EUROCHEM

EUROCHEM GROUP AG

Second Quarter 2017
IFRS Results

- 1H sales up 6% year-on-year to $2.40 billion
- 1H EBITDA of $590 million despite challenging market conditions
- VolgaKaliy skip shafts connected
- Potash: targeting Q4 2017 start of production

EuroChem Group AG
Baarerstrasse 37, 6300 Zug, Switzerland
Tel: + 41 (41) 727 16 00 Fax: +41 (0) 41 727 7606
www.eurochemgroup.com

Highlights	Q2 2017	Q2 2016	Chng.	1H 2017	1H 2016	Chng.
	US$m	US$m	Y-o-Y, %	US$m	US$m	Y-o-Y, %
Sales	**1,061**	1,013	+5%	**2,397**	2,268	+6%
Gross Profit	**369**	347	+6%	**899**	864	+4%
EBITDA	**241**	210	+15%	**590**	613[1]	-4%
Cash from operations	**203**	244	-17%	**541**	518	+4%

Net Covenant Debt/ LTM(*) EBITDA(**)	**30-Jun-17** 2.87x	**30-Jun-16** 2.34x		**31-Mar-17** 2.82x	**31-Dec-16** 2.85x	

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

Zug, Switzerland, 9 August 2017 - EuroChem Group AG (hereinafter "EuroChem" or "Group") a leading global fertilizer company, today reported consolidated sales for the second quarter of 2017 of $1.06 billion, 5% higher than in the corresponding period of 2016. The second quarter's performance lifted sales for the first six months of 2017 to $2.40 billion, 6% above the $2.27 billion in sales realised during the first half of 2016.

Higher operating profit carried second-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) 15% higher year-on-year to $241 million, compared to $210 million during the same period last year. First-half EBITDA amounted to $590 million, 4% behind the $613 million achieved a year ago.

Second-quarter fertilizer sales volumes of 3.13 million tonnes (MMT) brought first-half sales volumes to 6.78 MMT, compared to 6.73 MMT during the first six months of 2016, as the Group shifted its production mix towards complex, AN and MAP products in light of the more competitive urea and UAN trading landscape. The Group's expanding distribution capabilities supported third-party fertilizer product sales of 1.84 MMT, compared to 1.82 MMT in the January to June 2016 period.

Sales volumes for mining products for the three months ended 30 June 2017 were lower year-on-year and amounted to 1.15 MMT. Nevertheless, first-half volumes of 2.84 MMT were 2% above last year's level.

"The market turbulence of the past year is giving way to a less volatile, albeit subdued, trading environment. Amid this low-point in our industry's cycle, we remain resolute in our ambition to grow faster than the market and continue to execute on our potash strategy and further expand our distribution capabilities", said EuroChem Group CEO Dmitry Strezhnev. "We are confident that the platform we are building today will emerge ideally positioned as the fertilizer markets rebalance and demand closes in on supply over the next decade."

[1] Please refer to page 12 for details on changes in accounting policy.

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$.

Market overview

Average market prices (US$/tonne)	Q2 2017	Q2 2016	chng Y-o-Y, %	1H 2017	1H 2016	chng Y-o-Y, %	Last 12 months	
							High	Low
Ammonia (FOB Yuzhny)	$278	$274	+2%	$290	$271	+7%	$320	$167
Prilled urea (FOB Yuzhny)	$189	$198	-4%	$215	$202	+6%	$253	$173
AN (FOB Black Sea)	$166	$153	+8%	$183	$169	+8%	$206	$137
MAP (FOB Baltic)	$349	$340	+2%	$351	$346	+1%	$379	$309
MOP (FOB Baltic, spot)	$225	$235	-4%	$222	$243	-9%	$229	$217
Iron ore (63.5% Fe, CFR China)	$65	$57	+14%	$76	$53	+44%	$97	$55

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.

