Uralkali—Leader to Capture Growth

RENAISSANCE CAPITAL INDUSTRIALS DAY
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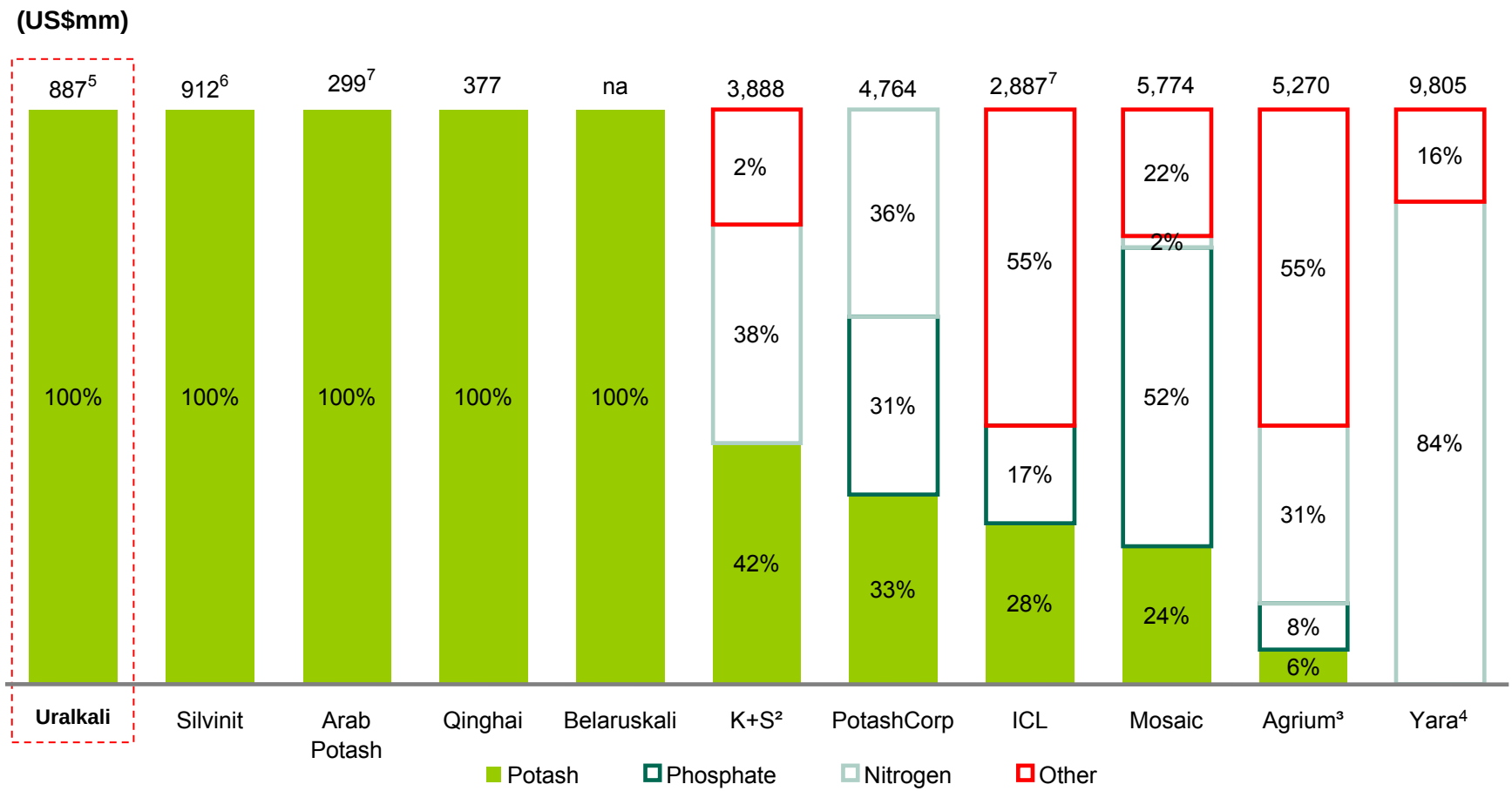
Investment Highlights

- Largest publicly traded pure-play potash producer
- One of the fastest-growing companies in the potash industry
- Attractive potash industry fundamentals
- Ability to add significant capacity on the cheapest basis vs. global peers
- Leading trading platform in a disciplined and concentrated market
- Unrivalled access to the fastest growing BRIC markets
- Industry-leading sustainable financial performance

Uralkali - Leading Pure-Play Potash Producer

Net Sales Breakdown by Product[1] (2007)



Source: Relevant company reports, broker reports

Notes:

1 Converted to US dollars at the following exchange rates: USD/EUR of 0.731, USD/NOK of 5.86 and USD/CNY of 7.61, USD/JOD of 0.713
2 Nitrogen sales represent figures from Fertiva and COMPO segments. Adjusted sales (sales net of freight)
3 Potash sales represent figures from the Wholesale segment. Adjusted sales (sales net of freight)
4 Nitrogen sales represent figures from the Upstream and Downstream segments
5 Uralkali audited 2007 IFRS results
6 Silvinit 2007E forecasts based on ING report (29 February 2008)
7 2006A net sales, 2007 financials not available

Potash is unique

- Essential nutrient for plant growth
- No known substitutes
- Most attractive characteristics of the three fertilizer sectors
- Robust and steadily growing demand
- Good visibility of supply and high barriers to entry
- Favourable supply/demand balance and outlook
- Two major export associations ensure stable pricing environment

Potash: Growth, Visibility, Stability

	Potash (K)	Phosphate (P)	Nitrogen (N)
Market size[1] (2007)	**29.0 Mt (K_2O[2])**	40.5 Mt (P_2O_5)	100.8 Mt (N)
Geographic availability	**Very limited**	Limited	Readily available
Industry concentration	**6 top players account for >70% of the industry**	6 top players account for 39% of the industry	6 top players account for 25% of the industry
Pricing stability	**High**	Medium	Low
Profitability	**High**	Low/medium	Low/medium
Barriers to entry	**High**	Medium	Low
Cost of greenfield capacity	**US$2.5bn for 2 Mt (KCl)**	US$1.5bn for 1 Mt ($P_2O_5$)	US$1bn for 1 Mt ($NH_3$)
Greenfield development time	**min 7 years**	~ 3-4 years	~ 3 years

Potash displays the most attractive characteristics of the three fertilizer sectors

Source: Fertecon, Uralkali, PotashCorp, IFA

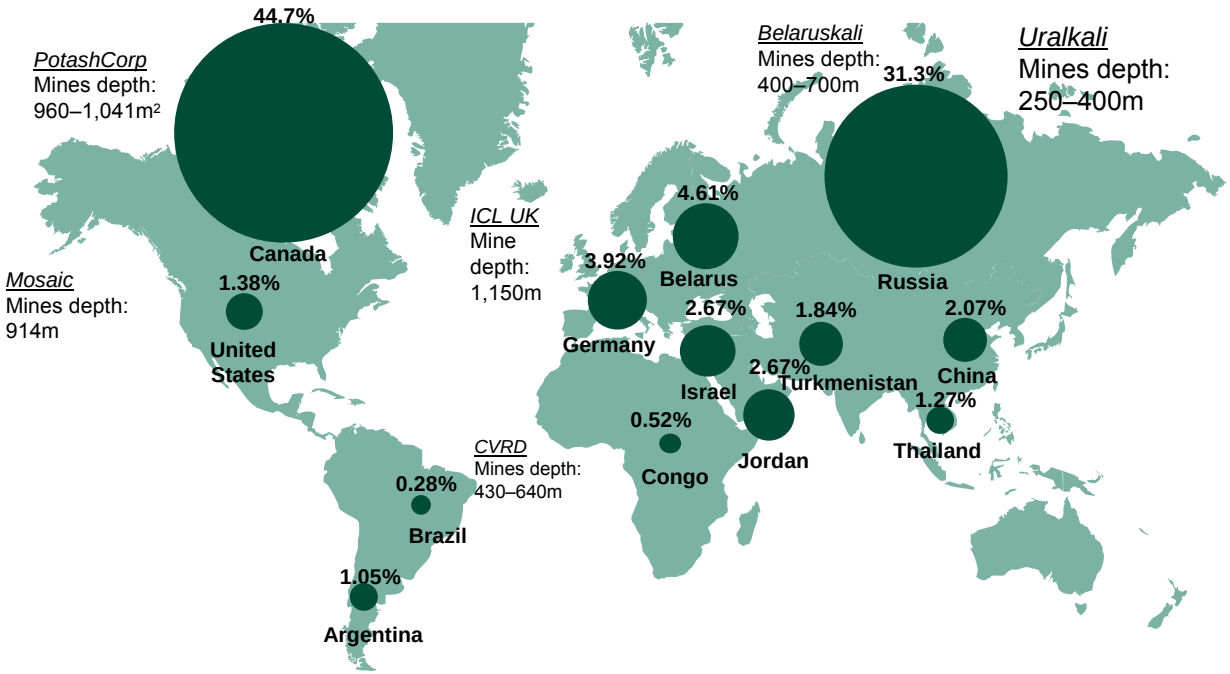
Note:

1 All references to tonnes (t) throughout this presentation refer to metric tonnes. Any reference to US short tons is referred to as "ton"

2 1t K_2O(nutrient) is equal to 1.67t KCl(product)

Concentrated Resources - High Barriers to Entry

Proven Resources of Potash (25,508Mt) are Largely Concentrated in Canada and Russia[1]



Source: ERCOSPLAN, IFA, FERTCON, CRU, USG, Canadian GS, 2008

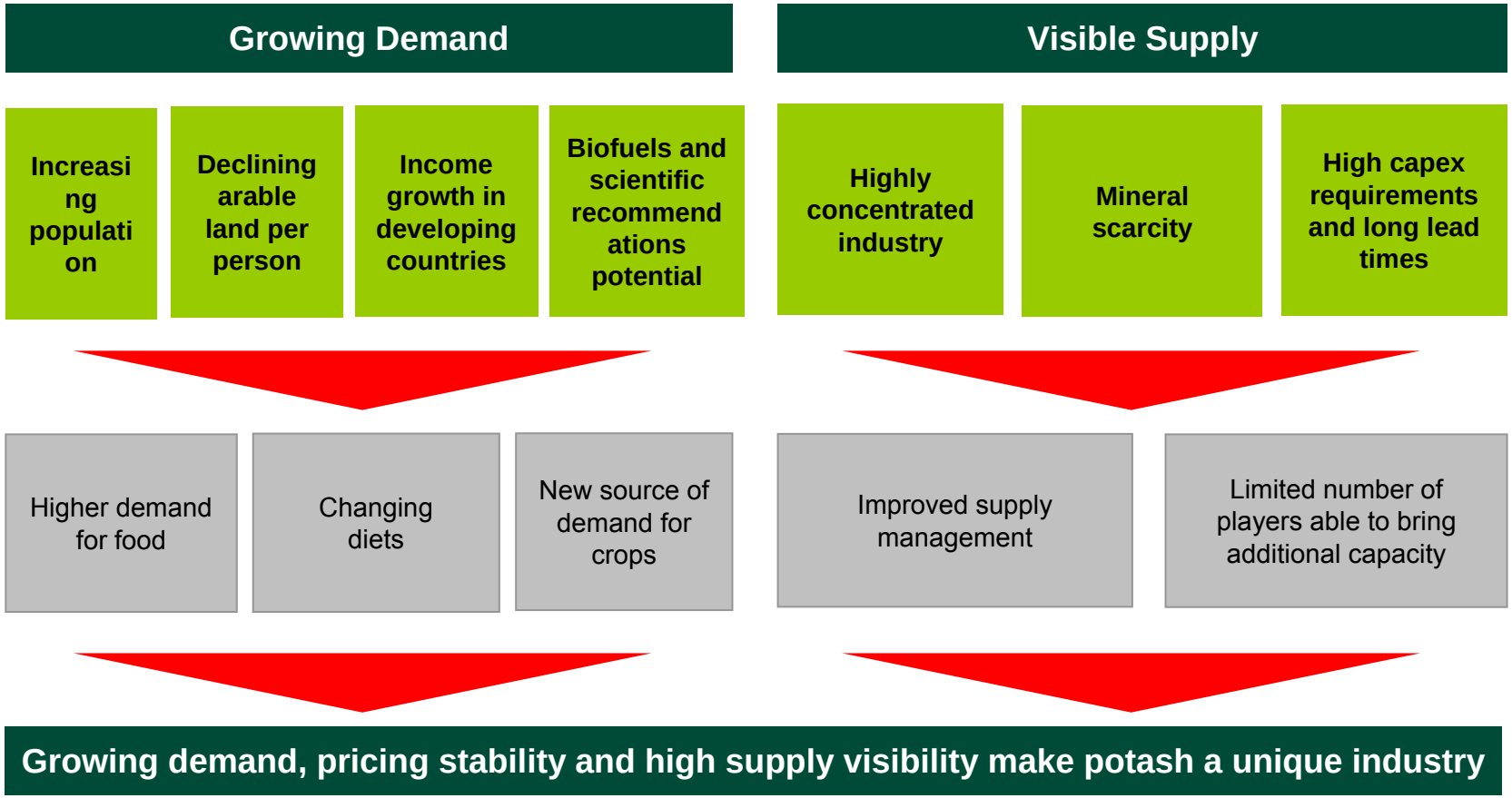
Notes:

1 Other countries, not represented on the map, account for less than 2.0% of total resources

2 PotashCorp's New Brunswick mine (1.3Mt capacity) has depths of 400–700m

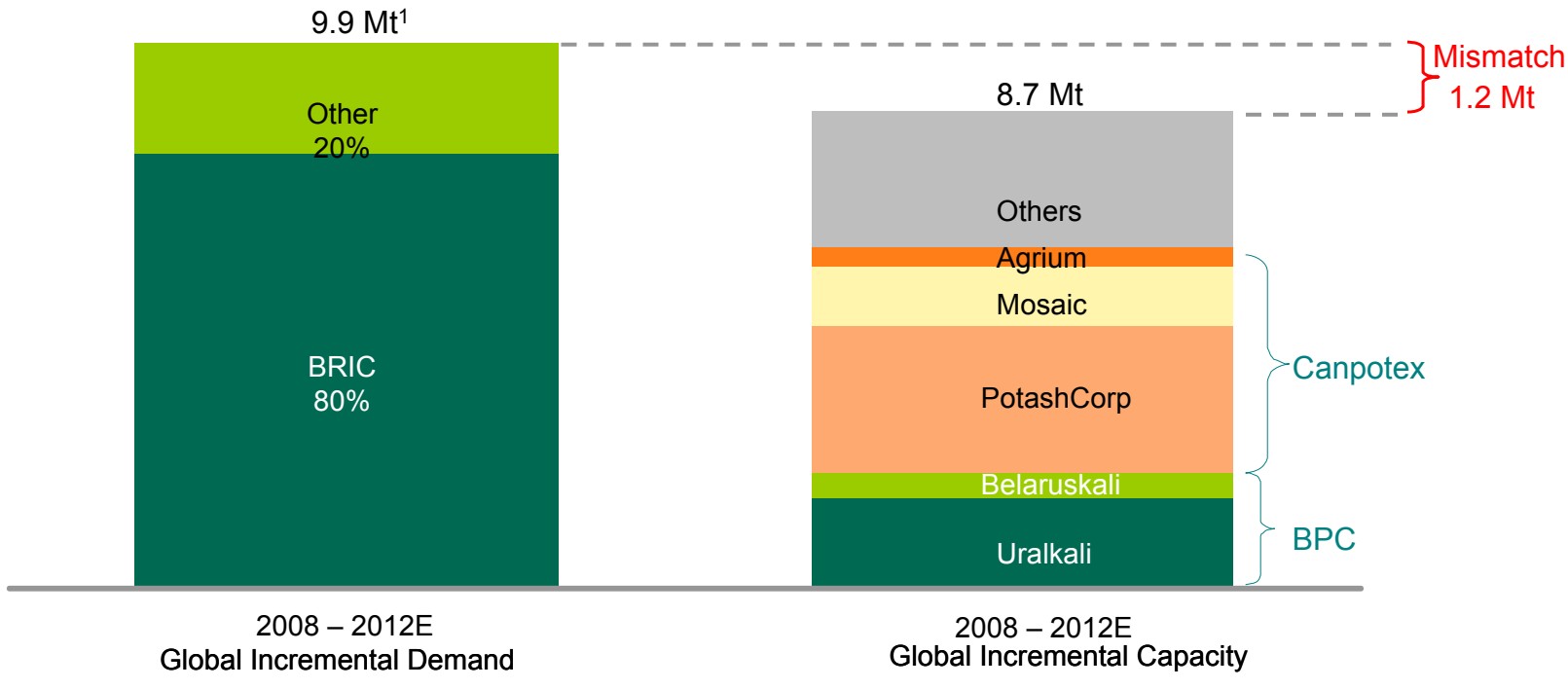
Limited access to resources, few high quality ore deposits

