



EUROCHEM
MINERAL AND CHEMICAL COMPANY

Introducing EuroChem

**BMO Capital Markets
2011 Farm to Market Conference**

May 2011

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Nitrogen Segment

Phosphate Segment

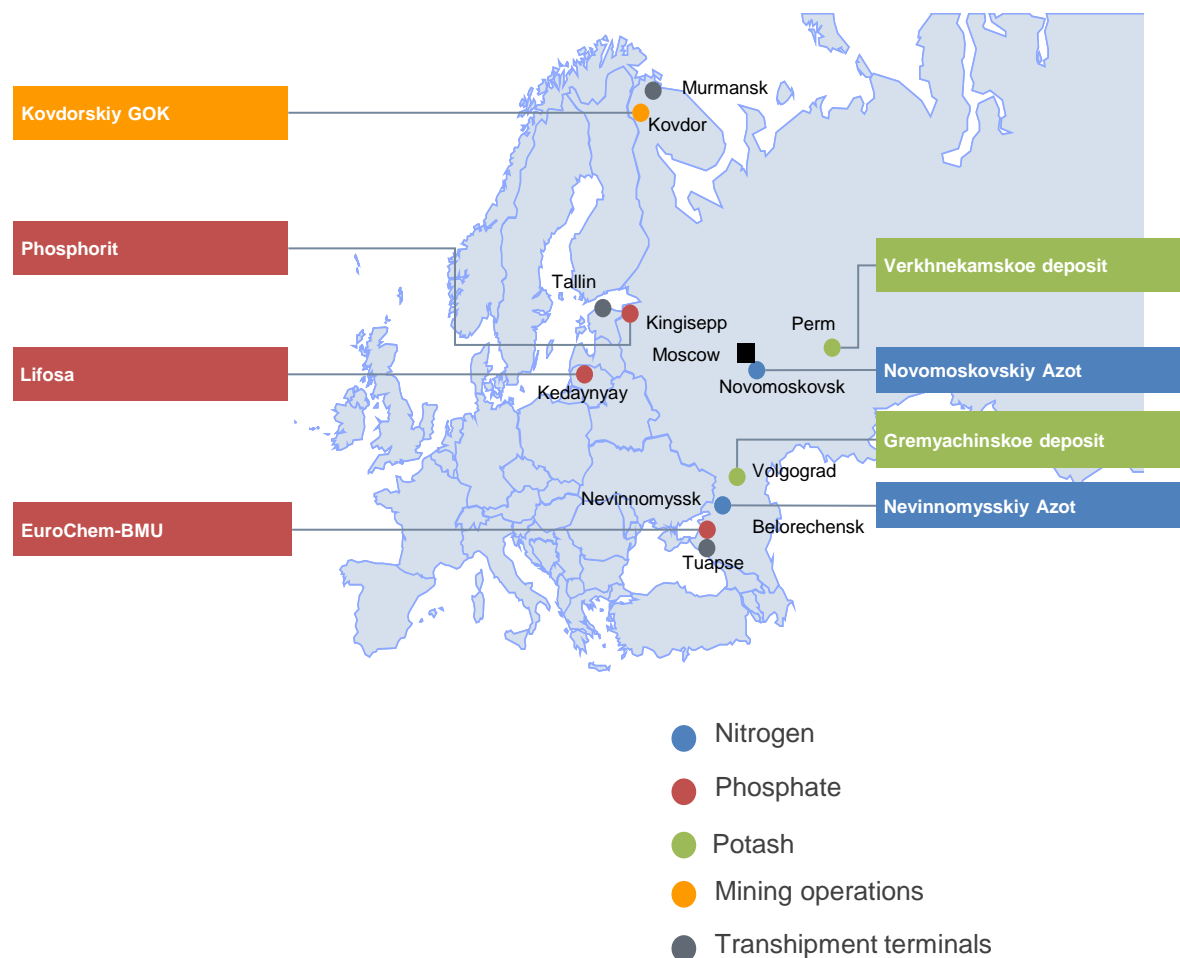
Potash Segment

Summary

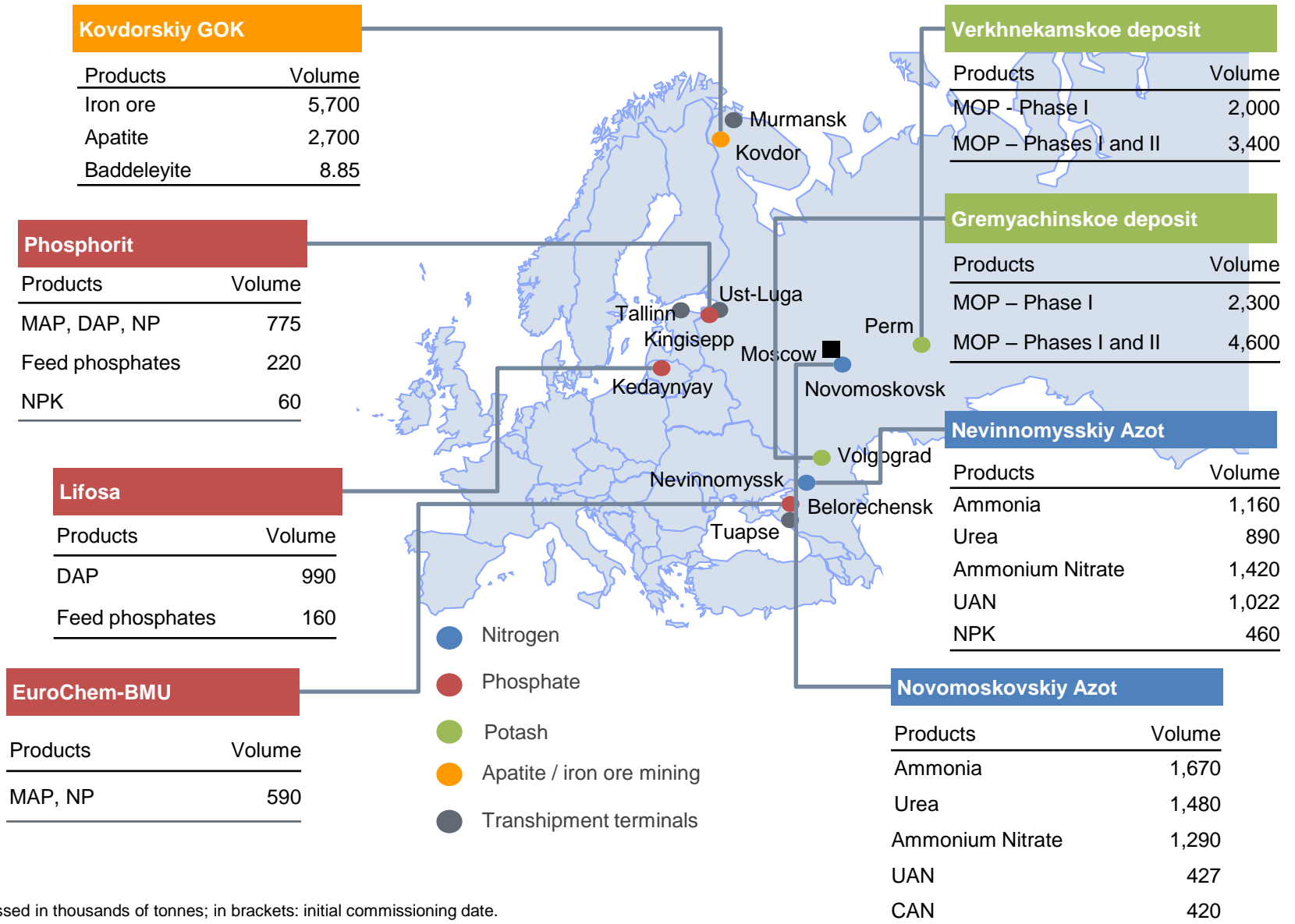
Top 10 agrochemical company globally by nutrient capacity:

- 2 Nitrogen plants in Russia (2.8 MMT of ammonia)
- 2 Phosphate plants in Russia and 1 in Lithuania (2.4 MMT of MAP/DAP)
- 1 Apatite and iron ore mine in Russia
 - P₂O₅-rich (37%-38%) apatite ore (2.7 MMT pa) covers c.85% of own P production needs
 - Up to 6MMT of iron ore (Fe content 64%), a co-product of apatite mining
- Construction of own Potash (K) capacity** is well underway (production to start 2013, reaching up to c.8 MMT pa of product by 2021)
- Vertical integration:** own raw materials, production, port terminals, rail stock, repair shops and distribution in CIS
- Privately owned** by Andrey Melnichenko (95%) and CEO Dmitry Strezhnev (5%)
- 2010 EBITDA: USD 1bn, +80% over 2009 (preliminary 1Q'11 EBITDA: ~USD 400m)**
- Latest **Net Debt / LTM EBITDA: 1.13x**
- As of 31 December 2010 EuroChem directly owned 8.7% of **K+S AG**

Vertically integrated producer

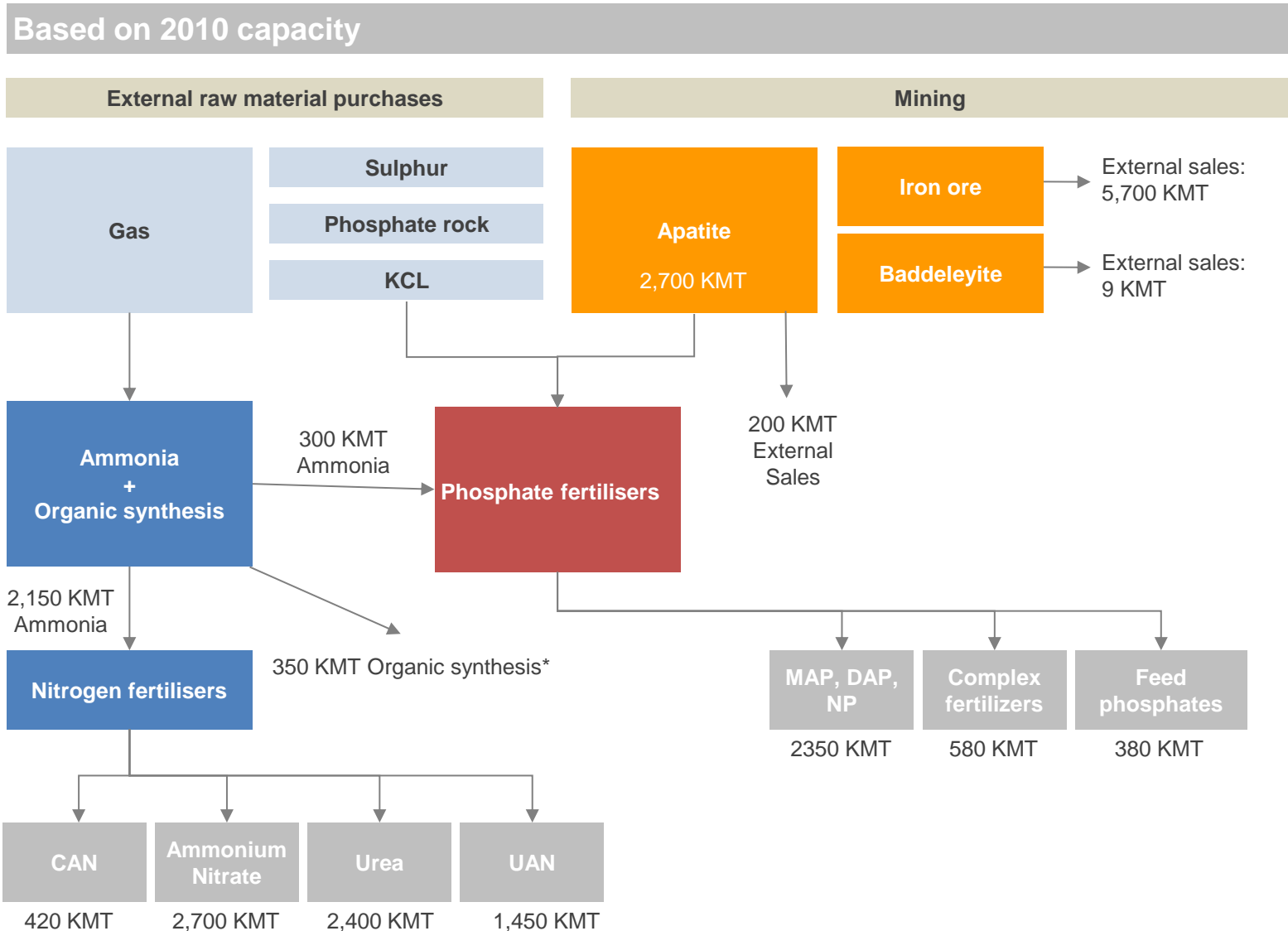


Vertically Integrated Producer



Note: all volumes expressed in thousands of tonnes; in brackets: initial commissioning date.

Integrated production chain and capacities



*Methanol and Acetic acid as the main products of Organic synthesis

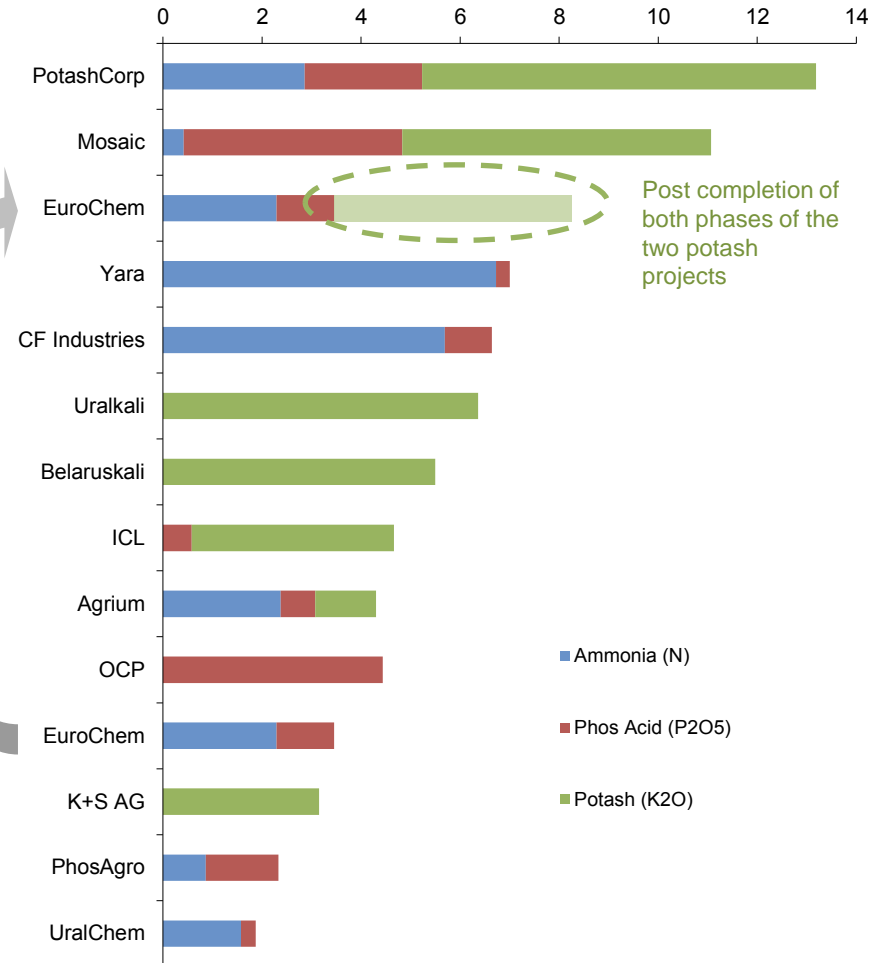
Key Competitive Advantages

- **Low-cost raw materials** (natural gas, phosphates and, in future, potash)
- **Further cost advantages through vertical integration** (own port terminals, rail stock, repair/maintenance units)
- **Distribution** in the world's fastest-growing large fertilizer market (Russia and CIS)
