



OPERATING EFFICIENCY AND PRODUCTION GROWTH

CAPACITY EXPANSION

Key projects under the Strategy to 2025

Objectives

Technical upgrade of main shaft No. 1 at the combined Kirovsky underground mine for rock and ore delivery

Project completed in 2020

Restore the operability of main shaft No. 1 to increase the ore delivery capacity at the combined Kirovsky underground mine to 3 mtpa, streamline the transportation flowsheet to improve delivery of rock from the excavation area to the surface

Stripping and mine development preparations: +10 m at the combined Kirovsky underground mine

First start-up facility

Project in progress

Ramp up mining capacity and streamline transportation flowsheet at the Kirovsky mine. Achieve the maximum production capacity of 8.8 mln t by 2028

Development of the Volkhov branch of Apatit

First project stage

Project completed in 2020

Improve the financial and operating performance of Apatit's Volkhov branch by increasing the gross output of phosphate-based mineral fertilizers boasting high margins thanks to the branch's logistic strengths

The second stage of development at the Balakovo site: ramp-up of the ammonium sulphate production capacity to 360 ktpa

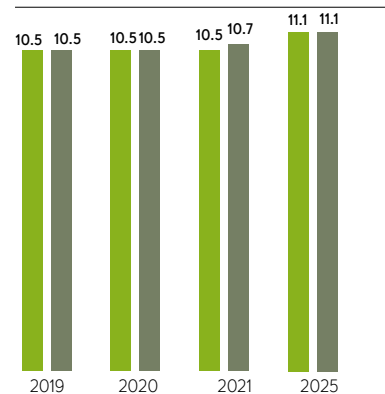
Project in progress

Increase the ammonium sulphate production capacity at the Balakovo site to 250 kt by re-equipping technological systems No. 5 and 6 of the phosphate fertilizers unit and upgrading vacuum evaporation units 1–9

PROGRESS TOWARDS OUR TARGETS

The integrated report includes only selected projects of the Strategy to 2025. Our large-scale investment programme features a number of promising projects bringing us closer to the strategic goals.

Phosphate rock production, mln t

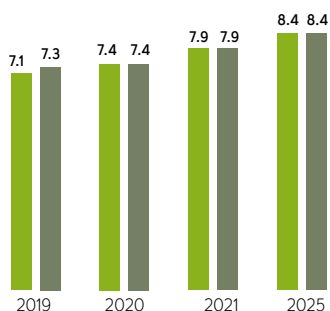


● Strategy to 2025
● Actual/forecast



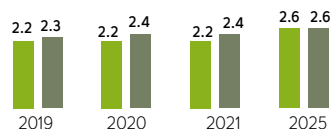
Project schedule	Targets	Investments	Economic performance		Current status
2018–2020	✓ Ore delivery 3 mtpa	✓ ≈2 RUB bln	✓ DPP 3 years	✓ IRR 72%	Design ore delivery capacity reached
2016–2021 (first start-up facility)	✓ Ore volume 95 mln t by 2035	✓ 36 RUB bln	✓ DPP 12 years	✓ IRR 21%	Underground construction in progress. Core equipment for crushing and delivery unit No. 1 received
First stage: 2018–2020 Second stage: 2021–2022	✓ Fertilizer output first stage 231 ktpa second stage 877 ktpa (including the first stage)	✓ >28 RUB bln	✓ DPP 12 years	✓ IRR 18% according to the 2019 price forecast	From October 2020, the Company began temporary production of NPS 16:20, with the intention to switch to MAP 12:52 in February 2021.
The construction team uses the best available techniques. The new facility will fully comply with the most stringent environmental laws and regulations in both Russia and Europe.					
2020–2022	✓ Product output +250 ktpa	✓ ≈3 RUB bln	✓ DPP 8 years	✓ IRR 39%	Tender procedures in progress, with ongoing manufacturing and delivery of core process equipment

