



PhosAgro – 9M 2012 IFRS Results

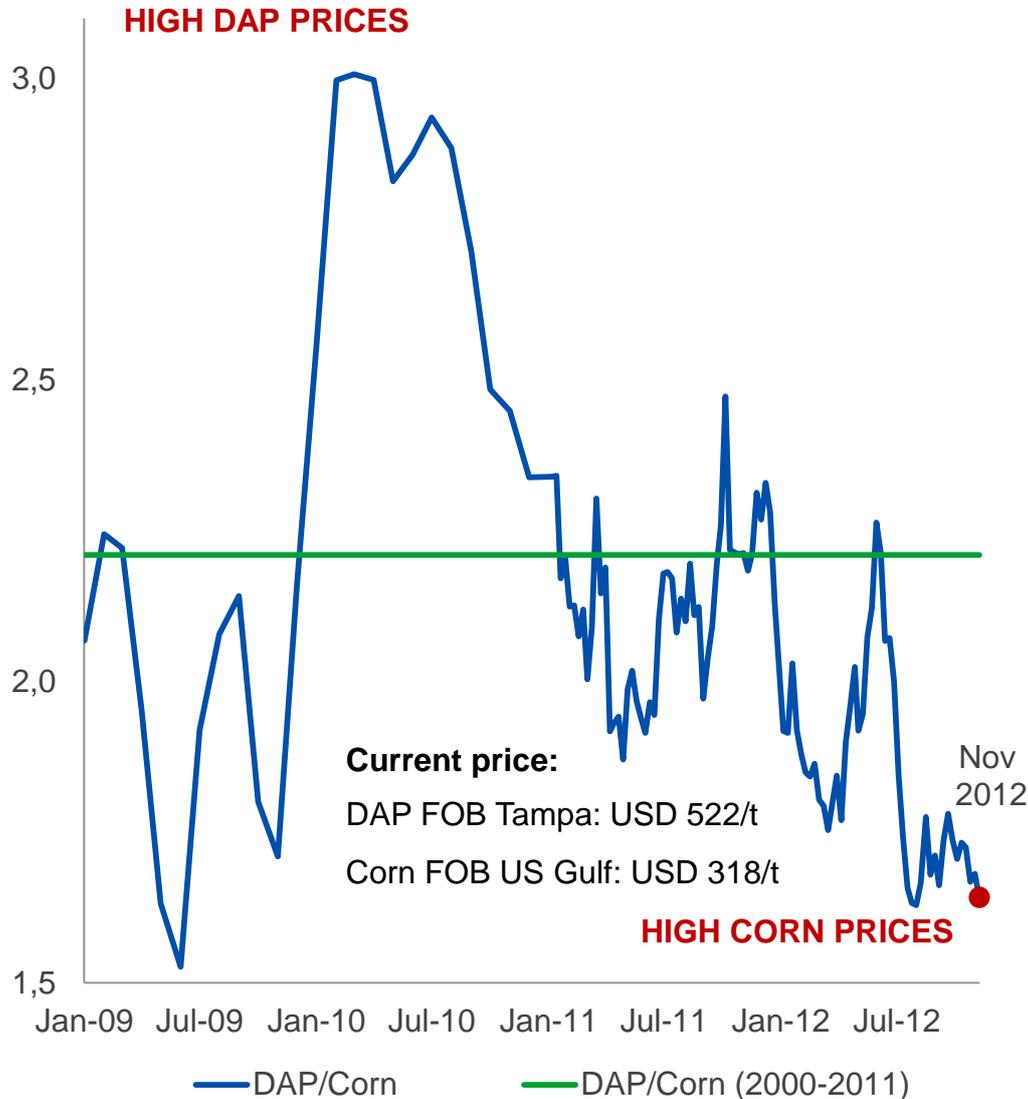




1. Market Context

- India, the largest consumer of phosphate fertilisers globally, resumed imports in 2Q 2012, which resulted in a 20% y-o-y increase in imported volumes during 9M 2012, despite significant growth in DAP prices for domestic consumers and subsidy cuts
- In all other geographies, phosphate fertiliser stocks remain at very low levels
- Drought in the US has led to a reduction in grain supplies and record high soft commodities prices, while seasonal demand for phosphate-based fertilisers is expected to grow y-o-y
- With capacity utilisation rate remaining at 50-60% according to Profercy and Fertecon weekly phosphate reports, Ma'aden is fully committed until February 2013, with no indication of plans for increasing utilisation rates in the near term
- DAP prices rose from this year's lows of USD 500 per tonne FOB Tampa in March 2012 to this year's maximum of USD 575 per tonne mid-summer, with the average DAP price for 9M 2012 at USD 539 FOB Tampa, down 14% from an average of USD 624 for 9M 2011

