Uralkali: A Leader in the Global Potash Market

1H 2013 IFRS Results and Strategic Update

Webcast & Conference Call

10 September 2013

1. 1H 2013 IFRS Results and Market Update

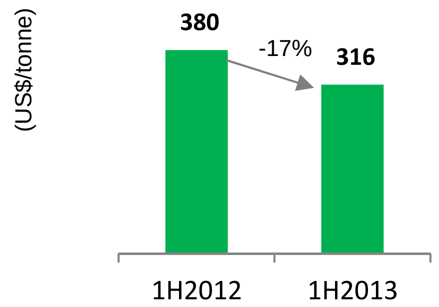
Key Financial Highlights – 1H 2013

Key Figures

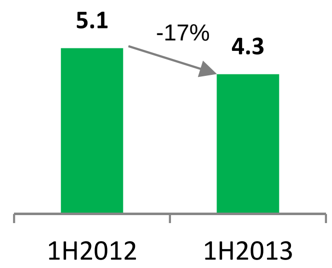
(US$ mln)	IFRS 1H 2013	Pro-forma 1H 2012	Change %
Sales volume, mln tonnes	4.3	5.1	-17%
- Domestic sales	1.0	1.0	-4%
- Export sales	3.3	4.1	-20%
Revenue	1 614	2 234	-28%
Net Revenue[1]	1 348	1 904	-29%
EBITDA[2]	876	1 449	-40%
EBITDA margin[3], %	65%	76%	
Net Profit	397	842	-53%
CAPEX	199	160	24%
incl. Expansion	92	87	6%

Key Highlights

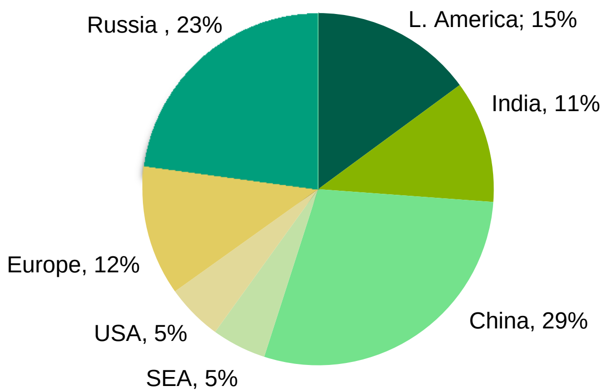
Average export potash price, FCA



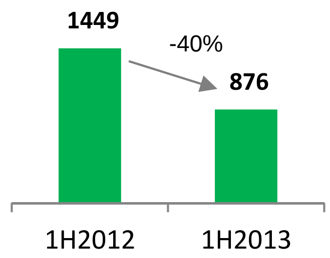
Sales Volume, mln t



1H2013 Uralkali Sales Structure



EBITDA[3], mln USD

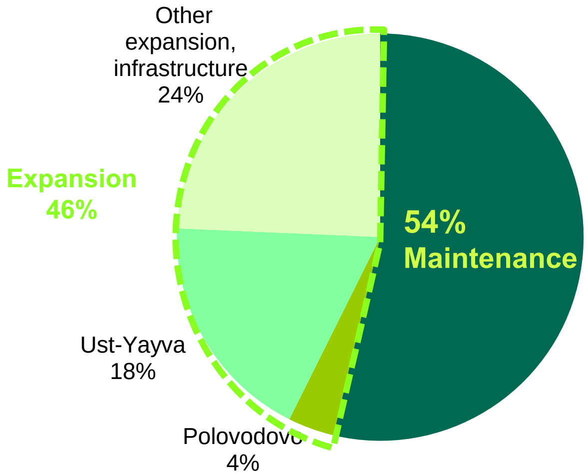


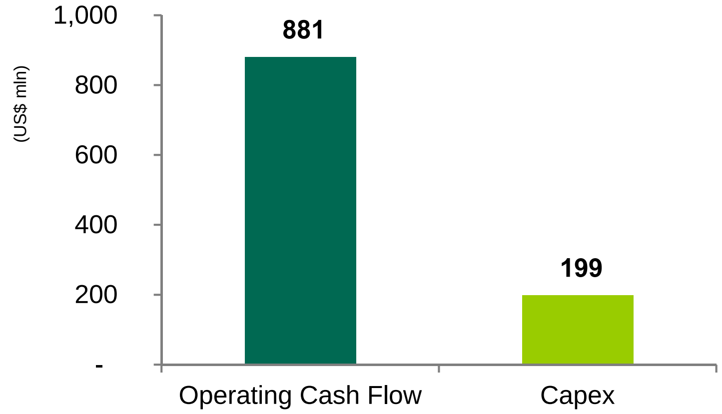
Highly competitive market environment resulted in decline in both potash prices and sales volumes; new strategy expected to improve market conditions

Notes:
1. Net revenue represents adjusted revenue (sales net of freight, railway tariff and transshipment costs)
2. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs and other one-off expenses
3. EBITDA margin is calculated as EBITDA divided by Net revenue

Capex, Cash Flow, Balance Sheet 1H 2013

Capex , Operating Cash Flow , Balance Sheet





US$ mln	**30 June 2013**
Debt (bank loans)	4.0
Cash	1.3
Net debt/(cash)	2.7
LTM adjusted EBITDA	1.8
Net debt/LTM EBITDA	1.5x

