Knowledge grows

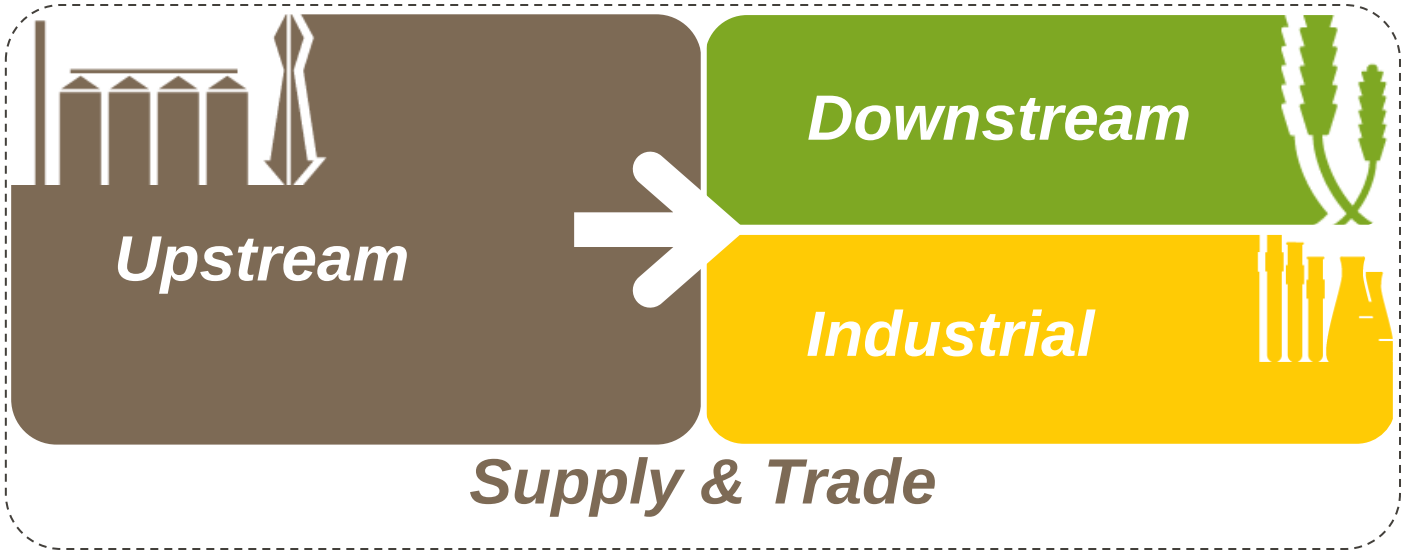
Yara International ASA

Handelsbanken Materials & Energy seminar

Head of Downstream, Egil Hogna

Stockholm, 10 March 2011

A business strategy geared for global optimization

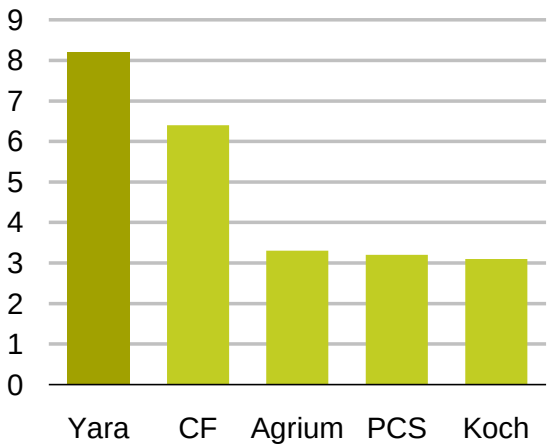


Scale advantages + *Unique flexibility* + *Unrivalled presence*

Yara – the leader in nitrogen fertilizers

Global no 1 in ammonia

Production capacity* (mill t)

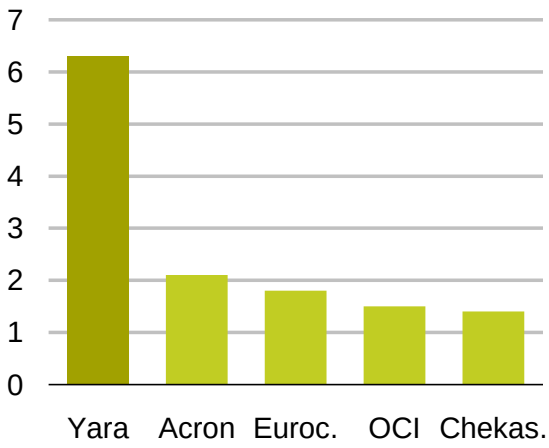


* Incl. companies' shares of JVs

Source: Yara & Fertecon

Global no 1 in nitrates

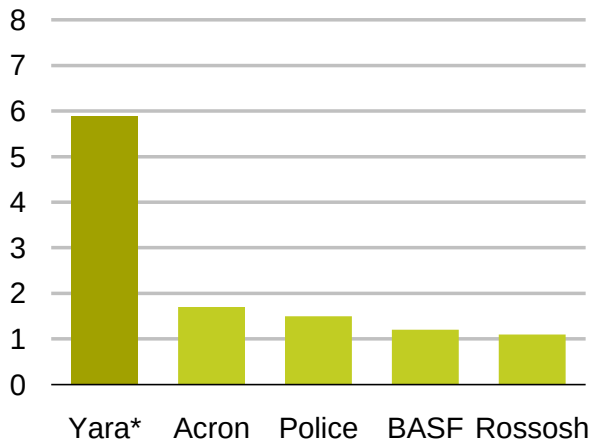
Production capacity* (mill t)



Source: British Sulphur, EFMA

Global no 1 in NPK complex fertilizer

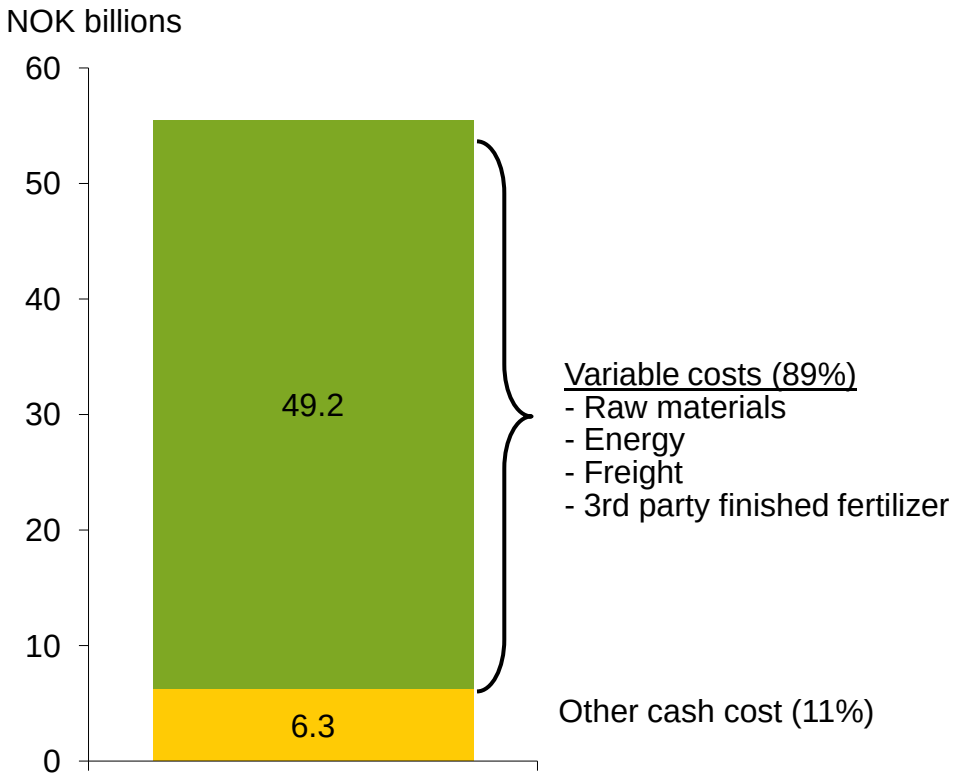
Production capacity* (mill t)



Source: Nitrex-Complex

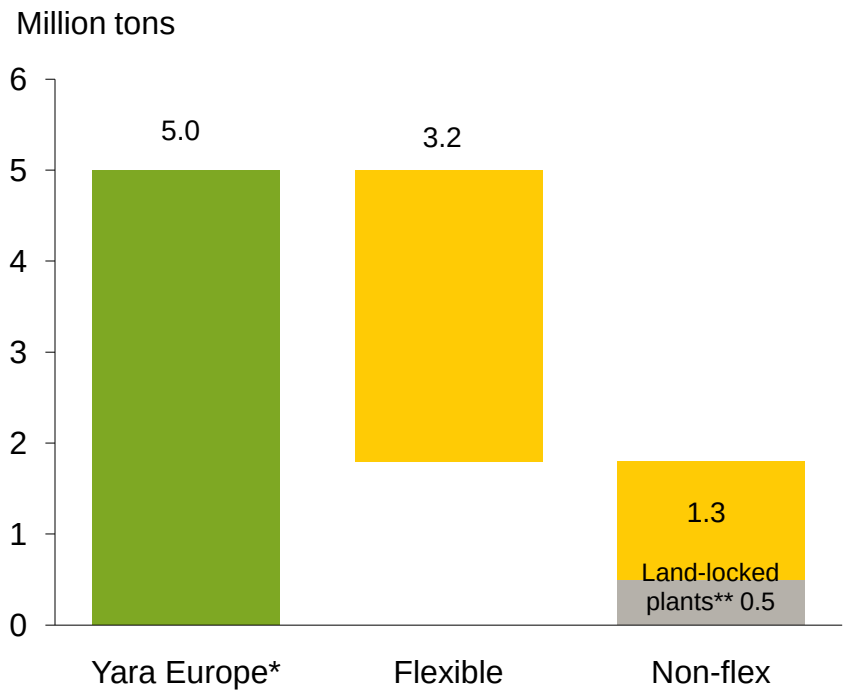
Yaras operating cash costs are mainly variable

Operating cash costs 2010



- Temporary plant closures can be made speedy and with limited stop/start costs
- Example for ammonia/urea plants:
  - Takes half a week to stop and a week to start
  - Cost of stopping is 2 days energy consumption
  - Cost of starting is 3 days energy consumption

Yara flexibility to produce or import ammonia in Europe



- Yara can swing 2/3 of European ammonia production without affecting fertilizer production
- Almost all Yara nitrate and NPK capacity has ammonia import flexibility

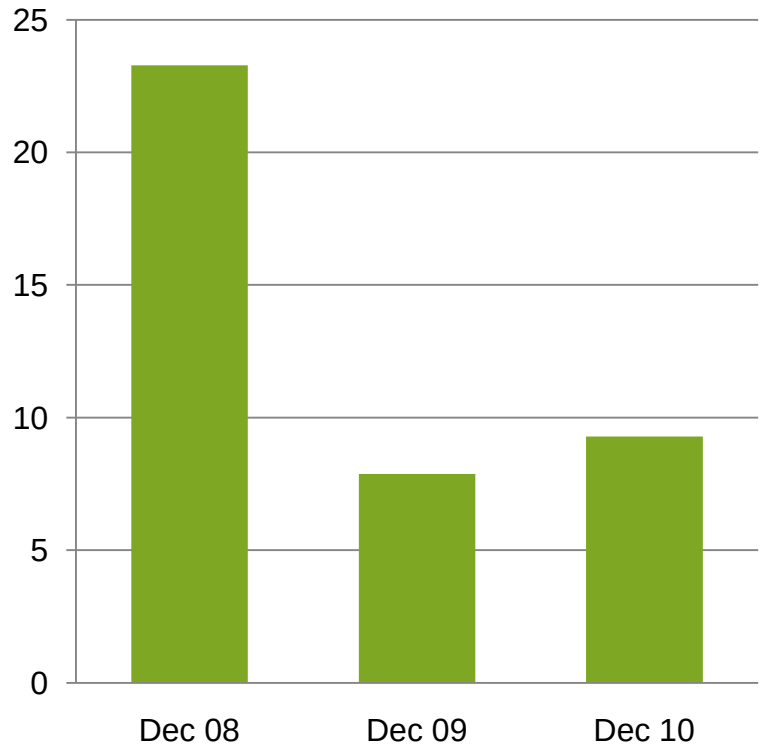
Yara can mitigate high European energy costs or take advantage of low ammonia prices by closing ammonia production and run most of nitrates and NPK based on imported ammonia.

* Including equity share of joint venture capacity
** Yara European site without deep sea ammonia import/export terminals: Tertre