The commissioning of additional fertilizer production capacity continued to generate an increasingly competitive global backdrop amid a sustained period of low soft commodity prices. Consequently, the anticipation of lower fertilizer prices has kept market participants cautious and reluctant to actively replenish inventory. While application rates and overall demand growth remained steadfast, the second-quarter pricing dynamics reflected the overwhelming supply trend with all main product lines displaying quarterly price declines. Despite prices hitting record lows, these nevertheless received some support from low utilisation rates in China. According to trade data from China Customs, urea exports amounted to 2.8 MMT in the first six months of 2017, 45% below last year’s exports during the same period.

Averaging $278/tonne, ammonia (FOB Yuzhny) prices finished the second quarter 2% higher year-on-year than a year ago, although -8% below this year’s first quarter as supply resumed following pipeline transportation issues in the Black Sea region. Prilled urea (FOB Yuzhny) averaged $189/tonne in the second quarter, trailing the previous year’s average by 4% and more than 21% below its $241/tonne average in the first three months of 2017. With an average second-quarter price of $166/tonne, ammonium nitrate (FOB Black Sea), while 8% higher year-on-year, was sequentially down 17% from a first quarter average of $200/tonne.

Phosphate prices fared slightly better with new MAP/DAP capacity launches largely skewed to the second half of this year. Still, global prices trended generally lower, despite support from strong MAP trading in Brazil. Second-quarter MAP (FOB Baltic Sea) prices averaged $349/tonne, up 2% year-on-year, but 1% lower than this year’s first-quarter average.

The combination of growing iron ore supply and weakening demand from the Chinese steel sector snapped iron ore prices 26% lower on a quarterly basis, declining from a first-quarter average of $88/tonne (63.5%Fe, CFR China) to an average of $65/tonne in the three-month period ended 30 June 2017.

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$.

EuroChem Group AG
Baarerstrasse 37, 6300 Zug, Switzerland
Tel: + 41 (41) 727 16 00 Fax: +41 (0) 41 727 7606
www.eurochemgroup.com

Income statement[2]

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

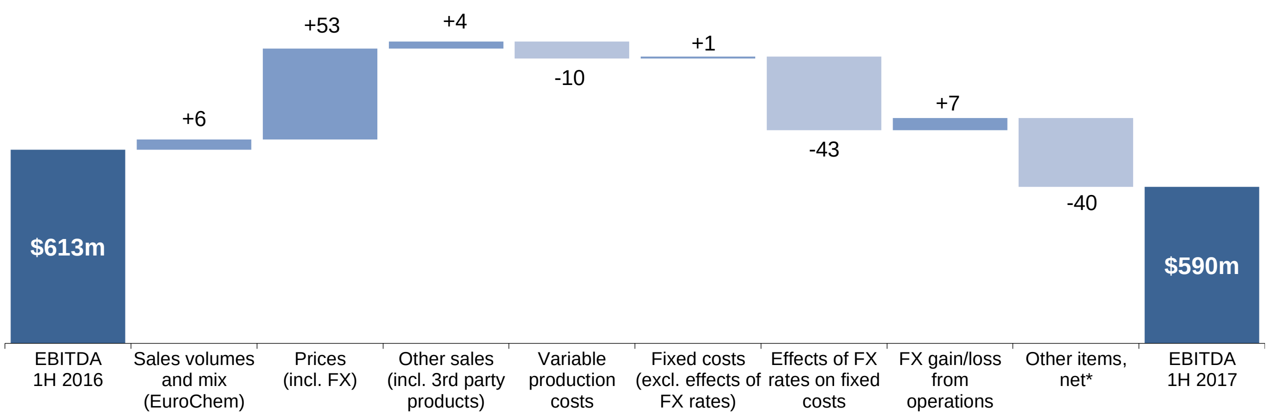
US$m	Total sales						EBITDA					
	Q2 2017	Q2 2016	Chng, %	1H 2017	1H 2016	Chng, %	Q2 2017	Q2 2016	Chng, %	1H 2017	1H 2016	Chng, %
Mining	165	170	-3%	354	300	+18%	75	81	-7%	176	143	+23%
Oil & Gas	21	19	+14%	43	35	+22%	4	1	+231%	8	6	+39%
Fertilizers	715	658	+9%	1,447	1,446	0%	159	119	+34%	341	348	-2%
Logistics	56	49	+15%	113	95	+18%	25	21	+20%	49	38	+28%
Sales	1,024	976	+5%	2,327	2,193	+6%	-17	-13	n/a	28	11	+158%
Other	19	13	+40%	37	26	+45%	5	-5	n/a	-10	2	n/a
Elimination	-938	-872	n/a	-1,923	-1,827	n/a	-10	6	n/a	-1	65	n/a
Total	**1,061**	**1,013**	**+5%**	**2,397**	**2,268**	**+6%**	**241**	**210**	**+15%**	**590**	**613**	**-4%**

