



Uralkali—Leader to Capture Growth

VTB Capital RUSSIA CALLING
Investment Forum

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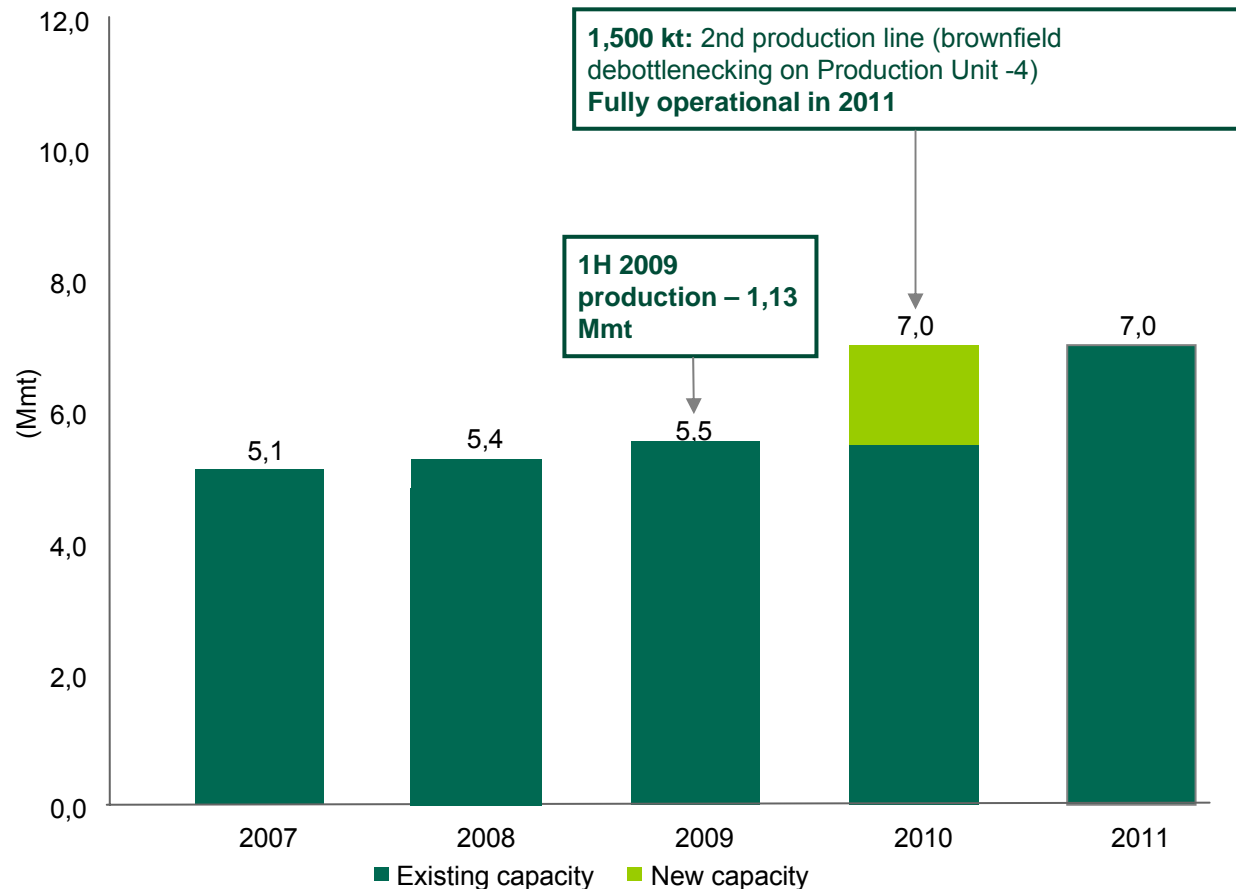
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Well-Positioned to Meet Market Recovery



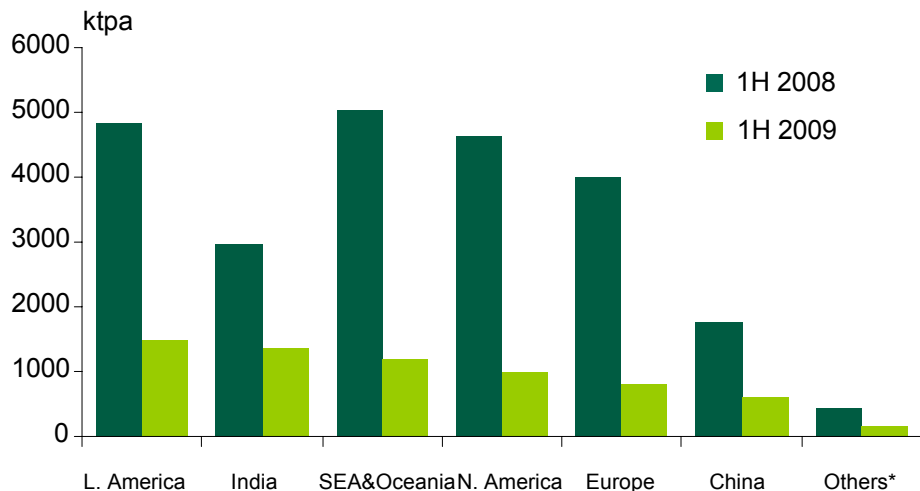
Mine 5 key milestones:

- 2011 – preparation and approval of the mine construction design documentation
- 2018 – mine launch
- Processing capacity - decision to be made once potash market recovers and necessary approvals are granted