Reducing risk by reducing net operating capital

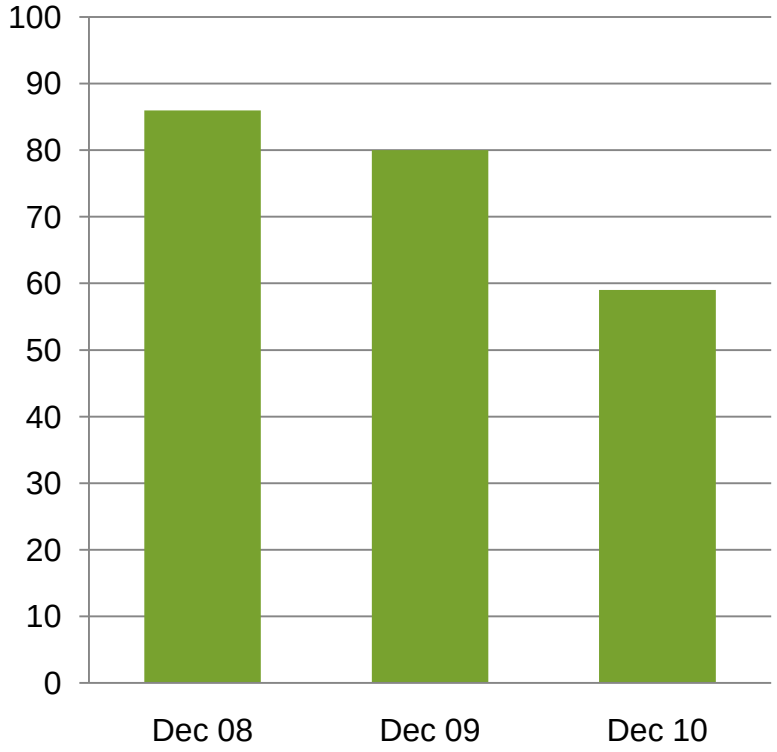
Net operating capital

NOK billions



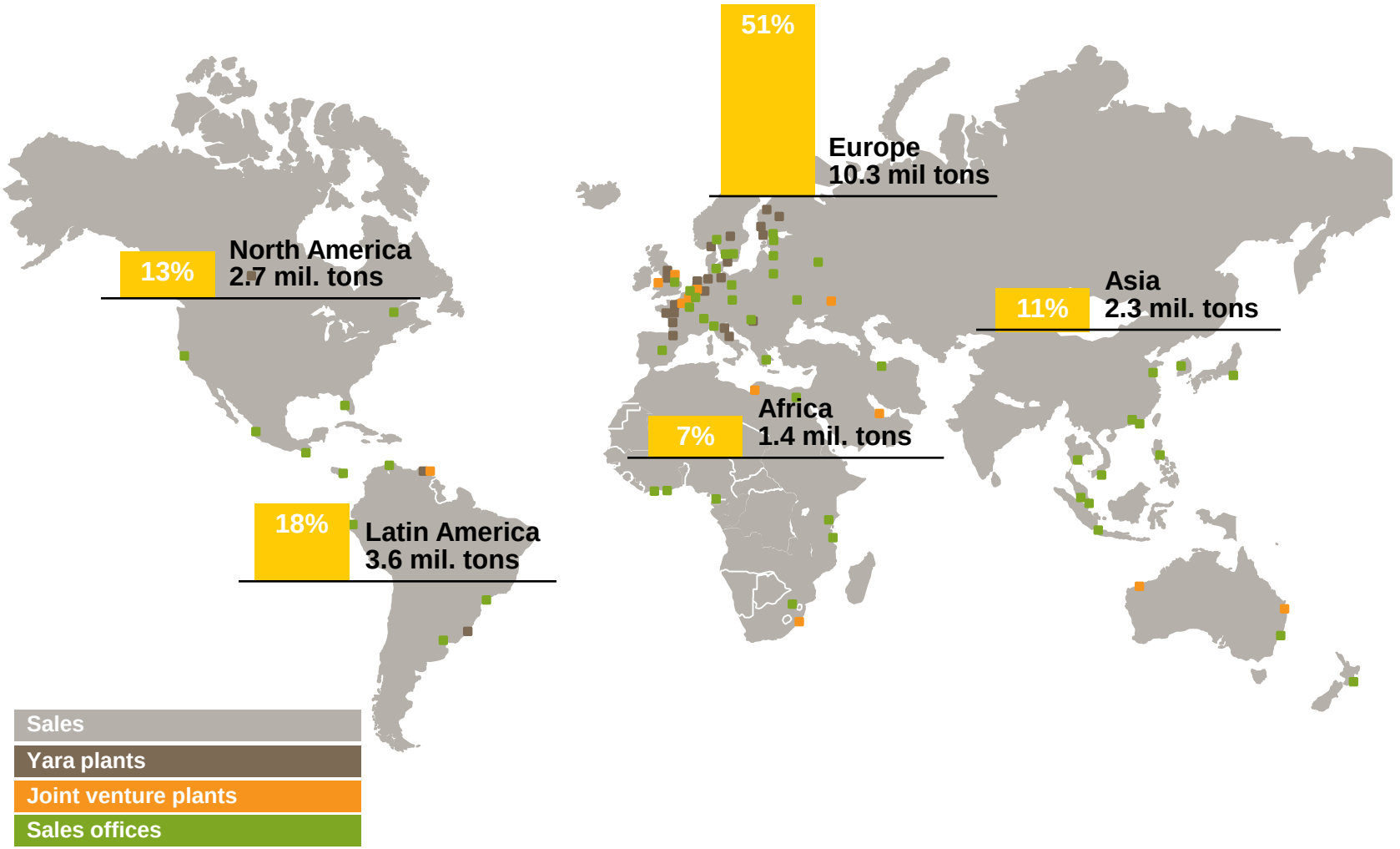
Net operating capital days*

Days



* Measured as 12 months average

Global downstream presence with sales offices in more than 50 countries



Downstream business creates partnerships

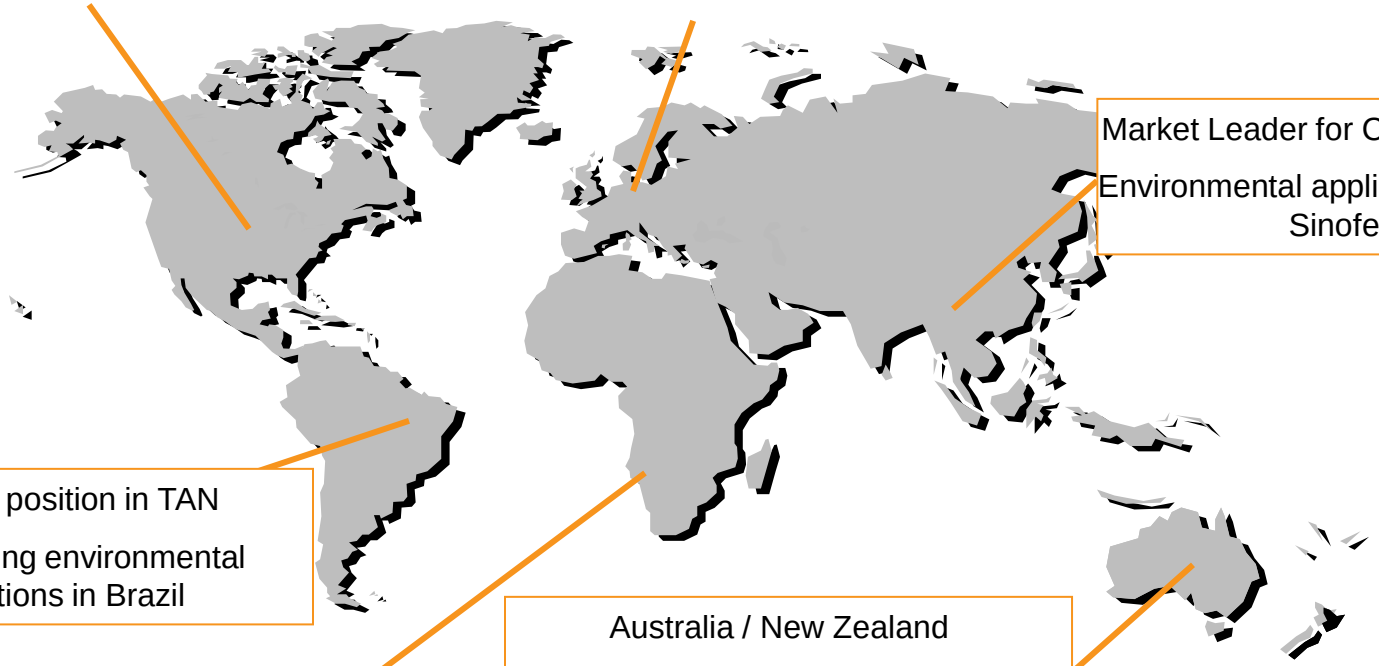
Industrial business is going global

Market Leader on Odour Control

Off to a leading position in DEF 2010

Market Leader

AdBlue, Odour Control, TAN, Chemicals, Strong position in CO_2/dry ice



Market Leader for CN applications

Environmental applications JV with Sinofert

Strong position in TAN

Developing environmental solutions in Brazil

Leading supplier of TAN

Australia / New Zealand

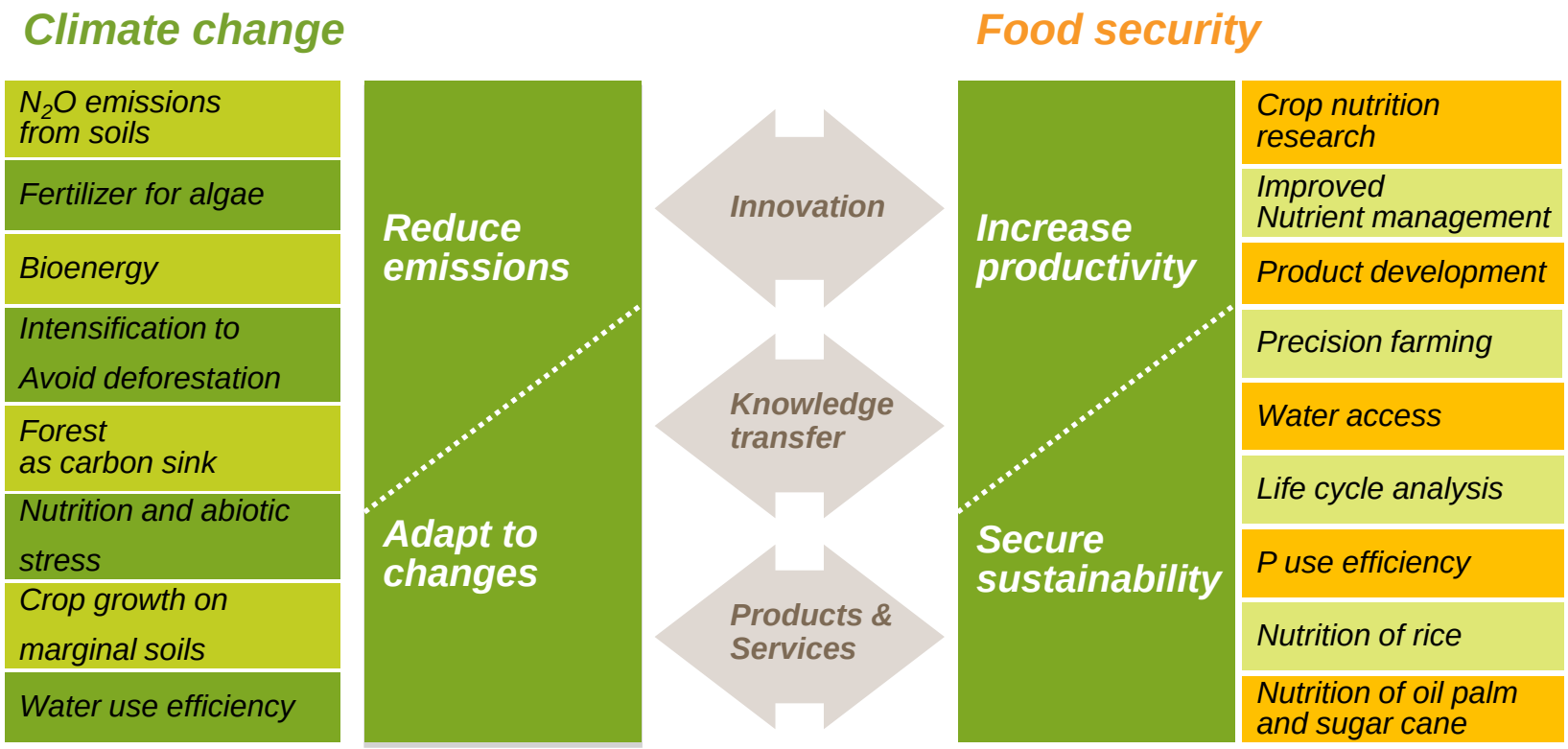
Market Leader AdBlue, presence with TAN and environmental solutions

Key trends impacting Yara the next 10 years

- Food security
- Climate change
- Water scarcity

➢ Need for agricultural productivity

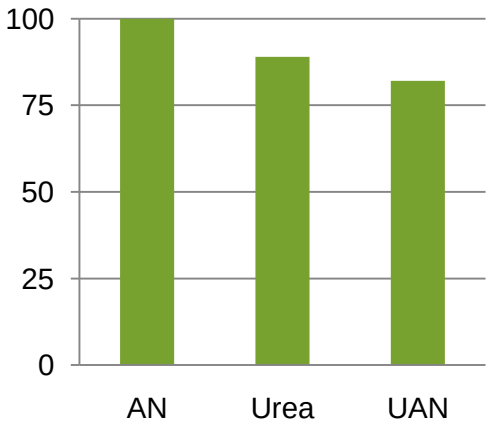
Climate change and food security are related - established Downstream R&D project portfolio



Nitrate-based fertilizers are superior to urea both agronomically and environmentally

The agronomical efficiency of nitrates is superior to urea

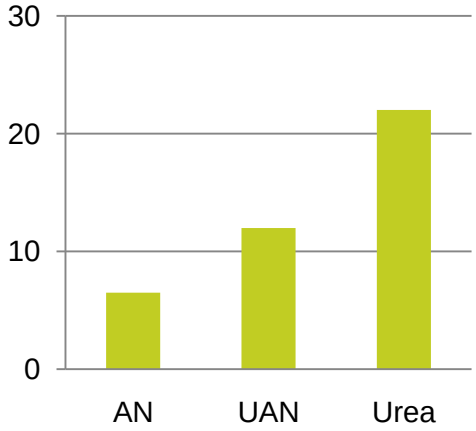
Nitrogen recovery (% of AN)



Urea requires up to 20% higher N application to achieve same cereal crop yield and quality as AN

Nitrates have lower ammonia volatilization losses

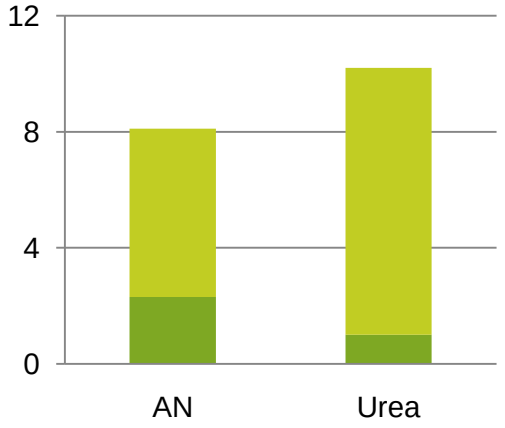
Average Emission Factor, Cereals



Urea and UAN with a 30% market share of EU nitrogen fertilizers cause 88% of its ammonia emissions

The carbon footprint is lower than for Urea

Lifecycle carbon footprint (kg CO_2 eq/kg N)



Although urea is more CO_2 efficient in production, CO_2 emissions and ammonia volatilization on application more than offset for this

Source: DEFRA (2006), NT26 project report; Fertilizer Europe; 2EMEP/EEA air pollutant emission inventory guidebook (2007); Yara

Fertigation represents a growing opportunity

Water scarcity is a clear issue

Rio Grande
failed to reach GoM in 2001 for first time

Lake Aral
Only ~25% of original size

Yellow River
Dry on last 100 km:
1972: 15 days
1997: 226 days

Source: World Bank, 2008

Agricultural water use has to become more "intelligent"

17% of cropland is irrigated, is twice as productive as other land and contributes 40% of world food production…

