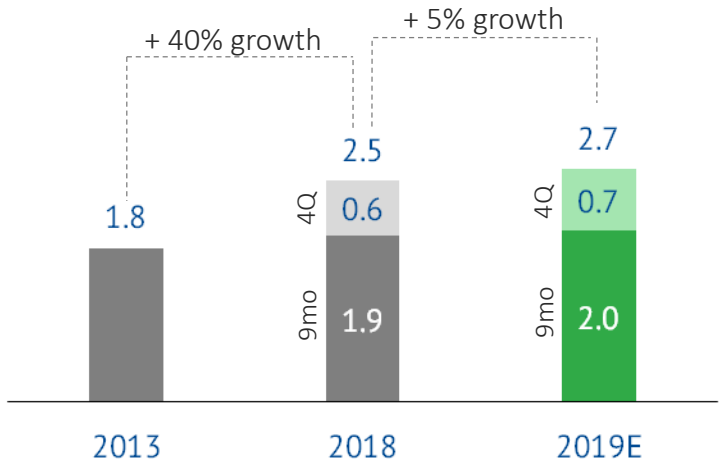
Source: PhosAgro

PHOSPHATE FERTILIZERS PRODUCTION

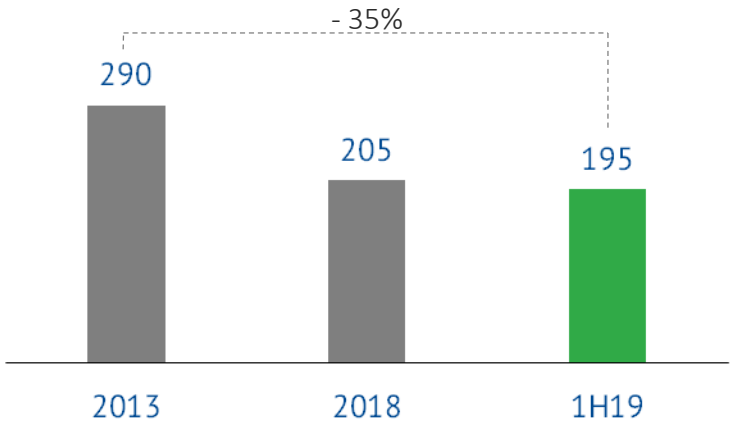
P-fertilizer production, mln t



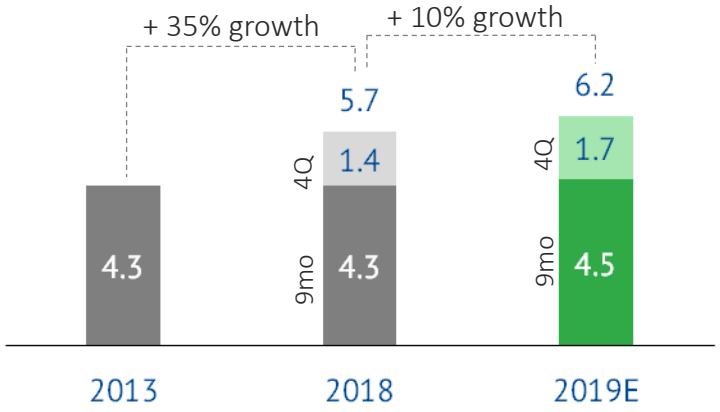
Phosphoric acid production, mln t P2O5



DAP cash cost, USD/t



Sulphuric acid production, mln t



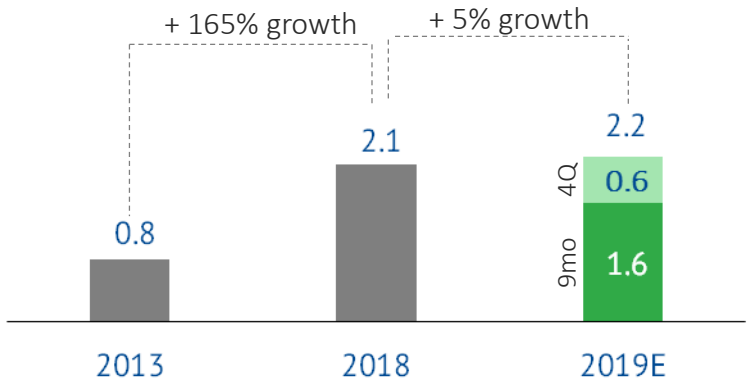
Highlights

- **CapEx in Cherepovets and Balakovo**: USD 197 mln
- Production growth through modernisation and debottlenecking initiatives
- **EBITDA 2019:** USD 100+ mln p.a.

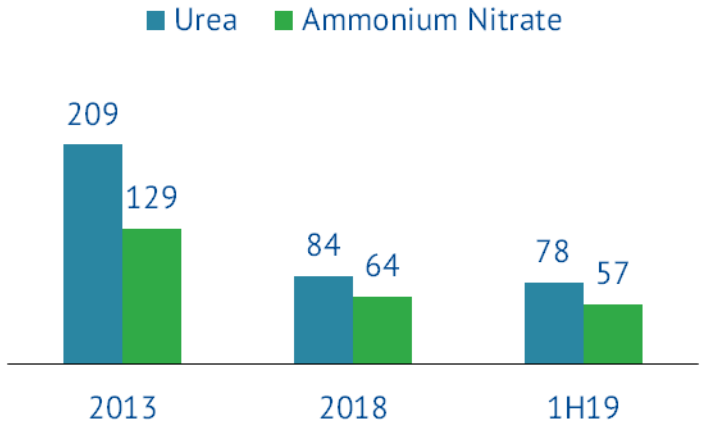
Source: PhosAgro

NITROGEN FERTILIZERS PRODUCTION

N-fertilizer production, mln t



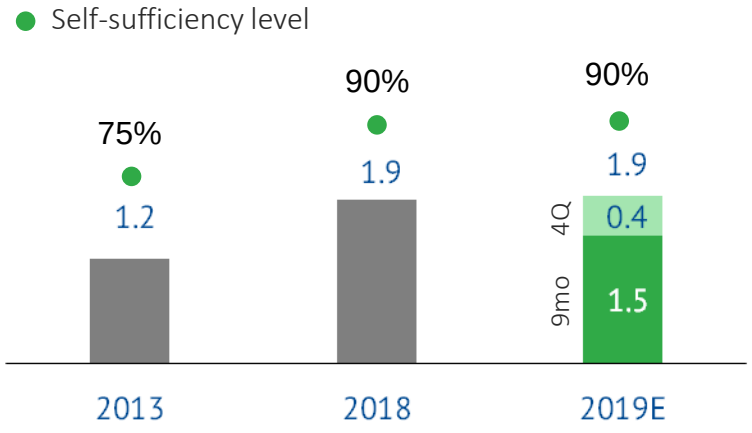
N-fertilizer cash cost, USD/t



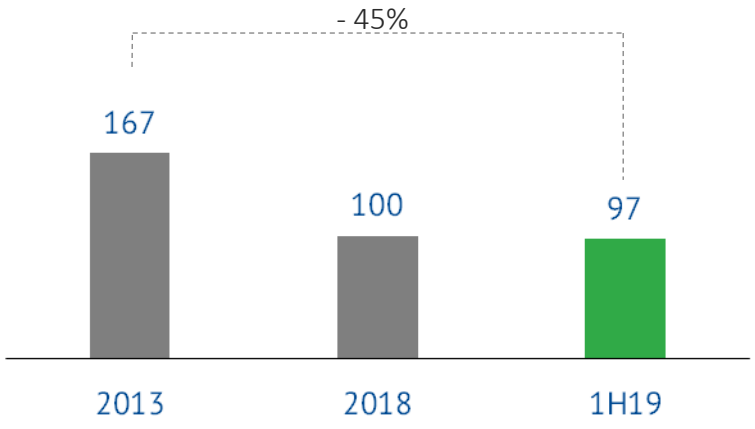
Highlights

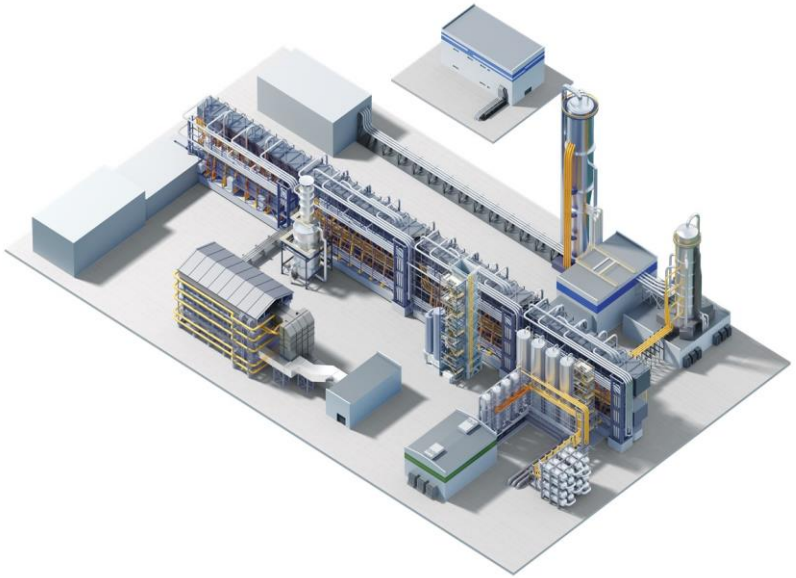
- **Granulated urea capacity:** 500 ktpa
- **Ammonium nitrate capacity:** 540 ktpa
- **Ammonia capacity:** 760 ktpa
- **Self-sufficiency in ammonia at Cherepovets:** 100%
- **EBITDA 2018:** USD 150+ mln p.a.

Ammonia production, mln t



Ammonia cash cost, USD/t

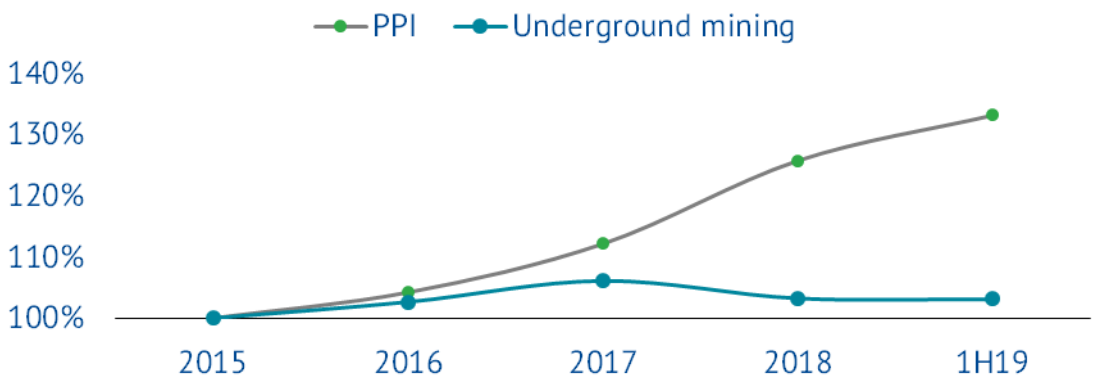




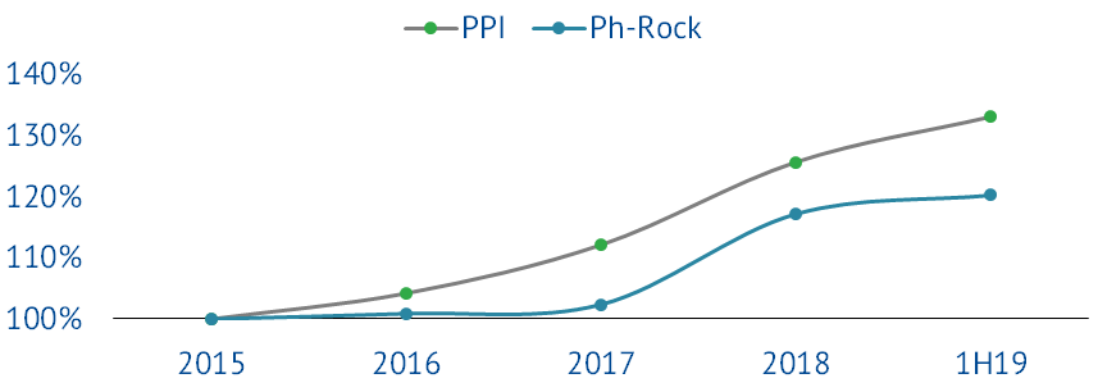
Source: PhosAgro

CASH COST DYNAMICS (RUB/T) VS ACCUMULATED PPI

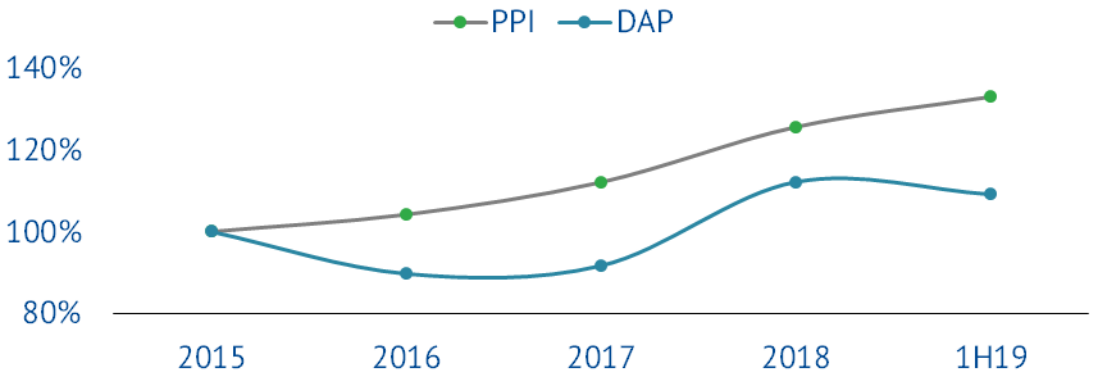
Phosphate ore cash cost (underground), %



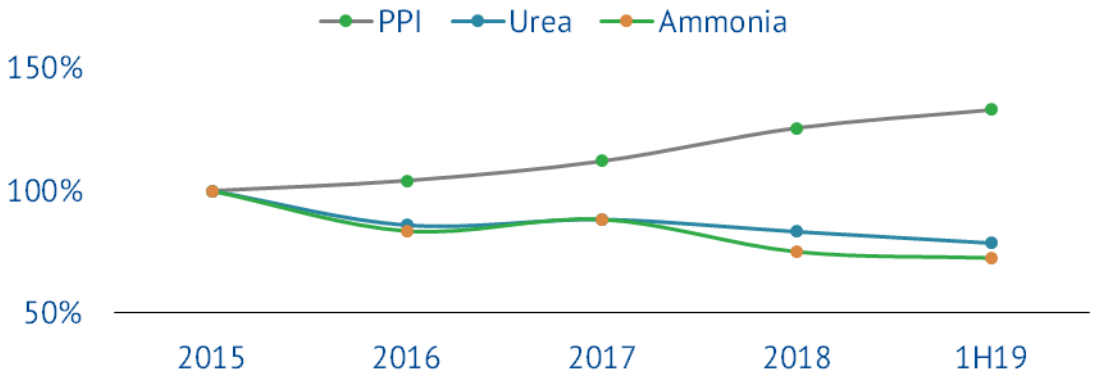
Phosphate rock cash cost, %



DAP cash cost, %



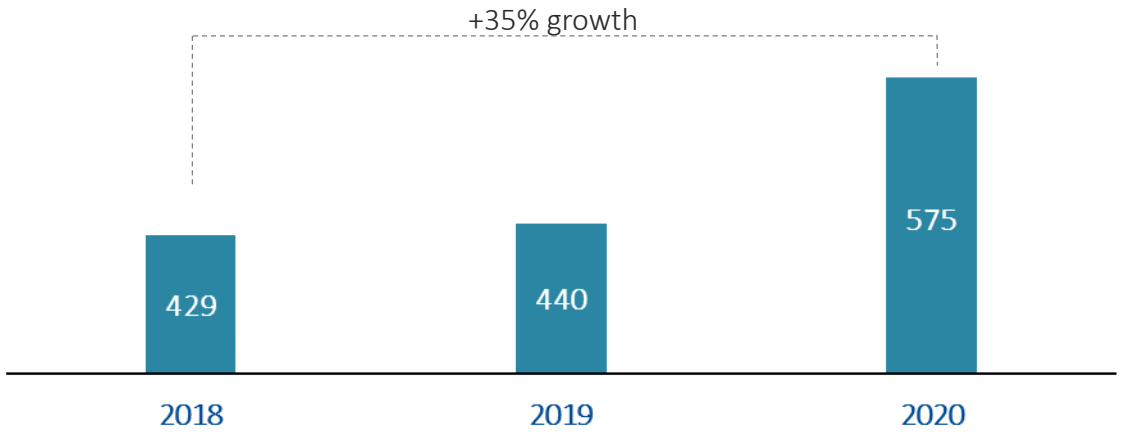
Urea & ammonia cash cost, %



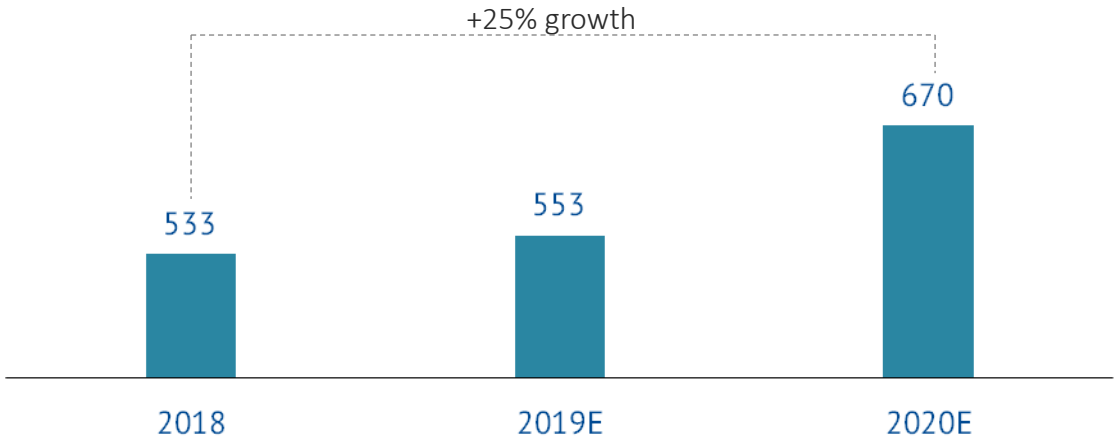
Source: PhosAgro

NITRIC ACID LINE

Nitric acid production, kt



Ammonium nitrate production, kt



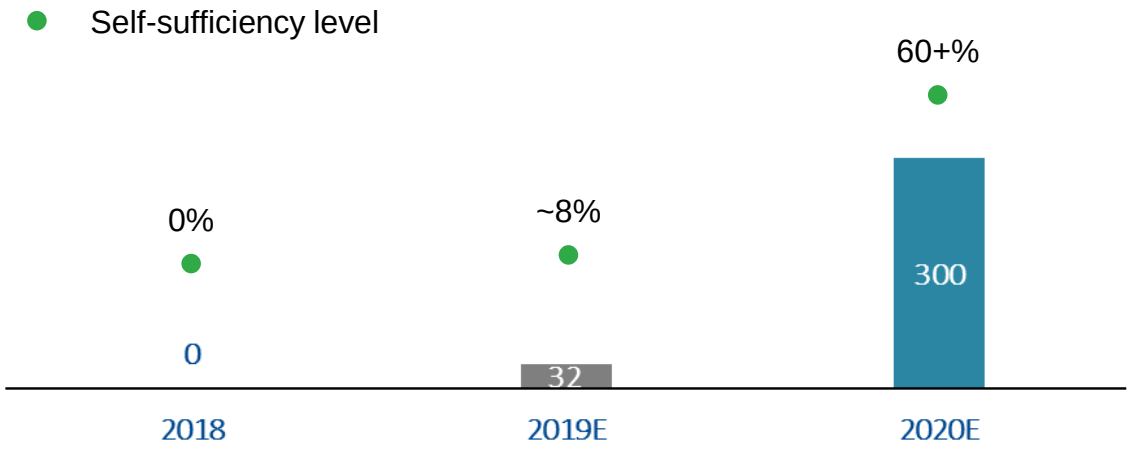
Project details

PROJECT	NITRIC ACID LINE
TARGET	Increase in ammonium nitrate production
SITE	Cherepovets
COMMISSIONING	4Q 2019
DESIGNED CAPACITY	0.135 mtpa
CAPEX	USD 34 mln
EBITDA p.a.	USD 10 mln
NPV	USD 38 mln
IRR	26%

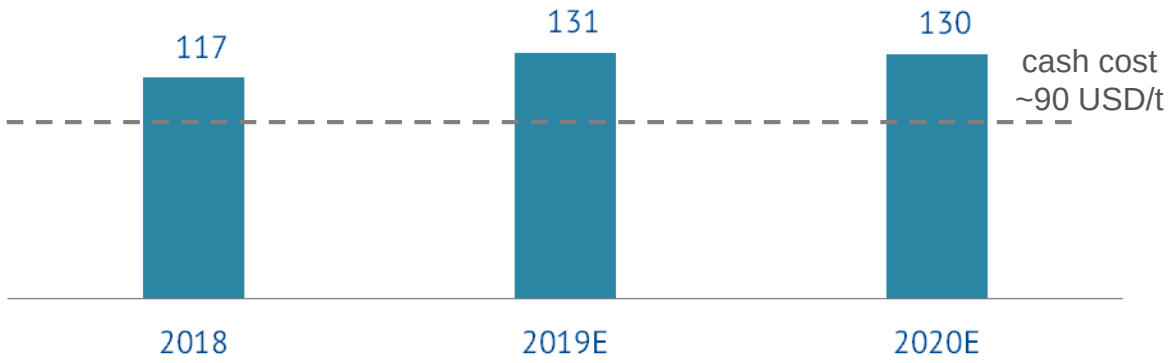
Source: PhosAgro

AMMONIUM SULPHATE PLANT

Ammonium sulphate production, kt



Purchasing price vs cash cost, USD/t



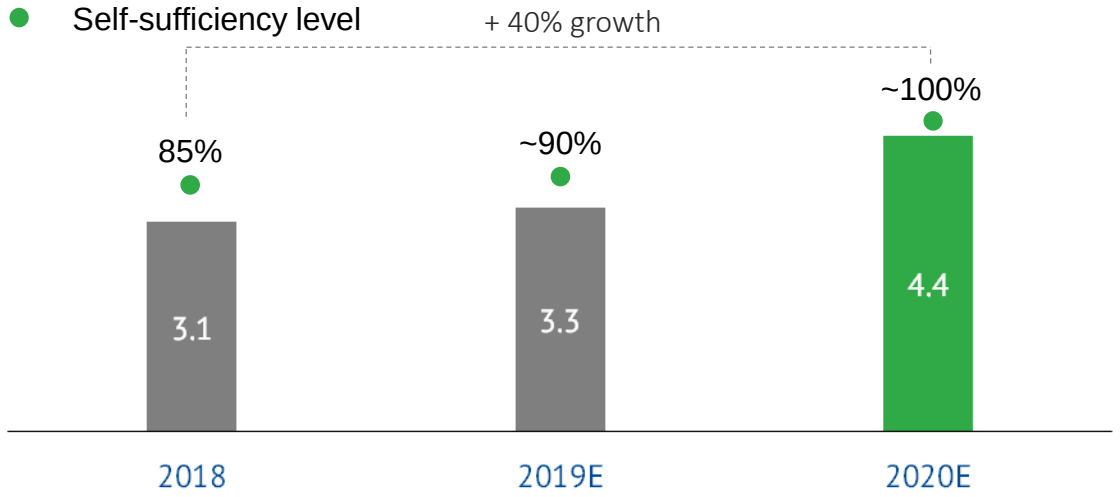
Project details

PROJECT	AMMONIUM SULPHATE LINE
TARGET	Secure self-sufficiency for NP(KS) production
SITE	Cherepovets
COMMISSIONING	4Q 2019
DESIGNED CAPACITY	0.3 mtpa
CAPEX	USD 36 mln
CoS savings annually	USD 13 mln
NPV	USD 18 mln
IRR	21%

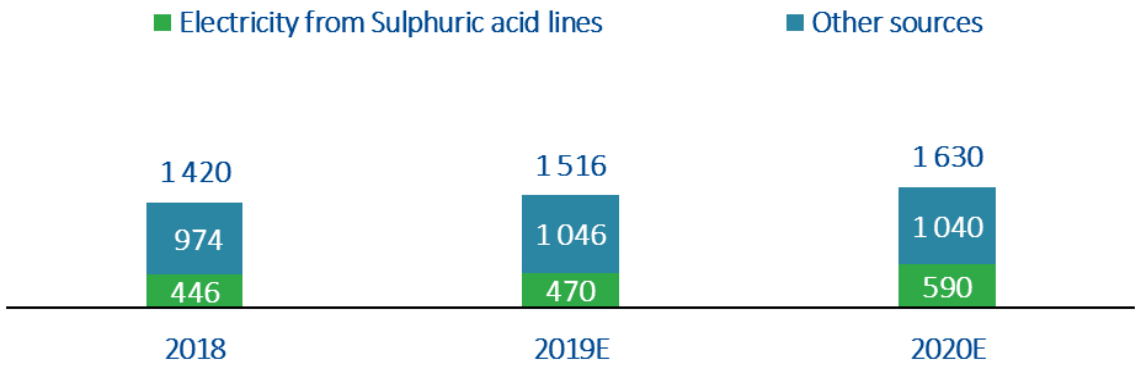
Source: PhosAgro

SULPHURIC ACID PLANT

Sulphuric acid production, mln t



Electricity generated by phosphate segment, mln kWh



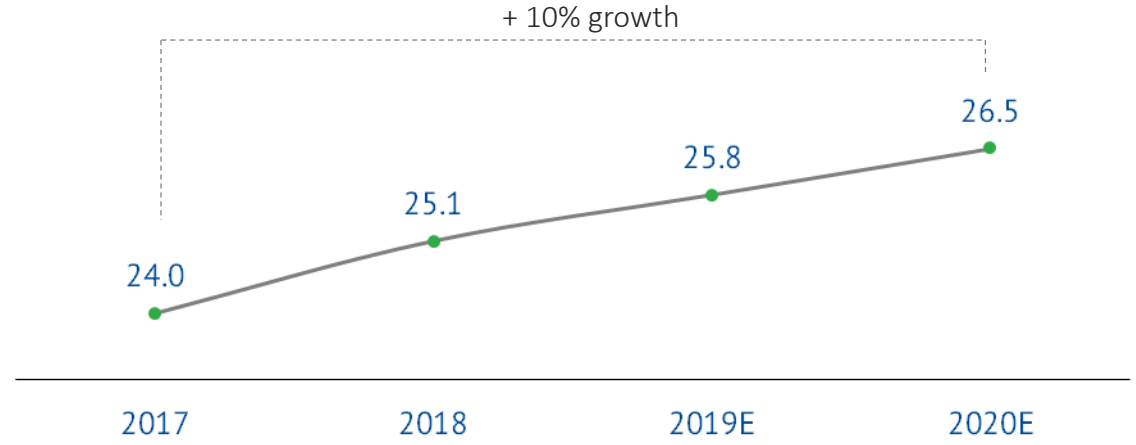
Project details

PROJECT	SULPHURIC ACID PLANT
TARGET	Secure self-sufficiency for phosphoric acid production
SITE	Cherepovets
COMMISSIONING	4Q 2019
DESIGNED CAPACITY	1.1 mtpa
CAPEX	USD 162 mln
CoS savings annually	USD 47 mln
NPV	USD 183 mln
IRR	27%

