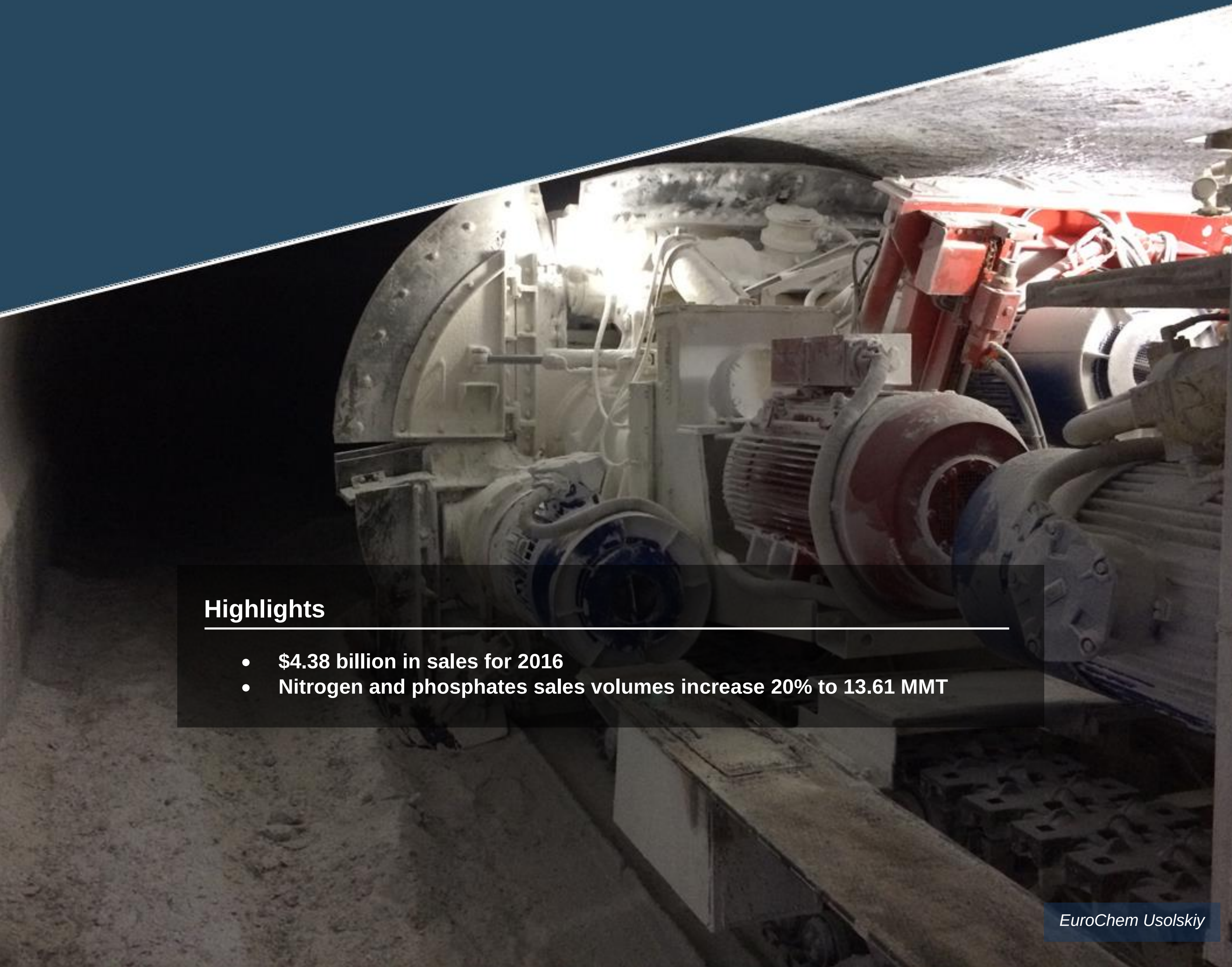
EUROCHEM GROUP AG

Fourth Quarter / Full Year 2016
IFRS Results



Highlights

- $4.38 billion in sales for 2016
- Nitrogen and phosphates sales volumes increase 20% to 13.61 MMT

