

EUROCHEM
MINERAL AND CHEMICAL COMPANY

Introducing EuroChem

Bank of America Merrill Lynch Fertilizer Forum
London, January 26, 2011

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Potash Segment

Nitrogen Segment

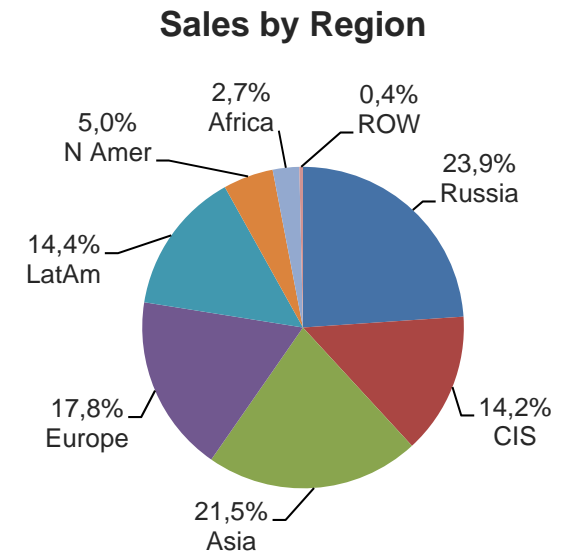
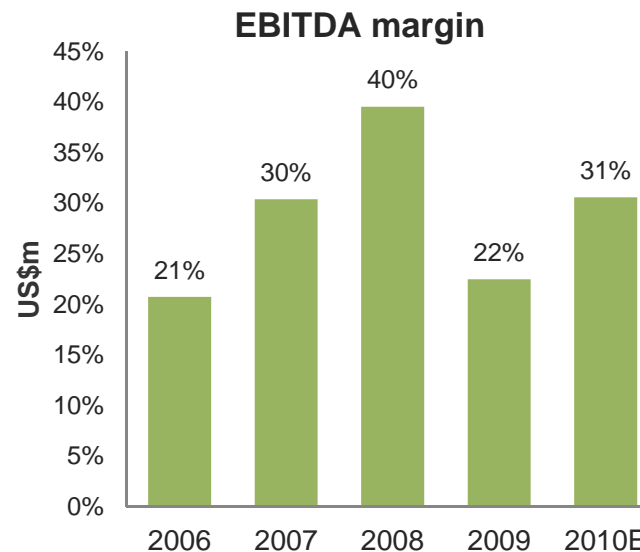
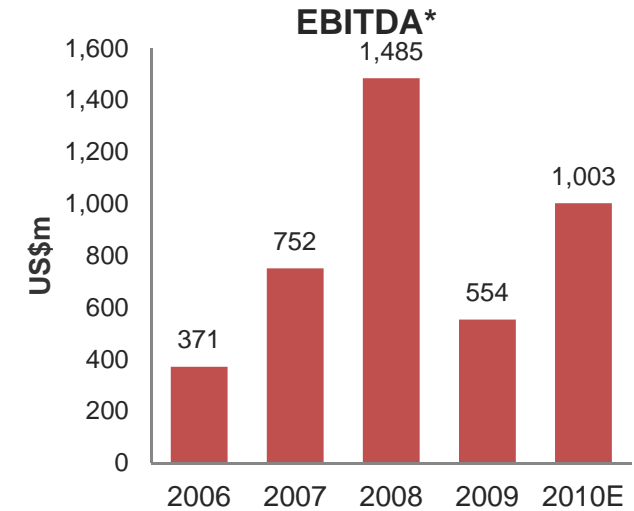
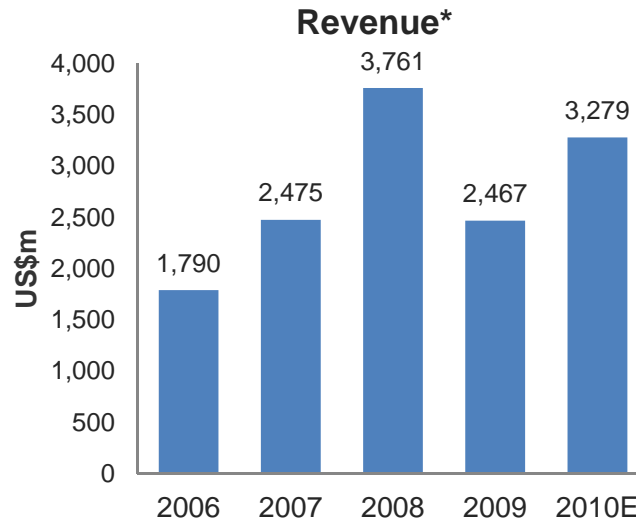
Phosphate Segment

Logistics & Distribution

Summary

Top 10 agrochemical company globally by nutrient capacity:

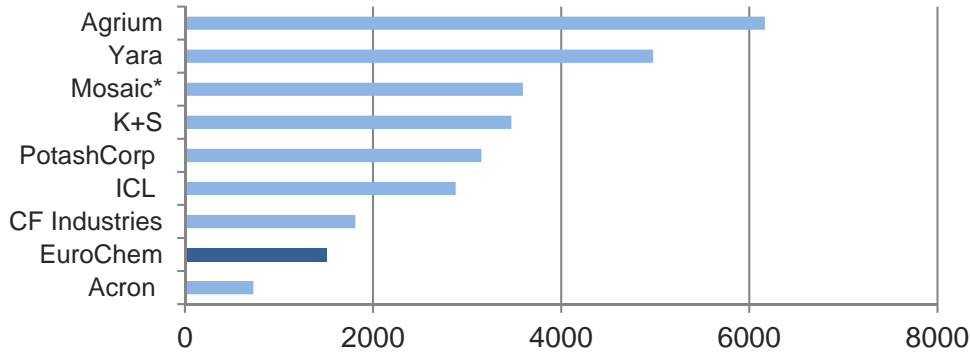
- 2 Nitrogen plants in Russia (2.8 MMT of ammonia)
- 2 Phosphate plants in Russia and 1 in Lithuania (2.2 MMT of MAP/DAP)
- 1 Apatite and iron ore mine in Russia
 - P₂O₅-rich (37%-38%) apatite ore (2.7 MMT pa) covers c.85% of own P production needs
 - Up to 6MMT of iron ore (Fe content 64%), a co-product 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%)
- **Expected 2010 EBITDA: USD 1bn, +80% over 2009**
- Latest **Net Debt / LTM EBITDA: 1.13x**
- As of 30 September 2010 EuroChem directly owned **9.998% of K+S AG**



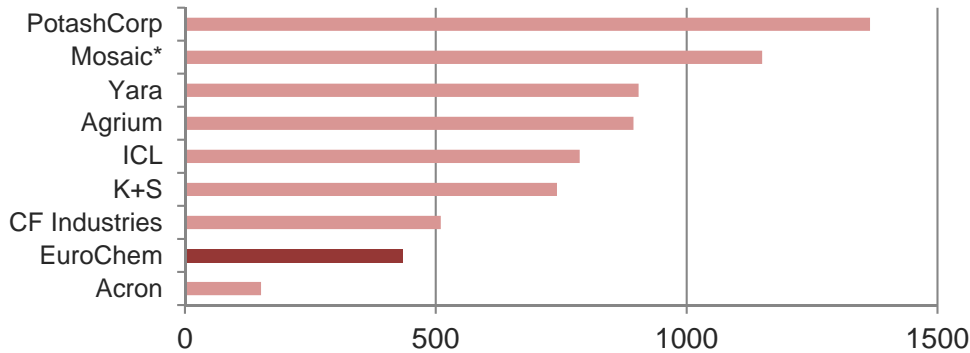
*Revenue and EBITDA translated into US\$ using 20 JAN 2011 exchange rate of 29.8252 RUB/US\$

