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EuroChem Group AG Reports IFRS Financial Information for 2015

	Q4 2015	Q4 2014	Chng	2015	2014	Chng
	US$ m	US$ m	Y-o-Y, %	US$ m	US$ m	Y-o-Y, %
Revenue	**1,050**	**1,146**	*-8%*	**4,540**	**5,088**	*-11%*
Gross profit	**428**	**457**	*-6%*	**1,977**	**2,014**	*-2%*
EBITDA	**360**	**422**	*-15%*	**1,577**	**1,513**	*+4%*
Cash from operations	**36**	**176**	*-80%*	**1,064**	**964**	*+10%*

	31-Dec-15	31-Dec-14	30-Sep-15	30-Jun-15
Net Debt/ LTM[1] EBITDA[2]	1.97x	1.77x	1.59x	1.56x

(1) Last Twelve Months.
(2) Including net income from associates and joint-ventures.

Zug, Switzerland, 12 February 2016 - EuroChem Group AG (hereinafter EuroChem, Group or Company) today reported consolidated revenues for the year ended 31 December 2015 of US$ 4.54 billion and earnings before interest, taxes, depreciation, and amortisation (EBITDA) of US$ 1.58 billion, as compared to US$ 1.51 billion for the year ended 31 December 2014.

The 11% decline in revenues primarily reflected the lower pricing environment across the Group's business, in spite of a slight increase in sales volumes. Nonetheless, favourable currency movements continued to mitigate the effects of lower prices and supported a 4% growth in EBITDA for the year. Despite a lacklustre fourth quarter market backdrop, the Group's full-year EBITDA margin expanded to 35%, as compared to 30% in 2014.

The Group increased sales volumes of nitrogen and phosphate fertilizers by 2% to a full-year total of 10.81 million metric tons (MMT), as compared to 10.62 MMT in 2014. The additional 195 thousand tonnes were primarily generated by higher nitrogen volumes, which benefited from additional ammonia production capacity.

In mining, iron ore sales volumes increased by 37 thousand metric tons (KMT) and brought full-year mining volumes to 5.55 MMT. Despite the considerably weaker demand backdrop, the higher iron ore volumes were achieved thanks to the ongoing expansion of the Group's Kovdorskiy GOK mine. Iron ore is the principal co-product of phosphate rock beneficiation operations at the Kovdorskiy mine.

The acquisition of the US-based Ben-Trei distribution assets in the second half of the year supported a 35% year-on-year in sales of third-party products. For the year-ended 31 December 2015, the Group sold 2.13 MMT of third-party products, including 1.27 MMT of ammonium sulphate.

Dmitry Strezhnev, EuroChem Group AG CEO, commented: "As the most recent quarter has shown, EuroChem is well positioned to respond to today's more challenging market conditions. Our low-cost, high-quality resource base – coupled with our strong market presence – sharpens our competitive edge. It also provides us with operational flexibility and ensures security of supply to our customers."

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Market Conditions

2015 Market Overview[1]

							Last 12 Months	
Average market prices (US$/tonne)	**Q4 2015**	**Q4 2014**	**y-o-y chng%**	**2015**	**2014**	**y-o-y chng%**	**High**	**Low**
Ammonia (FOB Yuzhny)	$359	$574	-37%	$387	$496	-22%	$449	$282
Prilled urea (FOB Yuzhny)	$250	$315	-21%	$272	$318	-14%	$324	$238
AN (FOB Black Sea)	$206	$283	-27%	$222	$281	-21%	$286	$188
MAP (FOB Baltic)	$423	$463	-9%	$459	$470	-2%	$489	$384
MOP (FOB Baltic, spot)	$278	$294	-6%	$288	$287	-%	$300	$267
Iron ore (CFR China)	$46	$77	-40%	$56	$99	-44%	$71	$38

Averages are derived from weekly prices.

