PhosAgro – 6M 2011 IFRS Results




1. Market Context

Market Context

- Fundamentals driving the fertilizer market remain strong
- Soft commodities prices up, while grain stocks-to-use ratios are at historically low levels
- Fertilizer application an attractive way for farmers to increase output
- Supply remains tight due to factors ranging from N. American capacity shutdowns to expected decrease in Chinese exports

2. Financial Performance

6M 2011 Highlights

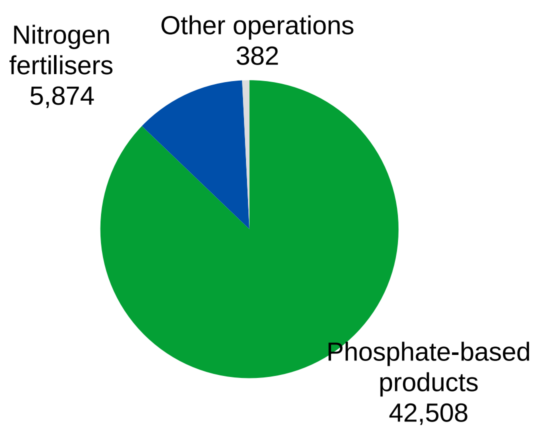
- Exceptionally strong results reflect robust fertilizer demand and effective cost controls
- Revenues rose 35.1% y-o-y to RUB 48.8 billion
- Net income up 2.6x year-on-year (y-o-y) to RUB 12.3 billion
- Diluted earnings per share grew 2.3x y-o-y to RUB 926 per share
- Revenue per tonne up across all products for both domestic and export sales
- Costs increased at slower pace than revenues: cost of sales up 14.4% y-o-y at a slower pace than Russian PPI of 19.3%, for the period from 30 June 2010 to 30 June 2011
- Capex plans remain on budget and on track for completion

6M 2011 Performance Highlights

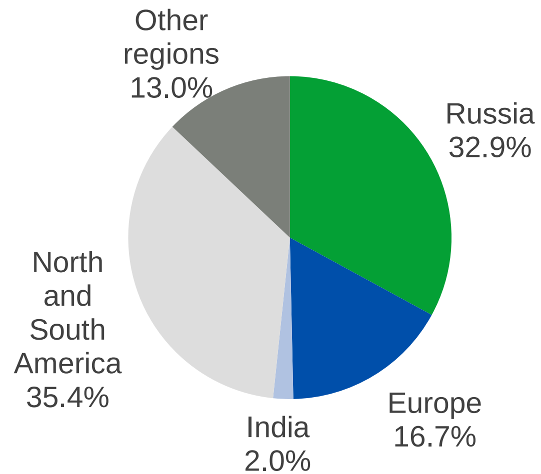
Key Financial Highlights

(RUB million)	6M 2010	6M 2011	%change
Revenues	36,086	48,764	35.1%
Cost of sales	(23,545)	(26,934)	14.4%
Gross profit	12,541	21,830	74.1%
Gross margin	*34.8%*	*44.8%*	10 pp
EBITDA	8,602	17,752	106.4%
EBITDA margin	*23.8%*	*36.4%*	12.6 pp
Net profit	**4,798**	**12,291**	**156.2%**
Net profit margin	*13.3%*	*25.2%*	11.9 pp
Diluted EPS	409	926	126.4%

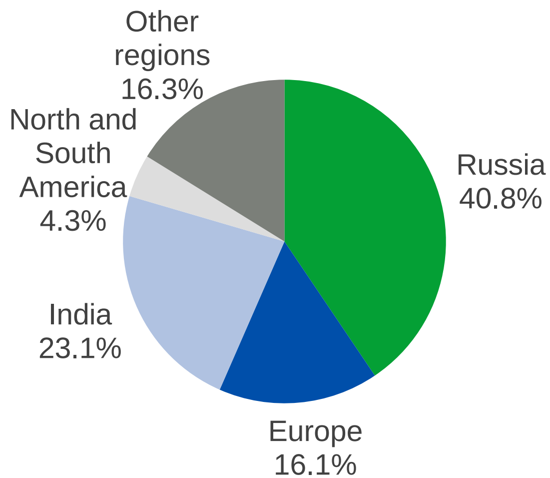
Segment revenue 6M 2011 (RUB m)



