EUROCHEM GROUP AG

Fourth Quarter / FY 2017
IFRS Results

Usolskiy Potash: mined potash ore in storage

- **$4.87 billion in sales for 2017, 11% ahead of 2016**
- **Total own fertilizer production rises 2% to 10.6 MMT in 2017**
- **Fertilizer sales of 13.5 MMT for the year**
- **2017 EBITDA of $1.13 billion, in line with 2016**

Highlights	Q4 2017	Q4 2016	Chng.	FY 2017	FY 2016	Chng.
	US$m	US$m	Y-o-Y, %	US$m	US$m	Y-o-Y, %
Sales	1,296	1,053	+23%	4,866	4,375	+11%
Gross Profit	481	382	+26%	1,787	1,616	+11%
EBITDA	286	286	-%	1,130	1,133	-%
Cash from operations	234	283	-17%	1,058	1,105	-4%

Net Covenant Debt/ LTM(*) EBITDA(**)	31-Dec-17 2.88x	31-Dec-16 2.85x		30-Sep-17 2.90x	30-Jun-17 2.87x	

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

Zug, Switzerland, 7 February 2018 - EuroChem Group AG (hereinafter "EuroChem" or "Group") a leading global fertilizer company, today reported consolidated sales for the fourth quarter of 2017 of $1.3 billion. The fourth quarter's 23% year-on-year increase carried the Group's sales for the year ended 31 December 2017 to $4.87 billion, 11% ahead of the $4.38 billion achieved in 2016.

The growth in sales was driven principally by higher average market prices for the Group's products combined with higher third-party trading volumes. Fourth-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) remained flat at $286 million, due to lower sales volumes, including from its fertilizer and mining divisions, as well as unfavourable exchange rate fluctuations. Consequently, fourth-quarter earnings before interest, taxes, depreciation and amortization (EBITDA) remained flat at $286 million. The final quarter brought the Group's full-year EBITDA to $1.13 billion, in line with 2016.

Fourth-quarter fertilizer sales volumes were 3.37 million tonnes (MMT), while full-year volumes amounted to 13.47 MMT. The Group calibrated its production assets to increase complex and MAP output in light of the more challenging market conditions for urea, UAN and DAP. Sales volumes for the Group's MAP and complex products increased by 382 thousand tonnes (KMT). The Group realised third-party fertilizer product sales of 3.79 MMT in 2017, compared to 3.39 MMT in 2016.

The Group's own fertilizer production rose 2% year-on-year from 10.4 MMT to 10.6 MMT.

Sales volumes for mining products in the fourth quarter remained constant year-on-year at 1.54 MMT. Sales volumes for the full year declined 2% to 5.93 MMT from 6.03 MMT in 2016, as bottlenecks on eastbound rail freight slowed iron ore deliveries to China.

"Against a rebalanced, yet more demanding market backdrop our performance remained consistent," said EuroChem Group CEO Dmitry Strezhnev. " More importantly, we finished the year with several thousand tonnes of potash ore ready to be transformed into MOP – which will resonate beyond our product portfolio and change our company's profile".

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Market overview

Main EuroChem products Average market prices ($/tonne)	*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.*						Last 12 Months	
	Q4 2017	Q4 2016	y-o-y %	FY 2017	FY 2016	y-o-y %	High	Low
Ammonia (FOB Yuzhny)	$283	$190	+49%	$265	$236	+12%	$323	$186
Prilled urea (FOB Yuzhny)	$246	$206	+19%	$220	$198	+11%	$274	$176
AN (FOB Black Sea)	$216	$179	+21%	$191	$165	+15%	$235	$159
MAP (FOB Baltic)	$360	$320	+13%	$348	$338	+3%	$379	$314
MOP (FOB Baltic, spot)	$235	$221	+7%	$228	$235	-3%	$237	$217
Iron ore (63.5% Fe, CFR China)	$67	$72	-7%	$73	$60	+22%	$97	$55

Nitrogen

According to preliminary data from the International Fertilizer Association (IFA), 2017 global nitrogen fertilizer deliveries increased slightly to 106.5 MMT of nutrient (N). On a regional basis, divergent market dynamics were observed, with growth in Africa (+0.3 MMT N or 8.4% over 2016), the CIS and Baltics (+0.2 MMT N or 3.6%), and Latin America (+0.1 MMT N or 1.3%), offsetting lower demand in other markets. Most notably, North America saw demand shrink -1.4% or by 0.2 MMT N, while Asia and Oceania together declined by 0.3 MMT N.