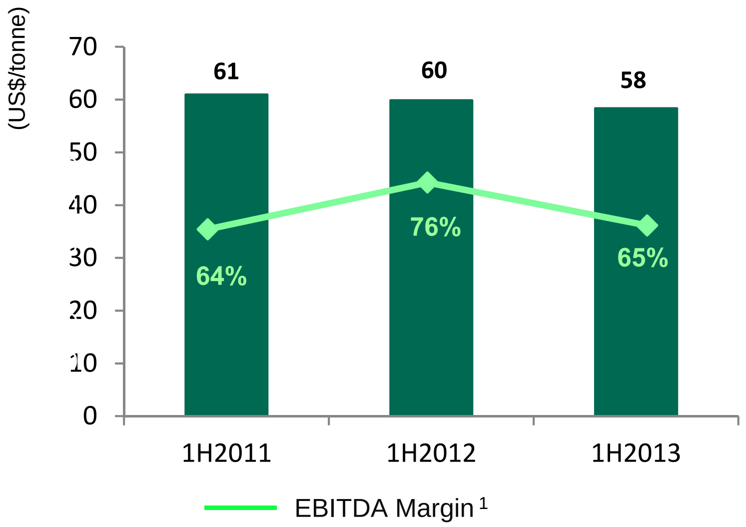
- Loan portfolio parameters as of **30 June 2013:**
  - c.100% of debt exposure is in US Dollars
  - Effective interest rate –3.76%
  - Target Net Debt/LTM EBITDA ratio of c.2.0x
- Dividend policy is at least 50% of IFRS Net profit

Robust capital structure, stable cash-flow generation, attractive dividend policy

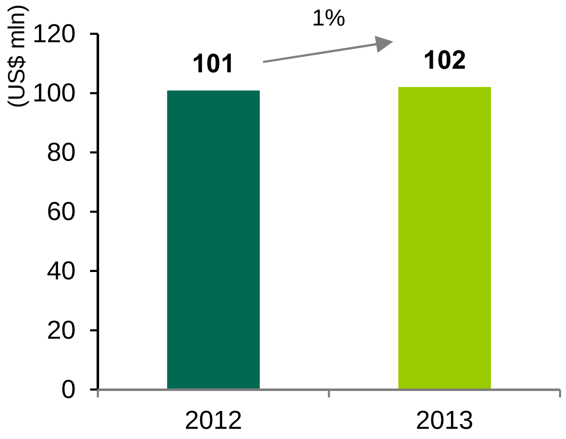
Note:
1. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs and other one-off expenses

Review of Cost Structure 1H 2013

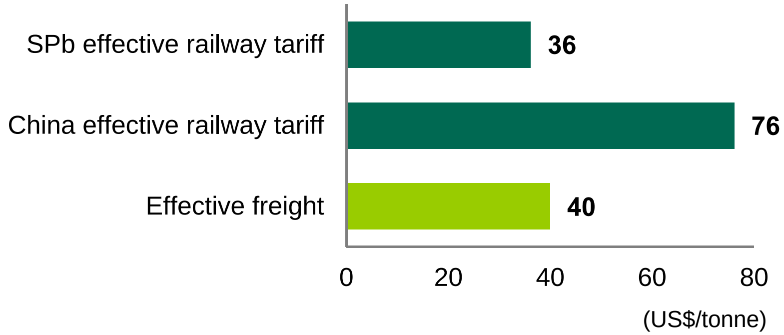
Unit Cash COGS



G&A Costs



Effective Railway Tariff & Freight



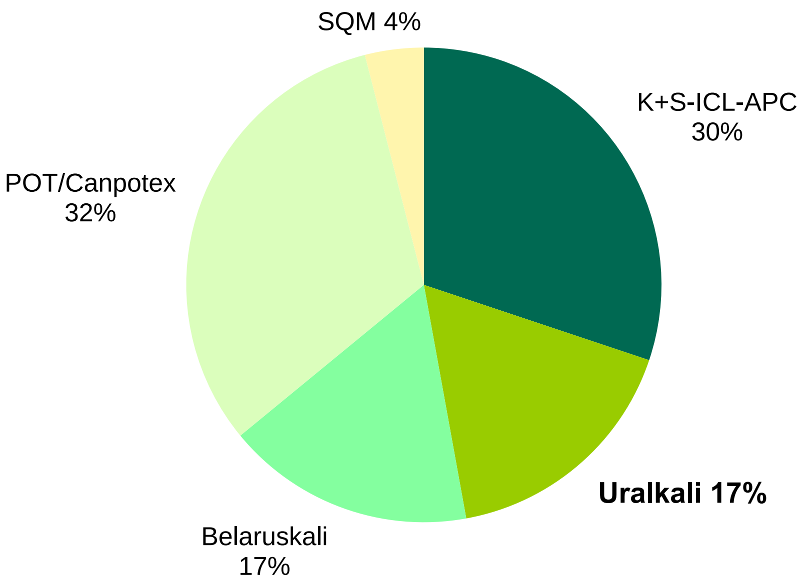
Continued focus on efficiency and bottom quartile cost leadership

