



EuroChem | Q2/1H 2014 IFRS Results

14 August 2014

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Figures may not recalculate exactly due to rounding.

Percentage changes are calculated based on whole numbers, not the rounded numbers presented.

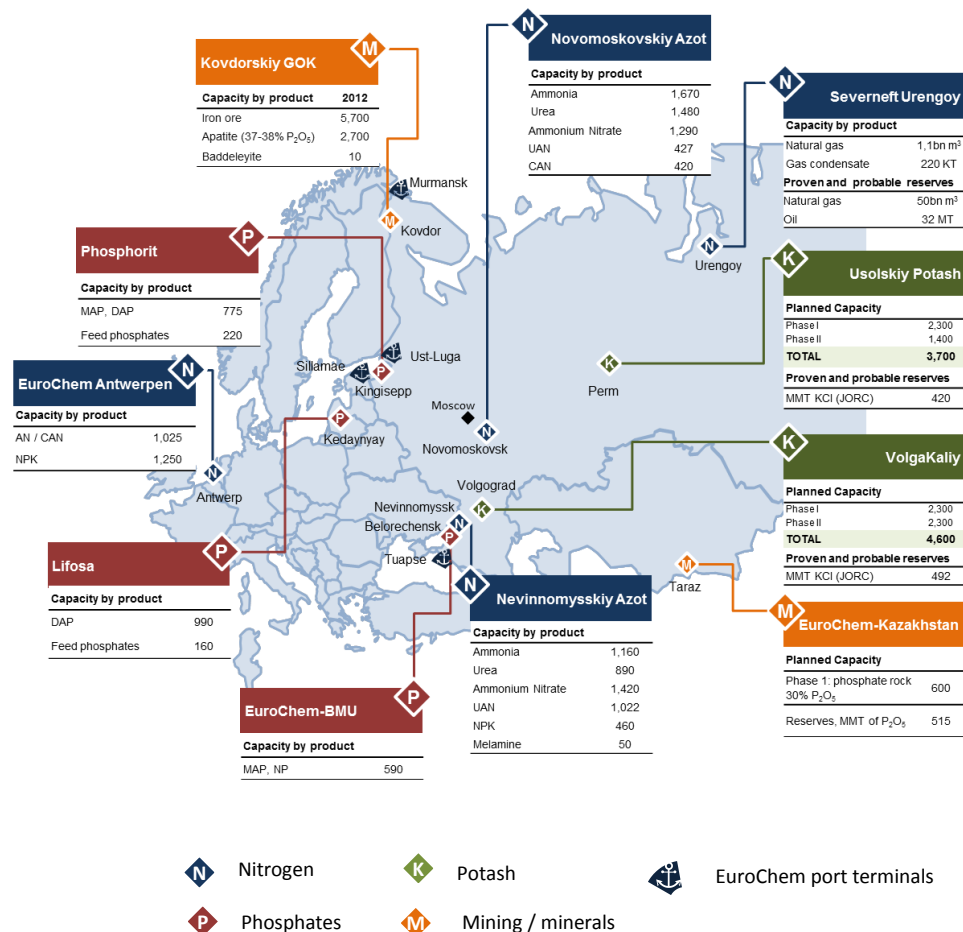


EUROCHEM GROUP OVERVIEW



- **3 Nitrogen plants** (2 in Russia, 1 in Belgium) - 2.7 MMT⁽¹⁾ of ammonia and c.10 MMT of fertilizer product capacity
- **3 Phosphate plants** (2 in Russia and 1 in Lithuania) - 2.4 MMT of MAP/DAP
- **Vertical integration:** own raw materials, port terminals, rail stock, construction/repair works, Europe/CIS distribution capacity
- **Natural gas operator** (Russia) - 1.1bn m³ of annual capacity (c.25% of EuroChem's annual consumption)
- **Apatite** (Russia) - P₂O₅-rich (37%-38%) and low-MER⁽²⁾ content (0.057) apatite ore (2.7 MMT per year) covers c.75% of own production needs for all phosphate plants and Antwerp.
- **Iron ore** as a co-product of apatite mining : up to 5.7 MMT of iron ore (Fe content 63.5%)
- **Logistics** assets include transshipment capacity of c.8.8 MMT p.a. in Russia and c.3.5 MMT p.a. in the EU, 2 Panamax vessels, 6,900 own rail stock/depot
- **Construction of own Potash (K) capacity** well underway (targeted capacity of c.8 MMT of KCl per year)
- **Strong operational track record;** all EuroChem production facilities are OHSAS-8001, ISO 14001 and ISO 9001 certified
- Total employees of >20,000
- **2013 revenues USD 5.6bn; EBITDA USD 1.3bn**

Vertically integrated production



⁽¹⁾MMT : million metric tonnes

⁽²⁾MER : minor element ratio

Growth through Potash

- ✓ Build leading low-cost potash business

Cost leadership through vertical integration

- ✓ Target self-sufficiency (nat. gas, phosphate rock, potash)
- ✓ Further cost efficiency through vertical integration in logistics

Value product range

- ✓ Minimize commodity, maximize specialty agrochemicals
- ✓ Expand industrial portfolio (melamine, LDAN)

Proximity to customers

- ✓ Increase volumes sold through own distribution network in all target markets



FERTILIZER MARKETS

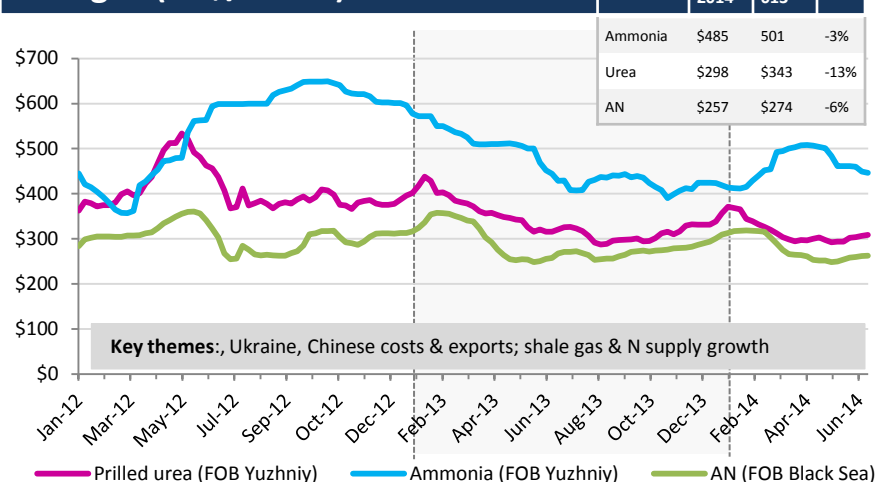


Fertilizers Markets

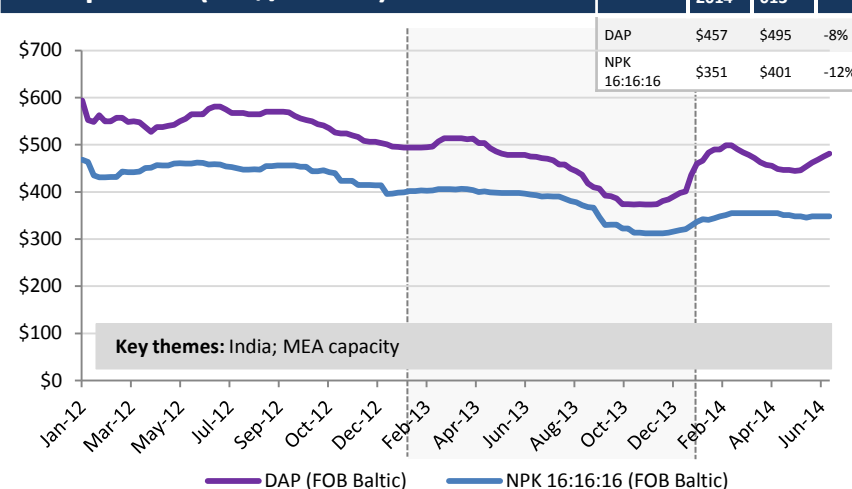
Market backdrop



Nitrogen (US\$/tonne)



Phosphates (US\$/tonne)



Potash (US\$/tonne)



Iron ore (US\$/tonne)



Averages are derived from weekly prices

A male technician wearing a white hard hat, safety glasses, and a blue long-sleeved shirt is working on a server rack. He is holding a yellow multimeter and connecting red and black test leads to a green terminal block. The server rack is filled with various electronic components and cables. The background shows more server racks in a data center environment.