H1 2009: Potash Import Hit by Crisis



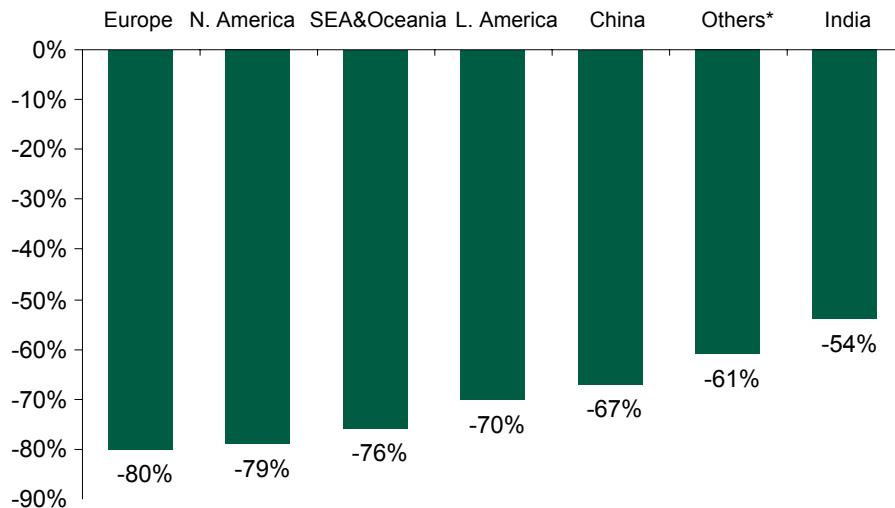
World potash Import



*Others: Middle East, Africa, C. Asia

Source: IFA half-yearly potash statistics 2009

Major markets cut import needs, 1H 2009, yoy



*Others: Middle East, Africa, C. Asia

Source: IFA half-yearly potash statistics 2009

- A dramatically decreased potash consumption led to a sharp drop in potash import volumes in 1H 2009. Major markets were destocking inventories in a hope that prices will plunge
- Europe and N. America showed the most severe consumption drop, being extra-cautious about ordering fresh volumes

Estimated Cuts In Global Potash Production



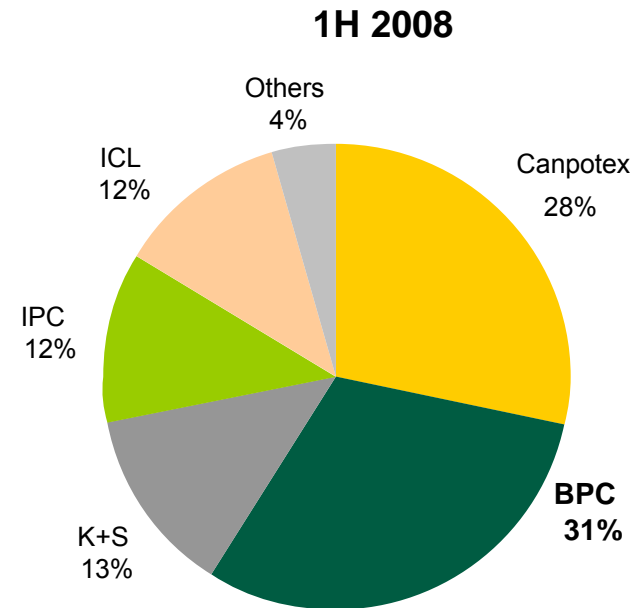
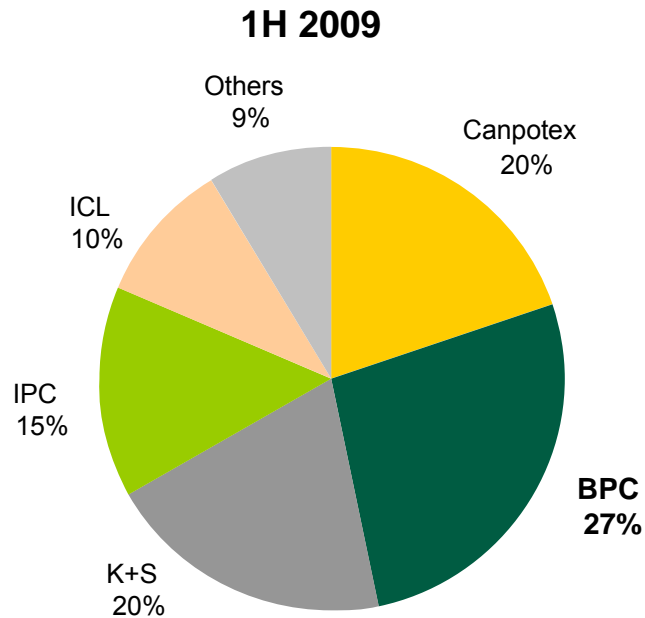
Company	FY 2009 announced curtailments, mtpa	Estimated Production decrease in 1H 2009 vs. 1H 2008, %
Potash Corp.	4.7 mtpa	-66%
Mosaic	1.0-1.5	-65%
K+S	4.0	-47%
Silvinit	0.5-1.0	-58%
Belaruskali	2.0	-61%
Uralkali	NA	-57%
ICL	NA	-20%
Others*	0.45-0.5	-5%
Total 12.7-13.7		Industry average -48%

