



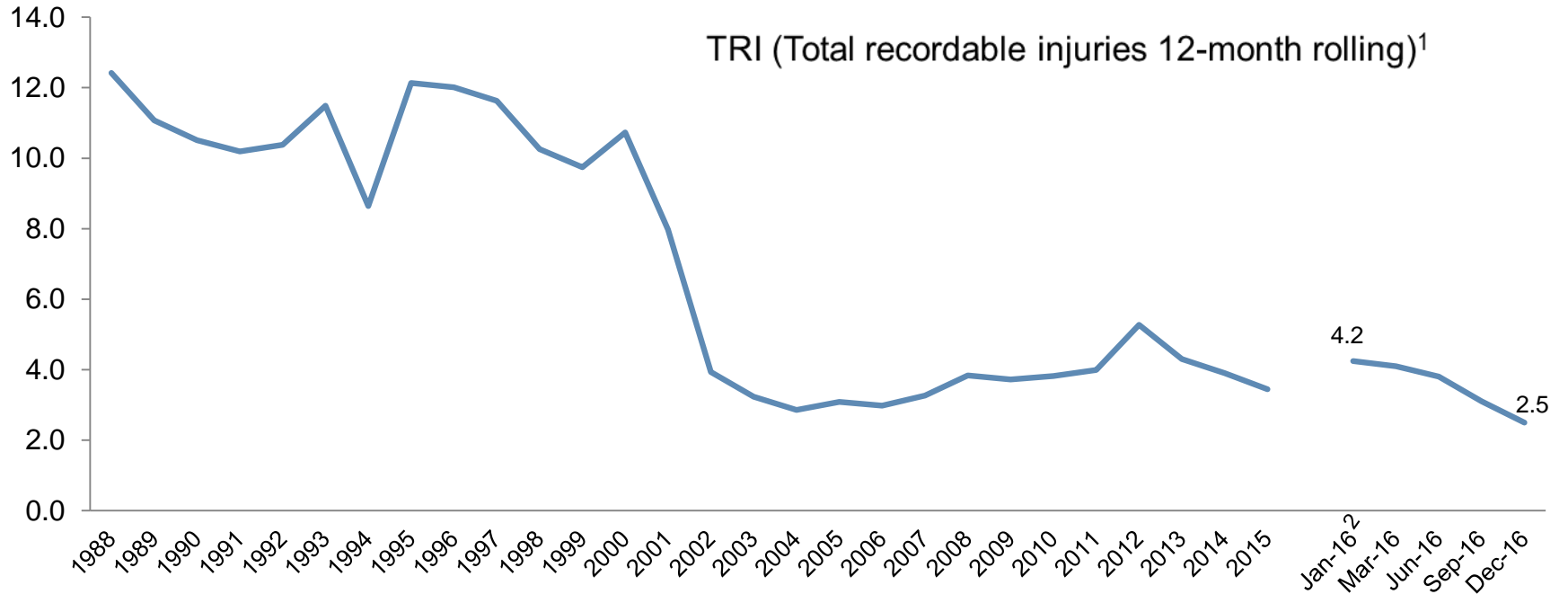
Knowledge grows

# Yara International ASA 4Q16 results roadshow

Svein Tore Holsether, CEO  
Thor Giæver, SVP Investor Relations



# Safe operations is our first priority

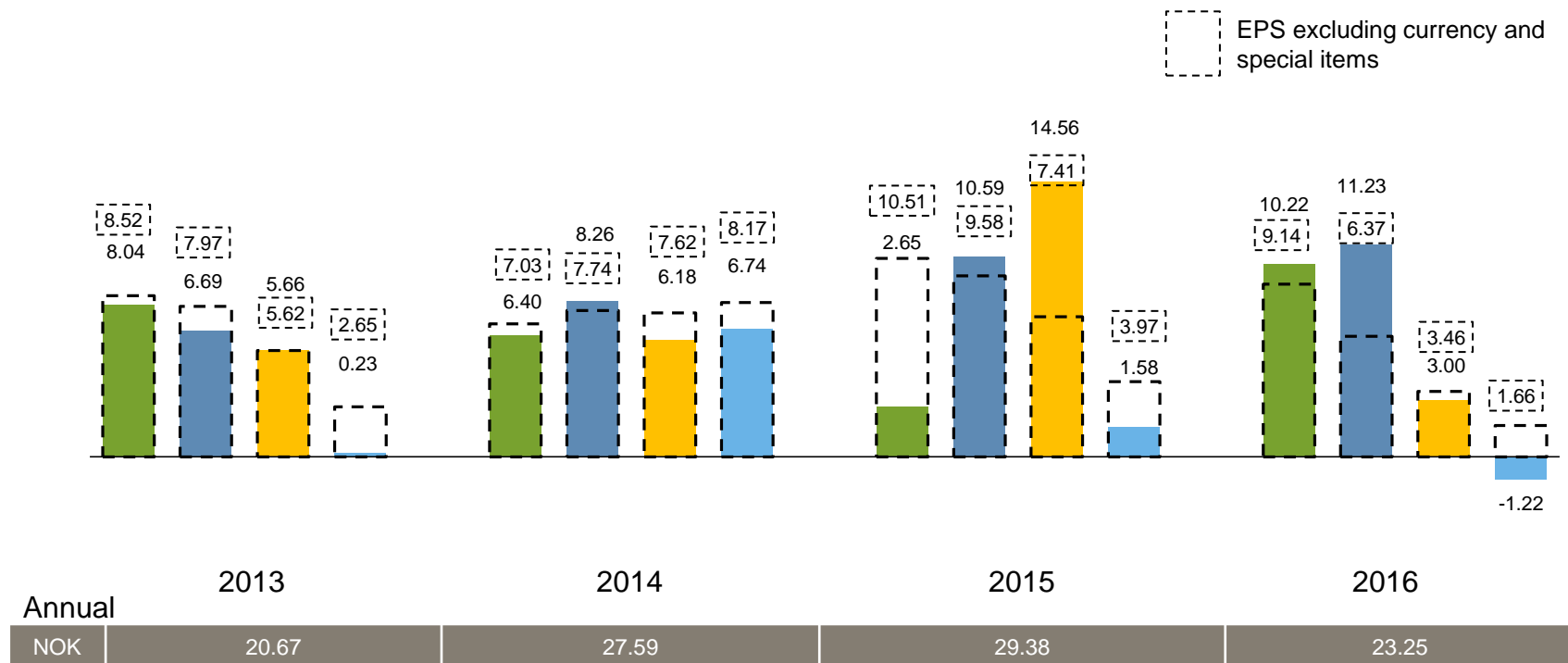


- 1) TRI: Total recordable injuries, lost time (absence from work), restricted work and medical treatment cases per one million work hours
- 2) OFD and Galvani included in statistics from January 2016

## Summary fourth quarter

- Weaker results reflecting lower prices
- Strong production and deliveries
- Strong Industrial result
- Improvement program established
- Proposed dividend NOK 10 per share, 43% of net income

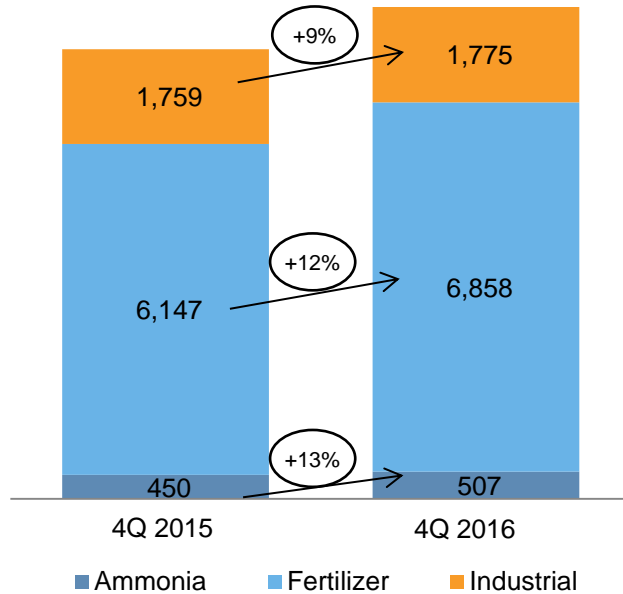
# Earnings per share\*



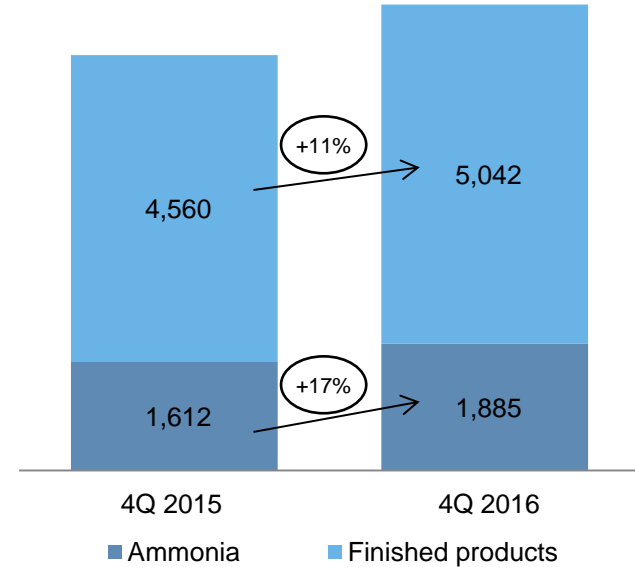
\*Average number of shares for 4Q 2016: 273.2 million (4Q 2015: 274.6 million).

# Strong production and deliveries

**Deliveries (kilotons)**



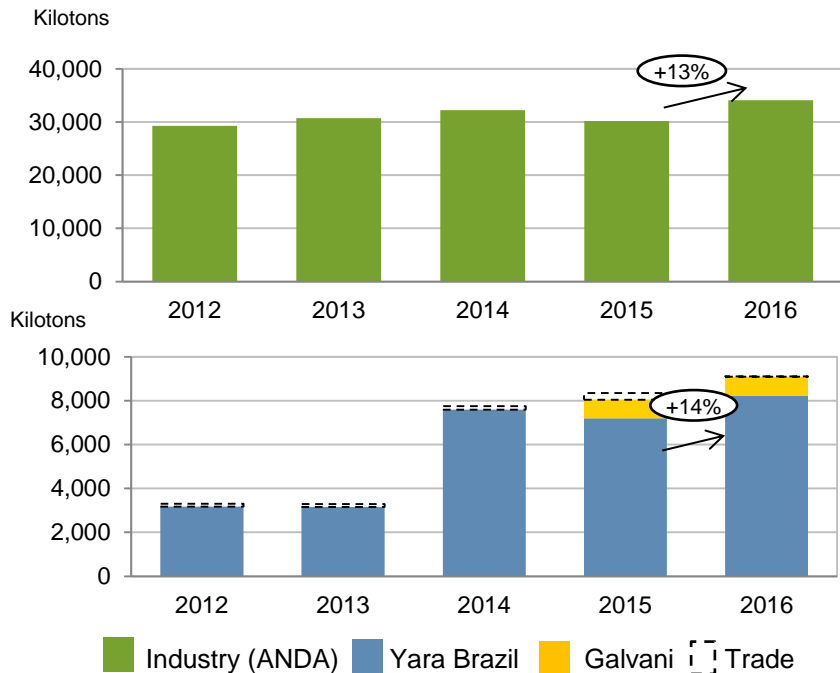
**Production (kilotons)<sup>1</sup>**



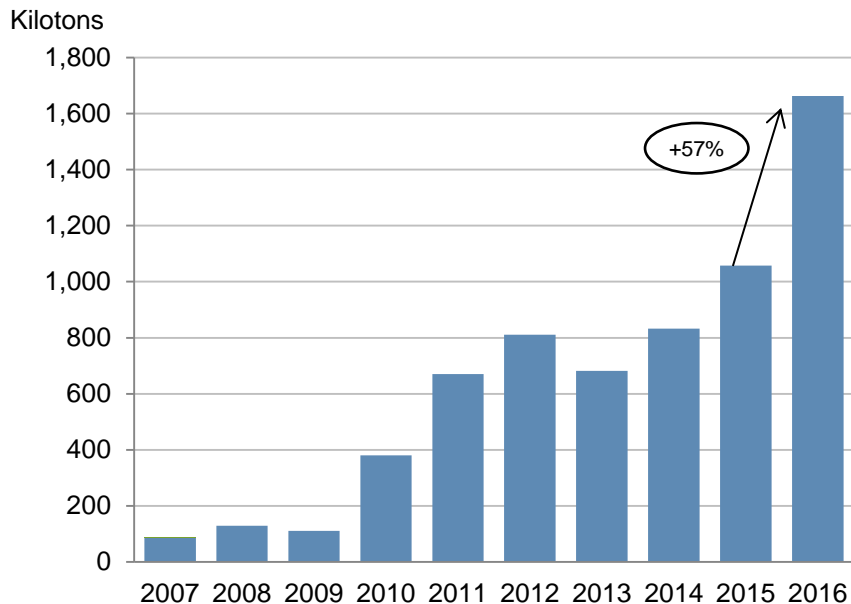
1) Including share of equity-accounted investees

# Brazil: focus on premium products and solutions drives growth

## Brazil 2016 fertilizer deliveries

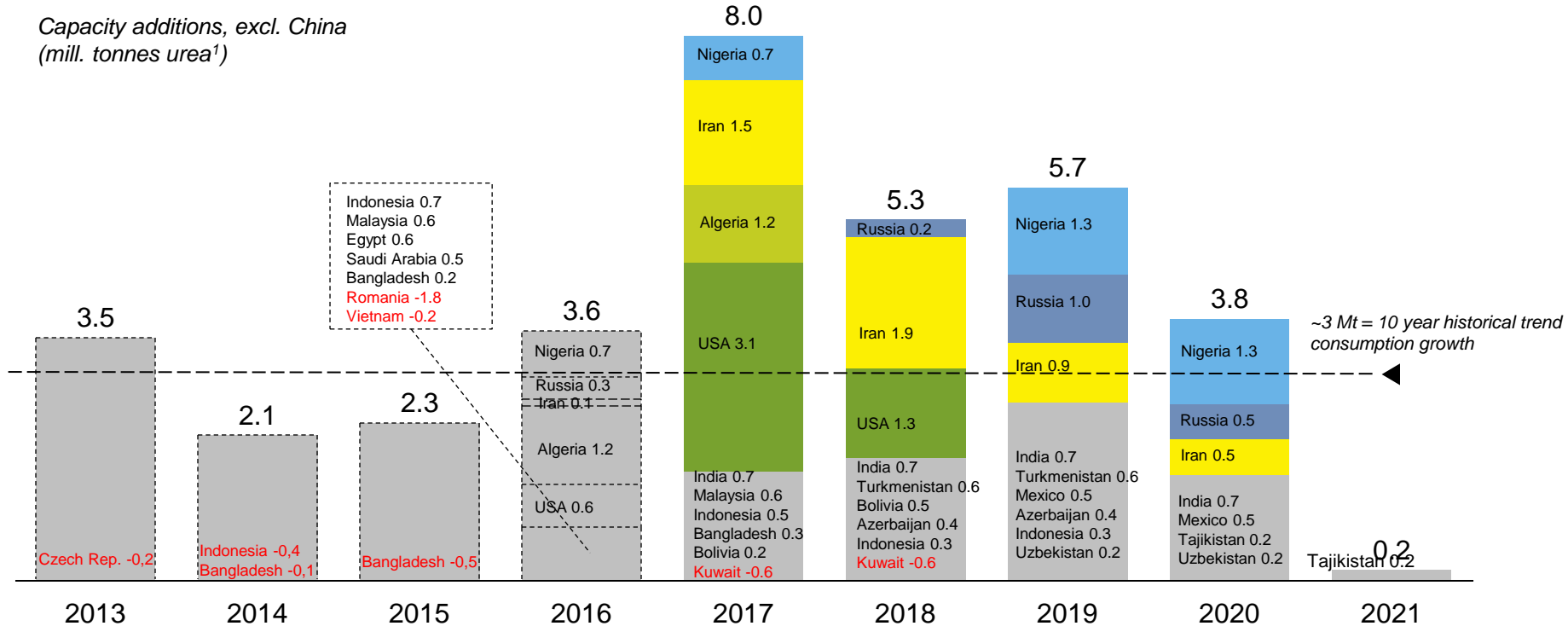


## Yara premium product deliveries



# Capacity additions outside China exceed consumption growth...

Capacity additions, excl. China  
(mill. tonnes urea<sup>1</sup>)

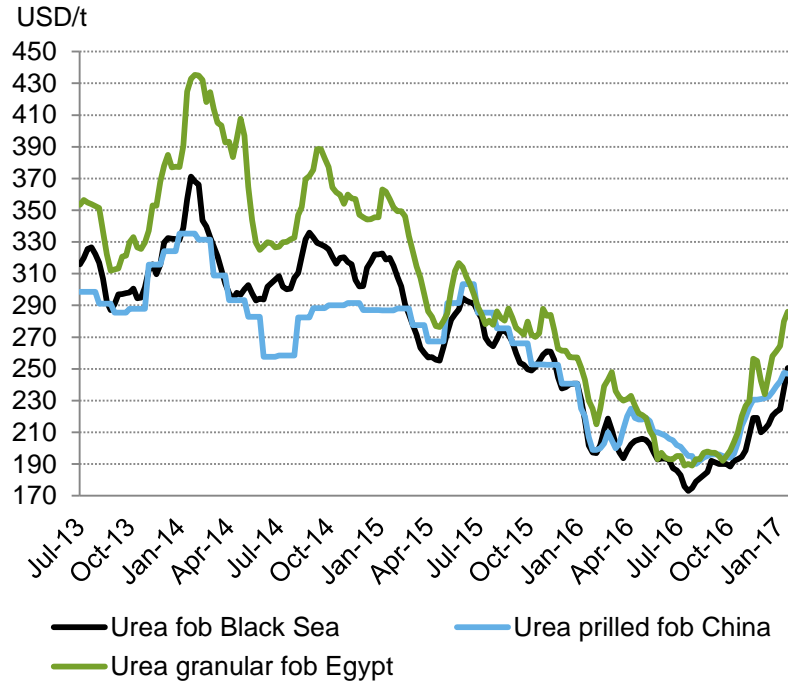


Source: CRU, December 2016. Numbers include both additions and closures of capacity.

