



Uralkali: A Leader in the Global Potash Market

Q1 2012 Performance Analysis and Corporate Update

Uralkali Investor Day Presentation

14 June 2012

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Agenda

- 1. Q1 2012 Operational Update**
- 2. Potash Market Update**
- 3. Corporate Update**
- 4. Strategy and Expansion Programme**
- 5. Conclusions and Outlook**

Uralkali Performance Update Q1 2012



Key Figures Overview

| (US\$ mln) | Q1 2012 | Q4 2011 | FY 2011 (pro-forma) ¹ |
|------------------------------------|---------|---------|----------------------------------|
| Gross Revenue | 901 | 1,021 | 4,203 |
| Net Revenue | 780 | 872 | 3,568 |
| Average potash price, FCA, US\$ | | | |
| - Domestic | 268 | 212 | 203 |
| - Export | 376 | 363 | 351 |
| | | | |
| (Mln tonnes) | | | |
| Production volume | 1.9 | 2.8 | 10.8 |
| Sales volume | 2.1 | 2.6 | 10.6 |
| - Domestic | 0.5 | 0.5 | 1.9 |
| - Export | 1.6 | 2.1 | 8.8 |

Overview of the Q1 2012

- Lower potash deliveries in the Q1 2012 due to market conditions and cautious buyer sentiment
- Strong potash prices maintained on the levels achieved in 2011
- Q1 capacity utilization rate – c. 70% used to carry out maintenance works and realize development programme
- Improvement of utilization rate in Q2 with the start of Brazilian season and Chinese contract

Solid Company performance in the challenging quarter and signs of positive market developments

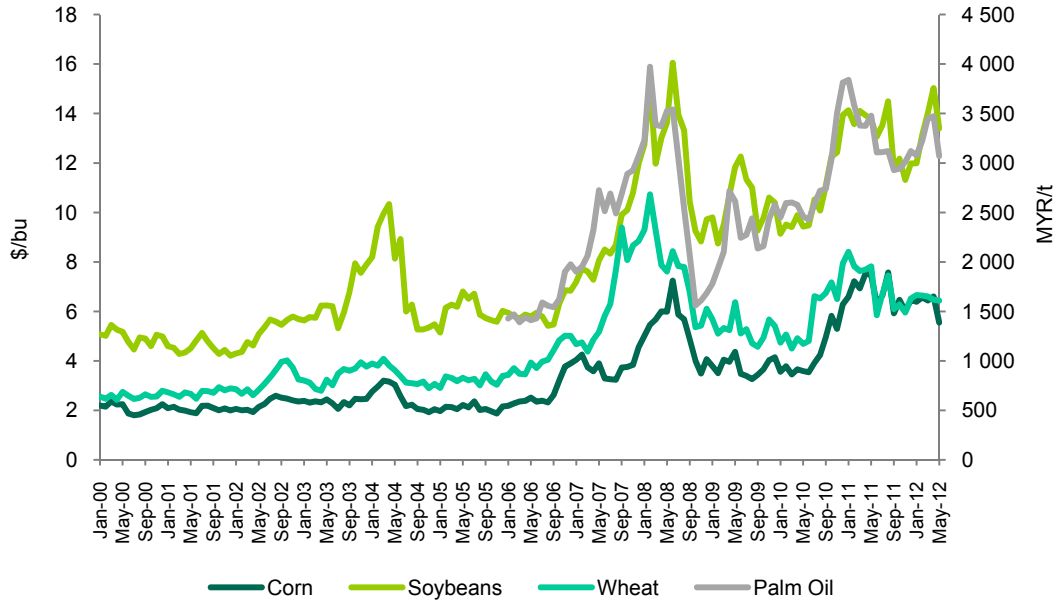
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Agricultural commodity prices remain mostly supportive