Nitrogen

According to preliminary data from the International Fertilizer Association (IFA), global nitrogen fertilizer sales remained unchanged year-on-year at an estimated 110.0 MMT of nutrient (N) in 2015. Within regional markets, demand was noticeably lower in Latin America, which declined -5% as compared to 2014, and amounted to 7.7 MMT (N). The Middle East saw a 2.3% decline in demand, which decreased to 2.9 MMT of N, while the North American market slipped 1.0% to 14.3 MMT (N).

Mitigating the lower demand trends, consumption of nitrogen fertilizers increased in the CIS and Baltics, where N demand grew 4.0% to 4.6 MMT (N). Further growth was seen in Africa, up 2.5% to 3.2 MMT (N), and Western and Central Europe which added 1.1% year-on-year for a total of 11.5 MMT of N. Accounting for 60% of global demand, Asia, including Oceania, remained the largest N market with consumption increasing +0.3% to 65.9 MMT (N).

Global ammonia capacity increased by 2.8%, or 6.1 MMT, to reach 221.0 MMT of NH_3, while an additional 5% of urea capacity was brought online, bringing global capacity to 218.0 MMT, again, according to IFA.

China dominated global fertilizer exports as its government abandoned the dual export tax system used to curb exports during peak domestic season in favor of a year-round flat export tax per tonne of urea. Buoyed by lower input costs, China accounted for approximately 30% of global urea trade with record-setting exports of 13.8 MMT in 2015.

Phosphates

Global demand for phosphate fertilizers declined 0.6%, from 40.8 MMT (P_2O_5) in 2014 to an estimated 40.6 MMT (P_2O_5) in 2015. This slight decrease was mainly the result of reduced demand from Latin America, where factors such as credit availability and currency depreciation cut demand by 9.2% year-on-year to 5.9 MMT (P_2O_5). Demand in the North America declined 2.7% to an estimated 5.0 MMT (P_2O_5). Weaker demand was also observed in the Middle East where it contracted 1.7% and amounted to 0.9 MMT (P_2O_5).

Despite reportedly high stock levels, India was the largest net importer of DAP as an estimated 6.0. MMT of product entered the country. On the export side, China remained the largest global phosphates exporter with a record 8.0 MMT of DAP and 2.7 MMT of MAP exports in 2015, as compared to 4.9 MMT

[1] *Sources: International Fertilizer Association (IFA), industry media.*

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and 2.3 MMT respectively, in 2014. The increase in exports was primarily brought on by downward revisions to the phosphate export tax.

During 2015, global phosphoric acid capacity grew by an additional 0.6 MMT and stood at 56.0 MMT (P_2O_5).

Only a handful of MAP/DAP expansion projects were completed in 2015. The few projects that were commissioned, such in Russia, India and Vietnam, had limited market impact as capacity was taken offline, particularly in the North America.

Potash

Demand for potash amounted to an estimated 31.9 MMT of nutrient (K_2O) in 2015, (2014: 31.9 MMT). Strong demand growth was recorded in the CIS and Baltics, where shipments increased 9.1%, to 1.3 MMT (K_2O). Demand in the Middle East climbed 3.3% to a total of 0.25 MMT (K_2O), while Asia saw demand grow 2.7% to 15.7 MMT (K_2O).

Global MOP sales were estimated at 62.5 MMT, representing a 5% year-on-year decrease over 2014 deliveries. Unfavorable currency movements and depressed soft commodity prices led to a drop of 6% in global exports and amounted to 47.2 MMT of MOP (2014: 50.4 MMT), or 76% of total global trade. Representing the remaining 24% of total sales, domestic deliveries remained stable at around15.0 MMT of MOP.

Potash sales remained strong in India, despite the sustained depreciation of the Rupee against the US$ and the lower subsidy on potash products. IFA estimates place total Indian potash imports for 2015 at around 4.3-4.5 MMT, in line with the 4.4 MMT of MOP imported in 2014.

In China, stronger potash demand supported stable domestic sales and higher import levels. Total Chinese potash production for 2015 was estimated at 5.2 MMT (K_2O). Imports for the year rose 18% to 9.4 MMT[2].

Hampered by currency and credit concerns, imports of MOP in Brazil totaled 7.8 MMT, which was 14% less than in 2014[3].

