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PRESS RELEASE

EUROCHEM REPORTS IFRS EARNINGS FOR NINE MONTHS OF 2009

- Revenues: RUR 55.2bn (9M2008: RUR 94.8bn);
- EBITDA: RUR 10.7bn (9M2008: RUR 41.6bn);
- Net profit: RUR 8.9bn (9M2008: RUR 29.9bn);
- Q3 2009 revenues and EBITDA expand over Q2 2009 by 8.9% and 17.2%, respectively mostly on firmer phosphate and iron ore volumes and pricing;
- Cash generation continues to remain strong in Q3, with operating cash flow exceeding EBITDA. Potash development, construction of melamine production, new granulated urea shop and phosphate plant efficiency remain key investment projects;
- Capital expenditure, overwhelmingly development by nature, remains broadly in line with previous quarters of the year;
- Outlook remains challenging in the near term due to scheduled increases for gas and domestic rail tariffs, and uncertain pricing in 2010, but continuing investments in production and efficiency secure long-term competitiveness;
- Medium-term outlook is supported by a visible recovery in agricultural commodity futures.

Today EuroChem reported a 9M2009 consolidated IFRS net profit of RUR 8.9bn compared to RUR 29.9bn in the same period a year ago (9M2007: RUR 10.0bn). The y-o-y decline was driven primarily by nitrogen and phosphate fertilizer prices, which were significantly lower than the all-time record levels seen in the first nine months of 2008, but largely in-line with 2006-07 levels. EuroChem's revenues for 9M2009 equaled RUR 55.2bn, down from RUR 94.8bn for the same period in 2008 (9M2007: RUR 50.3bn). By the end of the third quarter, excess supply held by traders in phosphates and most nitrogen products had been largely disposed of and certain delays in new UAN capacity coming on-stream became apparent; while a positive sign for prices, significant restocking did not take place as many buyers continued to opt for tactical spot purchases and remained hesitant to build up significant supplies.

During the period, EuroChem recorded a 44.0% gross margin of RUR 24.3bn, compared to a 63.6% gross margin of RUR 60.3bn a year ago (9M2007: 53.8% gross margin of RUR 27.1bn). Group EBITDA (earnings before interest, taxes, depreciation and amortization) during the first nine months of the year amounted to RUR 10.7bn, representing a margin of 19.3% (9M2008: RUR 41.6bn, margin of 43.8%; 9M2007: RUR 14.5bn, margin of 28.8%) as certain key inputs and transportation, while lower compared to 9M2008, declined at a lower rate or rose while fertilizer prices fell.

The Group continued to generate a solid cash flow, and it continues to finance key capital expenditure programs aimed at ensuring future revenue and EBITDA enhancements across all business segments, particularly in Potash, where the target for sales and revenues to start remains 2013.

EuroChem maintained a strong balance sheet underpinned by net debt of RUR 35.5bn as of 30 September 2009 (30 June 2009: RUR 40.2bn), balanced by its investment in the shares of K+S Group, a leading potash and salt manufacturer and a member of the DAX index (an 11.3% shareholding valued at 30 September 2009 at RUR 30.6bn). The combined ownership of K+S Group shares held by EuroChem's shareholder MCC Holding Ltd. and EuroChem at the date of this press release amounts to 16.3%, unchanged from 30 June 2009. On November 25, K+S Group announced a capital increase by means of a rights issue for a total amount of EUR 686.4m, in which EuroChem and MCC Holding Ltd. intend to participate pro-rata to their shareholdings.

Market environment

Demand for phosphate fertilizers improved in the third quarter, and producers globally were operating at the high end of historic levels, which helped contribute to growth of prices in this segment. Demand from India was stable, and shipments to Pakistan, Europe and Latin America increased. While seasonal factors, compounded by a late harvest in the US, have had a somewhat negative influence on prices in the beginning of the fourth quarter, a modest recovery in demand and prices is expected to resume in December 2009 and into 2010. In Nitrogen, some price recovery was seen throughout the quarter, especially in ammonia.

