



EUROCHEM
MINERAL AND CHEMICAL COMPANY

EuroChem 1H 2013 IFRS results conference call

Thursday, August 15, 2013

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1H 2013 Group Performance Summary

Nitrogen Segment

Phosphate Segment

Potash Segment

Appendix

Market Background

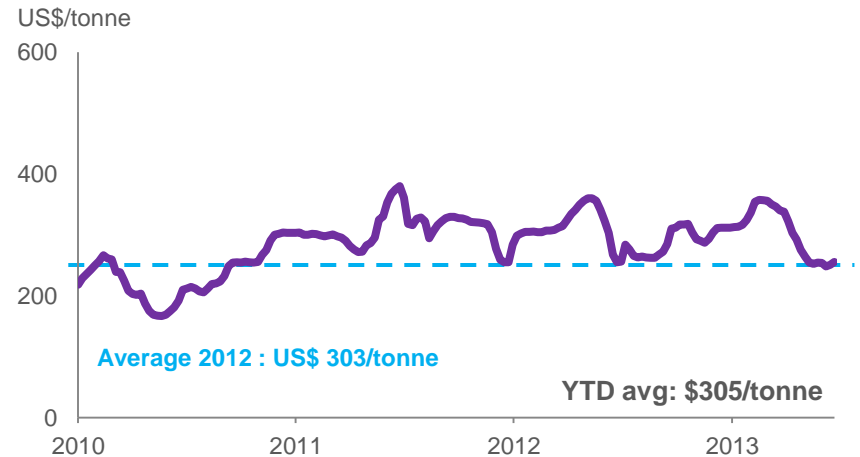
Prices pressured by crops



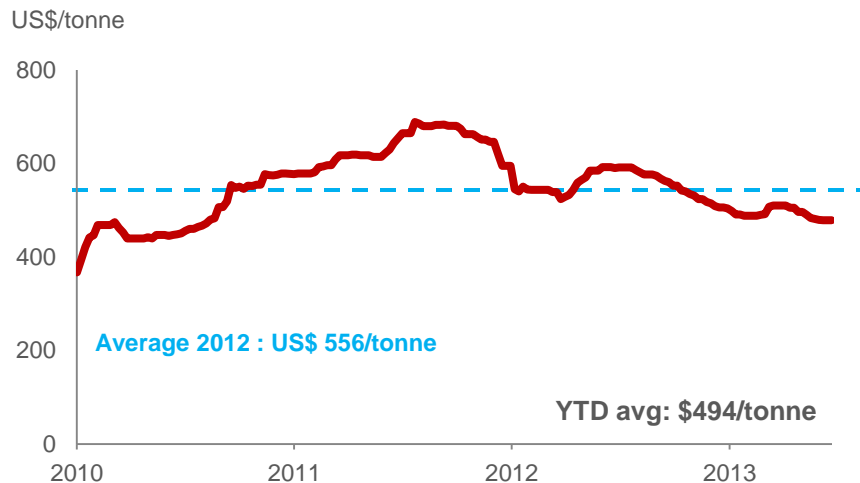
Urea (prilled, FOB Yuzhny)



Ammonium Nitrate (FOB Yuzhny)



MAP/DAP (FOB Baltic)

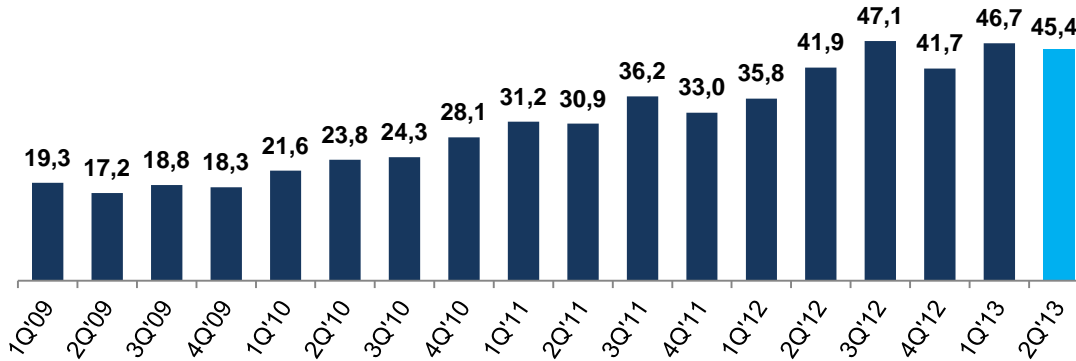


Latest market drivers & events

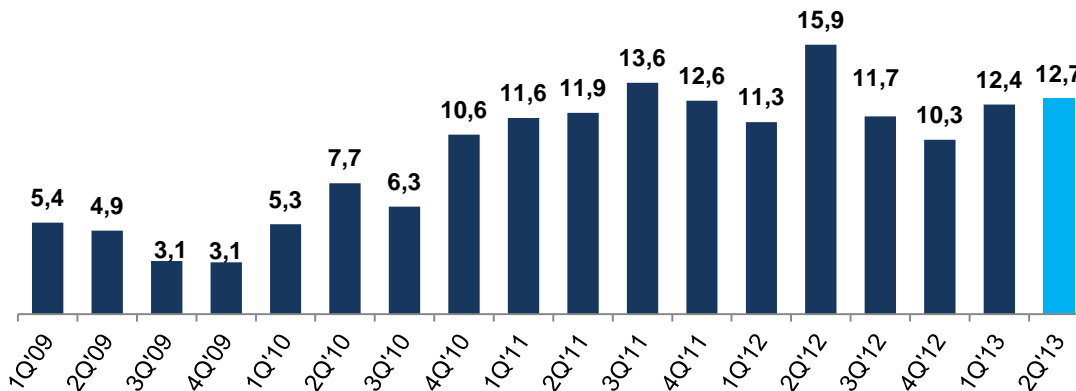
- Soft commodity prices pressured by expectations of record crop:
YTD (08/08/13): Corn -32%, Wheat -14%, Soybeans -6%, Rice 5%
- Significant urea export volumes expected from China on the back of revised lower-tax window parameters as well as depressed coal prices (2012 :7 MMT / E2013: 8-10 MMT)
- Demand remains troubled by Indian subsidy system and currency slide; rupee at all time lows
- Recent turmoil in potash only adding to market uncertainty
- Bright spots remain - continued growth in acreage across South American and CIS markets



Revenue evolution (RUBbn)

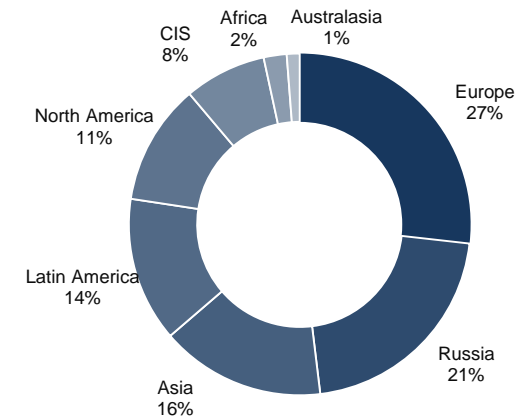


EBITDA evolution (RUBbn)



