

FY 2019 IFRS Results



February 2020



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Introduction

2019 Highlights

MARKETS	<ul style="list-style-type: none"> ▪ Volatile market conditions across major fertilizer segments in 2019 due to unfavorable weather and resulting subdued demand ▪ Change of trade flows of UAN to Europe because of introduction of anti-dumping duties
FINANCIAL POSITION	<ul style="list-style-type: none"> ▪ Sales 11% up (y-o-y) to \$6.2 bn in 2019 despite fertilizers price fluctuations ▪ 2019 EBITDA at \$1.55 bn, +2% y-o-y and only 2pp margin decrease ▪ Free cash flow positive of \$297 mn
DEBT PROFILE	<ul style="list-style-type: none"> ▪ Credit ratings confirmed at: BB- positive by S&P, Ba2 stable by Moody's, BB stable by Fitch ▪ 5 bond issues for \$1.5 bn in 2019: 1 Eurobond & 4 Ruble bonds; with the share of public debt instruments increased to 45% in total debt portfolio ▪ Strong liquidity position and direct access to debt capital markets ▪ Net covenant leverage at 2.82x with 2.66x level across the cycle
CORPORATE DEVELOPMENTS	<ul style="list-style-type: none"> ▪ 1,142 KMT KCI produced at UKK in 2019 ▪ 791 KMT of ammonia produced at ECNW ▪ 3rd blending fertilizer plant opened in Brazil to strengthen presence in the region ▪ 1MMT ammonia storage and transshipment opened in the port of Sillamäe, Estonia
MANAGEMENT	<ul style="list-style-type: none"> ▪ Samir Brikho, who served on the Board since 2018, appointed as New chairman of the Board of Directors ▪ Michael Hogan, who has more than 32 years' experience in the mining industry and previously worked for Potash Corp, joined the Board

EuroChem's Strategic Priorities: Safety, Productivity & Growth

MISSION

To improve the quality of life of the growing world population by helping to grow healthy, affordable food in harmony with the environment

VISION

To become the most profitable, fastest-growing and most attractive fertilizer company in the world

STRATEGIC TARGETS 2025

SAFETY

Become the company with the best occupational and process safety performance in the chemical industry measured as TRI & LOPC rates

INCREASING PROFITABILITY

Increase profitability to the highest level in the industry at returns exceeding both the cost of capital and the industry average

CUSTOMER FOCUS

Become a customer-centric company

DEVELOPING OUR PEOPLE

Become a high-performing, international learning organization by providing purpose; developing employee career paths; establishing culture with clear direction setting... and enjoyable work

RIGOROUS CAPITAL ALLOCATION

Strengthen the way we select and execute capital projects in order to achieve higher NPV across the portfolio

REGULATORY COMPLIANCE

Ensure world-class compliance throughout EuroChem

Markets Overview

Fertilizer Price Dynamics

Market Backdrop

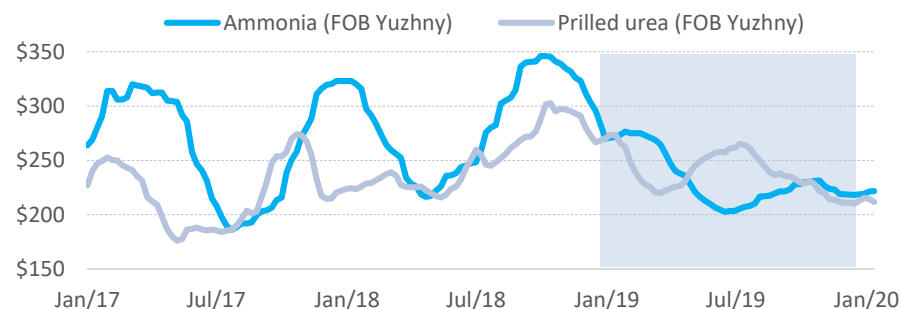
- **Nitrogen.** Ammonia price weakening by **18%** y-o-y attributable mostly to continuous modest prices for natural gas in Western Europe and wet weather conditions in USA. Urea only **5%** down, with price pressure coming from subdued demand also because of weather implications and new capacity additions (Azerbaijan, Turkmenistan, India)
- **Phosphates.** MAP/DAP prices touched their 12 year lows turning a number of high cost producers in red. Cheaper raw materials costs, e.g. sulphur, and CNY devaluation made marginal Chinese producers more competitive. Ongoing ramp up of new capacities (Maa'den-2) also puts pressure on the market
- **Potash.** MOP prices were more stable in 2019, adding **+3%**. Stock build-up in China was offset by production cuts by major potash producers (~4% of annual demand). Q4 Indian contract was settled at \$280/t CFR (-\$10/t)

