

# PhosAgro Targets UralChem

By [The Moscow Times](#)

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PhosAgro, Russia's largest maker of phosphate fertilizers, may bid for UralChem Holding, as surging global food prices boost demand for crop nutrients, an analyst at UralSib Capital said Thursday.

"PhosAgro needs to expand into other fertilizer markets, and UralChem is a potential takeover target," Anna Kupriyanova, an analyst at UralSib, said Thursday. "It could happen in the next six months."

Fertilizer companies are studying consolidation as shrinking arable land and rising world food demand spur consumption of their products. Prices for crop nutrients have been buoyed by a 52 percent rally in wheat and a 38 percent advance in corn, according to industry consultant Fertecon.

Timur Belov, a spokesman for PhosAgro, declined to comment on any interest in buying UralChem. UralChem also declined to comment.

PhosAgro has already targeted other companies in the industry. It said in August that it was seeking a merger with potash producer Silvinit. A week later investment bank Troika Dialog said Silvinit may merge with rival Uralkali, after billionaire Suleiman Kerimov and his partners gained control of both companies this year.

Russia is keen to integrate its fertilizer companies, Kupriyanova said. The country is seeking to create a holding company for the industry that's part state and part privately owned, which would likely include UralChem, Kommersant reported Thursday, citing a person familiar with the matter.

The government, which holds a blocking stake in PhosAgro's flagship phosphate-mining division Apatit, named Deputy Trade and Industry Minister Denis Manturov as chairman of the unit on Wednesday, boosting state control.

Alyona Shipilina, a spokeswoman at the ministry, said it was "perfectly normal" for the state to name officials to the management of major companies, and declined to comment on the possibility of a PhosAgro bid for UralChem.

UralChem, the country's second-largest producer of nitrogen fertilizers, canceled a proposed initial public offering in April, saying volatile markets failed to give it a "fair value." It had \$1.34 billion of debt as of June 30.

UralChem's "financial troubles" could make it a target, Kupriyanova said.

Chief executive Dmitry Osipov said Oct. 19 that the Moscow-based company may revisit the IPO plan and sell about \$525 million of bonds to repay debt. The company said its first-half net loss narrowed to \$13 million from \$56 million a year earlier.

The government holds 26.7 percent of voting shares in Apatit, the main subsidiary of closely held PhosAgro.

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