



Knowledge grows

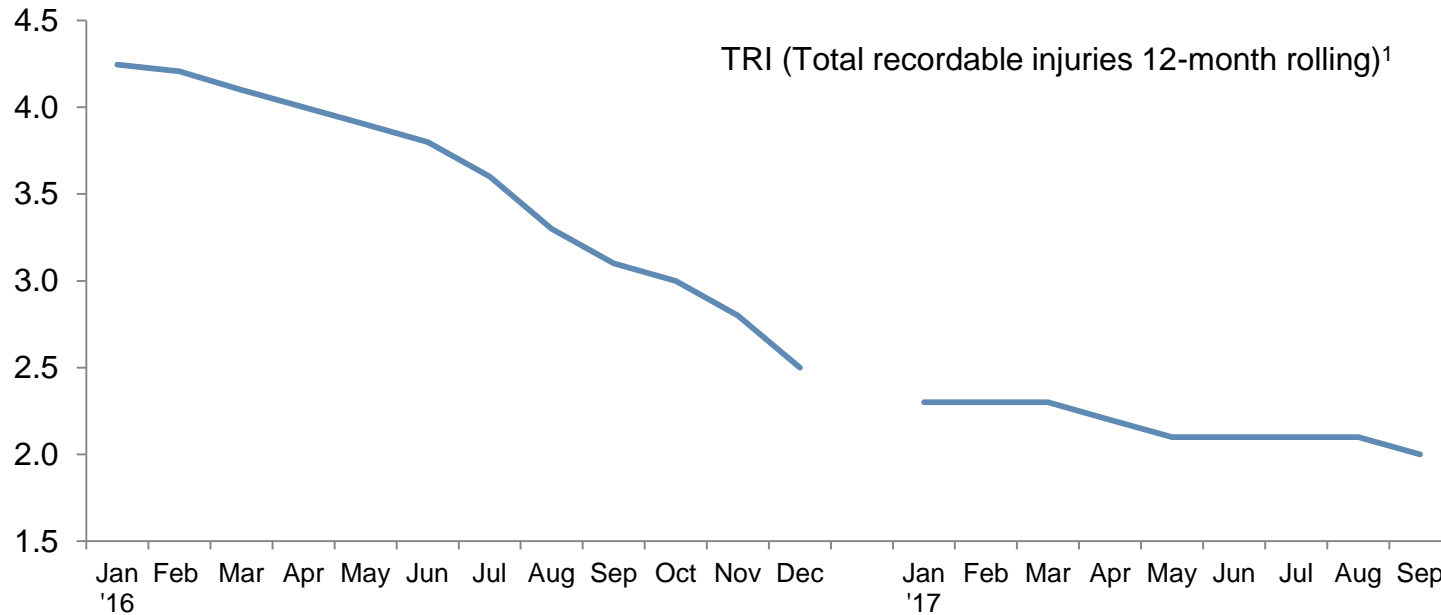
# Yara International ASA 3Q17 results roadshow

Torgeir Kvidal, CFO

Nina Kleiv, Investor Relations



# Safe operations is our first priority

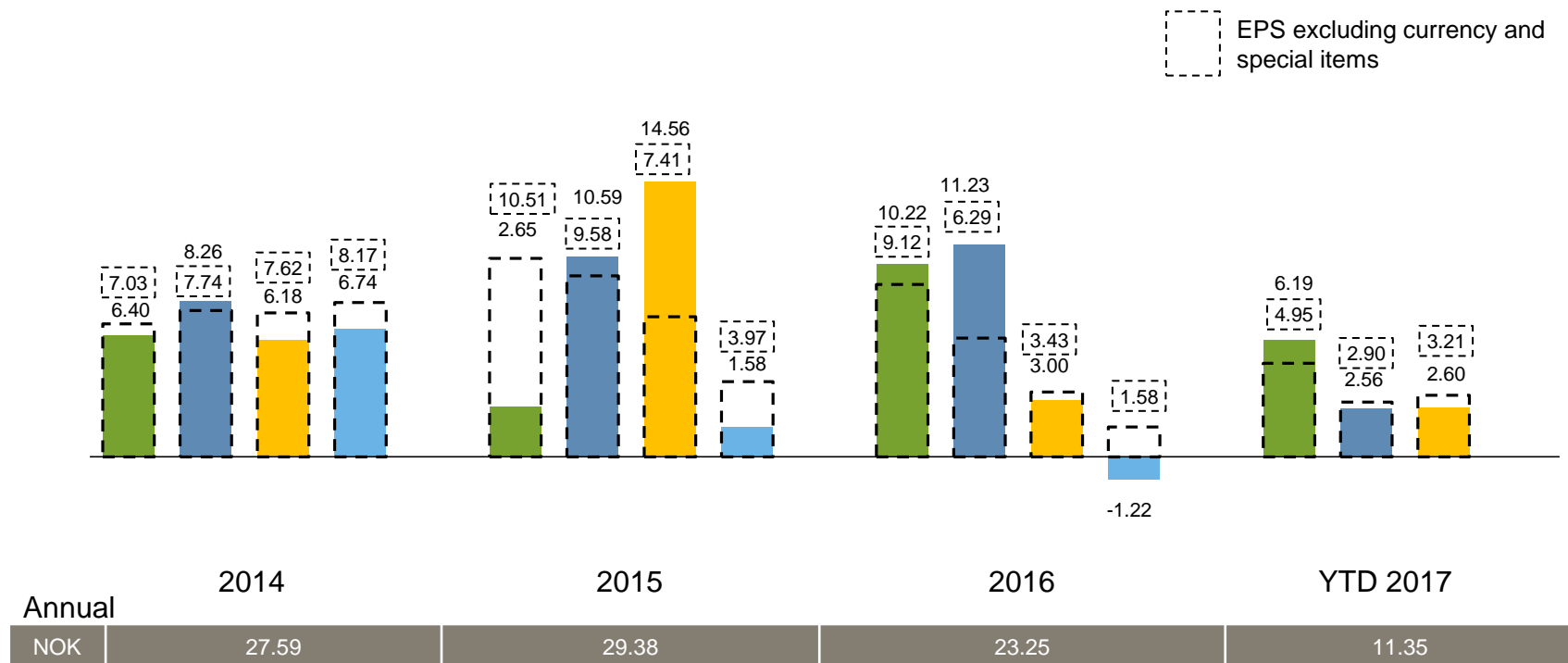


1) TRI: Total recordable injuries, lost time (absence from work), restricted work and medical treatment cases per one million work hours.

## Summary third quarter

- Strong production performance
- Improvement program ahead of schedule
- Results reflect lower commodity fertilizer margins

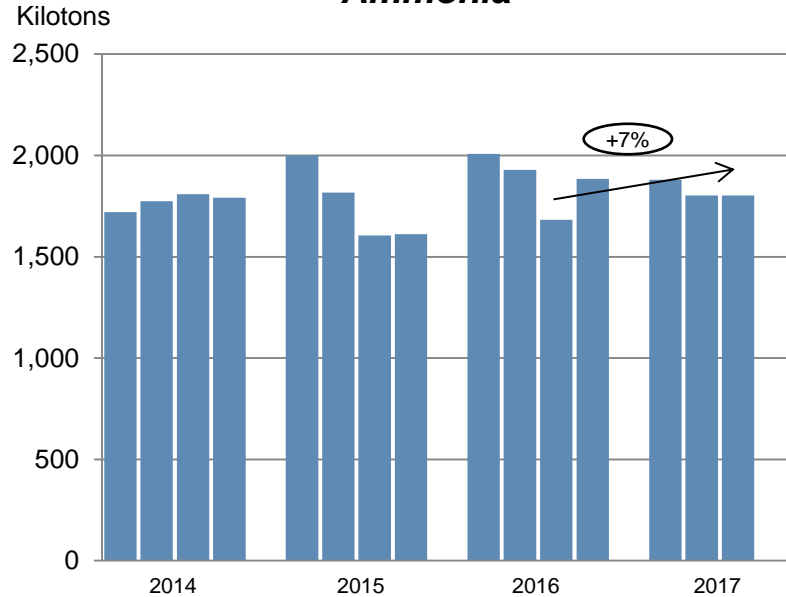
# Earnings per share\*



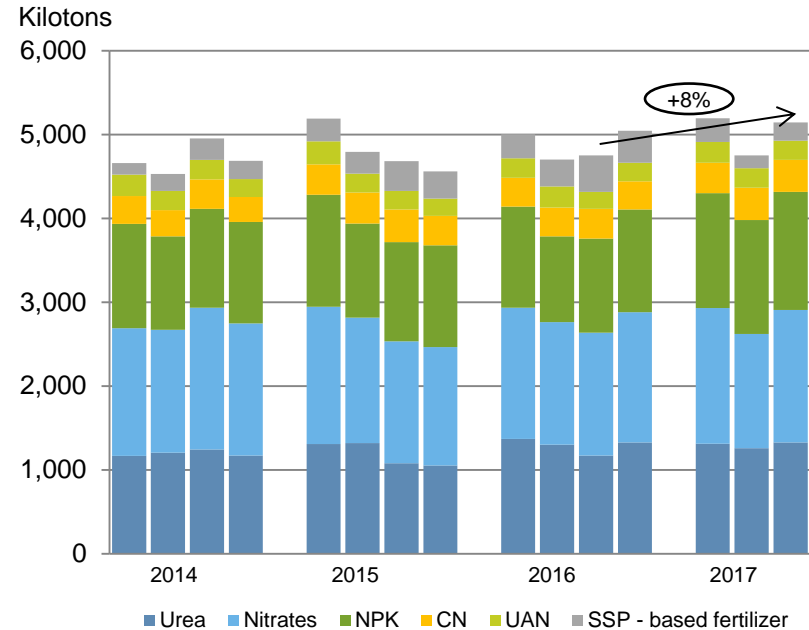
\*Average number of shares for 3Q 2017: 273.2 million (3Q 2016: 273.2 million).

# Higher finished fertilizer and ammonia production

## Ammonia<sup>1</sup>



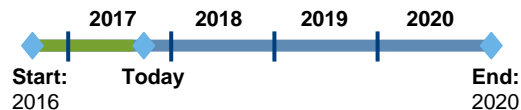
## Finished fertilizer & industrial products<sup>1</sup>



1) Including share of equity-accounted investees

# Yara Improvement Program ahead of schedule

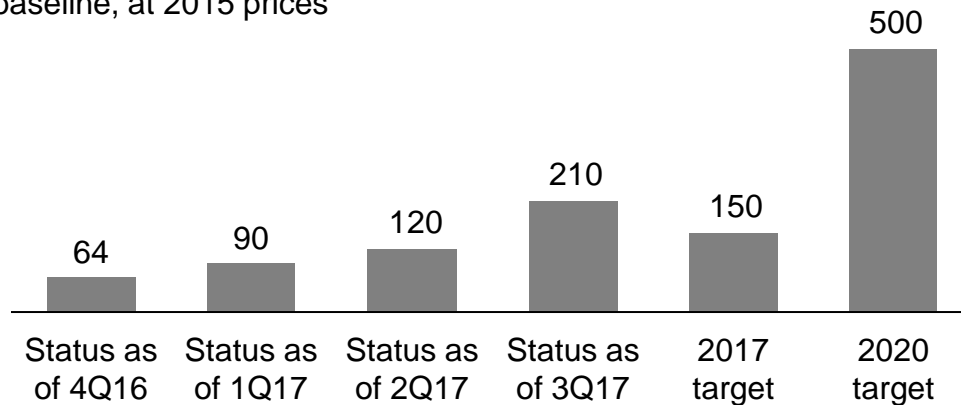
## Program progress



- Program still progressing according to plan, with benefits ahead of target
- Yara Productivity System continues to be rolled out. Production reliability strong compared to same period last year
- Procurement Excellence progressing into Wave 2 and delivering ahead of plan

## Financial benefits

Annualized EBITDA improvement, USD million, vs. 2015 baseline, at 2015 prices

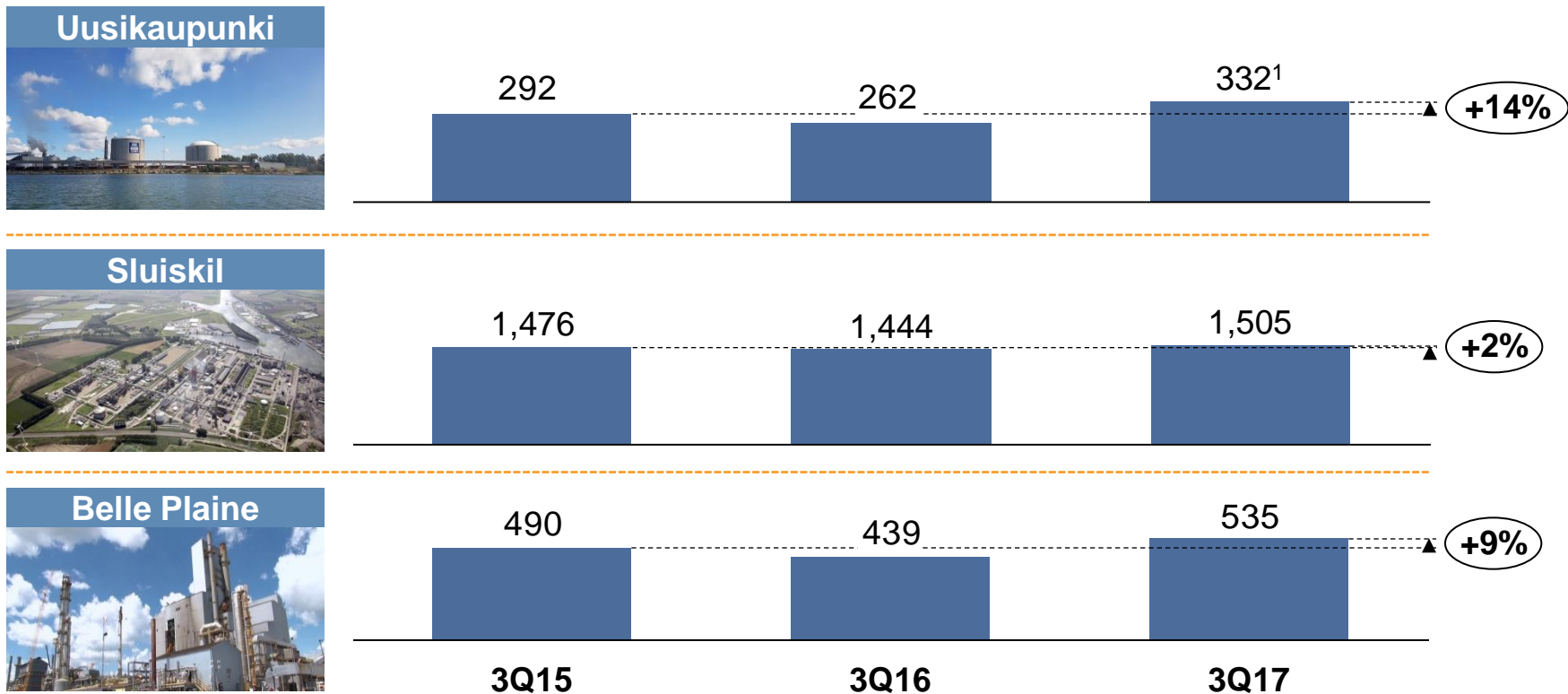


- A total of USD 97 million one-off cash improvement realized, primarily working capital release
- Accumulated one-off program costs: opex USD 47 million and capex USD 147 million

# Yara Productivity System in practice

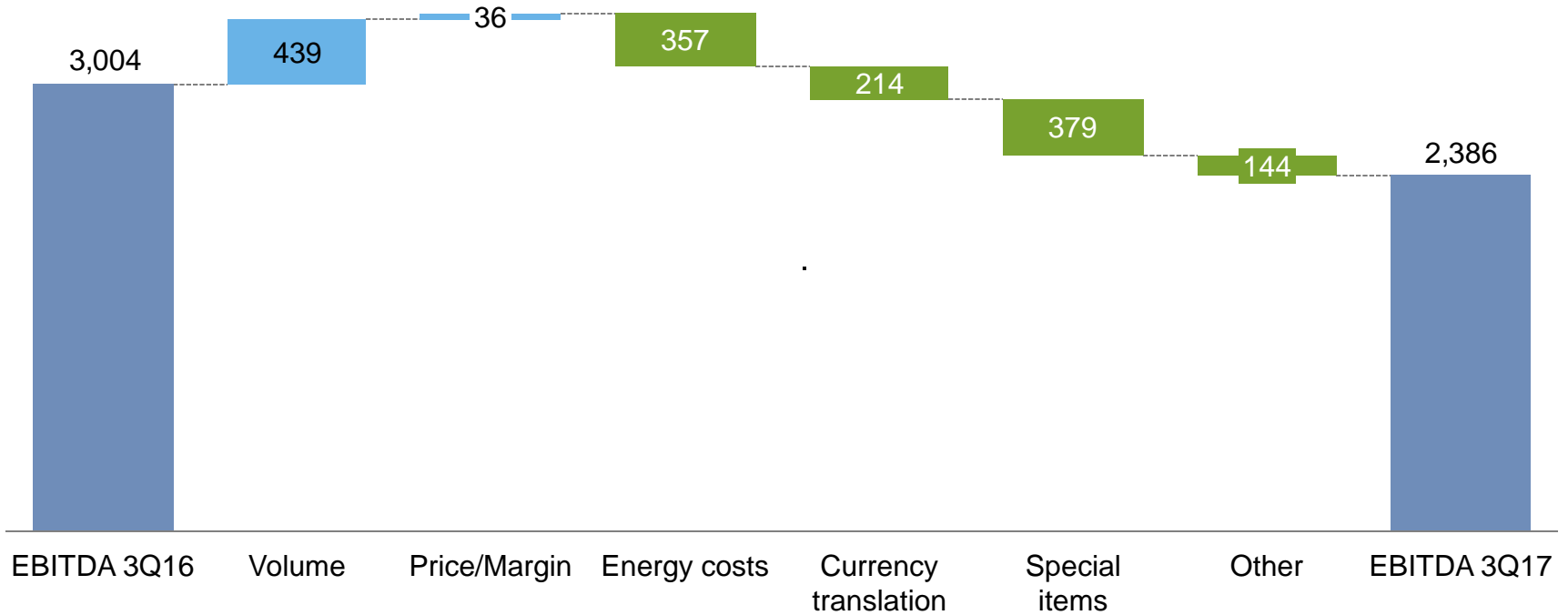
■ Base production (excluding effect of planned maintenance stops)

