2016 IFRS Results
and Potash Market Overview

Webcast & Conference Call

13 March 2017

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Contents

Softening of the key markets along with severe export potash price decline resulted in a weaker performance in 2016

$ million	2016	2015	Δ	%
Sales volume, thousand tonnes	**10,952**	**11,205**	(253)	(2%)
- Export sales	**8,698**	**9,155**	(457)	(5%)
- Domestic sales	**2,254**	**2,051**	203	10%
Production volume, kt	**10,827**	**11,439**	(612)	(5%)
Average export potash price, FCA ($/tonne)	**172**	**245**	(73)	(30%)
Revenue	**2,278**	**3,123**	(845)	(27%)
Net revenue[1]	**1,851**	**2,645**	(794)	(30%)
EBITDA[2]	**1,183**	**1,913**	(730)	(38%)
EBITDA margin[3], %	**64%**	**72%**	(8) p.p.	(11%)
Net profit	**1,427**	**184**	1,243	676%
- FOREX exchange and swaps	**1,074**	**(1,272)**	2,346	n/a

Summary

Market overview

- Prolonged negotiations with Chinese and Indian buyers, global destocking during 1Q 2016 kept downward pressure on potash industry and Company’s export sales in 2016
- Challenging market conditions over an extended period have inevitably resulted in lower Y-o-Y potash prices in 2016
- 2016 global potash demand is estimated to have remained flat Y-o-Y due to strong demand rebound in North and Latin America

Financial and operational highlights

Sales

- Sales volumes decrease by 2% Y-o-Y on the back of lower import demand around the world

Profitability

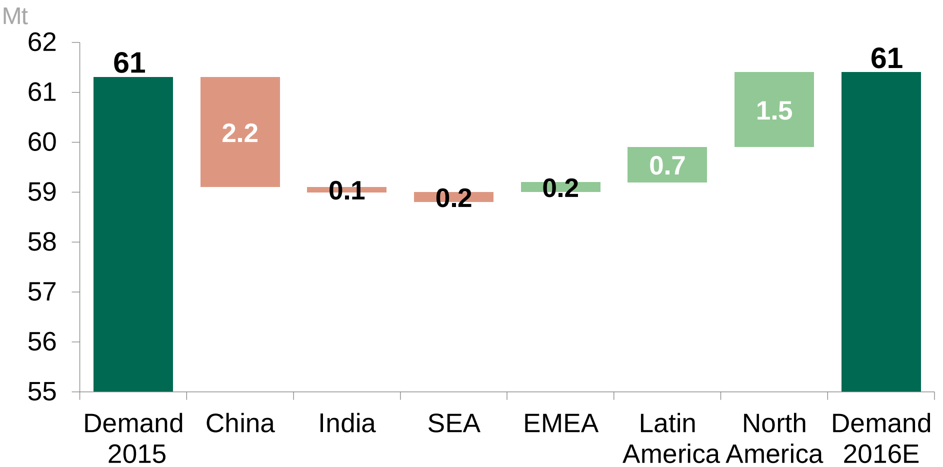
- EBITDA margin decline by 11% Y-o-Y was largely driven by dramatically negative average export potash price (FCA) dynamic
- Net profit significant growth by 676% Y-o-Y was caused by foreign exchange gain and fair value revaluation of swaps, which amounted to gain of $1,074 mln in 2016 versus loss of $1,272 mln in 2015

1. Net Revenue represents Revenue net of freight, railway tariff and transshipment costs
2. EBITDA is calculated as Operating profit plus depreciation and amortization excluding one-off income/(expenses)
3. EBITDA margin is calculated as EBITDA divided by Net revenue

