

# Uralkali: A Leader in the Global Potash Market

**Investor Presentation**  
**February 2013**

# 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.

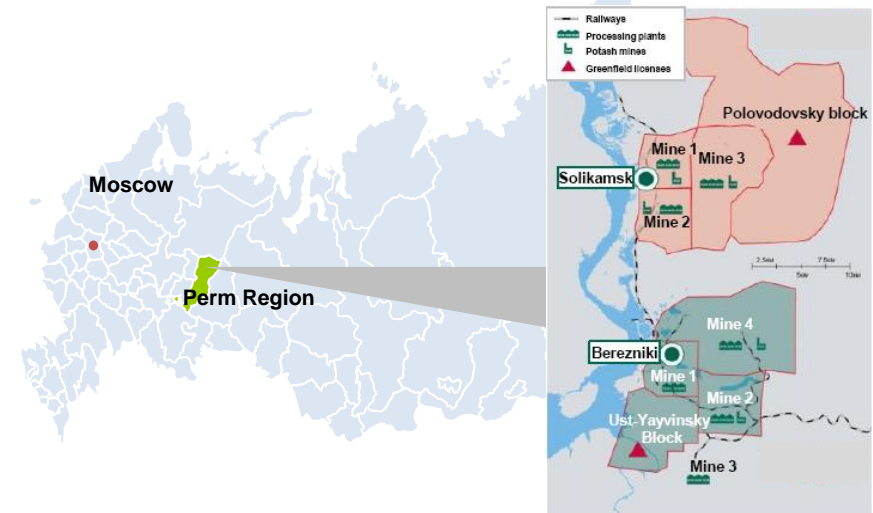
# Uralkali at a Glance



## Leadership and Growth

- **Leader in potash production**
  - 2013 capacity – 13 mln tonnes<sup>1</sup>
  - 2012 sales – 9.3 mln tonnes of KCl
- **Leader in the potash export market<sup>2</sup>**
- **Lowest cost producer**
  - Unit cash COGS 1H 2012 – **US\$60** per tonne
- **Experienced management team**
- **Commitment to high standards of corporate governance and sustainability**

## Production Assets



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

**Potash pure play global leader with unique fundamentals**

Notes:

1. Capacity is given as of 1st January 2013
2. Through all Uralkali traders

## Key Figures Overview

(US\$ mln)	IFRS Q3 2012	IFRS 9M 2012	IFRS Q3 2011	Pro-forma <sup>1</sup> 9M 2011
Gross Revenue	1,060	3,294	1,209	3,182
Net Revenue	886	2,790	1,041	2,697
Average potash price, FCA, US\$				
- Domestic	228	255	219	201
- Export	373	378	376	342
(Mln tonnes)				
Production volume	2.6	7.4	2.9	8.1
Sales volume	2.5	7.6	2.8	8.1
- Domestic	0.6	1.6	0.5	1.4
- Export	1.9	6.0	2.3	6.7

- Potash production in 2012 totaled 9.12 mln t KCl

**Solid Company performance reflects strong business fundamentals and signs of positive market developments**

Notes:

1. Uralkali results include Silvinit results starting from 1 January 2011

# A Strategy to Deliver Future Growth



1	<b>Pure-potash focus and industry leadership</b>	<ul style="list-style-type: none"><li>■ Focus on potash – nutrient which represents strongest investment story across fertilizer sector</li><li>■ Aspire to strengthen leading global position supporting sustainable developments to global food supply</li></ul>
2	<b>Capacity expansion to meet growing demand</b>	<ul style="list-style-type: none"><li>■ Value accretive investment program to selectively expand production capacity</li><li>■ Strategy of matching supply to demand</li></ul>
3	<b>Robust capital structure</b>	<ul style="list-style-type: none"><li>■ Retain robust capital structure (net debt: LTM EBITDA - 1.0x-2.0x)</li><li>■ Maximize shareholder return through balanced approach to investing in organic growth and return of excess liquidity</li></ul>
4	<b>Maximize efficiency through competitive cost position</b>	<ul style="list-style-type: none"><li>■ Maintain and enhance position as one of the lowest cost potash producers globally</li><li>■ Continuous improvements in operational efficiency and realization of synergies from combination with Silvinit</li></ul>
5	<b>Focus on people and communities</b>	<ul style="list-style-type: none"><li>■ Position Company as employer of choice amongst CIS mining companies</li><li>■ Labor safety / employee development / community development</li></ul>
6	<b>Promoting environmental safety</b>	<ul style="list-style-type: none"><li>■ Delivering value whilst operating in a socially responsible manner</li><li>■ Minimization of environmental impact of our operations</li></ul>
7	<b>Leading corporate governance standards</b>	<ul style="list-style-type: none"><li>■ Principles of openness, transparency and risk mitigation for all stakeholders</li><li>■ Continuous improvement in our leading corporate governance standards</li></ul>



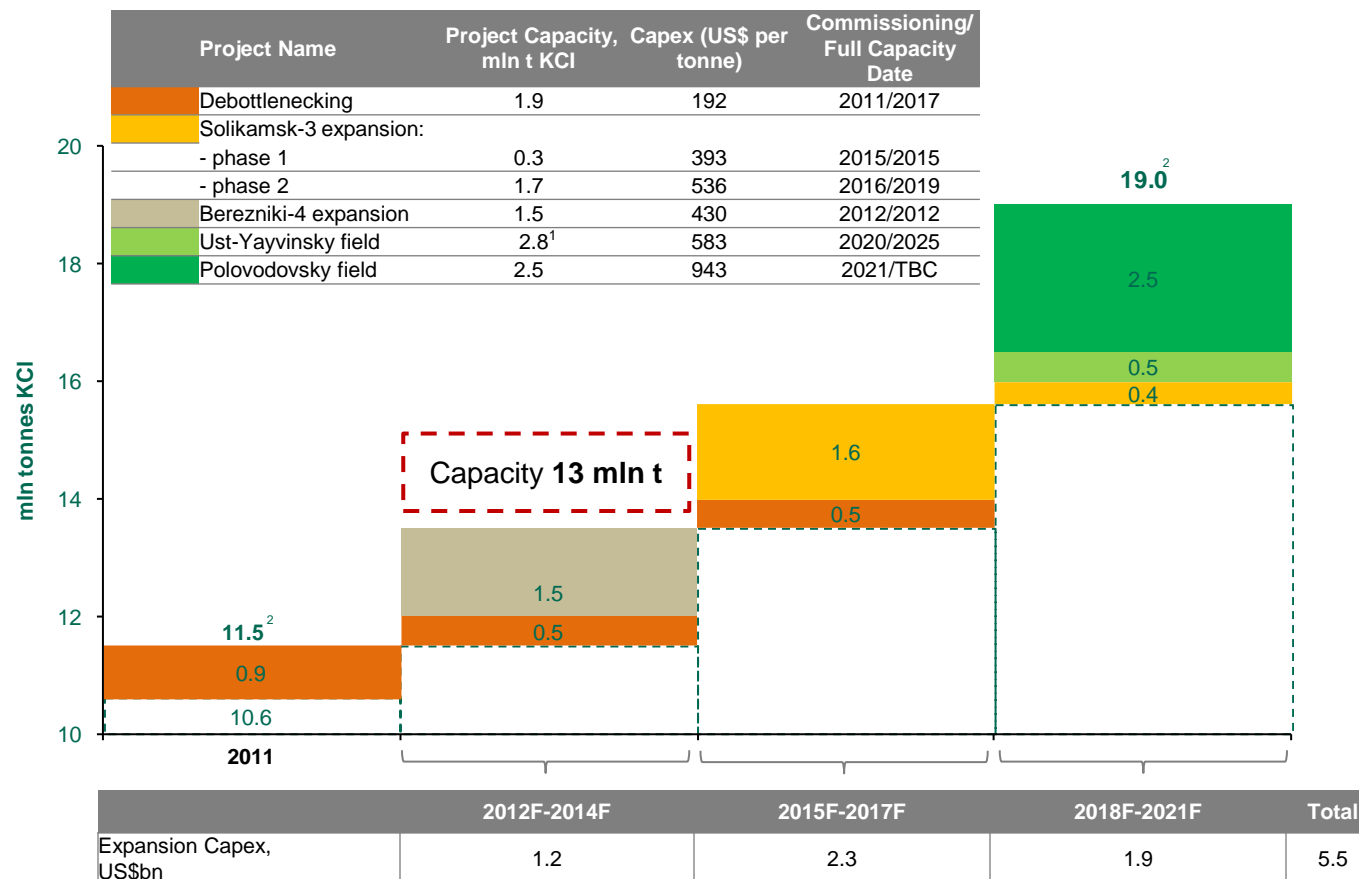
**Clear strategic roadmap to drive longer term value creation and capital discipline**



# Expansion Programme



## Strategic Capacity Expansion to Meet Growing Demand



### Asset Scale

- JORC resources of 8.6Bnt

### Attractive Mine Fundamentals

- Shallow mine depths (300-450m)
- Infrastructure already in place

### Cost Advantage

- Brownfield – c.US\$420/t<sup>3</sup>
- Greenfield – c. US\$750/t<sup>3</sup>
- Potash price to justify investments – c. US\$230/t<sup>4</sup>

For more details on Uralkali's expansion programme please visit

[www.uralkali.com/expansion\\_programme/](http://www.uralkali.com/expansion_programme/)

**Sustaining long-term leadership on the most cost effective basis in the industry**

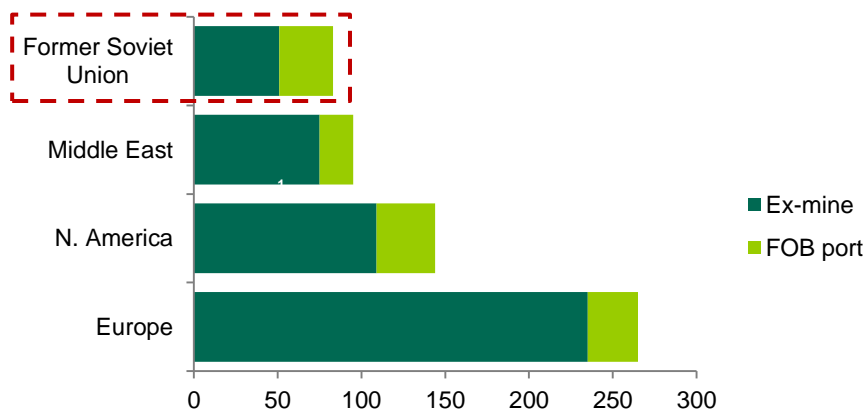
Note:

- 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
- Capacity is given as of the year end
- Weighted Average Cost
- Required Rate of Return 15%

# Leadership in Cost Position

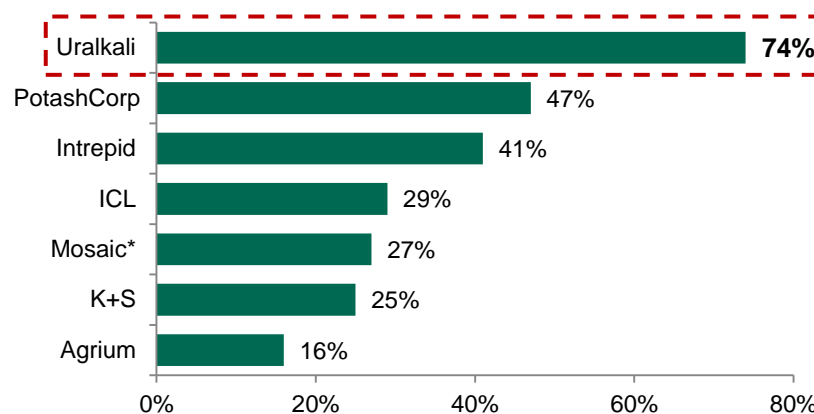


## Global Cash Costs



Source: Fertecon, December 2012

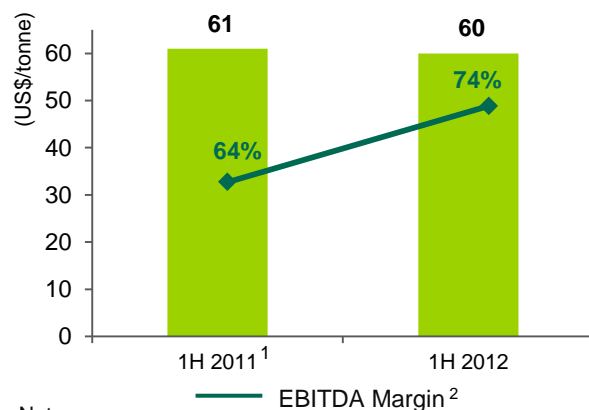
## 1H 2012 EBITDA Margin (% , net sales based)



