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EuroChem Reports IFRS Financial Information for the Second Quarter of 2014

	Q2 2014		Q2 2013		Chng	6M 2014		6M 2013		Chng
	RUB bn	USD m	RUB bn	USD m	Y-o-Y, %	RUB bn	USD m	RUB bn	USD m	Y-o-Y, %
Revenue	**46.9**	1,341	45.4	1,435	*+3%*	**96.4**	2,755	92.0	2,967	*+5%*
EBITDA	**11.2**	321	12.7	402	*-11%*	**25.4**	726	25.1	808	*+1%*
Net profit	**11.6**	331	1.8	58	*+532%*	**10.6**	304	6.7	214	*+60%*
Cash from operations	**12.0**	344	9.6	303	*+26%*	**16.3**	467	18.4	593	*-11%*

	30-Jun-14	30-Jun-13	31-Dec-13
Net Debt/ LTM[(1)] EBITDA[(2)]	1.99x	1.97x	2.07x

USD figures are provided for the convenience of the reader and are not part of EuroChem audited financial statements. These are derived by converting the underlying RUB figures at the average exchange rate of the relevant period. Average USD/RUB exchange rate for the period: Q2 2014: 35.00; Q2 2013: 31.61; 6M 2014: 34.98; 6M 2013: 31.02
(1)Last Twelve Months
(2)Including pro-rata Murmansk Commercial Seaport net income

Moscow, 13 August 2014 - EuroChem today reported consolidated revenues for the second quarter of 2014 of RUB 46.9bn (USD 1.3bn), which represented a 3% increase on the RUB 45.4bn recorded over the same period a year ago. The second quarter results carried total revenues for the first six months of the year to RUB 96.4 (USD 2.8bn), 5% higher than in the first half of 2013. Amounting to RUB 11.2bn (USD 321m), earnings before interest, taxes, depreciation, and amortisation (EBITDA) for the quarter decreased 11% as compared to the second quarter of 2013. Group EBITDA for the 1 January to 30 June 2014 period registered a 1% increase over the same period a year ago and totalled RUB 25.4bn (USD 726m). Net profit rose significantly year-on-year to RUB 11.6bn in the second quarter driven by non-cash effects of stronger RUB/USD exchange rate on the Group mostly USD liabilities, a trend which has emphatically reversed in July.

Quarterly sales volumes for our nitrogen and phosphate segments, excluding iron ore, baddeleyite, and hydrocarbons, amounted to 2.75 million tonnes (MMT), which represented a 7% increase on the 2.57 MMT sold in the second quarter of 2013. The year-on-year growth was achieved on the back of a 6% growth in nitrogen volumes and an 11% jump in phosphates. The additional 179 thousand tonnes (KMT) sold in the second quarter lifted first half sales volumes up 3% to 5.49 MMT as compared to the first six months of 2013.

Softer iron ore trading brought sales volumes for mineral raw materials for the three month period ending 30 June 2014 to 1.41 MMT, representing a 5% year-on-year decrease. Nevertheless, first half volumes of 2.73 MMT remained 1% above 1H 2013 volumes.

“Our ability to capitalise on our set of unique strengths provided us with another solid quarter,” commented EuroChem CEO Dmitry Strezhnev. “Our flexibility to increase sales of speciality products, while further increasing our upstream raw material output, allowed us to mitigate the softer market conditions. Our diversification, production flexibility, vertical integration, and balance sheet strength have us well prepared for any potential challenges down the road.”

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

Market Conditions

While perhaps quieter than prior periods, the second quarter overall remained well balanced, offering good pockets of demand across most key markets. Following their first quarter rally, prices for nitrogen and phosphate-based products slowly abated as spring planting progressed. A pick-up in demand in the Americas allowed the markets to remain balanced as Europe finished its planting season early. However, India's lack of market engagement in the run-up to parliamentary elections weighed on both fertilizer prices and market sentiment. As a result, prices for key nitrogen and phosphate products continued to slide well into May, the former finding support at Chinese costs level, before rebounding into June.

In nitrogen, prices started to firm as mounting geopolitical tensions in Ukraine brought some of the country's ammonia and urea capacity to a standstill. At the same time, disruptions to raw material supply availability in North Africa and the Caribbean helped offset additional Chinese volumes and firmly established urea's floor price. Prilled urea (FOB Yuzhny) averaged USD 298/tonne in the second quarter, 13% lower year-on-year as low feedstock prices and efficiency gains incentivised more aggressive Chinese competition. At USD 257/tonne, average ammonium nitrate (FOB Black Sea) prices were 6% below their Q2 2013 average of USD 274/tonne.