In 2015, total potash (MOP/SOP/etc) capacity amounted to 87.2 MMT (physical weight), including 82.3 MMT of MOP, as compared to 83.6 MMT MOP in 2014.

[2] *Source: Global Trade Information Services (GTIS)*

[3] *Source: GTIS*

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EUROCHEM GROUP AG FINANCIAL RESULTS

While EuroChem historically reported its operating results according to key product groups (nitrogen, phosphates, potash, distribution), the Group has been optimising its management and organisational structure and implementing a new economic model based on business divisions. Starting from January 2015, the Group's business is conducted by five operating divisions aggregated in five reportable segments identified as Oil & Gas, Mining, Fertilizers, Logistics, and Sales. Although the information provided in this publication is based on product groups, the Group presents both reporting approaches in its financial accounts.

Income statement

	Total revenues						EBITDA					
US$m	**Q4 2015**	**Q4 2014**	***chng, %***	**2015**	**2014**	***chng, %***	**Q4 2015**	**Q4 2014**	***chng, %***	**2015**	**2014**	***chng, %***
Nitrogen	459	540	*-15%*	1,919	2,322	*-17%*	202	207	*-3%*	867	865	*-%*
Phosphates	394	469	*-16%*	1,937	2,185	*-11%*	88	150	*-42%*	540	477	*+13%*
Potash	-	-	*n/a*	-	-	*n/a*	-10	-15	*n/a*	-16	-32	*n/a*
Distribution	604	617	*-2%*	2,384	2,315	*+3%*	24	26	*-9%*	97	90	*+7%*
Other	200	253	*-21%*	637	940	*-32%*	61	56	*+9%*	131	144	*-9%*
Elimination	-606	-733	*n/a*	-2,336	-2,675	*n/a*	-4	-3	*n/a*	-41	-32	*n/a*
Total	1,050	1,146	*-8%*	4,540	5,088	*-11%*	360	422	*-15%*	1,577	1,513	*+4%*

EuroChem Group AG consolidated revenues for the twelve months ended 31 December 2015 amounted to US$ 4.54 billion, as compared to US$ 5.09 billion in 2014. Despite additional sales volumes, the decline in revenues followed the significant deterioration in fertilizer prices with urea, AN, and DAP each falling 14%, 21% and 2% year-on-year from their respective 2014 averages. With an average price of US$ 56/tonne, iron ore was down 44% year-on-year and contributed considerably less to Group revenues than over the same period last year.

While the continued appreciation of the US$ sustained pressure on global commodity prices, it also delivered significant cost relief on the Group's Russian operations. As in prior periods, the rate of the rouble devaluation outpaced - and compensated for - the loss of revenues from lower product prices. Notwithstanding the fourth quarter's deteriorating backdrop, the Group's EBITDA for the year increased 4% year-on-year to US$ 1.58 billion, generating EBITDA margin of 35% for the year.

For the year ended 31 December 2015, the bulk of the Group's revenues nominally were denominated in US$ and EUR, which accounted for 45% and 29% of total revenues respectively (2014: 47% and 27%). Russian rouble sales declined 13% and represented 19% of the Group's revenues for 2015. 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.

The Group estimates that 46% of total cash operating costs (including transportation) for the January to December period were incurred in Russian roubles.

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Geography of sales	Q4 2015	Q4 2014	Change in percentage points	2015	2014	Change in percentage points
Europe	41%	44%	-3	38%	38%	-
Russia	20%	21%	-1	20%	20%	-
Asia Pacific	10%	13%	-3	12%	14%	-2
North America	13%	8%	+5	12%	10%	+2
Latin America	6%	6%	-	8%	10%	-2
CIS *(excl. Russia)*	7%	6%	+1	8%	6%	+2
Africa	2%	3%	-1	2%	2%	-

The share of revenues from Europe and Russia remained stable year-on-year, accounting for 38% and 20% of total sales, respectively.

The acquisition of the Ben-Trei fertilizer distribution assets in the fourth quarter of the year supported a 5% increase in North American sales, with the region accounting for 12% of 2015 sales (2014: 10%).