Notes:
1. EBITDA margin is calculated as EBITDA divided by Net Sales

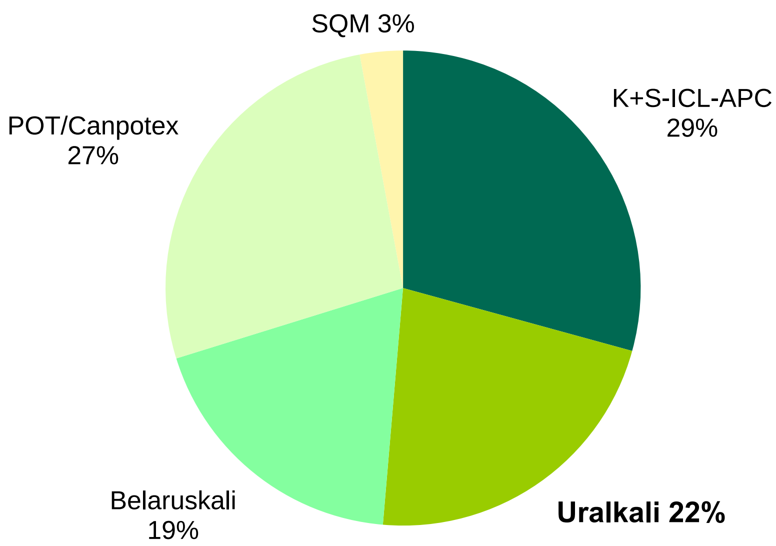
Uralkali Market Share Has Been Negatively Affected

- During 1H 2013 Uralkali was losing market share in several markets (Brazil and SEA) as a result of seeking to maintain “Price over volume” strategy

1H 2013



1H 2012



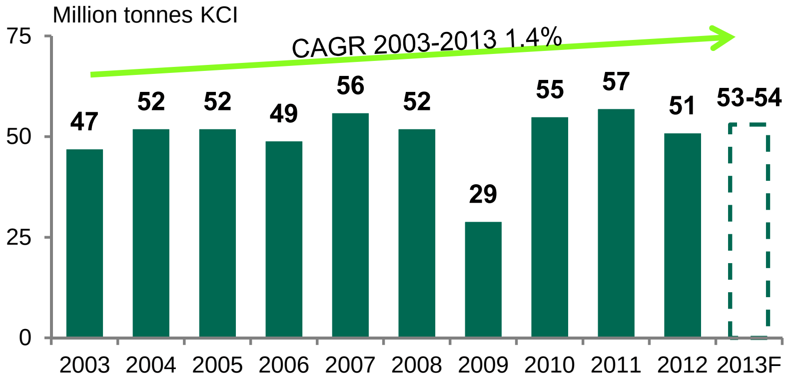
Source: IFA

Uralkali export market share in 1H 2013 showed a decline of c. 5% to other market participants

2. An Evolving Potash Market

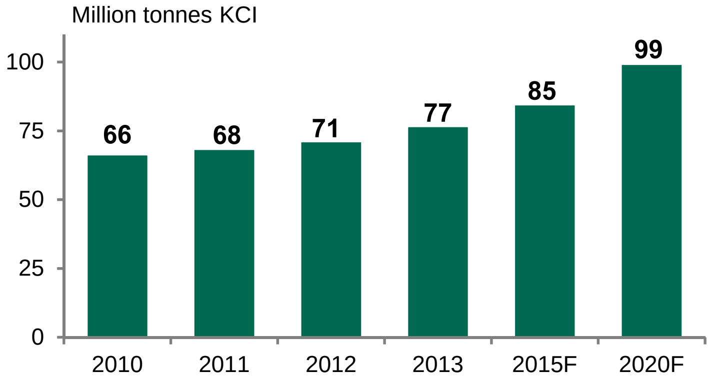
Supply / Demand Dynamics

Global demand



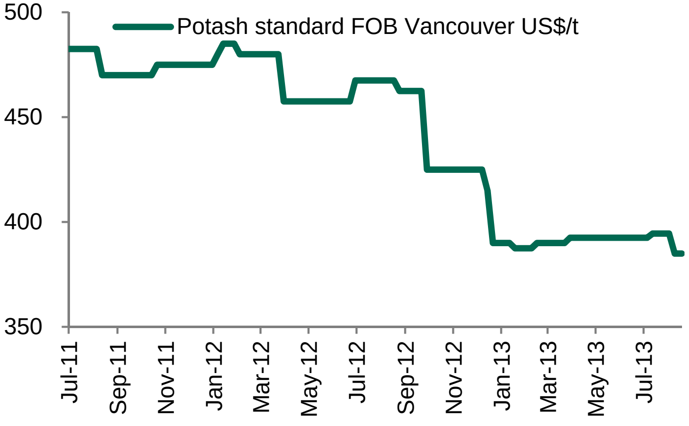
Source: IFA

Global supply



Source: IFA, Fertecon, Companies' releases

Potash price evolution



Source: CRU, FMB

- Global demand was growing at a lower than expected pace despite high crop prices and favorable farmer economics
- A number of players have responded to limited demand by erratic pricing decisions
- Potash spot prices were steadily declining during the last 2 years driven by the growing inventory levels and widening supply/demand imbalance
- Benefits of the market leaders capacity and cost position was being eroded in the face of aggressive behaviour of competitors
- Announced capacity expansions and greenfield projects leading to further pressure on capacity utilization and prices whilst some new capacities appear to be sub-economics

Support of the market balance has weakened since 2H 2012 and continued to deteriorate in 1H 2013

2013 – A Year of Transition

Potash Market Developments	• Combination of stagnant demand, declining capacity utilization and declining prices impacted industry profitability • Worsening mid-term supply / demand imbalance put at risk long-term attractiveness • Protracted price negotiations around key markets as a result of turbulent market supply • Pricing environment became increasingly competitive

Announcement of BPC Termination	• Divergence of views around marketing priorities with Belaruskali gave rise to questions around merits of existing marketing venture:
	  • Uralkali's partner cancelled BPC exclusivity
	  • Sales of Belarusian product outside BPC
	  • Multiple attempts by Uralkali to resolve matters without any success
	• As soon as this became clear, an announcement was made to the market regarding new sales strategy