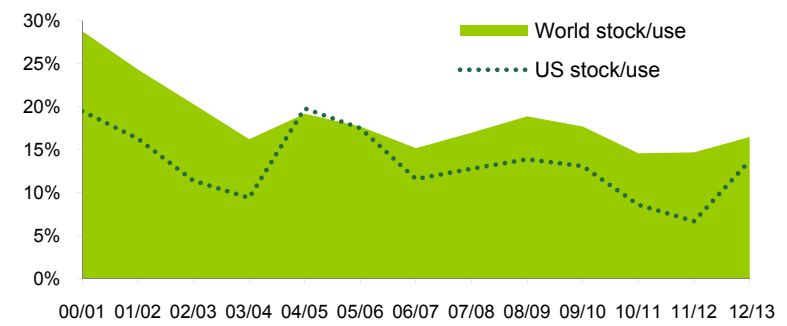


Crop Future Prices

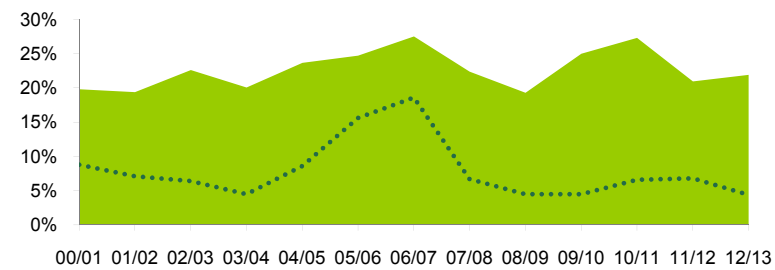


Source: CBOT, Bursa Malaysia

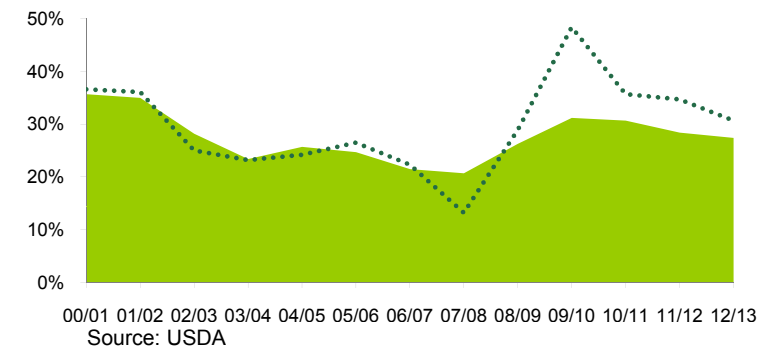
Corn stocks-to-use ratios



Soybeans stocks-to-use ratios



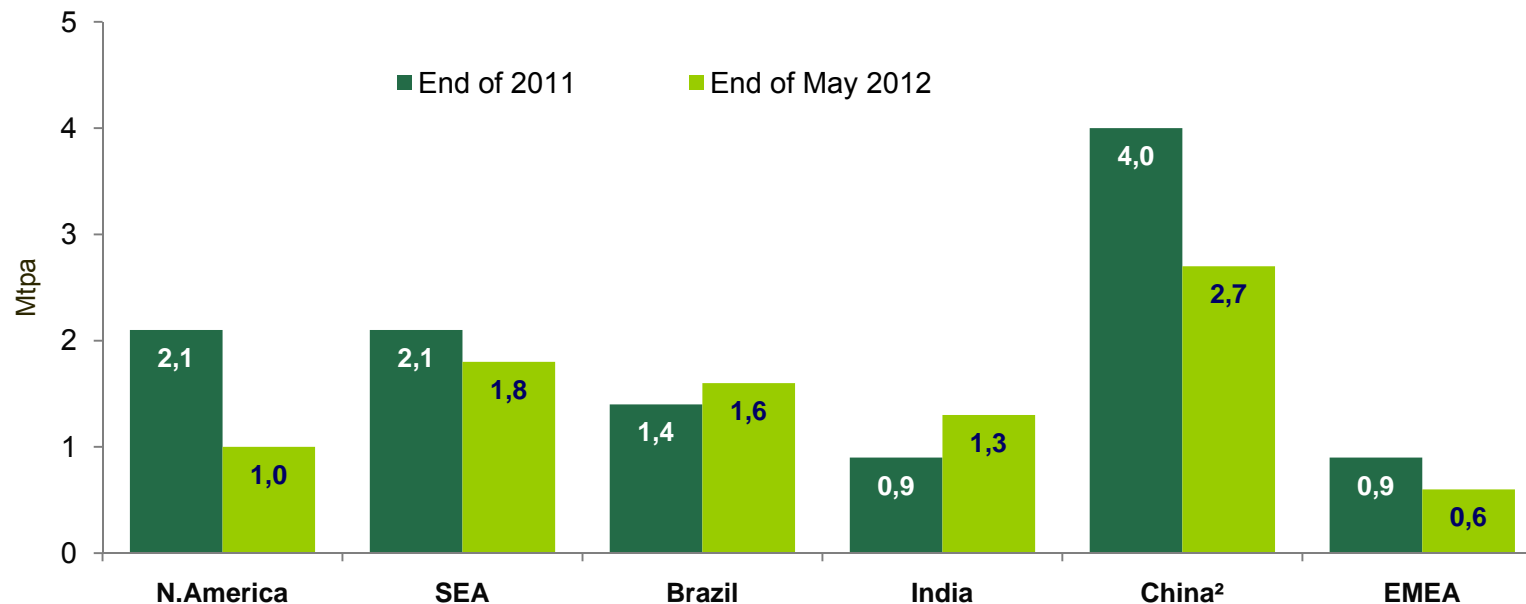
Wheat stocks-to-use ratios



Source: USDA

- In spite of deteriorating macroeconomic situation, agricultural commodity prices remain at historically high level. Stocks-to-use ratios for corn are below historical levels, while ratios for soybeans and wheat are at historical average.
- Despite USDA's projections for large US supplies of corn this fall, this year's crop is far from harvested and in case of unfavorable weather conditions (dryness in the US) we may see tighter corn balance.

