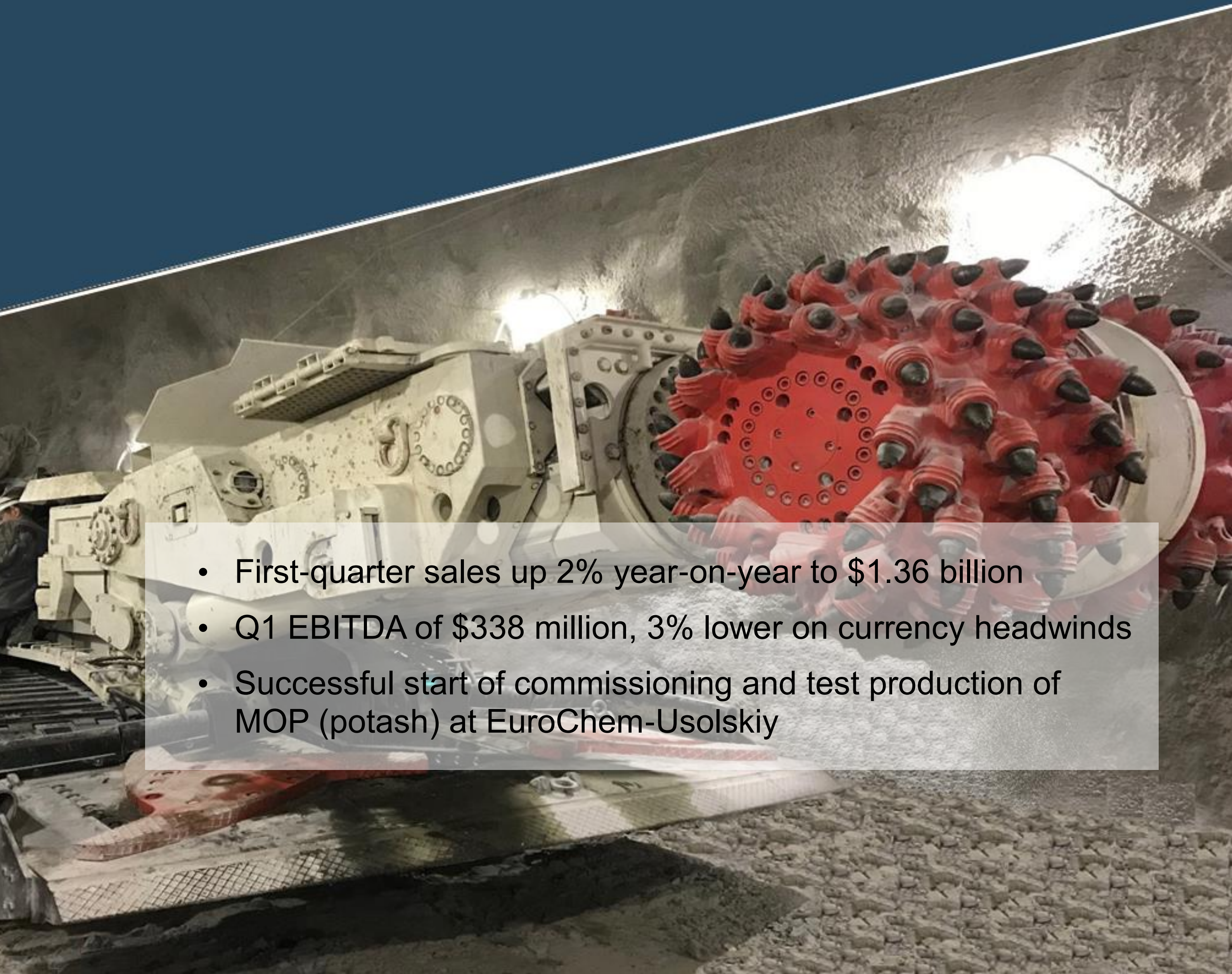
EUROCHEM GROUP AG

First Quarter 2018
IFRS Results



- First-quarter sales up 2% year-on-year to $1.36 billion
- Q1 EBITDA of $338 million, 3% lower on currency headwinds
- Successful start of commissioning and test production of MOP (potash) at EuroChem-Usolskiy

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Highlights	Q1 2018	Q1 2017	Chng	Q4 2017	Chng
	$m	$m	Y-o-Y %	$m	Q-o-Q %
Sales	1,357	1,336	+2%	1,296	+5%
Gross Profit	496	529	-6%	481	+3%
EBITDA	338	349	-3%	286	+18%
Cash from operations	269	338	-20%	225	+20%
Net Debt/ LTM[1] EBITDA[2]	2.89x	2.82x		2.88x	

[1]Last Twelve Months.
[2]Including net income from associates and joint ventures.

