



EUROCHEM
MINERAL AND CHEMICAL COMPANY

2011 IFRS results conference call

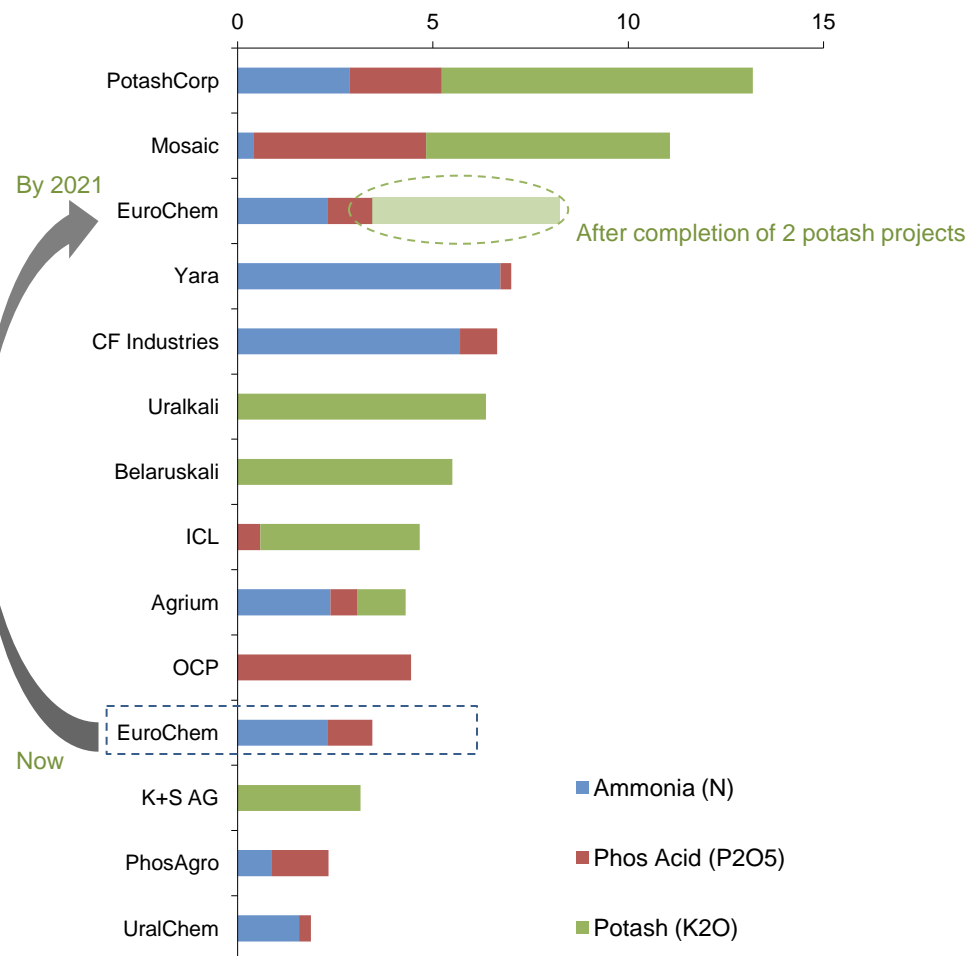
15 February 2012

Summary

- EuroChem is a top 10 agrochemical company globally by nutrient capacity
- **2 Nitrogen plants** in Russia (2.8 MT of ammonia) **3 Phosphates plants** (2 in Russia and 1 in Lithuania) - 2.4 MT of MAP/DAP
- **Apatite and iron ore mine** in Russia
 - P₂O₅-rich (37%-38%) **apatite ore** (2.7 MT per year) covers c.85% of own production needs at the 3 phosphate plants
 - Up to 5.7 MT of **iron ore** (Fe content 64%), a co-product of apatite mining
- **Unique growth potential**
 - **Organic: Construction of own Potash (K) capacity** is well underway (production to start in 2014, reaching c.8 MT of KCl per year by 2021)
 - **M&A:** Acquisition of **Antwerp** fertilizer assets from BASF (2.3 MT of NPK, CAN/AN) – (expected closing March 2012)
Acquisition of **Severneft Urengoy** – 1.1bn m³ of annual natural gas capacity (January 2012)
- **Vertical integration:** own raw materials (85% self sufficiency in P, 25% in N), port terminals, rail stock, construction/repair works, distribution network in CIS
- Total employees >20,000
- 2011 revenues USD 4.5bn; EBITDA USD 1.69bn
- Privately owned by Andrey Melnichenko (92.2%) and CEO Dmitry Strezhnev (7.8%)

