Uralkali: A Leader in the Global Potash Market

Investor Presentation

October 2011

Disclaimer

This presentation has been prepared by JSC Uralkali (the «Company»). By attending the meeting where the presentation is made, or by reading the presentation slides, you agree to the following limitations and notifications.

With respect to any information communicated by the Company, its agents or its representatives (including its directors, officers, employees, members, attorneys, advisors and any affiliates) to you or your agents or representatives (including any directors, officers, employees, members, attorneys, advisors and affiliates), directly or indirectly, whether in written, oral, visual, electronic or any other form, during or constituting the whole or part of this presentation or any presentation meeting or any conversation or discussion relating to or held in connection with this presentation, or any opinion expressed in respect of such information (the "Information"), such Information may not be reproduced, redistributed, passed on or otherwise disseminated to any other person, directly or indirectly, whether in written, oral, visual, electronic or any other form, for any purpose.

The Information communicated does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Any person considering the purchase of any securities of the Company or any member of its group must inform himself or herself independently before taking any investment decision. The Information communicated has been provided to you solely for your information and background and is subject to amendment. Further, the Information communicated has been compiled on the basis of information from a number of sources and reflects prevailing conditions as of its date, which are subject to change. The medium through which the Information is communicated constitutes neither an advertisement nor a prospectus. The Information communicated has not been independently verified. The Information communicated is subject to verification and amendment without notice and the Company is not under any obligation to update or keep current the Information.

Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its directors, officers, employees, members, attorneys, advisors, affiliates or any other person as to the correctness, accuracy, currency, completeness, adequacy, usefulness, reliability, fairness or otherwise of the Information communicated, and any reliance you place on such Information will be at your sole risk. Neither the Company nor any of its directors, officers, employees, members, attorneys, advisors, affiliates or any other person accepts any liability whatsoever for any loss howsoever arising from any use of the Information communicated.

To the fullest extent permitted by applicable law, the Company shall not be liable for any compensatory, punitive, special, consequential or other damages, any loss of income or revenue, any loss of business, any loss of anticipated savings, any loss of goodwill, or any other losses, liabilities, expenses or costs of whatever nature arising from or attributable to your access to, or inability to access, or reliance on Information even if the Company has been advised of the possibility of such damages, losses, liabilities, expenses or costs.

Some of the Information may constitute projections or other forward-looking statements regarding future events or the future financial performance of the Company. These statements involve numerous assumptions regarding the present and future strategies of the Company and the environment in which it operates and will operate in the future and involve a number of known and unknown risks and other factors that could cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Accordingly, the Company provides no assurance whatsoever that its or its industry's actual results, levels of activity, performance or achievements will be consistent with the future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. Neither the Company nor any of its directors, officers, employees, members, attorneys, advisors, affiliates or any other person intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

Multiple factors could cause the actual results to differ materially from those contained in any projections or forward-looking statements, including, among others, potential fluctuations in quarterly or other results, dependence on new product development, rapid technological and market change, acquisition strategy, manufacturing risks, volatility of stock price, financial risk management, future growth subject to risks of political instability, economic growth and natural disasters, wars and acts of terrorism.

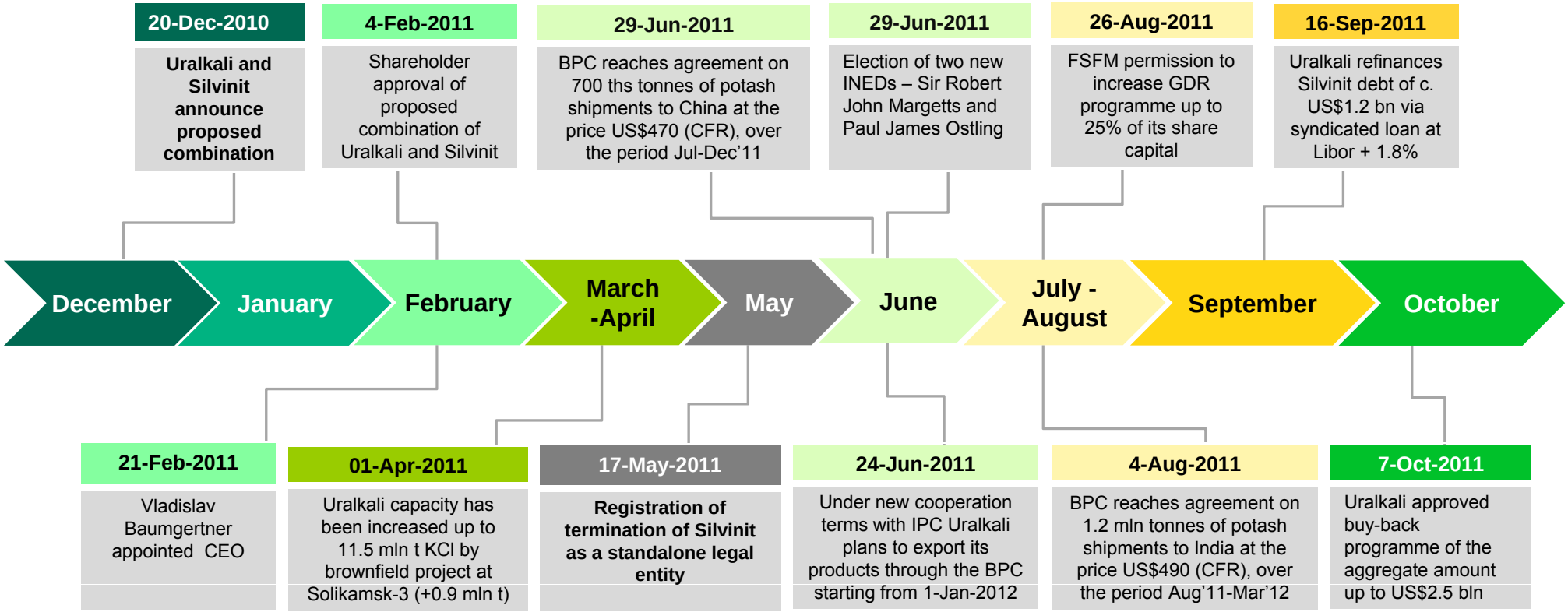
Agenda

1. A Leader in the Global Potash Market
2. Positioned for Growth
3. Financial Highlights
4. Potash Market Update
5. Conclusions and Outlook

A Leader in the Global Potash Market

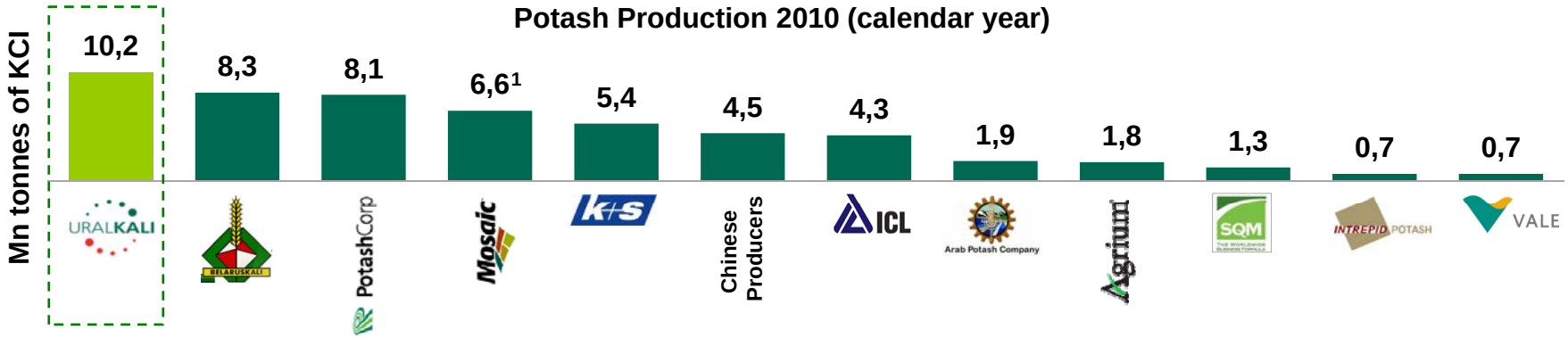
- Uralkali is a leading global player in potash production and capacity
  - #1 in potash production
  - #2 in capacity globally
- Uralkali is a leading player in the potash export market
- Uralkali is positioned amongst the lowest cost producers with advantageous competitive position and further synergistic potential from merger
- Uralkali has an attractive portfolio of cost-advantaged brownfield projects alongside large-scale greenfield development opportunities

Key Milestones



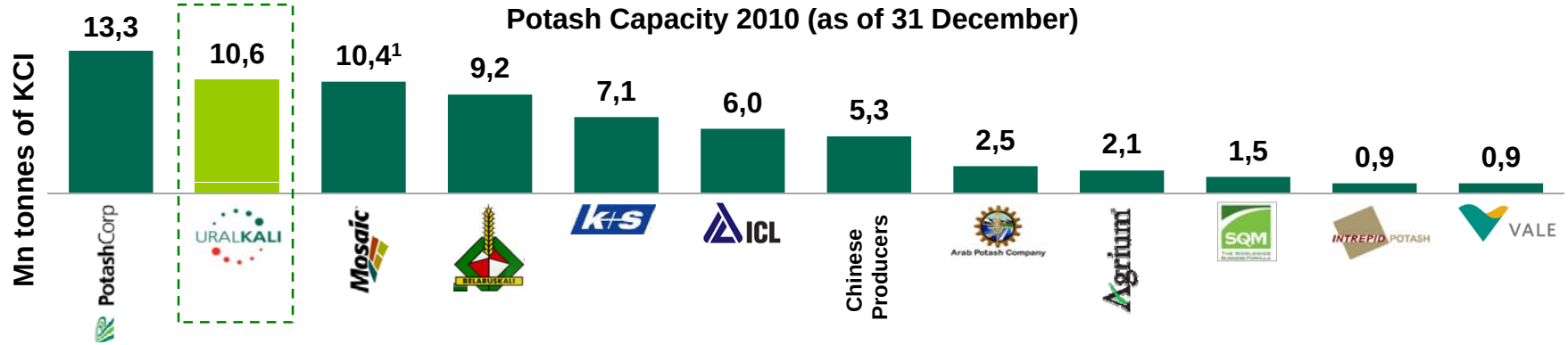
A Leader in Production and Capacity

Largest Global Potash Producer



Source: Companies financial reports, IFA, National Bureau of Statistics of China
Note:
1. Mosaic production excluding share produced under toll agreement with PotashCorp

Second Largest Player by Capacity



Source: Companies financial reports, IFA, National Bureau of Statistics of China
Note:
1. Mosaic capacity as of 31-May-10 excluding capacity used under toll production agreement with PotashCorp

Agenda

1. A Leader in the Global Potash Market
2. Positioned for Growth
3. Financial Highlights
4. Potash Market Update
5. Conclusions and Outlook

Clear Strategy to Deliver Future Growth

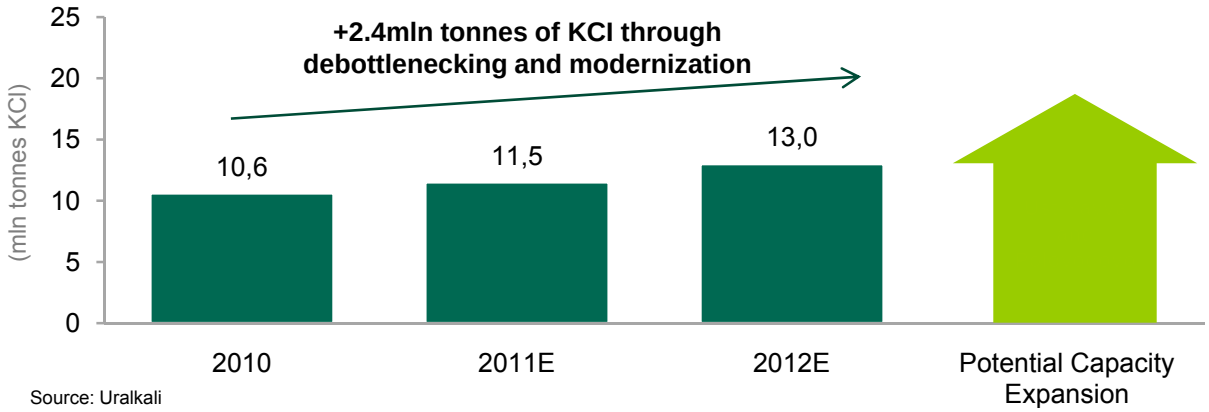
"Creation of one of the world's leading potash companies through leveraging Uralkali's operational and financial strength"

