

Spring is always  
around the corner...



## 2011 IFRS Results

APRIL 2012

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1. Financial highlights IFRS 2011
2. Results by segment
3. Debt position
4. Trends of world fertiliser market
5. Q&A



# IFRS HIGHLIGHTS

|   | RUB mn |         |           | USD mn |       |           |
|---|--------|---------|-----------|--------|-------|-----------|
|   | 2010   | 2011    | YoY, %    | 2010   | 2011  | YoY, %    |
| <b>Revenue</b>                              | 46,738 | 65,431  | 40%       | 1,539  | 2,226 | 45%       |
| <b>EBITDA</b>                               | 10,336 | 20,762  | 101%      | 340    | 706   | 108%      |
| <b>EBITDA margin</b>                        | 22.1%  | 31.7%   | 9.6 p.p.  | 22.1%  | 31.7% | 9.6 p.p.  |
| <b>Net profit</b>                           | 6,279  | 20,328  | 224%      | 207    | 692   | 235%      |
| <b>Net profit margin</b>                    | 13.4%  | 31.1%   | 17.7 p.p. | 13.4%  | 31.1% | 17.7 p.p. |
| <b>Assets</b>                               | 98,078 | 117,310 | 20%       | 3,218  | 3,643 | 13%       |
| <b>Available-for-sale investments</b>       | 24,398 | 19,950  | -18%      | 800    | 620   | -23%      |
| <b>Cash</b>                                 | 7,597  | 14,630  | 93%       | 249    | 454   | 82%       |
| <b>Total debt</b>                           | 35,853 | 48,443  | 35%       | 1,176  | 1,504 | 28%       |
| <b>Net debt</b>                             | 28,256 | 33,813  | 20%       | 927    | 1,050 | 13%       |
| <b>Cash flows from operating activities</b> | 3,282  | 10,528  | 221%      | 108    | 358   | 231%      |
| <b>Capital expenditures*</b>                | -5,449 | -10,844 | 99%       | -179   | -369  | 106%      |
| <b>Total sales ('000 t)**</b>               | 5,591  | 5,993   | 7%        |        |       |           |

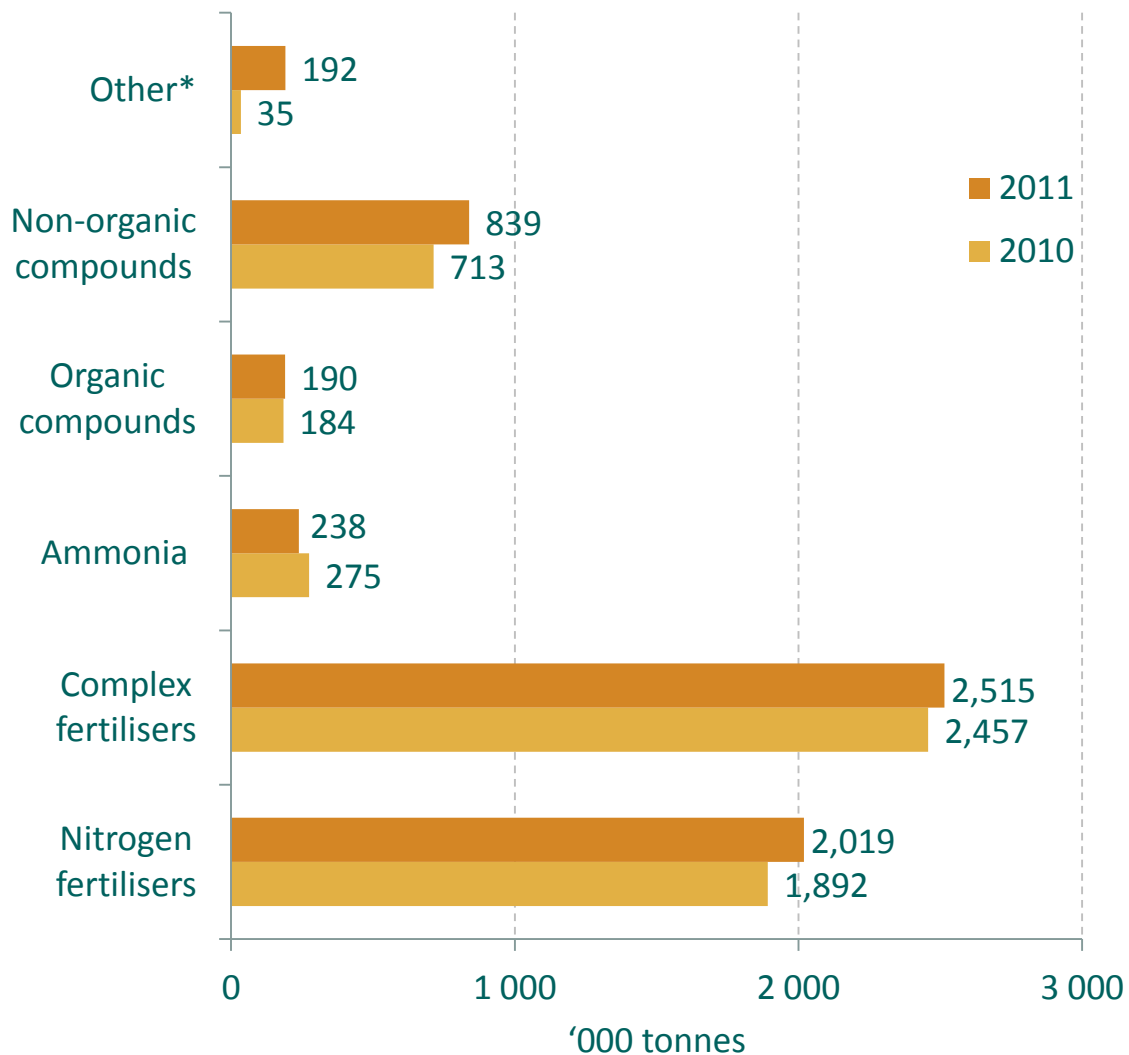
\*Basing on Purchase of property, plant and equipment statement that is included in Cash Flow