- **Iron ore** (6 MMT pa) as co-product of apatite mining adds to profitability
- **Future global cost leadership in potash** expected at Gremyachinskoe field due to:
 - Proximity to port (~650 km)
 - K₂O-rich ore
 - Flatness and thickness of potash layer
 - Thick protective salt layer
- **Growing production flexibility** allows to quickly adapt to changes in market demand



Top 10 by nutrient capacity globally

PRIMARY PRODUCT CAPACITY, MMT OF NUTRIENTS



The EuroChem Story

Growth

- 2.1% of the world's nutrient capacity today
- 3.0% by 2020

Earnings power

- Sustained competitiveness in N and P in Western Hemisphere
- Benefits from iron ore as a co-product of apatite mining
- Future global cost leadership in K

Key Risks

- Potash construction (mines) -?
- Natural gas cost differential between Russia and US/Europe -?
- Limited free cash flow in 2011-2013 on heavy capex -?

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:



Main Strategic Objectives

Become top 5 global agrochemical company by revenue and profitability

Maintain cost advantage in N and P through vertical integration and investment in efficiency

- Build and launch own potash production
- M&A: targeted approach

- Improve existing production efficiency
- Add new capacity for higher-value / lower gas content products (e.g. melamine, LDAN, NPK)
- Enhance distribution in core markets (CIS, Europe)
- Improve logistics (Baltic port, rail car fleet)
- Improve access to phosphate rock (Kazakhstan)
- Own natural gas production?

