



PhosAgro – 1H 2012 IFRS Results

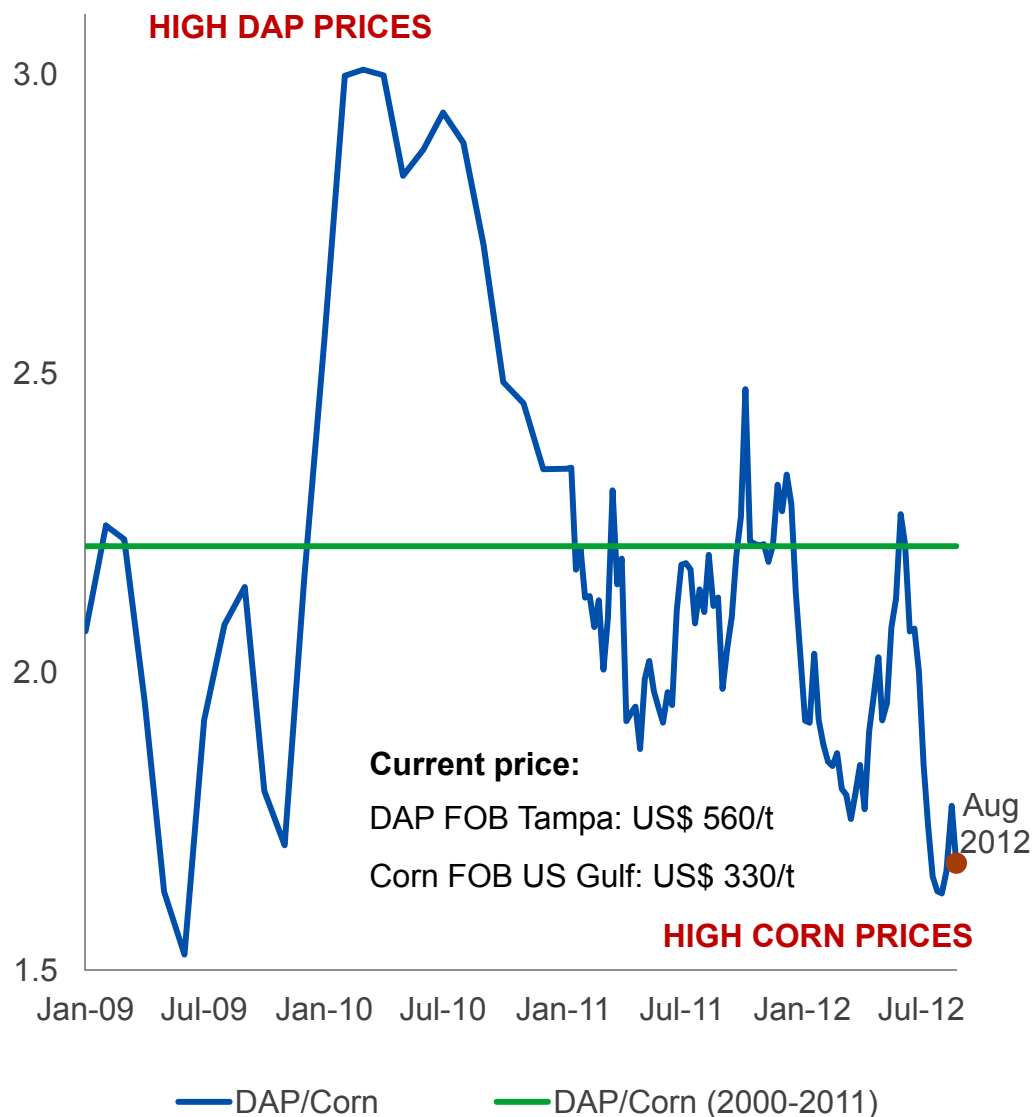


An aerial photograph of a large-scale open-pit mine. The mine is characterized by numerous terraced levels, or benches, that descend into the earth. The rock faces of these benches are dark and appear to be composed of coal or a similar mineral. The surrounding landscape is hilly and covered in sparse, low-lying vegetation, likely scrub or small trees. The sky is filled with large, white, fluffy clouds, suggesting a bright but slightly overcast day. In the upper right portion of the image, there is a solid green rectangular banner with the text "1. Market Context" written in white, sans-serif font.

1. Market Context

- India, the largest consumer of phosphate fertilisers globally, resumed imports in Q2 2012, which helped support demand toward the end of the period
- In all other geographies phosphate fertilizer stocks were generally at very low levels; while demand remained strong in H1 2012, farmers primarily in the US and Europe delayed purchases until the actual application season started
- Soft commodities prices have risen to near historic highs, however, while this has in the past been supportive of fertiliser demand, farmers remain cautious about the sustainability of prices
- China continued to implement restrictive export tariffs on phosphate fertilisers: from January 2012 the Chinese government has imposed an 82% export duty on NP/TSP
- DAP prices rose from their lowest levels in 2012 of around USD 500 per ton (FOB US Gulf) at the end of Q1 2012 to USD 560-575 per ton at the end of the second quarter