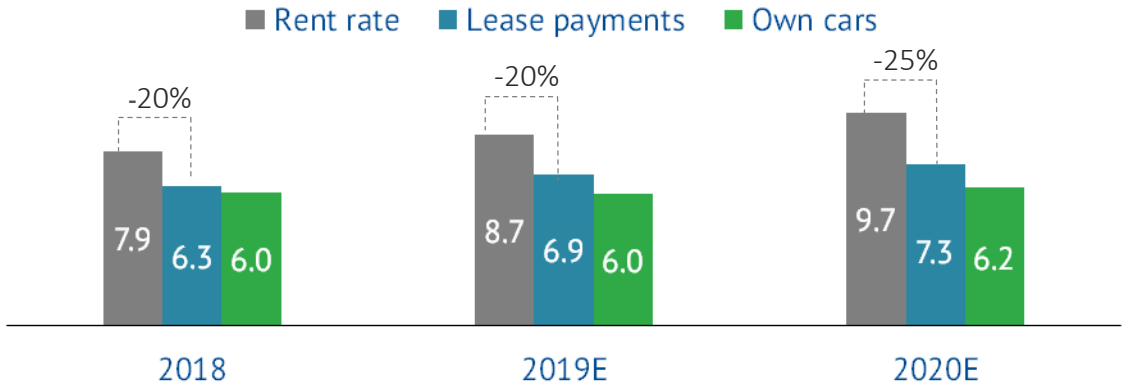
Source: PhosAgro

PHOSAGRO OWN RAILCAR FLEET

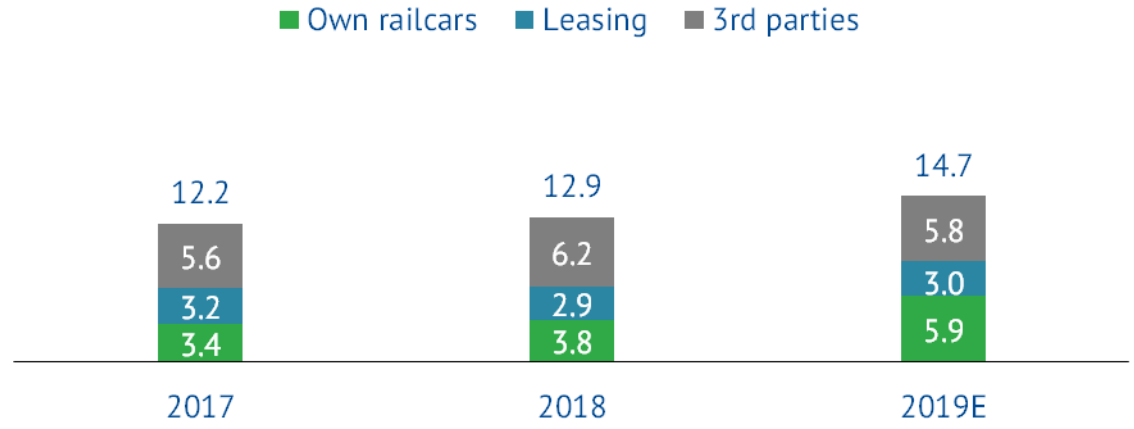
Goods turnover, mtpa



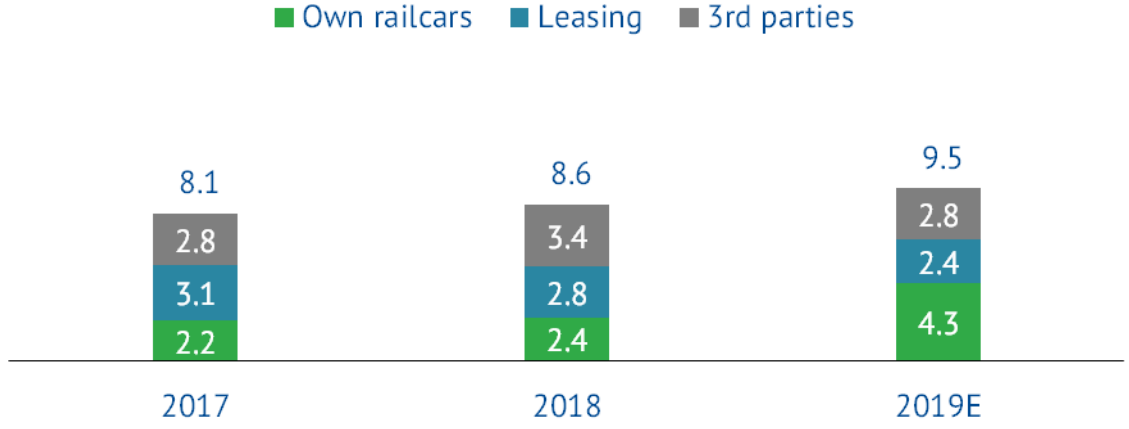
Average hopper car rent, USD/t*



Captive railcar fleet structure, '000 units



Hopper car, '000 units

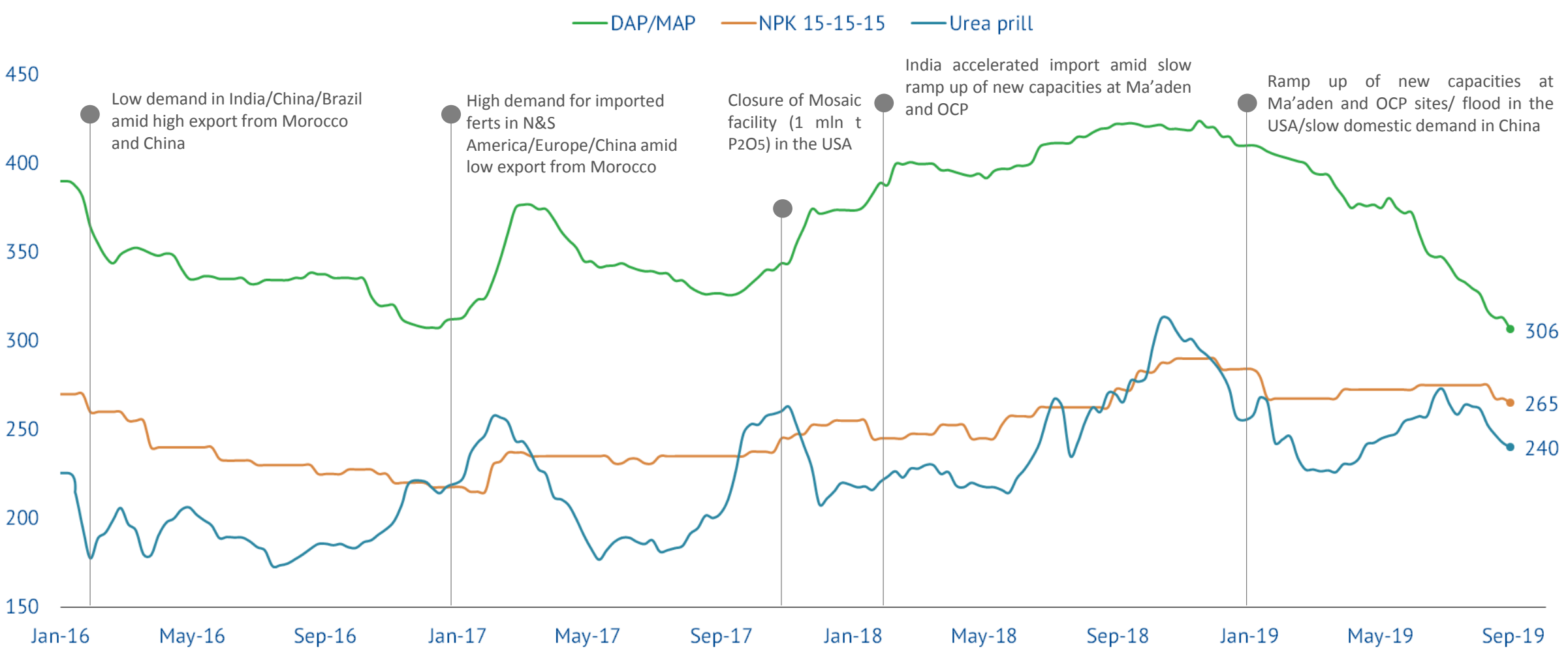


Source: PhosAgro

*calculated on the basis of 70 tonnes per load

MARKET OUTLOOK
PHOSAGRO®

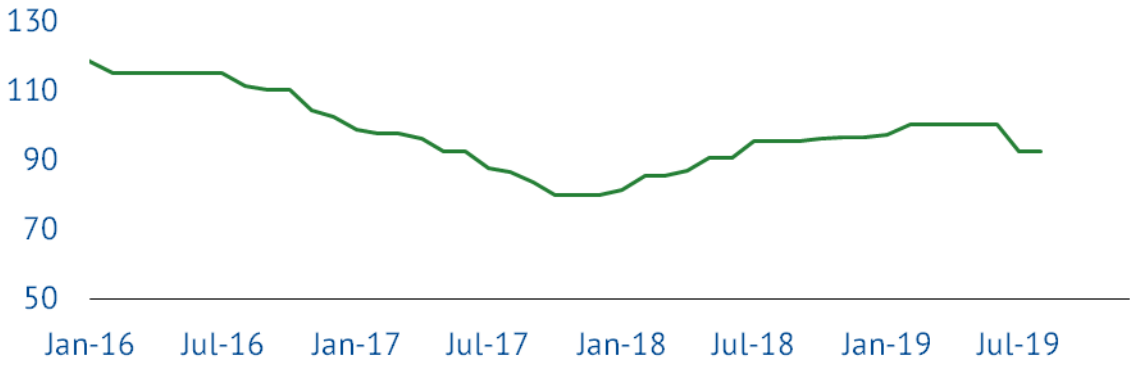
FERTILIZER PRICE PERFORMANCE, FOB BALTICS (USD/T)



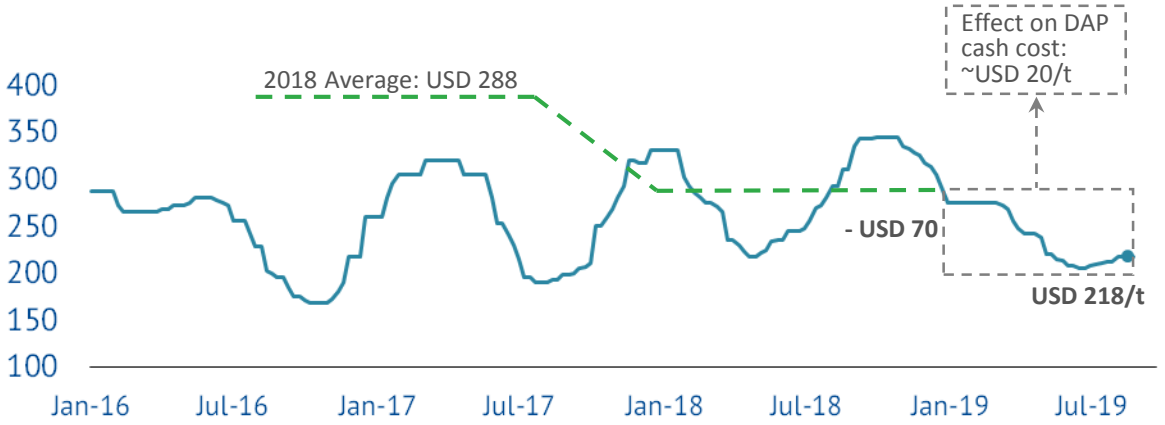
Source: CRU/FW, Fertecon, Argus, Green Markets, Prophecy, PhosAgro

FEEDSTOCK PRICE PERFORMANCE

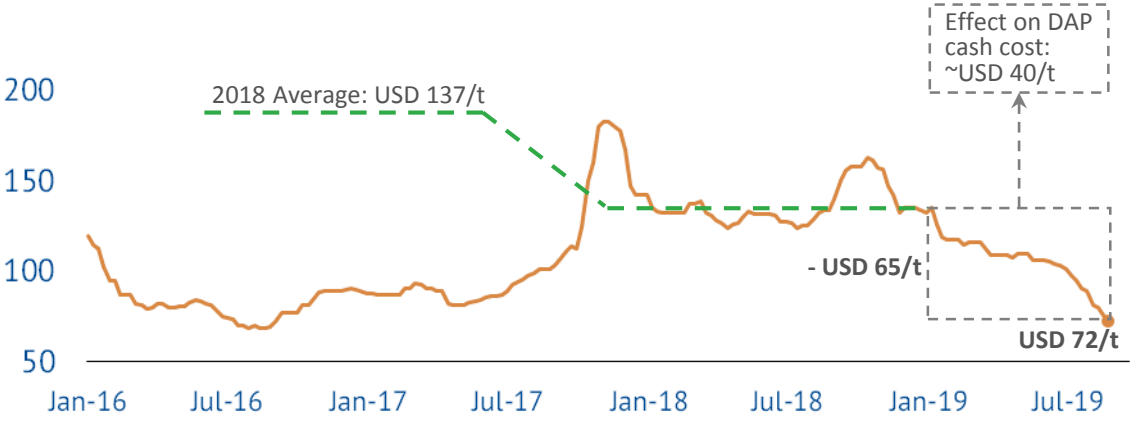
Phosphate rock, FOB Morocco, USD/t



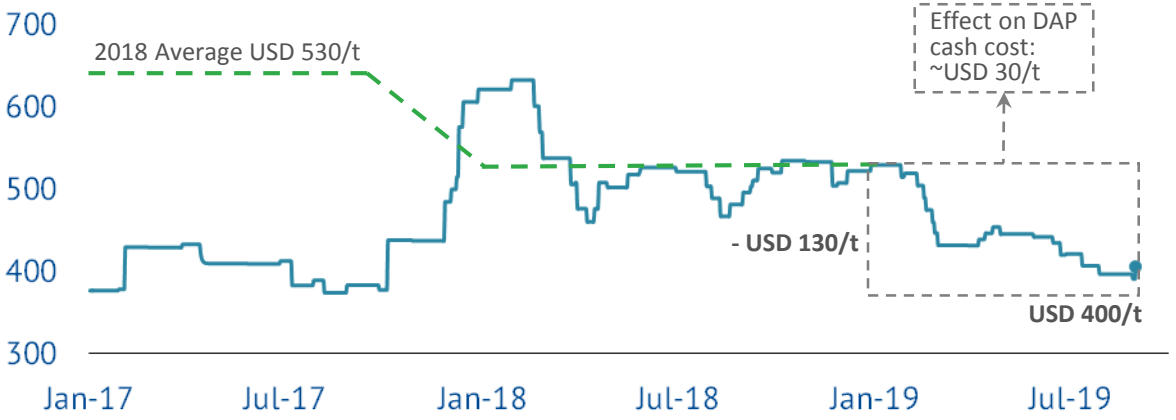
Ammonia, FOB Yuzhny, USD/t



Sulphur, CFR China, USD/t

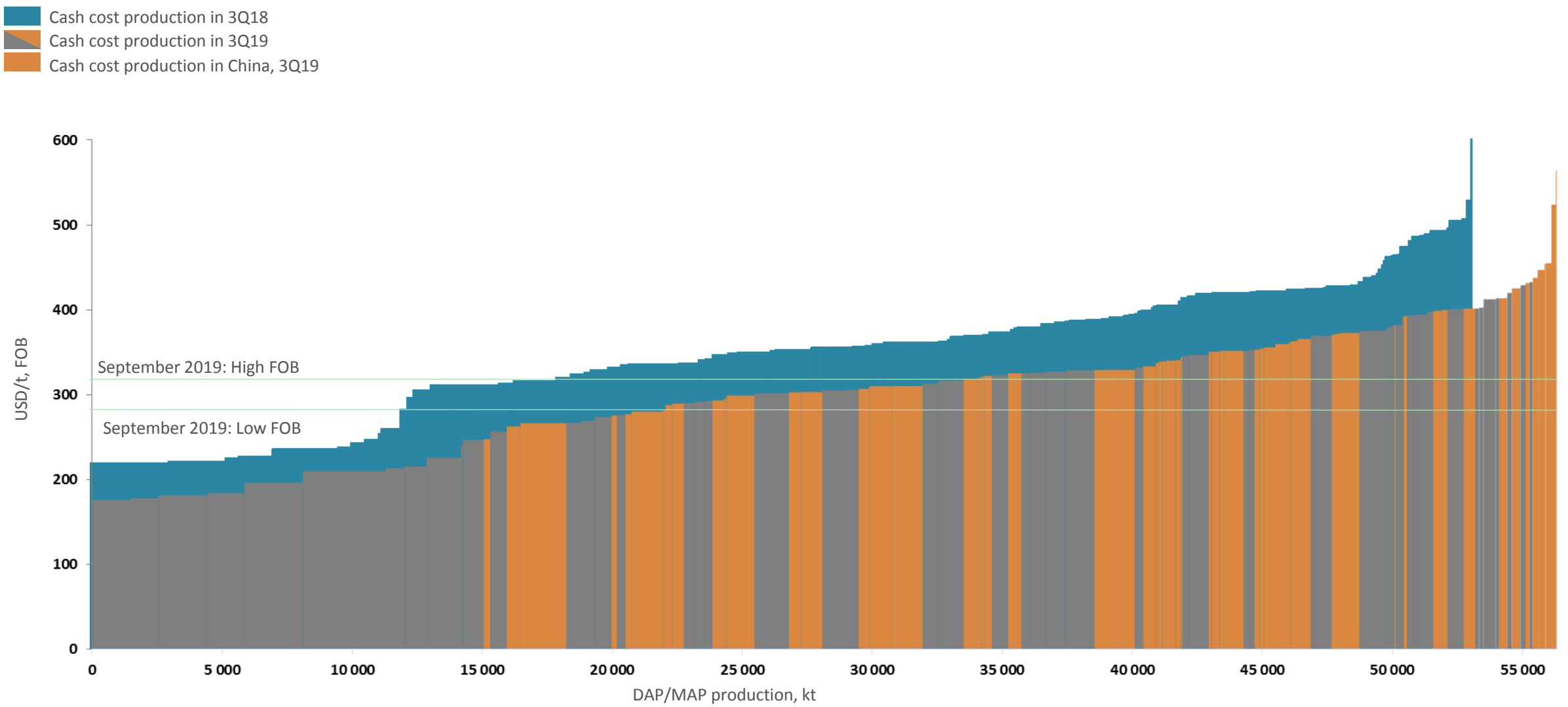


Ammonia, EXW China, USD/t



Source: CRU/FW, Fertecon, Argus, Green Markets, Prophecy, PhosAgro

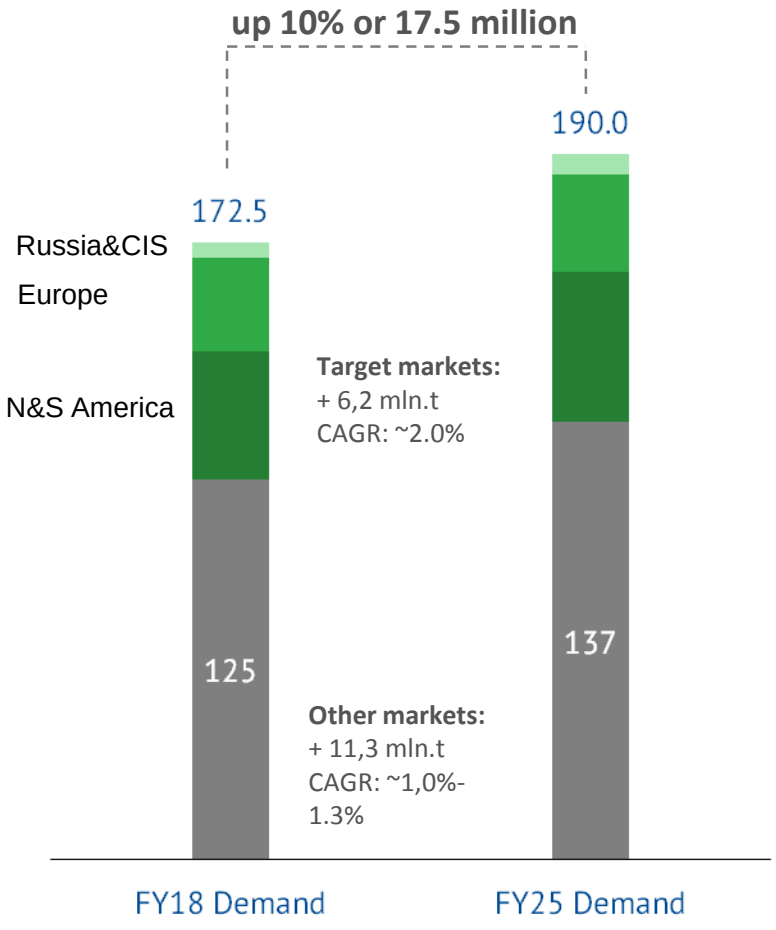
GLOBAL DAP/MAP CASH COST, USD/t, FOB



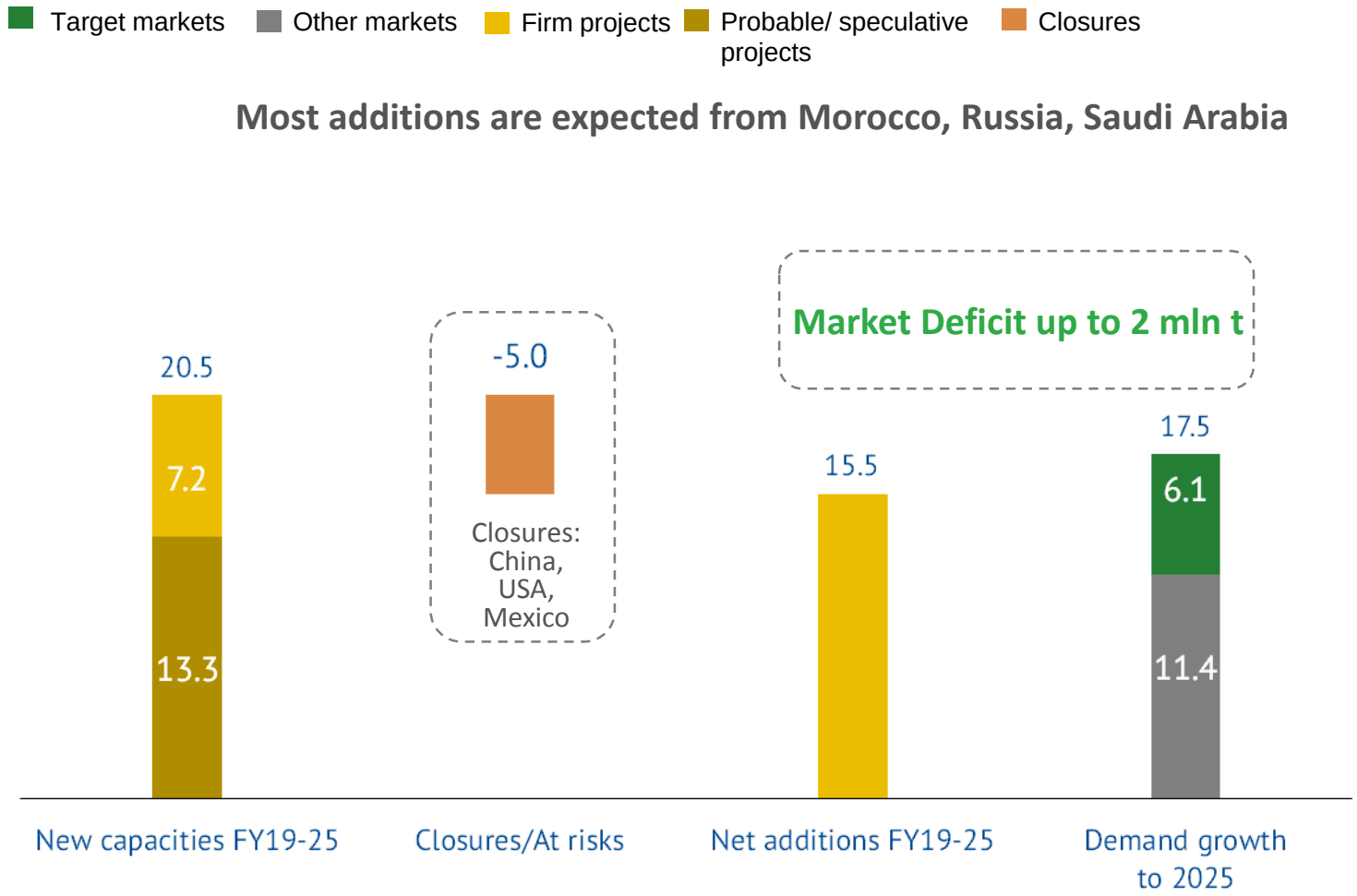
Source: CRU/FW, Fertecon, Argus, Green Markets, Prophecy, PhosAgro

GLOBAL P-FERTILIZER MARKET: DEMAND IS GROWING FASTER THAN SUPPLY

P-fertilizers demand, mln t



P-fertilizers supply growth vs demand growth, mln t

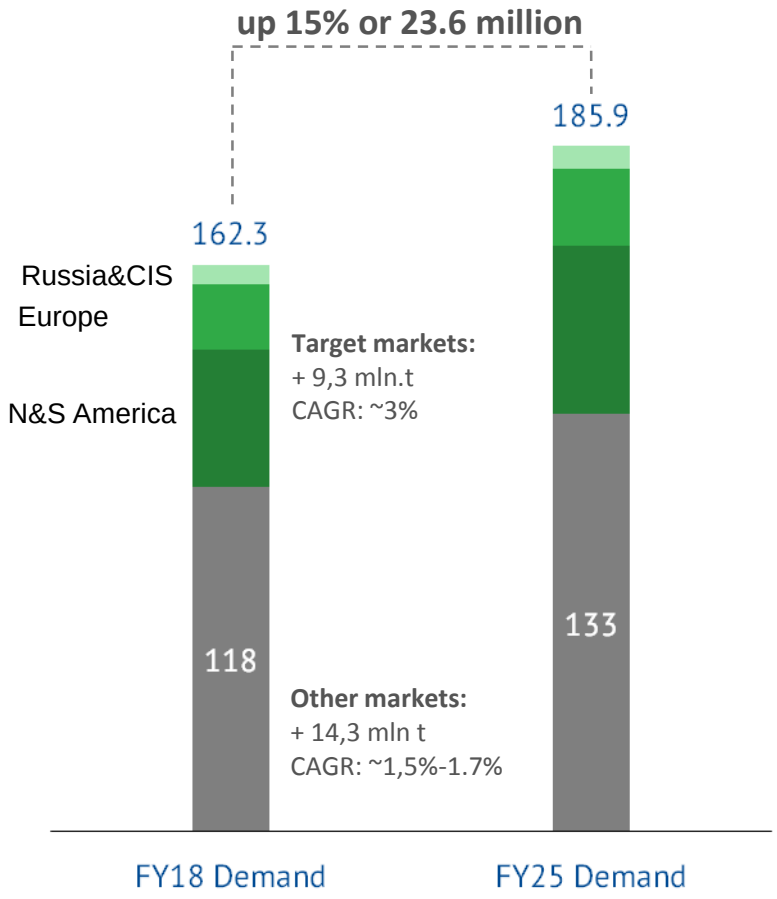


Source: CRU, Companies, PhosAgro

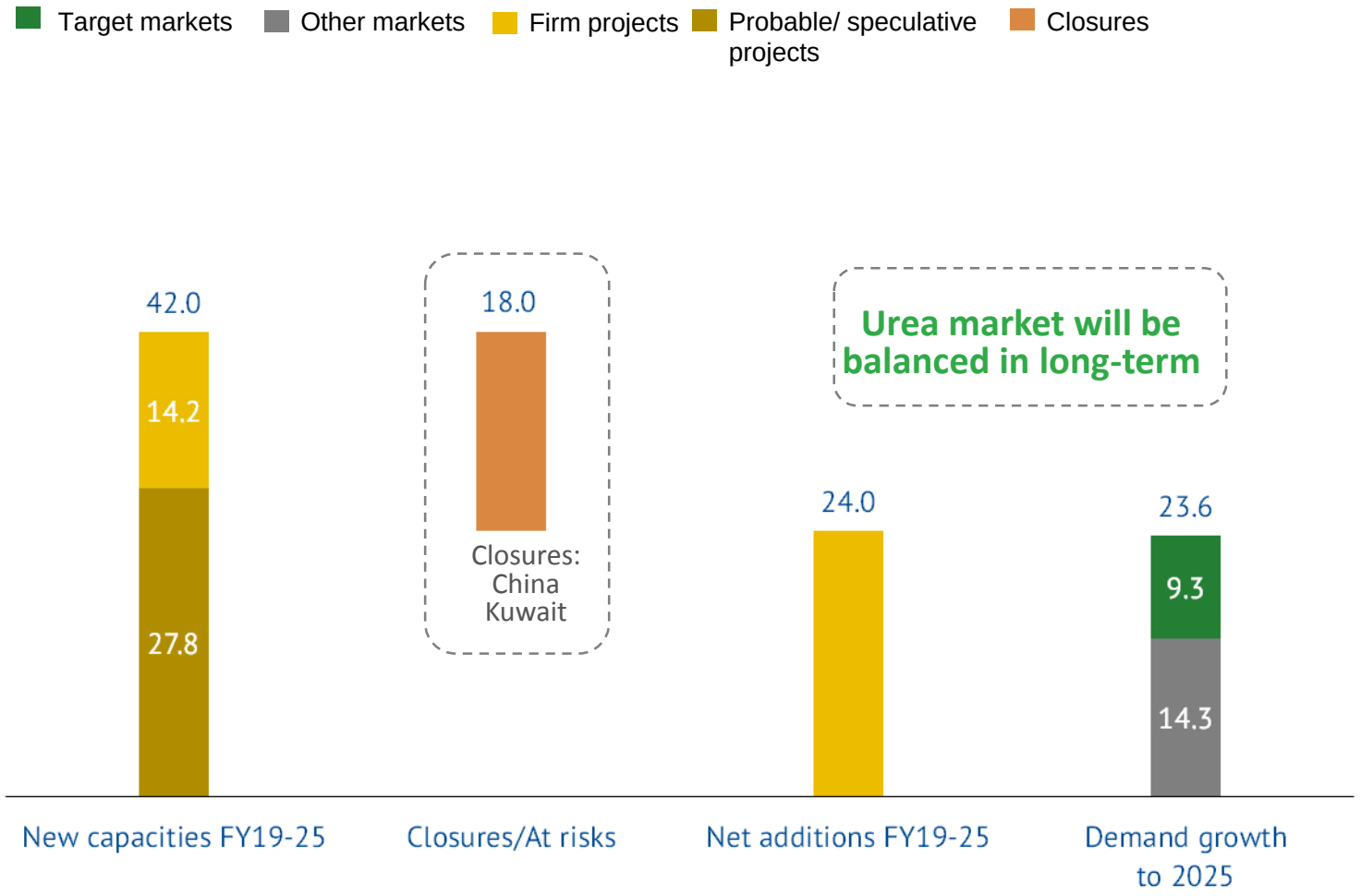
Note: P-fertilizers include DAP/MAP/NP/NPS/NPK

GLOBAL UREA MARKET: LONG-TERM BALANCE EXPECTED

Urea demand, mln t



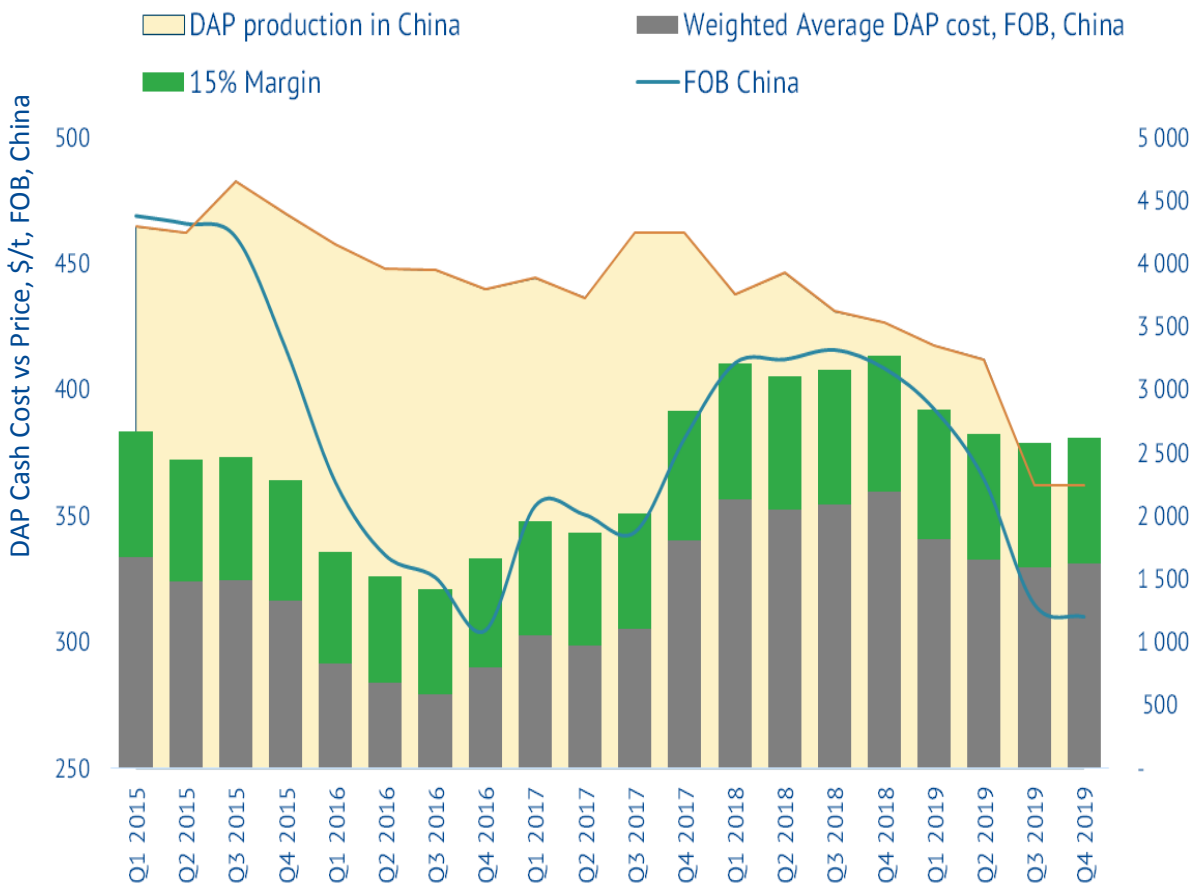
Urea supply growth vs demand growth, mln t



