



**EUROCHEM**  
MINERAL AND CHEMICAL COMPANY

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# Company presentation

April 2010

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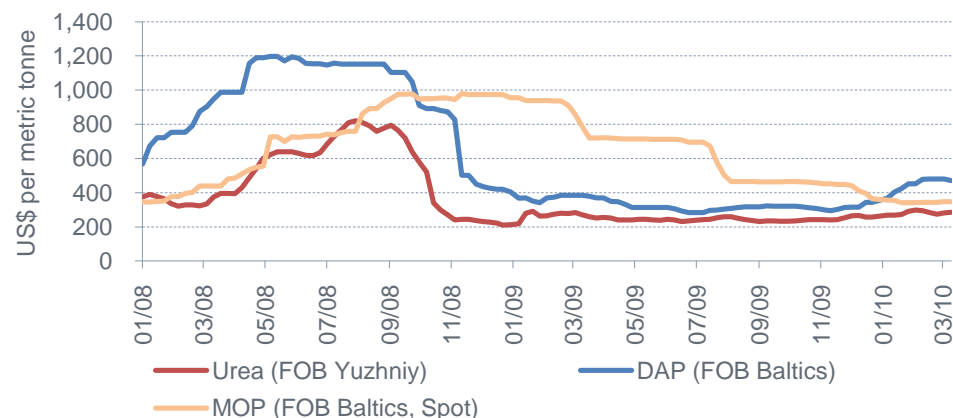
Potash Investments

YE 2009 Financial Highlights

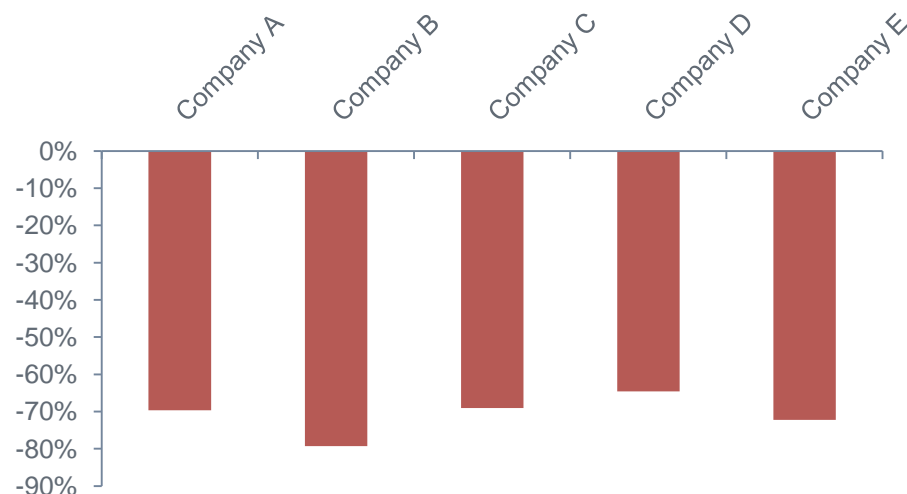
# Industry context in 2009

- ◆ 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

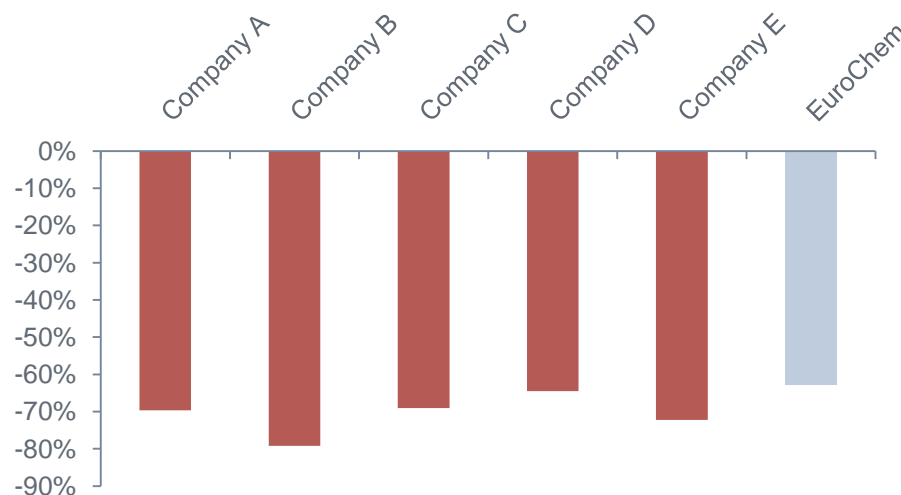
- ◆ Nitrogen: external sales of N nutrient increased to 2.02 MMT in 2009 from 1.90 MMT in 2008
- ◆ Phosphate: external sales of P<sub>2</sub>O<sub>5</sub> increased to 1.00 MMT of in 2009 from 0.90 MMT in 2008
- ◆ Revenues fell by 34% to RUR 73.6bn entirely due to lower prices
- ◆ EBITDA declined by 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
<b>Revenues</b>	18,330	18,775	17,396	73,577	112,174	73,821
<b>EBITDA</b>	3,195	3,136	2,281	16,516	44,297	22,415
<b>% margin</b>	17%	17%	13%	22%	39%	30%
<b>Capex*</b>	4,867	4,409	3,840	18,702	18,818	7,609

