

3Q 2020 IFRS RESULTS

09.11.2020



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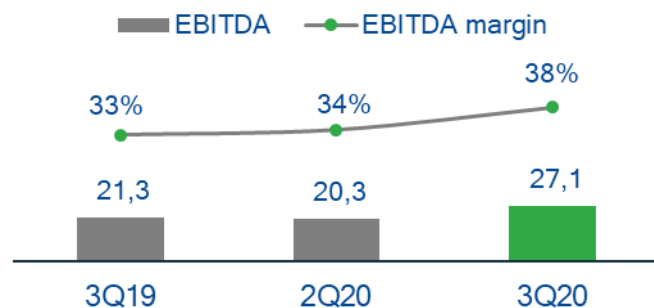
HIGHLIGHTS

Comments on 3Q 2020 IFRS results

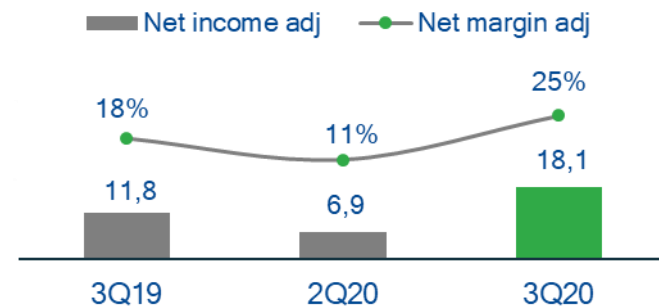
- Revenue was up 10.0% y-o-y to RUB 71.0 billion (USD 965 million) on increased sales and rouble exchange rate fluctuation.
- EBITDA surged by 27.0% y-o-y to RUB 27.1 billion (USD 368 million) thanks to increased sales and low prices for raw materials. Therefore EBITDA margin increased by 5 pp to 38.1%.
- Free cash flow demonstrated fivefold growth y-o-y to RUB 19.4 billion (USD 264 million) on solid sales and efficient management of working capital.
- Adjusting for FX fluctuations, Net income came in 53,4% growth y-o-y around RUB 18,1 billion (USD 246 million).
- Recommended dividends: RUB 41.0 per GDR, or RUB 123 per share, or RUB 15,9 billion.

FINANCIAL HIGHLIGHTS						
RUB million	3Q 2020	3Q 2019	Chng, %	9M 2020	9M 2019	Chng, %
Revenue	70 992	64 550	10,0%	194 988	194 983	0,0%
EBITDA	27 054	21 301	27,0%	65 897	64 396	2,3%
EBITDA margin	38%	33%	5,1pp	34%	33%	0,8pp
Net income adj	18 095	11 797	53,4%	39 311	34 534	13,8%
FCF	19 391	3 605	437,9%	39 665	32 564	21,8%
30.09.2020 31.12.2019						
Net debt	149 939	131 583				
ND/LTM EBITDA	1,95	1,74				
Sales, 000' mt	3Q 2020	3Q 2019	Chng, %	9M 2020	9M 2019	Chng, %
Phosphate-based&MCP	2 247	1 959	14,7%	6 124	5 517	11,0%
Nitrogen-based	470	512	-8,3%	1 776	1 660	7,0%
Total sales	2 717	2 471	9,9%	7 900	7 177	10,1%

