



Knowledge grows

# Yara International ASA First quarter results 2011

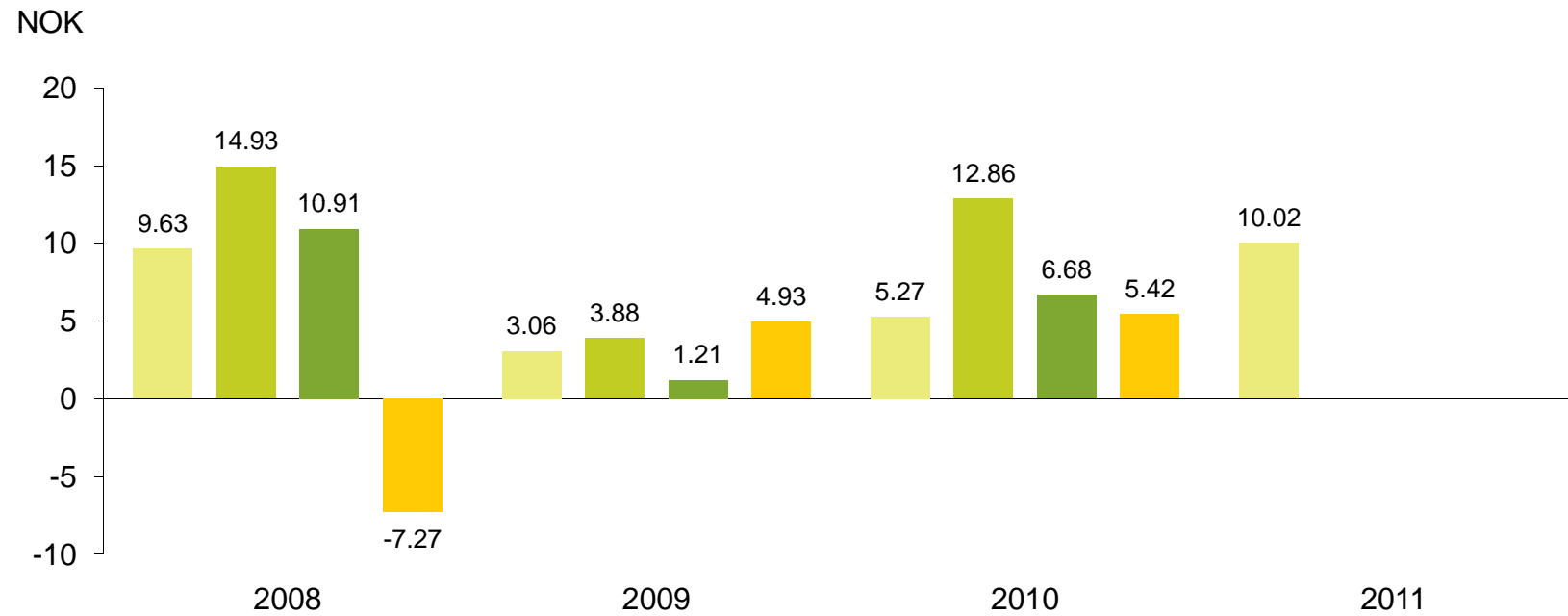
29 April 2011

## Summary first quarter

- Strong results driven by fertilizer margin improvements
- 7 percent increase in deliveries
- Volume and margin increase for NPKs
- Increased European energy cost



# Earnings per share\*



Annual

NOK	28.27	13.08	30.24	10.02
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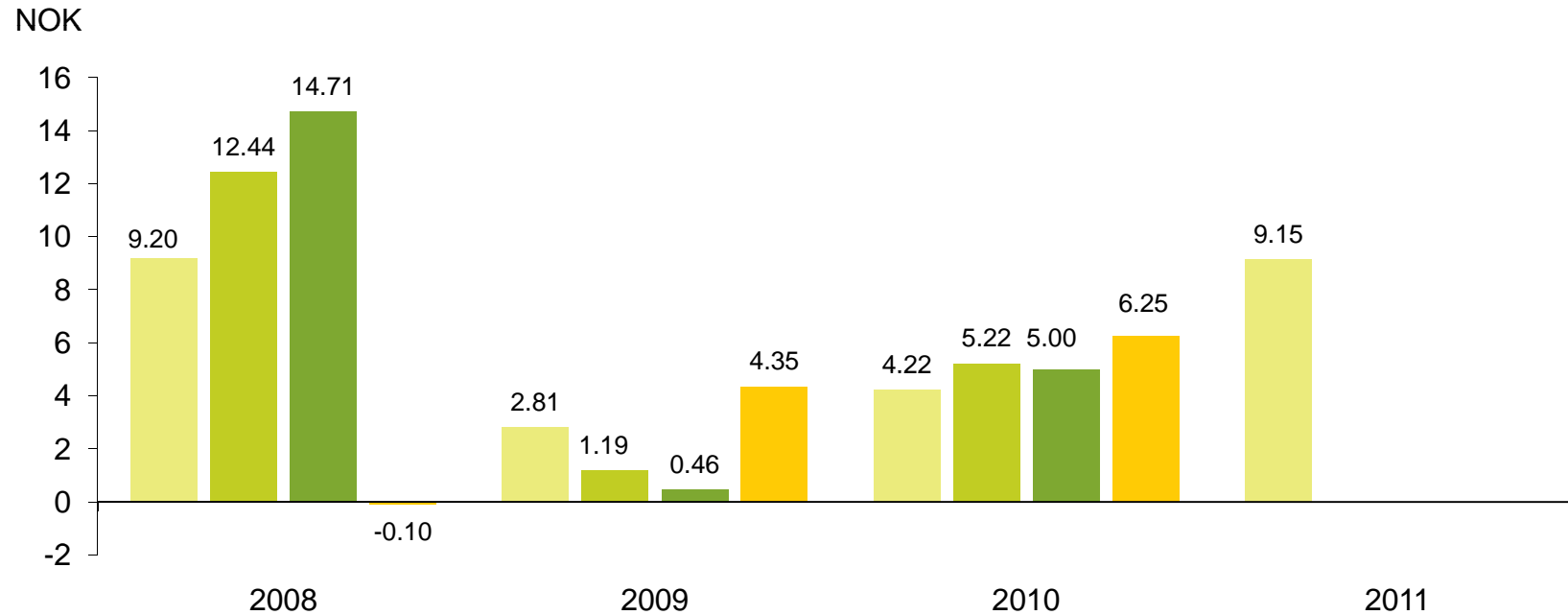
\* Average number of shares for 1Q 2011: 288.3 million (1Q 2010: 288.8 million).



IR – Date: 2011-04-29



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



## Annual

NOK	36.28	8.82	20.69	9.15
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\* Average number of shares for 1Q 2011: 288.3 million (1Q 2010: 288.8 million).



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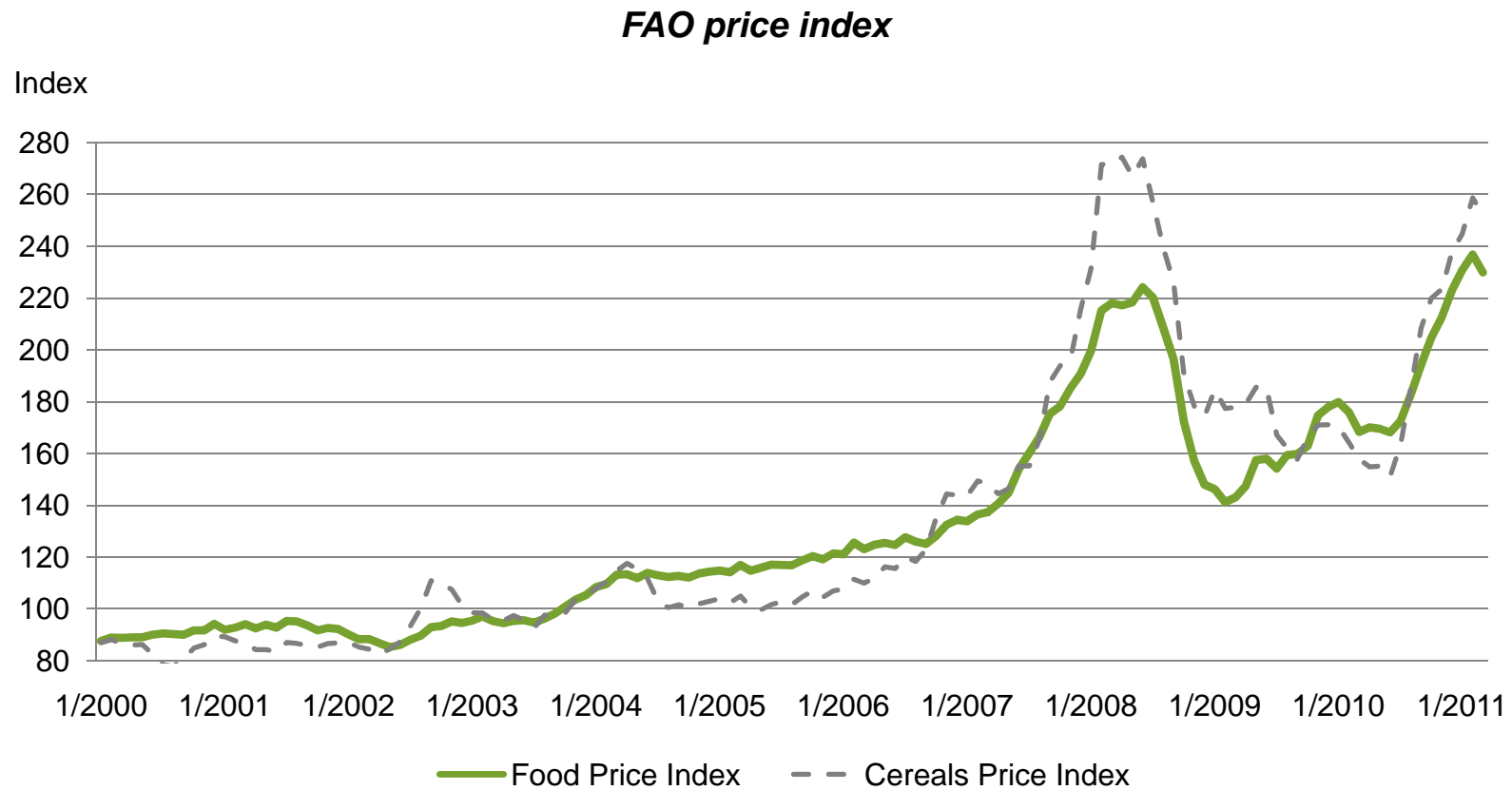


## Fertilizer market development in first quarter

- Strong demand for all nutrients, due to higher agricultural commodity prices
- Massive Chinese urea exports during second half 2010 negatively affected import demand during first quarter
- 2% decrease in Western Europe nitrogen industry deliveries for the quarter, the season is 8% ahead
- Tight market for both nitrates and NPK globally
- Production loss in Tunisia affects an already tight phosphate market



# Food prices continue to increase



Source: FAO

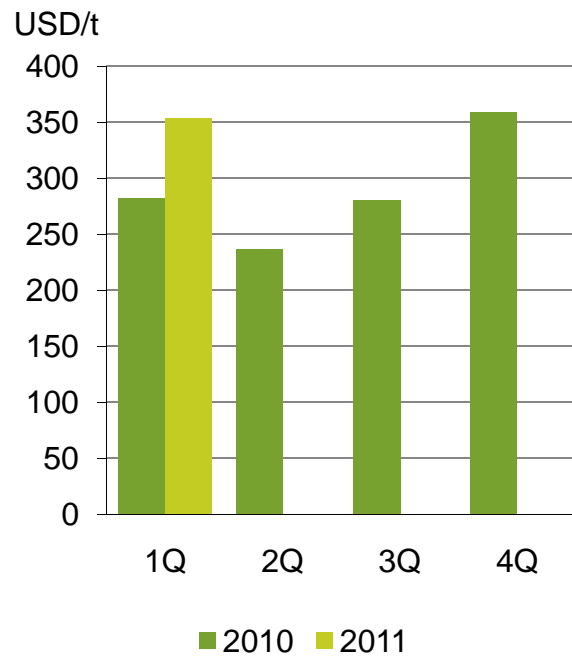


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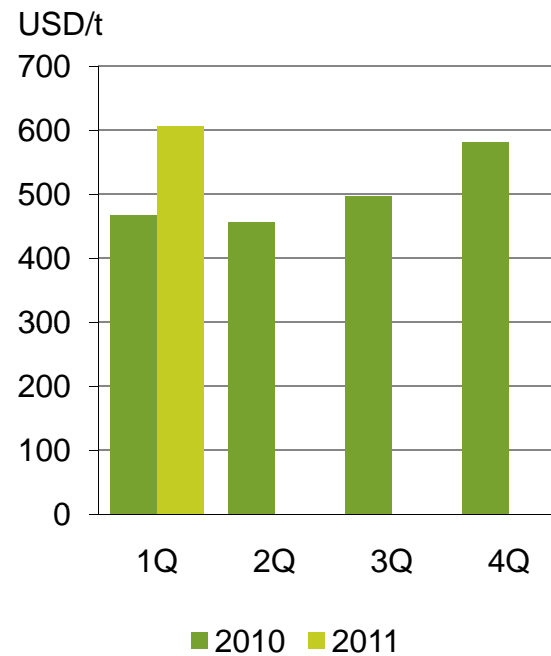


