1H 2016 IFRS Results and Potash Market Overview

Webcast & Conference Call

29 August 2016

URALKALI®

Disclaimer

This presentation has been prepared by JSC Uralkali (the «Company»). By attending the meeting where the presentation is made, or by reading the presentation slides, you agree to the following limitations and notifications.

With respect to any information communicated by the Company, its agents or its representatives (including its directors, officers, employees, members, attorneys, advisors and any affiliates) to you or your agents or representatives (including any directors, officers, employees, members, attorneys, advisors and affiliates), directly or indirectly, whether in written, oral, visual, electronic or any other form, during or constituting the whole or part of this presentation or any presentation meeting or any conversation or discussion relating to or held in connection with this presentation, or any opinion expressed in respect of such information (the "Information"), such Information may not be reproduced, redistributed, passed on or otherwise disseminated to any other person, directly or indirectly, whether in written, oral, visual, electronic or any other form, for any purpose.

The Information communicated does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Any person considering the purchase of any securities of the Company or any member of its group must inform himself or herself independently before taking any investment decision. The Information communicated has been provided to you solely for your information and background and is subject to amendment. Further, the Information communicated has been compiled on the basis of information from a number of sources and reflects prevailing conditions as of its date, which are subject to change. The medium through which the Information is communicated constitutes neither an advertisement nor a prospectus. The Information communicated has not been independently verified. The Information communicated is subject to verification and amendment without notice and the Company is not under any obligation to update or keep current the Information.

Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its directors, officers, employees, members, attorneys, advisors, affiliates or any other person as to the correctness, accuracy, currency, completeness, adequacy, usefulness, reliability, fairness or otherwise of the Information communicated, and any reliance you place on such Information will be at your sole risk. Neither the Company nor any of its directors, officers, employees, members, attorneys, advisors, affiliates or any other person accepts any liability whatsoever for any loss howsoever arising from any use of the Information communicated.

To the fullest extent permitted by applicable law, the Company shall not be liable for any compensatory, punitive, special, consequential or other damages, any loss of income or revenue, any loss of business, any loss of anticipated savings, any loss of goodwill, or any other losses, liabilities, expenses or costs of whatever nature arising from or attributable to your access to, or inability to access, or reliance on Information even if the Company has been advised of the possibility of such damages, losses, liabilities, expenses or costs.

Some of the Information may constitute projections or other forward-looking statements regarding future events or the future financial performance of the Company. These statements involve numerous assumptions regarding the present and future strategies of the Company and the environment in which it operates and will operate in the future and involve a number of known and unknown risks and other factors that could cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Accordingly, the Company provides no assurance whatsoever that its or its industry's actual results, levels of activity, performance or achievements will be consistent with the future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. Neither the Company nor any of its directors, officers, employees, members, attorneys, advisors, affiliates or any other person intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

Multiple factors could cause the actual results to differ materially from those contained in any projections or forward-looking statements, including, among others, potential fluctuations in quarterly or other results, dependence on new product development, rapid technological and market change, acquisition strategy, manufacturing risks, volatility of stock price, financial risk management, future growth subject to risks of political instability, economic growth and natural disasters, wars and acts of terrorism.

Contents

Softening of the key markets along with severe export potash price decline resulted in weaker performance in 1H 2016

US$ million	1H2016	1H2015	Δ	%
Sales volume, thousand tonnes	**4,868**	5,601	(734)	(13%)
- Export sales	**3,786**	4,587	(801)	(17%)
- Domestic sales	**1,082**	1,015	67	7%
Production volume, thousand tonnes	**5,114**	5,673	(559)	(10%)
Average export potash price, FCA (US$/tonne)	**188**	242	(54)	(22%)
Revenue	**1,075**	1,562	(487)	(31%)
Net revenue[1]	**892**	1,309	(417)	(32%)
EBITDA[2]	**611**	933	(322)	(35%)
EBITDA margin[3], %	**69%**	71%	(2 pts)	(3%)
FX and SWAP revaluation	**729**	(60)	789	na
Net profit	**935**	556	379	68%

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

Summary

Market overview

- 1H 2016 was marked by a decline in potash demand and prices across major markets
- Potash shipments declined as China and India delayed signing new supply contracts and customers were unwilling to build stock ahead of the outcome for the contract negotiations
- Despite Y-o-Y stronger agricultural commodity prices and stabilization of local currencies versus USD, consumer confidence was fragile; most purchasing was done on a hand-to-mouth basis

Financial and operational highlights

Sales

- Sales volumes decrease by 13% Y-o-Y on the back of decreasing buying activity around the world

Profitability

- EBITDA margin decline by 3% Y-o-Y was largely driven by unsupportive market dynamics in the absence of long-term contracts
- Net profit significant growth by 68% Y-o-Y was primarily caused by foreign exchange gain and fair value of swaps revaluation, which amounted to US$ 729 mln

