



Uralkali: A Leader in the Global Potash Market

**FY 2012 IFRS Results and
Potash Market Overview**

Webcast & Conference Call

10 April 2013

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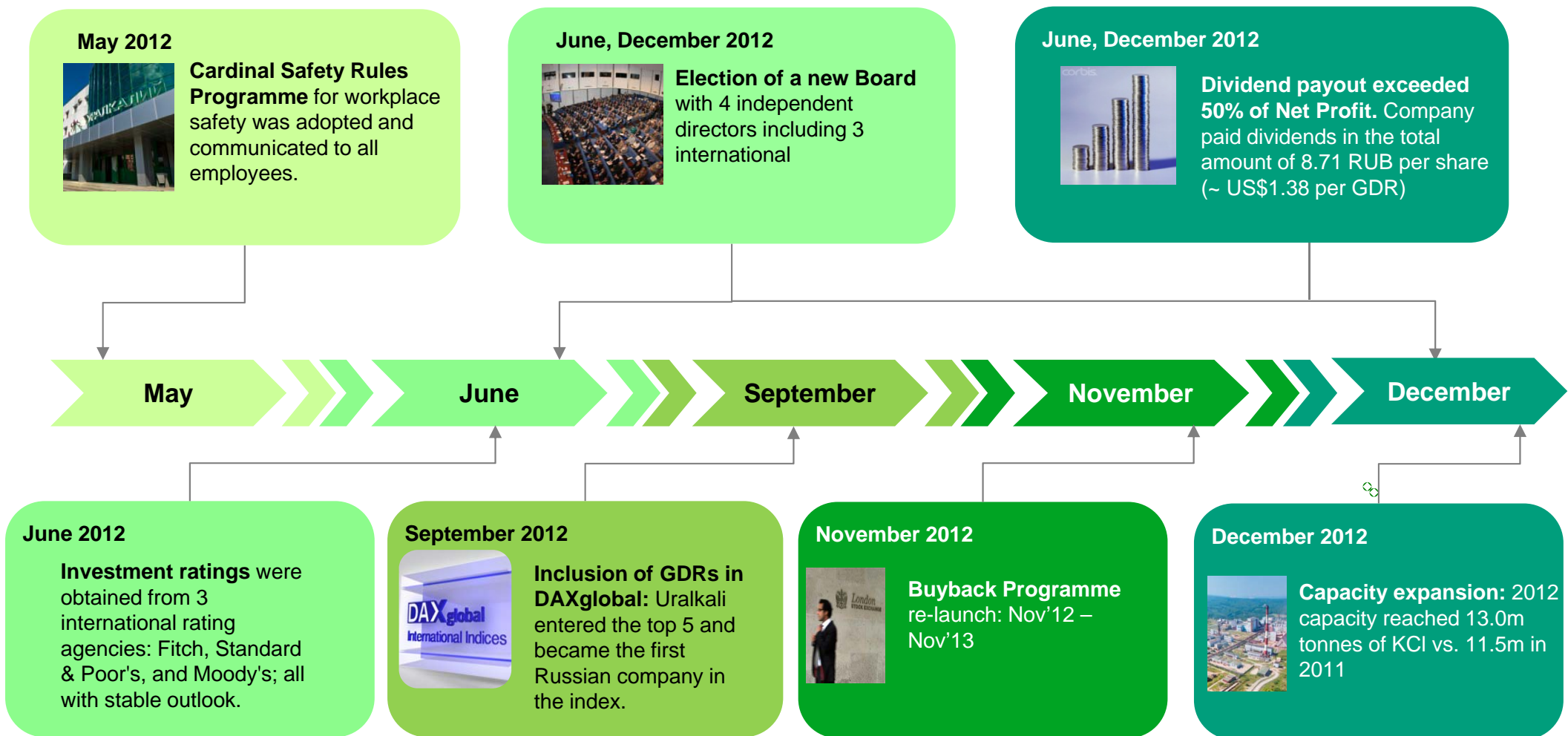
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Agenda



- 1. Key Milestones** **p.3**
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2012 – Key Milestones



Commitment to operational and financial excellence, transparency and risk mitigation

Key Financial Highlights – FY 2012

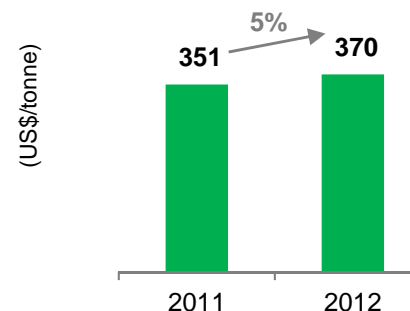


Key Figures

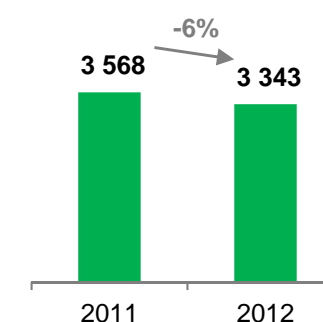
	IFRS	Pro-forma	Change
(US\$ mln)	FY 2012	FY 2011 ¹	%
Sales volume, mln tonnes	9.4	10.6	-12%
- Domestic sales	2.1	1.9	11%
<i>Sales for local consumption</i>	0.6	0.6	
- Export sales	7.3	8.8	-17%
Revenue	3 950	4 203	-6%
Net Revenue ²	3 343	3 568	-6%
EBITDA ³	2 375	2 488	-5%
EBITDA margin⁴, %	71%	70%	
Net Profit	1 597	1 527	5%
CAPEX	426	444	
incl. Expansion	208	247	