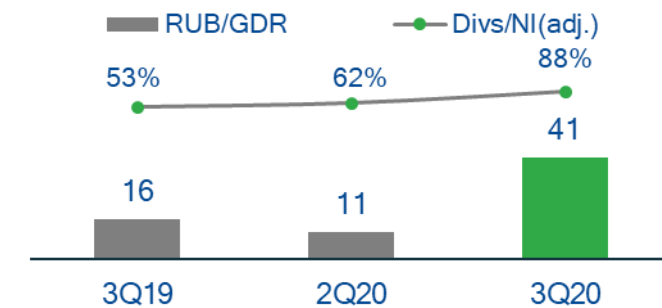
EBITDA and EBITDA margin, RUB bln



Net income (adj) & net margin, RUB bln



Recommended/Paid dividends,



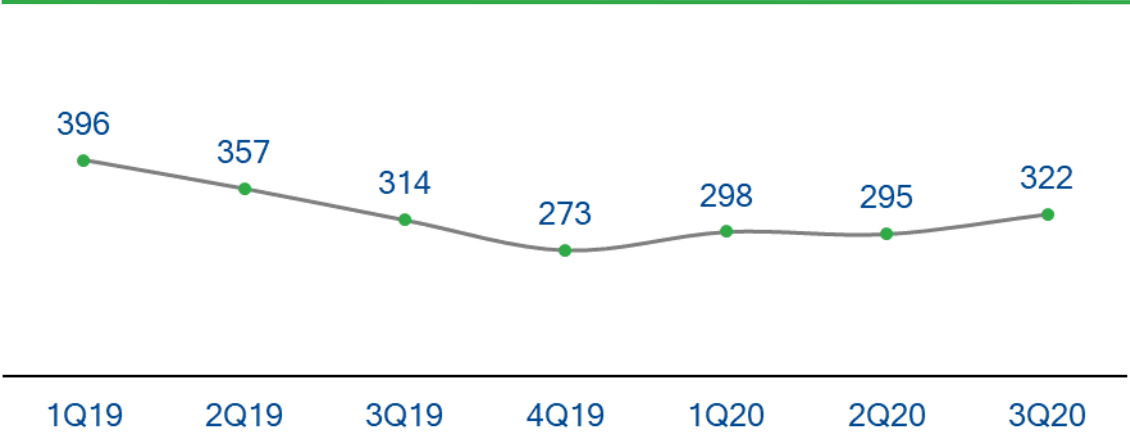
MARKET OVERVIEW



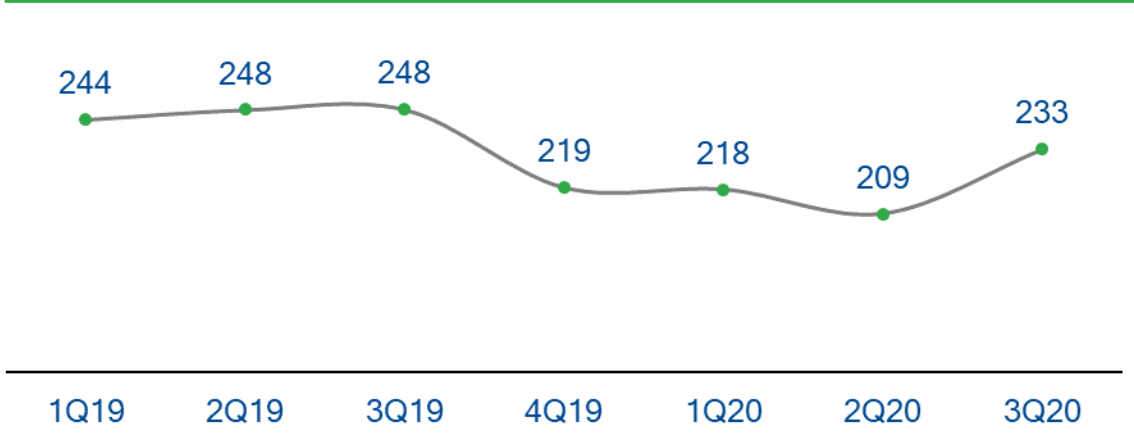
FERTILIZER PRICE PERFORMANCE



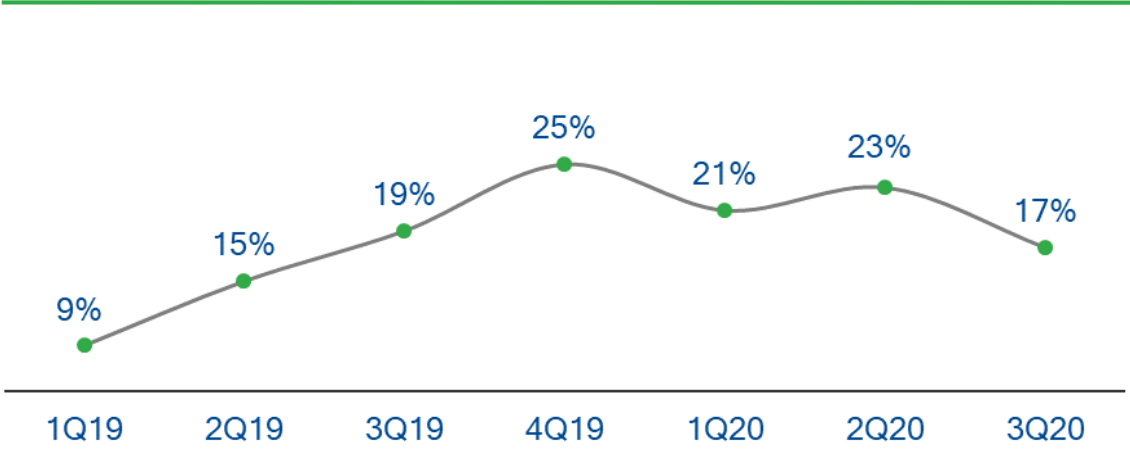
MAP FOB Baltic price performance, USD/t



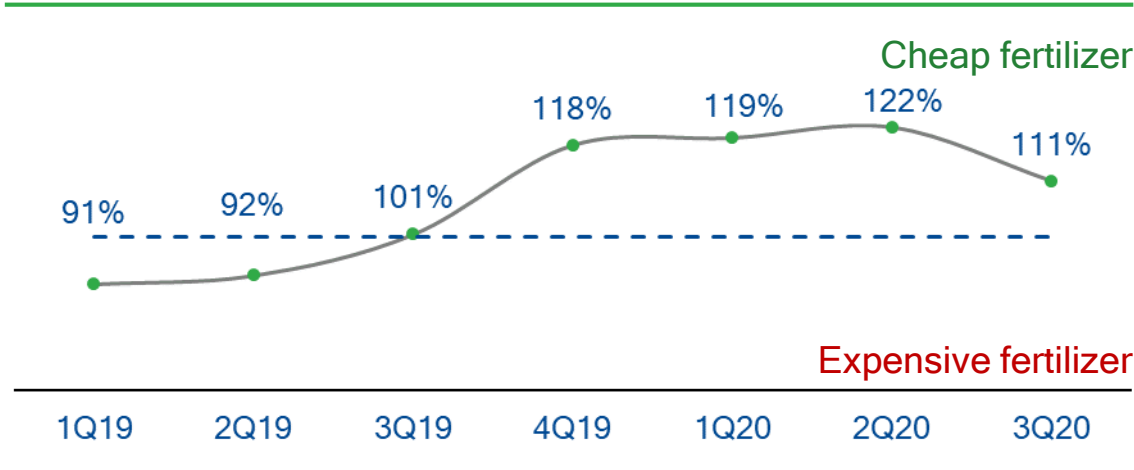
Prilled Urea FOB Baltic price performance, USD/t



NPK price premium to nutrients, %



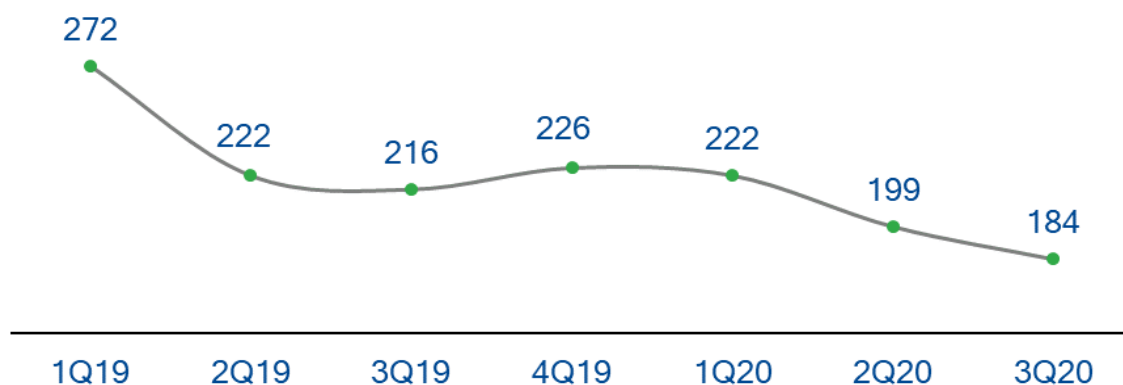
NPK basket vs. soft commodities, week 1 2011 = 0