Geography of Sales 6M 2011 (%)

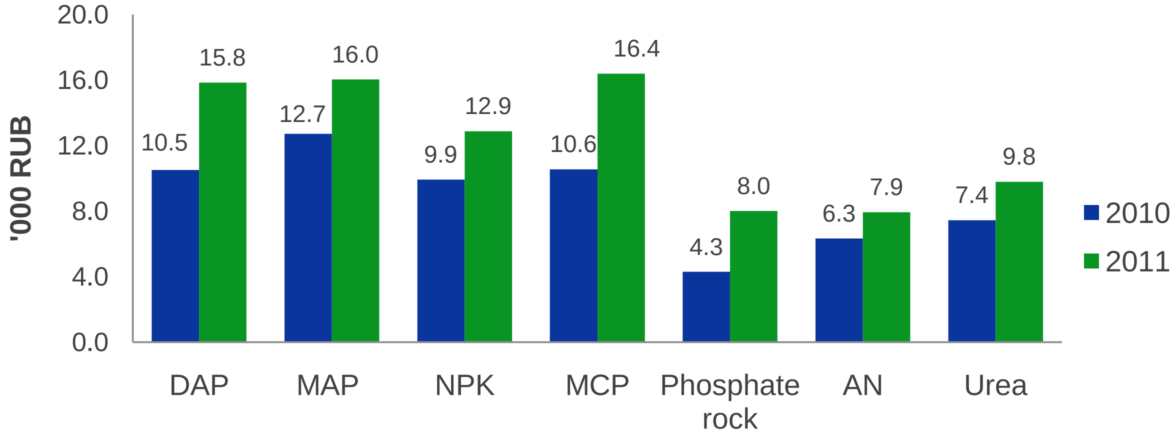


Geography of Sales 6M 2010 (%)