EuroChem Usolskiy

EUROCHEM

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Key financials	Q4 2016	Q4 2015	Chng	2016	2015	Chng
	US$m	US$m	Y-o-Y, %	US$m	US$m	Y-o-Y, %
Sales	$1,053	$1,050	+0%	$4,375	$4,540	-4%
Gross Profit	$382	$428	-11%	$1,616	$1,977	-18%
EBITDA	$283	$360	-22%	$1,099	$1,577	-30%
Cash from operations	$283	$36	+696%	$1,105	$1,064	+4%

Net Covenant Debt/ LTM[(1)] EBITDA[(2)]	**31-Dec-16** **2.88x**	**31-Dec-15** **1.97x**		**30-Sep-16** **2.78x**	**30-Jun-16** **2.39x**	

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

Zug, Switzerland, 8 February 2017 - EuroChem Group AG (hereinafter “EuroChem”, “Group” or “Company”), one of the world’s leading global fertilizer companies, today reported consolidated sales for the fourth quarter of 2016 of $1.05 billion, in line with the previous year’s result, bringing the Group’s sales for the year ended 31 December 2016 to $4.38 billion, as compared to $4.54 billion in 2015.

Pressured by lower market prices and currency movements, fourth quarter earnings before interest, taxes, depreciation and amortization (EBITDA) declined 22% year-on-year to $283 million. The final quarter of the year brought the Group’s full-year EBITDA to $1.10 billion, which was 30% below 2015 EBITDA of $1.58 billion.

Buoyed by higher production and the expansion of the Group’s distribution network, fourth-quarter fertilizer sales volumes grew 16% year-on-year and amounted to 3.30 million tonnes (MMT) of product. The fourth quarter’s strong growth lifted annual fertilizer sales volumes 20% to 13.61 MMT, as compared to 11.38 MMT in 2015. The acquisition and consolidation of distribution assets in the US and Brazil supported a 60% year-on-year growth in sales of third-party products, which the Group also sells through its network. For the year-ended 31 December 2016, the Group sold 3.41 MMT of third-party products, including 1.24 MMT of urea and 1.22 MMT of ammonium sulphate.

“The expansion of our distribution reach, together with a robust logistics platform, allowed us to channel a considerable amount of additional products through our system”, said EuroChem CEO Dmitry Strezhnev. “This effectively optimizes our network as we grow our production volumes and expand our offering ahead of the start of our potash operations later this year.”

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Market overview

Main EuroChem products Average market prices (US$/tonne)	Q4 2016	Q4 2015	y-o-y %	2016	2015	y-o-y %	Last 12 Months High	Last 12 Months Low
Ammonia (FOB Yuzhny)	$190	$359	-47%	$236	$387	-39%	$283	$167
Prilled urea (FOB Yuzhny)	$206	$250	-18%	$198	$272	-27%	$231	$173
AN (FOB Black Sea)	$179	$206	-13%	$165	$222	-25%	$204	$137
MAP (FOB Baltic)	$320	$423	-24%	$338	$459	-26%	$377	$309
MOP (FOB Baltic, spot)	$221	$278	-21%	$232	$288	-19%	$265	$219
Iron ore (63.5% Fe, CFR China)	$72	$48	+52%	$60	$57	+4%	$86	$40

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 fertilizer sector had a challenging year. Agriculture commodity prices started the year depressed from another bumper crop, while a stream of new fertilizer supply came to market, outpacing demand and pressuring fertilizer prices beyond marginal cost floors. With fertilizer prices trending lower for the better part of the year, the *modus operandi* at trader, distributor and farm levels consisted of hand-to-mouth buying.

The new supply additions weighed especially on nitrogen sentiment and prices, while rising raw material prices led to cost pressure build-up at marginal producer level. As the year progressed, low fertilizer prices and – since August – an unexpected price rally in coal, the main feedstock for Chinese nitrogen plants, combined to pressure capacity utilization rates. As at year end, utilization rates at Chinese nitrogen plants were estimated at 45-50%. According to trade data from China Customs, 2016 urea exports amounted to 8.9 MMT, more than 35% behind last year's record-setting exports of 13.8 MMT. On the import side, customs data from Brazil highlight the strong growth in demand for urea in 2016, with statistics indicating a 39% year-on-year increase in imports, from 2.85 MMT to 4.0 MMT in 2016.

