

# Uralkali: A Leader in the Global Potash Market

An aerial photograph of a large industrial complex, likely a potash processing plant, situated in a green, hilly landscape. The facility features numerous large buildings with blue and green roofs, extensive piping, and conveyor systems. A tall red and white smokestack is visible on the left. In the foreground, a dark green semi-circular graphic partially obscures the bottom of the image.

**Investor Presentation**  
**May 2014**

# 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.

# Agenda



- 1. A Leader in the Global Potash Market**
- 2. Strategic Review**
- 3. Financial Highlights**
- 4. Potash Market Outlook**
- 5. Key Takeaways**

# Uralkali at a Glance



## Company Snapshot

- Leading potash producer in fertilizer segment with attractive fundamentals and expected long-term evolution
- A blue-chip credit with investment grade corporate ratings from S&P, Moody's and Fitch (BBB-/Baa3/BBB-)
- Strong profitability and cash flow generation backed by cost efficiency and low capital intensity
- Focus on corporate governance and sustainable development

## Key Metrics<sup>1</sup>

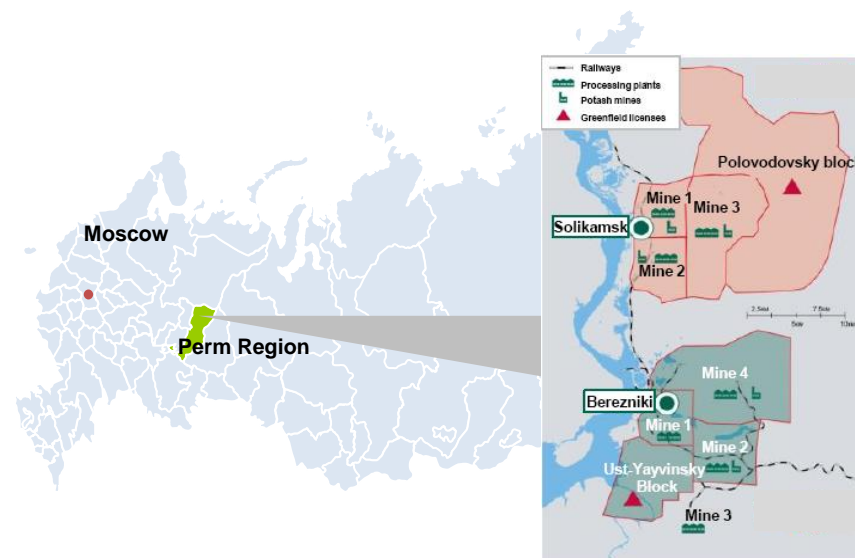
	2010 <sup>1</sup>	2011 <sup>1</sup>	2012	2013
Total Sales, KCl mn t	5.1	8.6	9.4	9.9
Exports Volume, KCl mn t	4.4	7.0	7.3	8.0
Net Revenue <sup>2</sup> , US\$ mn	1,338	2,968	3,343	2,665
EBITDA <sup>3</sup> , US\$ mn	800	2,097	2,375	1,634
EBITDA Margin <sup>4</sup>	59.8%	70.7%	71.0%	61%
Total Debt <sup>5</sup> , US\$ mn	369	3,282	3,926	5,046
Net Debt <sup>6</sup> , US\$ mn	-115	2,264	2,257	4,113
Net Debt / LTM EBITDA	n/a	1.1x	0.95x	2.5x

Source: Uralkali's audited consolidated financial statements as of FY2010, FY2011, and FY2012, USGS, SRK Consulting, Uralkali data, Companies financial reports and presentations, Fertecon

### Notes:

1. Silvinit Group financial results are consolidated since May 17, 2011. 2. Net Revenue represents Revenue net of freight, railway tariff and transshipment costs; 3. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include one-off expenses; 4. EBITDA margin is calculated as EBITDA divided by Net Revenue; 5. Calculated as bank loans and eurobonds; 6. Net debt is calculated as Debt adjusted for cash and cash equivalents and non-current and current restricted cash

## Production Assets

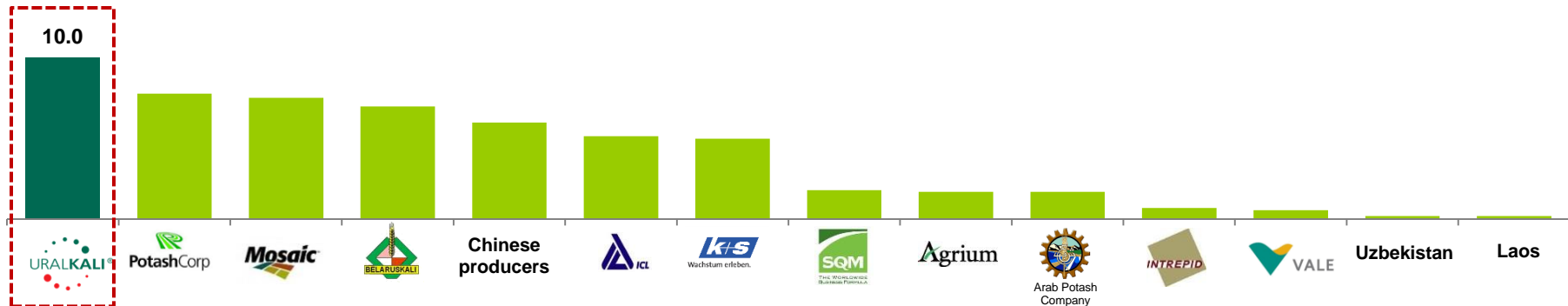


- 5 potash mines
- 6 potash producing plants + 1 carnallite plant
- 2 greenfield licenses

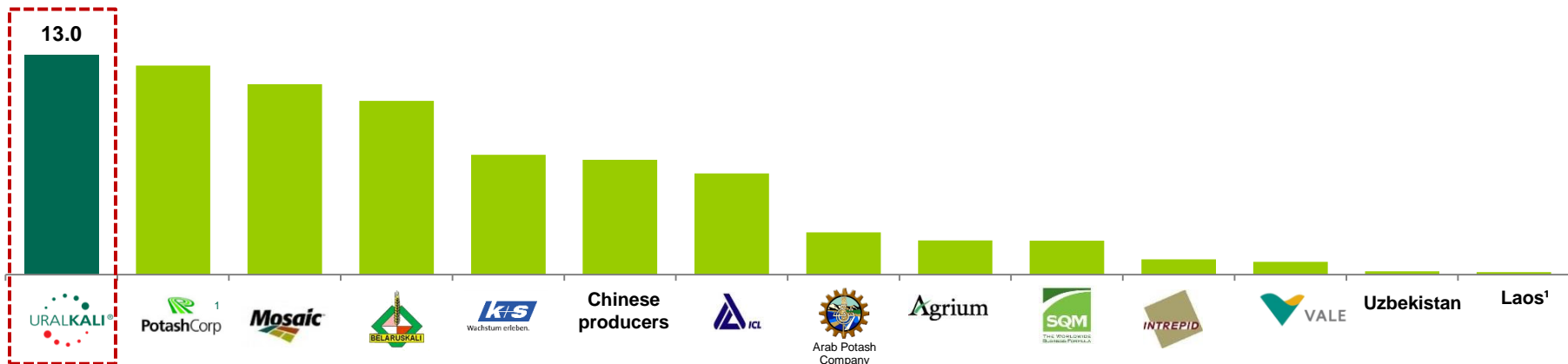
# Leader in the Global Potash Market



Potash Production (2013), KCI Mt



Potash Capacity (2013), KCI Mt



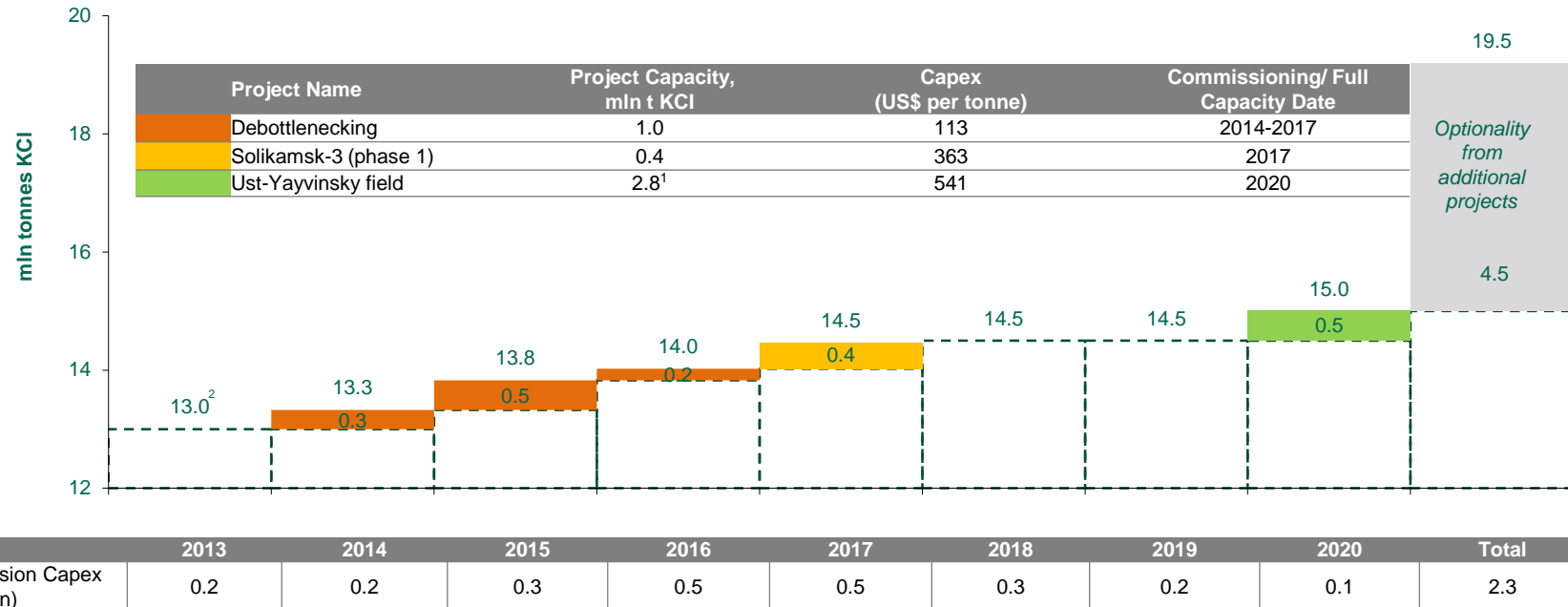
**Global market leader by both production and capacity with capability to respond to market dynamics with existing expansion programme**

Note:

1. Operational capability

Source: IFA, Companies financial reports and presentations, Fertecon

# Low Cost Expansion Programme



- 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 4.5 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/](http://www.uralkali.com/expansion_programme/)

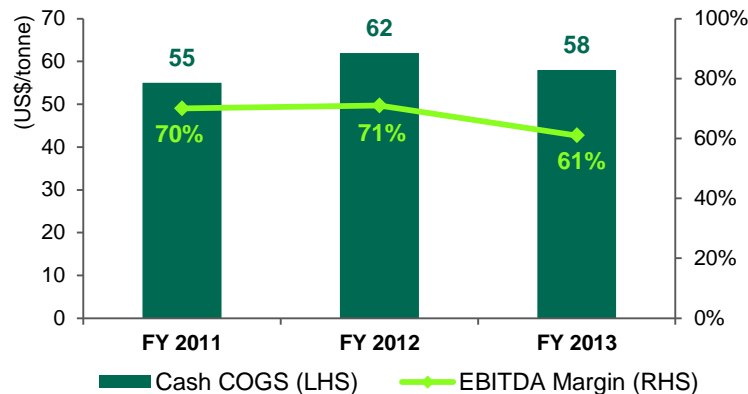
Note:

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

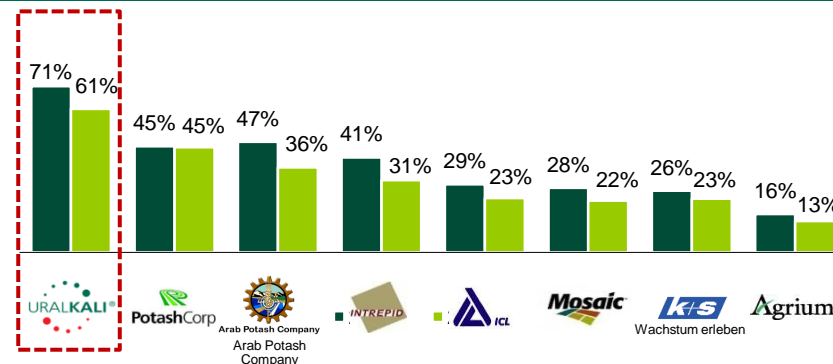
# Cost Leadership Position



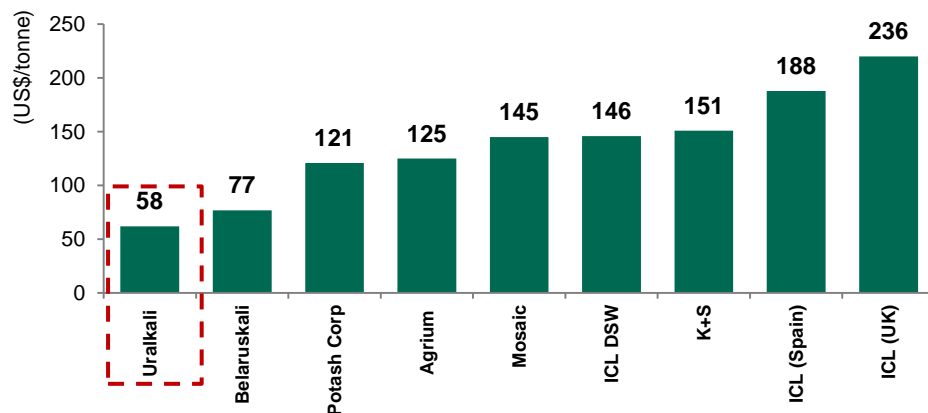
## Uralkali Unit Cash COGS



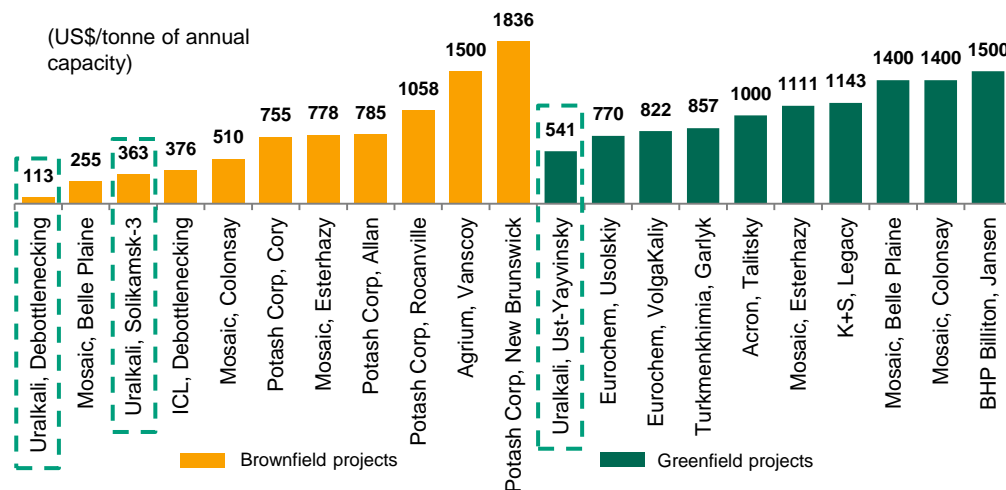
## EBITDA Margin<sup>1</sup>



## 2013 Global Potash Cash COGS<sup>2</sup>



## Global Expansion Costs



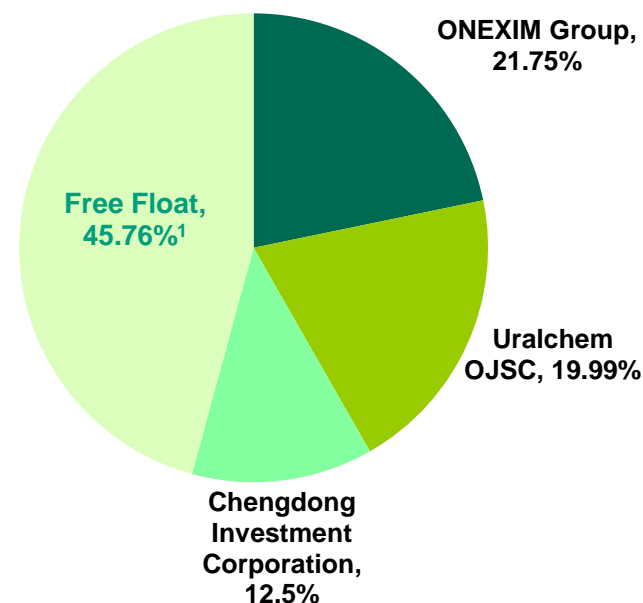
**Sustaining lowest cash costs and highest EBITDA margin across the industry**

Notes:

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

# Diverse International Public Ownership

- Shares and GDR's are traded on the London Stock Exchange, Moscow Exchange
- Total number of ordinary shares is **2,936,015,891** (equivalent of **587,203,178** GDRs)
- GDRs represent c.17.0% of Uralkali share capital as of March 28, 2014
- Uralkali's shares and GDRs are part of major indices (incl. MSCI Russia, RTS / MICEX, FTSE Russia, Market Vector and DAXglobal Agribusiness)



Source: Company data

**Largest publicly traded fertilizer producer listed on the LSE**

Notes:

Equity structure is given as of December 20, 2013

1. 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.

# Agenda

1. A Leader in the Global Potash Market
2. Strategic Review
3. Financial Highlights
4. Potash Market Outlook
5. Key Takeaways

# Maximising Revenues from Tier I Assets across the Industry Cycle

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

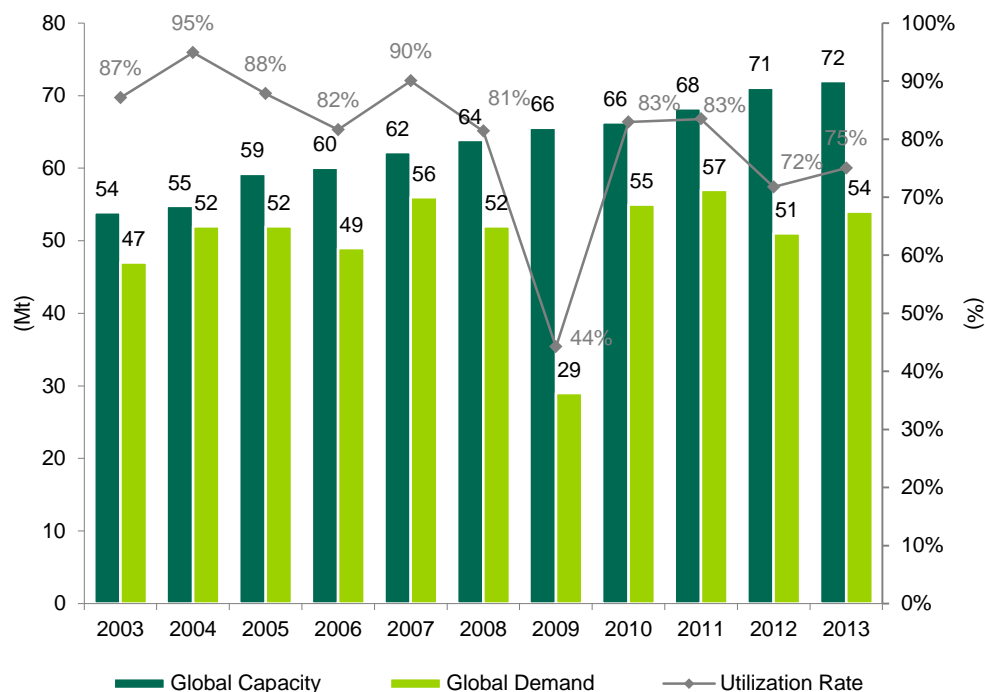


**Continued focus on sustainable long-term growth of shareholder value via a strategy which reflects status as responsible global leader**

# 2013 Market Context

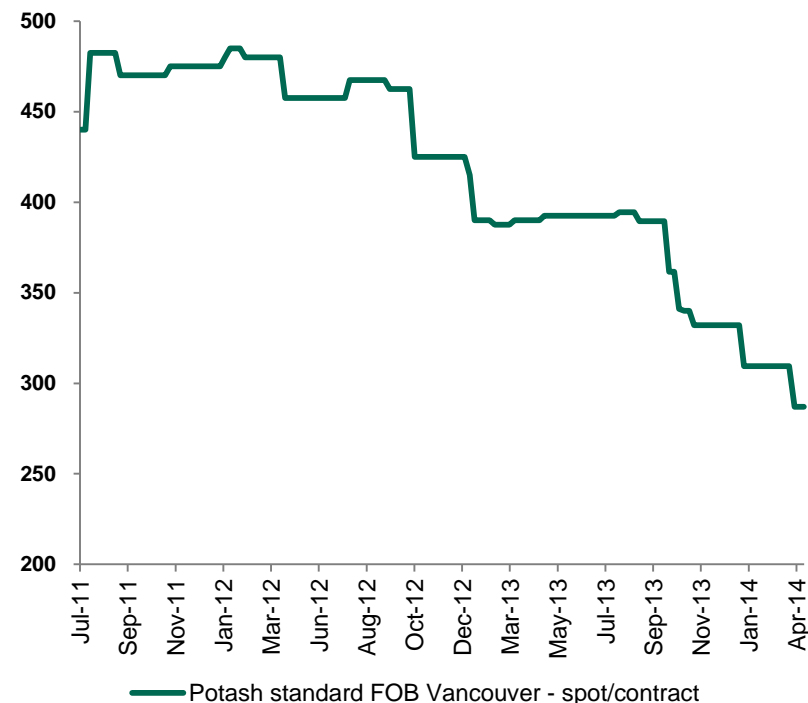


## Supply/Demand Dynamics



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

## Potash Price Evolution



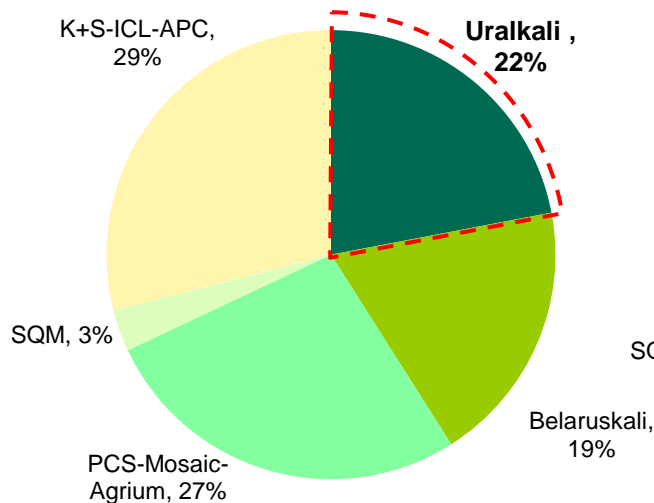
- Prolonged decline in prices provided a challenging context for the maintenance of the previous market positioning

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

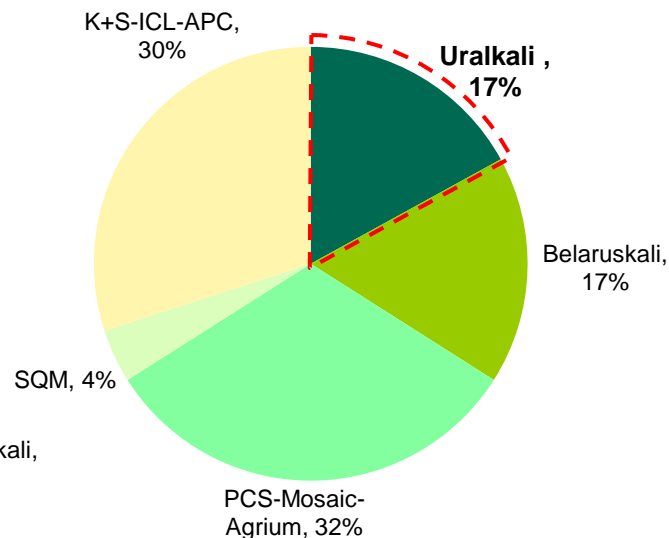
# Uralkali Has Regained Market Share

- 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 2013 reestablishing Uralkali’s market position

