



Knowledge grows

# Yara International ASA Fourth quarter results 2011

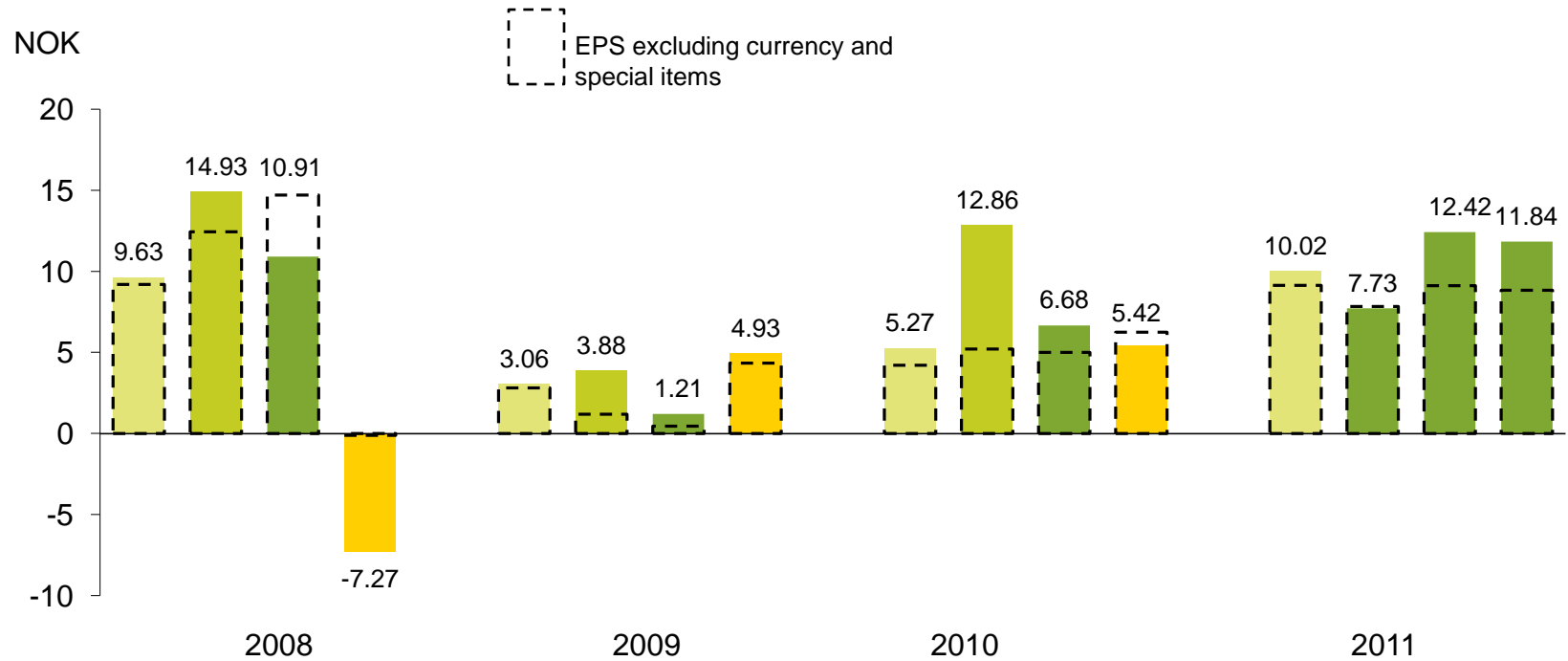
7 February 2012

## Summary fourth quarter

- Strong quarter and best full-year results so far
- Good farm profitability drove improved margins, more than offsetting weaker fertilizer deliveries
- Continued strong demand for premium products, especially outside Europe
- Divestment of 16% in Yara Praxair at attractive terms
- Proposed dividend NOK 7 per share



# Earnings per share\*



Annual

NOK	28.27	13.08	30.24	41.99
-----	-------	-------	-------	-------

\* Average number of shares for 4Q 2011: 286.0 million (4Q 2010: 288.4 million).

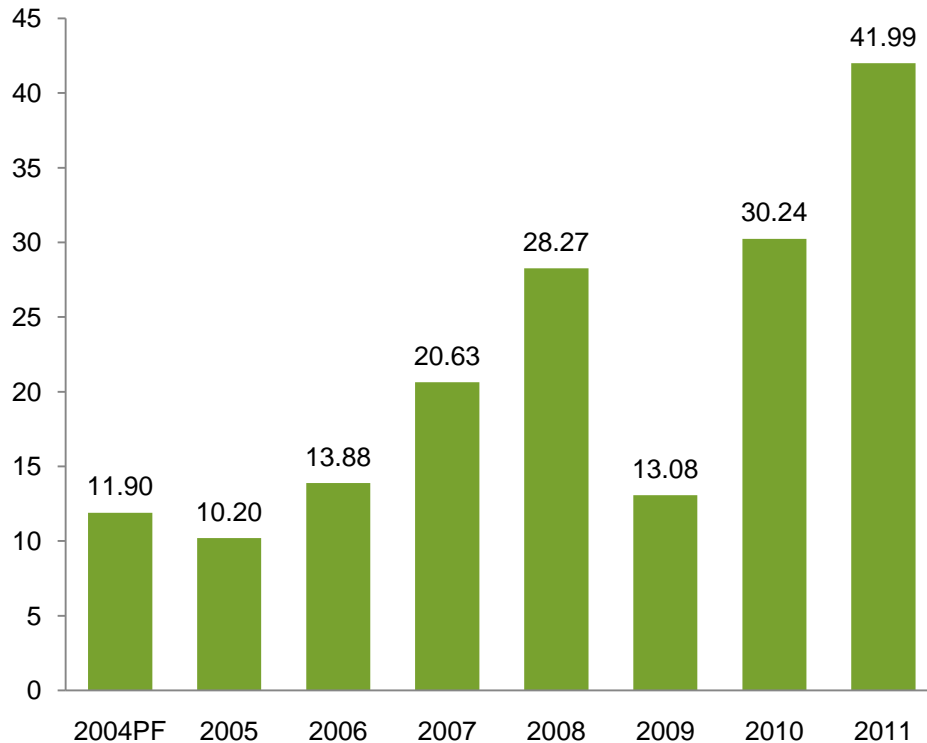


IR – Date: 2012-02-07



# 2011 earnings per share highest so far

NOK per share



- Healthy grain fundamentals and farm margins led to strong demand for all nutrients
- Supply constraints as China halved exports due to a tighter domestic market and higher coal prices
- Rossosh and 16% in Yara Praxair divested at attractive terms



# Yara growth strategy on track

## Yara Pilbara (Burrup)

- Important to secure control
- Intensify work on the TAN project
- Renamed to Yara Pilbara, quickly establish Yara standards of corporate governance



## Yara Belle Plaine expansion

- Evaluating a world-scale ammonia/urea expansion
- Excellent location – large consumption area with logistical advantage
- Utilizing existing infrastructure

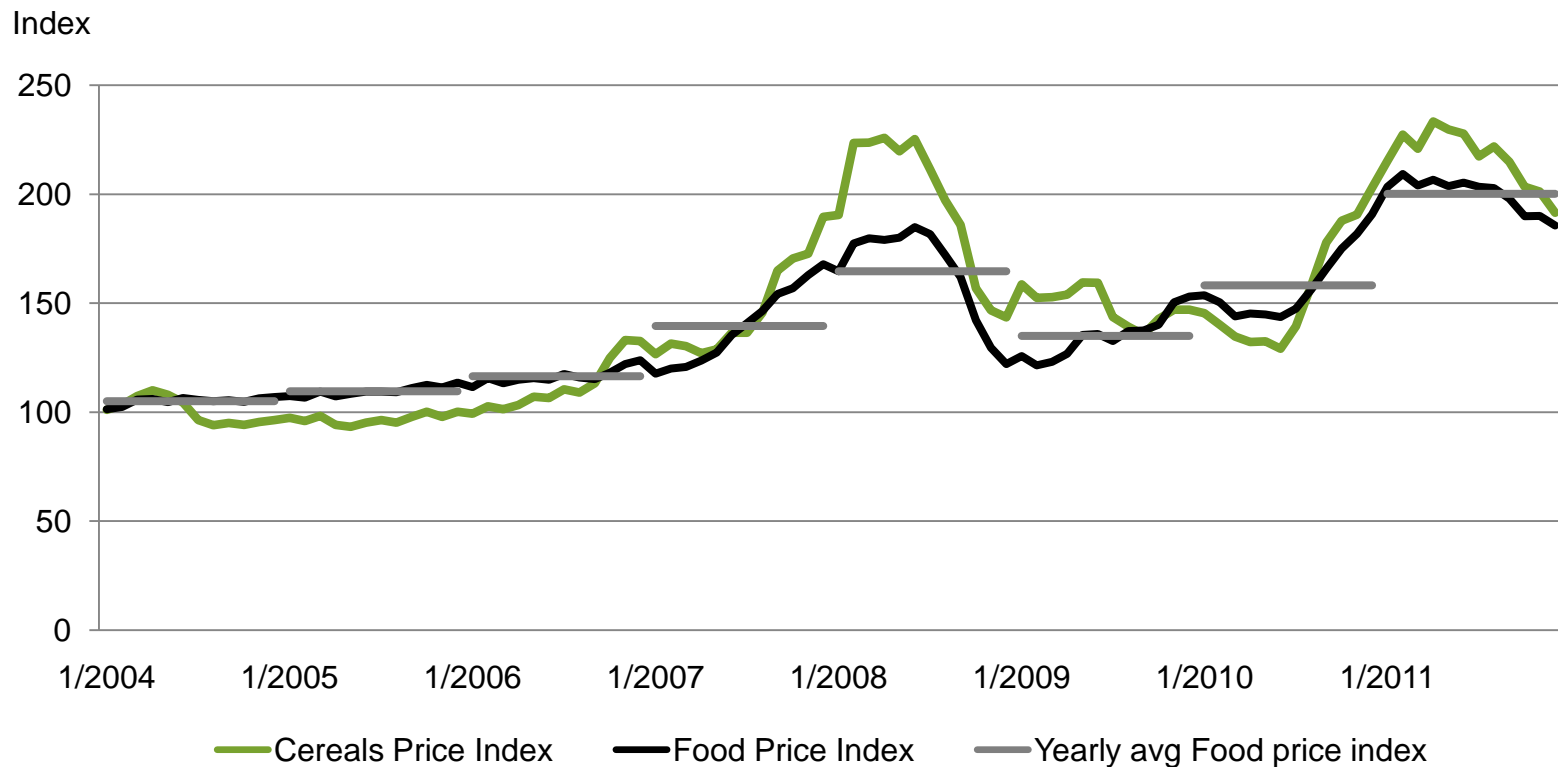
# Fertilizer market development

- Continued strong prices for agricultural commodities support fertilizer demand
- Average urea price for the quarter 25% above last year
- Volatile buying pattern for urea, sharp correction in December followed by rebound in January
- 21% decrease in Western Europe nitrogen fertilizer sales for the quarter
- Global phosphate and potash demand hurting from reduced use in India, price effects mitigated by production curtailments
- Lower Chinese urea exports