While perhaps temporarily eclipsed by the 100 or so new production units to be commissioned in 2016-17, demand continued to grow steadily. According to preliminary data from the International Fertilizer Association (IFA), global nitrogen fertilizer demand rose 1.9% year-on-year in 2016, to an estimated 111.0 MMT of nutrient (N). Demand for potash amounted to an estimated 33.1 MMT of nutrient (K_2O) in 2016, 1.4% above the previous year's estimated consumption of 32.6MMT (K_2O). With an estimated 3.4% year-on-year growth rate, global demand for phosphate fertilizers outpaced other nutrients and rose from 41.3 MMT (P_2O_5) to 42.7 MMT(P_2O_5) in 2016.

Prilled urea (FOB Yuzhny), while trending upwards in Q4, finished 2016 at an average $198/tonne, down 27% on its 2015 average of $272/tonne. Average ammonium nitrate (AN) (FOB Black Sea) prices declined 25% to $165/tonne, despite supportive demand from within the CIS.

While displaying resilience in the first quarters of the year, phosphate prices nevertheless followed the pricing dynamics of other nutrients and declined as the year progressed. MAP and DAP (FOB Baltic Sea) prices declined 26% and 28% respectively over their 2015 averages as product substitution in favour of NPK products - coupled with high product inventory levels - muffled demand in key markets.

With an average of $232/tonne, MOP (FOB Baltic Sea) spot prices finished the year 19% lower than in 2015, whereas contract prices declined 15% year-on-year to an average of $237/tonne.

Supported by sustained demand from the Chinese steel sector, iron ore prices rose considerably in the last quarter and finished the year at an average of $60/tonne (63.5% Fe, CFR China), up 4% year-on-year.

Income statement

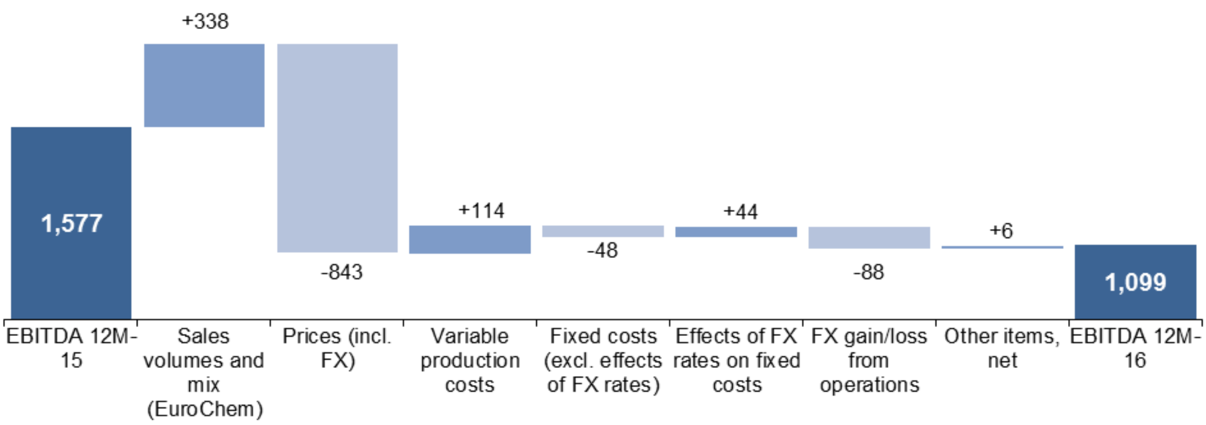
The Group's business is conducted by five operating divisions aggregated in five reportable segments identified as Oil & Gas, Mining, Fertilizers, Logistics, and Sales.