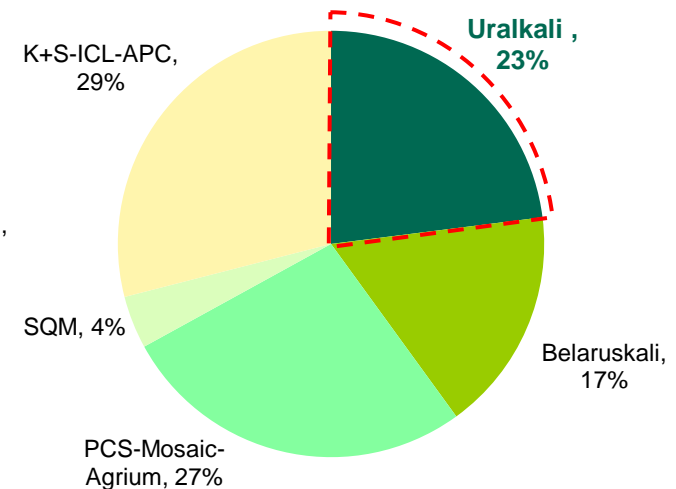
1H 2012



1H 2013



FY 2013



Source: IFA

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

# Agenda

1. A Leader in the Global Potash Market
2. Strategic Review
3. Financial Highlights
4. Potash Market Outlook
5. Key Takeaways

# Key Financial Highlights – FY 2013

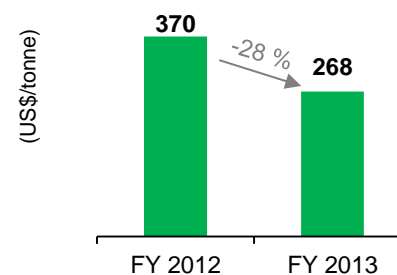


## Key Figures

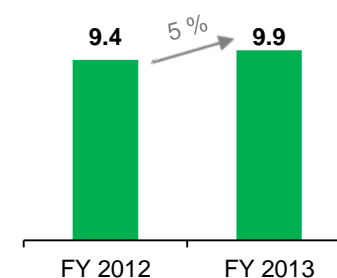
(US\$ mln)	FY 2012	FY 2013	Change, %
Sales volume, mln tonnes	9.4	9.9	5%
- Domestic sales	2.1	1.9	-11%
- Export sales	7.3	8.0	10%
Revenue	3,950	3,323	-16%
Net Revenue <sup>1</sup>	3,343	2,665	-20%
EBITDA <sup>2</sup>	2,375	1,634	-31%
EBITDA margin <sup>3</sup> , %	71%	61%	
Net Profit	1,597	666	-58%
CAPEX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

## Key Highlights

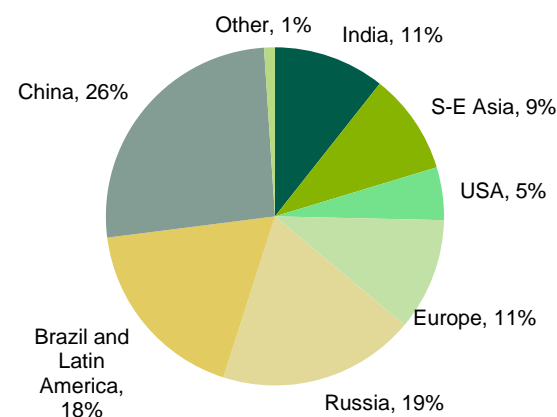
Average export potash price, FCA



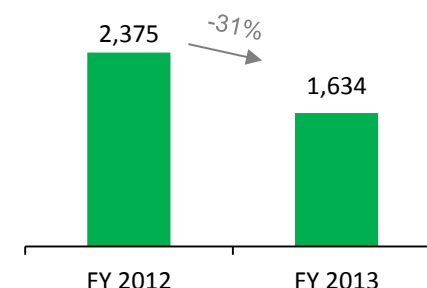
Sales Volume, mln t



FY2013 Uralkali Sales Structure



EBITDA<sup>2</sup>, mln USD



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

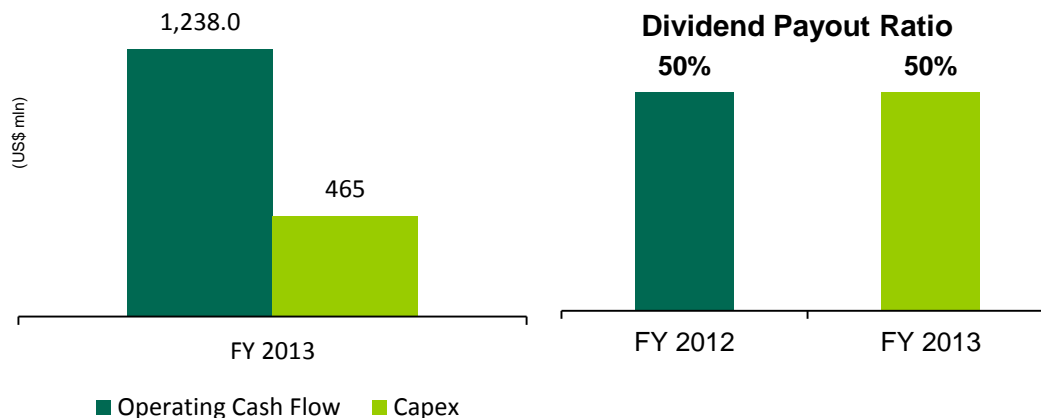
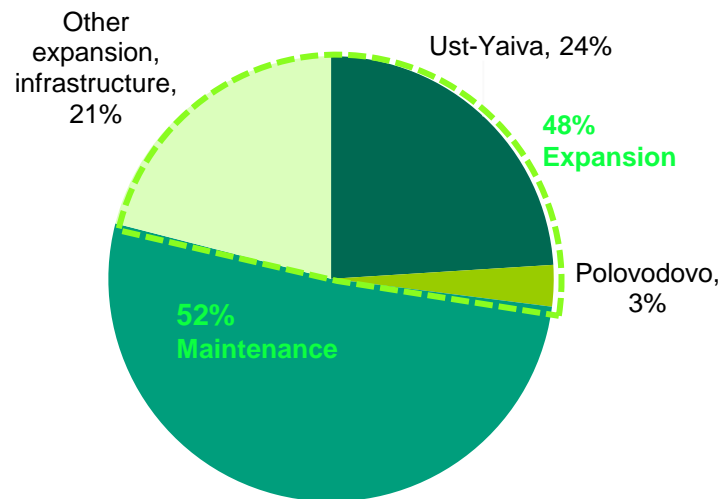
**Notes:**

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



### Dividend Payout Ratio

50% 50%

FY 2012

FY 2013

### 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 GDR<sup>2</sup>
- FY 2013 dividends – c. US\$ 0.23 per GDR<sup>3</sup> (recommended by the BoD on 10 Apr'2014)

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

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

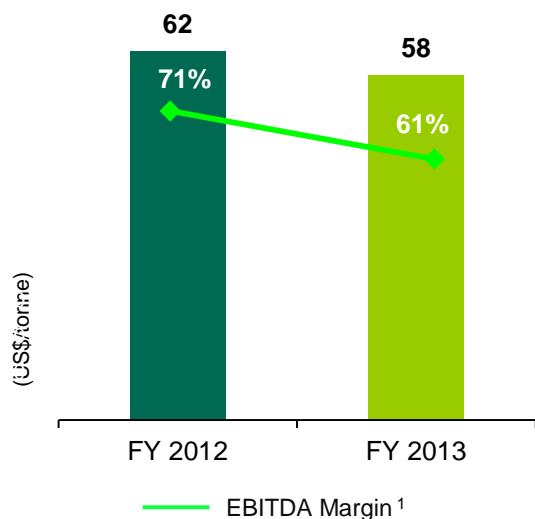
Note:

1. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include 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

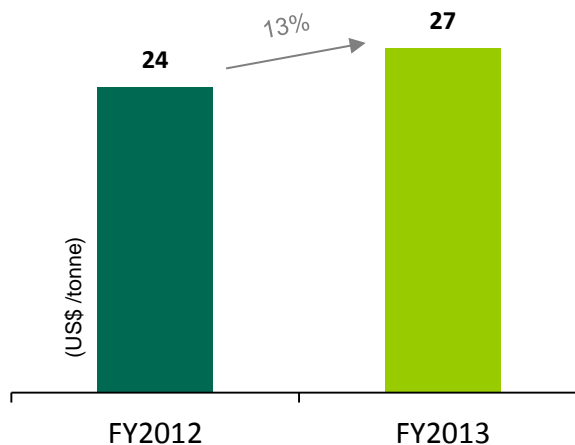
# Review of Cost Structure FY 2013



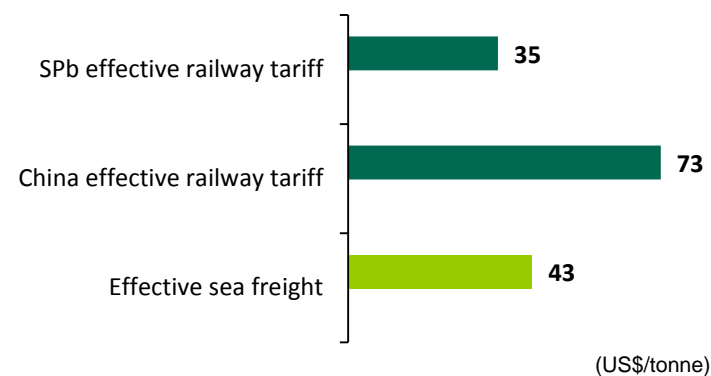
## Unit Cash COGS



## Unit G&A Costs



## Effective Railway Tariff & Freight



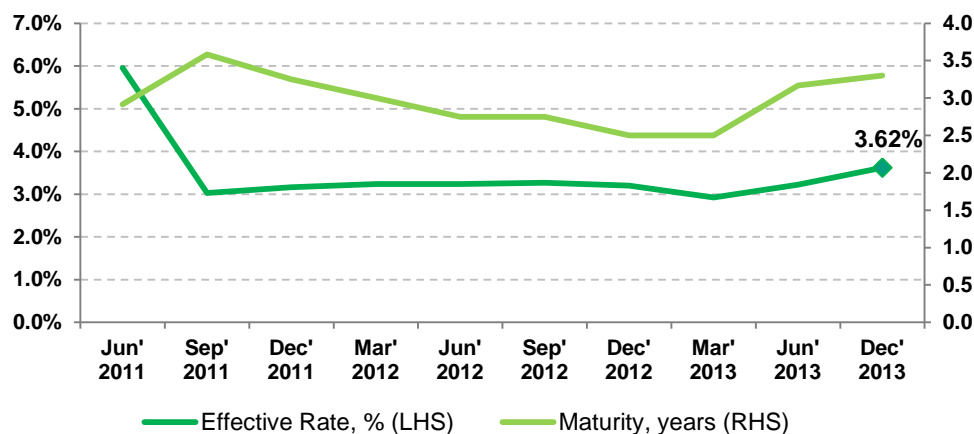
**Continued focus on efficiency and cost leadership**

# Credit Ratings, Liquidity and Debt Maturity

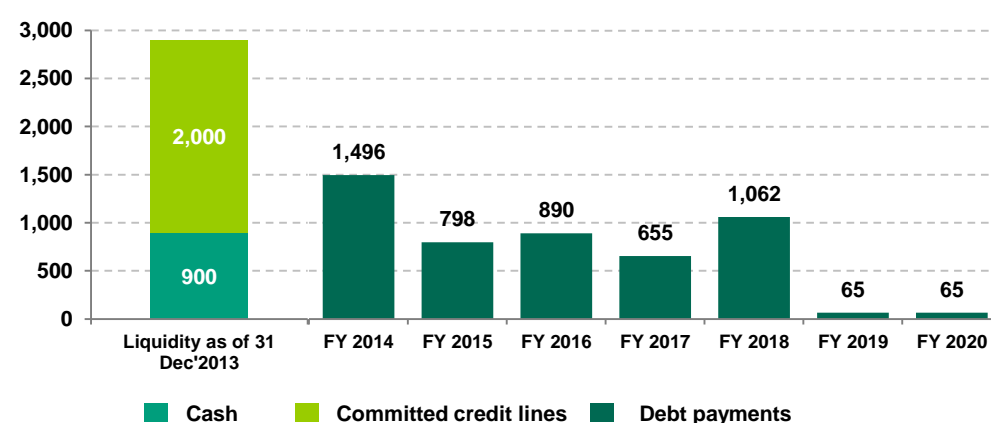
Agency	Credit Rating	Outlook	Last Update	Issue Date
<b>STANDARD &amp; POOR'S</b>	BBB-	Negative	Dec' 2013	Jun' 2012
<b>MOODY'S</b>	Baa3	Negative	Oct' 2013	Jun' 2012
<b>FitchRatings</b>	BBB-	Negative	Jul' 2013	Jun' 2012

Gearing Update	
US\$ bln	<b>31-Dec-13</b>
Debt (bank loans)	5.0
Cash	0.9
Net debt/(cash)	4.1
LTM adjusted EBITDA	1.6
Net debt/LTM EBITDA	2.5x

