



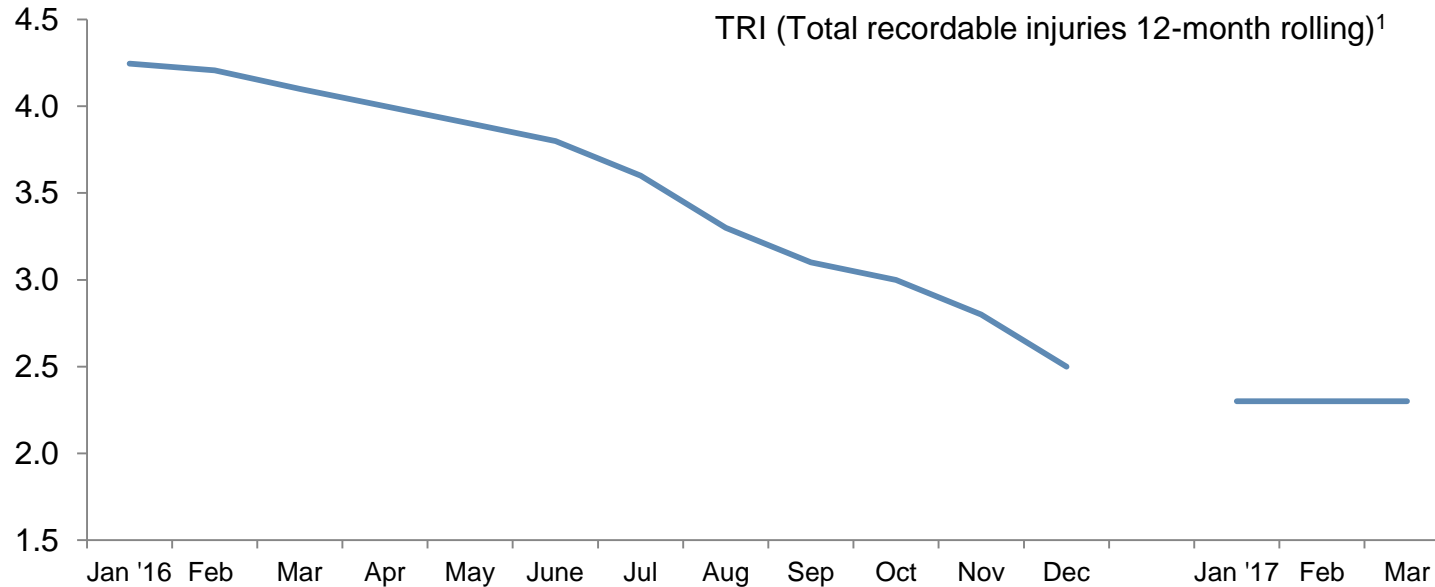
Knowledge grows

# Yara International ASA Investor presentation

June 2017



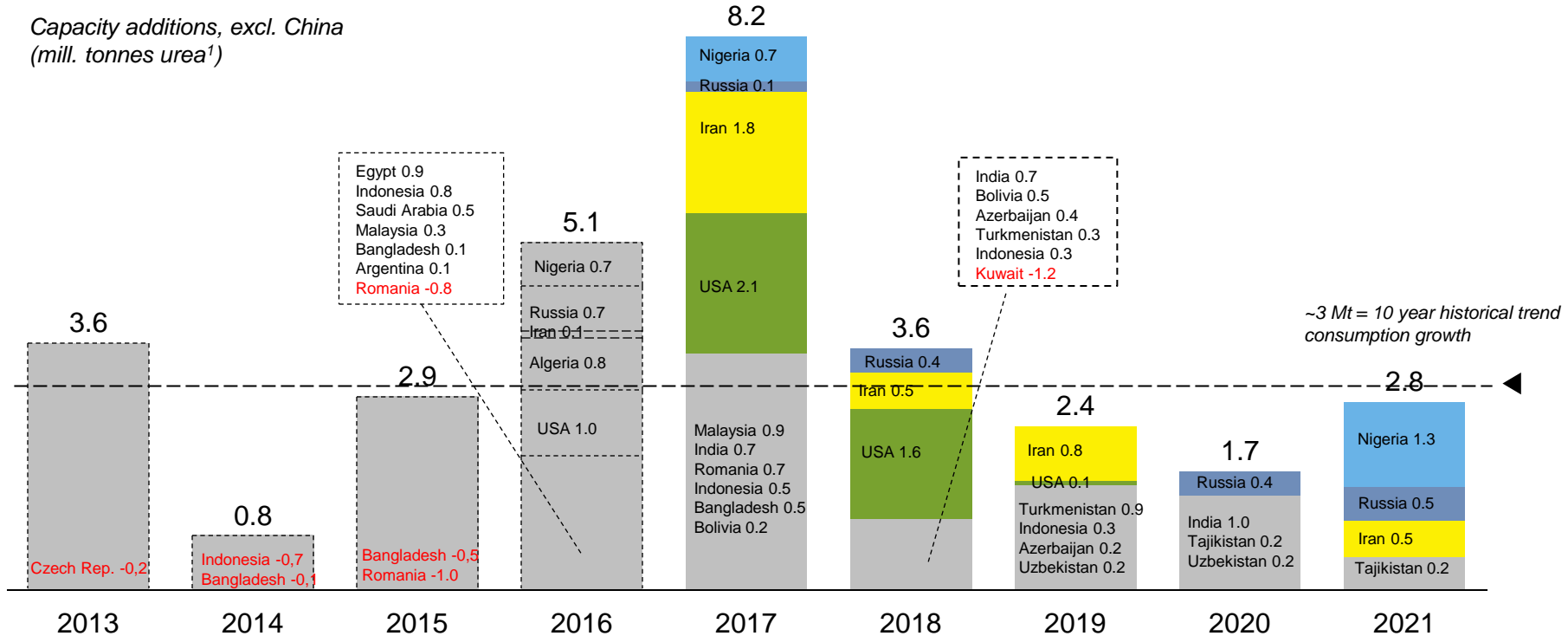
# Safe operations is our first priority



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

# Capacity additions outside China exceed consumption growth...

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

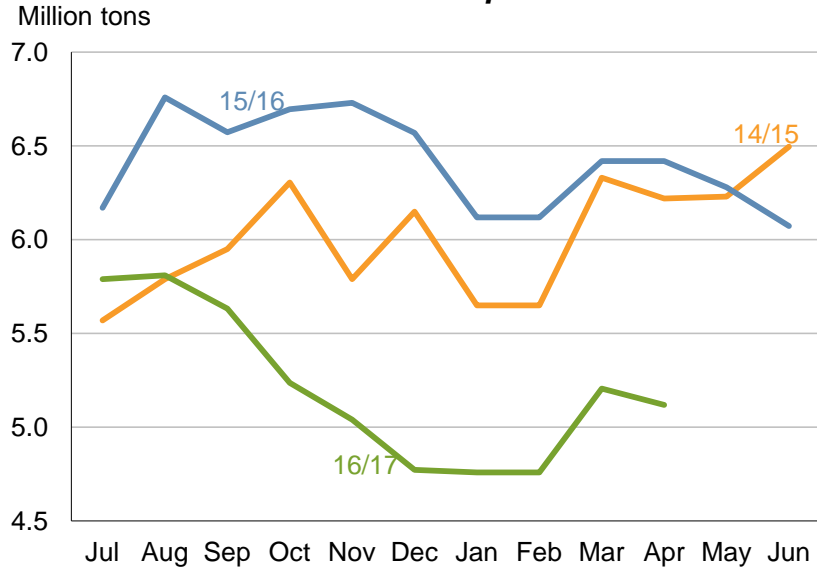


Source: CRU, March 2017. Numbers include both additions and closures of capacity.

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

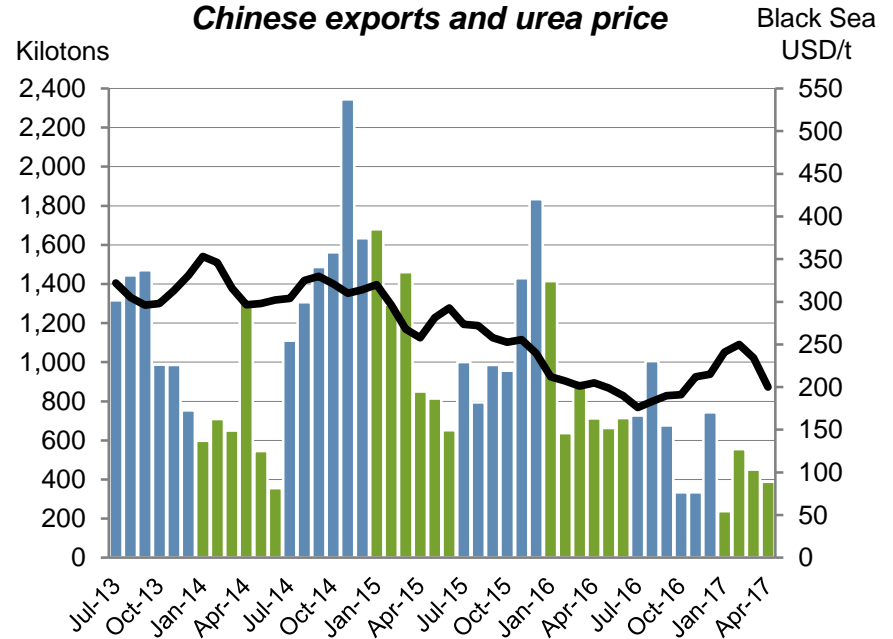
# ...but higher production and logistical costs have significantly reduced Chinese urea production and exports

**Chinese urea production**



Source: CFMW

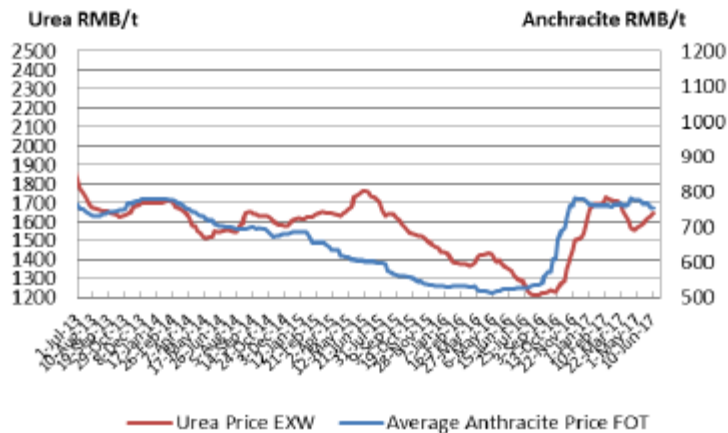
**Chinese exports and urea price**



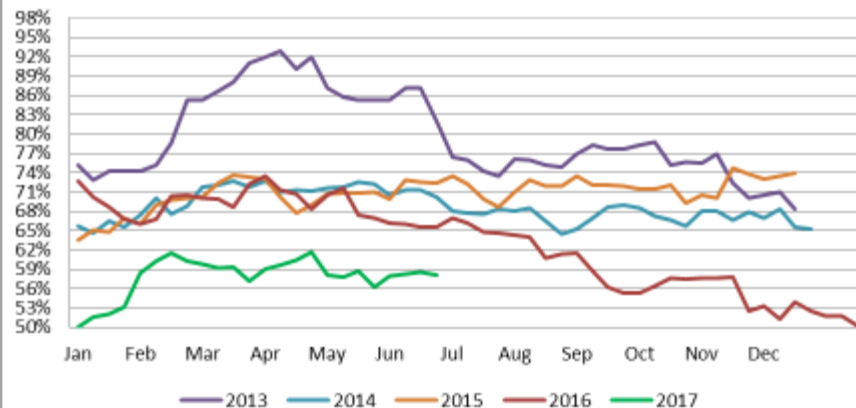
Source: BOABC, CFMW

# China domestic pricing and utilization

## Average Price of Anthracite and Urea



## Urea Plant Utilization Rate



Note: The total daily capacity is based on the nameplate capacity /330days

# Yara: 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

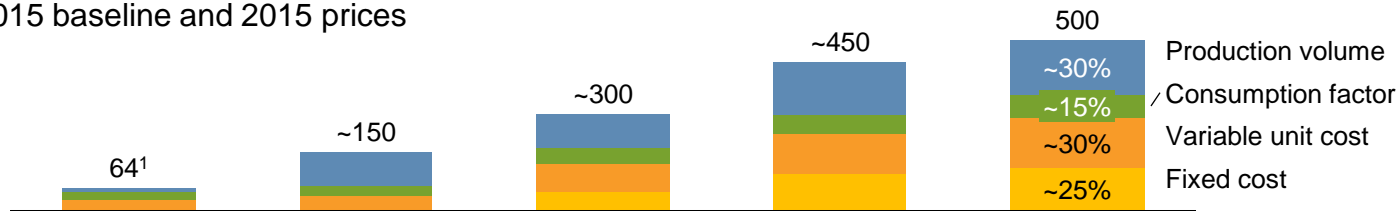
## Strategic response

- 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

# Yara Improvement Program targets sustained improvement of minimum \$500MM EBITDA, plus cash benefits

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

**Sustained EBITDA improvement**



**Sustained capex improvement**

Sustained capex improvement: Target under development

**One-off working capital release**



**One-off cost**



**One-off capex**



2016

2017

2018

2019

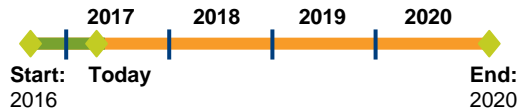
2020





# Program is still in early phase, but well on track

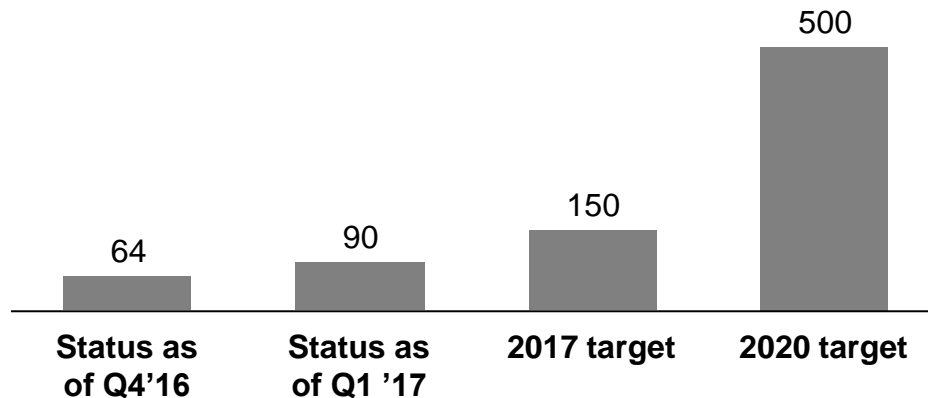
## Program progress



- Program progressing according to plan:
  - Productivity system pilots rolled out and improvement targets confirmed in Sluiskil, Uusikaupunki and Belle Plaine
  - Procurement Excellence early in implementation, but savings starting to accrue
- Employees already contributing through changes in their daily work in plants and offices

## Financial benefits

Annualized EBITDA improvement, \$MM, vs. 2015 baseline, at 2015 prices

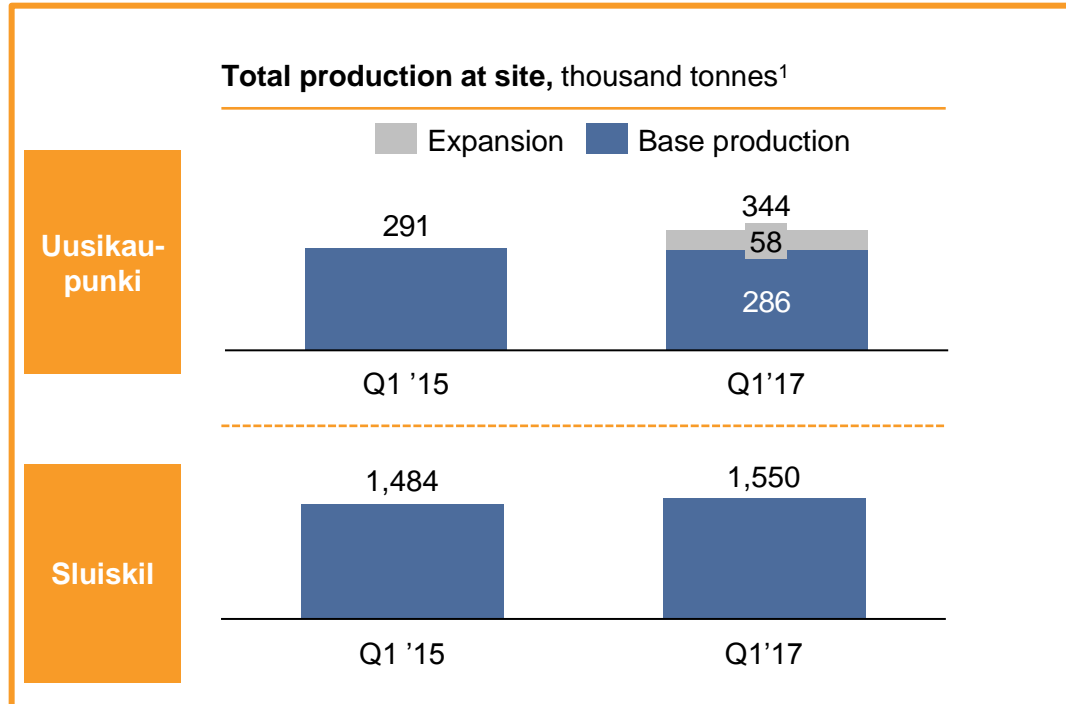


- Further \$65MM one-off cash improvement realized, primarily working capital release
- Accumulated one-off program costs: opex \$18MM and capex \$90MM

