



STRATEGY TO 2025

2020 marked the beginning of a new strategic cycle, with the Strategy to 2025 approved by the Company in 2019. The new strategic cycle envisages construction of hi-tech production sites and ramp-up of fertilizer output to 11.7 mln t. Achieving this goal would be impossible without long-term investments in both expansion of production capacities and infrastructure projects.

In 2020, we saw clear progress towards the 2025 goals. In Q4 2020, main shaft at the Kirovsky mine was put into operation, with works ongoing to complete another critical resource development project – construction of the first start-up facility for the tenth horizon of the Kirovsky mine (with commissioning scheduled for late 2021). The ambitious projects launched to upgrade the sites in Balakovo and Volkhov will help increase in-house concentrate processing volumes and boost mineral fertilizer output.

PhosAgro is actively developing its logistics chains in a bid to become closer to customers. In 2020, the Company achieved interim targets against such metrics as the number of distribution and logistics centres, and storage capacity for solid and liquid mineral fertilizers. The completion of construction and start of traffic service at the Kriolit railway station marked an important milestone on the path towards the key goal in the realm of logistics – expansion of the Company’s railway throughput capacity to over 16.5 mtpa. The Company is also firmly on track with other logistics goals from the Strategy to 2025, including acquisition of own rolling stock and development of port infrastructure.

Our objective is to set new standards for the industry in terms of product eco-efficiency as a way to promote public health, protect the environment, and prevent air and water pollution. We are integrating sustainability principles into all aspects of our operations. Adoption of the Climate and Water strategies in 2020 was an important step marking progress towards the ESG targets.




SUSTAINABILITY IS THE CORE PRINCIPLE INTEGRATED INTO ALL LINES OF THE COMPANY’S OPERATIONS

Sustainability principles are becoming a new parlance used by PhosAgro to communicate with all its stakeholders. In today’s world, the Company cannot develop its strategy and look into the future without having a clear understanding of the UN sustainability principles.

STRATEGY PRINCIPLES

1. 

Innovativeness

2. 

Vertical integration

3. 

Digitalisation

STRATEGIC FOCUS AREAS



OPERATING EFFICIENCY AND PRODUCTION GROWTH

Learn more on the p. 58 →



INCREASING SALES IN PRIORITY MARKETS

Learn more on the p. 64 →



BOOSTING LOGISTICS EFFICIENCY

Learn more on the p. 68 →



STRATEGIC GOALS



OPERATING EFFICIENCY AND PRODUCTION GROWTH

Capacity expansion

Higher self-sufficiency in feedstock

Stronger operating efficiency



INCREASING SALES IN PRIORITY MARKETS

Expansion of the foothold in premium markets

Higher share of premium fertilizer brands in the sales mix



BOOSTING LOGISTICS EFFICIENCY

Alignment of production and sales

Reduction of per unit transportation costs

TARGET VALUES 2025

RISKS

✓
11.1 mln t
phosphate rock
production

✓
8.4 mln t
Group's phosphate
rock processing

✓
11.7 mln t
marketable product
output

Mismatch between staff headcount and skills,
and corporate needs
Failure to achieve targets under investment projects
HSE risks
Production process risks

✓
76%
ammonia

✓
91%
sulphuric
acid

✓
42%
electricity

✓
75%
ammonium
sulphate

Mismatch between staff headcount and skills,
and corporate needs
Failure to achieve targets under investment projects

Implementation of organisational projects with a high IRR (15%+) in line with
the BAT and sustainability criteria Compliance with the CAPEX/EBITDA
target and a comfortable net debt / EBITDA covenant headroom

Mismatch between staff headcount and skills,
and corporate needs
Failure to achieve targets under investment projects

✓
Focus on Russia and the CIS
Russia and the CIS

North and South
America

Europe

Mismatch between staff headcount and skills,
and corporate needs

Foreign sanctions imposed on the Group's companies
Regulatory risks

up
to **3.7** mln t

up
to **3.5** mln t

up
to **3.1** mln t

✓
Increase:
in the number of
distribution and logistics
centres

total storage
capacity

storage capacity
for liquid complex
fertilizers

to **35**¹

to **650** kt¹

to **62** kt¹

Increase in the share of complex fertilizers (NPK/NPS/PKS)

Production process risks

to **43%** (5 mln t)
of total output

✓
Increase in the railway throughput capacity to over

28.3 mtpa¹

Failure to achieve targets under investment projects
Regulatory risks

✓
Redistribution of cargo flows
to the ports:

Vistino
(Leningrad region)

Lavna (Tuloma,
Murmansk region)

3
mtpa

2.5
mtpa

Expansion of own rolling
stock

Foreign sanctions imposed on the Group's companies
Regulatory risks

¹ 2022 targets.