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Potash Segment

EuroChem: 2010 performance highlights

Nitrogen

- Nitrogen: sales volumes up 5%; average urea prices 15% higher than in 2009

Phosphate

- Phosphate: sales volumes up 14%; average DAP prices up 48% on 2009 levels

Iron Ore

- Iron ore sales volumes 10% above 2009 level; very strong price trend (CIF China: +80% yoy)

Revenues

- Revenues rose by 33% to RUB 97.8 bn on higher prices and volumes

EBITDA

- EBITDA increased by 81% to RUB 29.9bn

Free cash flow

- Free cash flow positive (+RUB 11.1bn) despite heavy capital expenditure (RUB 20.5bn)

Investments

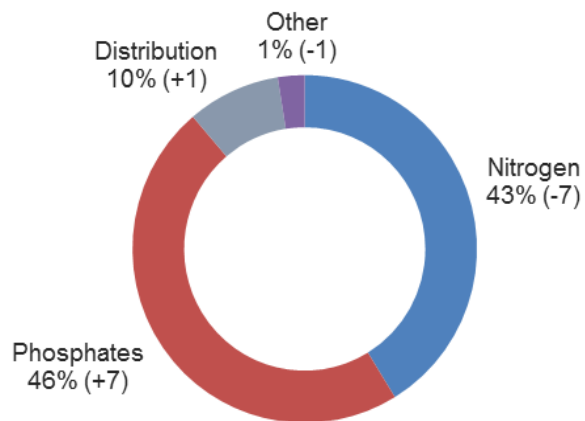
- Growth-oriented investment program (potash, new products, N and P efficiency, logistics) is fully on track

2010 Performance overview

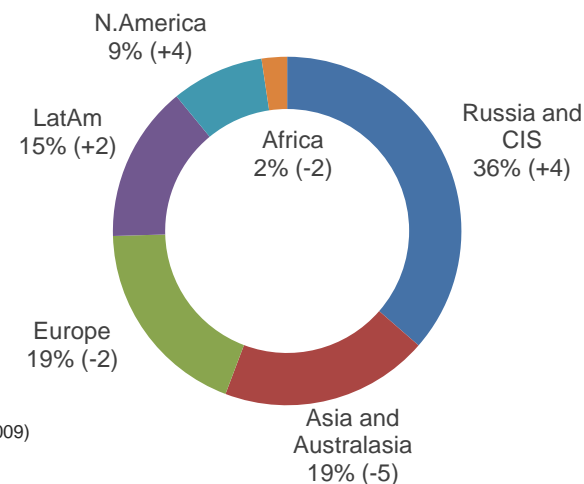
Key Figures 2010 (v 2009)

RUB m	2010	2009	Y-o-Y,%	Q4 10	Q3 10	Q2 10	Q1 10
Revenues	97,788	73,577	+33%	28,137	24,261	23,78	21,609
EBITDA	29,937	16,516	+81%	10,581	6,347	7,717	5,292
% margin	31%	22%		38%	26%	32%	24%
Capex	20,464	18,702	+9%	6,877	6,323	4,269	2,994

Sales by segment (2010)



Sales by region (2010)



(in brackets – change in percentage points relative to 2009)

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Nitrogen Operations

EuroChem nitrogen operations

Novomoskovsk Azot

Products	Volume
Ammonia	1,670
Urea	1,480
Ammonium Nitrate	1,290
UAN	427

Nevinnomyssk Azot

Products	Volume
Ammonia	1,160
Urea	890
Ammonium Nitrate	1,420
UAN	1,022

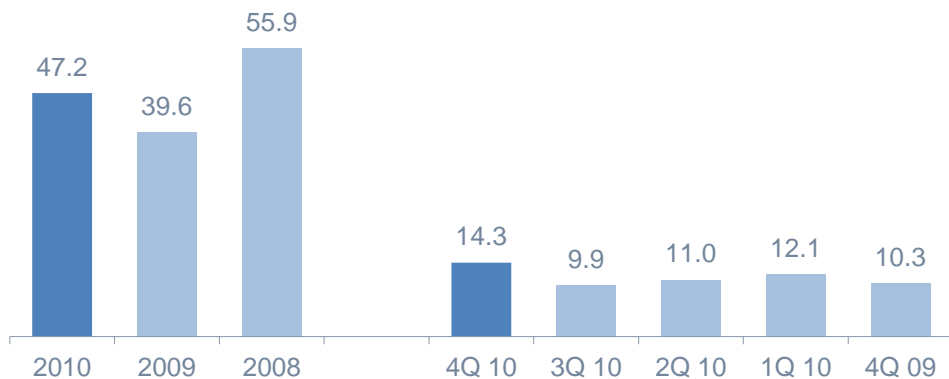


- Nitrogen
- Phosphate
- Potash
- Mining operations
- Transshipment terminals

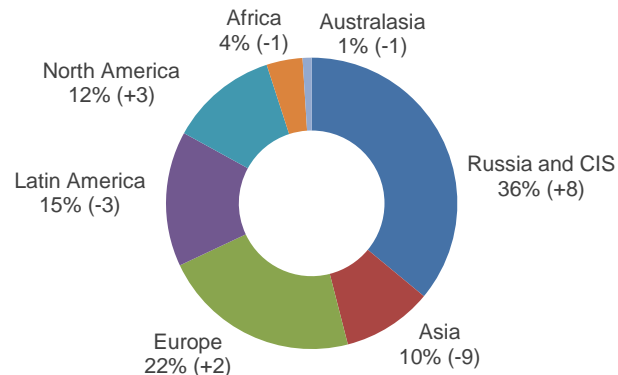
Note: all volumes expressed in thousands of tonnes

