

Russia's Uralkali Plans \$1.5 Billion Buyback

By [The Moscow Times](#)

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Uralkali is the world's largest potash producer.

Russia's Uralkali, the world's largest potash producer, will buy back up to \$1.5 billion of its shares until May 22, it said on Friday, after its board changed policy and proposed no dividend payment for 2014.

Uralkali posted a net loss in 2014 due to non-cash write-offs caused by a slide in Russia's ruble currency, hurt by low oil prices and Western sanctions, and announced plans to increase capacity.

Uralkali plans to invest \$4.5 billion over five years to boost capacity and maintain its position as the world's largest producer of crop nutrient potash despite production being halted at its Solikamsk-2 mine.

"Taking into account Uralkali's current cash reserves, its expected future cash requirements,

available cash flows and other funding resources, we are able to return up to \$1.5 billion of cash to security holders," Dmitry Osipov, the company's chief executive, said in a statement.

The board of directors also changed its dividend policy from a previously fixed payment of at least 50 percent of net income. The level of payment will now be determined by the board.

As part of the buyback, Uralkali, part-owned by Russian tycoon and politician Mikhail Prokhorov and by fertilizer firm UralChem, aims to buy up to 468,750,000, or almost 16 percent of its shares, at a price of \$3.20 per share and \$16 per Global Depositary Receipt (GDR).

The company plans to fund the program from existing cash-flow and to eventually cancel acquired shares of the program. It had a cash balance of \$2.5 billion at the end of 2014.

Uralkali has yet to cancel the 12.6-percent treasury share stake it bought through a previous buyback in 2011-12, analysts at UralSib said in a note.

Uralkali's shares closed at 158 rubles (\$3) in Moscow on Thursday, while GDRs closed at \$15.45 in London. Its Moscow shares were down 1 percent on Friday.

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