In the wake of India's delayed market entrance, the Americas continued to drive the phosphate market. Nevertheless, while MAP/DAP prices pulled back in the first half of Q2, the back end of the quarter saw demand pickup in Asia. MAP and DAP (FOB Baltic Sea) prices for the second quarter of 2014 averaged USD 456 and 457/tonne, down 7% and 8% respectively.

With the potash market back on more or less solid footing, demand remained healthy throughout the quarter. Despite good buying activity, comfortable inventory levels in Asia prevented prices from sustained price appreciation. Averaging USD 292/tonne, second quarter MOP (FOB Baltic Sea) contract prices were 21% down year-on-year. Mirroring the trend, MOP (FOB Baltic Sea) spot prices finished the quarter at an average of USD 283/tonne, significantly below last year's USD 402/tonne.

The supply/demand imbalance on the back of weak domestic steel demand in China pressured iron ore prices from the start of the year. After briefly moving into the low nineties, iron ore (63.5% Fe, CFR China) ended the second quarter with an average of USD 104/tonne, 20% behind its Q2 2013 average.

							Last 12 Months	
Average prices (USD/tonne)	**Q2-14**	**Q2-13**	*y-o-y chg%*	**6M-14**	**6M-13**	*y-o-y chg%*	**High**	**Low**
Prilled urea (FOB Yuzhny)	298	343	*-13%*	319	371	*-14%*	371	287
Ammonia (FOB Yuzhny)	485	501	*-3%*	461	532	*-13%*	508	391
AN (FOB Black Sea)	257	274	*-6%*	282	305	*-8%*	319	248
MAP (FOB Baltic)	456	492	*-7%*	460	494	*-7%*	493	365
Iron ore (CFR China)	104	129	*-20%*	114	139	*-18%*	140	92
MOP (FOB Baltic, spot)	283	402	*-29%*	283	409	*-31%*	400	279

Averages are derived from weekly prices.

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BUSINESS SEGMENTS

Segment revenues (both volume and value) are shown gross and inclusive of intra-segment sales.

Nitrogen segment[1]

Sales volumes including sales to other segments (KMT)	Q2-14	Q2-13	*y-o-y chg%*	6M-14	6M-13	*y-o-y chg%*
Nitrogen	**2,140**	**2,020**	*+6%*	**4,250**	**4,072**	*+4%*
Ammonia	70	29	*+144%*	120	43	*+181%*
Urea (granular)	396	389	*+2%*	662	573	*+16%*
Urea (prilled)	191	199	*-4%*	362	459	*-21%*
AN	347	427	*-19%*	774	862	*-10%*
UAN	279	268	*+4%*	523	539	*-3%*
NPK/NP	399	363	*+10%*	846	771	*+10%*
CAN	285	191	*+49%*	614	438	*+40%*
Granulated AN	41	70	*-42%*	95	172	*-45%*
Organic synthesis products	122	77	*+59%*	235	201	*+17%*
Melamine	12	7	*+64%*	18	14	*+33%*
Natural gas (kcm)*	191	201	*-5%*	414	389	*+6%*
Gas condensate (ths m3)	28	36	*-22%*	64	67	*-5%*

*Sales within Nitrogen segment.

Our second-quarter nitrogen sales volumes rose 120 thousand tonnes to reach 2,140 KMT, as compared to 2,020 KMT during the same period last year. The 6% increase was realised as strong year-on-year growth for CAN (+94 KMT) and complex fertilizer (+28 KMT) coupled with higher ammonia and methanol sales, countered an 80 KMT decline in AN sales volumes. When combined with this year's solid Q1 sales volumes, total nitrogen sales volumes for the first six months of the year stood at 4,250 KMT, representing an increase of 178 KMT, or 4%, over the first six months of 2013.

Our nitrogen revenues for the second quarter of the year rose 12% year-on-year on the back of higher sales volumes and an improving sales mix. Second quarter nitrogen revenues amounted to RUB 27.2 as compared to RUB 24.3bn in the same period a year ago. Q2 EBITDA for the segment registered a slight 2% dip to RUB 7.2bn. As compared to the first six months of 2013, this year's first half nitrogen segment revenues increased 9% to RUB 53.9bn while EBITDA added 1% to RUB 15.6bn. The positive impact of stronger average EUR and USD exchange rates vs RUB provided a further lift to the segment's financial performance amidst this year's weaker pricing environment.