## Total production at site, thousand tonnes



# EBITDA: Higher energy cost and weaker US dollar more than offset the impact of higher deliveries

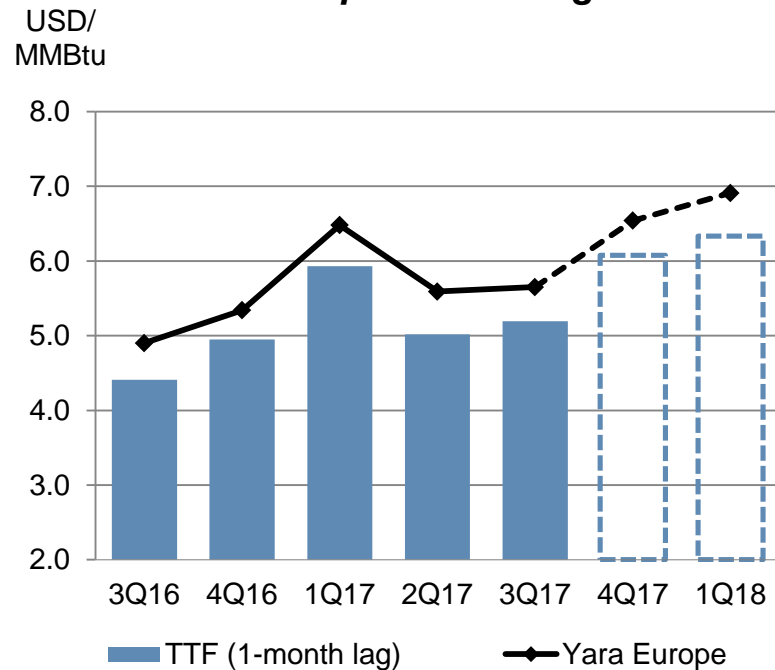
NOK millions



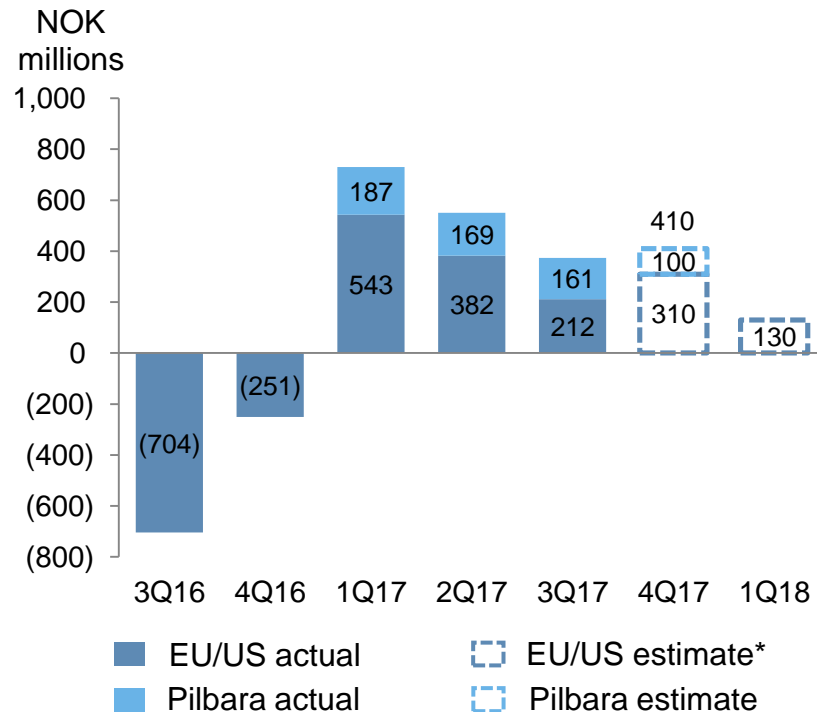


# Higher natural gas cost expected for the next two quarters

## Yara European natural gas cost

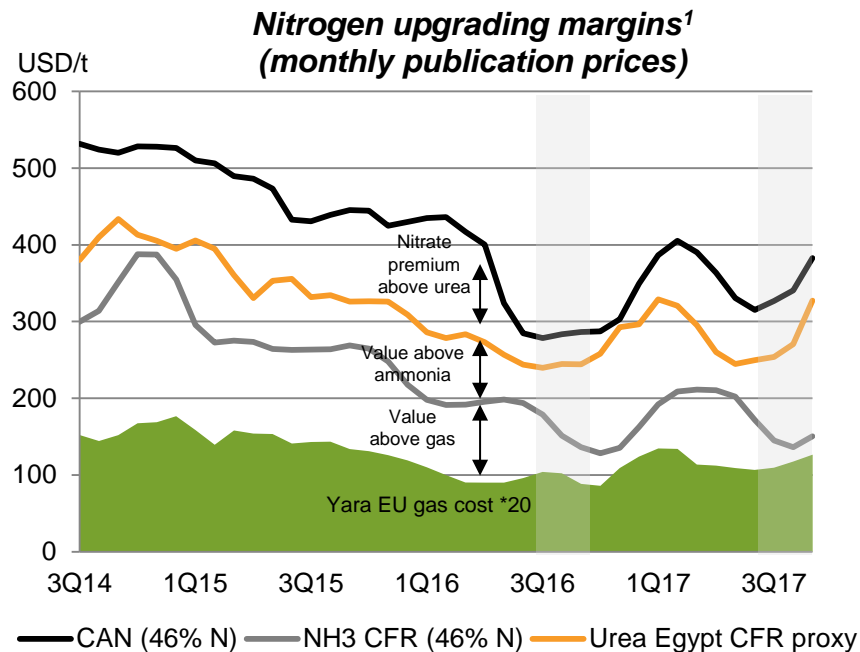


## Change in global natural gas cost

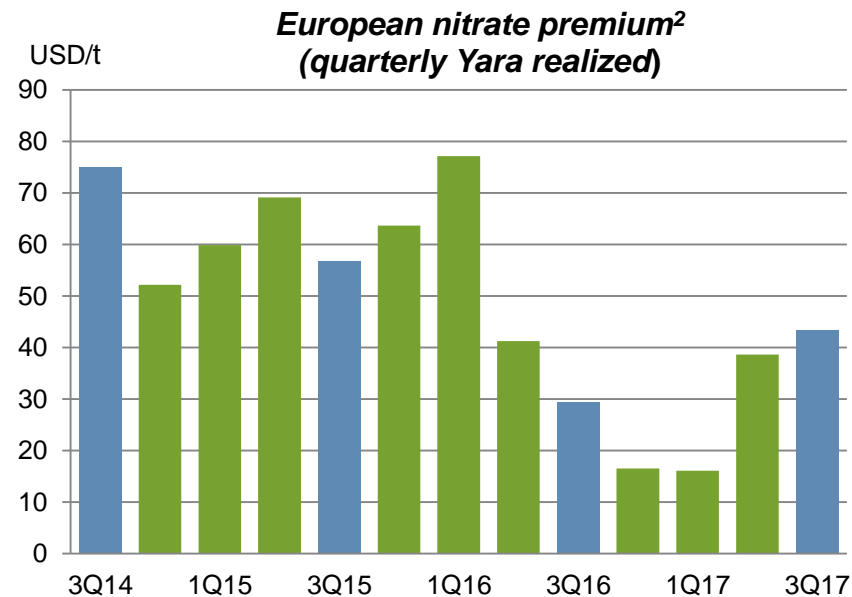


\*Dotted lines denote forward prices as of 10 October 2017  
Source: Yara, World Bank, Argus/ICIS Heren

# Higher European nitrate premiums

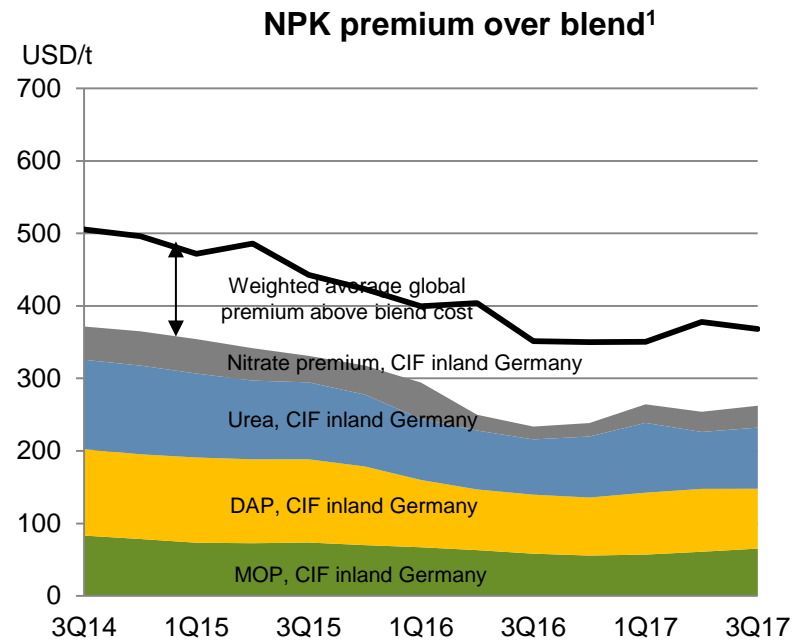
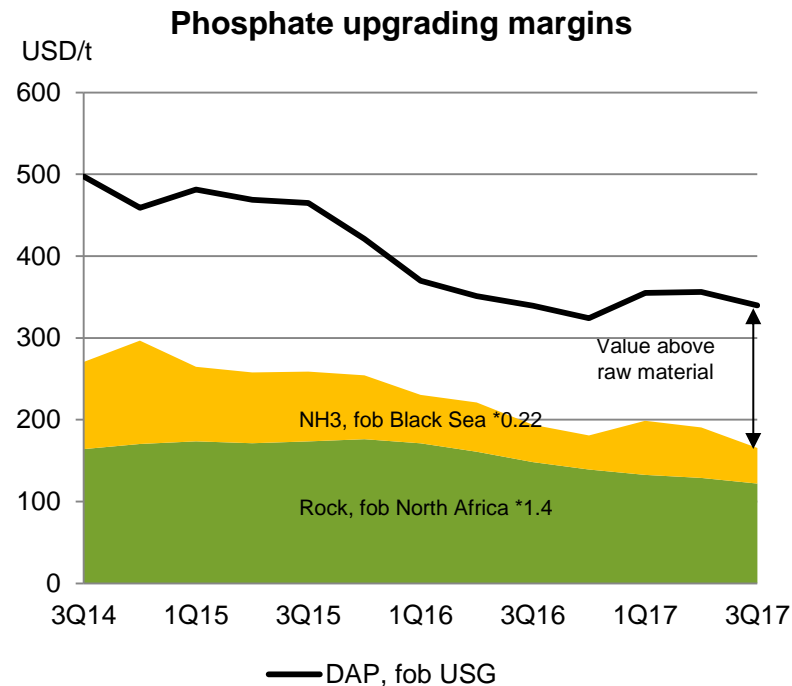


Source: Fertilizer Market Publications



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.

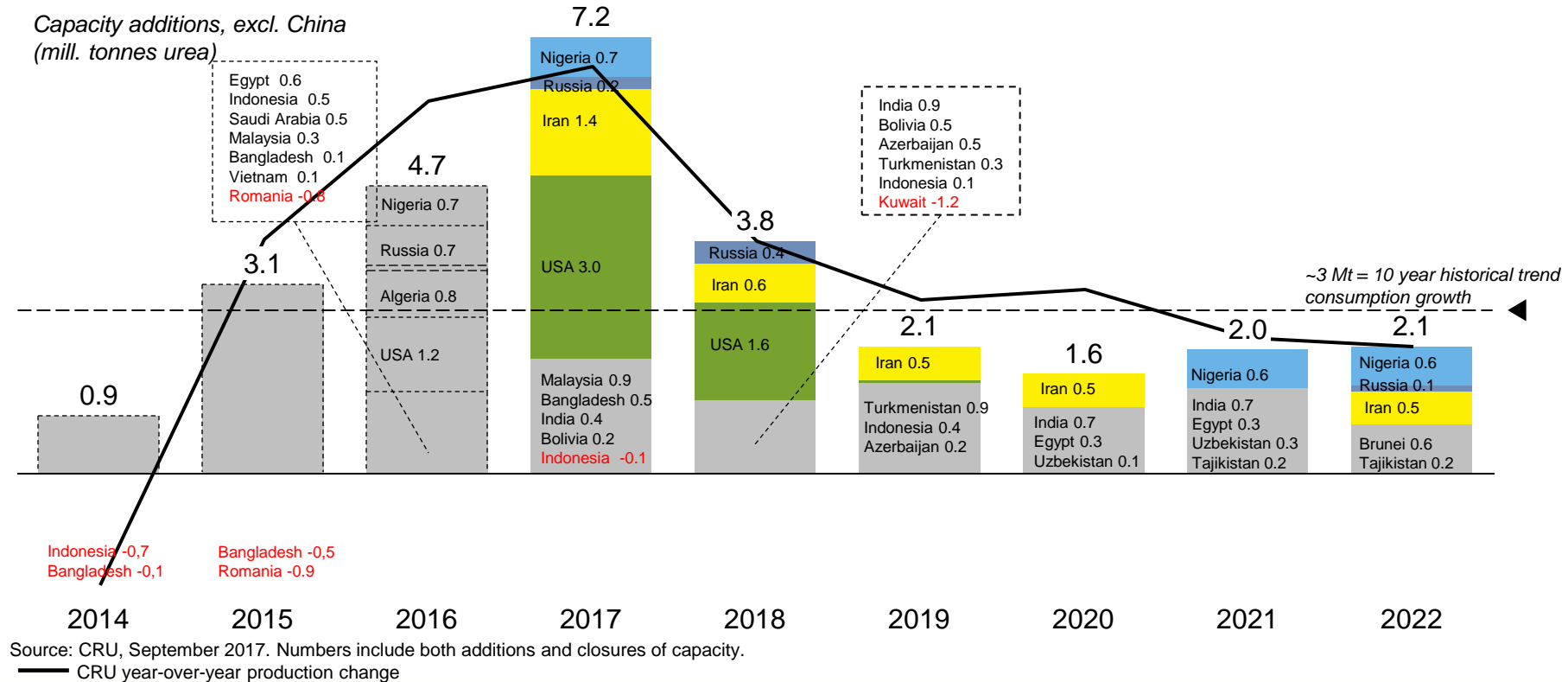
# Solid commodity phosphate margins and compound NPK premiums



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

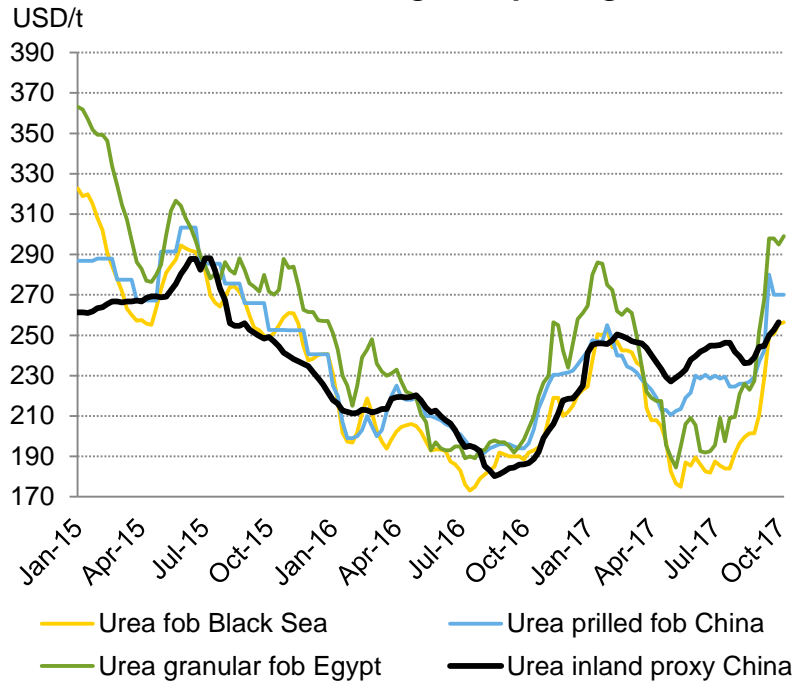
Source: Fertilizer Market Publications

# Strong urea oversupply outside China.....

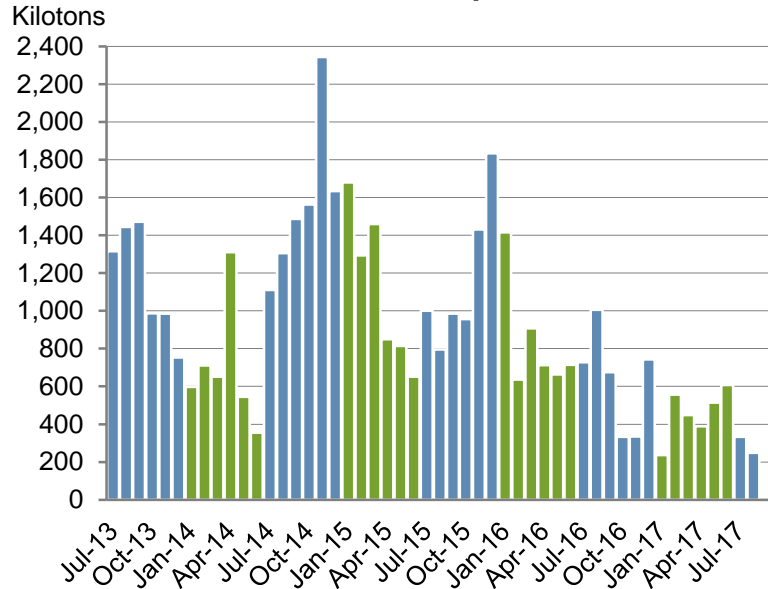


# ...but higher domestic price and lower exports from China are offsetting oversupply elsewhere

**Increasing urea pricing**



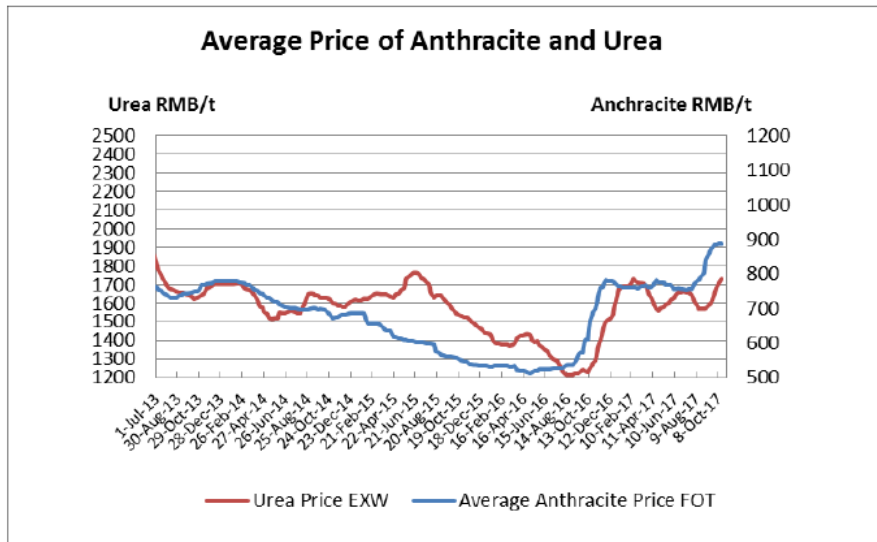
**Chinese exports**



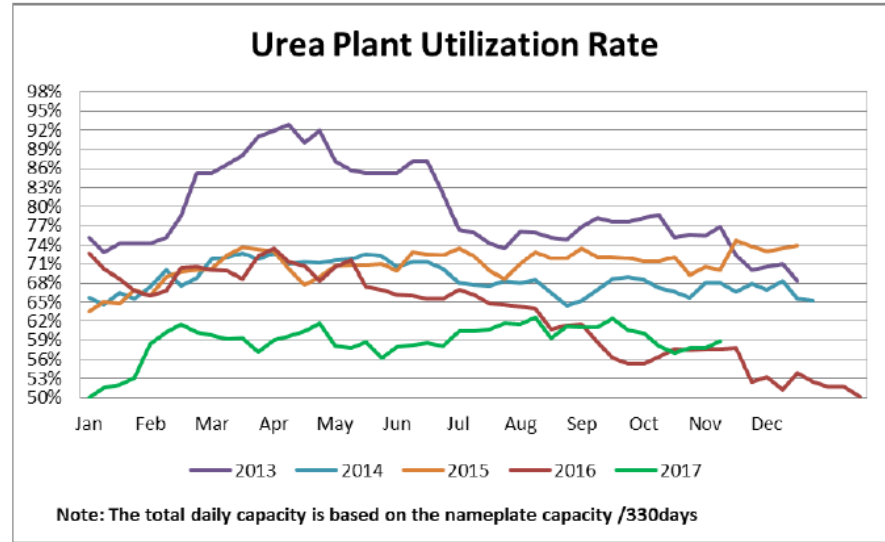
Source: BOABC, CFMW

# China domestic pricing and utilization

China anthracite and urea prices (RMB/mt)



