



EUROCHEM
MINERAL AND CHEMICAL COMPANY

2009 IFRS Results conference call

22 March 2010

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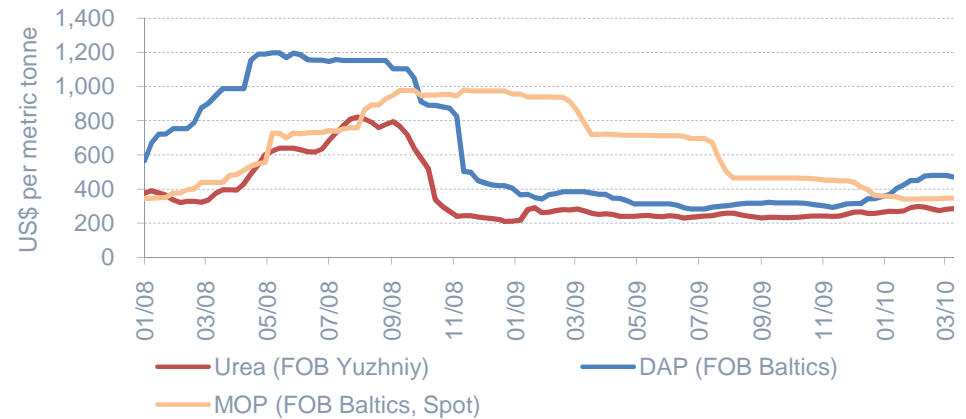
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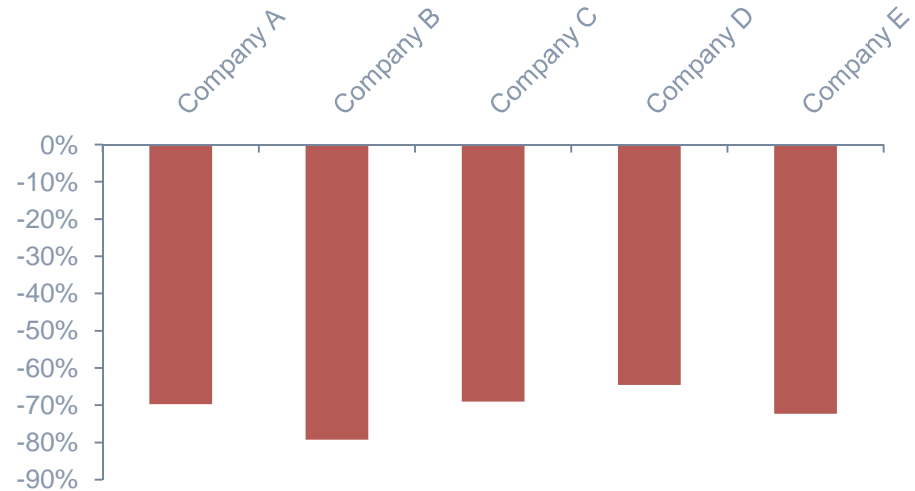
Industry context in 2009

- ◆ Sharp price declines after all-time highs in Q3 2008
- ◆ Average N prices declined by 60%
- ◆ Average P prices declined by 65%
- ◆ Global N consumption estimated to have grown slightly from 99.1 to 99.8 MMT as farmers continued to apply nitrogen due to its immediate positive effects on crop yields
- ◆ Global P consumption estimated to have declined by 5.4% to 35.3 MMT
- ◆ K prices and production slumped as farmers took a “potash holiday” driven by disproportionately premium pricing of potash relative to other nutrients, while producers attempted to support prices by cutting capacity utilization
- ◆ Five fertilizer companies with a combined market capitalization of ca. US\$ 100bn saw aggregate 2009 EBITDA decline by almost 72% from US\$ 16.8bn in 2008 to US\$ 4.7bn in 2009

Key Product Prices 2008-2009



EBITDA change 2009/08



EuroChem: 2009 performance highlights

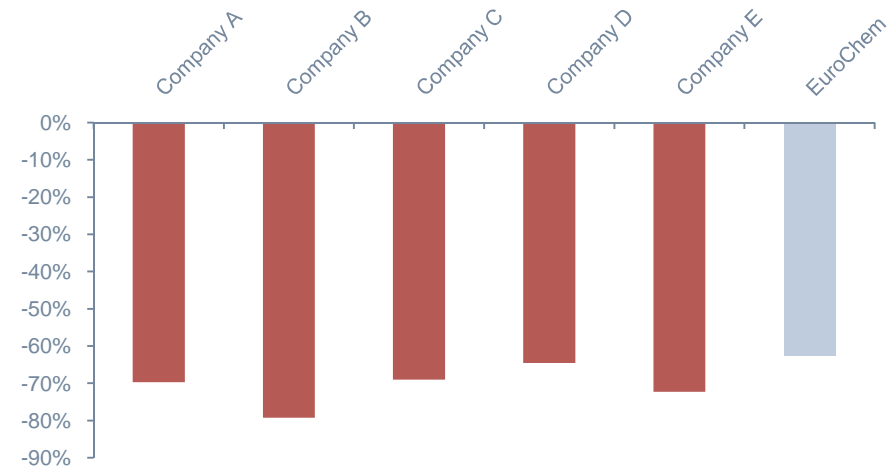
- ◆ Nitrogen: external sales of N nutrient increased to 2.02 MMT in 2009 from 1.90 MMT in 2008
- ◆ Phosphate: external sales of P₂O₅ increased to 1.00 MMT of in 2009 from 0.90 MMT in 2008
- ◆ Revenues fell by 34% to RUR 73.6bn entirely due to lower prices
- ◆ EBITDA declined by 63% to RUR 16.5bn, holding up better than the average for the sector
- ◆ New production launched: CAN (420 KMT p.a. capacity) and granulated urea (600 KMT p.a.)
- ◆ **Crucially, strategic investment program** (potash, new products, N and P efficiency, logistics) is **on track** as capital expenditure continued in 2009 as planned

Key Figures, RURm

	4Q09	3Q09	4Q08	2009	2008	2007
Revenues	18,330	18,775	17,396	73,577	112,174	73,821
EBITDA	3,195	3,136	2,281	16,516	44,297	22,415
% margin	17%	17%	13%	22%	39%	30%
Capex*	4,867	4,409	3,840	18,702	18,818	7,609

* Including licenses for exploration and development of potash and apatite deposits.

