

Uralkali: A Leader in the Global Potash Market

An aerial photograph of a large industrial complex, likely a potash processing plant, featuring numerous buildings, conveyor belts, and a tall smokestack emitting a plume of white smoke. The facility is surrounded by greenery and a road.

FY 2013 IFRS Results and Potash Market Update

Webcast & Conference Call

10 April 2014

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Agenda



- 1. Shareholder Structure and Governing Bodies Update** p. 3
- 2. Strategic Review** pp. 4-7
- 3. Financial Review** pp. 8-10
- 4. Potash Market Review** pp. 11-16

Shareholder Structure and Governing Bodies Update

Shareholder Structure¹

- Current shareholder structure:
 - Onexim Group - 21.75%
 - OJSC Uralchem - 19.99%
 - Chengdong Investment Corporation - 12.50%
 - Free-float² - 45.76%

Board of Directors

- The Board of Directors was elected on March 24, 2014
- Mr. S. Chemezov was elected as the Chairman of the Board
- The Board includes 3 independent directors - Please see p. 7 for more details

Management Board

- Mr. D. Osipov was appointed as CEO
- Management Board was appointed on 26th March, 2014

Uralkali is committed to delivering sustainable growth in the interests of all shareholders

Notes:

1. Equity structure is given as of December 20, 2013.
2. Free-float includes shares acquired by subsidiaries of Uralkali which are accounted for as treasury shares for the purposes of the Group's consolidated financial statements prepared in accordance with IFRS. Uralkali plans to cancel treasury shares by the end of 2014 subject to certain corporate procedures.

Maximising Revenues from Tier I Assets across the Industry Cycle

<p>1</p> <p>Enhance responsible global leadership position</p>	<ul style="list-style-type: none"> • Maximise revenue to deliver shareholder value • Potash demand growth stimulated by competitive pricing • Increase potash capacity on the lowest cost basis in the industry
<p>2</p> <p>Focus on enhanced relationships with end customers</p>	<ul style="list-style-type: none"> • Strengthen customer relationships • Promote dialogue with end customers through sharing expertise to increase connectivity • Enhance logistics platform to secure long-term supply in key markets and efficiencies in distribution
<p>3</p> <p>Maintain cost leadership positions</p>	<ul style="list-style-type: none"> • Ensure operating performance and efficiency provides continued industry leadership • Invest in existing capacity and infrastructure to optimise margin through the cycle
<p>4</p> <p>Balance investment in growth with shareholder returns</p>	<ul style="list-style-type: none"> • Retain an efficient capital structure; medium term Net Debt / LTM EBITDA target c.2x • Balanced approach to capital investments and capital discipline • Dividend payout of minimum 50 % of Net Income
<p>5</p> <p>Focus on people, communities and environmental safety</p>	<ul style="list-style-type: none"> • Regional and Industry employer of choice; labour safety, employee & community development • Deliver value whilst operating in a socially responsible manner, minimizing environmental impact
<p>6</p> <p>Continued focus on corporate governance</p>	<ul style="list-style-type: none"> • Openness, transparency and risk mitigation for all stakeholders

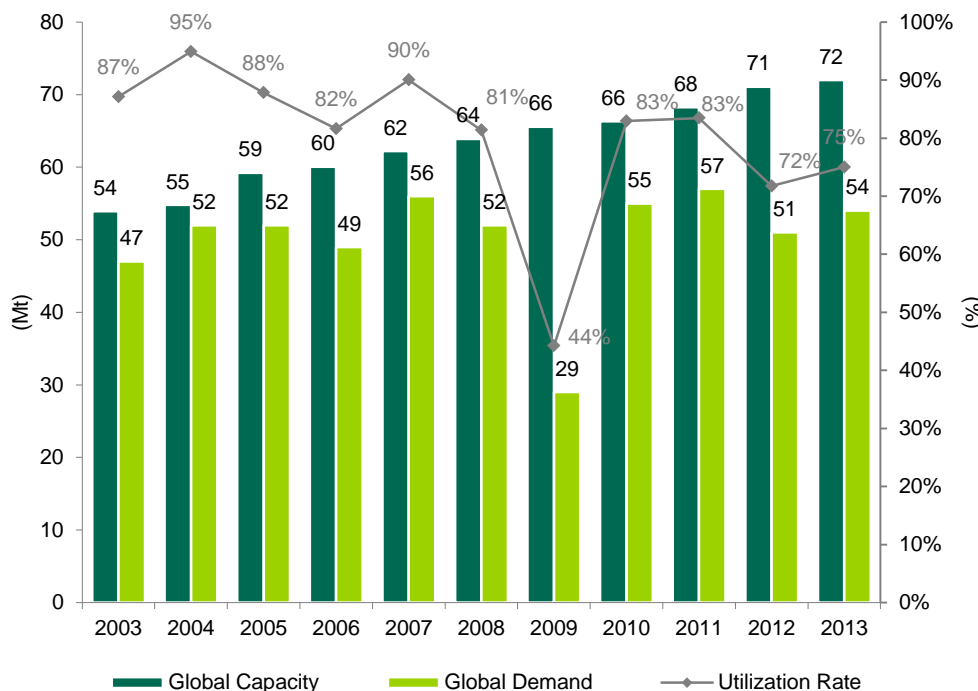


Continued focus on sustainable long-term growth of shareholder value via a strategy which reflects status as responsible global leader

