



Knowledge grows

# Capital Markets Day 2013

26 November 2013

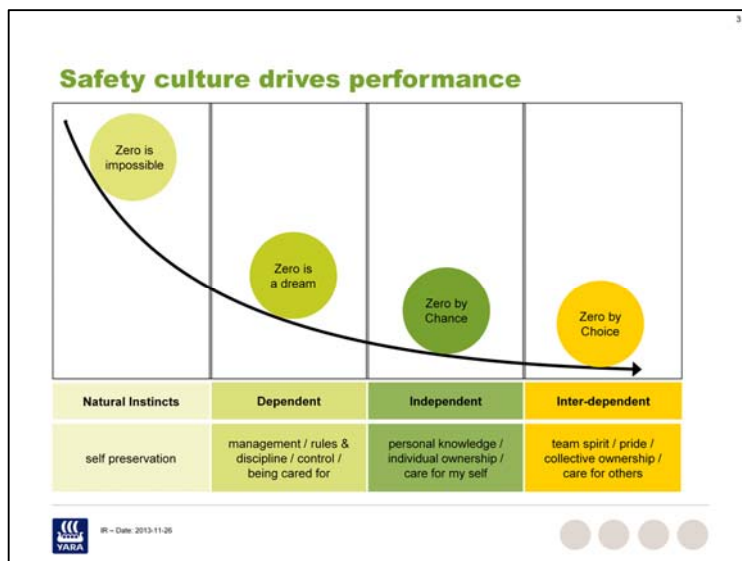
## Content

- Track record and strategy
- Commodity market focus
- Downstream focus
- Supply & Trade focus
- Upstream focus
- Financial performance & scenarios



IR - Date: 2013-11-26





A strong safety culture is a prerequisite for a strong performing company. Yara works hard to develop sound attitudes and promote safety awareness at all levels in the organization. This work has made Yara one of the best performing companies for safety in the chemical industry. However, we are not satisfied as we believe that all accidents can be avoided.






**Safety in Yara and our way forward**

- It is a framework to develop a Yara Safety Culture that reduces exposure to injury
- Where we all
  - Share the responsibility for safety
  - Taking care of each other
  - As well as ourselves
- This development has to deliver a sustainable improvement
- Achieve a higher level of quality and consistency in all of us applying our procedures and tools

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The «safe by choice» framework is a long-term way of working to achieve a sustainable improvement in safety performance.

## Global megatrends profoundly impact Yara's businesses

-  Global growth
-  Urbanization
-  Climate change
-  Globalization
-  Resource scarcity

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Responding to global trend developments and adapting the Yara business and product offering accordingly is key to sustainable value creation.

Yara is directly and indirectly influenced by the megatrends of income growth, globalization and urbanization. Growth, of economies and populations, generates increased demand for food, and consequently for Yara's crop nutrients and agronomic solutions. According to the FAO, world food production must rise 70% by 2050 to cope with predicted population- and economic growth. This must be achieved while utilizing current agricultural land and less water.

Increasing food production with limited natural resources is a balancing act requiring increased efficiency to help farmers optimize yields in a sustainable way. Moreover, world agriculture could be a key contributor to stemming global warming, by helping to increase yields, reducing emissions, and conserving natural resources. Yara's strategy aims to create sustainable competitive edges based on these global challenges.

## Creating Impact is Yara's strategic ambition

- **Creating Impact** is Yara's strategic ambition, expressed through our mission of striving for better yield, delivering good returns to customers, owners and society at large.
- **Creating Impact** provides **focus** and **direction** for Yara's strategy processes, innovation, business development and everyday business conduct
- **Creating Impact** means Yara will grow by delivering **profitable business solutions to the human challenges** of food security, resource scarcity and environmental degradation

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The above statements explain briefly what Creating Impact is all about – bringing together our ambitions for our business, our customers and society at large



## Huge amounts of value can be unlocked by optimizing value chains

- Value chain partnerships, particularly with multinational food companies, show significant potential of unlocking value
- More sustainable value creation for farmers, higher yield with reduced loss and less use of resources
- Key to success is fair sharing of value created

IR - Date: 2013-11-26 Yara's positioning

Although Yara is selling primarily to distributors, we are working actively with stakeholders further out in the value chain to create a pull for our products and solutions.

By assisting food companies in developing concepts that improve quality and yield for their contract farmers, we are able to reach a larger number farmers indirectly in a very efficient way.

## Creating impact in practice

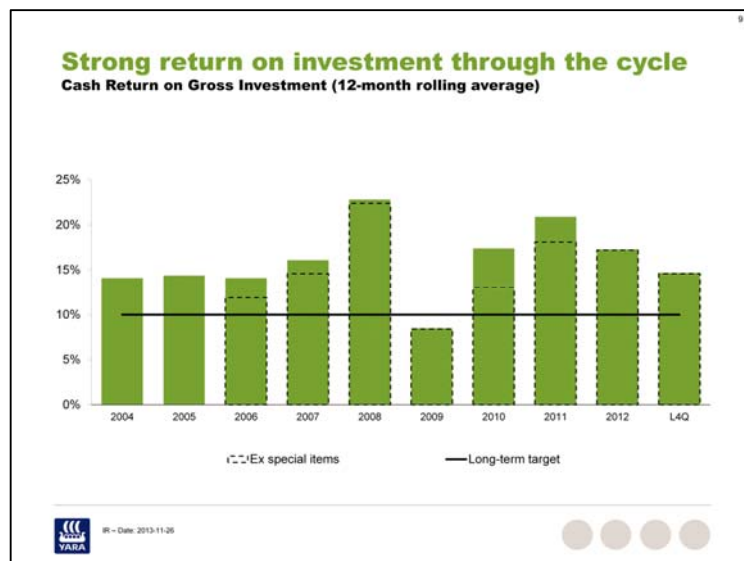
**Baltic Sea commitment**

- Pollution from industry, municipalities and agriculture
- Solution: Yara commitment to improve farm performance
- Yara's P-trap: Phosphorous leakage -60% from treated acreage
- Rollout of Yara N-Sensor precision tool
- Win-win: Farm profitability + environment + Yara sales

**Acquiring on ZIM crop water sensor technology**

- Will be adapted to Yara fertigation systems
- +5% yields, -20% water consumption
- Expected sales of 50,000+ units next 10 years
- Additional 300,000 tons Yara value added product
- Water saving ~consumption of Norway
- Current market size 13 mill hectares

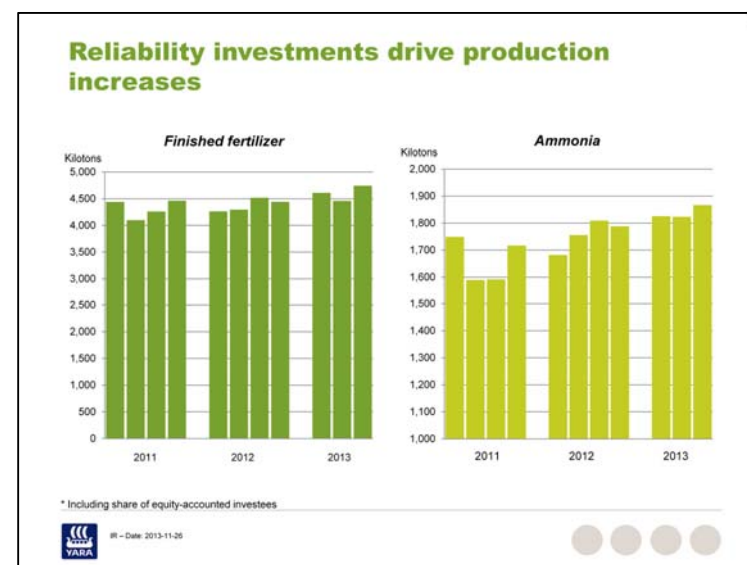
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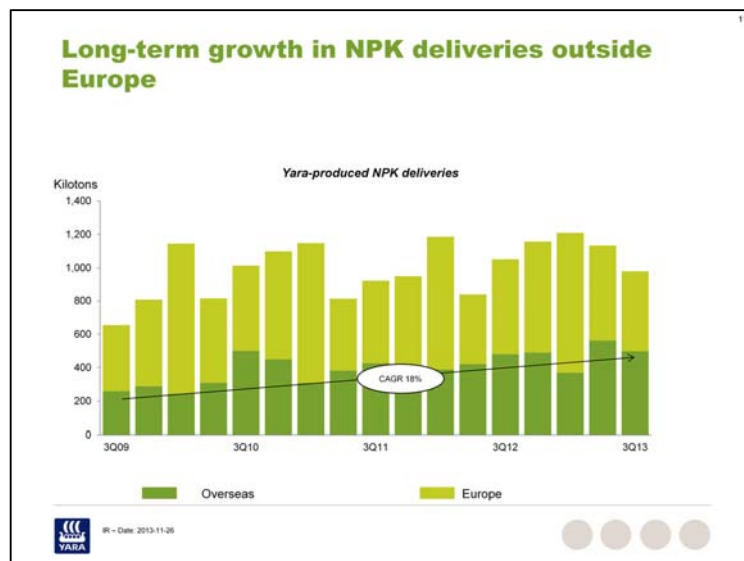
With the exception of 2009, Yara has consistently delivered a CROGI (cash return on gross investment) close to or above 15%.

Although weaker urea prices in 2012 and 2013 have contributed to a negative earnings trend for Yara's commodity (ammonia and urea) plants, Yara's upgrading and distribution activities have seen a strong positive development offsetting part of the negative urea impact.

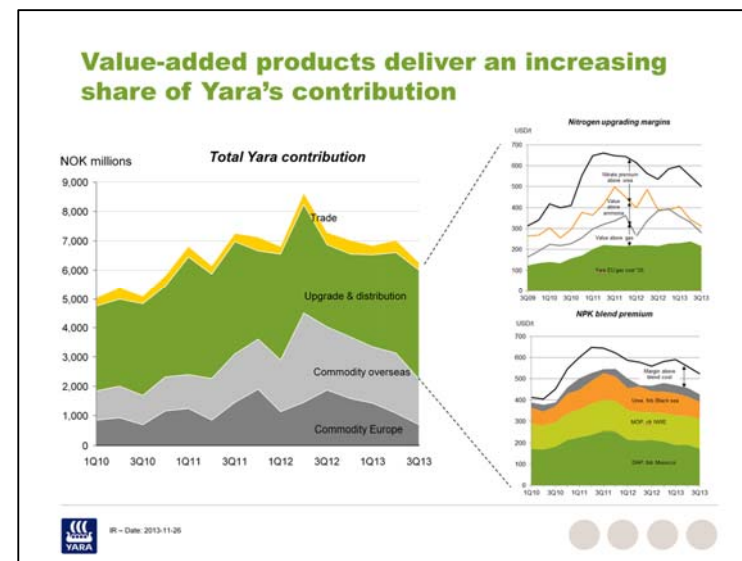
Understanding the different drivers and sensitivities of Yara's value-added and commodity businesses should be a key priority for all Yara analysts, and is the focus area for this presentation.



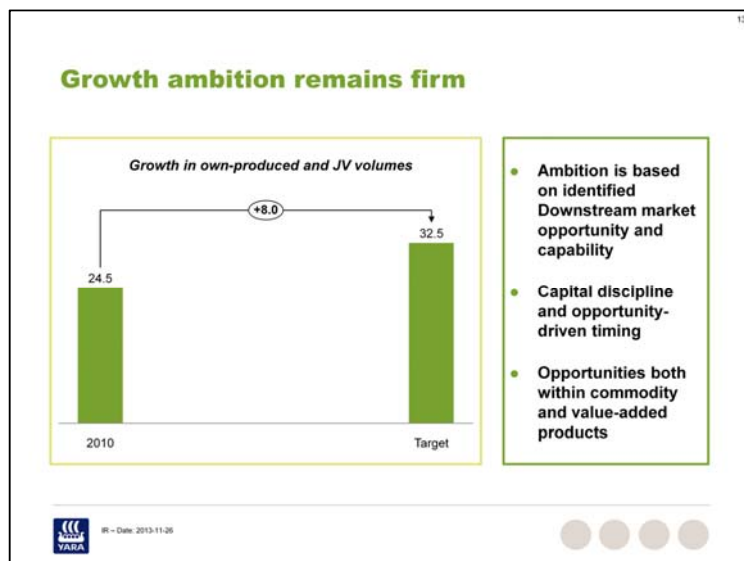
In recent years, Yara has increased the level of reliability investments, resulting in a significant improvement in production.



Yara has worked actively the last years to develop markets outside of Europe for our high quality NPK products. By identifying crop niches, typically fruits and vegetables growers in Asia or Latin America, sales have almost doubled in four years and we believe there is still significant potential to increase these sales further.



The share of the contribution generated by European and overseas commodity business has decreased over the last year due to lower commodity prices in combination with limited upgrade margins from ammonia to urea/UAN. At the same time the value added share of the contribution has increased as we have been able to maintain a stable nitrate premium and NPK premium above blend. Contribution from trade activities has been stable during the same period.



As previously communicated, Yara sees profitable market opportunities to target an 8 million ton increase in own-produced and joint venture product sales. Yara has made significant progress towards this target during 2012 and 2013.




By acquiring the Abocol Group, Yara will secure a value-added nitrogen production company situated in Latin America, in addition to several distribution assets which will increase Yara's market presence across Latin America.