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

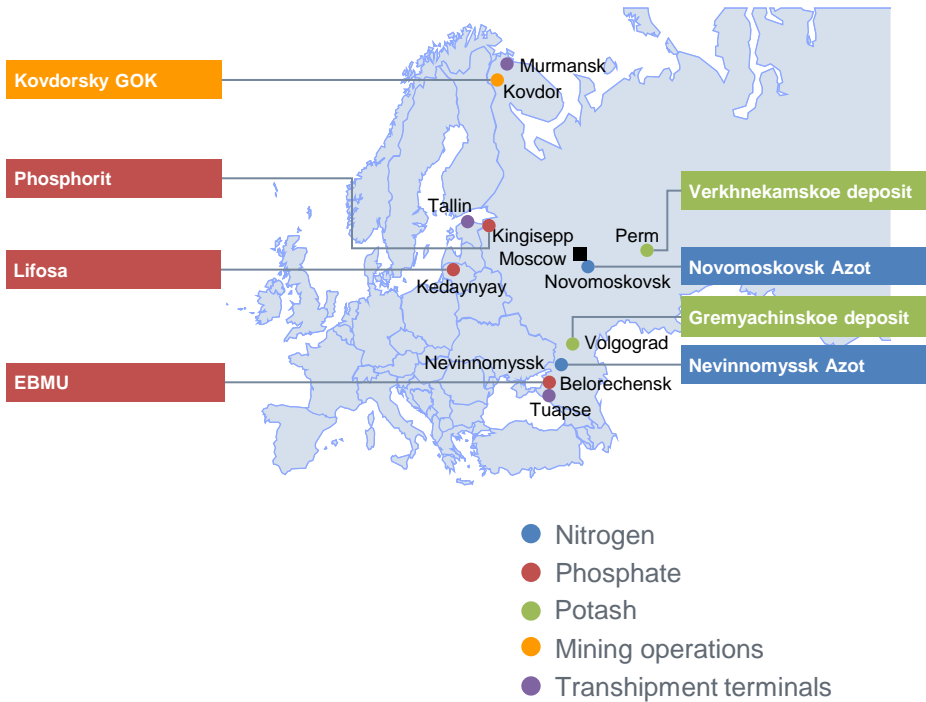
## EBITDA change 2009/08, %



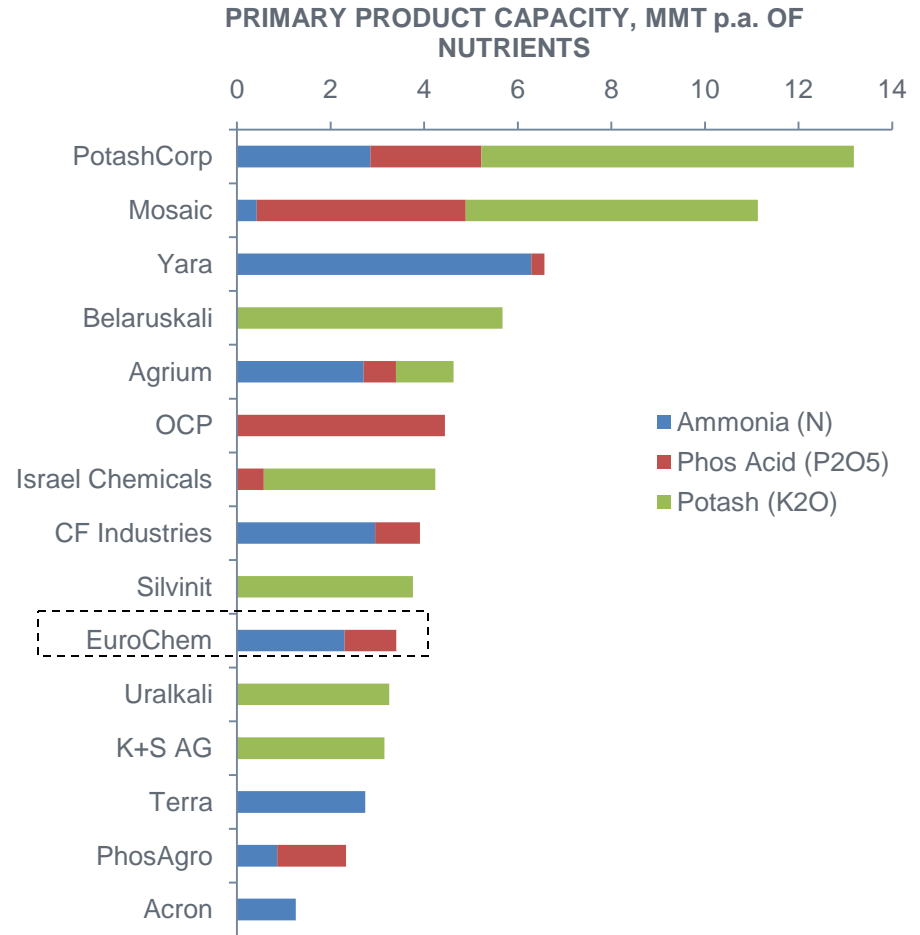
Source: company reports.

# 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 organic and inorganic growth
- ◆ Maintain / increase cost advantage through vertical integration and investment in efficiency

## EuroChem’s overall strategy can be viewed as inter-related business segment strategies:

### Nitrogen

- Increase gas efficiency
- Continuously optimize product mix to maximize margin

### Phosphate/mining

- Increase own resource base
- Increase production
- Improve efficiency

### Potash

- Economic exposure via K+S AG
- Start own production in 2013



### Logistics

- Increase cost advantage to EuroChem through own port facilities, freight/rail optimization

### Distribution

- Focus on building own distribution network “selling yield, not fertilizers” in Russia and Ukraine

### Governance/social

- Adhere to best practice in corporate governance, social responsibility and HSE

# EuroChem Strategy

## Shareholding structure and influence

- ◆ EuroChem has adopted a best-in-class approach to corporate governance in Russia:
  - Management develops and executes strategy
  - Board of Directors performs an overall oversight function
- ◆ Half of the Board is represented by independent directors with long standing reputation and experience
- ◆ Three 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



Introduction

**Overview of Business Segments**

Potash Investments

YE 2009 Financial Highlights

# Business Segments: Nitrogen (1)

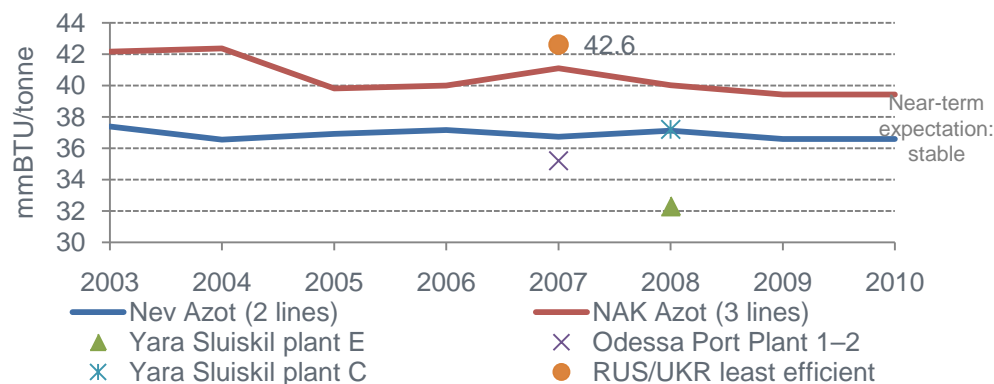
## Nitrogen Strategy

- ◆ Strategy in nitrogen involves removal of bottlenecks and continuously optimizing product portfolio mix to maximize margins
- ◆ Key investment projects (total capex estimate ca \$450mm):
  - ◆ New production at Novomoskovskiy Azot of granulated urea, capacity 2000 tonnes per day (launched 2009)
  - ◆ New production facilities for urea (technology: Stamikarbon / DSM) at Novomoskovskiy Azot, capacity 1,200 tonnes per day (planned launch 2010)
  - ◆ New facility for manufacturing of melamine (technology: Lurgi / Air Liquide) at Nevinomysskiy Azot, 50 kmt p.a. (planned launch 2011)
- ◆ Strategic objectives are currently expected to be mostly achieved by 2011 YE:
  - ◆ Further significant gas efficiency increase on current-generation equipment unlikely
  - ◆ Product mix close to optimal
  - ◆ EuroChem will remain competitive vis-à-vis European and Ukrainian producers despite rising domestic gas prices (see illustration on urea delivered costs)