## Strong market for all nutrients

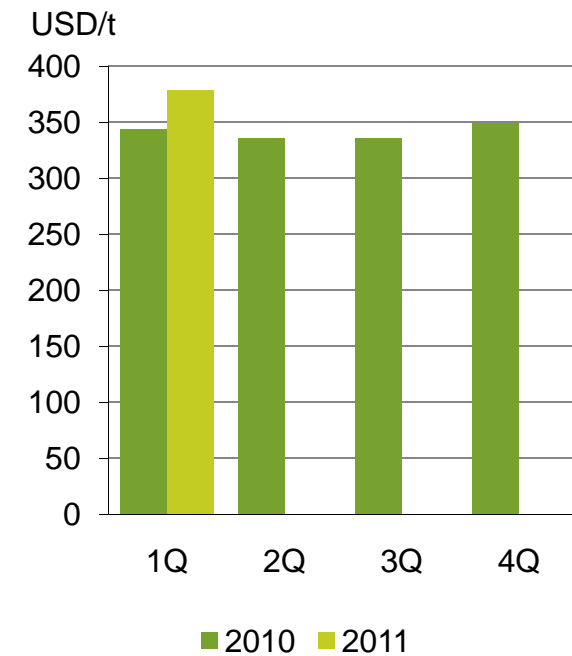
**Urea prilled fob Black Sea**



**DAP fob US Gulf**



**MOP fob Vancouver**



Source: Fertilizer Market Publications

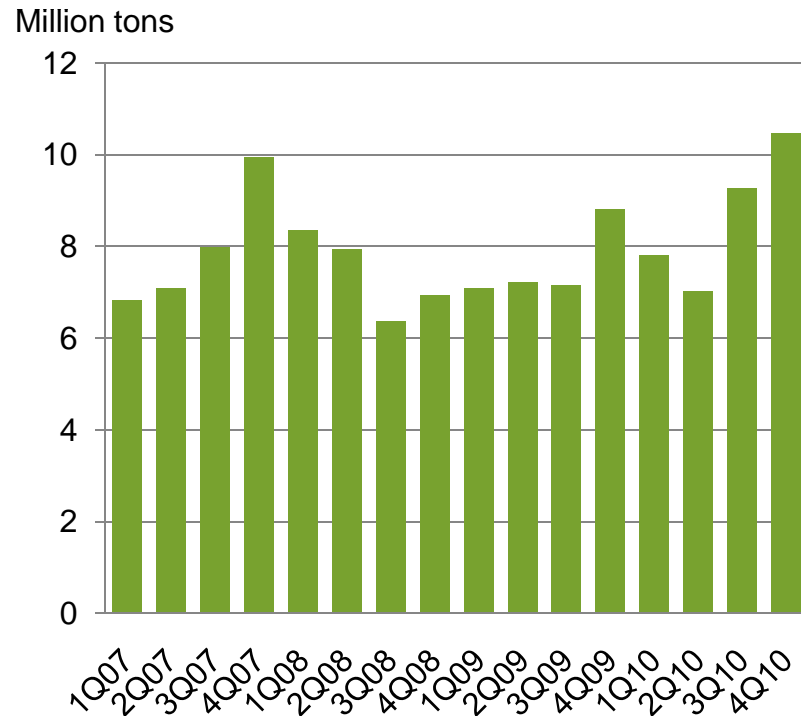


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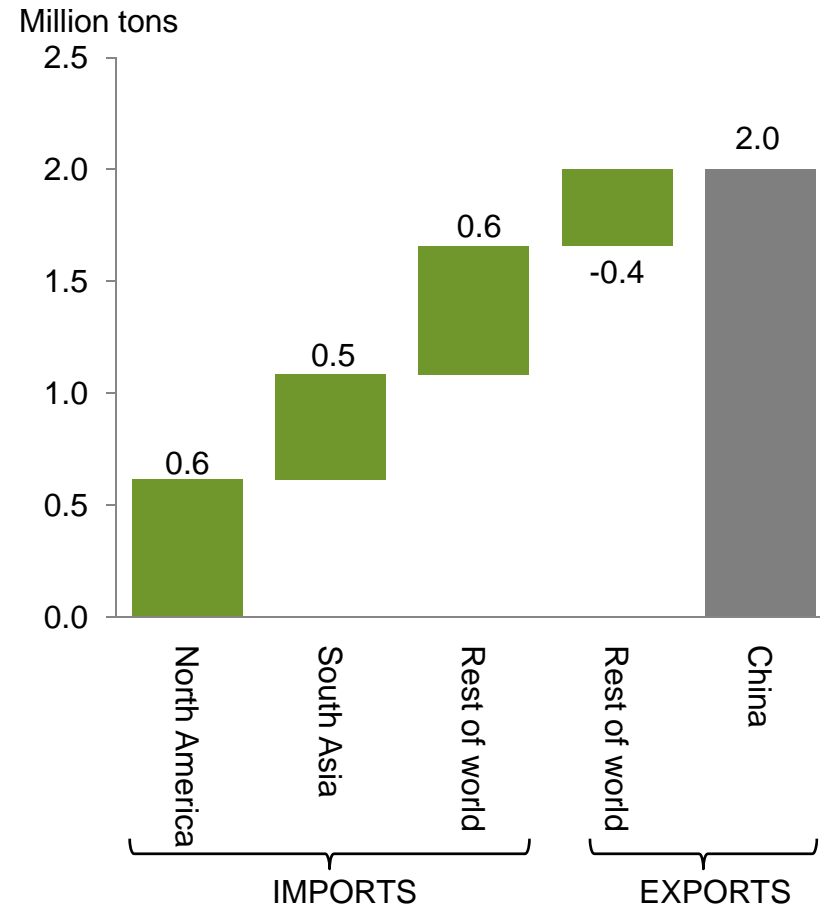


# Strong demand in first part of season reduced imports in first quarter

**Global urea trade**



**Urea trade up 19% in fourth quarter**



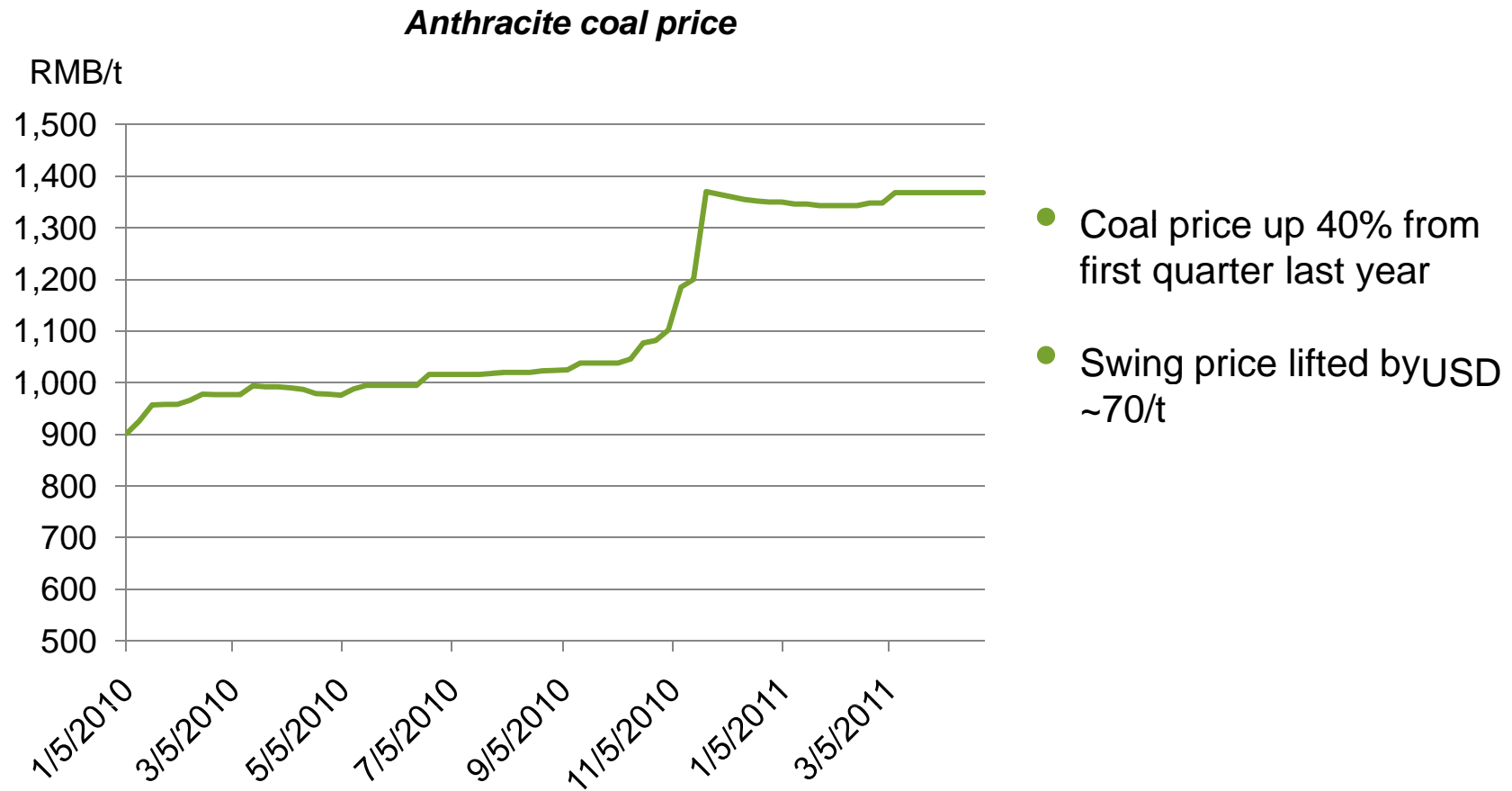
Source: IFA



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## Increase in Chinese coal price has lifted the urea floor price



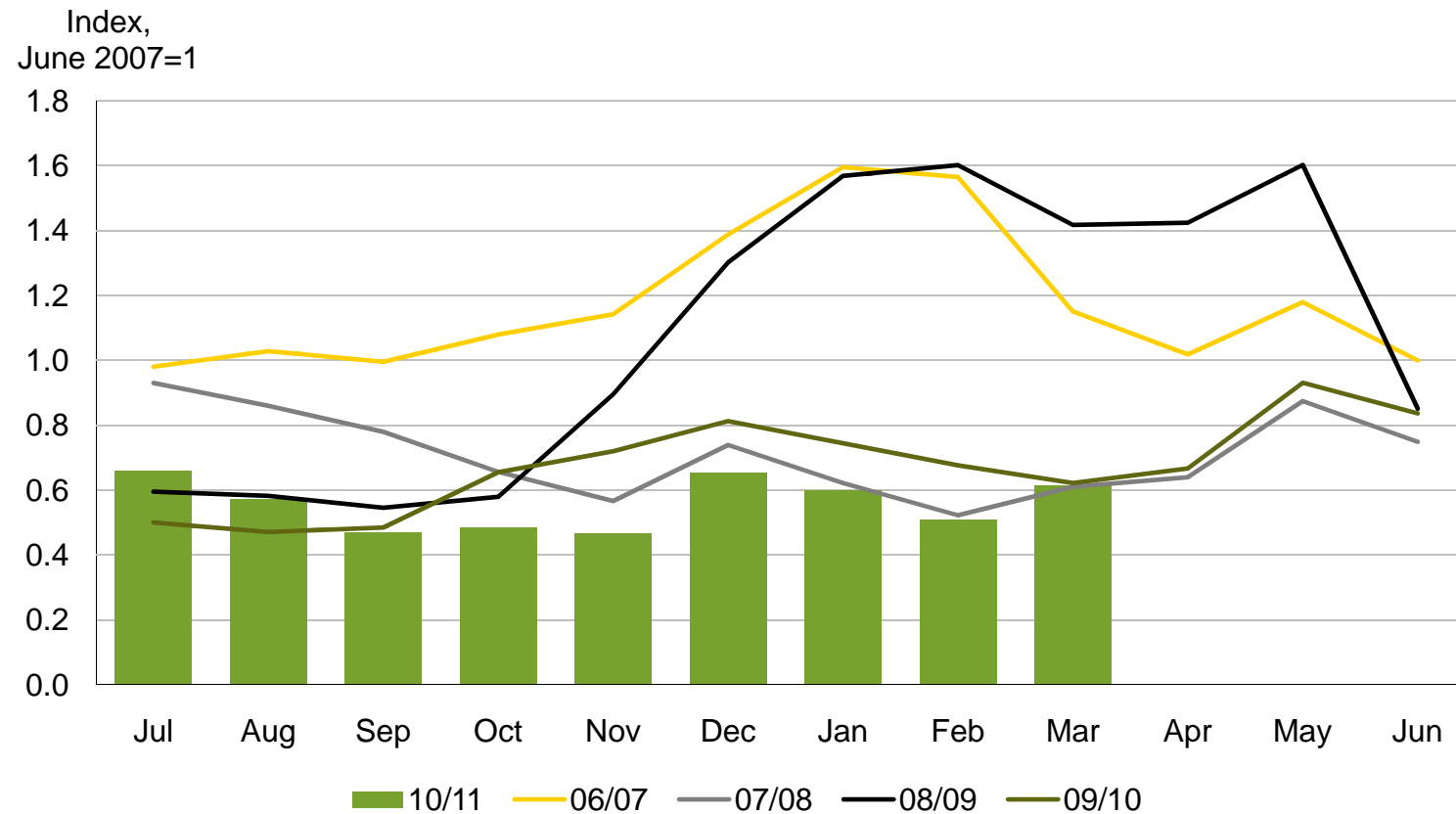
Source: China Fertilizer Market



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## Low European producer nitrate stocks



Source: Fertilizers Europe



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## “Pure Nutrient” communications program

- Program aimed at farmers and other agriculture stakeholders in France, Germany, Belgium and the Netherlands
- The “Pure Nutrient” campaign complements the “carbon footprint” campaign launched in 2010
- Emphasizing nitrates’ superior characteristics:
  - provide better yields and quality than urea and UAN
  - lower environmental impact compared to urea and UAN
  - better value for money



# Implementing a new downstream strategy in Thailand

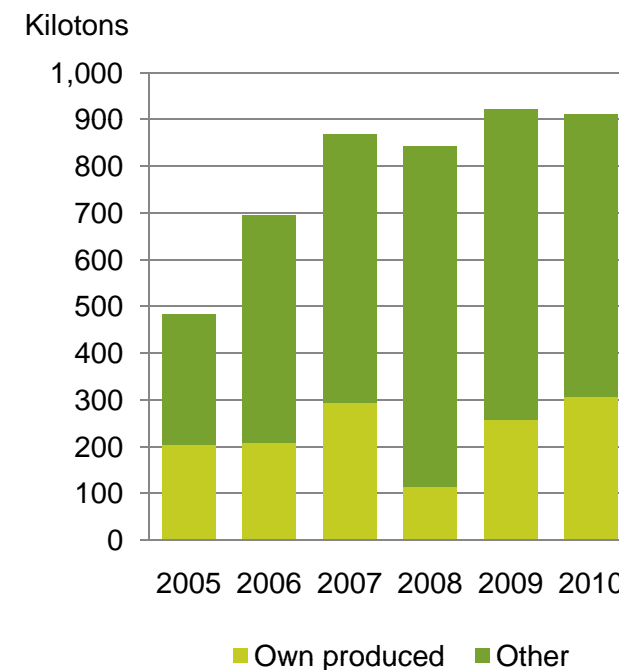
## Background

- Thailand increasingly more important for Yara
- Acquisition of Kemira GrowHow provided Yara the opportunity to act as the industry shaper in Thailand
- Stronger market access needed to implement Yara Downstream strategy

## Actions taken

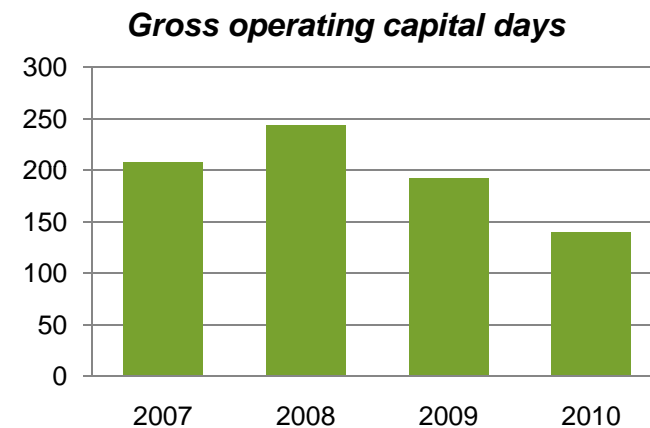
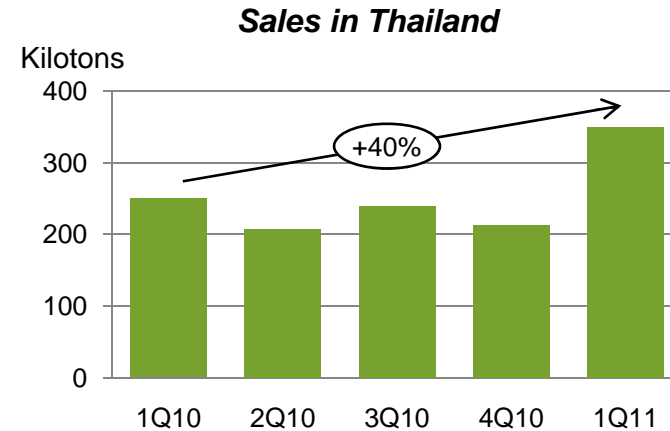
- Change in business model - from one partner to 170 dealers
- Enabled direct communication with customers, dealers and growers
- Positioned Yara to become a true crop nutrition expert in Thailand

