

KEY PERFORMANCE INDICATORS



Vitaly Lauk

CEO

During the reporting period, Uralkali maintained its leading position in the potash industry, increasing production levels by 2% and total sales by 30%. The Company continues to be a leader in cash COGS, one of its key competitive advantages, which stood at USD 40.8 per tonne in 2020, down 7% from 2019.

The flexibility and ergonomics of our IT infrastructure enabled Uralkali to adapt to operating conditions under new circumstances, whilst maintaining fully functional channels of communication both within the Group and in its interaction with all external stakeholders, including end product consumers.

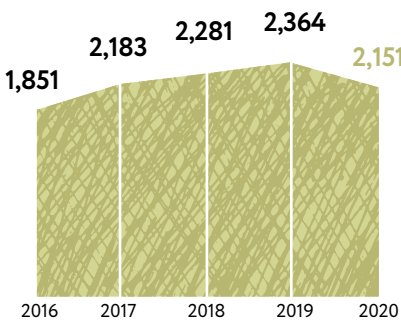
The dynamics of the potash market did not have a negative impact on Uralkali's access to long-term external financing; during the year, the Company completed a successful bond placement and signed a pre-export facility agreement. We were delighted to welcome new investors, who appreciated the potential of the Russian potash sector and Uralkali's strong position in premium export markets.

The principles of Sustainable Development remained an important area of focus for the Company in 2020. In the reporting period, we completed significant work and increased the level of transparency on ESG issues. We published audited non-financial statements, expanded the disclosure of ESG information on Uralkali's website, and approved a new strategy identifying ten priority areas for the Company's ESG activities.

As part of our focus on Sustainable Development, as in previous years, the Company contributed significantly to the social and economic development of both the Perm Territory and its regions of presence. In 2020, Uralkali continued to cooperate with local authorities under existing partnership agreements, actively engaged with public organisations, and implemented a number of charitable initiatives and sponsorship projects.

STRENGTHENING INDUSTRY LEADERSHIP POSITIONS

Net revenue, USD mln



Relevance to the strategy

Net revenue is the key financial metric that measures the success of our revenue maximisation strategy. We use net revenue to eliminate the effect of transportation costs in order to achieve a more relevant cross-industry comparison.

Measurement

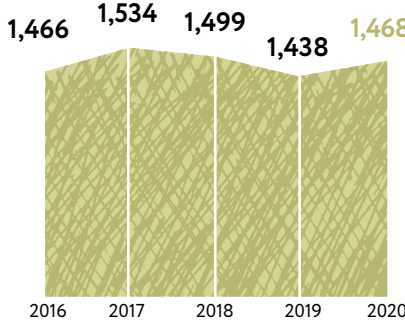
Net revenue represents revenue net of railway tariffs, freight and transshipment costs.

Performance overview

In the reporting period, net revenue was down by 9% year-on-year, due to lower prices which was partially offset by the growth in sales volumes.

FOCUS ON RELATIONSHIP WITH END CONSUMERS

Labour productivity, t per pers.



Relevance to the strategy

Output per capita (production personnel) measures manpower productivity and how efficiently we can produce our product.

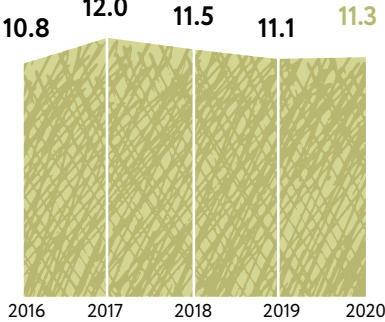
Measurement

Potash fertilisers output divided by average production personnel headcount.

Performance overview

The relatively tough trends in the global potash market did not have a significant impact on this indicator.

Production volume, mln t KCL



Relevance to the strategy

Achieved production shows the volume of products produced by the Company, which can be adjusted to reflect market conditions and the current strategy.