- Growth over past years was driven by price recovery, organic investments in N and P and strategic acquisitions
- Last 12 months' Revenues of **RUB 181bn (USD 5.8bn)**, up on FY 2012 revenues of RUB 166bn (USD 5.3bn)
- Last 12 months' EBITDA of **RUB 47bn (USD 1.5bn)**, slightly down on FY 2012 (RUB 49bn, or USD 1.6bn)

2012 Sales



Group Performance

Performance Overview



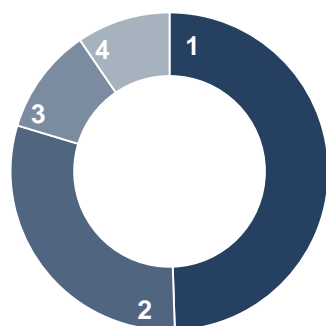
Sales volumes ¹		1H 2013	1H 2012	Y-o-Y, %
Nitrogen	KMT	4,104	3,388	+21%
Phosphate (excl. iron ore and baddeleyite)	KMT	1,255	1,382	-9%
Iron ore and baddeleyite	KMT	2,699	2,791	-3%

Q2 2013	Q2 2012	Y-o-Y, %
2,049	1,863	+10%
550	643	-14%
1,484	1,401	+6%

Mostly on EuroChem Agro consolidation

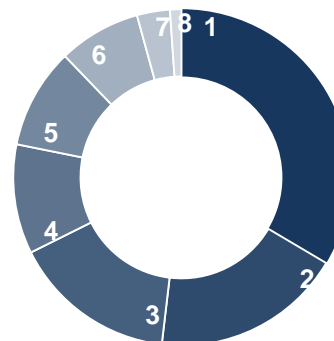
Mostly demand-driven

Sales by segment (1H 2013)



	1H 2013 Share	YoY Change (PP)
1 Phosphates	49%	+4
2 Nitrogen	30%	-11
3 Other	11%	+8
4 Distribution	10%	-1

Sales by region (1H 2013)



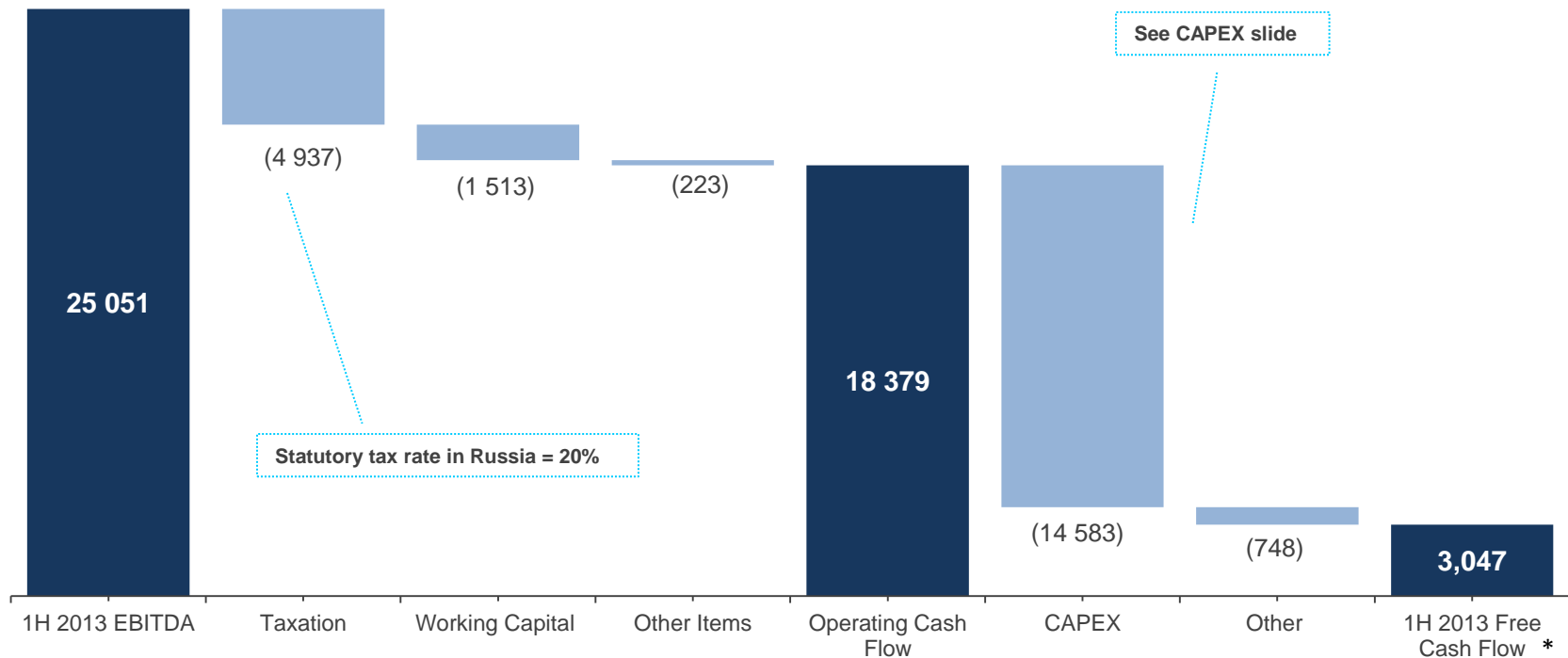
	1H 2013 Share	YoY Change (PP)
1 Europe	34%	+13
2 Russia	18%	-6
3 Asia	16%	-1
4 North America	10%	-
5 Latin America	10%	-6
6 CIS ⁽²⁾	8%	-1
7 Africa	3%	+1
8 Australasia	1%	-

⁽¹⁾Sales volumes include sales to other segments

⁽²⁾CIS excluding Russia



1H 2013 Free Cash Flow Reconciliation (RUBm)