\*\*Group Consolidated sales includes sales of third parties volumes



# OPERATING HIGHLIGHTS

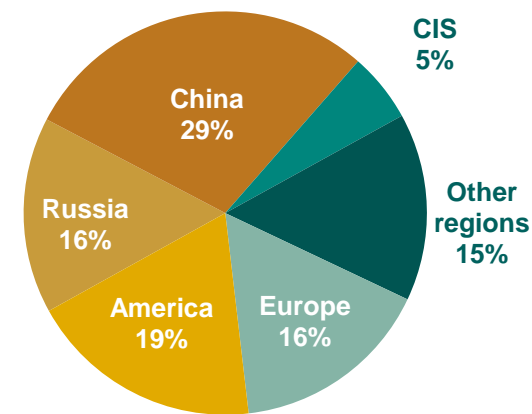
## SALES



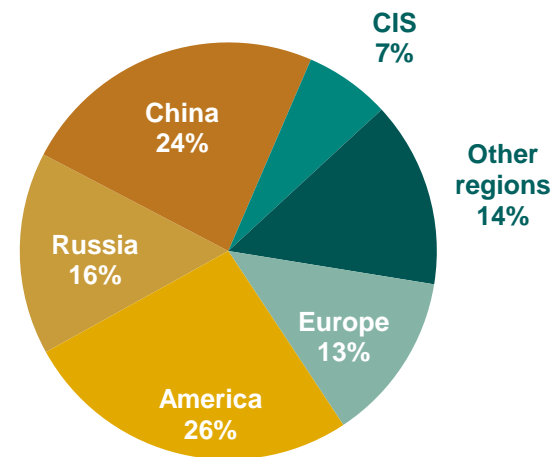
\*Third parties freights

## REVENUE, RUB MN

2010



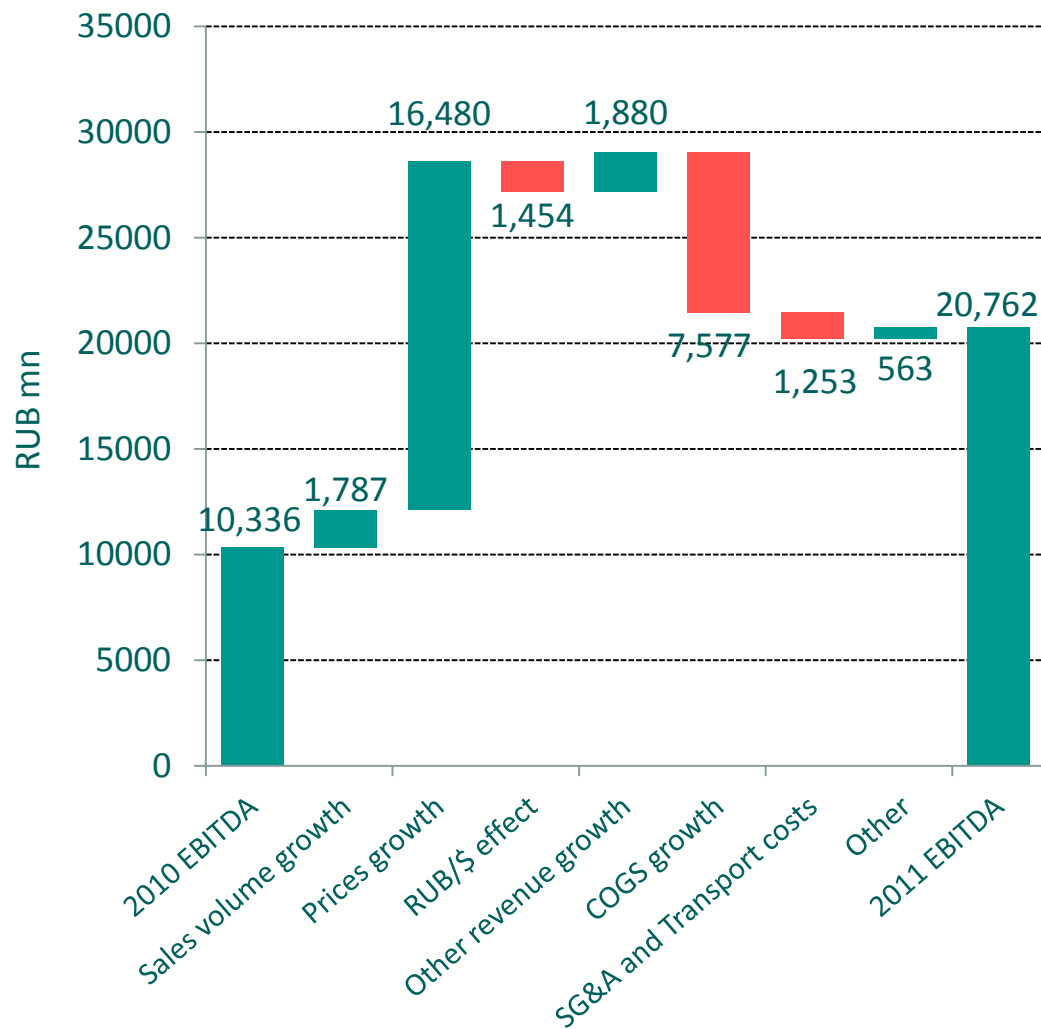
2011



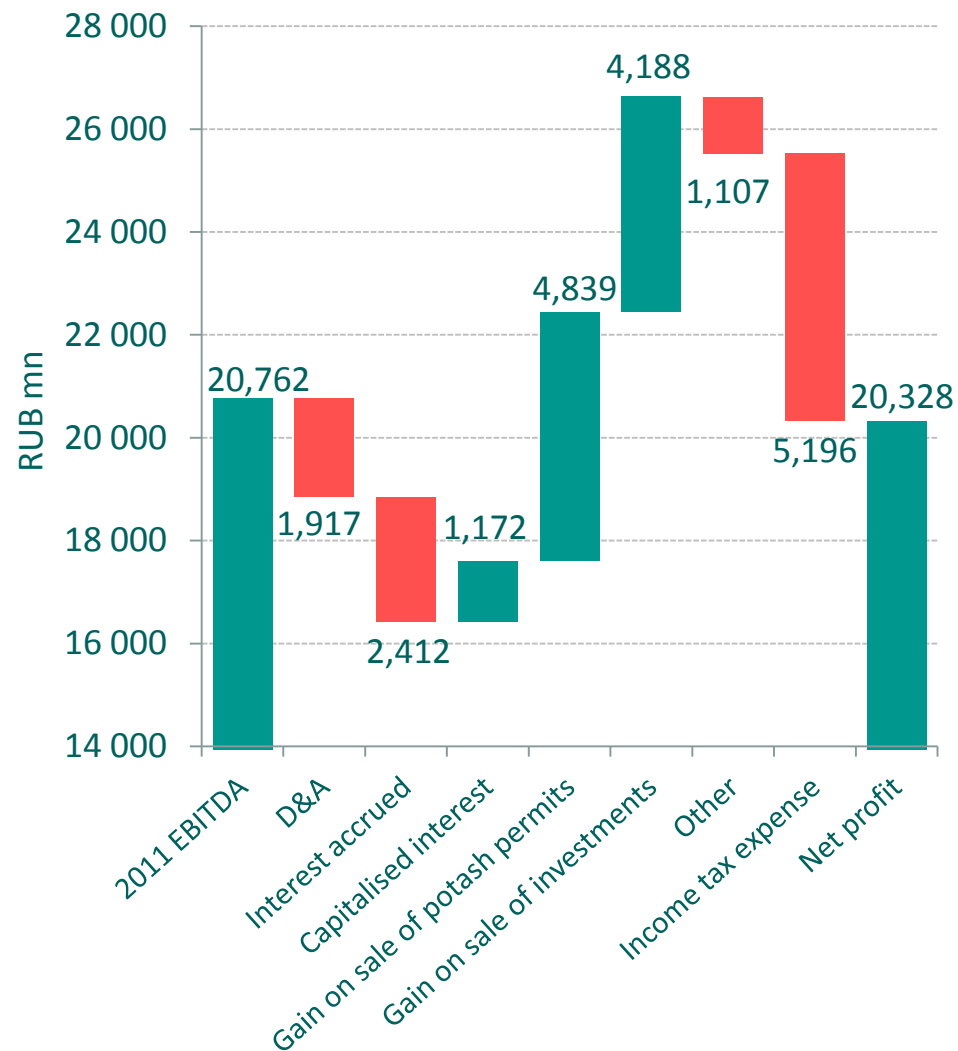


# EBITDA ANALYSIS

## EBITDA GROWTH



## EBITDA AND NET PROFIT

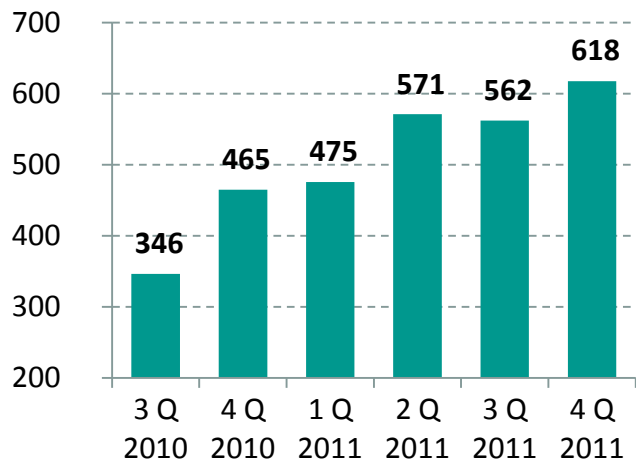


**IN 2011, EBITDA WAS MOSTLY DRIVEN BY WORLD FERTILISER PRICES GROWTH**

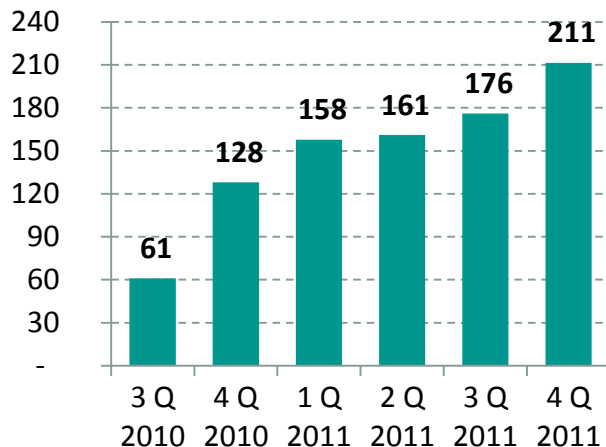


# QUARTERLY HIGHLIGHTS

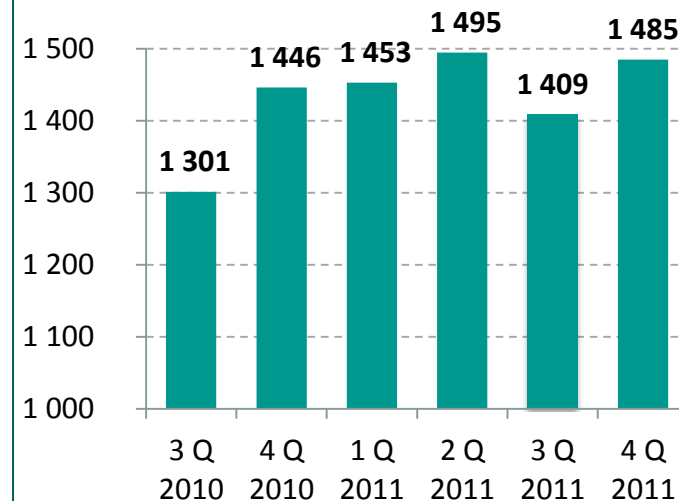
### REVENUE (\$ mn)



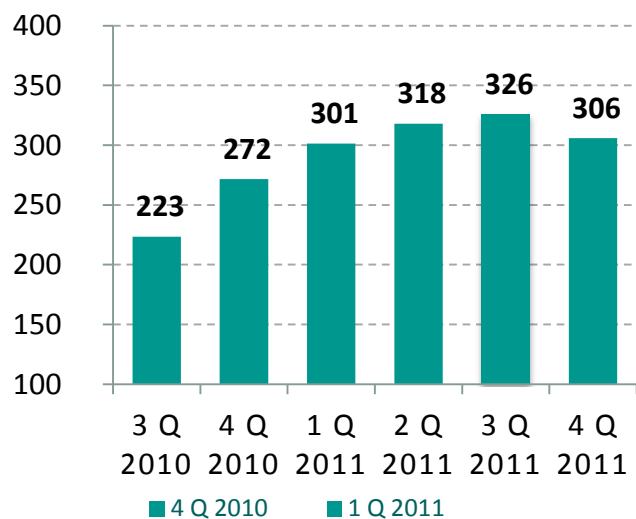
### EBITDA (\$ mn)



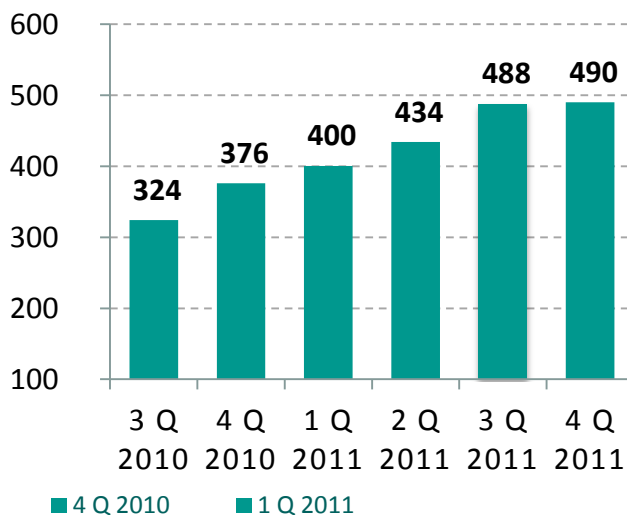
### SHIPMENTS ('000 tonnes)