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## Yara Pilbara Nitrates project progressing well




- 330ktpa capacity AN plant, JV with Orica and Apache (Yara share: 45%)
- Plant ideally located in the world's biggest iron ore mining region
- Overall construction close to 60% completion\*, excellent safety record
- Expected commissioning is mid to late 2015

\* As of 21 November 2013



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Yara, Orica and Apache are together building a 330,000 metric tons ammonium nitrate (TAN) plant on the Burrup peninsula and distribute ammonium nitrate and other explosives products to mining customers in the Pilbara region.

The joint venture is owned 45% by Yara, 45% by Orica and 10% by Apache. Construction of the plant is expected to have a capital cost of approximately USD 800 million excluding capitalized interest, and be completed by the end of 2015.

The parties also agreed to form a distribution and marketing joint venture to distribute all ammonium nitrate and associated products and services to mining customers in the Pilbara region. This joint venture will be owned in the same proportions as the ammonium nitrate plant joint venture, but will be managed by Orica.

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## Potential joint investment in world-scale ammonia plant on US Gulf coast

- Attractive long-term partnership:
  - BASF has strong existing presence in the United States and ammonia sourcing requirement for US downstream activities, investment would further strengthen backward integration
  - Yara has a strong global ammonia production and trade network, investment would further strengthen this position, and increase its North American upstream presence
- US Gulf location advantageous due to existing industry infrastructure, construction resources and natural gas
- Location, capacity and other project parameters currently under discussion

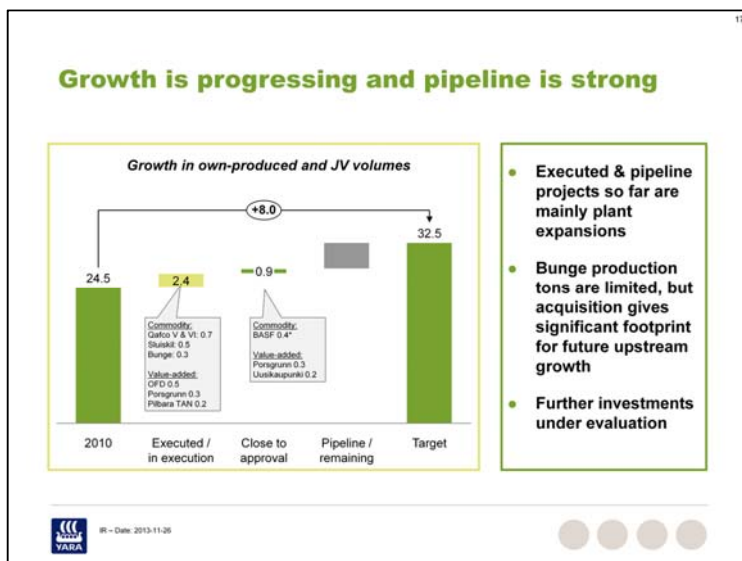






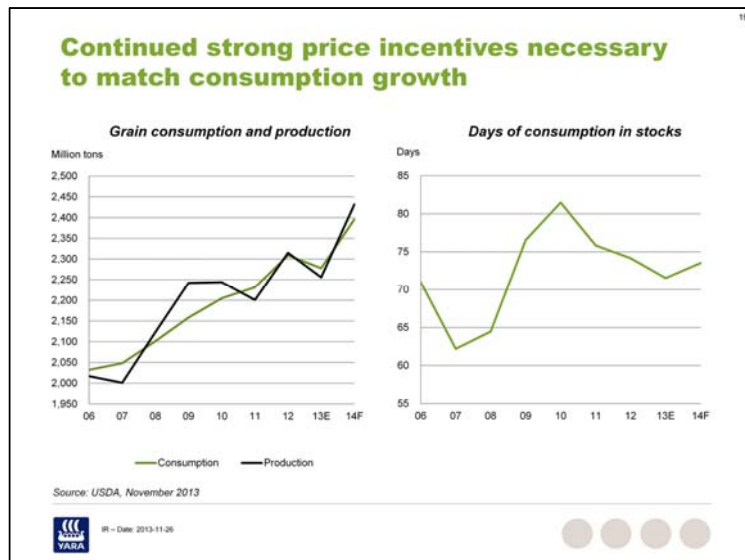
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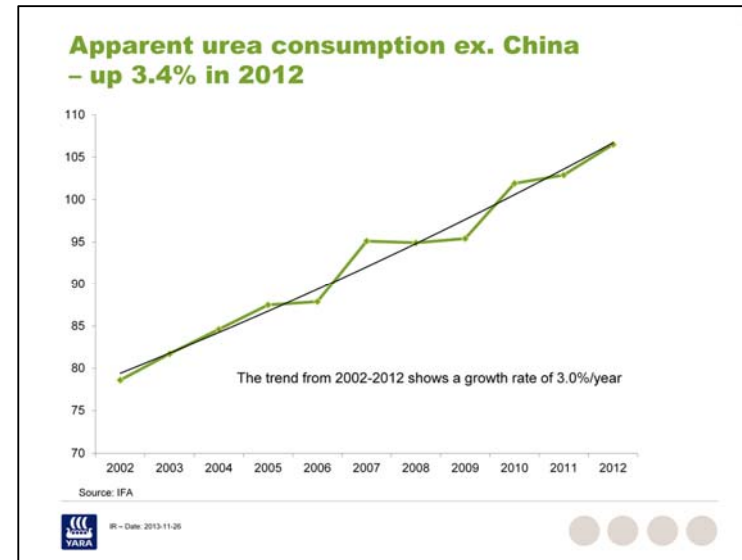
As previously communicated, Yara sees profitable market opportunities to target an 8 million ton increase in own-produced and joint venture product sales. Yara has made significant progress towards this target during 2012 and 2013.



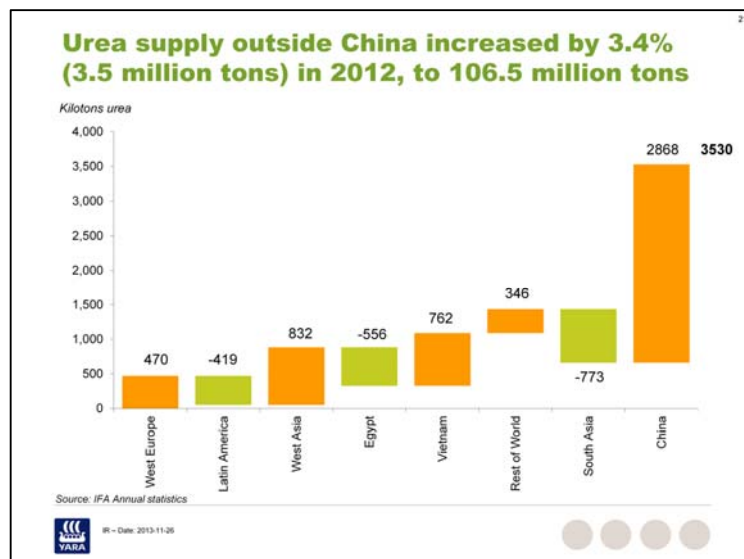


The trend growth for global grain consumption is 2% per year. Unless further depletion of already low stocks, production need to set new records going forward.

Demand prospects for fertilizer demand are very solid.

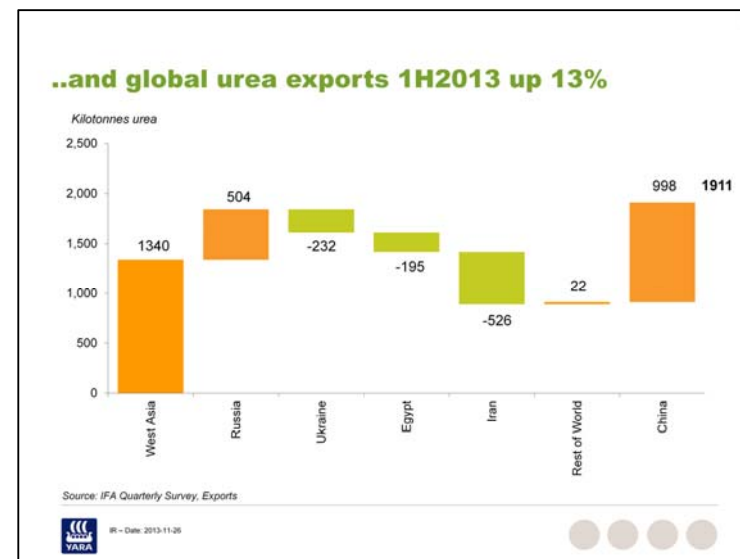


Apparent urea consumption ex. China increased by 3.4% in 2012, slightly above the 10 year annual growth rate at 3.0%



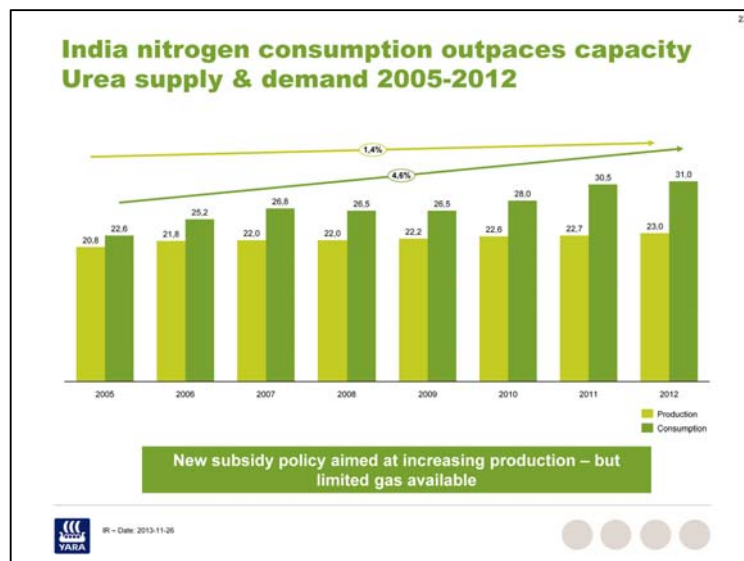
The majority of the increase in global urea supply in 2012 came out of China.

Outside China, supply increased from urea expansions at existing plants in Netherlands and France, the two new urea plants in Qatar, and also 2 new plants in Vietnam. Partly countering this, production reductions were seen in Brazil and Trinidad, Egypt due to political unrest and gas supply issues, and Pakistan/Bangladesh due to limited gas availability



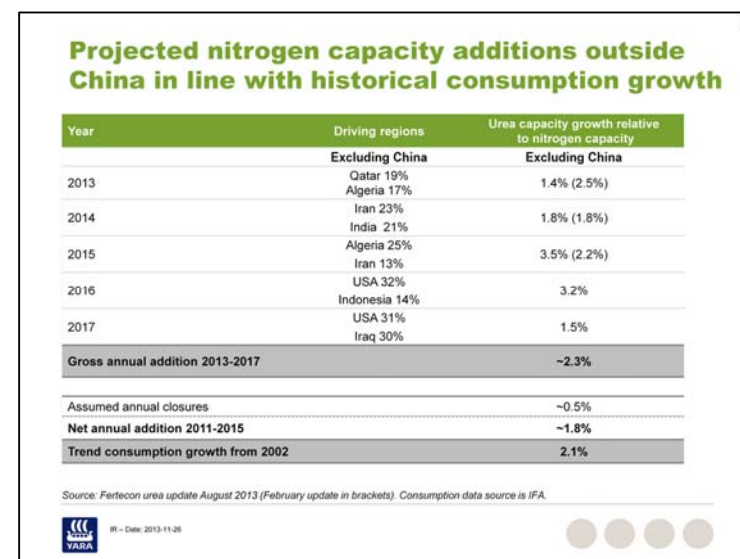
Global trade of urea has continued strongly into 2013, with a significant increase during first half of the year. A significant increase in export supply is still coming from China, but the largest single contributor is Qatar, with its two new plants. Also in Russia, urea capacity has increased, but here based on existing ammonia. Problems continued in Egypt and Iran.

The increase in import demand was widespread, as basically all regions around the world increased their imports. Some of the increased buying, like in India and Brazil, was for the later upcoming application season.



Since the increase in production to 22 million tons in 2011, Indian urea production has been stable.

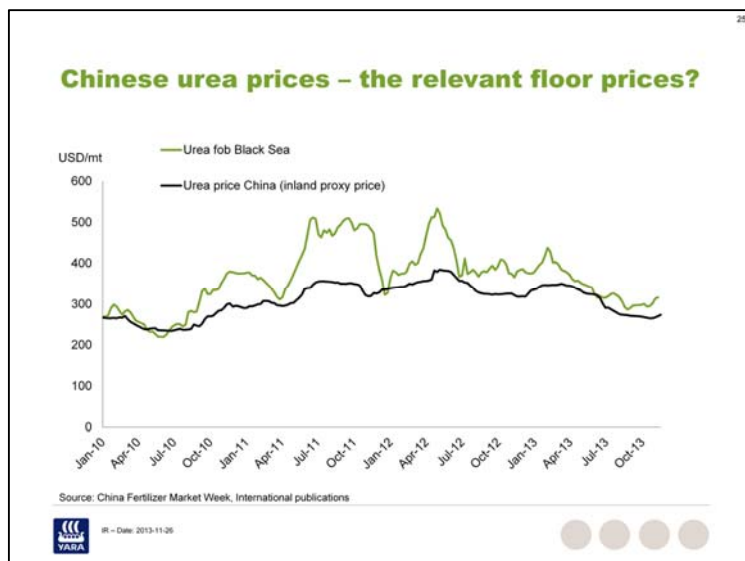
Consumption has continued to develop strongly, increasing the need for imports. India is now clearly the top importer of urea in the world, needing 8 million tons a year, or more if the trend continues.



