Uralkali—Leader to Capture Growth

UBS
2008 Annual Investment Conference
Russia/CIS: to prosperity through partnership

October 2008

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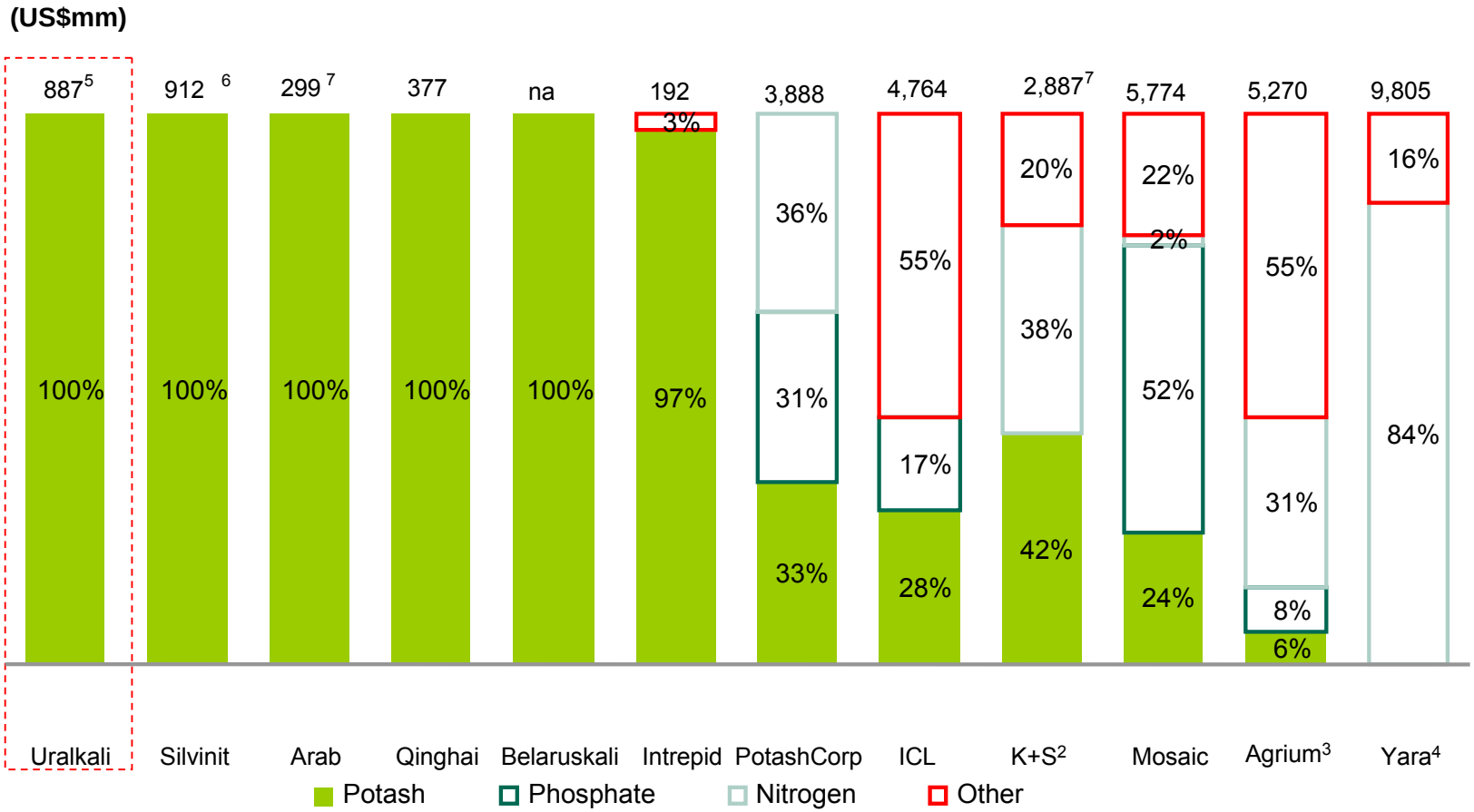
Investment Highlights

- Largest publicly traded pure-play potash producer
- One of the fastest-growing companies in the potash industry
- Attractive potash industry fundamentals
- Ability to add significant capacity on the cheapest basis vs. global peers
- Leading trading platform in a disciplined and concentrated market
- Exceptional access to the fastest growing BRIC markets
- Industry-leading sustainable financial performance

Uralkali - Leading Pure-Play Potash Producer

Net sales breakdown by product[1] (2007)



Source: Relevant company reports, broker reports

Notes:

1 Converted to US dollars at the following exchange rates: USD/EUR of 0.731, USD/NOK of 5.86 and USD/CNY of 7.61, USD/JOD of 0.713
2 Nitrogen sales represent figures from Fertiva and COMPO segments. Adjusted sales (sales net of freight)
3 Potash sales represent figures from the Wholesale segment. Adjusted sales (sales net of freight)
4 Nitrogen sales represent figures from the Upstream and Downstream segments
5 Uralkali audited 2007 IFRS results
6 Silvinit 2007E forecasts based on ING report (29 February 2008)
7 2006A net sales, 2007 financials not available

Potash is unique

- Essential nutrient for plant growth
- No known substitutes
- Most attractive characteristics of the three fertilizer sectors
- Robust and growing demand
- Good visibility of supply and high barriers to entry
- Favourable supply/demand balance and outlook
- Two major export associations support stable pricing environment

Potash: Growth, Visibility, Stability

	Potash (K)	Phosphate (P)	Nitrogen (N)
Market size[1] (2008E)	**34.3 Mt (K_2O[2])**	41.5 Mt (P_2O_5)	99.2 Mt (N)
Geographic availability	**Very limited**	Limited	Readily available
Industry concentration	**6 top players account for >70% of the industry**	6 top players account for 39% of the industry	6 top players account for 25% of the industry
Pricing stability	**High**	Medium	Low
Profitability	**High**	Low/medium	Low/medium
Barriers to entry	**High**	Medium	Low
Cost of greenfield capacity	**US$2.8bn for 2 Mt (KCl)**	US$1.5bn for 1 Mt ($P_2O_5$)	US$1bn for 1 Mt ($NH_3$)
Greenfield development time	**min 7 years**	~3-4 years	~ 3 years

Potash displays the most attractive characteristics of the three fertilizer sectors

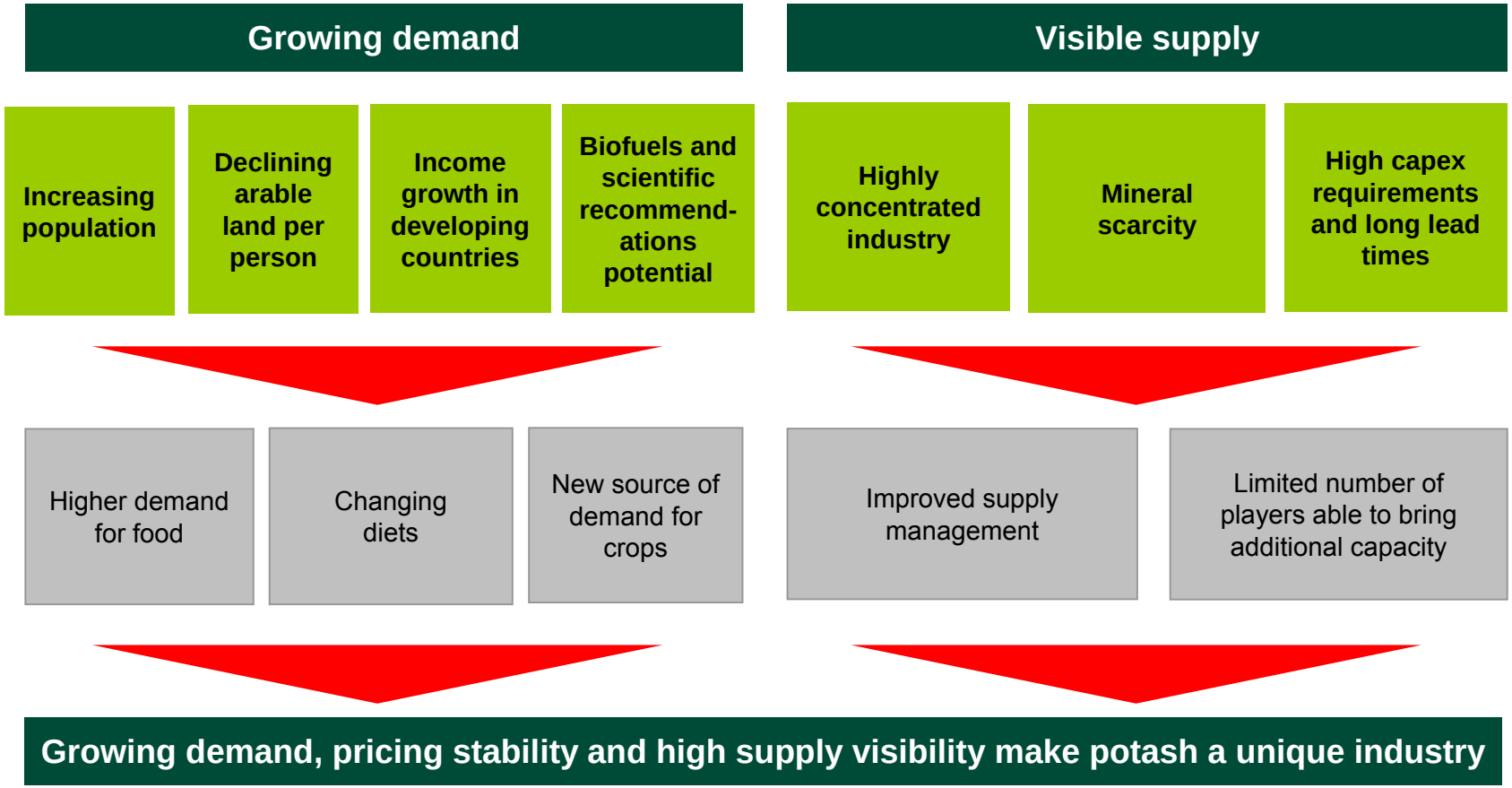
Source: Fertecon, Uralkali, PotashCorp, IFA

Notes:

1 All references to tonnes (t) throughout this presentation refer to metric tonnes. Any reference to US short tons is referred to as "ton"

2 1t K_2O(nutrient) is equal to 1.67t KCl(product)