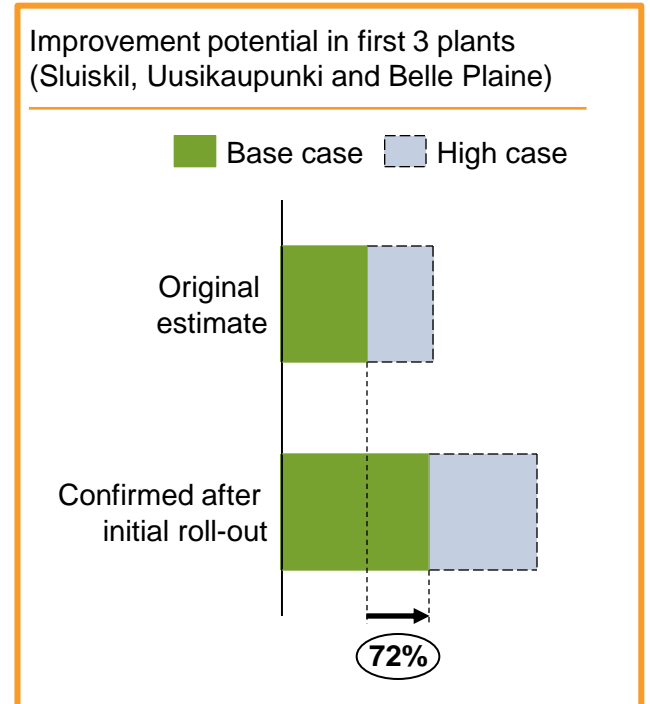


# The Yara Productivity System roll-out is showing good results

## Record production for Uusikaupunki<sup>1</sup> and Sluiskil



## Estimated improvement potential confirmed



<sup>1</sup> Total production, including expansion in Uusikaupunki 1Q'17

# 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 ~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)

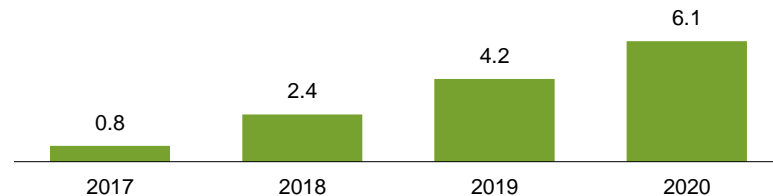
### Act on attractive opportunities to grow industrial sales and supply

- Pilbara – TAN (1Q 2017)
- Köping – TAN (1H 2018)

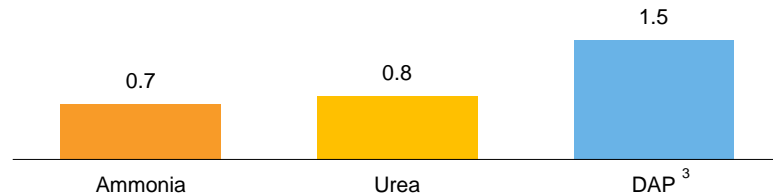
### Structurally secure P and K supply

- Galvani, Salitre (mining: 4Q17, chemical 4Q18)

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



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



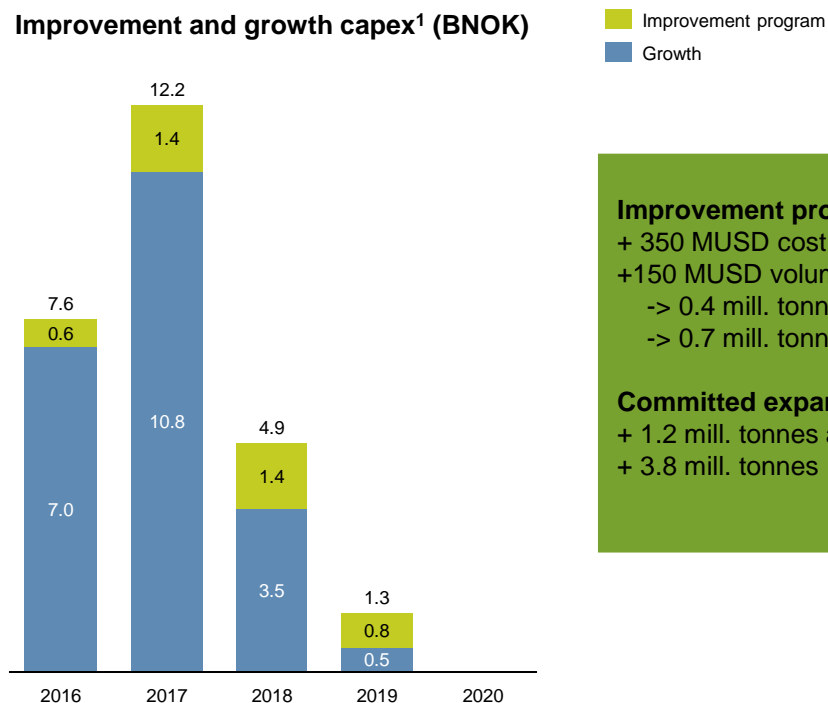
<sup>1</sup> Current prices (previous quarter prices in brackets): Ammonia fob Yuzhny 300 USD/t (300 USD/t), Urea fob Yuzhny 200 USD/t (250 USD/t), DAP fob Morocco 380 USD/t (350 USD/t).

<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)

# Major improvement and growth investments in 2016-2017; main earnings improvement from 2018-2020

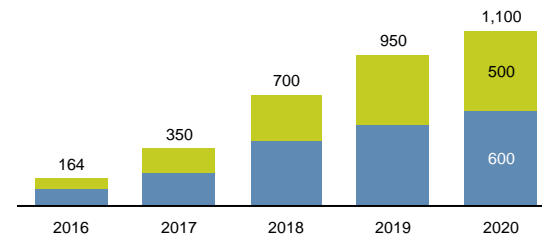
Improvement and growth capex<sup>1</sup> (BNOK)



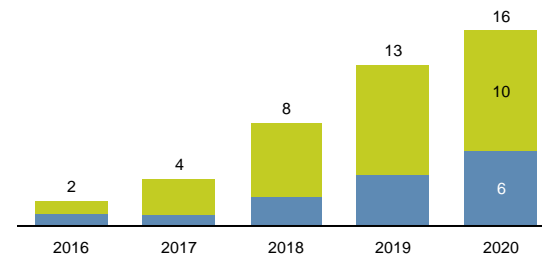
**Improvement program:**  
 + 350 MUSD cost improvement  
 +150 MUSD volume improvement:  
 -> 0.4 mill. tonnes ammonia  
 -> 0.7 mill. tonnes fertilizer

**Committed expansions + M&A:**  
 + 1.2 mill. tonnes ammonia  
 + 3.8 mill. tonnes fertilizer

EBITDA improvement (MUSD)



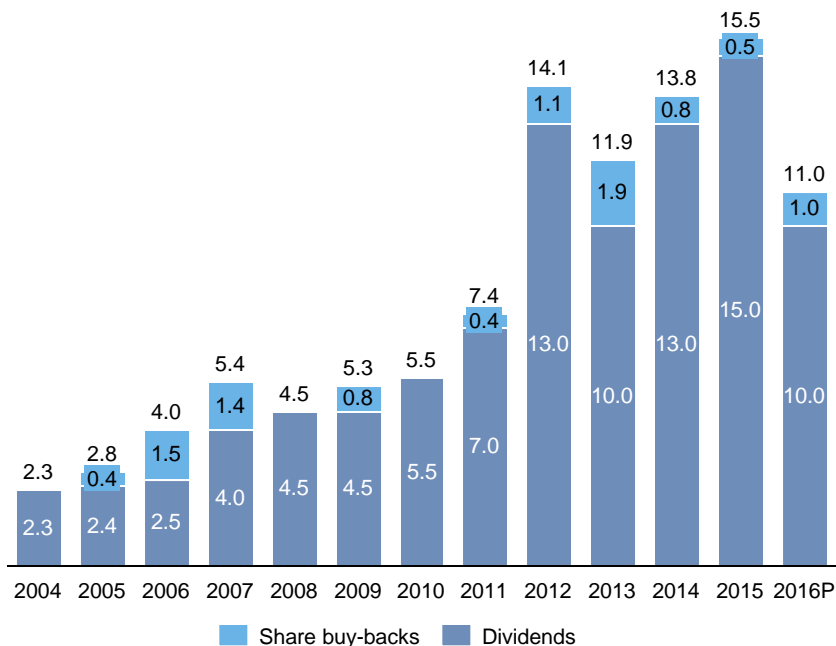
Earnings improvement (NOK per share)



<sup>1</sup> Excluding maintenance capex on existing assets – see page 28. Yara's share of capex. Fully consolidated entities presented at 100% basis

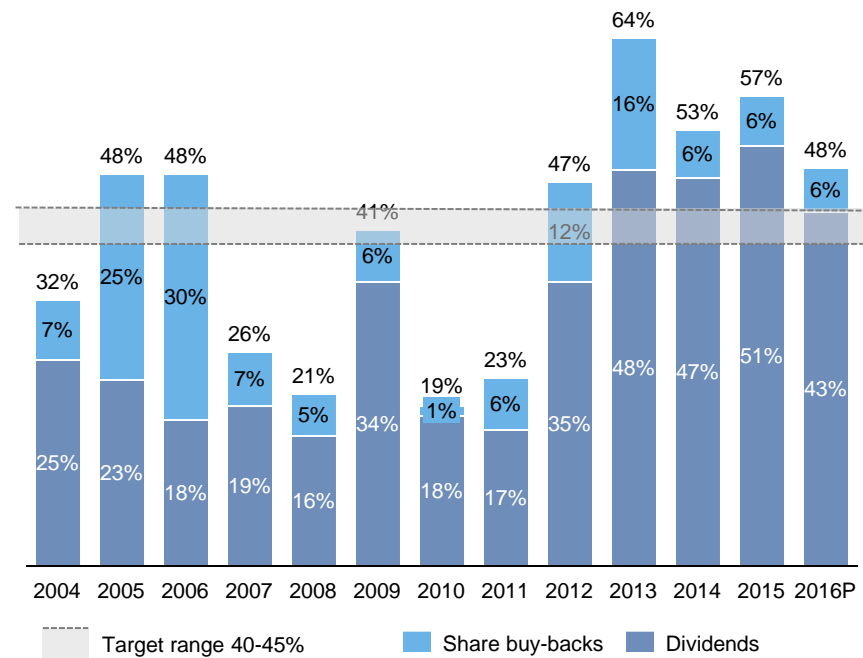
# Cash return target range 40-45% of net income

## 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





Knowledge grows

# Additional information

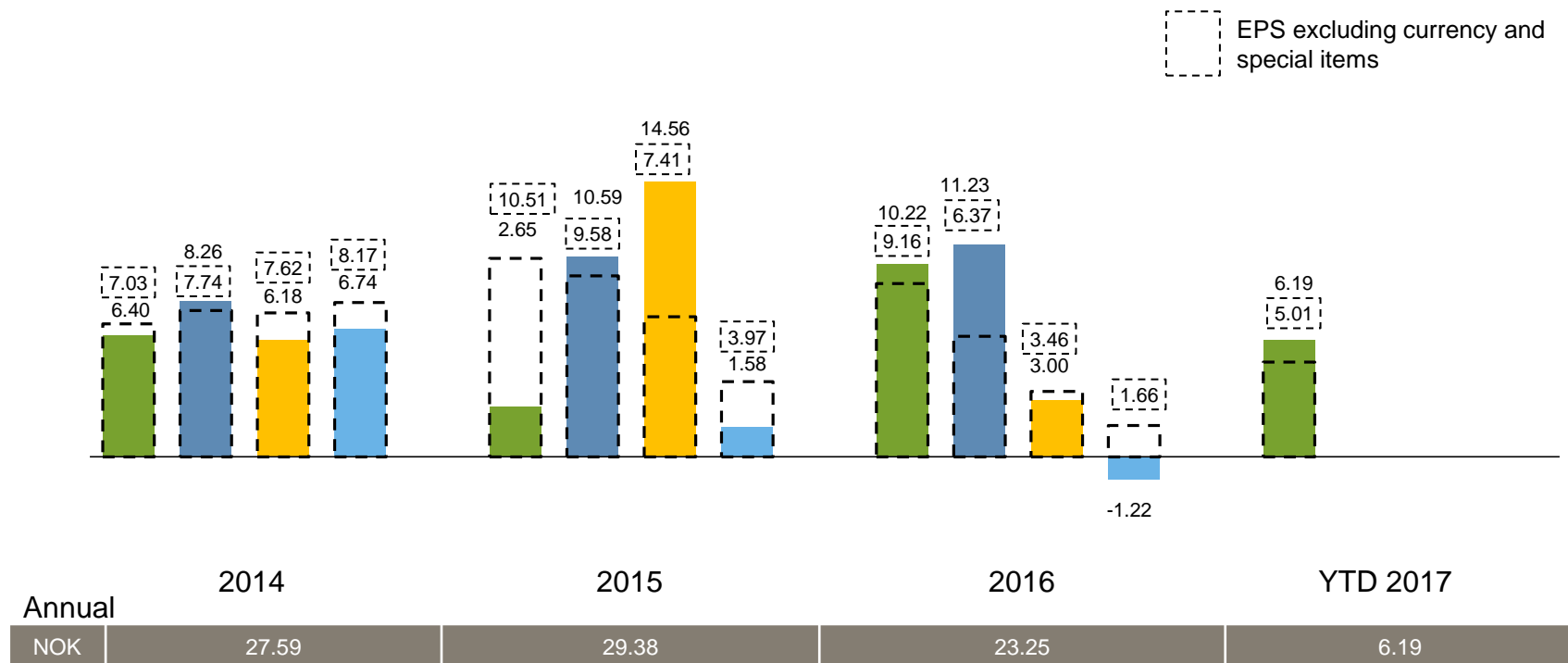
IR - May 2017

## Summary first quarter

- Weaker results reflecting lower margins
- Strong finished fertilizer production, but lower ammonia production
- Strong Industrial result
- Improvement program on track



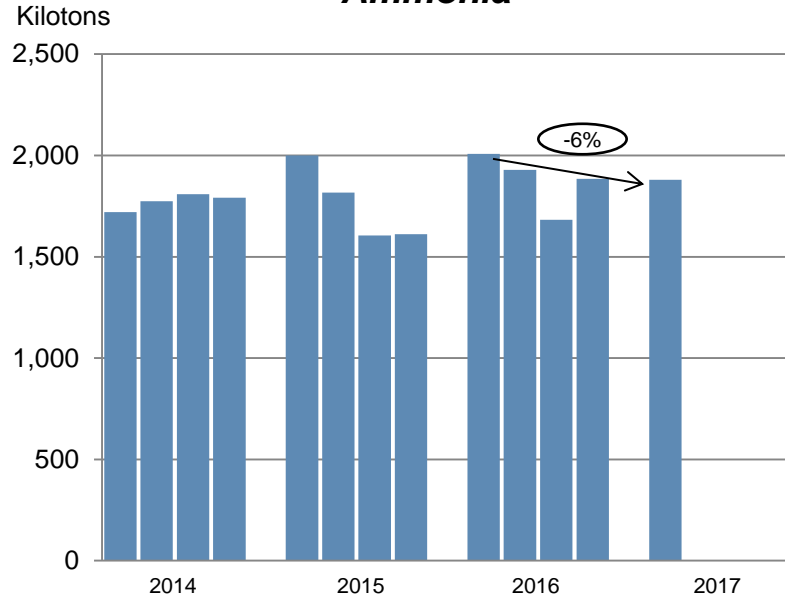
# Earnings per share\*



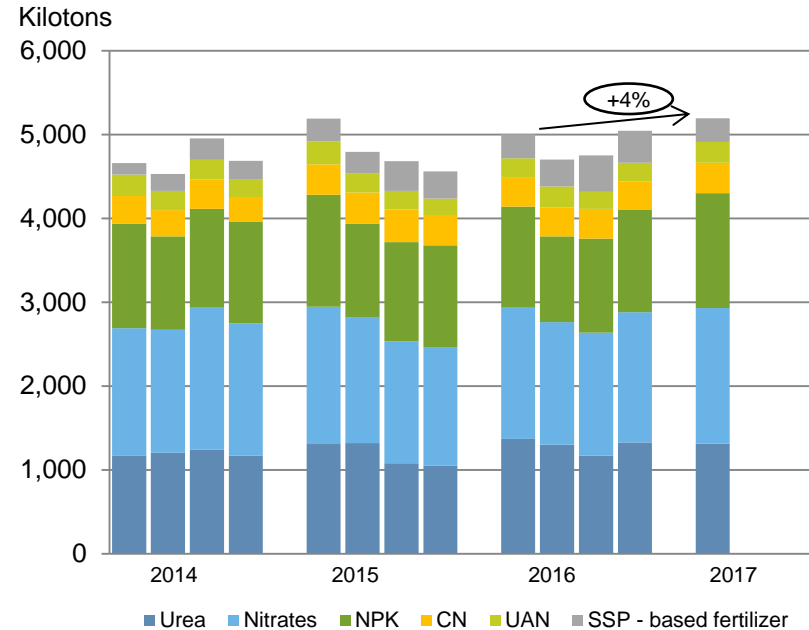
\*Average number of shares for 1Q 2017: 273.2 million (1Q 2016: 274.1 million).