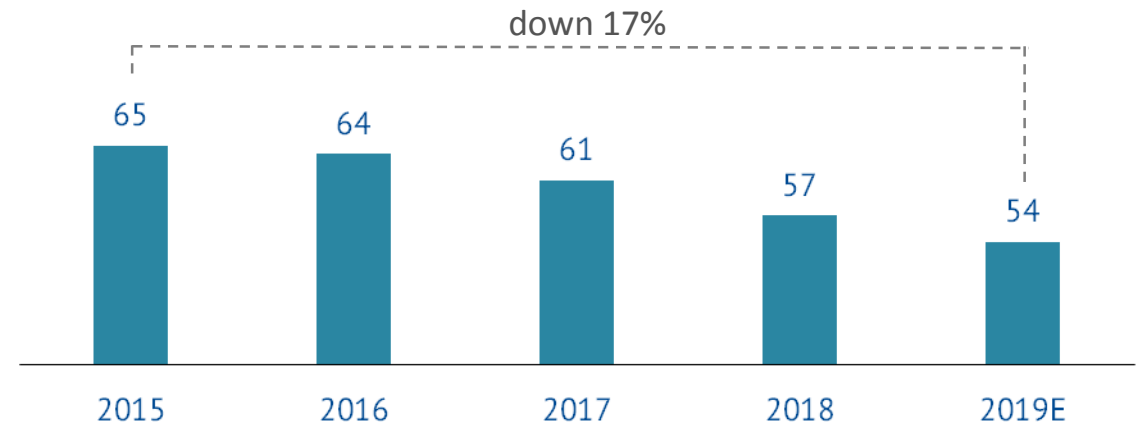
Source: CRU, Companies Data

CHINA: FERTILIZER MARKET

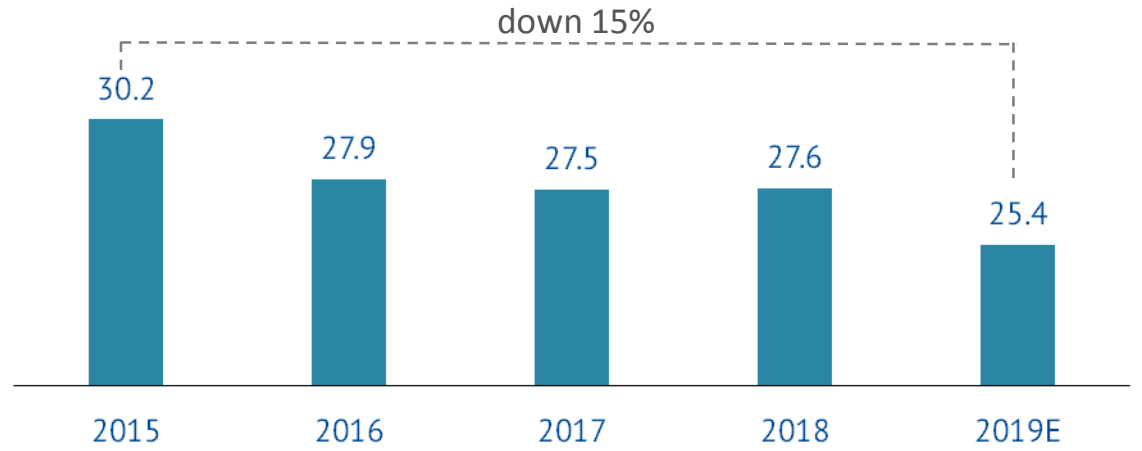
DAP cash cost vs production



China phosphate fertilizers: Application Rates, kg P2O5/Ha



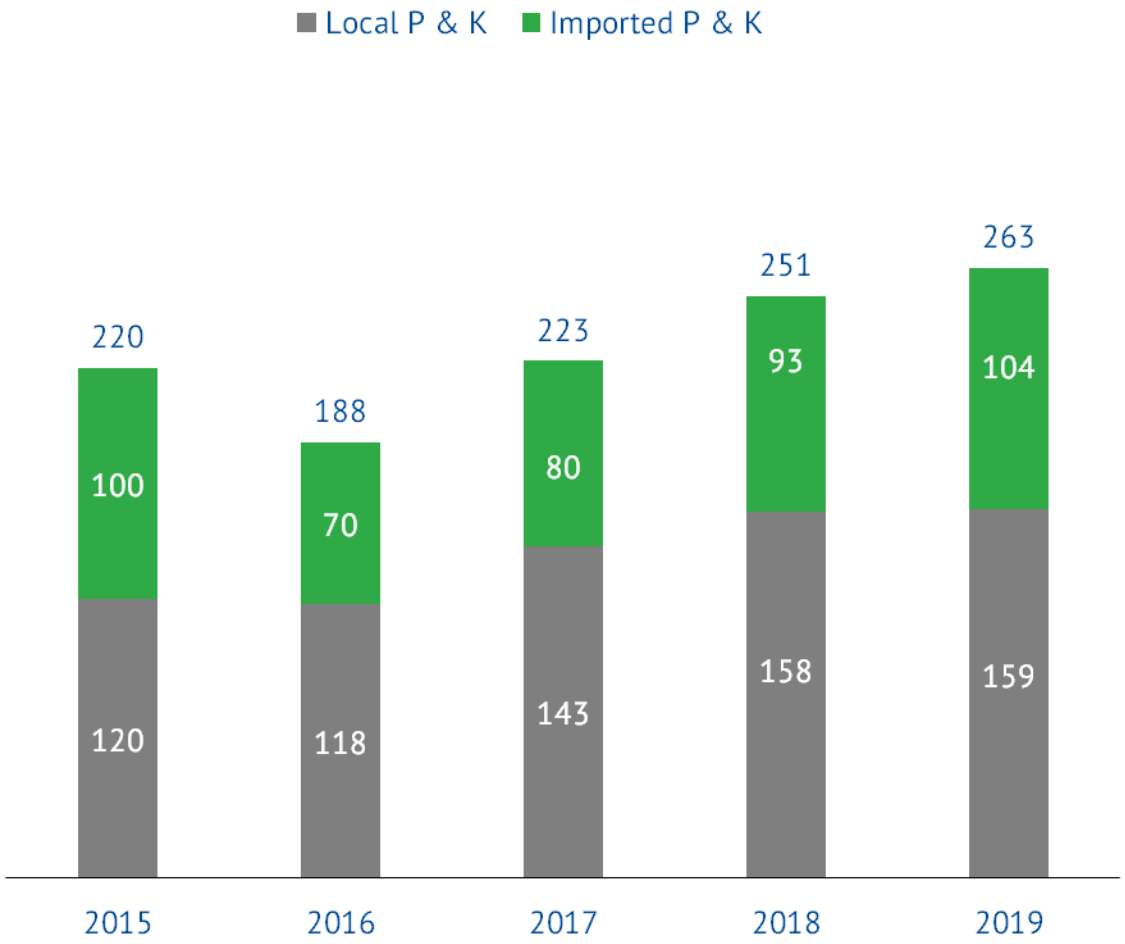
China DAP/MAP production, mln tonnes



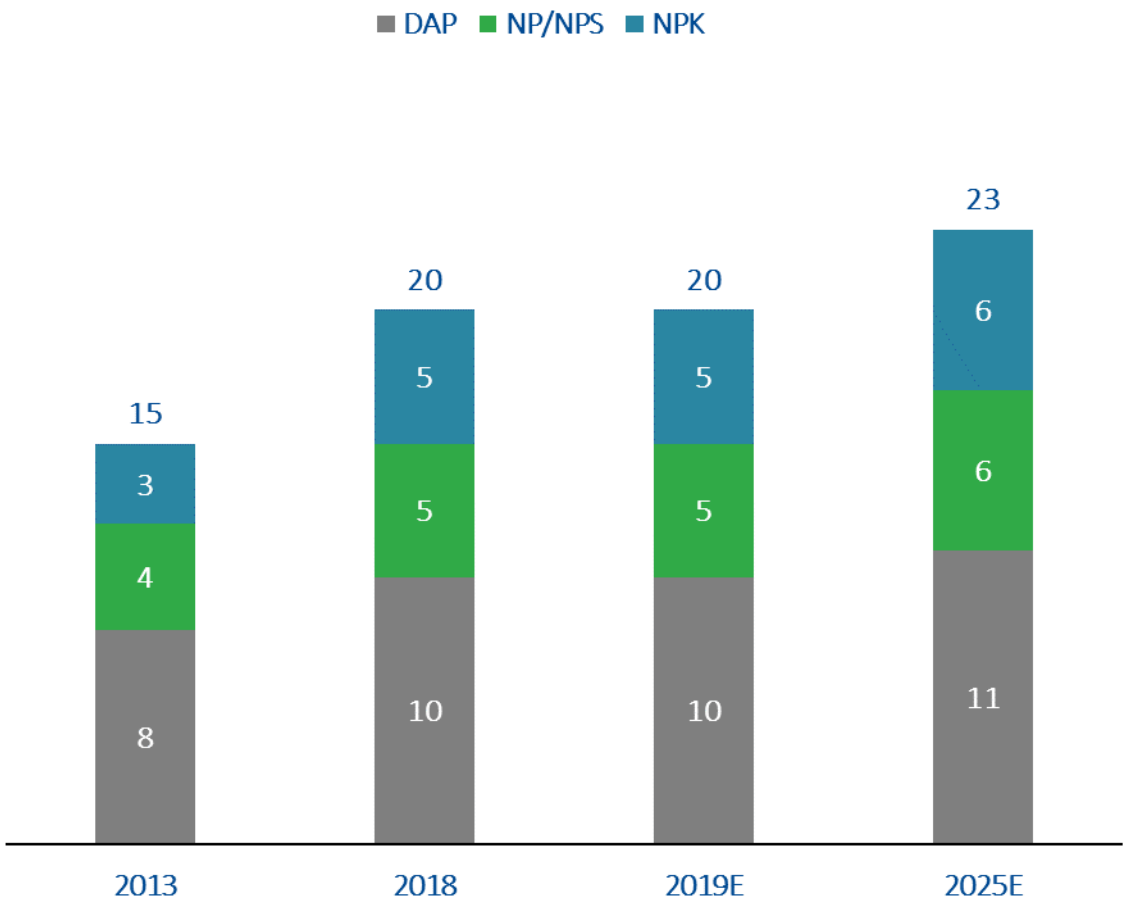
Source: CRU/FW, Fertecon, Argus, Green Markets, Prophecy, PhosAgro

INDIA: P-FERTILIZER MARKET

Subsidies for P & K fertilizers in India, INR bln



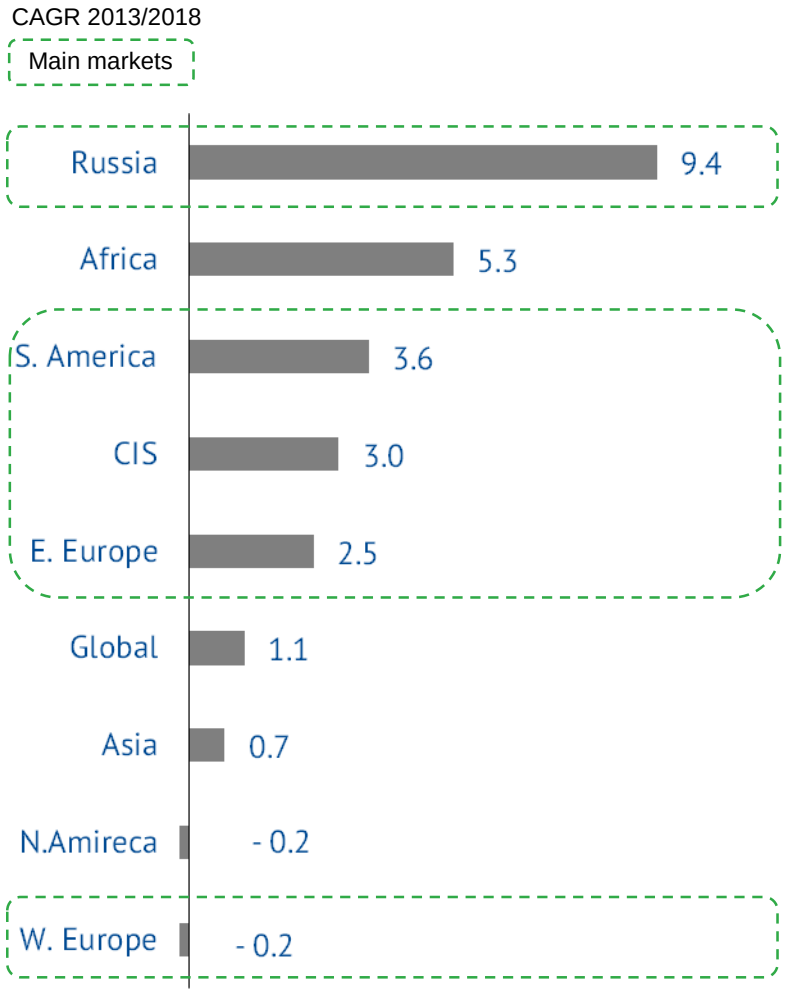
Growth of P-fertilizer demand in India, mln t



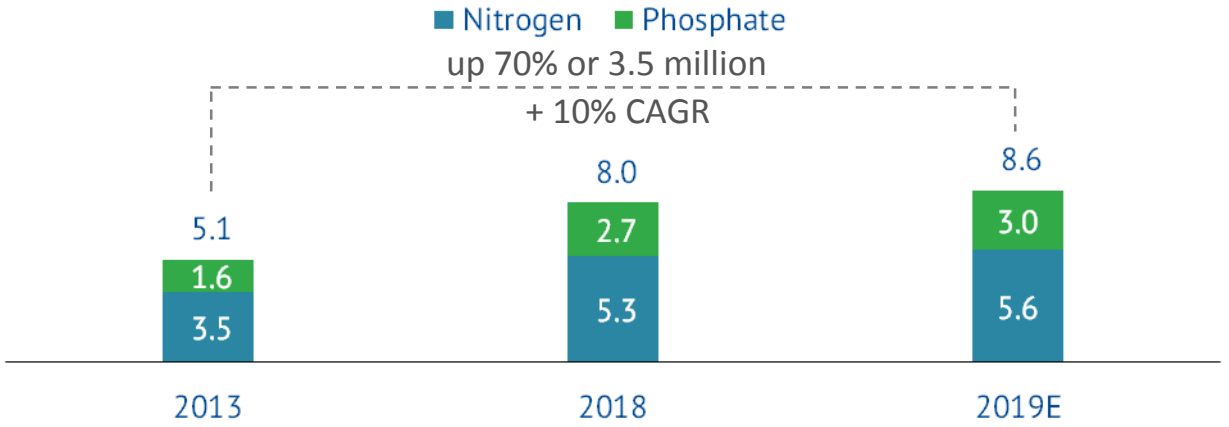
Source: CRU/FW, PhosAgro

RUSSIA: FERTILIZER MARKET

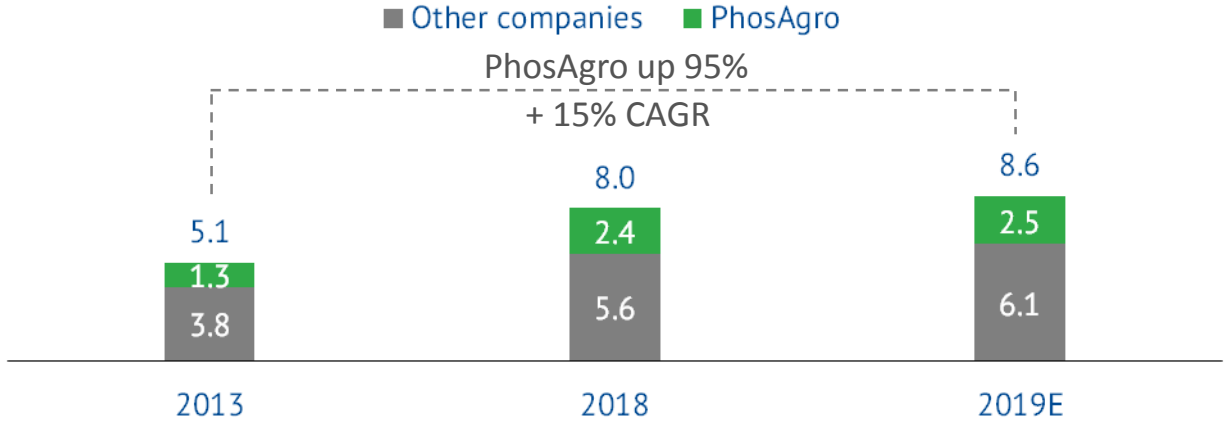
Fertilizer consumption CAGR by region, %



Fertilizer consumption in Russia, mln t

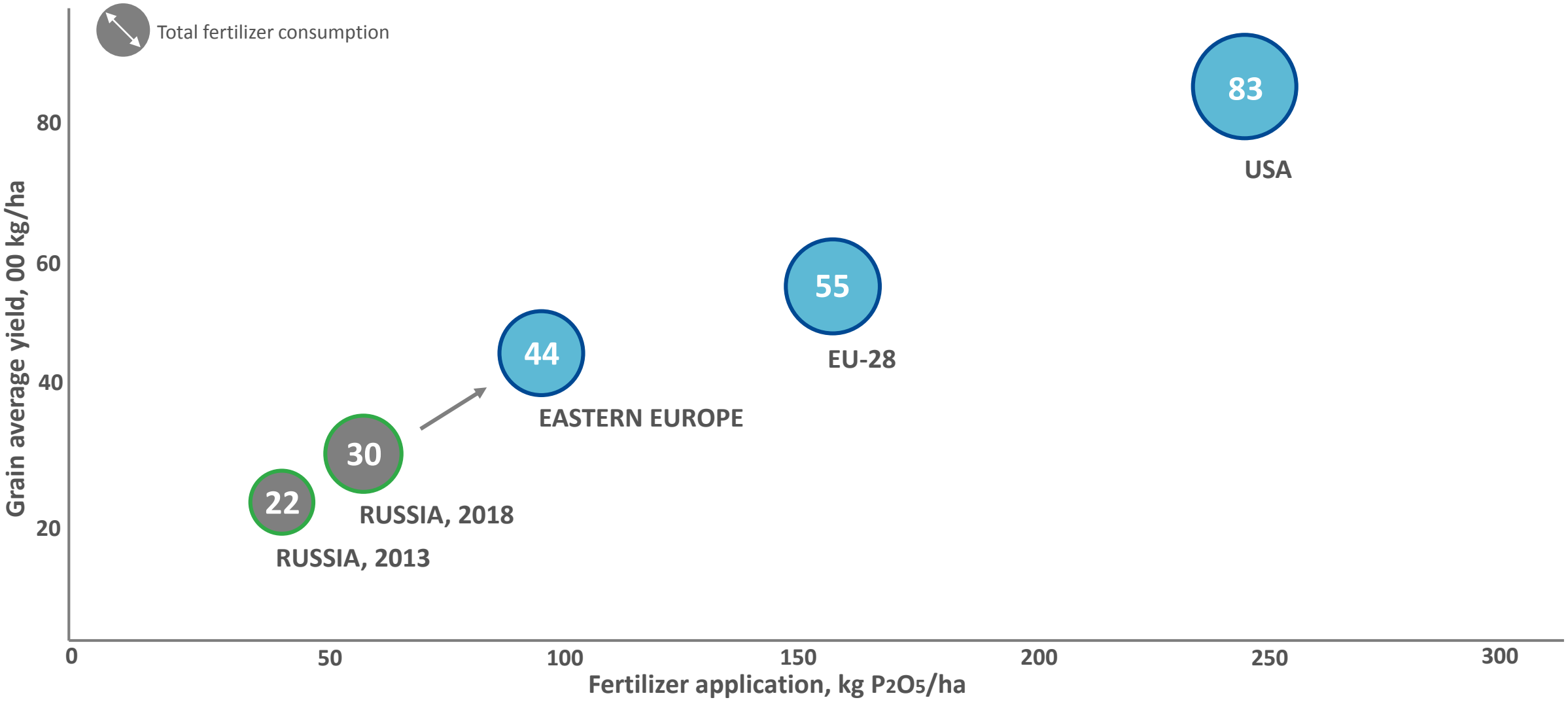


Fertilizer supply in Russia, mln t



Source: RAPU, Companies Data, PhosAgro

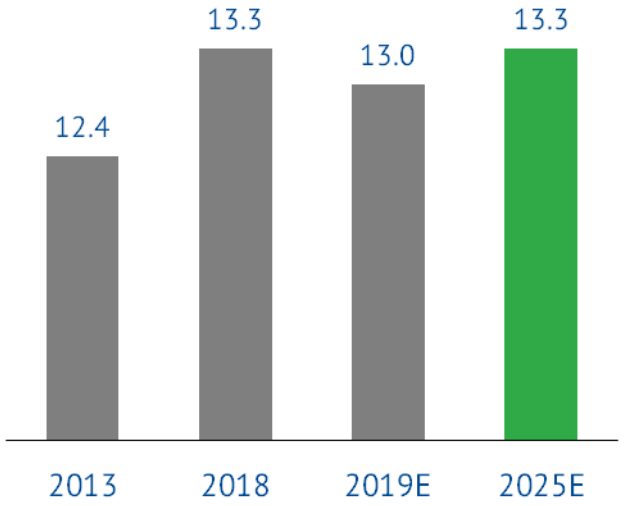
RUSSIA : MORE SPACE FOR GROWTH



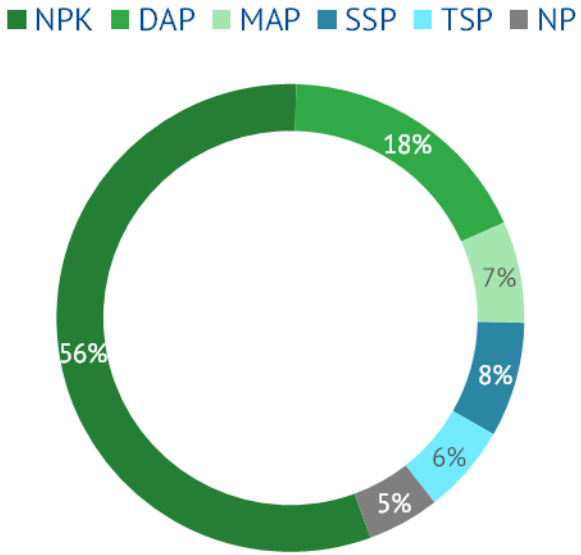
Source: Rosstat, RAPU, IFA, FAO, PhosAgro

EUROPE: P-FERTILIZER MARKET

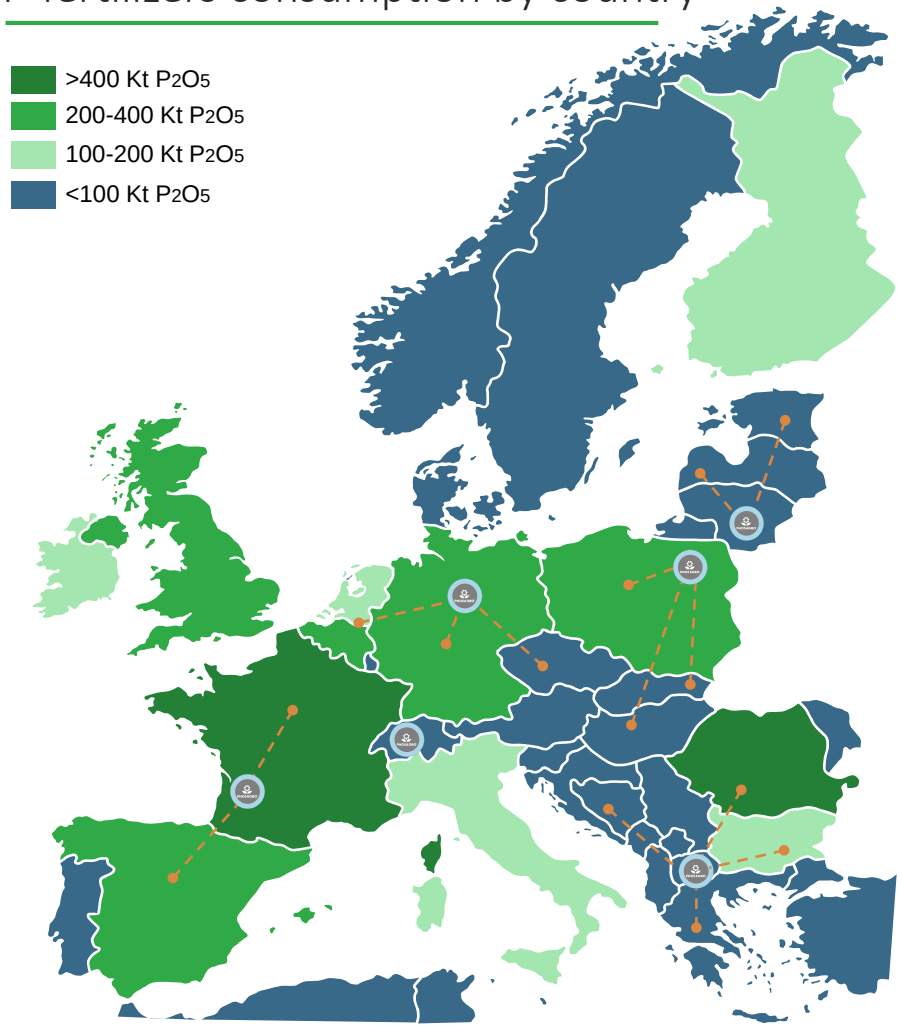
P-fertilizer consumption, mln t



Breakdown by product in 2018



P-fertilizers consumption by country

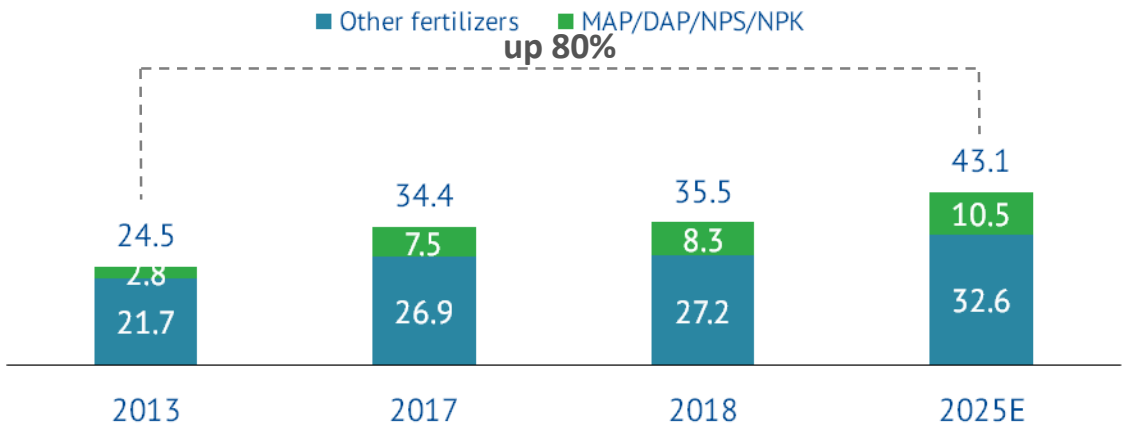


NP/NPKs to remain an important component of demand
accounting for 50-60% of regional fertilizer demand across the EU

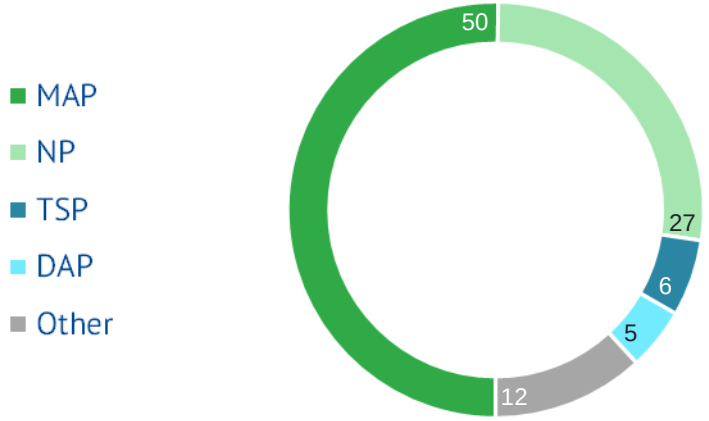
Source: IFA, CRU, Eurostat, PhosAgro

BRAZIL: FERTILIZER MARKET

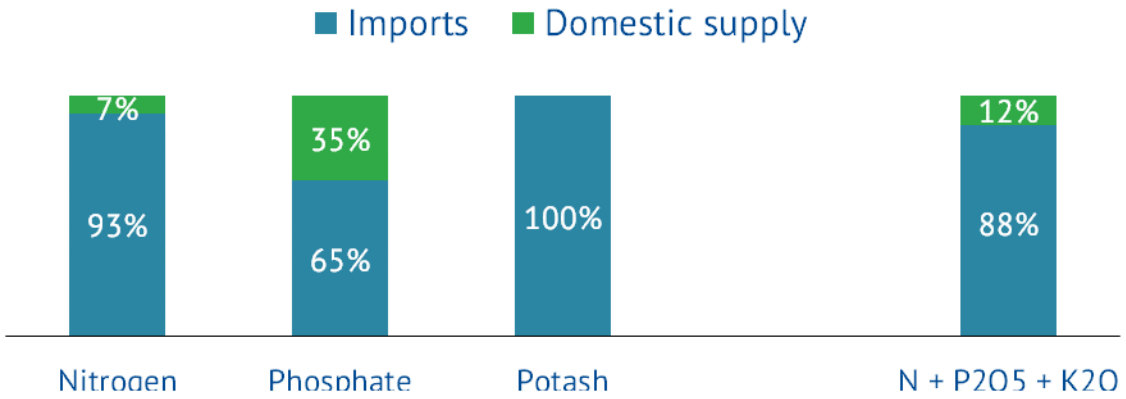
Fertilizers demand growth, mln t



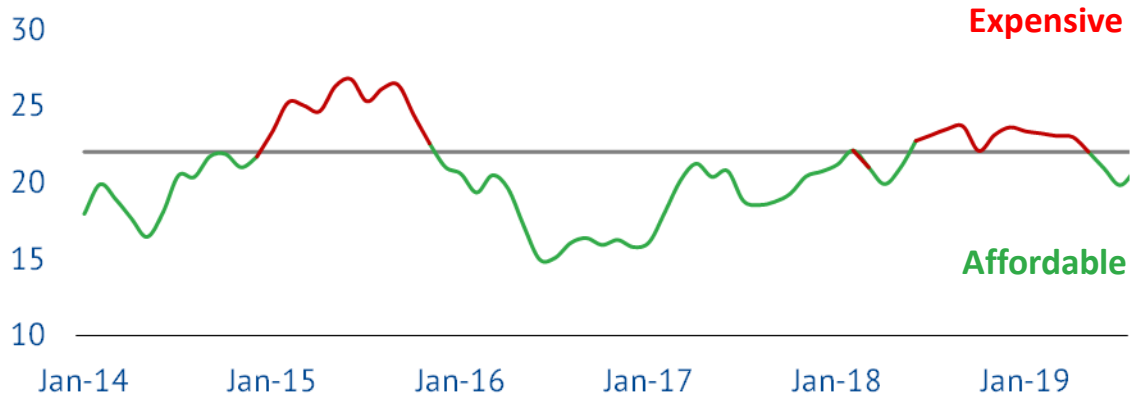
P-fertilizer import split by products, %



