



## 2Q and 1H 2020 Operating Results: PhosAgro Breaks 5 mln Tonne Record for Fertilizer Production in Half Year, Increasing Production by Nearly 7%

**Moscow** – PhosAgro (the “Company”, the “Group”, MOEX, LSE: PHOR), one of the world’s leading vertically-integrated phosphate-based fertilizer producers, reports that fertilizer sales increased by 10% year-on-year to 5.2 million tonnes in 1H 2020.

### 2Q and 1H 2020 highlights

In 1H 2020, production of phosphate rock and nepheline concentrate increased by 1.2% year-on-year to 5.9 million tonnes. In 2Q 2020, production increased by 1.6% year-on-year to 2,976.4 thousand tonnes.

In 1H 2020, fertilizer production increased by almost 7% year-on-year to 5.0 million tonnes. This growth was the result of upgrades to production capacities and efficiency gains achieved during the previous year. Total fertilizer production in 2Q 2020 amounted to 2,458.6 thousand tonnes, an increase of 4.3% year-on-year.

Fertilizer sales in 1H 2020 increased by more than 10% year-on-year to 5.2 million tonnes due to positive performance in the Company’s priority sales markets. In 2Q 2020 fertilizer sales amounted to 2,392.9 thousand tonnes, an increase of 10.8% year-on-year.

Domestic fertilizer sales accounted for 30% of the total in 1H 2020, the same as a year earlier.

### PhosAgro production and sales volumes

Production volumes by category						
(kt)	1H 2020	1H 2019	Chg	2Q 2020	2Q 2019	Chg
Phosphate-based & MCP	3,807.5	3,559.8	7.0%	1,869.6	1,782.2	4.9%
Nitrogen-based fertilizers	1,206.4	1,141.8	5.7%	589.0	574.2	2.6%
<b>TOTAL fertilizers</b>	<b>5,013.9</b>	<b>4,701.6</b>	<b>6.6%</b>	<b>2,458.6</b>	<b>2,356.4</b>	<b>4.3%</b>
Phosphate rock and nepheline concentrate	5,931.3	5,858.7	1.2%	2,976.4	2,930.5	1.6%
Other products	101.6	86.9	16.9%	51.5	39.9	29.1%

Sales volumes by category						
(kt)	1H 2020	1H 2019	Chg	2Q 2020	2Q 2019	Chg
Phosphate-based & MCP	3,876.7	3,557.8	9.0%	1,789.4	1,628.8	9.9%
Nitrogen-based fertilizers	1,306.3	1,148.3	13.8%	603.5	530.9	13.7%
<b>TOTAL fertilizers</b>	<b>5,183.0</b>	<b>4,706.1</b>	<b>10.1%</b>	<b>2,392.9</b>	<b>2,159.7</b>	<b>10.8%</b>
Phosphate rock and nepheline concentrate	2,159.7	2,263.7	-4.6%	1,084.0	1,142.0	-5.1%
Other products	90.7	89.7	1.1%	39.1	40.5	-3.5%

## PhosAgro CEO Andrey Guryev said:

“Given the ongoing epidemic risks, ensuring the safety of PhosAgro’s workforce remains the Company’s priority. Our enterprises continue to implement the comprehensive measures introduced when we saw the first signs of the impending pandemic. The issue of the safety of the Company’s employees is inseparable from ensuring the health, including protection against the virus, of all of the residents of the cities where we operate. Due to the pandemic, we have bolstered our traditional support for local hospitals and clinics by purchasing needed equipment, including personal protective equipment.

“Separately, I am proud to note a 40% year-on-year decrease in LTIFR in the first half of 2020 to 0.54 (compared to 0.9 for the first six months of 2019). We did not have any fatal accidents during this period.

“This positive development was the result of a comprehensive programme to transform PhosAgro’s safety culture in an effort to prevent accidents and injuries. Every incident and potentially dangerous situation is investigated, and preventive measures are taken to prevent similar incidents from occurring in the future.

“Looking at the Company’s operating results for the first half of 2020, I would like to note that at a time when the world has been facing a challenging situation with the COVID-19 pandemic, we were able to increase fertilizer production by nearly 7% year-on-year, while sales of finished products grew by 10% to 5.2 million tonnes.

“I would also highlight the 12% increase in sales of phosphate-based fertilizers to Russian farmers. This is a very important indicator for us: we consider the Russian market a priority, and we aim to further strengthen our positions in Russia as part of our long-term development strategy.

“In terms of global fertilizer markets, prices in the second quarter remained stable, with an upward trend, despite the end of seasonal demand in Europe, the United States and Russia. At the same time, we saw higher demand in the markets of India and Latin America.”