Key Highlights¹

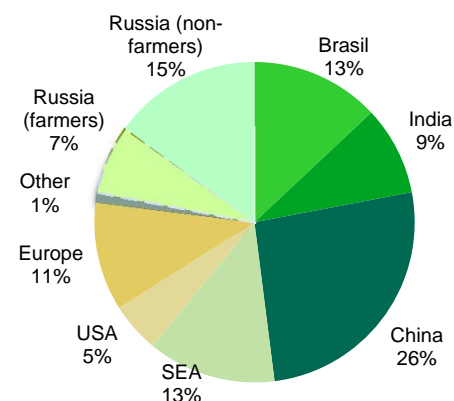
Average export potash price, FCA



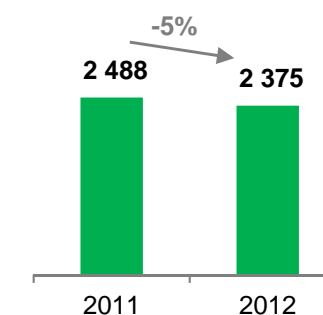
Net Revenue², mln USD



2012 Uralkali Sales Structure



EBITDA³, mln USD



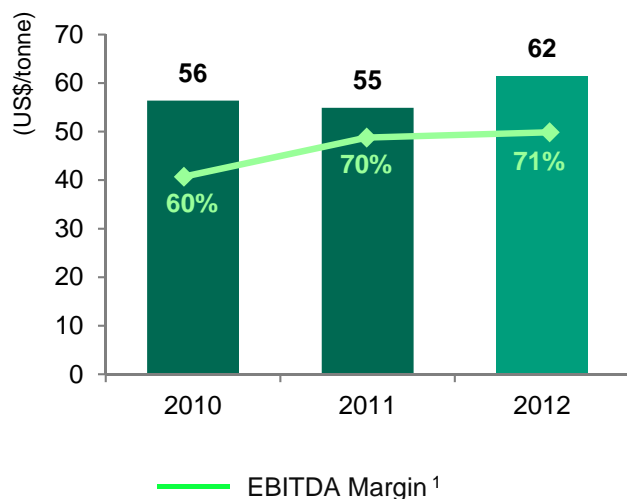
Solid results despite challenging market environment

Notes:

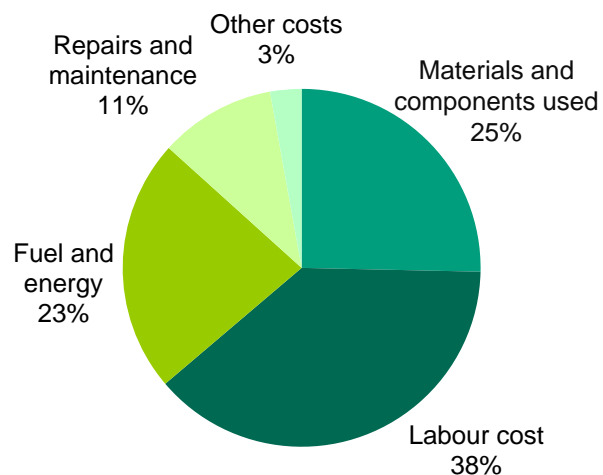
- 2011 figures are given on a pro-forma basis
- Net revenue represents adjusted revenue (sales net of freight, railway tariff and transshipment costs)
- EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs and other one-off expenses, without adjustment on income from reverse of reserve in amount of US\$54.7 mln
- EBITDA margin is calculated as EBITDA divided by Net revenue

Review of Cost Structure FY 2012¹

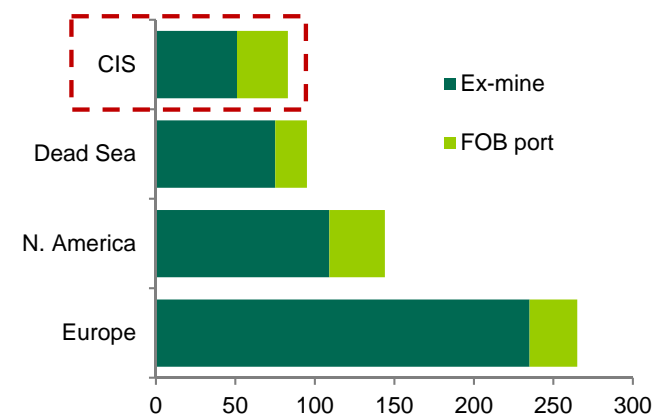
Unit Cash COGS



Cash COGS



Global Cash Costs



Source: Fertecon, December 2012

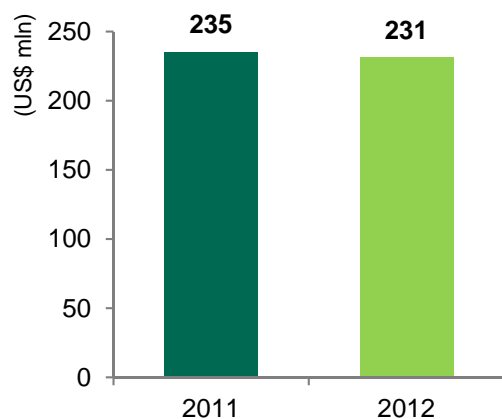
Sustaining lowest cash costs across the industry

Notes:

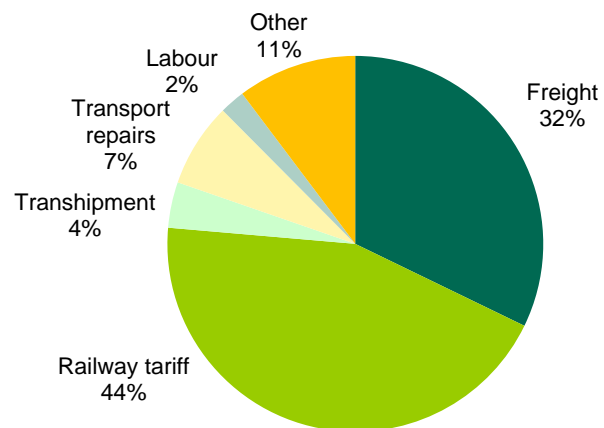
1. EBITDA margin is calculated as EBITDA divided by Net Sales
2. 2011 figures are given on a pro-forma basis