Higher average prices mitigated the effects of lower sales volumes and lifted the Group's second-quarter sales 5% higher year-on-year to $1.06 billion. When combined with our first-quarter performance, the stronger first-half pricing environment, especially for iron ore, supported a 6% increase in first-half sales. EuroChem Group AG consolidated sales for the first six months of 2017 amounted to $2.40 billion, compared to $2.27 billion during the corresponding period of 2016.

The more favourable pricing environment and production optimisation helped push the Group's second-quarter EBITDA to $241 million, 15% above the $210 million realised in the second quarter of 2016.

For the six-month period ended 30 June 2017, Group EBITDA amounted to $590 million as currency headwinds and one-off items offset a $59 million contribution from product mix improvements coupled with sales growth and stronger pricing. The first-half average US$/RUB rate decreased 17% year-on-year to 57.99.

EBITDA development ($m)



**Other items (net) mainly comprised of bad debt provisions of $14.3m, iron ore swap losses of $3.9m, and Murmansk Port disposal effect of $11m.*

[2] *Starting 1 January 201, the Group changed its treatment of foreign exchange revaluation of cash and cash equivalents – additional information is provided at the end of this release.*

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$.

EuroChem Group AG
Baarerstrasse 37, 6300 Zug, Switzerland
Tel: + 41 (41) 727 16 00 Fax: +41 (0) 41 727 7606
www.eurochemgroup.com

For the first six months of 2017, the Group realised 49% and 22% of its sales in dollars and roubles, respectively, while euro-denominated sales represented 20% of total sales[3].

Selected sales volumes

(KMT)	EuroChem and third-party products						EuroChem products only		
	Q2 2017	Q2 2016	Chng %	1H 2017	1H 2016	Chng %	1H 2017	1H 2016	Chng %
Nitrogen and phosphate fertilizer products	**3,067**	**2,978**	**+3%**	**6,649**	**6,665**	**+0%**	**4,936**	**4,912**	**+1%**
Urea	780	862	-10%	1,515	1,760	-14%	901	941	-4%
AN	403	278	+45%	824	791	+4%	783	735	+7%
UAN	367	325	+13%	695	777	-11%	647	654	-1%
Complex fertilizers	470	380	+24%	1,232	884	+39%	987	840	+18%
AS	291	278	+5%	670	603	+11%	-	-	-
CAN	221	251	-12%	464	494	-6%	462	493	-6%
DAP	151	192	-22%	395	573	-31%	367	542	-32%
MAP	287	307	-7%	628	528	+19%	596	495	+21%
ANF	80	82	-3%	191	204	-7%	191	204	-7%
Ammonia	17	23	-27%	36	51	-31%	2	10	-84%
Other fertilizers	**60**	**29**	**+108%**	**129**	**65**	**+99%**	**-**	**-**	**-**
KCL	56	27	+109%	120	59	+103%	-	-	-
other	5	2	+136%	9	6	+61%	-	-	-
Total fertilizers	**3,127**	**3,007**	**+4%**	**6,779**	**6,730**	**+1%**	**4,936**	**4,912**	**+1%**
Feed phosphates	**81**	**76**	**+6%**	**165**	**162**	**+2%**	**154**	**155**	**-1%**
Mining products	**1,148**	**1,427**	**-20%**	**2,844**	**2,778**	**+2%**	**2,842**	**2,778**	**+2%**
Iron ore	1,144	1,425	-20%	2,810	2,759	+2%	2,810	2,759	+2%
other	3	2	+59%	34	19	+76%	33	19	+69%
Industrial products	**342**	**327**	**+5%**	**714**	**655**	**+9%**	**714**	**655**	**+9%**

The Group sold 3.13 million tonnes of fertilizer products during the three-month period ended 30 June 2017, bringing year-to-date fertilizer sales through June 2017 to 6.78 million tonnes, which was slightly ahead of the 6.73 million tonnes sold in the same period last year. An increase in sales of complex fertilizers and MAP alleviated softer urea and DAP sales, with additional contributions from higher sales of industrial and mining products.