Natural gas prices in Russia remained stable following a series of price hikes in the second half of 2013. For the first six months of 2014, we paid an average natural gas price of RUB 4,265 (c. USD 3.79/mmBtu) at our Novomoskovskiy Azot nitrogen fertilizer facility and an average price of 4,434 per 1,000m^3 (c. USD 3.94/mmBtu) at Nevinnomysskiy Azot. This compares to 1H 2014 average prices of USD 4.81/mmBtu in the U.S. (Henry Hub) and USD 8.92/mmBtu in Western Europe (Zeebrugge). No gas price increase has been announced in Russia to date for 2014.

Over the first six months of the year, while total gas consumption rose in line with higher volumes, higher production rates at our Severneft Urengoy gas field allowed us to limit additional gas purchases. For the first six months of the year, Severneft Urengoy generated EBITDA of RUB 677m on revenues of RUB 2.7bn.

[1] From 1 January 2014 the results of our EuroChem Agro distribution network were reallocated from *Nitrogen* and *Other* to the *Distribution* segment.

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Phosphates segment

Sales volumes including sales to other segments (KMT)						
	Q2-14	Q2-13	*y-o-y chg%*	6M-14	6M-13	*y-o-y chg%*
Phosphates	**609**	**550**	**+11%**	**1,235**	**1,255**	**-2%**
Including:						
MAP, DAP	513	445	+15%	1,021	968	+5%
NP	22	22	0%	66	67	-1%
Feed phosphates	72	61	+19%	142	143	0%
Mineral raw materials	**1,407**	**1,484**	**-5%**	**2,733**	**2,699**	**+1%**
Including:						
Iron ore	1,405	1,482	-5%	2,728	2,695	+1%

Second-quarter sales volumes for our phosphates segment benefited from a 15% year-on-year increase in MAP/DAP sales, which grew to 513 KMT, up from 445 KMT in the second quarter of 2013. Our total segment volumes for the quarter came in 11% higher than a year ago as the higher MAP/DAP volumes coupled with stronger feed sales offset a slight 21 KMT drop in apatite volumes. Consequently we realised total phosphates sales of 609 KMT, as compared to 550 KMT in the same period a year ago. Amounting to 1,235 KMT, our phosphates sales volumes for the first six months of the year trailed 1H 2013 volumes by 20 KMT as a result of the shortfall in apatite sales volumes.

Sales volumes of iron ore and baddeleyite, the co-products of apatite (high-grade phosphate rock) mining operations at our Kovdorskiy GOK facility, slipped 5% or by 77 KMT to 1,407 KMT as compared to 1,484 KMT in the second quarter of 2013. Despite a slightly lower Q2, first half 2014 sales volumes remained 33 KMT ahead of the same period a year ago and amounted to 2,733 KMT.

Higher MAP/DAP volumes and a stronger US dollar helped mitigate the dip in iron ore volumes and lifted phosphate segment revenues 5% higher year-on-year to RUB 15.1bn. EBITDA for the quarter declined 2% to RUB 3.7bn, primarily on the back of iron ore's partially muted contribution.

Iron ore and baddeleyite, accounted for 30% of this year's second-quarter phosphate segment revenues and contributed 46% of the segment's EBITDA. This compares to revenue and EBITDA contributions of 38% and 71% during the second quarter of 2013, when iron ore prices averaged US$ 129/tonne (Q2 2014: US$ 104/tonne).

Potash segment

EuroChem VolgaKaliy (Gremyachinskoe potash deposit, Volgograd region)

Sinking operations continued at all three of the site's shafts. These remain protected by freeze walls up to a depth of -820 meters, with real-time temperature monitoring, and 3D modelling of the freeze walls, plus daily surveys of the sinking conditions and the shafts.

Good progress was achieved as we sunk a total of 275 meters between April and June 30th. At the end of the second quarter, the cage shaft had gone a further 99 meters to -308 meters and as of mid-August, sinking was down to a depth of -352 meters. Our work on skip shaft #1 brought us down to -713 meters, while the site's skip shaft #2, where sinking only started this spring, finished the second quarter at a depth of -155 meters. As of the date of this publication, skips #1 and #2 had reached depths of -749 meters and -208 meters, respectively.

