



EUROCHEM
MINERAL AND CHEMICAL COMPANY

EuroChem 2012 IFRS Results Conference Call

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Severneft-Urengoy



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Summary

2012 Group Performance

Nitrogen Segment

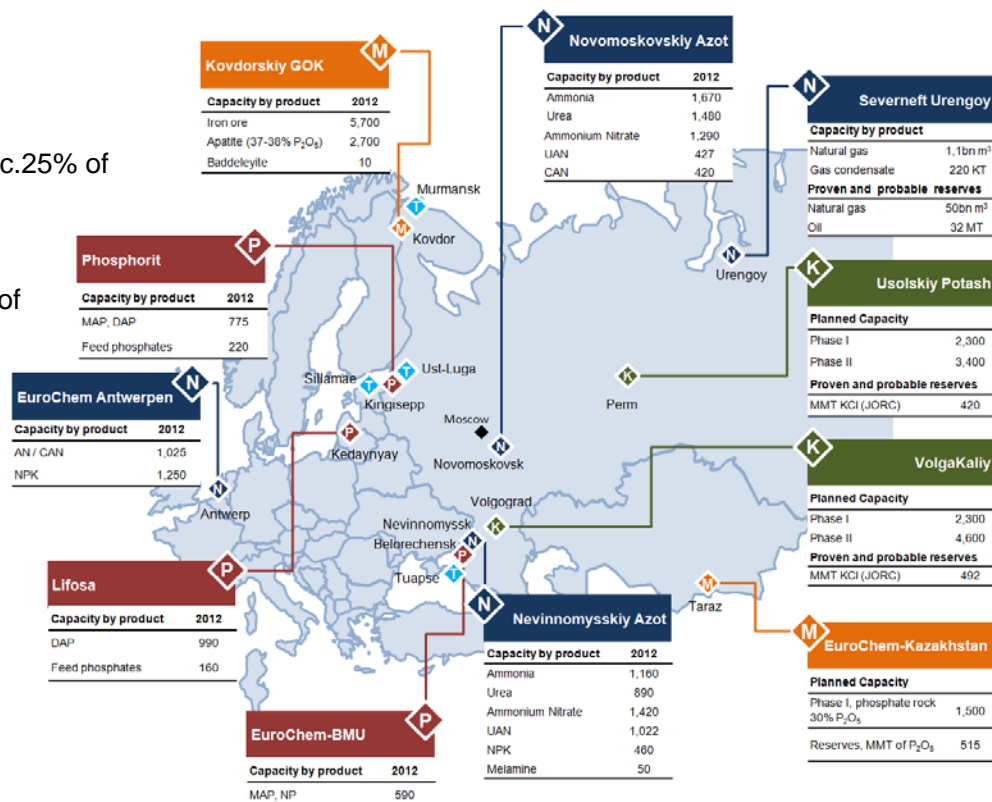
Phosphates Segment

Potash Segment



- **3 Nitrogen plants** (2 in Russia, 1 in Europe) - 2.7 MMT⁽¹⁾ of ammonia and c.10 MMT of fertilizer product capacity
- **3 Phosphate plants** (2 in Russia and 1 in Lithuania) - 2.0 MMT of MAP/DAP
- **Vertical integration:** own raw materials, port terminals, rail stock, construction/repair works, 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 64%)
- **Logistics** in Russia - 3 port facilities, Panamax /Handymax vessels, and own rail facilities (c. 7,000 rail stock; 45 locomotives); Ex Russia - K+S Nitrogen platform
- **Construction of own Potash (K) capacity** is 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
- **FY 2012 revenues USD 5.4bn; EBITDA USD 1.6bn**
FY 2011 revenues USD 4.5bn; EBITDA USD 1.7bn

Vertically integrated production



⁽¹⁾MMT : million metric tonnes

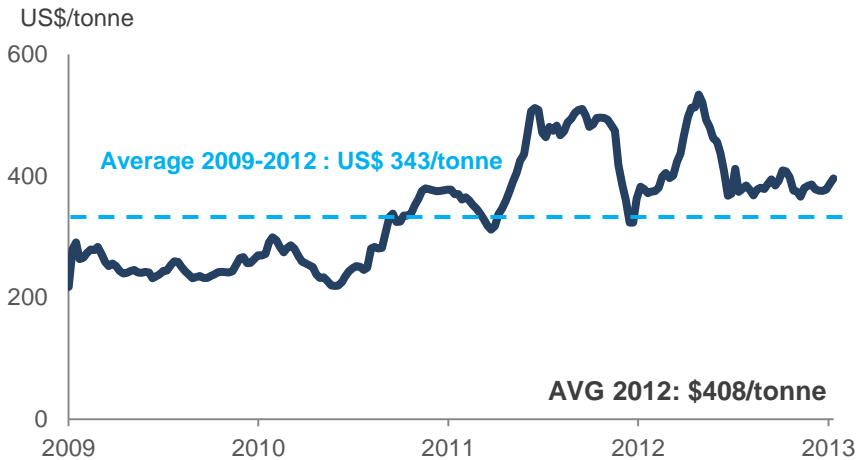
⁽²⁾MER : minor element ratio

Summary

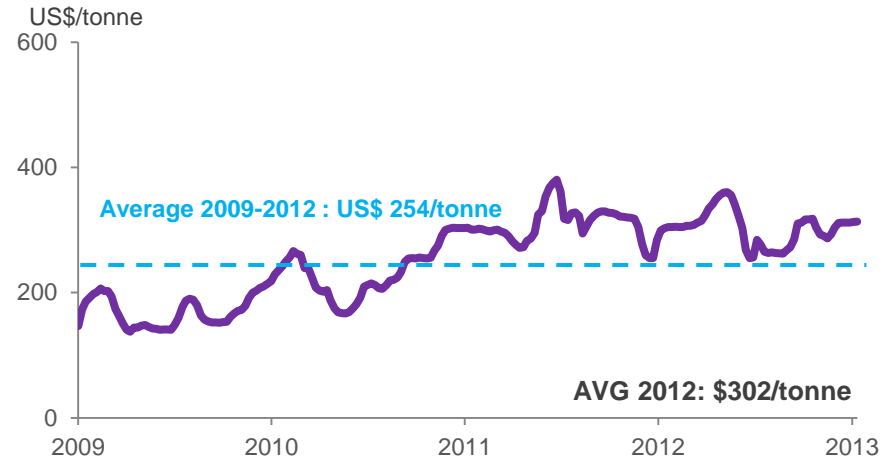
Positive pricing trends for key fertilizer products



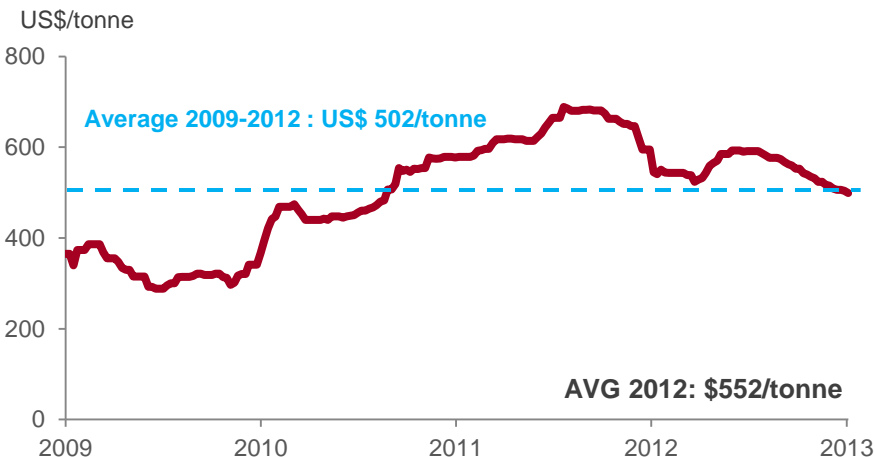
Urea (prilled, FOB Yuzhny)



Ammonium Nitrate (FOB Black Sea)



MAP/DAP (FOB Baltic)



2012 Market drivers & events

- Strong farmer economics and favorable spring weather drive record acreage across the Americas... followed by the worst drought in over 50 years in the U.S.
- South American market continues to expand in total acreage
- Record exports from China
- Capacity curtailments and delays throughout the year in N and P
- Indian subsidy system and currency devaluation as well as high inventory levels in potash and phosphates remain key pressure points within the fertilizer sector

¹CAGR between average annual prices, from 2009 to 2013YTD.