# Food prices at high levels despite drop in fourth quarter

*FAO price index*



Source: FAO



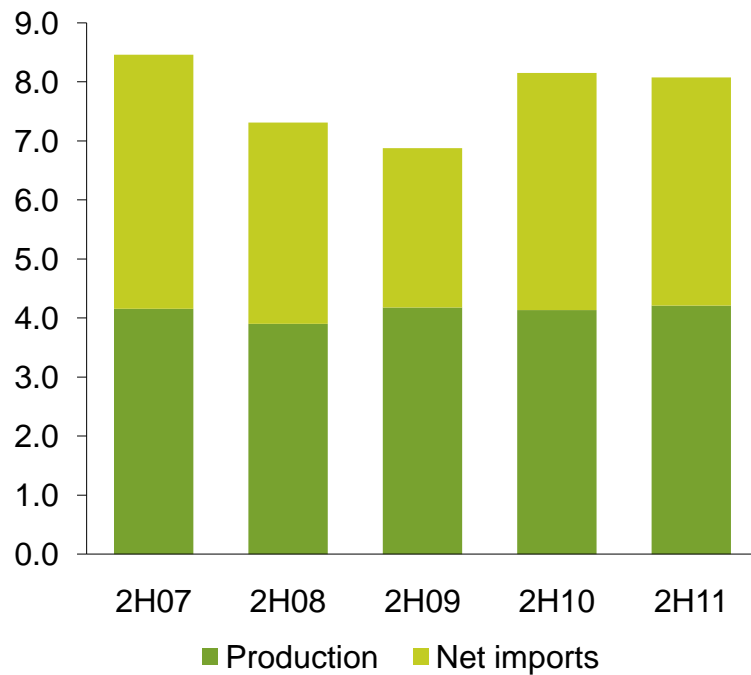
IR – Date: 2012-02-07



# European deliveries lagging last season

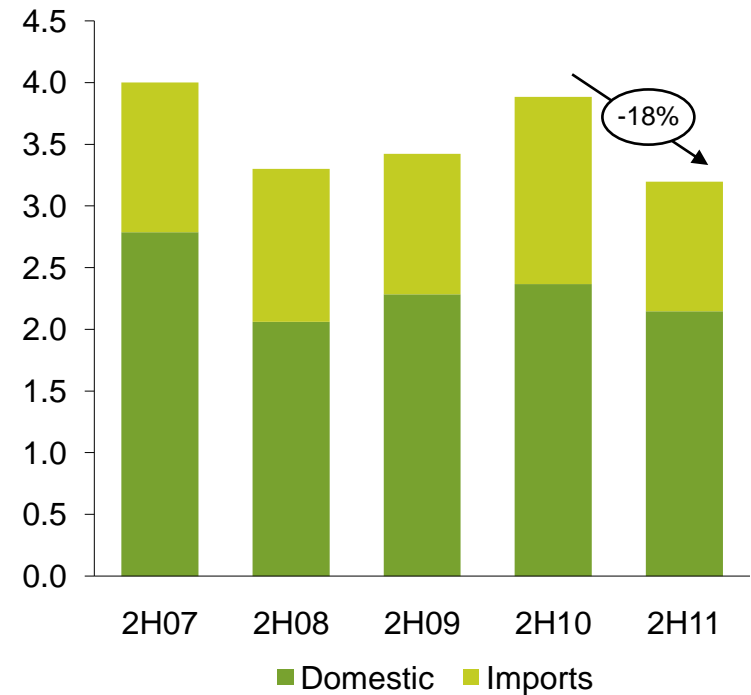
## USA

Million tons



## West Europe

Million tons



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

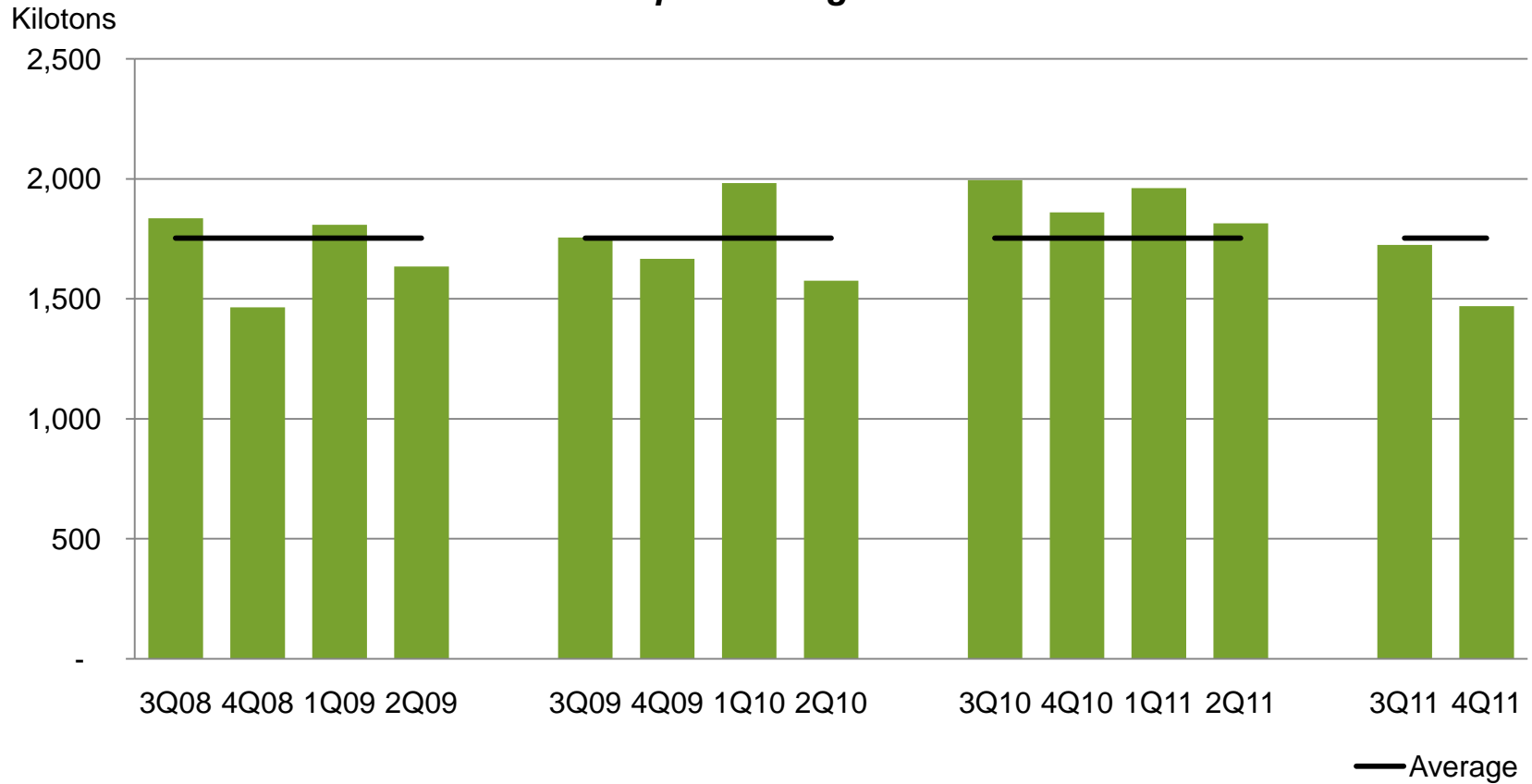


IR – Date: 2012-02-07

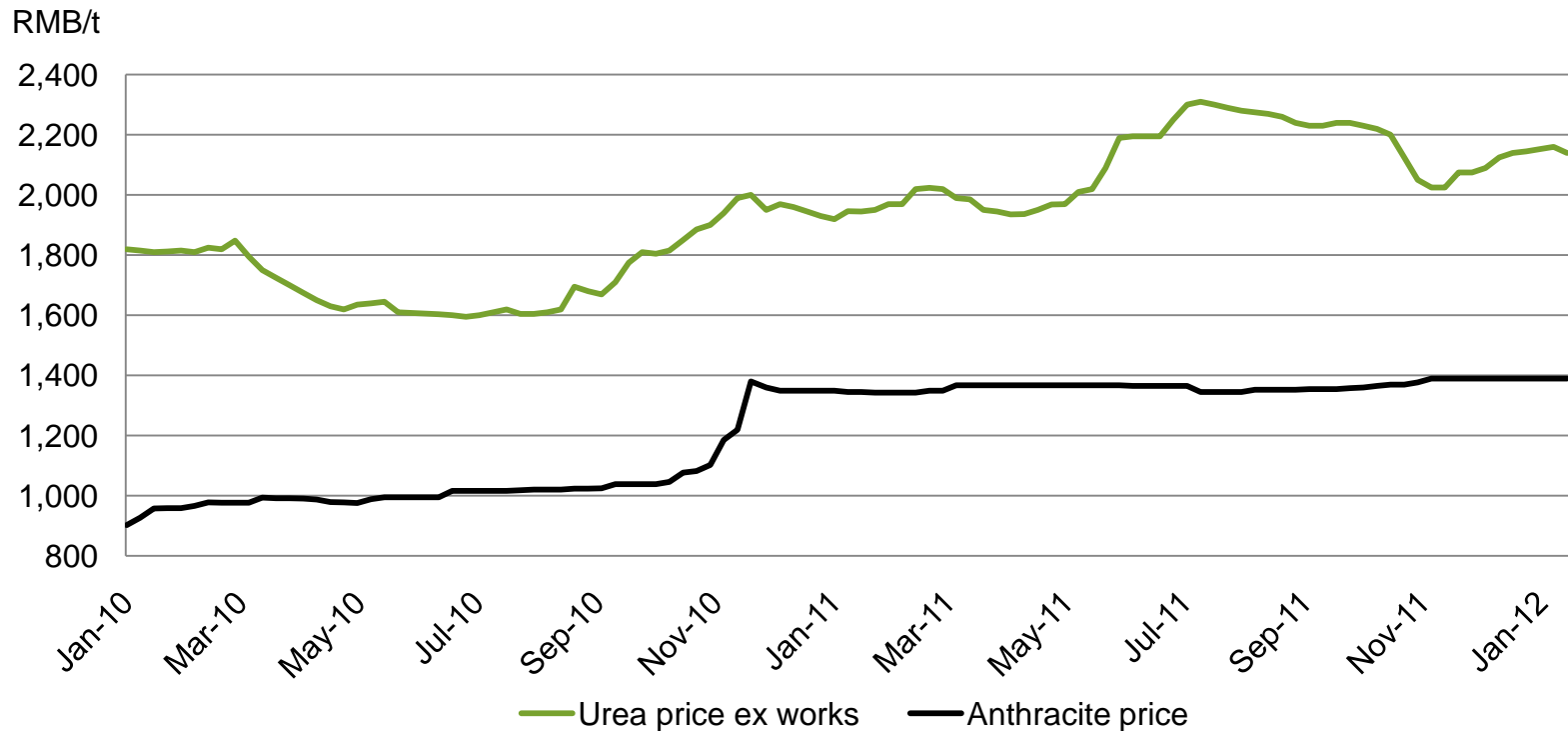


# Strong European 2Q deliveries despite drought

*European nitrogen deliveries*



# Chinese domestic urea price remains strong



Higher coal prices, increased focus on emission control and energy efficiency has led to higher domestic urea prices

