



Uralkali—Nourishing the Earth

INVESTOR PRESENTATION

September 2010



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Agenda

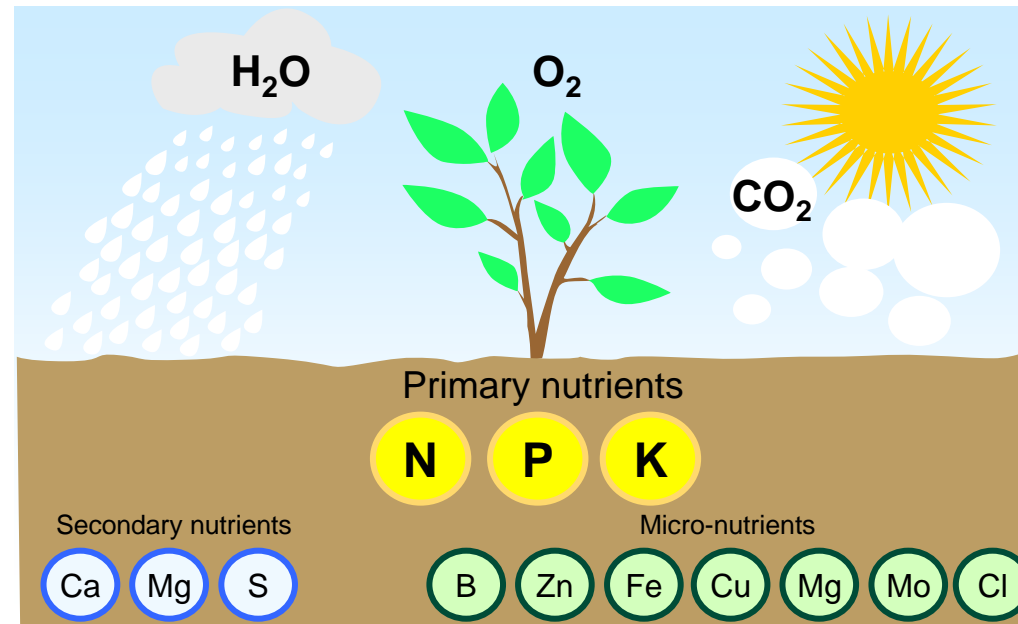


- **Potash Market Outlook**

- **Operating update**

- **Financial Results**

Potassium: One of the Three Primary Nutrients



Nitrogen (N)

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

Phosphorus (P)

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

Potassium (K)

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



Potash: Growth, Visibility, Stability

	Potash (K)	Phosphate (P)	Nitrogen (N)
Market size ¹ (2010E)	26.7 million tonnes K₂O² (45 million tonnes KCl)	38.3 million tonnes (P2 O5)	102.9 million tonnes (N)
Geographic availability	Very limited	Limited	Readily available
Industry members	Small number of leading players	Several leading players	Large number of players
Long-term 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 mln tonnes (KCl)	US\$1.5bn for 1 mln tonnes (P2 O5)	US\$1bn for 1 mln tonnes (NH ₃)
Greenfield development time	min 7 years	~ 3-4 years	~ 3 years

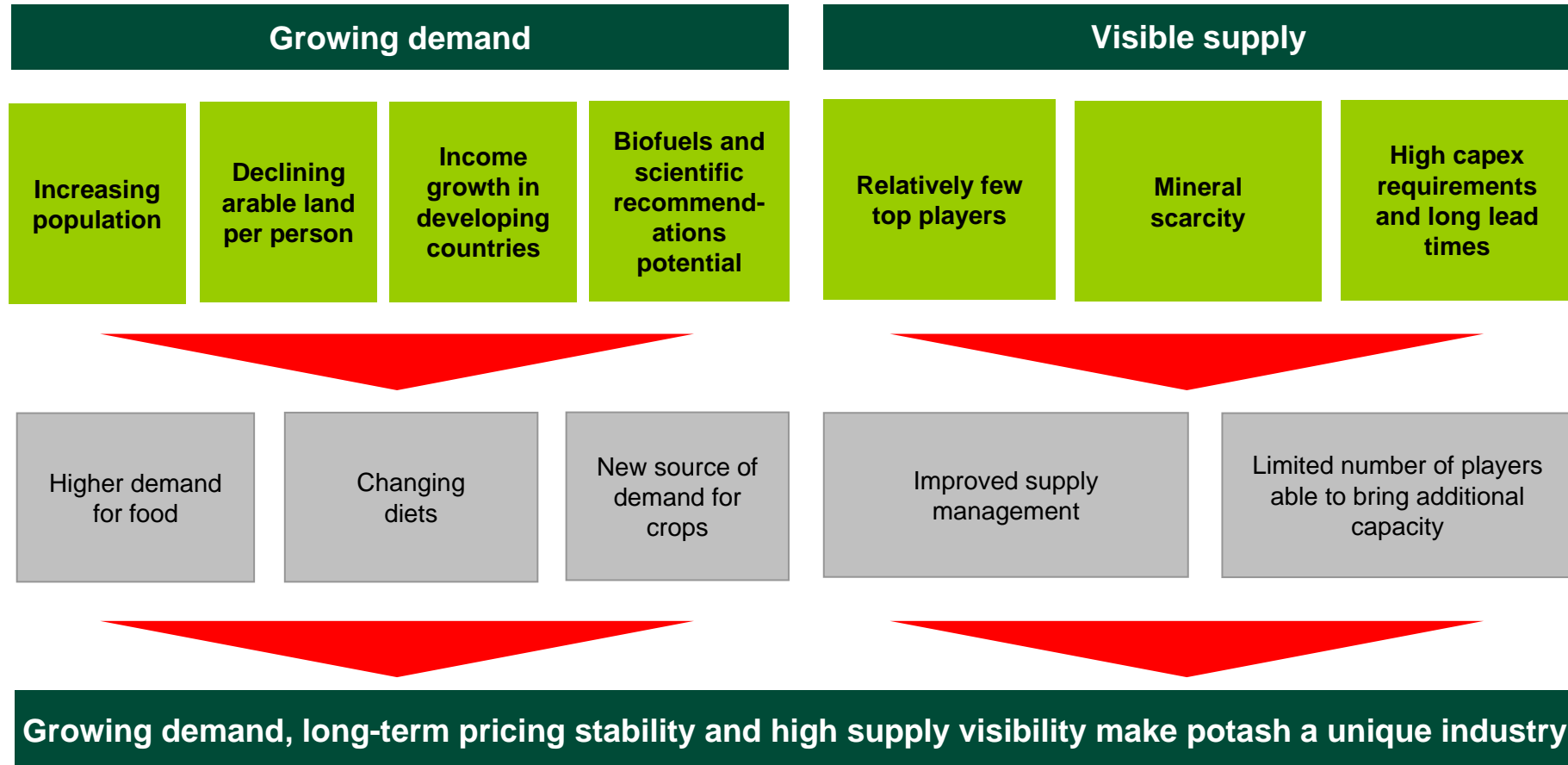
Potash represents the strongest investment story across the fertilizer industry

Source: Fertecon, Uralkali, PotashCorp, IFA

Notes:

1. Including fertilizer consumption
2. 1t KCl (product) is equal to 1.67t K₂O (nutrient)

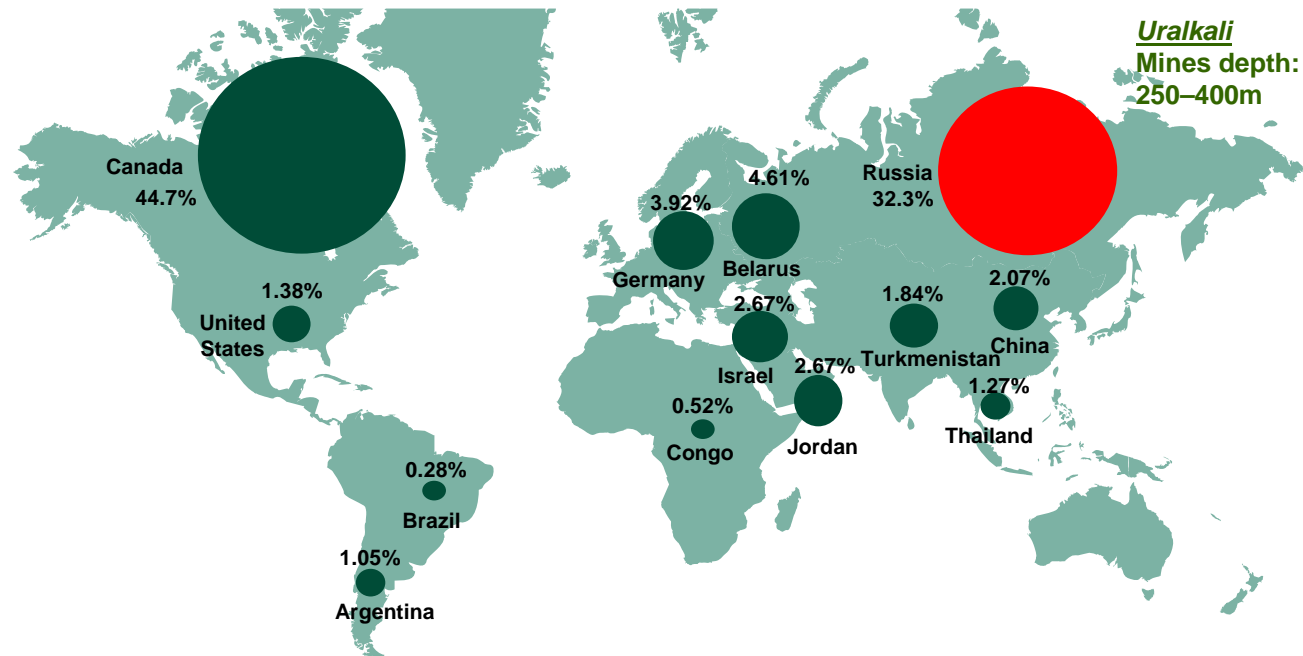
Strong Industry Fundamentals



Source: Uralkali

Mineral Scarcity Means High Entry Barriers

Proven resources of potash are largely concentrated in Canada and Russia¹



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

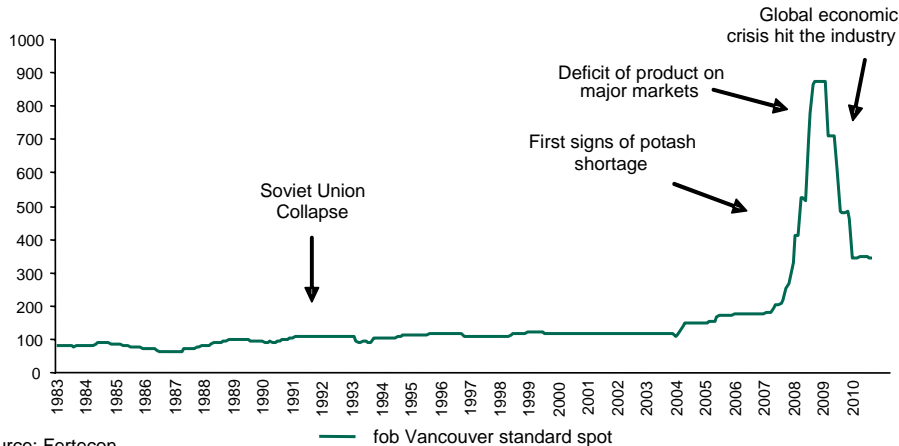


Limited access to resources, few high quality ore deposits

Potash Industry Snapshot



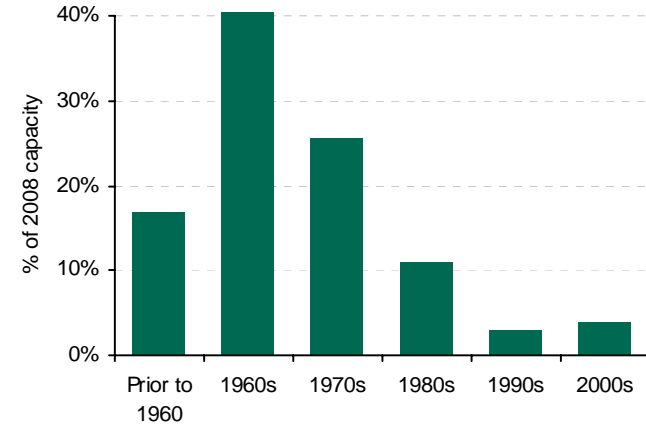
Price performance reflects supply/demand dynamics



Source: Fertecon

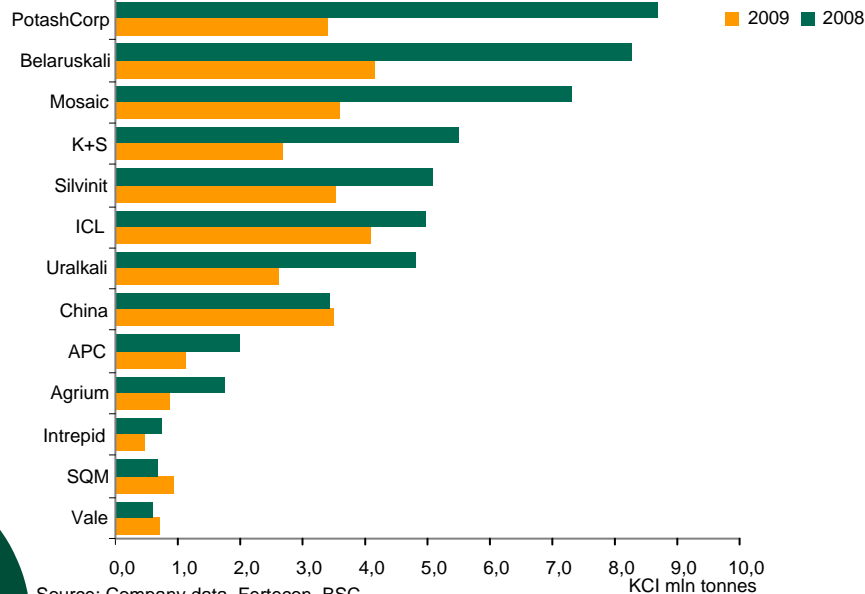
— fob Vancouver standard spot

Global capacity built decades ago



Source: Macquarie Research

KCl production by major potash producers

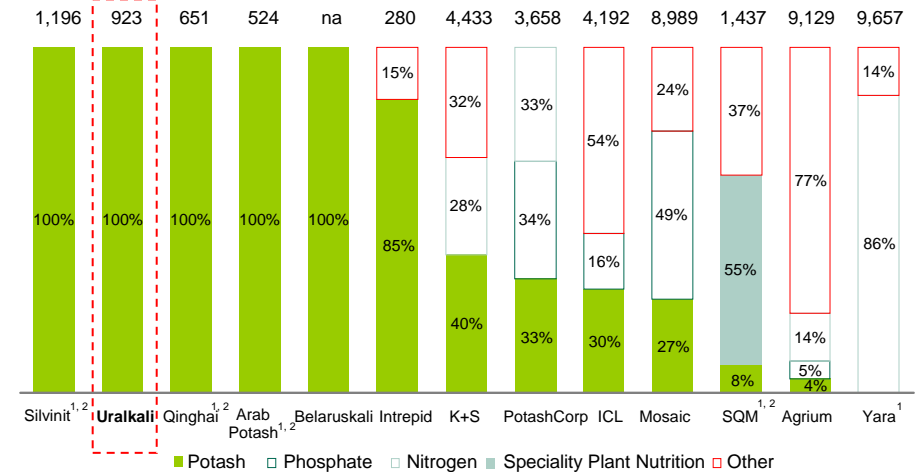


Source: Company data, Fertecon, BSC

KCl mln tonnes

Product mix by key potash players

Net sales breakdown by product, 2009 (US\$m)



Source: Companies reports, Uralkali financial information prepared in accordance with IFRS

Notes:

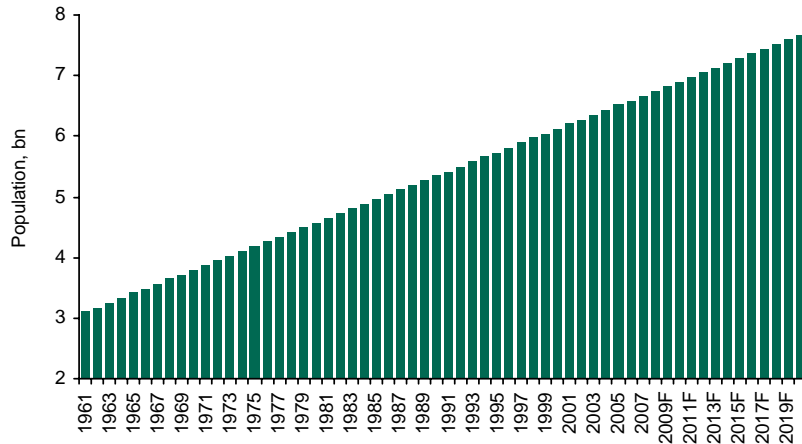
1. Gross sales numbers

2. Based on Bloomberg consensus forecast for 2009

Higher Yields Required to Feed Rising Population

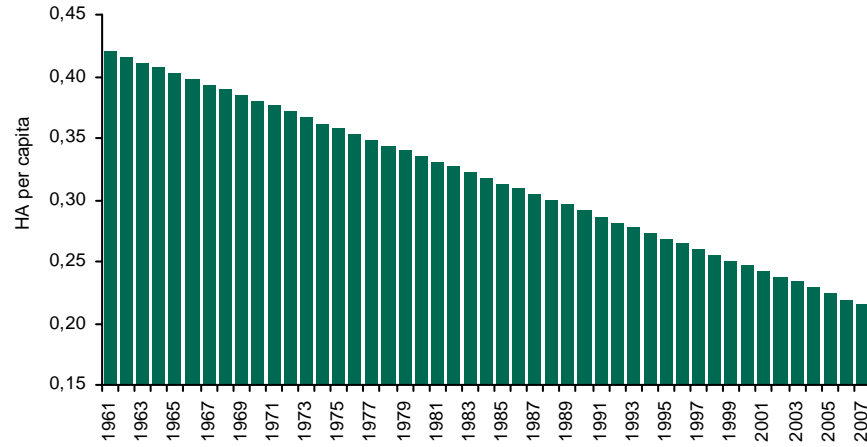


Growing population Needs Higher Crop Yields



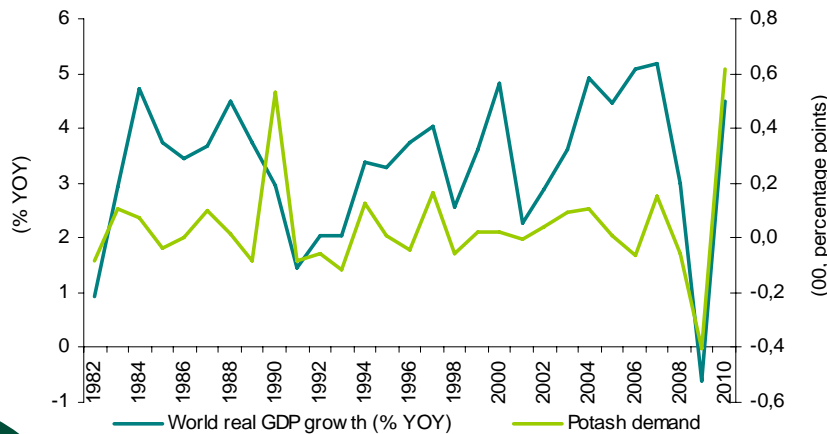
Source: FAO

Arable land per capita is shrinking



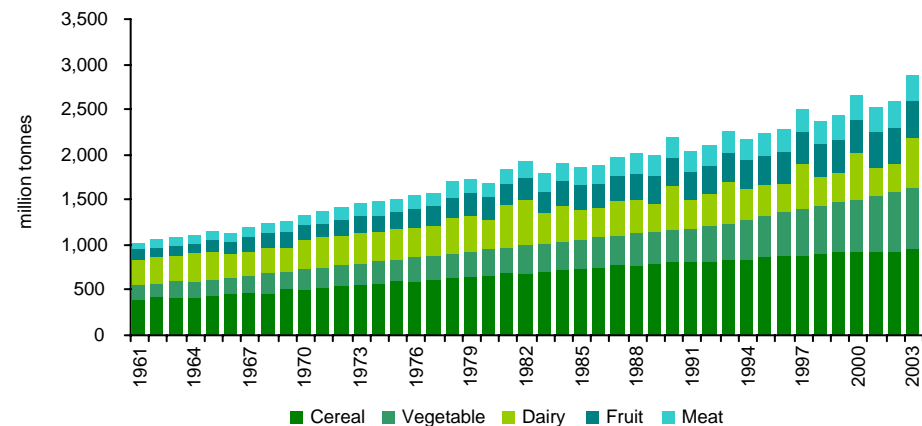
Source: FAO

Potash demand dynamics follow global economy growth



Source: IMF (Jul 2010), IFA, BPC

Food consumption is increasing

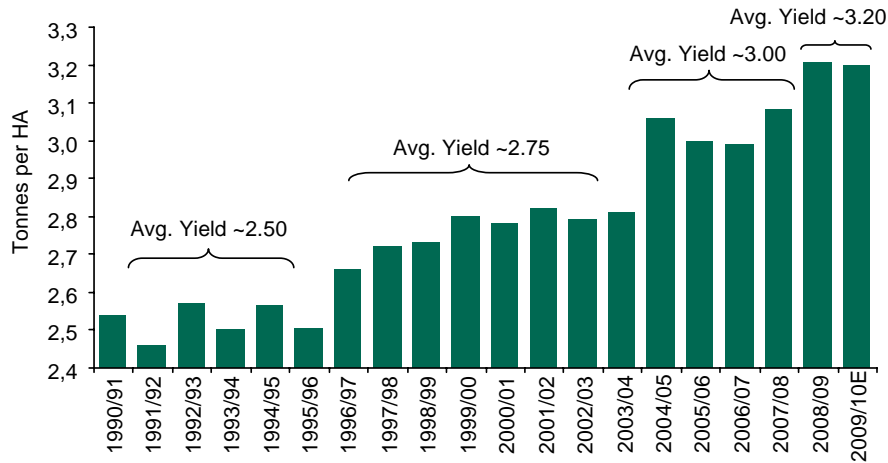


Source: FAO

Changing Diets Drive Demand for Grain

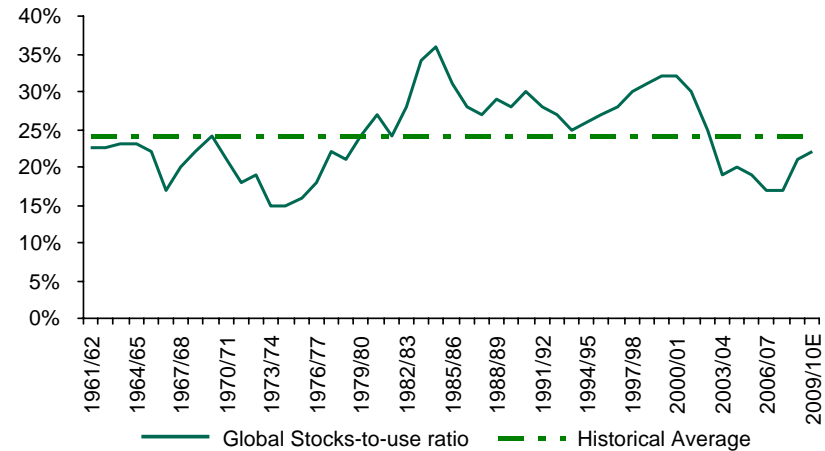


Global Grain Yield Requirements are Growing



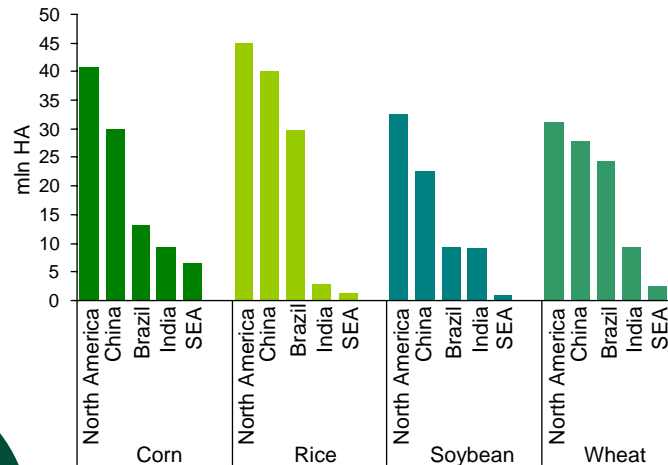
Source: RBC Capital Markets

Global Grain Stock-to-Use Ratio is Still Below Average



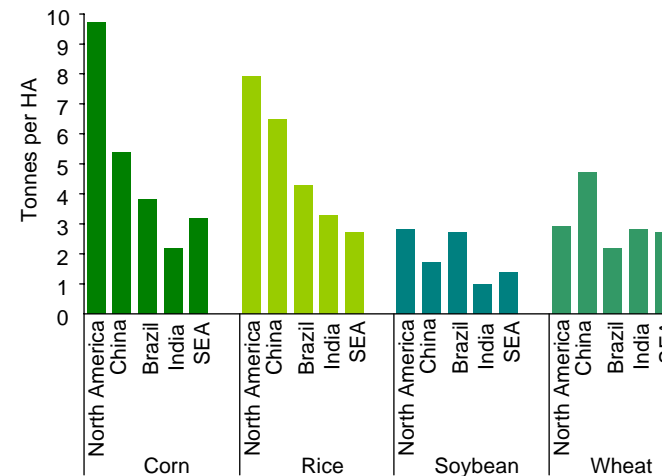
Source: RBC Capital Markets, USDA

Developing countries have a big portion of total crop acreage



Source: USDA

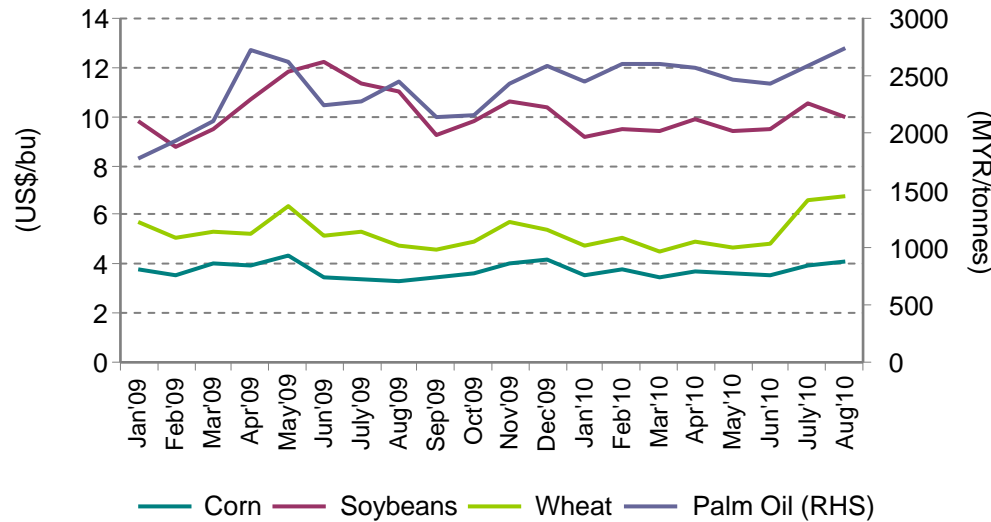
...though have lower yields compared to developed agricultures



