



**PhosAgro Reports 1Q 2021 Financial Results:
EBITDA Increases 65% Year-on-Year to Over RUB 34 Billion**

Moscow – PhosAgro (“PhosAgro” or “the Company”) (Moscow Exchange, LSE: PHOR), one of the world’s leading vertically integrated phosphate-based fertilizer producers, today announces its consolidated IFRS financial results for the first quarter (1Q) of 2021.

1Q 2021 highlights

Revenue for 1Q 2021 increased by 36.7% year-on-year to RUB 87.6 billion (USD 1.2 billion), driven by to improvements in the pricing environment, higher sales volumes and changes in exchange rates.

EBITDA increased by 65.4% year-on-year to RUB 34.3 billion (USD 461 million) thanks to higher global fertilizer prices. EBITDA margin for the quarter rose to 39.2%.

Free cash flow in 1Q 2021 amounted to RUB 15.2 billion (USD 205 million), a decrease of 16.6% year-on-year but a more than fivefold increase from 4Q 2020.

Adjusted net income in 1Q 2021 was RUB 21.2 billion (USD 286 million), up 28.0% year-on-year.

As of 31 March 2021, net debt was RUB 145.4 billion (USD 1.9 billion), a decrease of RUB 11.5 billion since the end of 2020. As of the end of 1Q 2021, the net debt/EBITDA ratio had decreased to 1.45x.

Financial and operational results

| | Financial highlights | | |
|-----------------------------|----------------------|-------------------|-------------|
| RUB million | 1Q 2021 | 1Q 2020 | Chng, % |
| Revenue | 87,579 | 64,058 | 36.7% |
| EBITDA* | 34,309 | 20,738 | 65.4% |
| EBITDA margin | 39.2% | 32.4% | 6.8 pp |
| Net profit | 18,344 | -15,588 | n/a |
| Adj. net income** | 21,229 | 16,591 | 28.0% |
| Free cash flow | 15,215 | 18,253 | -16.6% |
| | 31.03.2021 | 31.12.2020 | |
| Net debt | 145,388 | 156,875 | |
| ND/LTM EBITDA | 1.45x | 1.86x | |
| Sales, ths tonnes | 1Q 2021 | 1Q 2020 | Chng, % |
| Phosphate-based fertilizers | 2,077 | 2,087 | -0.5% |
| Nitrogen-based fertilizers | 787 | 703 | 11.9% |
| Total sales | 2,864 | 2,790 | 2.7% |

RUB/USD rates: average 1Q 2021: 74.3; average 1Q 2020: 66.3; as of 31 March 2021: 75.7; as of 31 December 2020: 73.9

*EBITDA is calculated as operating profit adjusted for depreciation and amortisation

**Net profit as reported minus FX gain or loss

Commenting on the Company's performance, Xavier Rolet, the Chairman of PhosAgro's Board of Directors, said:

"Today, more than ever, stakeholders rightfully expect global companies to demonstrate ESG leadership. Our strategy to 2025 focuses on sustainable development and growth. We set ambitious goals for ourselves to improve our environment disclosure and sustainability as we continue to maintain high levels of social investment in the communities where we operate.

"The Board is pleased to report that both CDP and MSCI recently upgraded the Company's ESG ratings to B- and A, respectively.

"In addition to its integrated ESG report, PhosAgro now provides additional disclosure in the form of a Climate Risk Management Report for 2020 that is compliant with TCFD requirements.

"This enhanced disclosure provides a comprehensive analysis of the Company's climate impact data, scenarios and risk assessments and sets out a broad climate action plan tailored to our global operations."

Commenting on the Company's financial results, PhosAgro CEO Andrey Guryev said:

"In the first quarter of 2021, revenue exceeded RUB 87 billion, an increase of nearly 37% year-on-year, and EBITDA grew by more than 65% to RUB 34.3 billion, representing new record since the Company went public.

"The efficiency of our production facilities and the availability of key feedstocks enabled us to increase EBITDA margin to almost 40% and generate free cash flow of more than RUB 15 billion.

"This significant increase in profitability was due to the substantial investments in development that the Company has been making since 2013, combined with favourable market conditions in the beginning of 2021.

"We are continuing to implement our long-term investment programme this year, and we invested about RUB 10 billion into production assets in the first quarter. As an efficient business, PhosAgro was able to decrease net debt to RUB 145 billion at the end of 1Q 2021, while the net debt to EBITDA ratio had decreased to 1.45x.