US$m	Total Sales						EBITDA					
	Q4 2016	Q4 2015	Chng, %	2016	2015	Chng, %	Q4 2016	Q4 2015	Chng, %	2016	2015	Chng, %
Mining	161	156	+4%	609	616	-1%	75	74	+2%	286	306	-6%
Oil&Gas	20	20	-3%	72	89	-19%	4	4	+9%	11	22	-52%
Fertilizers	687	787	-13%	2,790	3,445	-19%	171	231	-26%	615	1,101	-44%
Logistics	53	46	+14%	197	178	+11%	21	14	+52%	76	57	+33%
Sales	1,010	1,001	+1%	4,223	4,374	-3%	35	6	+467%	72	96	-25%
Other	16	16	+3%	57	56	+2%	3	53	-94%	-26	73	-135%
Elimination	-893	-976	-8%	-3,573	-4,218	-15%	-26	-22	+20%	65	-78	-183%
Total	**1,053**	**1,050**	**+0%**	**4,375**	**4,540**	**-4%**	**283**	**360**	**-22%**	**1,099**	**1,577**	**-30%**

EuroChem Group AG consolidated sales for the twelve months ended 31 December 2016 amounted to US$ 4.38 billion. Substantially lower market prices for fertilizer products overshadowed a 20% year-on-year growth in nitrogen and phosphates fertilizer volumes, which increased by 2.23 MMT to 13.61 MMT. Despite the higher sales volumes, sales decreased 4% year-on-year.

In a reversal of the previous year's trend, 2016 saw the Russian rouble appreciate gradually and further aggravate the effects of lower product prices on the Group's profitability. Consequently, EBITDA for the 12-month period ended 31 December 2016 declined 30% year-on-year to $1.10 billion as lower product prices adversely impacted EBITDA by $843m, eclipsing a $338m contribution from additional volumes and changes in product mix. BenTrei and Fertilizantes Tocantins had a positive contribution of $17 million to the Group's annual EBITDA.

EBITDA Development ($m)



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For the year ended 31 December 2016, the majority of the Group's sales were nominally[1] denominated in US$ and EUR, which accounted for 49% and 23% of total sales respectively (2015: 45% and 29%). Russian rouble sales represented 18% of the total (2015:19%).

Selected sales volumes (KMT)	Q4 2016	Q4 2015	Chng	2016	2015	Chng	Excl. Third Party Products 2016	Excl. Third Party Products 2015	Excl. Third Party Products Chng
Nitrogen and phosphate fertilizer products	**3,303**	**2,854**	**+16%**	**13,605**	**11,377**	**+20%**	**10,526**	**9,332**	**+13%**
Urea	648	690	-6%	3,153	2,160	+46%	1,911	1,724	+11%
AN	548	536	+2%	1,938	1,895	+2%	1,848	1,817	+2%
UAN	382	242	+58%	1,522	1,076	+41%	1,371	1,037	+32%
Complex fertilisers	628	412	+52%	2,095	1,832	+14%	1,934	1,711	+13%
AS	270	297	-9%	1,224	1,272	-4%	0	0	
CAN	207	245	-15%	957	1,010	-5%	955	1,008	-5%
DAP	218	161	+35%	1,120	801	+40%	1,068	792	+35%
MAP	232	148	+57%	1,054	910	+16%	976	885	+10%
ANF	145	92	+58%	441	338	+30%	441	338	+30%
Ammonia	23	31	-25%	101	84	+20%	23	21	+12%
Feed phosphates	**71**	**78**	**-8%**	**300**	**327**	**-8%**	**300**	**327**	**-8%**
Mining products	**1,537**	**1,342**	**+15%**	**6,029**	**5,553**	**+9%**	**6,029**	**5,553**	**+9%**
Iron ore	1,526	1,340	+14%	5,995	5,545	+8%	5,995	5,545	+8%
other	11	2	+426%	34	8	+314%	34	8	+314%
Industrial products	**300**	**287**	**+5%**	**1,045**	**972**	**+8%**	**1,045**	**972**	**+8%**

The expansion of the Group's distribution capabilities supported a 20% year-on-year growth in sales of nitrogen and phosphates fertilizer products. This amounted to 13.61 MMT in the twelve-month period ended 31 December 2016, as compared to sales of 11.38 MMT in 2015. Excluding third-party products, sales volumes for EuroChem products increased 13% year-on-year to 10.53 MMT.

