

# PhosAgro Fertilizer Production up 8% y-o-y in 1Q 2015

**Moscow - PhosAgro** (Moscow Exchange, LSE: PHOR), a leading global vertically integrated phosphate-based fertilizer producer, announces its production results for 1Q 2015.

Total fertilizer production and sales increased year-on-year in 1Q 2015 by 8.3% and 2.8%, respectively. Production of phosphate-based fertilizers and feed phosphates for 1Q 2015 increased by 9.2%, while production of nitrogen-based fertilizers increased by 5.1% year-on-year.

PhosAgro's production and sales volumes for the 1Q 2015 are summarized in the tables below.

<b>Production volumes by type</b>			
<b>(kmt)</b>	<b>1Q 2015</b>	<b>1Q 2014</b>	<b>Change y-o-y</b>
Phosphate-based fertilizers and MCP	1,342.7	1,229.3	9.2%
Nitrogen-based fertilizers	394.0	374.8	5.1%
<b>TOTAL fertilizers</b>	<b>1,736.7</b>	<b>1,604.1</b>	<b>8.3%</b>
Apatit mine and beneficiation plant	2,224.6	2,171.3	2.5%
Other products**	38.6	40.2	(4.0%)

<b>Sales volumes by type</b>			
<b>(kmt)</b>	<b>1Q 2015</b>	<b>1Q 2014</b>	<b>Change y-o-y</b>
Phosphate-based fertilizers and MCP	1,285.4	1,224.2	5.0%
Nitrogen-based fertilizers	412.5	426.7	(3.3%)
<b>TOTAL fertilizers</b>	<b>1,697.9</b>	<b>1,650.9</b>	<b>2.8%</b>
Apatit mine and beneficiation plant*	724.3	873.0	(17.0%)
Other products**	51.7	85.6	(39.6%)

Commenting on the 1Q 2015 operational results, PhosAgro CEO Andrey Guryev said: "We saw solid demand for our products from developed agricultural markets in the first quarter of 2015, with a significant increase in sales to Europe. We also finally saw increased activity from Indian buyers, unlike in the previous two years, and we resumed sales to this market in 1Q 2015. Latin America got off to a relatively slow start compared to the first quarter of 2014, although I believe this market has returned to a normal purchasing cycle based on planting seasonality, where most P2O5 purchases should fall on the second and third quarters.

"Our domestic market has been slow as well, but for a different reason: increased interest rates following the rouble volatility in late 2014 made borrowing inaccessible for Russian farmers until the Government announced its agricultural producer support programme in late February 2015.

"The pricing environment for phosphate based fertilizers was favourable for the spring planting season compared to 4Q 2014: DAP recovered by over 5% and averaged USD 483 per tonne FOB Tampa, compared to USD 459 per tonne in 4Q 2014. We were once again able to increase year-on-year production and sales volumes of fertilizers, which I believe clearly demonstrates the success of our strategy of focusing on efficiency, modernisation and debottlenecking at our production sites.

“Looking forward to the rest of 2015, I believe we will enjoy another year of solid demand. While USD-denominated crop prices are lower than a year ago, the weakening euro, Brazilian Real and rouble have improved the competitive positions of local farmers operating in these currencies. In addition, substantially lower USD fuel prices have made it possible for farmers to allocate more of their budgets to fertilizers in order to increase crop output. Thus we do not see any significant downside risk in this market.

“As the global cash cost leader, this gives us every reason to be very optimistic about PhosAgro’s outlook in terms of financial performance.”

The table below provides a breakdown of production volumes by major product for the 1Q 2015:

<b>Production volumes</b>			
<b>(kmt)</b>	<b>1Q 2015</b>	<b>1Q 2014</b>	<b>Change y-o-y</b>
<i>Apatit mine and beneficiation plant</i>			
Phosphate rock	2,020.7	2,009.1	0.6%
Nepheline concentrate	203.9	162.2	25.7%
<i>Phosphate-based fertilizers and MCP</i>			
DAP/MAP	703.1	570.5	23.2%
NPK	442.3	498.9	(11.3%)
NPS	65.2	58.0	12.4%
APP	33.4	29.0	15.2%
MCP	61.8	65.4	(5.5%)
PKS	26.3	-	-
SOP	10.6	7.5	41.3%
<i>Nitrogen-based fertilizers</i>			
AN	126.5	122.4	3.3%
Urea	267.5	252.4	6.0%
<i>Other products</i>			
AIF3	7.4	7.2	2.8%
STPP	31.2	33.0	(5.5%)
<i>Feed stock</i>			
Ammonia	307.7	296.4	3.8%
Phosphoric acid (kt P2O5)	525.5	470.9	11.6%
Sulphuric acid (kt monohydrate)	1,181.9	1,103.4	7.1%

The table below provides a breakdown of sales volumes by major product for the 1Q 2015:

<b>Sales volumes</b>			
<b>(kmt)</b>	<b>1Q 2015</b>	<b>1Q 2014</b>	<b>Change y-o-y</b>
<i>Apatite mine and beneficiation plant</i>			
Phosphate rock*	518.0	714.3	(27.5%)
Nepheline concentrate	206.3	158.7	30.0%
<i>Phosphate-based fertilizers and MCP</i>			
DAP/MAP	697.2	575.6	21.1%
NPK	429.6	469.6	(8.5%)
NPS	41.8	81.5	(48.7%)
APP	25.4	26.4	(3.8%)
MCP	55.6	62.9	(11.6%)
PKS	25.9	0.0	-

SOP	9.9	8.2	20.7%
<i>Nitrogen-based fertilizers</i>			
AN	179.6	142.1	26.4%
Urea	232.9	284.6	(18.2%)
<i>Other products</i>			
AIF3	7.3	7.3	-
STPP	19.4	28.0	(30.7%)
Ammonia	1.5	1.3	15.4%
Phosphoric acid	12.6	12.1	4.1%
Sulphuric acid	10.9	36.9	(70.5%)

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\* Excluding intra-group sales

\*\* Excluding feed stock