*Excluding changes in fixed-term deposits

Group Performance

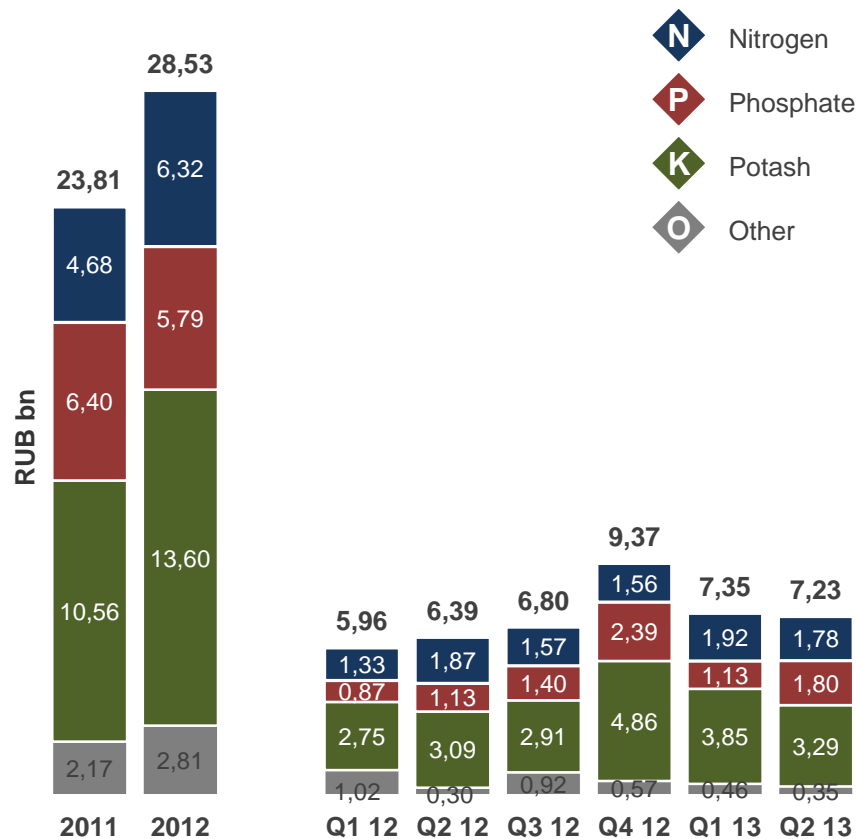
Reconciliation of EBITDA to Net Profit



	H1 2013	H1 2012	
EBITDA (RUBm)	25,051	27,216	
Depreciation and amortisation	(4,922)	(3,417)	Impact of EuroChem Antwerpen consolidation
Idle property, plant and equipment write-off	(40)	(128)	
Write-off of advances to construction company at the Gremyachinskoe potash deposit	-	(495)	VolgaKaliy cementation sinking contract
Gains on available-for-sale investments	-	568	Sale of K+S AG shares
Financial fx gain/(loss), net	(5,647)	(349)	
Interest expense	(2,474)	(2,126)	
Other financial income/(expense), net	(1,582)	(409)	Effects of RUB depreciation vs USD
Non-controlling interest	(3)	(3)	
Income tax expense	(3,731)	(4,170)	
Net profit (RUBm)	6,652	16,687	

Group Performance

Capital expenditure



Main Projects

- 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
- Sulphuric acid production capacity increase (720 KMTp.a.)
- Reconstruction of phosphate acid production with capacity increase to 300 KMTp.a.
- Upgrade of Kovdorskiy wastewater treatment facility
- Kazakhstan phosphate rock project
- Revamp/upgrade of P facilities to improve efficiency
- Shaft sinking, underground and surface works.
- Equipment, infrastructure and mill construction
- Expansion of distribution platform
- Murmansk Port

Maintenance CAPEX : ca. USD 150-200m per year

Group Performance

Conservative financial policy



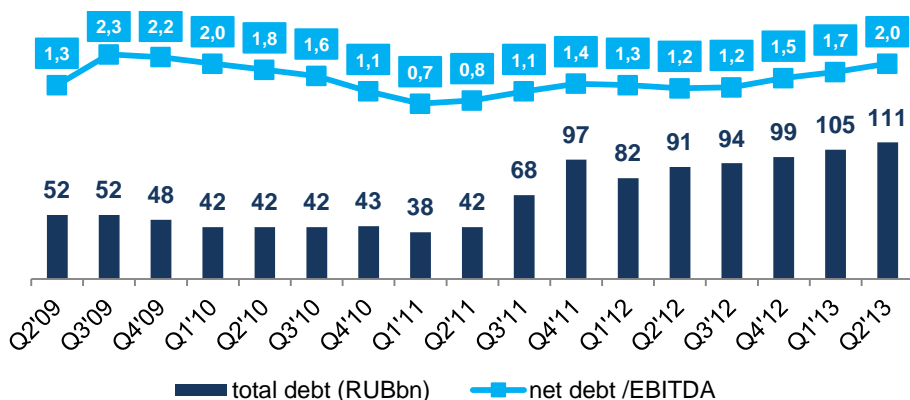
Key debt metrics, RUBm

As at 30 June 2013	RUB	Original currency
Club loan facility (PXF)	42,208	USD 1,300m
2017 Eurobonds	24,376	USD 750m
Bilateral loan	19,948	
Bank loans	10,909	USD 314m EUR 15 m
Rouble bonds	9,973	
ECA-backed facilities	4,023	USD 102.2m EUR 35.9m

Gross debt 111,437

Less: cash and cash equivalents⁽¹⁾ and
fixed-term deposits 17,955

Net debt 93,481

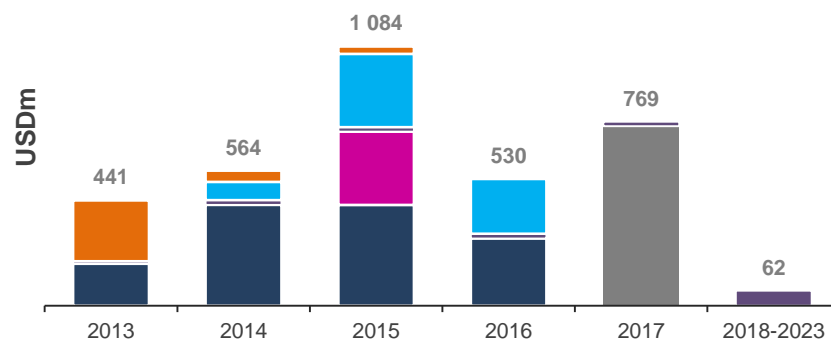


Comments

- 30 June 2013 - Net debt / LTM EBITDA² : **1.97x**
- Targeted across-the-cycle range of 1.5x-2.0x
- Weighted average cost of debt in dollar terms : ca 3.0%
- Comfortable debt structure and maturity profile, remote refinancing risk
- BB/stable ratings from Fitch and S&P

Debt maturity profile, US\$m

■ PXF ■ Eurobonds ■ Rouble bonds ■ ECA ■ Bilateral loan ■ Margin loans



(1) Including current portion of restricted cash

(2) Including pro-rata Murmansk Sea Trade Port net income

1H 2013 Group Performance Summary

Nitrogen Segment

Phosphate Segment

Potash Segment

Appendix

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 (c. 30 grades)	1,250
AN / CAN	1,025



