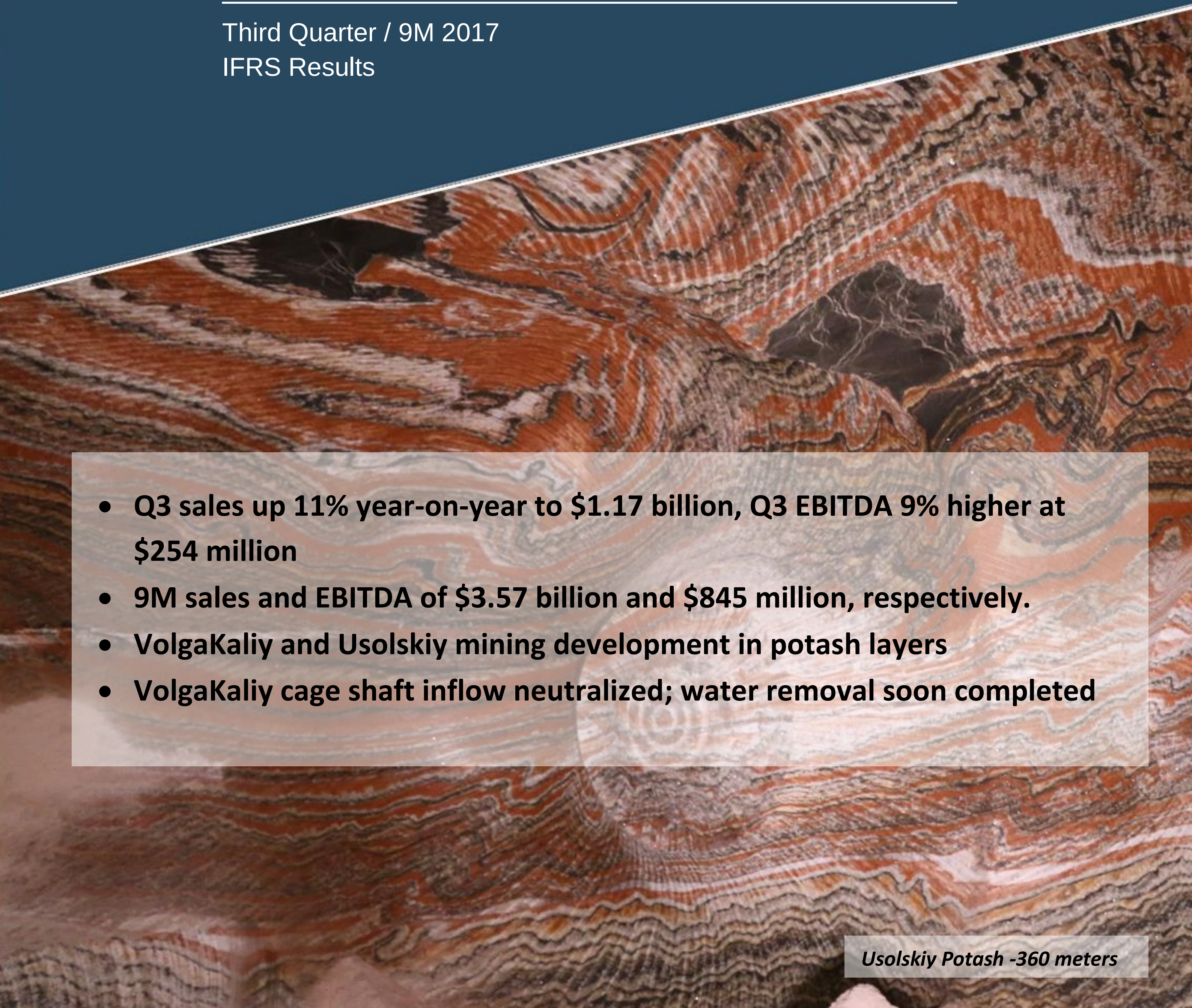
EUROCHEM

EUROCHEM GROUP AG

Third Quarter / 9M 2017
IFRS Results



- **Q3 sales up 11% year-on-year to $1.17 billion, Q3 EBITDA 9% higher at $254 million**
- **9M sales and EBITDA of $3.57 billion and $845 million, respectively.**
- **VolgaKaliy and Usolskiy mining development in potash layers**
- **VolgaKaliy cage shaft inflow neutralized; water removal soon completed**