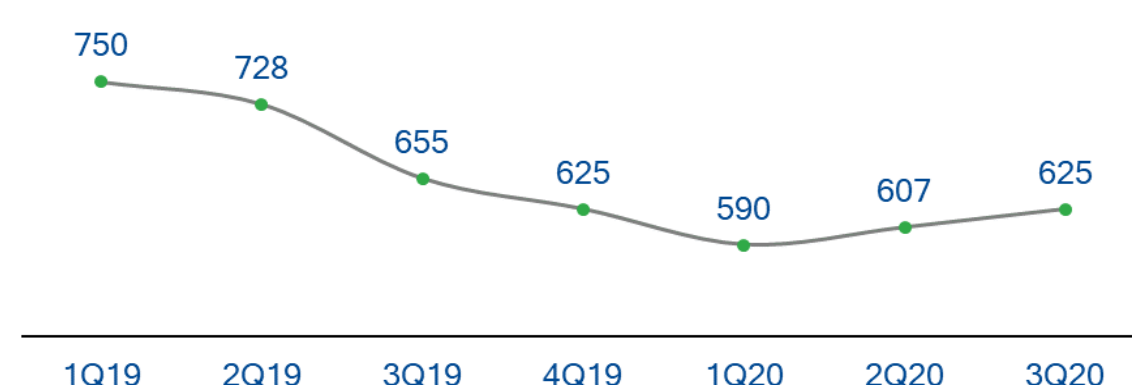
Source: CRU, PhosAgro

FEEDSTOCK PRICES

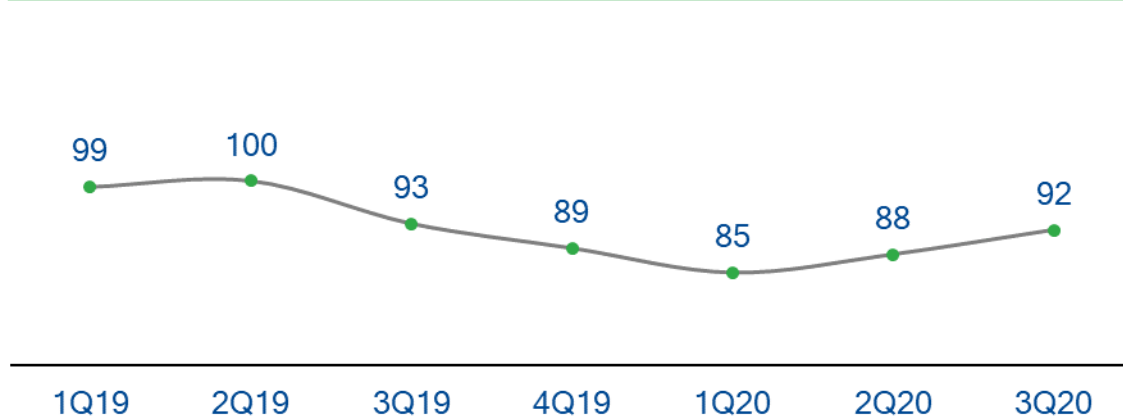
Ammonia FOB Black sea price, USD/t



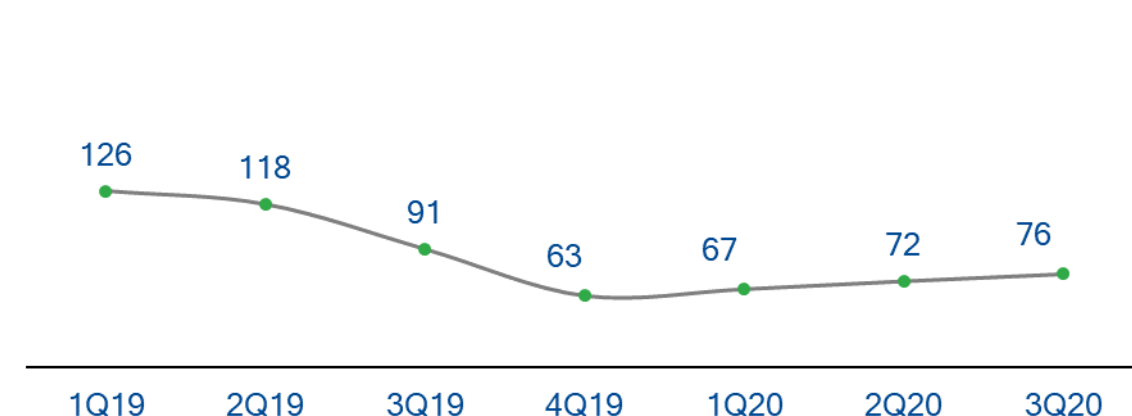
Phosphoric acid CFR India contract price, USD/t



