



FINANCIAL PERFORMANCE



2020 was a record year for the Company. The long-term development programme allowed us to produce more than ten million tonnes of commercial products a year for the first time ever, while total fertilizer sales grew by more than 5%. Growth in fertilizer sales against a backdrop of favourable pricing environment on the global markets ensured an 11.5% increase in the Company's EBITDA to RUB 84.3 bln. At the same time, our EBITDA margin of more than 33% remains one of the highest in the industry.

I would also like to highlight our business's ability to generate significant cash flows despite the challenging conditions – by the end of the year our cash flow reached RUB 42.5 bln, an all-time record for the Company.

PhosAgro's leverage is stable at 1.86x net debt / EBITDA, while CAPEX for the reporting period amounted to less than 50% of EBITDA.

We currently see a surge in demand and prices for all major types of mineral fertilizers as a result of high prices for major crops and seasonal demand in key sales markets – Europe, the domestic market of the US, and China.

On top of that, India is likely to contribute to fertilizer demand in the near term due to low carry-over stocks and, consequently, a potential early start of seasonal procurement.

Alexander Sharabaiko,
Deputy CEO for Finance and International Projects

KEY DRIVERS OF FINANCIAL RESULTS

PhosAgro's financial performance in 2020 was materially impacted by the following key factors and events:

- surge in prices for all major types of mineral fertilizers during the year as a result of high prices for major crops and seasonal demand in key sales markets – Europe, the domestic market of the US, and China;
- limited supply of phosphate-based fertilizers due to lack of new production capacities and lower output at the beginning of the year amid the spread of COVID-19;
- shrinking phosphate-based fertilizer exports from China and other countries.

REVENUE ANALYSIS

Revenue for 2020 grew by 2.3% y-o-y and amounted to RUB 253.9 bln. Revenue growth was driven by higher sales.

In 2020, lower average sales prices for phosphate- and nitrogen-based fertilizers were fully offset by a 5.3% increase in sales volumes and an 11.4% depreciation of the rouble against the US dollar.



253.9 RUB bln

revenue for 2020

FY 2020 financial and operational highlights, RUB mln

Item	12M 2019	12M 2020	Change y-o-y, %
Revenue	248,125	253,879	2.3
EBITDA ¹	75,582	84,280	11.5
EBITDA margin	30.5%	33.2%	2.7 p.p.
Net profit	49,408	16,921	(65.8)
Adjusted net profit ²	37,062	46,791	26.3
Free cash flow	28,272	42,517	50.4
	31 December 2019	31 December 2020	
Net debt	131,583	156,875	
12M net debt / EBITDA	1.74	1.86	
Sales volume, kt	12M 2019	12M 2020	Change y-o-y, %
Phosphate-based fertilizers	7,255	7,669	5.7
Nitrogen-based fertilizers	2,197	2,286	4.0
Total sales	9,452	9,955	5.3

Revenue breakdown by key products, RUB bln

Item	2019	2020	Change y-o-y, %
Phosphate-based products	201.3	203.6	1.1
Nitrogen-based products	37.9	38.7	2.1
Other	9.0	11.6	28.9
Total	248.1	253.9	2.3

Revenue breakdown by region, RUB bln

Item	2019	2020
Russia	80.7	85.1
CIS	13.6	10.5
Europe	72.4	66.5
South America	34.8	41.9
Africa	9.5	12.3
India	14.2	21.6
North America	19.4	12.3
Others	3.9	3.6

¹ EBITDA is calculated as operating profit adjusted for depreciation and amortisation.

² Adjusted net profit means net profit less foreign exchange gain or loss and other non-cash items.



OPERATING COSTS ANALYSIS

Cost of sales, RUB mln, %

Item	12M 2019	12M 2020	Change y-o-y, %
Depreciation and amortisation	21,368	23,743	11.1
Materials and services	41,221	40,973	(0.6)
Phosphate rock transportation	8,641	8,134	(5.9)
Repair	10,119	10,134	0.2
Drilling and blasting	2,323	3,168	36.4
Other materials and services	20,138	19,537	(3.0)
Raw materials	43,155	35,514	(17.7)
Ammonia	4,095	4,802	17.3
Sulphur and sulphuric acid	9,165	4,360	(52.4)
Potassium	13,691	12,253	(10.5)
Natural gas	12,627	12,342	(2.3)
Ammonium sulphate	3,577	1,757	(50.9)
Salaries and social contributions	12,744	13,807	8.3
Electricity	6,204	6,311	1.7
Fuel	4,849	3,885	(19.9)
Products for resale	6,683	9,102	36.2
Total	136,224	133,335	(2.1)

In 2020, cost of sales went down by 2.1% y-o-y, to RUB 133.3 bln. This decline amid increased output was achieved as a result of a production upgrade, better self-sufficiency in raw materials, and lower feedstock prices.