The increase in volumes was primarily driven by stronger urea, UAN and DAP sales, which grew 46%, 41% and 40% year-on-year respectively. Both nitrogen products benefited from good demand, especially in the Russian market, where the Group continued to develop UAN demand from a virtually absent base a few years ago. The lower prices for DAP buoyed demand and generated good market opportunities, particularly in Europe.

Geography of sales	Q4 2016	Q4 2015	Change in percentage points	2016	2015	Change in percentage points
Europe	32%	41%	-9pp	33%	38%	-5pp
Russia	21%	20%	+1pp	18%	20%	-2pp
North America	10%	13%	-3pp	15%	12%	+3pp
Asia Pacific	11%	10%	+1pp	14%	12%	+2pp
Latin America	15%	6%	+9pp	11%	8%	+3pp
CIS	10%	7%	+3pp	8%	8%	-
Africa	2%	2%	-	1%	2%	-1pp

[1] *As fertilizers 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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The Group's core home markets: Europe, Russia, and the CIS together accounted for 59% of 2016 sales, as compared to 66% in 2015. The slight dilution was driven by the full-year consolidation of the BenTrei assets (from Q3 2015, North America) and the Tocantins distribution platform (from Q3 2016, Latin America), which increased the weight of these two major markets in the sales breakdown.

Despite the gradual appreciation of the Russian currency throughout the year, the strength of the US dollar remained beneficial to EuroChem's cost base. Excluding the costs of goods for resale (third-party products), the Group's full-year costs of sales decreased 11% to $1.94 billion, as compared to $2.17 billion for the twelve-month period ended 31 December 2015. Accounting for 51% of costs, raw materials decreased 17%, or by more than $205 million, to $985 million. While approximately $26 million of the raw material savings originated from higher output at the Group's Kovdorskiy and Kazakhstan phosphate mining operations, lower year-on-year market prices for ammonia generated the bulk of the decrease.

Total Group-wide staff costs of $373 million were practically unchanged from 2015.

Below the operating profit line, the Group recognized non-operating gains of $206 million. These comprised $183 million in financial foreign exchange gains, as compared to losses of $213 million in 2015[2].

Balance sheet

As at 31 December 2016, the Group had a total gross covenant debt of $3.53 billion, 1% higher than a year earlier. Despite little variation in the Group's indebtedness, the effects of the lackluster fertilizer pricing backdrop pushed the Group's net debt to EBITDA ratio to 2.88x, as compared to 2.78x at the end of the previous quarter (2015: 1.97x).

In the second half of 2016, the Group signed an agreement with its principal shareholder, AIM Capital SE, for zero-interest, noncallable, perpetual debt financing with a limit of up to $1.5bn so as to preemptively mitigate any further deterioration in the fertilizer markets by aligning covenant debt with operating conditions. During the fourth quarter, the Group received a $250 million contribution from the facility.

As at 31 December 2016, net working capital had increased 17% quarter-on-quarter from $625 million to $734 million.

As announced in October 2016, the Group completed a tender offer for its 2017 loan participation notes (5.125% p.a. coupon) with a simultaneous new issue of $500 million with a coupon of 3.80% p.a. to finance the purchase of the $426 million of notes redeemed under the tender offer. The new bonds issue extended the Group's debt maturity profile while also lowering its average cost. In November, S&P affirmed its rating on EuroChem Group AG at "BB-" with Stable Outlook.

[2] *These gains and losses arise mostly from accounting effects, such as for the revaluation of US$-denominated financial liabilities at the level of Russian entities, which have the Russian rouble as their functional currency as prescribed by IFRS rules. The management believes that operating and financial foreign exchange gains and losses, as well as gains and losses from currency translation, should be excluded from the analysis of the underlying performance of the Group.*

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Cash flow

The Group generated $1.11 billion in operating cash flow for the year, as compared to $1.06 billion in 2015. Total spending on capital expenditure[3] (capex) during 2016 amounted to $1.34 billion, which represented a 37% increase on 2015 capex outlay of $0.98 billion. The non-recourse project financing facilities linked to the Usolskiy Potash and Northwest ammonia projects provided $385 million - or 29% - of the Group's 2016 capex program. A more detailed overview of the main capex items is provided in the *Divisions* section of this publication.