## Effective Interest Rate and Average Maturity



## Debt Maturities Schedule (as of 31 Dec' 2013)



**Targeted debt ratio of c. 2x Net debt/LTM EBITDA through the cycle**

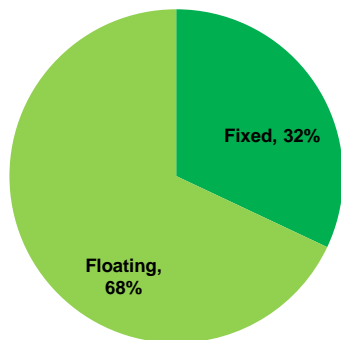
Note:

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

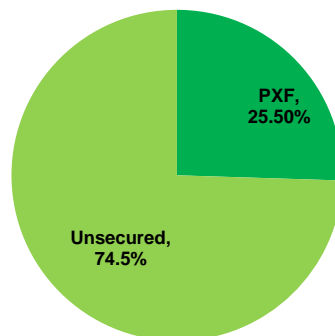
# Balanced Credit Portfolio

## Credit Portfolio Structure <sup>1</sup>

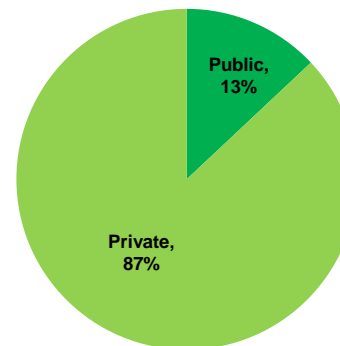
### Fixed / Floating Rates



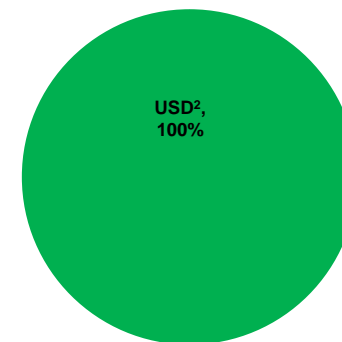
### Type of collateral



### Private vs. Public



### Currency Breakdown



- Debt portfolio is diversified across instruments, products and sources
- Continued focus on maximising unsecured debt and longer maturities
- US\$ denominated credit portfolio represents natural hedge of export revenue
  - c.75% of FY 2013 IFRS Revenue is in USD

**Investment grade type of company with balanced credit portfolio**

Notes:

1. As of 31 Dec'2013

2. Including RUB loans swapped into USD

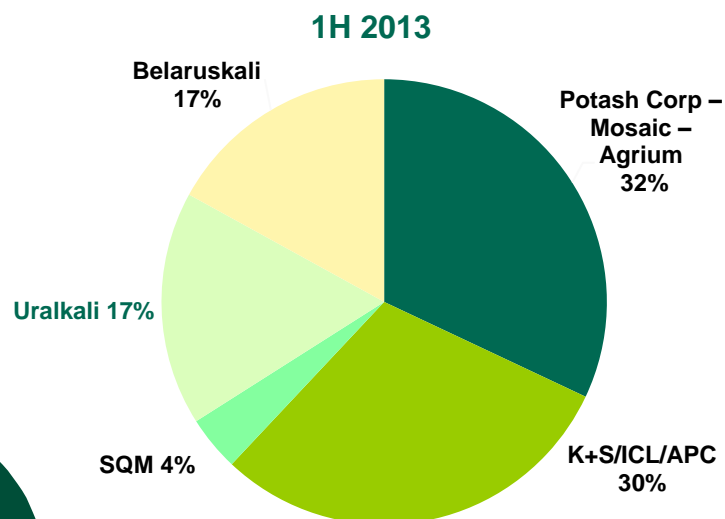
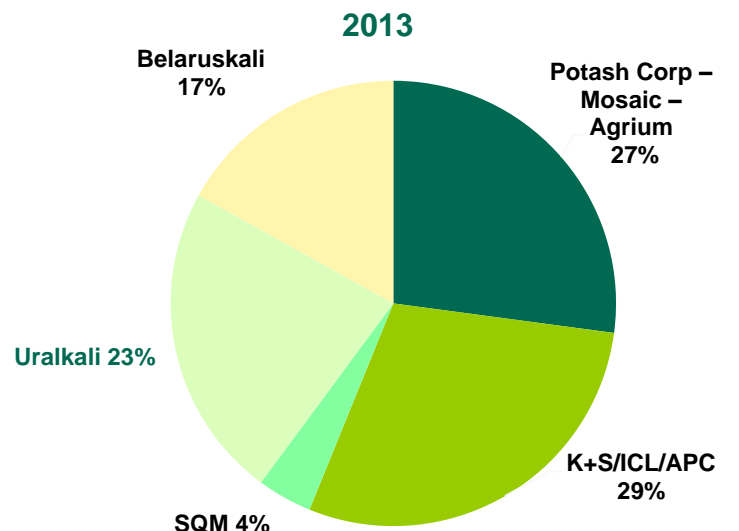
# Agenda

1. A Leader in the Global Potash Market
2. Strategic Review
3. Financial Highlights
4. Potash Market Outlook
5. Key Takeaways

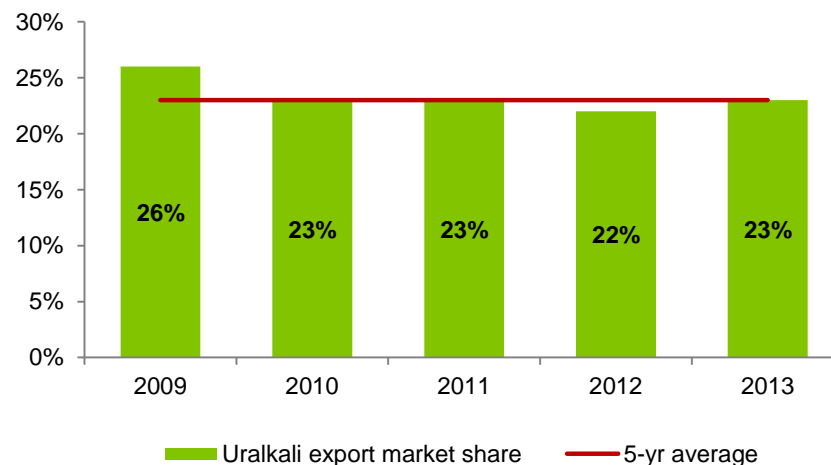
# Uralkali Sustains its Leading Position in the Market



## Suppliers market shares in global potash export<sup>1</sup>



## Uralkali's historical export shares in global export market<sup>1</sup>



- 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

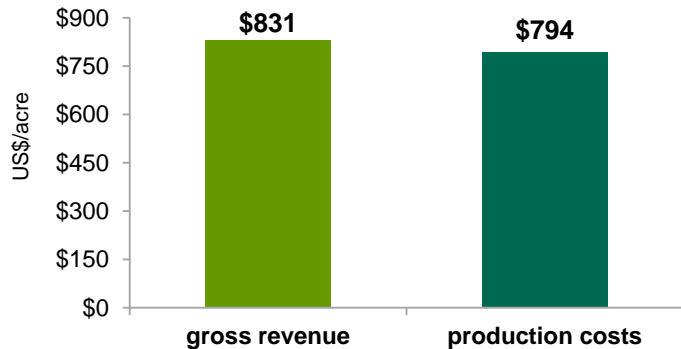
Source: IFA, Companies' reports, Uralkali estimates

Note:

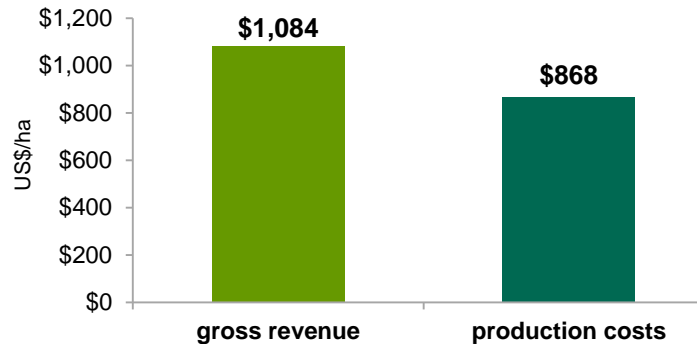
1. Excluding Canadian potash export to the United States

