



EUROCHEM
MINERAL AND CHEMICAL COMPANY

2010 Full Year Results Conference Call


1 March 2011

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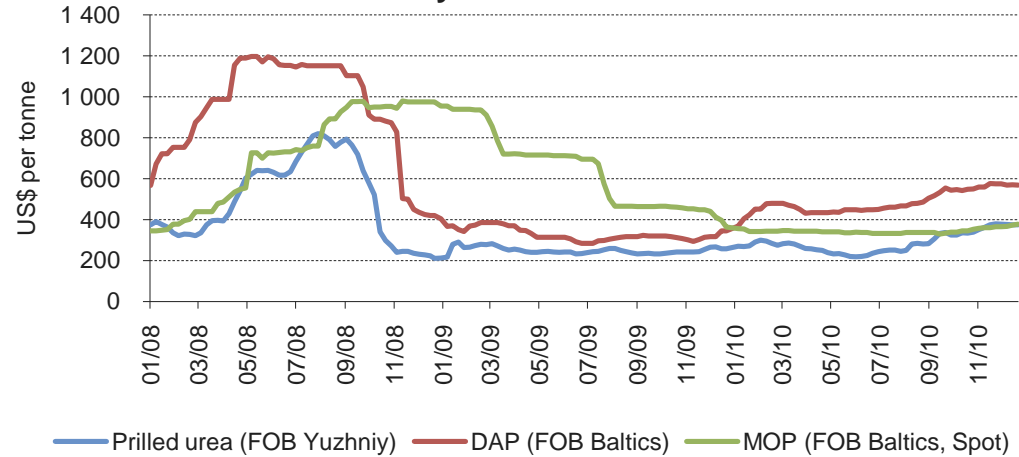
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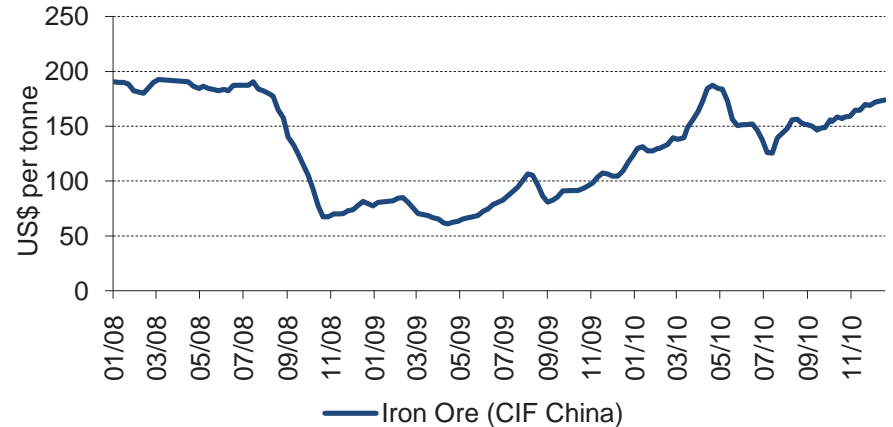
Industry context in 2010

- ◆ Droughts and floods in certain key markets affected crops and pushed agricultural prices up
- ◆ Global demand for fertilizers picked up considerably towards 2010-end on rising agricultural commodity prices, re-stocking in the supply chain, past under-fertilization (P, K)
- ◆ Certain specific supply issues and delays in important supply additions added to tight supply-demand balance
- ◆ Industry consolidation continued driven by market power considerations
- ◆ Strong demand for iron ore persisted in China on overall strength of the economy
- ◆ Global monetary easing is extremely supportive of commodity prices