Severneft Urengoy



Capacity by product

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

Proven and probable reserves

Natural gas	50bn m ³
Oil	32 MMT

Nevinnomysskiy Azot



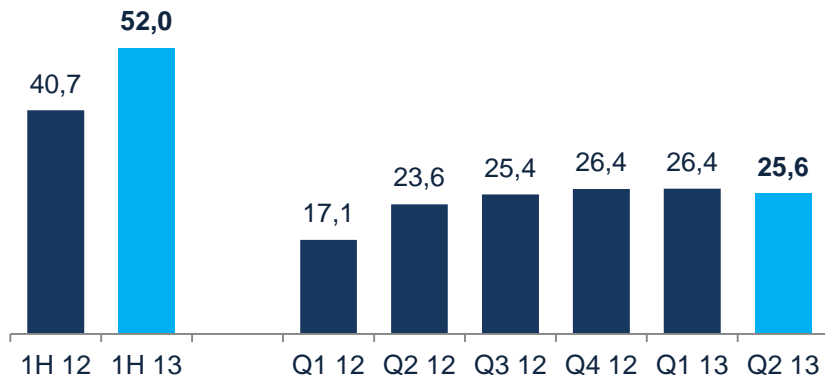
Capacity by product

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

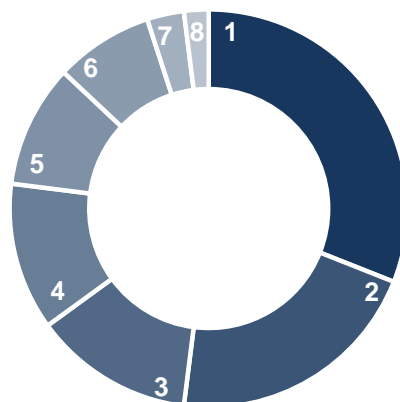
All capacity volumes are expressed in thousands of tonnes, except where otherwise specified



Revenue¹, RUBbn

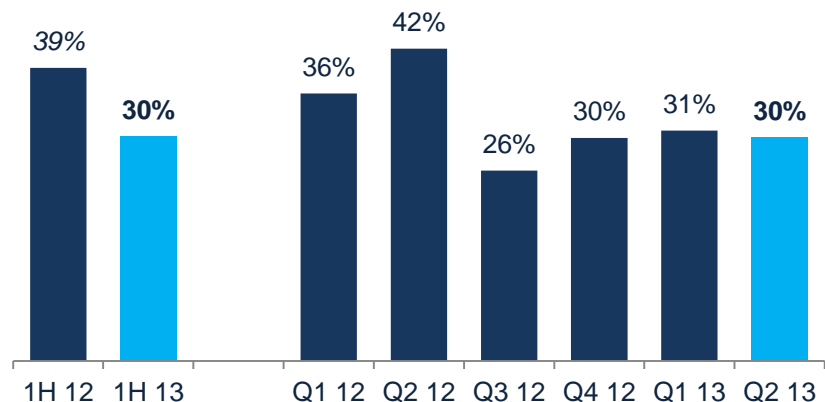


Sales¹ by region (1H 2013)

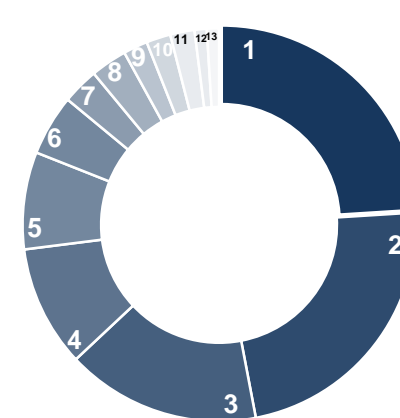


	1H 2013 Share (%)	Change to 1H 2012 (PP)
1 Europe	31%	+12
2 Russia	21%	-7
3 Asia	13%	+6
4 North America	12%	-2
5 Latin America	10%	-9
6 CIS ⁽²⁾	8%	+1
7 Africa	3%	-
8 Australasia	2%	-1

EBITDA margin



Sales¹ by product (1H 2013)



	1H 2013 Share (%)	Change to 1H 2012 (PP)
1 Urea	24%	-13
2 Complex	23%	+10
3 Ammonium Nitrate	16%	-4
4 UAN	10%	+3
5 CAN	8%	+2
6 Other	5%	-2
7 ANF	3%	+3
8 Methanol	3%	-1
9 NP	2%	+2
10 Acetic Acid	2%	-
11 Hydrocarbons	2%	-
12 Ammonia	1%	-1
13 Melamine	1%	+1

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

⁽²⁾CIS excluding Russia

Nitrogen includes organic synthesis products and hydrocarbons, as well as EuroChem Antwerpen and EuroChem Agro operations, except third-party product sales.

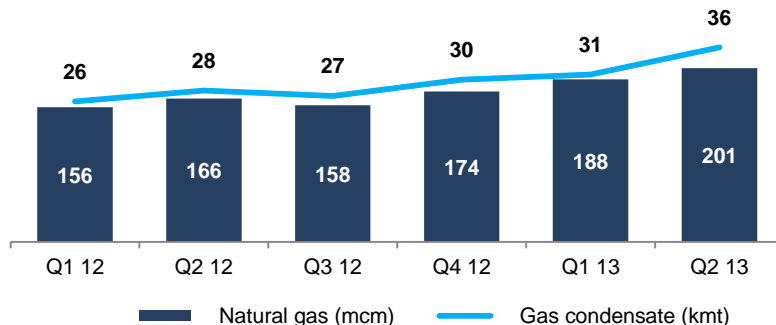


Severneft-Urengoy (SNU) / Novomoskovskiy



Agreement with Gazprom on gas transportation from SNU to Novomoskovskiy Azot (NAK) since 2012.

Sales volumes



Cost benefits

- **Current gas cost at Novomoskovskiy: \$3.65 /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:	\$1.28
+ mineral resource extraction taxes:	\$0.67**
+ transportation cost to Novomoskovskiy:	\$2.07
- revenue from gas condensate:	(\$1.92)

Delivered cost to Novomoskovskiy Azot: **\$2.10**

Long-term goals

- Reviewing the option of fully covering the needs of our nitrogen production chain through internal gas production
- Close the raw material gap in ammonia
- Increase the share of industrial products in portfolio

* average of RUB 3,643 per 1000m³ at Novomoskovskiy Azot for 1H 2013 (1H 2013 average RUB/USD exchange rate: 31.02)

