

Maximising global opportunity

Capital Markets Day Presentation



19 June 2014

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Strategy Focused on Maximizing Revenues Across the Cycle



1 Enhance responsible global leadership position

2 Focus on enhanced relationships with end customers

3 Maintain cost leadership positions

4 Balance investment in growth with shareholder returns

5 Focus on people, communities and environmental safety

6 Continued focus on corporate governance

How Uralkali Seeks to Deliver “Responsible Global Leadership”

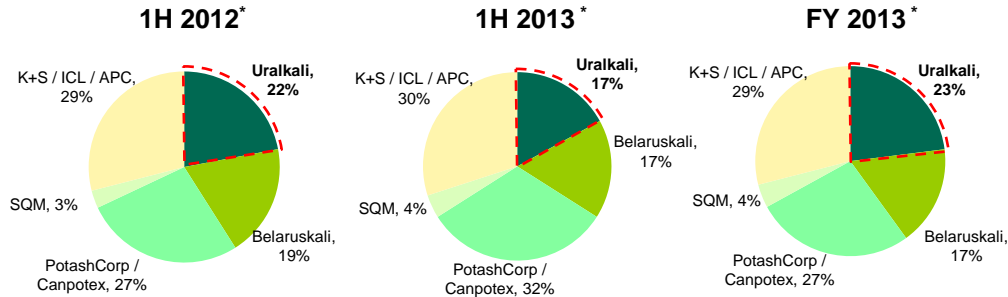
- As a global leader, Uralkali is committed to the long-term stability of the potash market
- After a challenging period, market conditions have improved considerably
- Hence we maintain our commitment to market stability
 - We strive to maintain our long term export market share restored after the shortfall of 1H2013
 - Market stability should have a positive effect on both pricing and demand
- We will continue to invest in our capacity expansion program, on the most cost effective basis in the industry, which remains flexible based on demand



Continued strategic focus on sustainable long term value creation through responsible global leadership

Evolution of Marketing Positioning – June 2014

Market Share Has Returned to a Sustainable Level...

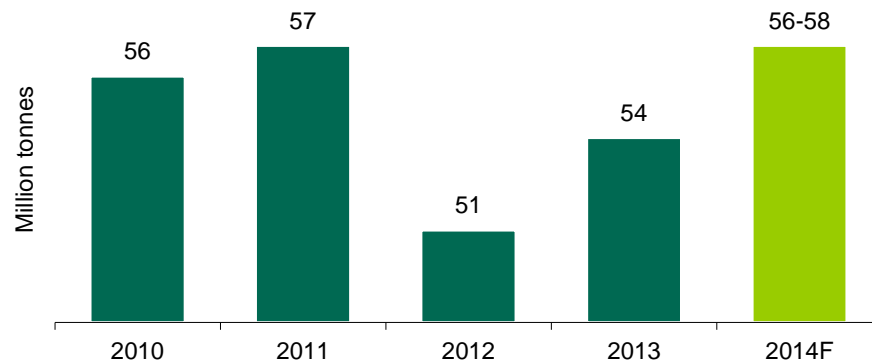


* Export market share

... Balanced Market Position Achieved

- Strong demand recovery
- Inventories are at optimal levels across the industry
- Robust farmer economics
- Pace of opportunistic capacity expansion has declined

Market Demand for 2014 Remains Robust



Uralkali's Market Response

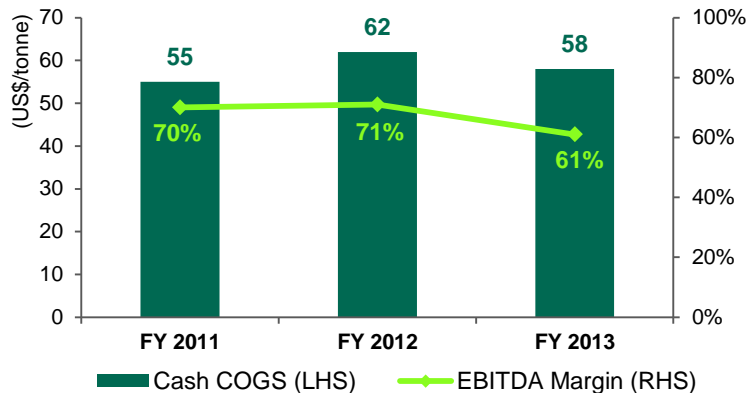
- Retain flexibility to match supply with demand
- Target sustainable market share in line with historic averages
- Seek to benefit from robust farmers' economics
- Maintain a close watch on Uralkali market position