According to Fertecon estimates, quite a lot of new capacity is scheduled for completion during 2015 and 2016.

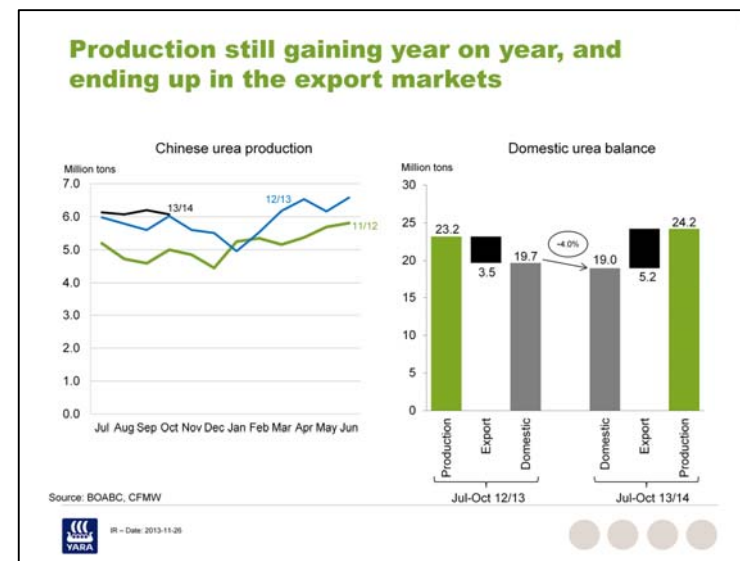
It is worth noting that empirical evidence suggest that only around 1/3 of planned capacity actually manage to be ready the year it was planned. And several of the relevant projects have concerns attached to them, with Algeria, Bangladesh, Egypt, Iran, Nigeria as examples. Also in USA, the tempo may be reduced compared to the ambitious schedule predicted.





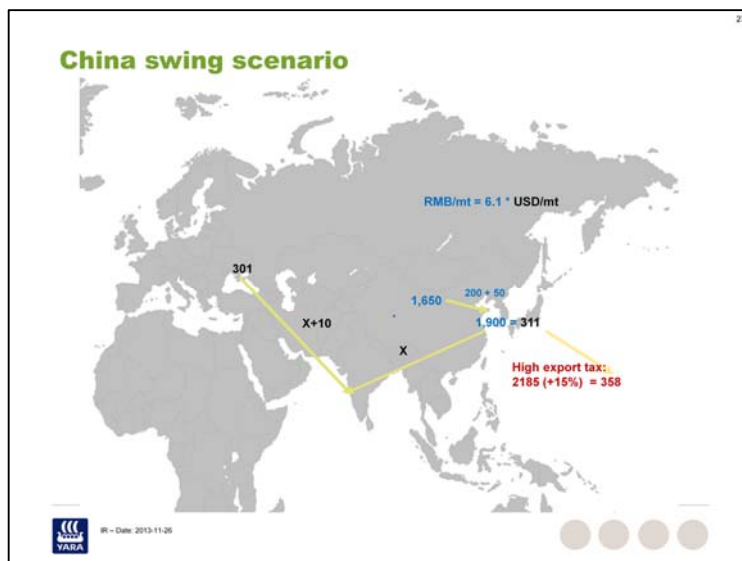
Over the last few years, China has been the major swing supplier to the world market. So domestic urea prices in China, plus the restrictions in place for exports, correlate strongly with global urea pricing.

Given current coal prices, urea prices in China are likely close to the floor, as the highest cost producers in China are struggling to operate.



Urea production in China has still been gaining year on year, but has recently slowed. Capacity is increasing, but curtailments are reducing the rate of capacity utilization.

Since July, exports increased more than production, reducing supply to the domestic market somewhat.

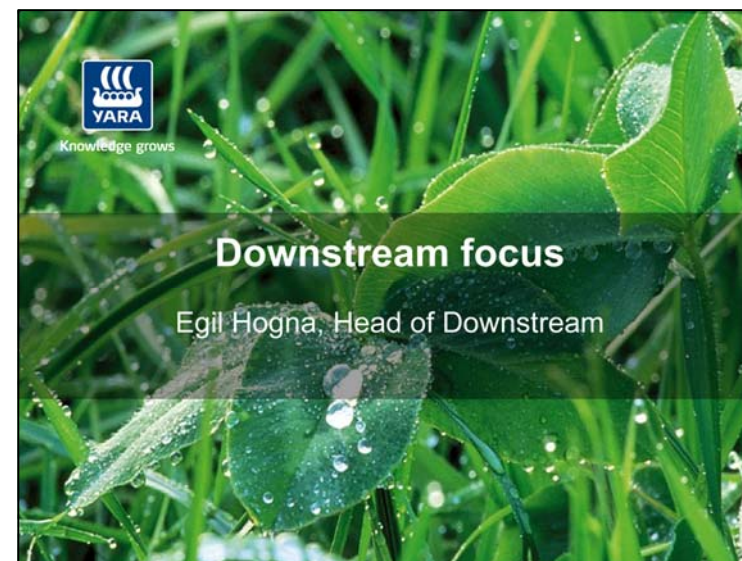


This scenario is based on a domestic price ex. works at RMB 1,650/mt in main export provinces, like Shanxi and Shandong. A cost of RMB 200/mt is added to cover transport, bagging operations, port costs etc.

At the moment, market followers are expecting a RMB 50/t tax in the low tax period (July through October, as in 2013), and a 15% tax + RMB 50/t for the rest of the year. This scheme is not at the time of writing confirmed by Chinese officials.

But based on these assumptions, the export price fob China would logically fall in a USD 310-360 /mt range.

Assuming that Black Sea exporters chase business in India in competition with China, an extra roughly 10/mt is added to logistics from Black Sea. During 2H2013, Black Sea producers have not been very active in India, preferring other markets, or curtailing production.



**Safety is first priority in Downstream, and goes hand-in-hand with productivity**

**safe by choice**



Operational team, Ghana



Improved blending and bagging, Guatemala

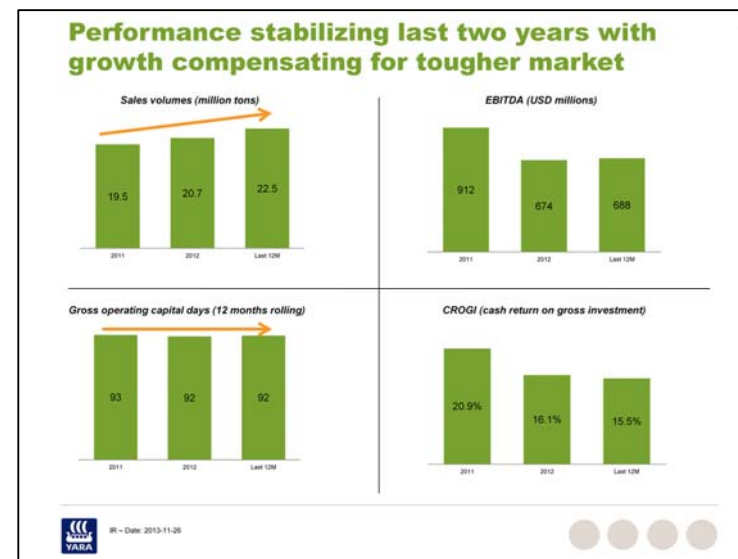


New Sumare terminal, Brazil

- Yara Downstream Productivity System promotes:
  - Safety principles and tools at all levels, from business unit managers to operators
  - Understanding of the link between safety and productivity
  - Exchange of best practice across sites
  - Regular site audits
- Bunge integration in Brazil: clear focus on Yara safety practices from Day 1
- Major new terminal investments being completed now include Porto Alegre and Sumare (Brazil) and Dar Es Salaam (Tanzania), delivering significant productivity and safety benefits
- Increased emphasis on "near miss" reporting to promote safety focus in Downstream.

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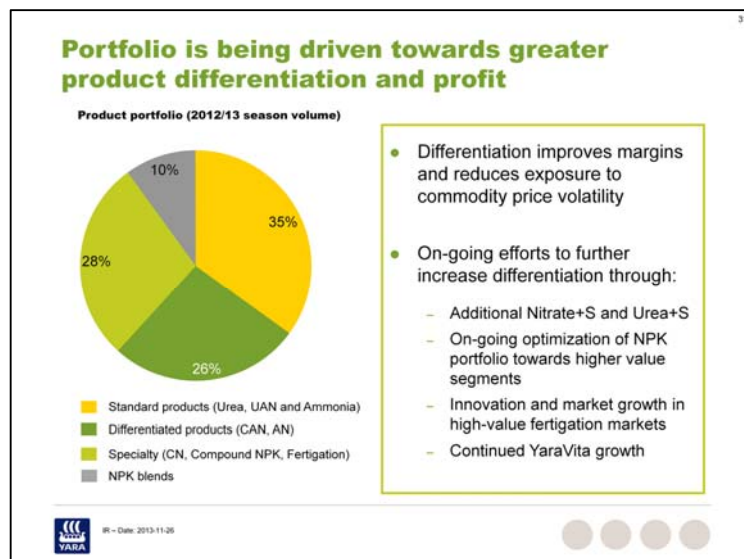
Safe by choice promotes a clear and consistent focus on safety at all levels in the organization. For Downstream the target is zero accidents and to ensure that all incidents and hazardous conditions are reported. The Yara Downstream Productivity System is our tool to continuously drive productivity and safety in our operations as these always go together.



Maintaining a competitive cost structure remains an important objective for Downstream. Increased sales volumes and improved operating capital efficiency have contributed to stable Downstream profitability.

With active credit management, credit days have been reduced from 44 days in 2008 to 33 days in 2013, and credit losses during recent years have been minimal.

Improved planning and optimization have contributed to a reduction in inventory days from 75 days in 2008 to 59 days in 2013.



Currently more than 50% of Yara's portfolio consist of differentiated and specialty products. Pure urea accounts for approximately 25% of sales volume. Yara combines leading marketing, agronomical knowhow and innovation competence to achieve value-added premiums and sustainable market positions.

Prices and margins for non-standard products are relatively uncorrelated to commodity fertilizer prices, and more strongly linked to food prices.

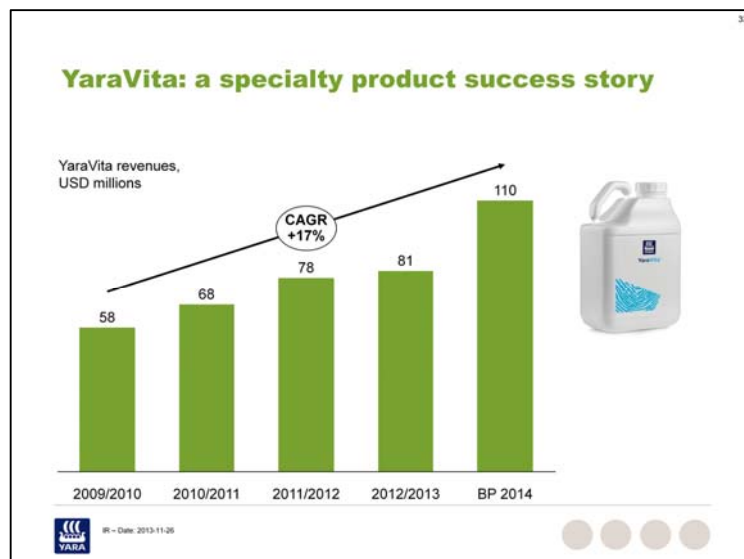
**Yara's product portfolio is continuously improved to meet changing customer needs**

- Yara has over many years developed a wide, differentiated product offering
- Continuous development of both new and improved differentiated products key to maintaining earnings in competitive global market
- We will also seek out niche businesses for acquisition to help achieve this objective

YaraMila® YaraLiva® YaraBela® YaraVera® YaraVita™

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Yara's offers a complete portfolio of fertilizer products to optimize quality and yields for a range of crops. A key focus area for Yara is to continuously develop and improve differentiated products to meet changing customer needs and maintain its competitive edge.



YaraVita is Yara's micro nutrient/foliar specialty range, a business acquired in 2006 enabling Yara to offer a complete plant nutrition portfolio. Revenues have increased with a compound average growth rate of 17% since 2009.

### Yara acquires ZIM crop sensor technology to increase water use efficiency

- Agriculture consumes 70% of global freshwater resources; increased water scarcity drives demand for new agricultural solutions
- Crop sensor technology can improve nutrient and water use efficiency in agriculture. The Yara N-sensor already has a leading role in precise nutrient application
- ZIM Plant Technology GmbH water sensor technology: the most advanced and reliable crop measuring technology to monitor the water status of the crop
- ZIM technology combined with Yara Crop Nutrition programs can deliver:
  - Yield increase of 5-15%
  - Water use reduction of 20-30%
  - Crop quality improvement
- Yara's ambition is to be the leading supplier of crop nutrition solutions for water scarce agriculture

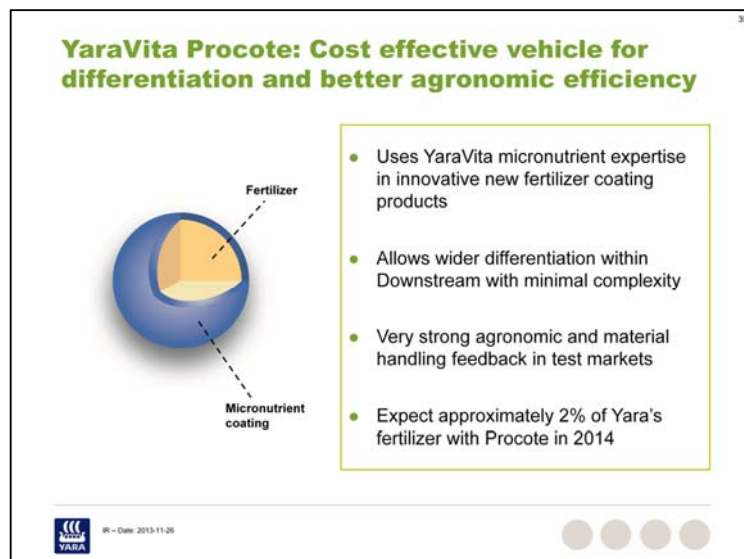
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The German water sensor company ZIM Plant Technology sells the most advanced and reliable crop water sensor technology available today, used in high-precision irrigation systems to improve yields and water use efficiency.

