



PhosAgro Reports Operating and Financial Results for 3Q and 9M 2023

Moscow – PhosAgro Group (“PhosAgro” or “the Company”) (Moscow Exchange, LSE: PHOR), one of the world’s leading vertically integrated phosphate-based fertilizer producers, today announces its consolidated interim condensed financial results for the nine months ended 30 September 2023.

3Q and 9M 2023 highlights

In 9M 2023, production of mineral fertilizers and other chemicals increased by 3.7% year-on-year to over 8.5 million tonnes. This growth was driven primarily by a 19.4% year-on-year increase in MAP production thanks to a new production complex in Volkhov that was built as part of the Company’s comprehensive long-term development programme.

Total fertilizer sales in 9M 2023 increased by 2.5% year-on-year to around 8.7 million tonnes.

In 3Q 2023, robust seasonal demand in the Company’s priority Russian market as well as Brazil, Europe and Africa drove a 16.9% year-on-year increase in sales of agrochemical products. Sales of phosphate-based fertilizers rose by more than 20% over the same period. Increased demand was driven by the affordability of fertilizers and the relatively low stocks in key markets, among other factors.

Revenue for 9M 2023 amounted to RUB 328.9 billion (USD 3.98 billion), down 28.4% year-on-year amid lower fertilizer prices in global markets in 2023. At the same time, revenue for 3Q 2023 declined only 5.5% year-on-year thanks to an increase in sales of agrochemical products and a slight recovery in global fertilizer prices from their low point in the second quarter.

In 9M 2023, the Company’s EBITDA amounted to RUB 151.1 billion (USD 1.83 billion), down 24.2% year-on-year. Effective cost management and increased production and sales of high-margin products supported an EBITDA margin of 45.9%, up 2.5 p.p. from 9M 2022.

The Company’s free cash flow amounted to RUB 81.0 billion (USD 0.98 billion) in 9M 2023, remaining essentially flat year-on-year. Cash flow in 3Q 2023 decreased due to outflows for working capital amid rising prices and sales volumes.

Net debt as of 30 September 2023 amounted to RUB 227.9 billion (USD 2.34 billion), and the ratio of net debt to adj. EBITDA at the end of the quarter was a comfortable 1.3x.

Financial and operating highlights:

Financial highlights						
RUB mln	9M 2023	9M 2022	Change %	3Q 2023	3Q 2022	Change %
Revenue	328,885	459,423	-28.4%	116,133	122,914	-5.5%
EBITDA*	151,098	199,438	-24.2%	54,580	63,890	-14.6%
<i>EBITDA margin</i>	45.9%	43.4%		47.0%	52.0%	
Adj. EBITDA**	131,274	222,477	-41.0%	48,458	57,155	-15.2%
Net profit	56,775	165,501	-65.7%	15,278	36,453	-58.1%
Adj. net profit***	82,896	150,199	-44.8%	27,124	41,646	-34.9%
Free cash flow	80,977	81,539	-0.7%	20,861	40,669	-48.7%
	30.09.2023	31.12.2022				

Net debt	227,853	180,338	
ND/adj. LTM EBITDA	1.3x	0.7x	

Operating highlights

Production volumes by category

kt	9M 2023	9M 2022	Change %	3Q 2023	3Q 2022	Change %
Phosphate-based fertilizers and feed phosphates	6,396.3	6,184.2	3.4%	2,169.4	2,130.2	1.8%
Nitrogen-based fertilizers	1,959.1	1,875.4	4.5%	640.2	609.8	5.0%
Other products	218.0	205.6	6.0%	79.2	74.9	5.8%
TOTAL production	8,573.4	8,265.2	3.7%	2,888.8	2,814.9	2.6%

Sales volumes by category

kt	9M 2023	9M 2022	Change %	3Q 2023	3Q 2022	Change %
Phosphate-based fertilizers and feed phosphates	6,594.8	6,390.0	3.2%	2,476.9	2,054.7	20.5%
Nitrogen-based fertilizers	1,908.6	1,922.1	-0.7%	592.4	575.7	2.9%
Other products	163.0	139.9	16.5%	51.4	39.2	31.1%
TOTAL production	8,666.4	8,452.0	2.5%	3,120.7	2,669.6	16.9%

RUB/USD exchange rate: average 9M 2023 rate: 82.6934; average 9M 2022 rate: 70.6135; as of 30 September 2023: 97.4147; as of 31 December 2022: 70.3375.