Market Prices for Key Products

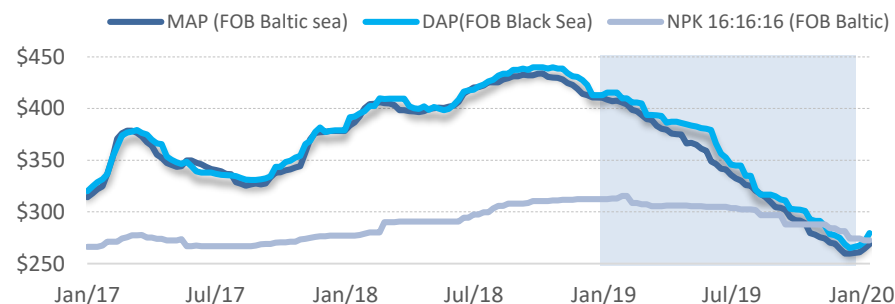
Average Market Prices US\$/t	2019	2018	Δ , y-o-y	2019	
				MAX	MIN
Prilled urea (FOB Yuzhny)	239	251	-5%	274	210
Ammonia (FOB Yuzhny)	233	286	-18%	277	203
MAP (FOB Baltic sea)	339	413	-18%	411	260
MOP (FOB Baltic sea, spot)	265	256	3%	278	239
Iron Ore (63,5% Fe, CFR China)	96	71	34%	129	74

Source: Company data, CRU, Fertecon, Bank estimates; prices are quoted as US\$ per tonne