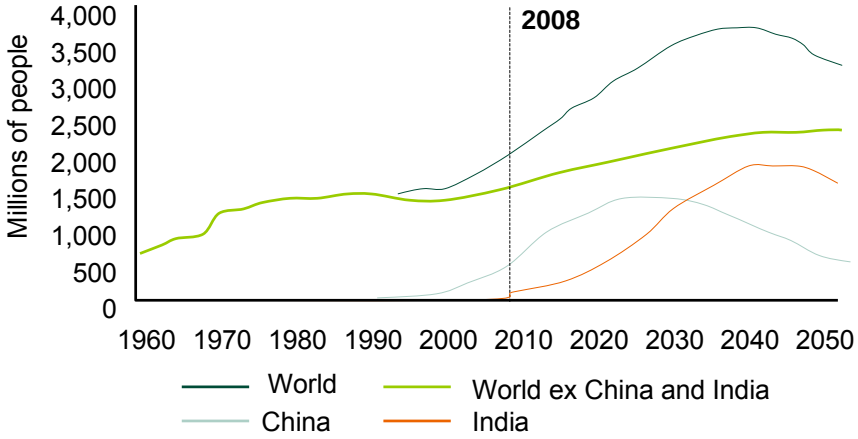
Strong Industry Fundamentals



Source: Uralkali

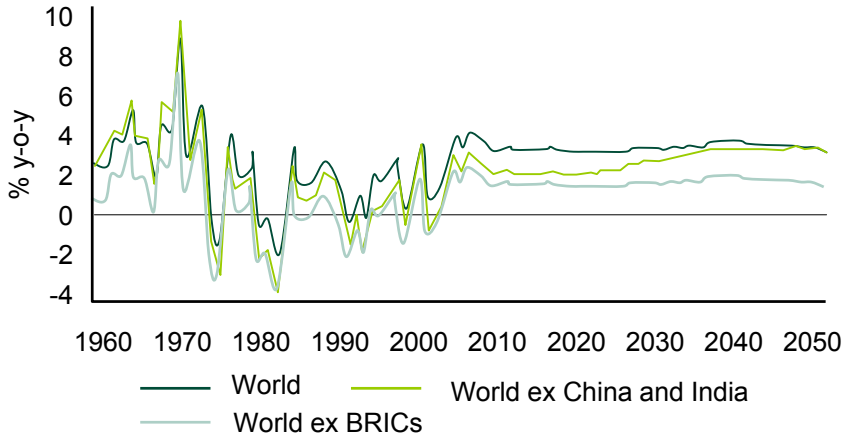
Macroeconomic Outlook

The expanding world middle class



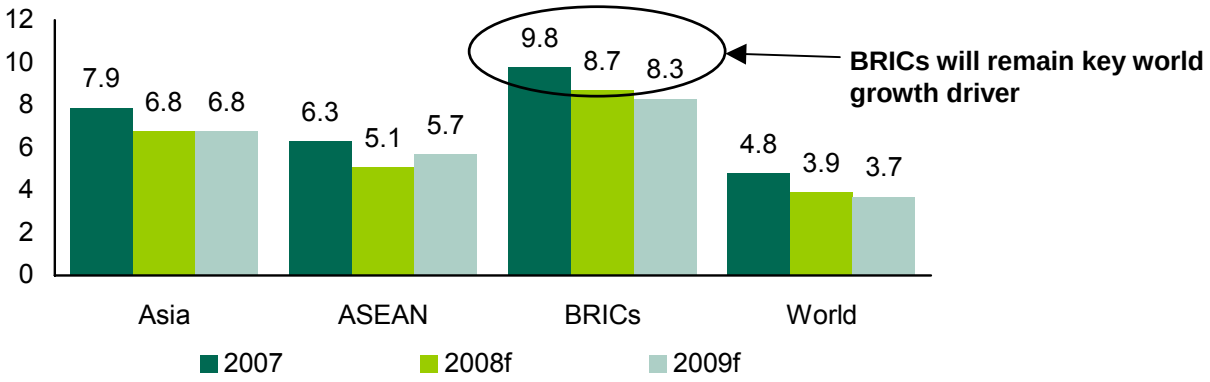
Source: UN, Goldman Sachs

The BRICs will continue to drive global income per capita growth



Source: UN, Goldman Sachs

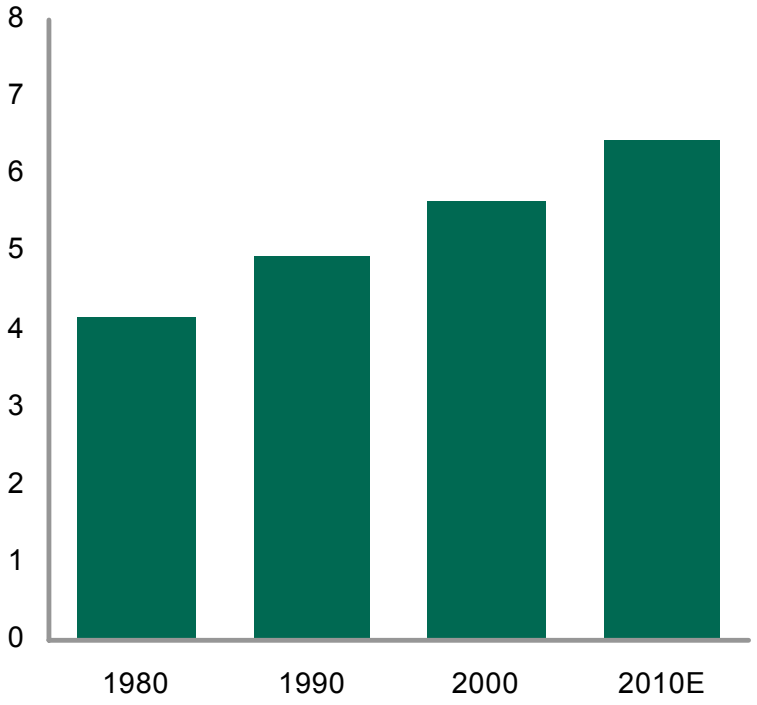
Real GDP growth %



Source: World Bank, OECD, Central Banks

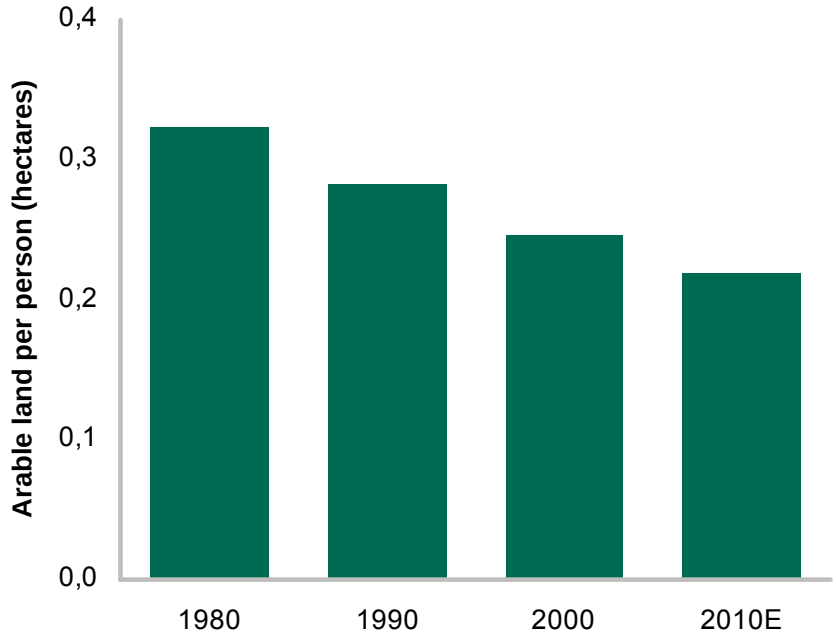
Increasing Population and Decreasing Arable Land

World Population Growth



Source: EIU country data

Available Arable Land per Person[1]

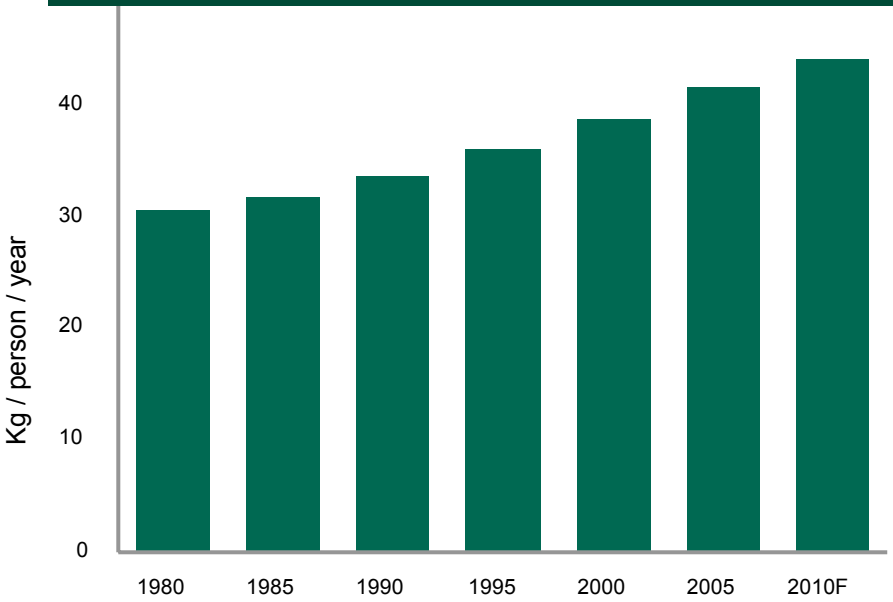


Source: FAO, IPNI, Merril Lynch

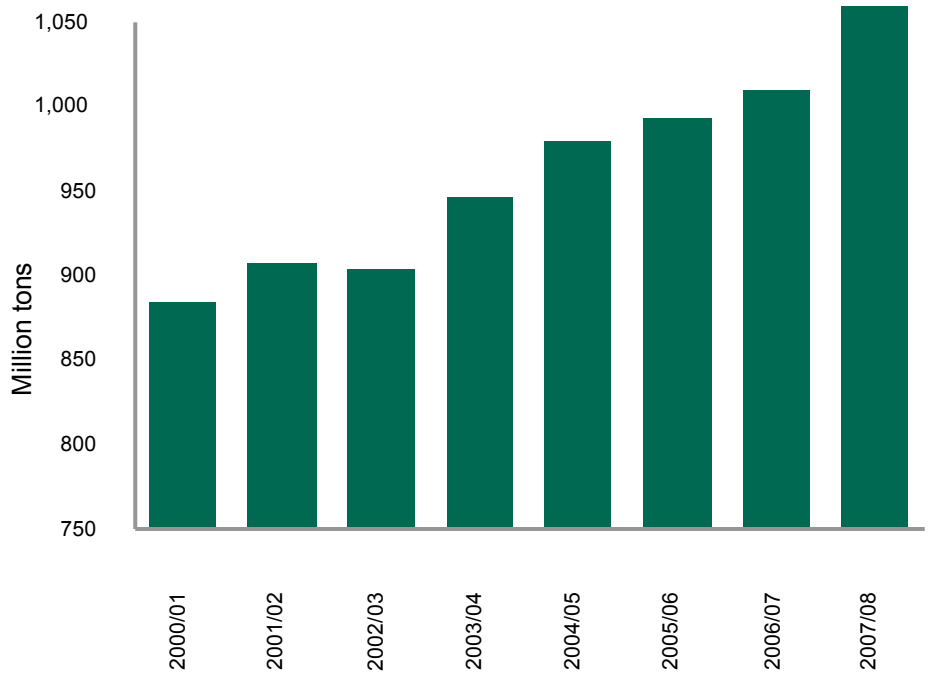
Higher crop yields are required to feed increasing population

Changing Diets Driven by Growing Income in Developing Countries

World per Capita Meat Consumption



Global Consumption Coarse Grains

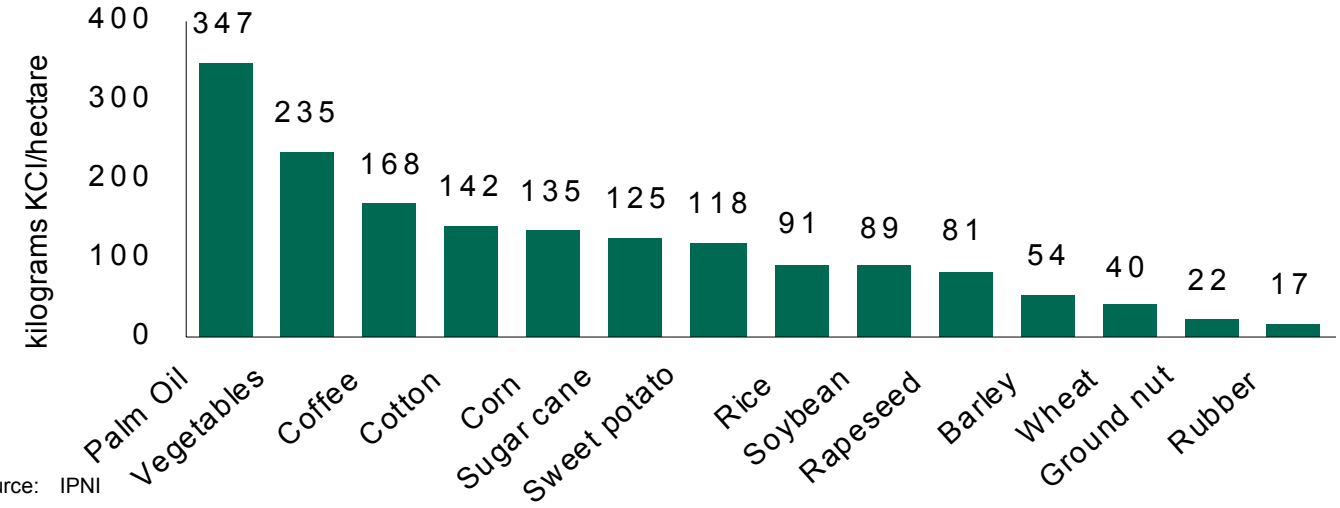


Source: FAO, PotashCorp, USDA, Doane, EIU country data (August 2007)