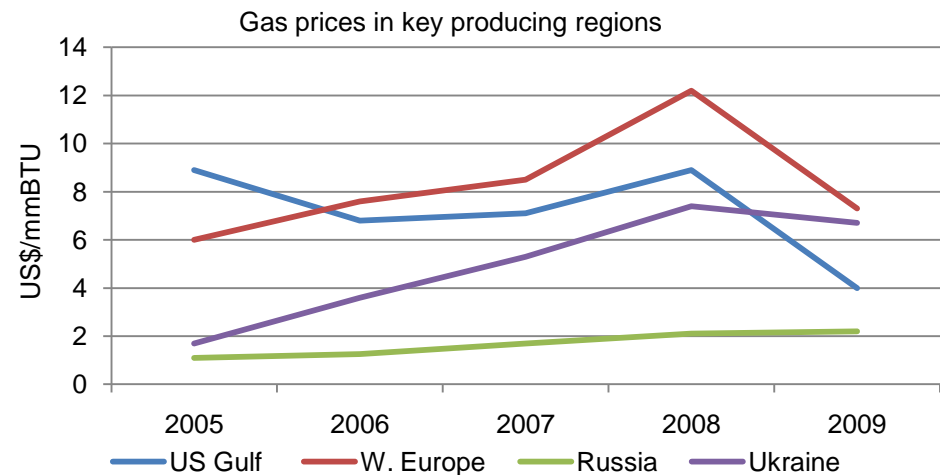
**NITROGEN: NEW POTENTIAL INVESTMENT OPPORTUNITY**

Seeking new ammonia capacity (buy or build) in a region with cheap gas

## Gas consumption for ammonia production



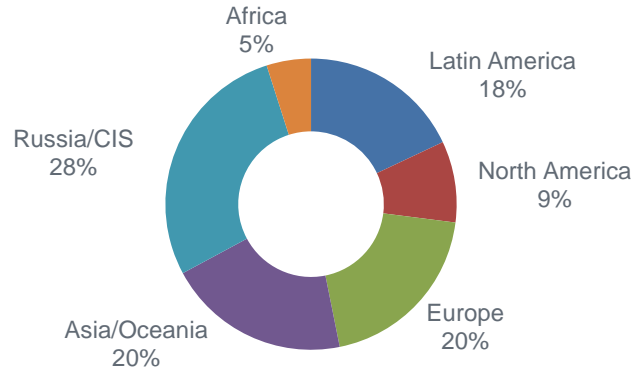
Sources: Integer Research, EuroChem data  
 Note: According to Integer Research, Nev. Azot 1B is most efficient line in Russia/Ukraine



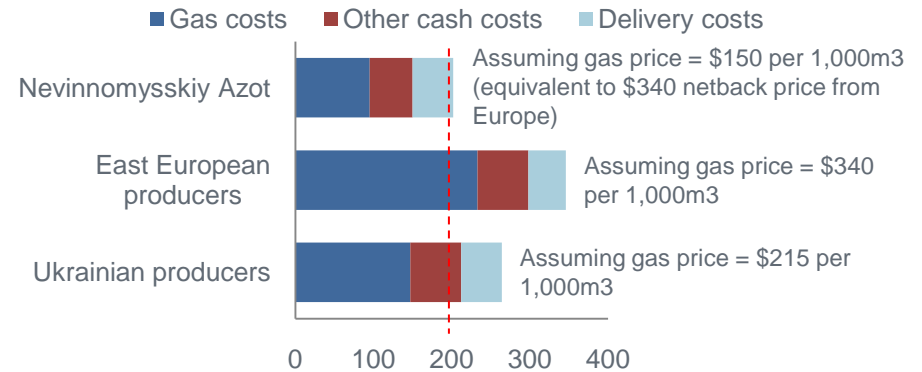
Source: Fertecon

# Business Segments: Nitrogen (2)

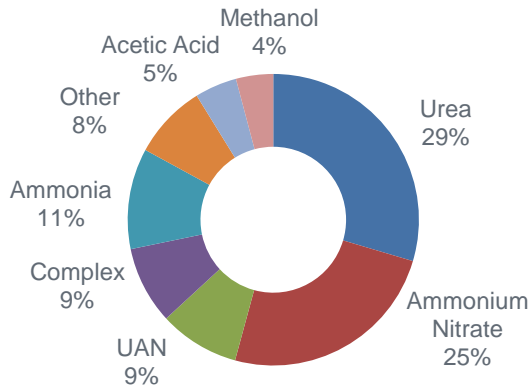
Sales by region\*, 2009



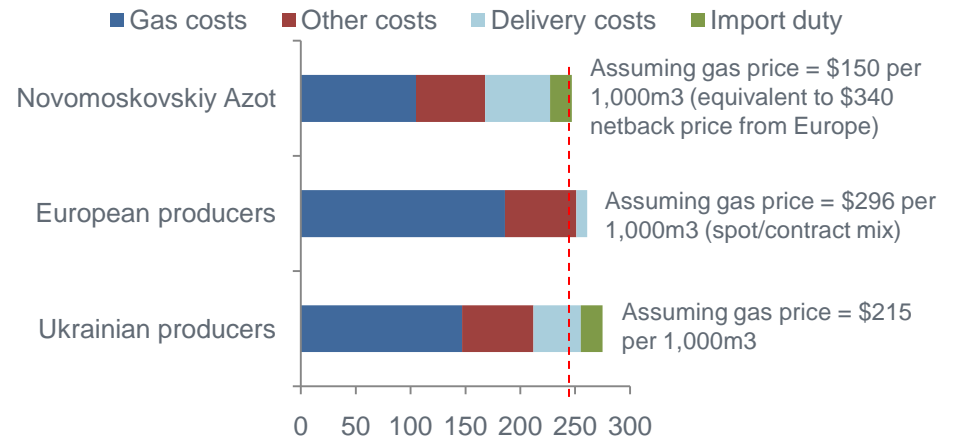
Illustrative delivered urea costs to Brazil (\$/ton)



Sales by Product\*, 2009



Illustrative delivered urea costs to Europe (\$/ton)

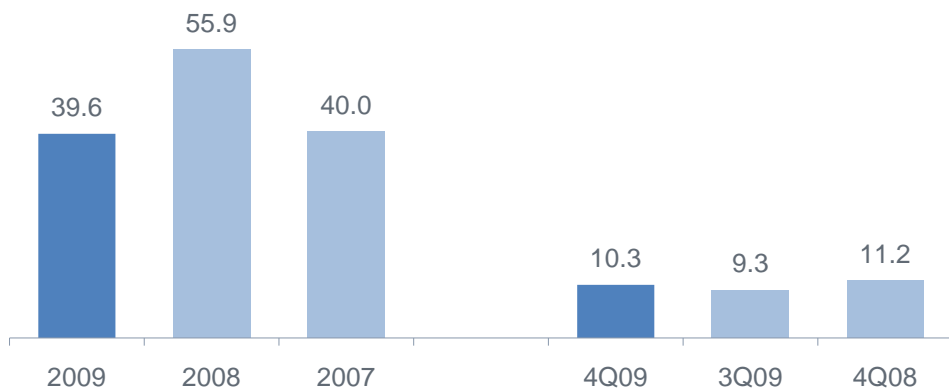


\*including sales to other segments

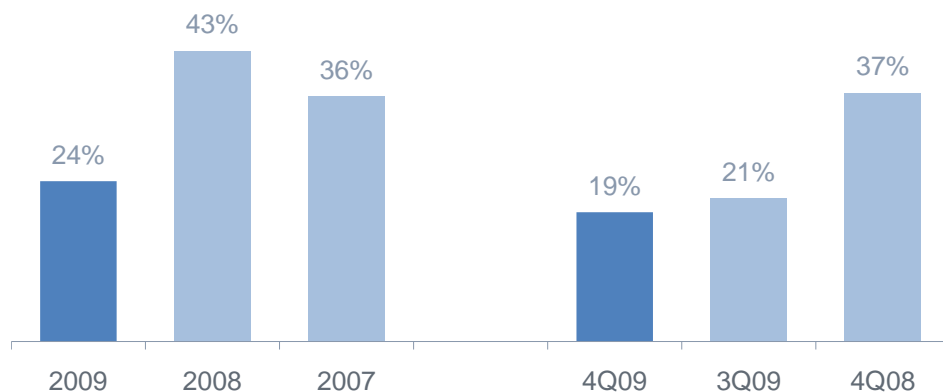
Note: <sup>1</sup> Gas costs for Western Europe as at German border