Project finance

As at 31 December 2016, the Group had utilized an aggregate $590 million from the $750 million non-recourse facility for its Usolskiy potash project in Russia's Perm region. The EUR 557 million loan agreement with a club of banks for the non-recourse project financing of an ammonia plant in Kingisepp, Russia was utilized by the Group's subsidiary EuroChem Northwest in the amount of EUR 66 million ($74 million) by the end of 2016.

Corporate developments

In December 2016, the Group reached an agreement to sell its stake in Murmansk Commercial Seaport for a total consideration of RUB 8.74 bn ($143 million equivalent), of which RUB 5.12 bn was received prior to 31 December 2016 and the remainder obtained in January 2017).

Divisions

(Ranked by EBITDA contribution)

Fertilizers Division

	Q4 2016	Q4 2015	Chng	2016	2015	Chng
Sales ($m)	686.6	786.7	-13%	2,790.2	3,445.1	-19%
EBITDA ($m)	170.6	231.1	-26%	615.3	1,101.3	-44%
EBITDA margin (%)	25%	29%	-4pp	22%	32%	-10pp
Capex ($m)	140.1	95.0	+47%	593.0	347.8	+71%

The Group's Fertilizer Division includes the production of mineral fertilizers (nitrogen, phosphate and complex) and organic synthesis products. Despite increases in production volumes on additional production capacity, such as in ammonia and low-density ammonium nitrate, lower product prices pressured sales and EBITDA for the Group's Fertilizer Division by 19% and 44% year-on-year respectively, as compared to 2015.

The majority of the year-on-year increase in capex was driven by the construction activity at the Group's EuroChem Northwest ammonia project in Kingisepp, Russia. A total of $293 million was allocated to the 1 MMTpa ammonia project in 2016, as compared to $124 million last year.

[3] *Including temporarily unallocated capex, which includes ongoing investment projects undertaken by the Group's service companies. Capex is allocated to a segment following project completion. A breakdown of capex items is provided in the Key Data file accessible online at: http://www.eurochemgroup.com/en/downloadcentre/?tab=annual*

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Additional output from efficiency gains coupled with the optimization of maintenance schedules increased capacity utilization for phosphoric acid production.

Ammonia capacity utilization (%)	2016	2015
Novomoskovskiy Azot	93%	95%
Nevinnomysskiy Azot	95%	97%

Phosphoric acid capacity utilization (%)	2016	2015
Phosphorit	96%	85%
BMU	95%	94%
Lifosa	95%	94%

Mining Division

	Q4 2016	Q4 2015	Chng	2016	2015	Chng
Sales ($m)	161.5	156.0	+4%	608.9	616.2	-1%
EBITDA ($m)	75.1	73.9	+2%	286.4	305.9	-6%
EBITDA margin (%)	47%	47%	-	47%	50%	-3pp
Capex ($m)	232.7	180.0	+29%	683.8	559.7	+22%

The Group's Mining Division comprises the Kovdorskiy GOK (Russia) and EuroChem-Karatau (Kazakhstan) phosphate mining operations. It also oversees the development of the two potash projects – VolgaKaliy and Usolskiy.

Supported by healthy iron ore pricing trends, sales and EBITDA remained relatively stable on the back of higher production volumes of apatite and iron ore. Favorable geology and higher output at the apatite staffelite ore complex supported volumes growth at Kovdorskiy, while the phosphate rock mining operations in Kazakhstan reached their full design capacity late in the third quarter. Full-year Mining capex spending increased 22% year-on-year to $684 million as the construction of the Usolskiy Potash surface buildings accelerated in line with the site's development plan.