Shareholding structure and influence

- Best-in-class approach to corporate governance
 - Management develops and executes strategy
 - Board of Directors performs overall oversight
- Board composition: 4 out of 8 are independent non-executive directors (INED) with long standing reputation and experience
- Three Board committees; all chaired by INED.
 - Audit
 - Strategy
 - Corporate Governance and Personnel

Commitment and accountability

- 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, audited by PwC.
- Annual reports issued since 2005, CSR reporting since 2005
- Financial statements and majority of corporate governance documents are publicly available on our award winning website

Board of Directors as at 31 December 2012



Andrey Melnichenko—Chairman of the Board of Directors

- Beneficiary of a 92% 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



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



Nikolay Pilipenko—Member of the Audit Committee, Member of the Corporate Governance and Personnel Committee

- EuroChem CFO from 2006 to 2008
- Extensive international experience with trading and industrial companies
- Previously at ABB Group



Dmitry Strezhnev—Chairman of the Management Board

- EuroChem CEO since August 2003; 8% EuroChem ownership
- Co-founder and General Director of RusPromAvto, 1999-2003
- Previously worked as Head of Likinskiy Bus Manufacturing Plant



Richard Sheath (INED) —Chairman of Audit Committee, Member of Corporate Governance and Personnel Committee

- Prior to EuroChem, worked as risk management consulting partner with PwC
- Began professional career with the Bank of England and the Ministry of Finance



Vladimir Stolin (INED) —Chairman of Corporate Governance and Personnel Committee

- Author of various scientific works on management and corporate behavior
- Previously held professorship at university level and worked as a consultant at RHR International



Keith Jackson (INED) —Member of the Audit Committee, Member of the Strategy Committee

- 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



Andrea Wine (INED) —Member of the Corporate Governance and Personnel Committee

- CEO and Managing Partner of Tevel Global Ltd., advisers and capital raisers in international markets for early- stage Israeli technology companies.
- Extensive international experience across several geographies, including Russia and LatAm

Summary



Strategy : targeting a top 5 global position by size and profitability

Cost leadership

- ✓ Target full self-sufficiency in low-cost natural gas, phosphate rock and potash
- ✓ Build leading low-cost potash business
- ✓ Further cost efficiency through vertical integration in logistics

Broad value-added product range

- ✓ High-margin branded specialty fertilizer
- ✓ Expand higher-margin industrial products (melamine, LDAN)

Proximity to customers

- ✓ Maintain market share in growing Russia/CIS markets and strengthen distribution in Europe, US, Asia, and LatAm



Summary

2012 Group Performance

Nitrogen Segment

Phosphates Segment

Potash Segment

Group Performance

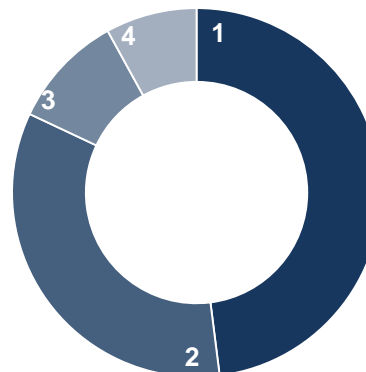
Performance Overview



Key Figures		2012	2011	Y-o-Y, %
Revenue	RUBm	166,478	131,298	+27%
excluding acquisitions ⁽¹⁾		137,709		+5%
Gross margin	%	41%	52%	-11 p.p.
excluding acquisitions		48%		-4 p.p.
EBITDA	RUBm	49,168	49,656	-1%
excluding acquisitions		46,045		-7%
EBITDA margin	%	30%	38%	-8 p.p.
excluding acquisitions		33%		-5 p.p.
Net profit	RUBm	32,569	32,031	+2%

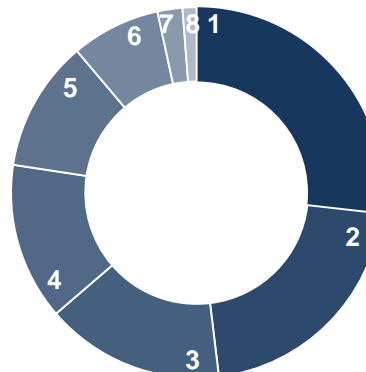
Sales volumes		2012	2011	Y-o-Y, %
Nitrogen	KMT	7,380	5,647	+31%
excluding acquisitions		5,950		+5%
Phosphate (excl. iron ore and baddeleyite)	KMT	2,455	2,387	+3%
Iron ore and baddeleyite	KMT	5,295	5,480	-3%

Sales² by segment (2012)



	2012 Share	Change to 2011 (PP)
1 Nitrogen	48%	+8
2 Phosphates	34%	-12
3 Distribution	10%	-1
4 Other	8%	+5

Sales by region (2012)



