PHOSAGRO

Morgan Stanley Global Chemicals Conference

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PhosAgro at a glance

World class integrated phosphate producer

- #1 global producer of high-grade phosphate rock (P_2O_5>35.7%) with 7.8 mln t capacity
- #2 global DAP/MAP producer(1) with 3.6 mln t capacity and DAP/MAP/NPK/NPS capacities of 4.1 mln t
- Leading European producer of MCP feed phosphate and the only one in Russia

Large high quality apatite-nepheline resources

- 2.1 bln t of apatite-nepheline ore resources(2) (over 75 years of production)
- Al_2O_3 resource of 283 mln t
- Substantial resources of gallium oxide, TiO_2 and rare earth oxides (41% of Russian resources and 96% of the currently developed(3))

Self-sufficiency in key feedstocks provides for low costs

- First quartile cash cost of production globally
- 100% self-sufficient in phosphate rock and 92% in ammonia
- Local low-cost supplies of sulphur and potash

Strong position in prime agricultural markets

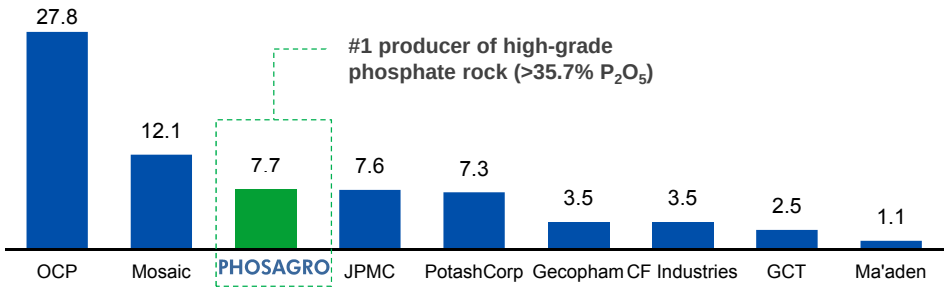
- Established presence through traders in North and South America, Asia and Europe
- Top-3 exporter of DAP/MAP globally
- Leader in the fast-growing Russian market

Strong financial performance

- EBITDA of $1,204 mn and $559 mn in 2011 and in H1 2012, respectively
- Net debt/EBITDA: < 0.5x

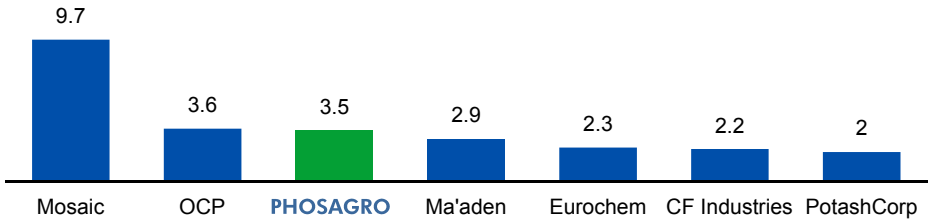
Leading global phosphate rock producers (by production)

2011, mln t, excluding Chinese producers



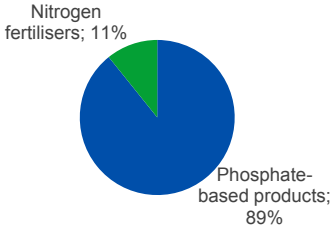
Leading global DAP/MAP producers (by capacity)

2011, mln t, excluding Chinese producers

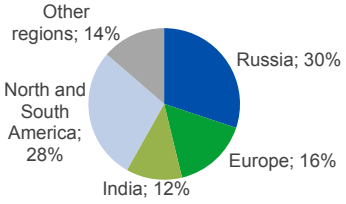


2011 sales breakdown

By segment



By geography



2011 Sales: $3,420 mln

Source: FERTECON, companies' data

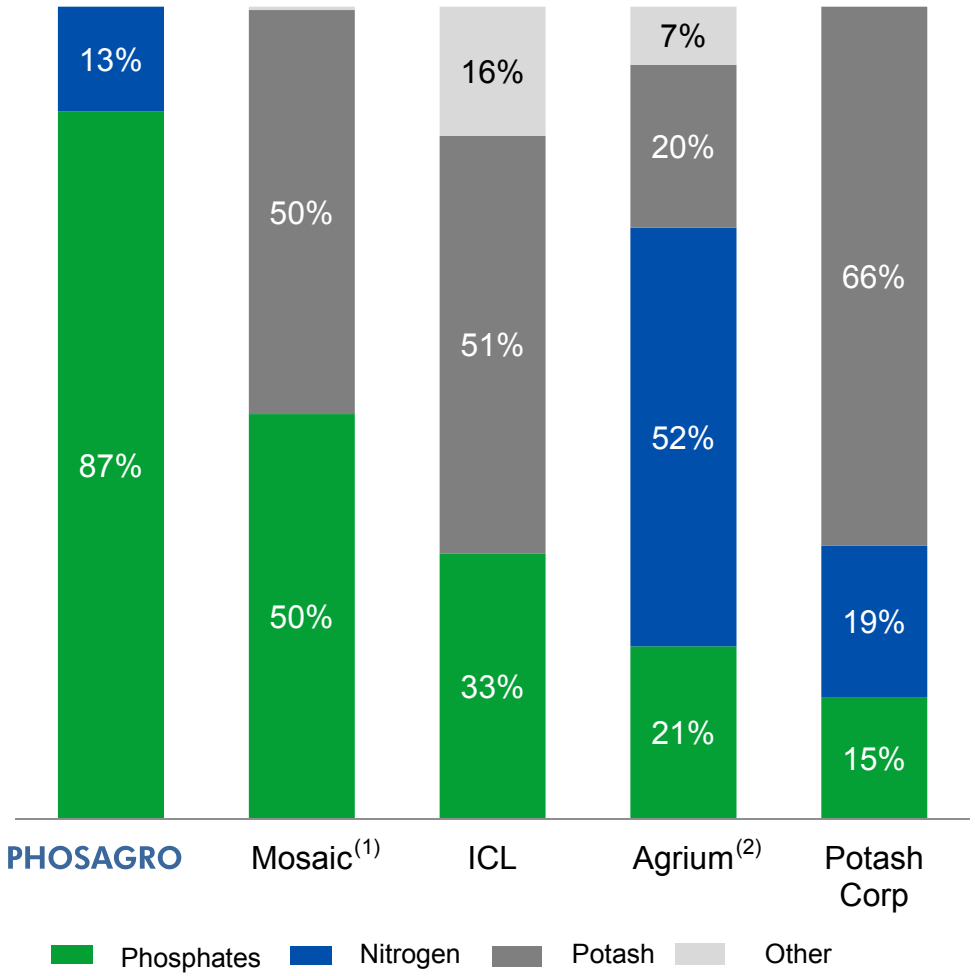
Note: (1) Excluding Chinese producers
(2) PhosAgro, IMC
(3) Russian Academy of Science
Source: FERTECON, IFA, companies data, PhosAgro

1. Phosphates – an attractive industry

The only pure play phosphates producer

Gross profit breakdown by segment

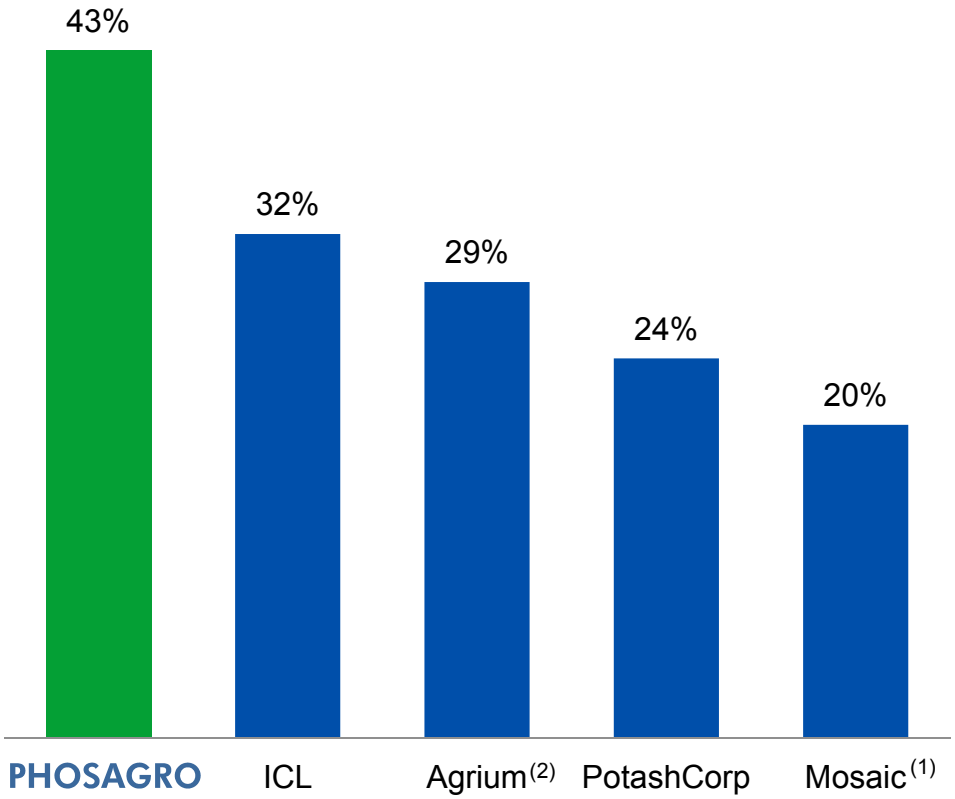
Average gross profit breakdown by segment for 2008-2011



Source: Companies' reports
Note: (1) Calendarised
(2) Excluding resale, retail and advanced technologies

Phosphate segment gross profit margin

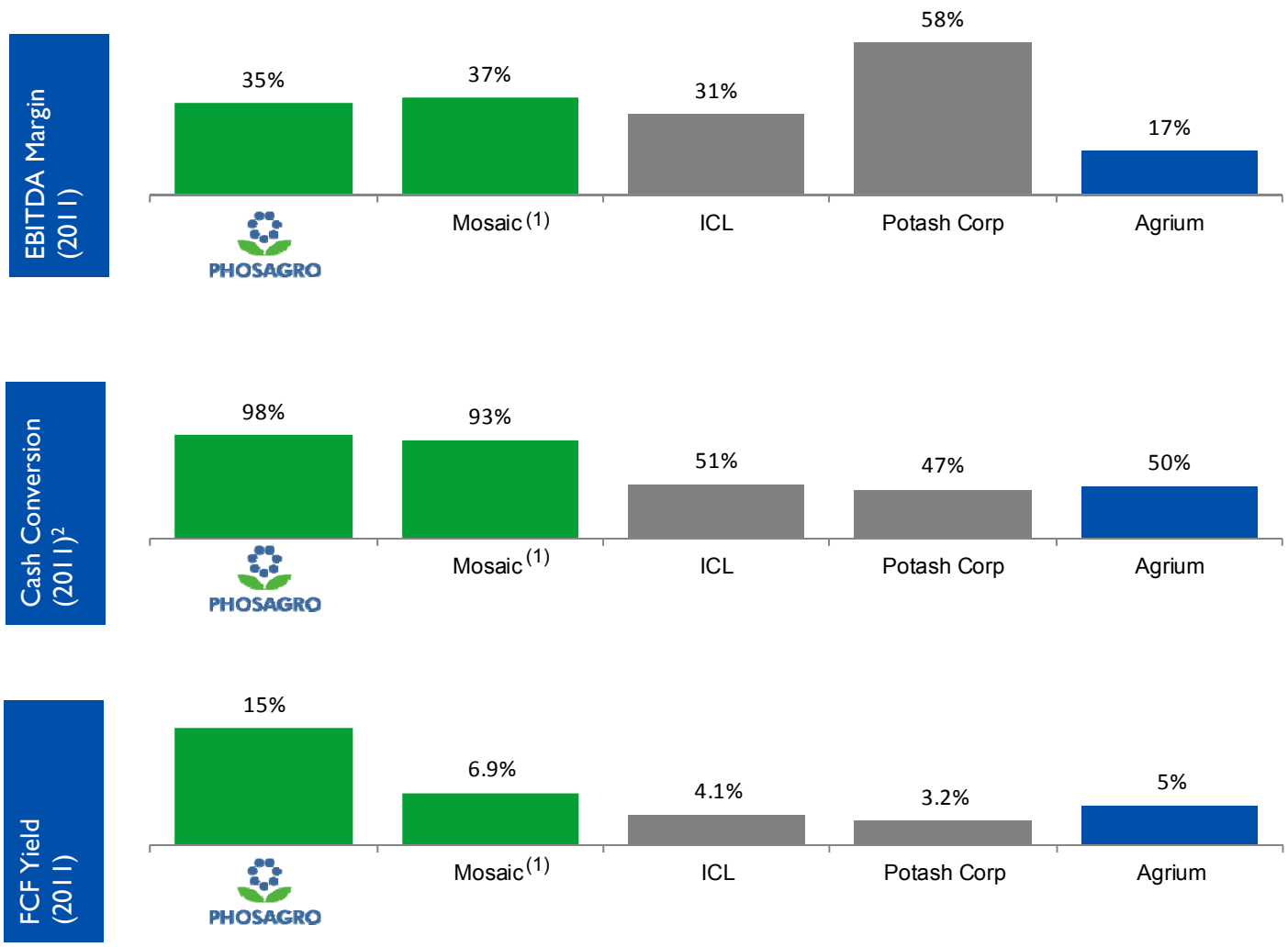
Average gross profit margin of phosphate segment for 2008-2011



Source: Companies' reports
Note: (1) Calendarised
(2) Wholesale

PhosAgro Benchmarks Favourably Against Key Competitors

- PhosAgro compares well against its global peers on EBITDA margin basis
- PhosAgro strongly outperformed all major peers in terms of Cash Conversion and FCF Yield basis



Source: Companies' reports, Bloomberg
Note: (1) Calendarised
(2) Calculated as operating cash flow minus capital expenditures divided by net income adjusted for minorities

Phosphorus is essential for life

Technical phosphates – 9%[1]

- Synthetic detergents

- Metal treatment

- Water treatment

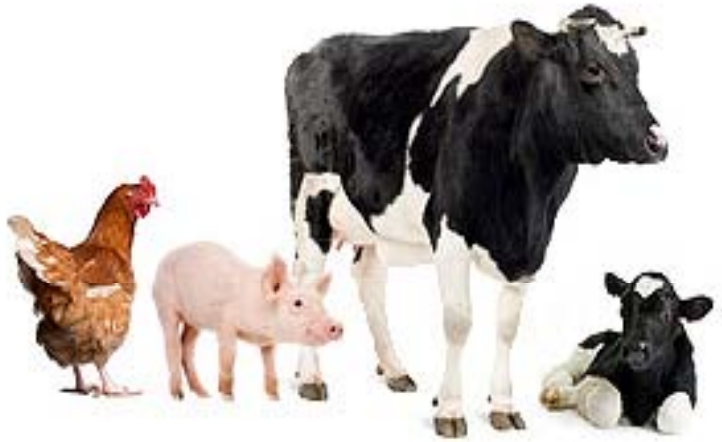
- Lithium phosphate for hybrid and electric vehicle batteries

- Personal care products

- Cheese
- Processed meat

- Soft drinks

Animal feed – 6%[1]

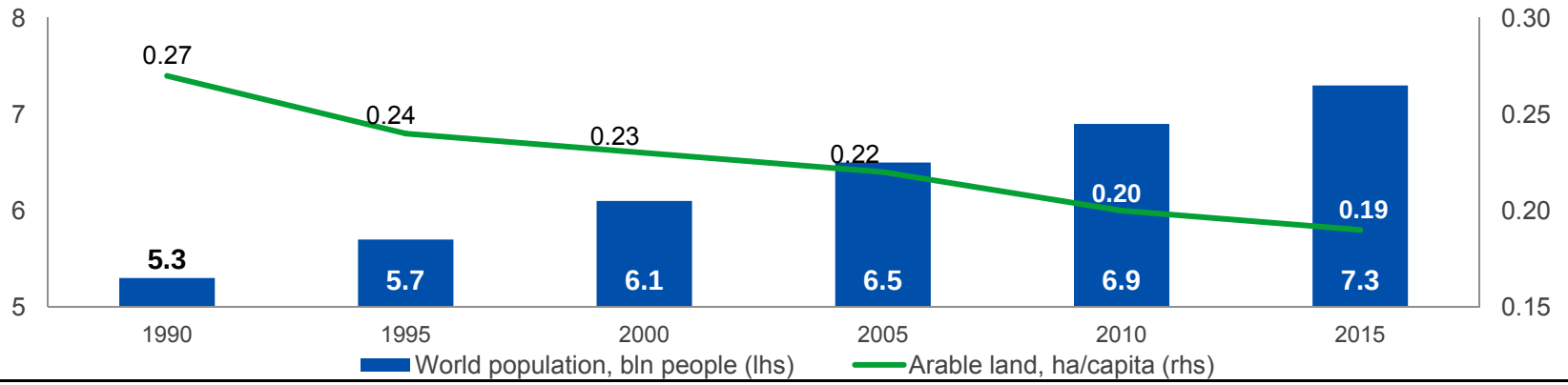


Source: FERTECON
Note: (1) as percentage of total phosphorus consumption

Strong demand fundamentals for fertilisers

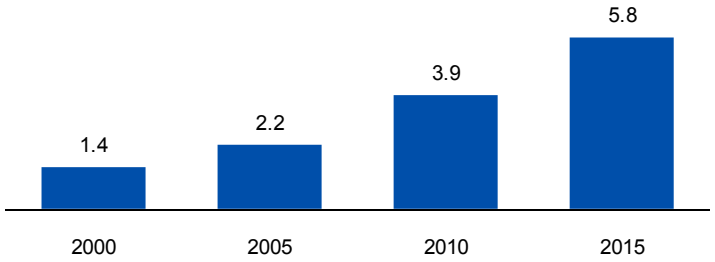
Phosphate is the most important nutrient for distressed land

Population growth and decrease of arable land per capita

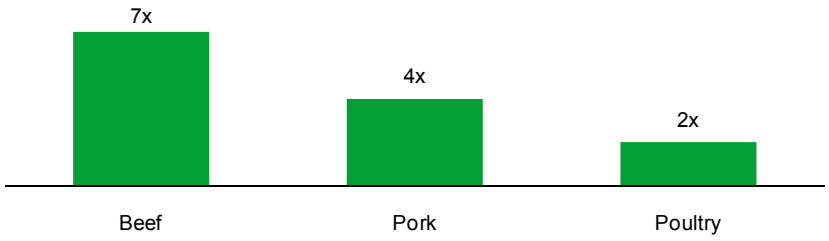


Meat consumption is driving demand for phosphate-based fertilisers and feed phosphates

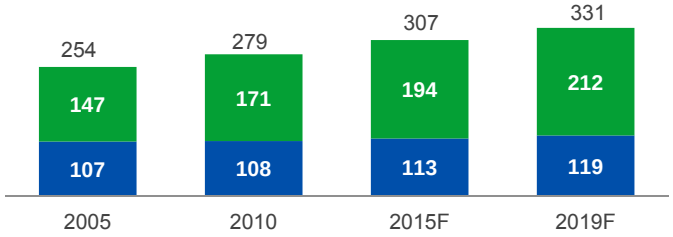
Growing GDP per capita in Emerging Markets
'000 US$



