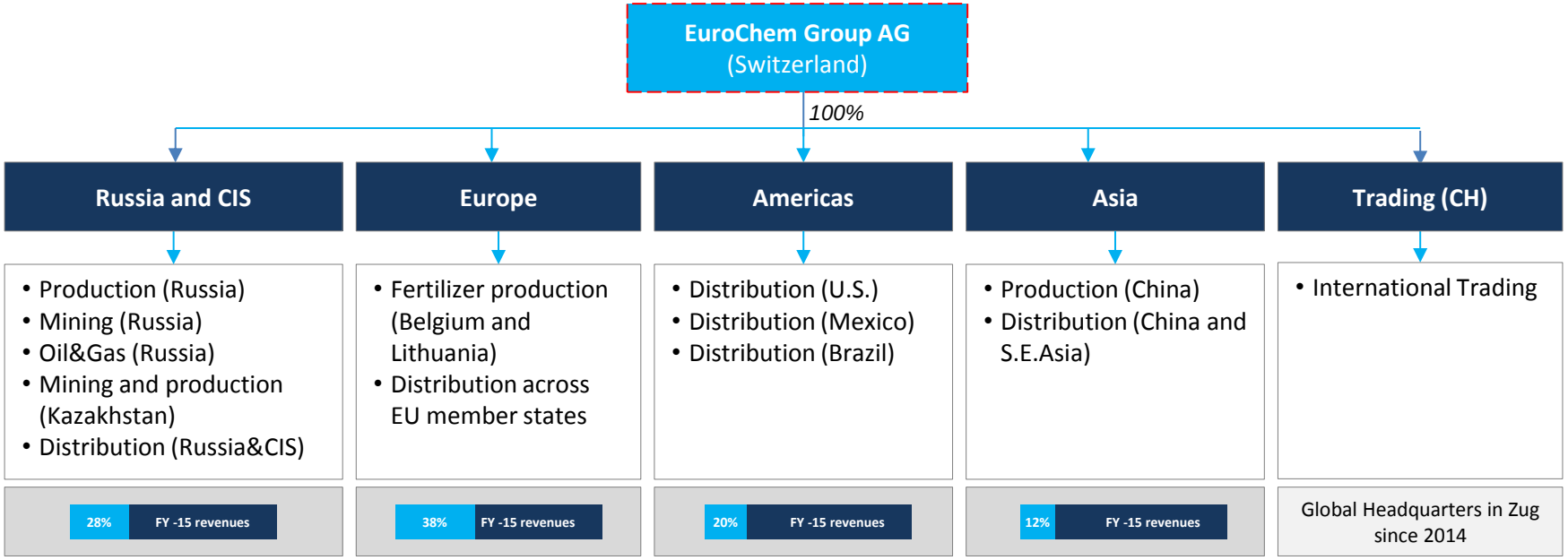
CCBLR New Year reception

23/01/2017

EuroChem Group AG

Company overview

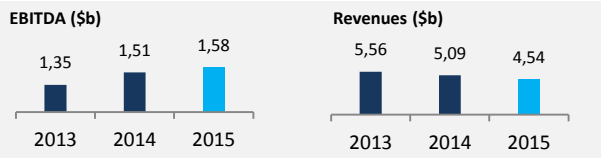
- EuroChem Group AG, a world leader in the fertilizer market, ranks among the top three European and top 10-12 global producers by both nutrient capacity and profitability.
- Founded in 2001 as a consolidation of Russian fertilizer assets, EuroChem is on solid track to become a top three fertilizer producer globally.
- Benefits from high level expertise and know-how in all types of fertilizer production and distribution.
- Headquartered in Switzerland and privately owned. The beneficiaries are Mr. Andrey Melnichenko (90%) and Mr. Dmitry Strezhnev (10%).
- The Group is a truly international player due to its structure and expanding operations.



EuroChem Group AG

Vertically integrated business with a growing global presence

- **3 Nitrogen plants** (2 in Russia, 1 in Belgium) - 3.0 MMT(1) of ammonia and 8.9 MMT of total N fertilizer product capacity.
- **3 Phosphate plants** (2 in Russia and 1 in Lithuania) - 2.5 MMT of MAP/DAP – and JV in China. 5.1 MMT of total P fertilizer & feed product capacity
- Total **annual fertilizer/feed capacity of 14.0 MMT**, including c.2 MMT of specialty products
- **Vertical integration:** own raw materials, port terminals, rail stock, construction/repair works, Europe/CIS/Americas distribution capacity
- **Apatite** (Russia) - P_2O_5-rich (37%-38%) and low-MER(2) content (0.057) apatite ore (2.5 MMT per year) covers c.75% of own production needs for all phosphate plants and Antwerp, additional volumes from Kazakhstan project
- **Iron ore** as a co-product of apatite mining: up to 5.6 MMT of iron ore (Fe content 63.5%)
- **Logistics** assets include transshipment capacity of c.8.8 MMT in Russia and c.3.5 MMT in the EU, ~ 6,400 own rail stock/depot
- **Sales :** global platform anchored on EuroChem Agro and CIS position and expanding footprint in the Americas
- **Projects**
  - **Potash (K) : 2 greenfield projects in Russia** with targeted capacity of over 8.3 MMT of KCl per year. First ore 2017/18.
  - **Ammonia** – 1MMT facility in close proximity to Phosphorit (Russia/Baltic Sea), startup 2018
- Total employees: >23,400