Source of fertilizers supply by origin, 2018



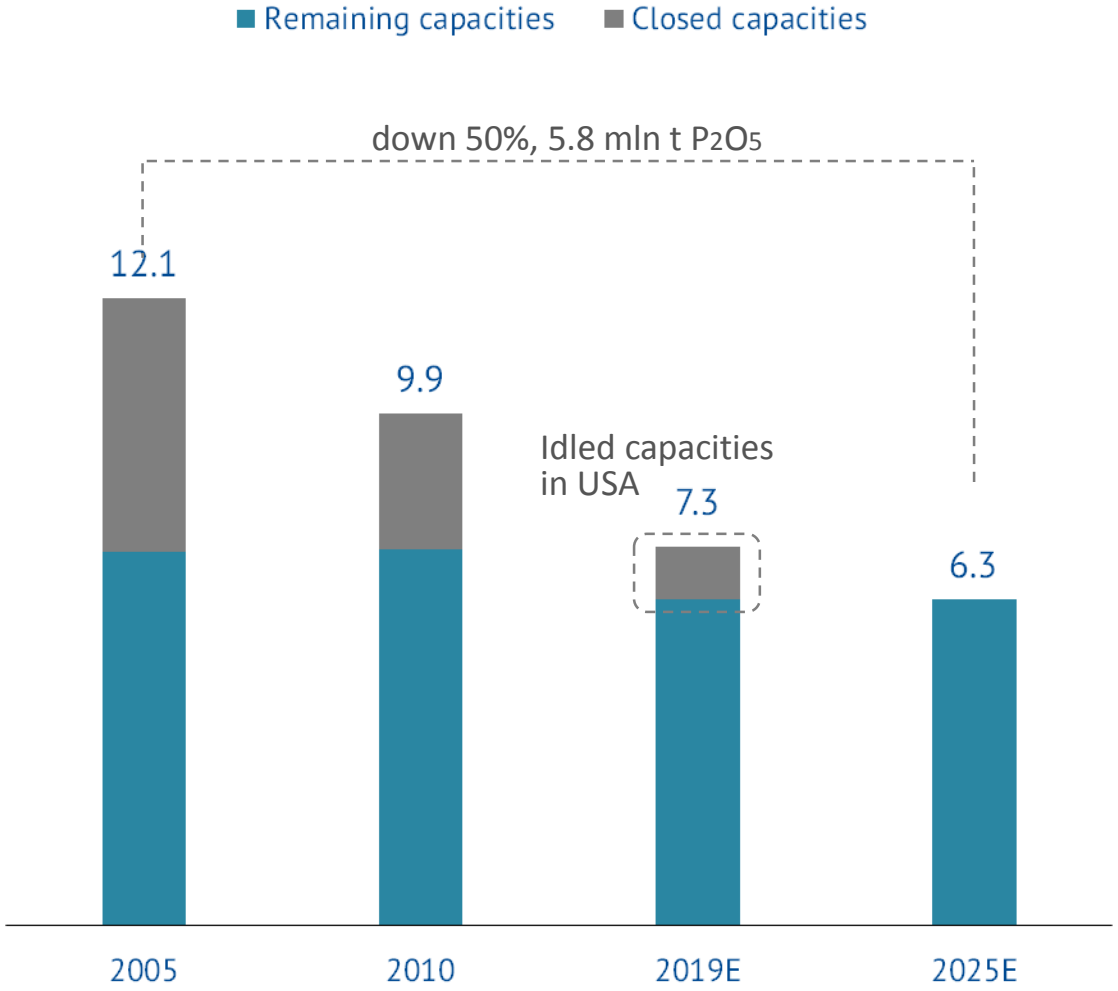
MAP barter ratio, 1t of MAP/bag of soy price



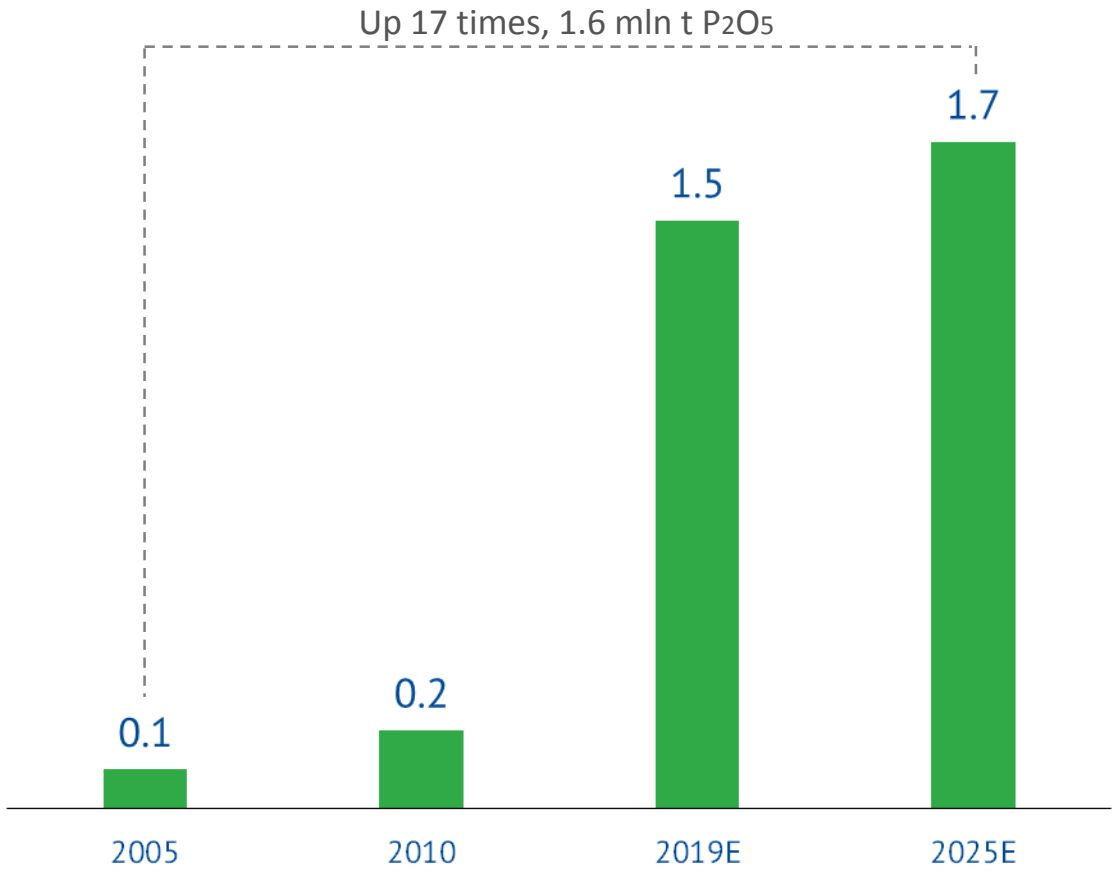
Source: Agroconsult, CRU, FW, IFA, PhosAgro

NORTH AMERICA: P-FERTILIZER MARKET

Phosphoric acid production capacity, mln t P2O5



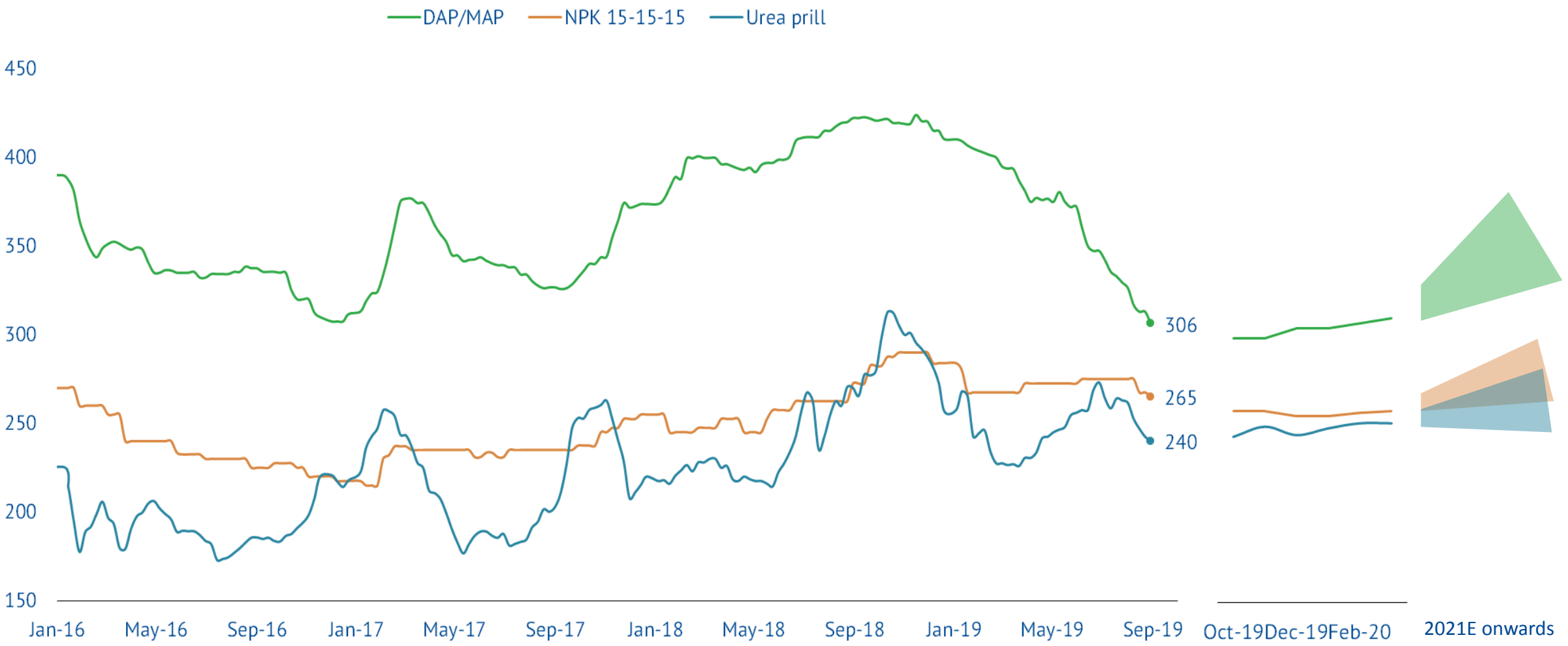
DAP import to USA, mln t P2O5



Source: IFA, CRU, Fertecon, PhosAgro.

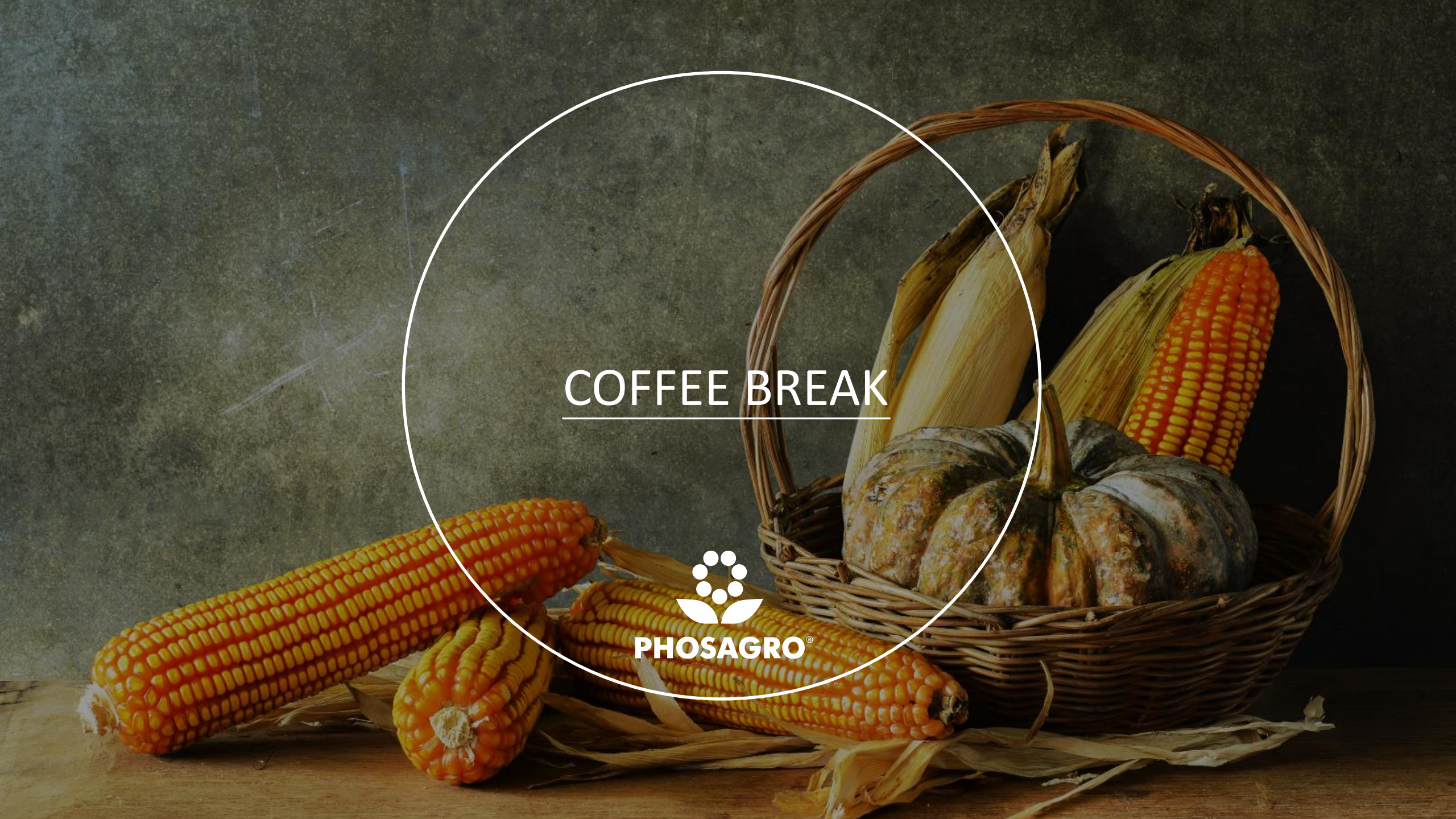
FERTILIZER PRICE TREND

Fertilizer price performance, FOB Baltics (USD/t)



Source: CRU/FW, Fertecon, Argus, Prophecy, PhosAgro

Q&A
PHOSAGRO®


COFFEE BREAK
PHOSAGRO®

STRATEGY 2025
PHOSAGRO®

STRATEGY 2025:

1 Operational efficiency and production growth

- Secure self-sufficiency in key feedstocks
- Accelerate high value added fertilizer production
- Increase phosphate rock production
- Port strategy optimisation

2 Smart approach to capital allocation

- Consider projects with IRR 20+%
- CapEX below 50% of EBITDA
- Keep investment grade credit rating
- Optimise working capital

3 Maintain leading position in priority markets

- Focus on priority markets
- Marketing/Branding to attract additional demand
- Balanced approach to choice of distribution channels

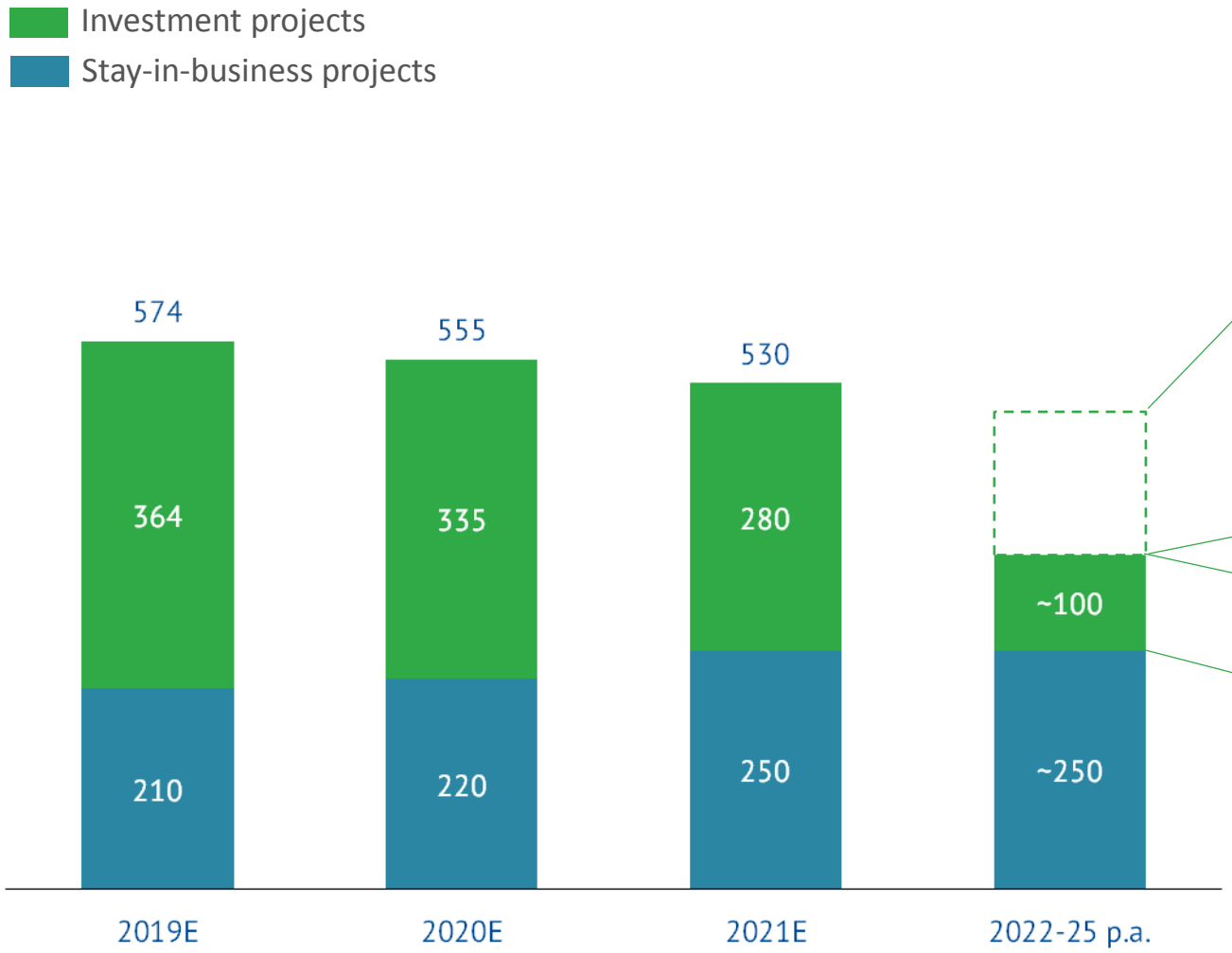
4 Maintain ESG discipline throughout the cycle

- Zero tolerance for injuries/accidents
- Eco-targets: emissions -10%//water discharges -20%// CO_2 emissions -10%// waste processing up to 40%
- Contribute to UN Global Compact Goals
- Improve position in ESG ratings

Source: PhosAgro

INVESTMENT PROGRAM 2019-2025

CapEx allocation*, USD mln



Investment projects

- Investment projects CapEx 2019-2025: USD 1.1 bln
- Stay-in-business CapEx 2019-2025: USD 1.7 bln
- Effect on EBITDA***: USD 450+ mln
- Projected IRR**: 20%+ at WACC 11%

Potential projects under consideration, complying with company investment principles:

- IRR 20+%
- Substantial synergies to business model
- ESG principles compliance, etc.

Committed investment projects for 2022-2025

Source: PhosAgro

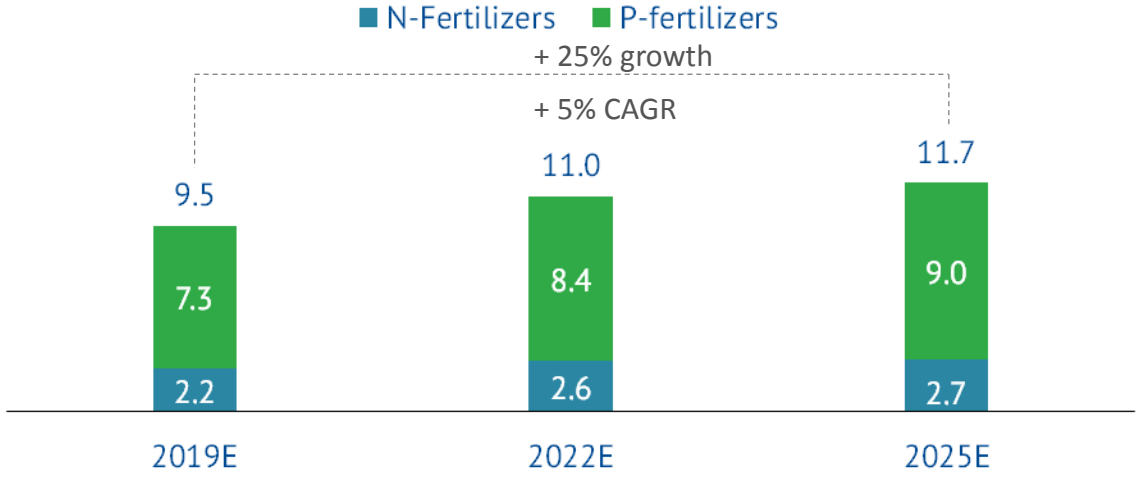
* CapEx calculated at RUB65/USD

**IRR calculated for investment projects, including new capacities and plants' upgrade

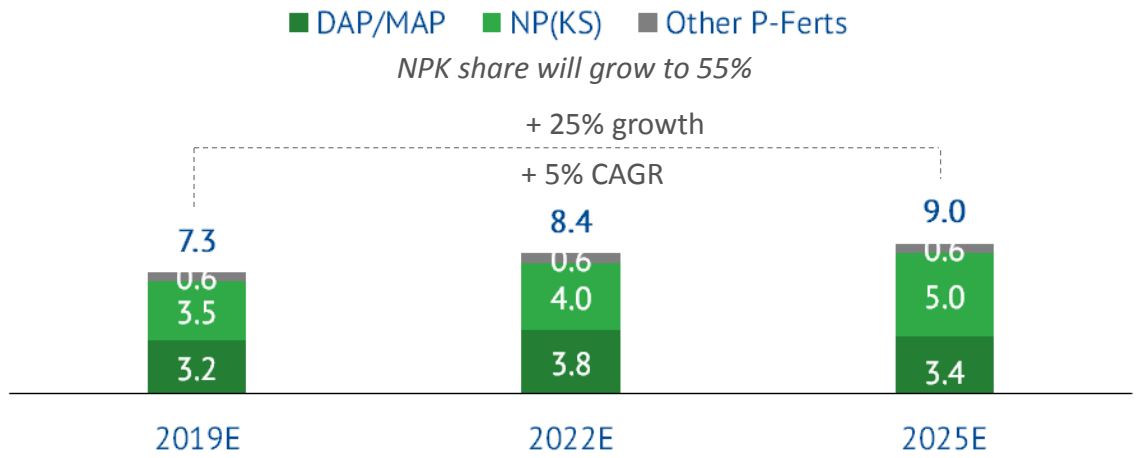
*** Subject to macro condition changes

PRODUCTION GUIDANCE 2019-2025

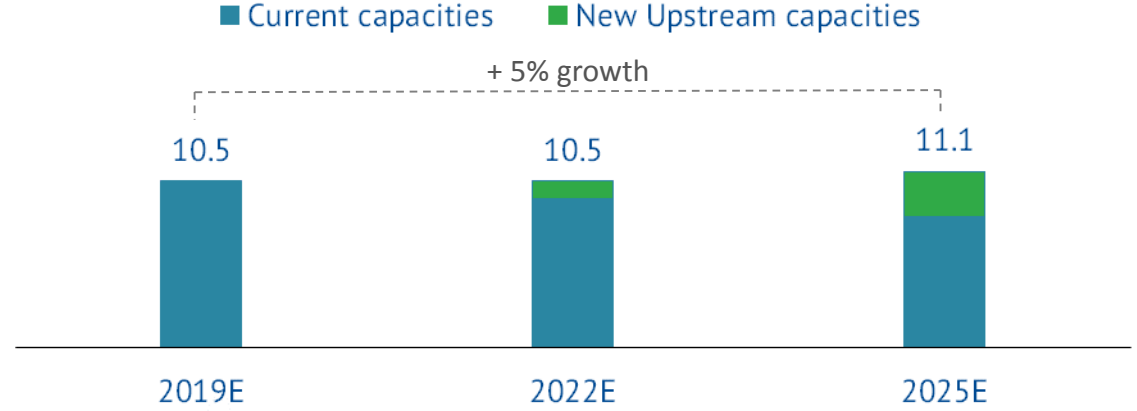
Fertilizer production outlook, mln t



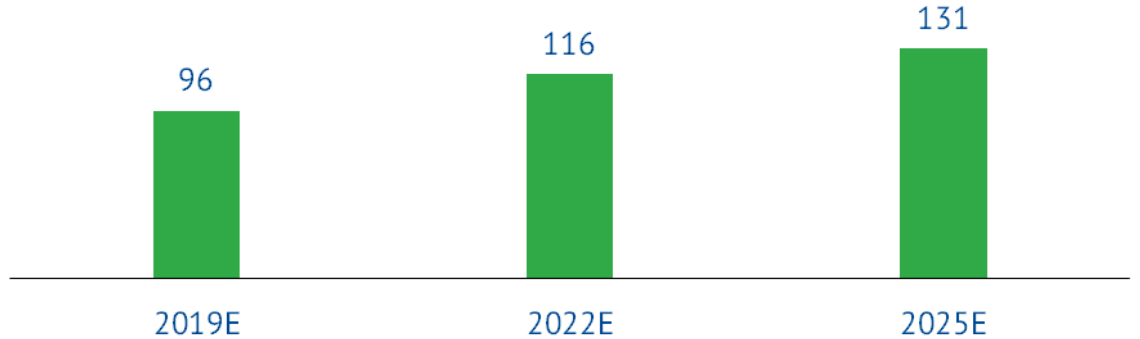
Phosphate fertilizer production, mln t



Phosphate rock output, mln t



Processing margin*, USD/ t of Ph-rock



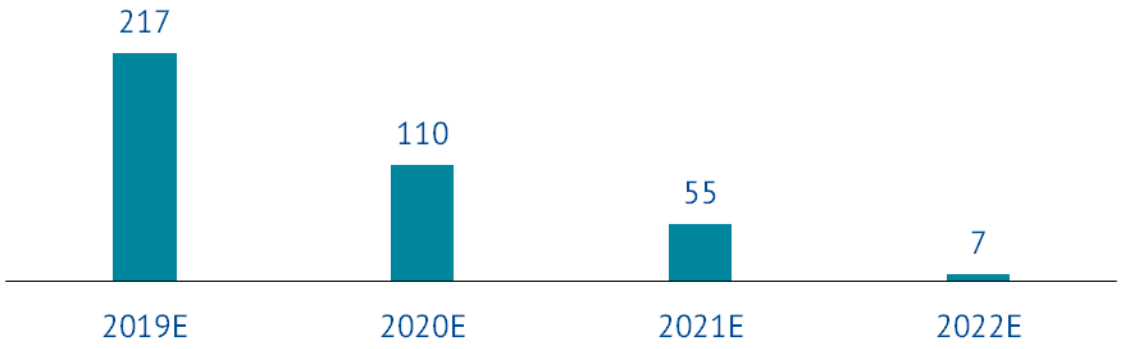
Source: PhosAgro

*additional margin, that company expected to get from processing of Phrock into Fertilizers instead of selling it to 3rd parties.

"E" stands for Expected by Management team

CHEREPOVETS: UNLOCKING MID-STREAM CAPACITIES

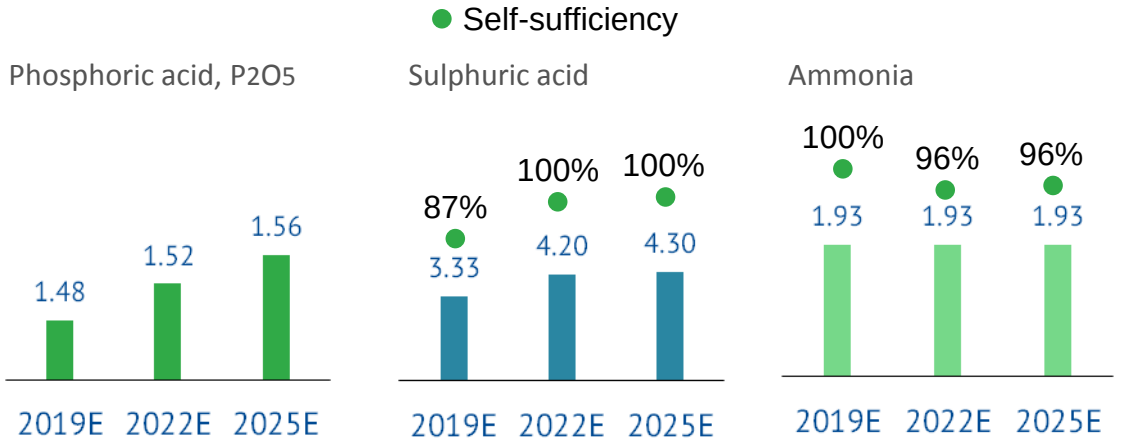
Investment programme*, USD mln



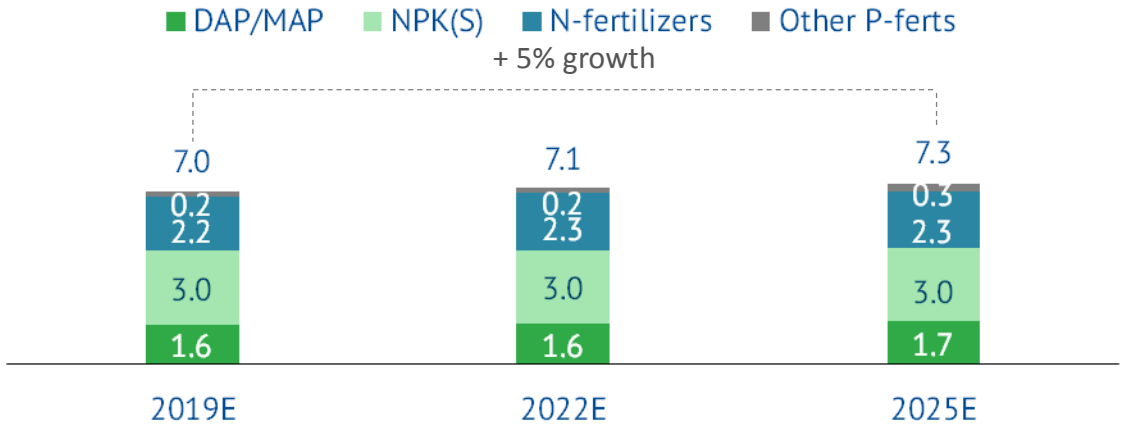
Highlights

- CapEx 2020-22: **USD 389 mln**
  - Sulphuric acid line
  - Nitric acid line
  - Ammonium sulphate line
  - Railway infrastructure
- Project IRR**: 20+% at WACC 11%
- EBITDA: USD 60+ mln