Excluding third-party products, the Group sold 4.94 million tonnes of EuroChem fertilizer products in the first six months of 2017, compared to 4.91 million tonnes in the first half of 2016.

[3] *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.*

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$.

EuroChem Group AG
Baarerstrasse 37, 6300 Zug, Switzerland
Tel: + 41 (41) 727 16 00 Fax: +41 (0) 41 727 7606
www.eurochemgroup.com

Geography of sales (as proportion of sales)	Q2 2017	Q2 2016	Change in percentage points	1H 2017	1H 2016	Change in percentage points
Europe	25%	31%	-6	31%	38%	-8
Russia	24%	18%	+7	22%	17%	+5
North America	15%	18%	-3	15%	19%	-5
Latin America	15%	11%	+4	14%	7%	+6
Asia Pacific	9%	15%	-6	10%	10%	-1
CIS	8%	5%	+3	7%	6%	+1
Africa	3%	1%	+2	3%	1%	+1

Second-quarter sales to Europe, Russia and the CIS, the Group's domestic markets, together rose 11% year-on-year and accounted for 57% of total Group sales, with the share of the Russian market growing on the back of the strength of the Russian agricultural sector, which has become the standout story. Sales to Russia grew 45% year-on-year as favourable local currency dynamics lent further support to our expanding market presence and the ongoing revival of the domestic agriculture.

The increase in Russian sales also reflected the growth in domestic deliveries of iron ore, a co-product of apatite mining operations at our Kovdorskiy GOK mine, and higher market prices.

Our acquisition of Fertilizantes Tocantins (August 2016) help drive second-quarter sales to Latin America 41% ahead of last year's results and contributed $162 million in sales. The growth in Latin American sales also reflected the redirection of product from more challenged markets offering lower netback opportunities, such as North America.

The Group's second-quarter costs of sales, excluding goods for resale and changes in work in progress and finished goods, increased 7% year-on-year to $519 million as the effect of the rouble's appreciation overshadowed gains provided by higher in-house apatite production levels and lower prices for certain purchased raw materials.

For the six-month period ended 30 June 2017, average natural gas prices (delivered to plant) at the Group's nitrogen facilities were $2.32/mmBtu at Novomoskovskiy Azot and $2.60/mmBtu at Nevinnomysskiy Azot. During the same period, average natural gas prices at major hubs were $3.13/mmBtu in the US (Henry Hub), $5.39/mmBtu in the Netherlands (TTF).

Balance sheet

The Group ended the second quarter with a net leverage of 2.87x on covenant net debt of $3.17 billion and 12-month rolling EBITDA of $1.11 billion. Over the course of the first half, the Group's debt covenant level was set at 3.5x across its entire loan portfolio.

Cash flow

For the three months ended 30 June 2017, we generated operating cash flow of $203 million, which lifted the Group's total for the first half of the year to $541 million, 4% ahead of the same period last year.

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$.

The Group allocated $326 million to capital expenditure (capex) during the second quarter of the year, bringing capex spending for the first six months of 2017 to $601 million, compared to $565 million in the first half of 2016. A more detailed overview of the main capex items is provided in the *Divisions* section of this publication.

Project finance

As at the end of the second quarter, EUR 74 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 its $750 million non-recourse project finance facility signed in 2014 for its Usolskiy potash project. The first interest payment following the grace period is due in 2019.

Corporate developments

In June 2017, the Group acquired a 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 July 2017, the Group successfully returned to the international debt markets with a new 4-year $500 million Eurobond offering at 3.95%.

