EUROCHEM
MINERAL AND CHEMICAL COMPANY

H1 2009 results - 3 September 2009

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Agenda

EuroChem at a glance

IFRS Q2 2009 results

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EuroChem overview

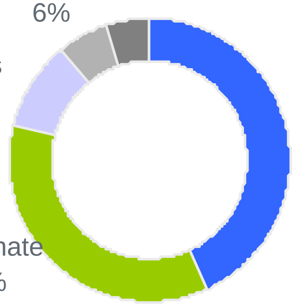
Company highlights

- EuroChem is a top 10 mineral fertiliser manufacturer globally
  - # 7 in nitrogen
  - # 6 in phosphates
  - Potash: global top 5 by reserves, production to start around 2013
- Vertically integrated business model - from mining over production to logistics and distribution in-house
- Unique access to cost-competitive raw materials (phosphate rock, LT natural gas contract, cheap sulphur, potash deposits in Russia)
- Highly competitive production and transportation costs
  - Over 70% of sales generated outside Russia and CIS
- EuroChem and parent company MCC Holding hold a combined 16.3% stake in the German fertilizer company K+S AG
- Distribution network in Russia and Ukraine (33 centres) – “selling yield, not fertilizers”
- Significant capacity growth and plant efficiency improvement through re-investment of cash flow since 2003
- Group headcount reduced from 31 thousand in 2005 to 20 thousand today through efficiency improvements
- Proven track record of successful implementation of complex engineering projects in Russia
- Credit rating: BB/Stable from S&P and Fitch
- Leader in corporate governance in Russia; award-winning environmental protection activities and social responsibility reporting

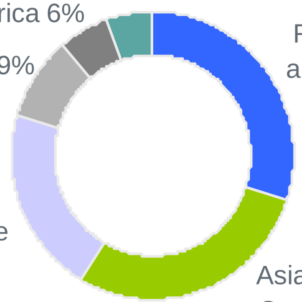
Key Figures, RURm

	2008	H1 2008	H1 2009
Revenues	112 373	55 836	36 473
EBITDA	43 799	23 664	7 721
% margin	39%	42%	22%
Capex	18 818	10 201*	9 426*