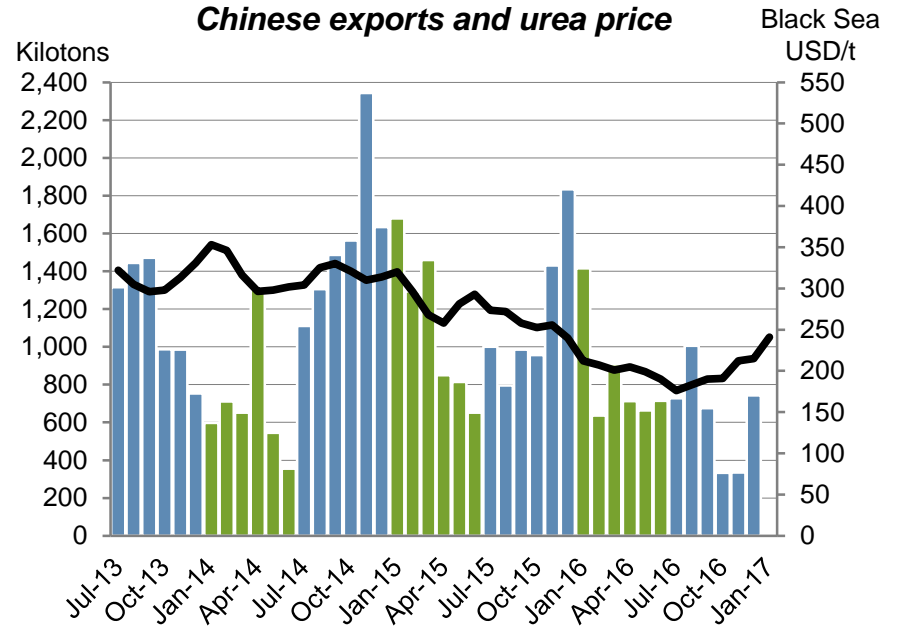
1) Using 50% operating rate in new plants' first year of production.

# ...but higher production and logistical costs have significantly reduced Chinese urea production and exports

**Increasing urea pricing**



**Chinese exports and urea price**



Source: BOABC, CFMW

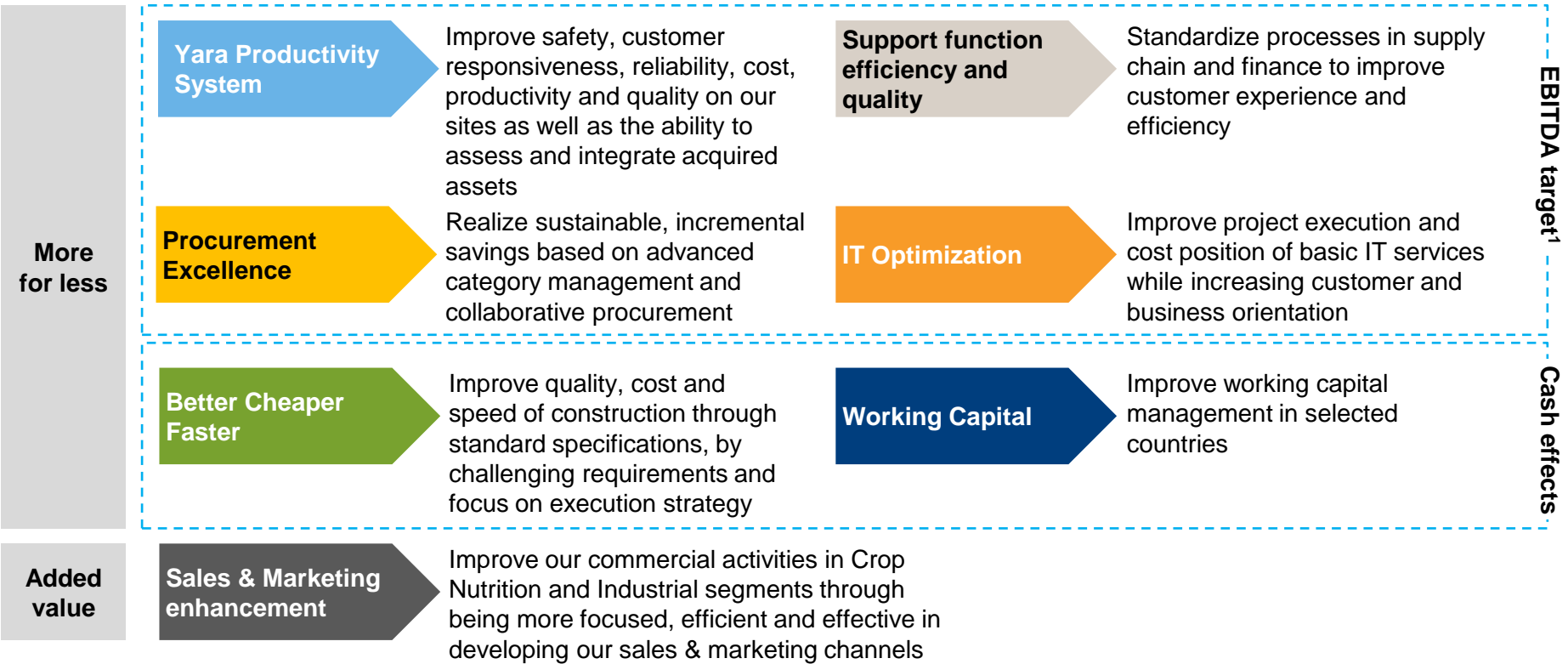


# Yara Improvement Program

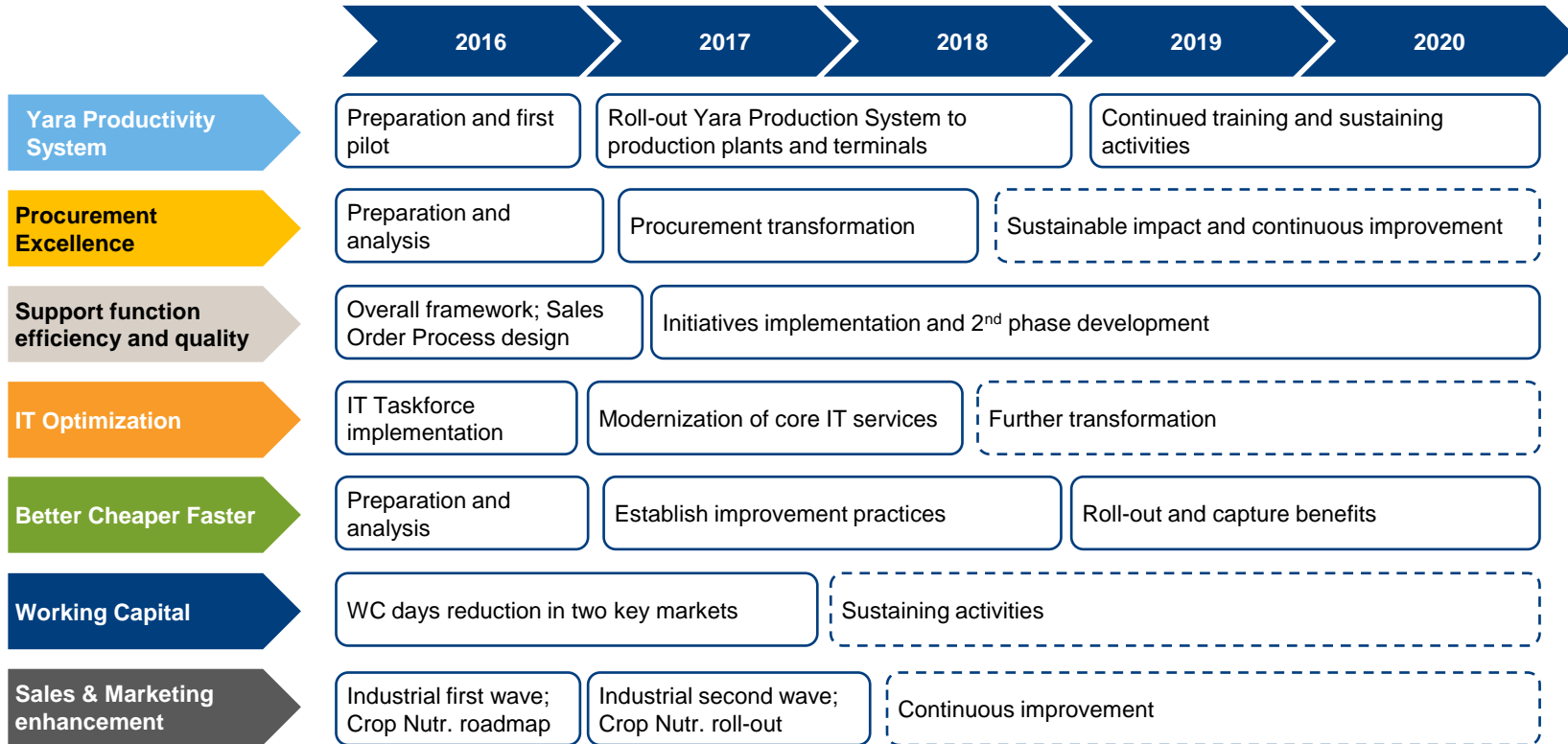
Fit for the future &  
positioned for sustainable growth

- The most significant corporate improvement program in Yara's history
- At least \$500MM EBITDA in cost and operational efficiency improvements by 2020, plus cash effects and added value through sales & marketing enhancement
- Contributions from the entire company to strengthen our culture of continuous improvement

# The program is organized into concrete projects across the company



# Projects established with clear activity plans



# Benefits are realized through improvements to core value drivers

	Value driver	How we improve	How we know	
More for less	Volume <sup>1</sup>	Increase production in our existing plants by improving reliability	~400 kt additional ammonia and ~700 kt additional finished fertilizer production by 2020 <sup>6</sup>	\$500MM sustained EBITDA improvement by 2020 <sup>7</sup>
	Consumption factor <sup>2</sup>	Reduce spend on consumption factors, primarily energy, through better reliability and new technology	~3 % improved energy efficiency by 2020 <sup>6</sup>	
	Variable unit cost <sup>3</sup>	Leverage global scale, apply advanced category management and collaborative procurement approaches	Reduced spend in direct and indirect categories	
	Fixed cost <sup>4</sup>	Increase focus on standardization and realizing scale benefits	Reduced spend on fixed costs in production and support functions	
	Cash effects <sup>5</sup>	Capex: Increased standardization, more focus on execution strategy and capability building in the organization Working capital: Better targets and training	Capex: Lower spend for the same project portfolio Working Capital: Reduced inventory and credit days	
Added value	Commercial effects	Profitable growth of value added products through more targeted offerings and sales channels development	Volumes and margins enhancement	

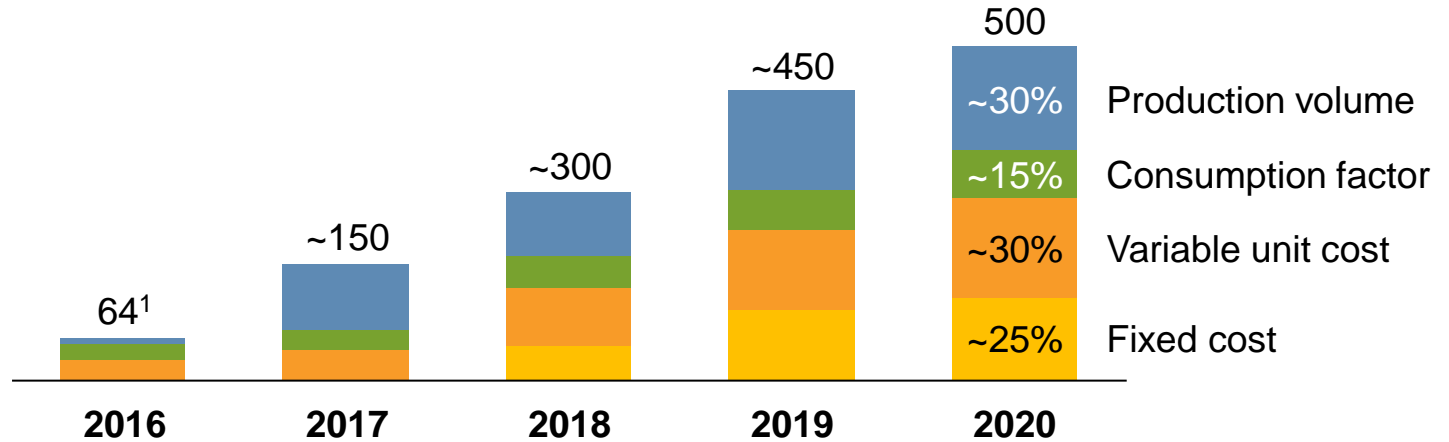
# Sustained improvement of \$500MM EBITDA, plus cash benefits

USD\$MM, vs. 2015 baseline and 2015 prices

**Sustained EBITDA improvement**

**Cash benefits**

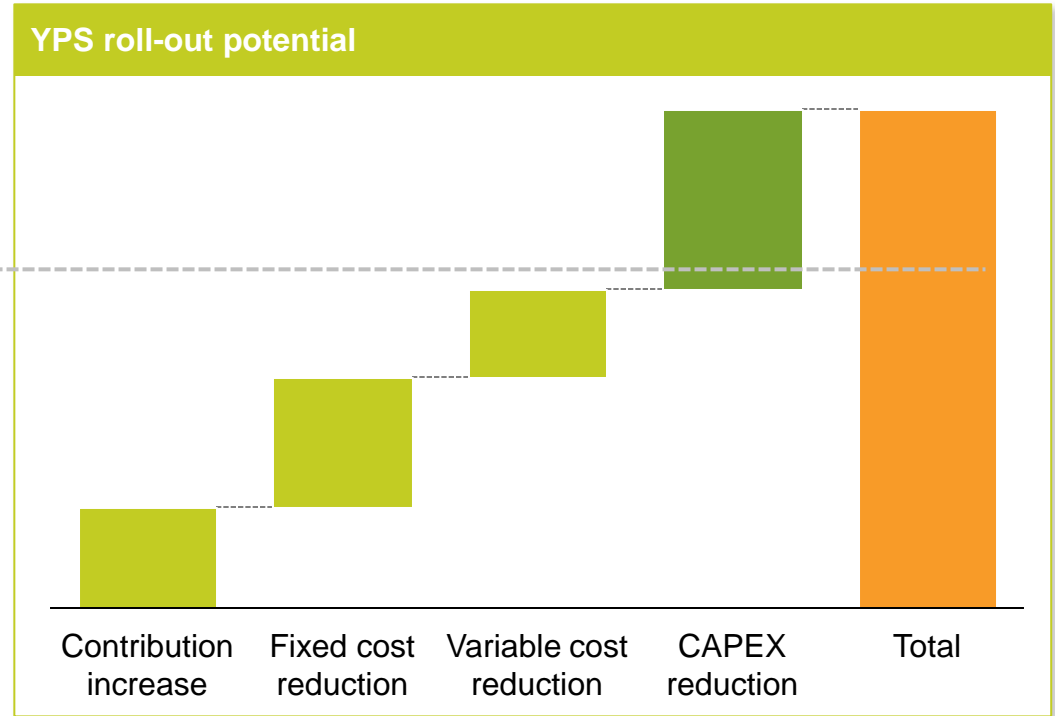
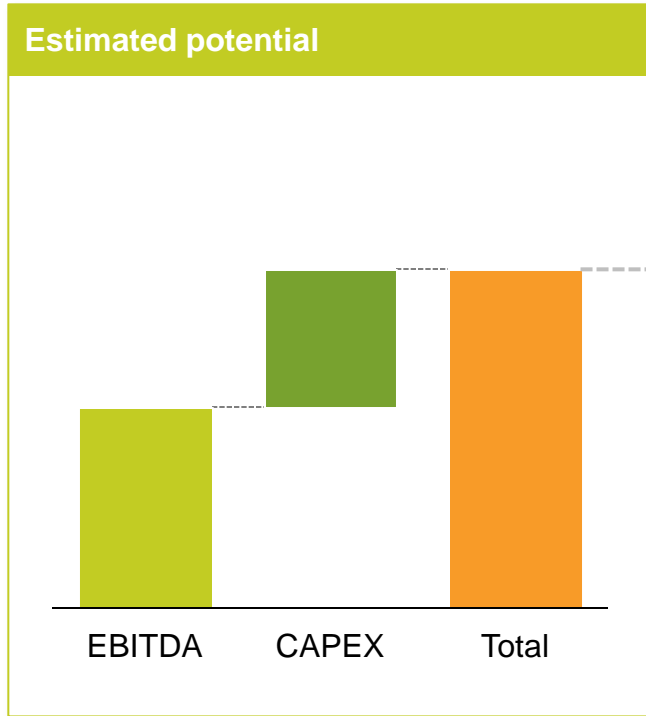
**Implementation cost**