Usolskiy Potash -360 meters

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Highlights	Q3 2017	Q3 2016	Chng.	9M 2017	9M 2016	Chng.
	US$m	US$m	Y-o-Y, %	US$m	US$m	Y-o-Y, %
Sales	**1,172**	**1,054**	+11%	**3,569**	**3,322**	+7%
Gross Profit	**407**	**370**	+10%	**1,306**	**1,234**	+6%
EBITDA	**254**	**234**	+9%	**845**	**847**	-%
Cash from operations	**309**	**305**	+1%	**849**	**822**	+3%

Net Covenant Debt/ LTM(*) EBITDA(**)	**30-Sep-17** 2.90x	**30-Sep-16** 2.75x		**30-Jun-17** 2.87x	**31-Mar-17** 2.82x	

(*) Last Twelve Months.
(**) Including net income from associates and joint ventures.

Zug, Switzerland, 8 November 2017 - EuroChem Group AG (hereinafter "EuroChem" or "Group") a leading global fertilizer company, today reported consolidated sales for the third quarter of 2017 of $1.17 billion, 11% above the same period last year. The stronger product pricing dynamics and an improvement in sales mix lifted sales for the first nine months of the year to $3.57 billion, 7% ahead of the $3.32 billion achieved in the first nine months of 2016.

Third-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) rose 9% year-on-year to $254 million, compared to $234 million during the same period last year. The third quarter performance carried the Group's EBITDA for the first nine months of the year to $845 million, in line with 2016.

The Group's third-quarter fertilizer sales volumes amounted to 3.30 million tonnes (MMT) as we pursued the production shift toward complex, AN, MAP and other products offering higher netbacks. Reflecting similar underlying trends, sales volumes for the first nine months of the year totalled 10.10 MMT, 1% behind sales volumes of 10.16 MMT achieved in the first nine months of 2016. During the same period, the Group realised third-party fertilizer product sales of 2.69 MMT.

Sales volumes for mining products for the three months ended 30 September 2017 declined 10% year-on-year to 1.55 MMT as bottlenecks on eastbound rail freight slowed iron ore deliveries to China. Sales volumes for the first nine months of the year came in at 4.39 MMT compared to 4.49 MMT over the same period last year.

"Our third quarter performance offers a preview of things to come. If recent investments in distribution and debottlenecking increased EuroChem's resilience to volatile market conditions, the start of our potash and ammonia projects will secure value generation, while providing additional firepower to capture further growth opportunities", said EuroChem Group CEO Dmitry Strezhnev.

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Market overview

Main EuroChem products Average market prices (US$/tonne)	*Average fertilizer prices are derived from weekly market prices, as reported by trade publications. Average iron ore prices are obtained from daily spot price index.*						Last 12 Months	
	Q3 2017	Q3 2016	y-o-y %	9M 2017	9M 2016	y-o-y %	High	Low
Ammonia (FOB Yuzhny)	$198	$208	-5%	$259	$250	+4%	$320	$167
Prilled urea (FOB Yuzhny)	$207	$183	+13%	$212	$196	+8%	$254	$176
AN (FOB Black Sea)	$183	$145	+26%	$183	$161	+14%	$230	$159
MAP (FOB Baltic)	$332	$337	-2%	$344	$343	-%	$379	$309
MOP (FOB Baltic, spot)	$233	$222	+5%	$225	$236	-4%	$236	$217
Iron ore (63.5% Fe, CFR China)	$73	$60	+21%	$75	$55	+36%	$97	$55

Third-quarter trading sentiment and positioning generally remained focused on supply growth as the ramping-up of additional capacity, especially in nitrogen, continued to recalibrate traditional fertilizer trade flows. As the quarter progressed, the weaker activity levels prompted several nitrogen producers to go offline for maintenance. Meanwhile, higher feedstock costs and more stringent environmental controls yielded unusually shallow urea export levels from China, which on average remains the marginal producer of urea globally. According to trade data from China Customs, urea exports amounted to 3.5 MMT in the first nine months of 2017, 53% below exports of 7.5 MMT during the same period last year. Against this tighter supply backdrop, a pickup in tender activity and overall demand from late August fuelled a market rally, carrying prices to 12-month highs.

