



## 4Q and FY 2019 Operating Results: PhosAgro Boosts Fertilizer Production to a Record 9.5 Million Tonnes in 2019

**Moscow, Russia – 29 January 2020 – PhosAgro (MOEX/LSE ticker: PHOR), one of the world’s leading vertically integrated phosphate-based fertilizer producers, announces that its 4Q 2019 fertilizer sales volumes increased by 16% year-on-year to 2.3 million tonnes.**

Total fertilizer production in 4Q 2019 increased by 2.8% year-on-year to 2,358.9 kt. Fertilizer and feed phosphate output for FY 2019 grew by 6.1% year-on-year to a record 9,521.8 kt.

Phosphate rock and nepheline concentrate production in 4Q 2019 rose by 3.2% year-on-year to 2,897.0 kt. For FY 2019, the output of phosphate rock and nepheline concentrate was up by 5.8% year-on-year and reached 11,694.7 kt.

Sales of phosphate-based fertilizers in 4Q 2019 grew by 16.6% year-on-year to 1,738.4 kt. Sales of phosphate-based fertilizers for FY 2019 increased by 9.4% year-on-year and reached 7,255.0 kt.

Sales of nitrogen fertilizers in 4Q 2019 rose by 14.5% year-on-year and amounted to 537.1 kt. Sales of nitrogen fertilizers for FY 2019 increased by 0.1% year-on-year and amounted to 2,197.3 kt.

Sales of phosphate rock and nepheline concentrate in 4Q 2019 grew by 4.6% year-on-year and amounted to 1,152.9 kt. For FY 2019, sales of phosphate rock and nepheline concentrate increased by 12.6% year-on-year and amounted to 4,446.2 kt.

### PhosAgro production and sales volumes

Production volume by category						
(kt)	4Q 2019	4Q 2018	Chg y/y	FY 2019	FY 2018	Chg y/y
Phosphate-based & MCP	1,780.3	1,741.0	2.3%	7,271.3	6,852.0	6.1%
Nitrogen-based	578.6	553.0	4.6%	2,250.5	2,123.0	6.0%
<b>TOTAL fertilizers</b>	<b>2,358.9</b>	<b>2,294.0</b>	<b>2.8%</b>	<b>9,521.8</b>	<b>8,975.0</b>	<b>6.1%</b>
Phosphate rock and nepheline concentrate	2,897.0	2,806.7	3.2%	11,694.7	11,052.6	5.8%
Other products	44.6	52.3	-14.8%	177.5	204.0	-13.0%

Sales volumes by category						
(kt)	4Q 2019	4Q 2018	Chg y/y	FY 2019	FY 2018	Chg y/y
Phosphate-based & MCP	1,738.4	1,491.5	16.6%	7,255.0	6,634.7	9.4%
Nitrogen-based	537.1	469.2	14.5%	2,197.3	2,195.6	0.1%
<b>TOTAL fertilizers</b>	<b>2,275.5</b>	<b>1,960.7</b>	<b>16.1%</b>	<b>9,452.4</b>	<b>8,830.2</b>	<b>7.1%</b>
Phosphate rock and nepheline concentrate	1,152.9	1,102.1	4.6%	4,446.2	3,947.3	12.6%
Other products	48.2	47.6	1.3%	185.6	182.3	1.8%

Commenting on the 4Q and FY 2019 operating results, PhosAgro CEO Andrey Guryev said:

“The Company continued its steady development in 2019 by unlocking the potential created during the previous investment cycle. Stable demand in our primary sales markets during the year made it possible to increase production volumes at our production facilities, and a balanced approach to ordinary maintenance enabled us to mitigate seasonal fluctuations in sales of our end product.

“As a result, fertilizer production surpassed 9.5 million tonnes in 2019, which was fully in line with the Company’s announced production guidance. This is a record level for us.

“Fertilizer production grew together with higher production volumes of feedstocks like phosphate rock, ammonia, sulphuric acid and phosphoric acid, which enabled us to maintain our self-sufficiency in these key inputs and guaranteed our cost advantage, thus increasing our global competitive position.

“PhosAgro’s flexible sales model enabled us to increase sales in 2019 to priority sales markets. For example, sales to the Russian and CIS markets grew by more than 10% year-on-year, exceeding 3 million tonnes, and sales to the European market over the same period increased by 28% to more than 2.6 million tonnes. As a result of this growth, these markets accounted for more than 32% and 28% of total sales volumes, respectively.

“Looking at fertilizer prices in late 2019 and early 2020, I would note that the price correction we saw throughout 2019 led to a large part of global producers reaching marginal profitability levels, which made the market more rational. This has laid the foundation for price growth in anticipation of seasonal recovery in demand.”