Others*: Intrepid, Agrium, APC

Source: Companies' releases, IFA half-yearly statistics, BPC estimations

- Major producers continued destocking inventories and cutting production back

Crisis Rearranges Export Market

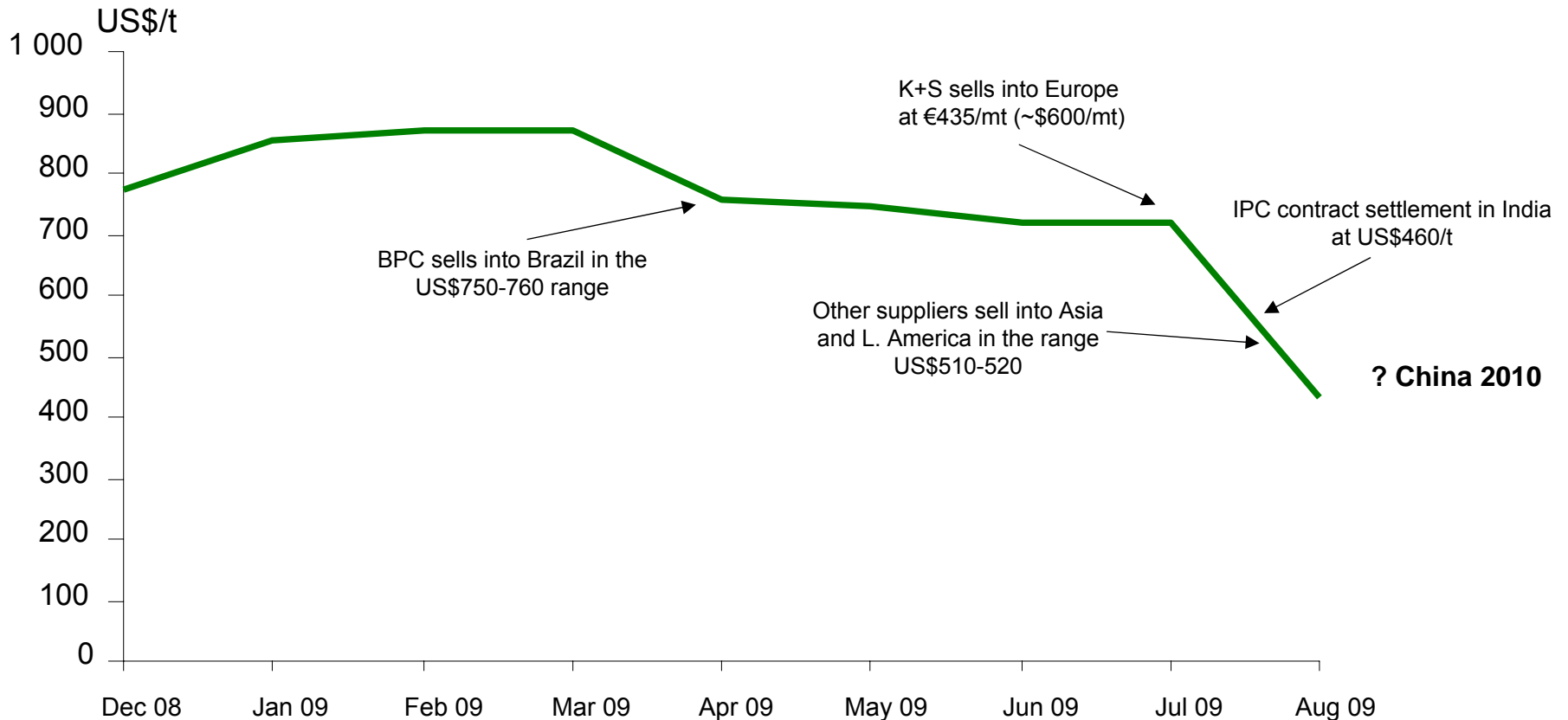


* Others: Agrium, Intrepid, APC, SQM, Vale

Source: Estimated shares based on IFA statistics, BPC estimates

- In 1H 2009, some smaller suppliers increased their shares of world potash export compared to the same respective period last year, offering lower prices to capture bigger volumes

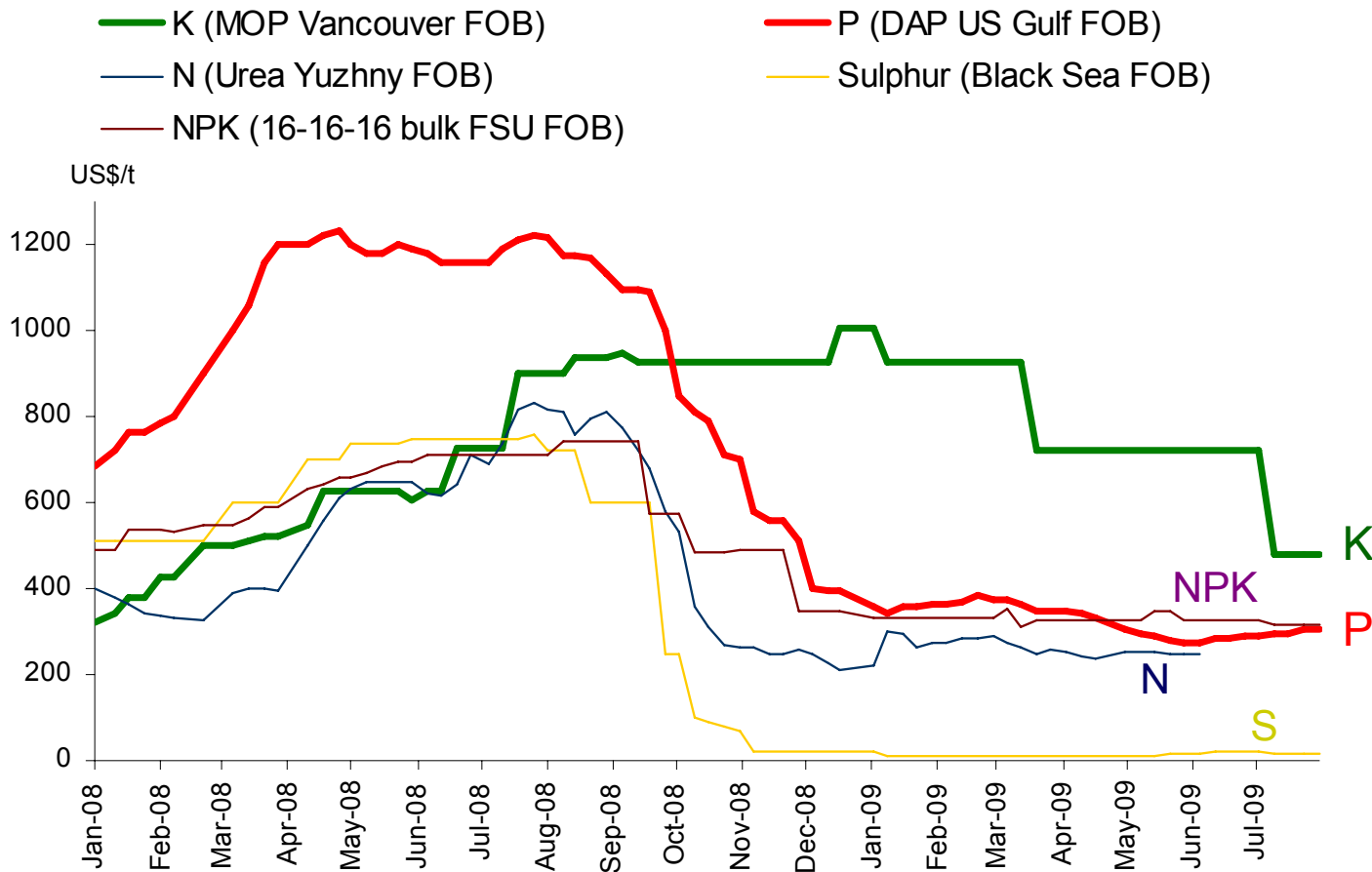
Industry's Biggest Challenge?