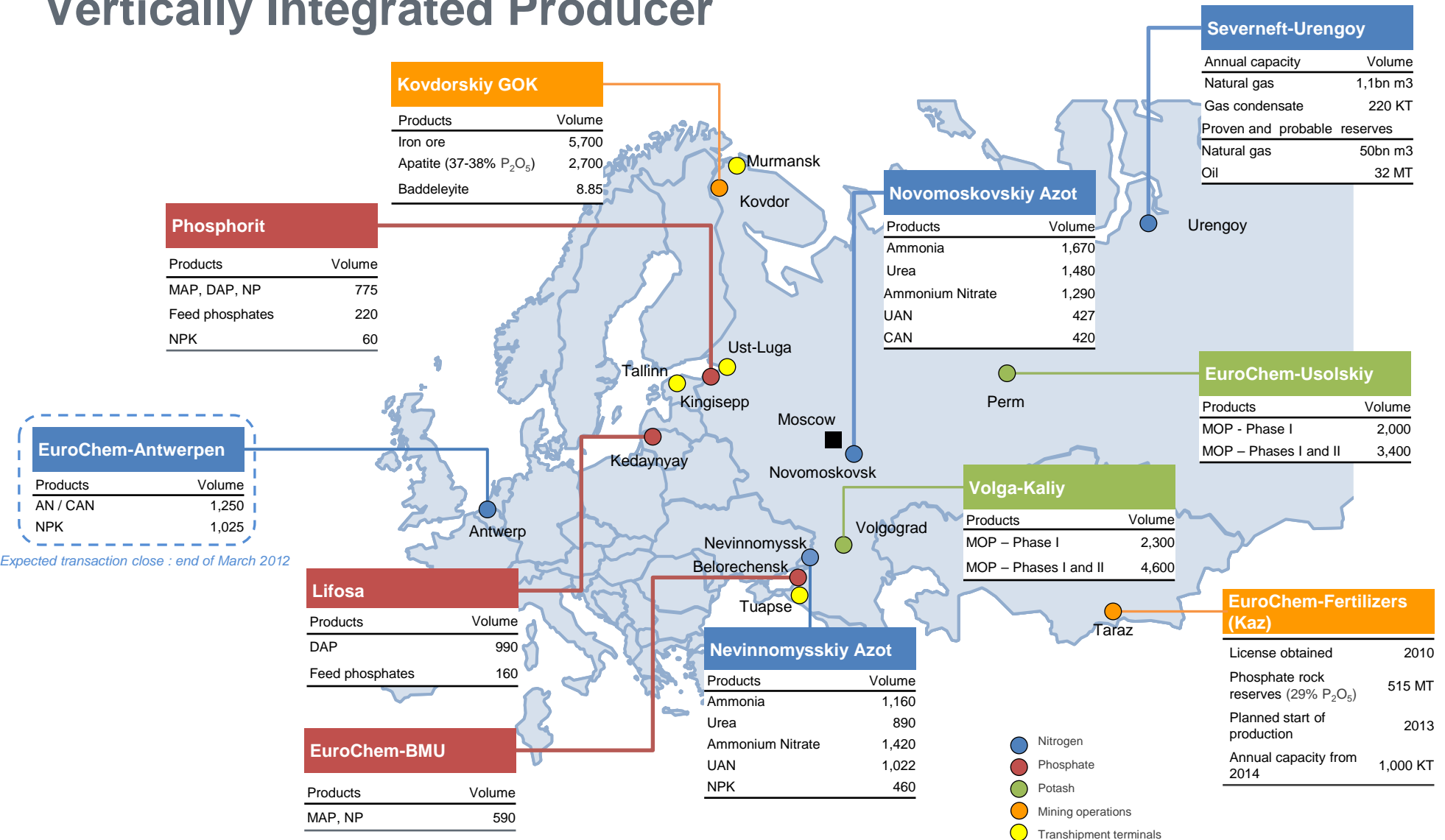
Top 10 by nutrient capacity globally

PRIMARY PRODUCT CAPACITY, MT* OF NUTRIENTS

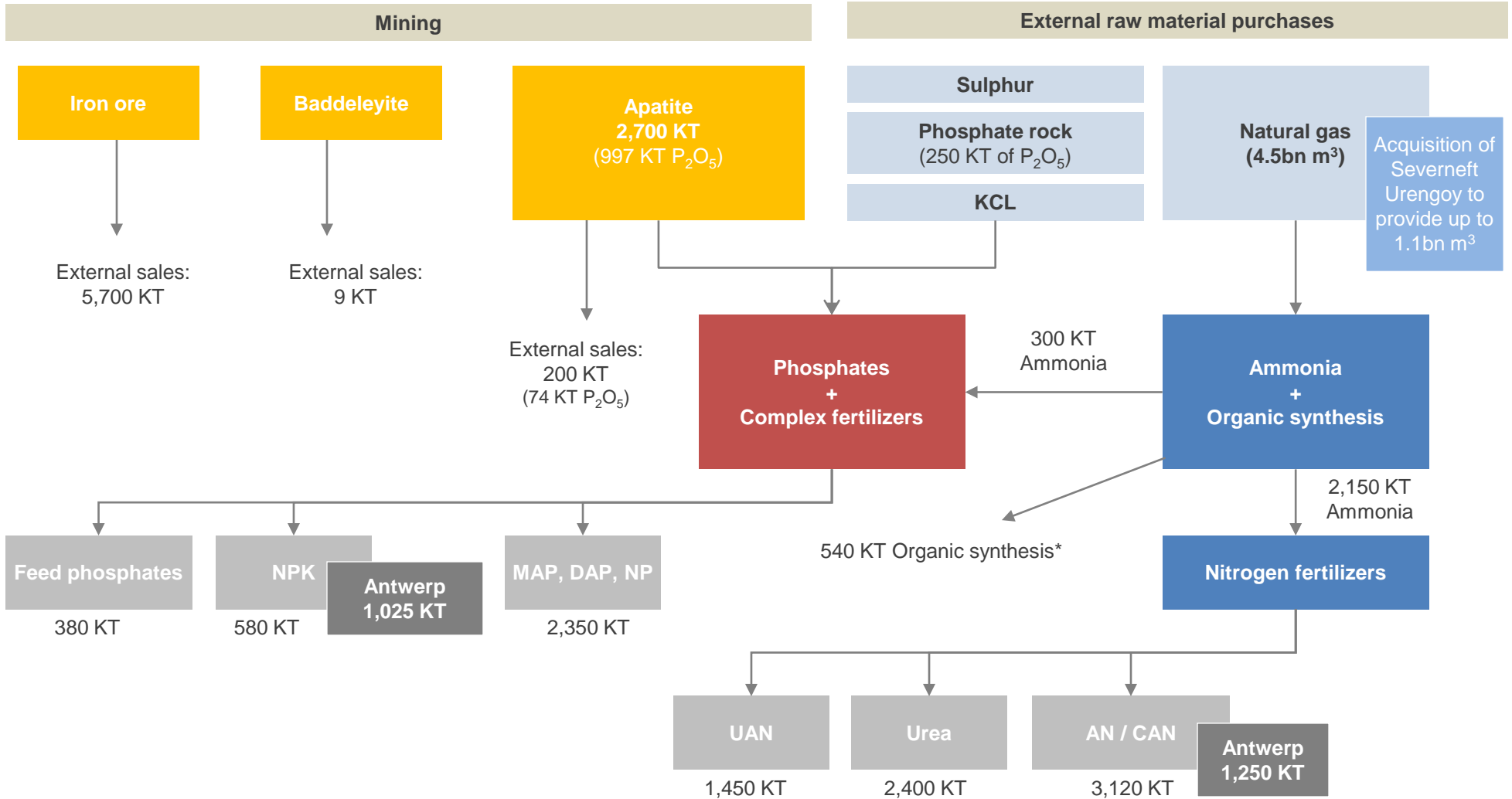


*MT = million tonnes

Vertically Integrated Producer



Integrated Production Chain and Capacity Overview



*Methanol and acetic acid are the main organic synthesis products

**Expected 2013 production 300 KT, E2014 production 1,000 KT

EuroChem Strategy

Main strategic objectives:

- ◆ Become a top 5 global player by size and profitability in all 3 nutrient segments (N, P and K) through organic and inorganic growth
- ◆ Maintain / increase cost advantage in N and P through vertical integration and investments in efficiency

Nitrogen

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

Phosphate/mining

- Increase own resource base
- Increase production
- Improve efficiency

Potash

- Start own production in 2014

Logistics

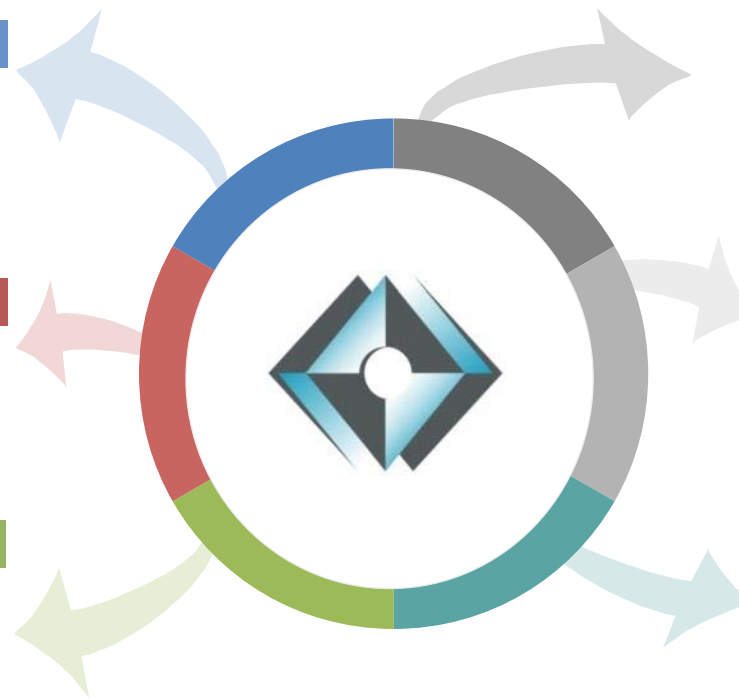
- Increase cost advantage to EuroChem through own port facilities, freight/rail optimization

Distribution

- Focus on building own distribution network in Russia and Ukraine under “Sell yields, not fertilizers”

Governance/social

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



Conservative financial policy supports strategic objectives while ensuring the sustainability of expansion plans

Industry Context in 2011

- Stronger **average** agricultural commodity prices (2011 avg. v. 2010 avg.)
 - Corn: +60%
 - Wheat: +23%
 - Rice: + 21%
 - Soybeans: +26%

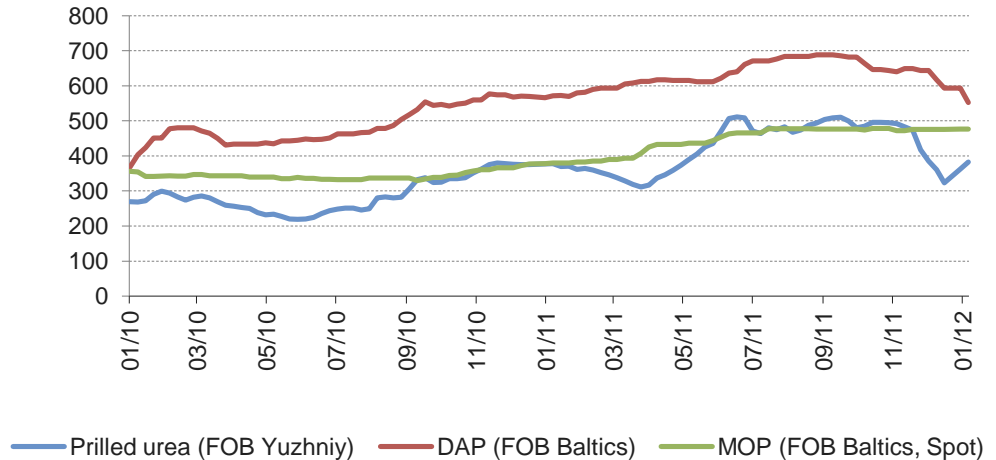
- Weakness towards the end of the year, followed by stabilization (2011 year-end v. 2010 year-end)
 - Corn: +8%
 - Wheat: -17%
 - Rice: +4%
 - Soybeans: -10%

- Supply remained tight across all nutrients on low stocks and high demand up until mid-Q4 as credit concerns generated abrupt buyer pullback