Global ammonia capacity increased 3.4% in 2017, or by 7.5 MMT, and amounted to 225.2 MMT. Over the same period, global urea capacity grew 4% year-on-year to 217 MMT, with new capacity launches in most regions. Additions in the US, Russia, Indonesia, and Saudi Arabia were the principal contributors to this growth.

Mitigating the softer demand and capacity growth, the Chinese nitrogen industry remained under pressure from higher energy prices and more stringent environmental policy and controls. Already elevated, anthracite coal prices, the country's primary input for ammonia production, rose a further 15% in the last quarter of 2017. As a result, an estimated 5.5 MMT of ammonia capacity is expected to be idled between 2017 and 2018. While some new, more efficient capacity remains to launch, the country's total ammonia and urea capacity should decline over this period. Exports of urea from China declined 50% year-on-year to an estimated 4.7 MMT. Consequently, China's share of international urea trade dropped to 10%, compared with 28% in 2014 and 2015, allowing the Middle East and North Africa to become the largest global exporting regions.

Phosphates

Global demand for phosphate fertilizers was generally stable in 2017, with a 0.4% year-on-year increase to 48.2 MMT P_2O_5[1]. The CIS and Baltic countries grew 5.3%, while Africa showed the strongest growth, with an increase of 5.7%. Demand in Latin America increased by almost 0.1 MMT P_2O_5 to a cumulative 7.1 MMT P_2O_5, representing 15% of global demand.

[1] *According to preliminary data from the International Fertilizer Association (IFA)*

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At the same time, consumption levels in Europe, North America and Asia Pacific only registered a net decrease of less than 0.1 MMT P_2O_5.

Accounting for 22% of global trade, India remained the world's largest DAP importer, despite seeing its imports decline for the second consecutive year, down to 3.7 MMT – or 27% of 2016 levels. This decline was on the back of lower consumption levels, higher domestic production and high inventory levels. Latin America also reported slightly lower year-on-year imports. On the export side, shipments of phosphate products from China increased 8% compared to 2016.

Global MAP trade was estimated at 12 MMT, an increase of 12% over 2016 and representing 40% of total phosphates deliveries. The bulk of the increase resulted from higher sales from China, Russia, Morocco, the United States and South Africa. Brazil was the world's top importer with 4.2 MMT in 2017, some 36% of global MAP trade.

Over the course of 2017, global phosphoric acid capacity grew by as much as 2.7 MMT P_2O_5 to 61.1 MMT P_2O_5. This was primarily due to capacity expansions in Morocco and Saudi Arabia, which represented up to 80% of the total capacity increase projected for 2016-2018. As a result, the IFA estimated the surplus of effective capacity over demand at 3.7 MMT P_2O_5 in 2017, nearly 60% higher than in 2016. In an effort to better balance the market, over 2.0 MMT of granulated phosphate capacity was idled by producers, including 1.9 MMT in the United States and 0.4 MMT in South Africa.

Potash

Potash demand during the year amounted to an estimated 35.4 MMT[2] K_2O, up 1.8% compared to 34.7 MMT K_2O in 2016. Much of this increase derived from 3.6% higher consumption in Asia Pacific, which, growing more than 0.6 MMT, reached 18.0 MMT K_2O in 2017. All other regions also showed positive dynamics – albeit less pronounced – with the exception of the CIS and Baltics, where consumption fell by 0.1 MMT K_2O to 1.2 MMT K_2O, a decrease of 8.2%.