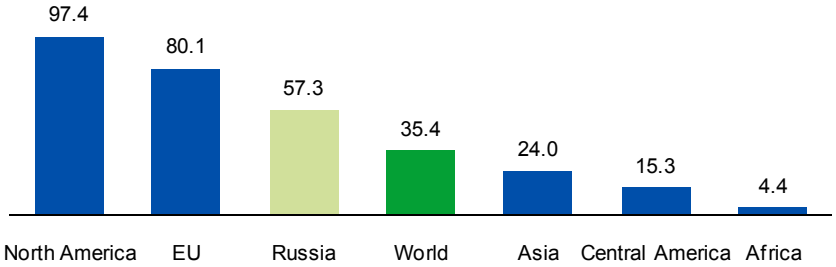
Animal feed a key driver for grain consumption
kg of grain required to produce 1 kg meat



Changing diets – growth in meat consumption
mln t



Meat Consumption by Region
kg meat/capita/year



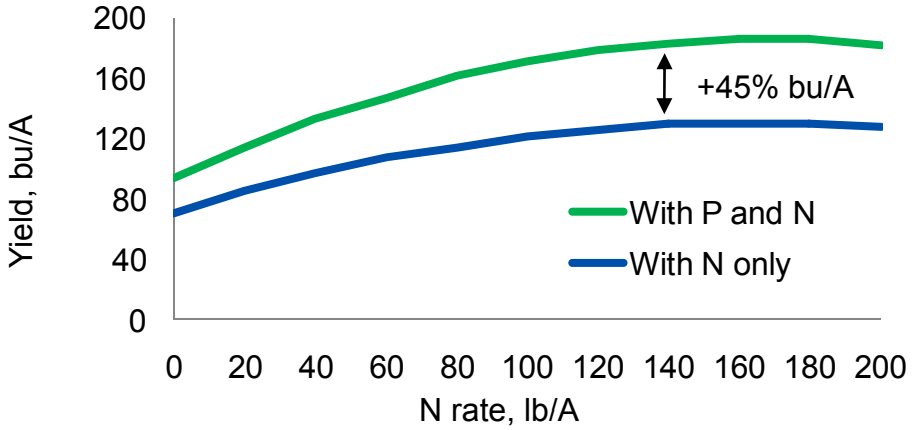
Source: United Nations, IMF, USDA, FAO

Phosphorus is essential for life

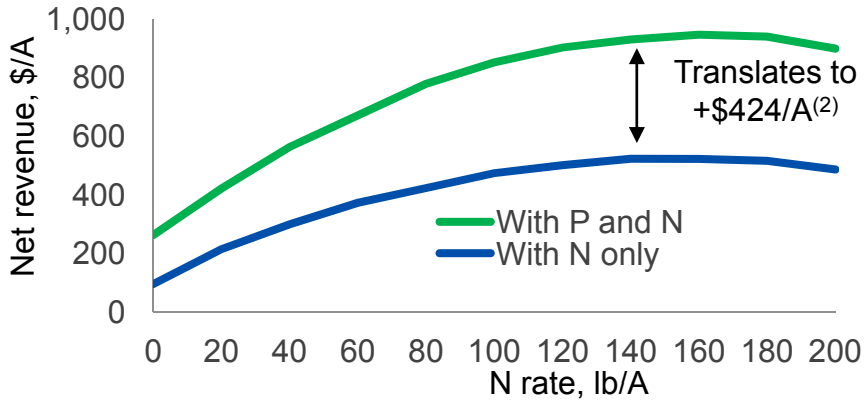
Fertilisers – 85%[1]

Without phosphate fertilisers **With phosphate fertilisers**

Effect of phosphate and nitrogen fertilisers on corn yield



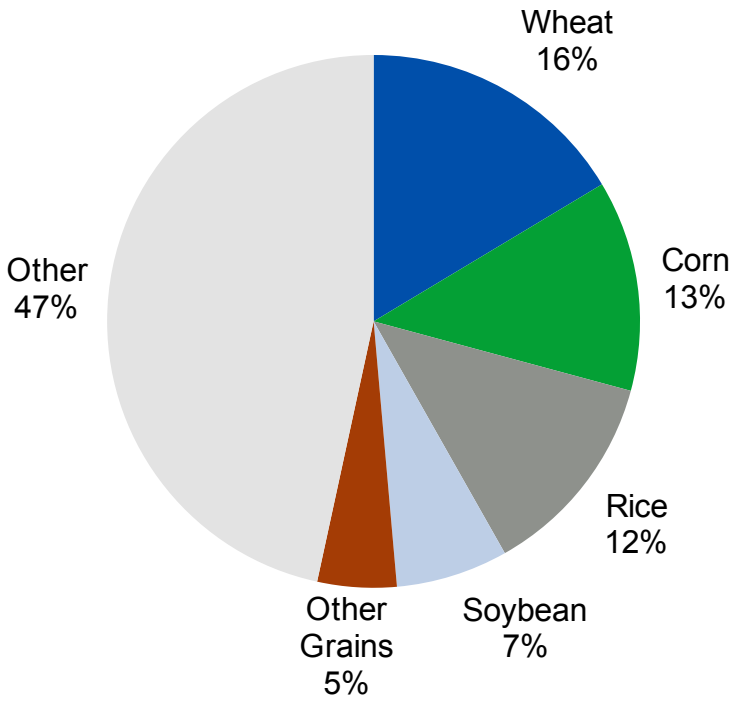
Effect of phosphate and nitrogen fertilisers on net farmer revenue



Source: FERTECON, International Plant Nutrition Institute
Note: (1) as percentage of total phosphorus consumption
(2) as corn price of US$ 8/bu

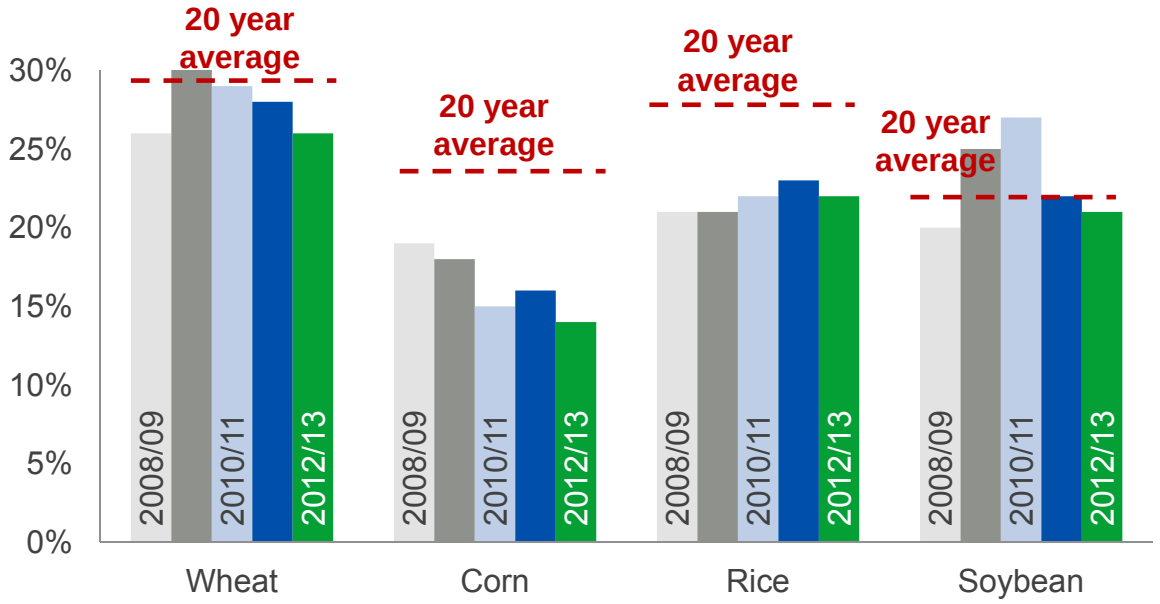
Stock-to-use ratios for the key phosphate-using crops are at low levels driving crop prices

Phosphate fertiliser use by crop

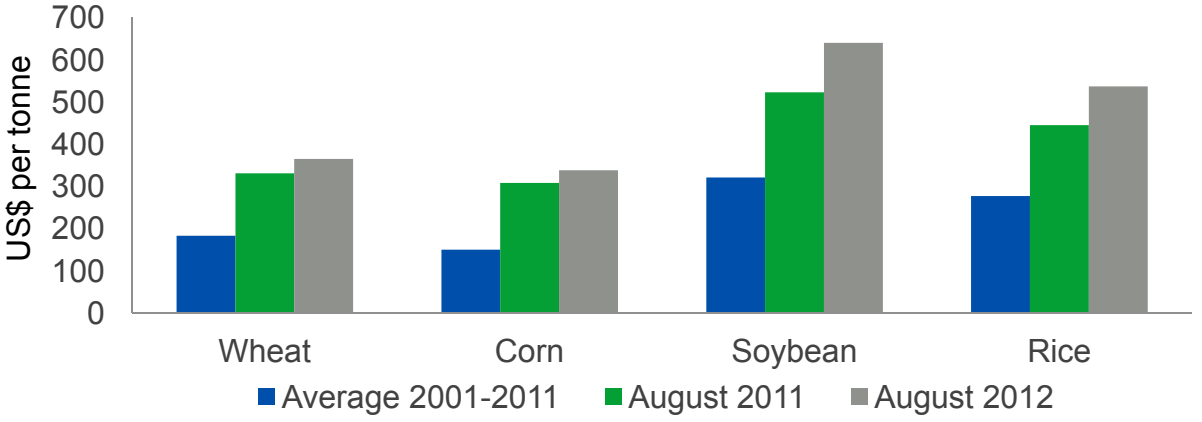


Source: IFA

World grain stocks-to-use ratios, %



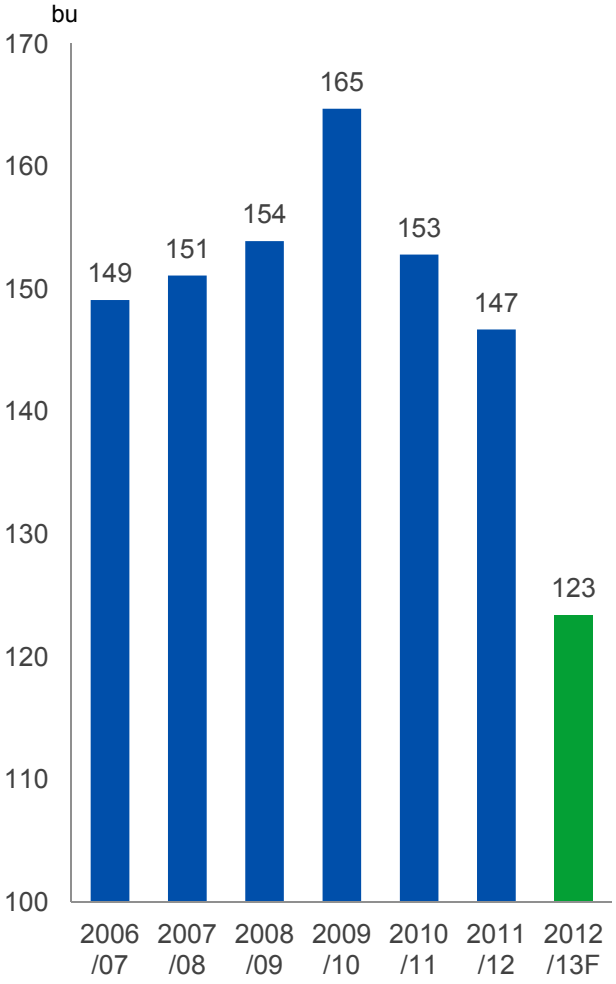
Crop prices



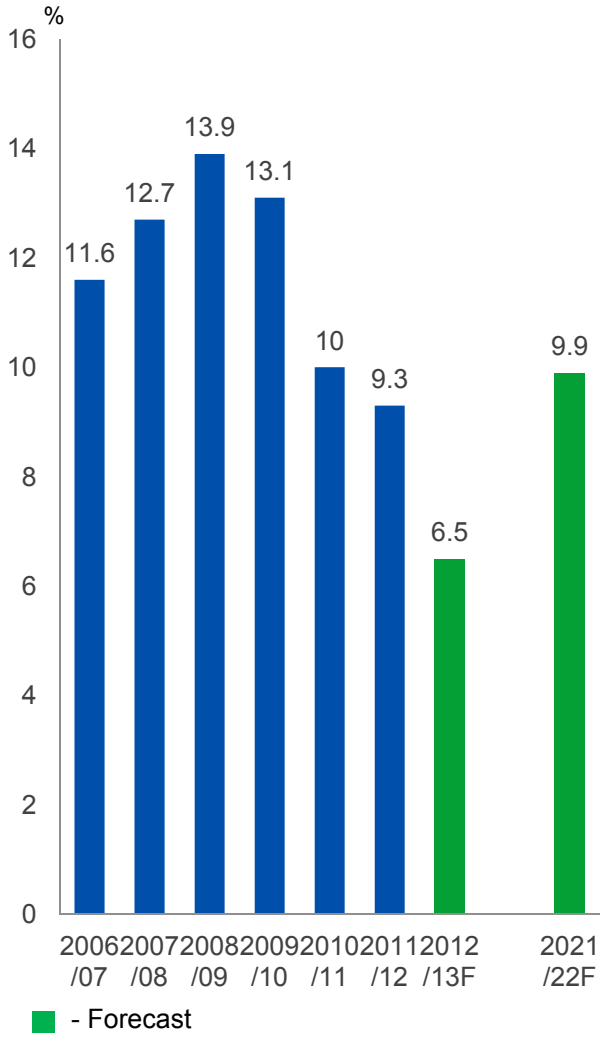
Source: USDA, FAO

Significant room for further growth of use of phosphate fertilisers

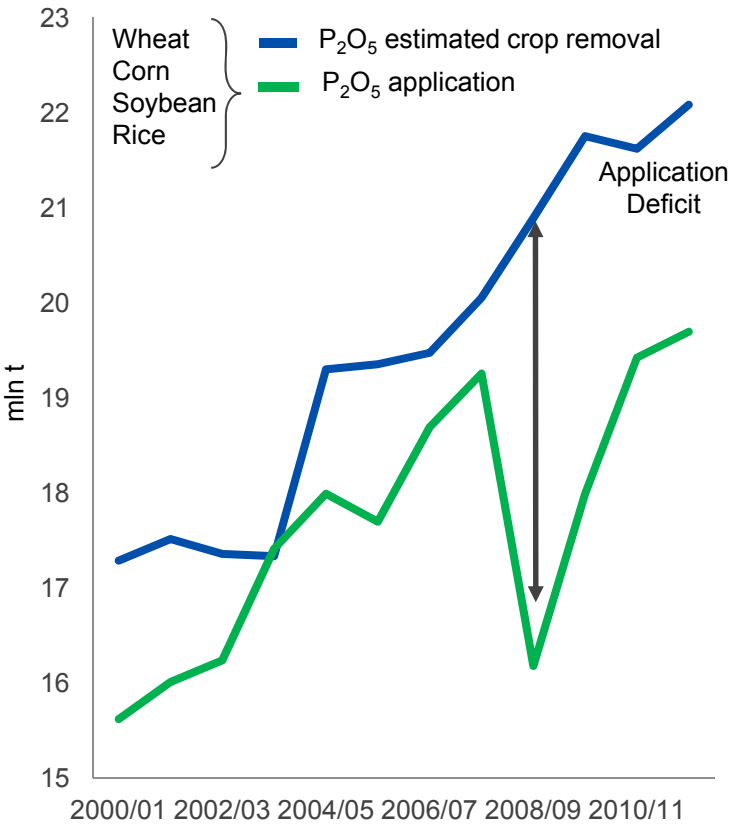
Corn yield per harvested acre in US



US corn stocks-to-use ratios, %



Insufficient application of phosphate fertilisers creates significant room for growth



Nutrient removal rate

kg P_2O_5/t of crop

Wheat	Corn	Rice	Soybeans
11.3	6.7	6.4	16.7

Decreasing corn yields in US

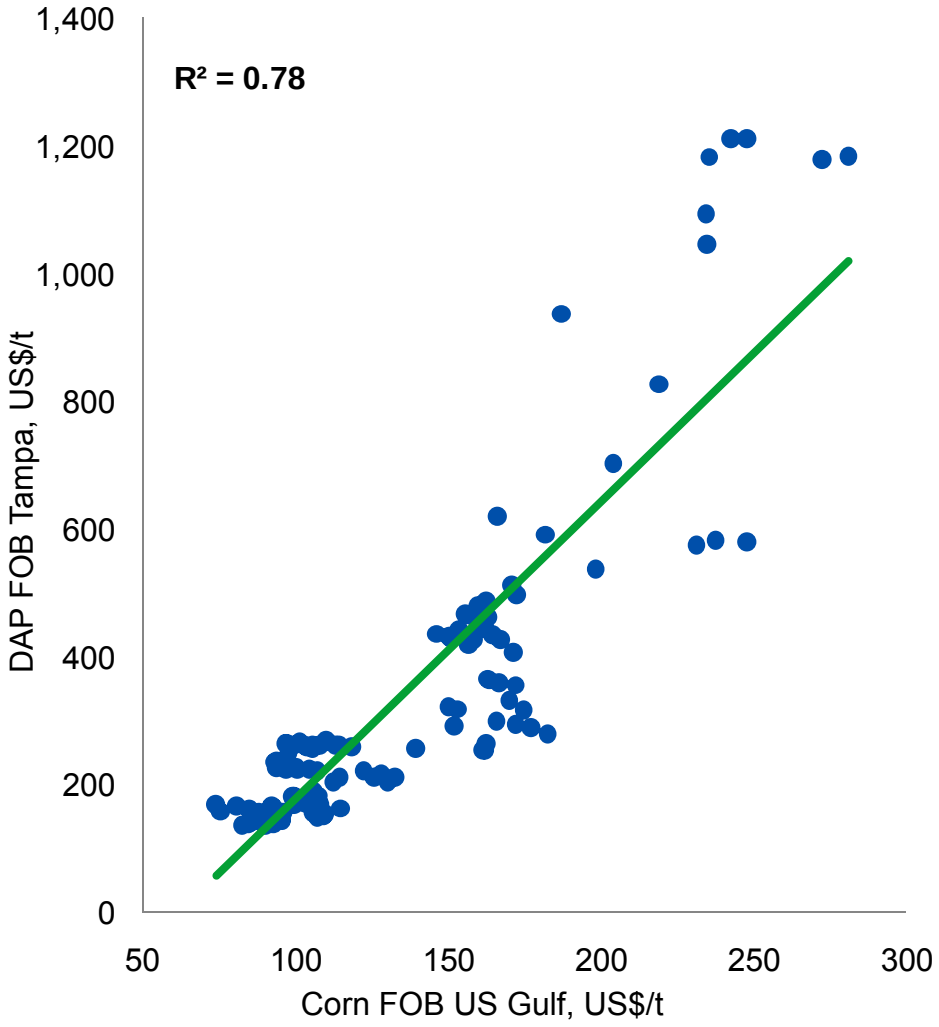
Tight corn supply-demand balance due to low stock-to-use ratio