Strong Industry Fundamentals



Source: Uralkali

Demand / Supply Imbalance Favours Uralkali



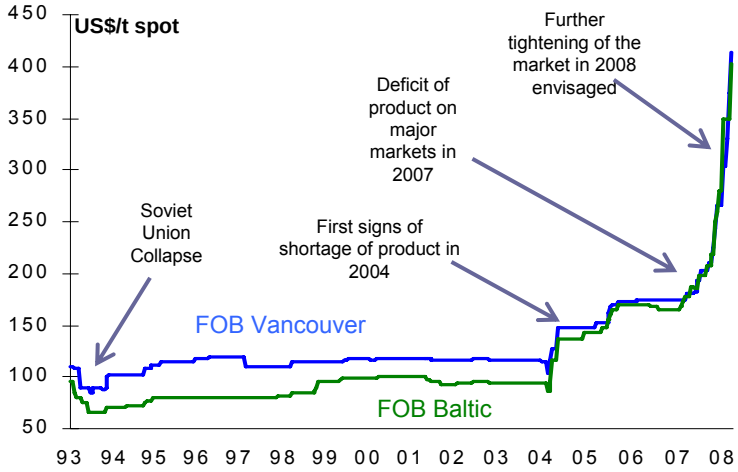
Clear mismatch between incremental demand and supply

Source: Company reports, BPC, Fertecon, IFA

1. Demand grows at an average rate of 4.17% (based on CAGR '08-'12 for potash consumption as per BPC)

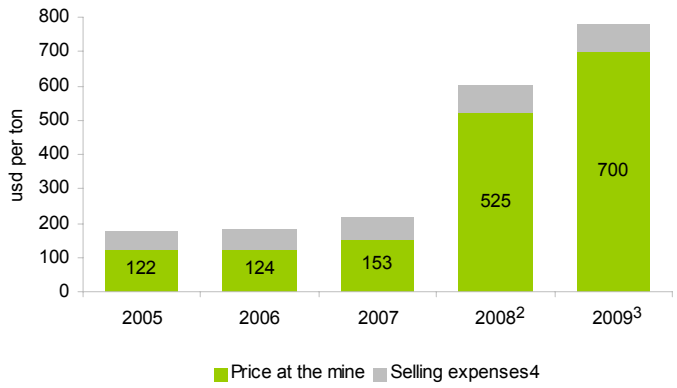
New Era of Price Growth

Evolution of Potash Prices



Source: Fertecon (March 2008)

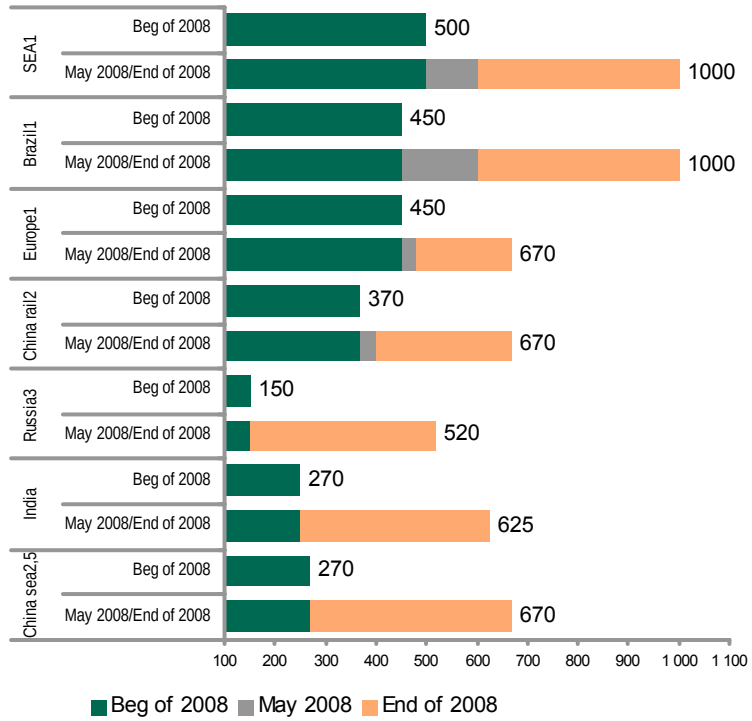
Price[1] Performance



Notes:

1 Price is calculated as annual revenue divided by tonnage sold
2 Price for 2008 is calculated on the basis of the prices discussed on the right graph
3 Price for 2009 is calculated on the basis of the End of 2008prices (without increase in 2009)
4 Selling expenses – selling and marketing costs in accordance with audited IFRS financial statement - for 2005-2007; for 2008 and 2009 expenses are forecasted on the level of US$ 75 and US$ 80 per ton of production accordingly

2008 Price Development (CFR US$/t KCl)



Source: Uralkali

Notes:

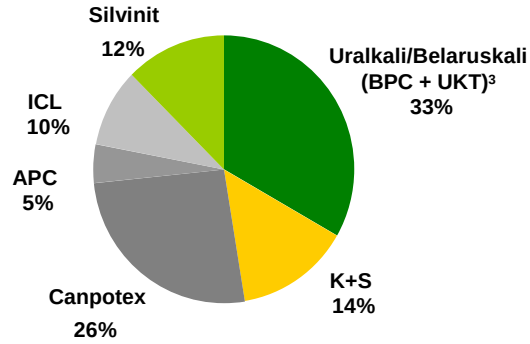
1 Price at the end of 2008 for SEA, Brazil, Europe is set equal to the price announced by Canpotex for June shipments in Latin America and Brazil
2 China rail and China sea(CFR) at the end of 2008 is set equal to the Indian contract settled on March 20, 2008
3 Russian price at the end of 2008 is calculated according to the formula set in 2008 contract (FOB Chinese price adjusted for the railway tariff from the mine to St.Petersburg and transhipment)
4 Term contracts account for about 40% of sales and are renegotiated once a year, typically in the spring-summer with the Indian buyers and in the winter-spring with the Chinese
5 Chinese contracts are typically calculated on FOB basis, for the purpose of the graph FOB price is adjusted on the average spot freight rate for the region

BPC – Leader in the Potash Export Market

Facts

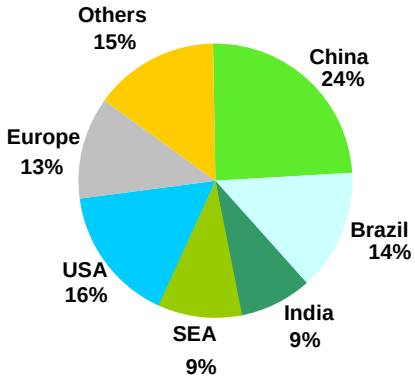
- #1 in export potash trade[1]
- Geographic coverage of over 60 countries
- Sales offices in 6 countries

Major Potash Players by Export Trading[2] (2007)



Source: Fertecon, Uralkali

Global Potash Industry, Split by Markets



Source: IFA, Uralkali

Uralkali Sales Portfolio - from Contract to Spot

Markets	2007	2008	
SEA	11%	19%	▲
India	7%	12%	▲
Europe	8%	12%	▲
USA	0%	4%	▲
Brazil	21%	22%	
Russia	10%	9%	
China Rail[4]	25%	15%	▼
China Sea[5]	15%	4%	▼
Other	2%	3%	
	100%	100%	

Source: Uralkali

Notes:

1 Together with Uralkali Trading (UKT)
2 Excludes domestic sales and deliveries between the US and Canada
3 Calculated as the total export volume deliveries from Belaruskali and Uralkali (including railway deliveries to China)
4 Rail – DAF
5 Sea - FOB

Uralkali – Snapshot of the Leader

Entire Value Chain - from Reserve Base to End Customer

PRODUCTION

Existing Assets - 2 MINES, 6 PLANTS

- Plant
- Products: WMOP

• Motorway
• 1 100 t of ore
• cost - us$2,5/ ton

- Mine and Plant
- Resources: 359 Mt of ore[2]
- Products: GMOP, PMOP

Ore transportation between mines

- Plant
- Products: GMOP, PMOP

• Railway
• 6 800 t of ore
• cost - us$2/ ton

- Mine and Plant
- Resources: 1 895 Mt of ore[2]
- Products: WMOP

New Licence – Mine 5

- Resources: 1,300 Mt of ore[2]
- Grade - 30%
- 35 years of reserves

PRE-FESIBILITY STUDY RESULTS:

- Production volume planned – 3,7 mln t of KCl
- First product – 2013
- Full ramp-up – 2015
- CAPEX - $800 per ton of production, including:
  - New mine
  - New plant at RU-4 of 2,2 mln t
  - New plant at RU-3 of 1,5 mln t
  - No additional infrastructure required
- Cost efficiency of ~$17 mln per annum due to the elimination of ore transportation between mines