# Strong finished fertilizer production; lower ammonia production

## Ammonia<sup>1</sup>



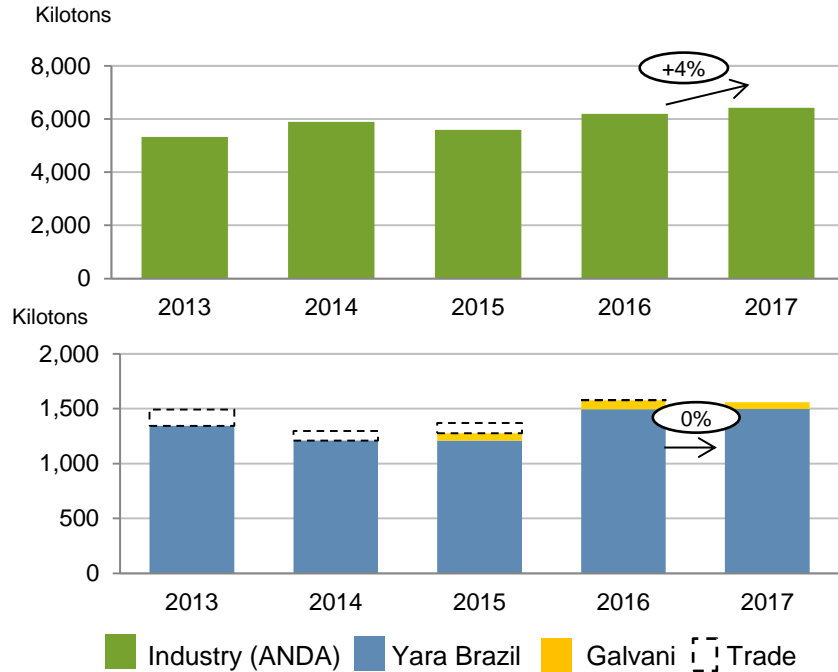
## Finished fertilizer & industrial products<sup>1</sup>



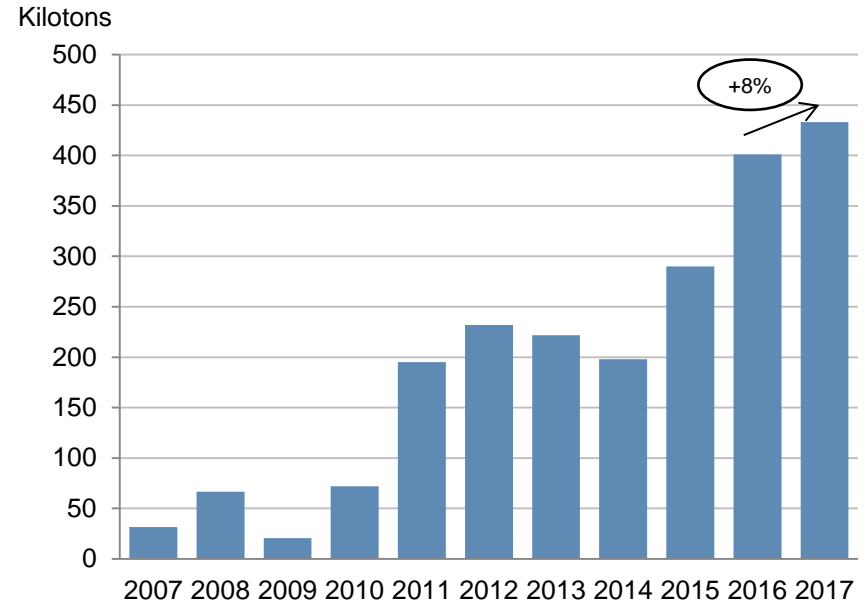
1) Including share of equity-accounted investees

# Brazil: focus on premium products and solutions drives growth

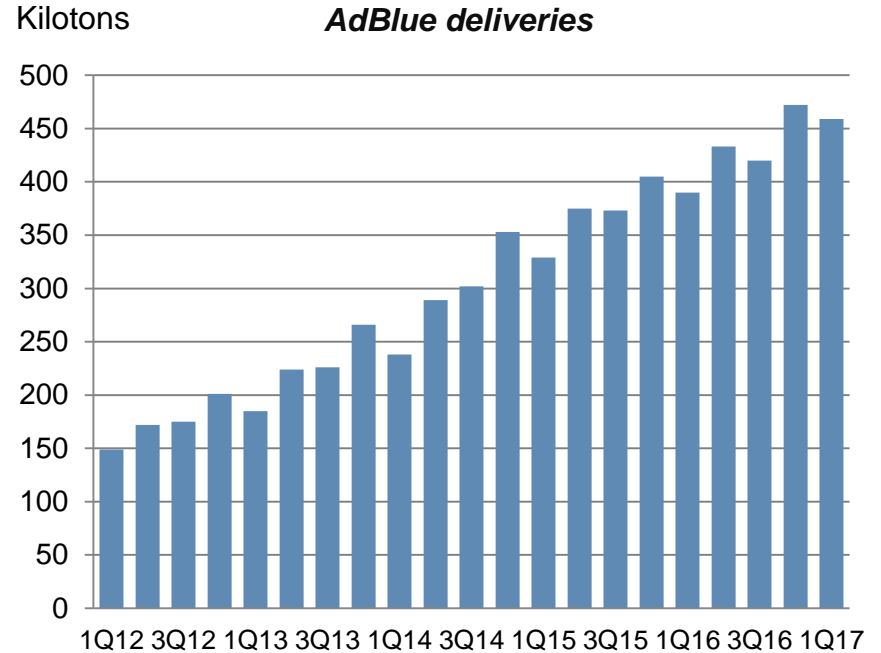
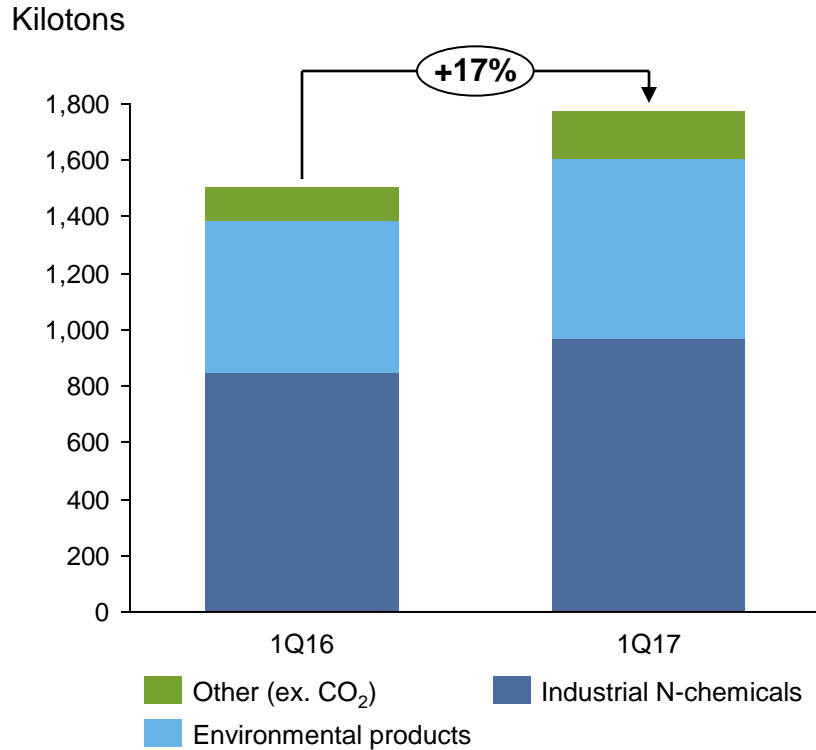
## Brazil 1Q fertilizer deliveries



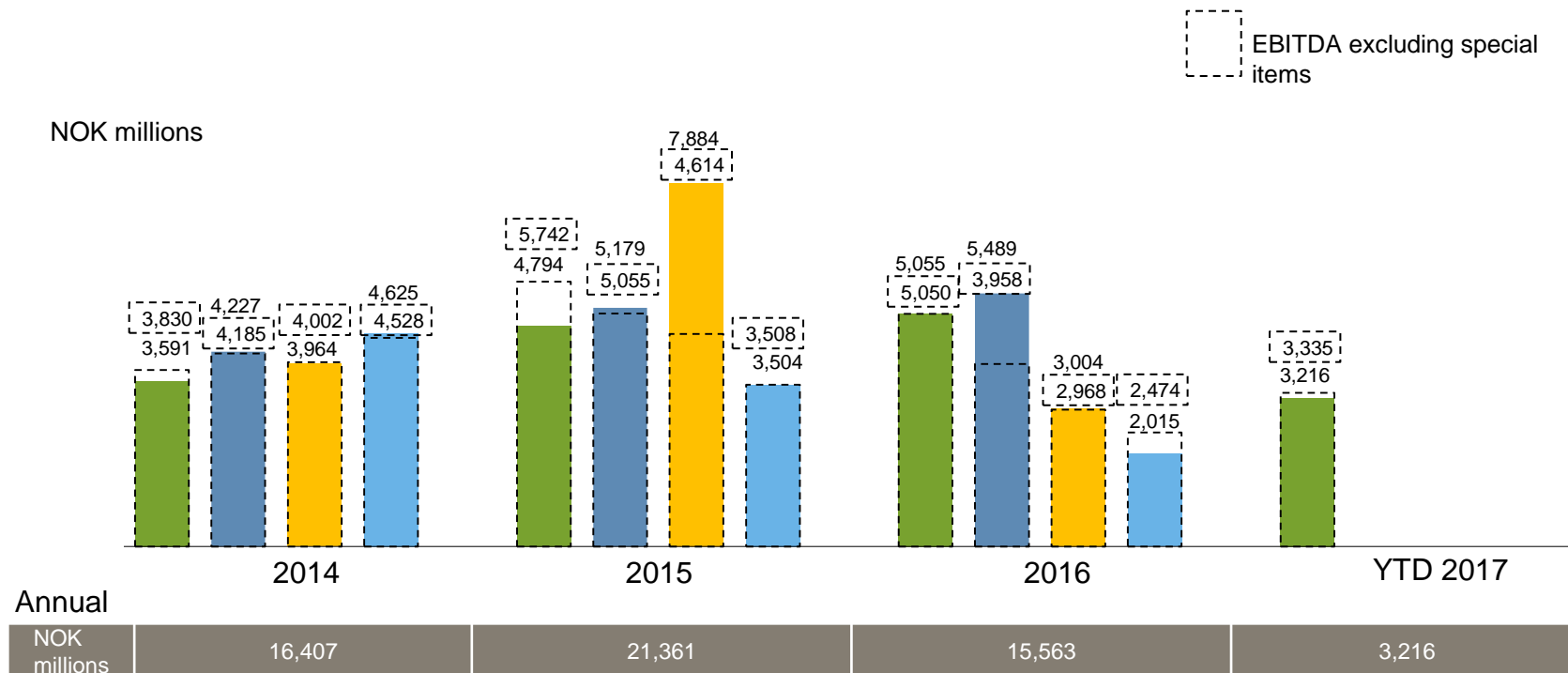
## Yara 1Q premium product deliveries



# Strong Industrial volume development

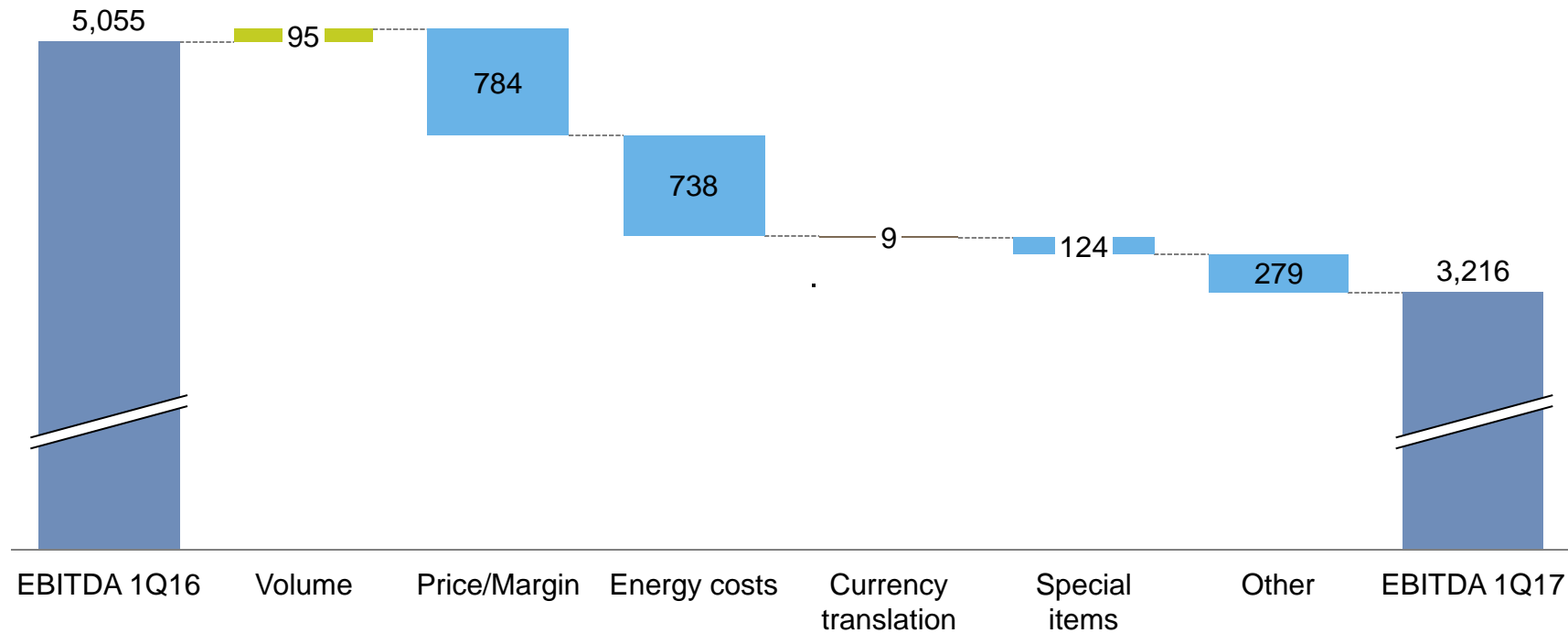


# Earnings before interest, tax, depreciation and amortization (EBITDA)



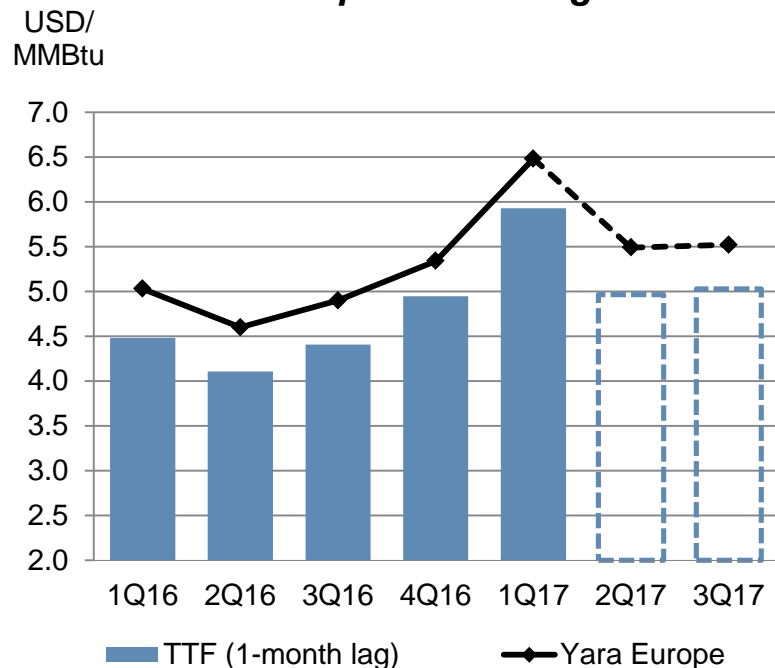
# EBITDA development

NOK millions



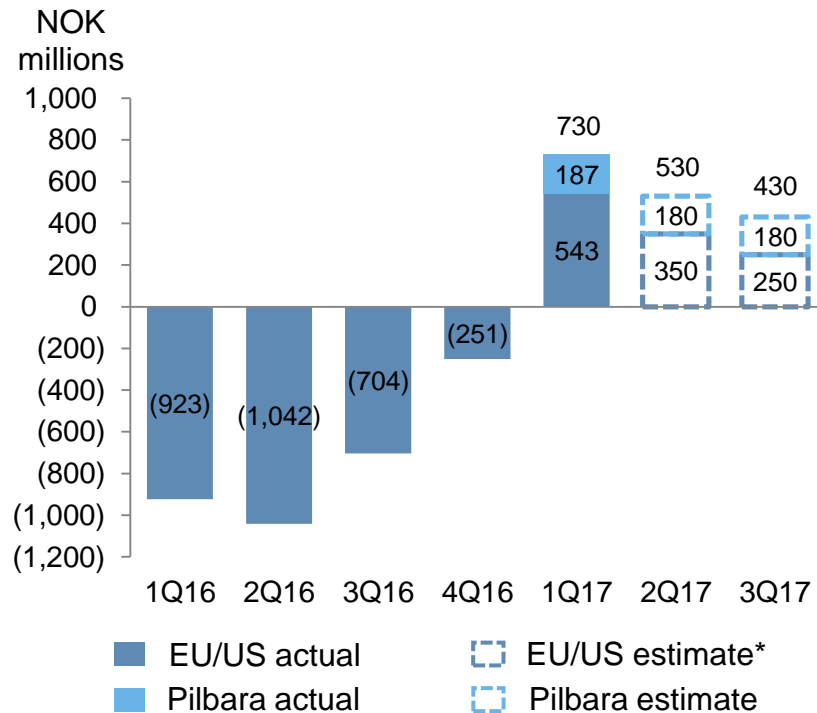
# Natural gas cost

## Yara European natural gas cost



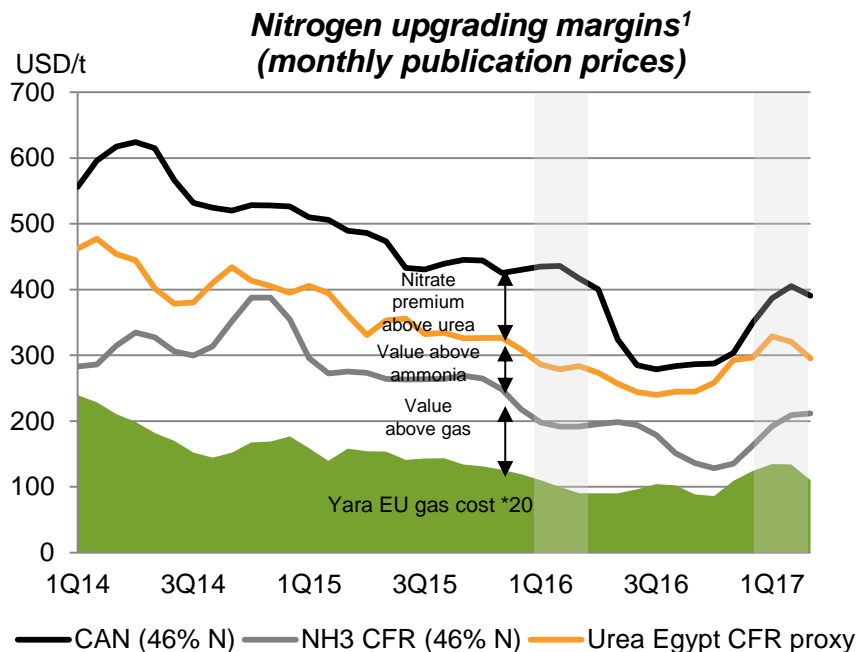
\*Dotted lines denote forward prices as of 19 April 2017  
Source: Yara, World Bank, Argus/ICIS Heren