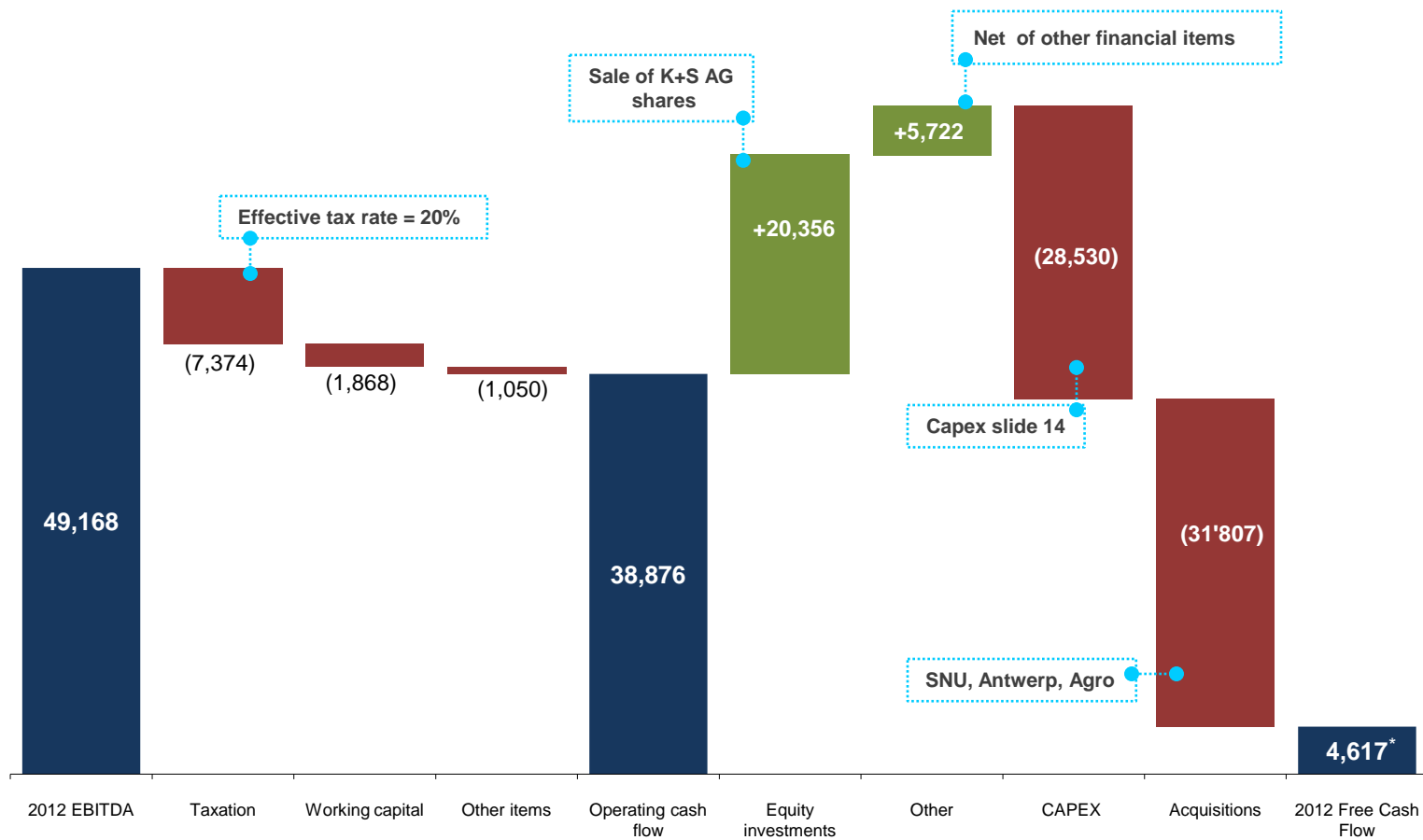
	2012 Share	Change to 2011 (PP)
1 Europe	27%	+13
2 Russia	21%	-3
3 Asia	16%	-7
4 Latin America	14%	-1
5 North America	11%	+3
6 CIS	8%	-4
7 Africa	2%	-1
8 Australasia	1%	-

⁽¹⁾Excluding EuroChem-Antwerpen and EuroChem-Agro;

⁽²⁾Revenue and sales volumes include sales to other segments;



2012 Free Cash Flow Reconciliation (RUBm)



*Excluding changes in fixed-term deposits

Group Performance

Reconciliation of EBITDA to Net Profit



	2012	2011	
EBITDA (RUBm)	49,168	49,656	
Depreciation and amortisation	(8,087)	(4,483)	Development projects combined with the purchase and consolidation of new assets
Idle property, plant and equipment write-off	(146)	(57)	
Write-off of portion of Gremyachinskoe assets	(3,686)	-	VolgaKaliy cementation sinking contract
Gains on available-for-sale investments	568	914	Sale of K+S shares
Financial fx gain/(loss) - net	4,315	(3,804)	RUB/USD volatility
Interest expense	(4,293)	(3,123)	Increase in debt (net debt/EBITDA 1.53x)
Other financial income - net	2,466	994	Re-evaluation of forward contracts
Non-controlling interest	(7)	3	
Income tax expense	(7,729)	(8,069)	
Net profit (RUBm)	32,569	32,031	

Group Performance

Cost Structure and Evolution



(RUBm)	2012	2012 (ex acquisitions) ⁽¹⁾	2011	Y-o-Y, %	Y-o-Y, % (ex acquisitions) ⁽¹⁾
Cost of sales					
Natural gas	14,663	14,663	13,619	8%	8%
P2O5, KCL, Sulphur (incl. apatite transportation costs)	18,230	13,349	11,825	54%	13%
Ammonia, S- and P- acids, other raw materials	14,446	4,881	4,566	216%	7%
Chemical materials (reagents, catalysts, sorbents, etc)	1,694	1,655	1,570	8%	5%
Other materials and goods for resale	15,518	8,458	9,020	72%	-6%
Labour	9,842	8,812	8,064	22%	9%
Energy	6,983	6,637	6,694	4%	-1%
Utilities and fuel	4,407	4,124	3,618	22%	14%
Depreciation and amortisation	6,467	4,798	3,656	77%	31%
Change in WIP / finished goods	(1,372)	(573)	(2,850)	52%	-80%
Other	6,890	4,971	3,858	79%	29%
Total cost of sales	97,768	71,775	63,641	54%	13%
Distribution costs					
Transportation	18,114	16,261	15,838	14%	3%
Labour	1,820	1,274	1,078	69%	18%
Other	3,357	2,446	2,036	65%	20%
Total distribution costs	23,291	19,981	18,952	23%	5%
G&A expenses					
Labour	2,720	2,551	2,436	12%	5%
Other	2,879	2,368	2,217	30%	7%
Total G&A expenses	5,599	4,919	4,653	20%	6%
Total	126,655	96,675	87,246	45%	11%
Including Total Labour Expenses	14,381	12,637	11,577	24%	9%

Increased materials consumption on higher production volumes and consolidation of non-integrated capacity

Consolidation of new assets

Fuel: diesel purchases for EuroChem cargo ships

Shift to CFR delivery terms

Salary indexation and employee intake for potash + acquisitions

⁽¹⁾ EuroChem-Antwerpen and EuroChem-Agro

Group Performance

Debt



Key debt metrics, RUBm

2012	RUB	Original currency
Club loan facility (PXF)	39,121	USD 1,300
2017 Eurobonds	22,620	USD 750
Bank loans	23,394	USD 94.1
		EUR 15
Ruble bonds	9,970	
ECA-backed facilities	3,859	USD 109.5
		EUR 35.9

Gross debt **98,964**

Less: cash and cash equivalents⁽¹⁾ and fixed-term deposits 19,521

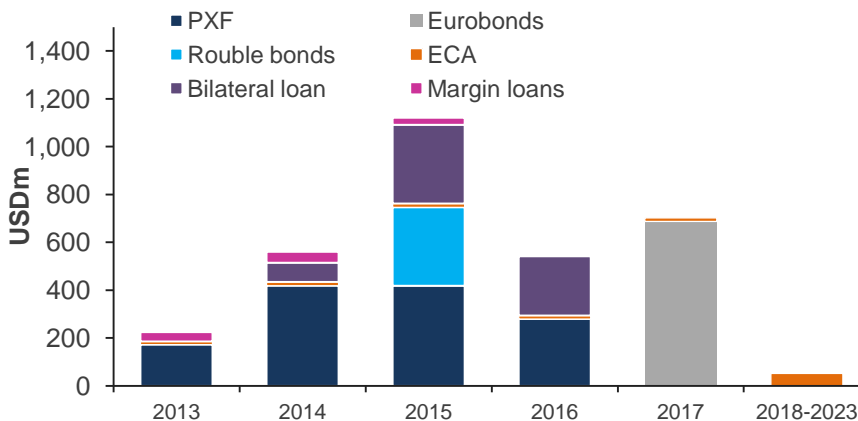
Net debt **79,443**

Net debt / LTM EBITDA : 1.53x⁽²⁾

Comments

- Debt / LTM EBITDA : 1.53x
- Weighted average cost of debt in dollar terms : ca 2.5%
- Comfortable debt structure and maturity profile, remote refinancing risk
- December 2012: 5-yr \$750m @5.125% 144A Eurobonds issue

