



1Q 2020 Operating Results: PhosAgro Increases Fertilizer Sales Amid Record Demand in the Russian Market

Moscow – PhosAgro (MOEX/LSE ticker: PHOR), one of the world’s leading vertically integrated phosphate-based fertilizer producers, announces that its fertilizer sales in 1Q 2020 increased by 10% year-on-year to 2.8 million tonnes.

1Q 2020 highlights

Production of phosphate rock and nepheline concentrate increased by 0.9% year-on-year to 2,995.0 kt. Production rose by 2.0% quarter-on-quarter.

Total fertilizer production in 1Q 2020 amounted to 2,546.6 kt. Year-on-year growth of 8.6% was due to upgrades to production capacities and efficiency gains achieved during the previous year. Total fertilizer production was up 8.0% quarter-on-quarter.

Sales of phosphate-based fertilizers grew by 8.2% year-on-year to 2,087.2 kt. The increase reached 20.1% quarter-on-quarter on the back of a recovery in seasonal demand and positive demand expectations for agricultural products.

Sales of nitrogen-based fertilizers rose by 13.8% year-on-year and amounted to 702.8 kt. In quarter-on-quarter terms the growth was 30.9%.

Domestic fertilizer sales accounted for 33% of the total in 1Q 2020 (compared with 17% in 4Q 2019 and 24% 1Q 2019), driven by the Company’s focus on its priority Russian market and the strong recovery in domestic demand.

PhosAgro production and sales volumes

| Production volumes by category | | | | | |
|--|----------------|----------------|-------------|----------------|-------------|
| (kt) | 1Q 2020 | 1Q 2019 | Chg y/y | 4Q 2019 | Chg q/q |
| Phosphate-based & MCP | 1,929.1 | 1,777.6 | 8.5% | 1,780.3 | 8.4% |
| Nitrogen-based fertilizers | 617.5 | 567.6 | 8.8% | 578.6 | 6.7% |
| TOTAL fertilizers | 2,546.6 | 2,345.2 | 8.6% | 2,358.9 | 8.0% |
| Phosphate rock and nepheline concentrate | 2,955.0 | 2,928.1 | 0.9% | 2,897.0 | 2.0% |
| Other products | 50.1 | 48.3 | 3.8% | 44.6 | 12.5% |

| Sales volumes by category | | | | | |
|--|----------------|----------------|-------------|----------------|--------------|
| (kt) | 1Q 2020 | 1Q 2019 | Chg y/y | 4Q 2019 | Chg q/q |
| Phosphate-based & MCP | 2,087.2 | 1,929.0 | 8.2% | 1,738.5 | 20.1% |
| Nitrogen-based fertilizers | 702.8 | 617.4 | 13.8% | 537.0 | 30.9% |
| TOTAL fertilizers | 2,790.0 | 2,546.4 | 9.6% | 2,275.5 | 22.6% |
| Phosphate rock and nepheline concentrate | 1,075.7 | 1,121.7 | -4.1% | 1,152.9 | -6.7% |
| Other products | 51.6 | 49.2 | 4.8% | 48.3 | 6.8% |

PhosAgro CEO Andrey Guryev said:

“The world is currently facing an unprecedented challenge: the novel coronavirus pandemic declared by the World Health Organization on 11 March 2020, which has created significant risks for the global economy and for business.

“During this challenging time, we, as part of the global fertilizer industry, are aware of our contribution to food security both in Russia and globally.

“Our employees are our greatest asset. To protect the frontline staff involved in maintaining the safe functioning of our uninterrupted cycle production facilities, we have put in place special operating procedures and are proactively undertaking a number of preventative measures to reduce the risk of the spread of infection. All other employees are already working remotely. To date there have been no confirmed cases of coronavirus infection at our facilities, and during the first quarter facilities that operate on an uninterrupted production cycle were able to increase output across all key products.

“Thanks to timely maintenance work carried out during the low season and technical upgrades to our production units, the efficiency of our production lines has improved, downtime has been reduced and bottlenecks have been eliminated, which has enabled an increase in the production of fertilizers.

“In addition, we began to ramp up new lines for the production of ammonium sulphate and sulphuric acid with nameplate capacities of 300 kt and 1,100 kt per year, respectively. These should further bolster the Company’s position as an integrated producer of fertilizers with high environmental characteristics.

“Seeing a record increase in demand in the first quarter, we redirected supplies to our domestic market. As a result, the Russian market’s share in total sales increased to 33%. A significant increase in purchases for spring field work, which started earlier this year and has been much more intense, can be attributed to the large increase in agricultural production last year, which was the result of the introduction of sound government policies in the agricultural sector and support from fertilizer producers.

“In terms of the global fertilizer market, fertilizer prices began to recover in the first quarter on the back of seasonal recovery in demand. Prices also got a boost during this period from a global reduction in supply due to weak profitability for producers, as well as measures introduced to counteract the spread of the coronavirus.”