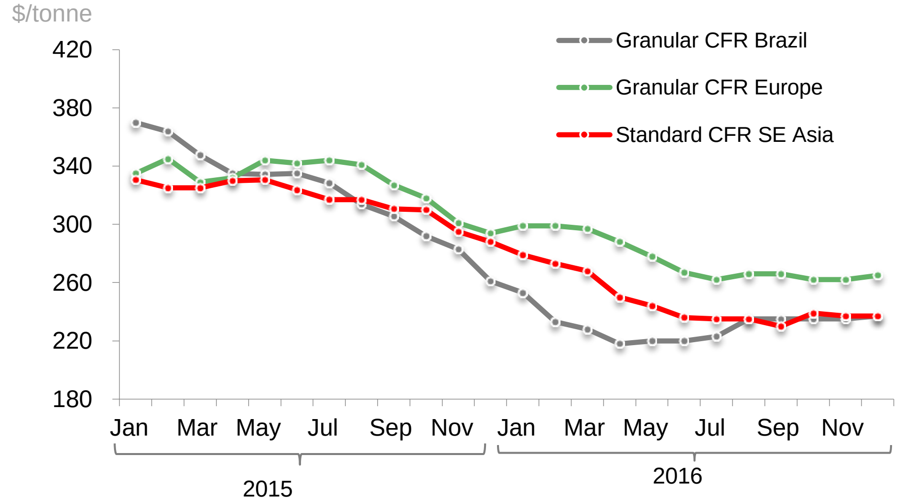
Contents

2016 – Challenging year for global potash market

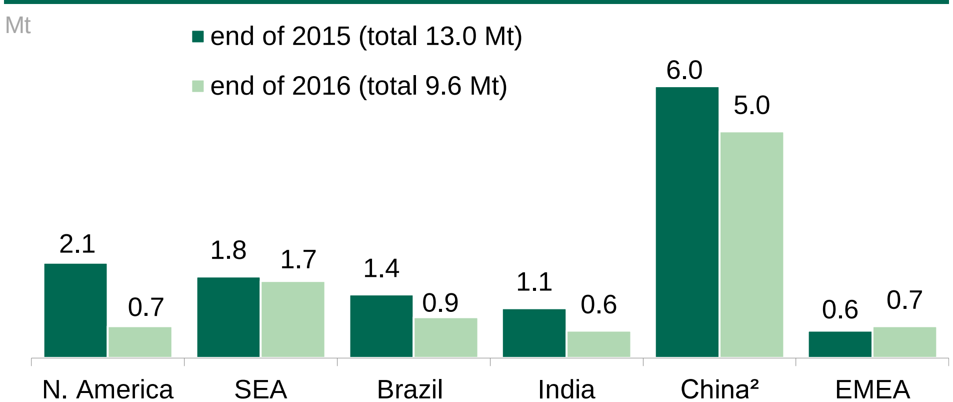
Global potash demand 2016E



Global potash price dynamics



Global potash inventory[1]



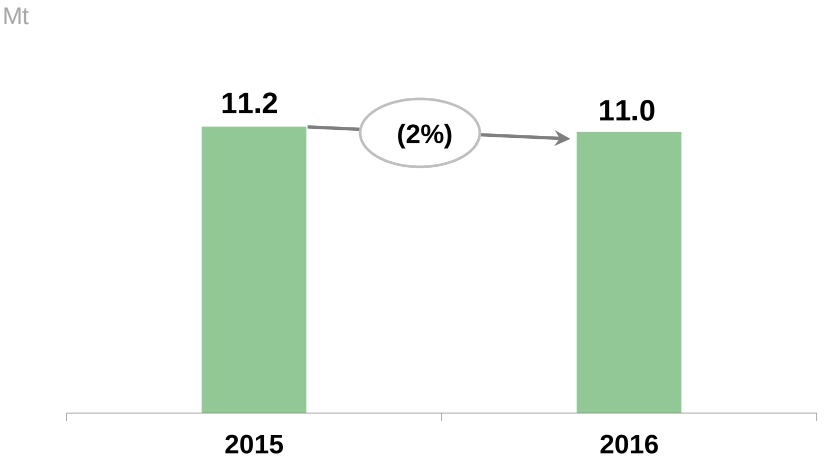
- High carry-over potash stocks and delay of China and India contract settlements weighed on potash demand in 2016
- Challenging market conditions over an extended period last year have inevitably resulted in lower Y-o-Y potash prices in 2016
- Global demand is estimated to have been flat Y-o-Y in 2016. Strong demand rebound in North America and Brazil fully offset import demand drop in Asia last year

Notes:
1. Inventories don't include domestic potash producers' stocks, excl. China
2. Including domestic producers' stocks

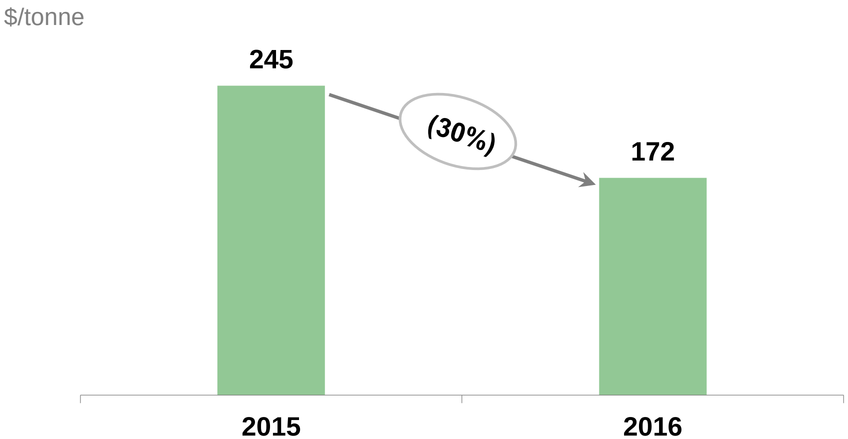
Source: IFA, CRU, Fertecon, Uralkali's estimates