Urea plant utilization rate (%)

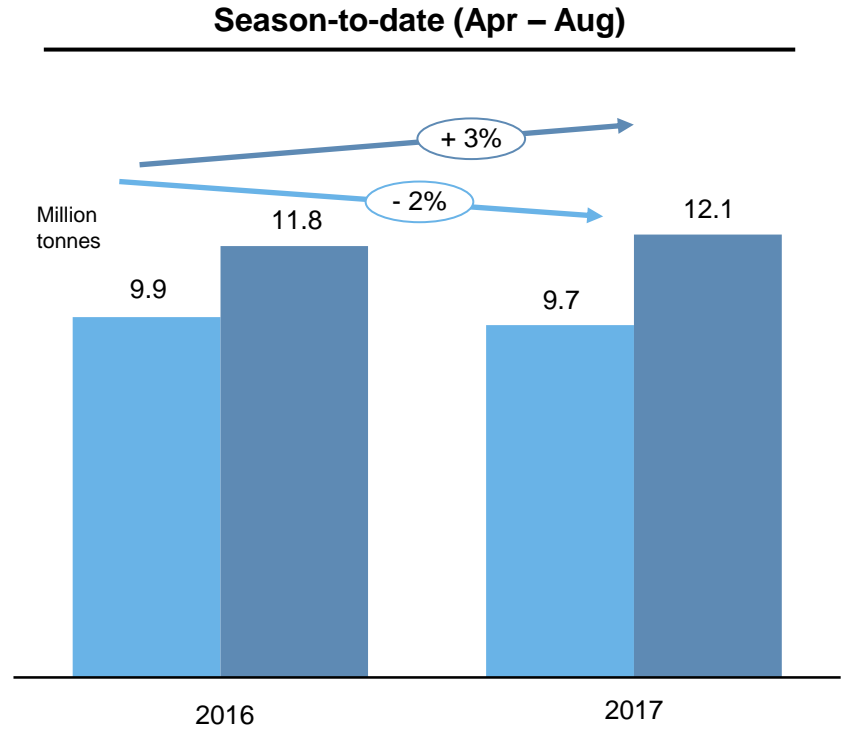
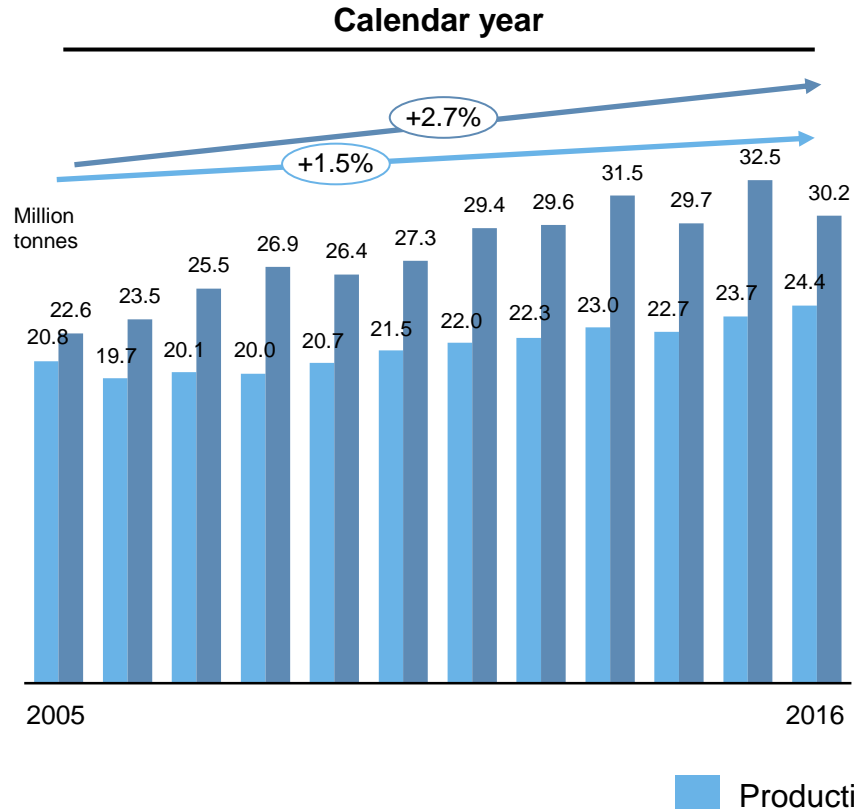


Source: CFMW



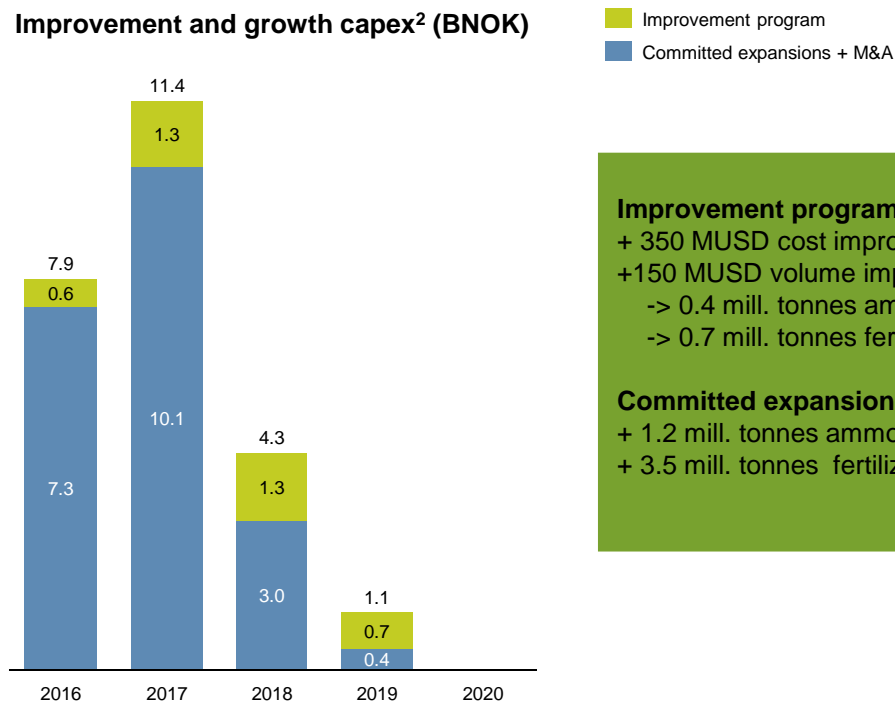
IR – October 2017

# Import catch-up need in India



# Major improvement and growth investments in 2017; main earnings improvement from 2018 onwards<sup>1</sup>

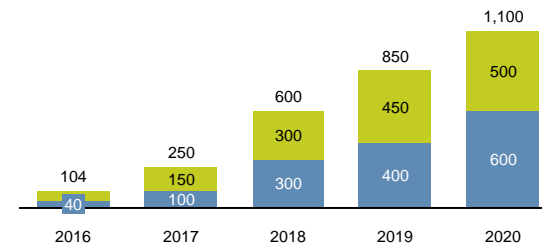
Improvement and growth capex<sup>2</sup> (BNOK)



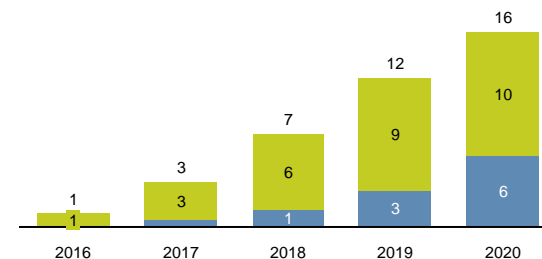
**Improvement program:**  
 + 350 MUSD cost improvement  
 +150 MUSD volume improvement:  
 -> 0.4 mill. tonnes ammonia  
 -> 0.7 mill. tonnes fertilizer

**Committed expansions + M&A:**  
 + 1.2 mill. tonnes ammonia  
 + 3.5 mill. tonnes fertilizer

EBITDA improvement<sup>3</sup> (MUSD)



Earnings improvement<sup>3</sup> (NOK per share)



<sup>1</sup> Currency assumptions for 2017 onwards: USD/NOK 7.90, EUR/NOK: 9.32 , USD/BRL: 3.15

<sup>2</sup> Excluding maintenance capex on existing assets – see page 21. Yara's share of capex. Fully consolidated entities presented at 100% basis

<sup>3</sup> Measured at 2015 conditions. Main average market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t



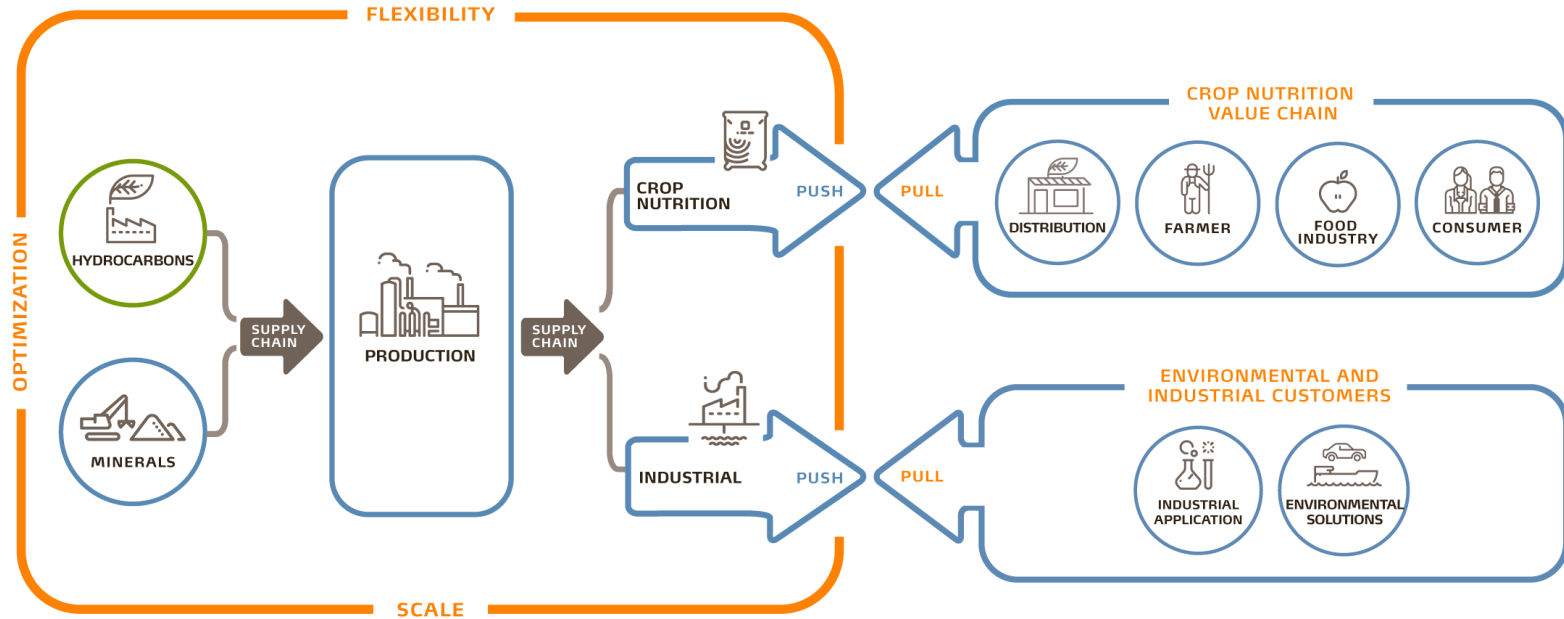


Knowledge grows

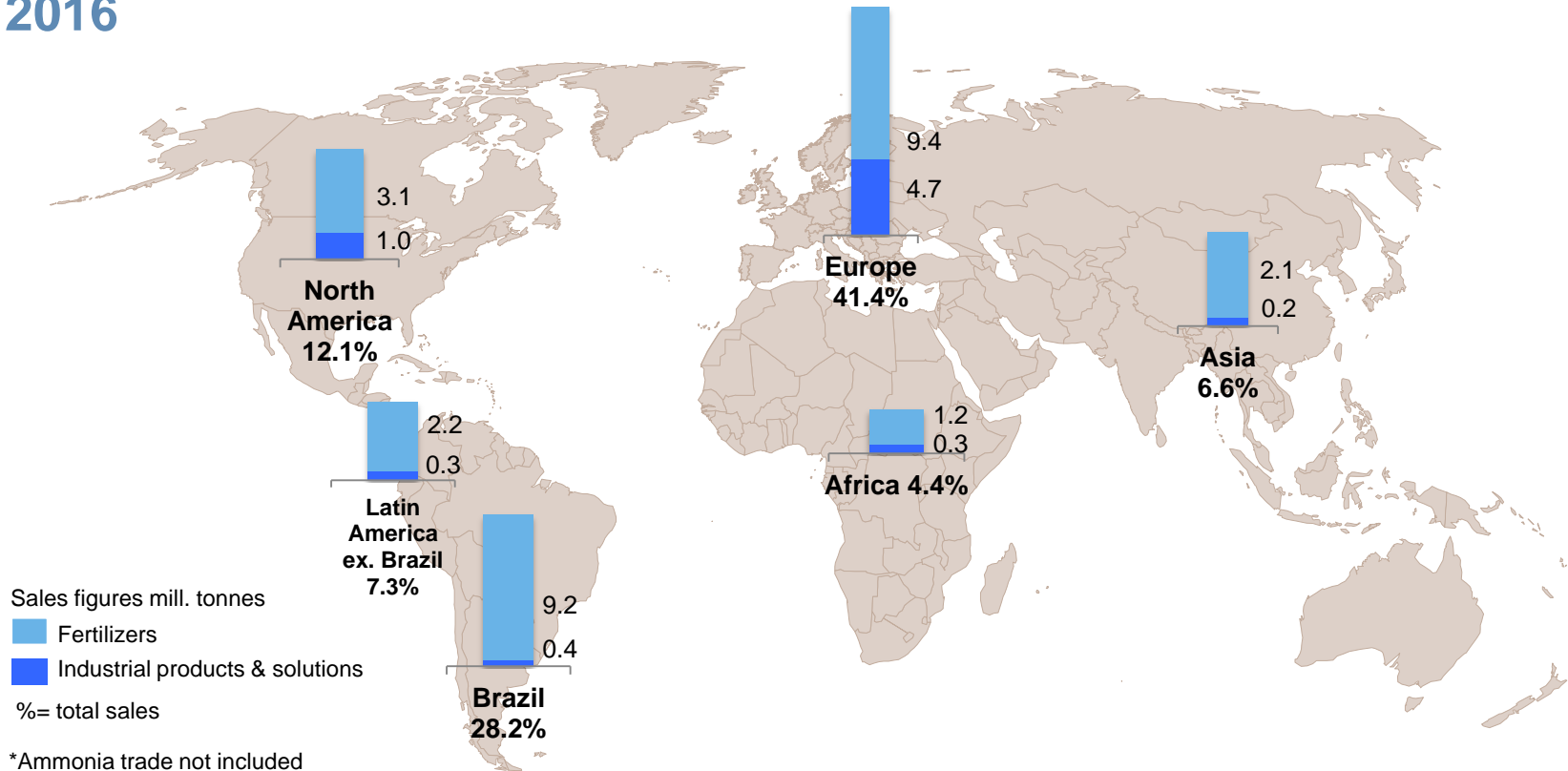
# Additional information

12 - 18 July 2017

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

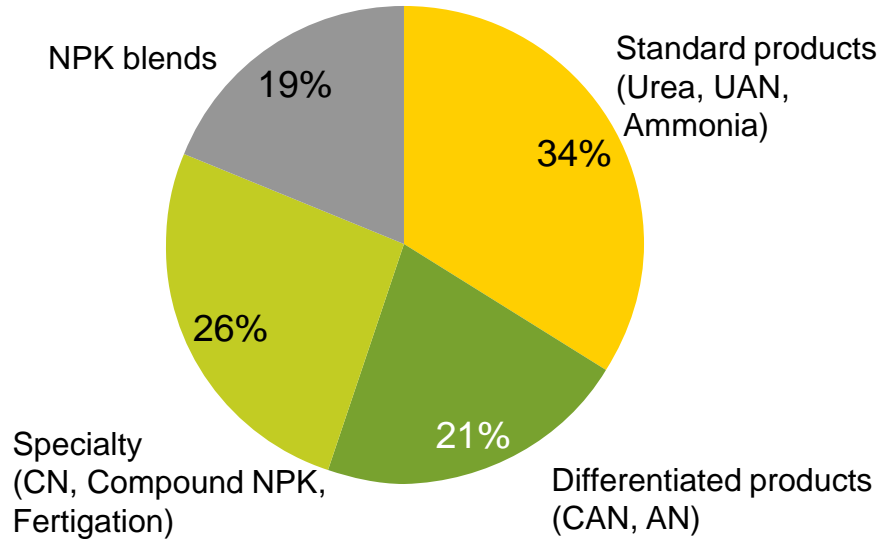


# We sold 34.1 million tonnes of products and solutions globally in 2016



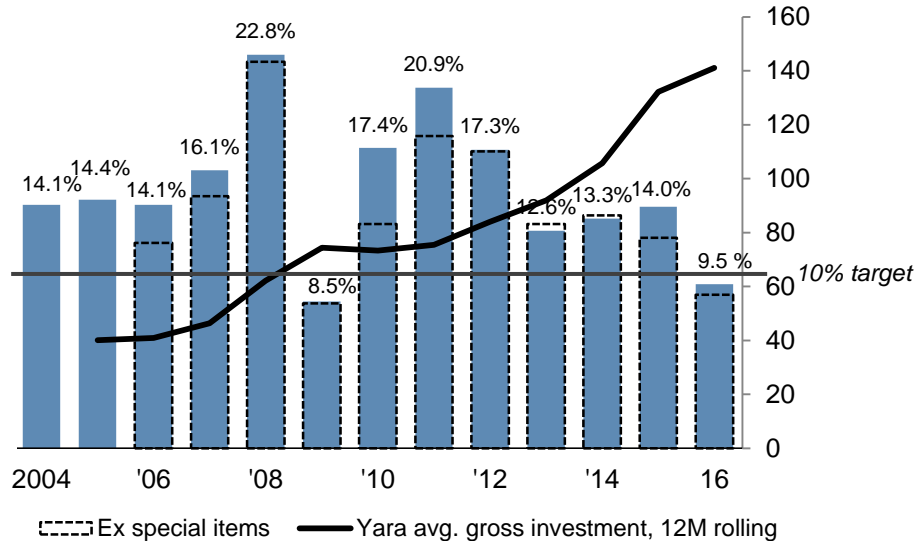
# Differentiated product portfolio represents a key source of competitive edge