Raw materials

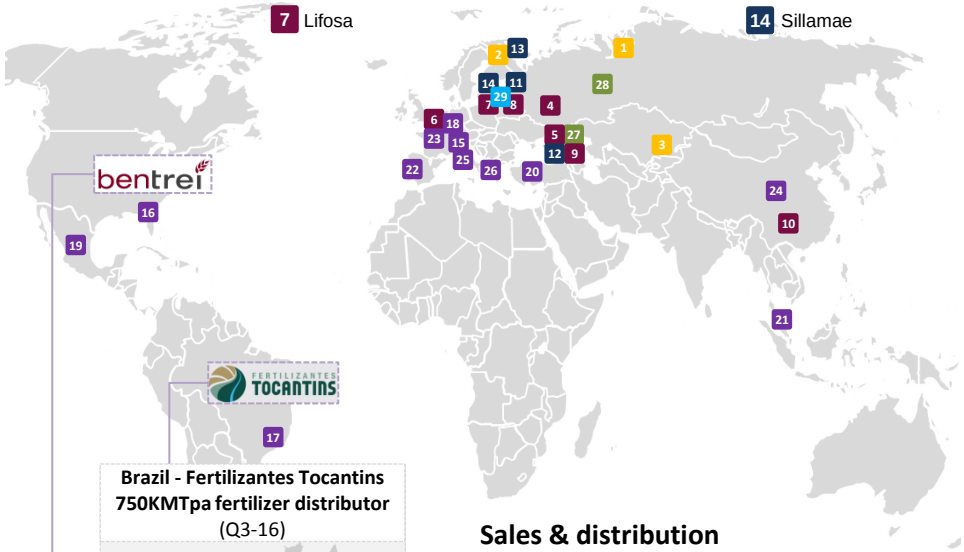
1. Severneft-Urengoy (N)
2. Kovdorskiy GOK (P)
3. EuroChem Fertilizers (P)

Production

4. Novomoskovskiy Azot
5. Nevinnomysskiy Azot
6. EuroChem Antwerpen
7. Lifosa
8. Phosphorit
9. BMU
10. EuroChem-Migao

Logistics

11. Ust-Luga
12. Tuapse
13. Murmansk
14. Sillamae



Brazil - Fertilizantes Tocantins
750KMTpa fertilizer distributor
(Q3-16)

Strategically located in Brazil's emerging fertile farming regions in the North, Northeast and Mid-West.

USA - Bentrei
1 MMTpa fertilizer distributor
(Q4-15)

Sales & distribution

15. Switzerland
16. USA
17. Brazil
18. Germany
19. Mexico
20. Turkey
21. Singapore
22. Spain
23. France
24. China
25. Italy
26. Greece