# Business Segments: Nitrogen (3)

## 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
<b>Revenue*</b>	RURm	10,303	9,306	11,269	39,577	-29%
<b>Sales volumes*</b>						
- 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%
<b>EBITDA</b>	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: Phosphate (1)

## Strategy overview

- ◆ Increase production at the existing plants / gain production flexibility (i.e. ability to produce at least two products at each of 3 plants: MAP/DAP, DAP/MCP, MAP/NPK, etc)
- ◆ Increase operating efficiency through investment in technology
- ◆ Supply EBMU (Beloreshensk) with phosphate ore from Kazakhstan and substitute more expensive Moroccan ore with the freed-up Kovdor apatite at Lifosa

### Key investment initiatives:

- ◆ Energy efficiency at Phosphorit, new feed phosphates production at Lifosa, sulphuric acid and phosphoric acid manufacturing equipment upgrade
- ◆ Extend reserves at Kovdor available for open pit mining by up to 45-50m tonnes of P<sub>2</sub>O<sub>5</sub>
- ◆ Kazakhstan: development of 3 phosphate rock deposits, over 600m tonnes prospective reserves; IFC among potential equity / debt partners

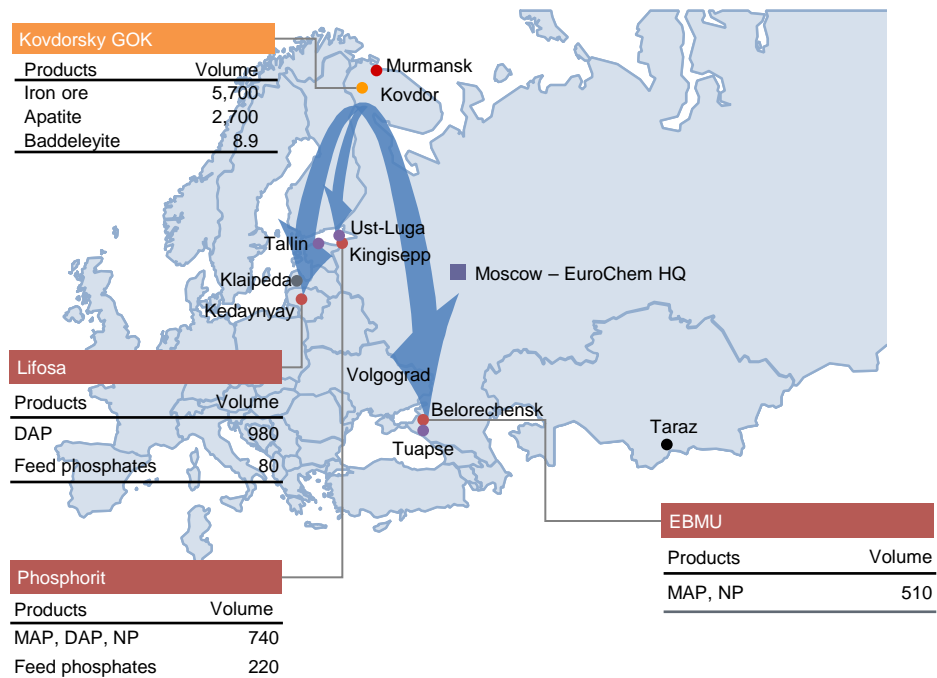
### Key competitive advantages:

- ◆ Own rock; no cadmium in apatite (no environmental issues in EU)
- ◆ Plant in Europe (no import tariffs on exports to Europe)

### NEW POTENTIAL INVESTMENT OPPORTUNITY

Build phosphate fertilizer plant with own ammonia capacity in Kazakhstan taking advantage of cheap phosphate rock and access to inexpensive gas, sulphur. Supply local and neighbouring markets who currently import fertilizers

## EuroChem phosphate operations



Source: EuroChem

- Phosphate and mining operations
- Transshipment terminals<sup>1</sup>
- Long-term contract

# Business Segments: Phosphate (2)

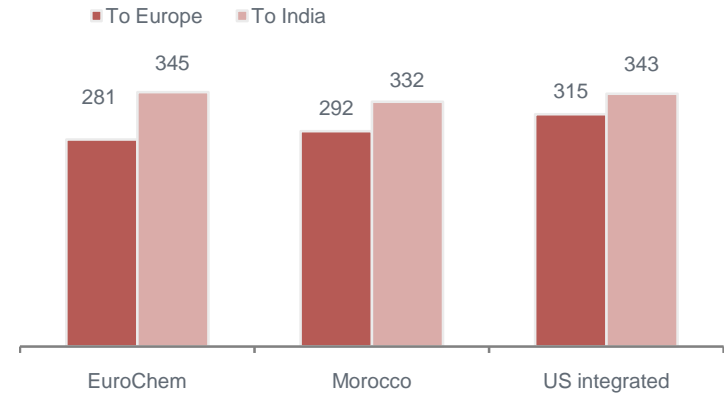
## Illustrative economics for competing DAP producers

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

US\$	US integrated		Morocco		EuroChem	
	To Europe	To India	To Europe	To India	To Europe (Lifosa)	To India (Phosphorit)
Ammonia cost	420	420	420	420	240	260
Ammonia / tonne DAP	0.22	0.22	0.22	0.22	0.22	0.22
Ammonia cost / tonne DAP	92	92	92	92	53	57
Rock cost / tonne	48	48	49	49	100	80
Rock / tonne DAP	1.73	1.73	1.56	1.56	1.28	1.28
Rock cost / tonne DAP	83	83	76	76	128	102
Sulfur cost / tonne DAP	38	38	38	38	17	26
Other cash costs / tonne DAP	50	50	60	60	50	60
<b>Production costs / tonne</b>	<b>263</b>	<b>263</b>	<b>267</b>	<b>267</b>	<b>248</b>	<b>245</b>
Freight	52	80	25	65	33	100
<b>Total delivered cost / tonne</b>	<b>315</b>	<b>343</b>	<b>292</b>	<b>332</b>	<b>281</b>	<b>345</b>