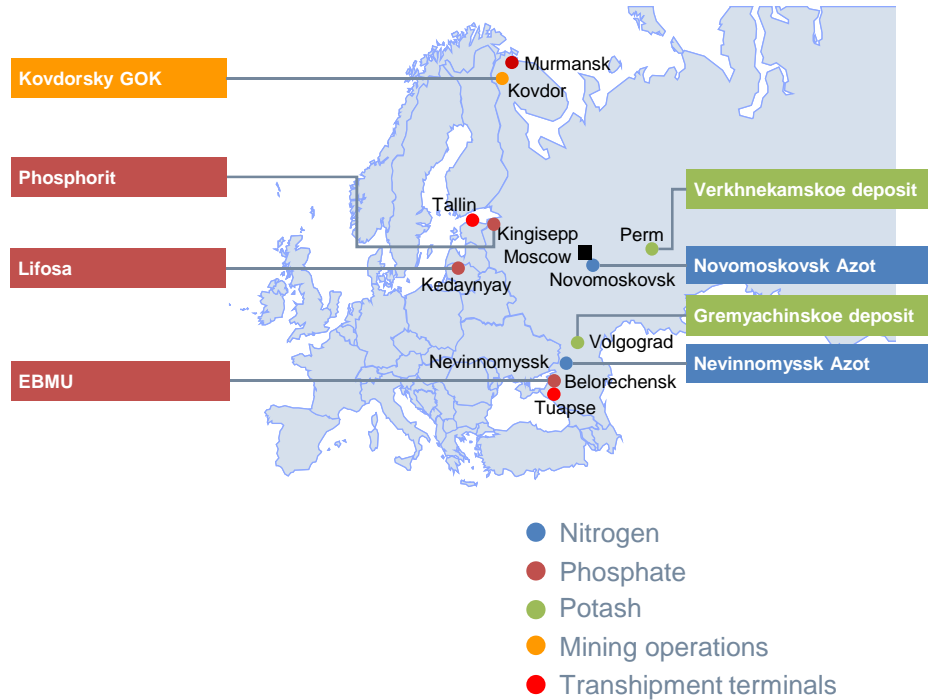
EBITDA change 2009/08, %



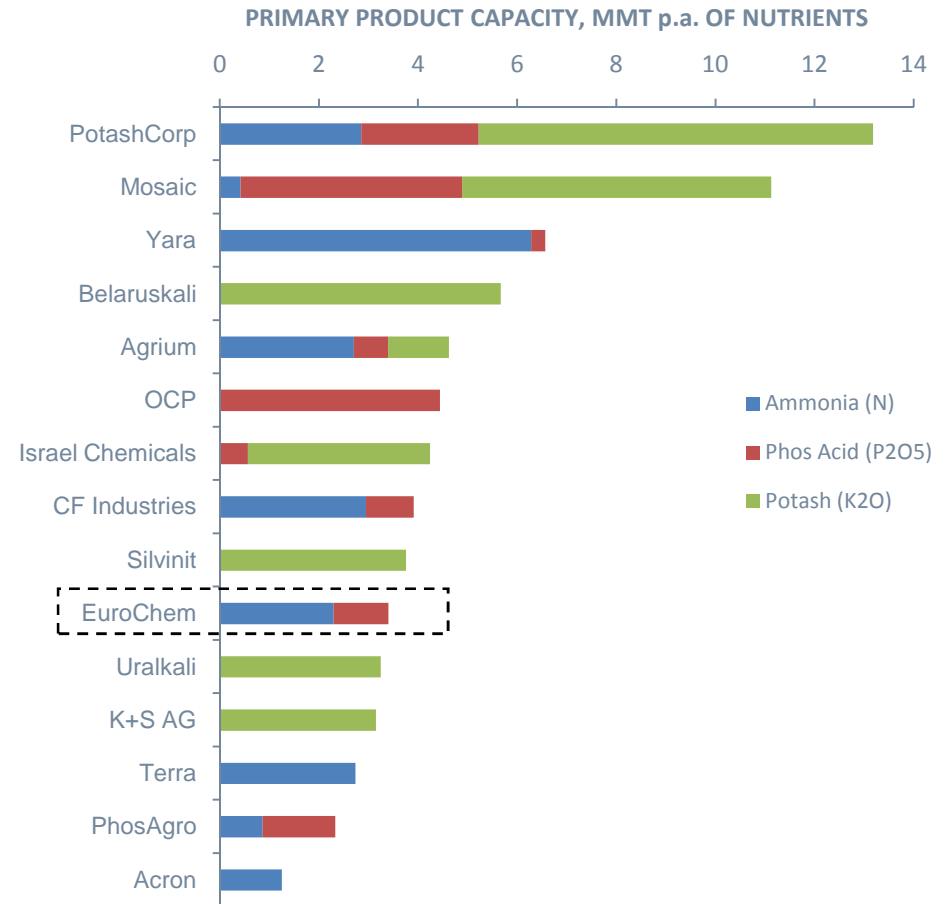
Source: company reports.