…but it uses 70% of all freshwater…

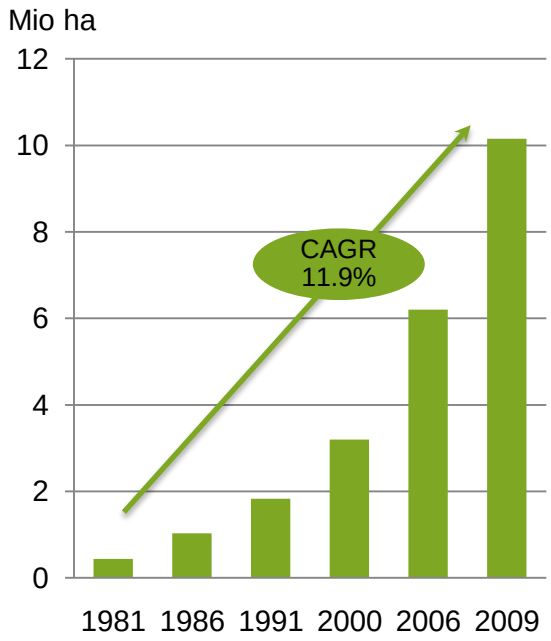
…thus, productivity growth from irrigation has to come from better use of water

"More crop per drop"

Center Pivot: carrot production in Brasil

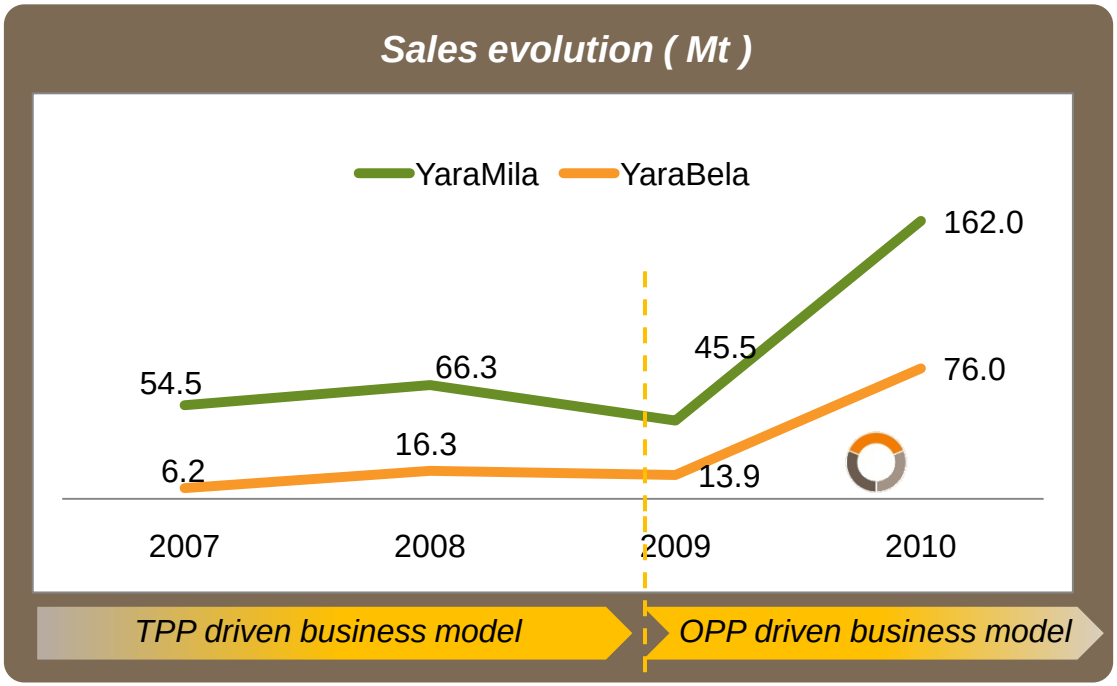
The segment has seen strong growth historically

Expansion of Micro-irrigation

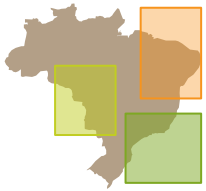


Source: Kulakarni et.al., 2006; Gopalakrishnan, 2008; USDA, 2008; MOI, 2009

Segmentation and own-produced product focus provide better results in Brazil



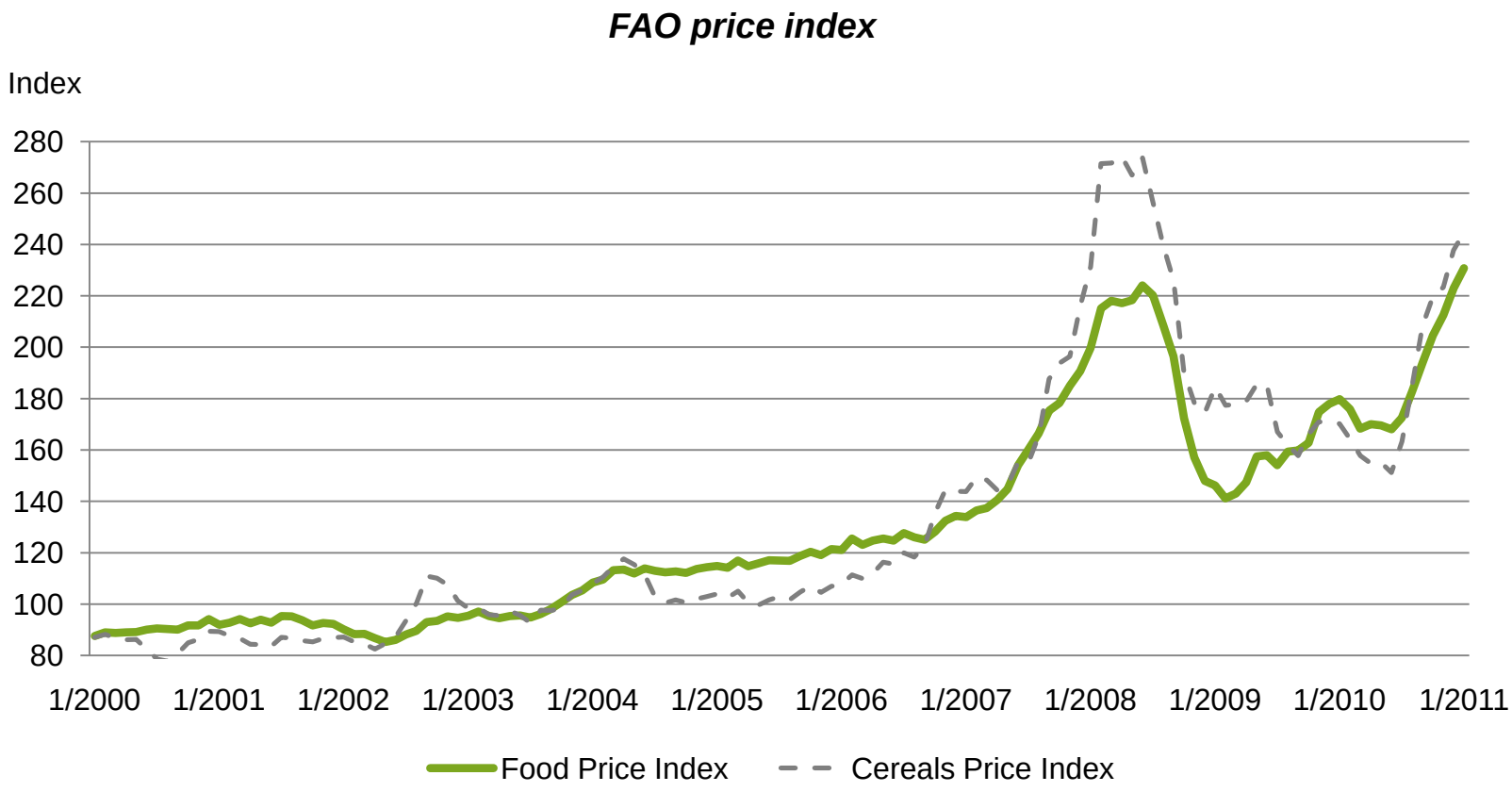
Segmentation & focus



- Dedicated teams to key segments
- Yara Crop Nutrition focus
- Better contribution to global plants

