



Knowledge grows

# Yara International ASA SEB Nordic Seminar

Petter Østbø, EVP Production

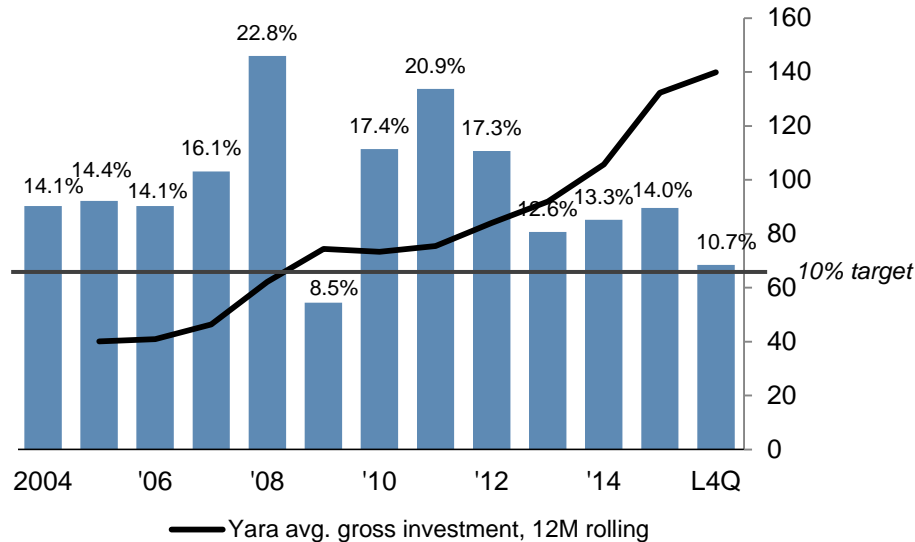
11 January 2017



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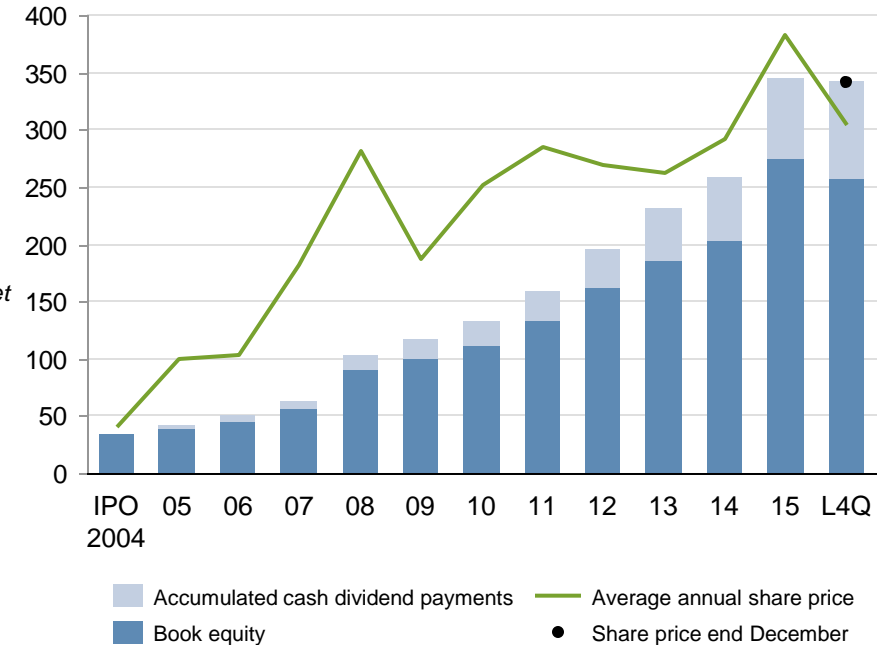
# Strong growth and profitability track record

Cash return on gross investments above the Yara CROGI target of 10%



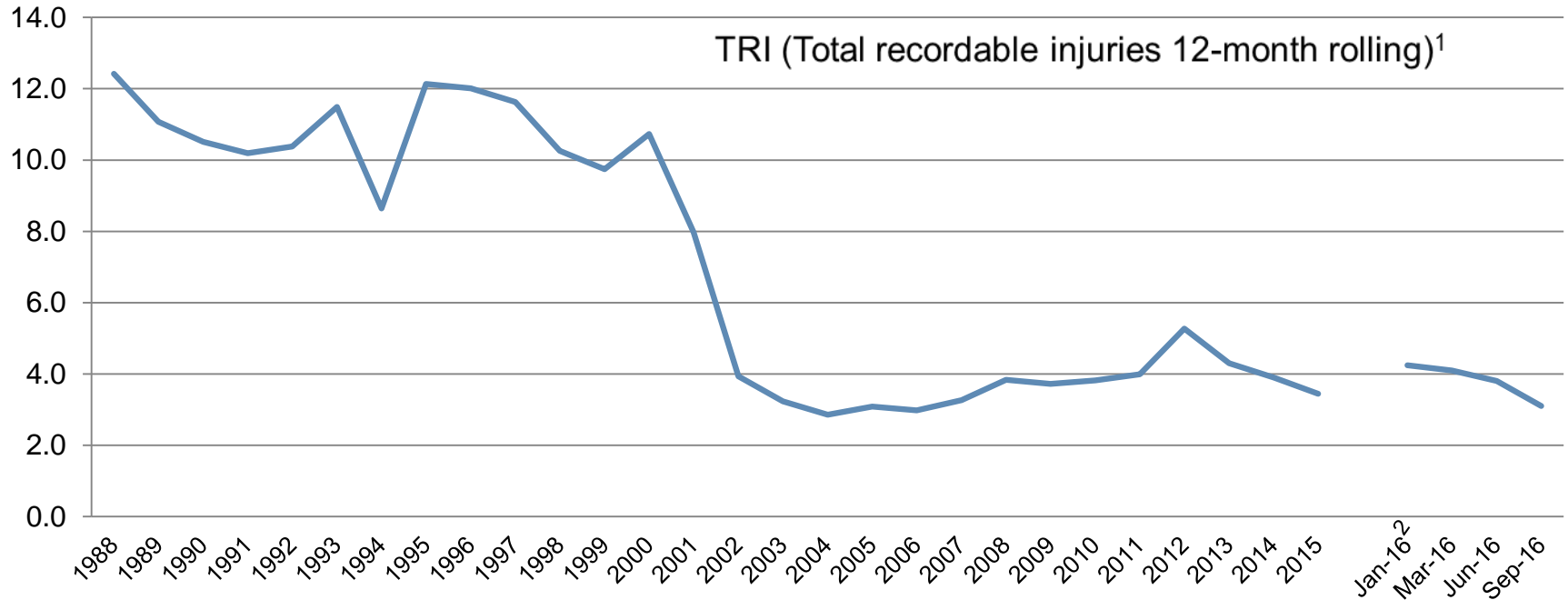
Average annual shareholder return of 23%<sup>1</sup>

NOK/share



1) Share price appreciation (end December) plus dividend payments

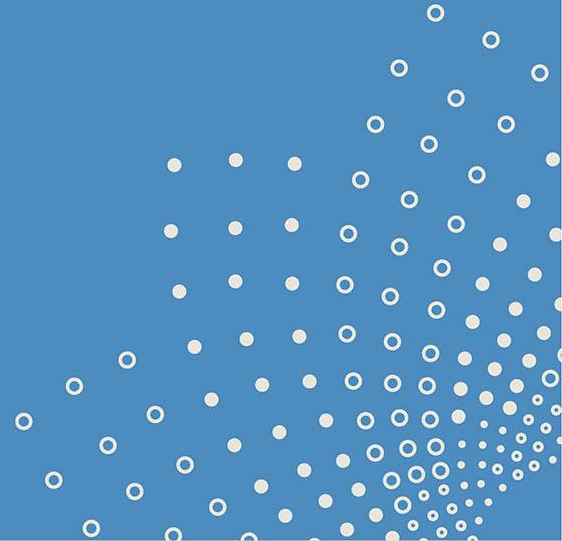
# Safe operations is our first priority



1) TRI: Total recordable injuries, lost time (absence from work), restricted work and medical treatment cases per one million work hours

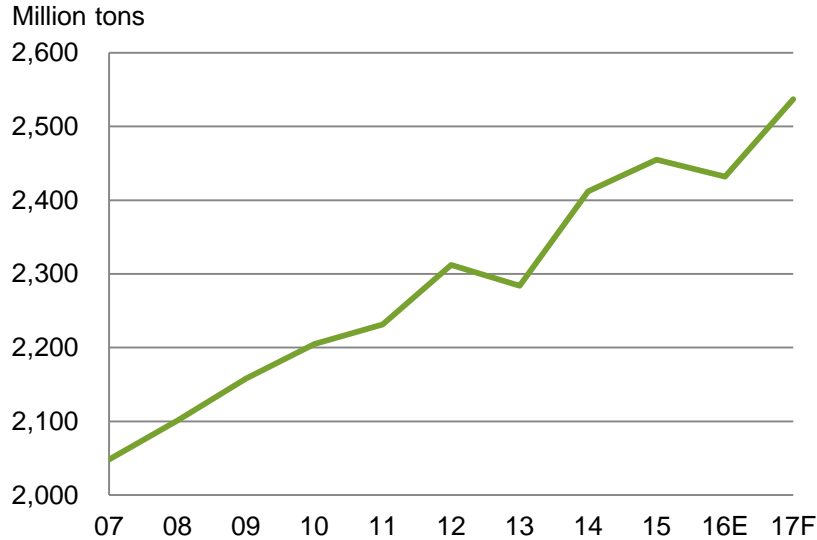
2) OFD and Galvani included in statistics from January 2016

# Market



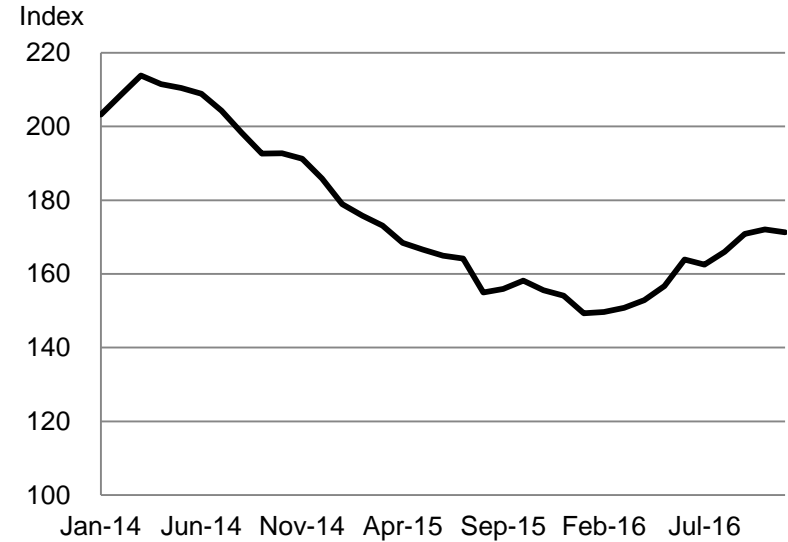
# Steady growth in grain consumption, and pick-up in food prices

## Steady growth in grain consumption



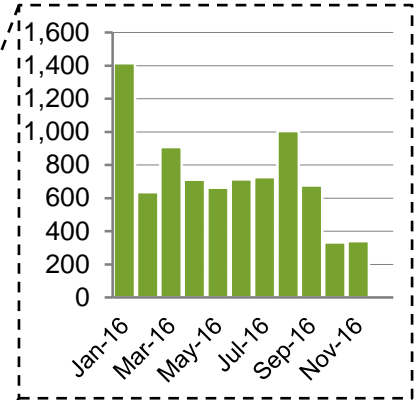
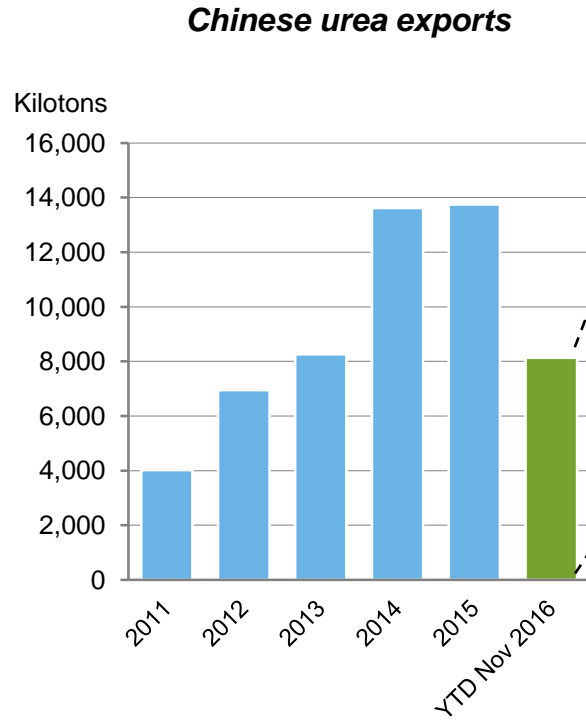
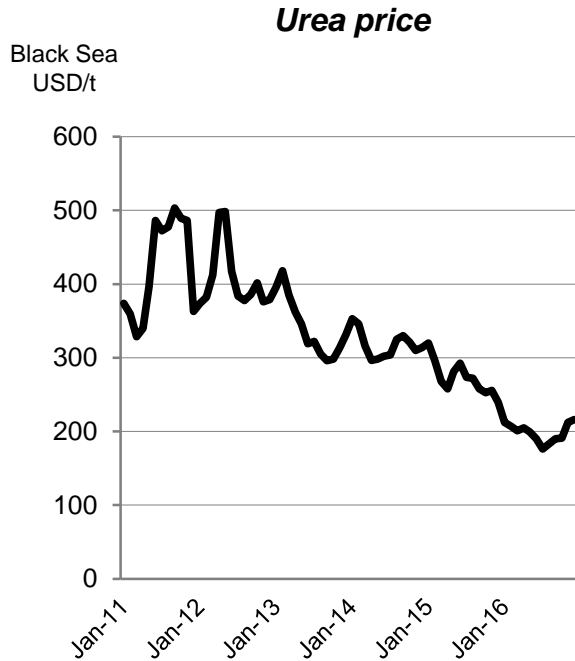
Source: USDA December 2016

## FAO food price index increase L12M



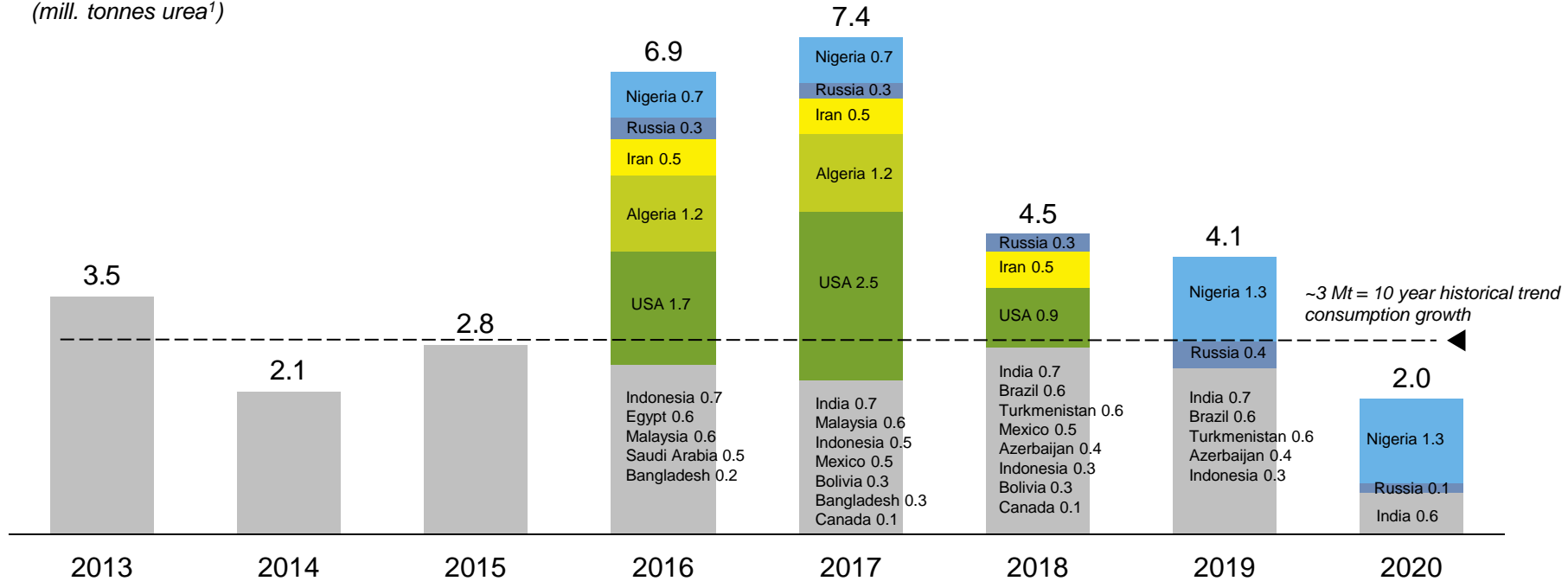
Source: FAO, November 2016

# Lower urea prices and higher input cost have reduced Chinese urea production and exports...



# ...but on-going capacity additions elsewhere are in excess of trend consumption growth

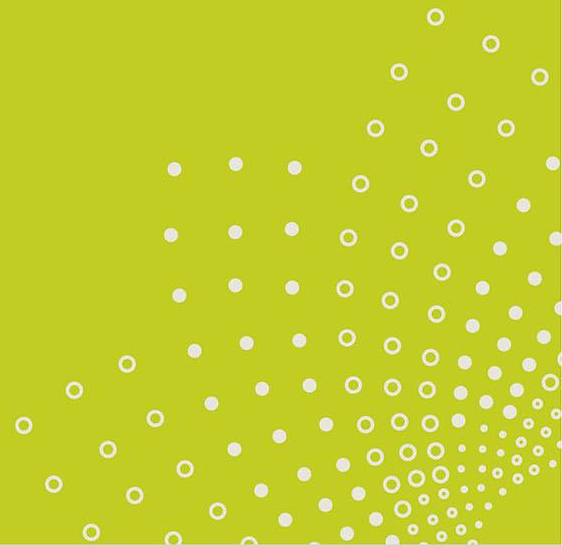
Gross projected capacity additions, excl. China  
(mill. tonnes urea<sup>1</sup>)