Yara will incorporate ZIM knowledge and technology into its existing Crop Nutrition solutions, providing a valuable add-on for our offering to irrigated farming. This clearly improves Yara's leadership position within the growing fertigation segment.

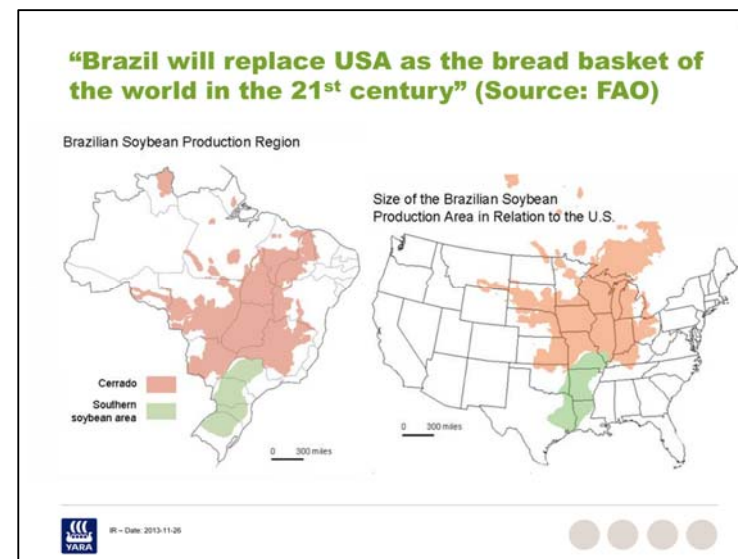
The farmers' motivation to purchase the technology is reduced water consumption, increased yields and improved crop quality. Integrating the water precision tool with Yara's knowledge on precise application of water soluble and liquid fertilizer (fertigation) will multiply the market potential for both.





Procote is a technique for application of a micronutrient coating to standard fertilizer, achieving:

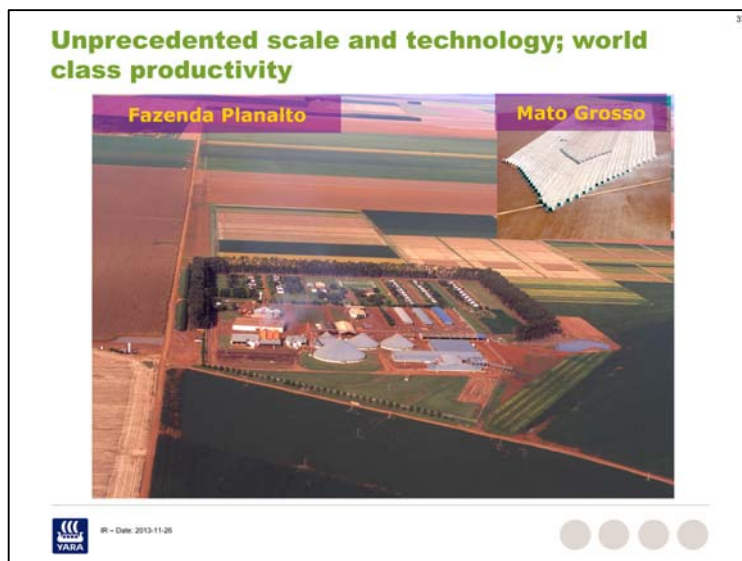
- Greater uniformity in Micronutrient distribution
- Reduced dust in the granules
- Differentiation of offering



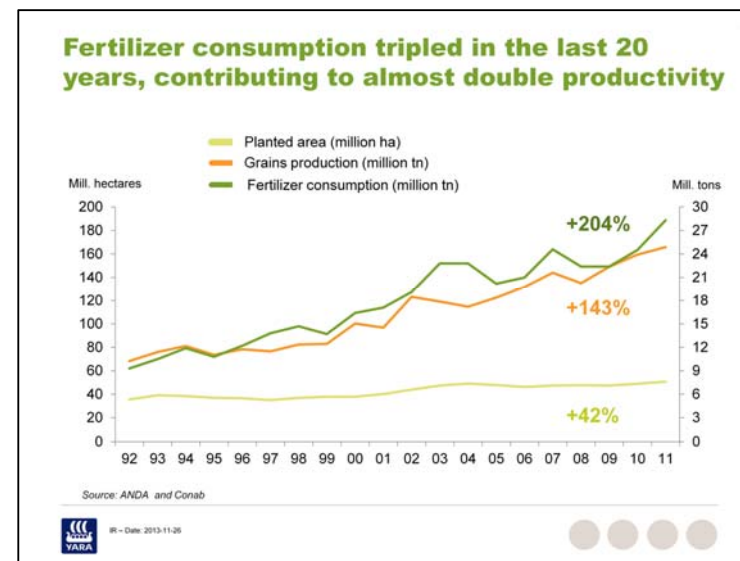
Brazil has an unique combination of land, water, climate and stable economic growth.

According to a 2010 FAO-OECD report, agriculture in Brazil is expected to grow 40 percent between 2010 and 2019, far ahead of China (26 percent) and India (21 percent). Brazil has more farmland to be utilized. The FAO puts its total potential arable land at over 400m hectares; only 50m of which is in use today.

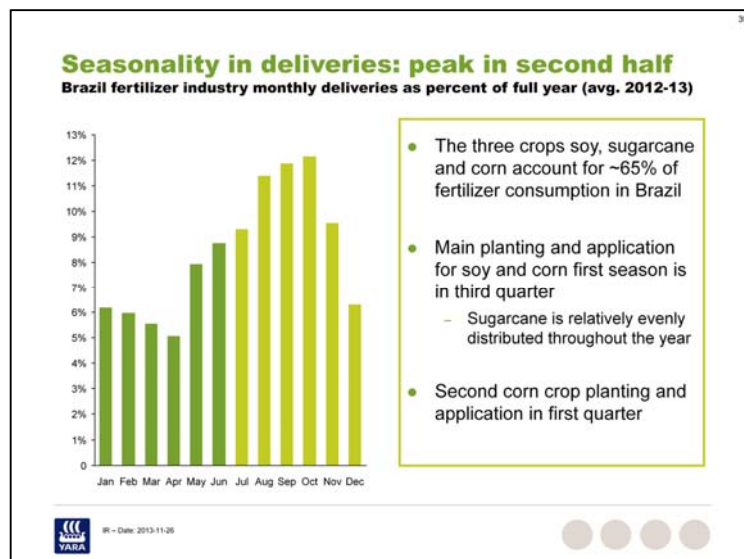
Brazil also has high water availability. According to the UN's World Water Assessment Report of 2009, Brazil has more than 8,000 billion cubic kilometers of renewable water each year, far more than any other country. Brazil alone (population: 190m) has as much renewable water as the whole of Asia (population: 4 billion).



The scale and use of technology in agriculture in Brazil is world-class.

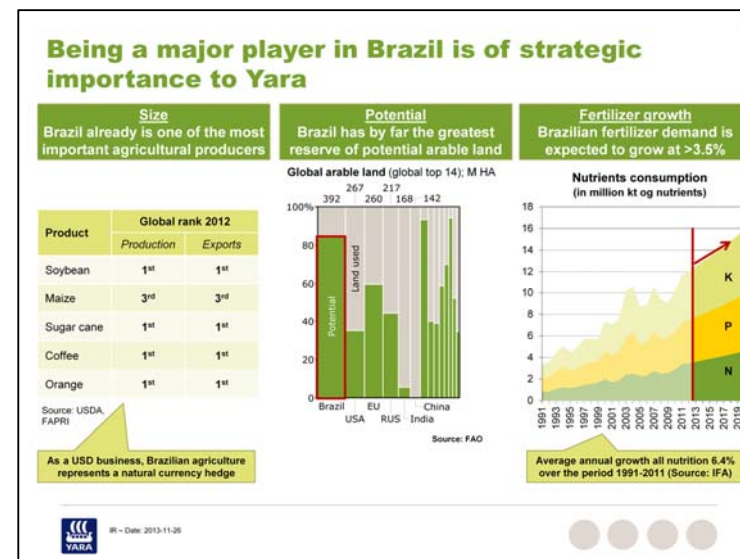


Over the last 25 years, Brazil has emerged as a major agricultural producer and exporter, with grain production rising 143% percent between 1992 and 2011. Economic stability, government investments in infrastructure, agricultural research and increased fertilizer consumption has led to increases in agricultural productivity. This has strengthened the country's position as a competitive supplier of agricultural commodities to the world market. Since 2008, Brazil has been the world's third-largest agricultural exporter (in value terms), after the United States and the European Union.

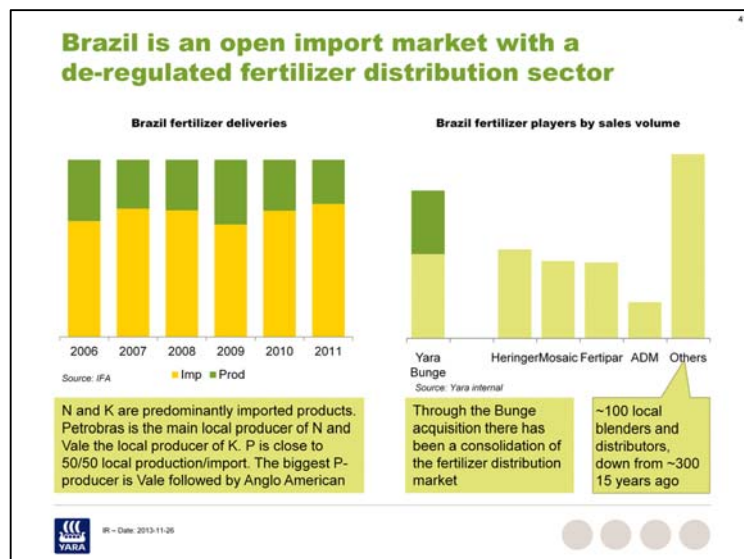


The main planting and application for soy and corn is during third/fourth quarter which makes up ~45% of fertilizer consumption. Sugarcane takes 16-17% of fertilizer consumption and is important for Yara nitrate sales.

The second corn season crop planting and application takes place towards the end of first quarter, after soy harvest. Corn is a key crop for Yara compound NPK sales.

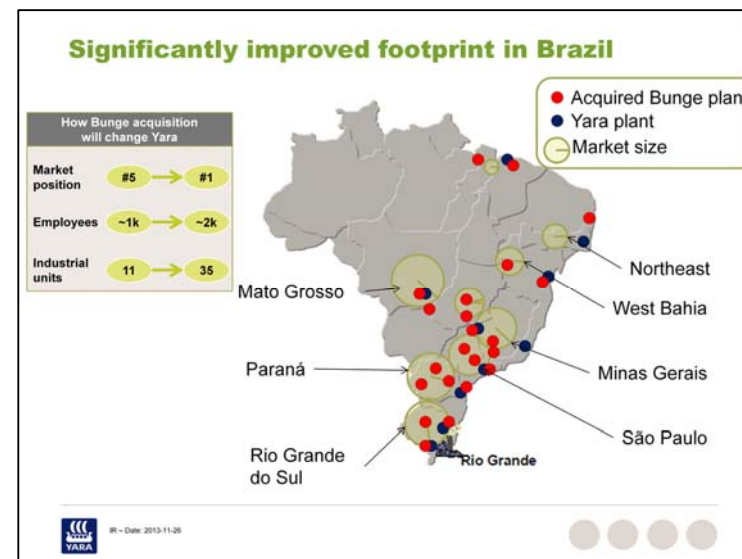


Brazil is the 4<sup>th</sup> largest fertilizer consumer in the world, representing 6% of world demand and expected to grow by 3.5% per year. The crop mix in Brazil result in relatively high P and K consumption compared to the rest of the world.

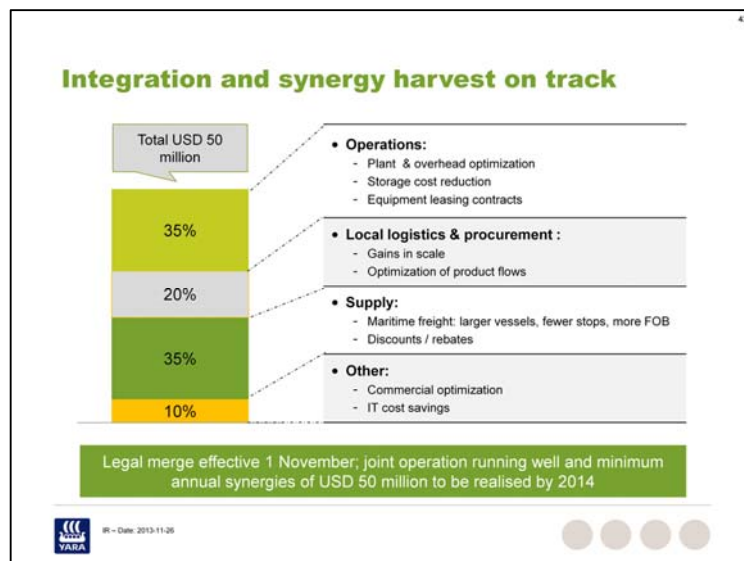


Brazil is an import market for fertilizer, requiring approximately 78% of nitrogen, 50% of phosphate and 90% of potash to be imported.