Revenue Maximisation Strategy	• Maximising the revenue: utilising Uralkali's leading cost position and the capacity available to ensure long term profitability and sustainability

3. Revenue Maximisation Strategy

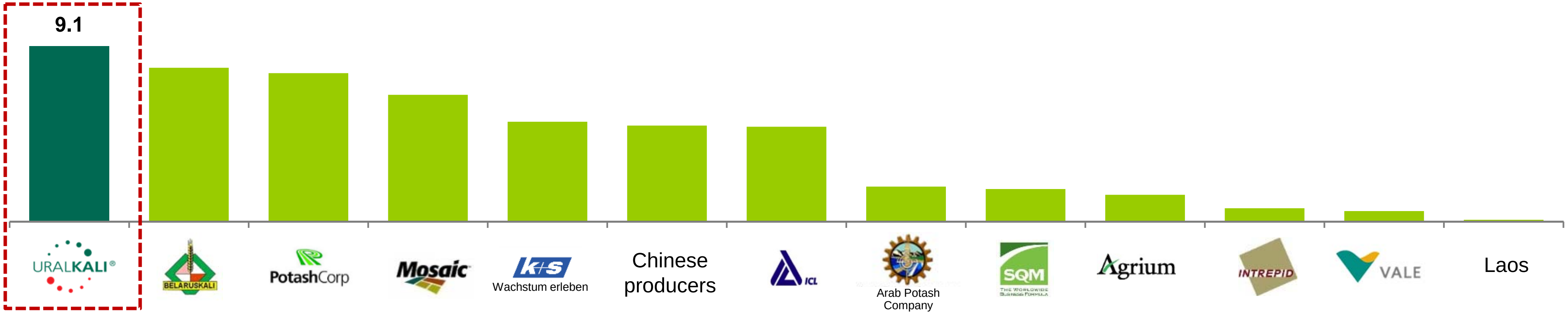
Maximising Revenues from Tier I Assets across the Industry Cycle

1 **Enhance global responsible leadership position**	• Potash demand growth stimulated further by competitive pricing • Maximize sales volumes to increase capacity utilization to ensure benefits of cost leadership flow to shareholders • Increase potash capacity on the lowest cost basis in the industry; option to add more volumes if economically viable • Focus on premium products; increase granular potash capacity
2 **Focus on enhanced and more connected access to end customers**	• Strengthen customer relationships • Enhance logistics platform to secure long-term supply in key markets • Focus on efficient distribution in key markets
3 **Maintain cash cost leadership positions**	• Ensure operating performance and efficiency provides continued industry leadership • Invest in existing capacity and infrastructure in order to ensure maximised margin through commodity price cycle
4 **Balance investment in growth and shareholder return**	• Retain an efficient capital structure; medium term Net Debt / LTM EBITDA target ~ 2x • Balanced approach to capital investments and robust capital discipline • Dividend payout of minimum 50 % of Net Income provides attractive shareholder yield
5 **Focus on people, communities and environmental safety**	• Regional and Industry employer of choice; labour safety, employee & community development • Deliver value whilst operating in a socially responsible manner, minimizing environmental impact of operations
6 **Continued focus on corporate governance**	• Openness, transparency and risk mitigation for all stakeholders

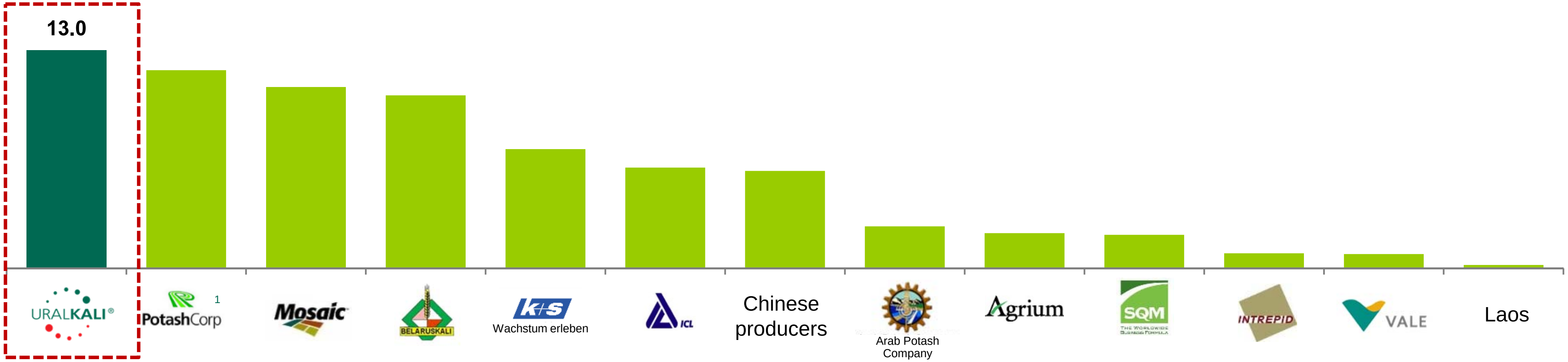
New strategy consistent with Uralkali's continued focus on long-term growth of shareholder value