1 **Drive Organic Growth**	• Driving organic growth through a value accretive investment program, to include exploitation of brownfield projects and greenfield development opportunities
2 **Enhance Operating Efficiency**	• Pursuing improvements in operational efficiency to maintain and enhance Uralkali's competitive cost position and profitability
3 **Optimization of Sales and Marketing Activities**	• Determining optimum sales and marketing channels
4 **Realize Synergies**	• Realising the considerable synergistic potential that exists through the combination of two leading regional businesses in an expedited timeframe to increase short and longer term shareholder value
5 **Employer of Choice**	• Delivering value whilst operating in a socially responsible manner and positioning Uralkali as the employer of choice in the Russian mining industry
6 **Focus on Corporate Governance**	• Continued commitment to ongoing enhancements in corporate governance standards

Clear strategic road map to position Uralkali as one of the world's leading potash companies to drive longer term value creation

Significant Capacity Growth Potential

Planned Capacity Additions Synchronized with Global Potash Market Growth



Source: Uralkali

- **Existing Facliities: 5 potash mines, 7 potash-processing plants, 2 greenfield licenses**
- **Reserves & Resources**: JORC-compliant resource base of 8.7Bnt of ore including 4.4Bnt from Ust-Yayvinsky and Polovodovsky blocks combined
- **Brownfields**: 23% capacity expansion at one of the lowest costs in the industry
- **Greenfields**: Further expansion potential through Ust-Yayvinsky and Polovodovsky projects
  - the largest greenfield license areas in the industry, which are adjacent to the existing mines
  - one of the lowest depths of the mine (250-400m)
  - all required infrastructure already in place
  - strong geology and mining expertise

Complimentary Asset Base

Synergy Realization Progress Update

	OPERATIONAL	TRANSPORTATION	SG&A / Financial
Synergies Description	• Operating savings of c. US$35m p.a. due to procurement improvements, technology efficiency and efficiency in repairs and services functions • Maintenance investment savings of c. US$20m p.a. • Additional benefits are expected to come from integrated approach to the development of Ust-Yayvinsky and Polovodovsky greenfield projects	• Redirection of Silvinit's transportation routes to the Baltic Bulk Terminal owned by Uralkali • More effective use of existing rolling stock through joint management • Decreased ship chartering costs thanks to larger and longer-term freight contracts	• Combination of corporate functions, streamlining divisional functions and offices • Reduction of administrative expenses through elimination of duplicate functions and roles • Optimisation of fixed cost levels – maintenance of funds, planned replacement of equipment, upkeeping of infrastructure and plant • Optimization of debt portfolio, refinancing of expensive Silvinit debt
Value	**US$55m p.a.**	**US$20m p.a.**	**US$25m p.a.**
Update and Near Term Plans	• 2011 Maintenance capex to be less than US$280mln • Carnalite plant to be shut down	• At least 800kt to be redirected to Baltic Bulk Terminal (economies of US$16/t) in 2011 with up to 1Mt in 2012 • Starting 2012 all export volumes of Silvinit to be redirected to traditional Uralkali traders (economies in trading administration cost)	• Headcount reduction of more than 300 people in 1H 2011 (mostly in G&A function) • Silvinit debt refinanced at interest rates LIBOR +1.8%

- **In aggregate, core synergies from the merger are expected to reach c.US$100 million p.a.[1] by 2013**
- **Over 500 employees involved in the integration process; execution stage already started**

Notes:
1. Net of realisation costs. Management of Uralkali is further reviewing the synergy potential created through the combination, which is expected to result in additional synergies being identified

Agenda

1. A Leader in the Global Potash Market
2. Positioned for Growth
3. Financial Highlights
4. Potash Market Update
5. Conclusions and Outlook

Financial Statement 1H 2011 – Alignment of Reporting Standards

CONSOLIDATION OF SILVINIT	
Profit and Loss, Cash Flow	Consolidation starting 17 May 2011, when Silvinit ceased to exist as Russian legal entity: • Financial Statement includes 1.5 months of Silvinit operations • Pro-forma numbers include 6 months of Silvinit operations –> more representative for results of the Combined Company
Balance Sheet	Purchase price allocation resulted in: • Goodwill of US$ 2.1bn – excess of consideration over the fair value of assets and liabilities • Intangible assets of US$ 6.4bn – operating licences of Silvinit

CHANGES IN REPORTING STANDARDS AS OF 1H 2011	
Changes in reporting	• Financial reporting in US Dollars • Key numbers on Q-Q basis

Further increasing transparency and disclosure standards

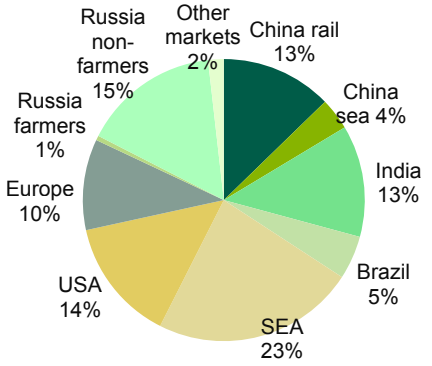
Key Financial Highlights – 1H 2011

Key Figures

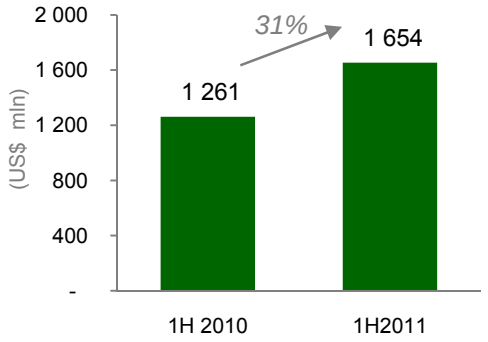
(US$ mln)	Pro-forma 1H 2011 [1]	SILV + URKA 1H 2010 [2]	*Change %*
Sales volume, 000 tonnes	5 276	5 272	*0%*
- Domestic sales	856	841	*2%*
Sales to farmers	46	48	*-4%*
- Export sales	4 421	4 431	*0%*
Revenue	1 973	1 527	*29%*
Net Revenue [3]	1 654	1 261	*31%*
EBITDA	1 036	764	*35%*
EBITDA margin, %	*63%*	*61%*	
Adjusted EBITDA [4]	1 054	765	*38%*
Adjusted EBITDA margin [5], %	*64%*	*61%*	
Net Profit	794	466	*70%*
CAPEX	226	223	*1%*
- Maintenance	118	109	*9%*
- Expansion	107	114	*-6%*
Average export price, US$	398	303	*31%*

Key Considerations

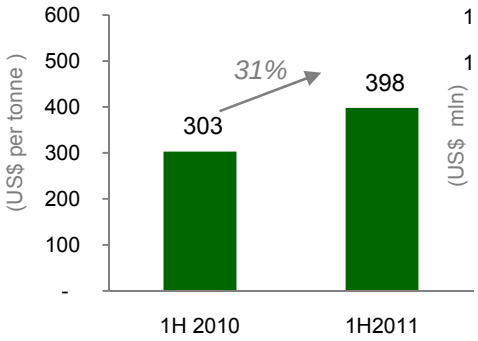
1H 2011 Market mix



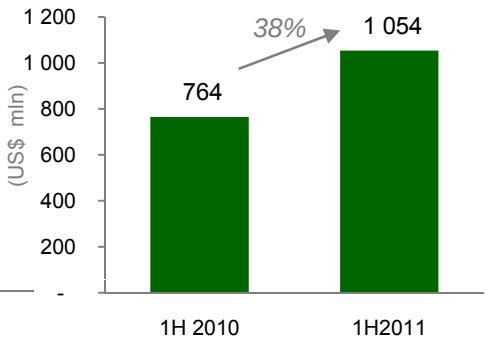
Net Revenue [3]



Average export price



Adjusted EBITDA [4]

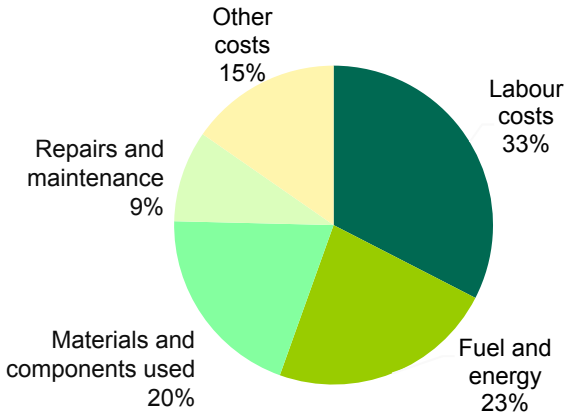


1H 2011 Demonstrated growth in prices together with virtually full capacity utilization rate

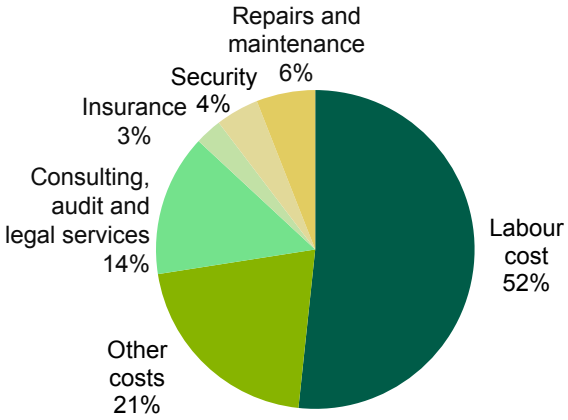
Notes:
1. Uralkali financial results for the 6 months ended 30 June 2011 including Silvinit results starting from 1 January 2011
2. Pro-forma 1H 2010 is calculated as Uralkali financial results for 1H 2010 + Silvinit financial results for 1H 2010
3. Net revenue represents adjusted revenue (sales net of freight, railway tariff and transshipment costs)
4. Adjusted EBITDA is calculated as Operating Profit plus depreciation and amortization and does not include mine flooding costs
5. EBITDA margin is calculated as EBITDA divided by Net Sales

Review of Cost Structure 1H 2011[1]

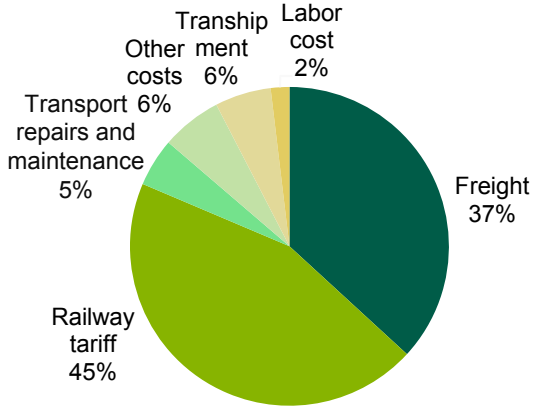
Cash COGS[2]