Uralkali's flexible market positioning will allow the Company to add more stability to the market and maximize revenue during 2H 2014

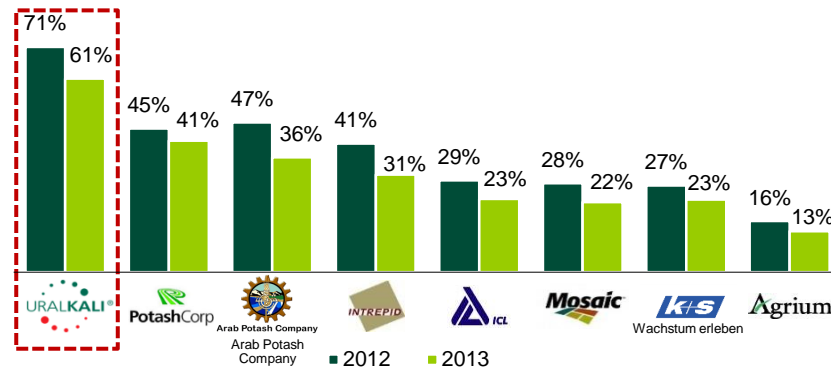
Cost Leadership Position



Uralkali Unit Cash COGS

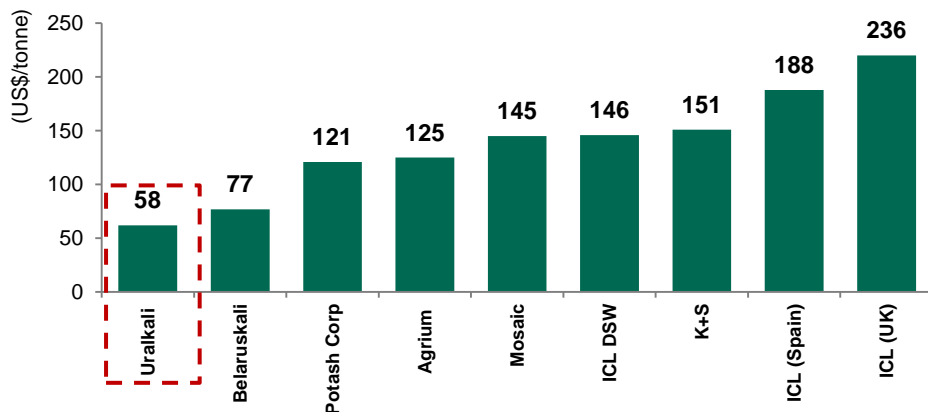


EBITDA Margin¹



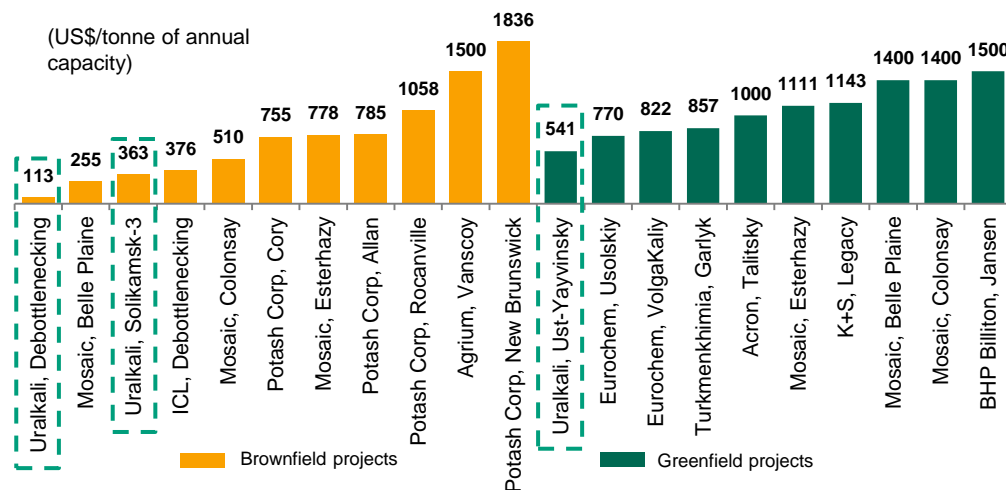
Source: Companies data

2013 Global Potash Cash COGS²



Source: Morgan Stanley Report, April 2014, Uralkali

Global Expansion Costs



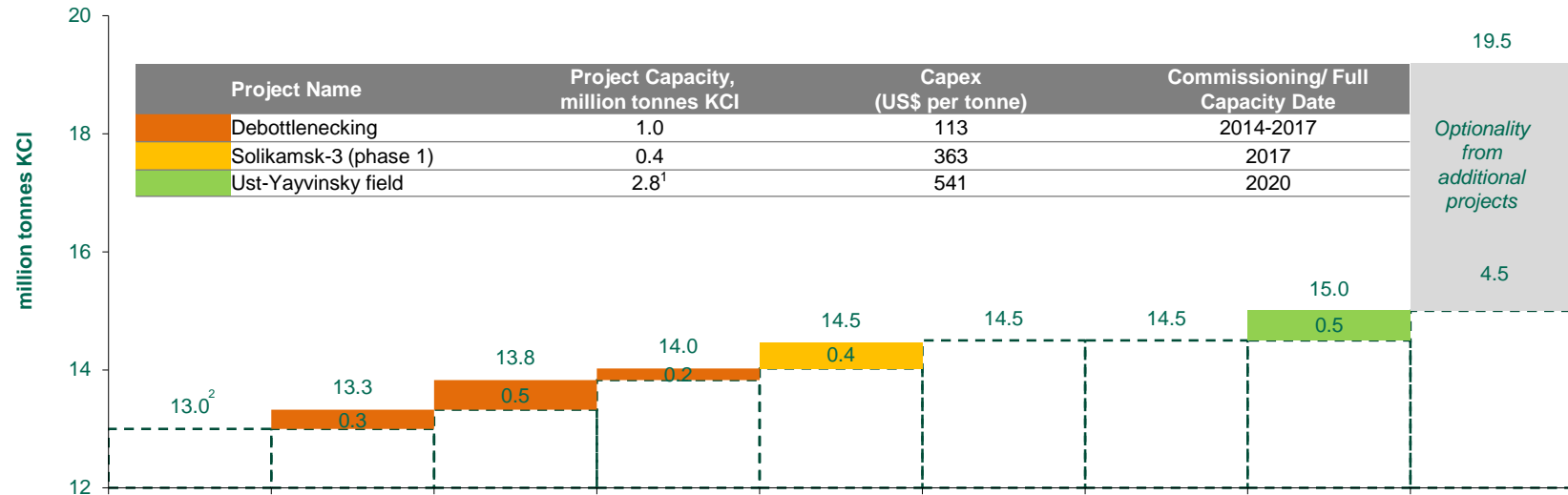
Source: Goldman Sachs Report, June 2013; Uralkali

Sustaining lowest cash costs and highest EBITDA margin across the industry

Notes:

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

Low Cost Expansion Programme



	2013	2014	2015	2016	2017	2018	2019	2020	Total
Expansion Capex (US\$bn)	0.2	0.2	0.3	0.5	0.5	0.3	0.2	0.1	2.3

- Revised capacity expansion programme to preserve robust capital structure and retain financial flexibility
- Limited capex requirements to steadily increase capacity to up to c. 15 million tonnes by 2020
- Decision on development of Polovodovsky and Solikamsk-3 (phase 2) to add further 4.5 million tonnes of capacity will be made in 2015 providing for strategic optionality