Uralkali's sales came under downward pressure in 2016

Uralkali sales volumes



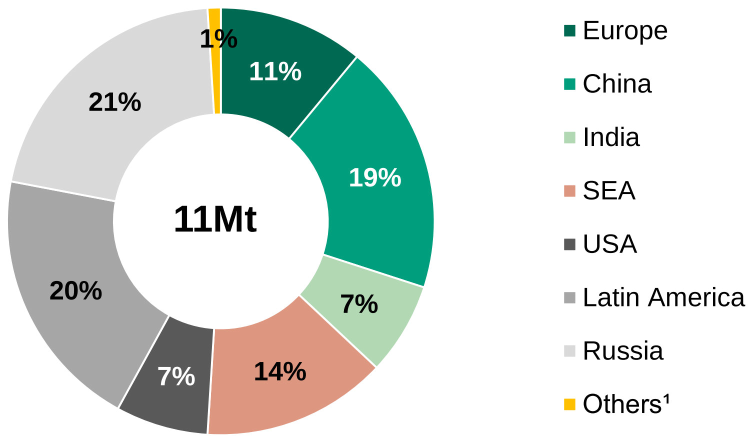
Average export potash price, FCA



1. Africa, Middle East, FSU

Source: Uralkali

Uralkali FY 2016 sales structure



- Company's performance reflects challenging market environment with some improvement achieved in 2H 2016
- Y-o-Y decline in global potash prices affected average realized export price which was down by 30% Y-o-Y to $172/t FCA
- Decline in China and India potash imports led to Company's sales volumes declining to 11.0 million tonnes from 11.2 million tonnes in 2015

2017F Potash Demand Outlook

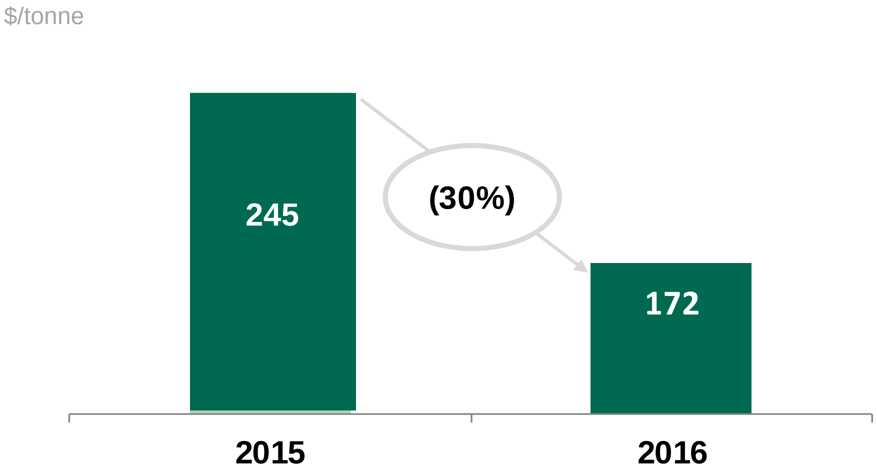
Markets	2017F	Comments
China	14.8 – 15.0	○ Affordable potash prices and lower Y-o-Y potash carry-over stocks could lead to a higher Y-o-Y potash demand for imports this year
India	3.9 – 4.2	○ Subsidy issue may be a challenge for potash demand growth this year ○ Expectation of good monsoon season and low potash carryover stocks are expected to support import demand this year
SEA & Oceania	9.3 – 9.5	○ Palm oil prices are at a robust level. Palm oil plantation owners continue to invest in fertilizers to maximize returns ○ Local currency headwinds and moderation in CPO prices in 2H 2017 may limit potential upside to potash imports
Latin America	12.3 – 12.5	○ Importers' commitments for 1H 2017 deliveries demonstrate their confidence in the prospects for demand in the region **Brazil:** ○ Potash demand growth is supported by lower carry-over potash inventories, favorable farm economics and improved credit availability for farmers
North America	9.4 – 9.6	○ Potash demand is likely to be flat Y-o-Y or slightly lower this year due to expected reduction in corn planted acreage
EMEA & FSU	12.4 – 12.5	○ 1Q 2017 potash import demand remains strong ○ Demand is expected to grow Y-o-Y aided by restocking needs