** Assuming mineral resources extraction tax (MET) of RUB 552/1,000m³ from 2015

1H 2013 Group Performance Summary

Nitrogen Segment

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Potash Segment

Appendix

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

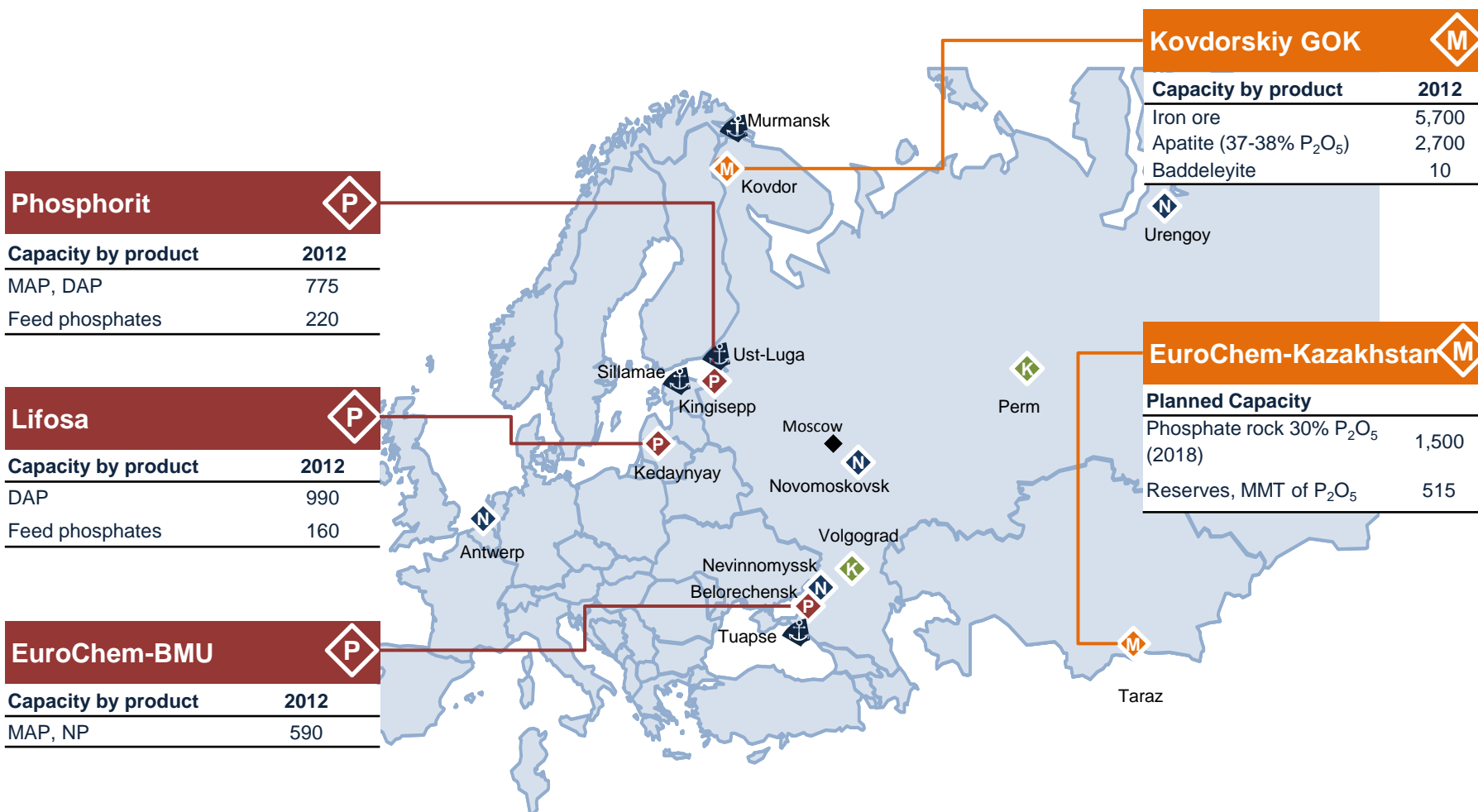


Capacity by product	2012
Iron ore	5,700
Apatite (37-38% P ₂ O ₅)	2,700
Baddeleyite	10

EuroChem-Kazakhstan



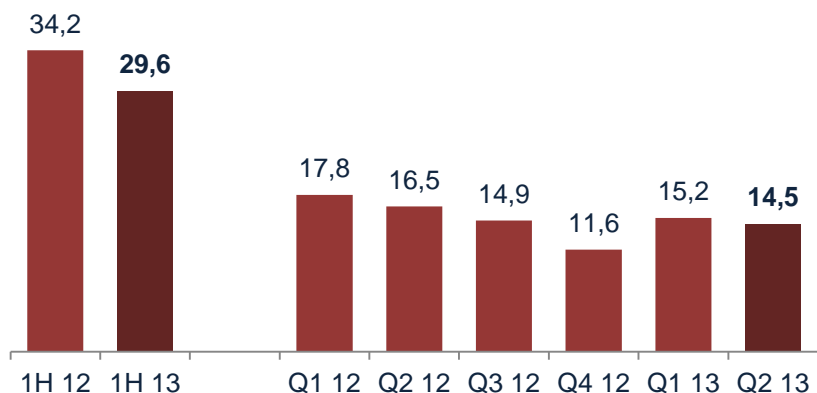
Planned Capacity	
Phosphate rock 30% P ₂ O ₅ (2018)	1,500
Reserves, MMT of P ₂ O ₅	515



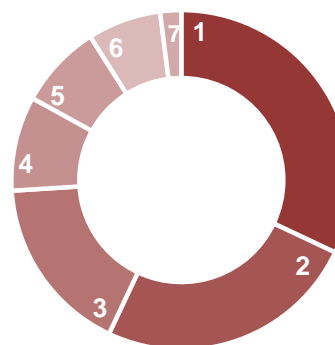
All capacity volumes are expressed in thousands of tonnes, except where otherwise specified



Revenue¹, RUBbn

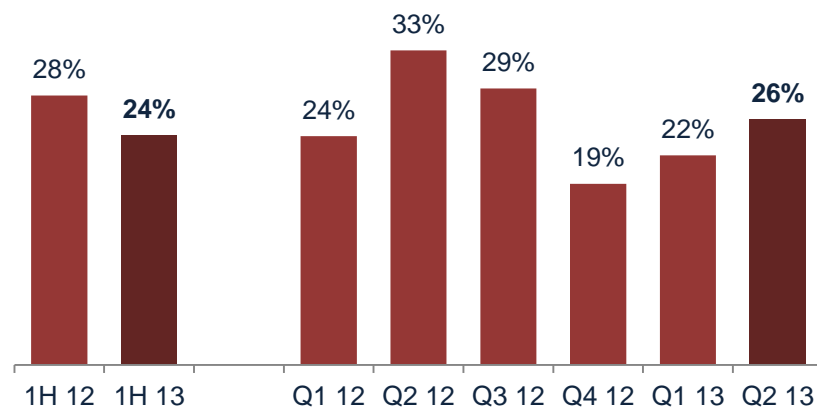


Sales¹ by region (1H 2013)

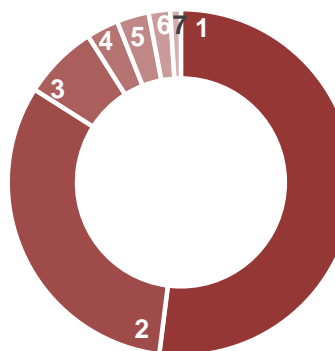


	1H 2013 Share (%)	Change to 1H 2012 (PP)
1 Europe	32%	+6
2 Asia	25%	-5
3 Russia	17%	-3
4 Latin America	9%	-4
5 CIS ⁽²⁾	8%	+2
6 North America	7%	+4
7 Africa	2%	-

EBITDA margin



Sales¹ by product (1H 2013)



	1H 2013 Share (%)	Change to 1H 2012 (PP)
1 MAP/DAP	52%	-1
2 Iron ore	32%	+2
3 Feed	7%	-
4 NP	3%	-1
5 Others	3%	-
6 Apatite	2%	-
7 Baddeleyite	1%	-