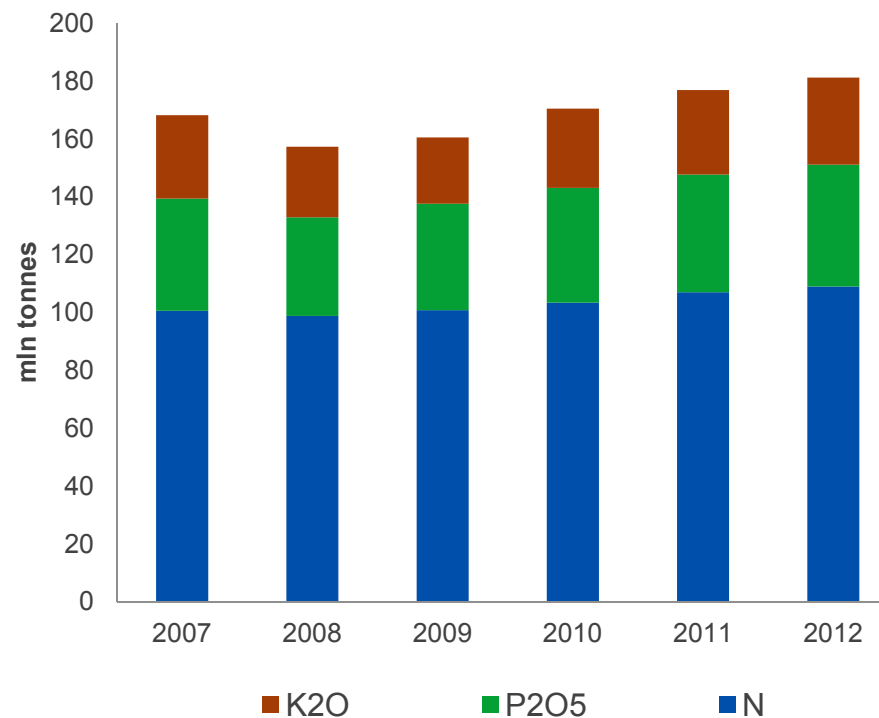
Corn to DAP prices ratio



Global fertiliser demand 2007-2012

mln tonnes of nutrients

Calendar Year	2010	2011	2012E	2012E vs. 2011
N	103.3	106.9	108.9	1.9%
P ₂ O ₅	39.7	40.7	42.1	3.2%
K ₂ O	27.4	29.2	30.1	3.1%
Total	170.4	176.9	181.1	2.4%





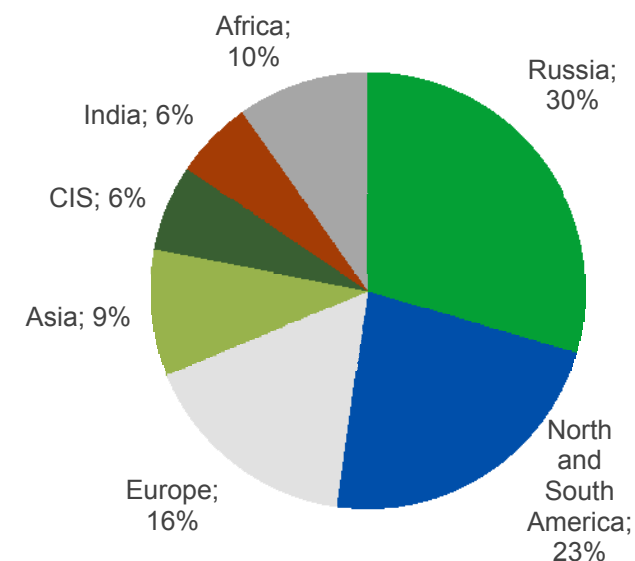
2. Financial Performance

- Revenue up 3% y-o-y, at RUB 50 billion
- H1 2012 EBITDA of RUB 17,137 million (vs. RUB 17,752 million in H1 2011), solid EBITDA margin of 34%
- Basic and diluted earnings per share at RUB 68 for period, vs. RUB 86 in H1 2011
- Interim dividend of RUB 4.7 billion (RUB 38/share) recommended by Board for the first six months of 2012 represents 56% of net profit attributable to shareholders for the period
- Record NPK production during H1 2012, up 52% year-on-year as result of organic growth strategy focused on full production flexibility and capacity increases
- PhosAgro and Acron settled all disputes with regards to the supply of phosphate rock, and Acron agreed to withdraw its bid in the privatisation of Apatit
- Net debt / Annualized EBITDA of 0.43x, making debt financing for acquisitions of further stakes in production facilities accessible while continuing to maintain comfortable leverage

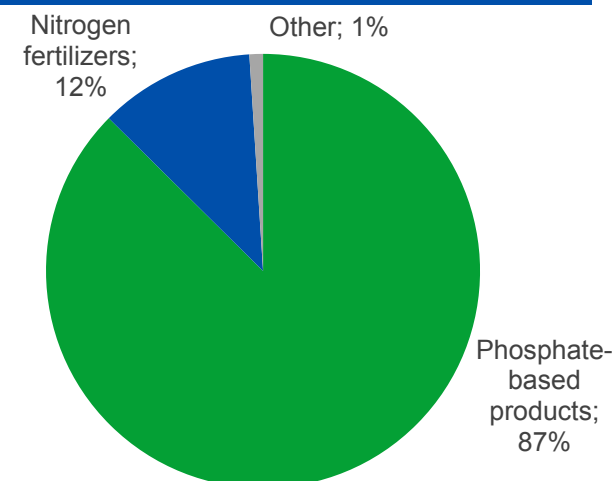
Key Financial Highlights

	H1 2012	H1 2011	% change
<i>(RUB million)</i>			
Revenues	50,359	48,764	3%
Cost of sales	(28,425)	(26,934)	6%
Gross profit	21,934	21,830	0%
<i>Gross profit margin</i>	44%	45%	
EBITDA	17,137	17,752	(3%)
<i>EBITDA margin</i>	34%	36%	
Net profit	10,802	12,291	(12%)
<i>Net profit margin</i>	21%	25%	
Basic and diluted EPS	68	86	(21%)

Geography of Sales H1 2012 (%)

