



Knowledge grows

Yara International ASA Fixed Income Investor Presentation

27 - 28 November 2017



Our planet faces massive challenges – Yara is part of the solution

9.7 billion
people



+ 50 %

Increased food production



-40 to -70%

Reduced greenhouse gas
emissions*



Our Mission

Responsibly feed the world and protect the planet.

Our Values

Ambition, Curiosity, Collaboration and Accountability

Source: OECD and FAO

*To stay within the 2°C goal by 2050

http://yara.com/media/multimedia_library/videos/?id=tcm:9-241120

Key credit highlights

1

World's leading nitrogen-fertilizer company with 112 years history



2

Stable and long term Norwegian government ownership of 36.2%



3

Globally positioned with production and distribution in all major regions



4

Diversified business portfolio reduces exposure to the fertilizer cycle



5

2015-2018 capex program generating increased cash flow from 2018



6

Improvement program well on track to deliver 500 MUSD EBITDA p.a. by 2020



7

Clear long-term commitment to BBB/Baa2 rating target

Moody's
S&P Global

Global leadership by growing knowledge for 112 years

About the company:

- Headquarters in Norway
- President and CEO: Svein Tore Holsether
- Present in more than 60 countries, sales to ~160 countries
- Close to 15,000 employees
- Established as Norsk Hydro in 1905, demerged and listed on Oslo Børs as Yara International ASA in 2004

Key metrics 2016 / YTD 2017:

- Operating revenues: 95.2 BNOK / 69.8 BNOK
- EBITDA: 15.6 BNOK / 8.6 BNOK
- CROGI: 9.5% / 6.5%
- Total deliveries (in million tonnes):
 - Fertilizers: 27.2 / 20.8
 - Industrial products: 6.9 / 5.3
 - Ammonia trade: 2.0 / 1.5

Stable ownership structure:

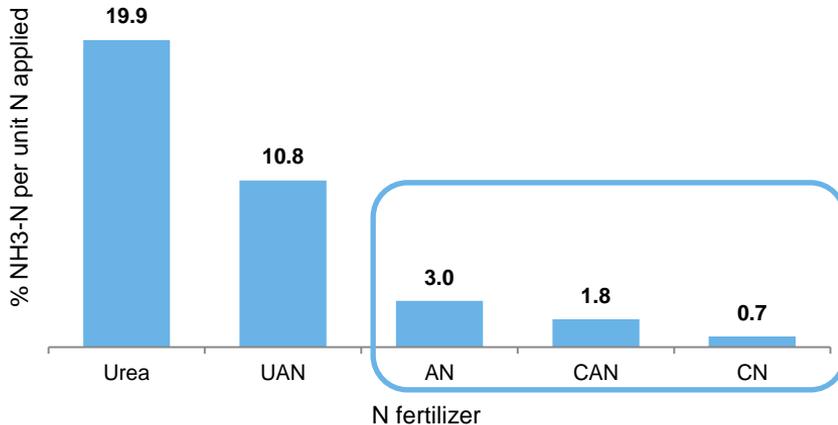
- Norwegian State 36.2%
- Norwegian National Insurance Scheme Fund 5.3%
- Other Norway 14%
- Outside Norway 44.5%

Strong and stable credit position:

- S&P: BBB (stable), BBB+ between 2005 and 2007
- Moody's: Baa2 (stable), unchanged since 2004
- Clear commitment to BBB/Baa2 rating
- Financial ratios as of 3Q 2017:
 - Debt/equity: 0.22
 - Net debt/L12M EBITDA: 1.55x

Yara drives sustainable agriculture with the right nitrogen fertilizer products and precision farming tools

Lower volatilization losses* with Yara's premium fertilizers



Precision farming tools promote sustainable agriculture



- Precision farming promotes best agricultural practices
- Yara's N-sensor, N-tester and water sensor help optimize application rates and water use
- Yara's solutions help farmers comply with environmental legislation while supporting their competitiveness