Source: Company reports, Bloomberg

\* Based on second half 2012 financial data for year ending May 31<sup>st</sup> 2012

## Unit Potash Cash COGS<sup>1</sup>



Notes:

1. Pro-forma 6M 2011 is calculated as Uralkali financial results for 1H 2011 + Silvinit financial results for 1H 2011
2. EBITDA margin is calculated as EBITDA divided by Net revenue

## Key Considerations

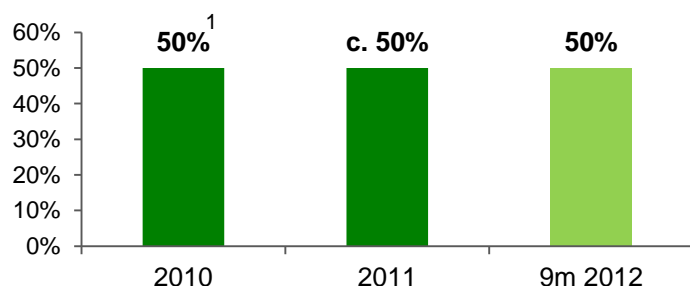
- Unit cash COGS for 1H 2012 – US\$60 per tonne
- One of the most profitable players in the industry by EBITDA margin

# Focus on Robust Capital Structure

## Dividend Policy

- Pay-out ratio: minimum 50% of IFRS net income
- Interim dividends at least twice a year

### Dividend Payout Ratio



## Buyback Programme

- 13 Nov'12 – 13 Nov'13 resumed buyback programme
  - Max amount US\$1,64bn
  - To-date US\$37.4 mln was spent
  - Average GDR price – US\$37.3<sup>2</sup>

## Strong Balance Sheet

- As of Sep'12 Net Debt/LTM EBITDA – 0.7x with target range 1.0–2.0x

**Focused on shareholder value via a balanced approach to investing in growth and returning capital**

Notes:

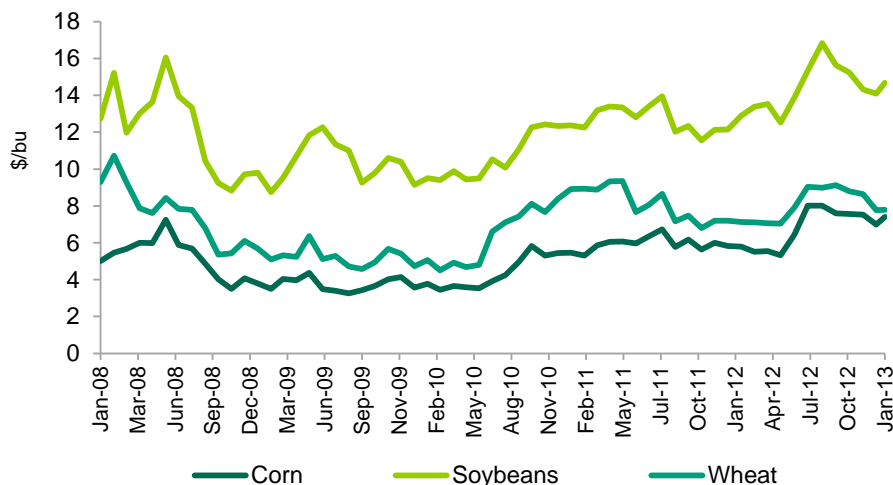
1. Of IFRS net income
2. Average buyback price calculated as total value acquired divided by total number of GDRs and shares (converted to GDRs at 5:1)



# Fundamentals Remain Strong

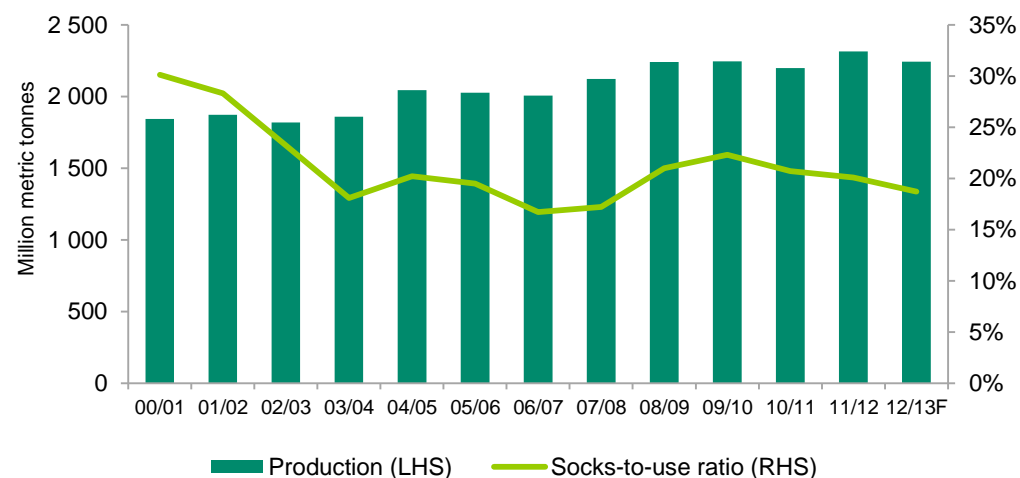


## Crop Prices Remain High From a Historical Perspective



Source: Bloomberg

## Global Grain Stocks-to-Use Ratio is Moving Down



Source: USDA, 11 February 2013

- Agricultural commodity prices traded at or close to historic highs in 2012
- Agricultural markets face the challenge of rebuilding global stocks in 2012/2013 given precariously balanced fundamentals
- In case of unfavorable weather conditions in 2013, we may see tighter crop balances

**Favorable agricultural commodity prices and strong farmers' profitability are expected to support potash demand rebound in 2013**

# Farmers' Gross Margins

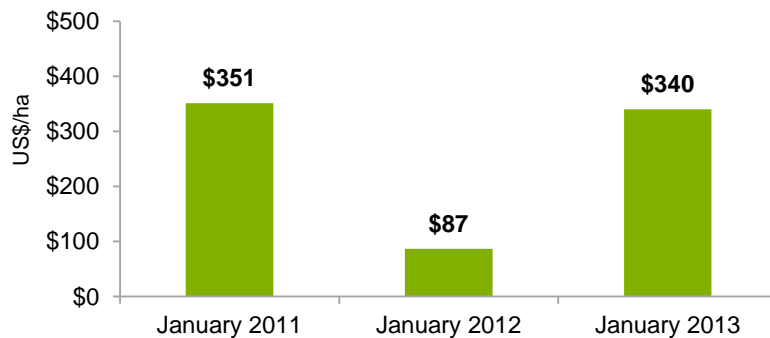
## Corn, USA



## Soybeans, Brazil



## Wheat, Poland

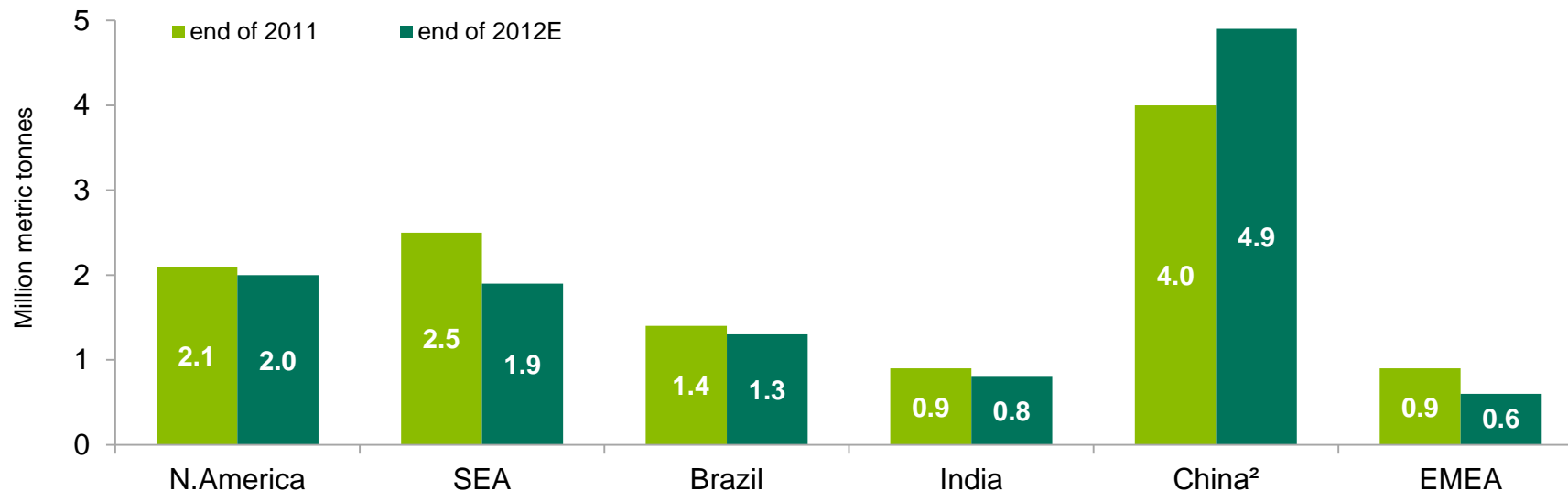


## Palm oil, Malaysia



**Solid returns will provide substantial support for fertilizer consumption growth in 2013**

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



**Normalised stock levels in key markets should promote potash demand recovery in 2013**

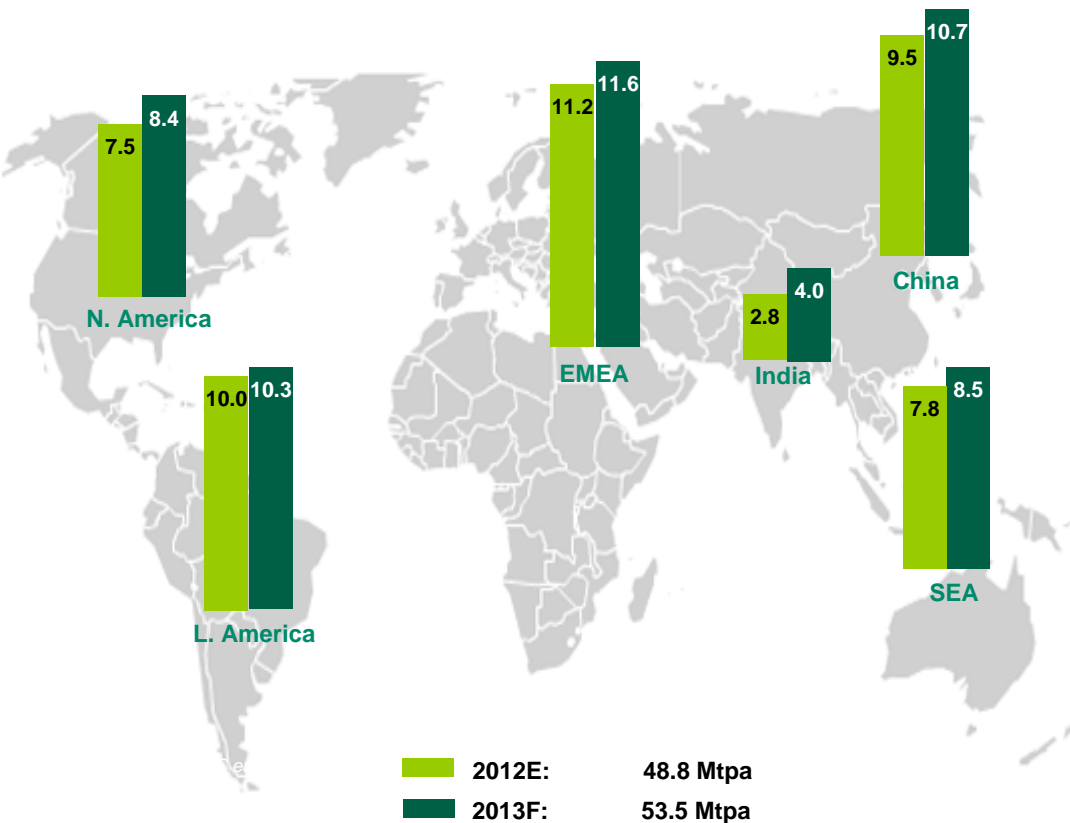
## Notes:

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

Source: BPC, Uralkali estimates

# World Potash Sales are Expected to Rebound Firmly in 2013

## Rebound in Potash Demand in 2013F



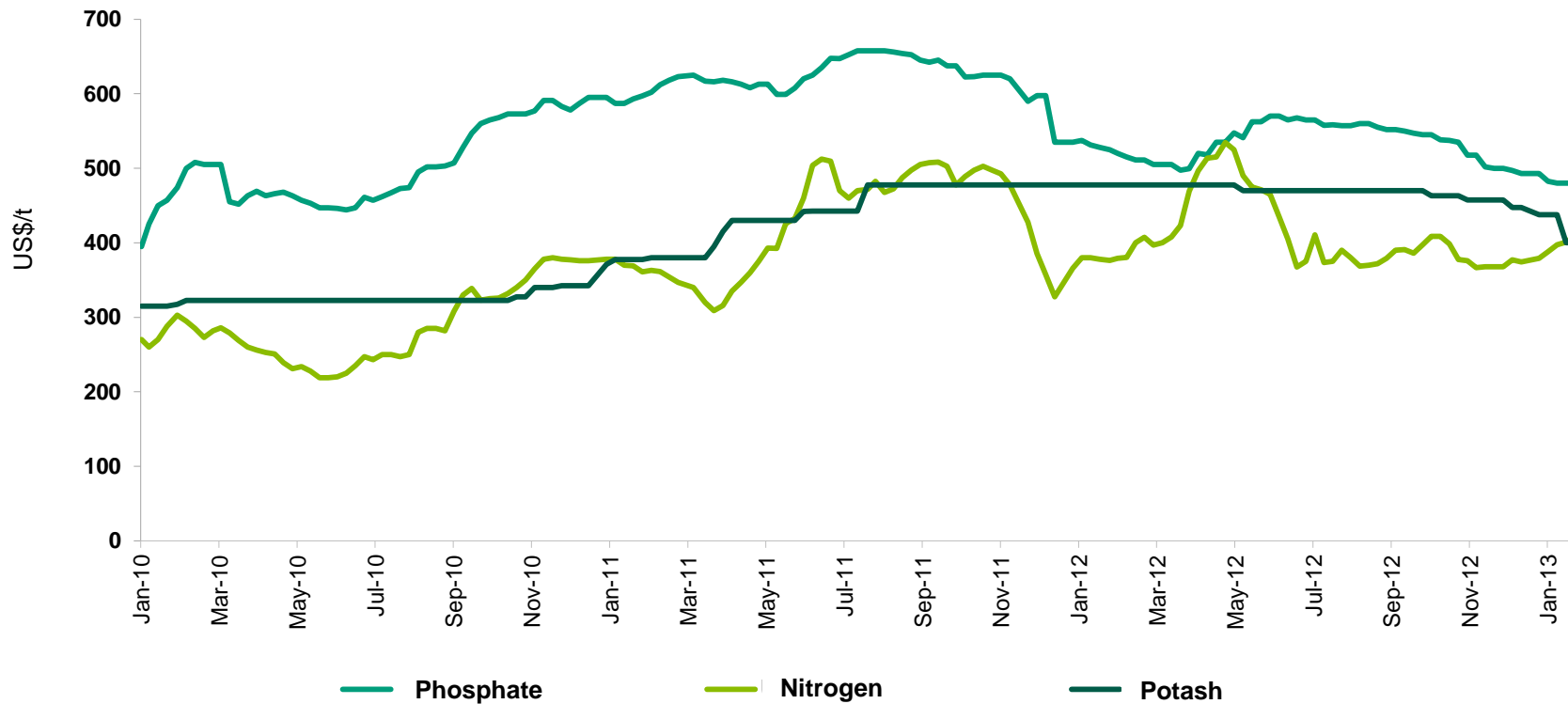
## Potash Supply/Demand Dynamics is Improving



- 2012 global potash deliveries are estimated at 49 Mtpa, following challenges in India and China and global macroeconomic uncertainty
- Demand recovery in 2013 should increase global deliveries up to 53-54 Mtpa

**Uralkali is well positioned to gain incremental volumes from the rebound in global potash deliveries in 2013**

# Global Trends in Fertilizer Prices



- China and India contract settlements removed uncertainty from the market and set a psychologically acceptable level for buyers
- Strong fertilizer application, robust farmers' profitability and higher operating rates should provide support for potash prices in 2013

# Potash Market Outlook



- Potash fundamentals remain supportive. Farmers' balance sheets are strong and potash is affordable on a historical basis
- Potash demand shows a stable recovery following the settlement with China and India. We expect global potash deliveries to increase to 53-54 Mtpa in 2013
- Potash demand recovery may lead to an improved pricing situation

# Conclusion and Outlook



## A Leader in the Global Potash Market

- Leading player in potash export market
- Amongst the lowest cost producers
- Attractive portfolio of cost-advantaged brownfield projects + large-scale greenfield opportunities
- Superior profitability leading to strong cash generation, balanced approach of investing in growth and returning excess liquidity

## Potash Market Update

- Global potash deliveries expected to range between 48-49 Mtpa in 2012
- Industry fundamentals remain supportive due to strong farmers' profitability and affordable fertilizer prices
- 2013 global potash demand is expected to increase by 12-13% yoy to 53-54 Mtpa

**Focused on delivery of growth to drive shareholder value**



## Appendices

**Business Model**

**Financial Position**

**Shareholder Structure, Management Team and Governance**

**Potash Market Fundamentals**

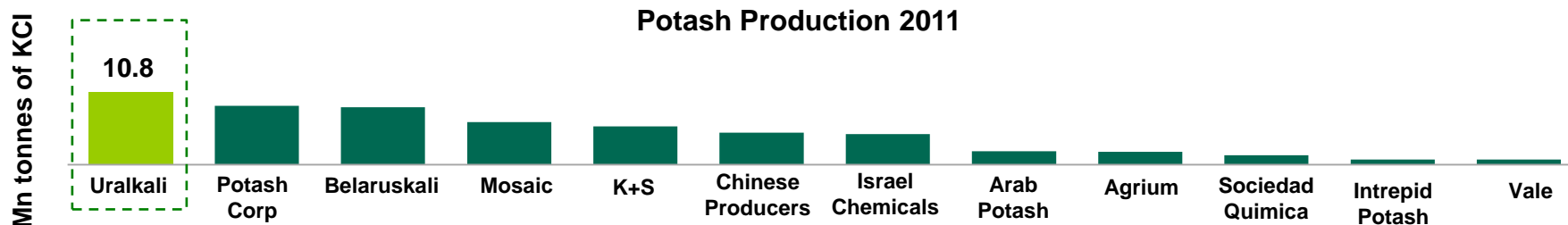
**Operating Process**

**Awards and Achievements**

# Uralkali – a Leader in the Global Potash Market



## Largest Global Potash Producer

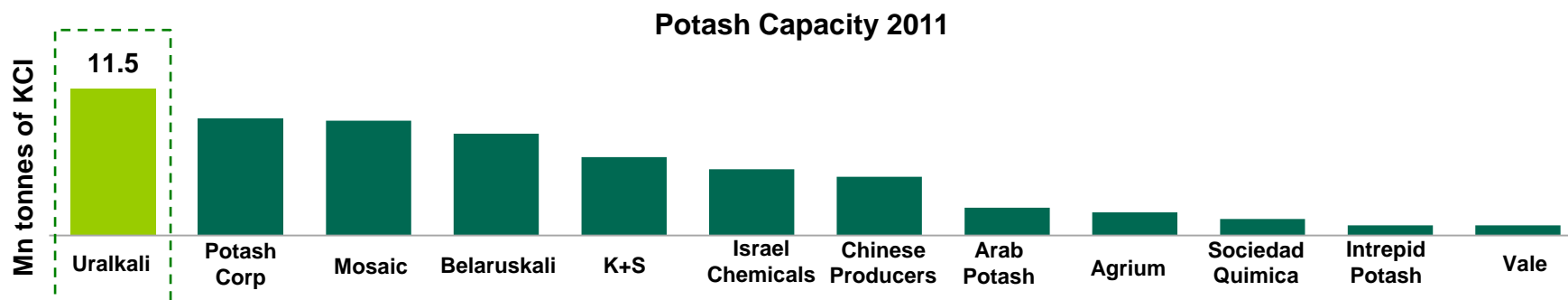


Source: Companies financial reports, IFA, National Bureau of Statistics of China

Note:

1. Mosaic production excluding share produced under toll agreement with PotashCorp

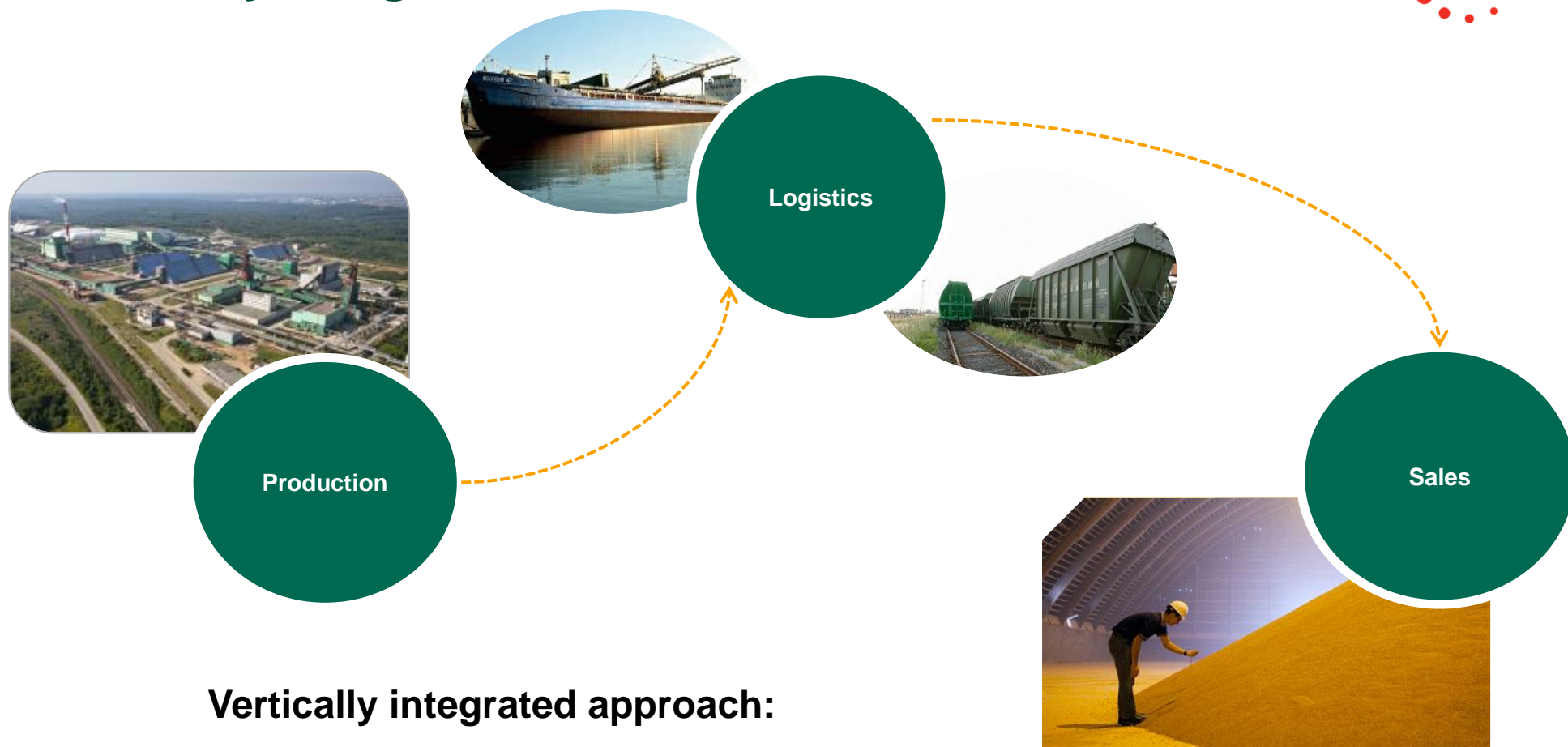
## Largest Player by Capacity



**Global Market Leader by Both Production and Capacity**

Source: Companies financial reports, IFA, National Bureau of Statistics of China, FMB, Fertecon, VTB Capital Research