2010 Nitrogen Segment Performance

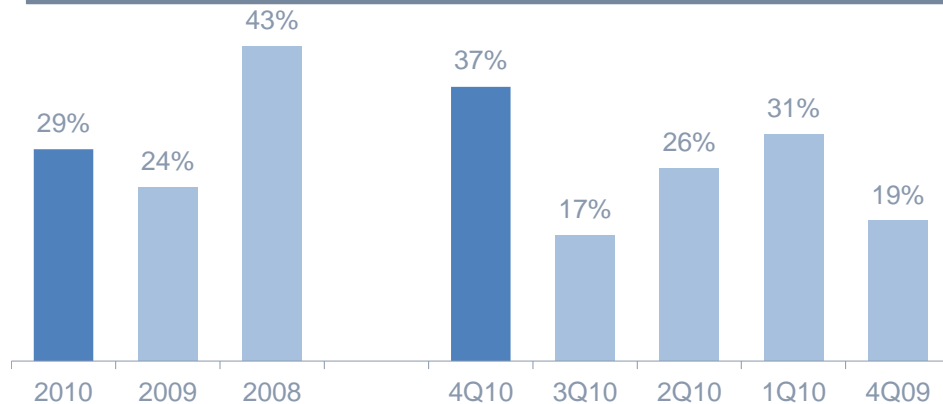
Revenue*, RUB bn



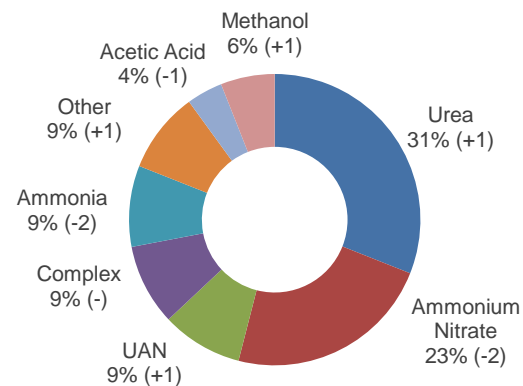
Sales by region* (2010)



EBITDA margin



Sales by product* (2010)



*Revenue and sales volumes include sales to other segments

(in brackets – change in percentage points relative to 2009)

Nitrogen segment includes nitrogen fertilizers and organic synthesis products.

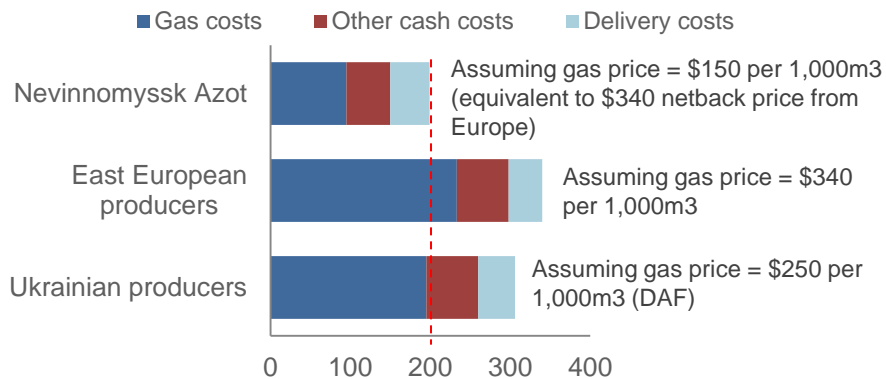
Nitrogen

Phosphate

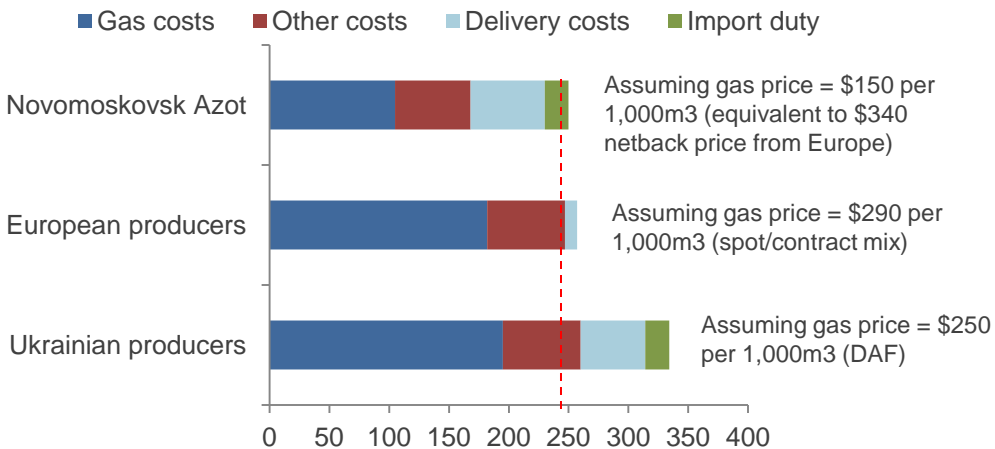
Potash

Impact of Rising Natural Gas Prices in Russia

Illustrative delivered urea costs to Brazil (\$/m tonne)



Illustrative delivered urea costs to Europe (\$/m tonne)



- EuroChem maintains significant cost advantage over European and Ukrainian producers in its key markets even after domestic gas prices rise to their “netback” level

Note: * Gas costs for Western Europe as at German border

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Phosphate Operations

EuroChem phosphate operations

Kovdorskiy GOK

Products	Volume
Iron ore	5,700
Apatite	2,700
Baddeleyite	8.9

Lifosa

Products	Volume
DAP	990
Feed phosphates	150

Phosphorit

Products	Volume
MAP, DAP, NP	775
Feed phosphates	220

EBMU

Products	Volume
MAP, NP	590

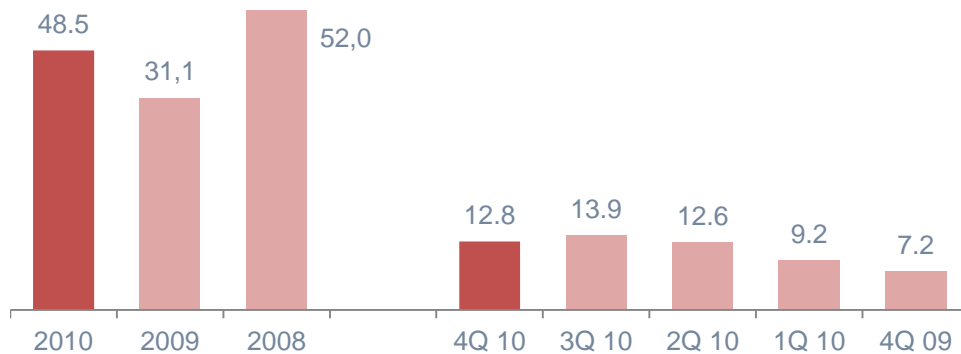


- Phosphate and mining operations
- Own transhipment terminals
- Port facilities rented under a long-term contract