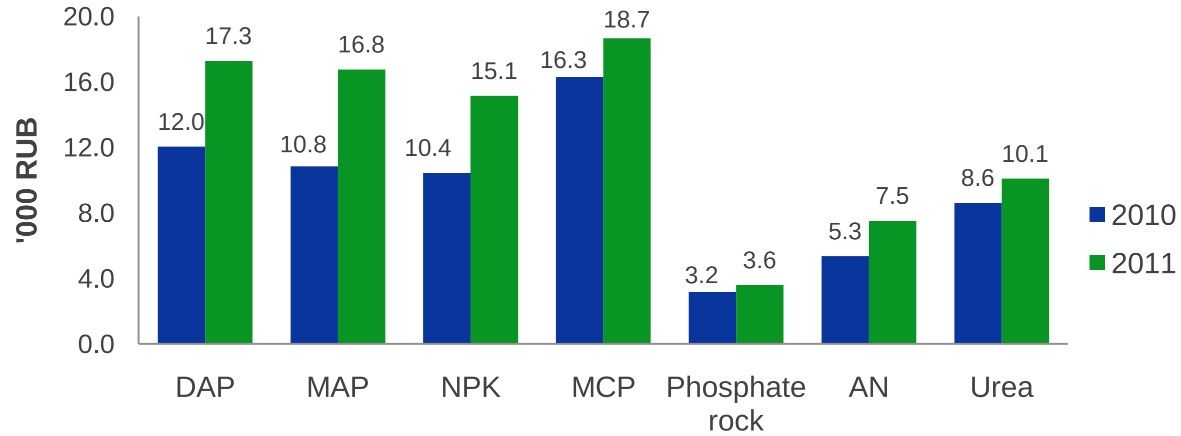


Revenue per tonne and volume developments for key products

6M Average Revenue per tonne - Export



6M Average Revenue per tonne - Domestic



Comment

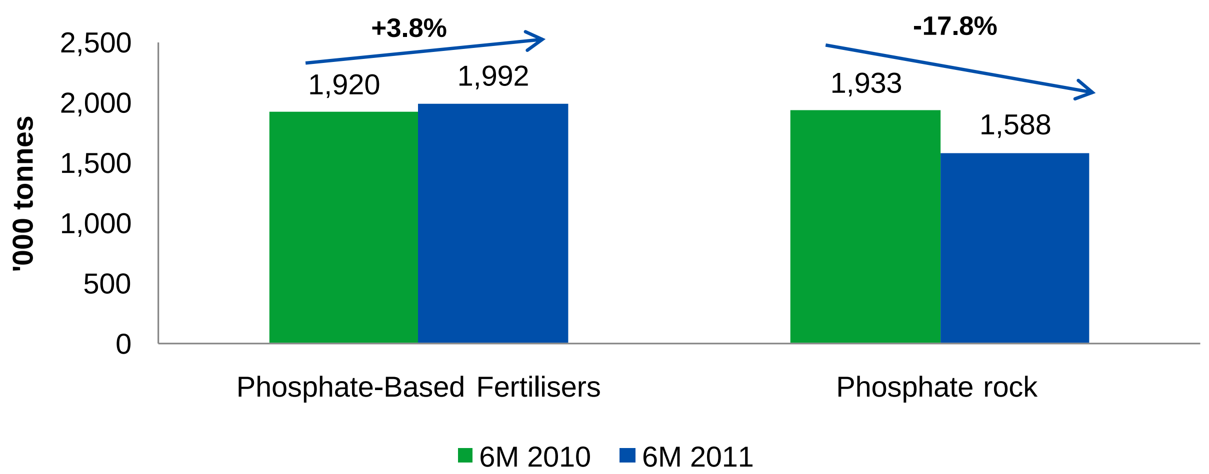
- Export comprises 67% of sales in 6M 2011
- Domestic revenue/tonne higher on all products except MAP and phosphate rock
- RUB-equivalent export revenue up across all products despite decline in USD/RUB rate (average 6M 2010 USD/RUB: 30.07; 6M 2011 USD/RUB: 28.62)

Phosphate segment performance

Key Financial Highlights

(RUB m or %)	6M 2010	6M 2011	Change
Revenue	32,114	42,508	32.4%
Export	18,935	28,012	47.9%
Domestic	13,179	14,496	10.0%
CoGS	(20,980)	(24,086)	14.8%
Gross profit	11,134	18,422	65.5%
% margin	34.7%	43.3%	

Sales volumes 6M 2011 vs. 6M 2010 ('000 tonnes)