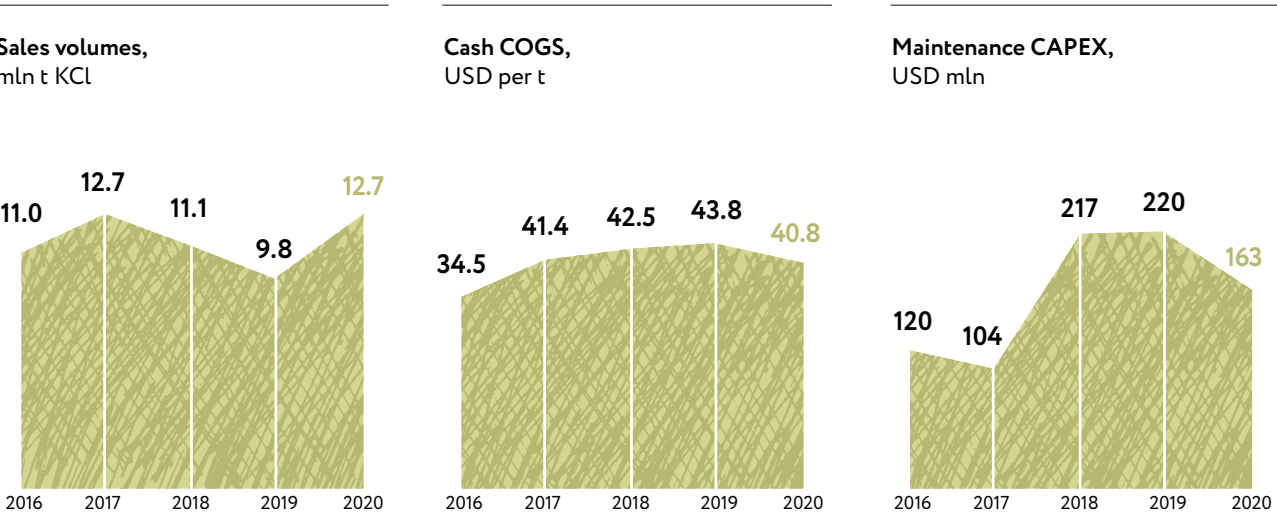
Measurement

The volume of potash fertilisers produced within the reporting period.

Performance overview

In 2020, Uralkali increased the production volume of its main products based on market conditions.

MAINTAINING A LEADERSHIP POSITION IN CASH COST OF GOODS



Relevance to the strategy

Sales volumes is one of the indicators representing the efficiency of our logistics, trading performance, and routes to market.

Measurement

The volume of potash fertilisers sold within the reporting period.

Performance overview

The Company evaluates the market conditions and adjusts its production and sales volumes to meet global demand.

Relevance to the strategy

Cash cost of goods sold (COGS) per tonne measures our competitive cost position in the industry.

Measurement

COGS less depreciation and amortisation and cost of goods for resale.

Performance overview

In 2020, cash costs per tonne of KCl remained among the lowest in the industry and further decreased due to RUB devaluation.

Relevance to the strategy

Maintenance CAPEX shows efficiency of our operating facilities maintenance.

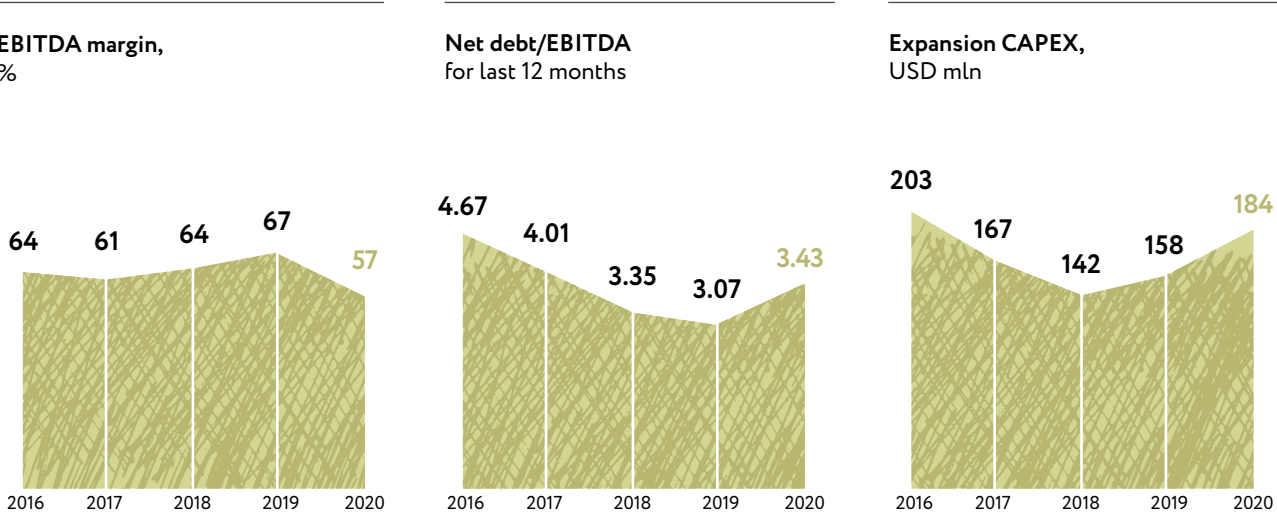
Measurement

Capital expenditures aimed at maintaining the current production facilities in sound technical condition.