Key fertilizers



Iron Ore



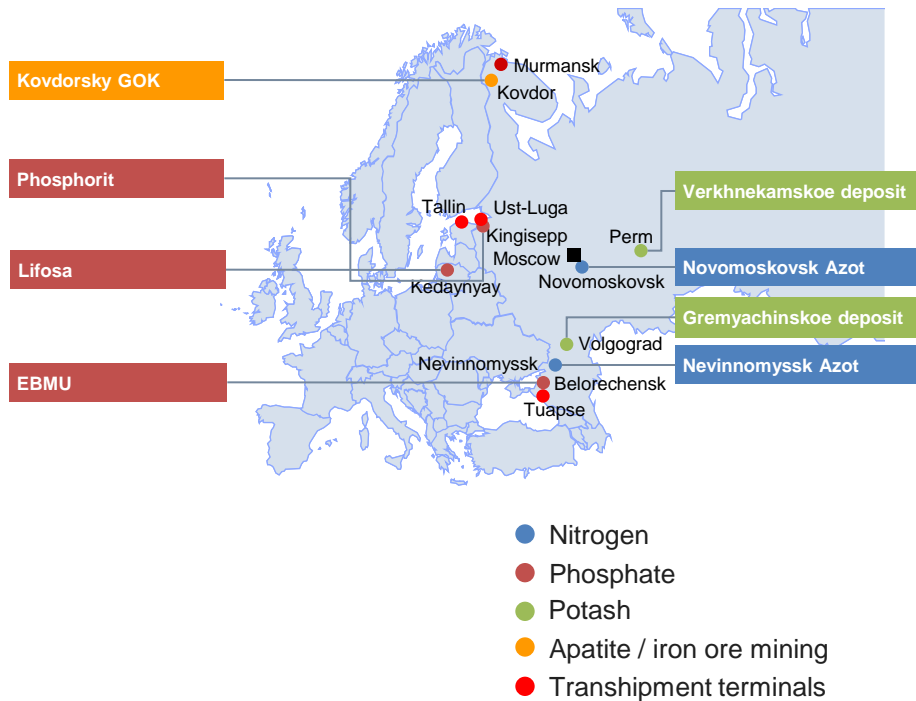
EuroChem: 2010 performance highlights

- ◆ **Nitrogen:** sales volumes up 5%; average urea prices 15% higher than in 2009
- ◆ **Phosphate:** sales volumes up 14%; average DAP prices up 48% on 2009 levels
- ◆ **Iron ore** sales volumes 10% above 2009 level; very strong price trend (CIF China: +80% yoy)
- ◆ **Revenues** rose by 33% to RUB 97.8 bn on higher prices and volumes
- ◆ **EBITDA** increased by 81% to RUB 29.9bn
- ◆ **Free cash flow** positive (+RUB 11.9bn) despite heavy capital expenditure (RUB 20.5bn)
- ◆ **Growth-oriented investment program** (potash, new products, N and P efficiency, logistics) is fully on track

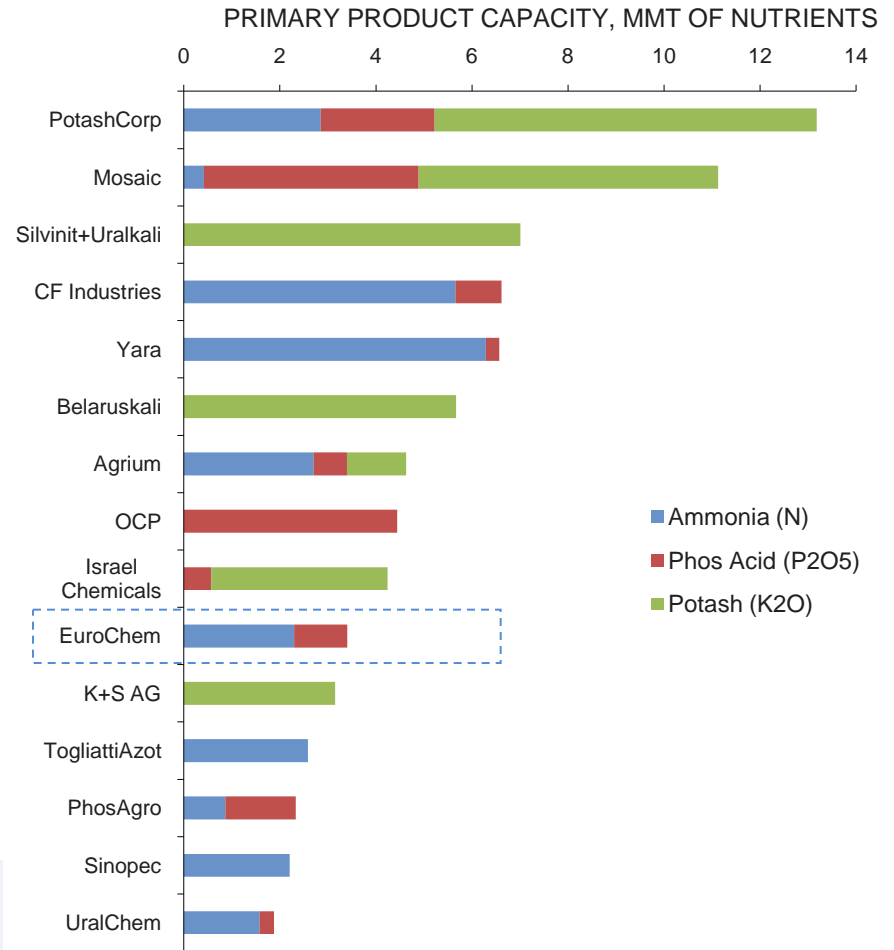
Key Figures, RUB m							
	FY 2010	FY 2009	Y-o-Y,%	Q4 10	Q3 10	Q2 10	Q1 10
Revenues	97,788	73,577	+33%	28,137	24,261	23,780	21,609
EBITDA	29,937	16,516	+81%	10,581	6,347	7,717	5,292
% margin	31%	22%	+9 p.p.	38%	26%	32%	24%
Capex	20,464	18,702	+9%	6,877	6,323	4,269	2,994

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

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:



Performance overview

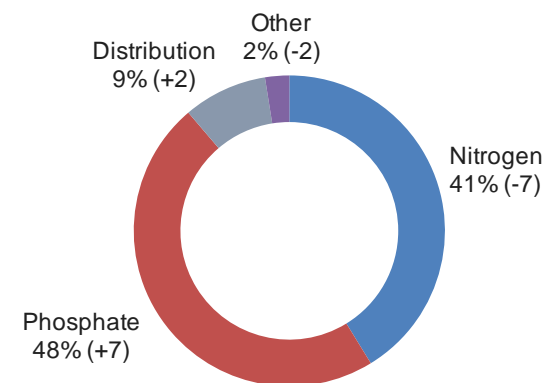
Key Figures 2010 (v 2009)

		FY 2010	Change to 2009
Revenue	RUBm	97,788	+33%
EBITDA	RUBm	29,937	+81%
Net profit	RUBm	20 052	+81%
Gross margin	%	49%	+7 p.p.
EBITDA margin	%	31%	+9 p.p.
Sales volumes			
Nitrogen*	KMT	5 671	+5%
Phosphate (excl. iron ore and baddeleyite)	KMT	2 415	+14%
Phosphate (only iron ore and baddeleyite)	KMT	6 124	+10%

* Includes organic synthesis products.