Debt

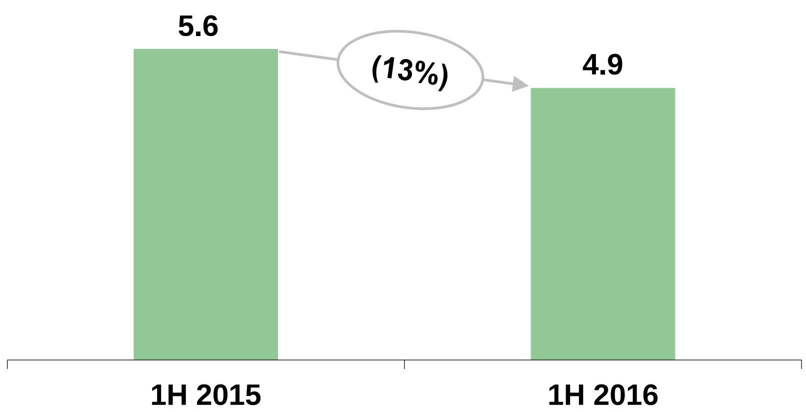
- The Company expects to maintain a sustainable level of financial leverage

Contents

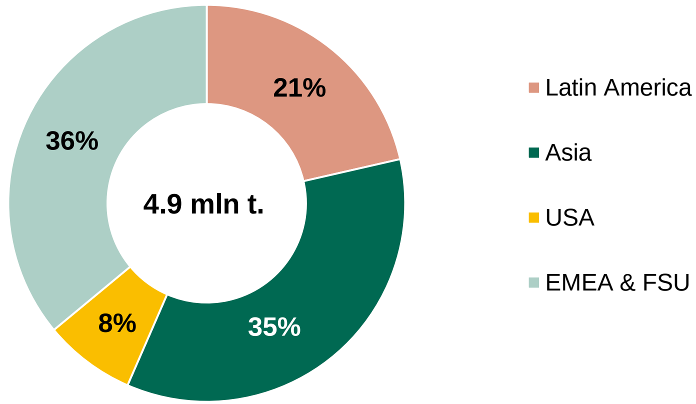
Challenging market environment kept downward pressure on Company's potash sales during 1H 2016

1H 2016 sales volumes

Million tonnes



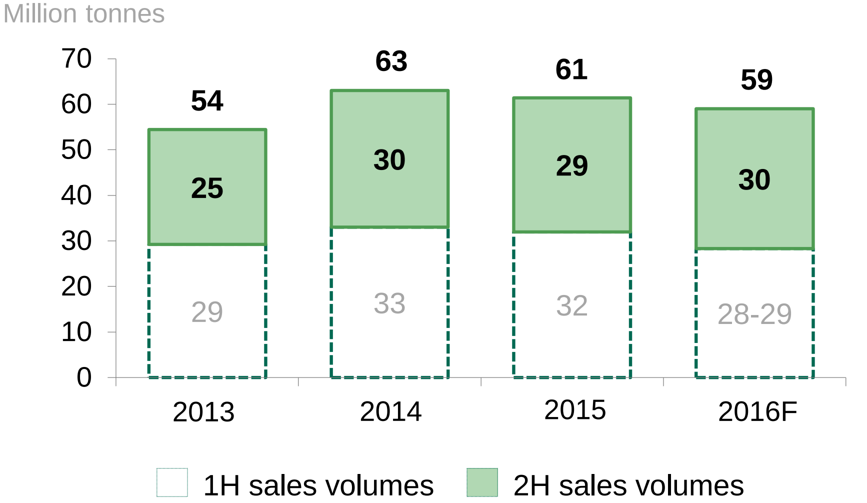
1H 2016 sales structure



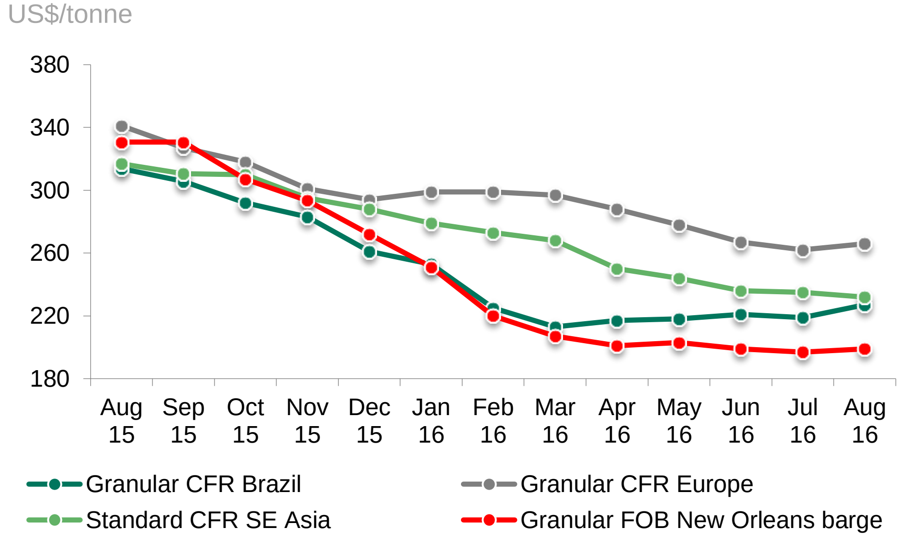
- High carry-over potash stocks and delayed Chinese and Indian contracts have curbed Y-o-Y global potash growth in 1H 2016, with potash prices having continued to decrease
- Company's results suffered from subdued demand conditions, which negatively impacted prices and sales volumes in 1H 2016
- Depressed potash prices over an extended period have inevitably affected average realized export price which was down by 22% Y-o-Y to $188/t FCA
- Sales volumes were down by 13% compared to 1H 2015 mostly due to the lack of contracts with our main customers, India and China