**Sales volumes, Thailand**

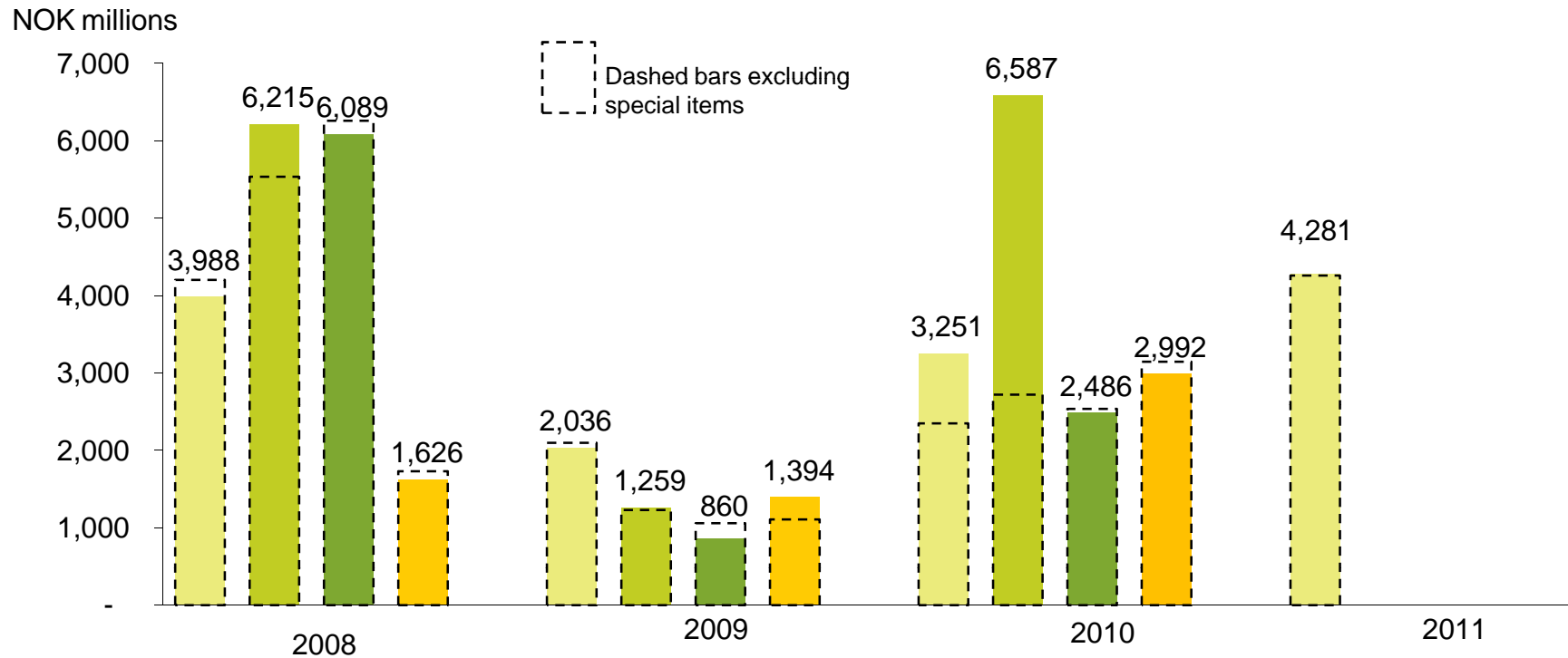


## The new strategy is already a success

- 2010 was the best year ever for Yara in Thailand
- First quarter sales are 40% higher than last year
- Yara captures additional distribution margin with only moderate increase in fixed costs
- Operating capital days are reduced by 100 days since peak



# Earnings before interest, tax, depreciation and amortization (EBITDA)



Annual

NOK millions	17,917	5,549	15,315	4,281
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## Variance analysis Yara group

NOK millions	1Q 2011
EBITDA 2011	4,281
EBITDA 2010	3,251
Variance EBITDA	1,030
Volume & mix	174
Price/Margin	2,683
Oil & gas costs in Europe	(746)
Special items	(880)
Other	(111)
Conversion (NOK vs. USD)*	(89)
<b>Total variance explained</b>	<b>1,030</b>

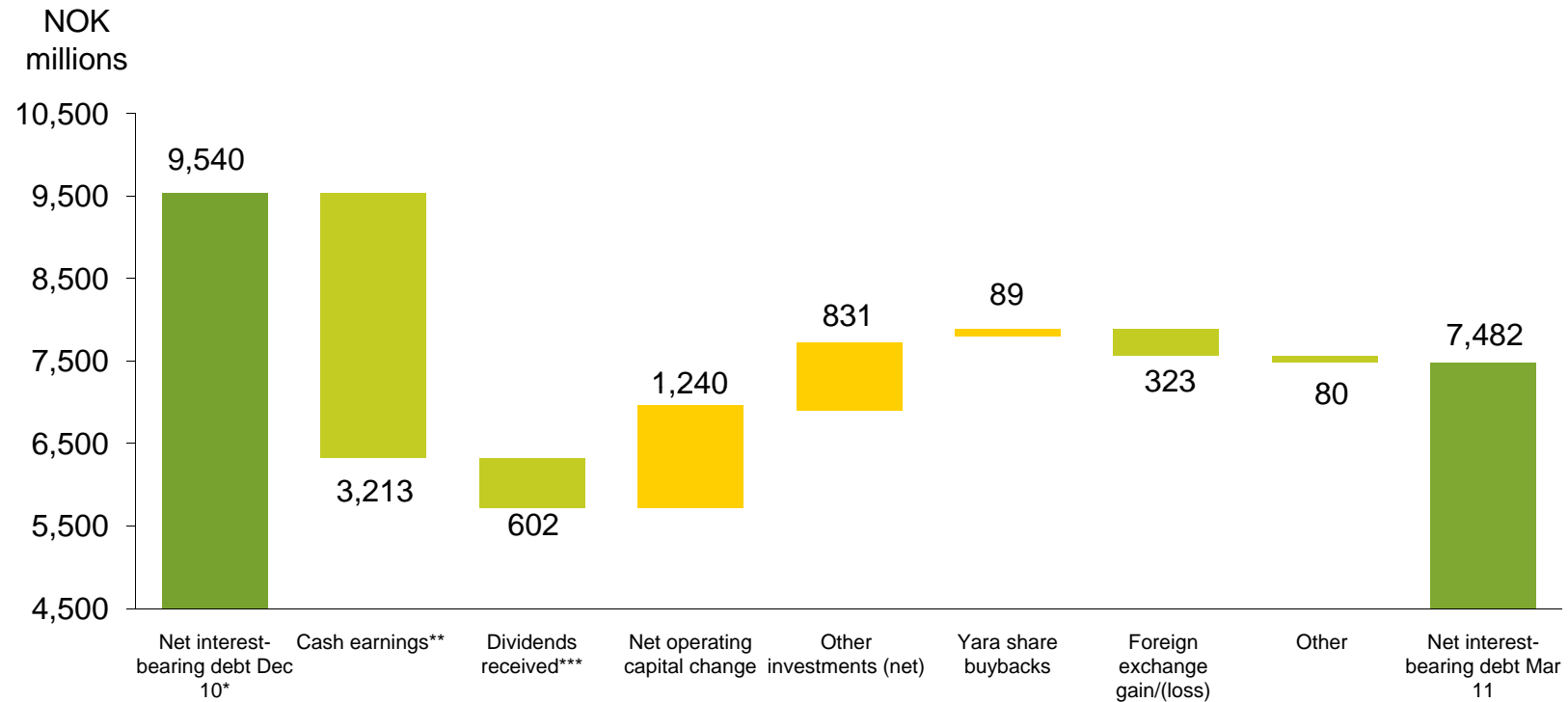
\* Based on average NOK per USD rate for the quarter 2011: 5.73 (2010: 5.86)



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# Net debt development



\* Included in net interest-bearing debt are external bank time deposits (4-12 months), this is part of other current assets in balance sheet

\*\* Operating income plus depreciation and amortization, minus tax paid, net gain/loss on disposals, net interest expense and bank charges

\*\*\* Dividend received from equity-accounted investees

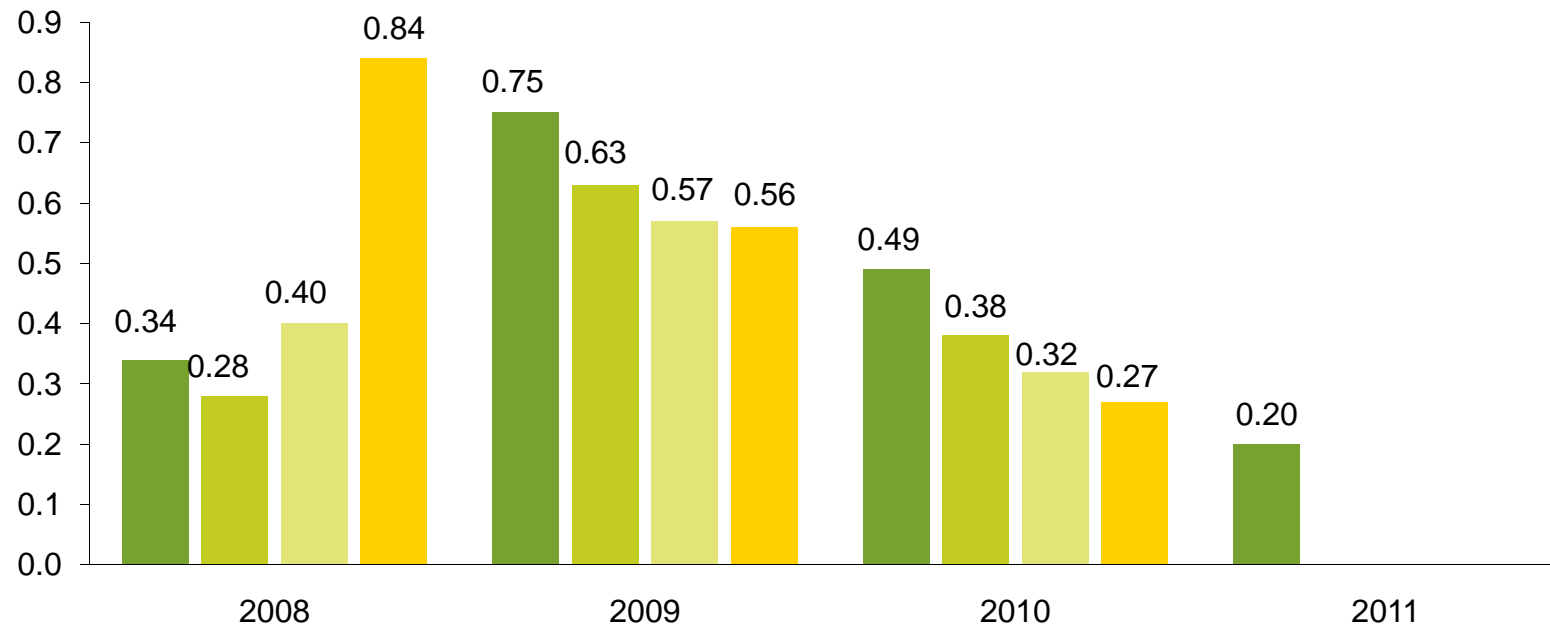


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# Debt/equity ratio

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



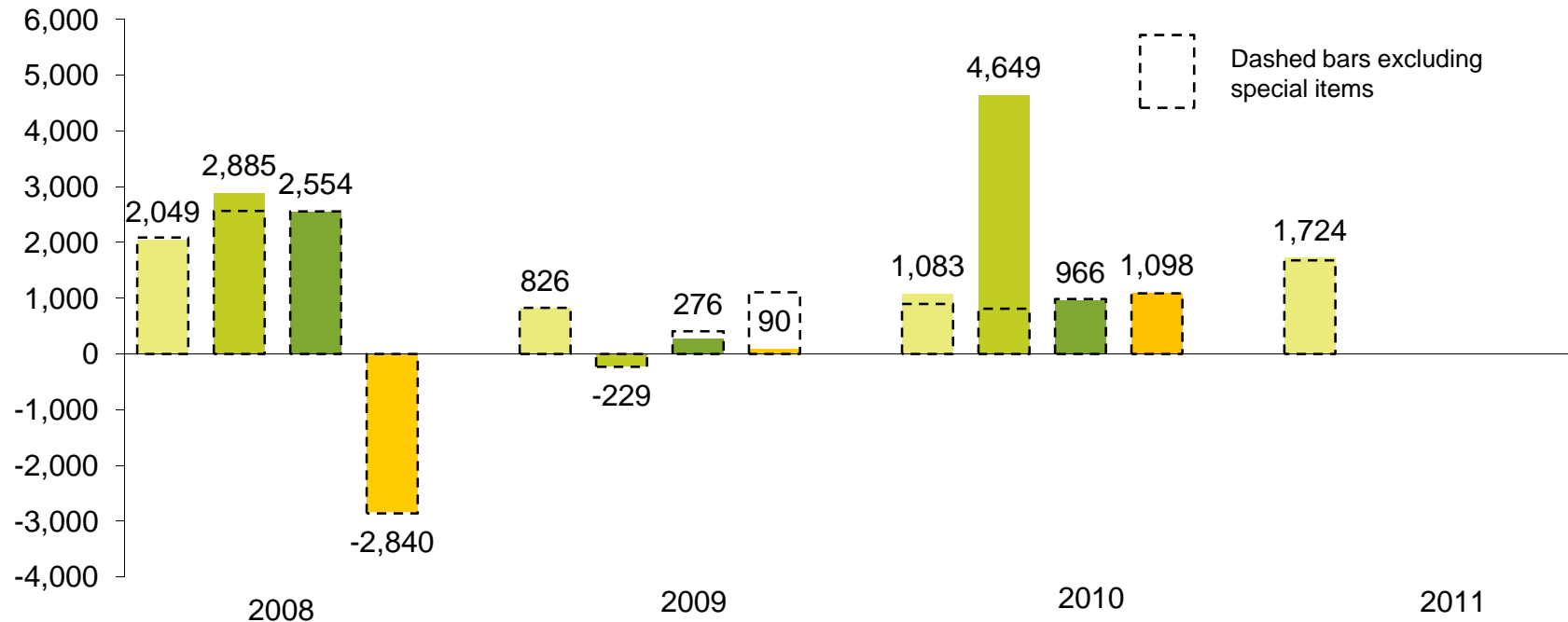
## Downstream segment

- Strong results driven by improved margins
- Increased sales to premium NPK markets outside Europe
- Volumes up 7 percent from last year