Source: CRU, gross capacities, September 2016

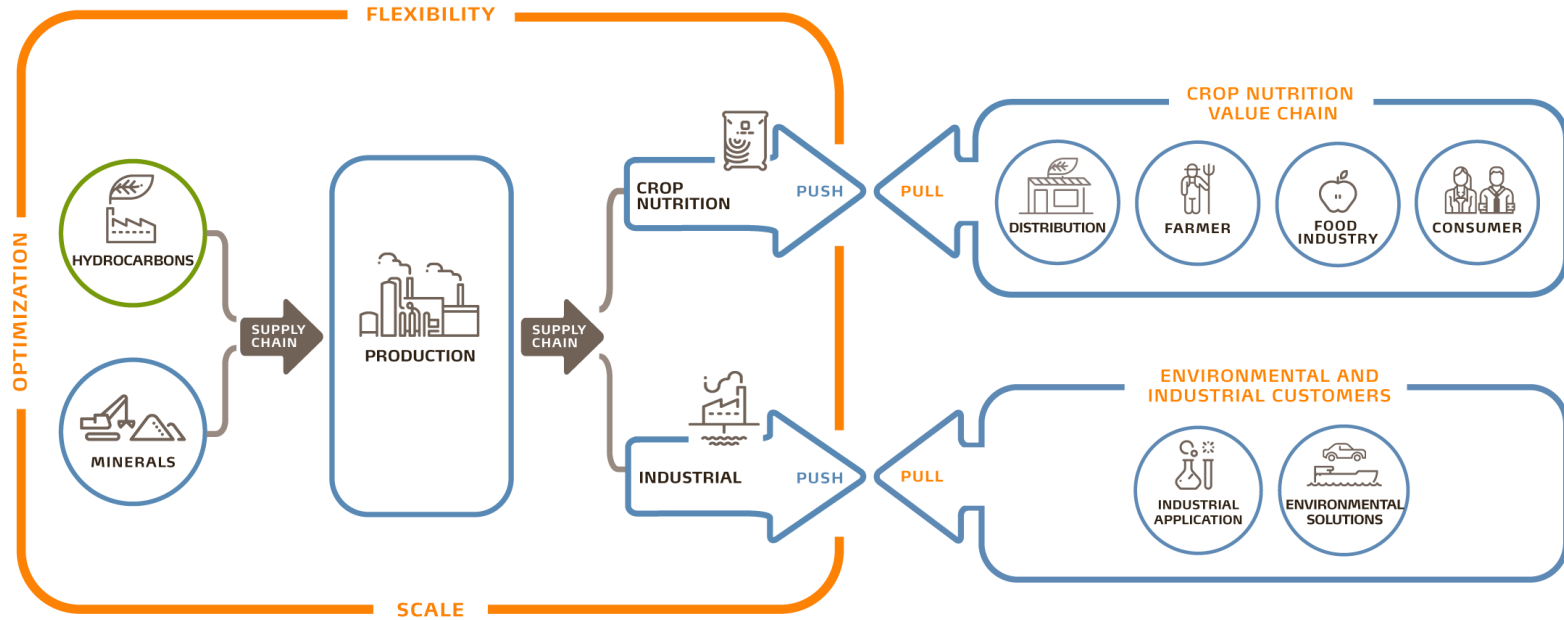
1) Assuming 50% operating rate in new plants' first year of production

# Yara



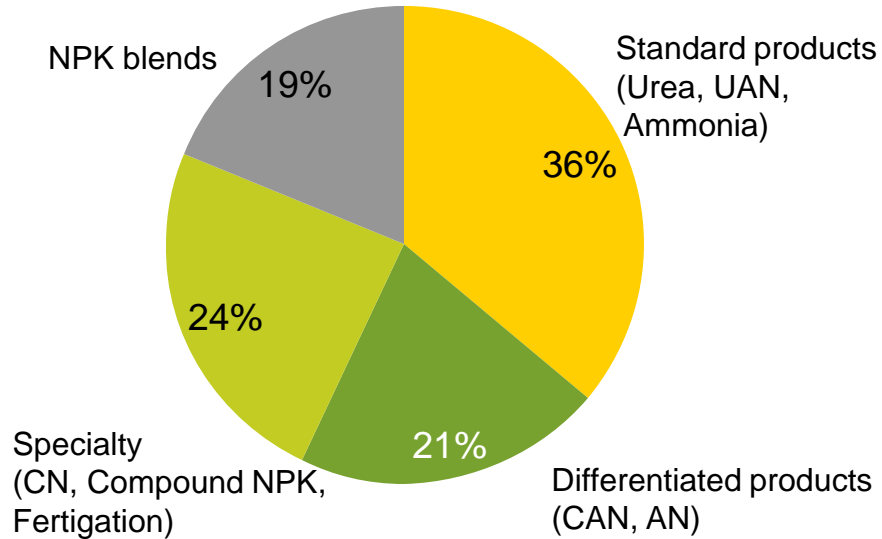


# Integrated business model creates value through scale, flexibility and value chain presence

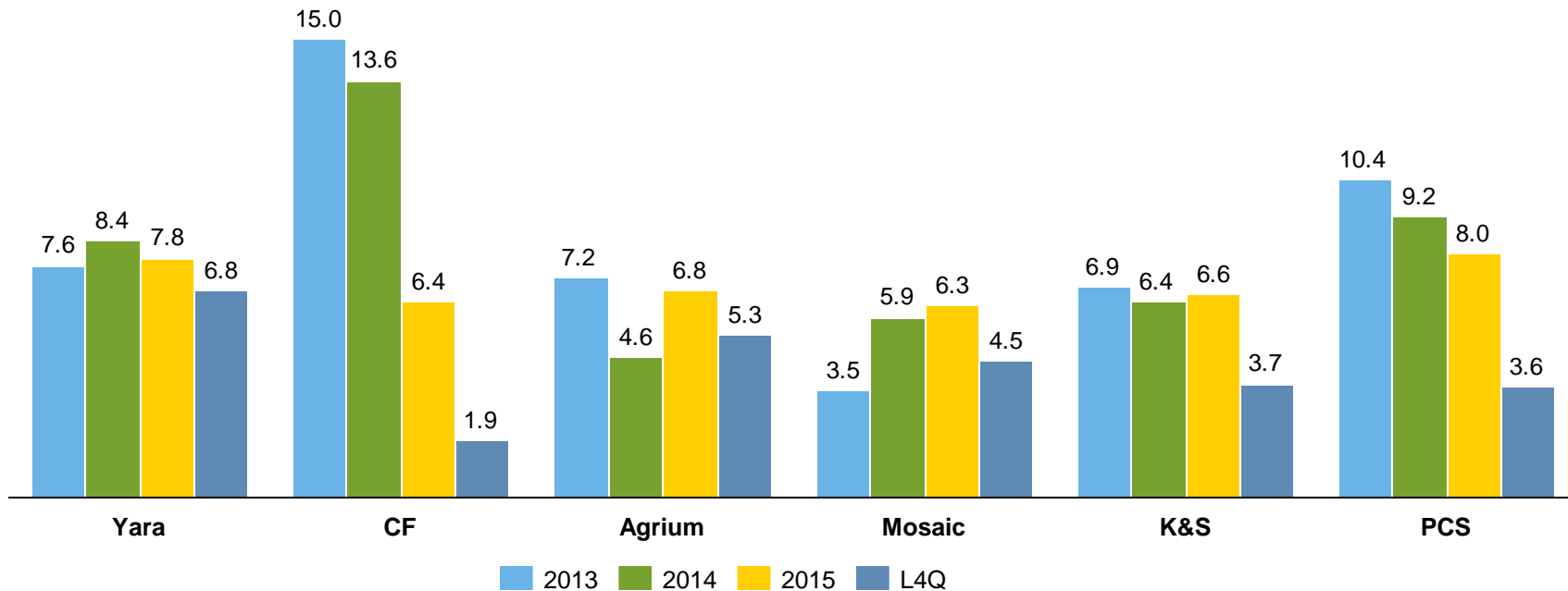


# Differentiated product portfolio represents a key source of competitive edge

Fertilizer product portfolio (2015/16 season volume)



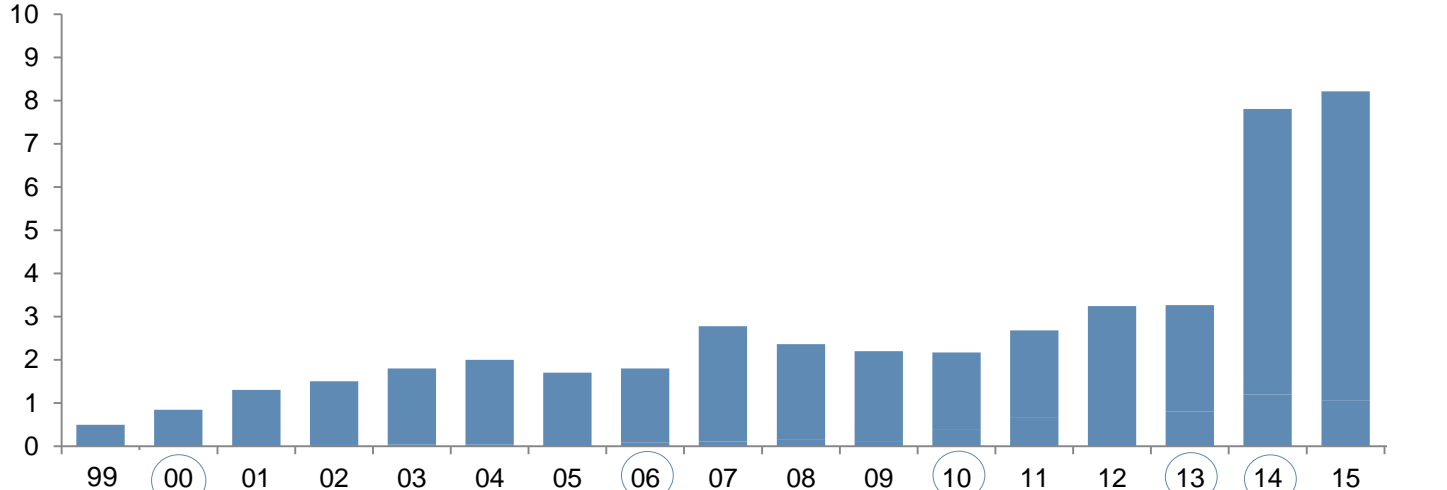
# Yara return on assets more stable and resilient than commodity-oriented players



Source: Thomson One

# Yara has invested for the long term in Brazil; Bunge acquisition brought critical mass in distribution

Volume  
(MM tons)



  
**ADUBOS TREVO**  
Acquisition

  
**Fertibrás**  
Acquisition

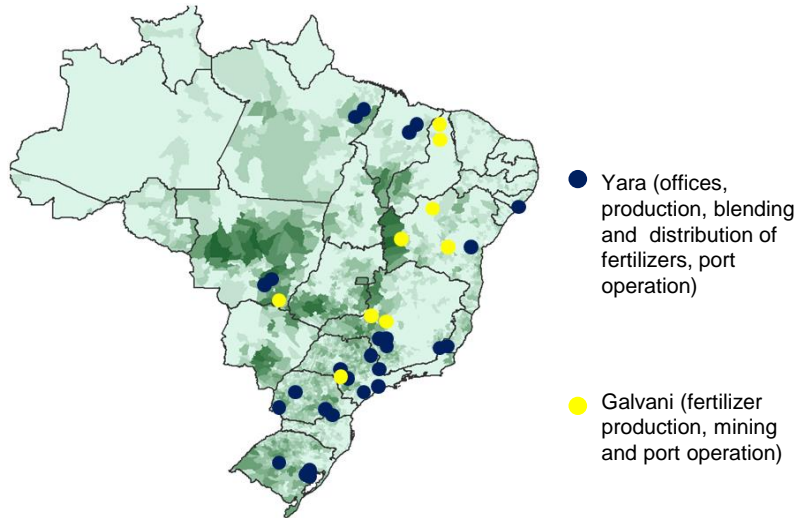
  
**Fosfertil**  
Divestment

  
**BUNGE**  
FERTILIZANTES  
Acquisition

  
**Galvani**  
Acquisition 60%

# Yara Brazil today: unrivalled market presence and farmer-centric strategy

## Unrivalled presence: 28 sites in 11 states



## Farmer-centric strategy drives growth

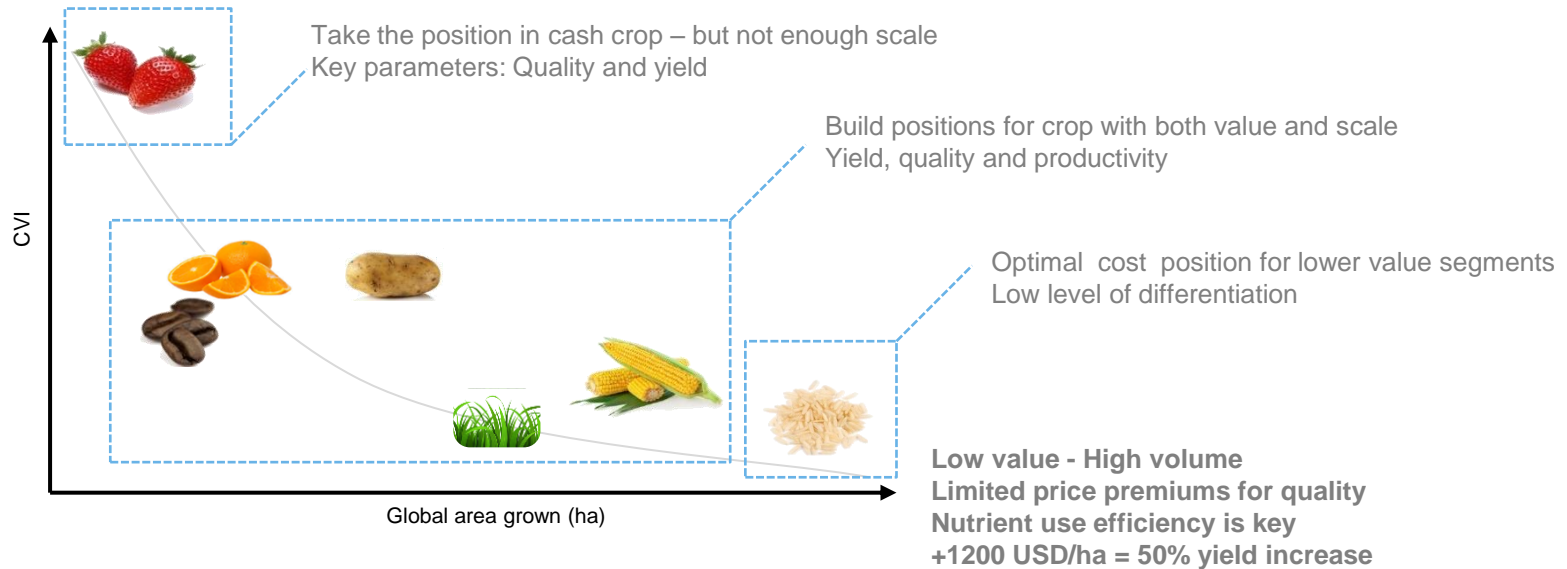
- > 20,000 growers using Yara solutions
- > 200 Yara agronomists and 600 sales representatives
- > 55% of Yara deliveries are direct to farmer
- > 55,000 interactions with growers p.a.

# Crop Value Index – a key guide to our approach

What is CVI:

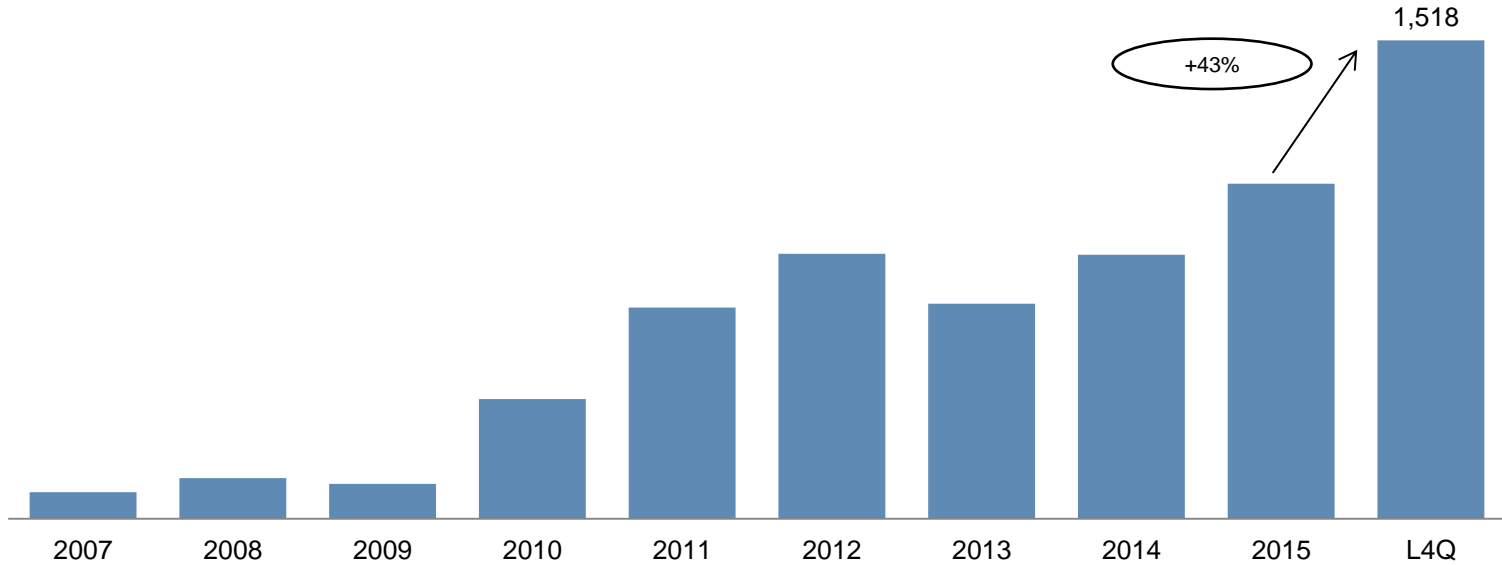
$\frac{\text{Crop revenue}}{\text{Fertilizer costs}}$

High value, Low volume  
Double price premium for high quality  
2% yield increase = +1200 USD/ha



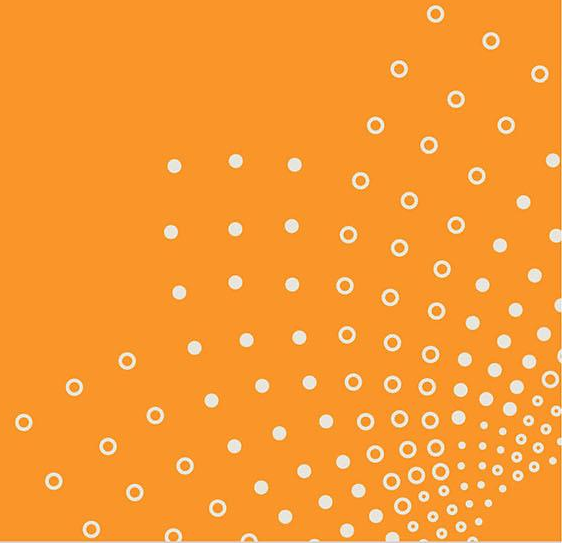
# Brazil: focus on premium products and solutions drives growth

Yara Brazil premium product deliveries (kt)



Source: ANDA, Yara

# Outlook and strategy





# Sustaining profitable growth and competitive edge within three focus areas

## Implications of market outlook

- Increased relative strength of integrated business model
- Reduced trade liquidity; market positions are key
- Timing of investments is critical
- Pressure on commodity crop margins
- Significant fertilizer market growth opportunities in emerging markets

