



PhosAgro – Q1 2012 IFRS Results





1. Market Context

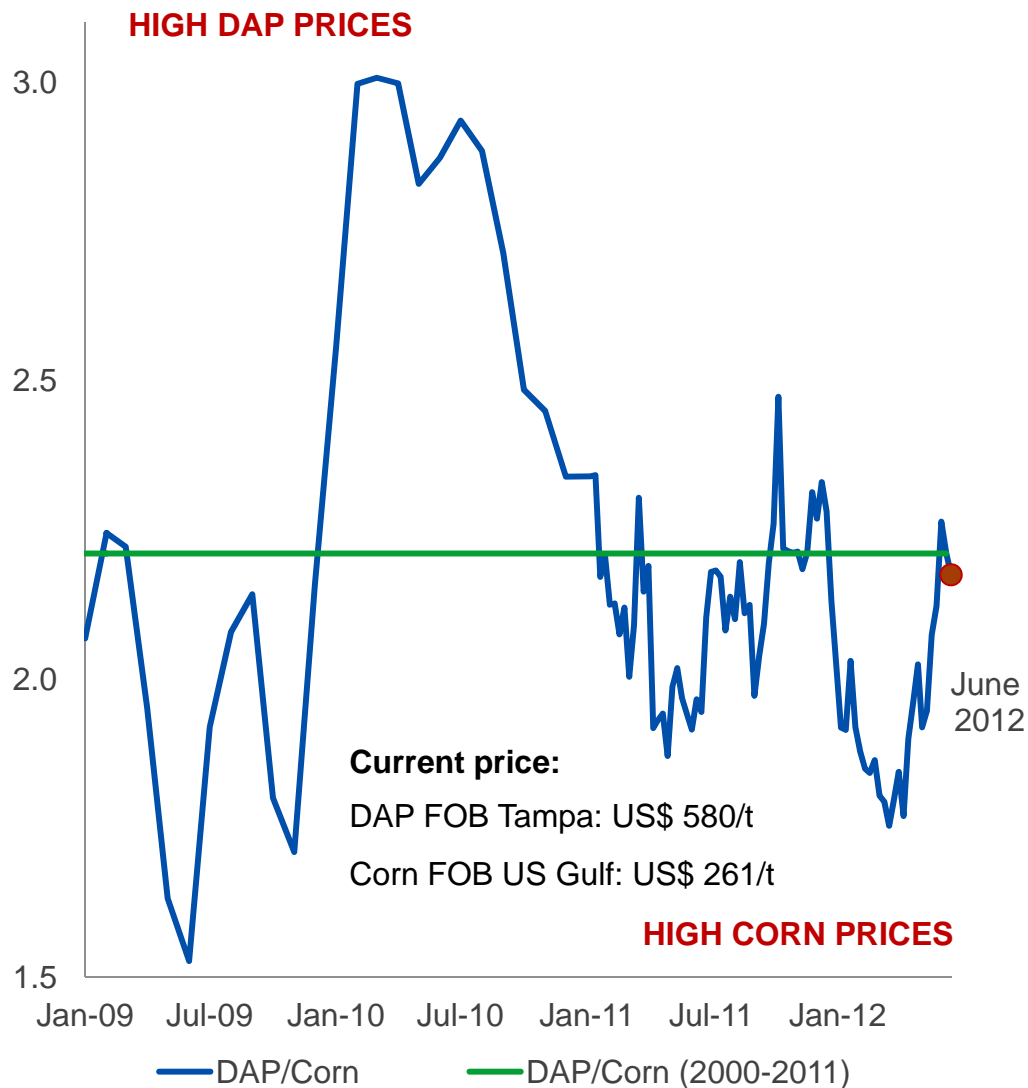
Q1 2012

- Russia, Europe, US and Brazil showed very strong demand during the period
- Indian market was challenging in Q1 2012, with DAP subsidy reduced by almost 30% to Rs 14,350/tonne from Rs 19,763/tonne; almost no DAP was supplied to India in Q1 20 12.

Current trends and expectations

- DAP prices recovered by more than 17% from their lowest level of USD 495/tonne (FOB Tampa) at the end of March 2012, and are currently at USD 580/tonne;
- Demand from Brazil/Latin America, Asia⁽¹⁾ and Russia remains strong;
- Indian demand is recovering, with a one million tonne contract signed at the price of USD 580/tonne CFR at the beginning of June. Contracts for over two million tonnes have been signed since then;
- US and Europe demand is expected to pick up soon with the next planting season due to start.