Cash G&A Costs

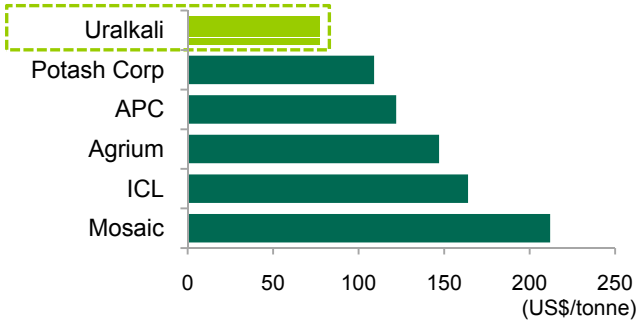


Cash S&D Costs

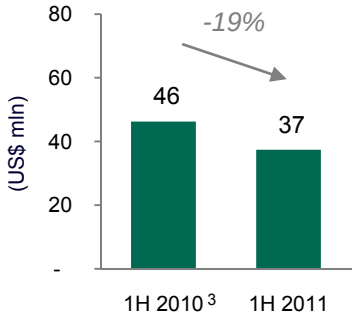


- Unit potash cash COGS 1H 2011 – 61 US$ per tonne - the lowest across the industry:

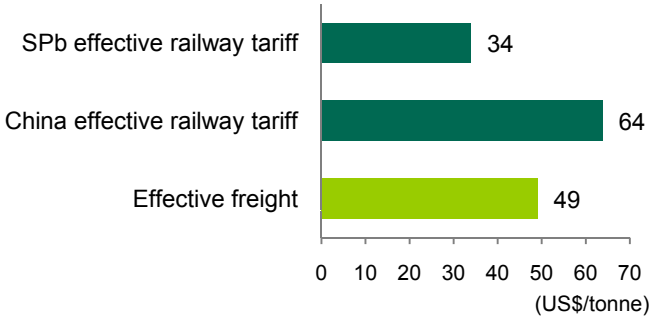
2010 Potash industry cost curve (excl. shipping)



Labor GnA costs



Effective railway tariff and freight rates



Source: Uralkali, Companies reports , HSBC

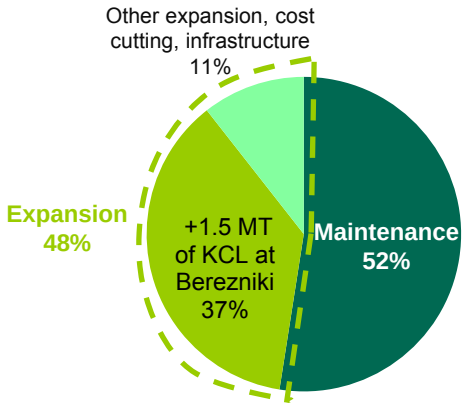
Maintaining status of a low cost producer with the focus of further cost efficiency, optimization, delivery of synergies

Notes:
1. Consolidated Condensed Interim Financial Information for 6 months 2011
2. Without COGS of finished goods acquired at acquisition
3. Adjusted for one-off compensation costs

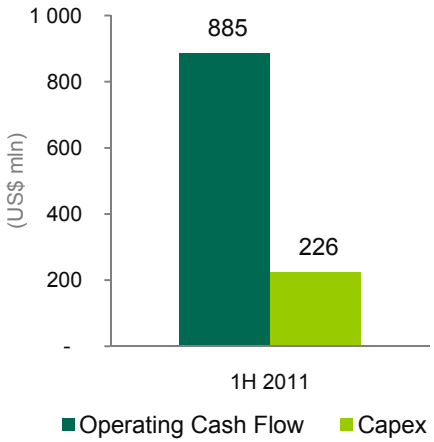
Capex, Cash Flow, Balance Sheet 1H 2011

Capex, Cash Flow

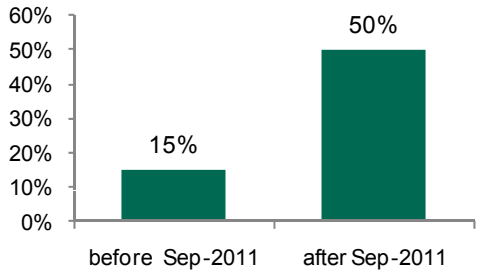
Capex by main projects, 1H 2011



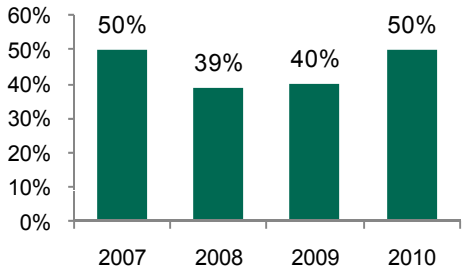
Capex vs. Operating Cash Flow



Dividend policy



Dividends payout ratio



Balance Sheet [1]

(US$ bn)	30 June 2011
Debt (bank loans+bonds)	3 173
- bank loans	2 074
- bonds issued	1 100
Cash	1 058
Net debt/(cash)	2 116

- Significant Balance Sheet changes:
  - Buy-back of bonds at the amount c. US$1bn in August 2011
  - Refinancing c.US$1.2bn of Silvinit debt with a syndicate loan in September 2011
- Loan portfolio parameters expected as of October 2011:
  - c.100% of debt exposure is in US Dollars
  - Average interest rate c.3.0%
  - Target Net Debt/EBITDA ratio of 1.0–2.0x LTM EBITDA

Robust capital structure, stable cash-flow generation, strong dividend strategy

Notes:
1. Consolidated Condensed Interim Financial Information for 6 months 2011

New Supportive Shareholder Base and Increased Liquidity

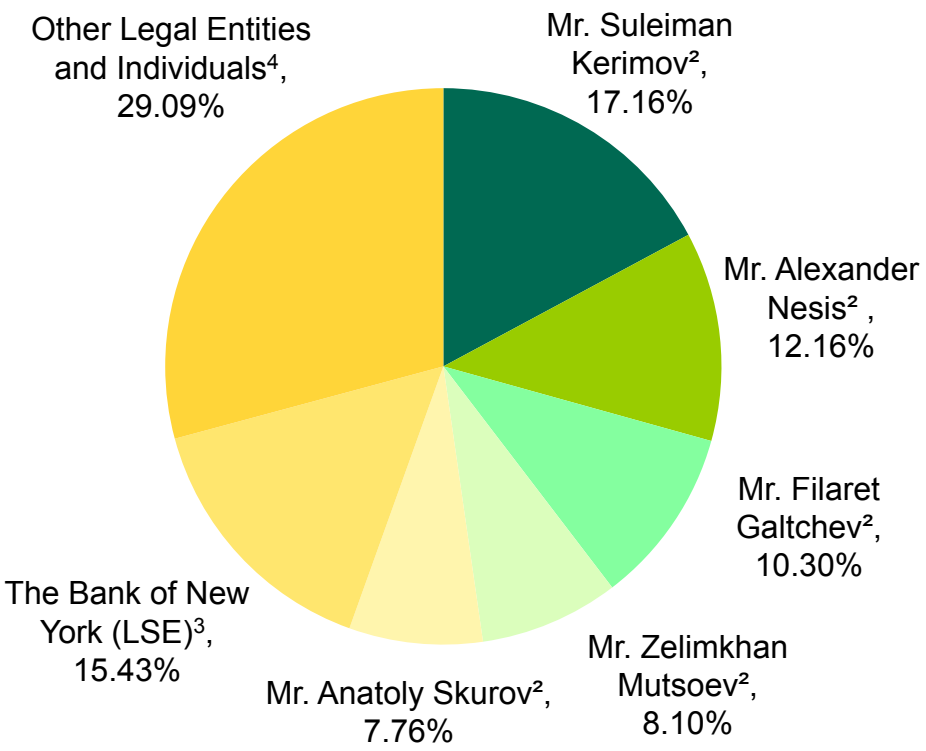
- Core shareholder group supportive of company strategy going forward
- Improved liquidity given the issuance of new Uralkali shares to Silvinit shareholders
- New shares eligible for deposit into GDR program, thus potentially increasing Uralkali's liquidity in London
- Uralkali holds a permission from FSFR to trade overseas 773,659,476 shares, representing increase of GDR programme up to 25%

Total number of shares – 3,094,637,905

Equivalent of 618,927,581 GDRs

As of 30 September 2011 GDR holders – 17.21%

New Shareholder Base[1]



Note:
1. Data as of 24 May 2011
2. Aggregate ultimate shareholding. Mr. Kerimov's and Mr. Galtchev's shareholdings include 6.24% and 4.81% respectively of Uralkali share capital transferred to OJSC Sberbank under a repo agreement
3. Data as of 14 June 2011
4. Includes 1.25% of Uralkali share capital transferred to OJSC Sberbank under repo agreements

IR of the Combined Company

2011-2012 Conference Calls and Roadshows Preliminary Calendar

Year	Date		Event	Location
2011				
	September	**22**	Uralkali 1H 2011 IFRS Financial Results Conference Call	Moscow
	September-October	**26 Sep - 07 Oct**	Uralkali Roadshow	San Francisco, Chicago, Boston, New York, Stockholm. Frankfurt, London, Moscow
	October	**7**	VTB Capital: Russia Conference	Moscow
		25	UBS: Russia Corporate Day	Frankfurt
		27	NYSE: Russia Conference	New York
	November	**28**	GS: 3rd Annual EEMEA 1-x-1 Conference	London
		29	UBS: GEM 1x1 Conference	New-York
		29	RenCap: 2nd Annual EM Investor Conference	Hong-Kong
		30	Citi: Global Chemicals and Fertilisers conference	New-York
	December	15	Uralkali trading update call (IFRS financial results for 3Q 2011)	Moscow
2012		[TBC]		
	April	6	Uralkali FY 2011 and 1Q 2012 IFRS Financial Results Conf Call	Moscow
	May	10-24	Uralkali Roadshow	TBD
	September	12	Uralkali 1H 2012 IFRS Financial Results Conference Call	Moscow
		12-26	Uralkali Roadshow	TBD
	December	14	Uralkali trading update call (IFRS financial results for 3Q 2012)	Moscow

September 2011

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	**22**	23	24	25
26	27	28	29	30		

October 2011

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	**25**	26	**27**	28	29	30
31						

November 2011

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	10	20
21	22	23	24	25	26	27
28	**29**	**30**				

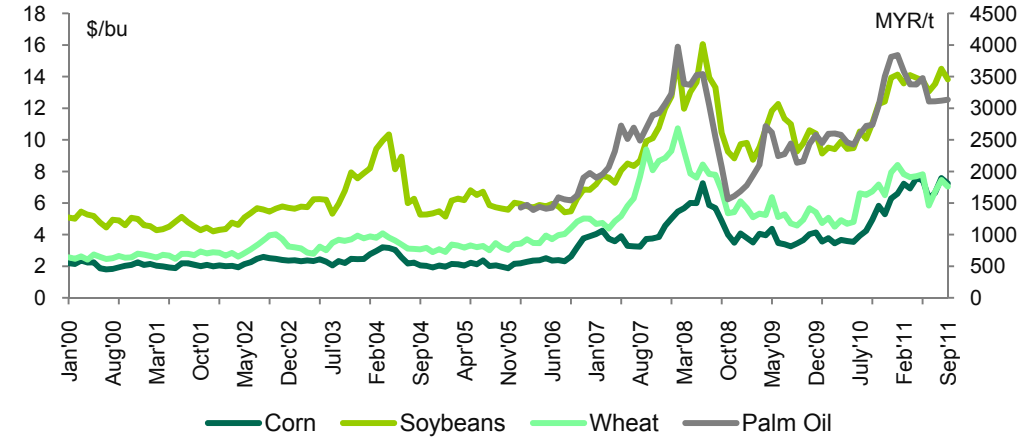
- Investor schedule consistent with that employed previously by Uralkali
  - Roadshow – semi-annually
  - Participation in major Sector and Country Conferences
  - Investor days
  - 1x1 Meetings and conference calls

Agenda

1. A Leader in the Global Potash Market
2. Positioned for Growth
3. Financial Highlights
4. Potash Market Update
5. Conclusions and Outlook