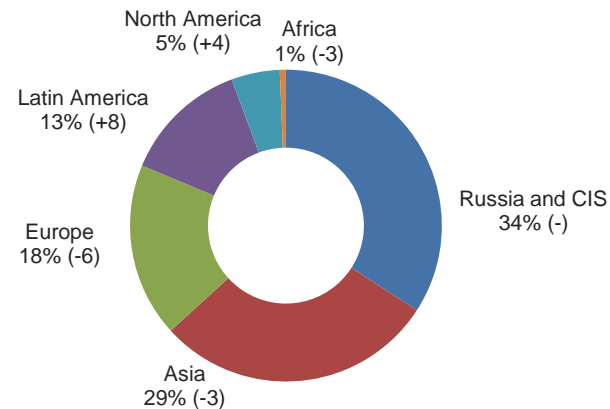
Note: all volumes expressed in thousands of tonnes

2010 Phosphate Segment Performance

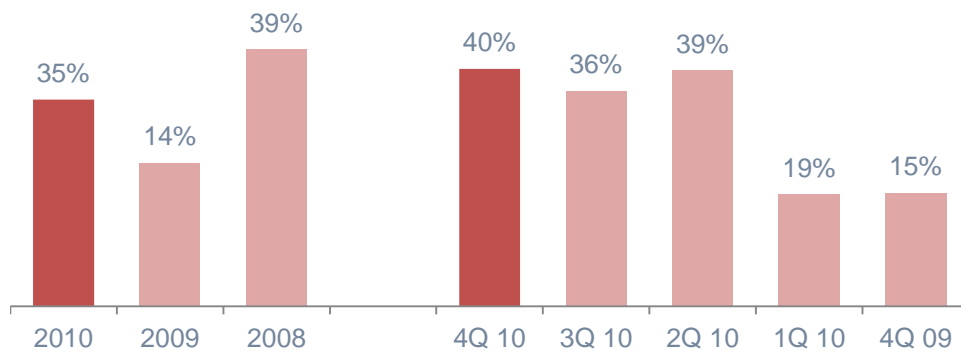
Revenue*, RUB bn



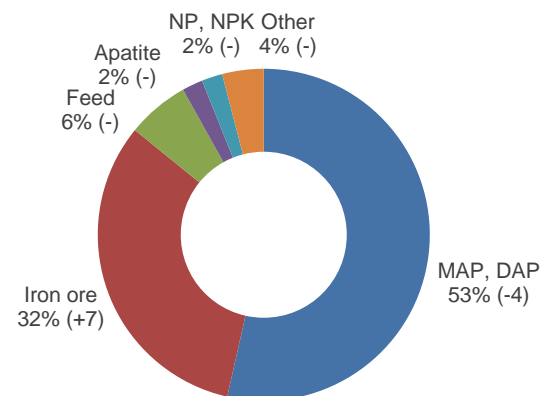
Sales by region* (2010)



EBITDA margin



Sales by product* (2010)



*Revenue and sales volumes include sales to other segments

Phosphate segment includes iron ore and baddeleyite, byproducts of apatite production at Kovdorskiy GOK mine.



(in brackets – change in percentage points relative to 2009)

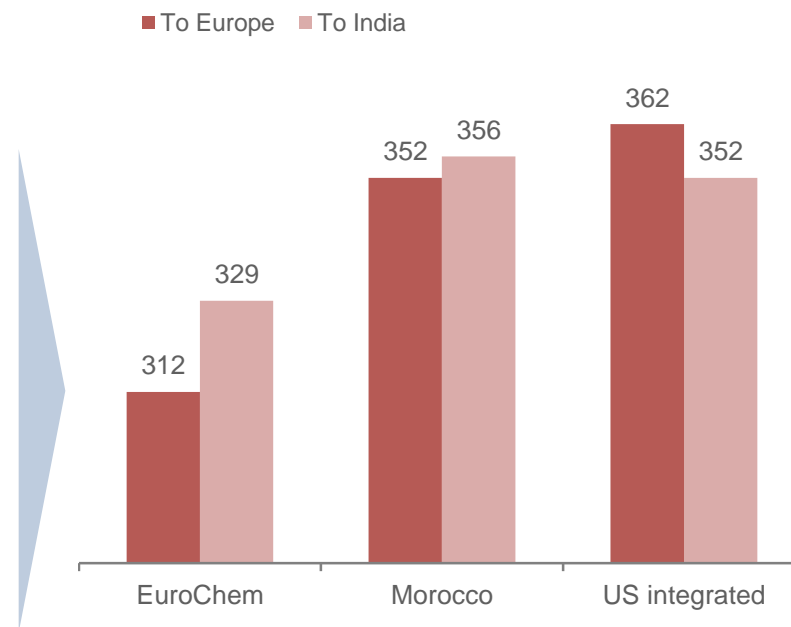
Cost Comparison

Illustrative economics for competing DAP producers

US\$	US integrated		Morocco		EuroChem	
	To Europe	To India	To Europe	To India	To Europe (Lifosa)	To India (Phosphorit)
Ammonia cost	475	475	500	500	261	237
Ammonia / tonne DAP	0.22	0.22	0.22	0.22	0.22	0.22
Ammonia cost / tonne DAP	105	105	110	110	57	52
Rock cost / tonne	48	48	49	49	106	80
Rock / tonne DAP	1.73	1.73	1.56	1.56	1.28	1.28
Rock cost / tonne DAP	83	83	76	76	136	116
Sulfur cost / tonne DAP	65	65	63	63	38	27
Other cash costs / tonne DAP	50	50	60	60	50	60
Production costs / tonne	302	302	309	309	281	254
Freight	60	50	43	47	31	75
Total delivered cost / tonne	362	352	352	356	312	329