Maize and sugarcane are key crops to YaraMila and YaraBela

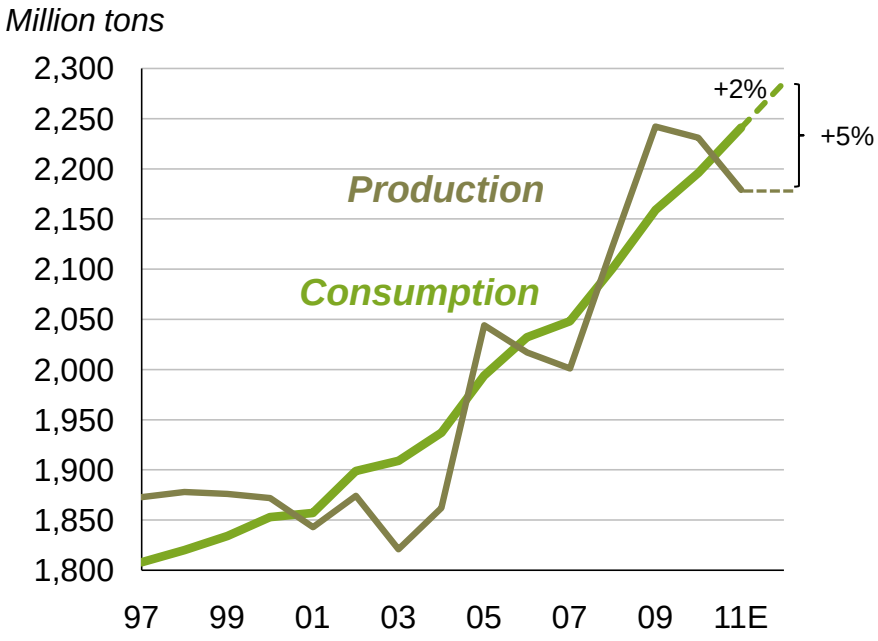
Soaring food prices



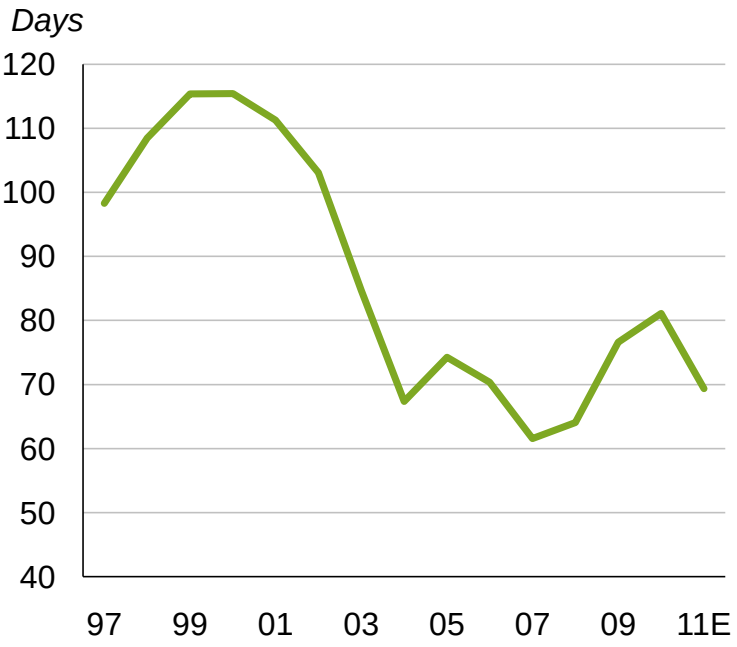
Source: FAO

Strong harvest necessary to avoid further inventory decline

Grain production and consumption

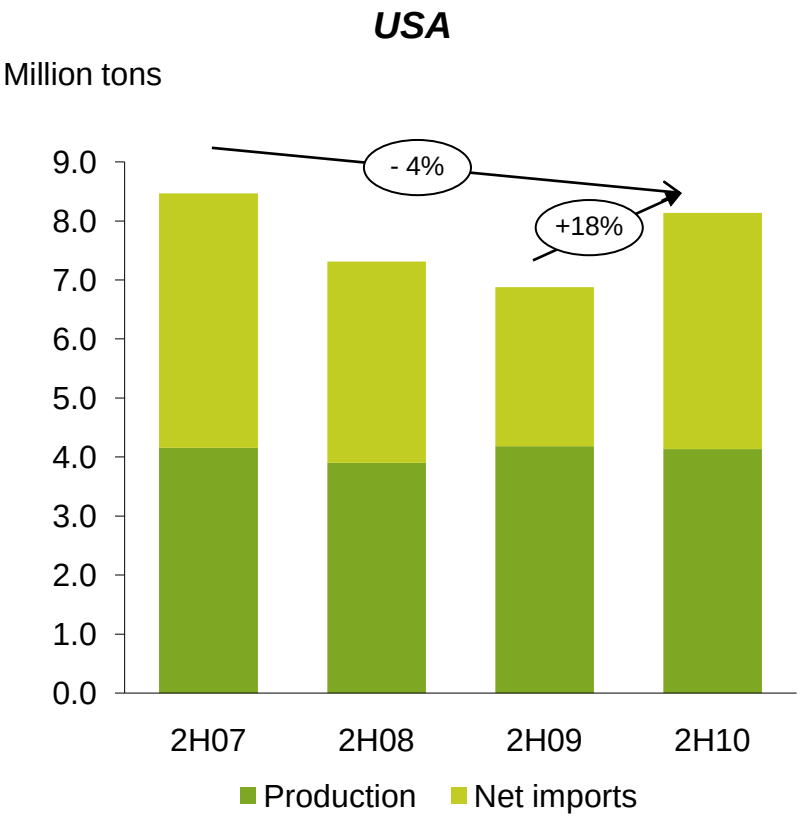


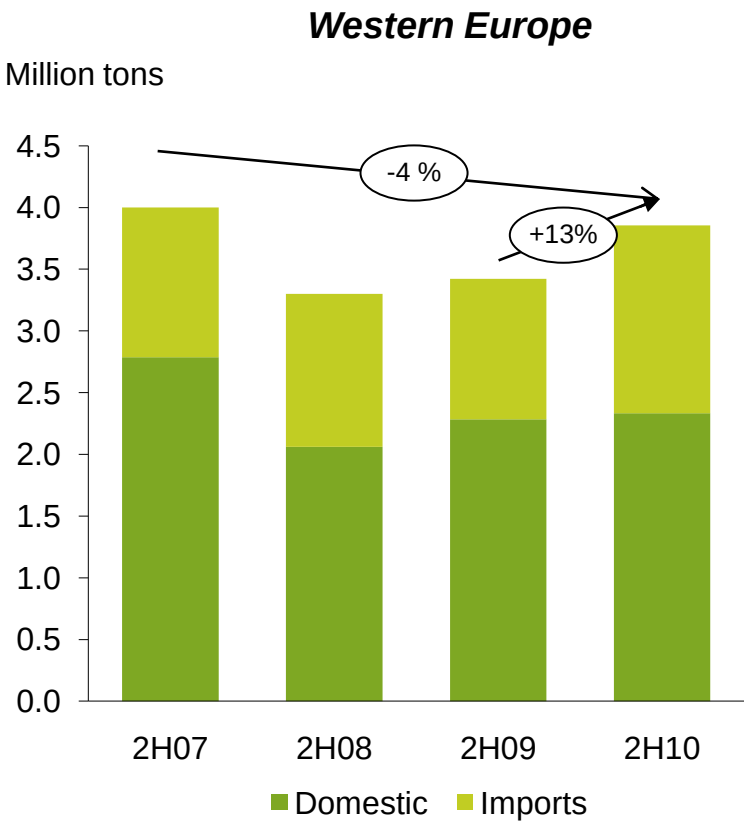
Days of consumption in stocks



Source: USDA, February 2011

Increased nitrogen deliveries, but lagging 07/08 season

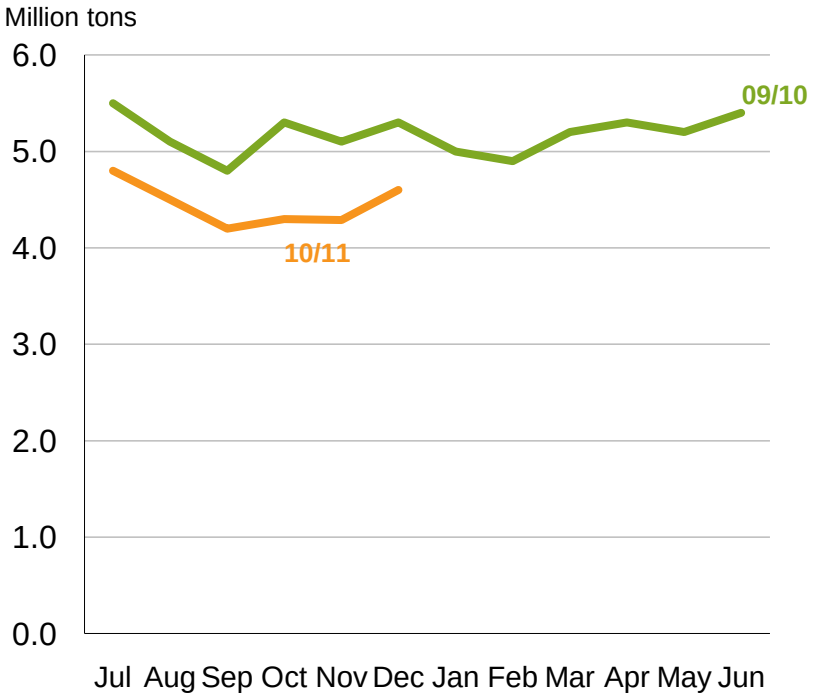




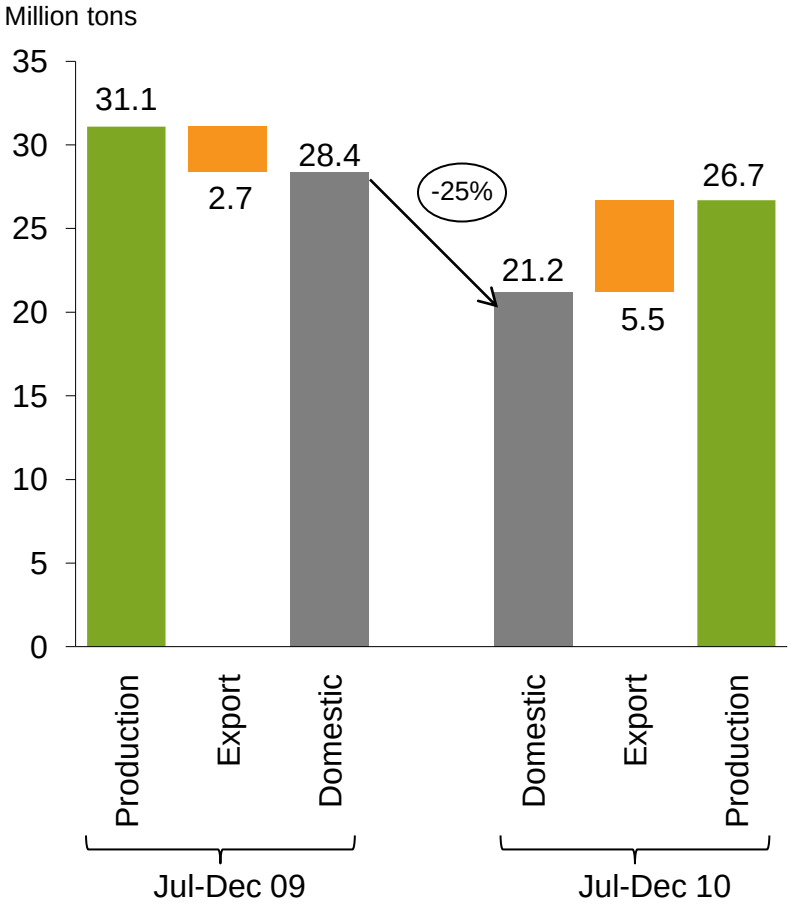
Source: Yara estimate for fertilizer deliveries to selected West European countries.
Total nitrogen deliveries estimate in USA based on TFI, US Trade Commission, Blue-Johnson

Domestic urea availability in China down 25% supporting strict export policy

Chinese urea production



Domestic urea balance



Source: BOABC

Prospects first quarter 2011

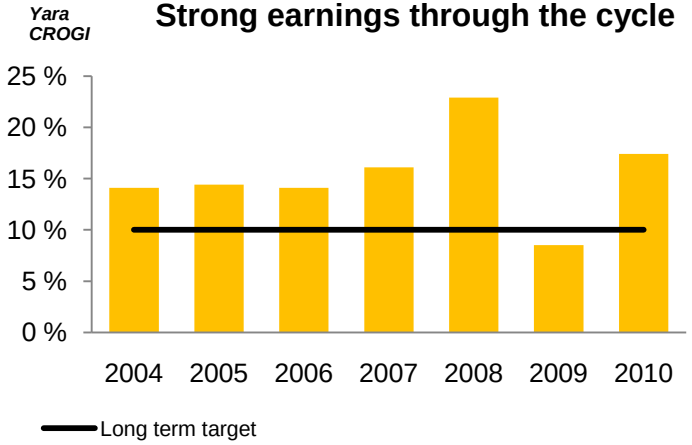
- Substantial nitrate price increase in January, deliveries are running well
- Nitrate premium supported by low inventories and production constraints
- First-half season fertilizer deliveries strongly ahead of last season, but lagging 07/08 record season
- No new export capacity start-up expected in current season
- Ambes returns to full production during March
- Cost increase on new dry raw material contracts, particularly phosphate

Prospects next twelve months

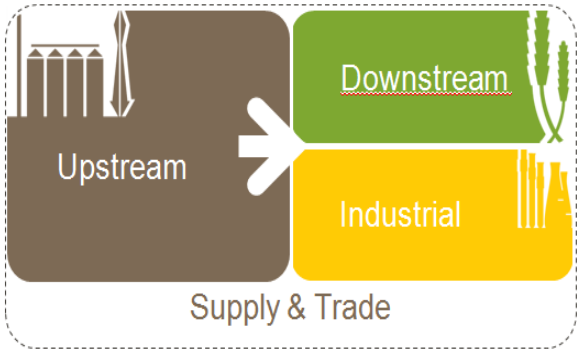
- FAO food price index at all-time high, giving strong fertilizer demand incentives
- Global nitrogen fertilizer industry outside China runs at full capacity
- China announced 110% urea export tax for 8 months in 2011, tight domestic supply/demand balance support strict export policy enforcement
- Second half 2011 fertilizer supply/demand balance sensitive to coming global harvest, major catch-up needed to avoid further drop in food inventories
- Yara increases urea capacity with Sluiskil (June) and Qafco 5 (4Q)
- Yara's energy costs for first half 2011 expected up NOK 1.45 billion compared with last year

Basis for Yara's profitable growth ambitions

Strong earnings through the cycle

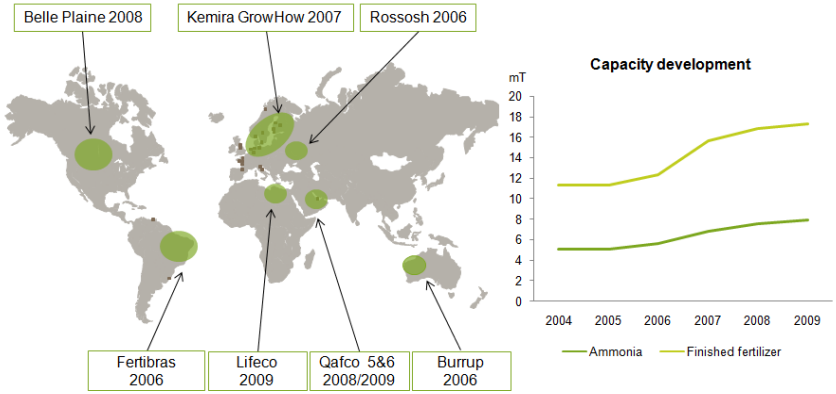


A scalable business model giving synergies



- Scale
- Flexibility
- Presence

Industry-leading acquisition track-record



Valuation and capital discipline

- In acquisitions Yara looks for:
  - Relative synergies compared to alternative buyers
  - Distressed sellers
  - Our cycle view compared to seller & alternative buyers
- Capital and valuation discipline demonstrated with Terra withdrawal which we believe was right
- Grain, fertilizer and gas outlook has recently improved increasing nitrogen asset values

More information can be found at www.yara.com

Yara sensitivities

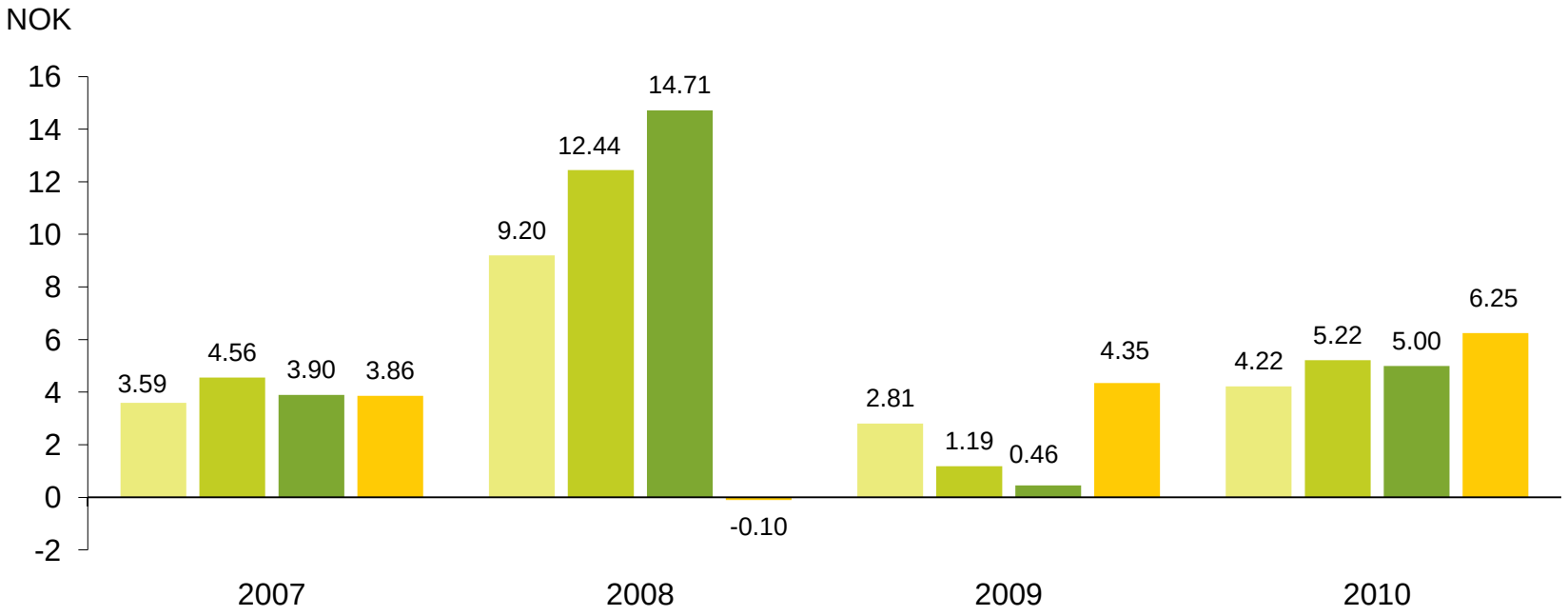
	Operating Income USD million	EBITDA USD million	Operating Income NOK million	EBITDA NOK million	EPS** NOK
Urea sensitivity +100 USD/t	**951**	**1,090**	**5,695**	**6,529**	**17.4**
…of which pure Urea	*300*	*389*	*1,797*	*2,330*	*6.3*
…of which Nitrates	*368*	*400*	*2,205*	*2,394*	*6.2*
…of which NPK	*230*	*249*	*1,380*	*1,493*	*3.8*
Nitrate premium +50 USD/t	**407**	**437**	**2,437**	**2,619**	**6.7**
…of which pure Nitrates	*292*	*314*	*1,750*	*1,883*	*4.8*
Hub gas Europe + 1 USD/MMBtu	**(90)**	**(110)**	**(530)**	**(620)**	**(1.7)**
Currency + 1 NOK/USD	**90**	**90**	**2,139**	**2,539**	**6.2**
...of which translation effect	*-*	*-*	*1,600*	*2,000*	*4.9*
...and EUR & NOK net fixed cost	*90*	*90*	*539*	*539*	*1.3*
Ammonia + 100 USD/t	-	50	-	300	0.7
Phos rock + 50 USD/t	50	50	300	300	0.7
Hub gas North Am + 1 USD/MMBtu	(27)	(27)	(159)	(159)	(0.4)
Crude oil + 10 USD/brl	(80)	(80)	(479)	(479)	(1.3)

