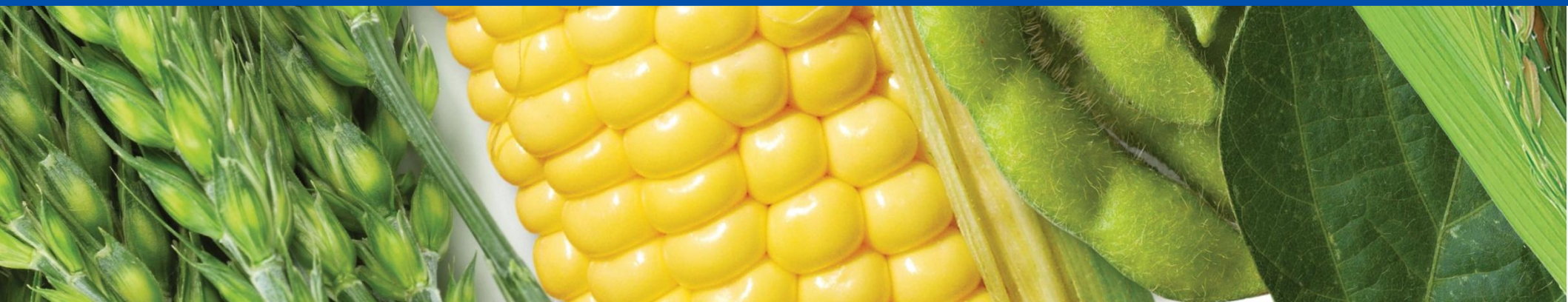
PHOSAGRO

Presentation for Non-Deal Roadshow

September 2013



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PhosAgro at a glance

World class integrated phosphate producer

- #1 global producer of high-grade phosphate rock
- #2 global DAP/MAP producer[1]
- Overall fertiliser capacity of 6.1 mln t

Large high quality apatite-nepheline resources

- 2.1 bln t of ore resources[2] (over 75 years of production)
- Al_2O_3 resource of 283 mln t
- Substantial resources of rare earth oxides (41% of Russian resources [3])

Self-sufficiency in key feedstocks provides for low costs

- 100% self-sufficient in phosphate rock
- 72%-90% self-sufficient in ammonia[4]
- More than 40% self-sufficiency in electricity

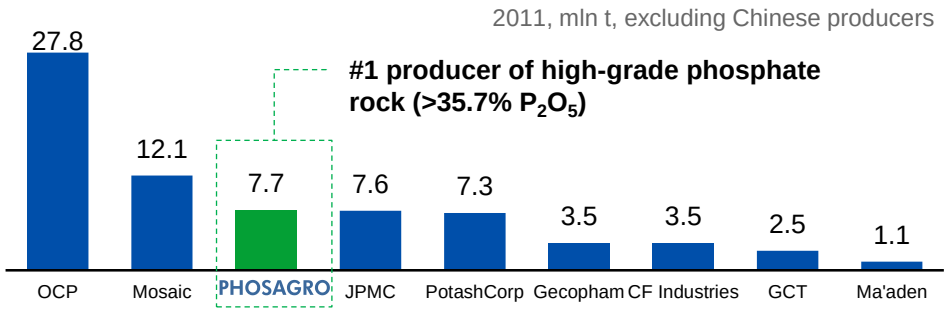
Flexible production and sales

- Flexible production lines
- Phosphate fertiliser capacities of 4.2 mln t, 1.8 mln t fully flexible into NPK production
- Leader in Russian fertiliser market growing twice faster than the world consumption
- Net back driven sales model with a global presence

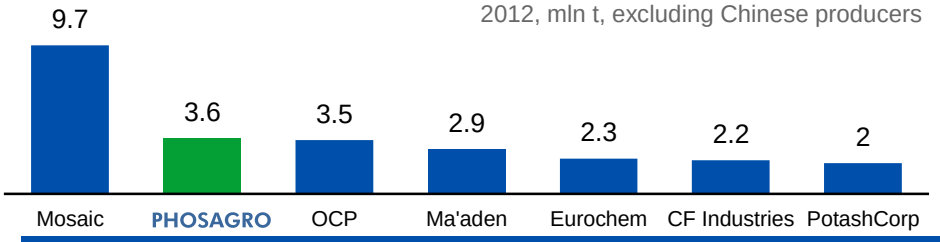
Strong financial performance

- EBITDA of $1,116 mn and $432 mn in 2012 and in H1 2013, respectively
- Net debt/EBITDA: 1.10x

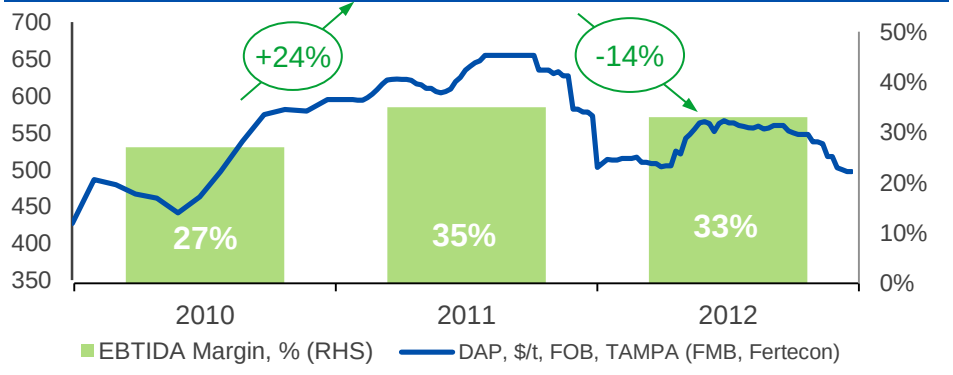
Leading global phosphate rock producers (by production)



Leading global DAP/MAP producers (by capacity)



DAP Price Dynamics vs EBITDA margin, average DAP price change (%)



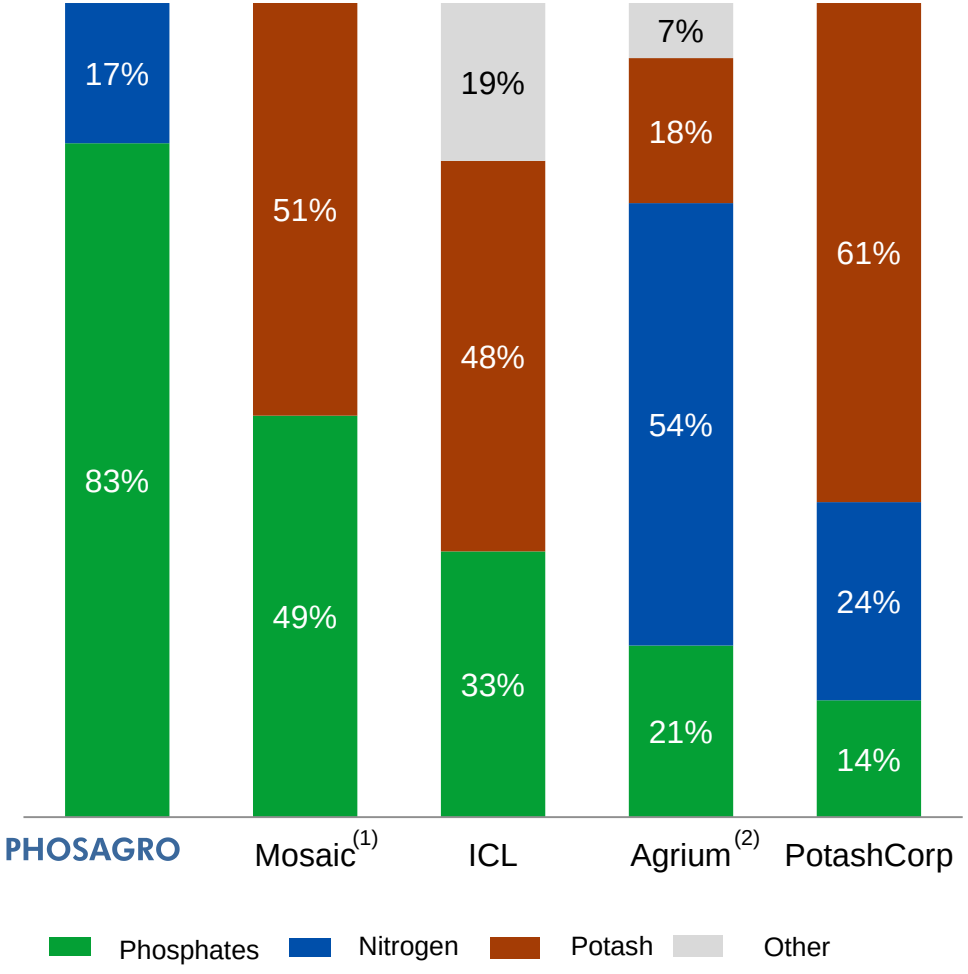
Source: FERTECON, FMB, IFA, companies' data, PhosAgro

Note: (1) Excluding Chinese producers
(2) PhosAgro, IMC as of June 2011
(3) Russian Academy of Science
(4) self –sufficiency depends on the composition of the products produced by PhosAgro
Source: FERTECON, IFA, companies data, PhosAgro

The only pure play phosphates producer

Gross profit breakdown by segment

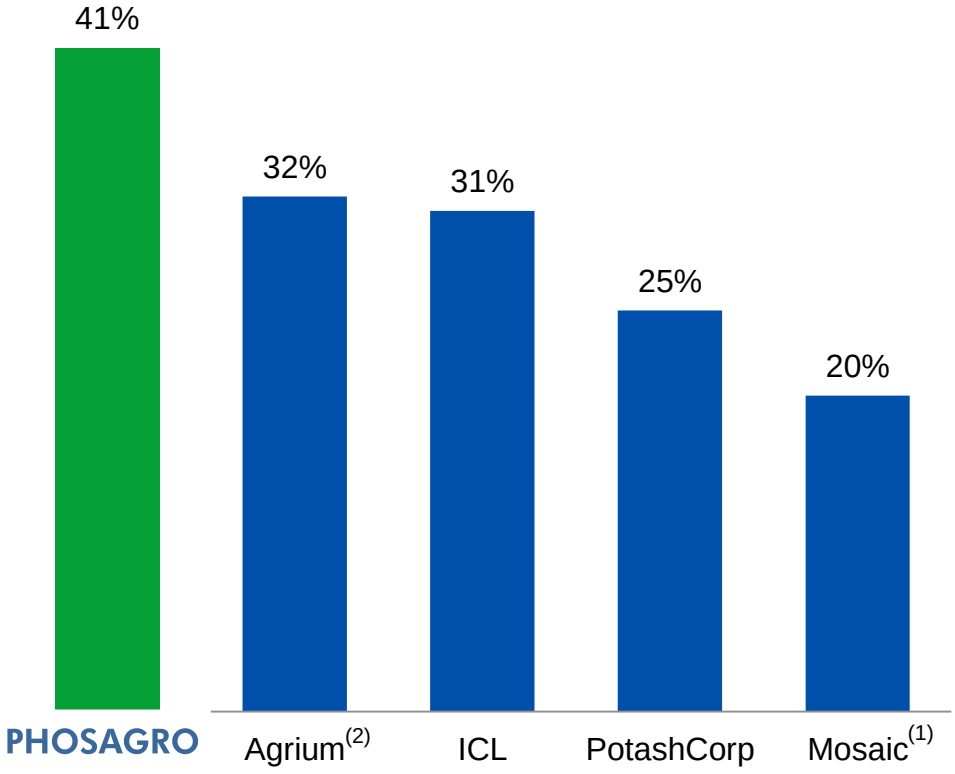
Average gross profit breakdown by segment for 2011-2012



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

Phosphate segment gross profit margin

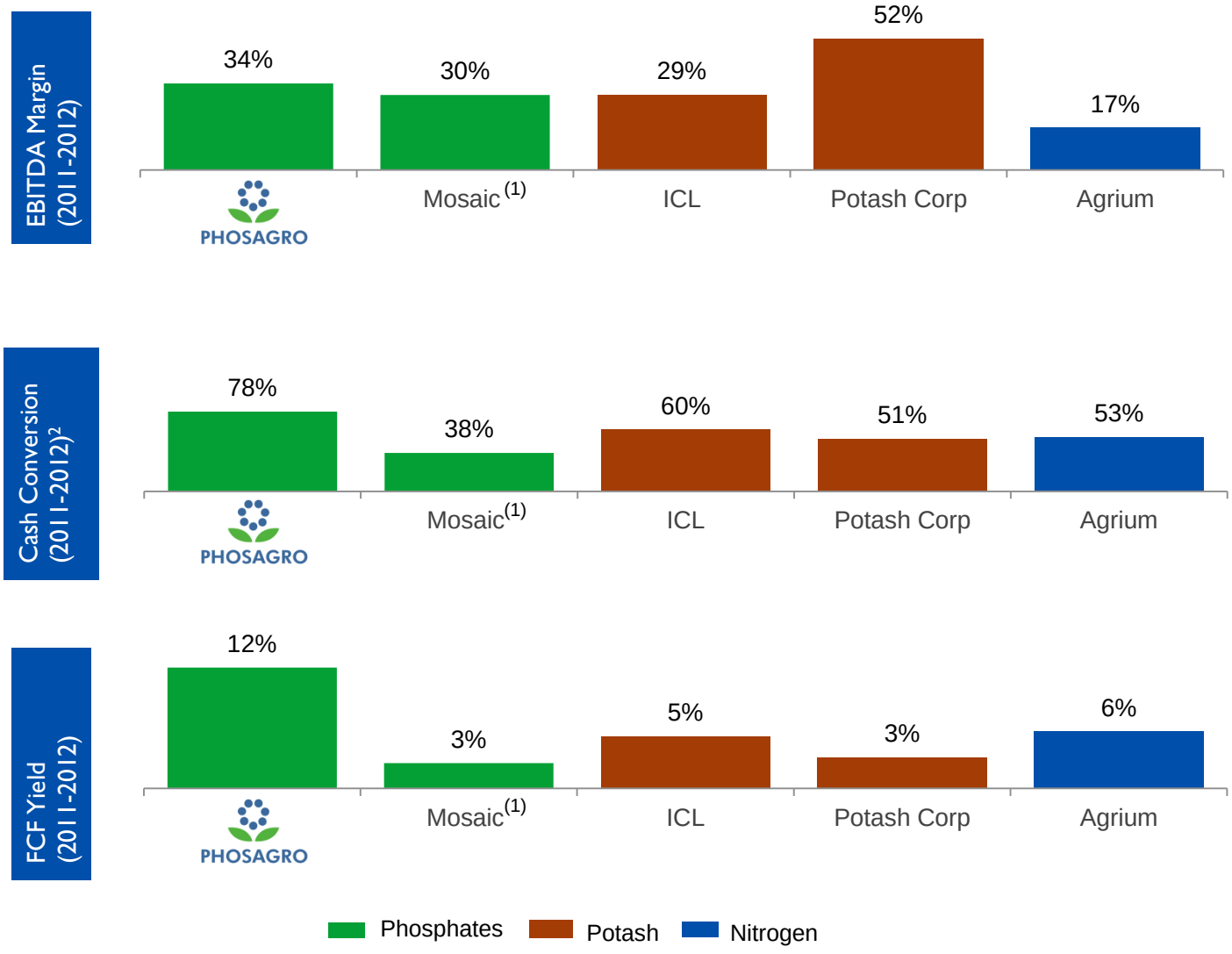
Average gross profit margin of phosphate segment for 2011-2012



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

PhosAgro Benchmarks Favourably Against Key Competitors

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



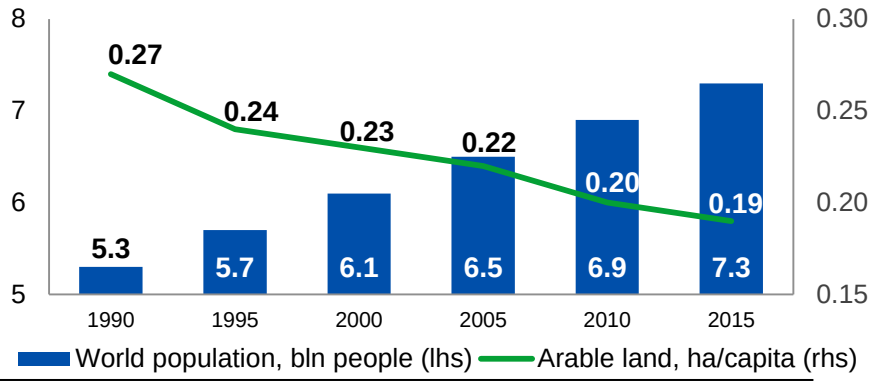
Source: Companies' reports, Bloomberg
Note: (1) Calendarised
(2) Calculated as operating cash flow minus capital expenditures divided by net income adjusted for minorities

1. Phosphates – an attractive industry

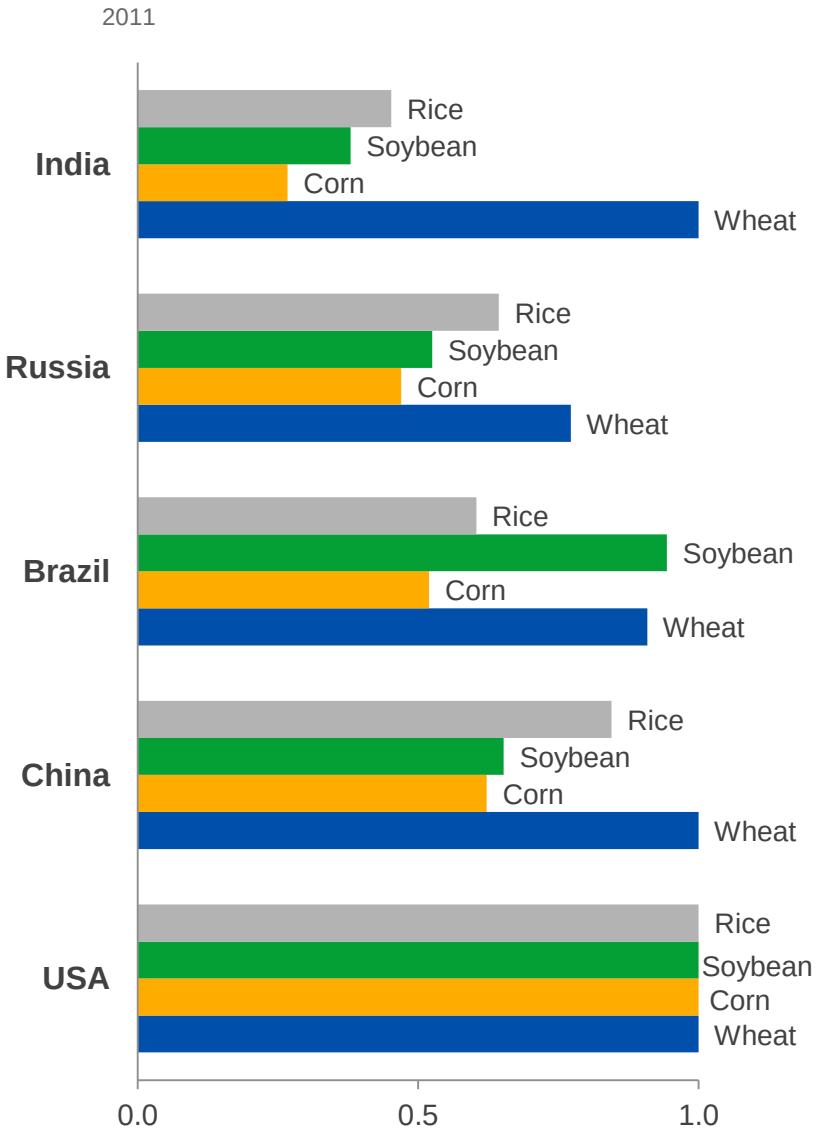
Strong demand fundamentals for fertilisers

Fertiliser is widely under-applied and inefficiently applied in developing countries

Population growth and decrease of arable land per capita

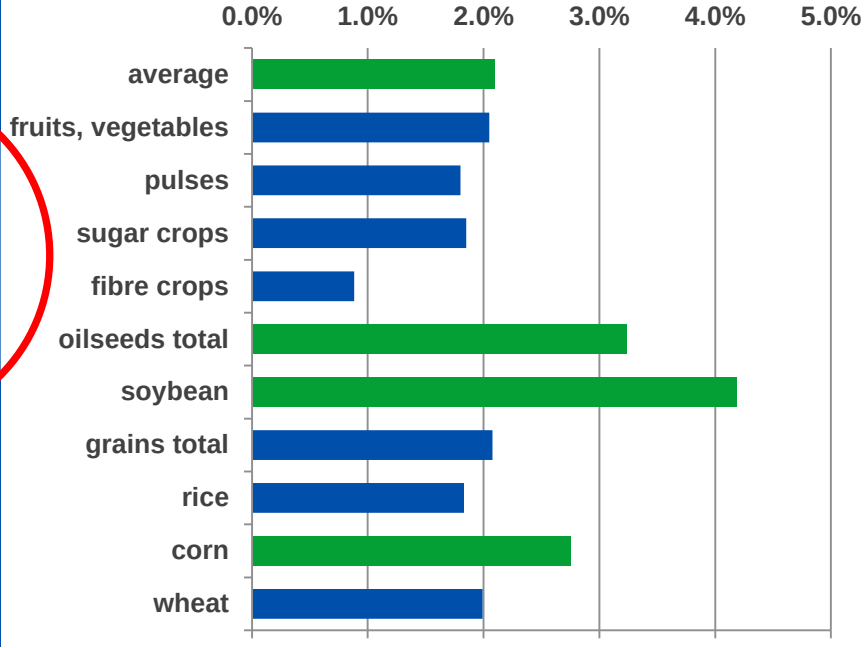


Yield Indexed to USA



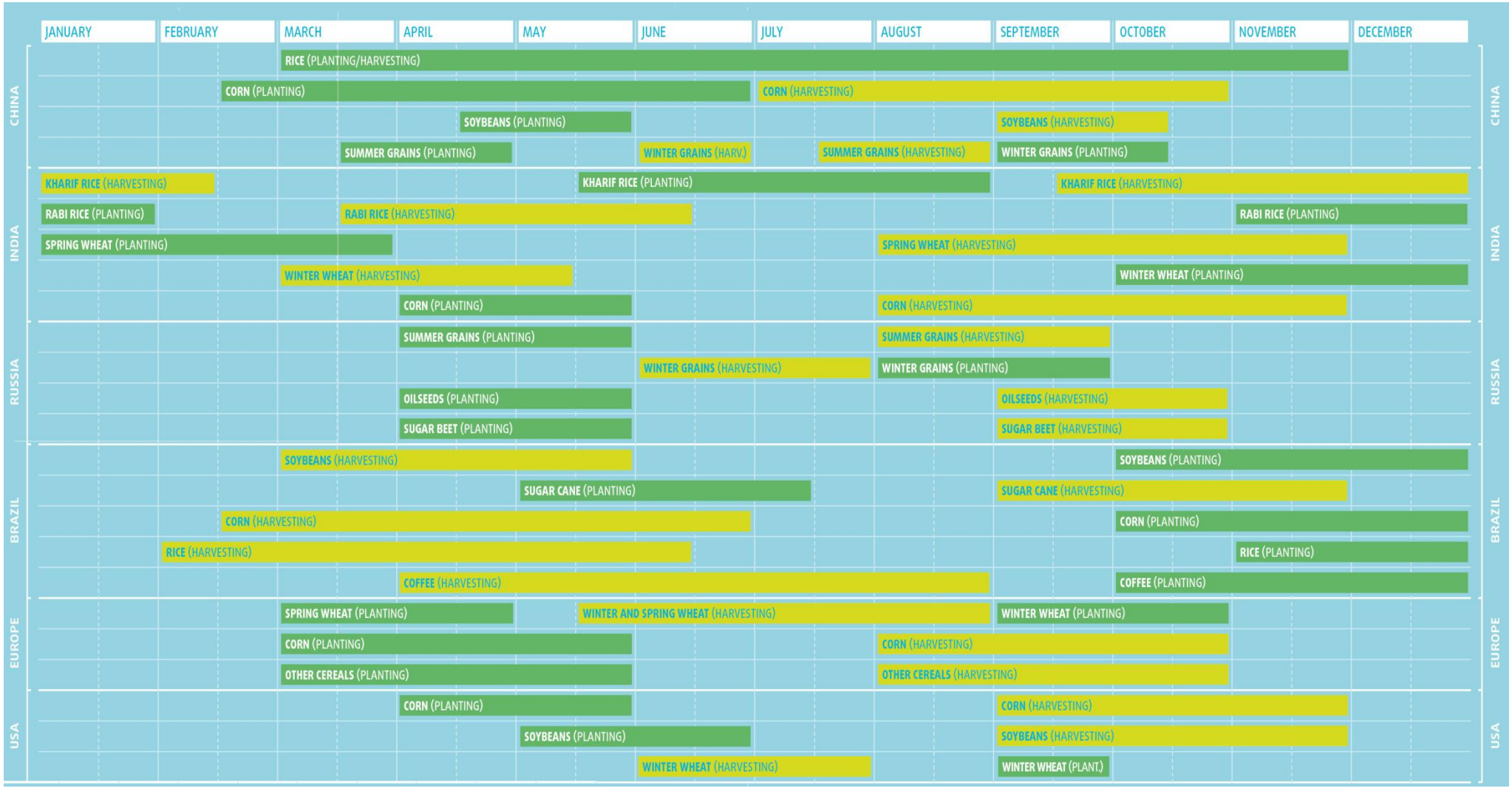
High growth rates for corn and seed oil crops, both major consumers of phosphate fertilisers

Projected Average Annual Growth of Agricultural Production 2012-2022



Source: United Nations, IMF, USDA, FAO

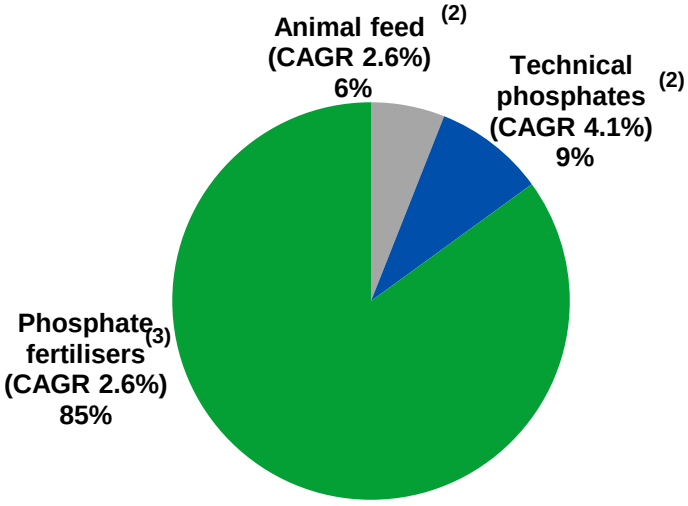
Annual Cycle of Seeding and Planting in Key Agricultural Regions



Source: USDA, Argus-FMB, Fertecon, PhosAgro

Phosphorus is essential for life

Phosphorus consumption structure [1]

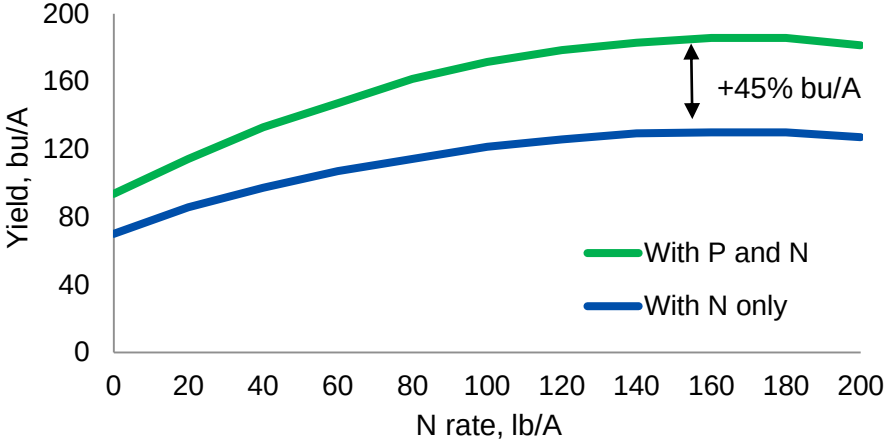


Phosphate fertilisers – 85%[1] with CAGR of 2.6% [3]