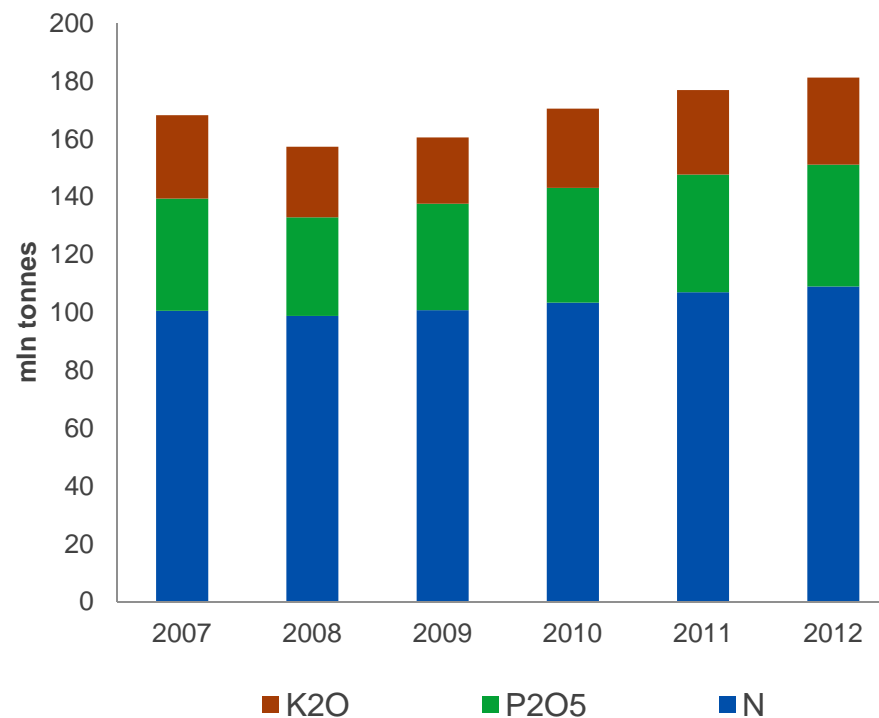
Corn to DAP prices ratio



Global fertiliser demand 2007-2012

mln tonnes of nutrients

Calendar Year	2010	2011	2012	2012 vs. 2011
N	103.3	106.9	108.9	1.9%
P ₂ O ₅	39.7	40.7	42.1	3.2%
K ₂ O	27.4	29.2	30.1	3.1%
Total	170.4	176.9	181.1	2.4%





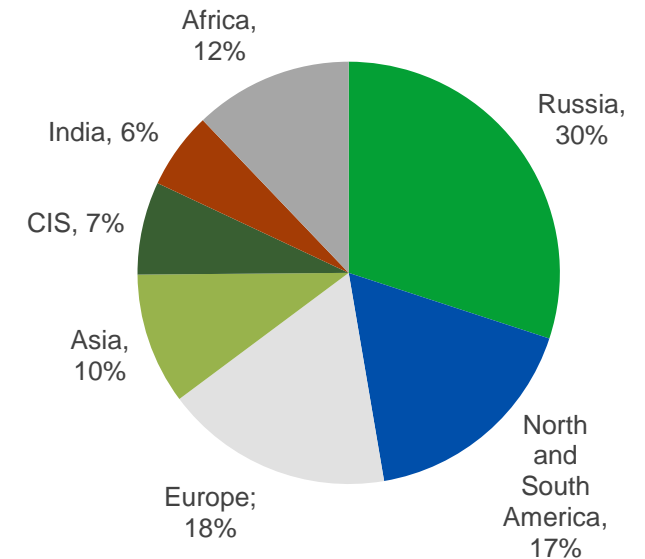
2. Financial Performance

- Revenue up 6% y-o-y, at RUB 26 billion
- Net income increased despite challenging market conditions, reaching RUB 8 billion (+29%)
- Diluted earnings per share grew 21% y-o-y to RUB 52 per share, vs. RUB 43 per share in Q1 2011
- Record NPK production during 1Q 2012, up 63% year-on-year as result of organic growth strategy focused on full production flexibility
- Merger of Cherepovetsky Azot and Ammophos into PhosAgro-Cherepovets approved by EGMs on 27 February 2012
- Supply contract for 600 k tonnes of phosphate-based with India's Nagarjuna signed 12 April 2012
- PhosAgro share split completed 24 February 2012

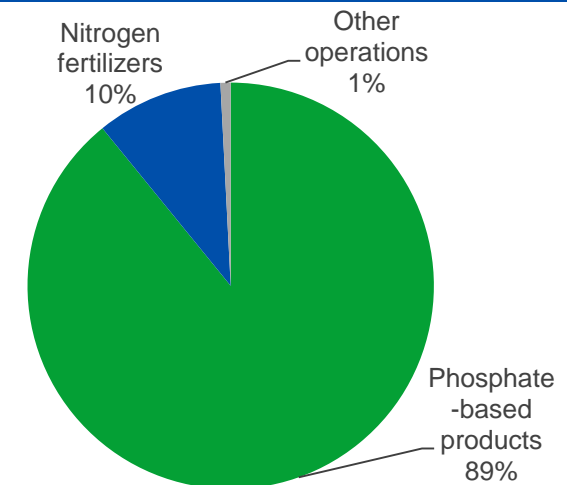
Key Financial Highlights

	Q1 2012	Q1 2011	%change
<i>(RUB million)</i>			
Revenues	25,918	24,486	6%
Cost of sales	(14,509)	(13,543)	7%
Gross profit	11,409	10,943	4%
<i>Gross margin</i>	44%	45%	
EBITDA	9,099	9,109	-
Adjusted EBITDA	9,481	9,109	4%
<i>EBITDA margin</i>	35%	37%	
<i>Adjusted EBITDA margin</i>	37%	37%	
Net profit	8,047	6,235	29%
<i>Net profit margin</i>	31%	25%	
Diluted EPS	52	43	21%