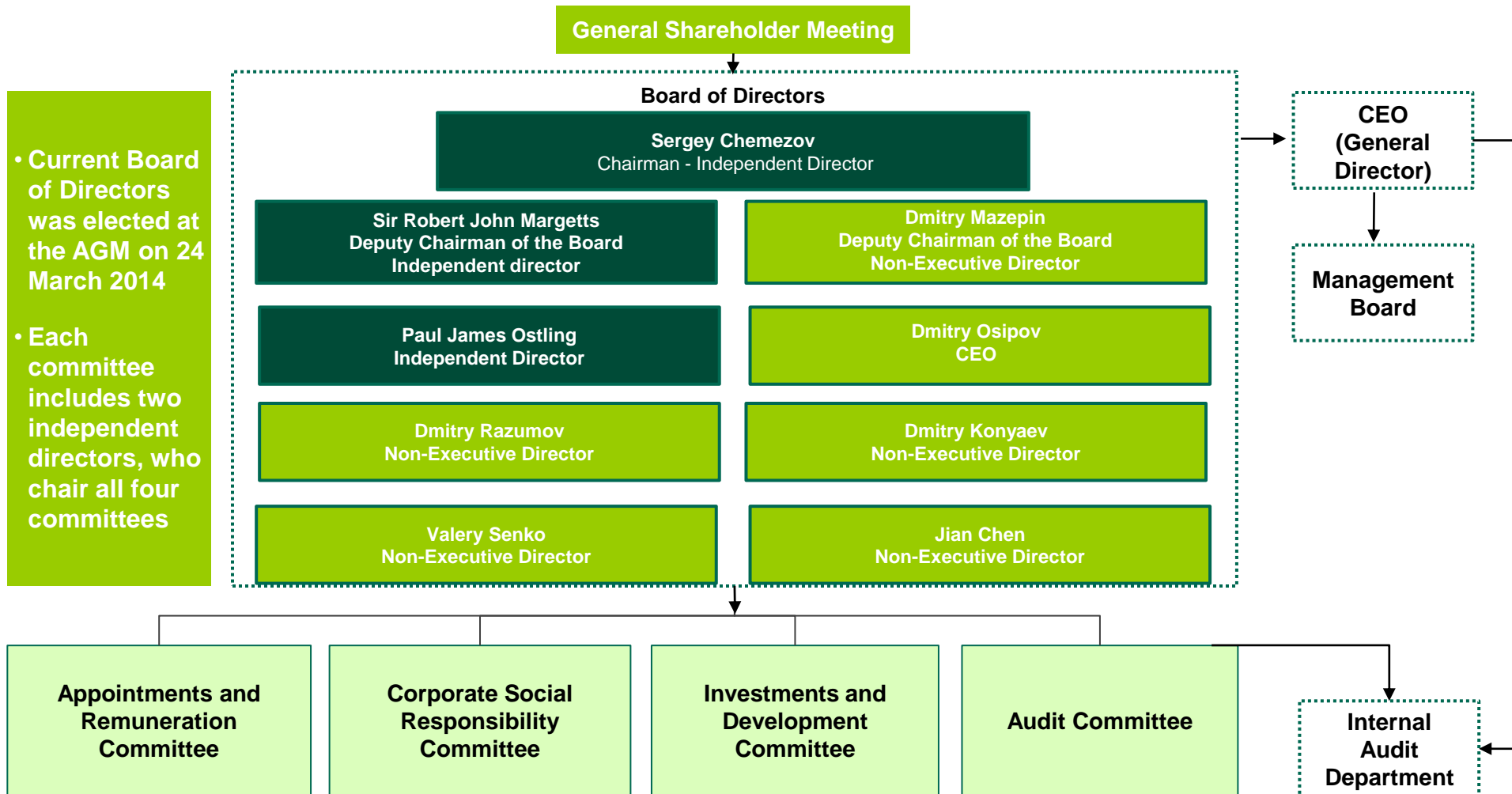
Sustaining long-term leadership on the most cost effective basis in the industry

For more details on Uralkali's expansion programme please visit www.uralkali.com/expansion_programme/

Note:

1. Including 0.5 million tonnes of additional capacity and 2.3 million tonnes of new capacity that will substitute the depleting capacity of Berezniki-2 mine
2. Capacity is shown as of year end; the numbers may not add up due to rounding

Focus on Corporate Governance



- Current Board of Directors was elected at the AGM on 24 March 2014
- Each committee includes two independent directors, who chair all four committees

The new Board remains committed to delivering transparent stewardship and long term sustainable value creation for all shareholders

Uralkali Performance Update Q1 2014



Key Figures Overview

(US\$ million)	Q1 2014	Q1 2013	Change Q-o-Q, %	FY 2013
Gross Revenue	862	738	17%	3,323
Net Revenue	649	614	6%	2,665
Average potash price, FCA, US\$				
- Domestic	153	315	-51%	219
- Export	215	313	-31%	268
.....				
(million tonnes)				
Production volume	2.9	2.1	38%	10.0
Sales volume	3.1	1.9	63%	9.9
- Domestic	0.5	0.4	25%	1.9
- Export	2.6	1.5	73%	8.0