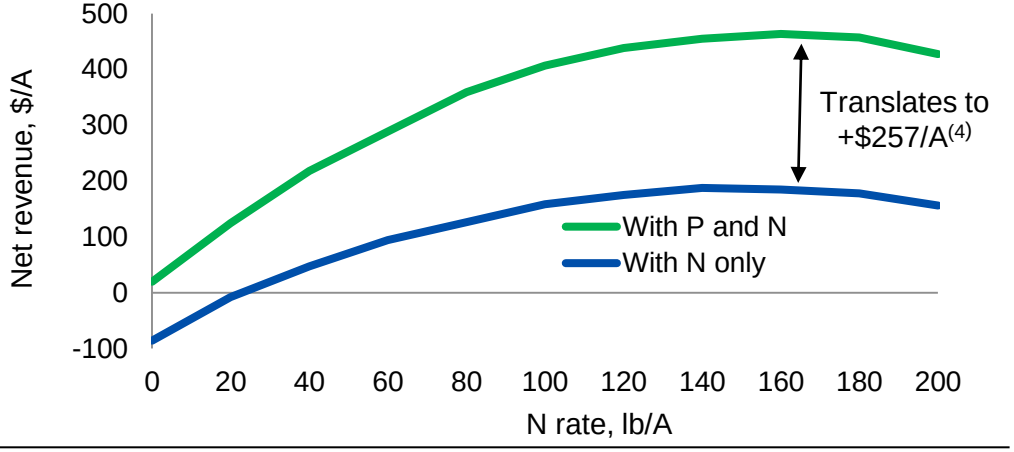
Without phosphate fertilisers

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) total phosphorus consumption

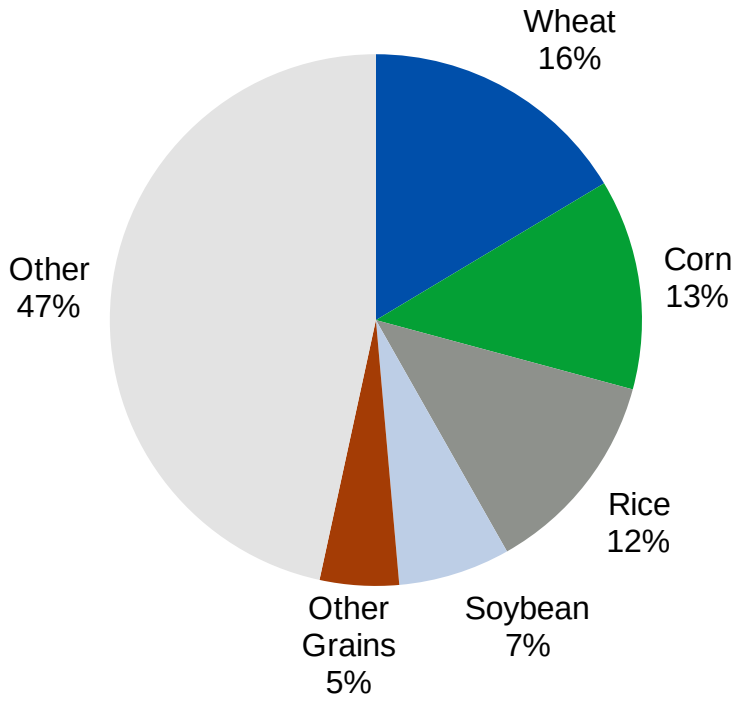
(2) Fertecon/CRU forecast for 2010-2020

(3) IFA forecast for 2012-2016

(4) as corn price of US$ 5

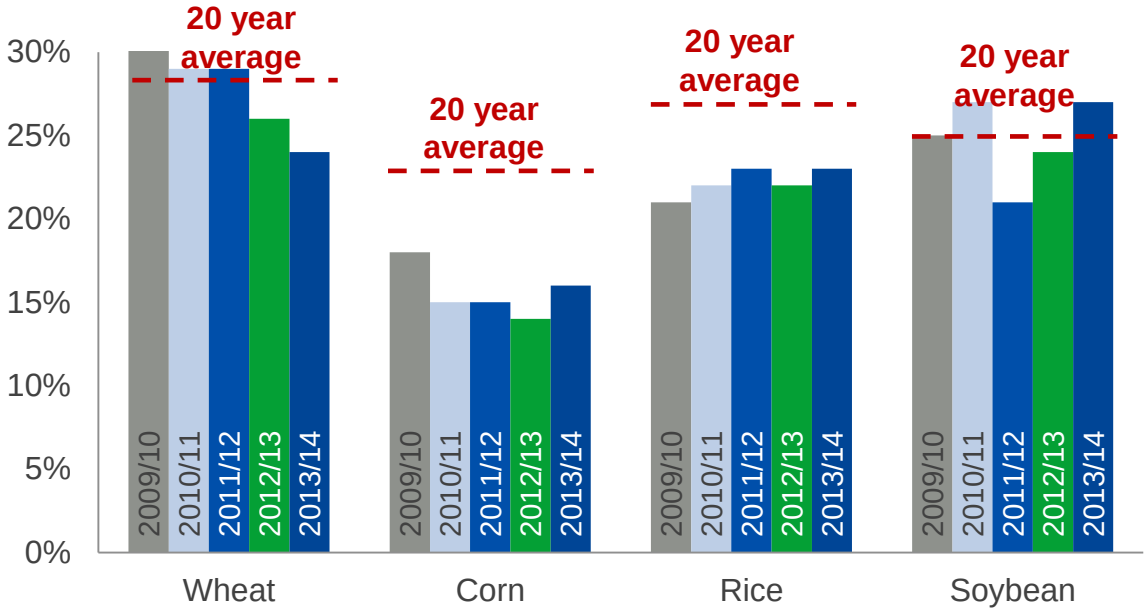
Stock-to-use ratios for the key phosphate-using crops are at low levels driving crop prices

Phosphate fertiliser use by crop

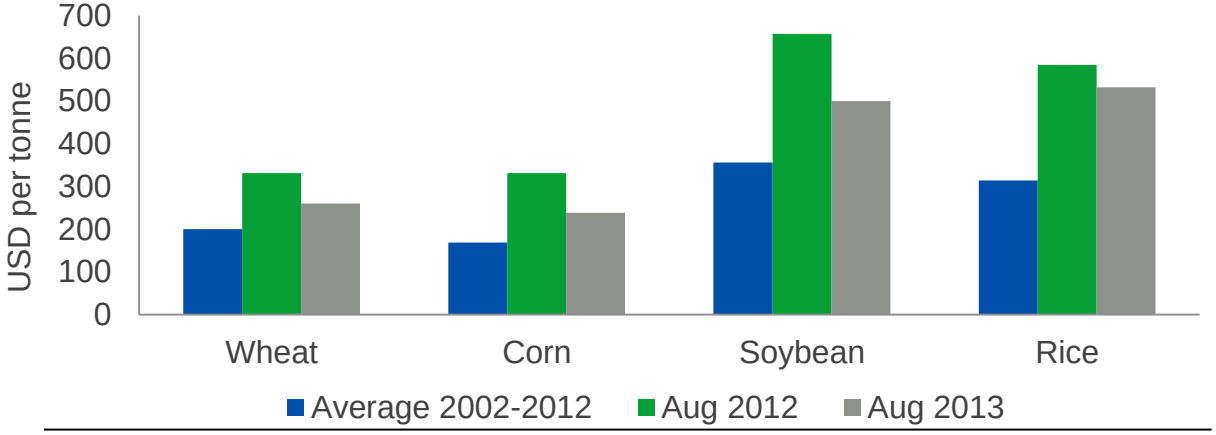


Source: IFA

World grain stocks-to-use ratios, %



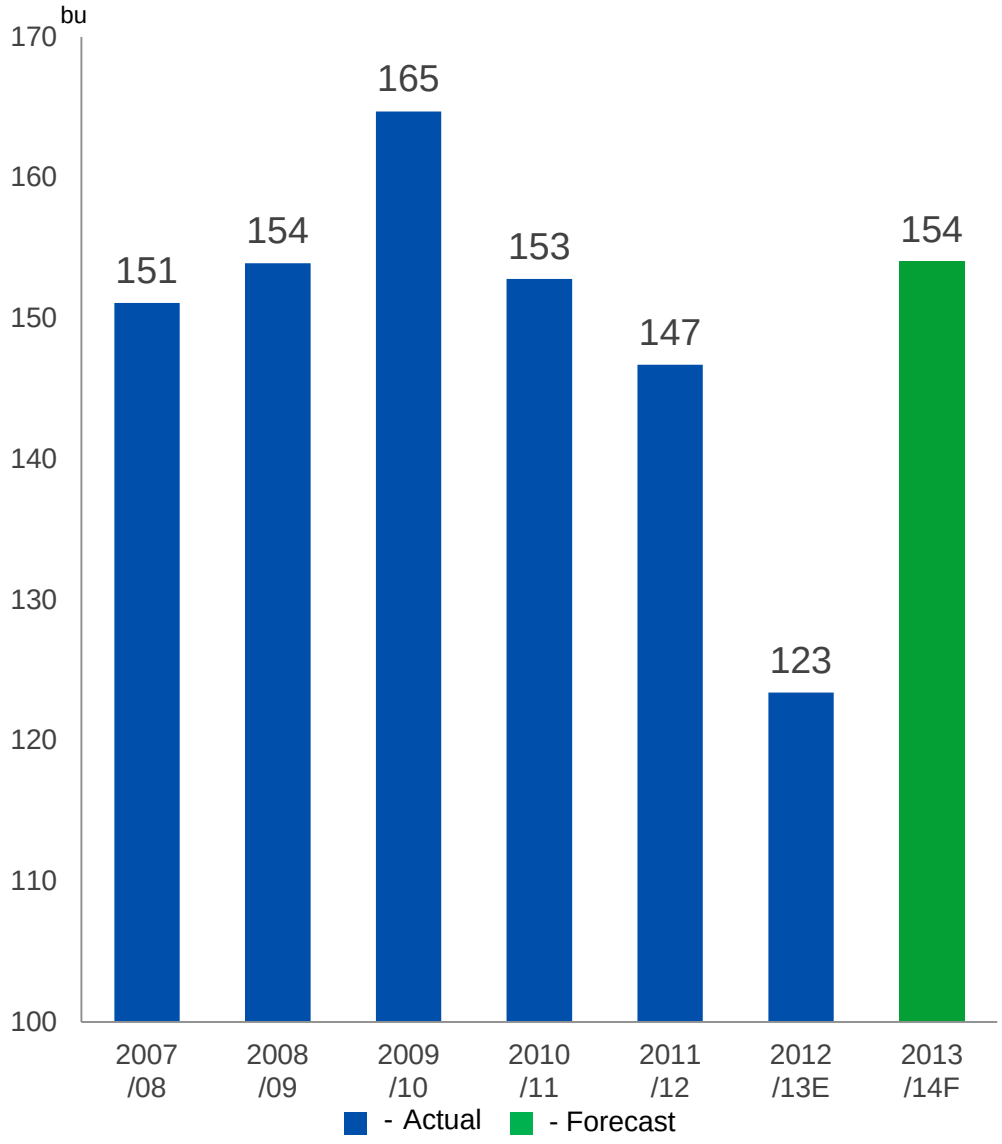
Crop prices



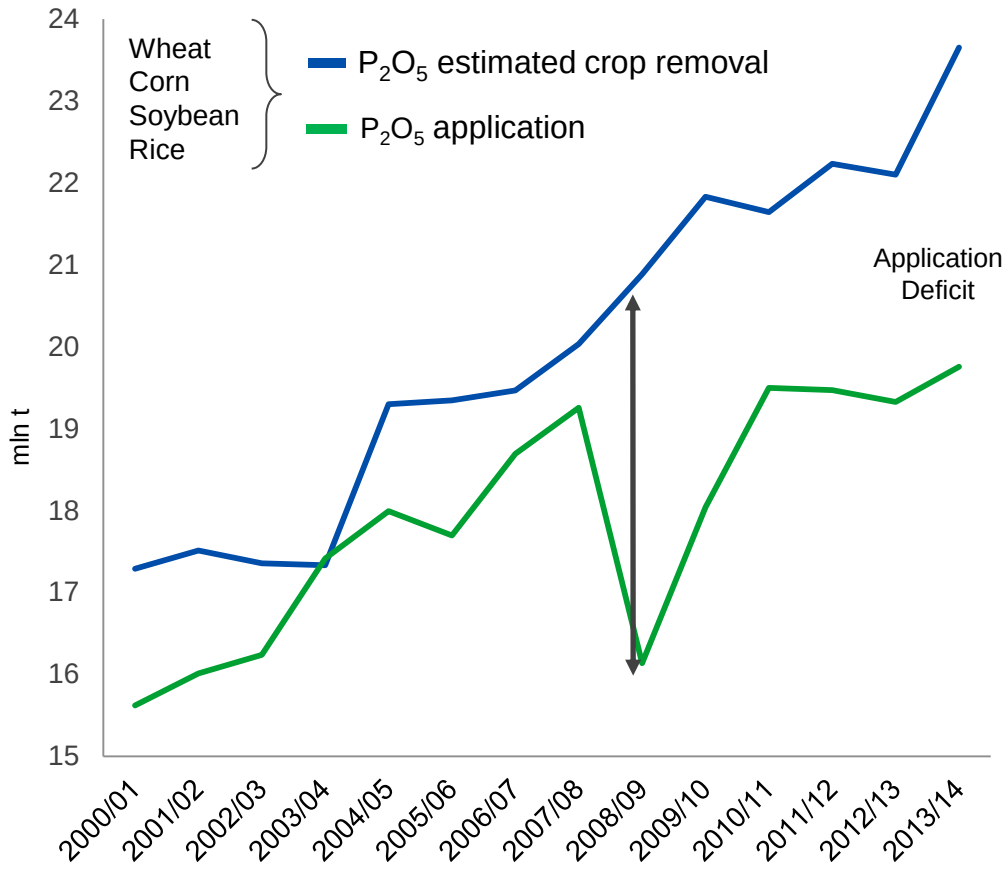
Source: USDA, FAO

Significant room for further growth of use of phosphate fertilisers

Corn yield per harvested acre in US



Insufficient application of phosphate fertilisers creates significant room for growth



Nutrient removal rate

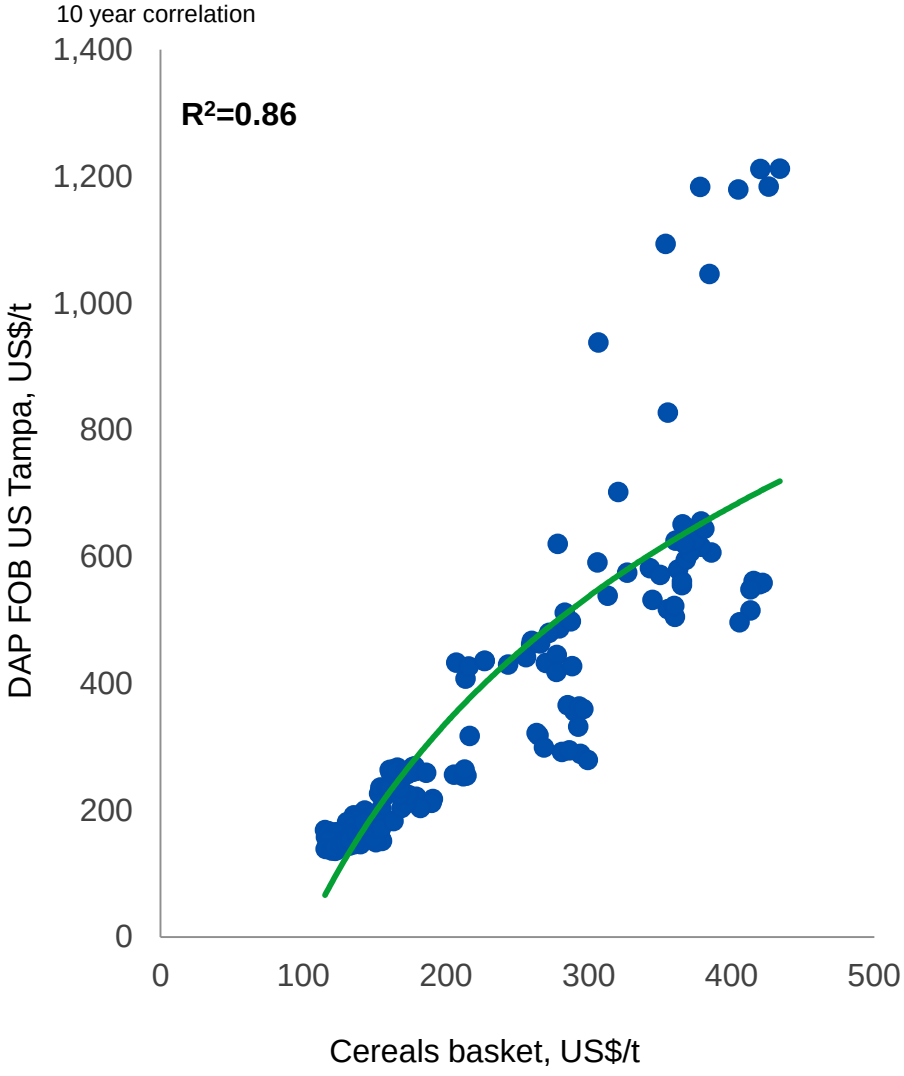
kg P_2O_5/t of crop

Wheat	Corn	Rice	Soybeans
11.3	6.7	6.4	16.7

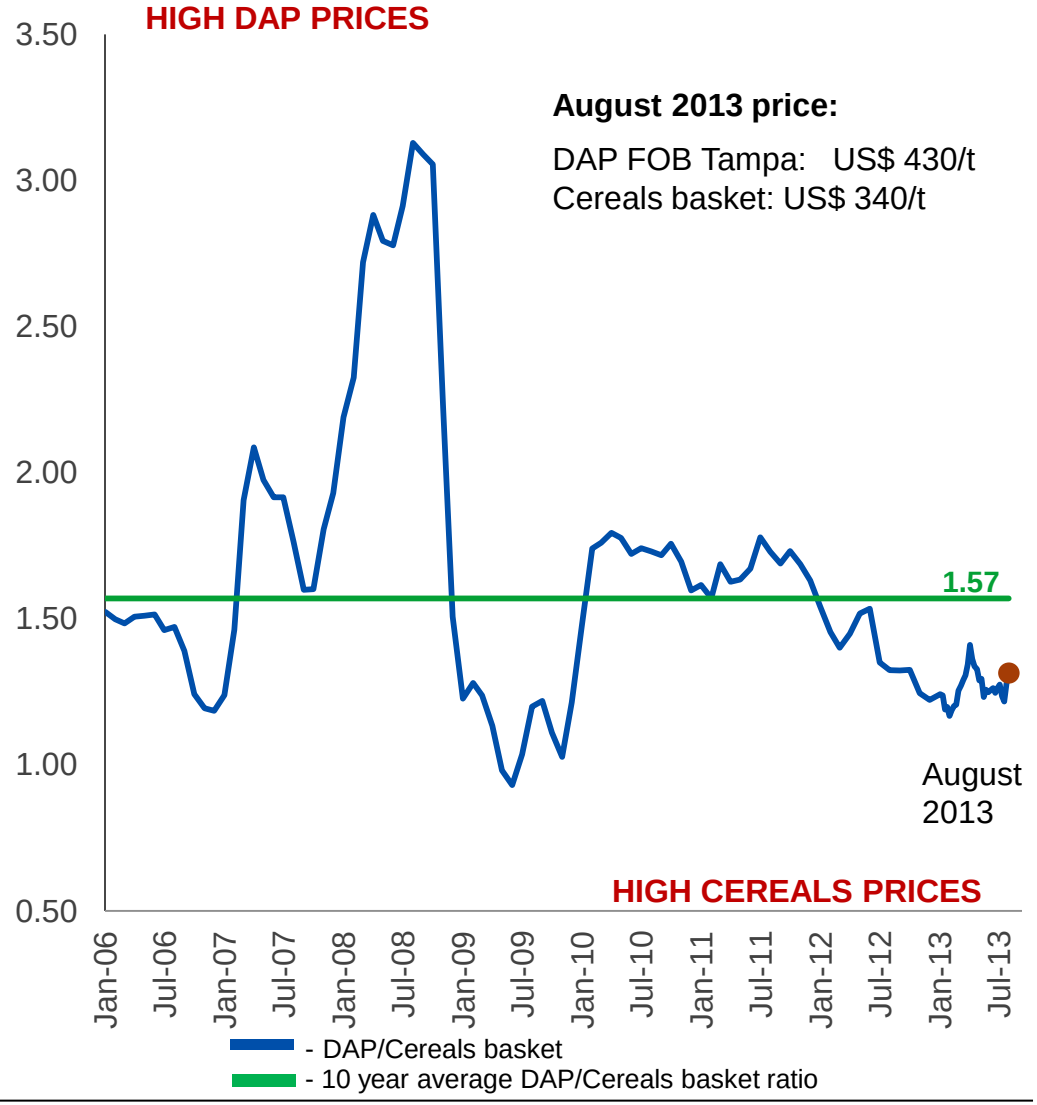
Source: USDA, IFA, IPNI, PhosAgro

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

Cereals basket prices relative to DAP Prices



Cereals basket[1] to DAP prices ratio

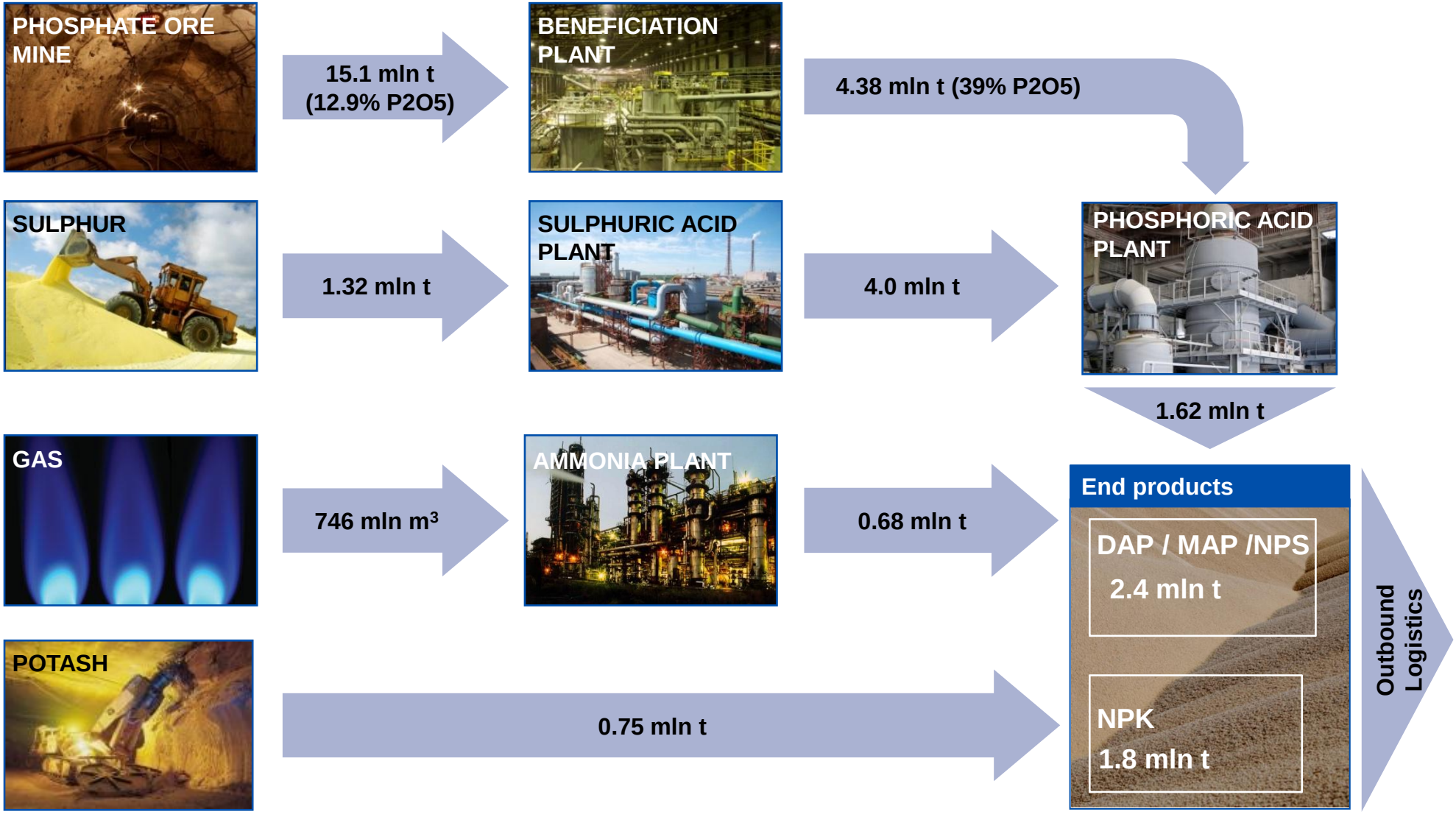


Source: FERTECON, USDA, FAO

Note: (1) agricultural commodity prices are represented by a grain index calculated as follows: (wheat price*7+ corn price *8 rice price*4.5+soybeans price*2.5)/22

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

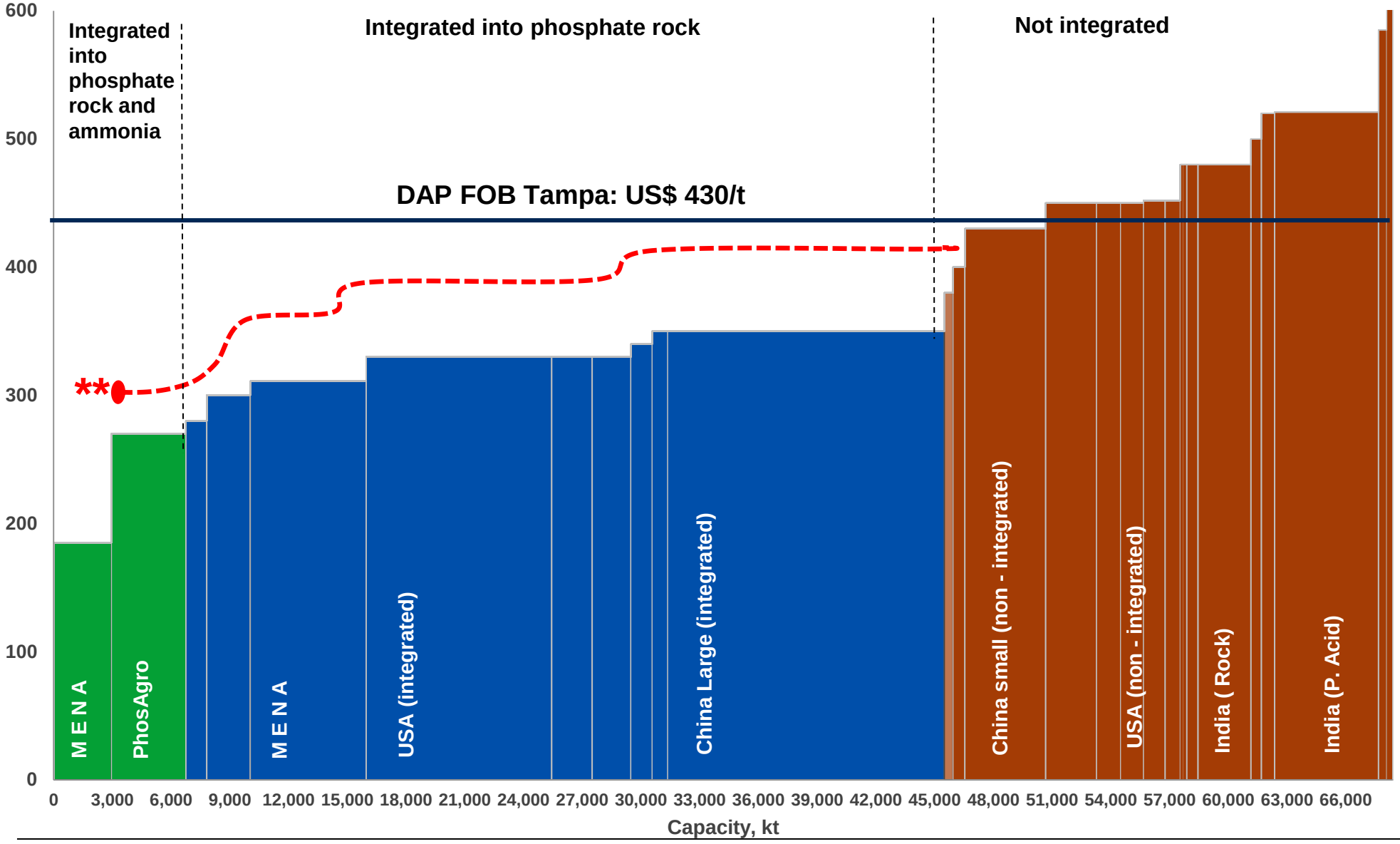
Production/resources of phosphate rock, natural gas and sulphur