2013 Market Context

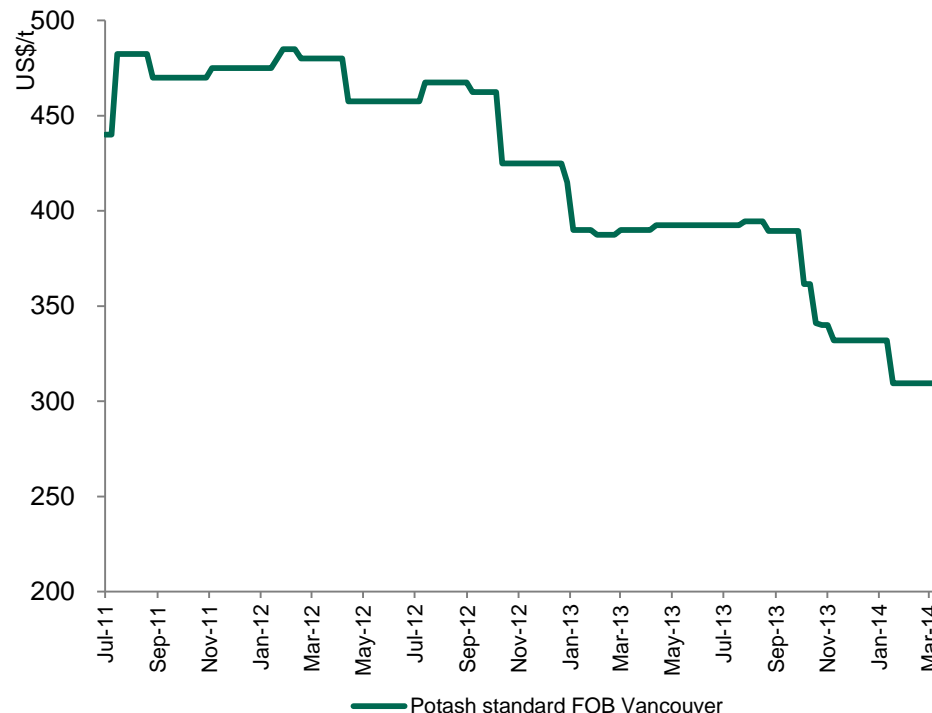


Supply/Demand Dynamics



- Widening supply / demand gap brought industry utilisation down to c. 70 per cent

Potash Price Evolution



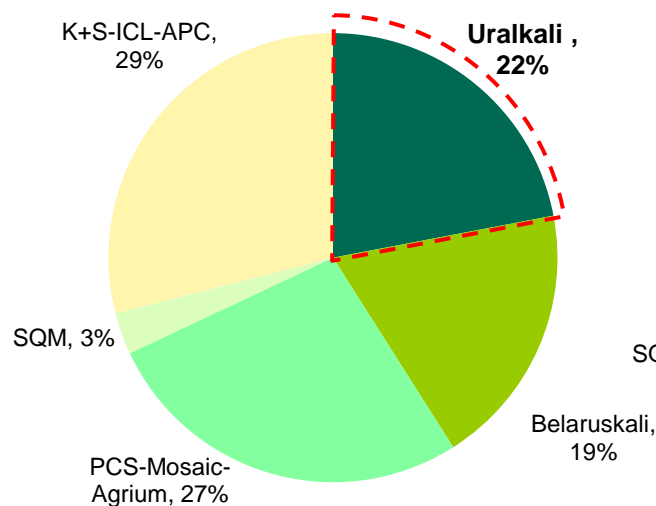
- Prolonged decline in prices provided a challenging context for the maintenance of the previous market positioning

Utilization rates declined together with potash prices forcing Uralkali to adapt its market stance

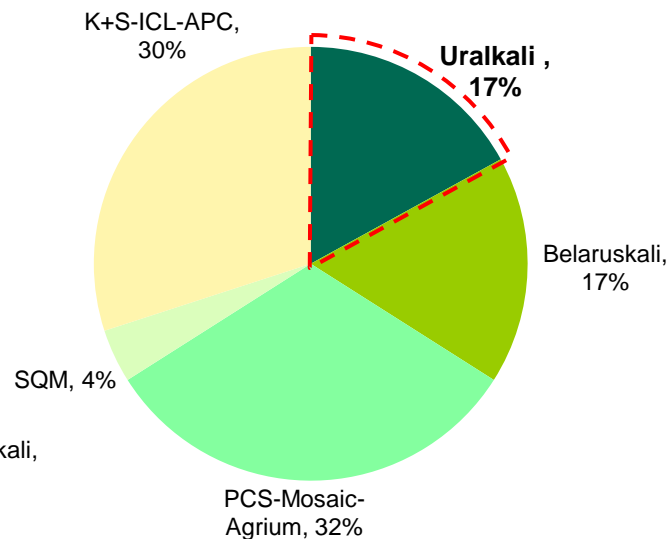
Uralkali Has Regained Market Share

- Rigid application and defence of “price over volume” resulted in a dramatic reduction in market share in 1H 2013 to the detriment of Uralkali
- More flexible revenue maximisation strategy yielded a return to historic market share levels in 2H 2013 reestablishing Uralkali’s market position