Geography of Sales Q1 2012 (%)

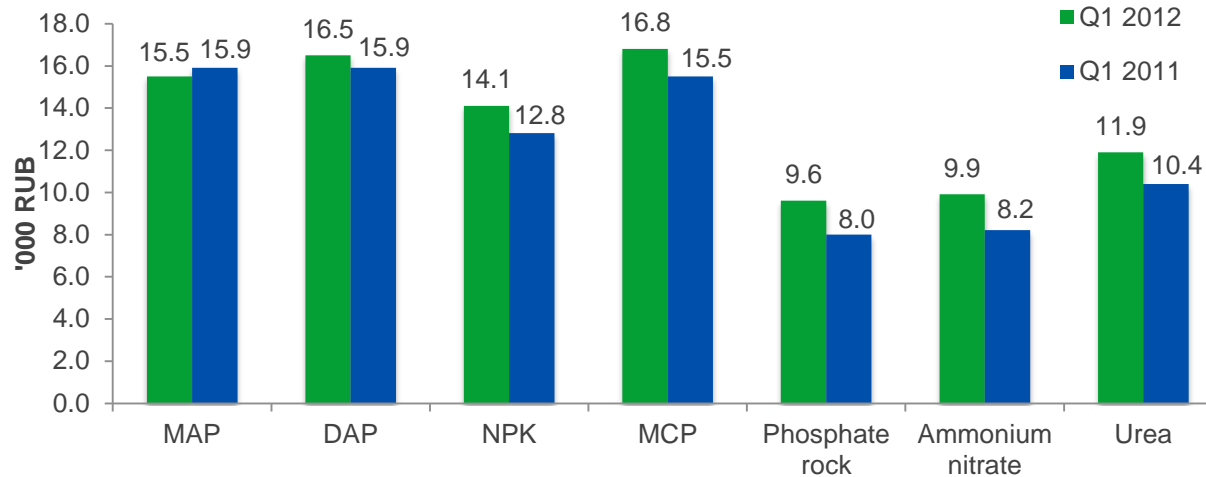


Segment revenue Q1 2012 (%)