In Europe, the appreciation of the euro spurred some uptick in demand, but overall trading conditions remained in line with historical trends. In Russia and the CIS, fertilizer markets continued to outperform on the strength of the Russian agricultural revival with sustained demand supporting urea, AN and UAN pricing. In neighbouring Ukraine, ongoing supply disruptions continued to keep the domestic market tight. The ramping-up of new domestic nitrogen capacity in the US covered a significant portion of inland demand. Nevertheless, while limited barge availability kept inland prices relatively stable, imports, although below traditional levels, pressured NOLA values lower. While South American apparent demand remained robust on Brazilian import dynamics, pricing momentum remained subject to increasing competition and rising stock levels.

Trading at an average of $207/tonne, prilled urea (FOB Yuzhniy) grew 9% quarter-on-quarter and was 13% above its third-quarter 2016 average of $183/tonne. Ammonium nitrate (AN) pricing dynamics remained well supported by CIS demand and prices finished the third quarter at an average of $183/tonne (FOB Black Sea), 26% above their Q3 2016 average of $145/tonne.

Despite some upward movement from September, the launch of additional phosphate fertilizer production capacity capped prices for the better part of the third quarter. MAP (FOB Baltic Sea) prices ended the quarter at an average of $332/tonne, trailing their third quarter 2016 average by 2%.

While MOP (FOB Baltic Sea) contract prices slipped 2% lower year-on-year, spot prices moved 5% higher and finished the third quarter with an average of $233/tonne.

China's appetite for high-grade iron ore continued to support prices. With a third-quarter average of $73/tonne, iron ore 63.5% Fe (CFR China) saw its average price grow 21% year-on-year.

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Income statement[1]

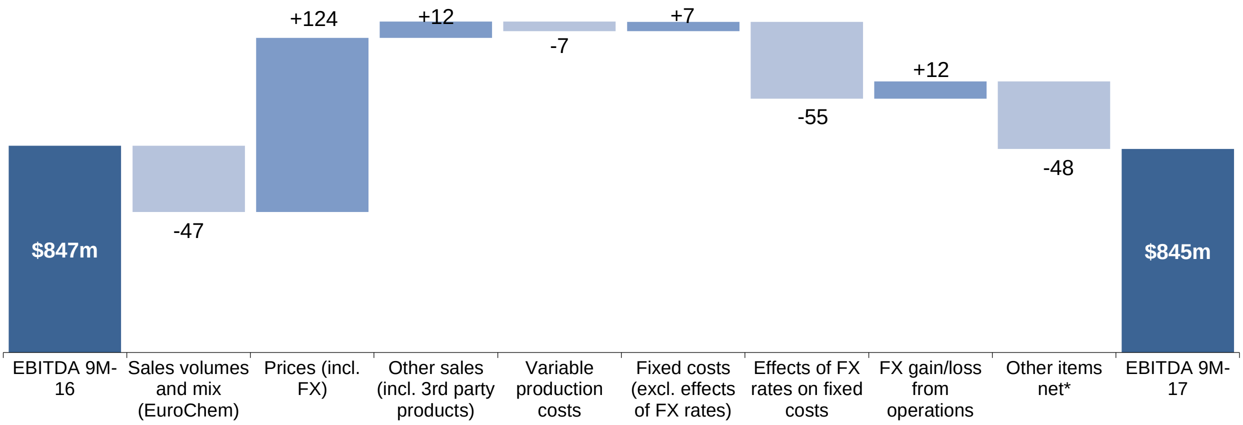
The Group's business is conducted by five operating divisions aggregated in five reportable segments identified as Mining, Oil & Gas, ,Fertilizers, Logistics, and Sales.