"In particular, I would like to emphasise that the Company's excellent operating and financial performance enables us to fund our development programme without relying on debt financing.

"At the moment, fertilizer prices in world markets remain high despite a slight correction following the end of the season in the northern hemisphere. In the near term, we expect high prices for agricultural products and increased seasonal demand in the Indian and Brazilian markets to support prices."

1Q 2021 market conditions

Since the beginning of 2021, a favourable situation has been developing in global markets for mineral fertilizers backed by stable demand in the largest markets. The main factors driving improvements in the fertilizer market are considerable increases in demand and in global prices for the main types of grains and oilseeds (corn, soybeans, wheat), which account for more than half of fertilizer use worldwide. The rise in prices for agricultural products, in turn, has helped drive up demand for fertilizers by making them more affordable.

Additional factors supporting the fertilizer market are the low levels of carry-over stocks in key markets, as well as growth in seasonal demand in the United States, China, Europe and Africa, which has limited fertilizer exports from these regions.

The rise in global prices for the main types of fertilizers has been one of the main factors behind the increase in prices for the raw materials needed for their production.

Global prices for commercial ammonia in 1Q 2021 increased to USD 332 per tonne (FOB Black Sea), compared with USD 211 per tonne in 4Q 2020 and USD 222 per tonne (FOB) in 1Q 2020. Unscheduled maintenance shutdowns in leading ammonia-producing countries – Trinidad, the United States, the Middle East and Russia – were another factor behind the increase in ammonia prices.

Global sulphur prices increased in the first quarter on the back of strong demand from producers of phosphate-based fertilizers amid limited supply due to a reduction in oil refining in 2020 and seasonal restrictions in terms of logistics. The average price for sulphur in 1Q 2021 was USD 144 per tonne (FOB Black Sea), compared with USD 62 per tonne (FOB) in 4Q 2020 and USD 38 per tonne (FOB) in 1Q 2020.

Prices for phosphate raw materials increased in the wake of the change in prices for phosphate-based fertilizers. Contract prices for phosphoric acid supplies to India in 1Q 2021 were agreed at USD 795 per tonne of 100% P₂O₅ (CFR India), which is USD 106 per tonne higher than in 4Q 2020 and USD 205 per tonne higher than in 1Q 2020. Phosphate feedstock prices (68%–72% BPL) in 1Q 2021 were USD 102 per tonne (FOB Morocco), compared with USD 95 per tonne in 4Q 2020 and USD 85 per tonne in 1Q 2020.

1Q 2021 financial performance

In 1Q 2021, the Company's revenue increased by 36.7% year-on-year to RUB 87.6 billion (USD 1.2 billion), driven mainly by an increase in sales volumes and the recovery in global prices for phosphate- and nitrogen-based fertilizers at a time when the rouble was weakening against the US dollar.

The Company's EBITDA for 1Q 2021 increased by 65.4% year-on-year to a record RUB 34.3 billion (USD 461 million). Despite the increase in prices for key feedstocks, EBITDA margin exceeded 39%.

EBITDA in the phosphate-based fertilizer segment amounted to RUB 26.3 billion (USD 353 million), up 64.3% year-on-year. Higher profits were recorded for all products, mainly due to the record-high purchasing power of farmers on the back of high prices for agricultural products. The main sales markets were Latin America and Europe.

EBITDA in the nitrogen-based fertilizer segment amounted to RUB 7.6 billion (USD 102 million), up 61.3% year-on-year. The main sales markets for these fertilizers were North America and Europe.

Net profit (adjusted for non-cash FX gain/loss) for 1Q 2021 increased by 28.0% year-on-year to RUB 21.2 billion (USD 286 million).

In 1Q 2021, the Company's free cash flow amounted to RUB 15.2 billion (USD 205 million). The main source of cash flow was an increase in profit margins due to higher average prices and an improvement in the structure of finished product, which offset outflows for working capital and capital investments.

Capex in 1Q 2021 amounted to RUB 9.9 billion (USD 133 million). The Company invested primarily in the construction of its large industrial complex at its Volkhov site, where the first production lines have already been launched with a design capacity of almost 300 thousand tonnes of MAP per year. Once the project is complete, the total capacity of the new complex will reach almost 900 thousand tonnes.