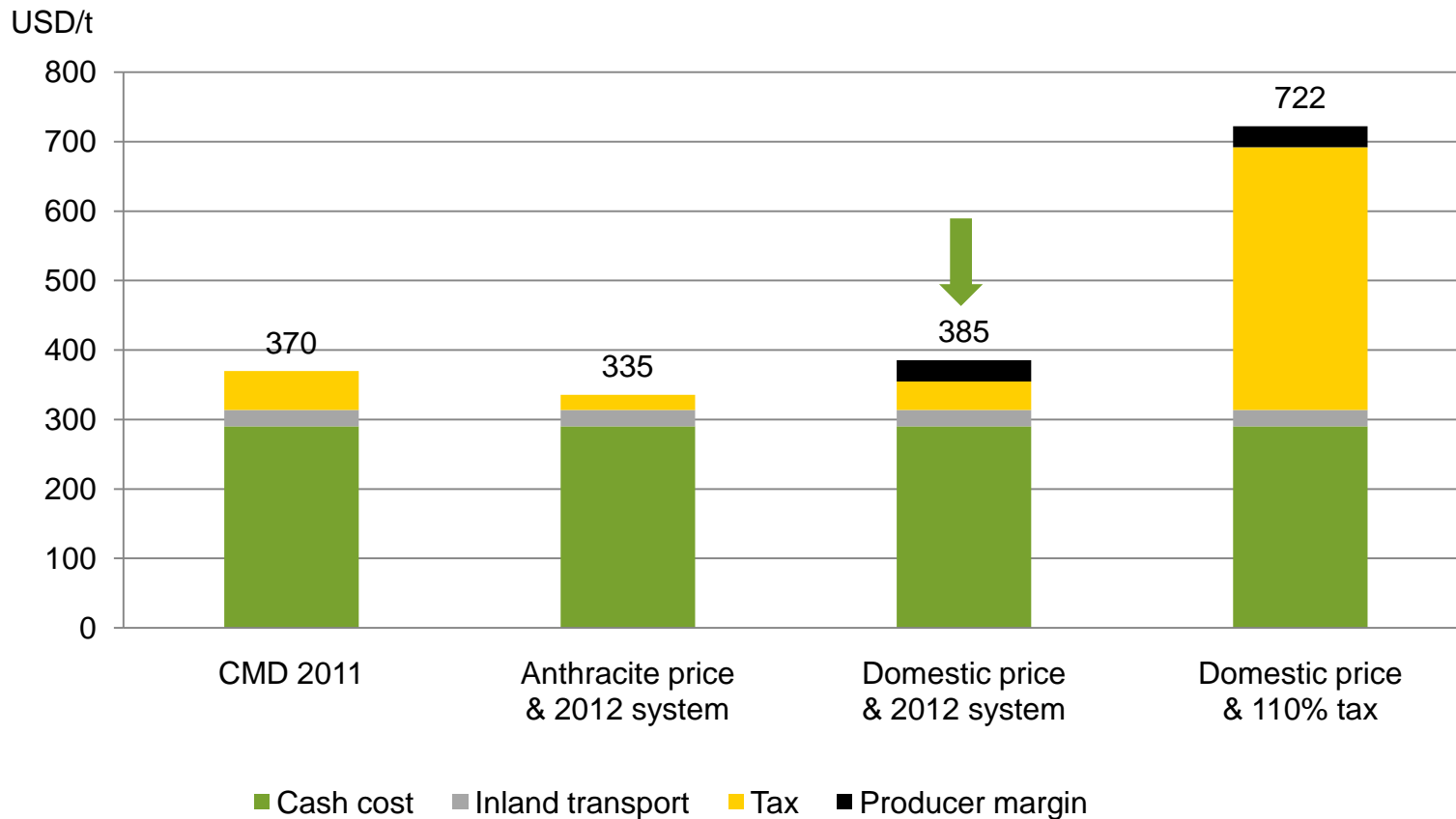
Source: China Fertilizer Market Week



IR – Date: 2012-02-07



# Current domestic price and 2012 tariff implies swing price of USD 385 fob China



# Projected nitrogen capacity additions outside China in line with historical consumption growth

Year	Driving regions		Urea capacity growth relative to nitrogen capacity	
	World	Excluding China	World	Excluding China
2011	China 46% Pakistan 18%	Pakistan 34% Iran 17%	1.6% (2.0%)	1.4% (1.5%)
2012	China 64% Qatar 10%	Qatar 27% Algeria 23%	4.2% (4.2%)	2.4% (3.1%)
2013	China 28% Algeria 22%	Algeria 30% India 19%	2.3% (2.0%)	2.7% (2.2%)
2014	Algeria 23% Saudi Arabia 23%	Algeria 25% Saudi Arabia 25%	0.3% (0.9%)	0.5% (1.4%)
2015	Brazil 18% Indonesia 15%	Brazil 19% Indonesia 16%	2.1% (-)	3.2% (-)
<b>Gross annual addition 2011-2015</b>				<b>~2.0%</b>
Assumed annual closures				~0.5%
<b>Net annual addition 2011-2015</b>				<b>~1.5%</b>
<b>Trend consumption growth from 2001</b>			<b>2.5%</b>	<b>2.0%</b>

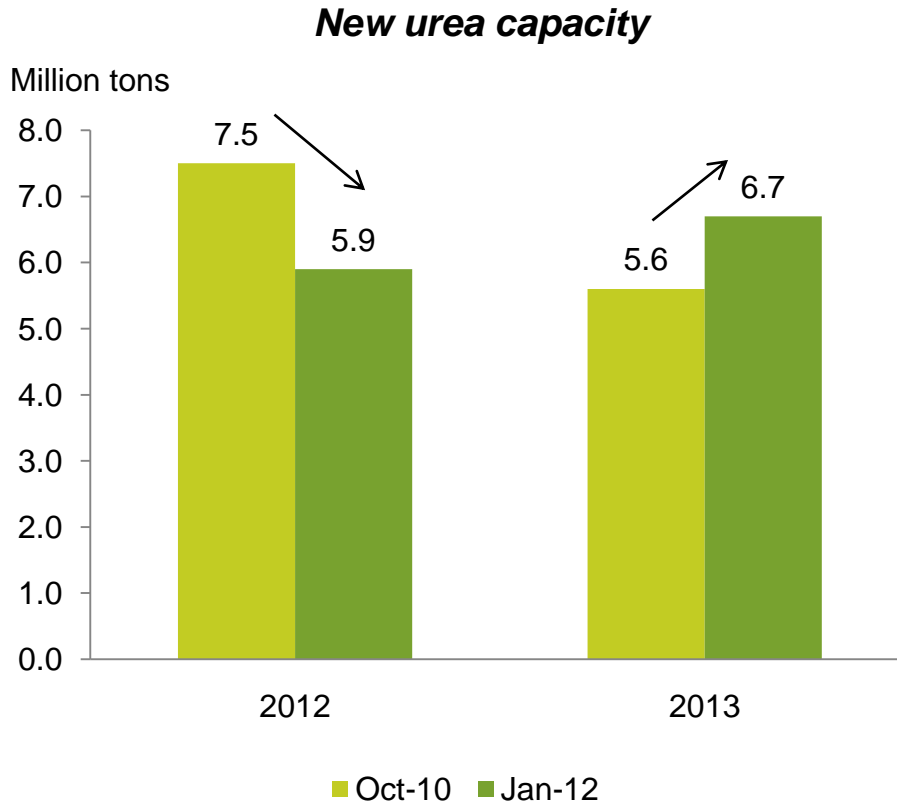
Source: Fertecon urea update January 2012. Consumption data source is IFA. Previous update in paranthesis



IR – Date: 2012-02-07



# Near-term capacity delays continue



- Lead time for a new greenfield project 4-5 years
- Good visibility on projects short to medium term
- Potential delays could impact phasing

Source: Fertecon urea updates

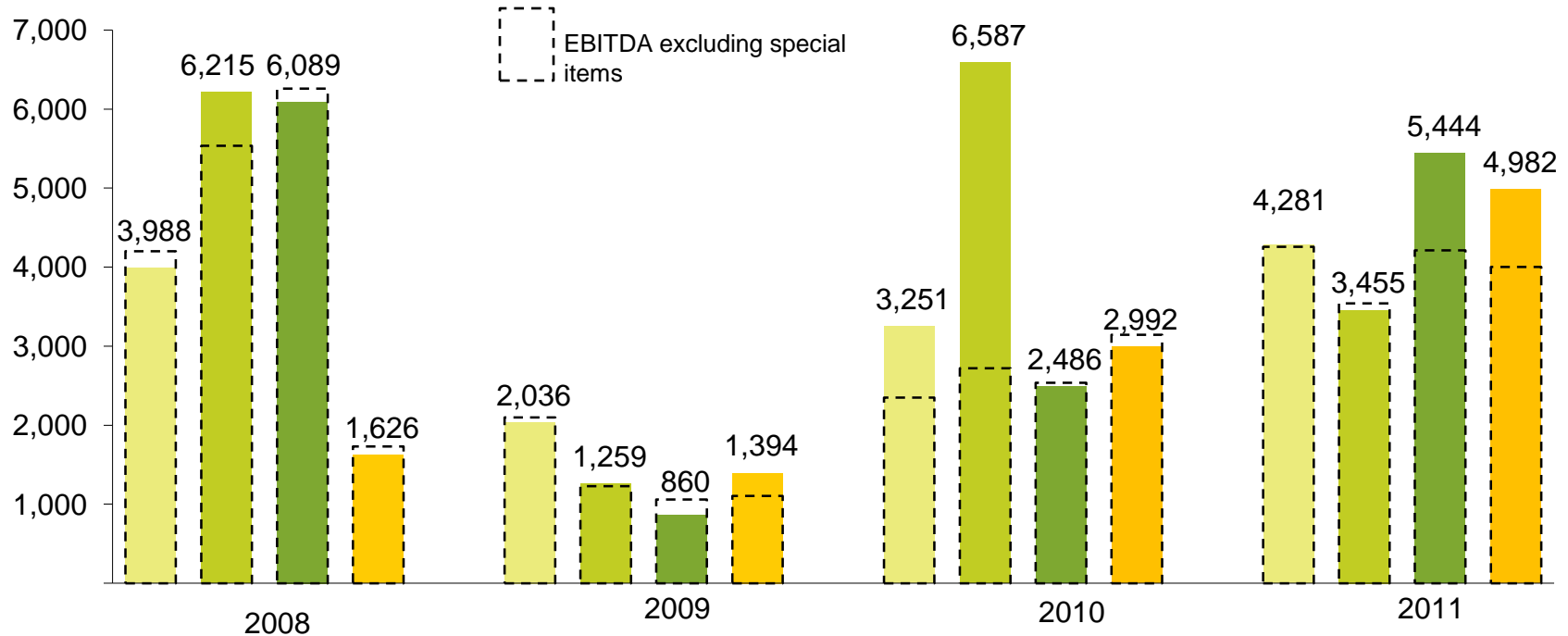


IR – Date: 2012-02-07



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

NOK millions



Annual

NOK millions	17,917	5,549	15,315	18,163
--------------	--------	-------	--------	--------



IR – Date: 2012-02-07



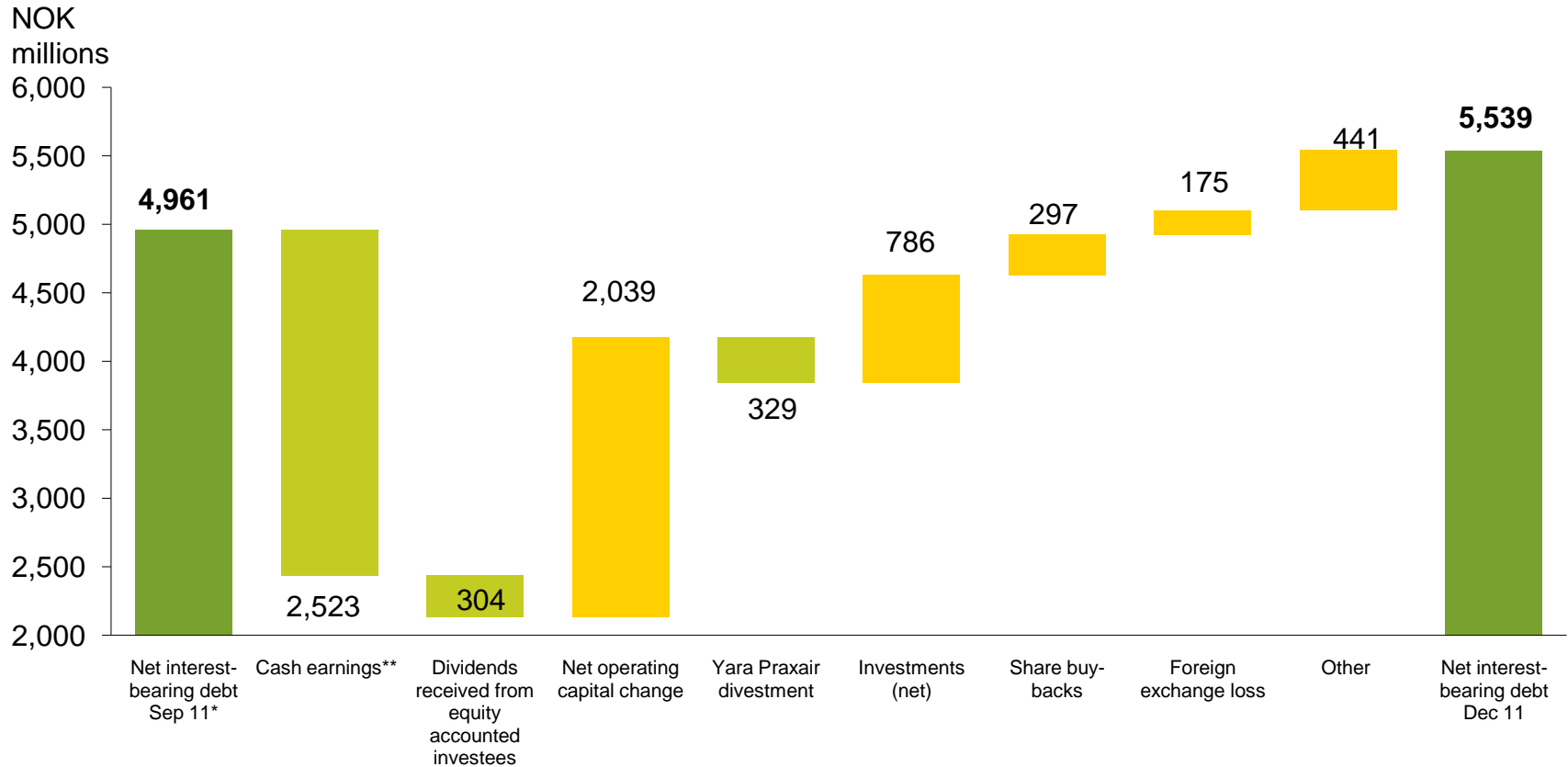
# Variance analysis Yara group

NOK millions	4Q 2011
EBITDA 2011	4,982
EBITDA 2010	2,992
Variance EBITDA	1,990
Volume & mix	(392)
Price/Margin	2,146
Oil & gas costs in Europe	(543)
Special items	1134
Other	(245)
Conversion (NOK vs. USD)*	(109)
<b>Total variance explained</b>	<b>1,990</b>