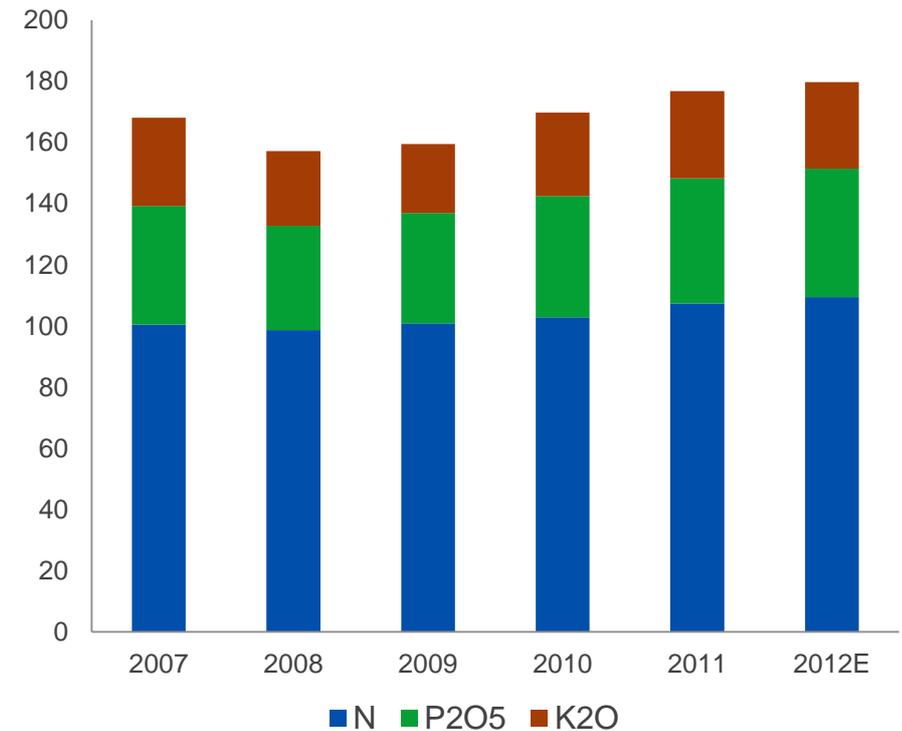
DAP to Corn Prices Ratio



Global Fertiliser Demand 2007-2012

mln tonnes of nutrients

Calendar Year	2010	2011	2012E	2012E vs. 2011
N	102.9	107.4	109.5	2.0%
P ₂ O ₅	39.6	40.9	41.9	2.4%
K ₂ O	27.3	28.5	28.4	(0.4%)
Total	169.8	176.8	179.8	1.7%





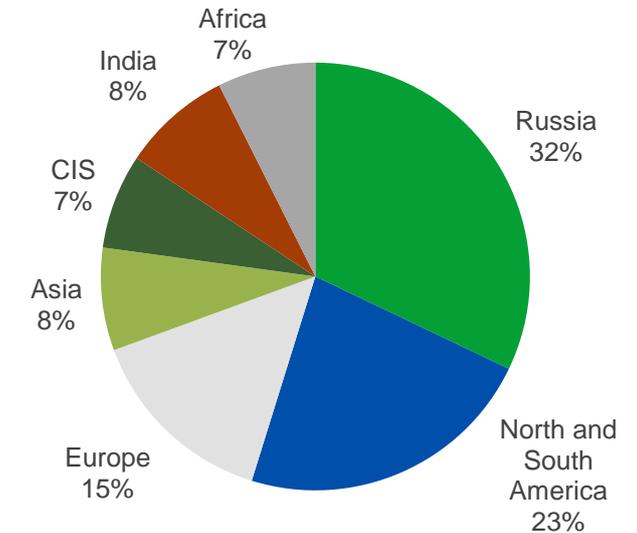
2. Financial Performance

- Revenue up 8% y-o-y to RUB 79,237 million
- EBITDA up 3% to RUB 27,194 million for 9M 2012 from RUB 26,350 million in 9M 2011
- EBITDA margin at 34% in 9M 2012 vs. 36% in 9M 2011
- Basic and diluted earnings per share at RUB 128 for the period, vs. RUB 113 in 9M 2011
- Record NPK sales during 9M 2012, up 60% y-o-y as result of organic growth strategy focused on full production flexibility and capacity increases
- Net debt / annualised EBITDA of 0.29x, making debt financing for further consolidation of stakes in PhosAgro production subsidiaries accessible while maintaining comfortable leverage
- Significant progress to date on key strategic initiatives, including consolidation of ownership in production subsidiaries, organic growth through capacity increases and maximising value of apatite-nepheline ore

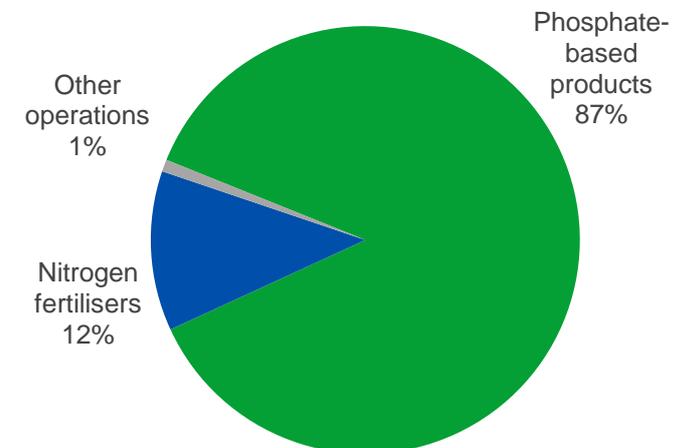
Key Financial Highlights

	9M 2012	9M 2011	%change
<i>(RUB million, except EPS)</i>			
Revenues	79,237	73,667	8%
Cost of sales	(44,836)	(41,363)	8%
Gross profit	34,401	32,304	6%
<i>Gross profit margin</i>	43%	44%	
EBITDA	27,194	26,350	3%
<i>EBITDA margin</i>	34%	36%	
Net profit	19,120	15,993	20%
<i>Net profit margin</i>	24%	22%	
Basic and diluted EPS, RUB	128	113	13%

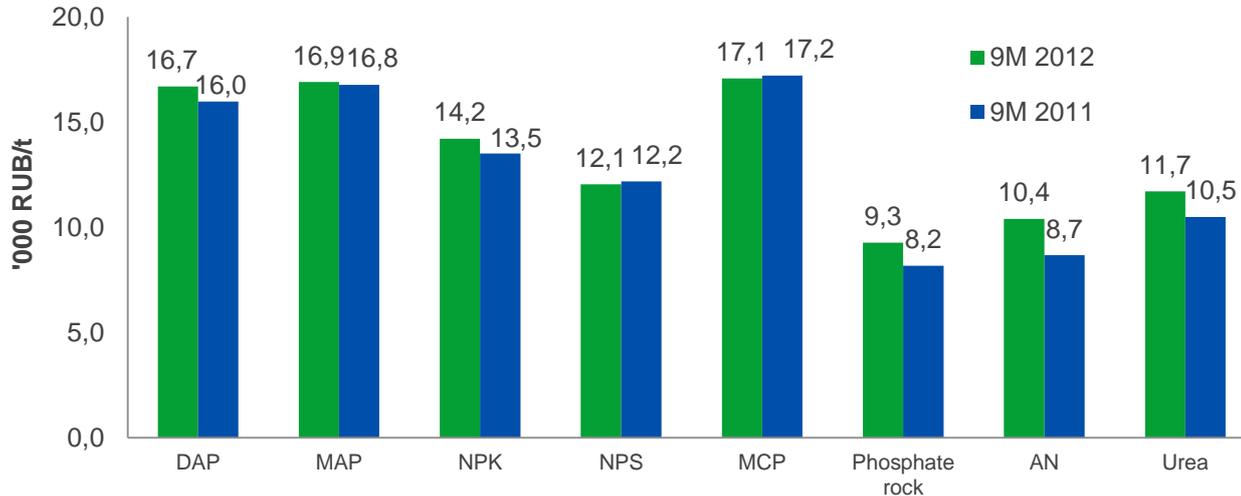
Revenue by Geography 9M 2012 (%)