# Downstream EBITDA

NOK millions



Annual

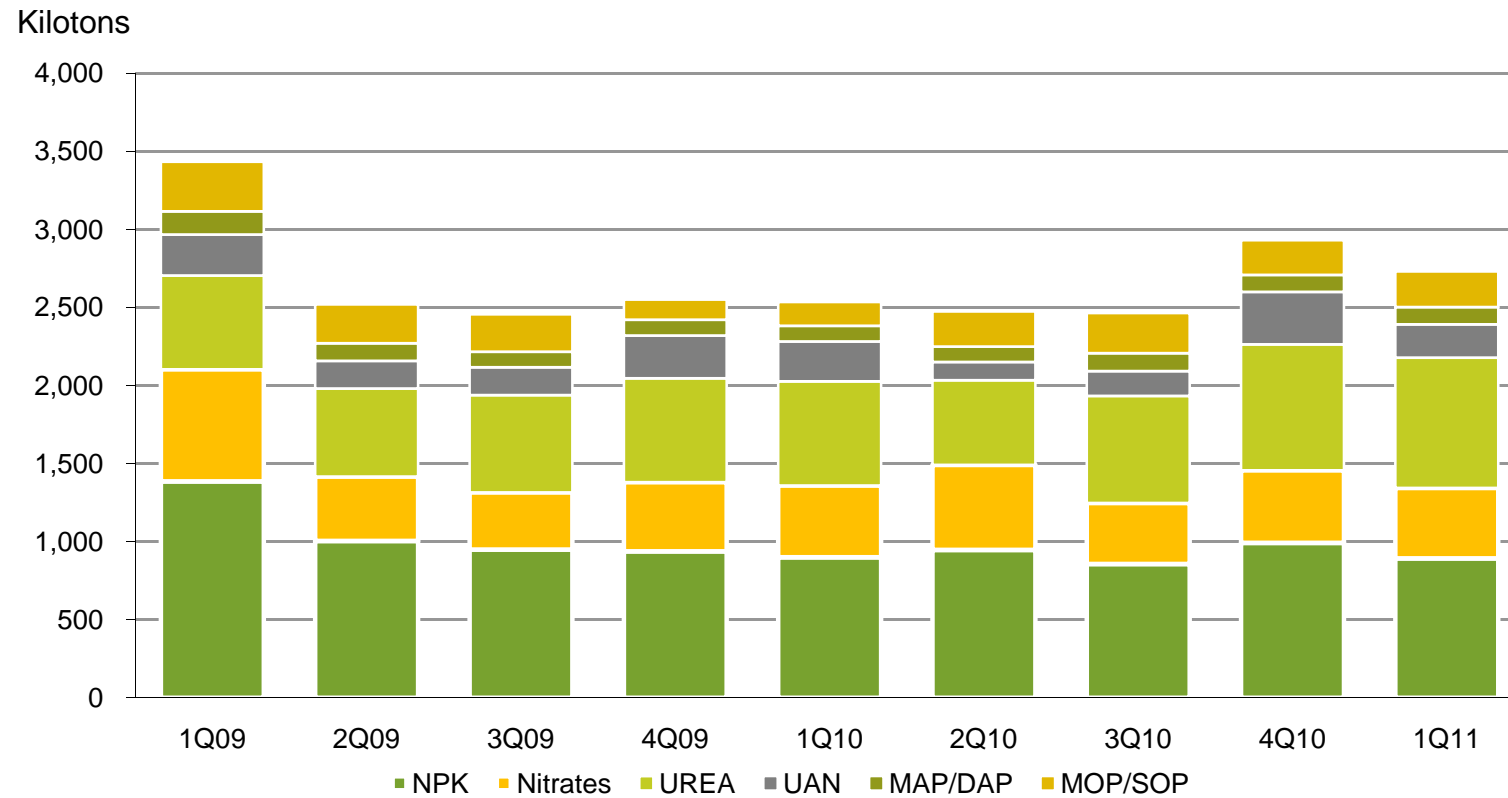
NOK millions	4,648	963	7,796	1,724
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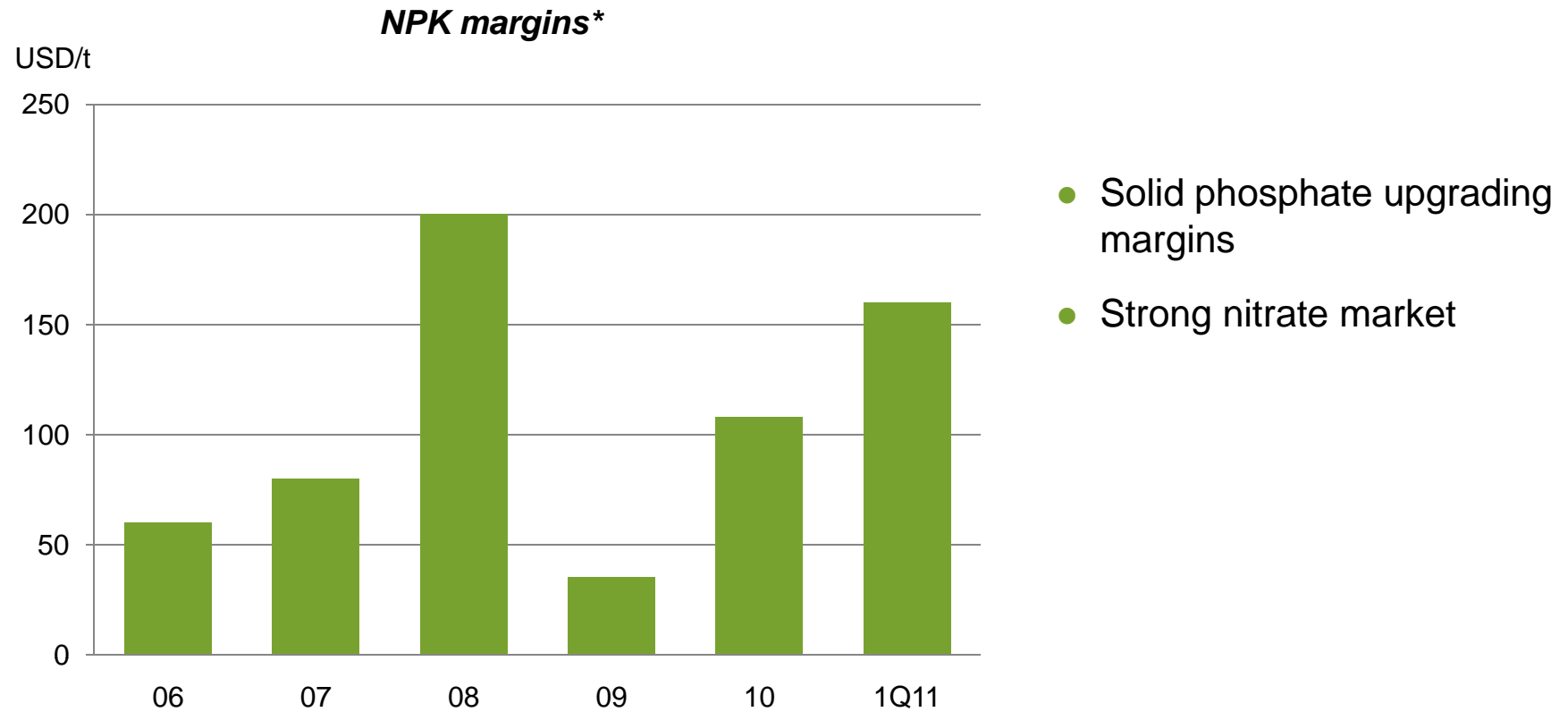
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## Stocks down from year-end



# Strong NPK margin development



\* Product from Porsgrunn, Glomfjord, Ravenna and Montoir sold in Europe



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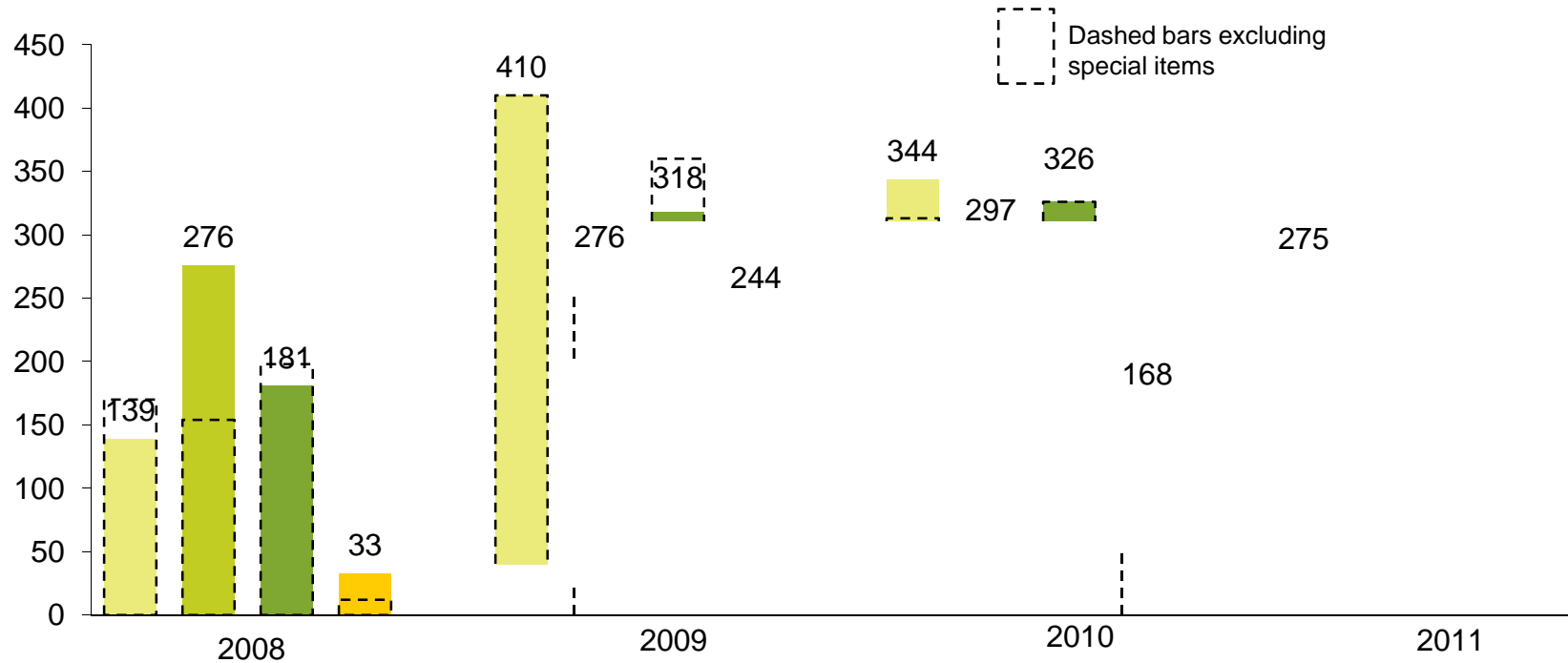
## Industrial segment

- Strong result
- Environmental product sales accelerate in North America
- Industrial market recovery in Europe boosts N-Chemical sales
- TAN margins impacted by lower demand in high margin markets



# Industrial EBITDA

NOK millions



Annual

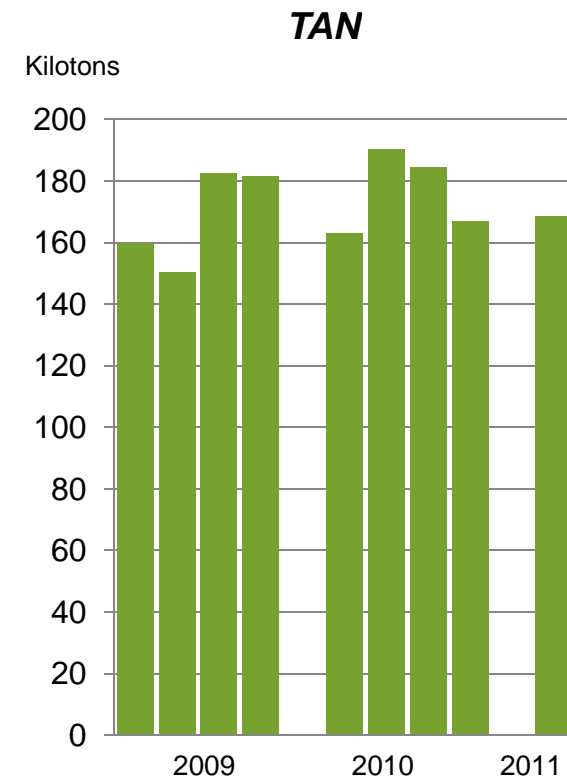
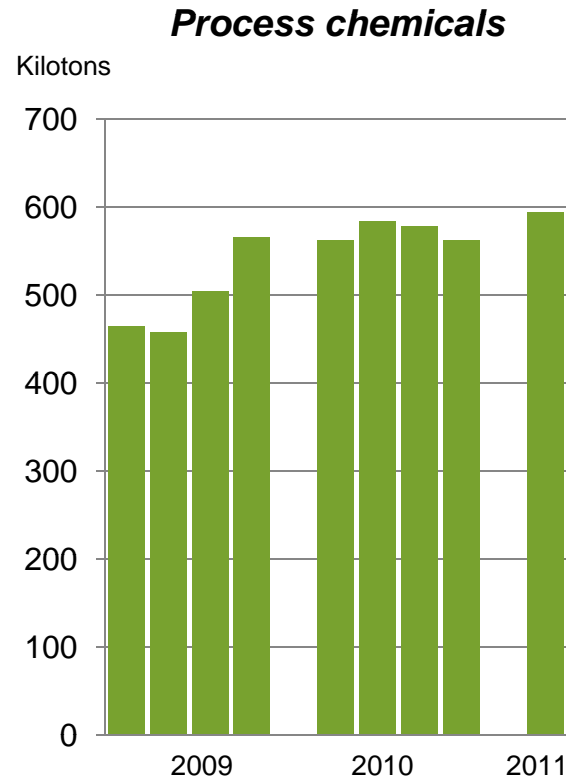
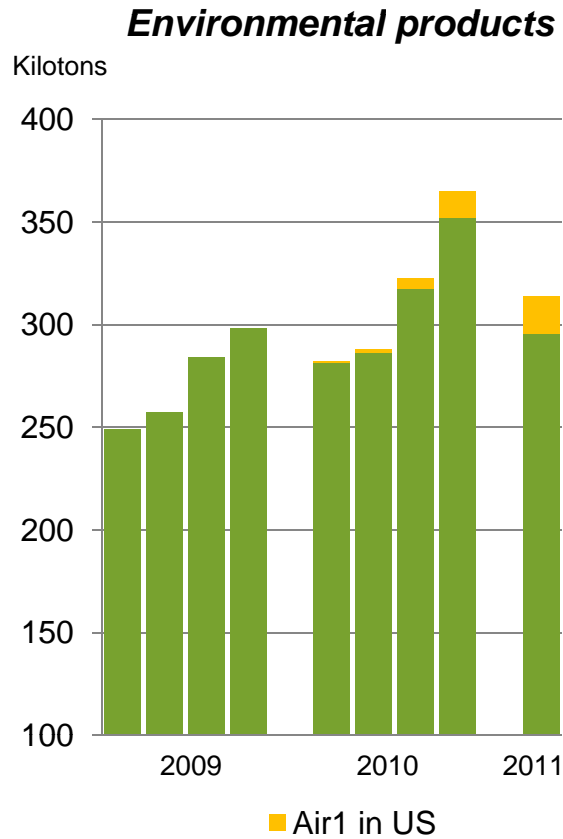
NOK millions	629	1,248	1,135	275
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# Volumes 7 percent higher than last year