Q2/1H RESULTS AND DEVELOPMENTS

Results and Developments

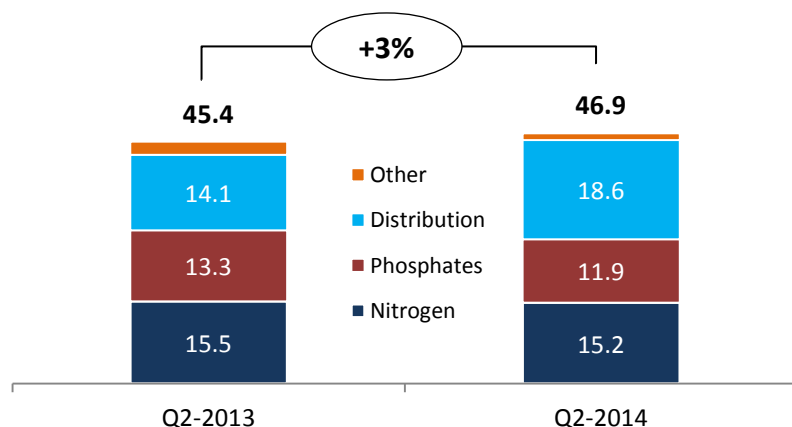


Key figures

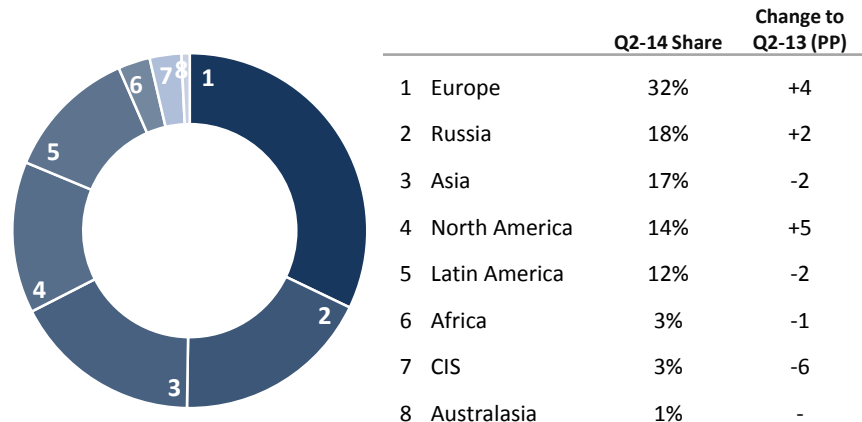
Key Figures		Q2 2014	Q2 2013	Y-o-Y, %	1H 2014	1H 2013	Y-o-Y, %
Revenue	RUBm	46,943	45,378	+3%	96,358	92,029	+5%
Gross margin	%	38%	37%	+ 1p.p.	39%	37%	+ 2p.p.
EBITDA	RUBm	11,241	12,699	-12%	25,409	25,051	+1%
EBITDA margin	%	24%	28%	-4p.p.	26%	27%	- 1p.p.

Sales volumes		Q2 2014	Q2 2013	Y-o-Y, %	1H 2014	1H 2013	Y-o-Y, %
Nitrogen	KMT	2,140	2,020	+6%	4,250	4,072	+4%
Phosphate (excl. iron ore and baddeleyite)	KMT	609	550	+11%	1,235	1,255	-2%
Iron ore and baddeleyite	KMT	1,407	1,484	-5%	2,733	2,699	+1%

Q2 sales by segment* (RUB bn)



Q2 sales by region



*From 1 January 2014 the results of our EuroChem Agro distribution network were reallocated from Nitrogen and Other to the Distribution segment.

Results and Developments

Reconciliation of EBITDA to Net Profit



	1H 2014	1H 2013	
EBITDA (RUBm)	25,409	25,051	
Depreciation and amortisation	(5,007)	(4,922)	
Write-off of idle property, plant, and equipment	(70)	(40)	
Financial fx gain/(loss), net	(2,478)	(5,647)	Effects of RUB / USD depreciation
Interest expense	(2,394)	(2,474)	
Other financial gain/(loss), net	(1,058)	(1,582)	
Non-controlling interest	(2)	(3)	
Income tax expense	(3,781)	(3,731)	
Net profit (RUBm)	10,619	6,652	