Revenue per tonne and volume developments for key products

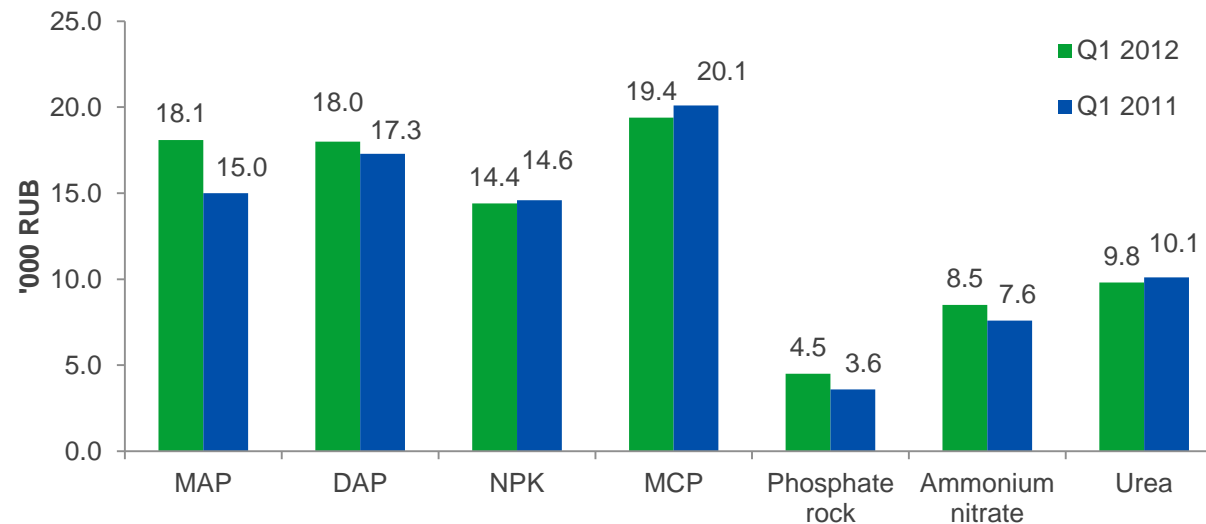
Average Revenue per tonne - Export



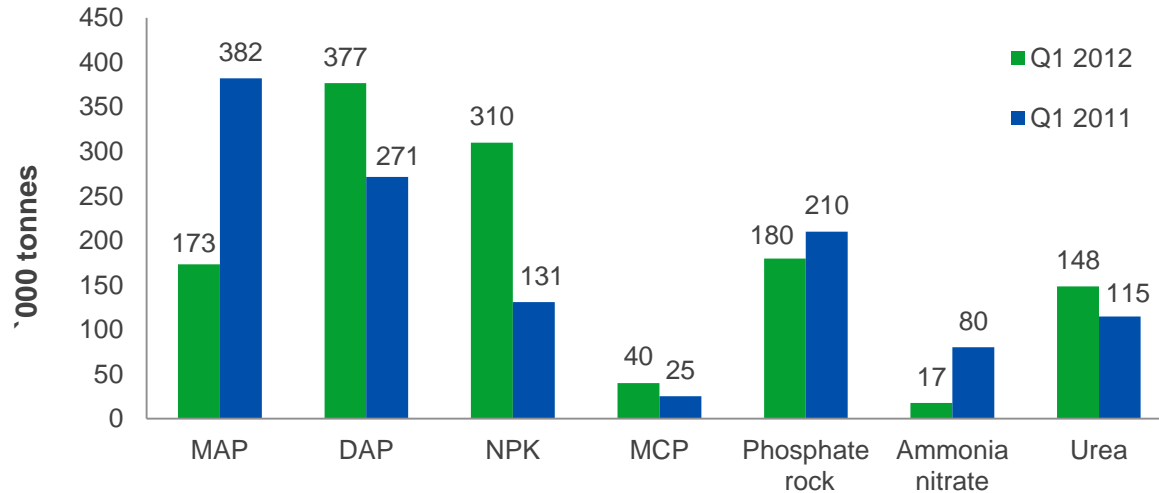
Comment

- Export comprised 70% of sales in Q1 2012
- Domestic revenue per tonne higher on MAP/DAP, Phosphate rock and AN
- Export revenue per tonne higher on all products excl. MAP
- Production flexibility enabled PhosAgro to increase NPK production, while reducing MAP/DAP

Average Revenue per tonne - Domestic



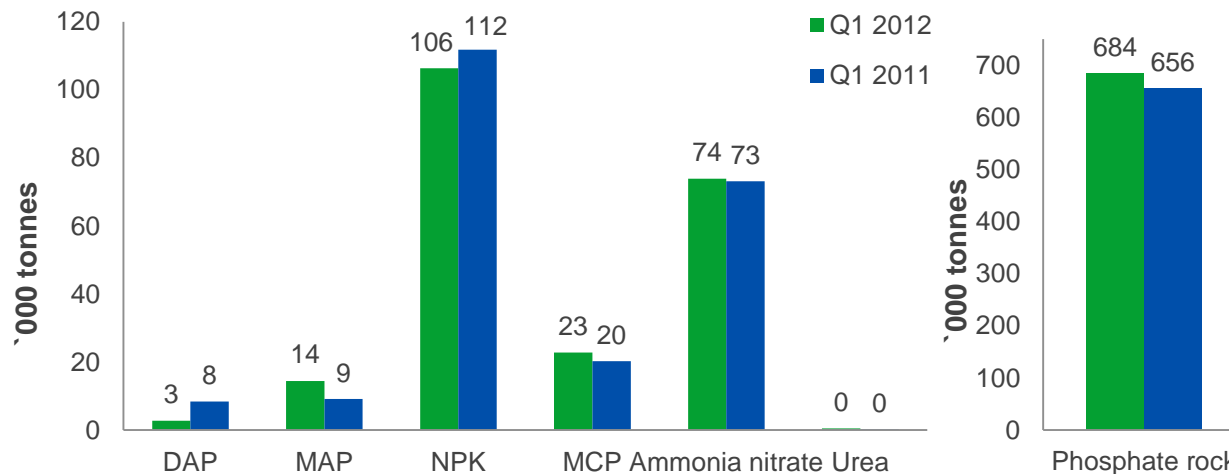
Sales volumes - Export



Comment

- Overall phosphate-based fertiliser sales volumes up 9% y-o-y
- NPK export volumes increased 137% y-o-y
- Significantly higher NPK volumes contributed to 16% y-o-y decline in MAP/DAP export volumes
- Domestic sales volumes of phosphate rock up 4% y-o-y