# Farmers' Gross Margins are Currently at Healthy Levels

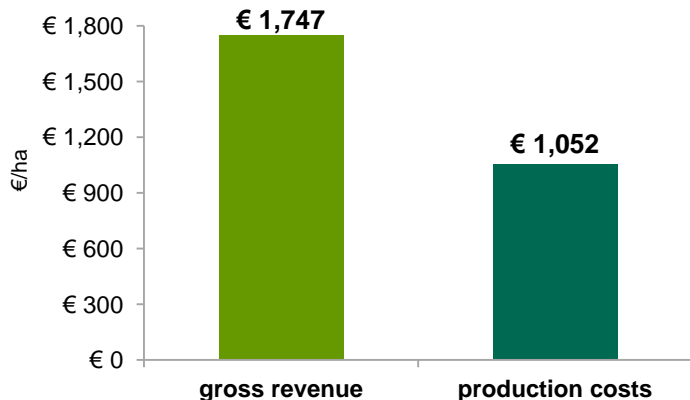
**Corn, USA: gross margin 4%**



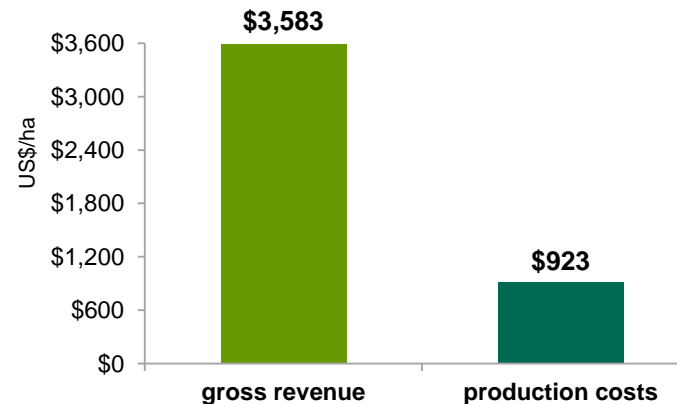
**Soybeans, Brazil: gross margin 20%**



**Wheat, France: gross margin 40%**



**Palm oil, Indonesia: gross margin 74%**

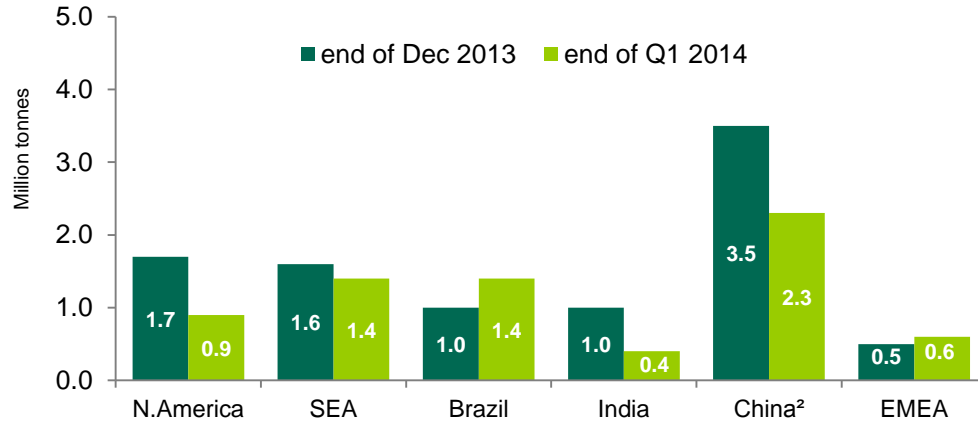


**Despite lower yoy prices for grain and oilseeds, farmers remain profitable**

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

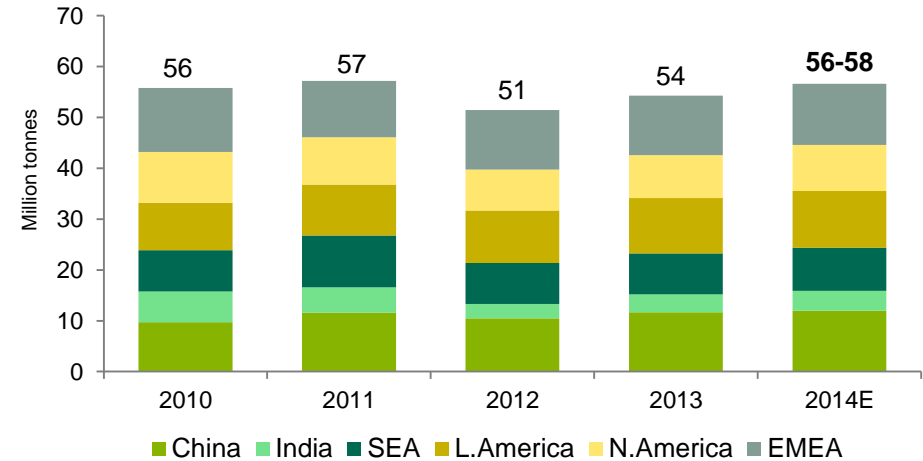


## Healthy Global Potash Inventory Level<sup>1</sup>



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**

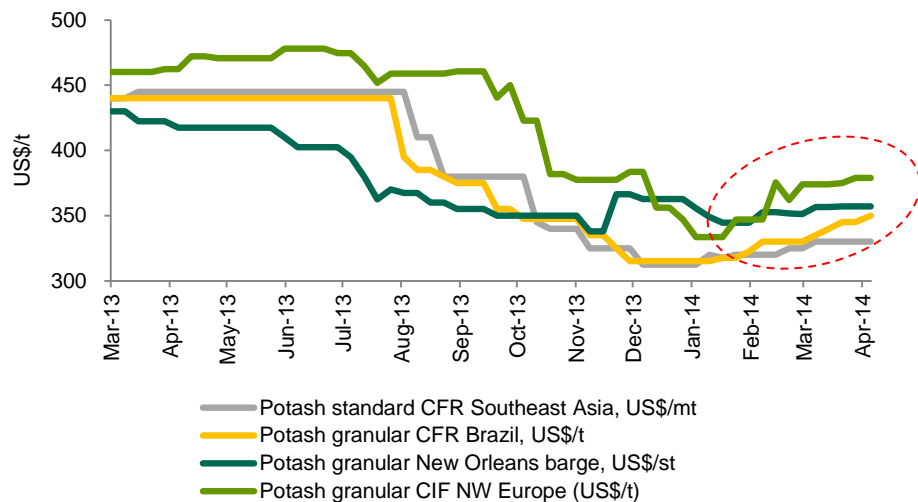
Notes:

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)

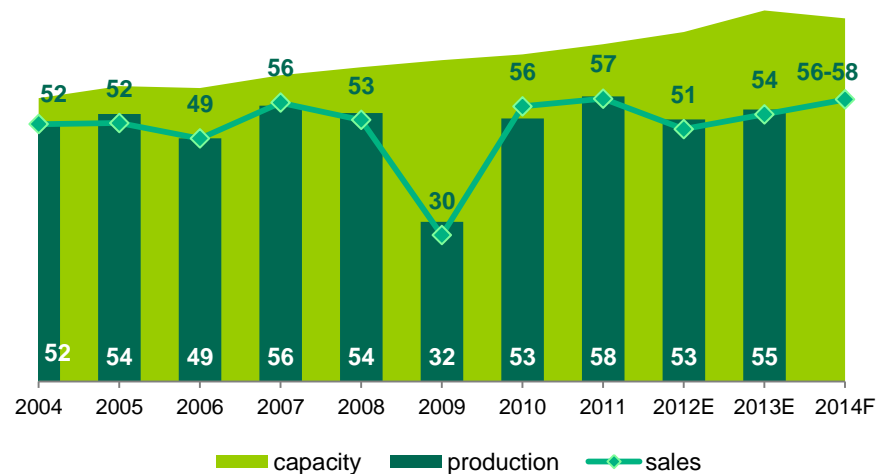


## Potash Prices are Moving up in Key Markets



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

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

# Agenda

1. A Leader in the Global Potash Market
2. Strategic Review
3. Financial Highlights
4. Potash Market Outlook
5. Key Takeaways

# 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**

A thick red line that tapers at both ends, pointing towards the text below.

**Best positioned to perform in current market reality**

## Appendices

## **Business Model**

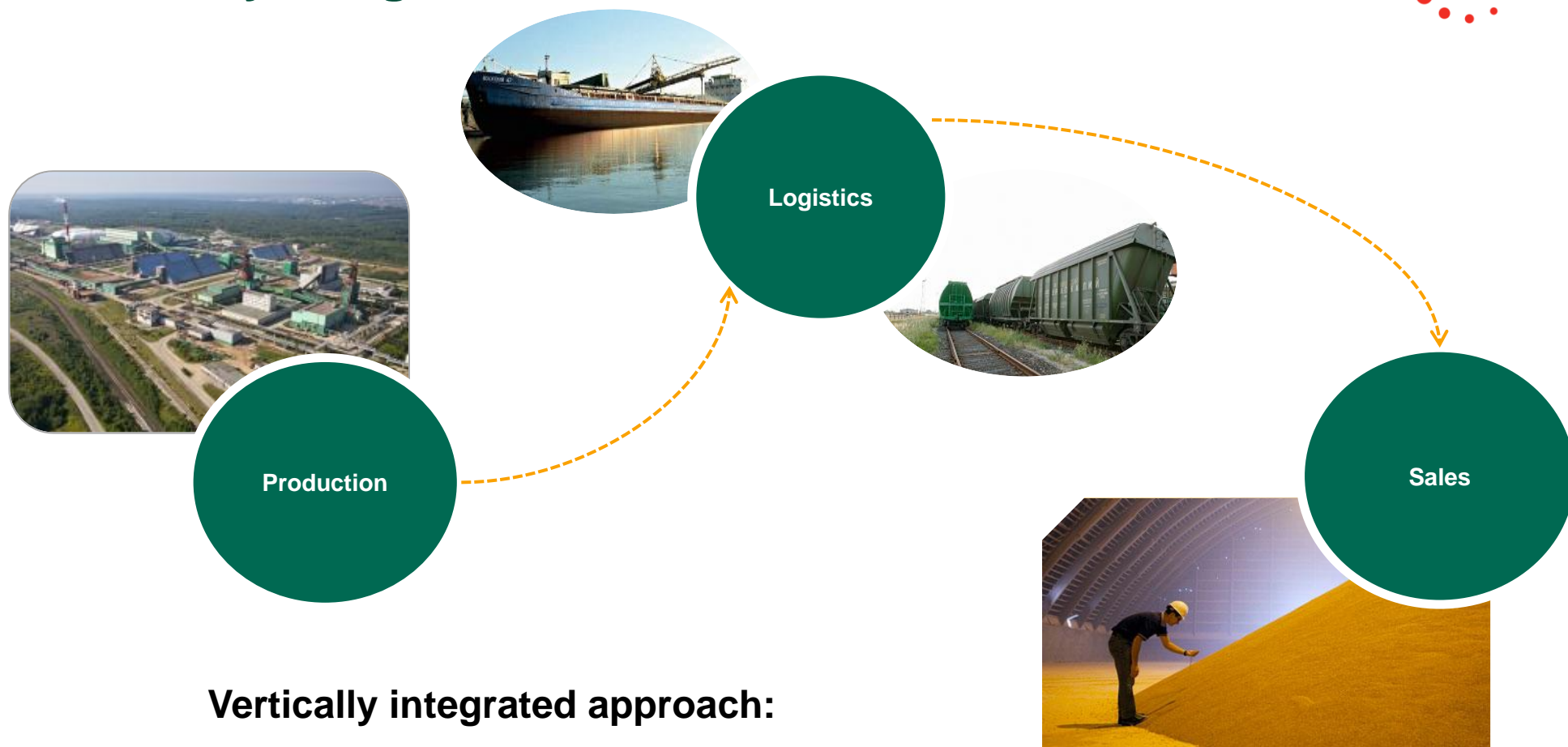
### **Board of Directors**

### **Potash Market Fundamentals**

### **Operating Process**

### **Awards and Achievements**

# Vertically Integrated Business Model



## Vertically integrated approach:

- Reduces supplier risks
- Enables to control and optimise all stages of production and sales

**Control over entire value chain - from reserve base to end customer**

# Vertically Integrated Business Model - Production



Existing Assets - 5 MINES, 6 POTASH PLANTS, 2 GREENFIELD PROJECTS (Ust-Yayva and Polovodovo)



## Berezniki-2

- Potash plant and mine
- Granular and standard potash



## Berezniki-3

- Potash plant
- Granular, standard potash



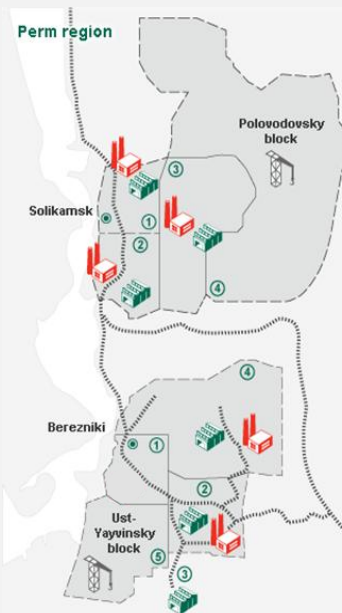
## Berezniki-4

- Potash plant and mine
- Standard potash



## Ust-Yayvinsky Field

- Resources: 1,3 bn tonnes<sup>1</sup>
- Capacity: + 2,8 mln tonnes KCl in launch year 2020



- MOP Plants (6)
- Potash Mines (5)
- Greenfield licenses (2)



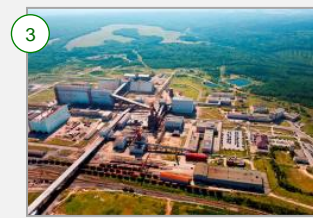
## Solikamsk-1

- Carnallite plant
- Potash plant and mine
- Standard potash



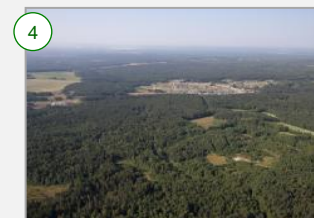
## Solikamsk-2

- Potash plant and mine
- Granular and standard potash



## Solikamsk-3

- Potash plant and mine
- Standard potash



## Polovodovsky Field

- Resources: 2,2 bn tonnes<sup>1</sup>
- Capacity: + 2,5 mln tonnes KCl in launch year 2021

Production capacity as of January 2014:  
**13 mln tonnes**

Employees in Uralkali main production unit:  
**c. 11,300 employees**

Note 1: JORC as of 1 January 2014

# Vertically Integrated Business Model - Logistics



## COMPANY-OWNED RAILCARS



- One of the largest specialised railcar fleets in Russia
- Over 8,000 specialized railcars

## BALTIC BULK TERMINAL (BBT)



- Leading Russian fertilizer transshipment terminal with capacity of 6.2 mt
- Represents the shortest transportation route from mines to port
- Uralkali's investment programme can be fully accommodated by BBT's existing capacity in the mid-term

## WAREHOUSES



- Optimal split between production and marine port terminal sites
- Storage capacity of 640,000 tonnes:
  - Berezniki and Solikamsk – up to 400,000 tonnes
  - BBT – up to 240,000 tonnes