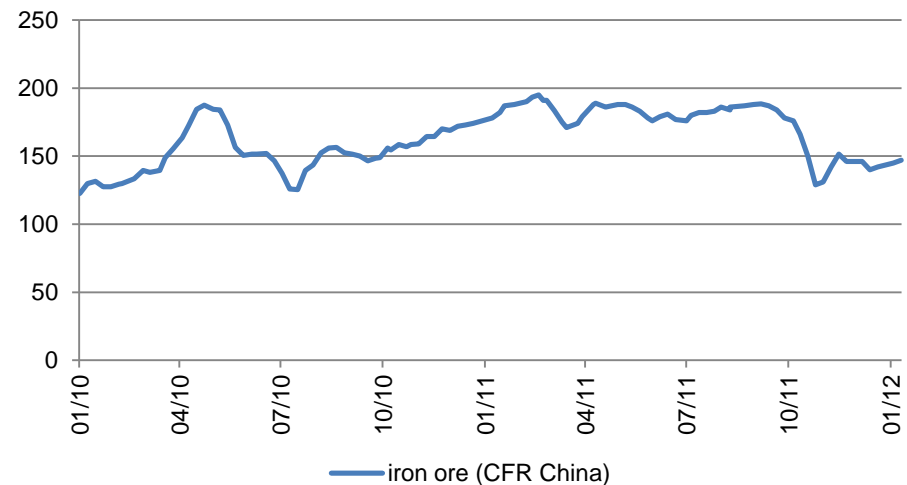
- China: new sliding export duties restricted exports of DAP and urea. Plans to build new urea capacity over the next five years were halved to 5 MMT

- Demand from China continued to prove supportive of iron-ore prices. New supply takes longer than expected to shape up
 - Iron ore: 2011 avg. price + 15% over 2010 avg.
 - Iron ore: 2011 year-end -18% over 2010 year-end

Key Product Prices (US\$/tonne)



Iron ore, CFR China (US\$/tonne)



EuroChem: 2011 performance highlights

- **Phosphate:** revenues up 32% to RUB 63.9bn; EBITDA jumps 43% to RUB 24.0bn; DAP (FOB Baltic Sea) averaged USD 633/MT in 2011, up 31% y-o-y.
- **Nitrogen:** revenues up 34% to RUB 63.1bn; EBITDA rises 88% to RUB 25.5bn; average prilled urea (FOB Yuzhny) and ammonium nitrate (AN) prices displayed robust 48% and 35% year-on-year increases respectively.
- **Mining co-products** generated 26% of group EBITDA in 2011; 6% lower iron ore sales volumes offset by robust price trend - 63.5%Fe, China CFR 2011 average of USD 175/MT against USD 152/MT in 2010.
- **Revenues:** rose 34% to RUB 131.3bn driven by strong pricing across the mix.
- **EBITDA:** increased 66% to RUB 49.7bn.

Key Figures, RUB m	FY 2011	FY 2010	Y-o-Y,%	Q4 11	Q3 11	Q2 11	Q1 11
Revenues	131,298	97,788	+34%	33,028	36,185	30,866	31,219
EBITDA	49,656	29,937	+66%	12,590	13,640	11,971	11,555
% margin	38%	31%	+7 p.p.	38%	38%	38%	37%
Capex	23,805	20,464	+16%	7,335	6,616	6,000	3,854

Performance overview

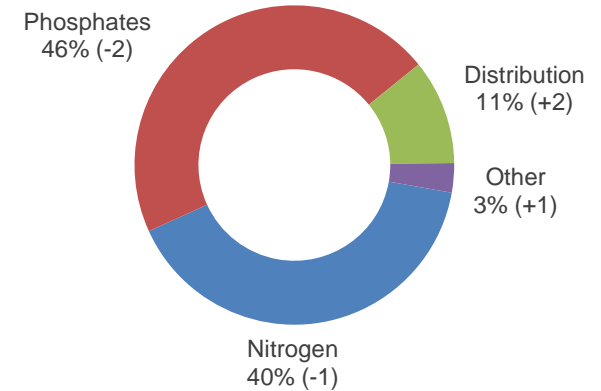
Key Figures 2011

		FY 2011	Y-o-Y,%
Revenue	RUBm	131,298	34%
EBITDA	RUBm	49,656	66%
Net profit	RUBm	32,031	60%
Gross margin	%	52%	+3 p.p.
EBITDA margin	%	38%	+7 p.p.
<i>Sales volumes:</i>			
Nitrogen*	KMT	5,647	0%
Phosphate (excl. iron ore and baddeleyite)	KMT	2,387	-1%
Only iron ore and baddeleyite	KMT	5,480	-11%

* Includes organic synthesis products.

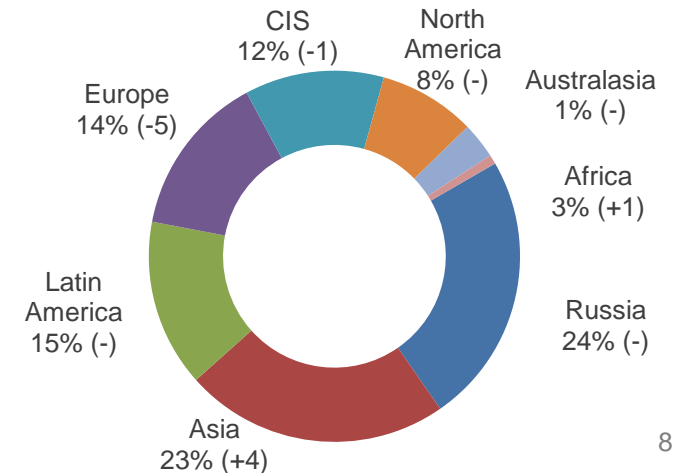
External sales by segment (2011)

(in brackets – change in percentage points relative to 2010)

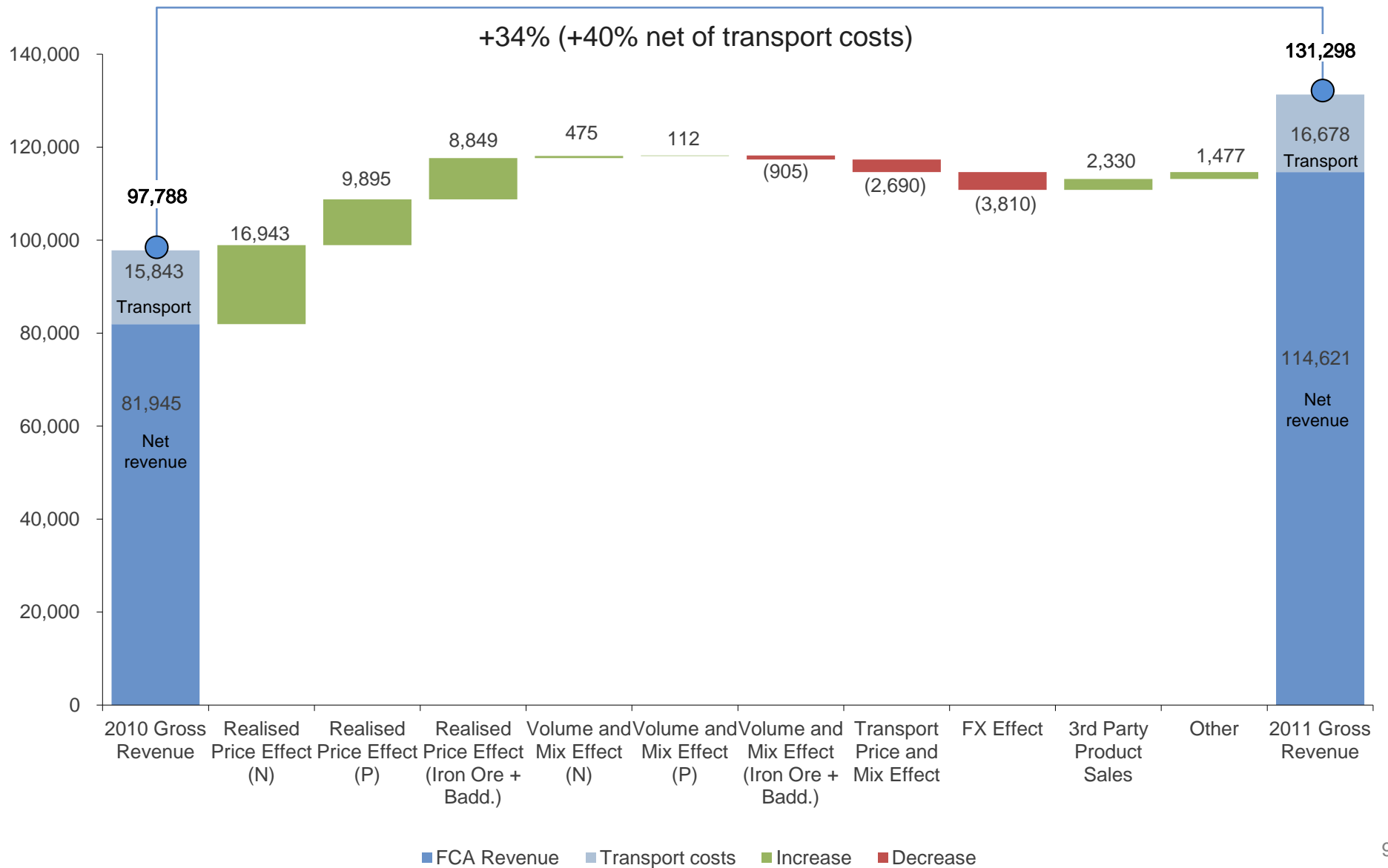


External sales by product (2011)