Revenue by Segment 9M 2012 (%)



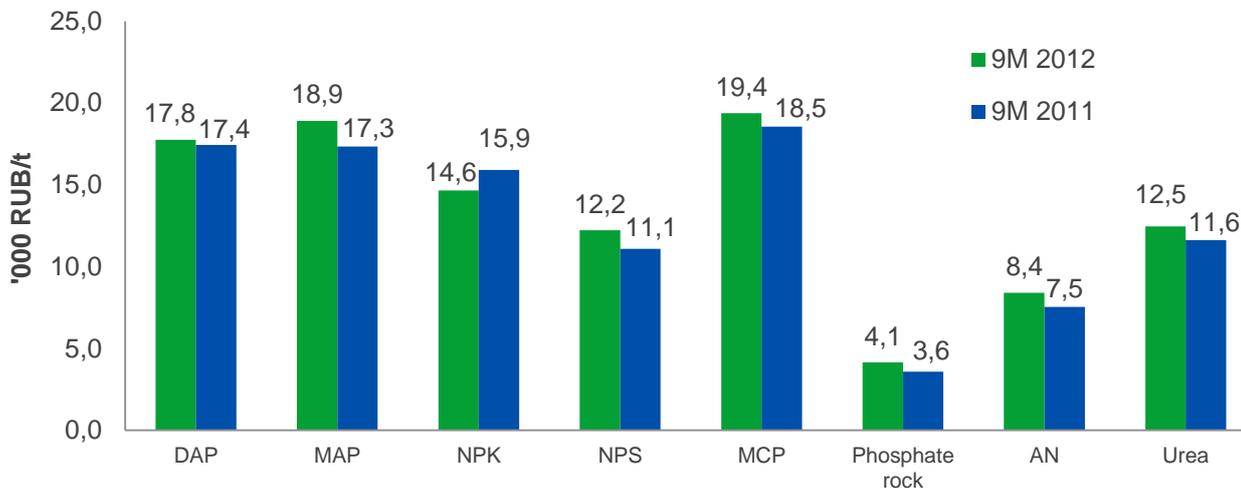
Average Revenue per tonne - Export



Comment

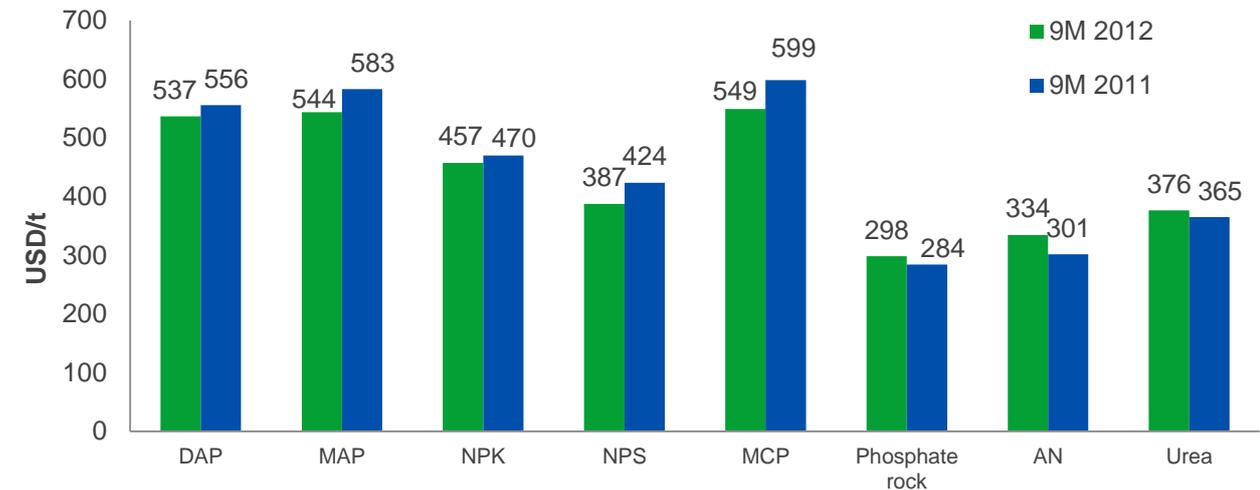
- Exports comprised 68% of revenue in 9M 2012
- Domestic revenue per tonne exceeded export prices in RUB terms for all fertiliser products excl. AN in 9M 2012
- Export revenue per tonne higher y-o-y on all products except NPS and MCP
- Demand for NPK remains strong, despite some price recovery in MAP/DAP