Forward Potash Market Environment

Potash demand 2013-2016F



Potash price dynamics



- 1H 2016 demand has been impacted by customer caution
  - Customers expectation of resetting of the prices to lower levels
- The resumption of contract shipments to China set the stage for potash demand to potential stabilization
  - Potash prices are likely to have bottomed and increases are quite modest due seasonal pick up in some markets
  - Deferred demand in contract and spot markets is likely to drive industry demand to 30 million tonnes in 2H 2016

Source: IFA, CRU, Uralkali estimates

2016 Global demand is expected to be around 59 million tonnes

Markets	2015, mln t.	2016F, mln t.	Comments
China	**16.7**	**14.0**	○ Contract business in China is concluded ○ Delayed contract and elevated 2015 end-year inventories are expected to lead to decline in potash demand this year compared to record high level in 2015
India	**3.9**	**3.5**	○ Potash shipments picked up following the contract settlement ○ Good levels of monsoon rainfall support potash demand this year ○ Given dramatic Y-o-Y decline in potash imports in the first half of this year, potash imports for calendar year 2016 are expected to be below 2015 level
SEA & Oceania	**9.3**	**8.9**	○ Following the settlement of the Chinese contract, slow demand recovery is expected in 2H 2016 ○ Full-year demand is projected to fall below that of 2015 due to adverse weather conditions in 1Q 2016, and delayed China contract
Latin America	**11.3**	**11.6**	○ The recovery of demand is likely to continue through 2H 2016 ○ Demand is expected to increase 3% Y-o-Y in 2016, supported by favourable farmers' economics
North America	**8.0**	**8.5**	○ Demand is stable and expected to remain at current level ○ Full-year demand is expected to grow due to increased crop acreage and favorable farmers' economics
EMEA & FSU	**12.2**	**12.3**	○ 2H 2016 demand is expected to revive given the pent-up demand from customers who deferred potash purchases in 1H 2016 ○ Full-year demand is forecast to increase by 1% Y-o-Y

Source: IFA, Uralkali estimates

Market Highlights

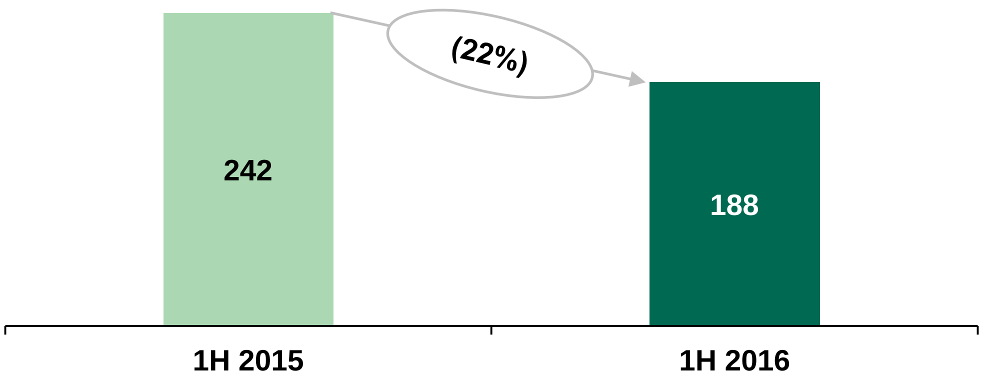
- Global destocking cycle and absence of Chinese and Indian contracts curbed global potash demand growth in 1H 2016
- Although potash prices appear to have bottomed recently, they still remain at historically low levels
- The resumption of contract shipments to China and India revived market confidence
- We expect global potash demand to be down in 2016 with a forecast of 59 million tonnes from 61 million tonnes in 2015, reflecting the prolonged potash price negotiations with China and India and inventory destocking in major markets