Source: USDA

2010: A Year of Rising Crop Prices

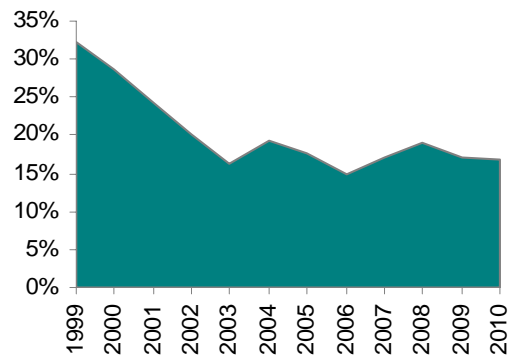
Futures Prices



- Prices of major crops have risen due to unfavorable weather conditions and expectations of shortages, especially in the wheat market
- Russia's export ban and the risk of similar bans in the Ukraine have also put upward pressure on prices
- Stocks-to-use ratios of major crops are expected to decline in 2010/2011

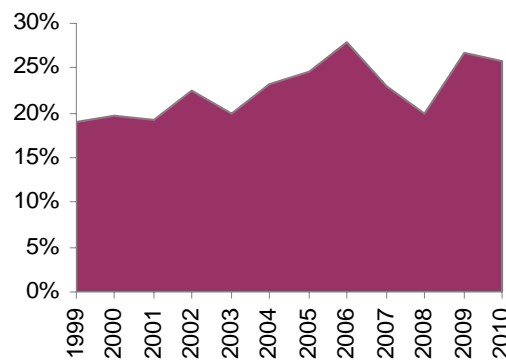
Source: CBOT, Bursa Malaysia

Corn stock-to-use ratio



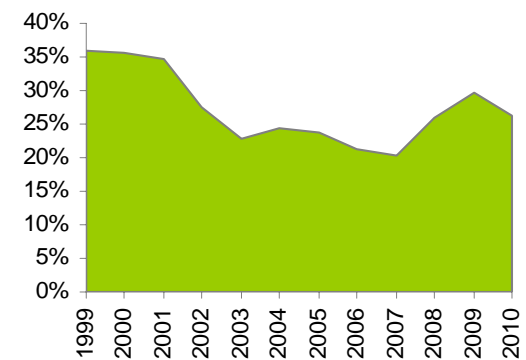
Source: USDA

Soybeans stock-to-use ratio



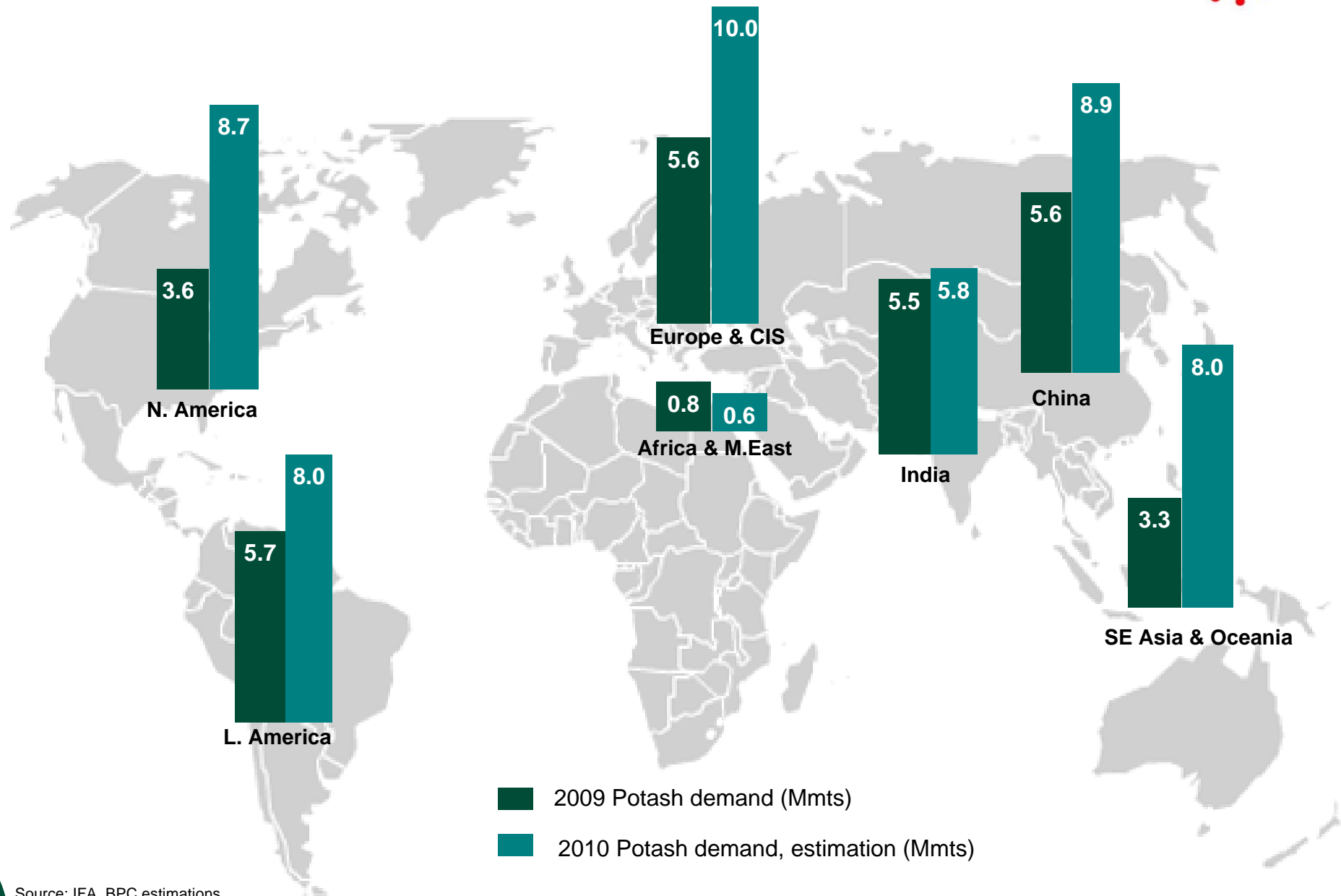
Source: USDA

Wheat stock-to-use ratio



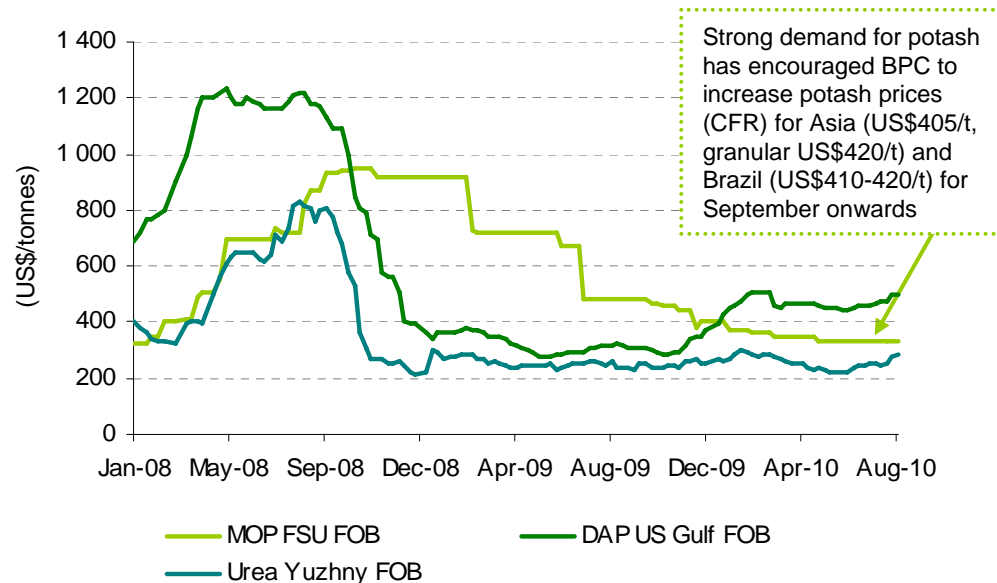
Source: USDA

Rebound in Potash Demand in 2010E



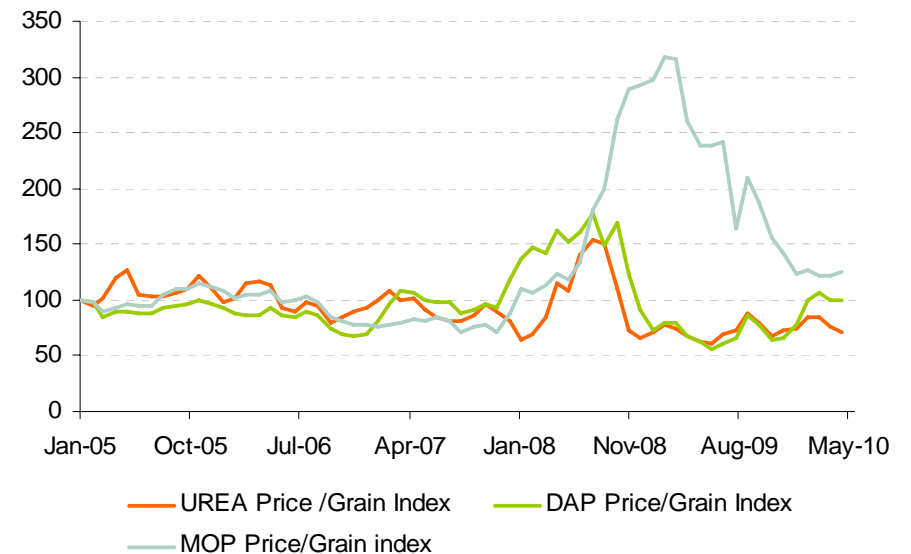
Potash Prices Remained Steady in 1H 2010