- Capacity utilization increased to c. 90% reflecting improved market environment
- Both export and domestic prices are recovering from the challenging 2013

Strong recovery in export sales volumes offsets the decline in prices to deliver revenue growth in line with the strategy

Capital Structure Update



Balance Sheet and Loan Portfolio

Loan portfolio parameters as of **31 March 2014**:

- c.100% of debt exposure is in US Dollars
- Effective interest rate –3.6%

US\$ million

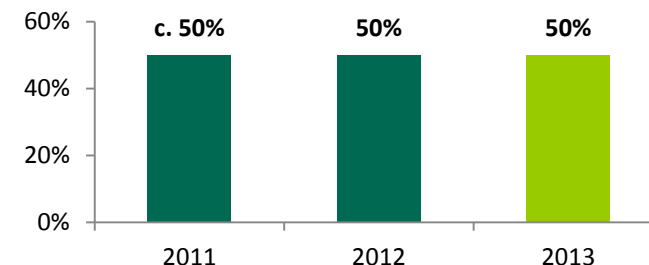
31 Mar'2014

Debt (incl. bank loans and eurobonds)	4,561
Cash	521
Net debt	4,040
Net debt/EBITDA ¹	2.5x

Dividends

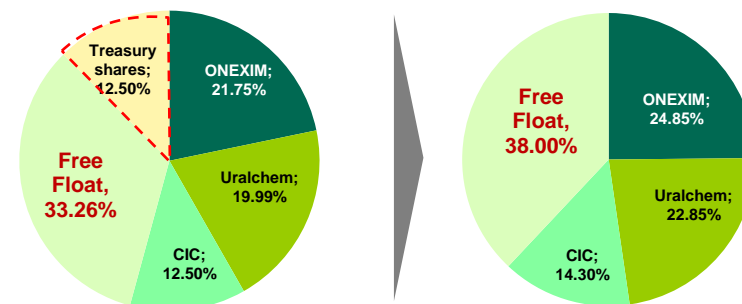
- FY 2013 dividends - c. USD 0.24 per GDR (approved by AGM on 9 Jun'14²)
- + Interim dividends - c. USD 0.34 per GDR (approved by EGM on 18 Dec'13³)
- Pay-out ratio: c. 50% of IFRS net income
- Interim dividends at least twice a year

Dividend Payout Ratio



Treasury Shares

- The Board convened EGM to start cancellation procedure
- EGM appointed on 31 Jul'14 to approve reorganisation
- After the completion Uralkali's share capital will decrease by c. 12.5%



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

Notes:

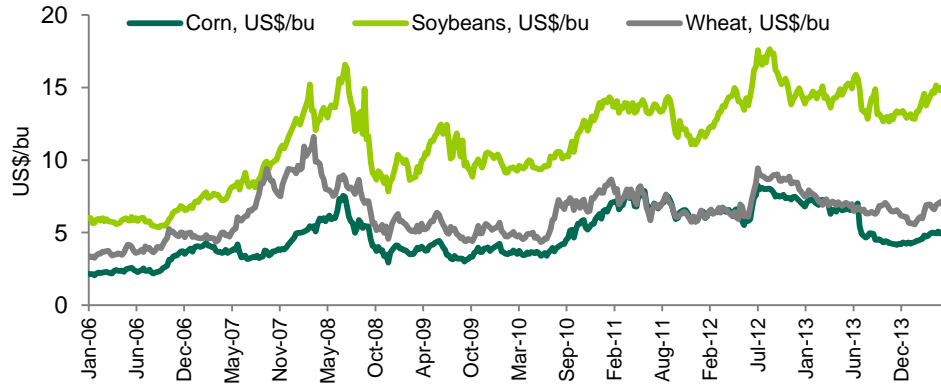
1. Calculations are based on FY 2013 EBITDA (US\$ 1,635 million)
2. According to the exchange rate of the RF Central Bank as of 9 June 2014, 1 USD=34.6573 RUB
3. According to the exchange rate of the Russian Central Bank as of 18 December 2013, USD 1=RUB 32.8646RUB