Contents

Net revenue was under pressure as prices tumbled and volumes shrunk in 1H 2016

Average export potash price, FCA

US$/tonne

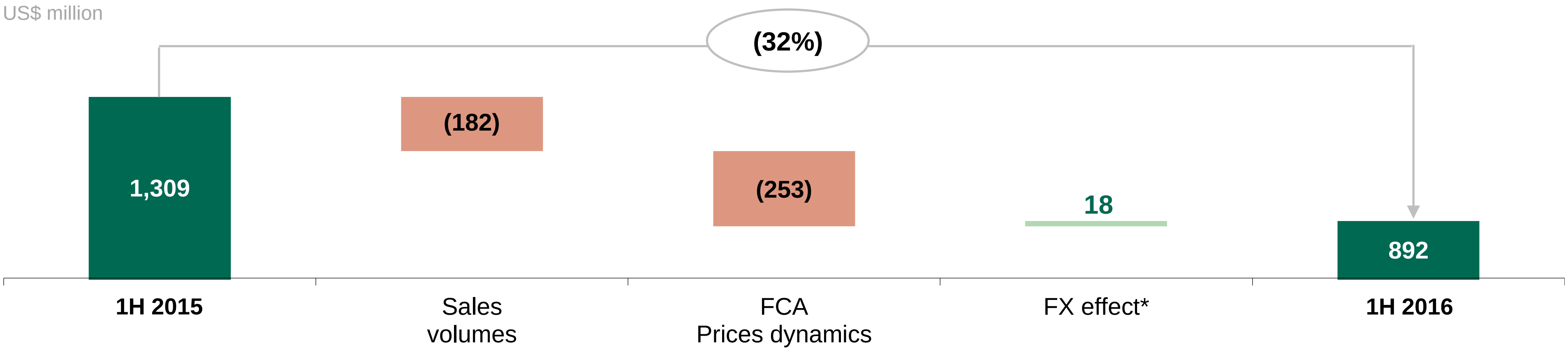


Comments

- Decrease in sales volumes to 4.9 million tonnes was triggered by decreasing buying activity around the world and slow down in demand growth for potash
- Gross revenue and net revenue declined significantly Y-o-Y (31% and 32% respectively) largely on the back of negative potash price (FCA) dynamics (down Y-o-Y by 22%) and shrinking sales volumes (down Y-o-Y by 13%)
- Continuous RUB depreciation had a positive but rather negligible effect on overall Net revenue performance

Net revenue

US$ million

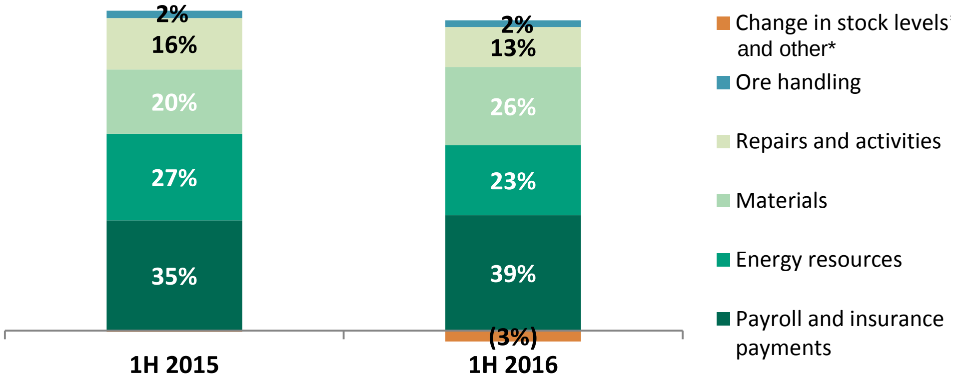


* FX effect: US$ 24 mln on transportation expenses; US$ (6) mln on other revenue

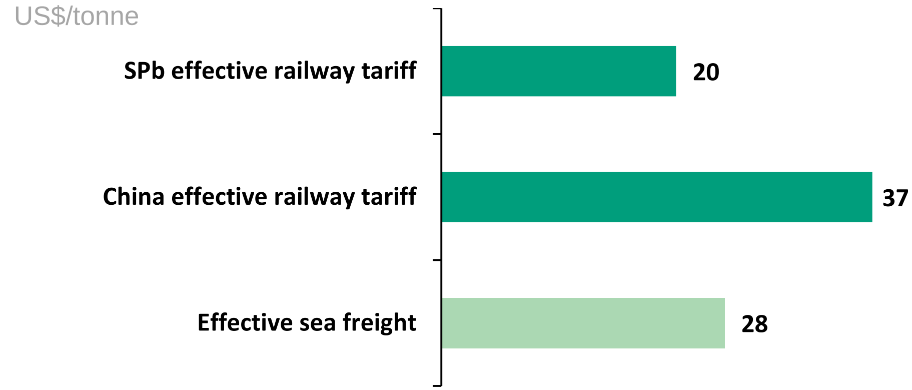
Favorable impact of RUB depreciation on cost structure provided support in 1H 2016 to Uralkali's continued focus on efficiency