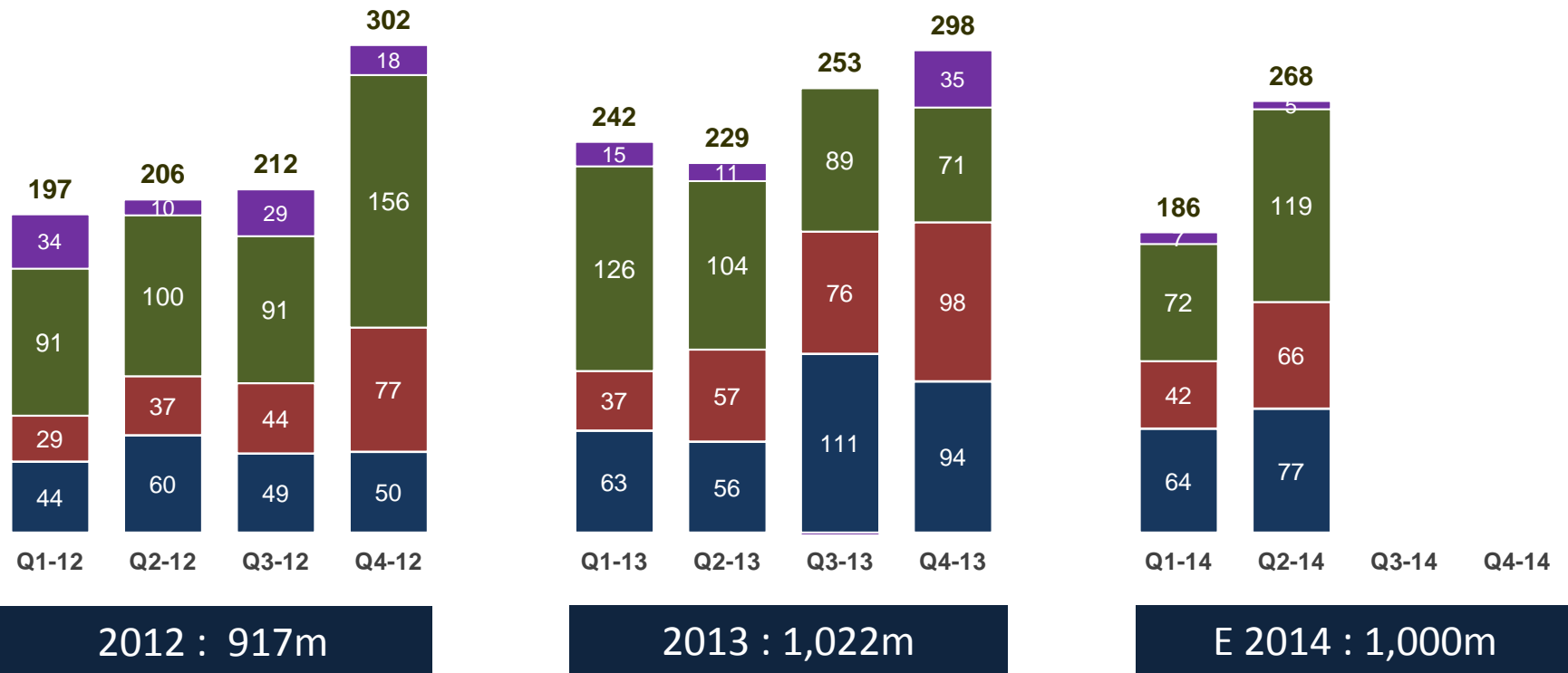
Results and Developments

Capital expenditure: in line with prior years



In USDm

- Nitrogen
- Phosphates
- Potash
- Other









Maintenance CAPEX : ca. USD 200m per year

Results and Developments

Key projects underway



Project	Ammonia	LDAN / nitric acid	Mine pushback	Phosphate rock	Potash	Potash
						
Facility	Nevinnomysskiy	Novomoskovskiy	Kovdorskiy GOK	EuroChem Fertilizers (Kz)	VolgaKaliy ⁽³⁾	Usolskiy ⁽³⁾
Production increase (p.a.)	+ 117 KMT ammonia	+ 300 KMT LDAN	+ 948 KMT (apatite) + 136 KMT (iron ore)	+ 600 KMT phos rock	+ 4,600 KMT KCl	+ 3,700 KMT KCl
Total CAPEX 2014 CAPEX	US\$ 0.1bn US\$ 0.06bn	US\$ 0.2bn US\$ 0.05bn	US\$ 0.1bn US\$ 0.07bn	US\$ 0.1bn US\$ 0.04bn	US\$ 5.0bn US\$ 0.3bn	US\$ 2.9bn US\$ 0.3bn
IRR,% (remaining)	60%+	60%+	30%+	40%+	20%+	20%+
incremental EBITDA (p.a.) ⁽¹⁾	+US\$ 20m	+US\$ 50m	+US\$ 35m	+US\$ 20m	+US\$ 1.3bn ⁽⁴⁾	+US\$ 1.0bn ⁽⁴⁾
Comments	Technical reconstruction of ammonia unit with capacity increase to 1,980 KMT per day Reduce raw material gap in ammonia and increase gas to ammonia ratio & unit efficiency	Upgrade of weak nitric acid unit and launch of production of low-density ammonium nitrate (LDAN) Broaden product mix; increase efficiency and phase out outdated production units	Opening of a new ore body adjacent to the main pit to increase apatite production Increase resource base / reduce mining raw material deficit	Drilling & blasting operations launched October '13 Increase resource base / reduce mining raw material deficit Establish foothold in Central Asia	Reach self-sufficiency in potash with unique resource base. Gremyachinskoe deposit averaging 39.5% KCl, <500km to port; enter seaborne potash market	Launch potash production in Russia's potash heartland at the Verkhnekamskoe deposit. Further expand mix with proprietary specialty K products (SOP, NK, NPK...)
Completion ⁽²⁾	<div><div style="width: 64%;">64%</div></div>	<div><div style="width: 64%;">64%</div></div>	<div><div style="width: 45%;">45%</div></div>	<div><div style="width: 35%;">35%</div></div>	<div><div style="width: 33%;">33%</div></div>	<div><div style="width: 18%;">18%</div></div>

(1) Assuming full capacity utilization of project(s) (4) Assuming US\$ 350 FOB potash price

(2) As of 30 June 2014, for total project, including all development phases

(3) Including both project phases

Results and Developments

Conservative financial policy



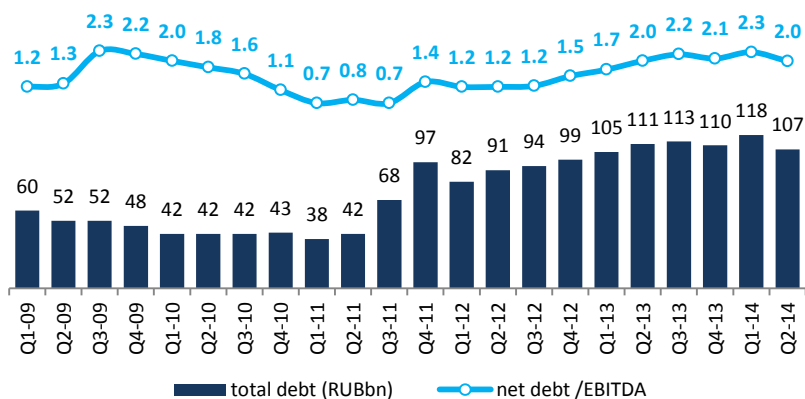
Key debt metrics, RUBm

As at 30 June 2014	RUB	Original currency
Unsecured syndicated facility	43,170	USD 1,300m
2017 Eurobonds	25,102	USD 750m
Bilateral loans (RUB)	19,964	
Bilateral loans (FX)	4,751	USD 140m UAH 15m
Rouble bonds	9,978	
ECA-backed facilities	3,688	USD 87.6m EUR 32.3m

Gross debt **106,653**

Less: cash and cash equivalents⁽¹⁾ and fixed-term deposits 20,283

Net debt **86,370**

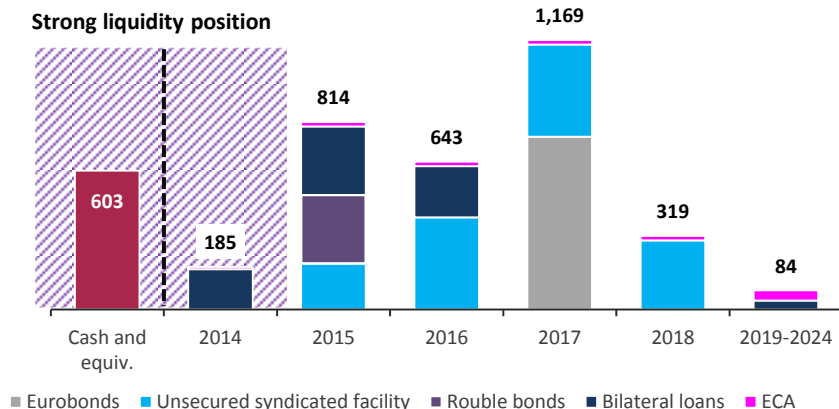


Comments

- 30 June 2014 - Net debt / LTM EBITDA⁽²⁾ : **1.99x**
- Targeted across-the-cycle range of **1.5x-2.0x**
- Comfortable debt structure and maturity profile, remote refinancing risk
- BB/stable ratings from Fitch and S&P