Costs for raw materials decreased by 17.7% y-o-y to RUB 35.5 bln on the back of:

- a 52.4% cut in the spending on sulphur and sulphuric acid,

to RUB 4.4 bln due to a decline in the sales of sulphur-rich fertilizer grades, pilot commissioning of a new sulphuric acid unit in Cherepovets at the beginning of 2020, as well as falling global prices for this feedstock;

- 10.5% lower spending on potassium chloride, to RUB 12.3 bln, amid falling global prices;

- a 50.9% decline in the spending on ammonium sulphate, to RUB 1.8 bln after our ammonium sulphate plant reached its design capacity.

Ammonia costs increased by 17.3% to RUB 4.8 bln due to higher consumption caused by the launch of the ammonium sulphate plant.



In 2020, cost of sales went down by 2.1% y-o-y, to

133.3 RUB bln



Costs for raw materials decreased by 17.7% y-o-y to

35.5 RUB bln

EBITDA

EBITDA for 2020 grew by 11.5% y-o-y and amounted to RUB 84.3 bln, with a 33.2% margin.

The growth was driven by recovering global prices for fertilizers and the completion of technological and operational upgrades. Among other contributing factors were rouble depreciation and low prices for key raw materials. EBITDA margin is one of the highest among direct competitors

Change in EBITDA components in 2020, RUB bln

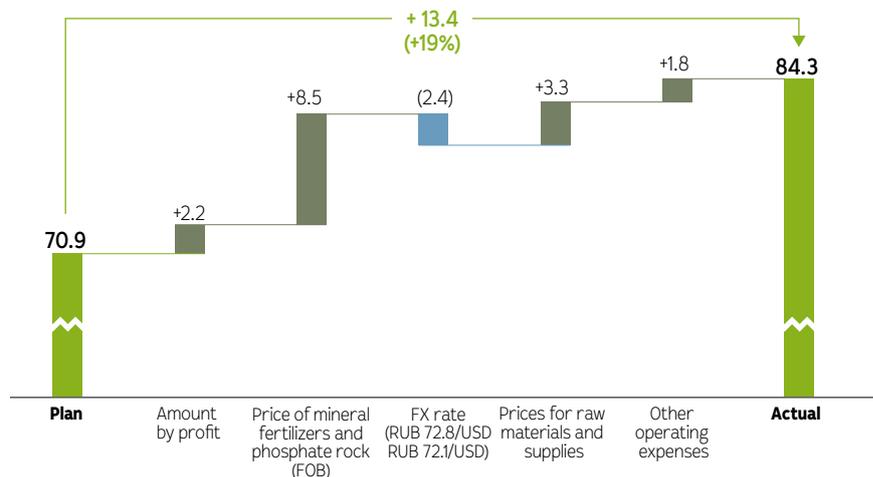


FREE CASH FLOW

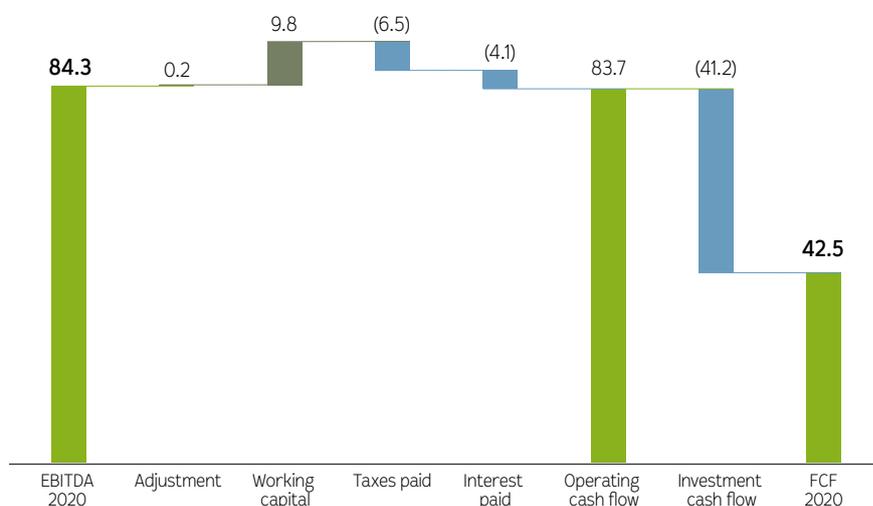
In 2020, free cash flow increased 1.5x y-o-y and amounted to a record RUB 42.5 bln. The growth was driven by high EBITDA margin and efficient working capital management.

Capital investments for the year reached RUB 40.9 bln (USD 567 mln), which is equal to 49% of the 2020 EBITDA. The Company's investments were focused around the development of the raw material base in Kirovsk, upgrade of fertilizer production and railway infrastructure in Cherepovets, launch of a new flexible line producing ammonium sulphate in Balakovo and construction of new facilities at the Volkhov site.