# 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



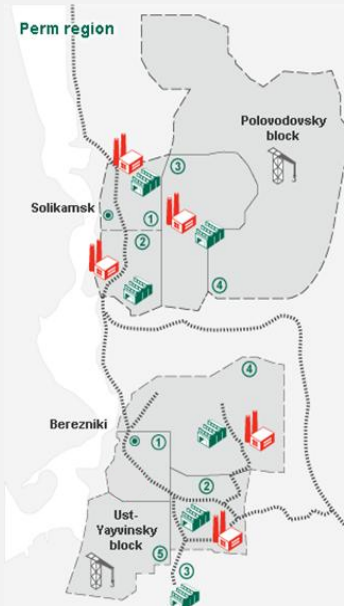
## Berezniki-4

- 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



## Polovodsky field

- Resources: 3,1 bn tonnes<sup>1</sup>
- Capacity: + 2,5 mln tonnes KCl in launch year 2021

Production capacity as of January 2013:  
**13 mln tonnes**

Employees in Uralkali main production unit:  
**c. 12,500 employees**

Note 1: JORC as of 1 January 2012

# 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

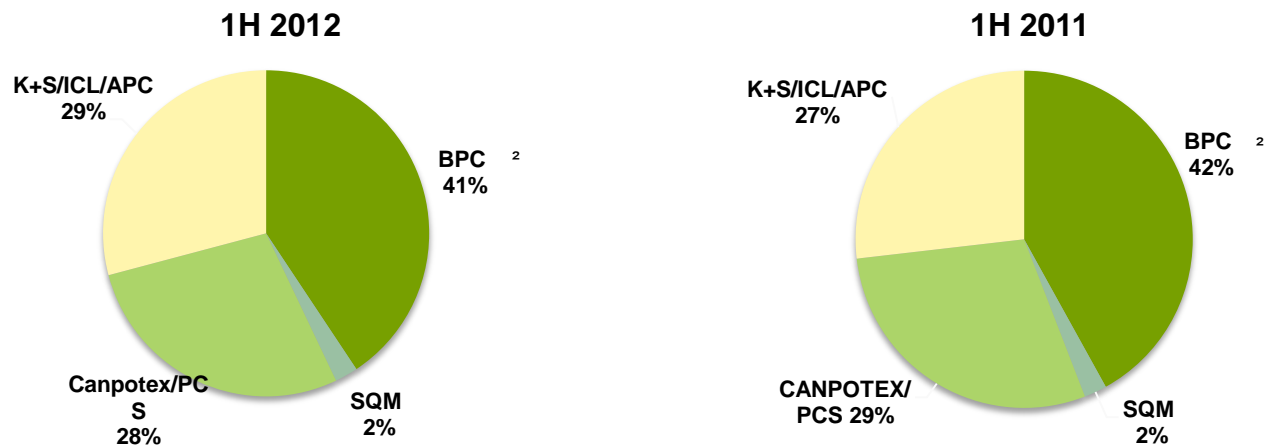


- Optimal split between production and marine port terminal sites
- Storage capacity of 640,000 tonnes:
  - Berezniki and Solikamsk – up to 400,000 tonnes
  - BBT – up to 240,000 tonnes

# Vertically Integrated Business Model – Sales



## Supplier's Market Shares in global export<sup>1</sup>



Source: IFA, companies' Earnings reports, Fertecon

## Key Strengths

- **BPC<sup>2</sup>** - trading joint venture with Belaruskali
- **#1 in export potash trade<sup>2</sup>**
- **Geographic coverage of over 40 countries – global diversification**
- **Starting January 2012, BPC<sup>2</sup> distributes all former Silvinit export volumes**
- **Highly experienced team of traders**
- **Total number of employees: 110**
- **Sales offices in 7 countries**

**Through BPC Uralkali has strong bargaining position**

Note 1: For the purposes of this chart the US is considered as domestic market for the North American producers

2. Together with Uralkali Trading Group



**Business Model**

**Financial Position**

**Shareholder Structure, Management Team and Governance**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

# Key Financial Highlights – 1H 2012

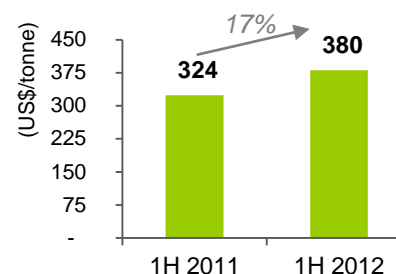


## Key Figures

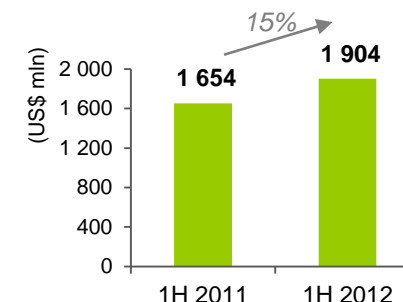
	IFRS	Pro-forma	Change
(US\$ mln)	1H 2012	1H 2011 <sup>1</sup>	%
Sales volume, mln tonnes	5.1	5.3	-3%
- Domestic sales	1.0	0.9	18%
<i>Sales for local consumption</i>	0.3	0.3	
- Export sales	4.1	4.4	-7%
Revenue	2 234	1 973	13%
Net Revenue <sup>2</sup>	1 904	1 654	15%
EBITDA <sup>3</sup>	1 400	1 054	33%
EBITDA margin <sup>4</sup> , %	74%	64%	
Net Profit	842	794	6%
CAPEX	160	226	
incl. Expansion	87	107	

## Key Highlights<sup>1</sup>

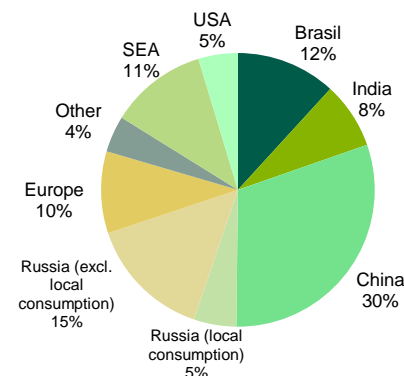
Average export potash price, FCA



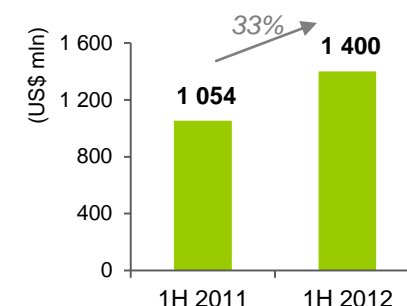
Net Revenue<sup>2</sup>



1H 2012 Market mix



EBITDA<sup>3</sup>



**Price environment remained robust, driving a 33% increase in EBITDA YoY**

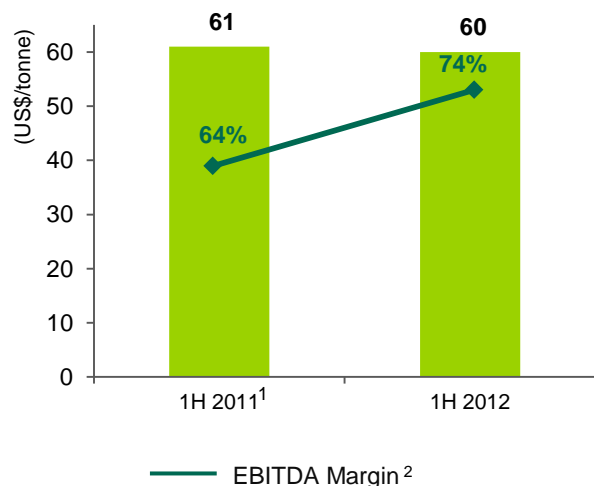
**Notes:**

1. Pro-forma 6M 2011 is calculated as Uralkali financial results for 1H 2011 + Silvinit financial results for 1H 2011
2. Net revenue represents adjusted revenue (sales net of freight, railway tariff and transshipment costs)
3. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs
4. EBITDA margin is calculated as EBITDA divided by Net revenue

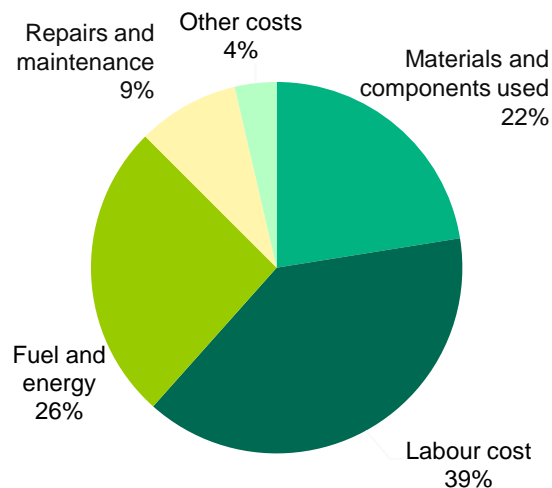
# Review of Cost Structure 1H 2012



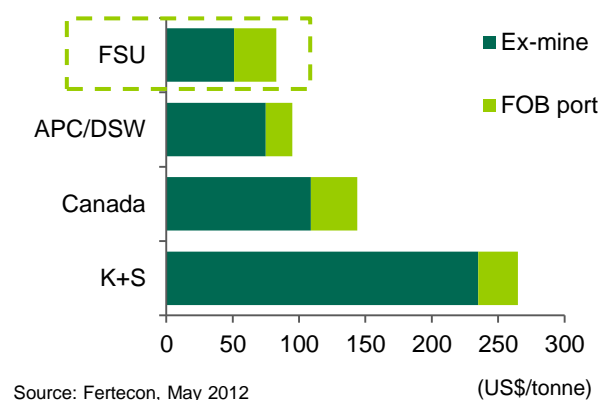
## Unit Potash Cash COGS<sup>1</sup>



## Cash COGS



## Global Cash Costs



**Focus on continuous improvements in operational efficiencies and realisation of synergies from the merger allowed to decrease unit cash COGS**

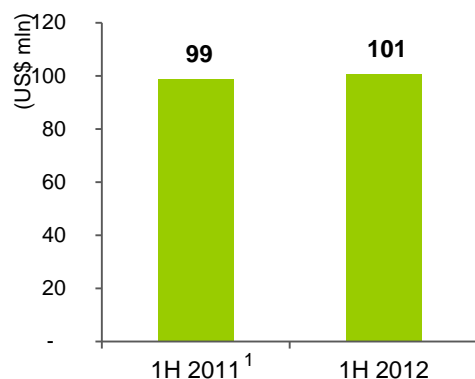
### Notes:

1. Pro-forma 6M 2011 is calculated as Uralkali financial results for 1H 2011 + Silvinit financial results for 1H 2011
2. EBITDA margin is calculated as EBITDA divided by Net revenue

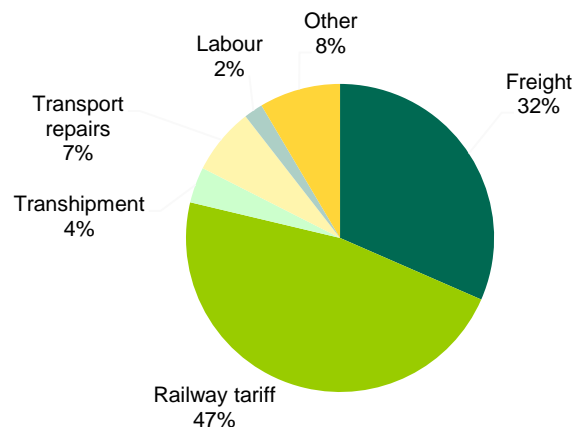
# Review of Cost Structure 1H 2012 (2 of 2)