TRADING

Uralkali

- Domestic sales
- >4,300 special mineral railcars
- 160kt warehouses

Baltic Bulk Terminal

- Shortest transp. leg (from UK mines to St. Petersburg)
- Capacity: 6.2 Mt
- 240 kt warehouses

Belarussian Potash Company[1] Uralkali Trading

- Leading export platform with 33% share

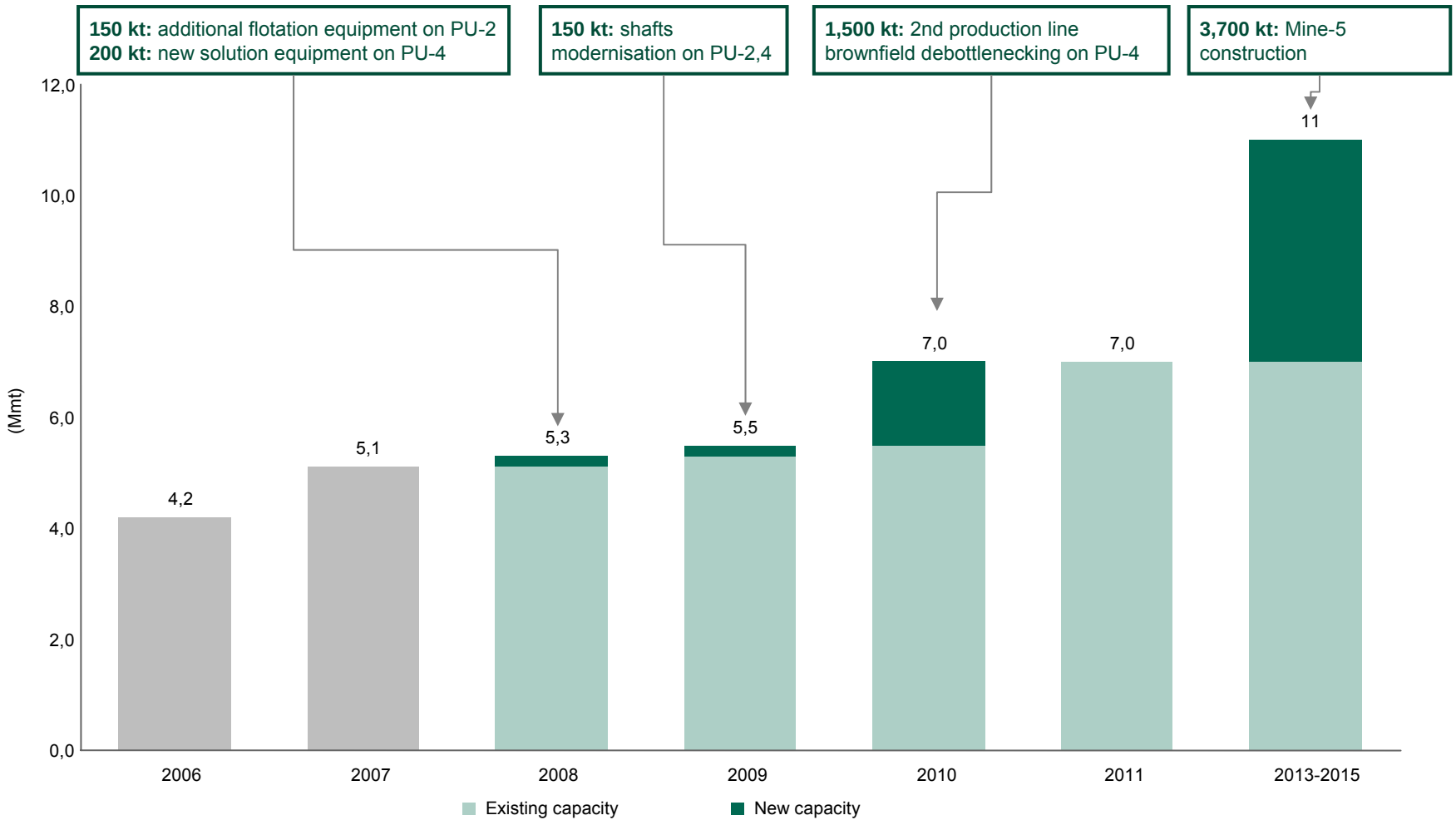
Source: Uralkali

Note:

1 BPC is 50%/50% joint venture potash trading platform between Uralkali and Belaruskali

2 JORC as of January 2008

Capacity Additions Programme

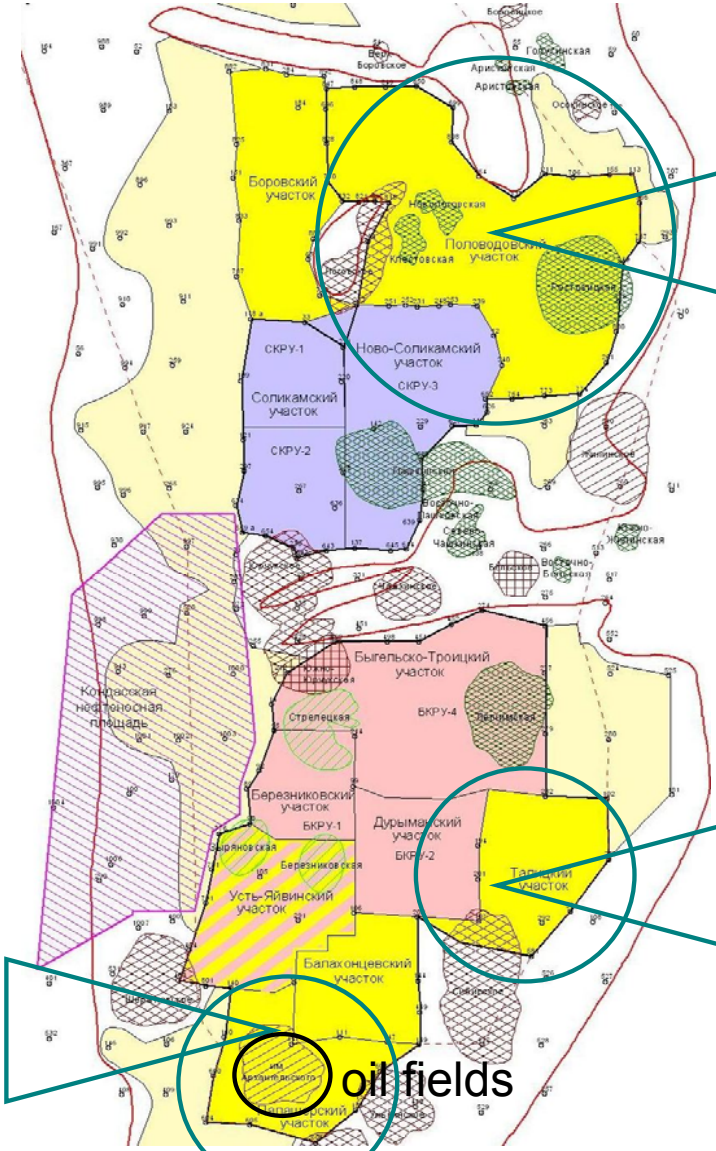


Source: Uralkali

Auction results

Assumptions

- required rate of return – 13%
- CAPEX – $1,250 per 1 tn of annual production
- incentive price calculation includes
  - license cost
  - export duty of 5%
  - no infrastructure costs



Polovodovsky plot

- ore resources – 3 500 mln tn
- ore grade – 25%
- production justified – 4.0 mln tn
- life of mine – 60-65 years
- cost of license - ~$1 484 mln
- incentive price - $670 at the mine