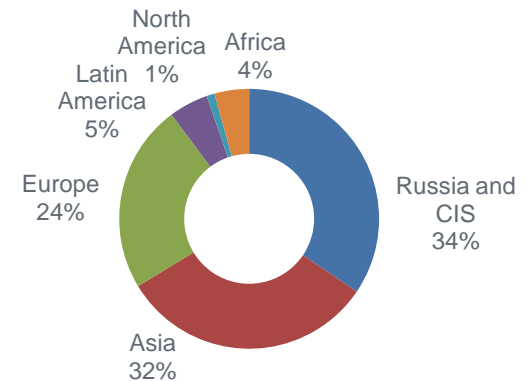
Source: EuroChem estimates

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



Source: EuroChem information

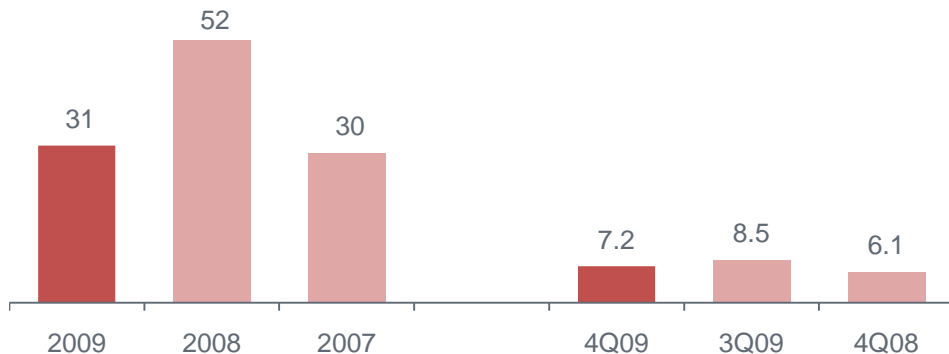
## Sales by region\*, 2009



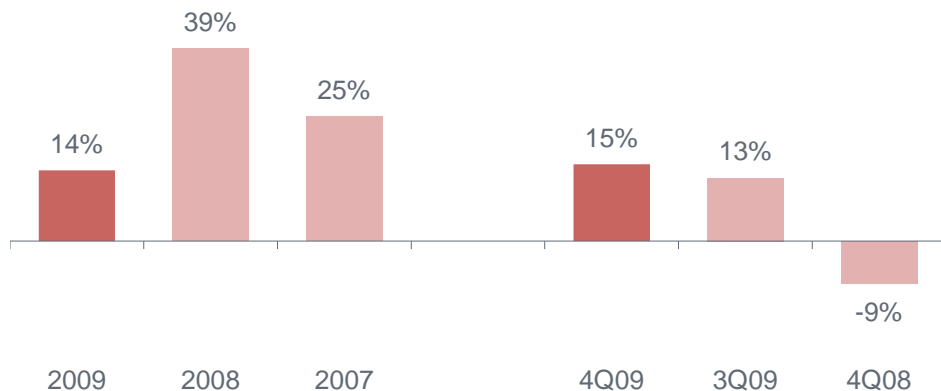
\*including sales to other segments

# Business Segments: Phosphate (3)

## 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
<b>Revenue*</b>	RURm	7,207	8,513	6,128	31,124	-40%
<b>Sales volumes*</b>						
- 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%
<b>EBITDA</b>	RURm	1,112	1,082	-530	4,427	-78%

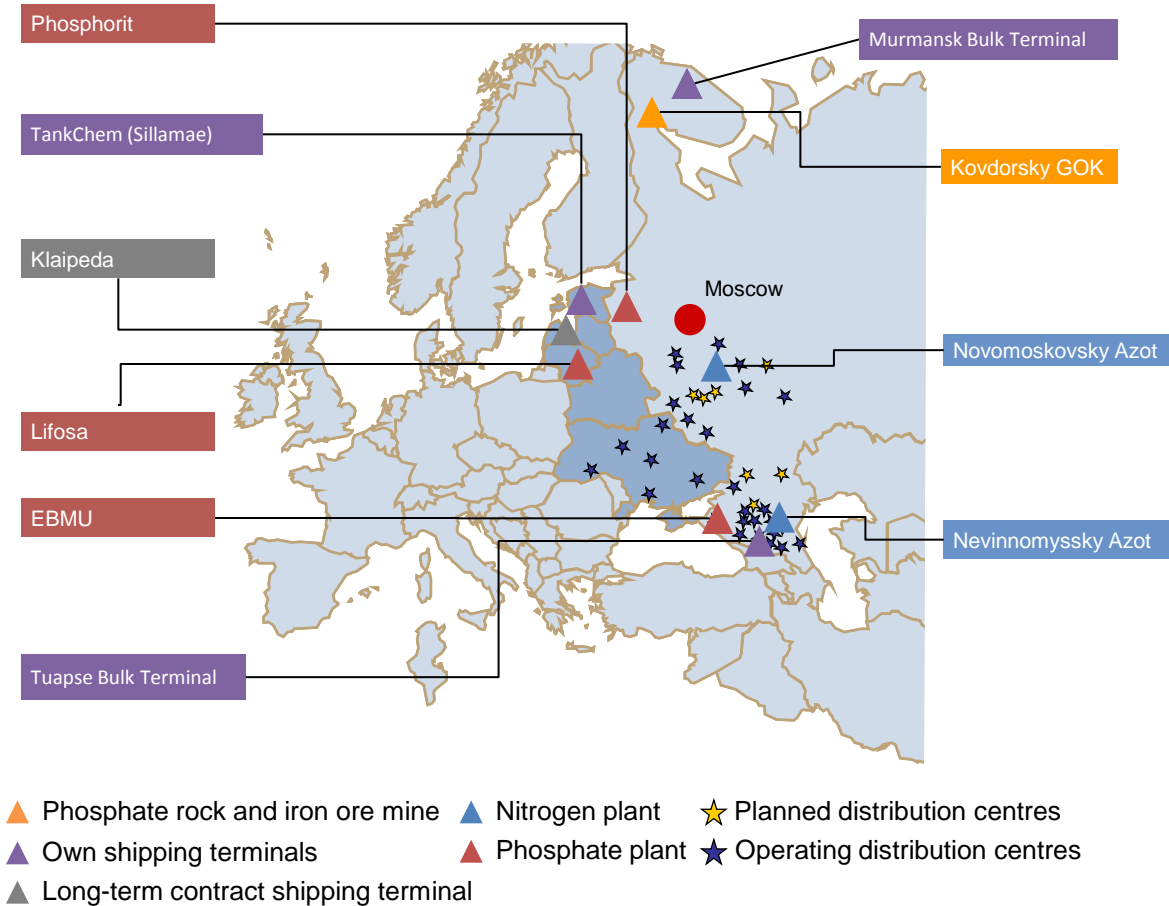
\*Revenue and sales volumes include sales to other segments

# Distribution & Logistics

## Overview

- ◆ Logistics and Distribution strategies support production strategies
- ◆ Distribution: Russia and Ukraine sales controlled via network of 39 distribution centres in the Southern and Central Russia and Ukraine, instrumental for the “sell yield, not fertilizers” strategy (i.e. + seeds; crop protection items)
- ◆ Planned investments: Expand distribution network in Central and Southern Russia, CAPEX of up to \$50m
- ◆ Logistics: decrease transportation costs through effective in-house management of logistics infrastructure
  - ◆ Port facilities
    - ◆ Murmansk: 1.5m tonnes, iron ore
    - ◆ Sillamae: 700k tonnes, liquid fertilizers and organic chemicals
    - ◆ Tuapse : 3m tonnes, bulk fertilizers
    - ◆ Klaipeda (long-term contract): 3.5m bulk, 500k tonnes liquid, 1m tonnes phosphate rock
  - ◆ Over 6,000-strong rail stock and 42 locomotives
  - ◆ 3 ships in long-term lease