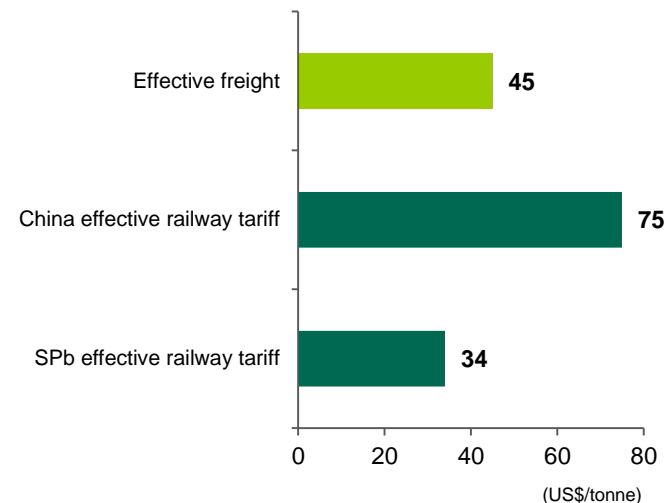
## Cash G&A Costs<sup>1</sup>



## Cash S&D Costs



## Effective Railway Tariff & Freight



**Global cost leadership through optimization and delivery of synergies**

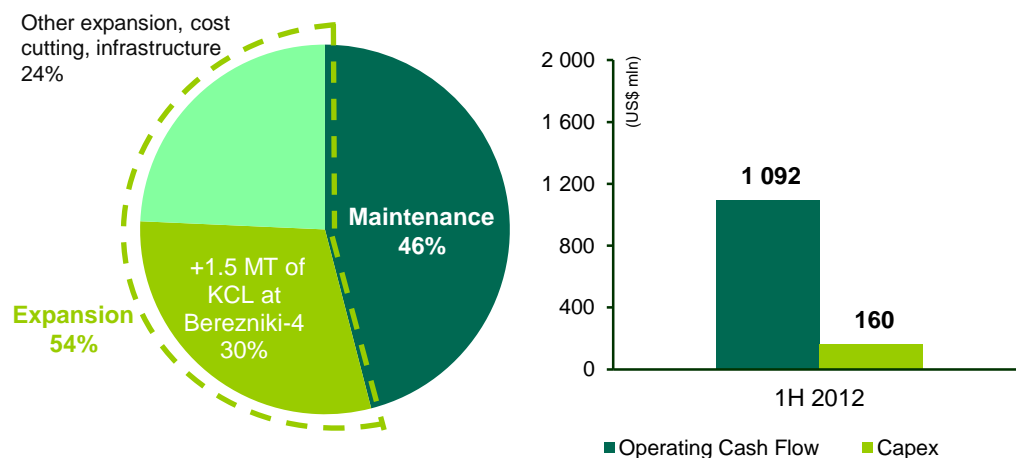
Notes:

1. Pro-forma 6M 2011 is calculated as Uralkali financial results for 1H 2011 + Silvinit financial results for 1H 2011

# Capex, Cash Flow, Balance Sheet 1H 2012



## Capex , Operating Cash Flow , Balance Sheet



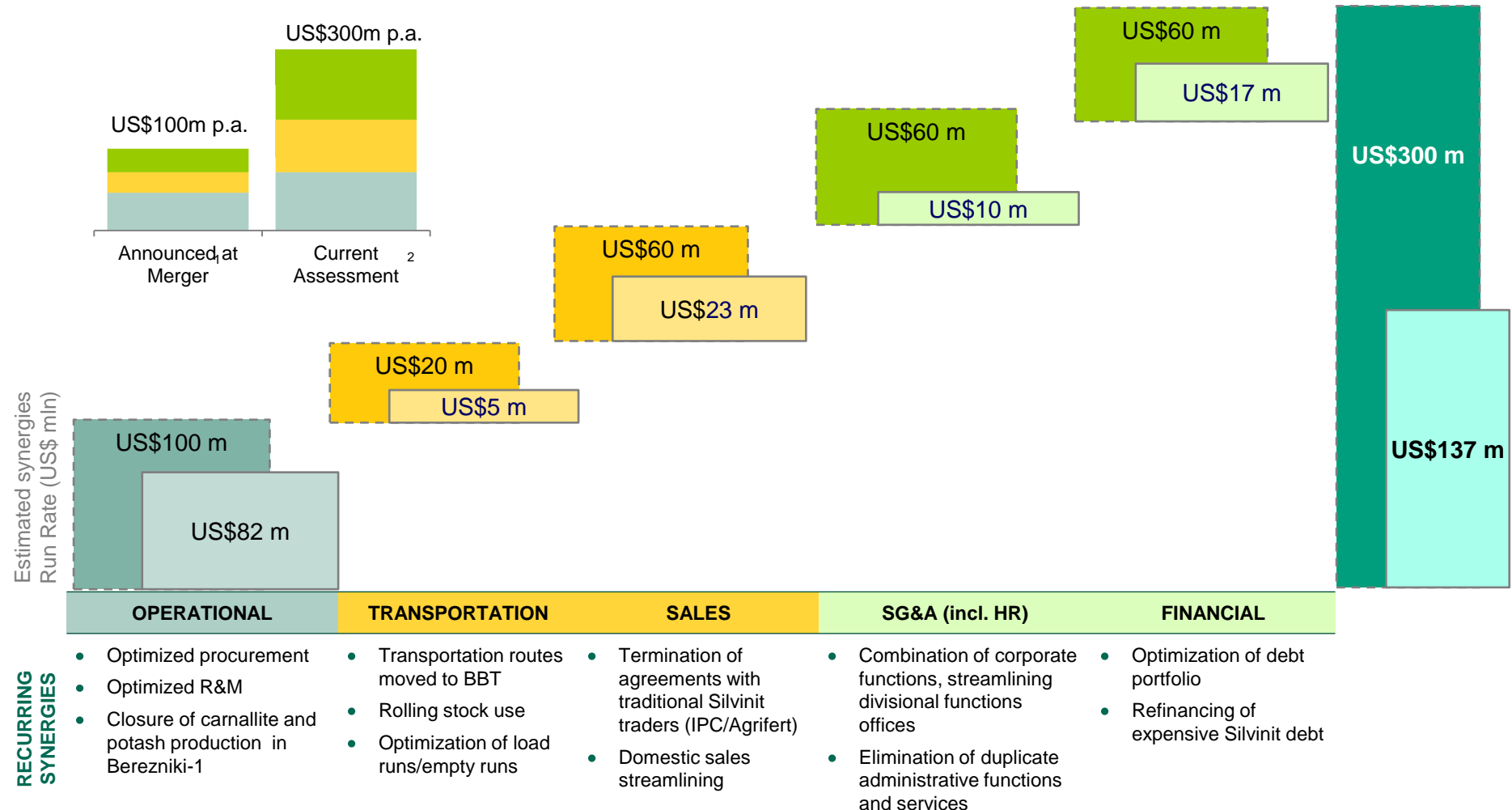
(US\$ bn)	30 June 2012
Debt ( <i>bank loans</i> )	3.8
Cash <sup>1</sup>	1.6
Net debt/(cash)	2.2
LTM EBITDA <sup>2</sup>	2.8
Net debt/LTM EBITDA	0.8x

- Loan portfolio parameters as of Jun'12:
  - c.100% of debt exposure is in US Dollars
  - Effective interest rate as of 30 Jun 2012 – 3.2%
  - Target Net Debt/LTM EBITDA ratio of 1.0–2.0x

**Balanced approach to investing in organic growth and returning excess capital to shareholders whilst maintaining a robust capital structure**

Note: 1. Including restricted cash  
 2. EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs; LTM EBITDA is calculated as 2H 2011 EBITDA plus 1H2012 EBITDA  
 3. Average buyback price calculated as total value acquired divided by total number of GDRs and shares (converted to GDRs at 5:1)

# Extracting Value through Synergy Realisation



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

Note:

1. Net of expected implementation costs
2. Gross of implementation costs of US\$42.5m (of which US\$17m was spent in 2011)

Run Rate (2013 onwards)

Achieved in 2011

**Business Model**

**Financial Position**

**Shareholder Structure, Management Team and Governance**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

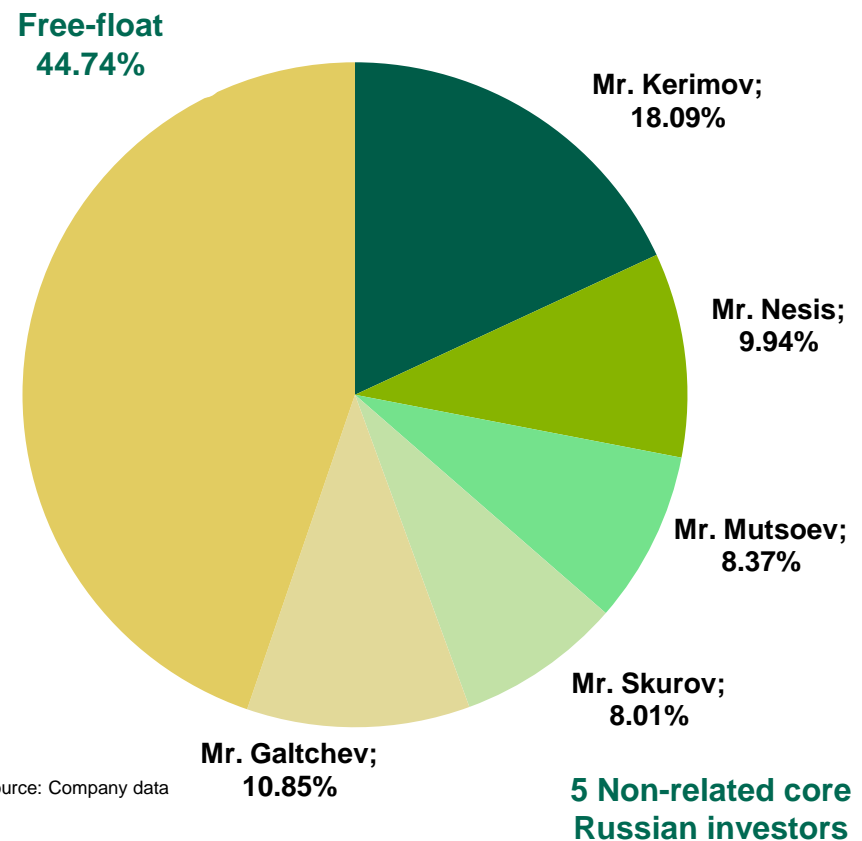


# Diverse Public Ownership



## Shareholder Structure<sup>1</sup>

- Shares and GDR's are traded on the LSE, MICEX/RTS
- Total number of ordinary shares is **2,936,015,891** (equivalent of **587,203,178** GDRs)
- GDRs represent 25% of Uralkali share capital as of February 4, 2013
- Shares acquired during buyback were cancelled in July 2012 – **c.5.1%** of charter capital in total (new number of shares is 2,936,015,891)



Source: Company data

Note:

1. Data as of 13<sup>th</sup> August 2012

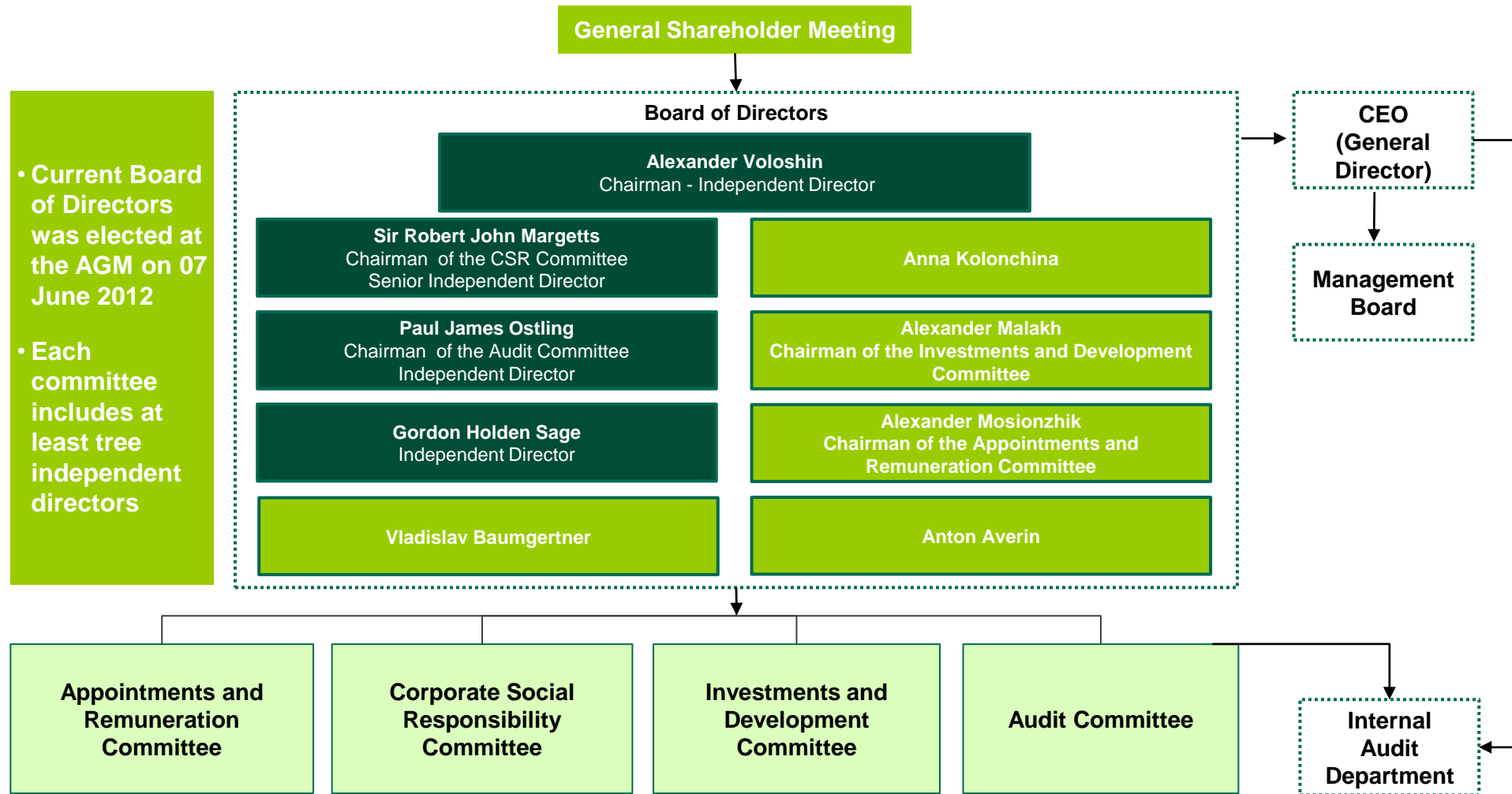
2. 12.5% shares belong to Wadge Holdings Limited, the issuer of the exchangeable bonds in favour of Chengdong Investment Corporation. Wadge Holdings Limited is beneficially owned by Messrs. Kerimov, Galtchev, Mutsoev and Skurov.