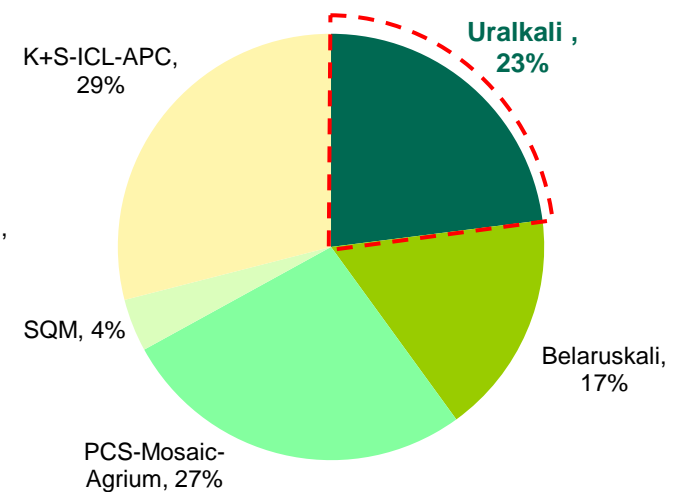
1H 2012



1H 2013



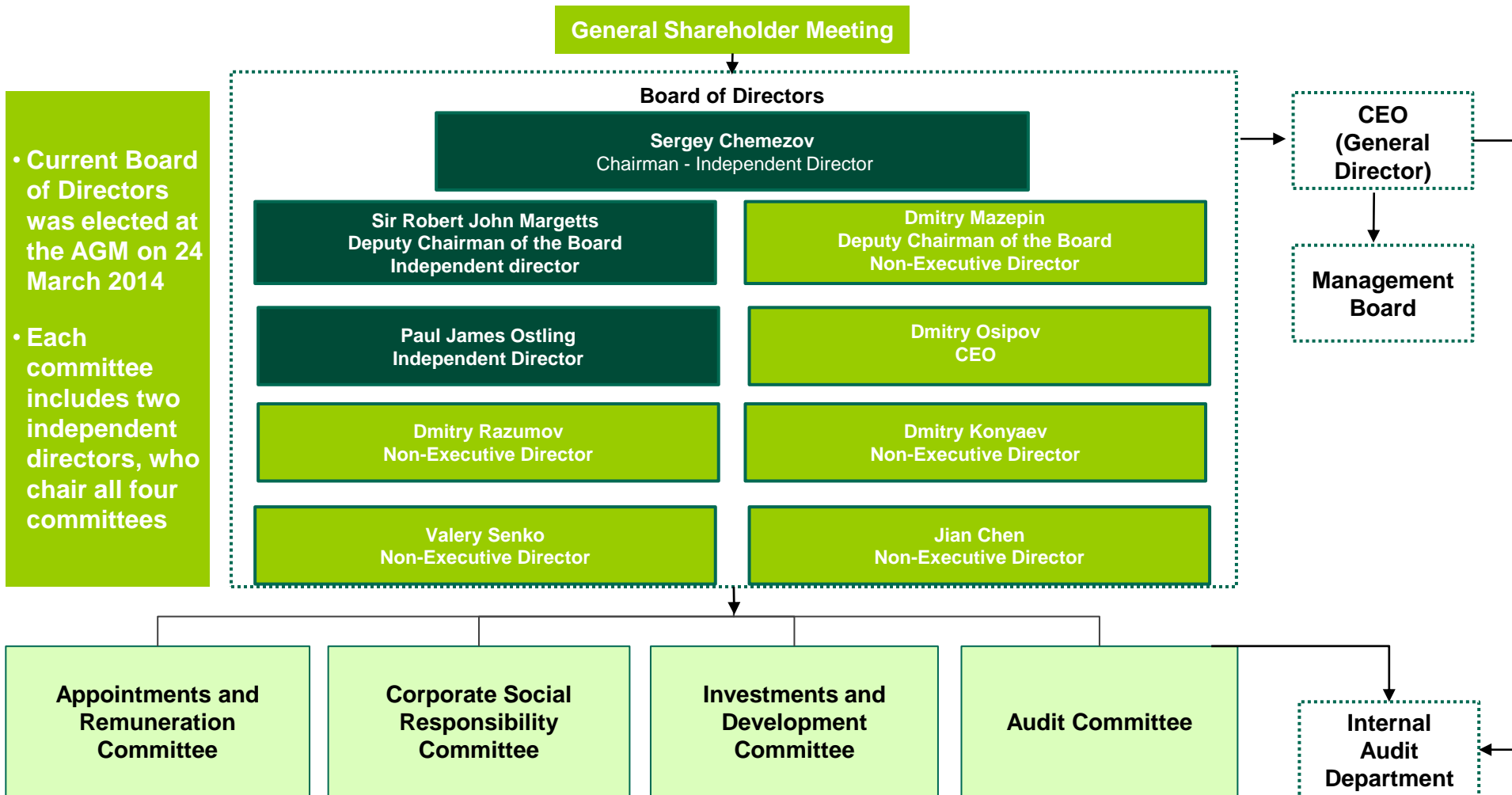
FY 2013



Source: IFA

Change in market posture has delivered a return to historic market share levels

Focus on Corporate Governance



- Current Board of Directors was elected at the AGM on 24 March 2014
- Each committee includes two independent directors, who chair all four committees

The new Board remains committed to delivering transparent stewardship and long term sustainable value creation for all shareholders