Feedstock production, mln t



Production output, mln t



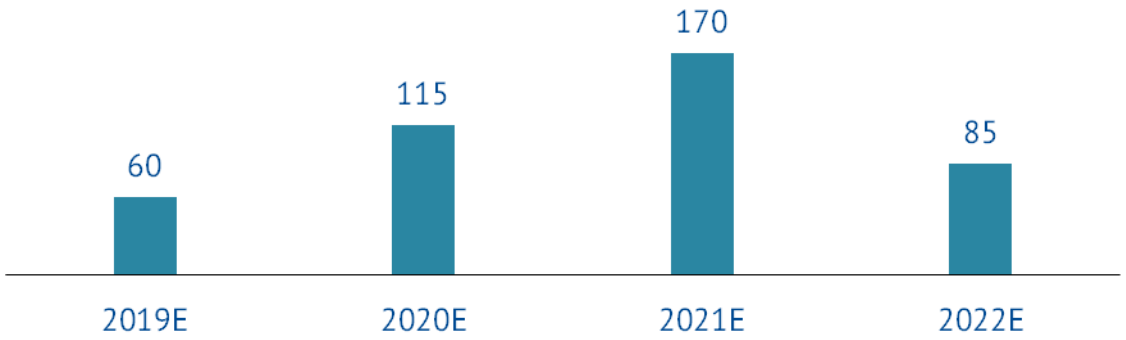
Source: PhosAgro

* CapEx calculated at RUB65/USD

**IRR calculated for investment projects, including new capacities and plants' upgrade

METACHEM: FULL CAPACITIES UPGRADE

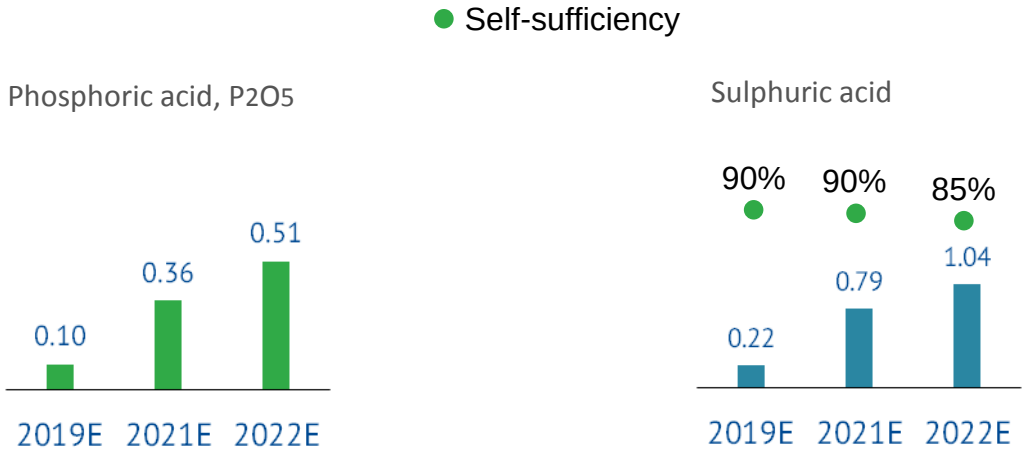
Investment programme*, USD mln



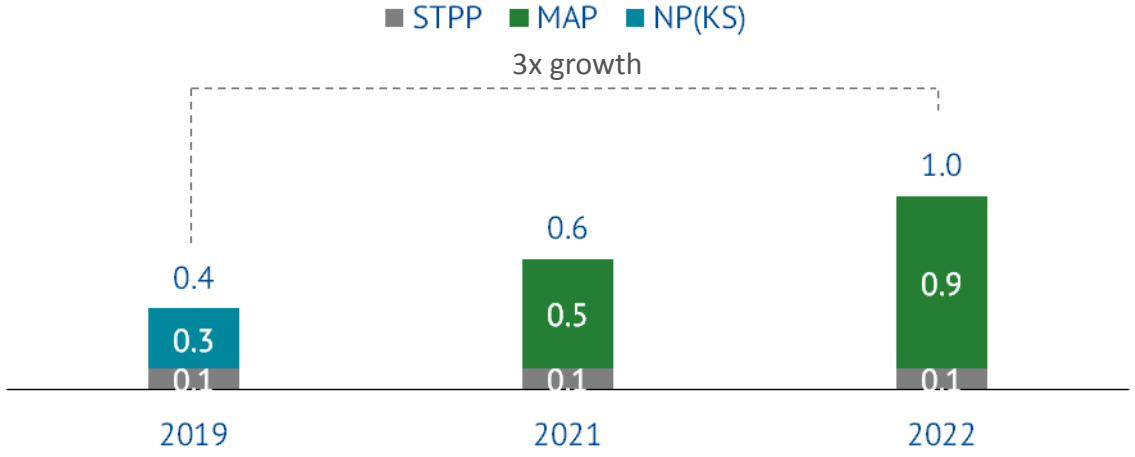
Highlights

- CapEx 2019-22: **USD 430 mln**
- Effect: +700 ktpa of fertilizers
- Project IRR**: 20% at WACC 11%
- EBITDA: $90+ mln

Feedstock production, mln t



Production output, mln t



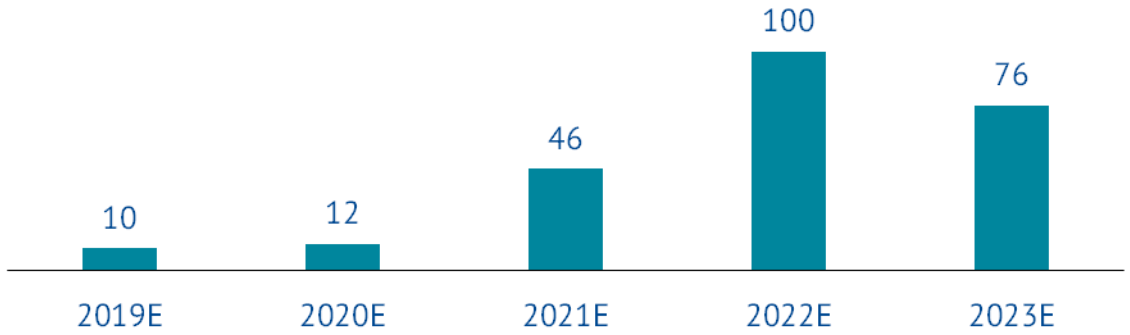
Source: PhosAgro

* CapEx calculated at RUB65/USD

**IRR calculated for investment projects, including new capacities and plants' upgrade

BALAKOVO: ADDING FLEXIBILITY TO CAPACITIES

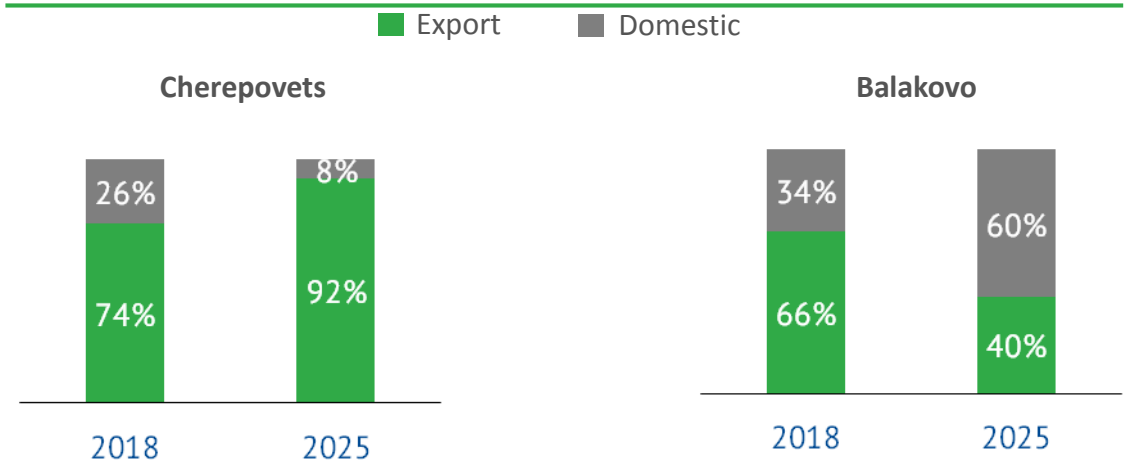
Investment programme*, USD mln



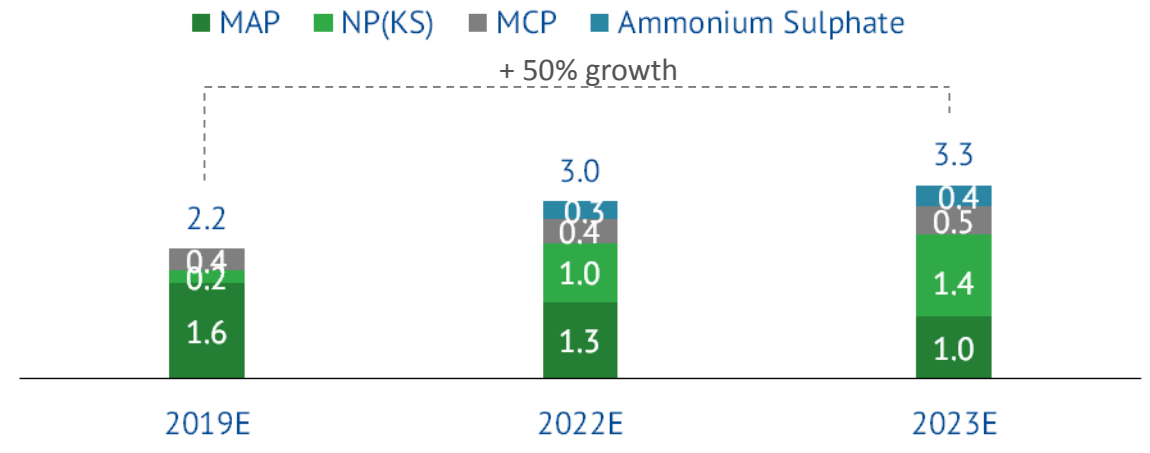
Highlights

- CapEx 2020-23: **USD 244 mln**
  - Swap from MAP production to NP(KS)
- Effect: +1.1 mtpa of fertilizers
- Project IRR**: 20% at WACC 11%
- EBITDA: USD 50+ mln

Fertilizers redistribution



Production output, mln t



Source: PhosAgro

* CapEx calculated at RUB65/USD

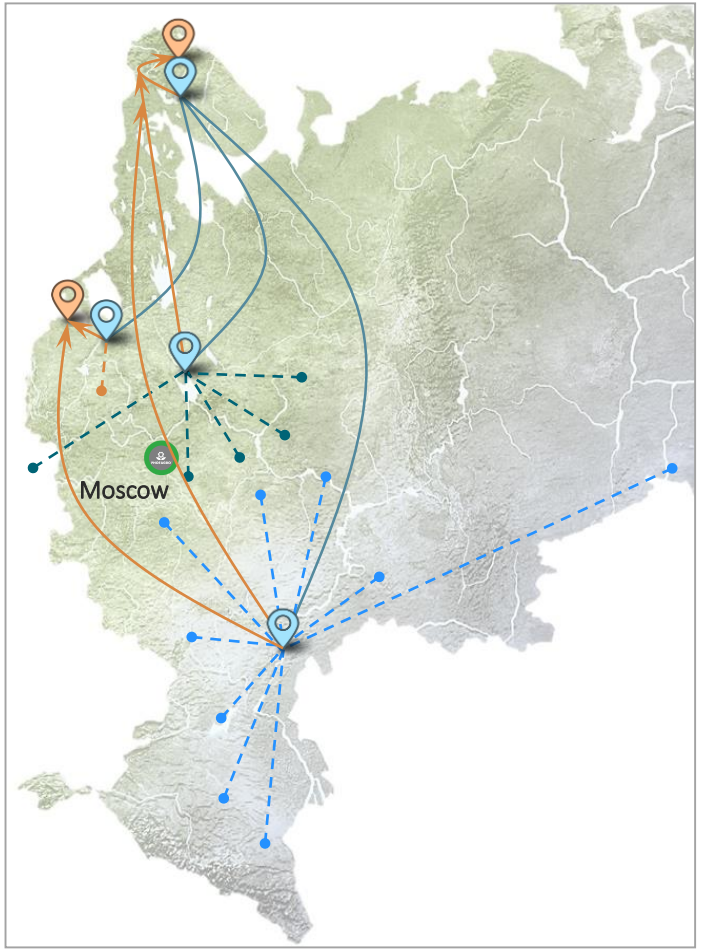
**IRR calculated for investment projects, including new capacities and plants' upgrade

PHOSAGRO: FERTILIZERS AND Ph-ROCK FLOWS

HQ located in Moscow
Upstream & Downstream production
Phosphate rock
Export ports
Fertilizer export
Cherepovets sales
Balakovo sales

	Export	Domestic
Cherepovets*:		
2018	74%	26%
2025	92%	8%
Balakovo:		
2018	66%	34%
2025	40%	60%

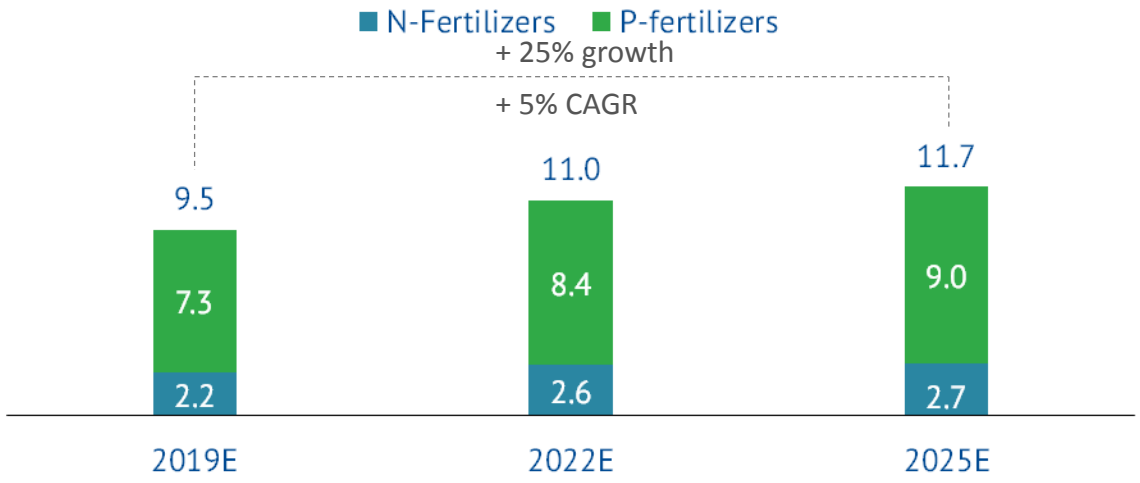
Fertilizer distribution in 2025



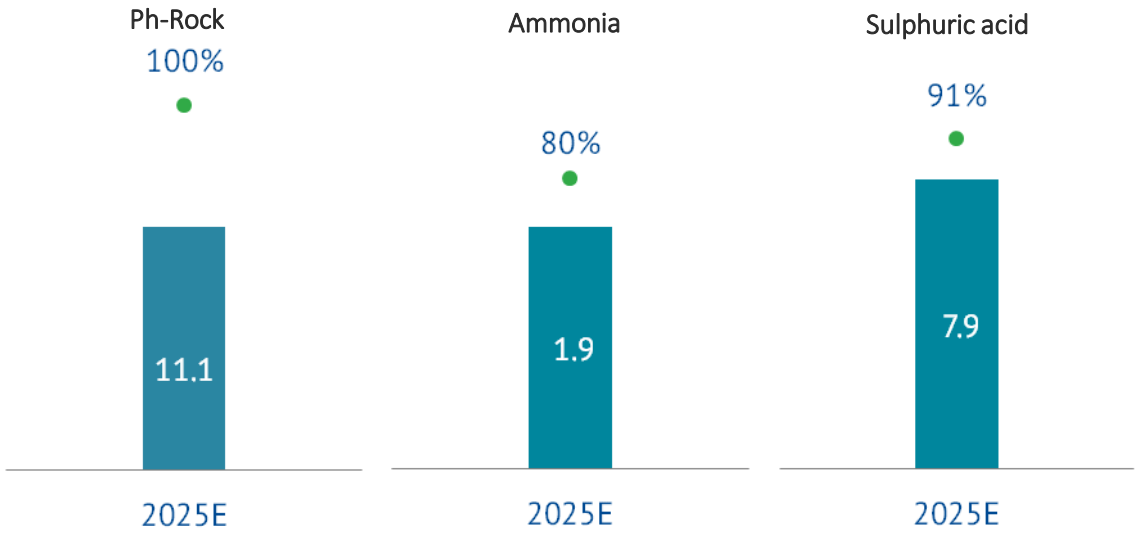
Source: PhosAgro
*Phosphate segment only

STRATEGY 2025: MAIN MESSAGE

Fertilizer production, mln t



Main Feedstocks, mln t



EXPECTED EFFECT ON EBITDA

USD 450+ MILLION*

NEW DIVIDEND POLICY

FAIR PROFIT DISTRIBUTION VIA HIGHER DIVIDENDS

Source: PhosAgro

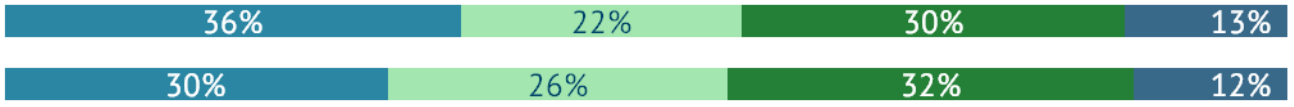
* Subject to macro condition changes

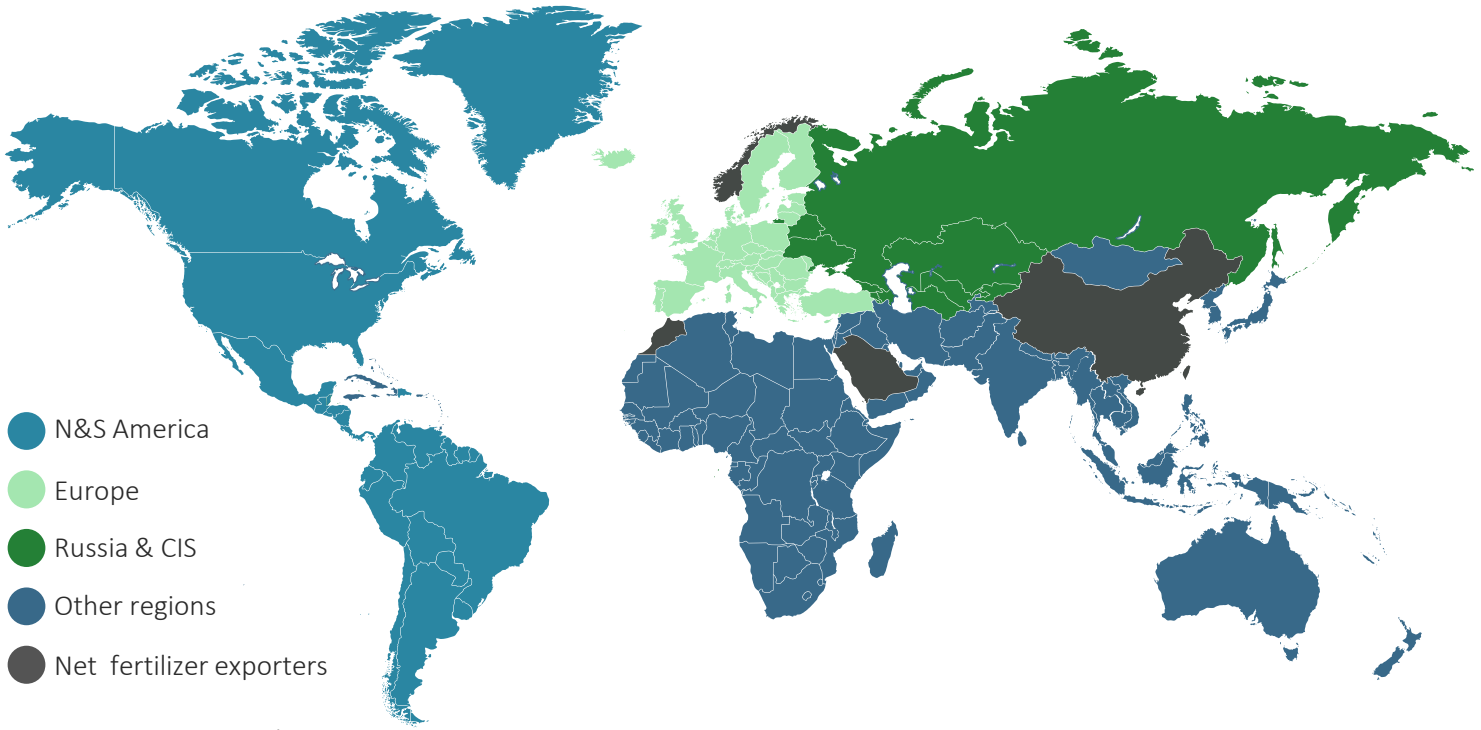
SALES STRATEGY
PHOSAGRO®

PREMIUM MARKET EXPANSION

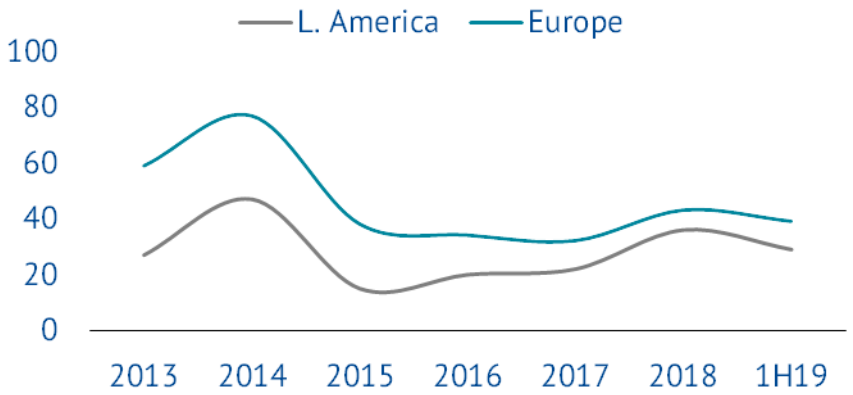
Sales breakdown[1]

	N&S America	Europe	Russia & CIS	Other
2018	**3.1** mln t	**2.0** mln t	**2.6** mln t	**1.2** mln t
2025	**3.5** mln t	**3.1** mln t	**3.7** mln t	**1.4** mln t

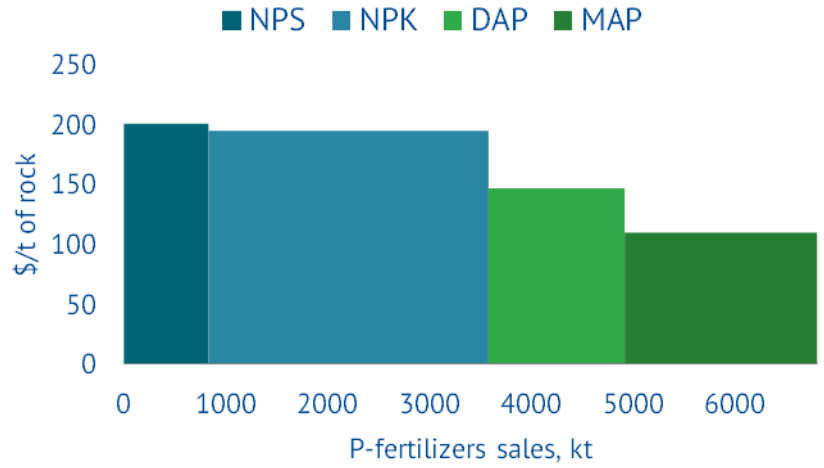




Premium to Indian netback prices (USD/t, FOB, Baltic)



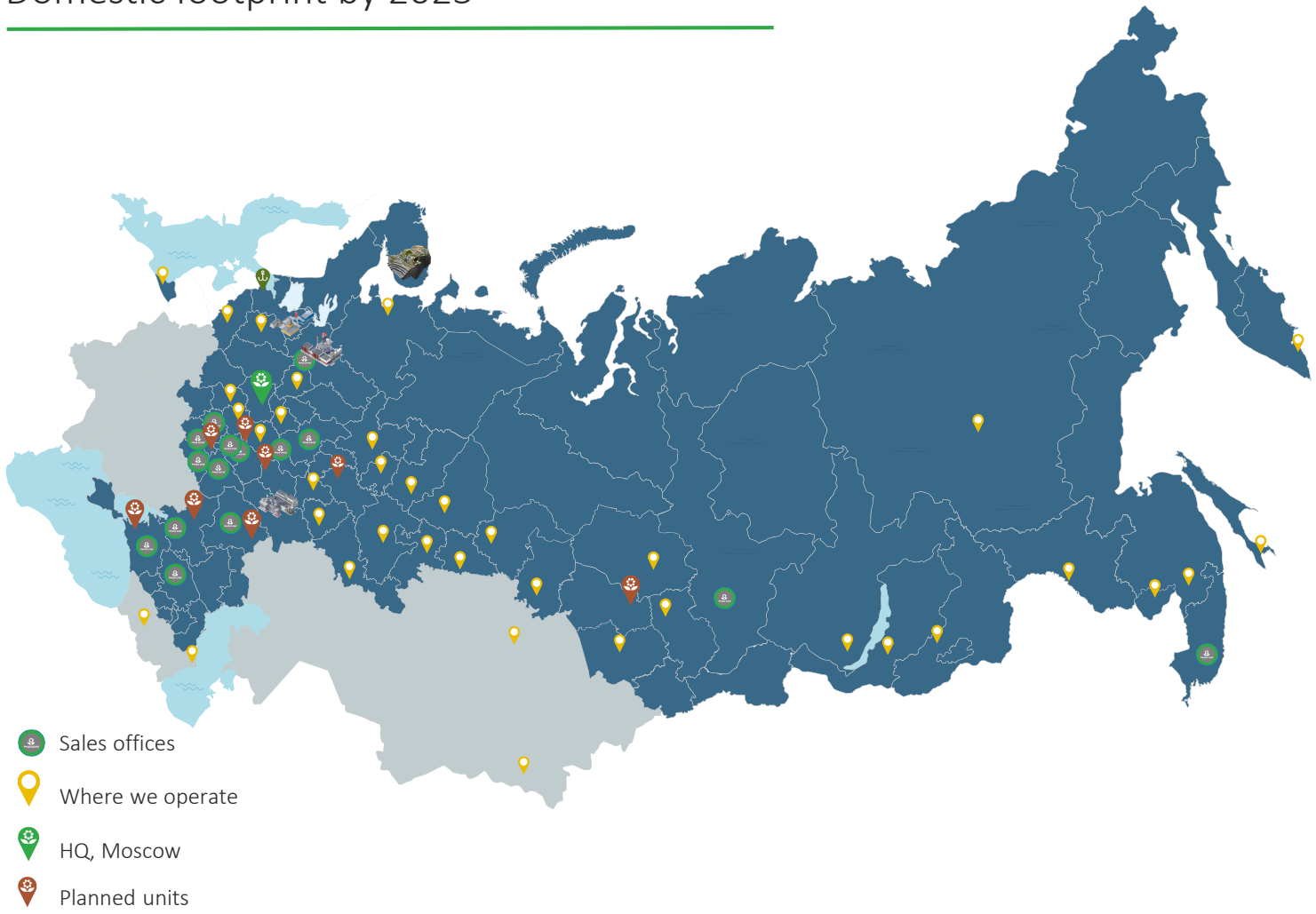
Profitability of phosphate fertilizers, 2019E



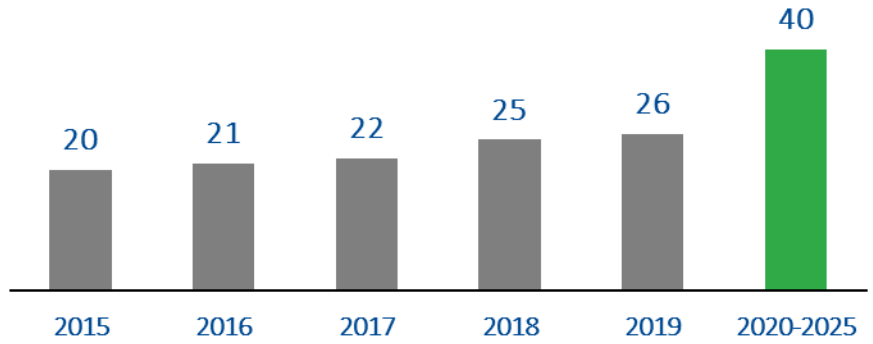
Source: Argus, Fertecon, CRU/FW, PhosAgro
1. Only DAP/MAP, NPK(S), Urea and AN

DOMESTIC MARKET DEVELOPMENT

Domestic footprint by 2025



Distribution centres, units



Source: PhosAgro

DOMESTIC SALES ROADMAP

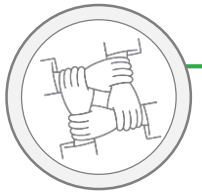
2018: 2.6 mln t
2025: 3.7 mln t

EXPAND STORAGE FACILITIES AND ENHANCE LOGISTICS

Not less than 650 kt storage capacities

INCREASED SALES OF LIQUID FERTILIZERS

62 Kt liquid fertilizer storage



INCREASE SALES OF 3RD PARTY

500 Kt sales

SUPPORT DIGITAL TRANSFORMATION

Digital farming

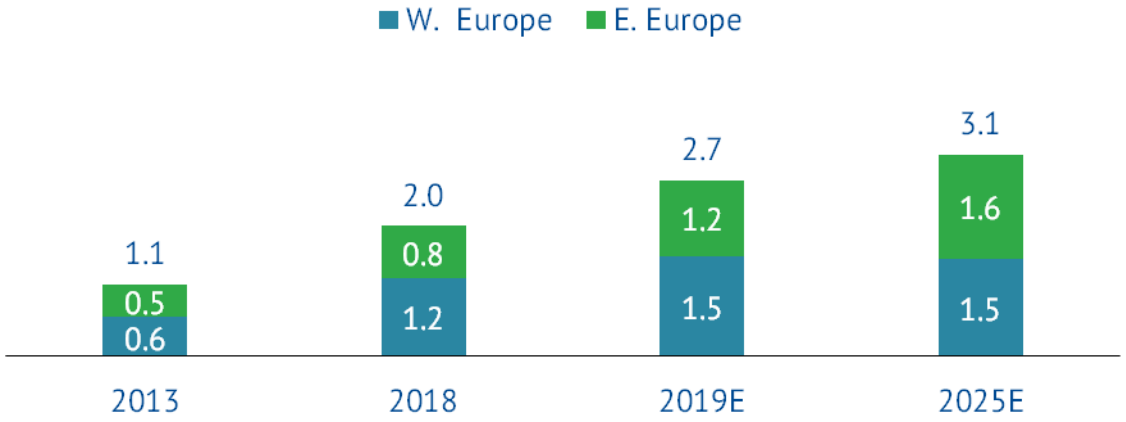
DEVELOP AGRICULTURAL CONSULTING

Not less than 100k ha

Source: PhosAgro

EUROPEAN MARKET DEVELOPMENT

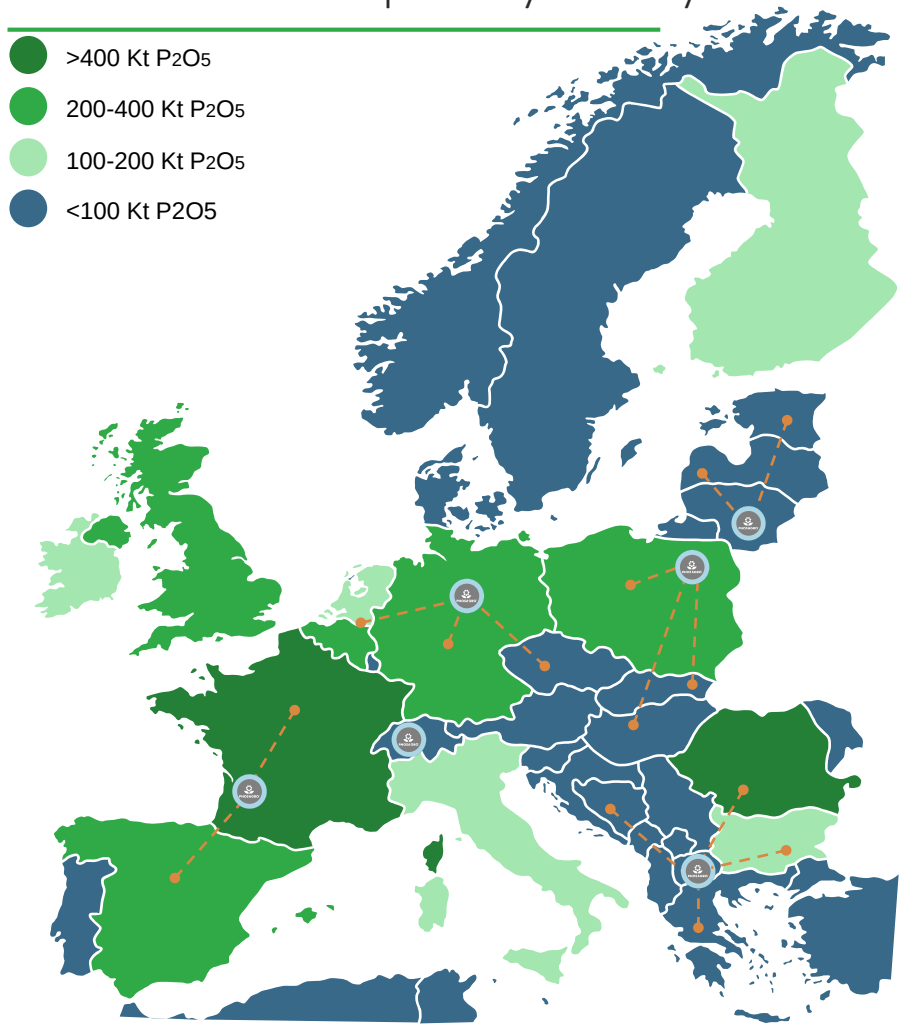
PhosAgro sales in Europe, mln t



Roadmap

- Intensive market share increase through marketing and distributor partnerships:
  - New local offices, bases and packaging
  - Rent storage
  - Proactive agromarketing
- Subsequent distribution through participation in the capital

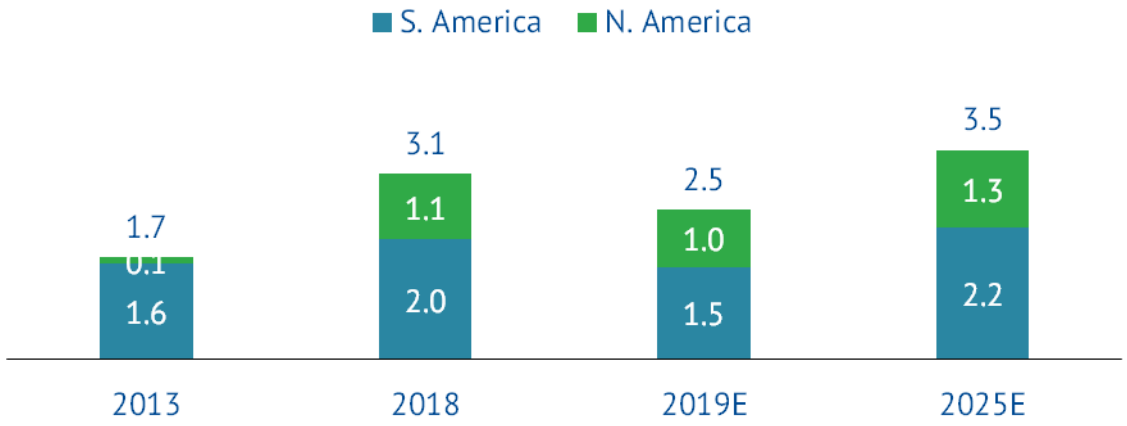
P-fertilizers consumption by country



Source: IFA, CRU, Eurostat, PhosAgro

N&S AMERICAS MARKET DEVELOPMENT

PhosAgro sales in N&S Americas, mln t



P-fertilizers consumption by countries

Roadmap

- Local office with analytical and marketing functions to track market opportunities
  - Establishment of communication and closer cooperation with local distributors
  - Launch of agronomy workshops
  - Rent storages

Source: IFA, CRU,Agroconsult, PhosAgro

Marketing strategy

Promotion of new brands

- Proactive promotion of new brands (i.e. Apaviva, Nitriva, Apafeed, Apaliqua) to empower our main brand in key markets
- Marketing initiatives to present our new products and brands

Ecolabel marketing

- Participation in scientific research and developing Ecolabel to improve PhosAgro reputation
- Launch of the “green brand” to facilitate new product brands promotion.