2017 Global demand is expected to be in the range of 62 – 63 million tonnes

Contents

Net revenue was under pressure as prices tumbled and volumes shrunk in 2016

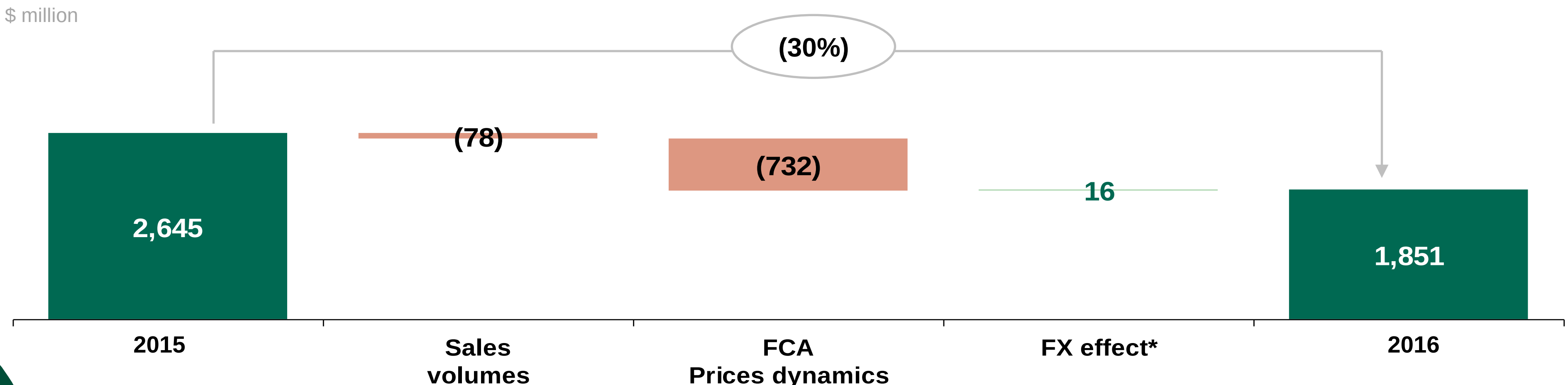
Average export potash price, FCA



Comments

- Decrease in sales volumes to 11 million tonnes was triggered by lower import demand around the world and slow down in demand growth for potash
- Gross revenue and net revenue declined significantly Y-o-Y (27% and 30% respectively) largely on the back of negative export potash price (FCA) dynamics (down Y-o-Y by 30%) and shrinking export sales volumes (down Y-o-Y by 5%)

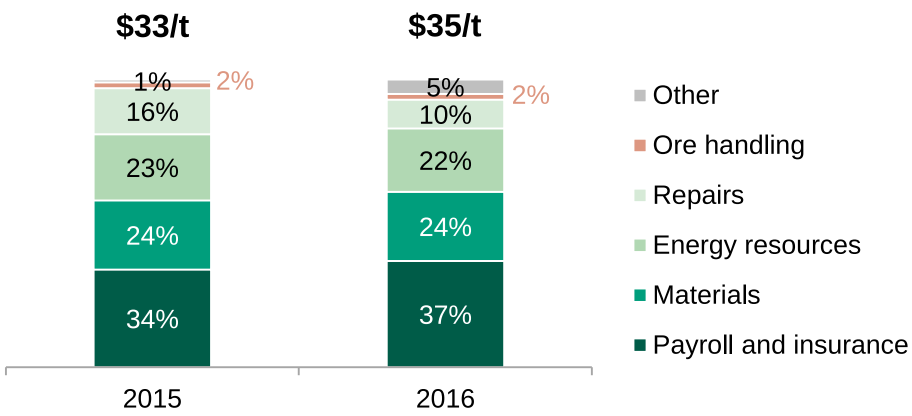
Net revenue



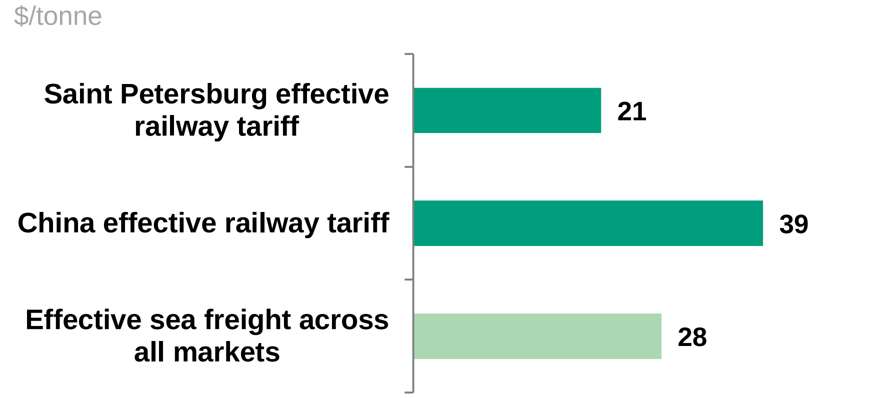
* FX effect: $22 mln on transportation expenses; $(6) mln on other revenue

Favorable impact of RUB depreciation on cost structure provided support in 2016 to Uralkali's continued focus on efficiency