## Change in global natural gas cost

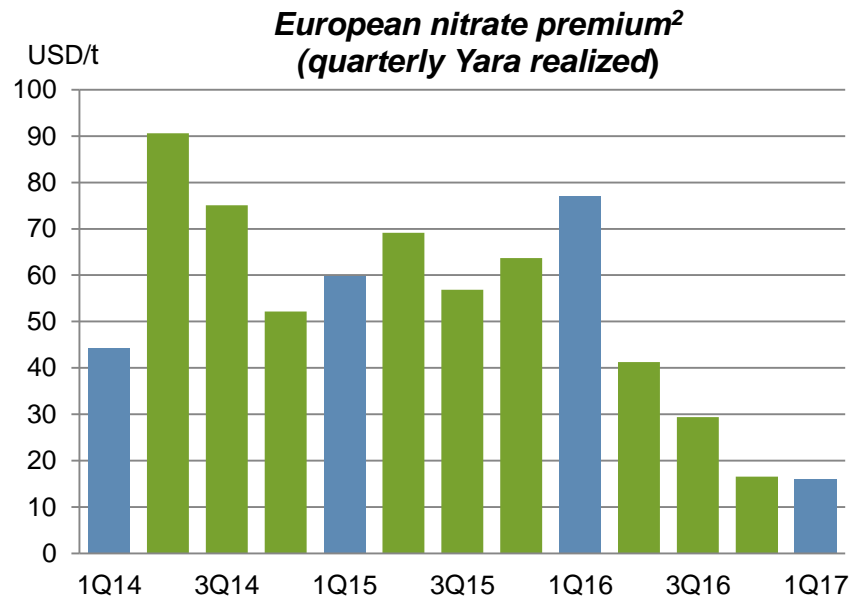




# Lower European nitrate premiums in new season

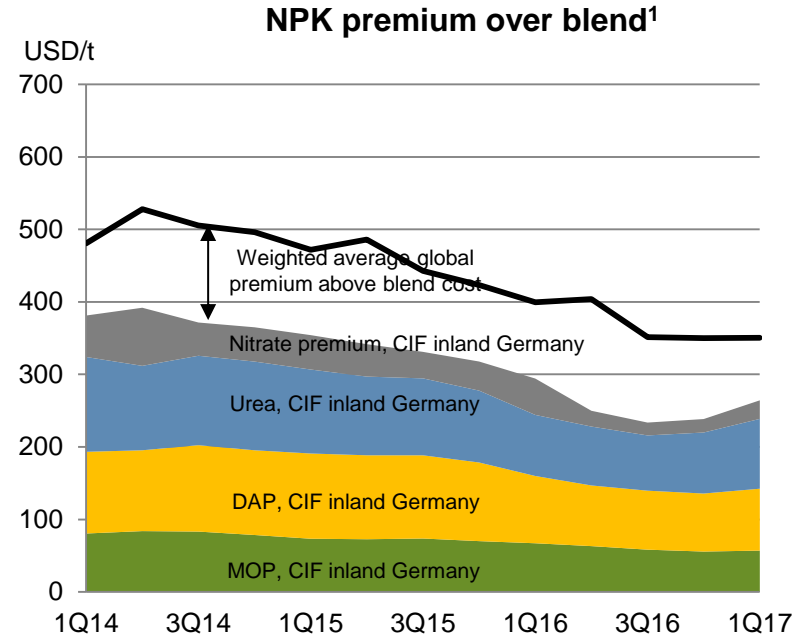
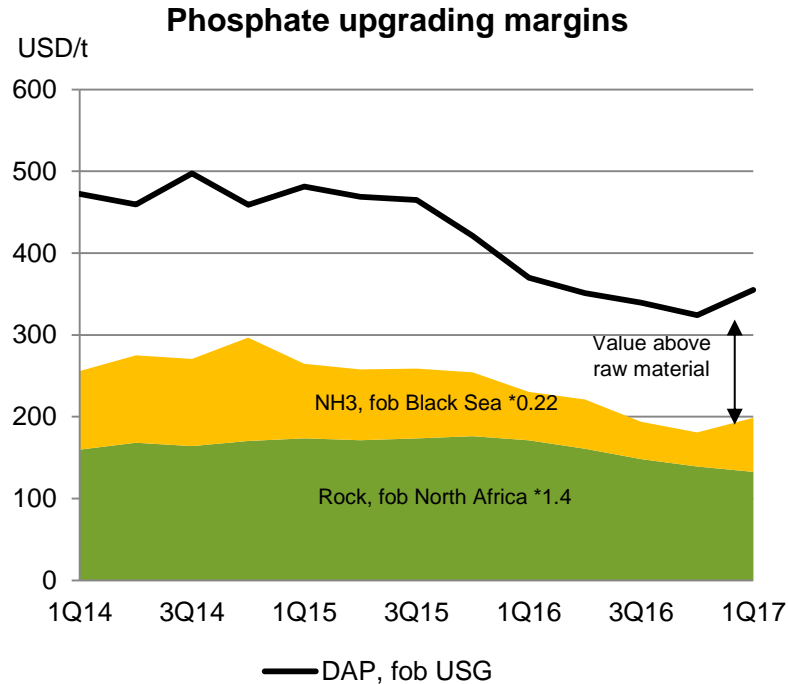


1) All prices in urea equivalents



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.

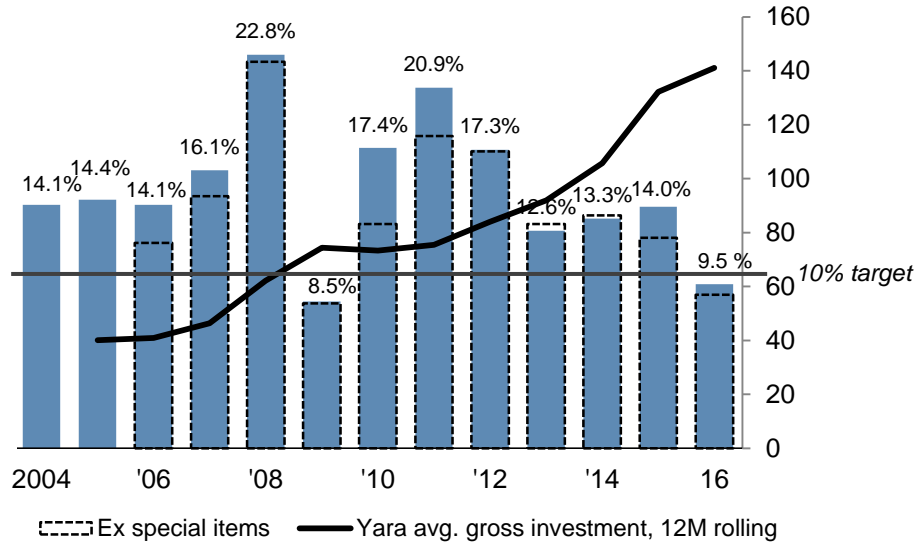
# Lower commodity phosphate margins, solid compound NPK premiums



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

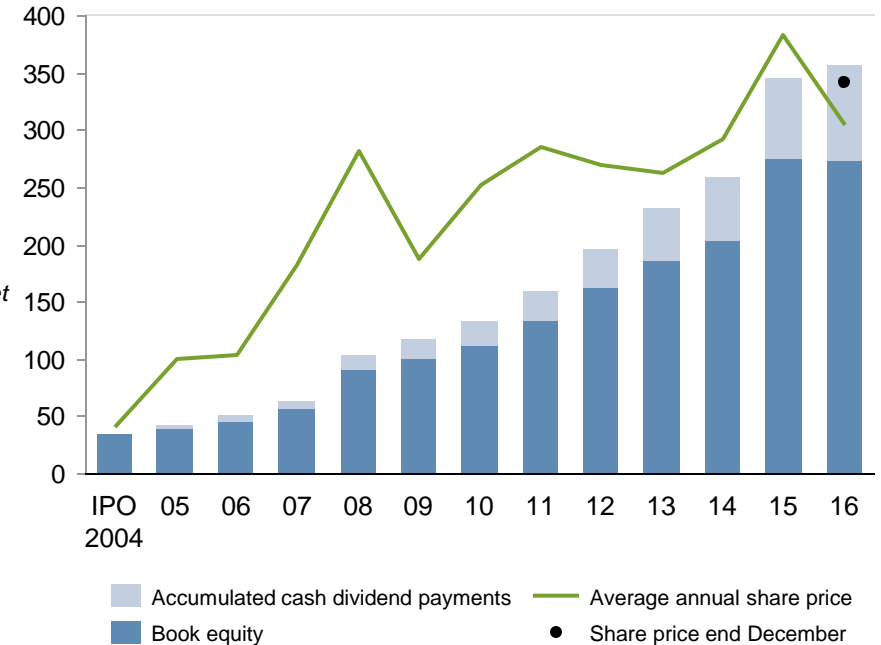
# Strong growth and profitability track record

Average cash return on gross investment (CROGI) well above the Yara CROGI target of 10%



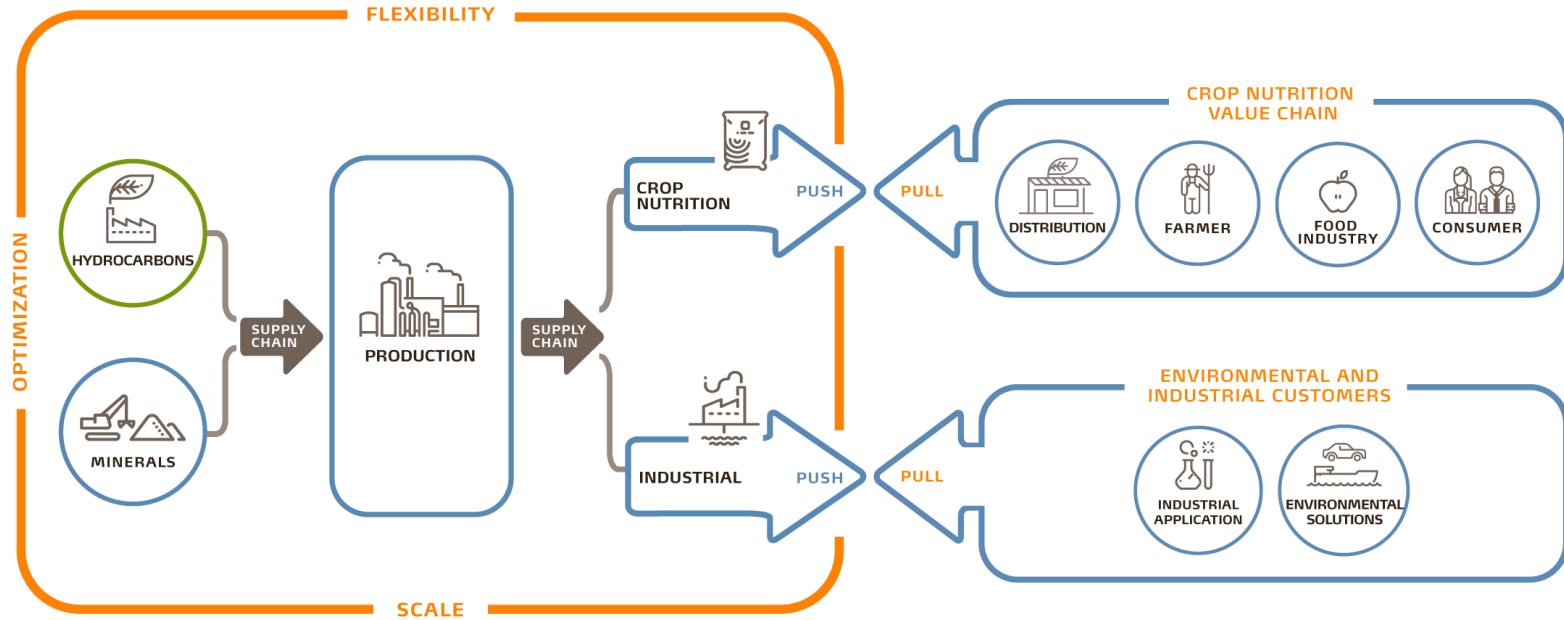
Average annual shareholder return of 23%<sup>1</sup>

NOK/share



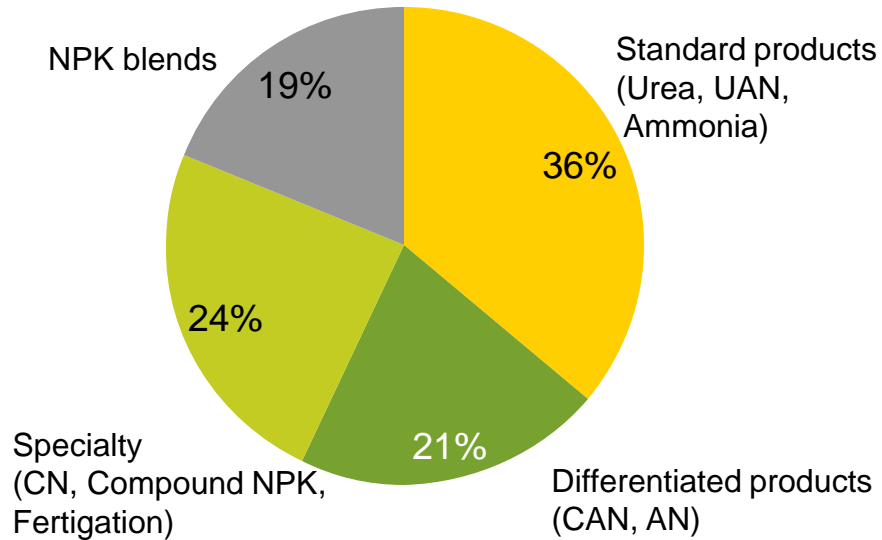
1) Share price appreciation (end 2016) plus dividend payments

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



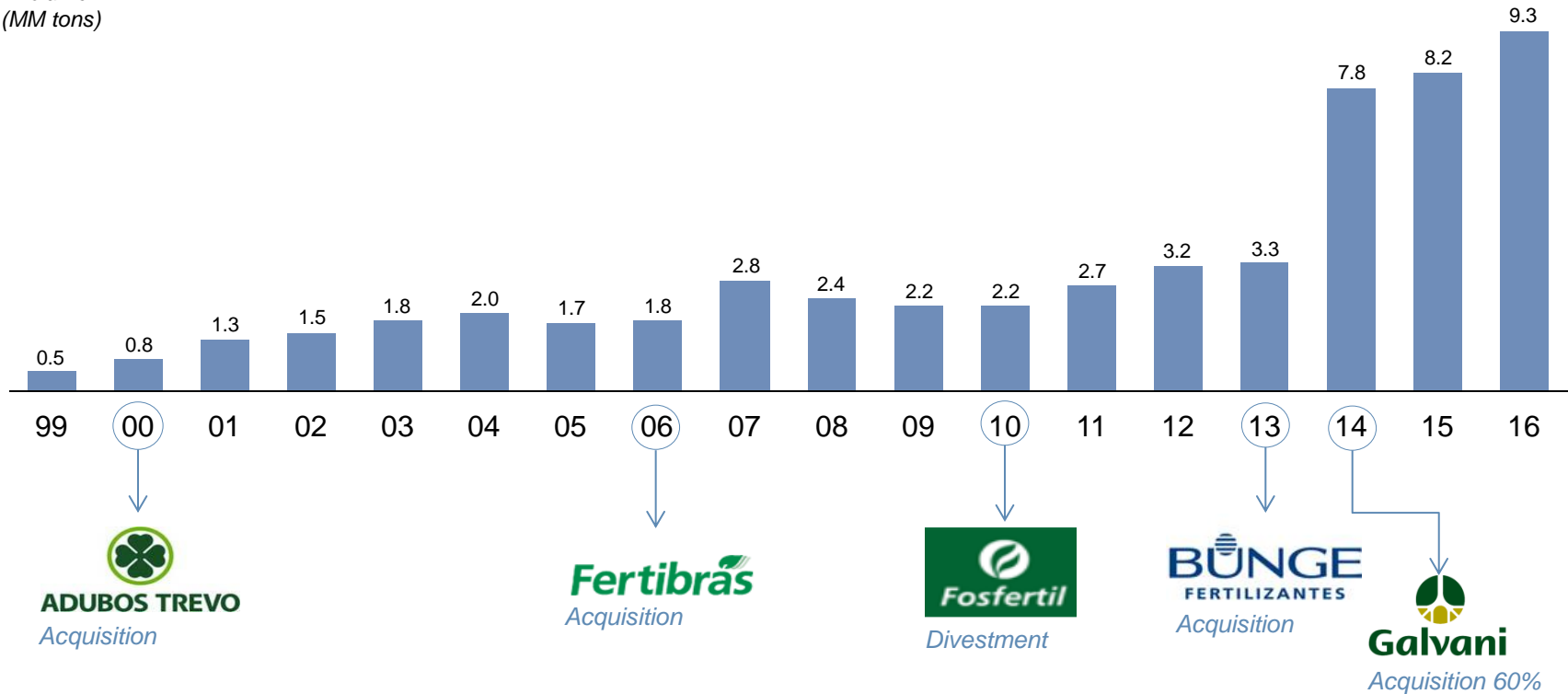
# Differentiated product portfolio represents a key source of competitive edge

Fertilizer product portfolio (2015/16 season volume)



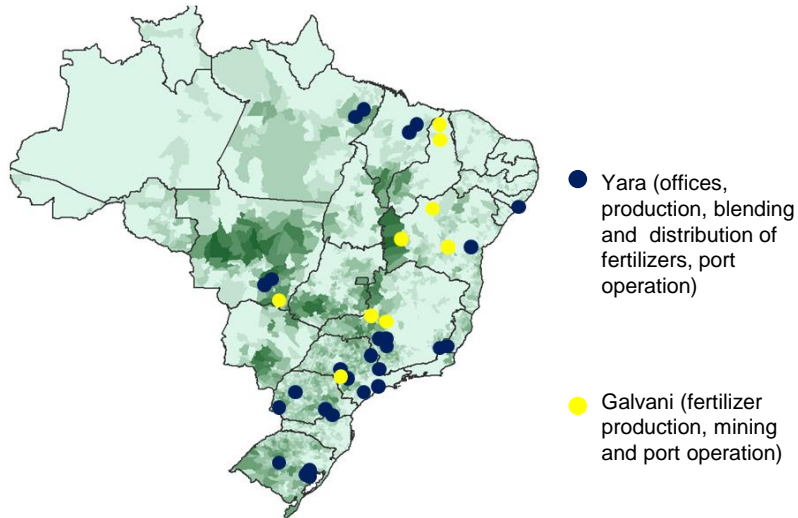
# Yara has invested for the long term in Brazil; Bunge acquisition brought critical mass in distribution

Volume  
(MM tons)