Surface work continued on most of VolgaKaliy's surface facilities with significant headway achieved on the foundations and structure of the main beneficiation plant facilities and the crushing unit. The main electrical substation is complete and undergoing relevant inspections and tests to obtain certification. In addition, excavation work progressed at the future mine's salt storage. In the neighbouring town of Kotelnikovo, we completed the construction of a hotel, a sports complex and 3 five-story apartment buildings.

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EuroChem Usolskiy Potash (Verkhnekamskoe potash deposit, Perm region)

While the skip shaft #1 was brought down another 3 meters, most of Q2 was centred on the loading pocket #1 and bins #1 and #2 where we proceeded with further excavation and steel work. Surface work continued throughout the second quarter, including steel and foundation work on the hoist buildings and the mine administration building.

Further out, we advanced on the construction of the site’s railway line with the erection of a flyover (overpass) on the Perm-Berezniki motorway, clearings for the incoming power lines, started work on the water line, essentially completed a large program of test piles, began purchasing piles and selecting piling contractors for the site, plus made major progress on the gas line to the site from the Gazprom mainline.

In June 2014 EuroChem Usolskiy won the right to explore and produce potash from the Belopashinsky plot of the Verkhnekamskoe deposit. The licence area covers 65 km^2 and is adjacent to the Palashersky plot, where Usolskiy is currently developing its mine. The new licence brought EuroChem Usolskiy’s total licence area to 188 sq.km with proven and probable reserves of approximately 2.5 bn tonnes of ore, providing a useful mine life of as much as 60 years, possibly greater, assuming today’s planned annual production of 3.7 MMT of KCl.

As of June 30 2014, the Group had spent an aggregate total of RUB 64.7bn (USD 2.1bn) on its two greenfield potash projects.

Distribution segment

From January 2014, as part of the company’s internal reorganisation, the results of our EuroChem Agro distribution network are represented in the Distribution segment. As a result, our distribution segment now encompasses the retail sales of fertilizers (including third-party), seeds, and crop protection products across Europe, the CIS, Latin America and Asia. On a like-for-like basis, our distribution segment revenues for the second quarter of 2014 grew 31% to RUB 18.6bn, up from RUB 14.2bn in the second quarter of 2013. During the same period, distribution segment generated EBITDA of RUB 0.3bn (Q2 2013: RUB 0.6bn).

Our strong exposure to Western European agricultural markets allowed us to generate 26% of Q2 2104 distribution revenues on NPK sales. Sales of CAN grew 70% and accounted for 18% of sales, while urea, AS and MAP/DAP, accounted for 15%, 14%, and 14%, respectively. Sales of ammonium nitrate via our distribution segment decreased 52% year-on-year as we rerouted some product destined for the Ukrainian market.

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FINANCIAL

Income statement

	Total sales						EBITDA					
RUB, bn	**Q2-2014**	**Q2-2013**	***chng, %***	**1H-2014**	**1H-2013**	***chng, %***	**Q2-2014**	**Q2-2013**	***chng, %***	**1H-2014**	**1H-2013**	***chng, %***
Nitrogen	27.2	24.3	*+12%*	53.9	49.6	*+9%*	7.2	7.4	*-2%*	15.6	15.4	*+1%*
Phosphates	15.1	14.5	*+5%*	30.6	29.6	*+3%*	3.7	3.7	*-2%*	7.5	7.1	*+5%*
Potash	-	-	*n/a*	-	-	*n/a*	-0.1	-0.2	*n/a*	-0.4	-0.2	*n/a*
Distribution	18.6	14.2	*+31%*	41.7	30.9	*+35%*	0.3	0.6	*-58%*	1.4	1.7	*-15%*
Other	8.3	8.2	*+1%*	15.9	14.1	*+13%*	0.3	1.0	*-66%*	1.6	1.0	*+69%*
Elimination	-22.3	-15.8	*+41%*	-45.8	-32.1	*+42%*	-0.1	0.1	*n/a*	-0.3	0.1	*n/a*
Total	**46.9**	**45.4**	***+3%***	**96.4**	**92.0**	***+5%***	**11.2**	**12.7**	***-11%***	**25.4**	**25.1**	***+1%***

Second-quarter consolidated revenues increased 3% year-on-year to RUB 46.9bn, up from RUB 45.4bn in the same period last year. While Group revenues received a positive lift from favorable currency movements and an increase in nitrogen sales, EBITDA for the period reflected this year's weaker pricing environment, in particular for iron ore. Second quarter Group EBITDA amounted to RUB 11.2, which was behind the corresponding period last year by 11%. Despite the mixed Q2 performance, first half 2014 revenues of RUB 96.4bn and EBITDA of RUB 25.4bn remained ahead of the Group's 1H 2013 results by 5% and 1%, respectively.