EuroChem: market position and strategic goals

Vertically integrated producer



Top 10 by nutrient capacity globally



EuroChem aims to become a top five player by size and profitability over the next 5 years, and maintain its competitive cost advantage through better efficiency and deeper vertical integration

EuroChem Strategy

Main strategic objectives:

- ◆ Become top 5 global player by revenue and volume in all 3 fertilizer markets (nitrogen, phosphate and potash) by growing faster than the market through investment in growth and M&A
- ◆ Maintain / increase cost advantage through vertical integration and investment in efficiency

EuroChem's overall strategy is best viewed as a collection of logically inter-related business segment strategies:



Performance overview

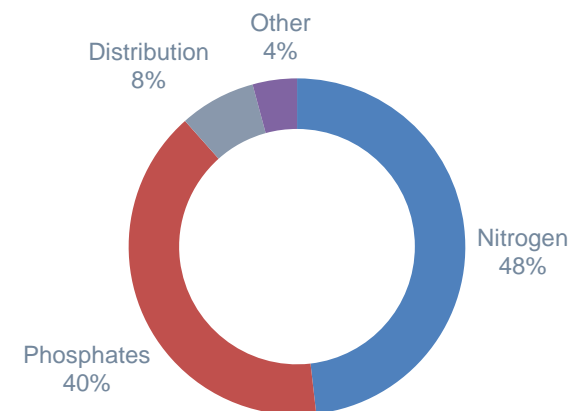
Key Figures 2009 vs. 2008

		2009	2009/2008 Change
Revenue	RURm	73,577	-34%
EBITDA	RURm	16,516	-63%
Net profit	RURm	11,075	-60%
Gross margin	%	44%	-16 p.p.
EBITDA margin	%	22%	-17 p.p.
Sales volumes			
Nitrogen (N)	KMT	5,377	7%
Phosphate (P)	KMT	7,699	15%
Phosphate (excl. iron ore and baddeleyite)	KMT	2,115	5%