\* Based on average NOK per USD rate for the quarter 2011: 5.76 (2010: 5.92)



# Net debt development



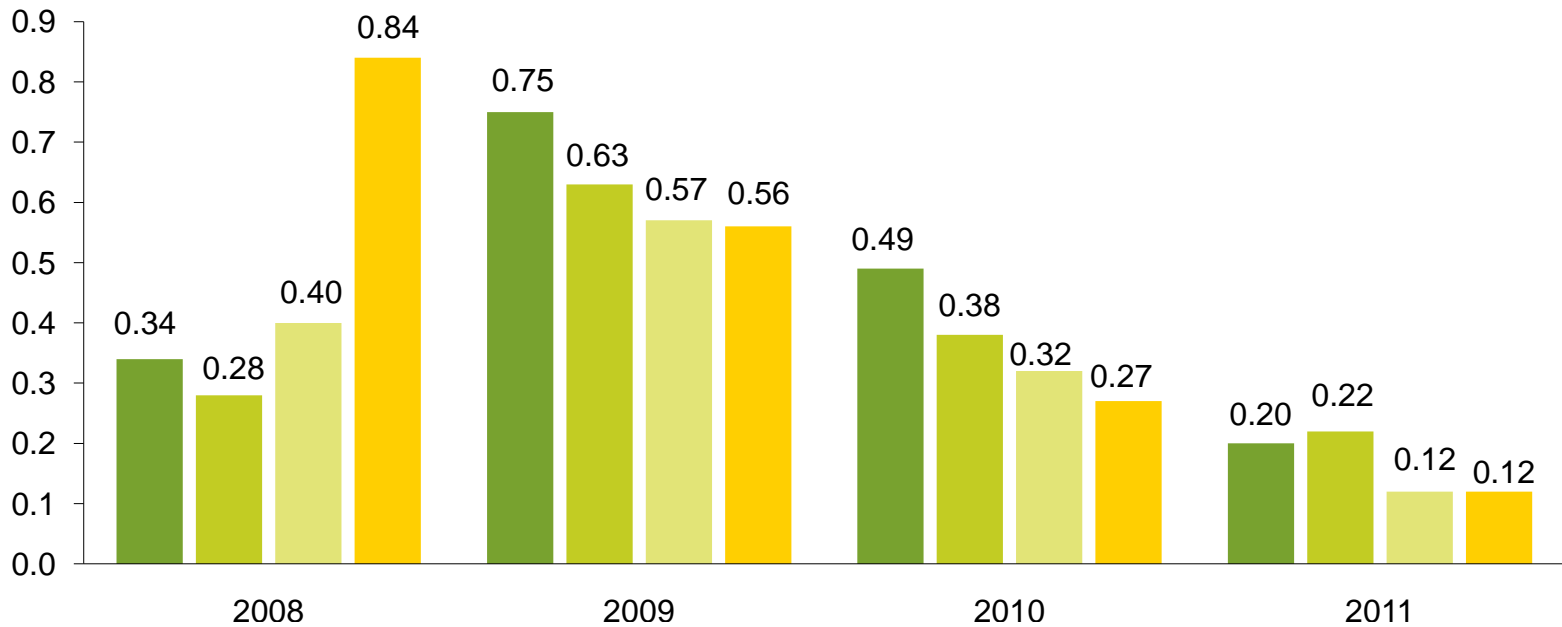
\* Included in net interest-bearing debt are external bank time deposits (4-12 months), this is part of other current assets in balance sheet