Stakeholders education

- Active development of public database, participation in scientific research to improve transparency of industry and farmers’ knowledge
- Publishing in-house analytical research and trial books

Cross-marketing and partnership

- Closer cooperation with local distributors and promotion of joint projects (i.e. with BASF, LG, Amazone) to improve brand awareness and to get access to distribution channels

Agromarketing

- Development of an in-house agronomic service, agronomic test sites and workshops to stimulate demand in key regions
- Implementation of developed specialised feeding systems (i.e. forage grasses, safe vegetables and etc.)
- Marketing initiatives, fairs and events for local consumers and distributors

Digital marketing

- Development of digital ecosystem to level up consumers’ experience from purchasing PhosAgro products
- Search and implementation of solutions to expand the product portfolio.

Source: PhosAgro

FINANCIAL REVIEW

PHOSAGRO®

FINANCIAL TARGETS

INVESTMENT GRADE RATING

NET DEBT/EBITDA
TARGET: <1.0
COMFORT: 1-1.5x

PROACTIVE WoC MANAGEMENT

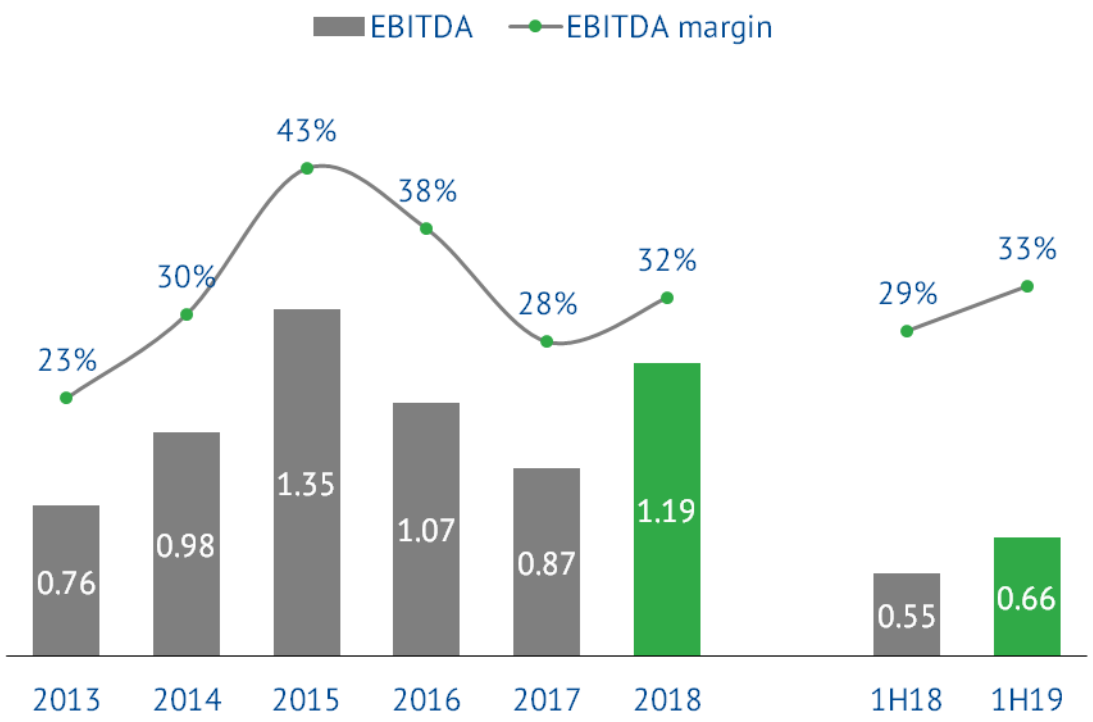
CAPEX/EBITDA
<50%

FOCUS ON CASH COSTS

Source: PhosAgro

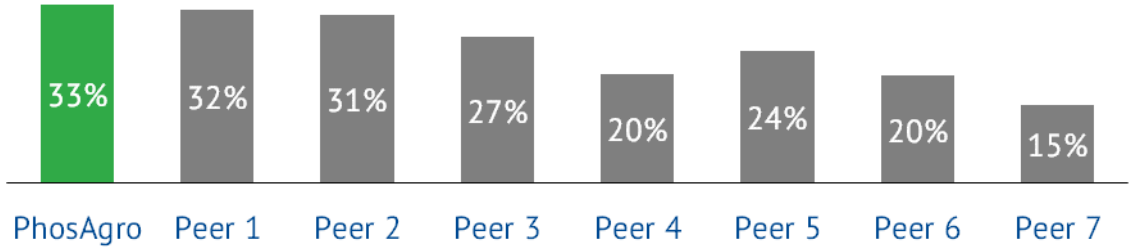
THE MOST EFFICIENT COMPANY AMID MARKET HEADWINDS

EBITDA and EBITDA margin for the last 5 years

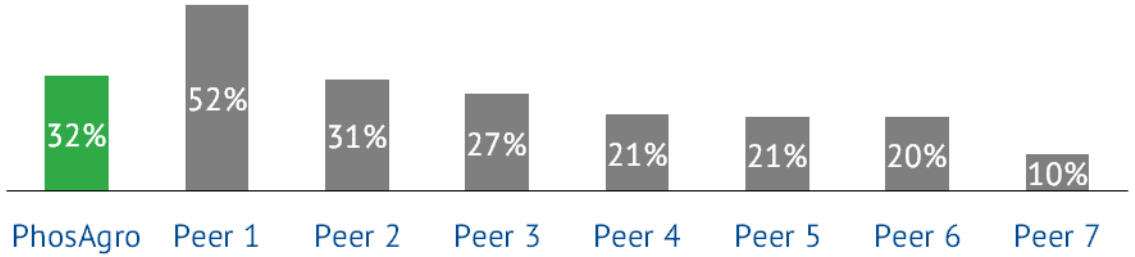


PhosAgro has a proven track record as a sustainably profitable company in the industry, delivering leading EBITDA margin performance throughout the cycle

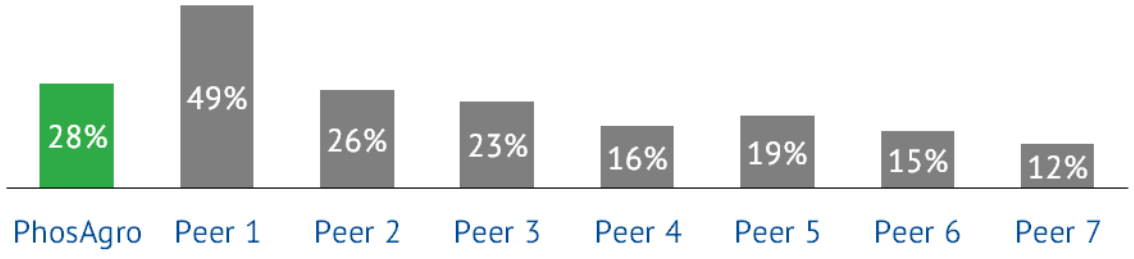
EBITDA margin comparison in 1H19



EBITDA margin comparison in 2018



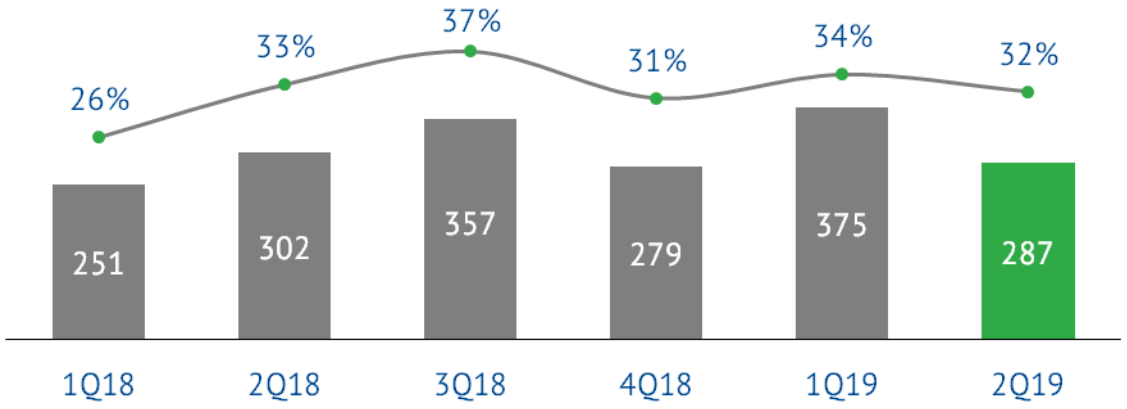
EBITDA margin comparison in 2017



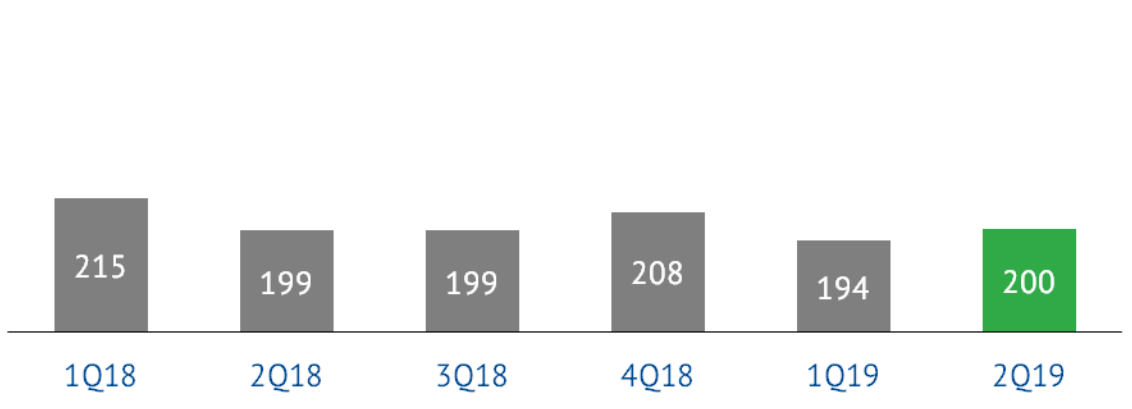
Source: PhosAgro
Note: Peer group includes Mosaic, OCP, Nutrien, ICL, Yara, Eurochem, Ma'den

FINANCIAL PERFORMANCE

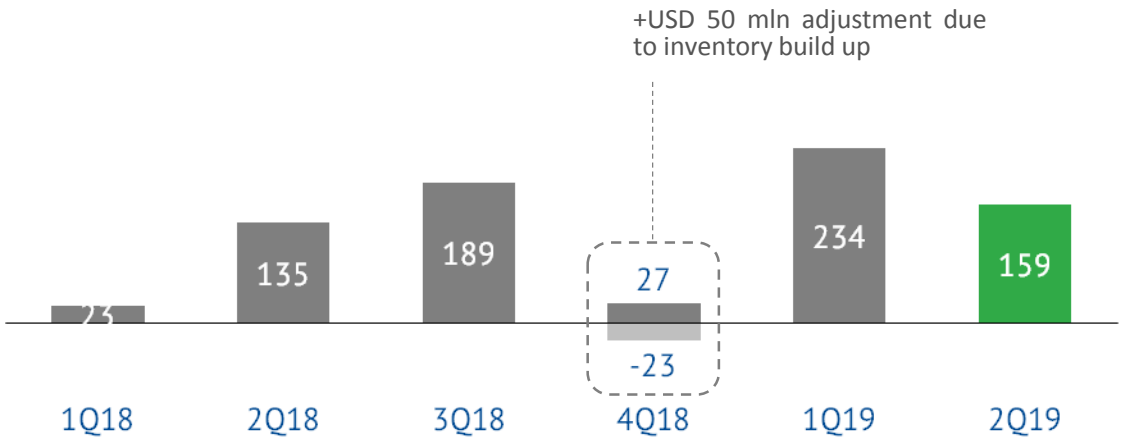
EBITDA and EBITDA margin, mln USD



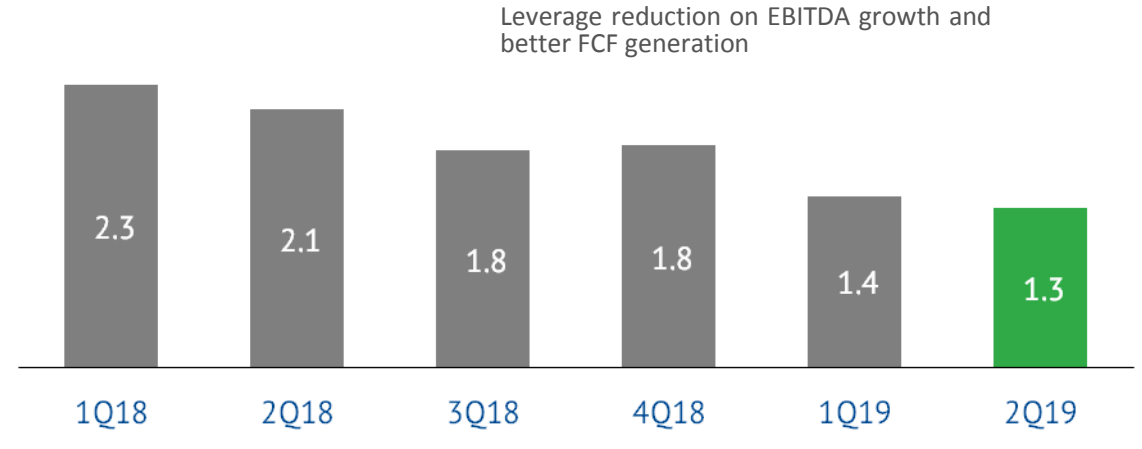
DAP cash cost, USD/t



FCF, mln USD



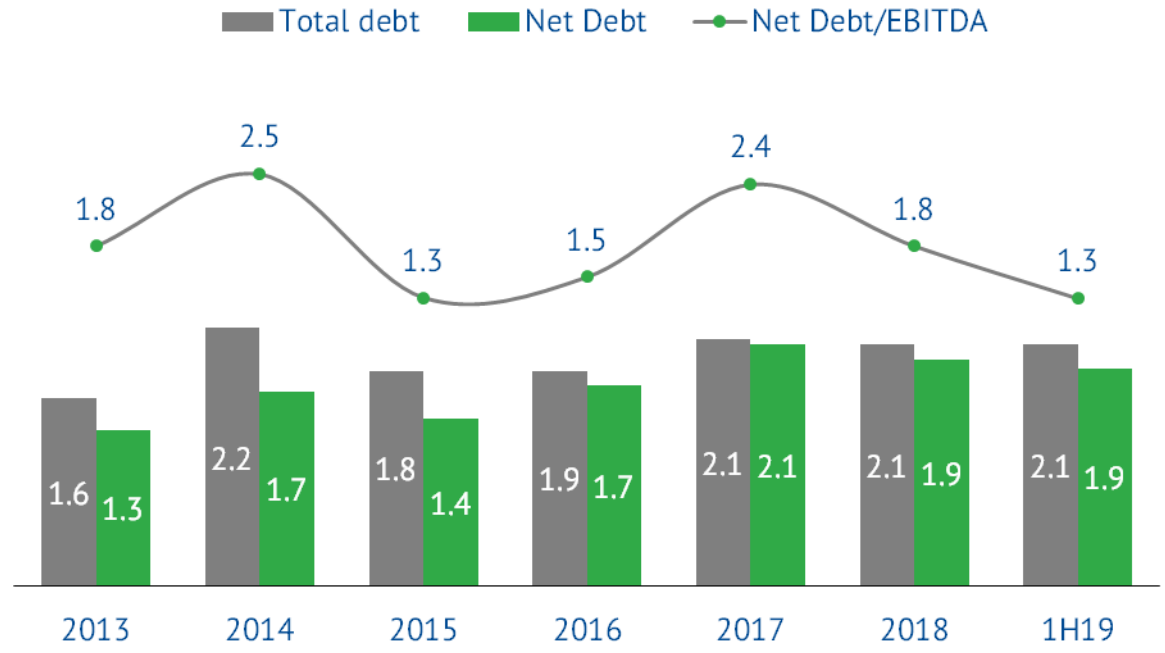
Net debt/EBITDA, x



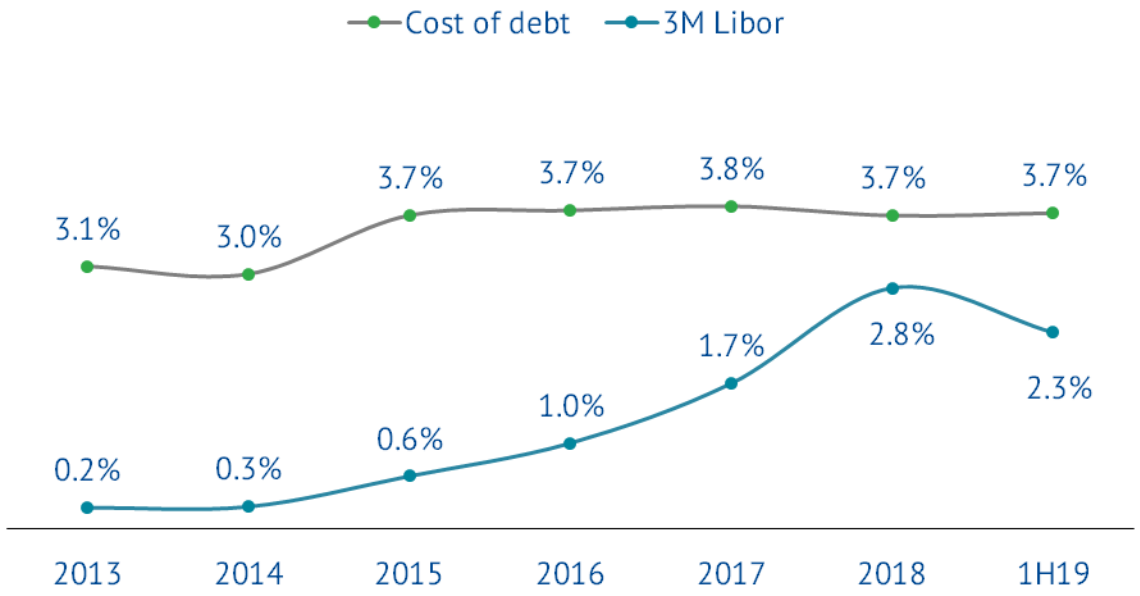
Source: CRU, PhosAgro

DEBT PORTFOLIO

Total debt and net debt/LTM EBITDA ratio, USD bln and x



Cost of debt USD (% p.a.) vs 3M Libor



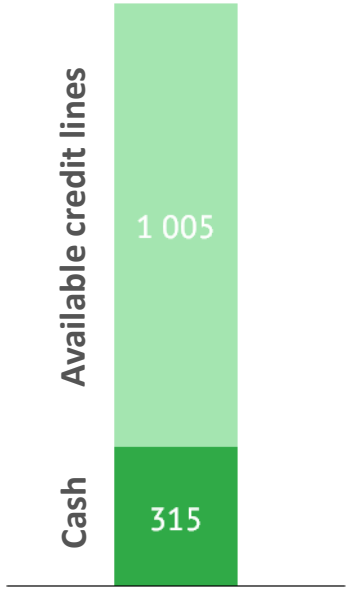
PhosAgro carefully manages its balance sheet and cost of financing for all current initiatives, including investment projects

Comfortable net debt/EBITDA level is in the range at 1-1.5x, mitigating refinancing risk

Source: PhosAgro

MATURITY PROFILE, USD MLN

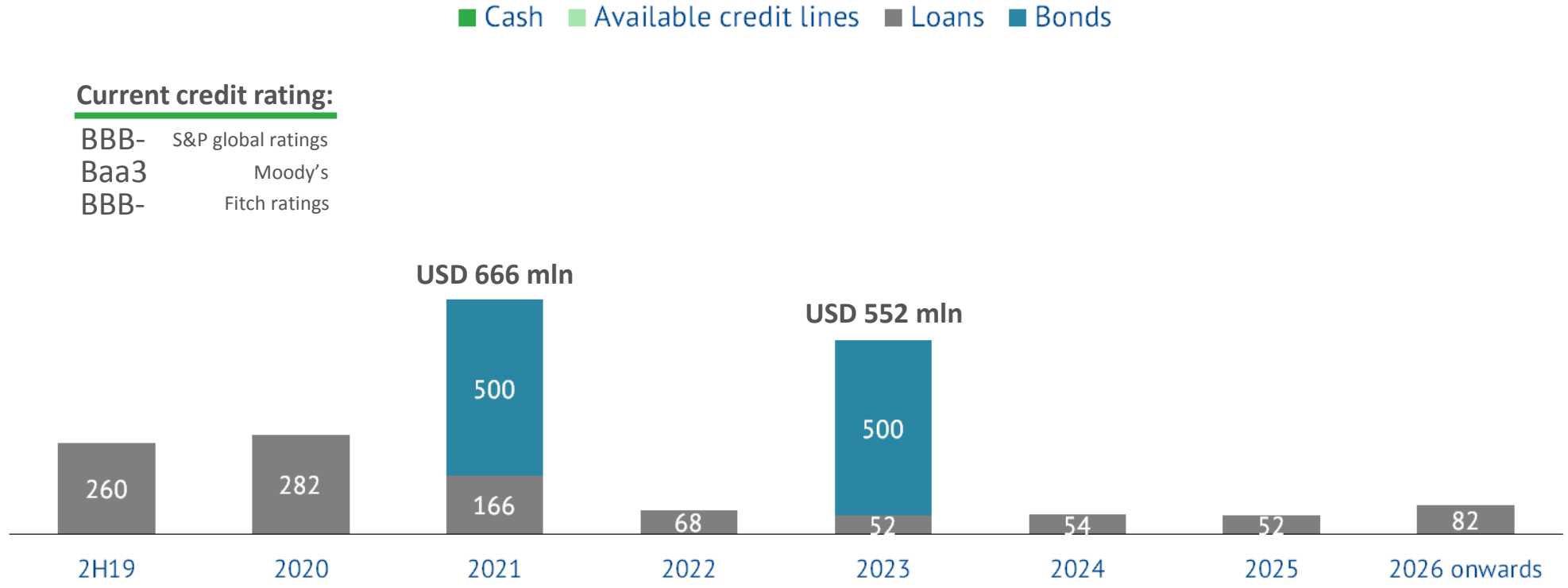
Liquidity position



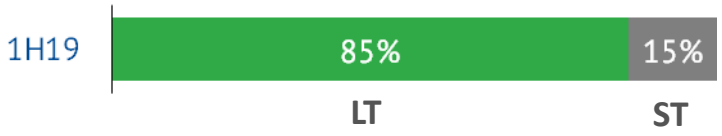
Current credit rating:

BBB-	S&P global ratings
Baa3	Moody's
BBB-	Fitch ratings

Debt repayment schedule



Debt maturity



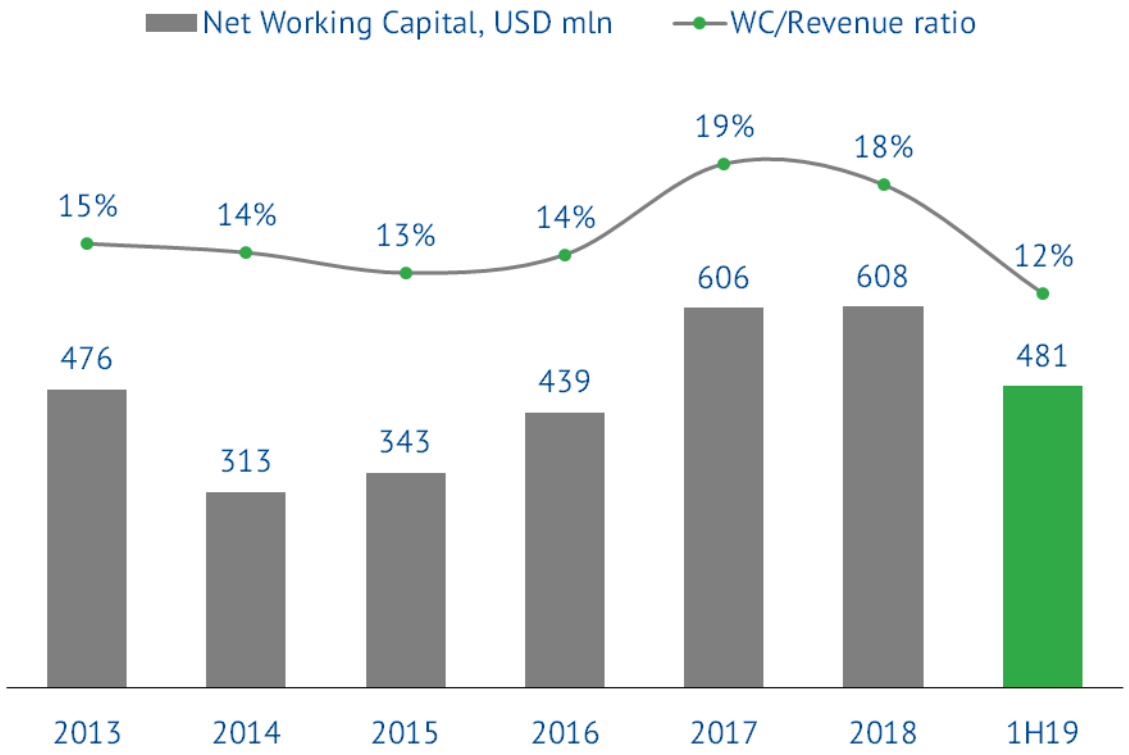
Debt currency

Debt type

Source: PhosAgro

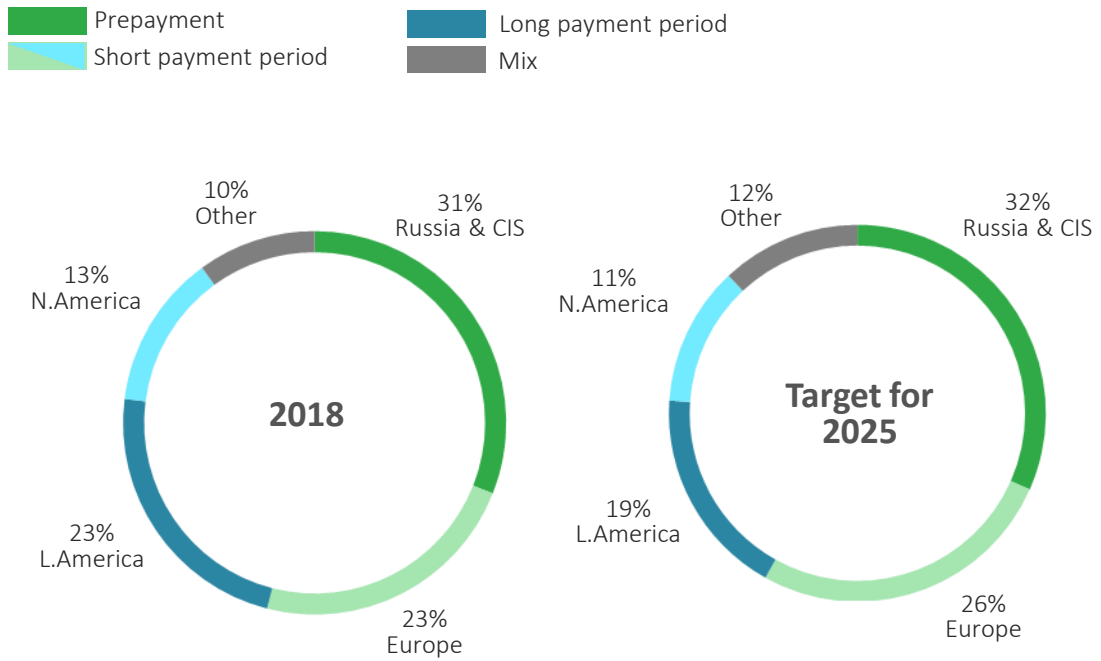
WORKING CAPITAL MANAGEMENT

Net working capital** and net WC/revenue ratio



Working capital build up was driven by fertilizer production growth by 50% over the last five years as a result of modernisation of existing capacities and ramping up of new capacities