	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

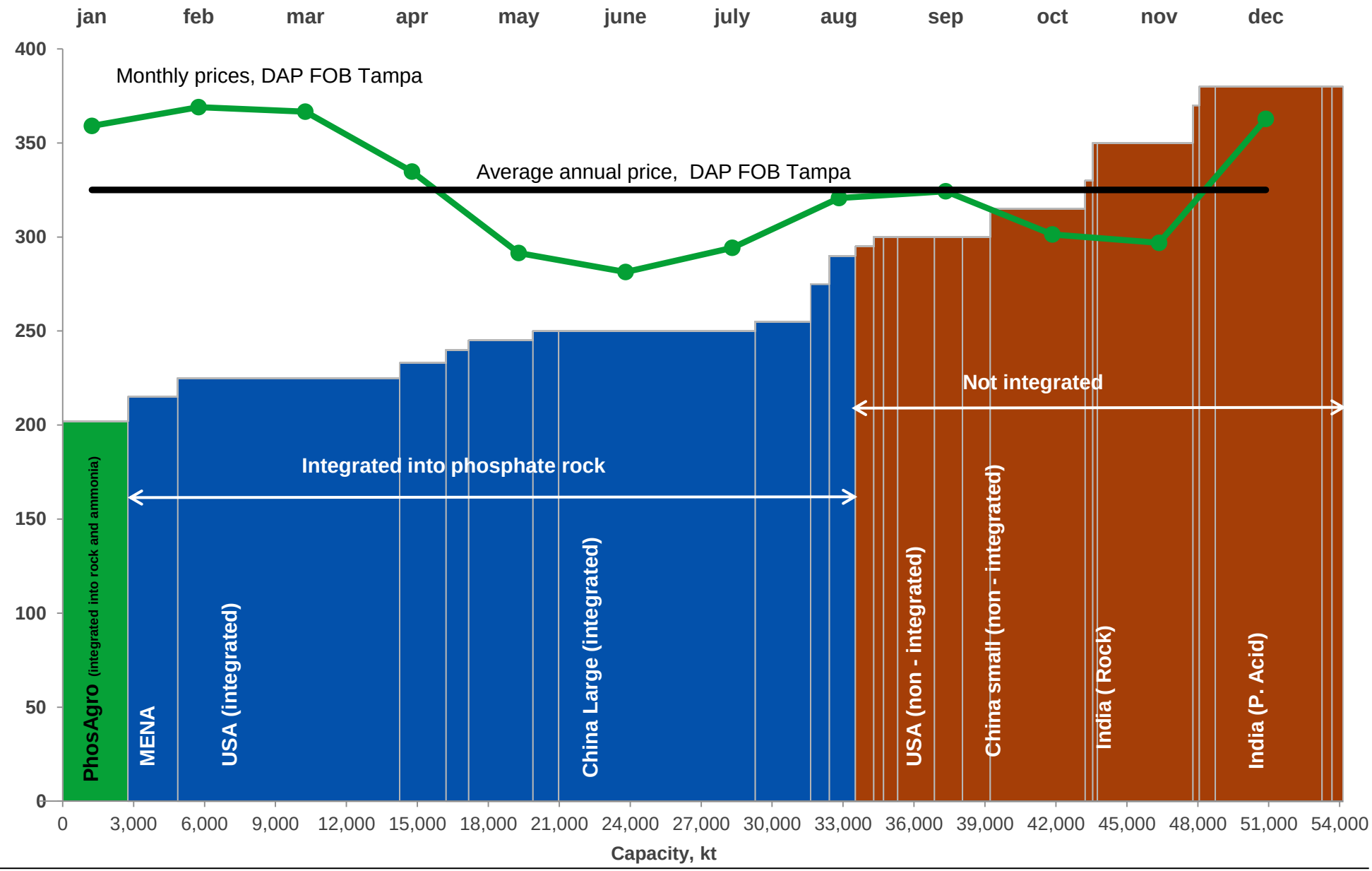
Note: * Projection

Estimated DAP production cash cost curve (US$/t, FOB) in Aug 2013



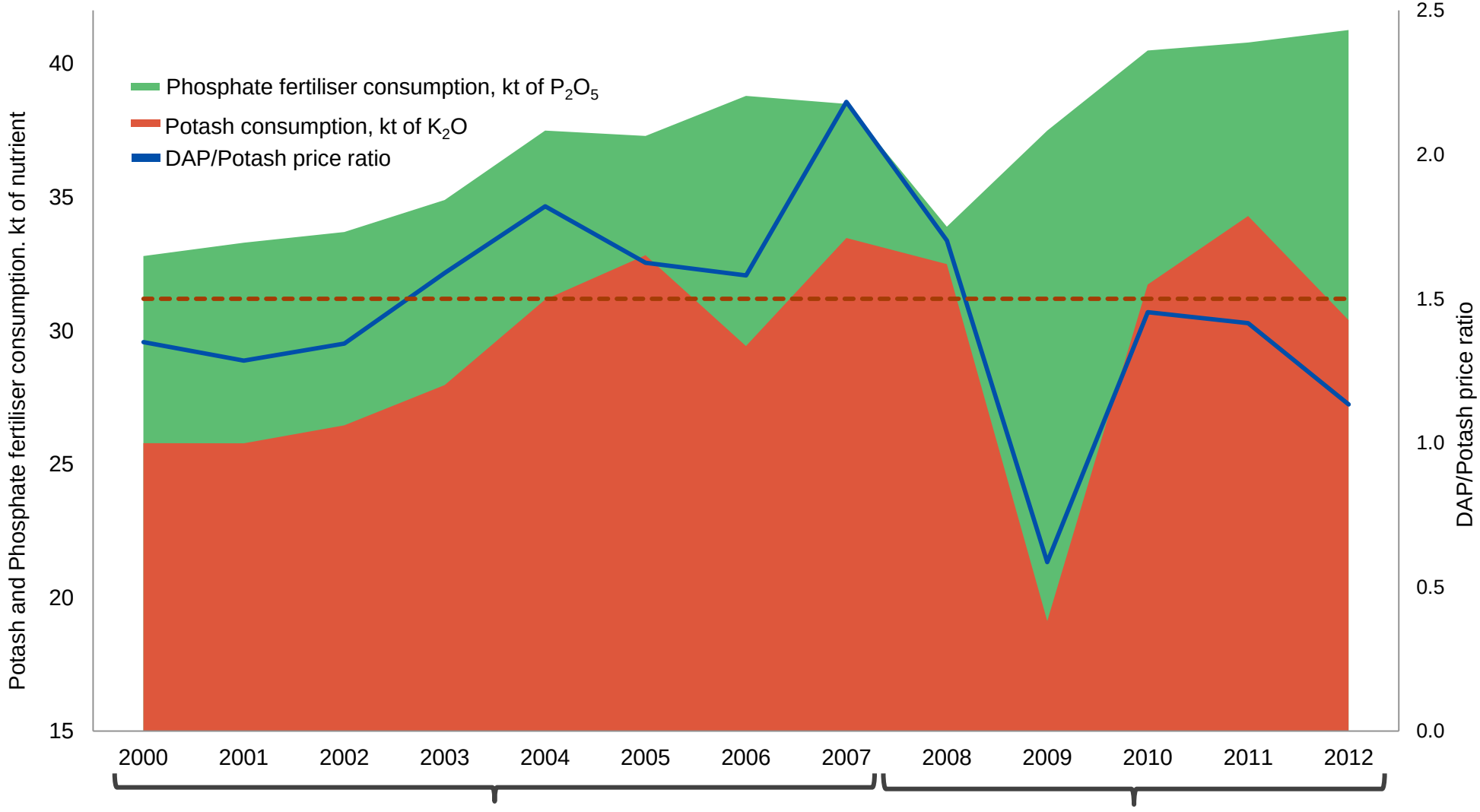
Source: companies data, Fertecon, Argus-FMB, China Fert Market Weekly, PhosAgro
Note: * Estimated based on feedstock prices as of August 2013
** actual as per Oracle OEBS data

Estimated DAP production cash cost curve (US$/t, FOB) in 2009



Source: companies data, Fertecon, Argus-FMB, China Fert Market Weekly, PhosAgro

DAP/Potash price ratio vs Phosphate and Potash consumption



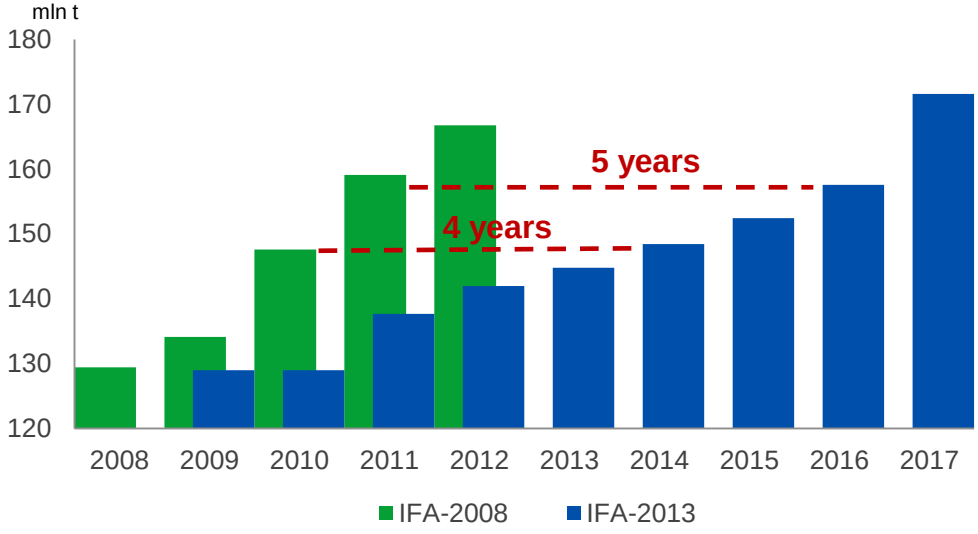
DAP/Potash Price Ratio > 1.5
Phosphate Consumption CAGR = 2.5%
Potash Consumption CAGR = 3.8%

DAP/Potash Price Ratio < 1.5
Phosphate Consumption CAGR = 5.0%
Potash Consumption CAGR = -1.7%

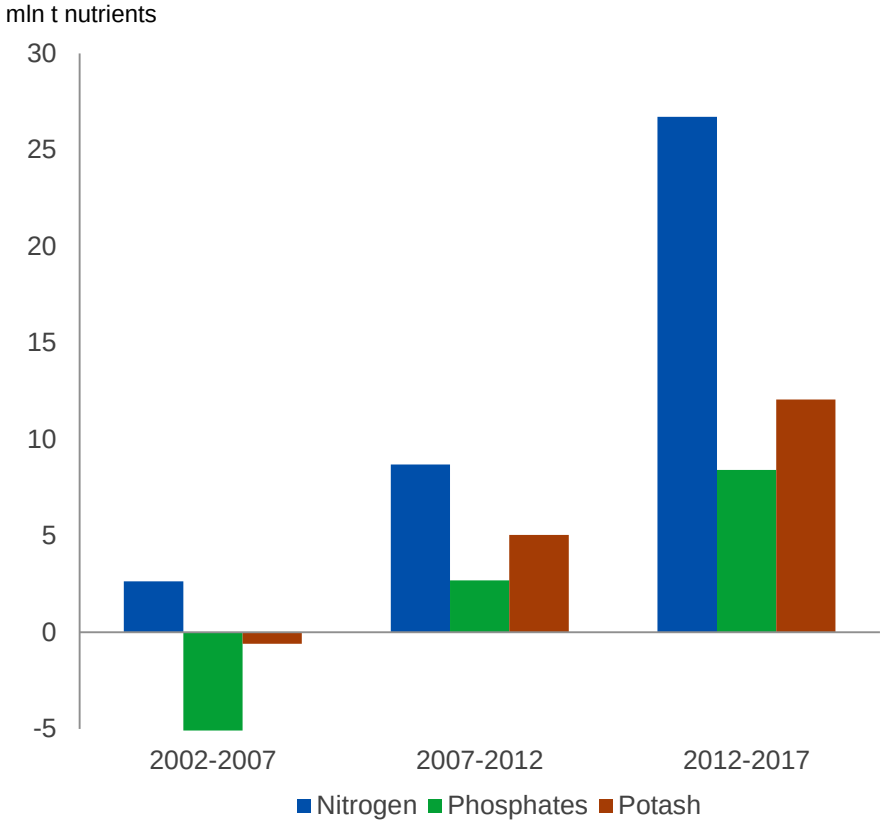
Source: Argus-FMB, FERTECON

Commissioning phosphate rock and phosphoric acid capacities

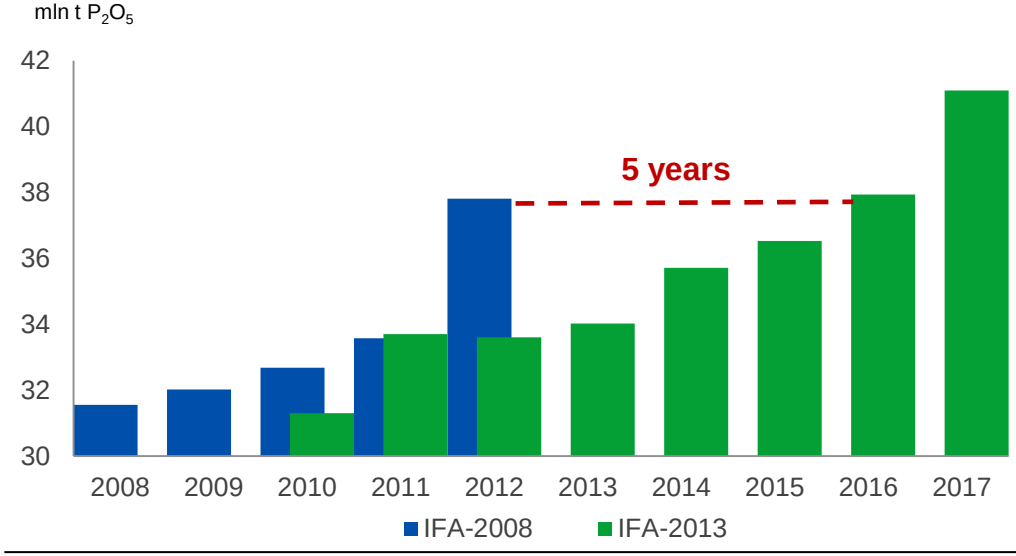
Delays in addition of new phosphate rock capacities (excl. China)



Changes in world fertiliser capacities (excl. China)



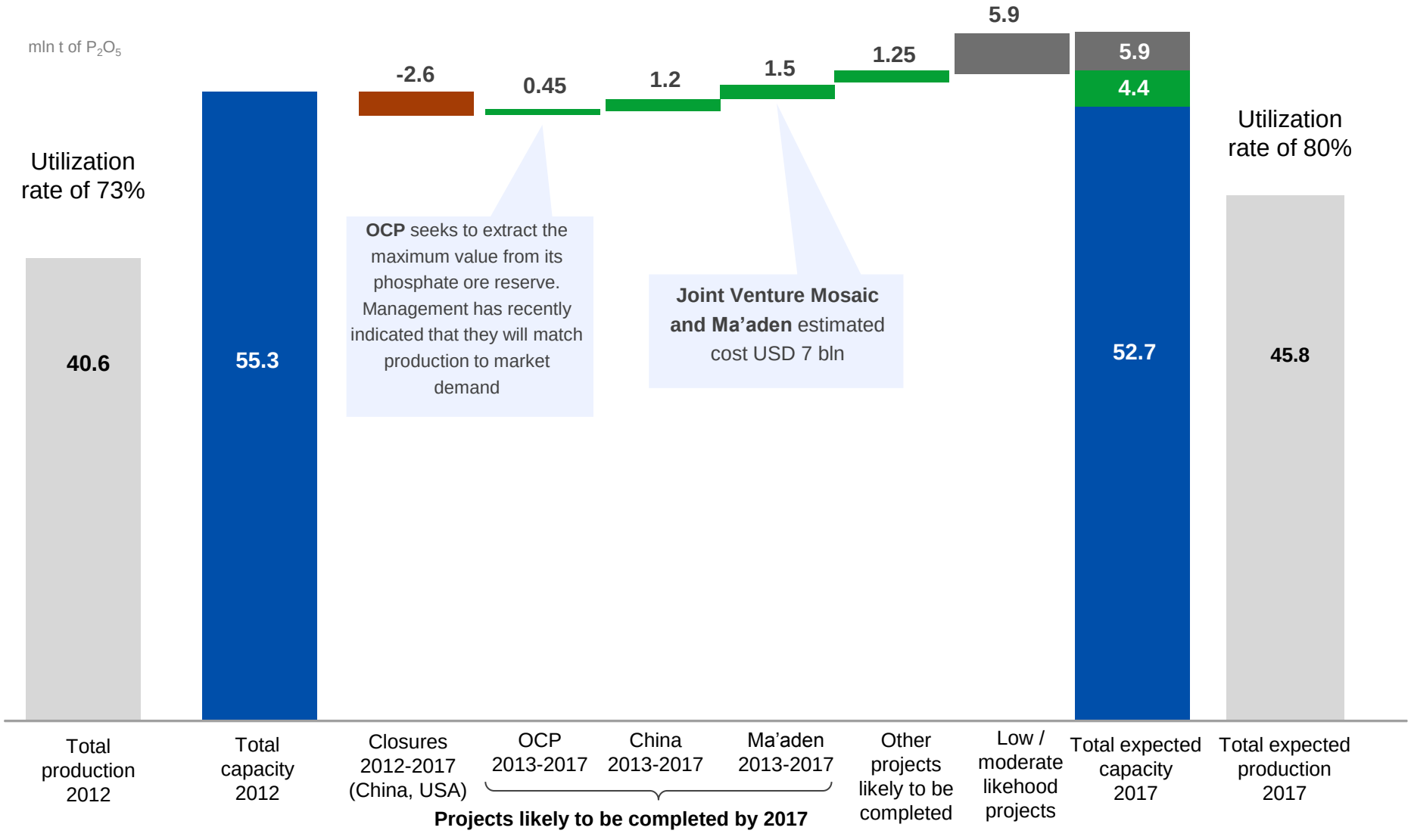
Delays in commissioning phosphoric acid capacities (excl. China)



- 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

Timing and completion of new capacities is uncertain



Note: (1) Projects with low / moderate likelihood of completion by 2016
Source: CRU, companies' data

2. Company Highlights

Control of world's premium phosphate resource base

Location[1]	PHOSAGRO Russia	Morocco	USA	Jordan	China	Tunisia
World Phosphate Rock Reserves, billion t	2.1	50	1.4	1.5	3.7	0.1
Ore type	Igneous	Sedimentary	Sedimentary	Sedimentary	Sedimentary	Sedimentary
Al_2O_3 content	13.0-14.0% High	Very low	Very low	Very low	Very low	Low to moderate
Minor Element Ratio (MER)[2]	0.02-0.04	0.02-0.04	0.05-0.1	0.02-0.03	More than 0.05	0.05
Cadmium content[3]	**Less than 0.1**	15-40	9-38	5-6	2	40
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

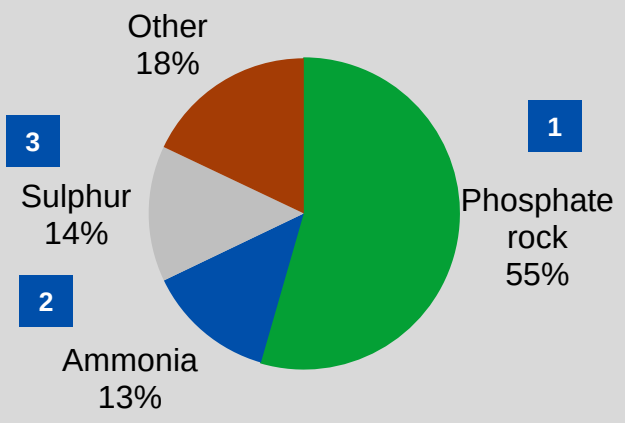
Positive effect on quality Negative effect on quality

Source: FERTECON, IMC, USGS 2011
(1) Primary global DAP/MAP producing regions
(2) Average Minor Element Ratio (MER) greater than 0.1 not sustainable for production of high quality DAP
(3) Average cadmium content in ppm

Self-sufficiency in key feedstocks

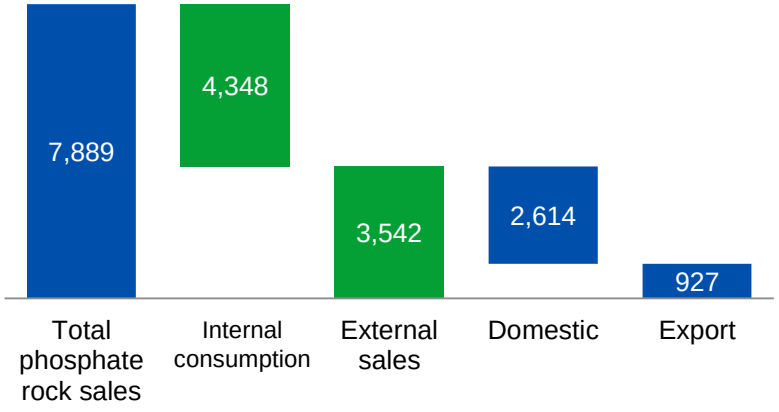
PhosAgro DAP production cash costs

2012, ExW, US$



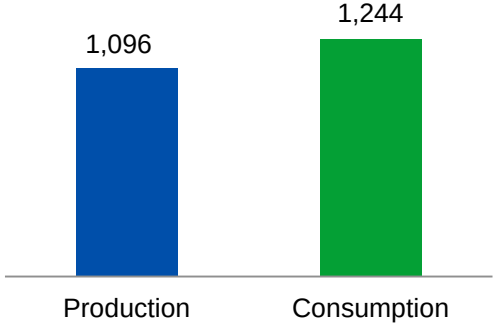
1 Phosphate rock: 100% self-sufficient

2012, kt



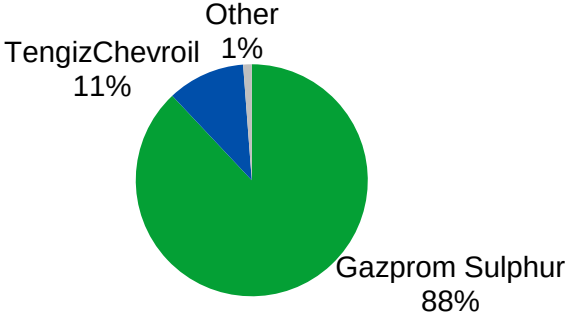
2 Ammonia: 88% self-sufficient

2012, kt



3 Sulphur: access to local supplies

Sulphur suppliers in 2012



Source: PhosAgro

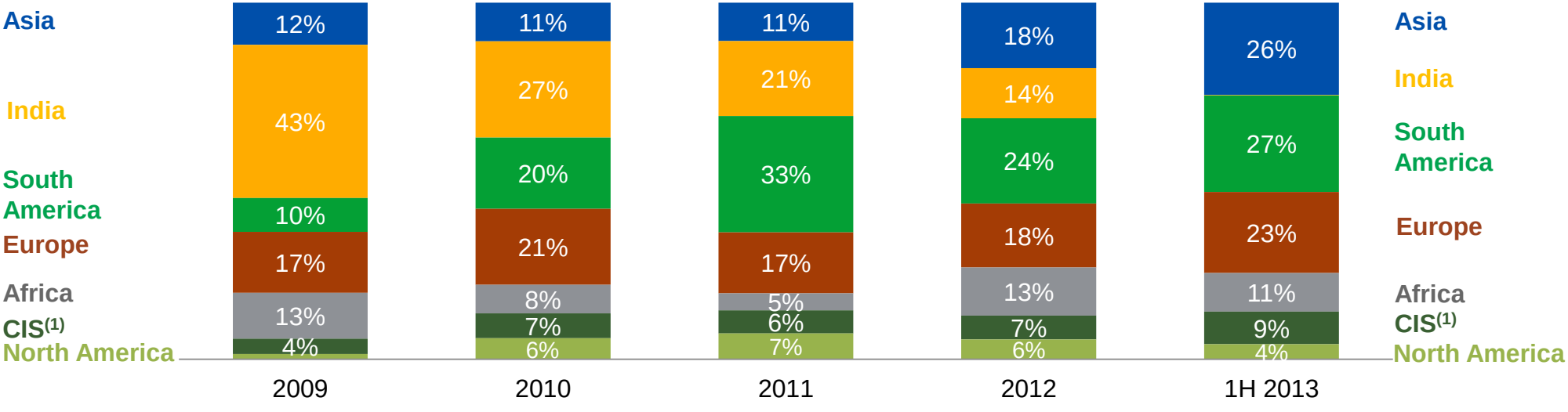
Flexible business model

Flexible business model

FLEXIBLE PRODUCTION CAPABILITIES → LOGISTICS ALTERNATIVES → NETBACK-DRIVEN SALES PRIORITISATION SYSTEM → EXPORT SALES NOT TIED TO OVERSEAS DISTRIBUTION NETWORK

Phosphate-based fertilisers and feed phosphate exports by region

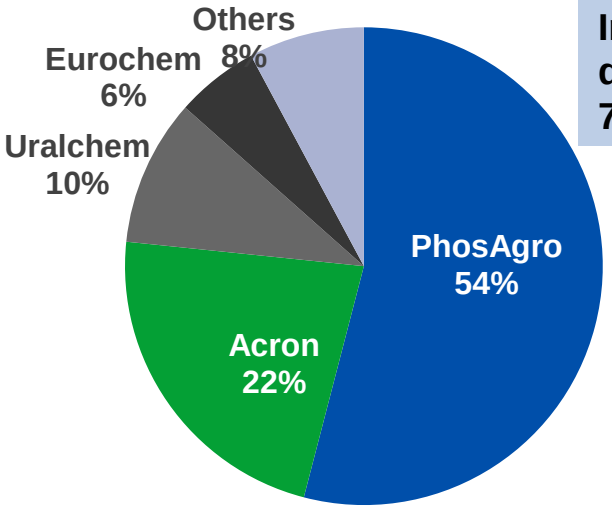
In volume terms



Source: PhosAgro
Note: (1) Excluding Russia

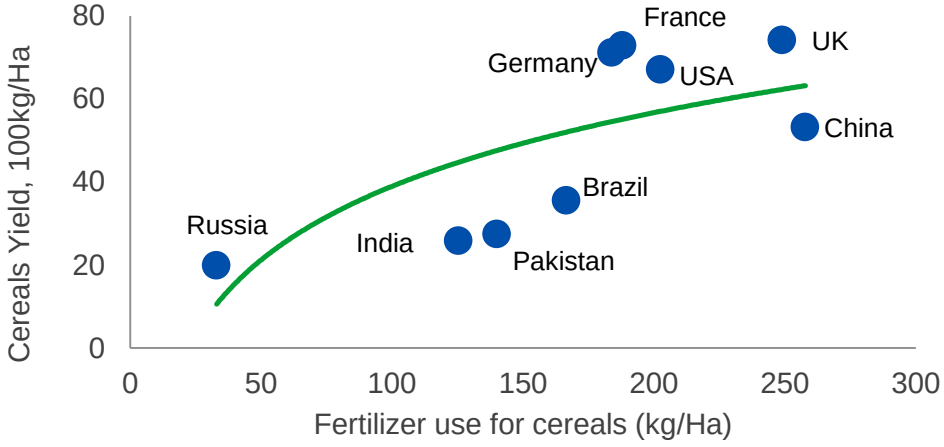
PhosAgro - the main phosphate fertiliser supplier for domestic market

