

# PhosAgro FY 2018 Fertilizer & MCP Output Rose 8% y-o-y to 9.0 mln t

**Moscow - PhosAgro** (MOEX/LSE ticker: PHOR), one of the world's leading vertically integrated phosphate-based fertilizer producers, increased its FY 2018 fertilizer and feed phosphates production by 7.6% year-on-year to 9.0 million tonnes. Sales for the same period grew by 9.0% year-on-year to 8.8 million tonnes. In 4Q 2018, fertilizer production rose by 1.8% year-on-year to 2.3 million tonnes while sales marginally decreased by 2.4% year-on-year to 2.0 million tonnes.

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

<b>Production volumes by type</b>						
<b>('000 mt)</b>	<b>4Q 2018</b>	<b>4Q 2017</b>	<b>Chg y/y</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>Chg y/y</b>
Phosphate-based & MCP	1,741.0	1,692.3	2.9%	6,852.0	6,603.5	3.8%
Nitrogen-based	553.0	561.5	-1.5%	2,123.0	1,734.6	22.4%
<b>Total fertilizers</b>	<b>2,294.0</b>	<b>2,253.8</b>	<b>1.8%</b>	<b>8,975.0</b>	<b>8,338.1</b>	<b>7.6%</b>
PhosRock & nepheline	2,807.0	2,641.0	6.3%	11,053.0	10,538.4	4.9%
Other products	52.3	30.4	72.0%	204.0	122.6	66.4%

<b>Sales volumes by type</b>						
<b>('000 mt)</b>	<b>4Q 2018</b>	<b>4Q 2017</b>	<b>Chg y/y</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>Chg y/y</b>
Phosphate-based & MCP	1,492.4	1,599.2	-6.7%	6,634.9	6,484.8	2.3%
Nitrogen-based	470.4	410.7	14.5%	2,195.6	1,615.8	35.9%
<b>Total fertilizers</b>	<b>1,962.8</b>	<b>2,009.9</b>	<b>-2.3%</b>	<b>8,830.5</b>	<b>8,100.6</b>	<b>9.0%</b>
PhosRock & nepheline	1,102.0	1,000.2	10.2%	3,947.3	3,734.0	5.7%
Other products	47.6	34.0	40.1%	182.3	134.7	35.3%

Commenting on the FY 2018 operating results, PhosAgro CEO Andrey Guryev said:

"The fact that 2018 was PhosAgro's best year ever in terms of production at both the upstream and downstream divisions is something we are all proud of. We achieved our ambitious production guidance of 9 million tonnes for the year, though we have no intention to rest after delivering a strong set of results for 2018, and we plan to increase further the production of fertilizers by up to 5% in 2019. Thanks to our sales strategy that aims to be 'closer to our customer,' PhosAgro made further progress on widening its direct access to priority markets, bolstering sales by 9% year-on-year. Finally, after the first full year of operations of PhosAgro's new ammonia unit, our production site at Cherepovets is now fully self-sufficient in this crucial feedstock, which has solidified our leadership position on the industry cash cost curve."

In 4Q 2018, PhosAgro's output of phosphate-based products was up by 2.9% y-o-y to 1.7 million tonnes, primarily driven by higher MAP production (up by 24% year-on-year), which was made possible by the successful modernisation of midstream capacities (both phosphoric and sulphuric

acid) in Balakovo. Phosphate rock output in 4Q 2018 increased by 7% year-on-year to 2.6 million tonnes following completion of the modernisation programme at Beneficiation Plant #3. In FY 2018, underground mining accounted for almost 80% of all mining work and had a positive impact on our phosphate rock cash cost (underground mining is nearly two times cheaper than open-pit mining). Ammonia production was down by 8% year-on-year in the fourth quarter due to scheduled maintenance work.