URALKALI

1H 2015 vs 1H 2016 cash COGS structure

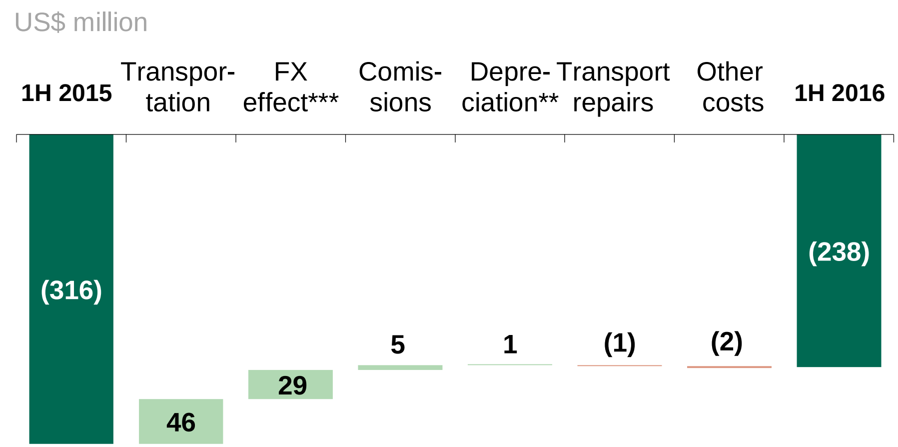


Effective railway tariff & freight (US$/t) 1H 2016



General and administrative expenses

Distribution costs



* Negative percentage in 1H 2016 is connected to growth of stock levels due to lower sales volumes

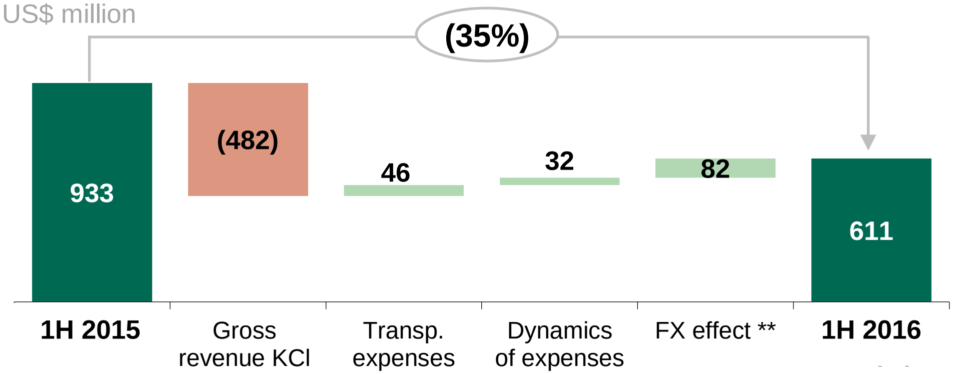
** Including FX effect on depreciation

***FX effect consists of: US$ 24 mln FX effect on transportation expenses; US$ 5 mln FX effect on distribution expenses other than transportation

Downward pressure on potash sales volumes and prices resulted in 35% reduction in EBITDA Y-o-Y

EBITDA

US$ million



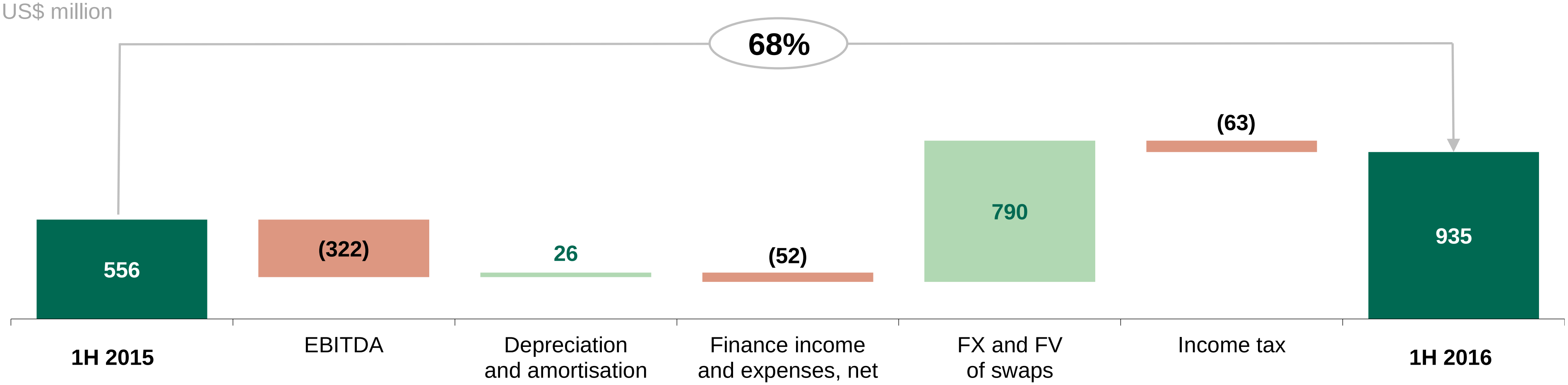
EBITDA calculation

US$ million

1H 2015		1H 2016	
Operating profit	814	518	**Operating profit**
Adjusted for			***Adjusted for***
Depreciation and amortisation	119	93	Depreciation and amortisation
EBITDA	**933**	**611**	**EBITDA**