US$m	Total sales						EBITDA					
	Q3 2017	Q3 2016	Chng, %	9M 2017	9M 2016	Chng, %	Q3 2017	Q3 2016	Chng, %	9M 2017	9M 2016	Chng, %
Mining	143	148	-3%	496	447	+11%	62	68	-9%	238	211	+13%
Oil & Gas	22	17	+32%	65	52	+25%	6	1	+799%	14	6	+121%
Fertilizers	689	658	+5%	2,136	2,104	+2%	128	96	+32%	469	445	+5%
Logistics	52	48	+8%	165	144	+15%	21	16	+29%	70	55	+28%
Sales	1,143	1,020	+12%	3,470	3,214	+8%	31	26	+20%	59	37	+60%
Other	19	15	+24%	56	41	+37%	-7	0	n/a	-17	2	n/a
Elimination	-895	-853	n/a	-2,818	-2,680	n/a	14	26	-49%	13	91	-86%
Total	**1,172**	**1,054**	**+11%**	**3,569**	**3,322**	**+7%**	**254**	**234**	**+9%**	**845**	**847**	**-%**

Stronger pricing momentum across the Group's core product lines supported third-quarter sales of $1.17 billion. The 11% increase in third-quarter sales pushed the Group's sales for the January to September period 7% higher year-on-year to $3.57 billion.

The higher fertilizer and iron ore price backdrop supported third-quarter EBITDA, which increased 9% year-on-year to $254 million. Combined with a strong second quarter, the third quarter performance further softened the weakness observed in the beginning of the year and carried EBITDA to $845 million during the first nine months of the year.

EBITDA development ($m)



**Other items (net) mainly comprised of bad debt provisions of $20m, iron ore swap losses of $3.8m, and Murmansk Port disposal effect of $18m.*

[1] *Starting 1 January 2017, the Group changed its treatment of foreign exchange revaluation of cash and cash equivalents – additional information is provided at the end of this release.*

During the first nine months of 2017, the Group realised 49% of its sales in dollars, while rouble and euro-denominated sales represented 21% and 20% of total sales, respectively. [2]

Selected sales volumes

(KMT)	EuroChem and third-party products						EuroChem products only		
	Q3 2017	Q3 2016	Chng %	9M 2017	9M 2016	Chng %	9M 2017	9M 2016	Chng %
Nitrogen and phosphate fertilizer products	**3,161**	**3,334**	**-5%**	**9,830**	**9,999**	**-2%**	**7,346**	**7,577**	**-3%**
Urea	592	658	-10%	2,107	2,418	-13%	1,360	1,390	-2%
AN	398	383	+4%	1,223	1,173	+4%	1,170	1,115	+5%
UAN	226	363	-38%	921	1,140	-19%	857	1,007	-15%
Complex fertilizers	745	583	+28%	1,977	1,467	+35%	1,545	1,377	+12%
AS	259	351	-26%	928	953	-3%	-	-	+0%
CAN	231	256	-10%	695	750	-7%	692	749	-8%
DAP	272	329	-17%	667	902	-26%	602	860	-30%
MAP	311	294	+6%	939	822	+14%	858	766	+12%
ANF	68	92	-26%	259	296	-12%	259	296	-12%
Ammonia	17	26	-36%	52	77	-32%	2	17	-87%
other phosphate-based	40	-	+100%	61	-	+100%	-	-	-
Other fertilizers	**141**	**92**	**+53%**	**270**	**157**	**+72%**	**-**	**-**	**-**
KCL	139	84	+65%	258	143	+81%	-	**-**	**-**
Other	3	9	-70%	12	14	-18%	-	**-**	**-**
TOTAL FERTILIZERS	**3,302**	**3,426**	**-4%**	**10,100**	**10,156**	**-1%**	**7,346**	**7,577**	**-3%**
Feed phosphates	**86**	**67**	**+29%**	**251**	**229**	**+10%**	**240**	**221**	**+9%**
Mining products	**1,546**	**1,713**	**-10%**	**4,390**	**4,491**	**-2%**	**4,385**	**4,490**	**-2%**
Iron ore	1,541	1,710	-10%	4,350	4,469	-3%	4,350	**4,469**	-3%
other	6	3	+69%	40	23	+75%	35	**22**	+60%
Industrial products	**376**	**394**	**-5%**	**1,090**	**1,048**	**+4%**	**1,090**	**1,048**	**+4%**

Third-quarter fertilizer sales volumes of 3.30 million tonnes carried the Group's fertilizer sales for the first nine months of 2017 to 10.10 million tonnes, compared to 10.16 million tonnes during the same period last year. Excluding third-party products, the Group sold 7.35 million tonnes of EuroChem fertilizer products in the first nine months of 2017.