Leader in the Global Potash Market

Potash Production (2012), KCl mn t



Potash Capacity (2012), KCl mn t



Source: Companies financial reports and presentations, Fertecon

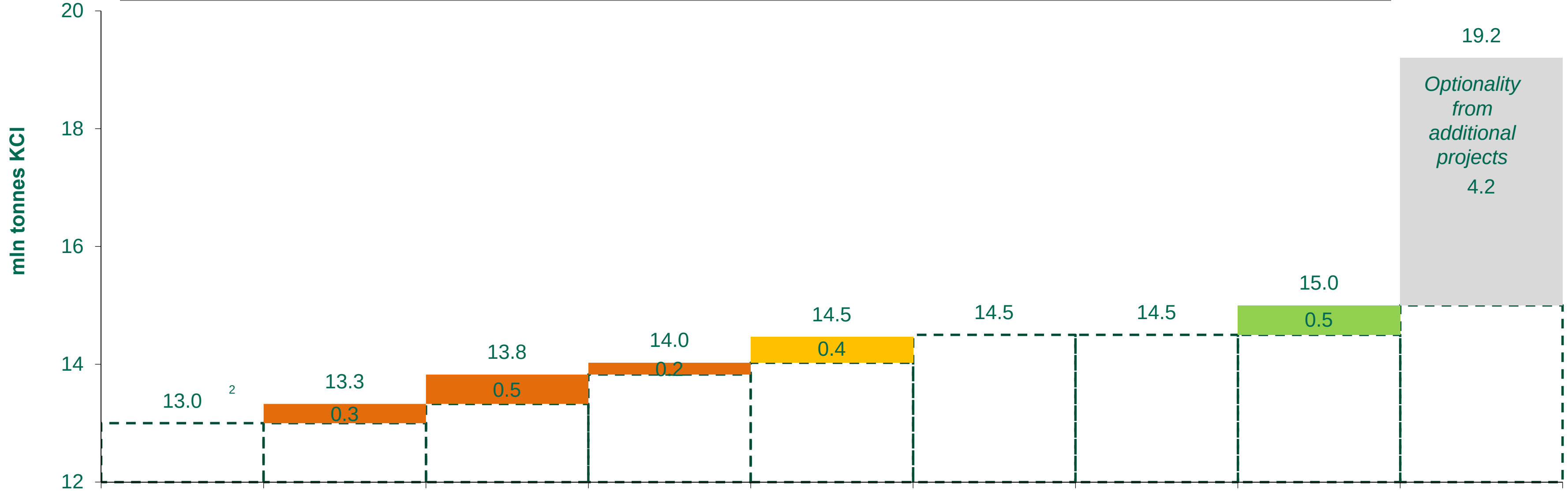
Global market leader by both production and capacity with capability to respond to market dynamics with existing expansion programme

Note:

1. Operational capability

Low Cost Expansion Programme

	Project Name	Project Capacity, mln t KCl	Capex (US$ per tonne)	Commissioning/ Full Capacity Date
	Debottlenecking	1.0	73	2014-2017
	Solikamsk-3 (phase 1)	0.4	329	2017
	Ust-Yayvinsky field	2.8[1]	596	2020



	2013	2014	2015	2016	2017	2018	2019	2020	Total
Expansion Capex (US$bn)	0.4	0.3	0.4	0.3	0.2	0.2	0.3	0.2	2.3

- Revised capacity expansion programme to preserve robust capital structure and retain financial flexibility
- Limited capex requirements to steadily increase capacity to up to c. 15 mln t by 2020
- Decision on development of Polovodovsky and Solikamsk-3 (phase 2) to add further 4.2 mln tonnes of capacity will be made in 2015 providing for strategic optionality

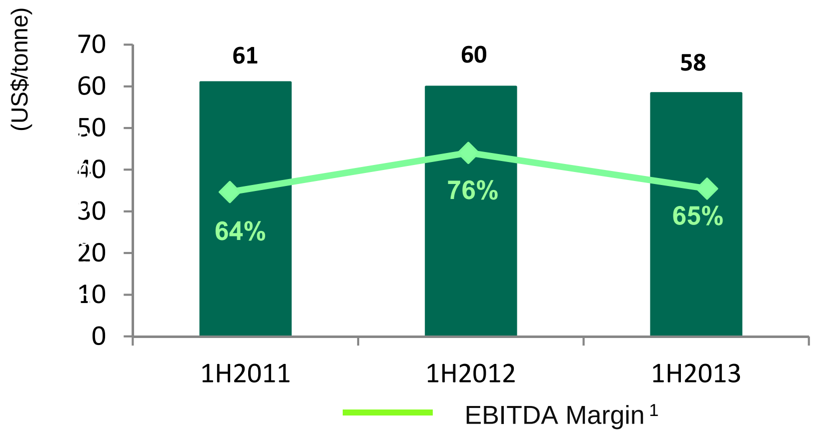
Sustaining long-term leadership on the most cost effective basis in the industry

For more details on Uralkali's expansion programme please visit **www.uralkali.com/expansion_programme/**

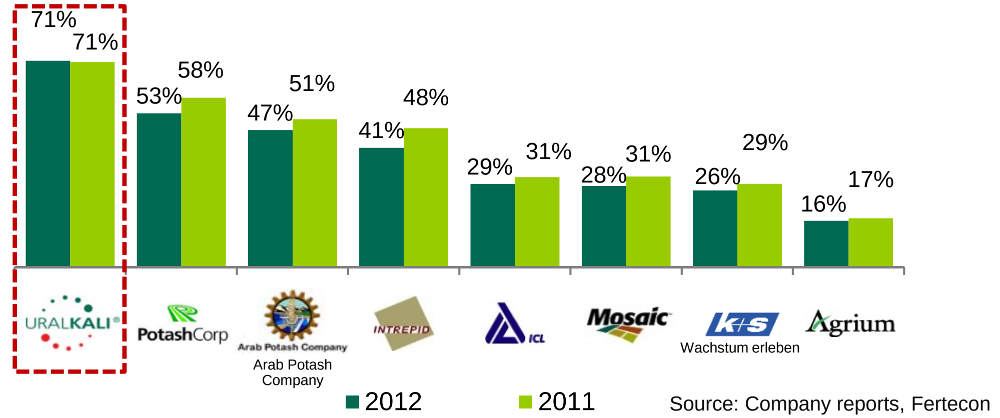
Note:
1. Including 0.5 mln tonnes of additional capacity and 2.3 million tonnes of new capacity that will substitute the depleting capacity of Berezniki-2 mine
2. Capacity is shown as of year end; the numbers may not add up due to rounding