Position in Sector

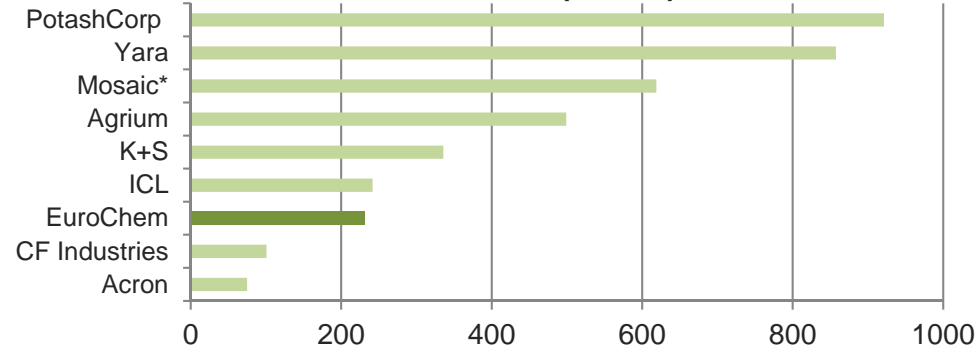
6M 2010 Revenue (US\$m)



6M 2010 EBITDA (US\$m)

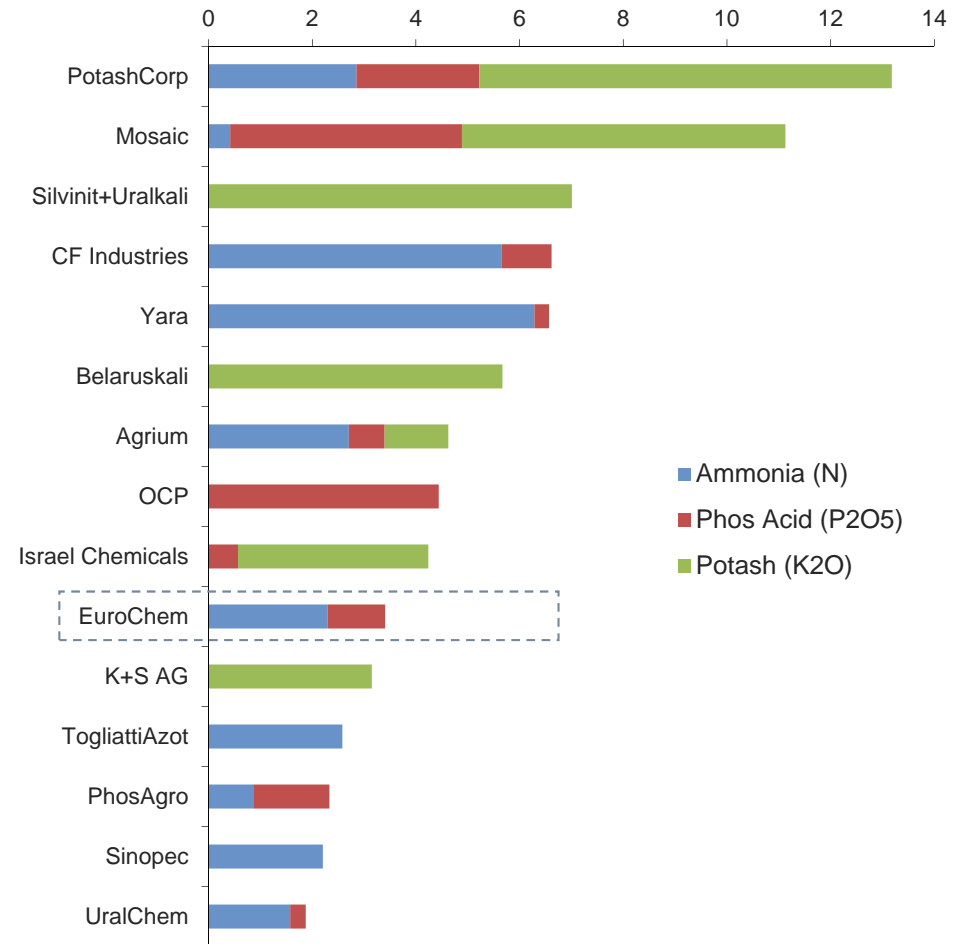


6M 2010 Net Profit (US\$m)