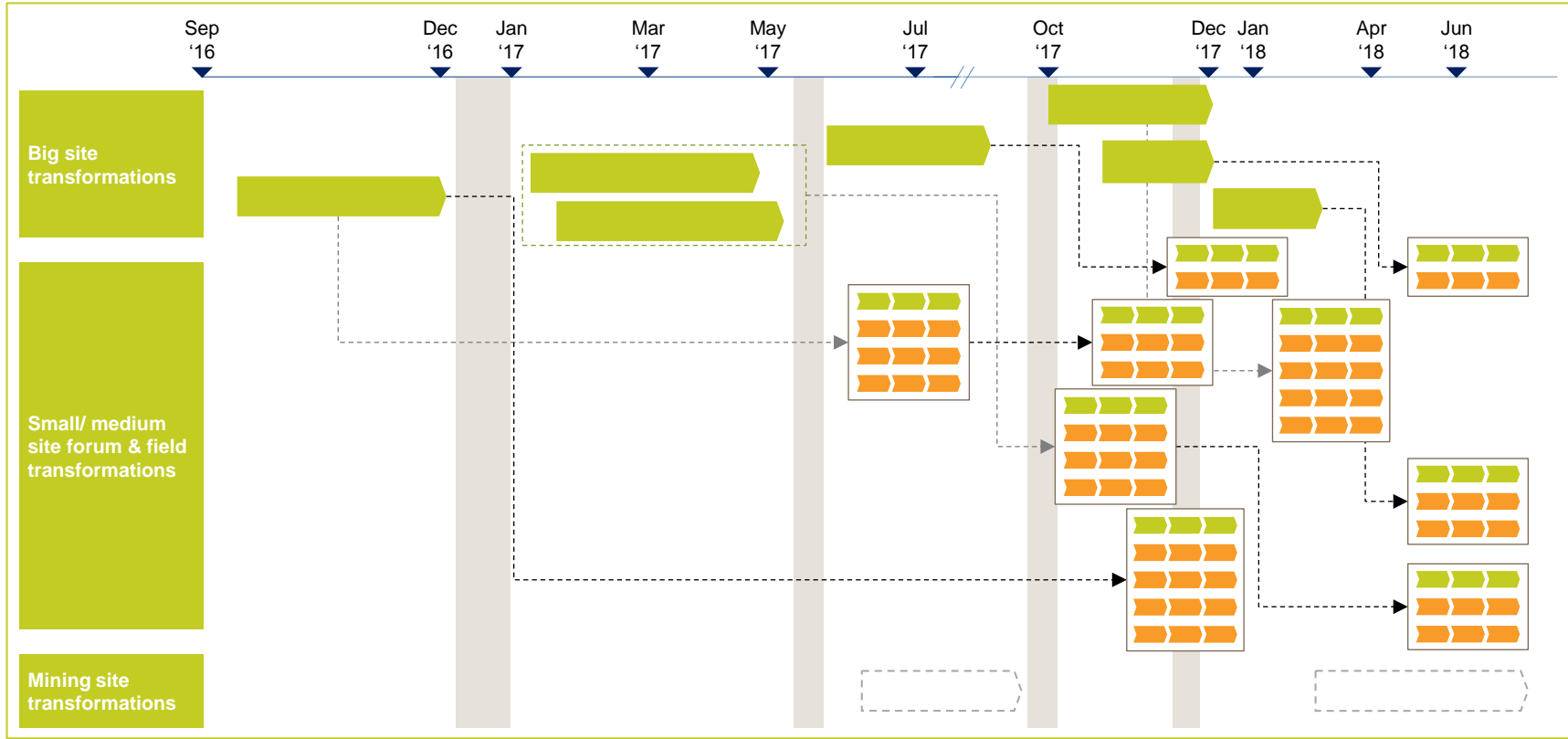
- Sustained capex improvement : Target under development
- One-off working capital release: ~\$125MM

- Total one-off cost ~\$80MM
- Total one-off capex ~\$500MM

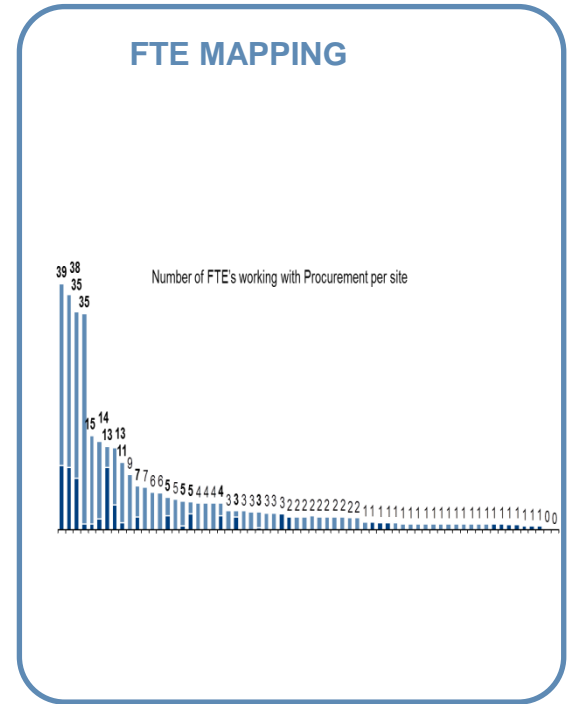
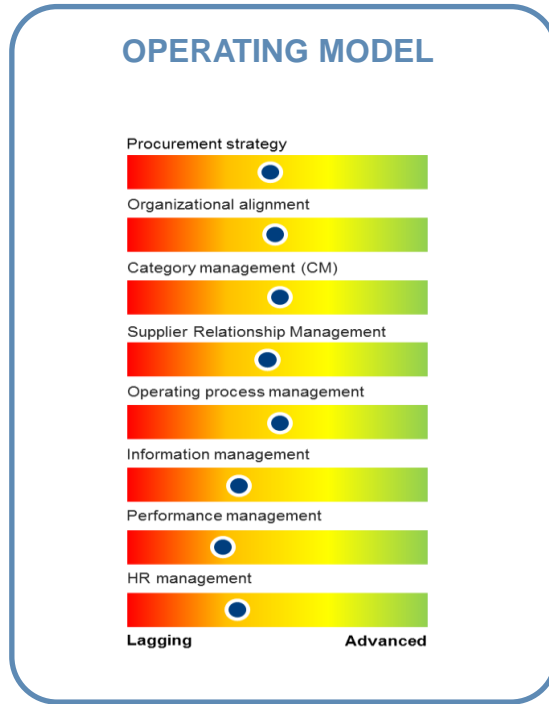
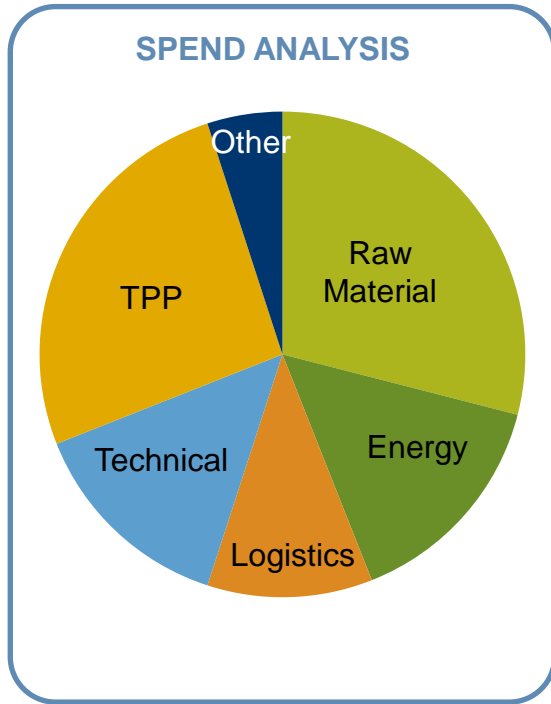
# Roll-out at Sluiskil uncovered almost 50% more improvement potential, including additional savings from 'new' areas



# YPS roll-out plan



# A Procurement diagnostic highlighted significant potential for further improvements and savings delivery





# Yara growth project pipeline adds ~6 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)

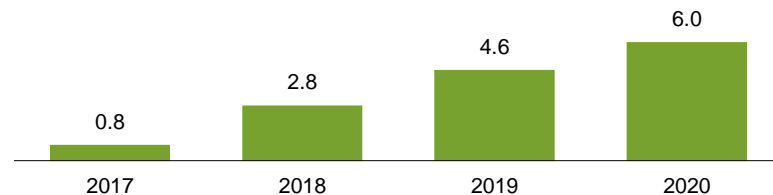
### Act on attractive opportunities to grow industrial sales and supply

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

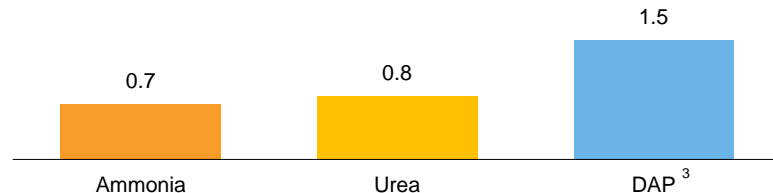
### Structurally secure P and K supply

- 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> Ammonia fob Yuzhny 300 USD/t, Urea fob Yuzhny 250 USD/t, DAP fob Morocco 350 USD/t

<sup>2</sup> At full capacity (2019 for urea and ammonia, 2020 for DAP). New ammonia sensitivity based on net numbers

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

## Improvement Program

Fit for the future &  
positioned for sustainable growth

Incremental earnings by 2020:  
Minimum NOK 10 per share  
(500 MUSD EBITDA)

## Growth pipeline

Meeting growing market demand at  
competitive capital expenditure

Incremental earnings by 2020<sup>1</sup>:  
~NOK 6 per share  
(~600 MUSD EBITDA)

<sup>1</sup> At current market prices (Ammonia fob Yuzhny 300 USD/t, Urea fob Yuzhny 250 USD/t, DAP fob Morocco 350 USD/t)

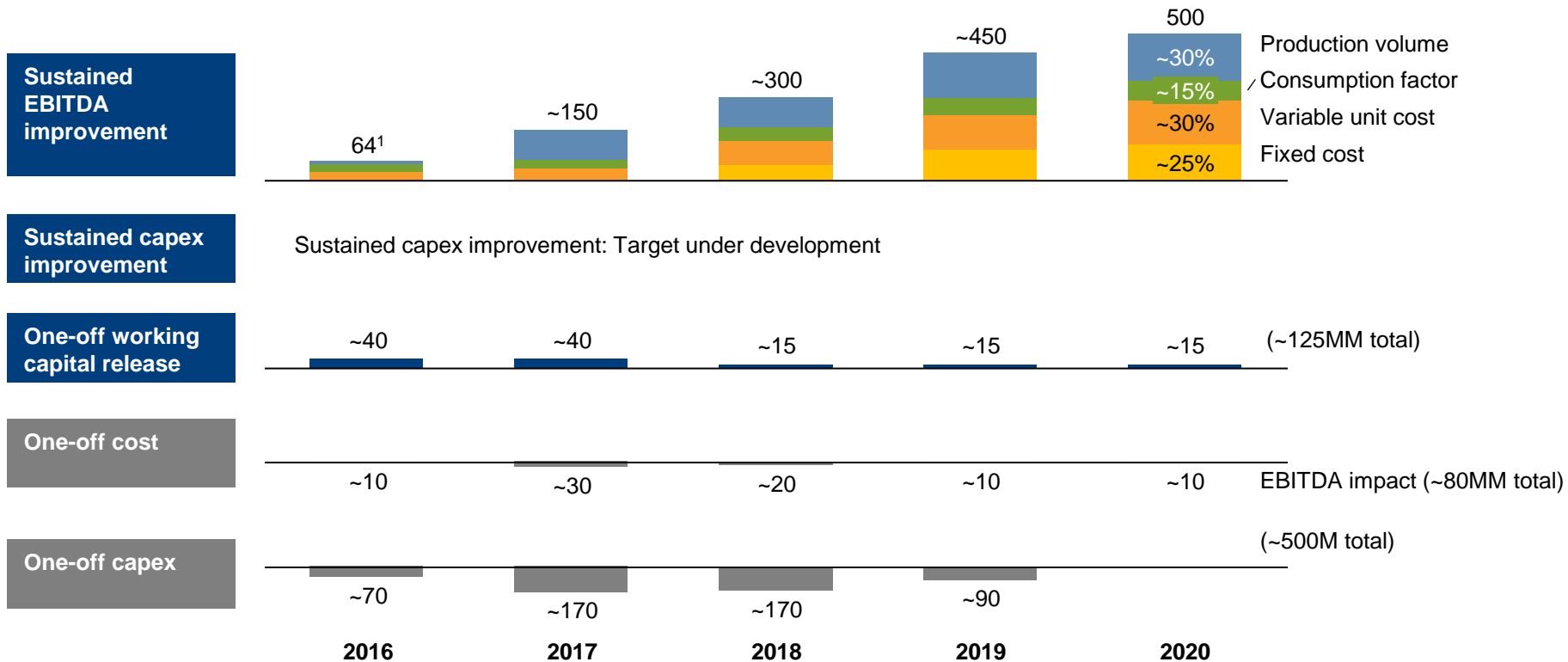


Knowledge grows

# Additional information

# Sustained improvement of \$500MM EBITDA, plus cash benefits

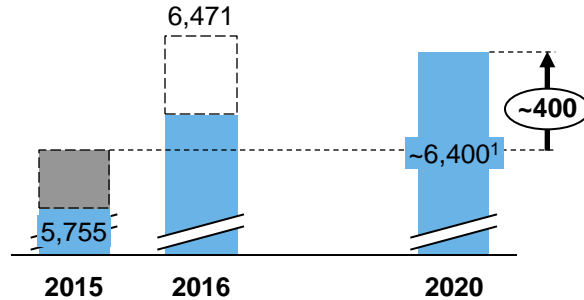
USD\$MM, vs. 2015 baseline and 2015 prices



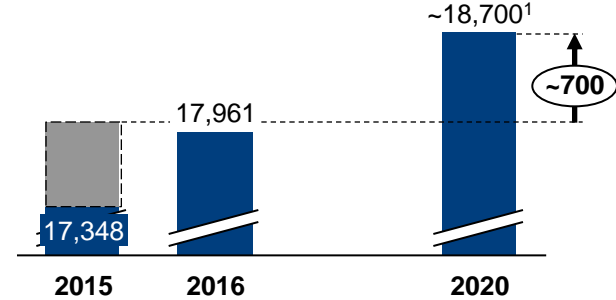
# Indicative volume and energy consumption improvement targets