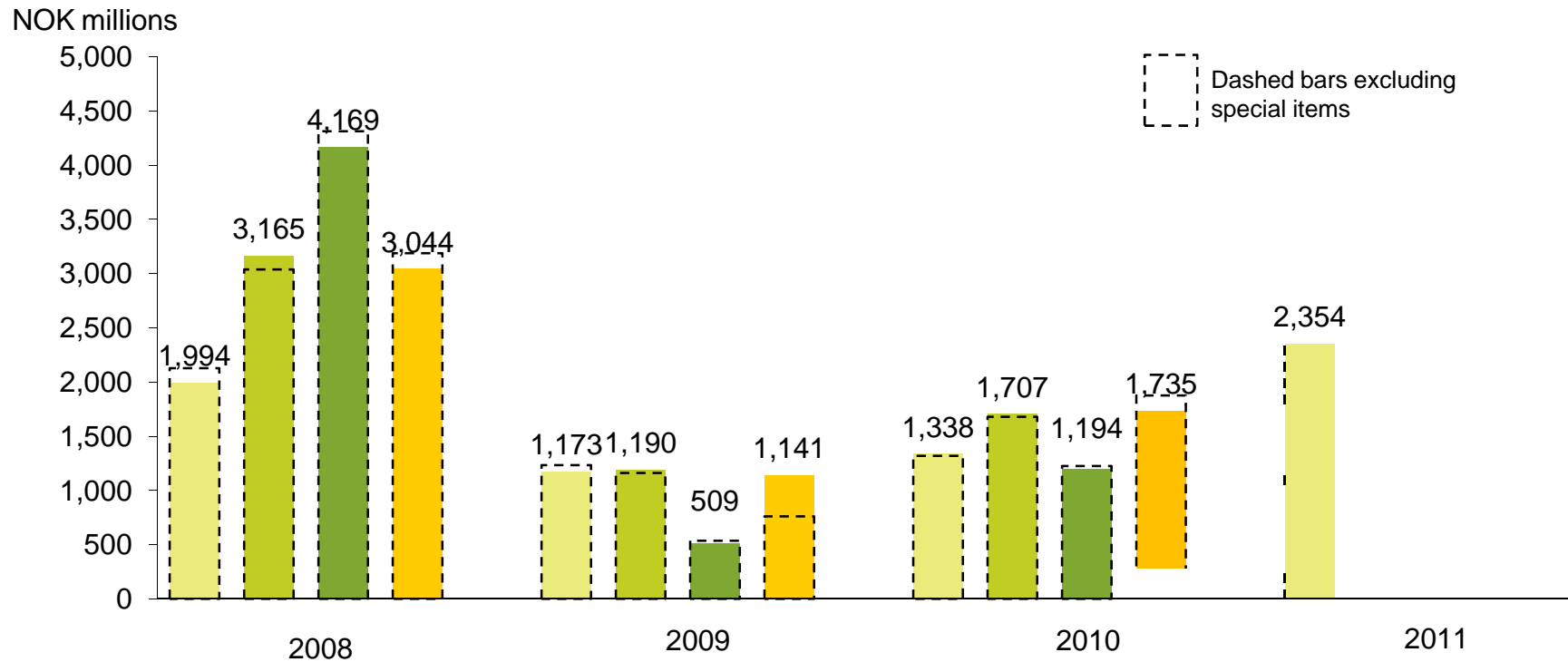


## Upstream segment

- Strong results with improved margins
- Higher energy cost more than offset by increased prices
- No market-related curtailments



# Upstream EBITDA



Annual

NOK millions	2008	2009	2010	2011
	12,372	4,013	5,975	2,354



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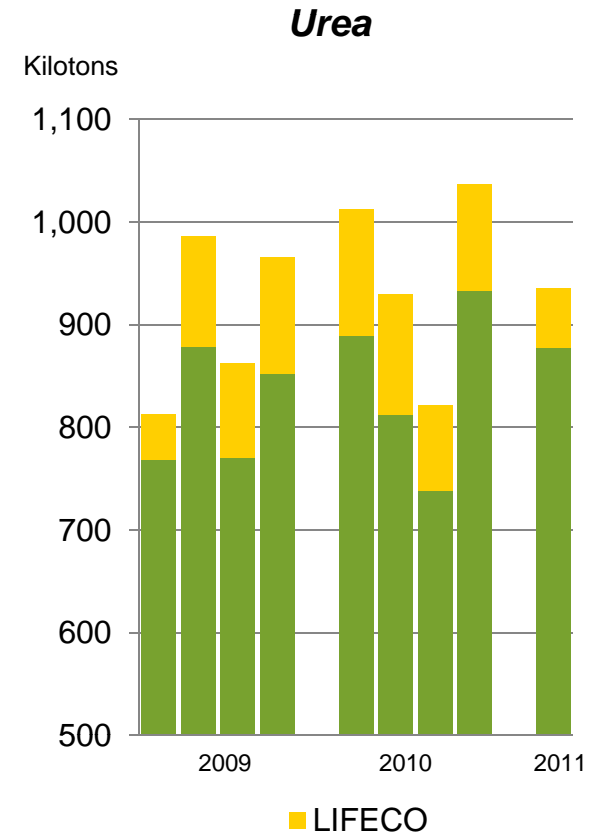
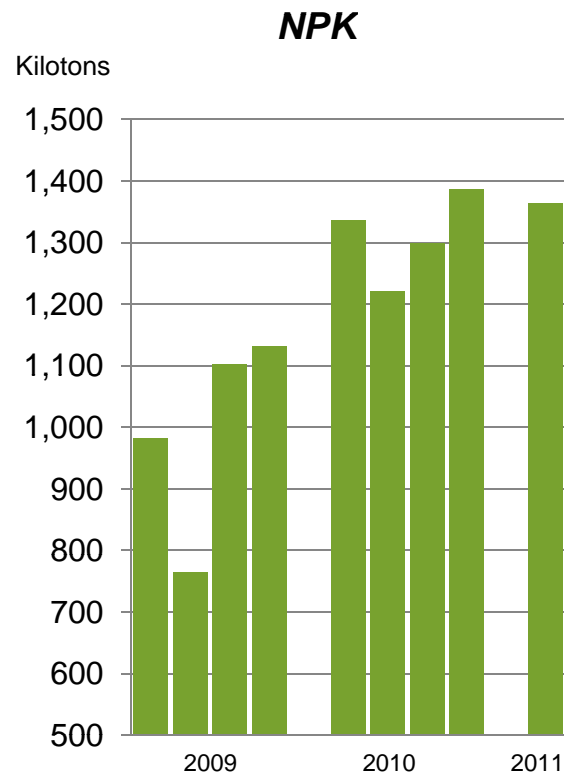
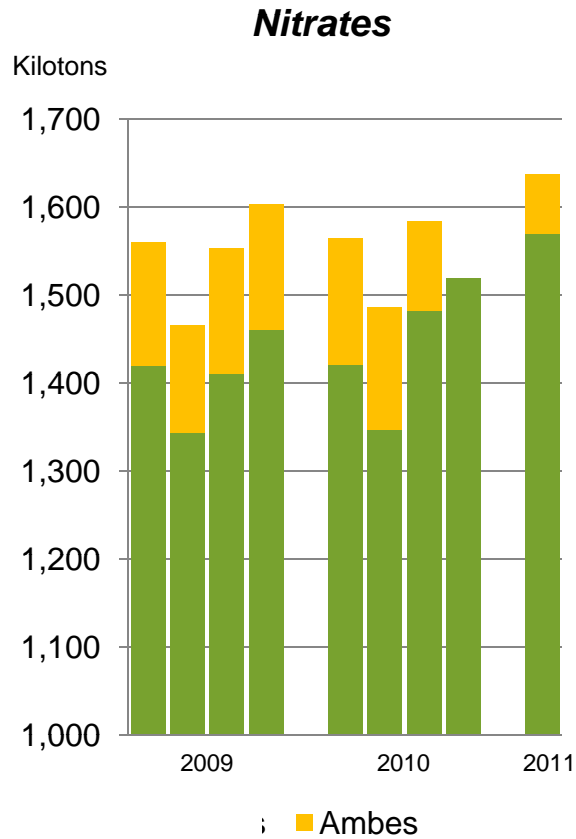


## Share of net income in equity accounted investees

NOK millions	1Q 2011	1Q 2010
Qafco	257	177
Tringen	29	44
Rossosh	83	25
Burruip	67	(36)
GrowHow UK Ltd.	76	25
Lifeco	33	65
Other	30	26
<b>Total</b>	<b>575</b>	<b>326</b>



# Continued strong production



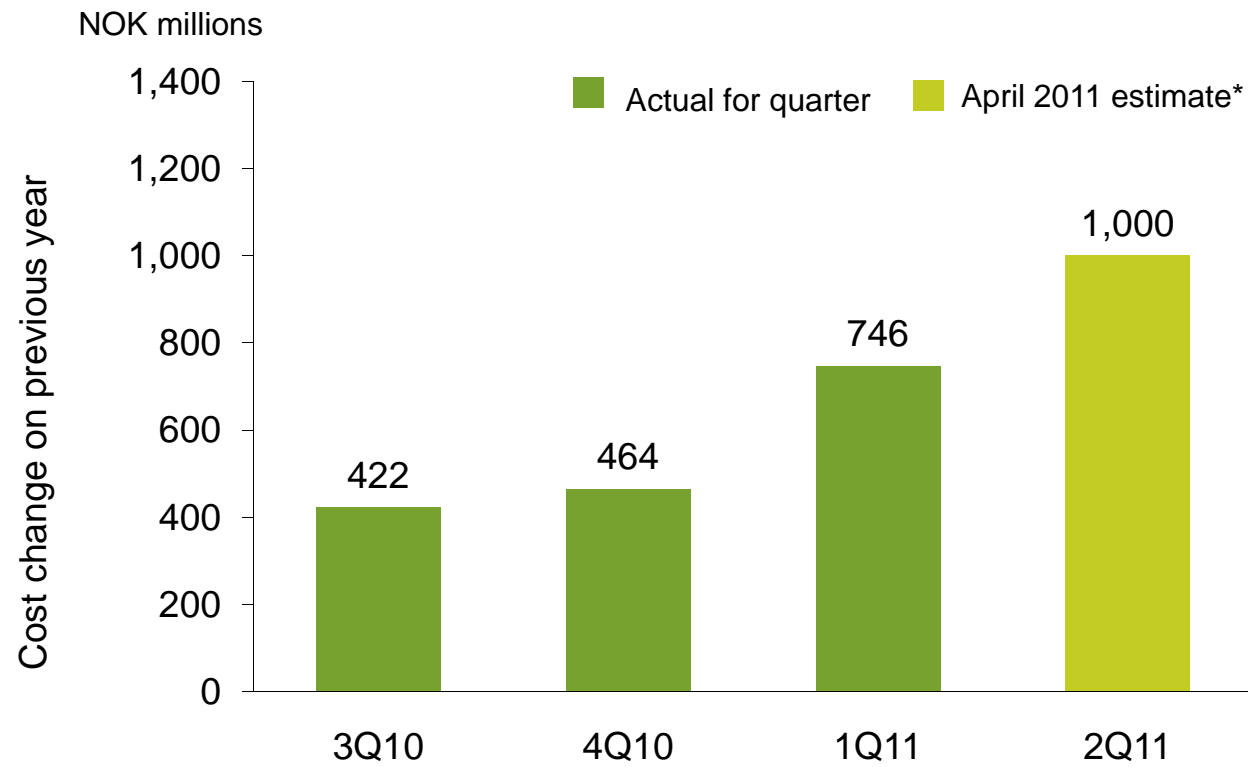
\* Including Yara share of equity-accounted investees



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## Estimated European energy cost



\* Based on forward prices as of 12 April



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## Prospects second quarter 2011

- Global urea prices have rebounded in April
- Yara will ensure a competitive nitrate pricing reflecting nitrate yield and environmental advantages versus urea
- Low nitrate inventories in Europe
- Expect high capacity utilization



## Prospects next twelve months

- Global agriculture markets are strong, FAO food price index is up 37% from last year, giving strong fertilizer demand incentives
- High planting expectations combined with increased agricultural prices indicate concern about sufficient agricultural supply
- Global nitrogen fertilizer industry outside China runs at close to full capacity
- Chinese 110% urea export tax planned for 8 months in 2011, uncertainty related to second half 2011 export level
- Yara's energy costs for next half year expected up NOK 1.9 billion compared with last year