Review of Cost Structure FY 2012 (2 of 2)

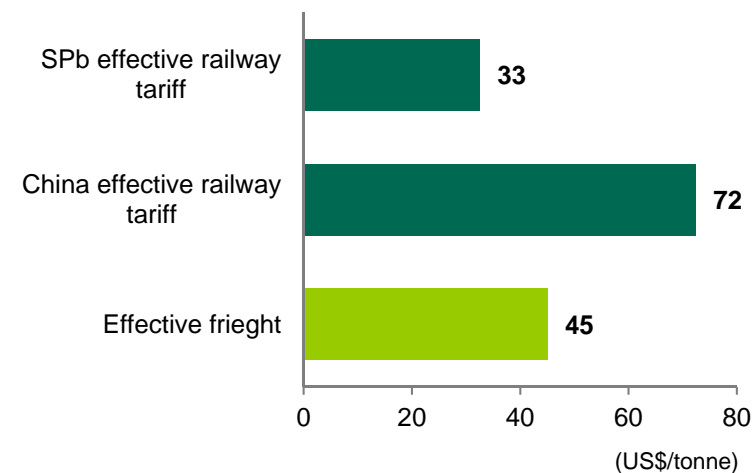
G&A Costs¹



Cash S&D Costs²

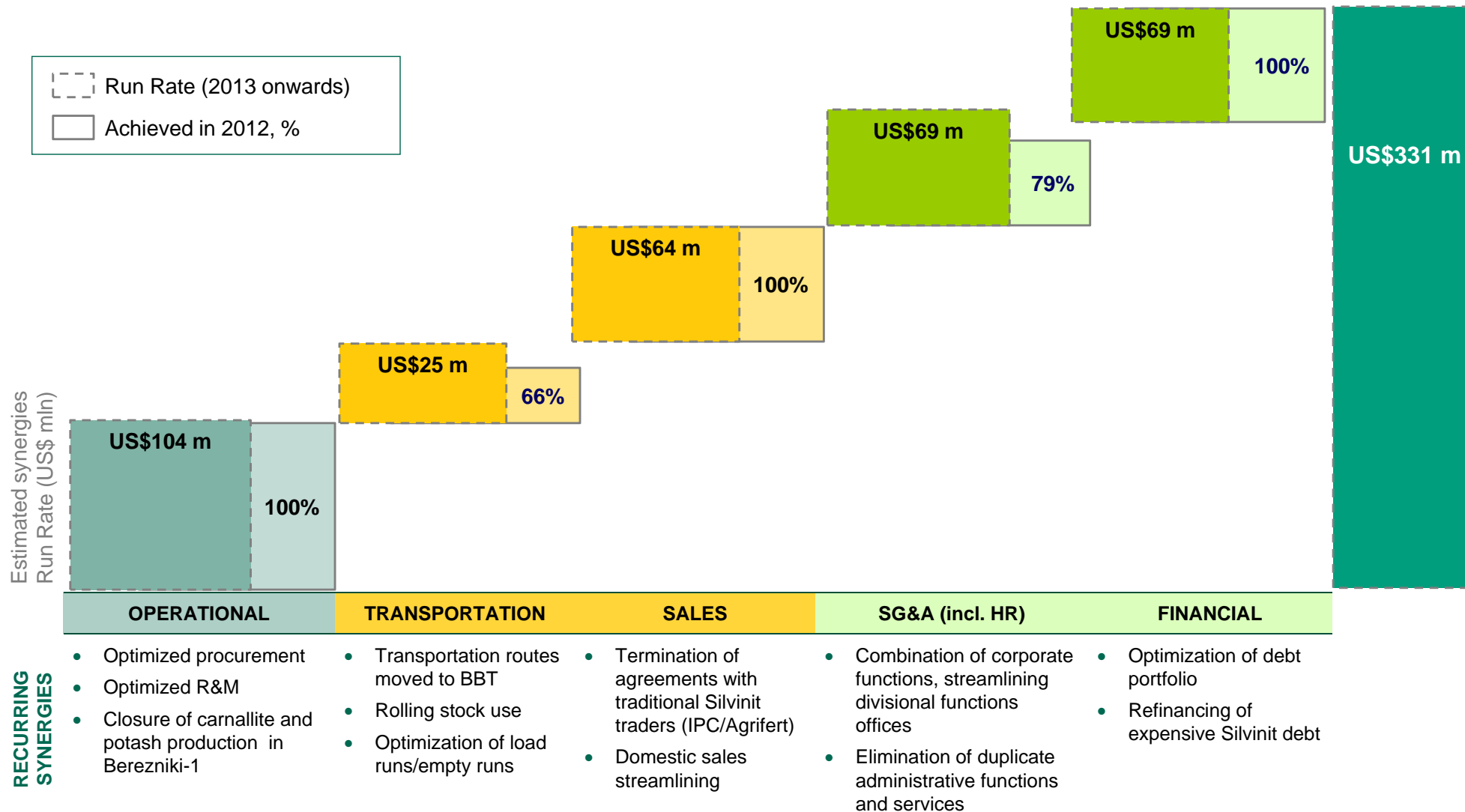


Effective Railway Tariff & Freight



Global cost leadership through optimization and delivery of synergies

Extracting Value through Synergy Realisation

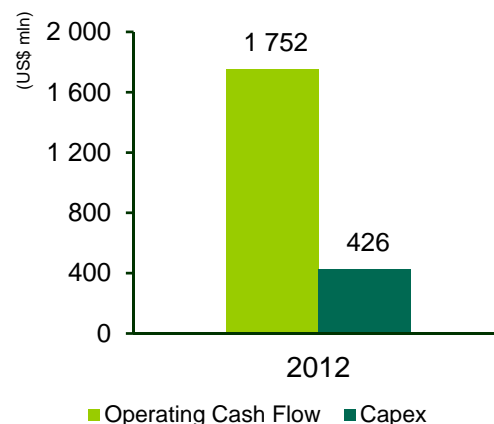
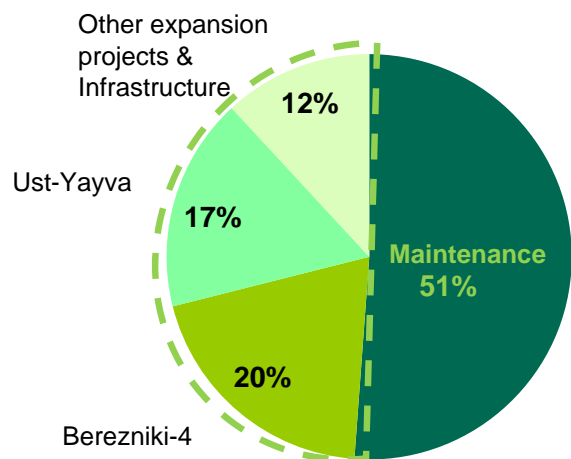


Updated synergy effect estimates suggest annual synergies of c. US\$300m p.a. by 2013

Capex, Cash Flow, Balance Sheet FY 2012



Capex , Operating Cash Flow , Balance Sheet



(US\$ mln)	31 Dec'12
Debt (bank loans)	3 926
Cash	1 669
Net debt/(cash)	2 257
EBITDA ¹	2 375
Net Debt / LTM EBITDA	0.95x

- Loan portfolio parameters as of Mar'12E:
 - c.100% of debt exposure is in US Dollars
 - Effective interest rate as of 31 Dec 2012 – 3.6%
 - Target Net Debt/LTM EBITDA ratio of 1.0–2.0x

Dividends and Buy-back update

• Dividends for 2012:

- Interim – c. US\$ 0.77 per GDR
- + FY 2012 – c. US\$ 0.62² per GDR
- (recommended by the BoD on 10 Apr'13)