Increased meat consumption drives demand for grain

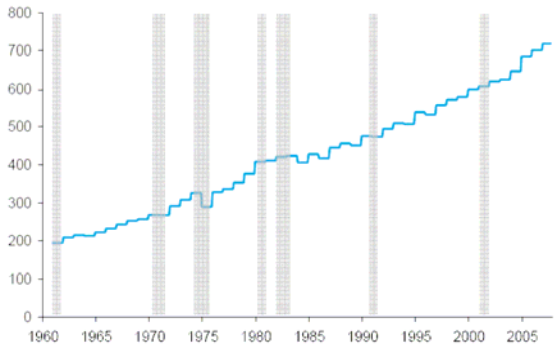
Rising Crop Prices Drive Fertilizer Use

Potash Application Rates for Selected Crops

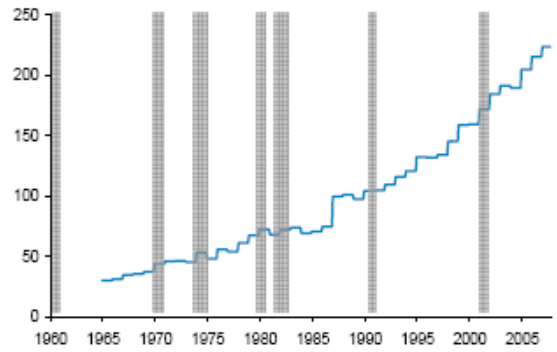


Source: IPNI

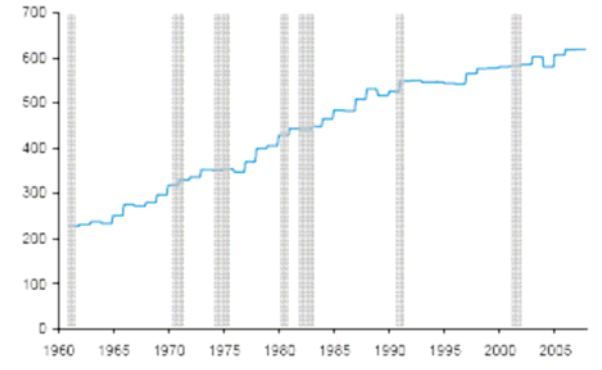
Demand for crops is growing



Corn



Soybeans

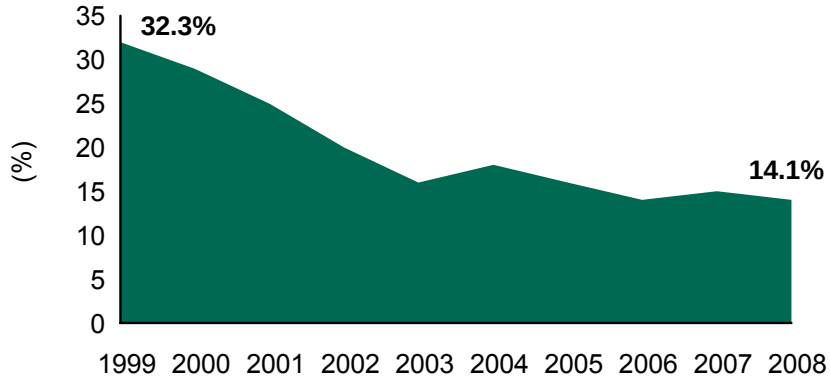


Wheat

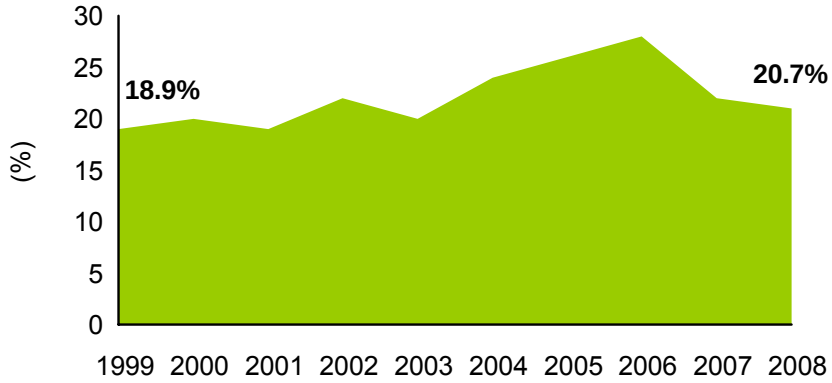
Source:USDA, NBER, Morgan Stanley Commodity Research

Low Crop Inventories

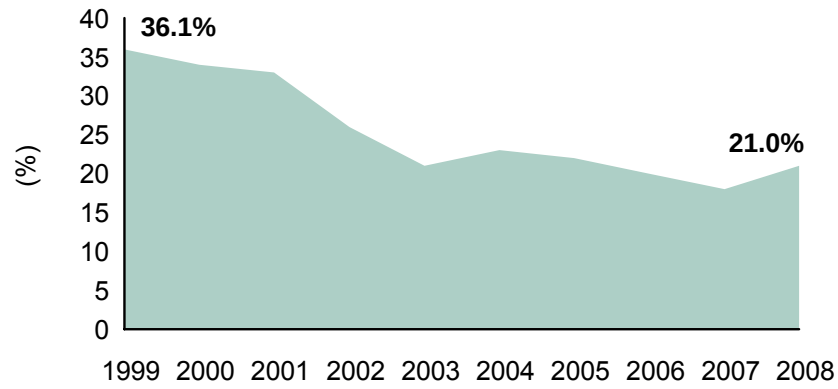
Corn world stocks-to-use ratio



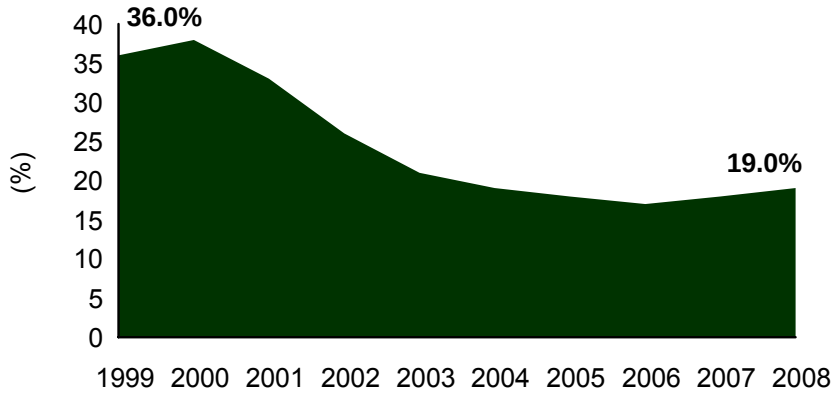
Soybeans world stocks-to-use ratio



Wheat world stocks-to-use ratio



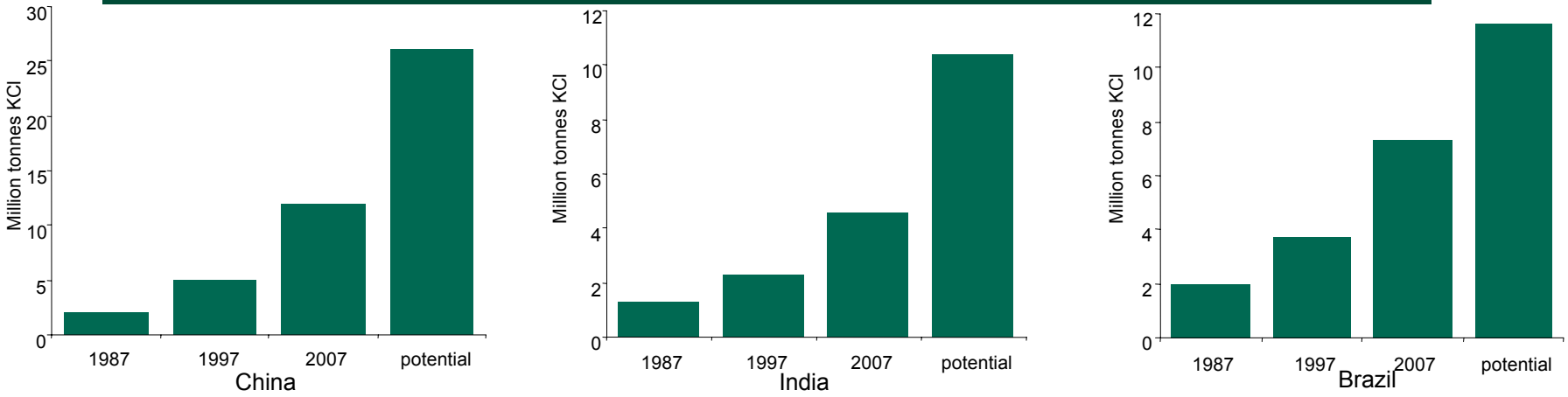
Rice world stocks-to-use ratio



Source: USDA, WASDE report - August 2008

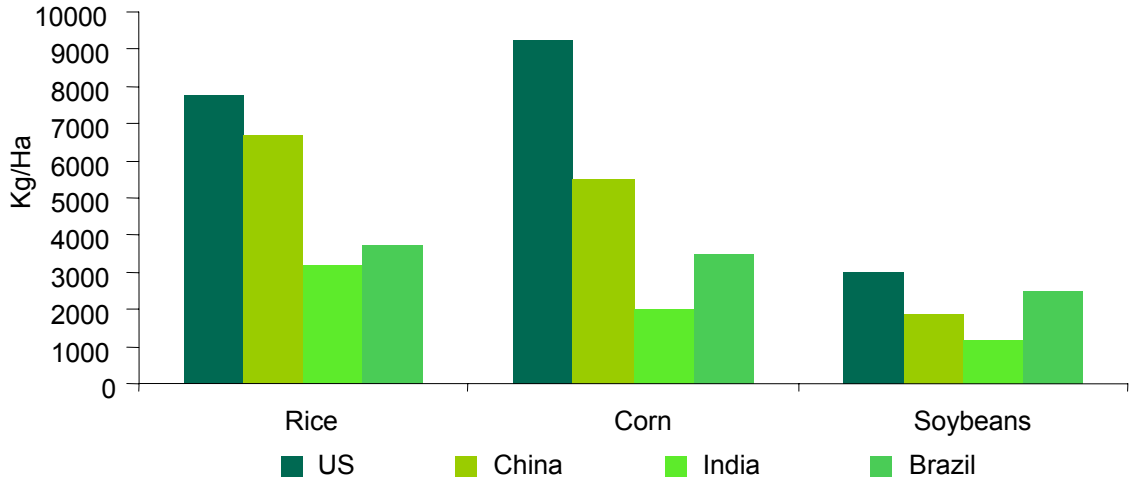
Potash industry is fundamentally supported