Sales volumes - Domestic



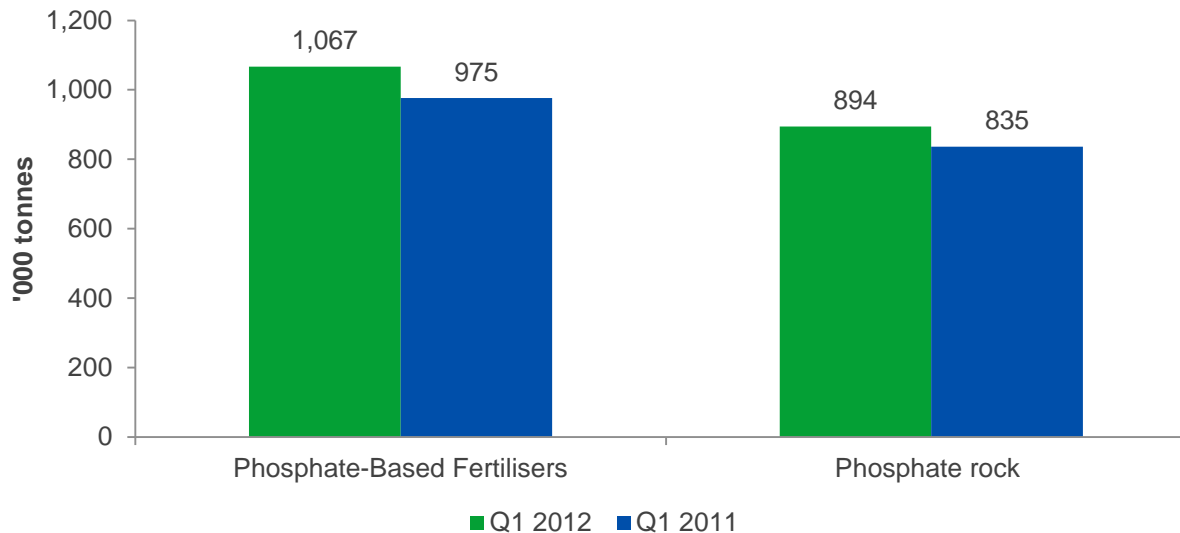
Key Financial Highlights

(RUB m or %)	Q1 2012	Q1 2011	Change
Revenue	23,013	21,105	9%
<i>Export</i>	16,170	14,033	15%
<i>Domestic</i>	6,843	7,072	(3%)
CoGS	(13,469)	(11,750)	15%
Gross profit	9,544	9,355	2%
<i>% margin</i>	41%	44%	

Comment

- Higher prices and strong demand for MAP and NPKs drove c. 15% rise in export revenues
- CoGS rose on higher production volumes, as well as increase in potash, sulphur and sulphuric acid costs
- Sales and production volumes up y-o-y thanks to production flexibility and ability to adapt to changes in market demand

Sales volumes Q1 2012 vs. Q1 2011 ('000 tonnes)



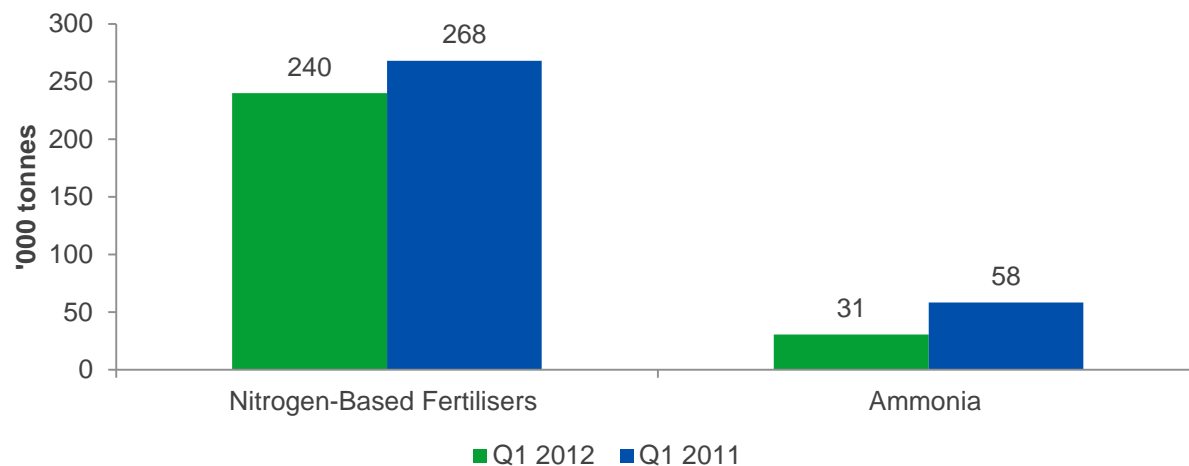
Key Financial Highlights

(RUB m or %)	Q1 2012	Q1 2011	Change
External Revenue	2,679	3,175	(16%)
<i>Export</i>	1,964	2,492	(21%)
<i>Domestic</i>	715	683	5%
Inter-segment Revenue	1,585	861	84%
CoGS	(2,187)	(1,927)	13%
Gross profit	2,077	2,109	(2%)
<i>% margin</i>	49%	52%	