## Logistics and distribution network



LOGISTICS: NEW POTENTIAL INVESTMENT OPPORTUNITY

Build a shipping terminal in Ust Luga on the Baltic Sea with 5 mmt p.a. transhipment capacity



Introduction

Overview of Business Segments

**Potash Investments**

YE 2009 Financial Highlights

## Volgograd Phase I Potash Project Status

- **c. US\$ 0.5bn** invested to date 2005-2009, including license cost
- **Skip shaft:** construction is on schedule, box cut and pre-sink construction underway, freezing procedure to begin soon.
- **Cage shaft:** Contractors are erecting the shaft headgear and plan to start active shaft sinking on schedule. A 10-year \$261m facility for the construction of the cage shaft covered by the South African ECA (ECIC) was signed in March 2010.
- **Beneficiation plant:** contractor for detailed engineering has been retained.
- **Winding machines and auxiliary equipment:** Contract with supplier signed and progressing according to schedule. In March 2010 the Supervisory Board of Czech ECA, EGAP, approved a cover application for loan facility.
- **Industrial and social infrastructure:** fully on schedule.
- **Additional c. US\$ 1.8bn** capex planned for 2010-2013 to complete phase I (capacity of 2.3 mmt p.a.)

# A Visual Update....



*Skip shaft and cooling system pipes*



*Employee housing*



*Cage shaft*



*Cage shaft construction site*

## What Others are Saying....

**The two most advanced greenfield projects** are in Russia and Congo: EuroChem's Gremyachinskoye project in southern Russia will have operating costs that lie towards the bottom end of the cost curve due to its good ore quality and labour productivity when compared with other Russian mines; it will also benefit from its relative closeness to a deep-water terminal on the Black Sea for exports.

*British Sulphur Consultants, Potash Cost Report 2010, Executive Summary 6*

**One of the biggest advantages** for this mine in southern Russia will be its favourable logistics. It lies inside the country's main agricultural region where most potash fertilizer is consumed – the rail freight for Silvinit and Uralkali to access this area is \$30-40/t. The mine will also supply up to 300,000 t/yr of potash to EuroChem's own NPK factories. Moreover, the EuroChem site is much closer to a deep-sea port than the other Russian mines, and the use of a Black Sea port to ship cargoes to Asian markets will result in an ocean freight advantage over potash suppliers using Baltic ports.

*British Sulphur Consultants, Potash Cost Report 2010, chapter 4-78*

**Eurochem is well on track** with the construction of the Gremyachenskoye potash deposit. Company has spend US\$600m up to date and with an additional spending of US\$2bn in 2010-2014F Eurochem is planning to commence production in 2013F with full rump up to 2.3mt in 2015F.

*ING Equity Research, Read through for the potash industry from Eurochem 2009FY conference call, 22 March 2010*

**EuroChem on Track** — The company expects to achieve first production at its Gremyachinskoe greenfeild potash deposit in 2013, with full ramp-up in 2015 depending on market conditions. Gremyachinskoe deposit is a 1,000-1,200m deep potash project with nutrient content of 31% (better than Silvinit's 25-27% or Potash Corp's 24%). Phase I planned annual capacity is 2.3 million tonnes per annum of potash upon completion. Phase II (adding another 2.3mt per annum) envisaged for commissioning in 2016.

*Citi Commodity Agriculture Research, Potash Incentive Price, 22 March 2010*

# Potash Deposits Overview

	Gremyachinskoe deposit (Volgograd)	Verkhnekamskoe deposit (Perm)
Background to ownership	<ul style="list-style-type: none"> <li>◆ License acquired in 2005 via auction process               <ul style="list-style-type: none"> <li>– Purchase price of US\$ 106m</li> <li>– Reserves and resources: 1.15 + 0.70bn t</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ License acquired in 2008 via auction process               <ul style="list-style-type: none"> <li>– Purchase price of US\$ 172m</li> <li>– Reserves: 1.5bn t</li> </ul> </li> </ul>
Description of deposit	<ul style="list-style-type: none"> <li>◆ License area of 33.6 km<sup>2</sup> located in Volgograd region</li> <li>◆ Depth of 1,000–1,200 meters</li> <li>◆ Sylvinite ore</li> <li>◆ KCl average content 37%; NaCl content 54%; MgCl content 0.2%; CaSO<sub>4</sub> content 6–7%</li> </ul>	<ul style="list-style-type: none"> <li>◆ License area of 132.9 m<sup>2</sup> in region</li> <li>◆ Depth of c. 500 meters</li> <li>◆ Sylvinite and carnallite ore</li> <li>◆ KCl content: 30%</li> </ul>
Development status	<ul style="list-style-type: none"> <li>◆ Production planned to start in 2013</li> <li>◆ Phase I: capacity of 2.3 mmt p.a. (total expenditure to date: c. US\$ 0.5bn)</li> <li>◆ Phase II: capacity doubled to 4.6 mmt p.a.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Production expected to start in 2016</li> <li>◆ Phase I: capacity of 2.0 mmt p.a.</li> <li>◆ Phase II: capacity increased to total 3.4 mmt p.a.</li> </ul>