Zug, Switzerland, 15 May 2018 - EuroChem Group AG (hereinafter “EuroChem” or the “Group”) a leading global fertilizer company, today reported consolidated sales for the first quarter of 2018 of $1.36 billion, representing a 2% increase on sales of $1.34 billion realised in the first three months of 2017.

Despite recording an 18% quarter-on-quarter growth, first-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 3% year-on-year as currency headwinds converged on the generally weaker trading backdrop for nitrogen and iron ore relative to Q1 2017. EBITDA for the first three months of the year amounted to $338 million, compared with $349 million in the corresponding period of 2017. The Group realised a first-quarter net profit of $195 million.

Fertilizer sales volumes for the first three months of the year slipped 6% year-on-year to 3.42 million tonnes (MMT), predominantly due to softer trading of third-party products. The Group realised third-party fertilizer product sales of 949 KMT during the first three months of the year, including more than 680 KMT in urea, ammonium sulphate and NPK trading. The Group’s own fertilizer production during the January to March period grew 1% year-on-year to 2.38 MMT. Amounting to 1.43 MMT, first-quarter sales of mining products trailed last year’s volumes by 16% on lower iron ore deliveries.

“The Group’s solid first-quarter performance, achieved amid challenging conditions, comes as we mark the successful start of potash production at our Usolskiy site. These first tonnes have allowed us to cross one of the very last remaining milestones on our path to potash”, said EuroChem Group CEO Dmitry Strezhnev. “Accordingly, we took further steps to recalibrate the Group’s structure in line with its evolving profile and next growth phase. As both an executive and a minority shareholder, I look with confidence to the Group’s future as Dmitry Strashnov takes over as Group CEO from July, and I look forward to providing guidance to the leadership team as I assume a non-executive role”.

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Market overview

Main EuroChem products Average market prices ($/tonne)	Q1-18	Q1-17	Chng Y-o-Y, %	Q4-17	Chng Q-o-Q ,%	Last 12 months	
						High	Low
Ammonia (FOB Yuzhniy)	$284	$302	-6%	$283	-	$323	$186
Prilled urea (FOB Yuzhniy)	$230	$241	-5%	$246	-7%	$274	$176
AN (FOB Black Sea)	$188	$200	-6%	$216	-13%	$235	$159
MAP (FOB Baltic)	$397	$353	+13%	$360	+10%	$406	$326
MOP (FOB Baltic, spot)	$245	$218	+12%	$235	+4%	$251	$218
Iron ore (63.5% Fe, CFR China)	$76	$88	-13%	$67	+13%	$84	$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 year's first-quarter market backdrop remained broadly lacklustre as unfavourable climatic conditions, from persistent wintery weather in North America to the lingering wet and cold in Europe, delayed field application and shifted global supply flows across major markets. With global supply still outbalancing demand, deteriorating fertilizer market sentiment west of Suez pushed ammonia prices (FOB Yuzhniy) lower by 6% year-on-year to an average price of $284/tonne. Urea values mirrored the trend, with prilled product (FOB Yuzhniy) finishing the first three months of the year at an average of $230/tonne, 5% lower than in the same period a year ago, and 7% below its fourth-quarter 2017 average.

Phosphate capacity curtailments in the fourth quarter of 2017 continued to buoy prices and supported first-quarter trading, offsetting a lack of meaningful engagement from buyers in Brazil following the record import levels observed in 2017. Prices received additional lift from logistical issues in Northern Africa and the impact of higher costs in China. Average first-quarter MAP (FOB Baltic Sea) prices increased 13% year-on-year to $397/tonne, which also represented an increase of 10% over its fourth quarter average.

Potash demand remained healthy and supportive of prices. Averaging $245/tonne, the first quarter average MOP (FOB Baltic Sea) spot price was 12% ahead of the $218/tonne registered during the first three months of 2017.

Although 13% stronger than in the previous quarter, iron ore prices trended lower year-on-year, mirroring steel price dynamics as Chinese buyers turned to lower-grade material to reduce raw material costs. Prices sustained additional pressure from growing trade tensions between the US and China. Iron ore prices (63.5%Fe, CFR China) ended the first quarter down 13% year-on-year to $76/tonne.