Global potash inventory ¹

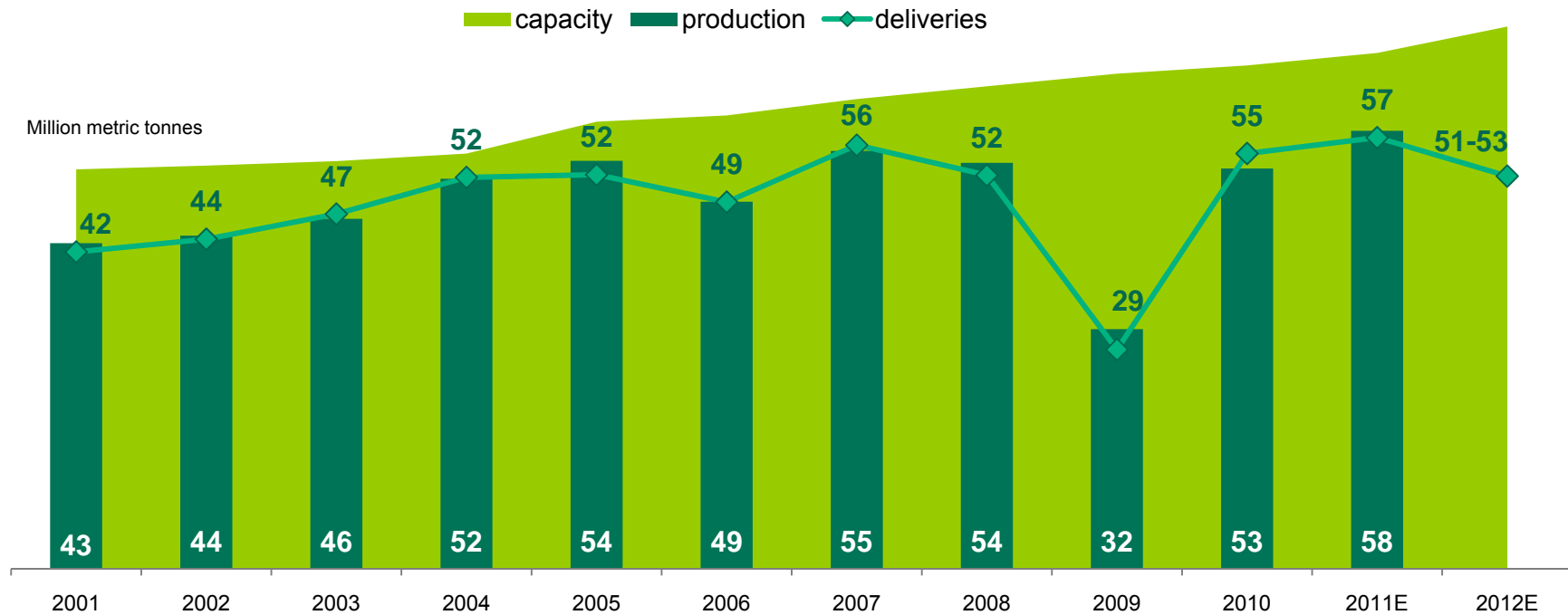


- Global potash inventories have depleted driven by a seasonal pick-up in application in major regions and settlement of the Chinese contract.
- The Rupee depreciation vs. US\$ and lower government subsidies for potash fertilizer have caused a demand disruption in India.
- We expect the Brazilian inventory drawdown during high demand season. Current inventories in Brazil are down 11% over the same period a year ago.
- Potash inventories in major markets are expected to be lower by the end of this year than in the previous year.