Uralkali's Market Positioning in Global Export Market in 1H 2014

- Since 4Q 2013 major importers have responded favourably to lower potash prices and increased purchased volumes substantially
- The Company has gained incremental export volume from a global potash shipment rebound in 1H 2014
- The Company is estimated to have gained back a sizable portion of its export market share that had been lost during 1H 2013 via the implementation of the revenue maximization strategy through volumes
- The Company continues placing the tonnage responsibly and seeks to maintain its global export market share in line with historic averages
- Since the potash market has reached a greater stability, the Company is seeking to maximize its revenue through stimulating prices

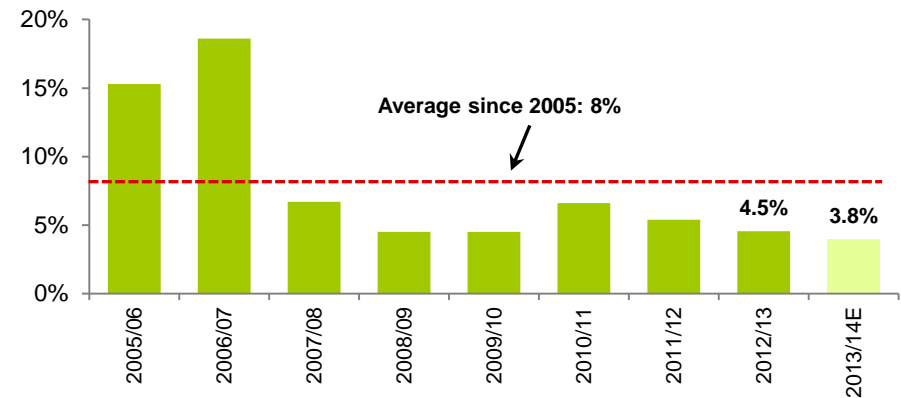
Fertilizer Fundamentals

Agriculture prices still trade at historically high levels



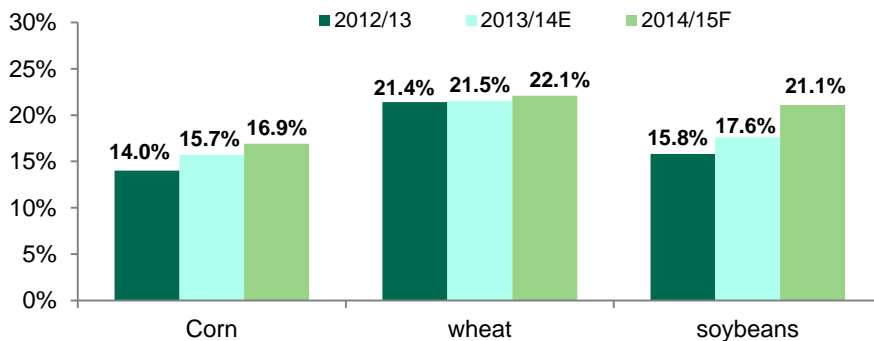
Source: Bloomberg

US old-crop soybeans balance remains tight



Source: USDA's WASDE report, 11 June 2014

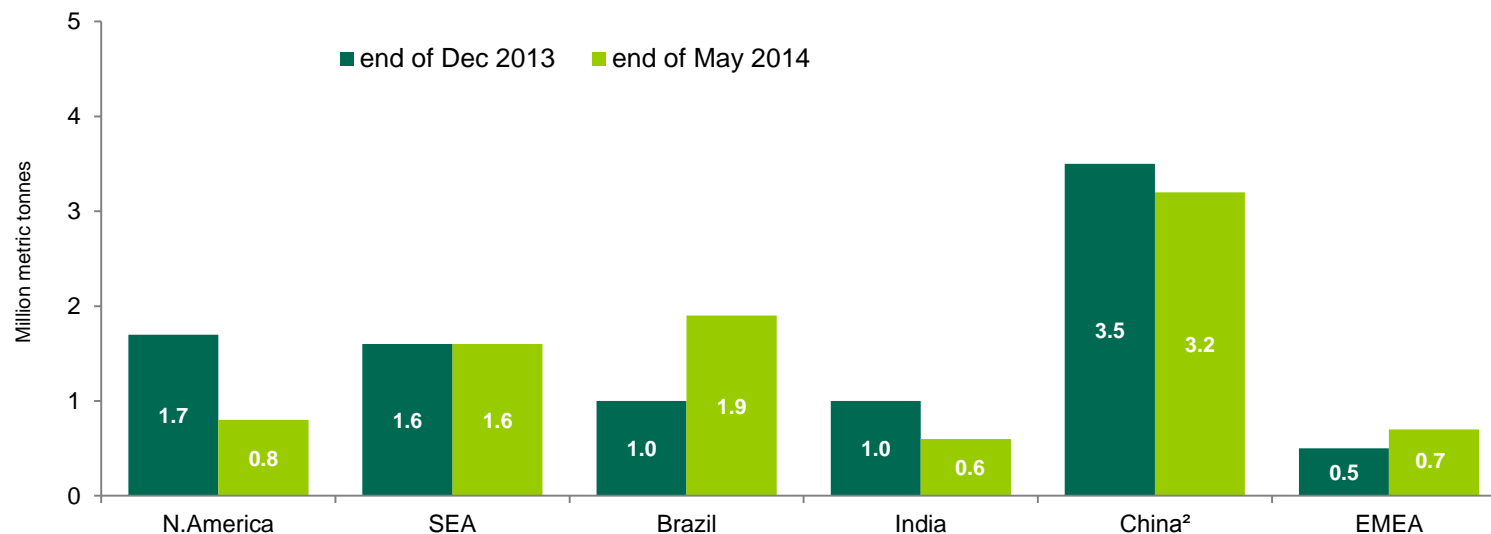
Global grains stocks to use ratios



- 1H 2014 potash buying was supported by a year-to-date increase in major crop prices