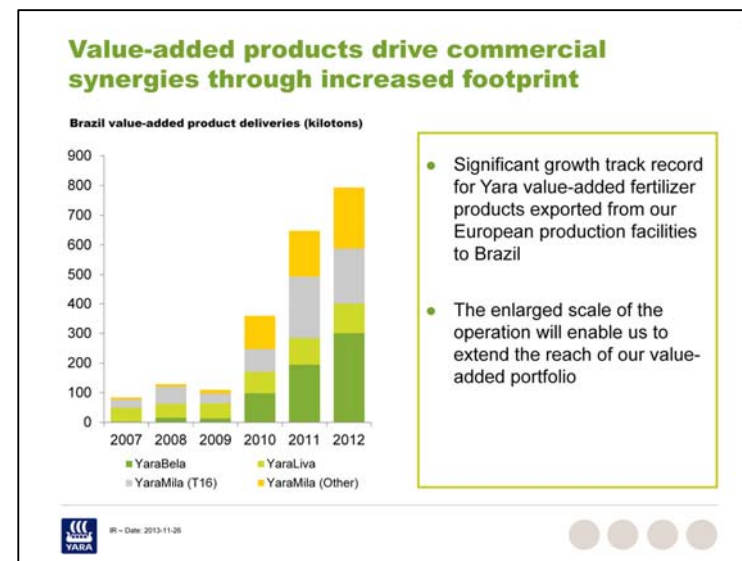
The Brazilian market has been consolidating in last 20 years, with multiple players with 10-15% market share. With the Bunge Fertilizer acquisition, Yara has almost tripled its presence in Brazil.



With the acquisition of Bunge Fertilizer, Yara takes over 22 blending units, two SSP production units, approximately 1,300 employees, 100 sales representatives and 500 sales agents. This will make Yara Brazil the number one downstream company in Brazil.



The integration of Bunge Fertilizer and Yara Brazil is well underway, with the legal merge already completed as of 1 November, and operations fully merged by year end. Minimum annual synergies of USD 50 million will be realized from 2014.



The Bunge Fertilizer acquisition will also increase Yara's Brazilian footprint for value-added product sales. Low cost and scale in operations will enable Downstream to increase its reach for value-added products.

Yara is targeting more than 1 million tonnes of value-added product sales in Brazil in 2014, mainly compound NPKs, nitrates and calcium nitrate.



## Acquiring Bunge Fertilizer has positioned Yara as “THE” Downstream player in Brazil

- Although the Bunge Fertilizer acquisition is a solid business case on a stand alone basis.....
- .....a further backwards integration with Upstream assets to capture the full market upside is being studied
  - Our assumption is that good opportunities will arise
- The main focus will be on P (acquire or build) and N (acquire)
- Timing is everything in asset positioning

The acquisition of Bunge Fertilizer is a first step to becoming a fully integrated player in Brazil.

## Overview of the OFD Group of companies

- The OFD Group comprises value-added N production in Colombia (Abocol) and SSP-production in Colombia (Fosfatos) in addition to distribution companies across Latin America:
  - OFD Comercial: Colombia
  - Omagro: Mexico
  - Misti: Peru
  - Norsa: Bolivia
  - Fertitec: Costa Rica and Panama

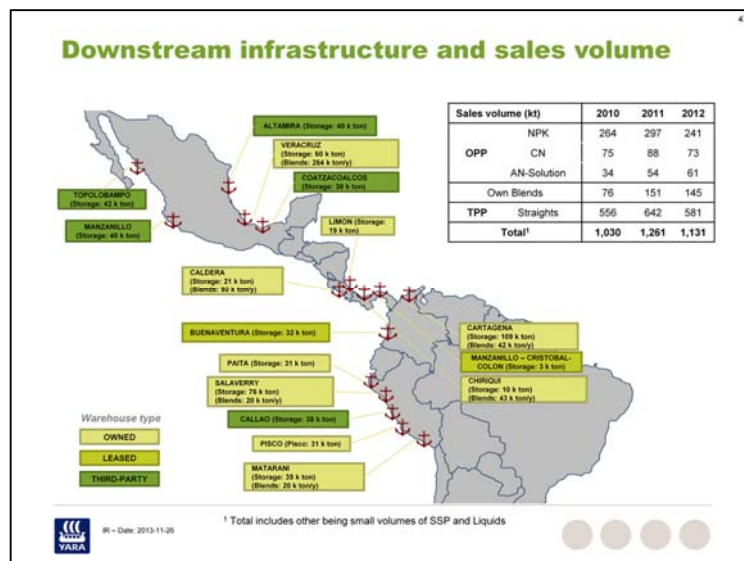
• FTEs 2012: 959

USD million	2010	2011	2012
Net Revenues	540	820	796
EBITDA	47	64	35
K tons	2010	2011	2012
Total net volumes	1,030	1,261	1,131

Note: above figures are based on actual ownership % in the various companies and are estimated net of intercompany sales

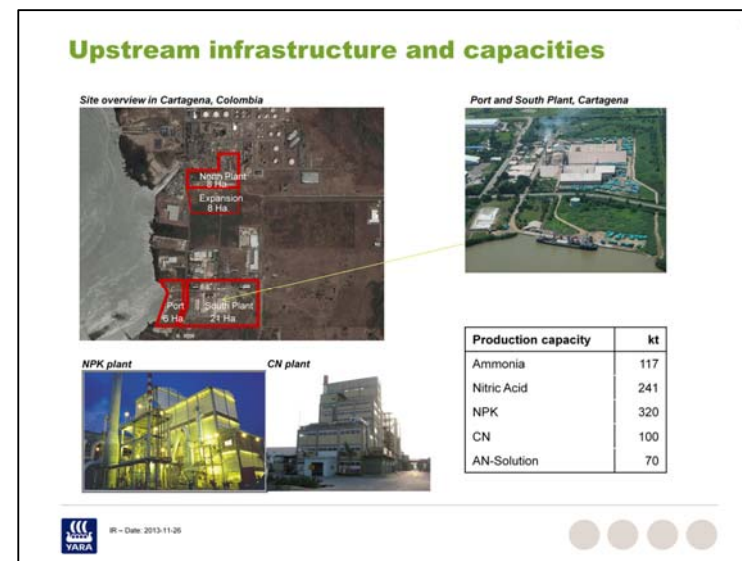


By acquiring the Abocol Group, Yara will secure a value-added nitrogen production company situated in Latin America, in addition to several distribution assets which will increase Yara's market presence across Latin America.



The Abocol Group controls NPK blending and storage capacities in various Latin American markets.

The transaction will give Yara a strong foothold and growth platform in Latin America, which is complementary to the Bunge acquisition.



The main production site is in Cartagena, Colombia with nitrate-based NPK, calcium nitrate AN-solution.

## Transaction rationale

- Secure value-added fertilizer production facility in Latin America with NPK, CN and nitrate capacity
- Strong foothold in attractive and growing Latin American cash-crop focused fertilizer markets
- Platform for further growth in the region, complementary to strong position in Brazil with Bunge acquisition
- Improve value offering to farmers with increased yields
- Yearly synergy potential of USD 20m by optimizing logistics and sourcing, and substituting third-party sourced products with value-added Yara products



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## Downstream focus and priorities

### Our goal

*Be the crop nutrition provider adding the most value after own costs to any fertilizer product from plant gate to customer*

### Our priorities

- Safe and productive operations
- Knowledge leadership in sustainable agriculture and crop nutrition
- Creating pull for Yara solutions working with food companies and other stakeholders
- Farmer and distributor preference for Yara solutions driven by engaging tools
- Innovation a clear market differentiator: adapting to a water scarce world

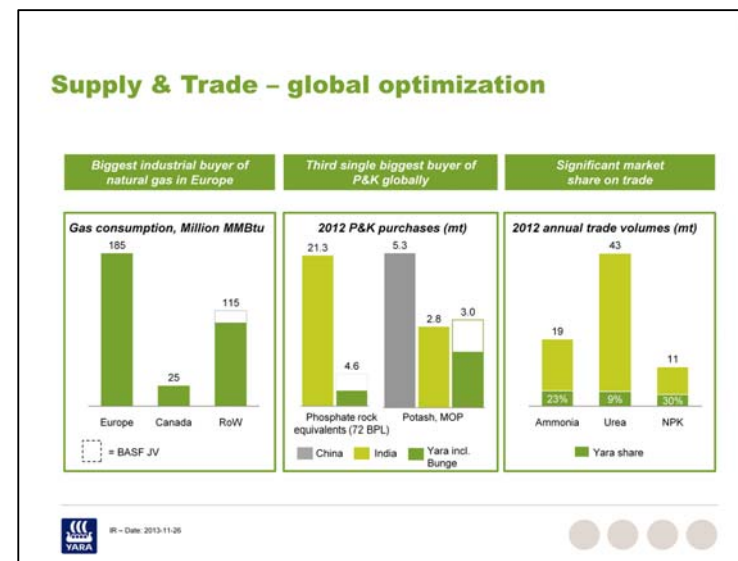
### 2014 focus

- Further improved safety and productivity
- Integrate new acquisitions and pursue further growth
- Innovation and agronomy leadership to sustain premium margins



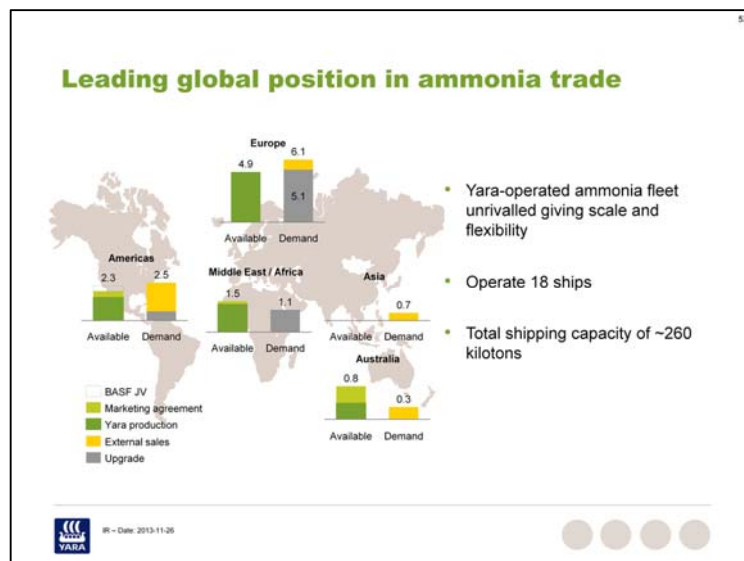
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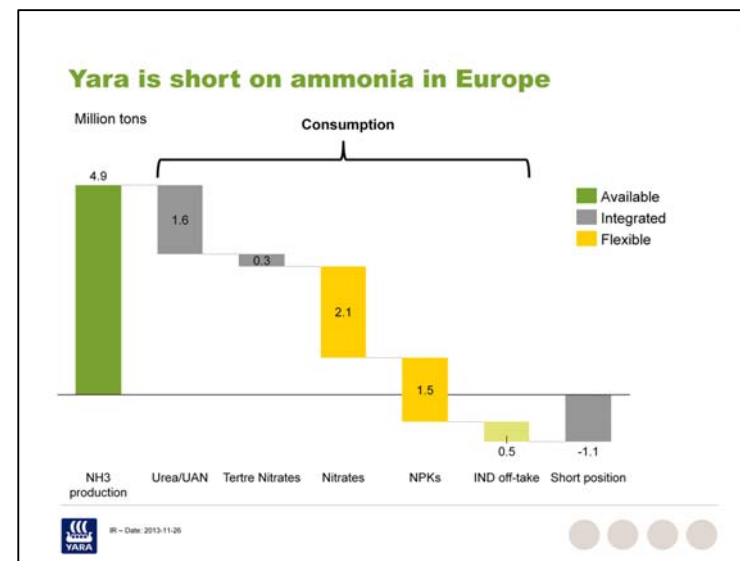
Supply & Trade plays an important role in Yara as it is responsible for optimizing the sourcing of all the key input factors into Yara's global production and downstream systems. In addition, the Supply & Trade organization is responsible for a sizable trading activity.

Yara is the biggest industrial buyer of natural gas in Europe, and the third single biggest buyer of phosphate and potash globally, providing scale and potential to source these raw materials more competitively than the average non-integrated NPK producer or farmer.



Yara's ammonia footprint covers the world's most important regions, Americas, Europe/Med and Asia. Although Yara is net long overall, we import more than 1 million tons annually into Europe to serve both own nitrate and NPK plants and end-user sales in the Industrial segment.