Production volumes by type

| Production volumes by category | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|
| (kt) | 1Q 2020 | 1Q 2019 | Chg y/y | 4Q 2019 | Chg q/q |
| Phosphate rock | 2,669.6 | 2,637.3 | 1.2% | 2,606.9 | 2.4% |

| | | | | | |
|------------------------------------|----------------|----------------|--------------|----------------|--------------|
| Nepheline concentrate | 285.3 | 290.8 | -1.9% | 290.1 | -1.7% |
| TOTAL | 2,955.0 | 2,928.1 | 0.9% | 2,897.0 | 2.0% |
| Phosphate-based fertilizers | | | | | |
| DAP/MAP | 837.4 | 812.9 | 3.0% | 771.6 | 8.5% |
| NPK | 693.4 | 599.8 | 15.6% | 672.7 | 3.1% |
| NPS | 209.0 | 198.3 | 5.4% | 155.3 | 34.6% |
| APP | 58.7 | 49.6 | 18.3% | 59.9 | -2.0% |
| MCP | 100.3 | 96.5 | 4.0% | 99.3 | 1.0% |
| PKS | 30.2 | 20.5 | 47.6% | 21.5 | 40.5% |
| TOTAL fertilizers | 1,929.1 | 1,777.6 | 8.5% | 1,780.3 | 8.4% |
| Nitrogen-based fertilizers | | | | | |
| AN | 181.9 | 145.3 | 25.2% | 165.8 | 9.7% |
| Urea | 435.5 | 422.2 | 3.1% | 412.8 | 5.5% |
| TOTAL fertilizers | 617.5 | 567.6 | 8.8% | 578.6 | 6.7% |
| Other products | | | | | |
| STPP | 25.9 | 26.2 | -1.2% | 25.6 | 1.2% |
| Other | 24.2 | 22.1 | 9.7% | 19.0 | 27.7% |
| TOTAL other products | 50.1 | 48.3 | 3.8% | 44.6 | 12.5% |
| Feedstocks | | | | | |
| Ammonia | 507.6 | 491.6 | 3.2% | 460.1 | 10.3% |
| Phosphoric acid | 695.8 | 673.9 | 3.3% | 663.9 | 4.8% |
| Sulphuric acid | 1,679.9 | 1,498.4 | 12.1% | 1,512.2 | 11.1% |
| Ammonium sulphate | 67.2 | 0.0 | - | 0.0 | - |
| TOTAL feedstocks | 2,950.5 | 2,663.9 | 10.8% | 2,636.3 | 11.9% |

In 1Q 2020, production in the phosphate and nitrogen segments increased by 8.5% and 8.8% year-on-year, respectively, thanks to the completion of upgrades to key production equipment at our plants in Cherepovets and Balakovo. The majority of work focussed on refurbishment of phosphoric acid production systems, namely, increasing the depth of processing of phosphate rock (improving the P₂O₅ recovery ratio) and making it possible to use different concentrations of phosphoric acid, which helped to optimise production time while maintaining fertilizer quality. An additional growth factor was the completion of some overhauls at the end of last year, which increased the productivity of current fertilizer production lines.

Ammonia production in 1Q 2020 amounted to 507.6 kt, an increase of 10.3% from 4Q 2019 due to the completion of planned maintenance at the end of the year.

Sulphuric acid production increased by 12.1% year-on-year and by 11.1% quarter-on-quarter to 1,679.9 kt due to the completion a new sulphuric acid production line in Cherepovets and the ramp-up of

production. With a nameplate capacity of up to 1,100 kt per year, the new line should increase the Company's self-sufficiency in this feedstock.

As part of the strategy to 2025, PhosAgro launched and ramped up its production line for synthetic ammonium sulphate in Cherepovets to full capacity (up to 300 kt per year), which will enable the enterprise to reduce its purchases of ammonium sulphate – a feedstock for the production of NPK(S) grades of sulphates – by more than 50%.

Sales volumes by type

| Sales volumes by category | | | | | |
|------------------------------------|----------------|----------------|--------------|----------------|--------------|
| (kt) | 1Q 2020 | 1Q 2019 | Chg y/y | 4Q 2019 | Chg q/q |
| Phosphate rock | 791.0 | 825.7 | -4.2% | 857.9 | -7.8% |
| Nepheline concentrate | 284.7 | 296.0 | -3.8% | 295.0 | -3.5% |
| TOTAL | 1,075.7 | 1,121.7 | -4.1% | 1,152.9 | -6.7% |
| Phosphate-based fertilizers | | | | | |
| DAP/MAP | 924.9 | 944.3 | -2.1% | 694.8 | 33.1% |
| NPK | 781.6 | 655.9 | 19.2% | 670.2 | 16.6% |
| NPS | 199.4 | 169.5 | 17.6% | 177.6 | 12.3% |
| APP | 63.1 | 61.8 | 2.1% | 64.9 | -2.8% |
| MCP | 97.4 | 87.3 | 11.5% | 122.9 | -20.8% |
| PKS | 20.9 | 10.2 | 104.8% | 8.1 | 157.9% |
| TOTAL fertilizers | 2,087.2 | 1,929.0 | 8.2% | 1,738.5 | 20.1% |
| Nitrogen-based fertilizers | | | | | |
| AN | 236.0 | 170.6 | 38.4% | 115.0 | 105.3% |
| Urea | 466.8 | 446.8 | 4.5% | 422.0 | 10.6% |
| TOTAL fertilizers | 702.8 | 617.4 | 13.8% | 537.0 | 30.9% |
| Other products | | | | | |
| STPP | 26.1 | 25.9 | 0.8% | 25.9 | 0.8% |
| Other | 25.5 | 23.3 | 9.1% | 22.4 | 13.7% |
| TOTAL other products | 51.6 | 49.2 | 4.8% | 48.3 | 6.8% |