2020 EBITDA (plan/actual), RUB bln



EBITDA to FCF conversion in 2020, RUB bln



84.3 RUB bln

EBITDA in 2020



42.5 RUB bln

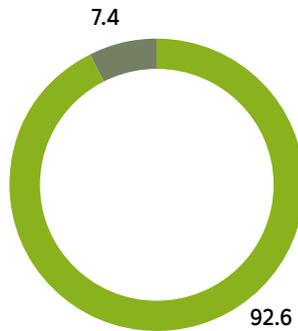
free cash flow (FCF) in 2020



DEBT

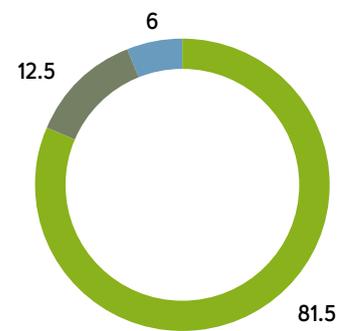
At the end of 2020, our net debt to EBITDA ratio stood at 1.86x. The growth compared to 31 December 2019 was a result of rouble depreciation, since most of the Company's loan portfolio is denominated in US dollars. Net debt as at 31 December 2020 was RUB 156.9 bln (USD 2.1 bln).

Loans and borrowings breakdown as rate type at 31 December 2020, %



- Fixed rate
- Floating rate

Loans and borrowings breakdown as currency at 31 December 2020, %

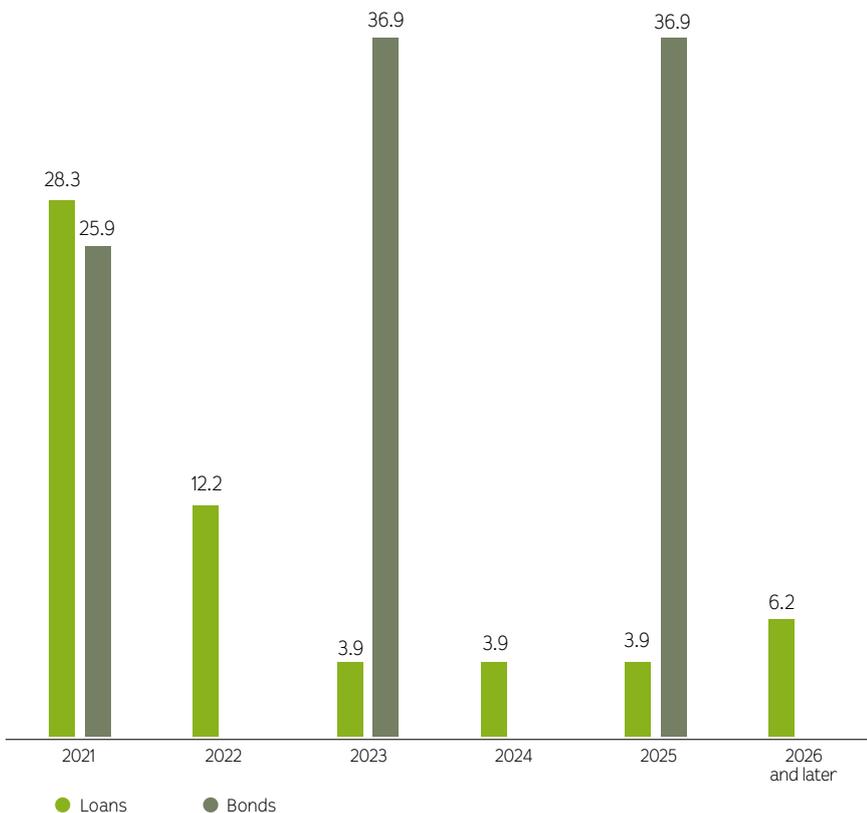


- USD-denominated
- EUR-denominated
- RUB-denominated

Loans and borrowings breakdown as maturity, RUB mln



Repayment schedule, RUB bln



Direct economic value generated and distributed

201-1

Item	Stakeholder	2019	2020
Direct economic value generated		249,583	254,854
Revenue from sales		239,130	242,262
Revenue from other sales	Wide range of stakeholders	8,995	11,617
Revenue from financial investments		1,458	975
Revenue from sale of assets		0	
Economic value distributed		(243,077)	(247,254)
Operating expenses, including:			
wages and other payments to employees	Suppliers and contractors	(194,090)	(193,263)
social expenses	Employees	(2,661)	(2,570)
Payments to providers of capital:			
payments to shareholders	Shareholders and creditors	(32,244)	(38,852)
payments to creditors		(4,635)	(4,132)
Tax expenses and other payments to government:			
including income tax expense	Government	(12,108)	(11,007)
		(9,724)	(8,045)
Economic value retained		6,506	7,600