The Group's sales mix reflected the shift in production from urea, UAN and DAP to complex fertilizers, MAP and AN. During the nine-month period ended 30 September, the Group sold 2.77 million tonnes of third-party products, including 928 thousand tonnes of AS, 747 thousand tonnes of urea and 258 thousand tonnes of potash.

[2] *As fertilizers and mining products are dollar-denominated commodities, in terms of the economic substance the Group views its sales as predominantly denominated in US dollars even where nominally this may not be the case.*

Geography of sales (as proportion of sales)	Q3 2017	Q3 2016	Change in percentage points	9M 2017	9M 2016	Change in percentage points
Europe	33%	34%	-1	31%	37%	-6
Russia	19%	20%	-1	21%	18%	+3
North America	8%	11%	-3	12%	17%	-5
Latin America	16%	13%	+3	15%	9%	+6
Asia Pacific	12%	12%	-	10%	11%	-1
CIS	8%	10%	-2	7%	7%	-
Africa	3%	1%	+2	3%	1%	+2

Sales to the Group's domestic markets, Europe, Russia and the CIS, accounted for a combined 60% of our third-quarter sales, compared to 63% during the three-month period ended 30 September 2016. The decline primarily reflected the growing contribution of recently consolidated distribution assets and the accompanying increase in third party product trading. As a result, the share of the Latin American market increased 3 percentage points and accounted for 16% of the Group's third quarter sales following the acquisition of Fertilizantes Tocantins and Emerger Fertilizantes. Nevertheless, sales to Russia continued to display sustained growth on the strength of the domestic agricultural industry coupled with higher deliveries of mining products within Russia.

The 17% year-on-year appreciation of the Russian rouble against the US dollar generated some headwinds across the Group's cost structure. The unfavourable currency dynamics mitigated some of the cost benefits provided by lower raw material prices and the higher utilisation rates of in-house phosphate feedstock production from our Kazakhstan operations at the Group's BMU, Phosphorit, and Lifosa facilities. Consequently, costs of sales, excluding goods for resale and changes in work in progress and finished goods, rose 7% year-on-year and amounted to $1.56 billion in the first nine months of the year, compared to $1.46 billion during the corresponding period of 2016.

For the 1 January to 30 September period, average natural gas prices (delivered to plant) at the Group's nitrogen facilities were $2.34/mmBtu at Novomoskovskiy Azot and $2.58/mmBtu at Nevinnomysskiy Azot. During the same period, average natural gas prices at major hubs were $3.07/mmBtu in the US (Henry Hub) and $5.42/mmBtu in the Netherlands (TTF).

Balance sheet

As at 30 September 2017, the Group had a net leverage of 2.90x on covenant net debt of $3.27 billion and LTM EBITDA of $1.13 billion.

The Group obtained several new facilities during the third quarter, such as its four-year $500 million Eurobond placed at 3.95% in July and a five-year unsecured club deal in September. While the club facility had not been utilized at the end of the quarter, already the Group's proportion of unsecured debt within its total covenant debt had increased to 99%, compared to 84% at the end of the previous quarter. The Eurobonds issue also served to further reduce interest rate risks by increasing the proportion of fixed-rate covenant debt to 73%, up from 44% at the end of June 2017.

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Cashflow

The Group generated $284 million in cash from operations during the third quarter, bringing our total for the first nine months of the year to $824 million, in line with the corresponding period of 2016.

Reflecting the more intensive summer construction season, quarterly capital expenditure (capex) spending accelerated in the third quarter and amounted to $443 million. With several large projects set to start commissioning over the coming 12-month period, total Group capex for the first nine months of the year ran 9% ahead of the same period last year and amounted to $1,044 million.

A more detailed overview of the main capex items is provided in the Divisions section of this publication.

Project finance

As at 30 September 2017, EUR 209 million had been utilised from the EUR 557 million non-recourse project financing of the Group’s ammonia plant in Kingisepp, Russia.

As previously disclosed, the Group fully utilised the $750 million non-recourse project finance facility signed in 2014 for its Usolskiy potash project. The first repayment following the grace period is due in 2019.