Sales H1 2009 by product



Sales H1 2009 by geography



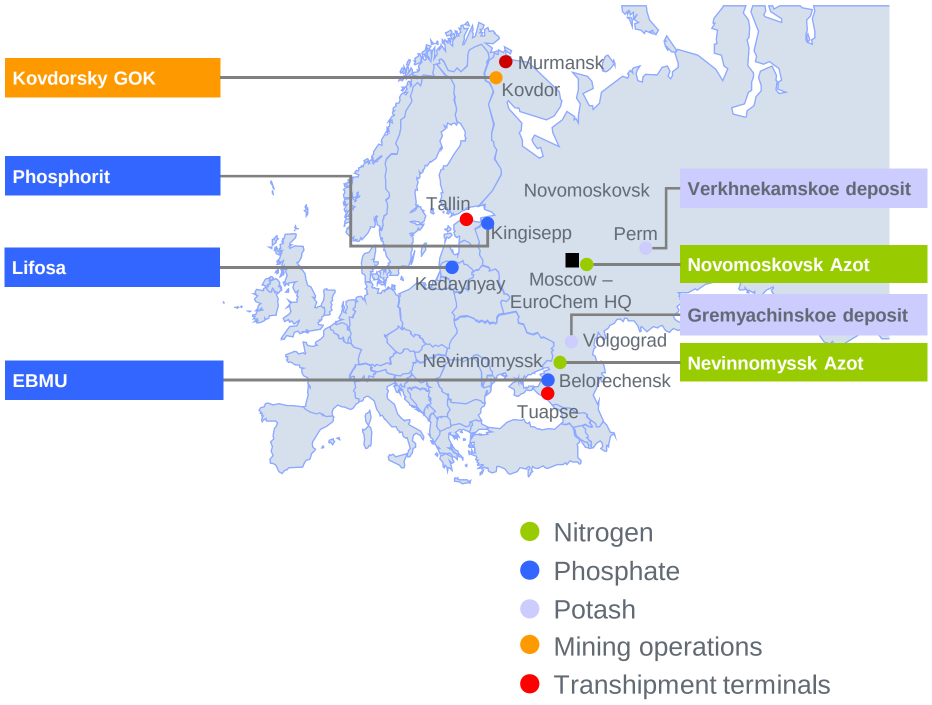
Source: EuroChem information

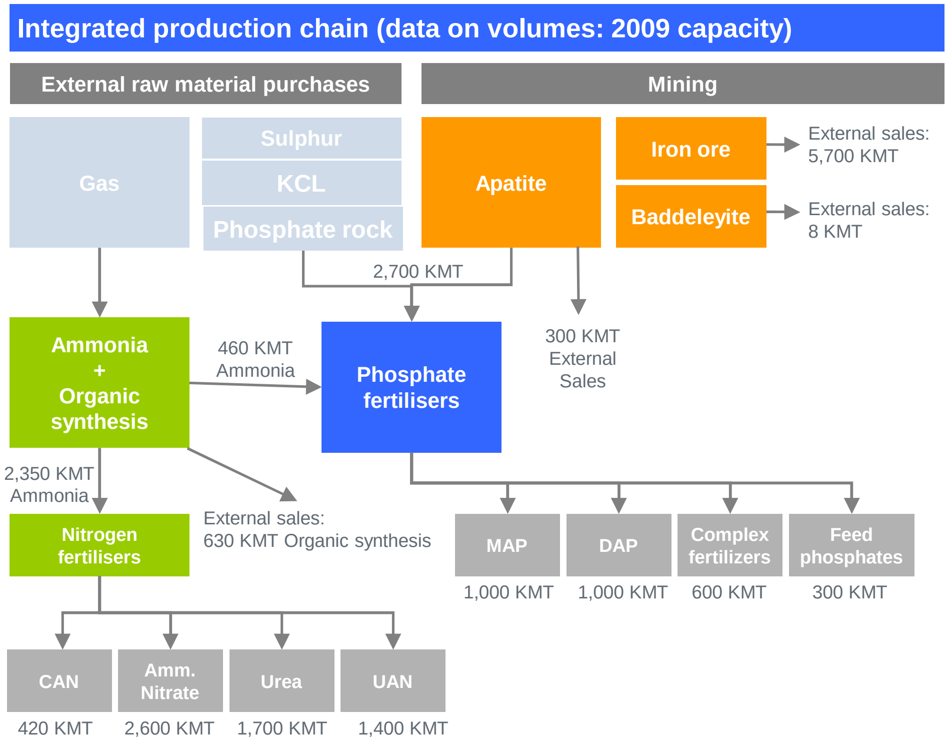
Note: EBITDA - Earnings before interest, taxes, depreciation and amortisation

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

Integrated production chain

Production and Logistics assets





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:

Nitrogen

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

Phosphate/mining

- Increase own raw materials base
- Increase production
- Improve efficiency

Potash

- Gain economic exposure via K+S
- Start own production around 2013
- Enhance market position in compound fertilizers (NPK)

Logistics

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

Distribution

- Focus on building own distribution network "selling yield, not fertilizers" in Russia, Ukraine, Belarus, Kazakhstan

Governance/social

- Adhere to best practice in corporate governance and social responsibility including ecological aspects