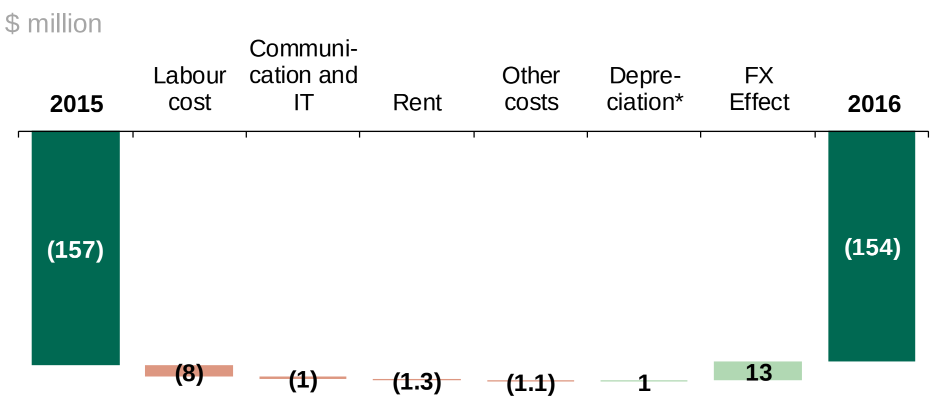
2015 vs 2016 cash COGS structure



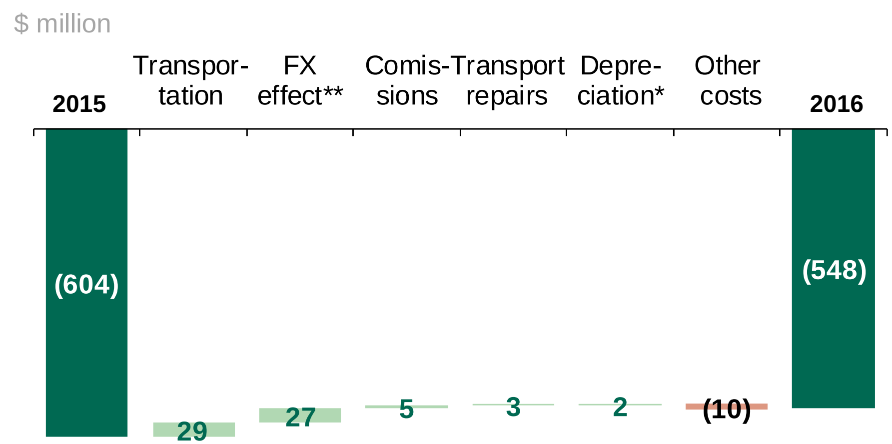
Effective railway tariff & freight ($/t) 2016



General and administrative expenses



Distribution costs



* Including FX effect on depreciation

** FX effect consists of: $22 mln FX effect on transportation expenses; $5 mln FX effect on distribution expenses other than transportation

Downward pressure on potash sales volumes and prices resulted in 38% reduction in EBITDA Y-o-Y

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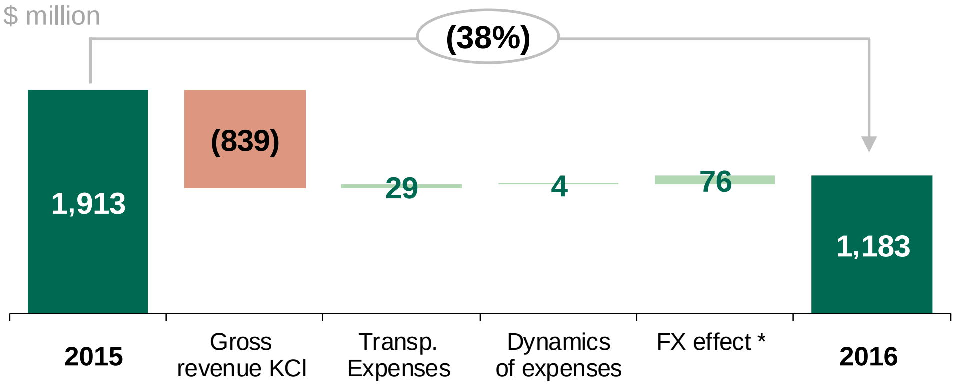
EBITDA