Corporate developments

In June 2017, the Group acquired a significant minority interest (50%-1 share) in Hispalense de Liquidos (Hispalense), a producer and distributor of liquid NPK blends located in the south of Spain.

In early July, the Group acquired Emerger Fertilizantes S.A. (Emerger), a privately-owned distributor of premium and standard fertilizers in Argentina. From the date of acquisition through 30 September 2017, Emerger contributed $3.14 million and $770 thousand to Group sales and EBITDA, respectively.

Operating environment

Effective October 2017, certain companies of the Group in Russia and Ukraine are subject to temporary suspension of foreign economic activities in Ukraine. The Group is taking appropriate measures aimed at both having the sanctions cancelled and preventing any possible breaching.

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Divisions

Mining division

The Group's Mining division comprises the Kovdorskiy GOK (Russia) and EuroChem-Fertilizers (Kazakhstan) mining operations as well as the Group's two potash projects in Russia – VolgaKaliy (Volgograd region) and Usolskiy (Perm region).

	Q3 2017	Q3 2016	chng	9M 2017	9M 2016	chng
Total sales ($m)	143	148	-3%	496	447	+11%
EBITDA ($m)	62	68	-9%	238	211	+13%
EBITDA margin (%)	43%	46%	-3pp	48%	47%	+1pp
Capex ($m)	194	186	+4%	613	451	+36%

While the stronger average iron ore pricing provided positive upward momentum, a 10% year-on-year decline in third-quarter Mining sales volumes dragged sales for the division 3% lower to $143 million. Notwithstanding the third-quarter shortfall, the year's robust iron ore backdrop supported an 11% increase in Mining sales year-to-date. During the first nine months of the year, sales grew to $496 million while EBITDA rose to $238 million. The higher sales and 13% year-on-year increase in EBITDA allowed EBITDA margin to expand one percentage point to 48%.

Amounting to $194 million, third-quarter Mining capex was up 4% year-on-year. Cumulative spending for the first three quarters of the year totalled $613 million. The bulk of the Group's Mining capex went to our potash projects with Usolskiy Potash receiving $327 million and VolgaKaliy $206 million. Additional investments were also made at the Group's Kazakhstan mining operations, where we commissioned a crushed ore warehouse.

Recent developments: EuroChem VolgaKaliy (Gremyachinskoe potash deposit, Volgograd region)

Underground development continued during the quarter and the site entered the potash layer in early October, slightly ahead of schedule. Further exploratory drilling confirmed previous estimates and established the thickness of the sylvinite seam at around six meters. As of early November, the site had already lifted and stored in excess of 1,200 tonnes of potash ore to the surface. Although first production of marketable product is expected in mid-2018, the beneficiation mill could begin initial ore circulation for commissioning procedures as early as February. The commissioning procedures will require approximately 40,000 tonnes of ore.

As with all large greenfield underground mines, the site will follow established commissioning procedures and sequences, which are anticipated to necessitate five to six months before first suitable production is achieved.

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Cage shaft inflow

Freeze plants are operating and maintaining an ice wall around the site's three shafts to a depth of around -820 meters. An additional six freeze holes were drilled and activated to support the initial freeze wall around the cage shaft to -838 meters. As announced last year, the site intentionally flooded the cage shaft to prevent water inflow from eroding the freeze wall while the additional holes were drilled. With the freeze wall integrity restored, the site initiated water removal procedures from the cage shaft. To confirm the elimination of leaks, the VolgaKaliy team has been gradually removing water in increments of 50 meters. As of early November, the water level in the cage shaft was at -750 meters, in close proximity to the shaft bottom.

The cage shaft will be required for the second phase of the mining development and is expected to be ready for commissioning in 2019. As stated above, the other two shafts are at shaft bottom, connected, and being developed according to our mining plan. These two shafts will serve as combination cage and skips over the next two years.

Recent developments: EuroChem Usolskiy Potash (Verkhnekamskoe potash deposit, Perm region)

Construction work progressed on the beneficiation complex and its three main sections – Grinding and Flotation, Drying and Compaction, Thickening. Several facilities, including the water supply, heating and ventilation systems are awaiting certification. Boilers and other heating systems are being commissioned in preparation of the upcoming winter.