Global Trends in Fertilizer Prices



Source: FMB

Ag Commodity Prices to Fertilizer Prices (base 100=Jan 1995)

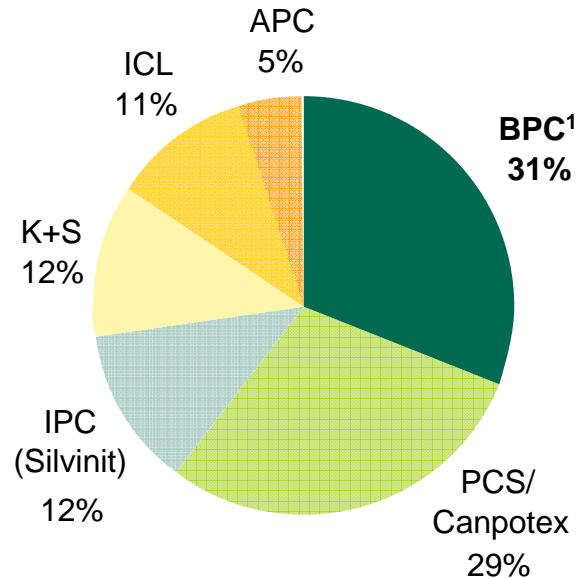


Source: IFA

- Potash prices remained steady in 1H 2010
- A strong anticipated fall in dealer application and restocking levels should provide further support to the Potash price
- Potash maintains the best fundamental outlook of the three fertilizer nutrients because:
 - it has substantial barriers to entry due to high capital costs and long lead times for greenfield capacity
 - and the fact that potash reserves are only located in a few regions

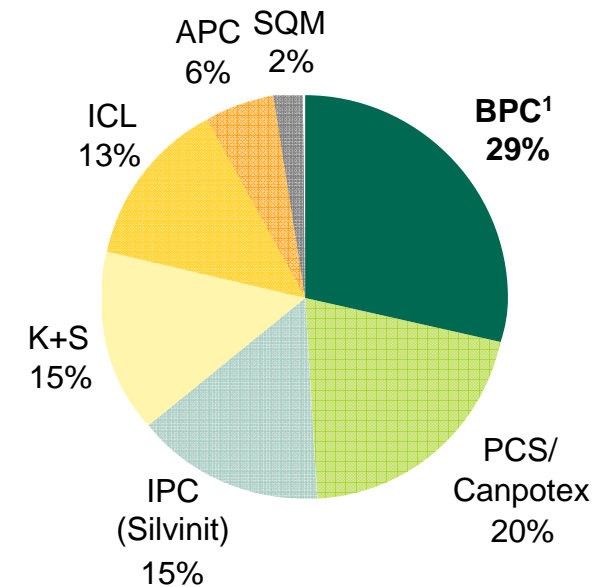
BPC is Number 1 in Export Market

2008



Source: IFA, Companies' reports

2009



Source: IFA, Companies' reports, BPC

- In 2009, one of BPC's toughest challenges was to maintain its market share amidst a sharp fall in the potash market and aggressive pricing by smaller suppliers in major import markets
- By responding quickly to this challenge in key import markets BPC was able to avoid a substantial fall in its market share

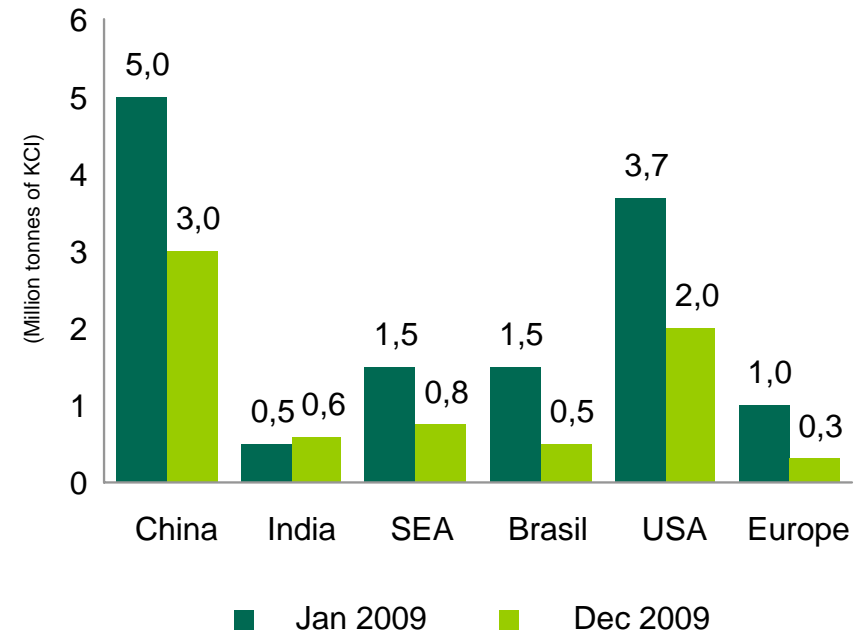
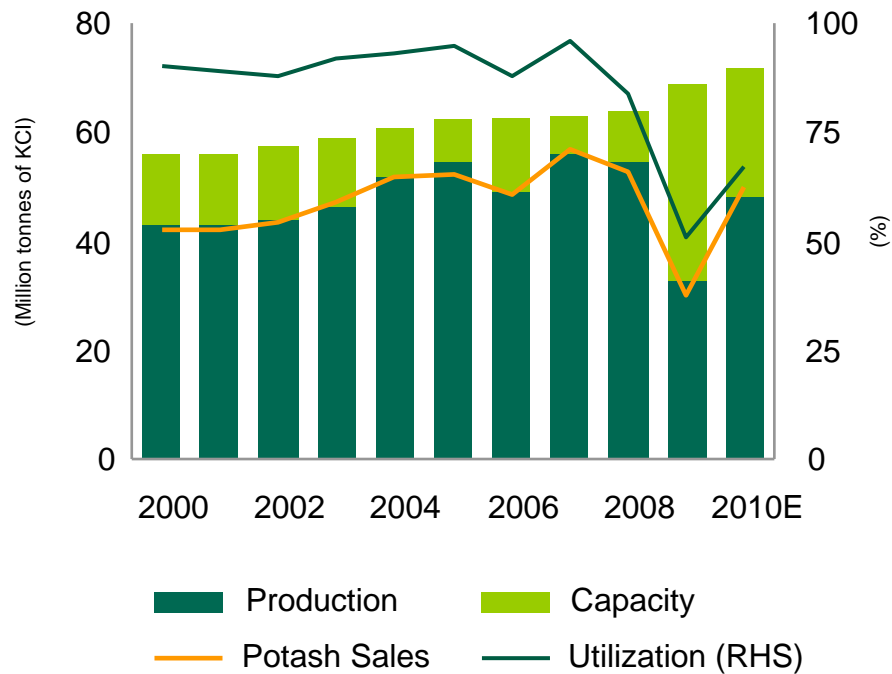
Notes:

1. Together with Uralkali Trading S.A.

Market is Recovering, We are Well Positioned

World potash sales in 2010 are projected to rebound firmly

Massive destocking throughout 2009 brought year-end stocks to a very low level

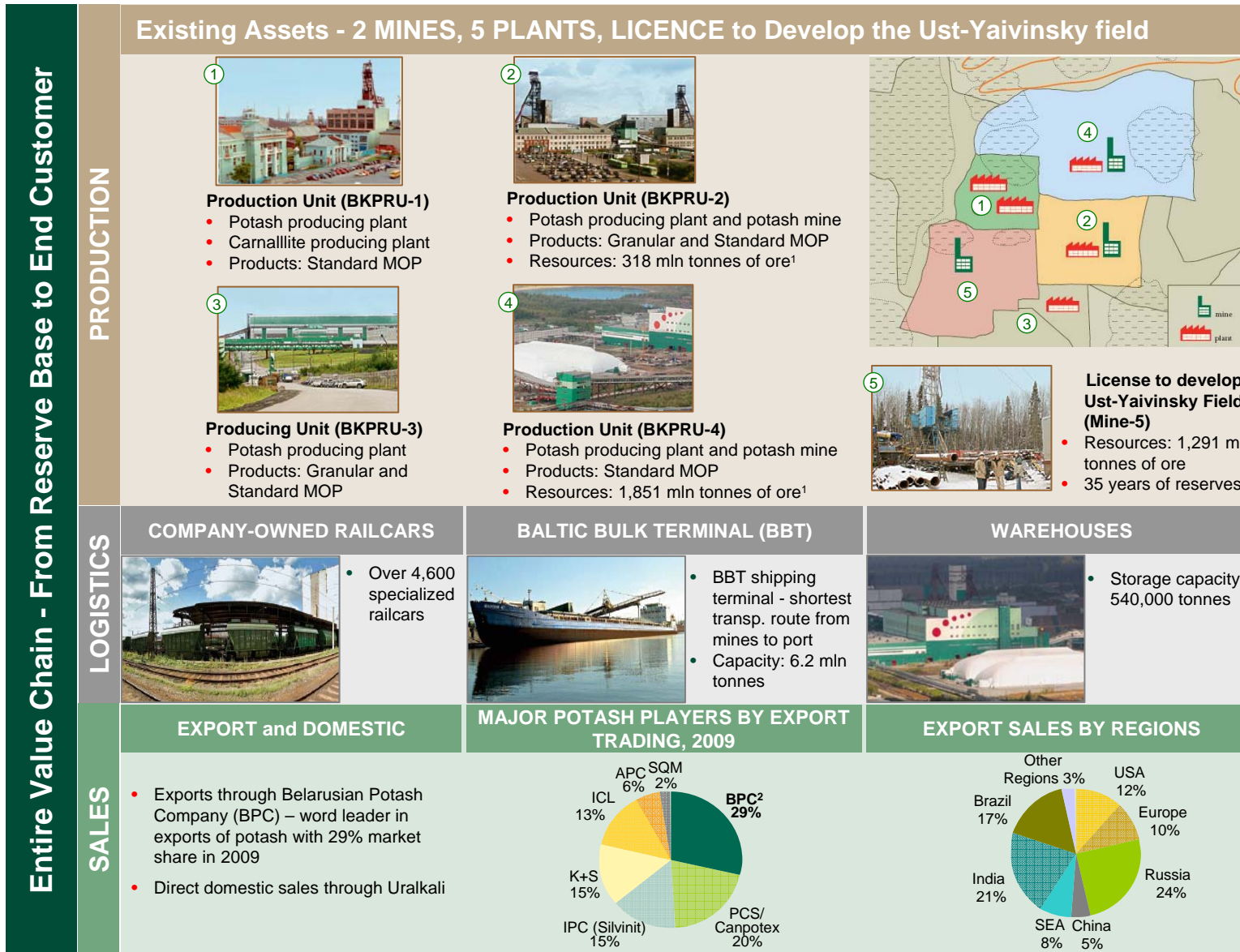


Source: IFA, BPC estimates

Agenda

- Potash Market Outlook
- Operating update
- Financial Results

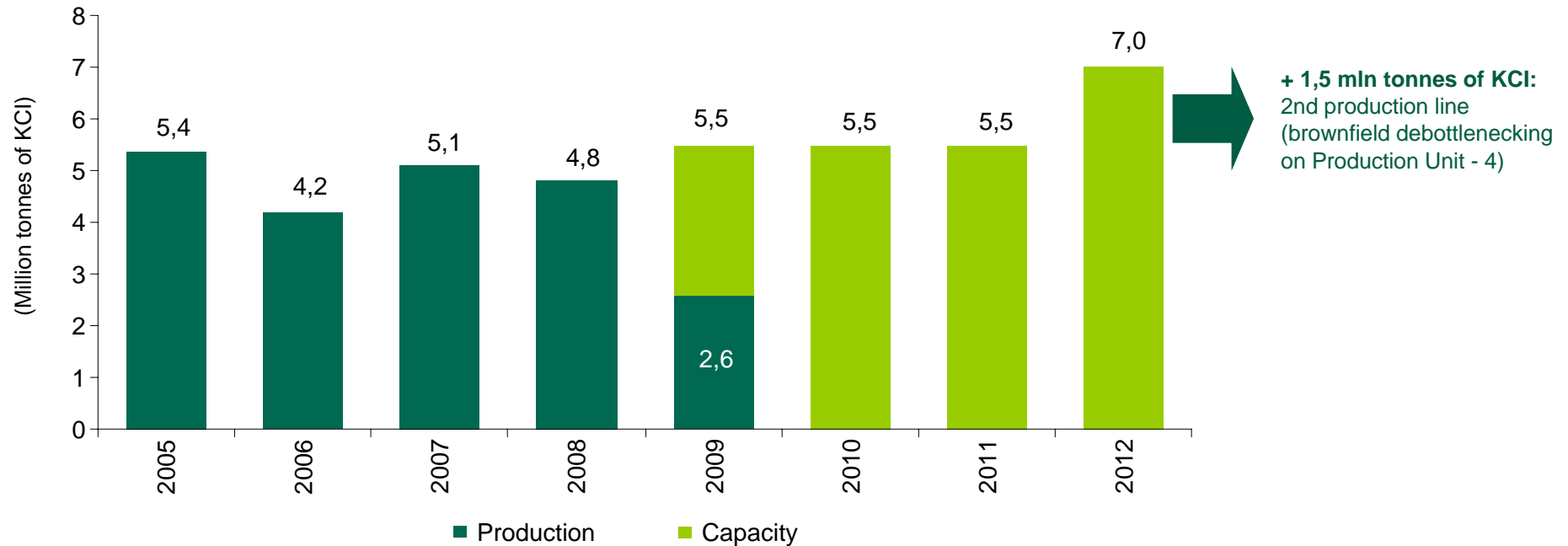
Group Structure



Notes

1. JORC as of January 1, 2010
2. Together with Uralkali Trading S.A.

Well-Positioned to Meet Market Recovery



- **In addition to the 27% capacity expansion planned for 2012, Uralkali has an option for further long-term expansion at Mine-5**
- **Mine-5 key milestones:**
 - 2011 – preparation and approval of the mine construction design documentation
 - 2018 – reaching full capacity of the mine
 - Processing capacity - decision to be taken once potash market recovers and necessary approvals are granted



Agenda

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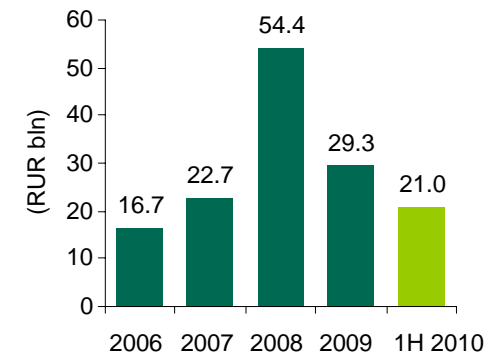
Key Highlights

IFRS Financial Results

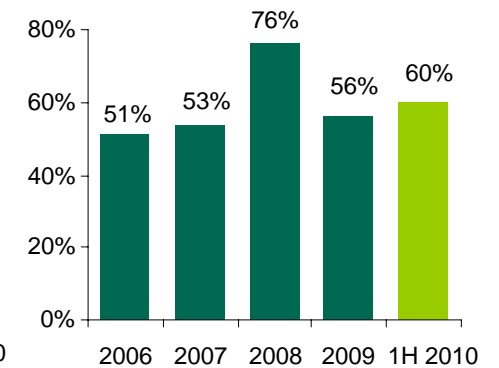
(RUR mln)	2008	2009	1H 2010
Production (Million tonnes)	4.8	2.6	2.4
Sales (Million tonnes)	4.7	2.5	2.7
% of domestic sales	11%	24%	12%
Gross sales	62,798	33,809	27,384
Net Sales ¹	54,355	29,314	21,035
EBITDA ² adjusted	41,349	16,375	12,695
Margin ³	76%	56%	60%
Net Profit	21,943	9,095	8,420
Operating Cash Flow	32,604	4,472	8,945
Capex	14,341	14,105	6,144
Expan/Mainten. proportion	53/47	47/53	56/44
Debt	13,987	13,463	14,600
Cash	16,174	4,297	5,093
Net Cash/(Debt) ⁴	2,187	-9,166	-9,507
Dividend Payout Ratio	39%	40%	