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

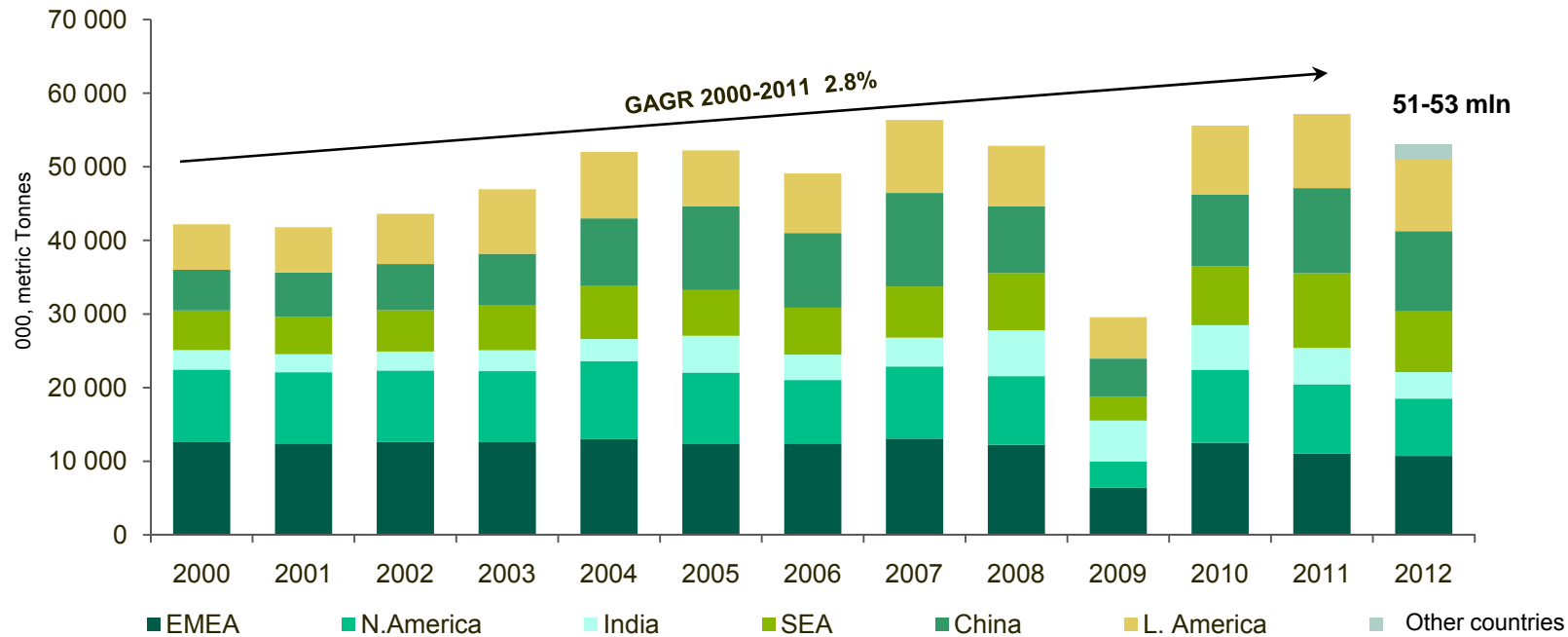
Supply/Demand Dynamics 2001-2012F



Source: IFA, BPC estimates

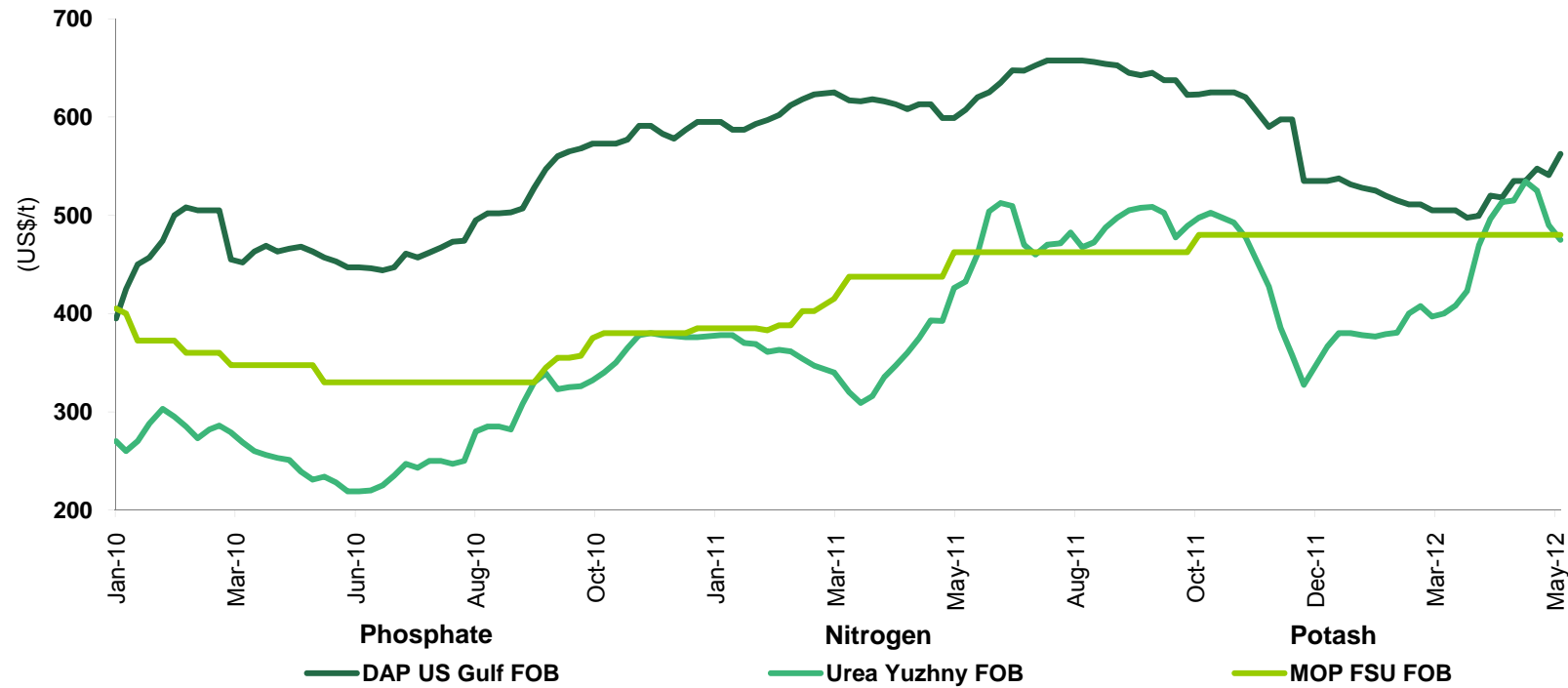
- In 2012, world potash consumption is expected to reach 54-56 MT, driven by growth in China, Brazil, and Southeast Asia
- Deliveries continue to be influenced by worsening eurozone crisis and broader economic slowdowns seen in developed countries. We expect potash deliveries for 2012 in the range 51-53 MT depending on macroeconomic environment and the Indian contract settlement.