Production volume

Ammonia production, thousand tonnes

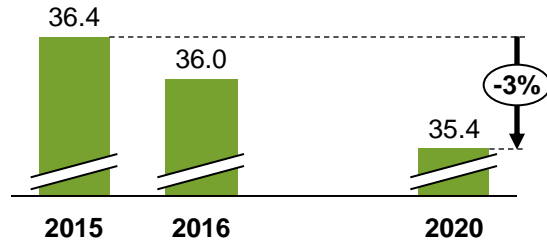


Finished fertilizers production, thousand tonnes



Consumption factor

Energy consumption, Mmbtu (HHV<sup>2</sup>) per tonne Ammonia (weighted average)

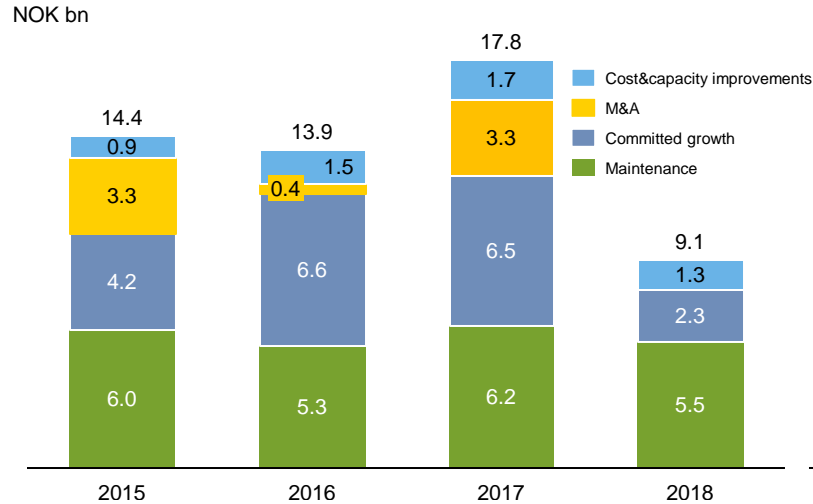


- Ammonia production (excl. pipeline growth)
- Finished fertilizers production
- Net turnaround effect 2016 vs 2015 baseline
- Pilbara acquisition effect (last 49%)
- Improvement program target

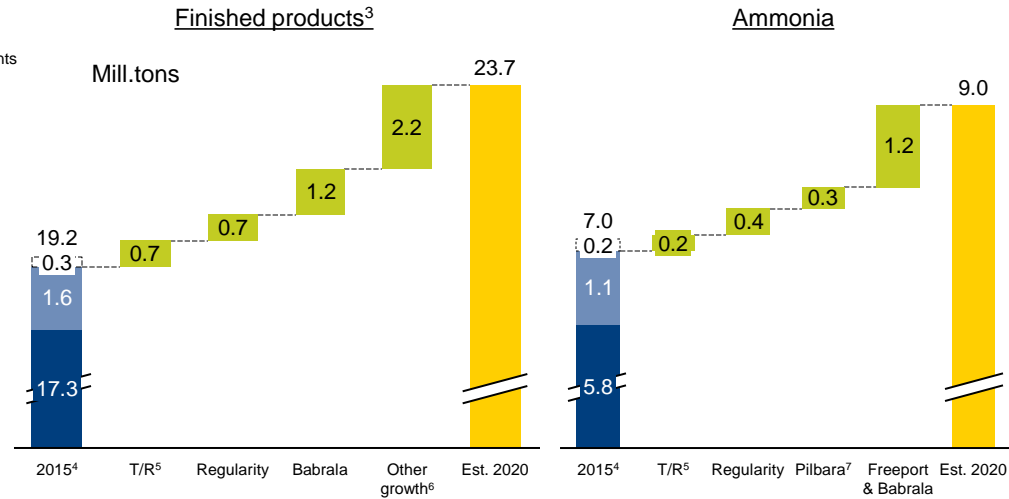
**Note:** Volume and energy targets are not final; they are subject to change as additional plant assessment deep-dives are completed

# Growth and capex pipeline

## Capex plan<sup>1</sup>



## Production growth 2015 - 2020<sup>2</sup>



### Committed growth (NOK bn):

	2015	2016	2017	2018
BASF JV	1	1.6	1.4	
Pilbara TAN	0.5	0.2		
Porsgrunn	0.5	1.2	0.6	
Köping	0.3	0.4	0.6	0.3
Sluiskil	0.1	0.7	0.8	
Uusikapunki	0.3	0.2		
Galvani (Salitre)	1	0.5	1.5	0.7
Ammonia vessels	0.2	1.5		
Rio Grande		0.1	1.3	1.3
Other projects	0.3	0.2	0.3	
<b>Total</b>	<b>4.2</b>	<b>6.6</b>	<b>6.5</b>	<b>2.3</b>

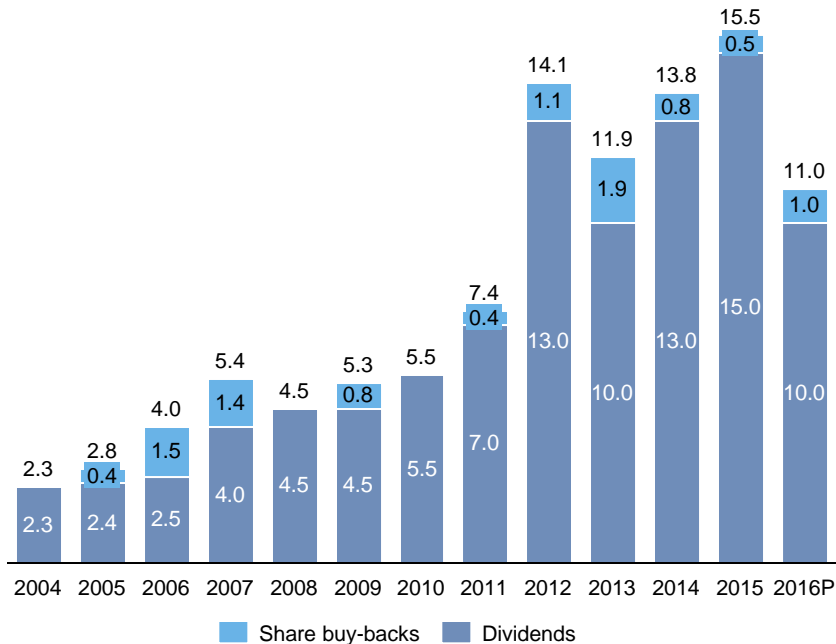
  GrowHow UK (divested mid-2015)
  Yara-operated
  Yara's share of Qafco & Lifeco

- 2) Rio Grande expansion also adds 1 million tonnes NPK blends by 2020
- 3) Finished fertilizer and industrial products, excl. bulk blends
- 4) Including Yara share of production in non-consolidated investees
- 5) Adjustment to normalized / 2016 turnaround level
- 6) 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), Rio Grande: 500kt
- 7) Including 100% ownership in Pilbara NH<sub>3</sub> plant

1) Yara's share of capex

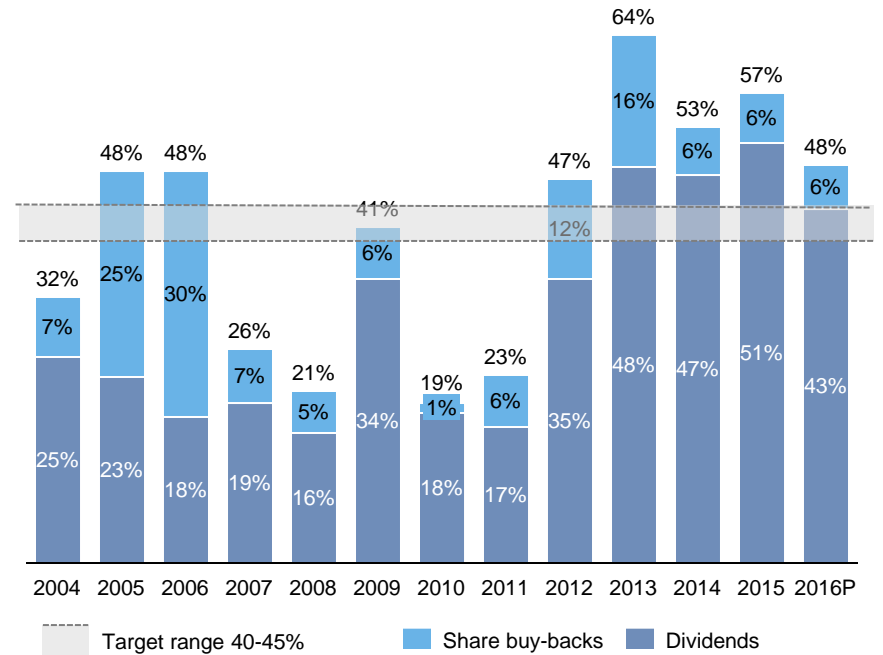
# Proposed dividend NOK 10 per share

## Dividend and buy-backs<sup>1</sup> per share

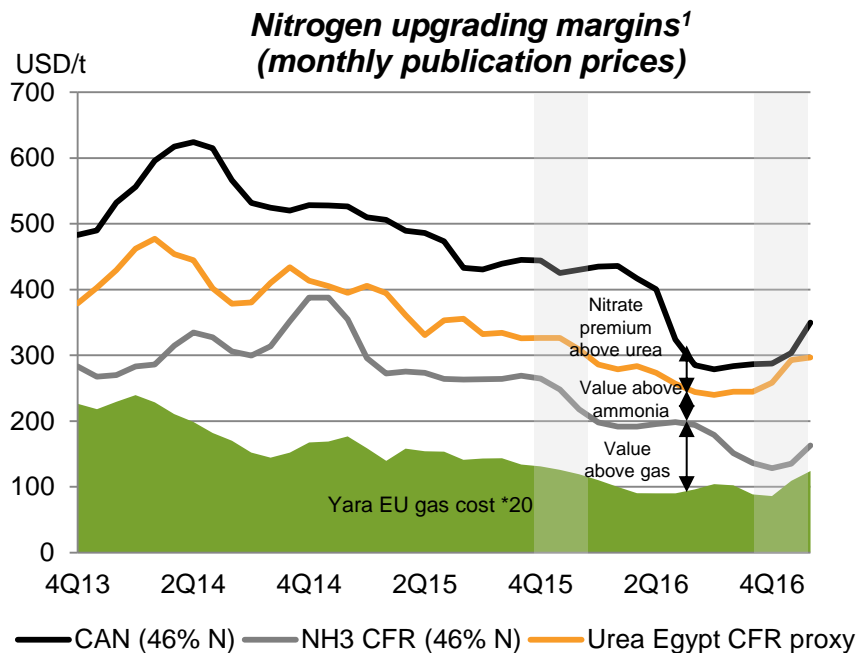


1) Number of shares based on the number of shares receiving dividend

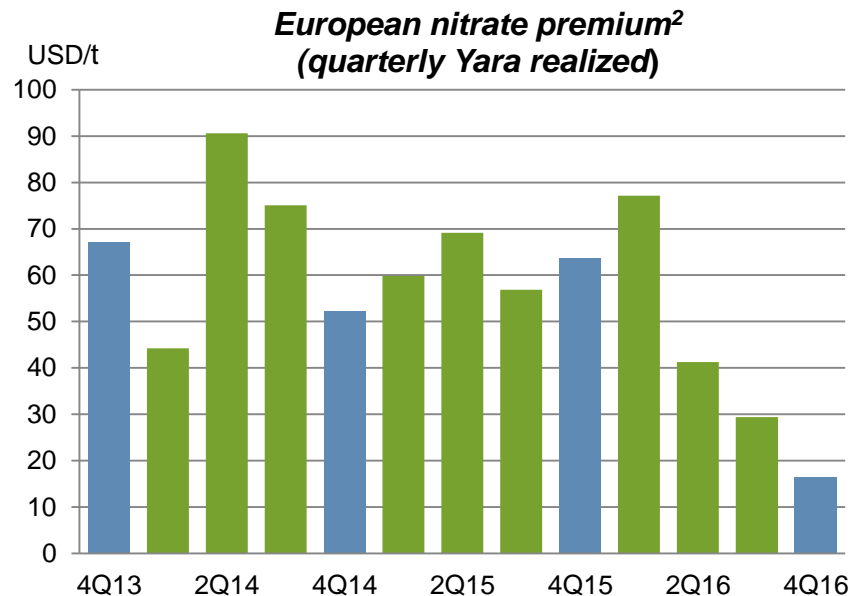
## Share of net income



# Lower European nitrate premiums in new season



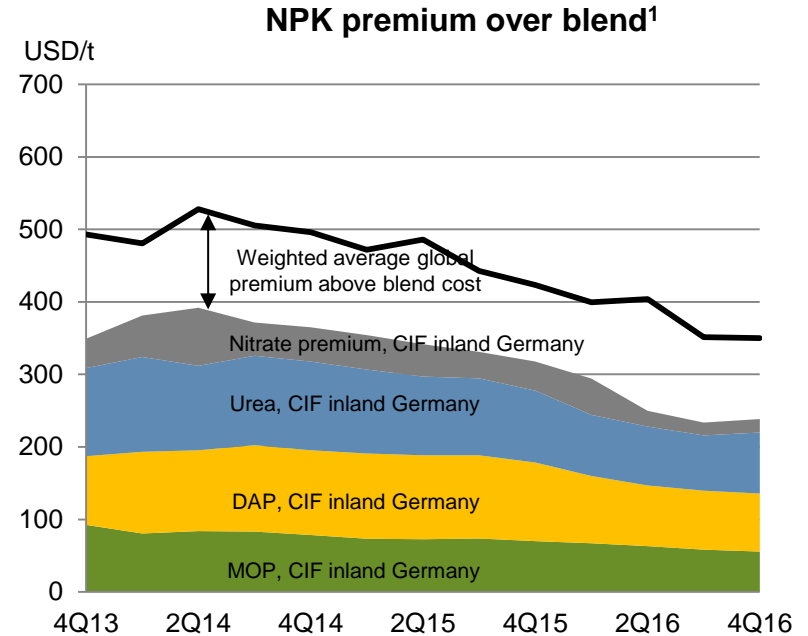
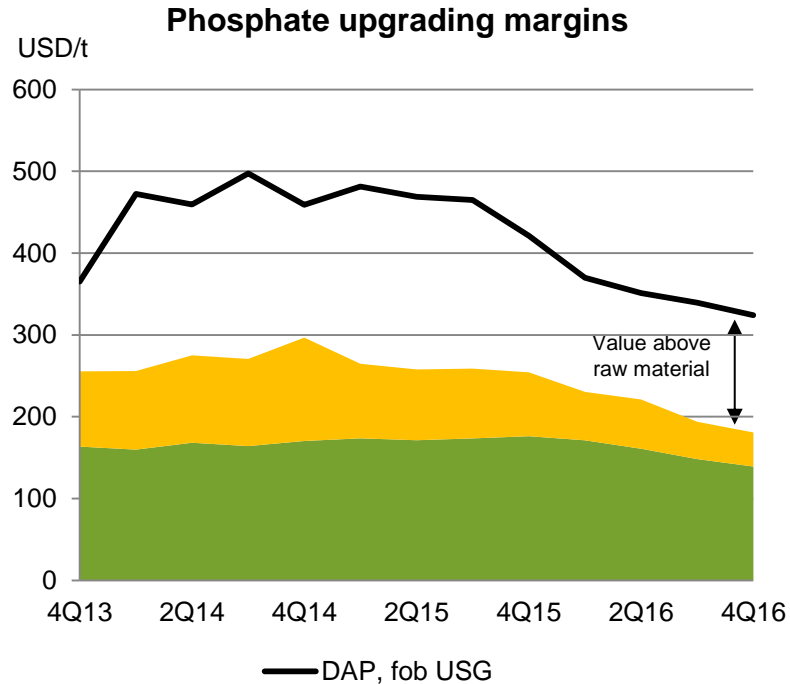
1) All prices in urea equivalents



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.