Debt maturity profile, US\$m

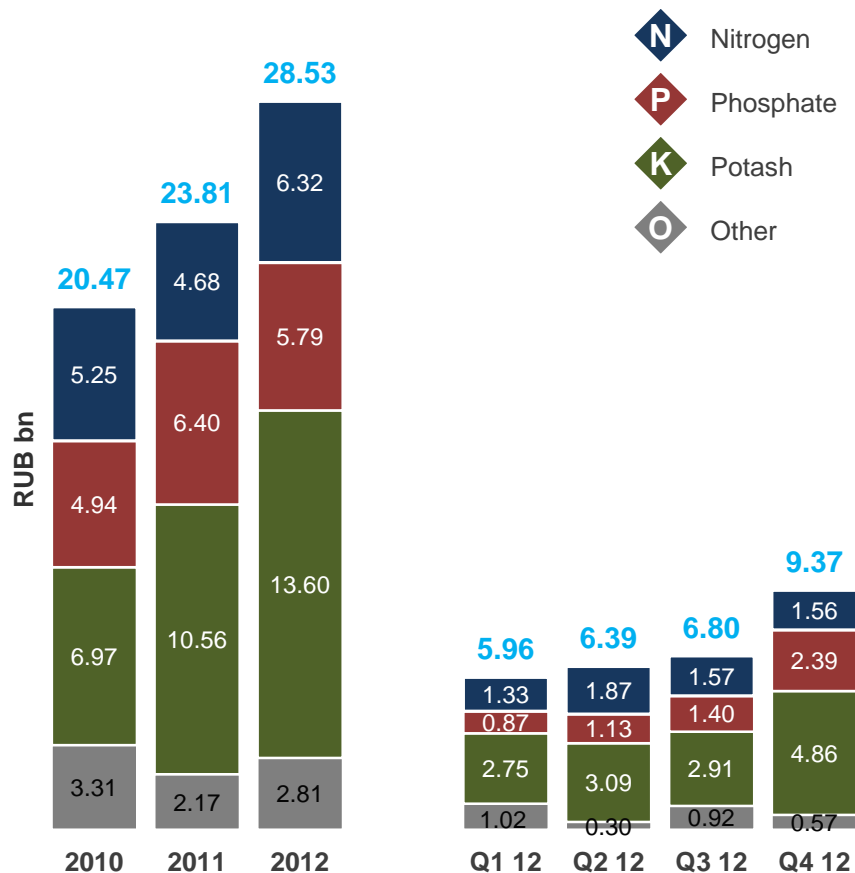


⁽¹⁾Including current portion of restricted cash

⁽²⁾Including estimated EBITDA for EuroChem Antwerpen and EuroChem Agro for the period prior to their respective acquisition

Group Performance

Capital expenditure



Main Projects

- N**
 - Melamine at Nevinnomysskiy (launched Q2 12)
 - Urea revamp at Nevinnomysskiy
 - Granulated urea at Novomoskovskiy
 - Environmental monitoring stations and wastewater treatment programs at Russian N facilities
 - Revamp/upgrade of plants to increase efficiency
- P**
 - Rebuild sulphuric acid production with capacity increase by 720 KMTp.a.
 - Reconstruction of phosphate acid production with capacity increase to 300 KMTp.a.
 - Upgrade of Kovdorskiy wastewater treatment facility
 - Revamp/upgrade of P facilities to improve efficiency
- K**
 - Shaft sinking at the Gremyachinskoe and Verkhnekamskoe deposits
 - Start of beneficiation plant construction at Gremyachinskoe
- O**
 - Tuapse
 - Murmansk Port