Introduction

Overview of Business Segments

Potash Investments

**YE 2009 Financial Highlights**

# Performance overview

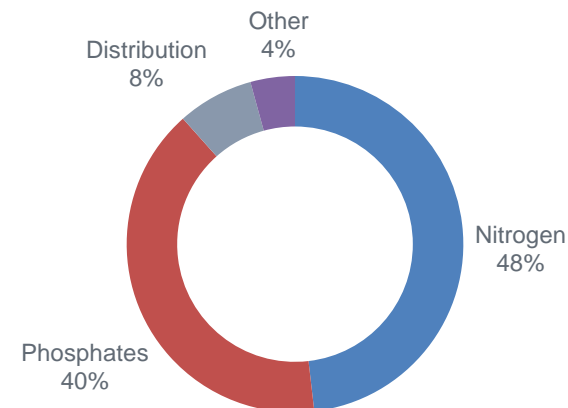
## Key Figures 2009 vs. 2008

			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%

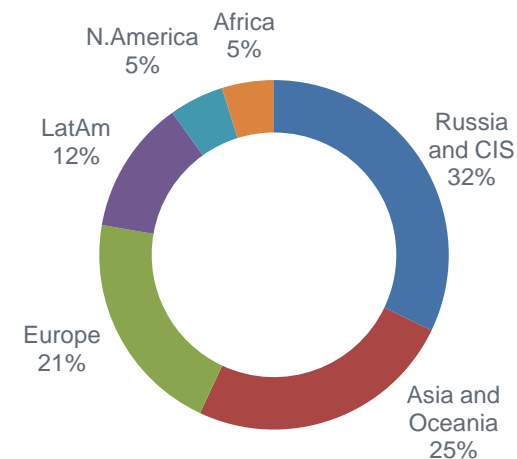
N: including organic synthesis products

P: including mining co-products

### Sales 2009 by segment

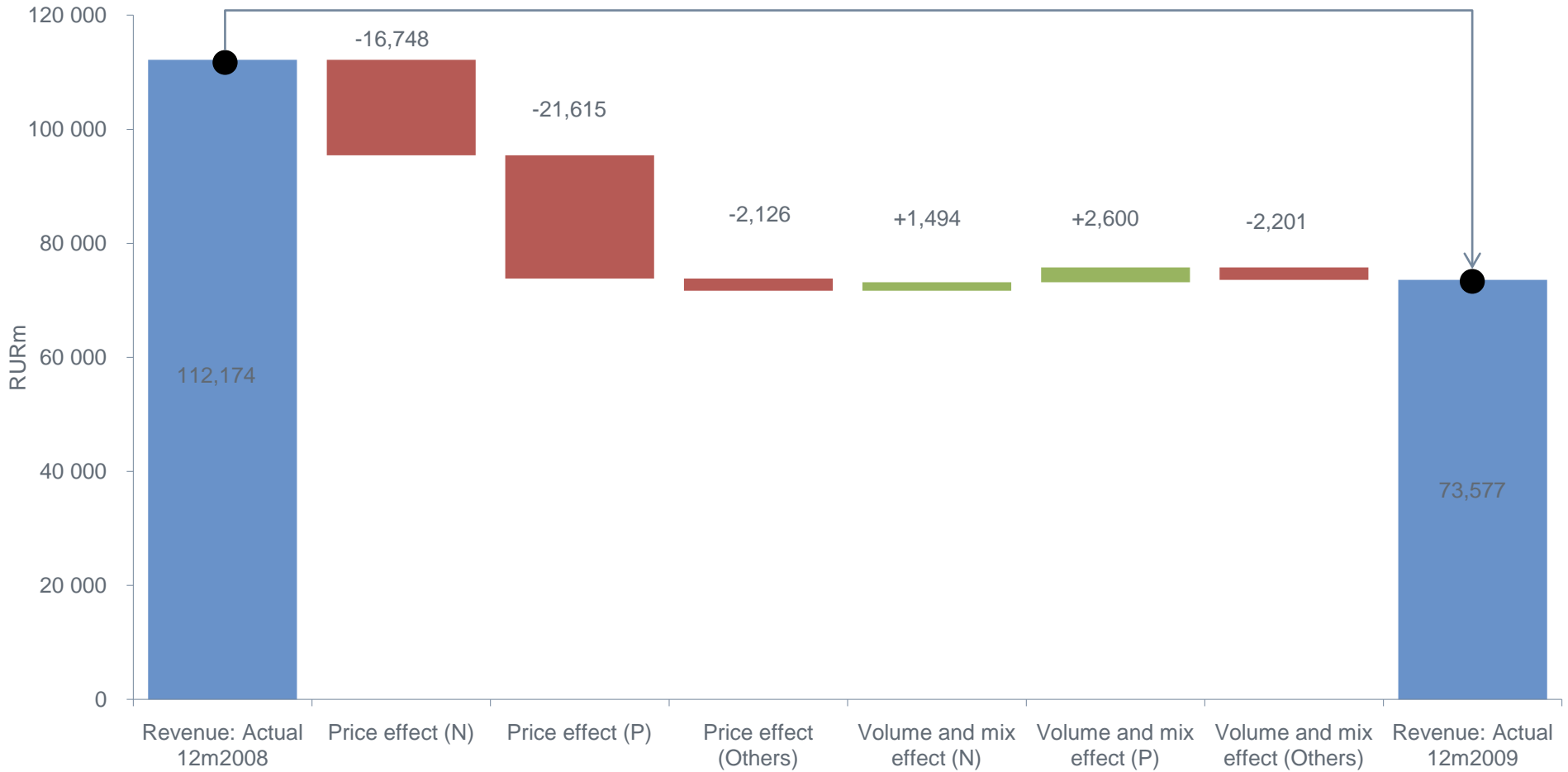


### Sales 2009 by geography



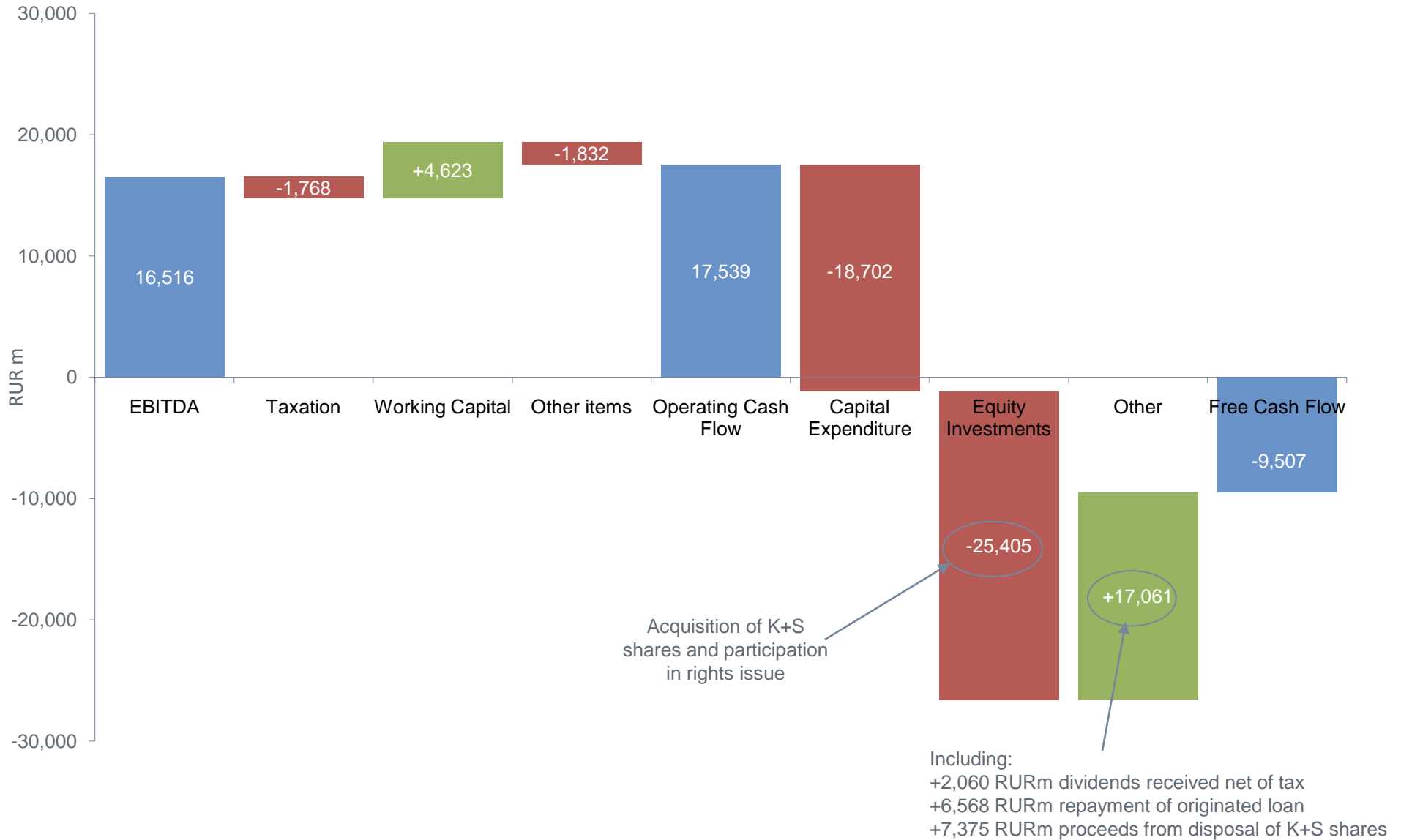
# Revenue

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
<b>EBITDA</b>	RURm	<b>16,516</b>	<b>44,297</b>
- 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)
<b>Net profit</b>	RURm	<b>11,075</b>	<b>27,888</b>

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)

# 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 Nevinnomyssk
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

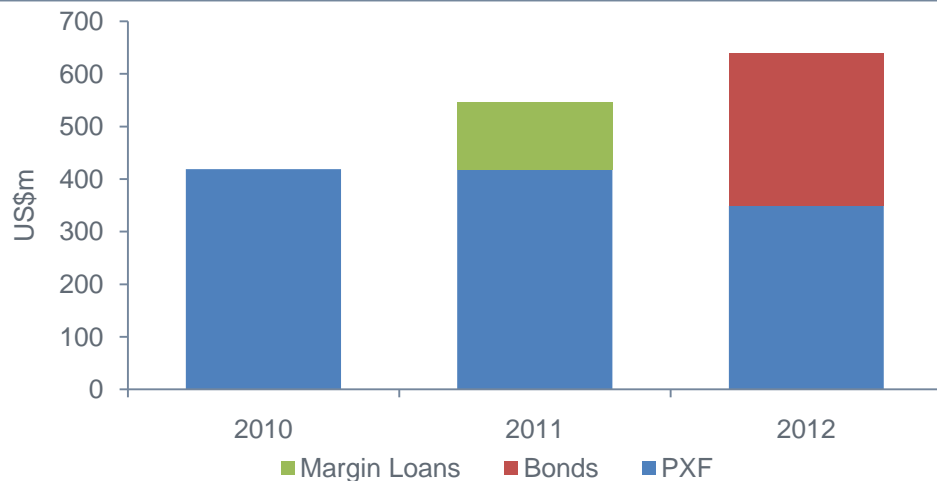
	2009	2008	2009/2008 Change	
<b>Gas (raw materials)</b>	9,250	7,806	19%	→ Gas price up from ca. RUR1,914/1,000m <sup>3</sup> to RUR 2,246/1,000 m <sup>3</sup> , partly mitigated by energy efficiency measures
<b>Sulphur</b>	1,448	4,958	-71%	→ Decline primarily due to price effect
<b>Other materials and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

## Debt maturity profile, US\$m



## Comment

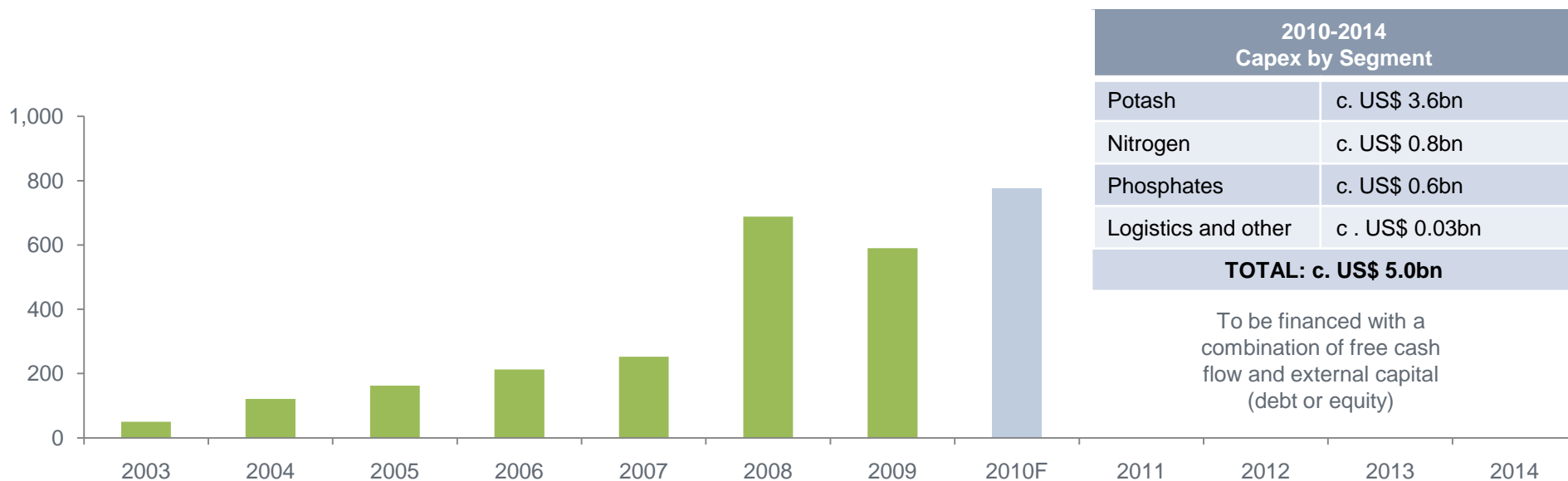
- ◆ Comfortable debt structure and maturity profile, remote refinancing risk
- ◆ Successfully placed three syndicated facilities (two of which are fully repaid)