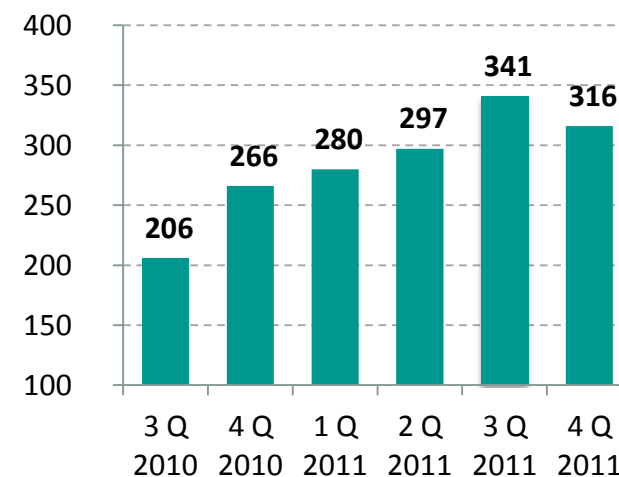
### WORLD PRICES AMMONIUM NITRATE, FOB BALTIC (\$/t)

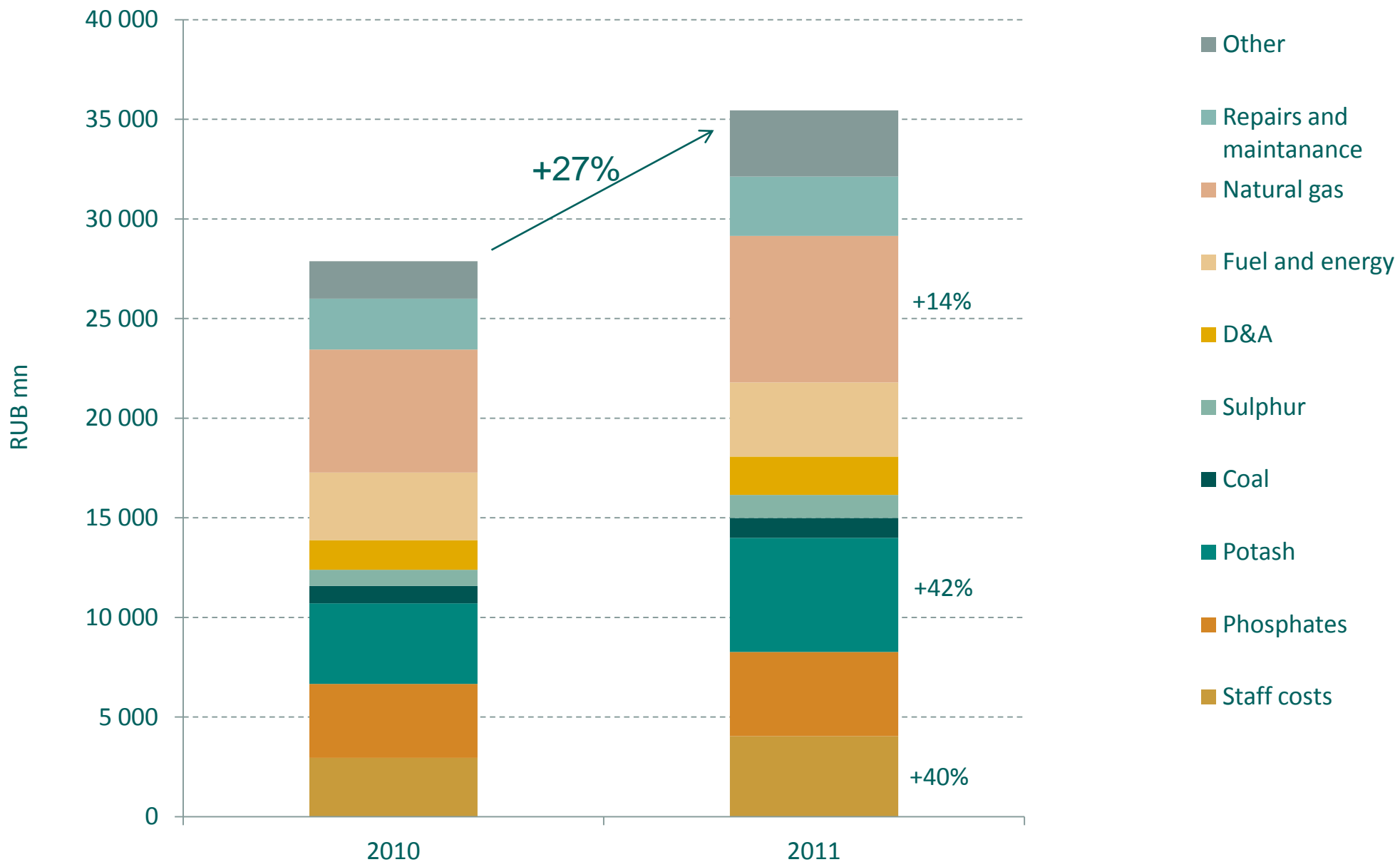


### WORLD PRICES NPK 16-16-16, FOB FSU (\$/t)



### WORLD PRICES UAN, FOB BLACK SEA (\$/t)

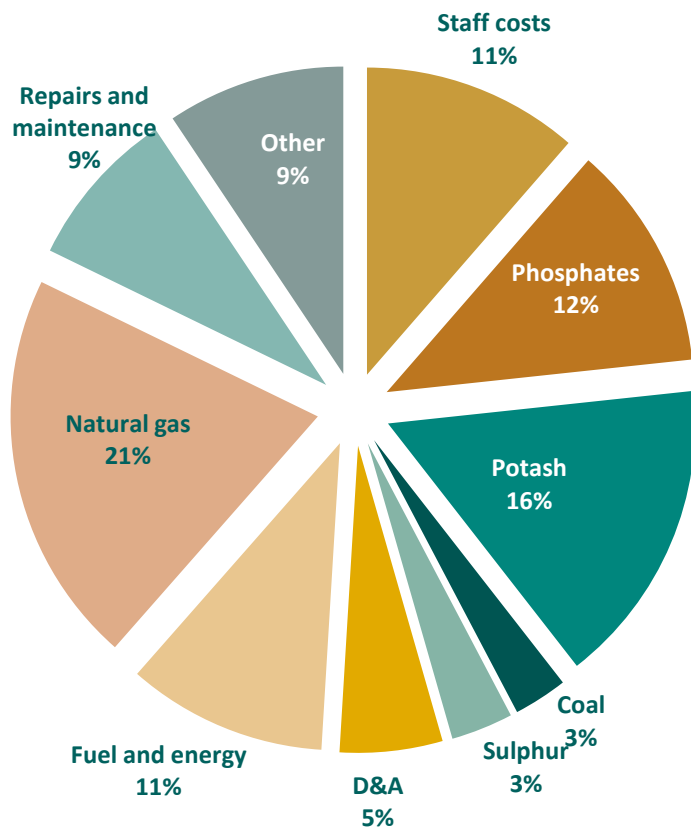




**MAIN INCREASE IN POTASH, NATURAL GAS AND STAFF COSTS**



## COGS STRUCTURE



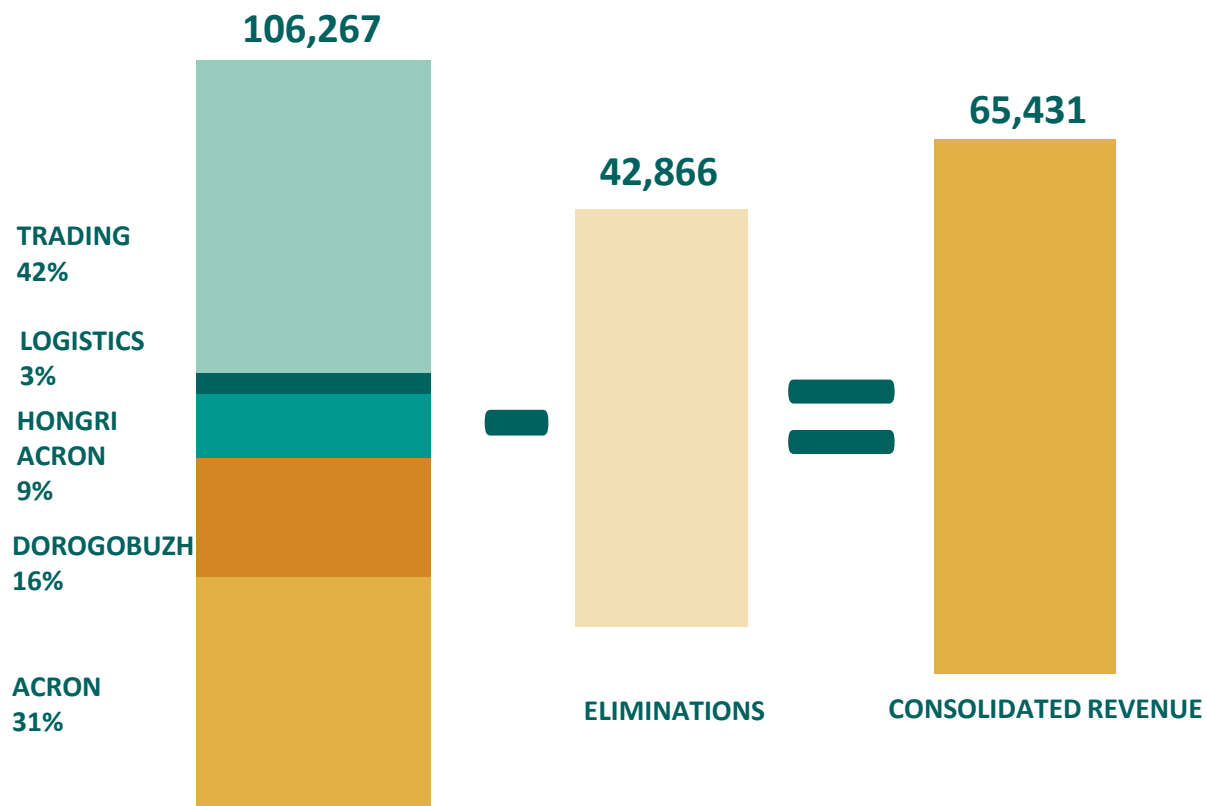
## NATURAL GAS & MATERIALS AND COMPONENTS IN 2011