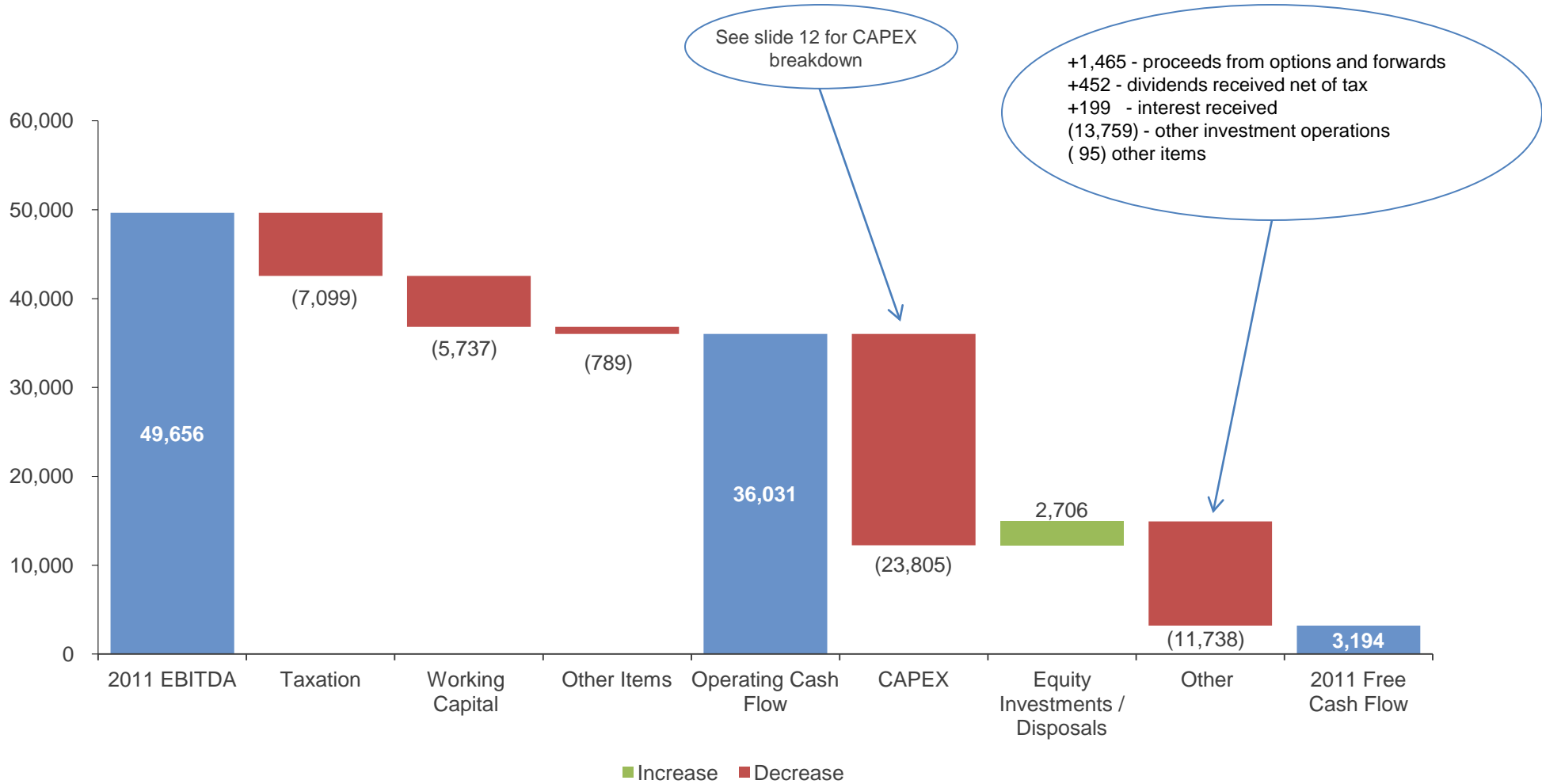
(in brackets – change in percentage points relative to 2010)



Revenue evolution in 2011



2011 Cash Flow



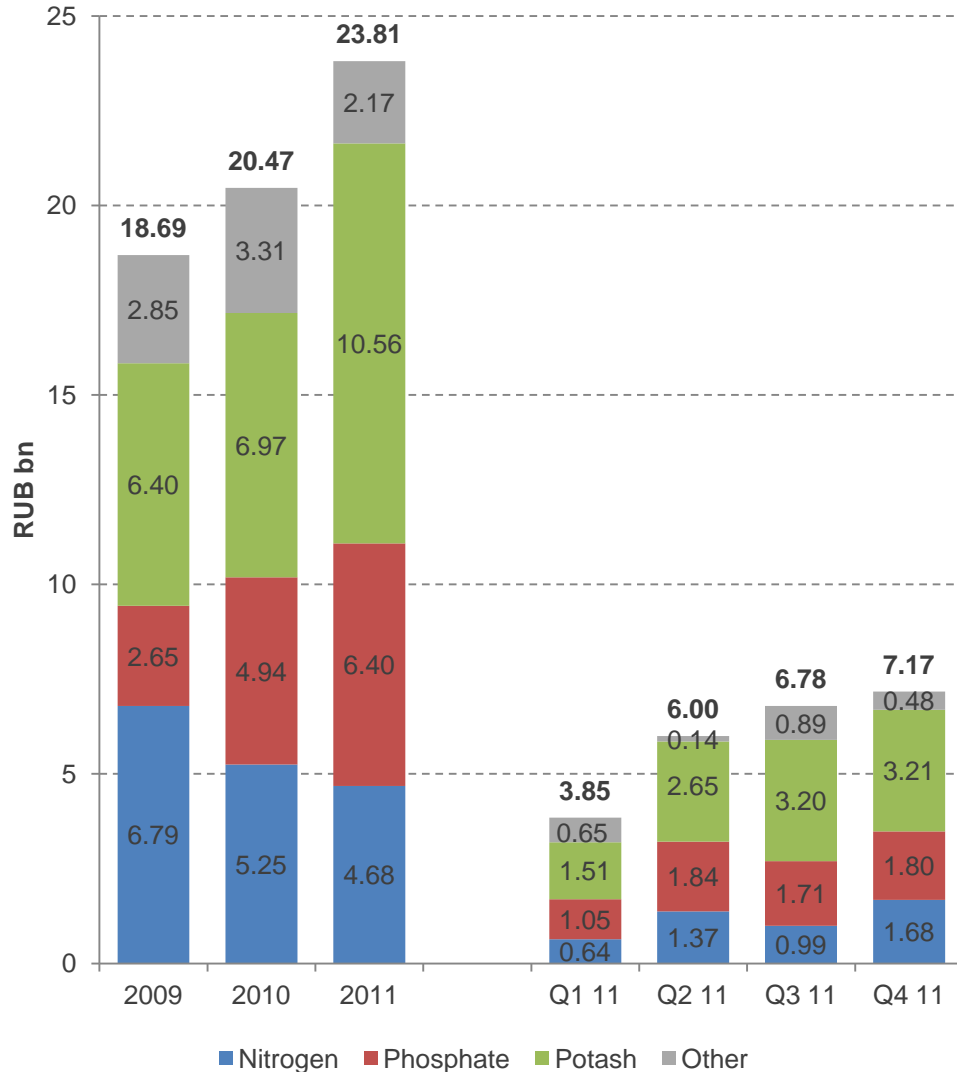
2011 Net Profit

Reconciliation of EBITDA to Net Profit, RUBm

	FY 2011	FY 2010	
EBITDA	49,656	29,937	
Depreciation and amortisation	(4,483)	(3,466)	
Idle property, plant and equipment write-off	(57)	(171)	
Gains/(loss) on disposal of non-current assets	-	(430)	
Gains/(loss) on available-for-sale investments	914	1,407	→ Realized gains on sale of K+S shares
Financial fx gain/(loss) - net	(3,804)	(390)	→ Impact of stronger USD exchange rate on book value of Group debt in RUB terms
Interest expense	(3,123)	(2,066)	→ Gross debt doubled in 2011 on share buy-back and in preparation for acquisitions
Other financial income/(loss) - net	994	135	
Non-controlling interest	3	55	
Income tax expense	(8,069)	(4,959)	→ Driven by growth in profit before tax; effective Group-wide tax rate unchanged from 2010 at 20%
Net profit	32,031	20,052	