#1 phosphate fertiliser supplier for domestic market

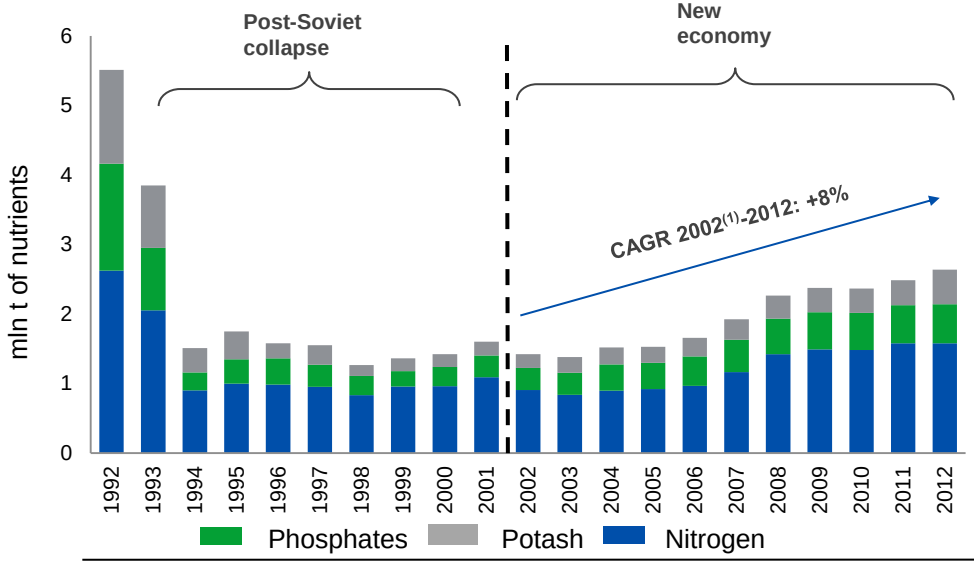


In 2012 PhosAgro domestic sales were 726 kt

Fertiliser effects on yields



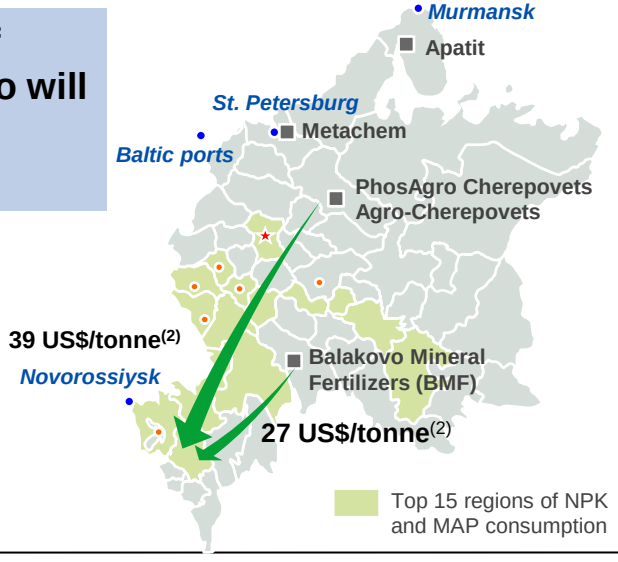
Fertiliser consumption in Russia



Ramp up of new NPK plant will cover domestic demand

Potential supply of NPK from Balakovo will decrease logistics costs

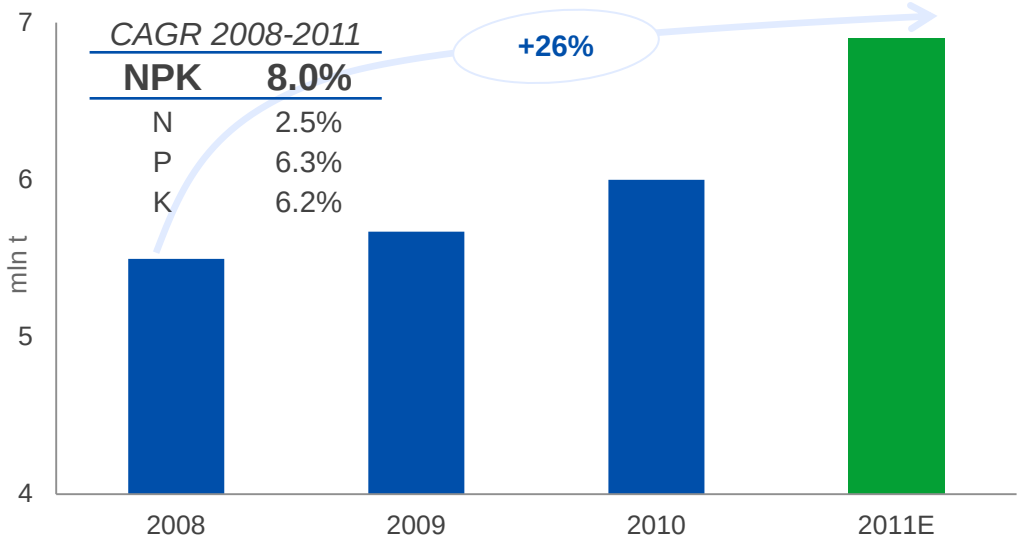
In 2012 domestic NPK sales were 499 kt



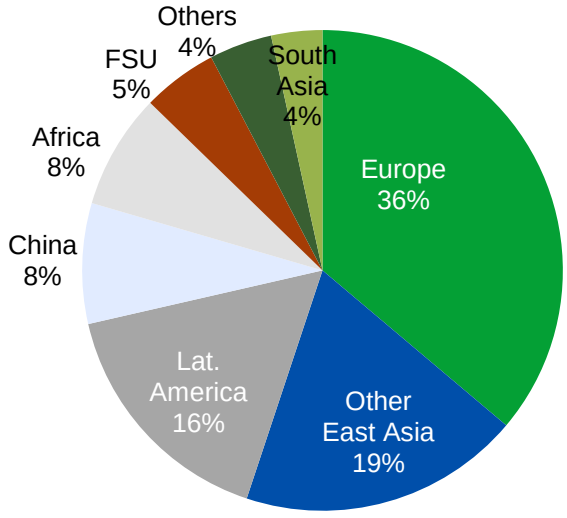
Source: IFA, World Bank, Azotecon, PhosAgro
Note: (1) First full year of PhosAgro operations
(2) Current railway tariff for transportation of one tonne of fertilisers to Krasnodar / Stavropol regions

PhosAgro's flexible model meets global demand for NPK

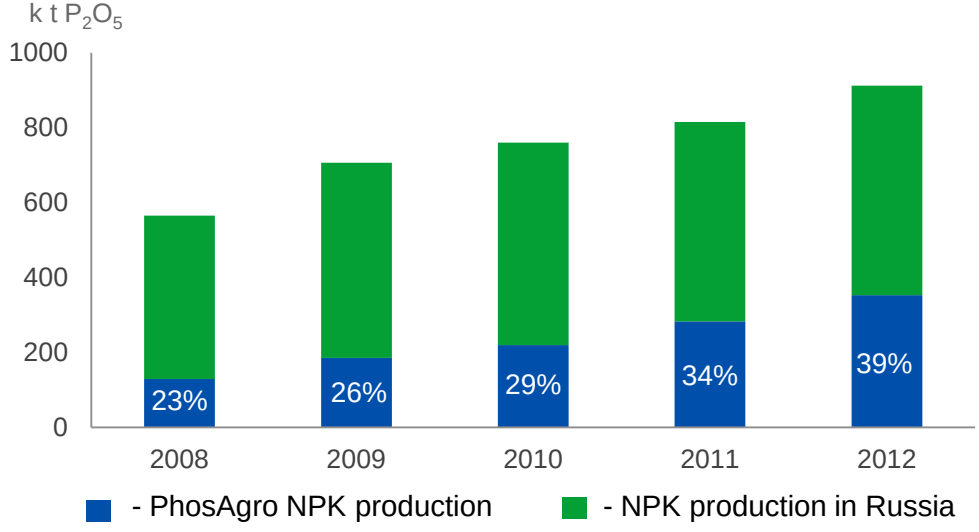
World NPK production



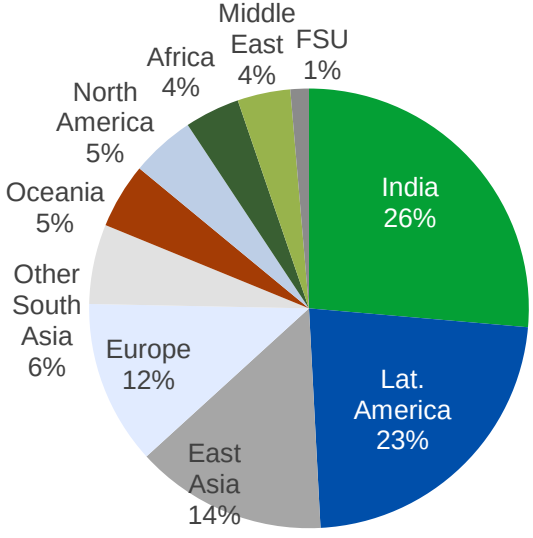
World NPK imports: ~2 mln t of P_2O_5 per annum(1)



NPK production in Russia



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



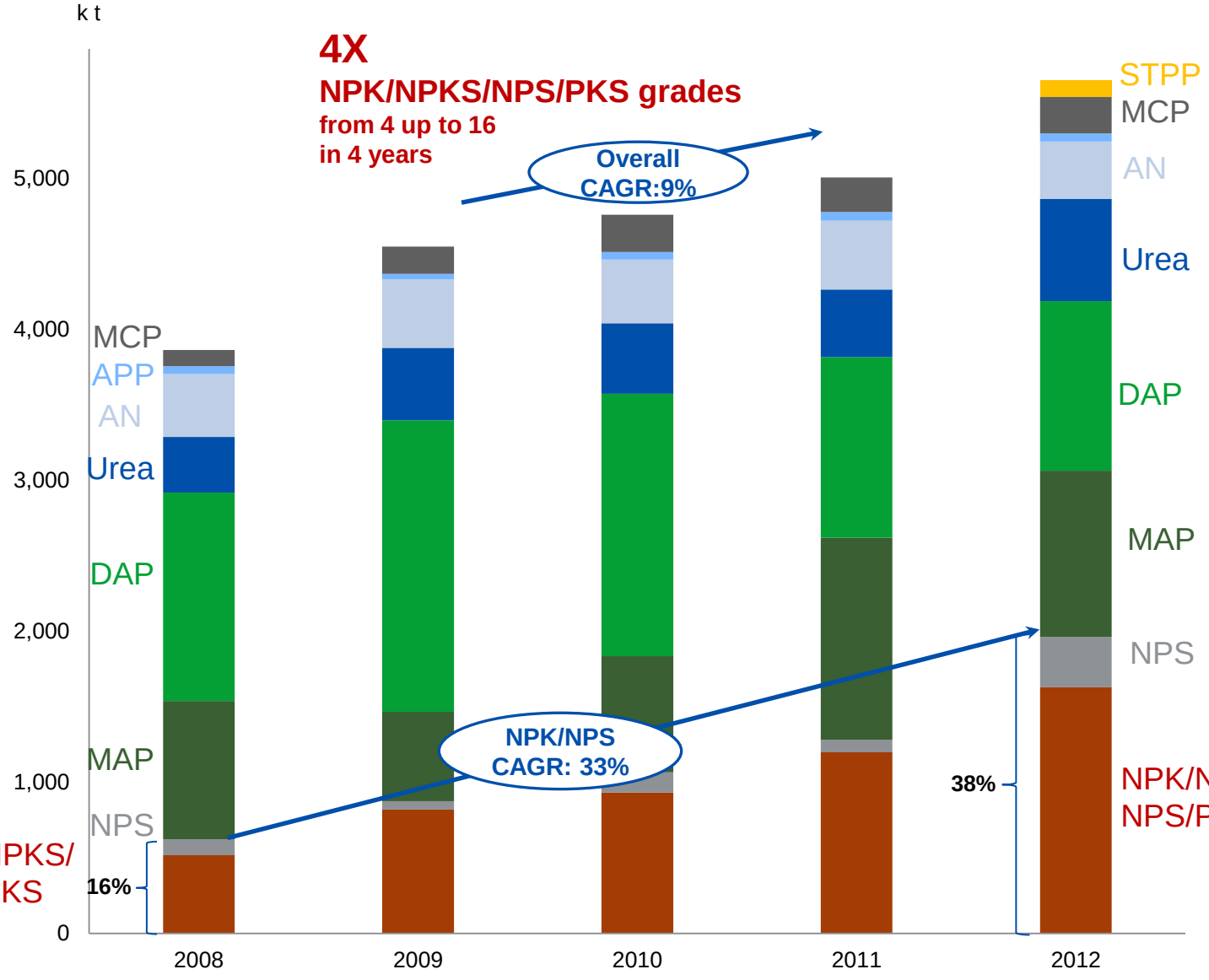
Source: IFA, Azotecon, PhosAgro
Note: (1) Average figures for 2005-2010

NPK High Margin Demand Drives PhosAgro's production mix

10 Downstream Products in 2008

23 Downstream Products in 2012

4X
NPK/NPKS/NPS/PKS grades
from 4 up to 16
in 4 years



NPS:
20:20:0:14
14:34:0:8

NPK/NPKS:
9:25:25:4
13:19:19

NPS:
20:20:0:14
16:20:0:14
14:34:0:8
15:36:0:8

NPK/NPKS:
9:25:25:4
10:26:26:4
15:15:15:8
10:20:20
13:13:21
16:16:8
13:19:19
12:32:12
6:20:30
12:32:16

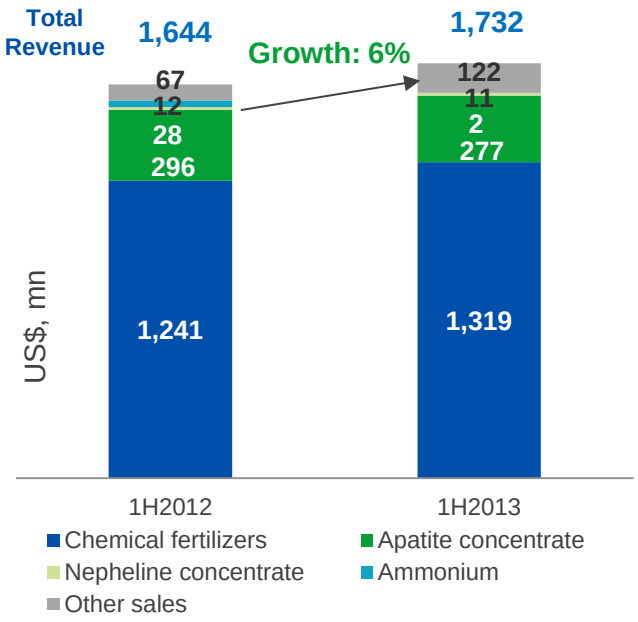
PKS:
0:20:20:6
0:15:46:7

Note: as of 31 December 2012

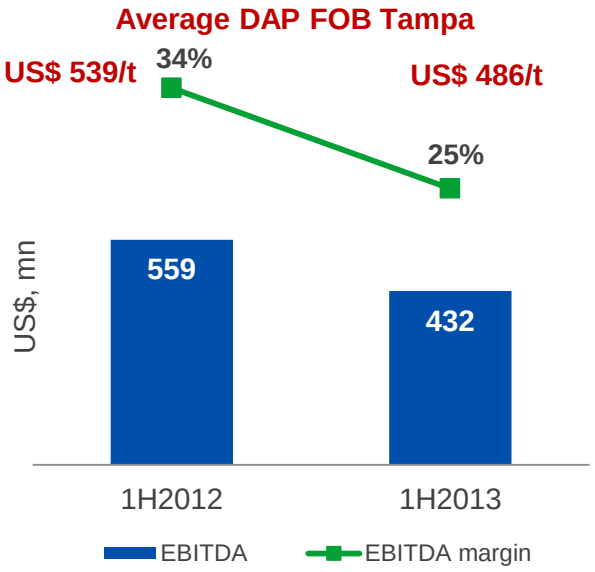
3. Financial Overview

Revenue, EBITDA and Net Profit

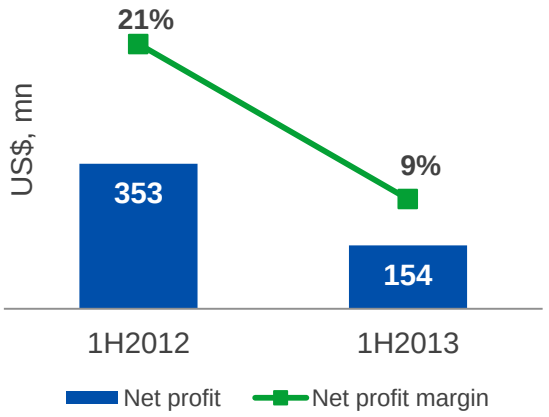
Revenue (H1 2012/2013)



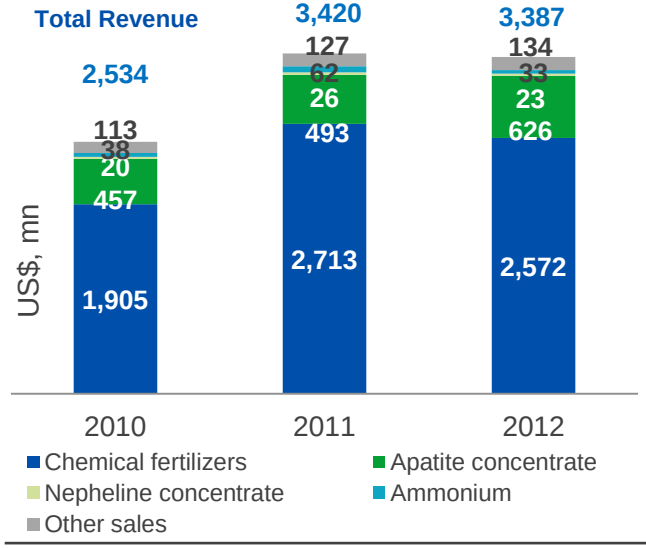
EBITDA (H1 2012/2013)



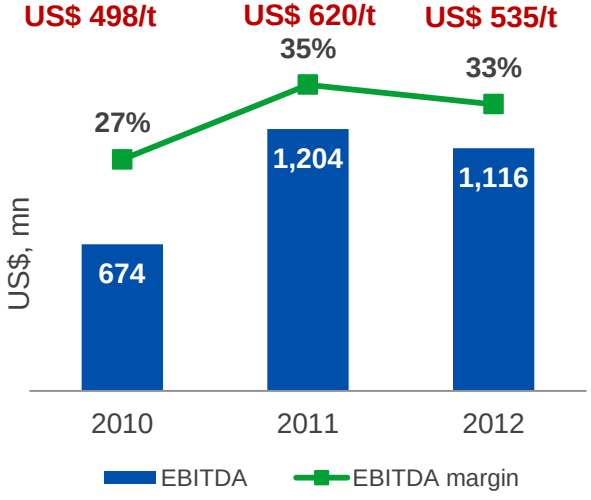
Net Profit (H1 2012/2013)



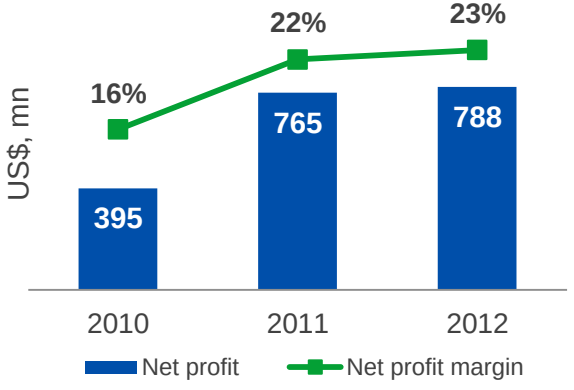
Revenue (FY 2010-2012)



EBITDA (FY 2010-2012)



Net Profit (FY 2010-2012)

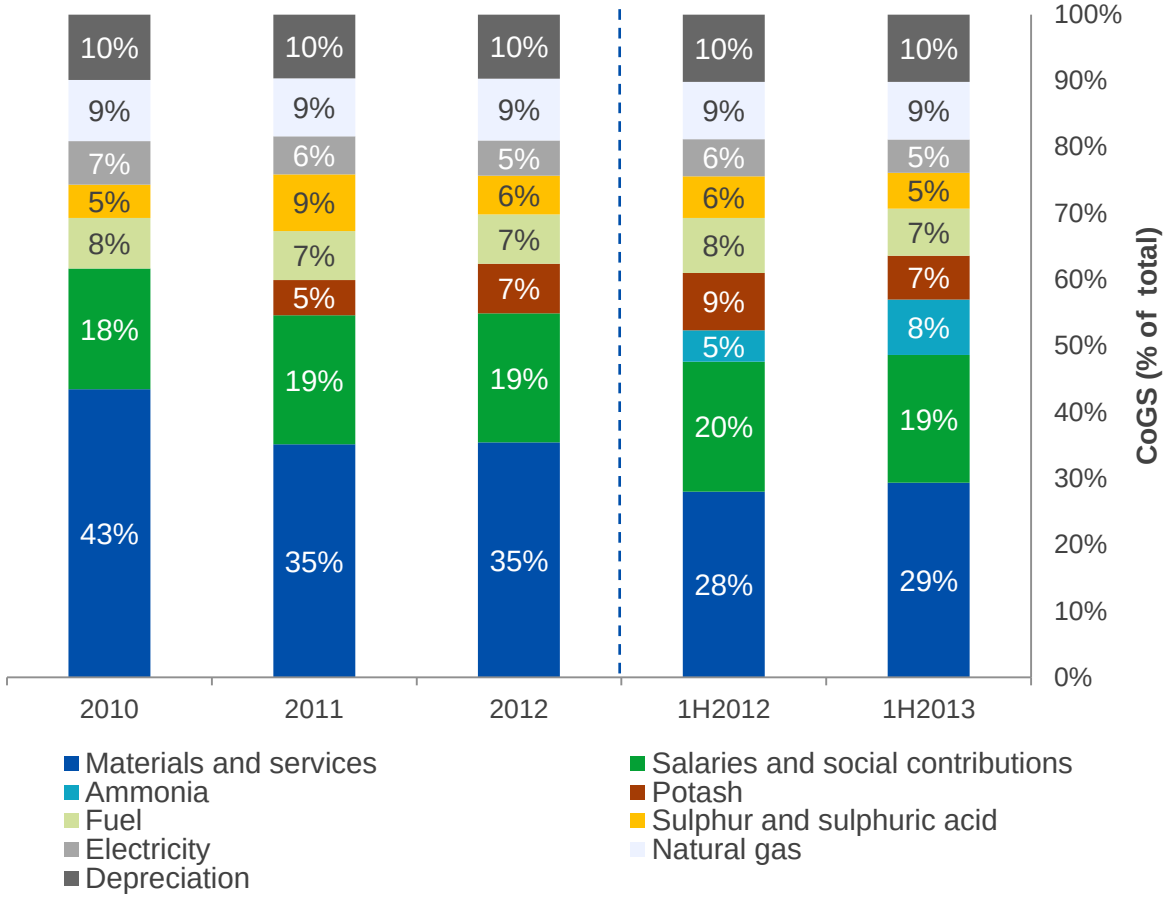


Note: Applied average USD/RUB exchange rates: 30.37 (2010), 29.39 (2011), 31.09 (2012), 30.64 (1H2012), 31.02 (1H2013)

Cost of Goods Sold

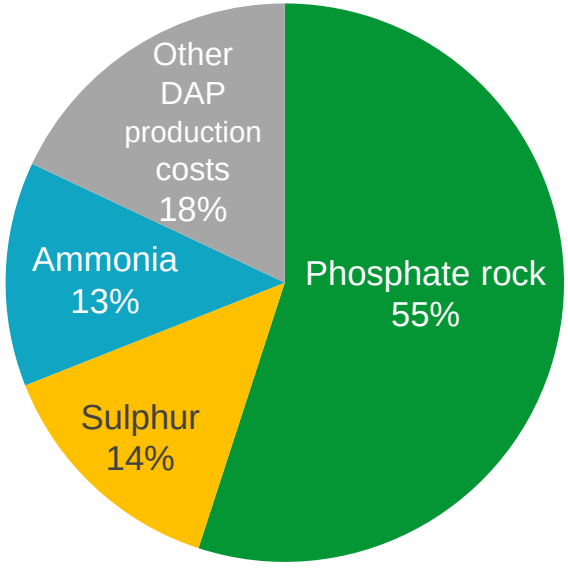
Cost of Goods Sold and Sales Volumes

Sales (kt)	2010	2011	2012	1H2012	1H2013
Fertilisers(1)	3,842	4,062	4,243	2,123	2,307
Phosphate Rock	3,712	3,153	3,542	1,677	1,479



DAP production cash cost breakdown

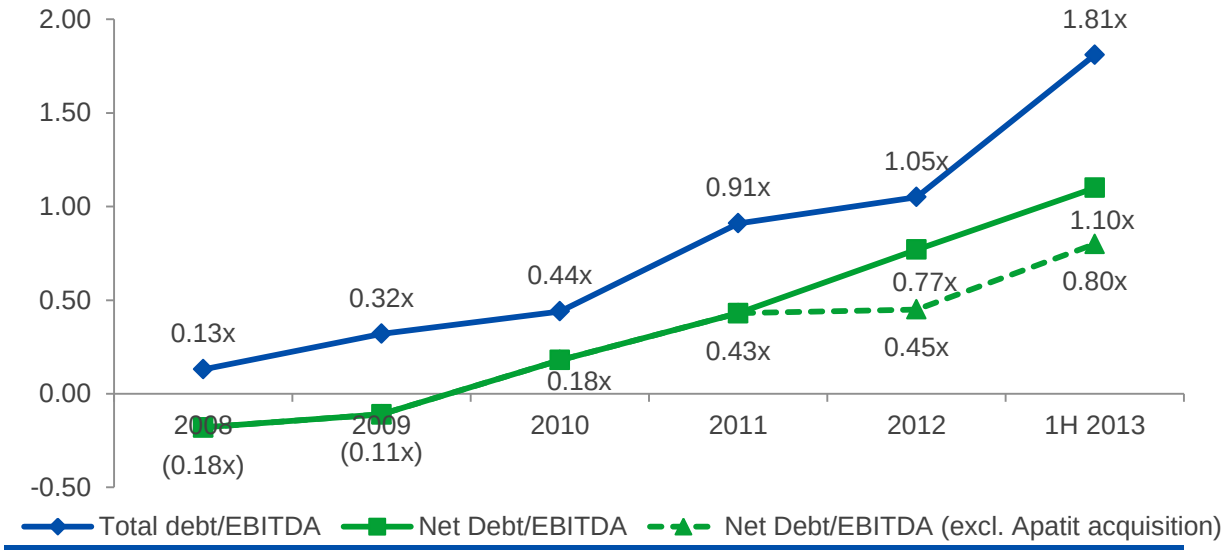
ExW, US$, 2012



Source: PhosAgro
Note: Excluding change in stock of WIP and finished goods. Applied average USD/RUB exchange rates: 30.37 (2010), 29.39 (2011), 31.09 (2012), 31.02 (1H2013)
(1) Phosphate-based fertilisers and feed phosphate (MCP)

Overview of debt

Total debt and net debt / annualised EBITDA



Public debt

Eurobonds issued on February 2013 (LPN)

Issue size			$US 500 mln
Corporate ratings	Baa3 Moody's	BBB- S&P	BB+ Fitch
Tenor			5 years
Coupon frequency			Semi annually
Spread			mid swaps+ 320 bps; UST + 335.8 bps
Coupon rate			4.204%
Maturity Date			02/13/2018

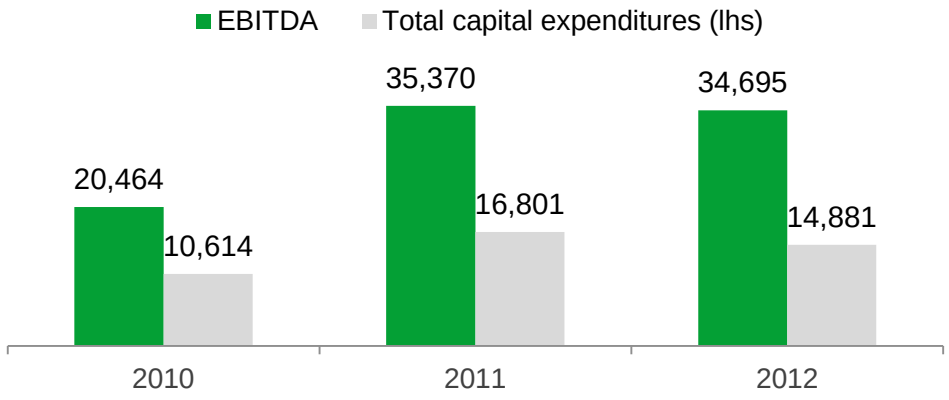
Comment

- PhosAgro carefully manages its balance sheet and cost of financing for all current initiatives, including both the consolidation of subsidiaries and growth projects
- Net debt / annualised EBITDA temporarily increased to slightly above the target level of 1x due to the significant cash outflow for the Apatit minority shareholder buy-out as result of mandatory tender offer, which was funded through PhosAgro's successful long-term, USD 500 million debut Eurobond issue
- Excluding effect of Apatit buyout (under normal course of business), net debt/EBITDA would be 0.80x at 30 June 2013
- A group of PhosAgro shareholders completed a secondary public offering of existing shares and GDRs, which was followed by an additional share issue by PhosAgro in which the selling shareholders re-invested 45% of the proceeds from the SPO, giving the Company an additional USD 210 million of financing in April 2013