Global presence, %



Growth of fertilizer sales in Russia & CIS and Europe, should decrease working capital needs

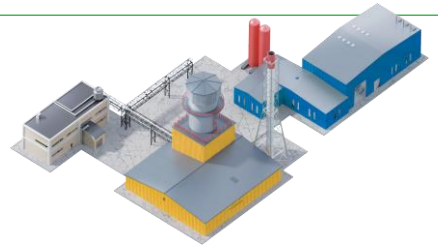
Source: PhosAgro

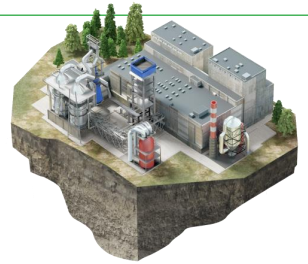
*America means North and South America

**Net Working Capital calculated as Trade Receivables plus Inventory minus Trade payables

ASSET DEVELOPMENT PIPELINE

PROJECT	MAP CAPACITES	NPK/NPS LINE	CHEREPOVETS CAPACITIES
TARGET	MAP for export markets	NPK(S) for domestic and European markets	Debottlenecking initiatives
SITE	Metachem	Balakovo	Cherepovets
COMMISSIONING	2021	2022	2019-20
DESIGNED CAPACITY	0.86 mtpa	1.7 mtpa	Various targets
CAPEX	USD 430 mln	USD 240 mln	USD 389 mln
EBITDA	USD 90+ mln	USD 50+ mln	USD 60+ mln
WACC	11%	11%	11%
NPV	USD 173 mln	USD 143 mln	USD 265 mln
IRR	20%	20%	20+%





Source: PhosAgro

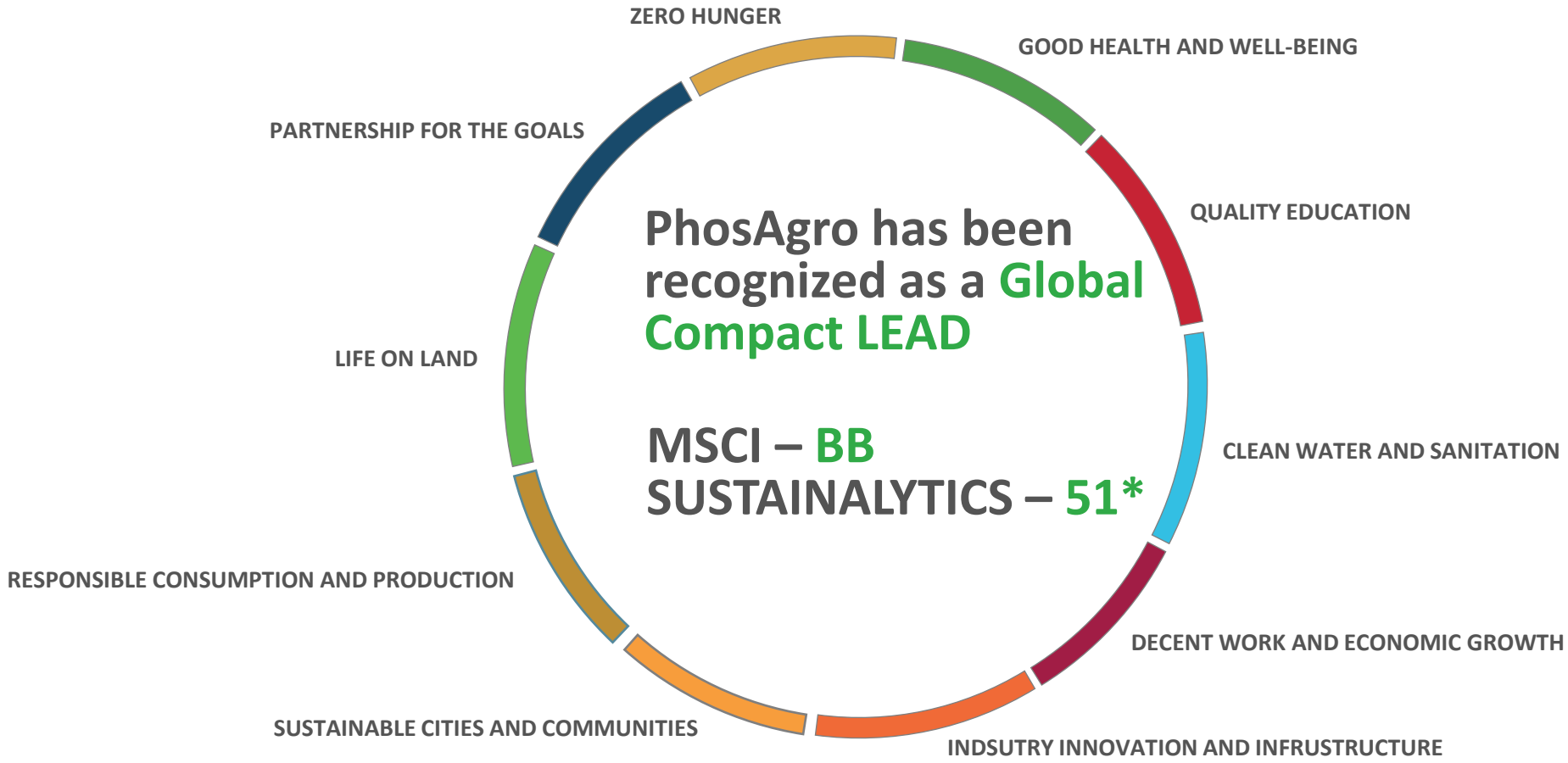
SELECTED COST SAVING PROJECTS

Project	Name of the project	Year of completion	Expected impact, RUB mln
1	Lowering transportation costs for PhosAgro and its subsidiaries	2018	$15 mln p.a.
2	Increasing operating efficiency at the Kirovsk branch of Apatit	2018	$18 mln p.a.
3	Stabilised and increased the commercial extraction of phosphate rock at ANOF-3 at Apatit	2018	$22 mln p.a.
4	Increasing efficiency of phosphate rock processing at Cherepovets	2019	$15 mln p.a.
		TOTAL:	$70 mln p.a.

Source: PhosAgro

Sustainability
PHOSAGRO®

OUR STRATEGY BASED ON UN PRINCIPLES



Source: PhosAgro

* Average performer

STRATEGY PRIORITIES TO 2025

Environment

1. Air emissions reduction by 10% to 1.45 kg/ton
2. Water pollution reduction by 20% to 7.4 m3/ton
3. Reduction of CO2 emissions by 10% to 218 kg in CO2/ton
4. Increase waste recycling and disposal processes to 40% from 27% in 2018

Health & Safety

1. Zero fatal injuries
2. Zero tolerance to accidents
3. LTIFR reduction by 15% to 0.19

Social

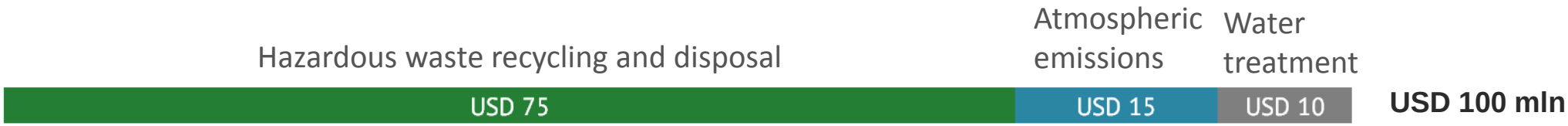
1. Increase employee loyalty and satisfaction index from 62% to 75%
2. Increase the average annual number of education hours per employee by 50% to 123 to increase work efficiency
3. Increase investments in health and wellbeing programs per employee by 40%

Source: PhosAgro

ENVIRONMENTAL PERFORMANCE

Environmental protection programs

Project period: 2 years

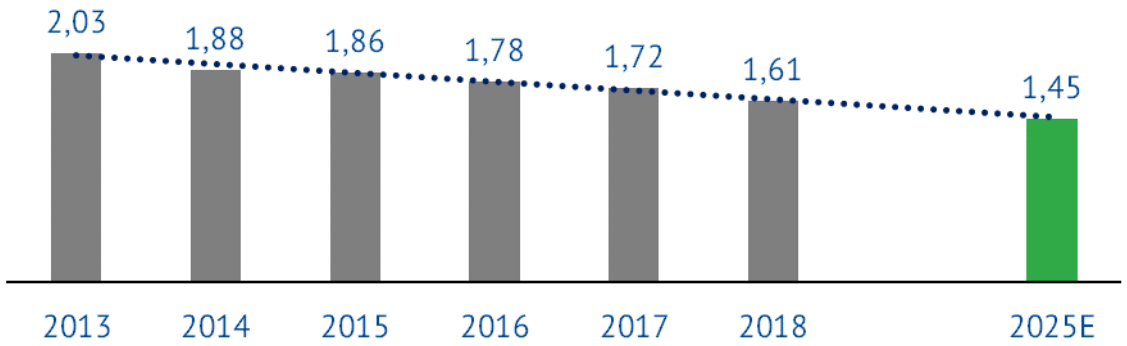


USD 100 mln

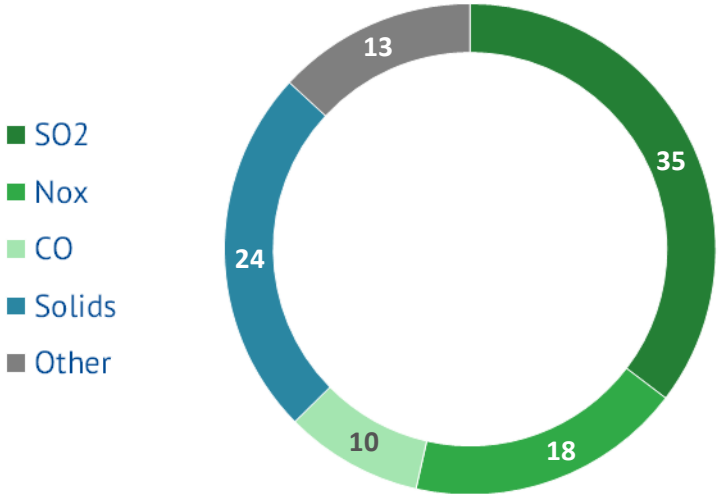
Source: PhosAgro

ENVIRONMENTAL PERFORMANCE

Pollutant emissions, kg / t



Emissions by type, in 2018 in %



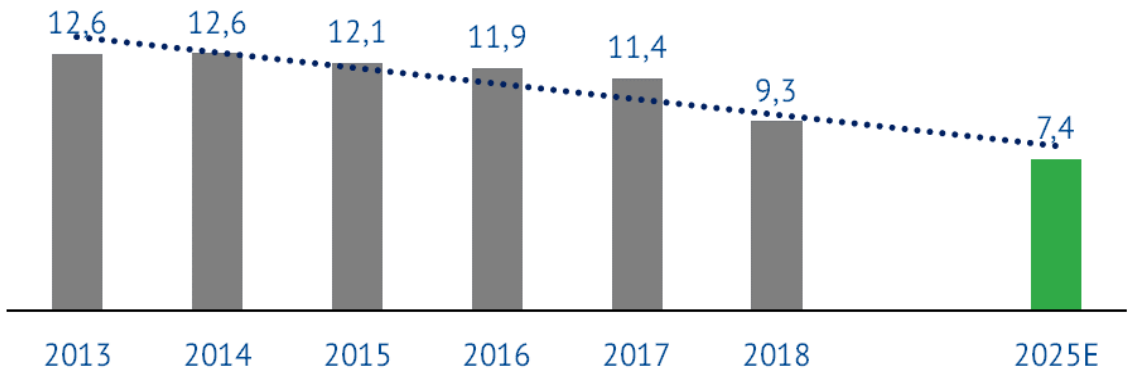
Our programs

Project	Production site	USD mln	Project completion
Technological system modernization	Cherepovets	USD 8 mln	4Q 2020
Construction of exhaust pipe sections	Metachem	USD 8 mln	4Q 2019

Source: PhosAgro

ENVIRONMENTAL PERFORMANCE

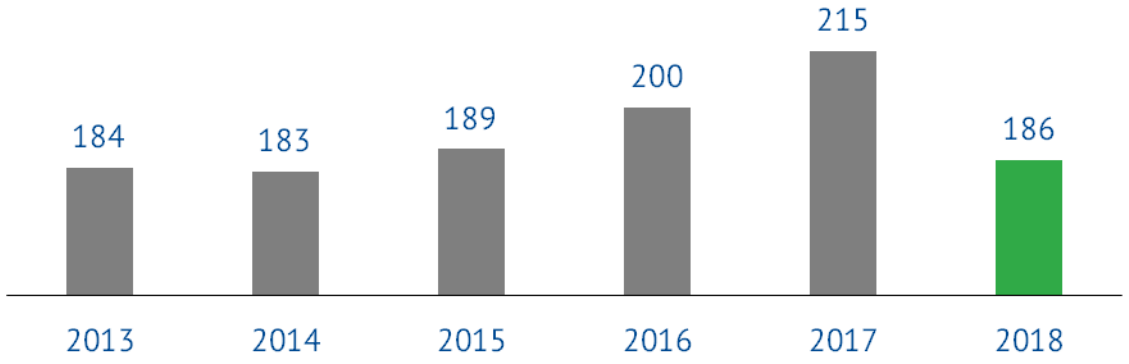
Wastewater discharge, m3 / t



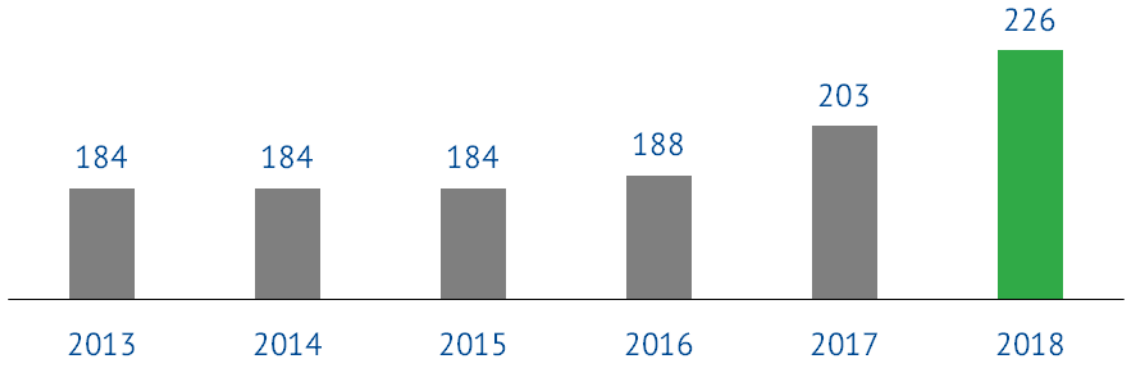
Our programs

Project	Production site	USD mln	Project completion
Decreasing discharge volumes and improving the quality of wastewater	Kirovsk	USD 0.5 mln	4Q 2021
Gypsum water treatment system	Metachem	USD 0.5 mln	4Q 2019
Acidic effluents neutralization station	Metachem	USD 8 mln	2Q 2021
Water use optimizing program	Cherepovets	USD 2 mln	4Q 2020

Wastewater discharge, mln m3



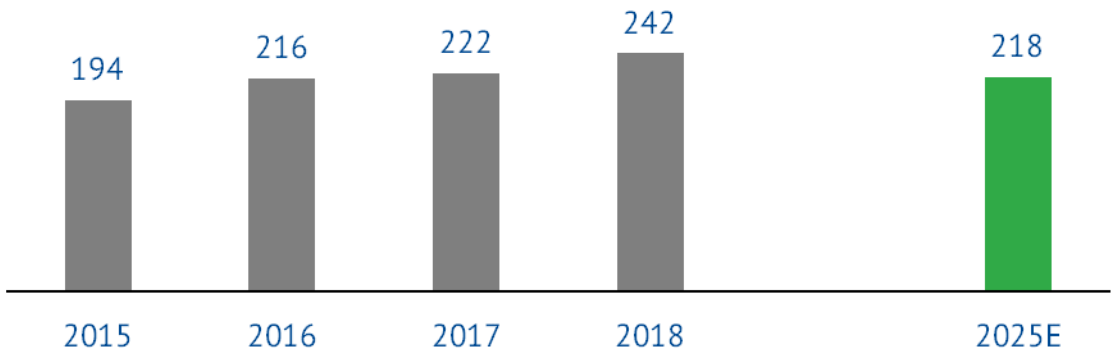
Recycled water, mln m3



Source: PhosAgro

ENVIRONMENTAL PERFORMANCE

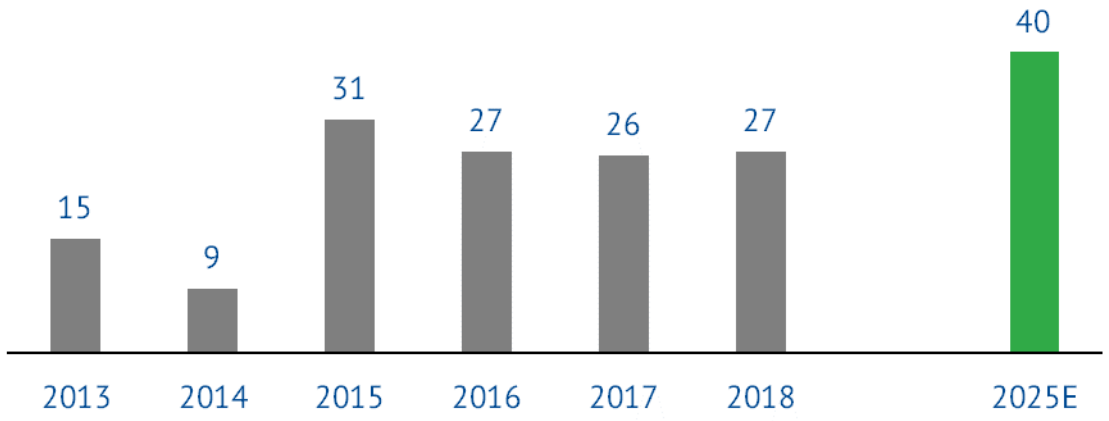
Greenhouse gas emissions, kg / t



Our programs

Joining the CDP (Carbon Disclosure Project): report was prepared and presented
A preliminary plan of strategic measures aimed at reducing of greenhouse gas emissions per tonne will be approved in April 2020
Building a corporate greenhouse gas emissions management system – till 4Q 2020

Hazardous waste recycling and disposal (I-IV), %



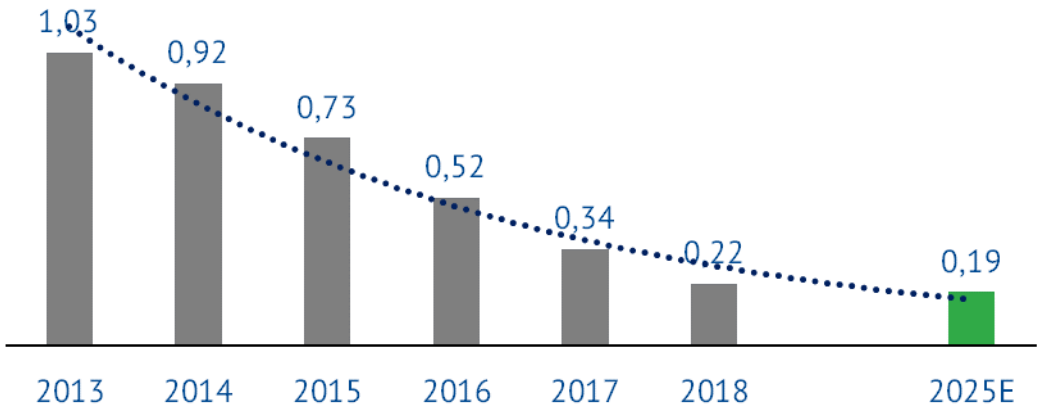
Our programs

Project	Production site	USD mln	Project completion
Phosphogypsum sludge collector	Cherepovets	USD 18 mln	4Q 2020
Aluminum fluoride	Cherepovets	USD 37 mln	4Q 2021
Waste disposal	Metachem	USD 16 mln	4Q 2021
Waste management system	Kirovsk	USD 2 mln	1Q 2020

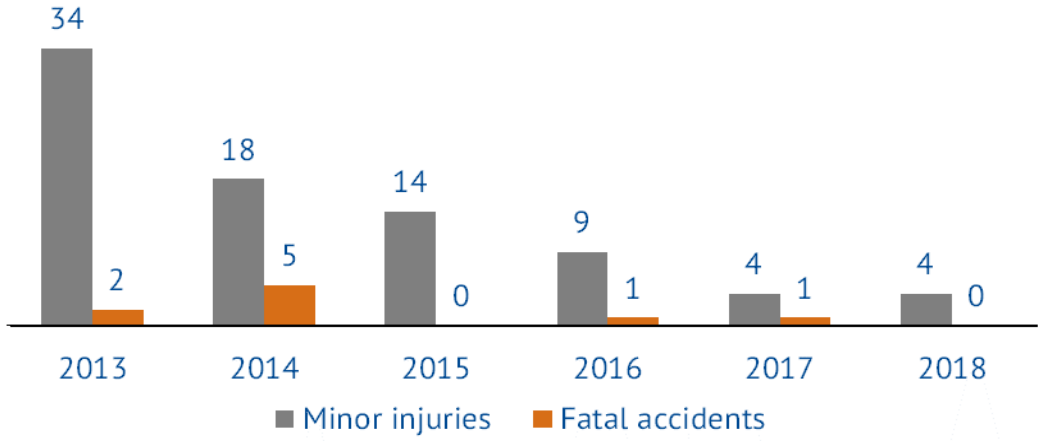
Source: PhosAgro

HEALTH AND SAFETY PERFORMANCE

LTIFR ratio, per 1 mln hours



Injuries and fatalities, people



Goals

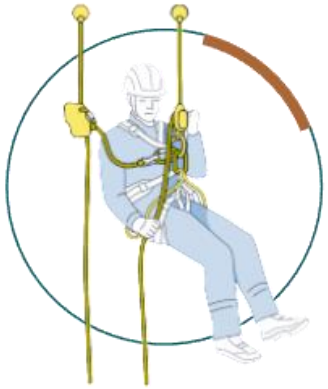
- **Zero** fatal injuries
- **Zero** tolerance to accidents
- LTIFR **reduction by 15%** to 0,19

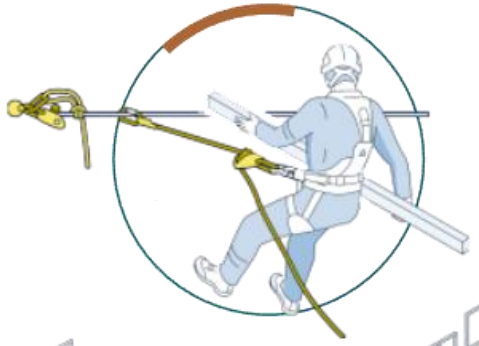
Our programs

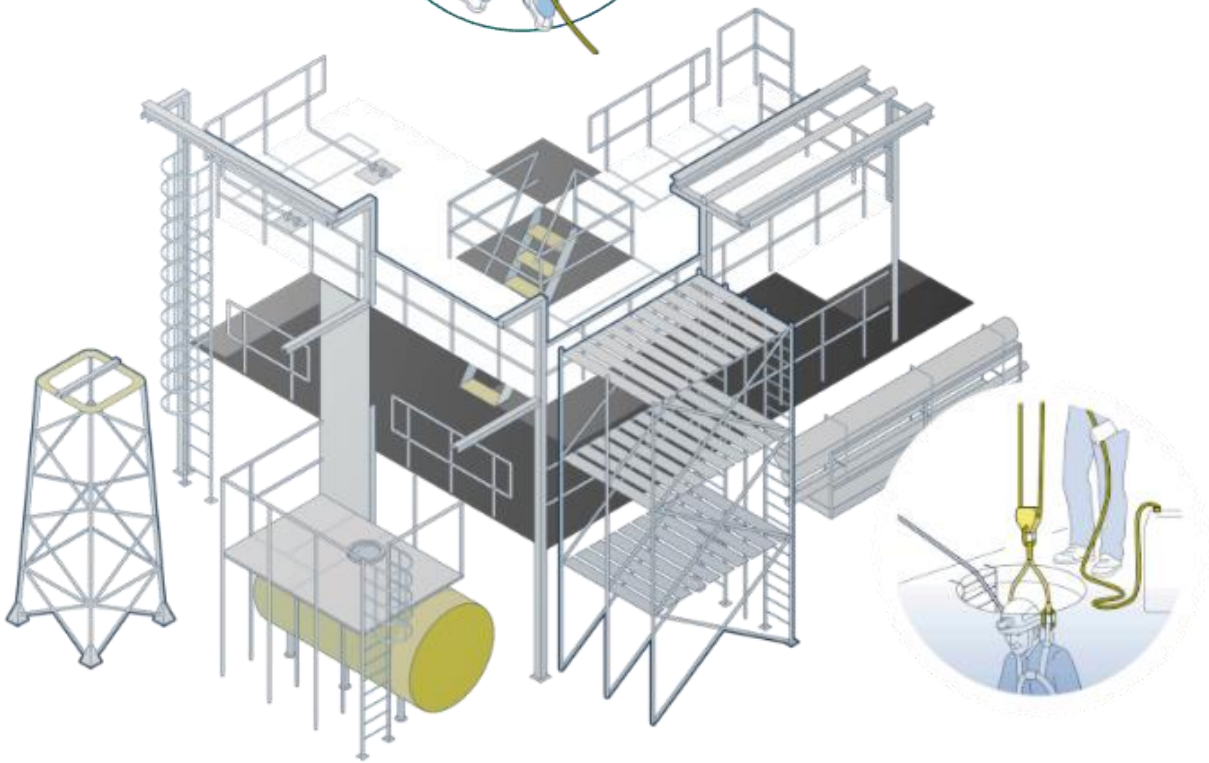
- VYSOTA training program (training simulators, own staff training, software)
- Implementation of Blocking/Marking/Control system (additional safety devices)

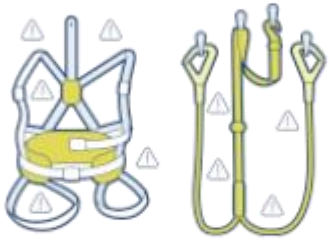
Source: PhosAgro

VYSOTA TRAINING CENTER

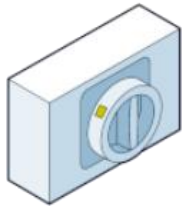








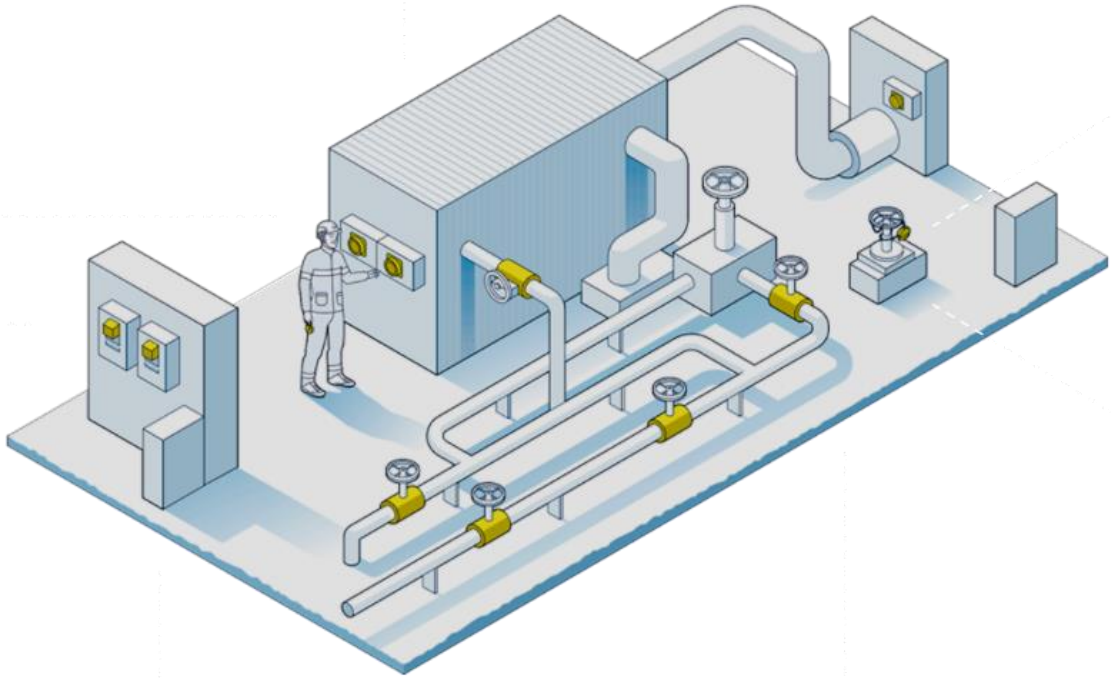
BLOCKING/MARKING/CONTROL SYSTEM



Directly connected to the power switch

Through a special locking mechanism

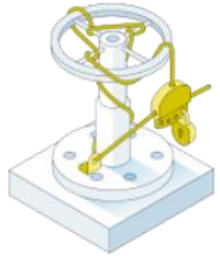
The valve can only be removed by the employee who installed it



The valve is connected directly to the power switch and not to the equipment controls

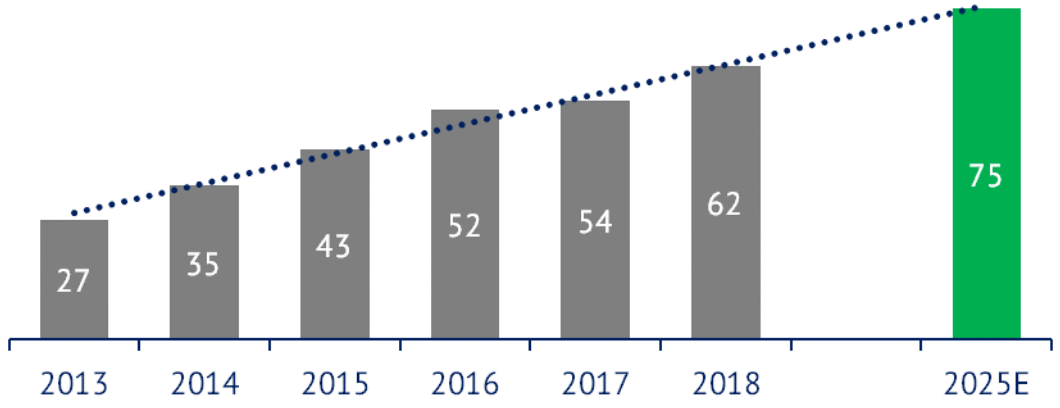
Master locking mechanism with cable lock