Global MOP exports reached a record 52 MMT MOP, an increase of 9% over 2016, with imports rising in all regions. The largest importer, Brazil, saw MOP imports grow 3% year-on-year to 9.3 MMT. The United States was the second largest importer with 8.8 MMT (+3% year-on-year). Imports in China and India significantly recovered, by 22% and 9%, respectively. Together, these two countries imported close to 13 MMT of MOP, accounting for 25% of global potash imports.

Iron ore

While environmental restrictions weighed on Chinese steel production, demand for high-grade iron ore remained generally strong throughout the year. Iron ore 63.5% Fe (CFR China), which is the average grade of EuroChem's ore, saw its average price grow 22% year-on-year to $73/tonne.

[2] *According to preliminary data from the International Fertilizer Association (IFA)*

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Income statement[3]

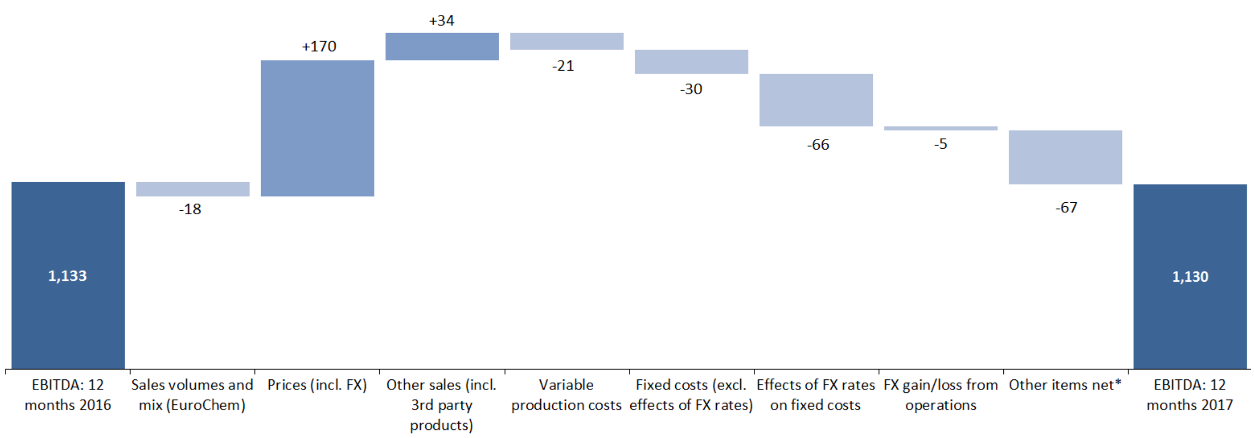
The Group's business is conducted by five operating divisions aggregated in five reportable segments identified as Mining, Oil & Gas, Fertilizers, Logistics, and Sales.

US$m	Total sales						EBITDA					
	Q4 2017	Q4 2016	Chng, %	FY 2017	FY 2016	Chng, %	Q4 2017	Q4 2016	Chng, %	FY 2017	FY 2016	Chng, %
Mining	145	161	-10%	641	609	+5%	49	75	-35%	287	286	-
Oil & Gas	8	20	-58%	73	72	+2%	1	4	-78%	15	11	+39%
Fertilizers	811	687	+18%	2,947	2,790	+6%	221	171	+30%	690	615	+12%
Logistics	62	53	+17%	226	197	+15%	26	21	+26%	96	76	+28%
Sales	1,268	1,010	+26%	4,737	4,223	+12%	32	35	-8%	91	72	+27%
Other	20	16	+25%	76	57	+34%	-20	6	n/a	-37	8	n/a
Elimination	-1,017	-893	n/a	-3,836	-3,573	n/a	-24	-26	n/a	-12	65	n/a
Total	**1,296**	**1,053**	**+23%**	**4,866**	**4,375**	**+11%**	**286**	**286**	**-%**	**1,130**	**1,133**	**-%**

EuroChem Group AG consolidated sales for the twelve months ended 31 December 2017 amounted to $4.87 billion, an increase of 11%.

The effects of higher average prices for fertilizer products and substantially stronger prices for iron ore were mitigated by the 15% appreciation of the Russian rouble against the US dollar. As a result, despite the growth in total sales, the 2-3% decline in sales volumes of the Group's own fertilizer and mining products held back EBITDA for the full year at $1.13 billion, on a par with the previous year's level.