Accounting for more than 90% of total sales, our top-five markets during the second quarter were Europe (RUB 15.1bn; 32%), Russia (RUB 8.5bn; 18%), Asia (RUB 8.1bn; 17%), North America (RUB 6.5bn; 14%), and Latin America (RUB 5.7bn; 12%). The North American and Russian markets showed strong growth over Q2 2013 with the former increasing 53% and the latter 18%. Our North American sales received an extra boost from a stronger USD coupled with additional shipments as tensions in Ukraine developed. Currency movements played a similar role in Russia where export parity pricing was introduced following Russia's WTO entry. In addition to the above-mentioned factors, the 21% year-on-year increase in sales to Europe was also driven by higher sales of specialty products by EuroChem Agro. On the opposite side of the spectrum, we had a 65% drop in sales to CIS countries, excluding Russia, as we diverted products to more profitable markets. The bulk of this decrease came from lower urea, AN, and apatite sales to Ukraine and Belarus.

Our cost of sales for the three months ended June 30th 2014 amounted to RUB 29.0bn, which represented a slight 2% increase on costs of RUB 28.4bn in Q2 2103. Costs remained rather stable year-on-year as lower raw material prices coupled with additional internal raw material capacity offset the series of natural gas price hikes in Russia in the second half of 2013. Likewise, our total costs for the first six months of the year, which totalled RUB 58.7bn, remained within 1% of 1H 2013 costs. In rouble terms, while natural gas prices rose approximately 17% year-on-year, additional production wells at Severneft Urengoy allowed us to mitigate some of this increase. Raw materials, which represented 44% of costs of sales, increased to RUB 12.7bn up from RUB 11.6bn in the second quarter of 2013

While second-quarter energy costs displayed a 12% year-on-year increase as electricity prices for industrial customers continued to grow in Russia, their share within our cost structure remained relatively flat at 7% (Q2 13: 6%). The launch of additional internal power generation capacity allowed us to mitigate some of the growth in energy tariffs. In particular, as part of the sulphuric acid unit upgrade at our Phosphorit facility, we expanded in-house power generation to 67% self-sufficiency, as compared to 38% in the second quarter of 2013. As well, further savings were realised with the installation of new catalysts at Novomoskovskiy Azot's methanol unit. Our energy-efficiency initiatives at these two facilities alone generated combined energy savings of more than RUB 165m as compared to the second quarter of 2013.

Labour costs, including contributions to social funds, remained fairly stable at RUB 2.9bn. As in the second quarter of 2013, these expenses accounted for 10% of our total cost of sales. While cost pressure was generated by currency effects and a 7% salary indexation from January 2014, labour costs were contained to a slight 1% uptick with the implementation of a series of initiatives, such as limiting overtime and holiday working requirements.

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The Group's total distribution costs rose 3% to RUB 6.2bn in the second quarter of 2014 (Q2 2013: 6.1bn). Accounting for 75% of distribution costs, transportation costs represented the most significant distribution expense and amounted to RUB 4.7bn, as compared to RUB 4.6bn in Q2 2013. This 3% increase in transportation costs was primarily brought on by the combination of higher ocean freight rates, which are predominantly set in USD, and the impact of a weaker Russian rouble.

Total general and administrative (G&A) expenses for the three months ended 30 June 2014 amounted to RUB 1.9bn, as compared to RUB 1.6bn during the same period a year ago. General and administrative labour costs, which represented 51% of G&A expenses, rose 25% to RUB 991m. This increase was driven by a series of factors, including primarily a growth in staff numbers driven by the Group's investment activity. Total Group-wide staff costs, with social expenses, for the second quarter of 2014 grew 5% year-on-year to RUB 4.4bn.