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

⁽²⁾CIS excluding Russia

Long-term objectives : full self-sufficiency in P_2O_5

- **EuroChem possesses licenses for three phosphate deposits in South Kazakhstan**
 - A+B+C1 reserves = 515 MMT
 - Mineable through open pit = up to 32.5 MMT
 - 25-30% P_2O_5
 - $MgO < 2.5\%$
- **Other features:**
 - Customs union with Russia
 - Railway: East (China) and West (Russia)
 - Abundant local sulphur at refineries
 - Competitive natural gas
 - Undeveloped local Central Asian market
- **1st phase:** mining only (surface / open pit)
- **2nd phase** (potential): on-site SOP and DCP production
Project to be prepared in 2014



1H 2013 Group Performance Summary

Nitrogen Segment

Phosphate Segment

Potash Segment

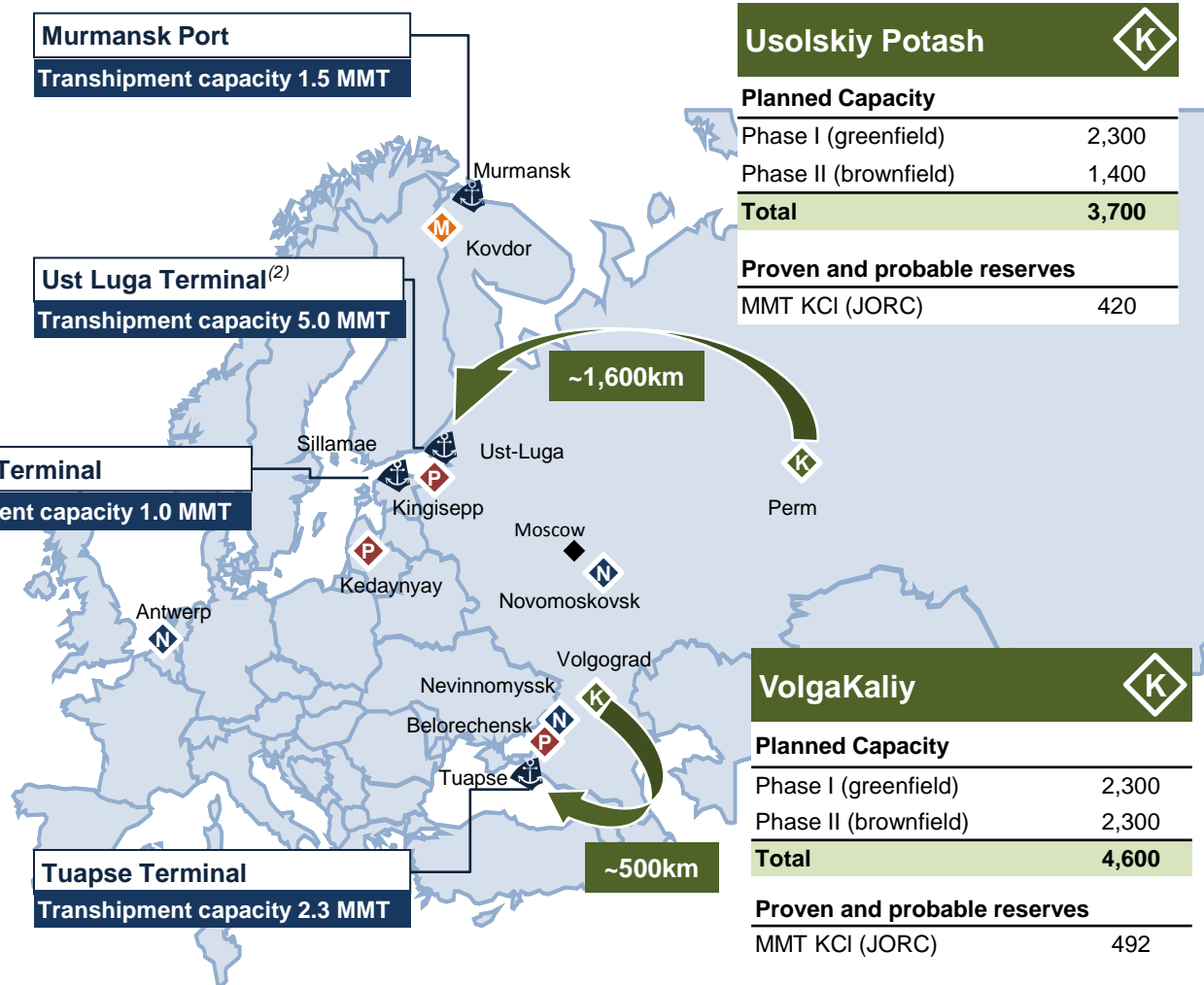
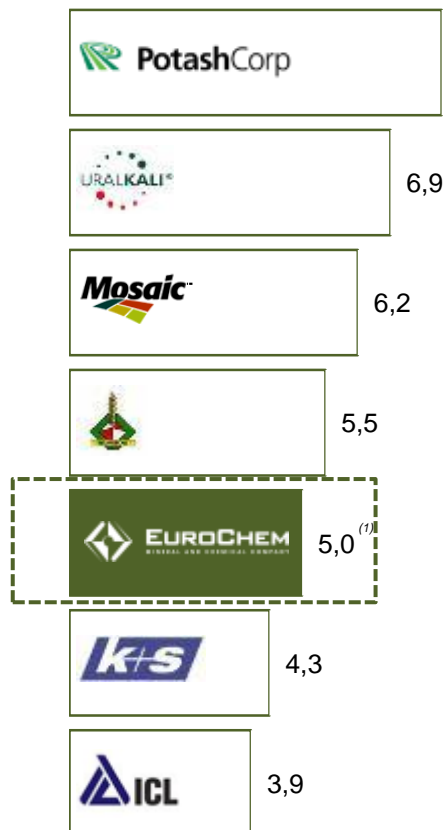
Appendix

Potash

Favorable positioning



2012 global potash capacity (MMT, K₂O p.a.)



All capacity volumes are expressed as at 31 December 2012, in thousands of tonnes, except where otherwise specified

⁽¹⁾ Post completion of both projects

⁽²⁾ Under construction



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.
- Investments to date: **USD 1,297m** out of **USD 3,037m**

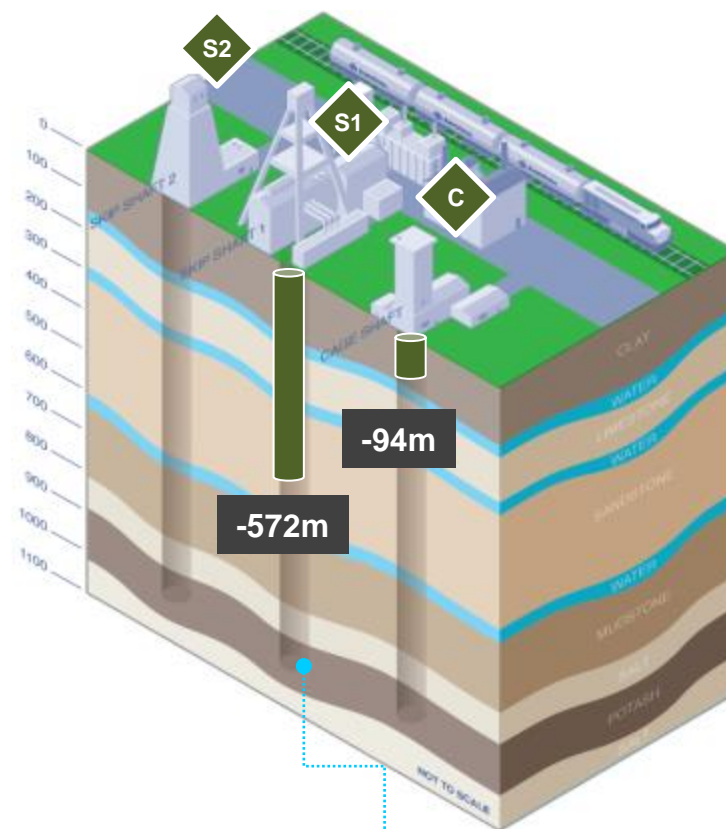
Phase II:

- Additional capacity of **2.3 MMT** p.a., involves the construction of skip shaft (S2) and expansion of processing facility.
- Planned investments: **USD 1,447m.**

IRR sensitivity to CAPEX overrun and potash prices

	CAPEX overrun, %					
	0%	5%	10%	15%	20%	25%
MOP US\$/t, FOB Baltic						
\$ 400	17.0%	16.8%	16.5%	16.2%	16.0%	15.7%
\$ 350	15.3%	15.1%	14.8%	14.5%	14.3%	14.0%
\$ 300	13.4%	13.1%	12.9%	12.6%	12.4%	12.2%
\$ 250	11.1%	10.9%	10.6%	10.4%	10.2%	10.0%

Status – 30 June 2013



- JORC proven and probable reserves: **492 MMT (39.5% KCl content)**
- useful life of mine: **+40 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.
- Investments to date: **USD 475m** out of **USD 2,384m**

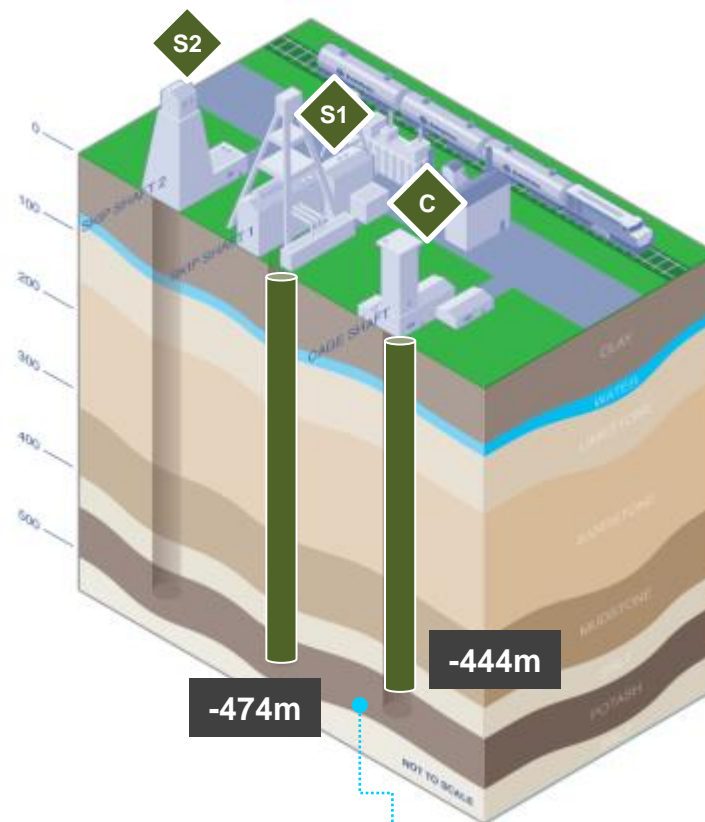
Phase II:

- Additional capacity of **1.4 MMT** p.a., involves the construction of skip shaft (S2) and expansion of processing facility.
- Planned investments: **USD 340m**.

IRR sensitivity to CAPEX overrun and potash prices

		CAPEX overrun, %					
		0%	5%	10%	15%	20%	25%
MOP US\$/t, FOB Baltic	\$ 400	18.8%	18.3%	17.9%	17.6%	17.2%	16.8%
	\$ 350	16.6%	16.2%	15.9%	15.5%	15.2%	14.8%
	\$ 300	14.2%	13.8%	13.5%	13.2%	12.8%	12.5%
	\$ 250	11.3%	11.0%	10.7%	10.4%	10.1%	9.8%