Global Potash Deliveries



- Industry fundamentals have significantly turned more favorable since 1Q2012, once spring demand materialized.
- However, a turbulent macroeconomic picture continues to influence a buyer sentiment. Deliveries remain affected by volatile currency effects (depreciation) in key potash consuming countries due to Eurozone contagion.
- We expect global deliveries to range between 51-53 MT in 2012, following weakness in 1Q2012, which was marked by destocking, and taking into consideration macroeconomic volatility.
- We expect potash demand to return on its historical growth trend (3%) over the next couple of years.

2012 Potash Prices to be Stable



Source: FMB

- Potash prices remain stable in most key markets.
- Brazilian buyers have recently accepted US\$30 price for granular product for shipments from June onwards.
- India and China contracts are expected to be concluded in 2H 2012.

Potash Market Outlook



- Though fundamentals remain supportive for the potash market, buyer sentiment continues to be influenced by the macroeconomic volatility and tightening credit.
- We expect potash deliveries to range 51-53 million tonnes in 2012 reflecting macroeconomic turbulence and industry destocking during 1Q2012.
- Potash prices are estimated to be healthy in 2012.
- The potash demand is likely to return on its historical growth trend (3%) over the next couple of years driven by evolution of grain and nutrient prices, and growing demand from emerging economies.

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Net Debt, Dividend and Buyback Update



Net Debt

| (US\$ bn) | 1 Jun'12 |
|-----------------------|----------|
| Debt (bank loans) | 3.9 |
| Cash | 1.7 |
| Net debt/(cash) | 2.2 |
| Net Debt / LTM EBITDA | 0.9x |

- Loan portfolio parameters as of Jun'12E:
 - c.100% of debt exposure is in US Dollars
 - Effective interest rate as of 01 Jun 2012 – c.3.3%
 - Target Net Debt/LTM EBITDA ratio of 1.0–2.0x

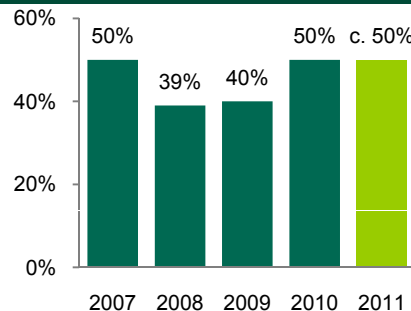
Buyback

- Oct'11-Oct'12 – buyback programme in the max amount of US\$2.5bln
- c. US\$700 mln completed to date
- Effective buyback price¹ - US\$35.5/GDR
- Shares acquired during buyback to be cancelled in Jul-Aug'12

Uralkali GDR Performance



Dividends



Dividend policy:

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

Dividends in 2011:

- Interim RUB 20 per GDR
- **FY 2011 RUB 20 per GDR** (approved on AGM on 7 Jun'12)

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

Uralkali's Intragroup Structure Optimization



Reorganization Rationale

- Transfer to Uralkali the mining license for the development of the Polovodovsky (consolidation of Kamskaya Gornaya Kompaniya (KGK))
- Cancellation of all Uralkali's treasure shares in the process of statutory of affiliated IC Silvinit-Resurs and JV Kama – **c.4.4% of charter capital in total** (134,813,512 ordinary shares as of June 9, 2012*)

Reorganization Process Timeline

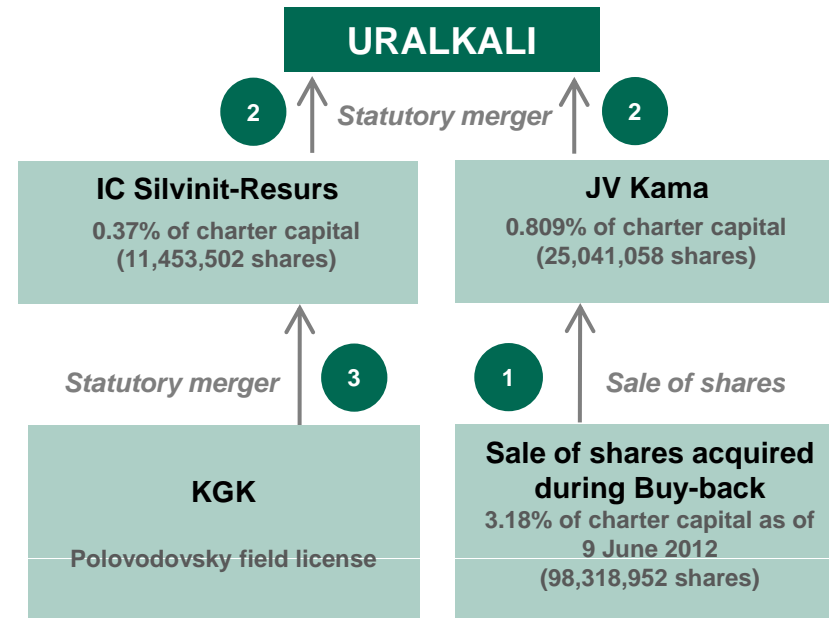
- February 24, 2012 – reorganization recommended by the Board
- April 16, 2012 – reorganization approved by EGM (approved by **99.88%** of shareholders participated in EGM)
- July-August, 2012 – reorganization completion