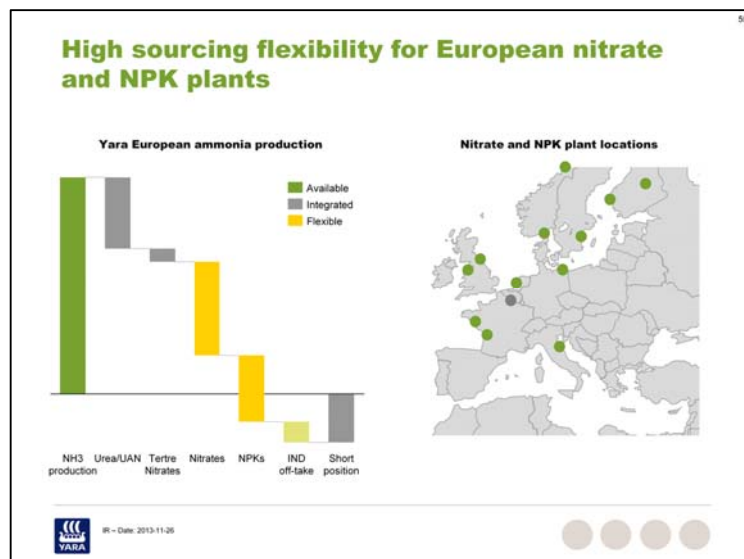
Our established position requires a dedicated LPG fleet to meet transport obligations of 4 - 5 million tons of ammonia on an annual basis. This presence, operating 18 vessels at any given time, provides Yara a unique position to arbitrage intra-regional imbalances and external trade opportunities without impacting its overall risk profile.



The flexibility of Yara's ammonia position in Europe is significant due to:

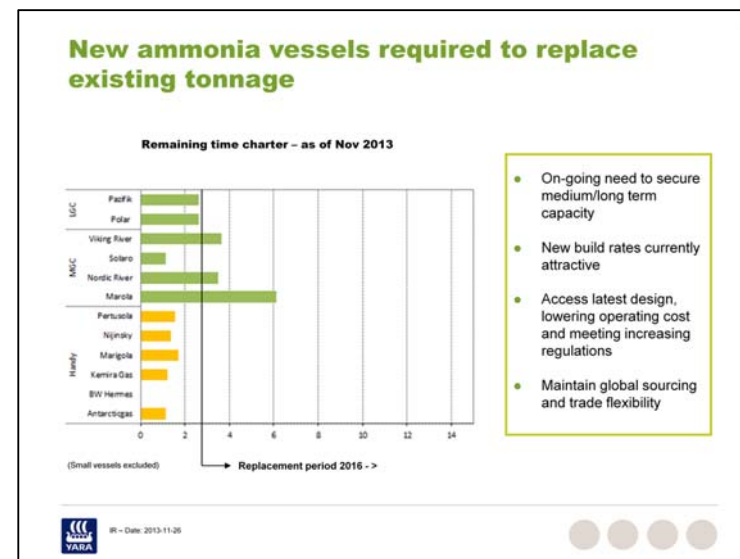
- (1) most of the ammonia is upgraded to nitrate and NPK. Unlike urea, nitrate and NPK plants can import ammonia since the production processes are non-integrated.
- (2) Yara has a net short ammonia position in Europe



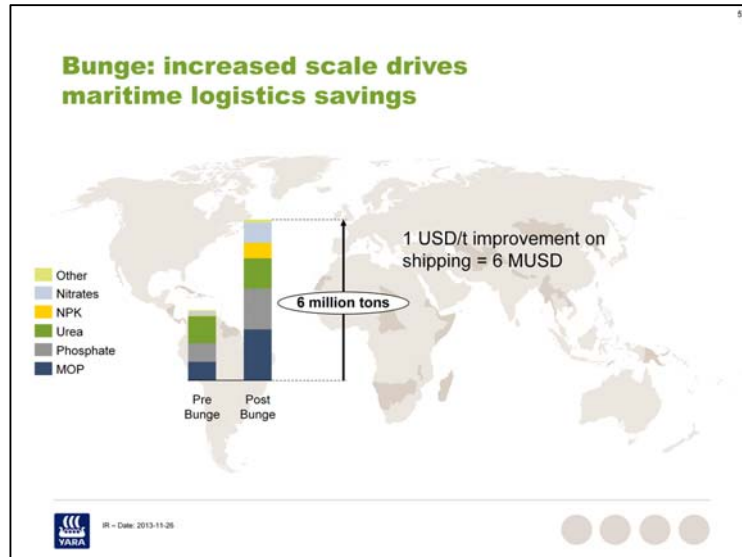


Although nitrate and NPK production technically does not need to be integrated with ammonia production, for a plant to have ammonia sourcing flexibility in practice, it must be in a location which allows ammonia import (normally with port access).

With the exception of the Tertre nitrate plant, all of Yara's European nitrate and NPK plants have logistical access to ammonia sourcing.



Yara is currently exploring options to replace part of its chartered ammonia fleet with new vessels, most likely with full or part Yara ownership.

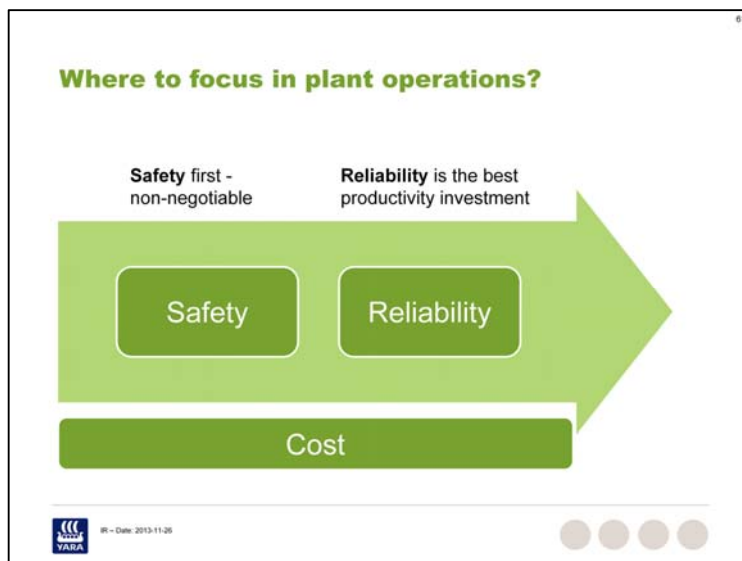


The Bunge Fertilizer acquisition more than doubles Yara's fertilizer shipments to the country, creating increased scale within maritime logistics, through larger shipments, trade flow optimization and other scale benefits.

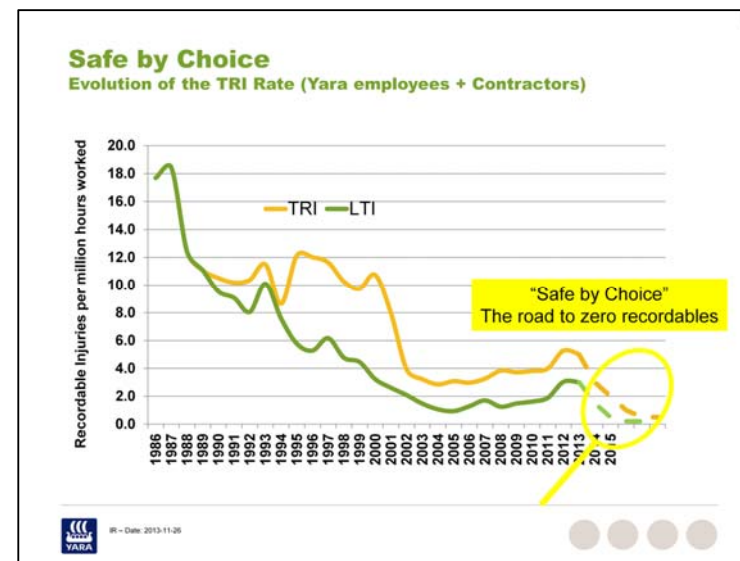
The optimization and synergy harvest linked to the Bunge Fertilizer acquisition, with increased scale within raw material purchasing and maritime logistics, are the current key priority for Yara's Supply & Trade function.







Safety, reliability and cost performance are all key to long-term competitive performance.



Yara is one of the best performing companies for safety in the chemical industry. However, we are not satisfied as we believe that all accidents can be avoided.

**The road to an injury free working place**  
Strong centralised safety system



**GOLDEN RULES**

1. WORKING AT HEIGHTS  
A safety system must be used.
2. HAZARDOUS CHEMICALS  
Personal Protective Equipment must be used.
3. SAFETY GUARDS  
Safety guards must not be removed without authorisation.
4. ENERGIZED EQUIPMENT  
The proper circuit must be de-energised and locked out.

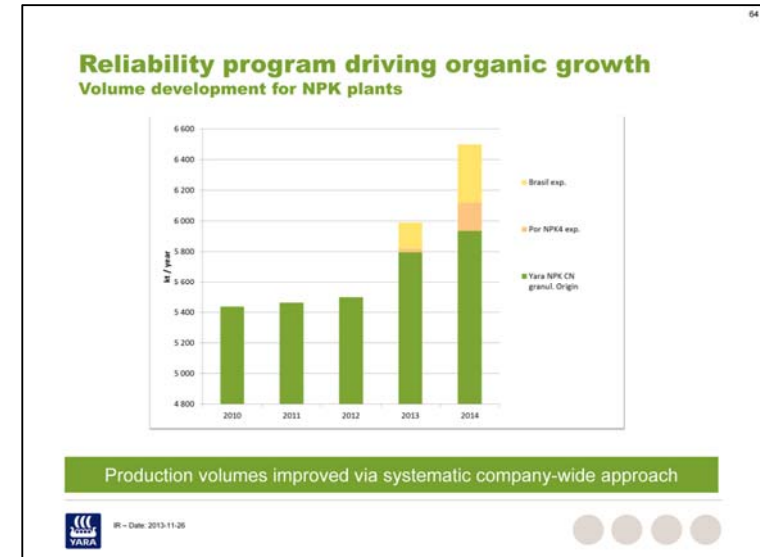
**safe BY CHOICE**

Building a common safety culture      Reduce exposure to injuries

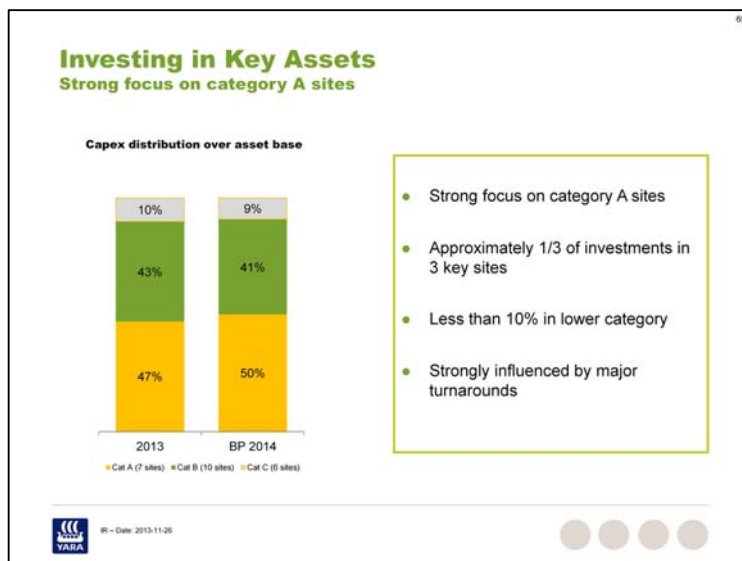
Standardisation

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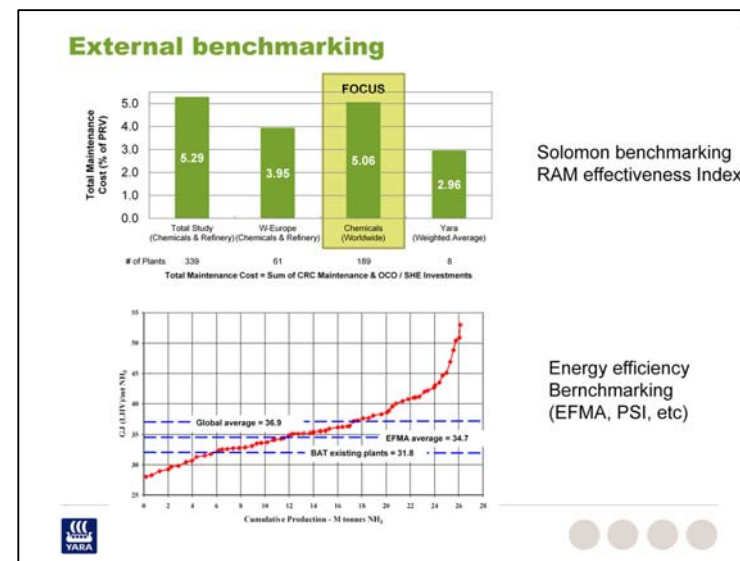
Centralised and standardised safety performances are a key aspect of «safe by choice».



Increased reliability investments have delivered tangible results within Yara's NPK plants in particular.

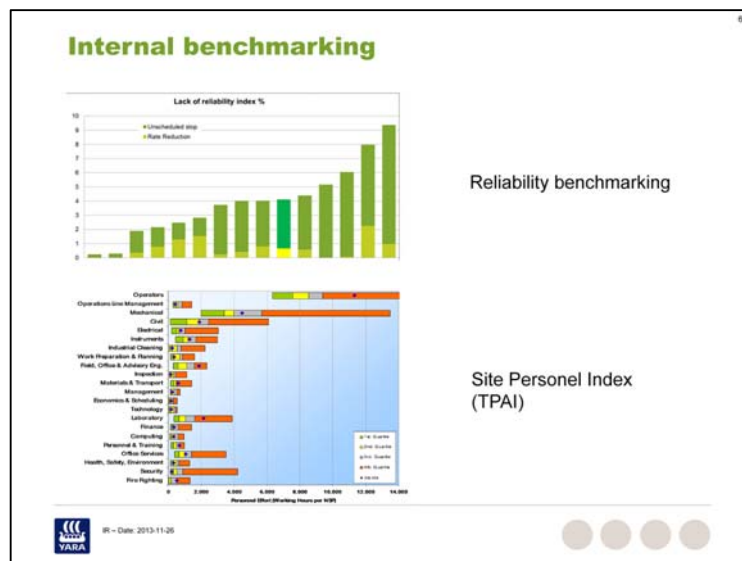


Yara's capital expenditure allocation is targeted to plants with the most sustainable long-term asset position.