Palashersky plot

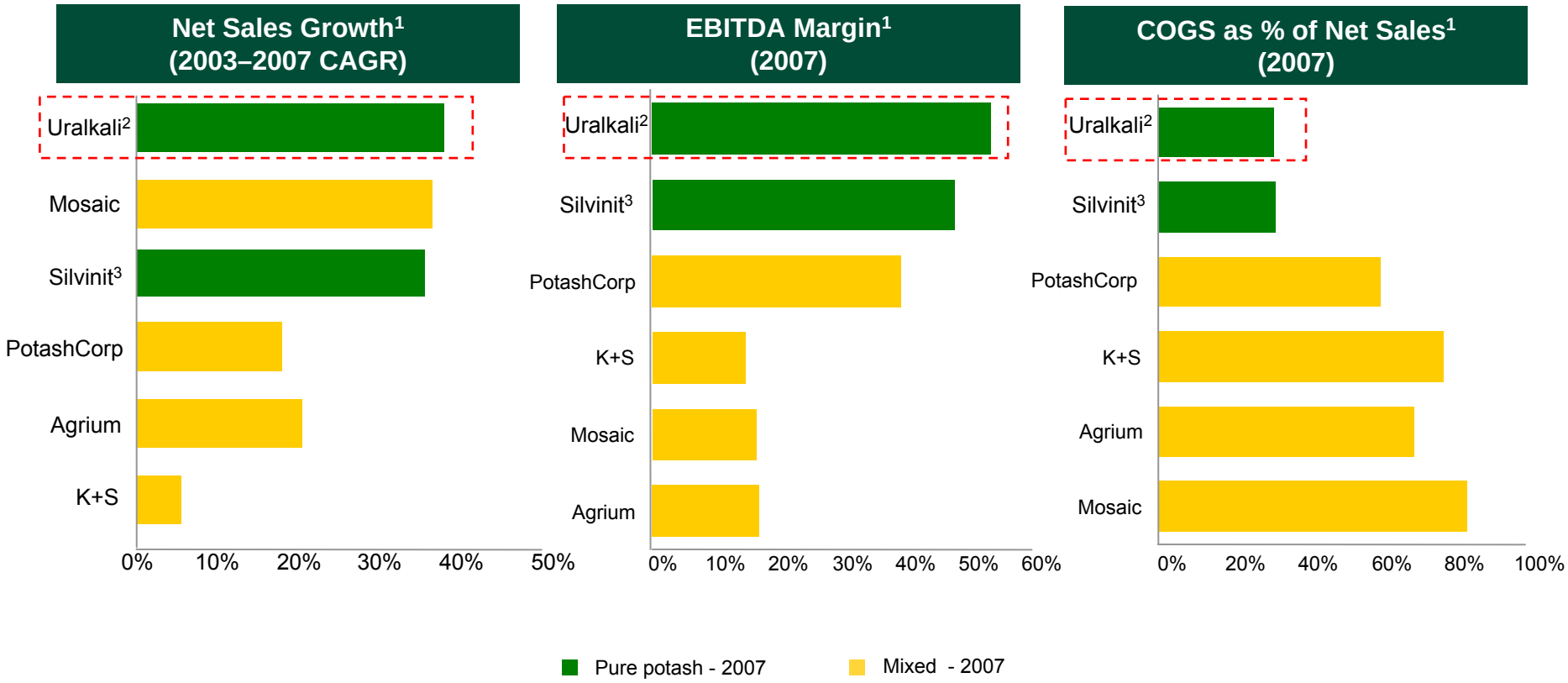
- ore resources – 1 069 mln tn
- ore grade – 29.8%
- production justified – 2.0 mln tn
- life of mine – 55-60 years
- cost of license - ~$170 mln
- incentive price - $550 at the mine
- Oil fields in the middle

Talitsky plot

- ore resources – 681 mln tn
- ore grade – 33.4%
- production justified – 1.5 mln tn
- life of mine – 40-45 years
- cost of license - ~$700 mln
- incentive price - $710 at the mine

Uralkali's forecast for 2008 weighed-average price – US$475 at the mine level

Superior Top Line Growth and Profitability



Potash pure play and geographic position provides global leading financial performance

Source: Relevant company reports, Uralkali audited IFRS financial statements
Notes:
1 Based on adjusted sales (sales net of freight, railway tariff and transhipment costs)
2 Uralkali 2007 IFRS consolidated financial statements
3 Silvinit 2007E forecasts based on ING report (29 February 2008)

2007 – Strong Recovery

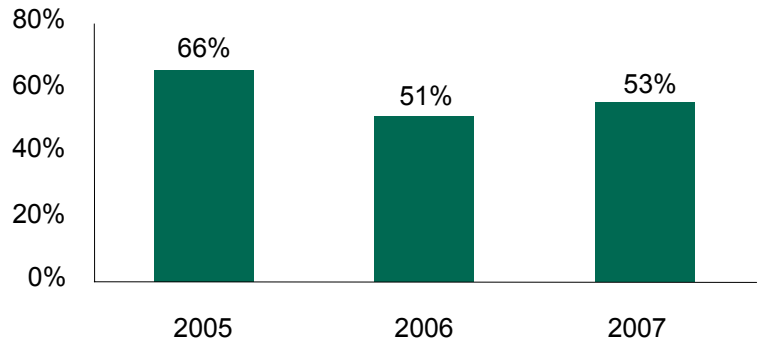
Key Highlights

	2005	2006	2007	Change % to 2006
Production (Mt)	5.4	4.2	5.1	21%
RURm				
Net Sales [1]	20,489	16,673	22,673	36%
EBITDA	13,585	6,526	12,420	90%
Margin[2]	*66%*	*39%*	*55%*	16%
Mine flooding costs (net of depriciation charge)	-	*2,032*	*(322)*	
Adj. EBITDA[3]	13,585	8,558	12,098	41%
Adj. Margin [4]	*66%*	*51%*	*53%*	2%
Net Profit	9,429	3,494	8,045	130%
Operating Cash Flow	9,464	6,626	8,194	24%
Capex	5,728	5,198	6,316	22%
Net Debt	(999)	5,106	3,310	-35%

Key Considerations

- Production volume increased in 2007 by 21%
- Net Sales increased in 2007 by 36%
- Adj. EBITDA[3] increased in 2007 by 42%.
- EBITDA (12,420 mRUR, 486 m US$) is in line with analysts' consensus of US$ 482 mln.

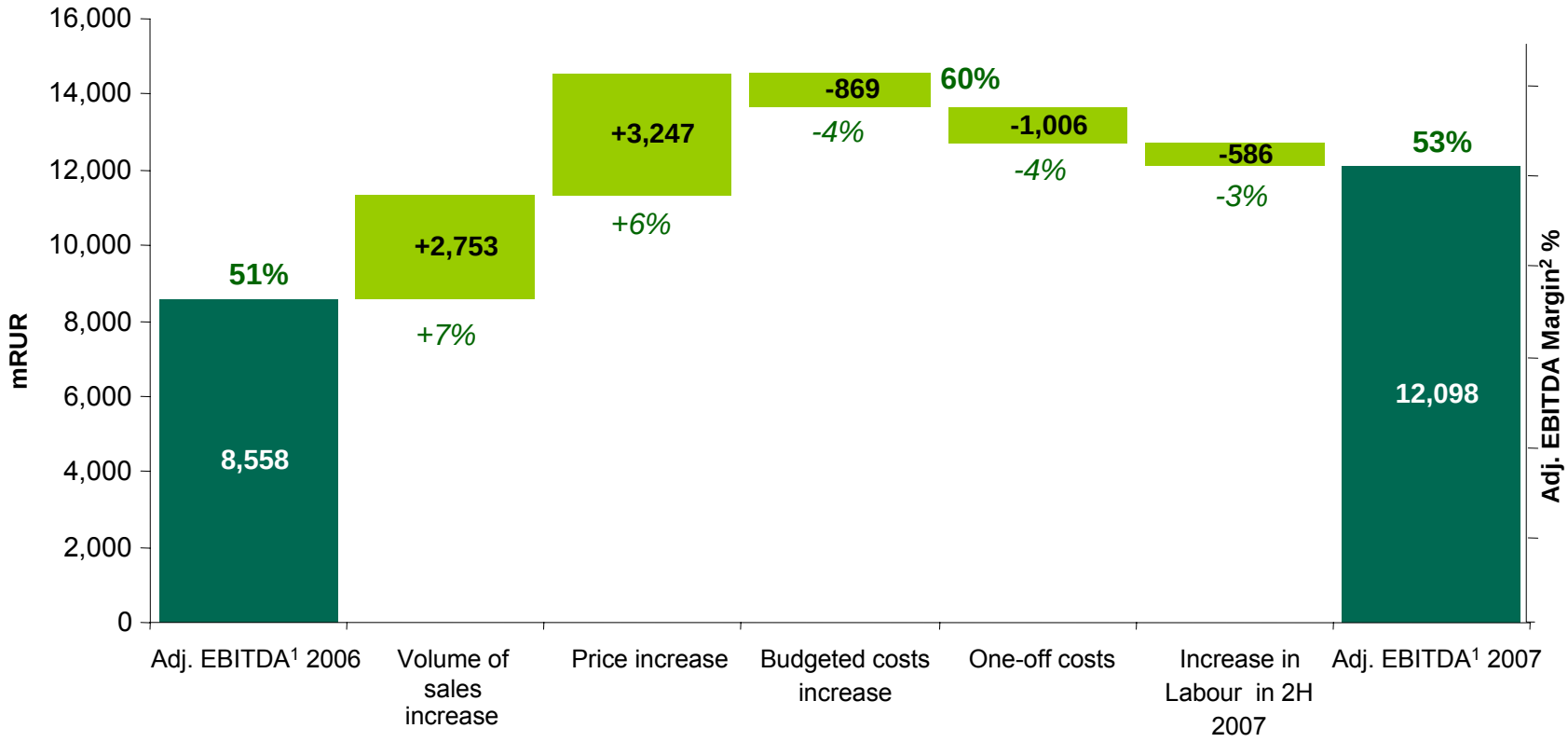
Adj. EBITDA[4] Margin Evolution



Source:Uralkali
Notes:
1 Based on adjusted sales (sales net of freight, railway tariff and transhipment costs)
2. EBITDA Margin is calculated as EBITDA divided by Net Sales.
3. Adjusted EBITDA does not include mine flooding costs.
4. Adjusted EBITDA Margin is calculated as Adj. EBITDA divided by Net Sales.