Source: World Bank, FMB, Fertecon, Companies' announcements

- July 2008 - April 2009: price remained unchanged
- Some suppliers began supplying product at lower prices
- March – May 2009: BPC reduced price for Brazil market to US\$750. The new price for the Brazilian market resulted in an increase in potash fertilizer consumption
- June – July 2009: Further price cut announcements by some suppliers led to increased market volatility and boosted negative expectations

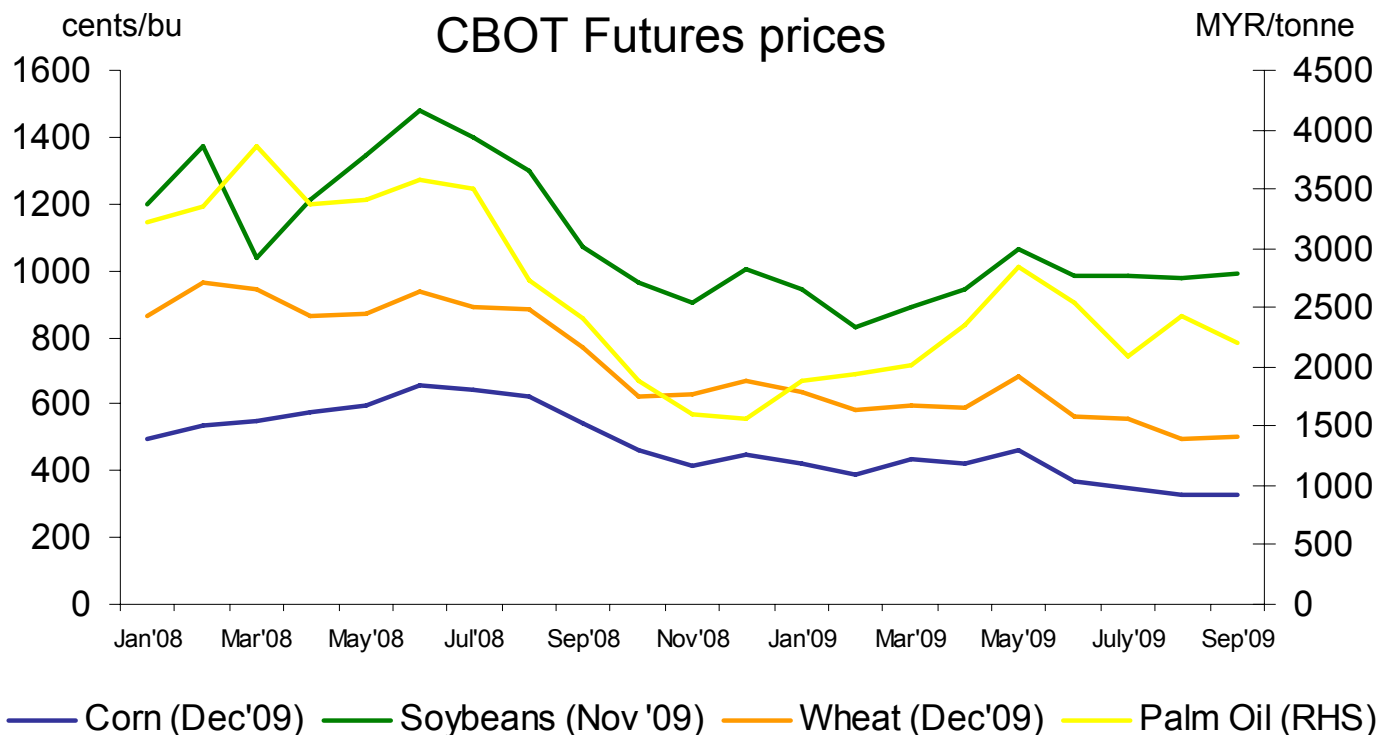
Price Should Be Resilient



Source: FMB

- China contract expected by the year end
- Potash prices should justify greenfield/brownfield CAPEX
- Potash prices are unlikely to go down to their historical lows

Farmers Top Line is Still Not Visible



Average Futures prices

	8 months 2008	8 months 2009	%2009/2008
Corn(\$/bu)	5.84	3.98	-32%
Soybeans(\$/bu)	12.94	9.52	-26%
Wheat(\$/bu)	9.02	5.88	-35%
Palm oil(MYR/tonne)	3375	2264	-33%