Mainly from USD/RUB non-deliverable forward contracts and changes in the fair value of call options in amounts of RUB 574m and RUB 550m, respectively

Capital Expenditure



Main Projects

- ◆ **Nitrogen:**
 - Construction of melamine production (online in 1H 12) along with the revamp of urea shop at Nevinnomysk
 - New granulated urea facility with 1.15 KMT per day capacity at Novomoskovsk (Urea 4 shop)
 - Deployment of environmental monitoring stations and wastewater treatment programs at both N facilities
 - Technical rehabilitation of plants to increase efficiency
- ◆ **Phosphate:**
 - Rebuild sulphuric acid production with capacity increase by 720 KMT p.a.
 - Reconstruction of phosphate acid production with capacity increase by 300 KMT p.a. / potential construction of 6 MW turbine
 - Upgrade of Kovdor wastewater treatment facility
 - Technical rehabilitation and modernization of existing facilities, including dismantling of BMU sulfuric acid shop and upgrade of Phosphorit wet-process phosphoric acid facility
- ◆ **Potash:**
 - Active shaft sinking at Gremyachinskoe (phases I & II) and Verkhnekamskoe (phase I)
 - Start of beneficiation plant construction at Gremyachinskoe; trunk rail line and station completed in 1H 11
- ◆ **Other:**
 - Tuapse: operations commenced in July 2011
 - Purchase of 2 Panamax vessel

Costs

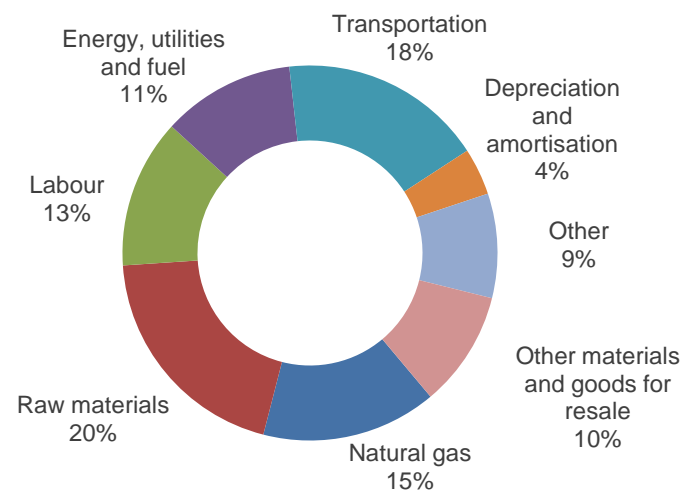
Key cost components, RUBm

Cost of sales	FY 2011	FY 2010	Change, %
Natural gas	13,619	12,006	13%
P2O5, KCL, Sulphur (incl. apatite transportation costs)	11,825	7,979	48%
Ammonia, S- and P- acids, other raw materials	4,566	1,367	234%
Chemical materials (reagents, catalysts, sorbents, etc)	1,570	1,305	20%
Other materials and goods for resale	9,020	5,695	58%
Labour	8,064	7,269	11%
Energy	6,694	5,625	19%
Utilities and fuel	3,618	3,001	21%
Depreciation and amortisation	3,656	2,837	29%
Change in WIP / finished goods	(2,850)	(585)	387%
Other	3,859	3,707	4%
Total cost of sales	63,641	50,206	27%
Distribution costs			
Transportation	15,838	15,406	3%
Labour	1,078	801	35%
Other	2,036	1,578	29%
Total distribution costs	18,952	17,785	7%
G&A expenses			
Labour	2,436	2,093	16%
Other	2,217	1,661	33%
Total G&A expenses	4,653	3,754	24%
Total	87,246	71,745	22%
Including Total Labour Expenses	11,577	10,163	14%

Comments

- Natural gas increase - in line with 1 Jan 2011 gas price increase: for N plants, 2011 avg of RUB 3,237/1,000m³ ; compared to 2010 avg of 2,819/1,000m³.
- Raw material price growth - underpinned price increases for N and P products
- Changes in utilities and fuel primarily due to increases in tariffs and higher prices
- Increase in work in progress brought on by the Q4 increase in the level of inventories at higher prices
- Total labour increase of 14% was a combination of salary indexation and 6% increase in total Group employees

Costs structure

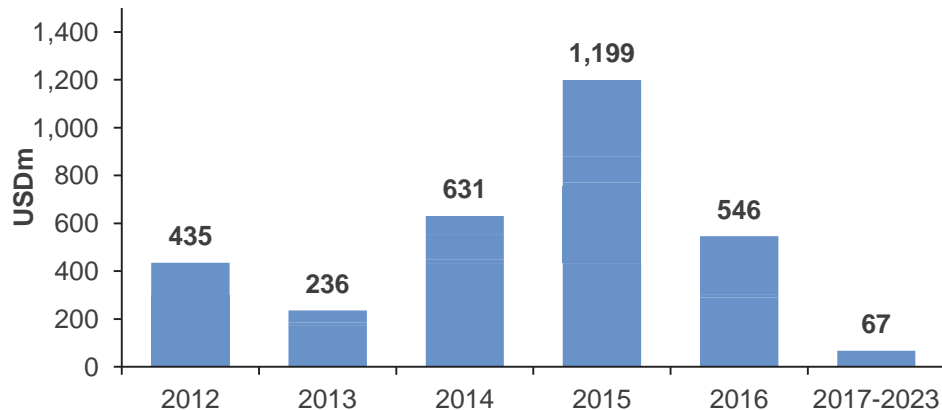


Debt

Key debt metrics, RUBm

	2011	Original currency (m)
Club loan facility (PXF)	41,391	USD 1,300
Sberbank	19,924	
Eurobonds	9,332	USD 289
Ruble bonds	9,965	
Bank loans	12,216	USD 250 EUR 100
ECA-backed facilities	3,864	USD 109,5 EUR 32,7
Gross debt	96,692	
Less cash and cash equivalents and fixed-term deposits *	29,450	
Net debt	67,242	

Debt maturity profile, USDm



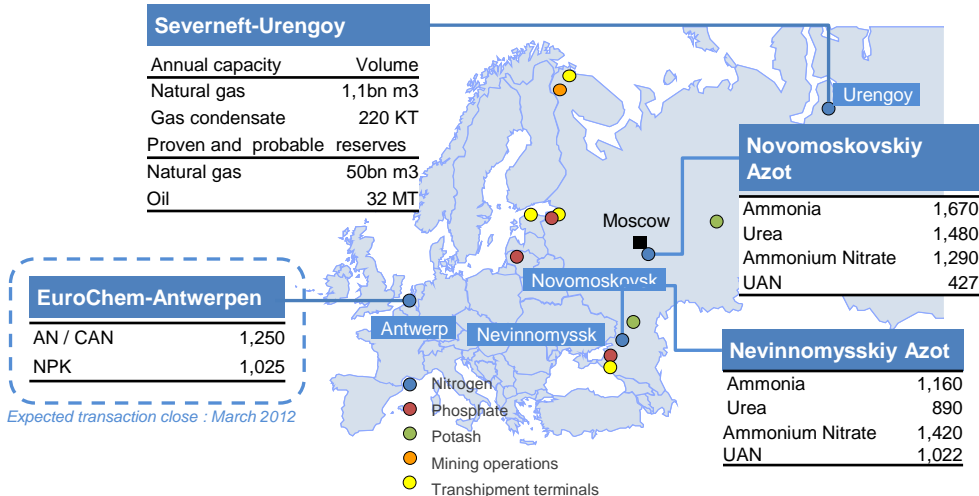
Comment

- ◆ Comfortable debt structure and maturity profile, remote refinancing risk
- ◆ Debt / EBITDA : 1.35x
- ◆ July 2011, USD 1.3bn 5-year club facility (rate of 1 month Libor +1.8%). Proceeds were partially used to fully repay the USD 1.5 billion syndicated loan obtained in October 2008. As at 31 December 2011, the outstanding amount on the club facility totaled US\$ 1.3 billion
- ◆ September 2011, the Group signed a RUB 20bn 5-year loan agreement with Sberbank
- ◆ Eurobonds: USD 290 remaining to be paid down at March 2012 maturity
- ◆ New debt financing opportunities:
 - ◆ RUB or USD bonds
 - ◆ bi-lateral credit lines
 - ◆ new pre-export facility (secured by phosphate business flows)
 - ◆ new ECA-backed facilities