## Production volumes by type

Production volumes by category						
(kt)	1H 2020	1H 2019	Chg	2Q 2020	2Q 2019	Chg
Phosphate rock	5,354.2	5,258.4	1.8%	2,684.6	2,621.0	2.4%
Nepheline concentrate	577.1	600.3	-3.9%	291.8	309.5	-5.7%
<b>TOTAL</b>	<b>5,931.3</b>	<b>5,858.7</b>	<b>1.2%</b>	<b>2,976.4</b>	<b>2,930.5</b>	<b>1.6%</b>
<b>Phosphate-based fertilizers</b>						
DAP/MAP	1,617.1	1,611.9	0.3%	770.8	799.0	-3.5%
NPK	1,386.6	1,301.4	6.5%	693.2	701.6	-1.2%
NPS	444.0	311.4	42.6%	235.0	113.1	107.8%
APP	116.7	85.6	36.3%	58.0	36.0	61.1%
MCP	202.2	185.9	8.8%	101.9	89.4	14.0%
PKS	40.9	63.6	-35.7%	10.7	43.1	-75.2%
<b>TOTAL</b>	<b>3,807.5</b>	<b>3,559.8</b>	<b>7.0%</b>	<b>1,869.6</b>	<b>1,782.2</b>	<b>4.9%</b>
<b>Nitrogen-based fertilizers</b>						
AN	362.8	283.8	27.8%	180.9	138.5	30.6%
Urea	843.6	858.0	-1.7%	408.1	435.7	-6.3%
<b>TOTAL</b>	<b>1,206.4</b>	<b>1,141.8</b>	<b>5.7%</b>	<b>589.0</b>	<b>574.2</b>	<b>2.6%</b>
<b>TOTAL fertilizers</b>	<b>5,013.9</b>	<b>4,701.6</b>	<b>6.6%</b>	<b>2,458.6</b>	<b>2,356.4</b>	<b>4.3%</b>
<b>Other products</b>						
STPP	47.6	52.1	-8.6%	21.7	25.9	-16.2%
Other	54.0	34.8	55.0%	29.8	14.0	112.9%
<b>TOTAL other products</b>	<b>101.6</b>	<b>86.9</b>	<b>16.9%</b>	<b>51.5</b>	<b>39.9</b>	<b>29.1%</b>

Feedstocks						
Ammonia	1,012.6	985.6	2.7%	505.0	494.0	2.2%
Phosphoric acid	1,380.6	1,349.2	2.3%	684.8	675.3	1.4%
Sulphuric acid	3,393.9	3,020.3	12.4%	1,714.0	1,521.9	12.6%
Ammonium sulphate	143.1	0.0	n/a	75.9	0.0	n/a
<b>TOTAL feedstocks</b>	<b>5,930.2</b>	<b>5,355.1</b>	<b>10.7%</b>	<b>2,979.7</b>	<b>2,691.2</b>	<b>10.7%</b>

In 1H 2020, production in the phosphate segment grew 7.0% year-on-year due to higher productivity of existing production lines for phosphoric acid and phosphate-based fertilizers. This was made possible through improvements to the technology used to produce phosphoric acid and the completion of upgrades to fertilizer production lines at the end of last year. In 2Q 2020, fertilizer production increased 4.9% year-on-year.

In the nitrogen segment, production in 1H 2020 increased by 5.7% year-on-year due to a 27.8% increase in the production of ammonium nitrate to 362.8 thousand tonnes. This was made possible thanks to the launch of a new production line for nitric acid, which is the main feedstock in the production of ammonium nitrate, and maintenance on the existing line, which increased hourly productivity.

In 1H 2020, sulphuric acid production increased by 12.4% year-on-year to 3.4 million tonnes due to the launch of test production runs at the new sulphuric acid production line in Cherepovets in the middle of 1Q 2020. This also had an impact on year-on-year production growth in 2Q 2020. 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-2025, PhosAgro 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 external purchases of ammonium sulphate by more than 50%. Synthetic ammonium sulphate is used as a feedstock for the production of sulphur-containing NPK(S) grades of fertilizers, and it reduces their production cost compared with purchased ammonium sulphate.

## Sales volumes by type

Sales volumes by category						
(kt)	1H 2020	1H 2019	Chg	2Q 2020	2Q 2019	Chg
Phosphate rock	1,581.6	1,657.1	-4.6%	790.6	831.4	-4.9%
Nepheline concentrate	578.1	6066	-4.7%	2934	310.6	-5.5%
<b>TOTAL</b>	<b>2,159.7</b>	<b>2,263.7</b>	<b>-4.6%</b>	<b>1,084.0</b>	<b>1,142.0</b>	<b>-5.1%</b>
<b>Phosphate-based fertilizers</b>						
DAP/MAP	1,745.6	1,602.5	8.9%	820.7	658.2	24.7%
NPK	1,357.3	1,337.1	1.5%	575.7	681.2	-15.5%
NPS	419.7	286.5	46.5%	220.3	117.0	88.3%
APP	109.8	101.2	8.5%	46.7	39.4	18.5%
MCP	199.5	181.0	10.2%	102.1	93.7	9.0%
PKS	44.8	49.5	-9.5%	23.9	39.3	-39.2%
<b>TOTAL</b>	<b>3,876.7</b>	<b>3,557.8</b>	<b>9.0%</b>	<b>1,789.4</b>	<b>1,628.8</b>	<b>9.9%</b>
<b>Nitrogen-based fertilizers</b>						
AN	394.4	275.1	43.4%	158.4	104.5	51.6%
Urea	911.9	873.2	4.4%	445.1	426.4	4.4%
<b>TOTAL</b>	<b>1,306.3</b>	<b>1,148.3</b>	<b>13.8%</b>	<b>603.5</b>	<b>530.9</b>	<b>13.7%</b>
<b>TOTAL fertilizers</b>	<b>5,183.0</b>	<b>4,706.1</b>	<b>10.1%</b>	<b>2,392.9</b>	<b>2,159.7</b>	<b>10.8%</b>
<b>Other products</b>						
STPP	44.5	51.2	-13.1%	18.4	25.3	-27.3%
Other	46.2	38.5	20.0%	20.7	15.2	36.2%
<b>TOTAL feedstocks</b>	<b>90.7</b>	<b>89.7</b>	<b>1.1%</b>	<b>39.1</b>	<b>40.5</b>	<b>-3.5%</b>