FitchRatings **STANDARD & POOR'S**

Debt maturity profile, US\$m



(1) Including current portion of restricted cash

(2) Including pro-rata Murmansk Commercial Seaport net income

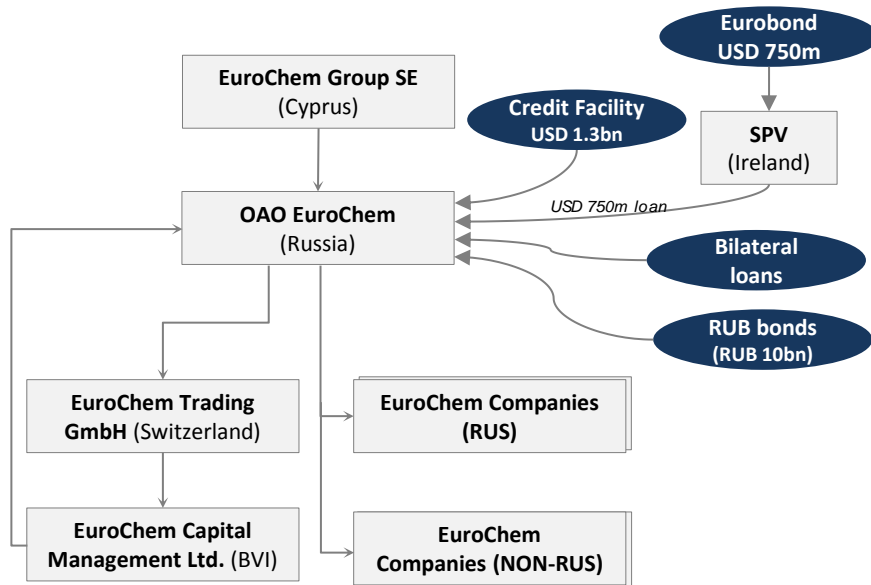
Results and Developments

Optimizing Group structure

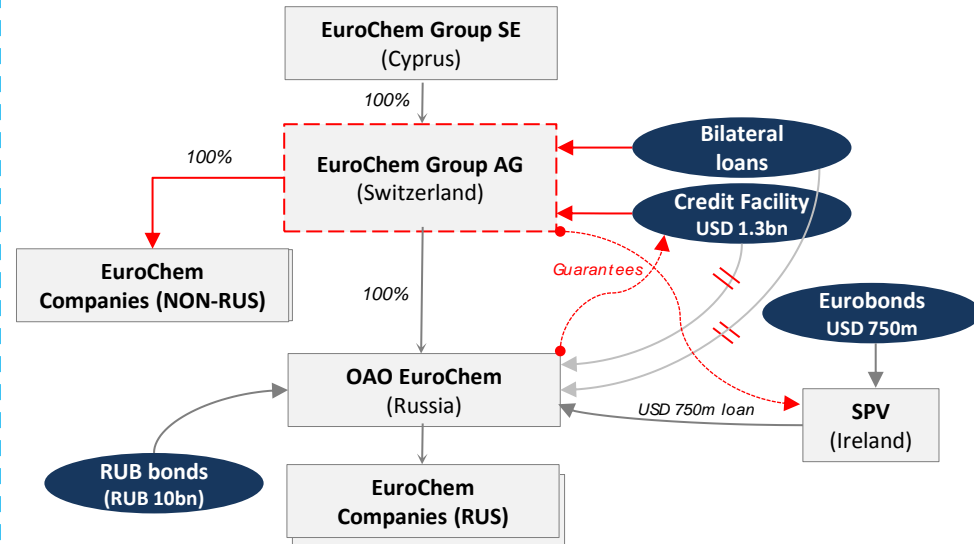



By the end of 2014, driven by its growing internationalization and future listing / potential M&A considerations, the Group potentially plans to re-domicile its HQ to Zug, Switzerland

Currently the top holding company of the Group is the Russian OAO which owns all subsidiaries and 13% of treasury shares.



Following the contemplated reorganization, the newly set up company in Zug will become the top holding company of the Group, assuming at least 70% of the Group's external debt and take ownership of the Group's non-Russian assets. The new Swiss HoldCo will provide guarantee on Eurobonds which will remain at the OAO level. OAO will remain Obligor under the USD 1.3bn club loan moved upstairs to AG.



A photograph of an industrial facility, likely a refinery or chemical plant. In the foreground, several large, dark, insulated pipes run horizontally across the frame. In the background, there is a tall, complex distillation column with multiple levels and ladders. To the left, a smokestack emits a plume of dark smoke. The sky is blue with scattered white clouds. The overall scene depicts a large-scale industrial operation.

NITROGEN SEGMENT

Nitrogen Segment

Vertically integrated producer



Novomoskovskiy Azot

	Key Capacity	LTM production
Ammonia	1,670	1,746
Urea	1,480	1,540
AN/AN (gran)	1,290	1,437
UAN	427	270
CAN	420	269

EuroChem Antwerpen

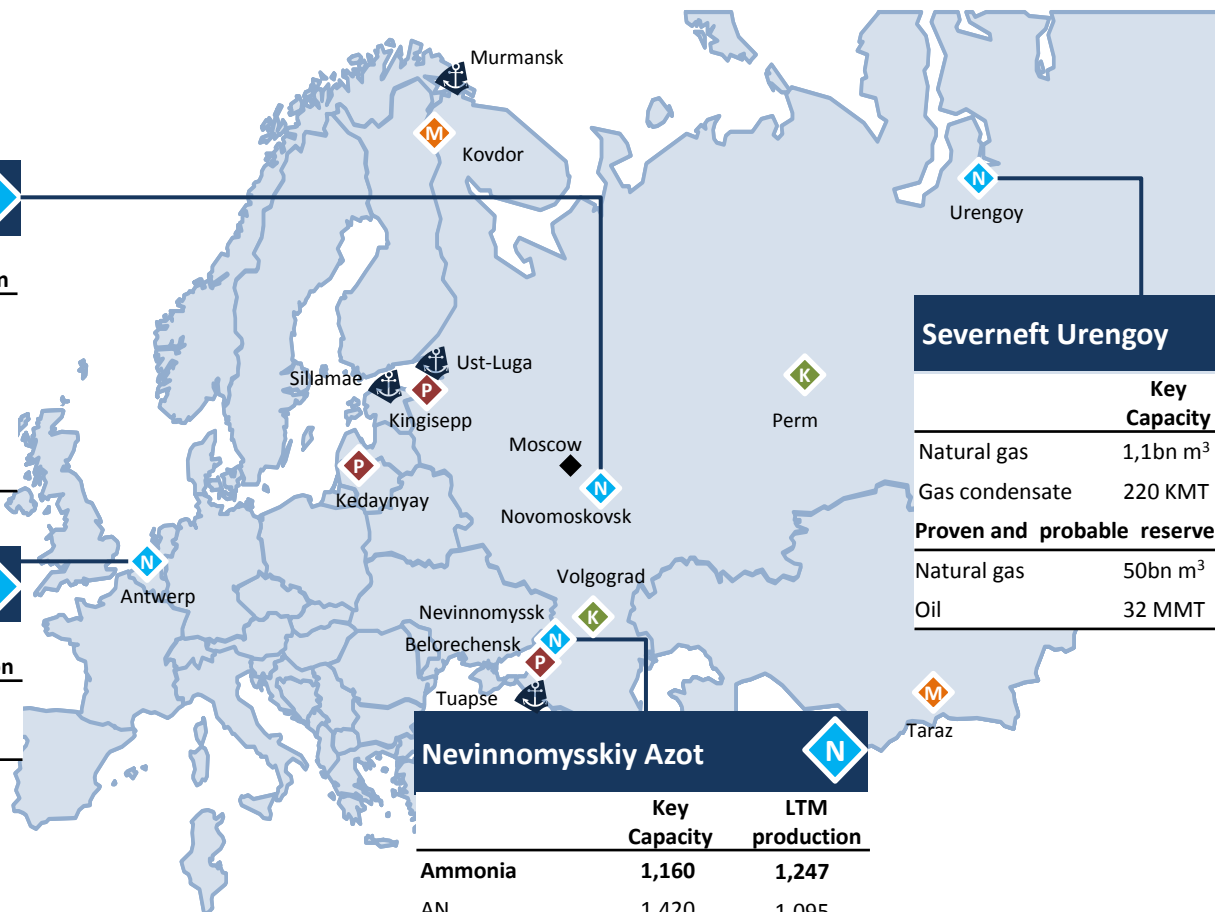
	Key Capacity	LTM production
NPK / NP	1,250	1,081
CAN/AN (gran)	1,025	1,168

Nevinnomysskiy Azot

	Key Capacity	LTM production
Ammonia	1,160	1,247
AN	1,420	1,095
UAN	1,022	781
Urea	890	888
NPK	460	408
Melamine	50	31

Severneft Urengoy

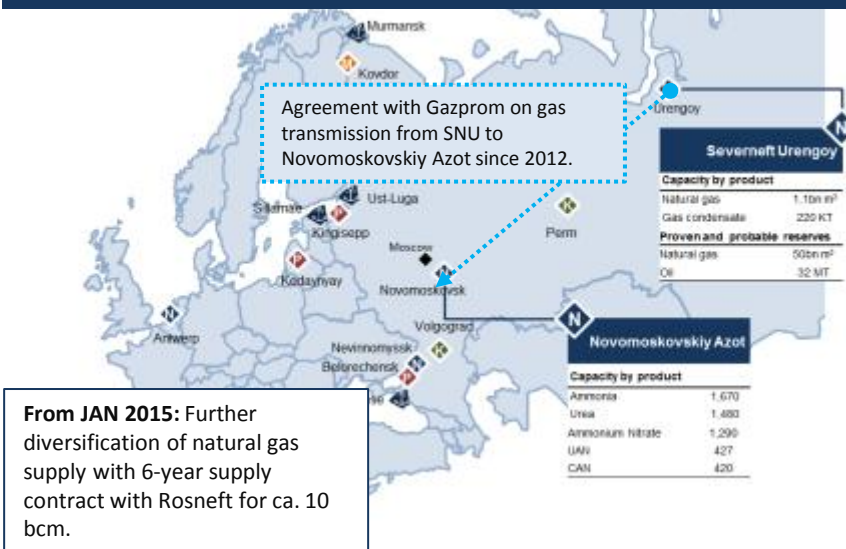
	Key Capacity	LTM production
Natural gas	1,1bn m ³	933
Gas condensate	220 KMT	170
Proven and probable reserves		
Natural gas	50bn m ³	
Oil	32 MMT	