Summary

2012 Group Performance

Nitrogen Segment

Phosphates Segment

Potash Segment

Nitrogen

Vertically integrated producer



Novomoskovskiy Azot

Capacity by product

Ammonia	1,670
Urea	1,480
Ammonium Nitrate	1,290
UAN	427
CAN	420

EuroChem Antwerpen

Capacity by product

NPK	1,250
AN / CAN	1,025

Severneft Urengoy

Capacity by product

Natural gas	1,1bn m ³
Gas condensate	220 KT

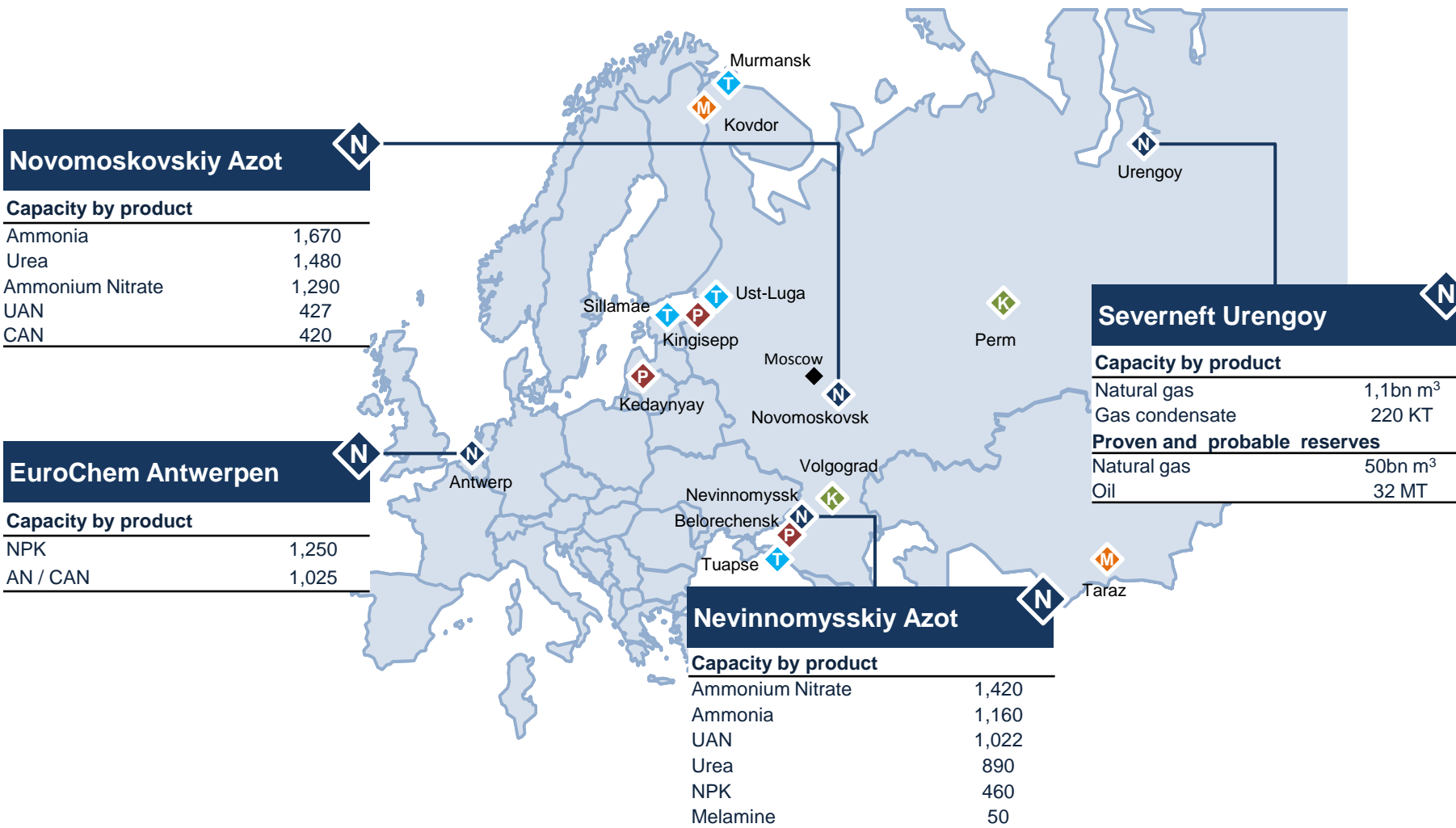
Proven and probable reserves

Natural gas	50bn m ³
Oil	32 MT

Nevinnomysskiy Azot

Capacity by product

Ammonium Nitrate	1,420
Ammonia	1,160
UAN	1,022
Urea	890
NPK	460
Melamine	50



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

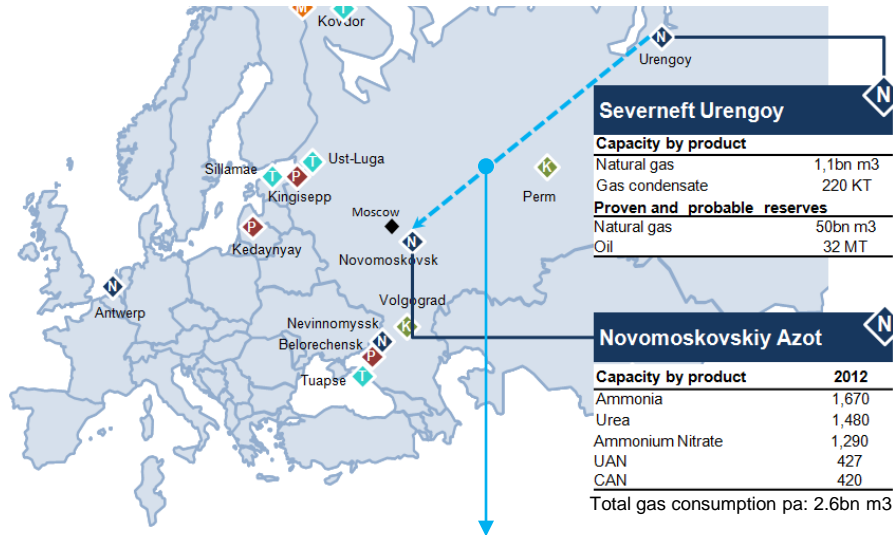
Nitrogen

First nitrogen producer to back integrate into natural gas





Severnft-Urengoy (SNU) / Novomoskovskiy



Agreement with Gazprom on gas transportation from SNU to Novomoskovskiy Azot (NAK) was reached in 2012

Principles applied to gas assets by EuroChem

- Upstream part of Nitrogen; not a separate business
- Same gas pricing assumptions applied to Nitrogen and Gas internally

Total sales (incl. NAK)	2012	Q1	Q2	Q3	Q4
Natural gas (mcm)	654	156	166	158	174
Gas condensate (kmt)	112	26	28	27	30

Cost benefits

- Current gas cost at Novomoskovskiy: \$3.43 /mmBtu***
- Could rise to over \$4.5 /mmBtu by 2016

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

	(per mmBtu)
Cost of gas at the well:	\$1.25
+ mineral resource extraction taxes:	\$1.01**
+ transportation cost to Novomoskovskiy:	\$1.31
- revenue from gas condensate:	(\$2.02)

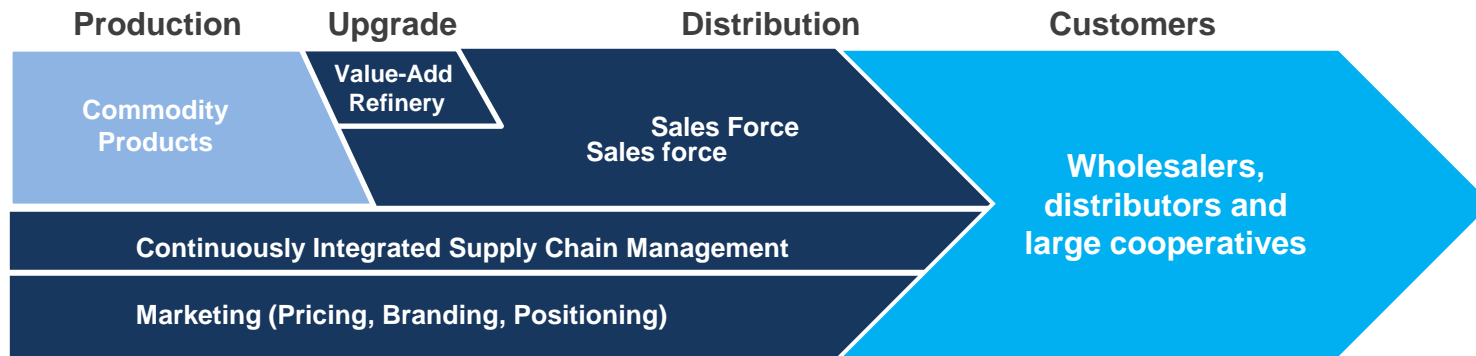
Delivered cost to Novomoskovskiy: \$1.55

Long-term goals

- Seek to fully cover the needs of Nitrogen production through own gas production or long-term contracts with attractive pricing
- Ability to secure 5-10bn m³ per year of in-house natural gas capacity is being explored

* RUB 3,432 per 1000m³ average at Novomoskovskiy Azot for 2012 (2012 average RUB/USD exchange rate 2012: 31.09)

** Includes announced mineral resources extraction tax (MET) increase to RUB1,049/1,000m³ from 2015 (calculated using USD/RUB 32.0; 1,000m³ to mmBtu conversion: 32.34)



EuroChem Antwerpen

- Production facilities
- Raw material purchase
- Ownership of materials located on production site
- Refining of value-added products
- Steps from warehousing to loading and transhipment

EuroChem Agro

- Production management and controlling
- Deep insight into production and flow processes
- Flexible control of production and product portfolio
- Underlying know-how and sales planning
- Owner of critical licenses
- Global distribution platform



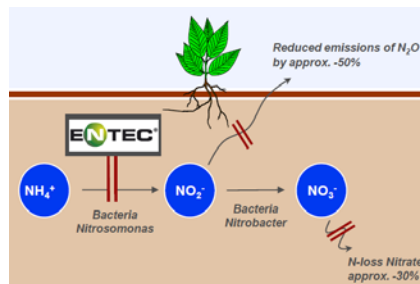
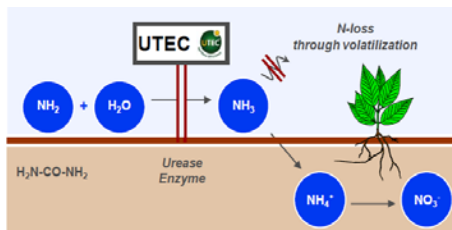