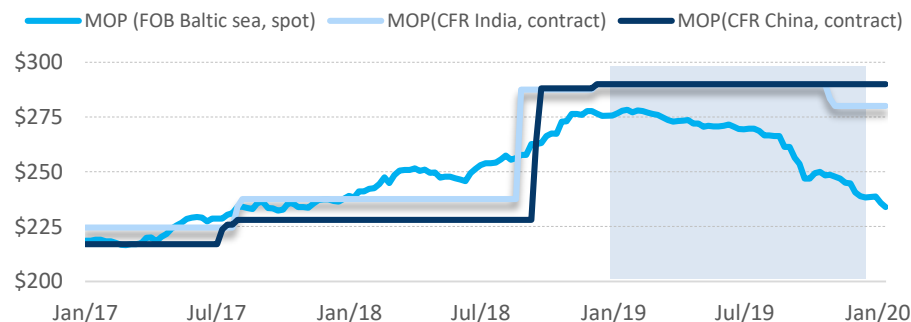
Nitrogen



Phosphates



MOP



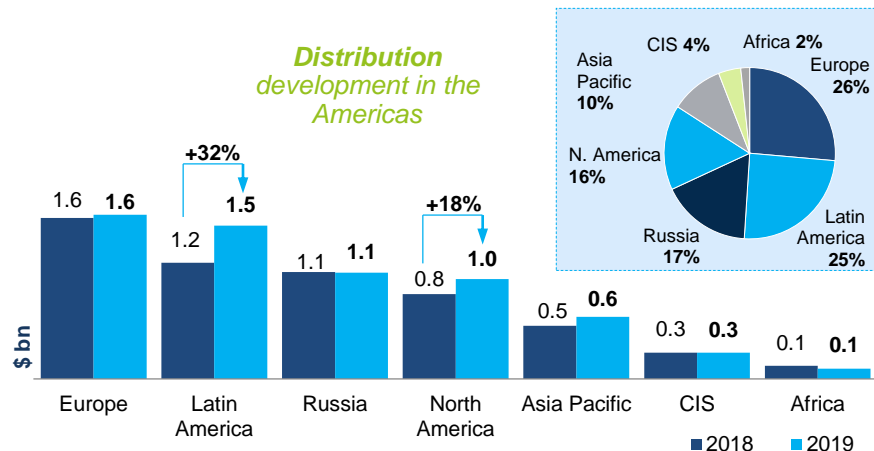
Sales Evolution

Overview

- Total sales increased by **11%** to **\$6.2 bn** and fertilizer sales by **13%** to **\$5.0 bn**
- Volumes **up** across all nutrient segments
- UAN sales **4% up** despite **43%** cut in shipments to EU after introduction of antidumping duties in April 2019
- Phosphate sales down **2%** on the back of prolonged pricing lull
- Potash sales rose to **1.1 MMT** and **70%** exported to LatAm
- +32%** sales rise in LatAm, the strategic market for EuroChem. **3rd** fertilizer plant opened in Brazil with production capacity of 6 KMT/day & storage of 100 KMT
- Share of Russia in total sales **2pp down** y-o-y, mainly due to redirection of iron ore to Asian markets on the back of strong price environment

EuroChem & 3 rd Party Products	2019 KMT	2018 KMT	Δ, y-o-y	2019 US\$m	2018 US\$m	Δ, y-o-y
Nitrogen products, incl.:	8,652	7,813	11%	2,071	1,838	13%
<i>Nitrogen fertilizers</i>	8,637	7,797	11%	2,068	1,835	13%
Phosphate products & complex fertilizers, incl.:	6,228	5,685	10%	2,461	2,318	6%
<i>Phosphate fertilizers</i>	2,542	2,379	7%	1,021	1,044	-2%
<i>Complex fertilizers</i>	3,297	2,907	13%	1,268	1,097	16%
Potash fertilizers	1,104	632	75%	423	236	79%
Total fertilizer sales	15,984	14,130	13%	4,955	4,392	13%
Mining products, incl.:	5,622	5,977	-6%	488	422	16%
<i>Iron ore concentrate</i>	5,486	5,844	-6%	442	382	16%
Industrial products	2,018	1,871	8%	620	632	-2%
Other sales	n/a	n/a	n/a	121	132	-8%
Total, namely:	23,624	21,978	7%	6,184	5,577	11%
<i>3rd-party sales</i>	4,833	4,096	18%	1,651	1,320	25%