## Strategic response

- 1 Organic growth and market development**  
Shape the markets where we are present, and grow our positions
- 2 Operational improvement**  
Improve productivity and returns through company-wide program
- 3 Profitable step growth**  
Drive growth through M&A, as well as capacity expansions and new builds

# Strategic growth with financial discipline: brownfield expansions, acquisitions and occasional divestments

## Expand premium products sales and supply

- OFD
- CN/NPK expansion Porsgrunn
- NPK expansion Uusikapuunki
- Greenbelt Fertilizers
- West Sacramento import terminal

## Expand commodity scale based on attractive full-cost growth opportunities

- Bunge (Crop Nutrition)
- Freeport ammonia JV (newbuild)
- Pilbara (acquisition of remaining 49% stake)
- New ammonia vessels

## Act on attractive opportunities to grow industrial sales and supply

- OFD
- Pilbara – TAN (newbuild)
- Köping – TAN
- Small-scale TAN
- LeHavre
- Environmental solution bolt-on

## Structurally secure P and K supply

- Galvani
- Dallol<sup>1</sup>

## Divestments

- Fosfertil
- CO2 business
- GrowHow UK
- Pilbara TAN

1) Not yet committed

# Yara growth project pipeline adds ~5 NOK earnings per share by 2020 at current market prices

## Profitable growth through expansions and M&A

### Expand premium products sales and supply

- CN/NPK expansion Porsgrunn (2H 2017)
- NPK expansion Uusikaupunki (2H 2016)
- Urea 8 Sluiskil (2H 2017)
- Rio Grande expansion (2H 2020)

### Expand commodity scale based on attractive full-cost growth opportunities

- Freeport ammonia JV (4Q 2017)
- New ammonia vessels (2016)
- Babrala urea asset (2H 2017)

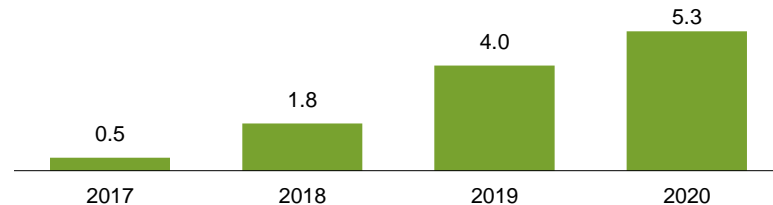
### Act on attractive opportunities to grow industrial sales and supply

- Pilbara – TAN (4Q 2016)
- Köping – TAN (1H 2018)

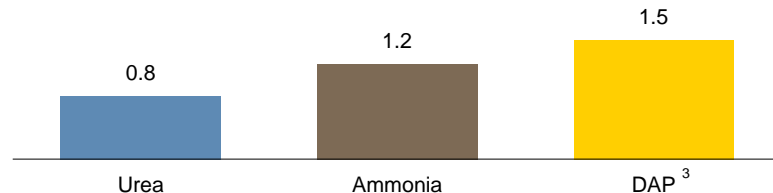
### Structurally secure P and K supply

- Galvani, Salitre (mining: 2H17, chemical 1H18)

## Incremental earnings at current prices<sup>1</sup> (NOK/share)



## Impact<sup>2</sup> of +100 USD/t price change (NOK/share)



<sup>1</sup> Urea fob Yuzhny 190 USD/t, Ammonia fob Yuzhny 170 USD/t, DAP fob Morocco 345 USD/t

<sup>2</sup> At full capacity (2019 for urea and ammonia, 2020 for DAP)

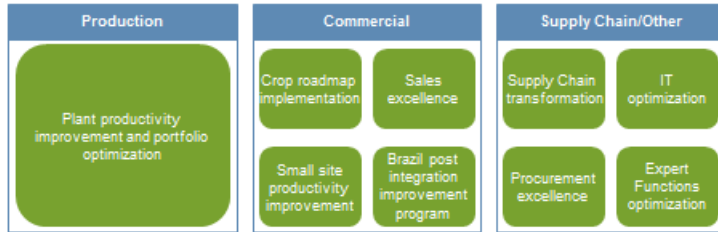
<sup>3</sup> Phosphate-driven price change, equivalent to 138 USD/t phosphate rock (72 bpl)

# Yara Improvement Program: significant progress during second half towards full program launch first quarter 2017

2Q 2016 presentation

## Yara Improvement Program will deliver cost and revenue improvements throughout the organization

Overview of main initiatives



The program is expected to deliver at least USD 500 million EBITDA improvement by 2020



IR – 21 July 2016

Note: Size of boxes does not indicate relative EBITDA potential from initiatives

1

- All units working to establish and detail improvement initiatives
- Several large-impact initiatives have started execution, with positive results so far
- Work so far gives confidence Yara will deliver at least USD 500 million EBITDA improvement by 2020
- Baseline for measurement will be 2015
- Full target, description and timeline to be launched in connection with 4Q results

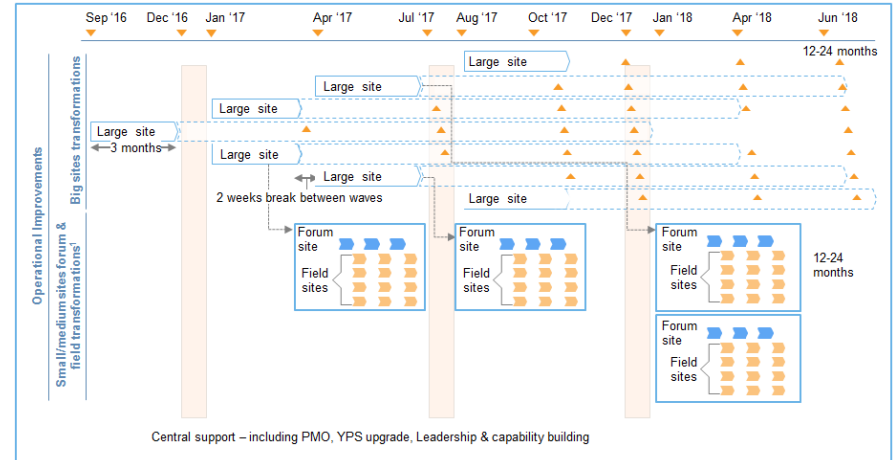
# Plant productivity improvement and portfolio optimization will make our upstream position more robust

**Systemic assessment across Yara Production organization identified a number of improvement areas across all sites**

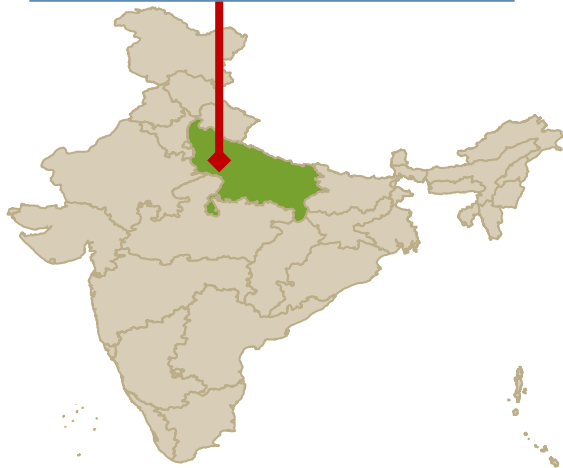


- Implement global best practices
- Improve maintenance execution
- Reduce energy consumption
- Enhance product quality
- Further strengthen safety culture
- Improve capex efficiency
- Optimize asset footprint

**Intensive rollout with up to three parallel groups of implementations for the next 2.5 years, starting with Sluiskil**



# Acquisition of Tata Chemicals' fertilizer business in India provides footprint to accelerate premium product growth



## Integrated world scale urea plant in Babrala, Uttar Pradesh

- ~0.7 million tons ammonia production
- ~1.2 million tons urea production
- Commissioned in 1994

## World-class operations and energy efficiency

- Workforce is committed to high HESQ standards; solid safety track record
- Energy consumption below 21 mmbtu/t, on par with Sluiskil

## Significant distribution footprint

- Warehouses: 4 own and approx. 100 third-party operated
- Salesforce: 50 own, and approx. 600 on contract

## Acquisition provides footprint to accelerate premium product growth

- Yara India 17% p.a. growth in premium product sales since 2010
- Yara Brazil premium products growth provides reference case

# Strong rationale for creating value through further growth

## We are **positioned** to grow

- Strong balance sheet
- Global presence

## We **can** grow profitably

- Strong track record of profitable growth through synergies, timing and capital discipline

## We **should** grow

- More opportunities available
- Sustain and grow competitive edge

Expand premium product sales and supply

Expand commodity scale based on attractive full-cost growth opportunities

Act on attractive opportunities to grow industrial sales and supply

Structurally secure P and K supply

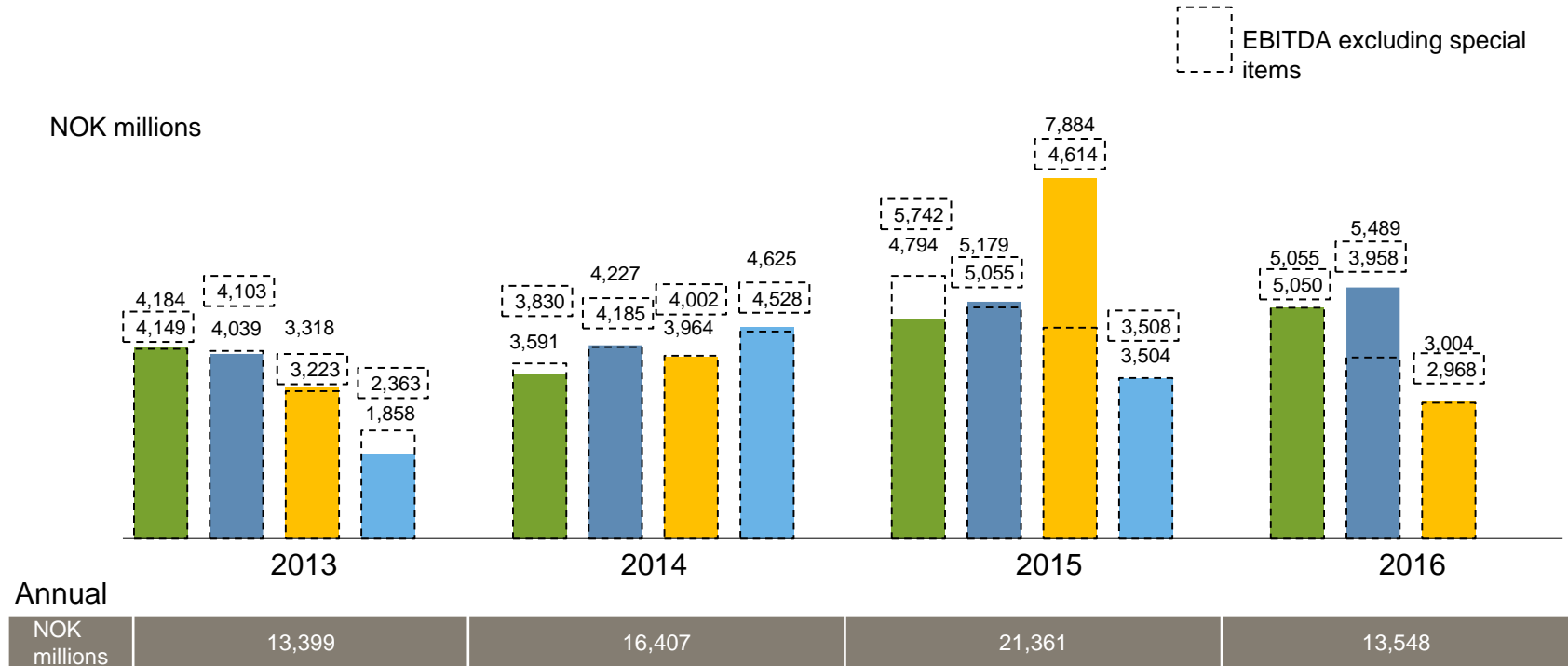


**Knowledge grows**

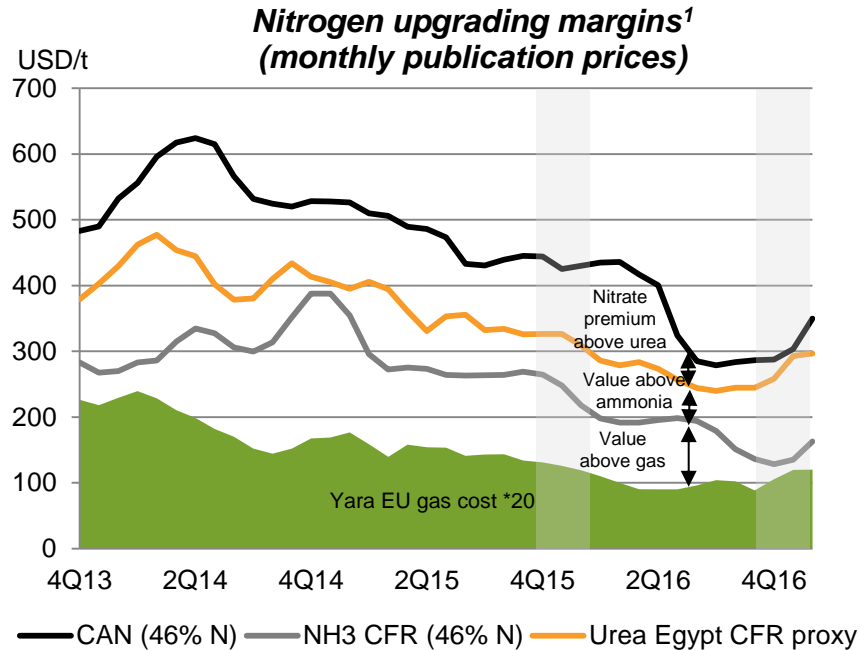




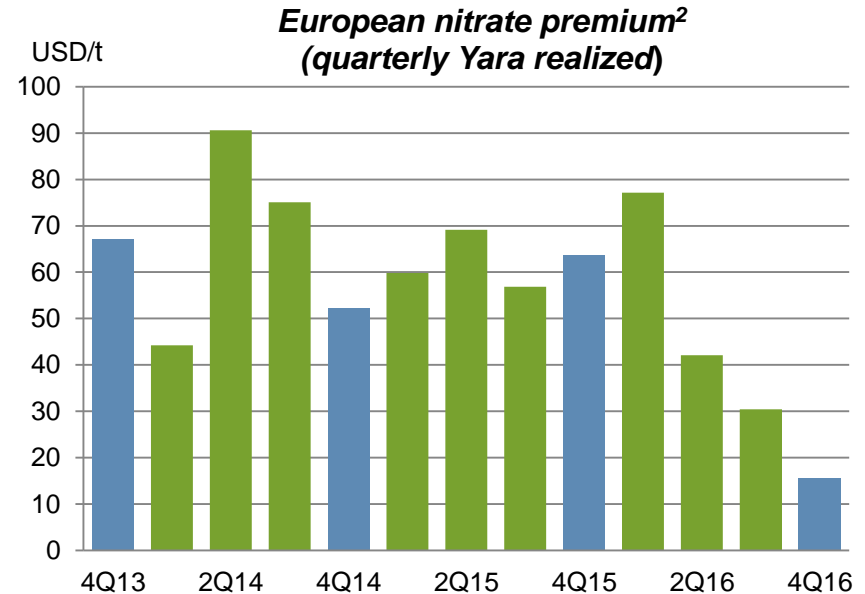
# Earnings before interest, tax, depreciation and amortization (EBITDA)



# Decline in nitrogen fertilizer prices since 2014, but improvement in 4Q 2016

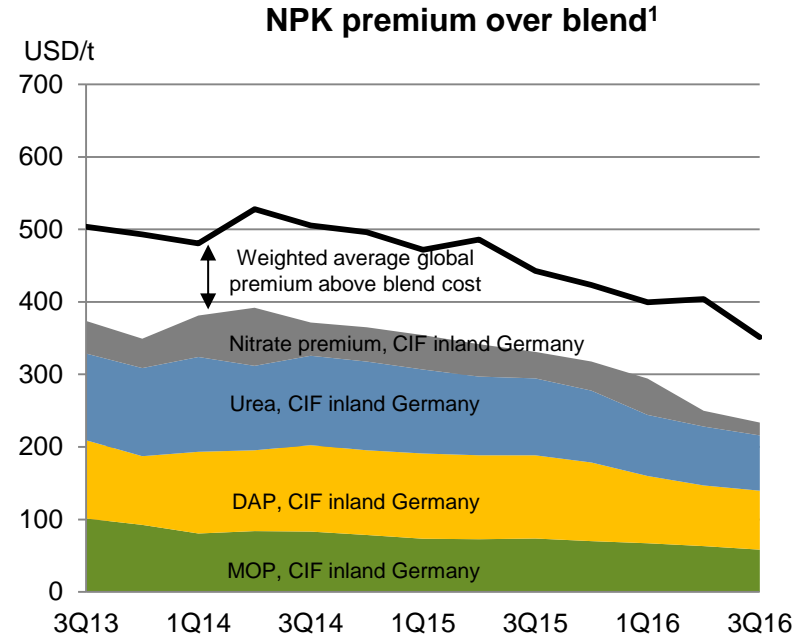
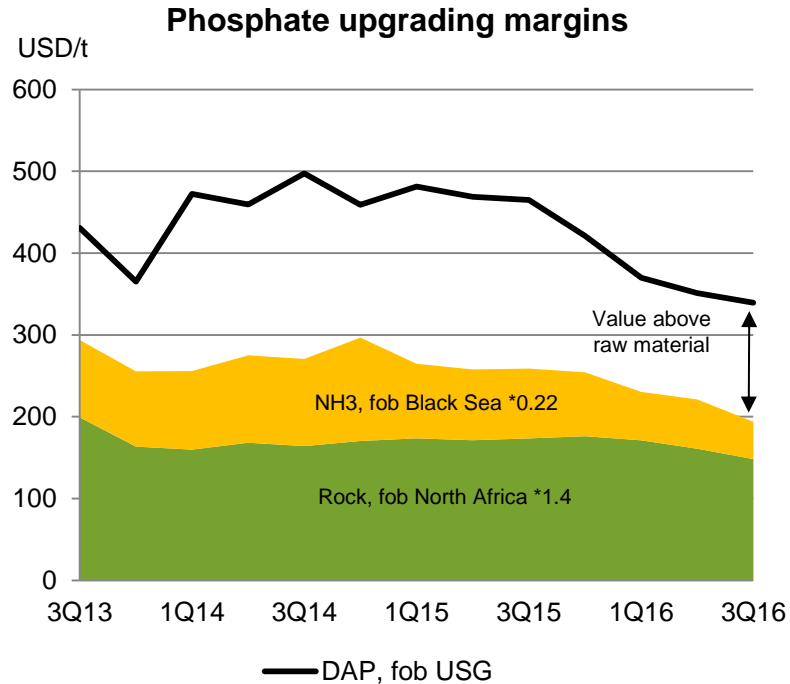