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Income statement

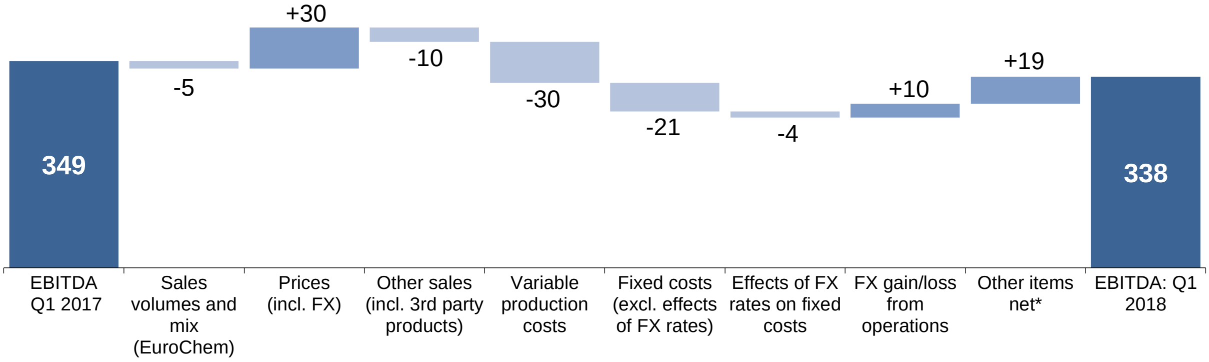
The Group's business is conducted by four operating divisions aggregated in four reportable segments identified as Mining, Fertilizers, Logistics, and Sales.[1]

US$m	Total sales			EBITDA		
	Q1 2018	Q1 2017	Chng, %	Q1 2018	Q1 2017	Chng, %
Mining	151	189	-20%	57	101	-44%
Oil&Gas	-	21	n/a	-	4	n/a
Fertilizers	851	733	+16%	213	182	+17%
Logistics	63	57	+11%	27	24	+13%
Sales	1,328	1,303	+2%	64	45	+43%
Other	4	19	-80%	-16	-15	n/a
Elimination	-1,040	-985	n/a	-7	9	n/a
Total	**1,357**	**1,336**	**+2%**	**338**	**349**	**-3%**

EuroChem Group AG consolidated sales for the first quarter of 2018 rose 2% year-on-year to $1.36 billion, compared to $1.34 billion over the same period in 2017. The growth in sales was primarily driven by the optimization of the Group's production and sales efforts coupled with the enhanced opportunities offered by our growing regional footprint across major markets. The Group's operating profitability was adversely affected by the 3% year-on-year strengthening of the Russian rouble against the US dollar, a trend which has sharply reversed since early April. The effects of the stronger Russian currency pulled Group EBITDA 3% lower year-on-year to $338 million, compared to $349 million in the first three months of 2017.

The Group realised 46% and 23% of its first-quarter sales in dollars and euros, respectively, while rouble-denominated sales accounted for 20% of total sales[2].

EBITDA development ($m)



**Other items (net) mainly comprised of 2017 bad debt provisions ($14m) and iron ore swap losses ($4m).*

[1]Effective 1 January 2018, the Oil & Gas Division was removed from the Group's corporate structure.

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

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Selected sales volumes

(KMT)	EuroChem and third-party products			EuroChem products only		
	Q1 2018	Q1 2017	chng, %	Q1 2018	Q1 2017	chng, %
Nitrogen and phosphate fertilizer products	**3,363**	**3,585**	**-6%**	**2,476**	**2,619**	**-6%**
Urea	717	734	-2%	479	407	+18%
AN	440	422	+4%	421	399	+6%
UAN	337	328	+3%	293	312	-6%
Complex fertilizers	671	762	-12%	485	599	-19%
AS	289	378	-24%	-	-	-
CAN	234	243	-4%	230	241	-4%
DAP	325	245	+33%	279	226	+24%
MAP	253	341	-26%	204	323	-37%
ANF	83	111	-25%	83	111	-25%
Ammonia	1	18	-96%	0,1	0,4	-63%
Other phosphate-based	13	2	+475%	-	-	-
Other fertilizers	**55**	**68**	**-19%**	**-**	**-**	**-**
KCL	47	64	-26%	-	-	-
Other	8	5	+74%	-	-	-
TOTAL FERTILIZERS	**3,418**	**3,653**	**-6%**	**2,476**	**2,619**	**-6%**
Feed phosphates	**97**	**84**	**+16%**	**97**	**78**	**+24%**
Mining products	**1,431**	**1,696**	**-16%**	**1,424**	**1,695**	**-16%**
Iron ore	1,422	1,665	-15%	1,422	**1,665**	-15%
other	8	31	-73%	2	**30**	-94%
Industrial products	**426**	**372**	**+14%**	**426**	**372**	**+14%**

Total first-quarter nitrogen and phosphate fertilizer sales volumes of 3.36 MMT were slightly below the 3.58 MMT in sales achieved over the same period last year due to certain weather-driven logistical difficulties which have since cleared. Excluding third-party products, EuroChem nitrogen and phosphates sales volumes declined 6% year-on-year to 2.48 MMT.