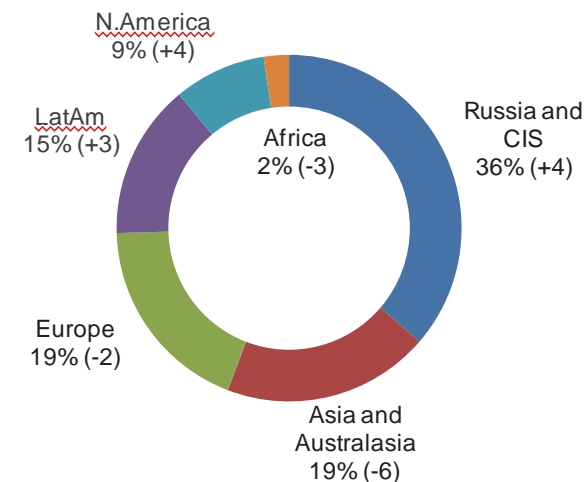
External Sales by segment (2010)

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

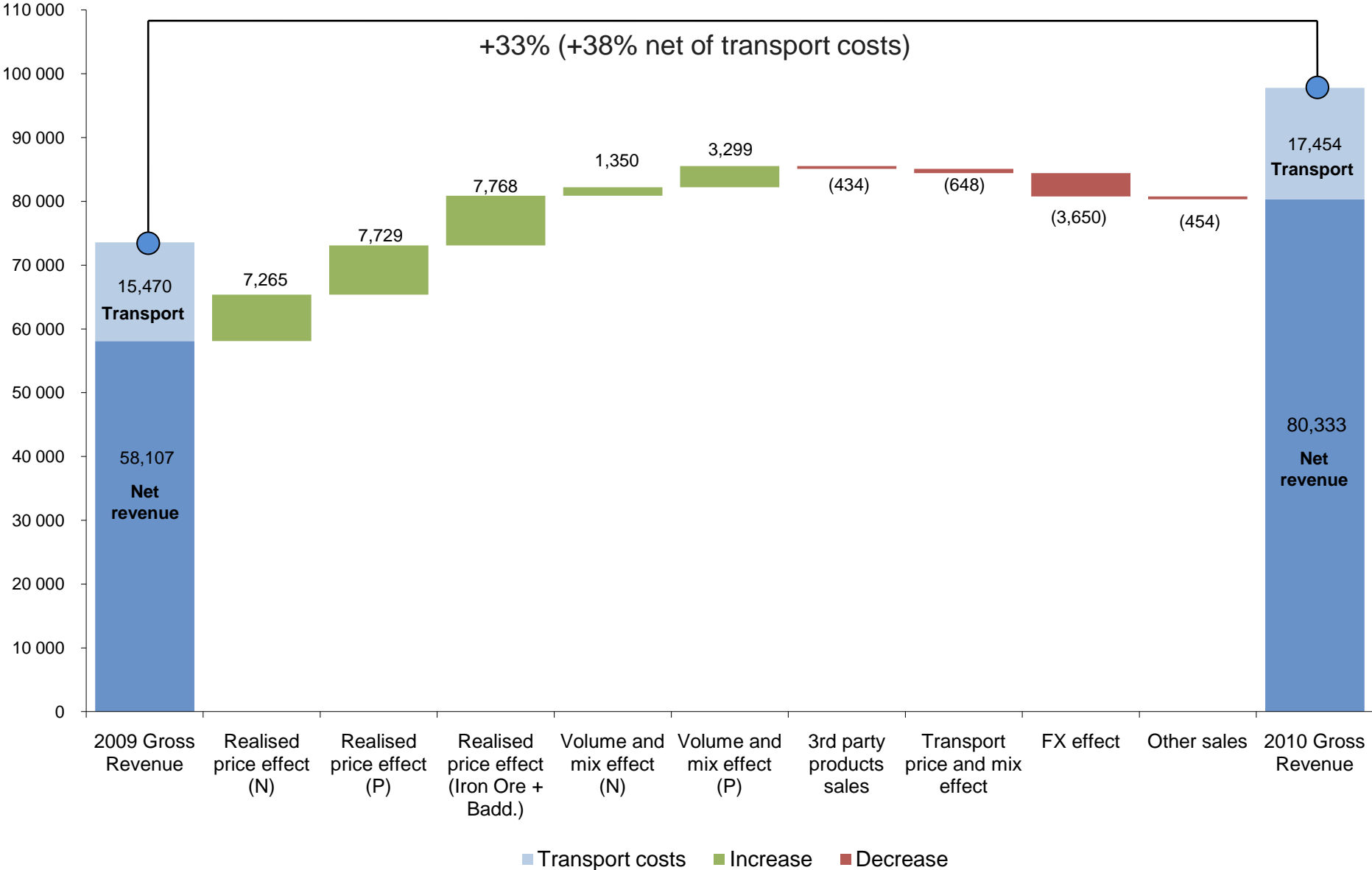


External Sales by region (2010)