1) All prices in urea equivalents



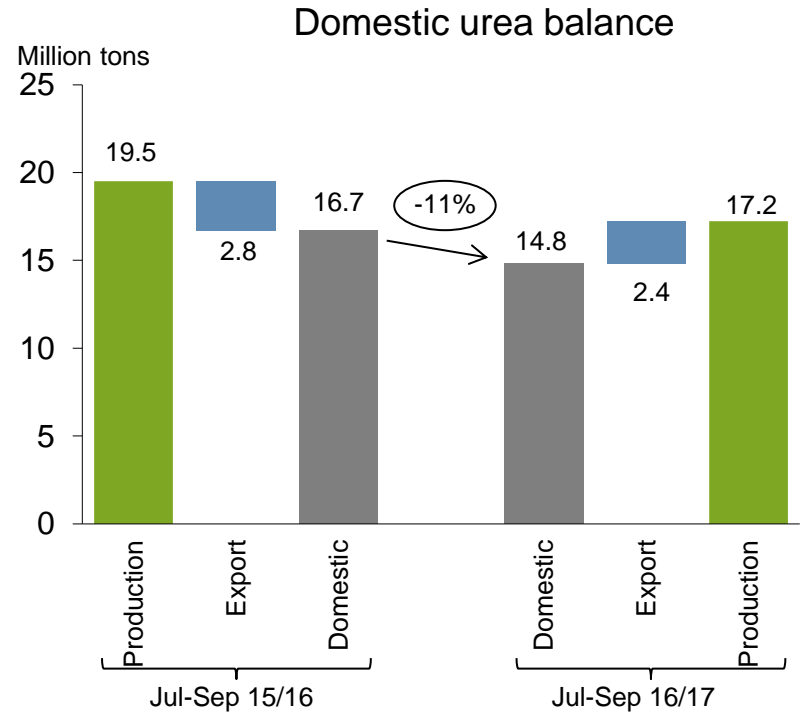
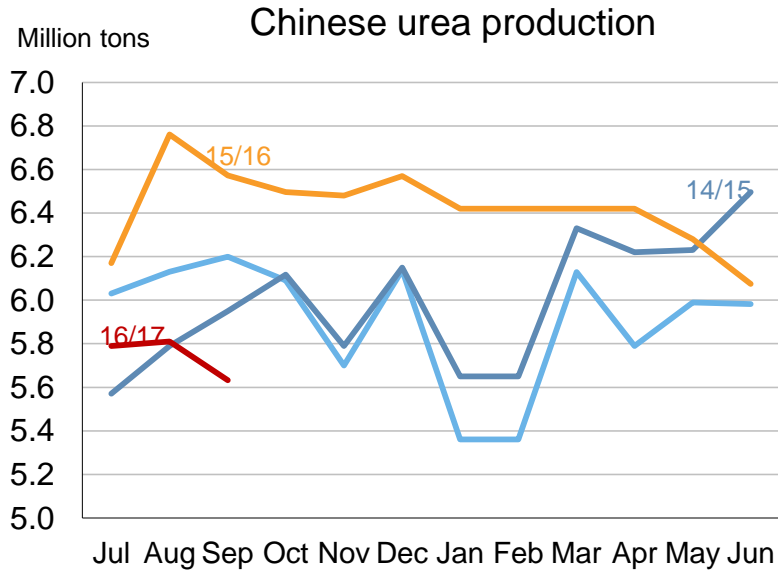
2) Yara European realized nitrate prices (excl. sulphur grades) compared with urea publication prices (Egypt CFR proxy) with 1 month time lag. All numbers in USD per tonne of CAN equivalents.

# Lower commodity phosphate margins, stable compound NPK premiums



1) Export NPK plants, average grade 19-10-13, net of transport and handling cost.

# Domestic Chinese supply by reduced by 11% so far in the 2016/17 season



Source: CFMW

IR – January 2017



# Strategic growth with financial discipline:

Profitable growth through brownfield expansion and M&A, while maintaining credit rating

## Expand premium products sales and supply

- OFD (Latin America)
- CN/NPK expansion Porsgrunn (Europe)
- NPK expansion Uusikapuunki (Europe)
- Greenbelt Fertilizers (Africa)
- West Sacramento import terminal (USA)

## Expand commodity scale based on attractive full-cost growth opportunities

- Bunge (Crop Nutrition) (Brazil)
- Freeport ammonia JV (newbuild in USA)
- Pilbara (acq. of remaining 49% stake)(Australia)
- New ammonia vessels

## Act on attractive opportunities to grow industrial sales and supply

- OFD (Latin America)
- Pilbara – TAN (newbuild in Australia)
- Köping – TAN (Europe)
- Small-scale TAN
- Le Havre (Europe)
- Environmental solution bolt-on (Europe)

## Structurally secure P and K supply

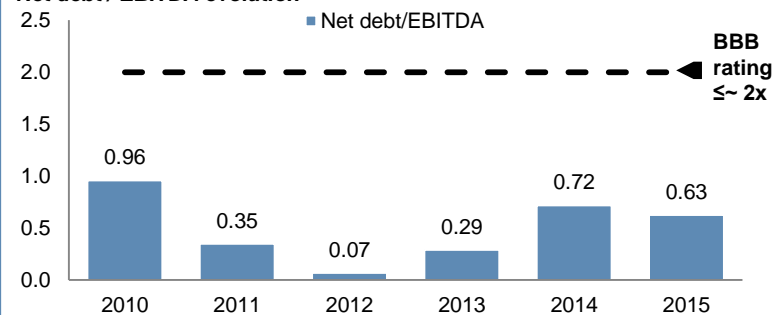
- Galvani (Brazil)
- Dallo<sup>1</sup> (Africa)

## Divest non-core businesses

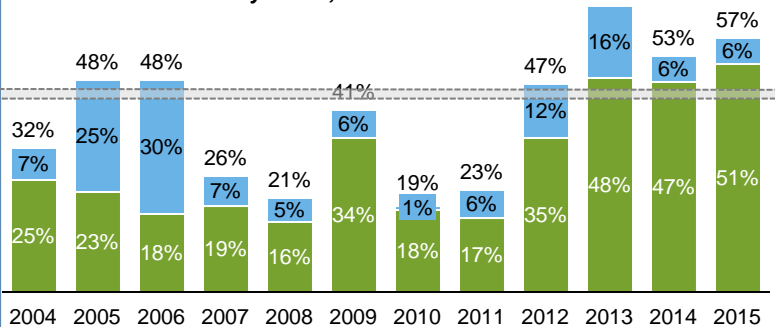
- GrowHow UK (50% stake)
- European CO<sub>2</sub> business

<sup>1</sup> Not yet committed

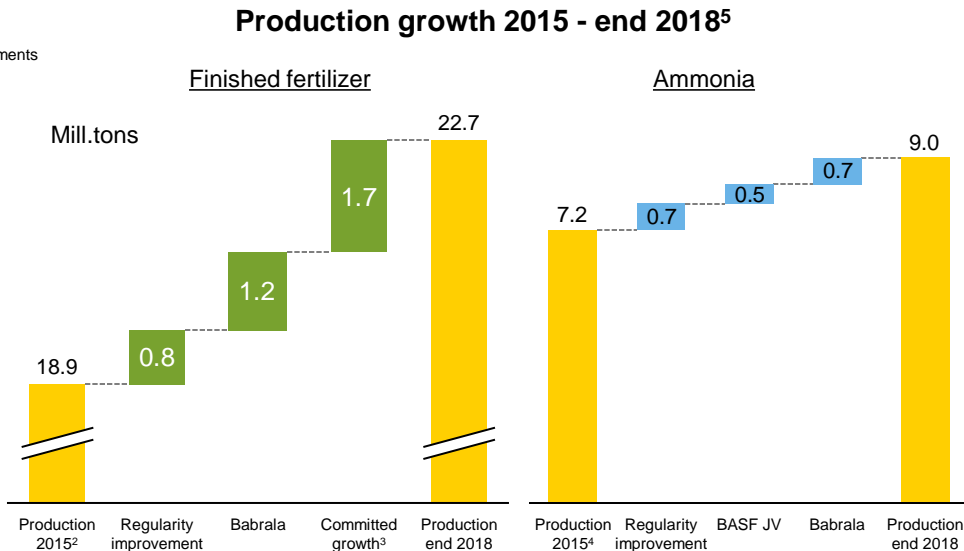
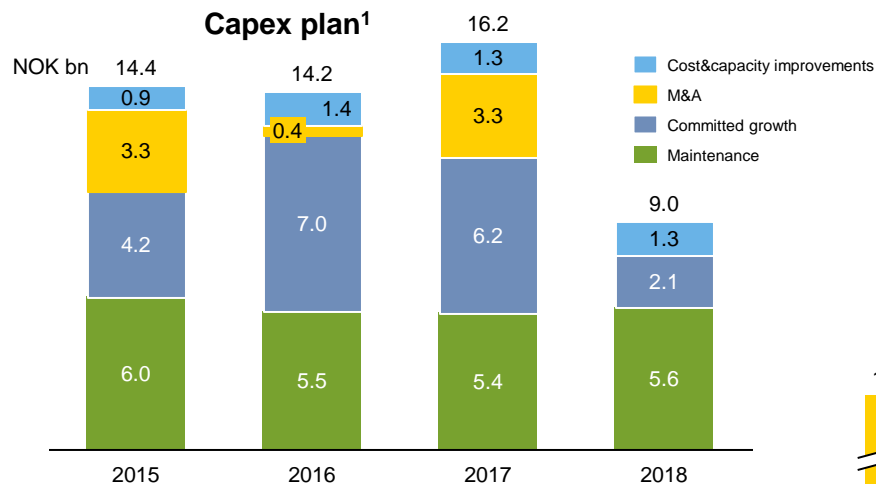
### Net debt / EBITDA evolution



### Dividend and share buy-backs, share of net income



# Strong growth pipeline



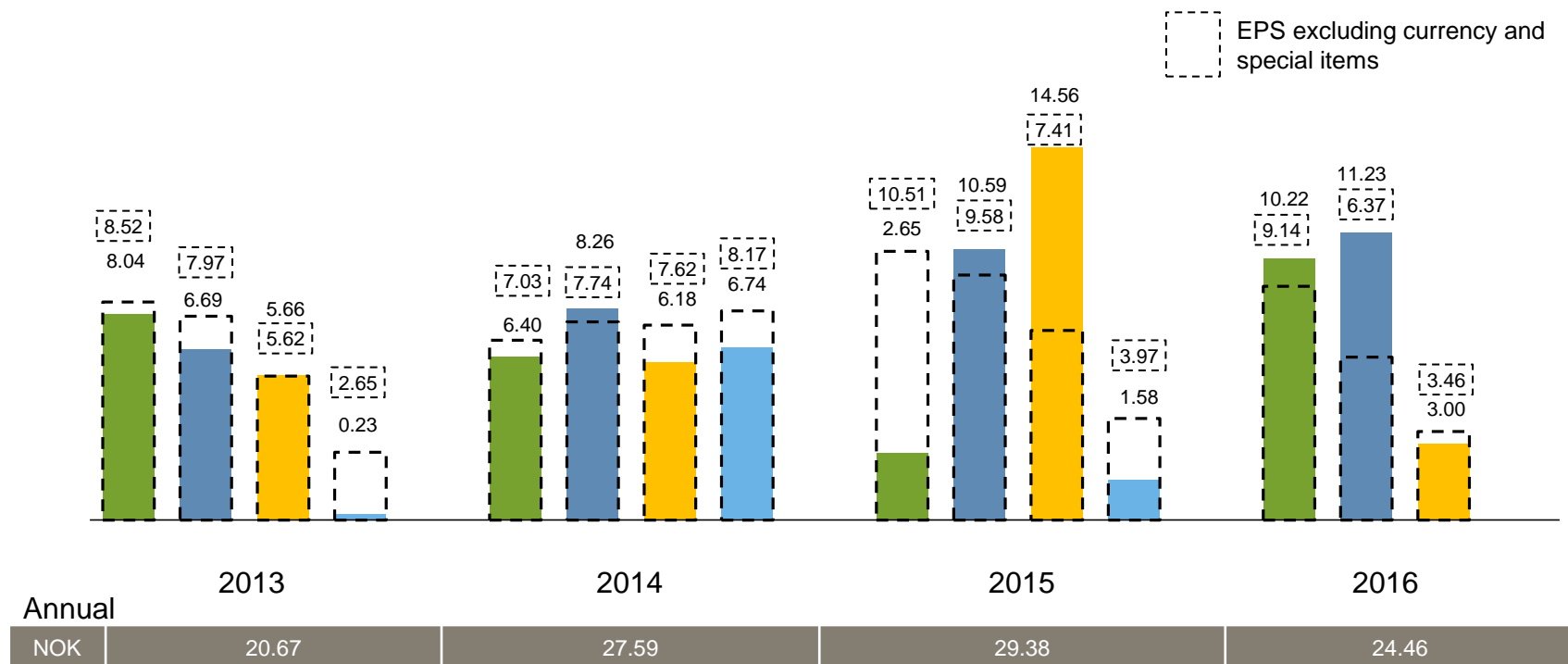
**Committed growth (NOK bn):**

	2015	2016	2017	2018
BASF JV	1	1.5	1.2	
Pilbara TAN	0.5	0.4		
Porsgrunn	0.5	1.2	0.5	
Köping	0.3	0.5	0.6	0.1
Sluiskil	0.1	0.7	0.9	
Uusikapunki	0.3	0.2		
Galvani (Salitre)	1	0.6	1.6	0.5
Ammonia vessels	0.2	1.4		
Rio Grande		0.1	1.3	1.4
Other projects	0.3	0.4	0.1	
<b>Total</b>	<b>4.2</b>	<b>7</b>	<b>6.2</b>	<b>2.1</b>

- Finished fertilizer and industrial products, excl. bulk blends. Including Yara share of production in JVs. 2015 numbers excl. Growhow UK (~300 kt)
- Committed projects only. TAN Pilbara: 160 kt, Porsgrunn: 250kt, Glomfjord: 185kt, Uusikapunki: 250kt, Köping: 90kt, Sluiskil: net 160kt, Galvani (Salitre - 60% of ~ 1 mill.tons)
- Excl. Growhow UK (~200 kt). Including 100% ownership in Pilbara NH<sub>3</sub> plant
- Rio Grande expansion adds 0.5 million tons SSP and 1 million ton blends by 2020

1) Yara's share of capex

# Earnings per share\*

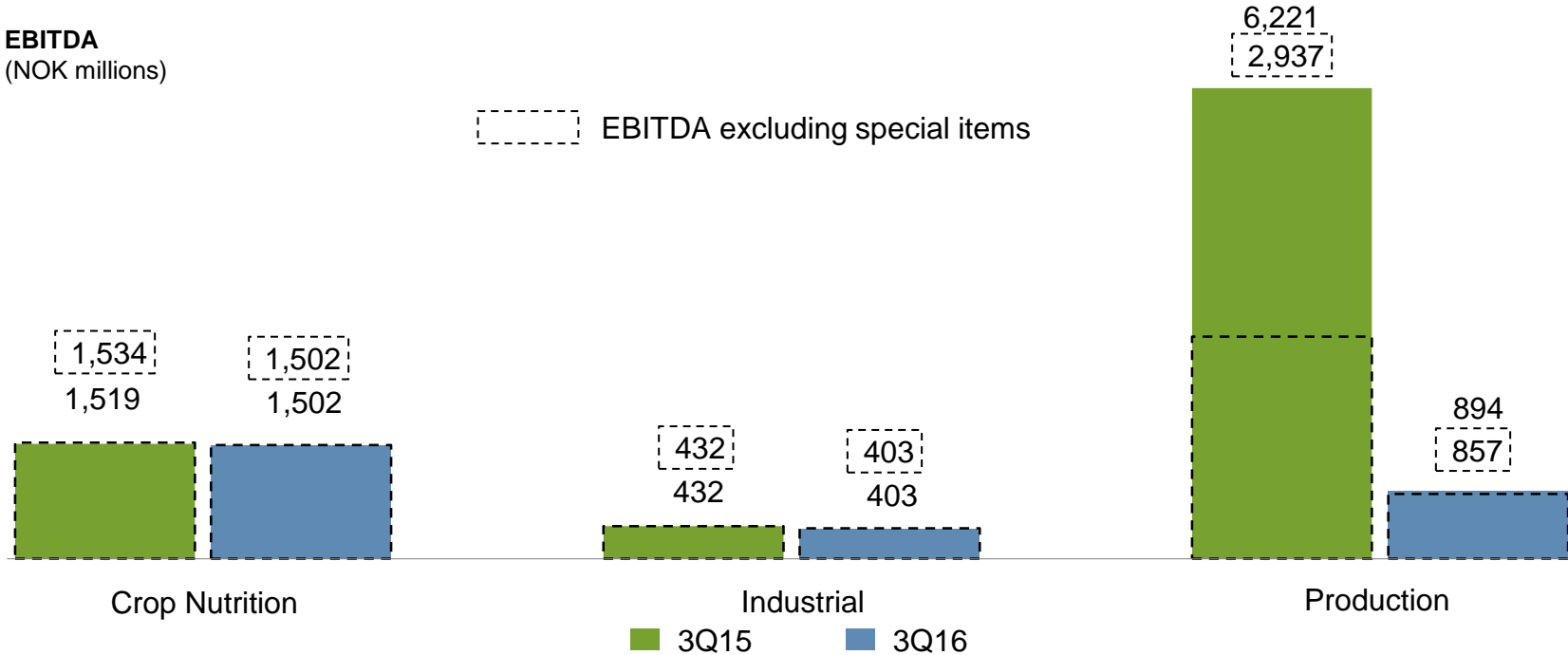


\*Average number of shares for 3Q 2016: 273.2 million (3Q 2015: 275.1 million).