Potential potash consumption upside



Source:IPNI, Fertecon, PotashCorp

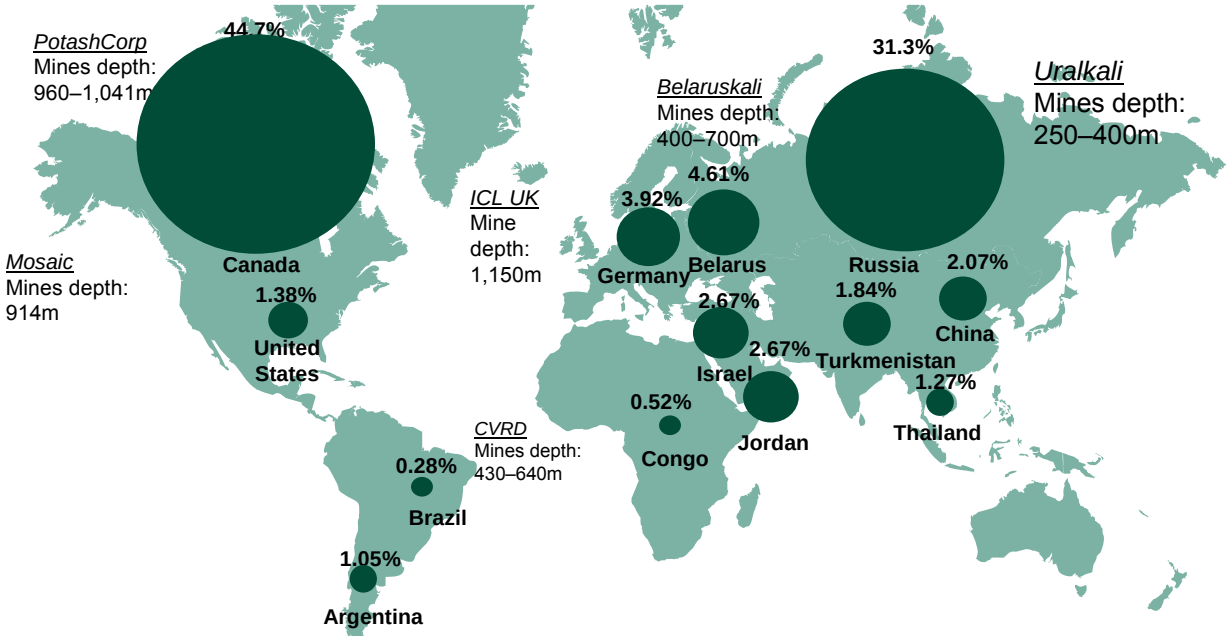
Different crop yields



Source:FAO, PotashCorp

Concentrated Resources - High Barriers to Entry

Proven resources of potash (25,508Mt) are largely concentrated in Canada and Russia[1]



Source: ERCOSPLAN, IFA, FERTCON, CRU, USG, Canadian GS, 2008

Notes:

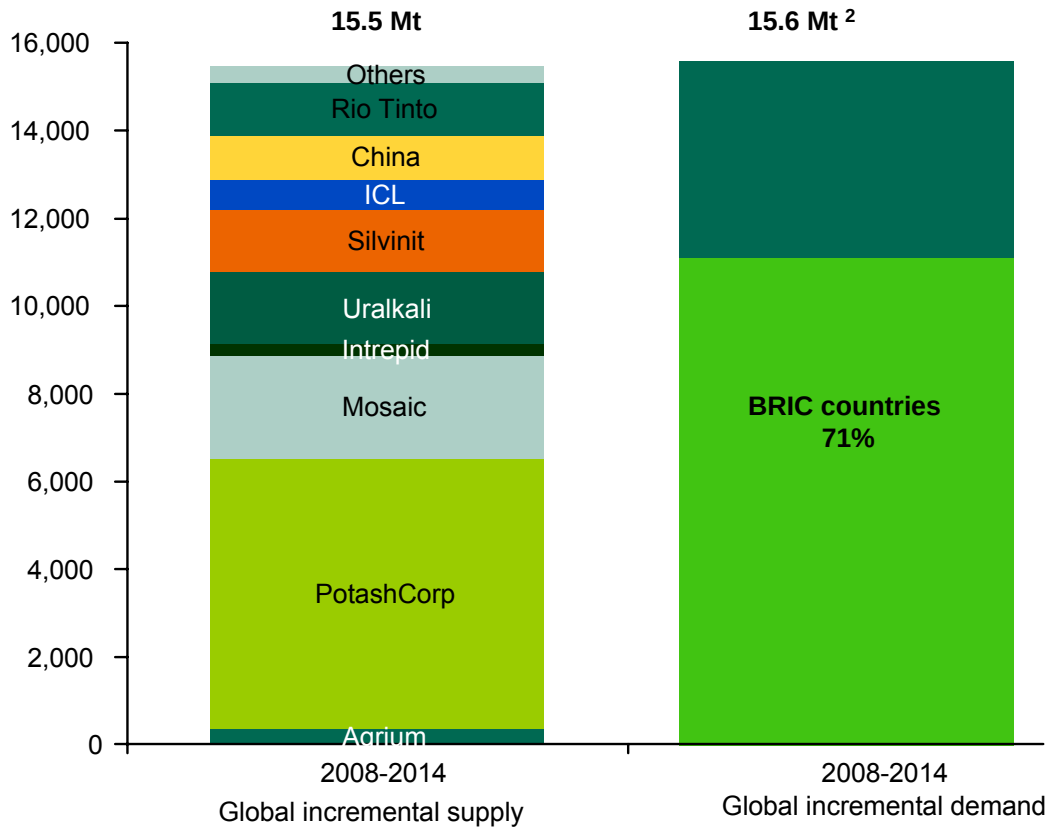
1 Other countries, not represented on the map, account for less than 2.0% of total resources

2 PotashCorp's New Brunswick mine (1.3Mt capacity) has depths of 400–700m

Limited access to resources, few high quality ore deposits

Supply/Demand Balance

Global supply/demand balance is going to be very tight in the upcoming years



- 100% operating rates are assumed for all producers. Given probability that not all companies can operate at 100% utilization rates, the deficit may be even higher than 100 Ktpa.

Source: Company reports, IFA, Fertecon, UBS, BPC

Notes:

1 Other: APC, Vale, MagMinerals

2 Demand grows at an average rate of 4 % (based on CAGR 2000-2007 for potash deliveries as per IFA statistics)

Farmland Returns Sensitivity for Major Crops

Fertilizer's cost impact on farmer's income is small

Income over total costs given differing prices and yields

USA

	corn yield (bu per acre)		
corn price	151	171	191
$/bu	$ per acre		
3,5	-121	-51	18
4	-45	35	113
4,5	30	120	208
5	106	206	303
5,5	181	291	398
6	257	377	493
6,5	332	462	588
7	408	548	683
7,5	483	633	778

	soybean yield (bu. per acre)		
Soybean price	44	49	54
$/bu.	$ per acre		
6	-49	-19	11
7	-5	30	65
8	39	79	119
9	83	128	173
10	127	177	227
11	171	226	281
12	215	275	335
13	259	324	389
14	303	373	443
15	347	422	497

Source: Farm Business Management; Farm Economics Facts & Opinions
Assumptions made in the calculations: MOP price $1000, ammonia price $930, DAP price $815;, SSP price $50, TSP price $98

Brazil

	soybean yield (bu. per acre)		
Soybean price	40	43.2	45
$/bu.	$ per acre		
7	-56	-33	-21
8	-16	10	24
9	54	53	69
10	64	97	114
11	104	140	159
12	144	183	204
13	184	226	249
14	224	270	294
15	264	313	339
16	304	356	384

Source: Agroconsult Consultoria & Marketing; Chicago Board of Trade (CBOT)
Assumptions made in the calculations: MOP price $1000, SSP price $50, TSP price $98

Malaysia

	CPO yield (t/ha)		
Palm oil price	4	4,12	4,2
$/t	$ per ha		
400	-22	26	58
450	177	232	268
500	377	437	477
550	576	643	687
600	776	849	897
650	975	1,054	1,106
700	1,175	1,26	1,316
750	1,374	1,466	1,526
800	1,574	1,672	1,736

Source: Malaysian Palm Oil Board (MPOB), Malaysian Palm Oil Council (MPOC), Taiko Marketing Sdn Bhd Malaysia
Assumptions made in the calculations: MOP price $1000, rock phosphate price $250

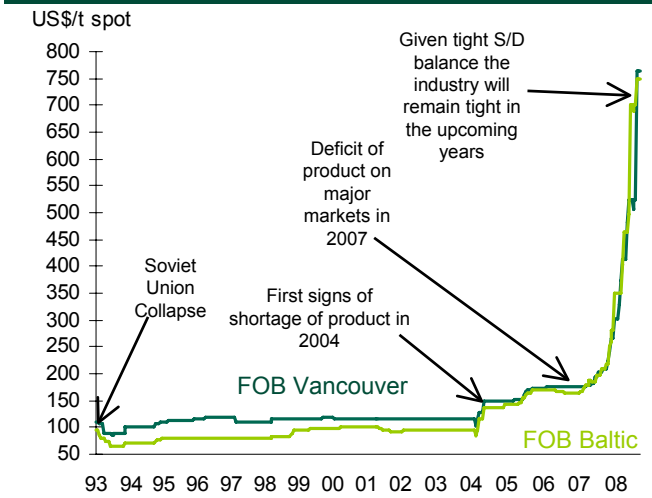
Philippines

	rice yield (t/ha)		
Rice price	4	4,56	5
$/t	$ per ha		
200	221	334	420
220	300	425	521
250	420	562	670
262	469	616	730
300	620	790	921
350	820	1018	1170
400	1020	1247	1420
450	1220	1475	1670
500	1420	1703	1921

source: Philippines Bureau of Agricultural Statistics; Fertilizer and Pesticide Authority (FPA) Department of Agriculture Republic of the Philippines
Assumptions made in the calculations: MOP price $1000, Urea price $600

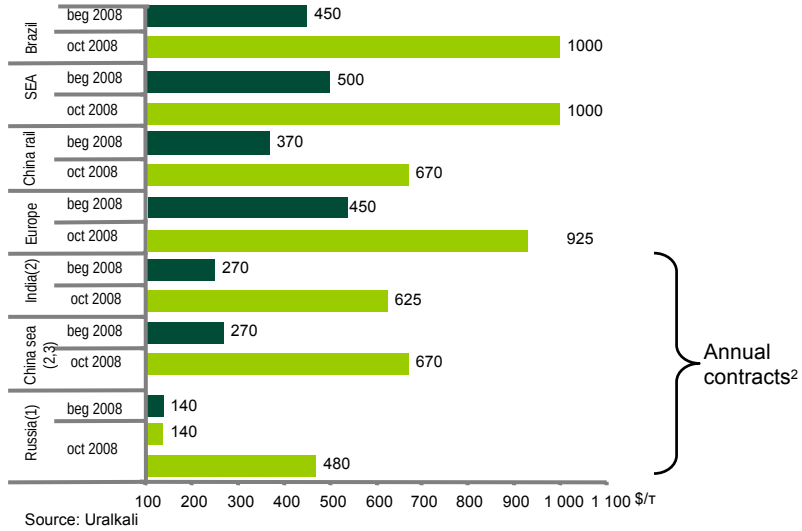
New Era of Price Growth

Evolution of potash prices



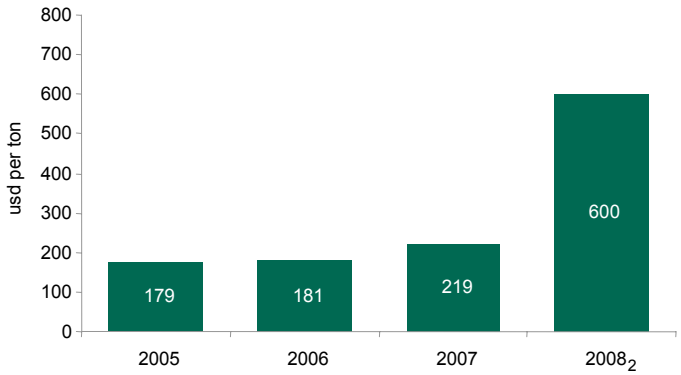
Source: Fertecon (August 2008)

2008 price development (CFR US$/t KCl)