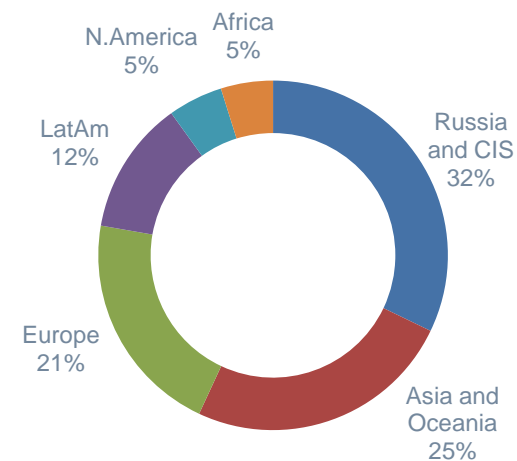
N: including organic synthesis products

P: including mining co-products

Sales 2009 by segment

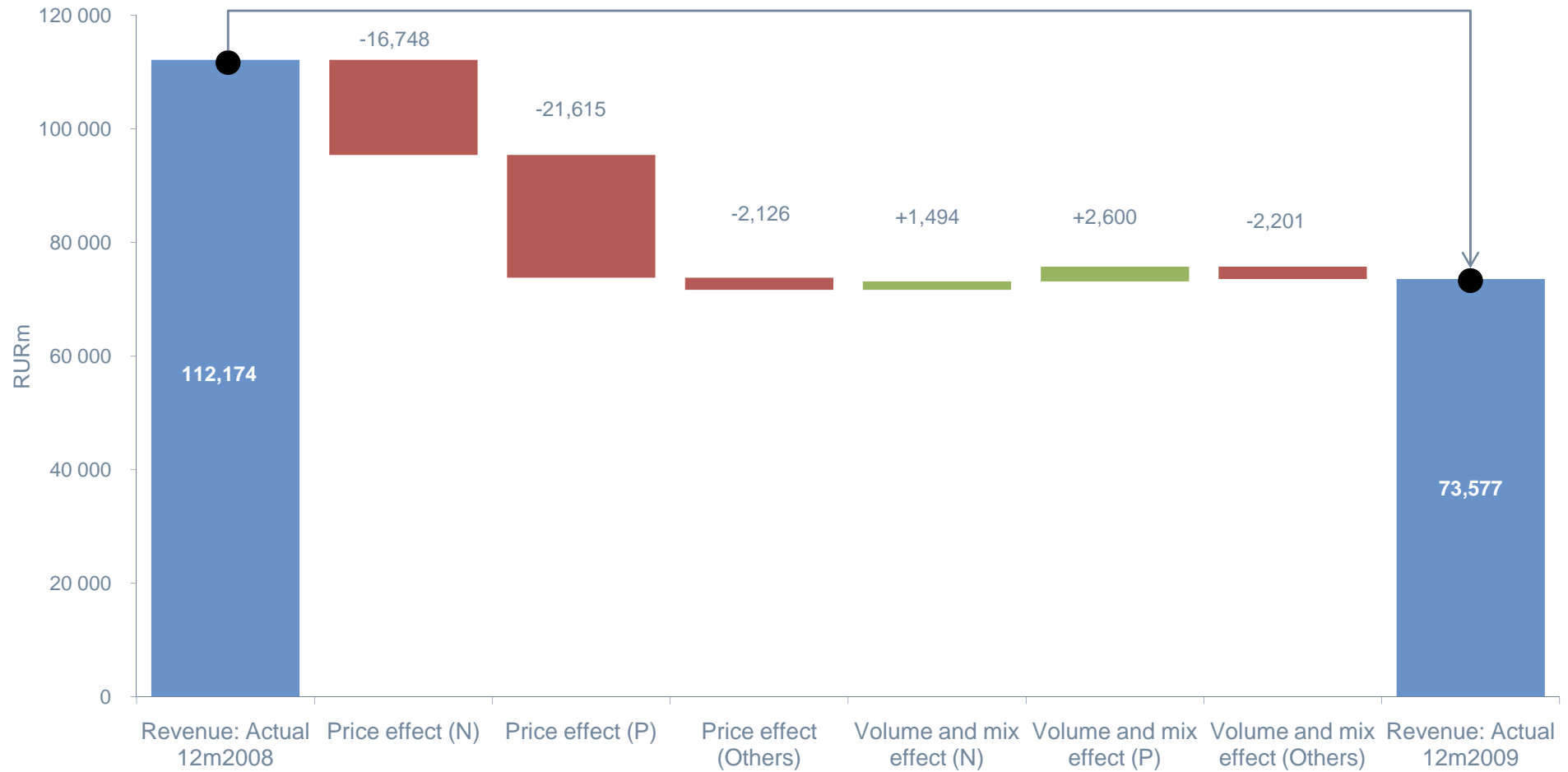


Sales 2009 by geography

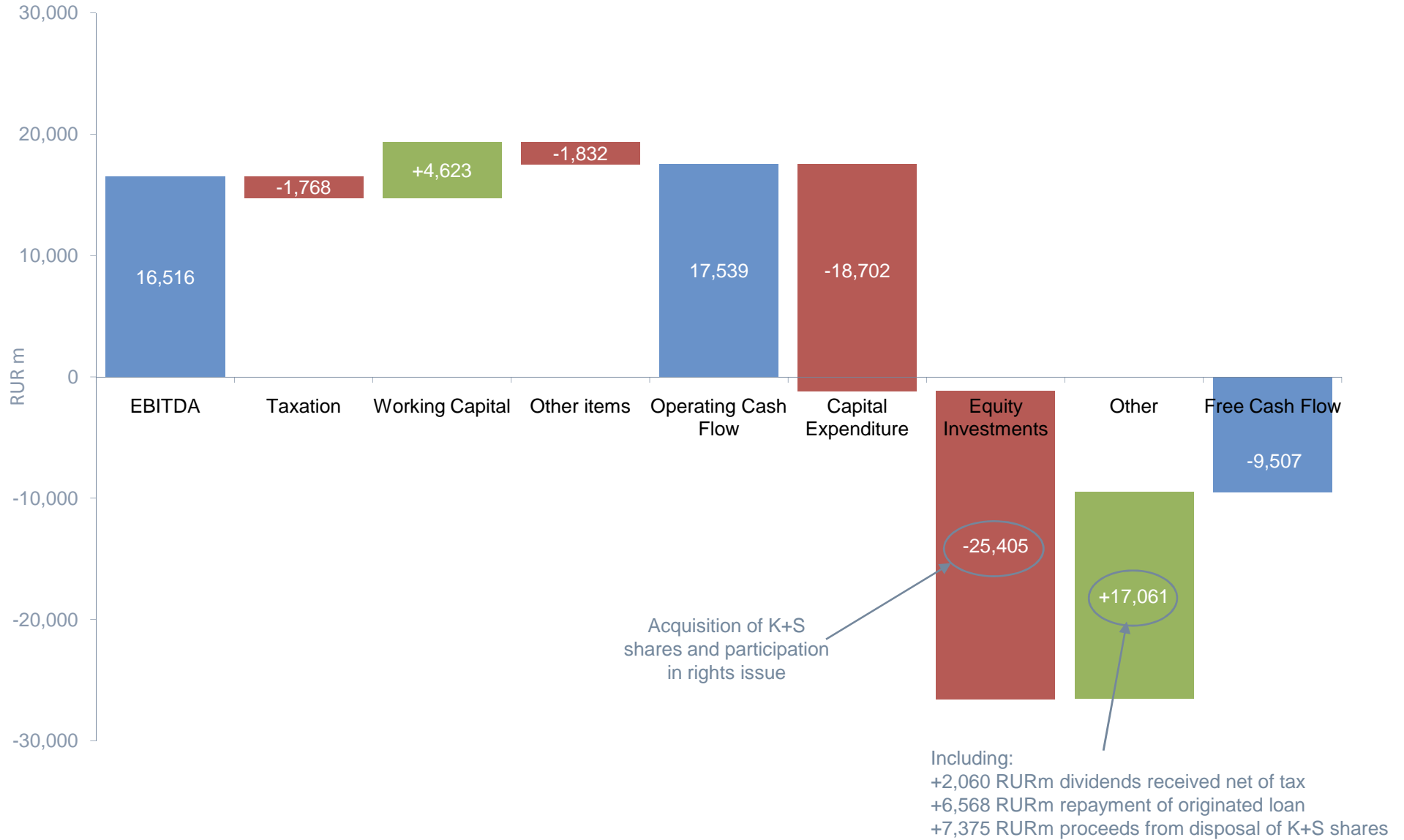


Revenue

Nearly all of the 34% decline in Revenues is attributable to the decline in prices



Cash Flow



Net Profit

Reconciliation of 2009 EBITDA to Net Profit

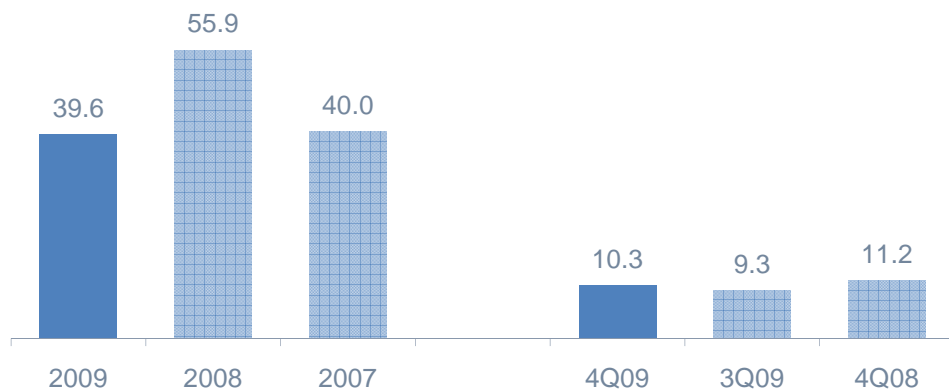
		2009	2008
EBITDA	RURm	16,516	44,297
- Depreciation and amortisation	RURm	(2,976)	(2,943)
- Idle property, plant and equipment write-off	RURm	(84)	(313)
+ Gains on disposals	RURm	1,326	520
+/- Gain/(loss) on trading investments	RURm	-	(395)
+/- Financial fx gain/(loss) - net	RURm	749	(3,766)
- Interest expense	RURm	(1,984)	(1,259)
+ Other financial income	RURm	193	135
+/- Non-controlling interest	RURm	(36)	503
- Income tax expense	RURm	(2,629)	(8,891)
Net profit	RURm	11,075	27,888

