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Uralkali Sees 2014 Potash Demand Up on Economy Upturn

By The Moscow Times

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Uralkali, the world's largest potash producer, quit a powerful trading alliance with Belarus in July to focus on maximizing sales volumes.

Russia's Uralkali expects global demand for potash to rise by up to 7 percent in 2014 partly due to an upturn in the world economy, the company said Thursday, after reporting a 58-percent drop in its 2013 net profit.

Uralkali, the world's largest potash producer, quit a powerful trading alliance with Belarus in July to focus on maximizing sales volumes. This triggered a fall in global potash prices in an oversupplied market for the crop nutrient.

"As the global economy recovers, potash consumption should reach a more balanced level ensuring higher yields for agricultural producers," Dmitry Osipov, Uralkali new chief executive, said in a statement.

Uralkali sees 2014 global potash demand at between 56 million and 58 million tonnes, up from 53 million to 54 million tonnes in 2013, thanks to recent contract agreements and limited inventory levels, the company said. Its 2013 sales volumes were up 5 percent at 9.9 million tonnes.

The company said 2013 net profit fell to $666 million as a result of a 28-percent potash price decrease, losses from revaluation and payments to top management as part of the long-term incentive program, as well as one-off expenses.

The loss from revaluation, payments to top management and one-off expenses exceeded $250 million, the company's report showed.

A Reuters poll of analysts had forecast the firm's profit at $758 million excluding one-offs.

The net income was at the lowest level for the company, since a merger with its Russian rival Silvinit in 2011. In 2011 net profit of the combined company was at $1.2 billion and at $1.6 billion in 2012.

The firm said 2013 net revenue was down 20 percent at $2.7 billion. Earnings before interest, tax, depreciation and amortization, or EBITDA, fell 31 percent to $1.6 billion.

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