Key Considerations

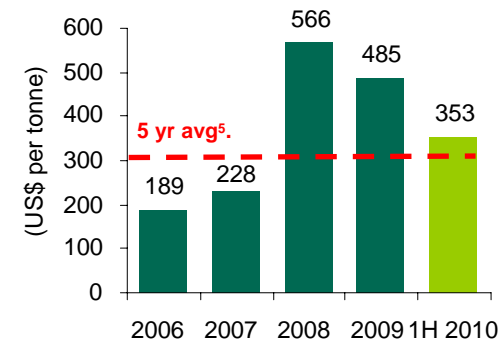
Net sales



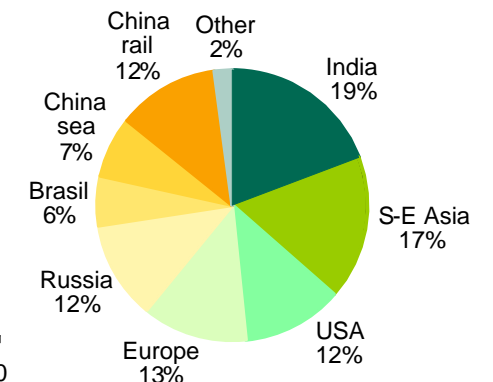
Adj. EBITDA margin, %



Average export price



Potash sales structure, 1h 2010



Notes:

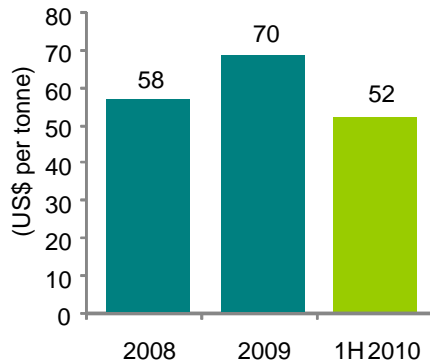
1. Based on adjusted sales (sales net of freight, railway tariff and shipping costs)
2. Adjusted EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs
3. EBITDA Margin is calculated as EBITDA divided by Net Sales
4. Net cash position is calculated as cash and cash equivalents (including deposits) minus bank loans
5. 5 year average price level was calculated based on average sales prices as for 2005-2009

Costs

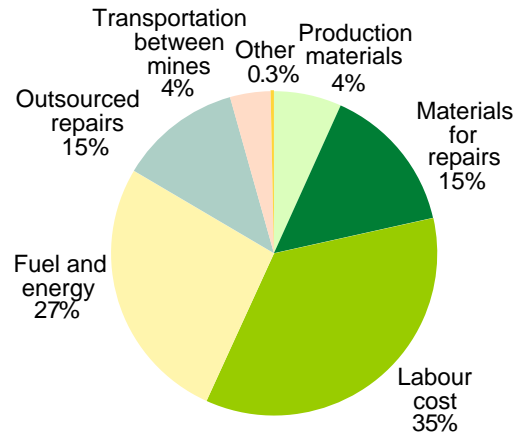


Cash COGS

Potash cash COGS¹

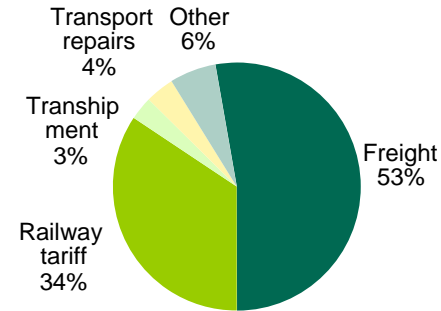


Cash COGS² structure, 1h 2010

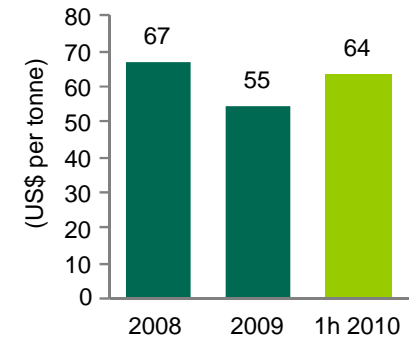


Distribution costs

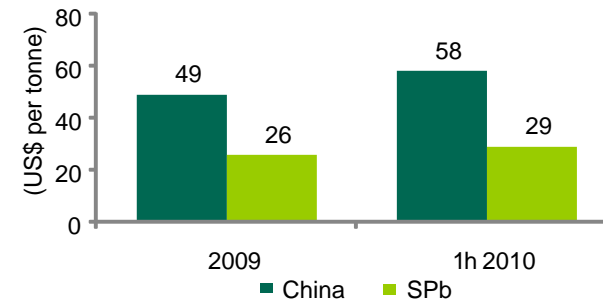
Distribution cost structure 1h 2010



Effective freight rates⁴



China and SPb effective railway tariff⁵



- Low cost producer within potash industry
- Fixed vs. variable cash COGS structure 60/40³ is preferable to production volume growth
- Potash Cash COGS³ 1h 2010 – 52US\$ per tonne vs. 54US\$ per tonne in 1h 2008
- Favourable effect of RUR devaluation

- Av. freight rates returned to historic “pre-crisis” level

Notes:

1. Total cost of sales for potash sales (Note 7. Segment reporting) less depreciation in COGS (Note 14). Depreciation is divided proportionally btw. Potash and Other sales
2. Cost of goods sold less depreciation
3. For 100% utilization rate

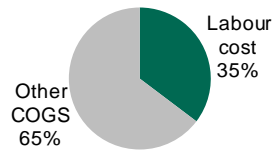
Notes:

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

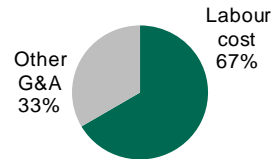
Cost Cutting Programmes

Productivity Increase

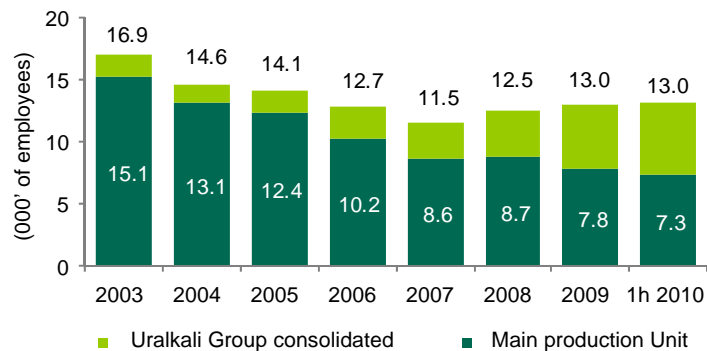
As % of cash COGS



As % of cash G&A¹



Headcount, (period average)



Potash sector labour rates (2009)



- Low labour cost compared to other potash producers
- Target – 6,000 employees in main production unit

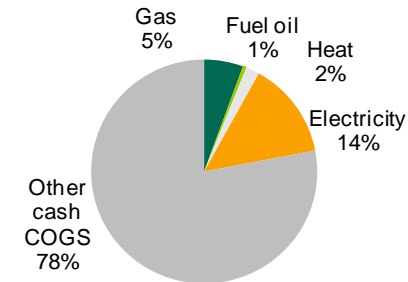
Source: Uralkali, British Sulphur Consultants

Notes:

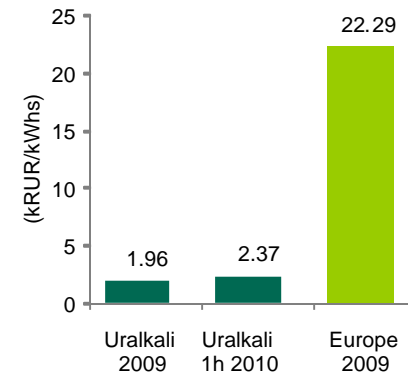
1. General and administrative expenses less depreciation and amortization

Power Generation Programme

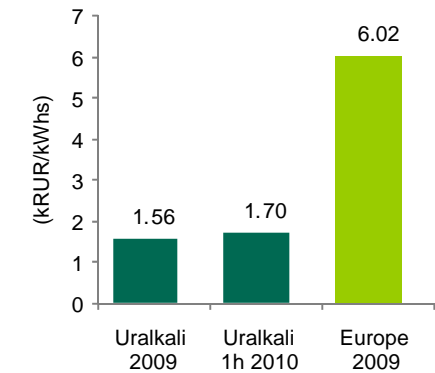
Fuel and energy cost, 1h 2010



Gas tariff²



Effective electricity tariff³



- After full implementation, expected efficiency gain is 50 RUR per tonne of potash production³

Notes:

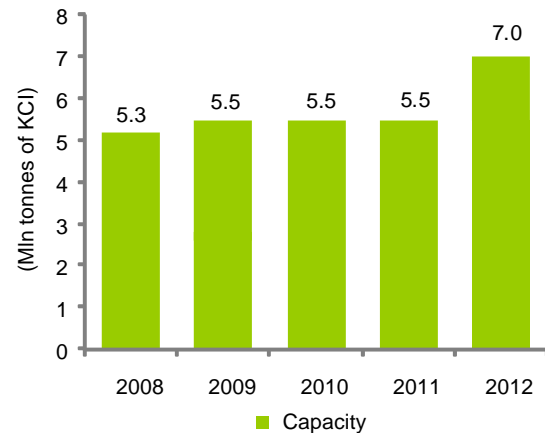
2. Average natural gas and electricity prices charged in 2009 to final industrial consumers in UK, Germany and Spain per www.epp.eurostat.ec.europa.eu, converted to RUR at a US\$/RUR exchange rate of 31.75

3. We see the effect of the programme as the difference between the costs of purchased electricity and the cash costs of generated electricity, based on the assumptions that the company will operate at full capacity and the price increase will be 25% and 15% for gas, and 11% and 12% for electricity in 2010 and 2011 respectively