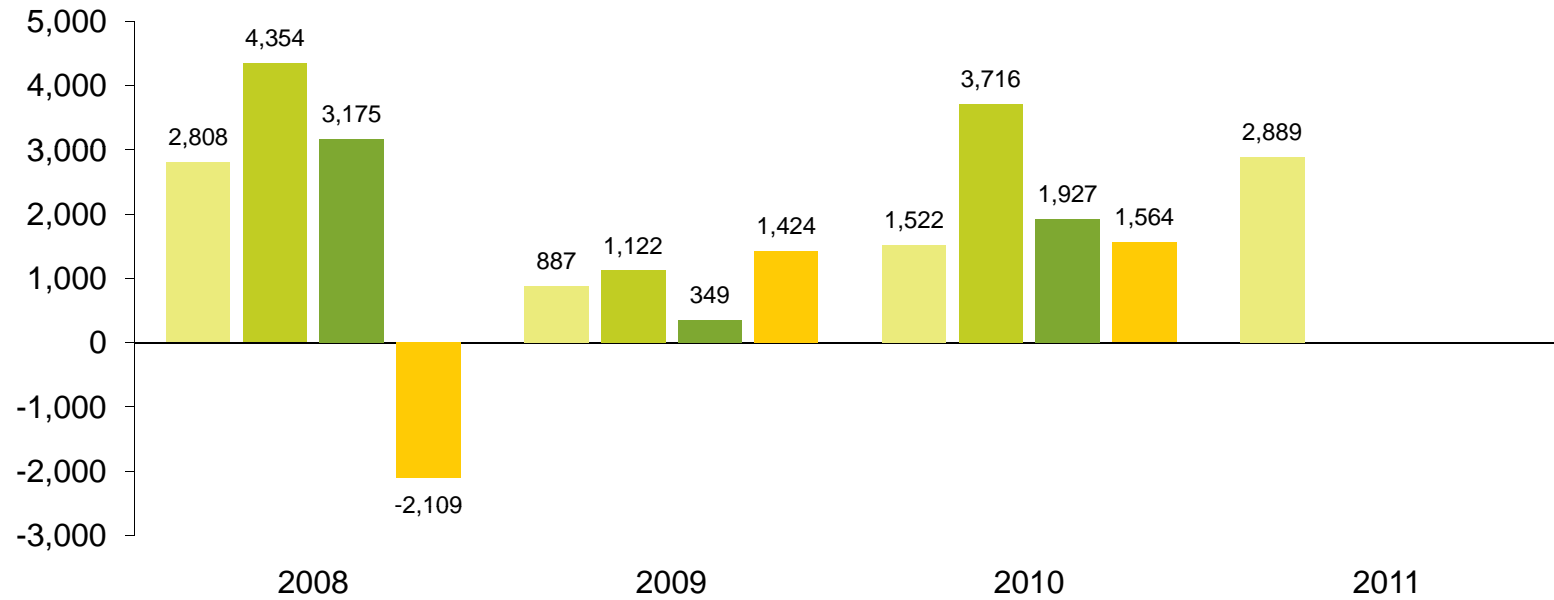


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# Additional information

# Net income after non controlling interests

NOK millions



Annual

NOK millions	8,228	3,782	8,729	2,889
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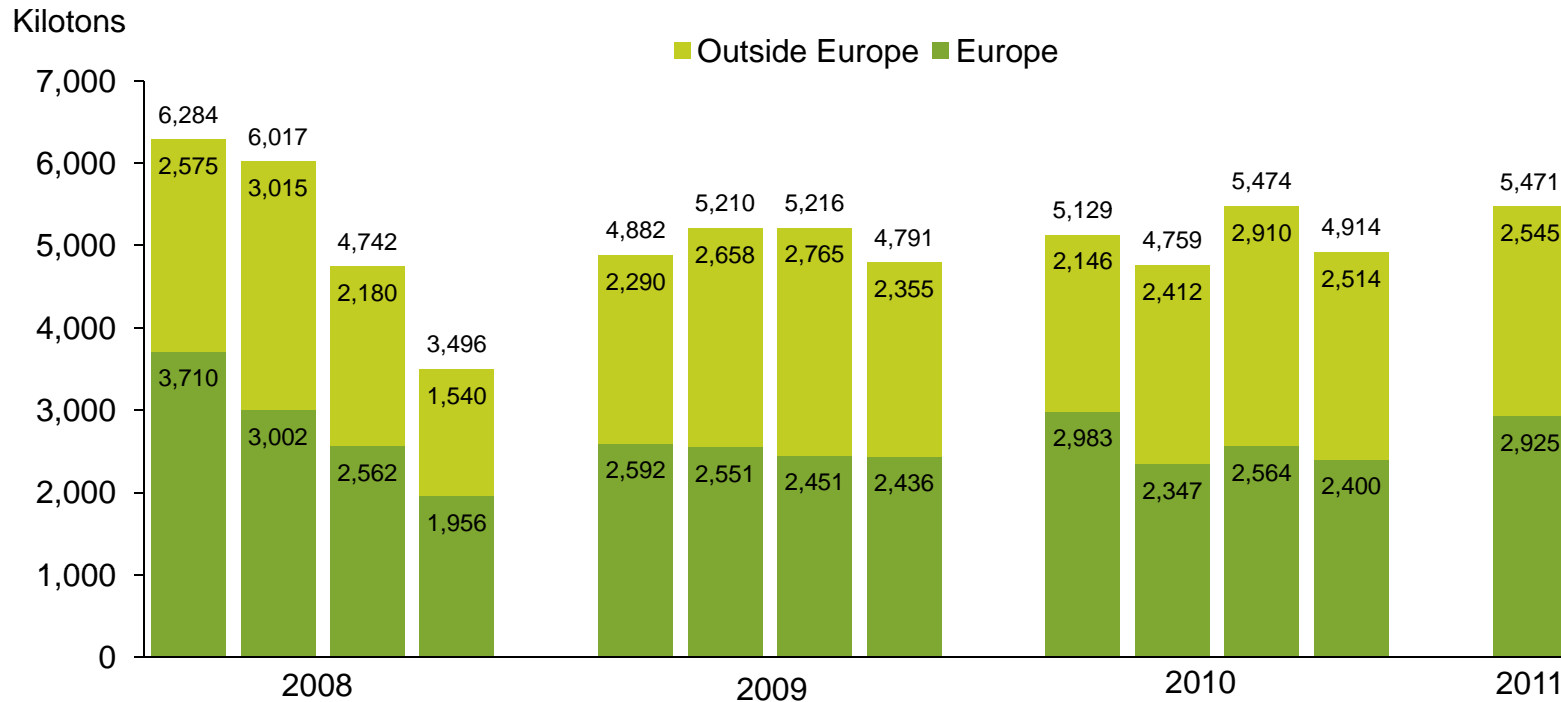


## Special items first quarter

NOK million	EBITDA	Operating income
<b>Downstream</b>		
Fair value adjustment Yara Nipro	44	44
<b>Upstream</b>		
Contract derivatives	(22)	(11)
<b>Special items</b>	<b>23</b>	<b>33</b>



# Fertilizer volumes up 7% on last year



Accumulated, Kt

Fin. fertilizer	20,540	20,099	20,276	5,471
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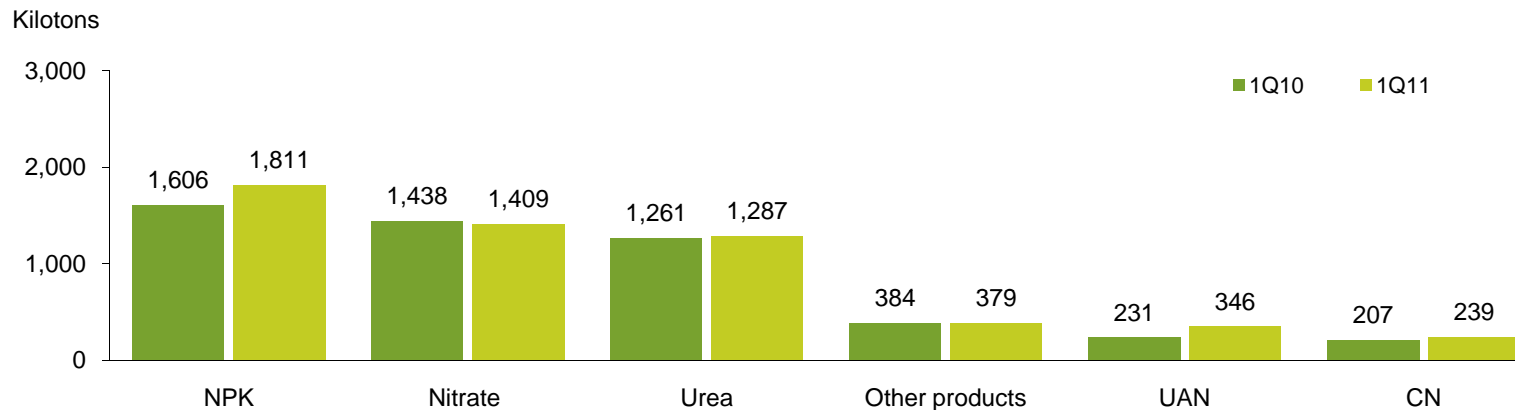
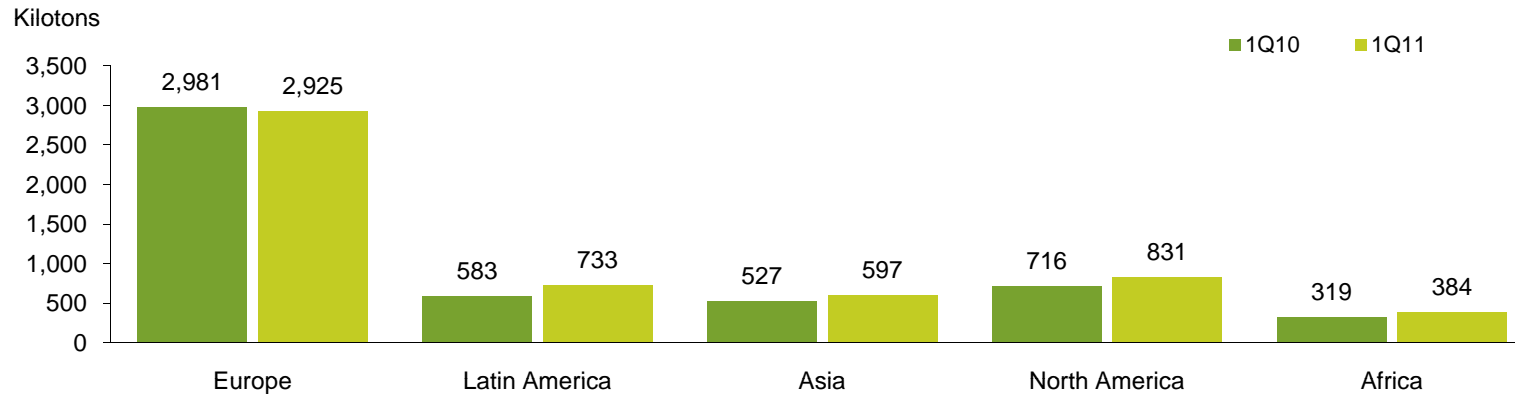


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# Yara 1Q fertilizer sales by market and product

2011: 5.5 million tons (2010: 5.1 million tons)

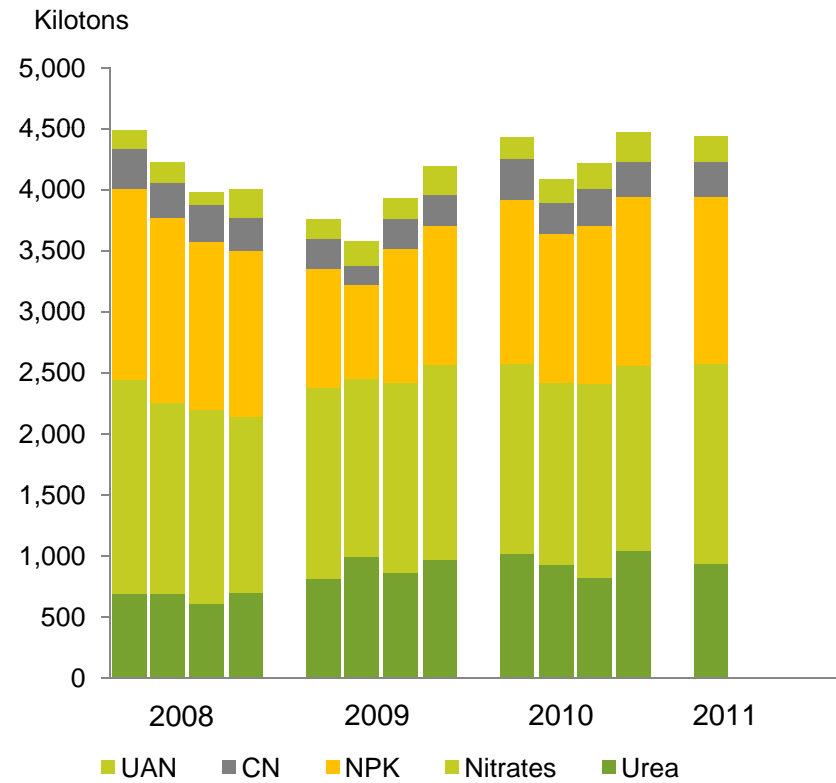


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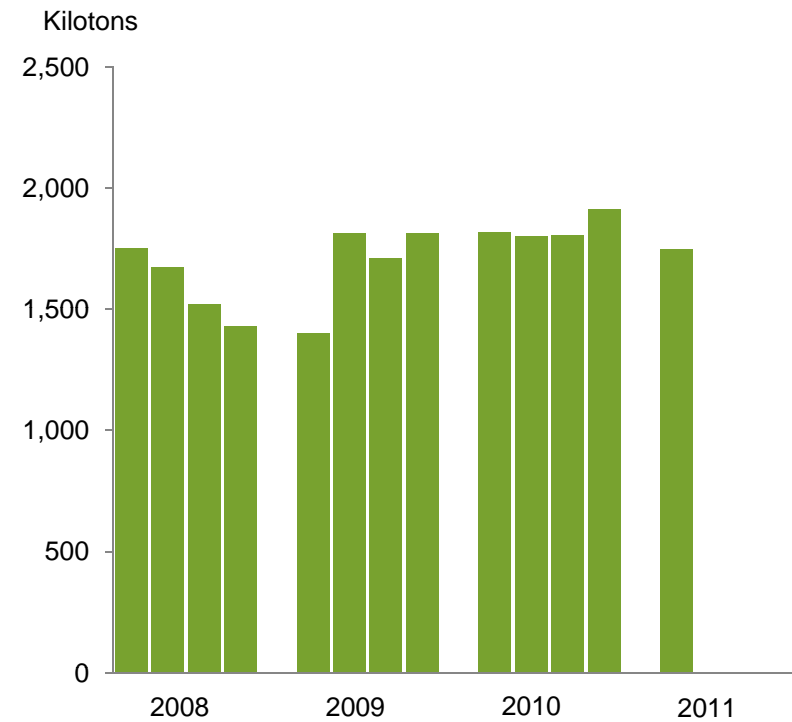