* Including current portion of restricted cash

Nitrogen Segment

EuroChem nitrogen operations



EuroChem key investment projects

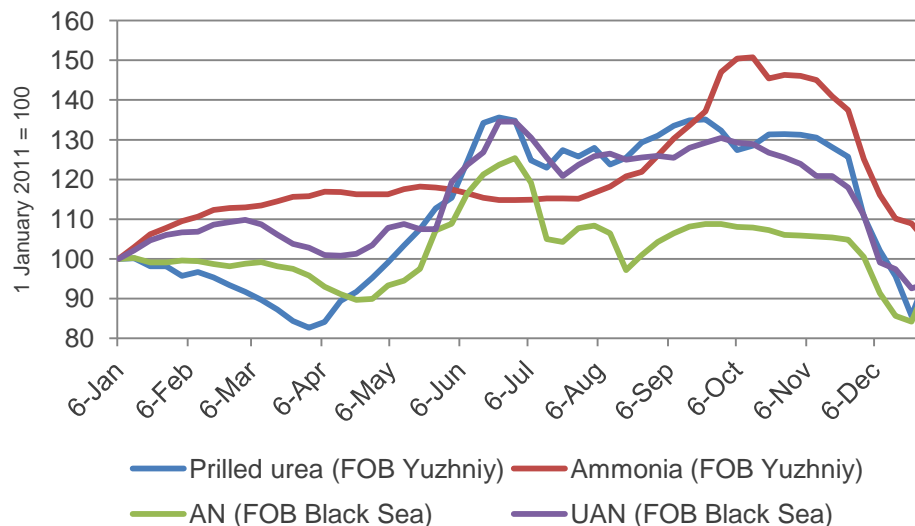
- First in Russia - **granulated urea** (Urea 3 shop)
- **CAN** shop with 420 KT per annum capacity at Novomoskovskiy
- Construction of **melamine** production (50 KT p.a.) along with upgrade of urea shop at Nevinnomysskiy expected Q1 2012
- First nitrogen fertilizer producer to back integrate into gas with the acquisition of Severneft-Urengoy (RUB 12.7bn – see above for capacity)
- Construction of new **granulated urea** facility (Urea 4 shop)
- **LDAN** production
- Technical rehabilitation of plants to **increase efficiency**

***All volumes expressed in thousands of tonnes, unless otherwise specified*

2011 nitrogen market overview

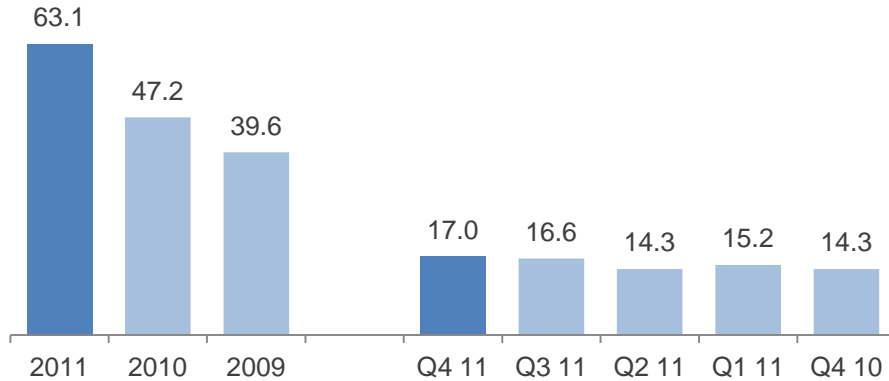
- ◆ Globally, nitrogen fertilizer sales increased by 3.6%, from 103.3 MMT in 2010 to an estimated 106.9 MMT in 2011. Global consumption is expected to grow by an additional 1.9% in 2012 to reach 108.9 MMT.
- ◆ Prices took off early in the year before levelling off at an average US\$ 425/tonne (FOB Yuzhny) for prilled urea, the most widely used nitrogen fertilizer globally, compared to US\$ 288/tonne and US\$ 250/tonne in 2010 and 2009 respectively.
- ◆ In China - lower tax export window reduced from 7 to 3 months and combined with a sliding scale tariff system: urea exports drop to 3.6 MMT (2010: 7 MMT). High coal prices and limitations on energy consumption took considerable ammonia capacity offline.

2011 nitrogen pricing environment dynamics

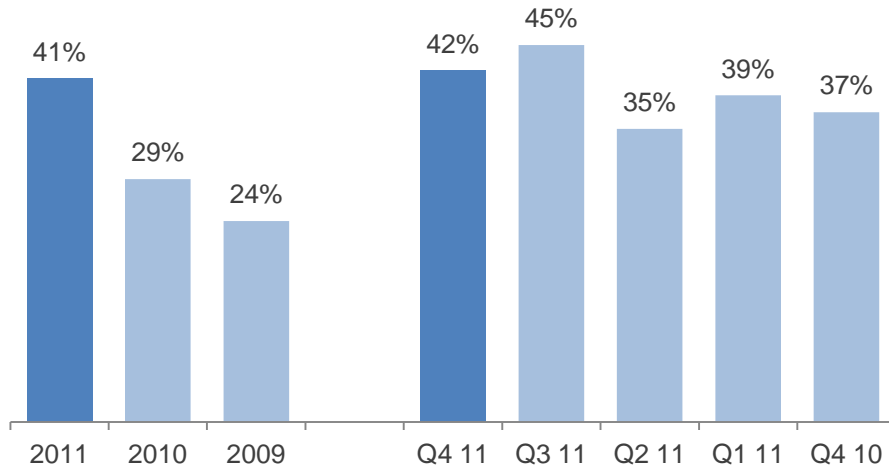


Nitrogen performance

Revenue*, RUBbn

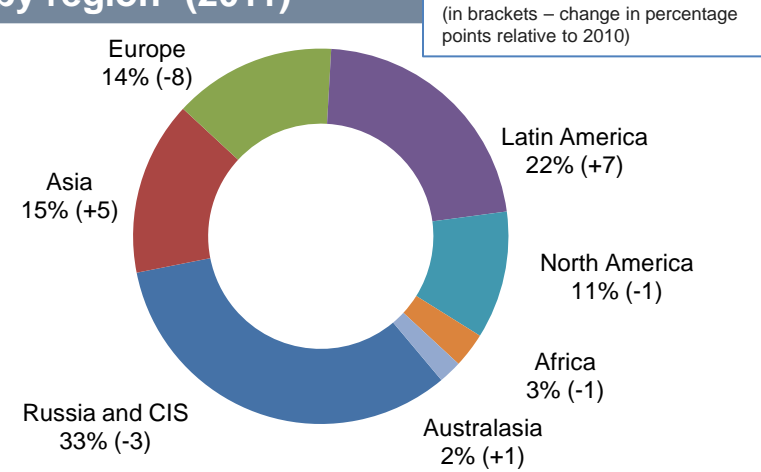


EBITDA margin

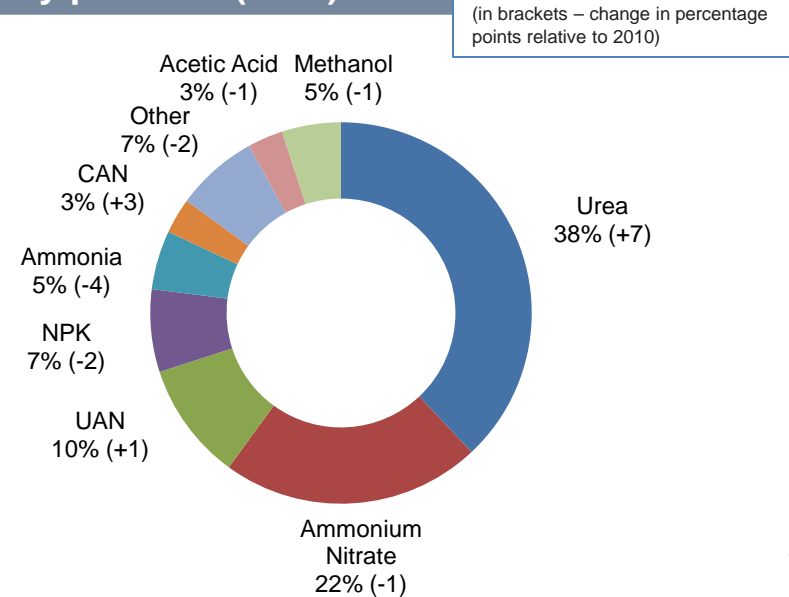


*Revenue and sales volumes include sales to other segments
Nitrogen segment includes nitrogen fertilizers and organic synthesis products.