Agriculture is responsible for about a quarter of global greenhouse gas emissions. Yara contributes to lower emissions through promoting premium fertilizers and sustainable farming

Agenda

Company overview

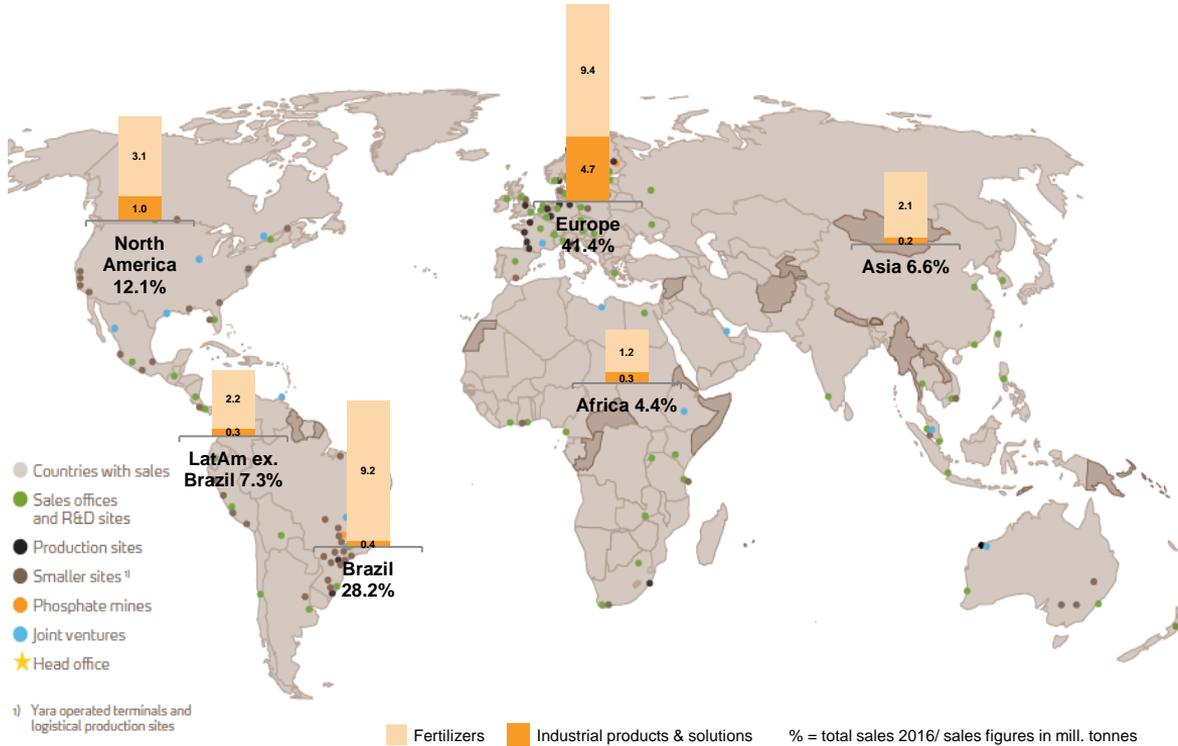
Fertilizer market

Business strategy

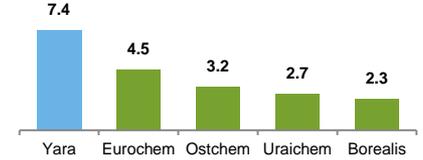
Financial review

Appendix

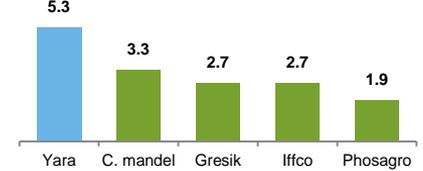
Yara's leading global position and differentiated product portfolio represent key sources of competitive edge