# Yara production volume\*

## Finished fertilizer



## Ammonia



\* Including share of equity-accounted investees

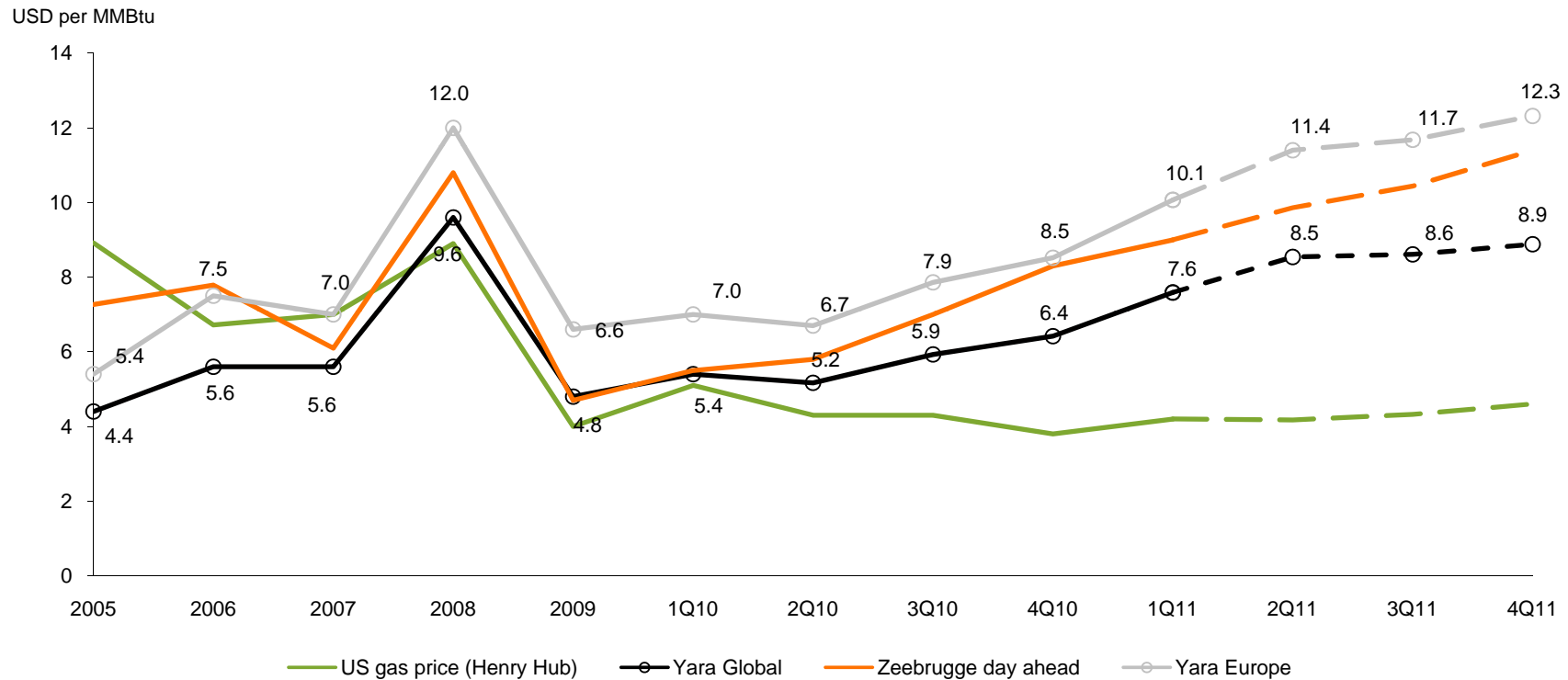


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# Spot natural gas versus Yara average

Yearly averages 2005 – 2009, quarterly averages for 2010 and 2011 with forward prices for 2011\*



\*Dotted lines denote forward prices as of 12 April

Source: Yara, World Bank, Platts

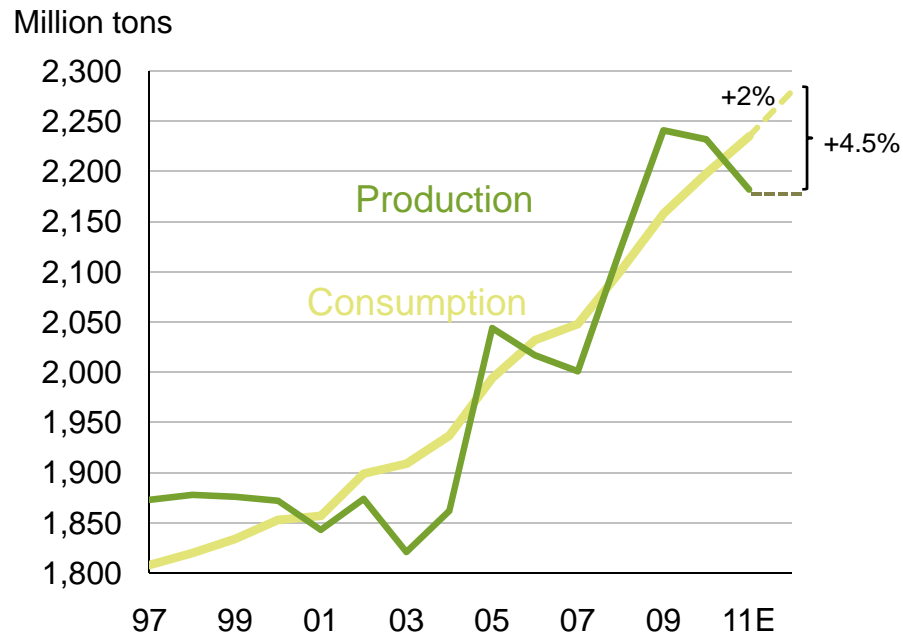


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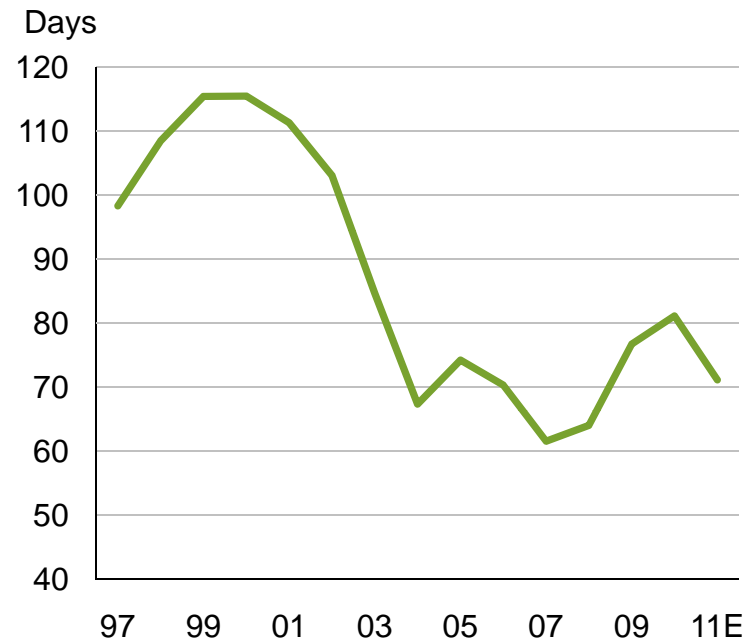


# Strong harvest necessary to avoid further inventory decline

*Grain production and consumption*



*Days of consumption in stocks*



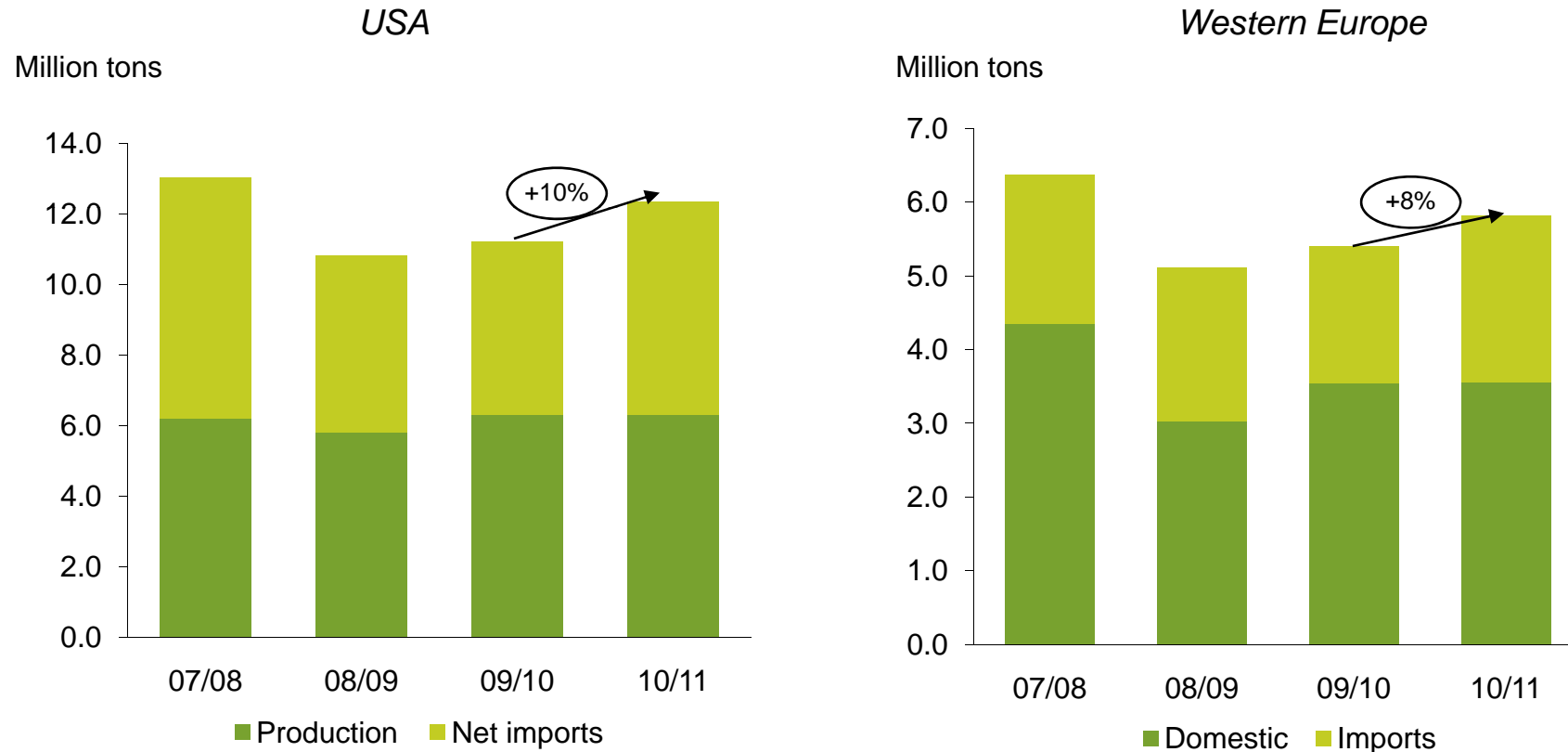
Source: USDA, April 2011



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# Increased nitrogen deliveries



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

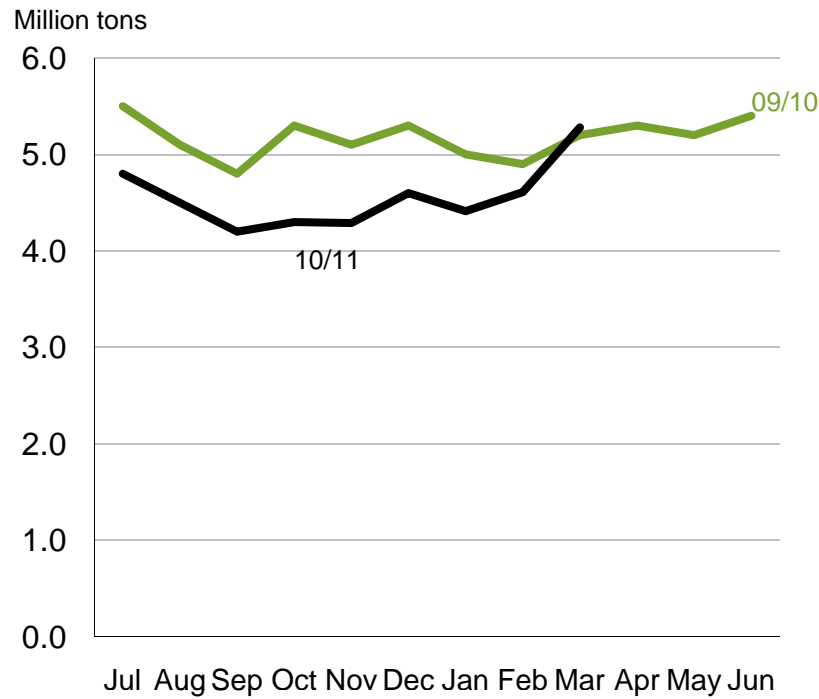


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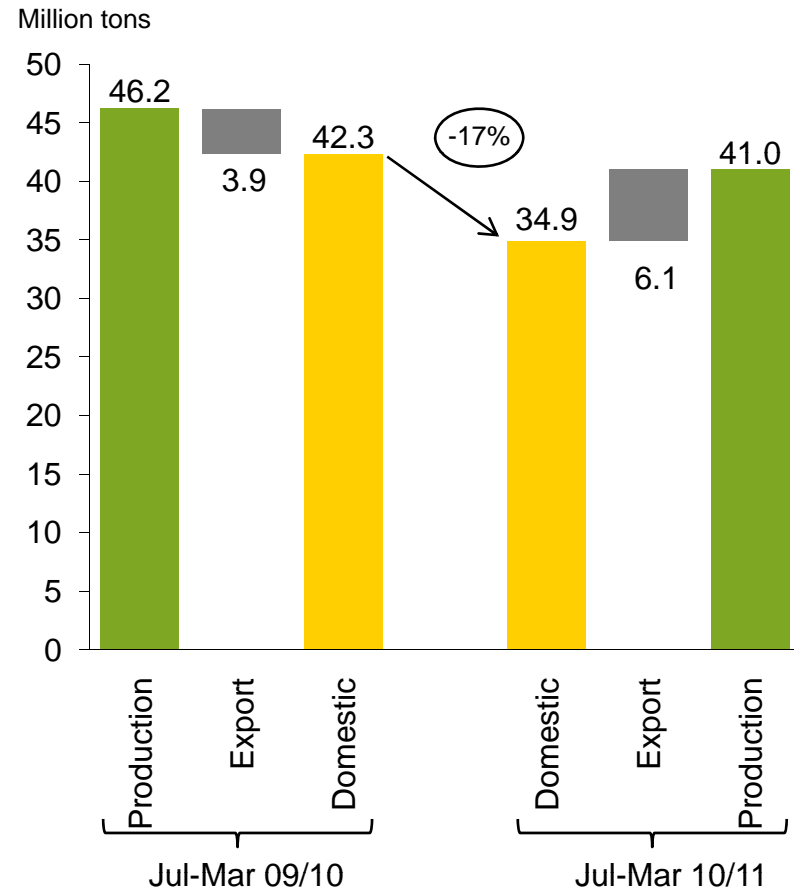