3. 2% shares beneficially owned by Mr. Skurov underline the Bonds issued to VTB Capital plc.

# Focus on Corporate Governance



## Uralkali Organisational Structure



Uralkali is Committed to Continuous Improvement in its Leading Corporate Governance Practices

# Highly Qualified Management Team



Management team optimally positioned to drive future growth

- Senior management team comprises of highly experienced operational, financial and functional professionals
- Extensive experience in mining/chemicals as well as potash industry



Valery Lepekhin  
Head of  
Internal Audit



Vladislav  
Baumgertner  
CEO



Viktor Belyakov  
CFO



Oleg Petrov  
Director of Sales  
and Marketing



Yevgeny  
Kotlyar  
COO



Vladimir  
Bezzubov  
Director of  
Procurement



Elena  
Samsonova  
Director of  
Human  
Resources



Marina  
Shvetsova  
Director of Legal  
and Corporate  
Affairs



Stanislav  
Seleznev  
Director of  
Health, Safety  
and Environment  
Protection



Alexander  
Babinsky  
Head of Public  
Relations



Anna Batarina  
Head of Investor  
Relations and  
Capital Markets



Andrey  
Motovilov  
Head of  
Government  
Relations

**Business Model**

**Financial Position**

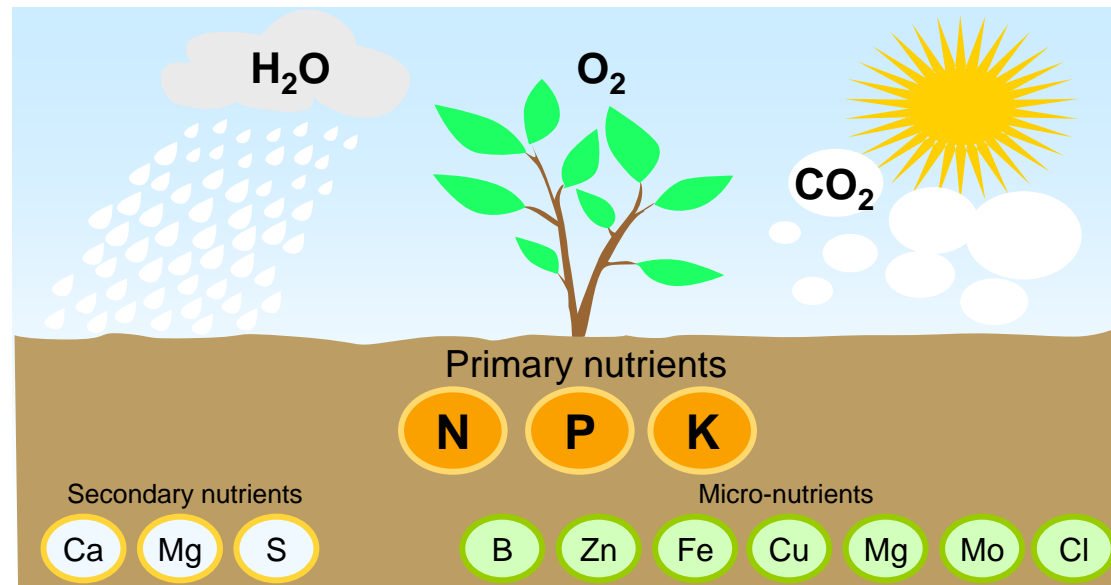
**Shareholder Structure, Management Team and Governance**

**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> (2012E Consumption)	<b>33.5 million tonnes K<sub>2</sub>O (53.9 million tonnes KCl)<sup>2</sup></b>	41.1 million tonnes ( P <sub>2</sub> O <sub>5</sub> )	107.5 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\$4.1bn 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

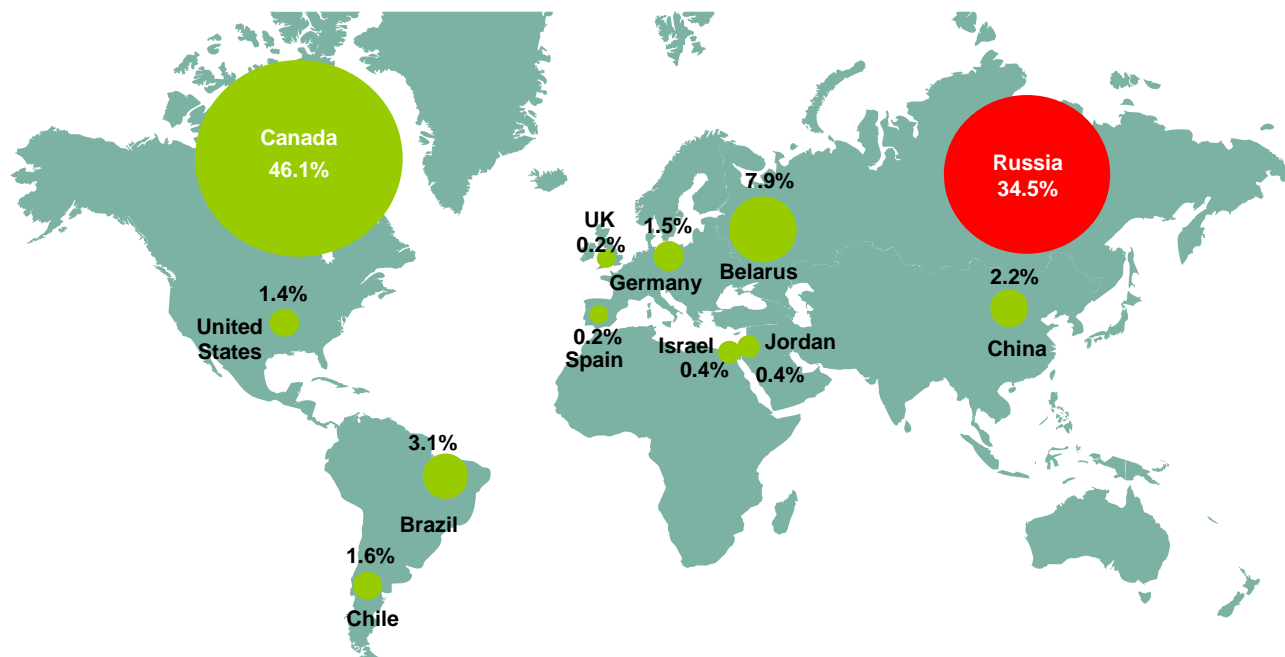
Notes:

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



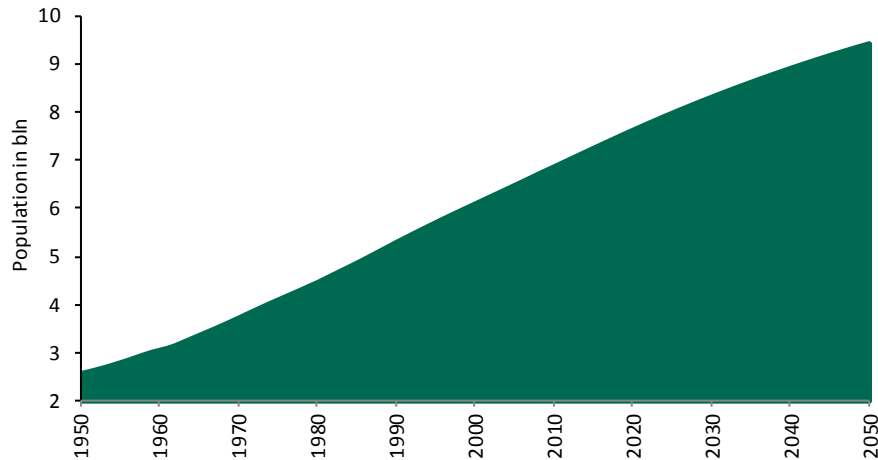
% - Share in world's proven reserves

Source: USGS, January 2013

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

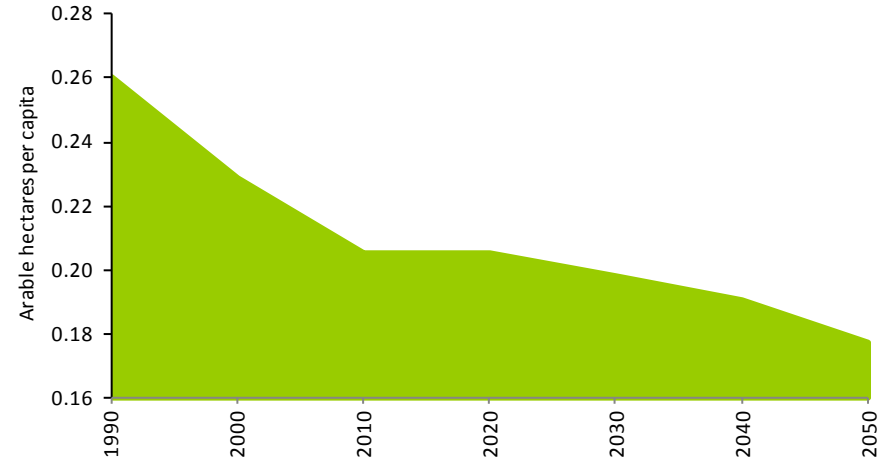
# Higher Yields Required to Feed Rising Population

## Growing population Needs Higher Crop Yields



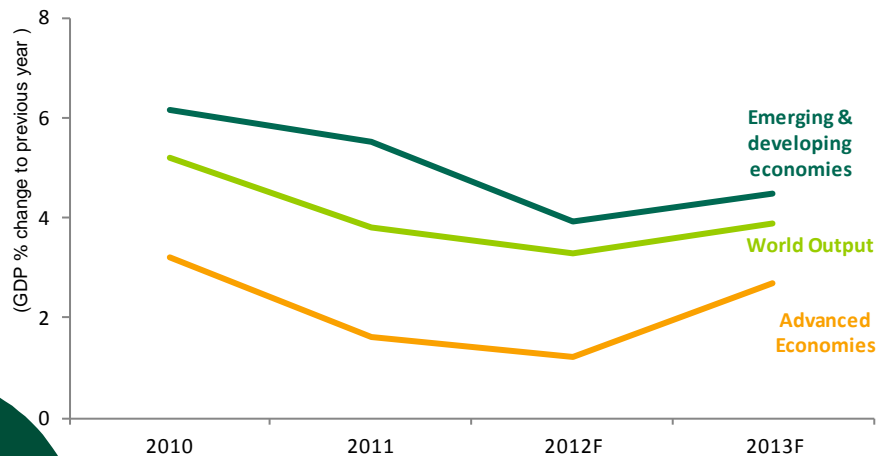
Source: Source: U.S. Census Bureau, International Data Base,