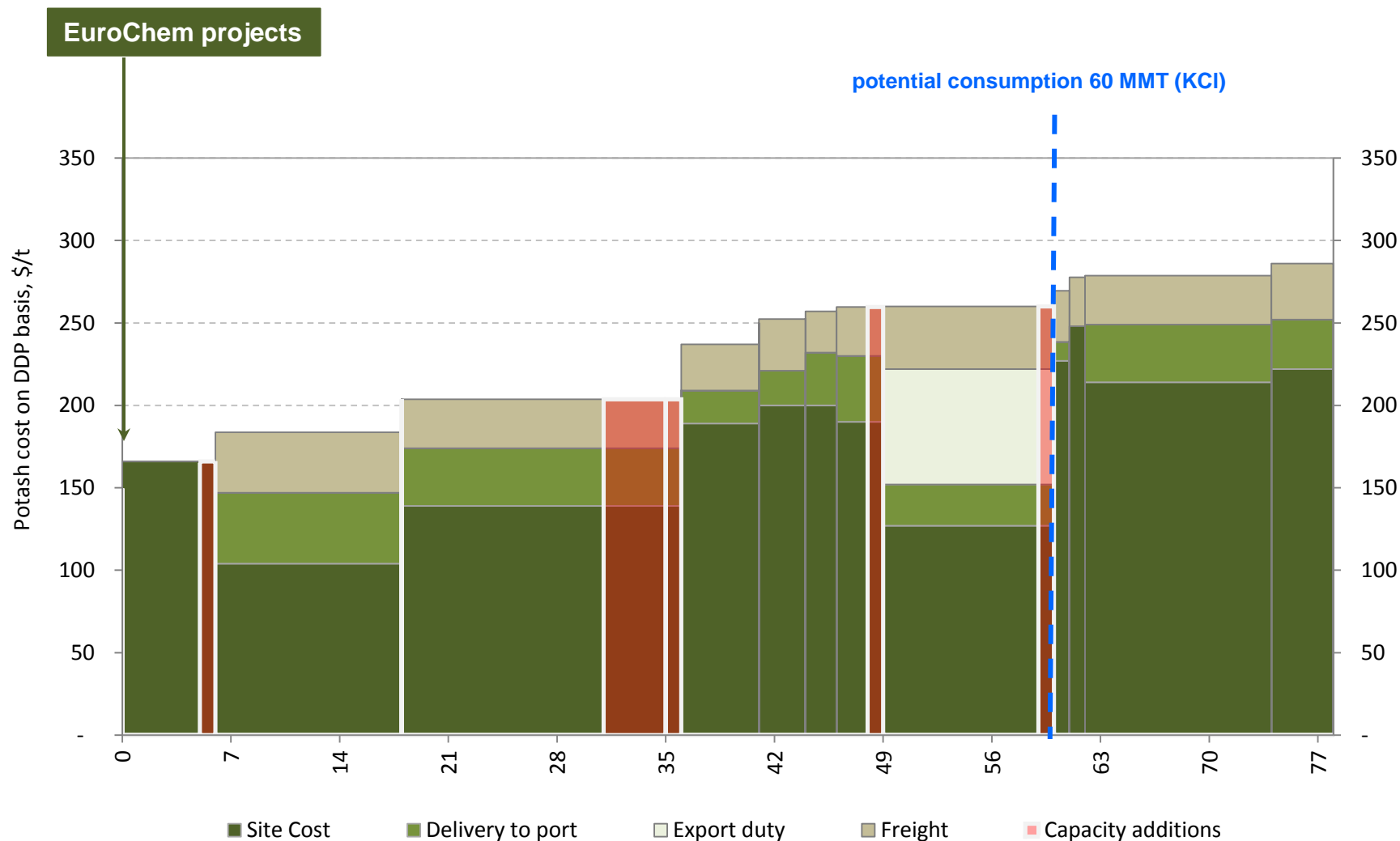
Status – 30 June 2013



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



Potash global cost curve in 2017 MMT





Markets

- Fertilizer prices mirroring expectations of record harvest on soft commodity prices
- Urea appears stable but remains under pressure from Chinese material. In addition to the lower tax window, Chinese urea producers are also benefiting from low coal prices; however, restrictions on sales from bonded warehouses could prevent exports from matching the levels observed last year.
- Any tightening in ammonia as a result of upcoming production cutbacks in Trinidad could be mitigated by additional supply out of Algeria.
- India remains the key wildcard in phosphates. A pick-up in customer activity is expected as inventory levels come down through September.
- Potash market in turmoil on recent developments; major greenfield projects appear unscathed.

EuroChem

- Effects of Severnft Urengoy gas production ramp-up to continue increasing.
- First mining blast at EuroChem's Kazakhstan phosphate rock mine in late August - targeting full P_2O_5 self-sufficiency from 2014/15 onwards.
- Restart of cage shaft sinking at VolgaKaliy.
- Refinancing initiatives aimed at optimising cash flows.
- EPC contractor selection for new Ammonia plant construction at Phosphorit site on the Baltic Sea.

Q&A

1H 2013 Group Performance Summary

Nitrogen Segment

Phosphate Segment

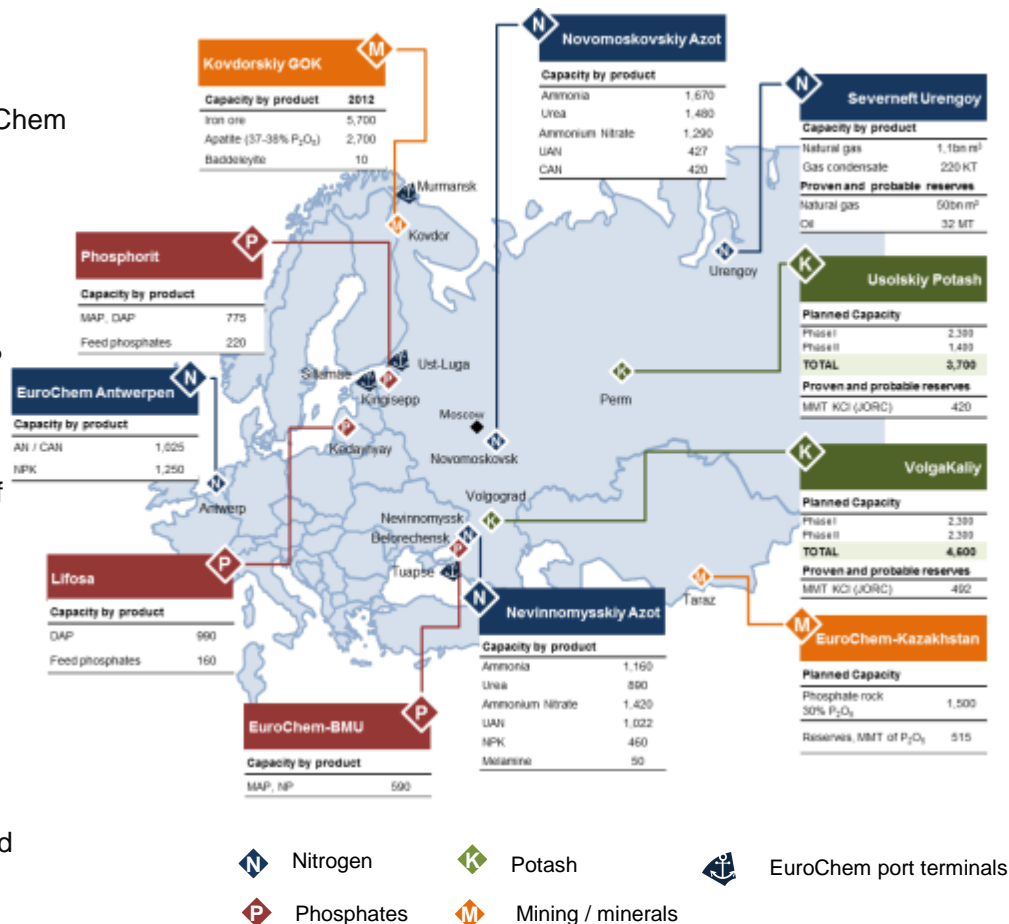
Potash Segment

Appendix



- **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.
- **Distribution:** strong Western European presence with EuroChem Agro platform. Additional 25 distribution centers in CIS
- **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. Further ore to come from Kazakhstan operations.
- **Iron ore** as a co-product of apatite mining : up to 5.7 MMT of iron ore (Fe content 64%)
- **Logistics** assets include 3 port facilities, Panamax /Handymax vessels, and own rail facilities (c. 7,000 rail stock; 45 locomotives)
- **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
- **1H 2013 LTM revenues USD 5.8bn; EBITDA USD 1.5bn**
FY 2012 revenues USD 5.4bn; EBITDA USD 1.6bn

Vertically integrated production



⁽¹⁾MMT : million metric tonnes

⁽²⁾MER : minor element ratio



Shareholding structure and influence

- Best-in-class approach to corporate governance
 - Management develops and executes strategy
 - Board of Directors performs overall oversight
- Board composition: 3 out of 6 are independent directors (IND) with long standing reputation and experience
- Three Board committees; all chaired by IND.
 - 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



Andrey Melnichenko—Chairman of the Board of Directors, Chairman of the Strategy Committee

- 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



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



Nikolay Pilipenko—Audit Committee, Strategy Committee, Corporate Governance and Personnel Committee

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



Richard Sheath (IND) –Chairman of Audit 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 (IND) –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



Andrea Wine (IND) – 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

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 fertilizers
- ✓ Expand industrial nitrogen portfolio

Proximity to customers

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





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

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