Comment

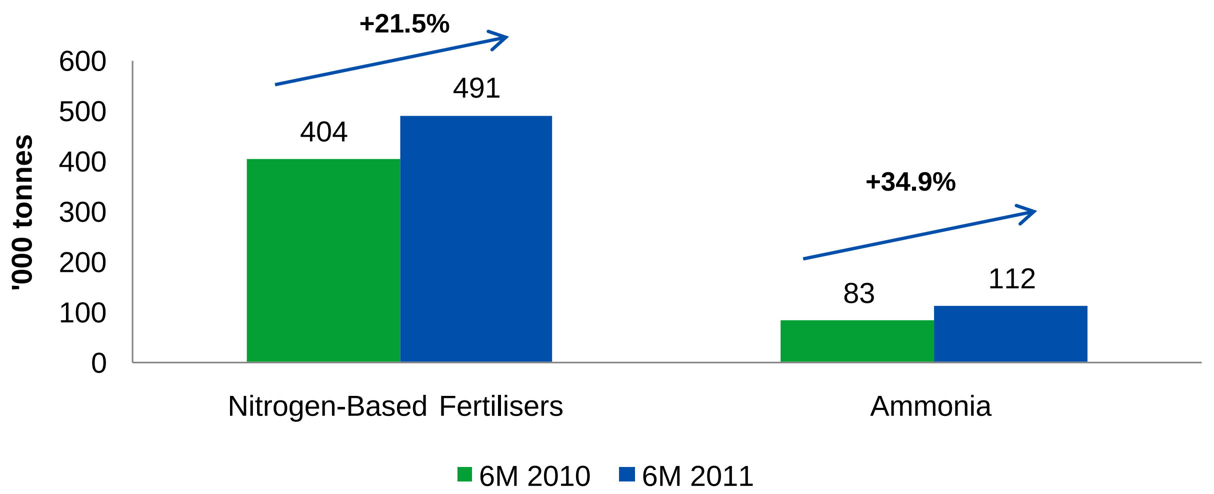
- Higher prices and strong demand drove c. 48% rise in export revenues
- Global demand currently favors MAP vs. DAP
- CoGS rose primarily due to increase in sulphur and sulphuric acid, as well as salaries and social contributions
- Phosphate rock sales decline due to lower production, higher internal use

Nitrogen segment performance

Key Financial Highlights

(RUB m or %)	6M 2010	6M 2011	Change
Revenue	3,394	5,874	73.1%
Export	2,608	4,686	79.7%
Domestic	786	1,188	51.1%
CoGS	(2,926)	(3,830)	30.9%
Gross profit	1,509	3,917	159.6%
% margin	44.5%	66.7%	

Sales volumes 6M 2011 vs. 6M 2010 ('000 tonnes)