# Lower prices mainly impact Production segment

**EBITDA**  
(NOK millions)

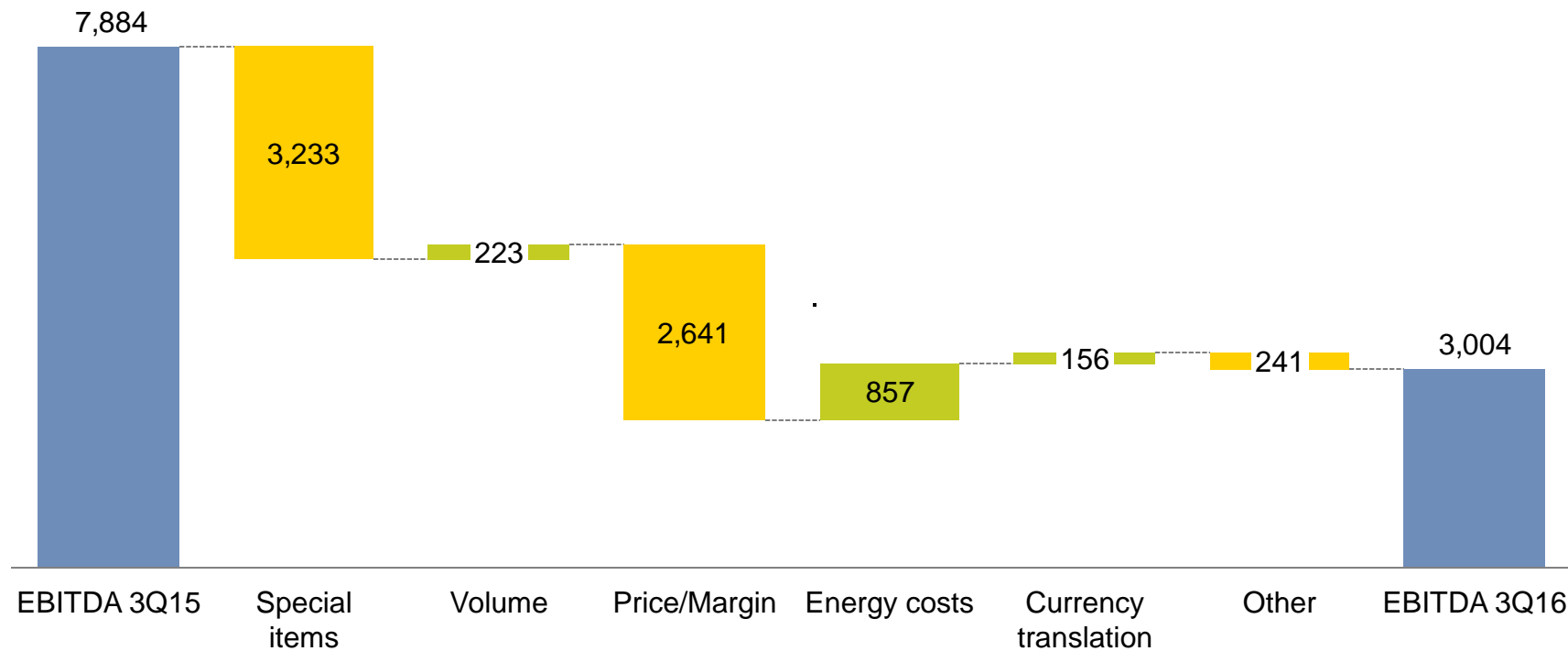
 EBITDA excluding special items





# EBITDA development

NOK millions



# Crop Nutrition creates resilience in earnings...

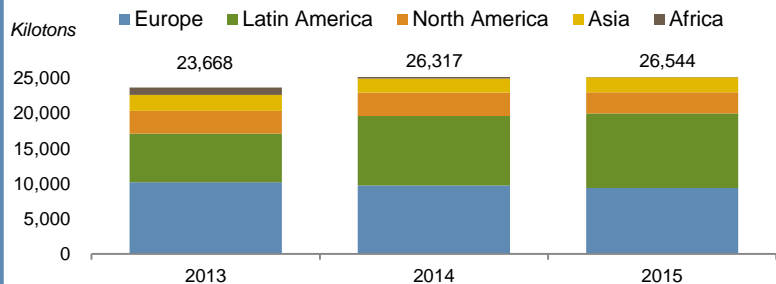
## Key financials

(NOKm)	1H 2016	1H 2015	Change	YE 2015
Revenue and other income <sup>1</sup>	37,760	41,950	(4,190)	80,189
EBITDA	3,108	3,415	(307)	6,188
Operating income	2,476	2,854	(378)	4,973
% margin	6.6%	6.8%	N/A	6.1%
<b>CROGI</b> (12-month rolling avg.)	<b>16.3%</b>	<b>17.9%</b>	<b>N/A</b>	<b>17.5%</b>

## 2015 Highlights

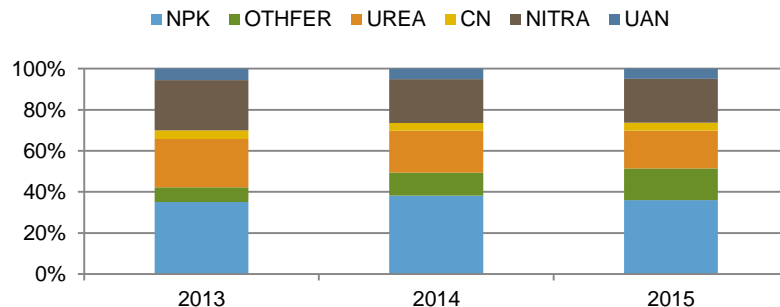
- Offers the industry's most comprehensive product portfolio and has a strong position in value-adding crop solutions.
- Increased market presence in Africa and North America by signing agreements to acquire the Greenbelt Fertilizer and the Sacramento Terminal
- Continued investments in solutions for precision farming and water scarcity. Investments in 2015 amounted to a total of NOK 1.5 bn

## Fertilizer volumes by region

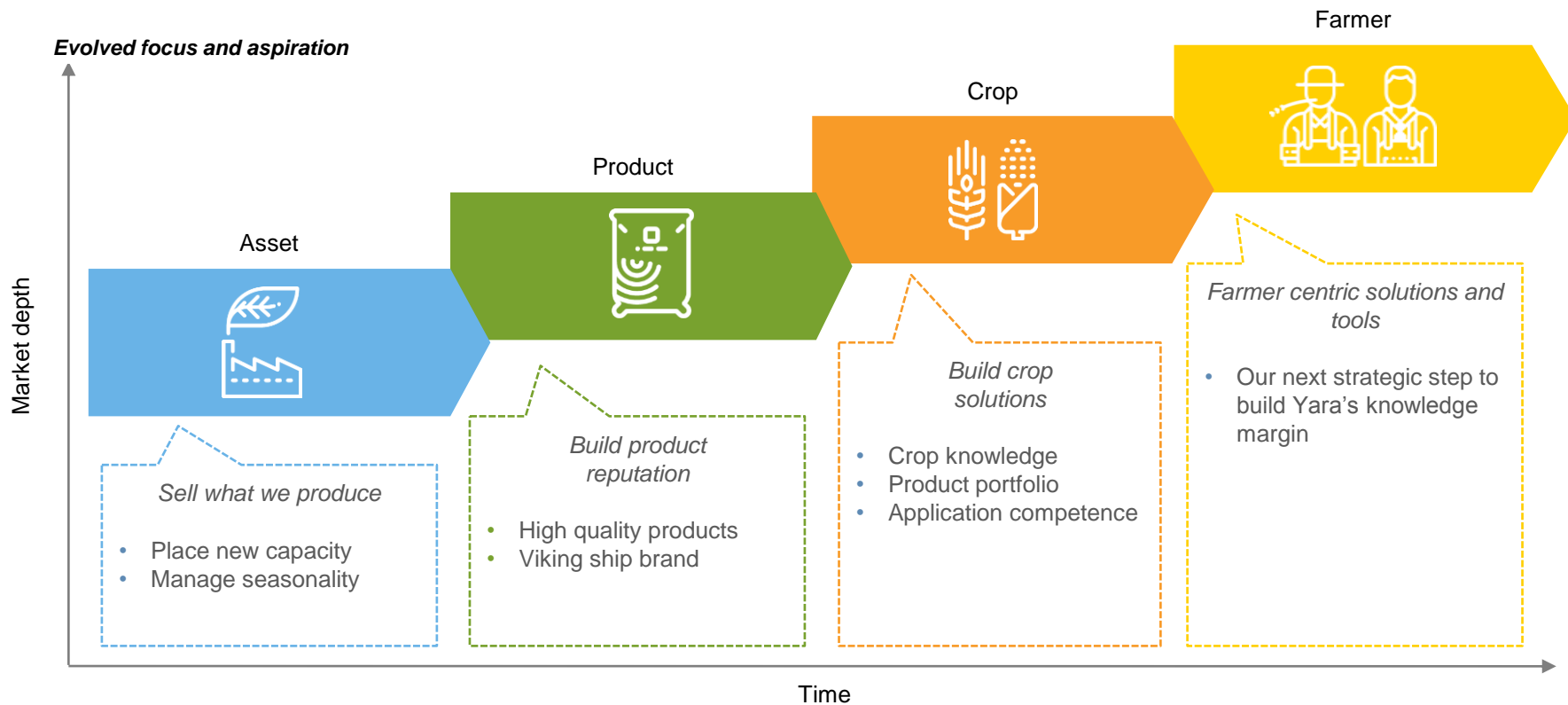


<sup>1</sup> External revenue and other income

## Share of fertilizer volumes by product



# ... by adding distribution and agronomic competence

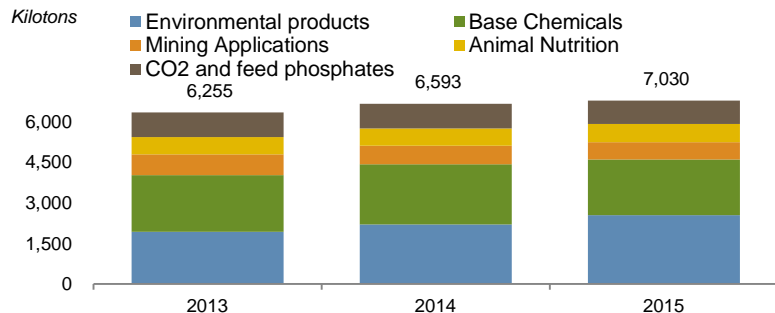


# Industrial segment reduces cyclicality and seasonality...

## Key financials

(NOKm)	1H 2016	1H 2015	Change	YE 2015
Revenue and other income <sup>1</sup>	9,085	8,520	565	17,233
EBITDA	2,116	749	1,367	1,489
Operating income	2,030	602	1,428	1,174
% margin	22.3%	7.1%	N/A	6.8%
<b>CROGI</b> (12-month rolling avg.)	<b>43.6%</b>	<b>18.8%</b>	<b>N/A</b>	<b>22.0%</b>

## Industrial sales by product<sup>2</sup>



## 2015 Highlights

- Significantly expansion of terminal and logistics network in North America and Brazil to better and more efficiently serve the automotive Nox abatement markets with respectively DEF (Diesel Exhaust Fluid) and Arla 32 reagent
- Increased deliveries of air pollution abatement products by 20% and achieved strong growth parameters for Nutriox business (waste water treatment) and increasing demand for related services and monitoring technologies
- Agreement to sell European CO2 business





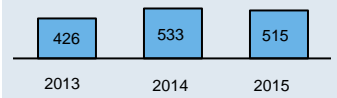
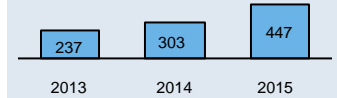
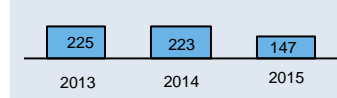
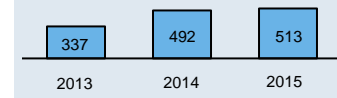
<sup>1</sup> External revenue and other income

<sup>2</sup> Including Yara share of production in equity-accounted investees

<sup>3</sup> Including share of JVs

# ...by securing stable off-take from production plants and the unseasonal nature of its businesses

*Four business lines with focused strategy and operations*

	Base Chemicals	Environmental Solutions	Mining Applications	Gas and Industrial applications																																
<b>Key product and service offering</b>	 <p>Chemical applications for food, feed, automotive, space, pharmaceutical and construction industries</p>	 <p>Abatement of emissions from heavy duty vehicles NO<sub>x</sub> and SO<sub>x</sub> abatement for maritime sector</p>	 <p>Solutions to the Civil explosives industry Based on Technical nitrates for mining and construction</p>	 <p>CO<sub>2</sub> as gas, liquid and Dry ice CN for Industrial Applications Animal nutrition</p>																																
<b>Strategic fit</b>	Optimization of Upstream assets	Utilize technology, logistic advantage and infrastructure footprint	Handling, storage and economies of scale	Monetize secondary products into primary markets applications																																
<b>Geographical market</b>	Europe	Global	Global	Global																																
<b>Market drivers</b>	GDP growth	Legislation, GDP growth	GDP growth, infrastructure projects, supply security	GDP growth, standard of living																																
<b>EBITDA 2013- 2015<sup>1</sup> (NOKm)</b>	 <table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>EBITDA (NOKm)</th><td>426</td><td>533</td><td>515</td></tr> </table>	Year	2013	2014	2015	EBITDA (NOKm)	426	533	515	 <table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>EBITDA (NOKm)</th><td>237</td><td>303</td><td>447</td></tr> </table>	Year	2013	2014	2015	EBITDA (NOKm)	237	303	447	 <table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>EBITDA (NOKm)</th><td>225</td><td>223</td><td>147</td></tr> </table>	Year	2013	2014	2015	EBITDA (NOKm)	225	223	147	 <table border="1"> <tr><th>Year</th><td>2013</td><td>2014</td><td>2015</td></tr> <tr><th>EBITDA (NOKm)</th><td>337</td><td>492</td><td>513</td></tr> </table>	Year	2013	2014	2015	EBITDA (NOKm)	337	492	513
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<sup>1</sup> EBITDA not adjusted for eliminations between Business Units

# Production segment has plants and mines across the globe which provide scale and flexibility...

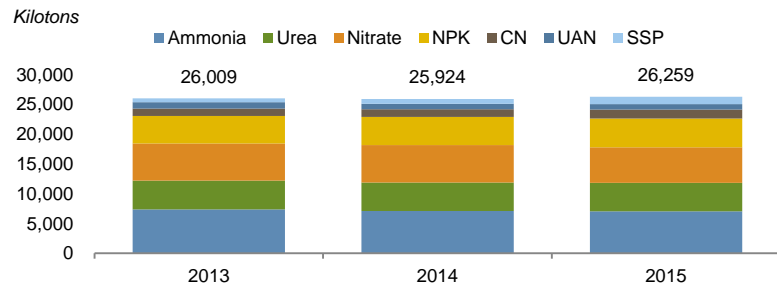
## Key financials

(NOKm)	1H 2016	1H 2015	Change	YE 2015
Revenue and other income <sup>1</sup>	22,881	28,266	(5,385)	55,812
EBITDA	4,965	6,017	(1,052)	14,414
Operating income	2,132	4,364	(-2,232)	8,842
% margin	9.3%	15.4%	N/A	15.8%
<b>CROGI</b> (12-month rolling avg.)	<b>11.0%</b>	<b>11.4%</b>	<b>N/A</b>	<b>12.1%</b>

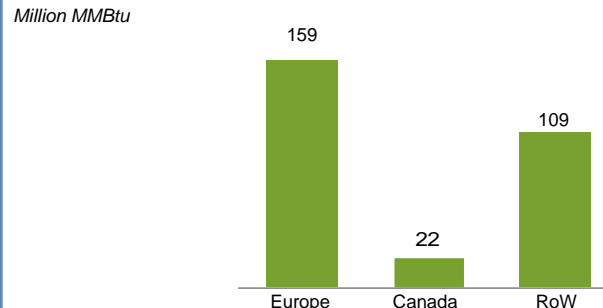
## 2015 Highlights

- In the US, Yara and BASF started construction of a world-scale ammonia plant in Freeport. In Australia, Yara secured full ownership of the Pilbara ammonia plant and increased ownership in the Pilbara TAN plant. Construction started on the project to increase the capacity of value-added production in Sluiskil, the Netherlands. Yara sold its 50% stake in GrowHow UK.
- Total production ended at 26.5mm tons, ammonia production decreased by 1% and finished fertilizer and industrial products increased by 2%

## Production volumes by product<sup>2</sup>



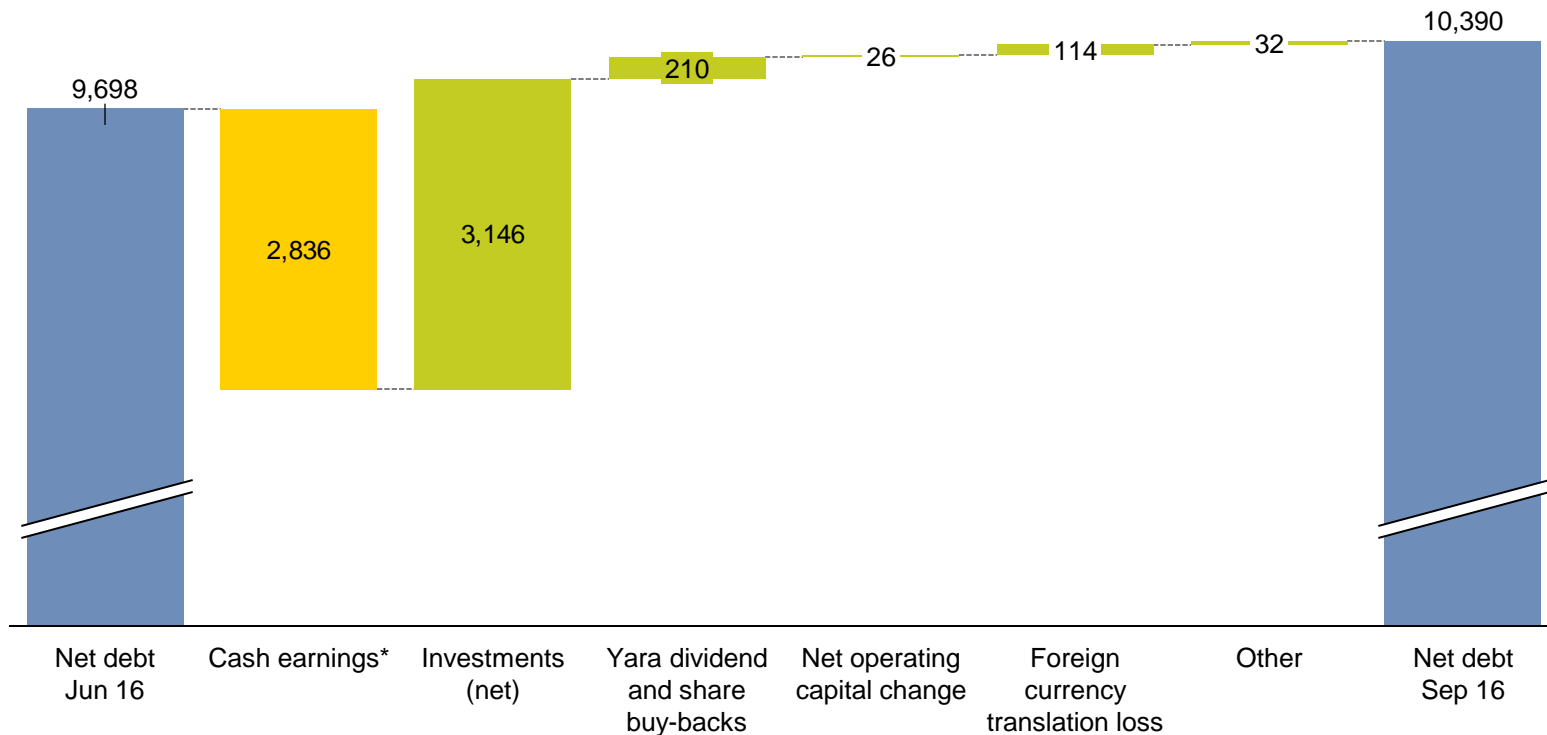
## Gas consumption by region in 2015<sup>2</sup>