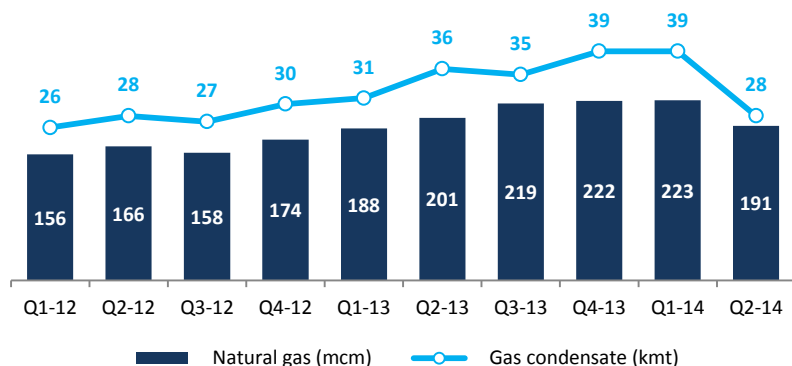
All volumes are expressed in thousands of tonnes, except where otherwise specified



Severneft-Urengoy (SNU) / Novomoskovskiy



Sales volumes



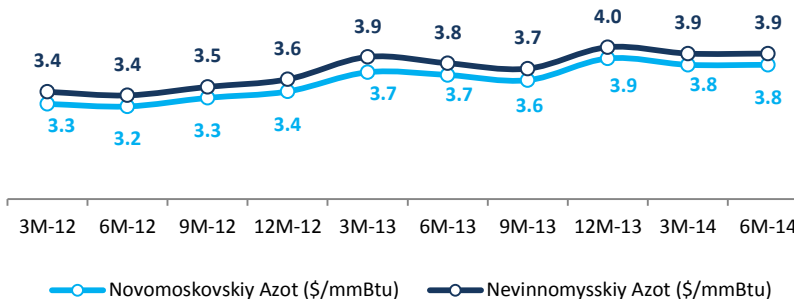
Gas costs could rise to over \$4.5 /mmBtu by 2016

Average gas prices at NAK & NEV (\$/mmBtu)

1H 2014 average prices

U.S. (Henry Hub) : \$4.9/mmBtu

Western Europe (Zeebrugge) : \$8.7/mmBtu



Upstream integration to mitigate price increases

Benefits from SNU acquisition - assuming production of **1.1bn m³** of gas and **220 KMT** of gas condensate :

Cost of gas at the well: (per mmBtu) \$1.18

+ mineral resource extraction taxes: \$0.54**

+ transportation cost to Novomoskovskiy: \$1.98

- revenue from gas condensate: (\$2.22)

Delivered cost to Novomoskovskiy Azot: **\$1.46**



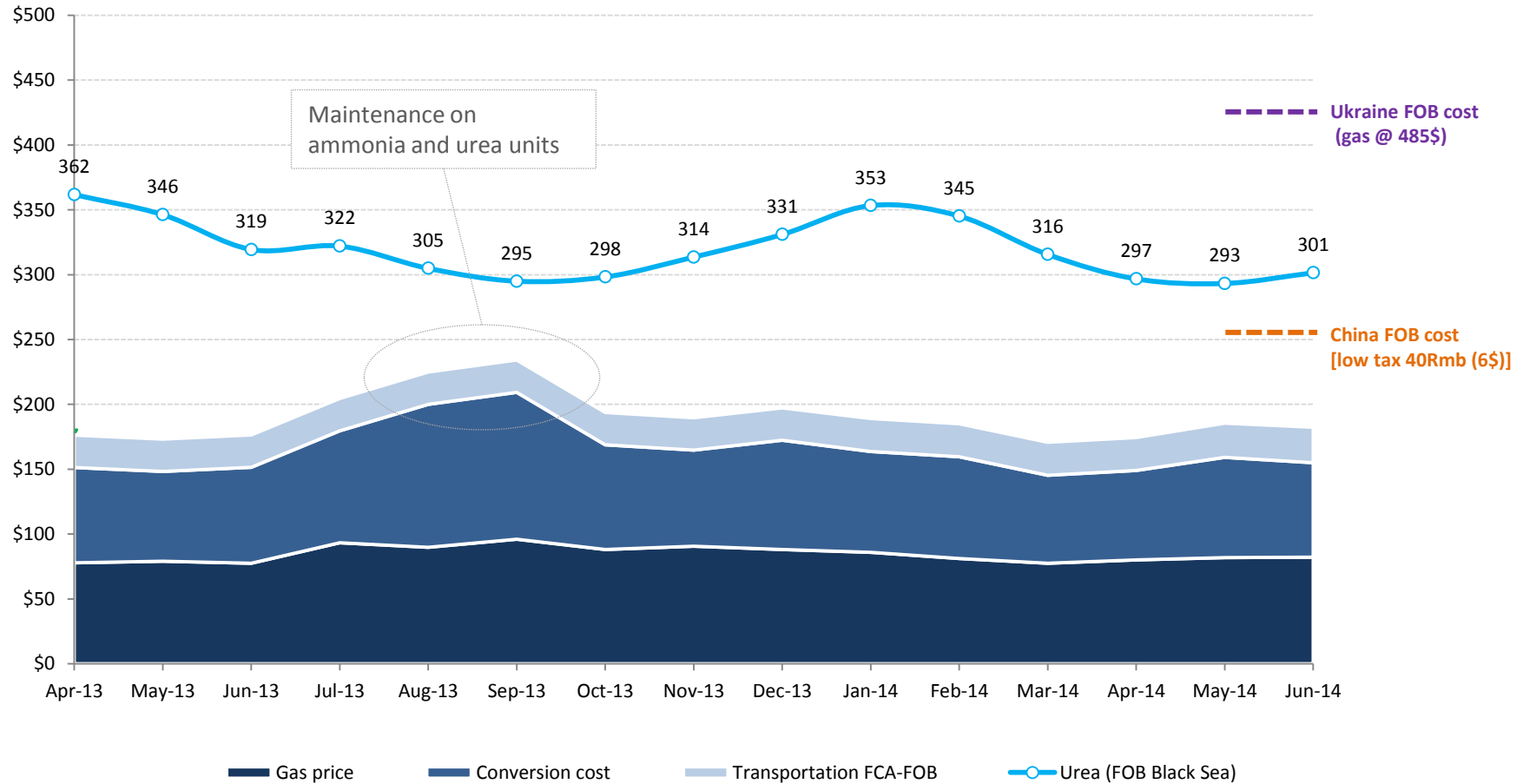
** Mineral resources extraction tax (MET) of RUB 426/1,000m³