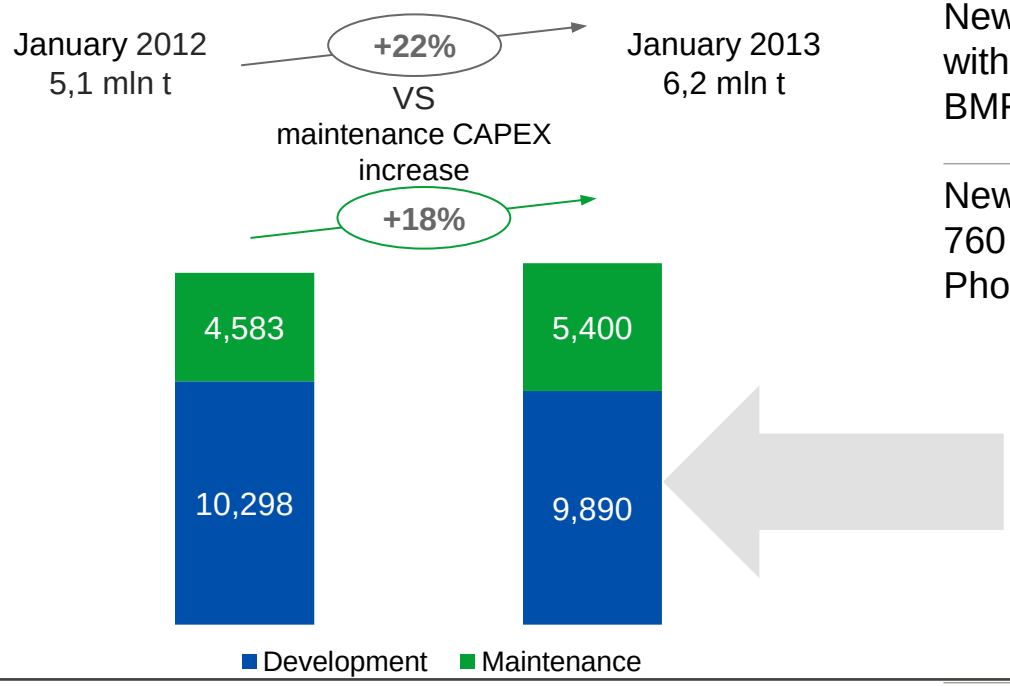
Source: PhosAgro

CAPEX 2013

EBITDA vs Capex[1]



Downstream end-products overall capacity increase



Major expansion projects

Project	RUB mln	To be spent over
New PKS production facility with 100 kt pa at Metachem	303	2013 - 2015
New NPK production facility with 450 kt pa capacity at BMF	6,325	2013 - 2016
New ammonia plant with 760 kt pa capacity at PhosAgro-Cherepovets.	23,447	2013 - 2016
Including licensing and engineering feasibility which will be added to CAPEX as soon as contract is signed	2,581	

Source: PhosAgro
Note: (1) Cash flows used in operations before income tax and interest paid
Applied average USD/RUB exchange rates: 30.37 (2010), 29.39 (2011), 31.09 (2012)

Dividend Policy

Dividends

Post-IPO dividends	per share, RUB	per GDR, US$
2011 April-December	**57.5**	**0.61**
9M 2012	63	0.67
Final 2012 Dividend	19.9	0.21
2012 Total	**82.9**	**0.88**
1H2013 Recommended	**15.45**	**0.17**

Total paid

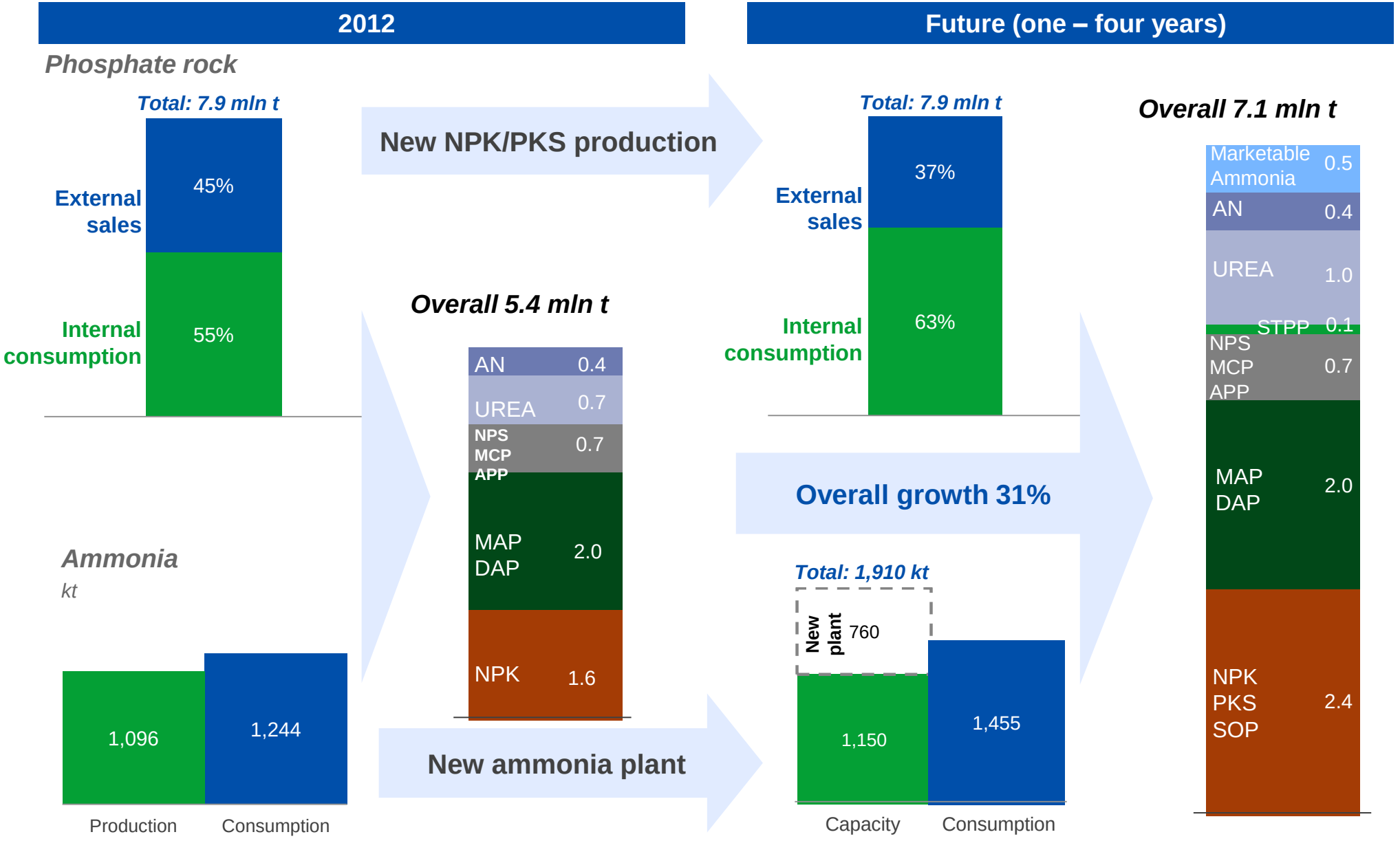
Post-IPO dividends paid	Dividends, RUB bln
2011	7.2
2012	10.3
Total	**17.5**

- Dividend per share increased 44%
- Dividend policy aimed at paying dividends of between 20% and 40% of annual consolidated net income
- Post-IPO dividend yield > 7%*
- calculated in accordance with IFRS
- Total post-IPO payout ratios: 49% from net profit attributable to shareholders; 42% from total net profit
- Board of Directors has recommended RUB 2.5 bln final dividend for 2012
- August 21, 2013 Board of Directors recommended that the Company's shareholders approve a dividend of RUB 15.45 per share (RUB 5.15 per GDR)

Source: PhosAgro
*Based on average GDR price for 2012 of USD 11.65
For 1H2013 recommended dividends per share applied average USD/RUB exchange rate 31.02 (1H2013)

4. Future potential

Long term strategy for volume growth of fertilisers

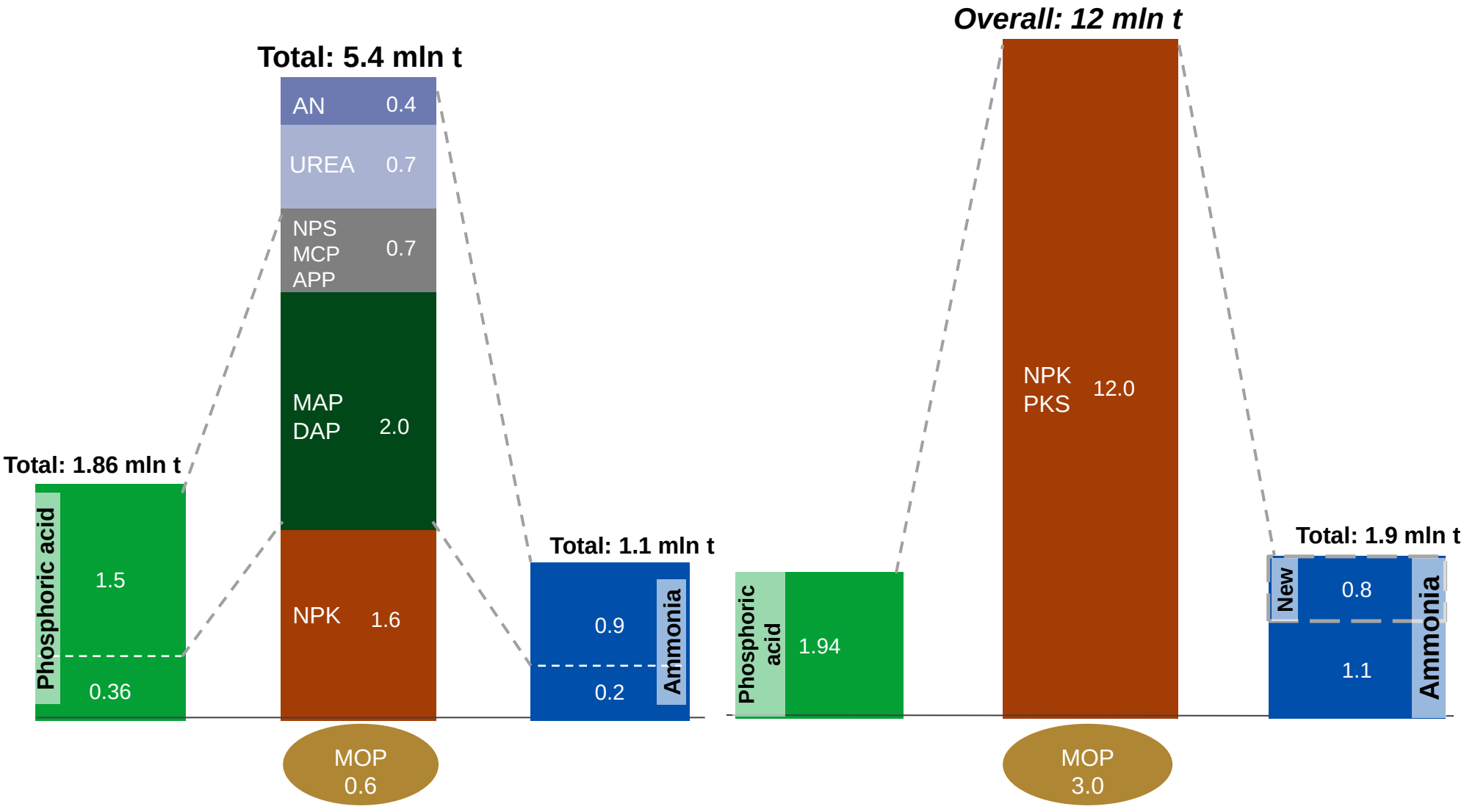


Source: PhosAgro

Long-term NPK potential

2012

Potential NPK/PKS production of 12 mln tpa



Source: PhosAgro

PHOSAGRO

Thank You

Appendix

High quality production assets

Apatit

Resources[1]

Apatite-nepheline ore: 2 060 mt

Al_2O_3: 283 mln t

REO[2]: 7.5 mln t

Capacity by product

Phosphate rock: 7.8 mln t

Nepheline: 1.7 mln t

Highlights

- Largest standalone global producer of high grade phosphate rock[3]
  - Standard grade – P_2O_5 content of 39%
  - Superior grade – P_2O_5 content of 40%
- Lowest hazardous element content among the major phosphate rock producing regions; benefits from low levels of radioactivity

Balakovo Mineral Fertilisers (BMF)

Capacity by product

MAP/DAP/NPS: 1.2 mln t

Feed phosphate (MCP): 240 kt

Highlights

- Leading European producer of feed phosphate MCP
- The only Russian producer of MCP

PhosAgro-Trans (Transportation)

- Operates around 7,000 rail cars, of which the majority are mineral hoppers

PhosAgro-Region (Domestic distribution)

- Owns and operates eight distribution centres in Russia located in proximity to major agricultural regions of Russia (processed over 1.2mn tonnes in 2012, largest distributor in Russia)

Cherepovets production complex - largest in Europe

PhosAgro Cherepovets

Capacity by product

MAP/DAP/NPK/NPS: 3.0 mln t

Ammonia: 1,100 kt

AN/AN-based: 450 kt

Urea: 500 kt

APP: 140 kt

AlF_3: 24 kt

Highlights

- Largest standalone phosphate fertilisers producer in Europe
- Largest standalone producer of sulphuric and phosphoric acids in Europe
- One of the largest standalone producers of urea, ammonia, AN/AN-based fertilisers in Russia

Agro-Cherepovets

Capacity by product

Urea: 480 kt

Highlights

- One of the most modern urea capacity in Russia

Metachem

Capacity by product

Sulphuric acid: 215 kt

Phosphoric acid: 80 kt of P_2O_5

Sulphate of potash (SOP): 80 kt

Sodium tripolyphosphate (STPP): 130 kt

Highlights

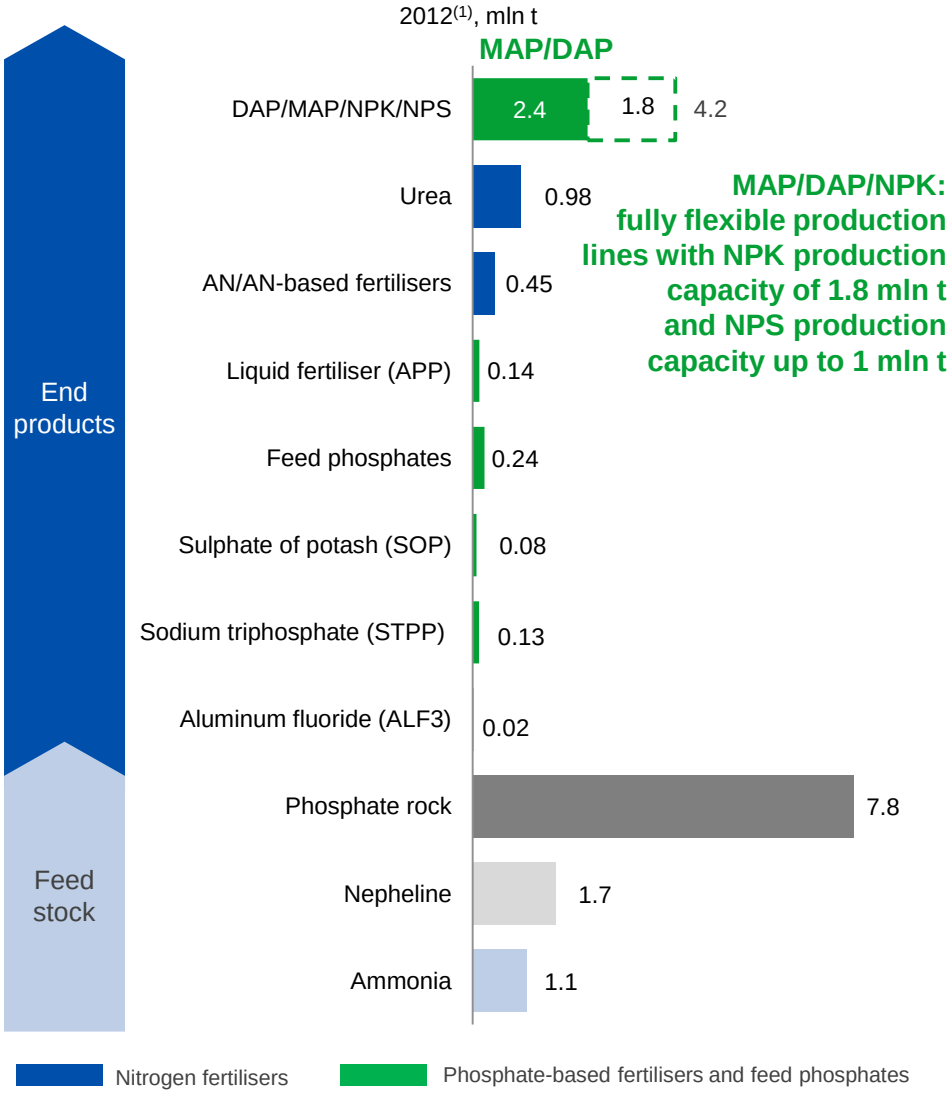
- Unique SOP granulating technology in Russia
- Close proximity to Saint-Petersburg sea port

Source: PhosAgro (capacity as of December 31, 2011), FERTECON, European Commission

Note: (1) Measured and indicated, PhosAgro, IMC, JORC report June 2011
(2) Rare earth oxides
(3) Defined as phosphate rock with P_2O_5 content over 35.7%

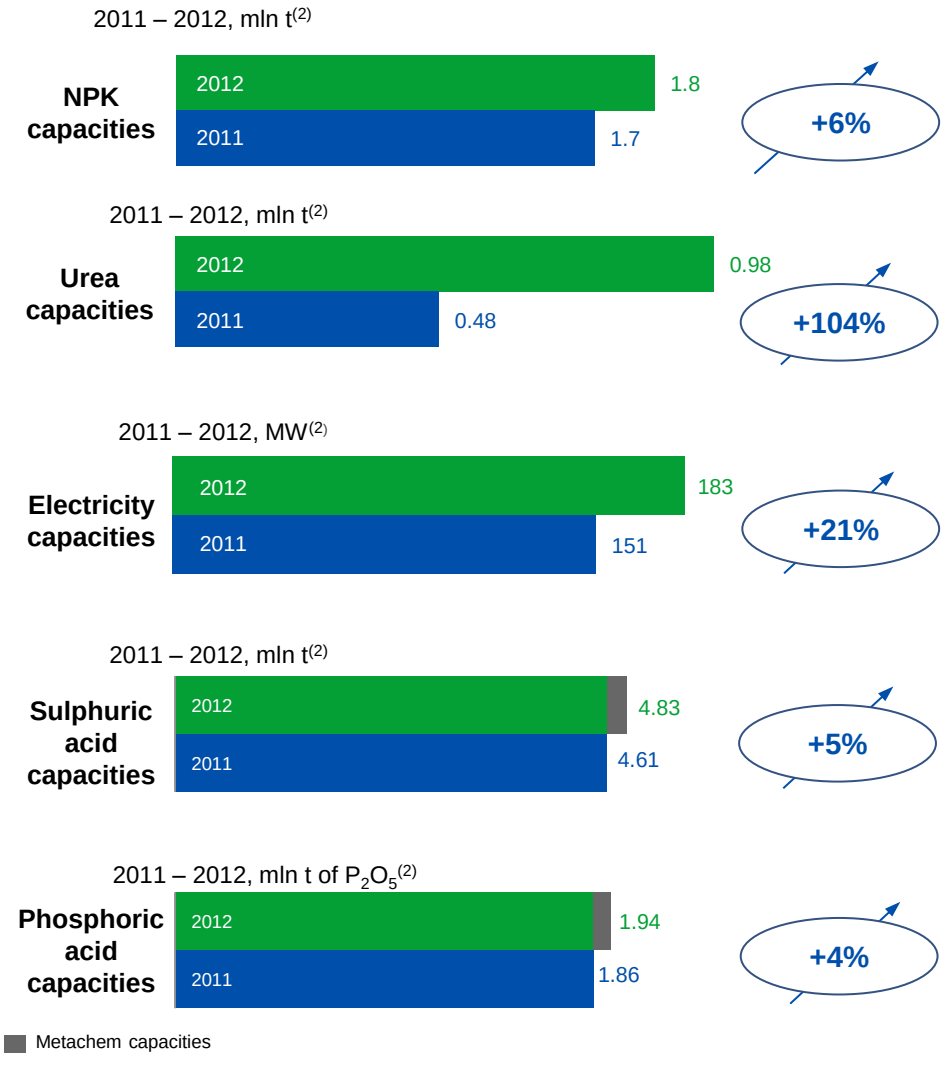
Flexible Production Capacity

PhosAgro Production Capacities



Source: PhosAgro

Capacity Growth 2011-2012



Source: PhosAgro

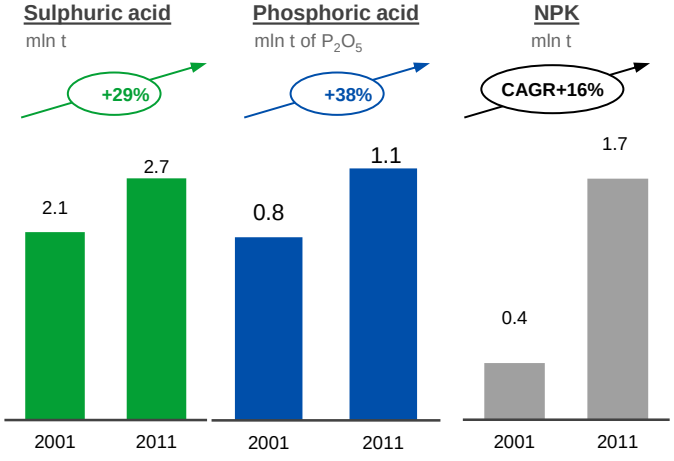
Note: (1) production capacities as of 31 December 2012
(2) as of 31 December 2011 and 31 December 2012

Management with strong track record of organic growth and efficiency improvement

Technical modernisation at Ammophos

RATIONALE

- Efficiency improvement
- Growth of production volume

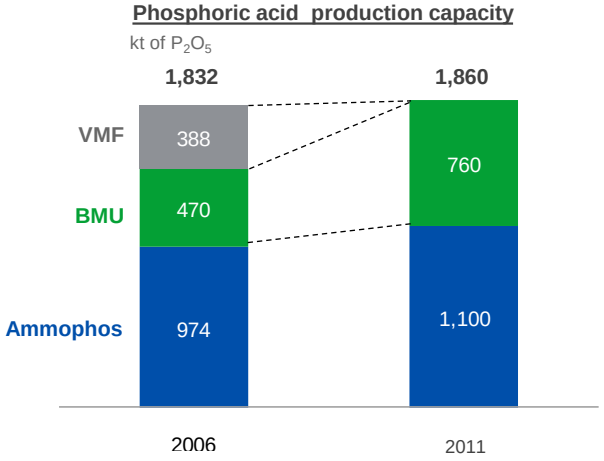


Source: PhosAgro

Divestment of Voskresensk Mineral Fertilisers

RATIONALE

- Replacement of high cost old capacity with low cost new capacity

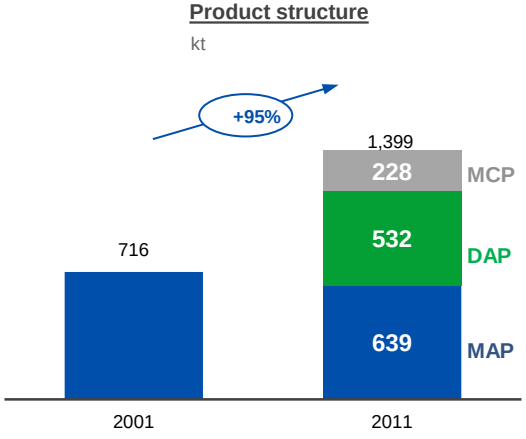


Source: PhosAgro

Technical modernisation at BMF

RATIONALE

- Efficiency improvement
- Product range expansion

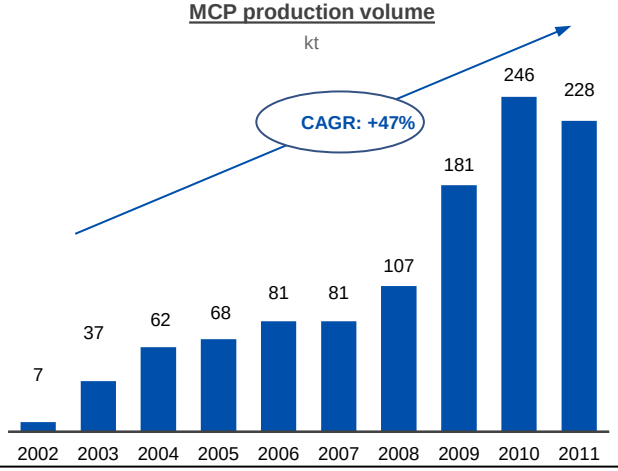


Source: PhosAgro

Launch of feed phosphate (MCP) production at BMF

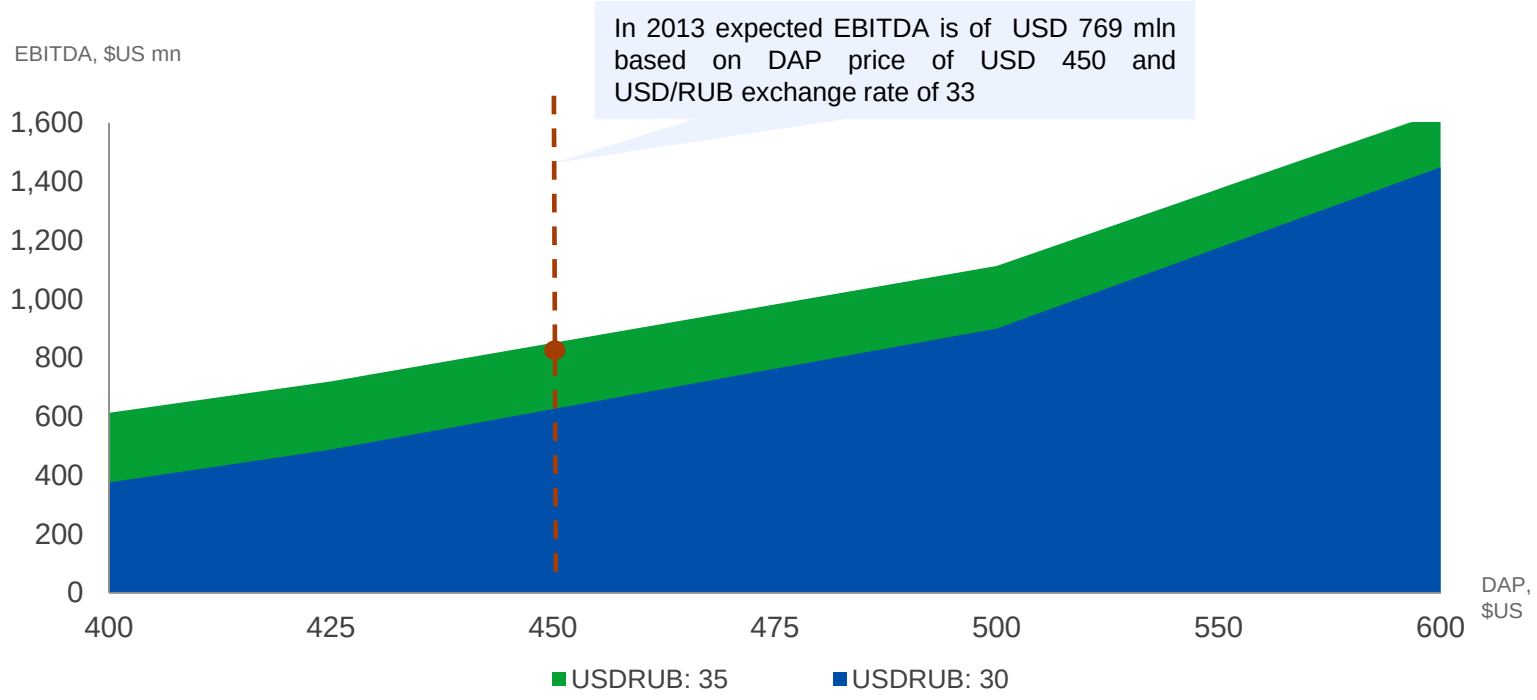
RATIONALE

- Launch of new value added product



Source: PhosAgro

EBITDA sensitivity



in mln USD		2013E DAP FOB Baltic price, $/tonne						
		400	425	450	500	530	550	600
RUB/USD exchange rate	30	376	488	626	763	900	1,175	1,449
	31	430	541	677	812	948	1,220	1,492
	32	480	590	724	859	993	1,262	1,532
	33	527	636	769	903	1,036	1,302	1,569
	34	571	679	812	944	1,076	1,340	1,604
	35	613	720	851	982	1,113	1,375	1,637