Key Financial Highlights – FY 2013

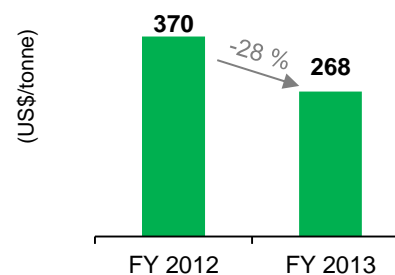


Key Figures

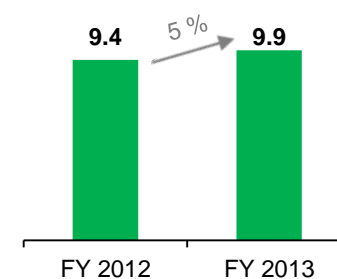
(US\$ mln)	FY 2012	FY 2013	Change, %
Sales volume, mln tonnes	9.4	9.9	5%
- Domestic sales	2.1	1.9	-11%
- Export sales	7.3	8.0	10%
Revenue	3,950	3,323	-16%
Net Revenue ¹	3,343	2,665	-20%
EBITDA ²	2,375	1,634	-31%
EBITDA margin ³ , %	71%	61%	
Net Profit	1,597	666	-58%
CAPEX	426	465	9%
incl. Expansion	208	224	8%

Key Highlights

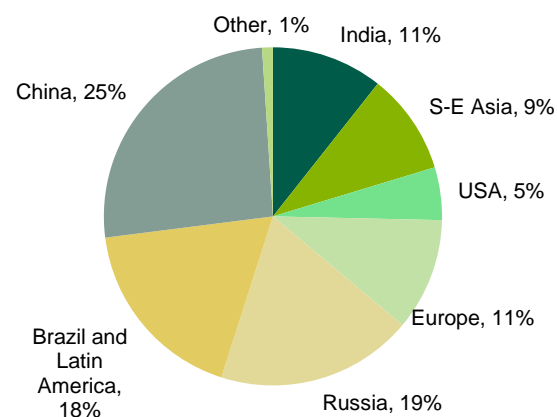
Average export potash price, FCA



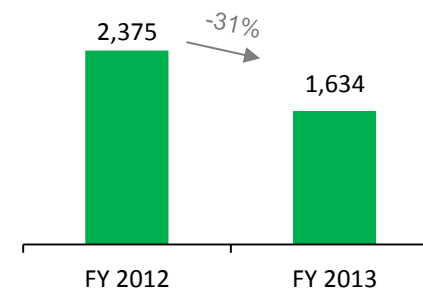
Sales Volume, mln t



FY2013 Uralkali Sales Structure



EBITDA², mln USD



Financial performance reflects challenging market environment with some improvement achieved in 2H 2013 and plans to maintain this momentum in 2014

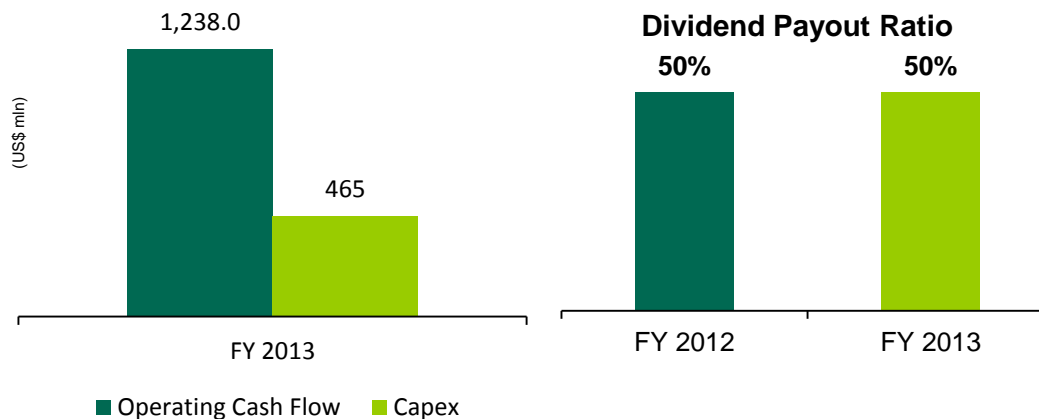
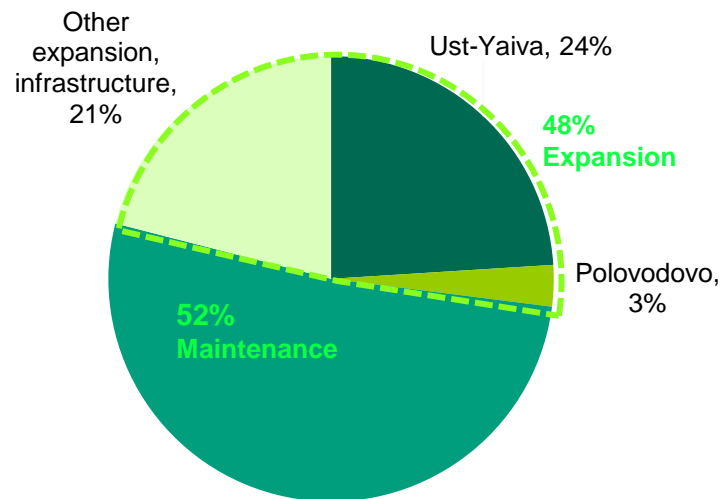
Notes:

1. Net Revenue represents Revenue net of freight, railway tariff and transshipment costs
2. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include one-off expenses
3. EBITDA margin is calculated as EBITDA divided by Net Revenue

Capex, Cash Flow, Balance Sheet FY 2013



Capex, Operating Cash Flow, Balance Sheet and Dividends



US\$ bn	31 Dec 2013
Debt (bank loans & eurobonds)	5.0
Cash	0.9
Net debt/(Cash)	4.1
Net Debt/LTM EBITDA ¹	2.5x

- Loan portfolio parameters as of **31 December 2013**:
 - c.100% of debt exposure is in US Dollars
 - Effective interest rate – c. 3.62%
- Dividend policy is at least 50% of IFRS Net profit:
 - Interim dividends – c. US\$ 0.34 per GDR²
 - FY 2013 dividends – c. US\$ 0.23 per GDR³ (recommended by the BoD on 10 Apr'2014)

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

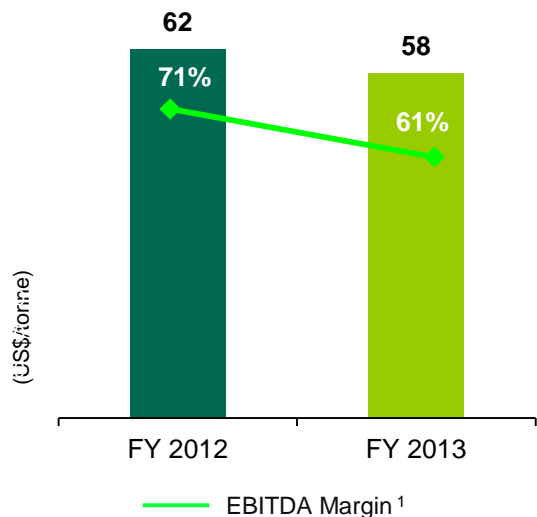
Note:

1. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs and other one-off expenses
2. According to the exchange rate of the Russian Central Bank as of 18 December 2013, USD 1=RUB 32.8646
3. According to the exchange rate of the Russian Central Bank as of 10 April 2014, USD 1=RUB 35.7493