Asia Pacific region accounted for 12% of revenues in 2015 (2014: 14%). Revenues from the region declined 22% year-on-year as local currency weakness, additional capacity and more competitive exports from China contributed to a lacklustre market backdrop.

Latin American sales declined 2 percentage points to represent 8% of our 2015 sales. Demand in Brazil, the main regional market, remained hindered by credit issues and the depreciation of the Real against the US dollar. Revenues from the region declined 25% year-on-year.

Showing a 13% year-on-year increase, sales to CIS countries (excl. Russia) accounted for 8% of our 2015 revenues (2014: 6%) as supply disruptions in Ukraine supported regional prices and demand for imported product.

Our cost base continued to benefit from the appreciation of the US dollar against most currencies, including the Russian rouble and euro. Excluding the costs of goods for resale, the Group's full-year costs of sales decreased 21% to US$ 2.17 billion, as compared to US$ 2.74 billion for the twelve-month period ended 31 December 2014. Raw material sourcing, which accounted for 55% of our costs of sales, declined 15% year-on-year from US$ 1.41 billion in 2014 to US$ 1.21 billion. While the depreciation of the rouble generated a sizeable portion of the savings, organic developments, such as a 7% increase in ammonia production and the start of phosphate rock deliveries from our mining operations in Kazakhstan, delivered further positive contributions.

Energy costs accounted for 6% of total costs (2014: 7%) and amounted to US$ 145 million, 35% less than the US$ 222 million spent in 2014. The saving was primarily the result of a 37% decline in the average dollar-rouble exchange rate and its effects on the rouble portion of energy costs.

Full-year labour costs, including contributions to social funds, declined 25% to US$ 232 million, as compared to US$ 309 million a year earlier. Representing 9% of the Group's total cost of sales, the share of labour costs within our cost structure remained flat year-on-year. Group-wide staff costs for the twelve months ended 31 December, 2015 amounted to US$ 375 million, 23% lower than the US$ 487 million in 2014. Over the same period, our total permanent headcount increased from 22,468 to 23,459.

Difficult trading conditions in the fourth quarter eroded contributions from our distribution of third-party products. For 2015, we generated a gross profit of US$ 24 million on third-party sales of US$ 590 million. Nearly 60% of the 2.13 MMT of third-party products sold consisted of ammonium sulphate, while sales of urea and NPK together represented approximately 26% of volumes sold.

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Below the operating profit line, we recognized unrealized financial foreign exchange losses of US$ 213 million (2014: US$ 1,067 million) and US$ 49 million (2014: US$ 528 million), primarily in unrealized financial losses from currency forwards and swaps which convert the Group's RUB-denominated borrowings into USD. Our participation in associates and joint ventures also contributed US$ 24 million in 2015. As a reminder, foreign exchange gains and losses, as well as gains and losses from currency translation, should be excluded from the analysis of the Group's underlying operating performance.

Balance sheet

As at 31 December 2015, the Group had a total gross covenant debt of US$ 3.50 billion, of which 98% was effectively (inclusive of the related derivatives) was US dollar-denominated and 2% was denominated in roubles. Last 12-month rolling EBITDA, including associates, of US$ 1.58 billion on net covenant debt of US$ 3.11 billion yielded a net debt to EBITDA ratio of 1.97x (2014: 1.77x).

As at 31 December 2015, net working capital had increased 10% from US$ 706 million to US$ 778 million on the back of higher inventories.

In the fourth quarter of 2015, S&P assigned EuroChem Group AG a "BB" rating with stable outlook and affirmed Russia-based JSC MCC EuroChem at "BB" with Stable outlook. These ratings are underpinned by the Group's high degree of self-sufficiency in raw materials, strong market presence in Europe and Russia, product diversification, and commitment to maintaining a moderate financial policy. In January 2016, Fitch affirmed the Group's rating at BB and revised the outlook to Negative in light of the deteriorating fertilizer market backdrop.

Project Finance

On 22 December 2015, the Group's EuroChem Northwest subsidiary signed a loan agreement with a club of banks for project financing of an ammonia project in Russia. The facility is structured as a non-recourse EUR 557 million 13.5 year project finance facility and benefits from insurance cover provided by the Italian Export Credit Agency SACE for the project's political and commercial risks.