* Assuming NOK/USD = 6, USD/EUR = 1.36 and constant NOK/EUR

** Assuming 30% marginal tax rate on underlying business and 288.8 million shares

Sensitivities assume full production and no inter-correlation between factors

Earnings per share adjusted for foreign exchange gain/loss and special items*

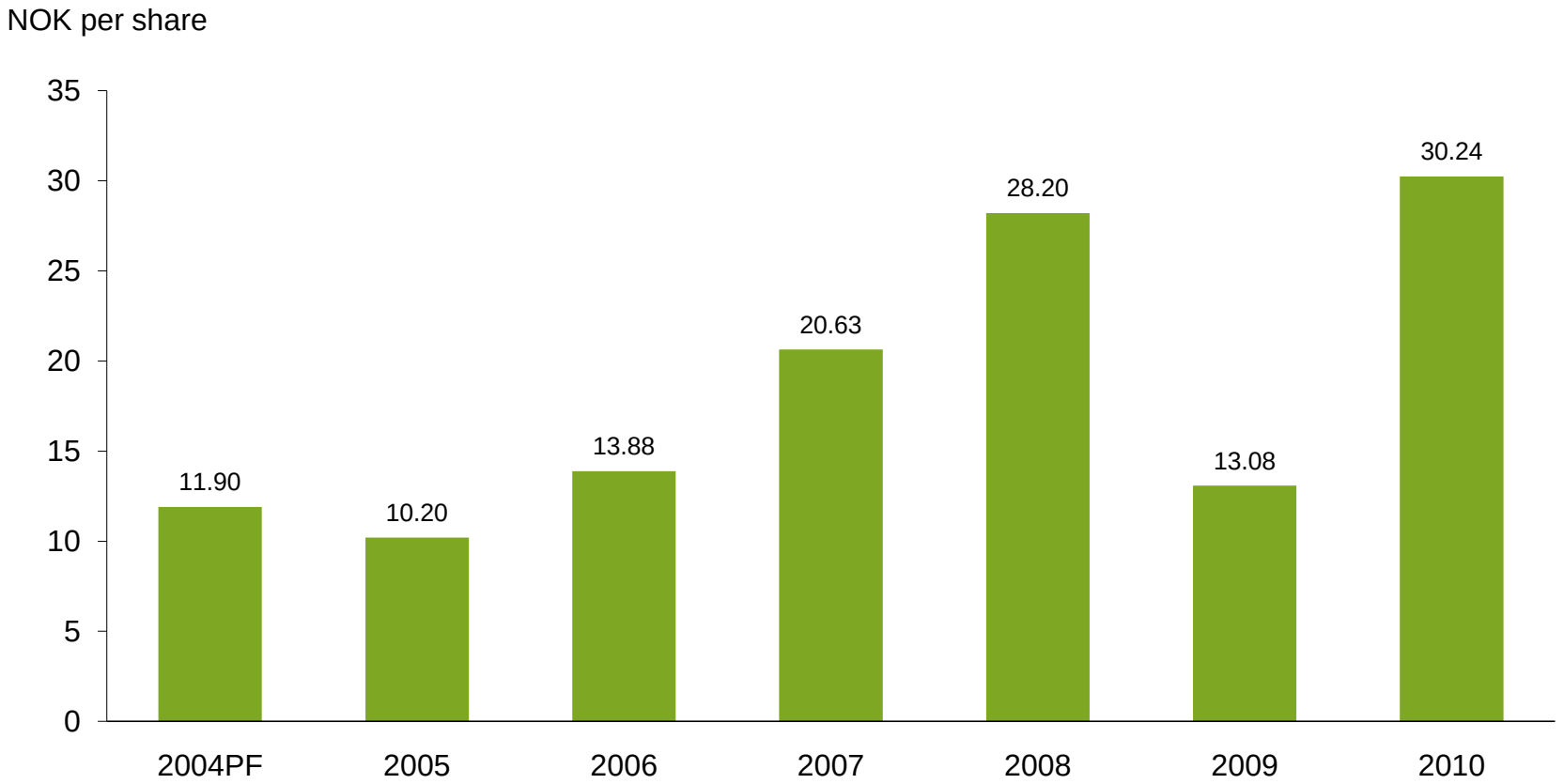


Annual

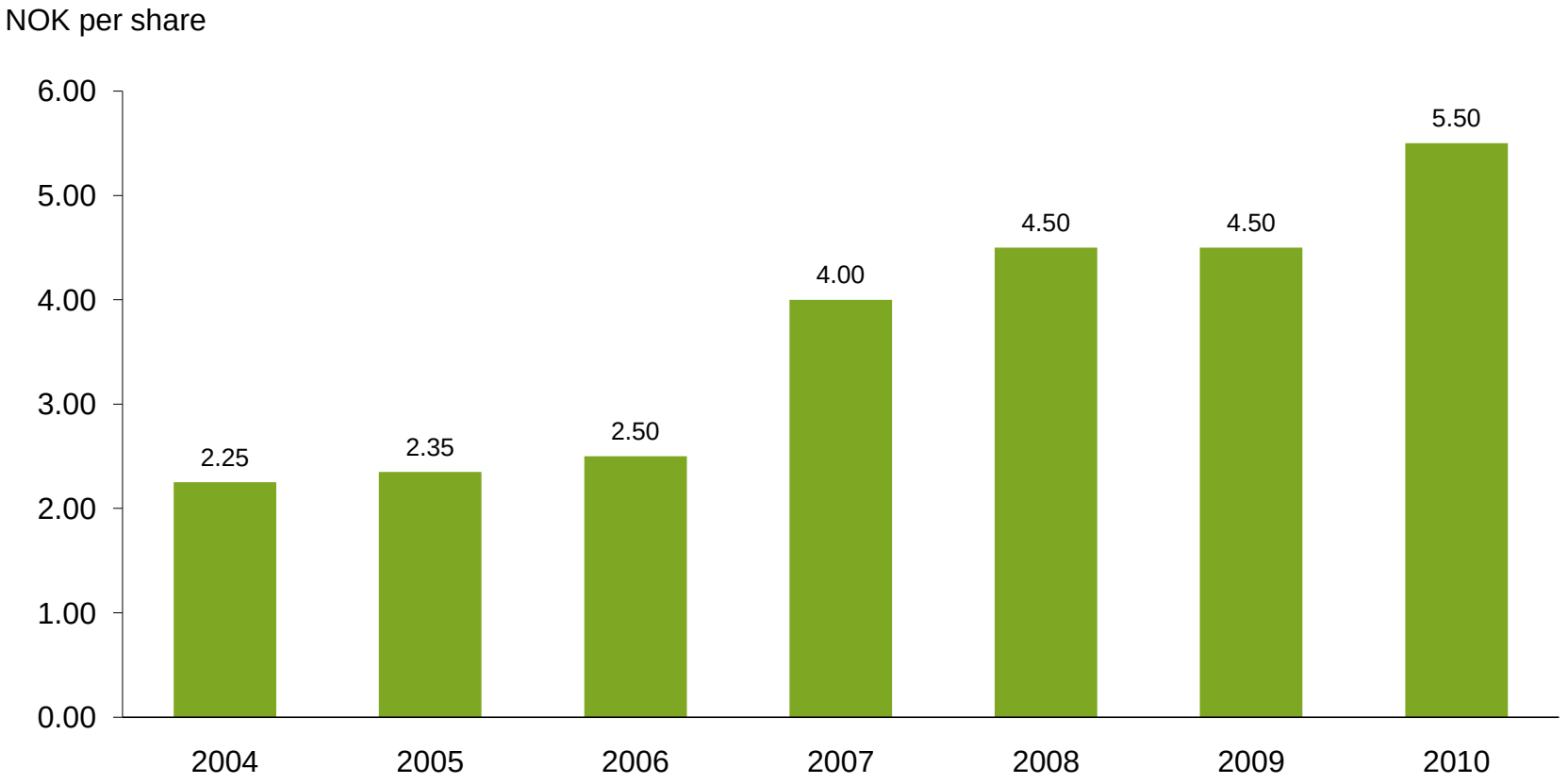
NOK	15.91	36.28	8.82	20.69

* After tax. Average number of shares for 4Q 2010: 288.4 million (4Q 2009: 288.8 million).

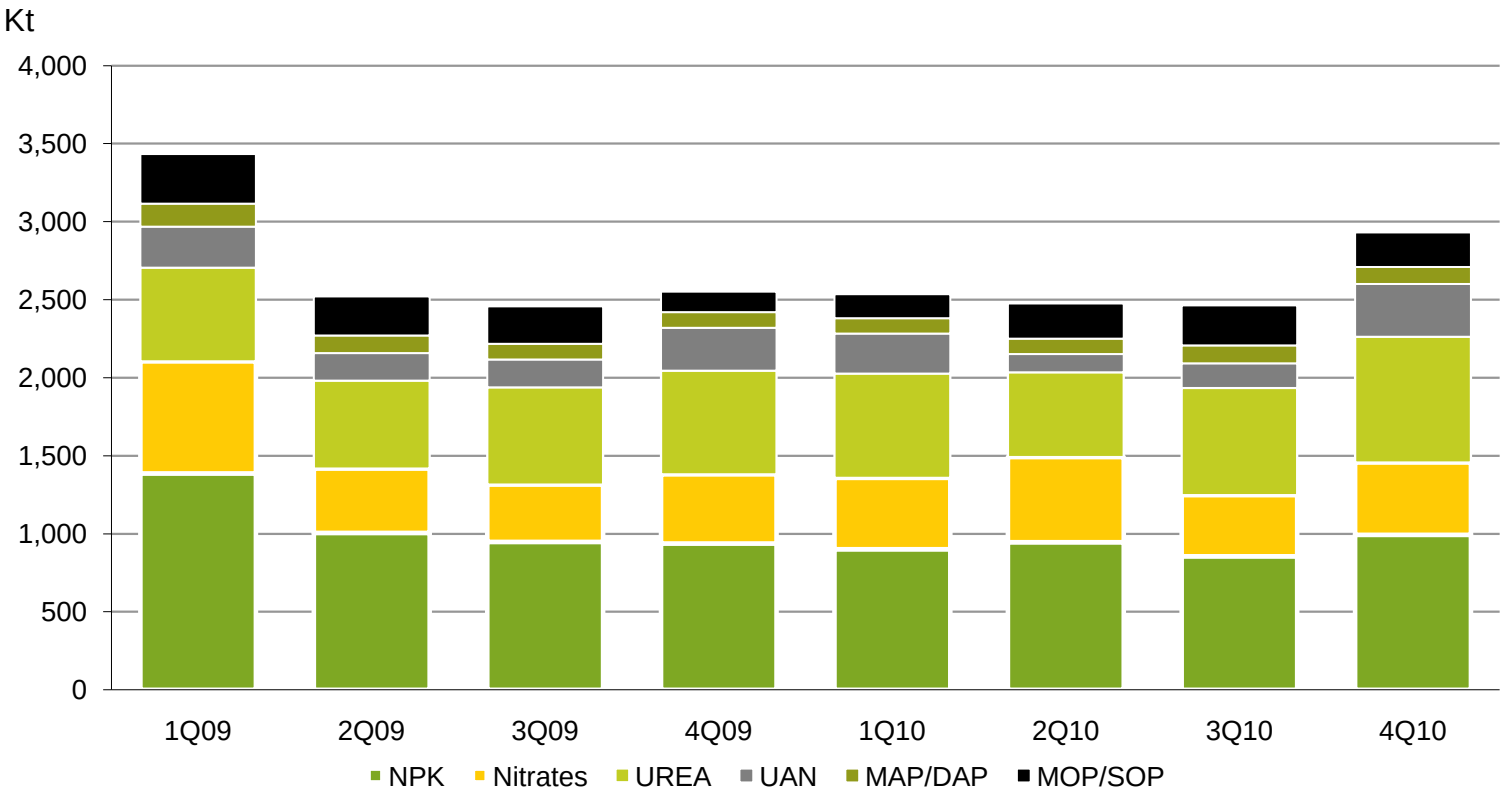
2010 earnings per share - highest so far