Interest expense rose as debt level increased, mainly on US\$ 1.5bn pre-export syndication signed in September 2008

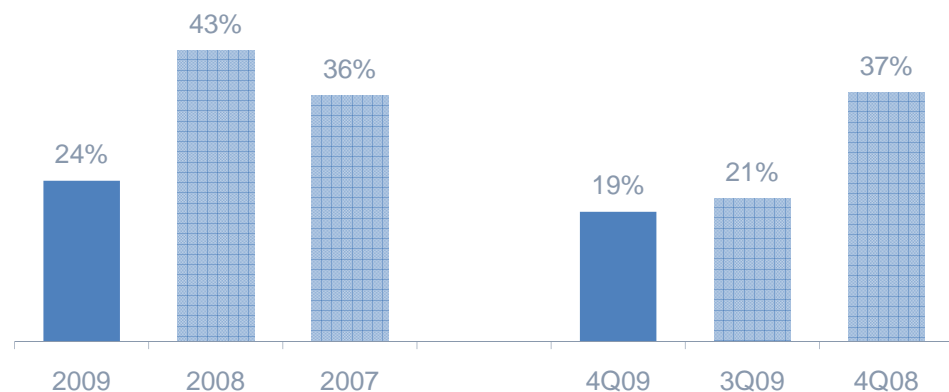
Non-core chlorine business and shares of K+S AG (4.26m shares sold)

Business Segments: Nitrogen (1)

Revenue*, RURbn



EBITDA margin



Comment and key numbers

- ◆ Nitrogen fertilizer volumes higher than 2008
- ◆ Fertilizer margins have improved significantly in early 2010
- ◆ Organic synthesis: impact on segment EBITDA will be marginal until melamine production comes online in 2011

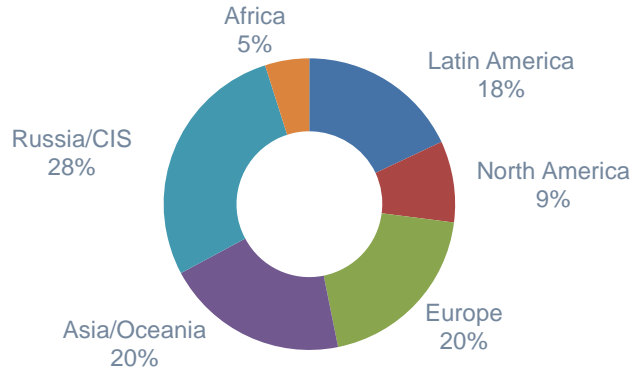
		4Q09	3Q09	4Q08	2009	2009/2008 Change
Revenue*	RURm	10,303	9,306	11,269	39,577	-29%
Sales volumes*						
- Urea	KMT	356	363	358	1,512	29%
- AN	KMT	577	323	347	1,830	24%
- UAN	KMT	123	206	152	665	-28%
- NPK	KMT	79	106	9	341	-2%
- Ammonia	KMT	187	179	143	643	4%
- Organic Synthesis	KMT	134	91	127	369	-25%
EBITDA	RURm	1,956	1,952	4,116	9,314	-61%

*Revenue and sales volumes include sales to other segments

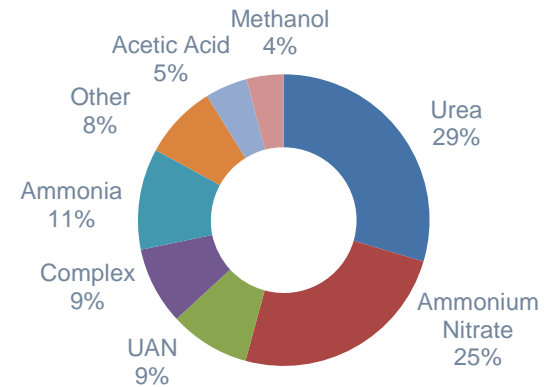
1: Nitrogen segment includes nitrogen fertilizers and organic synthesis products.

Business Segments: Nitrogen (2)