In 2014, the Group secured its debut project finance facility for the Usolskiy potash project in Russia's Perm region. As at 31 December 2015, the Group had utilised an aggregate US$ 278 million from the US$ 750 million non-recourse facility.

Cash flow

We generated US$ 1.06 billion in operating cash flow during the January to December period, which was 10% higher than the US$ 964 million achieved in 2014, despite significantly weaker fourth quarter metrics.

Capital expenditure (capex) spending for the 12-month period ended 31 December 2015, amounted to US$ 969 million, 13% behind the US$ 1.11 billion spent in the same period a year ago. With three large-scale projects in Russia, including the Usolskiy and VolgaKaliy potash projects and the Northwest ammonia project, the Group's capex is largely skewed to the Russian rouble. It is therefore subject to exchange rate variations with a strengthening of the US dollar contributing to lower total costs.

We invested US$ 212 million in our phosphates operations. As reported earlier, a new apatite-staffelite ore processing plant was commissioned at Kovdorskiy GOK in 2015. The plant is designed to increase Kovdorskiy's output by 948 KMT of apatite concentrate and 130 KMT of iron ore concentrate per year once fully-ramped in 2017. A major milestone was crossed with the start of intra-group shipments of ground phosphate rock from Kazakhstan, where we are developing a phosphate rock deposit. As of 31 December 2015, EuroChem-Belorechenskie Minudobrenia (BMU) had already received over 47 KMT of ore from our operations in the Araltobe deposit.

The Group's nitrogen operations received US$ 271 million in capex during the year. One of the key projects completed this year was the construction of a low-density ammonium nitrate (LDAN) production unit at our Novomoskovskiy Azot facility.

We allocated US$ 446 million to our potash projects in 2015. An update of these projects is provided in the *Potash Section* on page 9 of this release.

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Corporate developments

In October 2015, as part of our strategy to expand the Group's presence in the US market, we completed the acquisition of 100% interest in Ben-Trei Fertilizer Company (Ben-Trei). Founded in 1987 and based in Tulsa, Oklahoma, Ben-Trei distributes a variety of dry fertilizer and feed products, primarily via truck and rail transport. It has built a strong presence in the country's key agricultural regions, from Texas and the Louisiana delta in the South, across the Corn Belt in the Midwest and West to California. In fiscal year 2015 Ben-Trei supplied over 1 million short tonnes of product to more than 530 customers.

In December 2015 we announced our intention to enter into multi-year marketing, distribution & sales, research & development and equity investment agreements with Agrinos AS, a global leader in biological crop nutrition products. These investments will enhance our product portfolio with innovative specialty products and environmentally friendly crop enhancing solutions. The agreements were signed in January 2016.

PRODUCT GROUPS AND PROJECTS

Volumes and values are shown gross and inclusive of intra-group sales.

Nitrogen

Sales volumes including certain intra-group sales (KMT)						
NITROGEN	**Q4 2015**	**Q4 2014**	***y-o-y chng%***	**2015**	**2014**	***y-o-y chng%***
Thousand tonnes	**1,818**	**1,641**	***+11%***	**6,914**	**6,751**	***+2%***
Including:						
Urea (granular)	229	286	*-20%*	943	1,137	*-17%*
Urea (prilled)	228	164	*+38%*	781	772	*+1%*
AN	532	424	*+25%*	1,851	1,654	*+12%*
ANF	92	90	*+3%*	361	227	*+59%*
UAN	252	204	*+24%*	1,065	1,011	*+5%*
CAN	253	274	*-7%*	1,052	1,206	*-13%*
Organic synthesis products	120	132	*-9%*	454	487	*-7%*
Melamine	12	10	*+16%*	47	41	*+14%*
Natural gas (mcm)*	196	218	*-10%*	825	855	*-3%*
Gas condensate	25	31	*-19%*	110	126	*-13%*

*Sales within Nitrogen.