Agenda

EuroChem at a glance

IFRS Q2 2009 results

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Performance overview

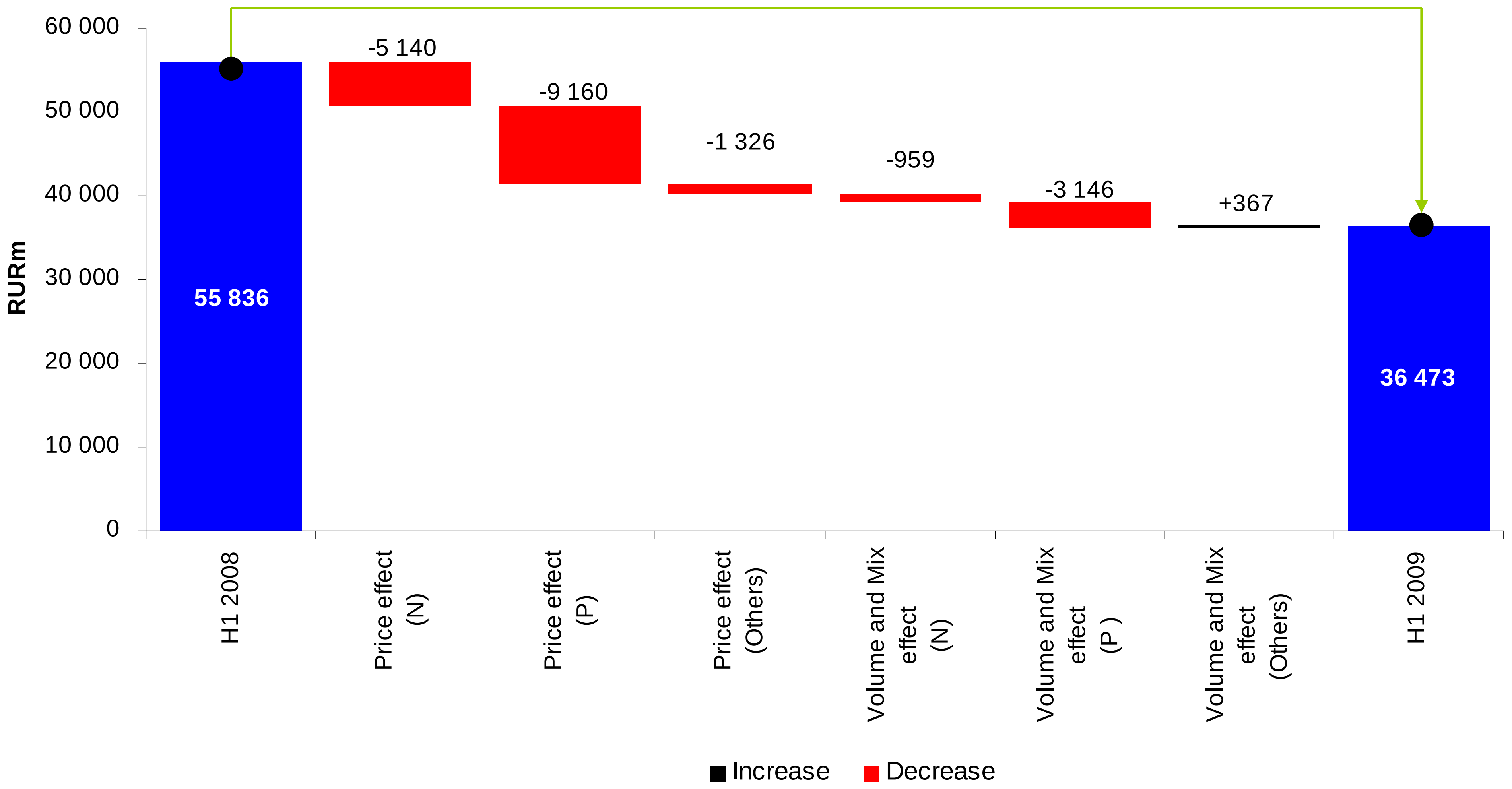
Key Figures H1 2009 vs. H1 2008

		H1 2009	Change over H1 2008
Revenue	RURm	36,473	- 35%
EBITDA	RURm	7,721	- 67%
Net profit	RURm	5,655	- 69%
Gross margin	%	45%	- 29%
EBITDA margin	%	21%	- 50%
Sales volumes			
Nitrogen fertilizers (N)	TMT	2,302	+ 9%
Phosphate fertilizers (P)	TMT	810	- 23%
Iron ore	TMT	2,251	- 17%
Organic synthesis	TMT	163	- 33%

- Most key indicators decline on lower product prices and volumes
- Nitrogen sales volumes support revenue and EBITDA

Revenue

The bulk of the 35% decline in Revenues is attributable to the fall in prices



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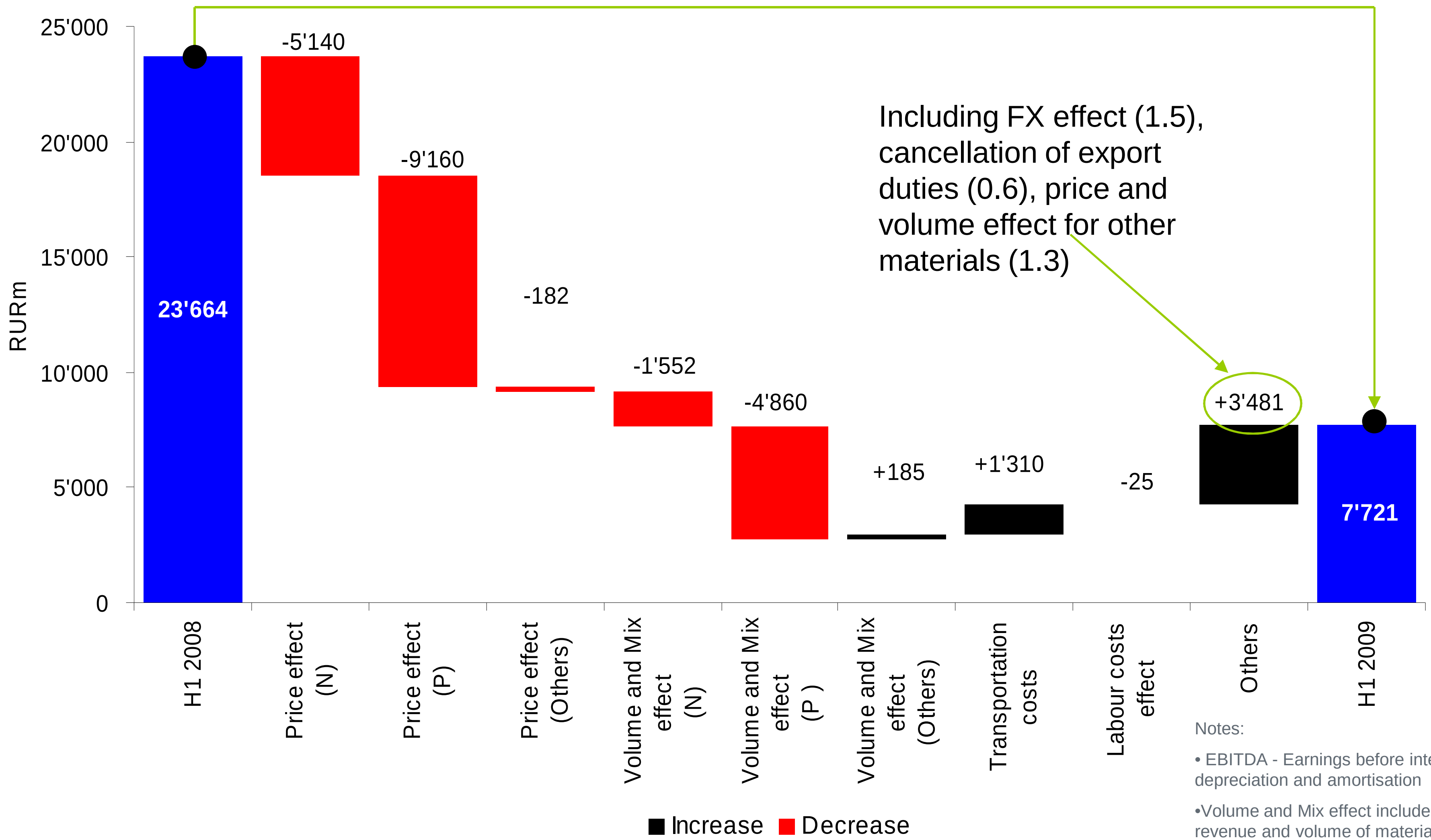
EBITDA

Most of the EBITDA decline is explained by prices (P, N) and volumes (P)

