

Since January 13, **Phosagro (Baa3/BBB-/BBB-)** has been holding meetings with investors, as it is seeking to place an indicative volume of 5Y USD Eurobonds. The book was closed on Wednesday, 15.01.2020. The guidance recently announced by the placement organizers is 3.375% per annum, which looks attractive, according to our estimates, and implies a 1.5% price upside in the secondary market. The new issue will be primarily intended to refinance short-term commercial loans (up to \$350 mln) and to partially buy out Phosagro 21 (up to \$150 mln out of outstanding \$500 mln).

Phosagro is the largest phosphate-based fertilizer producer in Europe. Its main beneficiaries are the Guriev family (48.48%) and Vladimir Litvinenko (20.98%). According to IFRS 9M19, the net debt/EBITDA ratio was 1.5x (compared to 1.8x at the beginning of 2019).

Therefore, the fair yield of the new five-year issue approximately stands at 3-3.1% per annum. This yield corresponds to a 130 bps z-spread, an average for corporate issuers in the comparable rating group. Therefore, we recommend participating in the placement at the announced yield indicator level of YTM 3.375%. The placement of new bonds will have a positive impact on Phosagro's credit profile, as it will contribute to reducing cost of borrowing and optimizing payment schedule.



ITI Capital Ltd. (hereinafter, the "Company") is not responsible for and does not give any warranties in connection with the transfer of marketing materials. This marketing document is for information purposes only. Any information in this document is based on data obtained from sources believed by the Company to be reliable, but no representations, guarantees or warranties are made by the Company with regard to the accuracy, completeness or suitability of the data. The information contained herein does not constitute the provision of investment advice. It is not intended to be nor should it be construed as an offer or solicitation to acquire, or dispose of, any of the financial instruments and/or securities mentioned in this document and will not form the basis or a part of any contract or offer.

Neither the Company, nor its affiliates, principals, directors, employees or agents accept

any liability for any direct or consequential loss arising from any use of this marketing document and any accompanying materials. Investors should make their own investment decisions using their own independent advisors, as they believe necessary and based upon their specific financial situations and investment objectives when investing. This material is not intended for the use of Private Customers as that term is defined under the Financial Services and Markets Act 2000 in the United Kingdom. This material has been approved for publication in the United Kingdom and European Union by ITI Capital Limited, authorised and regulated by the Financial Services Authority and a member firm of the London Stock Exchange.

Olga Nikolaeva,
Senior Fixed Income Analyst