|             | Consumption volume      | Delivered price              | Changes in price, % |
|-------------|-------------------------|------------------------------|---------------------|
| Natural Gas | 2.3 bn m <sup>3</sup>   | 3,217 RUB/1000m <sup>3</sup> | +11%                |
| Phosphates  | Apatite - 746 kt        | 4,180 RUB/t                  | +9%                 |
|             | Phosphate rock – 391 kt | 2,690 RUB/t                  | +11%                |
| Potash      | In Russia - 492 kt      | 7,365 RUB/t**                | +38%                |
|             | In China – 153 kt       | 13,578 RUB/t                 | +29%                |
| Coal*       | 165 kt                  | 6,073 RUB/t                  | +15%                |
| Sulphur*    | 151 kt                  | 7,677 Rub/t                  | +46%                |

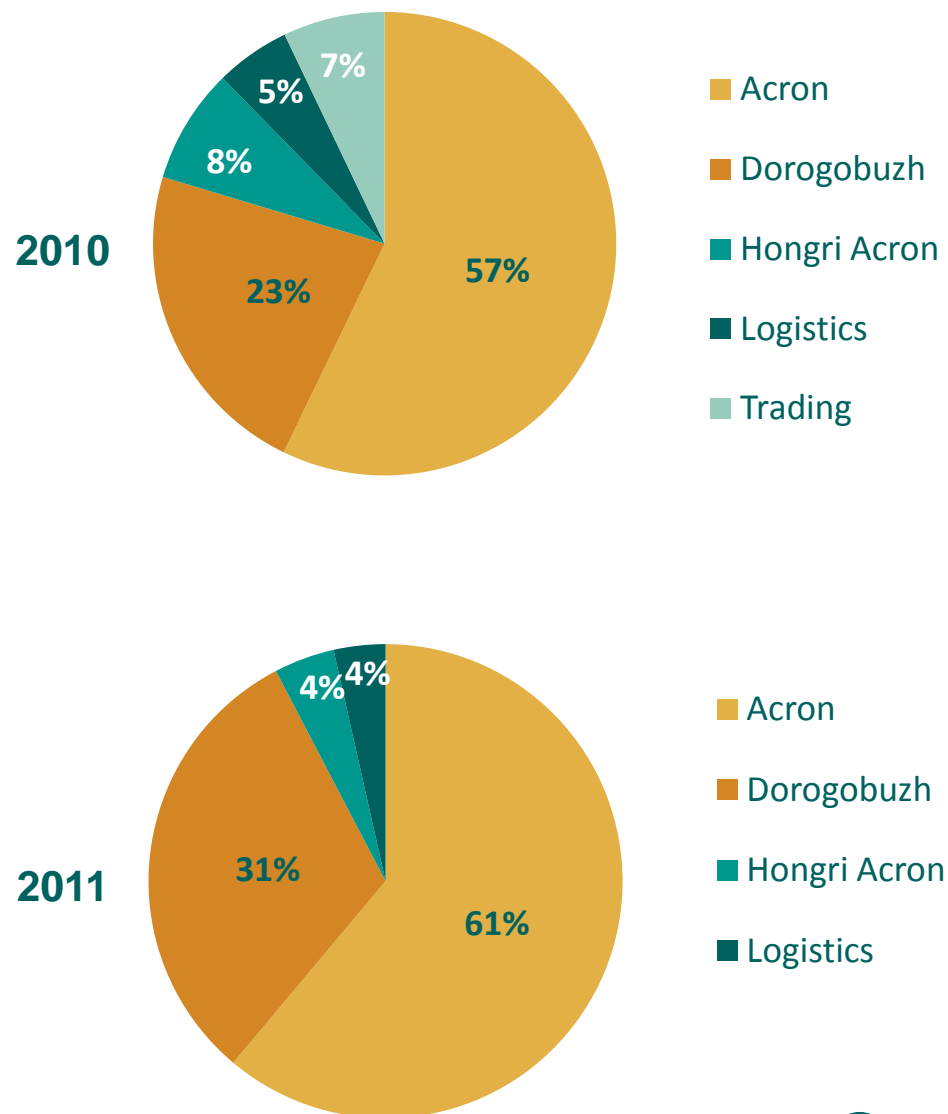
\* Sulphur and coal consumed only at Hongri Acron. Natural Gas is consumed in Russia only