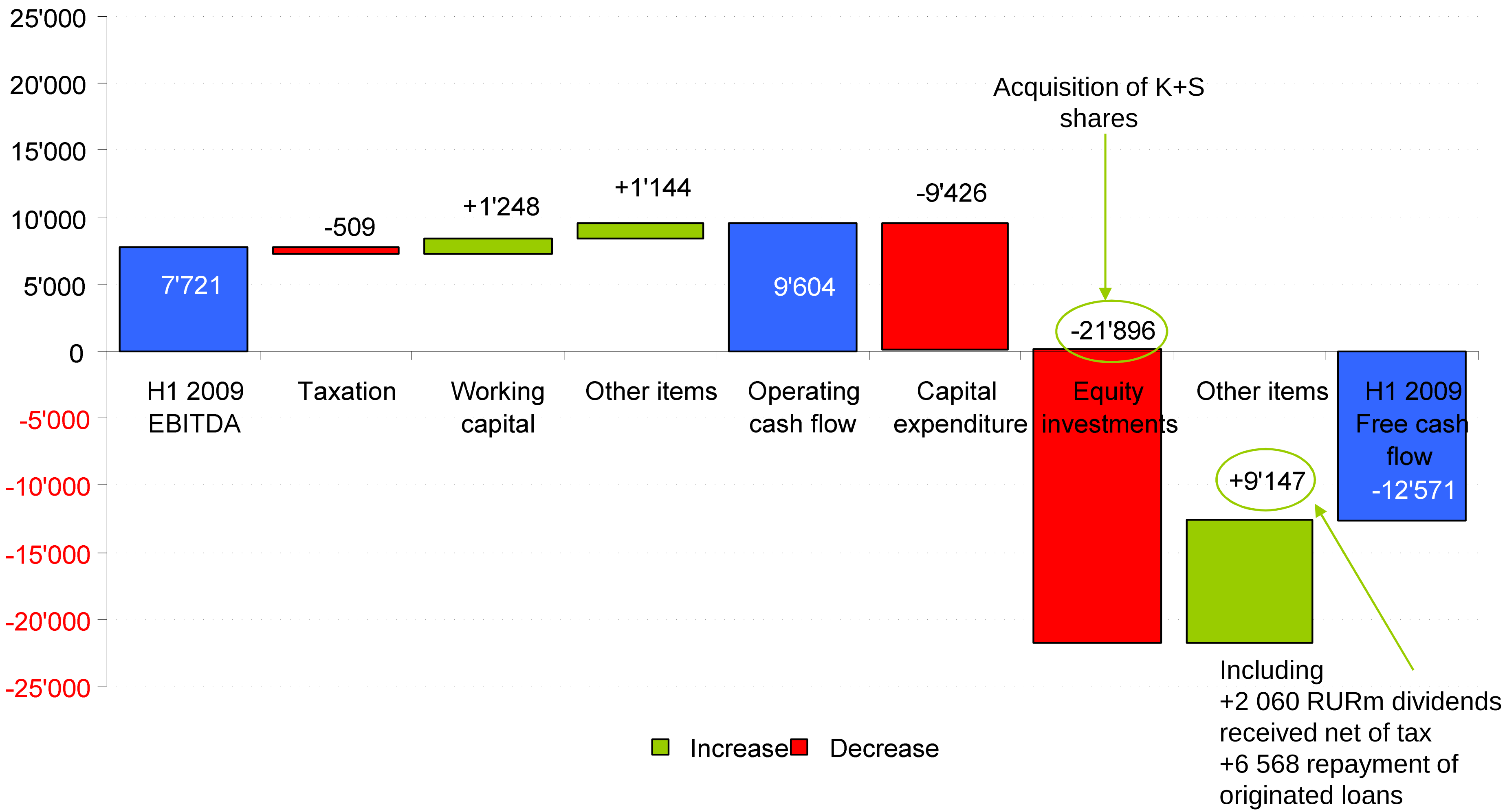


Notes:

• EBITDA - Earnings before interest paid, taxes, depreciation and amortisation

•Volume and Mix effect includes volume of revenue and volume of material and components

Cash Flow


25'000
20'000
15'000
10'000
5'000
0
-5'000
-10'000
-15'000
-20'000
-25'000
Acquisition of K+S shares
7'721
-509
+1'248
+1'144
9'604
-9'426
-21'896
+9'147
H1 2009 EBITDA
Taxation
Working capital
Other items
Operating cash flow
Capital expenditure
Equity investments
Other items
H1 2009 Free cash flow -12'571
Including
+2 060 RURm dividends received net of tax
+6 568 repayment of originated loans
Increase
Decrease

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Net Profit

Reconciliation of H1 EBITDA to Net Profit

		H1 2009	H1 2008
EBITDA	RURm	**7,721**	**23,664**
- Depreciation and amortisation	RURm	-1,498	-1,412
+ Gains on disposals	RURm	389	525
- Net interest expense	RURm	-853	-138
- Financial fx gain/(loss) - net	RURm	-1,080	504
- Dividends received	RURm	2,169	0
- Income tax expense	RURm	-1,192	-5,134
Net profit	RURm	**5,655**	**18,009**

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

Unrealized losses on translation of USD-denominated borrowings following a 6,5% depreciation of RUR vs USD