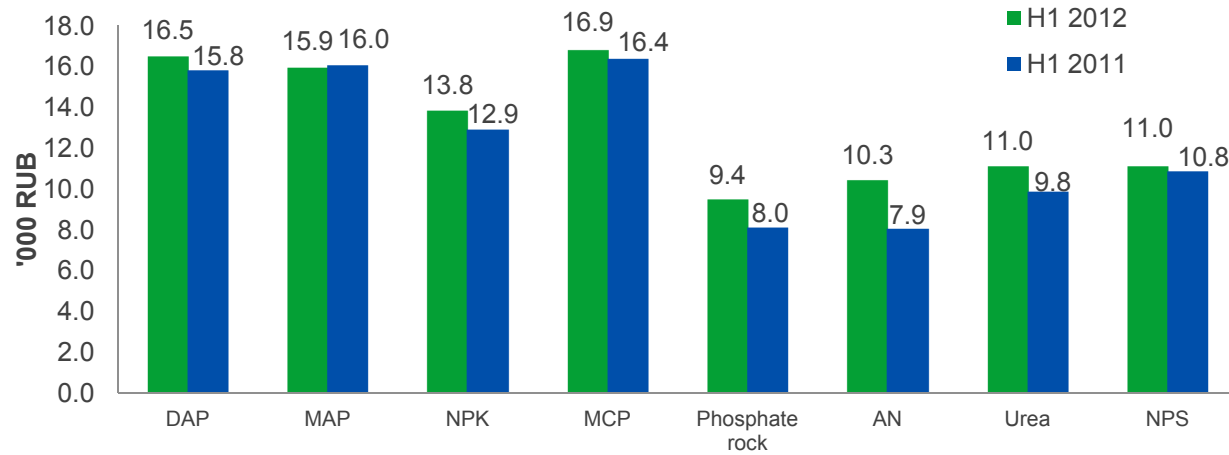


Segment revenue H1 2012 (%)



Revenue per tonne and volume developments for key products

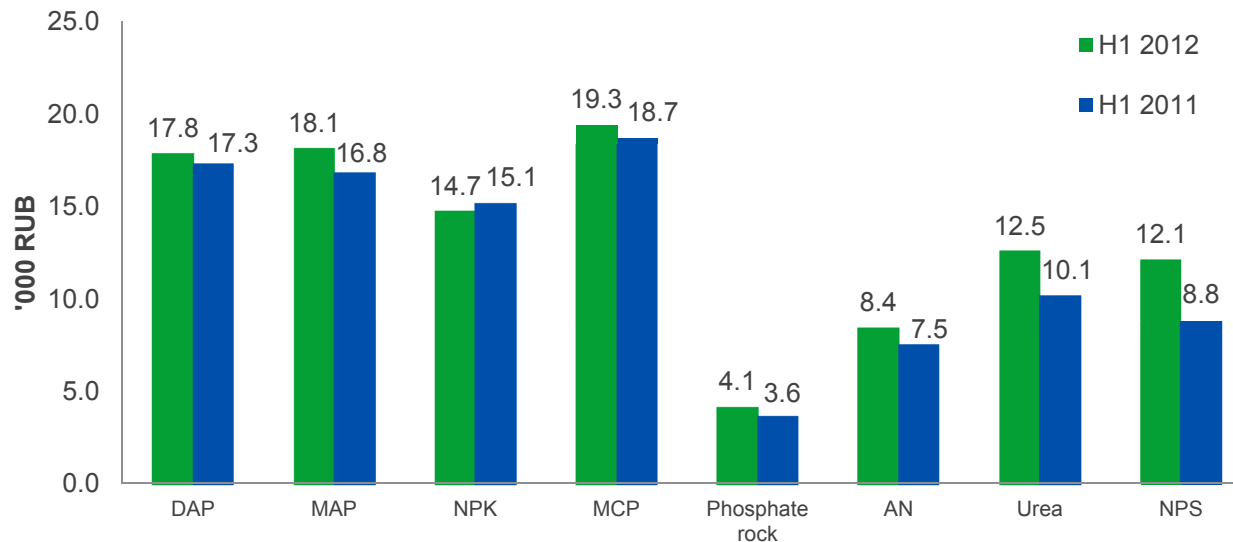
Average Revenue per tonne - Export



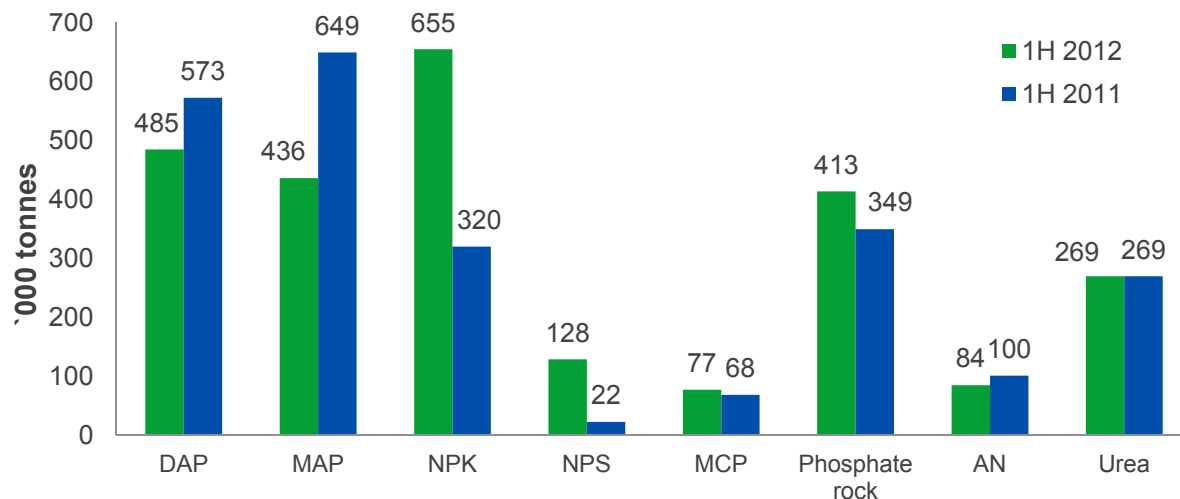
Comment

- Export comprised 70% of sales in H1 2012 due to strong domestic demand in Q2 2012
- Domestic revenue per tonne higher for all products except NPK
- Export revenue per tonne higher on all products excl. MAP
- Demand for NPK remains strongest, despite some price recovery in MAP/DAP