EBITDA Evolution

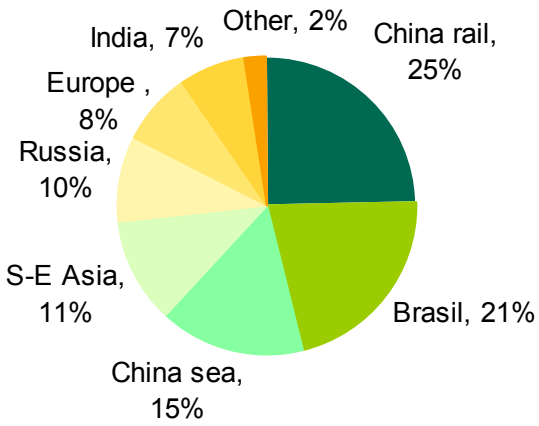
Adj. EBITDA[1] Evolution



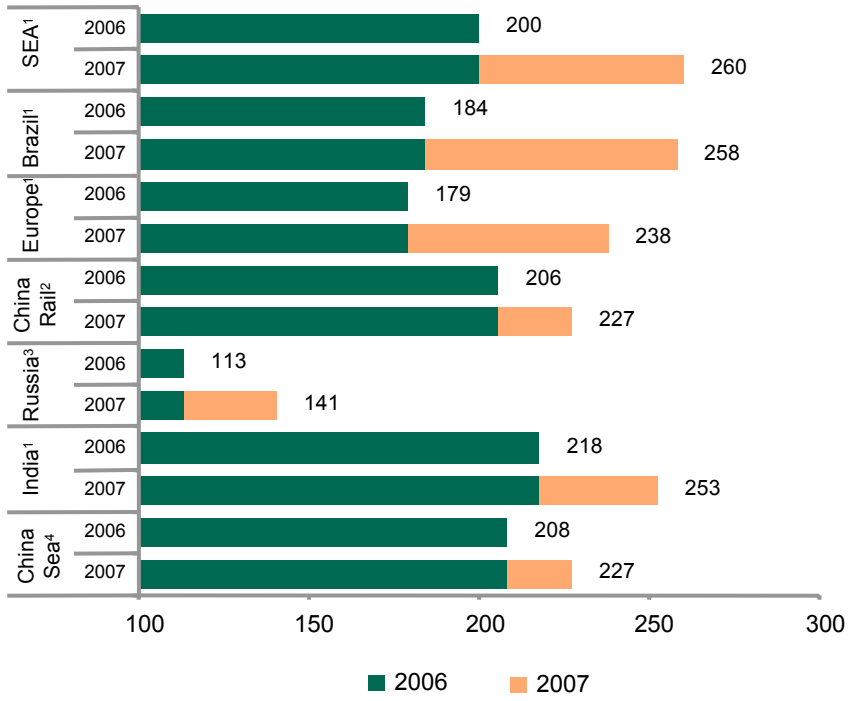
Source:Uralkali
Notes:
1.Adj. EBITDA does not include mine flooding costs.
2.Adj. EBITDA Margin is calculated as Adj. EBITDA divided by Net Sales.

Revenue Analysis

Sales volumes



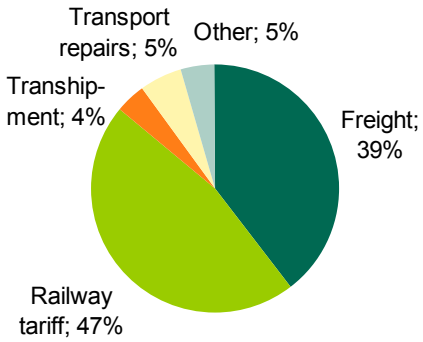
Price[5] increase



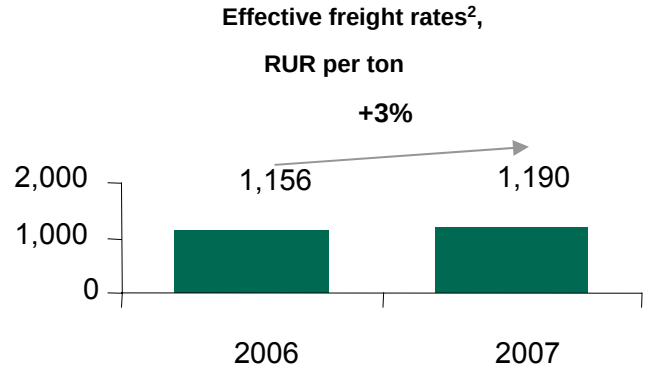
Notes:
1. Average CFR price
2. Average DAF price
3. Average FCA price
4. Average FOB price grossed up for average freight rates in the region
5. All prices are given on the gross basis

Distribution Cost

Distribution costs

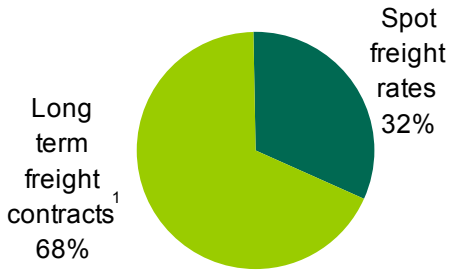


Effective Freight tariff



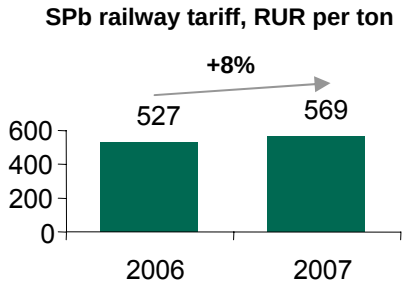
Notes:
2. Effective freight rates are calculated as freight cost divided by freight volumes

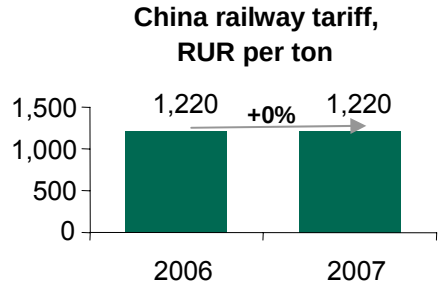
Freight costs structure



Notes:
1. Share of long term contracts is calculated in money terms. These contracts were concluded in 2006 and expire partly in mid. 2008, partly in 2009.

Railway costs[3]





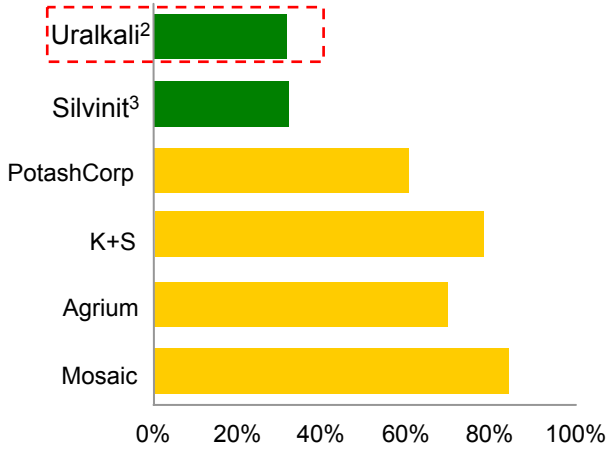
Notes:
3. Effective railway tariff includes both loaded and empty railcars fares

Cost Leadership

COGS

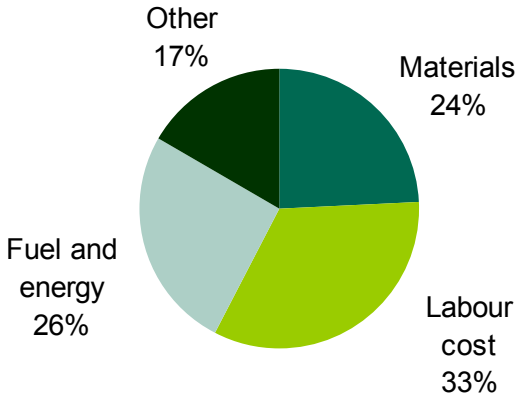
- Cash COGS[1] in 2007 – 1,128 RUR per/ton ($44 per ton)
- Cash GOGS[1] is one of the lowest in industry, mainly due
  - Low wages
  - Cheap energy prices
- Advantage is sustainable in the future