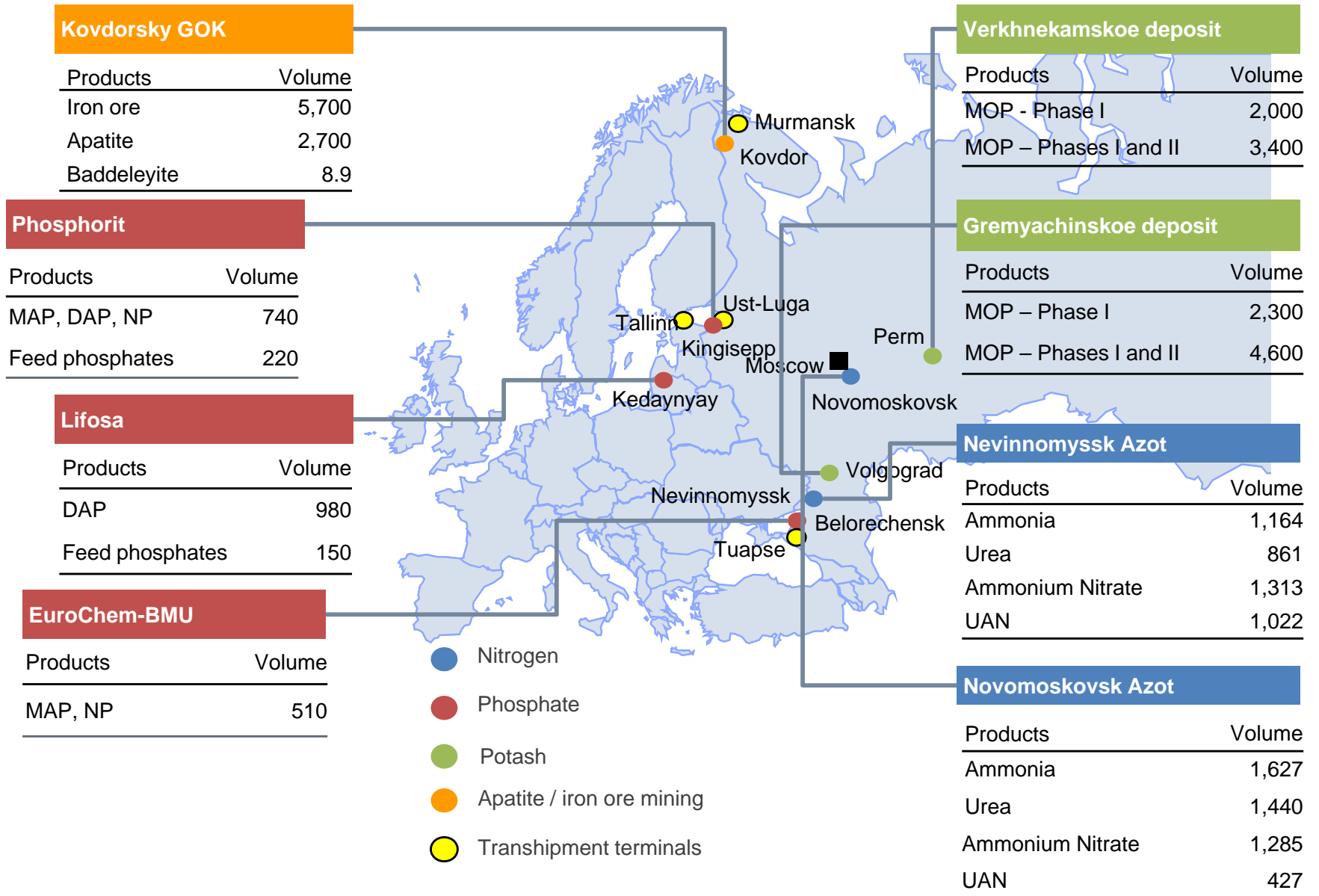
Top 10 by nutrient capacity globally

PRIMARY PRODUCT CAPACITY, MMT OF NUTRIENTS



*Data for Mosaic is for Q3'10-Q4'10.
Source: Bloomberg, company reports

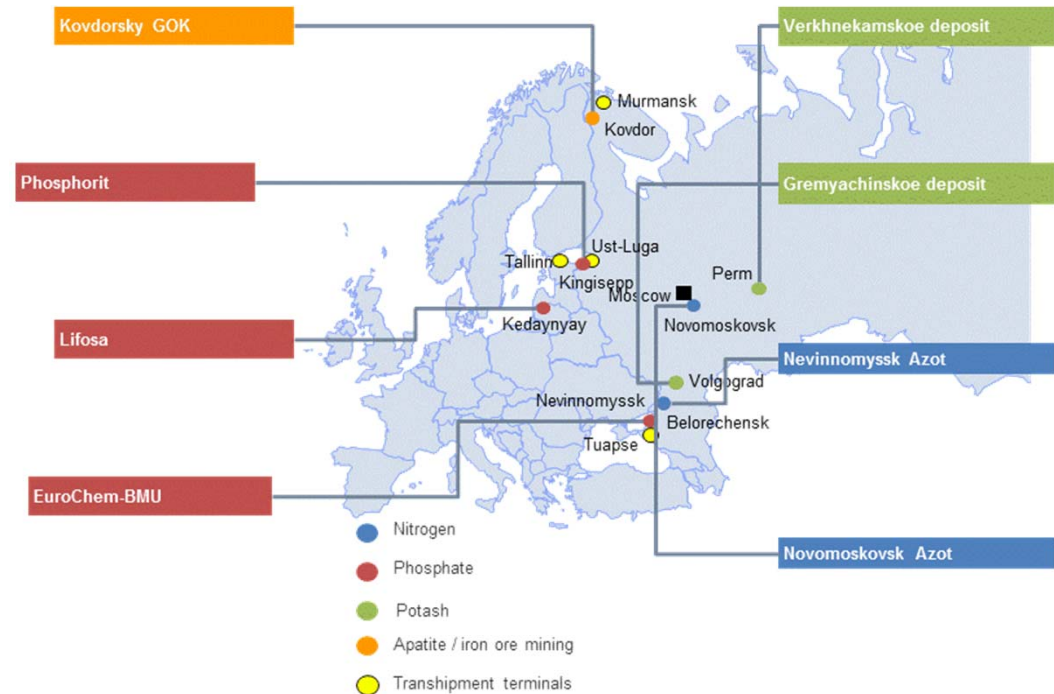
Vertically Integrated Producer



Note: all volumes expressed in thousands of tonnes

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 Gremyachinskoye 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



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: Corporate Governance

EuroChem is a private company implementing the best-in-class corporate governance expected of a public company

Shareholding structure and influence

- ◆ Best-in-class approach to corporate governance
 - Management develops and executes strategy
 - Board of Directors performs overall oversight
- ◆ Half of the Board is represented by independent directors with long standing reputation and experience
- ◆ Three Board committees: Audit, Governance and Personnel, Strategy

Shareholding structure and influence

- ◆ Transparent and open ownership structure
- ◆ Long term shareholder commitment
- ◆ Prudent dividend policy, consistent with the financial situation of the company

Transparency and disclosure

- ◆ IFRS reporting since 2002
- ◆ Annual reports issued since 2005, audited by PwC
- ◆ Financial statements and majority of corporate governance documents are publicly available on website, which is regularly updated

Board of Directors



Andrey Melnichenko—Chairman of the Board of Directors

- ◆ Beneficiary of a 95 percent interest in EuroChem
- ◆ Co-founder and former Chairman of the Board of Directors of MDM Bank
- ◆ In partnership with Sergey Popov, built EuroChem, SUEK and founded TMK



Richard Sheath—Chairman of Audit Committee, Member of Corporate Governance and Personnel Committees

- ◆ Prior to Eurochem, worked as risk management consulting partner with PwC
- ◆ Began professional career with the Bank of England and the Ministry of Finance



George Cardona—Chairman of the Strategy Committee

- ◆ Founder and CEO of London-based Cardona Lloyd & Co.
- ◆ Previously worked at HSBC Group, as Head of Strategy, and also as General Manager responsible for international banking



Vladimir Stolin—Chairman of Corporate Governance and Personnel Committees

- ◆ Author of various scientific works on management and corporate behavior
- ◆ Previous work experience includes being a professor at the and working as a consultant at RHR International



Keith Jackson—Member of the Audit and Strategy Committees

- ◆ From 1996 to 2005, Senior VP and a divisional CFO of Anglo American
- ◆ Extensive experience across several sectors and regions. Previous positions held include Chairman of Cleveland Potash, CFO of Cape plc



Charles Adriaenssen—Member of Corporate Governance and Personnel Committees

- ◆ Currently, member of the Boards of EPS SA, Green Facts Foundation, Outhere SA., and Sebastien Holdings, President of VLORO and Chairman of Bastille Investments
- ◆ Extensive experience in diplomatic affairs



Dmitry Strezhnev—Chairman of the Management Board

- ◆ Head of EuroChem since August 2003
- ◆ Co-founder and General Director of RusPromAvto, 1999-2003
- ◆ Previously worked as Head of Likinskiy Bus Manufacturing Plant



Nikolay Pilipenko—Member of the Audit Committee

- ◆ CFO of EuroChem from 2006 to 2008
- ◆ Extensive international experience with trading and industrial companies
- ◆ Previously worked at ABB Group

Main Strategic Objectives

Become top 5 global agrochemical company by revenue and profitability

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

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

- 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?

EuroChem Overview

Potash Segment

Nitrogen Segment

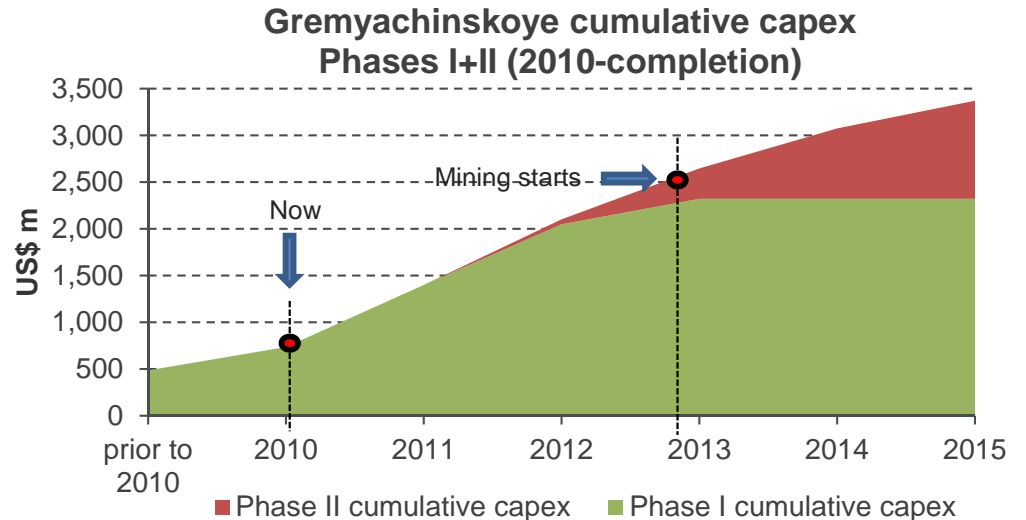
Phosphate Segment

Logistics & Distribution

Project Overview: Volgograd region (Gremyachinskoye)