Full-year nitrogen sales volumes amounted to 6.91 MMT, 2% higher than sales of 6.75 MMT in 2014. Higher sales volumes of prilled urea and ammonium nitrate partially offset both the weaker pricing environment and the lower granular urea sales.

Full-year revenues from nitrogen products amounted to US$ 1.92 billion, 17% behind revenues of US$ 2.32 billion in 2014. Benefiting from additional internal capacity and favourable currency shifts, the Group's nitrogen business provided EBITDA of US$ 867 million, US$ 2 million better than the previous year's results, and generating a solid 45% EBITDA margin.

The start-up of Nevinnomysskiy Azot's 1B ammonia unit boosted the plant's annual ammonia production by 19%. In addition to reducing raw material costs, the capacity increase enabled us to set a new production record as annual ammonia output exceeded the 3.0 MMT mark for the first time. Full-year ammonia production volumes surpassed the previous year's 2.81 MMT by 7%.

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Natural gas costs trended lower with the appreciation of the US dollar. Excluding deliveries from our Severneft Urengoy natural gas operator, average natural gas prices at the Group's Novomoskovskiy Azot and Nevinnomysskiy Azot nitrogen facilities declined to US$ 2.12/mmBtu and US$ 2.37/mmBtu, respectively for the year. This compares to 2014 average prices of US$ 3.41 and US$ 3.60 at Novomoskovskiy Azot and Nevinnomysskiy Azot, respectively. Our natural gas costs remained among the lowest globally outside the Middle East, with natural gas prices at benchmark hubs averaging US$ 2.63/mmBtu in the U.S. (Henry Hub), US$ 6.45/mmBtu in the Netherlands (TTF)[4].

Phosphates

Sales volumes including certain intra-group sales (KMT)						
PHOSPHATES	**Q4 2015**	**Q4 2014**	***y-o-y chng%***	**2015**	**2014**	***y-o-y chng%***
Thousand tonnes	**826**	**889**	***-7%***	**3,896**	**3,865**	***+1%***
Including:						
MAP, DAP	340	423	*-20%*	1,800	1,864	*-3%*
Complex (NP, NPK)	409	370	*+11%*	1,761	1,696	*+4%*
Feed phosphates	77	93	*-17%*	333	297	*+12%*
Mineral raw materials	**1,342**	**1,350**	***-1%***	**5,553**	**5,517**	***+1%***
Including:						
Iron ore	1,340	1,348	*-1%*	5,545	5,508	*1%*

The Group's phosphates sales volumes for 2015 amounted to 3.90 MMT, which was 31 KMT above the previous year's 3.86 MMT. Strong complex (+4%) and feed (+12%) sales fully offset the slight dip in MAP/DAP sales.

In spite of the lacklustre trading conditions, higher iron ore sales supported a slight increase in full-year mineral raw material volumes. For the twelve months ended 31 December 2015, the Group sold 5.55 MMT of iron ore and baddeleyite, as compared to 5.52 MMT during the corresponding period last year. The increase in volumes was primarily due to the ramping-up of Kovdorskiy's new apatite-staffelite ore processing plant. By virtue of the Kovdorskiy deposit's unique geological features, the Group benefits from having iron ore embedded in apatite rock.

The lower market prices, while partially offset by additional volumes, resulted in lower revenues for our phosphates business. Full-year revenues of US$ 1.94 billion were 11% lower year-on-year, as compared to sales of US$ 2.19 billion realised in 2014. By providing us with additional in-house raw material capacity, Kovdorskiy's new apatite-staffelite ore processing plant - coupled with the start of intra-group deliveries from our mining operations in Kazakhstan - added to the positive effect of US$/RUB dynamics. Consequently, the Group's phosphates operations generated full-year EBITDA of US$ 540 million, which was 13% stronger than the US$ 477 million realised in 2014.

The Kovdorskiy GOK expansion and the Kazakhstan mining project, both implemented to extend the Group's upstream vertical integration in phosphate raw materials, supported a 284 KMT increase in annual output. From 2.35 MMT of phosphate rock production in 2014, the Group produced 2.63 MMT in 2015, setting a five-year record.