## Arable land per capita is shrinking



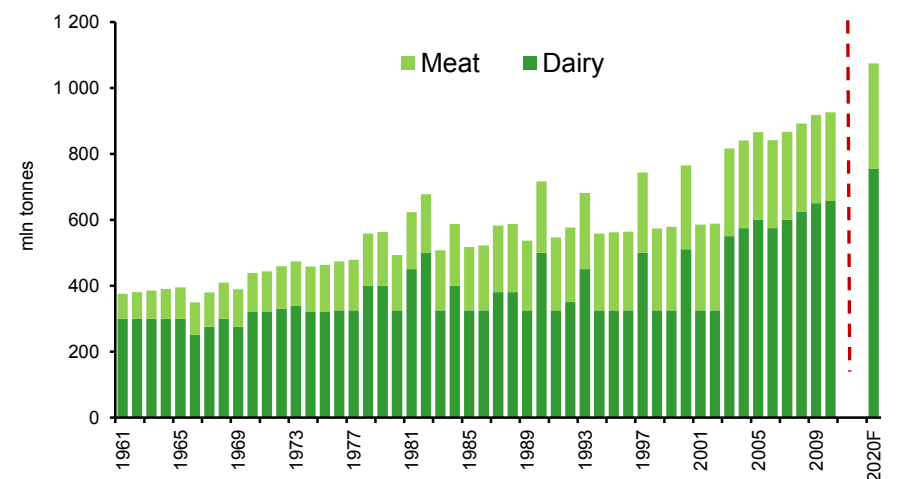
Source: FAO, World Bank

## Global Economic recovery set to continue



Source: IMF, World Economic Outlook projections

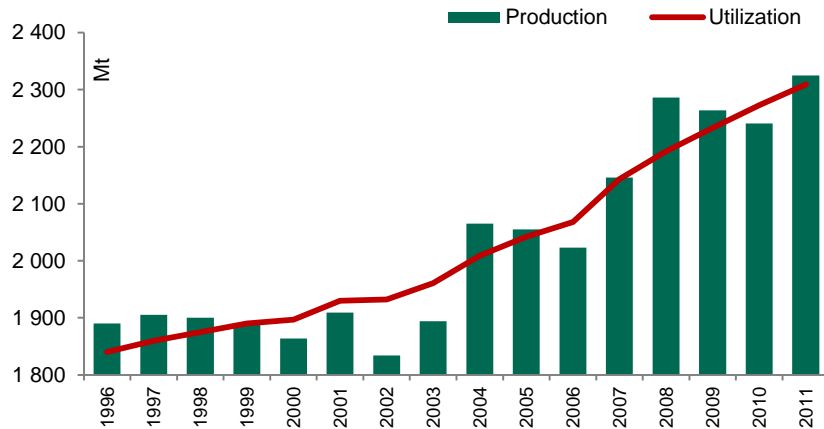
## Food consumption is increasing



Source: FAO

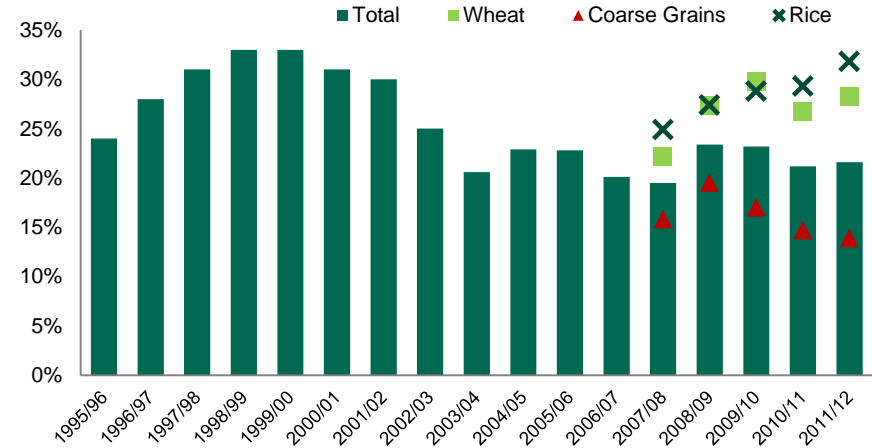
# Changing Diets Drive Demand for Grain

## World Cereal Production and Utilization



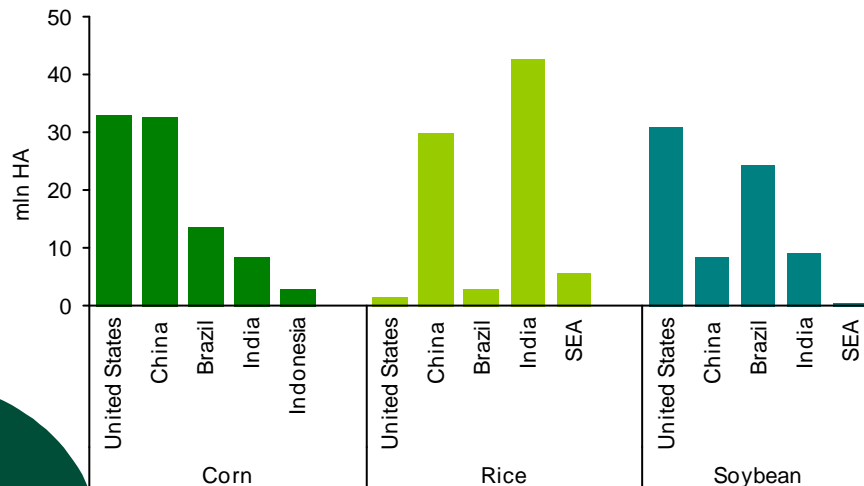
Source: FAO

## World Cereal Stock-to-Use Ratio



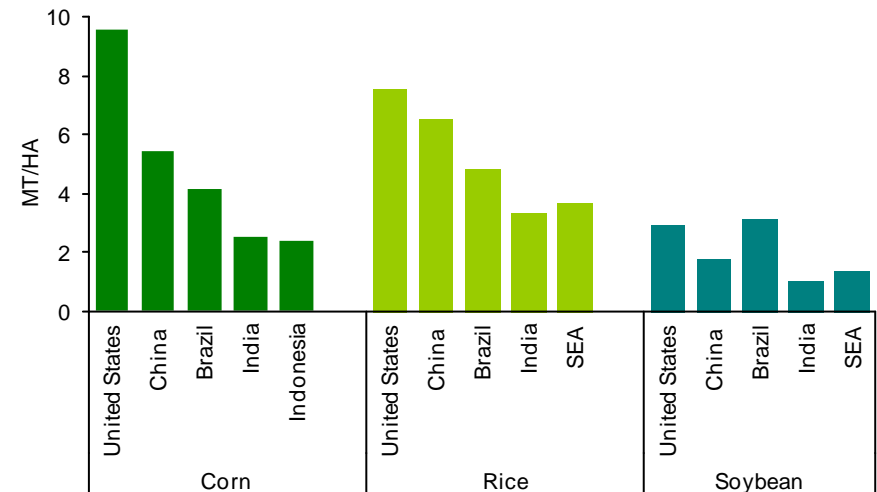
Source: IFA, FAO, USDA

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



Source: USDA

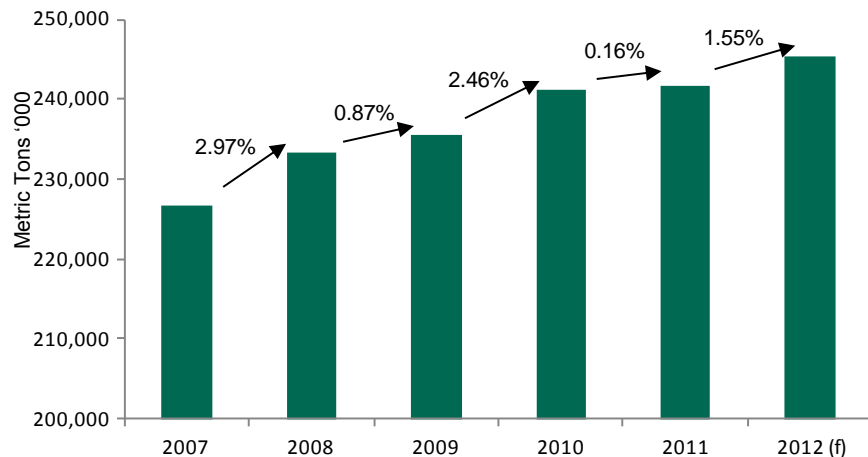
## ...though have lower yields compared to developed agricultures



Source: USDA,

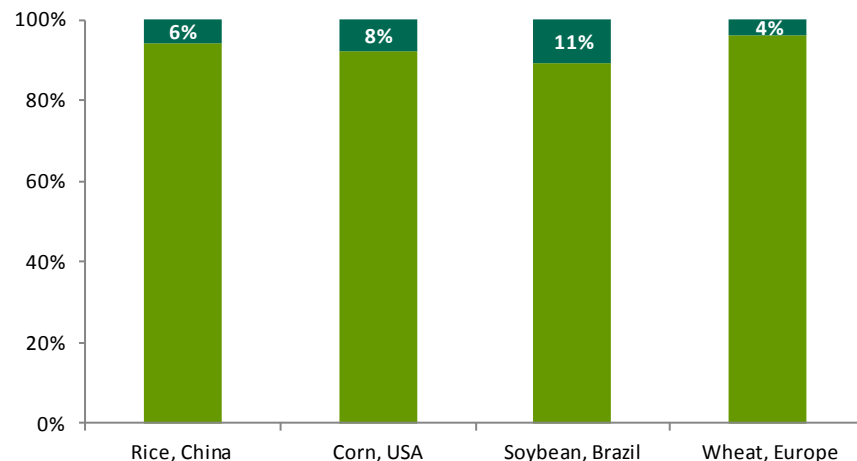
# Changing Diets Driven by Growing Income in Developing Countries

## World Meat Consumption



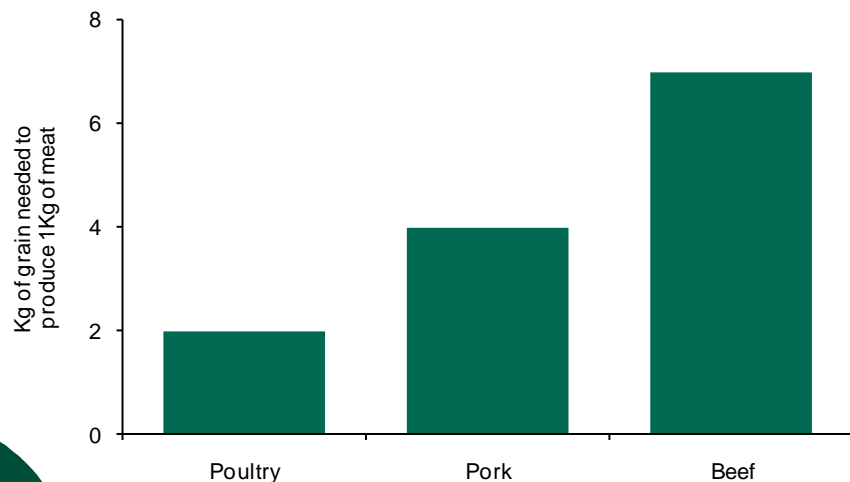
Source: FAS

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



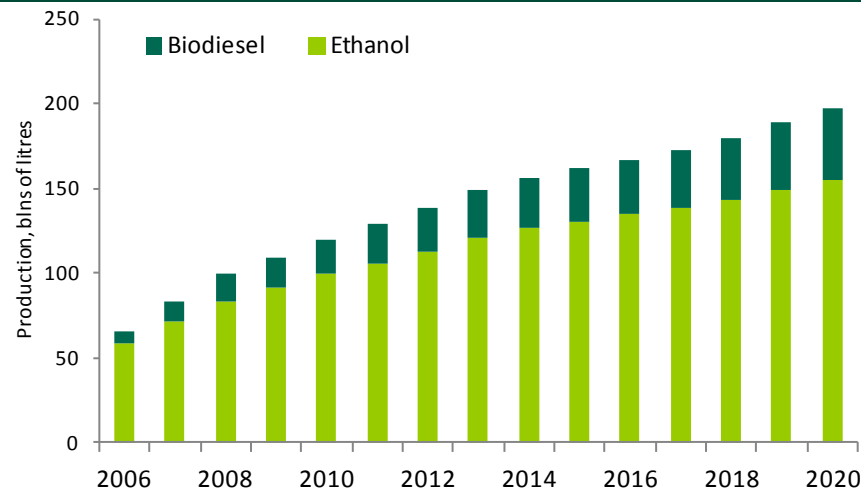
Source: BPC

## Grain Consumption vs. Meat Production



Source: FAO

## Global Biofuel Production



Source: OECD

**Business Model**

**Financial Position**

**Shareholder Structure, Management Team and Governance**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

# Production Flow

## 1. Mining



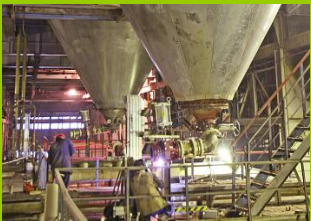
- One extraction takes place underground at an approximate depth of **400 metres**
- Specialized mining combines drill for potash underground, then the extracted one is moved by conveyor belts to the shafts and lifted to the surface