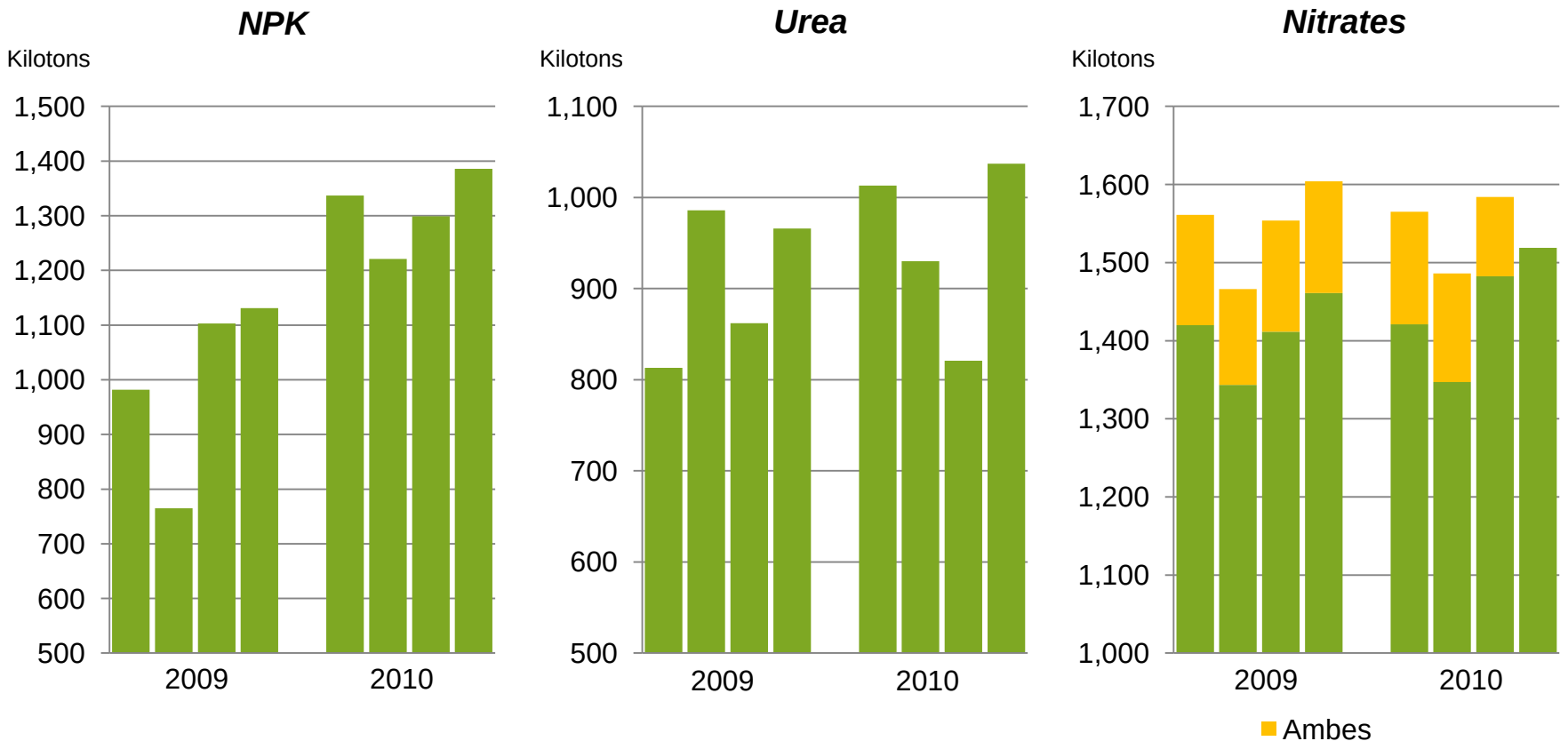
Proposed dividend of NOK 5.50 per share



Commercial optimization leading to some stock build-up



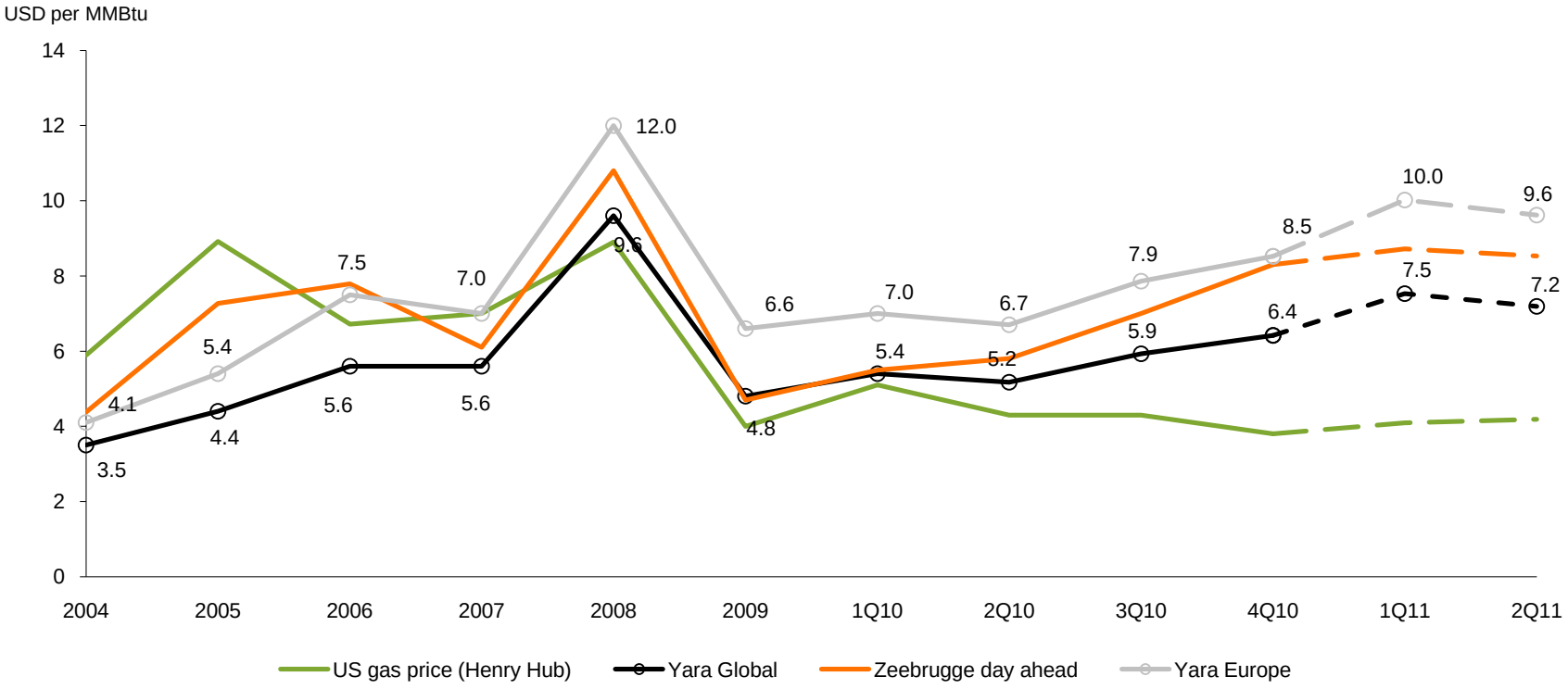
Production increase despite turnarounds*



* Including share of equity-accounted investees

Spot natural gas versus Yara average

Yearly averages 2004 – 2009, quarterly averages for 2010 and 2011 with forward prices for 2011*

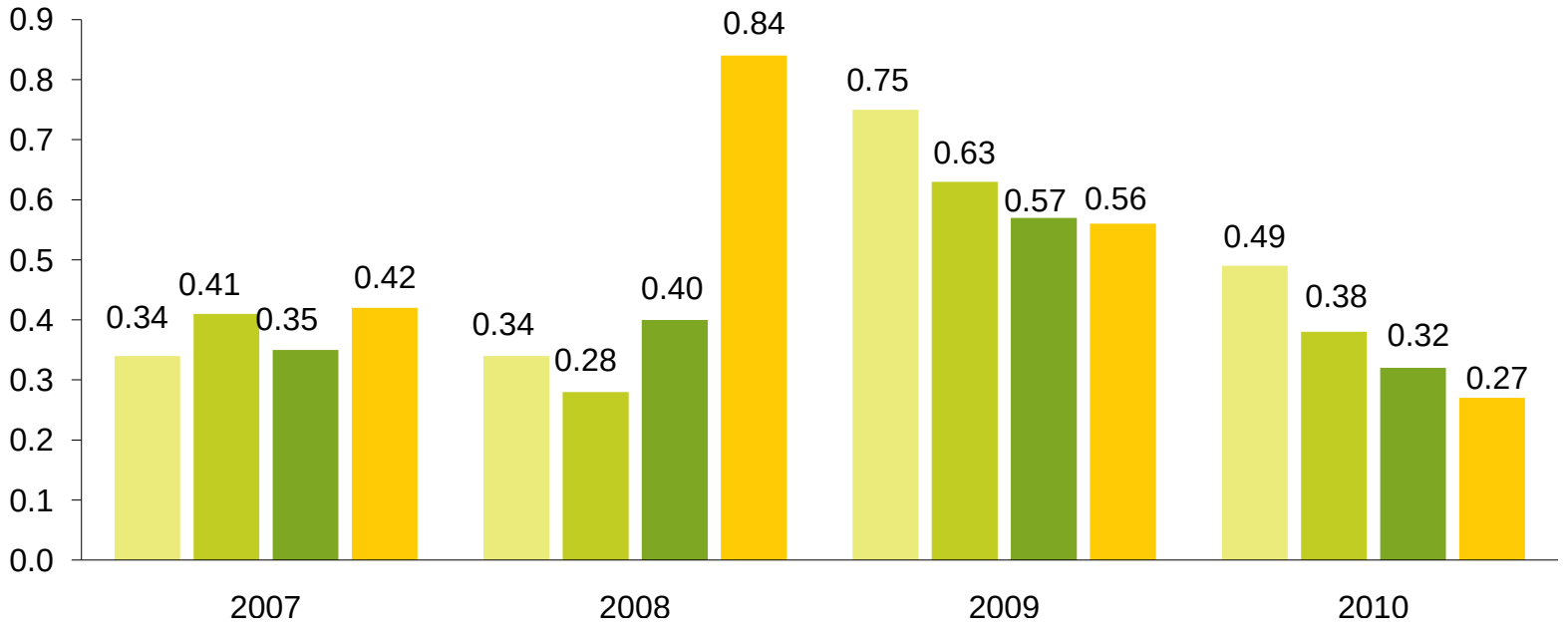


*Dotted lines denote forward prices as of 28 January

Source: Yara, World Bank, Platts

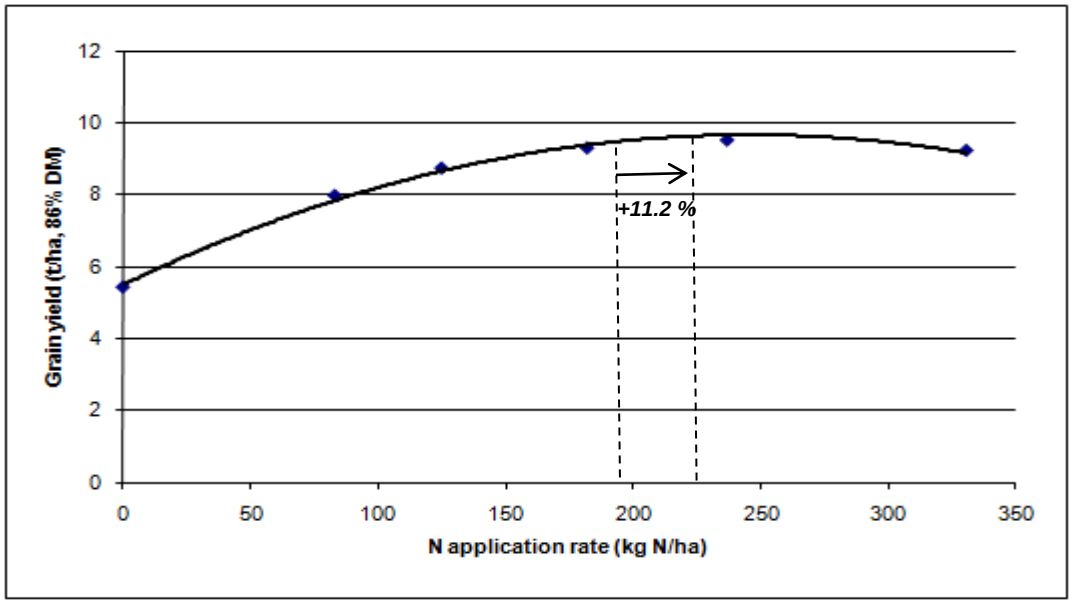
Debt/equity ratio

Net interest-bearing debt / equity ratio (end of period)



Increased fertilizer demand with high grain prices

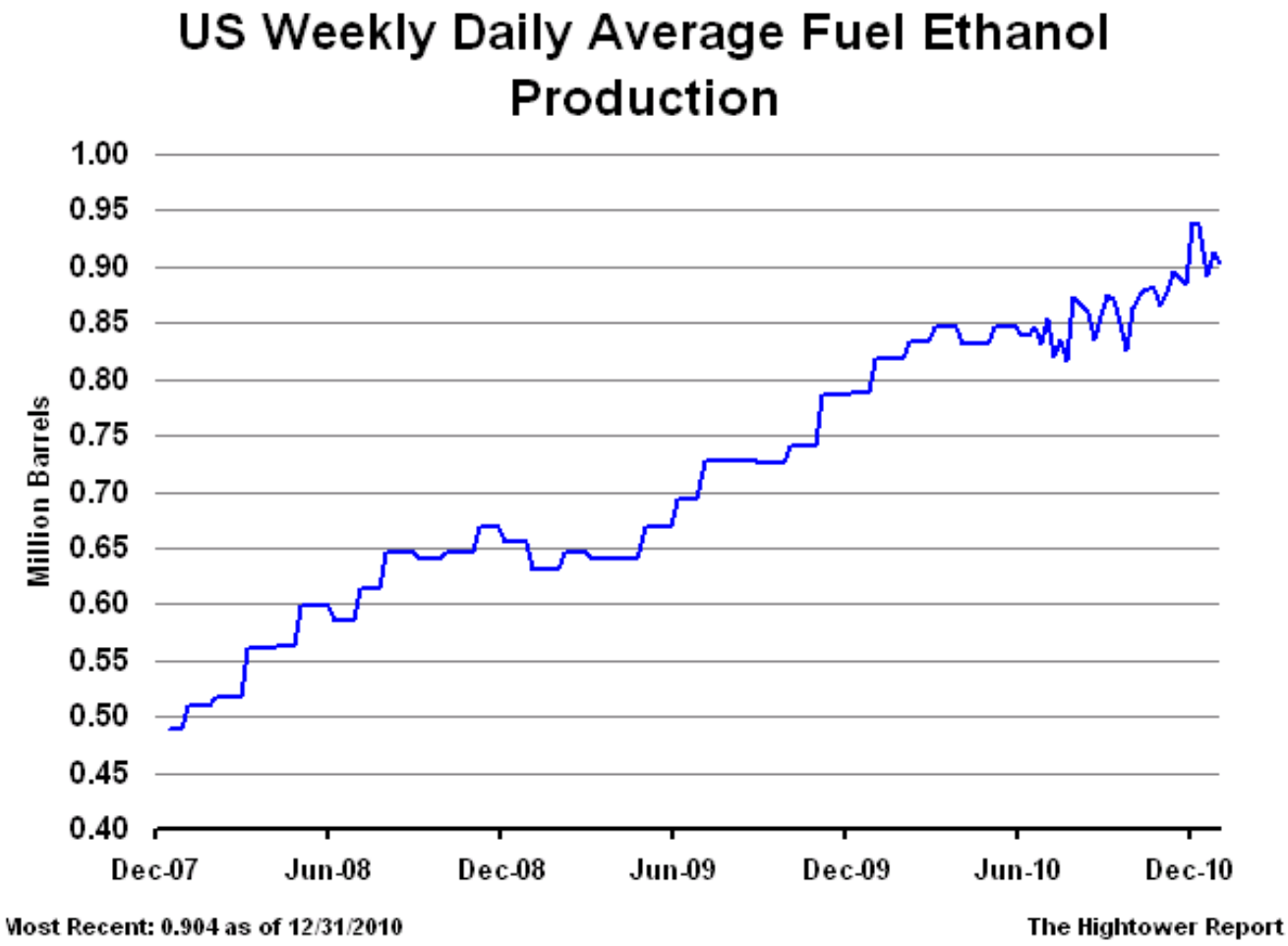
An example:



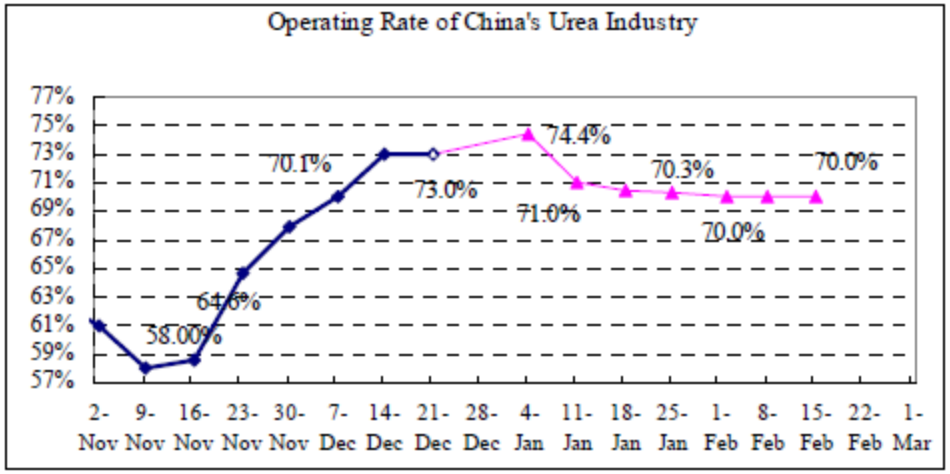
Yield curve based on 187 field trials for winter wheat(1996-2009)