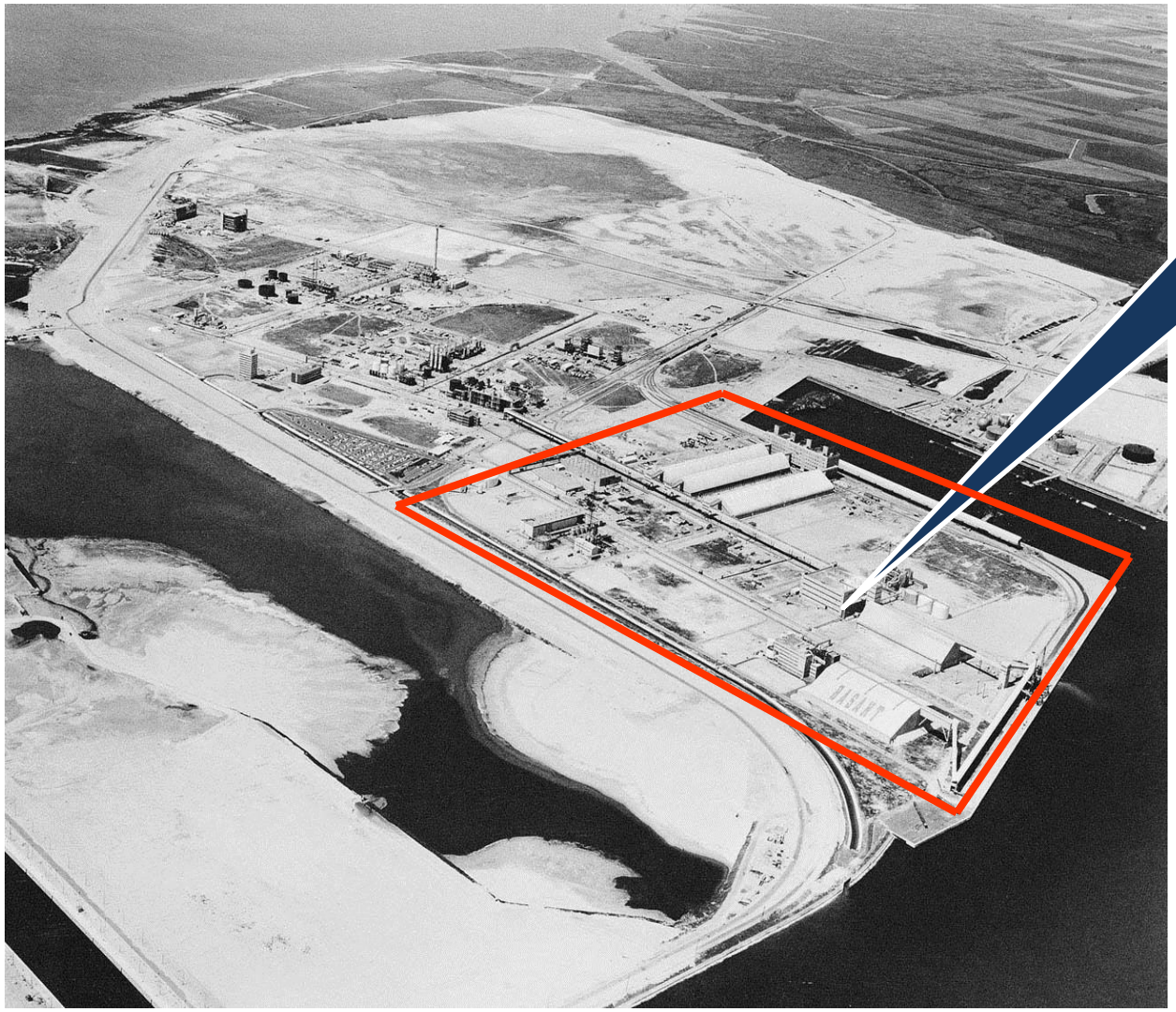
Projects

27. EuroChem-VolgaKaliy (K)
28. EuroChem Usolskiy (K)
29. EuroChem Northwest (N)

(1)MMT : million metric tonnes; (2)MER : minor element ratio.

EuroChem Antwerpen

Origins



It all started with fertilizer production

- 1964 - BASF announce the development of a site in Antwerp
- 1965 – Construction of the new Antwerp Verbund site is launched
- 1967 - Start of nitric acid, sulphuric acid, phosphoric acid and NPK-unit
- 1980 - Additional nitric acid and AN/CAN capacity is launched
- 1986 – Nitrophosphoric acid process is launched
- 1990-1991 – Ammonia plant and additional nitric acid and CAN plant are launched
- Mid 90's : phosphoric acid unit is shutdown
- 1999 – Marketing and sales division of fertilizers is transferred / sold to K+S (becomes K+S Nitrogen)
- 2011 - BASF announces its intention to divest fertilizer assets
- 2012 - EuroChem acquires BASF's Antwerp fertilizer assets (as well as K+S Nitrogen)

Source: BASF archives

EuroChem Antwerpen
Today

In 2012 EuroChem acquires BASF's fertilizer assets in Antwerp

- Non-core activity of BASF is a **Core activity** for EuroChem ensuring **future growth**
- Remain a **strategic partner in the Antwerp "Verbund"**
- **Neither social pressure build-up nor brain-drain**
- **Investments** result in:
  - **new production records**
  - decrease of **CO2**-emissions **(- 55 %)**
  - **new employment (+ 60 FTE)**

Main benefits from the acquisition:

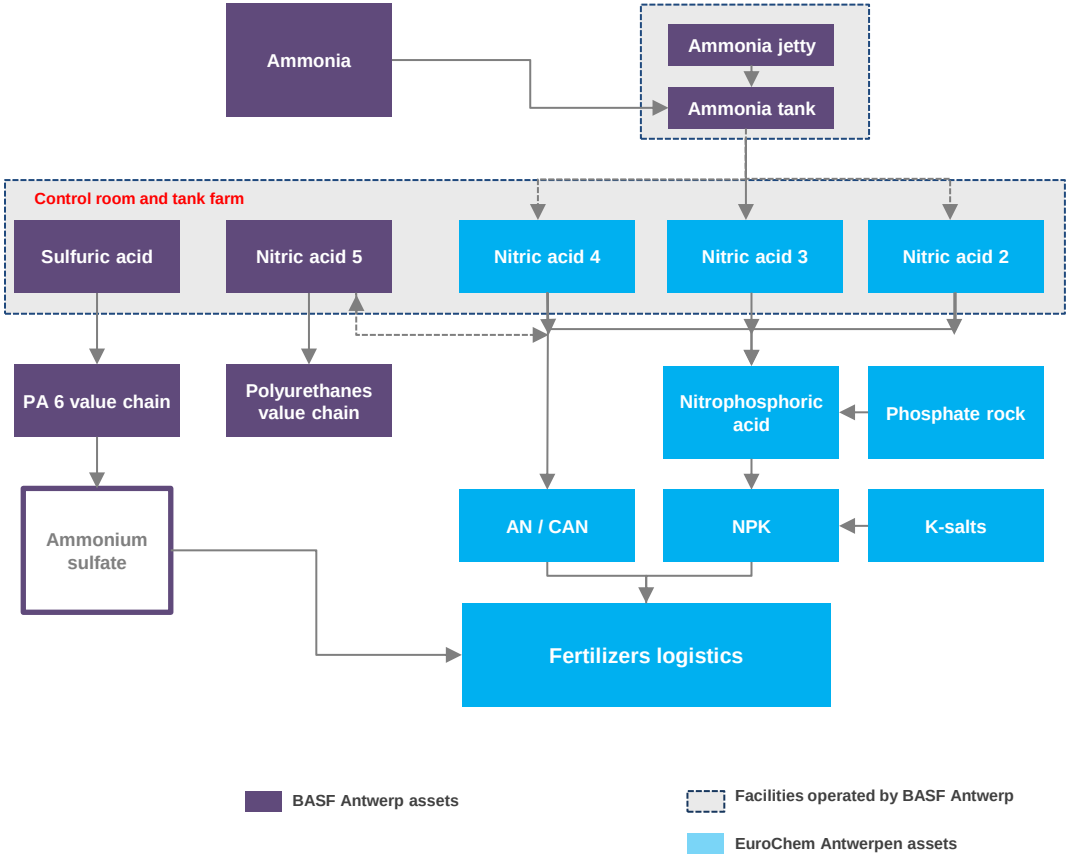
- **Quality fertilizer assets** key to EuroChem's Nitrogen segment growth strategy
- **Improve cost position** in the European market and access to premium European customer base through better logistics
- Benefit from **world-class workforce**; favor migration of best practices to Russian facilities
- Extract **synergies** from future inexpensive excess P and K raw materials and gain access to new product markets (AS, ASN)
- **Geographical diversification**

Source: EuroChem, BASF

EuroChem Antwerpen
Value chain

- Production capacity : appr. 2.3 MMT fertilizers (original design capacity : 1.35 MMT)
  - NPK production: 1.250 MMT with ca. 30 different formulations
  - Ammonium Nitrate and CAN: 1.025 MMT
- Direct employment : 390; (330 (2012));

EuroChem Antwerpen value chain



*Odda process - no sulfur needed, no gypsum generated

EuroChem Antwerpen
EuroChem Family

Bike run to Moscow

Committed partner in social life

- Worldwide sponsor of children's ice hockey teams: **Antwerp Phantoms**
- **Patronage** of clubs and associations where employees play active role
- Specific teambuilding-events in order to promote / develop new identity, e.g.
  - **bike ride to Moscow**
  - **concert of Yuri Bashmet and the young soloists from the Bolshoi theatre in Antwerp cathedral**

  …
- **Open door event** for family members of own employees

Source: EuroChem

EuroChem Antwerpen

Committed to Antwerp / Flanders / Belgium - Post acquisition developments

Business continuity

- Successful integration of Antwerp into the group makes that employees are now really proud to work for EuroChem;
- The activities of EuroChem Antwerp are again “core business”;
- No social pressure build up or brain-drain;
- New employment (60+);
- Increase in production;
- Environment (total CO2 - emissions in 2016 are 55 % lower compared to 2012).

Strategic partnership with BASF

- Part of the “technical operating unit” for the period 2016-2020 (e.g. one collective labour agreement);
- Close cooperation with BASF in order to have the synergy-effects of the “Verbund” (services, utilities, products) while respecting the own identity of the different legal entities.

Social partner with own identity

- Own magazine made by and for the employees and which is sent at home;
- Patronage;
- “Creative” team-building activities.

New industrial development

- Feasibility studies to further optimise our product portfolio in Antwerp;
- Possible partnerships with other companies in the Antwerp harbour cluster;
- Investing in R&D-partnership with VIB Gent (find solutions to achieve higher nutrient efficiency for nitrogen and phosphate).

Thank you !