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

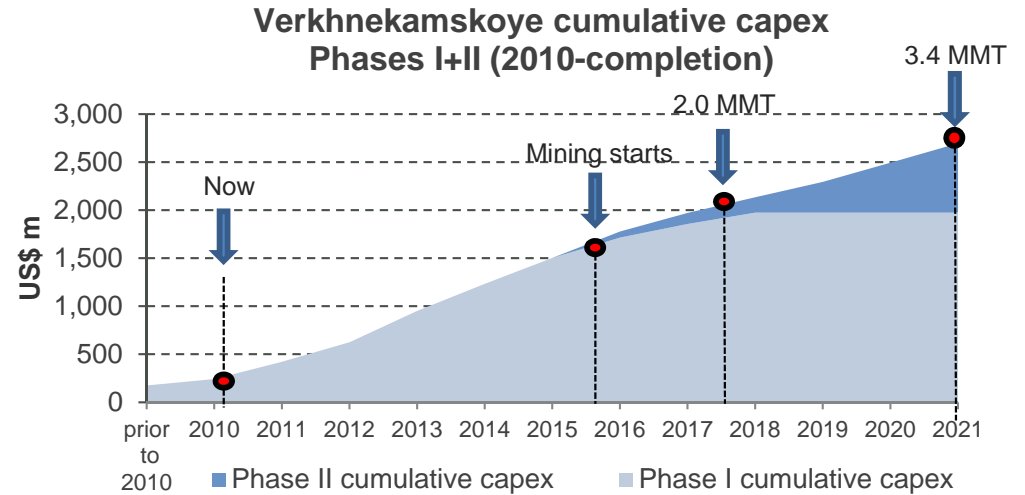


- **Phase I:** capacity of 2.3 mmt p.a., involves construction of social infrastructure, cage shaft, skip shafts and processing facility
- **Phase II:** capacity doubled to 4.6 mmt p.a., involves construction of additional skip shaft and expansion of processing facility

Project overview: Perm region (Verkhnekamskoye)

Project Overview

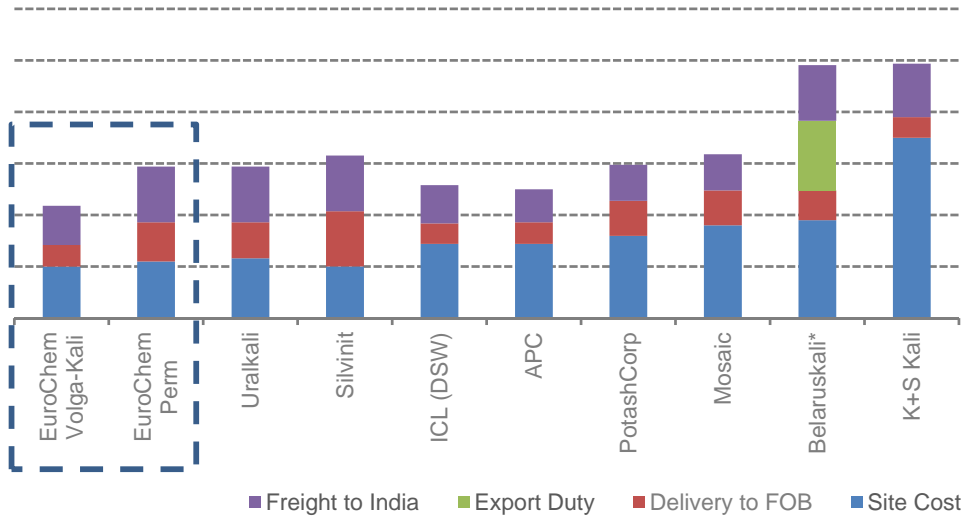
- License area of 132.9 sq km located in Perm region, home of Russian potash industry
- **Russian reserves (A+B+C1): 1,524 mmt**
- **JORC proven and probable reserves: 420 mmt**
measured and indicated resources: 1,075 mmt
- Sylvinitic and carnallite ore
- KCl average content: 30%
- NaCl average content: 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



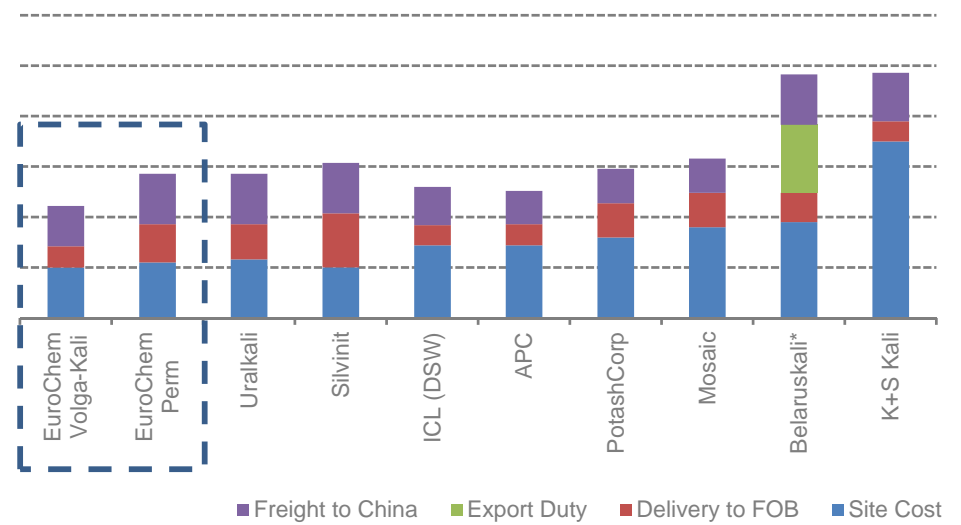
- **Phase I:** capacity of 2.0 mmt p.a., involves construction of social infrastructure, cage shaft, skip shafts and processing facility
- **Phase II:** additional capacity of 1.4 mmt p.a., involves construction of additional skip shaft and expansion of processing facility