Events after the reporting period

In early August, the Group announced the acquisition of Emerger Fertilizantes S.A., a privately-owned distributor of premium and standard fertilizers in Argentina.

Divisions

(Ranked by EBITDA contribution)

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).

	Q2 2017	Q2 2016	chng	1H 2017	1H 2016	chng
Total sales ($m)	714.6	658.0	+9%	1,447.3	1,445.8	0%
EBITDA ($m)	159.0	119.0	+34%	341.1	348.2	-2%
EBITDA margin (%)	22%	18%	+4pp	24%	24%	+0pp
Capex ($m)	100.5	176.9	-43%	202.5	267.7	-24%

The Fertilizer Division realised second-quarter sales of $714 million, 9% stronger than the $658 million realised over the same period last year. The stronger product pricing dynamics countered the effects of unfavourable year-on-year currency movements and lifted the division's Q2 EBITDA 34% year-on-year to $159 million. First-half revenues inched up to $1,447 million while EBITDA slipped 2% to $341 million.

Capex spending of $100 million comprised several investment projects, the most important being the Group's 1 MMTpa EuroChem Northwest ammonia project in Kingisepp, Russia, due to start in the third quarter of 2018.

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$.

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).

	Q2 2017	Q2 2016	chng	1H 2017	1H 2016	chng
Total sales ($m)	164.7	170.1	-3%	353.6	299.7	+18%
EBITDA ($m)	75.1	80.8	-7%	176.2	143.1	+23%
EBITDA margin (%)	46%	47%	-1pp	50%	48%	+2pp
Capex ($m)	208.2	155.7	+34%	419.1	265.3	+58%

Higher average iron ore prices mitigated the effects of a 14% year-on-year decrease in second-quarter sales volumes and helped achieve sales of $165 million, which was within 3% of the $170 million realised during the same period last year. The strong iron ore backdrop supported first-half sales of $354 million, 18% ahead of last year's $300 million in sales.

Combined with the first quarter's record performance, second-quarter Mining EBITDA of $75 million drove first-half divisional EBITDA to $176 million, which represented a 23% improvement on last year's performance.

Mining capex spending accelerated as the return of spring signalled the start of peak construction periods at the Group's potash sites. Capex spending during the 6-month period ended 30 June 2017 increased 58% year-on-year to $419 million.

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

At an average rate of approximately 2.5 to 3.0 meters per day at each of the three faces being mined underground, the excavation of the first phase horizontal drifts between the site's two skip shafts progressed as scheduled. Close to 1,100 meters below the surface, the two skip shafts were successfully connected in early August. The lateral development includes the excavation of haulage ramps and drifts as well as ventilation and equipment assembly areas. One skip shaft supports these efforts, while the other is being readied for hoisting operations which will begin later this year.

On the surface, much of the first phase items are either complete, as is the case with the utilities main substation, or nearing completion, such as the beneficiation building, conveyor galleries and transfer towers, and crushing and thickeners units, to list a few. The beneficiation mill is expected to be ready to accept ore from the mining operations as early as February 2018 and begin initial circulation for commissioning procedures. As previously announced, first production is expected in mid-2018.

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$.

Cage shaft inflow

Six new freeze holes are operational, the first of which from early March, and supporting the development of an additional ice formation to reinforce the initial freeze wall around the shaft. In parallel, a temporary heating plant was installed and heating pipes were lowered in the shaft. This heating system serves to maintain the temperature of the accumulated water within the shaft above freezing level, while at the same time allowing a freeze wall to develop outside the shaft liner. Late in the second quarter, with temperature sensors and advanced acoustic testing confirming an accumulation of ice around the shaft, the site proceeded to remove some water. Water was successfully removed temporarily to a depth of -200 meters which validated the analysis of the freeze wall. Additional water volumes will be pumped as the integrity of the original freeze wall is re-established. EuroChem VolgaKaliy expects to resume cage shaft sinking operations in the second half of this year.