# 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.

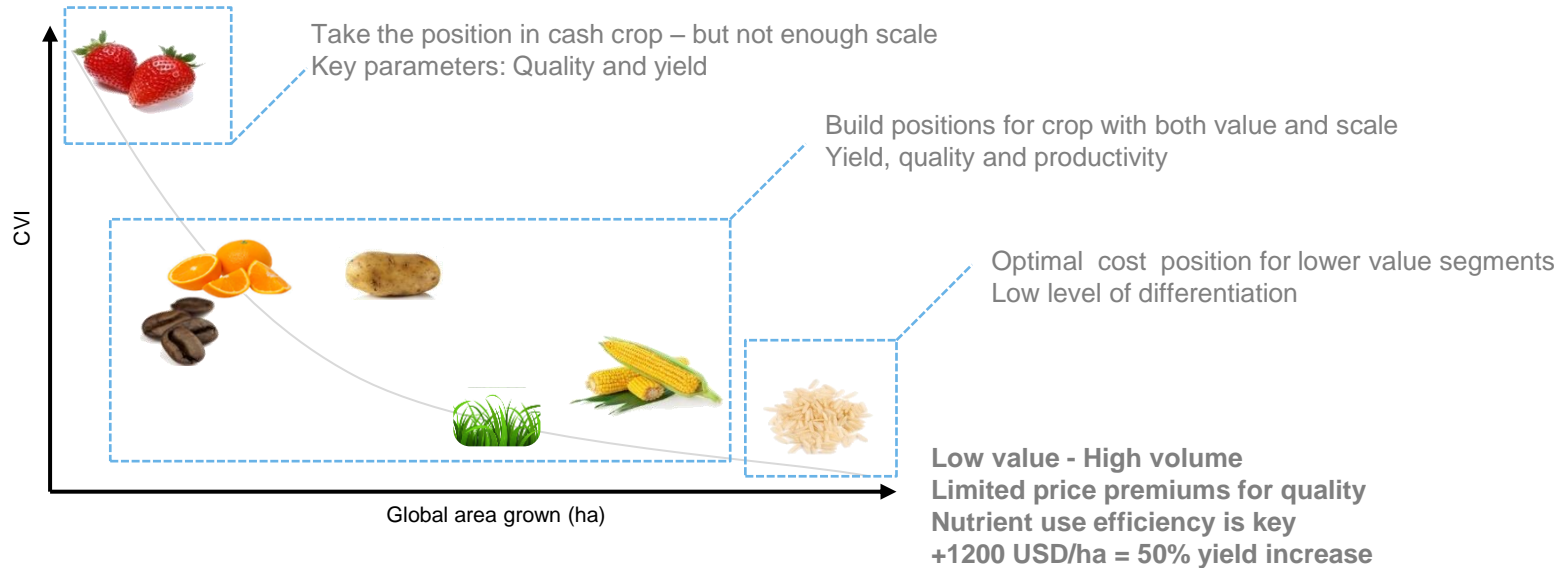


# Crop Value Index – a key guide to our approach

**What is CVI:**

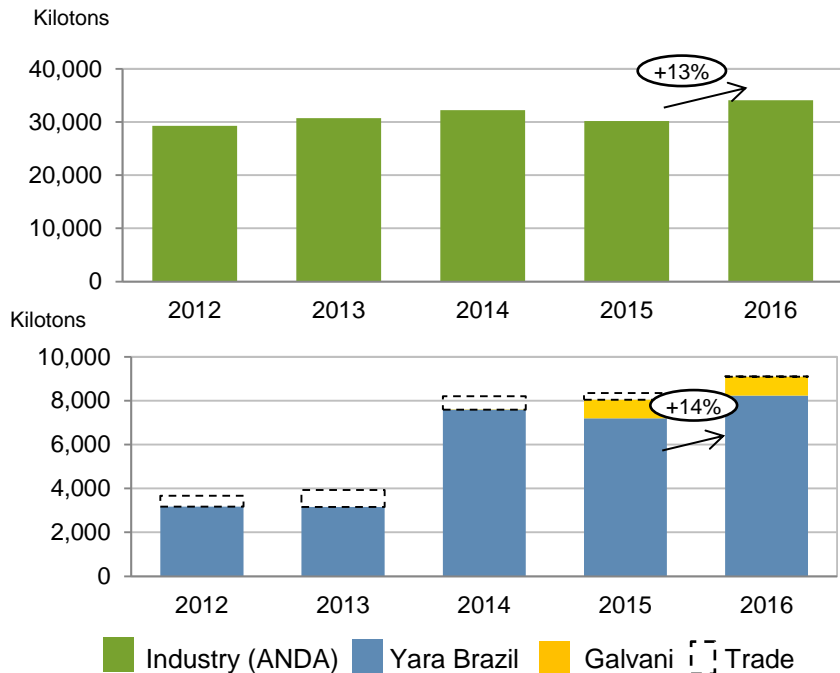
$$\frac{\text{Crop revenue}}{\text{Fertilizer costs}}$$

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

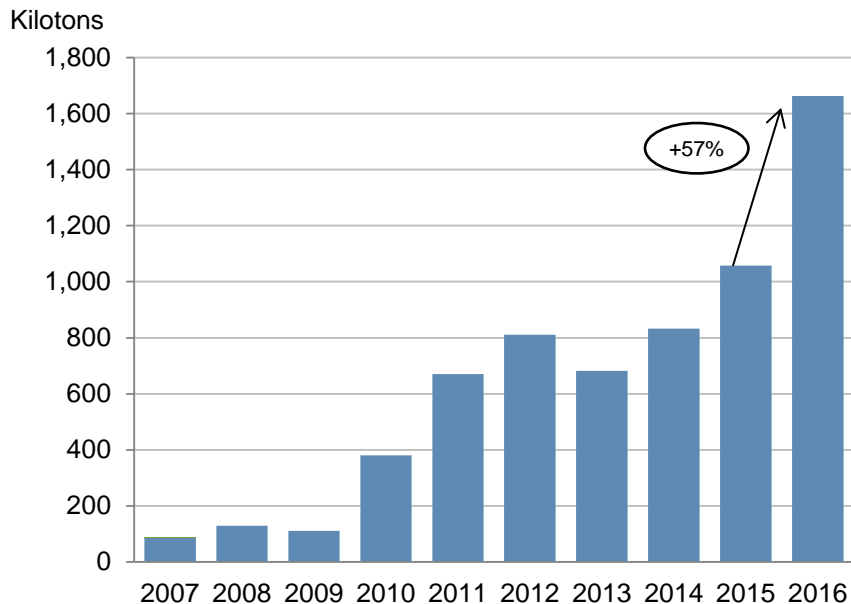


# Brazil: focus on premium products and solutions drives growth

## Brazil 2016 fertilizer deliveries



## Yara premium product deliveries



# 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)

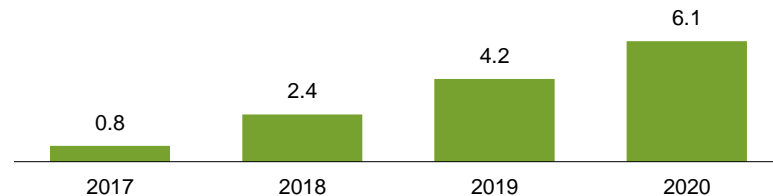
### Act on attractive opportunities to grow industrial sales and supply

- Pilbara – TAN (1Q 2017)
- Köping – TAN (1H 2018)

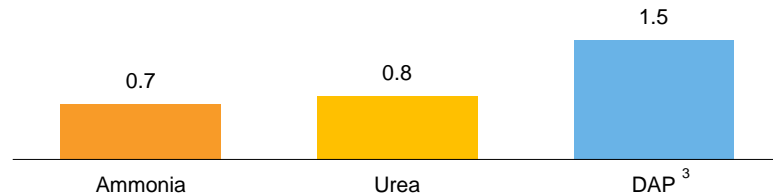
### Structurally secure P and K supply

- Galvani, Salitre (mining: 4Q17, chemical 4Q18)

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



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



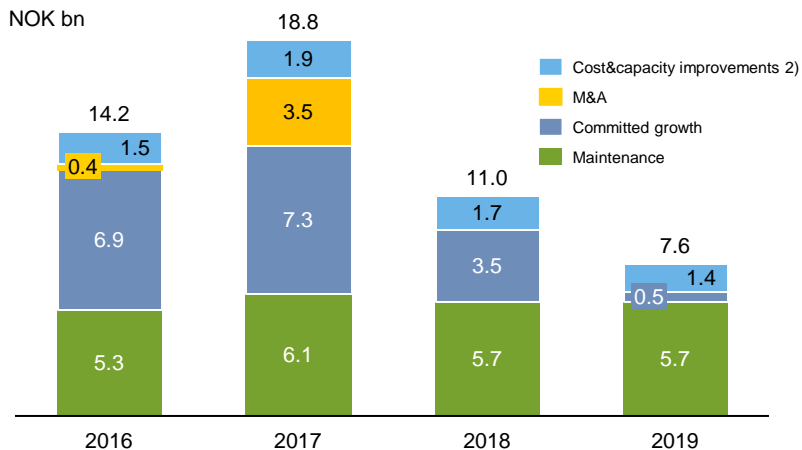
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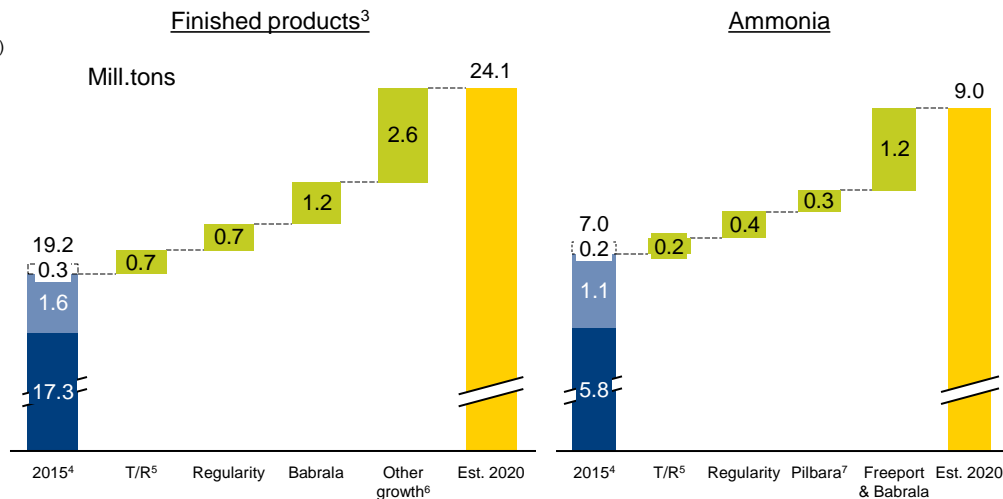
<sup>3</sup> Phosphate-driven price change, equivalent to 138 USD/t phosphate rock (72 bpl)

# Growth and capex pipeline

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



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



### Committed growth (NOK bn):

	2016	2017	2018	2019
Porsgrunn	1.2	0.7	-	-
Köping	0.4	0.7	0.2	-
Sluiskil	0.7	0.8	0.0	-
BASF JV	1.6	1.0	0.5	-
Rio Grande	0.1	1.5	1.2	0.5
Salitre	0.8	2.4	1.6	-
Other projects	2.1	0.4	-	-
<b>Total</b>	<b>6.9</b>	<b>7.3</b>	<b>3.5</b>	<b>0.5</b>

1) Yara's share of capex. Fully consolidated entities presented at 100% basis.

2) Includes Yara Improvement program Capex and other improvements

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

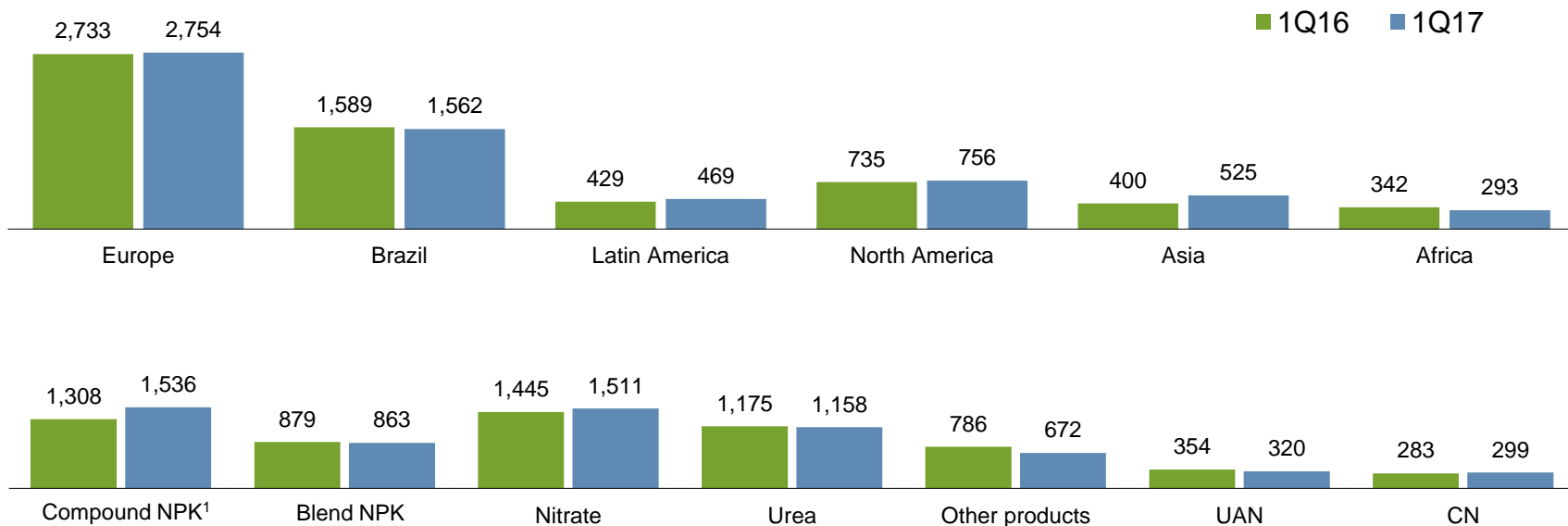
5) Adjustment to normalized / 2016 turnaround level

6) Committed projects only. TAN Pilbara: 160 kt, Porsgrunn: 250kt, Glomfjord: 185kt, Uusikapunki: 250kt, Köping: 90kt, Sluiskil: net 160kt, Galvani (Salitre ~ 1 mill.tons), Rio Grande: 500kt