Source: Uralkali

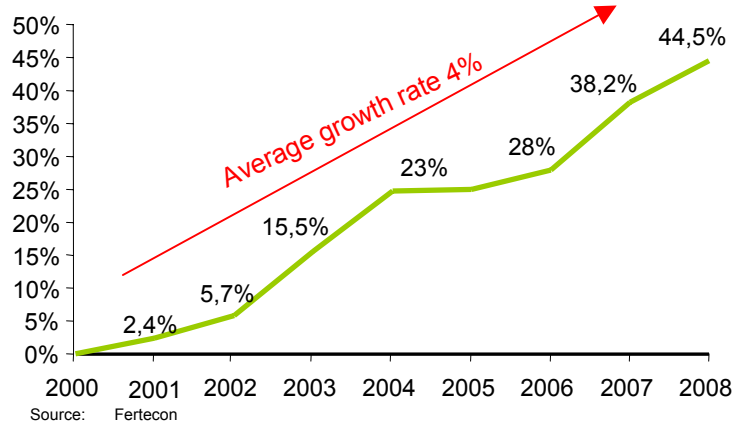
Uralkali gross price performance[1]



Source: Uralkali

Notes:
1 Price is calculated as annual revenue(grossed up by the export duties where applicable) divided by tonnage sold
2 Price for 2008 is calculated on the basis that prices as of August 2008 are maintained till the year end

Potash demand growth 2000-2008



Source: Fertecon

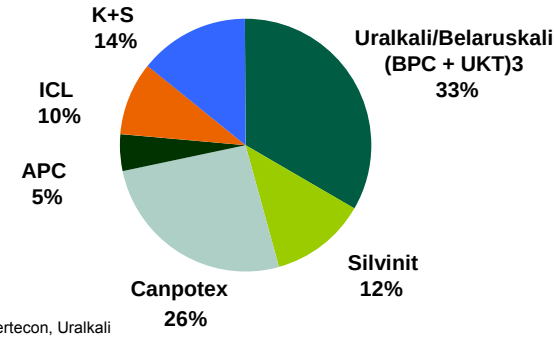
Notes:
1 Russian price used for the graph purposes is calculated according to the formula set in 2008 contract with a umber of NPK fertilizer producers (FOB Chinese price adjusted for the railway tariff from the mine to St.Petersburg and transhipment). The price for agricultural producers differ from that price.
2 Term contracts account for about 40% of sales and are renegotiated once a year, typically in the spring-summer with the Indian buyers and in the winter-spring with the Chinese customers
3 Price for China sea deliveries is calculated as the FOB Chinese contract settled by BPC on April 16, 2008 adjusted on the average spot freight rate for the region

BPC – Leader in the Potash Export Market

Facts

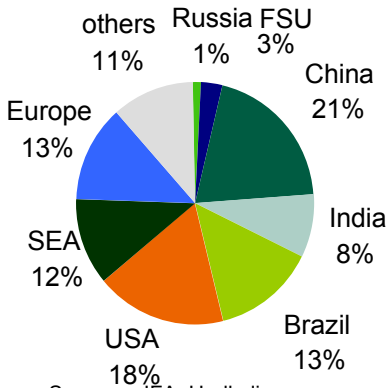
- #1 in export potash trade[1]
- Geographic coverage of over 60 countries
- Sales offices in 6 countries

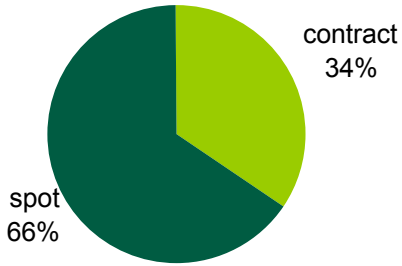
Major potash players by export trading[2] (2007)



Source: Fertecon, Uralkali

Global potash industry by markets, %





Source: IFA, Uralkali

Sales portfolio breakdown, % of volumes

Markets	2007	2008
SEA	11%	19%
India	7%	16%
Europe	8%	13%
USA	0%	13%
Brazil	21%	11%
Russia	10%	10%
China DAF	25%	8%
China FOB	15%	7%
Other	2%	3%
	100%	100%

Source: Uralkali

Notes:
1 Together with Uralkali Trading (UKT)
2 Excludes domestic sales and deliveries between the US and Canada
3 Calculated as the total export volume deliveries from Belaruskali and Uralkali (including railway deliveries to China)

Uralkali's Assets

Entire Value Chain - from Reserve Base to End Customer

PRODUCTION

Existing Assets - 2 MINES, 4 PLANTS

- Plant
- Products: WMOP

• Motorway
• ~1,5 kt of ore

- Mine and Plant
- Resources: 359 Mt of ore[2]
- Products: GMOP, PMOP

Ore transportation between mines

- Plant
- Products: GMOP, PMOP

• Railway
• ~7 kt of ore

- Mine and Plant
- Resources: 1 895 Mt of ore[2]
- Products: WMOP

New Licence – Mine 5

- Resources: 1,300 Mt of ore[2]
- Grade - 30%
- 35 years of reserves

PRE-FEASIBILITY STUDY RESULTS:

- Production volume planned – 3,7 mln t of KCl
- CAPEX - $800 per ton of production, including:
  - New mine
  - New plant at RU-4 of 2,2 mln t
  - New plant at RU-3 of 1,5 mln t
  - No additional infrastructure required
- Such costs were Cost efficiency of ~$17 mln per annum due to the elimination of ore transportation between mines

TRADING

Uralkali

- Domestic sales
- >4,300 special mineral railcars
- 160kt warehouses

Baltic Bulk Terminal

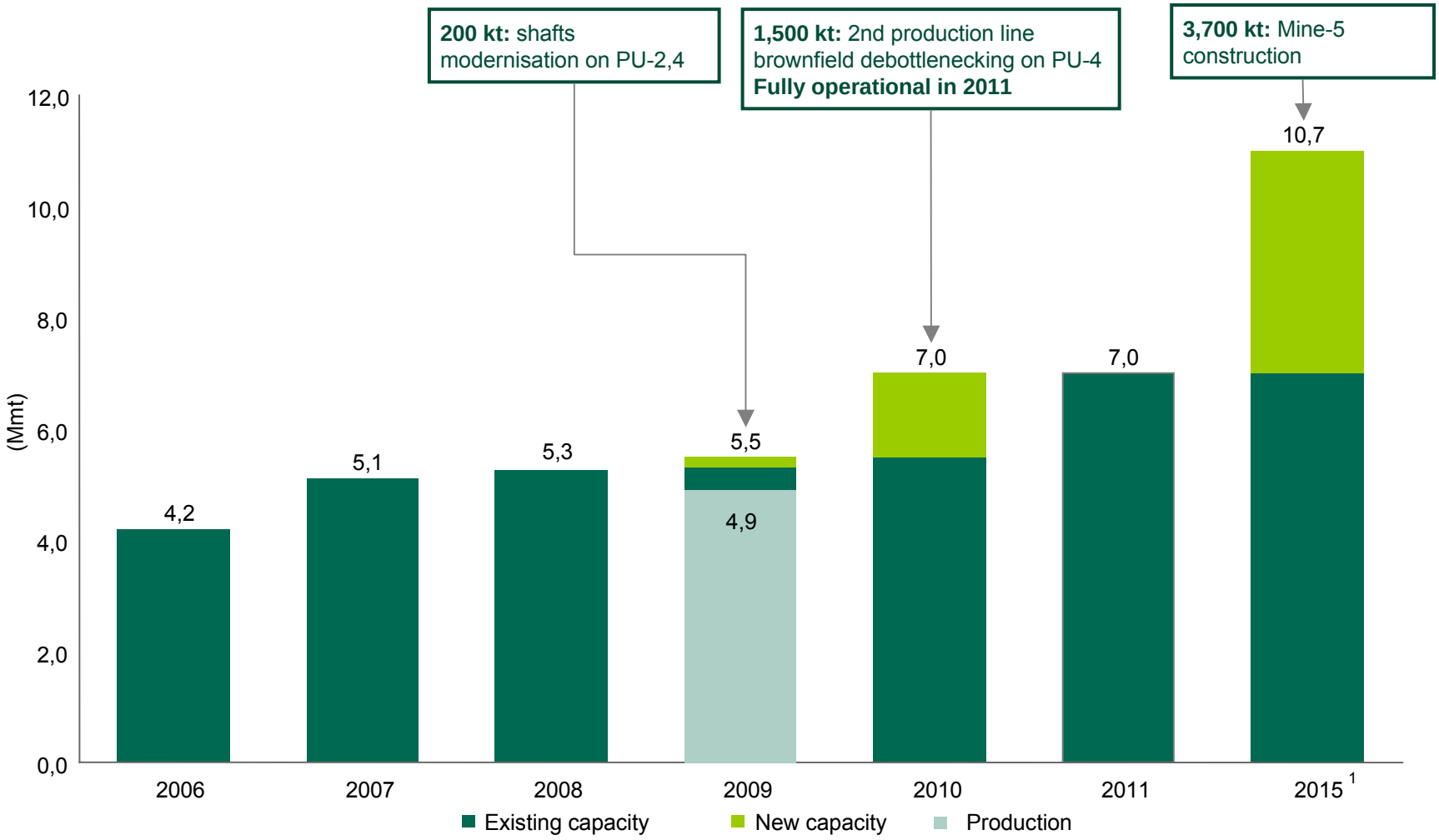
- Shortest transp. leg (from UK mines to St. Petersburg)
- Capacity: 6.2 Mt
- 240 kt warehouses

Belarussian Potash Company[1] Uralkali Trading

- Leading export platform with 33% share

Source: Uralkali
Note:
1 Uralkali holds 50% of BPC shares, Belaruskali holds 45% and State corporation "Belarusian Rail Road" holds 5%
2 JORC as of January 2008

Capacity Additions Programme



Source: Uralkali

Note:

1 According to the Pre-feasibility study results, Company data

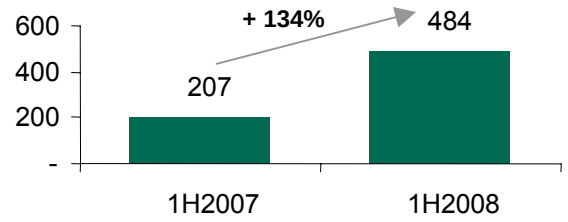
1H2008 – Booming Prices

Key Highlights

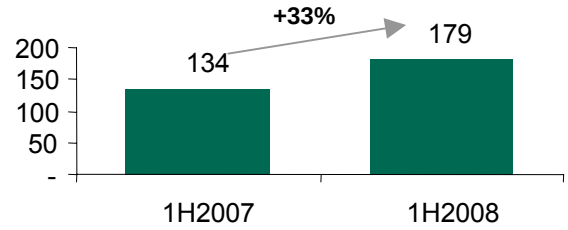
	1H2007	1H2008	Change 1H08 to 1H07
Production (Mt)	2,52	2,65	5%
RURm			
Gross sales	**13 323**	**28 562**	114%
Export potash sales	12 014	26 680	122%
Domestic potash sales	758	1 255	66%
Other sales	551	627	14%
Net Sales[1]	10 100	23 962	137%
EBITDA	5 973	18 012	202%
Margin[2]	*59%*	*75%*	27%
EPS	*1,82*	*6,57*	267%
Net Profit	3 824	13 795	261%
Margin[3]	*38%*	*58%*	*53%*
Operating Cash Flow	4 196	10 988	162%
Capex	2 591	5 905	128%
Net Cash (Debt)	-3 892	329	
Av. exchange rate to USD	26,08	23,9	

Key Highlights

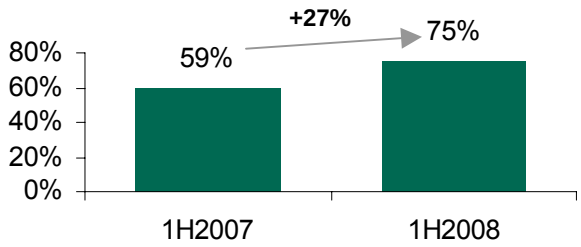
Average Gross Export Sales, USD per tonne[4]