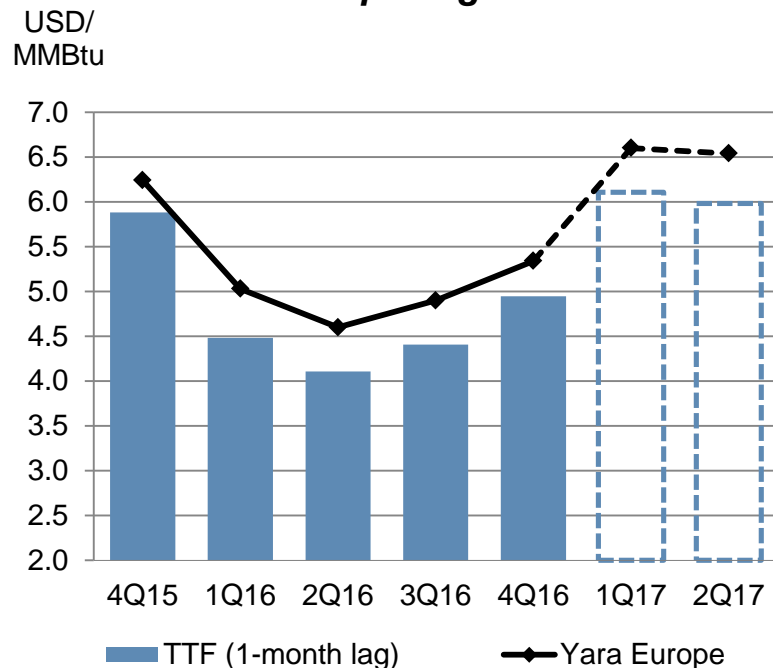
# Lower commodity phosphate margins, solid compound NPK premiums



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

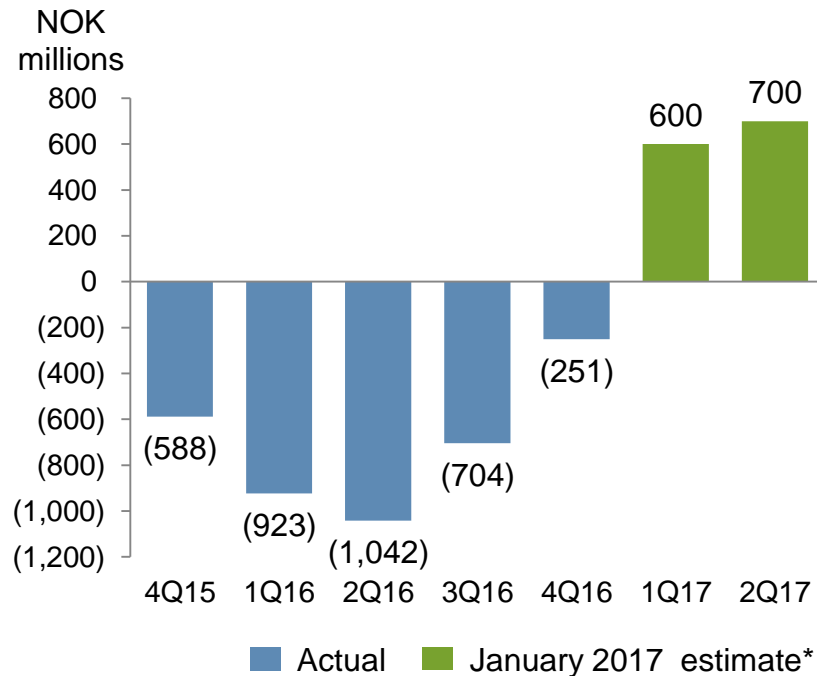
# Natural gas cost in Europe

## Yara European gas & oil cost



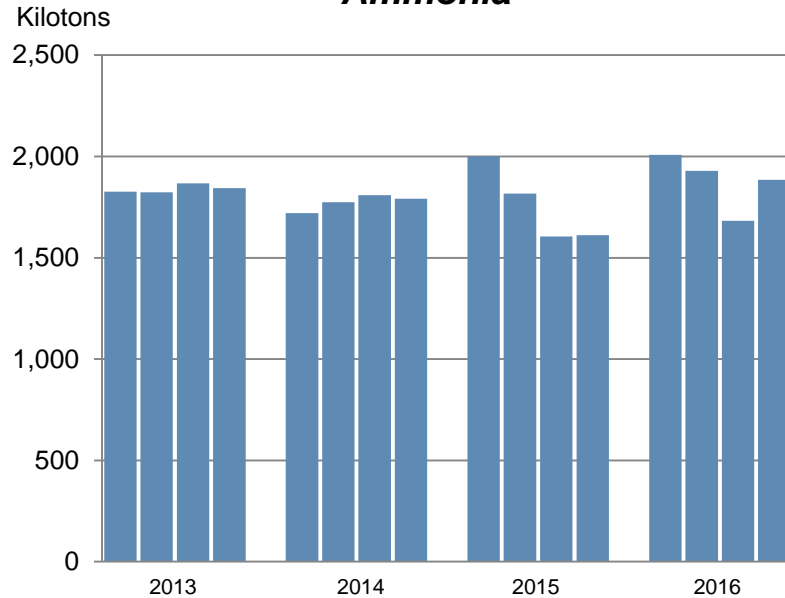
\*Dotted lines denote forward prices as of 31 January 2017  
Source: Yara, World Bank, Argus/ICIS Heren

## Change in spot energy cost

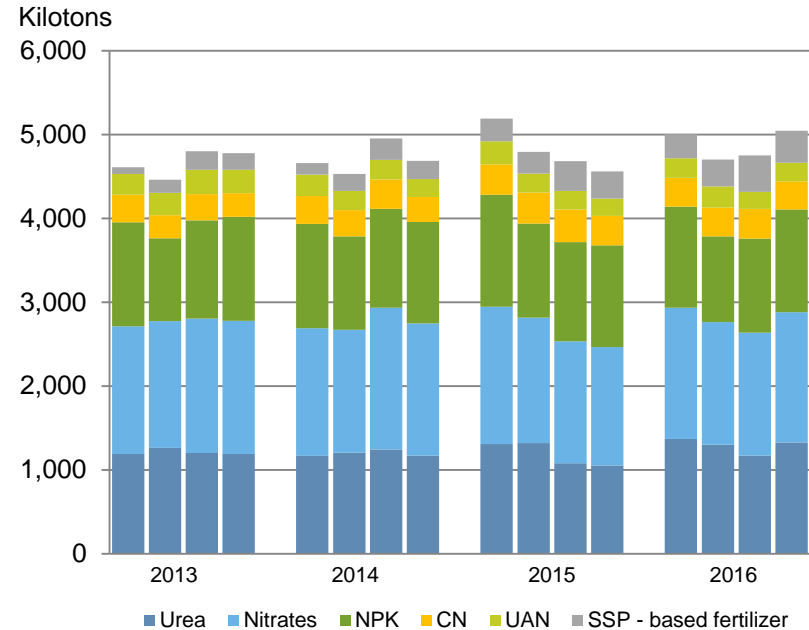


# Production

## Ammonia<sup>1</sup>



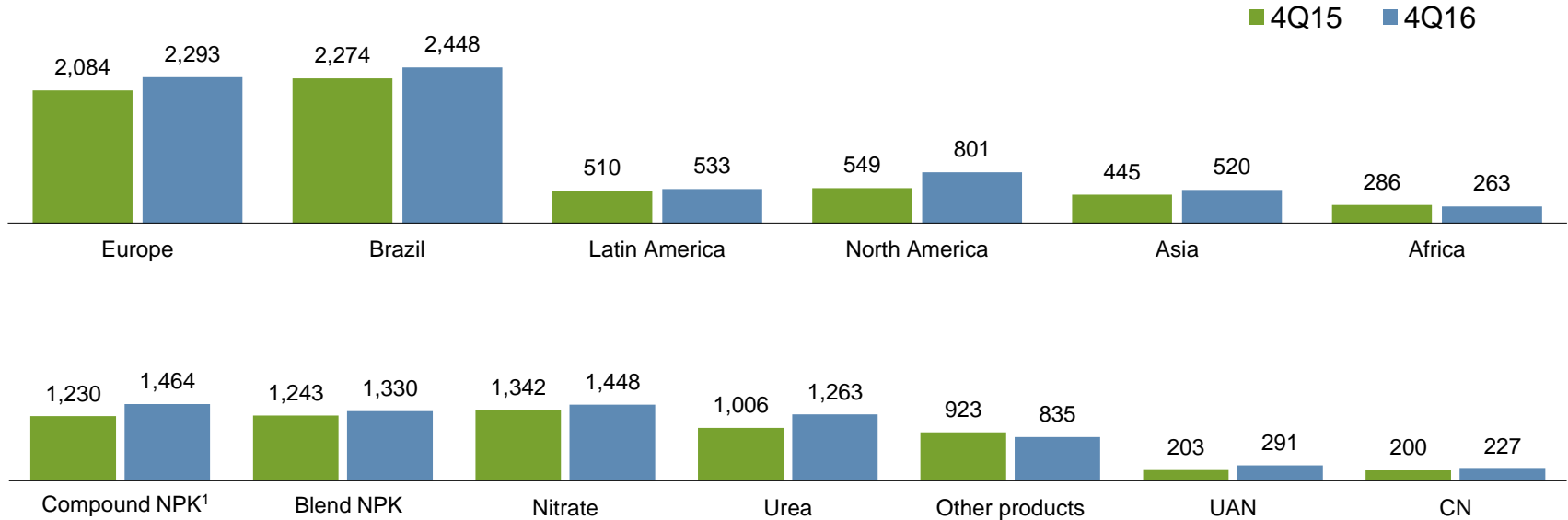
## Finished fertilizer & industrial products<sup>1</sup>



1) Including share of equity-accounted investees

# Yara 4Q fertilizer deliveries by market and product

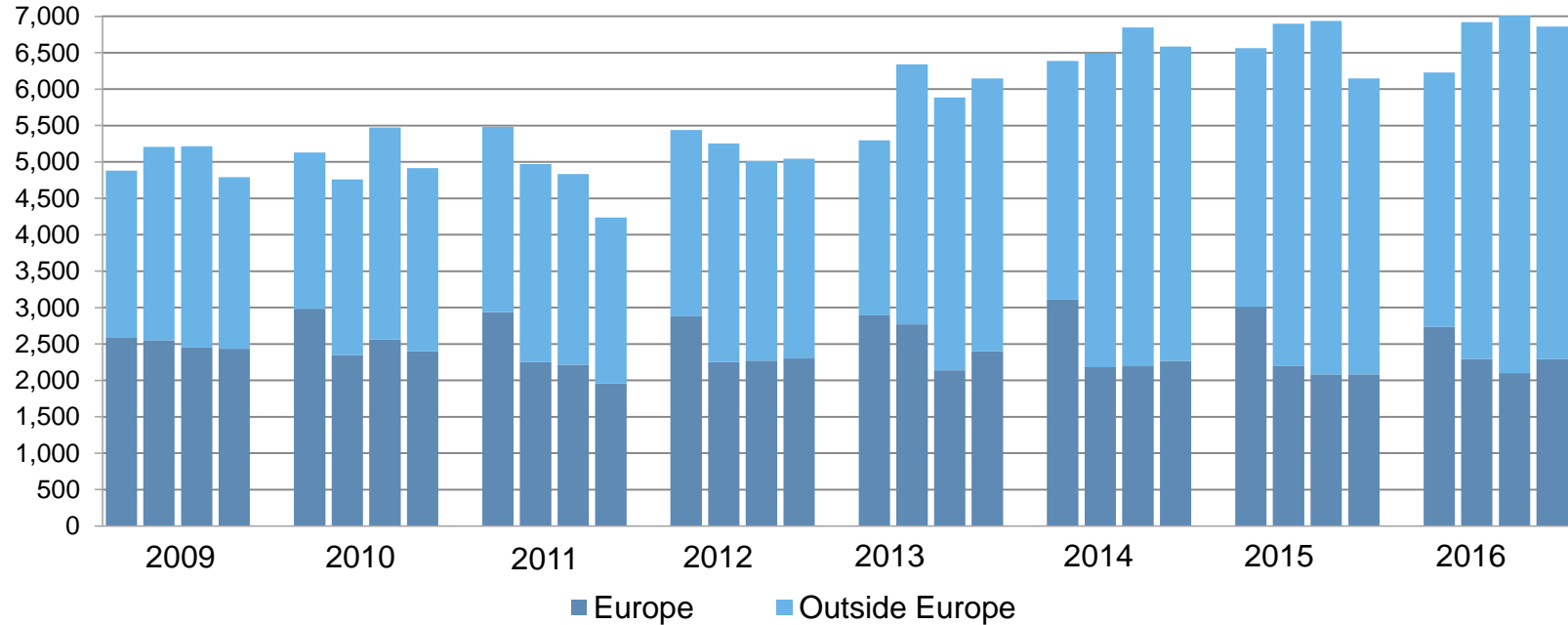
Kilotons



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

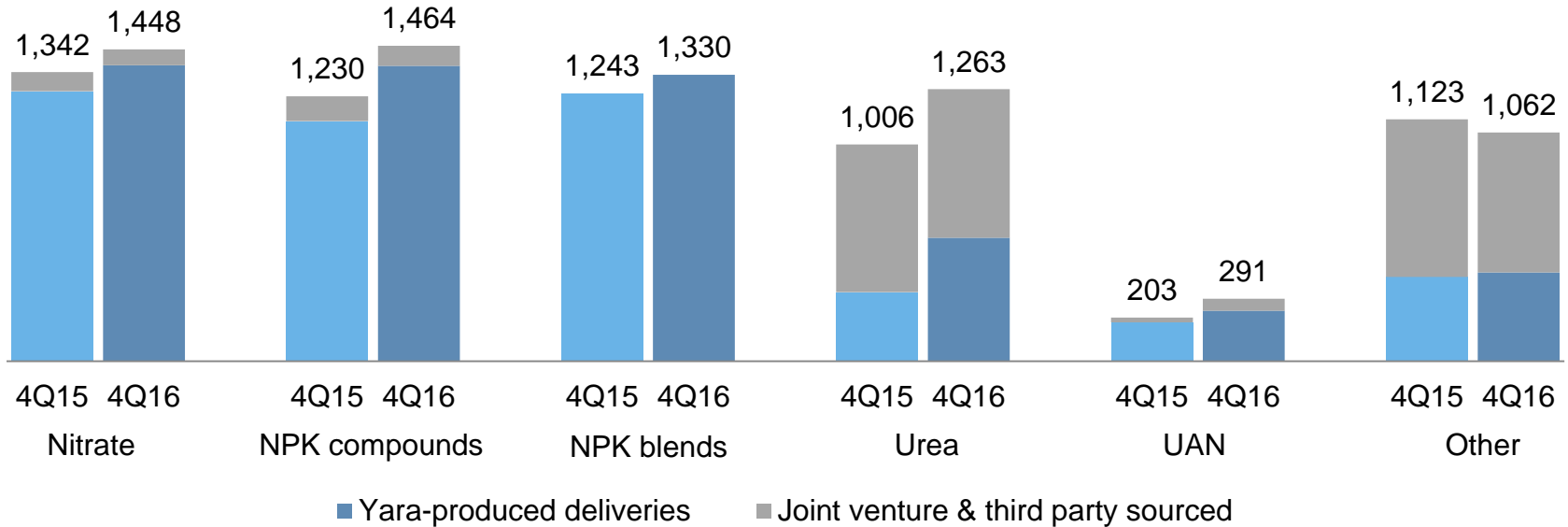
# Fertilizer deliveries

Kilotons

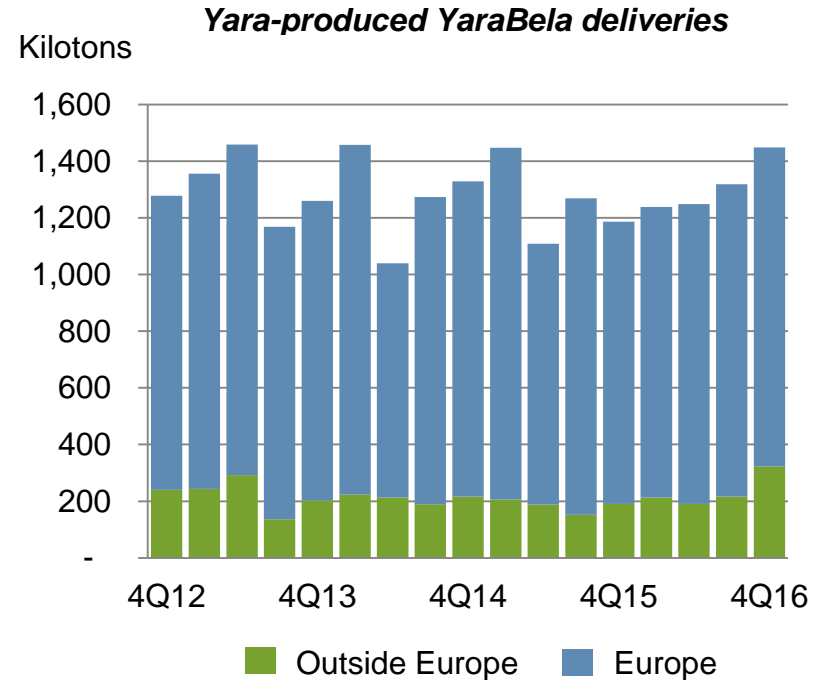
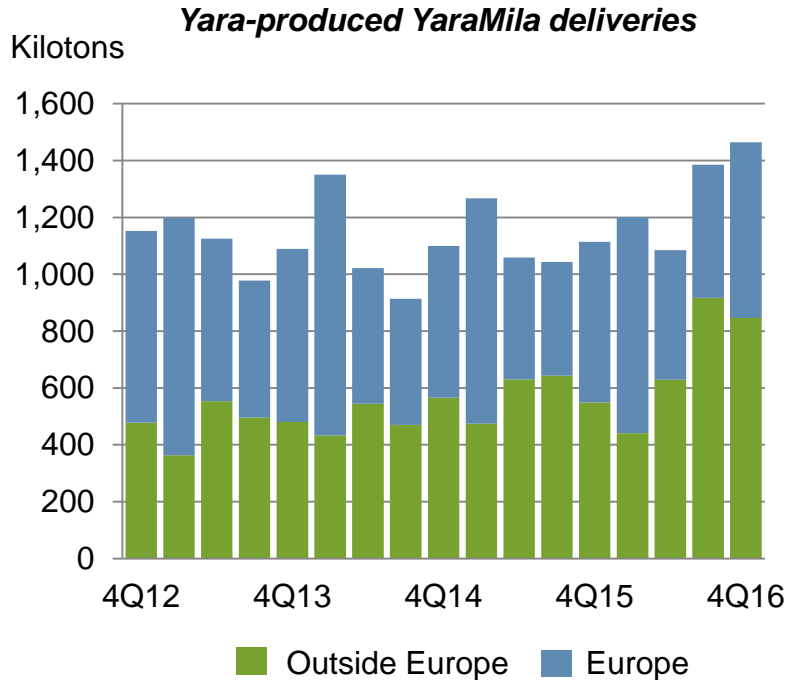