Crop Prices Stay High

Crop Future Prices



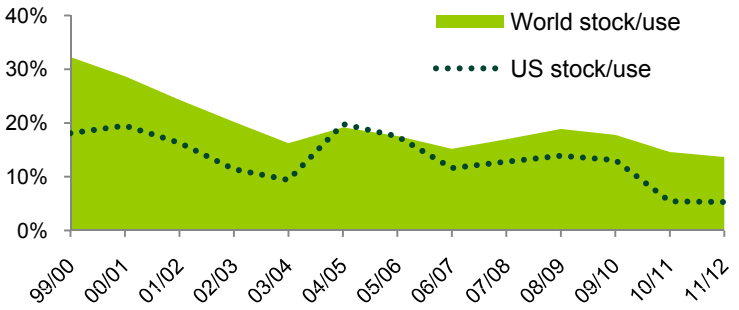
Source: CBOT, Bursa Malaysia

- Grain markets should stay relatively immune to any further deterioration in the macroeconomic environment this year as tight fundamentals continue to support price levels
- This year, planting delays, spring flooding, and uneven growing weather led the analysts to notably reduce forecasted harvest sizes especially in the US (for corn (~3%), soybean (~4%), and wheat (~3%)) thus pushing stock-to-use ratios to record lows
- Strong demand from China and other emerging markets is expected to support the prices and limit the possibility for stocks to be rebuilt

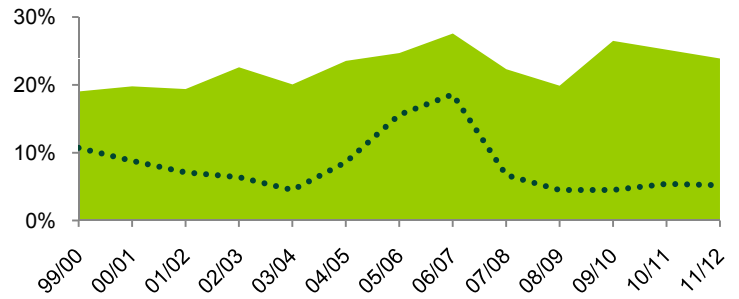
2010 Average Price		Futures Price Forecast				
		3-months	6-months	12-months	2011E	2012E
Corn	$3.76/bu	$7.35/bu	$7.35/bu	$7.00/bu		
Soybeans	$10.44/bu	$13.75/bu	$14.00/bu	$14.00/bu		
Wheat	$5.29/bu	$7.50/bu	$7.90/bu	$7.50/bu		
Palm Oil	$856/t				$1100/t	$1250/t

Source: CBOT, Bursa Malaysia, Goldman Sachs

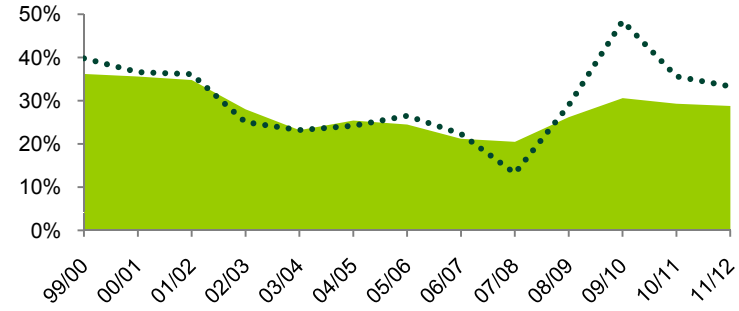
Corn stocks-to-use ratios



Soybeans stocks-to-use ratios



Wheat stocks-to-use ratios

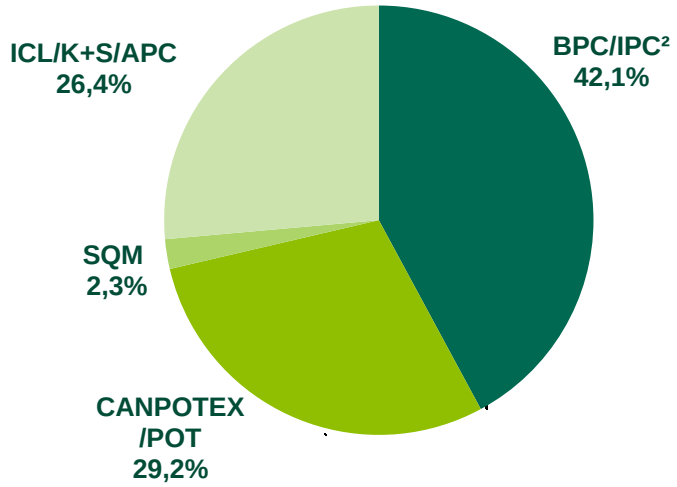


Source: USDA

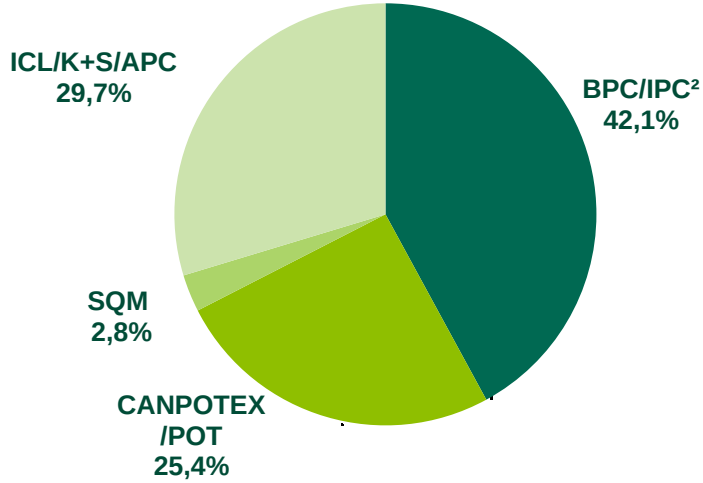
Potash Export Trade in 1H 2011

Suppliers' market shares in global potash export[1]

1H 2011



1H 2010



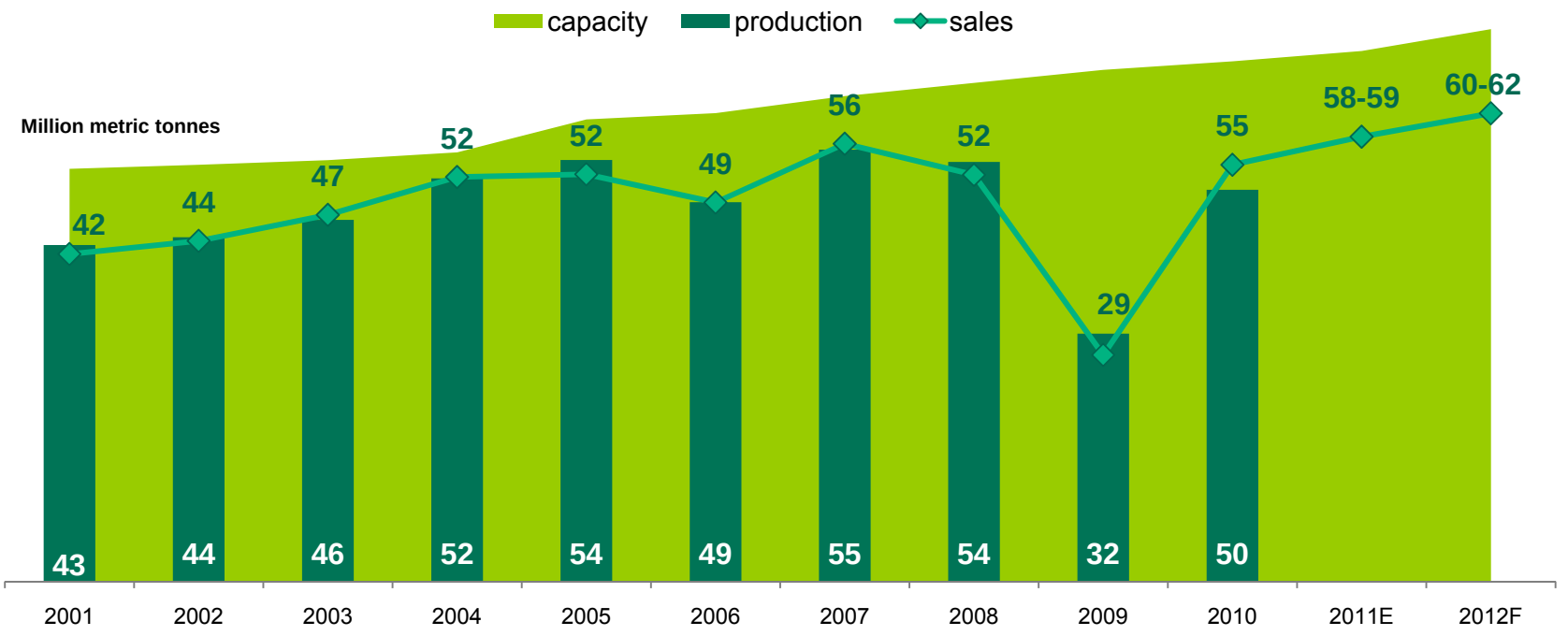
Source: IFA, BPC

Uralkali traders have sustained its top market share in the export potash market

Note:

1. Excluding Canadian potash export to the United States
2. Together with Uralkali Trading S.A

Supply/Demand Dynamics 2001-2012F

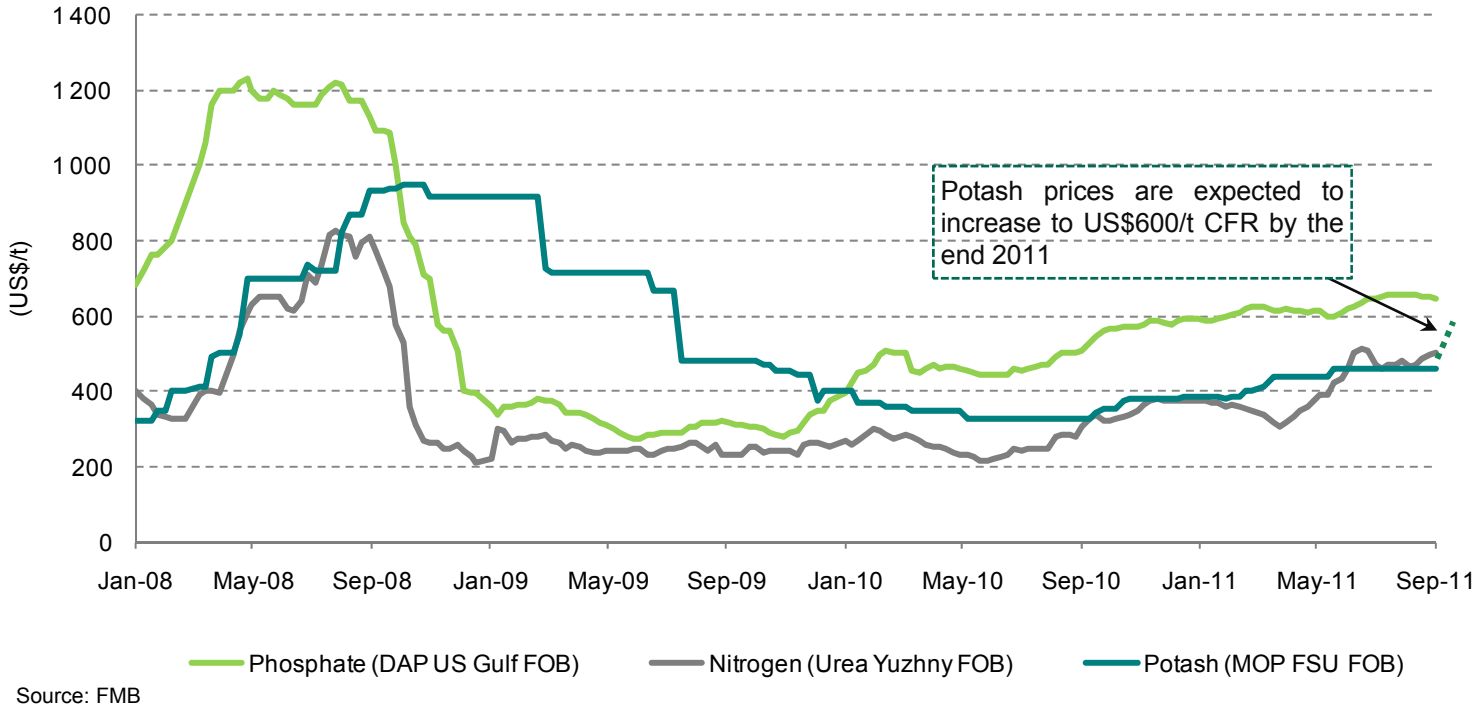


Source: IFA, BPC estimates

- Worldwide potash sales volumes are expected to hit a new record of 58-59 Mtpa in 2011
- Healthy farmer economics and re-stocking point to improved supply/demand dynamics into 2012
- The global supply/demand balances for potash remains relatively tight with effective operating rates for calendar 2011/12 close to 90%. In 2012, potash demand is likely to exceed 60 Mtpa