Source: USDA, IFA, IPNI, PhosAgro

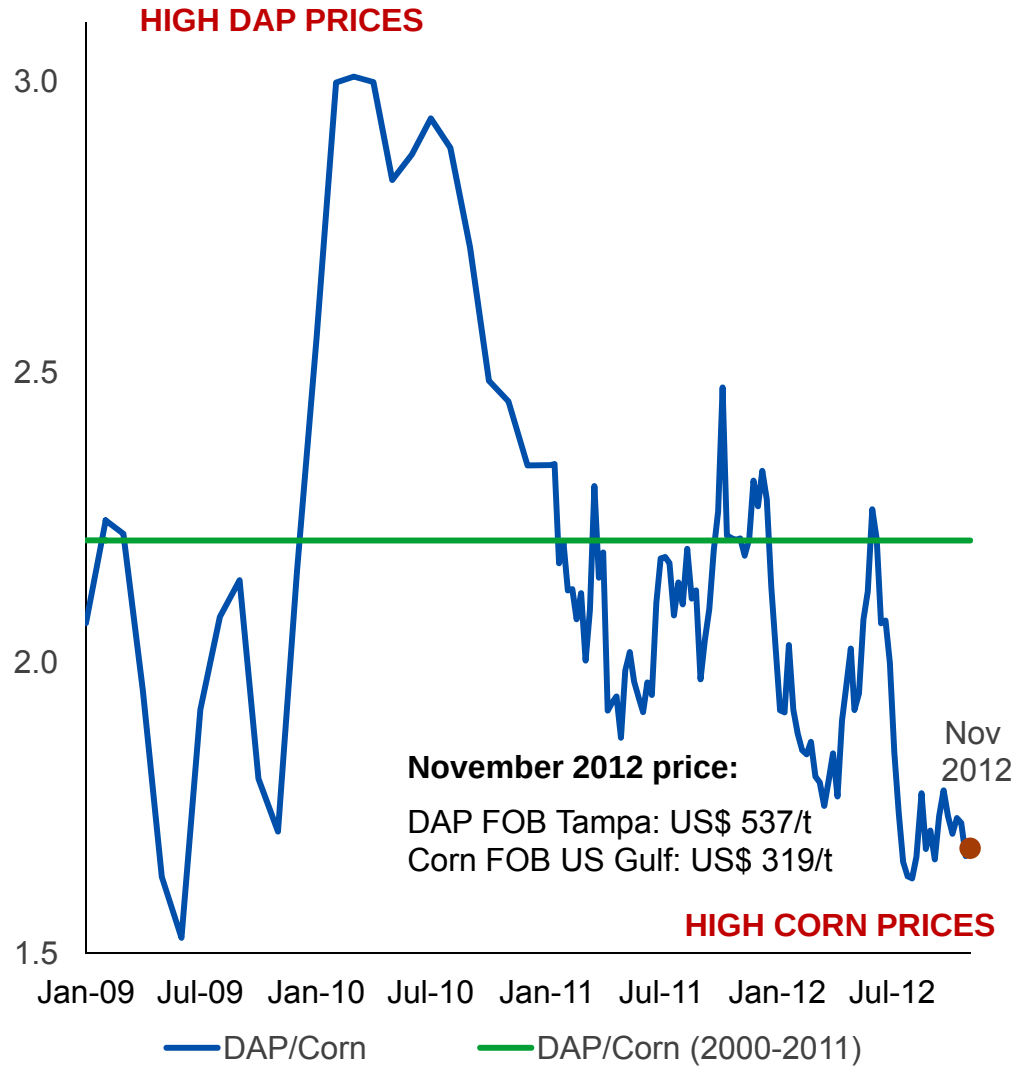
High grain prices driven by market imbalance motivate farmers to use more fertilisers

Corn prices relative to DAP Prices

10 year correlation



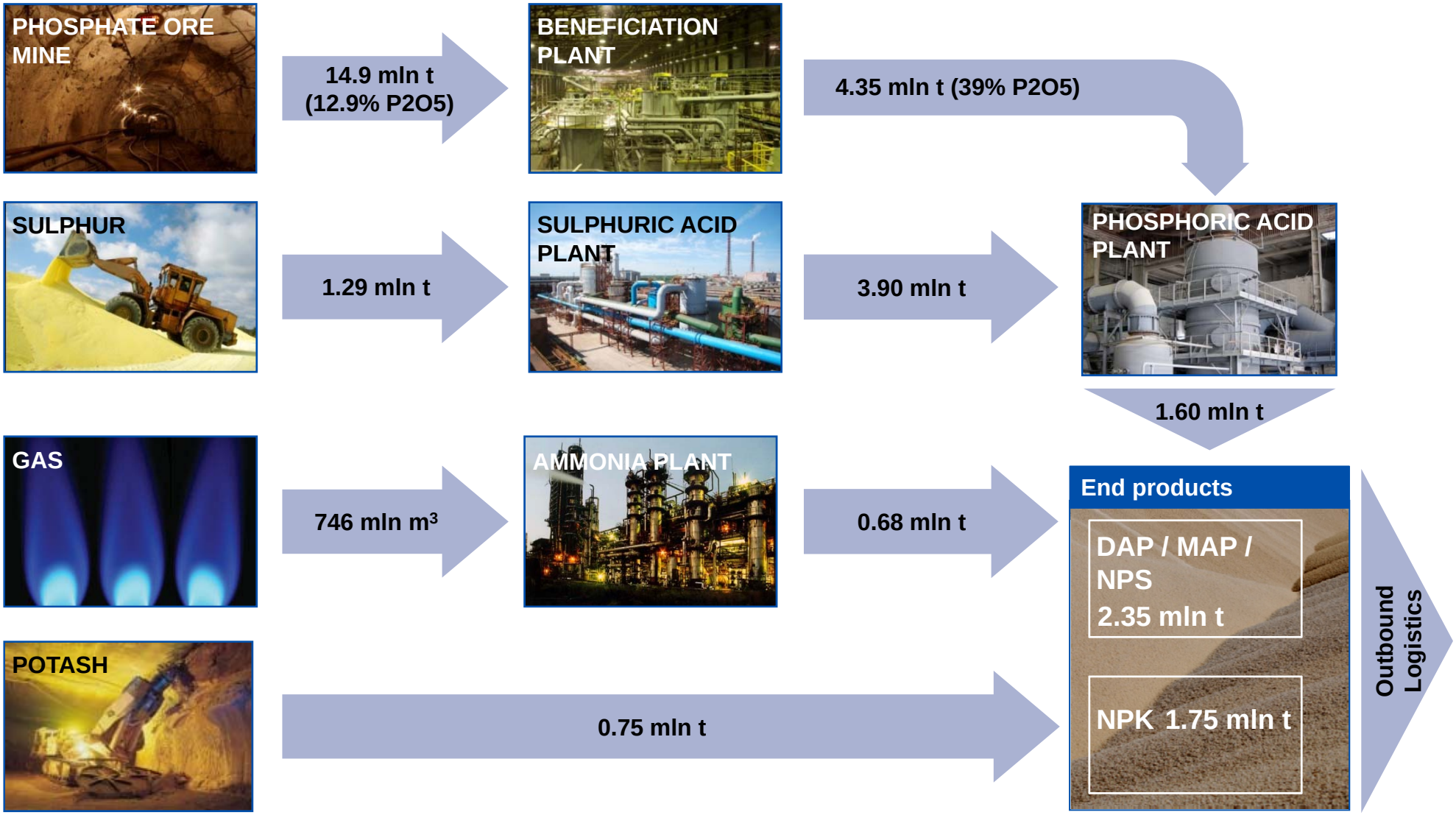
Corn to DAP prices ratio



Source: FERTECON, USDA, FAO

Need for a combination of feedstocks and complexity of production process act as barriers to entry

Overview of integrated phosphate-based production model based on PhosAgro's consumption ratios



Source: PhosAgro

Only few countries have domestic resource base which is significant enough to produce phosphate fertilisers

Production/resources of phosphate rock, natural gas and sulphur

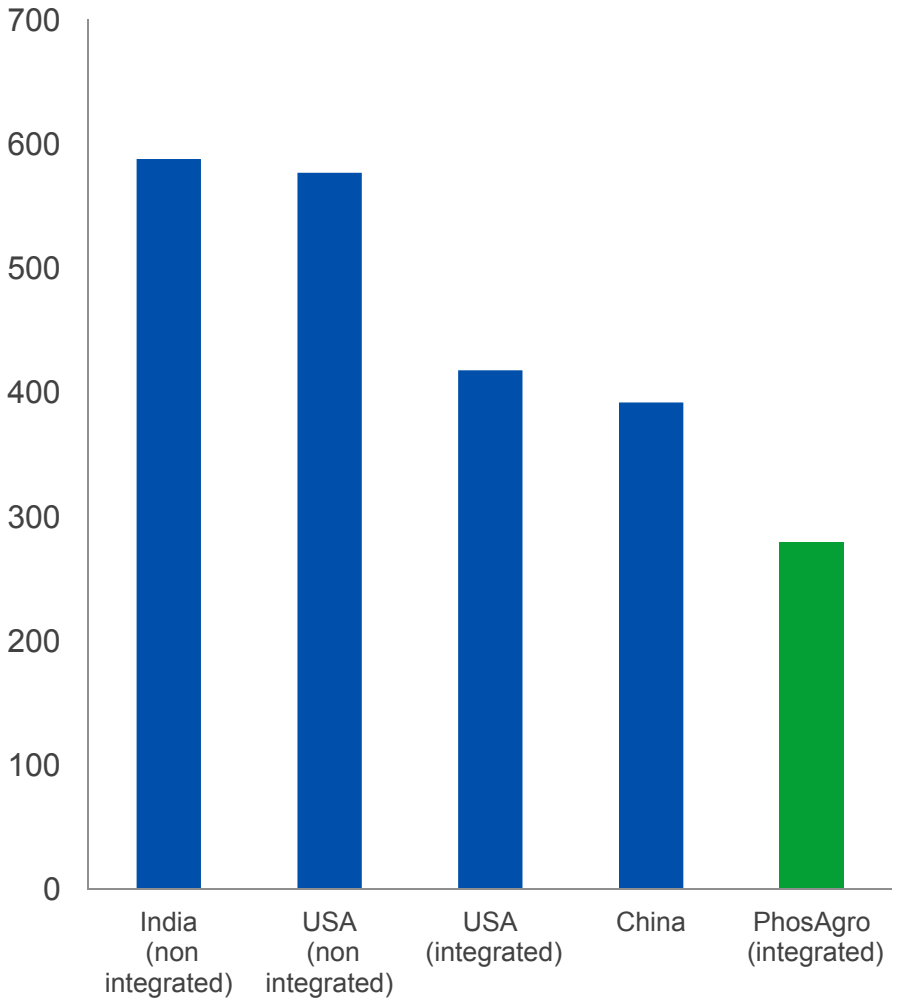
	Region	Phosphate Rock, mln t		Natural Gas, bln cm		Sulphur, k t	
		Production	Resources	Production	Resources	Production	Import
	World	180.7	65,000	3,276	208,400	77,184	28,600
1	**Russia**	**10**	**4,300**	**607**	**44,600**	**7,305**	**0**
2	**USA**	**27.6**	**1,400**	**651**	**8,500**	**9,091**	**3,066**
3	**Saudi Arabia**	**5***	**7,690**	**100**	**8,200**	**3,200**	**0**
4	Canada	1.0	2.0	161	2,000	7,091	0
5	China	75.1	3,700	103	3,100	15,626	10,085
6	Kazakhstan	1.5	3,100	19	1,900	2,857	0
7	Mexico	1.4	1,000	53	400	1,374	368
8	Iraq	-	5,800	2	3,600	125	0
9	Australia	2.0	250	45	3,800	991	513
10	Peru	2.2	1,453	11	400	490	0
11	Brazil	6.1	310	17	500	522	1,952
12	India	2.1	85	46	1,200	2,776	1,807

Source: USGS, IFDC, BP, PhosAgro
* Ma'aden projection

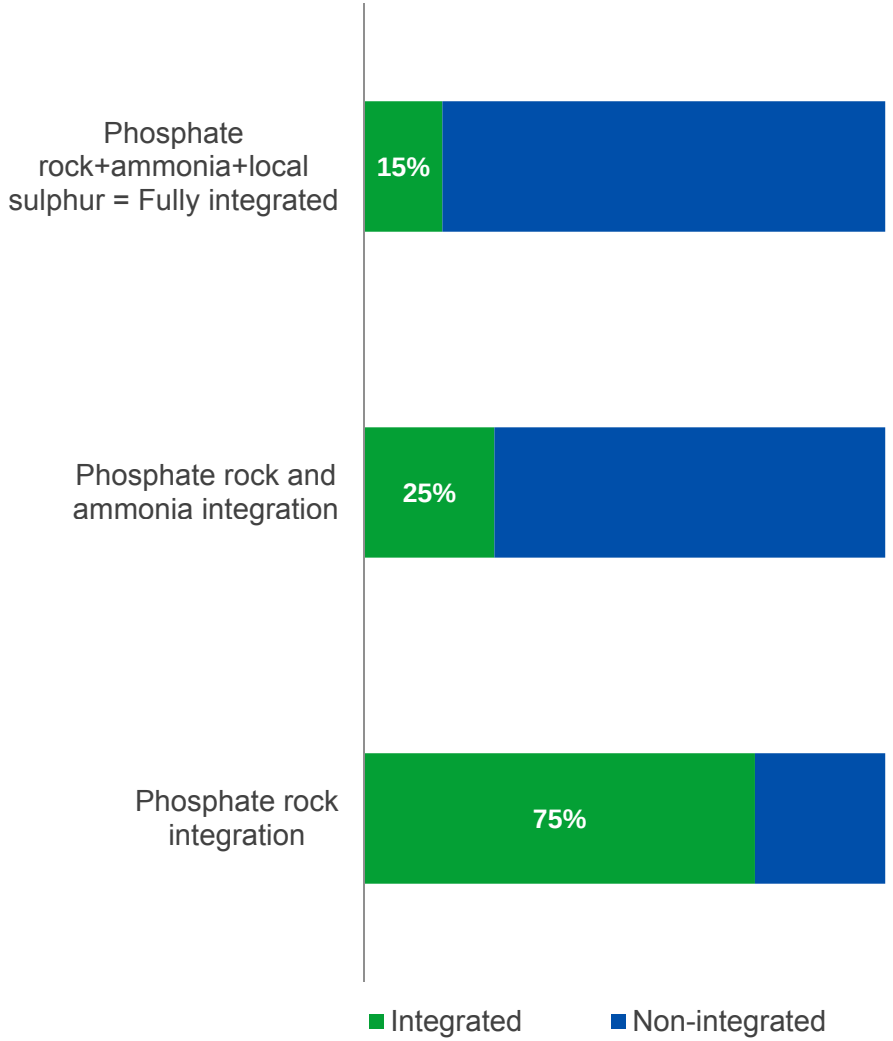
Significant cost advantage for integrated producers

Estimated DAP production cash costs[1]

FOB, US$ per tonne DAP



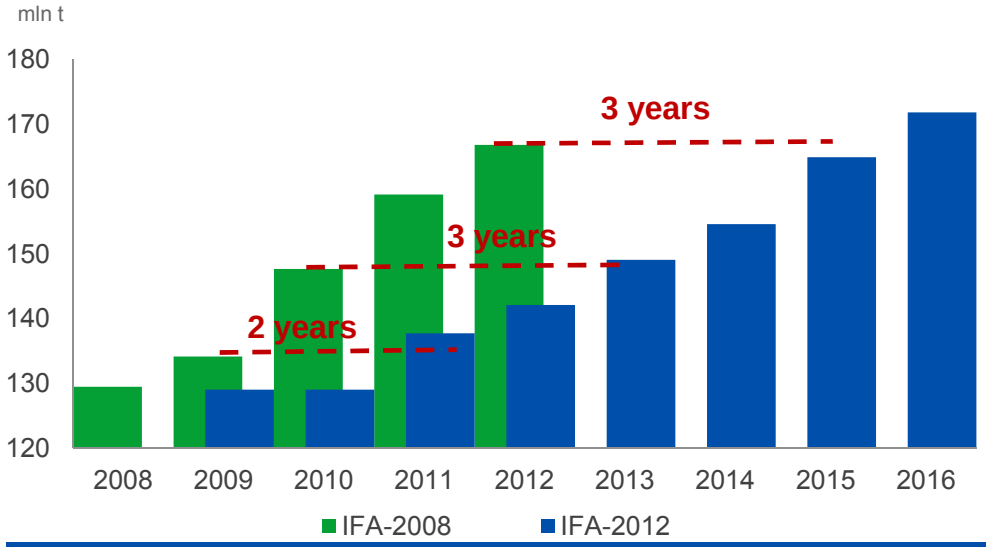
Key feedstock integration in the World Phosphate Industry[2]



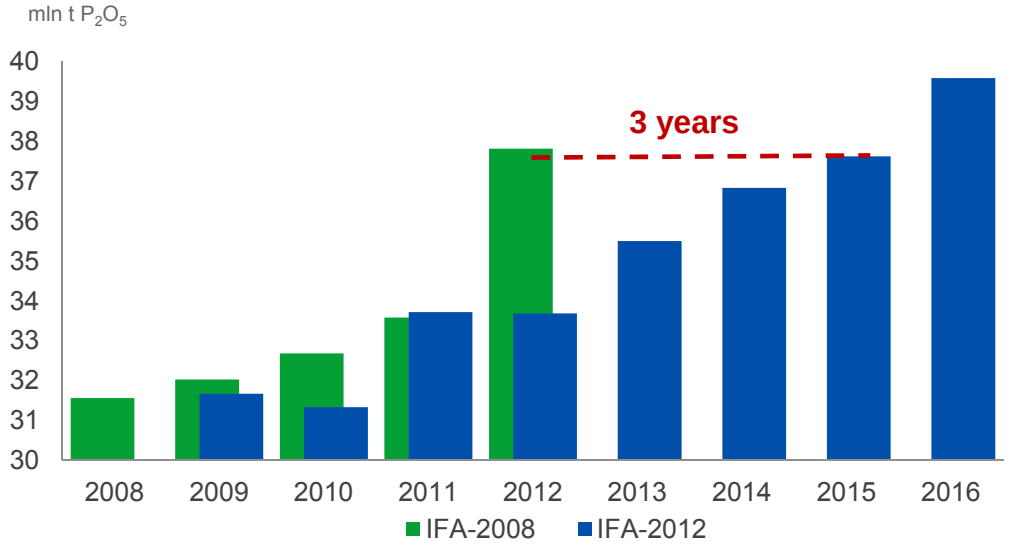
Source: companies' data, FERTECON, China Fert Market Weekly, PhosAgro
Note: (1) as of October 2012
(2) by phosphoric acid capacities, excluding China

Commissioning phosphate rock and phosphoric acid capacities

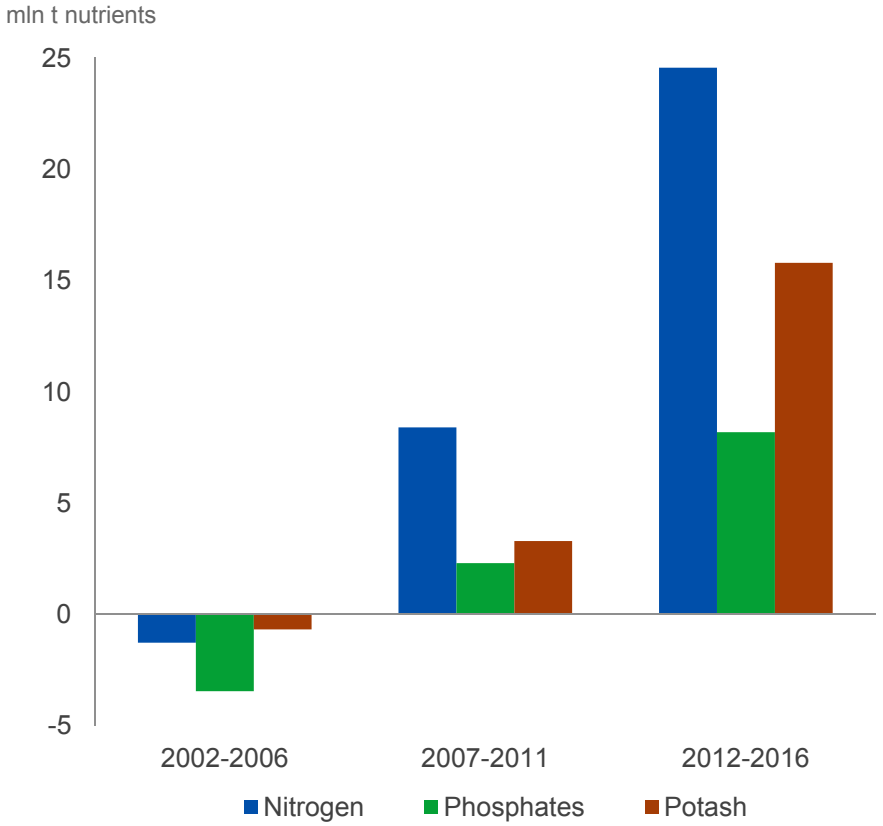
Delays in addition of new phosphate rock capacities (excl. China)