Innovative proprietary products



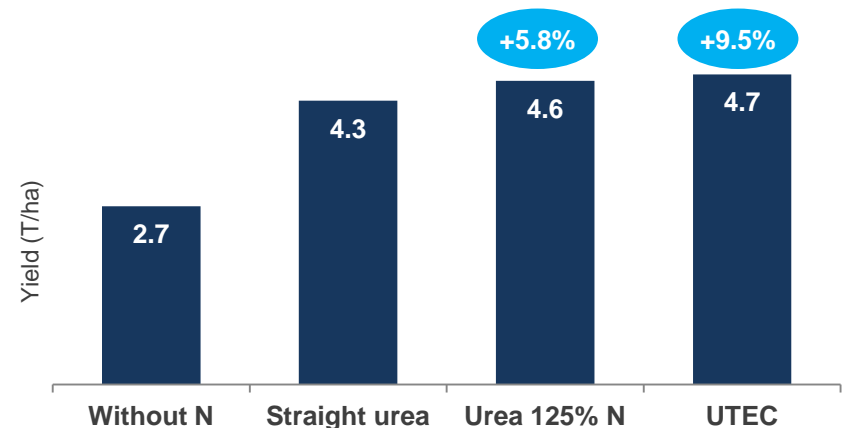
ENTEC : ensuring higher quality and yields while improving labour economics

- Significantly higher yields due to less nitrogen leaching
- Product quality improvement (lower nitrate level, higher vitamin C)
- Stabilization provides balanced nitrogen supply and longer availability, resulting in
- Fewer application cycles



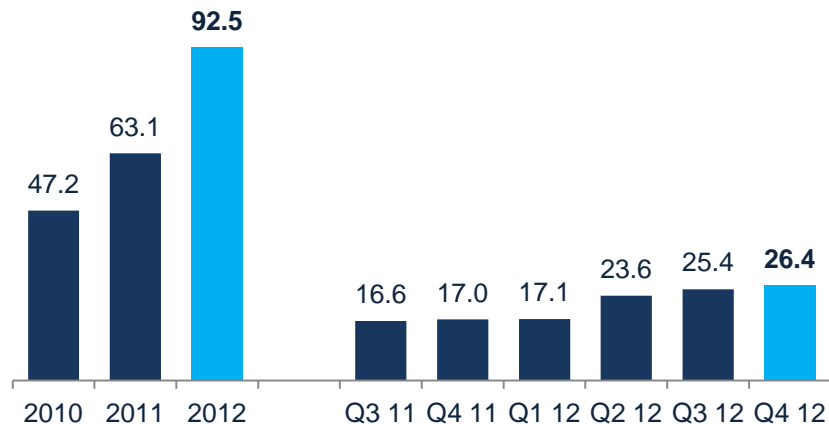
Culture	Conventional yield	ENTEC [®] yield	Yield gains (%)
Field salad	60.5	90.4	+49.4%
Summer barley	43.1	52.7	+22.3%
Asparagus	6.6	7.8	+18.2%
Lettuce	454.0	489.0	+7.7%
Potatoes	435.0	465.0	+6.9%
Winter rapeseed	42.7	45.4	+6.3%
Winter wheat	82.8	85.9	+3.7%

Urea yield gains from UTEC[®]

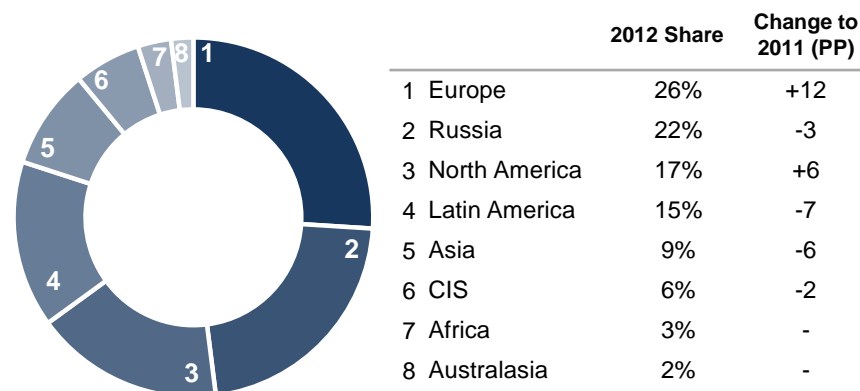




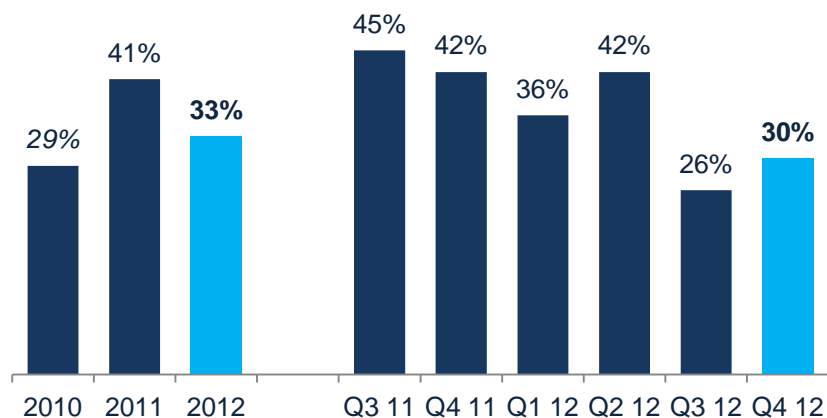
Revenue¹, RUBbn



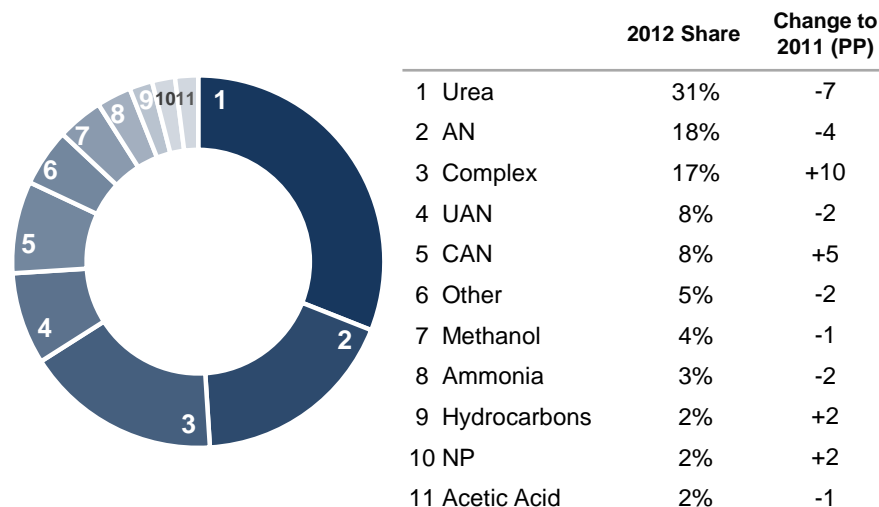
Sales¹ by region (2012)



EBITDA margin



Sales¹ by product (2012)



⁽¹⁾Revenue and sales volumes include sales to other segments

Nitrogen includes organic synthesis products and hydrocarbons, as well as EuroChem Antwerpen and EuroChem Agro operations.