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

** Adj. EBITDA is EBITDA as reported minus FX differences from operating activities.

*** Adj. net profit is net profit as reported minus FX gain or loss.

The year-on-year decrease in EBITDA in 9M reflects lower global fertilizer prices in 2023; however, EBITDA margin remained high, driven by factors such as production growth, a decrease in the cost of key feedstocks and flexible production chains that enabled the Company to focus its output on the highest-margin products in the current environment.

Thanks to its flexible sales policy, the Company greatly increased fertilizer sales in 3Q 2023 not only to its priority domestic market (where farmers' demand was met in full) but also to key export markets, where there a seasonal increase in demand was observed. For example, sales (primarily of MAP) to Brazil rose nearly fourfold year-on-year, driven by new MAP production capacities at the Volkhov complex. Sales also increased in Western Europe, where seasonal demand recovered following last year's contraction, when farmers postponed fertilizer purchases because of high prices.

Higher sales volumes during the last quarter alongside the start of a recovery in global fertilizer prices led to an increase in working capital (owing to an increase in accounts receivable and inventory growth). This outflow had an impact on free cash flow, which was down year-on-year but up 25% compared with the previous quarter.

Thanks to its strong financial position, controlled capital investments and robust generation of free cash flow the Company was able to service all its debt obligations on time and in full, including those denominated in foreign currency. As of the end of 9M 2023, the Company's debt load remained at a comfortable level. As of 30 September 2023, net debt amounted to RUB 227.9 billion, and the net debt/adj. EBITDA ratio was 1.3x. The growth in rouble-denominated debt was driven to a large extent by the weakening of the rouble against the US dollar throughout 2023 and the revaluation of the Company's FX-denominated debt at new rates at the end 3Q.

Market situation in 3Q 2023

The global mineral fertilizer market is showing signs of recovery following a marked decline in 2022. The recovery in demand is being supported by relatively favourable fertilizer and crop price parity and low fertilizer stocks in key markets. According to the IFA and other industry organisations, global fertilizer consumption in 2023 may grow by 2%–4%, or 6–7 million tonnes of primary nutrient, with further recovery in 2024.

Fertilizer prices in June–July 2023 reached their lowest levels in the last two years and began to gradually recover during the third quarter as a result of a widespread increase in demand.

An uptick in seasonal demand in key markets for phosphate-based fertilizers (Brazil and India) and off-season interest from the US domestic market supported an increase in DAP/MAP prices in July–August, from USD 405 per tonne (FOB Baltic) to USD 490 per tonne (FOB Baltic); prices subsequently stabilised in the range of USD 500–510 per tonne (FOB Baltic) in September 2023. The average price for MAP in 3Q 2023 was USD 468 per tonne (FOB Baltic).

The market for nitrogen-based fertilizers in 3Q 2023 was marked by high price volatility: prices during the quarter fluctuated by USD 150 per tonne owing to disruptions at key producers (in the Middle East, South-East Asia and West Africa), while seasonal demand picked up in Latin American markets and later in India. One of the key factors driving price fluctuations was inconsistency in terms of urea export volumes from China. Urea prices in 3Q 2023 ranged from USD 270 to USD 420 per tonne (FOB Baltic), with an average of USD 343 per tonne (FOB Baltic). The average export price for ammonium nitrate was USD 228 per tonne (FOB Baltic).

The prices of key commodities remained relatively stable: the price of sulphur was USD 58 per tonne (FOB Baltic), and the price of standard potassium chloride was USD 282 per tonne (FOB Baltic).