# Fertilizer deliveries by product and source

Kilotons

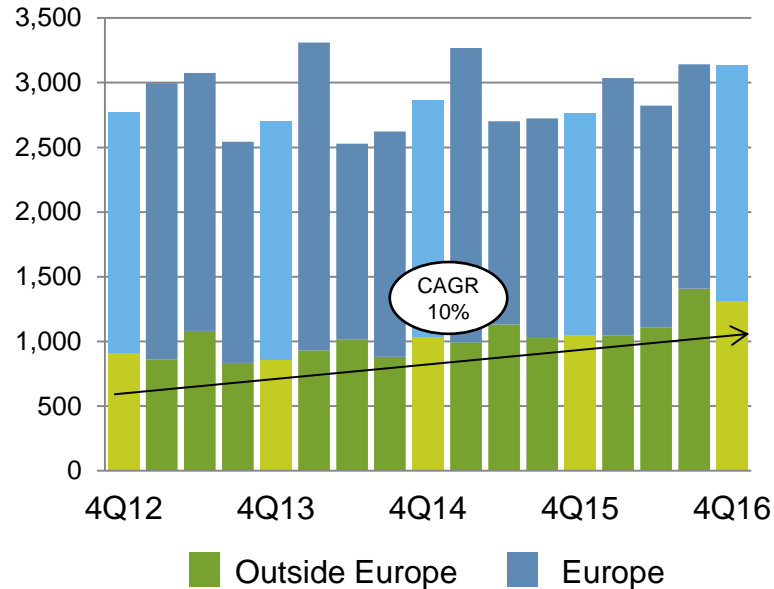


# YaraMila (compound NPK) and YaraBela (nitrate) deliveries

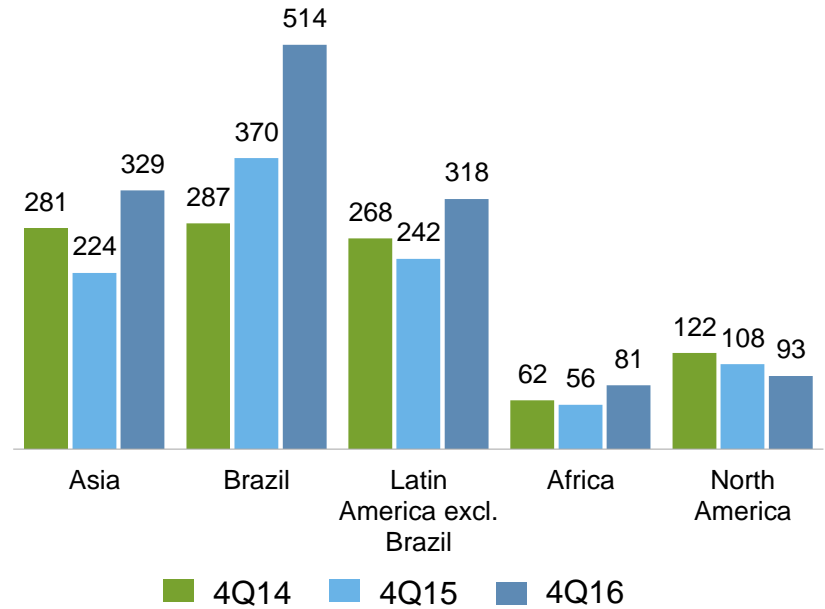


# Strong premium product deliveries

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



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



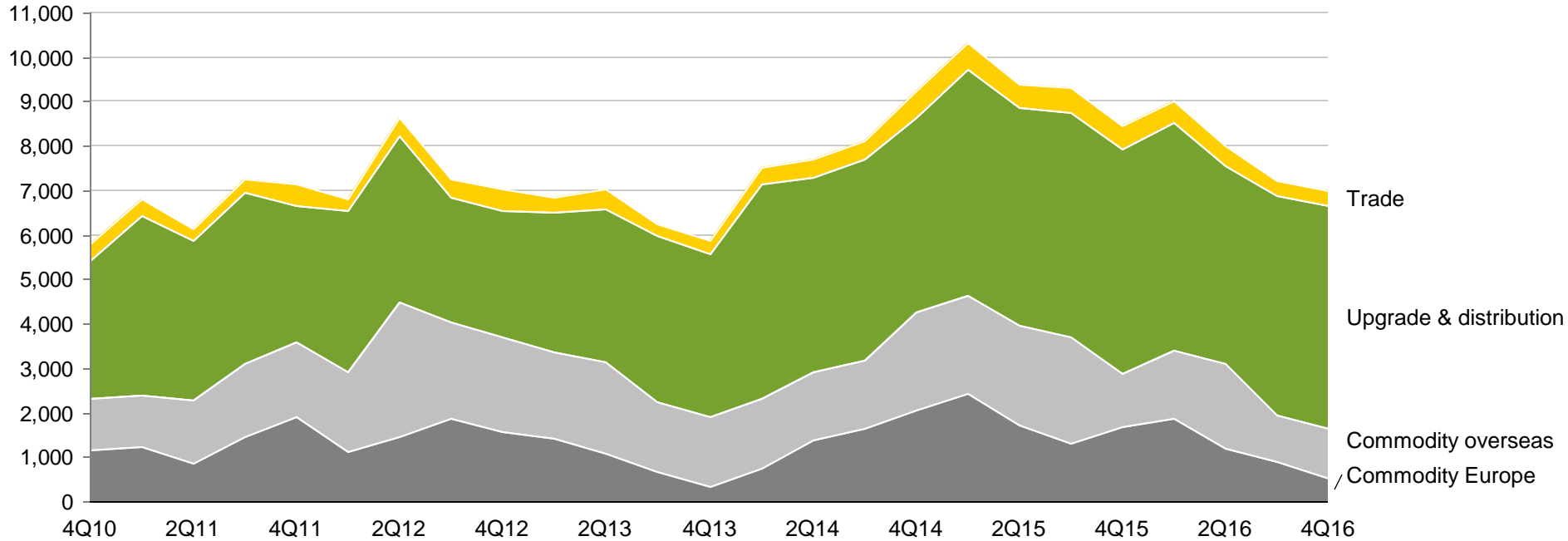
1) YaraBela, YaraMila and YaraLiva deliveries