Nitrogen Segment

Sustainable profitability



Nevinnomysskiy urea cost (FOB Black Sea), USD/T





PHOSPHATES SEGMENT

Phosphates Segment

Targeting self-sufficiency



Phosphorit

	Key Capacity	LTM production
MAP, DAP	775	619
Feed phosphates	220	146

Lifosa

	Key Capacity	LTM production
DAP	990	836
Feed phosphates	160	161

EuroChem-BMU

	Key Capacity	LTM production
MAP, NP	590	511

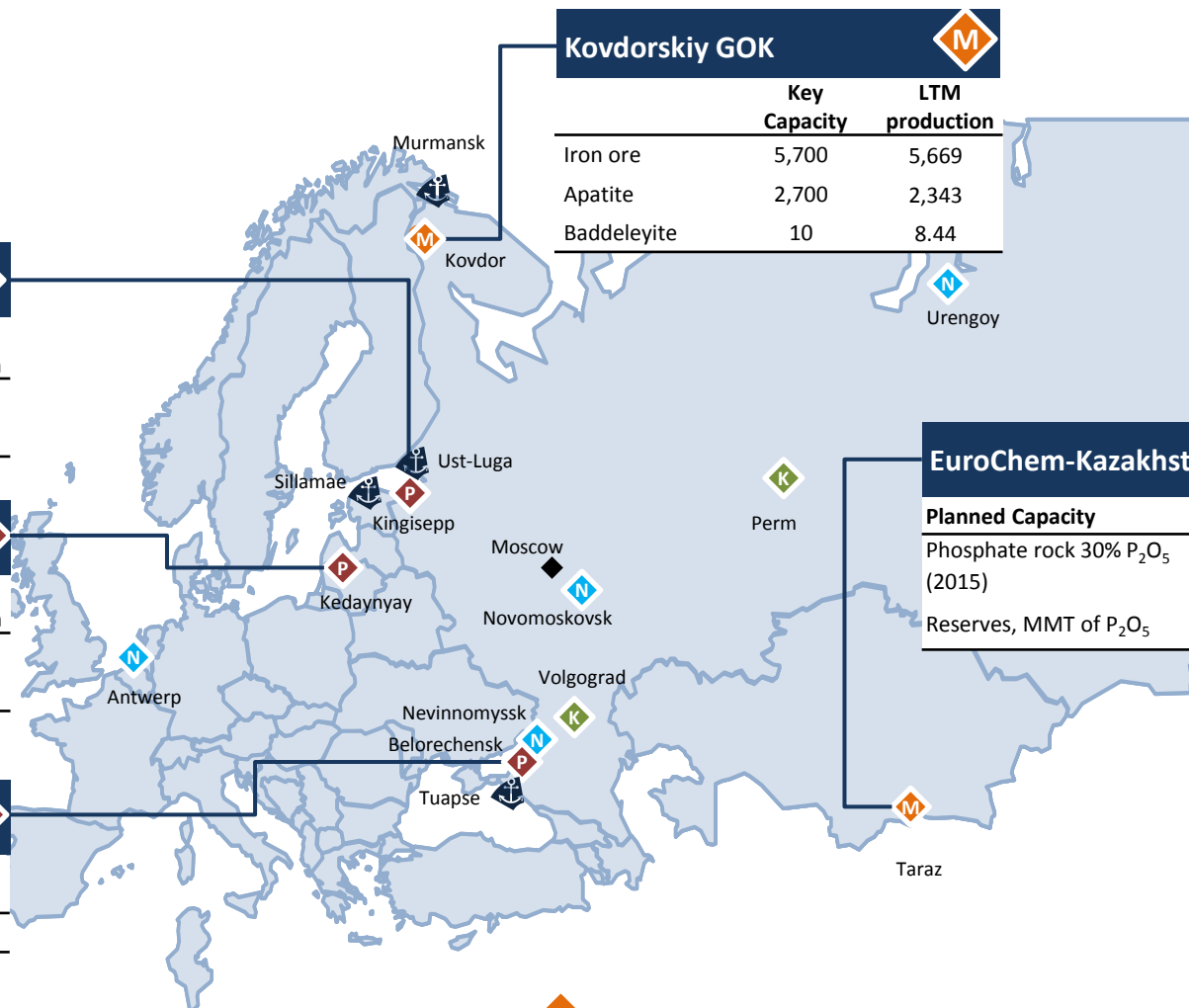
Kovdorskiy GOK



	Key Capacity	LTM production
Iron ore	5,700	5,669
Apatite	2,700	2,343
Baddeleyite	10	8.44

EuroChem-Kazakhstan

Planned Capacity

Phosphate rock 30% P ₂ O ₅ (2015)	600
Reserves, MMT of P ₂ O ₅	515



-  Raw material mining
-  Phosphate fertilizers

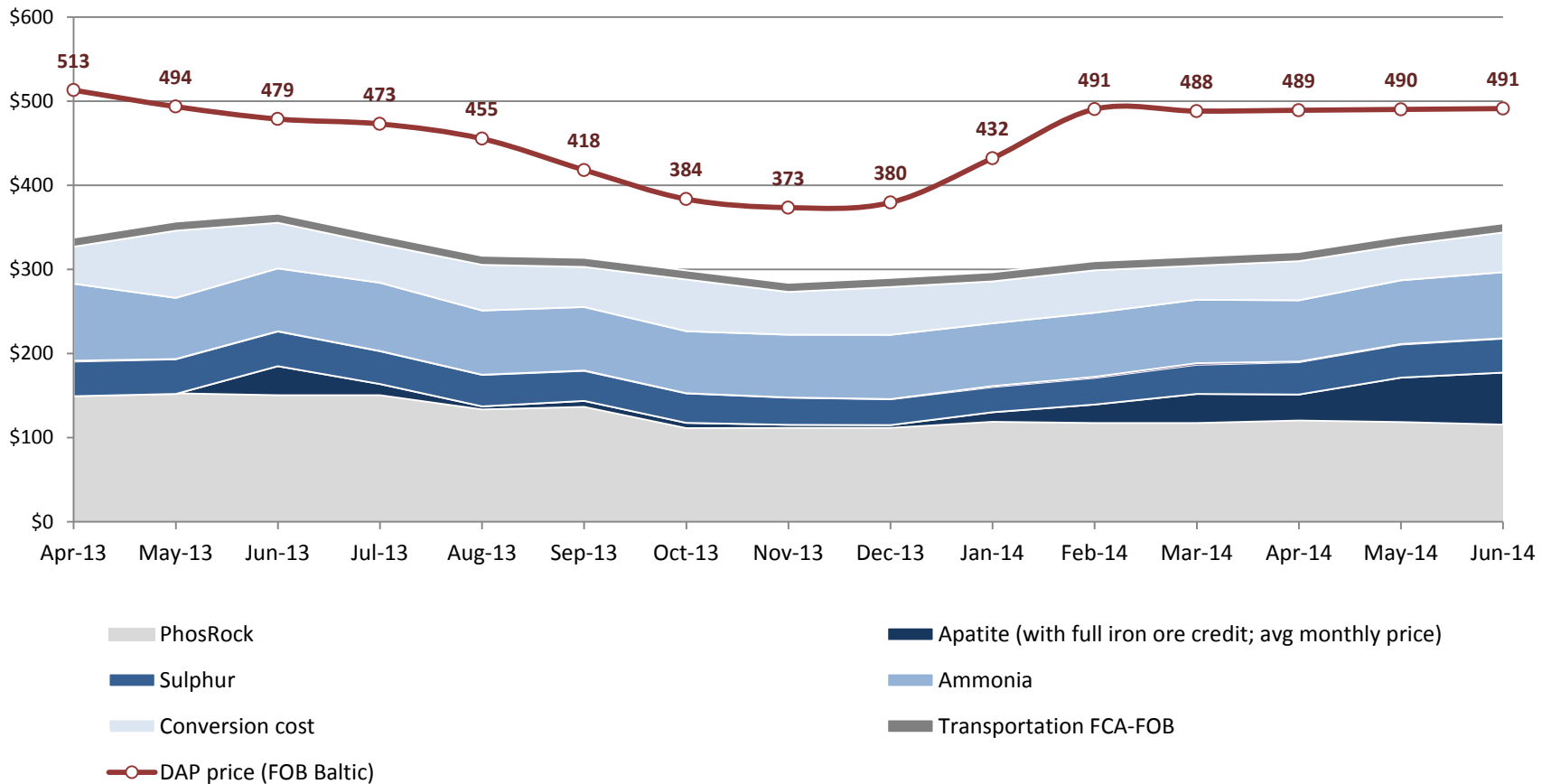
All volumes are expressed in thousands of tonnes, except where otherwise specified