Performance overview

The 2020 maintenance CAPEX is in line with the historical level which the Company is to maintain in the future.

BALANCED APPROACH TO INVESTMENT IN EXPANSION AND RETURN OF FREE CASH FLOW TO SHAREHOLDERS



Relevance to the strategy

The EBITDA margin demonstrates our pricing success, cost efficiency, advantages of being a pure-potash producer, and reflects the attractive fundamentals of our business.

Measurement

Adjusted EBITDA divided by net revenue. Adjusted EBITDA is operating profit plus depreciation of fixed assets and amortisation of intangible assets and depreciation of right-to-use assets, as well as impairment of fixed assets and non-recurrent expenses.

Performance overview

EBITDA margin decreased by 10 p.p. in 2020, which was mainly driven by a decrease in the average FCA export price in the markets where the Company operates.

Relevance to the strategy

Net debt/EBITDA measures how robust our capital structure is and how we manage our balance sheet.

Measurement

Net debt is debt (including bank loans and bonds) less cash and deposits.

Performance overview

The increase in the net debt/EBITDA ratio was caused by a decrease in adjusted EBITDA, while the net debt has also declined.

Relevance to the strategy

Expansion CAPEX reflects how efficiently we bring new potash capacity on line.

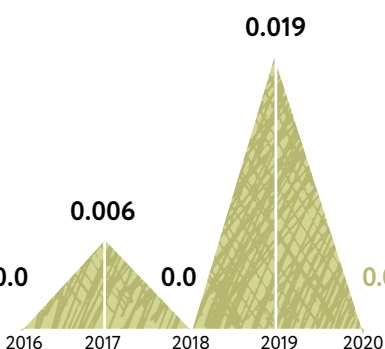
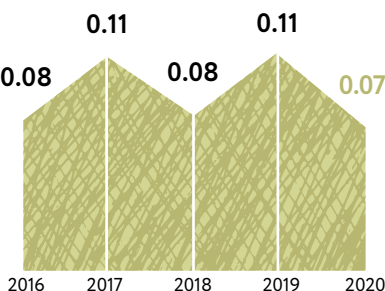
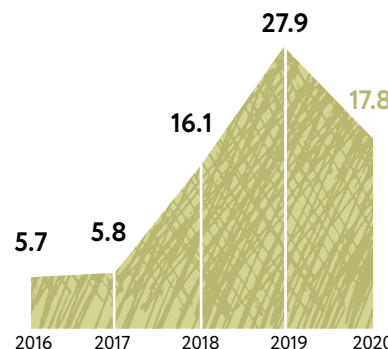
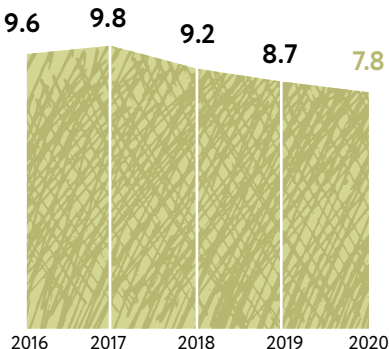
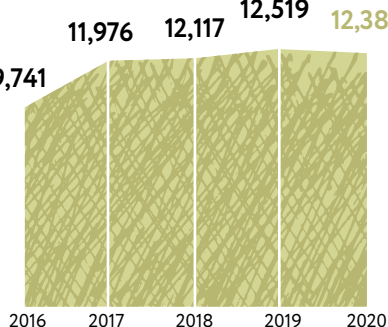
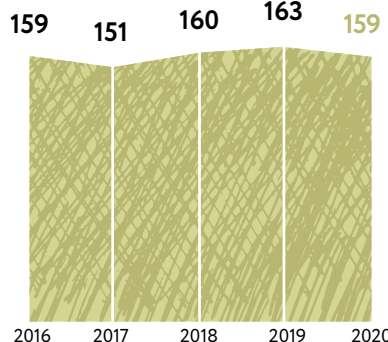
Measurement

Capital expenditures attributable to the expansion programme.

Performance overview

In 2020, the total expansion CAPEX was in line with our programme of new capacity launches to ensure the Company maintains its leading market position.