Delays in commissioning phosphoric acid capacities (excl. China)



Changes in world fertiliser capacities (excl. China)



- Less new projects are announced in phosphates
- Commissioning of new capacities is delayed
- Shutdown in phosphate fertiliser capacities was more significant while less new commissioning in the past 5 years in comparison with nitrogen and potash sectors

Source: IFA, PhosAgro

Greenfield plant – costs case-study

Production facilities *Capacity – mln t / year*	Ma'aden	PHOSAGRO
Phosphate rock mine	12.0	26.6
Beneficiation plant	5.0	7.8
Sulphuric Acid Plant	4.7	4.6
Phosphoric Acid Plant	1.5	1.9
Ammonia Plant	1.1	1.1
DAP Plant	2.9	4.1
Key products	DAP	MAP, DAP, NPK, NPS

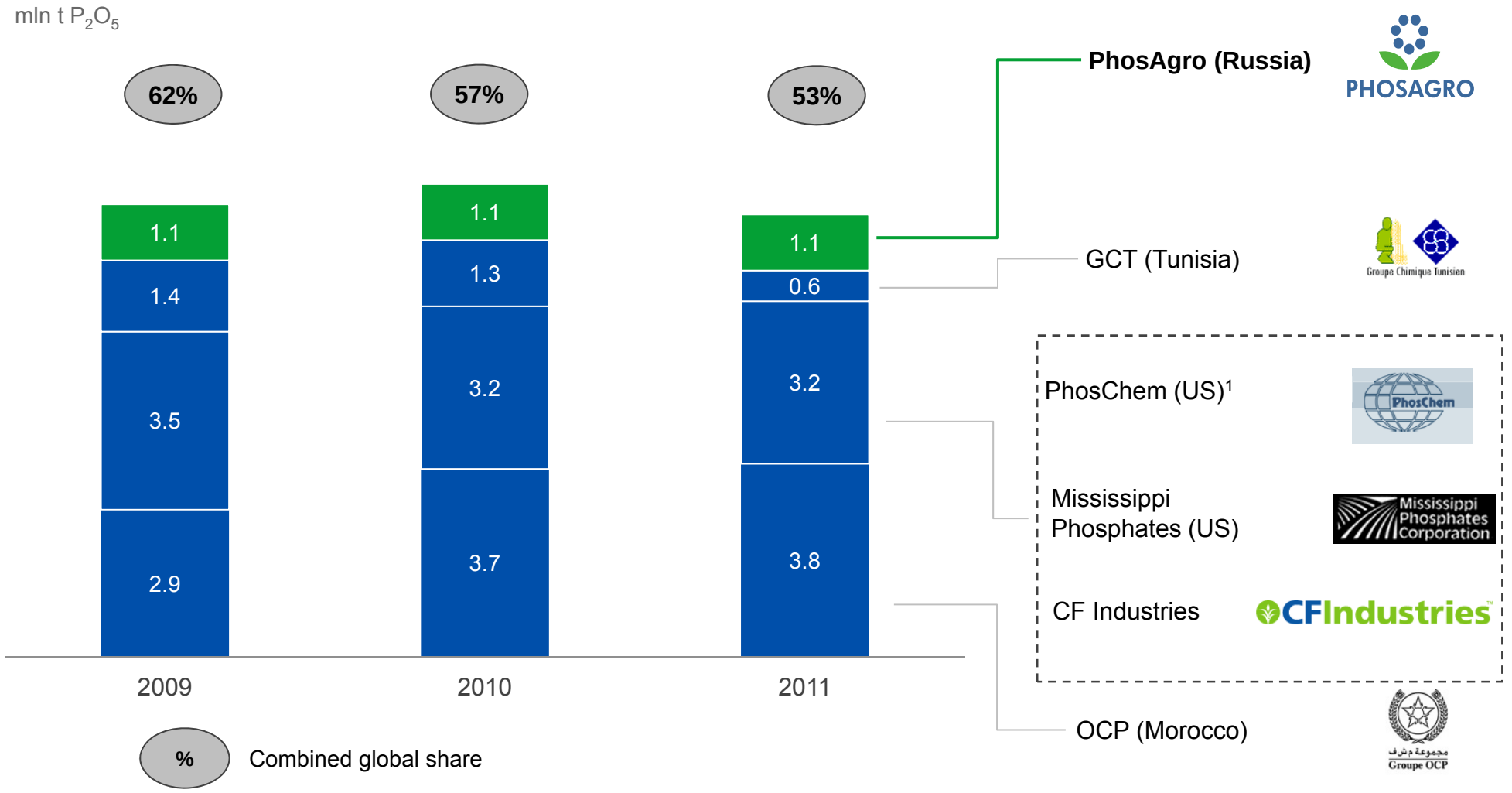
Ma'aden – total est. CAPEX(1): US$ 5.8bln

Construction period: 6 years +

Source: PhosAgro, Ma'aden
Notes: (1) CAPEX for the Phosphate Project

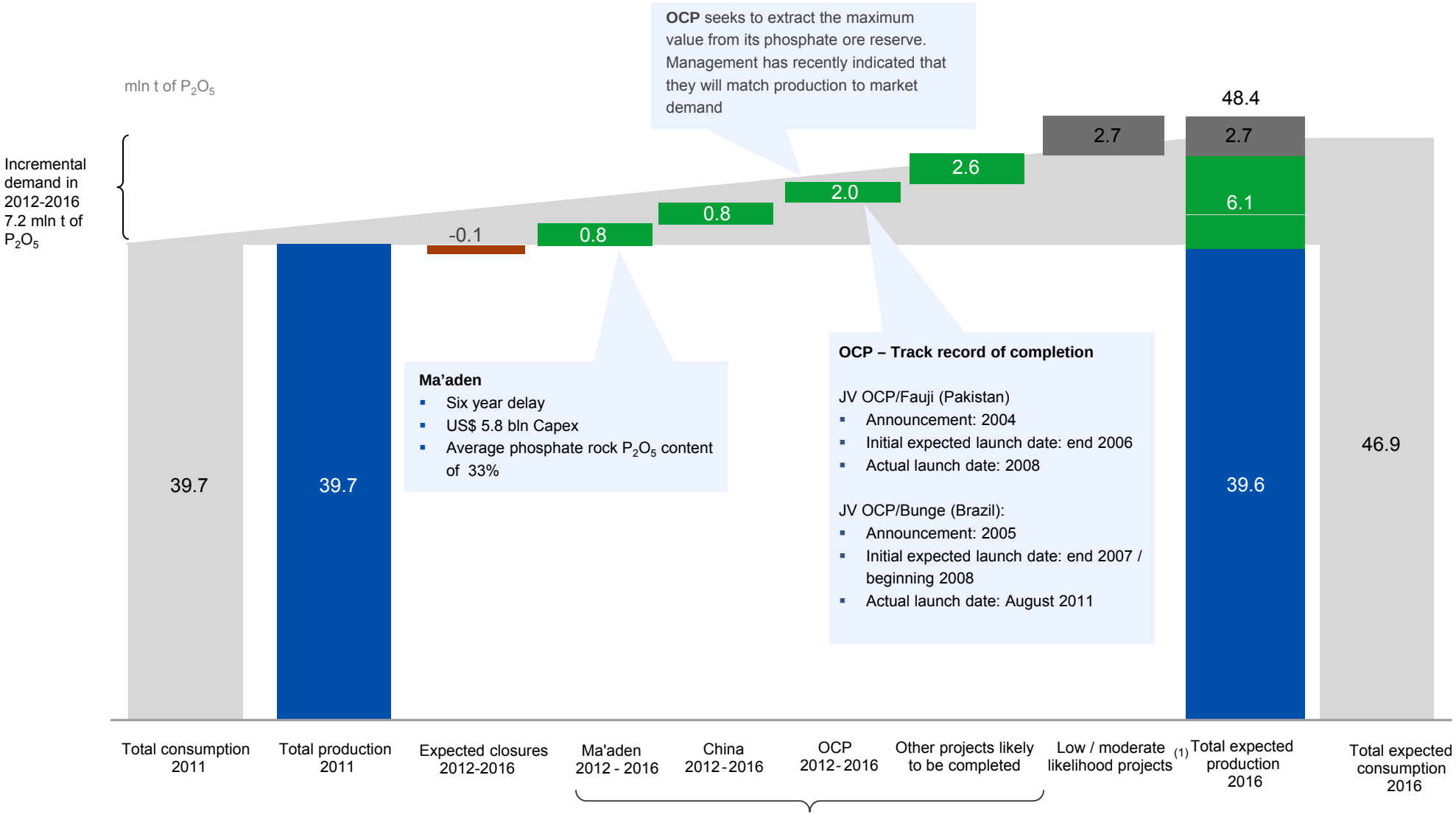
Phosphate is a consolidated industry

Global export volumes MAP / DAP / TSP / Phosphoric acid



Source: Fertecon, IFA , Bloomberg, companies reports
Note: (1) PhosChem – Phosphate Chemical Export Association Inc. (Members: Mosaic, PCS)

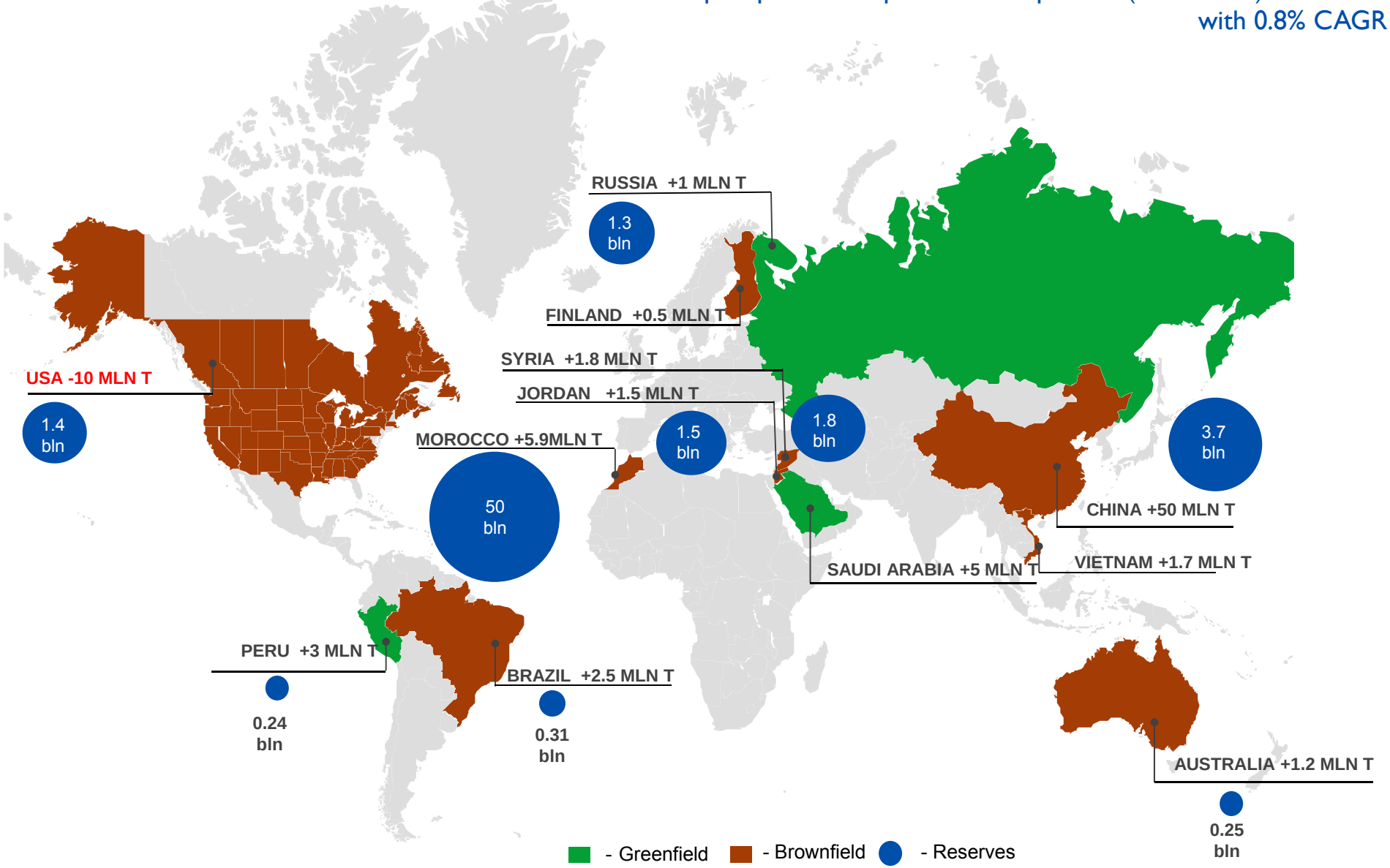
Timing and completion of new capacities is uncertain



Note: (1) Projects with low / moderate likelihood of completion by 2016
Source: FERTECON, closures and new projects at 100% nameplate capacity, Fertiliser Week, IFA, companies' data

Growth in phosphate rock production capacities 2000-2011

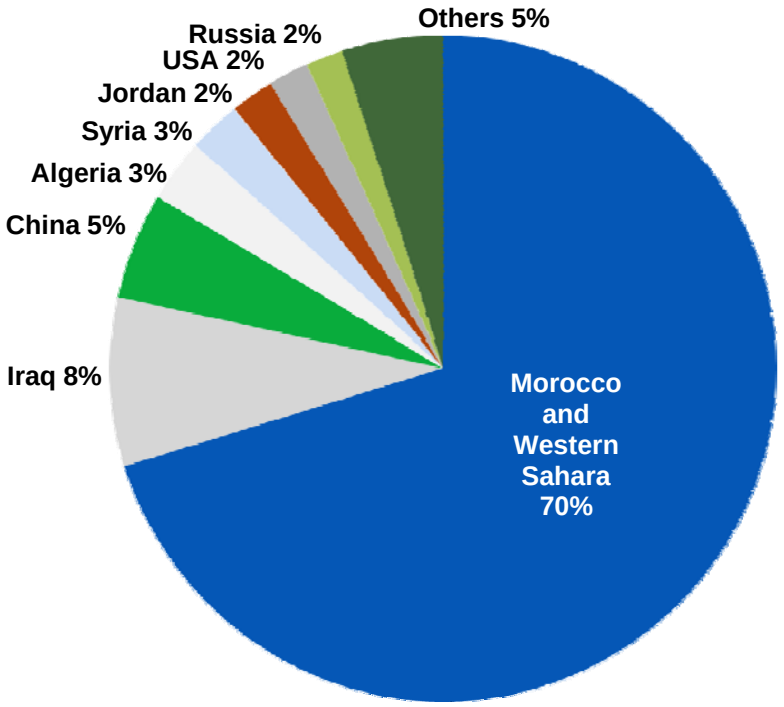
Net addition to phosphate rock production capacities (excl. China) of 14 mn t with 0.8% CAGR



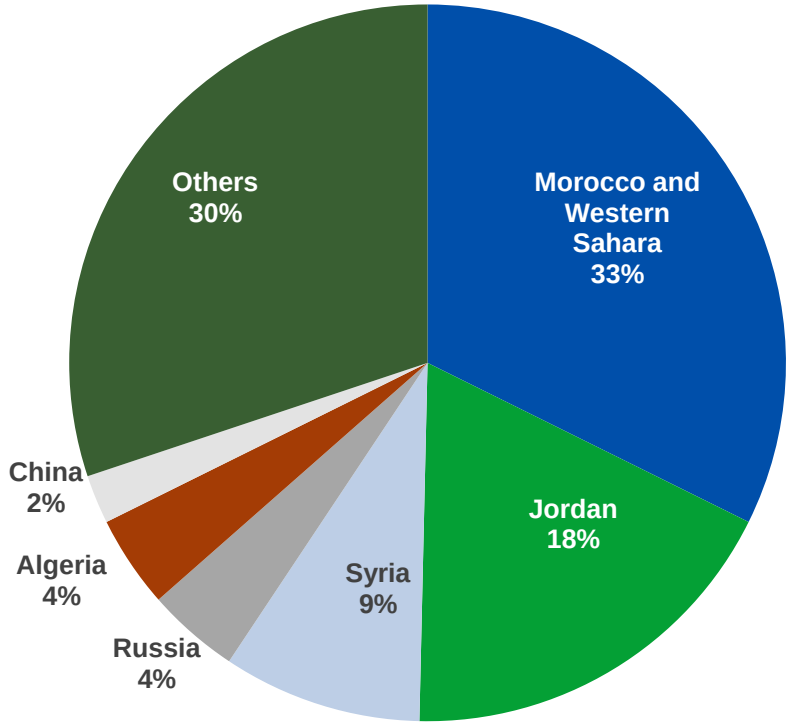
Source: Fertecon, USGS

Concentrated phosphate rock market

Morocco controls most of world phosphate ore reserves



Only few countries export phosphate rock



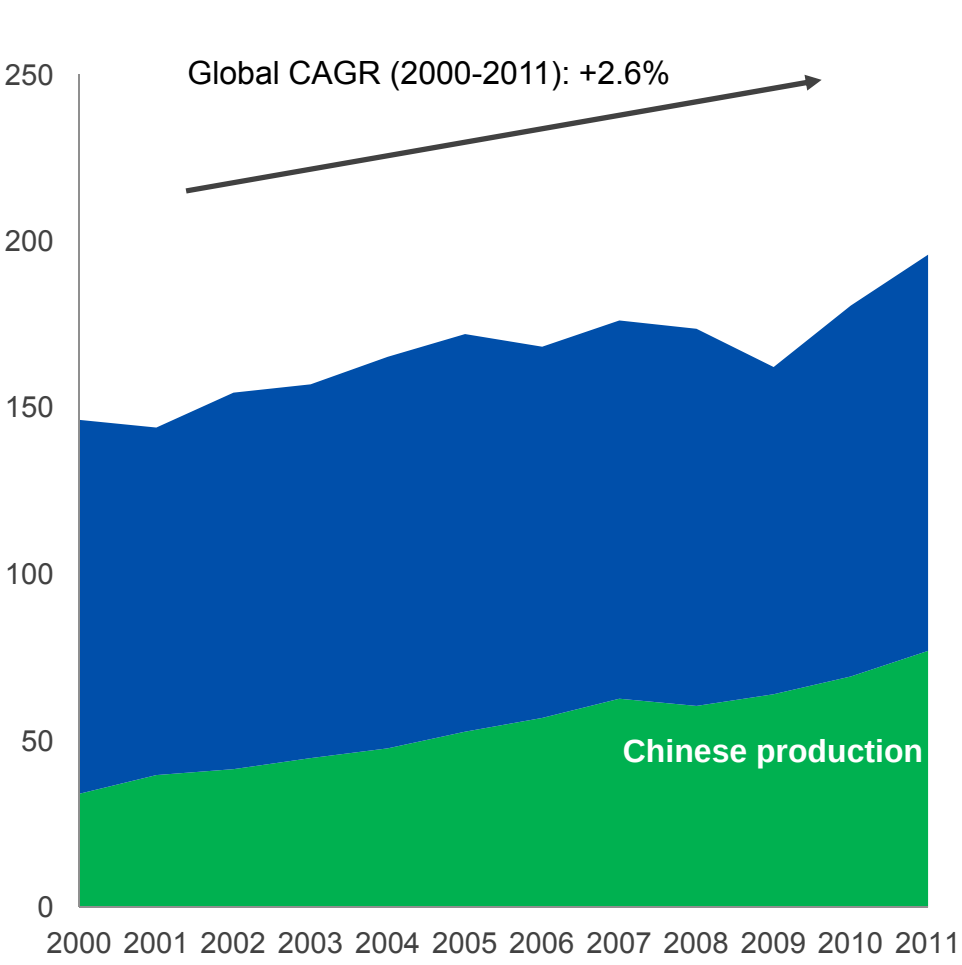
Consolidation drivers

- Deposits of phosphate ore are located in a limited number of countries. And Morocco controls most of the world's phosphate ore reserves
- Only few countries export significant volumes of phosphate rock and Morocco has a substantial share in export sales of phosphate rock respectively