**Business Model**

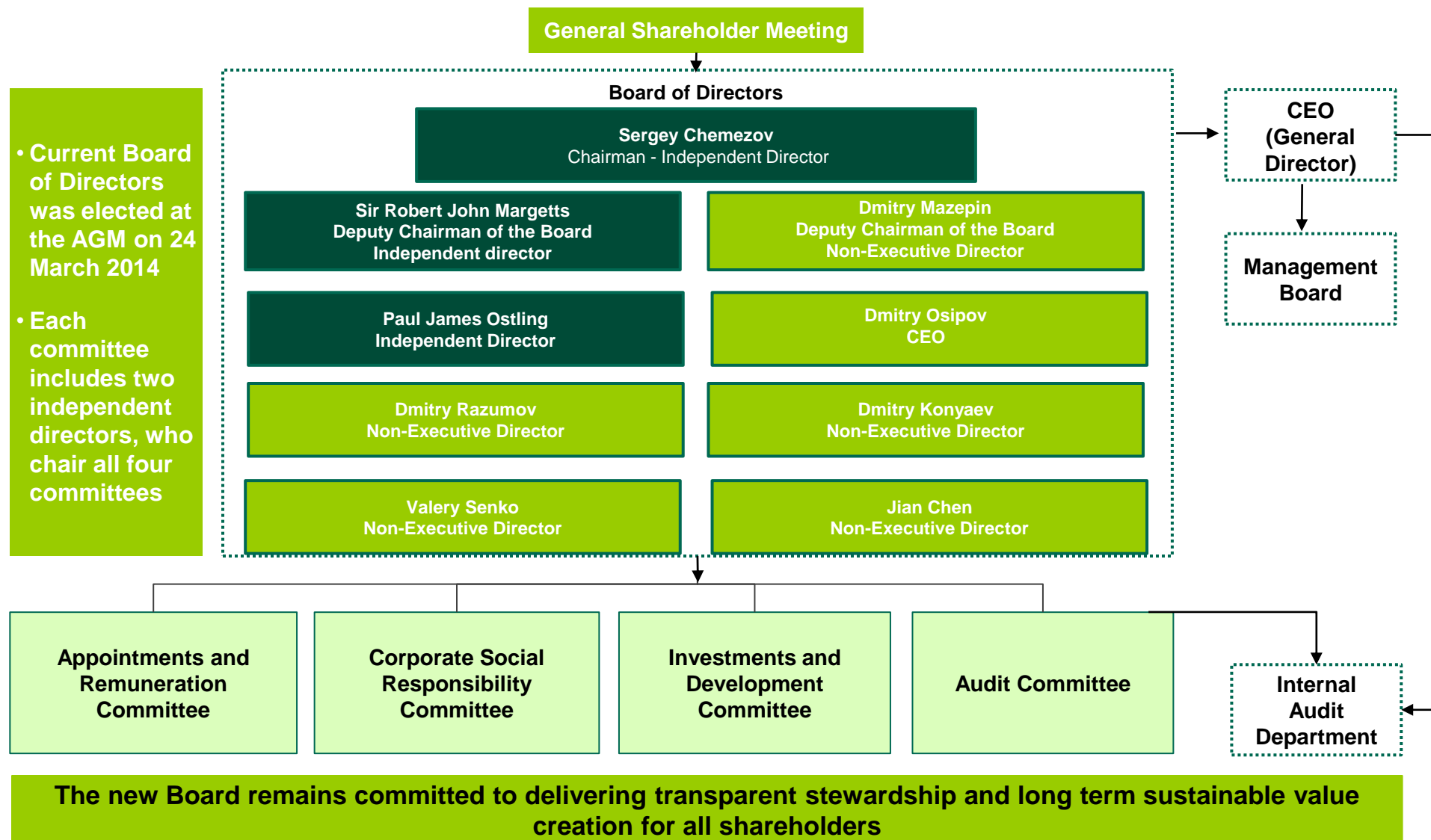
**Board of Directors**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

# Focus on Corporate Governance



# Appendices



**Business Model**

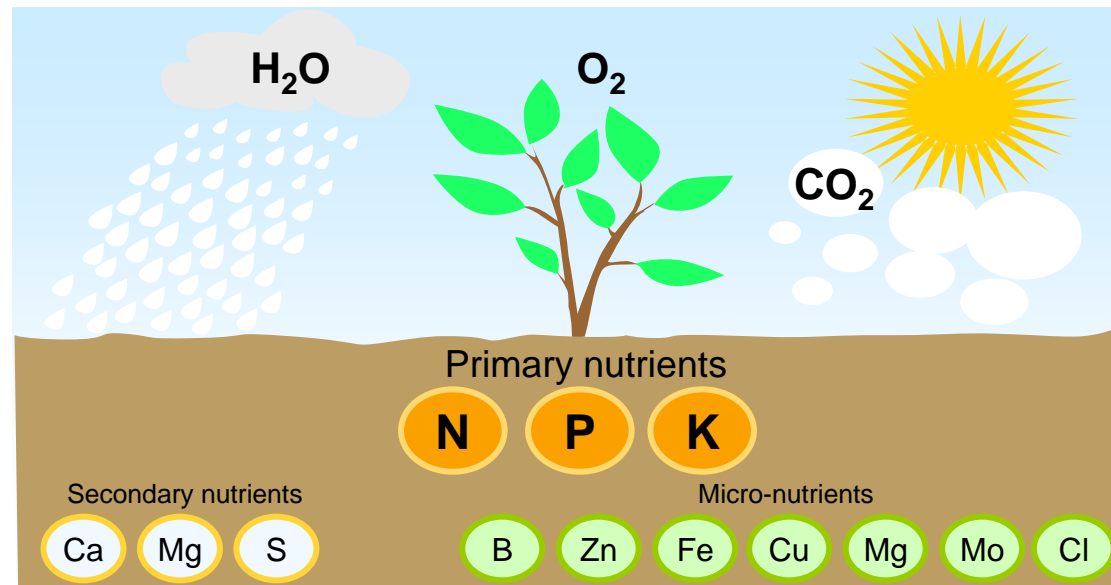
**Board of Directors**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

# Potassium: One of the Three Primary Nutrients



## Nitrogen (N)

- Promotes protein formation
- Determines plant's growth, vigour, colour and yield

## Phosphate (P)

- Plays a key role in adequate root development and photosynthesis process
- Helps plant resist drought

## Potash (K)

- Improves plant durability and resistance to drought, disease, weeds, parasites and cold weather

Each nutrient plays its own role, but only together they ensure a balanced nourishment and cannot replace each other

# Strong Industry Fundamentals



## Growing demand

Increasing population

Declining arable land per person

Income growth in developing countries

Biofuels and scientific recommendations potential

## Challenging supply

Relatively few top players

Mineral scarcity

High capex requirements

Higher demand for food

Changing diets

New source of demand for crops

High barriers to entry

Limited number of players able to bring additional capacity

**Growing demand and high supply visibility make potash a unique industry<sup>1</sup>**

# Potash: Growth, Visibility, Stability



	Potash (K)	Phosphate (P)	Nitrogen (N)
Market size <sup>1</sup> (2013A Demand)	<b>33.1 million tonnes K<sub>2</sub>O (54.2 million tonnes KCl)<sup>2</sup></b>	44.1 million tonnes ( P <sub>2</sub> O <sub>5</sub> )	139.2 million tonnes (N)
Geographic availability	<b>Very limited</b>	Limited	Readily available
Industry members	<b>Small number of leading players</b>	Several leading players	Large number of players
Profitability	<b>High</b>	Low/Medium	Low/Medium
Estimated cost of greenfield Capacity <sup>3</sup>	<b>US\$4.2bn for 2 mln tonnes (KCl)</b>	US\$1.6bn for 1 mln tonnes ( P <sub>2</sub> O <sub>5</sub> )	US\$1.7bn for 1 mln tonnes (NH <sub>3</sub> )
Estimated greenfield development time	<b>min 7 years</b>	~3-4 years	min 3 years

**Potash represents the strongest investment story across the fertilizer industry**

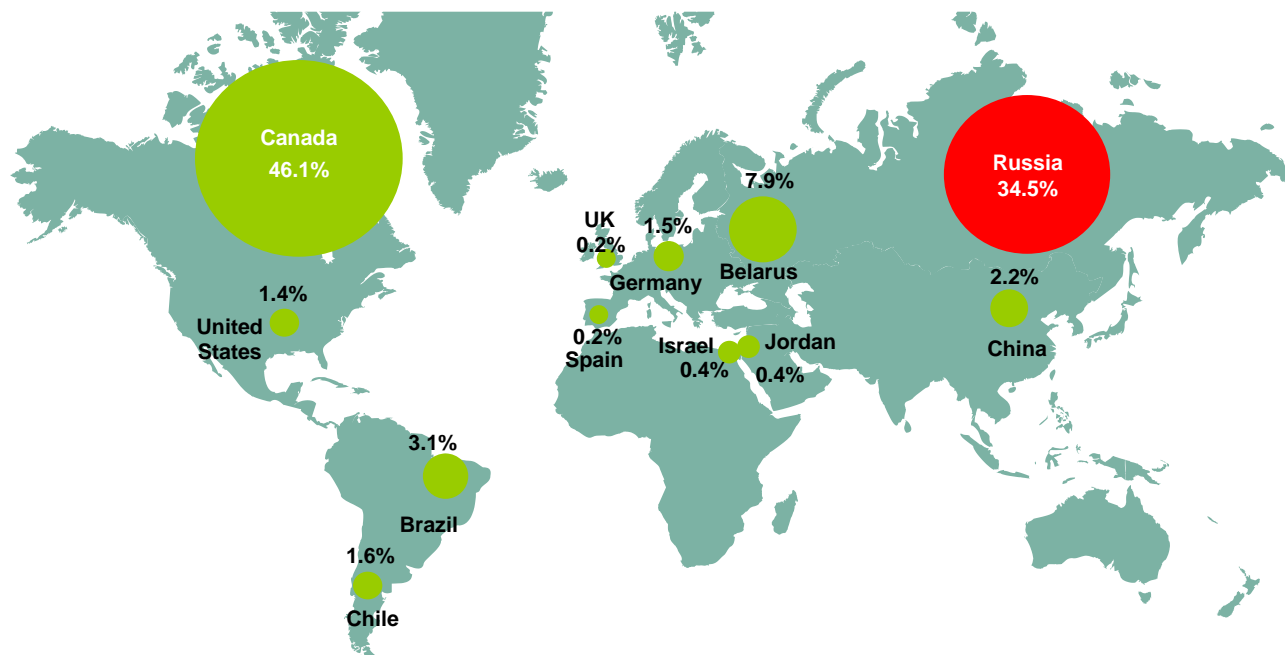
Source: Fertecon, IFA, PotashCorp

Notes:

1. Including fertilizer consumption
2. 1t KCl contains 62% K<sub>2</sub>O (nutrient)
3. Excluding infrastructure

# Mineral Scarcity

Proven reserves of potash are largely concentrated in Canada and Russia



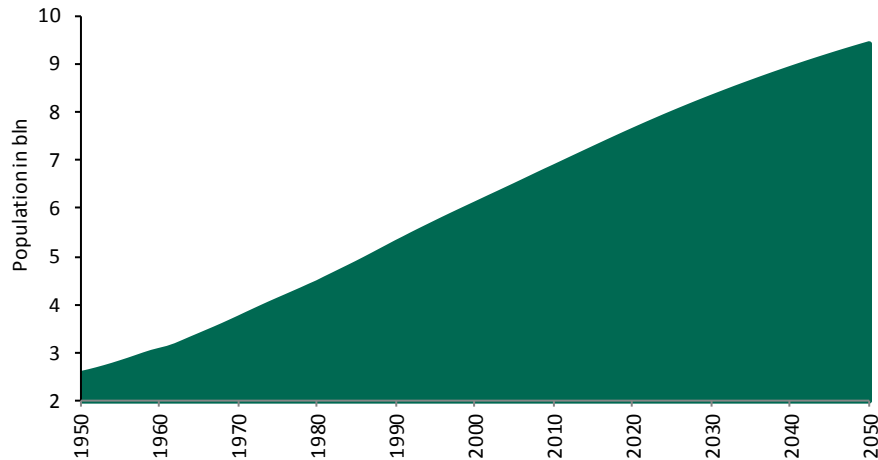
% - Share in world's proven reserves

Source: USGS, January 2013

Limited access to resources, few high quality large scale ore deposits

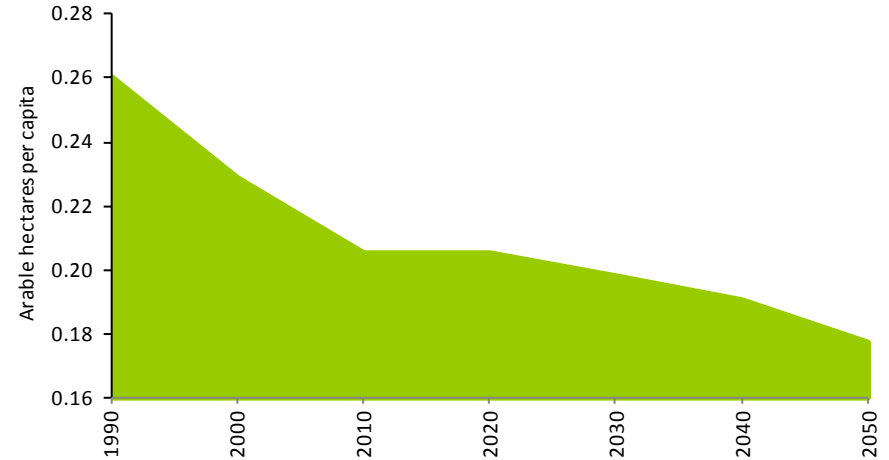
# Higher Yields Required to Feed Rising Population

## Growing population Needs Higher Crop Yields



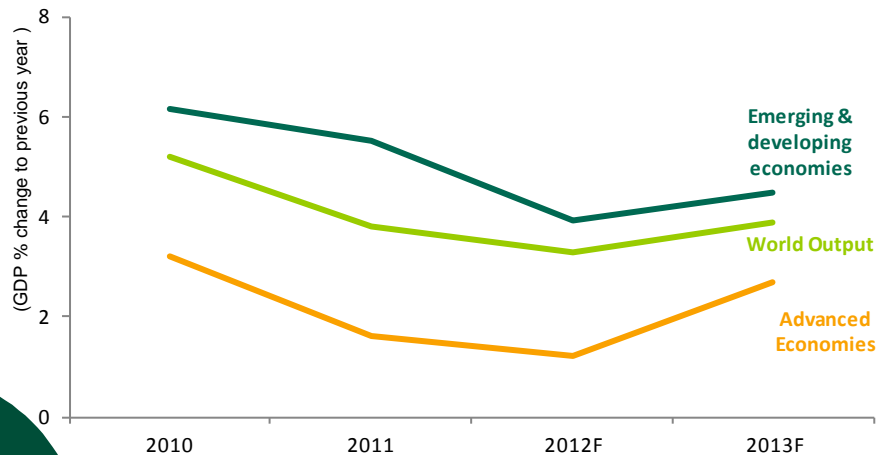
Source: Source: U.S. Census Bureau, International Data Base,