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

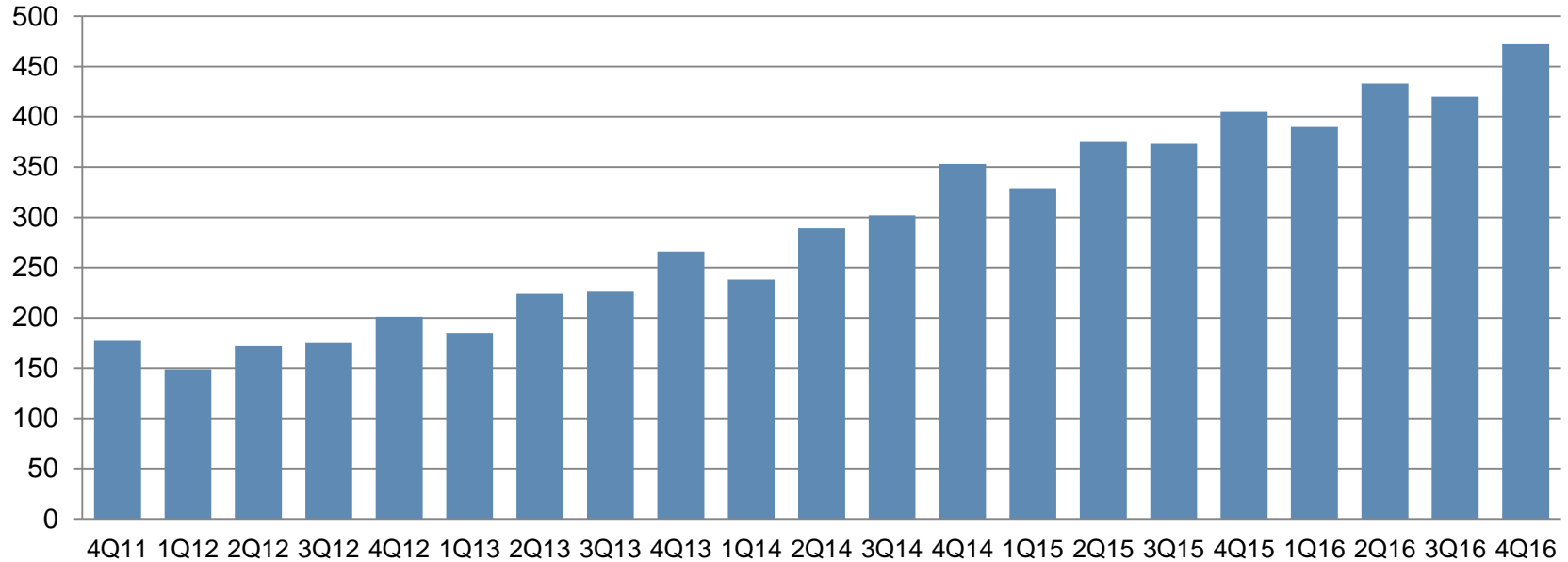
NOK millions

## Total Yara contribution

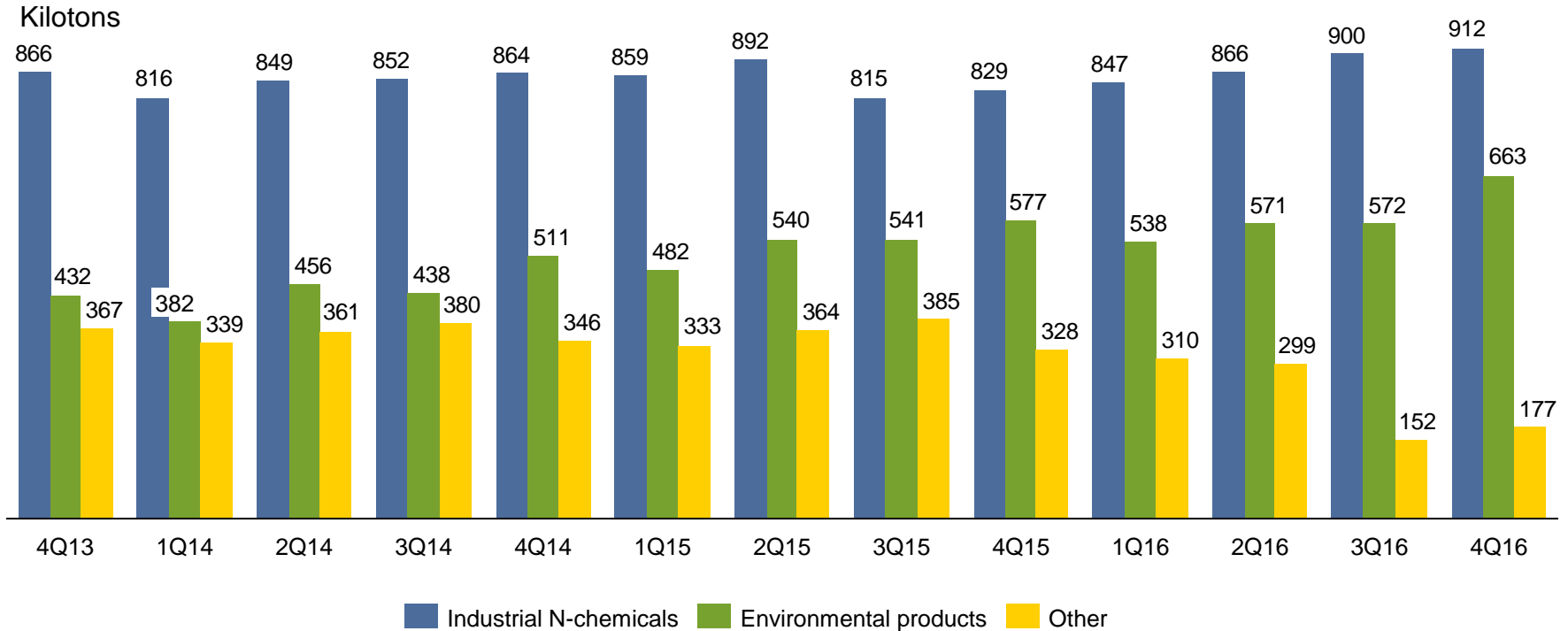


# AdBlue deliveries

Kilotons

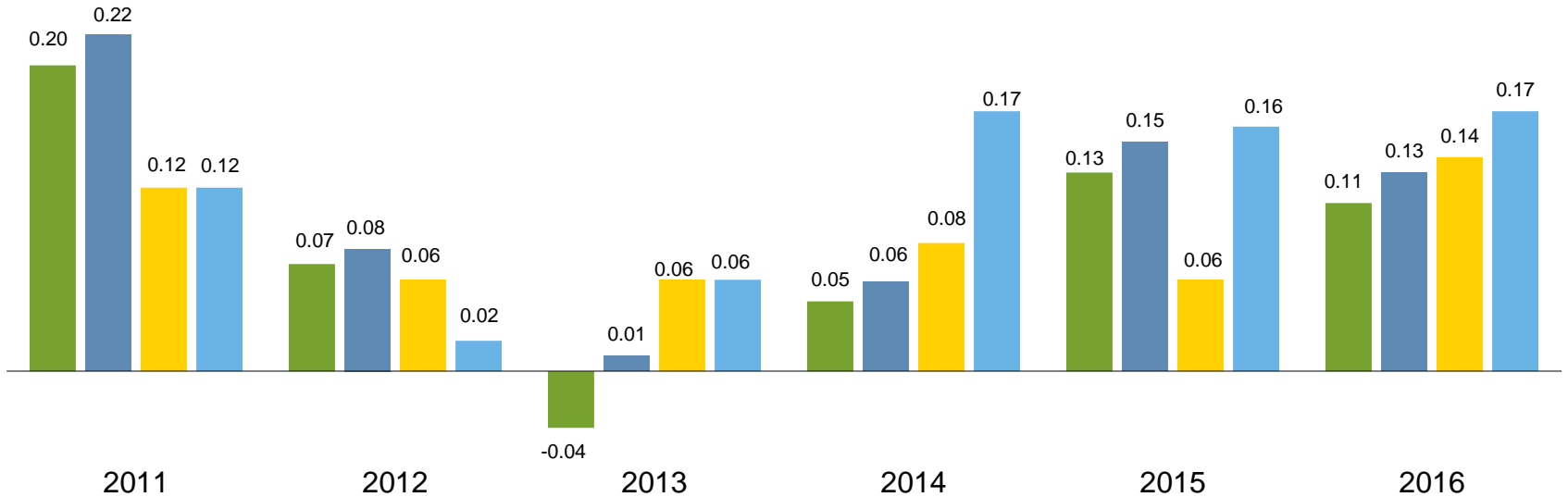


# Industrial volume development



# Debt/equity ratio

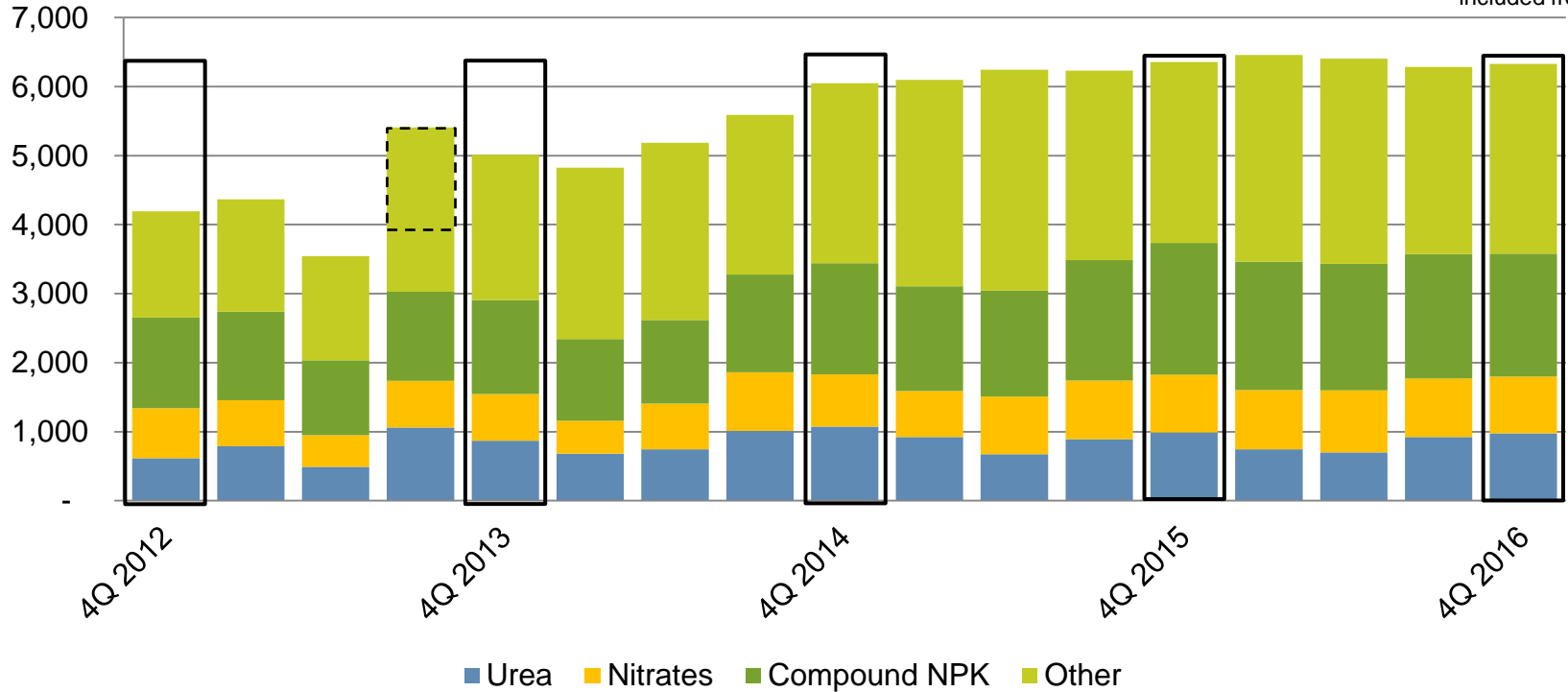
## *Net interest-bearing debt / equity ratio (end of period)*



# Yara stocks

Kilotons  
Finished fertilizer

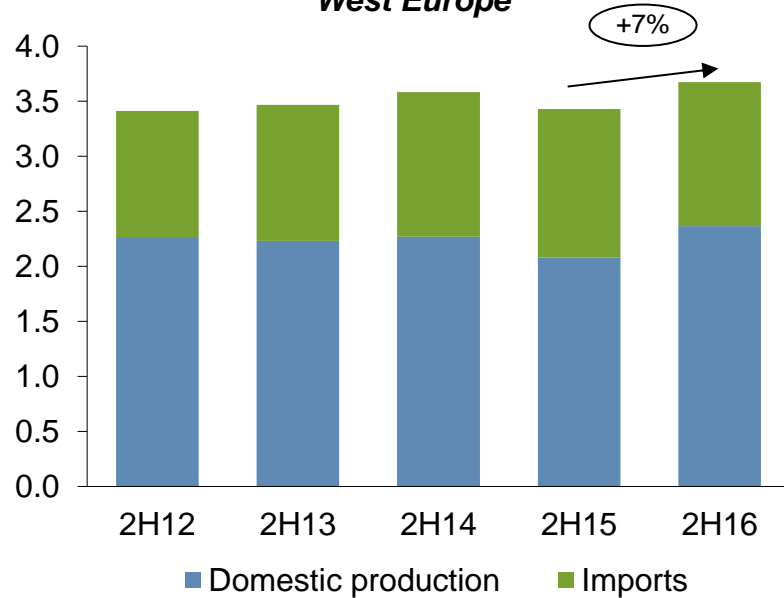
   Bunge Fertilizer included from 3Q 2013



# Strong deliveries in Europe, slow in USA

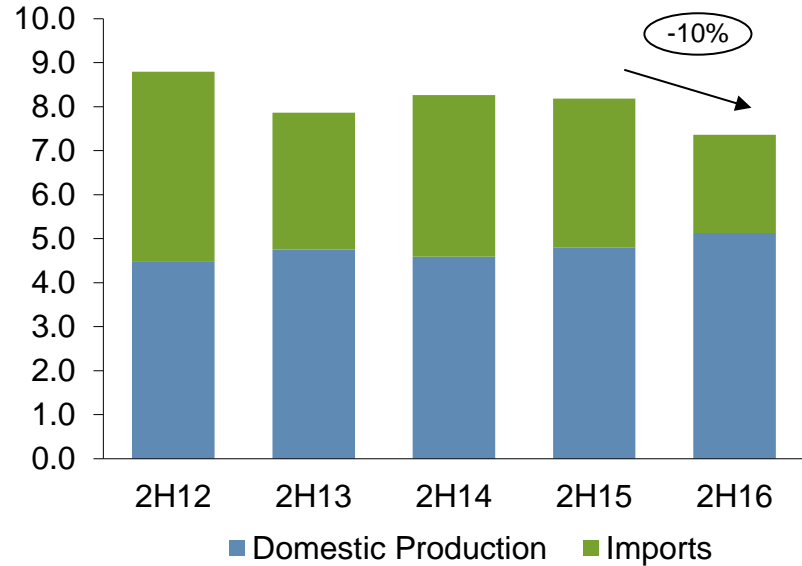
Million tons nitrogen

**West Europe**



Million tons nitrogen

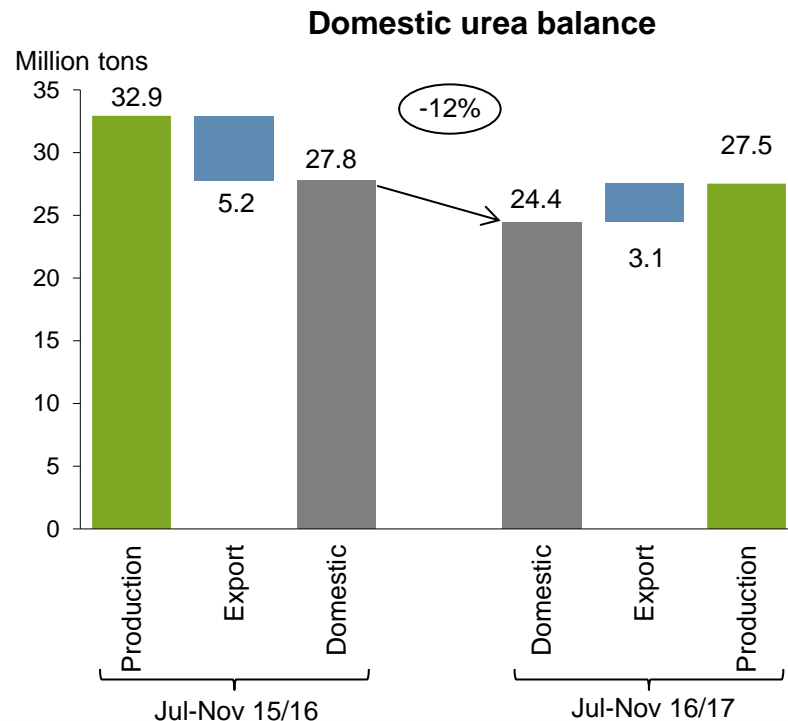
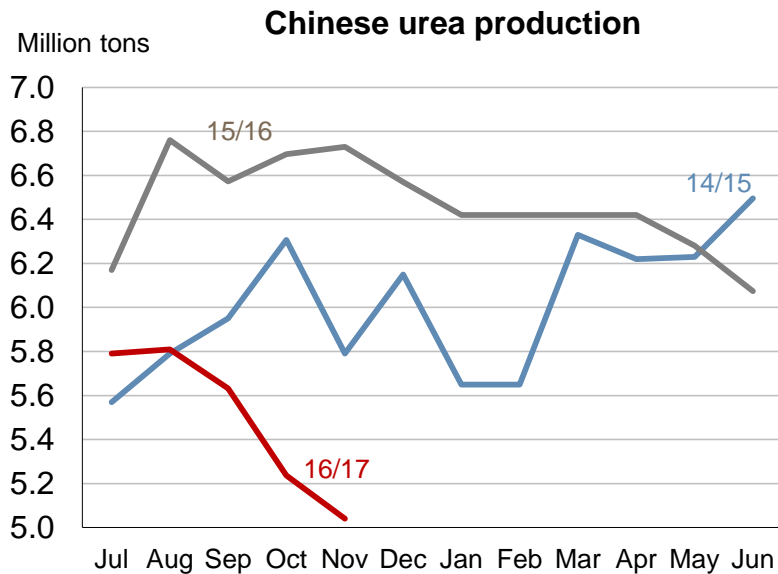
**USA**



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

# Chinese urea production suffering from increased production costs



Source: CFMW

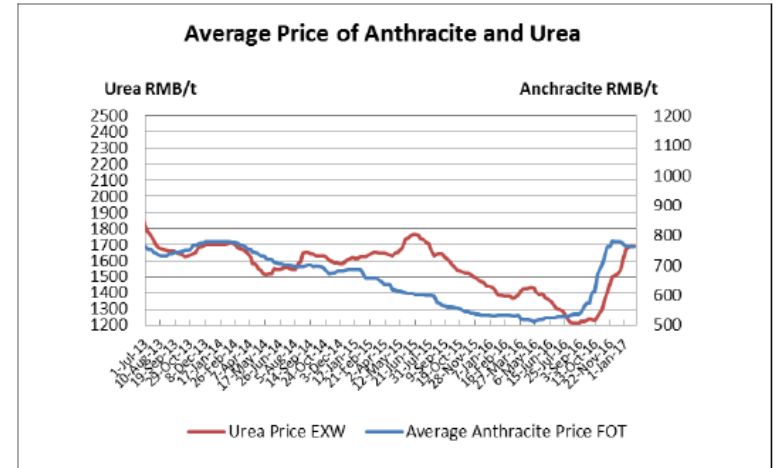
# Coal price development

South China coal (March 2017 contract, (\$/mt)

CPH17 - ICE South China Coal - Daily Line Chart



China anthracite and urea prices January 2017 (RMB/mt)

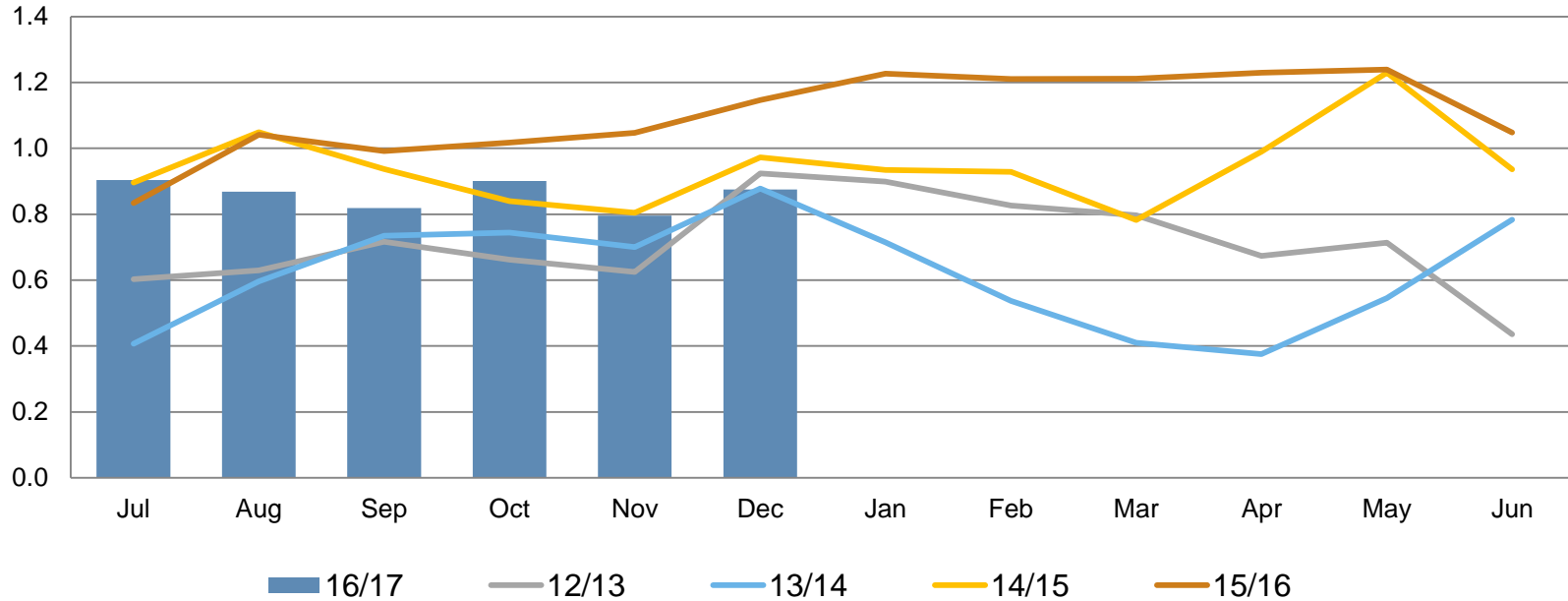


Source: Ice, China Fertilizer Market Weekly



# European producers' nitrate stocks

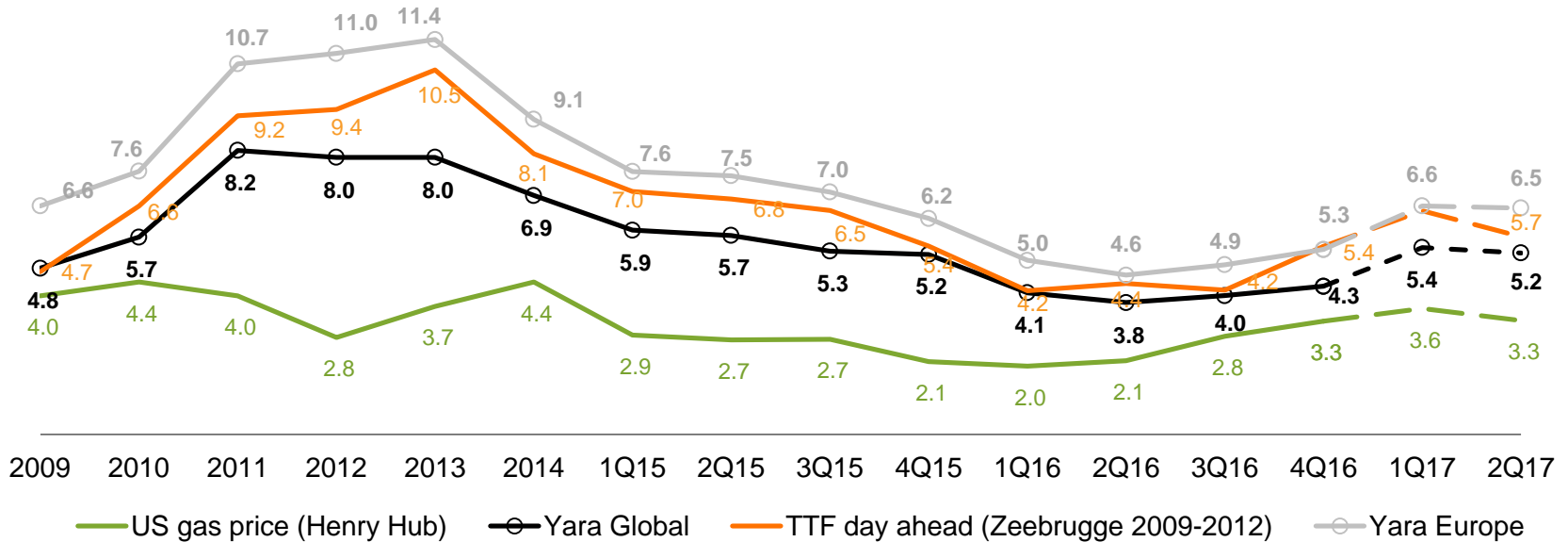
Index  
June 2007 = 1



Source: Fertilizers Europe, Yara estimate for December

# Energy cost

Yearly averages 2009 – 2014, quarterly averages for 2015-16 with forward prices\* for 1Q17 and 2Q17.