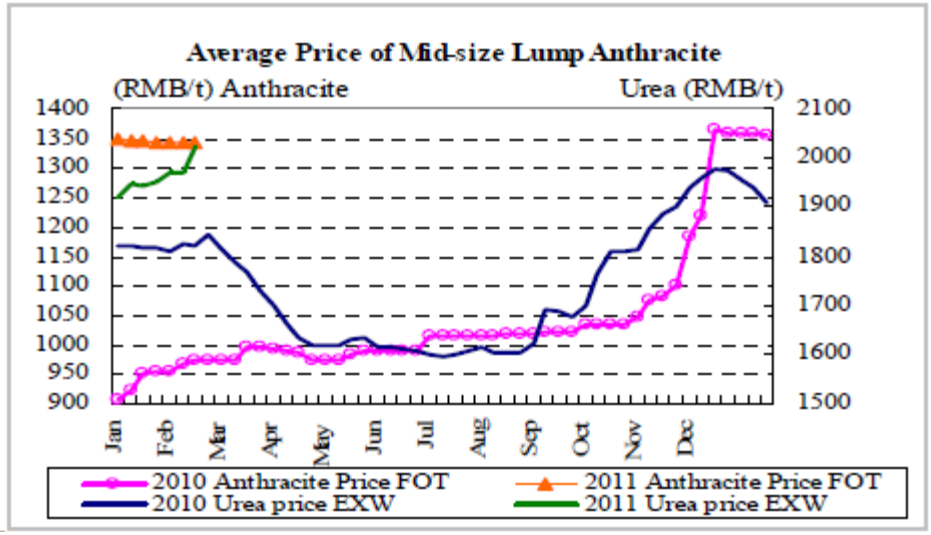
Assuming CAN 27% N costs Euro 260/mt at farmer level	Wheat price (Euros/mt)	N-optimum (kg/ha) 196	Revenue minus N cost (Euros/ha)
Scenario 1:	140	196	1,140
Scenario 2:	250	**218 (+11.2%)**	2,192 (+92%)

US ethanol production



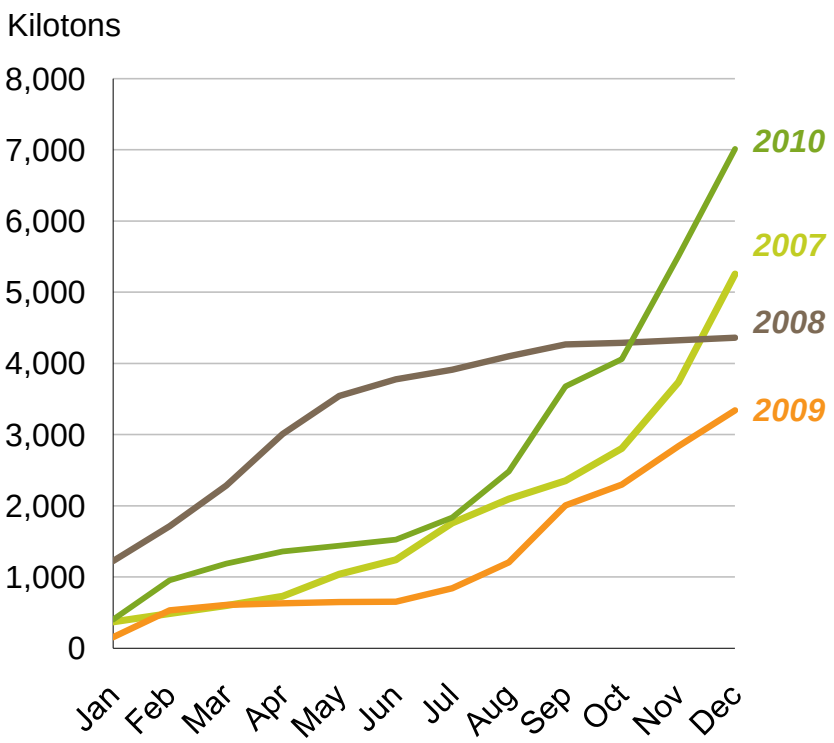
Latest Chinese urea development



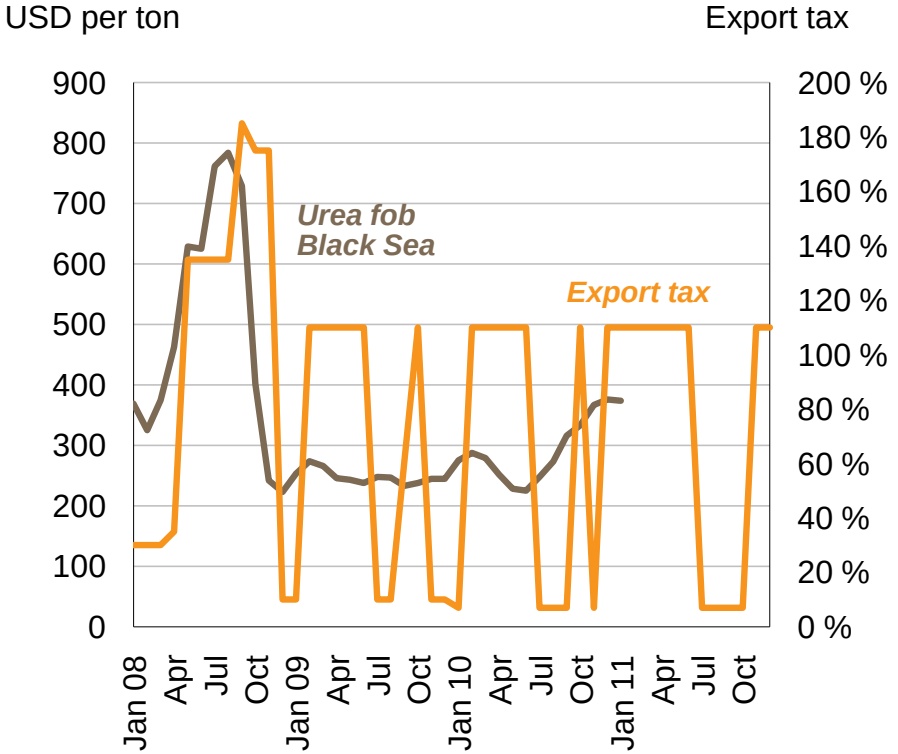


Chinese exports needed to balance the global market

Accumulated urea exports



Urea price and export tax



Source: BOABC

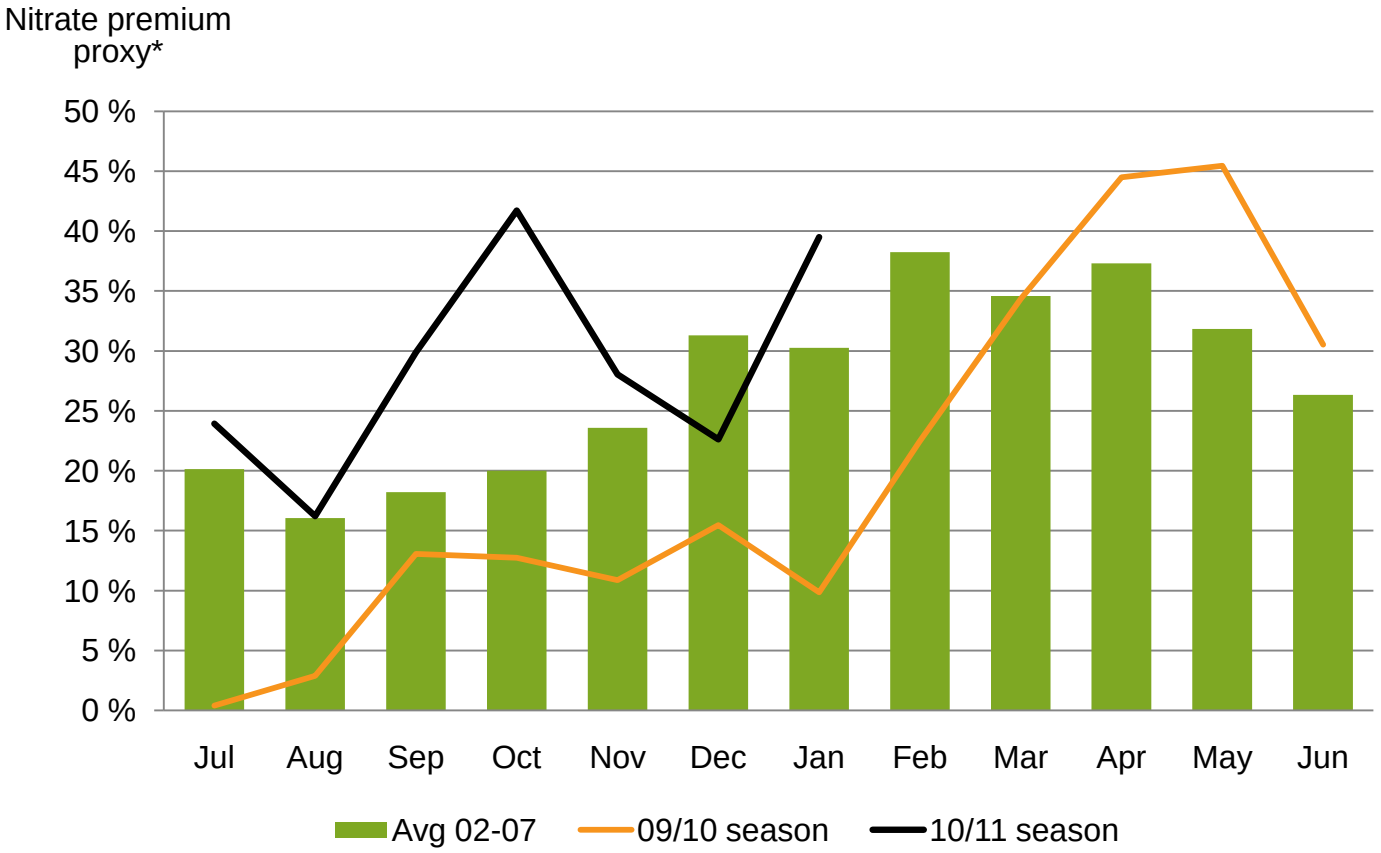
Planned capacity expansions

Year	Global urea capacity growth estimate		Driving regions	
	World	**Excluding China**	**World**	**Excluding China**
2010	5.7% (5.7%)	4.1% (4.0%)	China 57% Trinidad 7%	Trinidad 16% Iran 13%
2011	5.6% (5.1%)	5.0% (4.5%)	China 49% Pakistan 15%	Pakistan 29% Qatar 13%
2012	5.0% (4.2%)	2.6% (2.0%)	China 71% Qatar 8%	Qatar 27% Egypt 22%
2013	4.0% (4.1%)	5.0% (5.3%)	China 30% UAE 14%	UAE 20% Algeria 20%
2014	2.2%	2.9%	Algeria 24% Iran 22%	Algeria 32% Iran 30%
Average urea consumption growth has been 3.4% last 10 years, 2.4% excluding China				

September 2010 in brackets

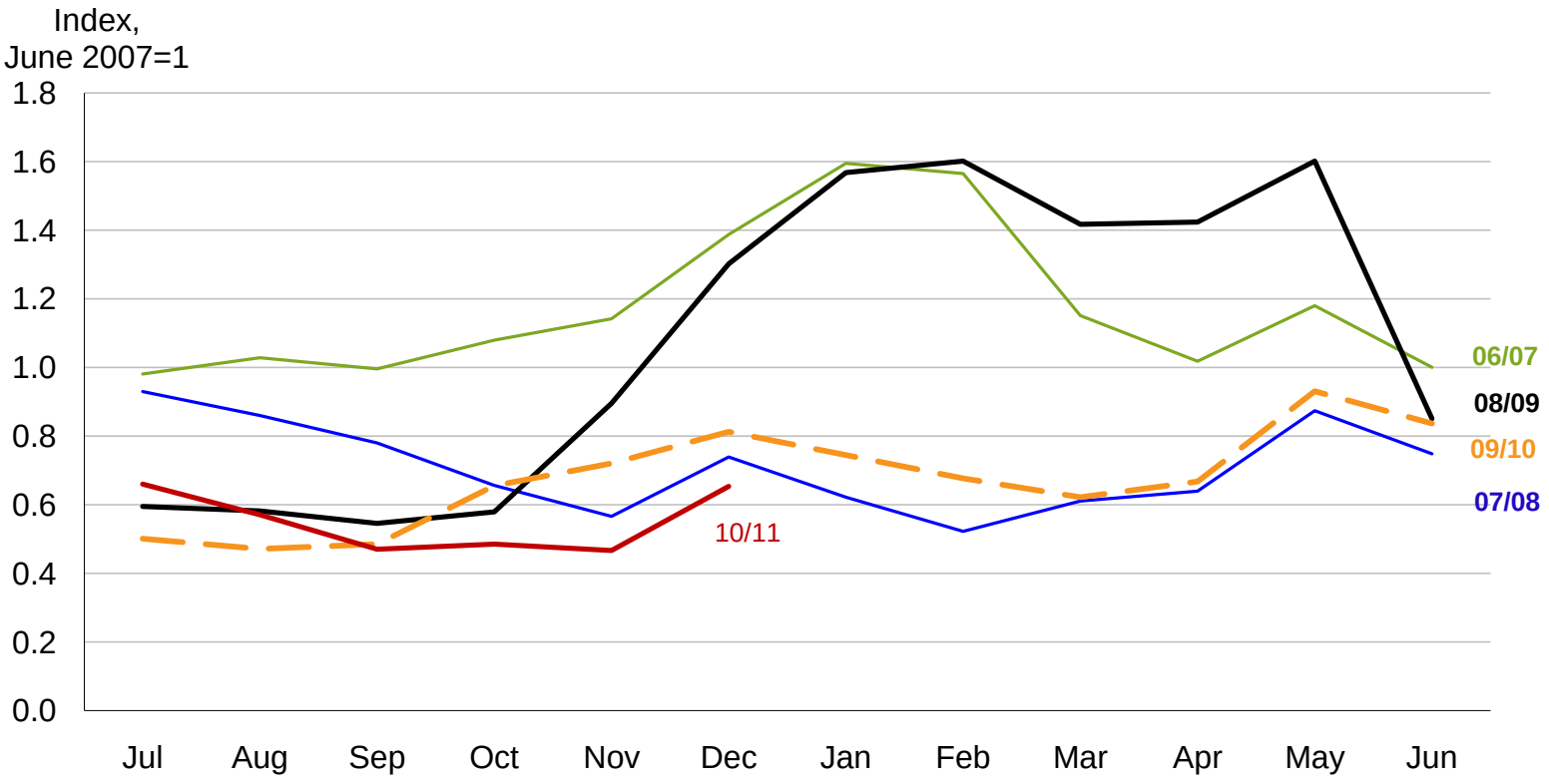
Source: Fertecon update December 2010

Nitrate premium



* Urea fob Black Sea adjusted for freight (USD 35) and duty (6.5%) to calculate a CFR NWE proxy