7) Including 100% ownership in Pilbara NH<sub>3</sub> plant

# Yara 1Q fertilizer deliveries by market and product

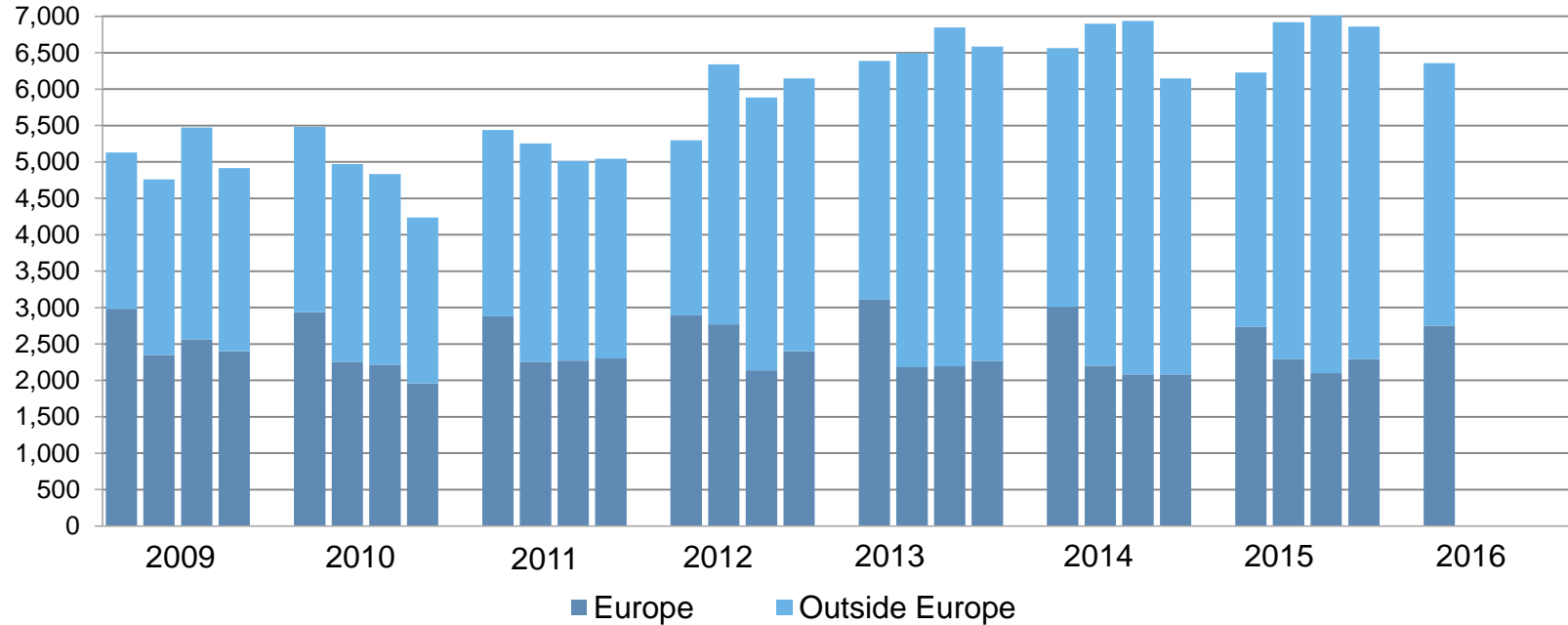
Kilotons



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

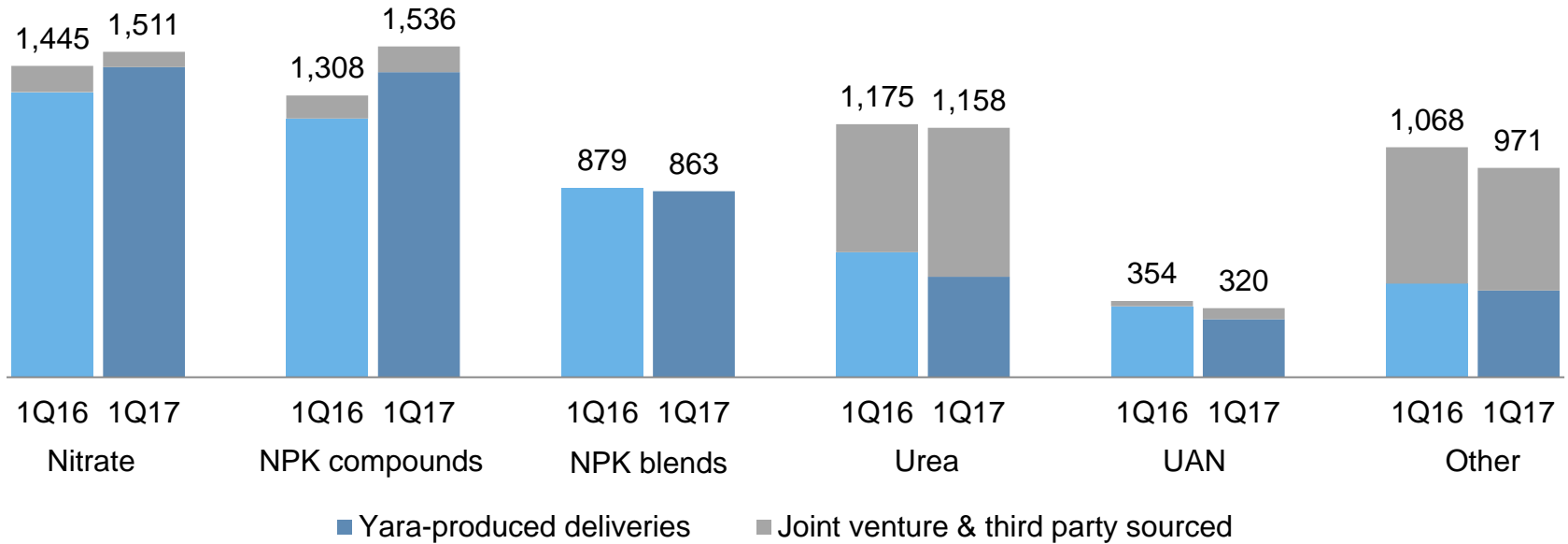
# Fertilizer deliveries

Kilotons



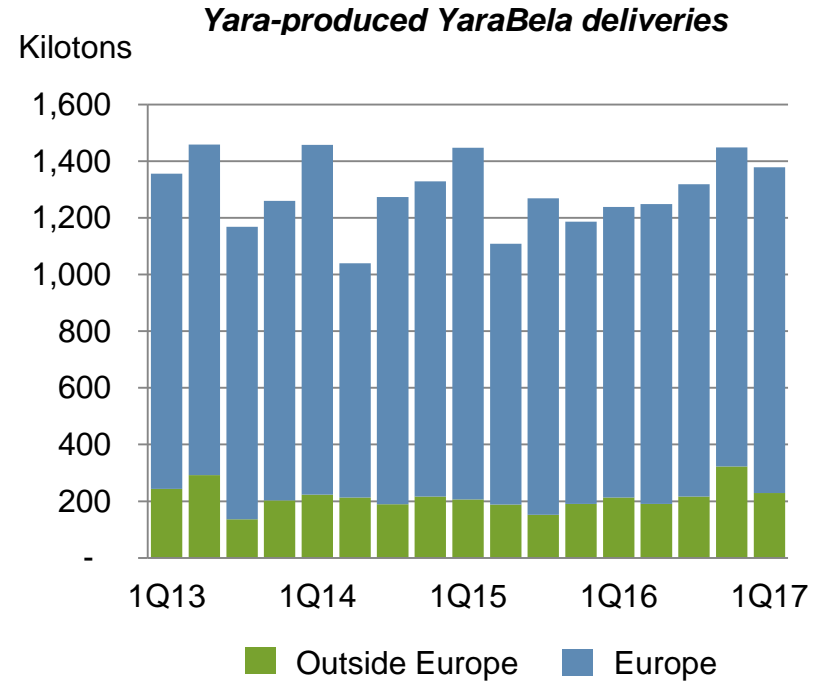
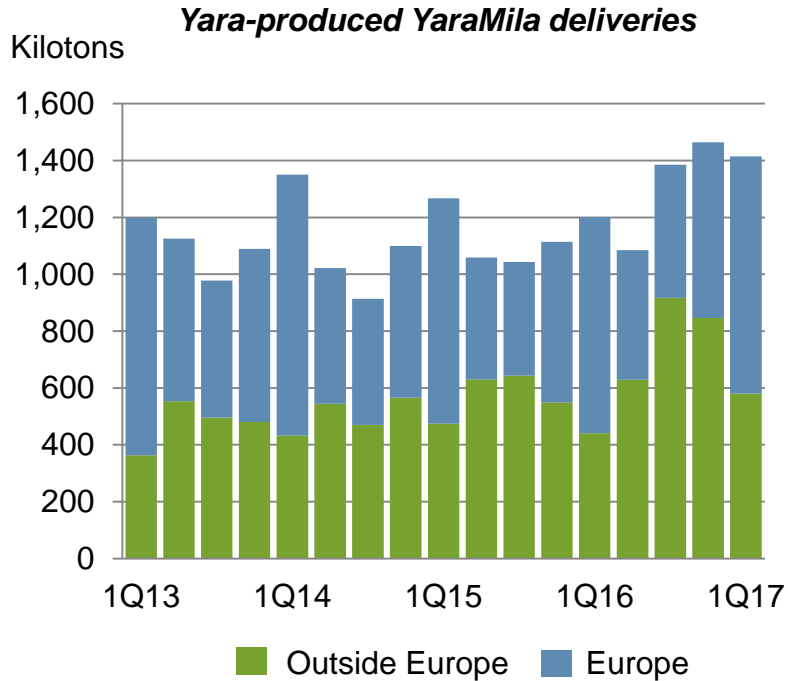
# Fertilizer deliveries by product and source