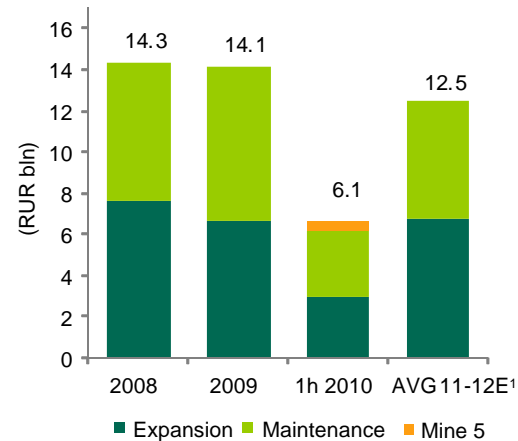
Capex and Cash Flow

Capex

Capacity Addition Program



Capex Evolution

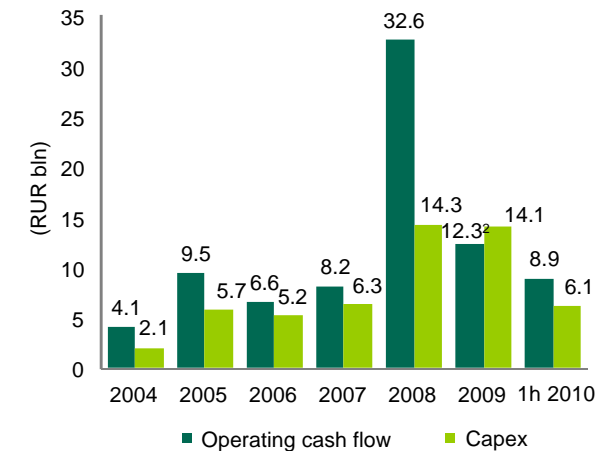


Notes:

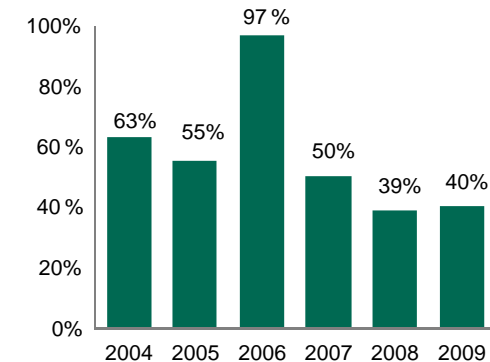
1. Mine 5 is not included

Cash Flow

Oper. Cash Flow vs. Capex



Dividends Payout Ratio



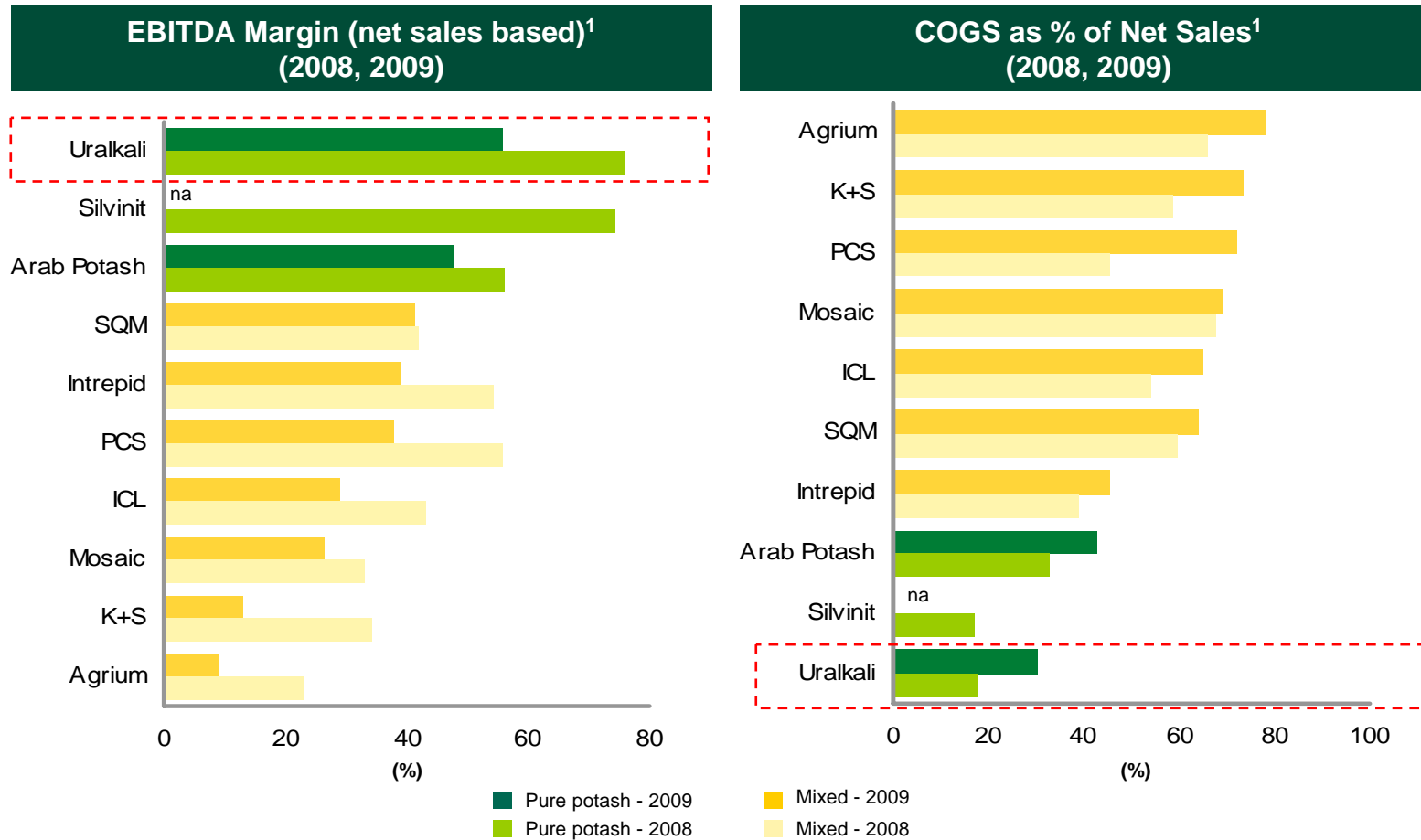
Notes:

2. Operating Cash Flow for 2009 was adjusted for the amount of compensations related to Mine-1 flooding, paid in 2009 (7.8 bln RUR)

- 1h 2010 Capex split ~ 56/44 expansion/maintenance
- 8.8 bln RUR – total amount of compensation related to Mine-1 flooding (2.3 bln RUR paid in April 2009, 5.5 bln RUR in December 2009, 1 bln RUR is expected to be paid in 2010)
- 100% of bank loans are in US\$, with an average interest rate of app. 3.31%

	2009	1h 2010
	US\$ mln	US\$ mln
Debt (bank loans)	445	468
Cash	142	163
Net Cash (Debt)	(303)	(305)

Superior Top Line Growth and Profitability



Sustainable superior financial performance

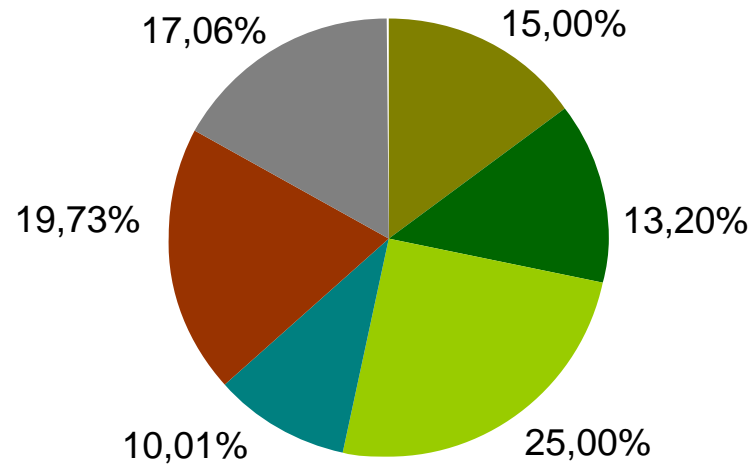
Source: Relevant company reports, Uralkali audited IFRS financial statements

Note:

1. Based on gross sales for Silvinit, Arab Potash, Yara and SQM
2. Financial data for Mosaic is based on financial years ended May 2004, May 2008 and May 2009
3. Financial data for Silvinit is based on Bloomberg consensus forecast

Uralkali Shareholder Structure¹

- **Becounioco Holdings Ltd (Mr. Galchev)**
- **Aerellia Investments Ltd (Mr. Nesis)**
- **Kaliha Finance Ltd (Mr. Kerimov)**
- **Madura Holding Ltd (Mr. Rybolovlev)**
- **The Bank of New York (LSE)**
- **Legal entities and individuals (RTS, MICEX, others)**



Total number of shares - 2,124,390,000
 Equivalent of 424,878,000 GDRs

Note:
 1. Data as of June 15, 2010



Thank You!