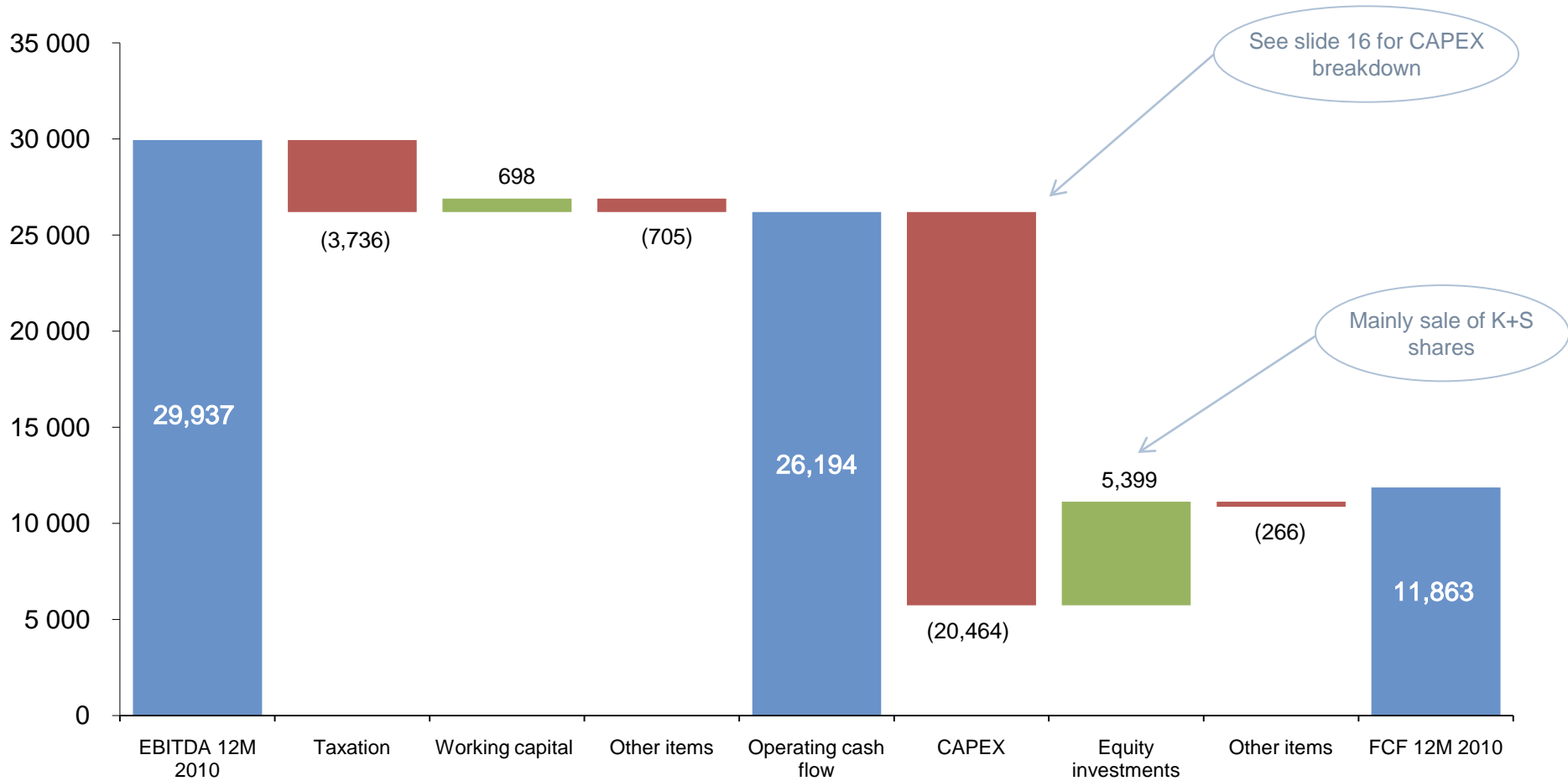
(in brackets – change in percentage points relative to 2009)



Revenue evolution in 2010



2010 Cash Flow



2010 Net Profit

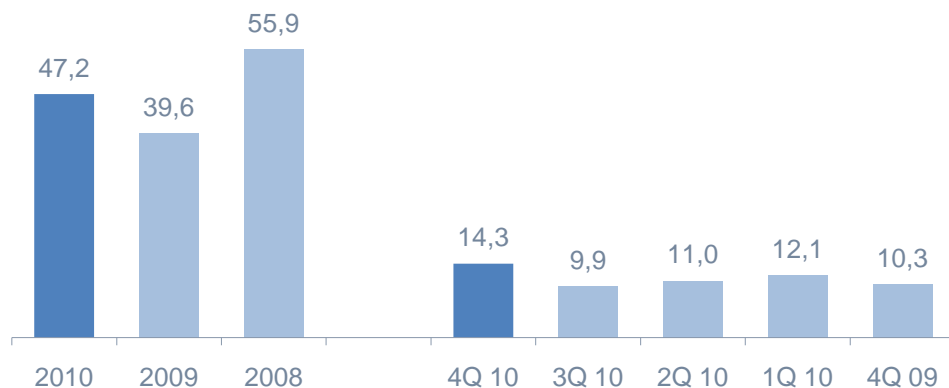
Reconciliation of EBITDA to Net Profit, RUBm

	FY 2010	FY 2009	
EBITDA	29,937	16,516	
Depreciation and amortisation	(3,466)	(2,976)	
Idle property, plant and equipment write-off	(171)	(84)	Gain on disposal of subsidiary was reversed in 2010
Gains/(loss) on disposal of non-current assets	(430)	359	
Gains/(loss) on available-for-sale investments	1,407	967	Gains on sale of K+S shares
Financial fx gain/(loss) - net	(390)	749	
Interest expense	(2,066)	(1,984)	
Other financial income/(loss) - net	135	193	
Non-controlling interest	55	(36)	
Income tax expense	(4,959)	(2,629)	
Net profit	20,052	11,075	

