



**EUROCHEM**  
MINERAL AND CHEMICAL COMPANY

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PRESS RELEASE

## **EuroChem Reports Q1 2009 Earnings**

### Highlights:

Overall, solid results in the context of sharp price declines for nitrogen and phosphate fertilizers.

Both nitrogen plants were operating in Q1 at rates close to full capacity. Two out of the three phosphate plants were shut for planned repairs for 3-4 weeks each.

Price declines caused by both supply factors (rapid de-stocking by traders) and demand factors (postponement of applications by farmers, largely due to unavailability of financing) have halted towards the end of the quarter.

EuroChem's nitrogen fertilizer sales volumes were up 13% over Q1 2008; phosphate volumes were down 26% over the same period of time.

Revenues declined 25% over Q1 2008 to RUR 19.3bn; while EBITDA was down by 53% to RUR 5.2bn as transport and input costs did not decline in line with the sales.

Healthy EBITDA margin of 27% was achieved in Q1 2009 despite weak product prices.

Strong operating cash flow of RUR 5.2bn in Q1 practically fully applied to finance capital expenditure, comprising mostly the potash projects.

Negative impact of the depreciation of RUR vs USD from 29.38 to 34.01 during Q1 amounted to RUR 4.2bn. This negative accounting impact was largely reversed in Q2 to date following stabilization of the ruble.

As of 31 March the investment in K+S AG (11.0% at the EuroChem level) stood at RUR 28.6bn, valued at EUR 34.93 per share. In Q2, EuroChem has further increased its stake K+S AG to 12.5%. Total stake in K+S AG combined with MCC Holding Ltd (EuroChem's shareholder) currently exceeds 16.3%.

Strong balance sheet profile was maintained; value of EuroChem's K+S AG investment was approximately equal to the net debt position at the date of this press-release.

Outlook for H2 2009: nitrogen volumes and prices are seen as stable to somewhat stronger; phosphate may remain soft with recovery delayed until 2010. Iron ore sales and prices should gradually recover. Much would depend on the ability of the financial system globally to resume lending to the real economy.

The consolidated financial statements for the three months ended 31 March 2009 on the basis of IFRS are available here.