Summary

2012 Group Performance

Nitrogen Segment

Phosphates Segment

Potash Segment

Phosphate

Targeting self-sufficiency



Phosphorit

Capacity by product	2012
MAP, DAP	775
Feed phosphates	220

Lifosa

Capacity by product	2012
DAP	990
Feed phosphates	160

EuroChem-BMU

Capacity by product	2012
MAP, NP	590

Kovdorskiy GOK

Capacity by product	2012
Iron ore	5,700
Apatite (37-38% P ₂ O ₅)	2,700
Baddeleyite	10

EuroChem-Kazakhstan

Planned Capacity	
Phase I, phosphate rock 30% P ₂ O ₅ (2014-15)	1,500
Reserves, MMT of P ₂ O ₅	515

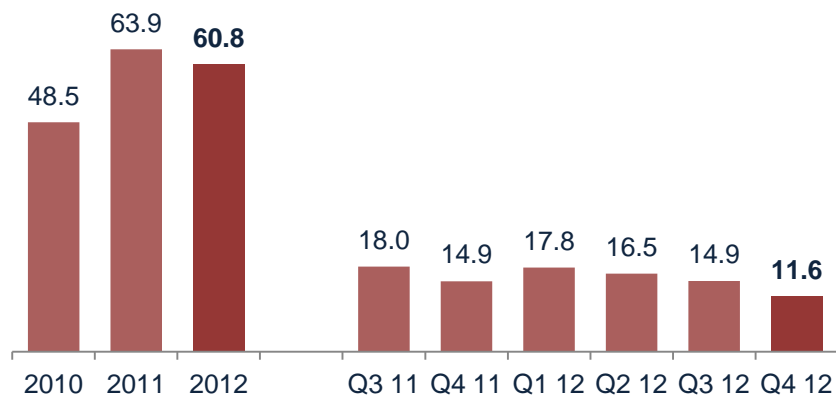


Port terminals

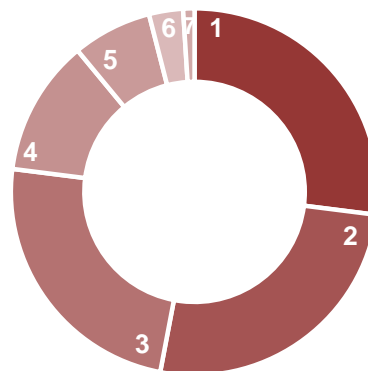
All capacity volumes are expressed in thousands of tonnes, except where otherwise specified



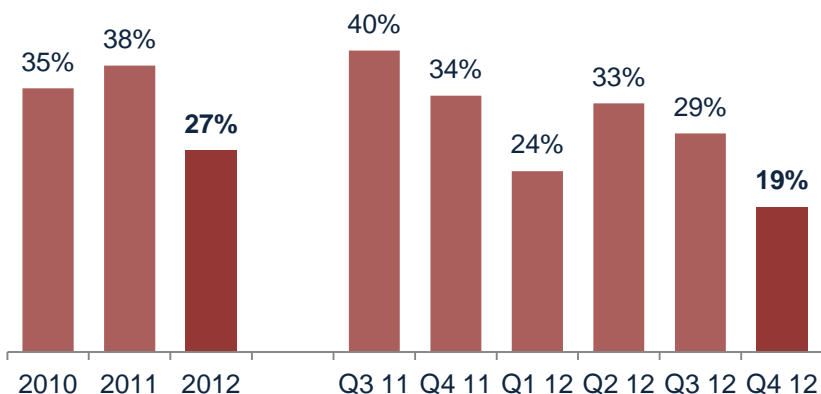
Revenue, RUBbn



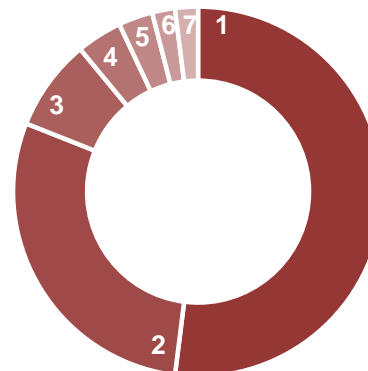
Sales¹ by region (2012)



EBITDA margin



Sales¹ by product (2012)



¹Revenue and sales volumes include sales to other segments
The phosphate segment includes iron ore and baddeleyite (co-products of apatite production)

Summary

2012 Group Performance

Nitrogen Segment

Phosphates Segment

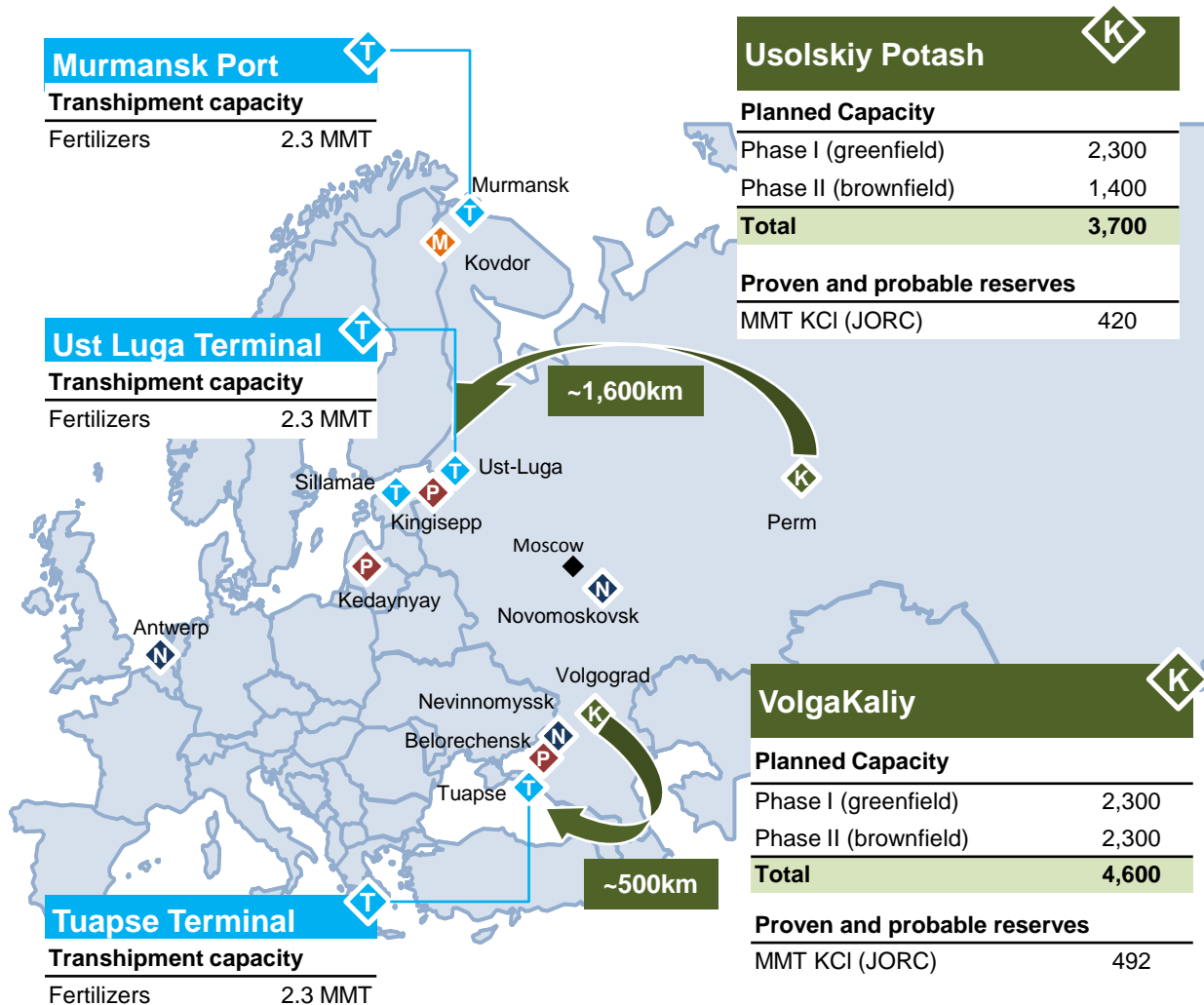
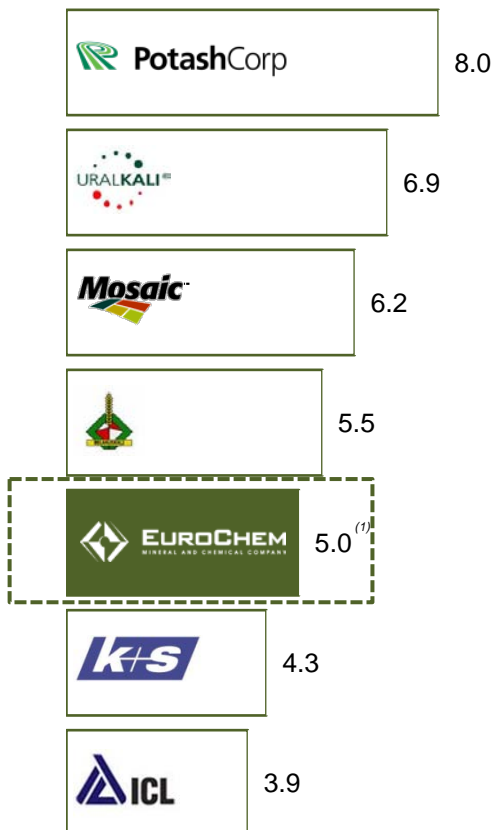
Potash Segment