Sales by region* (2011)

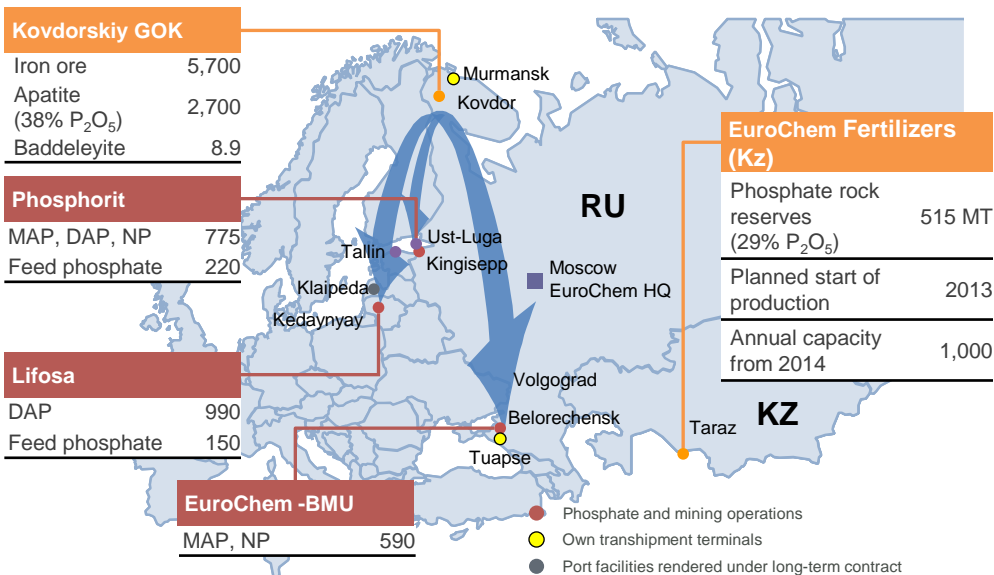


Sales by product* (2011)



Phosphate Segment

EuroChem phosphate operations



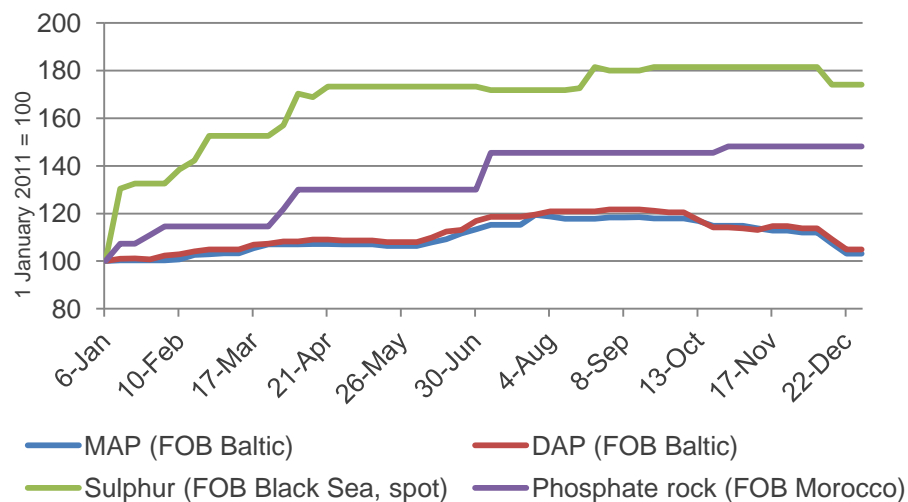
EuroChem key investment projects

- **Increase sulphuric acid capacity:** at Phosphorit from 720 to 1,000 KT p.a.; at EBMU from 520 to 720 KT p.a.
- **Build NPK production** at EBMU: 800 KT p.a. (to correspond to K production coming online in Volgograd)
- **Feed phosphates** at Lifosa: 150 KT p.a. – completed
- **Kazakhstan:** phosphate rock supply (1,000 KT per year from 2014)

2011 phosphates market overview

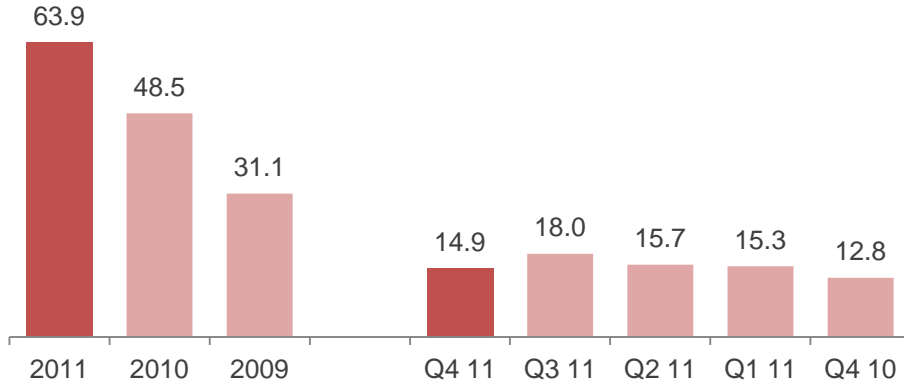
- ◆ Global phosphate fertilizer consumption in the world increased 2.5%, from 39.7 MMT (P₂O₅) in 2010 to an estimate of 40.7 MMT in 2011.
- ◆ Low inventory levels, strong demand, and encouraging farmer economics translate in avg. DAP (FOB Baltic) at USD 633/tonne (2010:USD 485/tonne).
- ◆ China: Narrower lower tax export window coupled with sliding export duty (from 7% to 17% for DAP, 30% for MAP) leads to sharp price hikes. Exports from China in 2011 amount to 4MMT (MAP+DAP) (2010:5MMT).
- ◆ Muted effects of capacity additions: Ma'aden (3MMT of DAP) and number of projects in China (incremental 1 MMT of MAP+DAP). Ma'aden trial production started in 2H 2011; commercial production planned for Q1 12.

2011 phosphates pricing environment dynamics

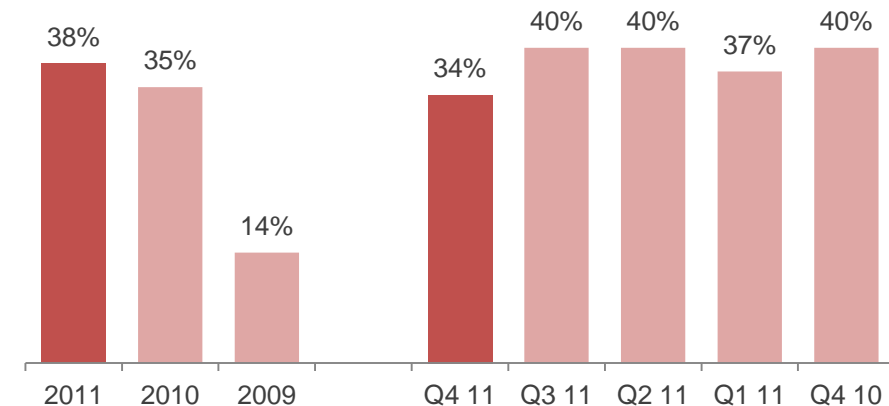


Phosphate performance

Revenue*, RUBbn



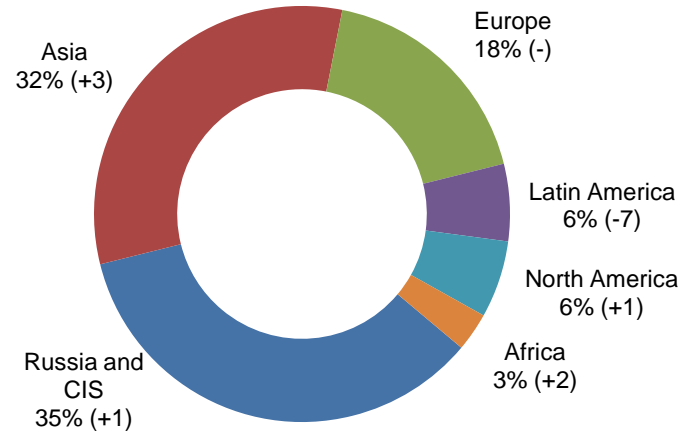
EBITDA margin



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

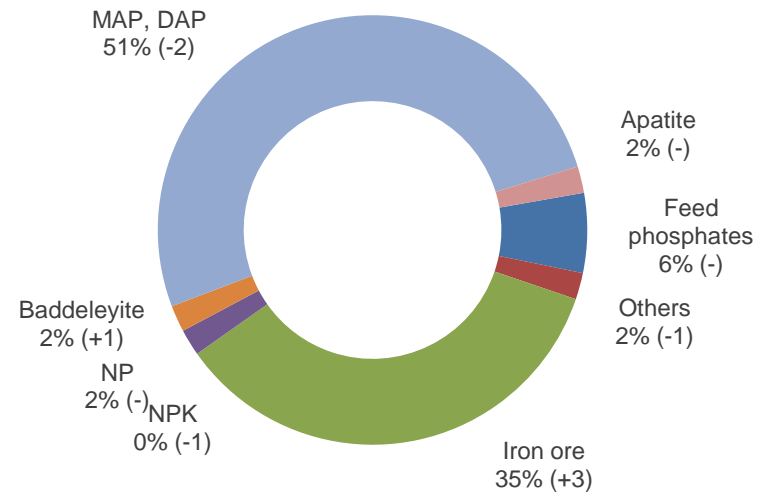
Sales by region* (2011)