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



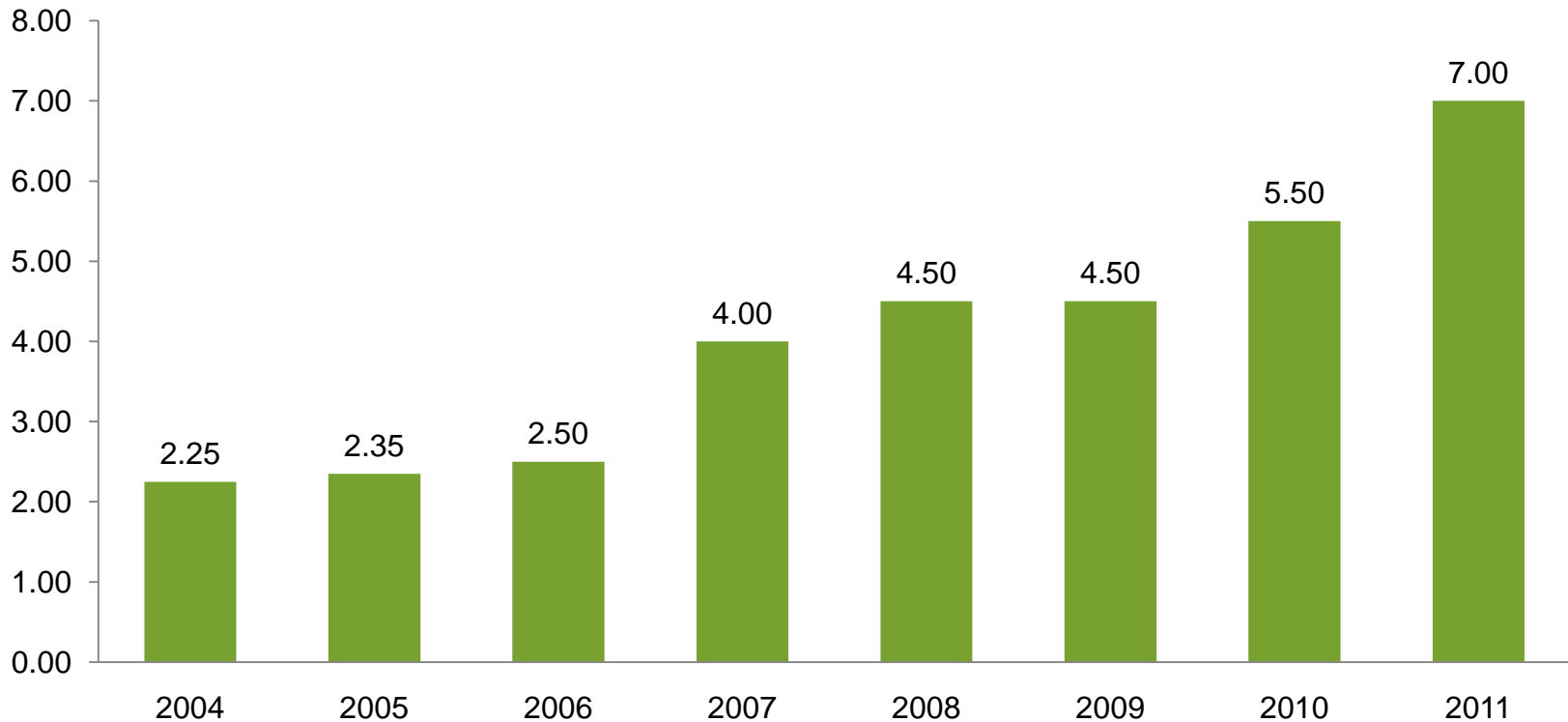
# Stable debt/equity ratio

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

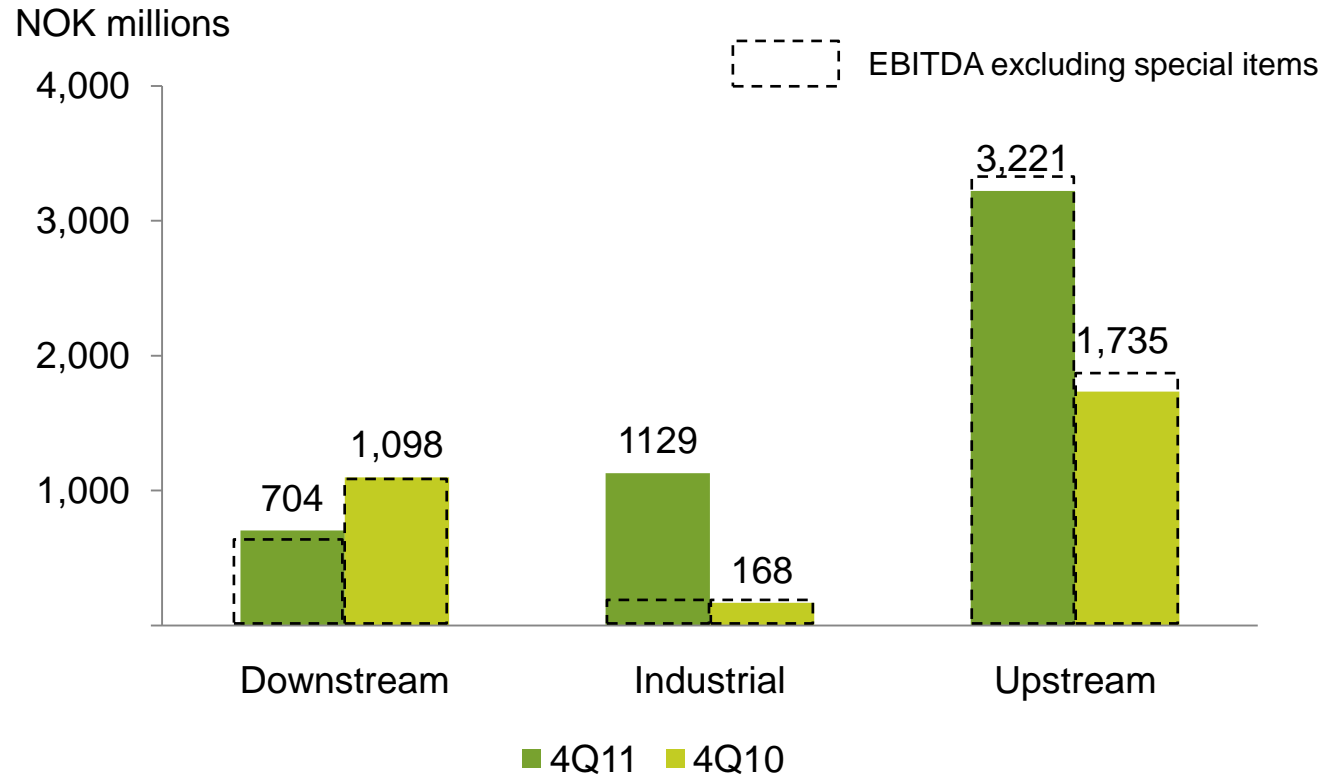


# Proposed dividend of NOK 7 per share

NOK per share



# EBITDA per segment



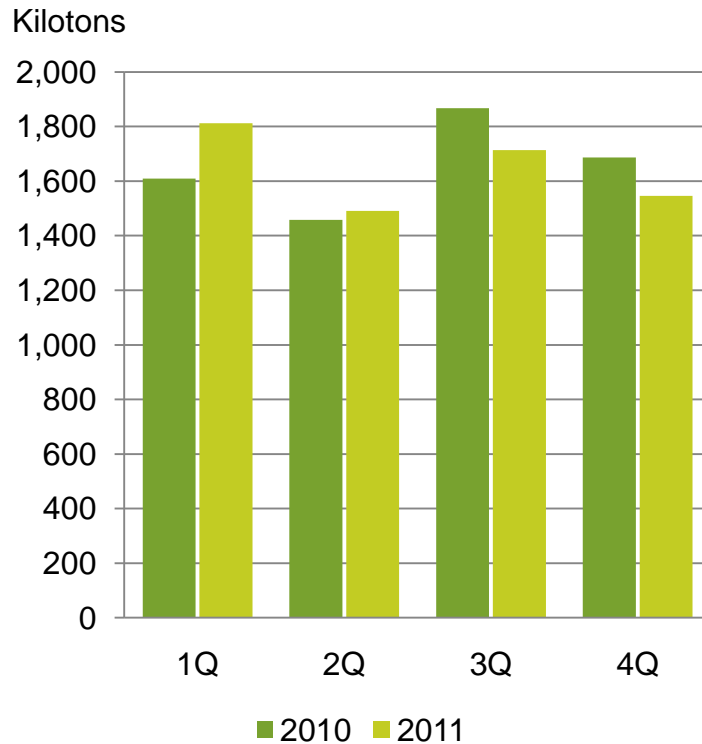
## Downstream segment

- Strong full year, but lower quarter result compared with 2010
- European sales down 18%, satisfactory sales outside Europe
- Healthy margins for premium products despite 30% urea price drop during the quarter
- Low third-party stock levels limit write-downs

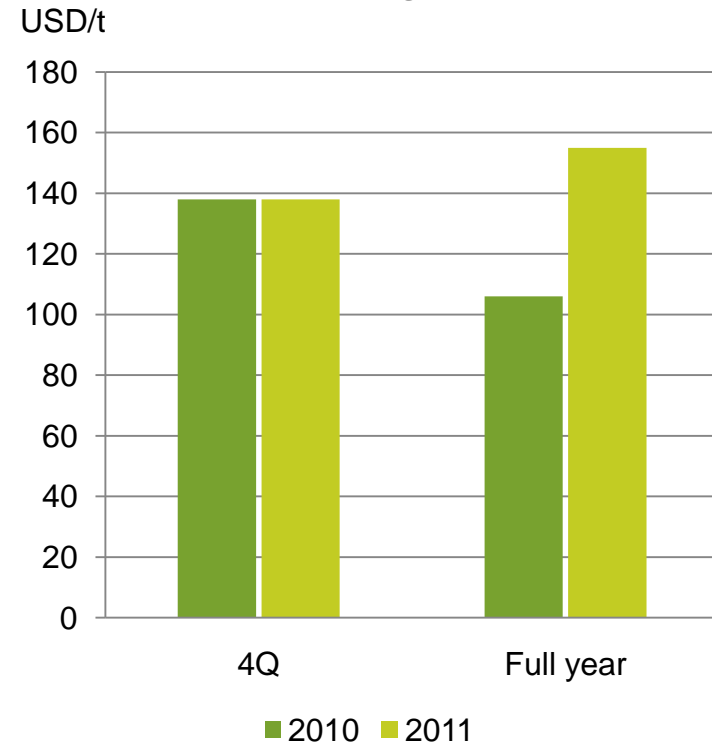


# Good NPK quarter

## NPK volumes



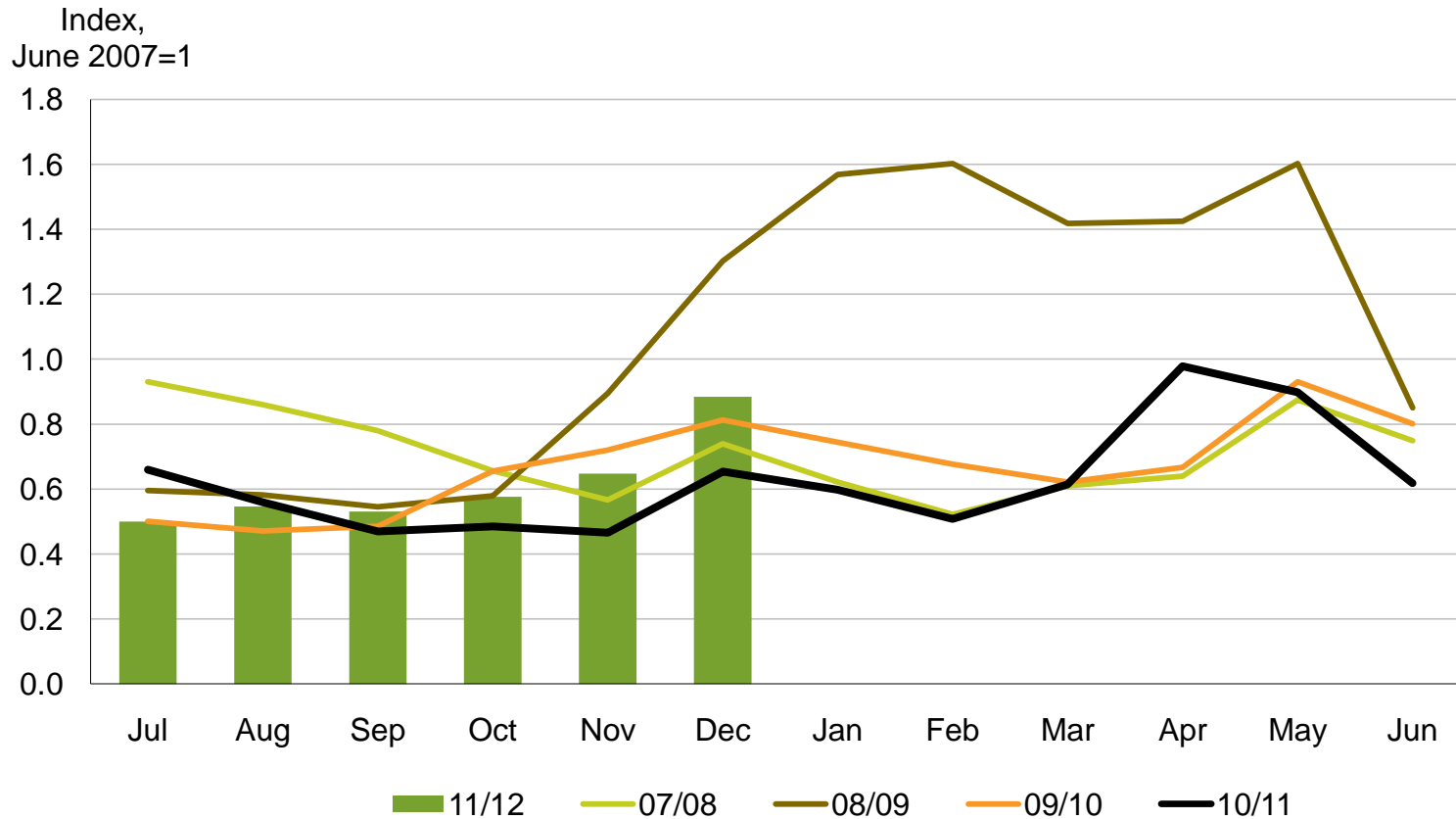
## NPK margins\*



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



# European producer nitrate stocks increased in 4Q



Source: Fertilizers Europe



IR – Date: 2012-02-07



## Industrial segment

- Strong full year, but quarter result below normal level due to higher commodity prices
- Economic uncertainty impacts sales to European process industry
- TAN recovery due to higher mining activity in main markets
- Continued improvement in the environmental segment



# Upstream segment

- Strong result
- Higher prices more than offset increased energy costs
- Fertilizer production running close to full capacity
- Qafco 5 and 6 starting production

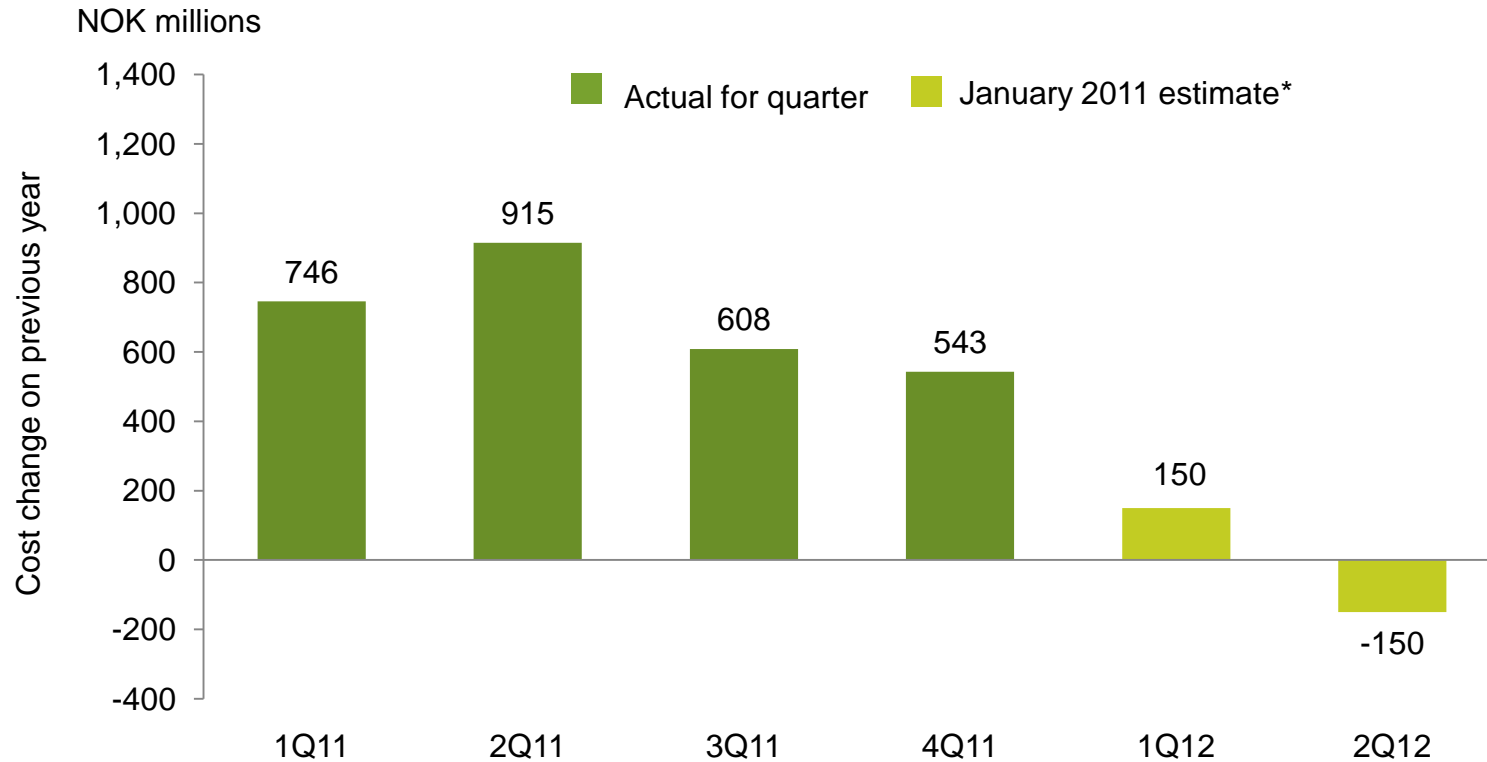


# Share of net income in equity-accounted investees

NOK millions	4Q 2011	4Q 2010
Qafco	278	196
Tringen	84	73
Burrup	55	(112)
GrowHow UK Ltd.	64	87
Lifeco	(31)	43
Other	8	119
<b>Total</b>	<b>459</b>	<b>406</b>