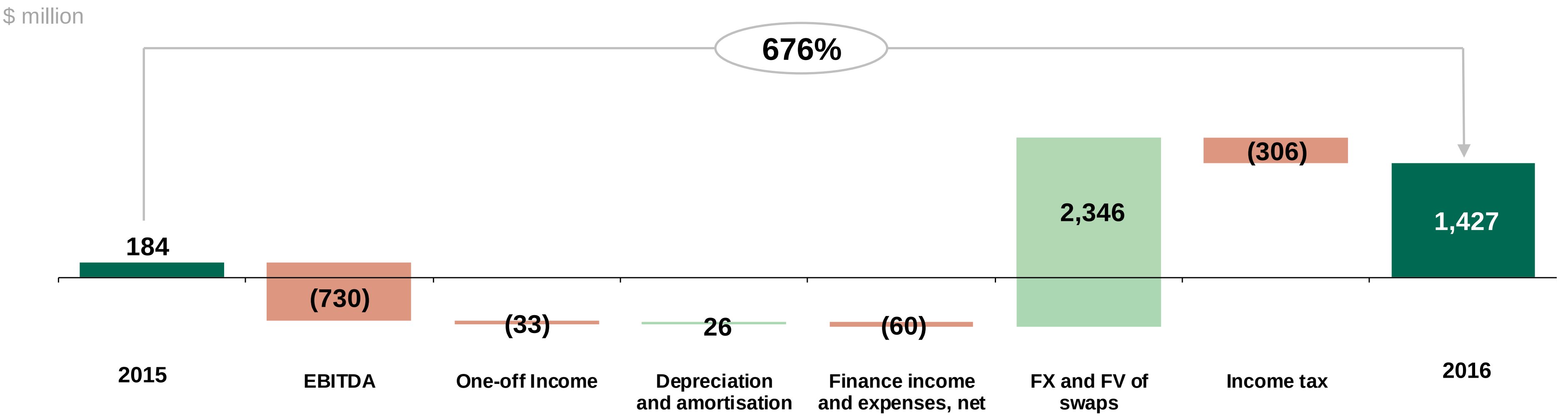


EBITDA calculation

$ million

2015			2016
Operating profit	1,725	989	**Operating profit**
Adjusted for			***Adjusted for***
Depreciation and amortisation	220	194	Depreciation and amortisation
One-Off (income)			
Provision for Solikamsk-2	(5)		
Impairment of fixed assets of Solikamsk-2	(27)		
EBITDA	**1,913**	**1,183**	**EBITDA**

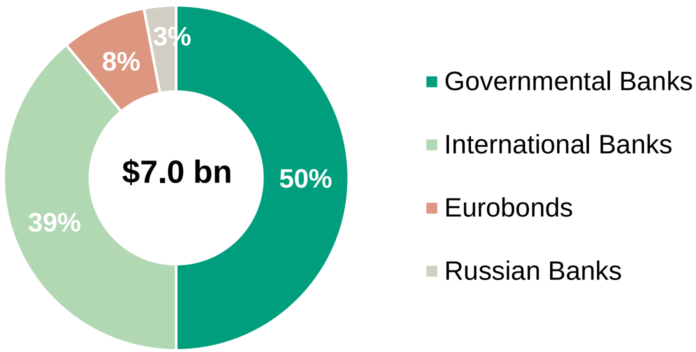
Net profit



*FX effect consists of: $(6) mln FX effect on other revenue, $33 mln FX effect on COGS, $13 mln FX effect on G&A, $22 mln FX effect on transportation expenses, $5 mln FX effect on distribution expenses (other than transportation) and $9 mln of FX effect on other operating expenses and other taxes

$ denominated loan portfolio represents natural hedge of export revenue

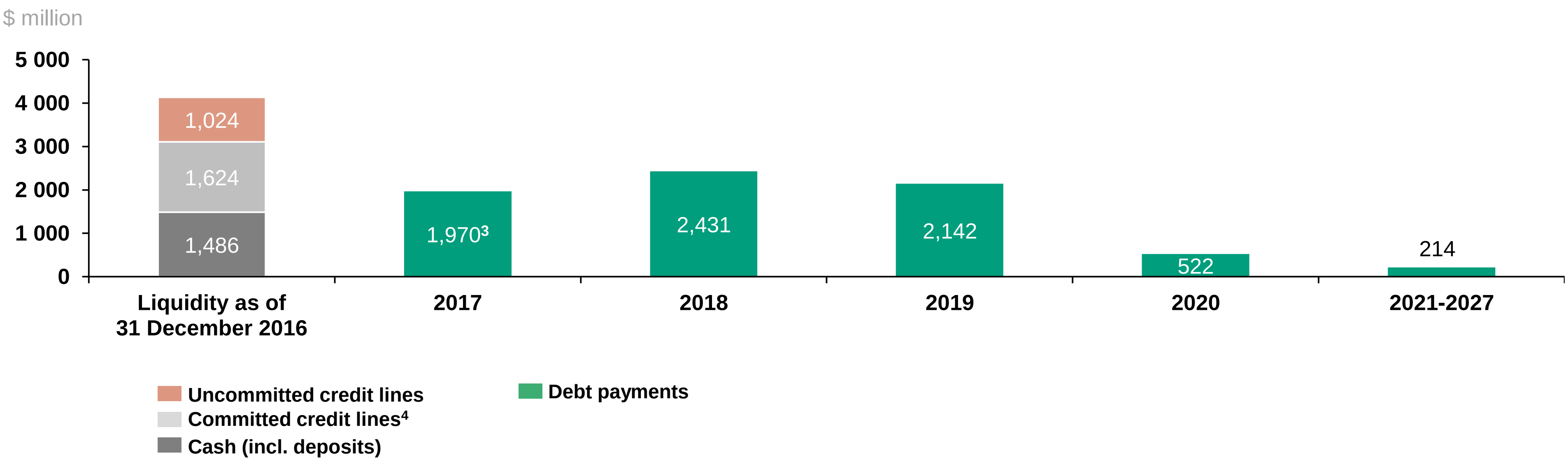
Balanced loan portfolio as of December 31st, 2016[1]



Loan portfolio overview[1]