Source: USGS

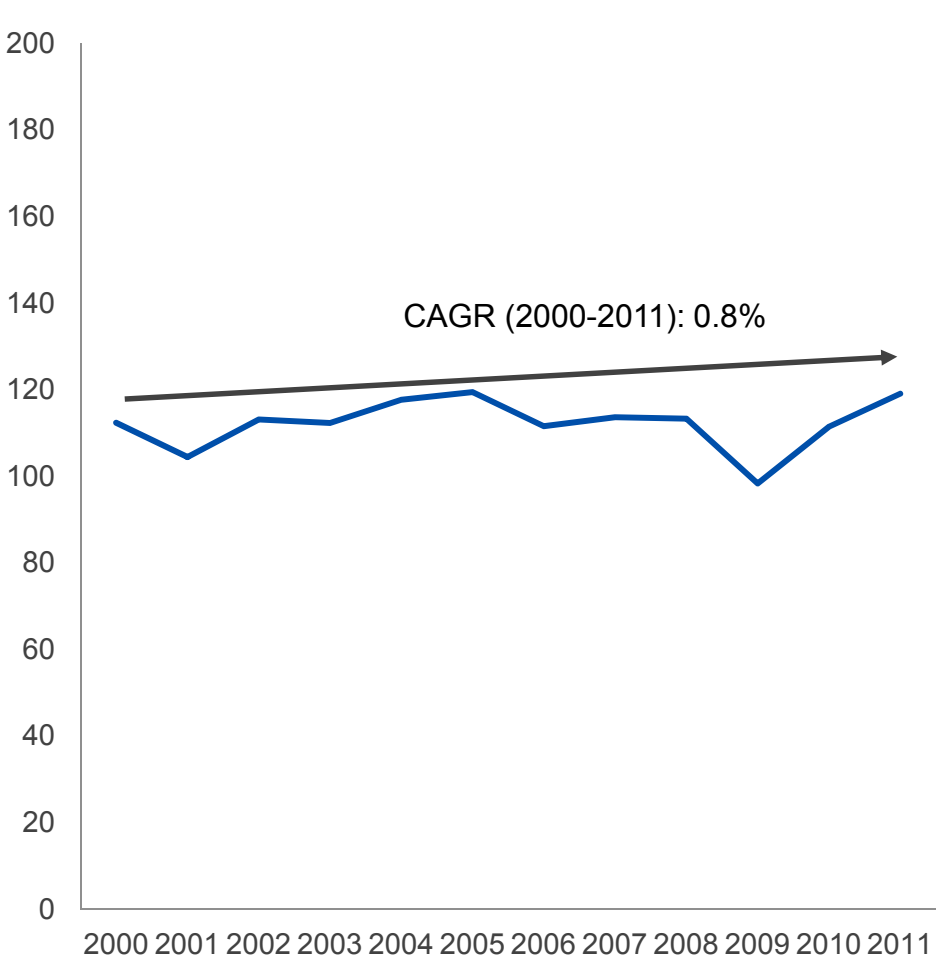
Stagnating production of phosphates

Global phosphate rock production is mainly driven by China …



Source: IFA, FERTECON

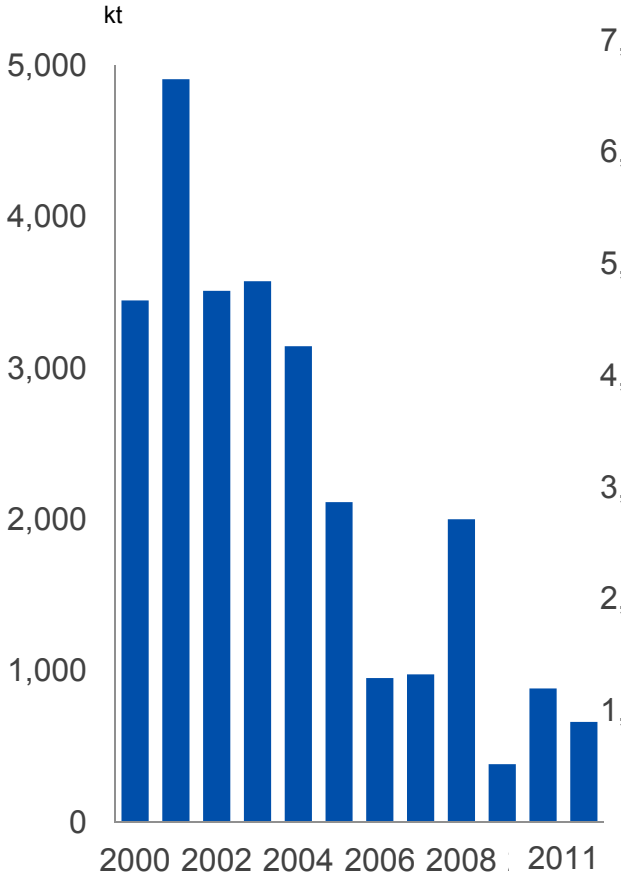
… with stagnating production in the rest of the world



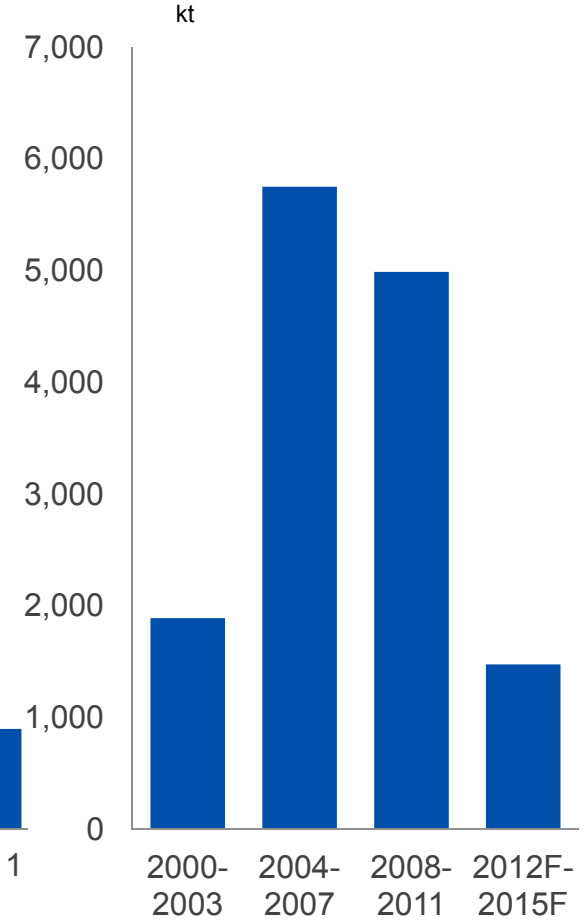
Source: IFA, China Fert Market Weekly, FERTECON

Development of Chinese phosphate exports

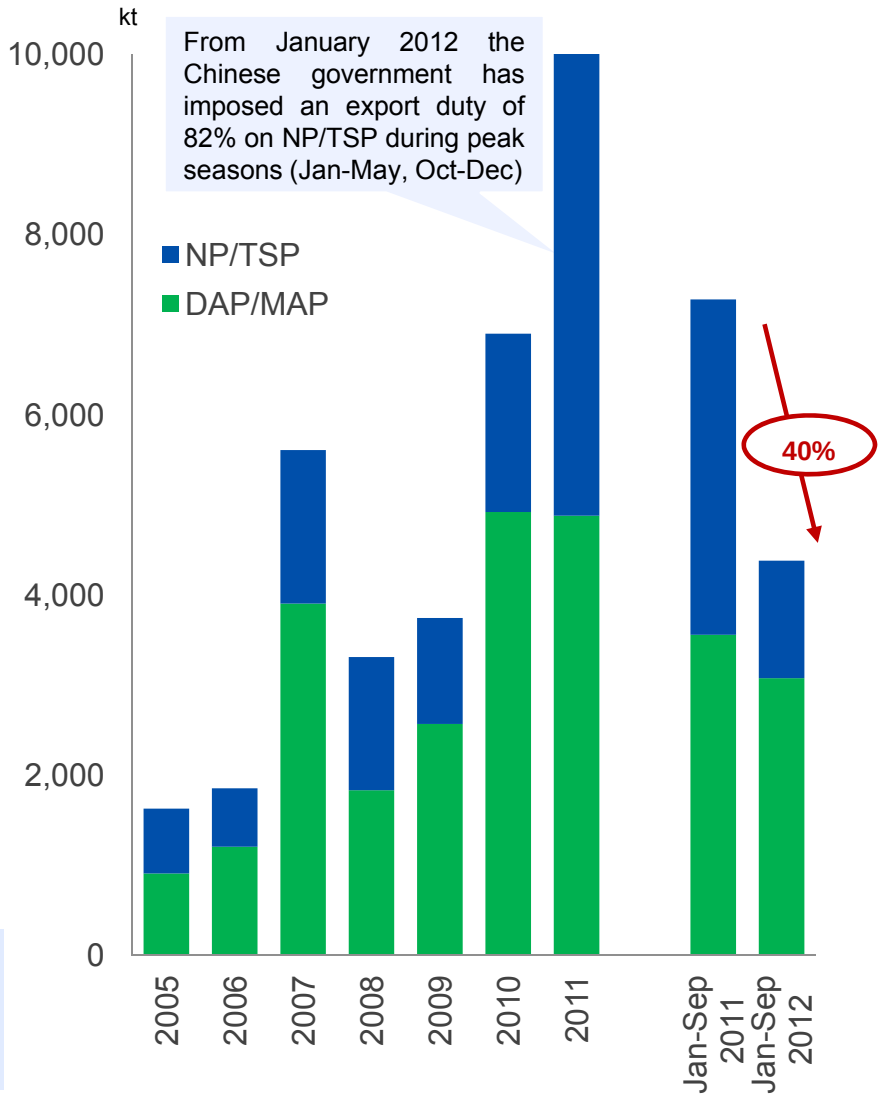
Chinese phosphate rock exports



Commissioning of new H_3PO_4 capacities



Chinese exports of DAP / MAP / NP / TSP



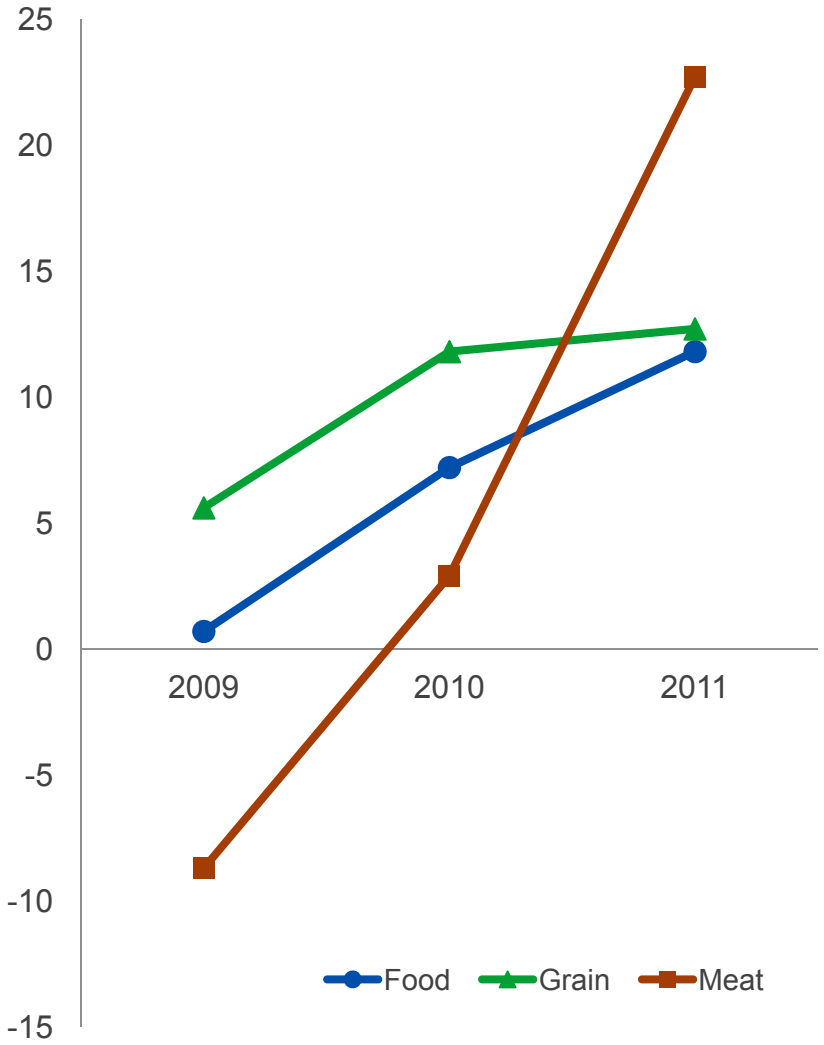
In the second half of 2011, phosphate rock prices increased several times with an overall price hike of USD 11-13/t. In 2012 the price has already increased by USD 8-10/t. The price of the rock (P_2O_5>30%) has reached USD 126/t(1)

Source: IFA, CFMW

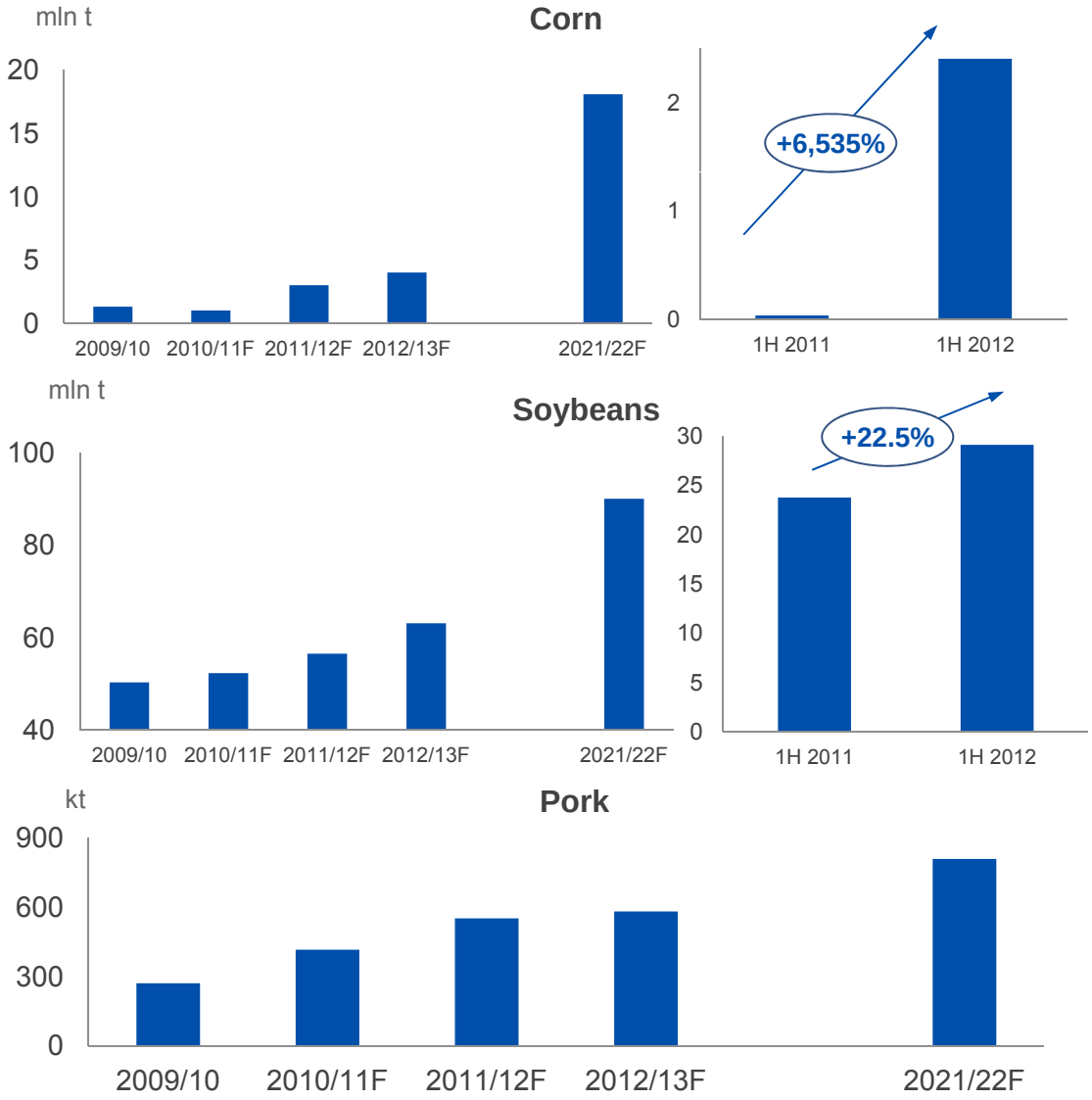
Note: (1) Applied exchange rate USD/CNY: 6.35

Growing food demand in China

Consumer price indices in China, %



Chinese food imports



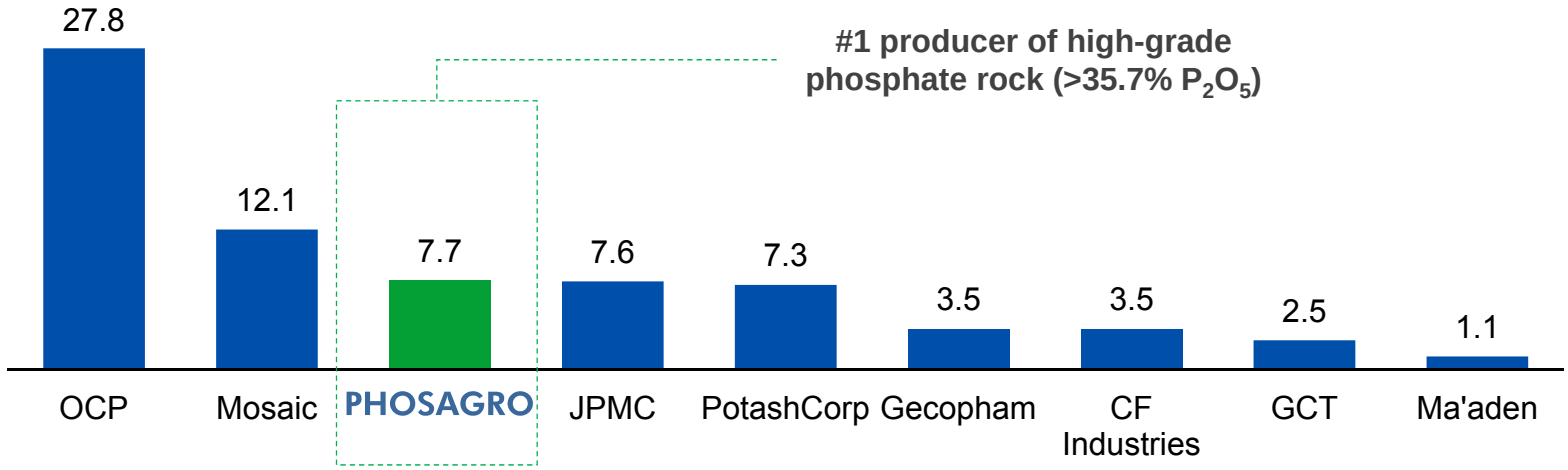
Source: NBS of China, USDA February 2012