Average Revenue per tonne - Domestic



Revenue Per Tonne for Key Products

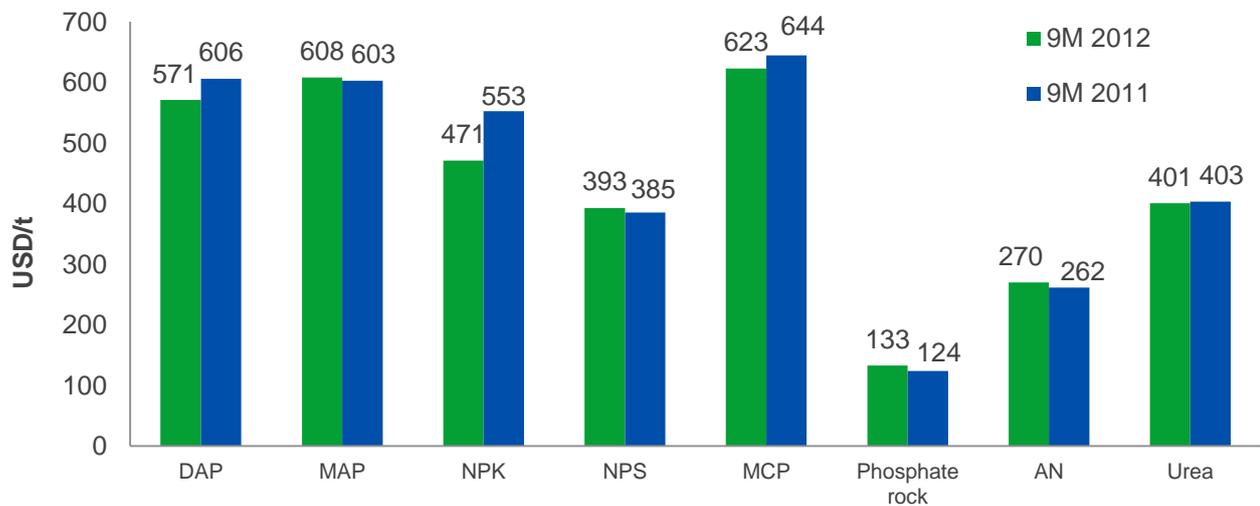
Average Revenue per tonne - Export



Comment

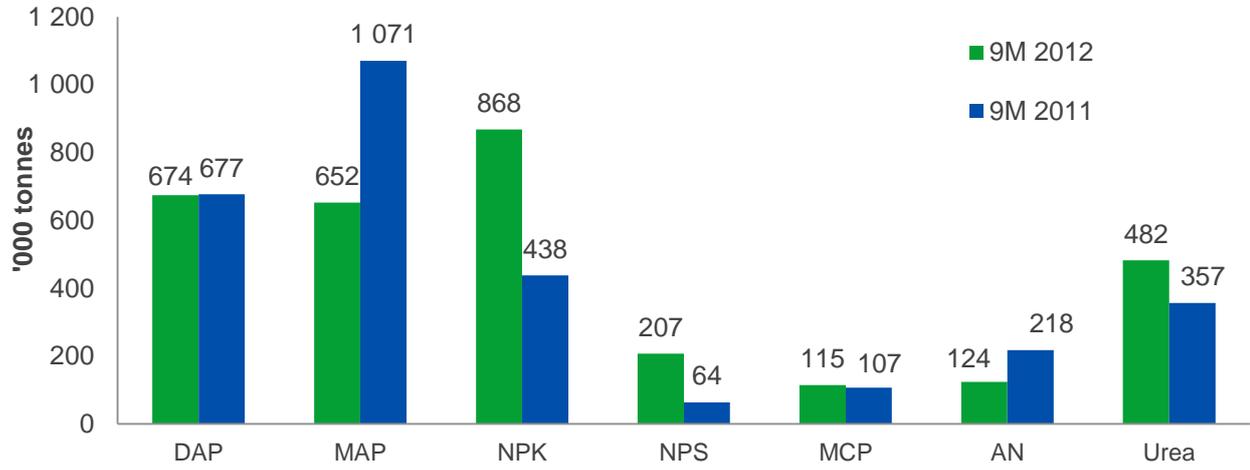
- FOB Tampa average spot DAP price decreased 14% from USD 624 for 9M 2011 to USD 539 for 9M 2012
- Revenue per tonne in USD terms for most phosphate-based fertilisers in 9M 2012 was at or below 9M 2011 levels

Average Revenue per tonne - Domestic



Sales Volume Developments for Key Products

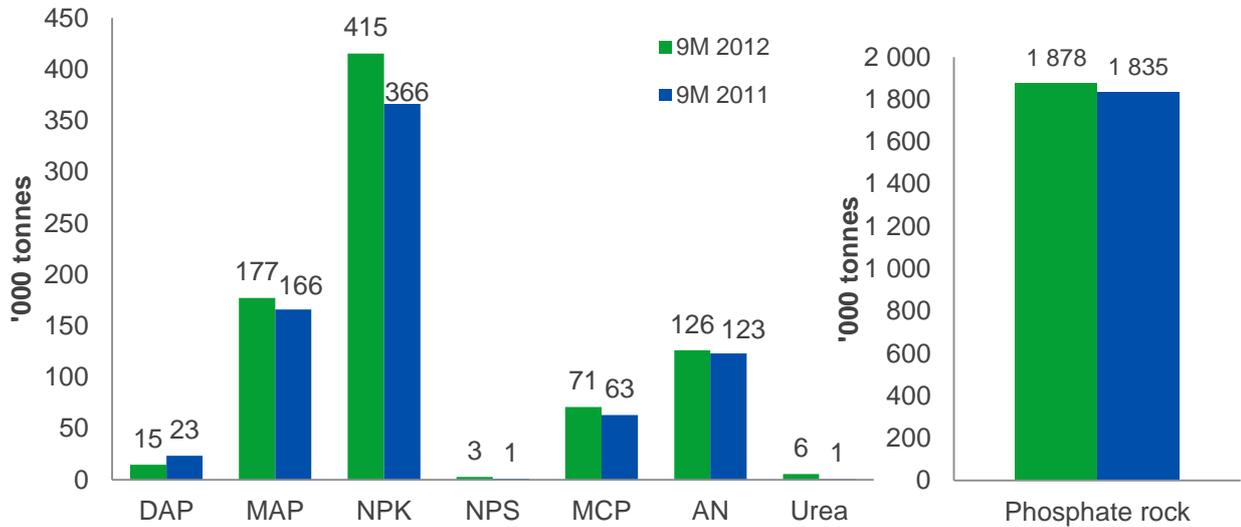
Sales Volumes - Export



Comment

- Overall phosphate-based fertiliser sales volumes up 7% y-o-y
- NPK export volumes increased 98% y-o-y
- Significantly higher NPK volumes contributed to 24% y-o-y decline in MAP/DAP export volumes

Sales Volumes - Domestic



- Sales volumes for NPK and NPS (1,493 kmt) nearly equaled DAP/MAP (1,518 kmt), in line with market demand for these products
- Urea sales up 37% due to start up of 500 kt p.a. urea plant in 3Q 2012