<sup>1</sup> Including Yara share of production in equity-accounted investees; <sup>2</sup> Including share of JVs

# Net interest-bearing debt development

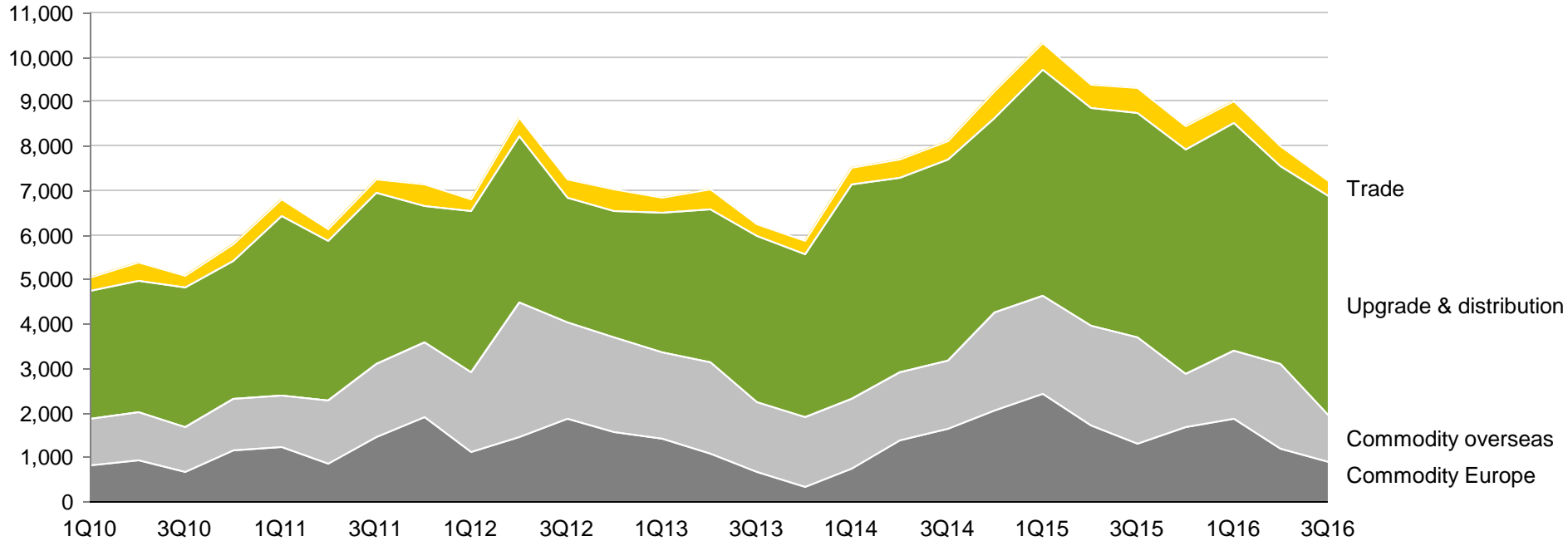
NOK millions



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

# Value-added and distribution make up larger part of Yara's contribution

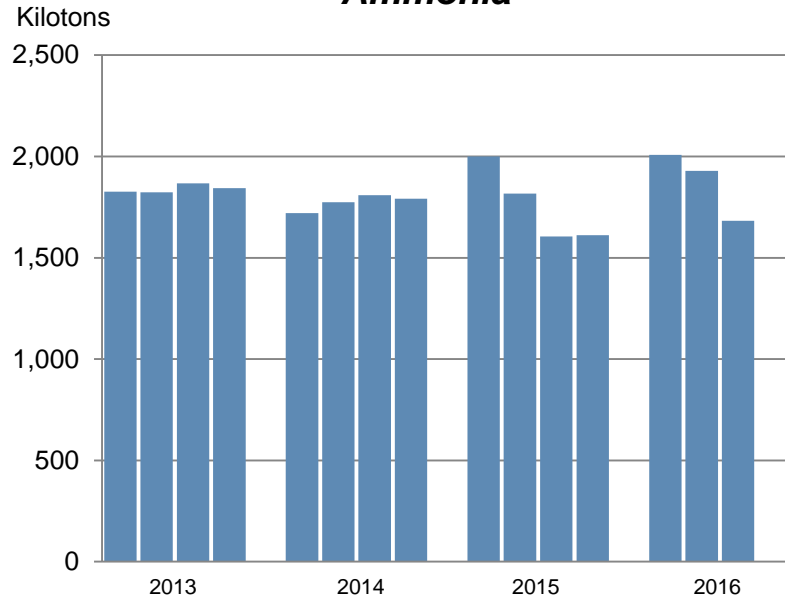
**Total Yara contribution**



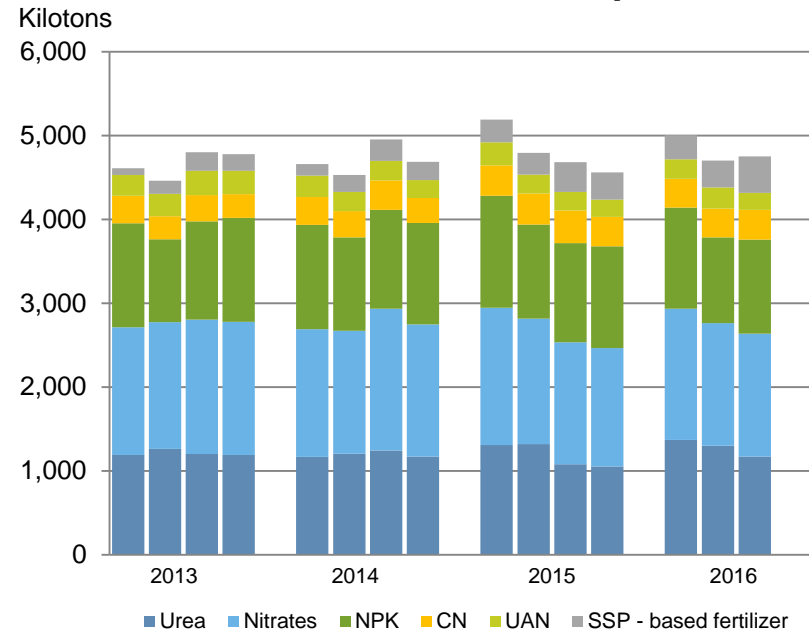


# Production

## Ammonia<sup>1</sup>



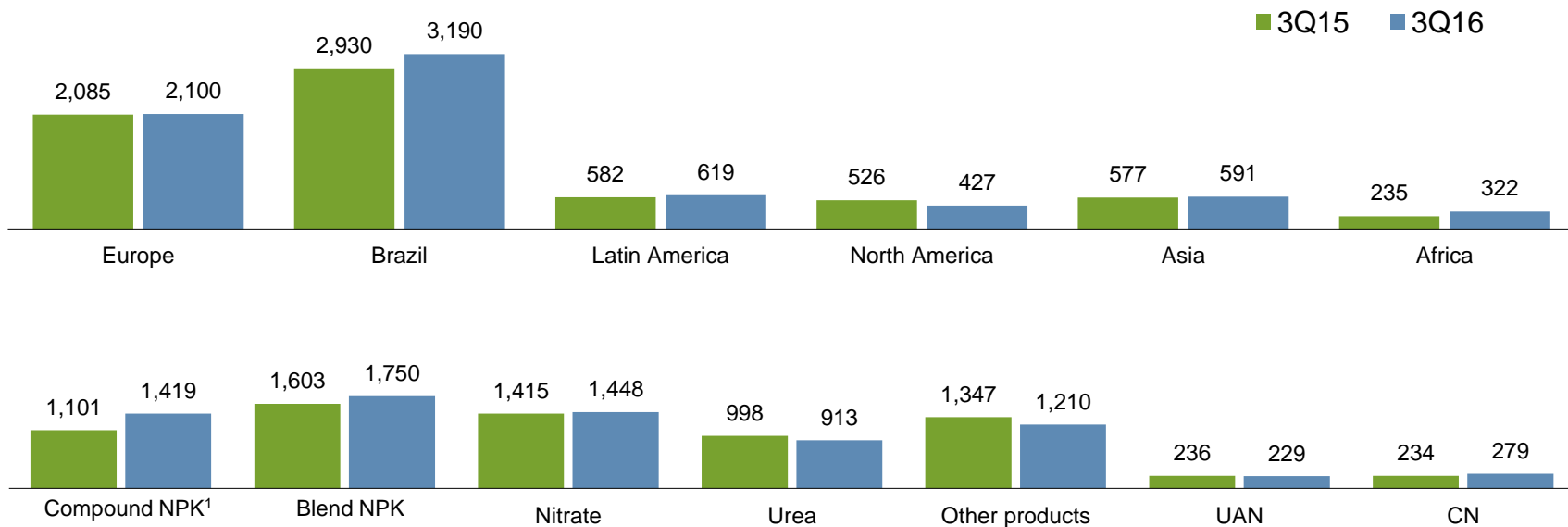
## Finished fertilizer & industrial products<sup>1</sup>



1) Including share of equity-accounted investees

# Yara 3Q fertilizer sales by market and product

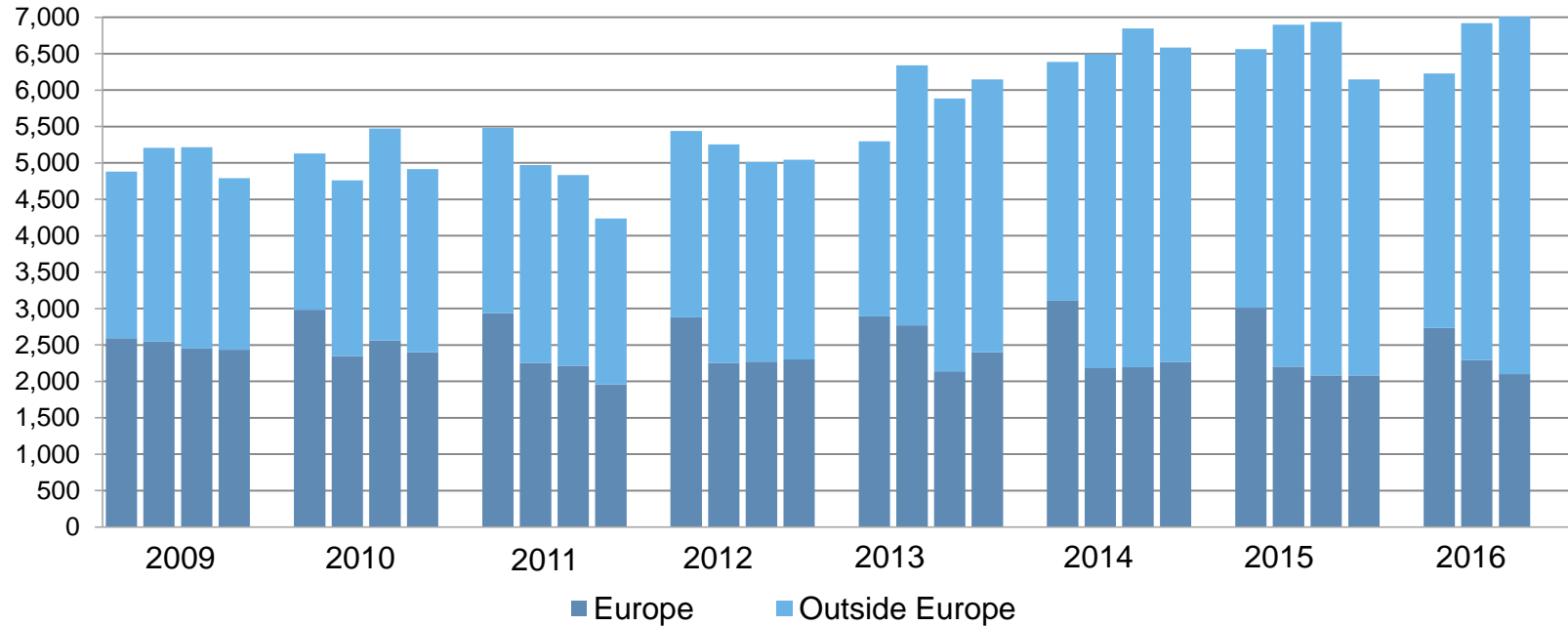
Kilotons



1) Yara-produced compound NPK and third party sourced (Total NPK minus blend NPK)

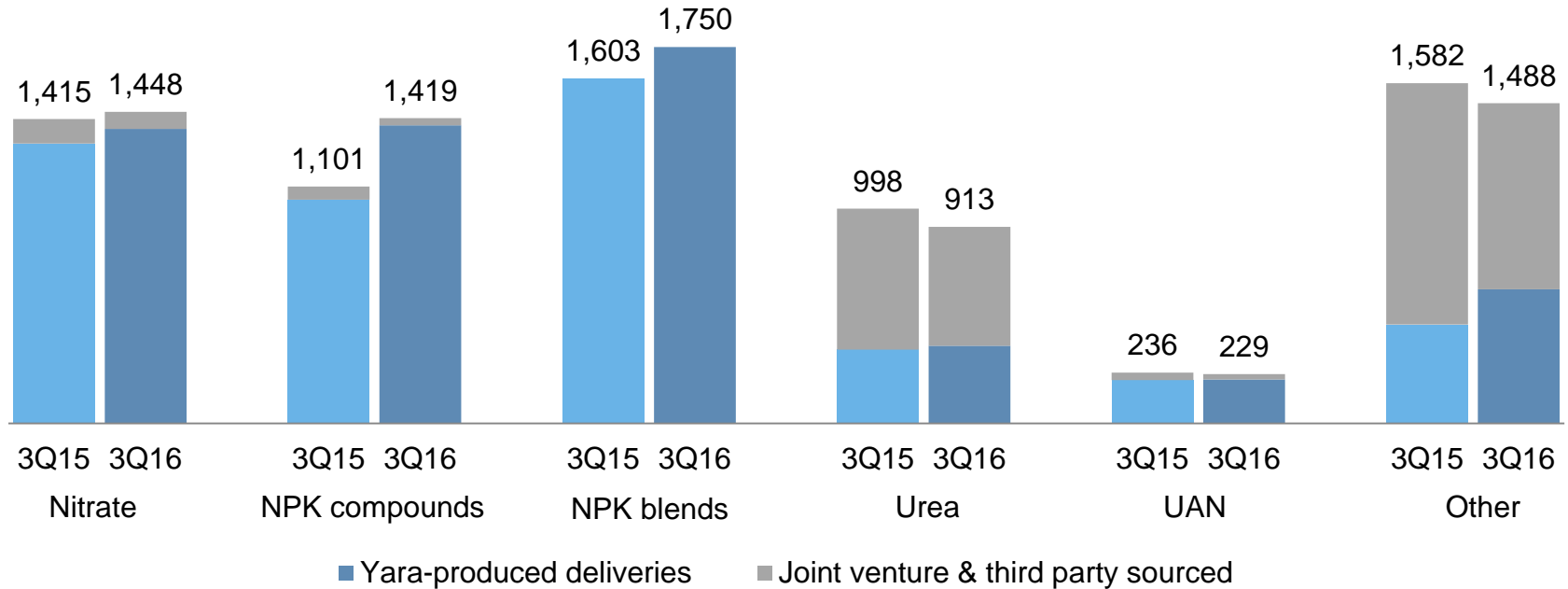
# Fertilizer deliveries

Kilotons

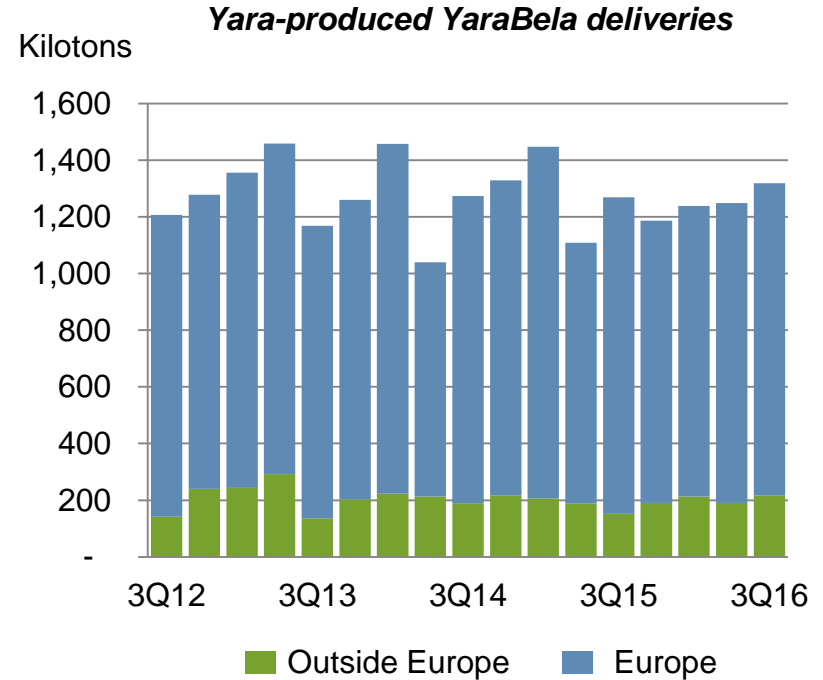
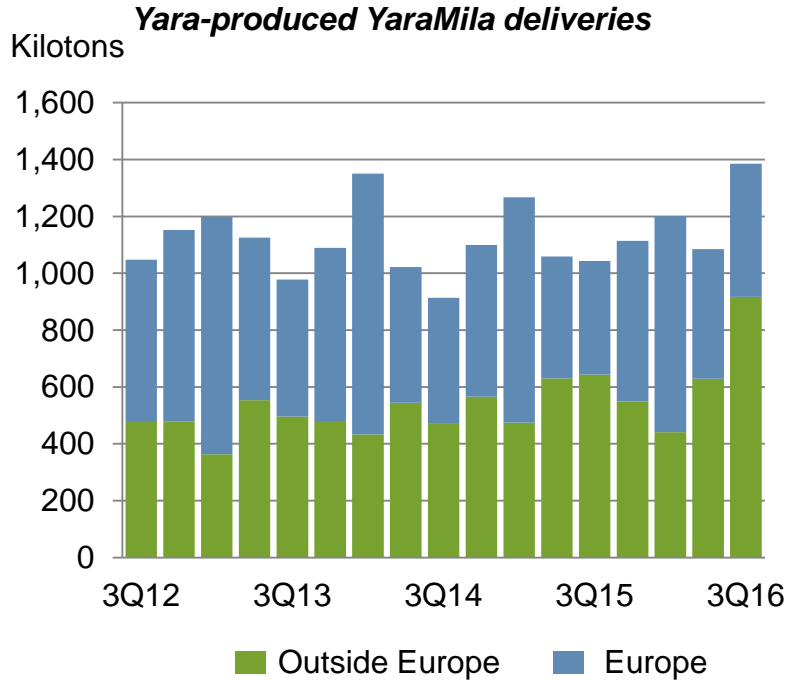