The first production train of Usolskiy's Phase 1 development remains on track to start later this year. As the Group's first potash production site to launch, Usolskiy has a staggered commissioning schedule. Its first development phase, which represents a total 2.3 MMT of MOP capacity, encompasses four production trains, the first of which will start by year-end. The fourth train of the Phase 1 scope is expected to come online in the second half of 2018. The Group's mining strategy assumes maximum operational readiness is reached in 2021.

Underground, seven continuous mining machines are currently working on the excavation of the permanent drifts, including conveyor, haulage and ventilation drifts. Mining crews began operating in the deposit's two potash layers in late October.

While the Group does not expect material deviations in its targeted timeline and projected production figures for the next eighteen months, as a new potash greenfield entrant, it nevertheless remains acutely aware of potential commissioning challenges which tend to naturally occur with such large-scale projects, as seen at other recently launched sites, including brownfield expansions.

Oil and Gas division

The Oil and Gas division encompasses the exploration and production of natural gas and gas condensate for the production of nitrogen products.

	Q3 2017	Q3 2016	chng	9M 2017	9M 2016	chng
Total sales ($m)	22	17	+32%	65	52	+25%
EBITDA ($m)	6	1	+799%	14	6	+121%
EBITDA margin (%)	27%	4%	+23pp	21%	12%	+9pp
Capex ($m)	8	40	-79%	31	42	-26%

Third-quarter sales within our Oil and Gas division continued to reflect the supportive pricing environment, especially for gas condensate, rising 32% year-on-year to $22 million and lifting sales for the first nine months of the year to $65 million. The underlying market dynamics and complimentary currency movements generated EBITDA of $6 million and $14 million for the three-month and nine-month periods ended 30 September 2017, respectively, with the latter increasing 121% year-on-year.

In October 2017, the Group opted to divest its Severneft-Urengoy subsidiary. The transaction is subject to approval from the Russian Antimonopoly Service as well certain other conditions.

Fertilizers division

The Group's Fertilizers division includes the production of mineral fertilizers (nitrogen, phosphate and complex) and organic synthesis products as well as the phosphate rock beneficiation operations at EuroChem-Karatau (Kazakhstan) and the EuroChem Northwest ammonia project.

	Q3 2017	Q3 2016	chng	9M 2017	9M 2016	chng
Total sales ($m)	689	658	+5%	2,136	2,104	+2%
EBITDA ($m)	128	96	+32%	469	445	+5%
EBITDA margin (%)	19%	15%	+4pp	22%	21%	+1pp
Capex ($m)	253	185	+37%	455	453	+1%

The Fertilizers division achieved 5% growth in third-quarter sales, which grew to $689 million and pushed sales for the January to September period 2% higher year-on-year to $2,136 million.

Third-quarter EBITDA rose 32% year-on-year to $128 million, generating a 4-percentage point increase in EBITDA margin, which expanded to 19%. The increase in profitability was supported by the stronger product pricing dynamics as well as the optimization of production flows in response to the more challenging backdrop for standard products.

The division's third-quarter capex amounted to $253 million, which represented a 37% year-on-year increase as equipment supply for Tecnimont, the EPC contractor for our EuroChem Northwest ammonia, accelerated. Despite the quarterly increase, capex spending of $455 million during the first nine months of this year remained in line with last year's level.

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Logistics division

The Group's Logistics division covers all supply chain operations including transportation services, the purchase and delivery of raw materials and finished goods, as well as freight forwarding and other logistics services.

	Q3 2017	Q3 2016	chng	9M 2017	9M 2016	chng
Total sales ($m)	52	48	+8%	165	144	+15%
EBITDA ($m)	21	16	+29%	70	55	+28%
EBITDA margin (%)	40%	33%	+7pp	42%	38%	+4pp
Capex ($m)	7	5	+41%	11	10	+14%

The appreciation of the Russian currency further buoyed the performance of our Logistics Division, which saw third-quarter sales and EBITDA rise to $52 million and $21 million, respectively.

The third-quarter momentum added to a strong first half with the division realising sales for the first nine months of the year of $165 million, while EBITDA for the period climbed 28% year-on-year to $70 million. The division's EBITDA margin for the January to September period expanded 4 percentage points to 42% as improvements in railcar fleet management and the use of the Group's ships continued to underpin higher profitability levels.