Fertilizer product portfolio (2016/17 season volume)



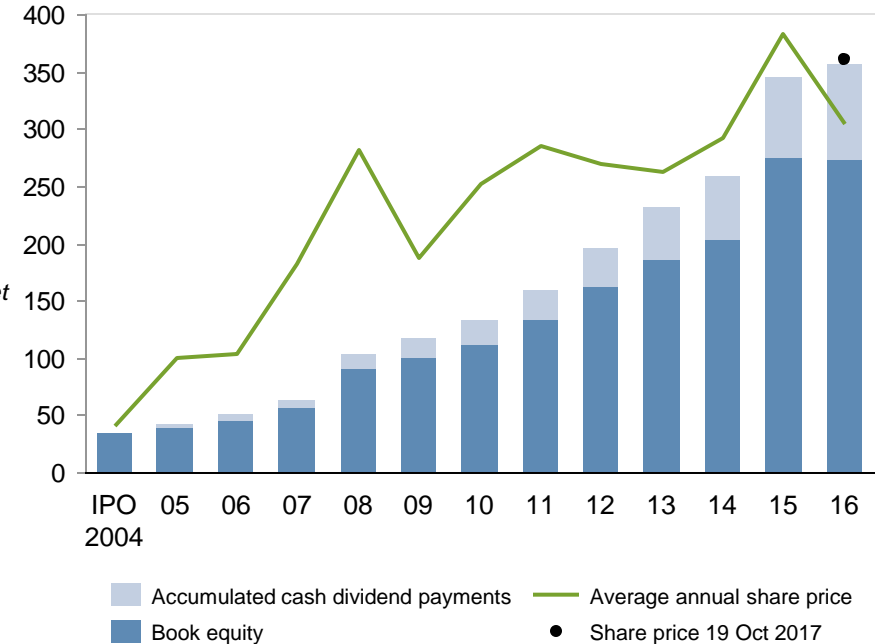
# Strong growth and profitability through the cycle

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

# Yara has expected commodity nitrogen oversupply, and has focused its growth pipeline on premium & industrial products

## Growth focused on premium & industrial

**Expand premium products sales and supply**

- Uusikaupunki NPK (3Q 2016)
- Porsgrunn/Glomfjord CN/NPK (4Q 2017)
- Sluiskil urea+S (4Q 2017)
- Rio Grande NPK/NPK blends (2H 2020)

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

- Freeport ammonia JV (1Q 2018)
- Babralla urea acquisition (4Q 2017)

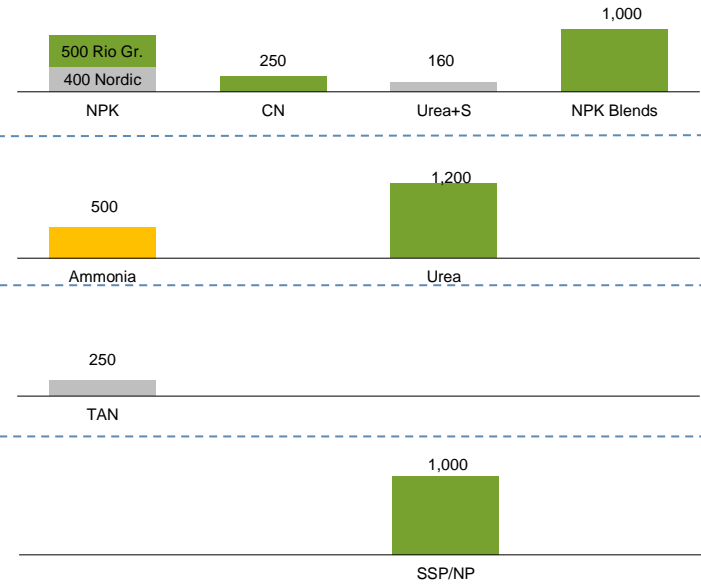
**Act on attractive opportunities to grow industrial sales and supply**

- Pilbara – TAN (1H 2017)
- Köping – TAN (2Q 2018)

**Structurally secure P and K supply**

- Galvani / Salitre (mining: 1Q18, chemical 1H19)

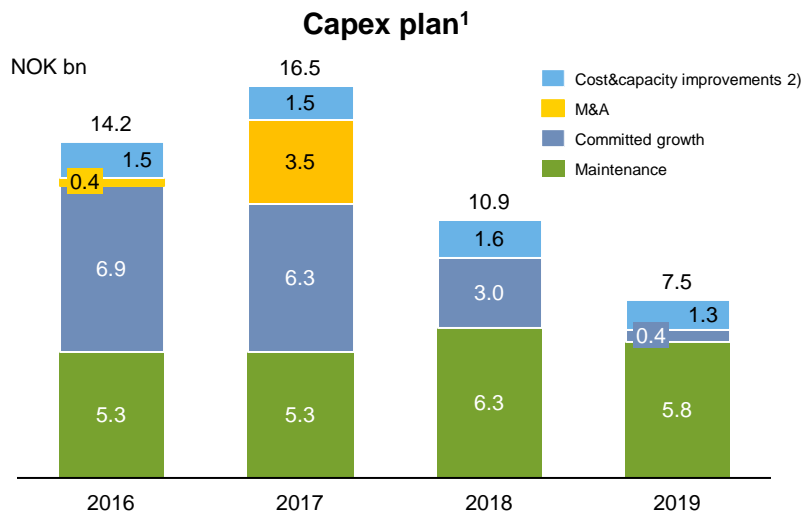
## Pipeline tonnes by product (kt)<sup>1</sup>



**Exposure to commodity nitrogen prices:** Low Medium High

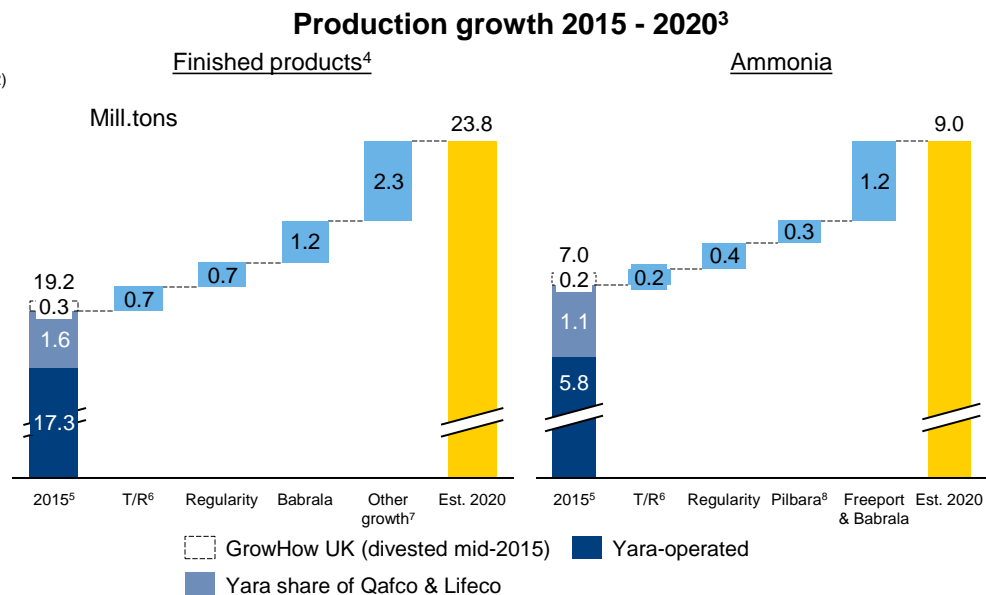
<sup>1</sup> Including Yara's share of volume in non-consolidated investees. Fully consolidated entities presented at 100% basis

# Growth and capex pipeline



#### Committed growth (NOK bn):

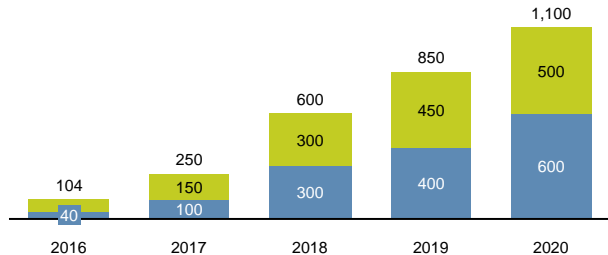
	2016	2017	2018	2019
Porsgrunn	1.2	0.7	-	-
Köping	0.4	0.5	0.1	-
Sluiskil	0.7	0.7	0.0	-
BASF JV	1.6	0.9	0.5	-
Rio Grande	0.1	1.2	0.7	0.4
Salitre	0.8	2.0	1.6	-
Other projects	2.1	0.3	0.1	-
<b>Total</b>	<b>6.9</b>	<b>6.3</b>	<b>3.0</b>	<b>0.4</b>



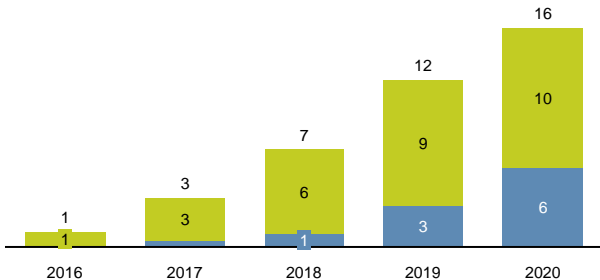
- 1) Yara's share of capex. Fully consolidated entities presented at 100% basis.
- 2) Includes Yara Improvement program Capex and other improvements
- 3) Rio Grande expansion also adds 1 million tonnes NPK blends by 2020
- 4) Finished fertilizer and industrial products, excl. bulk blends
- 5) Including Yara share of production in non-consolidated investees
- 6) Adjustment to normalized / 2016 turnaround level
- 7) Committed projects only. TAN Pilbara: 160 kt, Porsgrunn: 235kt, Glomfjord: 105kt, Uusikapunki: 250kt, Köping: 90kt, Sluiskil: net 160kt, Galvani (Salitre ~ 0.8 mill.tonnes, reaching 1.1 mill.tonnes in 2022), Rio Grande: 500kt
- 8) Including 100% ownership in Pilbara NH<sub>3</sub> plant

# Improvement and growth investments; earnings and sensitivities<sup>1</sup>

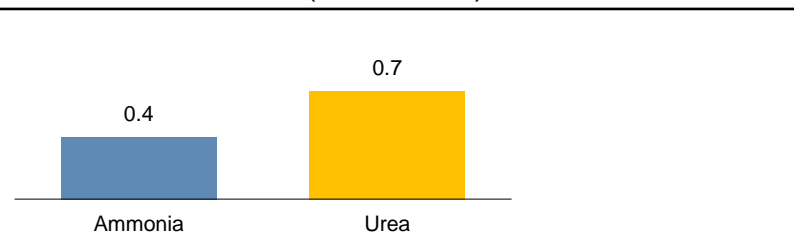
EBITDA improvement<sup>2</sup> (MUSD)



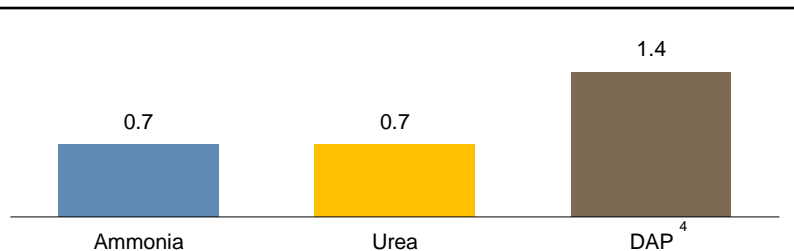
Earnings improvement<sup>2</sup> (NOK per share)



Improvement program: Impact<sup>3</sup> of +100 USD/t price change (NOK/share)



Growth: Impact<sup>3</sup> of +100 USD/t price change (NOK/share)



<sup>1</sup> Currencies for all amounts from 2017: USD/NOK 7.90, EUR/NOK: 9.32, USD/BRL: 3.15

<sup>2</sup> Measured at 2015 conditions. Main average market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t.

<sup>3</sup> Improvement: 2020 numbers. Growth: At full capacity (2019 for urea and ammonia, 2020 for DAP).

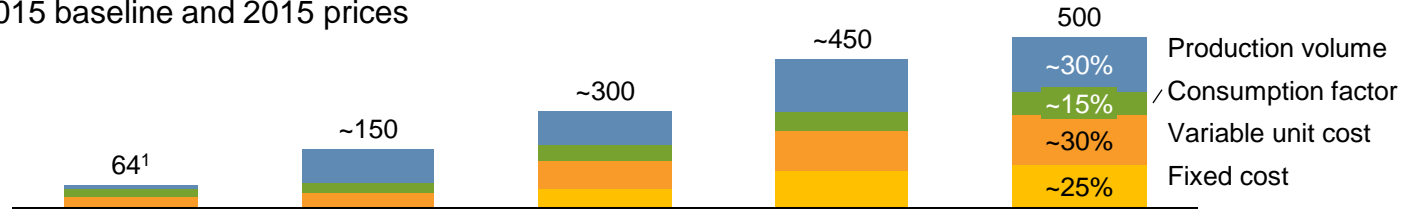
<sup>4</sup> Phosphate-driven price change, equivalent to 138 USD/t phosphate rock (72 bpl)



# 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

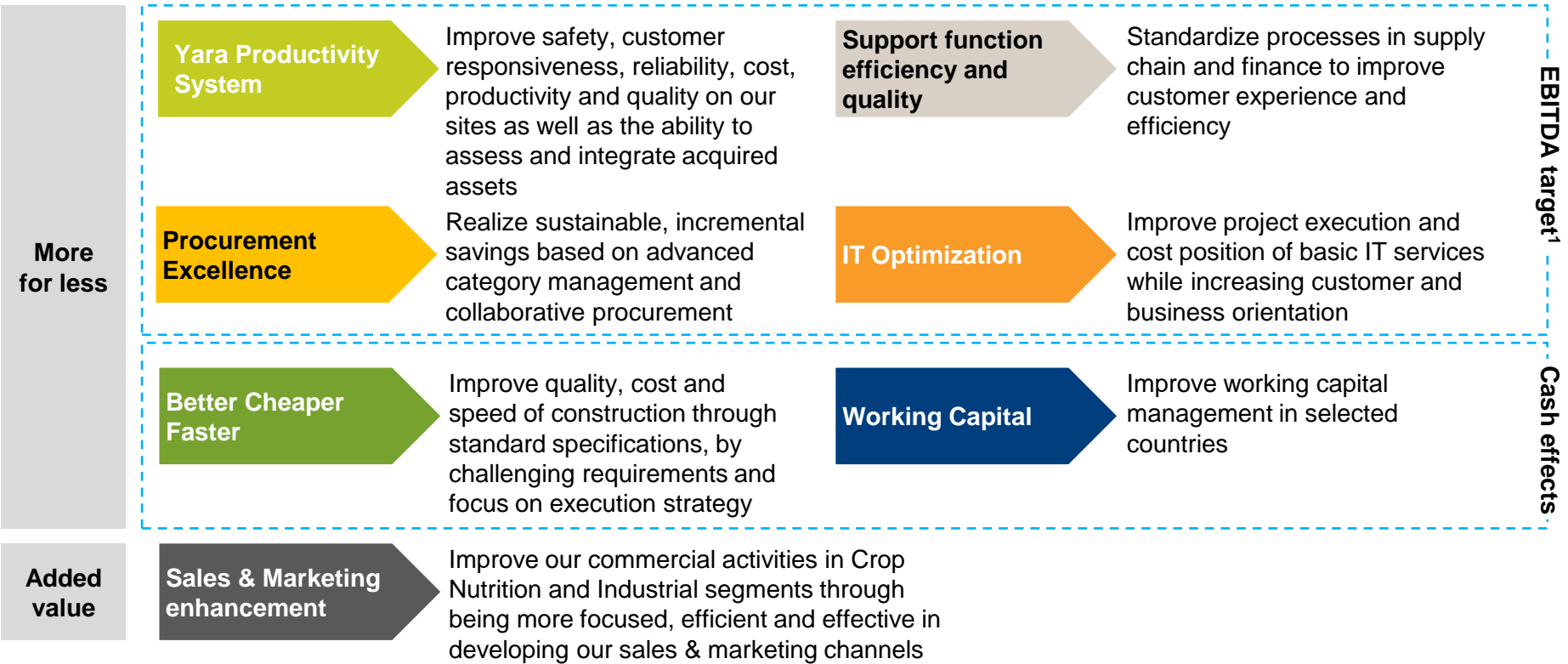
2018

2019

2020



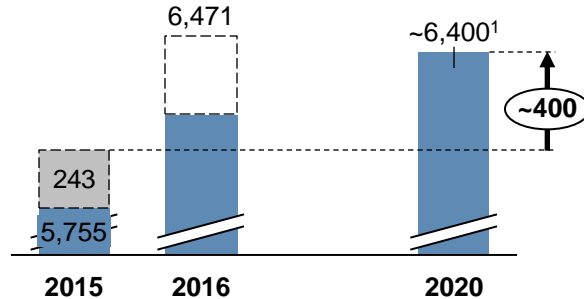
# The improvement program is organized into concrete projects across the company