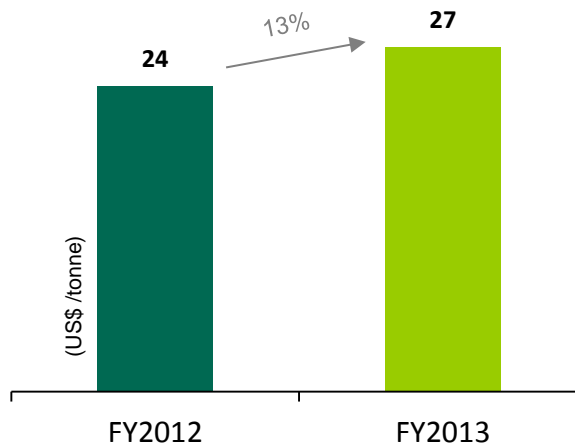
Review of Cost Structure FY 2013



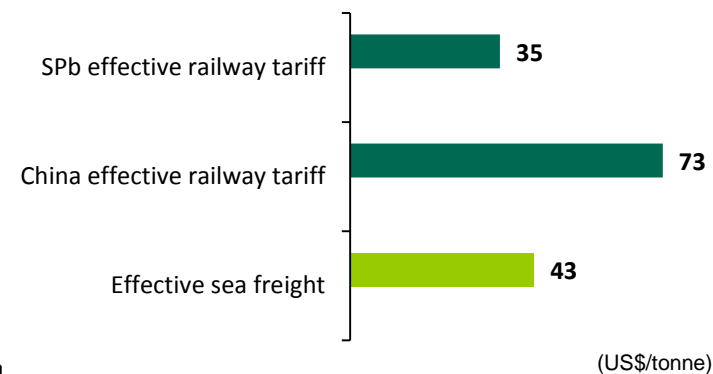
Unit Cash COGS



Unit G&A Costs



Effective Railway Tariff & Freight

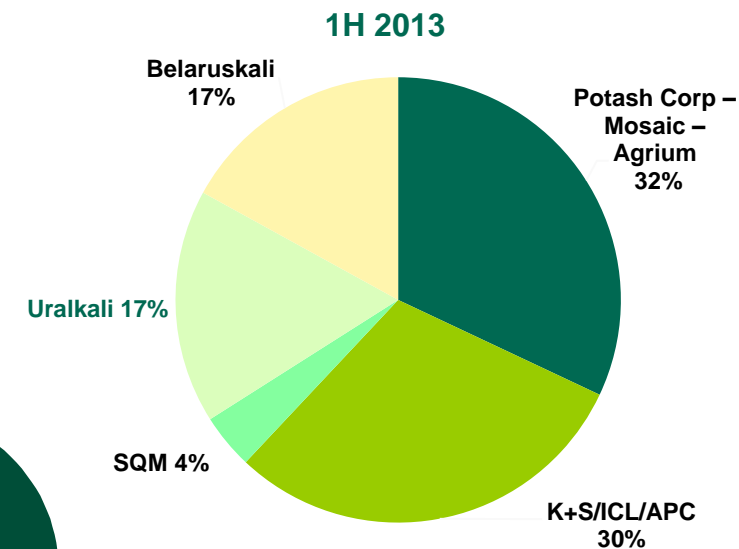
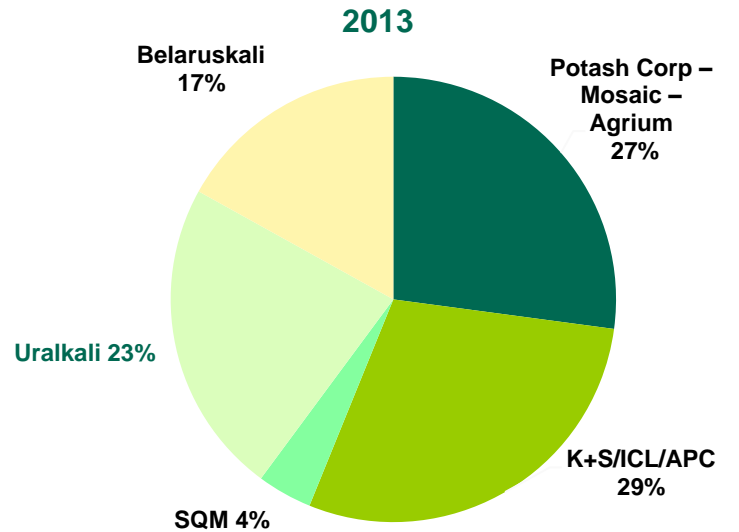


Continued focus on efficiency and cost leadership

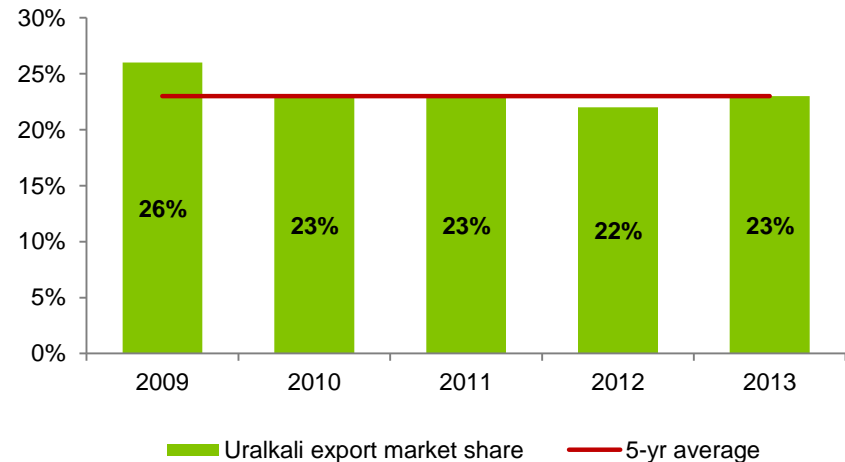
Uralkali Sustains its Leading Position in the Market



Suppliers market shares in global potash export¹



Uralkali's historical export shares in global export market¹



- Sharp decline in market share in 1H 2013 when Uralkali was implementing 'price over volume' strategy
- Since adopting revenue maximization strategy, Uralkali has managed to regain its market share in all major markets
- Revenue maximization strategy enables Uralkali to be flexible to satisfy our customers' needs and credibly engage with potential customers

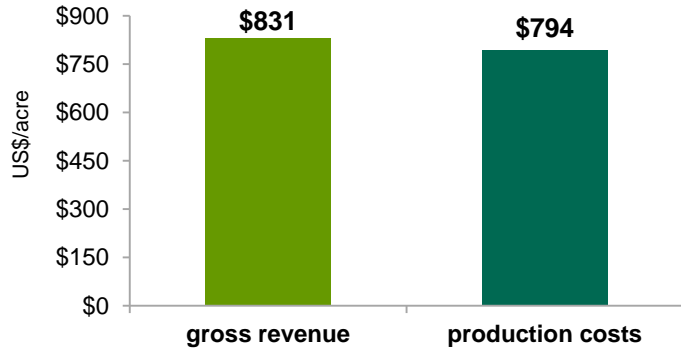
Source: IFA, Companies' reports, Uralkali estimates

Note:

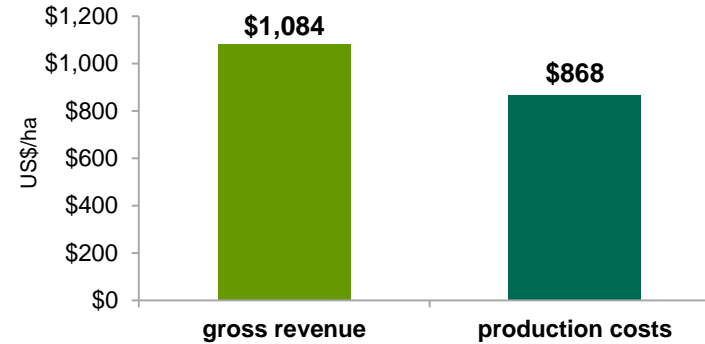
1. Excluding Canadian potash export to the United States