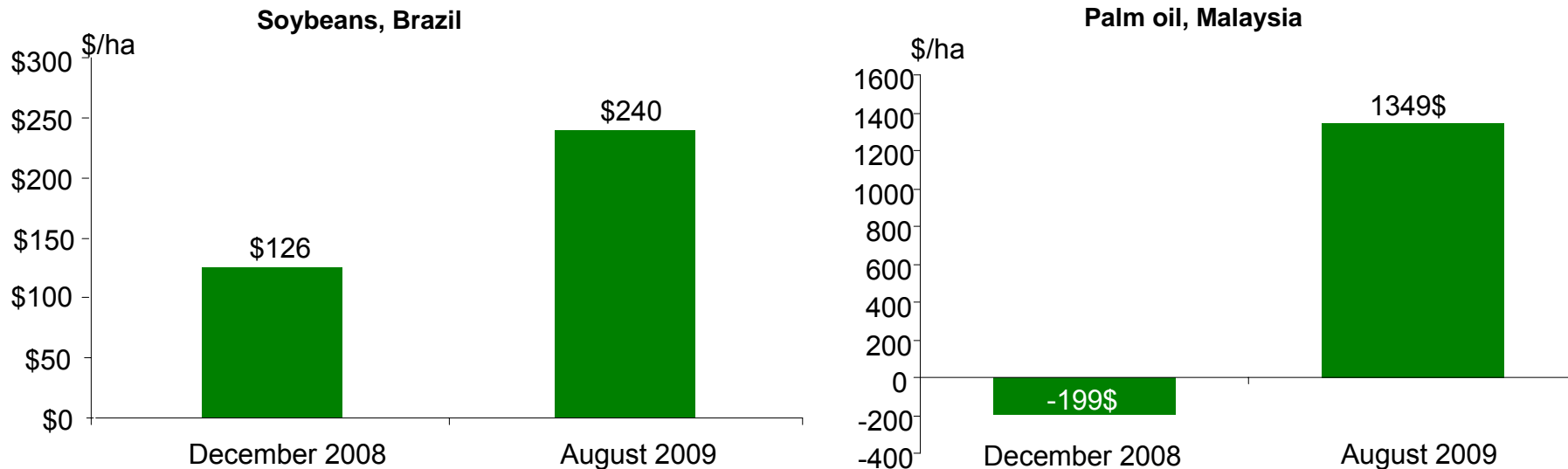
Source: WSJ

- **Due to lack of earnings visibility farmers refrained from buying significant volumes of agricultural inputs (i.e. fertilizers)**

Lack of Confidence Hinders Recovery



EBITDA Margin



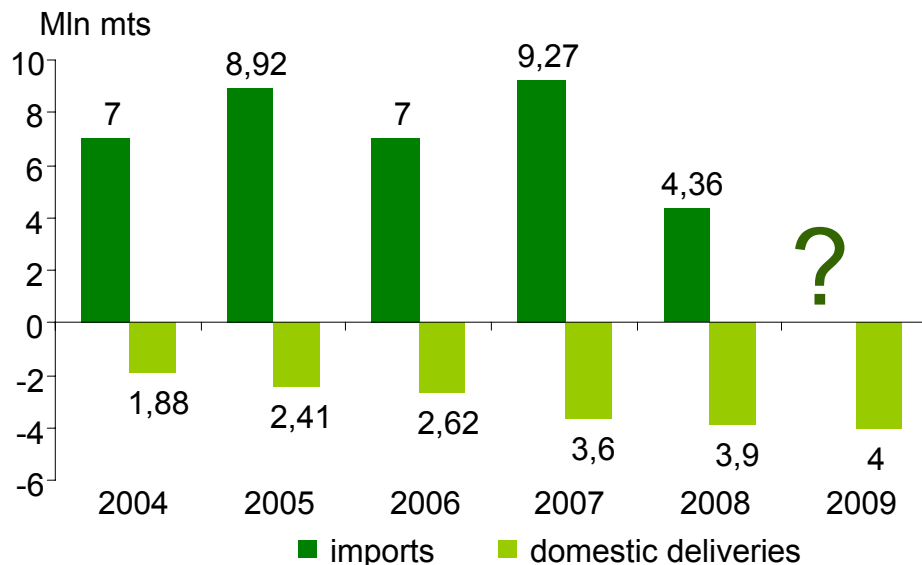
Source: BPC, Agroconsult

- The profitability of agricultural production was hit by the crisis and drop in crop prices
- Despite the 1H 2009 farmers' EBITDA margins recovery in some regions, the demand in potash didn't rebound due to the non-economic reasons (lack of confidence)