2011 expected to see potash sales exceeding pre-crisis level with further growth anticipated in 2012

Fertilizer Prices Continue to Strengthen



Source: FMB

- Potash prices haven't surpassed the record highs of 2008 yet
- Spot prices are US$550/t in Brazil, US$535/t - in South East Asia; The 2H'11 Chinese contract has been settled at US$470/t and Indian half-year contract at US$490/t
- While equities have recently experienced a downward trajectory, agriculture commodity prices did not correct much. Prices for potash, DAP, and urea each strengthened over the past month supported by strong agriculture fundamentals
- Potash industry fundamentals remain favorable for 2011 and 2012, owing to low stock-use ratios for grain and oilseeds, which, in turn, support potash prices. Spot prices are expected to increase to US$600/t CFR in Q4 2011

Potash Market Outlook

- Crop prices remain at historical highs, while fertilizers haven't surpassed the record highs of 2008 yet. In 2011, the combination of high crop prices and relatively low fertilizer prices (input costs) will result in one more record year for farmers' incomes
- The recent selloff in the equities market reflects a bearish macroeconomic views, particularly around Eurozone debt crisis. While equities have sold off sharply, agriculture commodity prices did not correct quite as much owing to low stock-use ratios for grain and oilseeds
- Spot prices are expected to increase to US$600/t CFR in Q4 2011
- Given healthy crop prices and strong farmers' economics, balanced to tight supply/demand suppliers are likely to achieve significant price increases over the next year

Agenda

1. A Leader in the Global Potash Market
2. Positioned for Growth
3. Financial Highlights
4. Potash Market Update
5. Conclusions and Outlook

Conclusion and Outlook

A Leader in the Global Potash Market	• #1 in global potash production • Leading player in potash export market • Amongst the lowest cost producers with highly cost advantageous competitive position and further synergistic potential • Attractive portfolio of cost-advantaged brownfield projects alongside large-scale greenfield development opportunities
Sustainable Superior Performance	• Adjusted EBITDA margin – 64% • Potash COGS per tonne – 61 US$ per tonne • Optimized low interest rate debt portfolio • Expected synergetic effects materializing
Potash Market Update	• Industry fundamentals are highly attractive with favourable demand growth prospects • Crop prices expected to stay elevated in 2011 / 12 • Global potash sales volumes expected to range between 58-59 Mtpa in 2011 • Upward pricing trajectory is likely to continue during 2012
Further Improvement in Corporate Governance	• High calibre international INEDs elected to the Board – Sir Robert John Margetts and Paul James Ostling • New dividend policy (50% payout) benefits all shareholders

Focused on delivery of growth to drive shareholder value

Contact Information

IR Contact Details

Uralkali
119034, Russia,
Moscow, Butikovsky per., 7
Tel.: +7 (495) 730-2371
Fax: +7 (495) 730-2393
Web: www.uralkali.com

E-mail: ir@msc.uralkali.com

Anna Batarina, CFA
Head of Investor Relations and Capital Markets

Karina Oparina
Senior Manager for Investor Relations

Daria Fadeeva
Manager for Investor Relations

Appendices

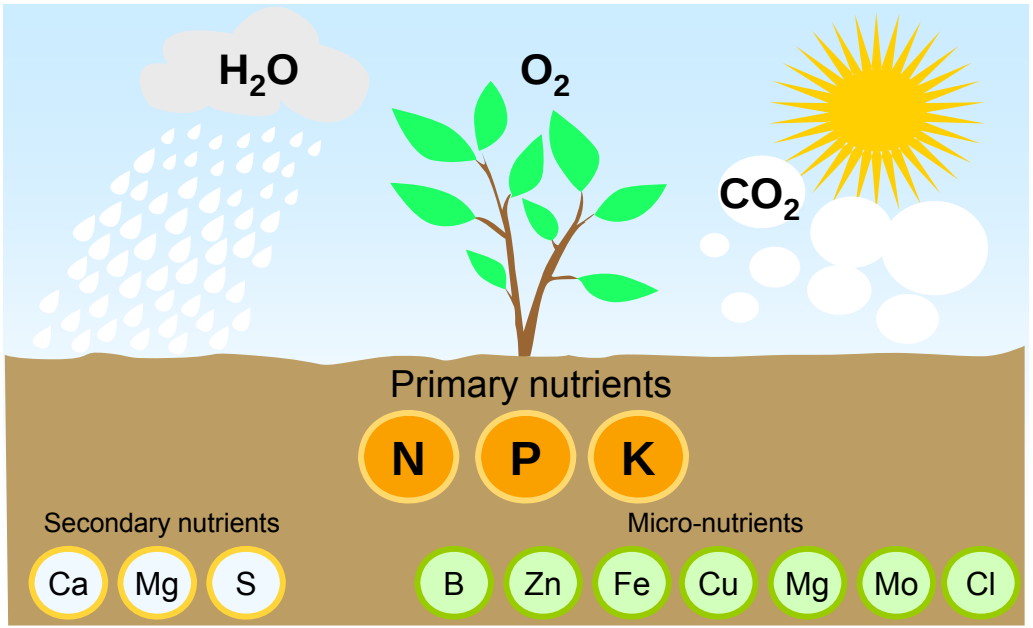
Uralkali Management Team and Governance

Management team and governance structure optimally positioned to drive future growth

- Senior management team comprises highly experienced operational, financial and functional professionals
- Selected from the legacy management teams of both companies
- A new Board of directors will be elected at the AGM on 29 June
- New Board[1] expected to comprise two high calibre international INEDs – Sir Robert Margetts and Mr. Paul Ostling
- Commitment to enhancement in corporate governance standards

Note:
1. New Board of Directors expected to comprise of six members of the current Board (Messrs. Voloshin, Mosionzhik, Nesis, Grachev, Malakh and Ms. Kolonchina) together with Mr. Vladislav Baumgertner, Sir Robert Margetts and Mr. Paul Ostling

Potassium: One of the Three Primary Nutrients



Nitrogen (N)

- Promotes protein formation
- Determines plant's growth, vigour, colour and yield

Phosphorus (P)

- Plays a key role in adequate root development and photosynthesis process
- Helps plant resist drought

Potassium (K)

- Improves plant durability and resistance to drought, disease, weeds, parasites and cold weather

Potash: Growth, Visibility, Stability

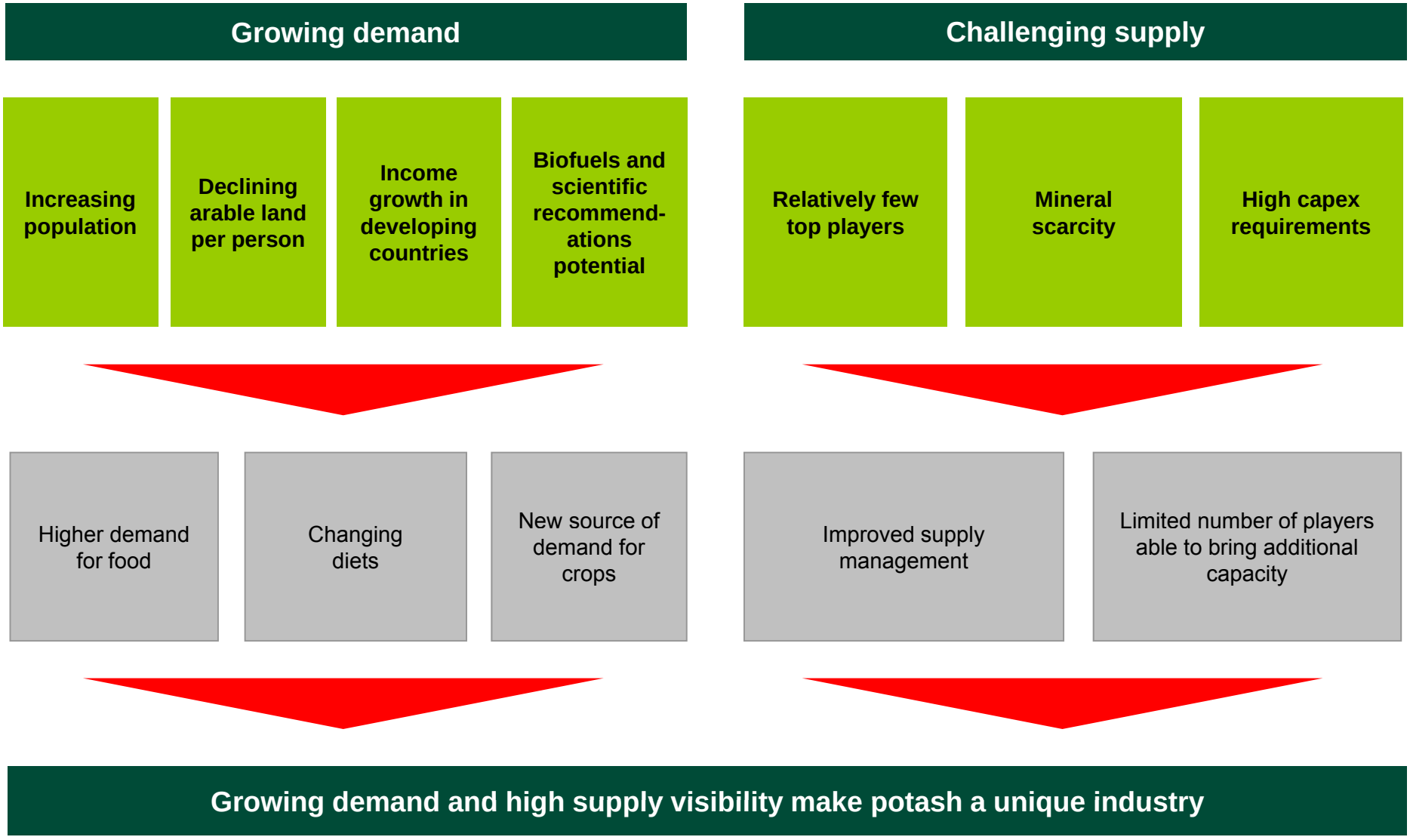
	Potash (K)	Phosphate (P)	Nitrogen (N)
Market size[1] (2011E)	**30.2 million tonnes K_2O (48.6 million tonnes KCl)[2]**	41.4 million tonnes (P_2O_5)	105.2 million tonnes (N)
Geographic availability	**Very limited**	Limited	Readily available
Industry members	**Small number of leading players**	Several leading players	Large number of players
Profitability	**High**	Low/medium	Low/medium
Estimated cost of greenfield capacity	**US$4.1bn for 2 mln tonnes (KCl)**	US$1.5bn for 1 mln tonnes (P_2O_5)	US$1bn for 1 mln tonnes ($NH_3$)
Estimated greenfield development time	**min 7 years**	~ 3-4 years	~ 3 years