EBITDA development ($m)



**Other items (net) mainly comprised of bad debt provisions of $14.3m, VolgaKaliy write-off of $5.7m, iron ore swap losses of $3.9m, and Murmansk Port disposal effect of $23m.*

[3] *Starting 1 January 2017, the Group changed its treatment of foreign exchange revaluation of cash and cash equivalents – additional information is provided at the end of this release.*

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For the year ended 31 December 2017, most of the Group's sales were nominally denominated in US$ and EUR. These accounted for 49% and 20% of total sales respectively (2016: 49% and 23%). Russian rouble sales represented 20% of the total (2016:18%). [4]

Selected sales volumes

(KMT)	EuroChem and third-party products						EuroChem products only		
	Q4 2017	Q4 2016	Chng %	FY 2017	FY 2016	Chng %	FY 2017	FY 2016	Chng %
Nitrogen and phosphate fertilizer products	**3,184**	**3,157**	**+1%**	**13,014**	**13,156**	**-1%**	**9,678**	**10,022**	**-3%**
Urea	531	627	-15%	2,638	3,045	-13%	1,665	1,803	-8%
AN	348	424	-18%	1,571	1,597	-2%	1,505	1,507	-
UAN	321	382	-16%	1,242	1,522	-18%	1,141	1,371	-17%
Complex fertilizers	690	628	+10%	2,667	2,095	27%	2,100	1,878	+12%
AS	289	270	+7%	1,217	1,224	-1%	-	-	-
CAN	259	207	+25%	954	957	-%	950	955	-
DAP	240	218	+10%	907	1,120	-19%	813	1,068	-24%
MAP	352	232	+52%	1,290	1,054	+23%	1,136	976	+17%
ANF	102	145	-30%	361	441	-18%	361	441	-18%
Ammonia	20	23	-15%	72	101	-28%	6	23	-72%
Other phosphate-based	33	-	+100%	94	-	+100%	-	-	-
Other fertilizers	**186**	**101**	**+84%**	**456**	**259**	**+76%**	**-**	**-**	**-**
KCL	182	98	+86%	440	241	+83%	-	**-**	-
Other	4	4	+18%	16	18	-11%	-	**-**	-
TOTAL FERTILIZERS	**3,370**	**3,258**	**+3%**	**13,470**	**13,415**	**+1%**	**9,678**	**10,022**	**-3%**
Feed phosphates	**97**	**71**	**+37%**	**348**	**300**	**+16%**	**336**	**289**	**+16%**
Mining products	**1,537**	**1,537**	**-%**	**5,927**	**6,029**	**-2%**	**5,916**	**6,022**	**-2%**
Iron ore	1,528	1,526	-%	5,878	5,995	-2%	5,878	5,995	-2%
Other	9	11	-22%	48	34	+43%	37	**27**	+39%
Industrial products	**422**	**446**	**-6%**	**1,512**	**1,494**	+1%	**1,512**	**1,494**	**+1%**

The Group's fourth-quarter fertilizer sales increased by 3% year-on-year to 3.37 MMT, bringing full year sales volumes to 13.47 MMT, compared to sales of 13.42 MMT in 2016. Excluding third-party products, the Group sold 9.68 MMT of EuroChem fertilizer products in 2017, 3% less than the 10.02 MMT sold in 2016.

The lower volumes of urea, UAN, and DAP, which declined by 13%, 18%, and 19%, respectively, came as the Group shifted production in favour of complex fertilizers and MAP on expectations of better market opportunities.

[4] *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.*

Amounting to 5.93 MMT totally in 2017, sales volumes of mining products registered a slight 2% year-on-year pullback, while sales volumes of industrial products rose 1% to 1.51 MMT.