[4] *Average prices derived from weekly data points.*

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Potash projects

EuroChem is currently developing two potash deposits in Russia. The Group's projects in the Verkhnekamskoe potash deposit (Perm region) and the Gremyachinskoe deposit (Volgograd region) are a key component of our vertical integration strategy. They will provide in excess of eight million tonnes of annual potash capacity and are widely expected to be amongst the lowest cost potash operations globally.

As of 31 December 2015, the Group had spent an aggregate total of US$ 2.8 billion on its two potash projects in Russia.

EuroChem VolgaKaliy (Gremyachinskoe potash deposit, Volgograd region)

The sinking of skip shaft #1 progressed well throughout the year and reached the potash salt layer in the third quarter. December saw our crews start to work on the horizontal development of the shaft at a depth of around -1,080 meters, including ventilation as well as loading and haulage areas.

The site reached another milestone as the sinking of skip shaft #2 passed beyond the lowest water bearing level and past the protective freeze wall. At the time of this release, skip shaft #2 was at a depth of around -880 meters.

The cage shaft, which suffered manageable water inflow in the second half of the year, remained fitted with a bottom concrete plug as monitoring and assessment continued. An assessment and survey were conducted to determine the specific path and features of the inflow. With that complete and a competent plug in place, a very intensive grouting program was initiated. We have developed alternatives utilising the site's third shaft (skip shaft #2), which will enable the project to maintain good progress and begin production. Management therefore remains confident that the delay should not significantly alter the project's total timeline.

Construction and installation continued to progress on schedule on numerous surface facilities.

EuroChem Usolskiy Potash (Verkhnekamskoe potash deposit, Perm region)

With both shaft sinking and equipping completed at the cage shaft and skip shaft #1, a substantial amount of work was carried out on surface buildings. Overall good progress was achieved on the main beneficiation building in the fourth quarter of the year. The site successfully performed hydrostatic testing on the thickeners, as well as further advanced with the construction of other surface facilities, including, but not limited to, the raw ore storage facility, product storage, administration buildings, canteen and boiler house.

Upcoming construction milestones in the first half of 2016 include the commissioning of the site's equipment and material storage buildings and the completion of the hoist buildings for the first two shafts.

OUTLOOK

The last months of 2015 saw little demand across fertilizer markets and painted a rather bleak picture coming into 2016. Our outlook for the near-term sees more downside risks to prices and demand as we incorporate cautious energy and crop assumptions.

Despite a large inventory build-up across the agricultural chain, we expect to see some improvements in fertiliser demand as positive pricing signals and buyer engagement re-emerge, albeit less vigorously than in previous years, as winter fades in the Northern hemisphere.

In nitrogen, pricing direction currently remains largely vulnerable to record-level Chinese exports as further currency depreciation coupled with lower input costs remain a threat to global prices. Low natural gas prices, while reducing production costs, have applied significant downward pressure on ammonia prices. In India, urea demand appears covered until April, while in Europe, nitrate prices could come under pressure should urea prices drift lower. As a best case, the fundamentals of nitrogen application should see demand levels remain within historical trends, albeit range bound on the pricing side.

While lower purchasing power and farmer access to credit remain a concern on the demand side, we see the South American market showing relatively good phosphate demand levels as compared to nitrogen and potash. Further cuts to production, as announced by most producers, should help support prices in light of reportedly high inventory levels in India and China and weakening ammonia prices.

In potash, despite supply curtailments, we continue to see general market weakness given the absence of cohesion in the market. Spot prices could edge lower as the bulk of the supply-side benefits from cost relief on the back of the US$ appreciation. At the same time, indications of additional supply curtailments provide encouraging market signals.

The Group expects iron ore prices to remain depressed on the back of lower demand from the steel sector and the overall contraction of China's manufacturing activity.

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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 financial information for the twelve-month period ended 31 December 2015 is available at: www.eurochemgroup.com

About EuroChem Group AG

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 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 23,000 people globally. For more information, please visit www.eurochemgroup.com or contact:

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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. Unless otherwise stated, all comparisons relate to the corresponding period in the previous year.