# Estimated European energy cost



\* Based on forward prices as of 26 January



IR – Date: 2012-02-07



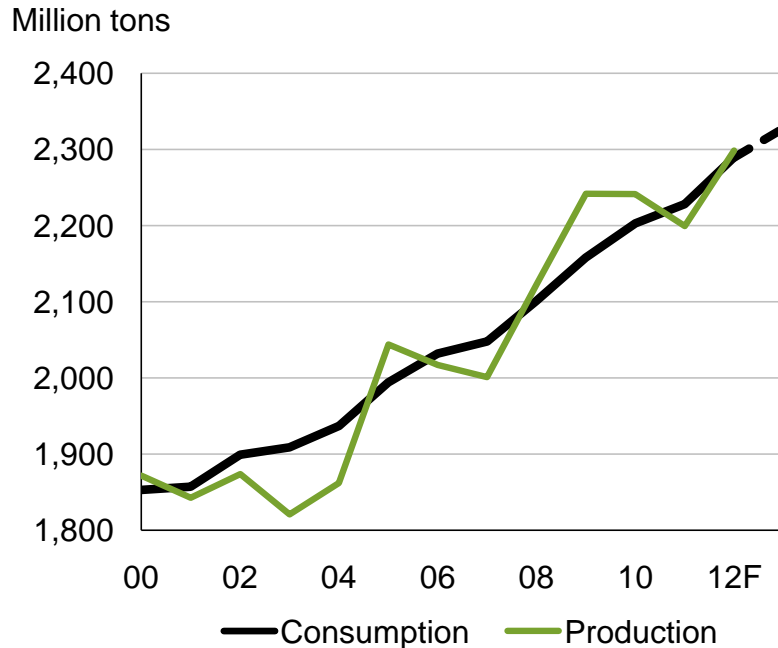
## Prospects first quarter 2012

- Good farm margins indicate normal spring nitrogen consumption in Northern Hemisphere
- Pick-up in nitrogen markets in January, but total 2011/12 European industry deliveries could end lower year-over-year
- Yara targeting stable European nitrate market share for the season
- Yara's first-quarter energy costs expected NOK 150 million higher, based on forward prices as of 26 January

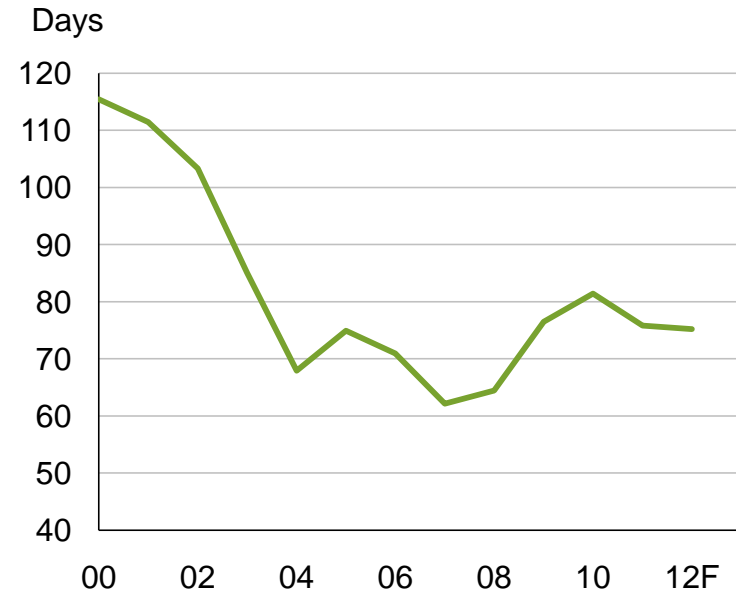


# Continued strong price incentives necessary to avoid inventory decline

## Grain production and consumption



## Days of consumption in stocks



Source: USDA, January 2012



IR – Date: 2012-02-07



## Prospects next twelve months

- Continued healthy crop prices and farm margins required to avoid decline in global grain inventories
- Chinese urea export swing level at approx. USD 385 per ton fob, based on official information and today's domestic price
- Significant near-term capacity delays: Fertecon estimates for 2012 ex China revised down from 3.1% to 2.4% of consumption
- Lifeco: Yara targeting start-up in third quarter



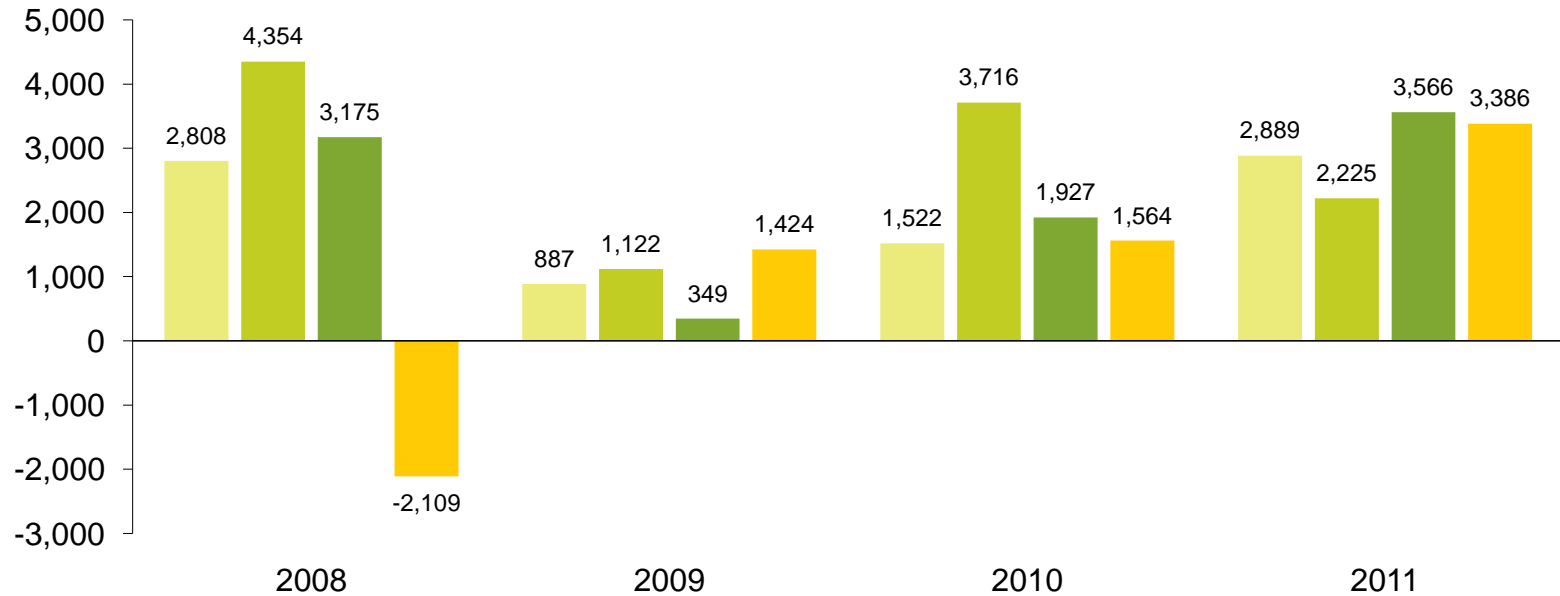


Knowledge grows

# Additional Information

# Net income after non-controlling interests

NOK millions



Annual

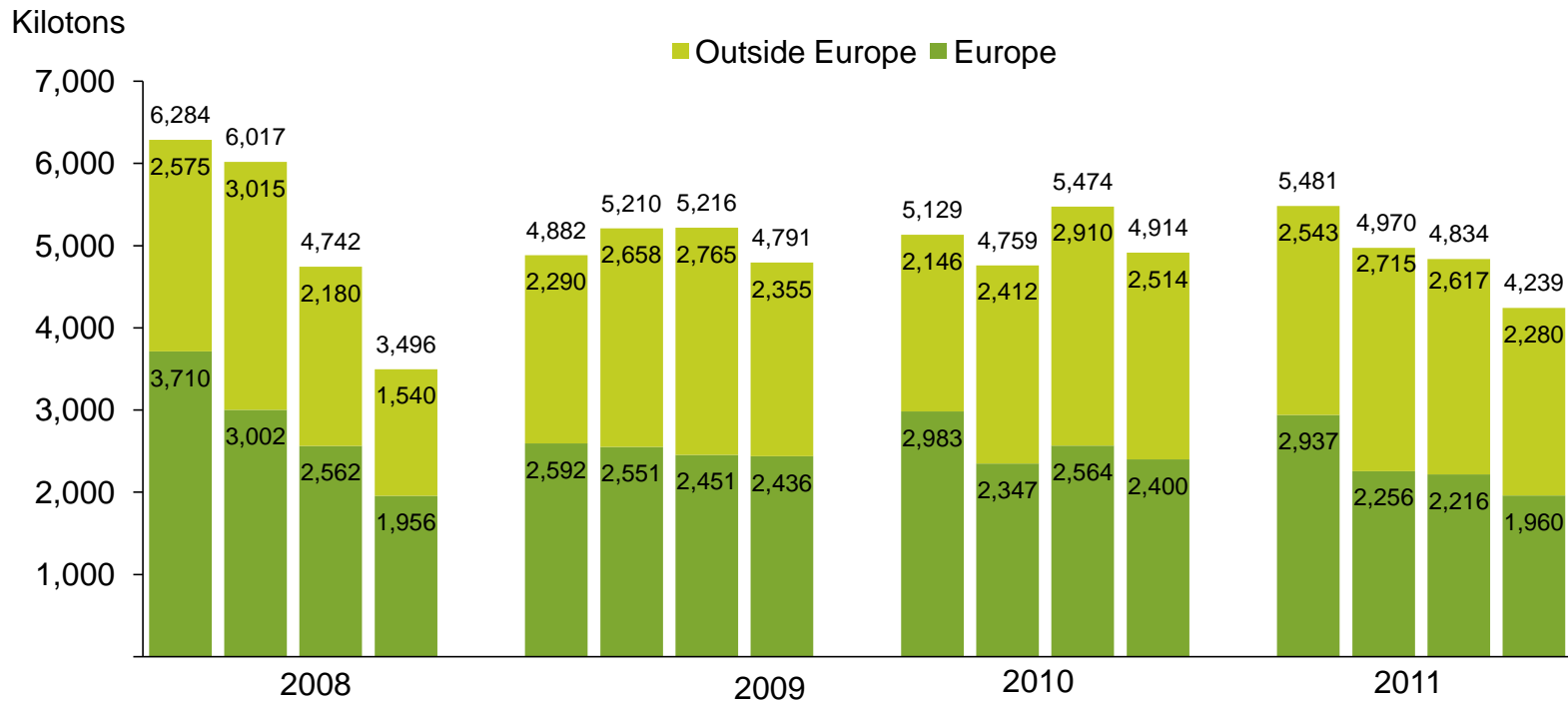
NOK millions	8,228	3,782	8,729	12,066
--------------	-------	-------	-------	--------



IR – Date: 2012-02-07



# Fertilizer volumes



Accumulated, Kt

Fin. fertilizer	20,540	20,099	20,276	19,522
-----------------	--------	--------	--------	--------