## 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

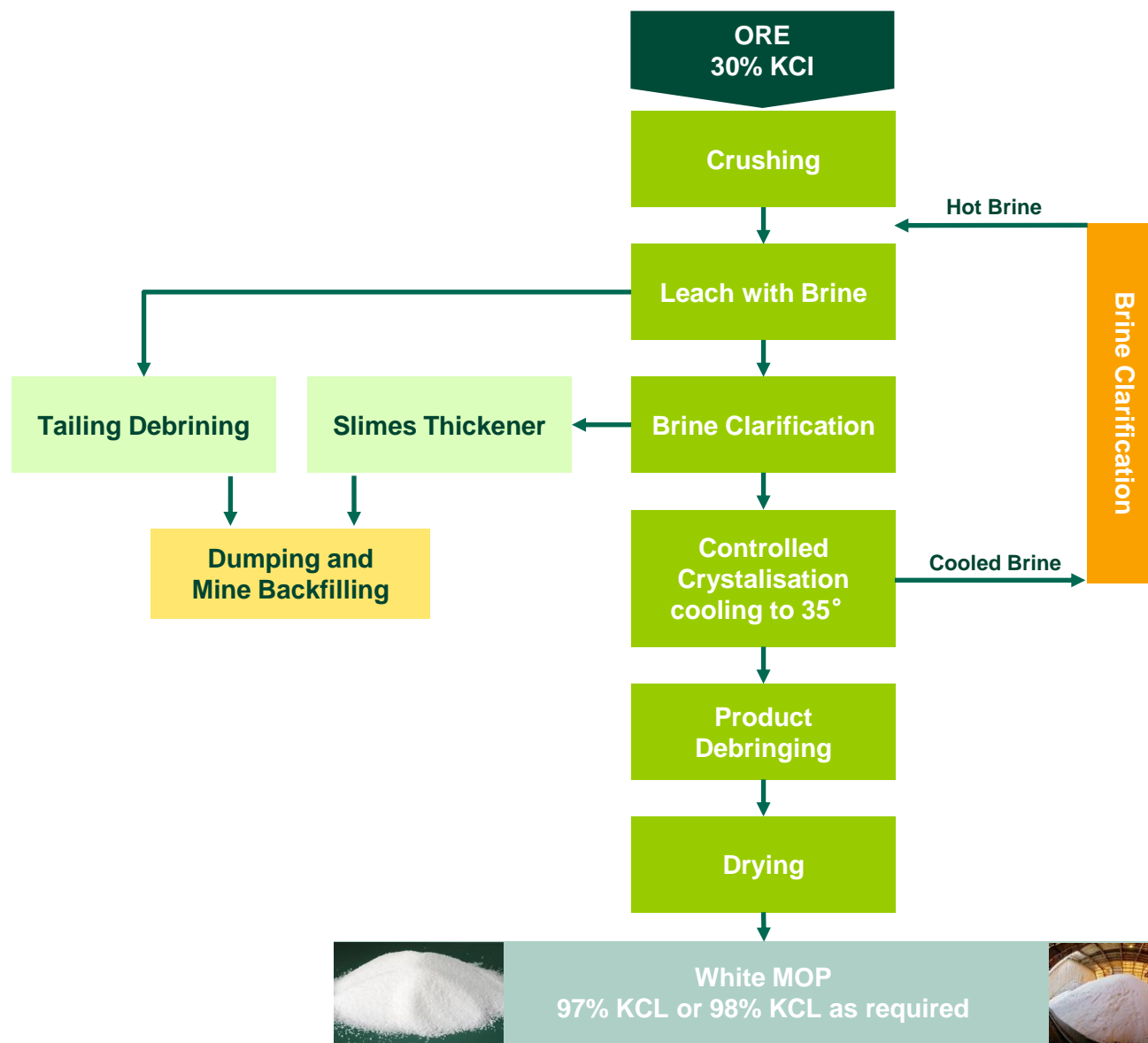
## Compacting

### 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

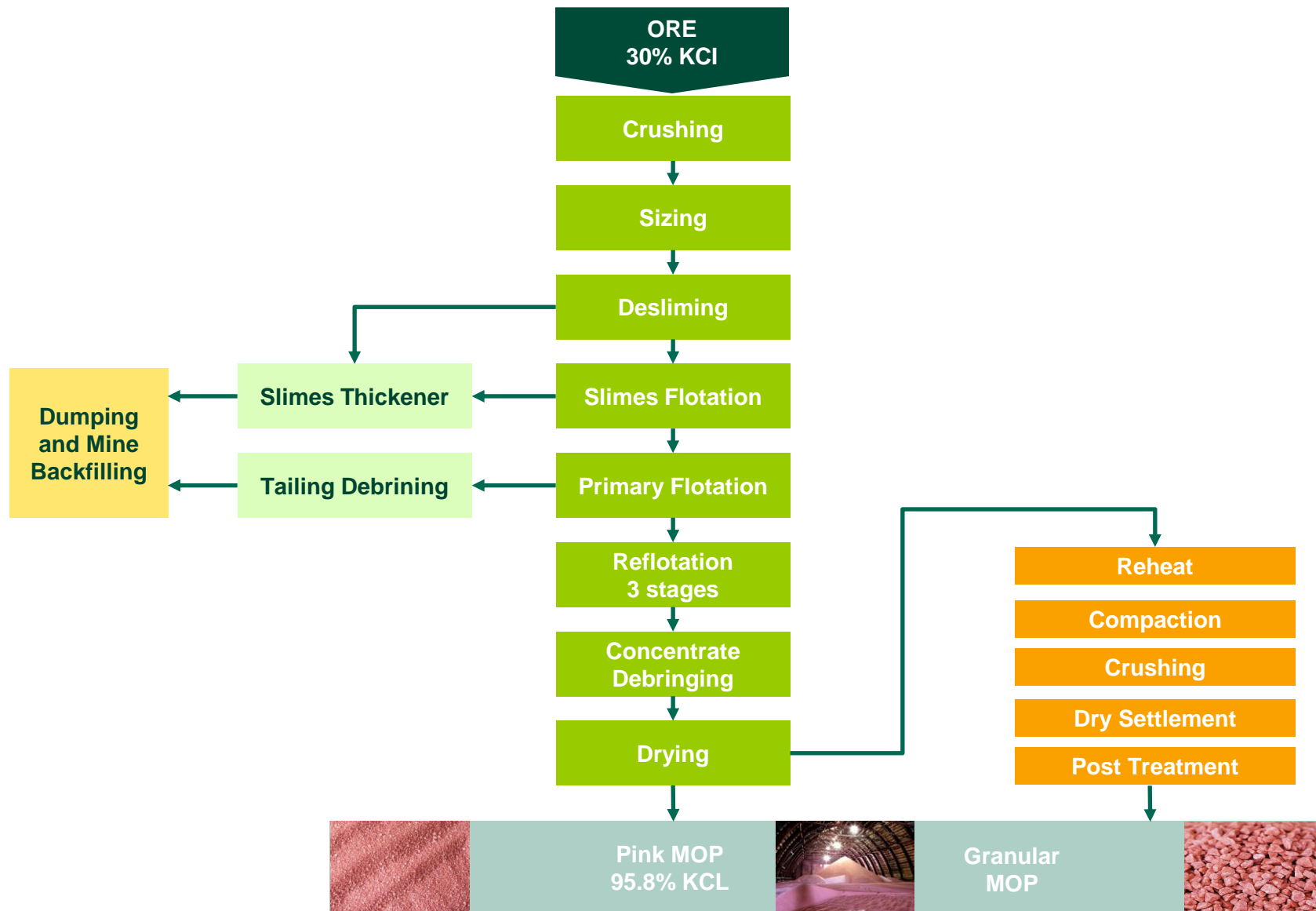
# Chemical Enrichment



White MOP  
97% KCl or 98% KCl as required



# Flotation





**Business Model**

**Financial Position**

**Shareholder Structure, Management Team and Governance**

**Potash Market Fundamentals**

**Operating Process**

**Awards and Achievements**

# Awards and Achievements



## 6.2% in 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.



## Uralkali shares named "Best rising" in the RTS Index (2010, 2011)



For the second year Uralkali shares shows the strongest growth among securities that are part of the Russian RTS Index - "Best rising security in the RTS Index".

## Strong Local Liquidity + LSE Listed GDRs

GDRs admitted to main Board of LSE under ticker URKA local presence on both RTS and MICEX



## 4.5% of MSCI Russia

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



## Deal of the Year Awards



**Russian CFO Awards 2012**  
Viktor Belyakov - award for **Best M&A Deal of the Year**

## Investor Awards 2012

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



## Annual Report Wins Awards



Best Annual Report 2010 among companies with **Market cap over 100 bn RUB** / **Best Design, Idea and Graphic Arts / Investment Attractiveness**



Best Annual Report 2011, 2010, 2009 for **Best Level of Disclosure / Best Overall Annual Report**

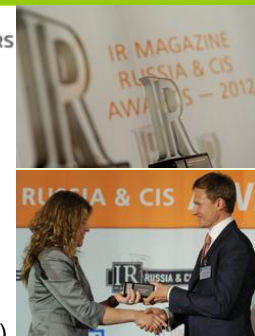


## Investor Relations Progress Award



**IR Magazine Russia & CIS Awards 2012**

**Vladislav Baumgartner**  
Best investor relations by a CEO  
**Viktor Belyakov**  
Best investor relations by a CFO  
**Anna Batarina**  
Best investor relations officer (#2)



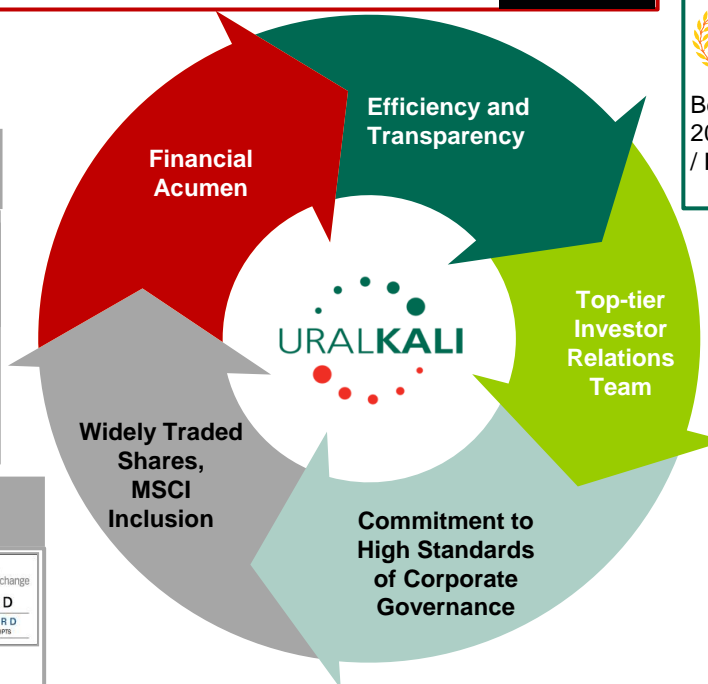
## INED Received 'Director of the 2011 Year' National Award



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



Ranked 1 in '**Most progress in IR**' and #3 in 'Best roadshows' by TR Extel Survey 2010  
**'Best chemicals IR team'** in Russia by TR 2011



# Thank you!

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

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

**Daria Fadeeva**, Manager for Investor Relations

**Daria Bugaeva**, Manager for Investor Relations

**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)