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

South of Berezniki, EuroChem Usolskiy crews and contractors achieved good progress, with the latter focused on achieving their November target for the handover of the site's first potash production train and allowing the commissioning process to begin. As part of the beneficiation plant, the first phase of the project entails four production trains to be commissioned sequentially, one at a time, through Q3 2018. These four trains represent a total MOP production capacity of 2.3 MMT per annum once fully ramped-up. The site will produce both standard and granular red product (95.0% KCl). While the start of operations remains conditional to the completion of several items, which could lead to slight schedule revisions, the Group would not expect such changes to impact its combined production objectives for 2017/18.

Construction and assembly work continued across the mill's three sections, the Grinding and Flotation Department, the Drying and Compaction Department, and the Thickening Department. The site's first skips were commissioned in early July and have been working under increasing loads and speed. The skips (four in total) are designed to bring up to 30 tonnes of ore each from around -430 meters to the surface, providing approximately 9 million tonnes of raw ore annually. The salt dump, boiler plant, water treatment, and gas system are essentially complete and awaiting certification prior to the start of operations.

Construction progress at the crushing facilities progressed and remains in-line with commissioning plans. While punch list items continue to be addressed, conveyors from the skip shaft to the salt dump area were installed and as of early July, were in initial start-up service to the salt dump.

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$.

EuroChem Group AG
Baarerstrasse 37, 6300 Zug, Switzerland
Tel: + 41 (41) 727 16 00 Fax: +41 (0) 41 727 7606
www.eurochemgroup.com

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.

	Q2 2017	Q2 2016	chng	1H 2017	1H 2016	chng
Total sales ($m)	55.7	48.5	+15%	112.6	95.5	+18%
EBITDA ($m)	25.4	21.2	+20%	49.0	38.4	+28%
EBITDA margin (%)	46%	44%	+2pp	43%	40%	+3pp
Capex ($m)	2.0	4.4	-55%	4.3	4.9	-12%

The Logistics division achieved 15% growth in second-quarter sales, which rose to $56 million. Sales for the first six months of the year increased 18% to $113 million.

Second-quarter EBITDA grew 20% year-on-year to $25 million, while first-half EBITDA amounted to $49 million, up 28% on the same period last year. The increase in profitability was supported by improvements in railcar fleet management and the use of the Group's wholly-owned ships in light of higher freight rates. In parallel, the year-on-year appreciation of the Russian currency provided additional tailwinds.

First-half capex was 12% lower year-on-year and amounted to $4.3 million. In May, we completed the upgrade of iron ore storage facilities at Murmansk Port, increasing capacity from 100 KMT to 170 KMT.

Sales division

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

	Q2 2017	Q2 2016	chng	1H 2017	1H 2016	chng
Total sales ($m)	1,023.9	975.8	+5%	2,326.7	2,193.1	+6%
EBITDA ($m)	-17.1	-13.0	n/a	27.6	10.7	+158%
EBITDA margin (%)	-2%	-1%	-1pp	1%	0%	+1pp
Capex ($m)	6.3	1.4	+352%	8.2	3.0	+173%

While the second quarter is traditionally the weakest due to the seasonality of the Group's business, deteriorating fertilizer market conditions further tempered the Sales Division's quarterly performance. Notwithstanding the subdued trading, first-half sales climbed 6% to $2,327 million, aided by higher average prices, especially for nitrogen and mining products. Over the same period, EBITDA jumped 158% to $28 million, despite being significantly depressed by the second quarter's market pullback.

The Sales Division allocated $8.2 million to capital expenditures during the first six months of 2017.

To accompany the Russian farmers' growing adoption of liquid fertilizers, a new UAN storage facility at our Novy Oskol (Belgorod region) distribution centre was opened in early June.

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$.

In Europe, the Division spearheaded the acquisition of a minority interest in Hispalense de Liquidos to expand the scope of the Group's premium product offering and further build on its market position in the Iberian Peninsula. Based in Seville, Hispalense's blending and storage unit benefits from direct port access. A well-established player in the Spanish fertilizer market, Hispalense provides the Group with an additional 50 KMT/year of liquid blend capacity.

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.