- Dividend payout: ~50%

• Buy-back:

- 13 Nov'12: approval in the max amount US\$1.6bln, valid till Nov'13
- c. US\$62.3 mln completed to date; effective buyback price³ - US\$37.2/GDR

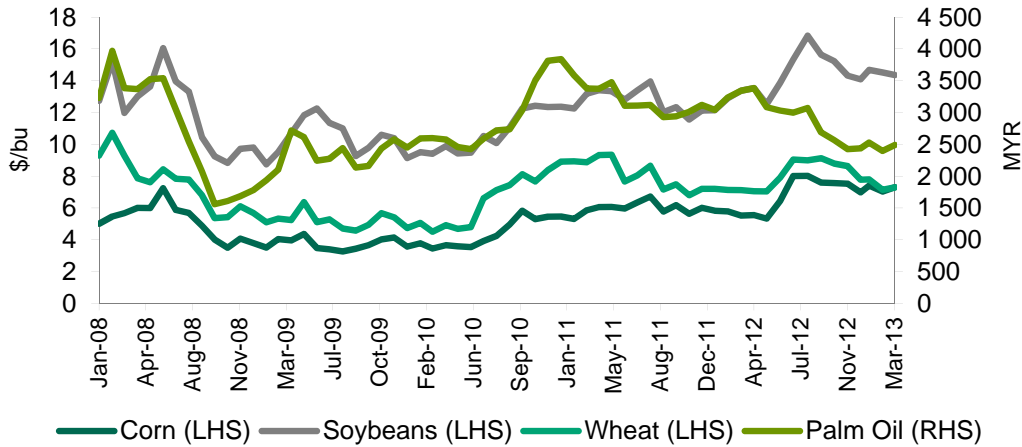
Robust capital structure, stable cash-flow generation, attractive dividend policy

Note: 1. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs and other one-off expenses, without adjustment on income from reverse of reserve in amount of US\$54.7 mln
 2. According to the exchange rate as of 10 April 2013, 1 USD=31.2086 RUB.
 3. Average buyback price calculated as total value acquired divided by total number of GDRs and shares (converted to GDRs at 5:1)

Crop prices and fundamentals remain mostly supportive...

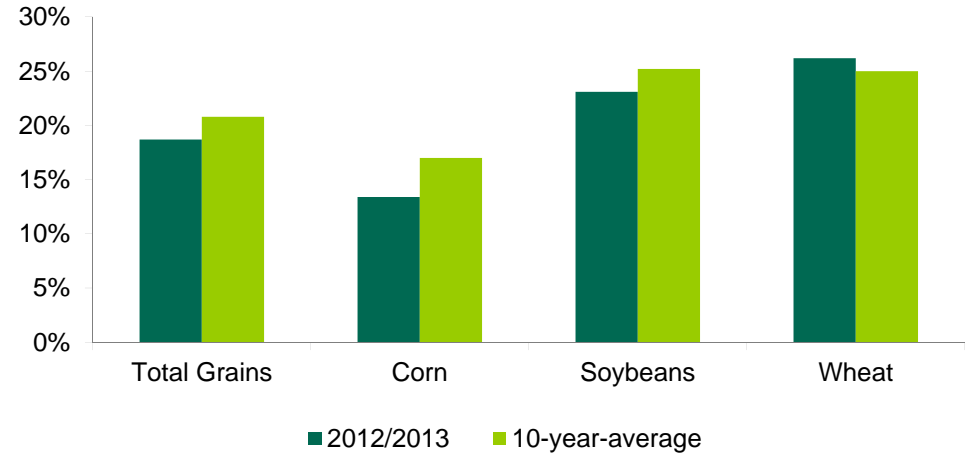


Front Month Agriculture Prices, Jan 2008-March 2013



Source: Bloomberg

Global Stocks-to-Use Ratios are Below Long-Term Averages



Source: USDA's WASDE report, Citi

...and still favourable farmers' economics is expected to drive increased potash demand