China: The Market Crossroads

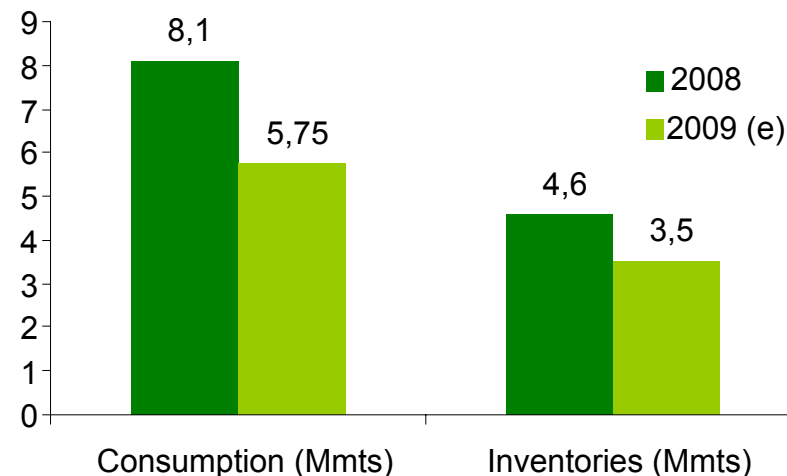


Deliveries to China in 2004-2008



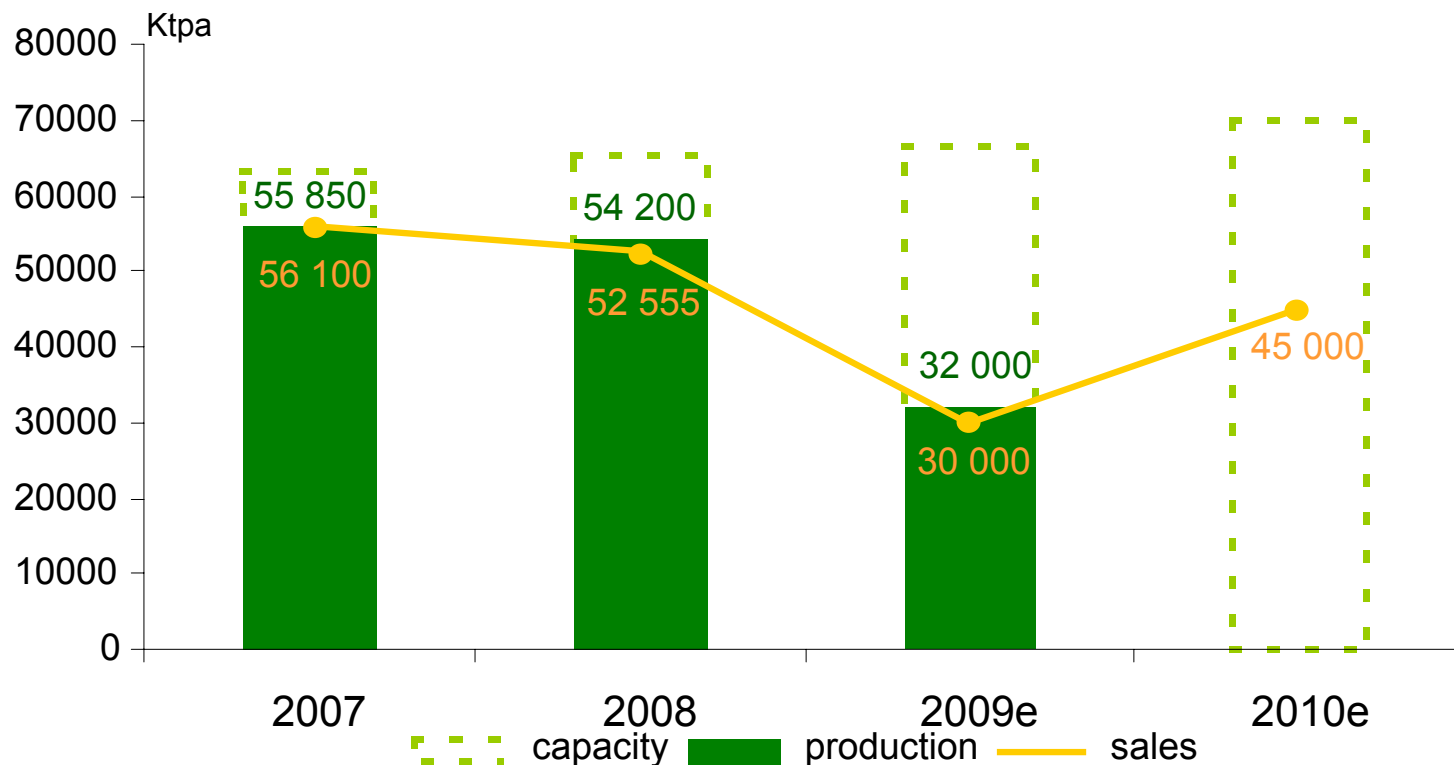
Source: IFA, BPC estimations

Consumption VS Inventories



- China potash consumption is estimated to decrease by almost 30% in 2009
- Increasing domestic production supports high inventories
- Drop in consumption, high inventories, decreasing import, local production growth => current uncertainty
- However, we strongly believe in the recovery of the consumption in 2010

2009 – Market Drops, 2010 – Recovery Starts



Source: IFA, BPC estimations

- Since Q4 2008 major potash producers have been responding to the slowdown in demand with production cutbacks
- Major markets destocked inventories in 1H2009, therefore 2009 sales are expected to fall to around 30 mtpa
- In 2010 the demand is expected to recover due to deferred potash application

1H2009 – Key Highlights



IFRS Financial Results

RURm	1h 2008	1h 2009	Change %
Production (Mt)	2.7	1.1	-57%
Sales (Mt)	2.6	0.9	-65%
% of domestic sales	11%	30%	173%
Gross Sales	28,562	13,873	-51%
Net Sales ¹	24,001	12,553	-48%
Mine flood costs ⁴ (net of depreciation charge)	280	32	-89%
EBITDA ² adjusted	18,292	7,444	-59%
Margin ³	76%	59%	-22%
Net Profit	13,795	4,465	-68%
Operating Cash Flow	10,988	1,227	-89%
Capex	5,905	5,982	1%
Expan//Mainten. proportion	59/41	50/50	
Debt	11,423	12,980	14%
Cash	11,752	9,911	-16%
Net Cash/(Debt) ⁵	329	-3,069	-1033%
Dividends Payout Ratio	62%	0%	

Notes:

- 1 Based on adjusted sales (sales net of freight, railway tariff and transshipment costs)
2. Adjusted EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs
3. EBITDA Margin is calculated as EBITDA divided by Net Sales.
4. Net cash position is calculated as Cash and cash equivalents (including deposits) minus Bank loans