Assuming "normalized" across-the-cycle ammonia and sulphur costs for US integrated producers

Delivered cost to Europe and India (US\$/t)



Source: EuroChem information

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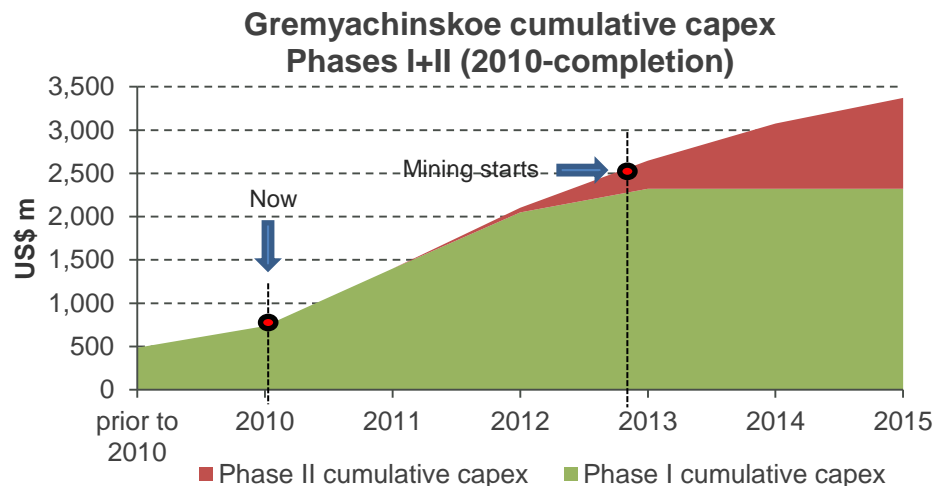
Phosphate Segment

Potash Segment

Project Overview: Volgograd region (Gremyachinskoe)

Project Overview

- License area of 96,9 km² located in Volgograd region
- **Russian reserves (B+C1+C2):** 1,613 mmt;
- Unbooked reserves (C1+C2): 74,5 thmt
- **JORC** proven and probable reserves: 492 mmt
measured and indicated resources: 1,337 mmt
- Sylvinite ore
- KCl average content: 37%
- NaCl average content: 54%
- MgCl average content: 0.2%
- CaSO₄ average content: 6-7%
- Depth of 1,000–1,250 meters
- Mining to start in 2013
- Phase I full capacity in 2016
- Phase II full capacity in 2018
- Total investment for both phases est. US\$ 3.4bn

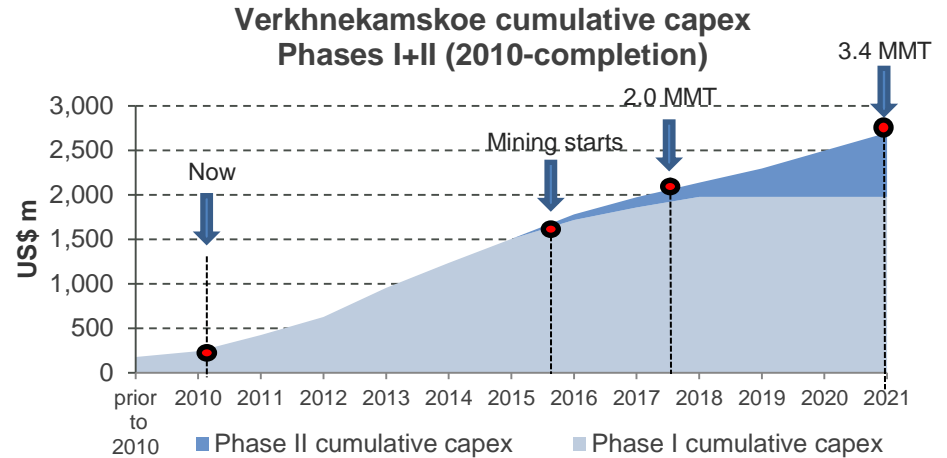


- **Phase I:** capacity of 2.3 mmt p.a., involves construction of social infrastructure, cage shaft, skip shafts and processing facility
- **Phase II:** capacity doubled to 4.6 mmt p.a., involves construction of additional skip shaft and expansion of processing facility

Project overview: Perm region (Verkhnekamskoe)

Project Overview

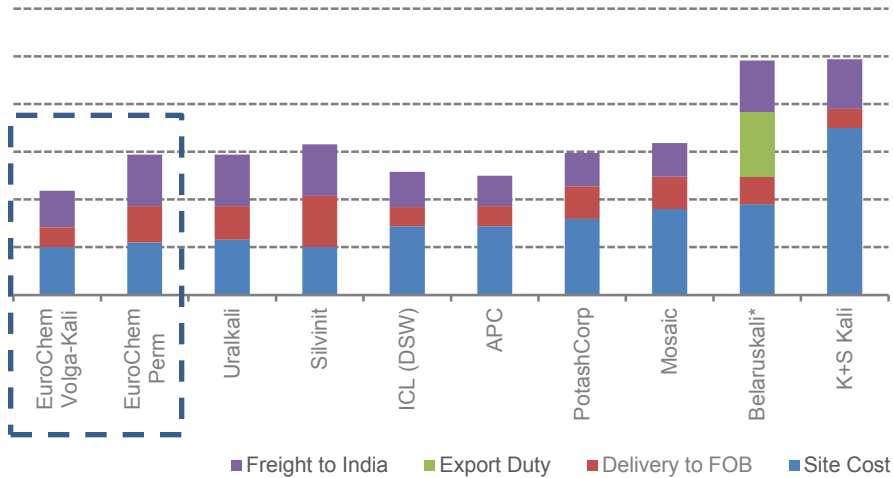
- License area of 132.9 sq km located in Perm region, home of Russian potash industry
- **Russian reserves (A+B+C1): 1,524 mmt**
- **JORC proven and probable reserves: 420 mmt**
measured and indicated resources: 1,075 mmt
- Sylvinitic and carnallite ore
- KCl average content: 30%
- NaCl average content: 62%
- MgCl average content: 0.3%
- CaSO4 average content: 2.2%
- Insoluble residue: 4.9%
- Depth ~500 meters
- Mining to start in 2016
- Phase I full capacity in 2018
- Phase II full capacity in 2021
- Total investment for both phases est. US\$ 2.7bn