Farmers' gross margins (corn, USA)



Farmers' gross margins (soybeans, Brazil)



Farmers' gross margins (palm oil, Malaysia)



Farmers' gross margins (wheat, Poland)

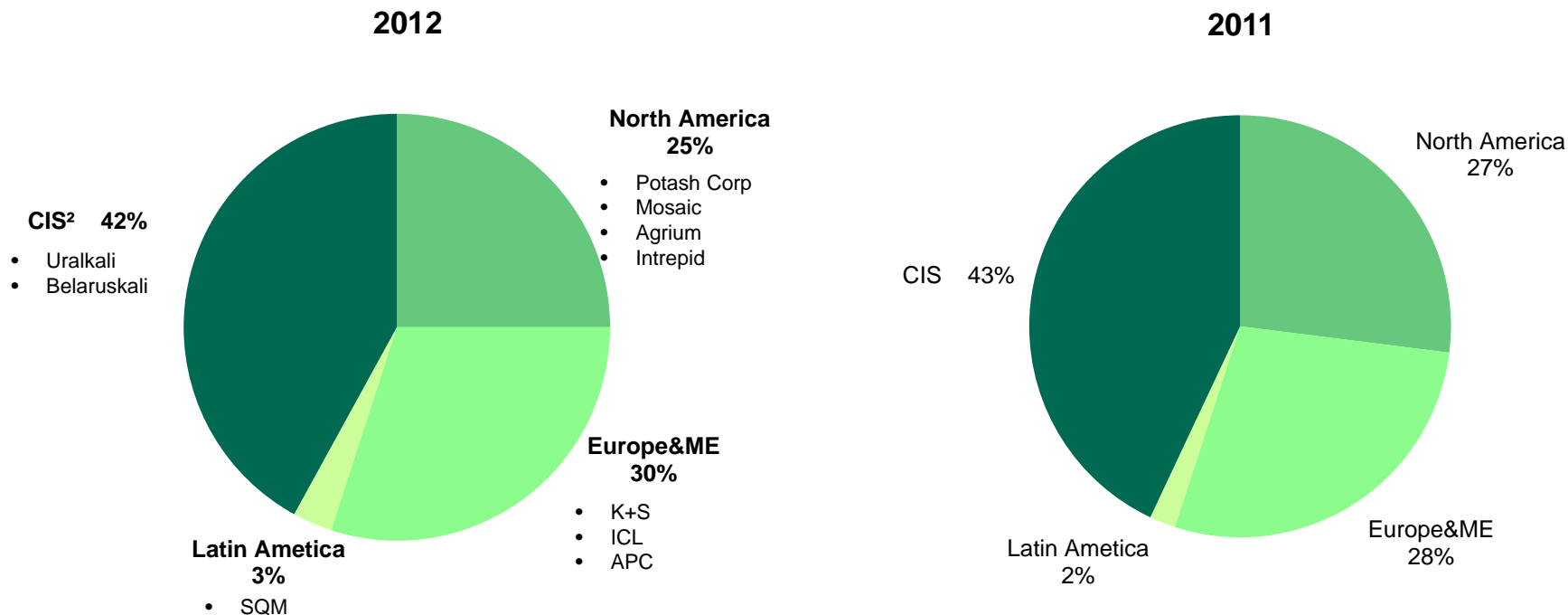


Source: BPC Economic Calculator

Uralkali in global potash export 2012



Sources of Export Trade in 2012¹



- In the absence of China contract for 2H/12 and India contract for FY 2012/2013, 2012 was marked by tough competition between suppliers in spot markets which led to redistribution of their market shares
- Some smaller suppliers increased their market shares in world potash export compared to previous year while offering higher leverage to potash prices

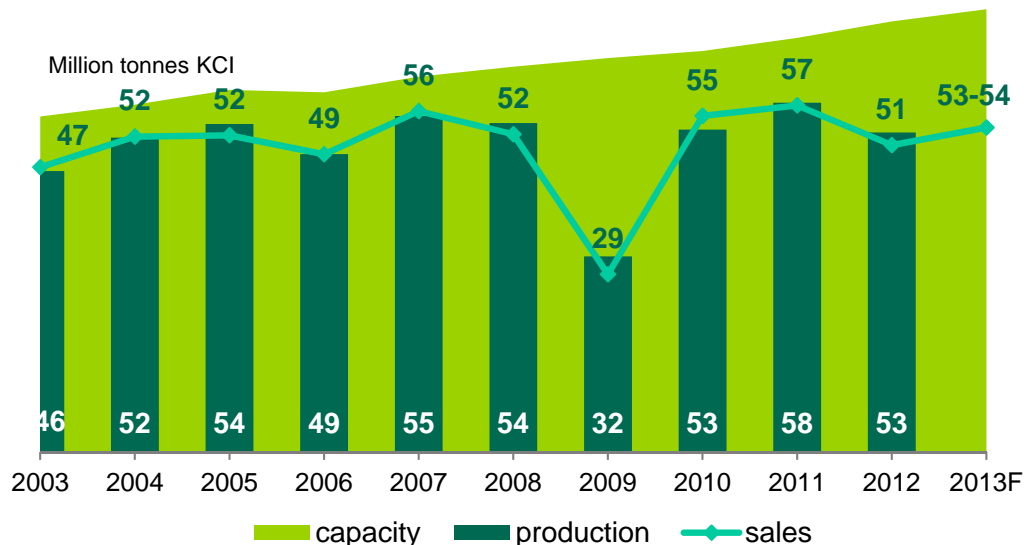
Source: IFA, Companies' reports, Uralkali