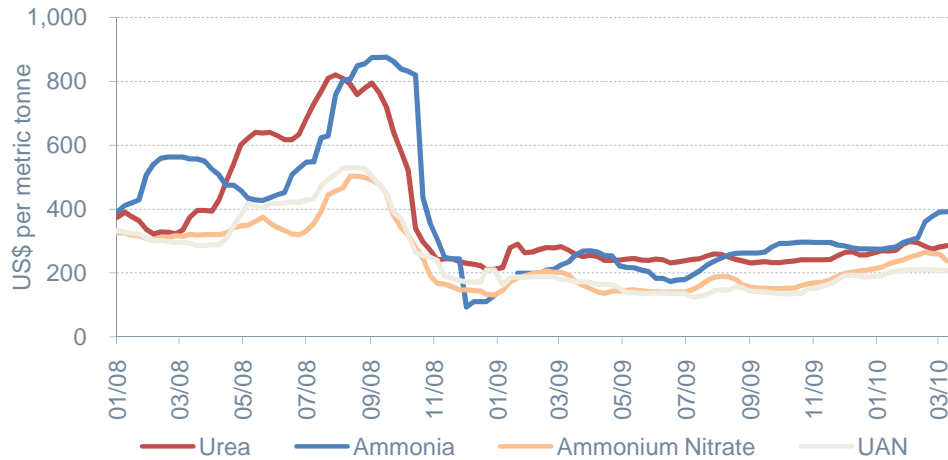
Sales by region*, 2009



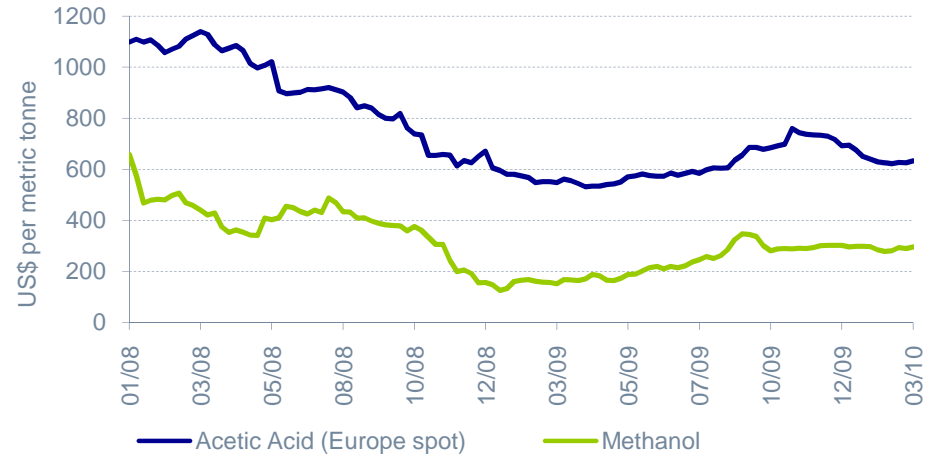
Sales by product*, 2009



Price chart



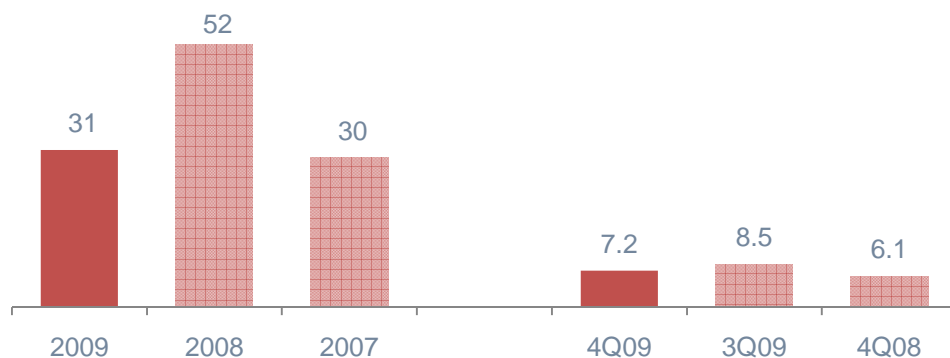
Price chart



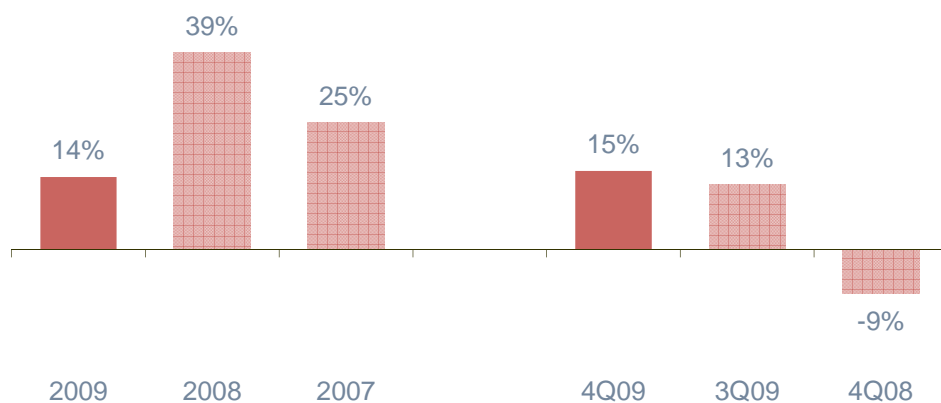
*including sales to other segments

Business Segments: Phosphate (1)

Revenue*, RURbn



EBITDA margin



Comment and key numbers

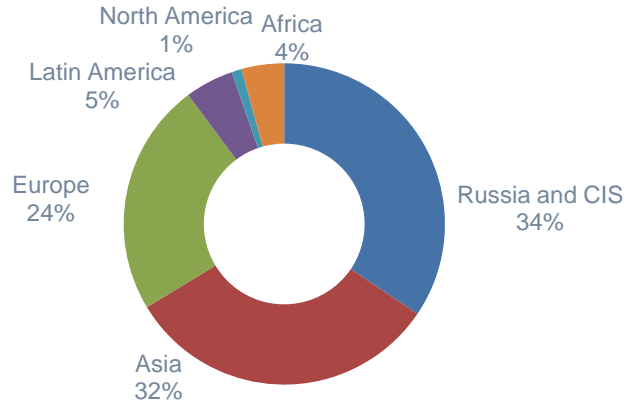
- ◆ Segment revenues higher than 2007 levels
- ◆ Iron ore: strong volumes and prices
- ◆ Prices show significant strength entering 2010

		4Q09	3Q09	4Q08	2009	2009/2008 Change
Revenue*	RURm	7,207	8,513	6,128	31,124	-40%
Sales volumes*						
- DAP, MAP	KMT	405	519	146	1,668	20%
- DFP, MCP	KMT	44	46	31	163	-23%
- NP	KMT	8	17	2	52	-55%
- NPK	KMT	3	9	1	18	-37%
- Apatite	KMT	35	39	83	215	-21%
- Iron ore	KMT	1,772	1,556	680	5,579	19%
- Baddeleyite	KMT	2	2	2	5	-24%
EBITDA	RURm	1,112	1,082	-530	4,427	-78%

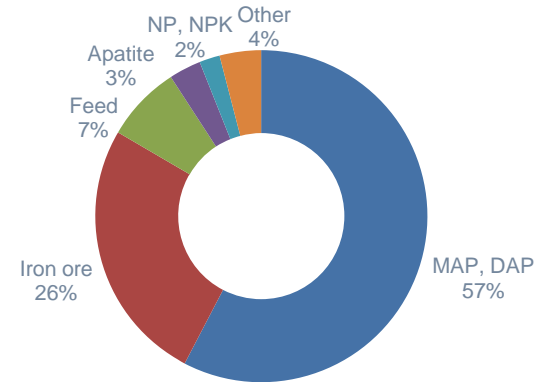
*Revenue and sales volumes include sales to other segments

Business Segments: Phosphate (2)