Potash

Favorable positioning



2012 global potash capacity (MMT, K₂O)



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

⁽¹⁾Post completion of both projects



Development

Phase I

- Capacity of **2.3 MMT** p.a., involves the construction of social infrastructure, cage shaft (C), skip shaft #1 (S1) and processing facility.
- Total investments: **USD 2,415m**

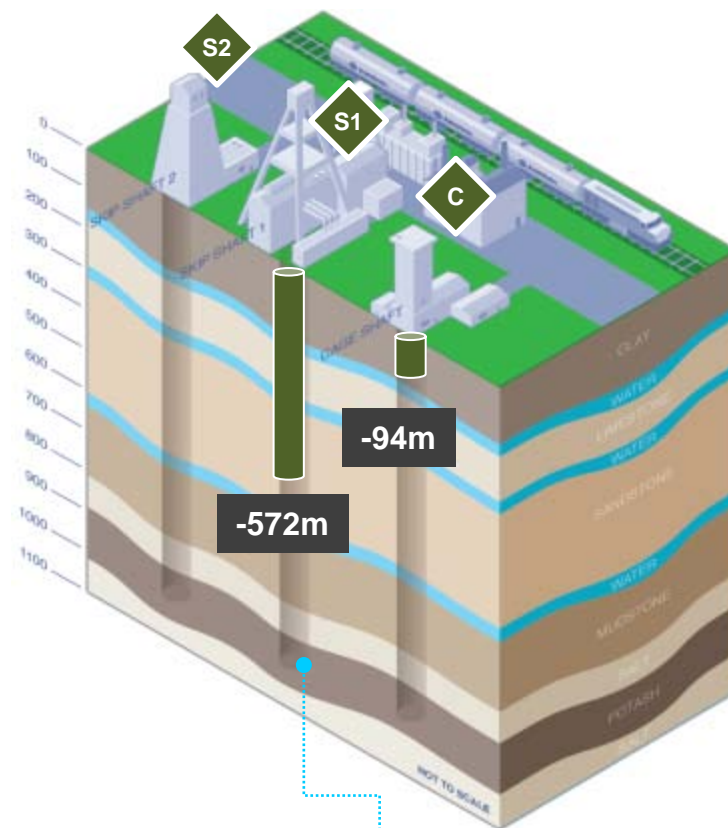
Phase II:

- Additional capacity of **2.3 MMT** p.a., involves the construction of skip shaft (S2) and expansion of processing facility.
- Total investments: **USD 1,368m**

2013 developments

- Continuation of skip shaft #1 sinking
- Restart of cage shaft sinking
- Start of pre-sink operations at skip shaft #2, including construction of headgear
- Construction of surface infrastructure, including potash mill

Status (7-FEB-13)



- JORC proven and probable reserves: **492 MMT (39.5% KCl content)**
- JORC useful life of mine: **58 years**



Development

Phase I

- Capacity of **2.3 MMT** p.a., involves the construction of social infrastructure, cage shaft (C), skip shaft #1 (S1) and processing facility.
- Total investments: **USD 2,129m**

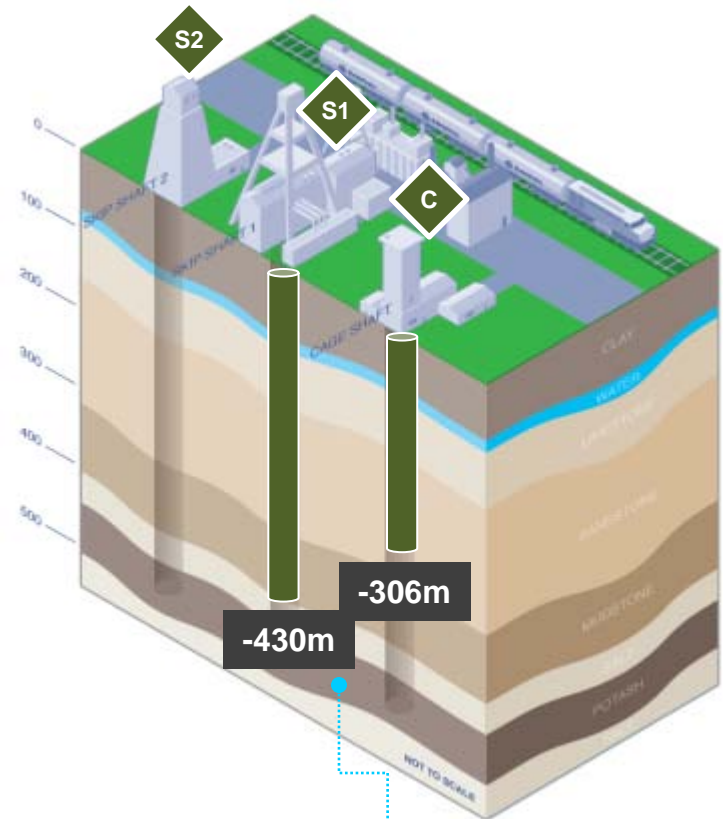
Phase II:

- Additional capacity of **1.4 MMT** p.a., involves the construction of skip shaft (S2) and expansion of processing facility.
- Total investments: **USD 721m**

2013 developments

- Start of excavation of haulage sections, filling stations and sumps
- Construction of ventilation shafts
- Ground leveling
- Development of project documentation and detailed engineering for potash mill

Status (7-FEB-13)



- JORC proven and probable reserves: **420 MMT (30.8% KCl content)**
- JORC useful life of mine: **37 years**



Markets

- Farmer economics and cash positions remain robust
- Export supply cutbacks supporting ammonia prices well above their traditional off-season lows
- Nitrogen market expected to remain fairly tight in the run-up to what is expected to be another record spring planting in North America and other key nitrogen markets
- Phosphate market remains range-bound over the next quarter on inventory concerns
- Recent recovery in iron ore prices seen eroding as Chinese restocking activity ends
- Increasingly unpredictable weather remains a major disruptive risk

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- Further benefits from consolidation of 2012 acquisitions expected over the next quarters
- Increasing share of specialty vs. commodity products in mix
- Growing captive natural gas intake on Severnft Urengoy production ramp-up.
- Phosphate rock mining in Kazakhstan expected to start 2013; fully self-sufficient in terms of P_2O_5 from 2015 onwards

Q&A

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

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