Sales Breakdown by Region



Potash Projects

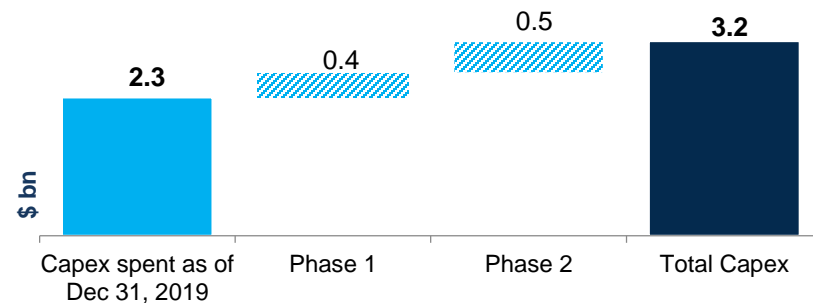
Usolskiy Potash Project

Project Overview

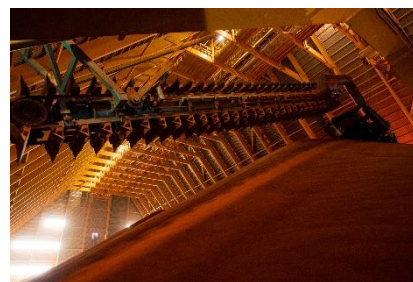
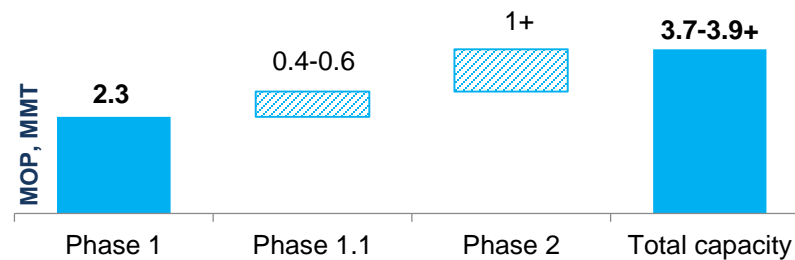
- **1,142 KMT KCI** produced in 2019 vs **250 KMT** in 2018
- 2 shafts with 4 floatation trains running at design capacity
- ~**\$US 230 mn** invested in UKK development in 2019, with around **18%** already dedicated to Phase 2 of the project
- 2020 maximum design capacity estimated at **2.3 MMT** with a possible upgrade to **2.7-2.9MMT** for Phase 1
- Potash from UKK is sold through **our diversified distribution network** that mitigates potential price pressure



CAPEX evolution



Projected capacity

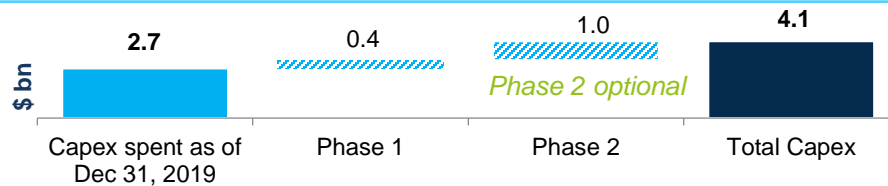


VolgaKaliy Potash Project

Project Overview

- **53 KMT** of ore processed in 2019
- The plant is working in test mode to assure grades and quality
- KCl content in ore processed **43%**
- Underground mining operations to double in 2020 to reach **18km** of mine workings
- Taken potash market environment, the Group will continue mine development in 2020

CAPEX evolution



Financial Overview

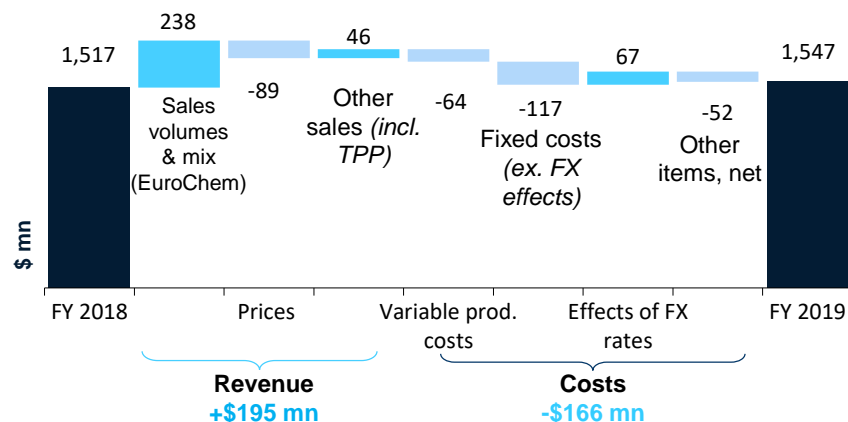
P&L Analysis

Highlights

- 2019 financial results unveiled **11%** sales growth to **\$6.2 bn** on the back of sales volumes increase and bullish price environment for iron ore (*Group's by-product from phosphates mining operations accounting for 7% of revenues*)
- US\$** accounted for **55%** of sales, EUR – 19%, RUB – 17% with 9% attributable to other non-functional currencies
- EBITDA still strong, **2%** up, at **\$1.55bn** despite volatile fertilizers prices in 2019. ECNW's contribution to EBITDA amounted to **\$54 mn** in 2019
- RUB/USD exchange rate depreciated by **3%** in 2019, y-o-y
- With the ramp-up of ECNW raw materials costs, mainly for ammonia, decreased by **3%**