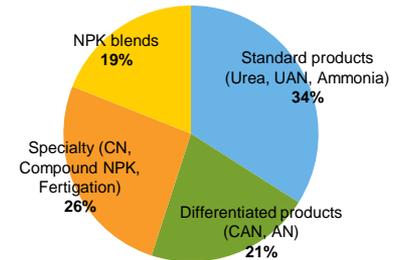
Global #1 in Nitrates¹



Global #1 in NPK²

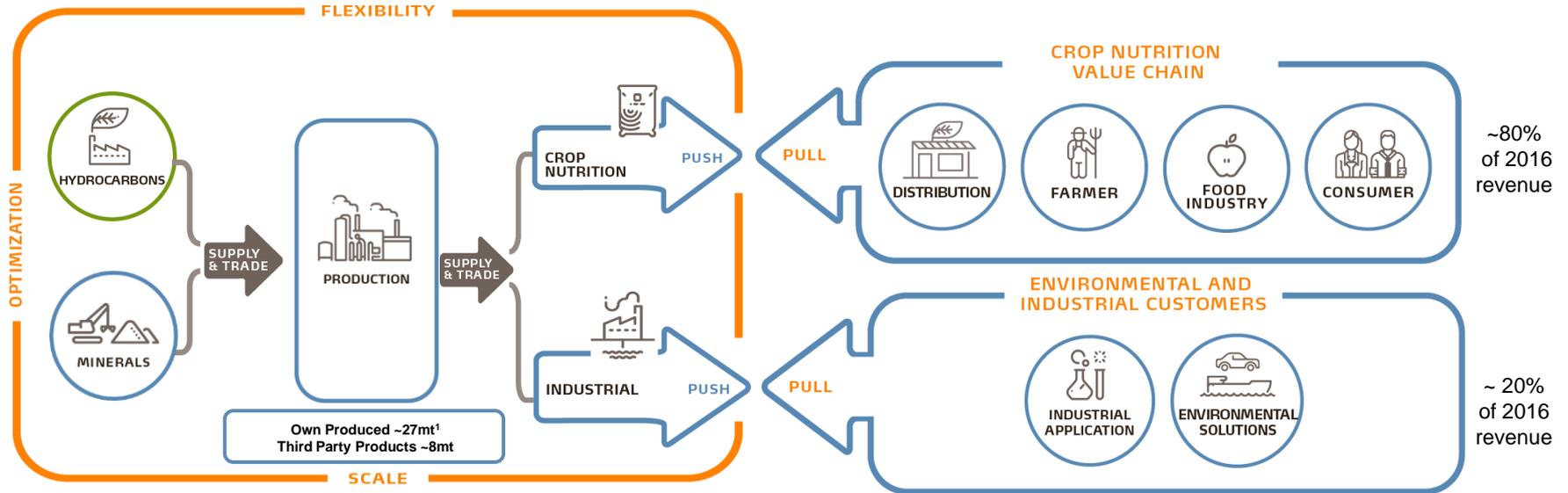


Fertilizer product portfolio³



1) Including TAN and CN – Including companies' share of JVs 2016YE
 2) Compound NPK, excluding blends
 3) 2016/2017 season volume
 *Ammonia trade not included in chart above

Integrated business model which creates value above competitors through scale, flexibility and value chain presence



Three operating segments supported by a global supply chain function cover the value chain

	Production	Crop Nutrition	Industrial
			
Description	Runs large-scale production of nitrogen-based products, the starting point for our crop nutrition and industrial solutions	Provides worldwide sales, marketing and distribution of a range of crop nutrition products and programs	Develops and markets environmental solutions and products for industrial applications
Credit highlight	Production has plants and mines globally, providing scale and flexibility	Crop Nutrition creates resilience in earnings with distribution and agronomic competence	Industrial segment reduces cyclicity and seasonality
2016 Revenues¹	8.5 BNOK (1.0 BUSD) 9%	72.7 BNOK (8.9 BUSD) 75%	16.0 BNOK (2.0 BUSD) 16%
2016 EBITDA²	6.7 BNOK (0.8 BUSD) 44%	5.5 BNOK (0.7 BUSD) 36%	2.9 BNOK (0.4 BUSD) 19%
Supply Chain	 <ul style="list-style-type: none"> • Global function responsible for optimization of energy, raw materials and third party sourcing • Sourcing and trade of 3,864 kilotons of ammonia and purchases of 293mm MMBtu of energy, 3,408 kilotons of potassium and 969 kilotons of phosphate rock 		