As of 31 March 2021, the net debt/EBITDA ratio was 1.45x. PhosAgro was able to decrease its debt burden to less than 1.5x thanks to higher profits along with effective cost controls. Net debt as of 31 March 2021 was RUB 145.4 billion (USD 1.9 billion).

| Cost of sales | | | |
|--|---------------|---------------|--------------|
| RUB million | 1Q 2021 | 1Q 2020 | Chng,% |
| Amortisation | 6,760 | 6,226 | 8.6% |
| Materials and services | 12,144 | 10,810 | 12.3% |
| <i>Phosphate rock transport</i> | 2,284 | 2,260 | 1.1% |
| <i>Repair expenses</i> | 2,889 | 2,416 | 19.6% |
| <i>Drilling and blasting costs</i> | 985 | 769 | 28.1% |
| <i>Other materials and services</i> | 5,986 | 5,365 | 11.6% |
| Raw materials | 11,791 | 10,036 | 17.5% |
| <i>Ammonia</i> | 2,081 | 1,191 | 74.7% |
| <i>Sulphur and sulph. acid</i> | 2,046 | 1,195 | 71.2% |
| <i>Potassium</i> | 3,261 | 3,206 | 1.7% |
| <i>Natural gas</i> | 3,990 | 3,797 | 5.1% |
| <i>Ammonium sulphate</i> | 413 | 647 | -36.2% |
| Salaries and social contributions | 4,234 | 3,587 | 18.0% |
| Electricity | 1,801 | 1,706 | 5.6% |
| Fuel | 1,506 | 1,144 | 31.6% |
| Products for resale | 3,313 | 3,089 | 7.3% |
| Logistics costs | 10,659 | 8,064 | 32.2% |
| <i>Customs duties</i> | 742 | 360 | 106.1% |
| <i>Freight, port and stevedoring expenses</i> | 6,490 | 4,500 | 44.2% |
| <i>Russian Railways' tariffs and operators' fees</i> | 3,124 | 2,982 | 4.8% |
| <i>Other</i> | 303 | 222 | 36.5% |
| Total | 52,208 | 44,662 | 16.9% |

Cost of sales increased by 16.9% year-on-year in 1Q 2021 to RUB 52.2 billion (USD 702 million):

- Expenses for materials and services increased by 12.3% year-on-year to RUB 12.1 billion (USD 163 million) due to an increase in the amount of planned repairs and a slight increase in costs associated with the extraction of phosphorus ore.
- Expenses for raw materials increased by 17.5% year-on-year to RUB 11.8 billion (USD 159 million) due to:
 - a 74.7% increase in ammonia costs to RUB 2.1 billion (USD 28 million) as a result of higher prices for this feedstock and an increase in ammonia consumption;
 - a 71.2% increase in expenses for sulphur and sulphuric acid to RUB 2.0 billion (USD 28 million) as a result of higher global prices for sulphur; however, the increase was constrained thanks to a decrease in purchases of sulphuric acid from third parties once the Company's new sulphuric acid production line in Cherepovets was launched for production in early 2020;
 - a 5.1% increase in natural gas costs to RUB 4.0 billion (USD 54 million) due to annual price indexation; at the same time, consumption remained unchanged from 1Q 2020;
 - a 36.2% decrease in expenses for ammonium sulphate to RUB 0.4 billion (USD 6 million) once the Company's ammonium sulphate production line reached design capacity.
- Salaries and social contributions increased by 18.0% to RUB 4.2 billion (USD 57 million) as a result of an increase in the headcount at new production facilities, salary indexation and bonuses payments.
- Spending on customs duties increased by RUB 0.4 billion (USD 5 million), or by 106.1%, year-on-year, due to an increase in export sales volumes amid the recovery in global fertilizer prices.
- Freight, port and stevedoring expenses increased by 44.2% to RUB 6.5 billion (USD 87 million) as a result of higher transportation tariffs and the devaluation of the rouble against the dollar.

| Administrative and selling expenses | | | |
|--|--------------|--------------|-------------|
| RUB million | 1Q 2021 | 1Q 2020 | Chng, % |
| Administrative expenses | 4,892 | 4,652 | 5.2% |
| <i>Salaries and social contributions</i> | 3,161 | 3,082 | 2.6% |
| <i>Professional services</i> | 424 | 419 | 1.2% |
| <i>Amortisation</i> | 356 | 336 | 6.0% |
| <i>Other</i> | 951 | 815 | 16.7% |
| Selling and marketing expenses | 1,600 | 1,618 | -1.1% |
| <i>Salaries and social contributions</i> | 974 | 869 | 12.1% |
| <i>Materials and services</i> | 235 | 357 | -34.2% |
| <i>Amortisation</i> | 391 | 392 | -0.3% |
| Total | 6,492 | 6,270 | 3.5% |

In 1Q 2021, administrative and selling expenses increased by 3.5% year-on-year to RUB 6.5 billion (USD 87.3 million). SG&A growth was kept to a minimum as a result of successful cost control initiatives.