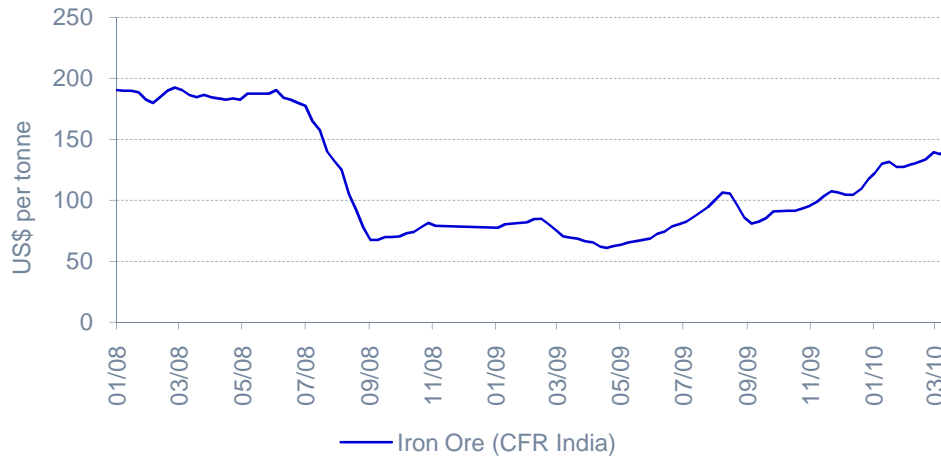
Sales by region*, 2009



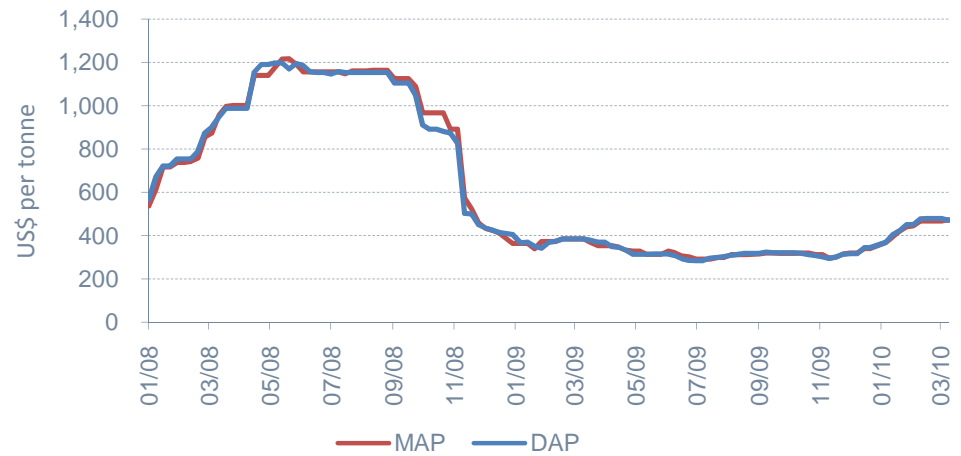
Sales by product*, 2009



Price chart



Price chart



*including sales to other segments

Business Segments: All Others

Revenue and EBITDA (net), all other segments

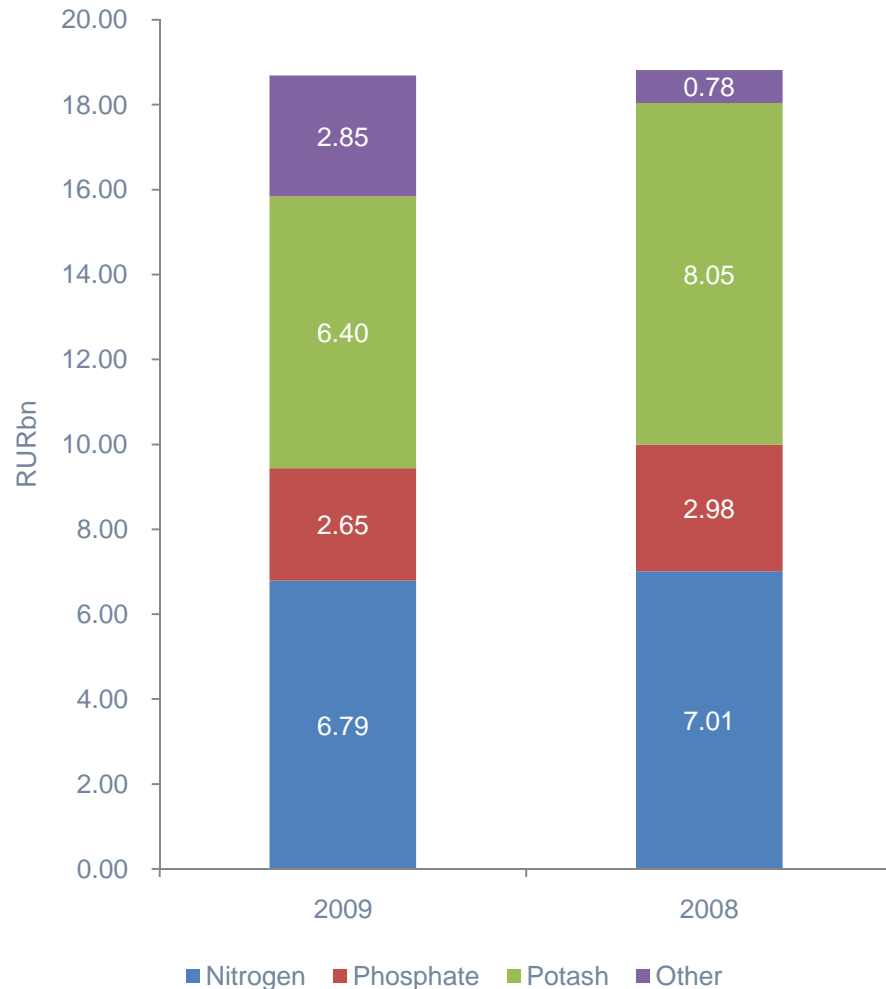
		2009	2009/2008 Change
Revenue	RURm	20,484	-28%
- Distribution	RURm	5,395	2%
- Others	RURm	15,089	-36%
EBITDA	RURm	2,821	221%