- There is downward pressure on key crop prices due to projected record crop output...
- ...but given the current market situation, where, on the one hand, there are old-crop supplies which are tight especially on soybeans, and on the other hand there are prospects of big new-crop numbers, weather-related issues will be very important

With the market conditions in place currently, farmers have incentive to increase yields and we are seeing that translates into stronger potash demand

Global Potash Inventory Level¹



Source: Uralkali's estimations

- Global potash inventories were depleting in major regions due to recovery in consumption
- Brazilian inventory drawdown is expected during application season
- Global potash inventory level is expected to be lower at the end of 2014 compared to 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

Potash Markets Seeing Relatively Strong Volume and Price Momentum in 2014



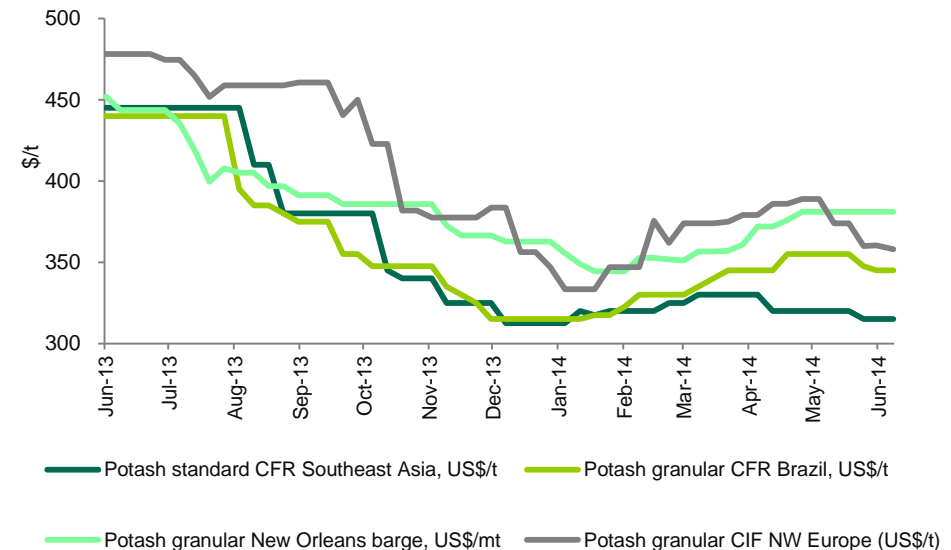
Rebound in potash demand

Markets	2013	2014E low	2014E high
Europe & FSU	10.1	10.4	10.6
China	11.7	12.0	12.2
India	3.5	3.7	4.0
SEA	8.1	8.4	8.7
L. America	10.9	11.1	11.3
N. America	8.5	8.9	9.2
Other ¹	1.6	1.7	1.7
Total Demand	54.4	56.2	57.7