1) External revenues and other income

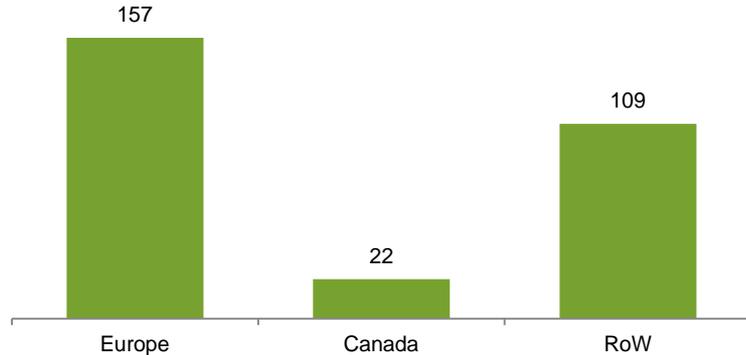
2) Excluding other and eliminations

USD translations use USD/NOK exchange rate of 8.18 as of 15 November 2017 (Source: Bloomberg)

Supply Chain delivers industry-leading economies of scale

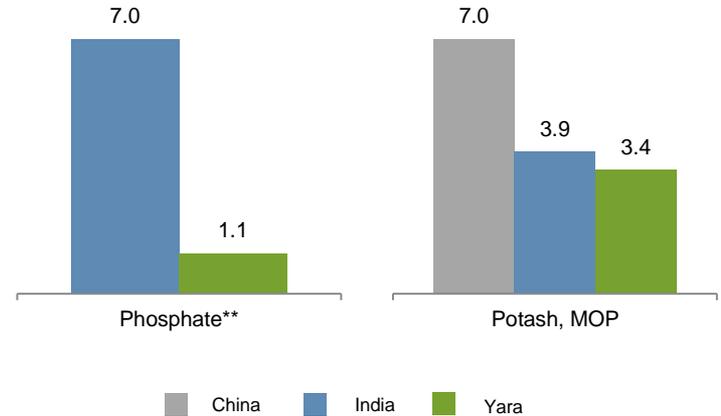
Biggest industrial buyer of natural gas in Europe

2016 gas consumption, Million MMBtu*



Third single biggest buyer of P&K globally

2016 P&K purchases (mt)

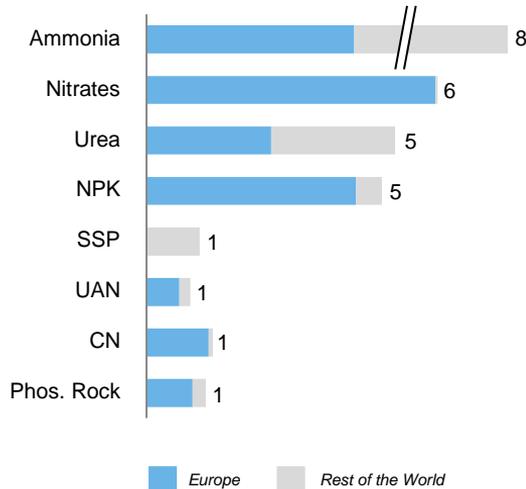


*Including share of JVs
** In P₂O₅ equivalents

Production scale advantage and variable cost flexibility due to asset set-up and product mix