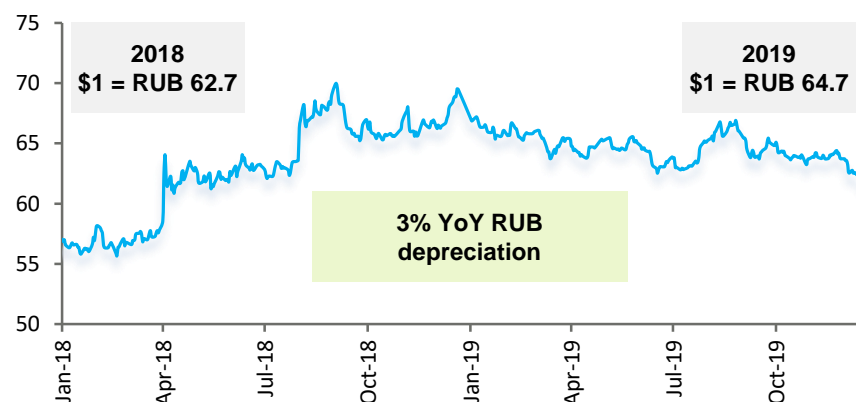
	2019	2018	Δ, y-o-y
Revenues, \$ mn	6,184	5,577	11%
<i>OPP</i>	4,533	4,257	+6%
<i>TPP</i>	1,651	1,320	25%
Cost of sales, \$ mn	-3,810	-3,438	11%
Gross Profit	2,374	2,140	11%
<i>Gross Profit Margin, %</i>	38%	38%	<i>Flat</i>
EBITDA, \$ mn	1,547	1,517	2%
<i>EBITDA Margin, %</i>	25%	27%	-2 pp
Net Income, \$ mn	1,018	538	89%
<i>Net Income Margin, %</i>	16%	10%	+6 pp

EBITDA Bridge 2019 vs 2018



Source: Company information, FY2019 IFRS, CBR (average exchange rates)

USD/RUB Exchange Rate

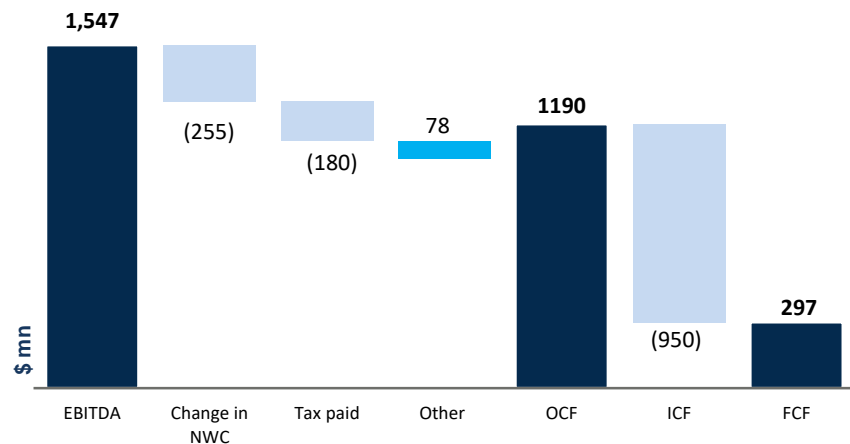


Cash Flow Evolution

Overview

- Operating cash flow increased by **21%** in 2019 to **\$1.2 bn**
- In 2019 less pressure on net working capital was observed as the Group commenced gaining grounds on the Brazilian and North American markets
- Capital expenditure decreased **15%** in 2019 y-o-y due to the opening of EuroChem NorthWest 1MMT ammonia plant, continuous ramp-up of Usolskiy potash plant Phase 1 and advancement of VDK investments to future periods
- For the second reporting period since 1H19 EuroChem is **FCF positive** in 2019 of **\$297 mn**