Phosphate rock FOB Morocco prices, USD/t



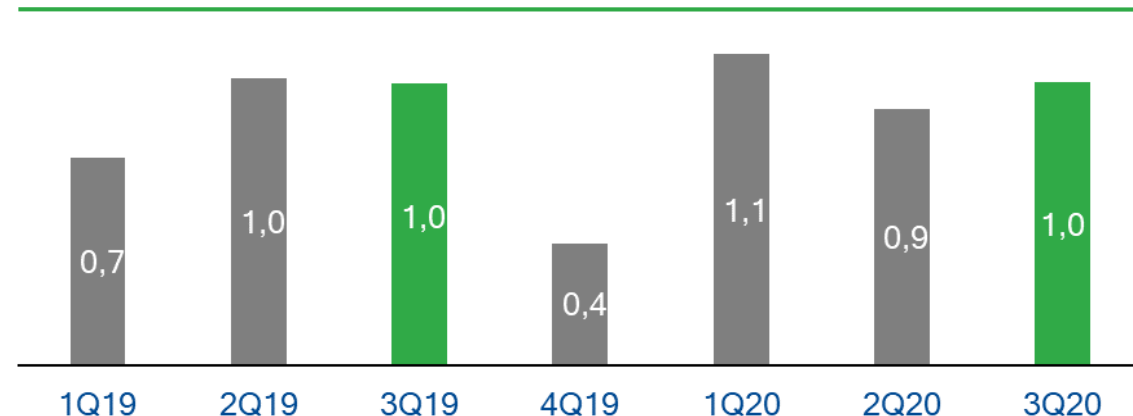
Sulphur CFR China prices, USD/t



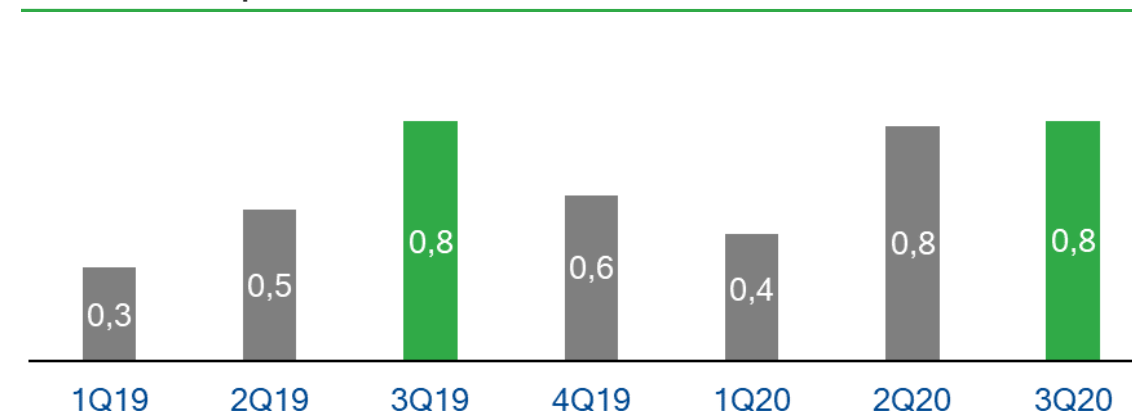
Source: CRU, PhosAgro

GLOBAL TRENDS

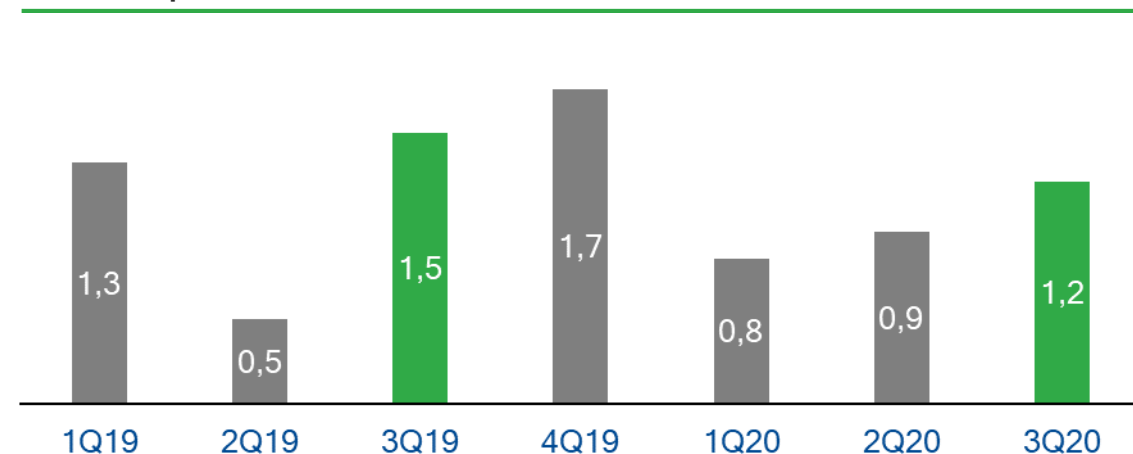
MAP/NPK/NP sales in Russia, mln t



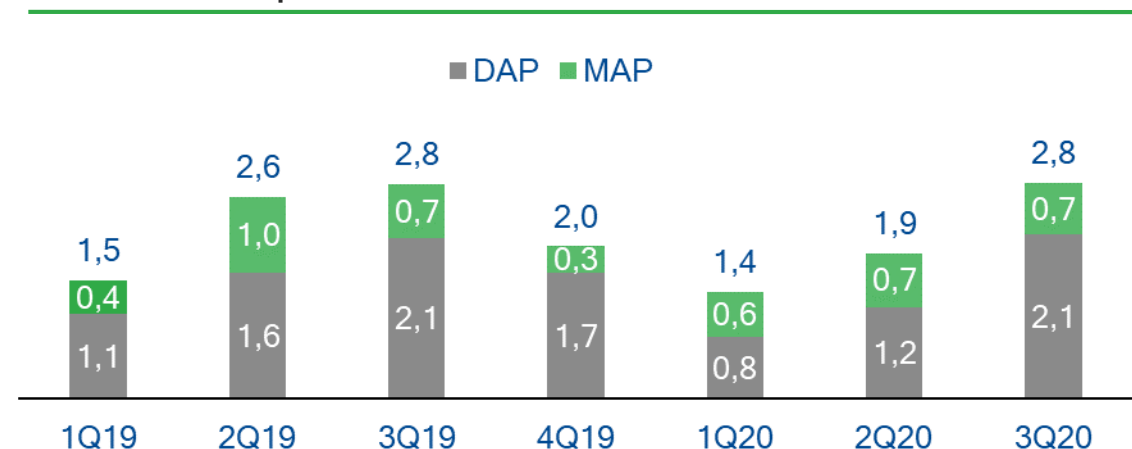
MAP/NP import to Brazil, mln t P2O5



Urea export from China, mln t



DAP/MAP export from China, mln t



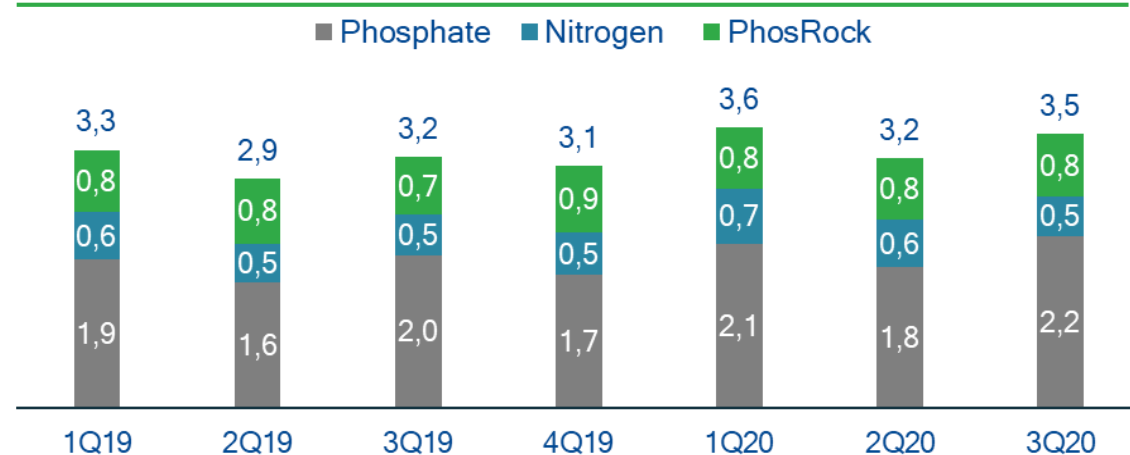
Source: CRU, Fertecon, RAPU, China General Administration of Customs, PhosAgro