In 1Q 2020, PhosAgro's fertilizer sales rose 9.6% year-on-year to 2,790.0 kt. The main increase in sales took place in Russia and Europe, where the recovery in seasonal demand was bolstered by an expected boost in demand for agricultural products.

Fertilizer sales in 1Q 2020 were up 22.6% quarter-on-quarter, outpacing the increase in the rate of production during the same period by a wide margin. This significant increase in sales was possible due to the selling down of stockpiles traditionally created during the low season in response to record high demand in the domestic market.

Sales of phosphate-based fertilizers grew by 8.2% year-on-year to 2,087.2 kt. This growth was due to the strong recovery in seasonal demand in Russia and Europe, which resulted in higher sales of DAP/MAP and NPK(S) grades against a backdrop of affordable fertilizer prices relative to agricultural products.

Sales of nitrogen-based fertilizers rose by 13.8% year-on-year to 702.8 kt mainly due to increased demand for ammonium nitrate in the Russian market, which saw stronger seasonal demand compared with export markets. Sales increased by 30.9% quarter-on-quarter.

Sales volumes by key markets

| Sales volumes by region | | | | | |
|-----------------------------|----------------|----------------|-------------|----------------|--------------|
| Phosphate-based fertilizers | | | | | |
| (kt) | 1Q 2020 | 1Q 2019 | Chg y/y | 4Q 2019 | Chg q/q |
| Russia | 626.1 | 415.2 | 50.8% | 268.1 | 133.5% |
| North America | 120.1 | 327.0 | -63.3% | 165.9 | -27.6% |
| Latin America | 170.0 | 242.6 | -29.9% | 409.6 | -58.5% |
| Europe | 721.1 | 624.0 | 15.6% | 580.2 | 24.3% |
| CIS | 102.8 | 120.3 | -14.6% | 53.9 | 90.6% |
| Other | 347.1 | 200.0 | 73.6% | 260.7 | 33.2% |
| Total | 2,087.2 | 1,929.0 | 8.2% | 1,738.5 | 20.1% |

| Nitrogen-based fertilizers | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| (kt) | 1Q 2020 | 1Q 2019 | Chg y/y | 4Q 2019 | Chg q/q |
| Russia | 290.5 | 195.2 | 48.8% | 121.1 | 139.9% |
| North America | 67.1 | 84.9 | -21.0% | 89.2 | -24.8% |
| Latin America | 121.7 | 111.6 | 9.1% | 163.1 | -25.4% |
| Europe | 166.6 | 205.2 | -18.8% | 122.9 | 35.6% |
| CIS | 7.8 | 7.2 | 8.8% | 0.0 | - |
| Other | 49.1 | 13.4 | 266.4% | 40.7 | 20.6% |
| Total | 702.8 | 617.4 | 13.8% | 537.0 | 30.9% |

The main destinations of phosphate-based fertilizers in 1Q 2020 were Russia and Europe, which saw a stronger recovery in seasonal demand relative to the North American and Latin American markets.

Sales of nitrogen-based fertilizers in 1Q 2020 increased due to the strong recovery of seasonal demand in Russia on the back of an expected increase in demand for agricultural products and the completion of seasonal purchases of nitrogen fertilizers in Latin America.

Market highlights

Phosphate-based fertilizers

Market prices for phosphate-based fertilizers recovered by USD 30–40/tonne in 1Q 2020 as a result of lower production by a number of companies in Morocco and the United States. The supply volume was also affected by a decrease in fertilizer production in China as a result of the coronavirus epidemic.

An additional factor pushing prices higher was the increase in seasonal demand in major sales markets. The biggest increases in demand were seen in Russia, Europe and Africa.

Urea/nitrogen fertilizers:

Market prices for nitrogen fertilizers were supported by seasonal demand in Russia, Europe and Central America, as well as the completion of the active season in Brazil. An additional supporting factor was the lack of exports from China due to restrictions introduced in 1Q 2020 in order to prevent the further spread of the coronavirus.

Contacts

PJSC PhosAgro
Andrey Serov, Head of the Investor Relations Department
+7 495 232 9689 ext. 2187
ir@phosagro.ru

Timur Belov, Press Officer
+7 495 232 9689 ext. 2652
pr@phosagro.ru

EM
Sam VanDerlip
vanderlip@em-comms.com
+44 207 002 7859

About the Company

PhosAgro (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 P₂O₅ 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 P₂O₅ content of 39%, a leading 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.

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 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.

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