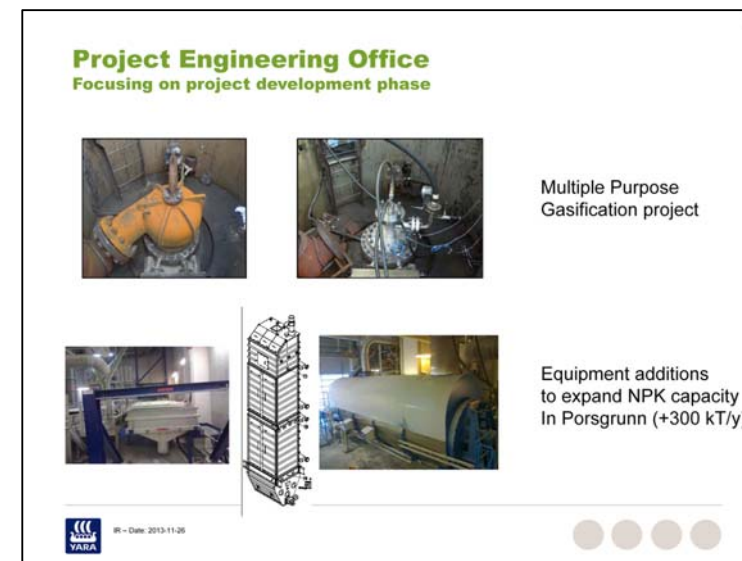


Benchmarking is a key contributor to achieving continuous performance improvement





Yara's global production system provides significant opportunities for internal as well as external benchmarking.



## Soaring construction cost in North America, but significant regional differences

Industrial building cost index – based on USD/m<sup>2</sup>



US shale gas driving re-start of industrial sites and new builds, putting pressure on the construction market.

### Regional differences in construction cost:

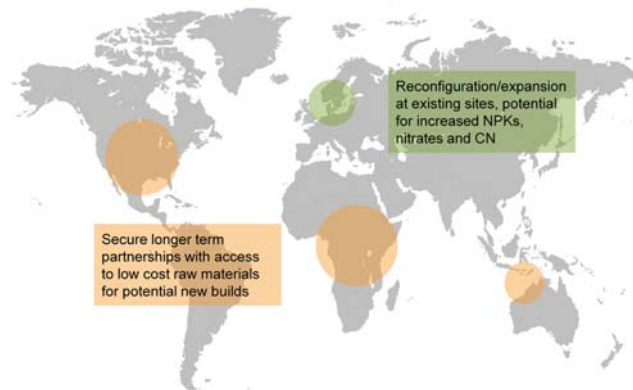
- **Canada:** Foreign labour restrictions and Alberta tar sand projects drive tight labour markets. Modular plant assembly not possible for inland locations.
- **US North/Coastal:** Tight labour markets, lower work force flexibility / mobility. Modular plant assembly not possible for inland locations.
- **US South:** Open shop labour market with higher work force mobility including skilled labour and engineers. Modular plant assembly option for coastal projects.



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## Upstream growth: plant expansions and new builds with competitive capex and feedstock



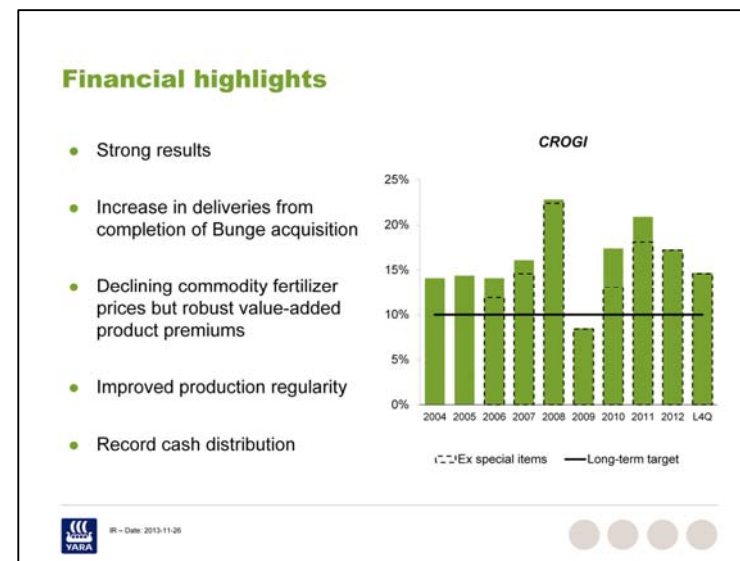
Secure longer term partnerships with access to low cost raw materials for potential new builds

Reconfiguration/expansion at existing sites, potential for increased NPKs, nitrates and CN



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Yara uses CROGI (Cash Return On Gross Investment) to measure the performance of its business. The goal is to maintain a CROGI at or above 10% as an average over the business cycle.

Measured on a 12-month rolling basis, CROGI remained well above 10% in 2013 and Yara's balance sheet has strengthened substantially amid strong cash flow.

## Financial scenarios are not forecasts, but illustrate potential earnings in given situations

### Model assumptions

- Based on last 4 quarters EBITDA excluding special items
- Bunge Fertilizer included on full-year basis
- Production assumed at 95% of stated capacity

### Scenarios

1. China "low swing"
2. China "high swing"
3. Average prices last five years
4. USD 150 urea margin per ton above average of Chinese scenarios



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The scenarios presented are not predictions of Yara's earnings development. They are what-if scenarios stating how earnings are estimated to develop under a given set of assumptions. Those analyzing the scenarios should develop their own assumptions and only use Yara sensitivities and scenarios to evaluate the effect of their own assumptions.

The starting point for the scenarios is Yara earnings for the last 4 quarters (4Q12 – 3Q13) adjusted for special items and foreign exchange gain / loss. The acquired Bunge business is included on a full-year basis, and so is the increase in Qafco 1-4 gas cost. The Lifeco urea plant is assumed to run at 70% utilization.

## Yara sensitivities

	Operating Income USD million	EBITDA USD million	EPS* USD
<b>Urea sensitivity +100 USD/t</b>	<b>937</b>	<b>1,103</b>	<b>3.1</b>
...of which pure Urea	285	416	1.2
...of which Nitrates	367	393	1.1
...of which NPK	211	220	0.6
<b>Nitrate premium +50 USD/t</b>	<b>468</b>	<b>498</b>	<b>1.4</b>
...of which pure Nitrates	289	311	0.9
<b>Hub gas Europe + 1 USD/MMBtu</b>	<b>(145)</b>	<b>(162)</b>	<b>(0.4)</b>
Ammonia + 100 USD/t	30	86	0.2
Phos rock + 50 USD/t	50	50	0.1
Hub gas North Am + 1 USD/MMBtu	(26)	(26)	(0.1)
Crude oil + 10 USD/brl	(15)	(15)	(0.0)
Currency NOK per USD +10%**	30	25	0.1
Currency EUR per USD +10%	115	95	0.2
Currency BRL per USD +10%	30	25	0.1

\*Assuming 25% marginal tax rate on underlying business and 277.6 million shares

\*\* e.g. If NOK per USD depreciate 10% from 6 to 5.40 NOK

Sensitivities assume stable value-added margins and no inter-correlation between factors



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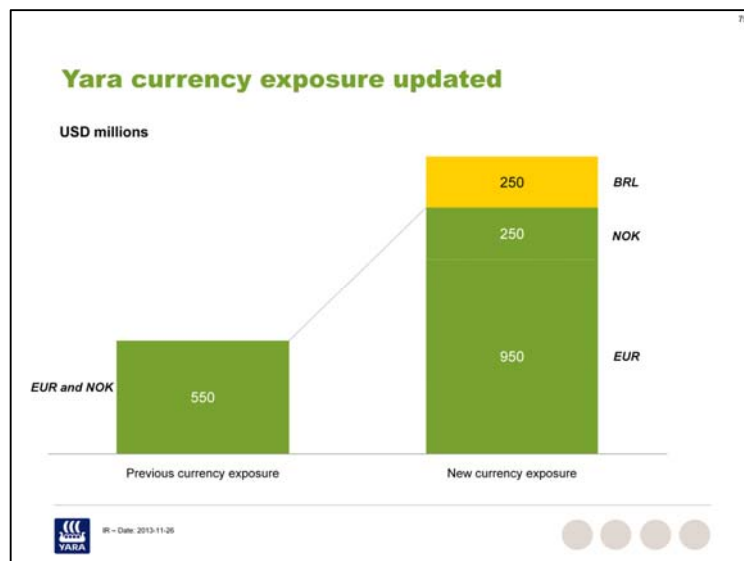


The basis for the nitrogen sensitivity is Yara's nitrogen capacity expressed in urea equivalents. The EBITDA sensitivity reflects taxation and elements of urea-linked gas contracts in some of the associated companies.

The nitrate premium sensitivity is based on the part of our capacity that carries a premium over urea. This includes all nitrates and all NPKs produced in Yara's European NPK plants. The reference for the sensitivity is the CAN price, and shows the effect of a 50 USD increase in the nitrate premium.

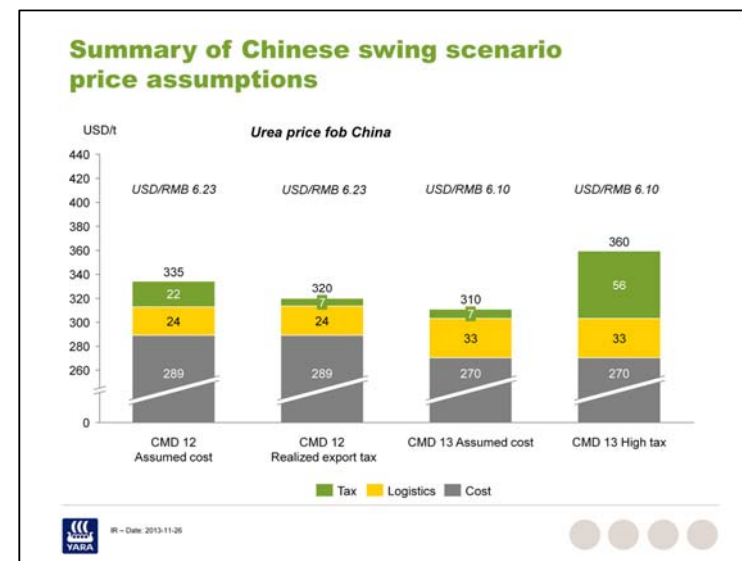
The sensitivities are long-term (>1 year) and ignore any correlation between the different parameters. For example, even though commodity prices in the past have often increased when the US dollar has weakened, this is not taken into account in the USD sensitivity.

Further explanation on how to use the sensitivities can be found at [www.yara.com](http://www.yara.com)



Main reasons for the currency exposure revision:

- Yara revenues more USD exposed, especially in a supply-driven market
- Shorter term price contracts in Industrial segment
- Increased cost base in EUR, driven by growth and legislation
- Increased cost base in BRL due to Bunge acquisition.



The scenario based on assumed Chinese cost follows the same logic as the one presented in Yara's 2012 Capital Markets Day, with updated assumptions for cost, logistics and tax.

A domestic price / cost ex-works at RMB 1,650/t is assumed, with logistics cost of RMB 200/t added. For export tax, the expected (but not officially confirmed at the time of writing) 2014 regime is used, with assumptions as follows:

- RMB 50/t tax in the low tax period (July through October, as in 2013)
- 15% tax + RMB 50/t for the rest of the year

The ex-works assumption has come down due to lower coal prices, partly offset by the appreciation of RMB versus the USD. Logistics cost have been revised upwards, and could potentially increase further with the removal of subsidies.

## Price and currency assumptions in scenarios

	Last 4 quarters	5-year avg. to 30 Sep 13	Chinese swing*		Demand- driven**
			Low	High	
Ammonia fob Black Sea (USD/t)	546	424	400	400	475
Urea prilled fob Black Sea (USD/t)	365	340	300	350	475
Nitrate premium, USD/t	84	85	85	85	85
Phos rock fob North Africa (USD/t)	162	160	125	125	125
DAP fob USG (USD/t)	496	499	360	360	360
Zeebrugge natural gas (USD/MMBtu)	10.3	8.0	10.4	10.4	10.4
Henry hub natural gas (USD/MMBtu)	3.6	3.9	3.7	3.7	3.7
Yara's European energy price (USD/MMBtu)	11.0	9.5	10.7	10.7	10.7
Brent blend crude oil price (USD/bbl)	103	88	105	105	105
NOK/USD	5.8	6.0	6.10	6.10	6.10
EUR/USD	1.31	1.34	1.35	1.35	1.35
BRL/USD	2.08	1.91	2.30	2.30	2.30

\*Energy prices are forward prices as of 9 November

\*\* Given example to illustrate effect of urea price USD 150 per ton above average of the two swing scenarios



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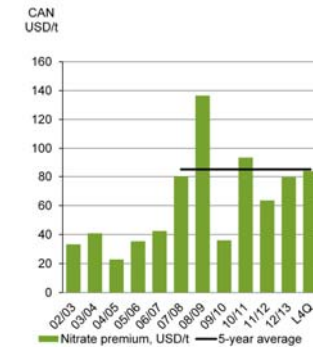
The "5-year average" scenario assumes fertilizer prices, energy prices and currency rates equal to the average over the last five years.

