

PhosAgro 9M 18 Fertilizer Output up by 10% y-o-y

Moscow - PhosAgro (Moscow Exchange, LSE: PHOR), one of the world's leading vertically integrated phosphate-based fertilizer producers, announces its operational results for the three months (3Q) and nine months (9M) ended 30 September 2018. Total fertilizer production and sales for 3Q 2018 increased by 2% and 9% year-on-year, to respective volumes of 2.1 and 2.2 million tonnes. Production for 9M 2018 increased by 10% year-on-year to almost 6.7 million tonnes.

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

Production volumes by type						
('000 mt)	3Q 2018	3Q 2017	Chg y/y	9M 2018	9M 2017	Chg y/y
Phosphate-based & MCP	1,678.9	1,683.6	(0.3%)	5,111.0	4,911.2	4.1%
Nitrogen-based	456.5	405.5	12.6%	1,570.0	1,173.1	33.8%
Total fertilizers	2,135.4	2,089.1	2.2%	6,681.0	6,084.3	9.8%
PhosRock & nepheline	2,682.1	2,668.1	0.5%	8,246.0	7,897.4	4.4%
Other products	55.3	35.1	57.5%	151.7	92.2	64.5%

Sales volumes by type						
('000 mt)	3Q 2018	3Q 2017	Chg y/y	9M 2018	9M 2017	Chg y/y
Phosphate-based & MCP	1,743.5	1,715.7	1.6%	5,142.5	4,885.6	5.3%
Nitrogen-based	458.2	309.4	48.1%	1,725.2	1,205.1	43.2%
Total fertilizers	2,201.7	2,025.1	8.7%	6,867.7	6,090.7	12.8%
PhosRock & nepheline	921.3	901.4	2.2%	2,845.3	2,733.8	4.1%
Other products	60.2	56.1	7.3%	185.2	135.3	36.9%

Commenting on the 3Q 2018 operational results, PhosAgro CEO Andrey Guryev said:

"PhosAgro remains focused on organic growth, which, together with solid contributions from newly launched urea and ammonia lines, has helped the Company to leverage its flexible sales strategy and maximise returns in the current 'deficit' market environment. With solid operating performance for the first nine months of the year and lower levels of maintenance expected in the fourth quarter, we are comfortable confirming our annual production guidance of nearly 9 million tonnes of finished products. Last but not least, PhosAgro is continuously seeking opportunities to make further improvements on the costs front. In the third quarter, our upstream optimisation programme enabled us to increase the recovery ratio for phosphate rock beneficiation to over 93% at Beneficiation Plant #3, which is the absolute maximum level ever achieved at the plant.

"In downstream, we increased production of MAP and NPK by 14% year-on-year of the back of robust demand from Latin America and India, as well as seasonal demand in Russia. This was partially offset by declines in DAP and NPS volumes. In our mid-stream operations, we increased ammonia output by 13% year-on-year after the launch of our new ammonia line in 2017, although 3Q 2018 performance numbers were partially impacted by maintenance in September, which also

affected urea production.

“In 9M 2018, sales to CIS markets decreased by almost 60% year-on-year after the halt of deliveries to Ukraine, which was fully offset by a more than 40% year-on-year increase in sales to Europe and 30% year-on-year growth in Latin America thanks to our expanded on-the-ground presence with new local offices. Sales to North America and India rose by more than 50% year-on-year.

“Looking ahead to market conditions through the year end, we see the first signs of liquidity cooling and a certain price slowdown prior to November-December, which is typically the down season for markets. At the same time, in our view the depth of the correction will be limited due to 1) further steepening in the global cash cost curve on the back of strong pricing in ammonia and sulphur, with a continued deficit on the supply side; 2) the high season in China, with local producers focused on the domestic market; and 3) the beginning of the new buying season in Latin America, which is likely in December or January. Meanwhile, the ramp-up of new units in Saudi Arabia remains the main wild card for the sector, with any delays likely to push the market further into deficit.”

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

Production volumes						
('000 MT)	3Q 2018	3Q 2017	Chg y/y	9M 2018	9M 2017	Chg y/y
Apatit mine and beneficiation plant						
Phosphate rock	2,452.6	2,414.2	1.6%	7,514.3	7,161.1	4.9%
Nepheline concentrate	229.5	253.9	(9.6%)	731.7	736.3	(0.6%)
Phosphate-based fertilizers						
DAP/MAP	700.5	746.8	(6.2%)	2,220.3	2,274.3	(2.4%)
NPK	772.2	676.3	14.2%	2,106.2	1,873.6	12.4%
NPS	64.6	135.0	(52.1%)	298.3	288.5	3.4%
APP	52.4	30.2	73.5%	162.4	115.4	40.7%
MCP	83.4	82.5	1.1%	263.6	276.1	(4.5%)
PKS	5.8	12.8	(54.7%)	60.2	83.3	(27.7%)
Nitrogen-based fertilizers						
AN	100.7	93.4	7.8%	379.9	355.6	6.8%
Urea	355.8	312.1	14.0%	1,190.1	817.5	45.6%
Other products						
STPP	26.9	23.2	15.9%	78.2	54.6	43.2%
Other	28.4	11.9	138.7%	73.5	37.6	95.5%
Feed stock						
Ammonia	411.9	364.1	13.1%	1,401.0	951.5	47.2%
Phosphoric acid	628.8	641.0	(1.9%)	1,923.4	1,877.6	2.4%
Sulphuric acid	1,344.2	1,398.6	(3.9%)	4,287.6	4,047.4	5.9%

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

Sales volumes						
('000 mt)	3Q 2018	3Q 2017	Chg y/y	9M 2018	9M 2017	Chg y/y
Apatit mine and beneficiation plant						

Phosphate rock	695.3	653.9	6.3%	2,119.3	1,998.1	6.1%
Nepheline concentrate	226.0	247.5	(8.7%)	726.0	735.7	(1.3%)
Phosphate-based fertilizers						
DAP/MAP	732.5	769.0	(4.7%)	2,267.5	2,268.1	(0.0%)
NPK	750.9	749.2	0.2%	2,060.9	1,918.3	7.4%
NPS	95.1	52.5	81.1%	322.1	209.9	53.5%
APP	57.9	34.1	69.8%	154.9	135.5	14.3%
MCP	85.8	85.0	0.9%	262.8	260.4	0.9%
PKS	21.3	25.9	(17.8%)	74.3	93.4	(20.4%)
Nitrogen-based fertilizers						
AN	86.1	30.3	184.2%	459.1	399.3	15.0%
Urea	372.1	279.1	33.3%	1,266.1	805.8	57.1%
Other products						
STPP	25.6	22.0	16.4%	75.6	60.2	25.6%
Other	34.6	34.1	1.5%	109.6	75.1	45.9%

* Excluding intra-group sales

** Excluding feedstock