We recognized other operating expenses of RUB 1.1bn, as compared to other operating income of RUB 0.6bn in the second quarter of 2013. The main items contributing to other operating expenses were foreign exchange losses of RUB 845m versus gains of RUB 843m in Q2 2013, and costs associated with the need to dismantle obsolete equipment at some of our facilities prior to increasing production capacities.

Below the operating profit line, we recorded an unrealized foreign currency translation gain of RUB 4.9bn in the second quarter of 2014, as opposed to unrealized losses of RUB 4.0bn during the same period in 2013. This reversal reflects the Q2 2014 strengthening of the Russian rouble on the value of the Group's mostly US dollar-denominated debt, as opposed to the effects of a strengthening US dollar in the same period a year ago. The RUB 1.3bn financial gain registered below the operating level is of a similar nature and also represents a non-cash item from the Group's cash flow perspective given the currency structure of its revenues.

Balance sheet

As at 30 June 2014, net working capital totalled RUB 27.4bn, up from RUB 23.1bn in the fourth quarter of 2013. This year-on-year increase largely reflected the effects of the euro's appreciation against the Russian rouble on the prices for finished goods and raw materials at our operations outside Russia.

As at 30 June 2014 the Group's net debt to 12-month rolling EBITDA ratio stood at 1.99x, as compared to 2.27x at the end of Q1 2014. The decrease in leverage was mainly the result of a sale of treasury shares for an amount of RUB 10.3bn during Q2 2014.

Cash flow

Operating cash flow was driven higher by the working capital release and came in at RUB 16.3bn in the second quarter of 2014, as compared to RUB 9.6bn in Q2 2013.

Our total maintenance and expansion capex spending for the second quarter amounted to RUB 9.4bn (USD 268m), comprised of investments of RUB 4.2bn in potash, RUB 2.7bn in nitrogen and RUB 2.0bn in phosphates. The remaining RUB 0.5bn was allocated between our distribution network and logistics infrastructure. As of 30 June 2014, our capex for the year stood at RUB 15.9bn, as compared to RUB 14.6bn in the first six months of 2013.

Developments in the Group's operating environment

In addition to 24 distribution centres in Russia, we operate a distribution network in Ukraine, which is currently comprised of four distribution outlets. The Group's operational and financial exposure to the region remains rather limited, with sales to Ukraine accounting for less than 5% of total revenues in the first half of the year. While an established presence in Ukraine remains an important part of our CIS distribution strategy, management is monitoring and assessing the situation in Ukraine on an ongoing basis and believes that sales could be redirected to other markets at minimal costs should EuroChem's profitability in the Ukrainian market be impaired.

Despite political and economic instability in Ukraine increasing significantly over the last months, we continue to hope that the current tensions will gradually ease without significant long-term effects on the region, its people and EuroChem's commitment to its Ukrainian customers.

OUTLOOK

Increasing cultivated acreage and good weather across key farming regions have brought expectations of record harvest and applied considerable pressure on soft commodity prices. However, fertilizer affordability has remained intact, if not improved. Today's lower fertilizer prices continue to provide a compelling incentive for farmers to increase yields.

In nitrogen, despite support from feedstock curtailments and idle supply across Ukraine, Northern Africa and Trinidad, prices should continue to remain fragile given the strength of this year's Chinese exports and the weakness of the Indian market. With China appearing on track to export over 10 MMT of urea, we expect prices to continue moving sideways for the remainder of the year. However, while we see no reason for coal prices to move up and therefore no reason for Chinese producers to cut back, a possible upward revision to China's urea export policy could provide prices with a leg up.

Although phosphates are benefiting from good demand in some markets, MAP/DAP pricing will remain fragile, but stable, on the back of India's weak appetite. While a monsoon rally could lend further support to prices, we do not expect prices to move substantially higher before the end of the third quarter.

Iron prices will continue to be pressured by the availability of supply and softer industrial output in China – still, prices could firm on fourth quarter restocking activity.

While the last twelve months have brought stability to the potash market, the high utilization rates observed from some producers have kept prices from appreciating. However, prices could move higher as producers look to cut back on output before the start of 2015 potash contract negotiations.

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EuroChem is a leading global agrochemical 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 from mining and natural gas 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 Moscow, it operates production facilities in Russia and Western Europe and employs more than 20,000 employees globally.

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.

Consolidated audited financial information for the six-month period ended 30 June 2014 is available at:
http://www.eurochem.ru/investors/results-centre/

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