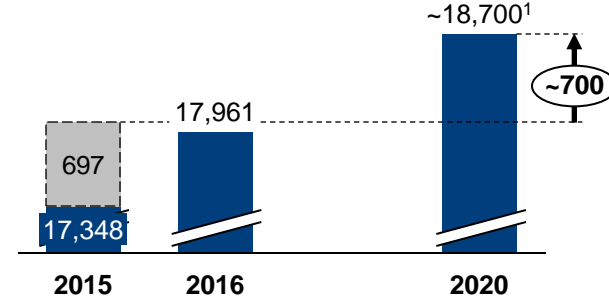
# Volume and energy consumption improvement targets

Production volume

Ammonia production, thousand tonnes

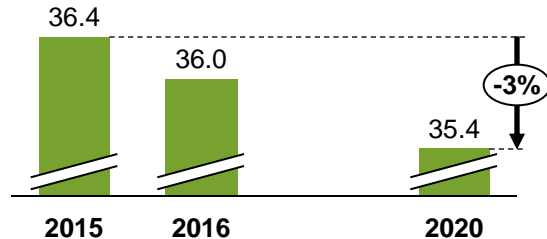


Finished fertilizers production, thousand tonnes



Consumption factor

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

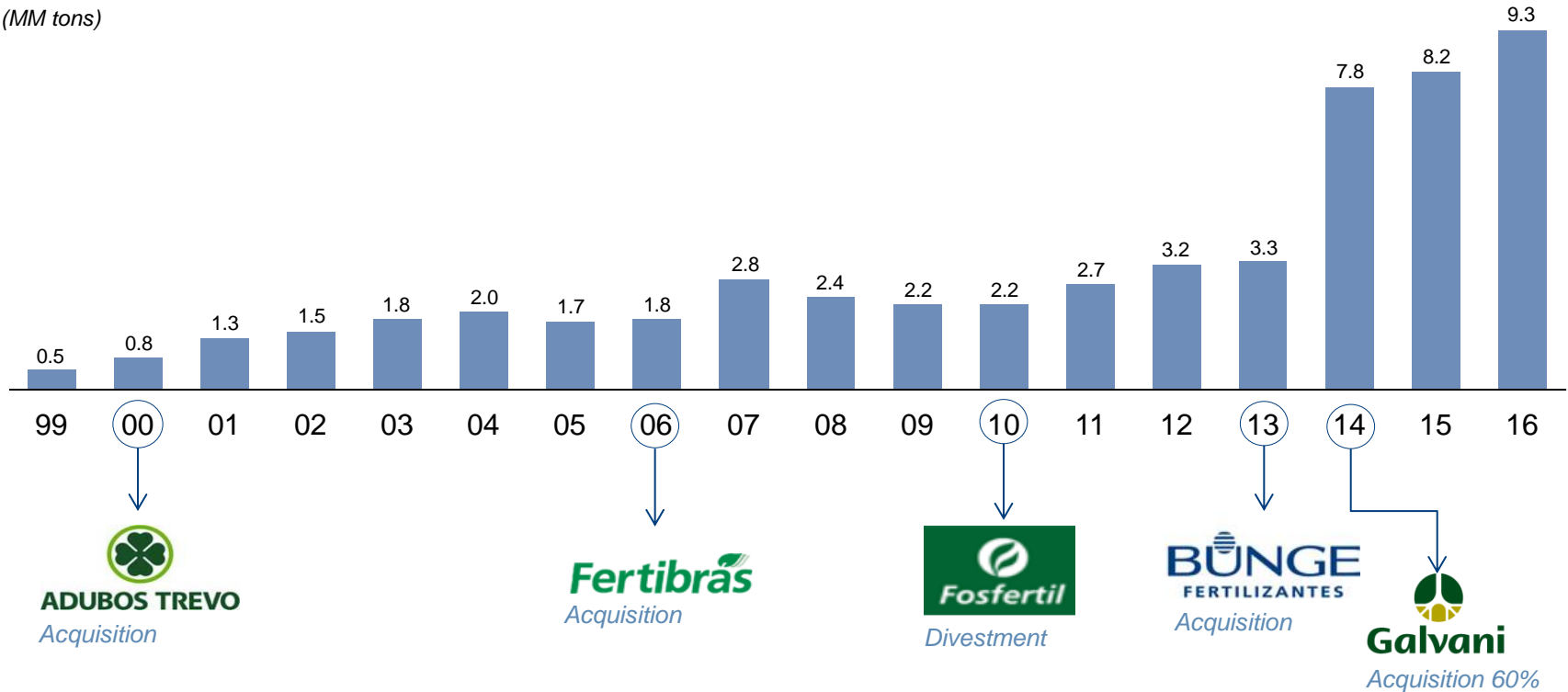


- Ammonia production (excl. pipeline growth)
- Finished fertilizers production
- Adjustment to normalized / 2016 turnaround level
- Pilbara acquisition effect (last 49%)
- Improvement program target

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

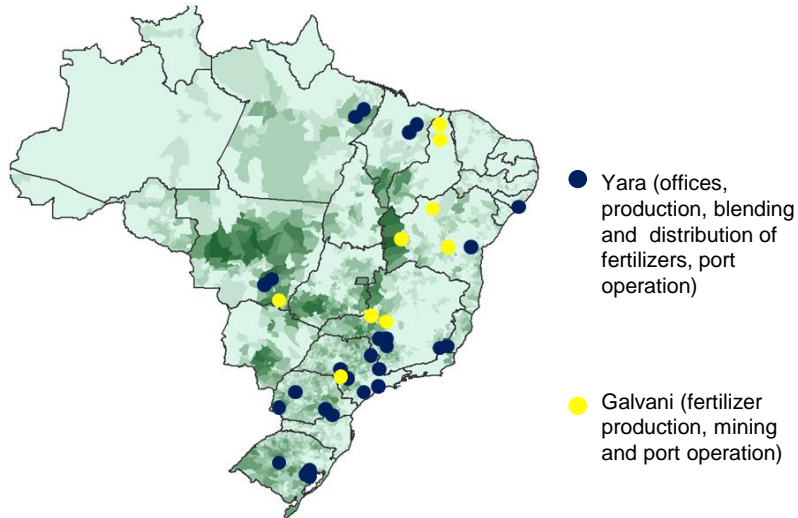
# Yara has invested for the long term in Brazil; Bunge acquisition brought critical mass in distribution

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

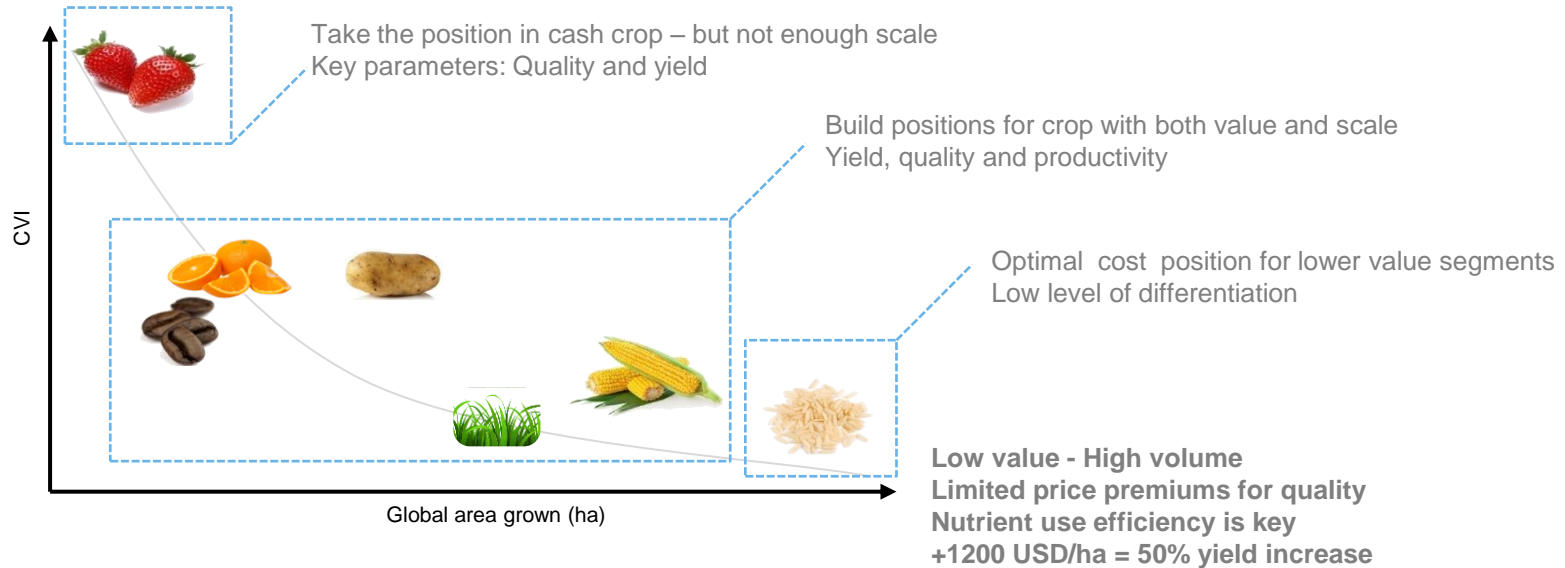
- > 20,000 growers using Yara solutions
- > 200 Yara agronomists and 600 sales representatives
- > 55% of Yara deliveries are direct to farmer
- > 55,000 interactions with growers p.a.

# Crop Value Index – a key guide to our approach

**What is CVI:**

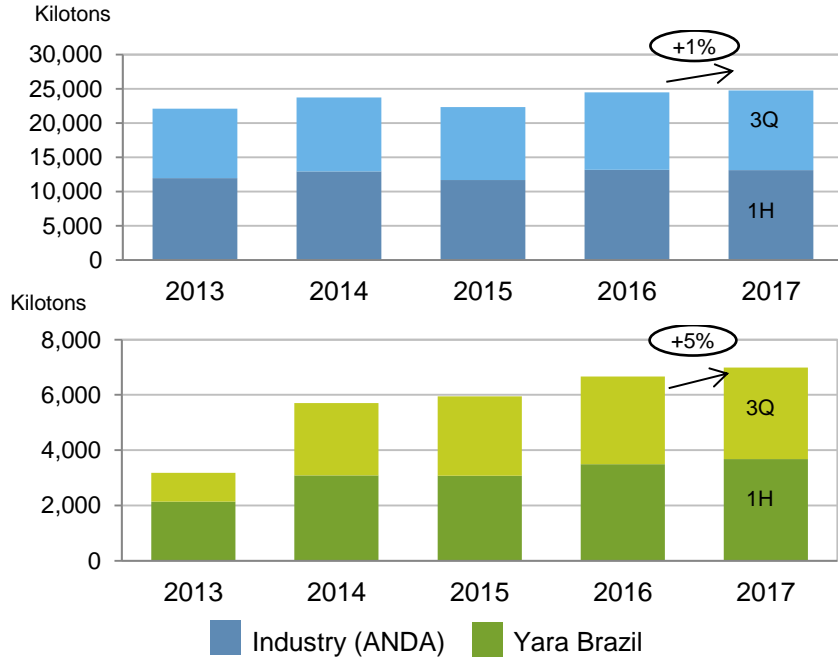
$$\frac{\text{Crop revenue}}{\text{Fertilizer costs}}$$

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

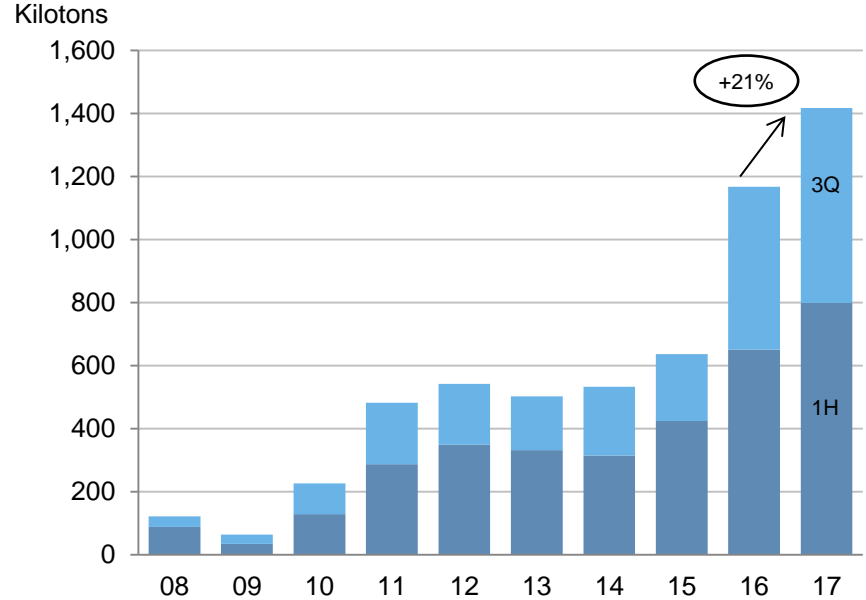


# Brazil: focus on premium products and solutions drives growth

## Brazil season-to-date fertilizer deliveries



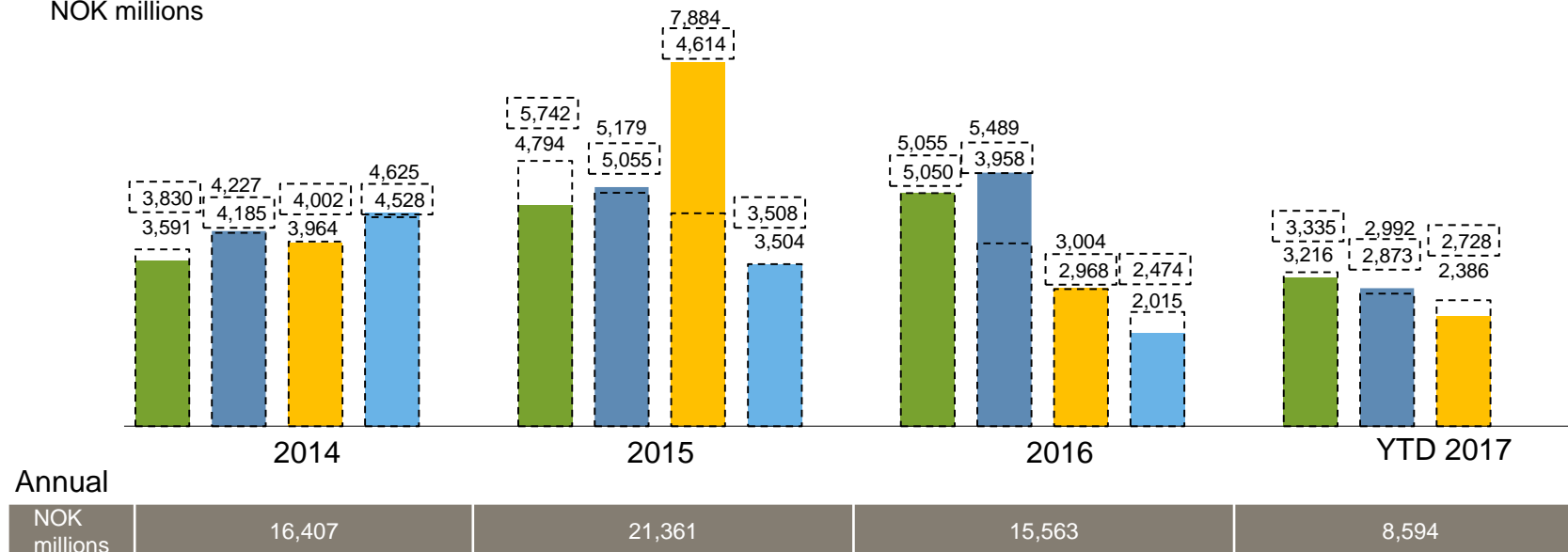
## Brazil season-to-date premium product deliveries