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

Following the completion of the active shaft sinking phase, VolgaKaliy crews worked on the installation of steel in the ore feeding area and loading pocket at skip shaft #1. Work also began to increase the diameter of the shaft to its designed diameter of nine meters through to its final depth of -1,147 meters.

The site continued on the lateral development program from skip shaft #2 with work focusing on completing the installation of steel at the shaft station and excavation of permanent drifts. A Galloway stage is being positioned at the bottom of the shaft with a deck installed above for the lateral development program. The site is preparing to lower and assemble the first mining machine in Q1.

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At the cage shaft, where water inflow halted sinking progress at -813 meters, additional freeze holes are being drilled and cased to 750 meters and the bottom which will reach to -832 meters that will contain the new freeze pipes. Since this additional layer of freeze wall protection will take several months to be completed, a heating system was designed and installed to stabilize the temperature of the water inside the shaft to prevent it from freezing and causing any damage to the shaft liner.

On the surface, construction and installation continued to progress at numerous facilities, the most significant being the main beneficiation building (including grinding, de-sliming, flotation, and de-watering units), finished product storage building, ore storage building, transfer towers and galleries, loadout and the crushing building. New work also began at the rail station. The construction of the beneficiation plant is expected to be completed in 2017, with potash production following by mid-2018.

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

With mining equipment at mine development level, the Group's first Ural-20R mining machine was deployed in the fourth quarter. In December, the connection between the cage and skip shafts was completed. As of early February, over one kilometer of underground development had been completed.

Construction and assembly work continued at the main beneficiation building (Grinding and Flotation Department / Drying and Compaction Department / Thickening Department). The EuroChem Usolskiy team sustained its efforts to maintain our fourth quarter 2017 startup target as well as prepare for both the cold commissioning and a hot testing of the plant. Other portions of the facilities are being completed, which include turnover of the gas pipeline system, water treating system, boiler house, and ventilation equipment. Work has begun on all of the various galleries, loadout, salt dump, tailings management area, crushing, load center, and administration building. The first of several storage buildings are well along and one raw ore building is close to being completely enclosed.

The installation of the freeze gallery and foundations of the headframe for the sinking of the site's third shaft (combination skip/cage shaft) were completed and the rock freezing program started.

Logistics Division

	Q4 2016	Q4 2015	Chng	2016	2015	Chng
Sales ($m)	52.9	46.4	14%	196.7	177.9	11%
EBITDA ($m)	21.0	13.9	52%	75.5	57.0	33%
EBITDA margin (%)	40%	30%	+10pp	38%	32%	+6pp
Capex ($m)	1.4	4.5	-69%	11.4	11.5	-1%

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.

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The Logistics Division had capex of $11.4 million in 2016, virtually unchanged from last year. Bolstering its fleet, EuroChem received a first batch of new improved railcars from a Russian supplier, which will be utilized on the Kovdor-Murmansk corridor. The Group also took possession of 227 next-generation container platforms.

The Group continued with its plans to construct an ammonia terminal in the port of Sillamäe and the project's environmental impact assessment is expected during the first quarter of 2017.

Sales Division

	Q4 2016	Q4 2015	Chng	2016	2015	Chng
Sales ($m)	1,010.0	1,000.7	+1%	4,223.5	4,374.3	-3%
EBITDA ($m)	34.9	6.1	+467%	71.6	95.6	-25%
EBITDA margin (%)	3%	1%	+2pp	2%	2%	0pp
Capex ($m)	3.2	1.4	+127%	7.8	6.6	+19%

The decline in product prices softened the effects higher sales volumes and pressured the Sales Division's financial performance. The rapid expansion of the Group's distribution network further diluted divisional profitability as sales of third-party products, which typically provide lower margins than EuroChem products, increased.

The Group continued to work on the integration of Fertilizantes Tocantins following its acquisition in September 2016. Tocantins ended the year strongly, with monthly record deliveries and solid financial results, supporting market share growth across its core business regions. This is especially the case in the north of the country, where the Group's foothold received strong support from Tocantins's newly launched blend production unit in Barcarena (Pará state). Anticipation of purchases for the second crop helped to increase volumes in Maranhão, Mato Grosso and Tocantins.