Cost Leadership Position

Uralkali Unit Cash COGS

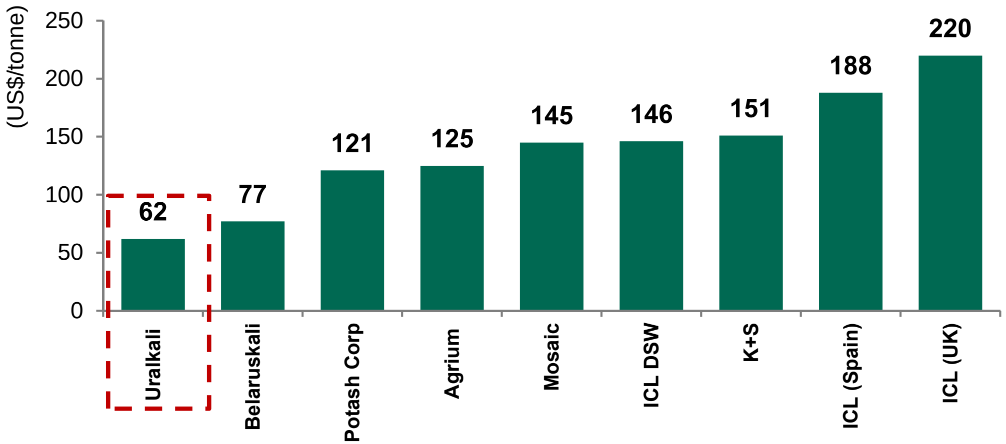


Adj. EBITDA Margin[1]



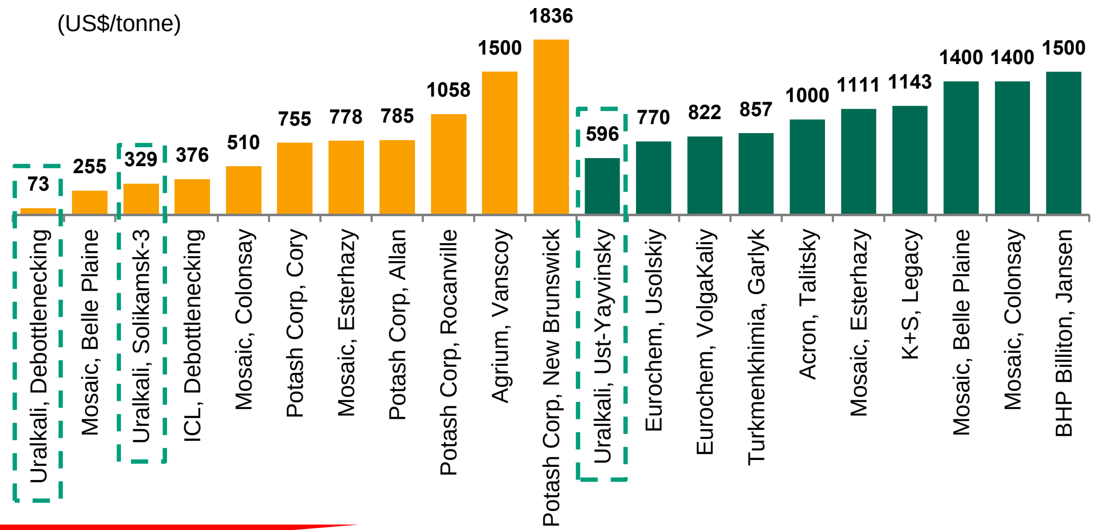
Source: Company reports, Fertecon

Global Potash Cash COGS[2]



Source: Morgan Stanley Report, August 2013

Global Expansion Costs



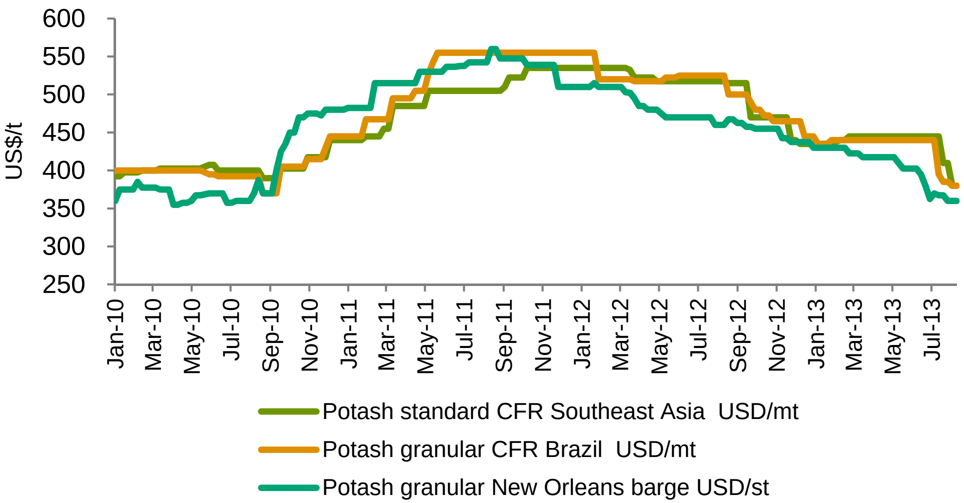
Source: Goldman Sachs Report, June 2013

Sustaining lowest cash costs and highest EBITDA margin across the industry

Notes:
1. EBITDA margin is calculated as EBITDA divided by Net Sales
2. Defined as gross cash costs plus royalties, FOB mine (ex freight)