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

EBITDA excluding special items

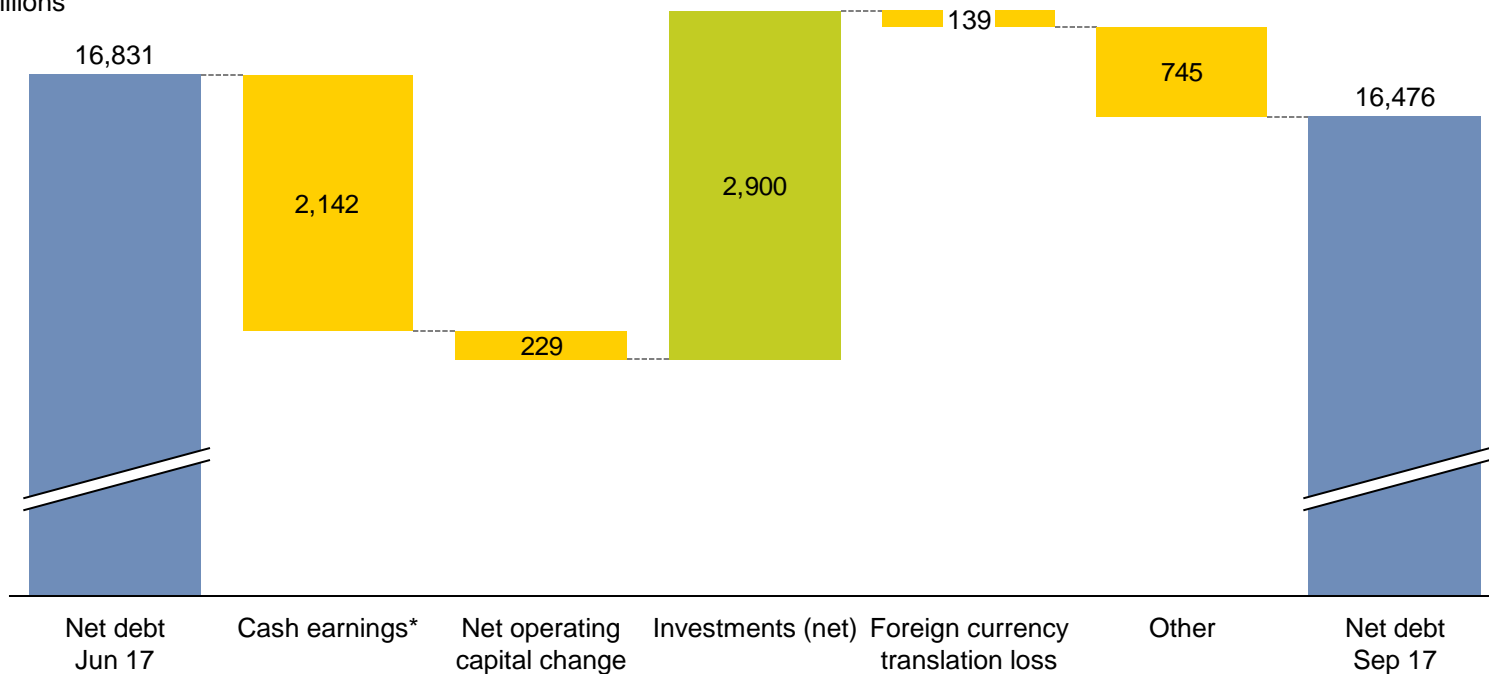
NOK millions





# Lower net interest-bearing debt as cash earnings and currency effects more than offset investments

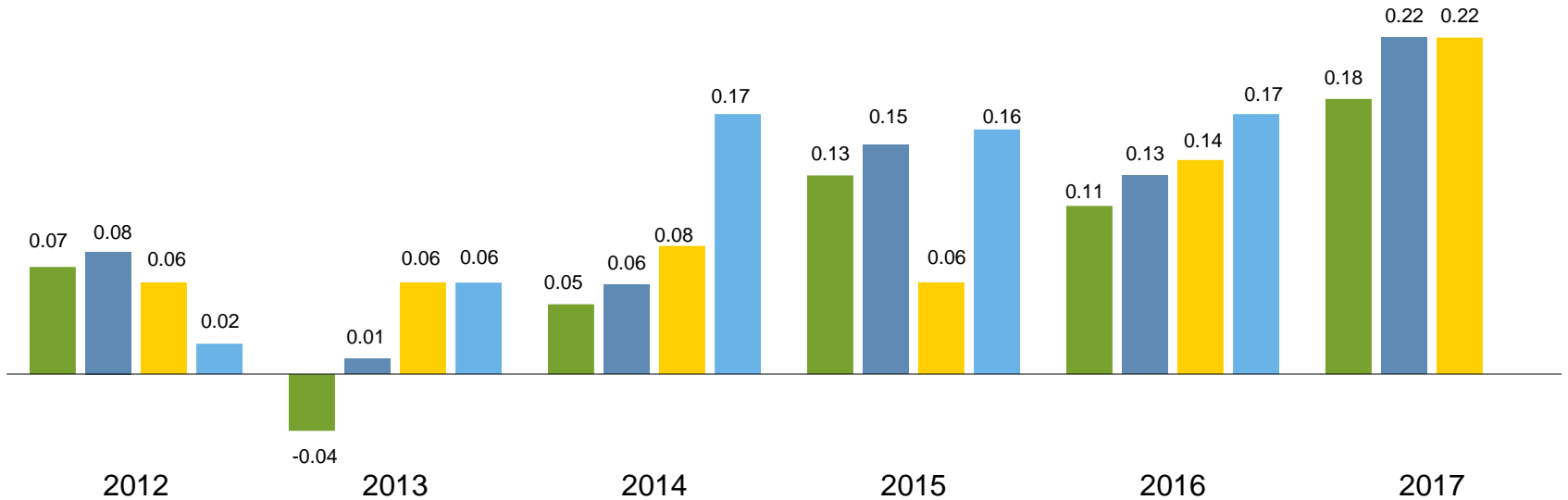
NOK millions



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

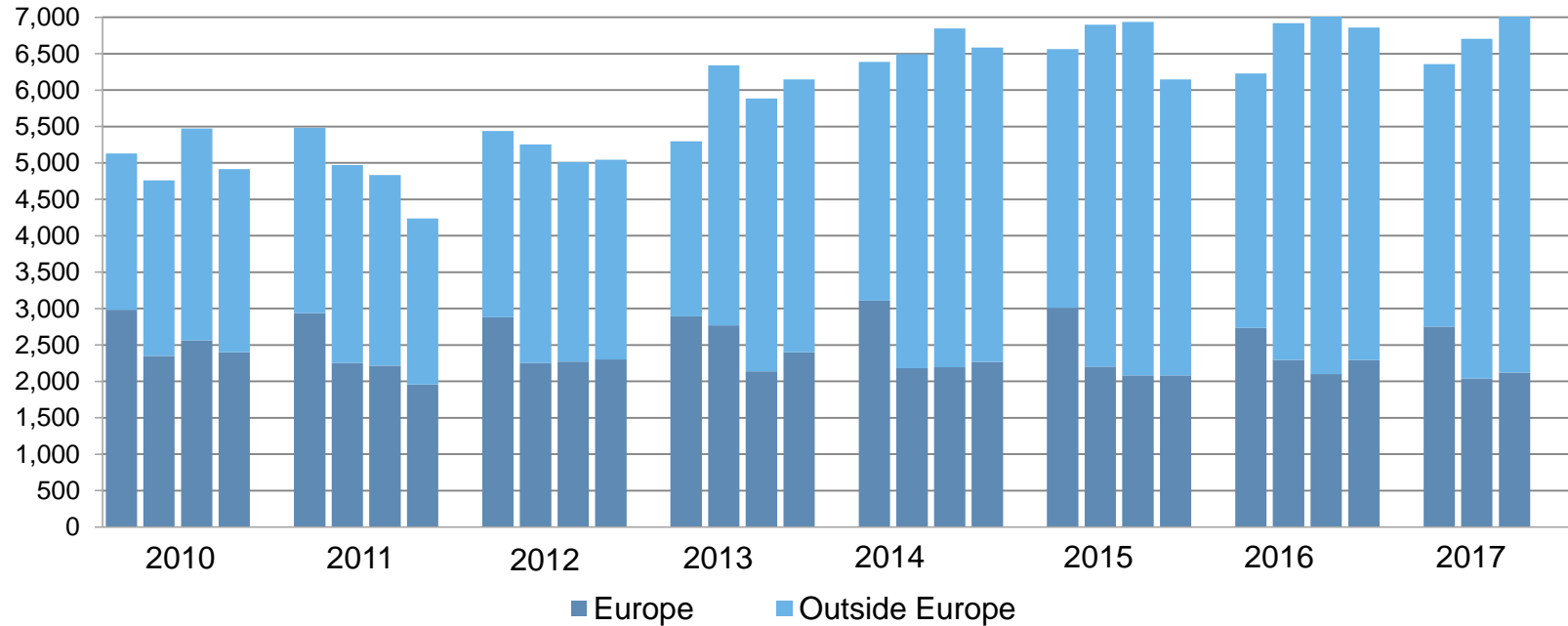
# Debt/equity ratio

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



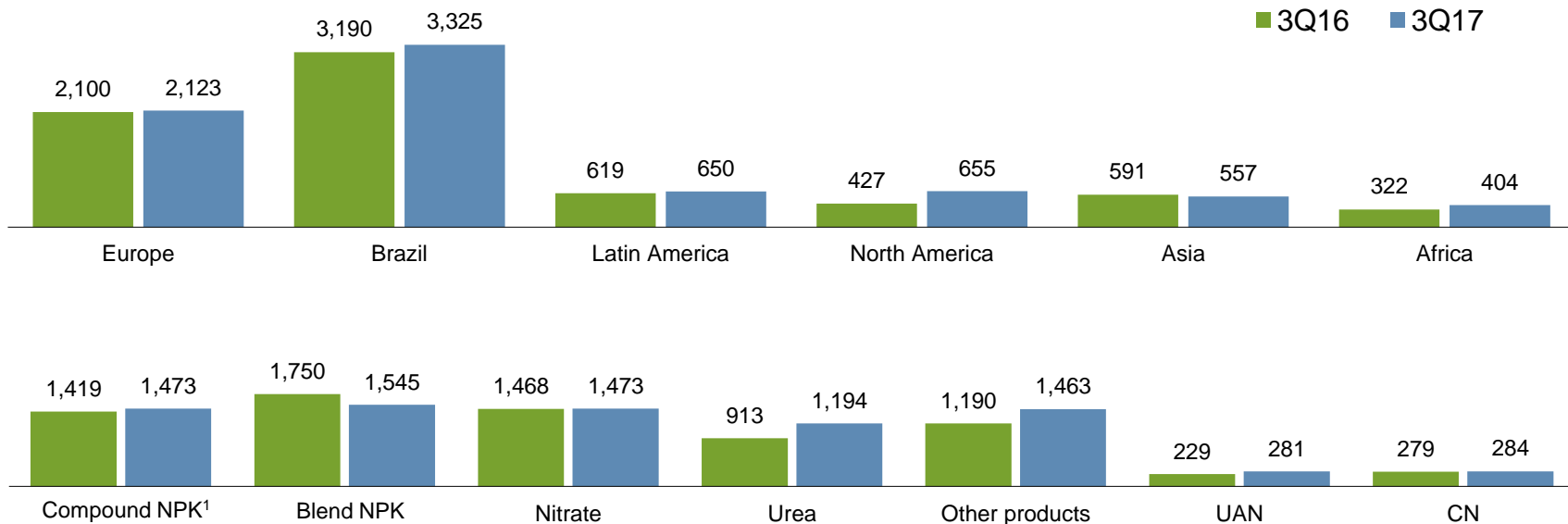
# Fertilizer deliveries

Kilotons



# Yara 3Q fertilizer deliveries by market and product

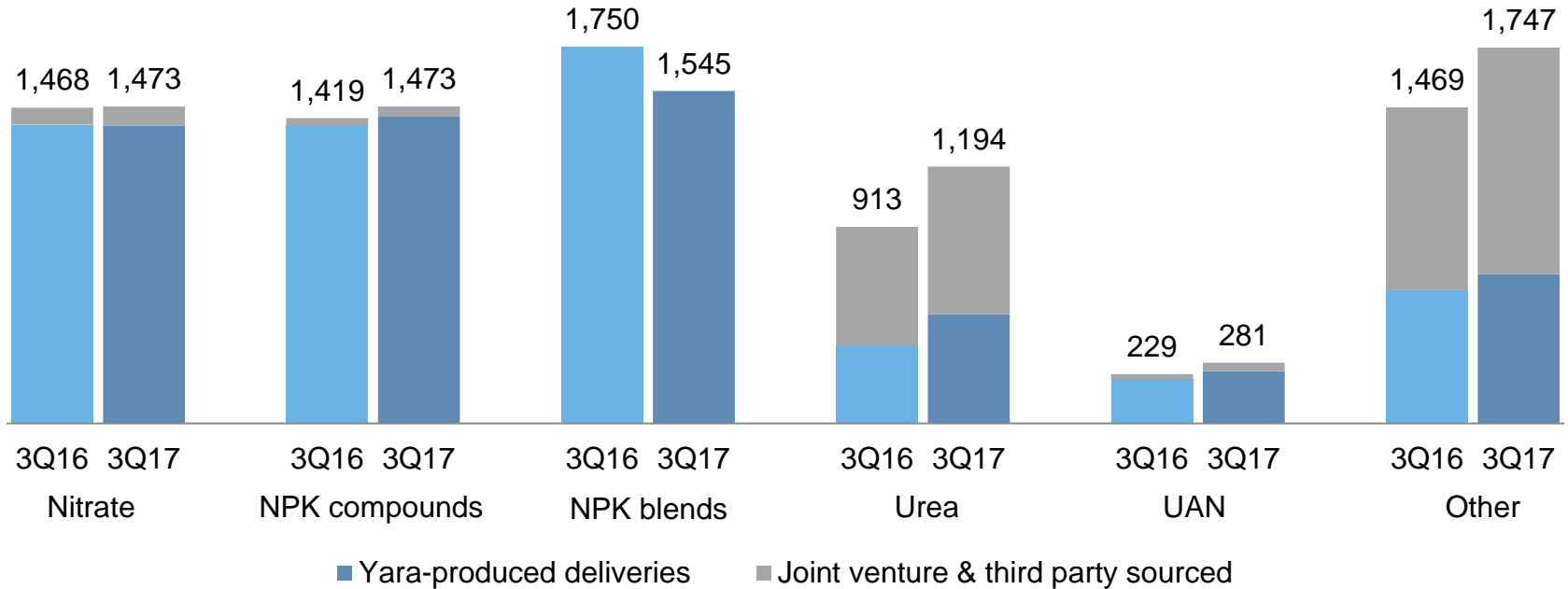
Kilotons



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

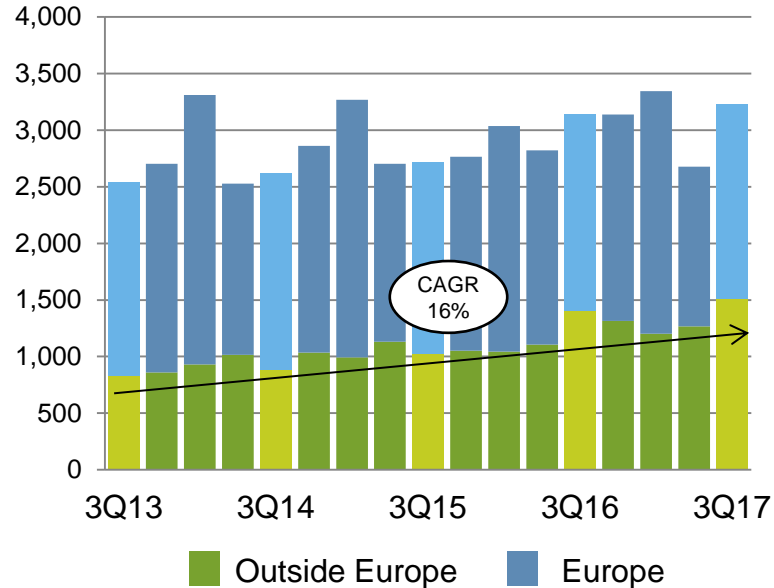
# Fertilizer deliveries by product and source

Kilotons

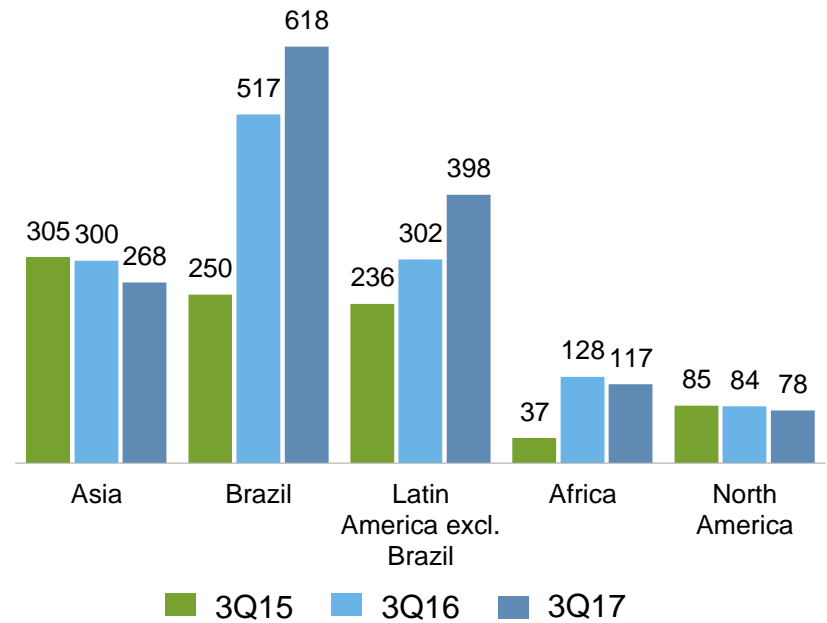


# Strong premium product deliveries

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

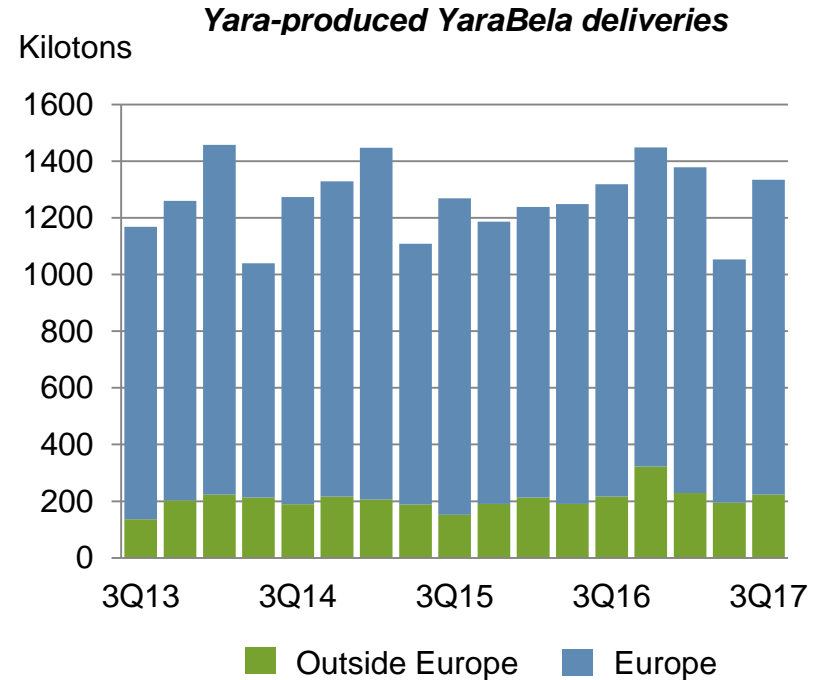
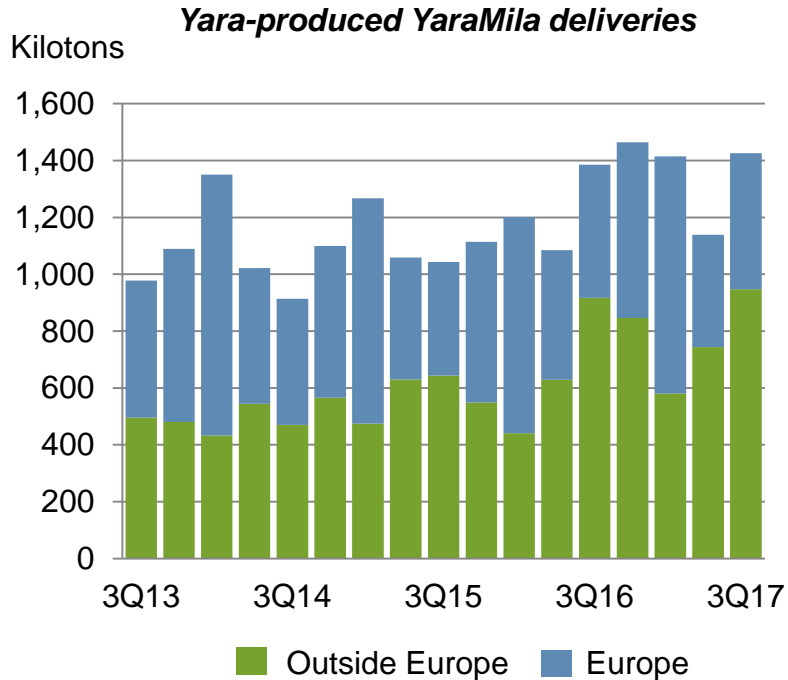