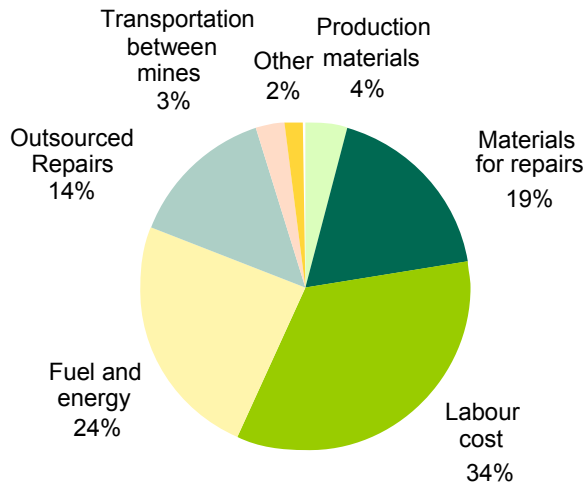
Key considerations

- Decrease in export sales and production in 1H 2009 and increase in the share of domestic sales was caused by consumption drop.
- Resulted in a year-on-year decrease of Net Sales and EBITDA margin.



Cash COGS

Cash COGS¹ structure (1H2009)



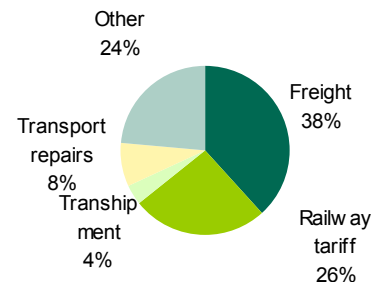
- Low cost producer within potash industry
- Fixed vs. variable cash COGS structure 60/40² is preferable to production volume growth
- Potash segment Cash COGS³ 1H 2009 – 75\$ per tonne vs. 53\$ per tonne in 1H 2008
- Abnormal period due to production cut >60% in 1H 2009

Notes:

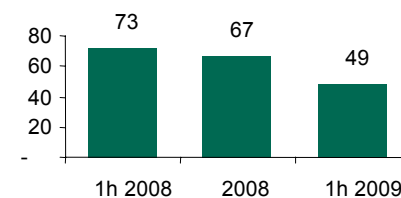
1. Cost of goods sold less depreciation
2. For normalized utilization rate
3. Total cost of sales for potash segment (Note 6) less depreciation in CoGS (Note 14). Depreciation is divided proportionally btw. Potash and Other segments.

Distribution costs

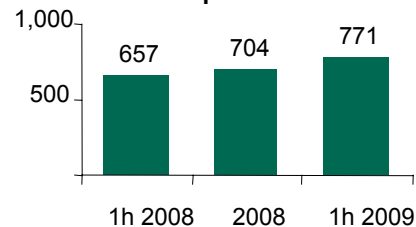
Distribution costs structure



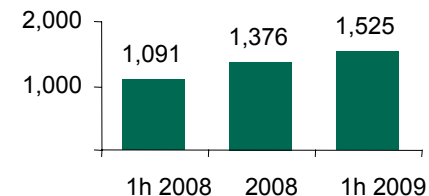
Effective freight rates³, USD per tonne



SPb railway tariff⁴, RUR per tonne



China railway tariff⁴, RUR per tonne



- Av. freight tariff – decrease due to market conditions.
- Av. railway tariff – growth to both destinations.
 - + 5% from January 2009 both to St. Petersburg and China.
 - + 5.7% from July 2009 both to St. Petersburg and China.

Notes:

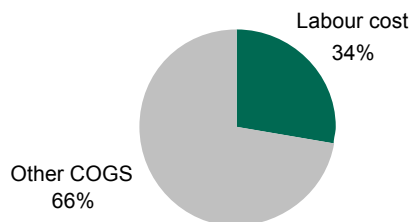
3. Effective freight rates are calculated as freight cost divided by freight volumes
4. Effective railway tariff includes both loaded and empty railcars fares