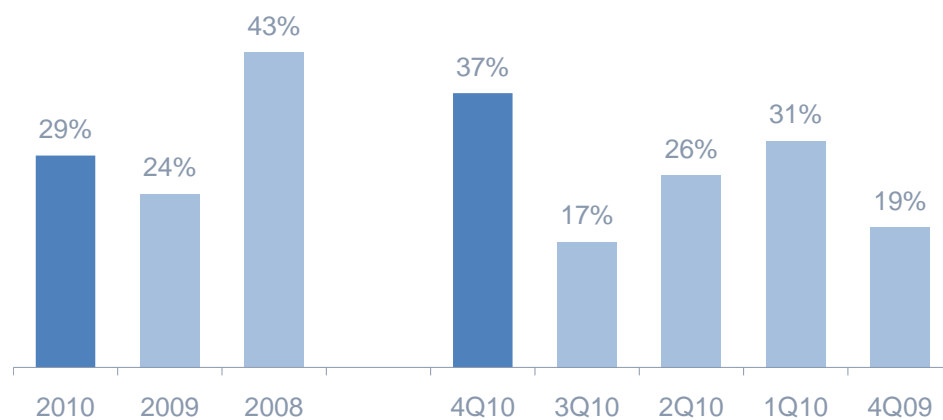
Mainly due to RUB/USD exchange rate volatility

Business Segments: Nitrogen (1)

Revenue*, RUBbn



EBITDA margin



*Revenue and sales volumes include sales to other segments

Nitrogen segment includes nitrogen fertilizers and organic synthesis products.

Comment and key numbers

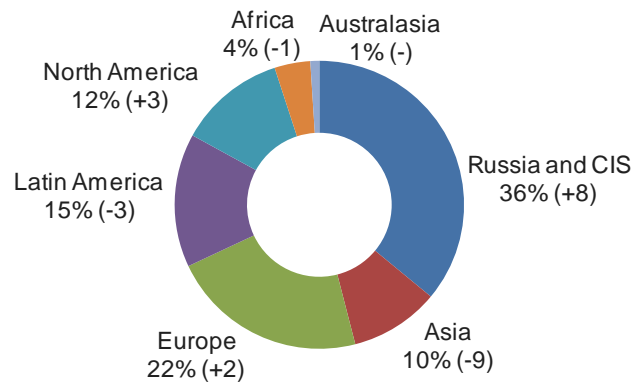
- ◆ Total nitrogen segment sales volumes up 5%
- ◆ Volumes, pricing and mix improvement provided for a 19% increase in revenues
- ◆ Rising gas costs partially mitigated by improved efficiency

		4Q 10	3Q 10	FY 2010	FY2009	Change 10/09
Revenue*	RUBm	14,315	9,882	47,222	39,577	+19%
Sales volumes*						
- Urea	KMT	525	354	1,709	1,512	+13%
- AN	KMT	457	375	1,710	1,830	-7%
- UAN	KMT	217	117	680	665	+2%
- CAN	KMT	61	28	140	16	+760%
- NPK	KMT	107	99	456	341	+33%
- Ammonia	KMT	85	133	521	643	-19%
- Organic Synthesis	KMT	107	103	455	369	+23%
EBITDA	RUBm	5,324	1,680	13,569	9,314	+46%

Business Segments: Nitrogen (2)

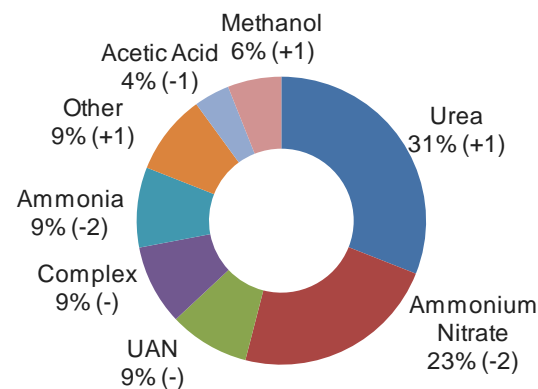
Sales by region* (2010)

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

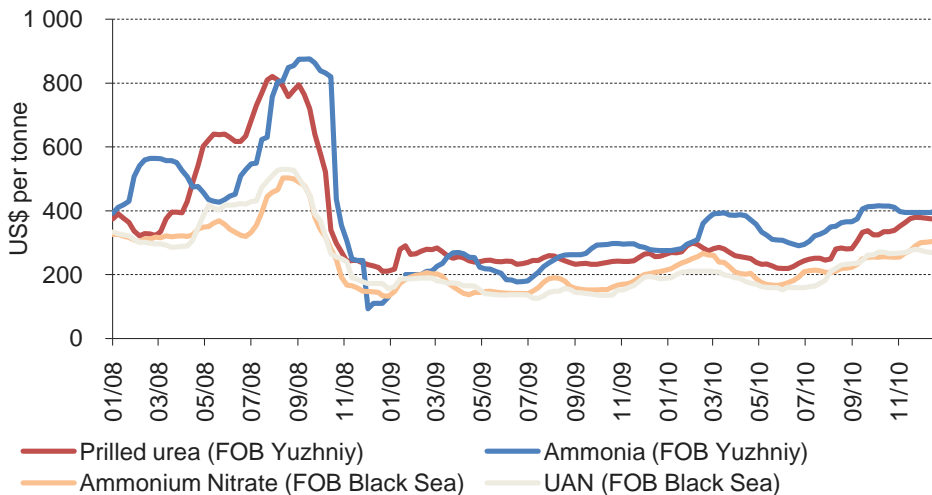


Sales by product* (2010)