Average Revenue per tonne - Domestic



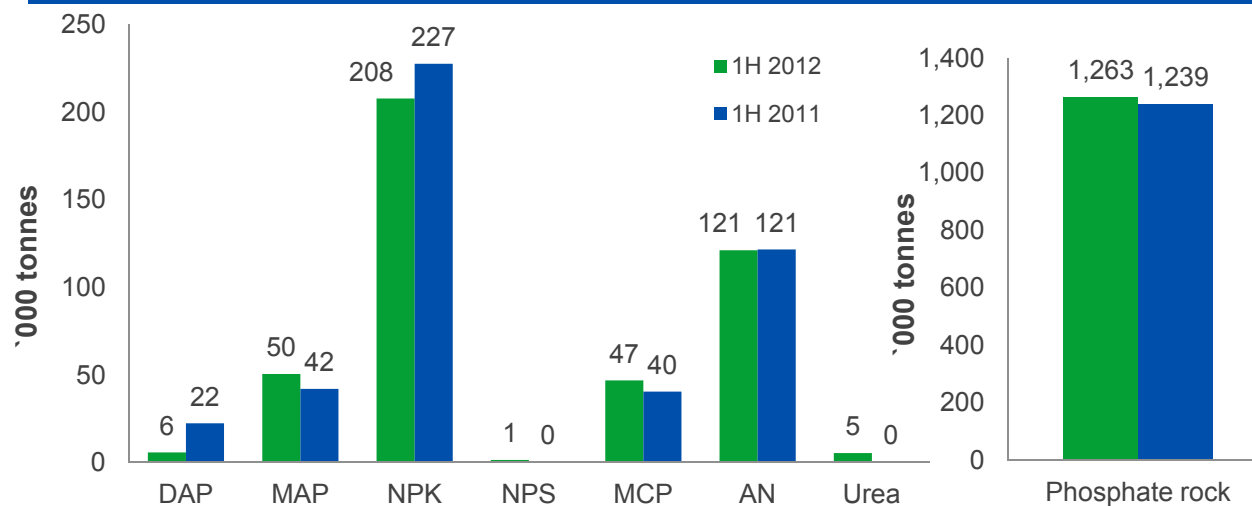
Sales volumes - Export



Comment

- Overall phosphate-based fertiliser sales volumes up 7% y-o-y
- NPK export volumes increased 105% y-o-y
- Significantly higher NPK volumes contributed to 25% y-o-y decline in MAP/DAP export volumes
- Domestic sales volumes of phosphate rock up 2% y-o-y

Sales volumes - Domestic



Changes in the exchange rates

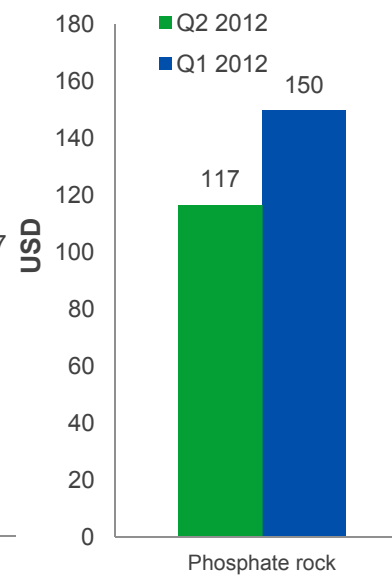
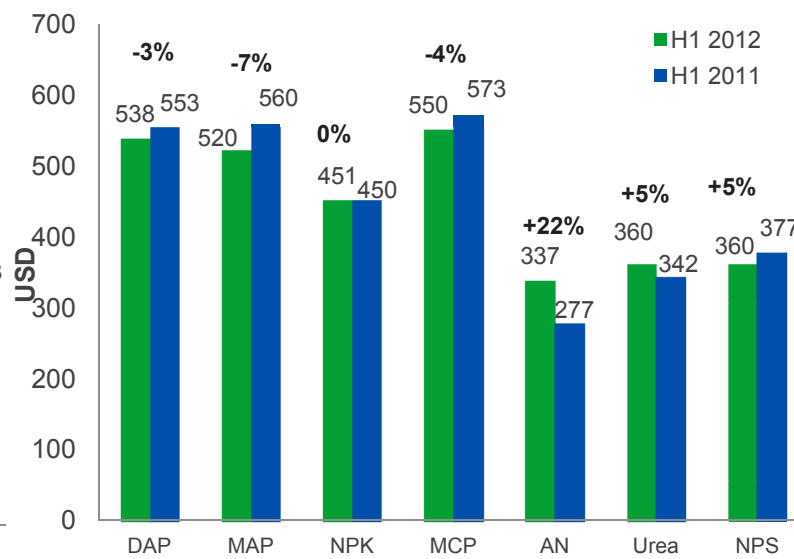
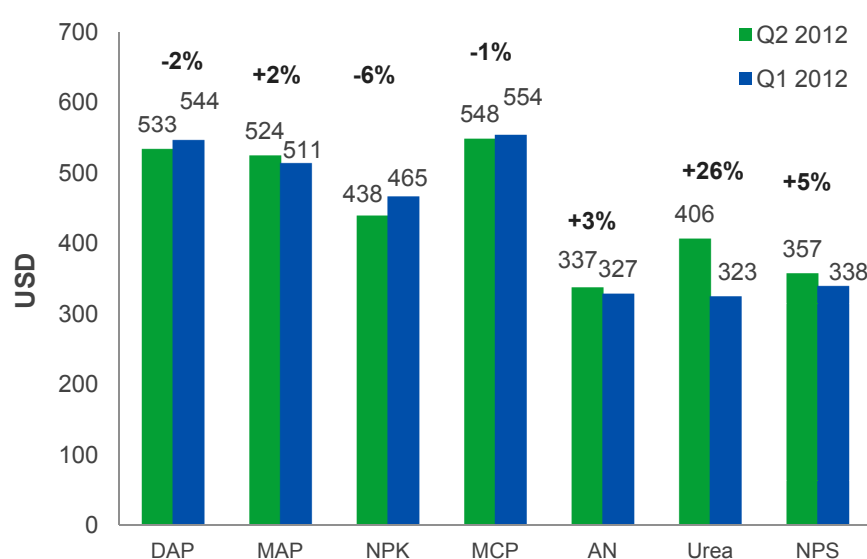
Eop USDRUB/ % change		32.1961 32.8169		Avg USDRUB/ % change		31.0139 30.6390	
		Jan 1 12	Jun 30 12			Q2 12	H1 12
30.4769	Jan 1 11	(5%)	(7%)	28.6242	H1 11		(7%)
28.0758	Jun 30 11	(13%)	(14%)	30.2642	Q1 12	(2%)	
29.3282	Mar 31 12	(9%)	(11%)				
32.1961	Jan 1 12		(2%)				