Fertilizer sales volumes through own distributors increased by 65% to 587 KMT

Retail distribution network in Russia and Ukraine

Including dividends received, logistic and other services rendered to third parties, third party product sales etc

Capital Expenditure



Main Projects

◆ Nitrogen:

1. Granulated urea (Urea 3 shop) with 2.0KMT per day at Novomoskovsk, launched in December 2009, first in Russia
2. CAN shop with 420 KMT per annum capacity at Novomoskovsk, launched in November 2009
3. Construction of melamine production along with the revamp of urea shop at Nevinnomysk
4. Construction of new granulated urea facility with 1.15 KMT per day capacity at Novomoskovsk (Urea 4 shop)
5. Technical rehabilitation of plants to increase efficiency

◆ Phosphate:

1. Rebuild sulphuric acid production with capacity increase by 720 KMT p.a.
2. Reconstruction of phosphate acid production with capacity increase by 300 KMT p.a. / potential construction of 6 MW turbine
3. Technical rehabilitation and modernization of existing facilities

◆ Potash:

1. Construction of skip and cage shafts / Gremyachinskoe deposit
2. Industrial and social infrastructure construction

◆ Others: mainly Tuapse bulk terminal construction

Costs

Cost Structure, RURm

	2009	2008	2009/2008 Change	
Gas (raw materials)	9,250	7,806	19%	→ Gas price up from ca. RUR1,914/1,000m ³ to RUR 2,246/1,000 m ³ , partly mitigated by energy efficiency measures
Sulphur	1,448	4,958	-71%	→ Decline primarily due to price effect
Other materials and components	9,747	14,315	-32%	→ Lower activity in third party products trading
Energy	4,620	4,078	13%	} → Mostly due to price effect
Utilities and fuel	2,063	2,559	-19%	
Transportation	16,379	18,982	-14%	→ Mostly due to changes in delivery basis (less shipping costs paid) and lower sea freight rates
Labour	8,666	9,048	-4%	
Change in WIP and FG	2,065	-3,090	-	
Other	8,852	12,302	-28%	→ Mostly due to export tariffs revoked from 1 Feb 2009
Total	63,090	70,958	-11%	→ Includes cost of sales, distribution and G&A expenses

Debt

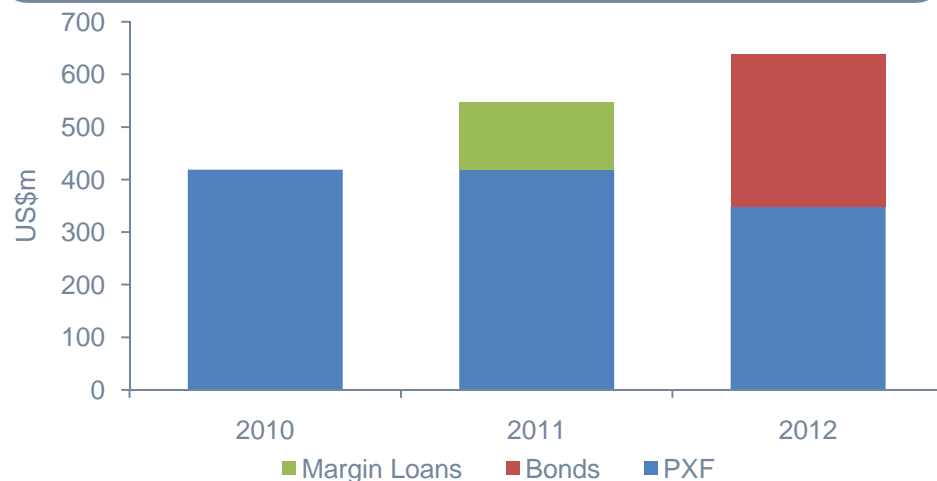
Key debt metrics, RURm

	2009	2008	2007
Long term	35,281	42,873	8,218
Short term	12,491	9,093	4,689
Less cash and cash equivalents**	11,228	26,707	15,427
Net debt	36,544	25,259	-2,520

Comment

- ◆ Comfortable debt structure and maturity profile, remote refinancing risk
- ◆ Successfully placed three syndicated facilities (two of which are fully repaid)
- ◆ US\$ 1.5bn 4-year pre-export, LIBOR + 1.8%, raised against backdrop of accelerating global crisis (as at 31.12.09 US\$ 1.19bn outstanding)
- ◆ EuroBonds: US\$ 300m* issued in March 2007, 5 years bullet, coupon 7.88%
- ◆ New debt financing opportunities:
 - ECA-backed financing
 - RUR or US\$ bonds
 - bi-lateral credit lines
 - margin loans (secured by K+S shares),
 - new pre-export facility (secured by phosphate business flows)

Debt maturity profile, US\$m



*In December 2008 US\$ 10m of Eurobonds were redeemed.

**Including restricted cash in current assets

Outlook

- ◆ Expectation is that pricing and demand in 2010 will be at "normalized" levels. This should translate into double-digit revenue and EBITDA growth.
- ◆ Corresponding growth in CAPEX is planned, driven by Gremyachinskoe Phase I and Verkhnekamskoe Phase I projects (Potash), melamine shop construction and revamp of nitric acid at Nevinnomysskiy Azot, as well as (granulated) Urea 4 shop construction at Novomoskovsk (all - Nitrogen).
- ◆ EuroChem's Tuapse dry bulk terminal went live in March with the first urea shipment completed a few days ago. Tuapse terminal is one of the elements of EuroChem's future cost leadership in potash.
- ◆ Q1 to date: EBITDA for 2 months exceeds Q4 2009. Firmer prices but some difficulties with shipments due to poor weather conditions in key ports.
- ◆ Net Debt to EBITDA will be maintained at between 2.0x and 2.4x 12 months' rolling EBITDA; new long term debt will be raised in 2010.
- ◆ Overall, noticeable improvement in trading conditions over 2009 but poor visibility; the recovery is fragile.

Questions & Answers

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