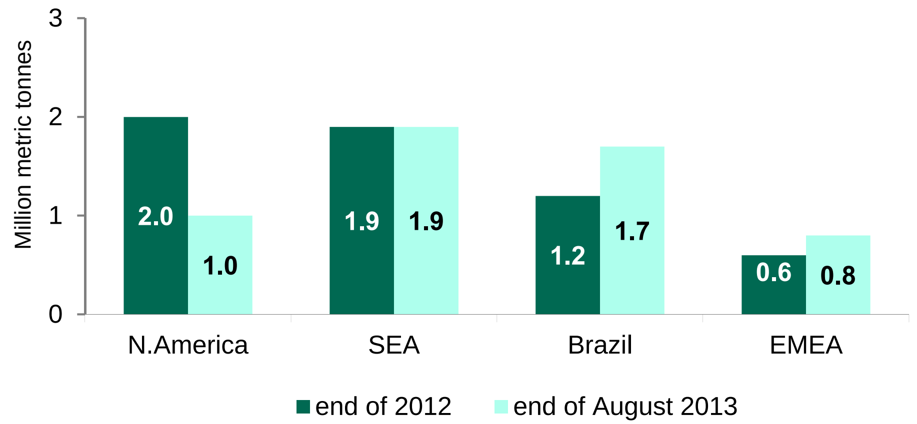
Market Update: Spot Markets

Dynamics of Potash Prices in Spot Markets



Source: FMB, CRU

Potash Inventory



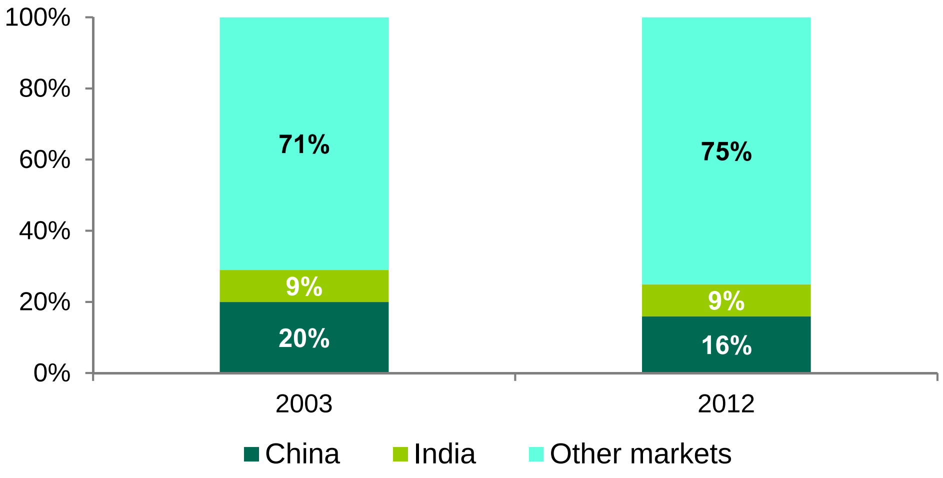
Source: UKT estimates

- Shipments to **Brazil** remain at record high. Granular product is offered at $370- $380/t CFR. Profitability for the Brazilian farmers has recently improved, given the Brazilian real depreciation against US$ and firming of grain prices ahead of the start of the planting season
- In the **US,** potash prices have recently declined to $385/mt FOB NOLA. Purchases continue to be delayed by a late harvest. Customers are expected not to return their focus to new purchases until the harvest season
- In **South East Asian markets**, potash prices are quoted at US$ 370-390/t CFR. Customers are waiting for clarity on prices in China
- **In Europe**, 90% of potash has been shipped to customers for autumn application season. Buying season is almost over