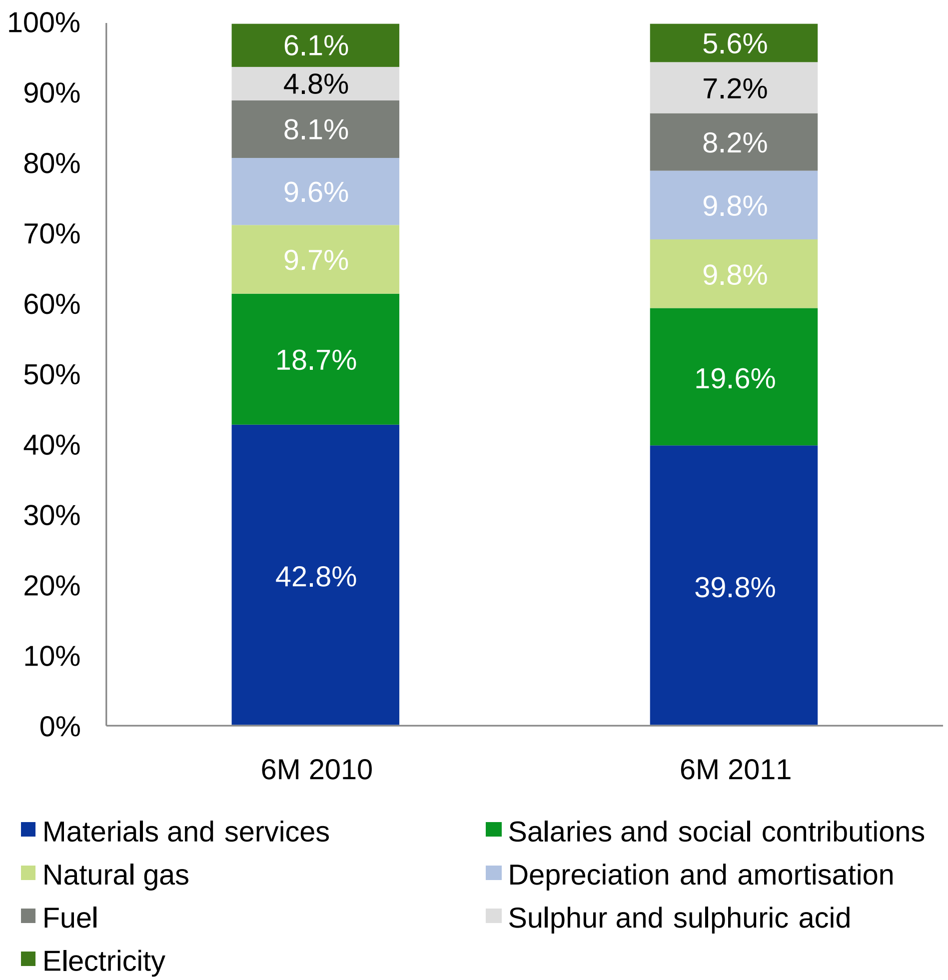


Comment

- Export revenues rose by nearly 80% on demand and prices
- Rising CoGS primarily due to increased gas costs as well as higher salaries and social contributions
- Urea capacity expansion and power station construction under way aimed at increasing production of higher value-added products, lowering cost volatility

Cost of Goods Sold

Cost of Goods Sold



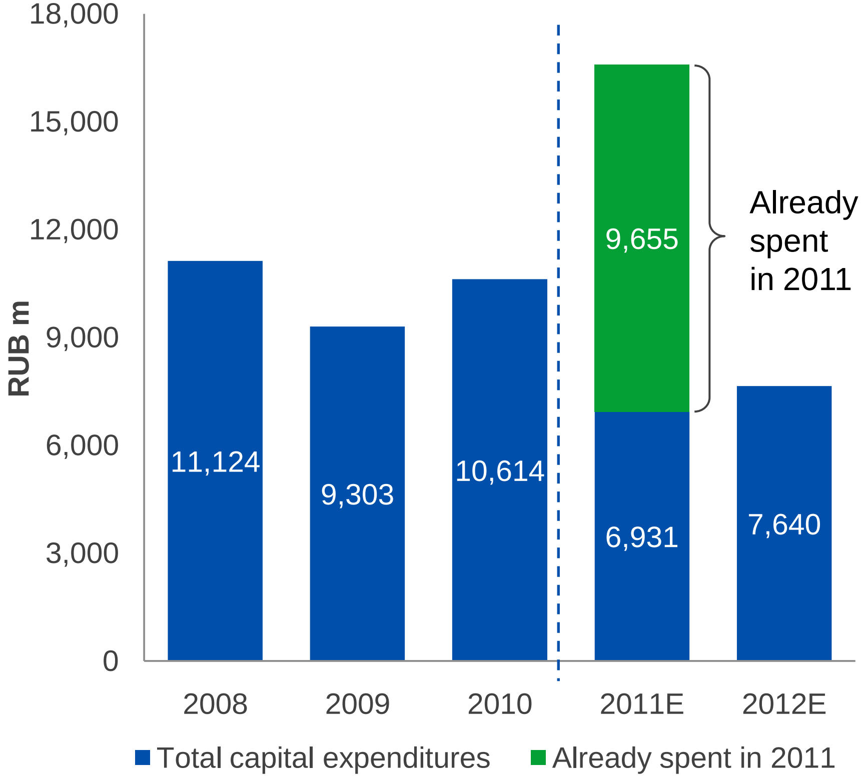
CoGS key drivers overview: 6M 2011 vs. 6M 2010

- Increase in expenditure on sulphur and sulphuric acid from RUB 1,147 million to RUB 2,007 million. Starting in March 2011 a new pricing formula was negotiated with suppliers whereby price is linked to export prices for sulphur and DAP. Change in volume and price contributed approximately 10% and 90% to the total increase, respectively.
- Cost of materials and services rose RUB 812 million, or 7.9%, to RUB 11,048 million, mainly due to an increase in prices for raw materials due to general cost inflation and higher volumes.
- Natural gas expenditures increased 18.1% from RUB 2,316 million to RUB 2,735 million on higher volumes and prices. Ammonia production increased 15% y-o-y, contributing approximately 17% to the total change, while higher prices represented approximately 83% of the total increase.
- Fuel costs rose by 16.6% to RUB 2,270 million following general increase in oil prices: higher volume contributed approximately 7% to the total change, while higher prices represented approximately 93% of the total increase.