COGS as % of Net Sales (2007)

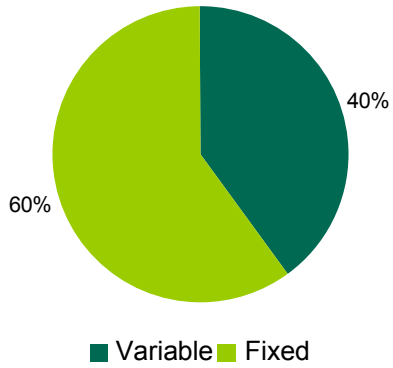


Source:Relevant company reports, Uralkali audited IFRS financial statements

Cash COGS[1] (2007)



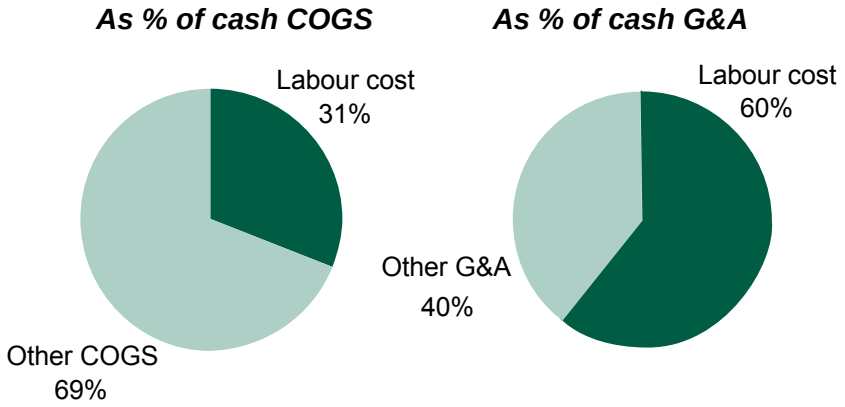
Variable and Fixed Cash COGS[1] (2007)



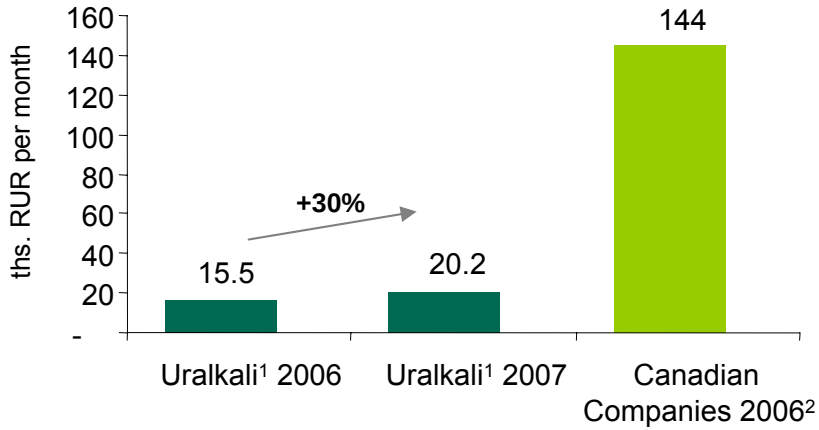
Notes:
1 Cost of goods sold less depreciation and amortisation and changes in accrued provisions
2 Uralkali 2007 IFRS consolidated financial statements
3 Silvinit 2007E forecasts based on ING report (29 February 2008)

Cost Cutting Programme – Labour Costs

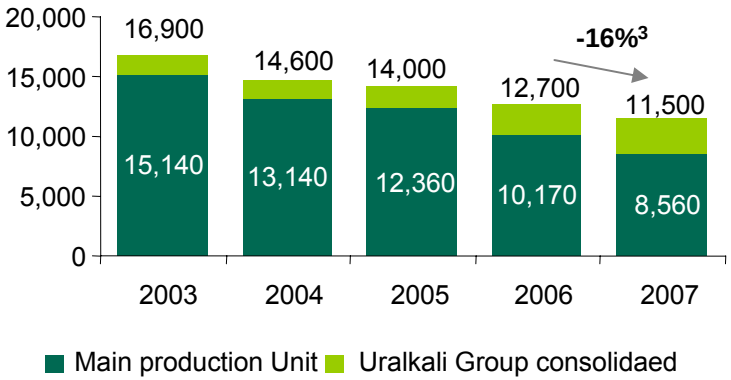
Labour Costs (2007)



Salary Cost per Employee per Month



Headcount Reduction (period average)



Significant Headcount Reduction

- Salary lined up with regional level – 30% increase up to 20,200 RUR (790 USD)
- Partly offset by headcount reduction by 1,200 employees
- Two times productivity increase planned
  - target - 6,000 employees in main production unit in 2010

Source: Uralkali

Notes:

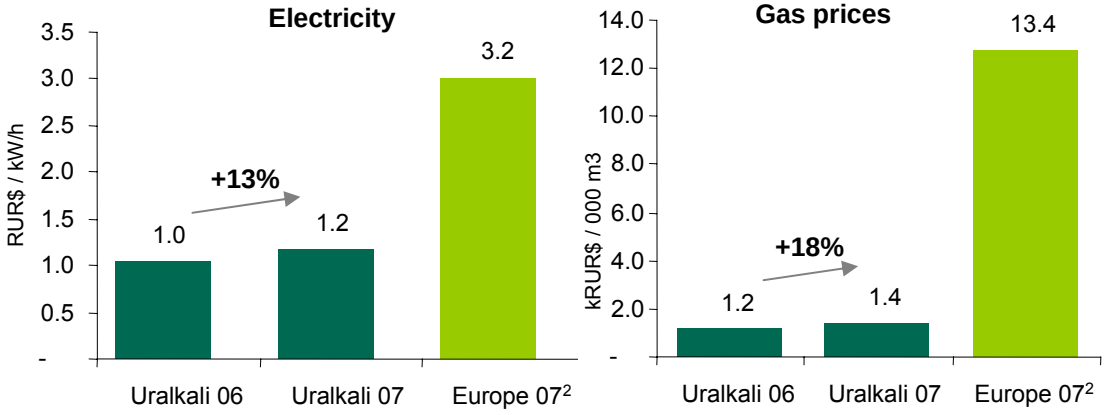
1 Total Main production Unit employees, UST excluded.

2 Canadian Companies (Potash Corp.2006) – total potash segment payroll costs divided by total active potash segment employees. Payroll tax of 9.67% excluded, converted to RUR at a US$/RUR exchange rate of 25.57

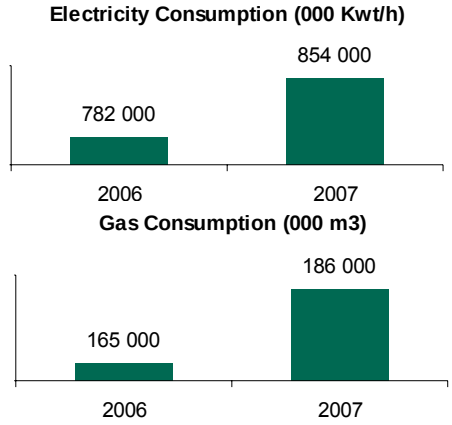
3 Decrease in headcount of Main production unit in 2007 in comparison with 2006

Cost Cutting Programme – Fuel and Energy

Energy Tariffs 2007, Uralkali vs Europe[1]



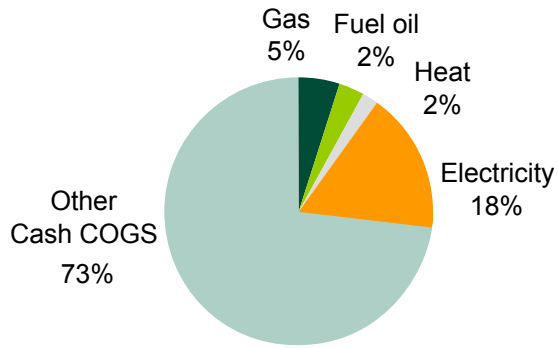
Energy Consumption Volumes



Power Generation Programme

- Stage 1: launched in 1Q 2008 (2 turbines, 25 MWt in total),
- Stage 2: from 2009 up to (+2 turbines, 25 MWt in total)
- Capex approx. $2,000/KW
- Estimated cost saving[3] – $2/tonne

Fuel and Energy Breakdown (2007)



Source: Uralkali, Gazprom

Notes:

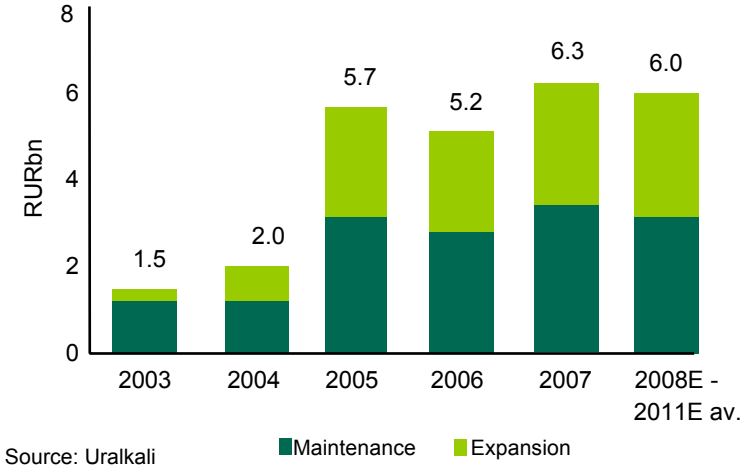
1 Effective Electricity and Gas Tariff, Converted to RUR at a US$/RUR exchange rate of 25.57

2 Average natural gas and electricity prices charged to final industrial consumers as for 2007 year in UK, Germany and Spain per www.epp.eurostat.ec.europa.eu

3 Estimated energy cost savings per tonne in 2011 based on assumption of 25% annual gas price increase, 16% annual electricity price increase from average 2006 prices to average 2011 prices

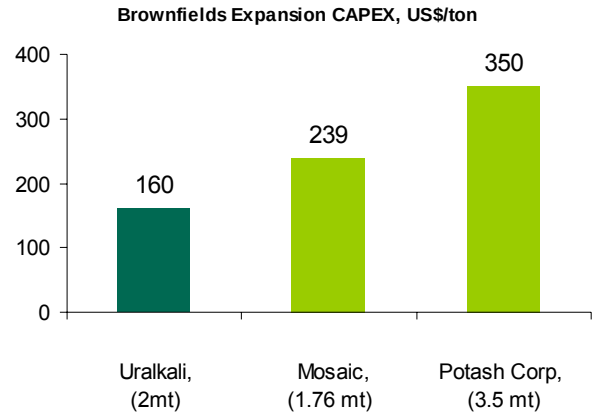
Capex to Drive Future Growth

Capex Evolution



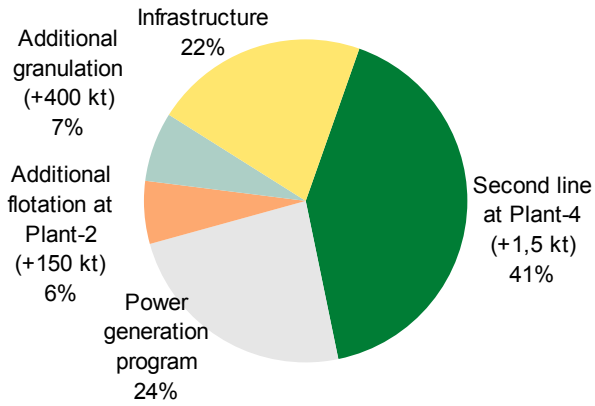
Source: Uralkali

Brownfield Capex / Mt – Lowest within the Industry

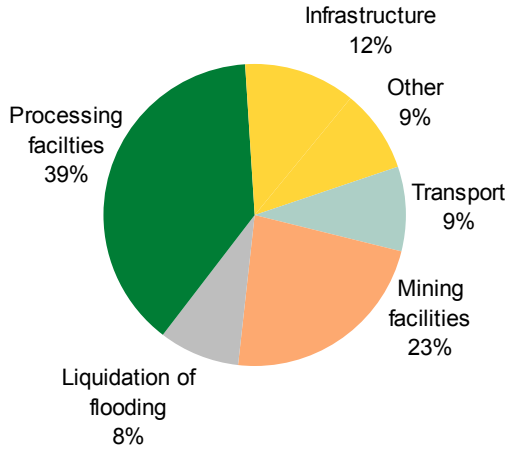


Source: Uralkali, UBS estimates

Expansion CAPEX Breakdown, 2007



Maintenance CAPEX Breakdown, 2007



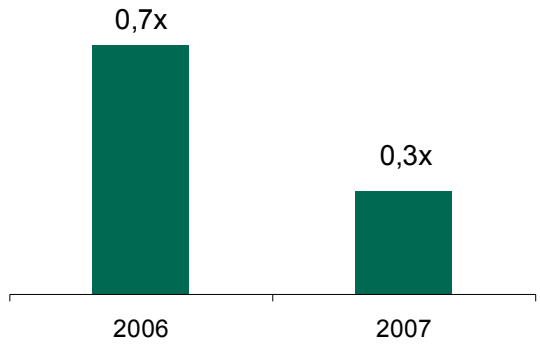
Source: Uralkali 2007 IFRS consolidated financial statements
Notes:
1. Dividends for 2007 will be declared on General annual meeting of shareholders, scheduled for June 2008

Cash Flow

Net debt

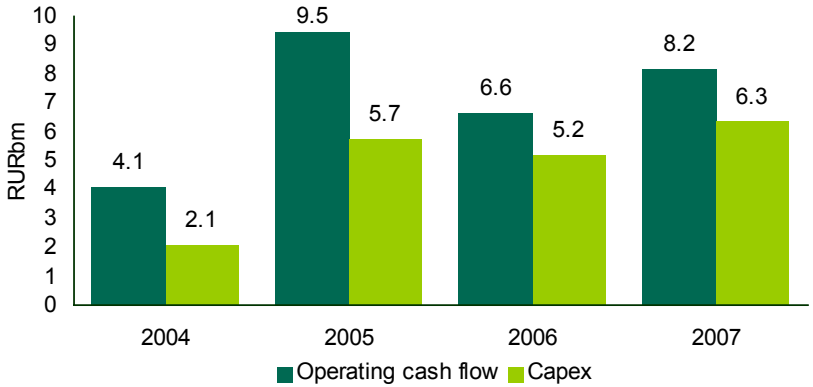
- At the end of 2007 net debt – 135 mUS$
- Company is under leveraged
- Company chooses not to store cash on balance sheet
- Company prefers to pay dividends if there is no M&A opportunities
- WACC 10%

Net Debt / EBITDA[1] ratio

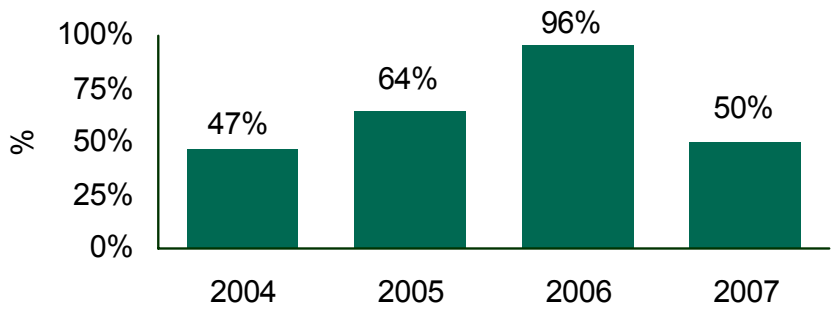


Source: Uralkali

Operating Cash Flow vs. Capex



Dividend Payout Ratio



Source: Uralkali financial information prepared in accordance with IFRS (audited figures for 2003-2007)
Notes:
1. Net D/EBITDA is calculated as (Bank Debt - Cash) / EBITDA

Take-aways…

Sales	• Brownfield expansion from 5.3 in 2008 to 7.0 Mt in 2010 • Greenfield - increase up to 11mt with Mine-5 development • Running close to full capacity due to incremental demand/supply mismatch of 1.2Mt • Directing bigger volumes to spot market – greater exposure to rising prices • Focus on elimination of “Chinese discount” and bringing contract prices closer to spot
Costs & Margins	• Sustainable EBITDA margin driven by price increases • 60%/40% fixed/variable cash cost structure favourable for future growth
Capex	• Brownfield capacity additions US$160/tonne • Greenfield capacity additions US$800/tonne • Maintenance capex equal to depreciation
Effective Tax Rate	• Estimated tax rate of approximately 20% • Export duty of 5% from Export Sales
Dividend Policy	• IFRS-based dividend payout ratio of at least 15% • Dividend capacity dependent on future cash generation, M&A opportunities and capex • Historical payout – 64%, 96% and 50% in 2005, 2006, 2007 accordingly

Source: Uralkali
Notes:
1 Basis for export duty is FOB/DAF price excluding loaded railcar tariff to the border