2. Company Highlights

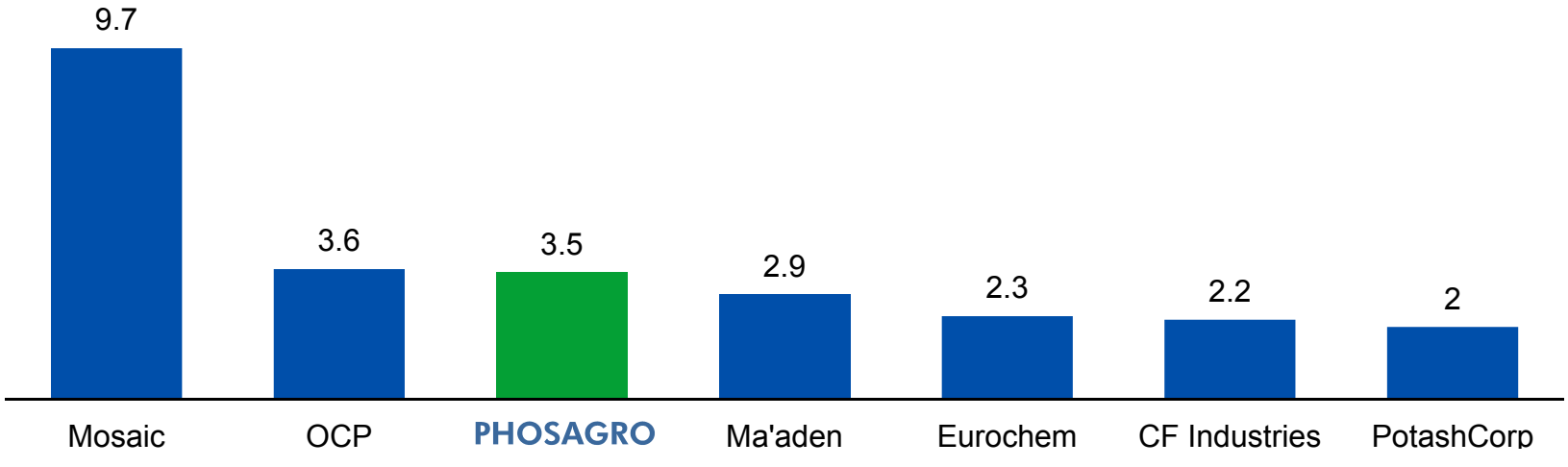
World class integrated phosphate producer

2011, mln t, excluding Chinese producers

A leading global phosphate rock producer with over 2.1 bln t of apatite-nepheline ore resources (over 75 years of production)



#2 global DAP/MAP producer(1) with 3.6 mln t capacity



Source: FERTECON, IFA, companies' data
Note: (1) In 2011, excluding Chinese producers

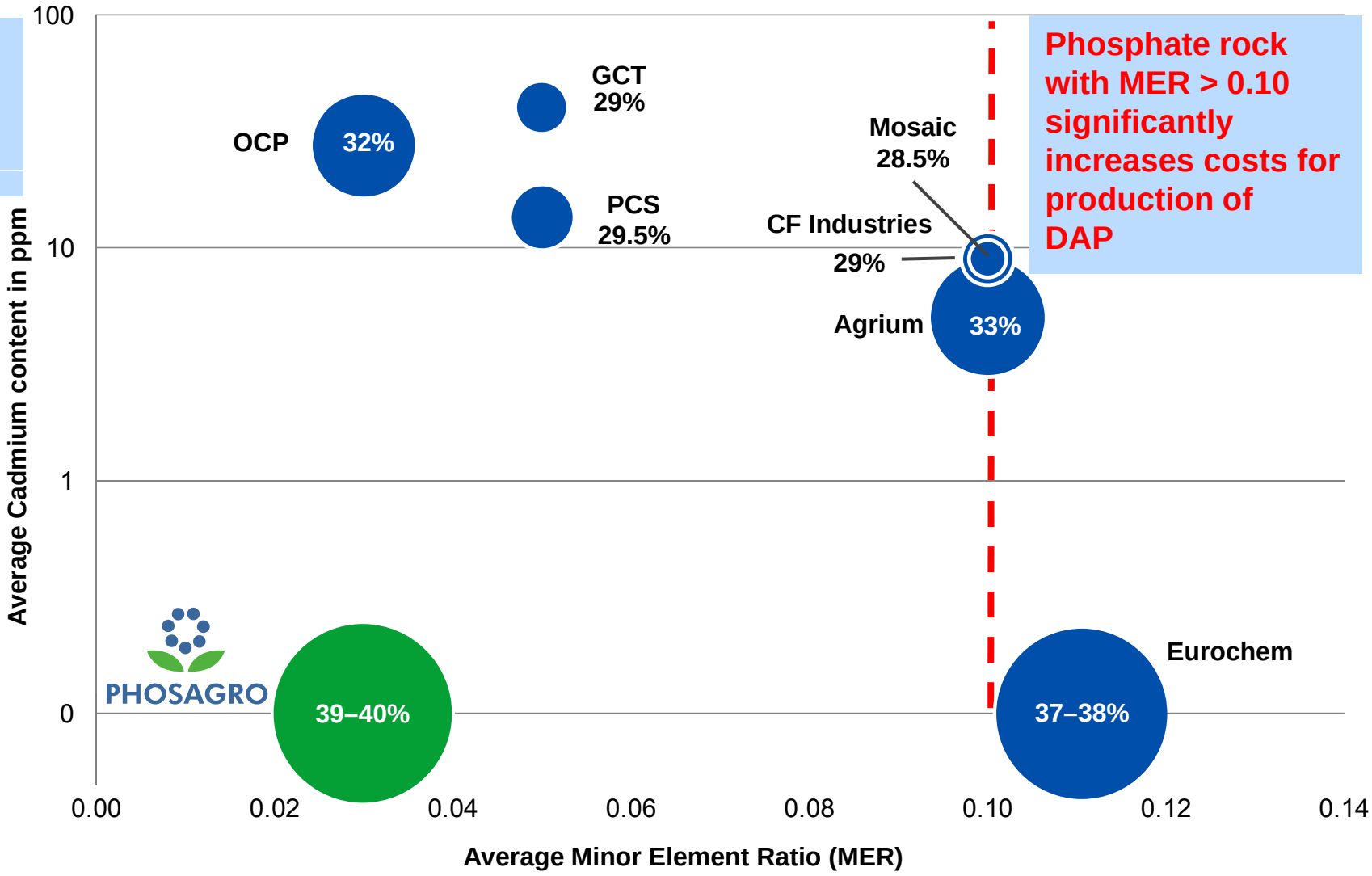
Control of world's premium phosphate resource base

Location[1]	PHOSAGRO	Morocco	USA	Jordan	China	Tunisia
Al_2O_3 content	13.0-14.0% High	Very low	Very low	Very low	Very low	Low to moderate
Ore type	Igneous	Sedimentary	Sedimentary	Sedimentary	Sedimentary	Sedimentary
Level of radioactivity	Very low	Moderate	Moderate to high	Low to moderate	Low to moderate	Moderate
Hazardous metals content	Very low	Moderate	Moderate to high	Low	Low to moderate	Low to moderate
World Phosphate Rock Reserves, billion t	2.1	50	1.4	1.5	3.7	0.1

Note: (1) primary global DAP/MAP producing regions
Source: FERTECON, IMC, USGS 2011

Control of world's premium phosphate resource base

Higher cadmium content in sedimentary rocks

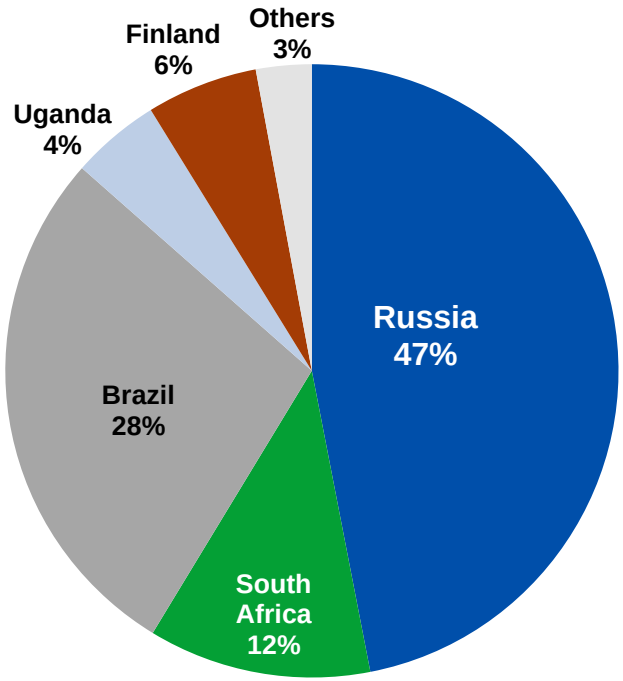


Phosphate rock with MER > 0.10 significantly increases costs for production of DAP

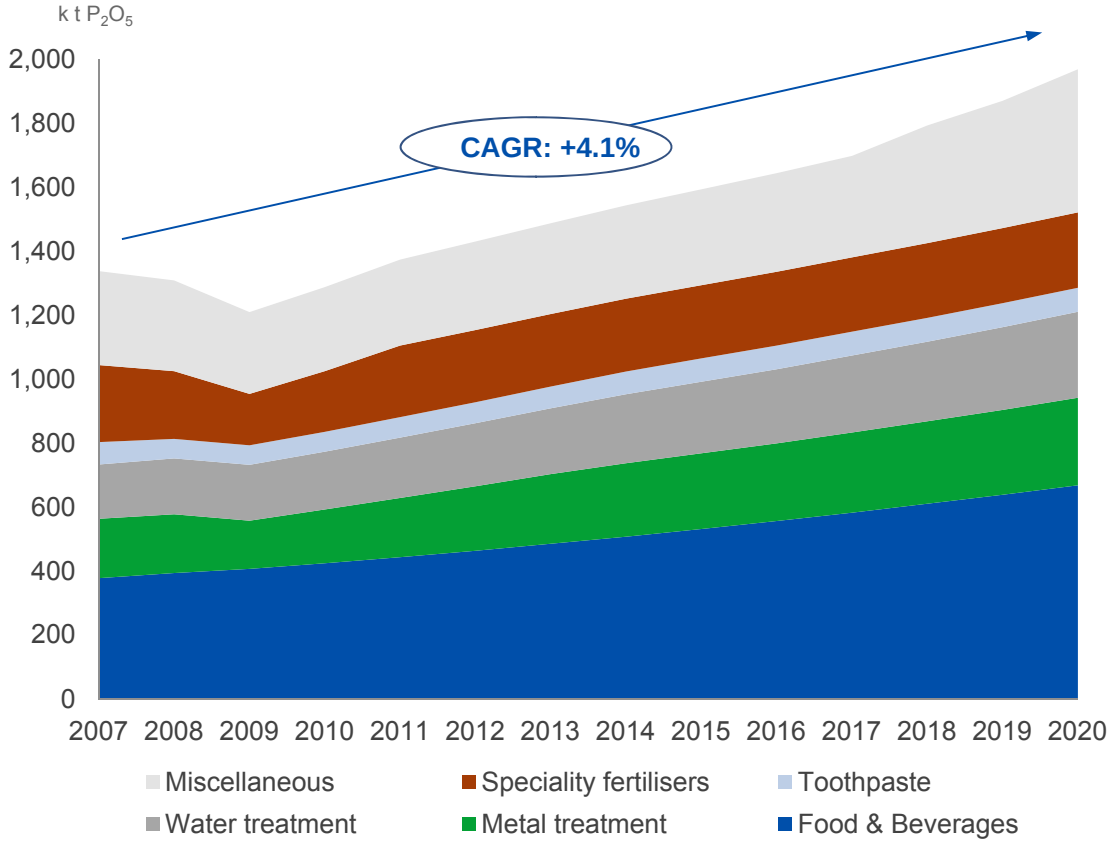
Note: Size of the bubble represents P_2O_5 content in phosphate rock in excess of 28%, which is recognized as a minimum for production of high quality phosphate fertilisers
Source: FERTECON, PhosAgro, companies' data

Growth in demand for igneous phosphate rock

World phosphate ore reserves of igneous origin



Consumption of phosphates for industrial chemicals and feed phosphates, P_2O_5



Prospects for growth

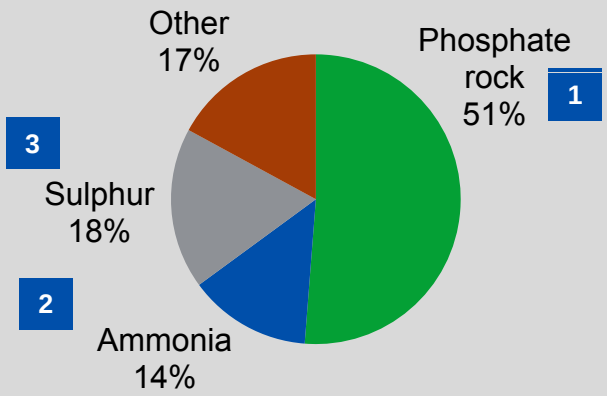
- Phosphate rock of igneous origin is applied as a feedstock for industrial chemicals and feed phosphates due to the lowest radioactivity level, low heavy metals and cadmium content in comparison with phosphate ore reserves of sedimentary origin
- As production of industrial phosphates and food additives will grow, the increase in demand for phosphate rock of igneous origin is expected for the applications other than fertiliser production