Average Gross Domestic Sales, USD per tonne



EBITDA Margin (%)



Source: Uralkali

Notes:

1 Based on adjusted sales (sales net of freight, railway tariff and transhipment costs)

2 EBITDA Margin is calculated as EBITDA divided by Net Sales.

3 Net income Margin is calculated as Net Income divided by Net Sales

4 Average gross export sales per ton grossed up by export duties. Export price for 1H 2008 net of export duties is 475 USD

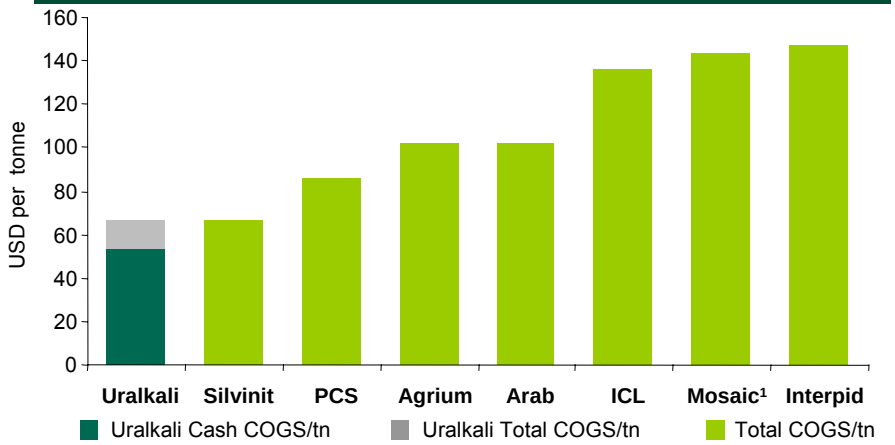
Cost Analysis

Cash COGS

- Cash COGS[1] in 1H 2008 – 1,290 RUR per/ton ($54 per ton)
- Cash COGS[1] is one of the lowest in industry
- Advantage is sustainable in the future

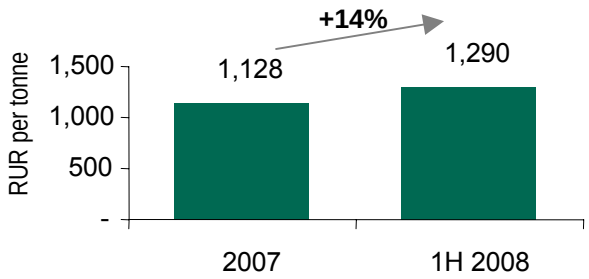
Notes:
1 Cost of goods sold less depreciation and amortisation in potash segment

COGS/tn. vs. main competitors 1H 2008

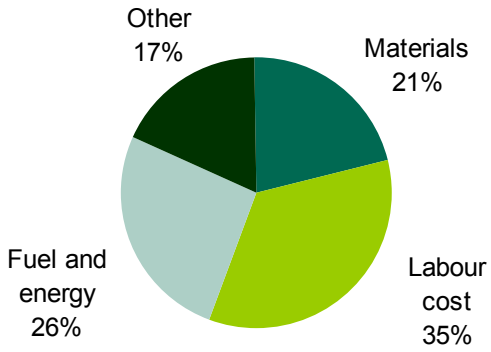


Source: Companies financial reports
Notes:
1. Six months ended February 2008

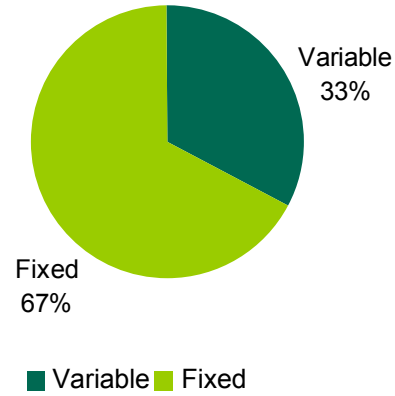
Cash COGS[1] per tonne (1H2008)



Cash COGS[1] structure (1H2008)

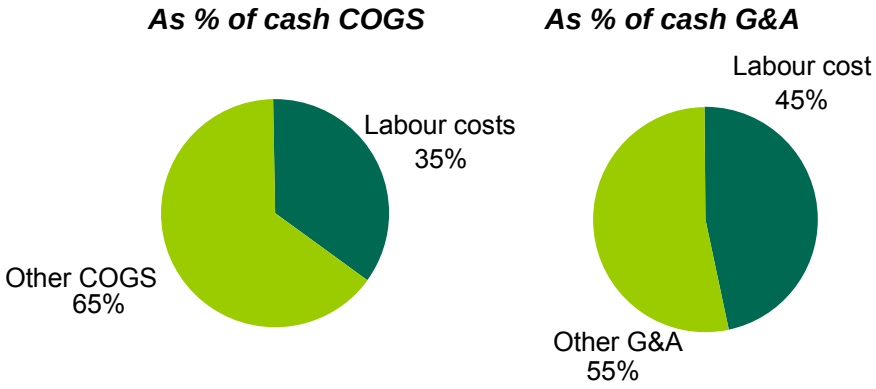


Variable and fixed cash COGS[1] (1H2008)

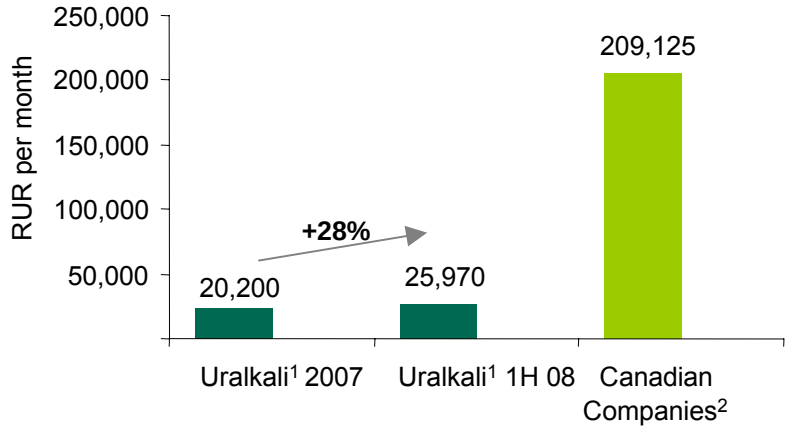


Cost Cutting Programme – Labour Costs

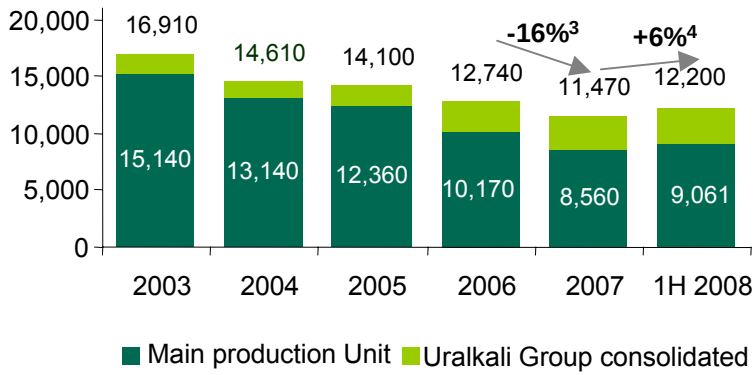
Labour costs (1H 2008)



Salary cost per employee per month



Headcount reduction (period average)



Significant headcount reduction

- Salary lined up with regional level – 28% increase up to 25,970 RUR (1,100 USD)
- Two times productivity increase planned
  - target - 6,000 employees in main production unit in 2010

Source: Uralkali

Notes:

1 Average payroll of the Main production Unit employees, UST excluded.

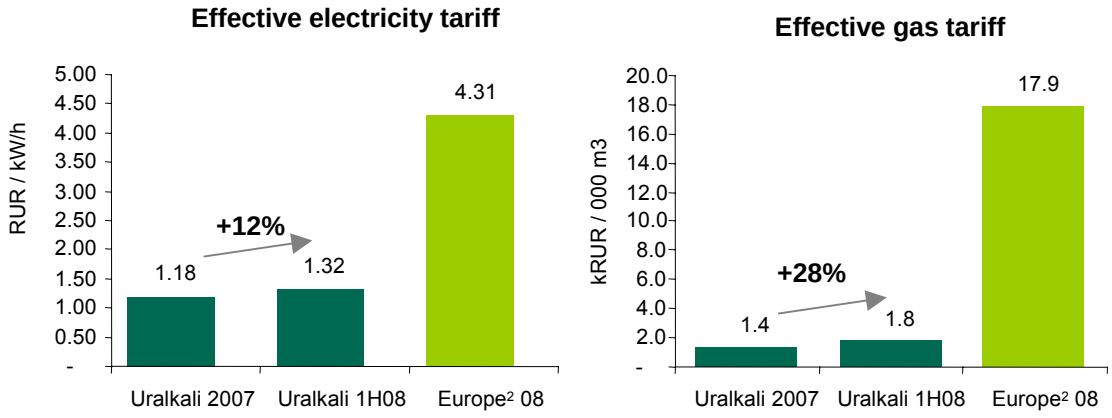
2 Canadian Companies based on PotashCorp annual report 2007 and PotashCorp "Overview of PotashCorp and it's industry 2008"

3 Decrease in headcount of Main production unit in 2007 in comparison with 2006

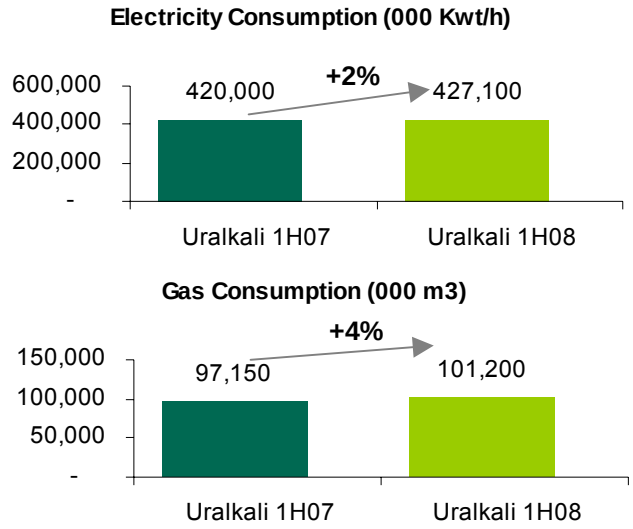
4 Increase in headcount of main production unit in 1H 2008 in comparison with 2007

Cost Cutting Programme – Fuel and Energy

Energy tariffs 2007, Uralkali vs. Europe[1]



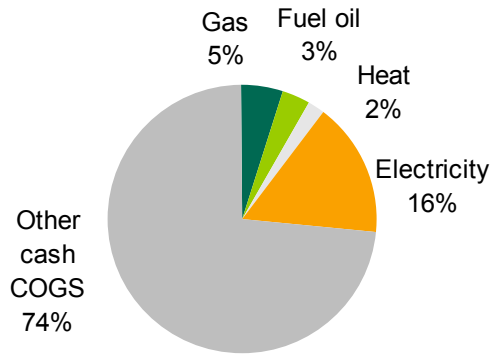
Energy consumption volumes



Power generation programme

- Stage 1: launched in 2Q 2008 (=2 turbines, 25 MWt in total),
- Stage 2: Planned for 2009 (+2 turbines, 25 MWt in total)
- Capex approx. $2,000/KW
- Estimated cost saving[3] – $2/tonne

Fuel and energy breakdown (1H2008)



Source: Uralkali, Gazprom

Notes:

1 Effective Electricity and Gas Tariff, Converted to RUR at a US$/RUR exchange rate of 23.9

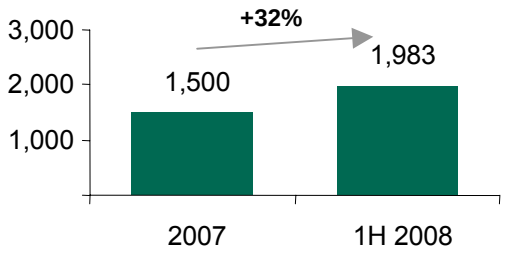
2 Average natural gas and electricity prices charged to final industrial consumers as for 2007 year in UK, Germany and Spain per www.epp.eurostat.ec.europa.eu, adjusted for 2008 in accordance with Deutsche bank estimates.