Farmers' Gross Margins are Currently at Healthy Levels

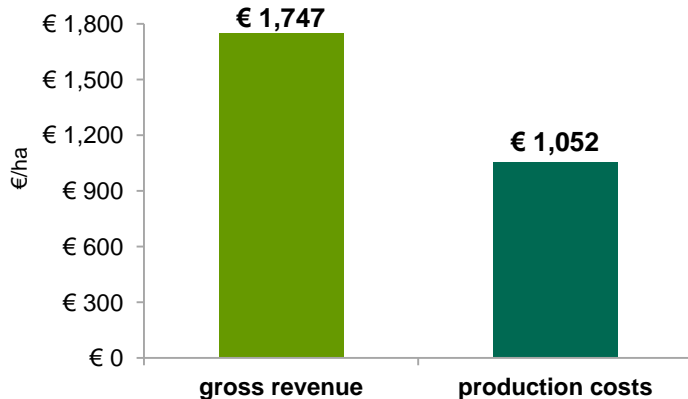
Corn, USA: gross margin 4%



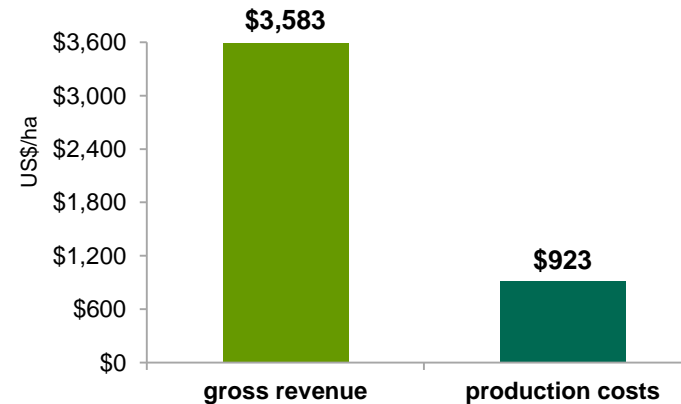
Soybeans, Brazil: gross margin 20%



Wheat, France: gross margin 40%



Palm oil, Indonesia: gross margin 74%

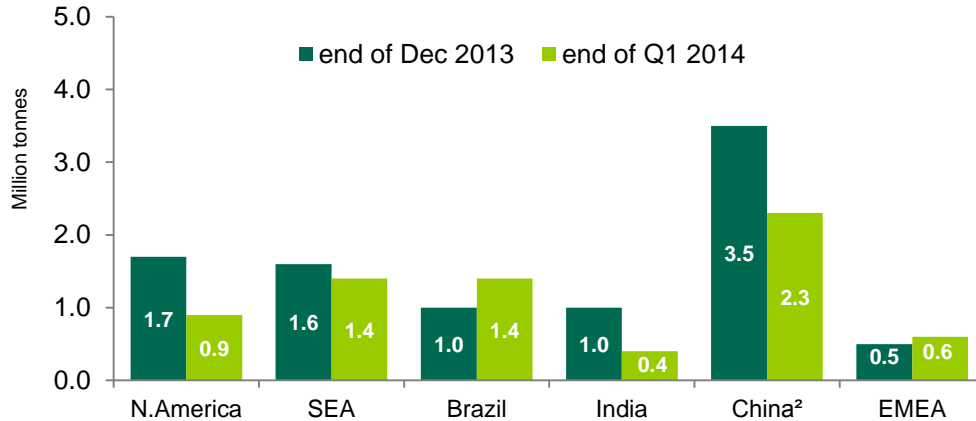


Despite lower yoy prices for grain and oilseeds, farmers remain profitable

Potash Market Recovery to Gain Momentum into 2014 (p.1 of 2)

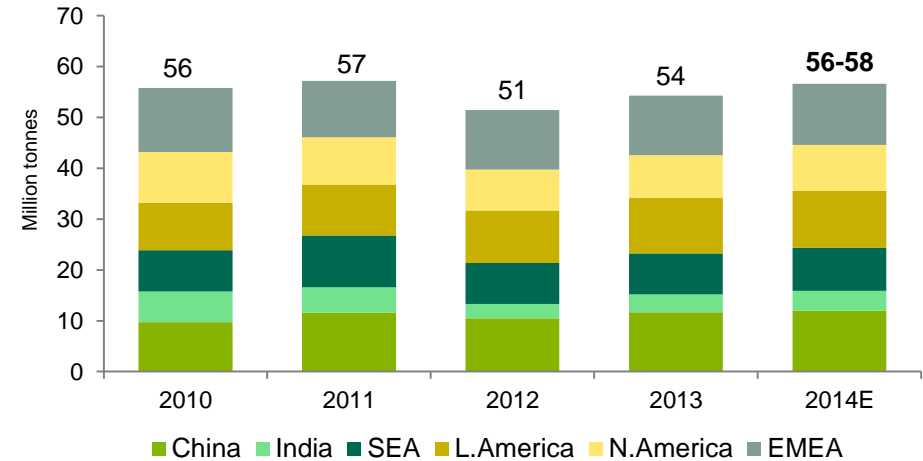


Healthy Global Potash Inventory Level¹



Source: Uralkali's estimations

Rebound in Global Potash Demand



Source: IFA, Uralkali estimates

- Major markets have destocked since Jan 2014
- Deferred 2H 2013 orders lifted global potash demand in 1Q 2014
- The resumption of contract shipments to China and India helped to restore market confidence
- According to public sources, producers are reporting a strong flow of orders for Q2 2014