*Value-added fertilizer deliveries<sup>1</sup>*



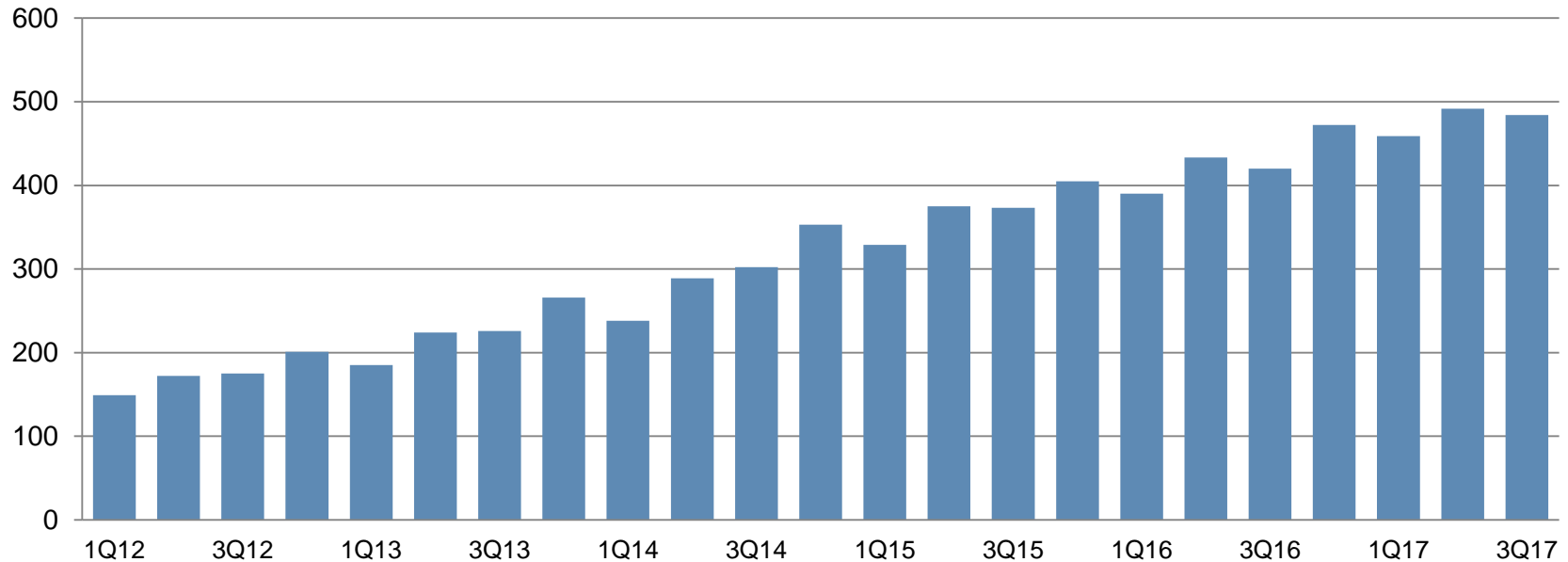
1) YaraBela, YaraMila and YaraLiva deliveries

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



# AdBlue deliveries

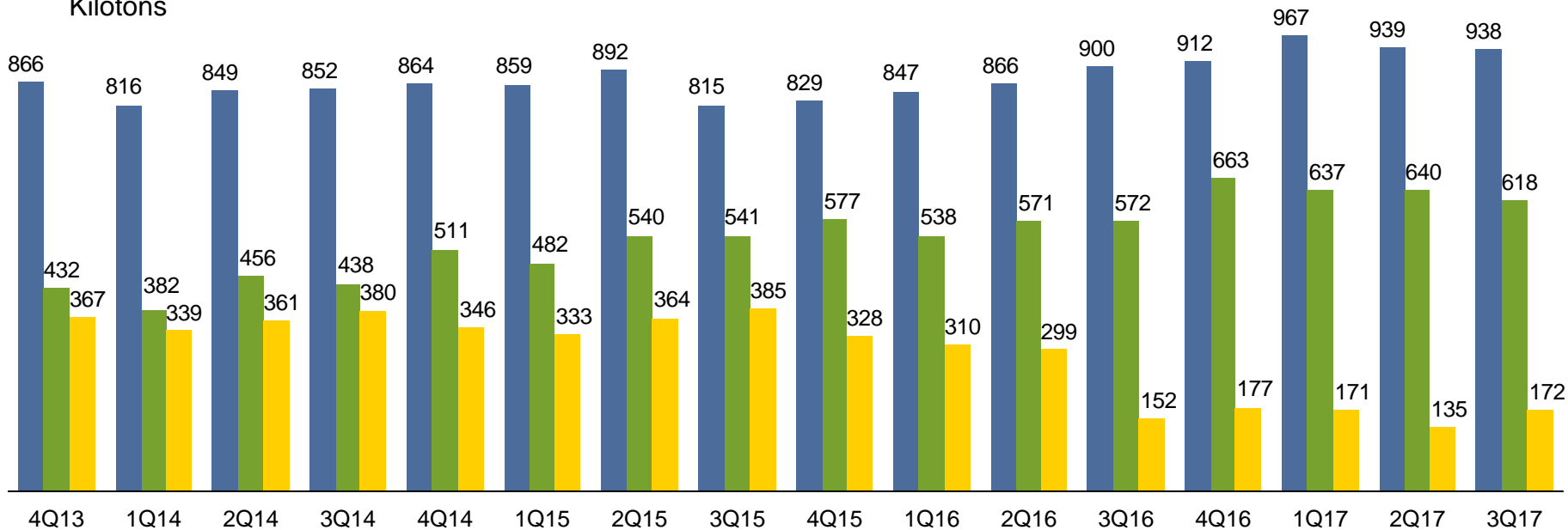
Kilotons





# Industrial volume development

Kilotons

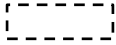


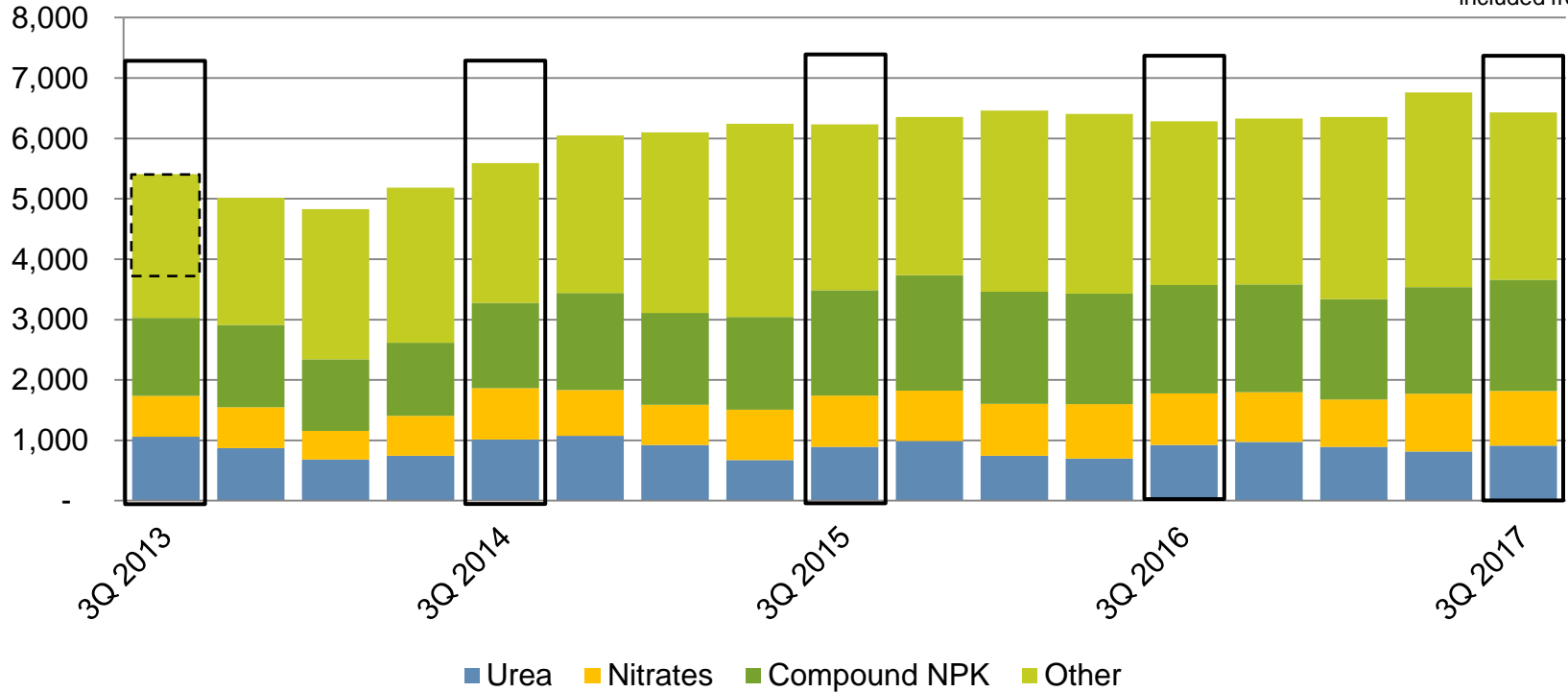
■ Industrial N-chemicals ■ Environmental products ■ Other<sup>1</sup>

<sup>1</sup> European CO2 business divested 1 June 2016

# Yara stocks

Kilotons  
Finished fertilizer

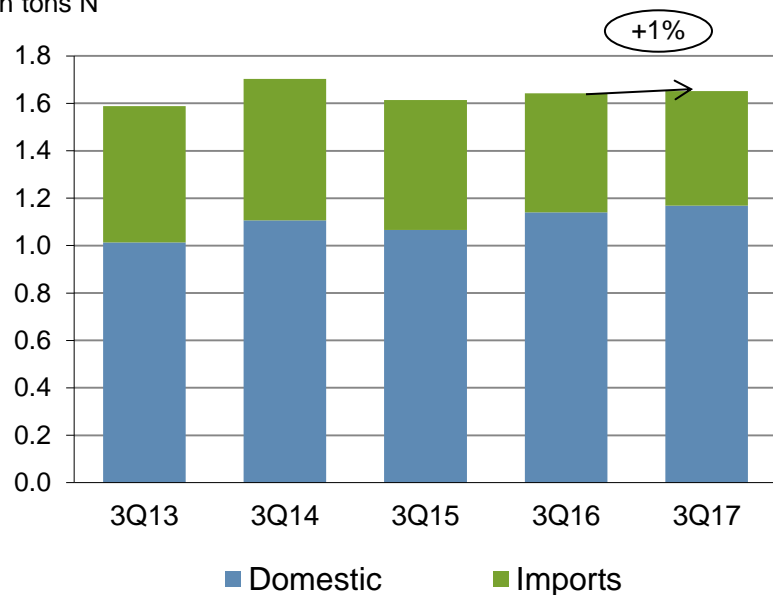
 Bunge Fertilizer included from 3Q 2013



# Normal start to the European fertilizer season, slow in USA like last season

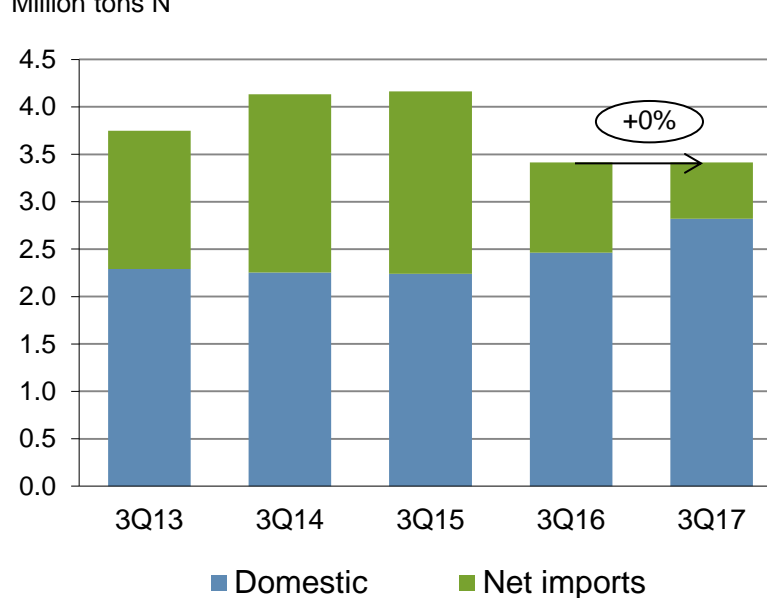
## West Europe

Million tons N



## USA

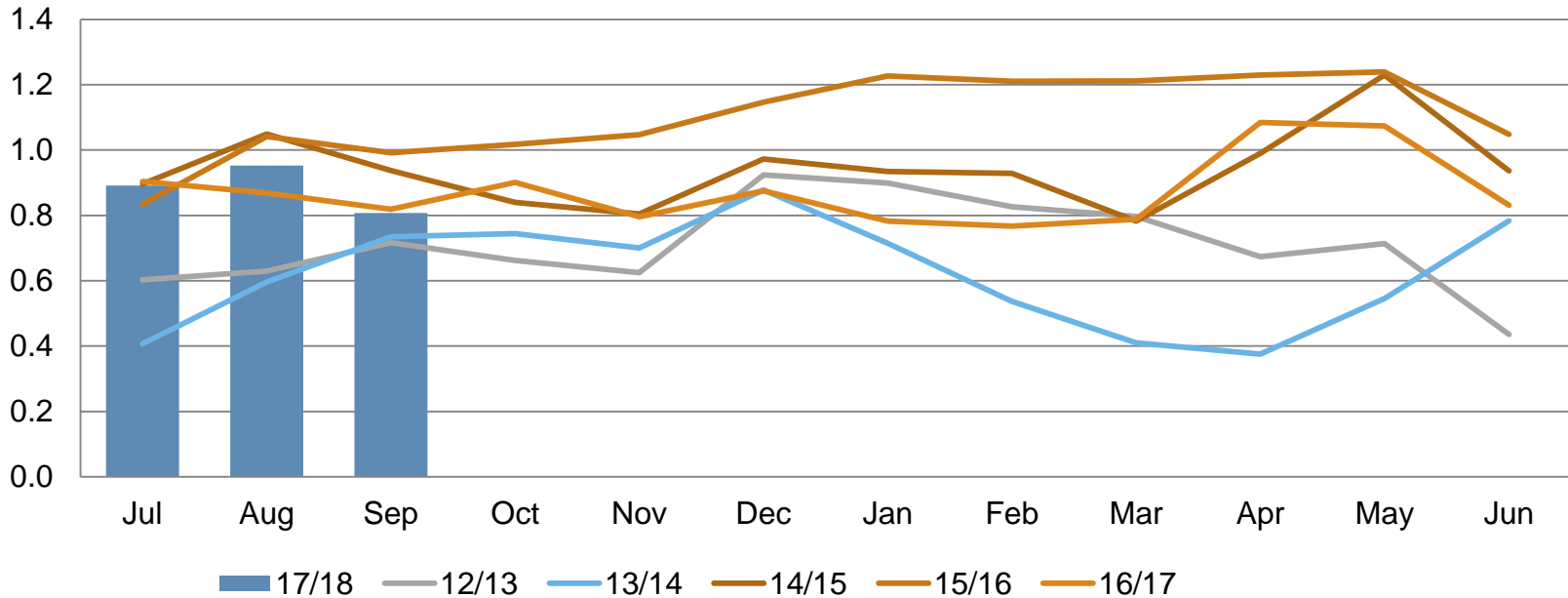
Million tons N



Source: Yara estimate, TFI, US Customs.

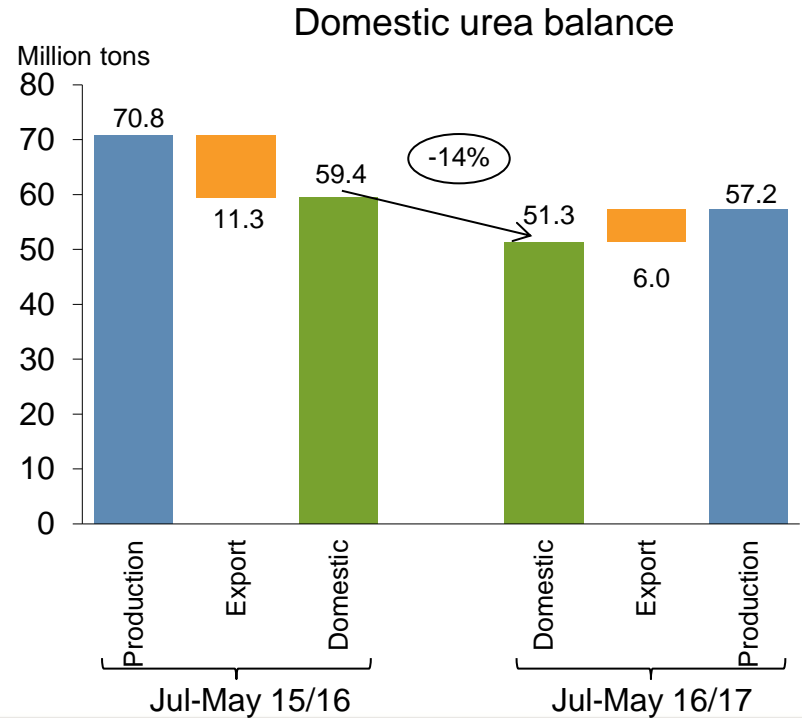
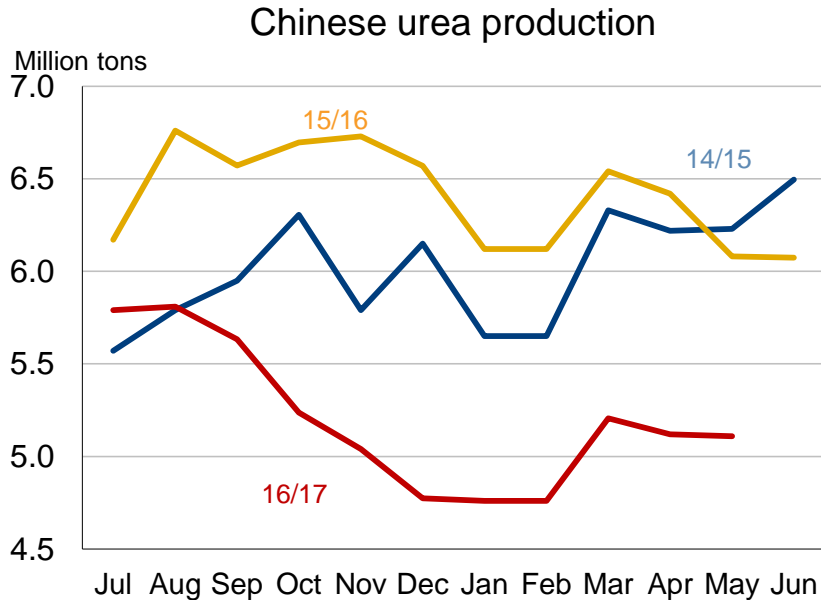
# European producers' nitrate stocks