FINANCIAL REVIEW

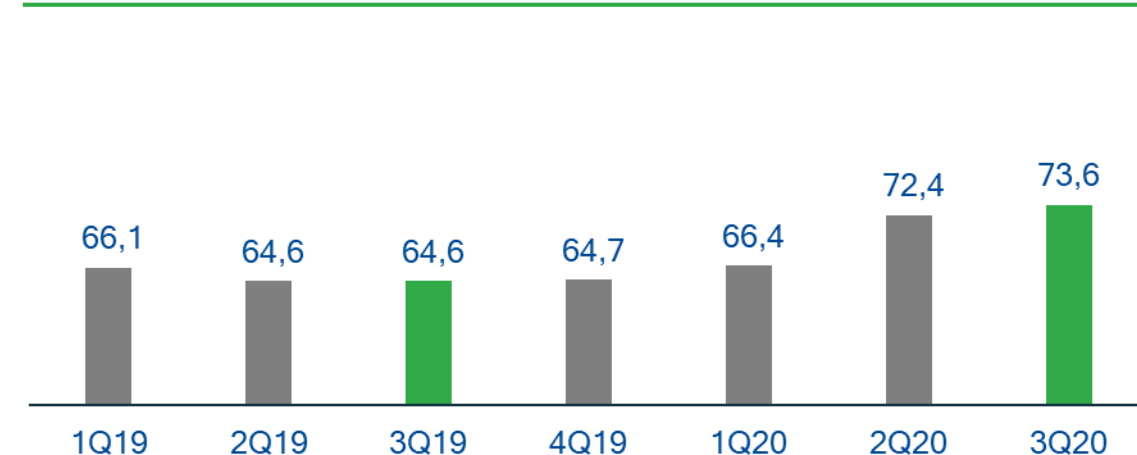


REVENUE BREAKDOWN

Sales breakdown, mln tonnes



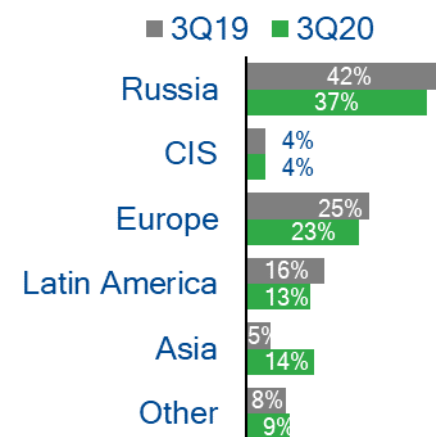
FX rates, RUB/USD



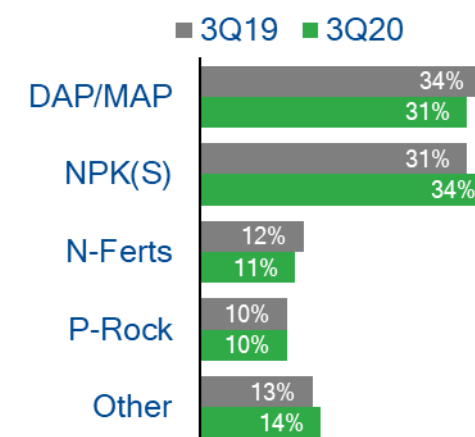
Revenue dynamics, RUB bln



Revenue by region



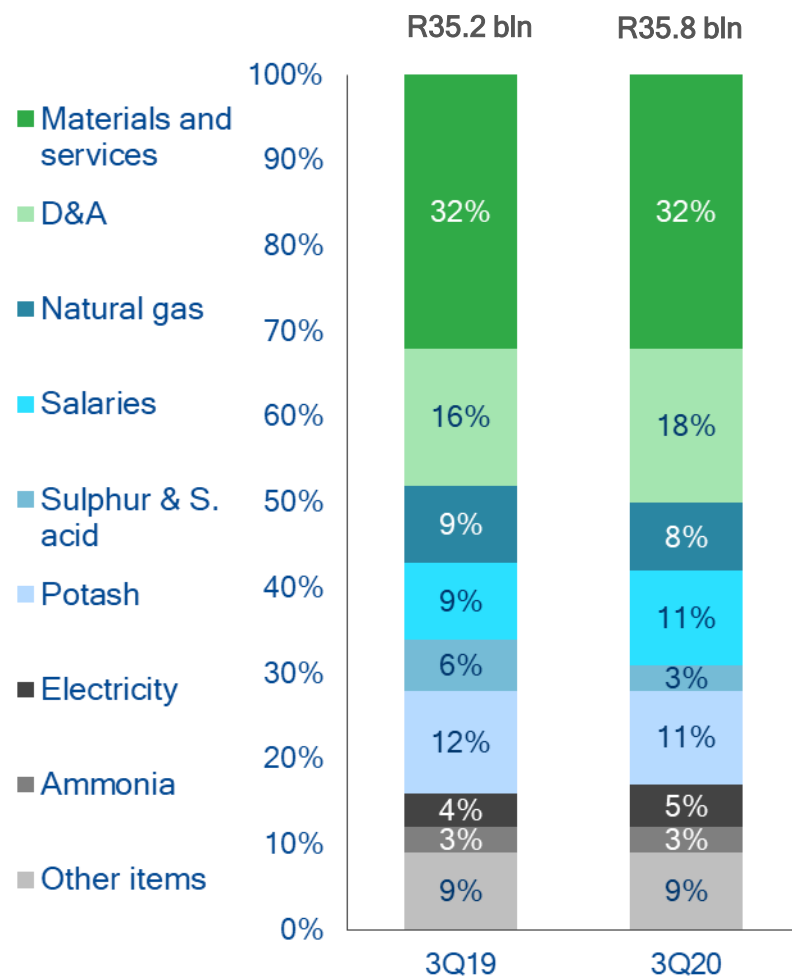
Revenue by product



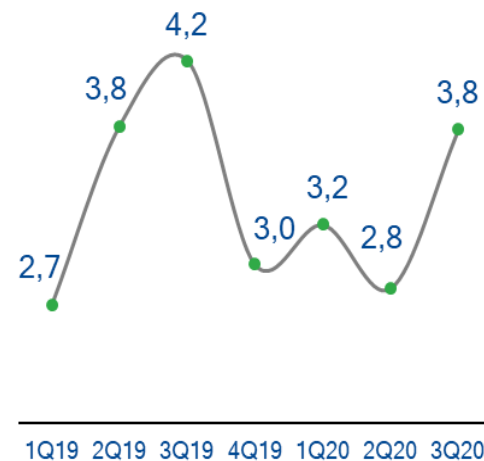
Source: PhosAgro

COST ANALYSIS

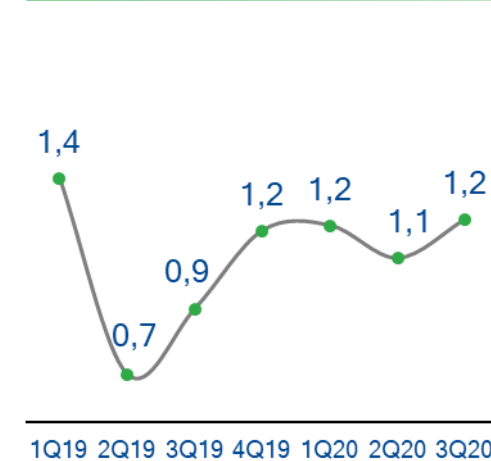
Cost of goods sold structure, %