Phosphates Segment

Low cost integrated DAP/MAP production with iron ore contribution



Lifosa DAP costs (FOB Baltic), USD/T, full iron ore credit

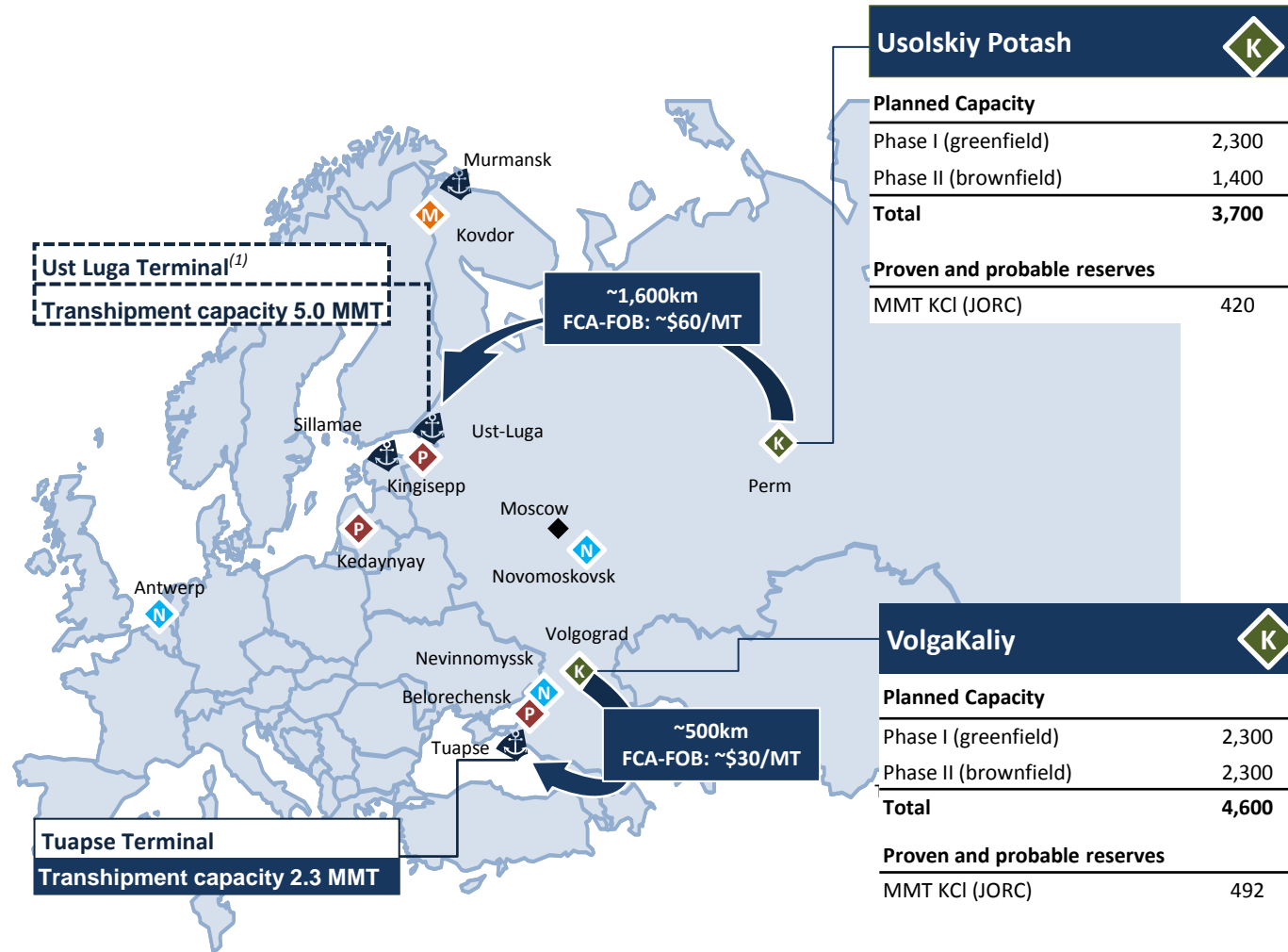


A wide-angle, fisheye photograph of a large industrial facility, likely a potash processing plant. The central feature is a large, circular structure with a yellow, multi-level framework. Two large, yellow, cylindrical machines are positioned in the foreground, each with a long, articulated arm extending upwards. Several workers in hard hats and safety gear are visible around the machinery. The floor is covered in a layer of dark, granular material, possibly potash ore or waste. The lighting is bright and artificial, casting strong shadows.

POTASH PROJECTS

Potash Projects

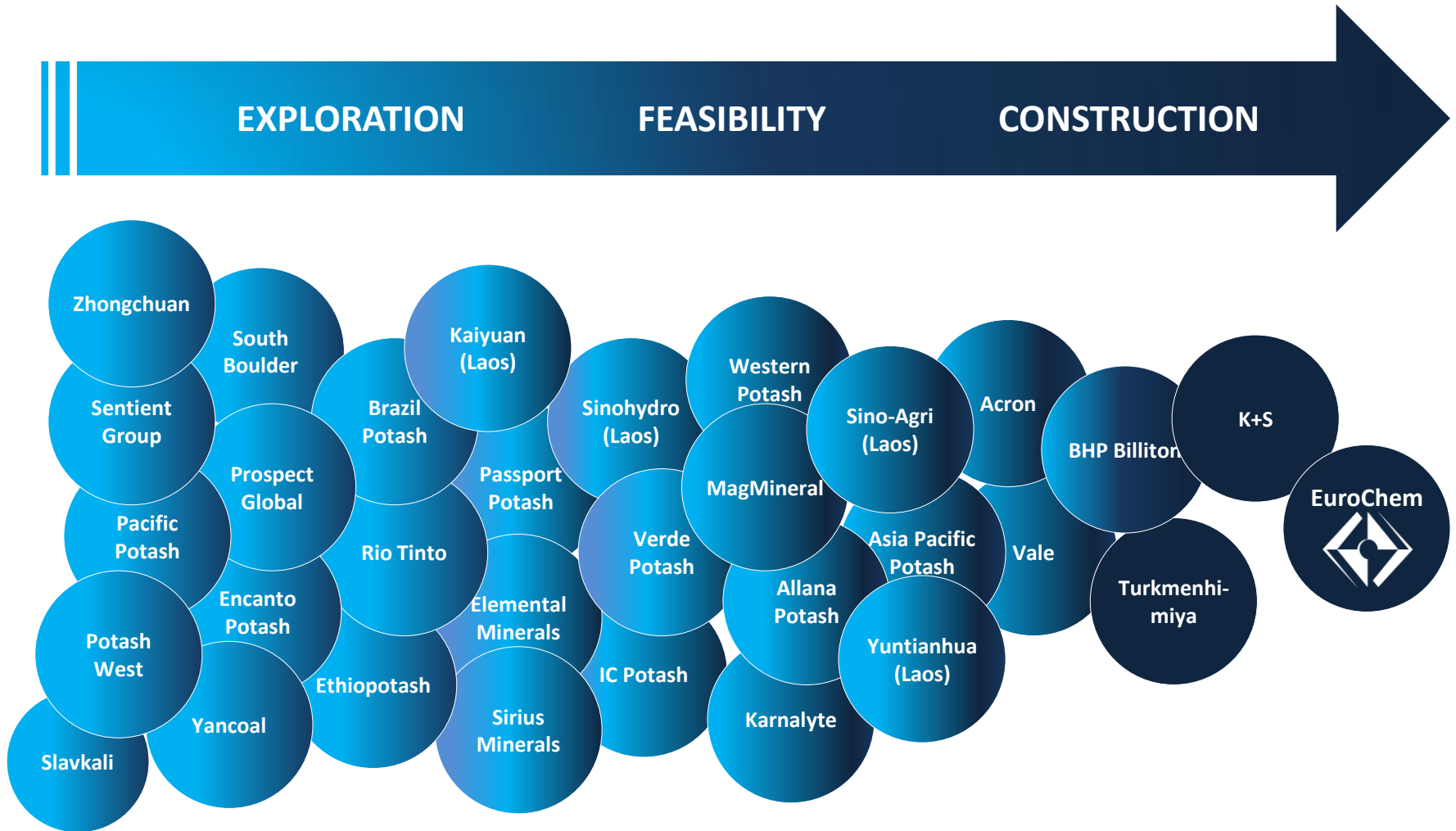
Favorable positioning



^{a)} Under construction

Potash Projects

Potash greenfield projects (source: CRU)



Potash Projects

VolgaKaliy (Gremyachinskoe deposit, Volgograd region)