Potash represents the strongest investment story across the fertilizer industry

Source: Fertecon as of 2Q 2011, PotashCorp

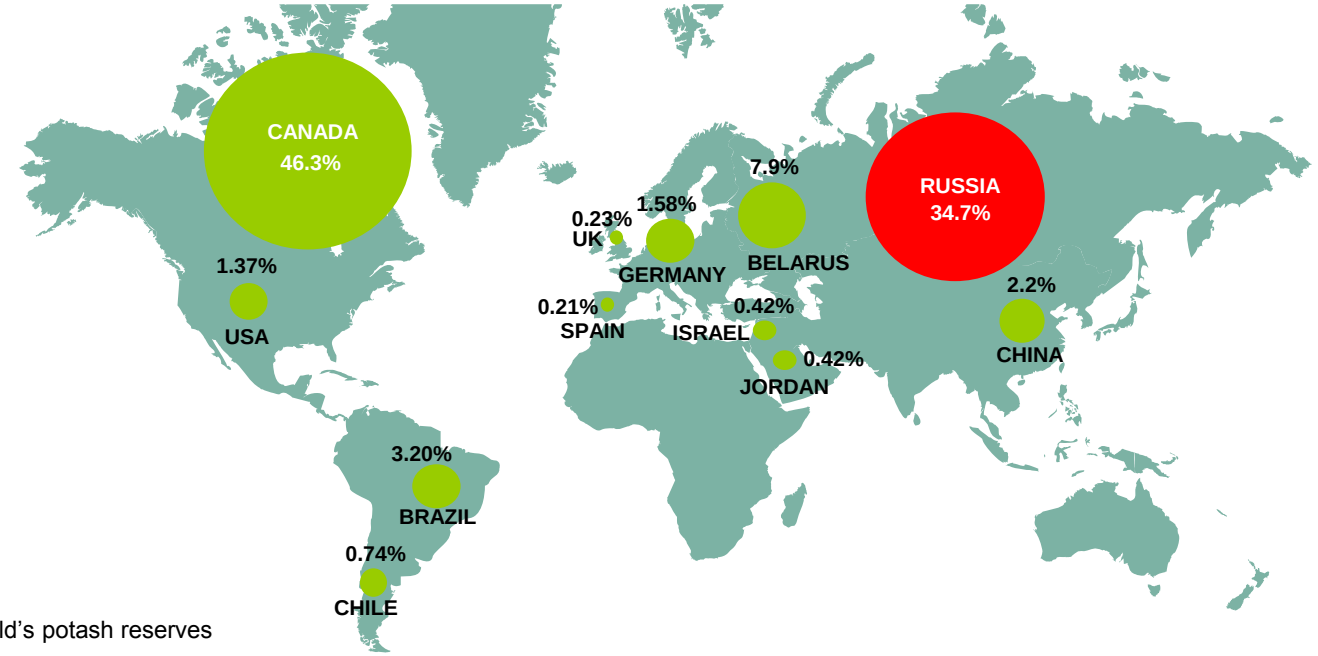
Notes:
1. Including fertilizer consumption
2. 1 t KCl (product) is equal to 1.61 t K_2O (nutrient)

Strong Industry Fundamentals



Mineral Scarcity

Potash reserves are largely concentrated in Canada and Russia



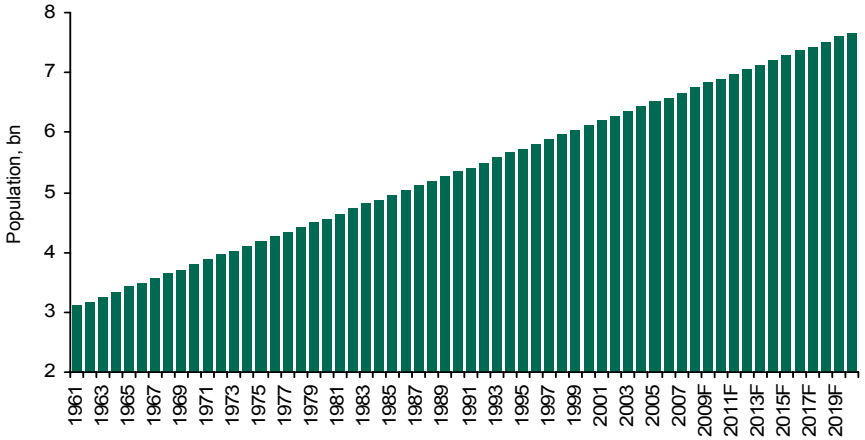
% - Share in world's potash reserves

Limited access to resources, few high quality large scale ore deposits

Source: USGS, 25 January 2011
Note: Other countries not represented on the map account for less than 1 % of world's potash reserves

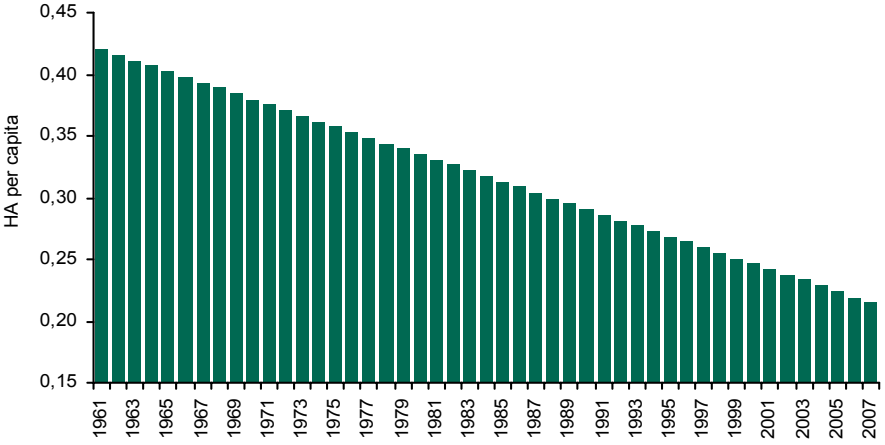
Higher Yields Required to Feed Rising Population