Outlook for 4Q 2023

At the moment, the main mineral fertilizer markets are marked by ongoing demand, including for the build-up of comfortable carryover stocks for the new spring season. Restrictions on Chinese exports of both nitrogen- and phosphate-based fertilizers have created an additional supply constraint in the market, supporting prices at their current levels.

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About the Company

PhosAgro (www.phosagro.ru) is a vertically integrated Russian company and one of the world's leading producers of mineral phosphorous fertilizers and of high-grade apatite concentrate grading 39% P2O5 and higher. PhosAgro's high-performance fertilizers produce crops with advanced features.

PhosAgro Group is the largest manufacturer of phosphate-based fertilisers in Europe (by total capacity of DAP/MAP/NP/NPK/NPS production), the largest producer of phosphite grading 39% P2O5 in the world and one of the leading global producers of ammonium and diammonium phosphate, one of Europe's leading

and the only producer in Russia of monocalcium phosphate feed (MCP), and the only producer in Russia of nepheline concentrate.

The company's main products, including phosphite, 57 grades of fertilizer, phosphate feed, ammonium, and sodium tripolyphosphate, are used in around 100 countries on all inhabited continents. Our priority markets, besides Russia and the CIS, are Latin America, Europe, and Asia.

The company's shares are listed on the Moscow Exchange and its Global Depositary Receipts (GDRs) are listed on the London Stock Exchange (MOEX and LSE ticker: PHOR).

More information about PhosAgro PJSC can be found on our site: www.phosagro.ru

PJSC “PhosAgro”

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the three and nine months ended 30 September 2023

<i>RUB million</i>	Nine months ended		Three months ended	
	30 September	2022	30 September	2022
Revenues	328,885	459,423	116,133	122,914
Cost of Group products sold	(171,699)	(201,268)	(59,885)	(57,529)
Cost of products for resale	(12,964)	(12,122)	(2,356)	(4,728)
Gross profit	144,222	246,033	53,892	60,657
Administrative and selling overhead expenses	(23,659)	(35,135)	(8,507)	(6,705)
Taxes, other than income tax, net	(9,219)	(8,087)	(3,209)	(2,851)
Other expenses, net	(4,152)	(2,985)	(2,082)	(1,223)
Foreign exchange gain/(loss) from operating activities, net	19,824	(23,039)	6,122	6,735
Operating profit	127,016	176,787	46,216	56,613
Finance income	2,060	3,657	805	1,748
Finance costs	(5,737)	(10,672)	(2,151)	(1,162)
Foreign exchange (loss)/gain from financing activities, net	(45,945)	38,341	(17,968)	(11,928)
Profit before tax	77,394	208,113	26,902	45,271
Income tax expense	(20,619)	(42,612)	(11,624)	(8,818)
Profit for the period	56,775	165,501	15,278	36,453
Attributable to:				
Non-controlling interests*	19	6	16	2
Shareholders of the Company	56,756	165,495	15,262	36,451
Basic and diluted earnings per share (in RUB)	438	1,278	118	282
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation difference	-	(2,929)	-	-
Foreign currency translation difference reclassified to profit or loss upon loss of control over subsidiaries	-	(6,302)	-	-
Actuarial losses reclassified to profit or loss upon loss of control over subsidiaries	-	61	-	-
Other comprehensive loss for the period	-	(9,170)	-	-
Total comprehensive income for the period	56,775	156,331	15,278	36,453
Attributable to:				
Non-controlling interests*	19	6	16	2
Shareholders of the Parent	56,756	156,325	15,262	36,451

*Non-controlling interests are the minority shareholders of the subsidiaries of PJSC “PhosAgro”

PJSC “PhosAgro”

Consolidated Interim Condensed Statement of Financial Position as at 30 September 2023