Phosphate rock processing, mln t



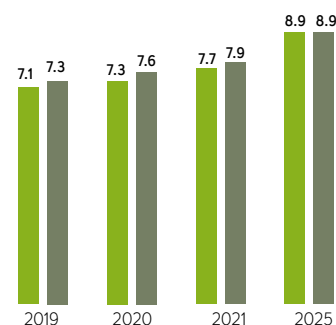
● Strategy to 2025
● Actual/forecast

Production of nitrogen-based fertilizers, mln t



● Strategy to 2025
● Actual/forecast

Production of phosphate-based fertilizers and MCP, mln t



● Strategy to 2025
● Actual/forecast



HIGHER SELF-SUFFICIENCY IN FEEDSTOCK

Vertical integration is an important driver of success in a highly competitive market environment. The Company has increased its self-sufficiency in feedstock by ramping

up production of key commodities. This is the secret behind PhosAgro's standing as one of the most efficient company among global fertilizer players. Vertical integration

in the segments of phosphate rock, sulphuric acid and ammonia is an important advantage for successful competition with other producers.

Key projects under the Strategy to 2025¹

Sulphuric acid production unit with a capacity of 3.3 kt per day

Project completed in 2020

Objectives

Construction of the fifth sulphuric acid production unit with a capacity of 3.3 kt per day and infrastructure facilities in Cherepovets for the replacement of externally sourced sulphuric acid with internally produced supplies

The third stage of development at the Balakovo site: capacity ramp-up of the SK-20 sulphuric acid unit to 3.3 kt per day

Project in progress

Capacity ramp-up of the SK-20 technological system in Balakovo to 3.3 kt per day as a way to reduce the volumes of sulphuric acid sourced from external suppliers for the needs of the Balakovo production site

PROGRESS TOWARDS OUR TARGETS

Breakdown of key resources consumed internally

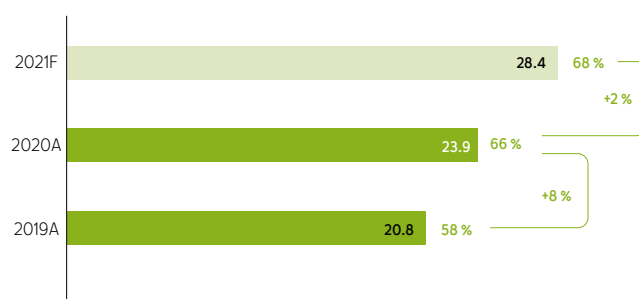
Item	2019	2020	2021	2025
Ammonia, %	86.0	83.0	78.0	76.0
Production, mln t	1.9	2.0	1.9	1.9
Consumption, mln t	2.2	2.4	2.4	2.5
Sulphuric acid, %	88.0	93.0	94.0	91.0
Production, mln t	6.1	6.8	7.4	7.8
Consumption, mln t	6.9	7.3	7.9	8.6
Electricity, %	41	40	42	42
Generation, bln kWh	1.5	1.5	1.6	1.8
Consumption, bln kWh	3.7	3.8	3.9	4.4
Ammonium sulphate, %	3.0	55.0	51.0	75.0
Production, mln t	0.0	0.3	0.3	0.7
Consumption, mln t	0.4	0.5	0.6	0.9

CAPITAL INVESTMENTS

Breakdown of CAPEX for 2019–2020², RUB bln

Item	2019	2020	2021
Investment projects	20.8	23.9	28.4
Maintenance	13.3	10.2	11.3
Non-industrial construction	1.9	2.2	1.8
Total	36.0	36.3	41.5

Investments in development as a percentage of CAPEX, %









✓ Total CAPEX for 2019–2025 will amount to

>250
RUB bln

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² CAPEX excluding capitalised repairs.

Project schedule	Targets	Investments	Economic performance		Current status
2017–2020	 Product output +1.1 mtpa	 ≈10.6 RUB bln	 DPP 14 years	 IRR 15% according to the 2019 price forecast	Put into operation in March 2020 with the confirmation of design capacity attainment. Commissioning permit obtained in December 2020, with fixed assets recorded on the books
2021–2022	 Product output +300 kt	 ≈4 RUB bln			Preparation of design documents in progress

NEW PROMISING PROJECTS

All of the Company's projects meet the economic efficiency criteria approved by the Board of Directors as part of the Strategy (IRR above 20%) and aim to promote further development in line with strategic

priorities, drive progressive production growth, implement innovations and ESG-compliant products and processes, and boost operating efficiency.