Reorganization Structure

Step 1: Sale of shares acquired during buyback from Enterpro Services Ltd to JV Kama

Step 2: Statutory merger of IC Silvinit-Resurs and JV Kama with Uralkali

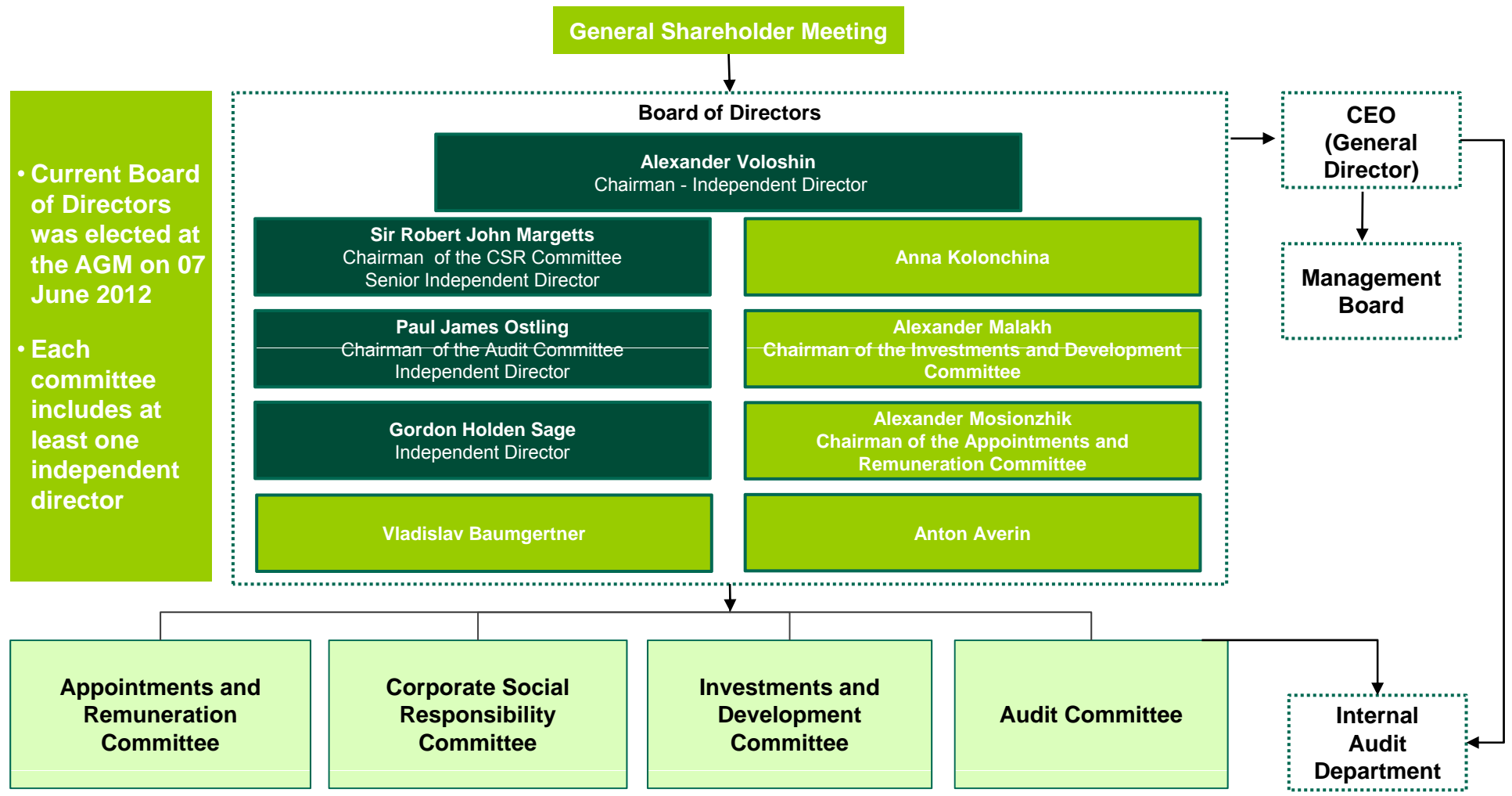
Step 3: Statutory merger of KGK with Uralkali



Optimizes structure and improves transparency

Focus on Corporate Governance

Uralkali Organisational Structure



- Current Board of Directors was elected at the AGM on 07 June 2012
- Each committee includes at least one independent director

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A Strategy to Deliver Future Growth