Note:

1. Excluding Canadian potash export to the United States
2. Including Uzbekistan with market share 0.6%

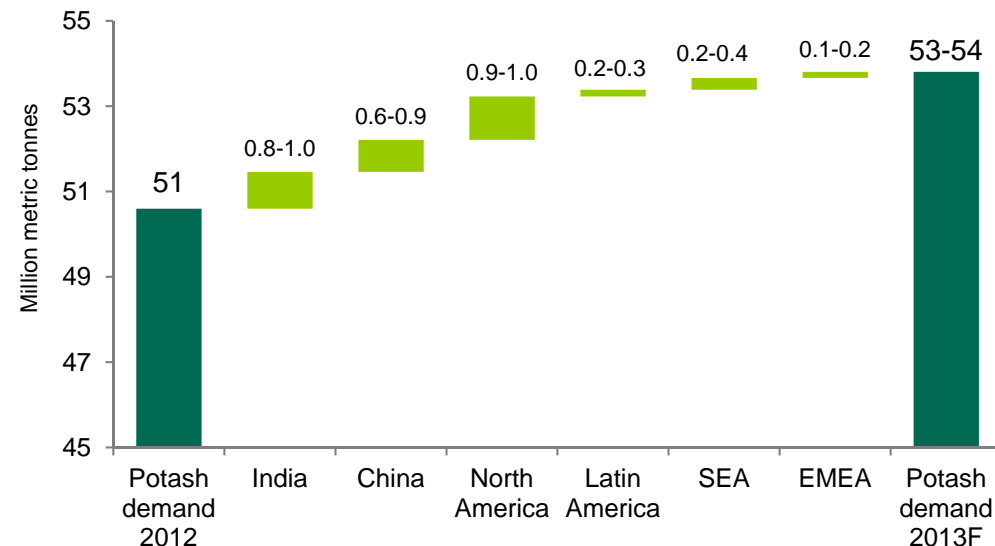
Potash Market is Recovering

Supply/Demand Dynamics 2001-2013F



Source: IFA, Uralkali estimates

Rebound in potash demand 2013F

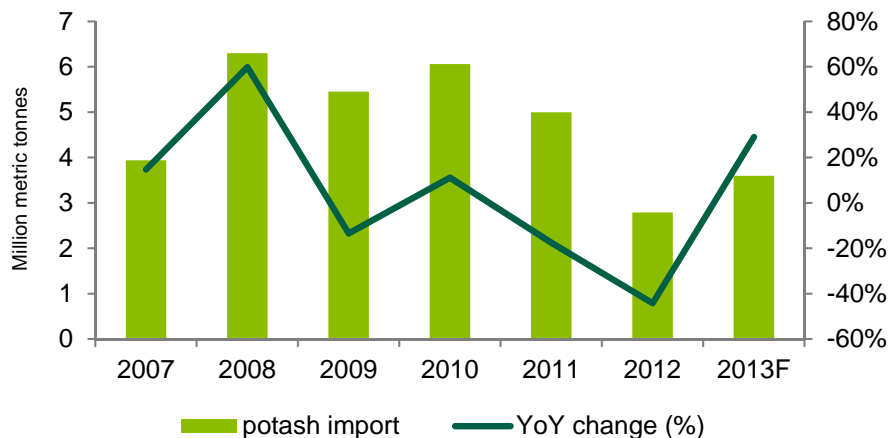


Source: IFA, Uralkali estimates

- Potash demand is recovering following the fall seen in Q4 2012, driven by both the contract settlements with China and India and solid returns that farmers are enjoying
- Global potash sales are expected to climb 5-7% yoy to 53-54 Mtpa in 2013. India, China and North America are expected to be the main drivers behind rebound in world potash demand in 2013