Re-equipment of the aluminium fluoride shop in Cherepovets

Increase aluminium fluoride production from 48 to 58 ktpa by making arrangements for the transportation and acceptance of fluosilicate acid from Balakovo and boost processing

of internally produced fluosilicate acid from 58 to 73 ktpa by re-equipping the aluminium fluoride shop

Project schedule	Targets	Investments	Economic performance		Current status
2019–2021	Aluminium fluoride		DPP	IRR	Key works to prepare the construction site completed, with the re-equipment of the aluminium fluoride shop commenced in December
	First stage	+10 kt	0.5 RUB bln	1 year	
	Second stage	+15 kt	2.8 RUB bln	9 years	18%



Environmental agenda

Addressing climate issues and saving energy and other resources is integral to the Company's Development Strategy. Every addition to our production capacities is designed to employ the best available techniques and used in strict compliance with sustainability requirements. We are working to make sure that a project's assessment takes into account its environmental impacts. One of the steps we consider for 2021 is including a carbon price as a factor in our final investment decisions. In 2020, the Board of Directors completed the integration of PhosAgro's climate and environmental agendas into its business strategy by approving

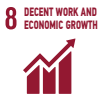
Climate and Water strategies that set measurable, achievable targets for minimising the Company's environmental footprint through specific initiatives.

The Climate Strategy, which was adopted in December, focuses on further cuts to GHG emissions, including indirect ones associated with generating power for our production facilities. It is based on a low-carbon transition plan that we use as a guidance in devising and implementing technical, technological and organisational measures. We are committed to making our operations as green and energy-efficient as possible.



Adoption of Climate and Water strategies and implementation of the Energy Efficiency Programme

Contribution to UN SDGs



SDG 8.3
Maintaining and developing existing operations and creating innovative facilities



SDG 12.4
Making eco-efficient products in line with sustainability requirements



SDGs 6.1 and 9.1
Increasing water use efficiency



SDG 13.2
Reducing our Scope 1 and 2 emissions.



SDGs 6.3 and 3.9
Minimising environmental risks at all stages of investment projects and along the production chain. Using the best available techniques

Strategic environmental goals

Projects implemented as part of Strategy to 2025 are fully compliant with environmental requirements and contribute to the achievement of our environmental goals.

Reduction in specific effluents by 2025

✓ **27%**
(to 4.4 m³/t of finished and semi-finished products)

Reduction in specific pollutant emissions by 2025

✓ **23.7%**
(to 0.8 kg per tonne of finished and semi-finished products)

Reduction in specific GHG emissions (Scopes 1, 2, and 3) by 2028

✓ **30.9%**
(to 109.1 kg of CO₂ equivalent per tonne of finished and semi-finished products)

Increase in the share of recycled and decontaminated hazard class 1–4 waste

✓ **to 40%**

Increasing energy efficiency

STRONGER OPERATING EFFICIENCY

KEY PROJECTS UNDER THE STRATEGY TO 2025¹

Objectives

Improving operating efficiency at Apatit and its Balakovo and Volkhov branches

Project completed in 2020

to revise the economic loss allocation approach and improve the accuracy of management accounting; to develop organisational and technical measures for reducing phosphate rock losses in wet-process phosphoric acid production at Apatit and its Balakovo and Volkhov branches, assessing the existing capacities in logistics and those used to load or unload raw materials or feed them into machines, drawing flowcharts for the Balakovo branch, and identifying bottlenecks and other limitations in these areas