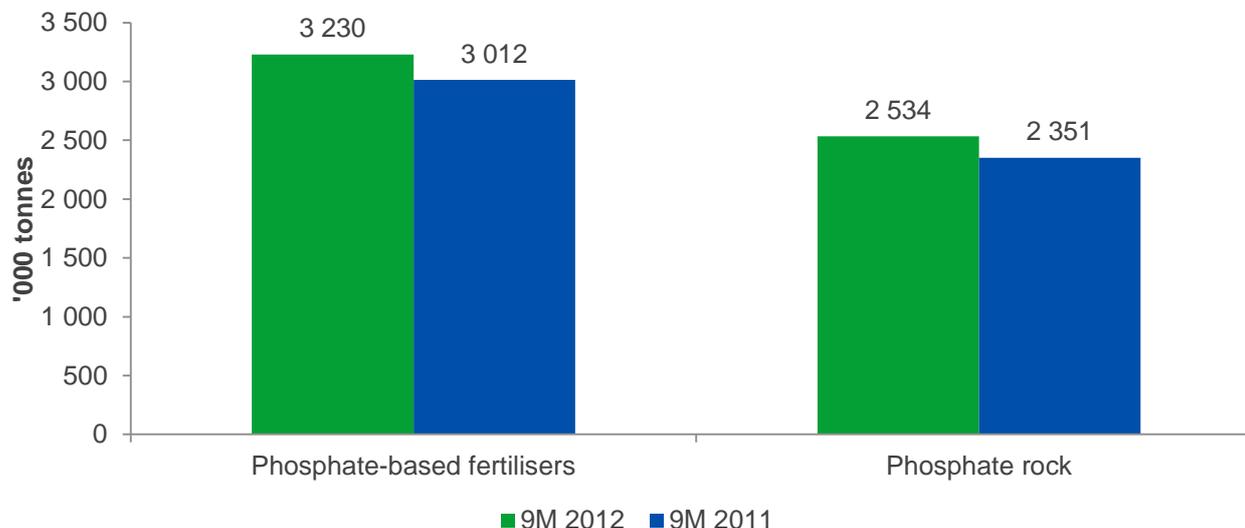
Key Financial Highlights

(RUB million)	9M 2012	9M 2011	Change
Revenue	68,948	65,011	6%
<i>Export</i>	45,602	42,007	9%
<i>Domestic</i>	23,346	23,004	1%
CoGS	(41,644)	(36,290)	15%
Gross profit	27,304	28,721	(5%)
<i>% margin</i>	40%	44%	

Comment

- Growth in volumes and revenue driven by 60% increase in NPK sales volumes
- CoGS controlled, below the Russian PPI of 9.4% for 9M 2012. Only significant increase expenditure on potash, as a result of 60% increase in NPK sales volumes and an increase in potash prices
- Production and sales flexibility enabled PhosAgro to maintain near 100% capacity utilisation and achieve growth in sales

Sales Volumes 9M 2012 vs. 9M 2011



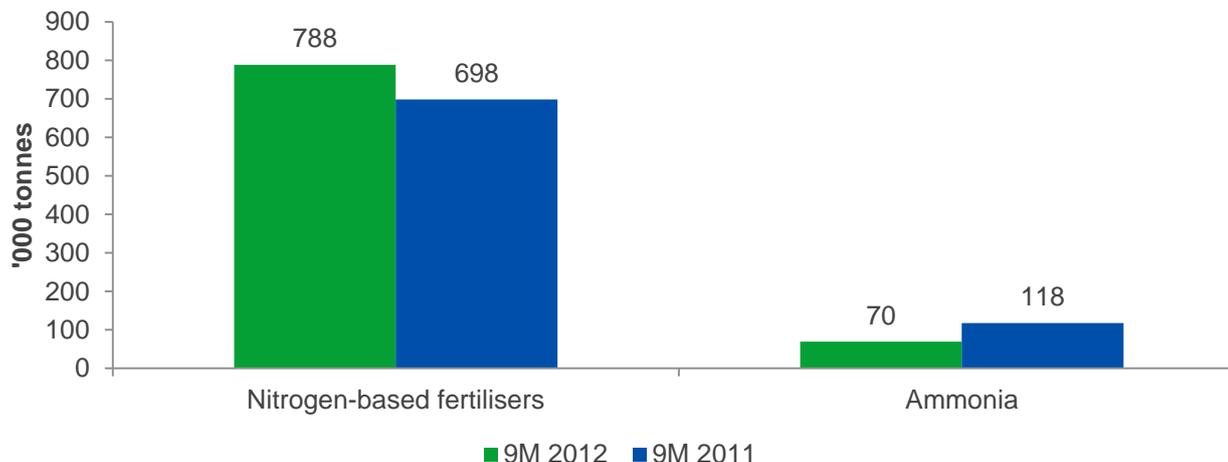
Key Financial Highlights

(RUB million)	9M 2012	9M 2011	Change
External Revenue	9,571	8,058	19%
<i>Export</i>	8,193	6,914	18%
<i>Domestic</i>	1,378	1,144	20%
Inter-segment Revenue	2,826	2,766	2%
CoGS	(5,645)	(5,637)	0%
Gross profit	6,752	5,187	30%
<i>% margin</i>	54%	48%	