- Outstanding debt mostly denominated in US dollars
- 59% - unsecured loans, 30% - PXF, 11% - REPO/pledged
- 36% - fix rate[2], 64% - floating rate
- 8% of debt is public (Eurobonds)
- Average interest rate on loan portfolio in 2016 was 4.1%
- Debt portfolio is diversified across instruments, products and sources

Debt maturities schedule[1] (as of 31st December 2016)



1. All calculations include swaps
2. Fixing starts in June and September 2017
3. Including repayment of Promsvyazbank loan in the amount of $250 mln
4. Group has signed lines with Sberbank in amount of $3.9 bn, which will become available in 2017-2020

The Company has a balanced portfolio and stable leverage metrics

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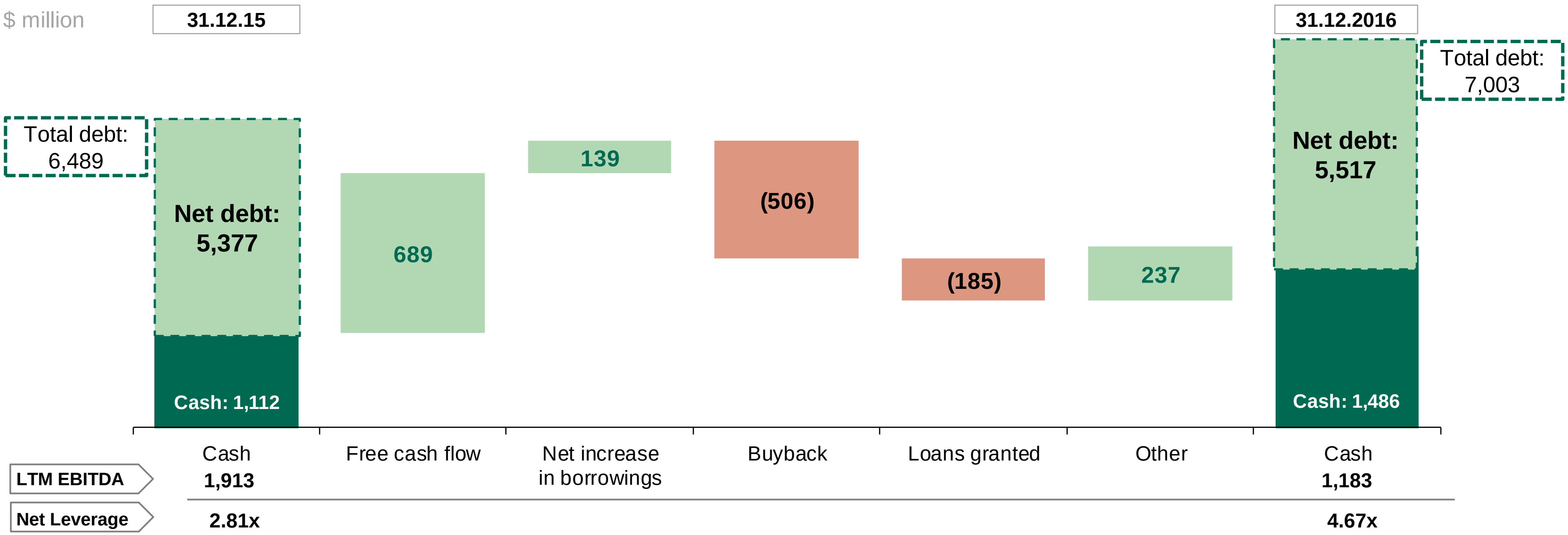
Debt bridge and net leverage