3 Estimated energy cost savings per tonne in 2011 based on assumption of 25% annual gas price increase, 16% annual electricity price increase from average 2006 prices to average 2011 prices

Distribution Cost

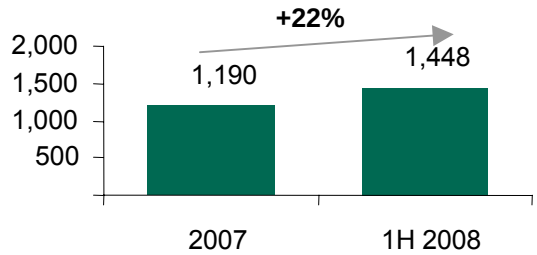
Distribution costs 1H 2008

Distribution cost, RUR per tonne



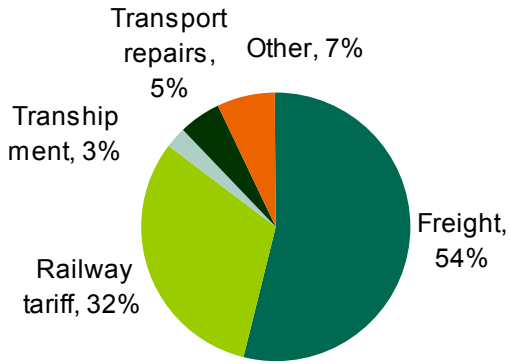
Effective freight tariff 1H 2008

Effective freight rates[1], RUR per tonne



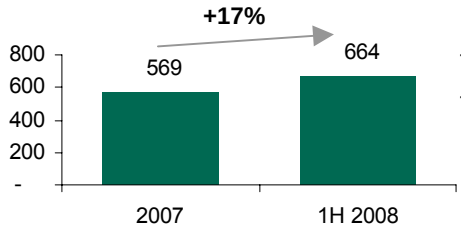
Notes:
1 Effective freight rates are calculated as freight cost divided by freight volumes

Distribution costs structure

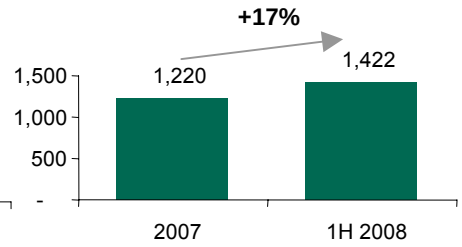


Railway costs[2]

SPb railway tariff, RUR per tonne



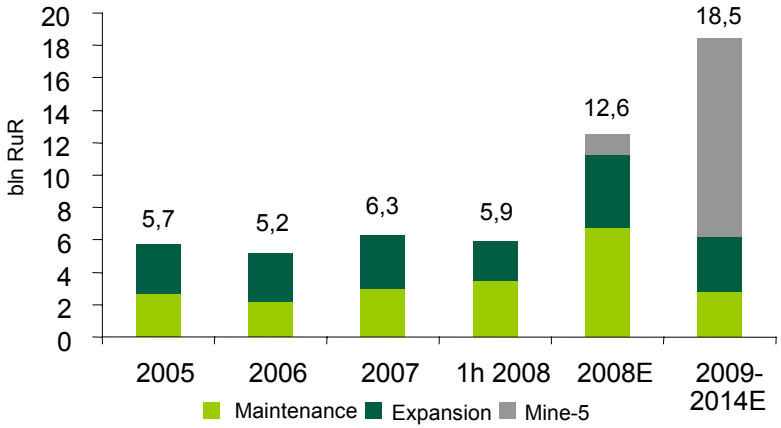
China railway tariff, RUR per tonne



Notes:
2 Effective railway tariff includes both loaded and empty railcars fares

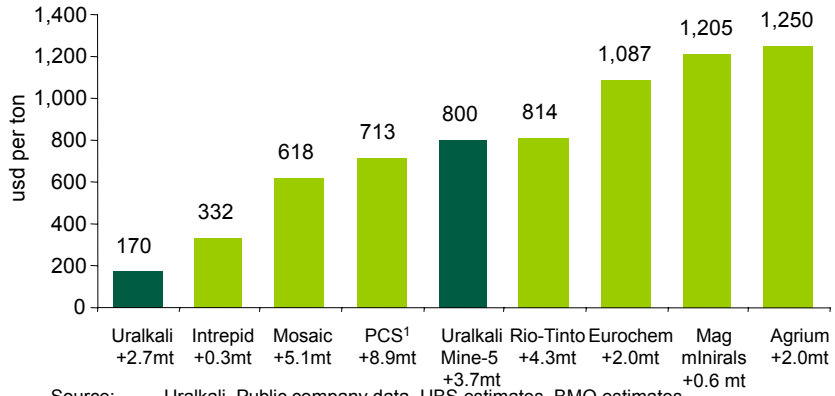
Capex to Drive Future Growth

Capex evolution



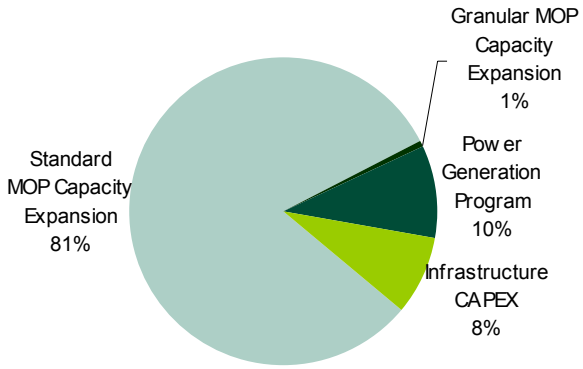
Source: Uralkali
Note:
1 Per year estimates, for Mine-5 CAPEX exchange rate of 24,6 rur per usd is used

Standard MOP expansion – one of the lowest within the industry



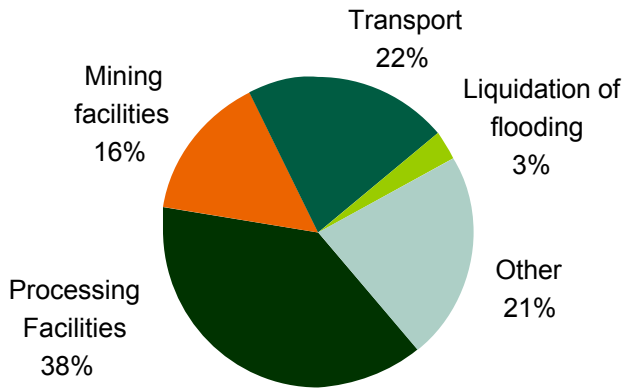
Source: Uralkali, Public company data, UBS estimates, BMO estimates
Note:
1 Including 4.95mt.of compaction capacity added

Expansion CAPEX, 1H 2008



Source: Uralkali

Maintenance CAPEX, 1H 2008



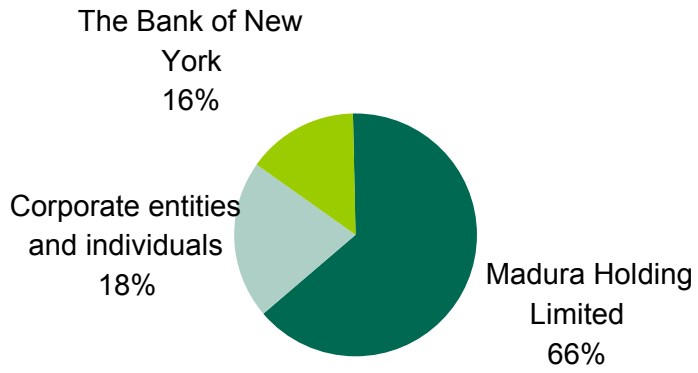
Source: Uralkali

Cash Flow

Key considerations

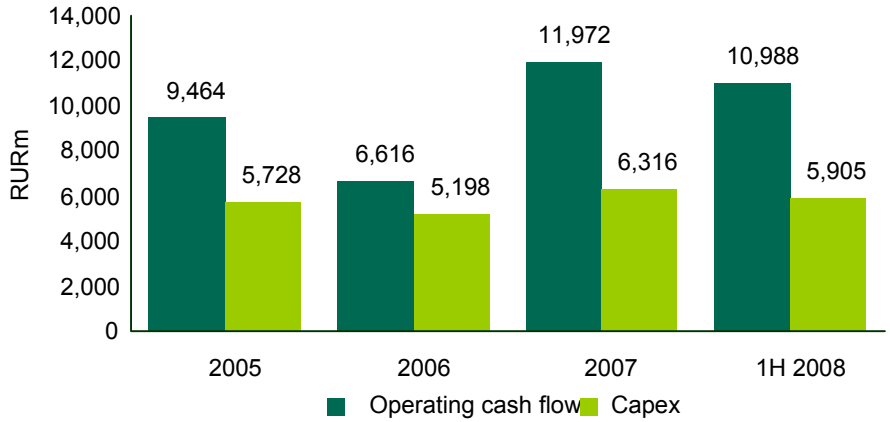
- As at June 30, 2008 net cash – 14 mln USD
- Company is under leveraged
- Prefers to pay dividends if there are no M&A opportunities
- Interim dividends for 2008 – 356 mln USD (61%)
- WACC 10%

Shareholders structure[1]



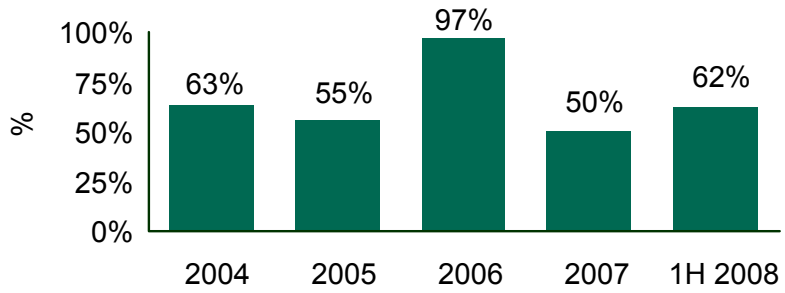
Note:
1 The information is as of December 31, 2007

Operating cash flow vs. capex



Source: Uralkali financial information prepared in accordance with IFRS (audited figures for 2005-2007)

Dividend payout ratio[1]



Note:
1 Dividends declared for the year divided by IFRS Net Income for the respective period

Take-aways…

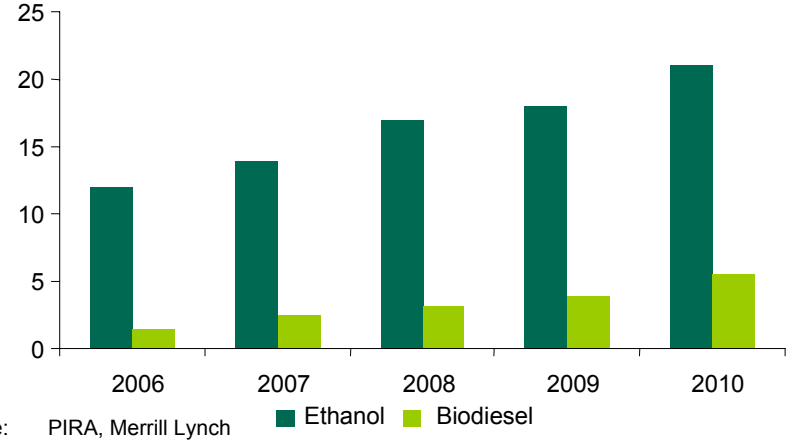
Sales	• Brownfield expansion from 5.3 in 2008 to 7.0 Mt in 2010 • Greenfield - increase up to 10,7mt with Mine-5 development • Running close to full capacity due to incremental demand/supply mismatch • Directing bigger volumes to spot market – greater exposure to rising prices • Focus on elimination of “Chinese discount” and bringing contract prices closer to spot
Costs & Margins	• Sustainable EBITDA margin driven by price increases • 67%/33% fixed/variable cash cost structure favourable for future growth
Capex	• Brownfield capacity additions US$170/tonne • Greenfield capacity additions US$800/tonne • Maintenance capex equal to depreciation
Effective Tax Rate	• Estimated tax rate of approximately 20% • Export duty of 5% from Export Sales[1]
Dividend Policy	• IFRS-based dividend payout ratio of at least 15% • Dividend capacity dependent on future cash generation, M&A opportunities and capex • Historical payout – 63%, 55%, 97%, 50%, 62% in 2004, 2005, 2006 , 2007 and 1H 2008 accordingly