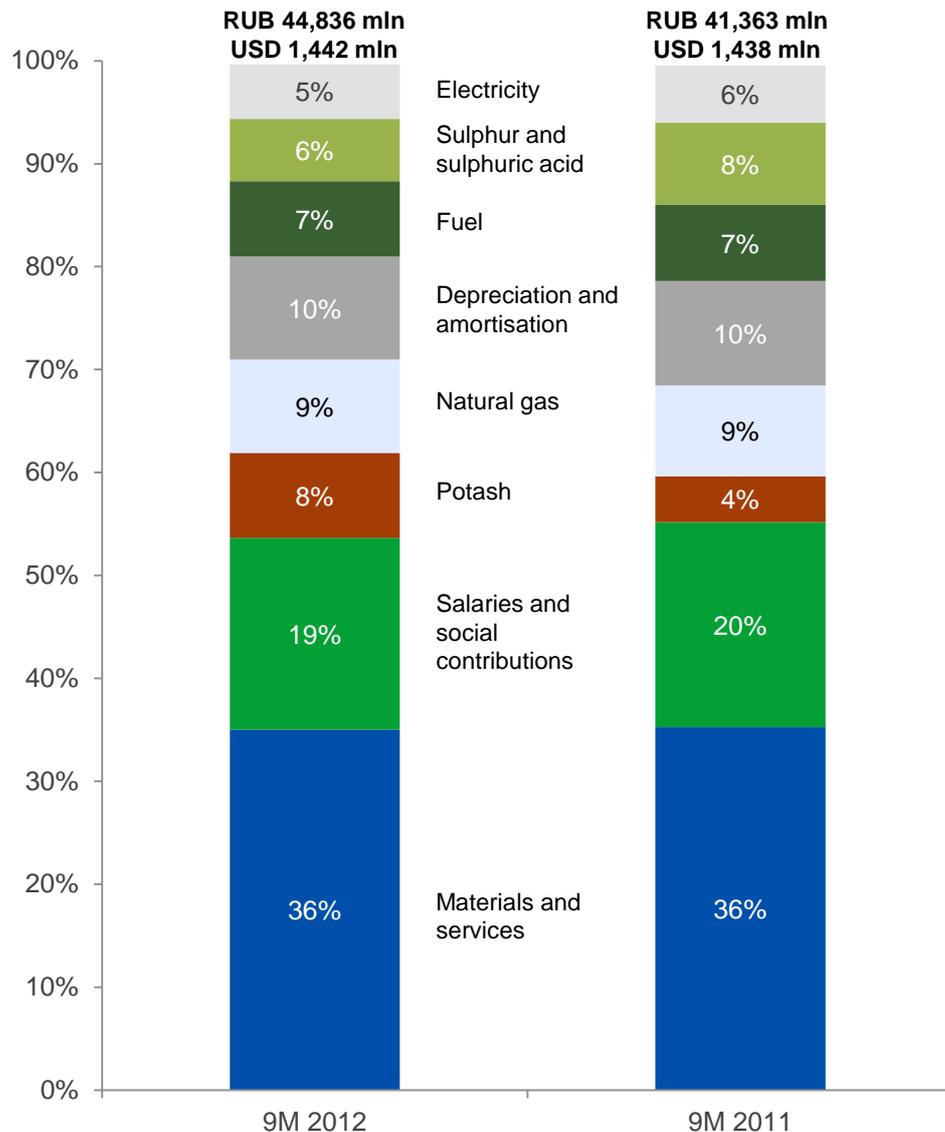
Comment

- Sales volumes and revenue up on the back of the ramp up of new urea capacity in 3Q 2012
- Nitrogen prices have been very strong in 2012, which resulted in a higher gross profit margin

Sales Volumes 9M 2012 vs. 9M 2011



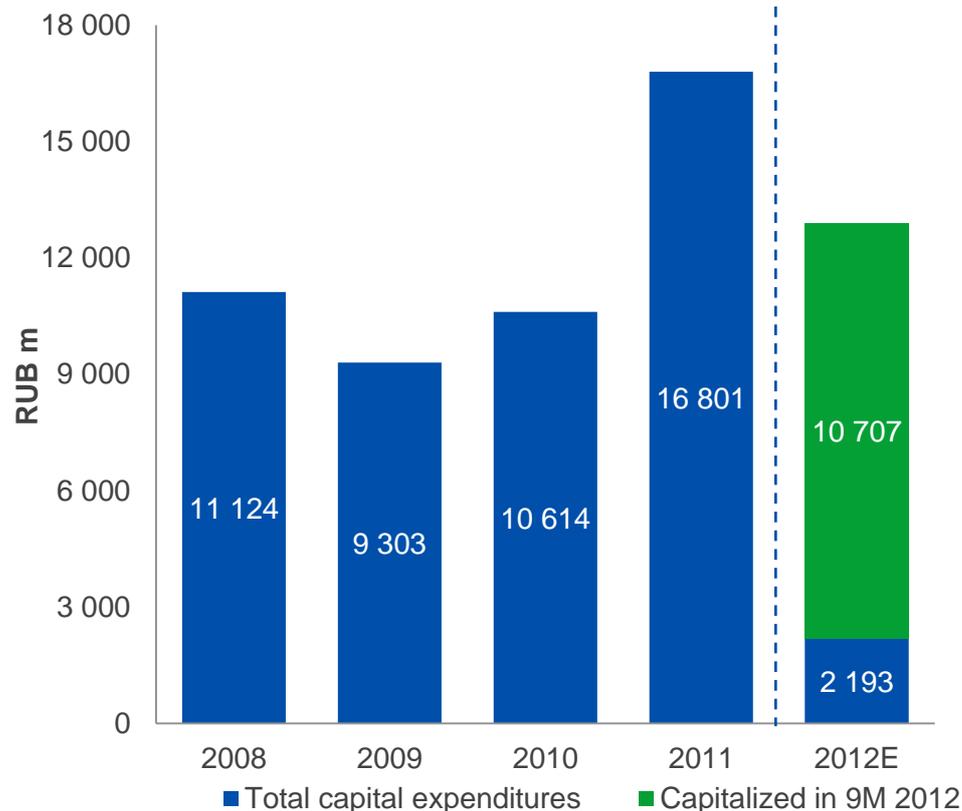
Cost of Goods Sold – Key Items



CoGS Key Drivers: 9M 2012 vs. 9M 2011

- Cost of goods sold increased 8%, in line with production growth and below Russia PPI of 9.4%
- Materials and services increased 9% due to higher fertiliser production volumes
- Expenditure on potash was up 102% due to substantially higher NPK production and sales (up 51% and 60% y-o-y, respectively) as well as a 42% increase in potash prices
- Natural gas expenditures increased 11% to RUB 4,060 million from RUB 3,654 million due to:
 - 5% increase in consumption of natural gas related to a 3% y-o-y increase in ammonia production and to the launch of a new 32 MW electricity generation unit at the Cherepovetsky nitrogen complex
 - 6% increase in gas price to RUB 3,086 (USD 99) per mcm for 9M 2012 from RUB 2,922 (USD 102) in 9M 2011 following a 15% rise in industrial gas prices in Russia from 1 July 2012

Capex



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:

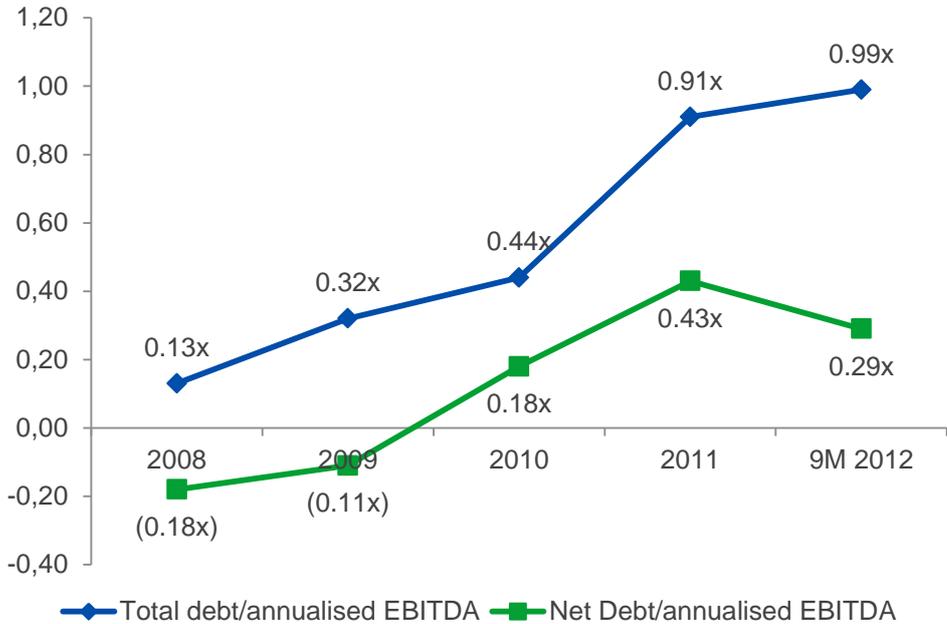
- Construction of ore shaft № 2 at Kirovsky underground mine (in progress)
- Cherepovets site urea production capacity of 500 thousand tonnes per year currently running at 90% capacity on trial basis (launched 4Q 2012)
- Construction of a new 32 MW gas-fired electricity generation facility at Cherepovets site to support production capacity expansion (launched 4Q 2012)

Capex by Segment (RUB m)

	9M 2012	9M 2011
Phosphate rock	5,109	4,336
Phosphate-based products	1,665	1,986
Nitrogen fertilisers	3,110	4,127
Other	823	849
Total capital expenditures	10,707	11,298

Overview of Debt and Dividend Policy

Total Debt / EBITDA and Net Debt / EBITDA



Comment

- Net debt / annualised EBITDA remains at very comfortable level of 0.29x
- PhosAgro is well positioned to access debt financing for planned acquisitions of additional stakes in its production subsidiaries while maintaining strong balance sheet

Dividends

Post-IPO dividends	Dividends, RUB bln	% of Net Profit (under IFRS)	Payout	
			per share, RUB	per GDR, USD
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%
- Dividend policy aimed at paying dividends of between 20% and 40% of annual consolidated net income calculated in accordance with IFRS