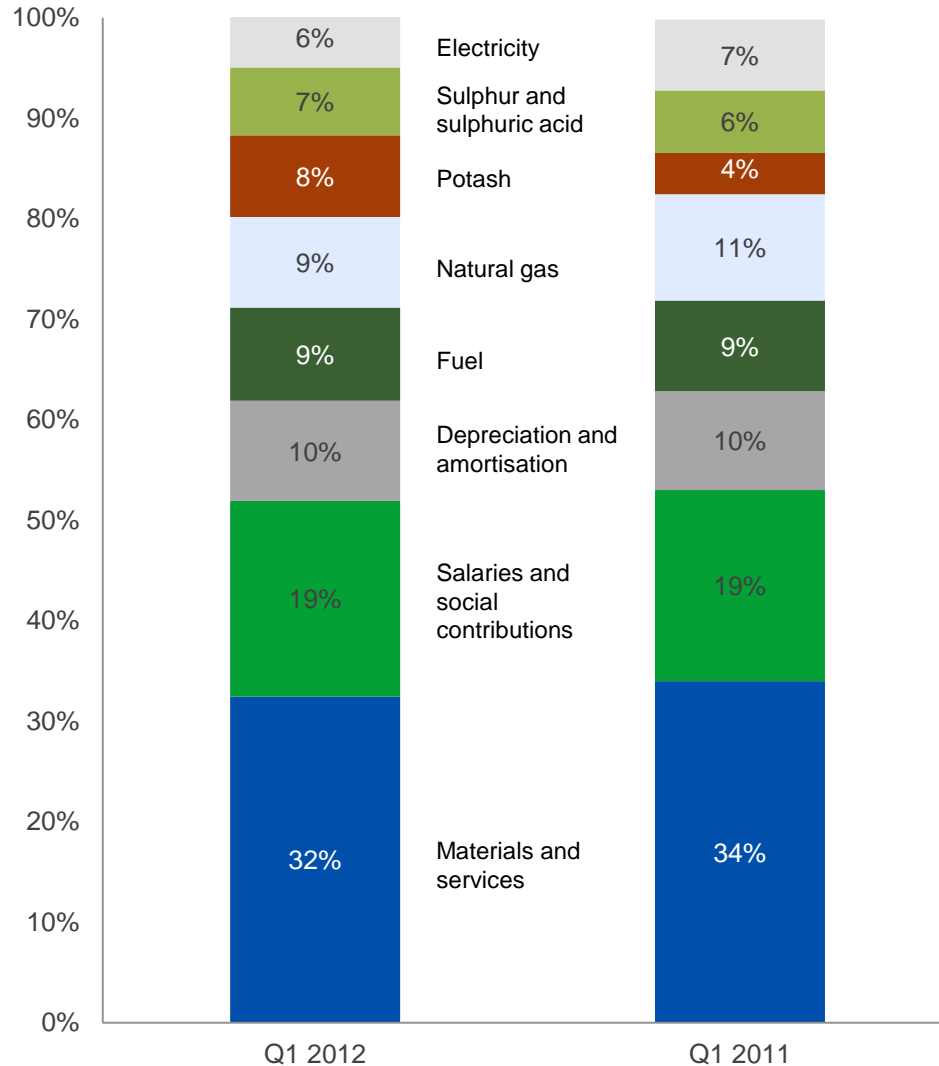
Comment

- Sales volumes and revenue down mainly as a result of work on ammonia plant modernisations, which was completed in February 2012.
- Gas costs fell due to lower production and greater efficiency following ammonia plant modernisation
- Urea capacity expansion and power station construction under way, aimed at increasing production of higher value-added products, lowering cost volatility

Sales volumes Q1 2012 vs. Q1 2011 ('000 tonnes)