In the US, BenTrei expanded its feed product distribution capabilities on the East Coast with the opening of new sales outlets in Savannah, Georgia, and Richmond, Virginia. Additional warehousing capacity was opened in Oklahoma and Minnesota.

In Russia, we continued to strengthen ties with the end users of our products. The Group estimates that over 60% of our local sales were sold directly to growers, ranging from farmers (1,000 ha estates), medium size farming enterprises (1,000 to 20,000 ha), and agricultural holdings (>20,000 ha). In September, the Russia sales team opened a new distribution center in the Belgorod region, one of the top-three largest agricultural regions in Russia.

Oil and Gas Division

	Q4 2016	Q4 2015	Chng	2016	2015	Chng
Sales ($m)	19.7	20.2	-3%	71.7	88.8	-19%
EBITDA ($m)	4.3	4.0	+9%	10.5	21.9	-52%
EBITDA margin (%)	22%	20%	+2pp	15%	25%	-10pp
Capex ($m)	8.1	2.6	+213%	50.3	22.3	+125%

The Oil and Gas division encompasses the exploration and production of natural gas and gas condensate for the production of nitrogen products. The year-on-year decline observed across the division's performance indicators was primarily driven by the combination of lower condensate sales volumes and weaker pricing.

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Capex spending increased and targeted efficiency gains in recovery and exploration work. Severneft Urengoy developed an optimization program for gas condensate production to increase output. In addition to preparing new drill sites and wells, the Group arranged for the start of seismic exploration in southern Russia, where it holds a license for the development of the right-bank section of the Astrakhan gas condensate field (EuroChem-ONGK). Additional seismic and exploration drilling was performed by the Group's Kamenkovskaya Oil and Gas Company (Kazakhstan).

Outlook

While soft commodity prices remain relatively low, the fertilizer pricing backdrop has adjusted and is likely to offer more visibility to buyers and farmers as they look to replenish stocks for the 2017 growing seasons. That said, further capacity expansion across all three primary nutrients, as well as the ability of Chinese producers to ramp up idled capacity into any significant price rallies, are likely to keep average prices from appreciating by more than 10% year-on-year. Nevertheless, Q1 promises to be a solid quarter with many elements of the global distribution chain caught off-guard by the recent fertilizer price strength, as a consequence of hand-to-mouth procurement tactics.

As the first quarter progresses, the gradual easing of cost pressure in China should support higher utilization rates at domestic nitrogen facilities and could drive a pick-up in export volumes once domestic demand has been covered. Short-term volatility in certain import markets, such as North America, could materialize on the back of logistics disruptions and supply shortfalls.

The announced changes to the Indian subsidy system, whereas the proportion allocated to phosphates and potash is to be increased, are encouraging and should benefit phosphate and potash demand. MAP/DAP prices are already firming and could receive further support as Chinese domestic supply/demand dynamics continue to point to lower exports of phosphates products, with local prices currently exceeding export netbacks.

In potash, despite the potentially positive shifts within India's subsidy system and acreage plans in other markets, the aggressive supply curtailments currently in place will likely need to be maintained to balance the market as the next wave of incremental potash capacity starts to come on-stream this year.

Demand for high-grade iron ore is expected to remain healthy, while price direction will depend on iron ore availability and supply-side reforms in China as the country strives to downsize its steel sector through capacity cuts. The Group also expects demand for iron ore concentrate to remain strong in the Russian market.

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 USD.

CONFERENCE CALL

The Company will host a Conference Call on Thursday, 9 February, 2017
10:00 New York / 15:00 London / 16:00 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
- Terje Bakken, Head of Marketing and Sales

To attend the conference call, please register:
https://cossprereg.btci.com/prereg/key.process?key=P9GM3UQD6

Presentation material will be available for download one hour prior to the call at

http://www.eurochemgroup.com/en/downloadcentre/?tab=financial

A replay of the conference call will be available on the company's website

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 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, supporting distribution assets in Europe, the CIS, Asia, and North and South America. EuroChem employs more than 25,000 people globally. For more information, please visit www.eurochemgroup.com or contact:

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