

## Uralkali Chief Plans M&A

By [The Moscow Times](#)

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NEW YORK — Uralkali, the world's second-largest producer of potash fertilizer, is looking to buy potash assets as well as a distribution network for its products, its chief executive said in an interview.

“We would like to implement M&A in the potash sector, and we're still looking for potash assets,” CEO Vladislav Baumgertner said. “Though there are not too many opportunities.”

Potash is one of the most-important nutrients applied to crops. While demand slipped this year due in part to the U.S. drought and a cut in a key Indian government subsidy, it is expected to be brisk next year as high prices for corn and other agricultural commodities lead to more plantings.

Uralkali, formed last year in a merger with fellow Russian potash producer Silvinit, primarily produces in Russia's Perm region, but it is looking around the world for potash assets, Baumgertner said.

The company is also interested in directly overseeing shipment of its fertilizer rather than hiring another company to do so.

“It makes sense to consider whether some logistical and distribution assets can be acquired,” Baumgertner said. “We’re still waiting for the right moment.”

Uralkali is most interested in distribution networks in China, Brazil and Russia, he said, adding that the company is not interested in buying nitrogen or phosphate fertilizer assets.

Uralkali itself is not for sale, and more work needs to be done to boost shareholder value, Baumgertner said.

“At the moment, we’re not talking to any investors,” he said. “I believe that it’s still too early for shareholders to sell the company because we still have a huge opportunity to create value.

“We’re still at the bottom of the business cycle, and we think it will take us several years to increase our production volumes and achieve higher prices.”

Uralkali had considered a premium listing on the London Stock Exchange but now thinks the current setup of using global depository shares to list on various exchanges works well, Baumgertner said.

“We will not move to London, at least not for the next several years,” he said. “We just don’t think this will create any considerable value for the shareholders,” he said. “The level of liquidity is quite high for the company, and our investors feel quite comfortable.”

Baumgertner said current shareholders are happy with Uralkali’s corporate governance and funding.

The company’s largest shareholder is Russian billionaire Suleiman Kerimov. Beyond Kerimov, roughly 60 percent of the company’s shares are held by investors in the United States and 40 percent in London.

Key Uralkali rivals include Canada-based Potash Corp., the world’s largest potash producer, as well as Mosaic Co.

Uralkali had expected to sign a fertilizer contract with India this month but now does not expect to do so until October or November, Baumgertner said.

Earlier this year, India cut its domestic subsidy for some fertilizers by 20 percent, a move designed to cut government costs. The unpopular maneuver effectively cut demand for potash across the country.

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