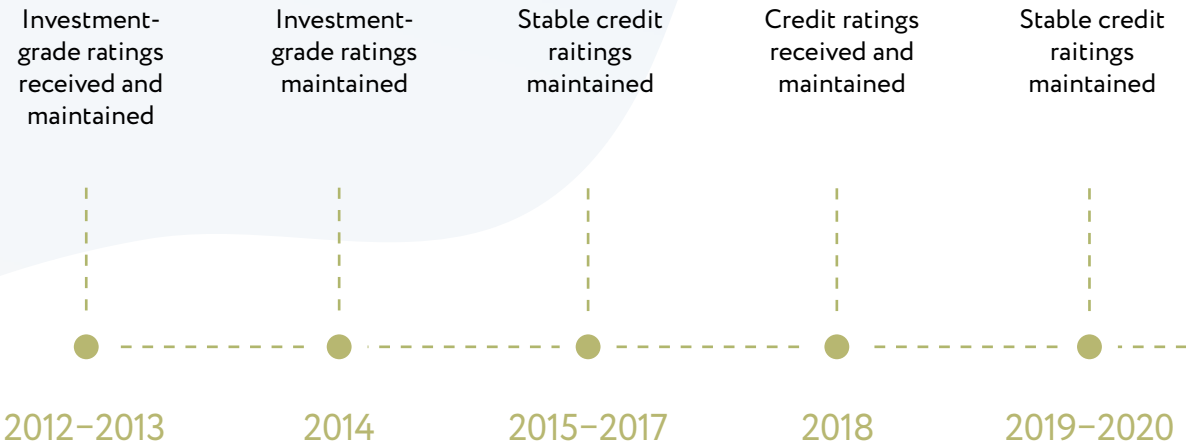
FOCUS ON PEOPLE, COMMUNITIES,
SAFETY AND ENVIRONMENT

<p>Work-related fatal injury frequency rate, (FIFR)</p>  <table><tr><th>Year</th><th>FIFR</th></tr><tr><td>2016</td><td>0.0</td></tr><tr><td>2017</td><td>0.006</td></tr><tr><td>2018</td><td>0.0</td></tr><tr><td>2019</td><td>0.019</td></tr><tr><td>2020</td><td>0.0</td></tr></table> <p>Relevance to the strategy</p> <p>FIFR is the core indicator of responsible health and safety management. It is central to our focus on operational excellence.</p> <p>Measurement</p> <p>FIFR is calculated based on the number of fatalities per 200,000 hours worked.</p> <p>Performance overview</p> <p>In 2020, no fatalities took place in PJSC Uralkali facilities.</p>	Year	FIFR	2016	0.0	2017	0.006	2018	0.0	2019	0.019	2020	0.0	<p>Lost time injury frequency rate, (LTIFR)</p>  <table><tr><th>Year</th><th>LTIFR</th></tr><tr><td>2016</td><td>0.08</td></tr><tr><td>2017</td><td>0.11</td></tr><tr><td>2018</td><td>0.08</td></tr><tr><td>2019</td><td>0.11</td></tr><tr><td>2020</td><td>0.07</td></tr></table> <p>Relevance to the strategy</p> <p>LTIFR reflects work-related injury frequency. The rate helps us to measure the efficiency of our health and safety initiatives and controls across our operations.</p> <p>Measurement</p> <p>LTIFR is calculated based on the number of lost time injuries per 200,000 hours worked.</p> <p>Performance overview</p> <p>In 2020, 11 incidents for organisational reasons occurred at Uralkali’s enterprises and subsidiaries in Russia, with no fatal injuries. Having investigated all incidents, the Company has taken the necessary measures to prevent similar incidents in the future.</p>	Year	LTIFR	2016	0.08	2017	0.11	2018	0.08	2019	0.11	2020	0.07	<p>Social investments, USD mln</p>  <table><tr><th>Year</th><th>Social investments (USD mln)</th></tr><tr><td>2016</td><td>5.7</td></tr><tr><td>2017</td><td>5.8</td></tr><tr><td>2018</td><td>16.1</td></tr><tr><td>2019</td><td>27.9</td></tr><tr><td>2020</td><td>17.8¹</td></tr></table> <p>Relevance to the strategy</p> <p>Social investments demonstrate and reflect the Company’s important role in the community in which it operates.</p> <p>Measurement</p> <p>Total amount of social expenditures including on charity, infrastructure, and sports.</p> <p>Performance overview</p> <p>In 2020, Uralkali continued to support sports activities, donate to charity, and contribute to the development of the region where it operates.</p> <p><small>¹ Social investment determined on accrual basis in roubles amounted to RUB 1,283 million in 2020. Average rate of the Central Bank of the Russian Federation for 2020: USD 1 = RUB 72.1.</small></p>	Year	Social investments (USD mln)	2016	5.7	2017	5.8	2018	16.1	2019	27.9	2020	17.8¹	<p>Voluntary labour turnover, %</p>  <table><tr><th>Year</th><th>Voluntary labour turnover (%)</th></tr><tr><td>2016</td><td>9.6</td></tr><tr><td>2017</td><td>9.8</td></tr><tr><td>2018</td><td>9.2</td></tr><tr><td>2019</td><td>8.7</td></tr><tr><td>2020</td><td>7.8</td></tr></table> <p>Relevance to the strategy</p> <p>Voluntary labour turnover represents the ability to retain our people, which is key to the Company’s strategy to be positioned as an employer of choice.</p> <p>Measurement</p> <p>Turnover is the number of permanent employee resignations as a percentage of total employees (excluding transfer to another employer and staff reduction).</p> <p>Performance overview</p> <p>In 2020, the effective HR Policy aimed at strengthening employee engagement contributed to a decline in voluntary labour turnover.</p>	Year	Voluntary labour turnover (%)	2016	9.6	2017	9.8	2018	9.2	2019	8.7	2020	7.8	<p>Average annual salaries¹, USD</p>  <table><tr><th>Year</th><th>Average annual salaries (USD)</th></tr><tr><td>2016</td><td>9,741</td></tr><tr><td>2017</td><td>11,976</td></tr><tr><td>2018</td><td>12,117</td></tr><tr><td>2019</td><td>12,519</td></tr><tr><td>2020</td><td>12,383</td></tr></table> <p>Relevance to the strategy</p> <p>The average annual salary per employee indicator in the main production unit measures how competitive we are on the market in relation to attracting and retaining the best people.</p> <p>Measurement</p> <p>The annual payroll is divided by the average number of Uralkali Group employees.</p> <p>Performance overview</p> <p>In 2020, average annual salaries denominated in US dollars dropped by 1% y-o-y due to RUB devaluation. The Company offers all of its employees competitive salaries, recognises their contribution, and encourages efficient work and professional development.</p>	Year	Average annual salaries (USD)	2016	9,741	2017	11,976	2018	12,117	2019	12,519	2020	12,383	<p>Energy consumption, kWh/t</p>  <table><tr><th>Year</th><th>Energy consumption (kWh/t)</th></tr><tr><td>2016</td><td>159</td></tr><tr><td>2017</td><td>151</td></tr><tr><td>2018</td><td>160</td></tr><tr><td>2019</td><td>163</td></tr><tr><td>2020</td><td>159</td></tr></table> <p>Relevance to the strategy</p> <p>Energy utilisation as a result of a number of mitigating actions demonstrates how the Company responds to climate change.</p> <p>Measurement</p> <p>Energy consumed (electricity) per tonne of production for industrial needs.</p> <p>Performance overview</p> <p>In 2020, energy consumption was consistent with historical levels.</p>	Year	Energy consumption (kWh/t)	2016	159	2017	151	2018	160	2019	163	2020	159
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¹ Since 2020, average annual salaries in PJSC Uralkali and its affiliates are disclosed. The data were reviewed retrospectively starting from 2016; the figures previously given for the main production unit are as follows: 10,408 in 2016, 12,868 in 2017, 12,837 in 2018 and 13,179 in 2019.