- ◆ US\$ 1.5bn 4-year pre-export, LIBOR + 1.8%, raised against backdrop of accelerating global crisis (as at 31.12.09 US\$ 1.19bn outstanding)
- ◆ 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)

\*In December 2008 US\$ 10m of Eurobonds were redeemed.  
 \*\*Including restricted cash in current assets

# Capex Overview

- ◆ Prudent debt management restrict Net Debt / EBITDA to 2.5x as a matter of internal policy, which in turn puts a cap on new debt
- ◆ Further limitation: Net Debt / Equity < 1.5x
- ◆ Identified up to c. US\$ 5.0bn of capex plans for 2010-2014
- ◆ Company constantly evaluates all potential sources of funding (internal, external) that can be deployed to take advantage of available investment opportunities

## Historic and projected capital expenditure (in USD m)



To be financed with a combination of free cash flow and external capital (debt or equity)

Other new investment opportunities in 2010-2014 include: (1) Nitrogen: new ammonia capacity (buy or build); (2) Phosphate: new fertilizer plant in Kazakhstan with ammonia; (3) Logistics; port in Ust Luga

## 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 shop construction at Novomoskovsk (all - Nitrogen).
- ◆ EuroChem's Tuapse dry bulk terminal went live in March. Tuapse terminal is one of the elements of EuroChem's future cost leadership in potash.
- ◆ 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.

Thank You

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