Market outlook

In early April 2021, a slight price correction was noted in fertilizer markets that was associated with the end of the main seasonal demand in markets in the northern hemisphere (Europe, China, the United States).

At the same time, prices for agricultural products remained at their highest levels in recent years, thereby keeping fertilizers affordable despite the noticeable increase in prices. In addition, 2Q and 3Q have traditionally seen peak seasonal demand in the primary global markets (India and Brazil), which, combined with low stocks and continued demand in the United States, will keep prices high.

Risk factors in the short term will include an increase in fertilizer exports from China and a possible decrease in import demand from India due to higher global prices while subsidies for fertilizer purchases remain unchanged from the previous year.

Conference call and webcast:

PhosAgro will hold a conference call and webcast today at 14:00 London time (16:00 in Moscow; 09:00 in New York).

The call will be held in English, with simultaneous translation into Russian on a separate line.

Webcast link:

<https://www.webcast-egs.com/phosagro20210519>

Participant dial-in numbers:

Russia:

+7 495 213 1767 / 8 800 500 9283

United Kingdom:

+44 (0) 330 336 9126 / 0800 358 6377

United States:

+1 323-994-2082 /888-254-3590

Conference ID numbers:

In English: 4480063

In Russian: 1505879

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About PhosAgro

PhosAgro (www.phosagro.com) is one of the world's leading vertically integrated phosphate-based fertilizer producers in terms of production volumes of phosphate-based fertilizers and high-grade phosphate rock with a P₂O₅ content of 39% and higher. PhosAgro's environmentally friendly fertilizers stand out for their high efficiency, and they do not lead to the contamination of soils with heavy metals.

The Company is the largest phosphate-based fertilizer producer in Europe (by total combined capacity for DAP/MAP/NP/NPK/NPS), the largest producer of high-grade phosphate rock with a P₂O₅ content of 39%, a top-three producer of MAP/DAP globally, one of the leading producers of feed phosphates (MCP) in Europe, and the only producer in Russia, and Russia's only producer of nepheline concentrate (according to the RAFP).

PhosAgro's main products include phosphate rock, more than 50 grades of fertilizers, feed phosphates, ammonia, and sodium tripolyphosphate, which are used by customers in over 100 countries spanning all of the world's inhabited continents. The Company's priority markets outside of Russia and the CIS are Latin America, Europe and Asia.

PhosAgro's shares are traded on the Moscow Exchange, and global depositary receipts (GDRs) for shares trade on the London Stock Exchange (under the ticker PHOR). Since 1 June 2016, the Company's GDRs have been included in the MSCI Russia and MSCI Emerging Markets indexes.

PJSC "PhosAgro"

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three months ended 31 March 2021 (unaudited)

| <i>RUB million</i> | Three months ended 31 March | |
|--|------------------------------------|-----------------|
| | 2021 | 2020 |
| Revenues | 87,579 | 64,058 |
| Cost of Group products sold | (48,895) | (41,573) |
| Cost of products for resale | (3,313) | (3,089) |
| Gross profit | 35,371 | 19,396 |
| Administrative and selling overhead expenses | (6,492) | (6,270) |
| Taxes, other than income tax, net | (1,518) | (874) |
| Other income and expenses, net | (657) | (704) |
| Foreign exchange gain from operating activities, net | 98 | 2,236 |
| Operating profit | 26,802 | 13,784 |
| Finance income | 100 | 301 |
| Finance costs | (1,298) | (1,474) |
| Foreign exchange loss from financing activities, net | (2,885) | (32,179) |
| COVID-19 related expenses | (119) | - |
| Profit/(loss) before tax | 22,600 | (19,568) |
| Income tax (expense)/benefit | (4,256) | 3,980 |
| Profit/(loss) for the period | 18,344 | (15,588) |
| Attributable to: | | |
| Non-controlling interests* | (9) | (1) |
| Shareholders of the Parent | 18,353 | (15,587) |
| Basic and diluted earnings/(loss) per share (in RUB) | 142 | (120) |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit or loss | | |
| Foreign currency translation difference | 214 | 2,586 |
| Other comprehensive income for the period | 214 | 2,586 |
| Total comprehensive income/(loss) for the period | 18,558 | (13,002) |
| Attributable to: | | |
| Non-controlling interests* | (9) | (1) |
| Shareholders of the Parent | 18,567 | (13,001) |