Demand for potash expected to maintain an upward trend in 2014

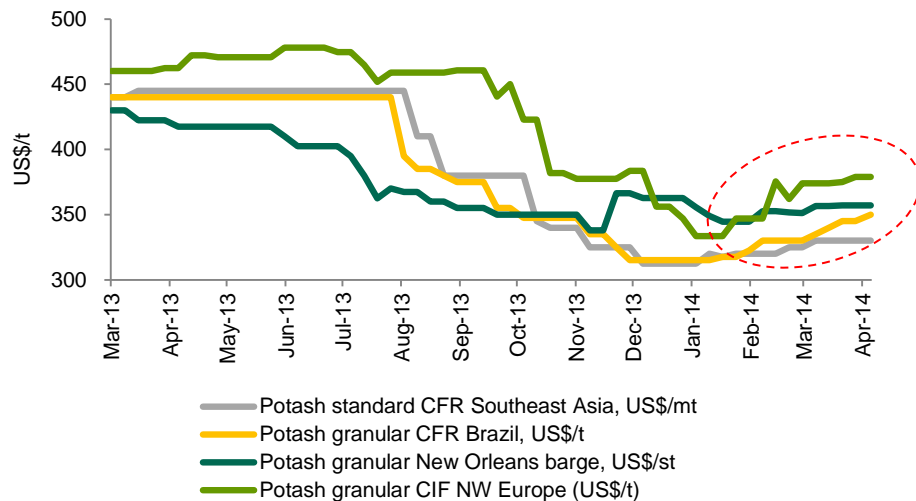
Notes:

1. Inventory doesn't include domestic potash producers' stocks, excl. China
2. Including domestic producers' stocks, port stocks, pile channels stock, NPK warehouse stocks

Potash Market Recovery to Gain Momentum into 2014 (p.2 of 2)

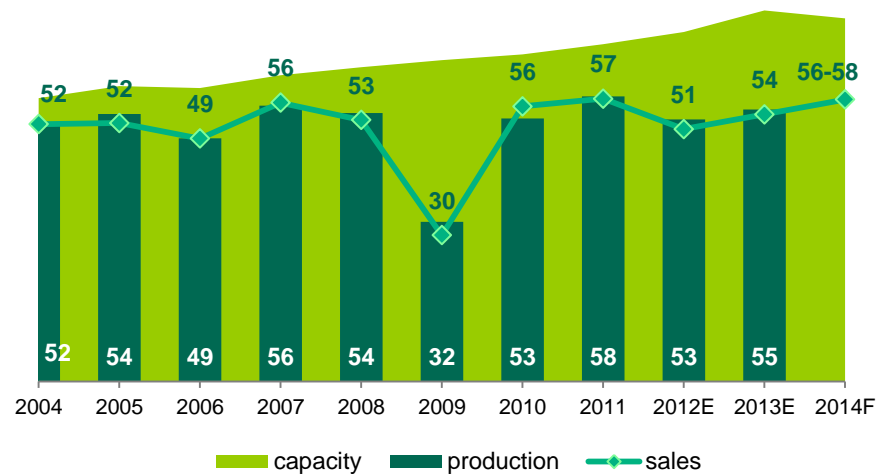


Potash Prices are Moving up in Key Markets



Source: IFA, Uralkali estimates

Improved Supply/Demand Dynamics



Source: IFA, Uralkali estimates

- The upward price trend which began at the end of 2013 continues with increases in the spot markets of Europe, L. America and Southeast Asia
- Sustained disruption to rail deliveries from Canada and the potential loss of production due to labour disputes at some mines continue to aggravate the supply situation

Against a background of strong demand and tighter supply, spot markets show an upward price trend

2014 Potash Demand Update

CHINA	<ul style="list-style-type: none"> • China demand rises with settlement of the contract • Increase in domestic potash production likely to limit import growth potential • Dependence on potash import remains significant
INDIA	<ul style="list-style-type: none"> • Limited potential potash demand upside. The continued subsidy issues to pressure growth • Weak rupee and high retail prices have a detrimental effect on potash consumption
SEA	<ul style="list-style-type: none"> • Market is in a steady way • Palm oil prices are at a robust level. Oil palm growers will continue to invest heavily in fertilizers to maximize returns
BRAZIL	<ul style="list-style-type: none"> • In Q1, growth was supported by increased soybean acreage. Import volumes were record high • Importers' commitments for 2H deliveries demonstrate their confidence in the prospects for demand in the Brazilian market. Brazil may hit new highs in 2014 if soybean prices continue holding at high levels
EUROPE&FSU	<ul style="list-style-type: none"> • Deferring 2H 2013 potash purchases in anticipation of lower prices by customers has been bolstering demand in 2014 and providing increase in potash sales • Strong potash demand growth in FSU&CEE
USA	<ul style="list-style-type: none"> • Demand is strong as farmers replenish declining nutrient levels in their soils after record crop production in 2013 • Demand is expected to be at healthy level in 2H 2014

Key Takeaways

- Potash industry fundamentals remain favorable, owing to affordable potash prices and healthy farmer economics
- Potash markets are largely robust, with solid export demand as producers are delivering on 1H 2014 contracts to China, India and L. American
- Since global potash demand has experienced a recovery, potash prices started stabilizing after having bottomed out in Q4 2013
- 2014 Global potash deliveries are expected to be at the range of 56-58 Mn t
- Uralkali will continue to review strategic alternatives that can generate value for all stakeholders