Growing population Needs Higher Crop Yields



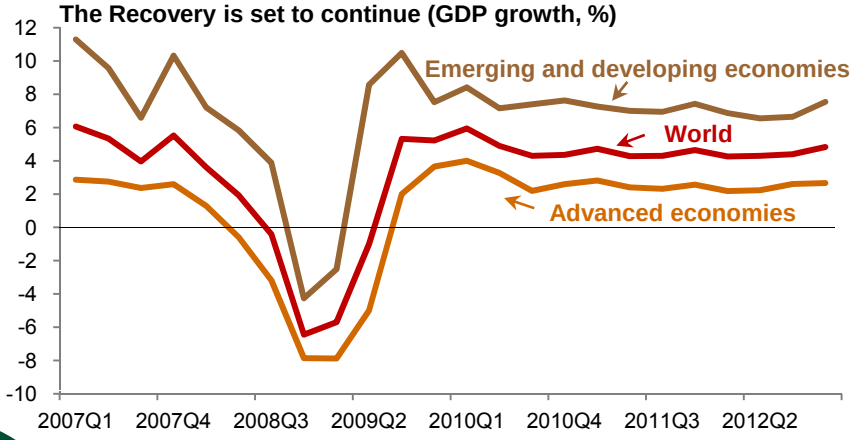
Source: FAO

Arable land per capita is shrinking



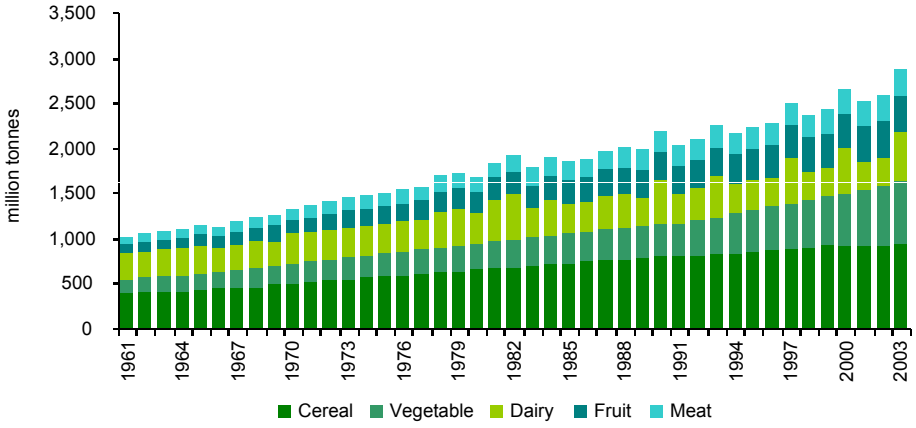
Source: FAO

Income Growth in Developing Countries



Source: IMF, 25 January 2011

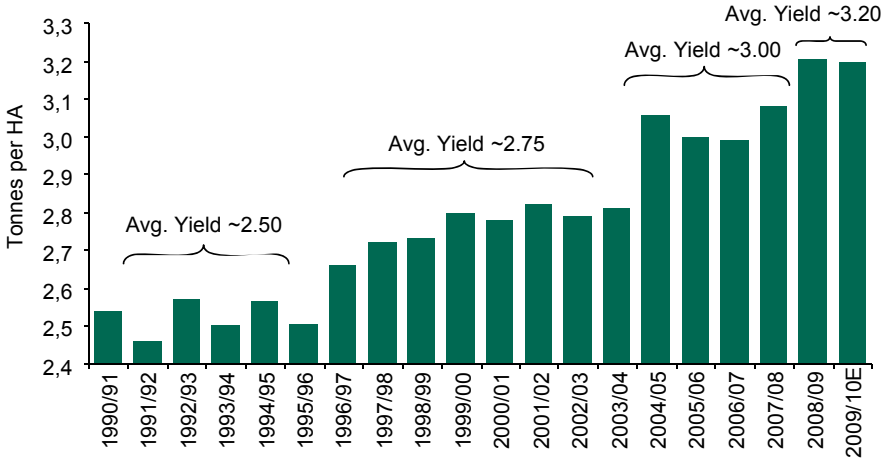
Food consumption is increasing



Source: FAO

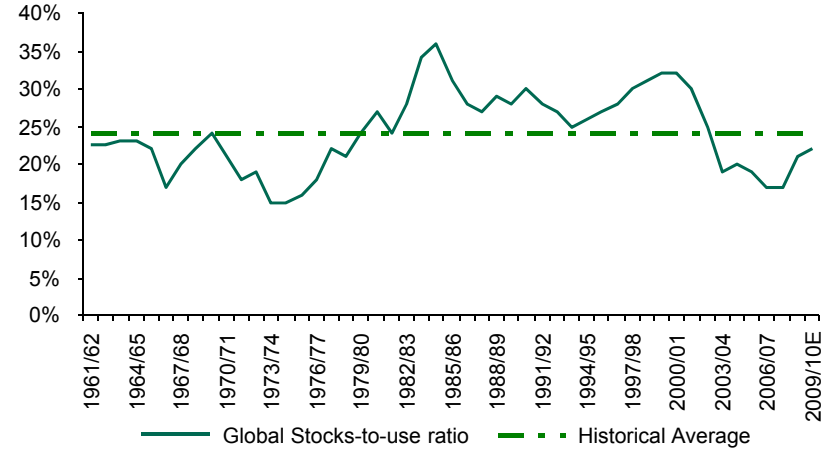
Changing Diets Drive Demand for Grain

Global Grain Yield Requirements are Growing



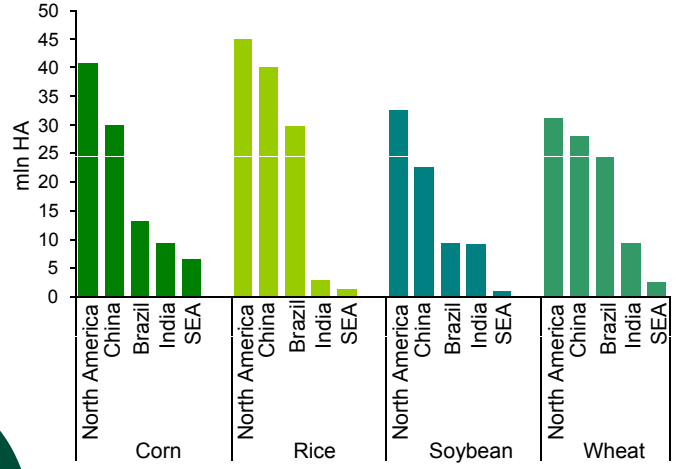
Source: RBC Capital Markets

Global Grain Stock-to-Use Ratio is Still Below Average



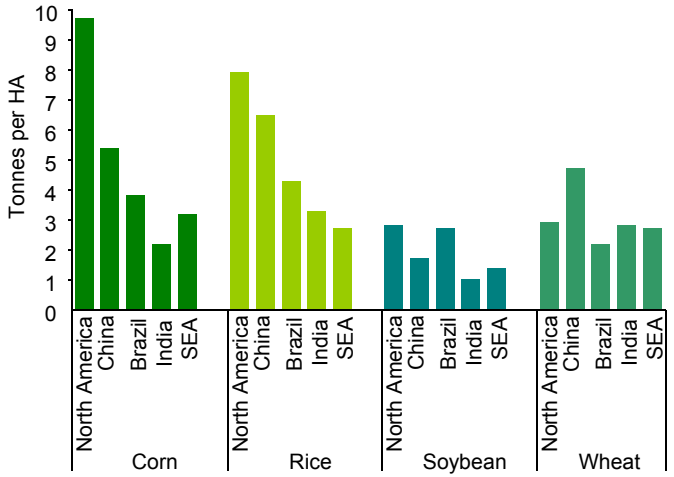
Source: RBC Capital Markets, USDA

Developing countries have a big portion of total crop acreage



Source: USDA

…though have lower yields compared to developed agricultures



Source: USDA

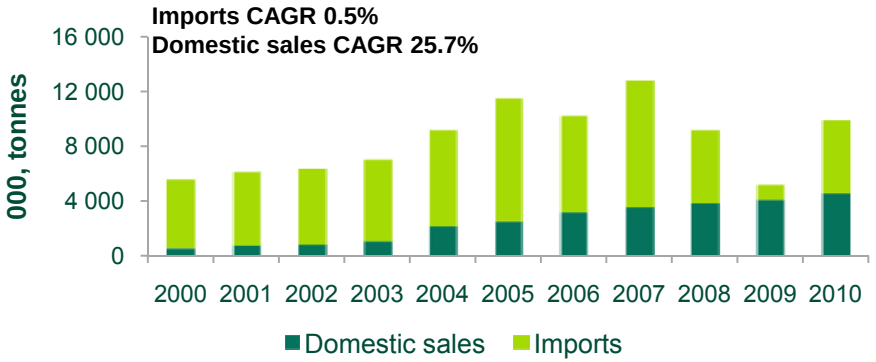
China

Market Overview

- Market size: 9.8Mt KCl
- Demand growth (CAGR 2000-2010): 5.9%
- Share in global demand: 18%
- Share in global imports: 15%
- Uralkali* sales in 2010: 26% of its total export volume
- Market specifics: traditionally large contract market is becoming less related to imports due to increasing domestic production. Market has switched from annual contract to half-year contract

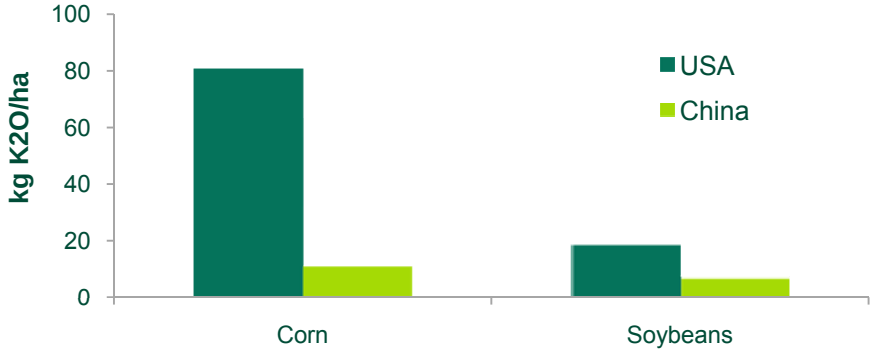
**Incl. Silvinit sales volumes*
Source: IFA, Uralkali

Potash Demand: Imports vs. Domestic Sales



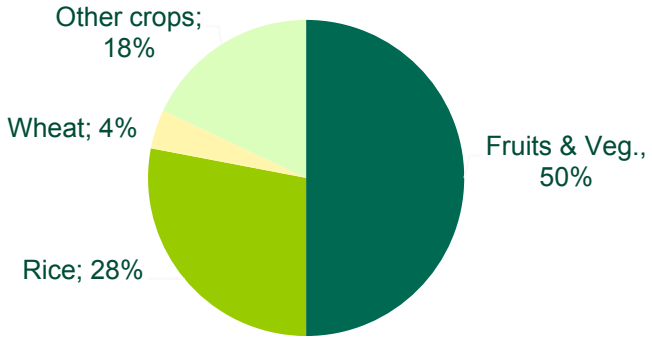
Source: IFA, National Bureau of Statistics of China

Potash Application Rates are Well Below Required Level



Source: BoA Merrill Lynch

Potash Consumption by Crop Types



Source: IFA

- Domestic MOP prices are going up
- BPC reaches agreement on potash shipments to China at the price of US$ 470 (CFR) for the period Jul 11 – Dec 11. Under the contract BPC will ship 500 ths tonnes firm and 200 ths tonnes of mutual optional quantities
- Railway deliveries continue to be made on spot basis reflecting the current price trend

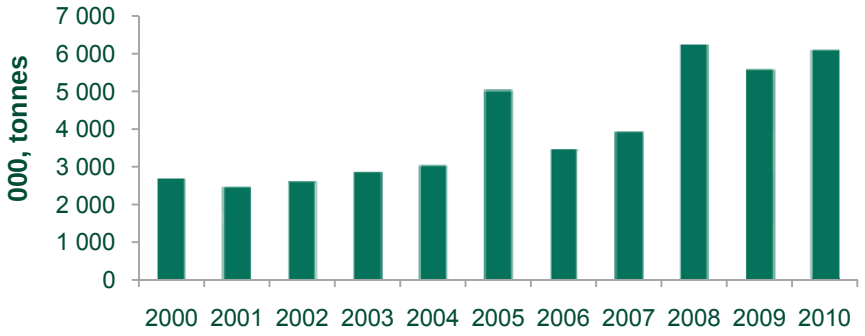
India

Market Overview

- Market size: 6.1Mt KCl
- Demand growth (CAGR 2000-2010): 8.6%
- Share in global demand: 11%
- Share in global imports: 17%
- Uralkali* sales: 19% of its total export volume
- Market specifics: net potash importer; nutrient-based subsidy system gives substantial support to potash consumption

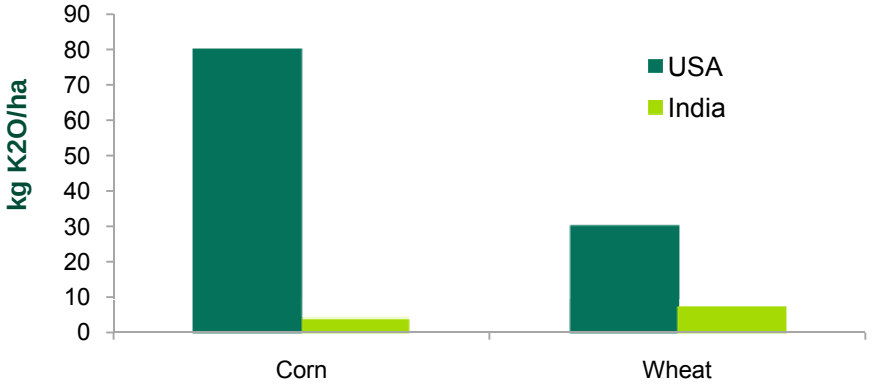
**incl. Silvinit sales volumes*
Source: IFA, Uralkali

Potash Demand: Net Importer



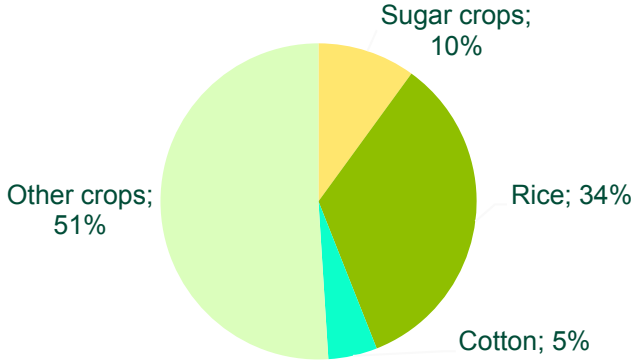
Source: IFA

Potash Application Rates are Well Below Required Level



Source: BoA Merrill Lynch, FAO

Potash Consumption by Crop Types



Source: IFA

- MOP inventories are extremely low
- BPC reaches agreement on potash shipments to India at the price of US$ 490 (CFR) over the period Aug 2011 – Mar 2012. Under the contract BPC will ship 1.2 mln tonnes of KCl

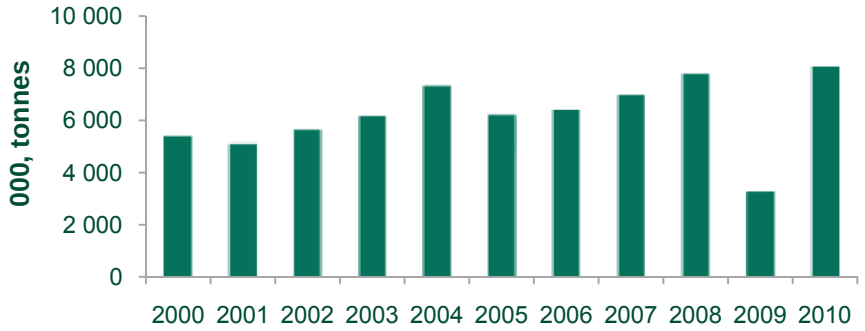
South East Asia

Market Overview

- Market size: 8.0Mt KCl
- Demand growth (CAGR 2000-2010): 4.1%
- Share in global demand: 14%
- Share in global imports: 22%
- Uralkali* sales: 21% of its total export volume
- Market specifics: Indonesia, Malaysia and Vietnam ensure about 60% of potash demand in the region

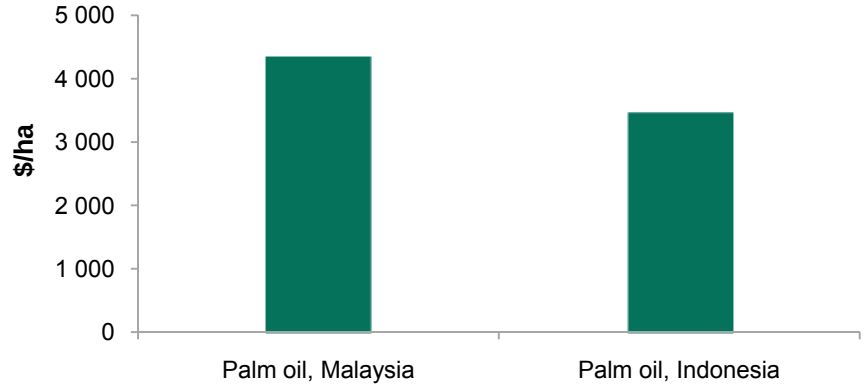
** Incl .Silvinit sales volumes*
Source: IFA, Uralkali data