# Fertilizer deliveries by product and source

Kilotons

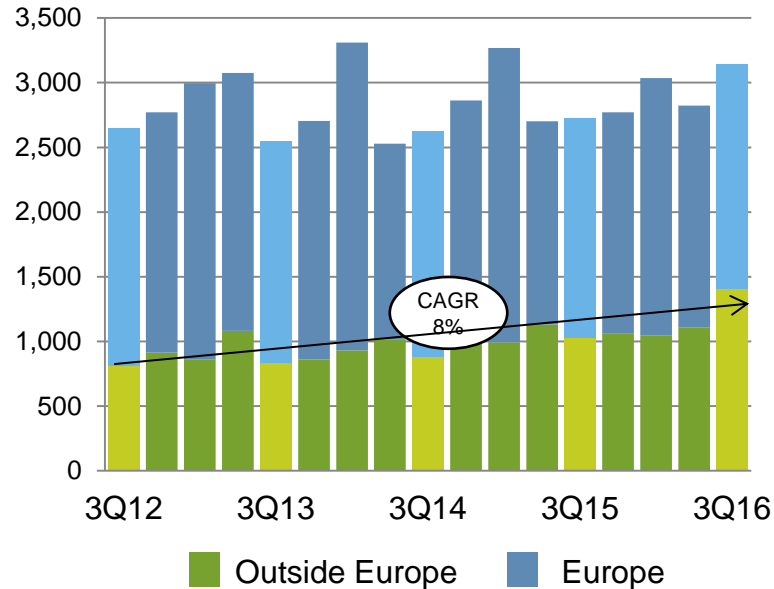


# YaraMila (compound NPK) and YaraBela (nitrate) deliveries

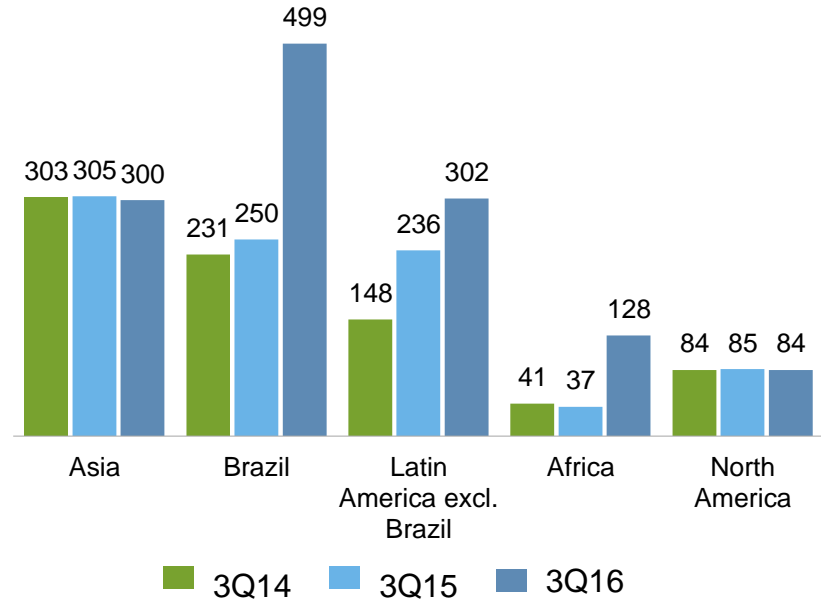


# Strong premium product deliveries

**Value-added fertilizer deliveries<sup>1</sup>**



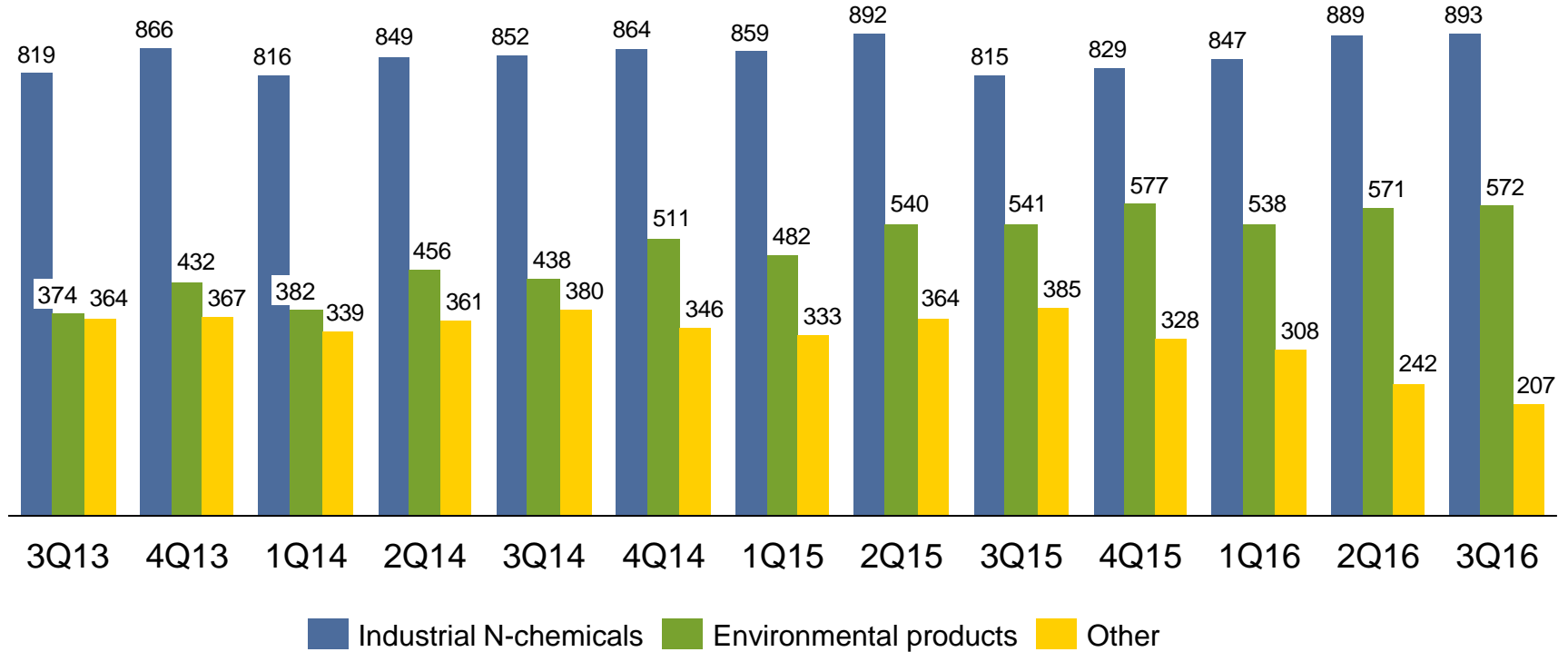
**Value-added fertilizer deliveries<sup>1</sup>**



1) YaraBela, YaraMila and YaraLiva deliveries

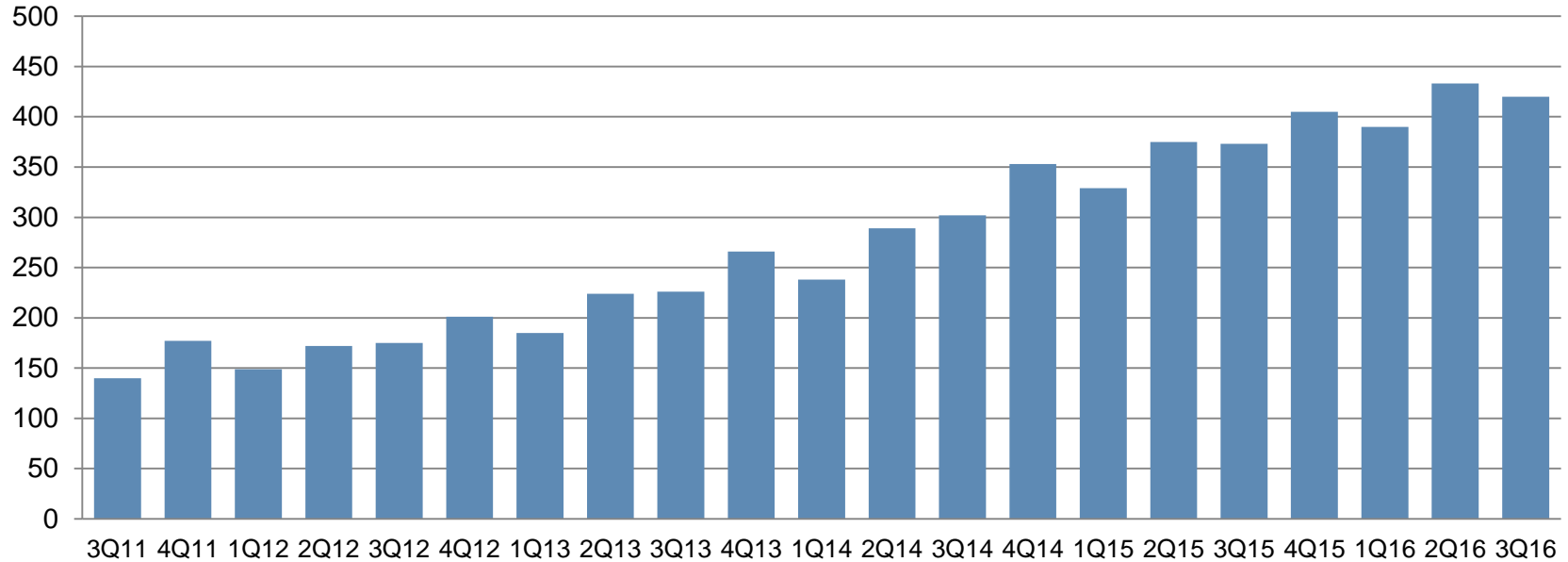
# Industrial volume development

Kilotons



# AdBlue deliveries

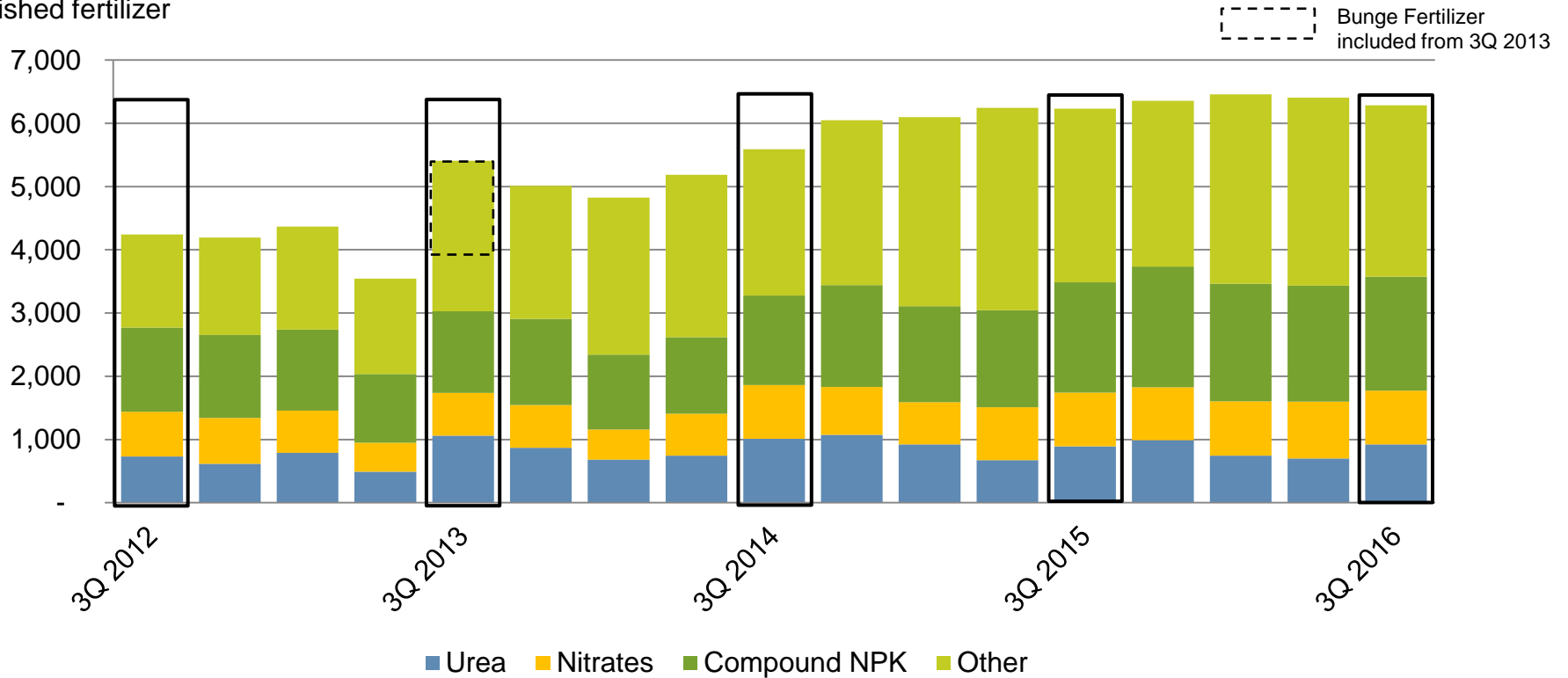
Kilotons





# Yara stocks

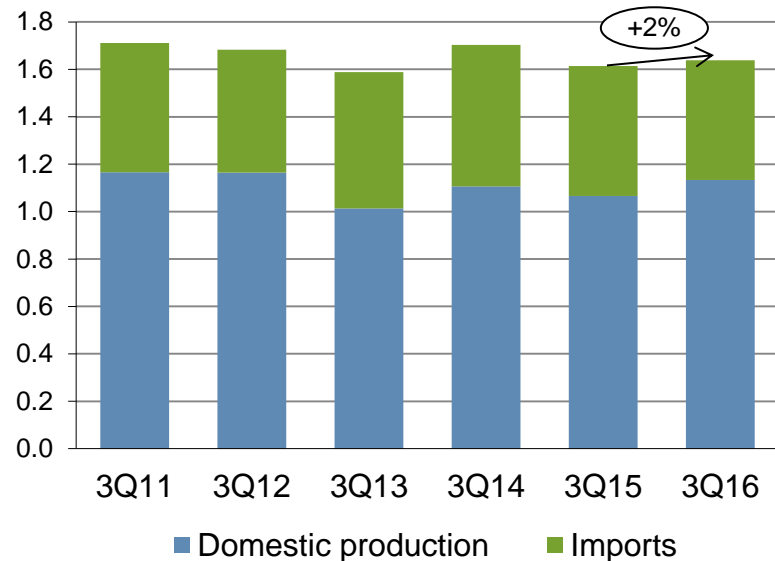
Kilotons  
Finished fertilizer



## Normal start to the European season, slow in the US

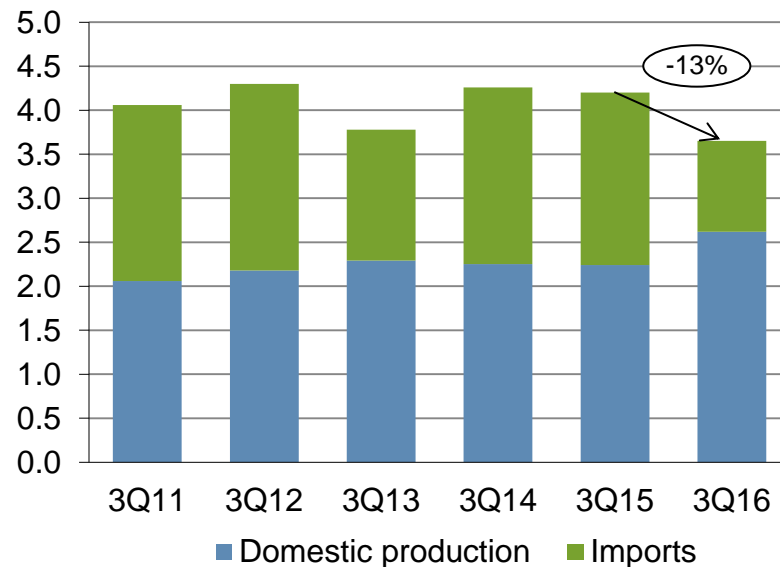
Million tons N

**West Europe**



Million tons N

**US**

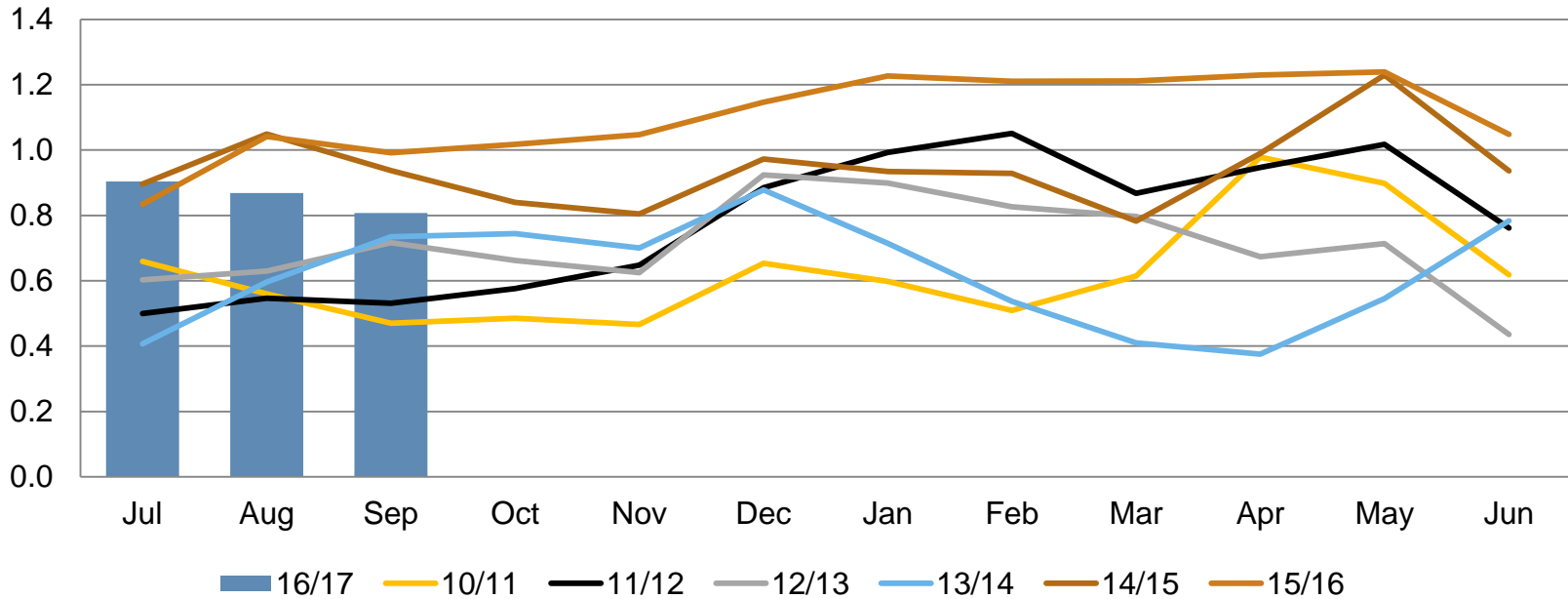


Source: Yara estimate for fertilizer deliveries to selected West European countries.