\*\* These prices exclude premiums for Russian market

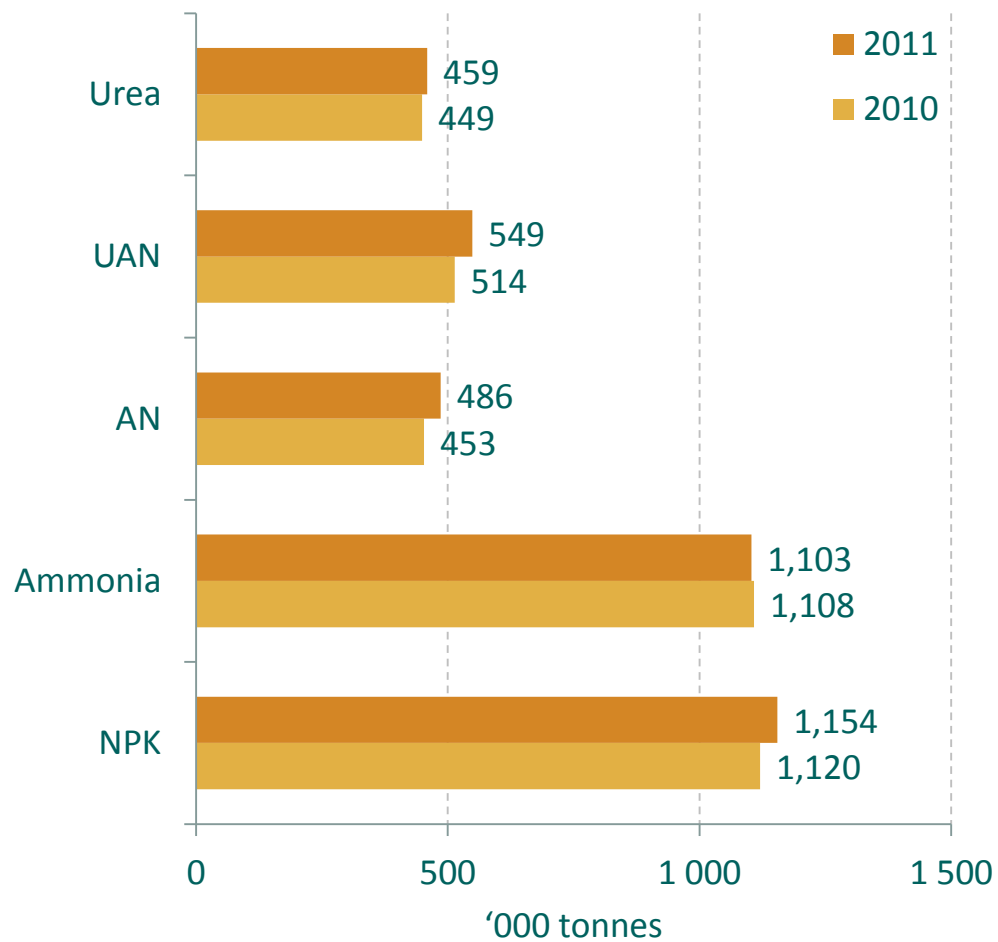
## REVENUE, RUB MN



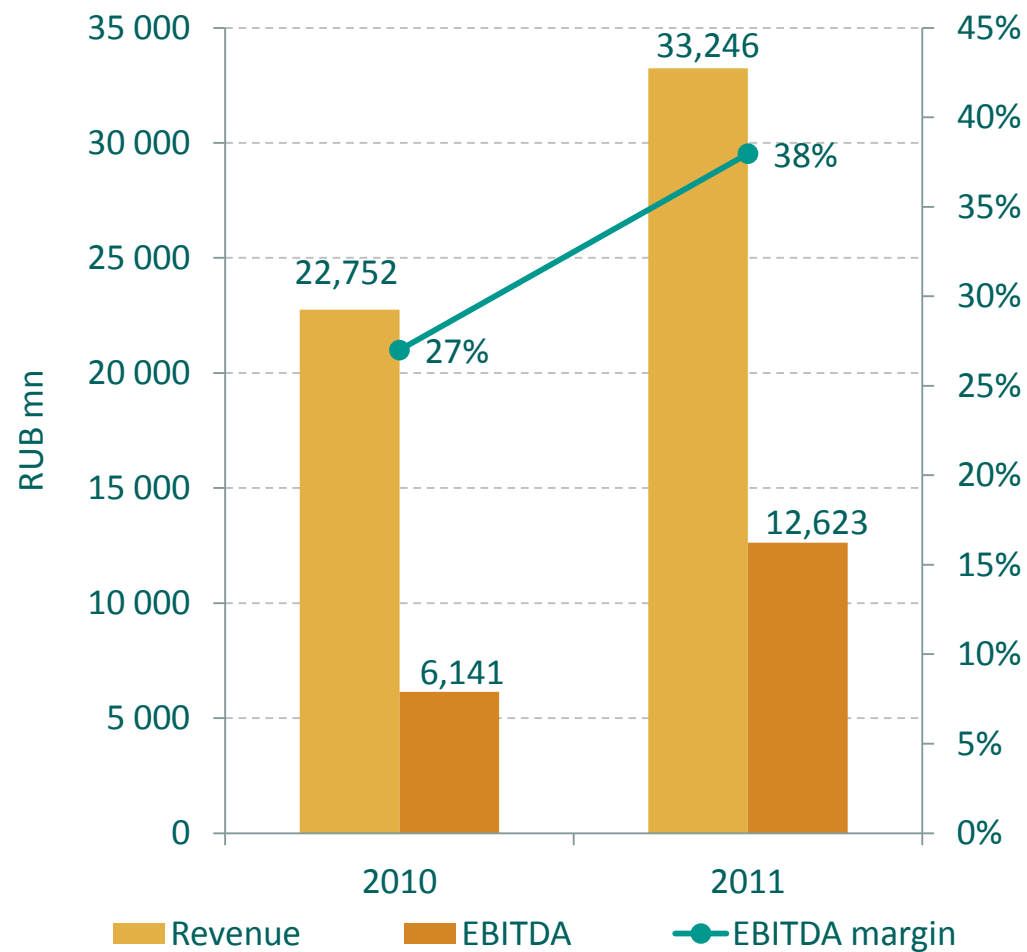
## CONTRIBUTION TO EBITDA



## PRODUCTION



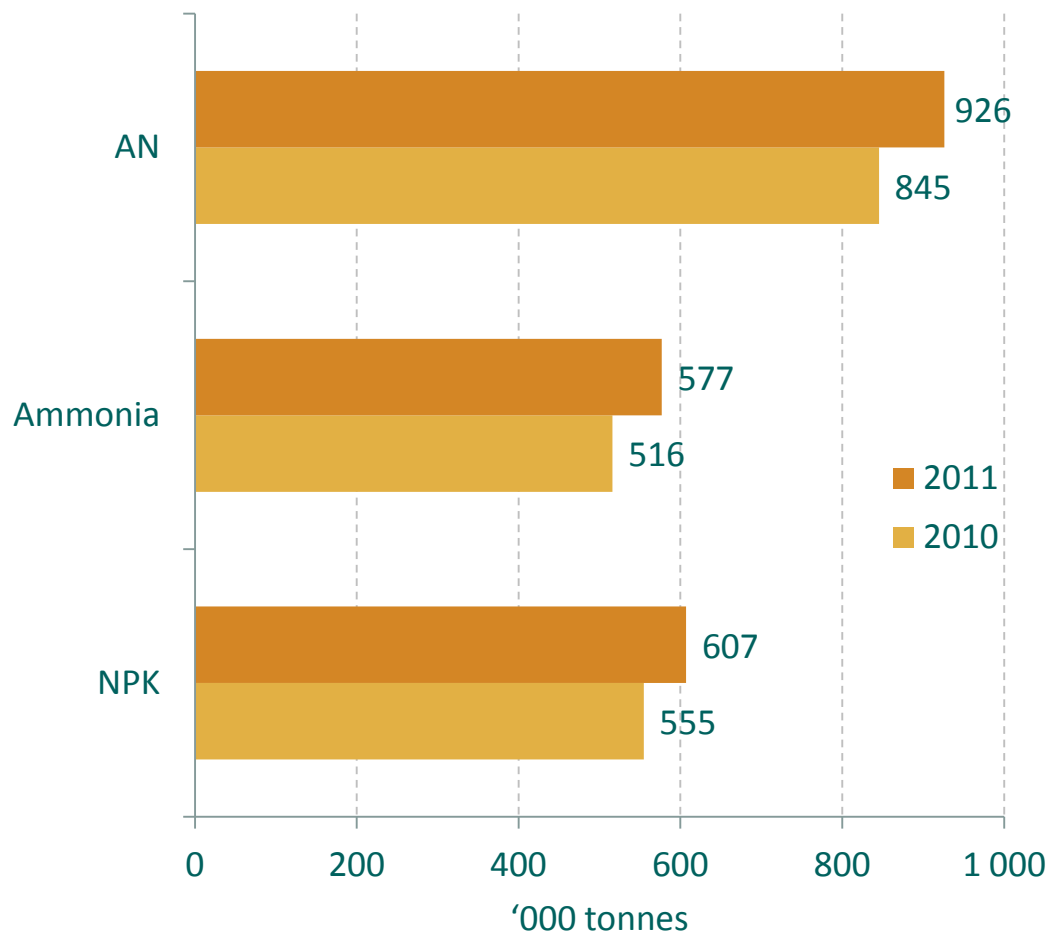
## FINANCIALS



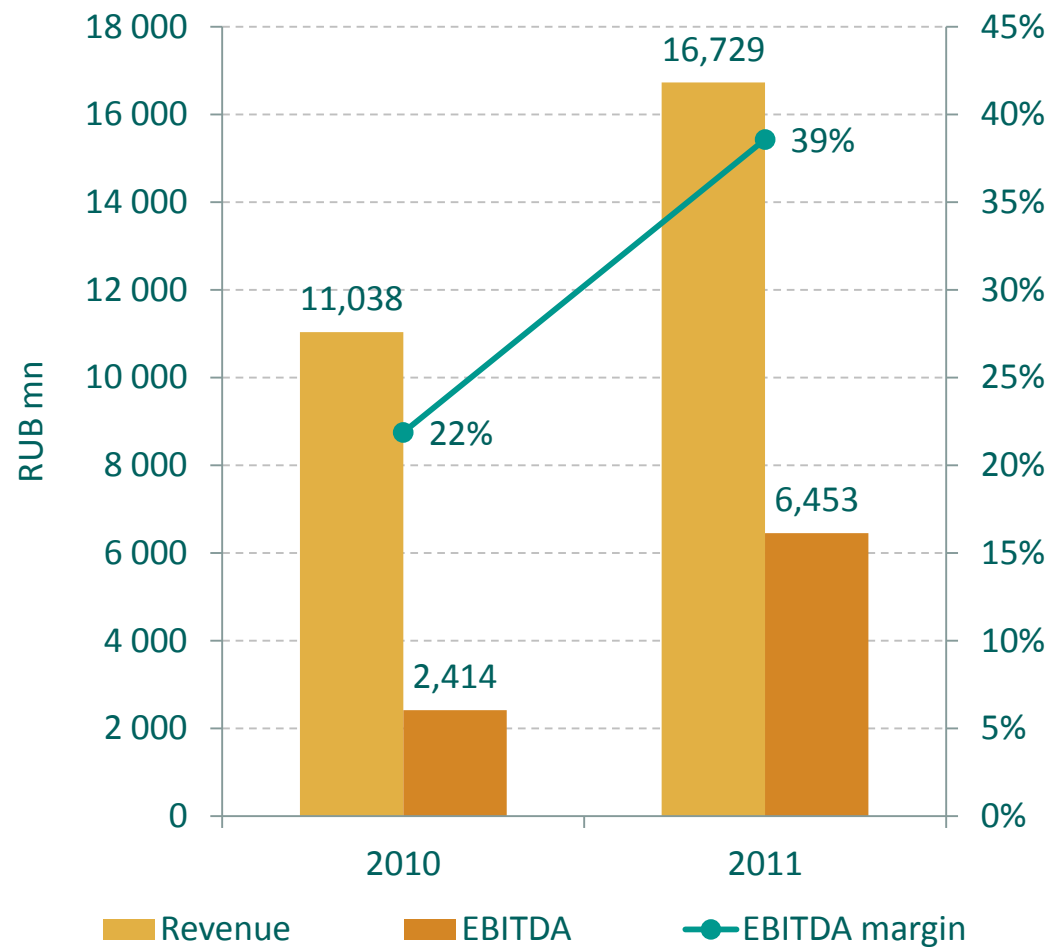


# SEGMENTS: DOROGOBUZH

## PRODUCTION



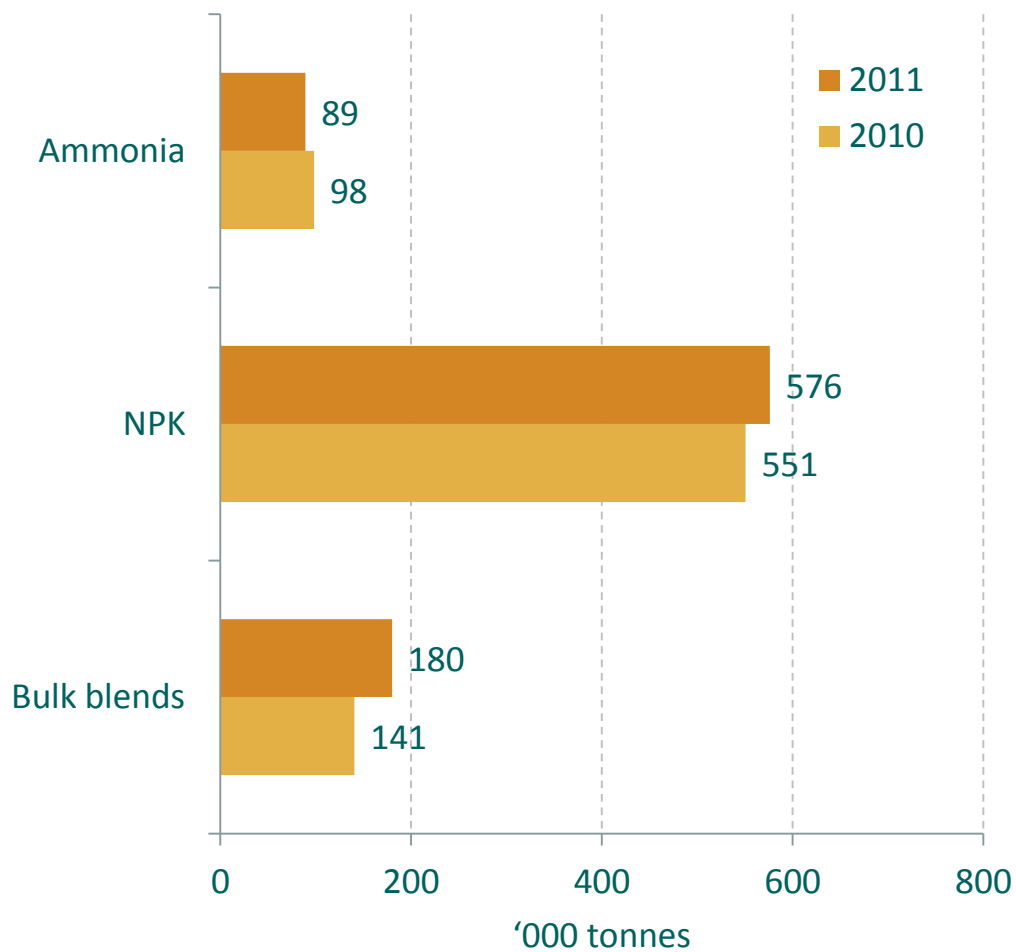
## FINANCIALS



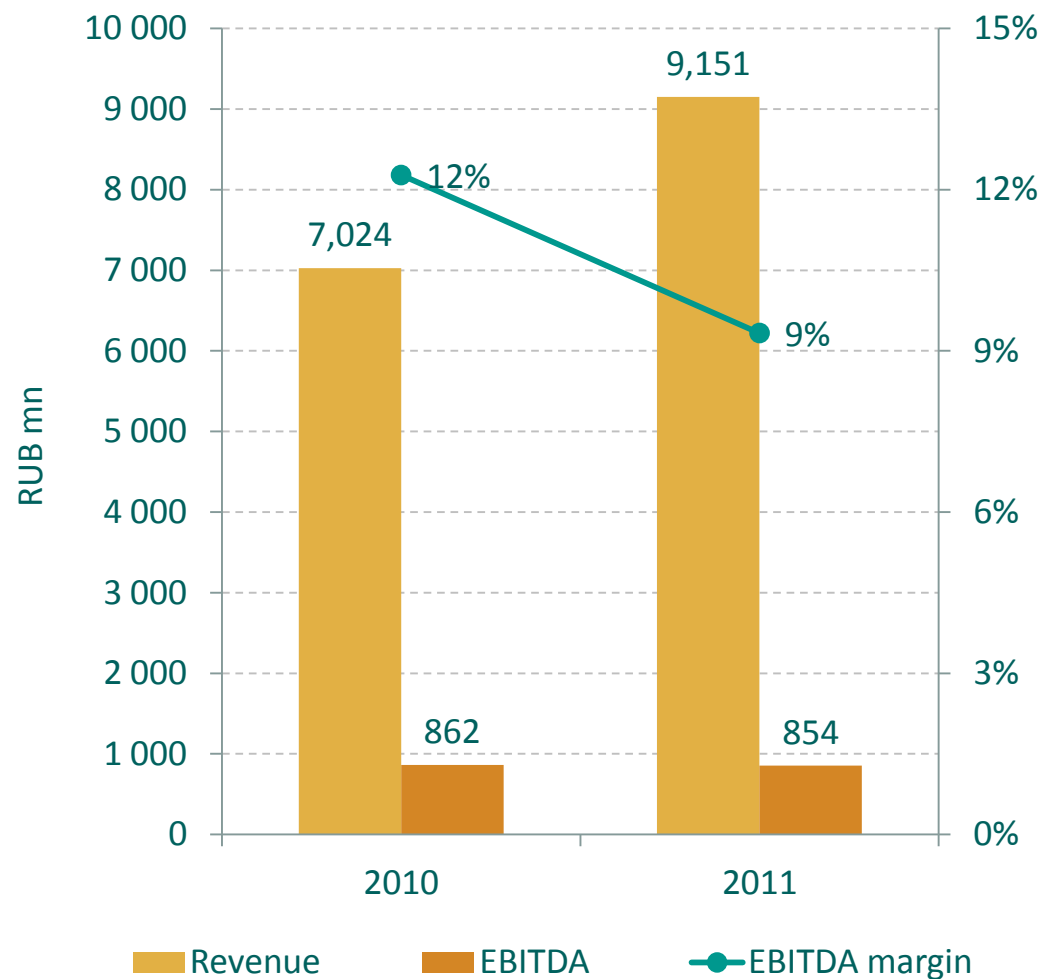


# SEGMENTS: HONGRI ACRON

## PRODUCTION



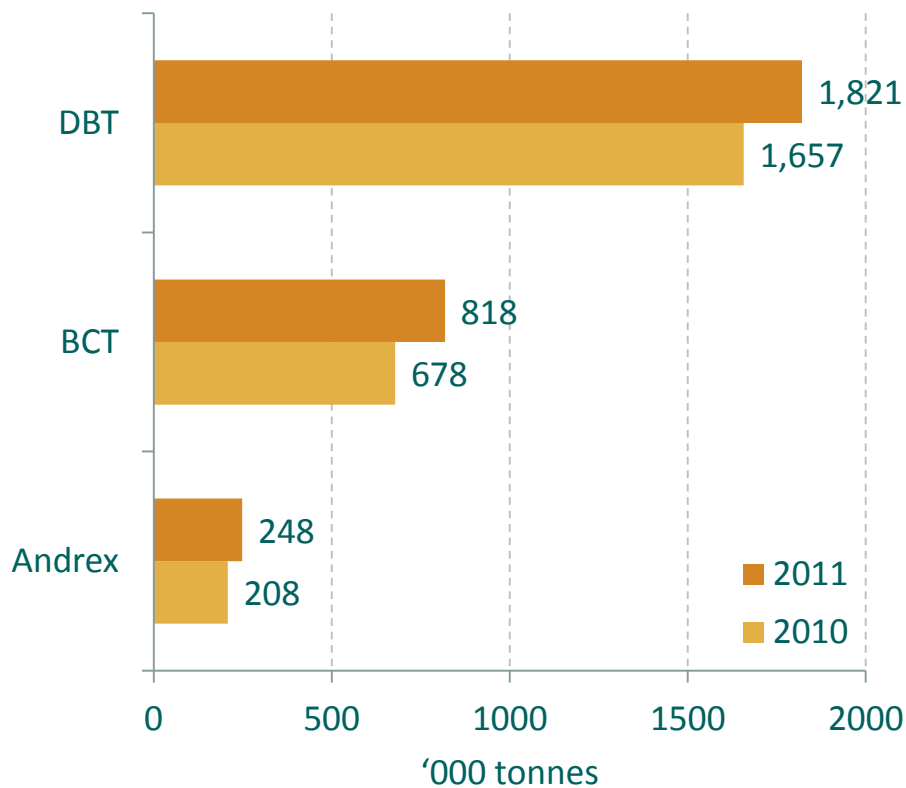
## FINANCIALS



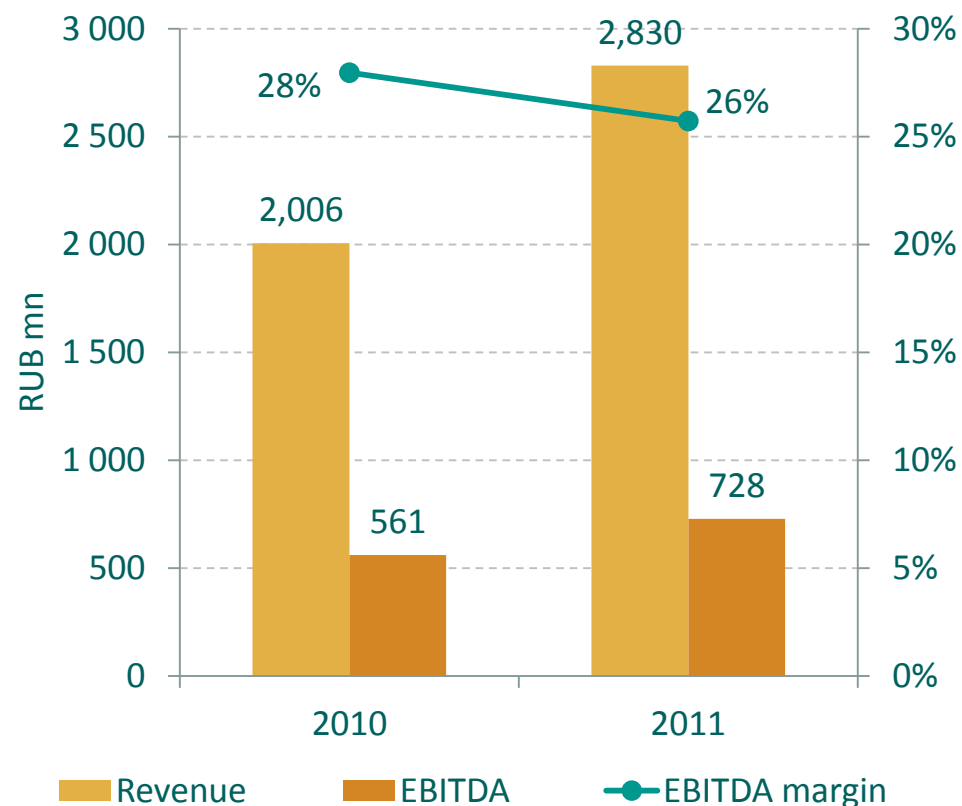
## Logistics

Transportation and logistics services rendered by the Group's seaport terminals and transportation companies

### TURNOVER



### FINANCIALS



Total turnover in 2011: 2,887 '000 t  
Including third parties volumes : 1,218 '000 t

## Trading

Domestic distribution and overseas sales

### Distribution in Russia

#### **CJSC Agronova**

6 sales offices  
13 warehouses  
Total storage capacity is 169,000 t

### Distribution in China

#### **Beijing Yong Sheng Feng AMPC, Ltd.**

Yong Sheng Feng has direct contracts with wholesale and retail distributors in 21 Chinese provinces