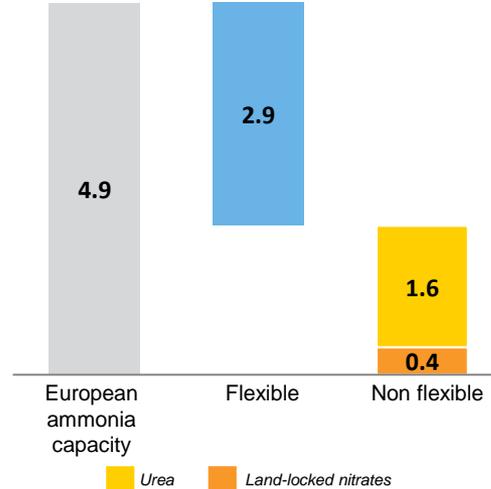
Diversified product portfolio¹

Mill tons 2016FY



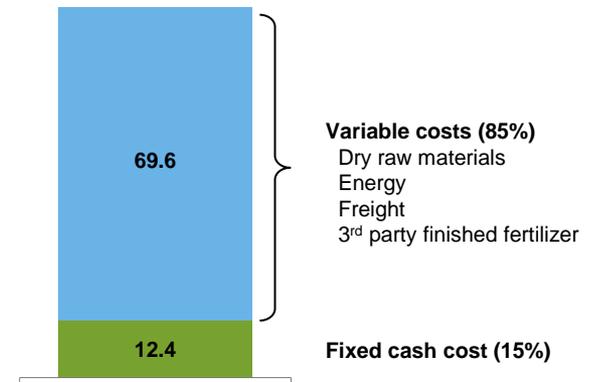
High ammonia flexibility

Mill tons 2016FY



Yara's operating cash costs are mainly variable

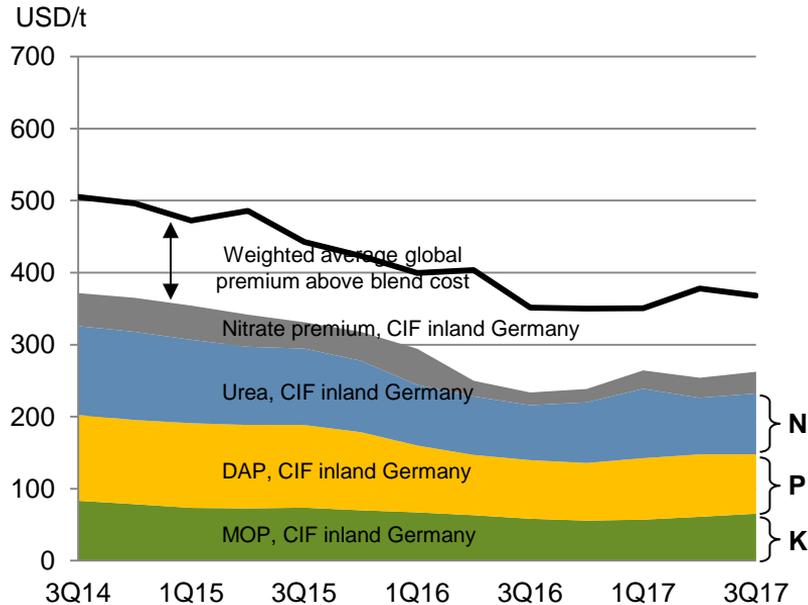
NOK billions, 2016FY



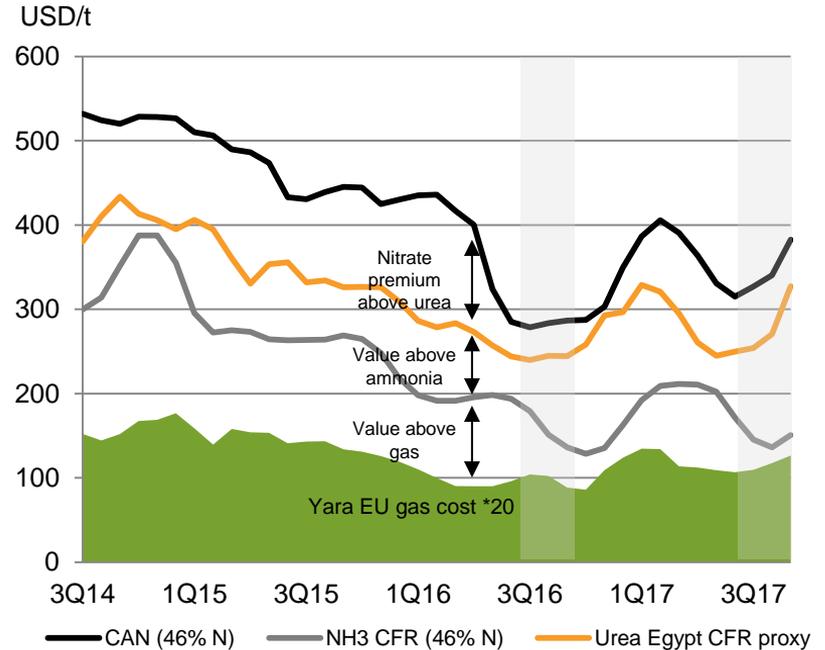
~90% of nitrate and NPK production can operate independently of ammonia production

Crop Nutrition creates resilience in earnings through sustainable value-added premiums

NPK premium over blend¹

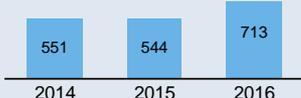
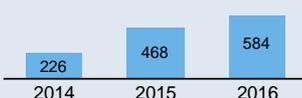
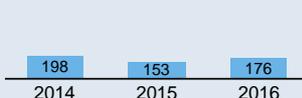
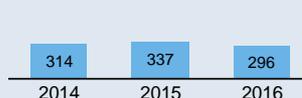


Nitrogen upgrading margins²



1) Export NPK plants, average grade 19-10-13, net of transport and handling cost
 2) All prices in urea equivalents (monthly publication prices)

Industrial segment delivers growth and offsets fertilizer cyclicality and seasonality

	Base Chemicals	Environmental Solutions	Mining Applications	Industrial Applications ¹