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

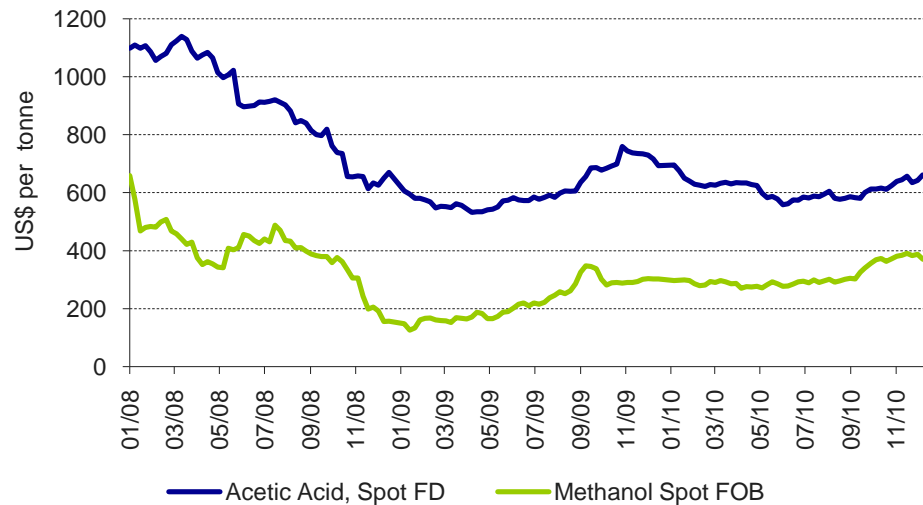


Price chart



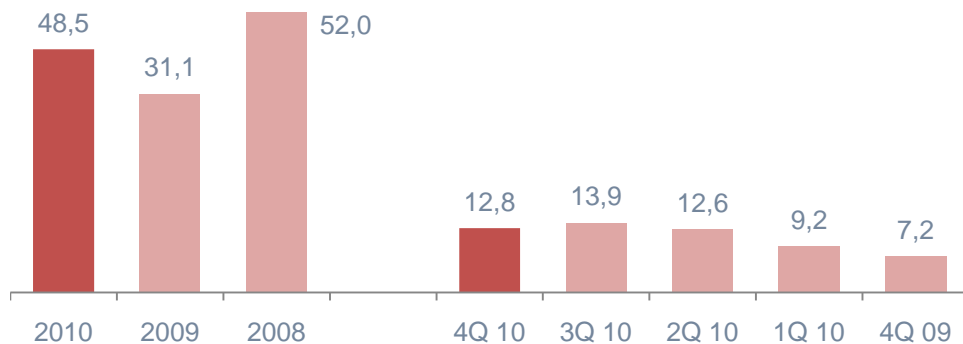
*including sales to other segments

Price chart

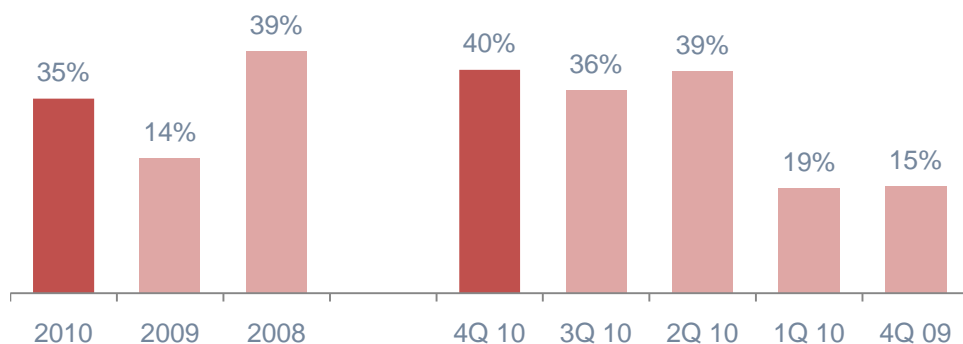


Business Segments: Phosphate (1)

Revenue*, RUBbn



EBITDA margin



Comment and key numbers

- ◆ P fertilizer prices and volumes recovered strongly on increased demand and supply shortages
- ◆ Non-fertilizer related mining products contributed RUB 16.3bn (32%) to Phosphate segment revenues and RUB 7.6bn (45%) to EBITDA

		4Q10	3Q10	FY 2010	FY 2009	Change 10/09
Revenue*	RUBm	12,782	13,871	48,502	31,124	+56%
Sales volumes*						
- DAP, MAP	KMT	379	534	1,849	1,668	+11%
- DFP, MCP	KMT	64	65	236	163	+45%
- NP	KMT	9	24	87	52	+67%
- NPK	KMT	2	15	23	18	+31%
- Apatite	KMT	52	51	219	215	+2%
- Iron ore	KMT	1,579	1,549	6,116	5,579	+10%
- Baddeleyite	KMT	3	1	8	5	+44%
EBITDA	RUBm	5,081	5,003	16,792	4,427	+279%

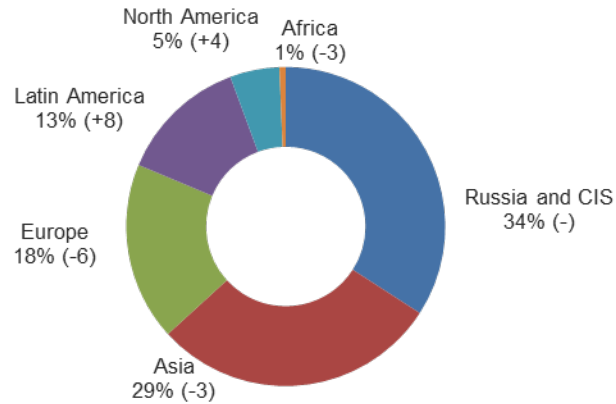
*Revenue and sales volumes include sales to other segments

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

Business Segments: Phosphate (2)

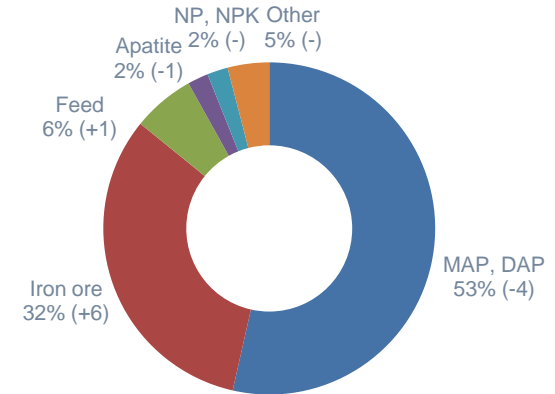
Sales by region* (2010)