## Arable land per capita is shrinking



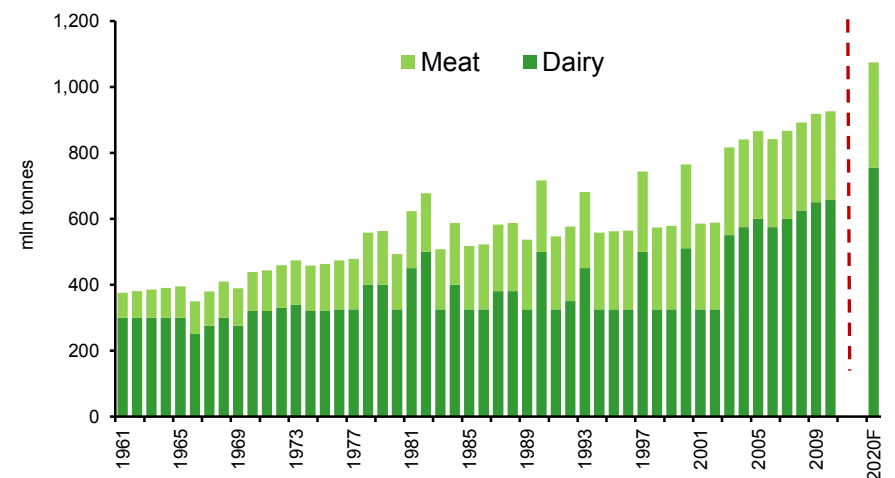
Source: FAO, World Bank

## Global Economic recovery set to continue



Source: IMF, World Economic Outlook projections

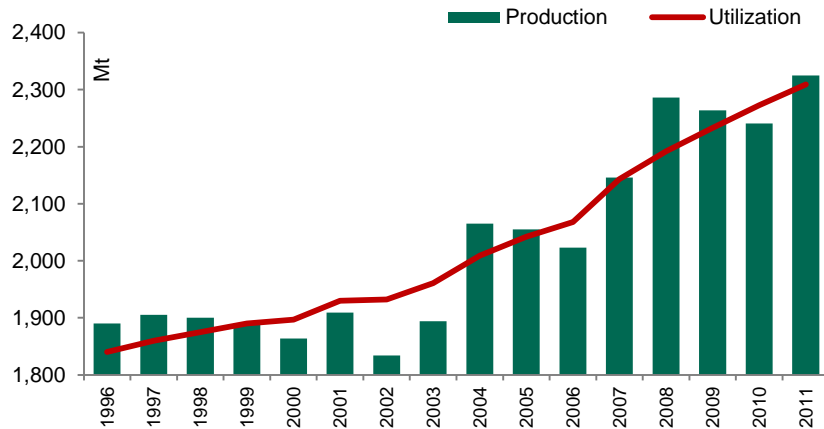
## Food consumption is increasing



Source: FAO

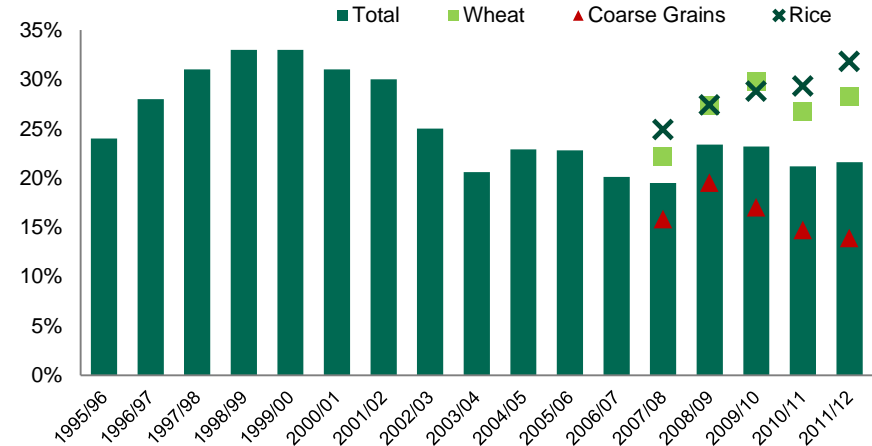
# Changing Diets Drive Demand for Grain

## World Cereal Production and Utilization



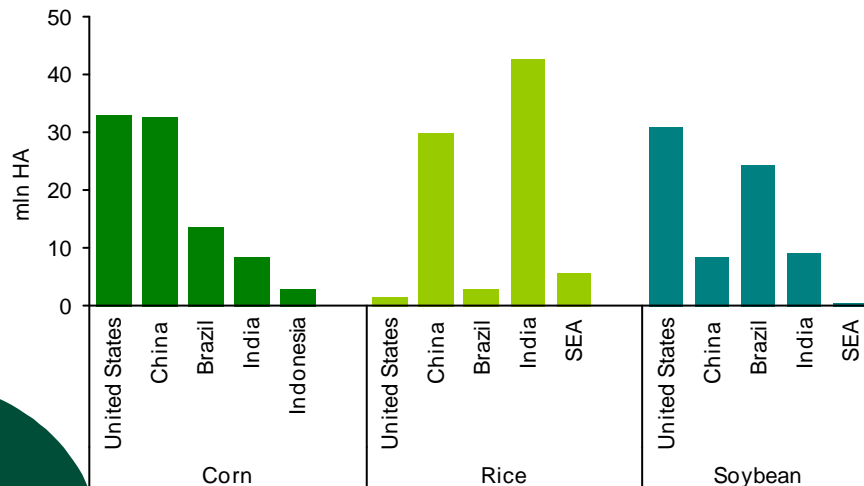
Source: FAO

## World Cereal Stock-to-Use Ratio



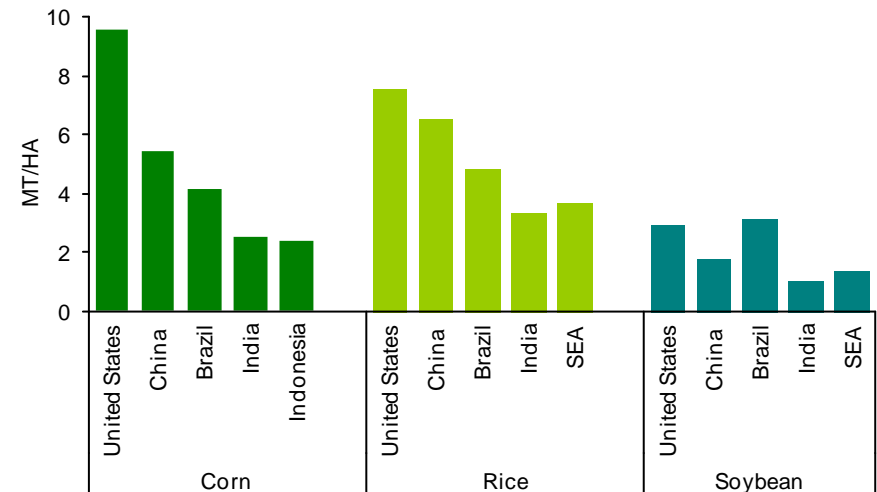
Source: IFA, FAO, USDA

## Developing countries have a big portion of total crop acreage



Source: USDA

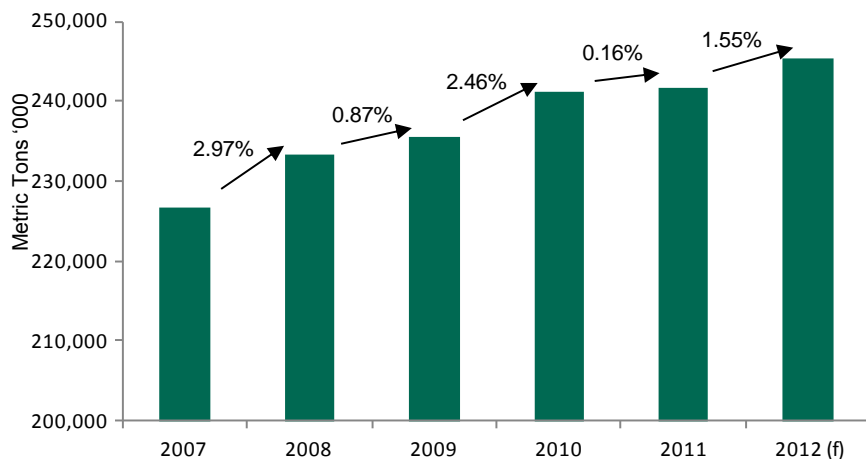
## ...though have lower yields compared to developed agricultures



Source: USDA,

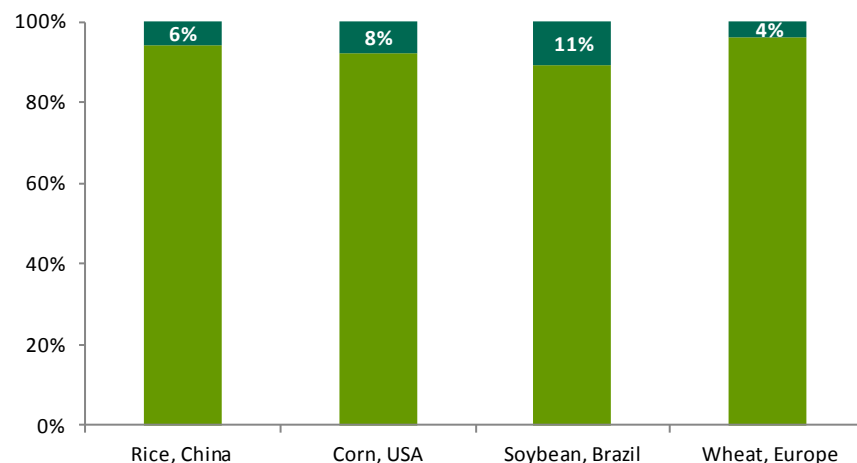
# Changing Diets Driven by Growing Income in Developing Countries

## World Meat Consumption



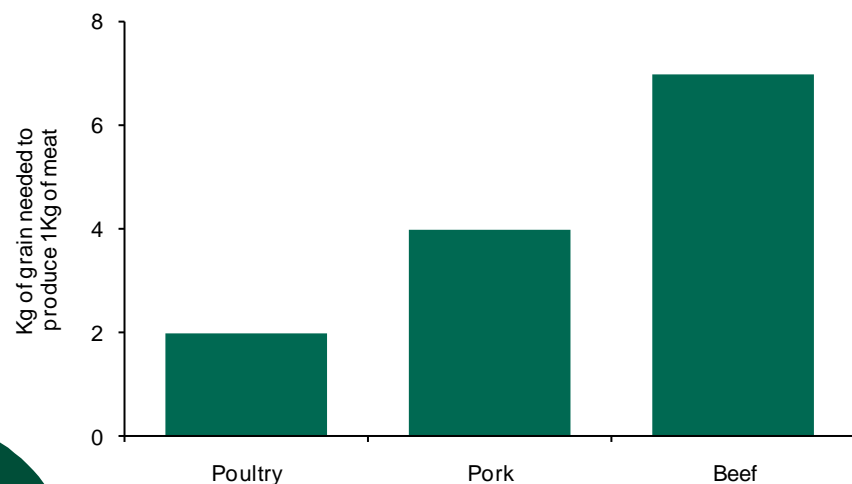
Source: FAS

## Share of Potash in Total Farmer's Costs (%)



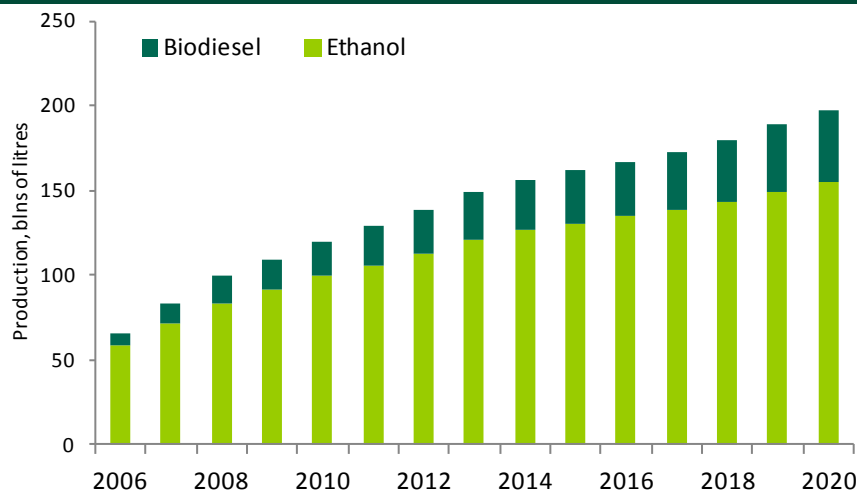
Source: BPC

## Grain Consumption vs. Meat Production



Source: FAO

## Global Biofuel Production



Source: OECD

# Appendices



**Business Model**

**Board of Directors**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

# Production Flow

## 1. Mining



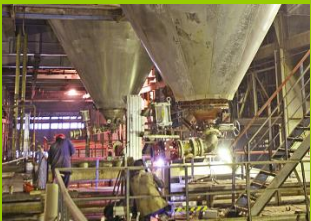
- One extraction takes place underground at an approximate depth of **400 metres**
- Specialized mining combines drill for potash underground, then the extracted one is moved by conveyor belts to the shafts and lifted to the surface