Future Cost Position in Potash

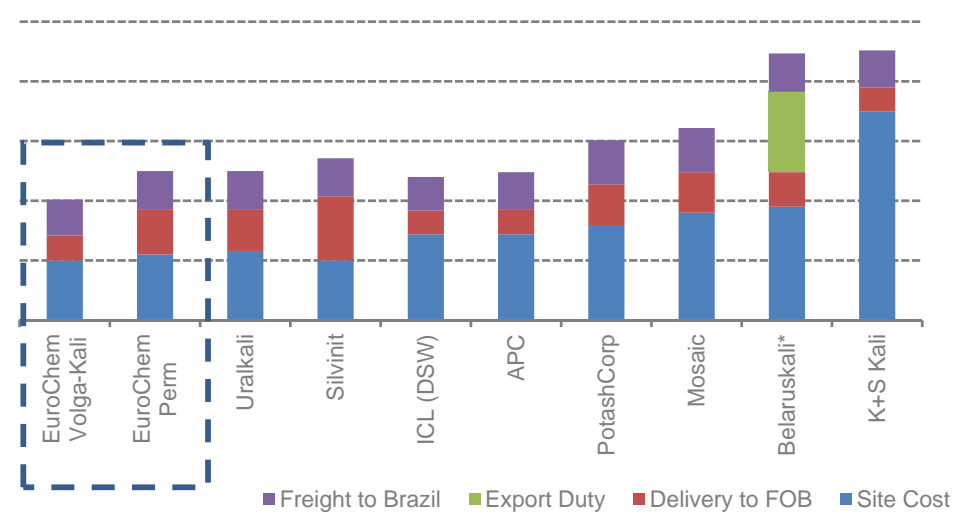
KCI Delivered Cost to India, 2010



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



Skip shaft construction site and cooling system



Employee housing



Skip shaft pre-sink



Cage shaft construction site

EuroChem Overview

Potash Segment

Nitrogen Segment

Phosphate Segment

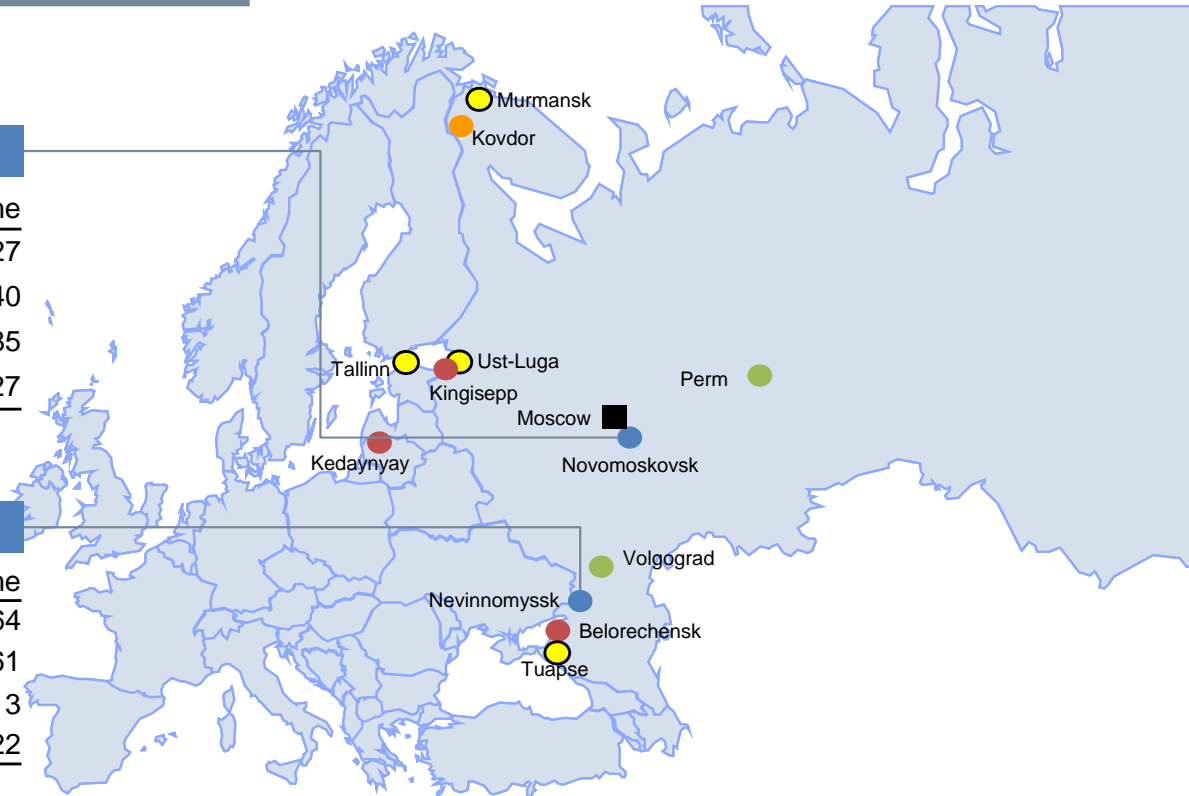
Logistics & Distribution

Nitrogen Segment

EuroChem nitrogen operations

Novomoskovsk Azot	
Products	Volume
Ammonia	1,627
Urea	1,440
Ammonium Nitrate	1,285
UAN	427

Nevinnomyssk Azot	
Products	Volume
Ammonia	1,164
Urea	861
Ammonium Nitrate	1,313
UAN	1,022



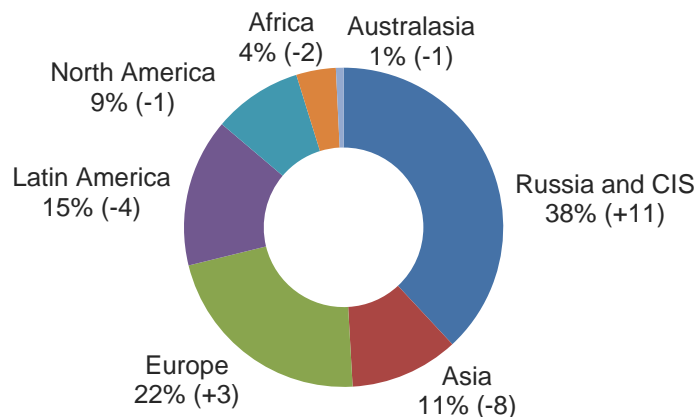
- Nitrogen
- Phosphate
- Potash
- Mining operations
- Transshipment terminals

Note: all volumes expressed in thousands of tonnes

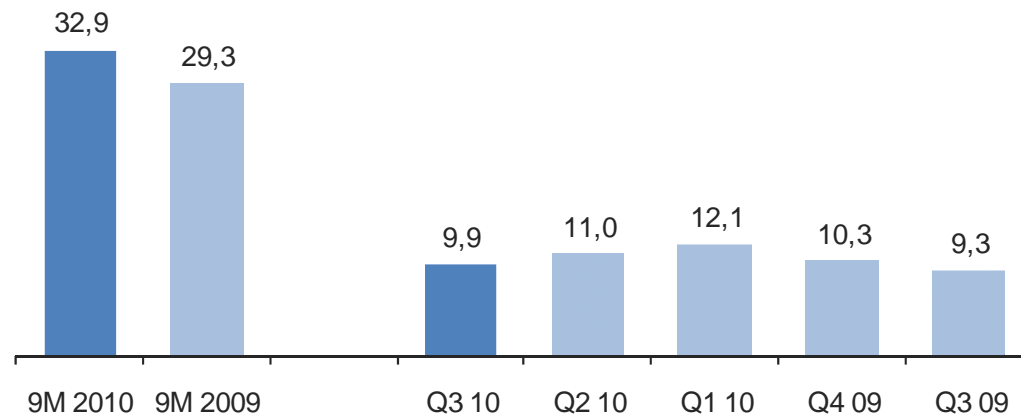
Key 9M 2010 Results

Sales by region*, 9M 2010

(in brackets – change in percentage points relative to 9M 2009)

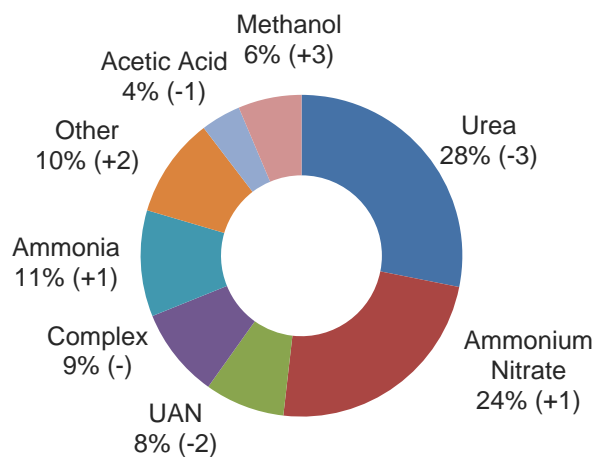


Revenue*, RUBbn

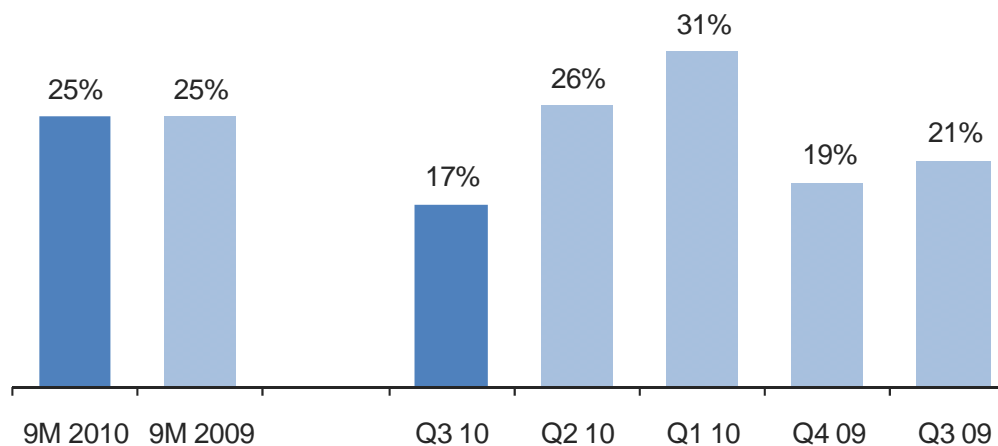


Sales by Product*, 9M 2010

(in brackets – change in percentage points relative to 9M 2009)



EBITDA margin



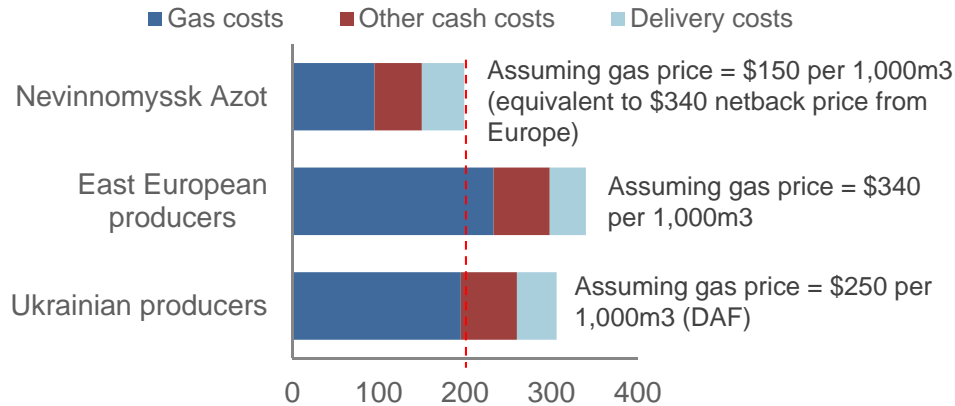
*including sales to other segments

*Revenue and sales volumes include sales to other segments

Nitrogen segment includes nitrogen fertilizers and organic synthesis products.