Potash, RUB bln



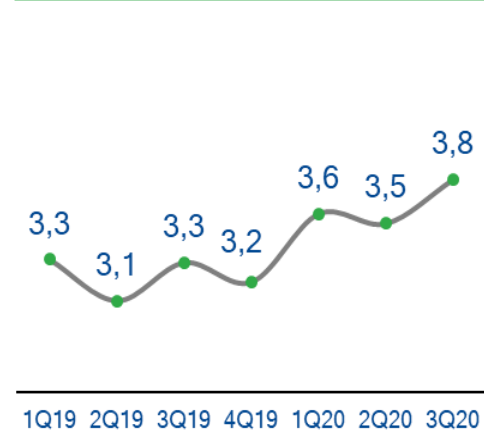
Ammonia, RUB bln



Natural gas, RUB bln



Payroll, RUB bln



Sulphur, RUB bln



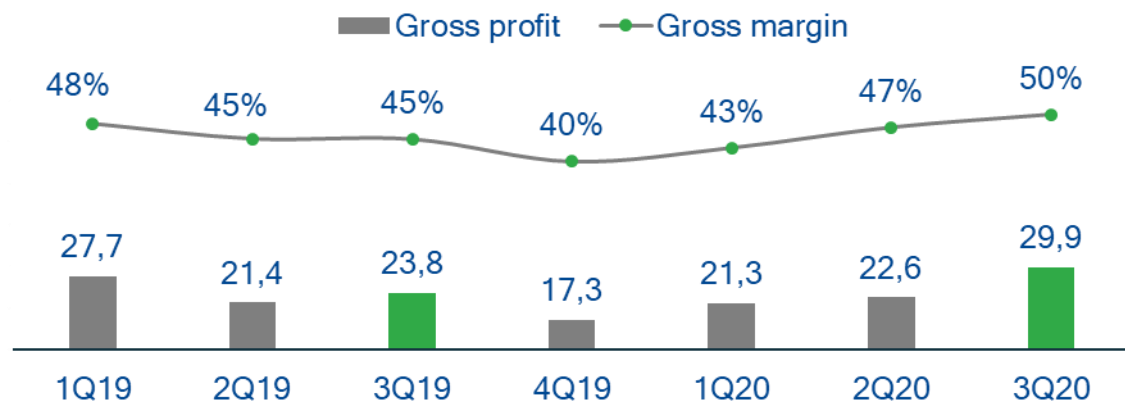
Electricity, RUB bln



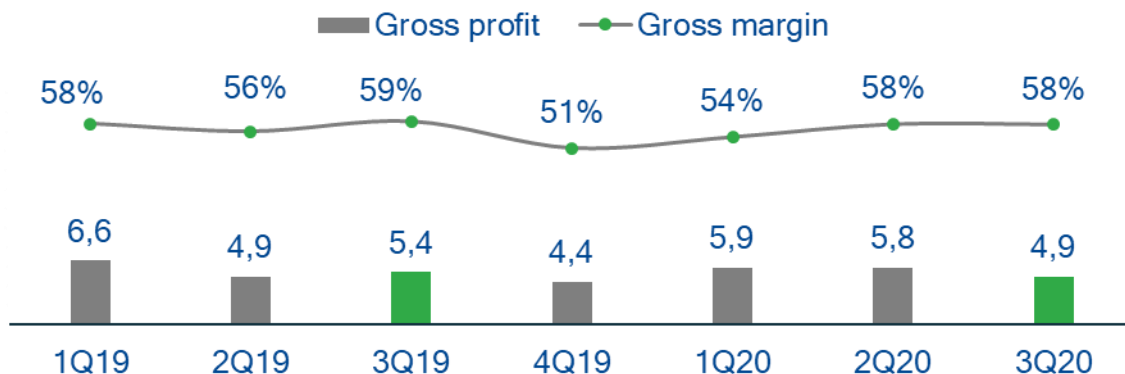
Source: PhosAgro

SEGMENT PROFITABILITY

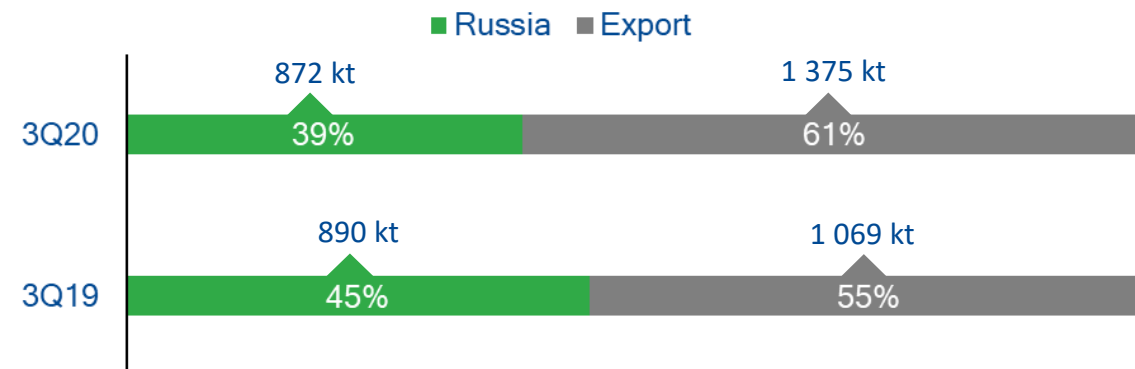
Phosphate - gross profit and margin, RUB bln



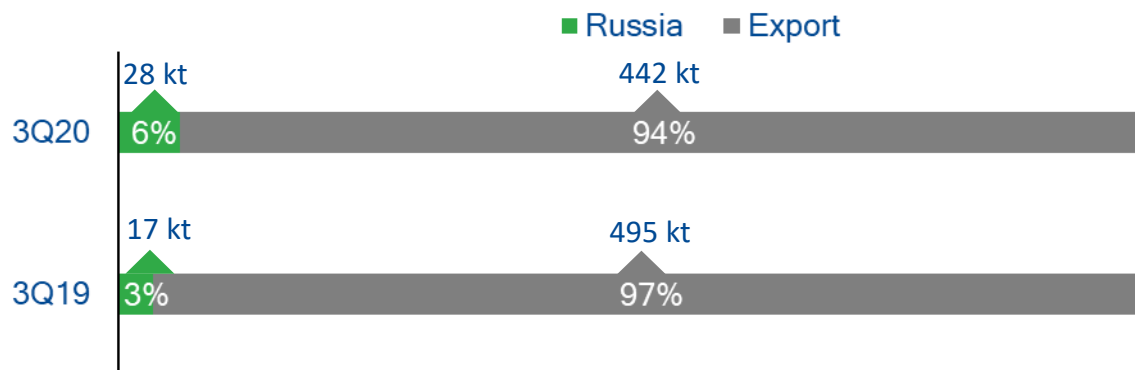
Nitrogen - gross profit and margin, RUB bln