Dividends from K+S

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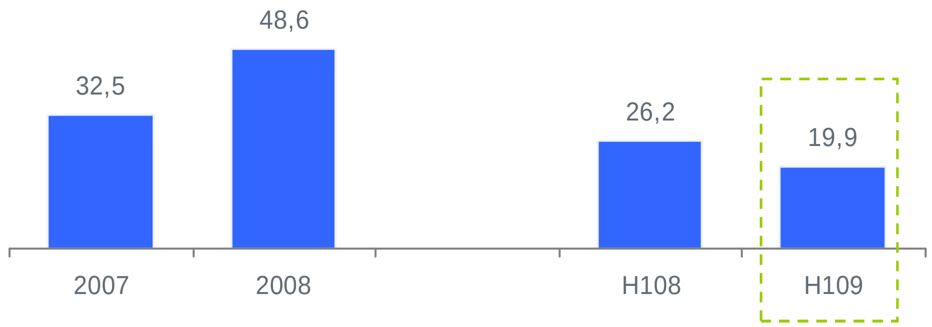
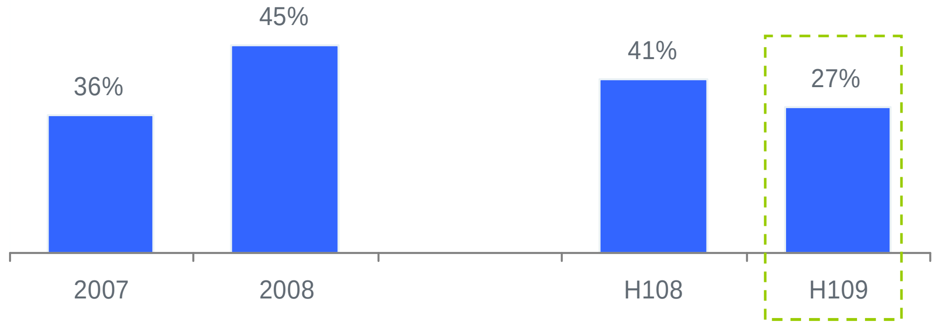
Business Segments: Nitrogen (1)

Revenues, RURbn



EBITDA margin



Comment and key numbers

- Nitrogen volumes to remain solid
- Fertilizer margins are unlikely to improve
- Organics: methanol price rise is positive but impact on segment EBITDA will be marginal

		H1 2009	Change
Revenue	RURm	19 968	- 24%
Sales volumes			
- Urea	TMT	782	+ 48%
- Ammonium Nitrate	TMT	784	+ 16%
- UAN	TMT	326	- 33%
- NPK	TMT	153	-24%
- Ammonia	TMT	136	- 39%
- Methanol	TMT	79	- 58%
- Acetic acid	TMT	65	+17%
EBITDA	RURm	5 406	- 50%

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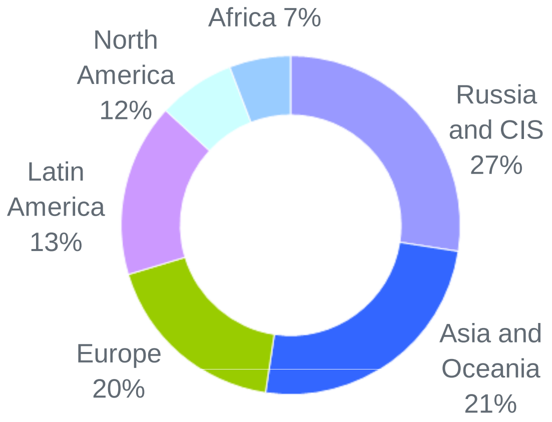
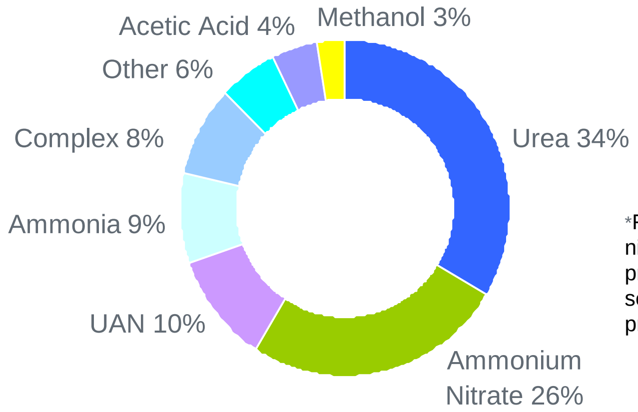
Business Segments: Nitrogen (2)