Sales of fertilizers rose by 9% year-on-year to 8.8 million tonnes in FY 2018. The strongest growth was in North America, where sales rose by 78% year-on-year to 1.1 million tonnes due to a deficit of phosphates following the closure of capacities in Florida. Shipments to Latin America increased by 24% year-on-year to 2.0 million tonnes in FY 2018, thanks to our strong sales of nitrogen-based products (up by 59% year-on-year) directly to end-customers. European sales rose by 11% year-on-year to 2.1 million tonnes, driven by our strategic approach to move deeper into the distribution chain and expand our on-the-ground presence with new local offices. Volumes in Russia, our priority domestic market, were up slightly, by 5% year-on-year to 2.4 million tonnes in FY 2018.

Looking ahead to 2019 market conditions, the fertilizer industry traditionally starts the new year with the off-season slowdown putting pressure on prices. We believe that prices for phosphate-based fertilizers will remain under pressure throughout 1Q 2019. A recovery in prices are expected in 2Q 2019, driven by the beginning of the spring application season in major agricultural regions. Overall, price dynamics in 2019 should be flattish, amid more stable global fertilizer supply than in 2018.

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

<b>Production volumes by type</b>						
<b>('000 mt)</b>	<b>4Q 2018</b>	<b>4Q 2017</b>	<b>Chg y/y</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>Chg y/y</b>
<b><i>Apatit mine and beneficiation plant</i></b>						
Phosphate rock	2,552.7	2,379.2	7.3%	10,067.0	9,540.4	5.5%
Nepheline concentrate	254.3	261.8	-2.9%	986.0	998.1	-1.2%
<b><i>Phosphate-based fertilizers</i></b>						
DAP/MAP	774.7	729.7	6.2%	2,995.0	3,004.0	-0.3%
NPK	692.8	692.9	0.0%	2,799.0	2,566.5	9.1%
NPS	120.7	134.9	-10.5%	419.0	423.4	-1.0%
APP	53.6	40.0	34.0%	216.0	155.4	39.0%
MCP	92.4	78.3	18.0%	356.0	354.4	0.5%
PKS	6.8	16.5	-58.8%	67.0	99.8	-32.9%
<b><i>Nitrogen-based fertilizers</i></b>						
AN	153.1	140.8	8.7%	533.0	496.4	7.4%
Urea	399.9	420.7	-4.9%	1,590.0	1,238.2	28.4%
<b><i>Other products</i></b>						
STPP	26.8	18.3	46.4%	105.0	72.9	44.0%
Other	25.5	12.1	110.7%	99.0	49.7	99.2%
<b><i>Feedstock</i></b>						
Ammonia	465.0	503.4	-7.6%	1,866.0	1,454.9	28.3%
Phosphoric acid	622.6	591.6	5.2%	2,546.0	2,469.2	3.1%
Sulphuric acid	1,444.4	1,390.4	3.9%	5,732.0	5,437.8	5.4%

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

<b>Sales volumes by type</b>						
<b>('000 mt)</b>	<b>4Q 2018</b>	<b>4Q 2017</b>	<b>Chg y/y</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>Chg y/y</b>
<b><i>Apatit mine and beneficiation plant</i></b>						
Phosphate rock	844.9	734.1	15.1%	2,964.2	2,732.2	8.5%
Nepheline concentrate	257.1	266.1	-3.4%	983.1	1,001.8	-1.9%
<b><i>Phosphate-based fertilizers</i></b>						
DAP/MAP	645.1	695.8	-7.3%	2,912.6	2,963.9	-1.7%
NPK	603.7	570.5	5.8%	2,664.6	2,488.8	7.1%
NPS	101.4	199.9	-49.3%	423.5	409.8	3.3%
APP	54.5	35.2	54.8%	209.4	170.7	22.7%
MCP	84.4	90.0	-6.2%	347.2	350.4	-0.9%
PKS	3.3	7.8	-57.7%	77.6	101.2	-23.3%
<b><i>Nitrogen-based fertilizers</i></b>						
AN	136.2	76.7	77.6%	595.3	476.0	25.1%
Urea	334.2	334.0	0.1%	1,600.3	1,139.8	40.4%
<b><i>Other products</i></b>						
STPP	23.0	20.9	10.0%	98.6	81.1	21.6%
Other	24.6	13.1	87.8%	83.7	53.6	56.4%