Cost Cutting Programmes

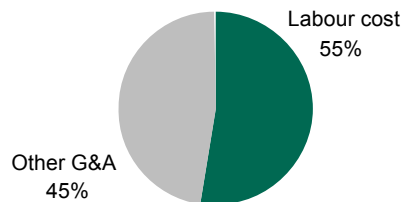


Productivity Increase

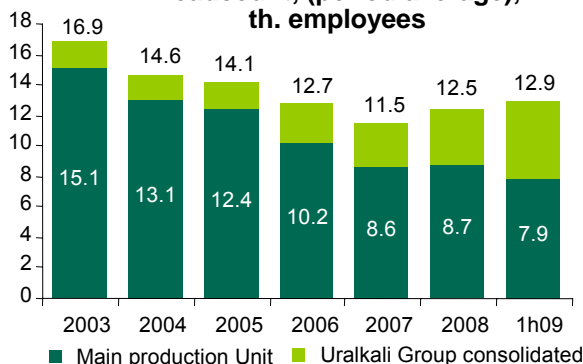
As % of cash COGS



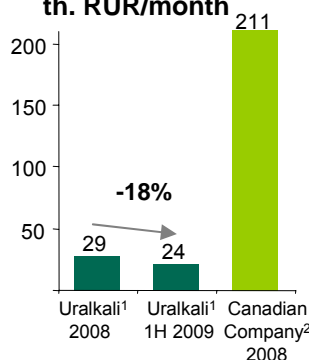
As % of cash G&A³



Headcount, (period average), th. employees

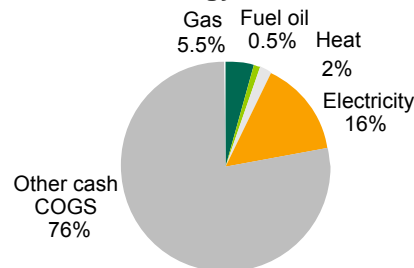


Av. Monthly Labour th. RUR/month

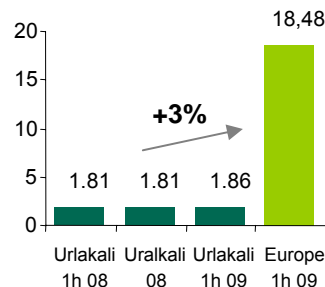


Power Generation Programme

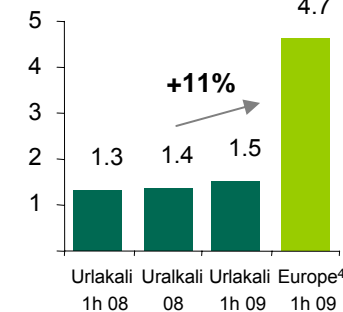
Fuel and energy costs 1H2009



Gas tariff, kRUR/ 000 m3



Electricity tariff, RUR/kWh



- Decrease of average monthly payroll is caused by reduction in bonuses due to cut in production volumes
- Target – 6,000 employees in main production unit
- In 2009 vs. 2008 - No headcount reductions due to social responsibility
- Consolidation of several monopolistic service functions (Building Repairs, Medical Care, Water Supply) in 2008

Source: Uralkali

Notes:

1. Total Main production Unit employees, UST excluded.
2. Canadian Companies (Potash Corp.2008) – total potash segment payroll costs divided by total active potash segment employees. Payroll tax of 9.67% excluded, converted to RUR at a US\$/RUR exchange rate of 33.27
3. General and Administrative expenses less depreciation and amortization

- Stage 1 launched in 1Q 2008, Stage 2 – end of 2009
- No permission to work in conjunction with federal electricity supply network - expected in mid 2010
- After full implementation expected efficiency is 50 RUR per tonne of potash production⁵

Notes:

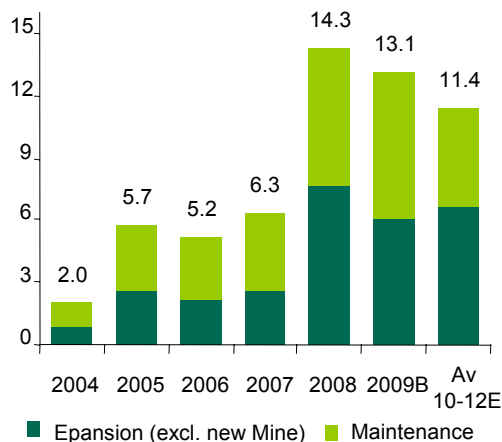
4. Average natural gas and electricity prices charged to final industrial consumers as for 1h2009 year in UK, Germany and Spain per www.epp.eurostat.ec.europa.eu, converted to RUR at a US\$/RUR exchange rate of 33.27.
5. We see the effect of the programme as the difference between the costs of purchased electricity and the cash costs of generated electricity given the gas prices increase by 28% and 40%, and electricity by 18% and 22% in 2010 and 2011, respectively (MEDT forecasts of August, 2008).

Capex and Cash Flow

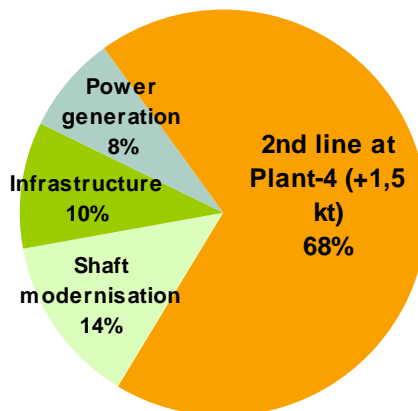


Capex

CAPEX Evolution (in bnRUR)



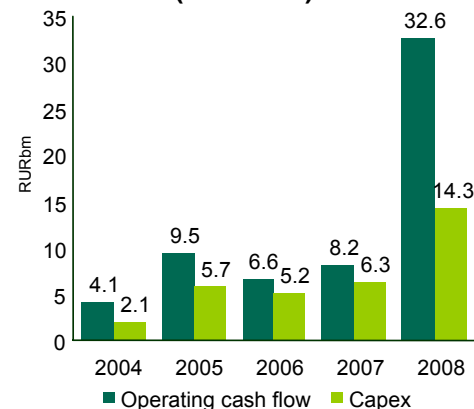
Expansion CAPEX structure 1H2009



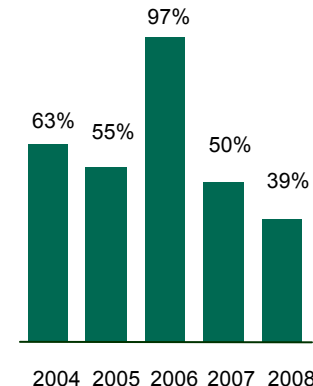
Source: Uralkali

Cash Flow

Oper. Cash Flow vs. CAPEX, (in bnRUR)



Dividends Payout Ratio



	2008	2008	1h 2009	1h 2009
	USD mln	RUR mln	USD mln	RUR mln
Debt (bank loans)	476	13,987	415	12,980
Cash	551	16,174	317	9,911
Net Cash (Debt)	74	2,187	(98)	(3,069)

- Expansion/Maintenance in 1H09 Capex Split - 50/50
- 7.8 bln. RUR – total amount of compensation related to mine-1 flooding (2.3 bln RUR paid in April, 5.5 bln. RUR till the December 2009)
- More than 90% of bank loans are in USD, average interest rate app. 2.31%
- Favourable effect of RUR devaluation:
 - no hedging instruments in 2008-09
 - export revenues are in USD/Euro
 - ~70% expenses and CAPEX in RUR

Thank you!