Decrease in Net Income due to FX loss

Net Income as of 30 June 2012	(RUB in mn)
Net Income	10,802
FX loss	(689)
Income net of FX loss	11,491

Average Revenue per tonne - Export

Domestic



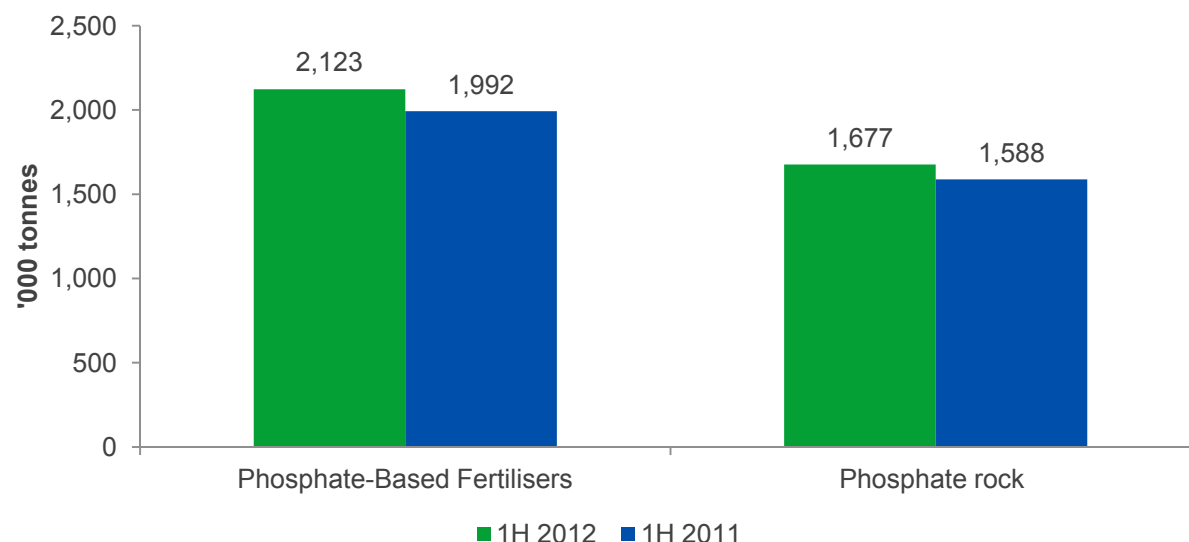
Key Financial Highlights

(RUB m or %)	H1 2012	H1 2011	% change
Revenue	44,024	42,508	4%
<i>Export</i>	30,874	28,012	10%
<i>Domestic</i>	13,150	14,496	(9%)
CoGS	(26,827)	(24,086)	11%
Gross profit	17,197	18,422	(7%)
<i>% margin</i>	39%	43%	

Comment

- Growth in volumes and revenue driven by 58% increase in NPK sales volumes
- CoGS rose on higher production volumes and higher prices for NPK raw materials like potash
- Near-100% capacity utilisation and higher volumes during period possible because of production and sales flexibility

Sales volumes H1 2012 vs. H1 2011 ('000 tonnes)