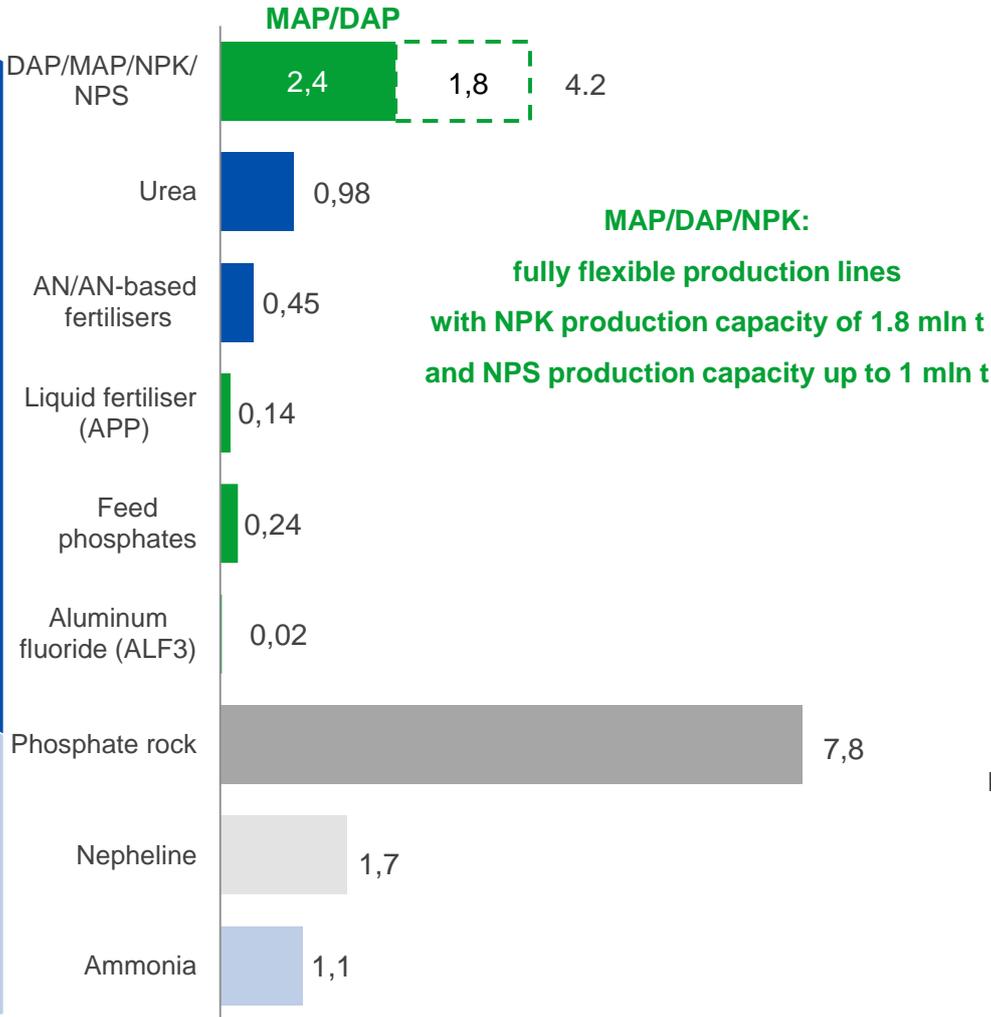


3. Conclusion

Organic Growth Through Addition of New Capacities

Production Capacities

2012⁽¹⁾, mln t



■ Nitrogen fertilisers ■ Phosphate-based fertilisers and feed phosphates

Capacity Growth

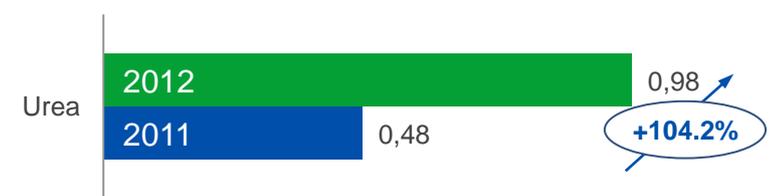
NPK capacities

2011 – 2012, mln t⁽²⁾



Urea capacities

2011 - 2012, mln t⁽²⁾



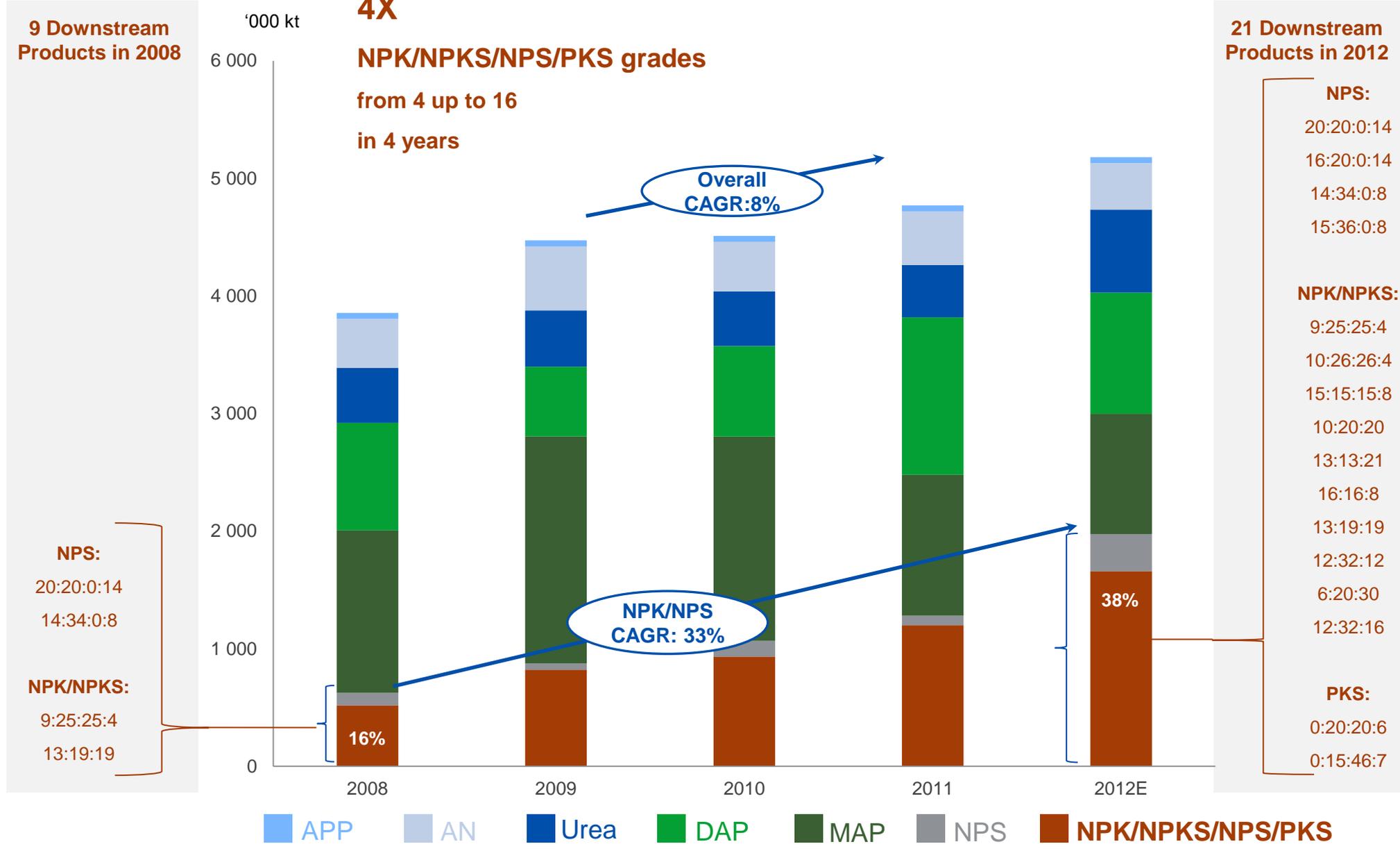
Electricity capacities

2011 - 2012, MW⁽²⁾





PhosAgro Increases Production and Flexibility with Growth in Number of NPK/NPS Grades



Source: PhosAgro

Strategic Objectives

Key Initiatives

Short term

1

Improve efficiency

2

Expand fertiliser production capacity and enter higher value segments

Medium term

3

Realize full potential of ore

- Construction of shaft No. 2 at Kirovsky Underground Mine, which is expected to increase annual apatite-nepheline ore production from 12 to 14 mln t
- 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			

Market

- Soft commodities stocks-to-use ratios remain at very low levels compared to historic averages, while at the same time corn and soybean prices have surpassed their previous historical peaks in 2008
- Despite global economic concerns, farmers are not experiencing liquidity constraints, and therefore remain able to invest in increasing crop output
- Phosphate fertiliser stocks remain at very low levels globally, with no significant capacity additions expected to come online in the near term
- Supply of phosphate-based fertilisers from China decreased by 40% y-o-y in 9M 2012 due to a restrictive export tariff policy by the Chinese Government

Company

- While DAP demand has recovered in 3Q 2012, PhosAgro sees very high global demand for complex fertilisers, and the Company intends to further invest into both increasing capacity as well as expanding the number of NPK and other complex fertiliser grades it produces
- PhosAgro has launched the mandatory tender offer to acquire Apatit shares from minority shareholders following its purchase of the Russian Government's 20% stake in Apatit in September 2012. and the Company will continue to focus on consolidating up to 100% of Apatit shares (currently PhosAgro and affiliated companies own around 85% of Apatit)
- In the longer term, the liberalisation of the phosphate rock market announced by Russia's FAS is expected to start having a positive effect for producers starting from 2013, although the final rules have not yet been determined
- PhosAgro and Prayon plan to develop and install technology for the extraction of rare earth elements from phosphogypsum in 2013, further enhancing PhosAgro's ability to extract maximum value from its apatite ore
- The Company plans to finalise the tender for a new, modern 760 kt per annum ammonia plant by the end of 2012



Thank You



Q&A Session

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