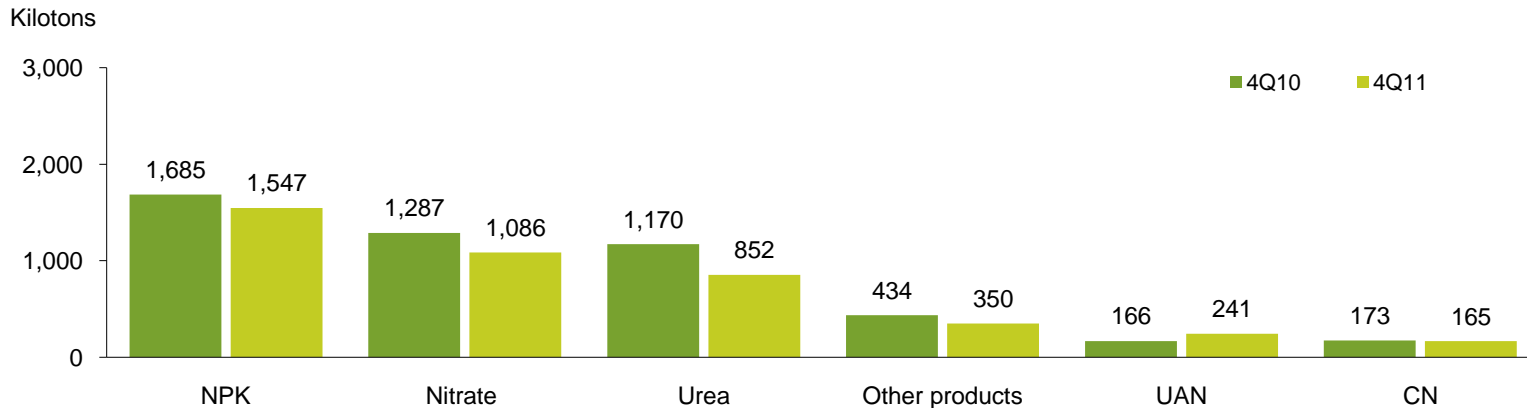
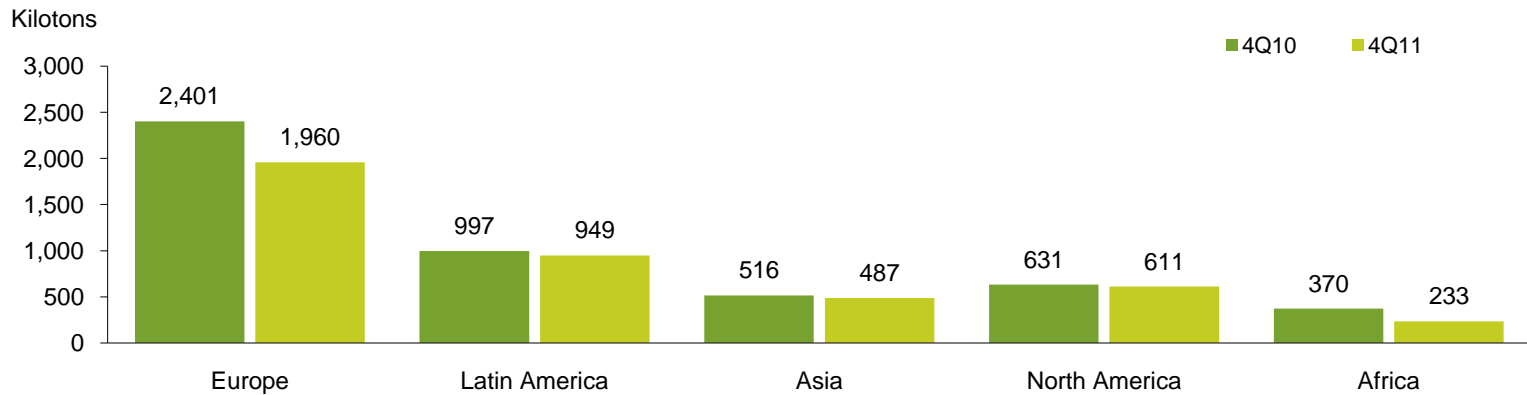


IR – Date: 2012-02-07



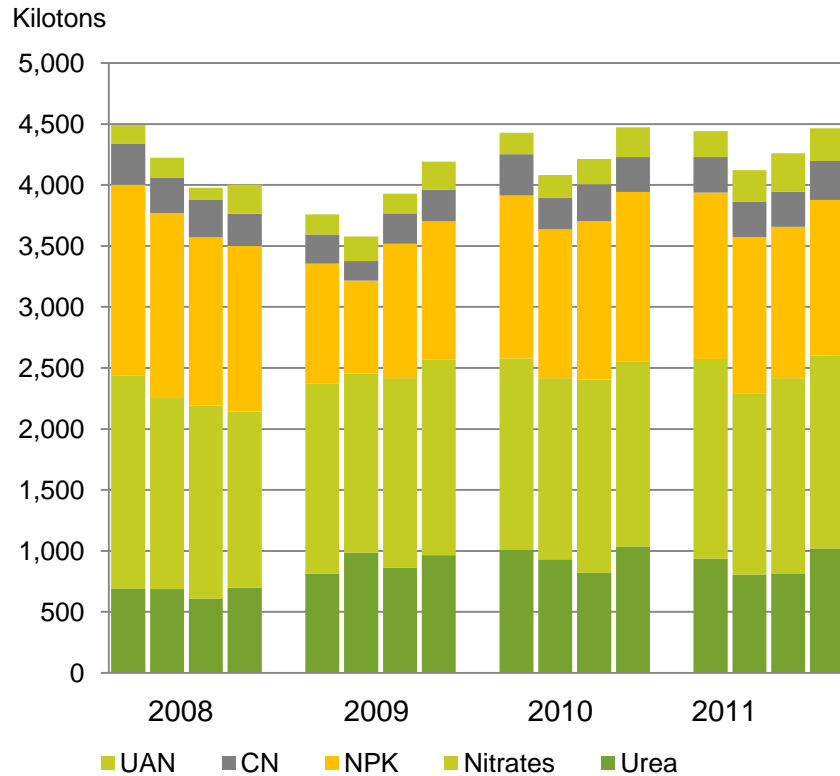
# Yara 4Q fertilizer sales by market and product

2011: 4.2 million tons (2010: 4.9 million tons)

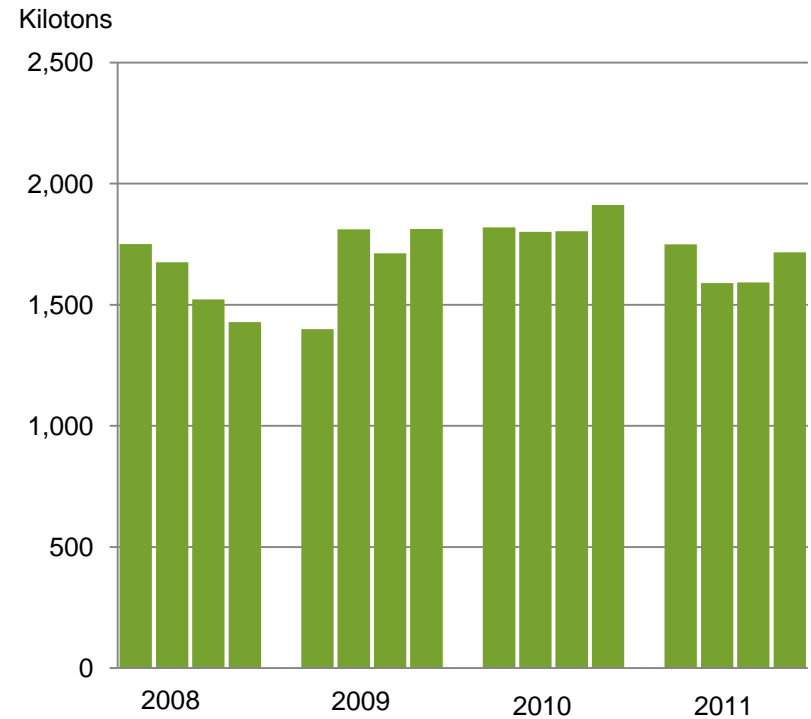


# Yara – production volume\*

## Finished fertilizer



## Ammonia



\* Including share of equity-accounted investees

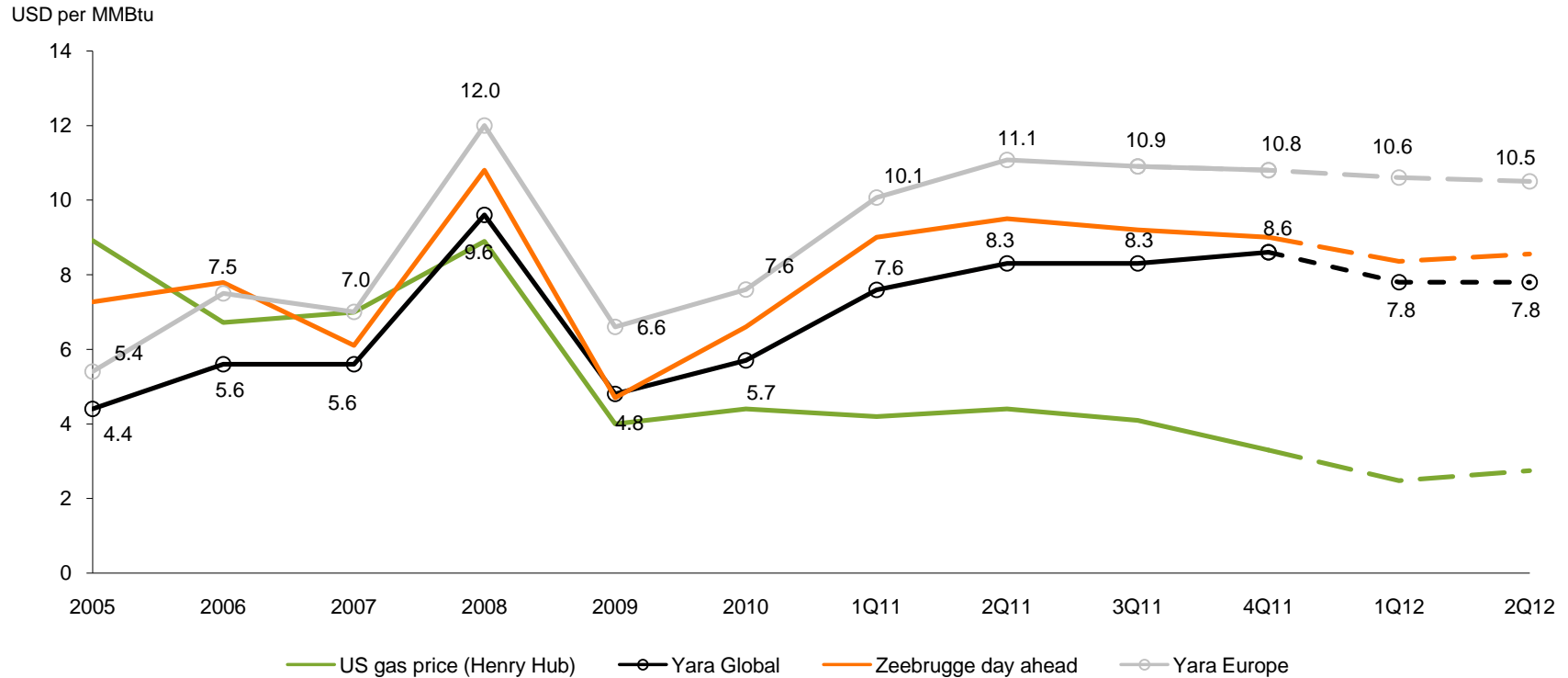


IR – Date: 2012-02-07



# Spot natural gas versus Yara average

Yearly averages 2005 – 2010, quarterly averages for 2011-12 with forward prices\* for 1Q12 and 2Q12