Nitrate premiums over urea are assumed to be 85 USD/t, equal to the 5-year average. The European energy price is based on forward prices with a discount of USD 0.5 per MMBtu for the hub-based capacity.

In the demand-driven scenario, urea prices are assumed USD 150 above the average of the two swing scenarios.

Phosphate rock and DAP prices reflect current price levels, influenced by the weak demand situation in India.

## Nitrate premium increased to 85 USD/t in scenarios, in line with 5-year average



- Lower urea prices increase farm margins and make room for stronger nitrate premiums
- A situation with continued strong food prices and supply-driven urea pricing allows for higher nitrate premiums than previously assumed
- Nitrate premium of 85 USD/t assumed in scenarios, in line with 5-year average



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Average nitrate over the last 5 years is 85 USD/t. A situation with continued strong food prices and supply driven urea market justifies strong nitrate premiums due to the strong monetary value of increased yields from using nitrates compared with urea.



## Simplified P&Ls for scenarios

NOK millions	Last 4 quarters	5-year avg. to 30 Sep 13 <sup>2)</sup>	Chinese swing		Demand-driven
			Low	High	
EBITDA <sup>1)</sup>	14,800	14,800	11,300	14,700	23,500
Depreciation	-3,400	-3,600	-3,600	-3,600	-3,600
Interest expense	-900	-800	-800	-800	-800
Income before tax	10,500	10,400	6,900	10,300	19,100
Tax	-2,000	-2,200	-1,400	-2,100	-4,000
Minorities	-250	-250	-200	-200	-300
Net income	8,250	7,950	5,300	8,000	14,800
Number of shares (millions)	279.7	276.6	276.6	276.6	276.6
Earnings per share (NOK)	29	29	19	29	54

<sup>1)</sup> Including interest income, assumed in line with last 4 quarters in all scenarios.

<sup>2)</sup> Not historical earnings, but estimated earnings for today's Yara business, using 5-year average price conditions.



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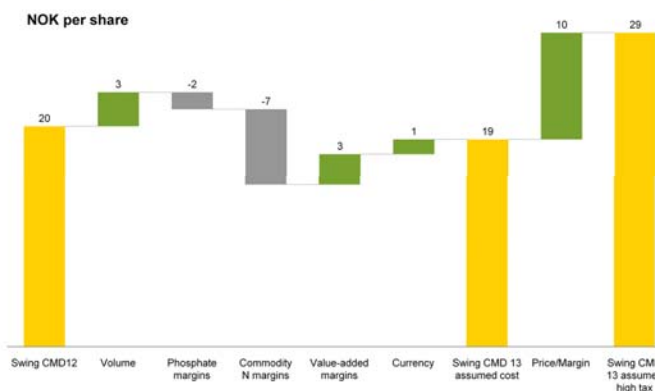


The cash flows and earnings in the various scenarios exclude special items like foreign exchange effects, position gains etc.

The basis is today's activities but with different price scenarios.

The 5-year average scenario is based on today's business but using average prices for the last five years.

## Higher value-added margins and growth offset by lower commodity margins

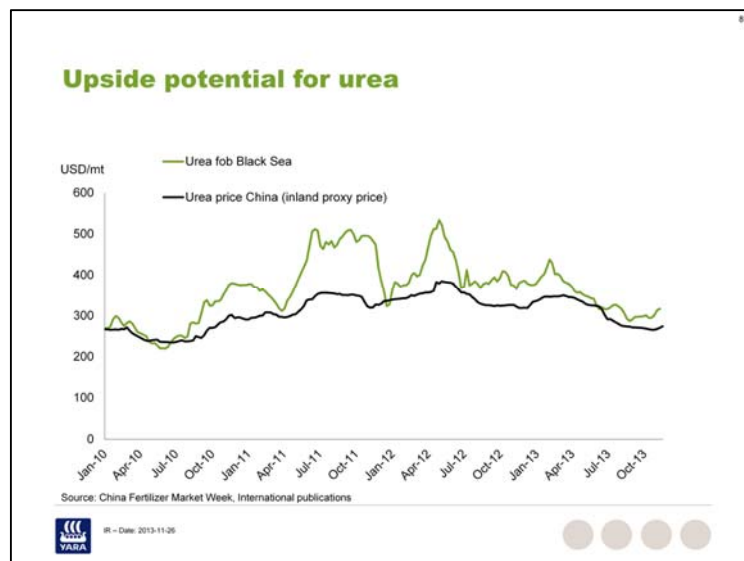


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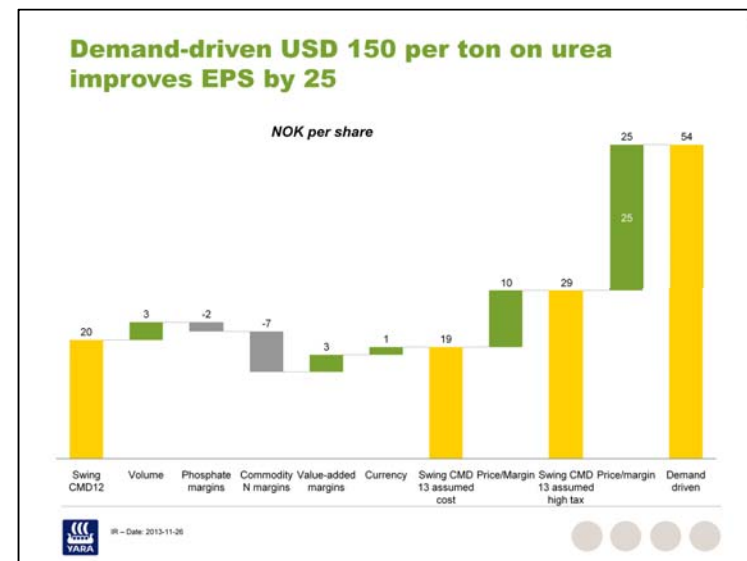


A swing scenario was also presented at last year's Capital Markets Day giving an EBITDA of NOK 11,400 and 16,700 and EPS of NOK 20 and 35. The updated swing scenarios give an EBITDA of NOK 11,400 and 14,700 and EPS of NOK 19 and 29.

The main difference from last year is a change in urea price assumption, somewhat offset by a higher nitrate premium used in CMD13 scenario (85 USD/t which is equal to the last 5 year average). In CMD12 we used 25% nitrate premium ~ 56/68 USD/t).



Chinese urea prices often, but not always, set the level of global urea pricing.

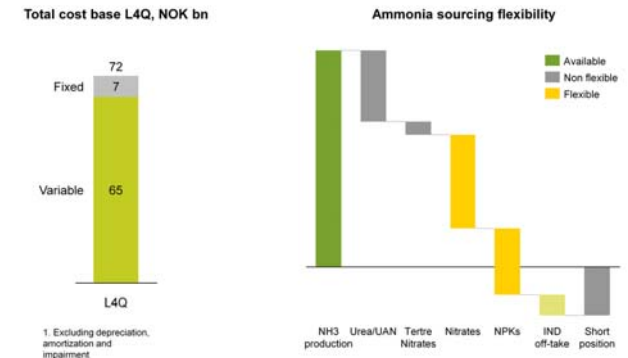


The demand driven scenario illustrates the effect of a demand driven margin of USD 150 on top of the average price in the two swing scenarios.

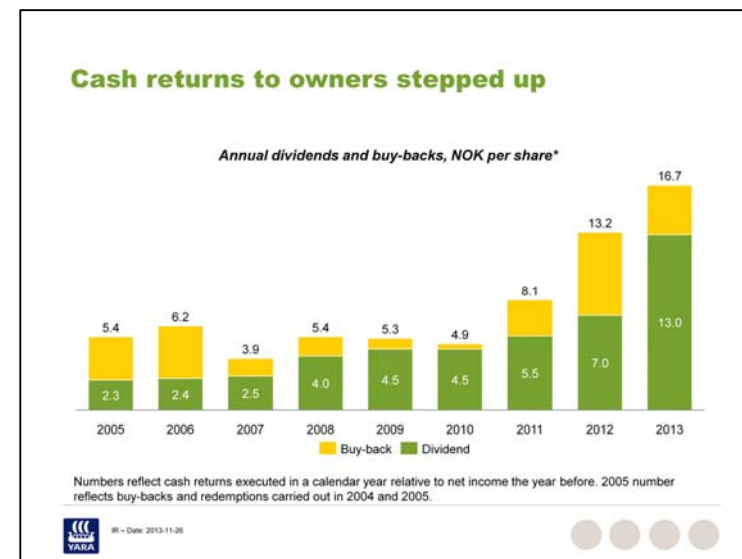
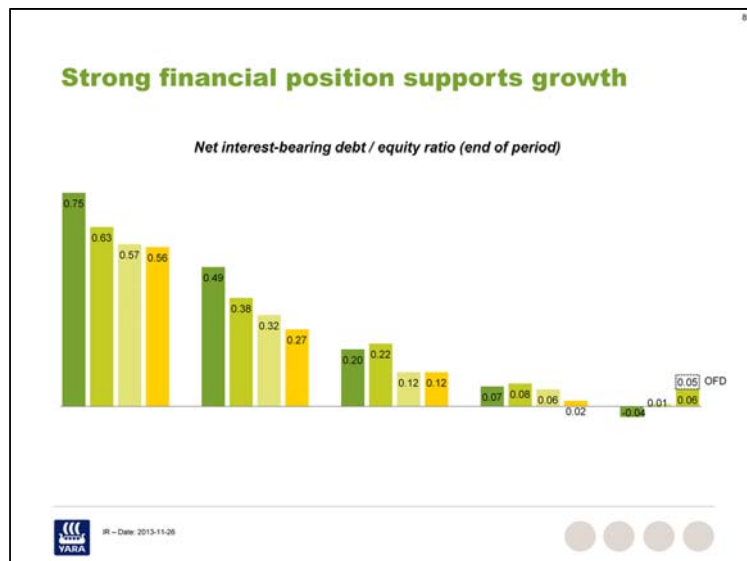
## Risk factors

Downside risks	Upside risks	Downside protection factors
<ul style="list-style-type: none"> <li>Bumper crops / decline in food prices</li> <li>Severe downturn in global economy, impacting food consumption growth</li> <li>Increase in European natural gas prices</li> <li>China:                             <ul style="list-style-type: none"> <li>reduction or removal of export tariffs</li> <li>fall in anthracite coal prices</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Crop failure / increased food prices</li> <li>Increased global LNG trade / lower European natural gas prices</li> <li>China:                             <ul style="list-style-type: none"> <li>increased emphasis on energy efficiency and/or emissions</li> <li>increased cost of capital</li> <li>increased export tariffs</li> <li>increase in anthracite coal prices</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Crops: strong incentives to maximize productivity even at lower food price levels</li> <li>Food consumption has historically seen limited impact from economic slowdowns. Record crops are needed to meet growing consumption</li> <li>Increased global LNG export &amp; import capacity</li> <li>Yara's global arbitrage ability and financial strength -&gt; can take advantage of negative short-term developments</li> </ul>

## Yara's flexible cost structure gives downside protection

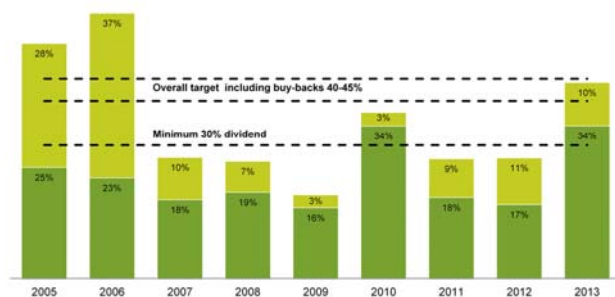


Most of Yara's costs are variable. Combined with the significant sourcing flexibility of Yara's European nitrate and NPK plants, this represents a significant downside protection.



Yara's Board has set the objective to pay out an average 40-45% of net income over the business cycle to shareholders in the form of dividends and share buy-backs. Within this objective, a minimum 30% of net income shall be paid in the form of dividends, while share buy-backs make up the balance.

## Cash return policy 40-45% of net income, minimum 30% dividend



Numbers reflect cash returns executed in a calendar year relative to net income the year before. 2005 number reflects buy-backs and redemptions carried out in 2004 and 2005.



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## Maintaining BBB credit rating and ability to execute medium-size M&A

Debt / EBITDA at "low swing" earnings



- Maintaining BBB credit rating is key to growth financing ability
- Yara wants ability to execute medium-size M&A (up to ~USD 2 bn targets)
- Ability to execute M&A during cyclical lows is of high importance
- More cash to shareholders in the event of stronger earnings and / or limited growth execution



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## Prospects 2014

- Continued strong demand fundamentals and value-added premiums
- Chinese domestic urea and coal price development likely to influence commodity nitrogen fertilizer markets
- Limited nitrogen capacity growth outside China



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## Well positioned for further profitable growth

- Increasing need for sustainable improvements in agricultural productivity
- Yara's value-added products and differentiated business create impact and provide sustainable strong returns
- Yara is committed to delivering sustained shareholder value, through profitable growth and cash returns



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