Production shifts between MAP and DAP supported overall stable volumes amid a favourable phosphate pricing backdrop. Complex fertilizer sales volumes remained generally healthy, though metrics pointed lower year-on-year as a result of last year's strong first-quarter performance.

Lower iron ore deliveries kept first-quarter mining volumes 16% below last year's level, which had been extraordinarily strong as a result of delayed shipments in the last quarter of 2016.

During the three-month period ended 31 March, the Group sold 949 KMT of third-party products, including 289 KMT of ammonium sulphate (AS). The decrease in AS sales volumes was primarily driven by production cutbacks at supplier level.

Industrial sales provided higher contributions with volumes growing 14% year-on-year on the back of robust demand for industrial HSE products, which registered a 42% year-on-year increase.

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Geography of sales (as proportion of sales)	Q1 2018	Q1 2017	Change in percentage points
Europe	35%	35%	+0pp
Russia	20%	19%	+1pp
Latin America	14%	13%	+1pp
North America	13%	14%	-1pp
Asia Pacific	10%	10%	-
CIS*(excluding Russia)	6%	6%	-
Africa	2%	3%	-1pp

**including associate states*

The European market remained the Group's largest contributor and accounted for more than a third of our first-quarter sales, or $470 million, compared with $472 million during the first quarter of 2017. In our other home market, stronger domestic sales of iron ore and the strengthening of the Russian currency pushed the share of sales to Russia one percentage point higher to 20% of the Group's total sales. The share of sales to Latin America expanded one percentage point despite the late start to the season. The share of sales to North America retreated 1 percentage point, primarily as a result of unfavourable weather conditions and lower third-party trading of standard products.

The year-on-year weakening of the US dollar against the rouble and Euro nudged the Group's costs higher. First-quarter costs of sales, excluding goods for resale, increased 3% to $564 million, compared to $545 million in the corresponding period of 2017. Raw material costs, which account for 53% of our cost of sales, amounted to $324 million, up from $254 million in the first quarter of 2017.

Balance sheet

As at 31 March 2018, the Group's covenant net debt remained in line with the previous quarter and stood at $3.24 billion. Twelve-month rolling EBITDA of $1.12 billion gave the Group a net leverage of 2.89x compared with 2.88x at 31 December 2017.

Cash flow

The Group generated $269 million in operating cash flow during the first three months of the year. Total capital expenditure (capex) for the three-month period ended 31 March 2018 amounted to $303 million, outpacing by 11% the $274 million spent in the first quarter of 2017.

Project finance

As at the end of the first quarter, EUR 345 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, in April 2017 the Group fully utilised the $750 million non-recourse project finance facility signed in 2014 for its Usolskiy potash project. The first repayment following the grace period is due in March 2019.

Corporate developments

Effective 1 January 2018, EuroChem's Oil & Gas Division was removed from its corporate structure, reflecting its focus on the core fertilizer business.

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Divisions

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).

	Q1 2018	Q1 2017	Chng
Total sales ($m)	851	733	+16%
EBITDA ($m)	213	182	+17%
EBITDA margin (%)	25%	25%	-
Capex ($m)	100	102	-2%

First-quarter sales of $851 million trailed the $733 million realised over the same period last year. Divisional EBITDA increased 17% year-on-year to $213 million.

Capex spending of $100 million comprised several investment projects, including the construction of the EuroChem Northwest ammonia plant in Kingisepp, Russia.

Mining Division

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

	Q1 2018	Q1 2017	Chng
Sales ($m)	151	189	-20%
EBITDA ($m)	57	101	-44%
EBITDA margin (%)	37%	54%	-17pp
Capex ($m)	181	211	-14%

A combination of weaker volumes and prices for mining products drove Mining Division sales 20% lower year-on-year to $151 million, compared to sales of $189 million in the first quarter of 2017, which was characterised by stronger pricing dynamics coupled with robust iron ore deliveries as a result of shipment deferrals from the fourth quarter of 2016. Divisional EBITDA amounted to $57 million.

First-quarter Mining Division capex spending decreased 14% year-on-year to $181 million, including capex of $103 million at the Group's Usolskiy potash project and $52 million at the VolgaKaliy site.