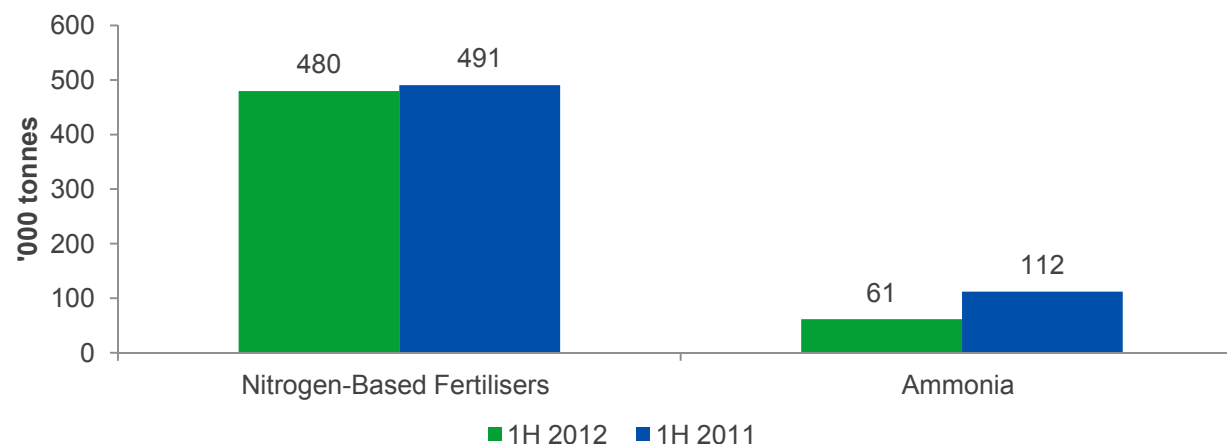
Key Financial Highlights

(RUB m or %)	H1 2012	H1 2011	% change
External Revenue	5,829	5,874	(1%)
<i>Export</i>	4,581	4,686	(2%)
<i>Domestic</i>	1,248	1,188	5%
Inter-segment Revenue	2,826	1,873	51%
CoGS	(4,091)	(3,830)	7%
Gross profit	4,564	3,917	17%
<i>% margin</i>	53%	51%	

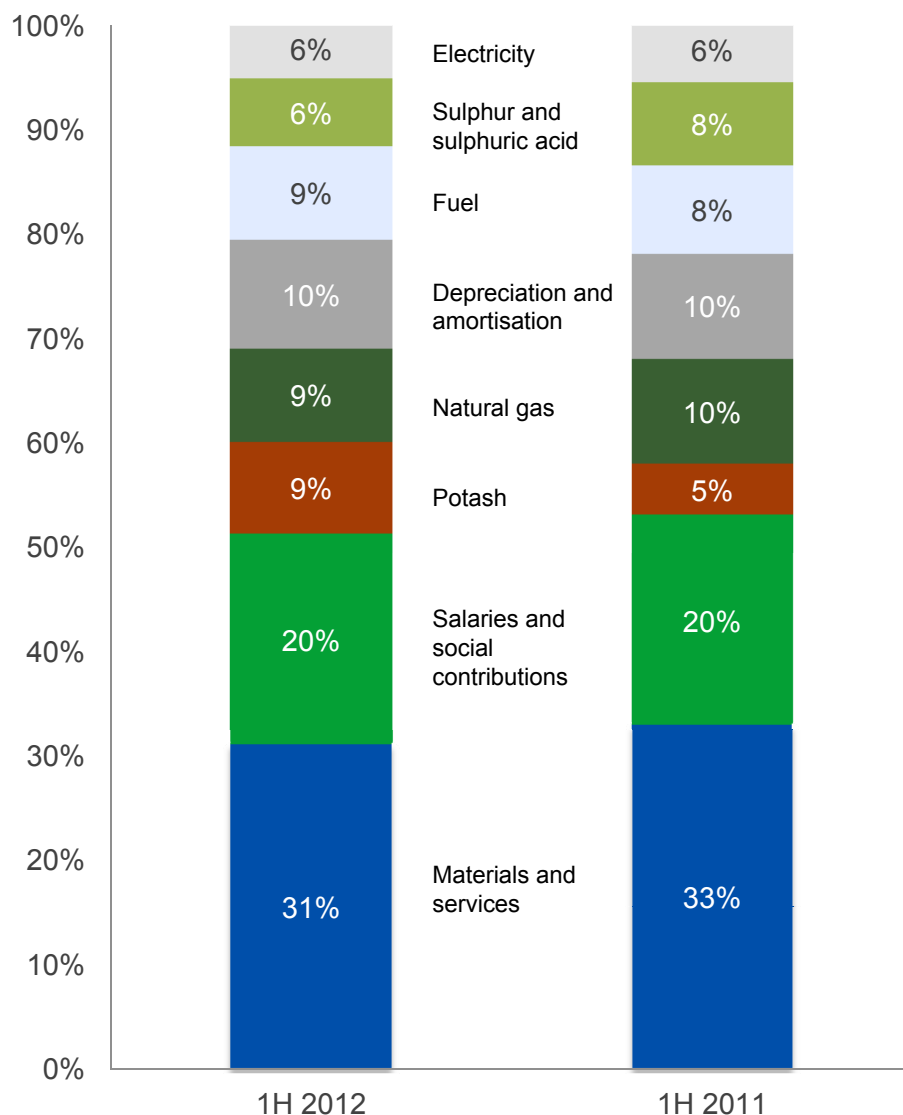
Comment

- Sales volumes and revenue slightly down mainly as a result of work on ammonia plant modernisations, completed in February 2012
- Gas costs fell due to lower prices and greater efficiency following ammonia plant modernisation
- Inter-segment revenue increased significantly on higher use of own N output for NPK production

Sales volumes H1 2012 vs. H1 2011 ('000 tonnes)