Geography of sales (as proportion of sales, $)	Q4 2017	Q4 2016	Change in percentage points	FY 2017	FY 2016	Change in percentage points
Europe	32%	35%	-3	32%	36%	-5
Russia	17%	21%	-4	20%	18%	+1
Latin America	22%	15%	+7	17%	11%	+6
North America	11%	10%	+1	12%	15%	-3
Asia Pacific	9%	8%	+1	10%	10%	-
CIS*	7%	10%	-2	7%	8%	-1
Africa	1%	2%	-1	2%	1%	+1

**including associate states*

The Group's core home markets of Europe, Russia, and the CIS together accounted for 59% of 2017 sales, as compared to 62% in 2016.

The share of the European market decreased 5 percentage points and accounted for 32% of full-year sales on lower deliveries to the region coupled with stronger contributions from Russia and Latin America. Supported by stronger local currency dynamics, sales to the Russian market increased 1 percentage point to represent 20% of the Group's total sales in 2017. The growth in sales to Latin America, which accounted for 17% of 2017 sales, reflected the expansion of the Group's distribution system and a notable increase in third-party product trading. In Brazil, the Group increased its market share to 5.52% in 2017, up from 3.85% in 2016, corresponding to a 45% increase in a market which grew less than 1%[5]. The share of sales to Asia Pacific destinations remained stable as higher prices for iron ore mitigated the softer volumes with additonal support from stronger sales of complex fertilizers. North America sales declined as lower urea and UAN volumes offset the year's higher average prices.

Excluding the costs of goods for resale (third-party products), the Group's full-year cost of sales rose 8% to $2.10 billion, compared to $1.94 billion in 2016. Accounting for 49% of these costs, raw material expenses grew $40 million to $1.03 billion, primarily as a result of the impact of exchange rate headwinds impacting the Group's gas costs in Russia.

Balance sheet

As at 31 December 2017, the Group had a net covenant debt of $3.23 billion. Despite a decline in total indebtedness, the Group's shift from cash positions in favour of committed bank lines – combined with the effects of foreign exchange headwinds on profitability levels – somewhat inflated the Group's net debt to EBITDA ratio to 2.88x, compared to 2.85x at the end of the same period last year.

[5] *According to data from the Brazilian national fertilizer association (ANDA).*

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In the second half of 2017, the Group obtained several new facilities, including a four-year $500 million Eurobond placed at 3.95% in July and a five-year unsecured club deal in September. In December, the Group signed a new one-year RUB10 billion committed revolving credit line with a Russian bank.

Cashflow

The Group generated $1.06 billion in operating cash flow for the year, compared to $1.11 billion in 2016. Total spending on capital expenditure (capex) during the year ended 31 December 2017 amounted to $1.49 billion, an 11% increase on 2016 capex outlay of $1.34 billion. In 2017, the non-recourse project financing facilities linked to the Usolskiy Potash and Northwest ammonia projects were drawn for $160 million and $257 million respectively, which accounted for a combined c.28% of the Group's 2017 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 2017, EUR 286 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 2019.

Corporate developments

In February 2017, the Group completed the acquisition of 100% interest in Agricola Bulgaria EAD, one of Bulgaria's leading fertilizer distribution companies.

In June 2017, the Group acquired a significant 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 early July, the Group acquired Emerger Fertilizantes S.A. (Emerger), a privately-owned distributor of premium and standard fertilizers in Argentina.

In November 2017, the Group announced the appointment of Dmitry Strashnov as its Chief Operating Officer, a new role based at its corporate headquarters in Zug, Switzerland. As COO, Dmitry is principally tasked with optimization of EuroChem's global supply chain. Dmitry was Chief Executive Officer of Russian Post from 2013 to 2017, with prior roles including CEO and President of Tele2 Russia and CEO of Philips Consumer Electronics in Russia.

Operating environment

From October 2017, certain Group companies in Russia and Ukraine became subject to temporary suspension of foreign economic activities in Ukraine. In December, the Ukrainian authorities imposed a complete ban on the import of granular ammonium nitrate (GAN), calcium ammonium nitrate (CAN) and ammonium sulfate (AS) of Russian origin from 1 March 2018 to the end of 2019. The Group has taken appropriate measures to allocate product to alternative markets with limited loss of margin.

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Divisions

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).