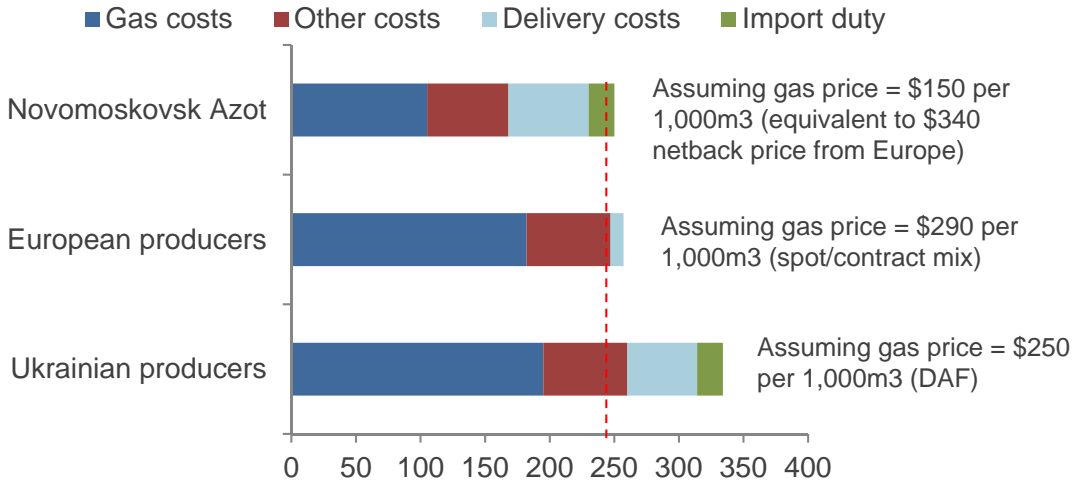
Impact of Rising Natural Gas Prices in Russia

Illustrative delivered urea costs to Brazil (\$/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

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



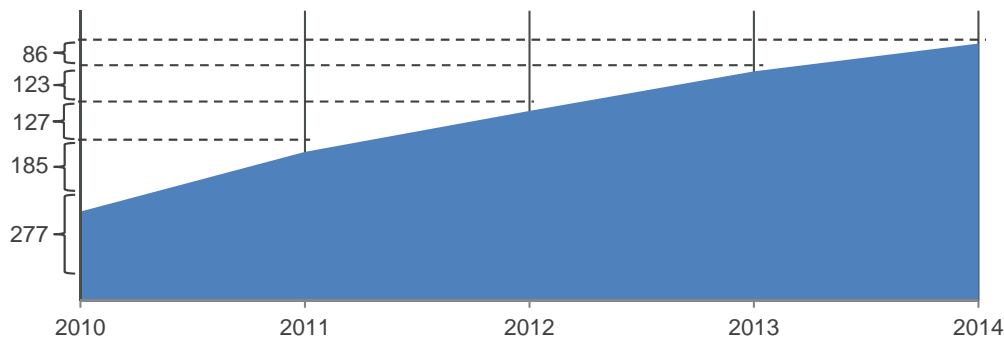
Note: ¹ Gas costs for Western Europe as at German border

Nitrogen Strategy

Key Objectives

- ◆ Ensuring energy efficiency improvements and removal of bottlenecks, leading to lower costs at both plants through incremental investment;
- ◆ Achieving product flexibility in order to maximize profit margins through alignment of production to market conditions;
- ◆ Ensuring best possible access to attractive markets (i.e. markets where EuroChem is most competitive on a “cash cost delivered to” basis);
- ◆ Securing access to competitively priced natural gas.

Cumulative N capex 2010-2014 (US\$ m)



Key Investment Projects

Recently completed:

- ◆ CAN – 420 kmt p.a.
- ◆ Granular urea 3 – 2,000 mt p.d.
- ◆ Granular urea 4 – 1,150 mt p.d.

Under Construction:

- ◆ Melamine – 50 kmt p.a.

Objectives: build capacity in premium products, diversify and reduce share of natural gas cost in the product price

Other Ideas

- ◆ Alternative gas supply:
 - ◆ Buy or build own natural gas supply in Russia;
 - ◆ Contract with independent gas producer in Russia (Novatek, LUKoil);
 - ◆ Build or buy new N capacity in region with cheap gas.
- ◆ Additional value added/lower gas content products:
 - ◆ LDAN - 200 kmt p.a.;
 - ◆ AdBlue;
 - ◆ Production of Urea, CAN and UAN with sulphur content.
- ◆ Deep upgrade of Ammonia plants.

EuroChem Overview

Potash Segment

Nitrogen Segment

Phosphate Segment

Logistics & Distribution

Phosphate Operations

EuroChem phosphate operations

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

Lifosa	
Products	Volume
DAP	980
Feed phosphates	150

Phosphorit	
Products	Volume
MAP, DAP, NP	740
Feed phosphates	220

EBMU	
Products	Volume
MAP, NP	510



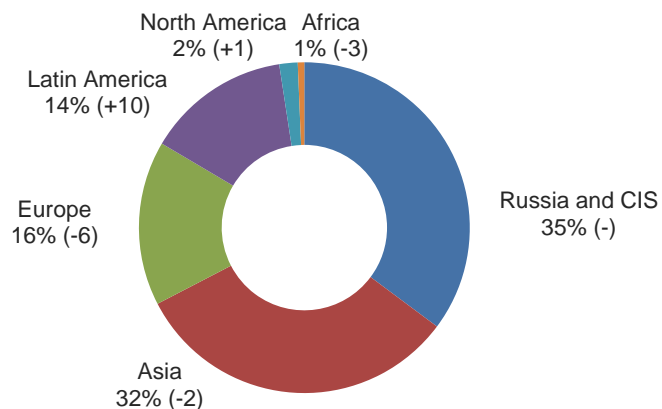
- Phosphate and mining operations
- Own transshipment terminals
- Port facilities rented under a long-term contract

Note: all volumes expressed in thousands of tonnes

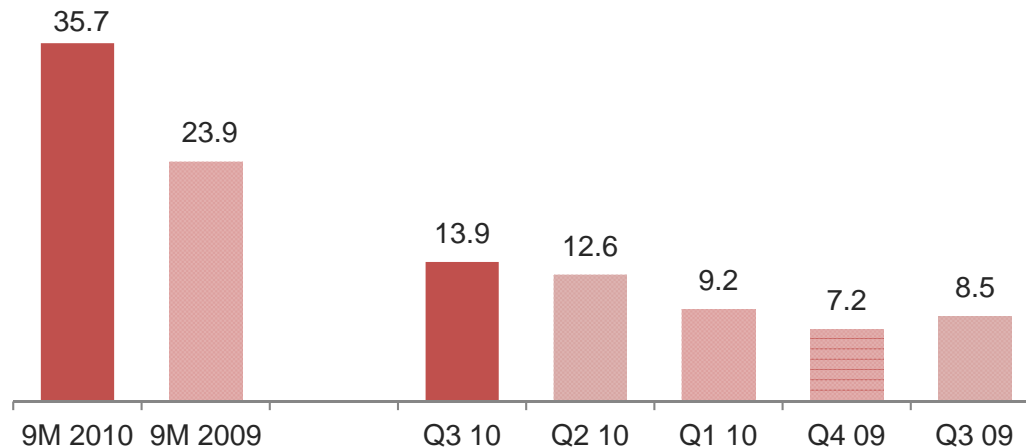
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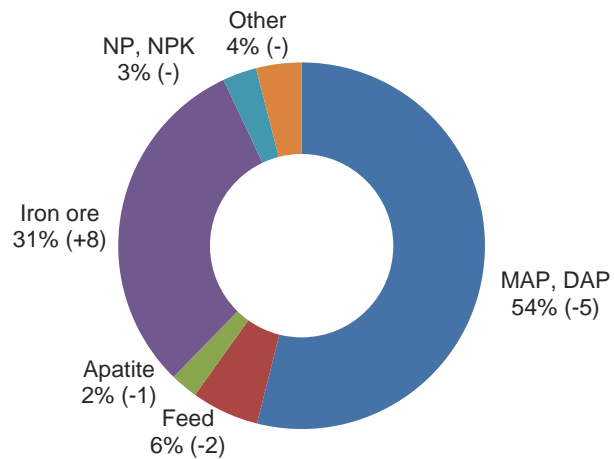