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

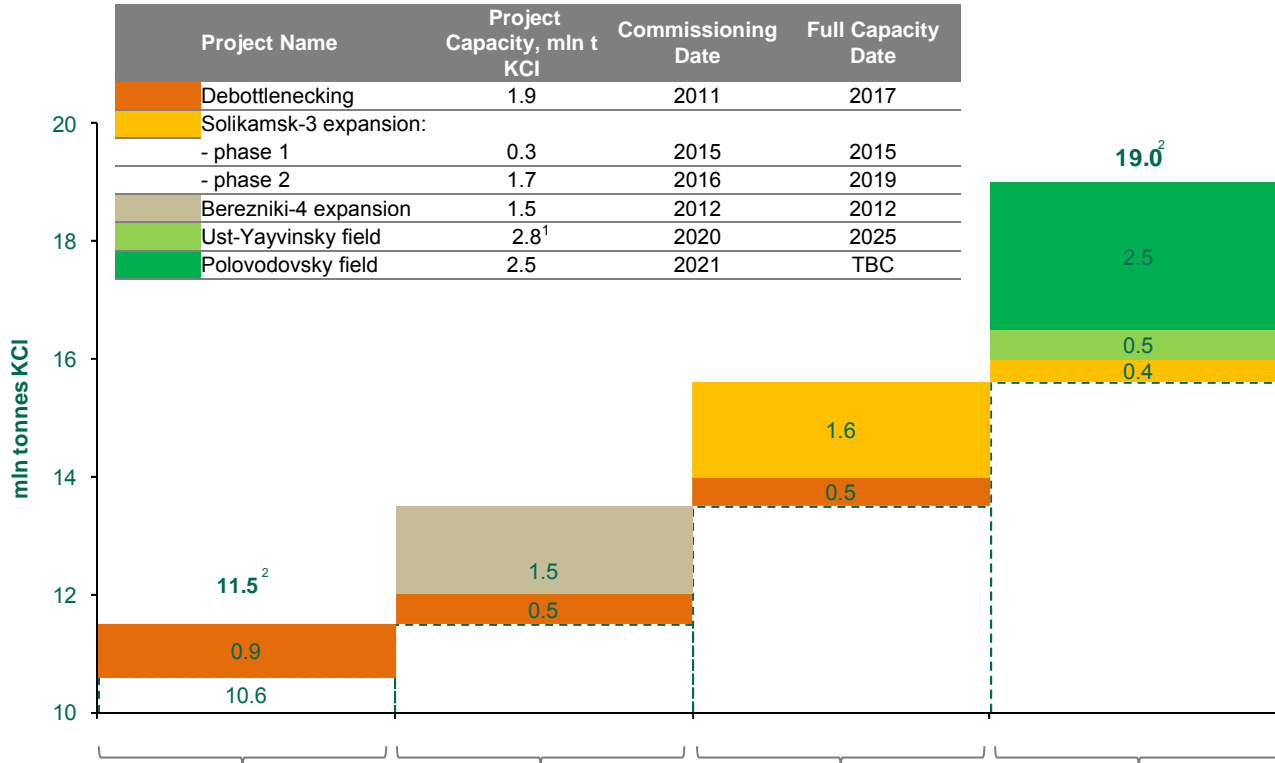


Clear Strategic Roadmap to Drive Longer Term Value Creation and Capital Discipline

Expansion Programme



Strategic Capacity Expansion to Meet Growing Demand



Asset Scale

- JORC resources of 8.6Bnt
- Including 4.4Bnt at Ust-Yayvinsky and Polovodovsky blocks

Attractive Mine Fundamentals

- Shallow mine depths (300-450m)
- Infrastructure already in place
- Strong geology, mining expertise

Cost Advantage

- Brownfield – c. US\$420/t³
- Greenfield – c. US\$750/t³
- Potash price to justify investments – c. US\$230/t⁴

| | 2011 | 2012F-2014F | 2015F-2017F | 2018F-2021F | Total |
|----------------------------|------|-------------|-------------|-------------|-------|
| Capex (expansion) (US\$bn) | 0.3 | 1.2 | 2.3 | 1.9 | 5.8 |

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

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 given as of the year end
3. Weighted Average Cost
4. Required Rate of Return 15%

Efficiency increase and debottlenecking



| | |
|---|---------------|
| Decision on construction | Taken in 2011 |
| Commissioning date (year) | 2013 |
| Capacity (mln tonnes) | 1.0 |
| CAPEX Total / Invested to date* (US\$ mln) | 192 / 2 |
| CAPEX (US\$ / tonne) | 192 |
| Break even potash price** (US\$ / tonne, FCA) | 130 |

- ✓ The project includes: Berezniki-2, Berezniki-3, Solikamsk-2 and Solikamsk-3
- ✓ The increase of the extraction of potash from the sylvine ore and increased load on the existing technological sections by 15-25%
- ✓ Modernisation of the existing equipment and partially substitution with more high-tech models
- ✓ The most effective modernisation project in the potash industry: CAPEX < USD 200 per t of additional capacity
- ✓ Modernisation allowed to increase Solikamsk-1,2,3 capacity by 0.9 million tonnes in 2011
- ✓ **Total production capacity will increase by 1 mln t by 2017**