Net profit

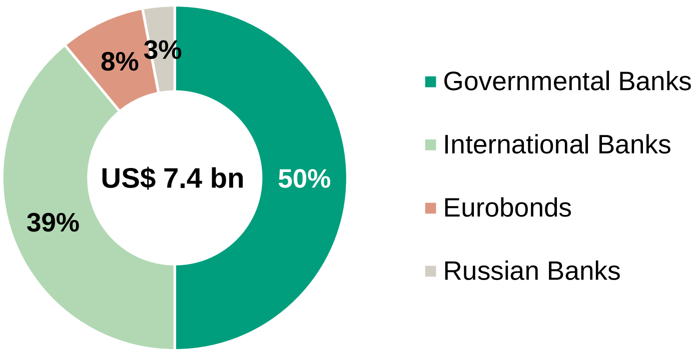
US$ million



**FX effect consists of: US$(6) mln FX effect on other revenue, US$34 mln FX effect on COGS, US$13 mln FX effect on G&A, US$24 mln FX effect on transportation expenses, US$5 mln FX effect on distribution expenses (other than transportation) and US$12 mln of FX effect on other operating expenses and other taxes

US$ denominated loan portfolio represents natural hedge of export revenue

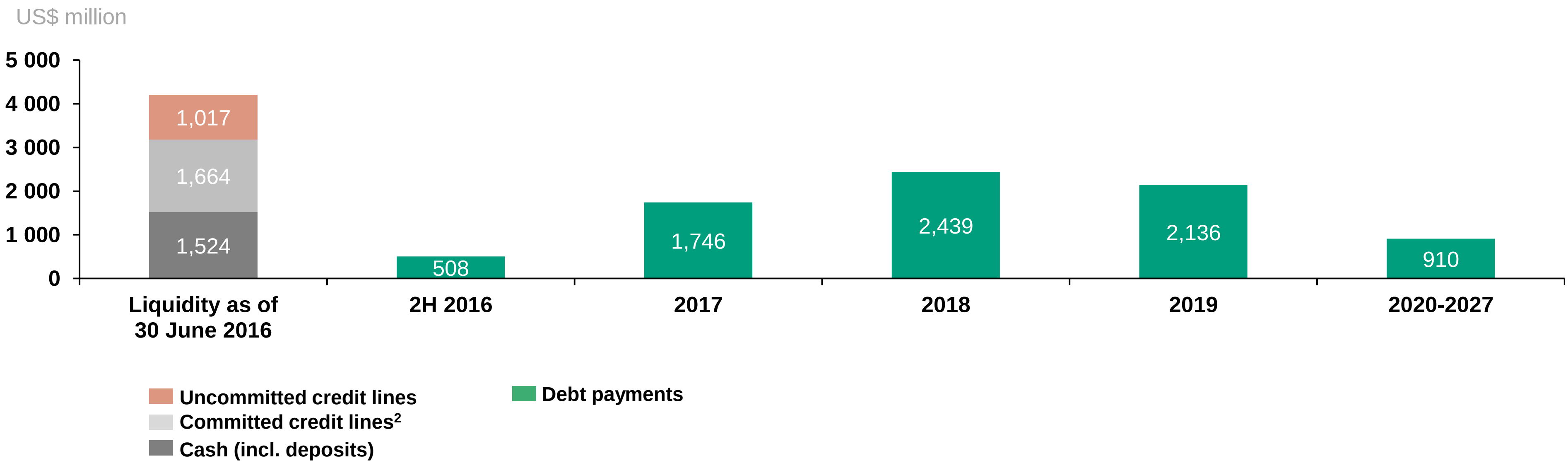
Balanced loan portfolio June 30th, 2016



Loan portfolio overviews

- Outstanding debt mostly denominated in US Dollars
- 60% - unsecured loans, 30% - PXF, 10% - REPO/pledged
- 8% - fix rate, 92% - floating rate
- 8% of debt is public (Eurobonds)
- Effective interest rate on loan portfolio was around 4.3%
- Debt portfolio is diversified across instruments, products and sources

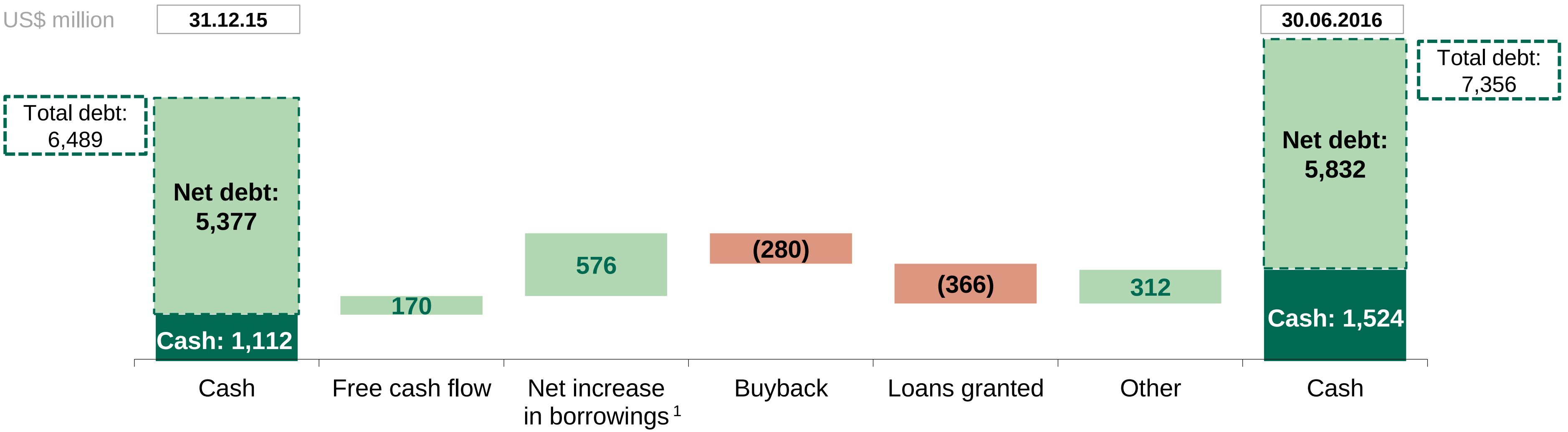
Debt maturities schedule[1] (as of 30 June 2016)