Kilotons



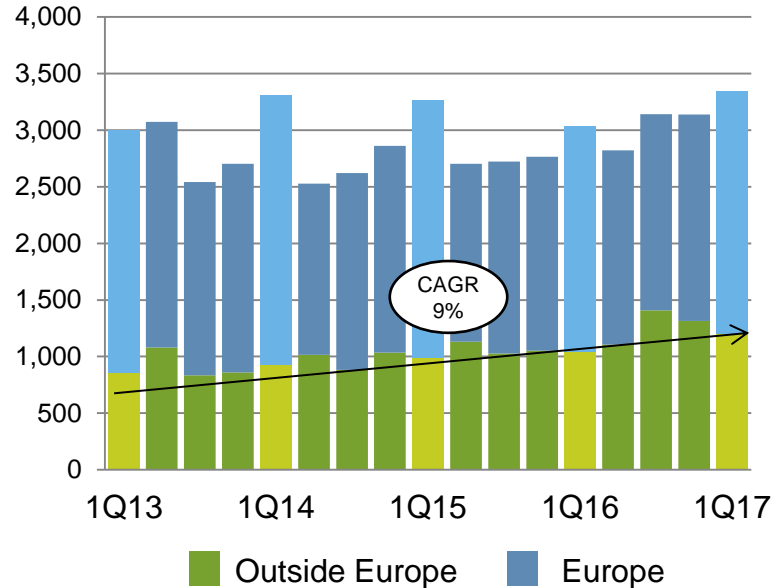


# YaraMila (compound NPK) and YaraBela (nitrate) deliveries

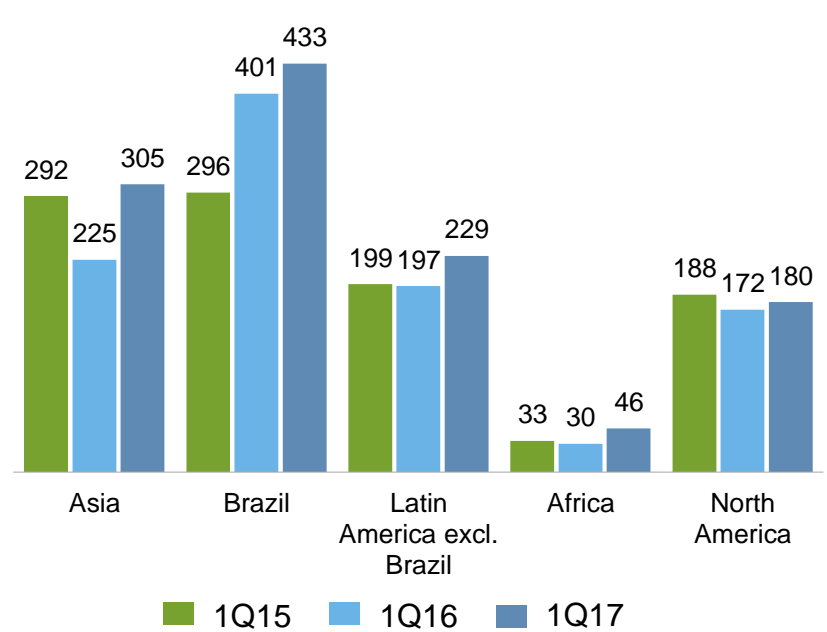


# Strong premium product deliveries

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



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

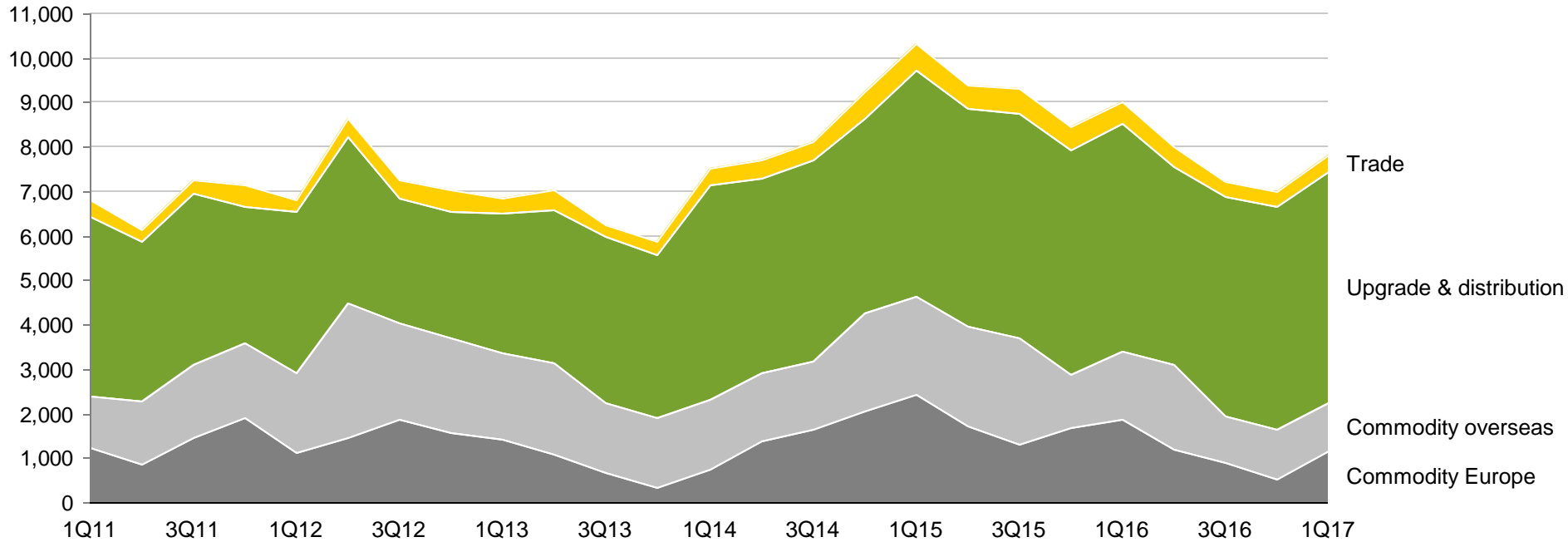


1) YaraBela, YaraMila and YaraLiva deliveries

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

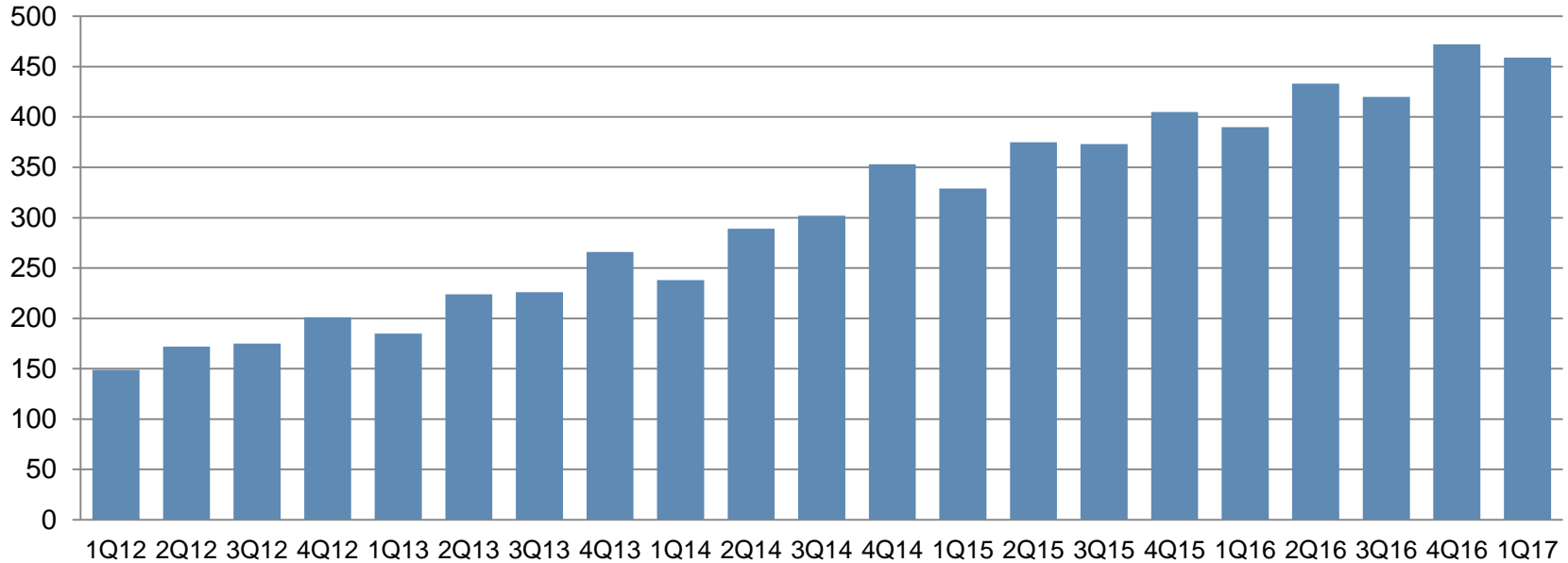
NOK millions

## Total Yara contribution



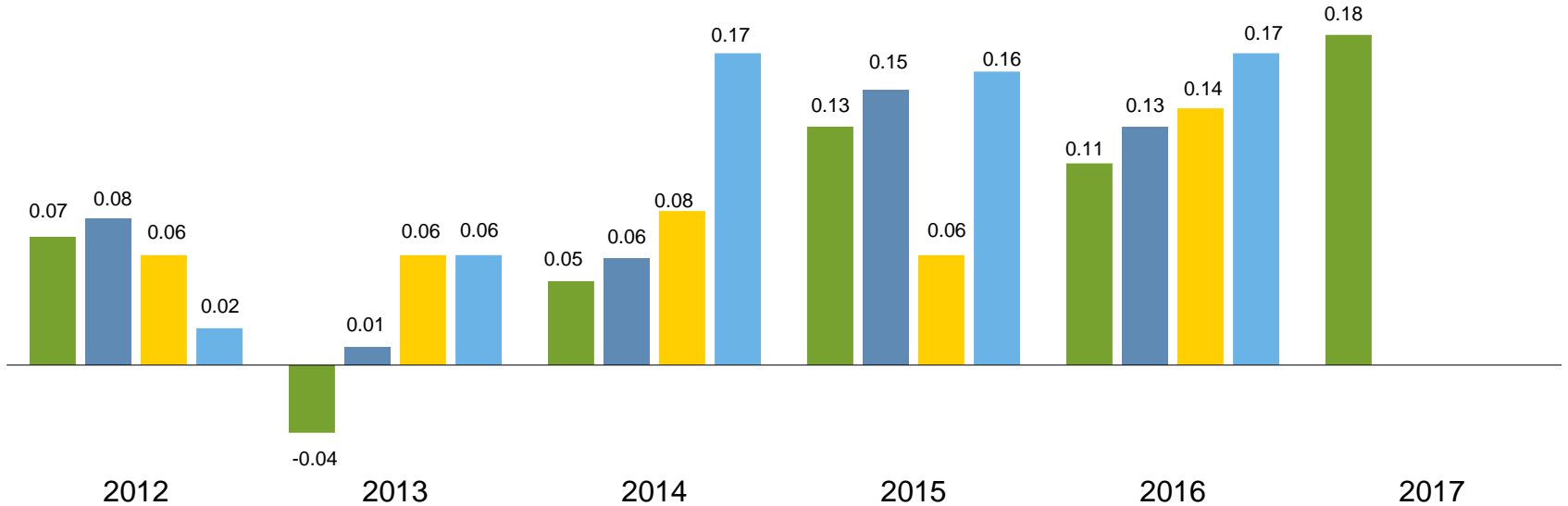
# AdBlue deliveries

Kilotons



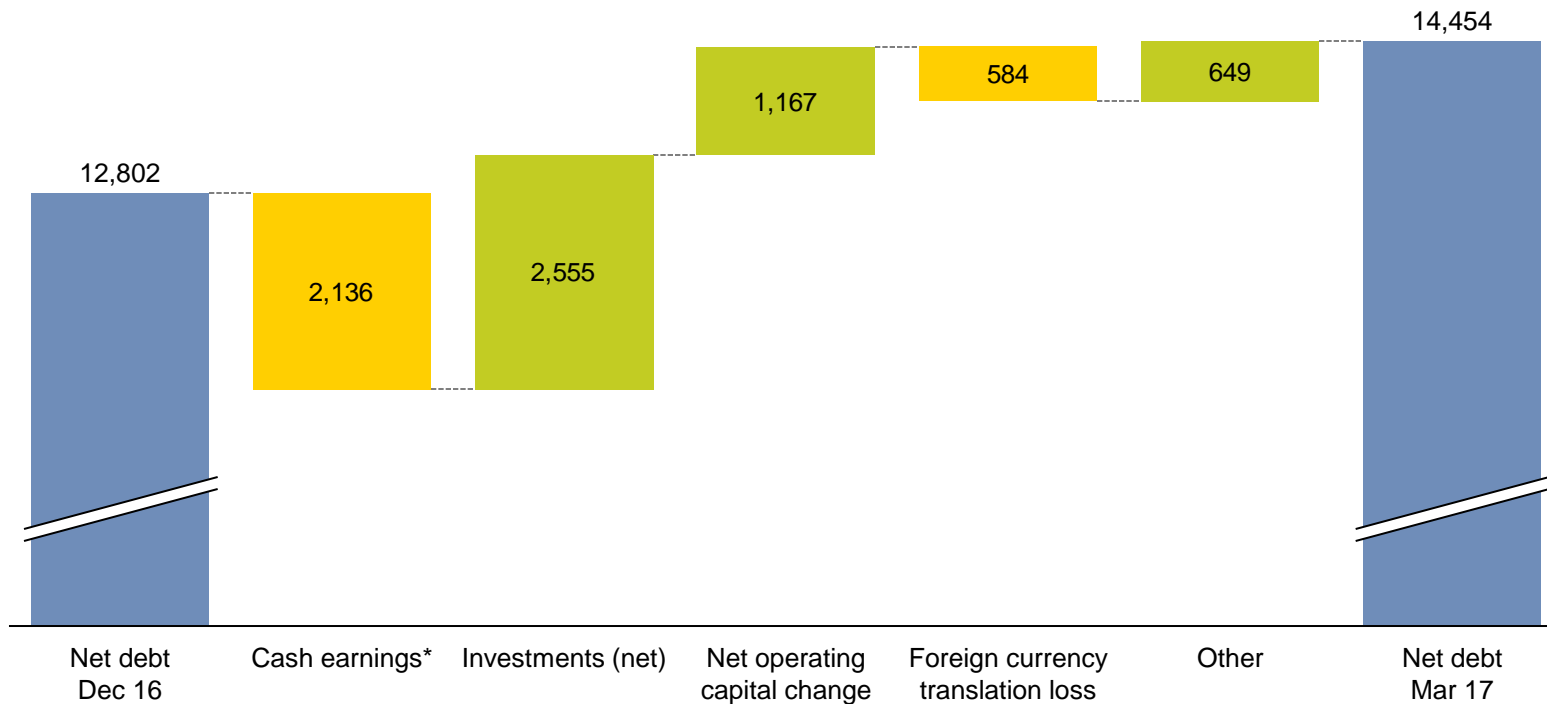
# Debt/equity ratio

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



# Net interest-bearing debt development

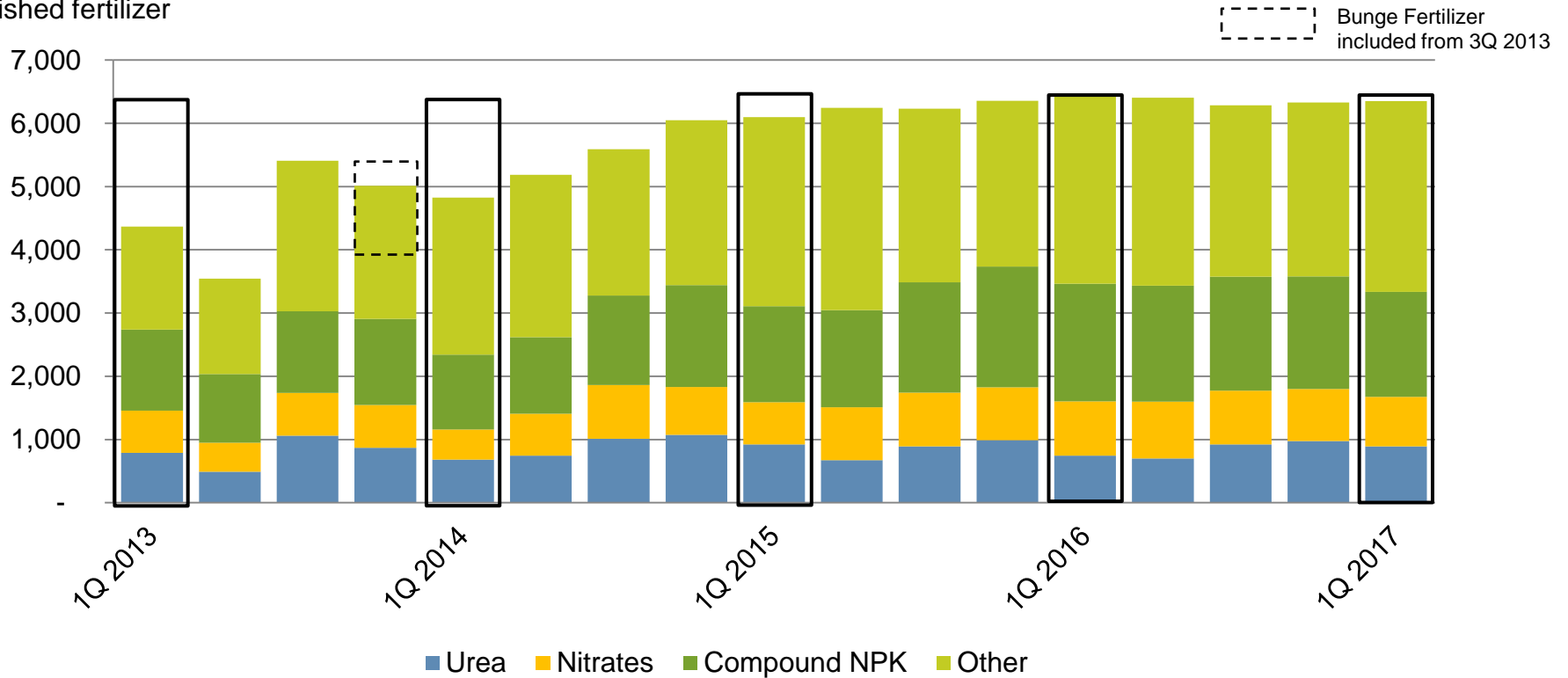
NOK millions



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

# Yara stocks

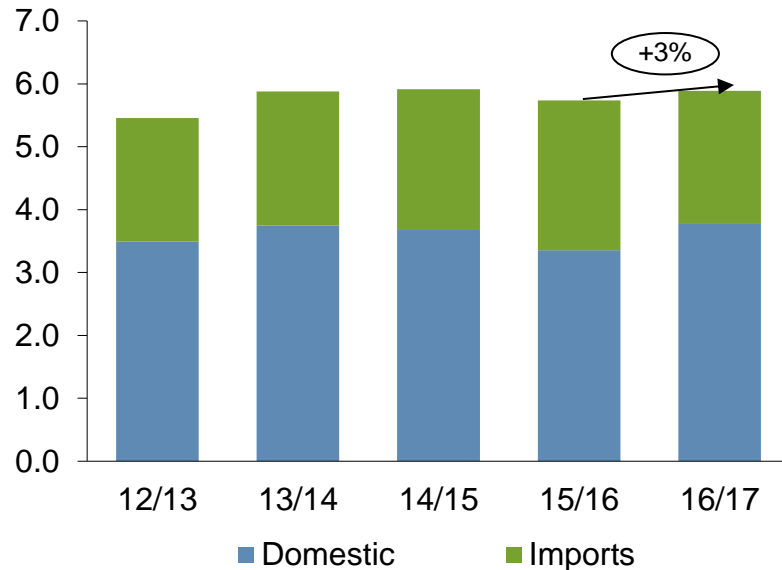
Kilotons  
Finished fertilizer



# Season to date deliveries up in Europe, down in USA

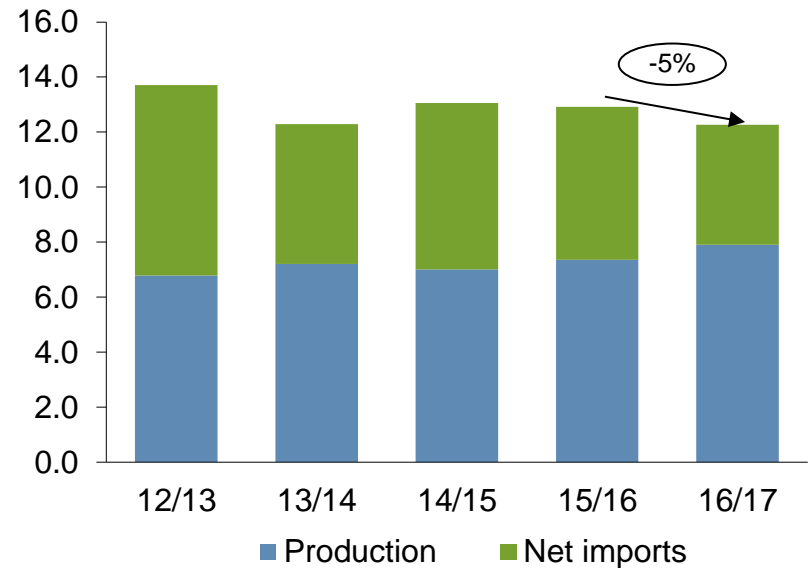
Million tons N

**West Europe**



Million tons N

**US**

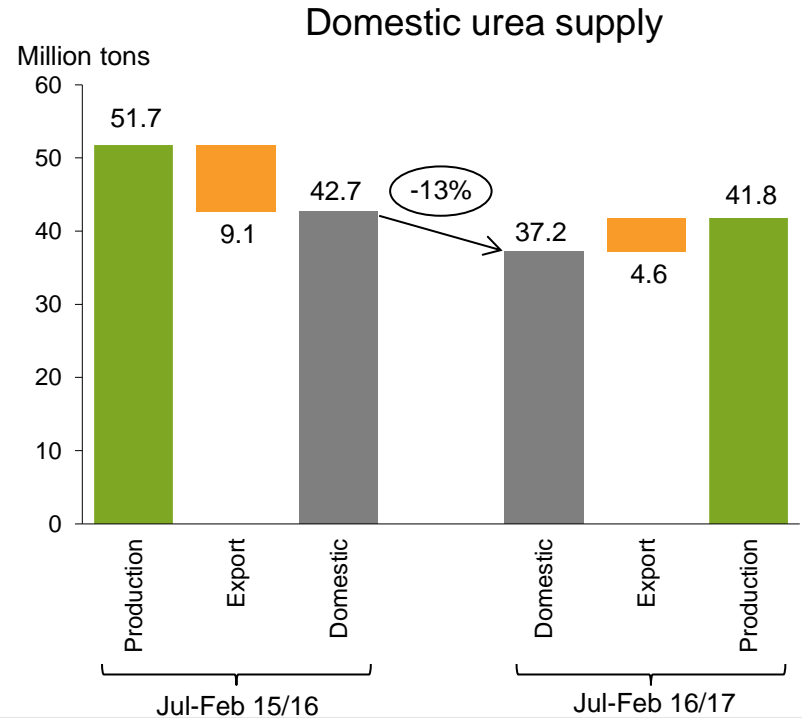
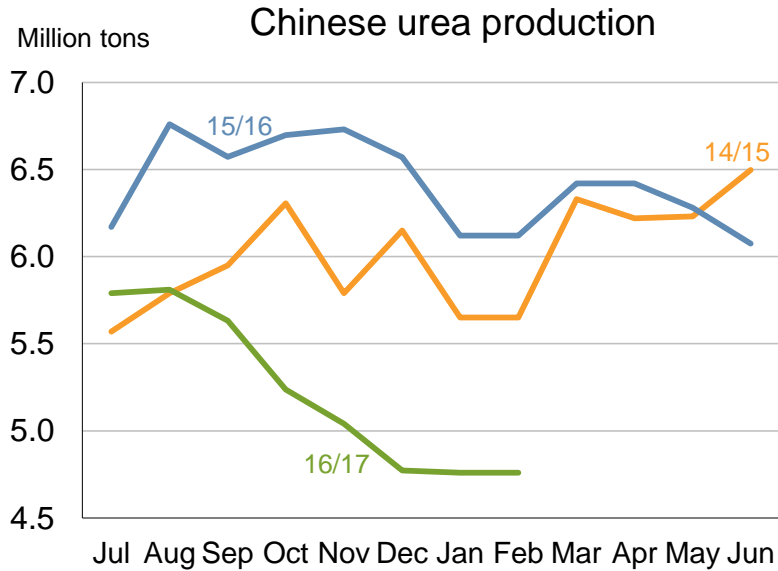


Source: Yara estimate for fertilizer deliveries to selected West European countries.

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



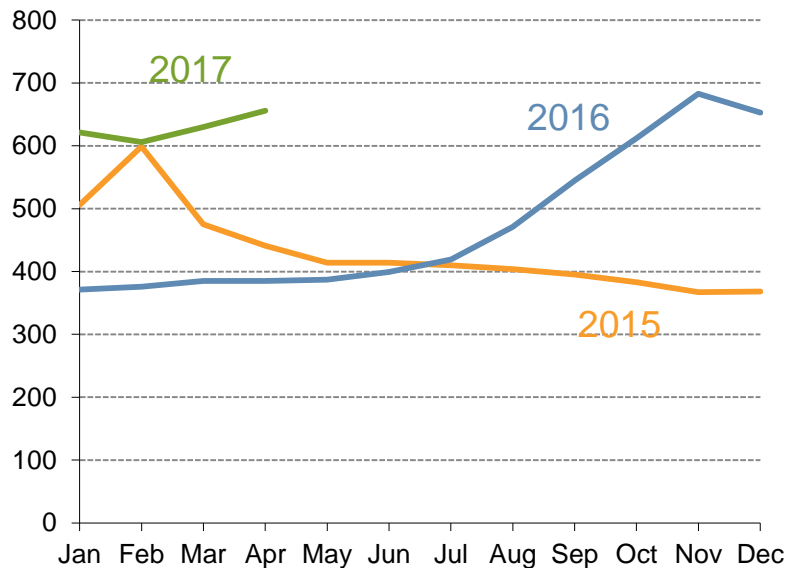
# Chinese urea production suffering from increased production costs, domestic demand lower this season



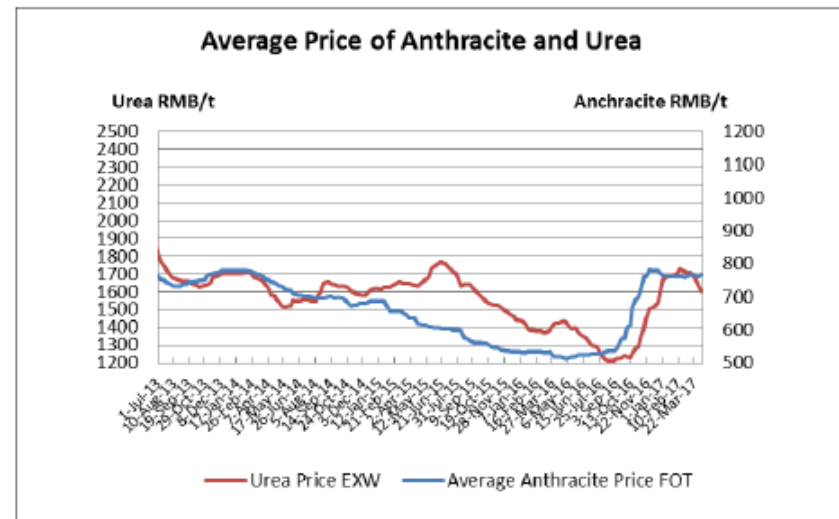
Source: CFMW

# Increasing coal prices drove nitrogen prices higher

Coal price in China (fob Qinhuangdao 5500, RMB/mt)



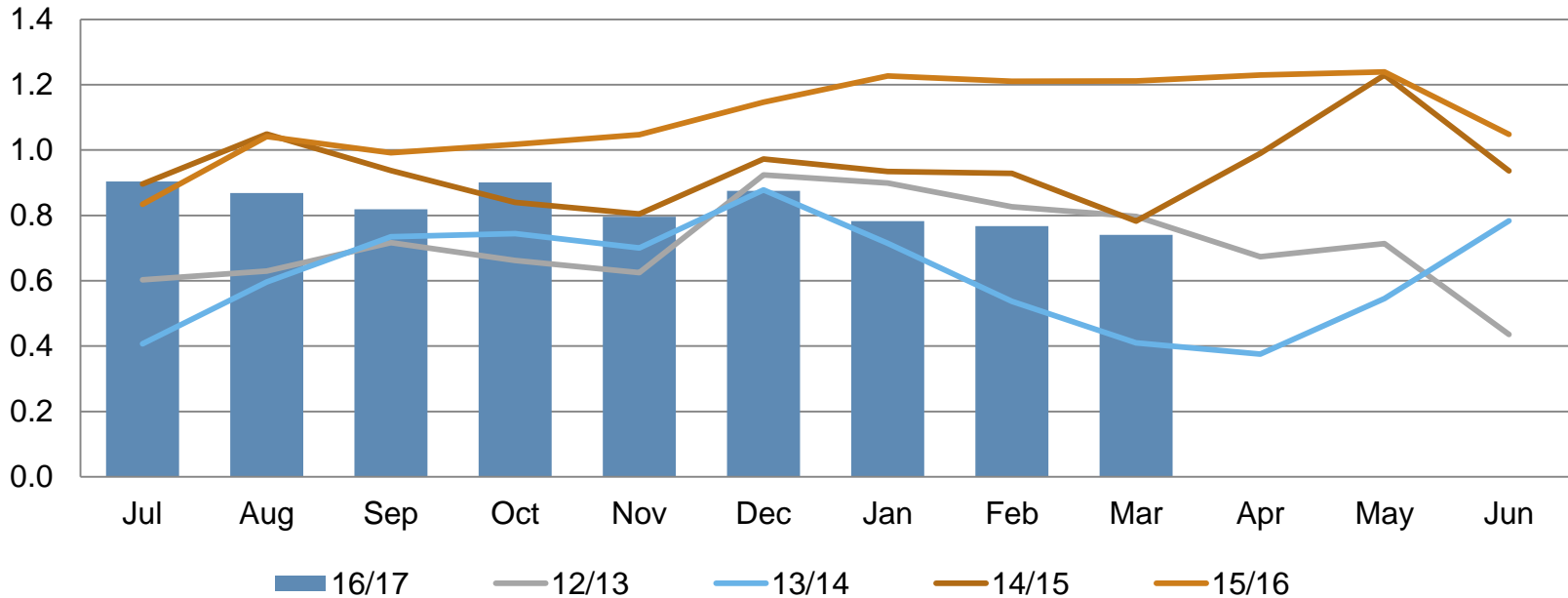
China anthracite and urea prices (RMB/mt)