Berezniki-4 expansion



| | |
|--|-----------|
| Commissioning date (year) | 2012 |
| Capacity (mln tonnes) | 1.7* |
| CAPEX Total / Invested to date** (US\$ mln) | 733 / 618 |
| CAPEX (US\$ / tonne) | 430 |
| Break even potash price*** (US\$ / tonne, FCA) | 120 |

- ✓ Replacement of old hoist machines will allow to increase the capacity of Berezniki-4 mine from 14.5 to 20 mln t of potash ore p.a.
- ✓ The first production line was upgraded in 2009 to produce 1.5 mln t p.a. instead of 1.3 mln t previously
- ✓ **The second production line will be launched in H2 2012 and will add another 1.5 mln t of capacity**

*Including 0.2 million capacity expansion of the first production line in 2009
**As of the end of 2011
****Required rate of return — 15%

Solikamsk-3 expansion



| | Phase 1 | Phase 2 |
|---|-----------------|---------|
| Decision on project initiation | Stage completed | |
| Decision on construction | 2013 | 2014 |
| Commissioning date (year) | 2015 | 2016 |
| Capacity (mln tonnes) | 0.3 | 1.7 |
| CAPEX Total / Invested to date* (US\$ mln) | 118 / 0 | 894 / 0 |
| CAPEX (US\$ / tonne) | 393 | 536 |
| Break even potash price** (US\$ / tonne, FCA) | 110 | 192 |

Phase 1

- ✓ Completion of cargo and ventilation shaft 4 with one hoist machine and addition of the southern part of the Polovodovsky block in accordance with the licence conditions
- ✓ Shaft 4 was put down to the depth of 356 m; The Company plans to further develop it to the level of 481 m
- ✓ **Total production capacity will increase by 0.3 mln t in 2015**

Phase 2

- ✓ Launch of a 2nd hoist machine, the main ventilation unit and expansion of the ore-treatment capacities
- ✓ Construction of a granulation unit with a capacity of 2 mln t p.a.
- ✓ **Total production capacity will increase by 1.7 mln t p.a. in 2016**

*As of the end of 2011, decision on construction to be made in 2013-2014

**Required rate of return — 15%

Ust-Yayvinsky project



| | |
|---|---------------|
| Decision to commence construction | Taken in 2011 |
| Commissioning date (year) | 2020 |
| Capacity (mln tonnes) | 2.8 |
| CAPEX Total / Invested to date* (US\$ mln) | 1,605 / 57 |
| CAPEX (US\$ / tonne) | 583 |
| Break even potash price** (US\$ / tonne, FCA) | 302 |

- ✓ Construction of a new mine with 2 shafts of 8 m in diameter and **capacity of 11 mln t of ore p.a.**
- ✓ Potash ore from the Ust-Yayvinsky block will be processed at Berezniki-3 plant
- ✓ Expansion of Berezniki-3 plant capacity from 2.2 to 2.8 mln t p.a.
- ✓ This project will substitute decreasing ore reserves of Berezniki-2 mine (will be depleted in 2025)
- ✓ The most effective greenfield project in the potash industry: CAPEX > 600 USD per t of additional capacity
- ✓ First ore will be produced in 2020: capacity is **2.8 mln t of KCl**

Polovodovsky project



| | |
|---|-----------|
| Decision on construction | 2015 |
| Commissioning date (year) | 2021 |
| Capacity (mln tonnes) | 2.5 |
| CAPEX Total / Invested to date* (US\$ mln) | 2,358 / 6 |
| CAPEX (US\$ / tonne) | 943 |
| Break even potash price** (US\$ / tonne, FCA) | 327 |

- ✓ Construction of mine with 2 shafts and **the project capacity of 11 mln t of ore p.a.**
- ✓ Construction of a flotation ore-treatment plant, a hallurgic unit and a granulation unit
- ✓ Production will start in 2021. The project capacity of the new mine and processing plant is 2.5 mln t of KCl p.a.
- ✓ The schedule of project capacity achievement will be confirmed in the course of the project realisation
- ✓ Given vast ore reserves at the Polovodovsky block, we might consider further production expansion

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Conclusion and Outlook



A Leader in the Global Potash Market

- #1 in global potash production
- Leading player in potash export market
- Amongst the lowest cost producers and further synergistic potential
- Attractive portfolio of cost-advantaged brownfield projects + large-scale greenfield opportunities

1Q 2012 Update

- Lower potash deliveries in the Q1 2012 due to seasonal slowdown and cautious buyer sentiment
- Strong potash prices maintained on the levels achieved in 2011
- Q1 capacity utilization rate – c. 70% used to carry out maintenance works and realize development programme
- Improvement of utilization rate in Q2 with the start of Brazilian season and Chinese contract

Potash Market Update

- Industry fundamentals remain supportive, buyer sentiment continues to be influenced by the macroeconomic volatility
- Global potash consumption expected to range between 54-56 MT in 2012 with global deliveries 51-53 MT

Further Improvement in Governance

- Four INEDs elected to the Board to further optimize the balance of professional knowledge and skill
- Cash distribution policy thought dividends and buyback to benefit all shareholders

Focused on delivery of growth to drive shareholder value



Thank You!