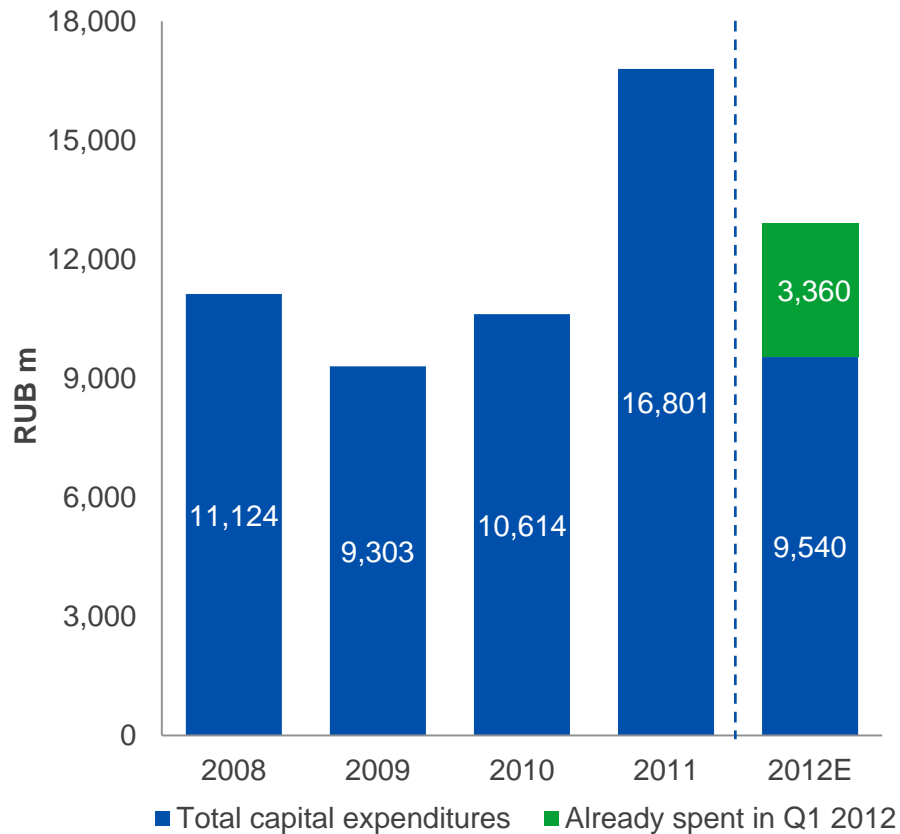
Cost of Goods Sold



CoGS key drivers overview: Q1 2012 vs. Q1 2011

- Salaries and social contributions were up 5% to RUB 2,823 million due to higher labour rates following CPI in Russia
- Expenditure on natural gas decreased 8% RUB 1,310 million, primarily due to a 6% decrease in consumption of natural gas in connection with a 14% reduction in ammonia production volumes, as well as modernisation of ammonia production lines at Cherepovetsky Azot, which contributed to lower per-unit gas consumption
- Sulphur and sulphuric acid costs increased 17% as result of an 20% increase in the average price of sulphur from RUB 2,196 (USD 75) to RUB 2,646 (USD 87) per tonne
- Expenditure on potash, a key raw material for NPK fertilisers, increased 112% y-o-y in the first quarter of 2012, reaching RUB 1,177 million as result of record NPK production volumes

Capex (RUB m)



Comment

- Capex defined as all additions to PP&E – additions to PP&E do not necessarily match cash flow in the same period

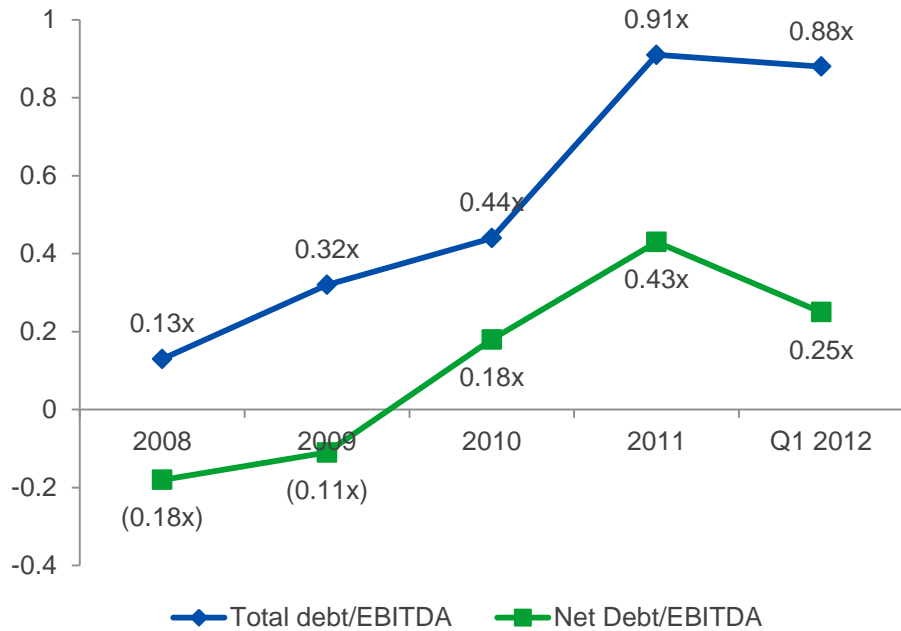
Main projects:

- Construction of ore shaft № 2 at Kirovsky underground mine
- Cherepovetsky Azot urea production capacity of 500 thousand tonnes per year, due for launch in the end of June – beginning of July 2012
- Construction of a new 32MW gas fired electricity generation facility at Cherepovetsky Azot to support expansion
- All projects currently remain on track

Capex Details (RUB m)

	Q1 2012	Q1 2011
Phosphate rock	1,691	1,087
Phosphate-based products	153	385
Nitrogen fertilisers	1,497	636
Other	19	60
Total capital expenditures	3,360	2,168

Total Debt / EBITDA and Net Debt / EBITDA



Comment

- Net debt/Annualized EBITDA remains at very comfortable level of 0.25x
- Well below comfortable mid-cycle target Net Debt/Annualized EBITDA ratio of 1.0x

Dividend Policy

- Shareholder meeting approved a final 2011 dividend payment of RUB 32.5 per share (RUB 10.83 per GDR) bringing total 2011 post-IPO dividend payout to RUB 7,157,432,100, which represents 49% of the company's net profit for the last nine months of 2011
- Post-2011 intention to pay between 20% to 40% of annual consolidated profit calculated in accordance with IFRS as dividends