## 2. Crushing



- In the crushing section of the flotation plant rod mills and screens break ore into smaller particles of the size required for further enrichment

## 3. Chemical Enrichment



- The **Halurgic method** is based on the varying joint solubility of KCl and NaCl in water at different temperatures
- KCl crystallises out of saturated solution when it cools down
- Produce potash fertilisers which contain up to 98% of the useful component

## 4. Flotation



- Partly purified potash ore is placed in the flotation machine, bubbles stick to potassium chloride particles and push them to the mixture surface for subsequent separation
- Produce potash fertilisers for agriculture which contain up to 96% of the useful component

## Standard Product

### White Potash (MOP)



- Applied directly to the soil for producing compound NPK fertilisers, and for other industrial needs
- Uralkali supply this mainly to China, Russia and Europe

### Pink Potash (MOP)



- Applied directly to the soil
- Produced through the flotation method
- Uralkali supply this primarily to India and Southeast Asia

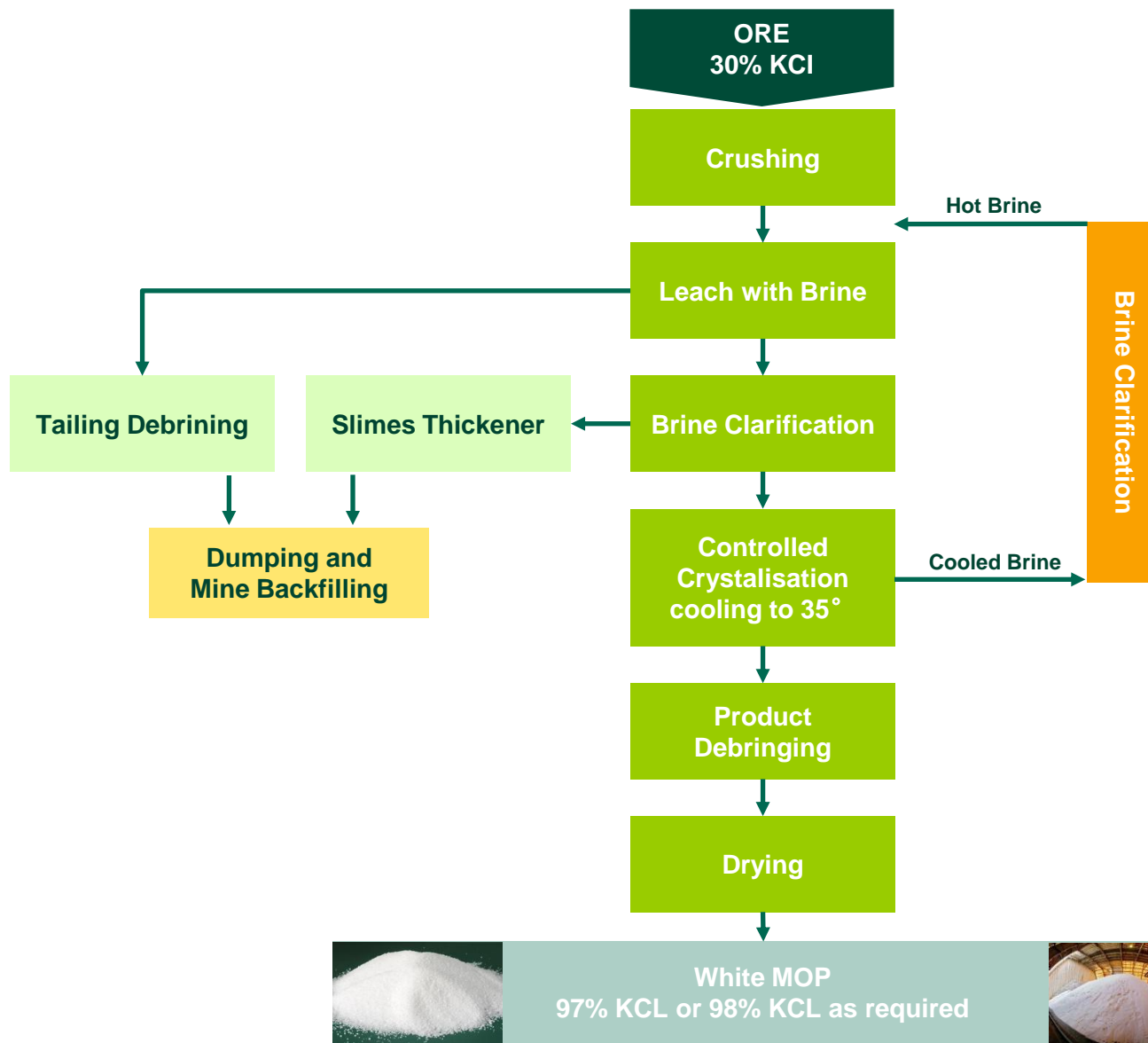
## Compacting

### Granular potash



- Premium product bought mainly in countries using advanced soil fertilisation methods
- Uralkali export granular principally to Brazil, the USA and China, where it is applied directly to the soil or blended with nitrogen and phosphate fertilisers

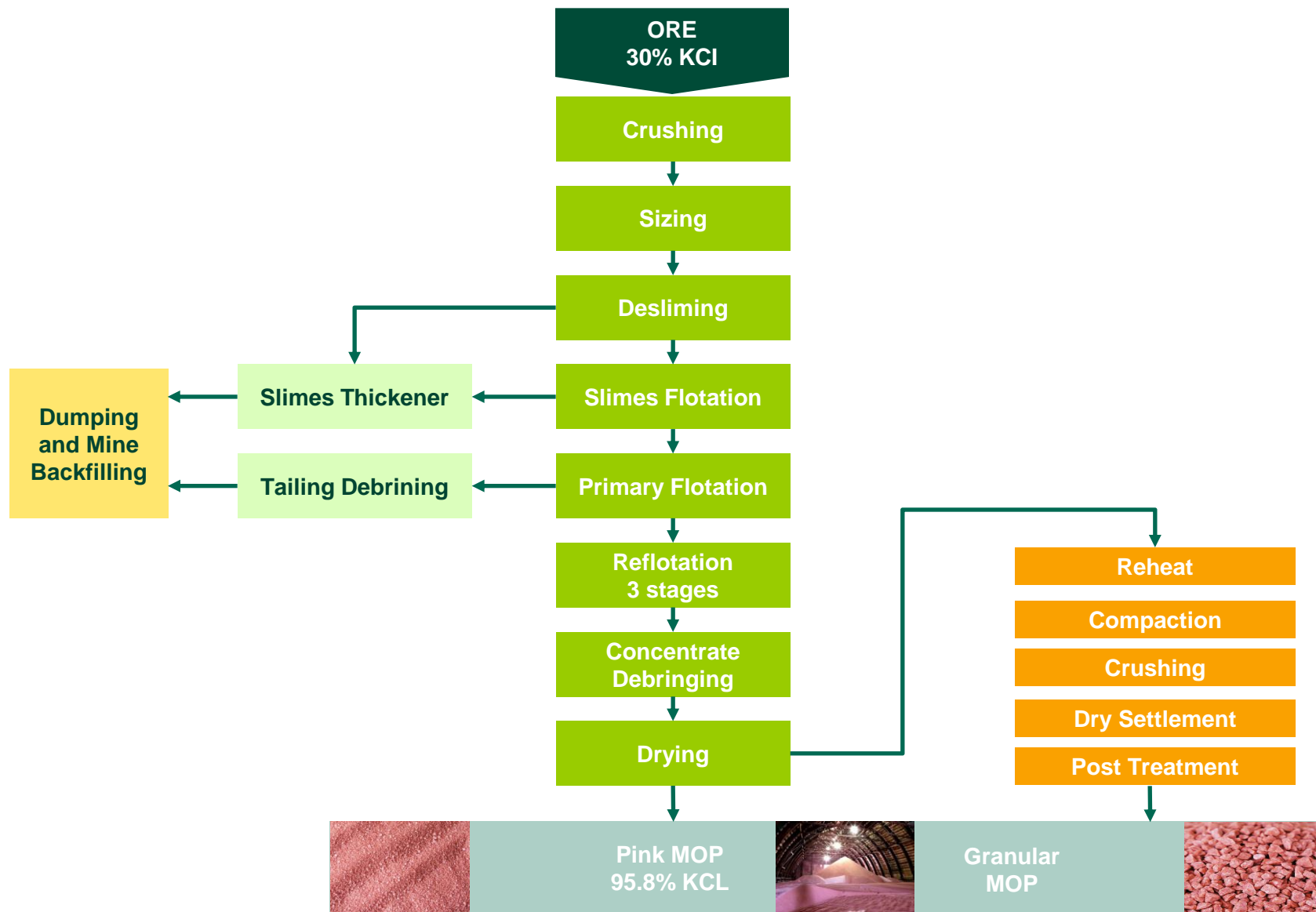
# Chemical Enrichment



White MOP  
97% KCL or 98% KCL as required



# Flotation



# Appendices



**Business Model**

**Board of Directors**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

# Awards and Achievements



## DAXglobal Agribusiness Index

September 2012: with a weighting of c.6.2%, Uralkali's GDRs were included in the DAXglobal Agribusiness Index and ranked among the top five index constituents. Uralkali is the first Russian company in the Index.



## Best IR Strategy



April 2013: Uralkali IR team was awarded for the **Best Investor Relations Strategy**. The Ceremony was organized by Adam Smith Institute.



## Strong Local Liquidity + LSE Listed GDRs

GDRs admitted to main Board of LSE under ticker URKA; local presence at Moscow Exchange



## MSCI Russia

MSCI increased Uralkali weighting in its MSCI Russia Index from 2.99% to 4.5% following the completion of combination with Silvinit



## Best Capital Raising Deal



**Russian CFO Awards 2014**  
Viktor Belyakov - award for **Best Capital Raising Deal**

## Investor Awards 2012

M&A: The deal of the year  
Best corporate development strategy



## Annual Report Wins Awards



Best Annual Report 2012, 2011 among companies with **Market cap over 100 bln RUB**



Best Annual Report 2012, 2011, 2010 for **Best Level of Disclosure / Best Overall Annual Report**

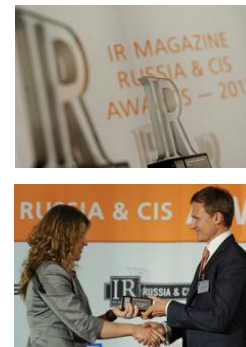


## Investor Relations Progress Award



**IR Magazine Russia & CIS Awards 2013**

Best overall **Investor Relations Vladislav Baumgartner**  
Best investor relations by a CEO **Viktor Belyakov**  
Best investor relations by a CFO **Anna Batarina**  
Best investor relations officer



## INED Received 'Director of the 2011 Year' National Award



**Paul James Ostling** received award for his contribution towards the development of CGS in Russian companies



# Thank you!

**For more information please contact Investor Relations Department:**

**Anna Batarina**, CFA, Head of Investor Relations and Capital Markets

**Daria Fadeeva**, Senior Investor Relations Manager

**Uralkali**

119034, Russia,  
Moscow, Butikovsky lane, 7  
Tel.: +7 (495) 730-2371  
Fax: +7 (495) 730-2393  
Web: [www.uralkali.com](http://www.uralkali.com)

**E-mail:** [ir@msc.uralkali.com](mailto:ir@msc.uralkali.com)