Source: IHS, CFMW

# European producers' nitrate stocks

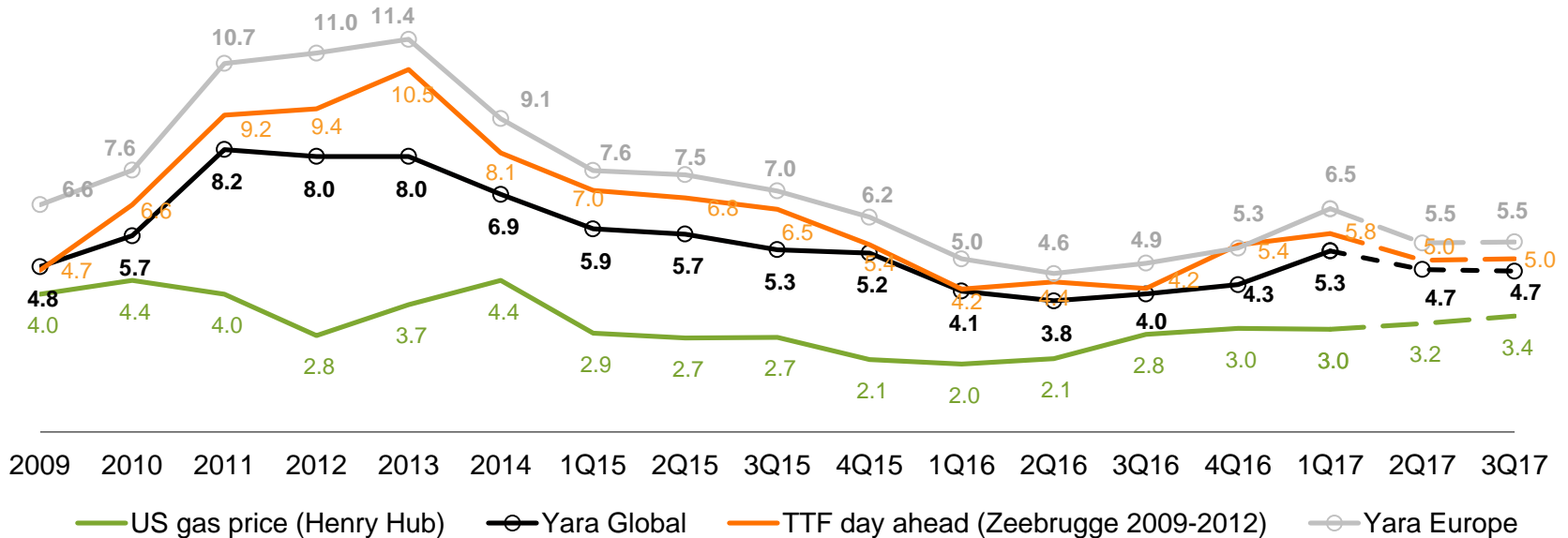
Index  
June 2007 = 1



Source: Fertilizers Europe, Yara estimate for March

# Energy cost

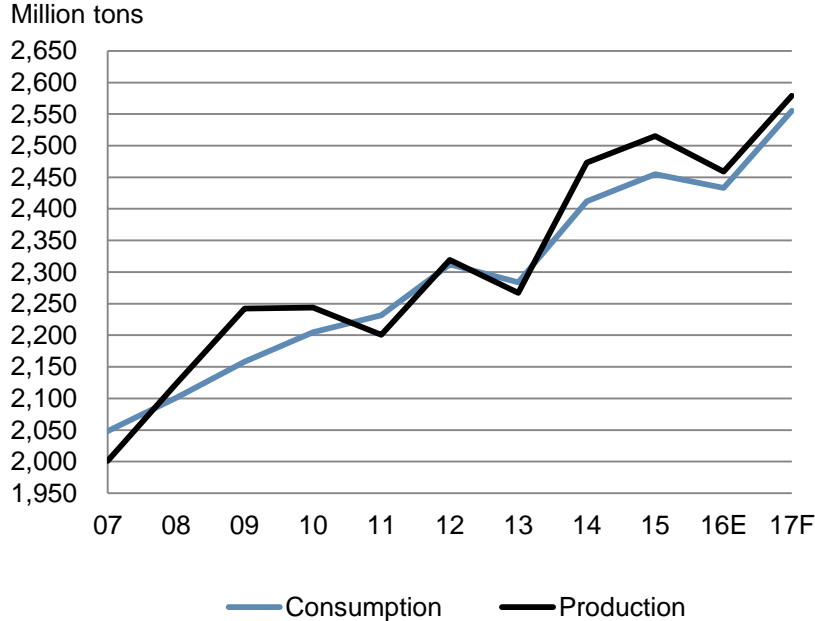
Yearly averages 2009 – 2014, quarterly averages for 2015-17 with forward prices\* for 2Q17 and 3Q17.



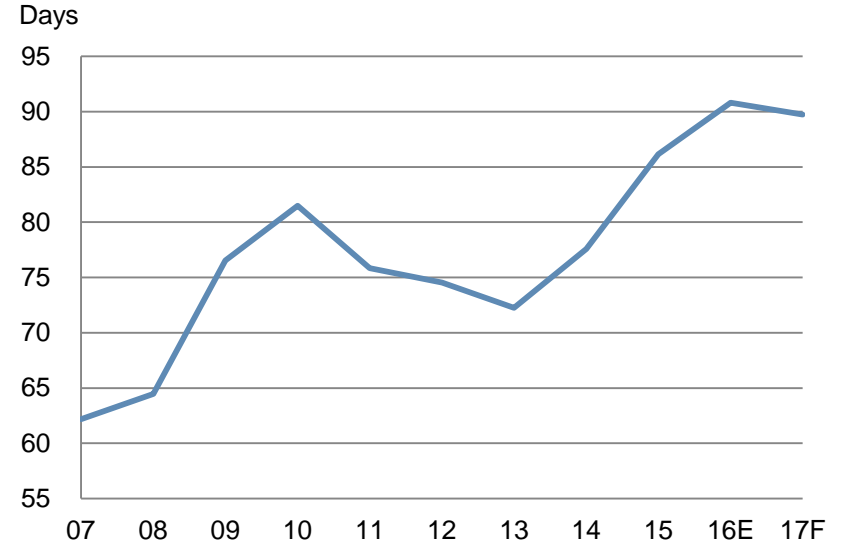
\*Dotted lines denote forward prices as of 19 April 2017  
 Source: Yara, World Bank, Argus/ICIS Heren

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

## Grain consumption and production



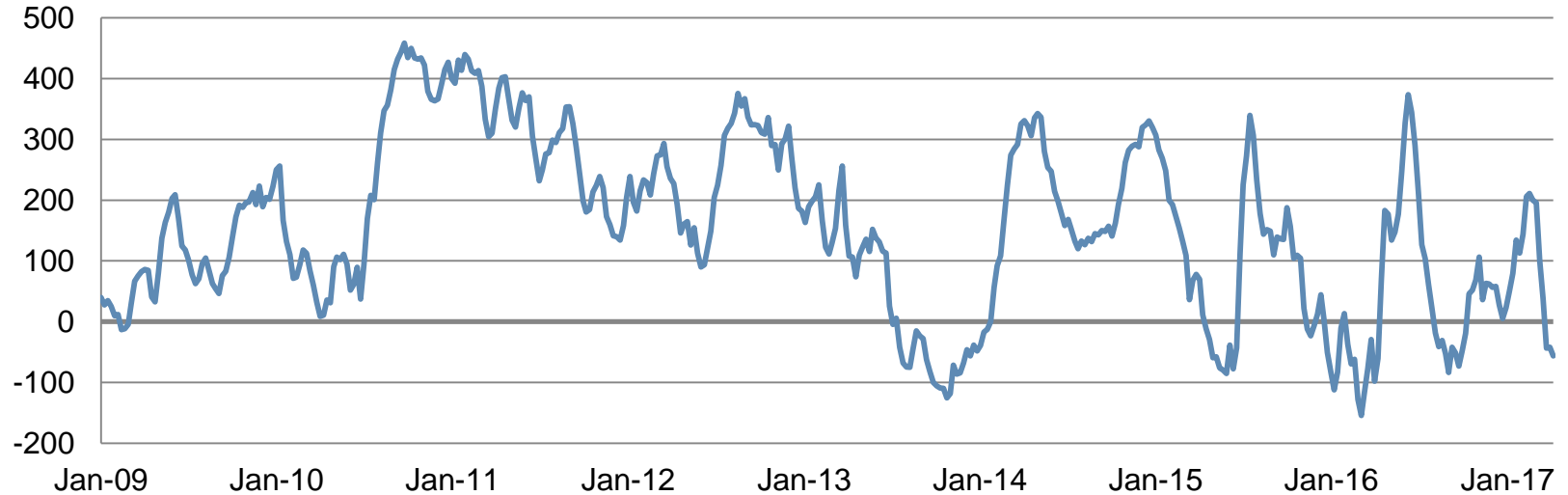
## Days of consumption in stocks



Source: USDA April 2017

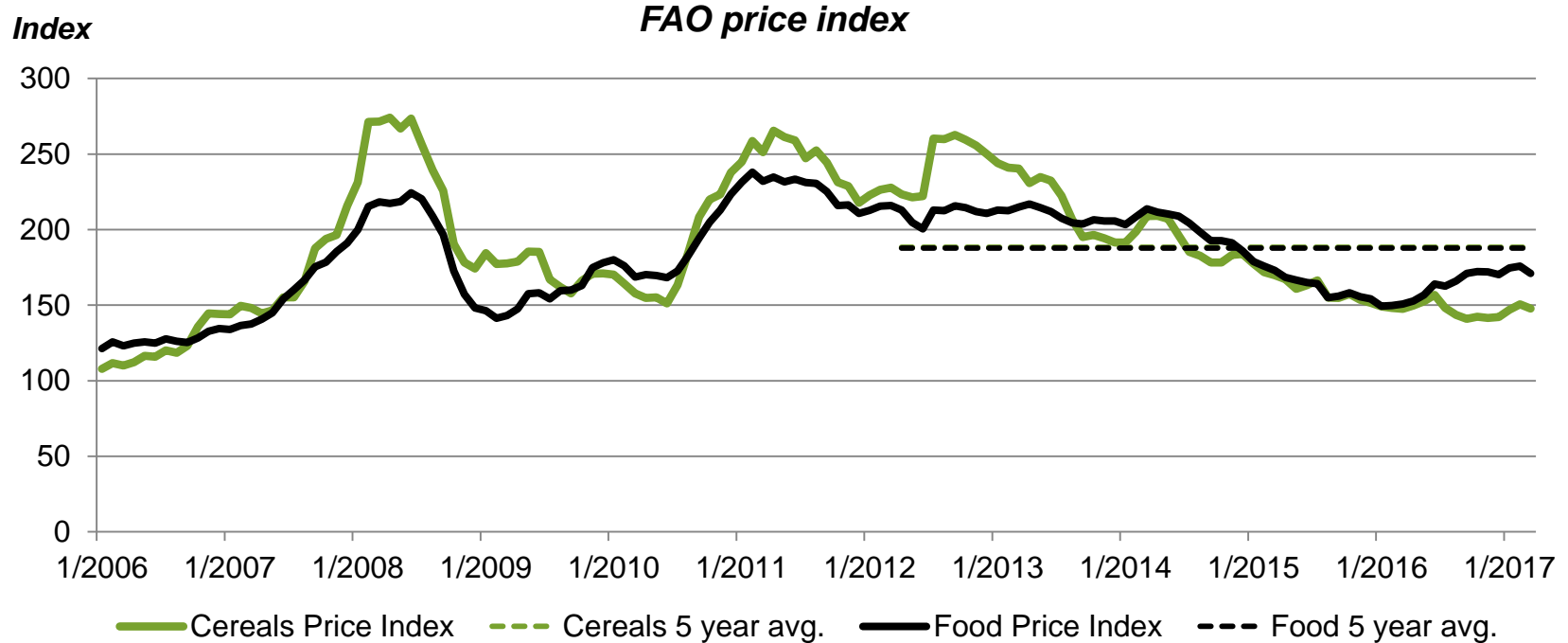
# Non-commercials' net long position in corn

Thousand contracts



Source: US Commodity Futures Trading Commission

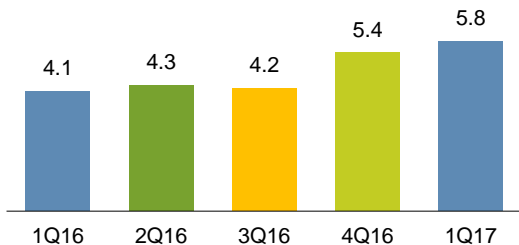
# Relatively weak grain and food production economics



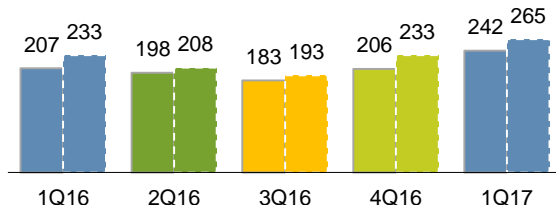
Source: FAO

# Key value drivers – quarterly averages

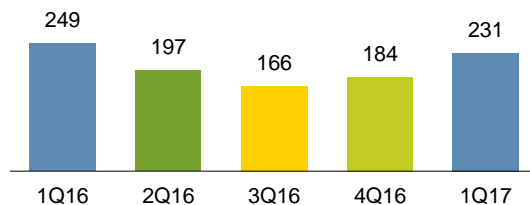
TTF day ahead (USD/MMBtu)



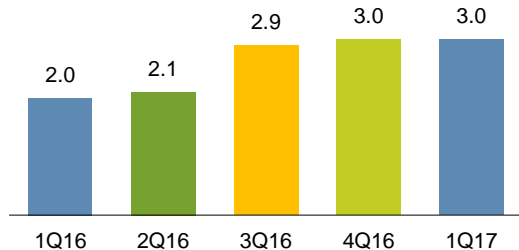
Urea prilled fob Black Sea (USD/t)/Urea granular fob Egypt (dotted line, USD/t)



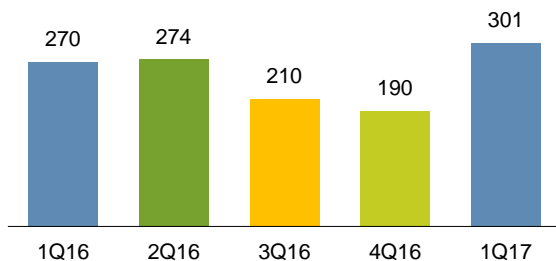
CAN cif Germany (USD/t)



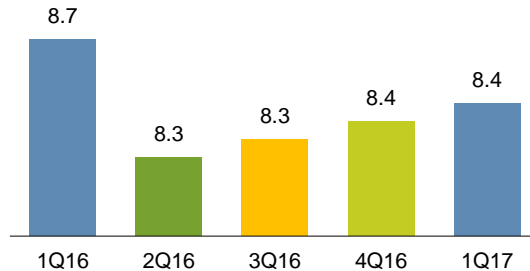
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



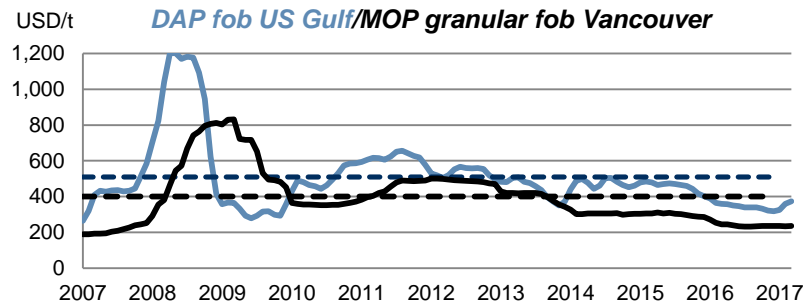
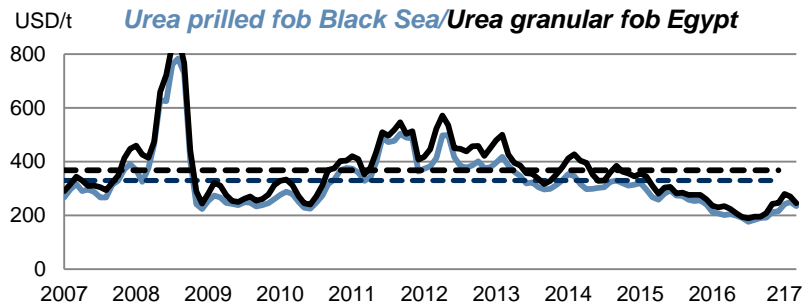
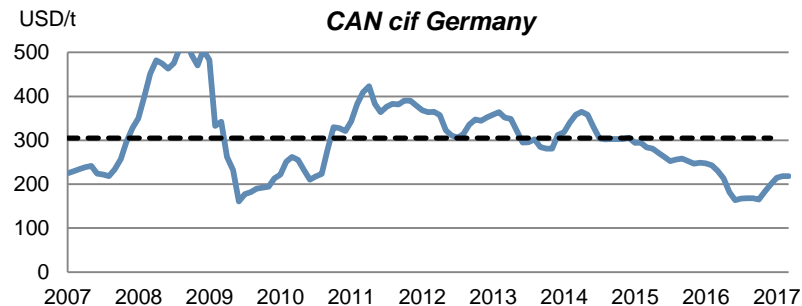
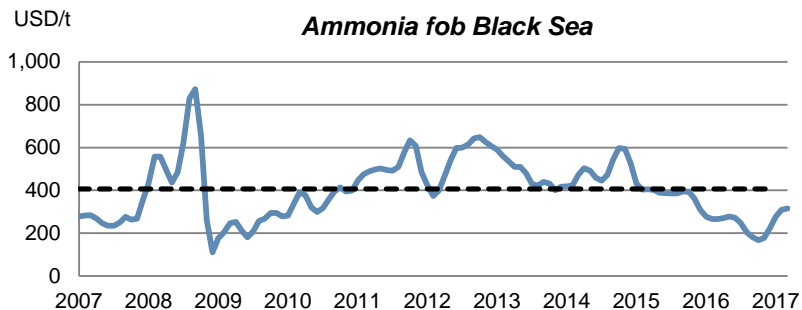
NOK/USD exchange rate



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



# 10-year fertilizer prices – monthly averages



--- Average prices 2007 - 2016