	Q4 2017	Q4 2016	chng	FY 2017	FY 2016	chng
Total sales ($m)	145	161	-10%	641	609	+5%
EBITDA ($m)	49	75	-35%	287	286	-%
EBITDA margin (%)	34%	47%	-13%	45%	47%	-2%
Capex ($m)	157	216	-27%	770	667	15%

The Group's fourth-quarter sales within the Mining division decreased 10% to $145 million compared to the same period in 2016. Total sales for the year increased 5% to $641 million.

Mining division EBITDA came in at $287 million, in line with the previous year, as softer volumes and currency headwinds mitigated the robust iron ore pricing. Full-year mining capex rose 15% year-on-year to $770 million, with the bulk of investment allocated to the Group's two potash projects.

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

By the end of 2017, VolgaKaliy crews had excavated over 37,700 m^3 of rock as part of the development of the mine. As of early February 2018, over 24,000 tonnes of excavated potash ore were in surface storage. As previously announced, while first production of marketable product is expected over summer 2018, the beneficiation mill could begin initial ore circulation for commissioning procedures earlier. VolgaKaliy currently expects to produce from 130,000 to 140,000 tonnes of potash in 2018.

Cage shaft inflow

During the last quarter of 2017, VolgaKaliy removed water from the cage shaft up to a depth of below 800 meters. However, the absence of water in the shaft allowed pressure on the ice wall around the shaft bottom to rise. The increasing pressure compromised the newly-rebuilt ice formation and led to renewed water inflow in the shaft. To minimize any additional damage to the ice wall, water was allowed back in the shaft to its pressure equilibrium level. The six additional freeze holes activated to support the initial freeze wall around the cage shaft to -838 meters remain in service and are being used to completely restore the integrity of the freeze wall before any further attempts at removing water. As a result of this setback, the commissioning of the cage shaft has been changed to align with the second phase of the site's development. 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 the cage *and* skip shafts during the initial ramp up of the mine.

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

Construction work progressed on the beneficiation mill and its three main sections – Grinding and Flotation, Drying and Compaction, and Thickening. Several facilities were certified ahead of the commissioning of the first production train, initially scheduled for late 2017. In December, however, a fire incident during the construction of the beneficiation mill delayed the start of commissioning procedures for the mill's first floatation train by approximately two months. All repairs from the December fire were completed in mid-January and as of early February the beneficiation system had been successfully filled with ore and brine. The site now expects initial production to begin in the second half of February/early March, with regular production and sustained ramping-up operations to follow from early May. Production targets for Usolskiy for 2018 stand at approximately 450,000 tonnes of potash.

The site's commissioning schedule continues to envisage the second train will come on line in the first half of 2018 with the third and fourth trains of the Phase 1 scope following to support a continuous and smooth ramp-up of the facility as operations move closer to its nameplate capacity of 2.3 MMTpa of potash production in 2021.

Within the Group's Mining division, Clark Bailey, who oversaw the development of the potash mines, moved to a mining development role from January 2018. Taking over from Clark and to support the start of production, Evgeny Kotlyar was appointed Head of the Mining division. A veteran of the Berezniki potash landscape, Evgeny's latest role was Head of Production, Chief Engineer and Chief Technical Officer at Uralkali.

Oil and Gas division

The Oil and Gas division encompasses the exploration of natural gas and gas condensate for the production of nitrogen products.

	Q4 2017	Q4 2016	chng	FY 2017	FY 2016	chng
Total sales ($m)	8	20	-58%	73	72	+2%
EBITDA ($m)	1	4	-78%	15	11	+39%
EBITDA margin (%)	11%	22%	-11%	20%	15%	+5%
Capex ($m)	5	8	-43%	36	50	-29%

Fourth-quarter sales within the Oil and Gas division decreased 58% to $8 million, compared to $20 million in the same period in 2016. This was largely due to the sale of the Group's Severneft-Urengoy natural gas operator. Notwithstanding the divesture, a strong performance during the first nine months of the year boosted full-year sales to $73 million.

EBITDA for the Oil and Gas division amounted to $15 million in 2017, while capex decreased significantly to $36 million, a 29% year-on-year decline.