Iron ore sales declined at the beginning of the year due to difficulties in the steel industry globally. However, prices saw material improvement beginning in Q2 of this year, driven mostly by continued Chinese government spending. While prices declined again toward the end of Q3, they have largely recovered as of the date of this release.

The domestic and CIS markets are in good shape with encouraging volumes of early Q4 buying.

Nitrogen segment

For the nine months ended 30 September 2009, Nitrogen (including organics) generated sales of RUR 29.3bn[1] and EBITDA of RUR 7.4bn, representing a margin of 25.1% (9M 2008: RUR 44.7bn, RUR 19.8bn and 44.3%, respectively). Sales volumes of nitrogen fertilizers and organic synthesis products were slightly down compared to 2008 levels (minus 4.6%), primarily due to declines in sales of the latter. Average realized prices year-to-date, however, have declined to well below the record levels of 2008, and even 2007 levels. The average natural gas cost in the first nine months of the year amounted to RUR 2,160 per 1000 cubic meters (ca $2.06 per MMBTU) versus an average RUR 1,889 per 1000 cubic meters (ca.$2.43 per MMBTU) during the same period last year.

As expected, the utilization rate for nitrogen assets was just under 90% in the nine months of the year, and should remain at this level for the rest of the year.

Phosphate segment

The Phosphate segment (including iron ore and baddeleyite sales as key co-products of our apatite mining at Kovdorskiy GOK) recorded sales of RUR 23.9bn in the first nine months of the year and EBITDA of RUR 3.3bn, which were below last year's levels by 47.9% and 84.0%, respectively. Phosphate fertilizer volumes (ex. iron ore and baddeleyite) for the period were

[1] Sales figures in Nitrogen and Phosphate segment reviews include intra-group sales.

around 6.0% below 2008 levels due to a meaningful recovery in the third quarter. Pricing on spot markets improved somewhat throughout Q3 but weakness renewed toward the end of the quarter.

Financial

The group did not engage in any wholesale debt market activity during 3Q 2009, and continues to maintain a gross debt to equity ratio of around 35 : 65 (taking into account the estimated fair value of the Group's fixed assets of RUR 96bn as opposed to their historic net book value of RUR 41.2bn on 1 January 2009). At 30 September 2009, gross debt of RUR 51.6bn consisted of two EUR-denominated margin loans secured by K+S Group shares totaling RUR 4.6bn equivalent, a RUR 38.3bn equivalent USD-denominated 4-year pre-export facility carrying an interest rate of LIBOR + 1.8% and RUR 8.7bn equivalent of USD-denominated bonds due in March 2012 with an annual coupon of 7.875%.

In line with the Group's strategy of investing in the future top and bottom line enhancements, capital expenditure rose in 9M2009 to RUR 13.8bn driven mainly by the Gremyachinskoe potash project (RUR 4.9bn). The economics of the Group's potash investments are expected to remain attractive even at significantly lower potash prices than those prevailing today.

Conclusion

CEO Dmitry Strezhnev: "While we are seeing some signs of price recovery in nitrogen and volume recovery in phosphates, the immediate outlook remains challenging due to rising input costs. At the same time, we continue to secure EuroChem's cost advantage through ongoing measures to control costs and investments in efficiency. Thanks to strong cash generation and a solid balance sheet, EuroChem is capable of continuing to finance its value-adding investments in new business segments and upgrades of its existing facilities."

Notes:

EuroChem Group is a top ten agrochemical company globally by capacity. It produces mostly nitrogen and phosphate fertilizers, which are supplied worldwide to agricultural producers and related intermediaries, as well as certain organic synthesis products and iron ore. Its main manufacturing assets include Nevinnomysskiy Azot, Novomoskovskiy Azot, Phosphorit, EuroChem – BMU, Kovdorskiy GOK plants in Russia and the Lifosa plant in Lithuania. The Group is vertically integrated with activities spanning from mining to logistics and distribution. EuroChem holds licenses to develop potash reserves in Russia which entitle it to the estimated fifth-largest volume of proved and probable potash reserves globally.

Consolidated condensed interim financial information for the nine months ended 30 September 2009 are available on the EuroChem website: http://www.eurochem.ru/internet/64.