EuroChem VolgaKaliy (Gremyachinskoe potash deposit, Volgograd region)

Mining operations continued in the potash layer during the quarter. Over 43 KMT tonnes of ore were mined during the lateral development, of which more than 41 KMT is already on the surface ready to support commissioning procedures.

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Cage shaft inflow

During the first three months of the year, the water level in the shaft remained stable at -86 meters, which represents the pressure equilibrium level. The six auxiliary freeze pipes installed in 2017 and designed to restore the integrity of the shaft's freeze wall were operational throughout the quarter. As of early May, underground sensors outside the freeze holes showed temperatures dipping below -18^{0}C, which is low enough to support the reconstruction of the shaft's ice wall.

While the cage shaft is anticipated to be available from July 2021, it will not be required to support production ramp-up until early 2022. In the meantime, the other two shafts, which are both 7-meter diameter shafts initially designed for skipping ore, will serve as both the cage and skip shafts during the initial rampup of the mine. Skip shaft #1 is already completed and in commissioning mode. Commissioning and start-up procedures are underway at the beneficiation plant and will continue into the third quarter of 2018, as planned.

EuroChem Usolskiy Potash (Verkhnekamskoe potash deposit, Perm region)

In March, we successfully launched commissioning procedures and achieved first test production of potassium chloride. The site will continue ramping up to commercial production and targets a total output of about 450 KMT of finished product for 2018.

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.

	Q1 2018	Q1 2017	Chng
Sales ($m)	1,328	1,303	+2%
EBITDA ($m)	64	45	+43%
EBITDA margin (%)	5%	3%	+2pp
Capex ($m)	10	2	+400%

Despite a challenging start to the peak fertilizer application season, sales for the first quarter increased 2% year-on-year to $1,328 million, carried by the Group's expanding distribution system and sales opportunities as regional demand pockets emerged. Over the same period, EBITDA rose 43% to $64 million, as compared with $45 million in the first three months of 2017.

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Logistics Division

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

	Q1 2018	Q1 2017	Chng
Sales ($m)	63	57	+11%
EBITDA ($m)	27	24	+13%
EBITDA margin (%)	42%	41%	+1pp
Capex ($m)	7	2	+250%

The Logistics Division realised $63 million in sales during the first three months of the year. The increase was largely driven by an uptick in transhipment operations at the Murmansk port. With further support from currency tailwinds, first-quarter EBITDA increased 13% year-on-year to $27 million.

Outlook

We generally expect trading conditions across fertilizer markets to remain challenging over the coming months as demand growth continues to close the gap with the incremental supply of the last 24 months. However, a more supportive temporary backdrop, driven by seasonal delays in major markets, should remain through the second quarter and bridge the traditional off-season. The Group continues to view trading activity intensifying starting from 2019 as growing demand and capacity retirements gradually erode excess supply.

In nitrogen, the limited urea export volumes seen from China have remained supportive of global prices, offsetting the supply growth in other regions. While we expect coal prices to weaken and lower the input costs for Chinese producers, the likelihood of stronger exports remains low as energy, environmental and credit issues are expected to keep operating capacity under pressure. Additionally, the Group assesses current global price levels as a further limiting factor for Chinese exports.

In phosphates, we expect voluntary capacity curtailments to continue supporting market sentiment and prices over the near-term as low inventory levels in key importing regions keep demand firm. We also note the more disciplined approach to Chinese exports as limiting pricing volatility. Further out, the marketing of new capacity, while in the hands of low-cost incumbent producers, will likely prevent any meaningful pricing appreciation.

In potash, prices and market engagement are expected to remain healthy on supportive demand dynamics coupled with sustained capacity curtailments. Against this backdrop and the possibility of further cuts to supply, we expect new capacity, such as from EuroChem's potash projects, to gradually ease into the market without significant turbulence.

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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.

About EuroChem Group AG

EuroChem is a leading global producer of nitrogen, phosphate and potash fertilizers, as well as certain industrial and mining products. The Group is vertically integrated with activities spanning mining to fertilizer production, logistics, and distribution. EuroChem began potash production at its Usolskiy mine in early 2018, and continues to develop a second greenfield site at VolgaKaliy in Russia.

Headquartered in Zug, Switzerland, the Group operates production facilities in Europe, Asia and the CIS, employing more than 26,000 people.

Our customers benefit from our extensive global sales network of carefully selected partners and distributors across all major markets. Our regional sales teams provide customers with a broad portfolio of crop nutrition solutions and services. EuroChem's portfolio comprises a wide array of products for every application, including fertigation, foliar or field, from standard products to our premium Nitrophoska® family and innovative stabilized fertilizer series such as ENTEC® and UTEC®

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