Sales by region, 1H 2009*

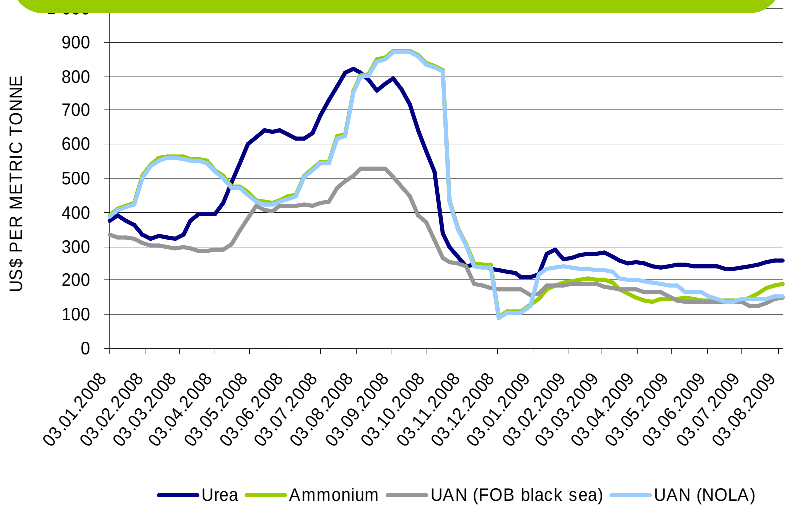


Sales by product, 1H 2009*

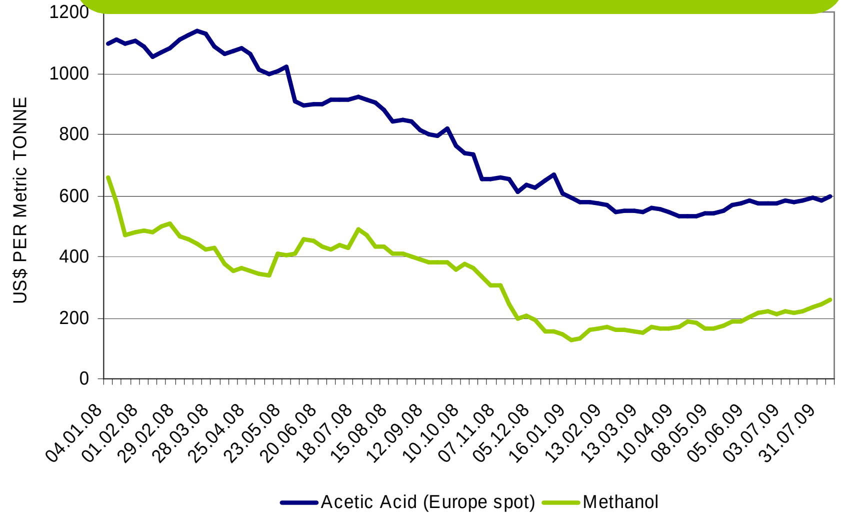


*Figures include sales of nitrogen and organic products by distribution segment and 3d party products.

Price chart

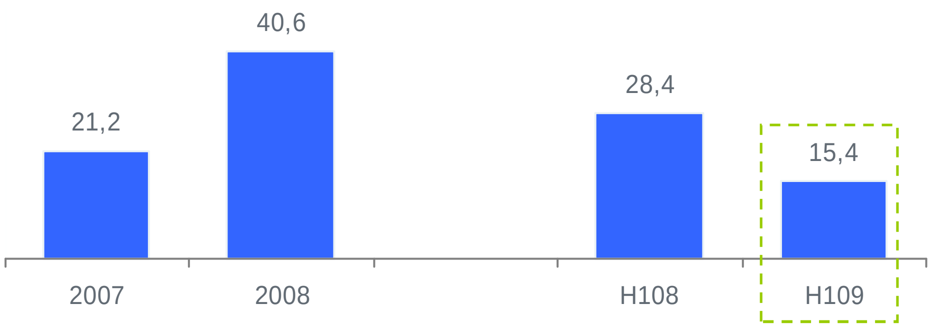


Price chart

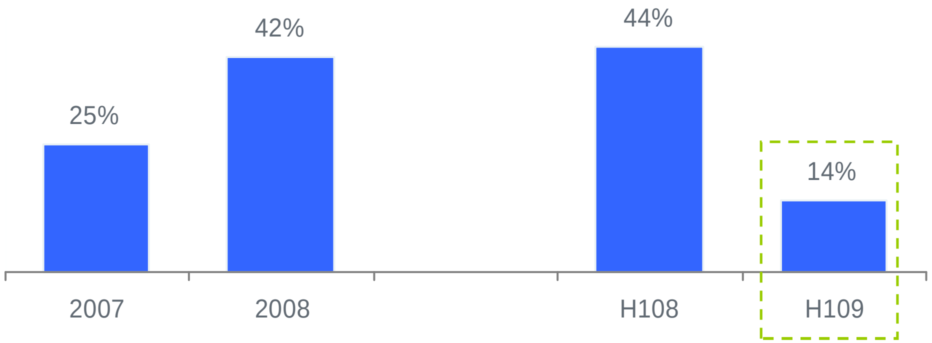


Business Segments: Phosphate (1)

Revenues, RURbn



EBITDA margin



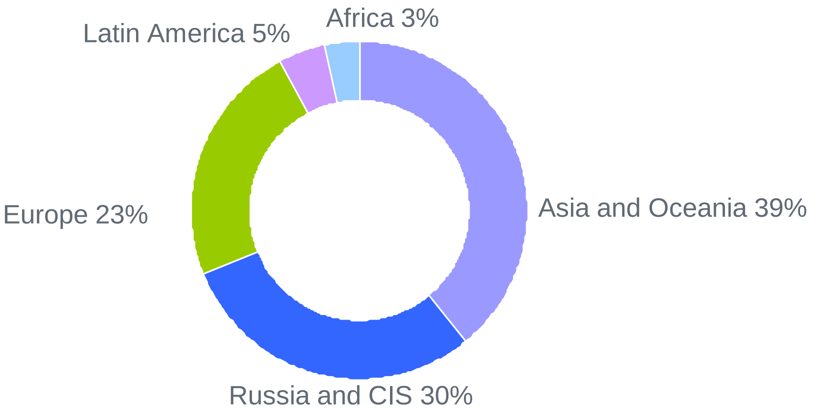
Comment and key numbers

- Fertilizer volumes to improve on LatAm, Asian and CIS buying
- Fertilizer margins seen to improve somewhat in H2
- Iron ore: positive price dynamics should add to H2 EBITDA