#### Production volumes by type

Production volumes by category						
(kt)	4Q 2019	4Q 2018	Chg y/y	FY 2019	FY 2018	Chg y/y
<b>Apatit mine and beneficiation plant</b>						
Phosphate rock	2,606.9	2,552.7	2.1%	10,506.6	10,067.0	4.4%
Nepheline concentrate	290.1	254.0	14.2%	1,188.1	985.7	20.5%
<b>TOTAL</b>	<b>2,897.0</b>	<b>2,806.7</b>	<b>3.2%</b>	<b>11,694.7</b>	<b>11,052.6</b>	<b>5.8%</b>
<b>Phosphate-based fertilizers</b>						
DAP/MAP	771.6	774.7	-0.4%	3,202.9	2,995.0	6.9%
NPK	672.7	692.8	-2.9%	2,770.4	2,799.0	-1.0%
NPS	155.3	120.7	28.6%	643.8	419.0	53.6%
APP	59.9	53.6	11.8%	193.4	216.0	-10.4%
MCP	99.3	92.4	7.5%	367.7	356.0	3.3%
PKS	21.5	6.8	216.1%	93.0	67.0	38.9%
<b>TOTAL fertilizers</b>	<b>1,780.3</b>	<b>1,741.0</b>	<b>2.3%</b>	<b>7,271.3</b>	<b>6,852.0</b>	<b>6.1%</b>
<b>Nitrogen-based fertilizers</b>						
AN	165.8	153.1	8.3%	566.4	533.0	6.3%
Urea	412.8	399.9	3.2%	1,684.1	1,590.0	5.9%
<b>TOTAL fertilizers</b>	<b>578.6</b>	<b>553.0</b>	<b>4.6%</b>	<b>2,250.5</b>	<b>2,123.0</b>	<b>6.0%</b>
<b>Other products</b>						
STPP	25.6	26.8	-4.5%	98.9	105.0	-5.8%
Other	19.0	25.5	-25.6%	78.5	99.0	-20.7%

<b>TOTAL other products</b>	<b>44.6</b>	<b>52.3</b>	<b>-14.8%</b>	<b>177.5</b>	<b>204.0</b>	<b>-13.0%</b>
<b>Feedstocks</b>						
Ammonia	460.1	465.0	-1.0%	1,930.2	1,866.0	3.4%
Phosphoric acid	663.9	622.6	6.6%	2,701.4	2,546.0	6.1%
Sulphuric acid	1,512.2	1,444.4	4.7%	6,123.0	5,732.0	6.8%
<b>TOTAL feedstocks</b>	<b>2,636.3</b>	<b>2,532.0</b>	<b>4.1%</b>	<b>10,754.6</b>	<b>10,144.0</b>	<b>6.0%</b>

In 4Q 2019, production in the phosphate and nitrogen segments increased by 2.3% and 4.6% year-on-year, respectively, due to an increase in productivity following the completion of technical upgrades at the Company's production facilities in Cherepovets and Balakovo at the end of the last year. This growth was partially limited by the large volume of scheduled maintenance conducted in 4Q 2019, which were moved to the end of the year amid expectations of a seasonal slowdown in demand.

Sulphuric acid production increased by 4.7% year-on-year to 1,512.2 kt due to upgrades to one of the production lines in Cherepovets in December 2018.

### Sales volumes by type

Sales volumes by category						
(kt)	4Q 2019	4Q 2018	Chg y/y	FY 2019	FY 2018	Chg y/y
<b>Apatit mine and beneficiation plant</b>						
Phosphate rock	857.9	845.0	1.5%	3,256.4	2,964.2	9.9%
Nepheline concentrate	295.0	257.2	14.7%	1,189.8	983.1	21.0%
<b>TOTAL</b>	<b>1,152.9</b>	<b>1,102.1</b>	<b>4.6%</b>	<b>4,446.2</b>	<b>3,947.3</b>	<b>12.6%</b>
<b>Phosphate-based fertilizers</b>						
DAP/MAP	694.8	644.5	7.8%	3,204.6	2,912.6	10.0%
NPK	670.2	603.4	11.1%	2,775.7	2,664.4	4.2%
NPS	177.6	101.4	75.1%	616.0	423.5	45.4%
APP	64.9	54.5	19.1%	198.4	209.4	-5.3%
MCP	122.9	84.4	45.6%	377.4	347.2	8.7%
PKS	8.1	3.3	142.2%	82.9	77.6	6.9%
<b>TOTAL fertilizers</b>	<b>1,738.4</b>	<b>1,491.5</b>	<b>16.6%</b>	<b>7,255.0</b>	<b>6,634.7</b>	<b>9.4%</b>
<b>Nitrogen-based fertilizers</b>						
AN	115.0	136.2	-15.5%	506.4	595.3	-14.9%
Urea	422.0	333.0	26.7%	1,690.9	1,600.3	5.7%
<b>TOTAL fertilizers</b>	<b>537.1</b>	<b>469.2</b>	<b>14.5%</b>	<b>2,197.3</b>	<b>2,195.6</b>	<b>0.1%</b>
<b>Other products</b>						
STPP	25.9	23.0	12.2%	103.5	98.6	4.9%
Other	22.4	24.5	-8.9%	82.2	83.7	-1.8%
<b>TOTAL other products</b>	<b>48.2</b>	<b>47.6</b>	<b>1.3%</b>	<b>185.6</b>	<b>182.3</b>	<b>1.8%</b>

In 4Q 2019, PhosAgro's fertilizer sales rose by 16.1% year-on-year to 2,275.5 kt thanks to the favourable price ratio for agricultural products and fertilizers. Another factor behind the substantial increase in sales was the low base effect from 4Q 2018, when transport restrictions in Europe prevented the complete sale of traders' stocks.