Phosphate fertilizers sales (export + domestic), kt

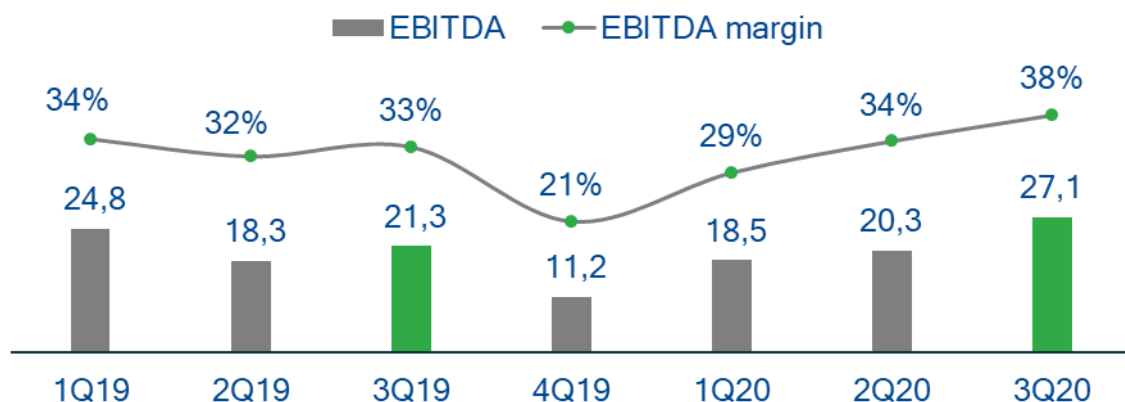


Nitrogen fertilizers sales (export + domestic), kt



EBITDA ANALYSIS

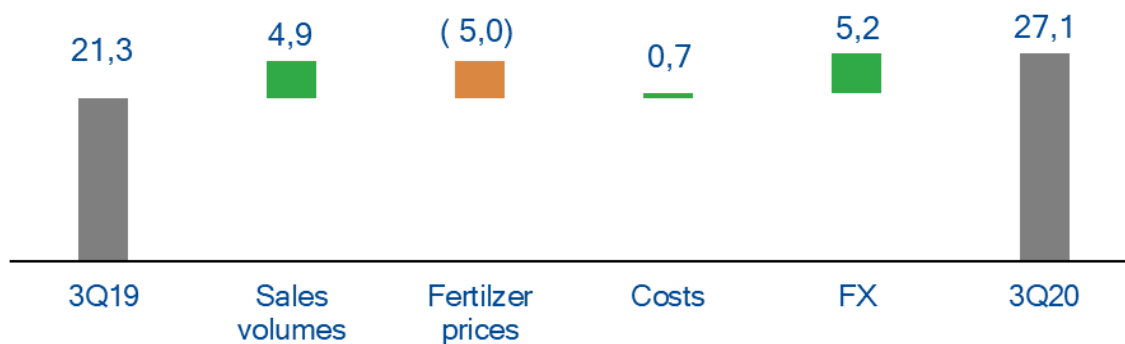
EBITDA and EBITDA margin, RUB bln



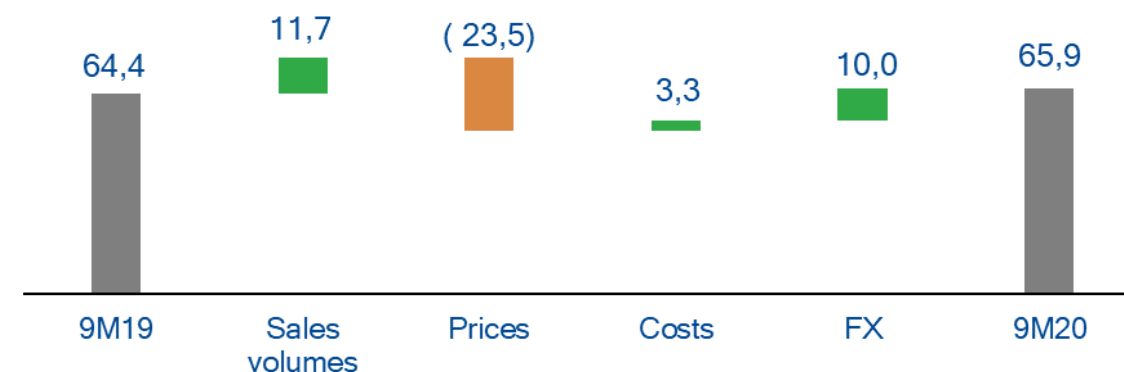
Comments

- The Company's EBITDA for 3Q 2020 increased by 27.0% year-on-year and amounted to RUB 27.1 billion (USD 368 million).
- Despite the fact that the prices for phosphate-based and nitrogen fertilizers in the third quarter of this year were lower compared with the same period last year, EBITDA margin increased to 38%. The increase in EBITDA margin was due to the improved operating efficiency of production facilities, a decrease in global prices for basic raw materials and an increase in sales volumes.

EBITDA bridge in 3Q20, RUB bln



EBITDA bridge in 9M20, RUB bln



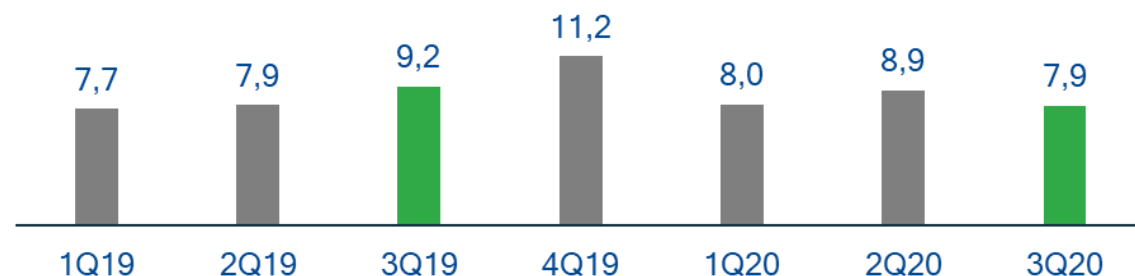
Source: PhosAgro

FCF ANALYSIS

Comments

- In 3Q 2020, free cash flow increased more than fivefold year-on-year to RUB 19.4 billion (USD 264 million). This considerable growth was possible because of the Company's high EBITDA margin, sales growth and efficient management of working capital.
- Capital expenditures in 3Q 2020 amounted to RUB 8.8 billion (USD 120 million), which corresponds to 33% of EBITDA for the reporting period. The Company invested predominantly in the development of its resource and raw material production in Kirovsk, modernisation of mineral fertilizer production and rail infrastructure in Cherepovets, creation of a flexible ammonium sulphate production line in Balakovo, as well as the construction of new capacities at the Volkhov production site, the launch of which is planned for the second half of November 2020.