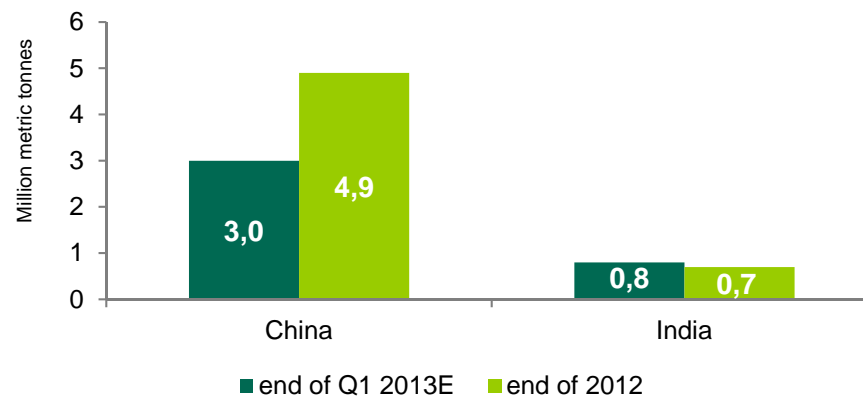
Market update: India and China

2012 India potash imports have fallen dramatically



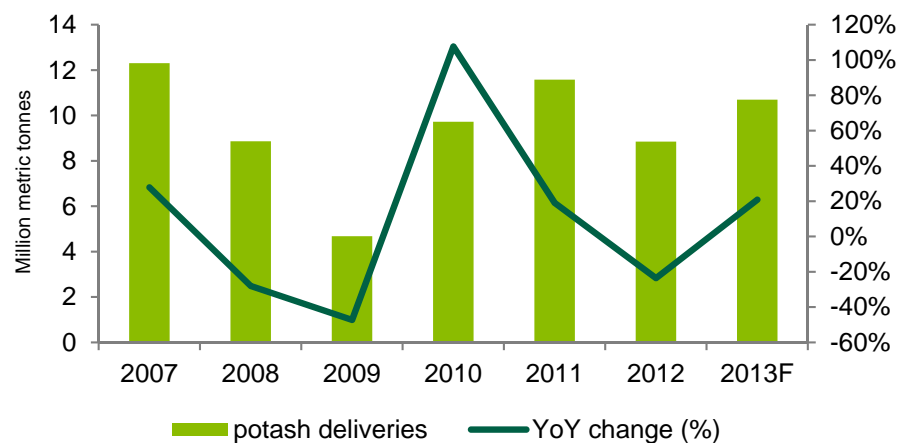
Source: IFA, Uralkali estimates

Potash Inventory



Source: BPC/UKT estimates

Chinese potash deliveries are expected to rebound in 2013

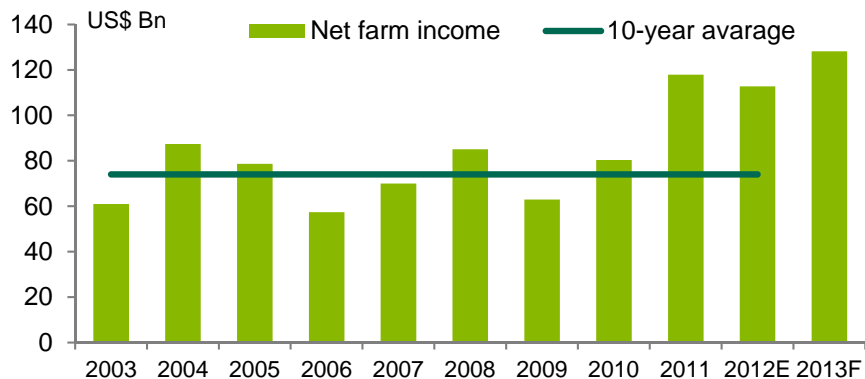


Source: IFA, Uralkali estimates

- The resumption of contract shipments to China and India helped to restore market confidence
- Indian potash demand continues to be impacted by changes in retail pricing and subsidy policy. Continuing imbalance in nutrient application is contributing to lower crop yields in India
- In 2013, imports to India is expected to increase up to 4 mln t from last year's depressed levels
- China has contracted 3.1 Mtpa for 1H/13, up from 2.1 Mtpa in 1H/212. 2013 potash demand expectation is in the range of 10.5-10.7 Mtpa
- Potash inventories in China have depleted driven by buying activity for spring application. India stockpiles are estimated to have stood at healthy level as of end Q1/13

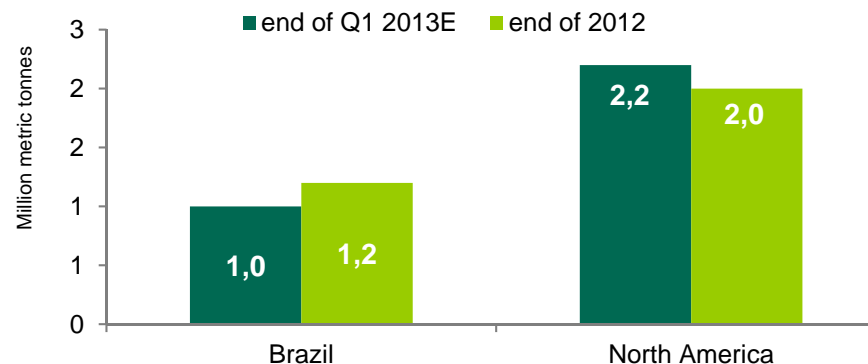
Market update: Brazil and North America

2013 US farm income is expected to be the highest since 1973



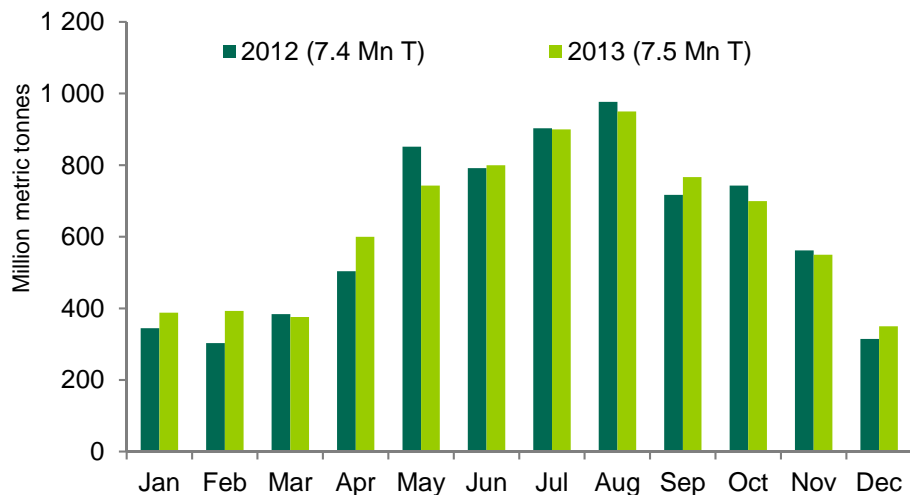
Source: USDA

Potash Inventory



Source: BPC/UKT estimates

Brazilian potash imports will remain strong in 2013¹



Notes:

¹ Import volumes forecast is based on arrivals

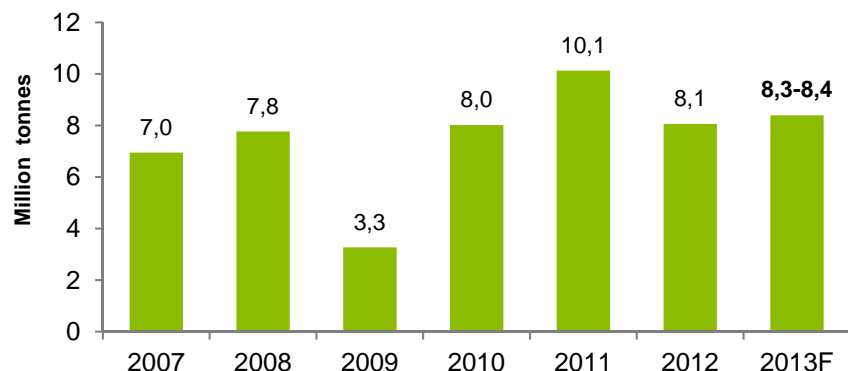
Source: ANDA

- High US planted corn acreage and very healthy farmer finances will be supportive to N.A potash demand in 2013. North American potash demand may increase above 9 Mtpa, compared to 8 Mtpa in 2012
- Brazil demonstrated the strongest import growth in 2012 (5% yoy). With soybean prices remaining at high levels and an expected record planting acreage in 2013, Brazil will likely see imports increase in 2013. Potash inventories are reported to be tighter by end Q1/13 compared to the end of 2012

Market update: South East Asia and EMEA

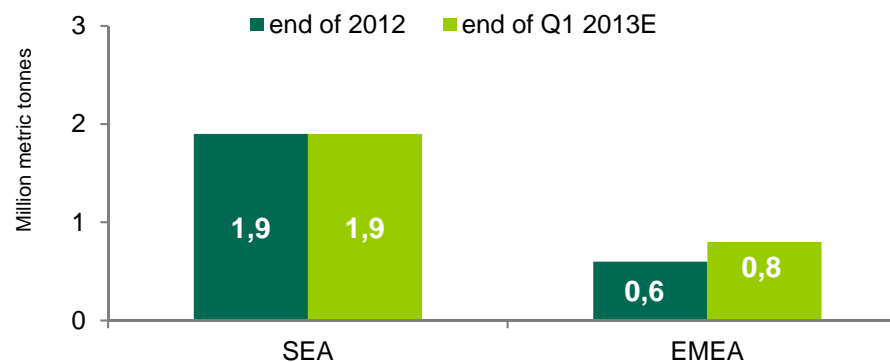


Potash imports to SEA



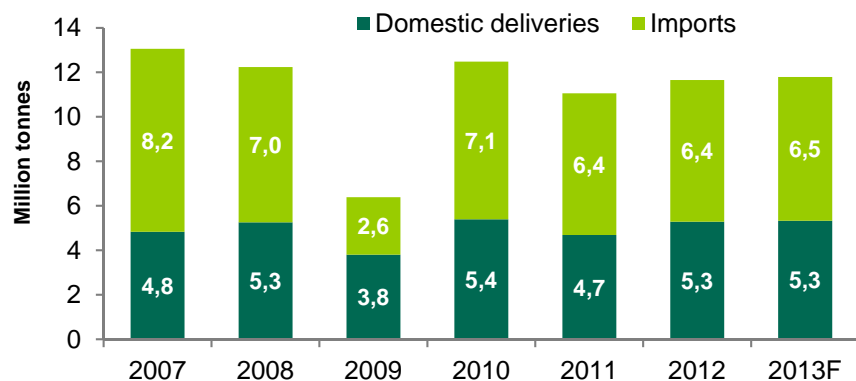
Source: IFA, Uralkali estimates

Potash Inventory



Source: BPC/UKT estimates

Potash deliveries to EMEA



Source: IFA, Uralkali estimates

- Unfavourable weather in Western and Central Europe was delaying buying for spring application in March 2013
- EMEA demand is expected to stay close to the traditional volumes in 2013. Western Europe and FSU markets (in particularly, Russia, Ukraine and Belarus) are expected to demonstrate some increase
- With Chinese & Indian contracts now concluded buyers in SEA became more active. We expect demand to increase in most SEA markets in 2013
- Despite lower palm oil prices compared to 2012 level, farmers are still profitable

Potash Market Outlook

- 2013 outlook for potash demand remains positive, supported by Ag commodity prices, high net farm income, and high planted corn (USA) and soybeans (Brazil) acreage
- We expect global deliveries to rebound to 53-54 MT in 2013, following contract settlements with India and China and destocking trends in key markets
- However, potential upside to global deliveries (above 54 MT level) is limited due to ongoing challenges in India
- Potash prices are estimated to be healthy in 2013

2012 Conclusion and 2013 Outlook

2012 Financial Highlights

- Net Revenue down 6% y-o-y to USD 3.34 billion
- EBITDA¹ down 5% y-o-y to USD 2.375 billion
- EBITDA² margin reached 71%
- Forecasted synergy achieved reaching c.USD 300 million
- Dividend payout ratio for 2011 and H1 2012 over 50%

2012 Operational Highlights

- Production of 9.1 million tonnes of potassium chloride (KCl)
- Sales volumes of 9.4 million tonnes of KCl
- Average export price up 5% y-o-y to USD 370 per tonne of KCl
- Strategic capacity expansion on track, with Berezniki-4 project completed and development started at Ust-Yayvinsky mine

Potash Market Update

- 2013 outlook for potash demand remains positive, supported by commodity prices and high farmers income
- 2013 global potash demand is expected to increase to 53-54 Mtpa
- Potash prices are estimated to be healthy in 2013

Focused on delivery of growth to drive shareholder value

Note:

1. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs and other one-off expenses, without adjustment on income from reverse of reserve in amount of US\$54.7 mln
2. EBITDA margin is calculated as EBITDA divided by Net revenue

Thank You!