Price source: FMB, CRU

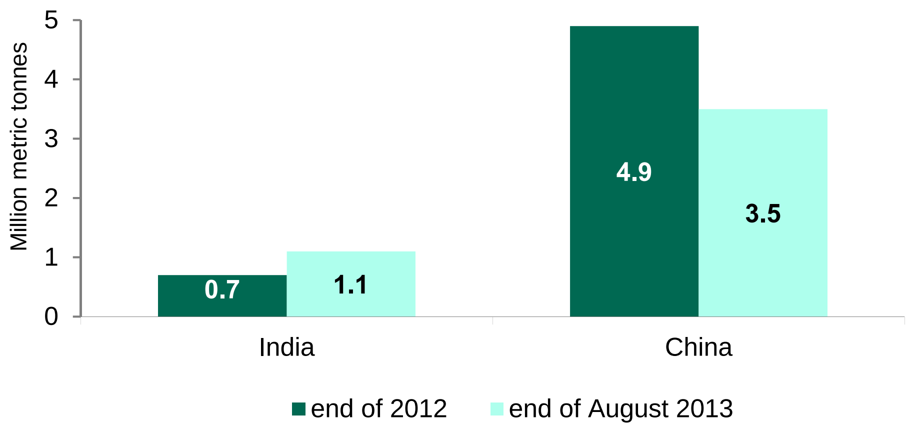
Market Update: China and India

The Structure of Global Potash Import



Source: IFA

Potash Inventory



Source: UKT estimates

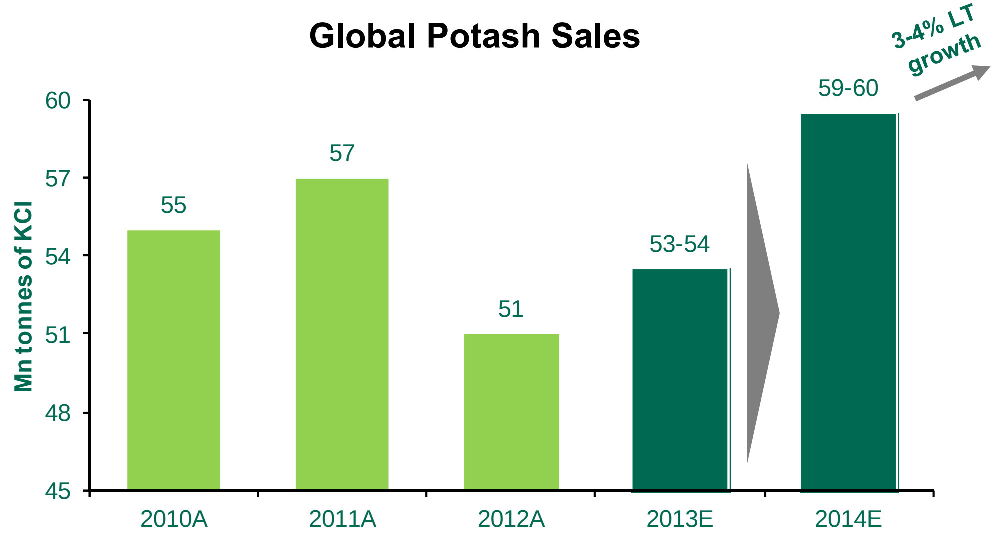
- Although the aggregate share of China and India in global demand for imports has declined since 2003, protracted contract settlements with China and India continue to weigh on the spot market and slow any upward price momentum
- In India, strong US$ (INR65/$1) has made conditions difficult for importers, who remain affected by the maximum retail price for potash being set at about ($277/t). Customers are deferring shipments of outstanding tonnages until later this year. In Jan-Aug 2013, India imported 48% of the total contracted volumes for this year
- In China, H1/13 contracted volumes have been delivered by July 2013. Customers are waiting for clarity regarding pricing

Price source: FMB, CRU, Fertiliser Association of India

An Evolving Backdrop to Global Potash Markets

Short Term Impact

- Effects of sales competitiveness on overall potash consumption:
  - Previously expected 2013 market size: 53-54Mt
  - Current view on expected market size in 2014: 59-60Mt
  - Long term fundamentals intact with volumes expected to grow steadily at c.3-4%
- Near term potash price expected to be in the range of c. US$300-400/t CFR



Long Term Impact

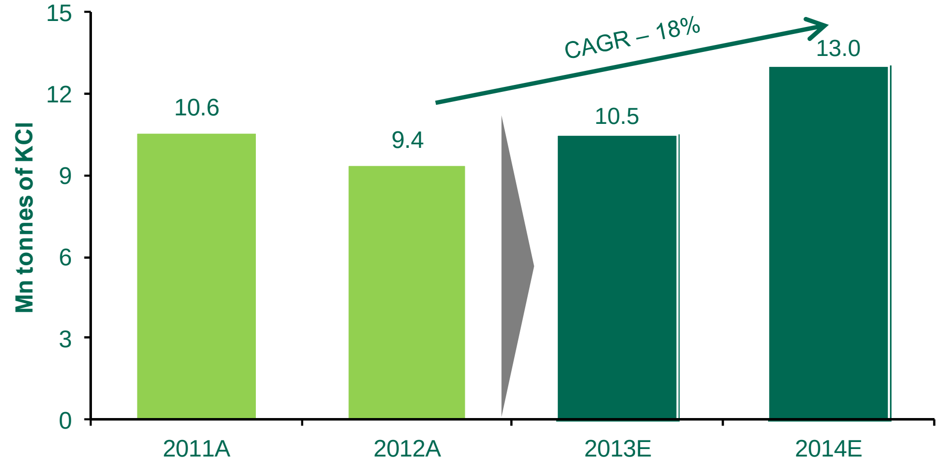
- Lower potash price to promote more rational decision making process in relation to greenfield projects, particularly higher cost ones
- Positive demand response and better supply outlook should provide for a better market environment for primary industry participants
- Long term attractiveness of the industry remains intact with Uralkali seeking to leverage operational and expansion cost advantages to maximise revenue capability from targeted capacity

Impact of Evolving Market Structure on Uralkali

Sales Growth

- Uralkali is targetting maximizing revenue over the next 24 months with particular focus on such fast-growing markets as Latin America, South East Asia, China and India which have historically accounted for c. 60% of the Company's total sales

Uralkali Potash estimated production



FCF Generation and Usage

- Market adjustment to higher volumes should result in stable cash flow generation in coming years
- FCF generation should support sustainable capex programme and dividend policy at min. 50% of IFRS Net Profit

Conclusion

1. Enhance global responsible leadership position
2. Focus on better access to end customers
3. Maintain and enhance cash cost position
4. Balance investment in growth and shareholder return
5. Focus on people, communities and environmental safety
6. Continued focus on corporate governance