In 1H 2020, PhosAgro's fertilizer sales amounted to 5.2 million tonnes, an increase of 10.1% year-on-year. Fertilizers sales saw robust growth all over the world with the exception of North America and the CIS. The recovery in seasonal demand was bolstered by the high affordability of fertilizers for end users. Reductions in fertilizer production because of restrictions in China and India also supported global demand.

In 2Q 2020, PhosAgro's fertilizer sales increased by 10.8% year-on-year to 2.4 million tonnes. The main reason for this double-digit growth was the reduction in fertilizer production in regions where self-isolation regulations were introduced. The recovery in seasonal demand in Latin America and Asia and positive expectations in terms of demand for agricultural products also helped boost sales.

## Sales volumes by key markets

Sales volumes by region							
(kt)	Phosphate-based fertilizers			2Q 2020	2Q 2019	Chg	
	1H 2020	1H 2019	Chg				
Russia	1,156.3	1,033.6	11.9%	530.2	621.1	-14.6%	
North America	155.7	387.3	-59.8%	35.6	60.3	-40.9%	
Latin America	508.9	412.7	23.3%	338.9	166.1	104.1%	
Europe	1,080.7	990.4	9.1%	359.6	370.1	-2.8%	
CIS	172.8	244.6	-29.4%	69.9	121.4	-42.4%	
Other	802.3	489.2	64.0%	455.2	289.9	57.0%	
<b>Total</b>	<b>3,876.7</b>	<b>3,557.8</b>	<b>9.0%</b>	<b>1,789.4</b>	<b>1,628.8</b>	<b>9.9%</b>	
<b>Nitrogen-based fertilizers</b>							
Russia	387.8	355.4	9.1%	97.3	159.3	-38.9%	
North America	117.3	163.3	-28.2%	50.2	78.3	-35.9%	
Latin America	438.2	220.6	98.6%	316.4	109.0	190.4%	
Europe	252.6	327.5	-22.9%	85.9	122.5	-29.9%	
CIS	11.6	11.3	2.7%	3.8	3.3	16.9%	
Other	98.8	70.2	40.7%	49.9	58.6	-14.8%	
<b>Total</b>	<b>1,306.3</b>	<b>1,148.3</b>	<b>13.8%</b>	<b>603.5</b>	<b>530.9</b>	<b>13.7%</b>	

In 1H 2020, the Company increased fertilizer sales in its priority markets. The main driver of sales growth in 1Q 2020 was the growing demand in Russia and Europe. In 2Q 2020, seasonal demand from Latin America and Asia began to ramp up, and the Company redirected its DAP/MAP and ammonium nitrate volumes to these markets.

## Market highlights

### Phosphate-based fertilizers

Despite the end of seasonal demand in Europe, the United States and Russia, world prices remained stable with an upward trend towards the end of the quarter. The biggest increases in demand were seen in India and Latin America. With favourable weather conditions in India, an increase in DAP imports was observed as a result of a reduction in domestic production due to lockdown measures and due to restrictions on supplies from China (domestic seasonal demand). In Brazil, favourable conditions in the global soybean markets and the affordability of fertilizers (the cost of fertilizers compared with the price of basic agricultural products) supported demand.

### Urea/nitrogen fertilizers:

The first half of the reporting period saw a decrease in market activity because of the off-season in the Company's main sales markets, which had a negative impact on world prices. Subsequently, the

resumption of tendering in India along with an increase in demand from the main sales markets of Latin America helped prices recover. The export supply from China remained limited, which also supported the market.

## **Contacts**

PJSC PhosAgro  
Andrey Serov, Head of the Investor Relations Department  
+7 495 232 9689 ext. 2187  
[ir@phosagro.ru](mailto:ir@phosagro.ru)

Timur Belov, Press Officer  
+7 495 232 9689 ext. 2652  
[pr@phosagro.ru](mailto:pr@phosagro.ru)

EM  
Sam VanDerlip  
[vanderlip@em-comms.com](mailto:vanderlip@em-comms.com)  
+44 207 002 7859

## **About the Company**

PhosAgro 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%, 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, over 50 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 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).