Source: Uralkali
Note:
1 Basis for export duty is FOB/DAF price excluding loaded railcar tariff to the border

APPENDIXES

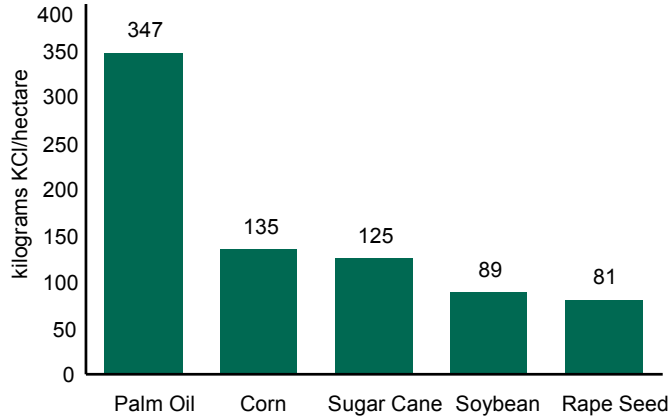
Growing Production of Biofuels - Increases Potash Demand

World Biofuel Production



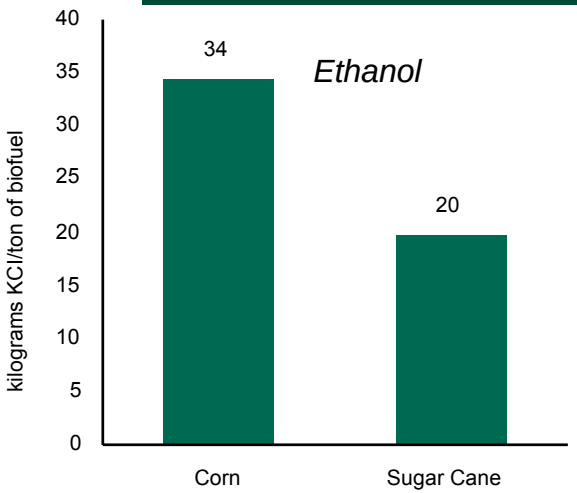
Source: PIRA, Merrill Lynch

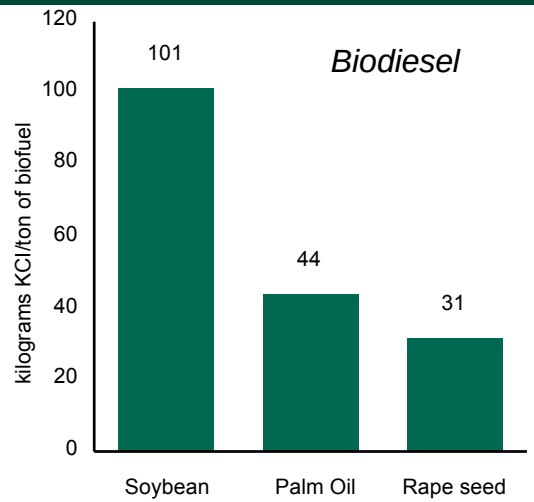
Potash Application Rates for Selected Crops



Source: IPNI

Kilograms of Potash Required per Ton of Biofuel



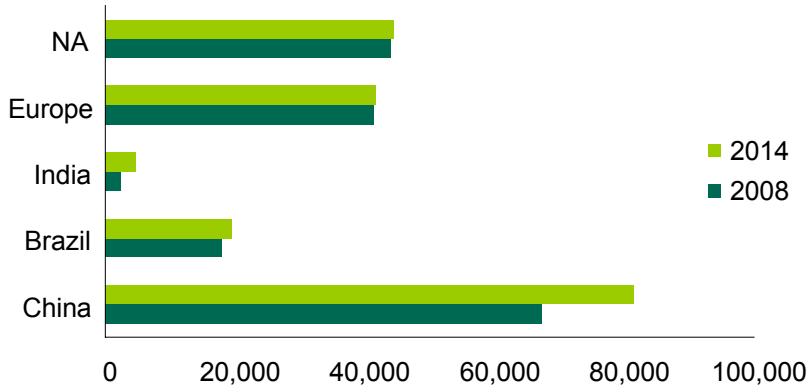


Source: IPNI, IFA Task Force on Bioenergy May 2007 report

Crops demonstrating the best yields in biofuel production are potash-intensive

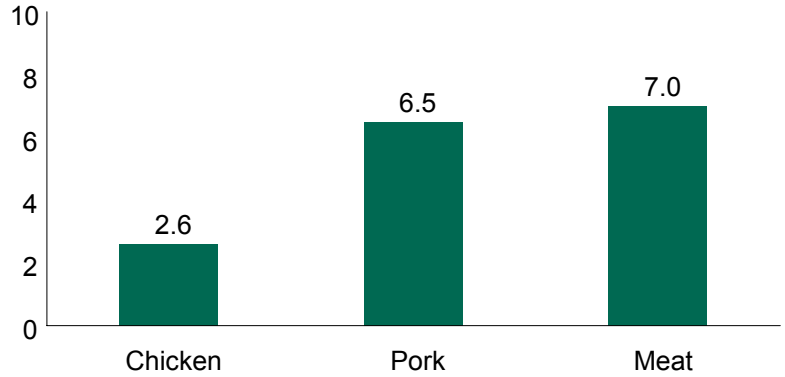
Growing Meat Consumption

Global demand for meat products 2008-2014 (1000 metric tons)



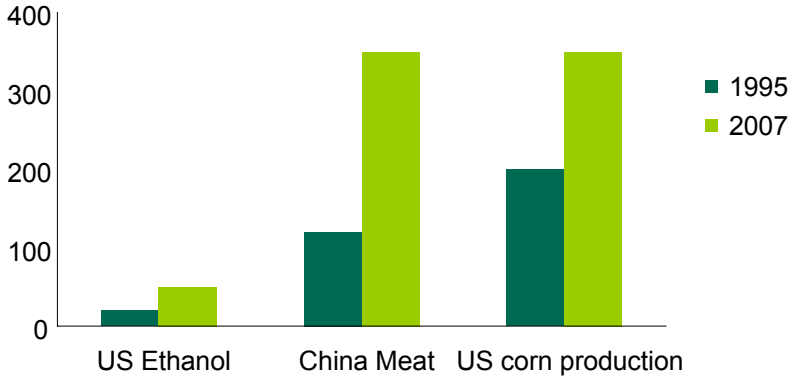
Source: USDA

Pounds of feed needed to produce 1 pound of meat



Source: USDA

Grain for US Ethanol, China Meat, vs. US Corn production 1995–2007 (million tonnes of grain)



Source: World Resource Institute

Global consumption of meat has been growing. Chinese meat consumption grows at the fastest pace

As the demand for meat rises, the demand for grain and protein feeds used to produce the meat grows quickly. Feed-to-meat conversion rates vary depending on the class of animal

US corn production increased dramatically in the 1995-2007 period, but even more spectacular was the rise in grain demand for Chinese meat consumption. Applying grain needs to meat consumption, China would have required 350 million metric tonnes of grain in 2007 to supply livestock for its meat demands

Auction Results

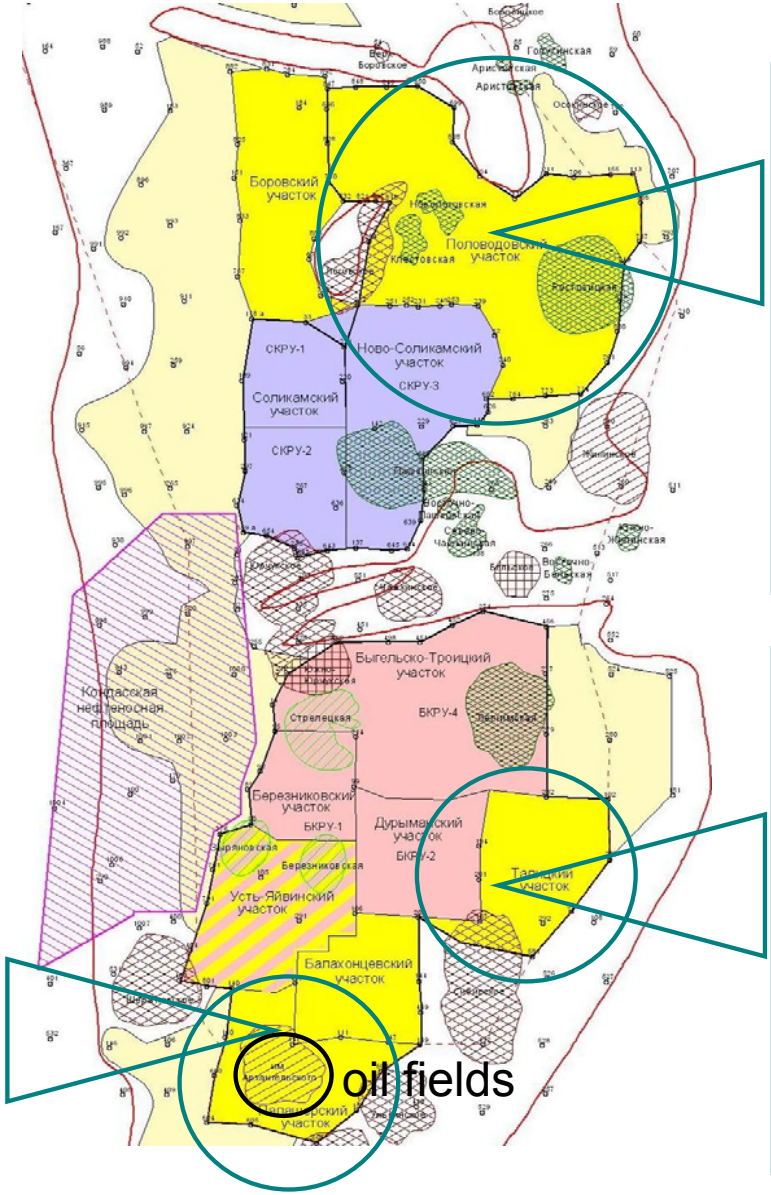
Assumptions

- Required rate of return – 13%
- CAPEX – $1,250 per 1 tn of annual production
- Incentive price calculation includes
  - license cost
  - export duty of 5%
  - no infrastructure costs

Palashersky plot

- Ore resources – 1 069 mln tn
- Ore grade – 29.8%
- Production justified – 2.0 mln tn
- Life of mine – 55-60 years
- Cost of license - ~$170 mln
- Incentive price - $550 at the mine

Winner: Eurochem



Polovodovsky plot

- Ore resources – 3 500 mln tn
- Ore grade – 25%
- Production justified – 4.0 mln tn
- Life of mine – 60-65 years
- Cost of license - ~$1 484 mln
- Incentive price - $670 at the mine

Winner: Silvinit

Talitsky plot

- Ore resources – 681 mln tn
- Ore grade – 33.4%
- Production justified – 1.5 mln tn
- Life of mine – 40-45 years
- Cost of license - ~$700 mln
- Incentive price - $710 at the mine

Winner: Acron