<i>RUB million</i>	30 September 2023	31 December 2022
Assets		
Property, plant and equipment	292,595	274,522
Other non-current assets	12,504	8,546
Deferred tax assets	10,237	7,903
Advances issued for property, plant and equipment	9,370	9,270
Non-current spare parts	7,873	5,125
Right-of-use assets	7,121	4,277
Catalysts	2,681	1,965
Intangible assets	2,299	2,099
Investments in associates	648	592
Non-current assets	345,328	314,299
Trade and other receivables	57,440	75,741
Inventories	44,084	39,349
Cash and cash equivalents	36,424	13,356
VAT and other taxes receivable	10,272	12,565
Income tax receivable	1,258	93
Other financial assets	352	210
Current assets	149,830	141,314
Total assets	495,158	455,613
Equity		
Share capital	372	372
Share premium	7,494	7,494
Retained earnings	153,016	190,664
Actuarial losses	(968)	(968)
Equity attributable to shareholders of the Parent	159,914	197,562
Equity attributable to non-controlling interests	46	158
Total equity	159,960	197,720
Liabilities		
Loans and borrowings	181,870	109,784
Deferred tax liabilities	11,204	17,820
Lease liabilities	2,868	1,660
Defined benefit obligations	1,079	1,050
Non-current liabilities	197,021	130,314
Loans and borrowings	78,146	80,974
Trade and other payables	32,429	39,412
Dividends payable	14,716	82
Income tax payable	6,592	203
VAT and other taxes payable	4,901	5,632
Lease liabilities	1,393	1,276
Current liabilities	138,177	127,579
Total equity and liabilities	495,158	455,613

PJSC "PhosAgro"

Consolidated Interim Condensed Statement of Cash Flows for the nine months ended 30 September 2023

<i>RUB million</i>	Nine months ended	
	30 September	
	2023	2022
Cash flows from operating activities		
Operating profit	127,016	176,787
<i>Adjustments for:</i>		
Depreciation and amortisation	24,082	22,651
Loss on disposal of property, plant and equipment and intangible assets	186	260
Operating profit before changes in working capital and provisions	151,284	199,698
Decrease in trade and other receivables ¹	16,783	27,258
Decrease in trade and other payables ¹	(9,821)	(15,393)
Increase in inventories, catalysts and non-current spare parts	(7,495)	(9,955)
Cash flows from operations before income taxes and interest paid	150,751	201,608
Income tax paid	(24,345)	(38,391)
Finance costs paid	(5,254)	(3,820)
Cash flows from operating activities	121,152	159,397
Cash flows from investing activities		
Interest income	1,174	3,191
Acquisition of property, plant and equipment and intangible assets	(40,158)	(41,998)
Borrowing cost capitalized paid	(1,246)	(718)
Advances issued for right-of-use assets	(94)	(419)
Cash and cash equivalents disposed as a result of loss of control over subsidiaries	-	(36,729)
Loans issued	-	(3,130)
Proceeds from disposal of financial assets measured at fair value through profit or loss	-	1,778
Other	149	167
Cash flows used in investing activities	(40,175)	(77,858)
Cash flows from financing activities		
Proceeds from borrowings, net of transaction costs	120,953	31,082
Repayment of borrowings	(104,724)	(22,293)
Refund of dividends paid ²	14,716	-
Dividends paid to shareholders of the Parent	(94,487)	-
Lease payments	(1,032)	(1,119)
Dividends paid to non-controlling interests	(131)	-
Cash flows (used in)/ from financing activities	(64,705)	7,670
Net increase in cash and cash equivalents	16,272	89,209
Cash and cash equivalents at 1 January	13,356	21,710
Effect of exchange rates fluctuations	6,796	(3,990)
Cash and cash equivalents at 30 September	36,424	106,929

¹ Changes in trade and other receivables and changes in trade and other payables include effect of foreign exchange differences from operating activities.

² The Group received cash refund from depositories paid as dividends to parties who were entitled to receive them, but didn't receive dividends due to reasons beyond the depositories' control.