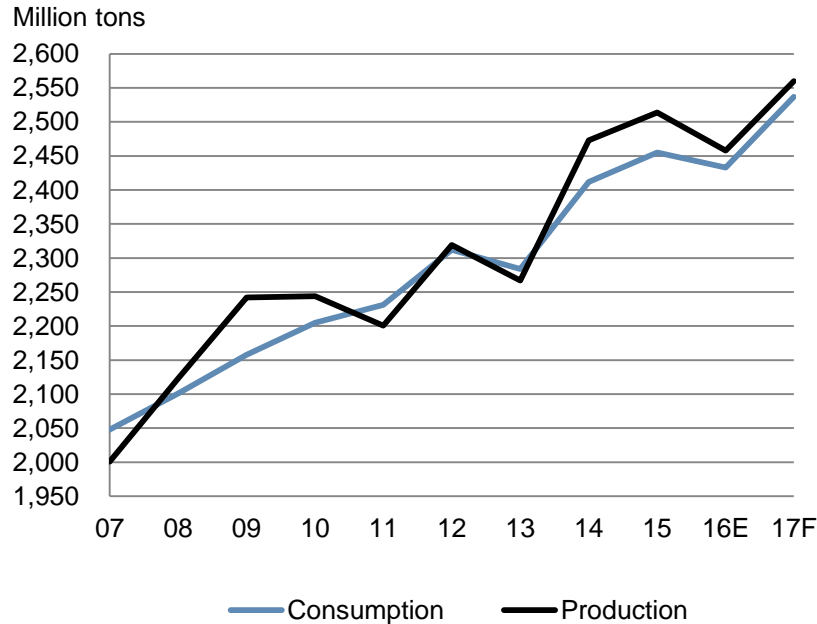


\*Dotted lines denote forward prices as of 31 January 2017

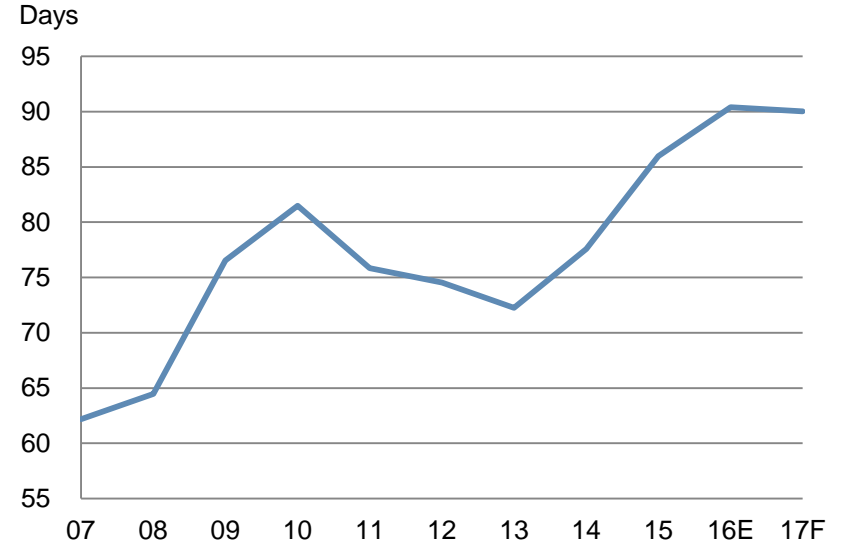
Source: Yara, World Bank, Argus/ICIS Heren

# Balanced grain market forecasted for this season, stable stock-to-use ratio, despite a record crop

## Grain consumption and production



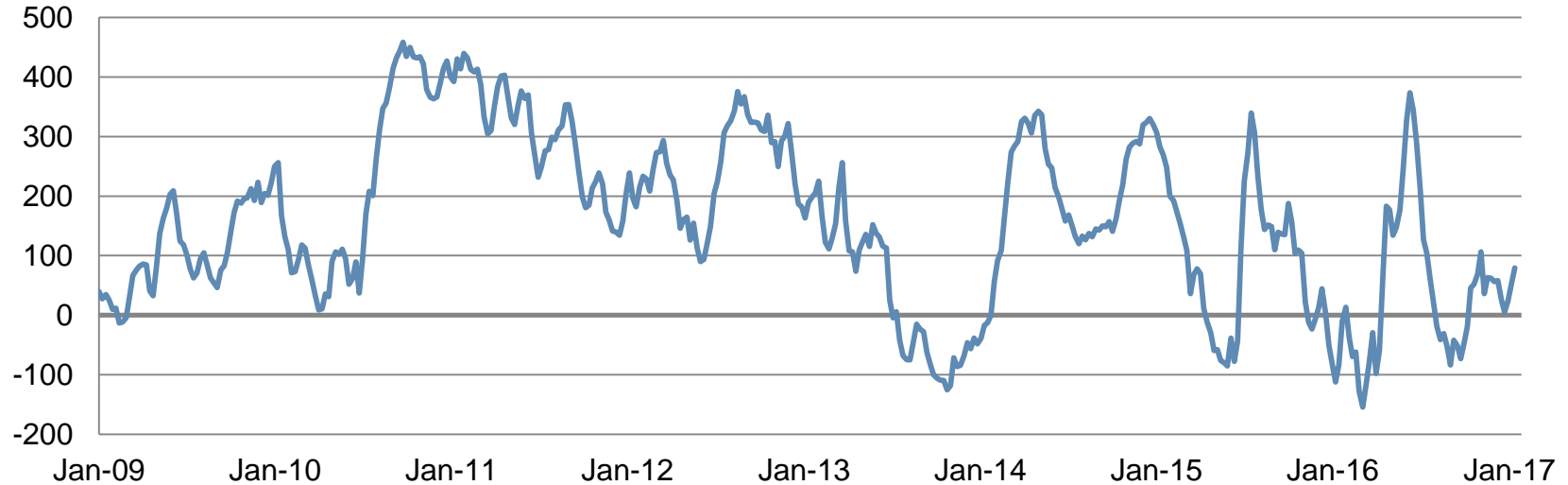
## Days of consumption in stocks



Source: USDA January 2017

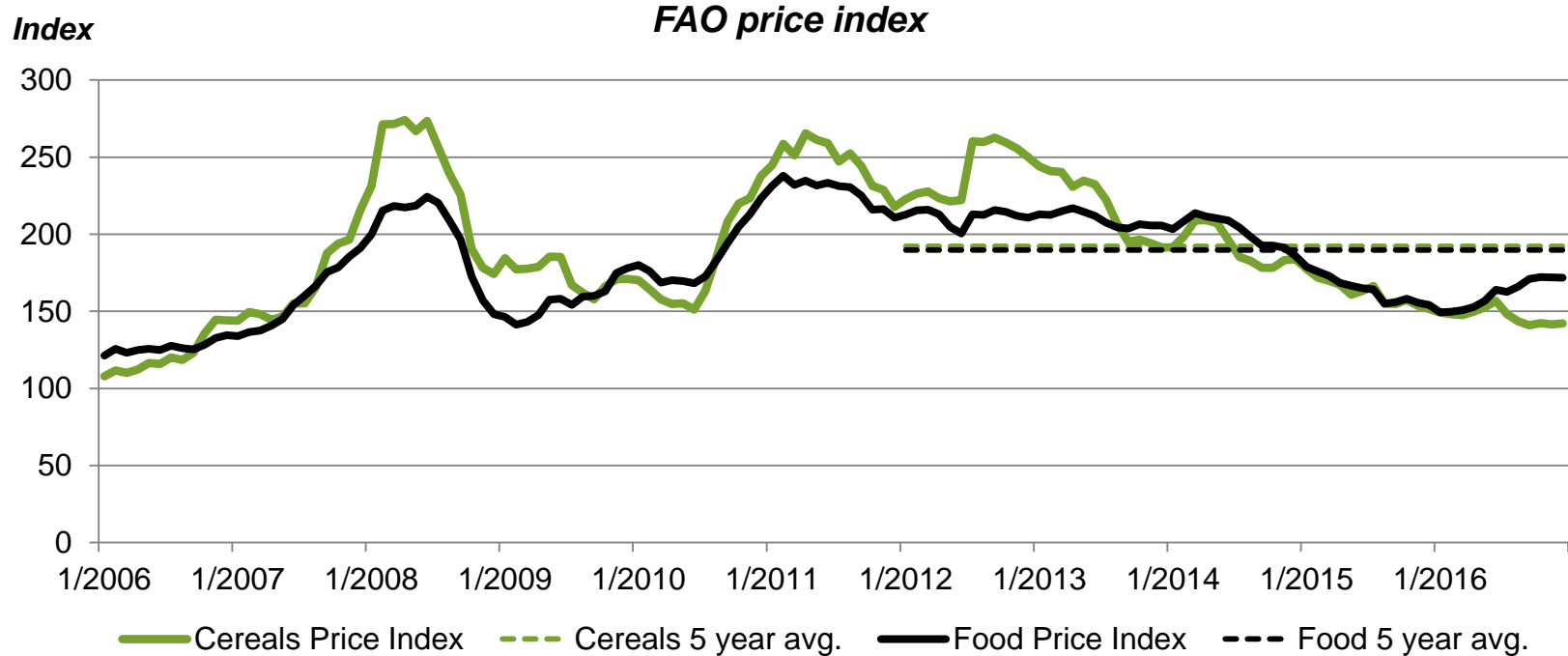
# Non-commercials' net long position in corn

Thousand contracts



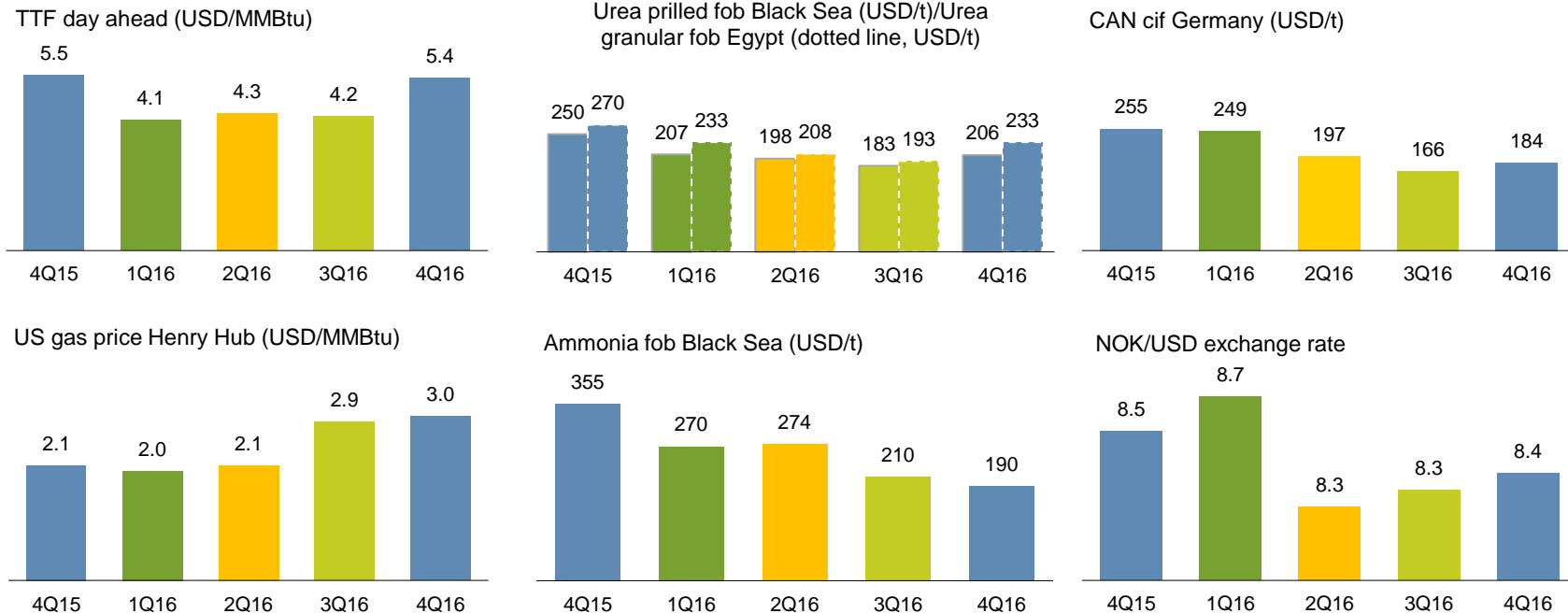
Source: US Commodity Futures Trading Commission

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



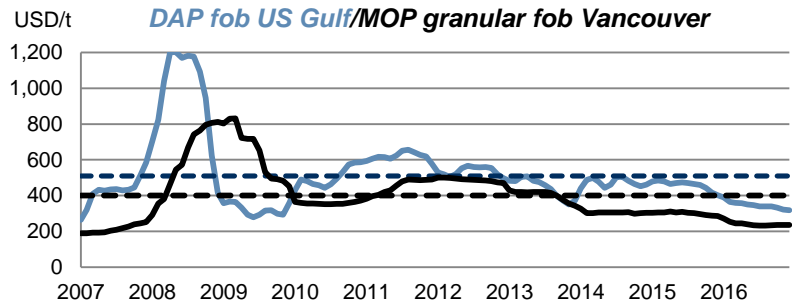
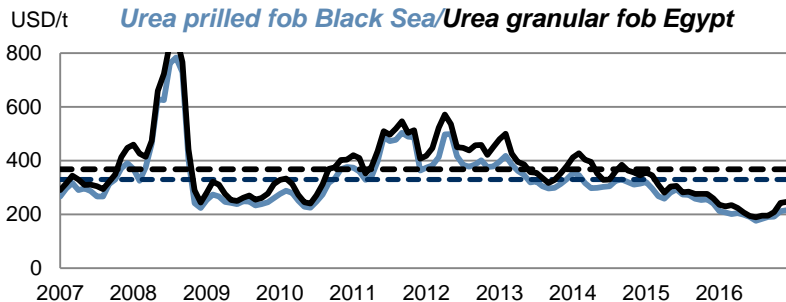
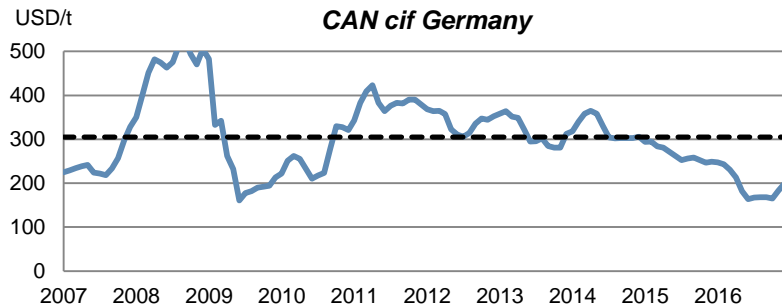
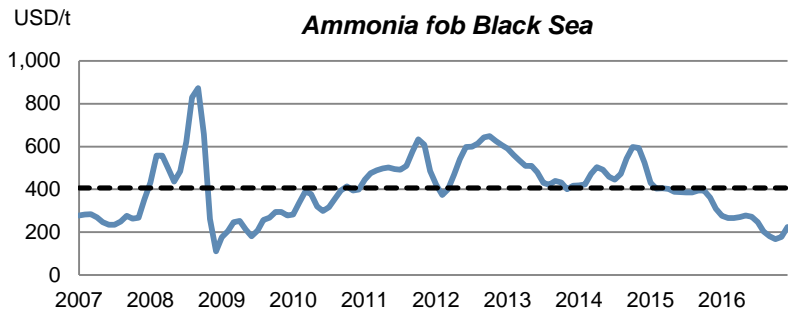
Source: FAO

# Key value drivers – quarterly averages



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

# 10-year fertilizer prices – monthly averages



--- Average prices 2007 - 2016