Source: IFDC, CRU

Self-sufficiency in key feedstocks

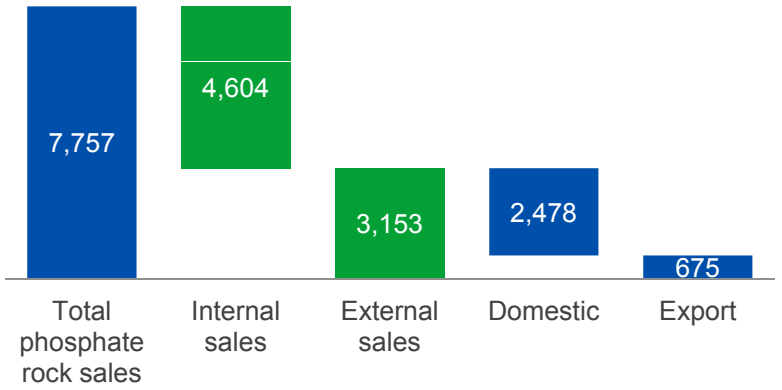
PhosAgro DAP production cash costs

2011, ExW, US$



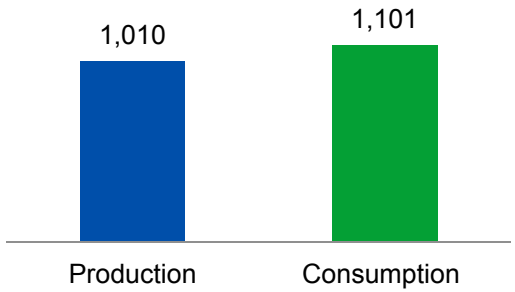
1 Phosphate rock: 100% self-sufficient

2011, kt



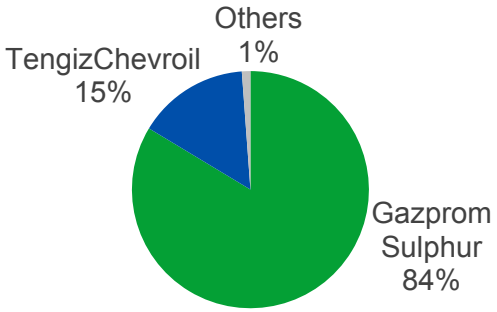
2 Ammonia: 92% self-sufficient

2011, kt



3 Sulphur: access to local supplies

Sulphur suppliers in 2011



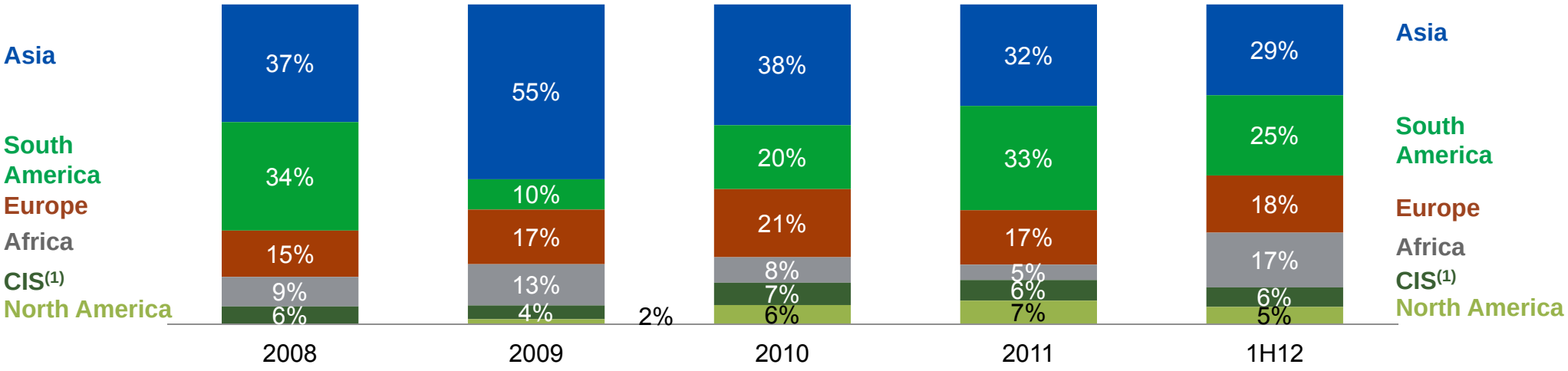
Source: PhosAgro

Flexible business model

Flexible business model

Phosphate-based fertilisers and feed phosphate exports by region

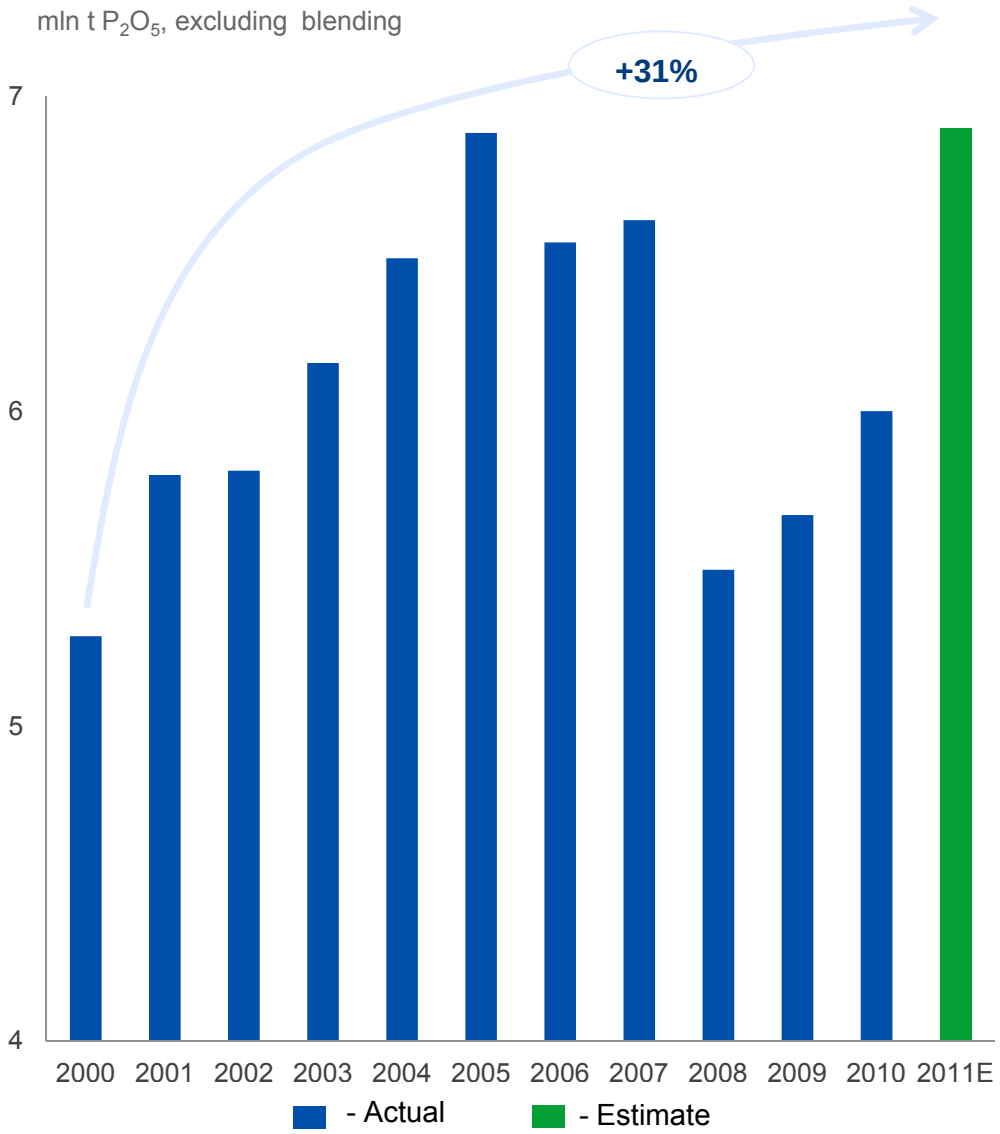
In volume terms



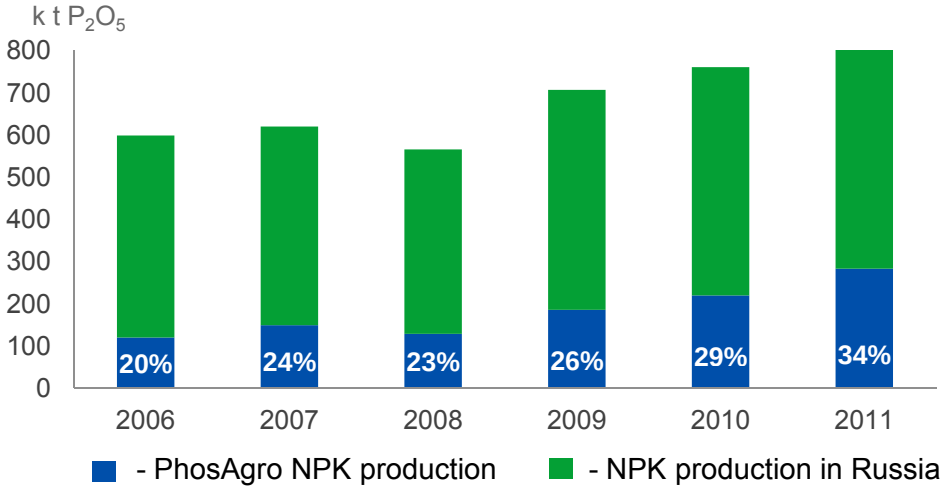
Source: PhosAgro
Note: (1) Excluding Russia

NPK fertilisers – the need to increase yields by balanced fertilisation

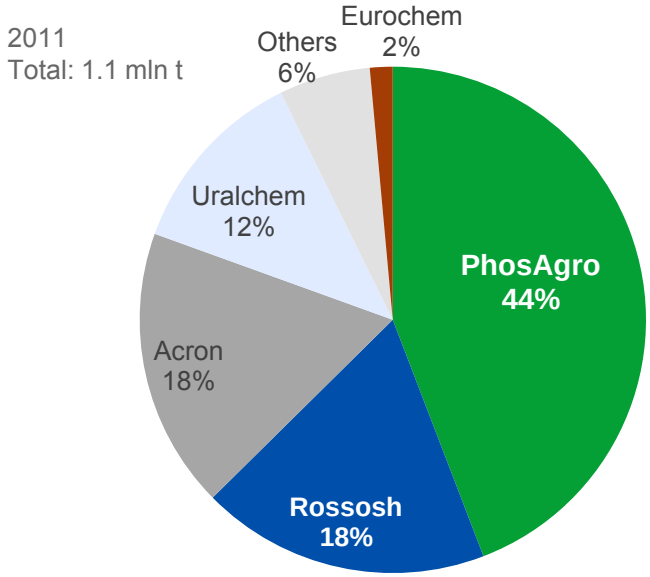
World NPK production



NPK production in Russia



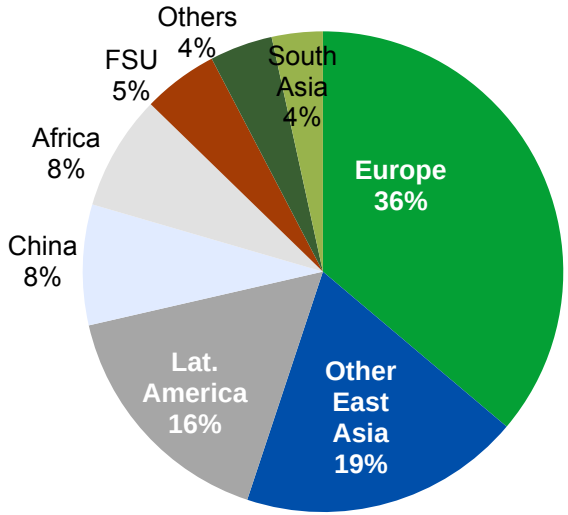
PhosAgro – main supplier of NPK to the domestic market



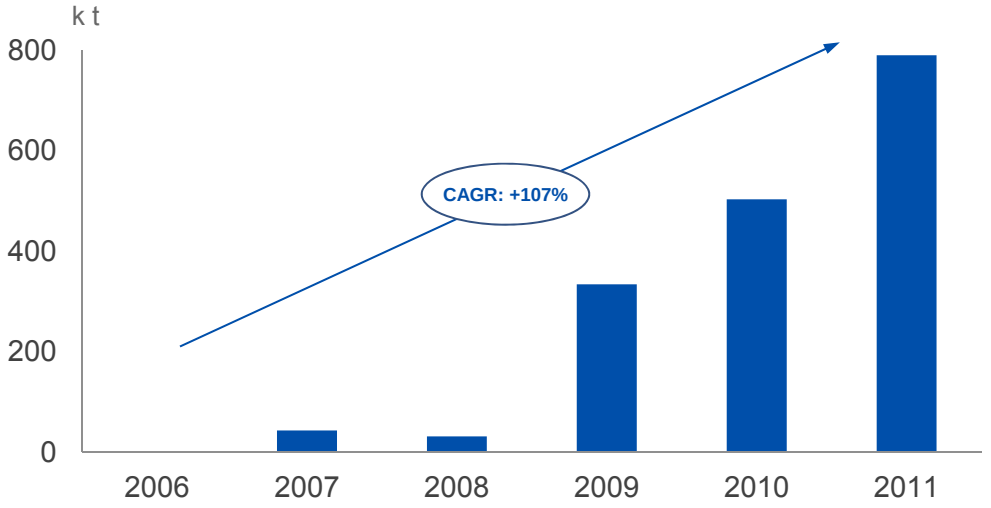
Source: IFA, ChemExpert, PhosAgro

PhosAgro flexible model meets global demand for NPK

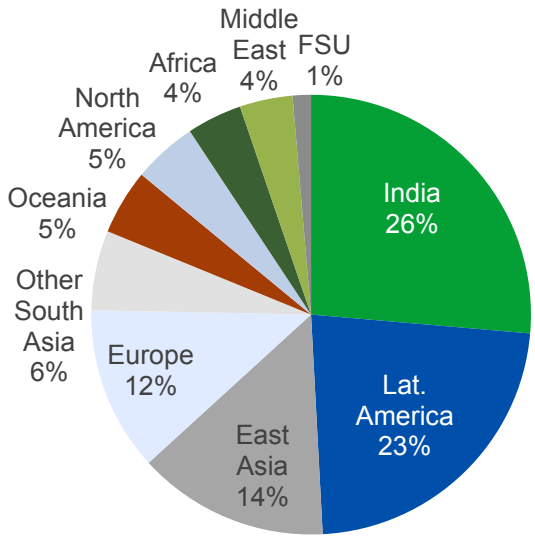
World NPK Imports: ~2 mln t of P_2O_5 per annum(1)



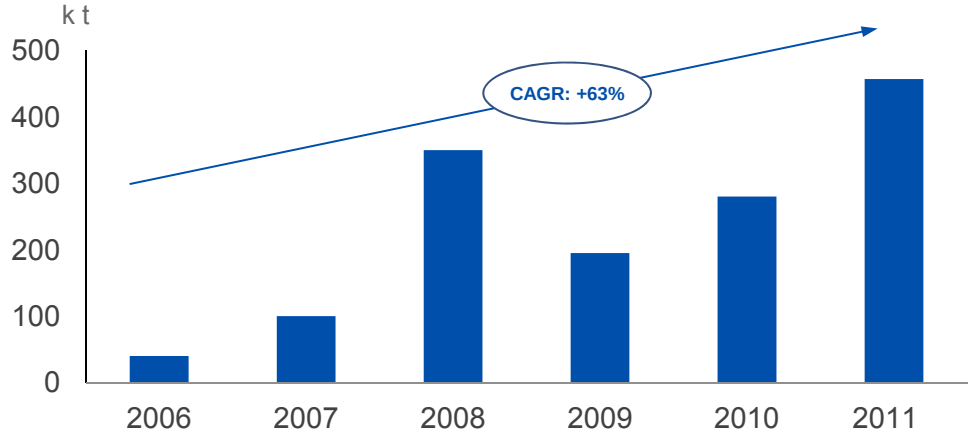
PhosAgro NPK Exports



World DAP/MAP Imports : ~8.5 mln t of P_2O_5 per annum(1)



Brazil NPK Imports

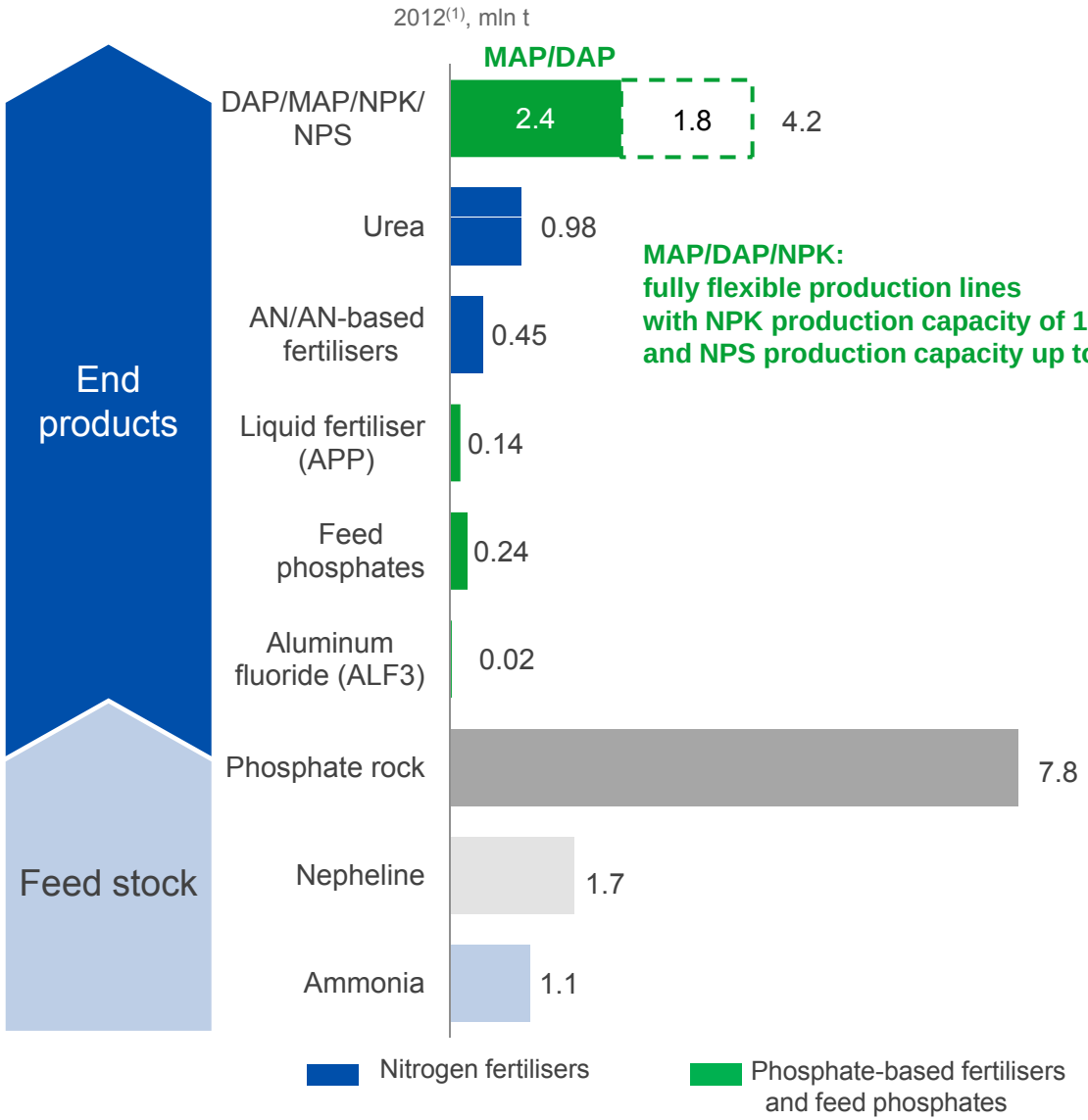


- Reliable sources of nitrogen and phosphates are critical in the economics of granular NPKs. They are rarely found in the same place.
- PhosAgro exports NPK fertilisers to developed as well as to fast growing markets

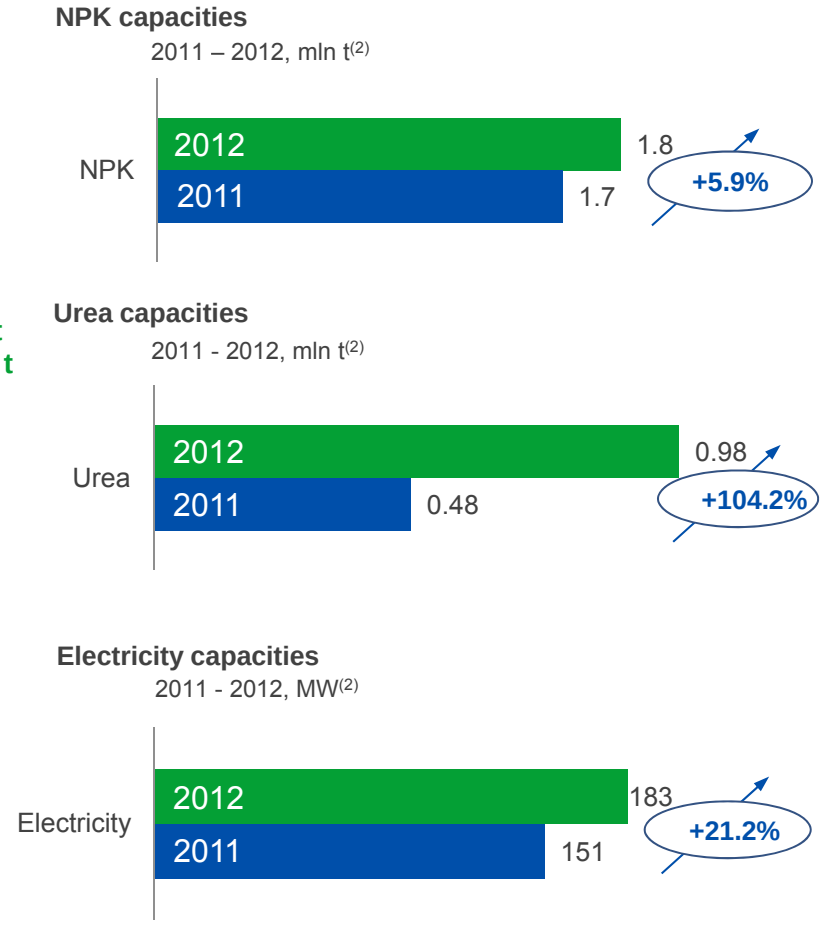
Source: IFA, FCC, PhosAgro
Note: (1) Average figures for 2005-2010

Organic growth through addition of new capacities

Production capacities



Capacity growth

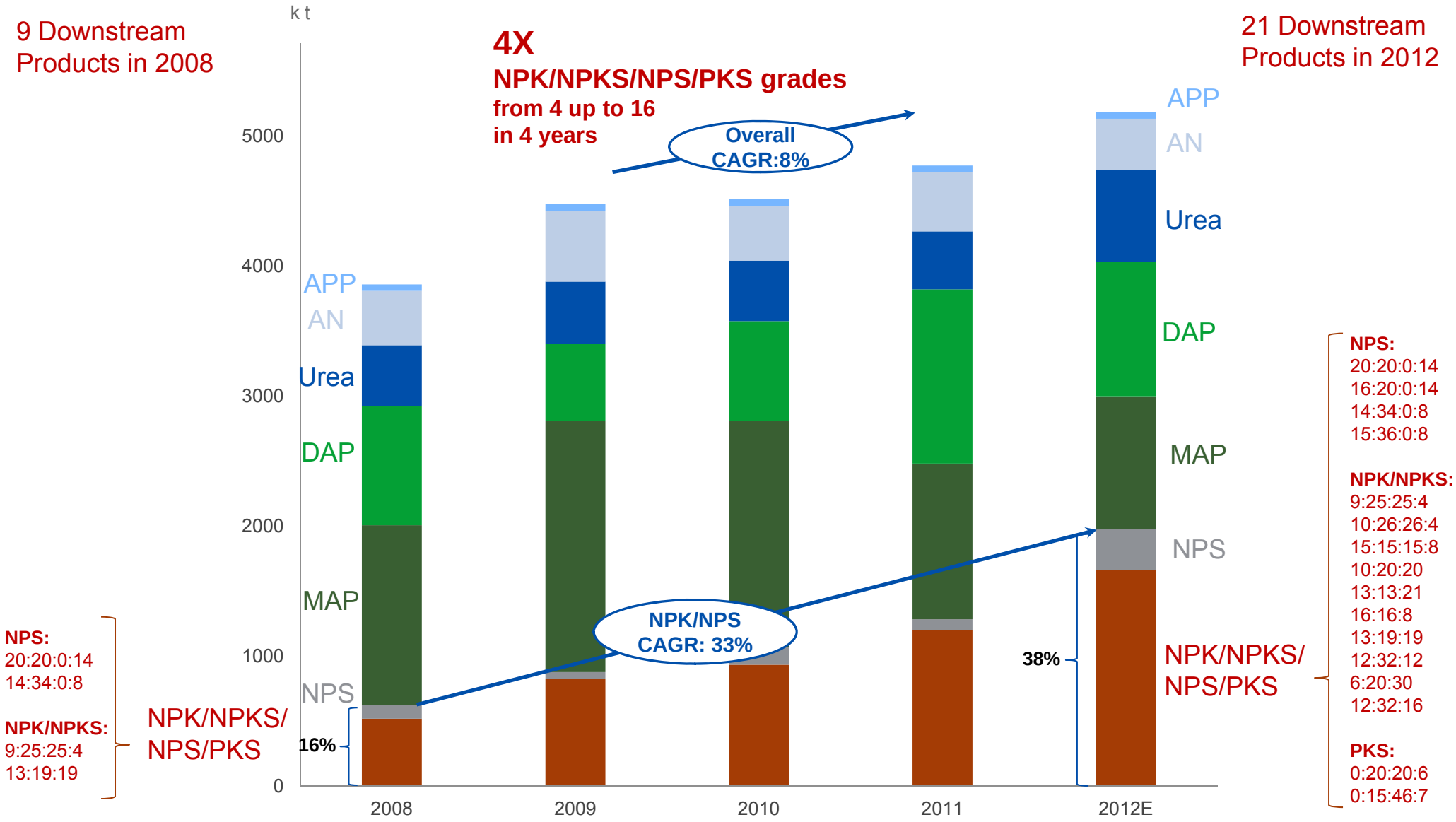


Source: PhosAgro
Note: (1) production capacities as of October 26, 2012
(2) as of 31 December 2011 and 26 October 2012