1. All calculations include swaps
2. Group has signed lines with Sberbank in amount of US$ 3.9bn, which will become available in 2017-2020

The Company has a balanced portfolio and stable leverage metrics

Debt bridge and net leverage



	31.12.15	30.06.2016
LTM EBITDA	**1,913**	**1,590**
Net Leverage	**2.81x**	**3.67x**

Credit Ratings

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

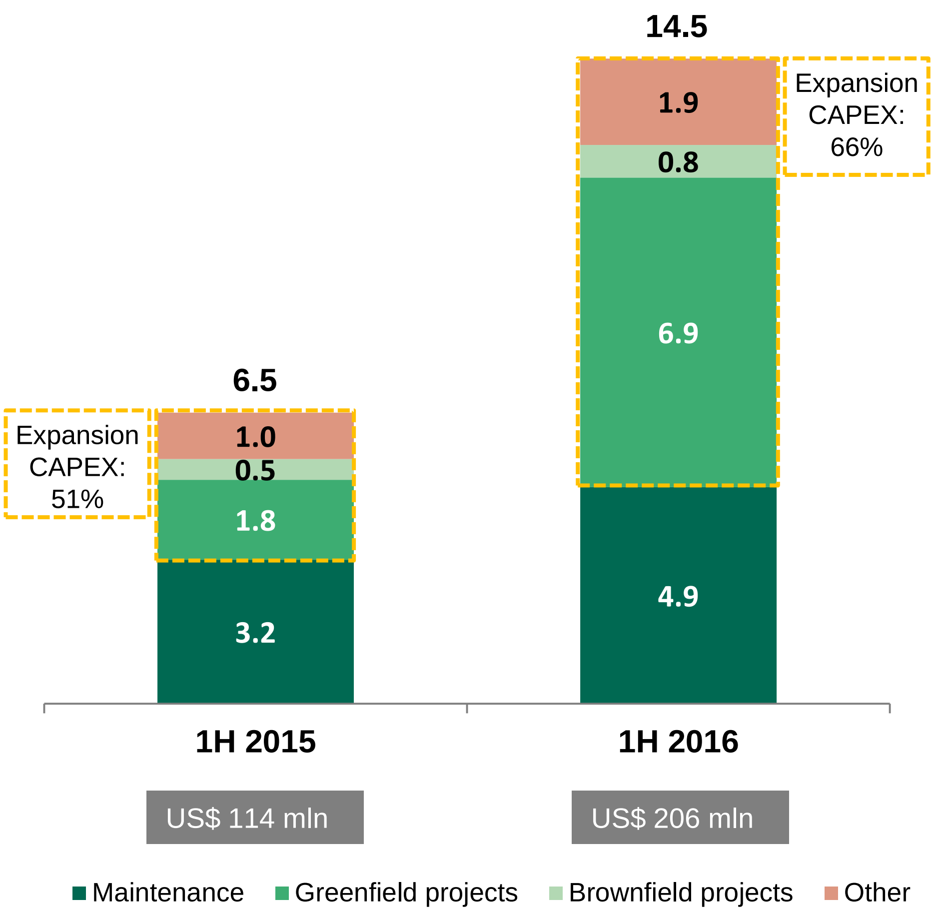
US$ million	30 June 2016
Total debt (bank loans & eurobonds)	7,356
Cash[2]	1,524
Net debt	5,832
Net Debt/LTM EBITDA	3.67x

1. Including % and notional payments under SWAP
2. Including deposits

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

CAPEX[1] overview

RUB billion



Comments

Uralkali spent US$ 206 mln (RUB 14.5 bln[2]) in 1H 2016

Maintenance CAPEX equaled US$ 70 mln:

- The major part of maintenance expenses was attributable to purchase of new mining machines due for replacement

Expansion CAPEX equaled US$ 136 mln:

They key investment projects were as follows:

- **Ust-Yaiva (US$ 76 mln)** – supply of ascension mechanisms, sinking of the shafts and construction of power facilities
- **New mine Solikamsk-2 (US$ 22 mln)** – the design is underway, start of shafts sinking
- **Granulation (US$ 14 mln)** – equipment has been ordered for all projects, works in Berezniki-3 are underway
- **Increasing load at Berezniki-4 (US$ 8 mln)** – completion of key stages
- **Expansion of carnallite production (US$ 4 mln)** – expansion works are underway to increase productivity of the carnallite enrichment factory (preparation of facilities for carnallite extraction, reconstruction of the carnallite factory)
- **Solikamsk-3 expansion (US$ 3 mln)** – construction commencement (bases, metal construction)

1. As per IFRS Cash Flow Statement
2. Exchange rate US$/RUB for 1H 2016: 70.26, 1H 2015: 57.40

Contents

Summary results

Income statement

US$ thousands	1H 2016	1H 2015	∆Y-o-Y
Revenues	1,074,720	1,562,254	(487,534)
Cost of sales	(237,500)	(292,976)	55,476
Gross profit	**837,220**	**1,269,278**	**(432,058)**
Distribution costs	(238,004)	(316,076)	78,072
General and administrative expenses	(76,275)	(78,448)	2,173
Taxes other than income tax	(9,252)	(12,223)	2,971
Other operating income and expenses, net	4,575	(48,304)	52,879
Operating profit	**518,264**	**814,227**	**(295,963)**
Finance income	739,866	122,601	617,263
Finance expense	(152,875)	(273,776)	120,901
Profit before income tax	**1,105,253**	**663,052**	**442,201**
Income tax expense	(170,261)	(106,884)	(63,377)
Net profit for the period	**934,992**	**556,168**	**378,826**
Profit attributable to:			
Owners of the Company	935,048	554,087	380,961
Non-controlling interests	(56)	2,081	(2,137)
Net profit for the period	**934,992**	**556,168**	**378,824**
Earnings per share – basic and diluted (in US cents)	63.62	22.15	

Uralkali Operations Overview

Key assets

Existing Assets - 5 mines, 6 potash plants, 3 greenfield projects (Ust-Yayva, Polovodovo and Romanovo)

Berezniki-2

- Potash plant and mine
- Granular and standard potash
- Capacity: 2.1 mn tonnes
- Reserves: 81.7 mn tonnes of ore

Berezniki-3

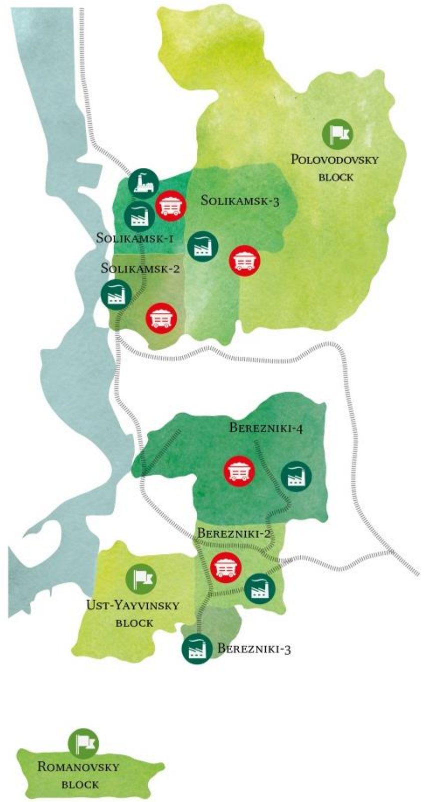
- Potash plant
- Granular and standard potash
- Capacity: 2.3 mn tonnes

Berezniki-4

- Potash plant and mine
- Standard potash
- Capacity: 3 mn tonnes
- Reserves: 325.1 mn tonnes of ore

Ust-Yayvinsky Field

- Capacity: + 2.5 mn tonnes KCl in launch year 2020
- Reserves: 163.8 mn tonnes of ore



Potash mines (5)

MOP Plants (6)

Carnallite plant (1)

Greenfield licenses (3)

Railways

Solikamsk-1

- Carnallite plant
- Potash plant and mine
- Standard potash
- Capacity: 1 mn tonnes
- Reserves: 91.9 mn tonnes of ore

Solikamsk-2

- Potash plant and mine
- Granular and standard potash
- Capacity: 1.4 mn tonnes from 2015
- Reserves: 168.4 mn tonnes of ore

Solikamsk-3

- Potash plant and mine
- Standard potash
- Capacity: 2.7 mn tonnes
- Reserves: 271 mn tonnes of ore

Polovodovsky Field

- Capacity: + 2.8 mn tonnes KCl in launch after 2020
- Mineral Resources: 1.57 bn tonnes of ore

Romanovsky Field

- Preliminary estimated Mineral Resources : 385 mn tonnes of Sylvinite

1.JORC as of 1 January 2016

2.The Mineral Resources presented are inclusive of those Mineral Resources converted to Ore Reserves

Contacts

For more information please contact:

Uralkali Investor Relations Department

+7 (495) 730-2371

ir@msc.uralkali.com