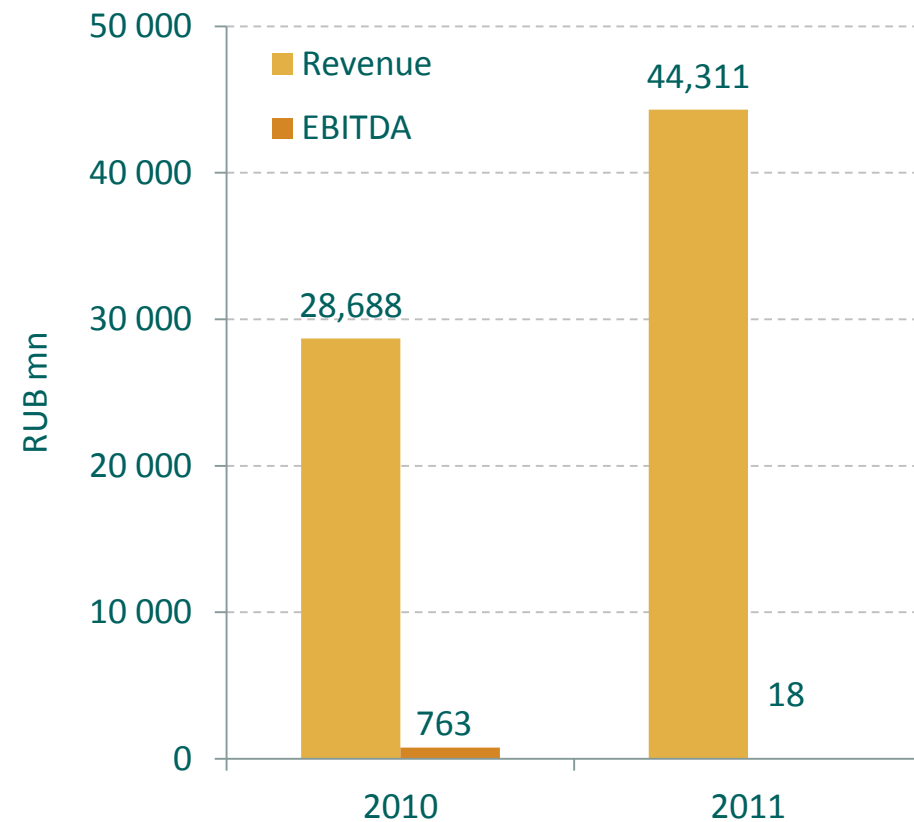
### International Trading

#### **Agronova International Inc.**

#### **Agronova Europe AG.**

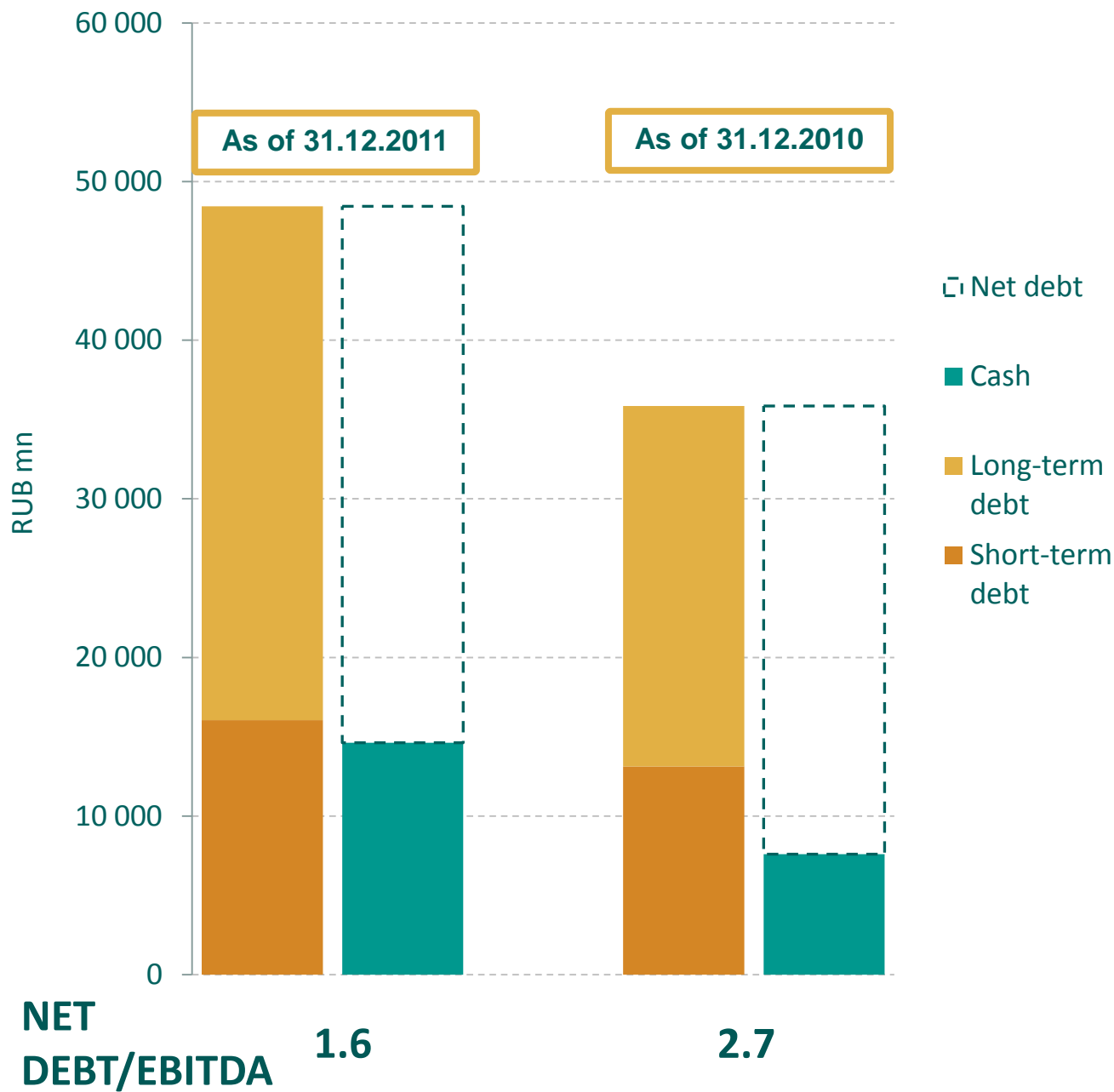
Supply products to end-customers worldwide