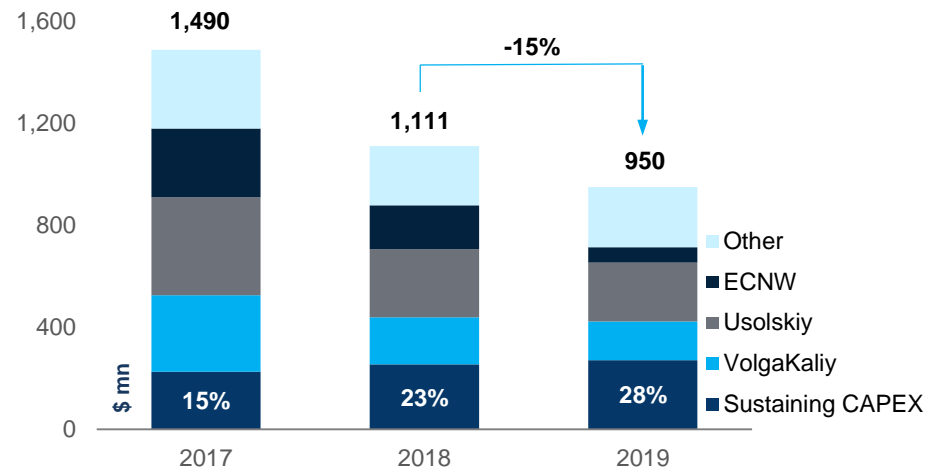
Cash Flow Bridge⁽¹⁾



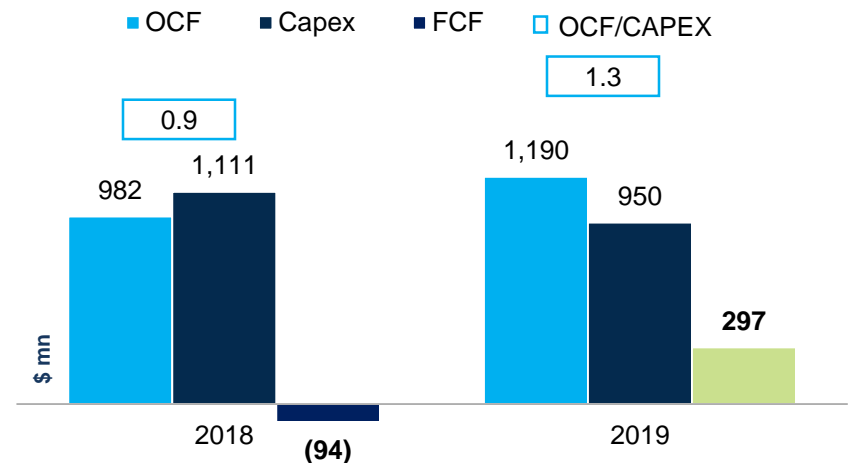
Source: Company information, 2019 IFRS

Note: (1) – FCF is calculated as OCF minus ICF as defined in IFRS

CAPEX Dynamics



FCF ⁽¹⁾ Analysis

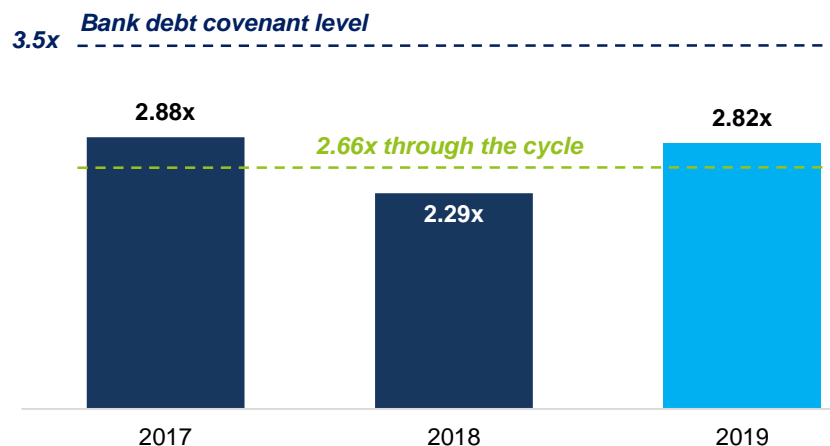


Debt Profile Overview

Portfolio developments

- More balanced debt portfolio in terms of instruments, the share of public debt instruments increased by **8 pp** to **45%** in 2019
- In 2019 EuroChem did a **\$700 mn** Eurobond issue and 4 times tapped Russian debt capital market for a total of **RUB52 bn** (~\$800 mn equivalent)
- Net leverage increased to **2.82x** on the back of minority stake buy-back and softened fertilizer prices