Note: Excluding change in stock of WIP and finished goods.
(1) Phosphate-based fertilizers and feed phosphate MCP

Capital Expenditure

Capex (RUB m)



Comment

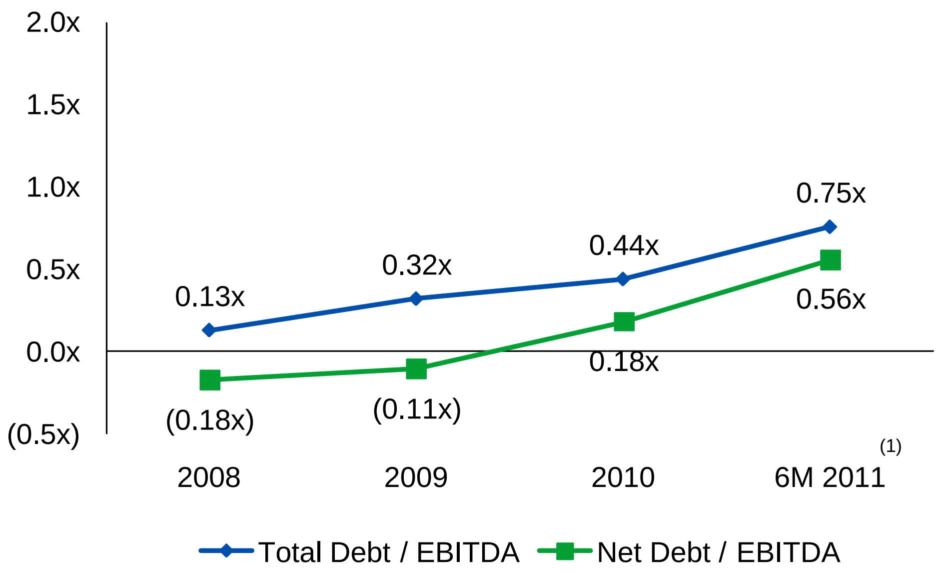
- Capex defined as all additions to PPE – additions to PPE do not necessarily match cash flow in the same period

Main projects:

- Construction of ore shaft № 2 at Kirovsky underground mine
- Cherepovetskiy Azot urea production capacity of 500 thousand tonnes per year
- Construction of a new 32MW gas fired electricity generation facility at Cherepovetskiy Azot to support expansion
- All projects currently remain on track

Overview of Debt and Dividend Policy

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



Comment

- Net debt/EBITDA remains at very comfortable level
- Net Debt/EBITDA ratio to remain below 1.0x in near term

Dividend Policy

- In 2011 PhosAgro intends to pay out not less than 30% of consolidated net income for last 3 quarters of the year (from April 1 to December 31)
- Post-2011 intention to pay between 20% to 40% of annual consolidated profit calculated in accordance with IFRS as dividends

1) Based on annualized 6M 2011 EBITDA

3. Outlook

Outlook

- As a leading global producer of phosphate fertilizers, PhosAgro is well positioned to benefit from long-term global trends that will drive farmers to invest in enhancing crop output
- Vertical integration enables PhosAgro to benefit from periods of higher prices by reducing volatility of key raw materials prices
- Demand expected to remain at current high levels on robust soft commodity prices, low stocks-to-use ratio and industry fundamentals
- Near- and medium-term supply outlook remains favourable, with minimal impact from Ma’aden and Chinese exports expected to decline

Closing remarks

1. Strong industry fundamentals
2. Vertically-integrated
3. Premium resource
4. Flexibility
5. Successful and diversified sales model
6. Growing domestic market
7. Experienced management team

Q&A Session

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