Logistics capex for the first nine months of 2017 was 14% higher year-on-year and amounted to $11 million. The bulk of the increase stemmed from the expansion of iron ore storage capacity at Murmansk Port.

Sales division

The Group's Sales division is responsible for the sale of EuroChem products as well as third-party products through its global distribution network.

	Q3 2017	Q3 2016	chng	9M 2017	9M 2016	chng
Total sales ($m)	1,143	1,020	+12%	3,470	3,214	+8%
EBITDA ($m)	31	26	+20%	59	37	+60%
EBITDA margin (%)	3%	3%	+0pp	2%	1%	+1pp
Capex ($m)	10	2	+491%	18	5	+288%

Higher average prices for the Group's main fertilizer and mining products coupled with growing third-party trading momentum supported results within our Sales division. Consequently, sales for the three-month period ended 30 September 2017 amounted to $1.14 billion, a 12% rise, whereas EBITDA advanced 20% year-on-year to $31million. First-nine month sales climbed 8% to $3,470 million, while EBITDA surged 60% to $59 million.

The Sales division allocated $18 million to capital expenditures during the first nine months of 2017. The Group continued with the onboarding of new distribution partners across several markets, including North and South America and Europe. In June, we acquired a minority interest in Hispalense de Liquidos to expand the scope of the Group's premium product offering and further anchor our market position in the Iberian Peninsula. In August, the Group followed with the purchase of Emerger Fertilizantes S.A., a privately owned distributor of premium and standard fertilizers in Argentina.

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Outlook

The Group's previous guidance of sustainable upward nitrogen pricing momentum from late September / early October on product positioning ahead of the next application season materialized. If a case could be made for nitrogen prices to continue trending higher through the first quarter of next year, we see expectations of further pricing appreciation warranting some degree of caution.

While good demand on inventory positioning ahead of the first quarter has further tightened the market, upcoming pricing trajectory will depend on the velocity of Chinese engagement on export markets as Indian demand wanes and the Chinese season kicks off. Although mounting environmental pressure, higher raw material prices, and rising freight rates have banded together to shorten the market reach of Chinese urea exports, the current pricing momentum offers a very attractive window of opportunity. Further pricing pressure is also expected to emerge as previously offline capacity in the Middle East and Northern Africa resumes operations.

Recently announced cutbacks in phosphates, representing some two million tonnes of annual capacity, should help support prices through the end of the year, a period which is traditionally characterized by generally lower demand. As well, a later than anticipated pickup in Latin American demand should lead to higher prices in the region.

In potash, barring any shifts in supply approaches, while further pricing appreciation appears remote, encouraging global trading conditions should keep prices stable as new supply comes to market.

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Note: Figures may not recalculate exactly due to rounding. Percentage changes are calculated based on whole numbers, not the rounded numbers presented. All dollar amounts are US$.

This EuroChem publication contains forward-looking statements concerning future events. These statements are based on current EuroChem information and assumptions concerning known and unknown risks and uncertainties.

Explanatory note: *Starting 1 January 2017 the Group changed its treatment of foreign exchange revaluation of cash and cash equivalents to "financial foreign exchange gain/loss" (previously: "foreign exchange gains/losses from operating activity"). These changes accompanied the centralisation of cash and cash equivalent management in the hands of the Group Treasury regardless of jurisdiction or legal entity. The retroactive application of this accounting policy has led to a change in the Group's operating profit for 9M16 to $650 million from $619million (Q3 2016 operating profit: $165 million from $161m), and the Group's 9M16 EBITDA to $847 million from $816 million (Q3 2016 EBITDA: $234m from $ 230m)*

About EuroChem Group AG

EuroChem is a leading global fertilizer company producing primarily nitrogen and phosphate fertilizers, as well as certain organic synthesis products and iron ore. The Group is vertically integrated with activities spanning mining and hydrocarbons extraction to fertilizer production, logistics, and distribution. EuroChem is currently developing two sizeable potash deposits in Russia with its VolgaKaliy and Usolskiy Potash greenfield projects. Headquartered in Zug, Switzerland, the Group operates production facilities in Belgium, China, Kazakhstan, Lithuania, and Russia and employs more than 25,000 people globally. For more information, please visit www.eurochemgroup.com or contact:

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