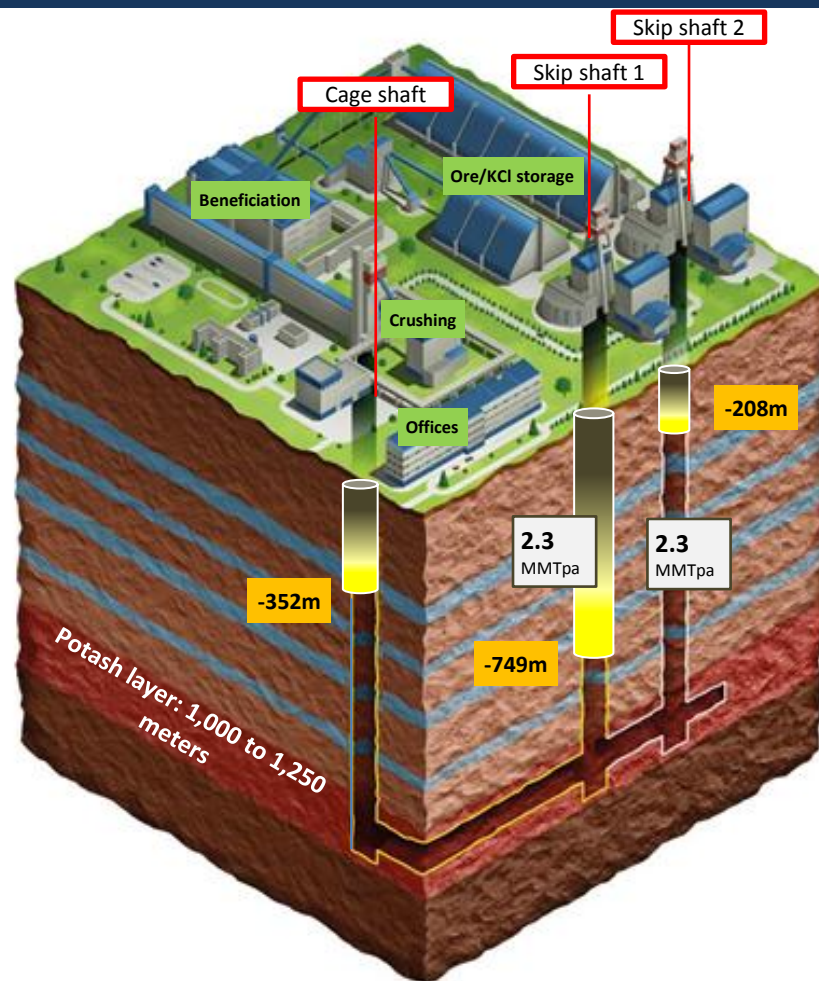
Work in progress

Surface	Expected completion
Dirt work	Completed
Gathering pond for storm water	Completed
Mine administrative building	3Q-15
Workshops	1Q-15
Permanent canteen	Complete
Ore product storage buildings	2Q-16
Shafts	
Shaft freezing	Completed
Sinking	2015-16
Industrial	
Shops and infrastructure	Significantly complete

Key stages

- 2.3 MMT p.a. (KCl), construction of infrastructure, cage shaft (C), skip shaft #1 (S1) and processing facility.
- Additional capacity of 2.3 MMT p.a. (KCl), construction of skip shaft (S2) and expansion of processing facility.

Status – 08/2014



- JORC proven and probable reserves: **492 MMT (39.5% KCl content)**
- useful life of mine: **+40 years**

Potash Projects

Usolskiy Potash (Verkhnekamskoe deposit, Perm region)



Work in progress

Surface	Expected completion
---------	---------------------

Dirt work	2Q-14
Gathering pond for storm water	3Q-14
Mine administrative building	4Q-14
Workshops	1Q-15
Permanent canteen	1Q-15
Ore product storage buildings	4Q-15

Shafts

Shaft sinking	Completed
Back grouting	1Q-15

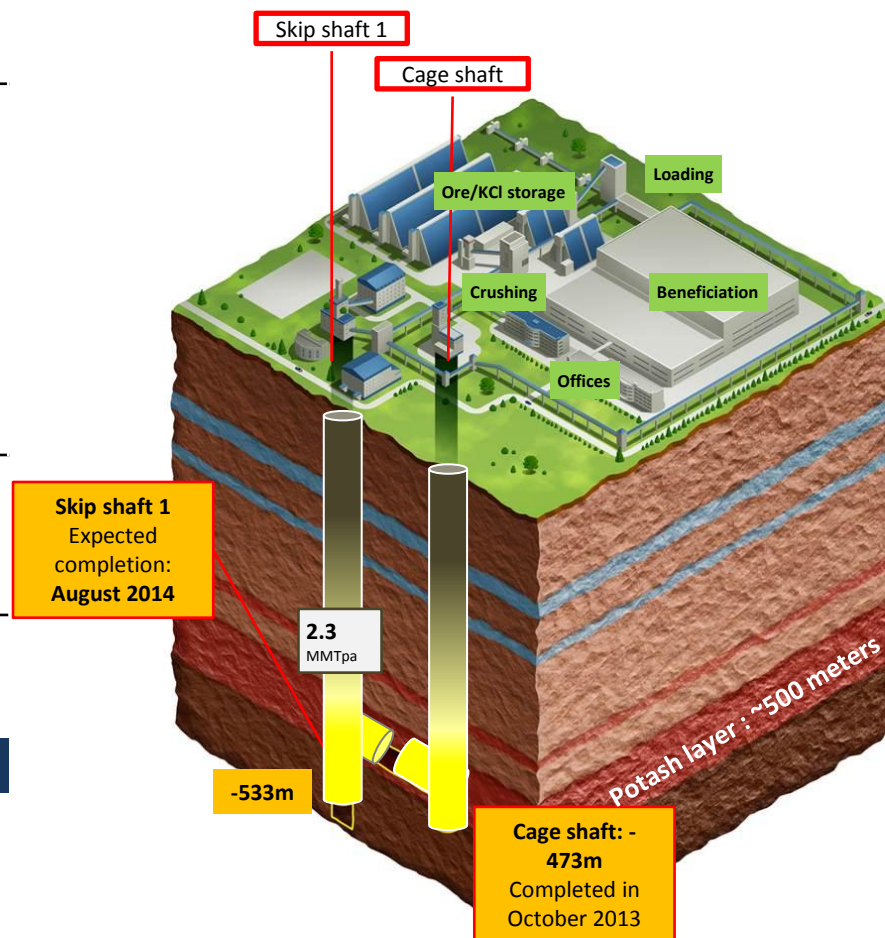
Mine

Assembly of combines	2Q-15
Ventilation	3Q-16

Key stages

- 2.3 MMT p.a. (KCl), construction of infrastructure, cage shaft (C), skip shaft #1 (S1) and processing facility.
- Additional capacity of 1.4 MMT p.a. (KCl), construction of skip shaft (S2) and expansion of processing facility.

Status – 08/2014



- JORC proven and probable reserves: **420 MMT (30.8% KCl content)**
- useful life of mine: **+35 years**



Markets

- Record harvest expectations pressuring soft commodity prices, but fertilizer affordability remains intact.
- Urea under pressure from Chinese material, but price support provided by feedstock curtailments and idle supply across key regions. In China, reports of domestic lobbying for higher urea export prices.
- MAP/DAP pricing stable yet still fragile on the back of India's weak appetite. Monsoon rally temporary; prices likely to be supported by lower inventories towards Q4.
- Iron prices will continue to be pressured by the availability of supply and softer industrial output in China.
- Producers will try to push potash prices higher – success depends on credibility of supply curtailment and inventory levels.

EuroChem

- First intra-Group deliveries of Kazakhstan rock.
- New ammonia plant construction on the Baltics: key decisions to be made.
- Start-up of new weak nitric acid plants at NEV Azot.
- RUB depreciation to continue offsetting RUB cost pressures.
- New financing transactions to test the level of international banks' support to the company.
- Group reorganization (potentially).

Q&A

Thank you, please visit www.eurochem.ru for further details.

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