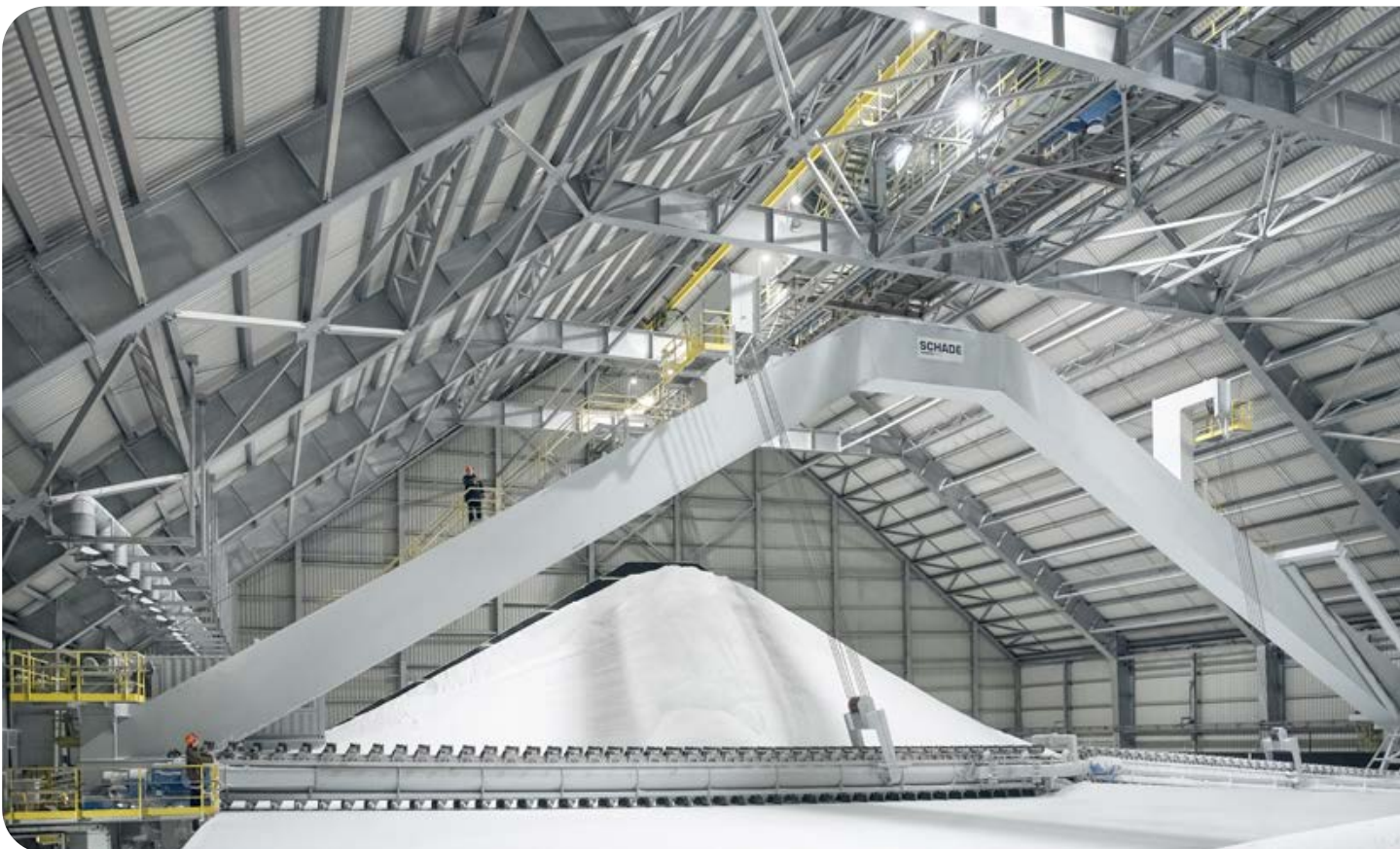
Effect

>250
RUB mln

A digital twin in transport logistics

Project in progress

- To develop a five-year target model concept for transport logistics management;
- To reduce costs associated with transporting feedstock and finished products by USD 1/t vs 2019;
- To improve railcar turnaround by one day;
- To increase transportation efficiency by using various modes of transport (rail, road, river, and sea);
- To improve transportation management



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