Following the divestment of the division's only production asset, it will focus on maintaining the Group's oil and gas fields in Russia and Kazakhstan for potential future development.

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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) and the EuroChem Northwest ammonia project.

	Q4 2017	Q4 2016	chng	FY 2017	FY 2016	chng
Total sales ($m)	811	687	+18%	2947	2790	+6%
EBITDA ($m)	221	171	+30%	690	615	+12%
EBITDA margin (%)	27%	25%	+2%	23%	22%	+1%
Capex ($m)	221	140	+58%	635	593	+7%

The Group's Fertilizers division realised fourth-quarter sales of $811 million, 18% ahead of the same period in 2016. This strong growth pushed total sales for the year 6% higher year-on-year to $2,947 million.

Divisional EBITDA grew 12% to $690 million for the full year, generating an EBITDA margin of 23%. The expansion in profitability was supported by the stronger pricing backdrop for fertilizers, which overshadowed the second half of the year's unfavourable currency movements.
Capex spending within the Fertilizers division increased 7% to $635 million, as procurement for the Group's construction of the ammonia plant in Kingisepp outpaced last year's outlay.

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.

	Q4 2017	Q4 2016	chng	FY 2017	FY 2016	chng
Total sales ($m)	62	53	+17%	226	197	+15%
EBITDA ($m)	26	21	+26%	96	76	+28%
EBITDA margin (%)	43%	40%	+3%	43%	38%	+4%
Capex ($m)	6	1	+335%	17	11	+53%

The Group's fourth-quarter sales within the Logistics division increased 17% to $62 million compared to the same period last year and took sales for the year to $226 million, an increase of 15%.

For the January to December 2017 period, Logistics EBITDA grew 28% to $96 million, generating a 4-percentage point increase in EBITDA margin, which rose to 43%. The increase in profitability was largely driven by efficiency improvements in railcar management, higher freight forwarding volumes and the positive impact of the Russian rouble's strengthening against the US dollar.

Logistics capex increased 53% year-on-year and amounted to $17 million in 2017. The bulk of the increase stemmed from the expansion of iron ore storage capacity at Murmansk Port.

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Sales division

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

	Q4 2017	Q4 2016	chng	FY 2017	FY 2016	chng
Total sales ($m)	1,268	1,010	+26%	4,737	4,223	+12%
EBITDA ($m)	32	35	-8%	91	72	+27%
EBITDA margin (%)	3%	3%	-1%	2%	2%	-%
Capex ($m)	10	3	+201%	28	8	+252%

Higher average prices for the Group's main fertilizer and mining products, coupled with growing third-party trading momentum supported results within our Sales division. Consequently, the division saw fourth-quarter sales increase 26% to $1,268 million, buoying sales for the year 12% higher to $4,737 million, compared to $4,223 million in 2016.

Full-year EBITDA gained 27% year-on-year and amounted to $91 million. Capex increased 252% year-on-year to $28 million. Throughout the year, the Group continued with the onboarding of new distribution partners across several markets, including North and South America and Europe.

Outlook

The Group generally expect prices to continue firming over the near-term across all three primary nutrients.

In nitrogen, we see support to prices from intensifying fertilizer application in major markets as well as structural changes on the supply side. Higher input costs and tighter environmental controls continue limiting output in China, while further validating our views of a faster-than-anticipated recovery in nitrogen following the recent supply growth.

While additional capacity remains to come online in phosphates, relatively lean inventory levels and producer discipline should keep prices firm with room for demand spikes to push prices higher.

Potash prices should remain stable on production curtailments, although increasing supply and healthy inventory levels in key markets could limit any meaningful price appreciation.

The iron ore market should remain firm on restocking needs around the Chinese New Year with further support from healthy steel price dynamics.

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$.

CONFERENCE CALL

The Company will host a Conference Call on Thursday, 8 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, Deputy 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=P9DF3TP9P

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.

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 FY 2016 to $851 million from $817 million (Q4 2016 operating profit: $202 million from $198 million), and the Group's FY 2016 EBITDA to $1,133 million from $1,099 million (Q4 2016 EBITDA: $283m from $286m)*

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:

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