# Domestic urea supply from producers- July to March down 17%

Chinese urea production



Domestic urea balance



Source: BOABC

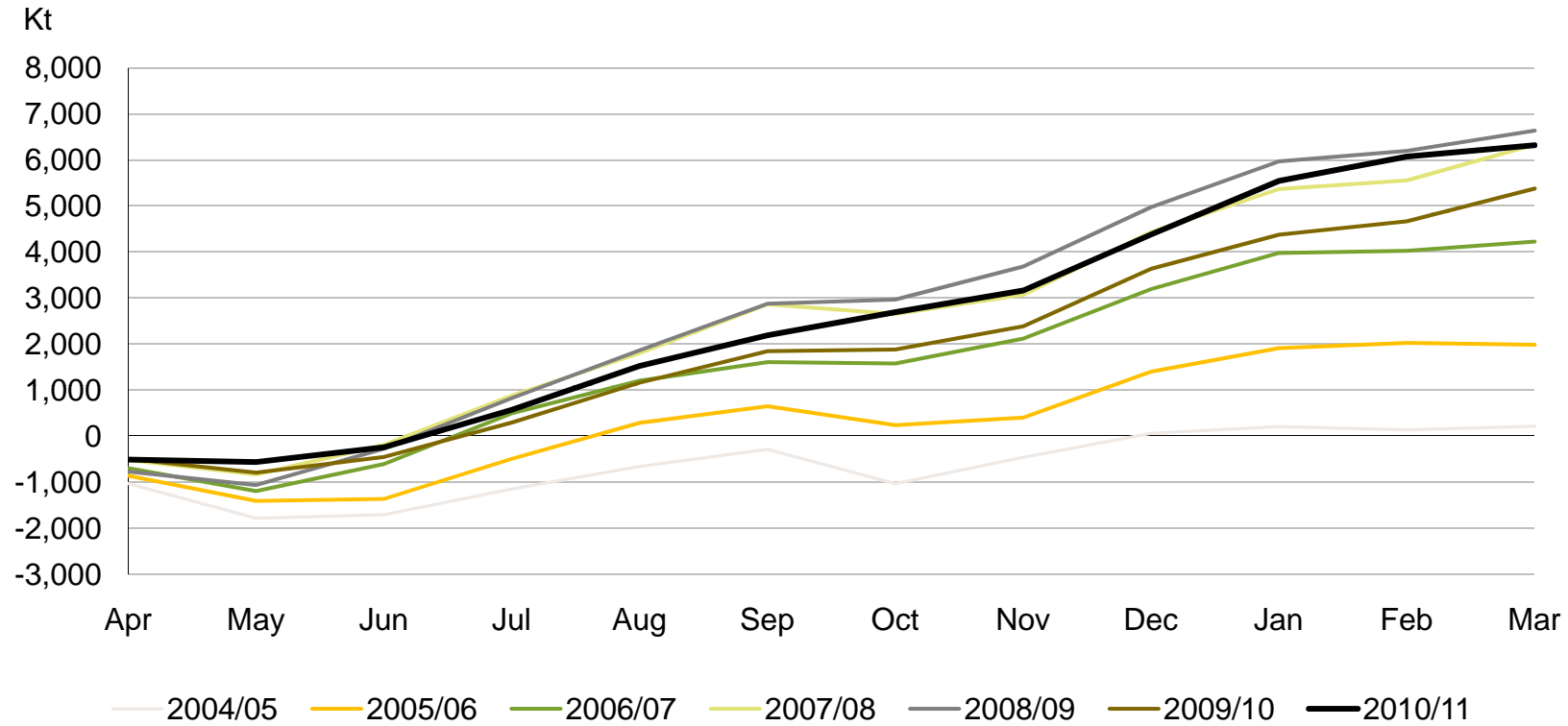


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# Import need returning to the peak level of 08/09

Sales - Production



Source: Indian Statistics



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# Planned capacity expansions

Year	Global urea capacity growth estimate		Driving regions	
	World	Excluding China	World	Excluding China
2010	5.3% (5.7%)	4.4% (4.1%)	China 52% Trinidad 7%	Trinidad 15% Iran 12%
2011	4.4% (5.6%)	3.7% (5.0%)	China 52% Pakistan 13%	Pakistan 28% Iran 13%
2012	8.8% (5.0%)	6.9% (2.6%)	China 55% Algeria 18%	Algeria 40% Qatar 16%
2013	3.9% (4.0%)	4.2% (5.0%)	China 40% UAE 14%	UAE 23% Qatar 19%
2014	1.5% (2.2%)	3.2% (2.9%)	India 19% Indonesia 17%	India 16% Indonesia 15%

Average urea consumption growth has been 3.4% last 10 years, 2.4% excluding China

December 2010 in brackets

Source: Fertecon update April 2011

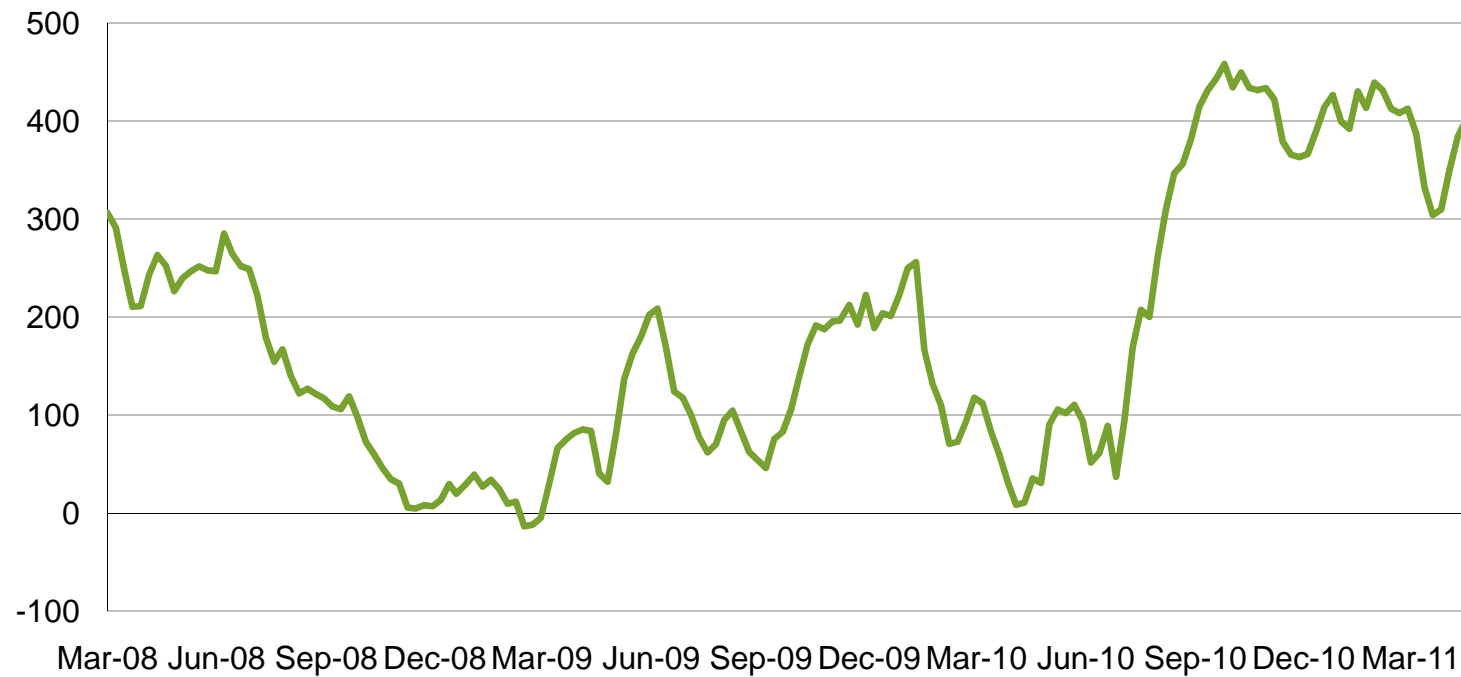


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# Non-commercial's' net long position in corn

Thousand contracts



Source: US Commodity Futures Trading Commission

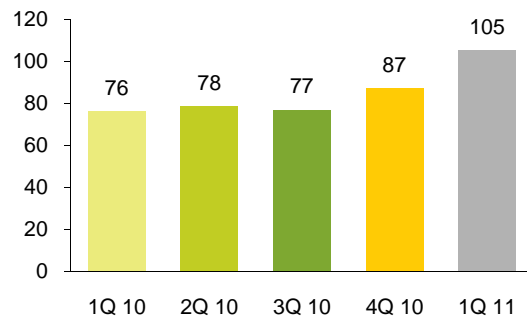


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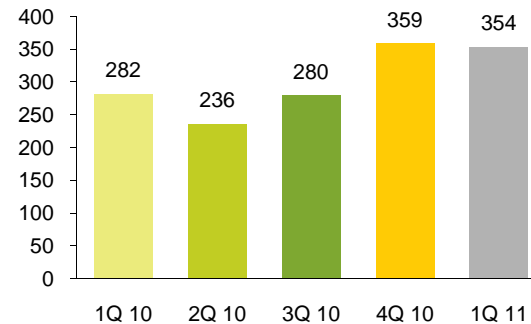


# Key value drivers    quarterly averages

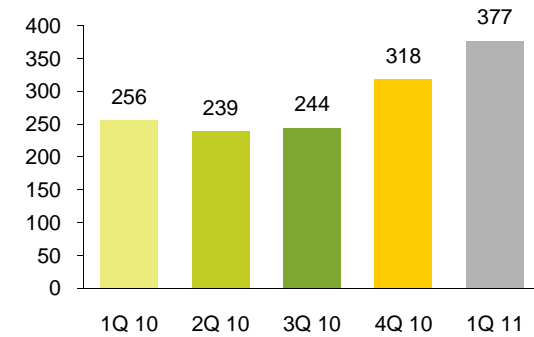
Oil Brent blend spot (USD/bbl)



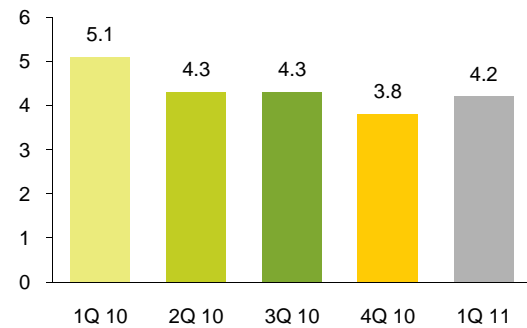
Urea prilled fob Black Sea (USD/t)



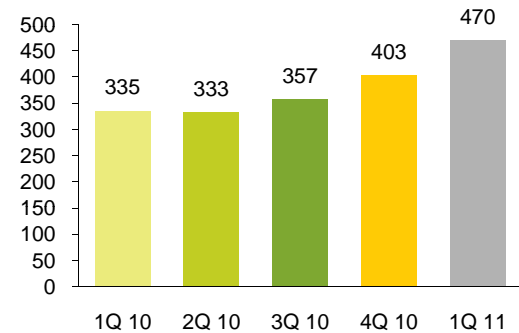
CAN cif Germany (USD/t)



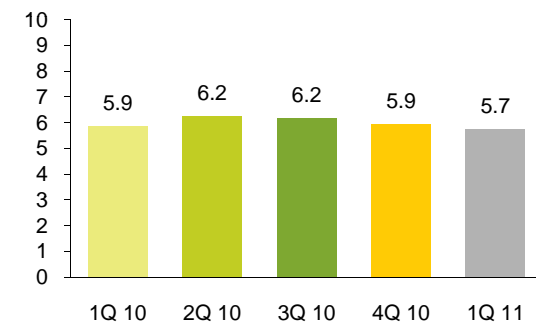
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



NOK/USD exchange rate



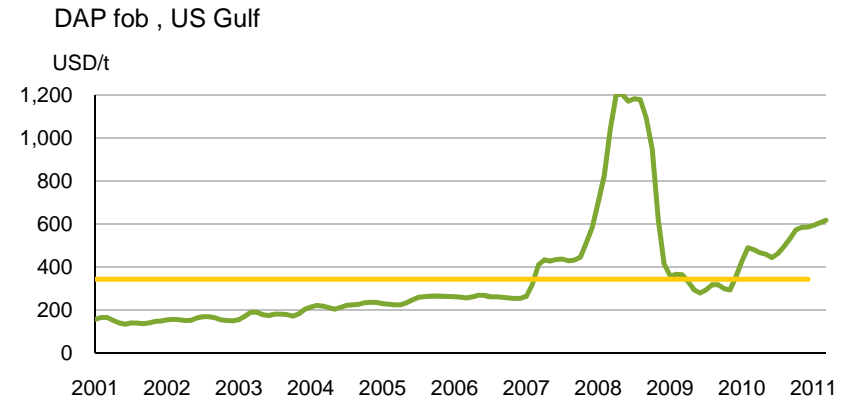
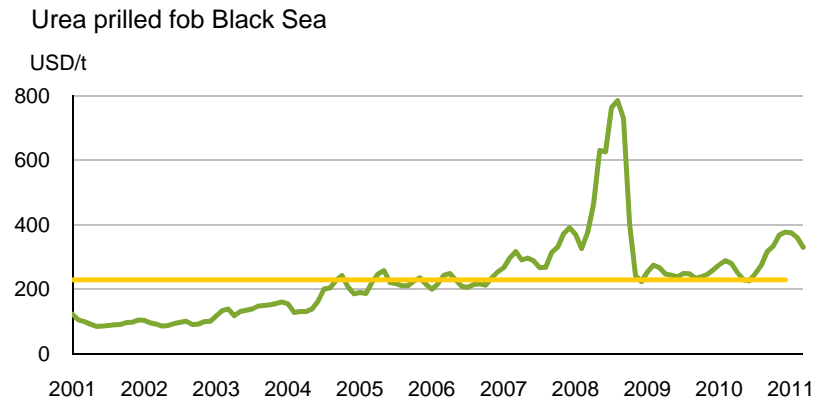
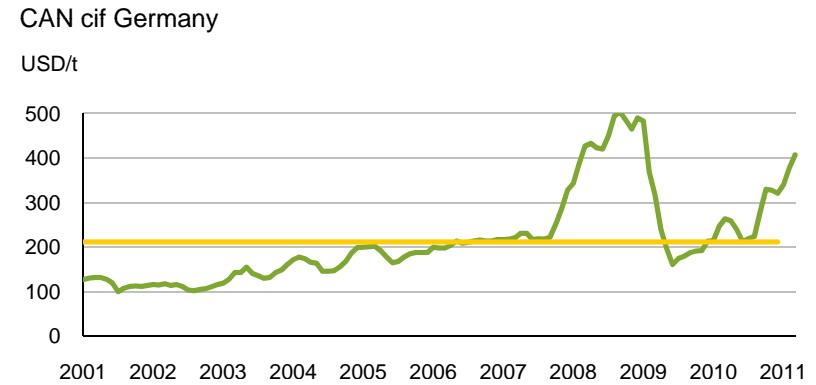
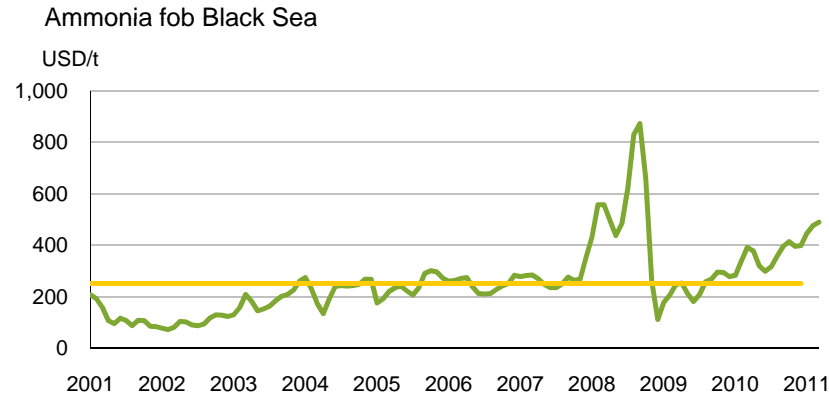
Source: Fertilizer Market Publications, CERA, World Bank, Norges Bank



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# 10 year fertilizer prices monthly averages



— Average prices 2001 - 2010

Source: Average of international publications



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