PhosAgro increases production and flexibility with growth in number of NPK/NPS grades

9 Downstream Products in 2008

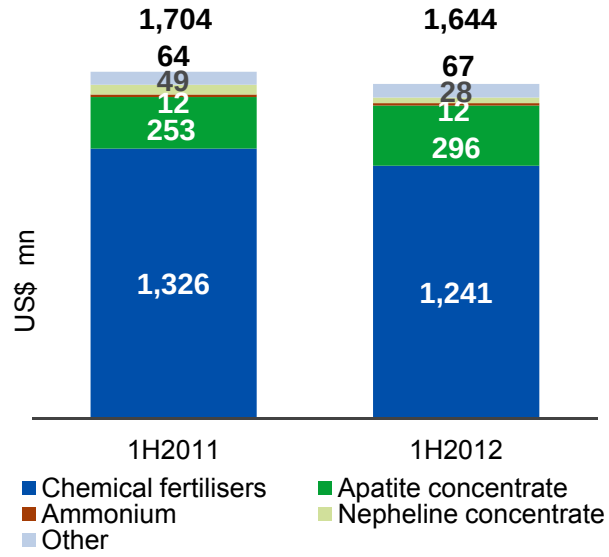
21 Downstream Products in 2012



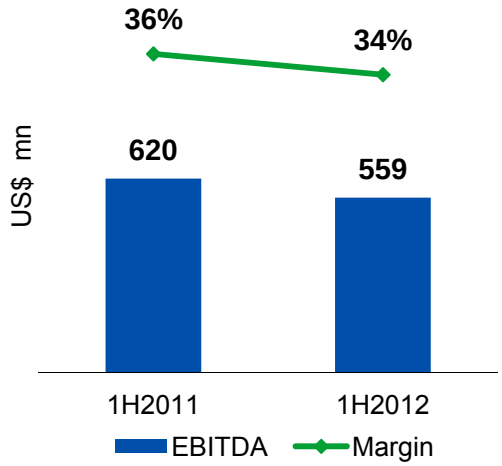
3. Financial Overview

Revenue, EBITDA and Net Income

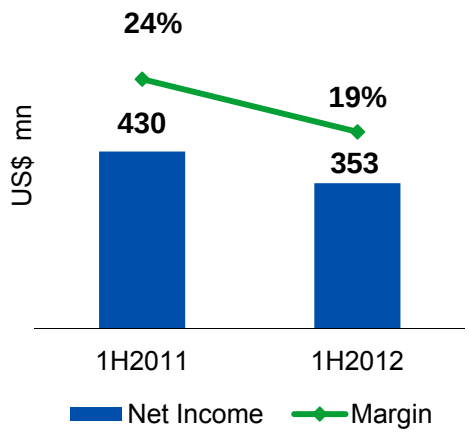
Revenue (H1 2011/2012)



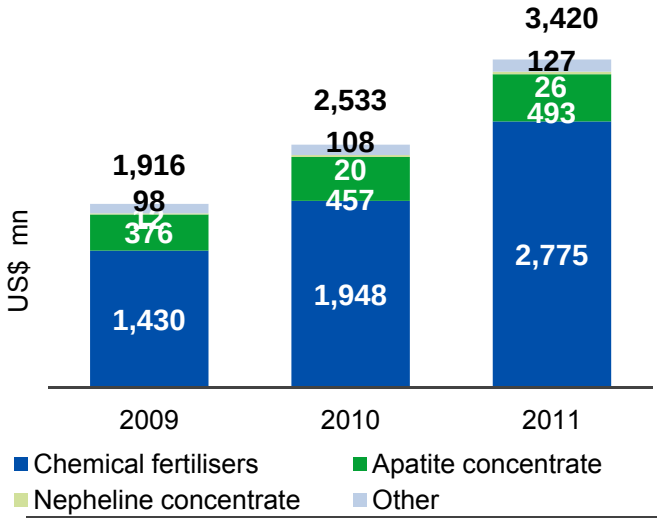
EBITDA (H1 2011/2012)



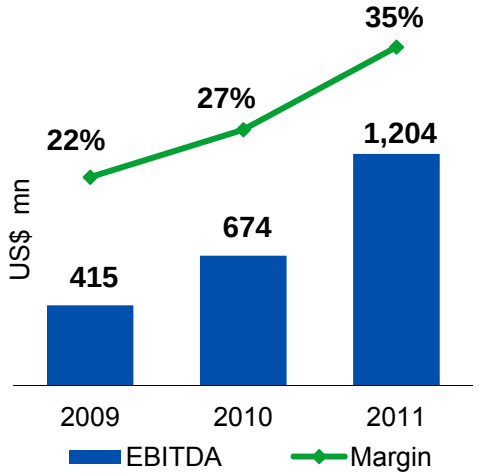
Net Income (H1 2011/2012)



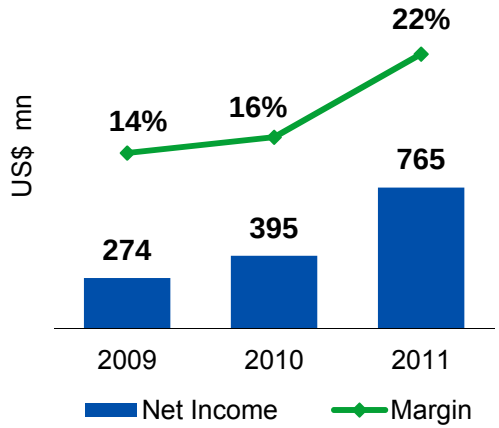
Revenue (FY 2009-2011)



EBITDA (FY 2009-2011)



Net Income (FY 2009-2011)

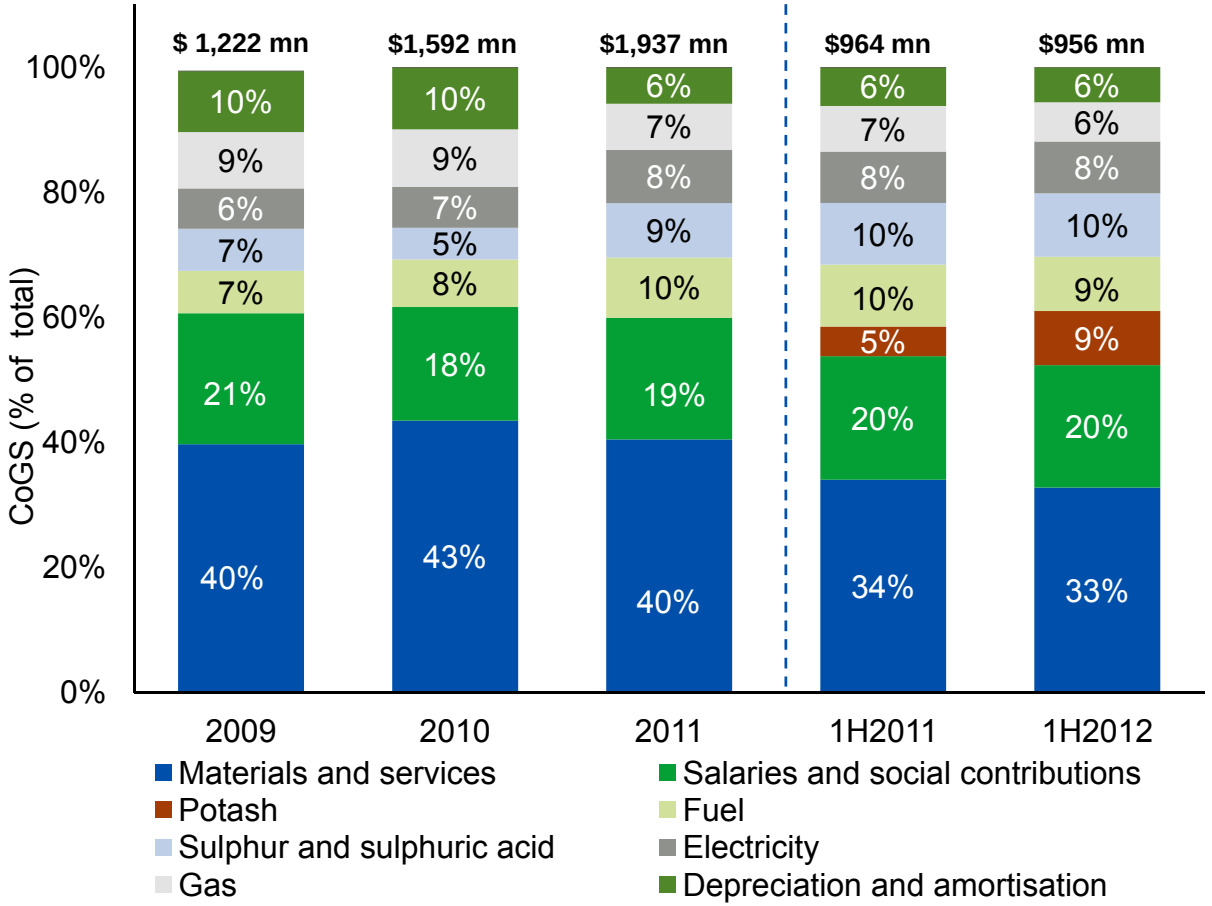


Note: Applied average USD/RUB exchange rates: 31.72 (2009), 30.37 (2010), 29.39 (2011), 28.62 (1H2011), 30.64 (1H2012)

Cost of Goods Sold

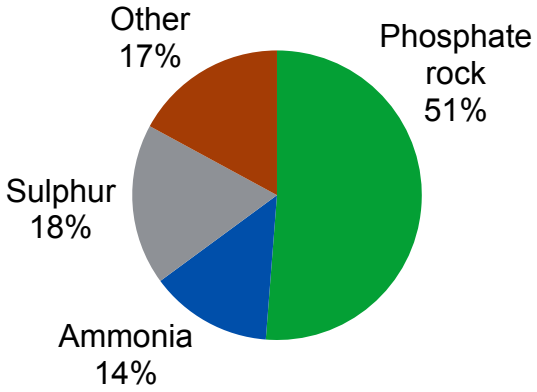
Cost of Goods Sold and Sales Volumes

Sales (kt)	2009	2010	2011	1H2011	1H2012
Fertilisers(1)	3,635	3,842	4,062	1,992	2,123
Rock	2,807	3,712	3,153	1,588	1,677



DAP production cash cost breakdown

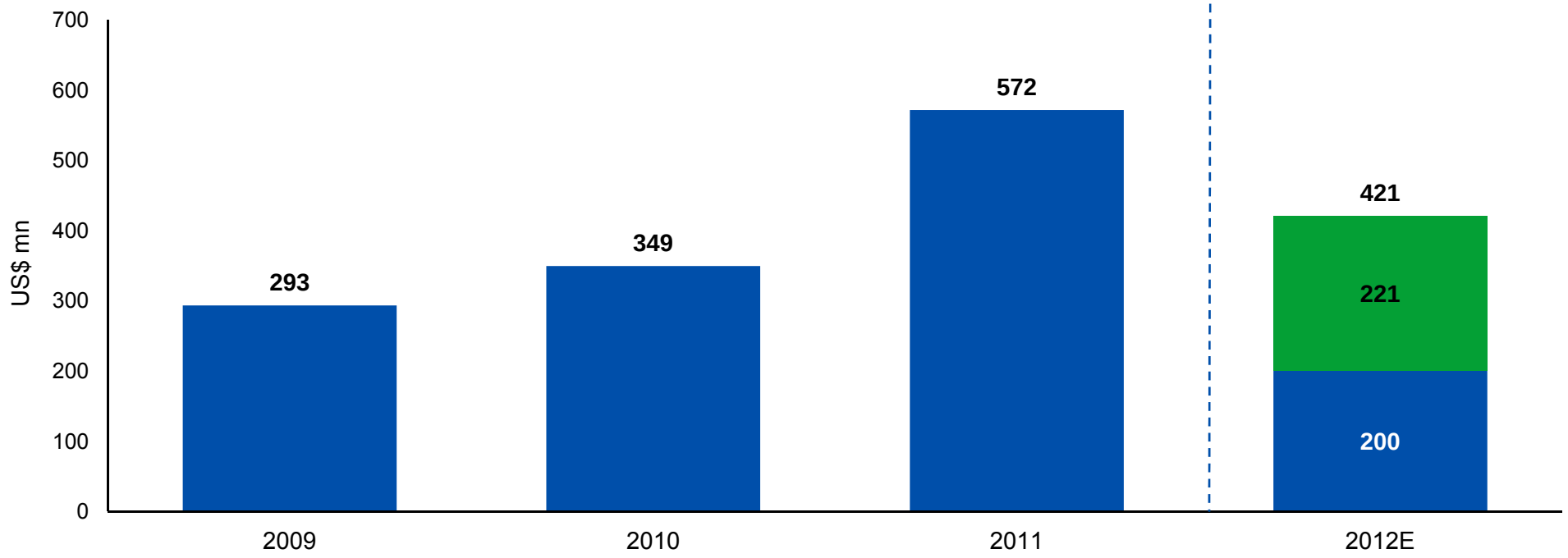
ExW, US$, 2011



Source: PhosAgro
Note: Excluding change in stock of WIP and finished goods. Applied average USD/RUB exchange rates: 31.72 (2009), 30.37 (2010), 29.39 (2011), 28.62 (1H2011), 30.64 (1H2012)
(1) Phosphate-based fertilisers and feed phosphate (MCP)

Capex and Dividend Policy

Capex



Dividends

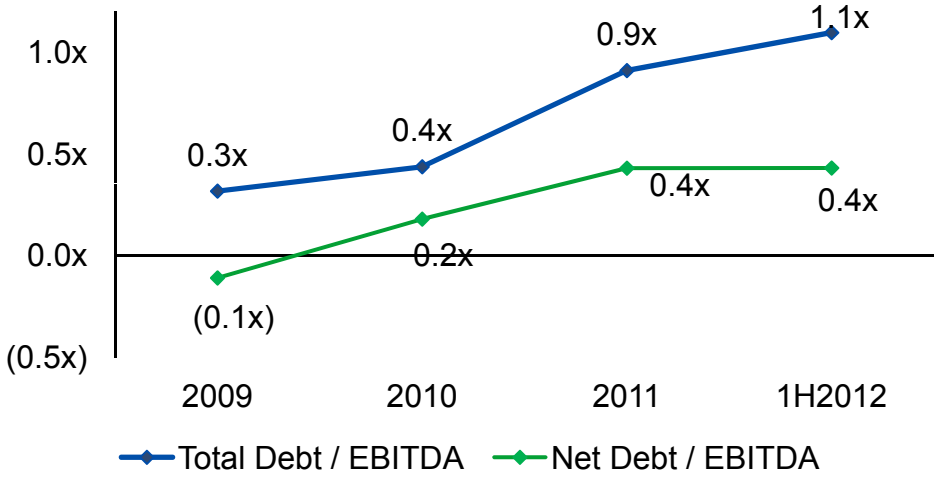
Post-IPO dividends	Dividends, RUB bln	% of Net Profit	Payout	
			per share, RUB	per GDR, US$
2011 April-December	7.2	49	58	0.61
1H 2012	4.7	56	38	0.41
Total	11.9	52	96	1.02

- Post-IPO dividend yield > 5%
- Formal policy to pay between 20% to 40% of annual consolidated profit calculated in accordance with IFRS as dividends

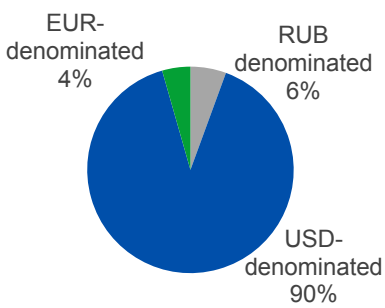
Source: PhosAgro
Note: Applied average USD/RUB exchange rates: 31.72 (2009), 30.37 (2010), 29.39 (2011), 30.64 (1H2012)

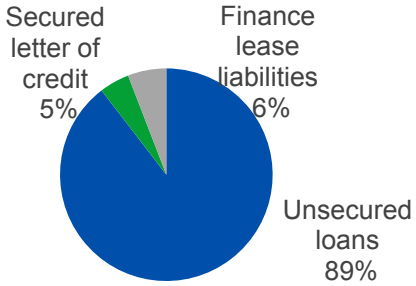
Overview of Debt

Total Debt / EBITDA and Net Debt [1] / EBITDA



Types of debt instruments [2]





Net Debt

Actual Net Debt as of 30 June 2012	(USD in millions)
Total Debt, incl.:	1,144
Short-term debt	800
Long-term debt	344
Cash and cash equivalents	(694)
Net Debt	**450**

Source: PhosAgro
Note: Applied end-of-period USD/RUB exchange rate of 32.82 (H1 2012)
(1) Net debt is calculated as total loans and borrowings minus cash and cash equivalents
(2) As of June 30, 2012. Includes secured bank loans, unsecured bank loans, letters of credit and finance lease liabilities. Total loans and borrowings US$ 1,144 mn

4. Future potential

Short and medium term strategy for future growth

Strategic objectives

Short term

1 Improve efficiency

2 Expand fertiliser production capacity and enter higher value segments

Medium term

3 Realize full potential of ore

Key initiatives

- 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 ammonia plant with 760 k tonnes per annum capacity at Cherepovets site
- Enter the technical phosphates and SOP (sulphate of potash) markets through the integration of Metachem products (acquired 24% stake in the company in 2011)
- Modernization of BMF's facilities to enable production of NPK with 450 k tonnes per annum capacity

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

Phosphate rock

External sales 41%

Internal consumption 59%

Total: 7.7mln t

Ammonia

1,010

Production

4.1 mln t

(DAP / MAP / NPK / NPS / APP/ MCP)

Future

Phosphate rock

100%

Growth 76%

Ammonia

760

1,150

Capacity

New ammonia plant

7.2 mln t

(DAP / MAP / NPK / NPS / APP/ MCP)

Total: 1,910 kt

Source: PhosAgro

PHOSAGRO

Thank You