Revenue*, RUBbn

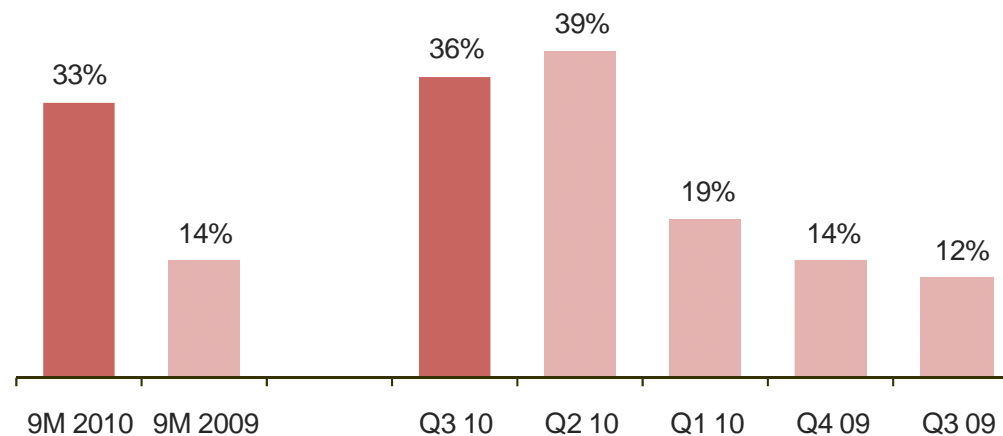


Sales by product*, H1 2010

(in brackets – change in percentage points relative to H1 2009)



EBITDA margin



*including sales to other segments

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

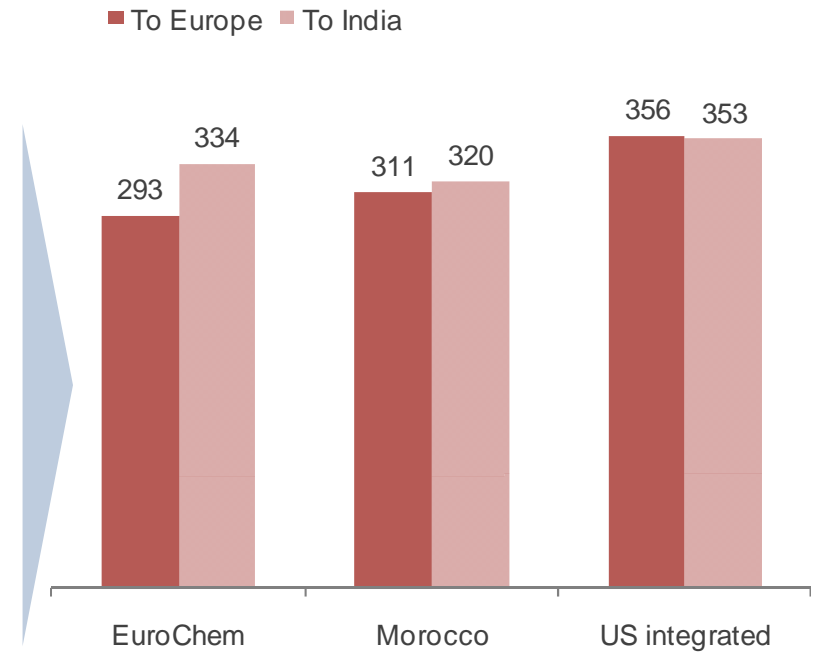
Cost Comparison

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	470	470	445	445	244	256
Ammonia / tonne DAP	0.22	0.22	0.22	0.22	0.22	0.22
Ammonia cost / tonne DAP	103	103	98	98	54	56
Rock cost / tonne	48	48	49	49	102	80
Rock / tonne DAP	1.73	1.73	1.56	1.56	1.28	1.28
Rock cost / tonne DAP	83	83	76	76	131	102
Sulfur cost / tonne DAP	60	60	34	34	30	30
Other cash costs / tonne DAP	50	50	60	60	50	60
Production costs / tonne	296	296	269	269	264	249
Freight	60	57	43	51	29	85
Total delivered cost / tonne	356	353	311	320	293	334

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

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



Source: EuroChem information

Phosphate Strategy

Key Objectives

- ◆ Increase supply of own raw materials (phosphate rock, apatite);
- ◆ Reduce conversion cost to improve cost per unit;
- ◆ Grow capacity to increase the benefits of economies of scale;
- ◆ Improve cost efficiency through energy-saving technologies;
- ◆ Enhance product flexibility with capacity to produce at least two products at each plant (DAP and MCP at Lifosa, DAP/MAP and DFP at Phosphorit, MAP and NPK at BMU).

Key Investment Projects

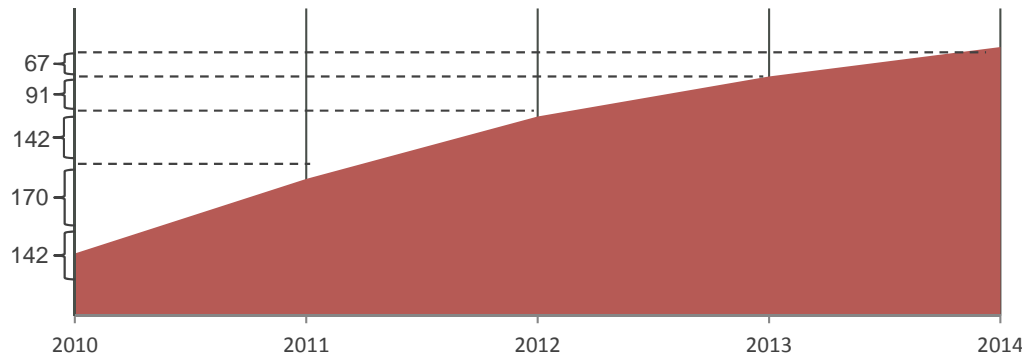
- ◆ Feed phosphates at Lifosa: 150 kmt p.a. (completed in mid. 2010);
- ◆ Increase sulphuric acid capacity: at Phosphorit from 720 to 1,000 kmt p.a.; at EBMU from 520 to 720 kmt p.a.;
- ◆ Increase phosphoric acid capacity: at Phosphorit from 350 to 400 kmt p.a.; at EBMU from 240 to 300 kmt p.a.;
- ◆ Build NPK production at EBMU: 800 kmt p.a. (to correspond to K production coming online in Volgograd).

Objectives: debottleneck, decrease fixed costs per tonne, reduce costs through own energy generation, eliminate reliance on external phosphate rock.

Other Ideas

- ◆ Expand phosphate business and with access to low cost phosphate rock in Kazakhstan;
- ◆ Discussing development of apatite deposit in Finland close to Russian border with mine owner Yara;
- ◆ Opportunities for access to Moroccan rock under discussion.