Total nitrogen deliveries based on TFI, US Trade Commission, Blue-Johnson and Yara estimates

# European producers' nitrate stocks

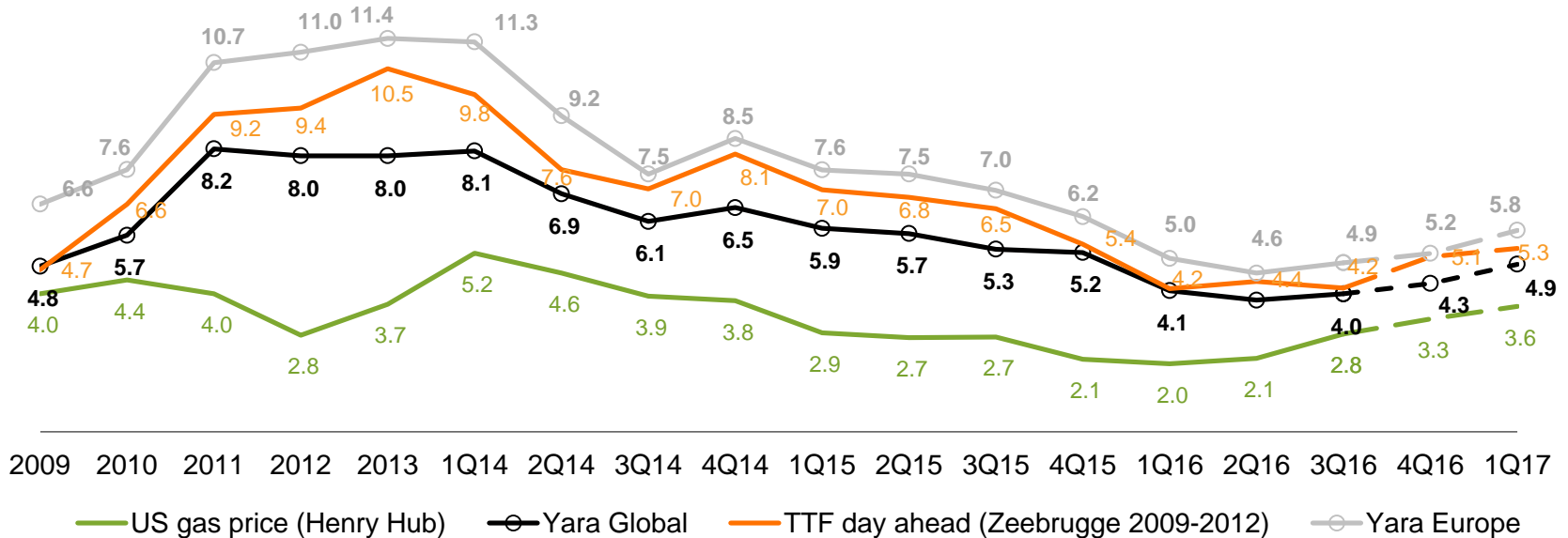
Index  
June 2007 = 1



Source: Fertilizers Europe, Yara estimate for September

# Energy cost

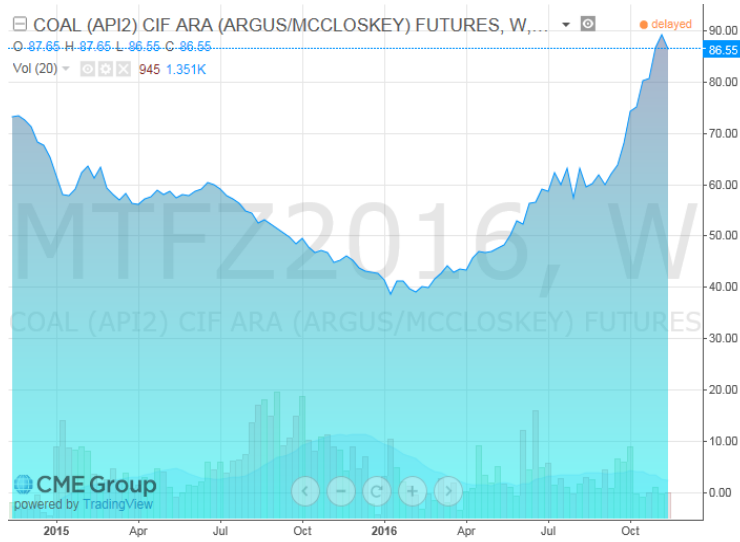
Yearly averages 2009 – 2013, quarterly averages for 2014-16 with forward prices\* for 4Q16 and 1Q17.



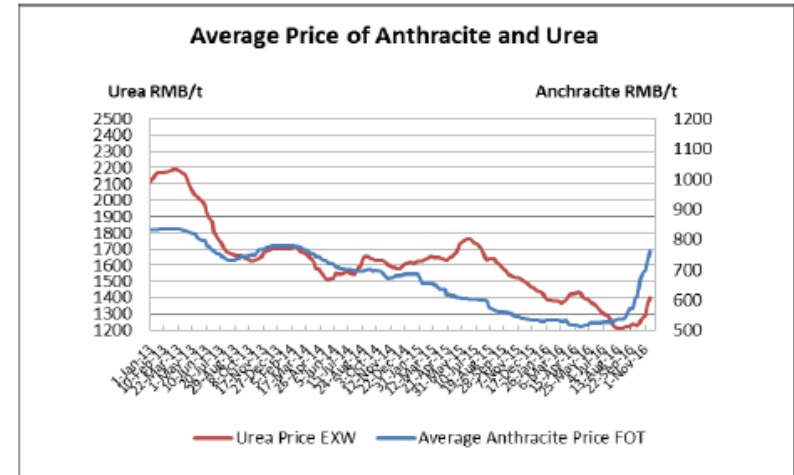
\*Dotted lines denote forward prices as of 13 October 2016  
 Source: Yara, World Bank, Argus/ICIS Heren

# Increasing coal prices

CIF ARA<sup>1</sup> December 2016 (\$/mt)



China anthracite prices November 2016 (RMB/mt)

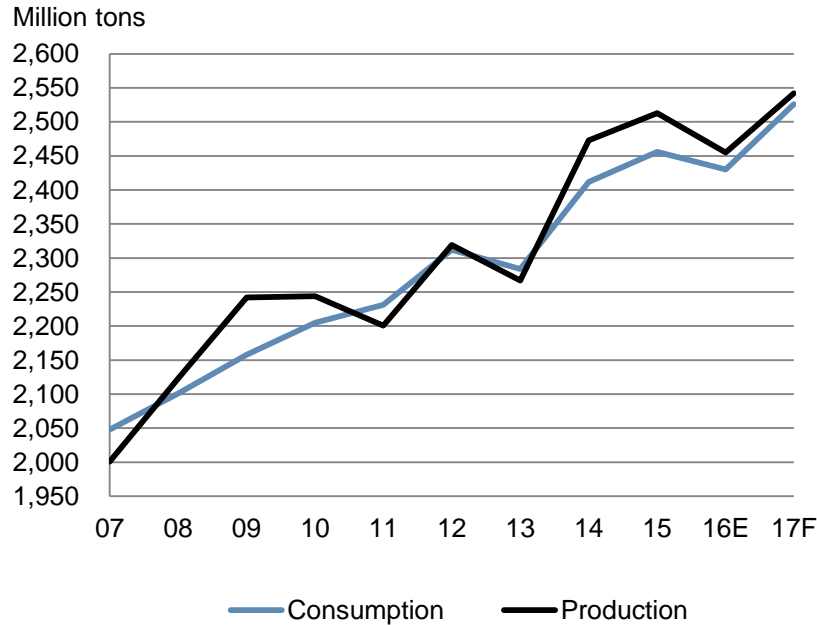


1) Amsterdam, Rotterdam, Antwerp

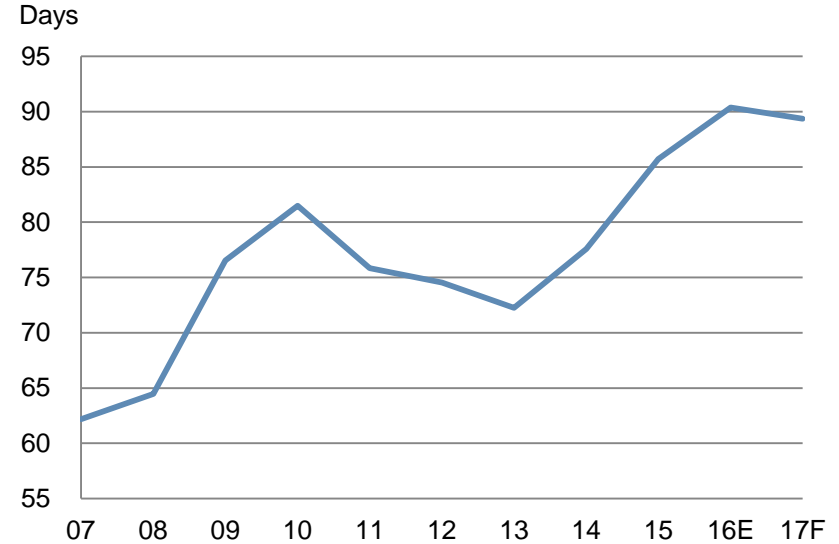
Source: CME Group, China Fertilizer Market Weekly

# Global grain balance

## Grain consumption and production



## Days of consumption in stocks



Source: USDA October 2016

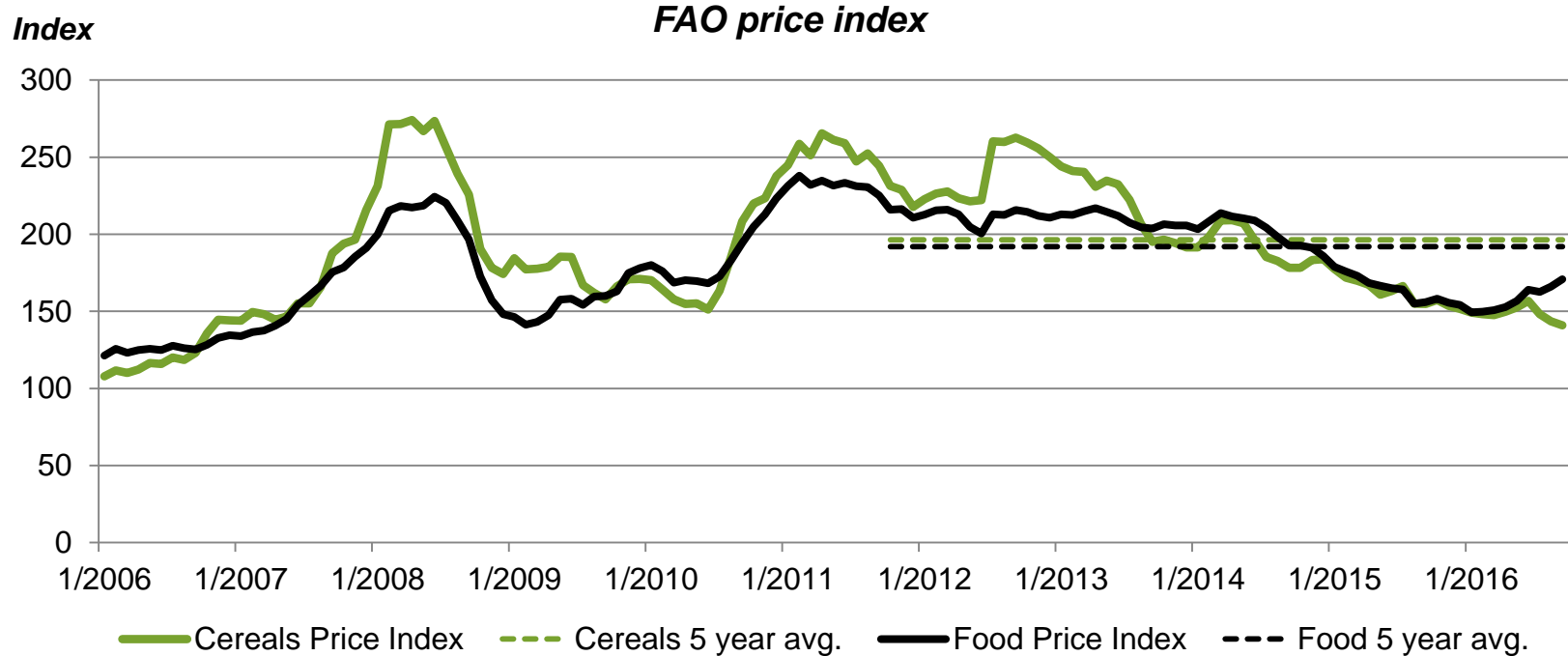
# Non-commercials' net long position in corn

Thousand contracts



Source: US Commodity Futures Trading Commission

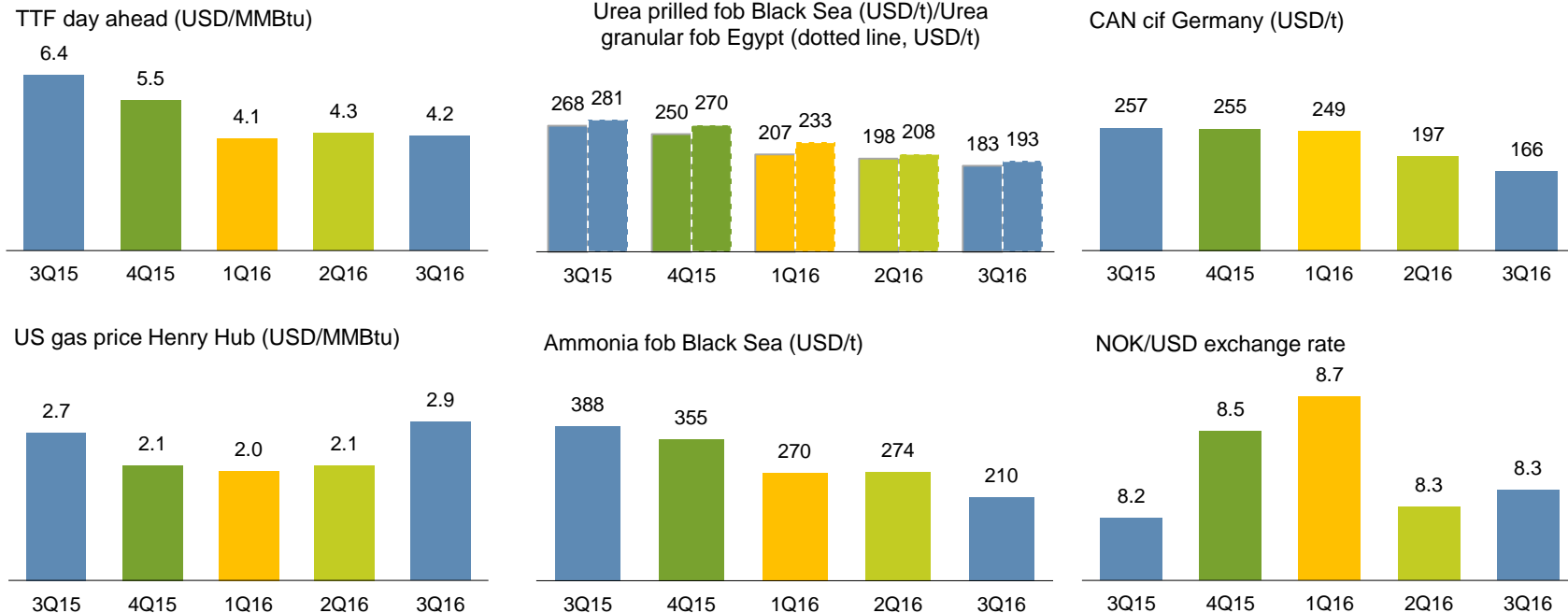
# Weak grain production economics, affecting particularly P and K demand



Source: FAO

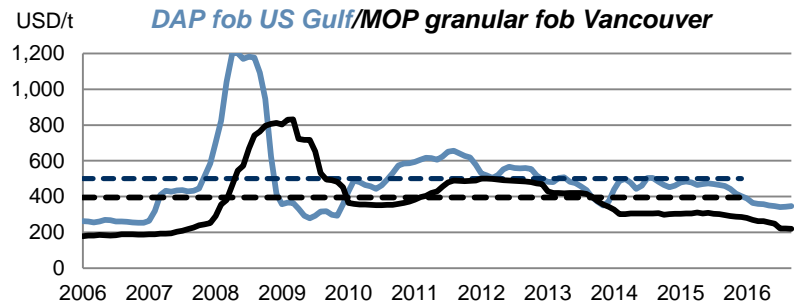
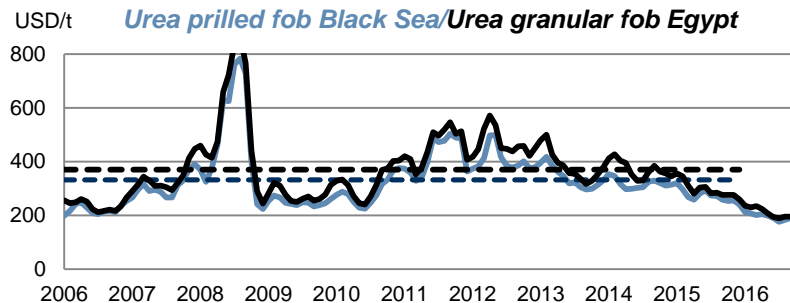
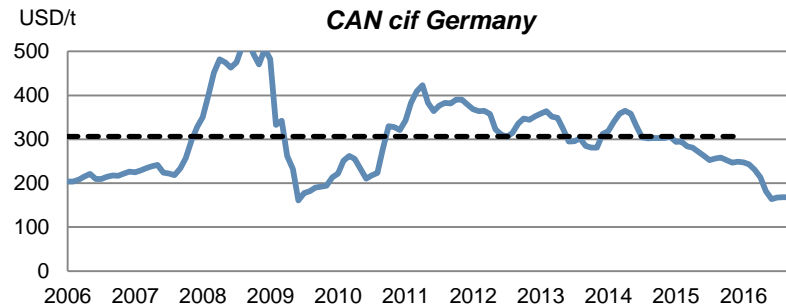
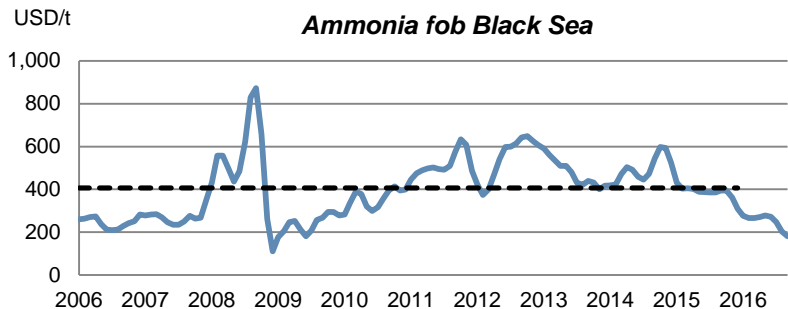


# Key value drivers – quarterly averages



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

# 10-year fertilizer prices – monthly averages



--- Average prices 2006 - 2015