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



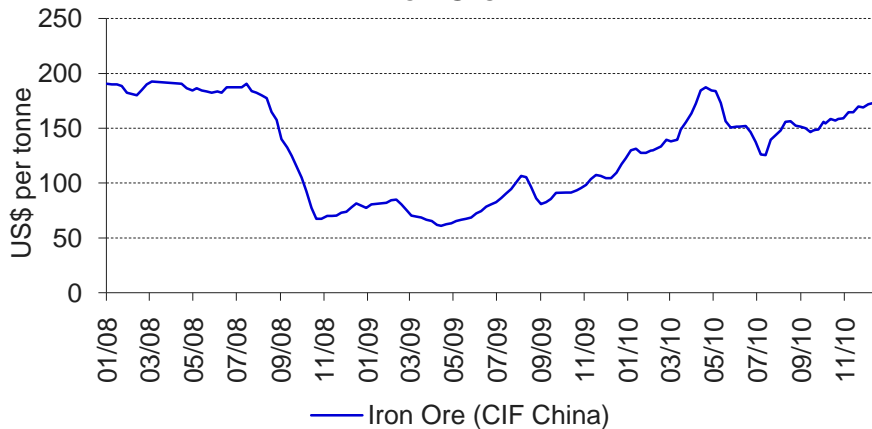
Sales by product* (2010)

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

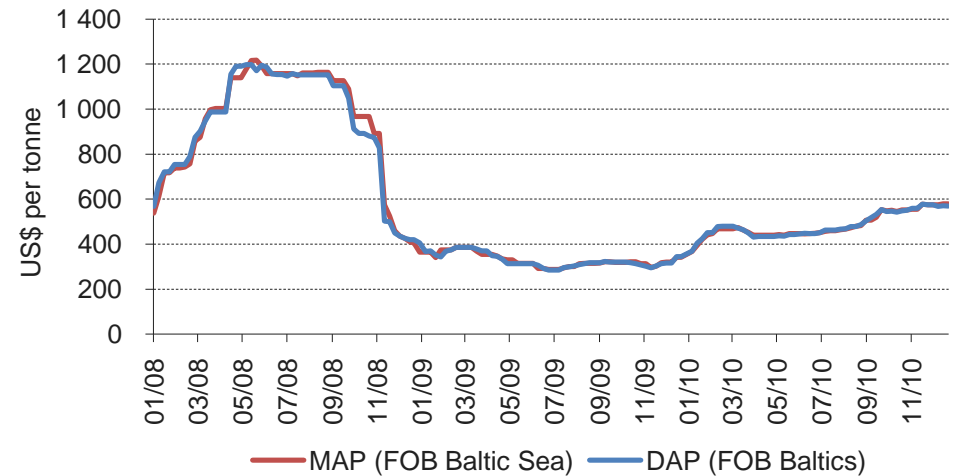


Price chart

Iron Ore



Price chart



*including sales to other segments

Business Segments: Others

Revenue and EBITDA, other segments

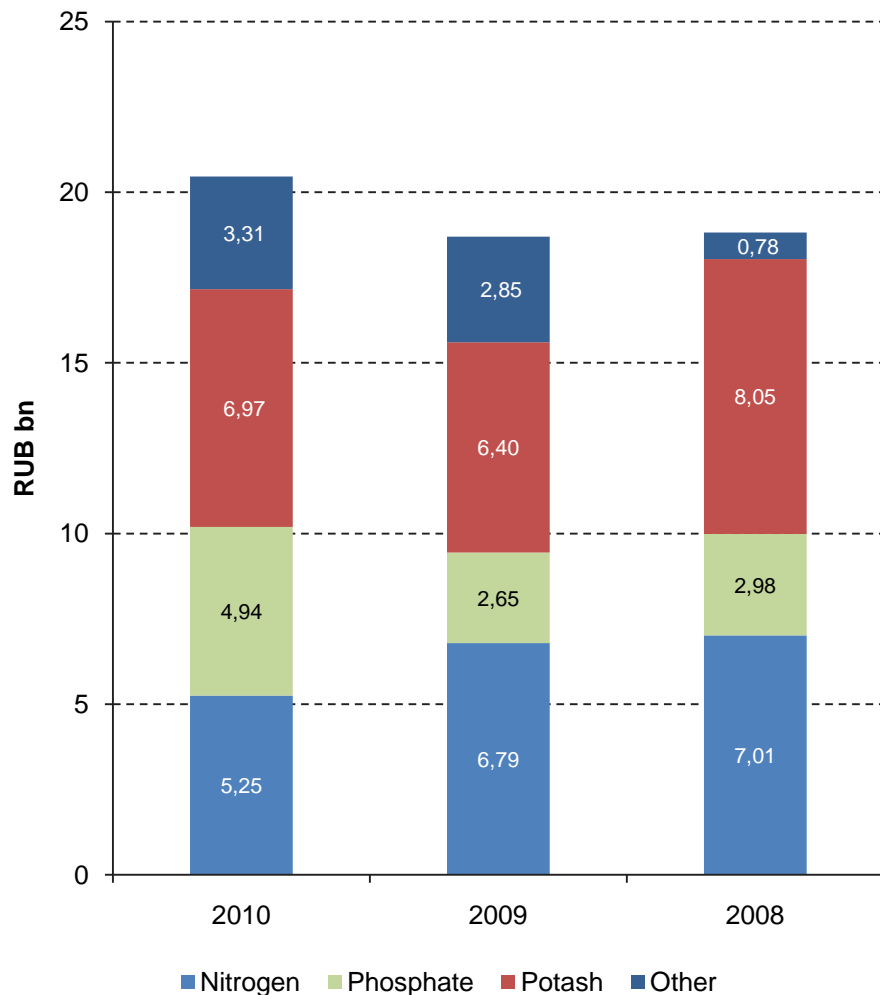
		FY 2010	FY 2009	Change 10/09
Revenue	RUBm	28,499	20,484	39%
- Distribution	RUBm	8,544	5,395	58%
- Others	RUBm	19,955	15,089	32%
EBITDA	RUBm	264	2,821	-91%