Source: IFA, Uralkali's estimates

Notes (1) Middle East, Africa, other markets

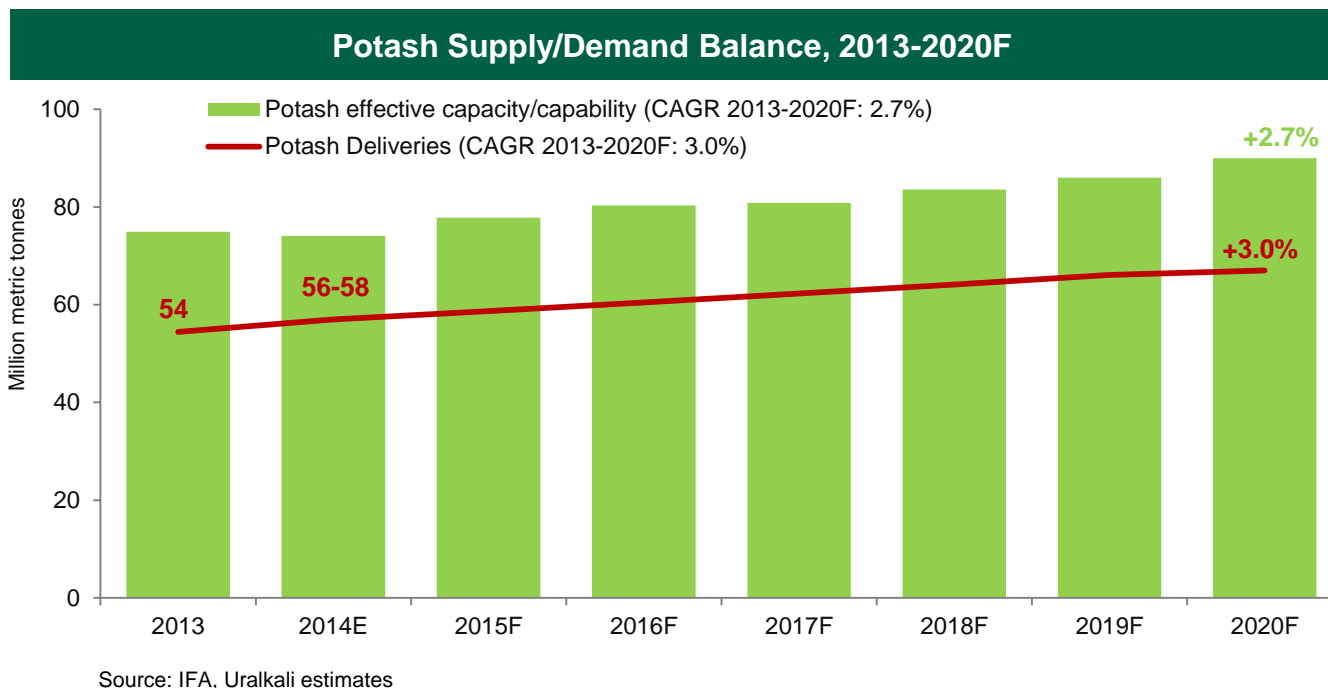
The Dynamics of potash prices



Source: Argus FMB

- Potash demand surged during the active planting season in Q2
- Lower potash price spurring potash demand in 2014
- Potash deliveries in 2014 may outstrip 2011, and probably set a new record – the existing mark being 57 million tonnes set in 2011
- Strong demand combined with limited availability of granular potash continue to support potash prices in major spot markets

Potash Market Becoming More Balanced



- The potash supply/demand outlook is gradually improving
- The wave of potential potash supply has decreased recently
- Potash producers are rationalizing their production depending on industry environment
- Timing of completion of most projects is likely to be highly sensitive to market conditions and how prices and industry profits develop



Healthier potash supply/demand balance in the long-run

Key Takeaways

- Uralkali is estimated to have gained back a sizable portion of its export market share during 1H 2014, and continues placing the tonnage as responsible global leader
- Potash industry fundamentals remain favorable, owing to affordable potash prices and healthy farmer economics
- Global demand remains robust, leaving prices stable in key markets
- Stable prices are encouraging purchasers to increase their pace of buying
- 2014 Potash deliveries may probably set a new record – 58 million tonnes
- Over the longer term, we expect supply and demand to become more balanced reflecting a position of market stability and equilibrium between producers and customers

Thank you!

For more information please contact Investor Relations Department:

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