\*Dotted lines denote forward prices as of 26 January 2012

Source: Yara, World Bank, Platts

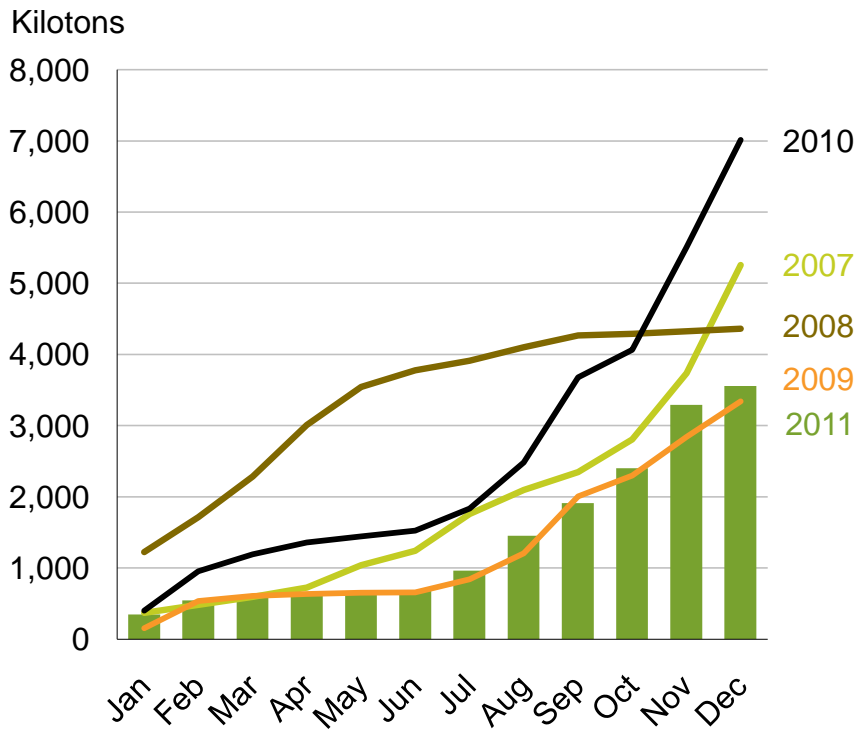


IR – Date: 2012-02-07

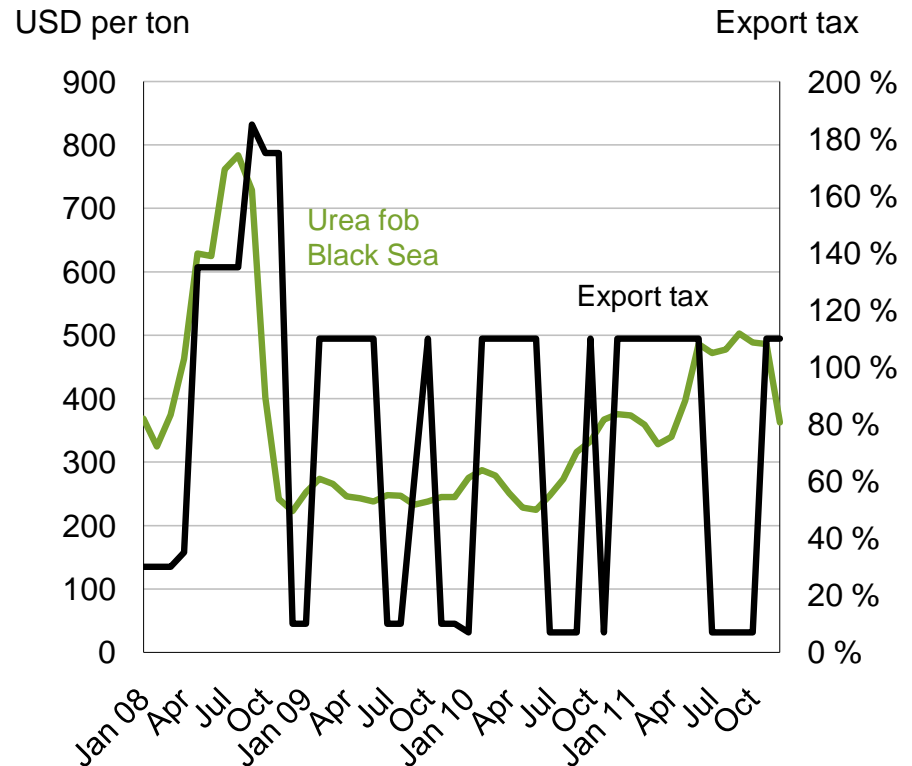


# Chinese exports needed to balance the global market

**Accumulated urea exports**



**Urea price and export tax**



Source: BOABC

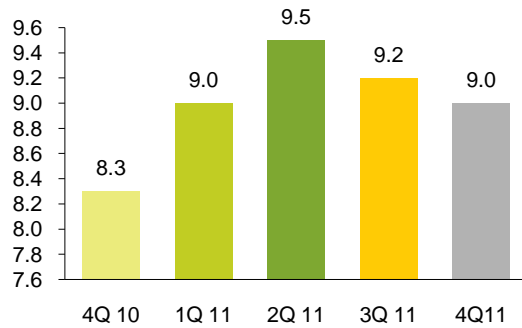


IR – Date: 2012-02-07

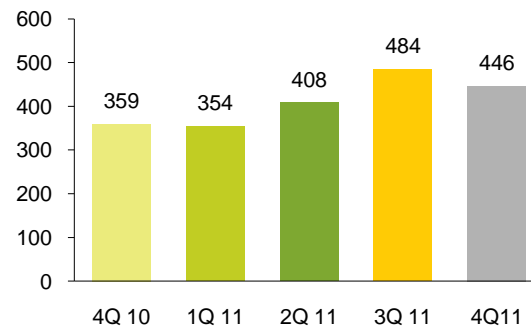


# Key value drivers – quarterly averages

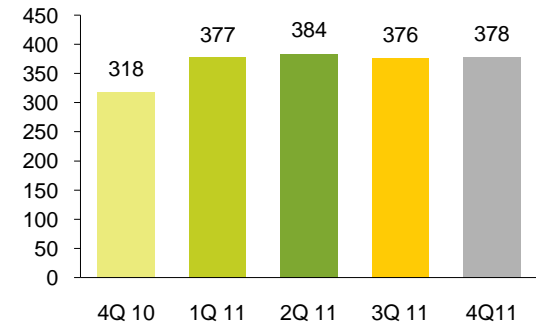
Zeebrugge day ahead(USD/MMBtu)



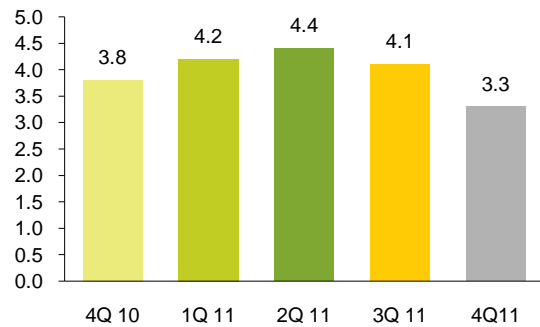
Urea prilled fob Black Sea (USD/t)



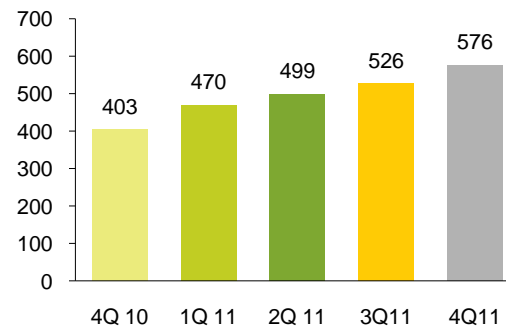
CAN cif Germany (USD/t)



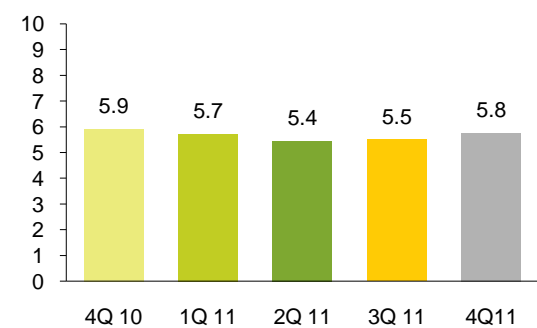
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



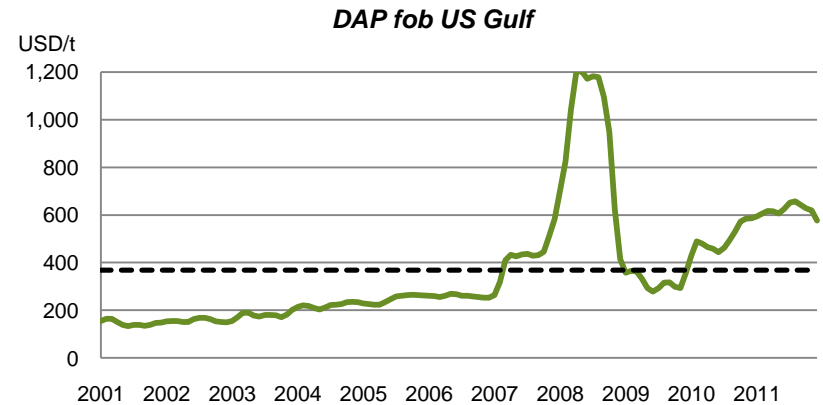
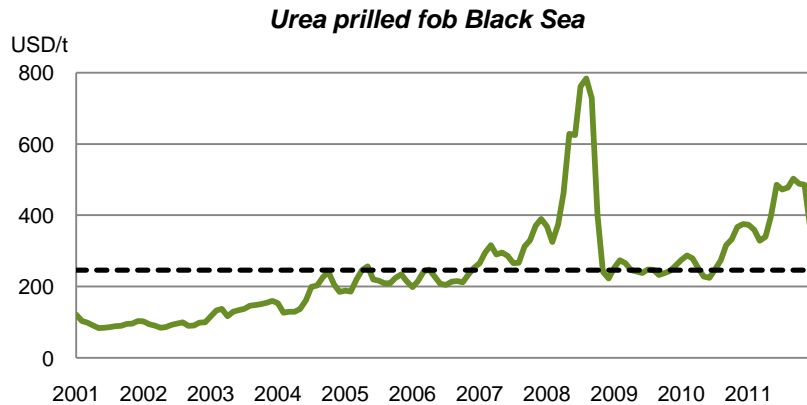
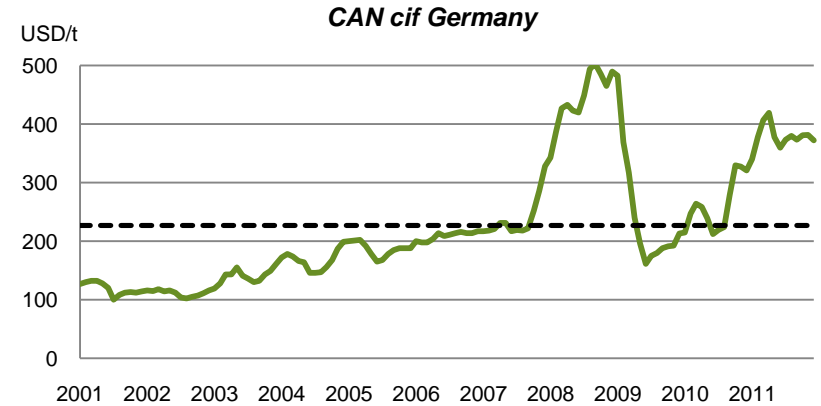
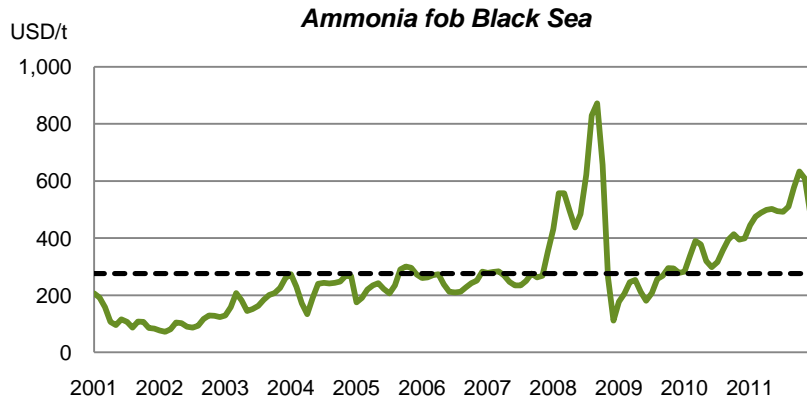
NOK/USD exchange rate



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



# 10-year fertilizer prices – monthly averages



Source: Average of international publications

--- Average prices 2001 - 2011



IR – Date: 2012-02-07