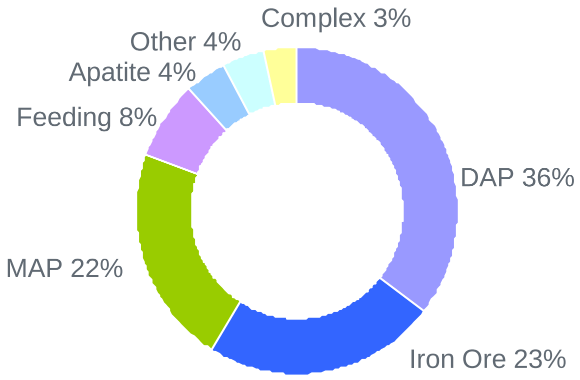
		H1 2009	Change
Revenue	RURm	15 404	-46%
Sales volumes			
- DAP	TMT	453	+8%
- MAP	TMT	264	-34%
- DFP, MCP	TMT	73	-65%
- NP	TMT	26	-54%
- NPK	TMT	5	-59%
- Apatite	TMT	141	57%
- Iron ore	TMT	2 251	-17%
- Baddeleyite	TMT	2	-39%
EBITDA	RURm	2 233	-82%

Business Segments: Phosphate (2)

Sales by region, 1H 2009

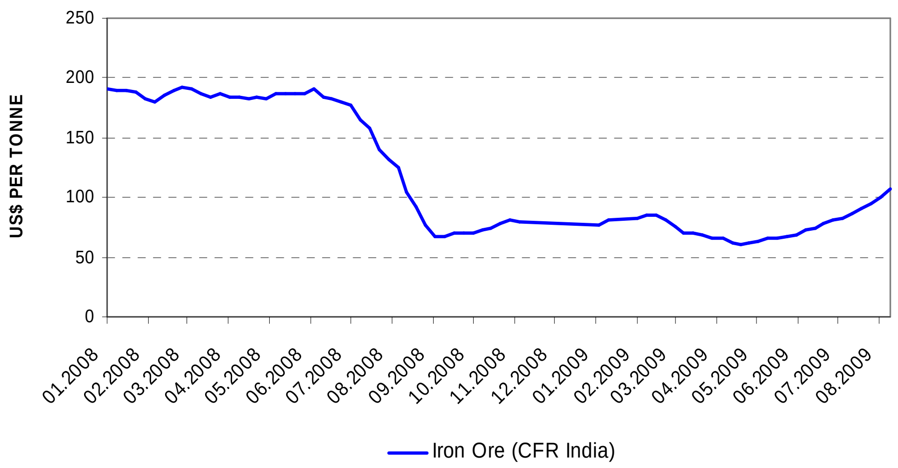


Sales by product, 1H 2009*

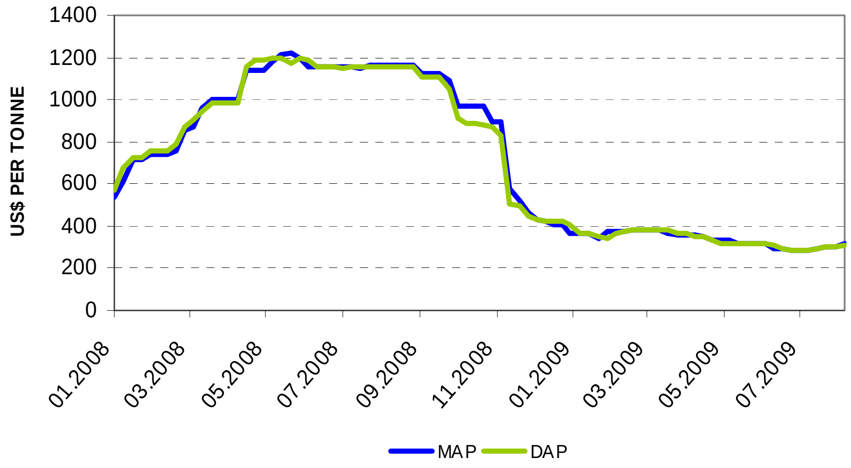


*Figures include sales of phosphate and mining products by distribution segment and 3d party products.

Price chart



Price chart



Business Segments: All Others

Revenue and EBITDA (net), all other segments

		H1 2009	Change
- Revenue	RURm	1 100	88%
- - Distribution	RURm	1 972	77%
- - Others	RURm	-872	68%
- EBITDA		82	17%
- EBITDA margin		7%	19%

Retail distribution network in Russia and Ukraine

Head office costs, logistic and other services rendered to third parties etc

• Sales volumes of own and third party products through own distributors increased by 39,6%

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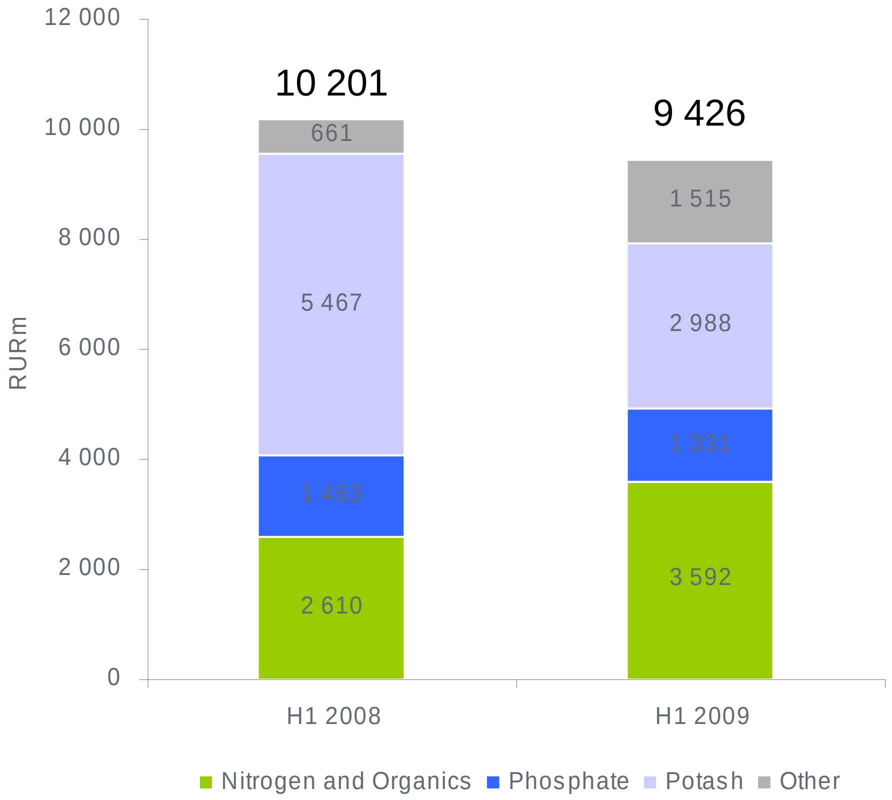
Capital Expenditure