## FINANCIALS

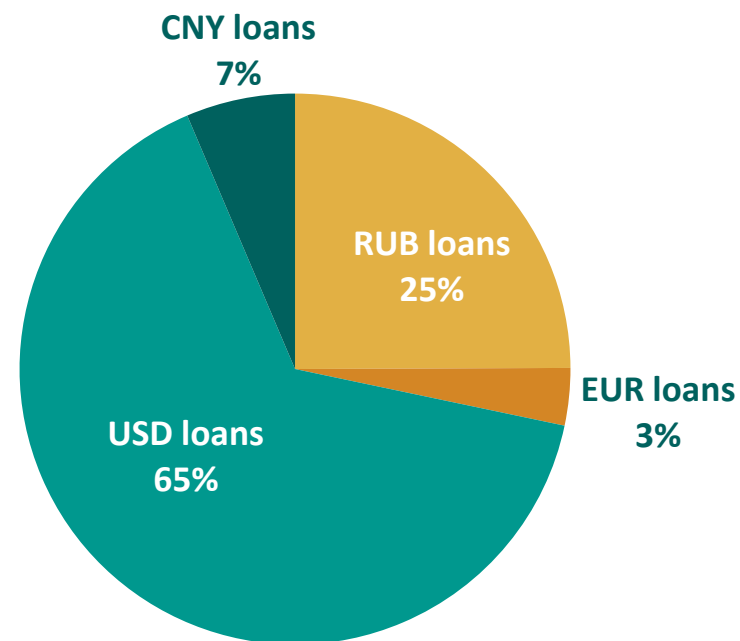




# DEBT STRUCTURE



## CREDIT PORTFOLIO





## MARKET CAPITALIZATION OF PORTFOLIO INVESTMENTS



**Market Cap. of URKA Portfolio as of 31.12.2011: RUB 19,578 mn (\$608 mn)**

### Debt position in 2011

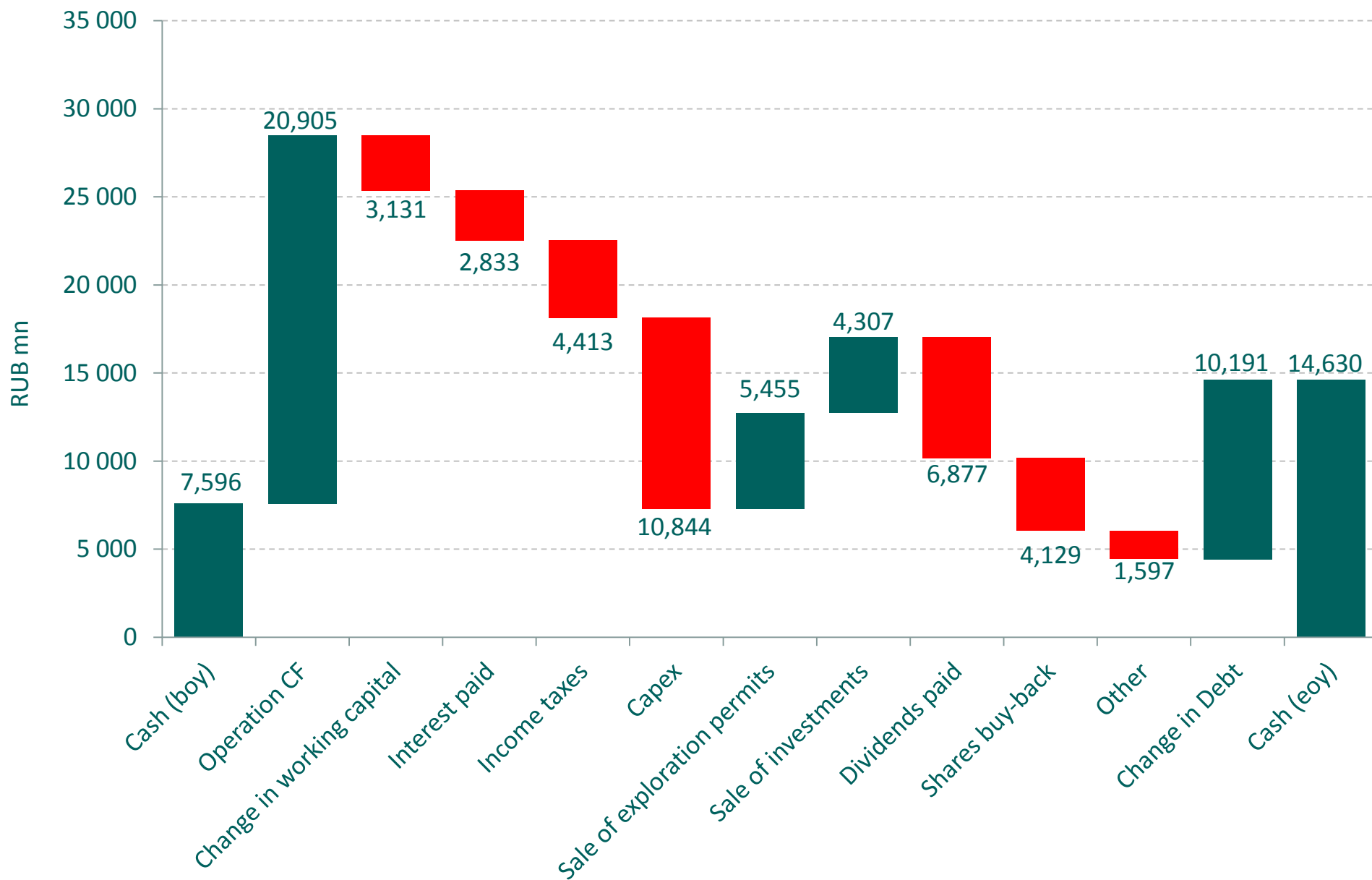
- Short term debt is **\$499 mn**
- Total debt is **\$1,504 mn**
- Net Debt is **\$1,050 mn**
- Weighted average interest rate for debt portfolio **6.27%**
- Net Debt/EBITDA equals 1.6 as of 31.12.2011

### Portfolio investment changes 2011

- Profit from sale of available for sale investments (Stake in JSC "Apatit"): **RUB 4,188 mn**
- Profit from sale of the permits in Canada: **RUB 4,839 mn**



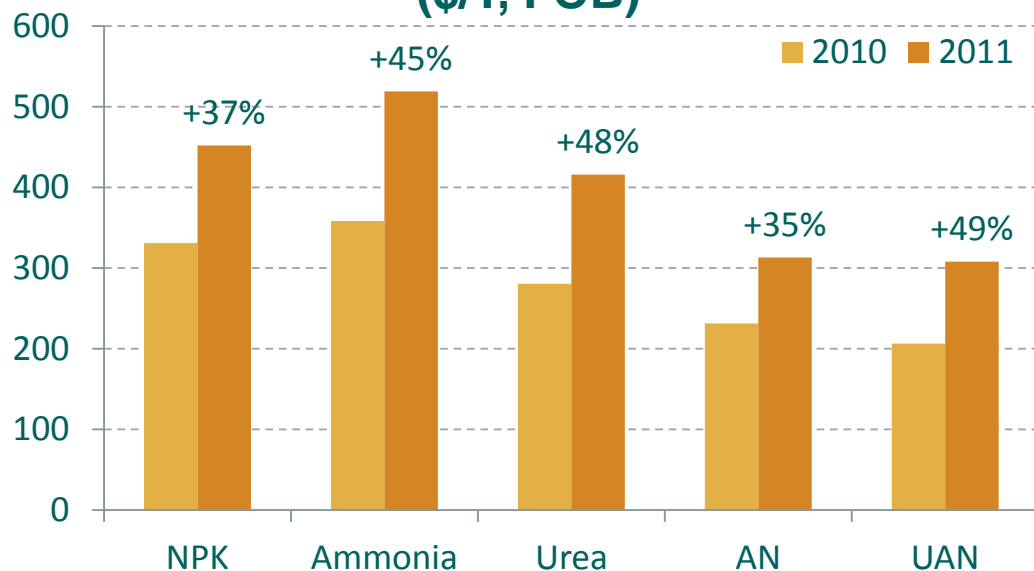
# CASH FLOWS



## Drivers for world fertiliser market growth in 2011:

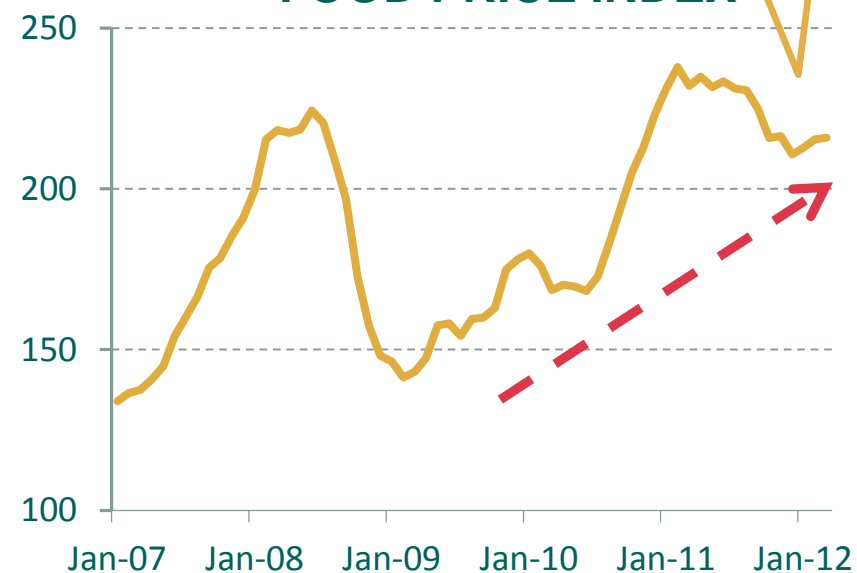
- Agricultural products price growth
- Fertiliser consumption volumes growth
- Temporary production freeze in several export oriented countries (Libya, Egypt, Trinidad & Tobago)
- Export cutbacks from China (consequences of changes in export duty policy)

## WORLD FERTILISER PRICES (\$/T, FOB)



Source: FMB, Fertecon

## FOOD PRICE INDEX



Source: FAO

- IFA projects fertiliser consumption of 181 mn tonnes nutrients in 2012 that exceeds 2011 results by 2.4% (in absolute figures 4.2 mn tonnes).
- China export of urea and DAP remains restricted in 2012 due to existing progressive export duties.
- New production capacity in regions with low-cost natural gas is not able to satisfy this growing demand.
- In 2012, the global demand for key mineral fertilisers will continue to outrace the supply, thus bringing the risk of overproduction in the sector down.
- High oil prices ramps up biofuel production

| Forecasted supply demand balance, mn t |                                   | 2008       | 2009       | 2010       | 2011       | 2012F      |
|--|-----------------------------------|------------|------------|------------|------------|------------|
| <b>N</b>                               | Supply (effective capacity)       | 126.2      | 130.1      | 133.7      | 136.9      | 139.5      |
|  | Demand (including industrial use) | 125.7      | 125.3      | 129.2      | 134.2      | 137.1      |
|  | <b>Balance</b>                    | <b>0.5</b> | <b>4.8</b> | <b>4.5</b> | <b>2.7</b> | <b>2.4</b> |
|  | % from supply                     | 0.4%       | 3.6%       | 3.4%       | 1.9%       | 1.7%       |

|          |                                   |            |            |            |            |            |
|----------|-----------------------------------|------------|------------|------------|------------|------------|
| <b>P</b> | Supply (effective capacity)       | 38.5       | 39.8       | 41.9       | 43.9       | 45.7       |
|          | Demand (including industrial use) | 32.8       | 34.9       | 39.0       | 41.9       | 43.4       |
|          | <b>Balance*</b>                   | <b>5.7</b> | <b>4.9</b> | <b>2.9</b> | <b>2.0</b> | <b>2.3</b> |
|          | % from supply                     | 14.8%      | 12.3%      | 6.9%       | 4.6%       | 5.0%       |

|          |                                   |            |             |            |            |            |
|----------|-----------------------------------|------------|-------------|------------|------------|------------|
| <b>K</b> | Supply (effective capacity)       | 35.1       | 35.6        | 36.6       | 38.5       | 40.3       |
|          | Demand (including industrial use) | 27.9       | 25.4        | 30.7       | 32.7       | 33.8       |
|          | <b>Balance</b>                    | <b>7.2</b> | <b>10.2</b> | <b>5.9</b> | <b>5.8</b> | <b>6.5</b> |
|          | % of supply                       | 20.5%      | 28.6%       | 16,1%      | 15.1%      | 16.1%      |

|                | 2010 | 2011 | 1Q 2012 |
|----------------|------|------|---------|
| <b>AMMONIA</b> | 358  | 519  | 397     |
| <b>UREA</b>    | 280  | 416  | 381     |
| <b>AN</b>      | 231  | 313  | 310     |
| <b>UAN</b>     | 206  | 308  | 265     |
| <b>NPK</b>     | 331  | 452  | 451     |

*\*In terms of phosphoric acid*

*Source: 37th IFA Enlarged Council Meeting Mayakoba, Rivera Maya (Mexico), 29 November – 1 December 2011*

**QUESTIONS?**