

PhosAgro Fertilizer Production up 8% y-o-y in 9M 2016

Moscow - PhosAgro (Moscow Exchange, LSE: PHOR), one of the world's leading vertically integrated phosphate-based fertilizer producers, announces its operational results for the nine months ended 30 September 2016.

Total fertilizer production and sales increased year-on-year in 9M 2016 by 8.0% and 7.7%, respectively. Production of phosphate-based fertilizers and feed phosphates for 9M 2016 increased by 8.7% year-on-year to 4.3 million tonnes, production of nitrogen-based fertilizers increased by 5.4% year-on-year to 1.1 million tonnes.

PhosAgro's production and sales volumes for 9M 2016 are summarised in the tables below.

Production volumes by type			
(kmt)	9M 2016	9M 2015	Change y-o-y
Phosphate-based fertilizers and MCP	4,347.8	4,000.1	8.7%
Nitrogen-based fertilizers	1,088.9	1,033.6	5.4%
TOTAL fertilizers	5,436.7	5,033.7	8.0%
Apatit mine and beneficiation plant	7,031.7	6,413.0	9.6%
Other products**	102.7	115.3	(10.9%)

Sales volumes by type			
(kmt)	9M 2016	9M 2015	Change y-o-y
Phosphate-based fertilizers and MCP	4,411.1	4,074.5	8.3%
Nitrogen-based fertilizers	1,066.7	1,013.0	5.3%
TOTAL fertilizers	5,477.8	5,087.5	7.7%
Apatit mine and beneficiation plant*	2,579.6	2,053.0	25.7%
Other products**	151.9	164.5	(7.7%)

Commenting on the 9M 2016 operational results, PhosAgro CEO Andrey Guryev said:

"We continue to deliver on our strategy, which calls for organic growth of flexible production capacity with a low cost basis. This has enabled us to sustain good margins in the current challenging pricing environment.

"Global fertilizer demand has remained relatively stable, with no negative surprises. On the supply side, however, we have seen significant changes this year: decreased volumes from China are being replaced by higher volumes of phosphate-based fertilizers from other major players. This is not surprising, given the substantial expansion by these companies through either M&A or large-scale development programmes.

"I am particularly pleased to see that PhosAgro's domestic market is one of the strongest globally in terms of performance. We are ready to meet domestic demand, and we saw sales of all types of fertilizers through our domestic distribution network increase by an impressive 34% year-on-year in 9M 2016.

“Our new trade offices located in key export markets are delivering great results: in Europe we increased sales of phosphate-based fertilizers by 21% year-on-year, for example, and we are still prepared to provide higher volumes of our best-quality phosphate-based fertilizers, which are nearly unsurpassed in terms of their extremely low levels of harmful impurities. Overall, sales to the European market reached nearly 1 million tonnes in 9M 2016.

“Sales to Latin America were overall stable in the first nine months of the year. Volumes for our priority markets, Russia & the CIS, Europe, and Latin America comprised 76% of total sales in 9M 2016, in line with our sales strategy.

“Next year I expect to see positive changes, as the fundamentals driving demand for phosphate-based products remain strong. On the supply side we expect further increases in production volumes from integrated players, which should reshape the industry and bring about a rationalisation among the higher-cost non-integrated producers. We are already seeing a significant decline in exports from China, both in phosphate-based and nitrogen fertilizers, due to curtailed production capacities and growing cash costs. This is a positive signal for the market, indicating that the price floor set by Chinese producers is starting to rise. In addition, it is hard to see any further decrease in prices for feedstocks such as ammonia and sulphur.”

The table below provides a breakdown of production volumes by major product for 9M 2016:

Production volumes			
(kmt)	9M 2016	9M 2015	Change y-o-y
<i>Apatit mine and beneficiation plant</i>			
Phosphate rock	6,290.9	5,731.2	9.8%
Nepheline concentrate	740.8	681.8	8.7%
<i>Phosphate-based fertilizers and MCP</i>			
DAP/MAP	2,022.0	1,994.5	1.4%
NPK	1,472.0	1,509.1	(2.5%)
NPS	407.6	122.4	233.0%
APP	98.8	78.2	26.3%
MCP	254.8	192.6	32.3%
PKS	71.8	75.7	(5.2%)
SOP	20.8	27.6	(24.6%)
<i>Nitrogen-based fertilizers</i>			
AN	321.4	329.6	(2.5%)
Urea	767.5	704.0	9.0%
<i>Other products</i>			
AIF3	34.4	24.9	38.2%
STPP	68.3	90.4	(24.4%)
<i>Feed stock</i>			
Ammonia	884.5	797.3	10.9%
Phosphoric acid (kt P ₂ O ₅)	1,670.5	1,574.6	6.1%
Sulphuric acid (kt monohydrate)	3,650.8	3,527.5	3.5%

The table below provides a breakdown of sales volumes by major product for 9M 2016:

Sales volumes			
(kmt)	9M 2016	9M 2015	Change y-o-y
<i>Apatite mine and beneficiation plant</i>			
Phosphate rock*	1,839.8	1,368.7	34.4%

Nepheline concentrate	739.8	684.3	8.1%
<i>Phosphate-based fertilizers and MCP</i>			
DAP/MAP	2,058.8	2,012.4	2.3%
NPK	1,540.6	1,559.7	(1.2%)
NPS	365.5	142.8	156.0%
APP	95.5	64.3	48.5%
MCP	245.8	185.0	32.9%
PKS	82.3	84.1	(2.1%)
SOP	22.6	26.2	(13.7%)
<i>Nitrogen-based fertilizers</i>			
AN	309.6	335.3	(7.7%)
Urea	757.1	677.7	11.7%
<i>Other products</i>			
AIF3	33.8	24.8	36.3%
STPP	76.3	86.2	(11.5%)
Ammonia	3.4	4.6	(26.1%)
Phosphoric acid	10.8	31.8	(66.0%)
Sulphuric acid	27.6	17.1	61.4%

* Excluding intra-group sales

** Excluding feed stock