Locking mechanisms are made specifically for each piece of equipment

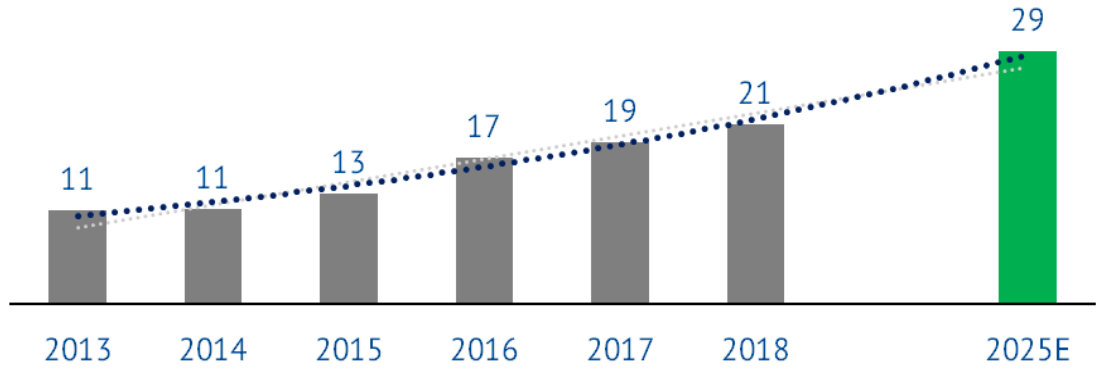


ORGANISATION OF HEALTH AND WELLBEING

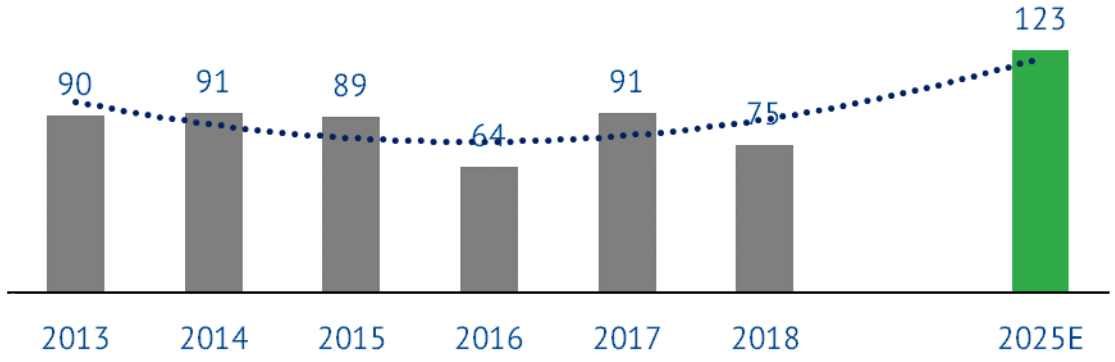
Employee loyalty and satisfaction index, %



Investments in health and wellbeing, RUB ths per employee



Average annual number of education hours per employee



Our programs

- Increase investments in health and wellbeing programs
- Increase the number of training programs

Source: PhosAgro

INTERNATIONAL PROJECTS
PHOSAGRO®

PHOSAGRO INTERNATIONAL POLICY

GOAL

Develop PhosAgro brand globally to increase our customer base

VISION

PhosAgro as a global leader in sustainable development

MISSION

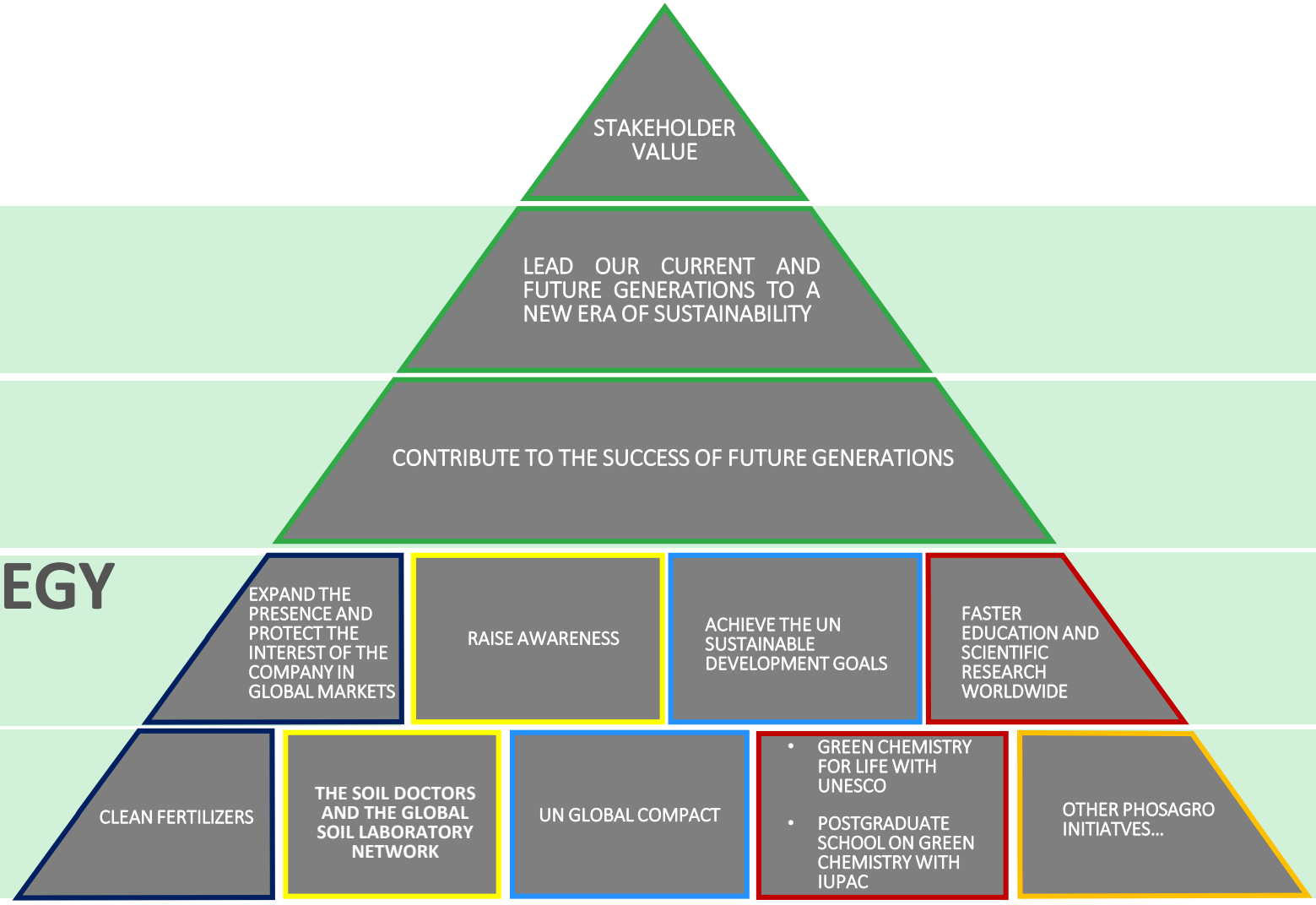
Promote the company as a responsible producer of purest mineral fertilizers focused on food safety, environment and human health

BASE OF OUR STRATEGY

We believe we should deliver in the following areas to achieve our goal

BUSINESS FOCUS

The projects we are proud of



INTERNATIONAL PROJECTS

ECONOMIC IMPACT

- Exemption from customs duties
- Advocacy campaign for cadmium limits
- Research and development, new projects, products

AWARENESS AND SUSTAINABILITY IMPACT

- PhosAgro/UNESCO/IUPAC Green Chemistry for Life
- PhosAgro/IUPAC Postgraduate Schools on Green Chemistry
- PhosAgro/FAO Sustainable Soil Management
- UN Global Compact

Source: PhosAgro

POTENTIAL EFFECT ON EBITDA FROM DUTIES CANCELLATION

Exemption of Customs Duties	DAP/MAP	NPS/NPK	Urea
EU	6.5%	6.5%	6.5%
TURKEY	6.5%	6.5%	6.5%
VIETNAM	USD 50 per ton	-	-
INDIA	5%	5%	5%
Opportunity for PhosAgro (on EBIDTA level)	Total : up to 100 USD mln		

- Currently, the mineral fertilizers market is at the stage of maximum exemption from possible trade barriers and restrictions
- However, there are a number of countries in which, for one reason or another, import tariffs and duties continue to exist

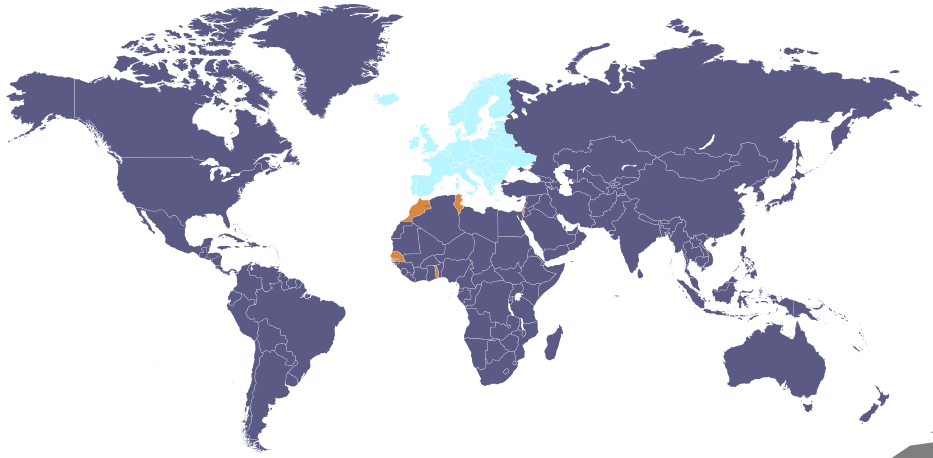
Source: PhosAgro

EU FERTILIZERS REGULATION & CADMIUM LIMITS

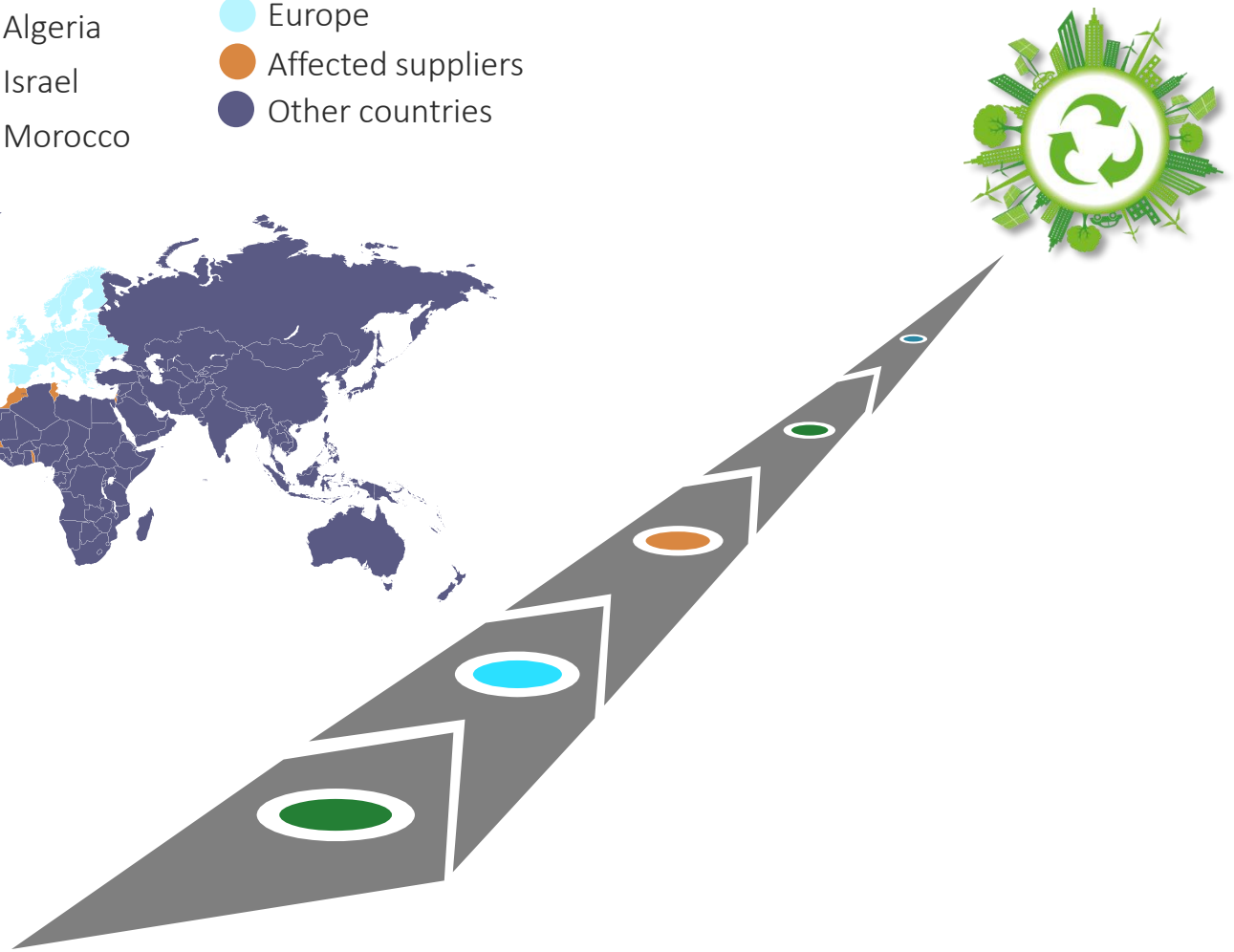
A limit of 60 mg/kg Cd may affect suppliers

Senegal
Togo
Tunisia
Algeria
Israel
Morocco

Europe
Affected suppliers
Other countries



Cadmium regulation roadmap



WIN-WIN:

The Regulation is aimed at protection of EU citizens and encourages the producers of safe fertilizers

2026:

Less than 40 mg/kg P2O5 - positive recommendation of the European Commission required
A further 20-30% would be impacted

2022:

Limit of 60 mg/kg P2O5
Around 12-15% of trade into Europe will be impacted

VOLUNTARY LABELLING:

As of 2019, “Low Cd Content’ labeling is applicable for fertilizing products with Cd < 20 mg/kg P2O5

2019:

Regulation (EU) 10/09/2019 entered into force

Source: PhosAgro

PHOSAGRO/UNESCO/IUPAC GREEN CHEMISTRY FOR LIFE

Project ”Green Chemistry for Life” addresses global challenges
focusing on support to promising young scientists specializing in Green Chemistry.

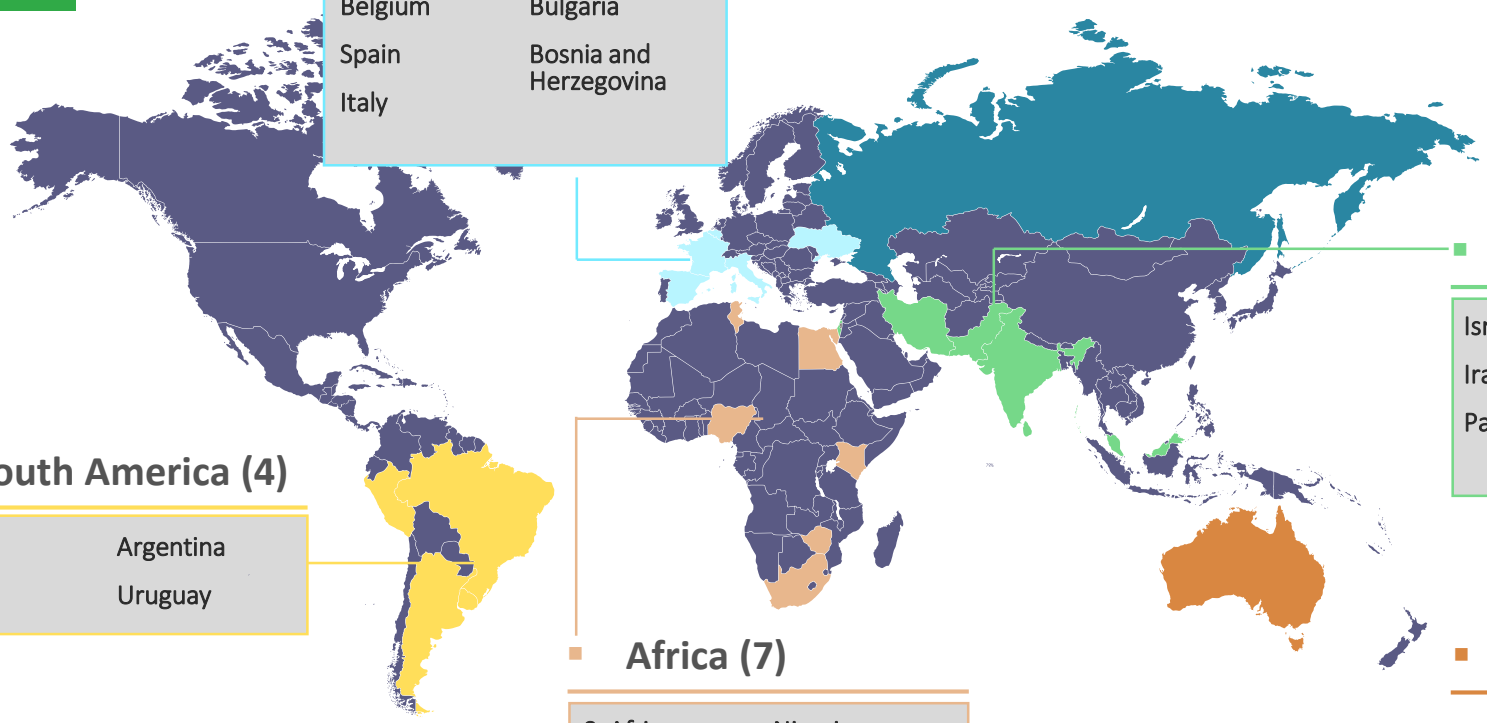
MAIN MILESTONES

Start of the Project: 2013	Main partners: PhosAgro, UNESCO, IUPAC
№ of received applications: 600+ Phd holders	34 grants awarded 26 countries participated
Project budget: USD 2.5 mln	Project extended until 2022

Source: PhosAgro

GEOGRAPHY OF GRANT WINNERS OVER 5 YEARS

- 34 GRANTS
- 26 COUNTRIES



Europe (7)

France	Ukraine
Belgium	Bulgaria
Spain	Bosnia and Herzegovina
Italy	

Russia

M. East and Asia (6)

Israel	India
Iran	Malaysia
Pakistan	Singapore

South America (4)

Brazil	Argentina
Peru	Uruguay

Africa (7)

S. Africa	Nigeria
Egypt	Zimbabwe
Kenya	Sudan
Tunisia	

Australia

Source: PhosAgro

IUPAC POSTGRAUDATE SUMMER SCHOOL ON GREEN CHEMISTRY

IUPAC Postgraduate Summer School on Green Chemistry aims
to support young scientists working in the field of green chemistry

MAIN MILESTONES

Start of the Project: 2018

Official partner: PhosAgro

2 hosting universities:

- Ca' Foscari University of Venice, Italy
- State University of Dar es Salaam, Tanzania

№ of held sessions: 2
№ of young professionals: 165
№ of world-class lectures: 35
№ of participated countries: 43

Academic program focuses on the 17 UN Sustainable Development Goals

Source: PhosAgro

UN FOOD AND AGRICULTURE ORGANIZATION (FAO)

PhosAgro/FAO project “Implementation of Sustainable Soil Management through the Global Soil Laboratory Network and the Soil Doctors programme”.

- Project launched in 2018
- PhosAgro allocated USD 1,2 million
- Participants – 5 000+ farmers, 200+ soil laboratories
- Established soil laboratory networks - SEALNET, LATSOLAN, AFRILAB

SEALNET	The Asian Soil Laboratory Network
LATSOLAN	The Latin American Soil Laboratory Network
AFRILAB	The African Soil Laboratory Network

TOOLKIT FOR SOIL DOCTORS PROGRAMME

Source: PhosAgro

UNITED NATIONS GLOBAL COMPACT (UN Global Compact)

The UN Global Compact is the largest initiative of the United Nations
in the field of corporate social responsibility and sustainable development

MAIN MILESTONES

November 2018: PhosAgro joined the UN Global Compact

September 2019: PhosAgro has been recognized as Global Compact LEAD

PhosAgro demonstrates its commitment to the United Nations Global Compact 10 Principles

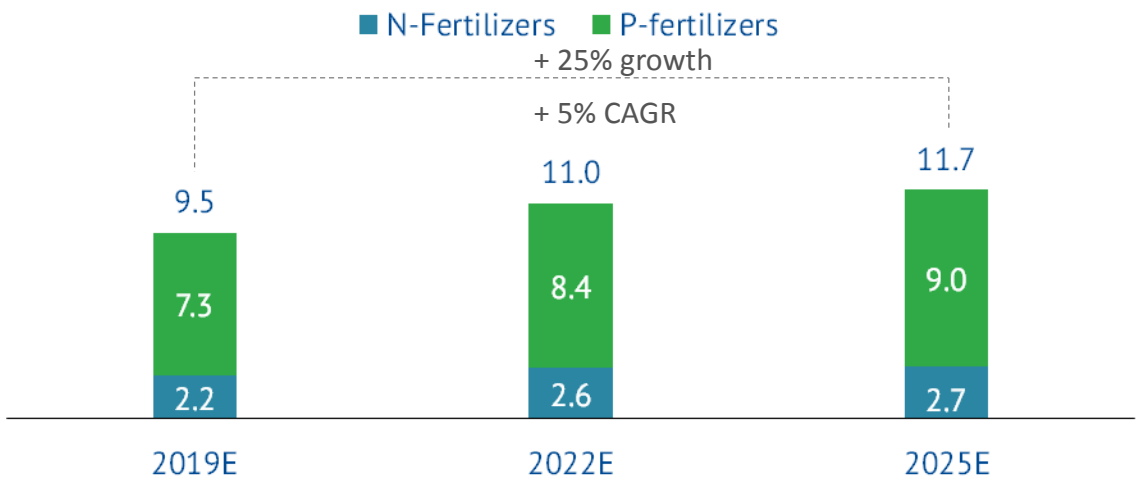
PhosAgro directly supports 10 out of the 17 Sustainable Development Goals

Source: PhosAgro

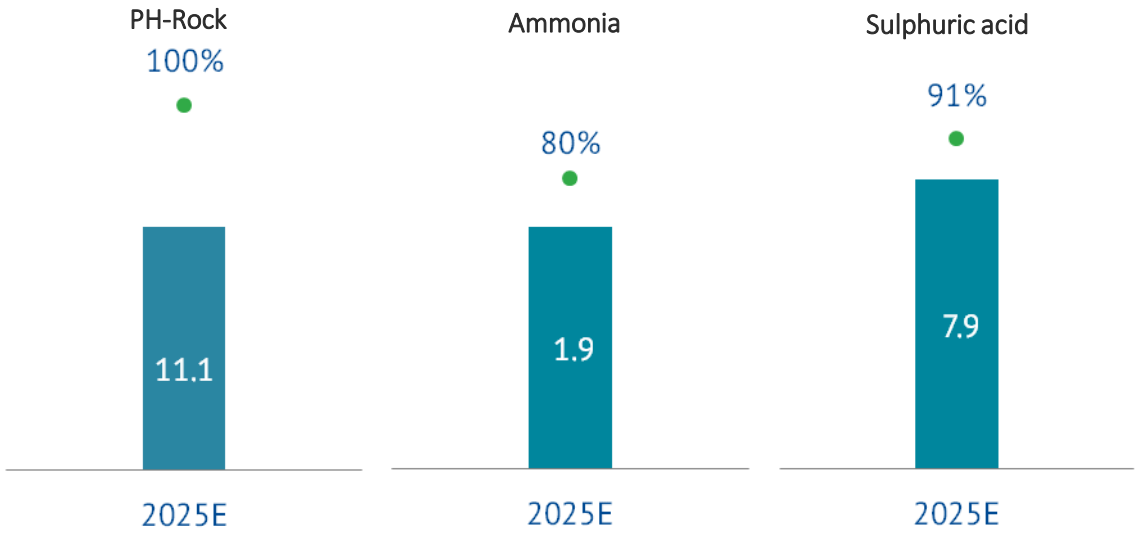
CONCLUDING REMARKS
PHOSAGRO®

STRATEGY 2025: MAIN MESSAGE

Fertilizer production, mln t



Main Feedstocks, mln t



EXPECTED EFFECT ON EBITDA

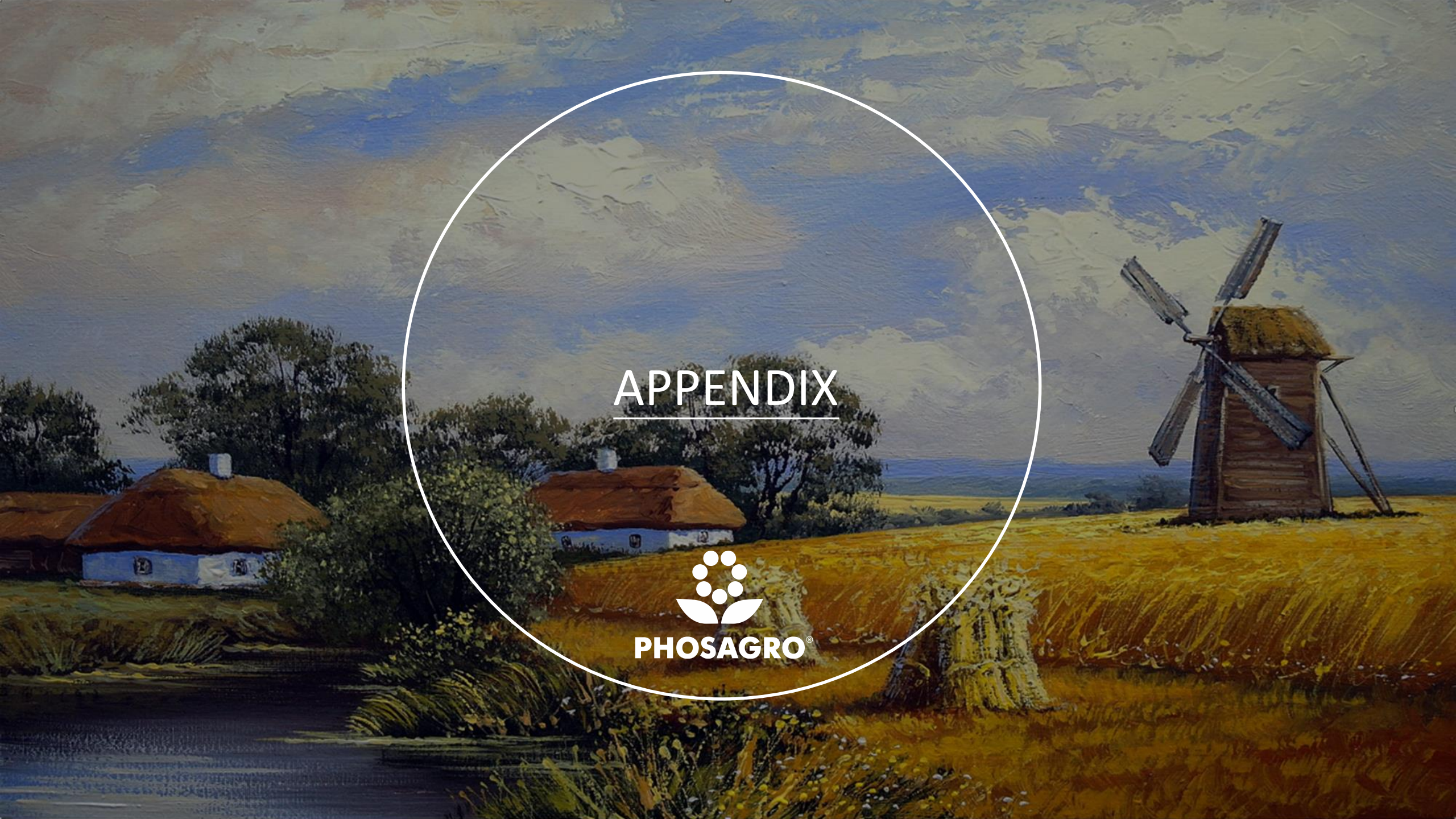
USD 450+ MILLION*

NEW DIVIDEND POLICY

FAIR PROFIT DISTRIBUTION VIA HIGHER DIVIDENDS

Source: PhosAgro

* Subject to macro condition changes


APPENDIX
PHOSAGRO®

Glossary

Metric terms

Metric tonne
1,000 kg

T
Metric tonne

KT
Thousand metric tonnes

KTPA
Thousand metric tonnes per annum

P_2O_5
Storage of phosphorous in phosphorous-containing products

K_2O
Storage of potassium in potassium-containg products

Products

K
Potassium

N
Nitrogen

P
Phosphorous

S
Sulphur

Ammonia
A colourless combustible gas with the chemical formula NH3. Ammonia is a compound of nitrogen and hydrogen, and is prima

Grade of mineral fertilizer
The relative quality or percentage content of useful components

Nitrogen-based products
Urea/AN

Phosphate-based products
DAP/MAP/NPK/NPS/APP/MCP/PKS

Grades of mineral fertilizers

Ammonium Nitrate (AN)
A nitrogen fertilizer with a nitrogen content of aprx. 34%, produced by reacting nitric acid with ammonia (NH_3)

Diammonium phosphate (DAP)
A type of multi-nutrient fertilizer containing nitrogen and phosphorous. Production is based on the neutralization of phosphoric acid by ammonia with subsequent drying and granulating

Monoammonium phosphate (MAP)
A type of multi-nutrient fertilizer containing nitrogen and phosphorous. Production is based on the neutralization of phosphoric acid by ammonia with subsequent drying and granulating

Monocilcium (MCP)
A type of feed phosphate

PKS
A multi-nutrient fertilizer containing P,K,S

NPK
A multi-nutrient fertilizer containing N,P,K

NPS
A multi-nutrient fertilizer containing N,P,S

SOP
A non-chloride potash fertilizer

Urea
Highest-concentration nitrogen-based fertilizer formed by reacting ammonia with carbon dioxide at a high pressure

SDGs

	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices 2.A Increase investment in rural infrastructure, agricultural research and extension services	➢ Scientific and research institute for fertilizers and agrochemicals projects ➢ Universite degli studi a Milano ➢ Wageningen, Rothamsted Research
	3.8 Achieve universal health coverage for all 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemical	➢ Safer phosphates project ➢ Health protecting projects
	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills for employment, decent jobs and entrepreneurship 4.B By 2020, substantially expand globally the number of scholarships available to developing countries	➢ PhosAgro/IUPAC Green chemistry for Life – grant programme for talanted young chemists ➢ PhosAgro classes
	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	➢ Volga river health project ➢ Kirovsk water discharge project ➢ Volkhov water discharge project ➢ Fish biodiversity projects
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products	➢ Support programs for young professionals ➢ Leader in productivity growth

SDGs

	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries	➢ **The Company is one of the few in the world that has the scientific and research institute for fertilizers and agrochemicals**
	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	➢ **Big Wood project** ➢ **Housing construction projects** ➢ **Apatit Airport reconstruction**
	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle	➢ **Investment projects aimed at preventing the formation or recycling of waste** ➢ **Applied technologies at JSC Apatit are aimed at the careful use of non-renewable natural resources**
	15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world 15.5 Take urgent and significant action to reduce the degradation of natural habitats	➢ **FAO projects:** **- The Soil Doctor Testing Kit** **- Global Soil Laboratories Networks**
	17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	➢ **Green chemistry for life grant programme, implemented jointly with UNESCO and IUPAC**

Thank you!

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