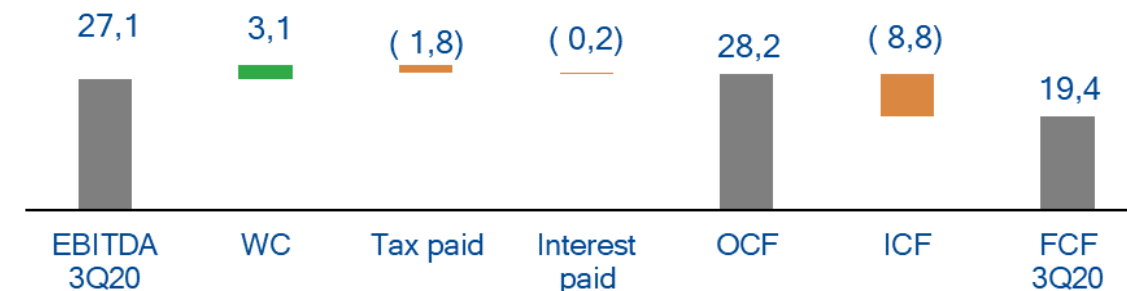
Capex*, RUB bln



*- Acquisition of property, plant and equipment excluding capitalized repairs

Source: PhosAgro

3Q20 EBITDA to FCF conversion, RUB bln



9M20 EBITDA to FCF conversion, RUB bln

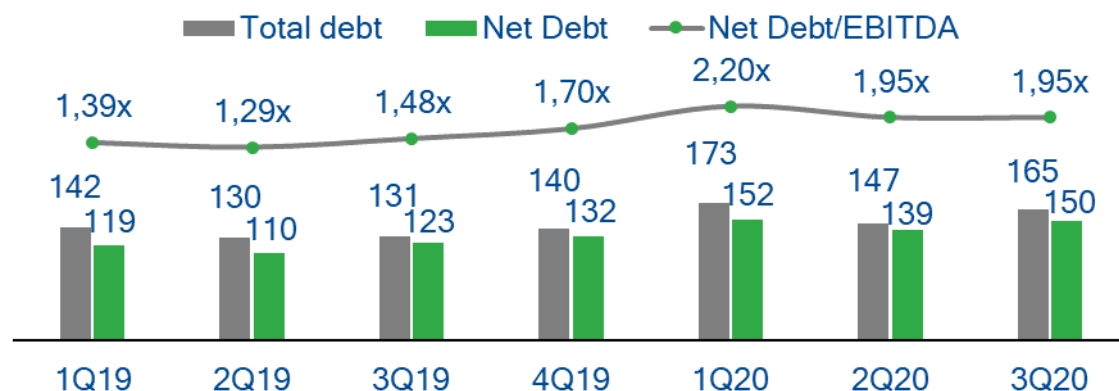


Debt Overview

Comments

- As of 30 September 2020, the net debt/EBITDA ratio was 1.95x. The increase (compared with 31 December 2019) was due to the devaluation of the rouble against the US dollar in March 2020, since a large part of the Company's loan portfolio is denominated in US dollars. Net debt as of 30 September 2020 amounted to RUB 149.9 billion (USD 1.9 billion).

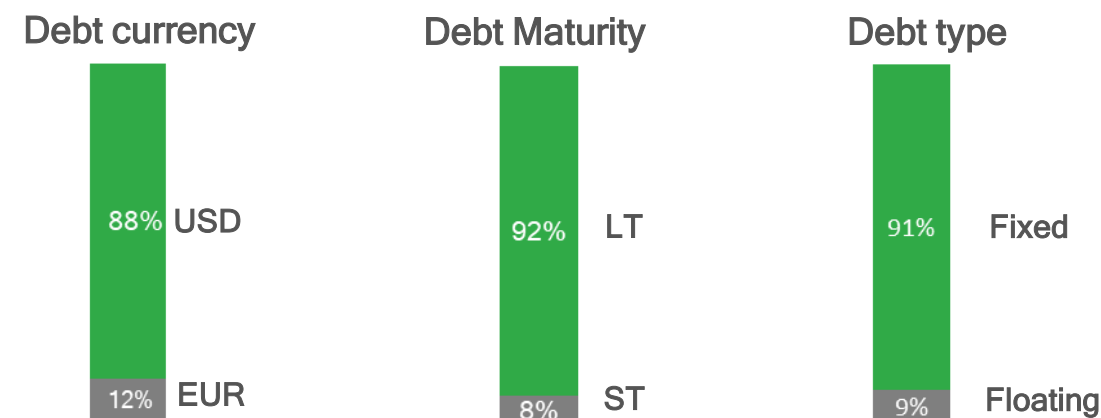
Total debt* and net debt/LTM EBITDA ratio, RUB bln and x



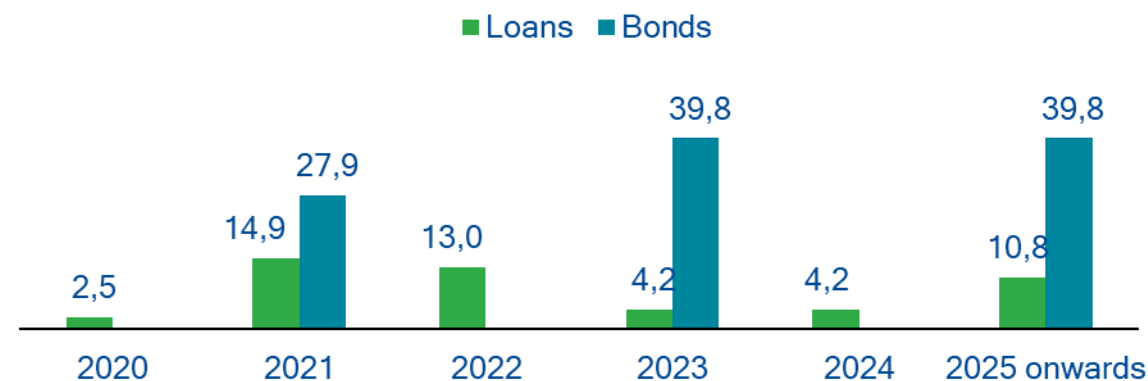
Source: PhosAgro

* Total debt includes finance lease liabilities

Debt breakdown by currency as of 30 September 2020



Maturity profile, RUB bln



MARKET OUTLOOK



- Phosphate-based fertilizer markets are expected to remain balanced in the short term. A decrease in seasonal demand in South Asia (India/Pakistan) and Latin America may be offset by an increase in imports to the United States, Western Europe and Africa. China remains focused on supplying its domestic market. In India, contracts have been signed for the supply of phosphoric acid from Morocco with a price increase of USD 64 to USD 689 per tonne of P₂O₅ (CFR India), according to CRU. This, combined with the strengthening of the market for phosphate-based fertilizers, may have a positive impact on prices for phosphate raw materials.
- Nitrogen fertilizer prices may be seeing a correction following the main season in India and Brazil, but increased demand from the European, US and Central American markets may restrain the downward trend.



Thank you!

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