Cumulative P capex 2010-2014 (US\$ m)



EuroChem Overview

Potash Segment

Nitrogen Segment

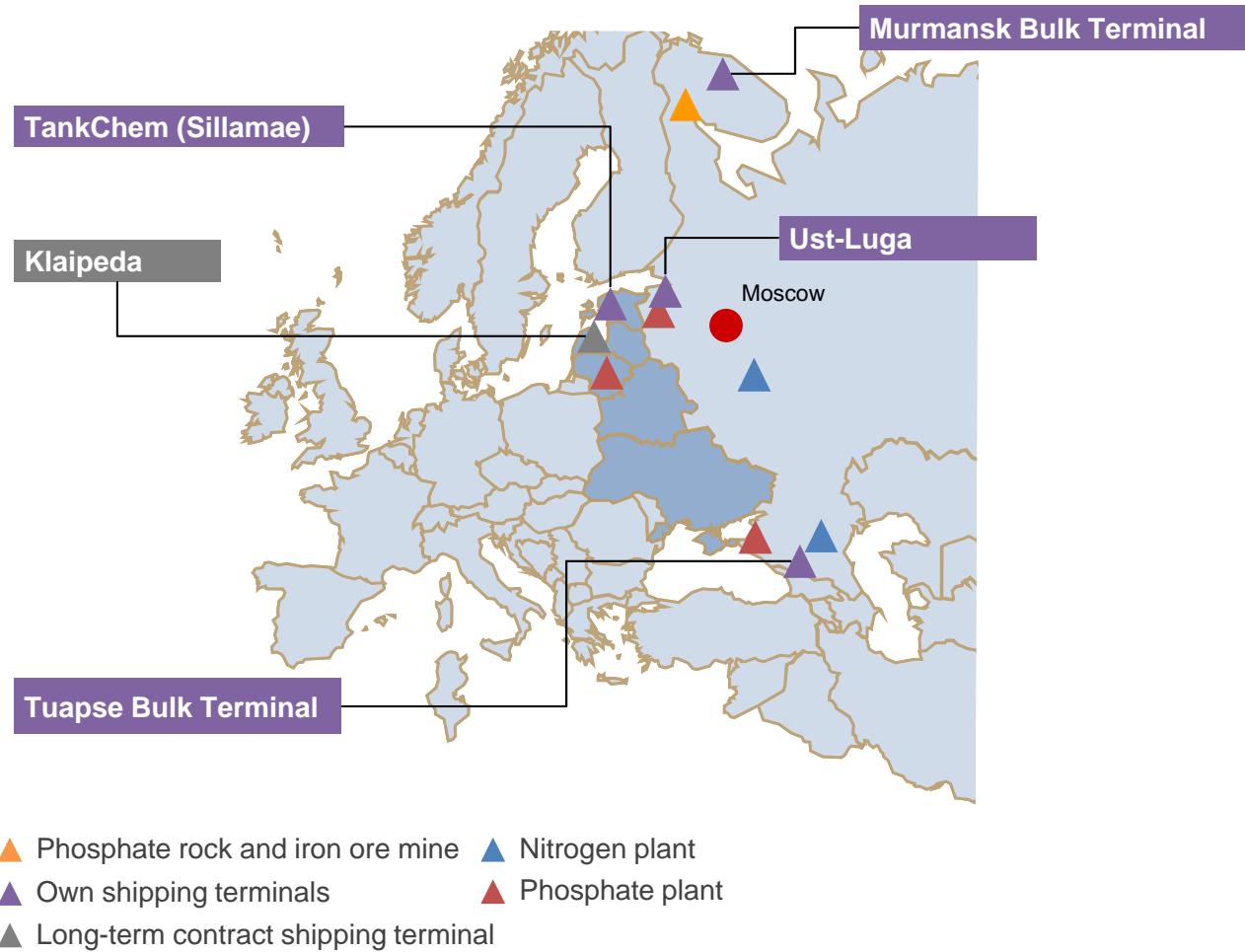
Phosphate Segment

Logistics & Distribution

Logistics

Overview and plans

- Assets:
 - Murmansk: 1.5 mmt p.a., iron ore
 - Sillamae: 700 kmt p.a., liquid fertilizers and organic chemicals
 - Tuapse : 3 mmt p.a., bulk fertilizers
 - Klaipeda (long-term contract): 3.5m bulk, 500k tonnes liquid, 1m tonnes phosphate rock
 - 3 ships in long-term lease
 - Over 6,700-strong rail stock and 42 locomotives
 - Own rail stock service depot
- Plans:
 - Ust-Luga (planned): 5 mmt p.a., bulk fertilizers
 - Use own rail stock only

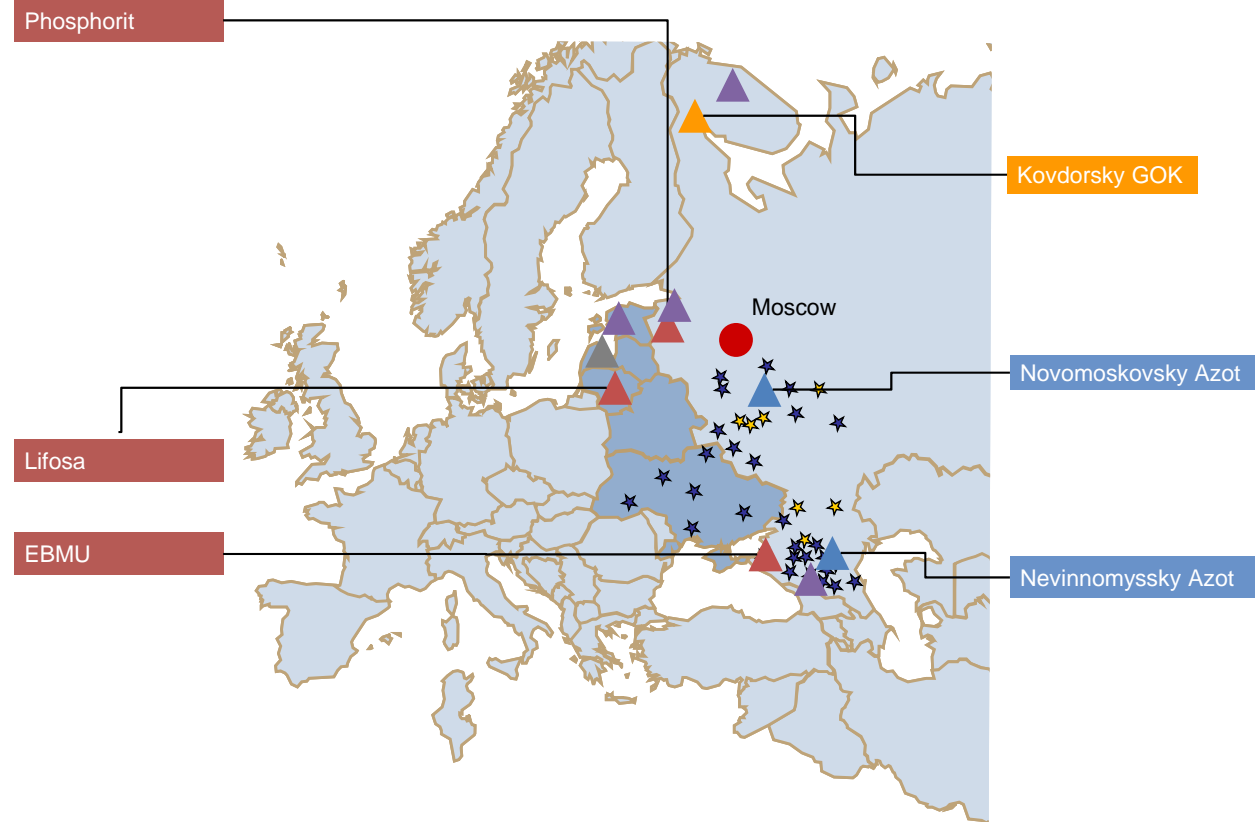


Distribution

Overview and plans

- **Distribution:** 39 distribution centres in Southern and Central Russia and Ukraine
- **Future plans:** gradual development of distribution in other key markets (Europe, US, Brazil)

Distribution network



- ▲ Phosphate rock and iron ore mine
- ▲ Nitrogen plant
- ★ Planned distribution centres
- ▲ Own shipping terminals
- ▲ Phosphate plant
- ★ Operating distribution centres
- ▲ Long-term contract shipping terminal

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

- Potash construction (mines) -?
- 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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