Index  
June 2007 = 1



Source: Fertilizers Europe, Yara estimate for September

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

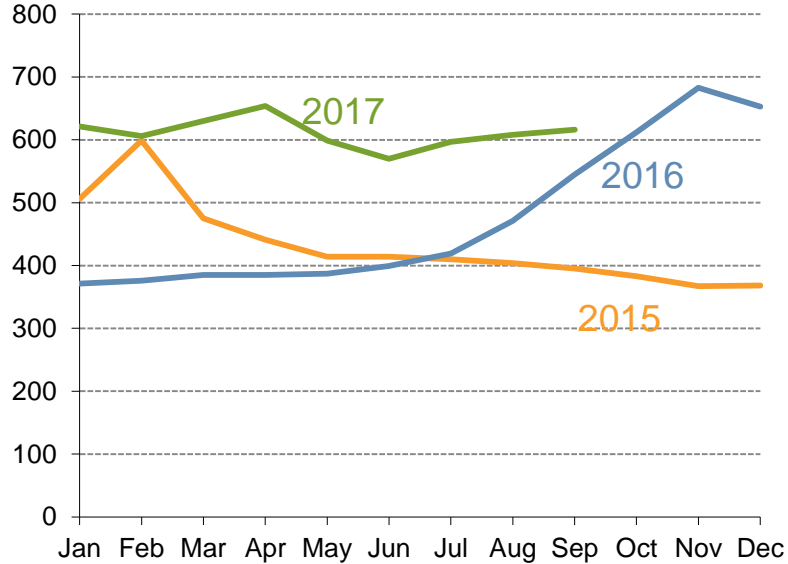


Source: CFMW

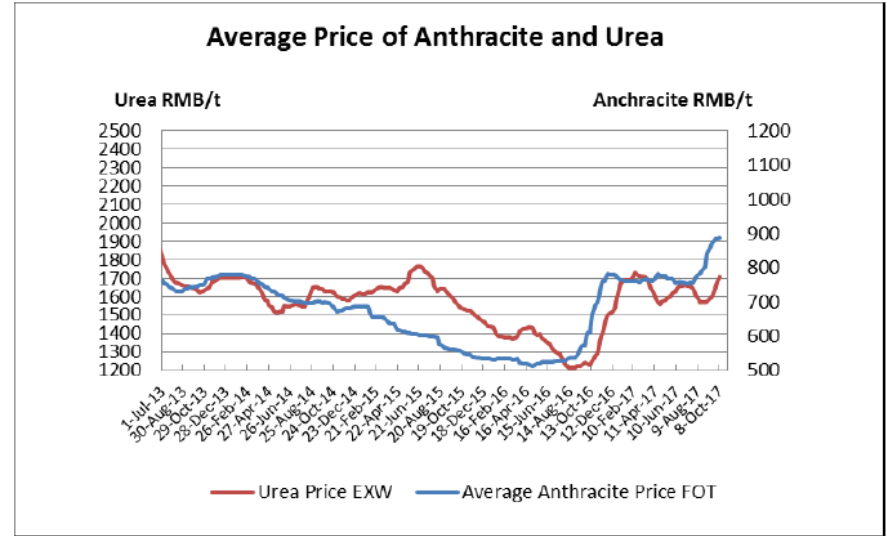


# Increased coal prices drove nitrogen prices higher

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



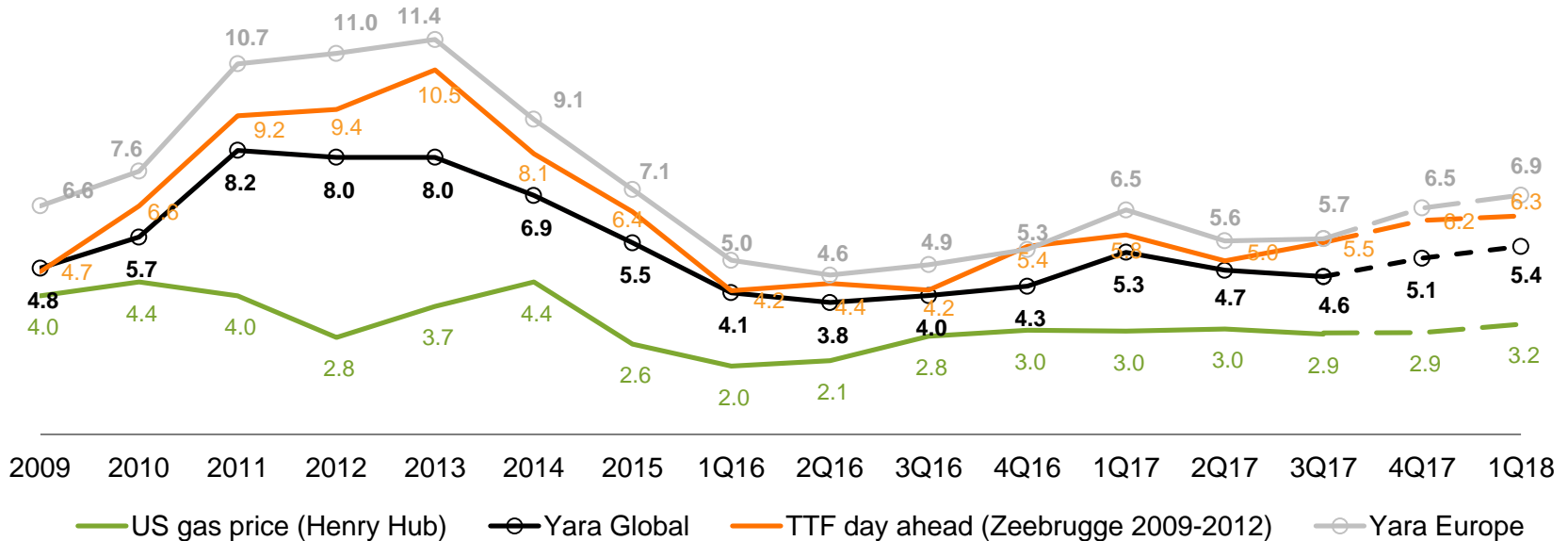
China anthracite and urea prices (RMB/mt)



Source: IHS, CFMW

# Energy cost

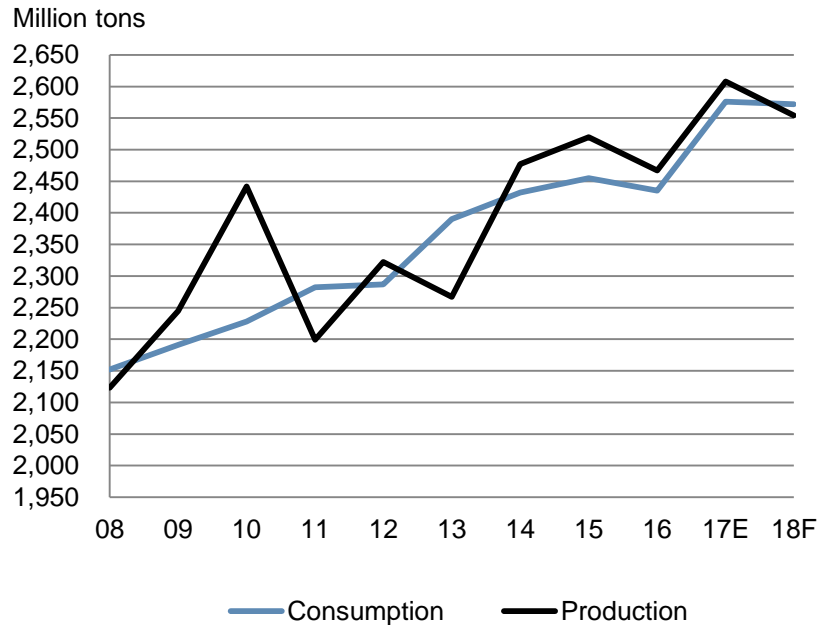
Yearly averages 2009 – 2015, quarterly averages for 2016-18 with forward prices\* for 4Q17 and 1Q18.



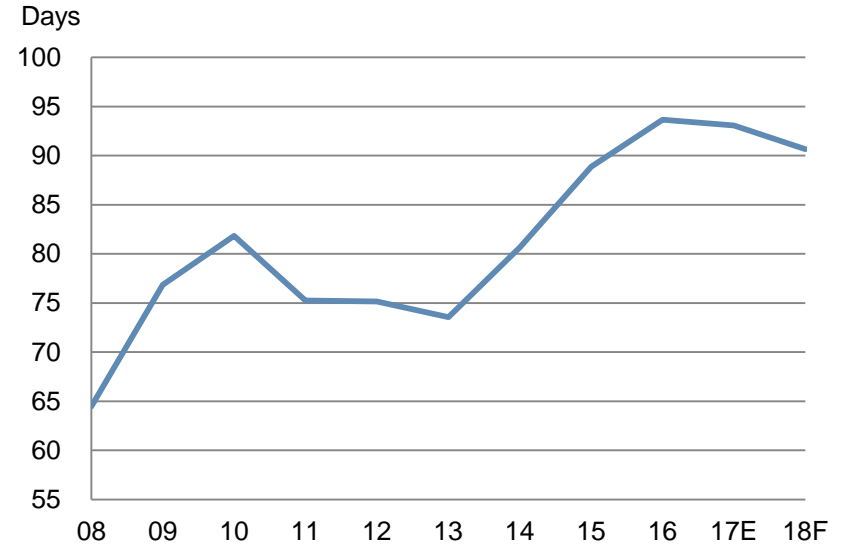
\*Dotted lines denote forward prices as of 10 October 2017  
 Source: Yara, World Bank, Argus/ICIS Heren

# Reduced inventories expected for the 2017/18 season

## Grain consumption and production



## Days of consumption in stocks

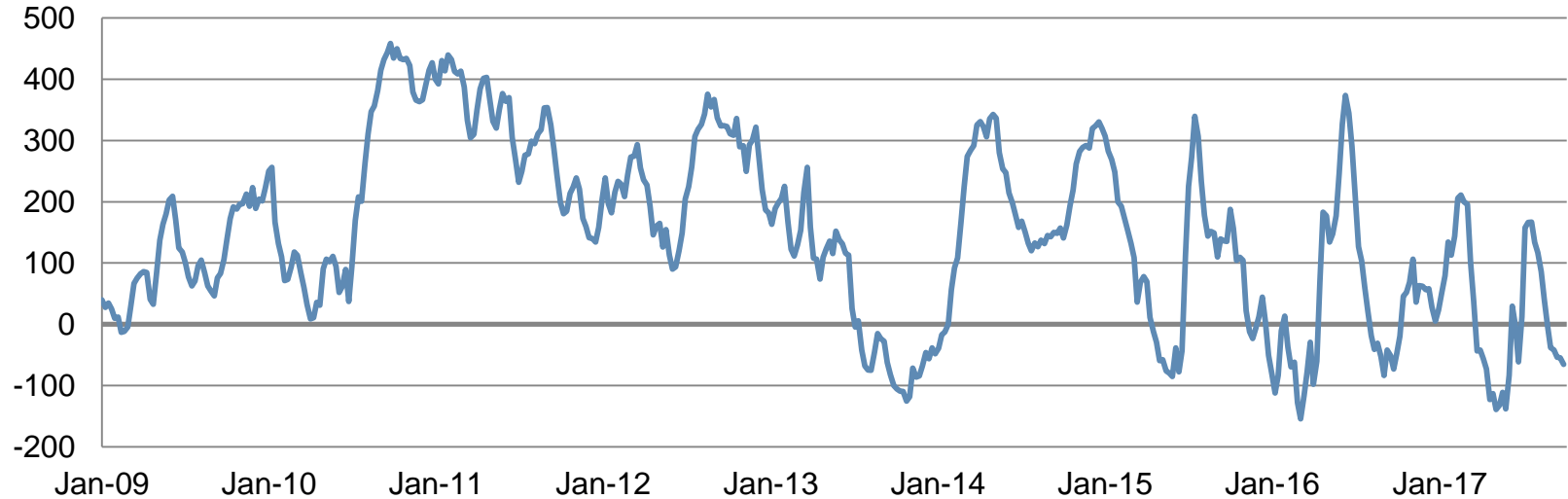


Source: USDA October 2017



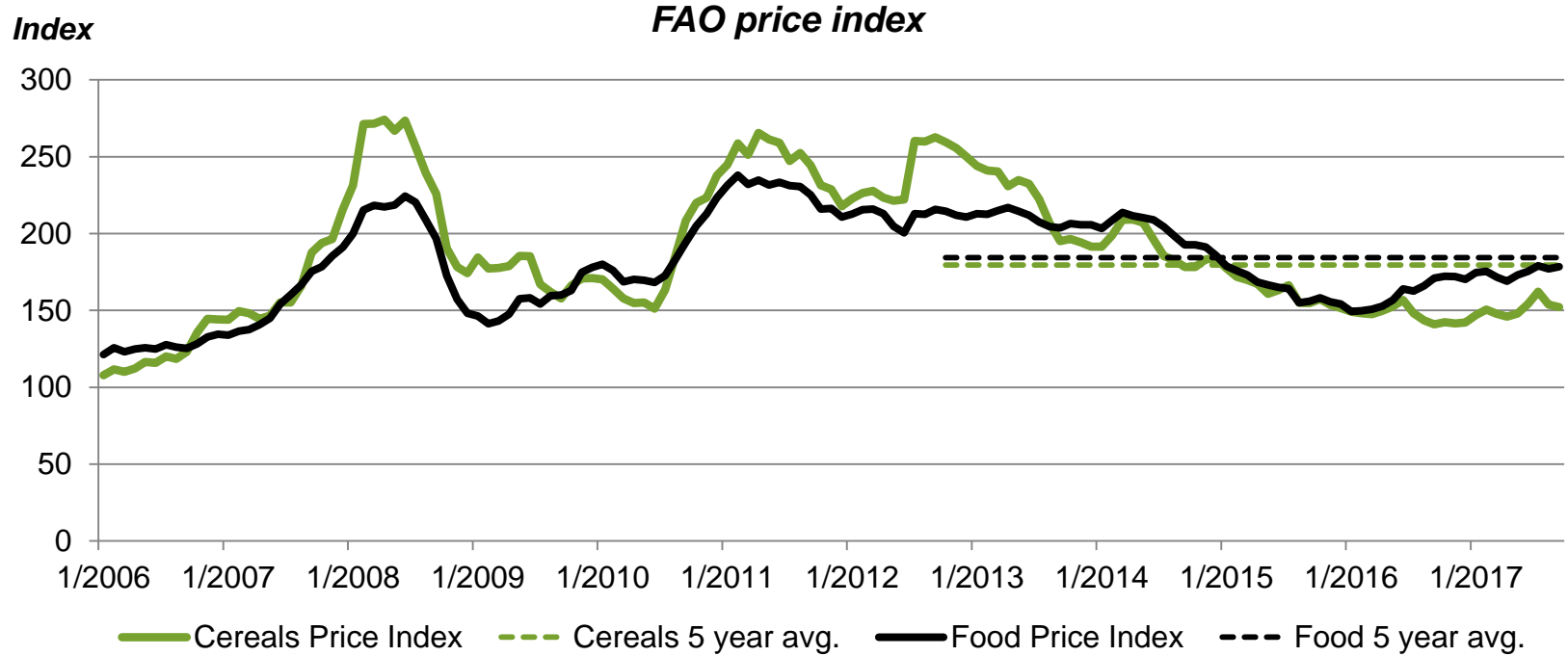
# Non-commercials' net long position in corn

Thousand contracts



Source: US Commodity Futures Trading Commission

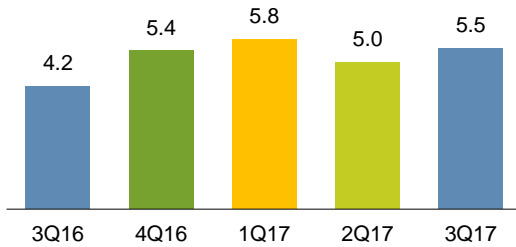
# Relatively weak grain economics



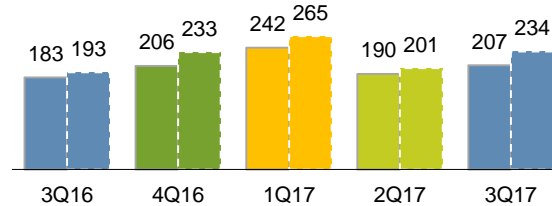
Source: FAO

# Key value drivers – quarterly averages

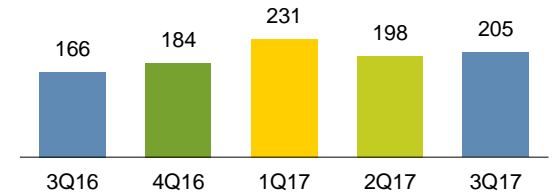
TTF day ahead (USD/MMBtu)



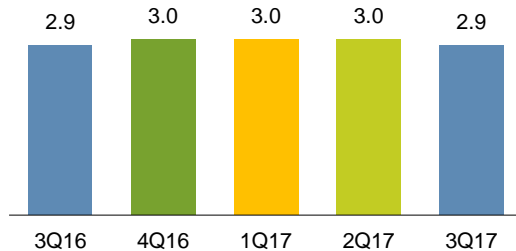
Urea prilled fob Black Sea (USD/t)/Urea granular fob Egypt (dotted line, USD/t)



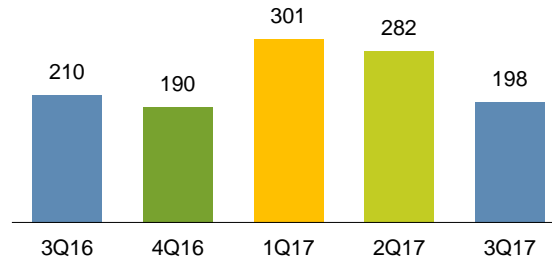
CAN cif Germany (USD/t)



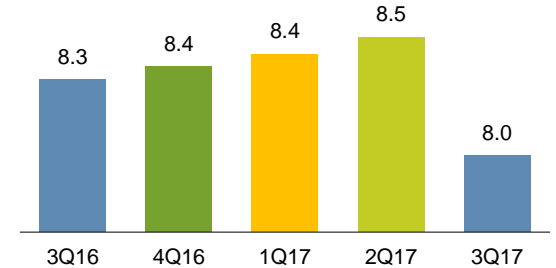
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



NOK/USD exchange rate



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