Source: PhosAgro

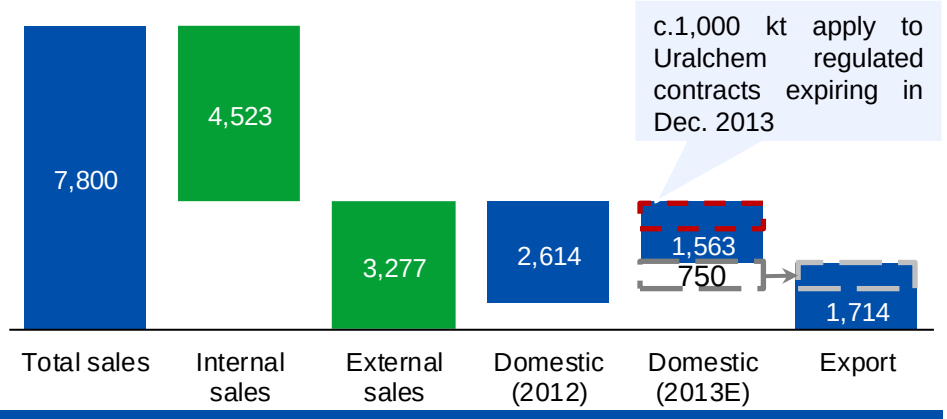
Phosphate rock market liberalisation

Comments

- Before 2013 Russian domestic phosphate rock prices were inflated to PPI
- Starting from 2013, the liberalisation of the phosphate rock market takes effect
- In accordance with the new rules, domestic prices match export prices
  - However, in 2013 there will be a discount due to a 30% contribution of inflated domestic prices from the the previous year

Projection of PhosAgro rock production breakdown in 2013

2013, kt



Phosphate rock price under formulas recommended by Federal Antimonopoly Service

Phosphate rock: 30/70 formula calculations case study

70% x Phosphate rock Morocco FOB Price x 1.32
+
30% x Phosphate rock last year domestic price x PPI

Contribution of Moroccan Price, US$	**151**
Morocco FOB price (Casablanca) as of 5 March 2013, US$	163
Contribution of Domestic Price, US$(2)	**44**
Phosphate rock price recommended by Federal Antimonopoly Service for 2013, US$	**195**

Phosphate rock: 35/35/30 formula calculations case study

35% x Phosphate rock Minimum Export Price
+
35% x Phosphate rock Morocco FOB Price x 1.32
+
30% x Phosphate rock last year domestic price x PPI

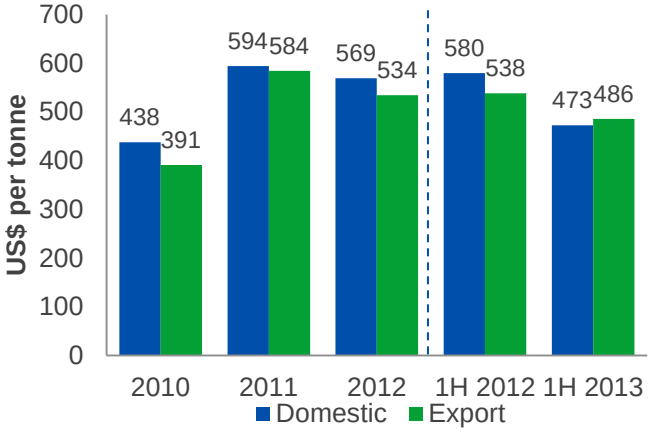
Contribution of minimum export price, US$	**82**
Phosphate rock Minimum Export Price, US$	233
Contribution of Moroccan price, US$	**75**
Morocco FOB price (Casablanca) as of 5 March 2013, US$	163
Contribution of Domestic Price, US$(2)	**44**
Phosphate rock price recommended by Federal Antimonopoly Service for 2013, US$	**201**

Source: PhosAgro
Note: (1) Applied RUB/US$ exchange rate of 31.1, phosphate rock equaled to Apatit EXW less freight costs for transportation from Murmansk to Apatit
(2) projected domestic price calculated as average 2012 price (RUB 4,301) multiplied by 2012 PPI (105.1%)

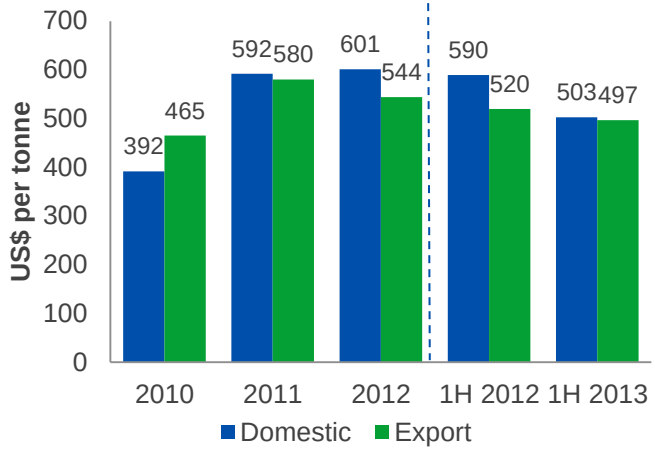
Revenue per tonne and volume developments for key products

DAP

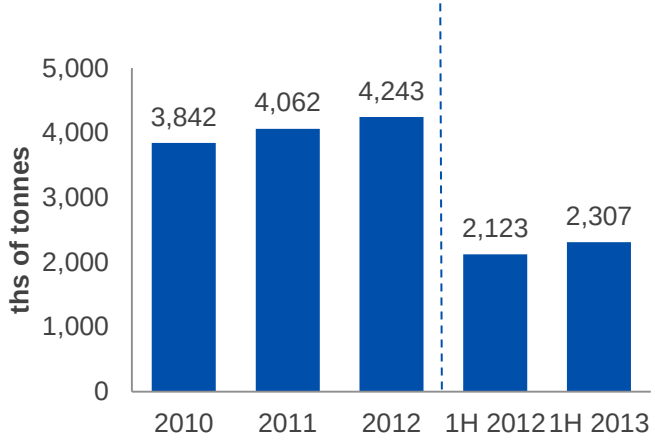
Peak 2008 FOB Baltic price: US$1,190/t [1]



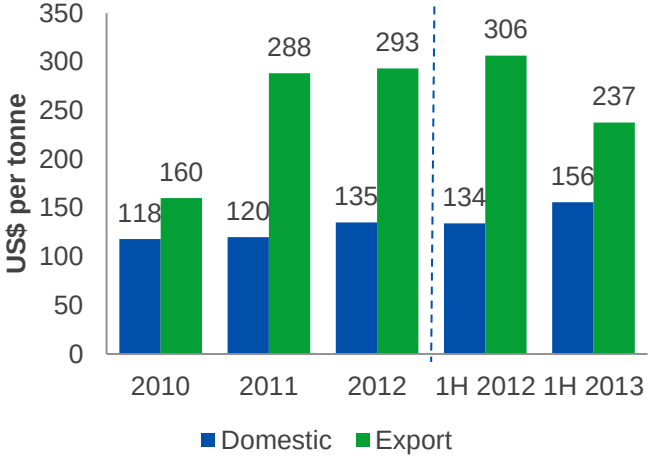
MAP



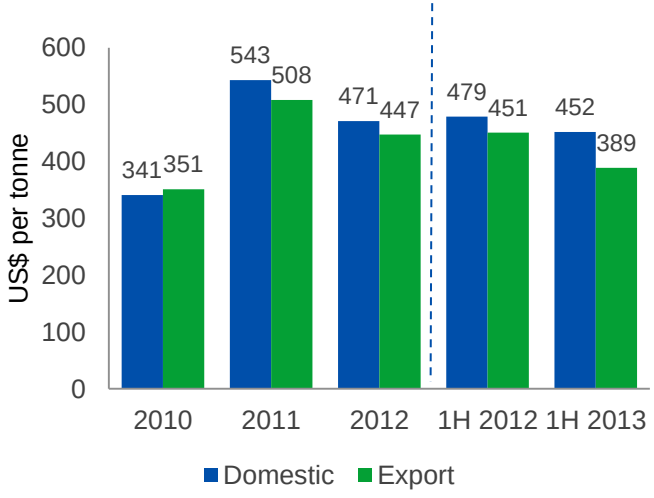
Phosphate-based fertilisers and MCP sales volumes



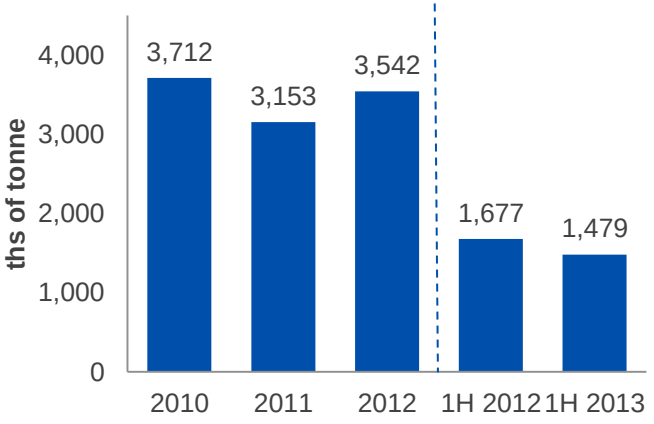
Phosphate Rock



NPK



Phosphate Rock volumes (3rd party sales)



Note: Applied average USD/RUB exchange rates: 30.37 (2010), 30.09 (2012) , 30.41(1Q2013)
(1) Source: FERTECON

Consolidated income statement

(USD in millions)	2010	2011	2012	1H 2012	1H 2013
Revenues	**2,534**	**3,420**	**3,387**	**1,644**	**1732**
Cost of Sales	(1,570)	(1,912)	(1,934)	(928)	(1118)
Gross Profit	**964**	**1,508**	**1,453**	**716**	**614**
Selling, General & Administration	(387)	(426)	(462)	(225)	(249)
Other Income (Expense)	(93)	(84)	(85)	(37)	(55)
Operating Profit	**484**	**998**	**906**	**454**	**310**
Financial Income (Costs)	31	(35)	98	(1)	(104)
Profit Before Taxation	**515**	**963**	**1,004**	**453**	**206**
Income Tax Expense	(120)	(198)	(216)	(100)	(61)
Profit from discontinued operations, net of tax	-	-	-	-	(9)
Profit for the Period	**395**	**765**	**788**	**353**	**154**
Margin	*16%*	*22%*	*23%*	*21%*	*9%*
EBITDA Calculation					
Operating Profit	**484**	**998**	**906**	**455**	**310**
D&A and impairment	190	206	210	105	122
EBITDA	**674**	**1,204**	**1,116**	**559**	**432**
Margin	*27%*	*35%*	*33%*	*34%*	*25%*

Source: PhosAgro (IFRS)
Note: Applied average USD/RUB exchange rates: 30.37 (2010), 29.39 (2011), 31.09 (2012), 30.64 (1H2012), 31.02 (1H2013)

Consolidated balance sheet

(USD in millions)	2010	2011	2012	1H2013
Cash and Equivalents	173	526	318	583
Accounts Receivable	522	339	416	383
Inventory	253	314	406	394
Other Current Assets	108	66	40	25
Total Current Assets	**1,056**	**1,244**	**1,181**	**1,385**
Net Property, Plant & Equipment	1,525	1,774	2,190	2,160
Intangible Assets	25	20	18	16
Investments in Associates	307	246	317	304
Other Long-Term Assets	235	110	101	102
Total Non-Current Assets	**2,092**	**2,150**	**2,626**	**2,582**
Total Assets	**3,148**	**3,394**	**3,807**	**3,966**
Accounts Payable	329	379	430	464
Loans and borrowings	181	483	725	557
Derivative financial liabilities	-	14	-	2
Total Current Liabilities	**511**	**876**	**1,155**	**1,023**
Loans and borrowings	112	515	476	926
Defined benefit obligations	31	29	41	40
Deferred tax liabilities	89	89	98	93
Total Non-Current Liabilities	**231**	**632**	**615**	**1,059**
Total Liabilities	**742**	**1,509**	**1,770**	**2,081**
Equity attributable to Parent shareholders	1,911	1,360	1,629	1,692
Equity attributable to non-controlling interests	495	526	408	193
Total Liabilities & Equity	**3,148**	**3,394**	**3,807**	**3,966**

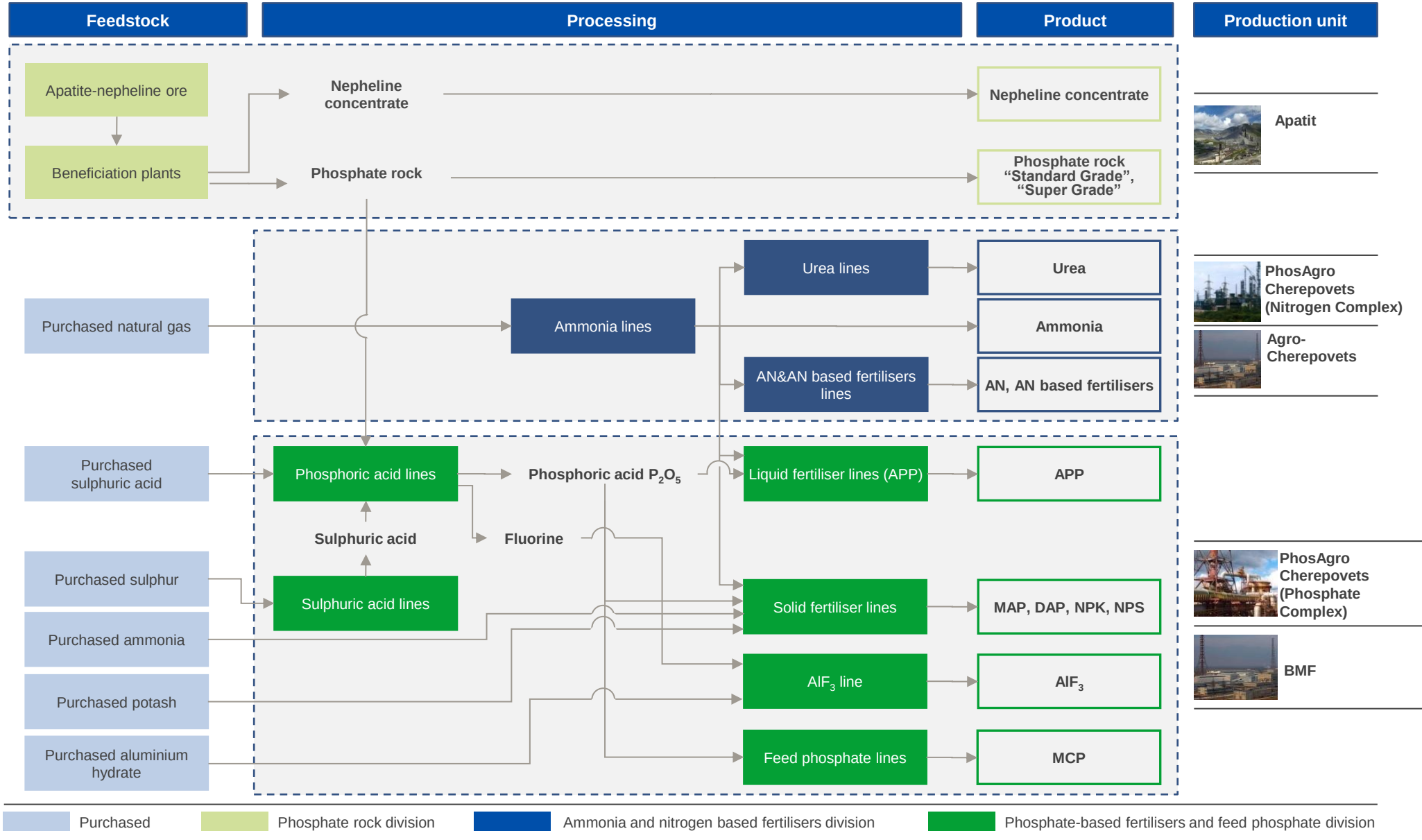
Source: PhosAgro (IFRS)
Note: Applied closing USD/RUB exchange rates: 30.37 (2010), 29.39 (2011), 30.37 (2012), 32.71(1H2013)

Consolidated cash flow statement

(USD in millions)	2010	2011	2012	1H 2012	1H 2013
Profit before taxation	**515**	**963**	**1,004**	**453**	**206**
Depreciation, amortisation + reversal of impairment loss	190	206	210	105	123
Finance Costs	14	45	47	23	38
Finance Income	(50)	(28)	(67)	(41)	(17)
Other	(15)	16	(60)	16	106
Operating Profit before changes in Working Capital and Provisions	**678**	**1,203**	**1,134**	**556**	**456**
(Inc.) Dec. in Trade and other Receivables	(64)	153	(10)	61	(3)
(Inc.) Dec. in Inventory	(29)	(81)	(59)	(25)	(18)
Inc. (Dec.) in Trade and other Payables	20	40	29	(18)	110
(Inc.) Dec. in Net Working Capital	**(73)**	**112**	**(40)**	**18**	**89**
Cash flows from operations before income taxes and interest paid	**605**	**1,315**	**1,094**	**574**	**545**
Income tax paid	(97)	(184)	(229)	(127)	(57)
Finance costs paid	(10)	(29)	(46)	(17)	(24)
Cash Flow From Operating activities	**498**	**1,102**	**819**	**430**	**464**
Loans repaid/(issued)	(144)	106	(5)	13	18
Acquisition of property, plant and equipment	(429)	(439)	(430)	(218)	(230)
Acquisition of investments	(52)	(32)	(1)	(1)	(2)
Other	66	136	31	13	23
Cash Flows used in Investing Activities	**(558)**	**(229)**	**(404)**	**(193)**	**(191)**
Proceeds from borrowings	697	1,326	687	496	787
Repayment of borrowings	(530)	(681)	(513)	(341)	(545)
Dividends paid	(110)	(1,155)	(394)	(188)	(143)
Other	(9)	33	(425)	(18)	(77)
Cash Flows used in Financing Activities	**49**	**(476)**	**(644)**	**(51)**	**22**
Net decrease/increase in Cash and Equivalents	**(12)**	**396**	**(229)**	**186**	**295**
Cash and Equivalents at beginning of the year/period	186	173	526	526	311
Effect of exchange rate fluctuations	(1)	(43)	14	(18)	(23)
Cash and Equivalents at the end of the year/period	**173**	**526**	**311**	**694**	**583**

Source: PhosAgro (IFRS)
Note: Applied average USD/RUB exchange rates: 30.37 (2010), 29.39 (2011), 30.09 (2012), 30.64 (1H 2012), 31.02 (1H2013)

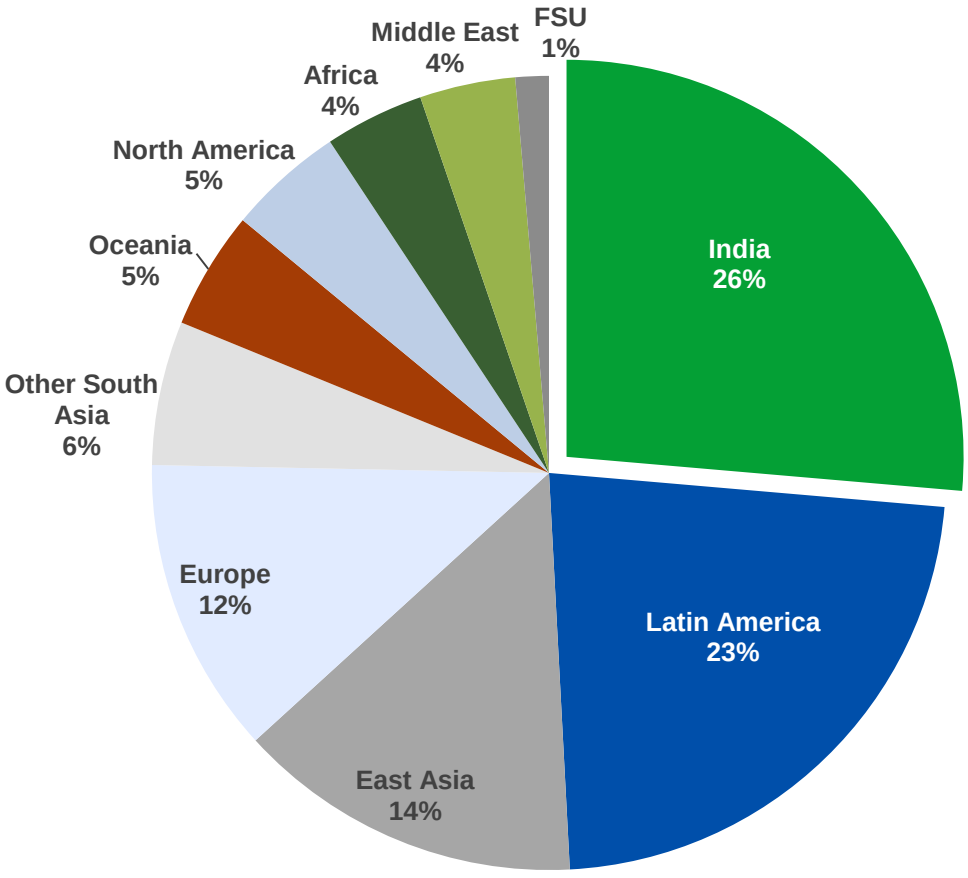
PhosAgro – vertically integrated production model



India depends on P_2O_5 imports

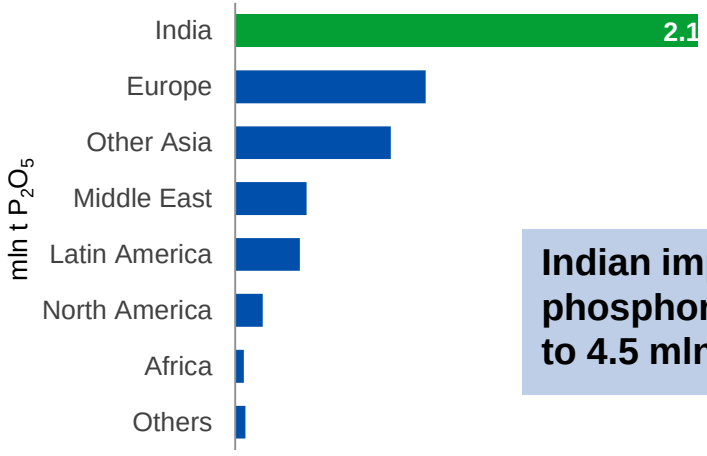
India is the major purchaser of DAP/MAP…

World DAP/MAP Imports : ~8.5 mln t of P_2O_5 per annum[1]



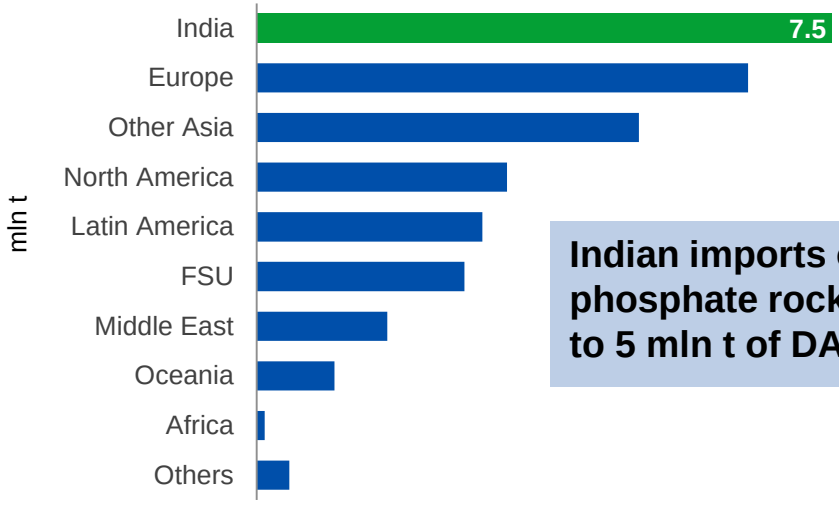
… and importer of feedstock for phosphates production

Global Phosphoric Acid Imports of 4.5 mln t P_2O_5



Indian imports of phosphoric acid equal to 4.5 mln t of DAP

Global Phosphate Rock Import of 31.1 mln t



Indian imports of phosphate rock equal to 5 mln t of DAP

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

Uncertain policy for nutrient subsidies in India decrease fertiliser imports and unbalance fertilization

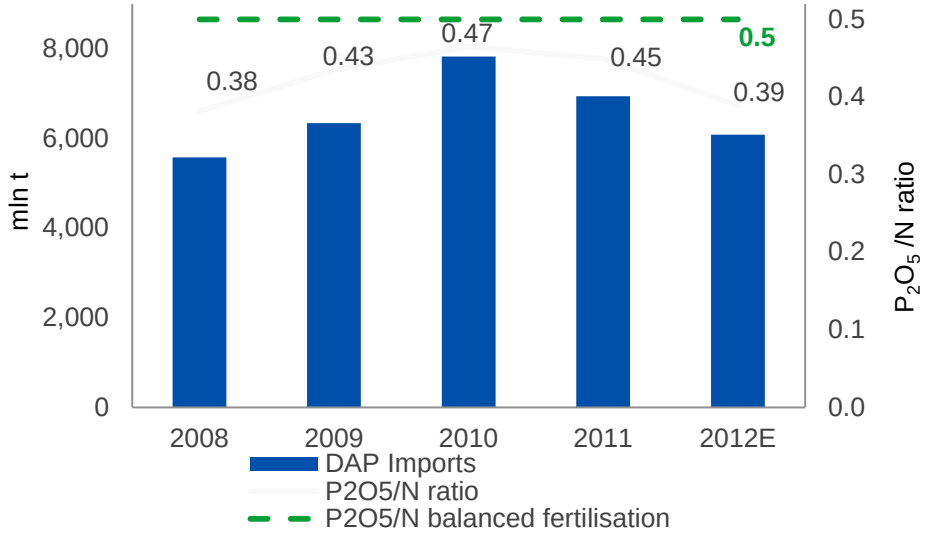
Evolution of N: P_2O_5 :K_2O ratio in India

	N	P_2O_5	K_2O
Balanced ratio	4.0	2.0	1.0
2010/11	4.3	2.0	1.0
2011/12	6.9	3.1	1.0
2012/13	7.7	3.0	1.0

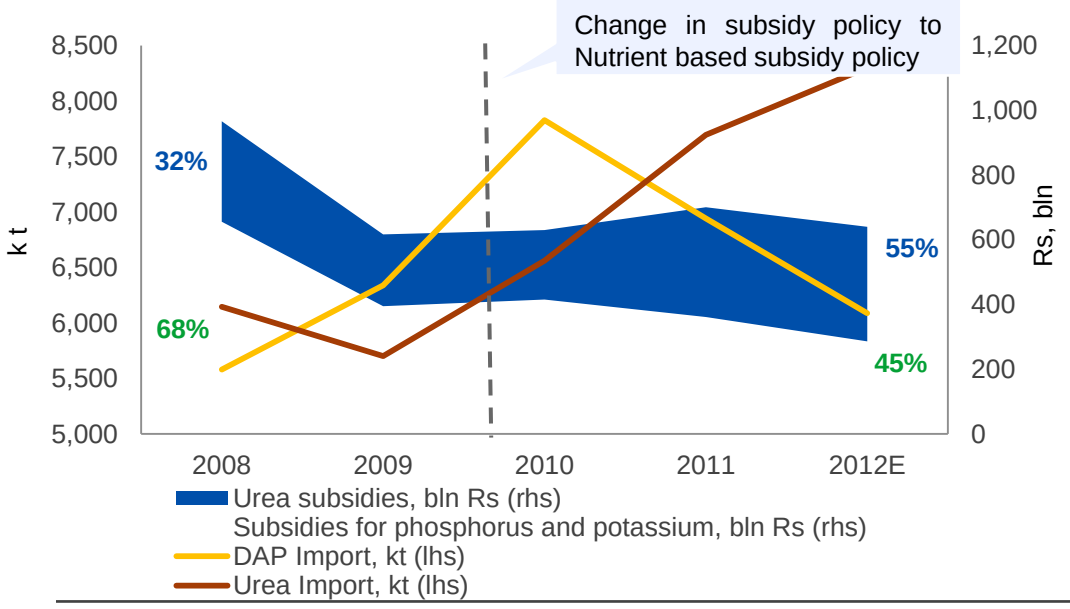
Nutrient Based Subsidy (NBS) Rates in India (Rs/kg nutrient)

	N	P_2O_5	K_2O
2010/11	23.227	26.276	24.487
2011/12	27.153	32.338	26.756
2012/13	24.0	21.804	24.0
Change	-11.6%	-32.6%	-10.3%