(in brackets – change in percentage points relative to 2010)



Sales by product* (2011)

(in brackets – change in percentage points relative to 2010)

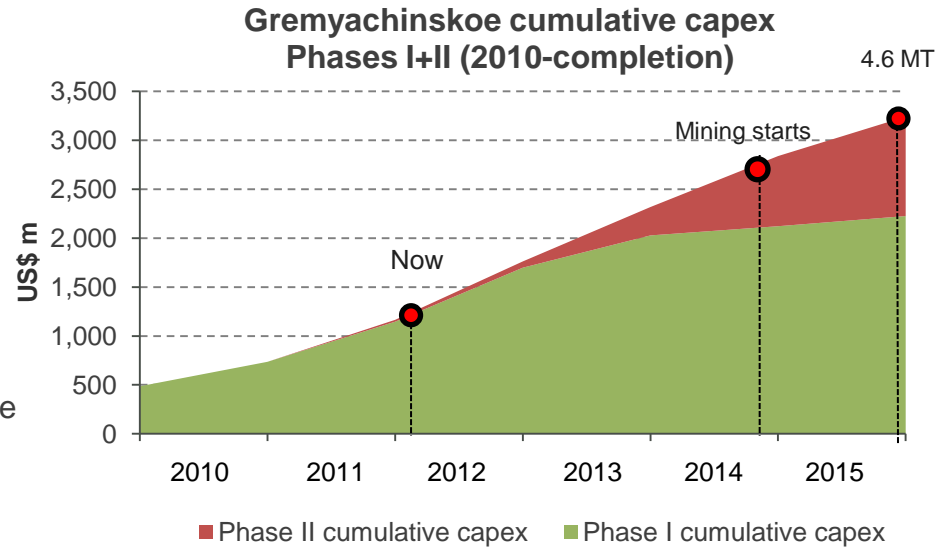


*Revenue and sales volumes include sales to other segments

Potash Segment

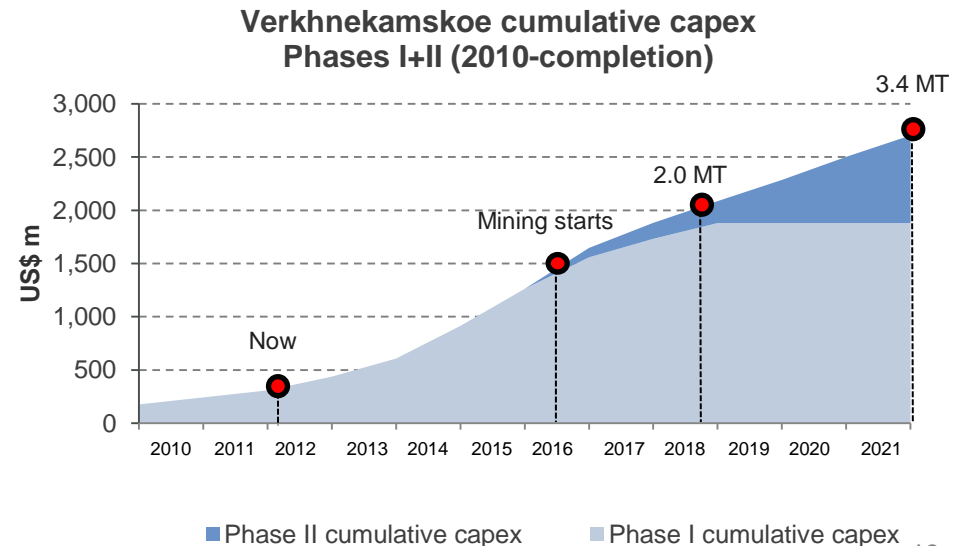
Volgograd Region (Gremyachinskoe deposit)

- **Phase I:** capacity of 2.3 MT p.a., involves the construction of social infrastructure, cage shaft, skip shaft #1 and processing facility.
- **Phase II:** capacity doubled to 4.6 MT p.a., involves the construction of skip shaft #2 and expansion of processing facility.
- **Current status (08-02-12):** -455m at skip shaft #1, -100m at cage shaft (currently prepared for freezing), -40m at skip shaft #2.

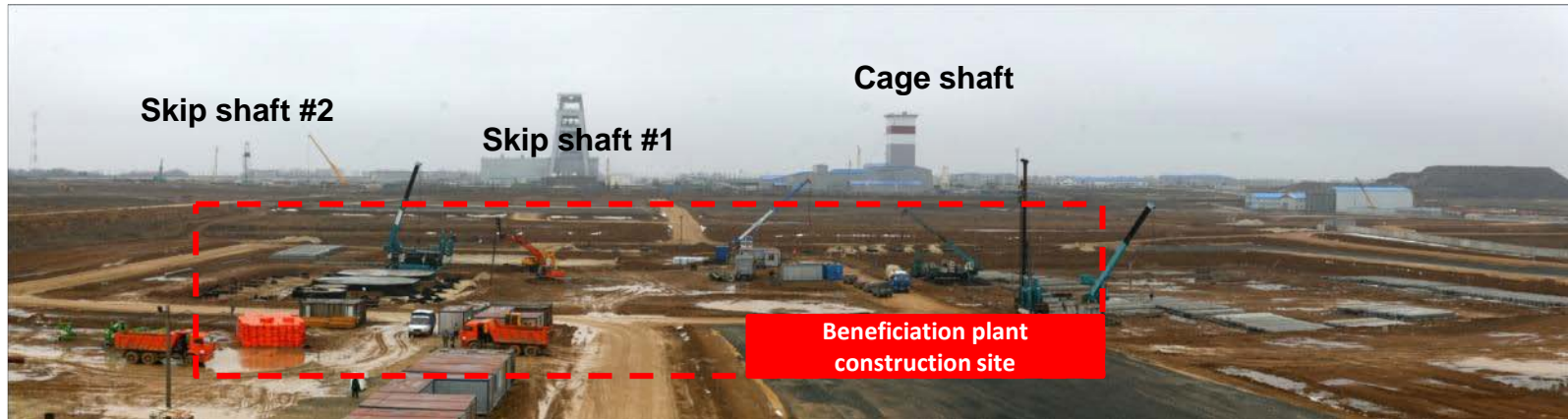


Perm Region (Verkhnekamskoe deposit)

- **Phase I:** capacity of 2.0 MT p.a., involves the construction of social infrastructure, cage shaft, skip shaft #1 and processing facility.
- **Phase II:** additional capacity of 1.4 MT p.a., involves the construction of skip shaft #2 and expansion of processing facility.
- **Current status (08-02-12):** Active shaft sinking began on 15 December 2011, skip shaft #1 at -84m.



Potash in Pictures : Gremyachinskoe deposit (Volgograd)



Potash in Pictures : Verkhnekamskoe deposit (Perm)



Outlook

- Global stock-to-use ratios in major grains remain below their long-term averages and supportive of soft commodity prices
- Cautious buying to prevail ahead of planting season
- Globally, shifts within the Chinese fertilizer space have so far appeared to mitigate the effects of capacity additions in other regions
- Phosphates will remain under pressure; however, high raw material prices should keep MAP/DAP prices more or less stable
- Restocking activity has helped iron ore prices recover but a possible correction up ahead should not be ruled out. In the near-term, prices should stabilize in the USD 140-150/tonne (China CFR) range

Thank you

For more information please visit
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