CONTINUED FOCUS ON BEST CORPORATE GOVERNANCE PRACTICES

CREDIT RATING MAINTENANCE



THE COMPANY’S GOVERNANCE AND TRANSPARENCY ARE NOT NEGATIVELY CITED BY RATING AGENCIES AND REGULATORS

The Company pursued a consistent policy of enhancing its corporate governance and information transparency, which also included the quality of public reporting on the corporate website along with timely and accurate disclosure.

Uralkali maintained its existing corporate governance system and standards and information transparency.



RELEVANCE TO THE STRATEGY

Ratings by international rating agencies acknowledge that Uralkali is a creditworthy borrower with a strong industry position, balanced financial policy, and prudent risk management that adheres to leading corporate governance standards

MEASUREMENT

Type of ratings assigned to the Company by four rating agencies: Fitch, Moody’s, Standard & Poor’s, and Expert RA

PERFORMANCE OVERVIEW

In 2020, Fitch and Moody’s updated the outlook on the Company’s rating from Positive to Stable

RELEVANCE TO THE STRATEGY

The corporate governance system, based on best international standards, is fundamental to shareholder trust and underpins our attractiveness to investors

MEASUREMENT

Any defects in the Company’s corporate governance, transparency, disclosure or ethical standards, practices or procedures cited by any rating agency or regulator with jurisdiction over the Company’s securities as a reason for an adverse decision with respect to the Company

PERFORMANCE OVERVIEW

Corporate governance continued to be among the Company’s key priorities in 2020. The decision-making process in the Company is in line with legal and regulatory requirements, and the Company constantly improves its corporate governance practices in order to comply with the best international standards