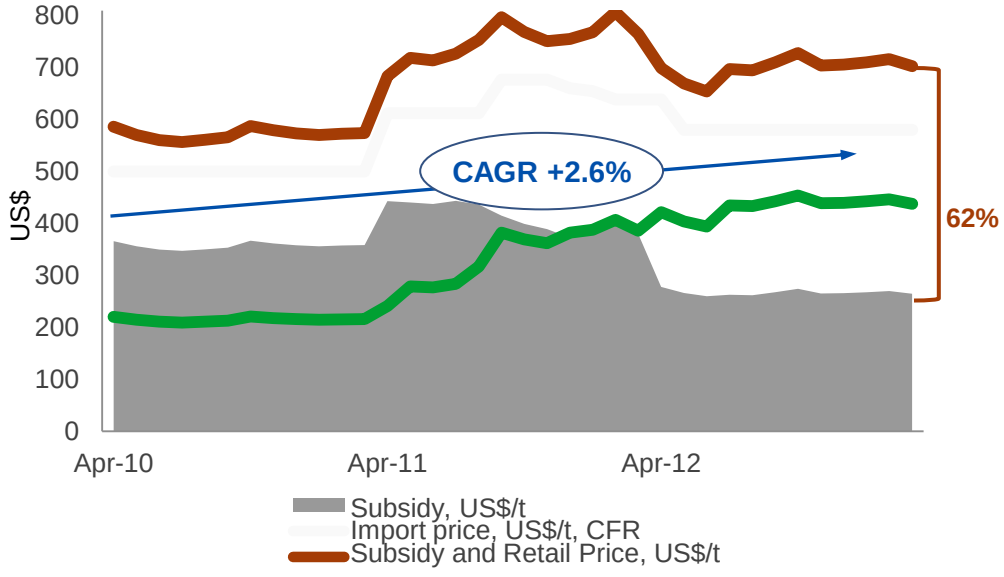
Unbalanced fertilisation



Subsidies and imports of phosphate fertilisers in India decrease



Indian domestic price is twice above the current subsidy level

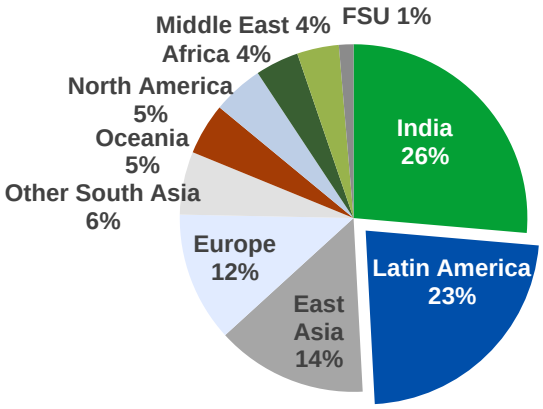


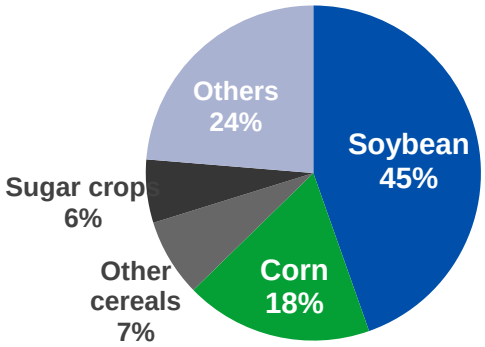
Source: PhosAgro, FAI, IFA, Fertecon

Brazil phosphate fertilisers market outpaces others

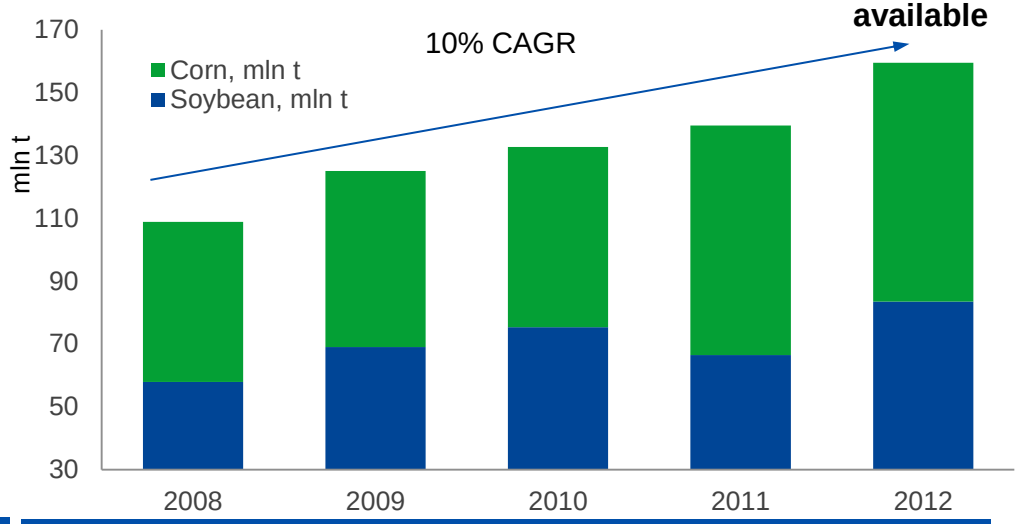
Substantial growth in production of major phosphate consuming agri-products results in …

Breakdown of phosphate fertilisers consumption by crops in Brazil

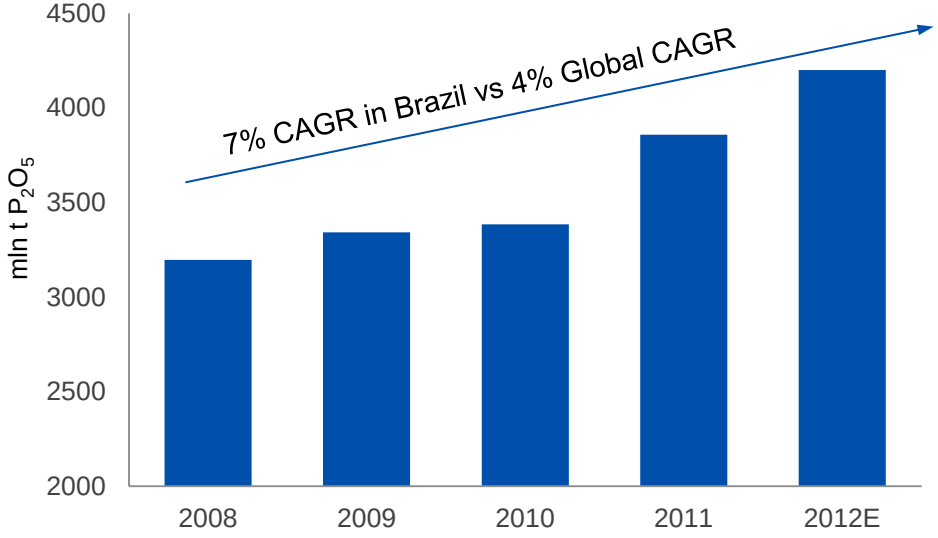




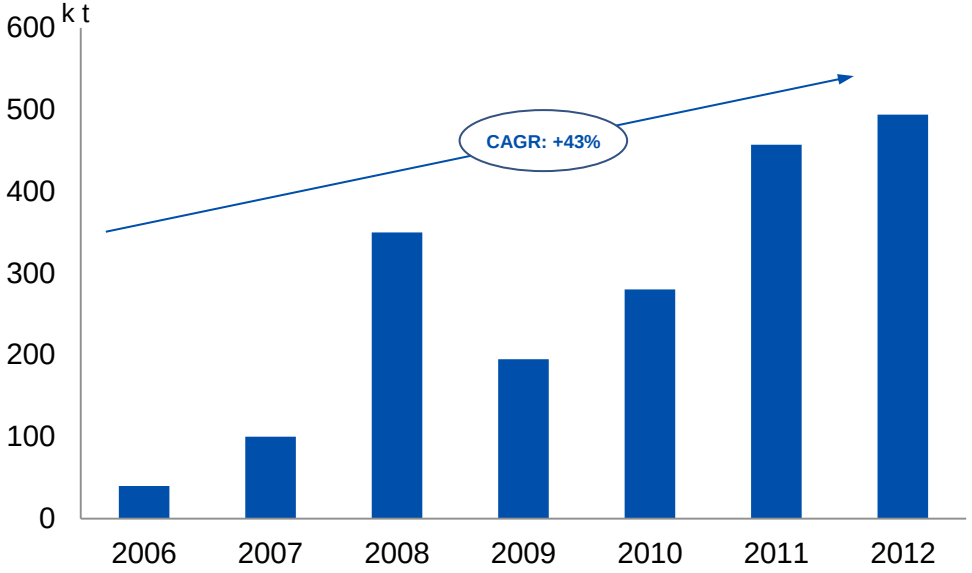
Growth in corn and soybeans production, yet more arable land available



…skyrocketing consumption of phosphate fertilisers in Brazil



Brazil NPK Imports



Source: IFA, US$A, MDIC Brazil

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
Phosphate Fertiliser Plant	2.9	4.2
Key products	DAP	MAP, DAP, NPK, NPS

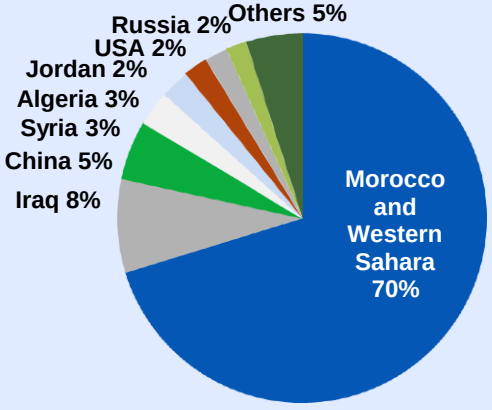
Ma'aden – total est. CAPEX(1): US$ 6 bln

Construction period: 6 years +

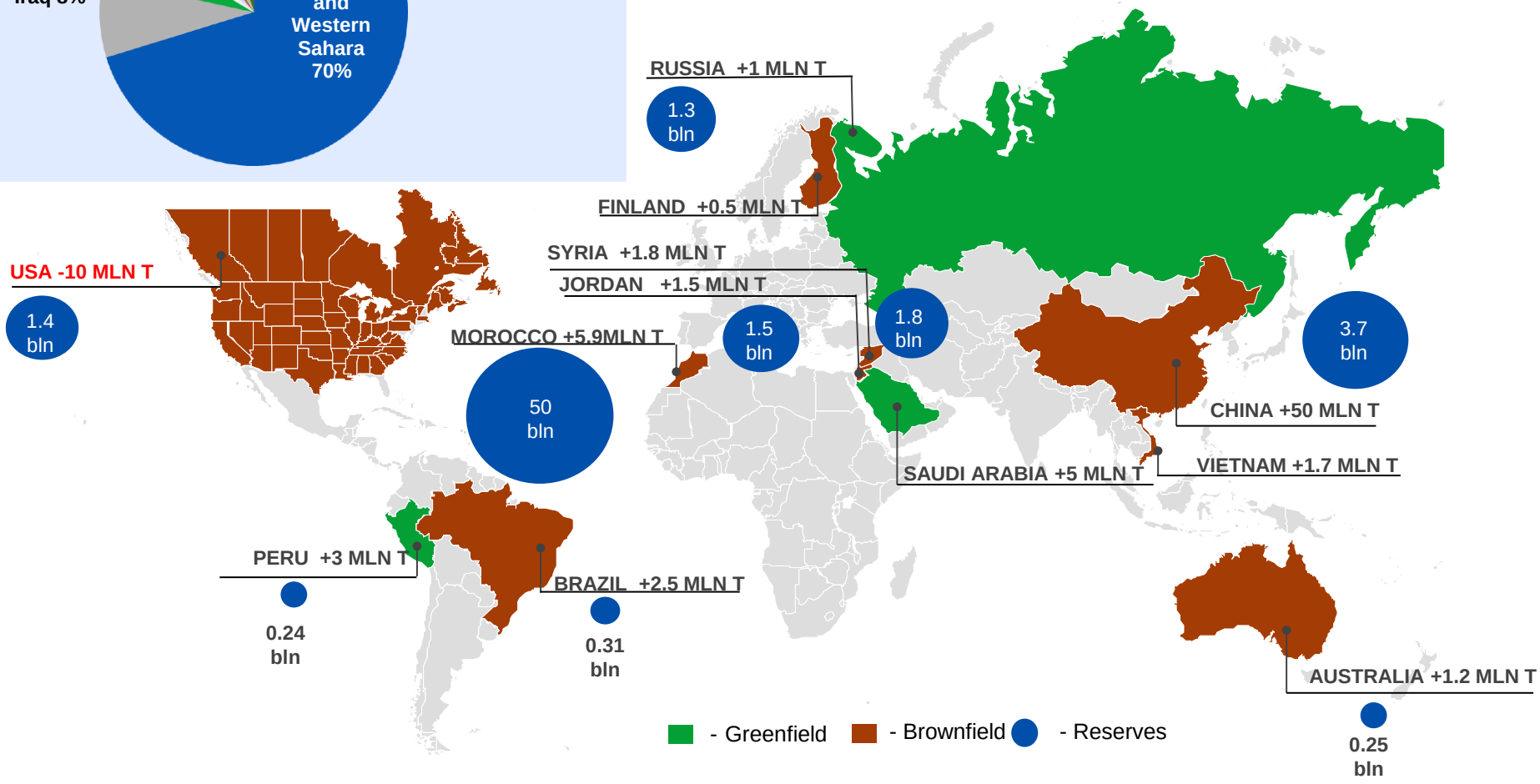
Source: PhosAgro, Ma'aden financial statements
Notes: (1) CAPEX for the Phosphate Project

Growth in phosphate rock production capacities 2000-2011

Morocco controls most of world phosphate ore reserves



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

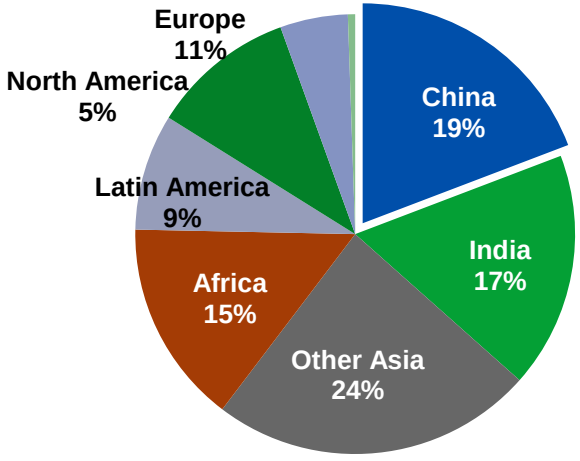


Source: Fertecon, USGS

China is the major consumer of phosphate fertilisers

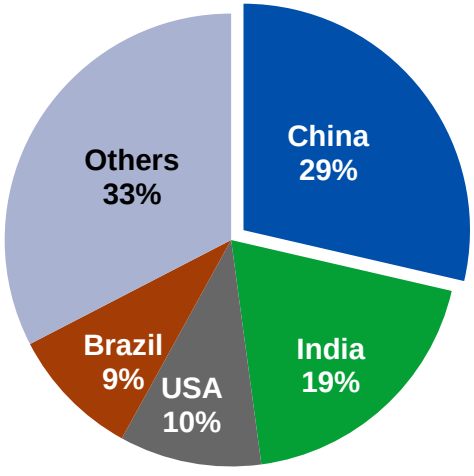
The biggest portion of the world's growing 7 bln population[1]…

Breakdown of World population by countries

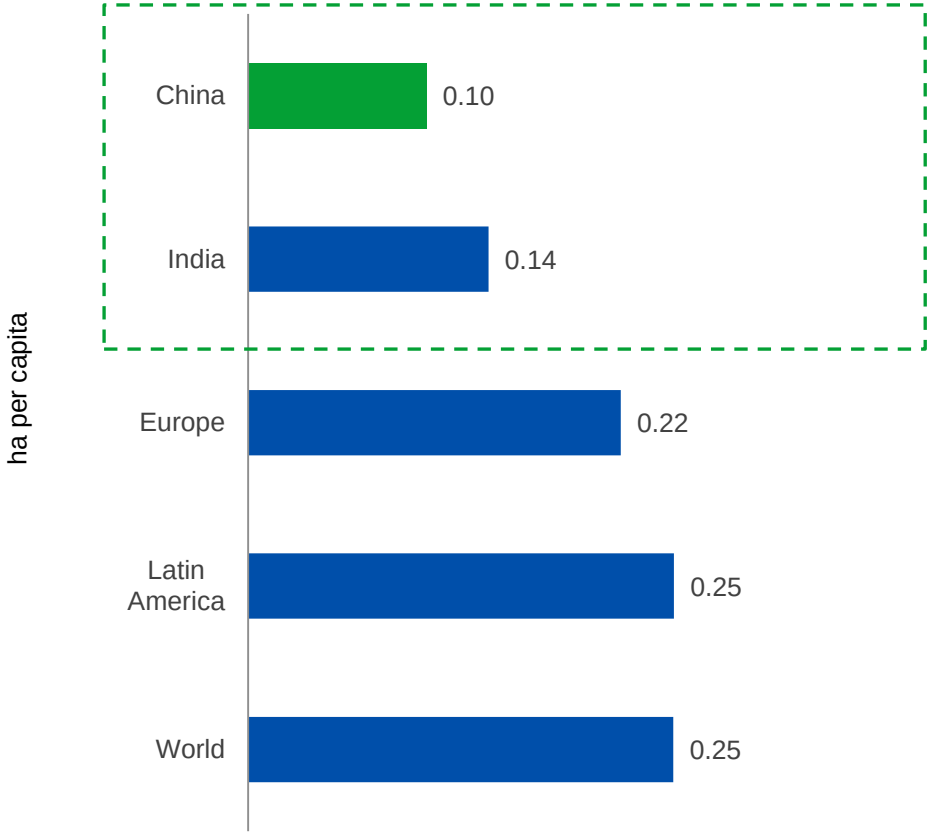


… translates into the largest share of phosphate consumption

Breakdown of global phosphate fertiliser consumption by countries



Limited arable land stimulates fertiliser consumption

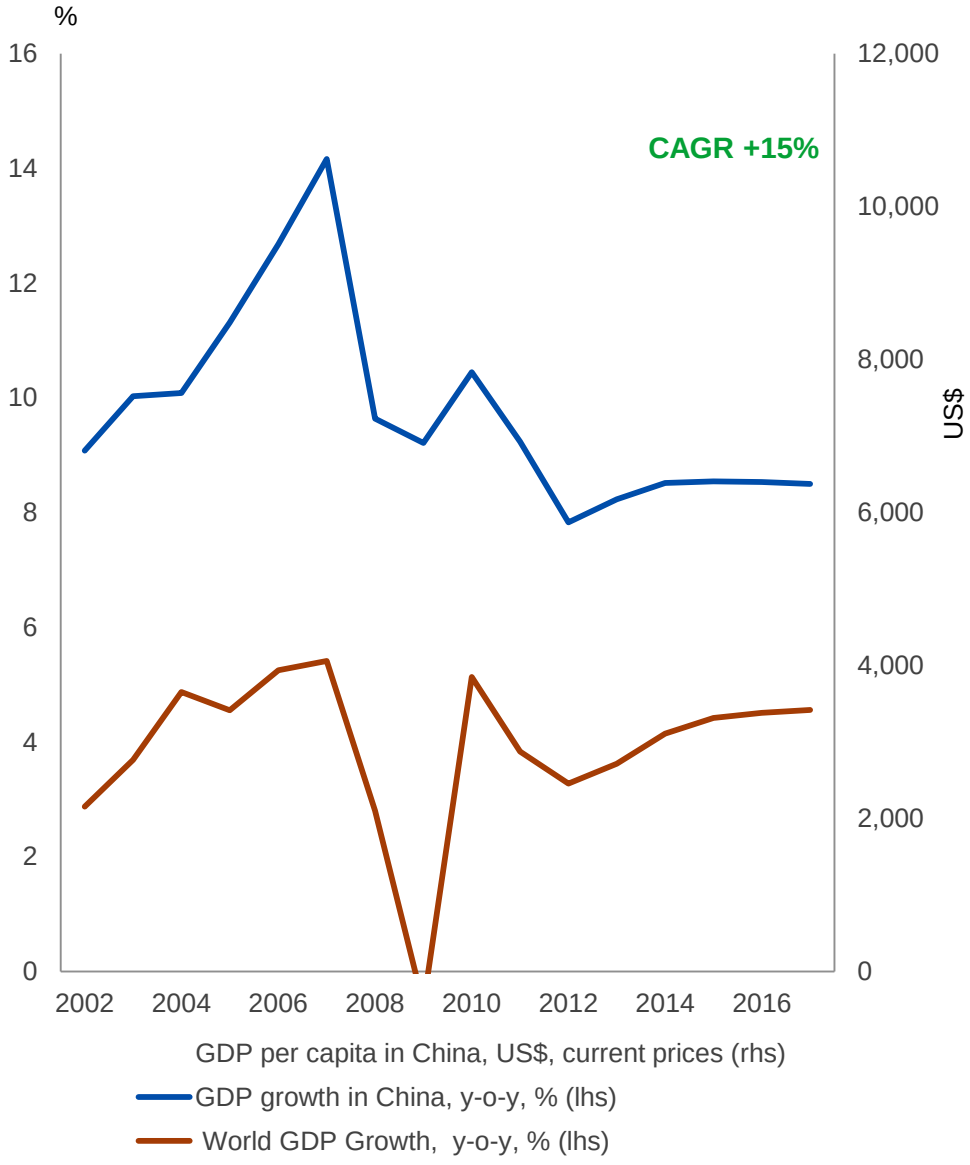


- **Global phosphate fertiliser consumption is 44.1 mln t of P_2O_5 per annum**
- **China consumes about 25 mln t of DAP equivalent products**

Source: PhosAgro, UN statistics division
Note: (1) World Population was of 6,974 mln people in 2011

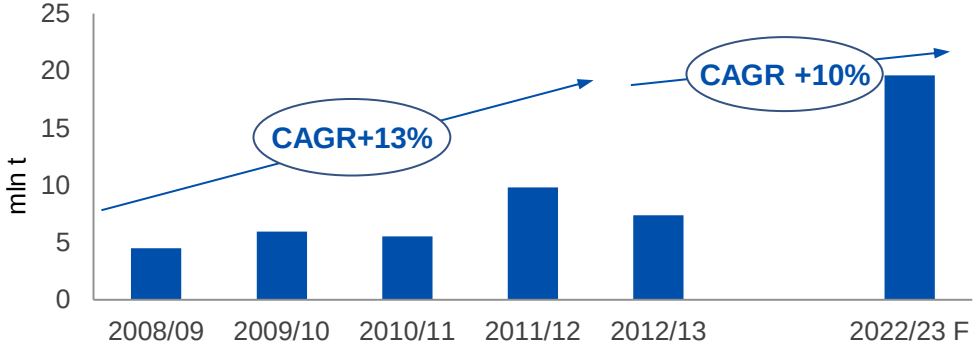
Growing food consumption in China drives demand for phosphates

China's Economy keeps growing

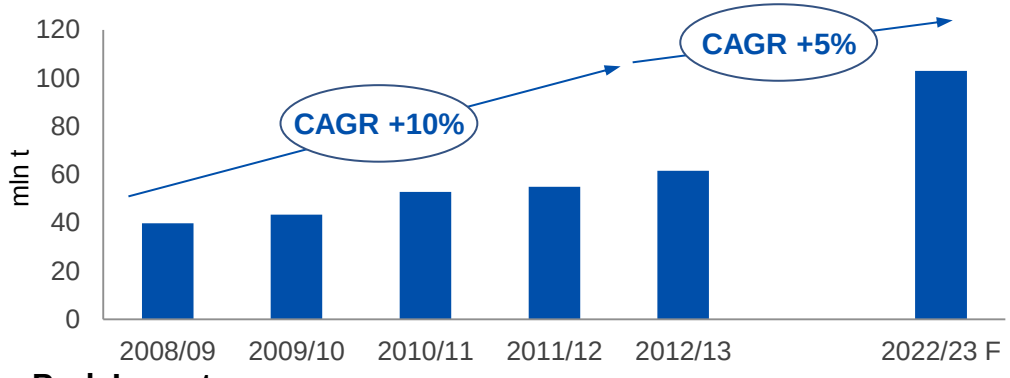


Food Imports are growing in China

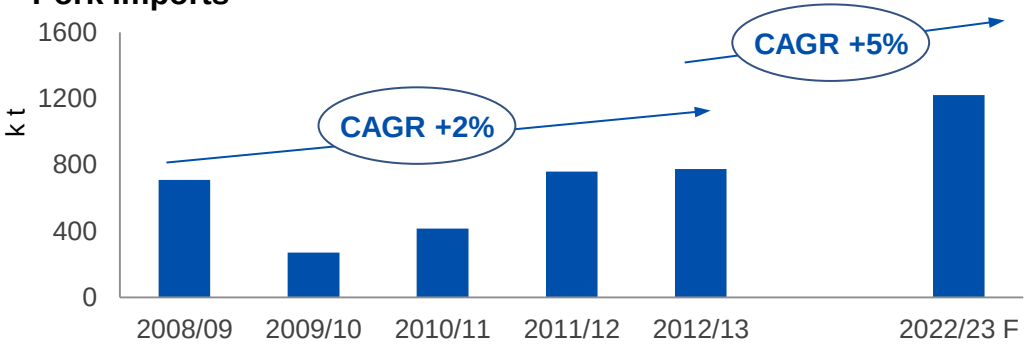
Corn Imports



Soybean Imports



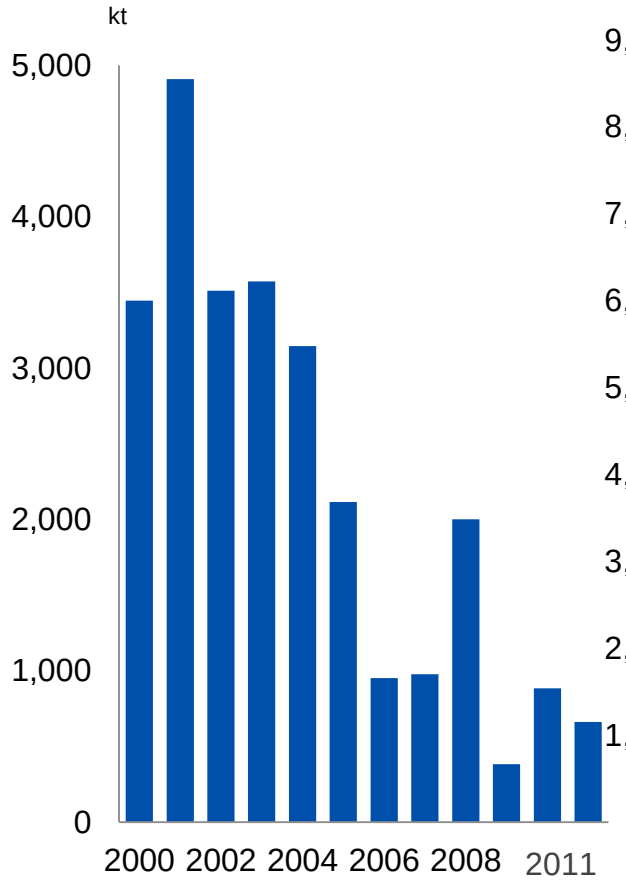
Pork Imports



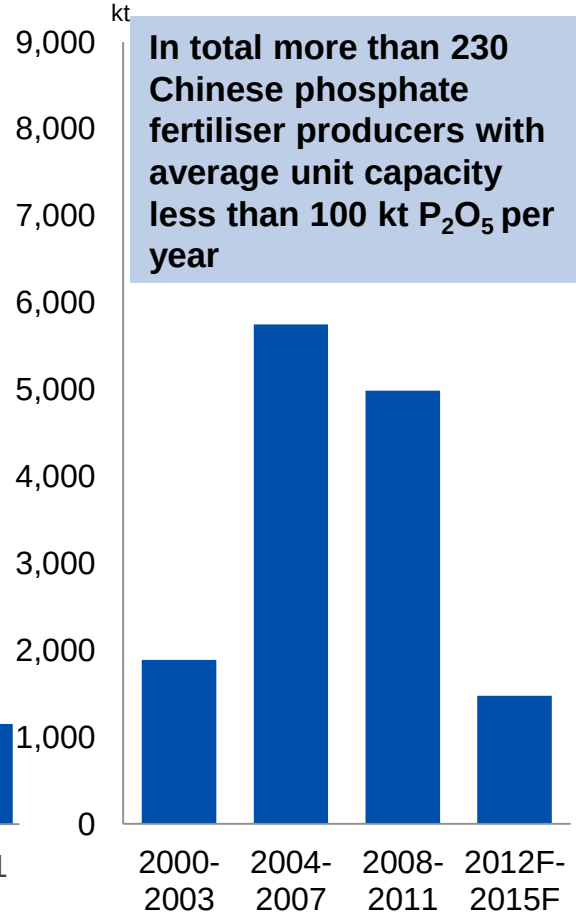
Source: PhosAgro, FAO, United Nations, IFA, World Bank, US$A