Including logistic and other services rendered to other segments and third parties, third party product sales etc*

Retail distribution network in Russia and Ukraine

*Consists mostly of intra-group items, eliminated on consolidation.

Capital Expenditure



Main Projects – 2010

◆ Nitrogen:

1. Construction of melamine production along with the revamp of urea shop at Nevinnomyssk
2. Final stages of construction of new granulated urea facility with 1.15 KMT per day capacity at Novomoskovsk (Urea 4 shop)
3. 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, including installation of heat recapture systems

◆ Potash:

1. Active shaft sinking at the Gremyachinskoe and the start of preparatory shaft works at Verkhnekamskoye deposit
2. Detailed engineering of the surface complex, industrial and social infrastructure construction at Gremyachinskoye deposit

◆ Other: Investments in Tuapse and Ust-Luga bulk terminals

Costs

Cost Structure, RUBm

	FY 2010	FY 2009	Change 10/09	
Gas (raw materials)	12,006	9,250	+30%	→ Increased consumption on higher production volumes and gas price increase from 1 Jan 2010: for N plants, 2010 avg price = RUB 2,837/m ³ ; 2009 avg price – 2,553/m ³ .
Sulphur	1,499	1,448	+4%	
Other materials and components	14,846	11,191	+33%	→ Increased materials consumption on higher production volumes
Energy	5,625	4,620	+22%	} → Primarily due to increase in prices for utilities / fuel and higher production
Utilities and fuel	3,001	2,063	+45%	
Transportation	15,719	14,935	+5%	
Labour	10,163	8,666	+17%	→ Indexation of salaries and higher bonus accruals on stronger corporate performance
Change in WIP and FG	(585)	2,065	NA	
Other	9,471	8,852	+7%	
Total	71,745	63,090	+14%	

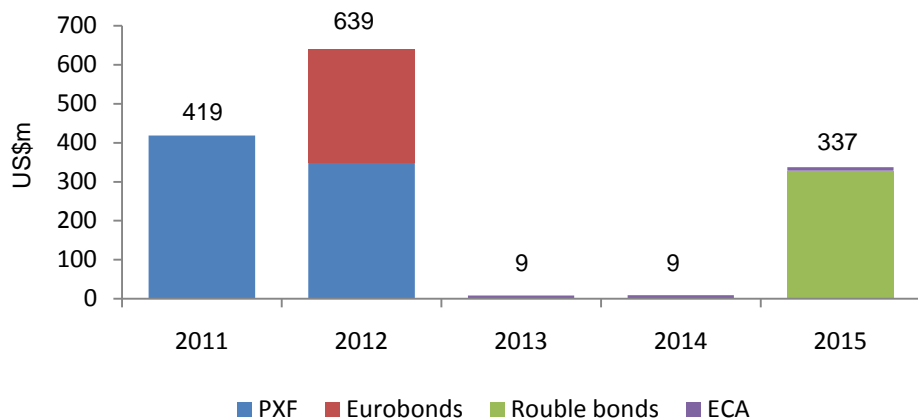
Includes cost of sales, distribution and G&A expenses

Debt

Key debt metrics, RUBm

	2010
Syndicated loan (PXF)	23,389
Eurobonds	8,838
Ruble bonds	10,000
ECA-backed facilities	2,212
Gross debt*	44,439
Less cash and cash equivalents**	8,934
Net debt	33,893

Debt maturity profile, US\$m



Comment

- ◆ Comfortable debt structure and maturity profile, remote refinancing risk
- ◆ US\$ 1.5bn 4-year pre-export, LIBOR + 1.8% (as at 31.12.10 US\$ 767m outstanding)
- ◆ EuroBonds: US\$ 300m*** issued in March 2007, 5 years bullet, coupon 7.88%
- ◆ Since March 2010:
 - ◆ US\$ 261m, 10-year, ECA-backed (ECIC) line
 - ◆ 2 x RUB 5bn, 5-year RUB bonds (series 02, 03)
 - ◆ EUR 36.7m, 13-year, ECA-backed (EGAP) line
 - ◆ US\$ 250m, 5-year bi-lateral credit line
- ◆ New debt financing opportunities:
 - ◆ RUB or US\$ bonds
 - ◆ bi-lateral credit lines
 - ◆ margin loans (secured by K+S shares)
 - ◆ new pre-export facility (secured by phosphate business flows)
 - ◆ new ECA-backed facilities

* Excluding transaction fees

** Including current portion of restricted cash

*** In December 2008 US\$ 10m of Eurobonds were redeemed

Outlook

- ◆ Strength in agricultural commodities to support fertilizers at levels above average-through-the-cycle in the near term
- ◆ Delays in additional capacity keeping markets tight
- ◆ Iron ore prices remain stronger than previously expected on continued China strength
- ◆ Consolidation in the industry, on balance, supports industry margins
- ◆ 2011 average fertilizer prices to be materially higher than in 2010

Questions & Answers

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