Potash Demand: Net Importer



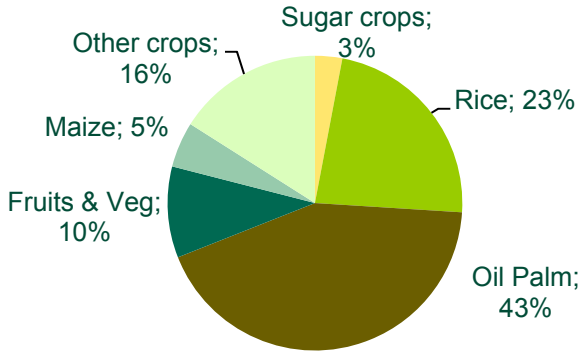
Source: IFA

Farmers Enjoy Good Margins



Source: BPC

Potash Consumption by Crop Types



** Includes Indonesia, Malaysia, Vietnam, Thailand, Bangladesh, Philippines*
Source: IFA

- Demand in SEA markets is very strong at the moment
- Most observers expect that spot price for MOP will be close to $600 pt cft in Asia by the end of this year

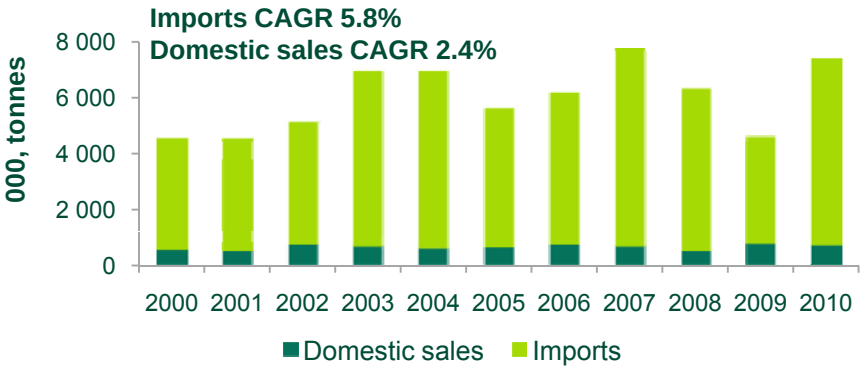
Brazil

Market Overview

- Market size: 6.6Mt KCl
- Demand growth (CAGR 2000-2010): 5%
- Share in global demand: 12%
- Share in global imports: 18.5%
- Uralkali sales in 2010*: 5% of its total export volume
- Market specifics: Spot growing market. Brazil and the U.S are strongly interconnected markets in terms of price developments

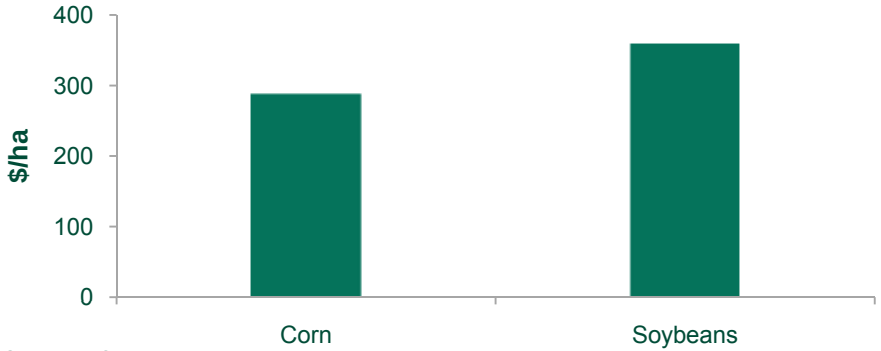
** Incl .Silvinit sales volumes*
Source: IFA, Uralkali

Potash Demand: Imports vs. Domestic Sales



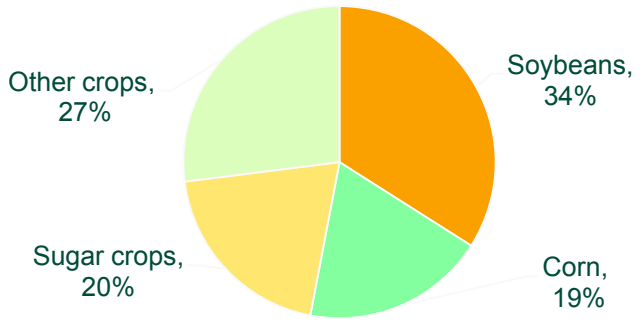
Source: IFA

Farmers Enjoy Good Margins



Source: BPC

Potash Consumption by Crop Types



Source: IFA

- Demand remains very strong
- Continued strong demand has prompted BPC to announce a further $30/t increase for gMOP to Brazil effective October 1 2011, raising prices to $580-590/t
- According to ANDA, Brazil is expected to import 7 Mt of potash in 2011, up 14% yoy

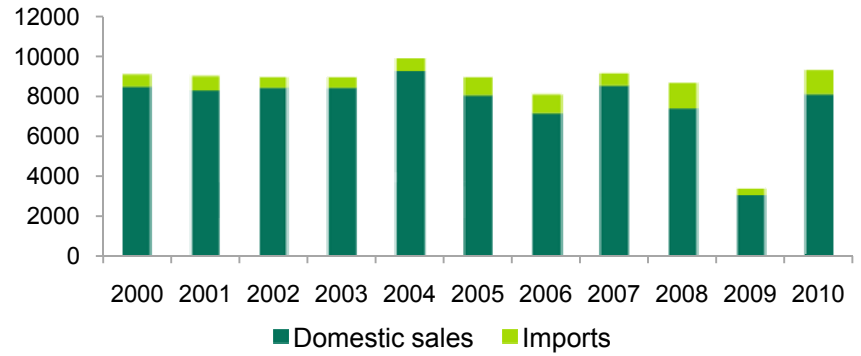
USA

Market Overview

- Market size: 9.3Mt KCl
- Demand growth (CAGR 2000-2010): 0.2%
- Share in global demand: 17%
- Share in global imports: 3.4%
- Uralkali sales in 2010*: 12% of its total export volume
- Market specifics: solid, mature market which is more than 80% supplied by local producers

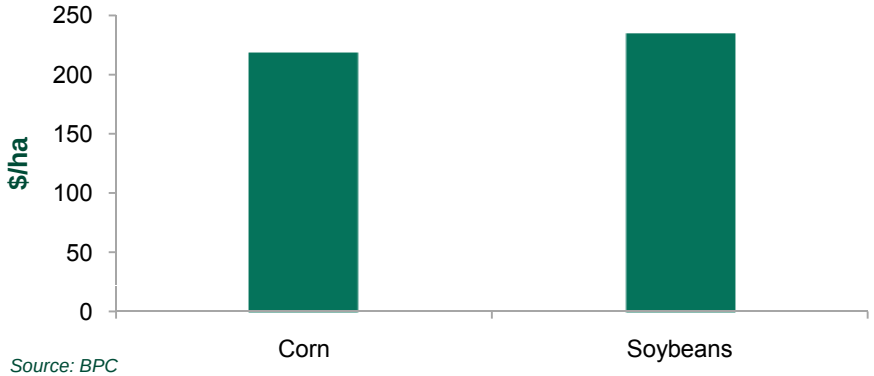
** Incl .Silvinit sales volumes*
Source: IFA, Uralkali

Potash Demand: Imports vs. Domestic Sales



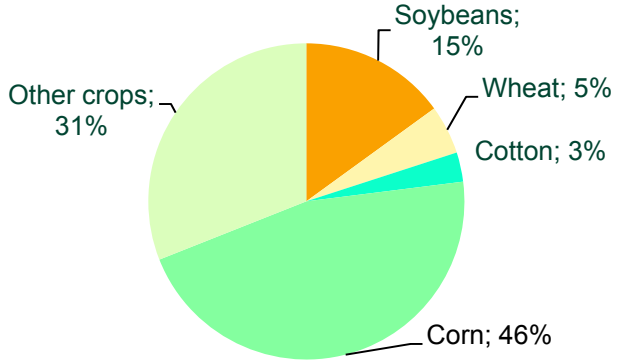
Source: IFA

Farmers Still Enjoy Good Margins



Source: BPC

Potash Consumption by Crop Types



Source: IFA

- US market is still the one with the highest prices
- According to the latest USDA report US corn stock-to-use ratio will reach the record lows of 5% this year adding the upward pressure on the crop prices
- High levels of the grain prices and good farmers margins are expected to stimulate fertilizer application in autumn yoy

Europe[1]

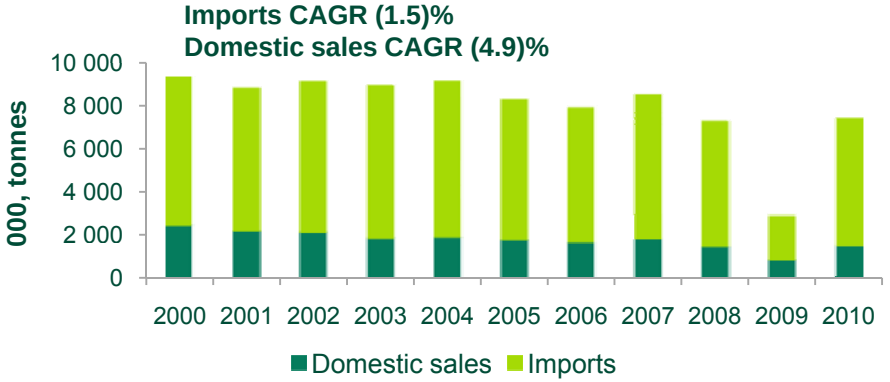
Market Overview

- Market size: 7.4Mt KCl
- Demand growth (CAGR 2000-2010):-2.3%
- Share in global demand: 13%
- Share in global imports: 16.6%
- Uralkali sales in 2010*: 15.2% of its total export volume
- Market specifics: Conservative market. EU anti-dumping duty free quotas continue to limit FSU producers' volumes

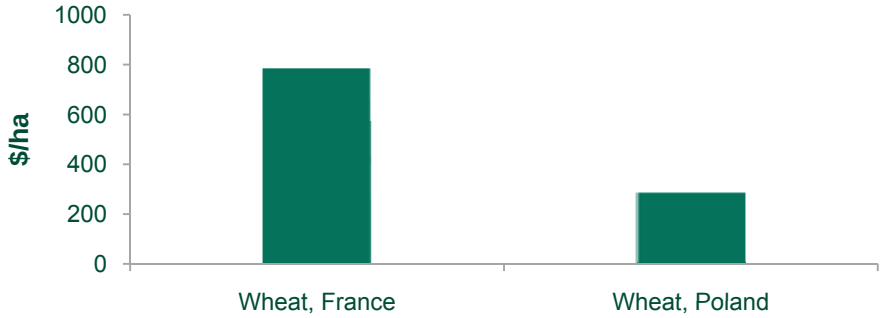
Source: IFA, Uralkali

** Incl .Silvinit sales volumes*

Potash Demand: Imports vs. Domestic Sales

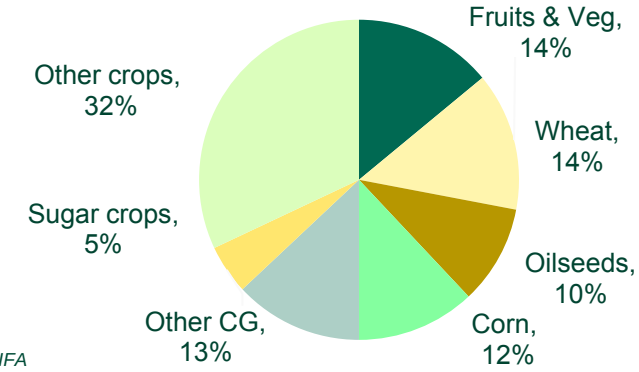


Farmers Still Enjoy Good Margins



Source: BPC

Potash Consumption by Crop Types



Source: IFA

- Healthy crop prices (almost 2 times higher than during spring last year) allows for better profits of the farmers
- Demand grows faster in CEE market than in WE
- K+S has increased gMOP by €10/t effective immediately for new orders, taking prices from €353/t to €363/t. The new gMOP is comparable to established prices of $510/tonne in S.E. Asia and $520/tonne in Brazil. Further price increase is expected for MOP (for Q3'11)
- Following growing demand due to improved farming economics a further €20/t price increase (effective from the 1st of July) has already been accepted by most of the customers in CEE and is expected to be applied generally

[1] *European Economic Area, Serbia and Croatia*

Thank You!