	Q2 2017	Q2 2016	chng	1H 2017	1H 2016	chng
Total sales ($m)	21.4	18.7	+14%	42.7	35.0	+22%
EBITDA ($m)	4.0	1.2	231%	7.7	5.5	+39%
EBITDA margin (%)	19%	7%	+12pp	18%	16%	+2pp
Capex ($m)	12.2	1.2	+911%	22.7	1.8	+1,141%

Second-quarter sales within the Group's Oil and Gas division amounted to $21 million, up 14% on sales of $19 million in the three months ended 30 June 2016. Over the same period, EBITDA received a 231% boost and rose to $4 million on the back of stronger volumes and higher gas condensate volumes amid supportive currency movements.

Market outlook

As previously guided, we continue to expect trading conditions across the nitrogen and phosphate fertilizer markets to generally remain challenging until capacity shutdowns and growing demand gradually absorb excess supply starting from 2019.

We expect the global nitrogen market to continue rebalancing in the wake of export-orientated capacity additions. Though pressure is set to remain, we would not expect urea and UAN prices to significantly decline below current levels and we see a greater chance of prices firming going forward as pockets of demand emerge. While the recent price rally in urea is encouraging, we expect to see prices regain more sustainable upward momentum from late September/early October as product is positioned for the next application season. Until then, we anticipate demand across the Russian and Western European markets to remain healthy. That being said, while rising input and freight costs, credit constraints, and stricter environmental regulations have led to lower exports of Chinese product, the strength of the domestic market also served as a limiting factor. With that in mind, the winding down of the domestic season should increase the probability of higher exports volumes from China.

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$.

In phosphates, despite monsoon demand providing some ballast, new capacity is expected to weigh down on global prices ahead of the fourth quarter's seasonal autumn demand pickup. Against a growing MAP/DAP supply backdrop, good demand for complex phosphate fertilizers should still continue to shine in certain markets. The Group expects Latin America's appetite for phosphate to remain healthy, which should also attract some additional trade flows.

The recent conclusion of the Chinese and Indian potash supply agreements has further stabilised global prices ahead of incremental supply growth from outside the currently established marketing associations. While the Group expects to be the main contributor to global potash capacity growth over the next several years, it remains confident in its market entry strategy, which encompasses a phased increase in production capacity, stretching through the middle of the next decade.

Prices for high-grade iron ore will remain volatile, although on average, range bound around current levels.

****

Q2/ 1H Conference Call
Thursday, 10 August 2017
11:00 New York / 16:00 London / 17:00 Zug / 18:00 Moscow

The call will include an overview of the Company's financial results and performance and a market outlook. The conference call will be followed by a Q&A session.

The conference call and Q&A session will be hosted by:

- Andrey Ilyin, Chief Financial Officer
- Clark Bailey, Head of Mining
- Anthony Elliott, Commercial Director EuroChem Trading

11:00 New York / 16:00 London / 17:00 Zug / 18:00 Moscow

TO ATTEND, please register at:
https://cossprereg.btci.com/prereg/key.process?key=P6PR4YBWV

Once you have registered, you will be provided with the information you need to join the conference, including dial-in numbers and passcodes. Be sure to save this information to your calendar or print this information.

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 1H16 to $485 million from $458 million (Q2 2016 operating profit: $140 million from $133m), and the Group's 1H16 EBITDA to $ 613 million from $ 586 million (Q2 2016 EBITDA: $210m from $ 202m)*

EuroChem Group AG
Baarerstrasse 37, 6300 Zug, Switzerland
Tel: + 41 (41) 727 16 00 Fax: +41 (0) 41 727 7606
www.eurochemgroup.com

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:

Investors	Media	Russian Media
Olivier Harvey Head of Investor Relations EuroChem Group AG olivier.harvey@eurochemgroup.com	**Guy Dresser** Head of Communications EuroChem Group AG guy.dresser@eurochemgroup.com	**Vladimir Torin** Head of Public Relations MCC EuroChem vladimir.torin@eurochem.ru

https://twitter.com/eurochemgroup

https://www.facebook.com/eurochemgroup/

https://www.linkedin.com/company/eurochem

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$.