Main Projects

- **Nitrogen**:
  1. Increase production of granulated urea capacity by 1.15 KT/day; to be launched in Q2 2010
  2. Construction of melamine production along with the reconstruction of urea facility
  3. Modernization of urea production facility with transition to the production of granulated urea up to 2.0 KT/day
  4. Technical rehabilitation of plants to increase efficiency

- **Phosphate:**
  1. Reconstruction of sulphuric acid production with capacity increase by 720 KT annually
  2. Reconstruction of phosphate acid production with capacity increase by 300 KT annually / 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 bulker terminal construction

Costs

Cost Structure, RURm

	H1 2009	H1 2008	Change over H1 2008	
Gas (raw materials)	4,217	4,037	4%	Increase in gas price from ca.RUR 2090 / 1000m3 to RUR 1909 / 1000m3
Sulphur	807	1,841	-56%	Decline due to price effect and lower phosphate production volumes
Other materials and components	4,246	6,968	-39%	Lower activity in third party products trading
Energy	2,217	2,107	5%	
Utilities and fuel	966	1,353	-29%	Mostly due to price effect
Transportation	7,666	8,976	-15%	Mostly due to price effect
Labour	4,304	4,278	1%	
Change in WIP and FG	1,167	-2,283	-151%	On lower volumes and tariffs
Other	5,365	5,641	-5%	Sales exceeded production in H1 2009
Total	**30,955**	**32,918**	**- 6%**	Includes cost of sales, distribution and G&A expenses

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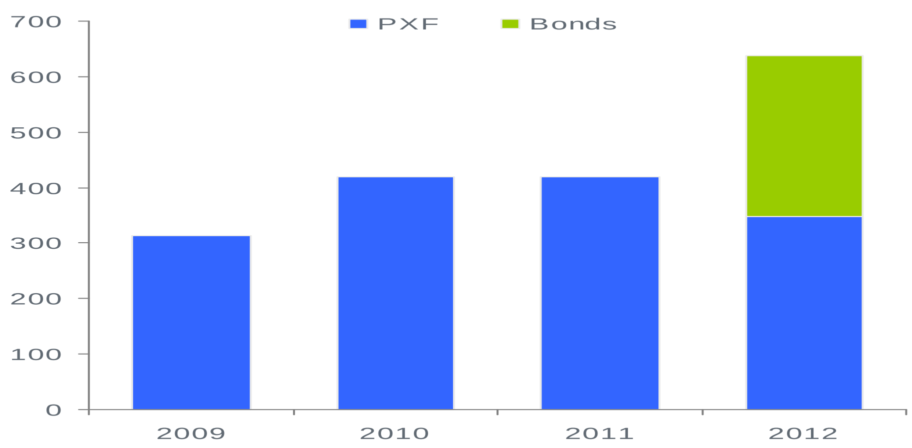
Debt

Key debt metrics, RURm

	H1 2009	H2 2008
Long term	39 228	6 960
Short term	12 949	5 710
Cash and cash equivalents*	11 973	13 525
Net debt	40 204	- 855
Net debt/EBITDA**	1.29	- 0.02

Debt maturity profile, USDm



Comment

- Overall, successfully placed three syndicated facilities (two of those now fully repaid)
- Latest facility: USD 1.5bn 4-year pre-export, LIBOR + 1.8%, raised against the background of accelerating crisis
- EuroBonds: USD 300m* issued in March 2007, 5 years bullet, coupon 7.88%
- Comfortable debt structure and mature profile, remote refinancing risk
- New financing opportunities:
  - ECA-backed financing
  - IFI financing (e.g. EBRD, IFC)
  - bi-lateral credit lines
  - margin loans (secured by K+S shares),
  - new pre-export facility (secured by phosphate business flows)
  - RUR or USD bonds
  - etc

*In December 2008 USD 10m of Eurobonds were redeemed.

**EBITDA defined as for the purposes of the USD 1.5bn pre-export facility covenants.

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Conclusion

Summary / Outlook

- Solid results in one of the most challenging times on record
  - EBITDA: RUR 7.7bn, margin of 22%
  - Net profit: RUR 5.7bn
- Balance sheet strength maintained
  - Net debt exceeds the current value of investment in liquid shares of K+S AG by RUR 5-7bn
- Short term outlook remains challenging
  - Some recovery in Phosphates is expected in H2 (stronger volumes and prices)
  - Nitrogen will remain broadly in line with H1
- Longer term fundamentals of the industry remain intact
  - EuroChem will continue to invest in efficiency of its business to maintain or improve its position on the global cost curve in Nitrogen and Phosphates
  - Potash project is on track and boasts solid economics at “stress” price levels for KCl