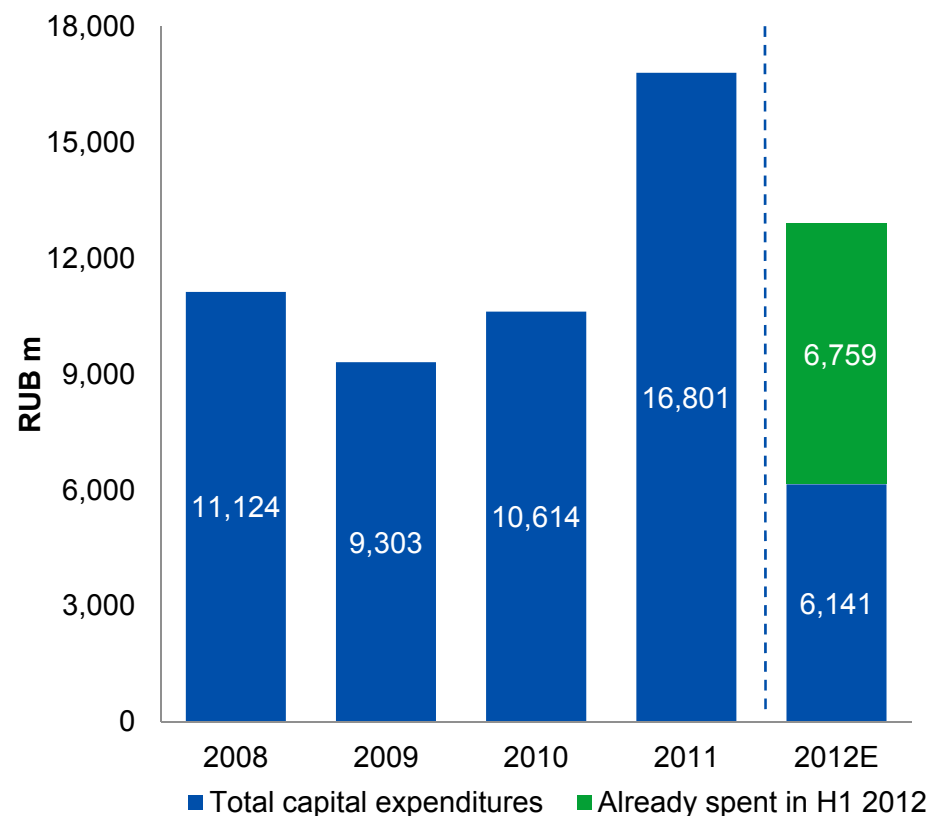
Cost of Goods Sold



CoGS key drivers overview: H1 2012 vs. H1 2011

- Salaries and social contributions increased 5% to RUB 5,738 million (USD 187 million) due to higher labour rates
- Potash costs rose 94% due to substantially higher NPK production and sales (up 52% and 58% y-o-y, respectively) as well as a 40% y-o-y increase in potash prices, from RUB 6,318/tonne in H1 2011 to RUB 8,816/tonne in H1 2012
- Expenditures on natural gas decreased 7% to RUB 2,537 million, primarily due to a 7% decrease in consumption of natural gas from 905,531 thousand cubic meters in the six months ended 30 June 2011 to 842,380 thousand cubic meters in the six months ended 30 June 2012

Capex (RUB m)



Comment

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

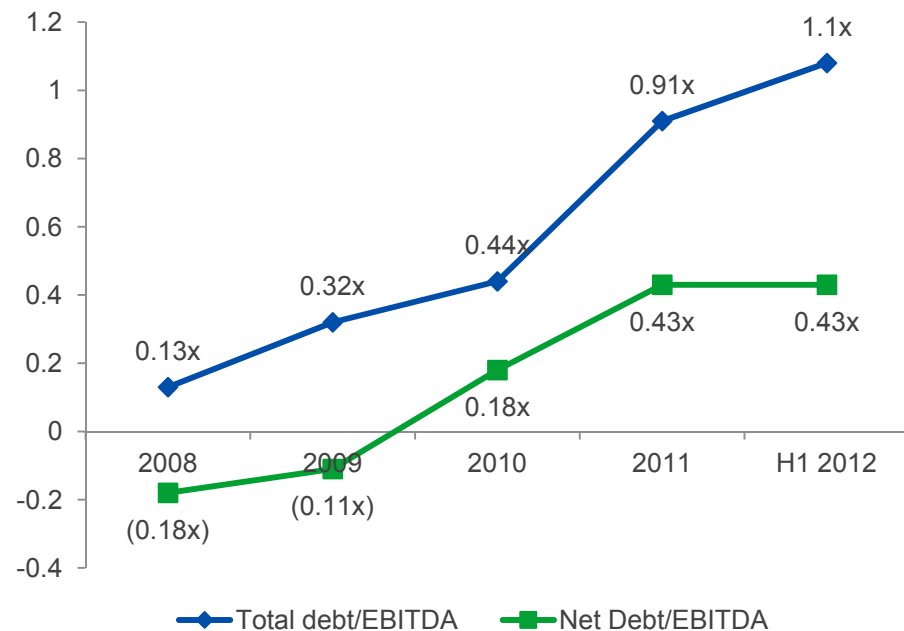
Main projects:

- Construction of ore shaft № 2 at Kirovsky underground mine
- Cherepovets site urea production capacity of 500 thousand tonnes per year currently running at 90% capacity on trial basis
- Construction of a new 32MW gas fired electricity generation facility at Cherepovets site to support expansion
- All projects currently remain on track

Capex Details (RUB m)

	H1 2012	H1 2011
Phosphate rock	3,421	2,507
Phosphate-based products	835	1,120
Nitrogen fertilisers	2,105	1,763
Other	398	467
Total capital expenditures	6,759	5,857

Total Debt / EBITDA and Net Debt / EBITDA



Comment

- Net debt/Annualized EBITDA remains at very comfortable level of 0.43x
- Well below comfortable mid-cycle target Net Debt/Annualized EBITDA ratio of 1.0x
- PhosAgro is well positioned to access debt financing for planned acquisitions of additional stakes in production subsidiaries while maintaining strong balance sheet

Dividend Policy

- Board has proposed interim dividend payment of RUB 4.7 billion (RUB 38/share), which represents 56% of net profit attributable to the shareholders of PhosAgro for H1 2012
- Formal policy to pay between 20% to 40% of annual consolidated profit calculated in accordance with IFRS as dividends