3. Conclusion

Strategic objectives

Key initiatives

Short term

1

Improve efficiency

2

Expand fertiliser production capacity and enter higher value segments





- Construction of shaft No. 2 at Kirovsky Underground Mine, which will increase annual apatite-nepheline ore production from 12 to 14 mln t from 2014
- Construction of a new 32 MW gas-powered electricity generation facility in Cherepovetsky Azot

- Increase urea production capacity by 500 kt at Cherepovetsky Azot end of June – beginning July 2012
- Enter the technical phosphates and SOP (sulphate of potash) markets through the integration of Metachem products (acquired 24% stake in the company in 2011)
- Commence production of purified phosphoric acid

Medium term

3

Realize full potential of ore

Mineral	Application	Development Stage	Production	
			Today	Future
Apatit • Rare Earth Oxides	• Autocatalysts, fuel cells • High strength magnets, ceramics • Fiber optics, lasers		-	7k t
Nepheline • Aluminium Oxide	• Alumina, Cement, Catalysts		1.0 mln t	6.0 mln t
• Potassium carbonate • Soda Ash • Potassium Sulfate	• Glass production, agriculture, household chemicals		0.25 mln t	1.50 mln t
• Gallium Oxide	• Electronic engineering, lasers, lubricants			

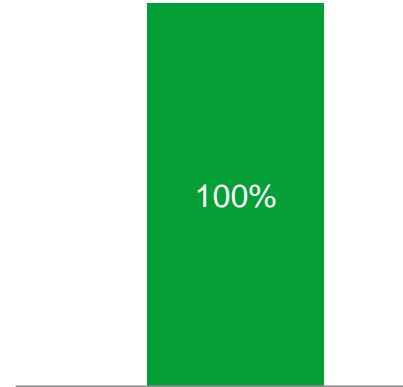
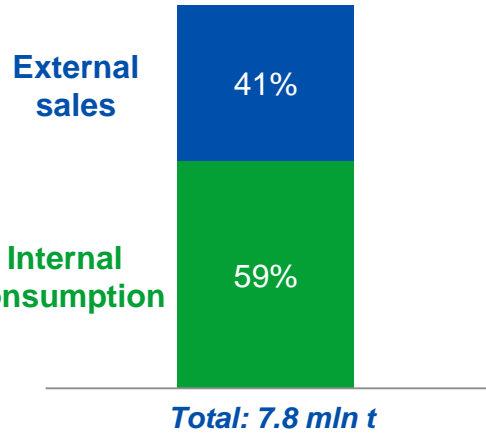
Long term strategy for volume growth of fertilisers

2011

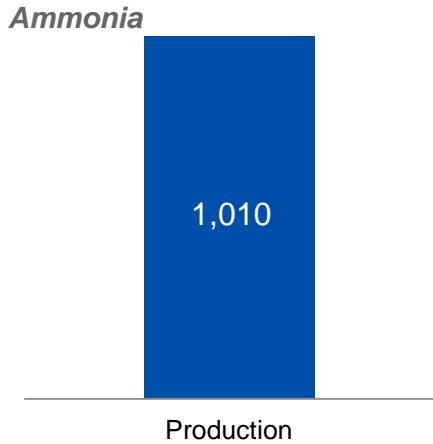
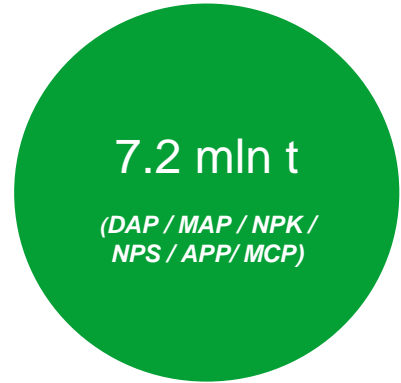
Future

Phosphate rock

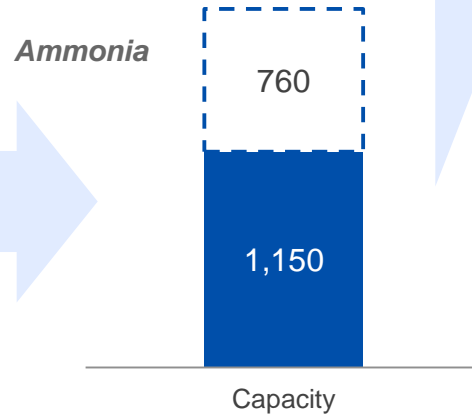
Phosphate rock



Growth 76%



New ammonia plant



Total: 1,910 kt

Market:

- With recent developments in demand from India, PhosAgro does not expect any serious slow-downs
- Record planting acreage and historically high prices for key grains will drive demand for fertilisers

Company:

- New urea plant is due to come online end of June – beginning July 2012 with a capacity of 500 kmt per year
- Selection of contractors for new 760 kt capacity ammonia plant progressing, with two final candidates due to be selected in July 2012, and aim to complete contract negotiations by the end of 2012
- PhosAgro remains on track for overall increase in fertiliser production and sales in 2012 vs. 2011, with a greater share of NPKs



Thank You



Q&A Session

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