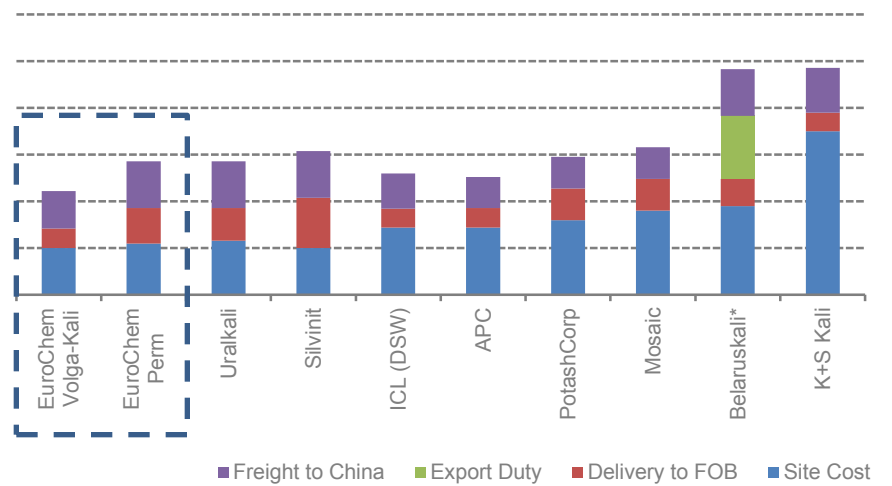
- **Phase I:** capacity of 2.0 mmt p.a., involves construction of social infrastructure, cage shaft, skip shafts and processing facility
- **Phase II:** additional capacity of 1.4 mmt p.a., involves construction of additional skip shaft and expansion of processing facility

Future Cost Position in Potash

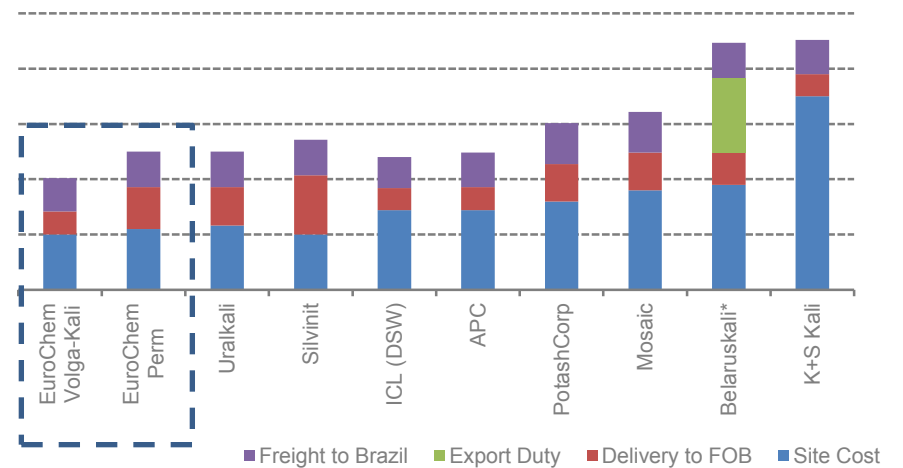
KCI Delivered Cost to India, 2010



KCI Delivered Cost to China, 2010



KCI Delivered Cost to Brazil, 2010

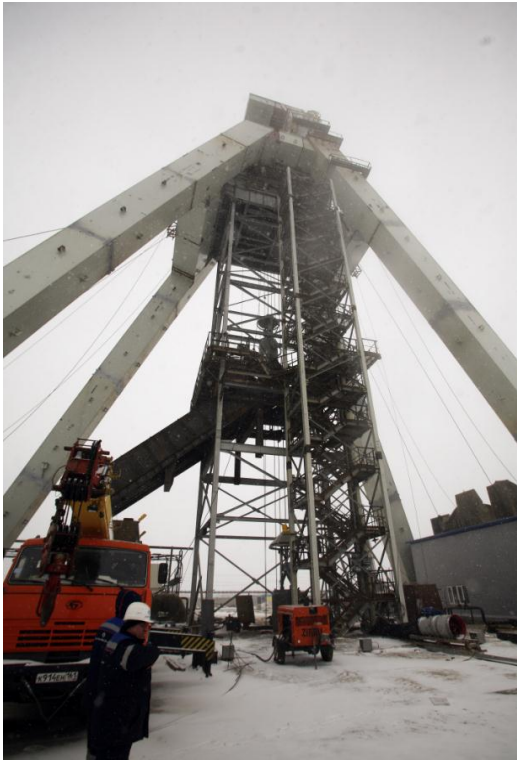


EuroChem’s intended global cost leadership in K would help withstand prolonged periods of depressed potash price (<\$350 CFR China), if necessary

* export duty for Belaruskali is 50 euro per tonne

Source: company reports, British Sulphur, Fertecon, EuroChem estimates

Visual Update Gremyachinskoe (Volgograd)



*Skip shaft construction site and cooling system**



*Skip shaft sinking**

License area of 96,9 km²
 Russian reserves (B+C1+C2): 1,613 mmt;
 Depth of 1,000–1,250 meters
 Mining to start in 2013
 Total investment for est. US\$ 3.4bn



*Cage shaft construction site**



Employee housing

Summary: The EuroChem Story

Growth

- 2.1% of the world's nutrient capacity today
- 3.0% by 2020

Earnings power

- Sustained competitiveness in N and P in Western Hemisphere
- Benefits from iron ore as a co-product of apatite mining
- Future global cost leadership in K

Manageable Risks

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- Natural gas cost differential between Russia and US/Europe -?
- Limited free cash flow in 2011-2013 on heavy capex -?

THANK YOU

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