Credit Ratings

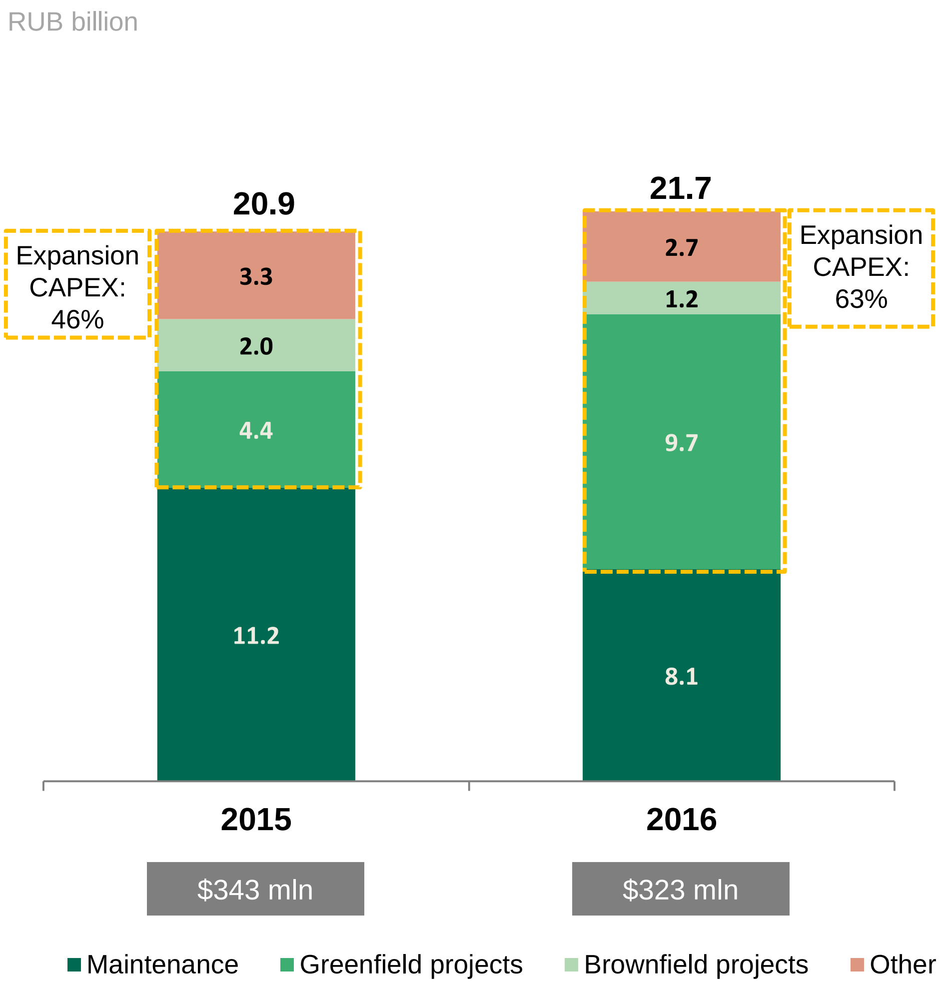
Agency	Credit Rating	Outlook	Last Update
Moody's	Ba2	Stable	October 2015
Standard & Poor's	BB-	Negative	December 2015
Fitch Ratings	BB-	Negative	October 2015

US$ million	31 December 2016
Total debt (bank loans & eurobonds)	7,003
Cash[1]	1,486
Net debt	5,517
Net Debt/LTM EBITDA	4,67x

1. Including deposits

Sufficient level of operating cash flow enabled the Company to finance its CAPEX programme

CAPEX[1] overview



Comments

Actual investments in 2016 amounted to $323 mln (RUB21.7bn)

Maintenance investments totaled $120 million (RUB8.1 bn)

- Replacement and upgrade of equipment for the surface complex with the expired service life, replacement of mining equipment due to excessive running hours

Investments in expansion amounted to $203 mln (RUB13.6 bn)

Key investments for the period are:

- **Ust-Yayva ($105 mln)** – construction of 2 vertical shafts and shaft cementing is completed, equipment of shafts 1, 2 was initiated Construction of the surface complex and constant power supply facilities is underway
- **New mine Solikamsk-2 ($33 mln)** – development of design documents for shaft construction is underway, preparatory work for the construction of 2 vertical shafts has begun
- **Granulation ($21 mln)** – renovation of Berezniki-3 granulation unit was finished, the main equipment for Berezniki-2 and Solikamsk-2 was purchased. The framework installation for the main granulation building of Solikamsk-3 began
- **Load increase ($13 mln)** – key activities aimed at bottlenecks elimination and technology stabilization at Berezniki-4 were completed
- **Polovodovo ($7 mln)** – design documents for the main facilities were developed and sent for examination
- **Solikamsk-3 expansion ($6 mln)** – collar reconstruction of shaft 4 and headframe foundation works were completed. Installation of the headframe and heading equipment was initiated

1. As per IFRS Consolidated Cash Flow Statement
2. Exchange rate $/RUB for 2016: 67.0349; 2015: 60.9579

Summary results

Statement of profit or loss

$ thousands	2016	2015	∆Y-o-Y
Revenue	2,278,249	3,123,302	(845,053)
Cost of sales	(549,766)	(568,758)	18,992
Gross profit	**1,728,483**	**2,554,544**	**(826,061)**
Distribution costs	(547,676)	(604,264)	56,588
General and administrative expenses	(154,082)	(156,884)	2,802
Taxes other than income tax	(25,414)	(24,826)	(588)
Other operating income and expenses, net	(12,741)	(43,329)	30,588
Operating profit	**988,570**	**1,725,241**	**(736,671)**
Finance income/(expense)	768,126	(1,517,642)	2,285,768
Profit before income tax	**1,756,696**	**207,599**	**1,549,097**
Income tax expense	(329,550)	(23,831)	(305,719)
Net profit for the period	**1,427,146**	**183,768**	**1,243,378**
Profit/(loss) attributable to:			
Owners of the Company	1,427,283	181,242	1,246,041
Non-controlling interests	(137)	2,526	(2,663)
Net profit for the period	**1,427,146**	**183,768**	**1,243,378**
Earnings per share – basic and diluted (in US cents)	100.73	8.24	

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