



Uralkali May Buy Canada Potash Producers, Chief Says (Correct)

By Yuriy Humber

(Corrects output target in second paragraph, shareholding in fifth paragraph of story published May 19.)

May 19 (Bloomberg) -- **OA O Uralkali**, Russia's second-largest potash producer, may acquire Canadian competitors to raise output after the price of the soil nutrient more than quadrupled in 18 months.

Uralkali Chief Executive Officer **Vladislav Baumgertner** said the company has also identified at least two potential targets in the former Soviet Union, including Belarusian producer Belaruskali. Still, Berezniki-based Uralkali "isn't in a rush" to make acquisitions as it plans to double output by 2015 at existing mines, he added.

"It'd be rather nice to consolidate the industry further," Baumgertner said today in an interview in Vienna, where he's attending the International Fertilizer Industry Association's annual conference. "Theoretically, we could target any potash company that exists."

Uralkali has more than **tripled** in Moscow trading in the past year after food shortages bolstered demand for potash, which is used to protect crops from dryness and disease. BHP Billiton Ltd., the world's largest mining company, said last week it agreed to buy Canada's Anglo Potash Ltd. for C\$284 million (\$286 million). Uralkali may acquire North American producers to cut the cost of deliveries in the U.S. and Brazil, Baumgertner said.

Share Sale

Russian billionaire **Dmitry Rybolovlev**, the controlling shareholder of Uralkali, may offer part of his stake should the potash producer need cash for acquisitions, Baumgertner said. The company may also borrow to finance a deal, he said.

The six largest potash producers account for 70 percent of the 55 million-metric-ton-a-year market, according to the **International Fertilizer Industry Association**.

In Canada and the U.S., Uralkali is primarily interested in acquiring companies that are already in production and which supply potash for use as fertilizer, Baumgertner said. Uralkali doesn't plan to expand into nitrogen and phosphate, which are also soil nutrients, he said.

North American potash producers include Canada's Potash Corp. of Saskatchewan Inc., the world's largest, Intrepid Potash Inc., Agrium Inc. and Mosaic Co.

Uralkali "might look at Intrepid or Agrium, as Potash and Mosaic are just too big, market cap-wise," said **Yolanda Holtzee**, who manages the Seattle-based Alcap LLP fund.

Potash consumption will also grow 10 percent a year in the former Soviet Union, Uralkali forecasts. The company has a trading venture, Belarusian Potash Co., with state-controlled Belaruskali, which sells potash to foreign customers.

"We'd like to acquire Belaruskali, of course, but according to our information, the government won't sell it for a while," Baumgertner said.

Russia's largest potash producer is OAO Silvit, in which Rybolovlev and Vladimir Shvetsov hold about 25 percent.

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