CCBLR New Year reception
23/01/2017
• 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\(_2\)O\(_5\)-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

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

Today

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

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)
EuroChem Antwerpen
Value chain

- Production capacity: approx. 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))

Fertilizers logistics complex (warehousing + loading)
AN/CAN, NP/NPK
Nitrophosphoric acid*
Nitric acid 6
Nitric acid 5
Phosphate rock storage

Nitric acid 4
Nitric acid 3
Nitric acid 2
Sulfuric acid
Nitric acid 5
Polyurethanes value chain
PA 6 value chain
Control room and tank farm
Ammonium sulfate

AN/CAN
NPK
K-salts
Nitrophosphoric acid
Phosphate rock

Fertilizers logistics

• BASF Antwerp assets
• Facilities operated by BASF Antwerp
• EuroChem Antwerpen assets

*Odda process - no sulfur needed, no gypsum generated
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
## 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!