- Rating agencies confirmed the credit ratings: Moody's Ba2 stable, S&P BB- positive, Fitch BB stable
- Strong liquidity position with **\$2.6 bn** of available facilities and quick access to capital markets

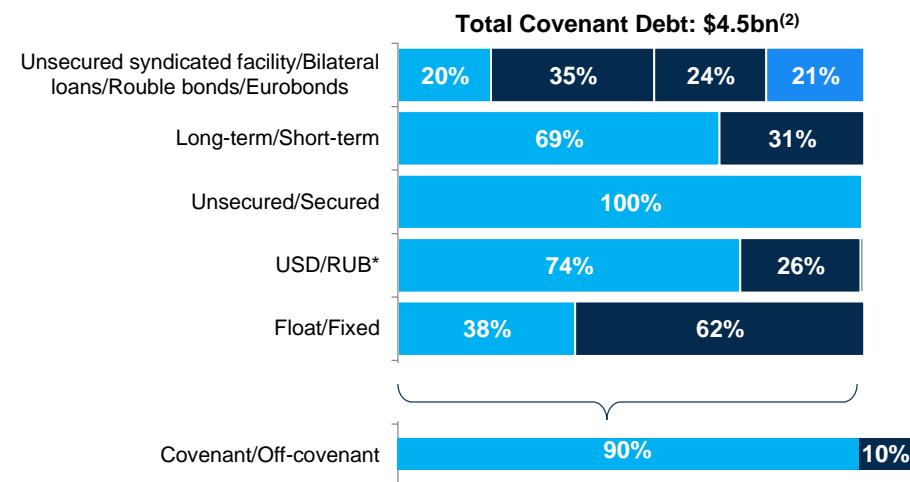
Net Debt / LTM EBITDA Dynamics



Source: Company information, 2019 IFRS

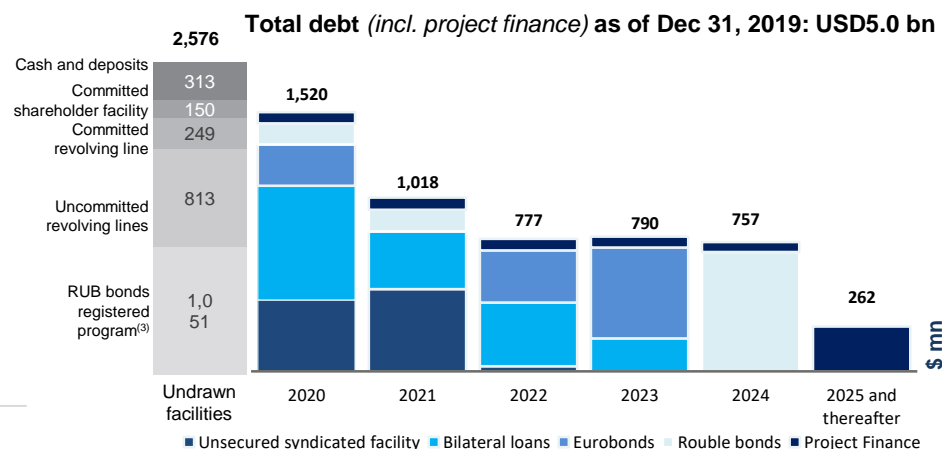
(¹) As of June 30, 2019. Discrepancy in debt maturity schedule with total debt due to capitalized costs difference (²) Defined as per bank covenants (excludes project finance facilities) (³) RUB equivalent of RUB 68bn

Debt Mix(¹)



(¹) The share of loans denominated in BRL is less than 1%

Debt Maturity Profile(¹)



Q&A

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