PJSC “PhosAgro”
Consolidated Interim Condensed Statement of Financial Position
as at 31 March 2021 (unaudited)

| <i>RUB million</i> | 31 March 2021 | 31 December 2020 |
|--|----------------------|-------------------------|
| Assets | | |
| Property, plant and equipment | 221,860 | 220,031 |
| Advances issued for property, plant and equipment | 9,469 | 7,835 |
| Deferred tax assets | 7,934 | 7,462 |
| Right-of-use assets | 7,245 | 7,335 |
| Non-current spare parts | 4,329 | 4,308 |
| Catalysts | 2,219 | 2,292 |
| Intangible assets | 1,570 | 1,621 |
| Other non-current assets | 969 | 948 |
| Investments in associates | 564 | 556 |
| Non-current assets | 256,159 | 252,388 |
| Trade and other receivables | 24,202 | 17,515 |
| Inventories | 26,680 | 30,580 |
| Cash and cash equivalents | 17,915 | 8,460 |
| VAT and other taxes receivable | 8,823 | 10,285 |
| Income tax receivable | 467 | 479 |
| Other financial assets | 265 | 311 |
| Current assets | 78,352 | 67,630 |
| Total assets | 334,511 | 320,018 |
| Equity | | |
| Share capital | 372 | 372 |
| Share premium | 7,494 | 7,494 |
| Retained earnings | 109,110 | 90,757 |
| Actuarial losses | (717) | (717) |
| Foreign currency translation reserve | 9,795 | 9,581 |
| Equity attributable to shareholders of the Parent | 126,054 | 107,487 |
| Equity attributable to non-controlling interests | 120 | 129 |
| Total equity | 126,174 | 107,616 |
| Liabilities | | |
| Loans and borrowings | 106,116 | 103,824 |
| Deferred tax liabilities | 11,942 | 11,578 |
| Lease liabilities | 4,044 | 4,268 |
| Defined benefit obligations | 926 | 945 |
| Non-current liabilities | 123,028 | 120,615 |
| Loans and borrowings | 51,111 | 55,316 |
| Trade and other payables | 24,540 | 29,869 |
| Income tax payable | 4,133 | 1,000 |
| VAT and other taxes payable | 3,493 | 3,675 |
| Lease liabilities | 2,032 | 1,927 |
| Current liabilities | 85,309 | 91,787 |
| Total equity and liabilities | 334,511 | 320,018 |

PJSC "PhosAgro"
Consolidated Interim Condensed Statement of Cash Flows
for the three months ended 31 March 2021 (unaudited)

| <i>RUB million</i> | Three months ended 31 March | |
|---|------------------------------------|----------------|
| | 2021 | 2020 |
| <i>Cash flows from operating activities</i> | | |
| Operating profit | 26,802 | 13,784 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 7,507 | 6,954 |
| Loss on disposal of property, plant and equipment and intangible assets | 112 | 7 |
| Operating profit before changes in working capital and provisions | 34,421 | 20,745 |
| Decrease in inventories, catalysts and non-current spare parts | 3,163 | 3,244 |
| (Increase)/decrease in trade and other receivables | (5,853) | 39 |
| (Decrease)/increase in trade and other payables | (4,525) | 4,018 |
| Cash flows from operations before income taxes and interest paid | 27,206 | 28,046 |
| Income tax paid | (1,228) | (537) |
| Finance costs paid | (607) | (483) |
| Cash flows from operating activities | 25,371 | 27,026 |
| <i>Cash flows from investing activities</i> | | |
| Acquisition of property, plant and equipment and intangible assets | (9,909) | (8,752) |
| Borrowing cost capitalised | (302) | (279) |
| Other | 55 | 258 |
| Cash flows used in investing activities | (10,156) | (8,773) |
| <i>Cash flows from financing activities</i> | | |
| Proceeds from borrowings, net of transaction costs | 2,802 | 39,210 |
| Repayment of borrowings | (8,130) | (41,059) |
| Dividends paid to shareholders of the Parent | - | (6,216) |
| Lease payments | (482) | (522) |
| Cash flows used in financing activities | (5,810) | (8,587) |
| Net increase in cash and cash equivalents | 9,405 | 9,666 |
| Cash and cash equivalents at 1 January | 8,460 | 8,236 |
| Effect of exchange rates fluctuations | 50 | 2,977 |
| Cash and cash equivalents at 31 March | 17,915 | 20,879 |