Development of Chinese phosphate exports

Chinese phosphate rock exports

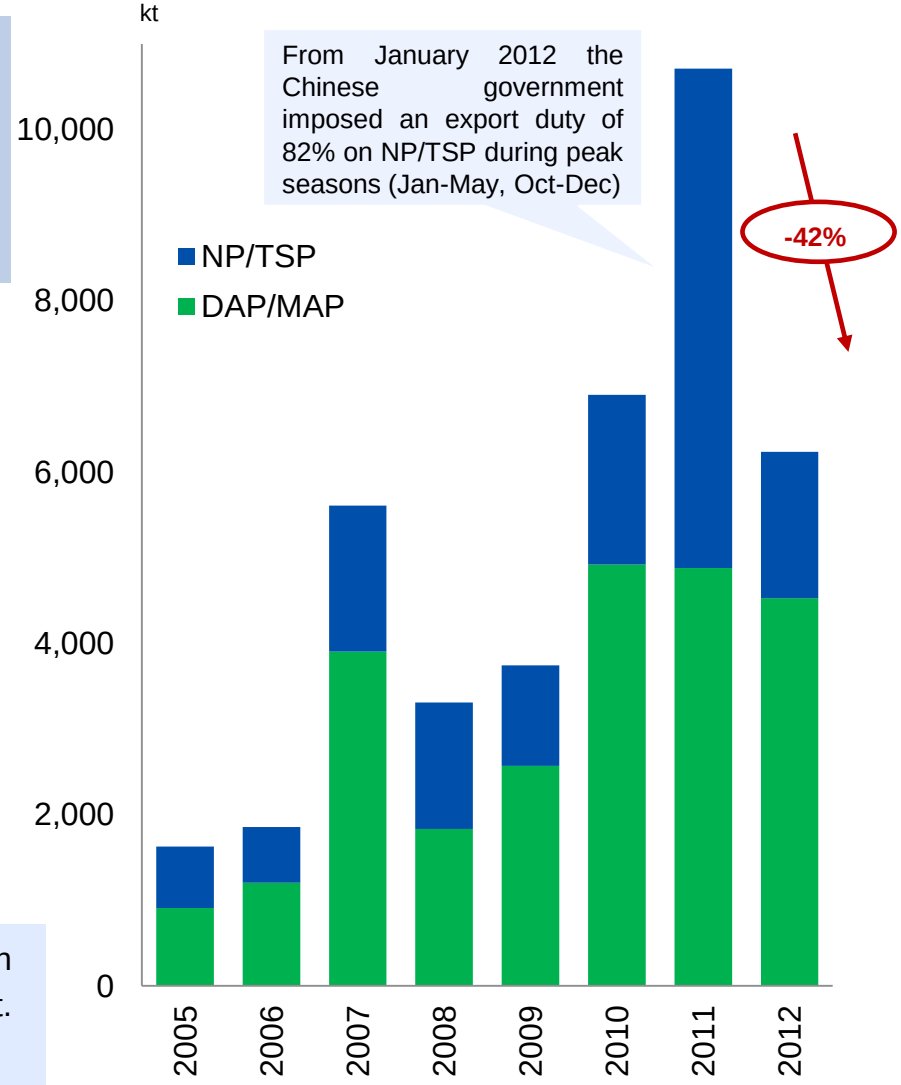


Commissioning of new H_3PO_4 capacities



In total more than 230 Chinese phosphate fertiliser producers with average unit capacity less than 100 kt P_2O_5 per year

Chinese exports of DAP / MAP / NP / TSP



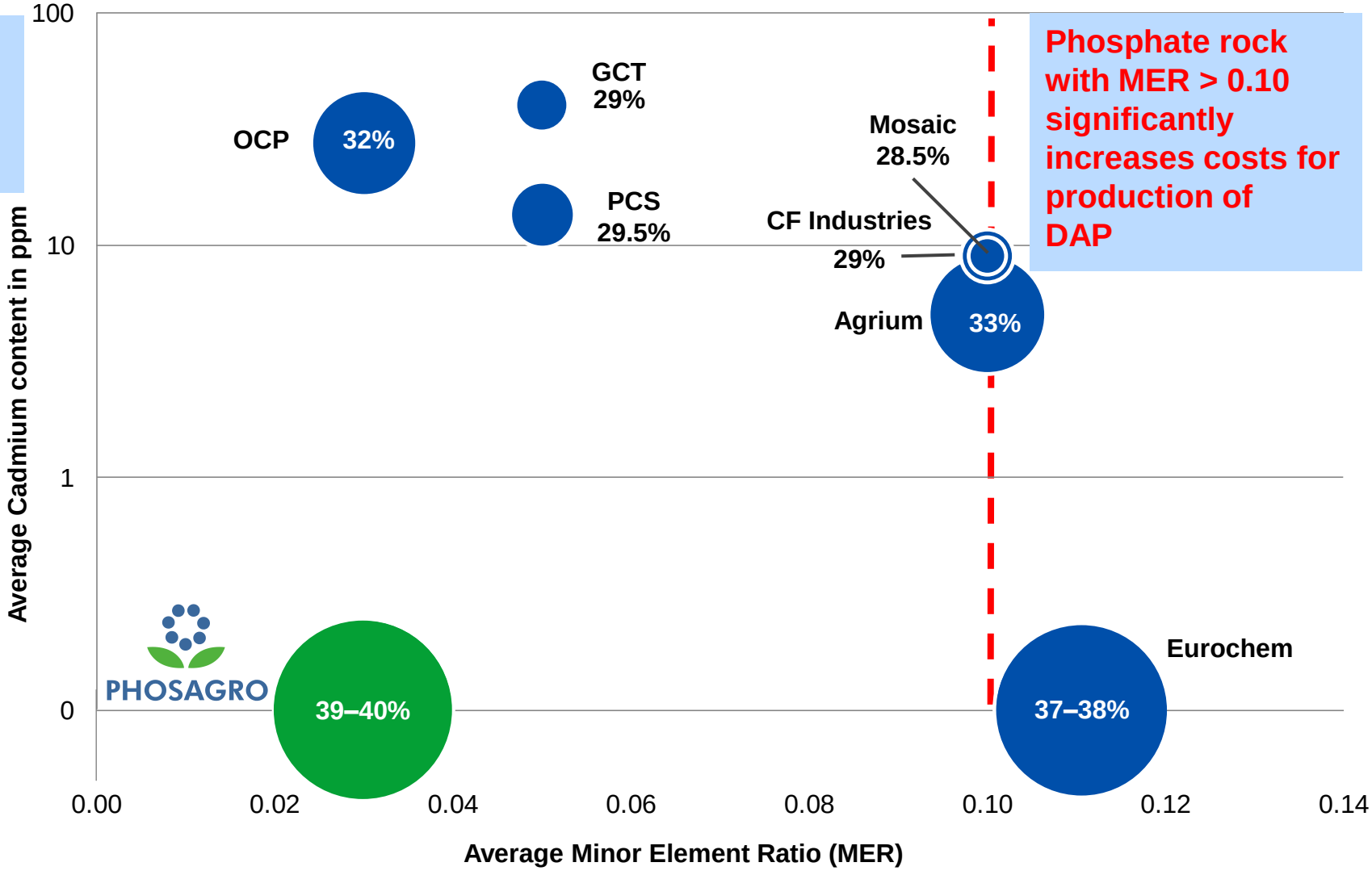
From January 2012 the Chinese government imposed an export duty of 82% on NP/TSP during peak seasons (Jan-May, Oct-Dec)

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

Source: IFA, CFMW, China National Information Center (CNCIC)
Note: (1) Applied exchange rate US$/CNY: 6.35

Control of world's premium phosphate resource base

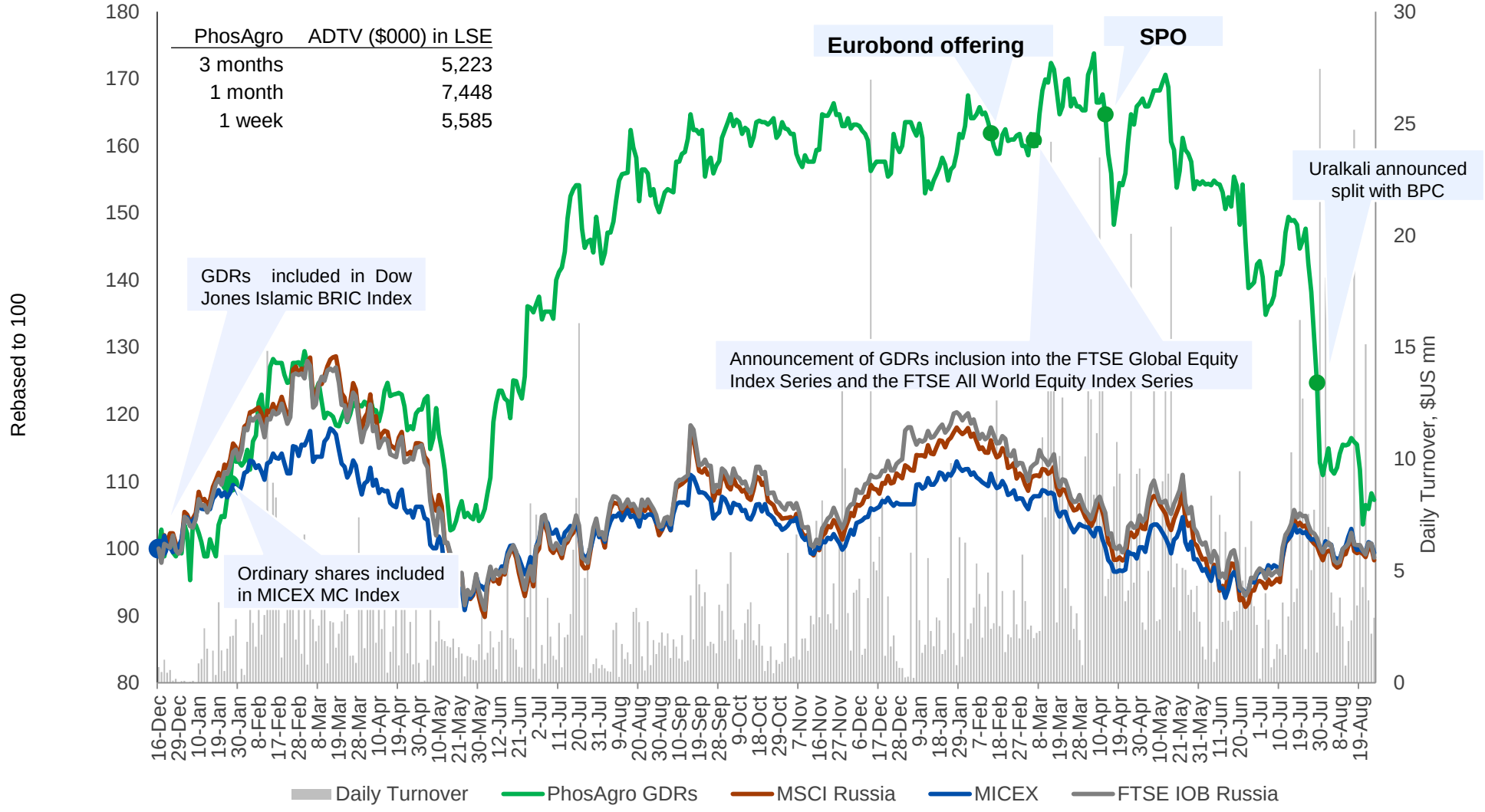
Higher cadmium content in sedimentary rocks



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

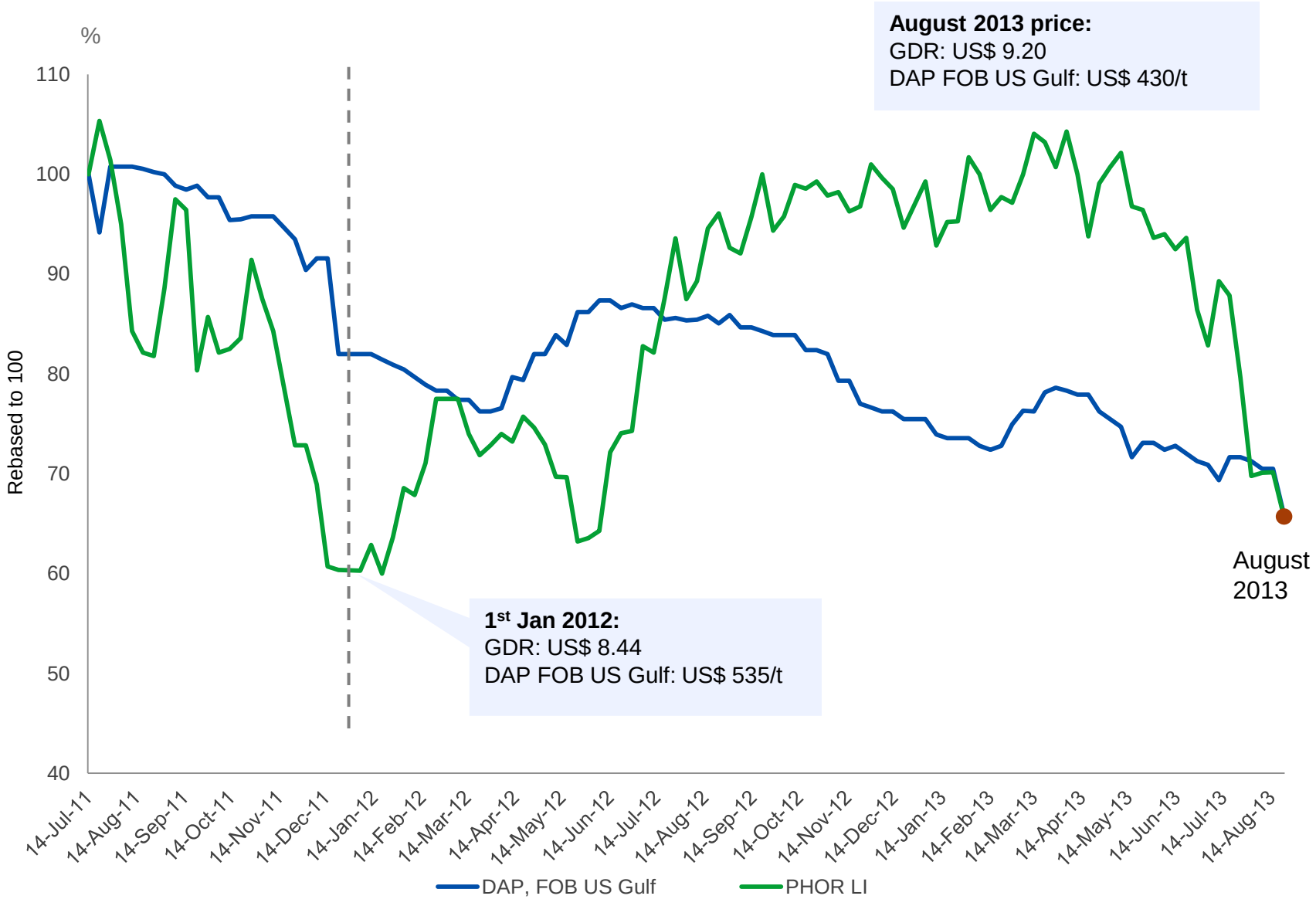
GDRs performance



% Performance	PhosAgro	FTSE IOB Russia	MSCI Russia	MICEX
Since PhosAgro inclusion in Dow Jones Islamic BRIC Index	7.2%	(1.3%)	(1.8%)	(0.7%)
Since PhosAgro inclusion in MICEX Mid Cap Index	(2.2%)	(12.1%)	(13.2%)	(8.3%)
1 month	(18.3%)	(3.5%)	(2.5%)	(2.1%)
1 week	3.5%	(1.1%)	(1.0%)	1.2%

Source: Bloomberg (data as of 27 August 2013), PhosAgro analysis

GDR performance and DAP prices



Source: Bloomberg (data as of 22 August 2013), FMB, PhosAgro analysis

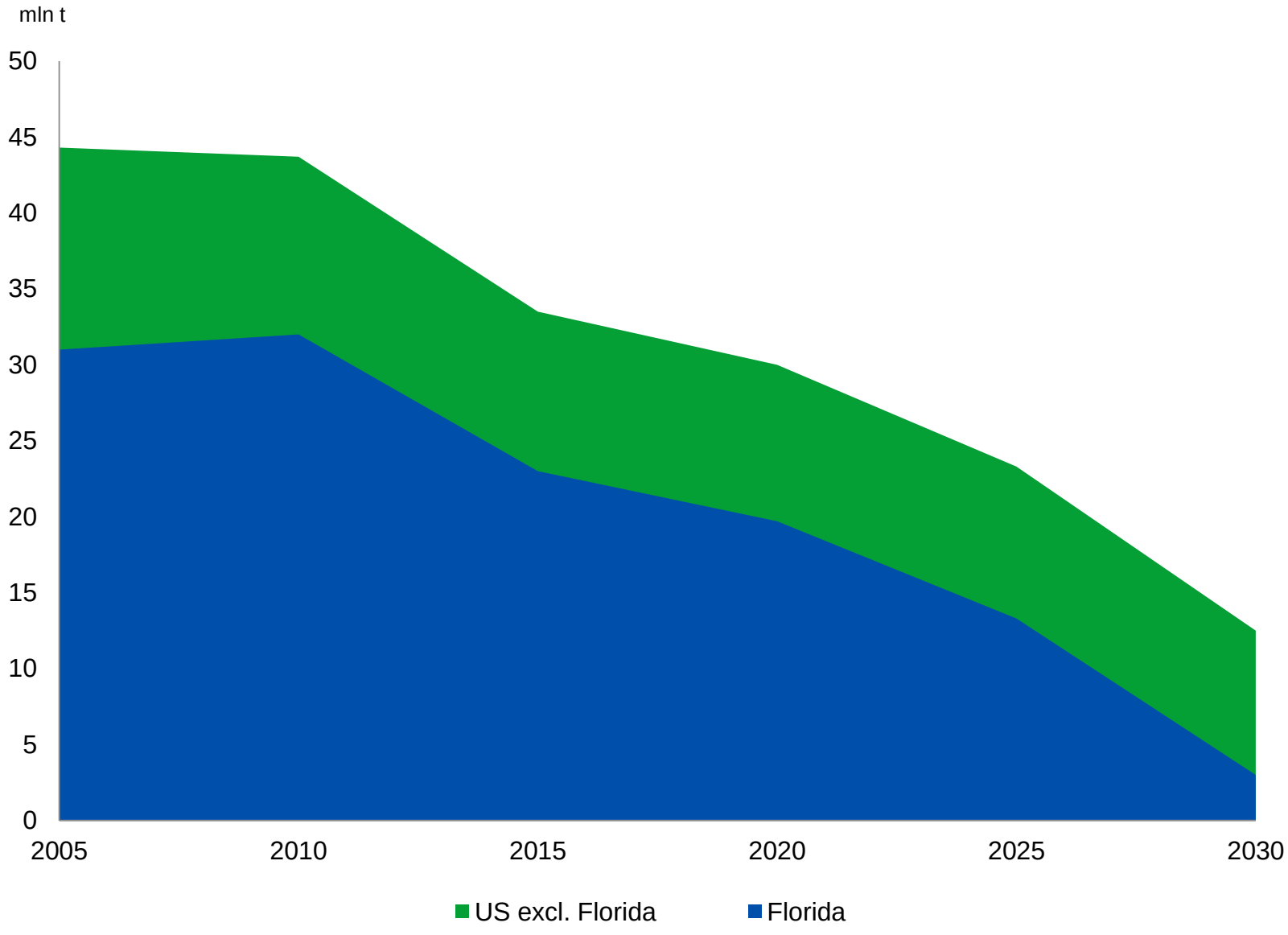
Fertilisers trading multiples

Company	Mcap., $mln	EV, $mln	EV/EBITDA		P/E	
			2013F	2014F	2013F	2014F
Russian peers						
PhosAgro	3,542	4,635	4.4x	4.2x	6.0x	5.8x
Uralkali	13,975	16,260	7.8x	8.4x	11.0x	13.1x
Median			**6.1x**	**6.3x**	**8.5x**	**9.5x**
International peers - nitrogen fertilisers						
Agrium	13,096	16,128	6.5x	6.6x	9.7x	10.0x
Yara International	11,610	12,062	5.0x	5.3x	8.2x	8.5x
CF Industries	11,081	12,610	4.5x	5.1x	8.0x	9.1x
Median			**5.0x**	**5.3x**	**8.2x**	**9.1x**
International peers - potash and phosphate fertilisers						
Potash Corp	25,973	23,678	7.1x	7.6x	12.1x	12.4x
Mosaic (1)	17,531	14,931	5.2x	5.2x	11.5x	9.9x
Israel Chemicals Ltd	9,129	9,456	5.5x	6.1x	8.0x	10.2x
K+S AG	4,906	5,378	4.3x	6.4x	8.1x	16.7x
Median			**5.4x**	**6.2x**	**9.8x**	**11.3x**

Source: Bloomberg (data as of August 27, 2013), PhosAgro analysis

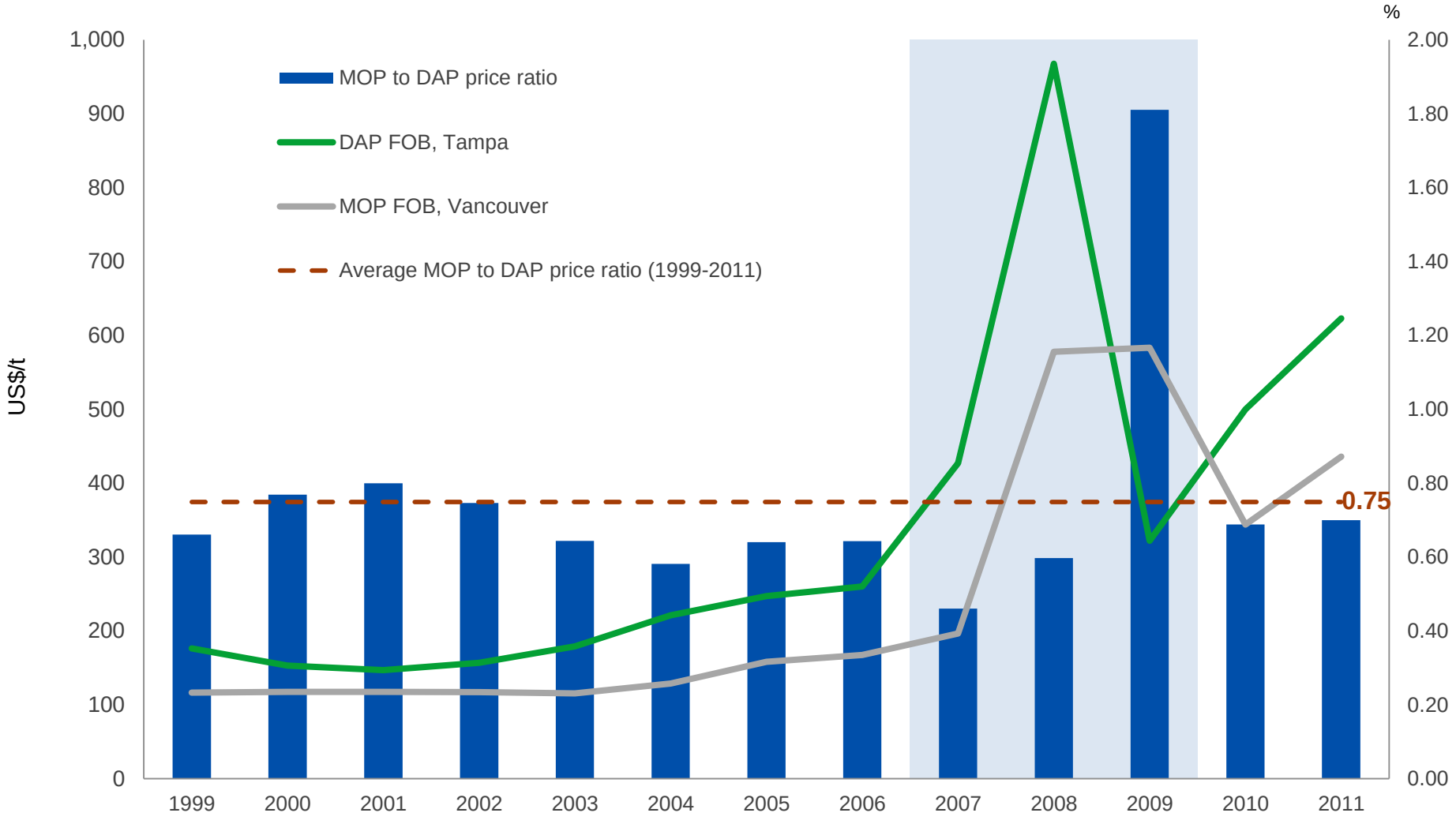
Note: (1) Calendarised

Current and projected US mine phosphate production capacity



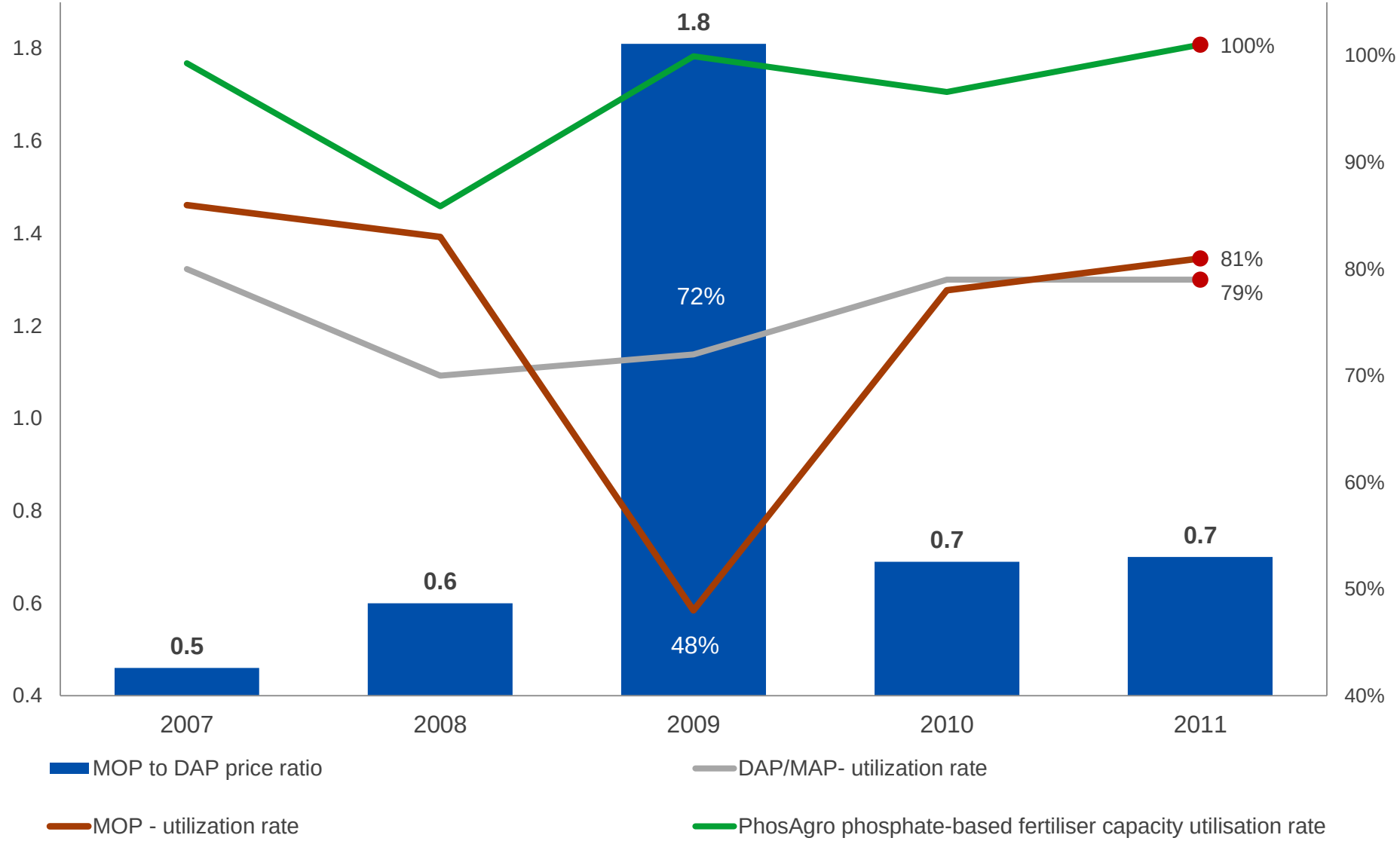
Source: IFDC (World Phosphate Rock Reserves and Resources, 2011)

Fertiliser prices and price ratios



Source: FMB, FERTECON, The Market

Fertiliser utilization rates and price ratio



Source: FMB, FERTECON, The Market, PhosAgro