In 4Q 2019, sales of phosphate-based fertilizers grew by 16.6% year-on-year to 1,738.4 kt, mainly driven by increased sales of NPK and NPS fertilizers, which enjoyed more stable prices compared to

DAP/MAP, and the premium for nutrients increased. Thus, the share of NPK(S) grades in the phosphate segment increased to almost 49% (from 47% in 4Q 2018).

In addition, PhosAgro increased sales of MCP by 45.6% year-on-year to 122.9 kt thanks to successful efforts to promote this product in the US market.

Phosphate-based fertilizers were mainly delivered to Europe, India and Latin America, where there was a more favourable pricing environment relative to the North American market. Sales in our priority domestic market in 4Q 2019 increased by 15.0% year-on-year due to the earlier start of seasonal demand and an effective distribution system that enables the Company to quickly respond to market changes.

In 4Q 2019, sales of nitrogen-based fertilizers rose by 14.5% year-on-year to 537.1 kt thanks to the start of seasonal demand for urea in world markets alongside affordable prices.

### Sales volumes by key markets

Sales volumes by region						
Phosphate-based fertilizers						
(Kt)	4Q 2019	4Q 2018	Chg y/y	FY 2019	FY 2018	Chg y/y
Russia	268.1	233.2	15.0%	2,194.7	1,927.6	13.9%
North America	165.9	303.5	-45.3%	592.4	849.0	-30.2%
Latin America	409.6	356.6	14.9%	1,033.8	1,150.0	-10.1%
Europe	580.2	455.2	27.4%	2,098.7	1,631.7	28.6%
CIS	53.9	65.5	-17.7%	367.5	316.7	16.1%
Other	260.7	77.5	236.5%	967.8	759.7	27.4%

  

Nitrogen-based fertilizers						
(Kt)	4Q 2019	4Q 2018	Chg y/y	FY 2019	FY 2018	Chg y/y
Russia	121.1	105.9	14.4%	492.4	503.8	-2.3%
North America	89.2	56.8	57.0%	289.5	263.3	10.0%
Latin America	163.1	173.6	-6.1%	710.5	856.6	-17.1%
Europe	122.9	84.2	45.9%	535.3	418.3	28.0%
CIS	0.0	0.0	0.0%	13.4	13.6	-1.4%
Other	40.8	48.6	-16.1%	156.3	139.9	11.7%

### Main market factors

The prices of the main phosphate-based fertilizers continued to decrease in 4Q 2019 due to the end of seasonal demand in the key markets of Asia (India) and Latin America (Brazil, Argentina), along with weak demand coming from the United States and Western Europe.

At the end of December 2019, the world's leading producers in Morocco, the United States and China announced plans to reduce production in order to stabilise prices in global markets.

In addition, seasonal demand in the markets of Europe and North America is expected to grow in 1Q 2020, and favourable weather conditions in India will help reduce inventories and, as a consequence, lead to earlier resumption of import demand.

The affordability of fertilizers relative to prices for agricultural products will remain the main driver behind the restoration of global prices for phosphate-based fertilizers in the short term.

All of the above factors have already started supporting demand for fertilizers in January 2020 and have led to a recovery in prices for the main product groups.

## **Contacts**

PJSC PhosAgro

Andrey Serov, Head of Investor Relations Department

+7 495 232 9689 ext 2187

[ir@phosagro.ru](mailto:ir@phosagro.ru)

Timur Belov, Press Officer

+7 495 232 9689

EM

Sam VanDerlip

[vanderlip@em-comms.com](mailto:vanderlip@em-comms.com)

+44 207 002 7859

Dmitry Zhadan

[zhadan@em-comms.com](mailto:zhadan@em-comms.com)

+7 916 770-89-09

## **About the Company**

PhosAgro ([www.phosagro.ru](http://www.phosagro.ru)) 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 P<sub>2</sub>O<sub>5</sub> content of 39% and higher.

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 P<sub>2</sub>O<sub>5</sub> content of 39%, 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, 39 grades of fertilizers, feed phosphates, ammonia, and sodium tripolyphosphate, which are used by customers in 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 depository 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.

More information about PhosAgro can be found on the website: [www.phosagro.ru](http://www.phosagro.ru).