3. Conclusion

Short and medium term strategy for future growth

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 will increase annual apatite-nepheline ore production from 12 to 14 mln t from 2014
- Construction of a new 32 MW gas-powered electricity generation facility at Cherepovets site
- Construction of a new ammonia plant with 760 k tonnes per annum capacity at Cherepovets site
- Enter the technical phosphates and SOP (sulphate of potash) markets through the integration of Metachem products (acquired 24% stake in the company in 2011)
- Modernization of BMF's facilities to enable production of NPK with 450 k tonnes per annum capacity

Mineral	Application	Development Stage	Production	
			Today	Future
Apatit				
• Rare Earth Oxides	• Autocatalysts, fuel cells • High strength magnets, ceramics • Fiber optics, lasers		-	7k t
Nepheline				
• Aluminium Oxide	• Alumina, Cement, Catalysts		1.0 mln t	6.0 mln t
• Potassium carbonate • Soda Ash • Potassium Sulfate	• Glass production, agriculture, household chemicals		0.25 mln t	1.50 mln t
• Gallium Oxide	• Electronic engineering, lasers, lubricants			

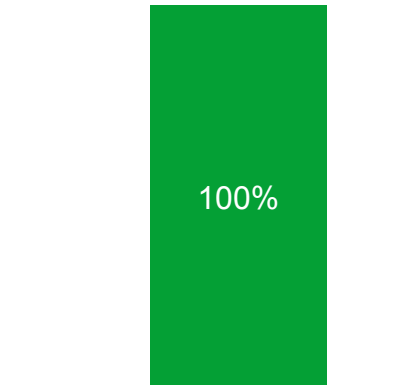
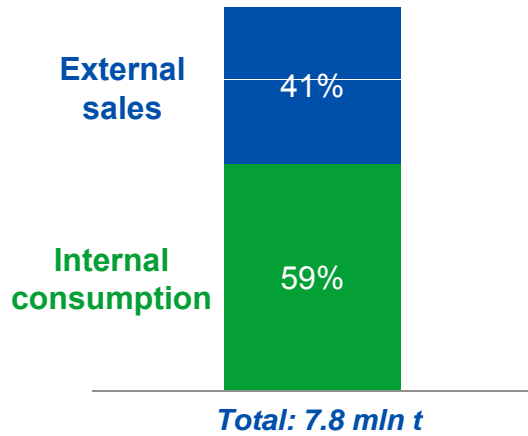
Long term strategy for volume growth of fertilisers

2011

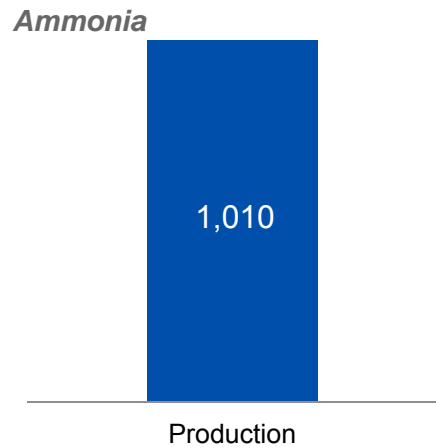
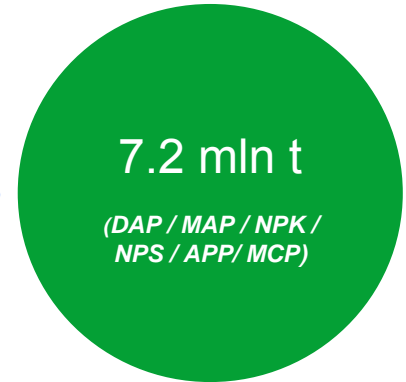
Future

Phosphate rock

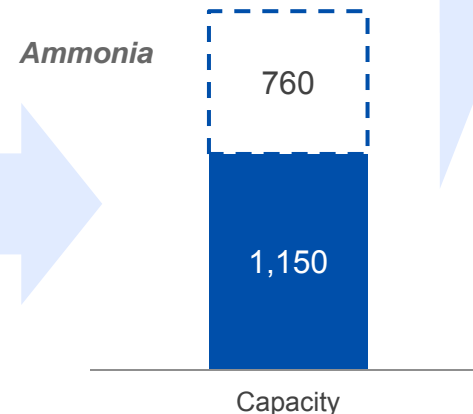
Phosphate rock



Growth 76%



New ammonia plant



Total: 1,910 kt

Market:

- Soft commodities stocks-to-use ratios remain at very low levels compared to historic averages; at the same time corn and soybean prices have surpassed their previous historical peaks of 2008
- While farmers appear to remain cautious in the current environment given continued expectations of a debt crises in Europe as well as different perceptions of the consequences of the drought in the US, if the historically high soft commodities prices remain in place for some time farmers are more likely to start investing into maximising output, including through fertiliser purchases
- Phosphate fertiliser stocks are at very low levels globally
- The majority of farmers in most regions of the world are not currently experiencing any liquidity constraints, unlike the situation in 2008
- 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 grades it produces
- 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 in 2013, although the final rules have not been determined yet

Company:

- PhosAgro has currently taken the steps necessary to participate in the Apatit privatisation planned for 4 September 2012
- The Company expects to increase urea production and sales volumes following the launch of its brand new 500 k tonnes production line in Cherepovets
- PhosAgro has chosen the two final licensors for the construction of a new ammonia plant with 760 k tonnes capacity, and expects to finalize the tender by the end of 2012
- 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 in 2013, although the final rules have not been determined yet



Thank You



Q&A Session

ir@phosagro.ru

www.phosagro.com