



Priority focus areas



STRATEGY 2025

2019 was a record-breaking year for our upstream, midstream and downstream businesses, in which we met all the targets of the Strategy to 2020 ahead of the schedule. This outstanding performance was largely driven by the production processes upgrade harnessing the best available techniques (BAT). Since 2013, our output has added more than 60%, rising from 5.9 mt to 9.5 mt of fertilizers and feed phosphate and strengthening our foothold in the domestic and international markets. In March 2019, the Company approved its Strategy to 2025.

GRI

103

By 2025

Fertilizer output

+27.5%

New production facility in the Volkhov branch

840

ktpa

Total production of fertilizers and feed phosphates by the Balakovo branch

3.3

mt

OUR TOP PRIORITY

IS EFFECTIVE PRODUCTION GROWTH DRIVEN BY NATURAL, ORGANIC CAPACITY EXPANSION.

STRATEGY TO 2025 KEY PRIORITIES

+1.1

mt

to the Russian and CIS markets

STRATEGY 2025



Digitalisation

The new strategy assumes the development of digital technologies in agriculture to boost crop yields and quality in the near term.

Under the new five-year plan, the Company intends to further enhance its competitive strengths remaining the world's leading supplier of environmentally friendly phosphate fertilizers for farmers, while also expanding its involvement in programmes designed to protect human health and the environment, ensure food security and combat soil degradation as a way to show an example of a harmonious approach to strategic development.

Sales in Russia and Europe

The Marketing Strategy to 2025 further strengthens PhosAgro's foothold in the Russian market, and also in the premium export markets. Compared to 2018, by 2025 fertilizer sales in Russia and in Europe may grow 1.5 and 1.6 times, respectively. The share of exports will be maintained at a level of at least 90%, in no small part thanks to the efforts of ten foreign trading companies opened in all key sales regions.


Environmental safety

An additional competitive advantage that PhosAgro will leverage to increase its share in priority sales markets and offer market premium will be the environmental safety of its phosphate fertilizers for people and soils, as the EU looks all set to tighten regulations for fertilizers with a high content of cadmium and other heavy metals. Starting this year, PhosAgro's fertilizers will be marketed under an ecolabel in line with the EU regulations. In addition, along with a variety of agricultural products, they will be included in a country branded segment of products with improved environmental characteristics.

The Company leaves open the possibility of foreign regulators removing the import duties and customs factors that are currently being applied to pure fertilizers. The Argentinian and Brazilian authorities have already exempted Russian environmentally friendly phosphate fertilizers from import duties. Under this scenario, the Company could potentially earn up to USD 100 mln depending on the prevailing market conditions.

Balanced dividend policy

Without compromising its investment programmes designed to ensure a stable cash flow in the future, the Company will continue to pay attractive dividends and stay focused on charitable and social programmes to build a pool of highly skilled engineers and promote initiatives in the realm of education, corporate housing, healthcare, youth policy and sports support, along with production ecology and research.



In the new strategic cycle we plan to build new high-tech production facilities and boost fertilizer output by more than a quarter (27.5%) vs 2018. This can only be achieved through long-term investments in both capacity expansion and infrastructure development projects. The new strategy lays significant emphasis on the construction of a new predominantly export-focused plant with a capacity of 840 kt in the Leningrad Region, as well as the upgrade of production facilities in the Saratov Region to enable manufacturing of NPK(S) fertilizers and increase total fertilizer and feed phosphate output from 2.3 mt in 2019 to 3.4 mt in 2024, while also considerably boosting the share of domestic supplies (from 34% to 60%).