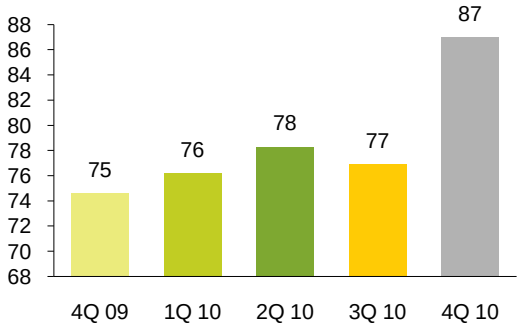
Low European producer nitrate stocks



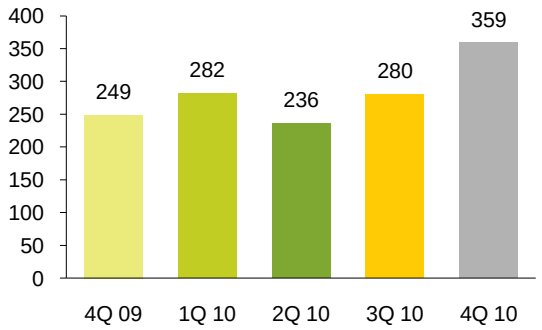
Source: Fertilizers Europe

Key value drivers – quarterly averages

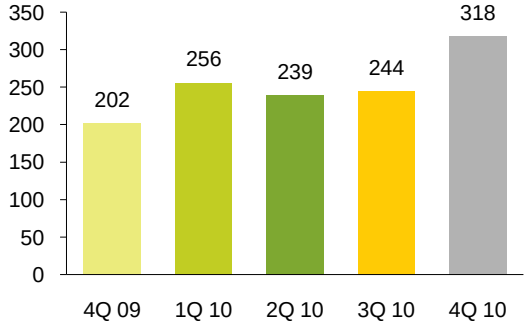
Oil Brent blend spot (USD/bbl)



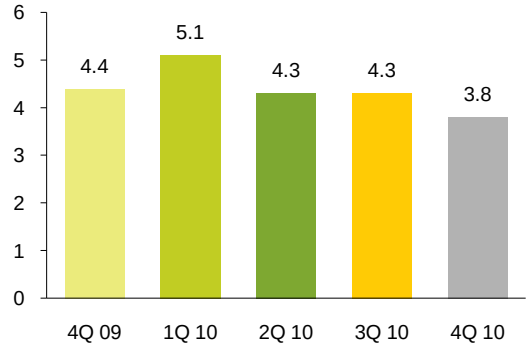
Urea prilled fob Black Sea (USD/t)



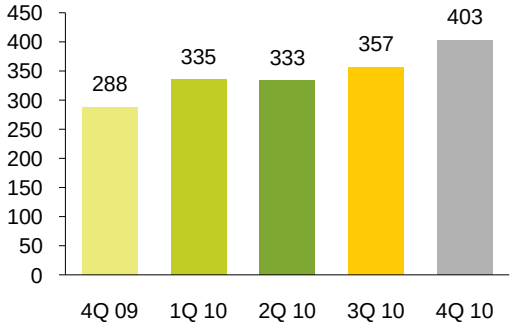
CAN cif Germany (USD/t)



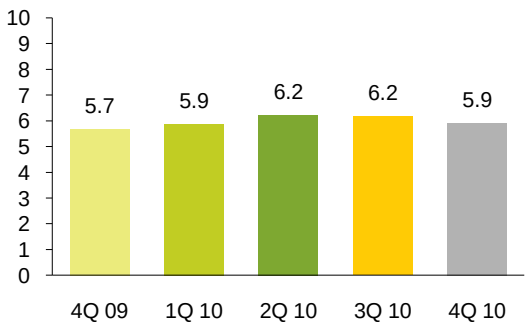
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



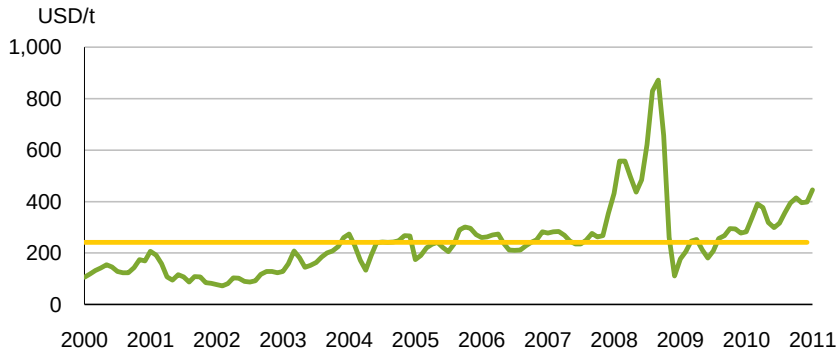
NOK/USD exchange rate



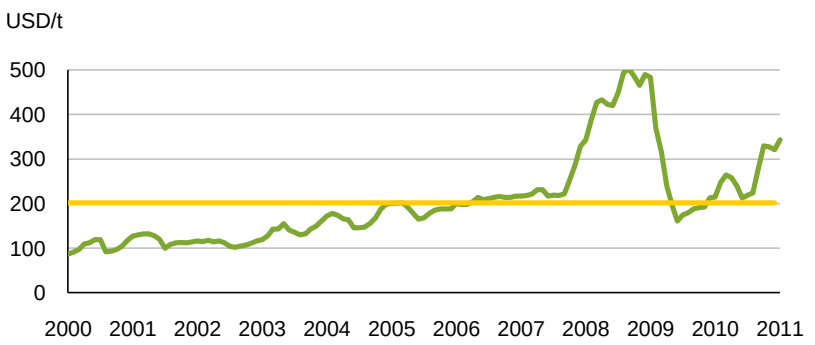
Source: The Market , CERA, World Bank, Norges Bank

10-year fertilizer prices – monthly averages

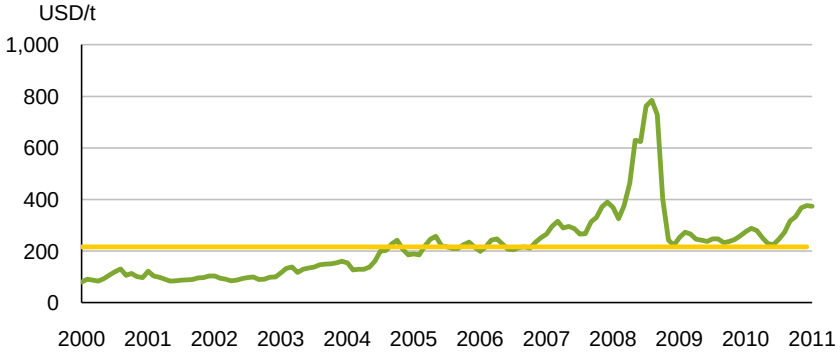
Ammonia fob Black Sea



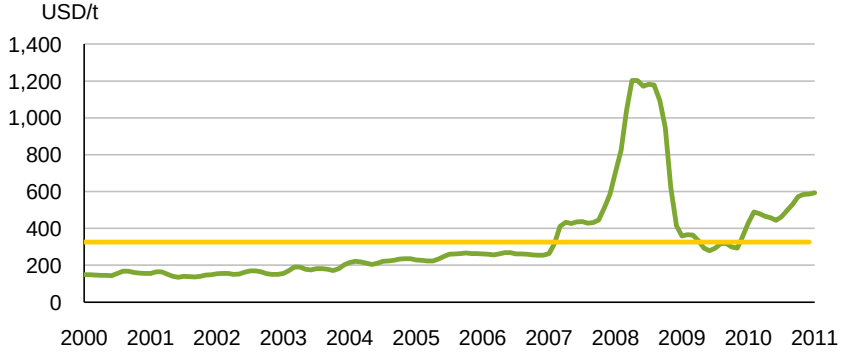
CAN cif Germany



Urea prilled fob Black Sea



DAP fob US Gulf

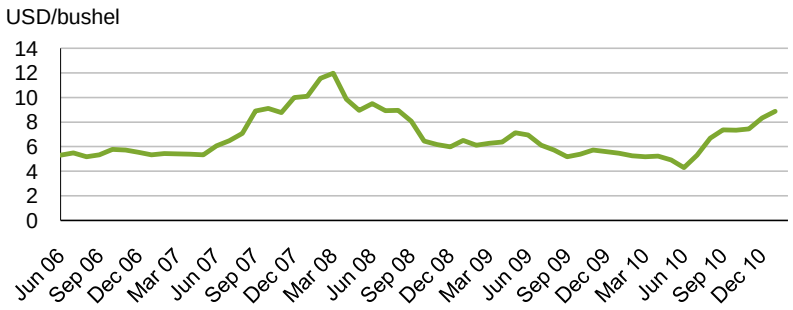


Average prices 2000 - 2010

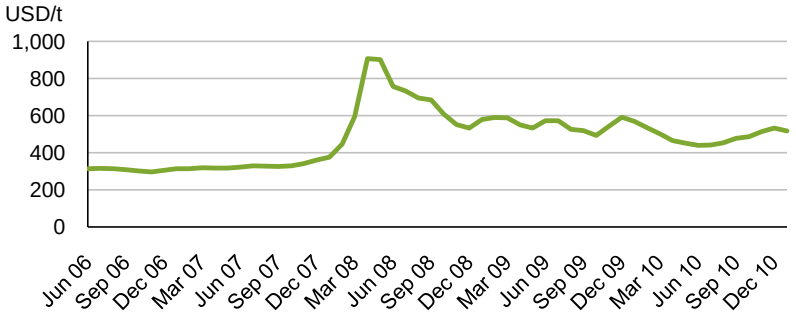
Source: Average of international publications

Agricultural commodity prices increasing

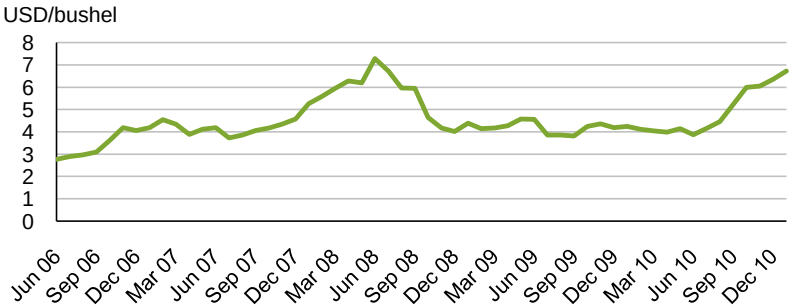
Wheat (HRW US Gulf)



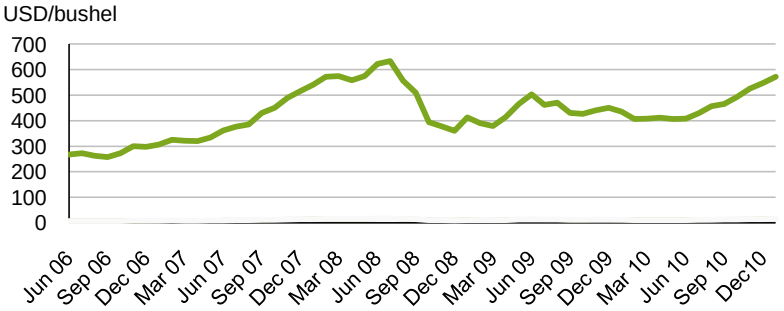
Rice (Thailand)



Corn (US Gulf)



Soybeans (cif Rotterdam)



Source: World Bank, February 2011

Agriculture center-stage in Davos:

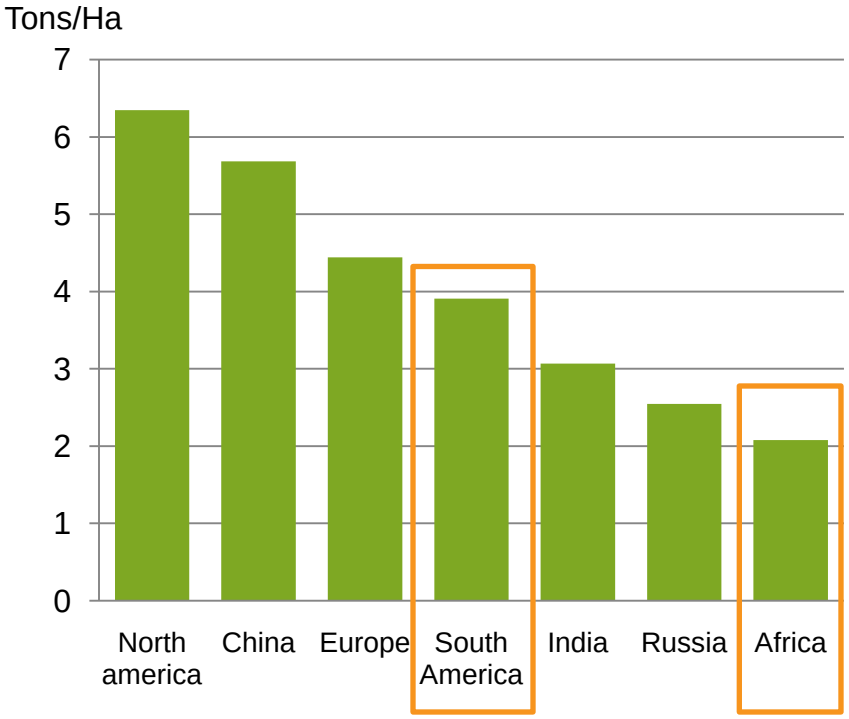
Roadmap for realizing a "New Vision for Agriculture" presented

- Initiative backed by 17 global companies, among others BASF, Monsanto, Bunge, Syngenta, Nestle, Unilever and Yara
- The initiative addresses major challenges of global food and agricultural sustainability
- Aiming every decade to:
  - Increase food production by 20%
  - While emitting 20% less
  - Reducing rural poverty by 20%

Agriculture provides much more than food, and can fulfill the world's most basic social needs

Significant potential by applying best agricultural practices

Grain yields



Land not in use

Million hectares	Very suitable	Suitable
India	0	0
China	0	0
Africa	205	367
FSU	0	23
Latin America	191	349
North America	0	68
East Europe	0	0
West Europe	0	0

Source: McKinsey & Company, FAOSTAT

Corporate targets

• Solid profitability	
– CROGI over the cycle	> 10% as average
• New investment profitability	
– *Hurdle rate: IRR real, after tax*	*> 7%*
• Relative competitiveness	
– Gross Return (EBITDA/Total assets)	Best quartile of peers
• Financial strength	
– Long-term rating target	Mid investment grade
• Expected cash return to shareholders	
– *Sum of dividend and buy-backs*	*40-45% of net income*
• HSE	
– Health, Safety and Environment	Best quartile of the industry