Key product and service offering	 Chemical applications for food, automotive, space, pharmaceutical and construction industries	 NO _x and SO _x abatement of emissions from heavy duty vehicles and industry	 Technical nitrates and solutions for mining and construction industries	 CN and associated solutions for industrial applications Feed urea and phosphates for Animal nutrition
Strategic fit	Optimization of Upstream assets	Utilize logistics advantage and infrastructure footprint	Utilize technology, logistics and infrastructure advantage	Monetize products into higher value markets
Geographical market	 Europe	 Global	 Global	 Global
Market drivers	GDP growth	Legislations, GDP growth	GDP growth, mining industry	GDP growth, standard of living
EBITDA 2014-2016 (MNOK)	 2014: 551, 2015: 544, 2016: 713	 2014: 226, 2015: 468, 2016: 584	 2014: 198, 2015: 153, 2016: 176	 2014: 314, 2015: 337, 2016: 296

Agenda

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Fertilizer market

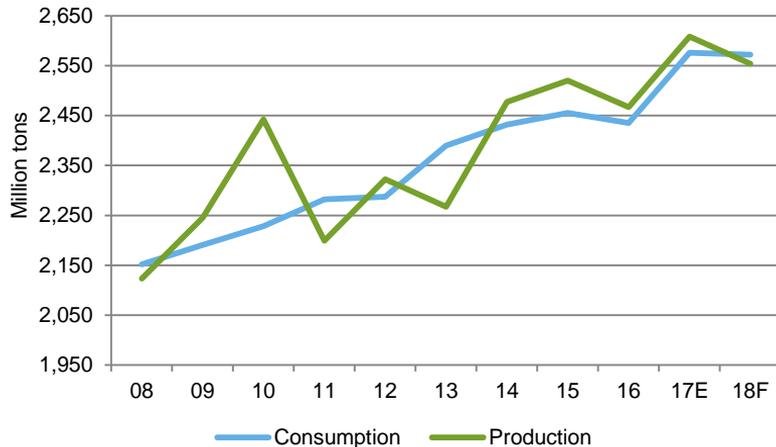
Business strategy

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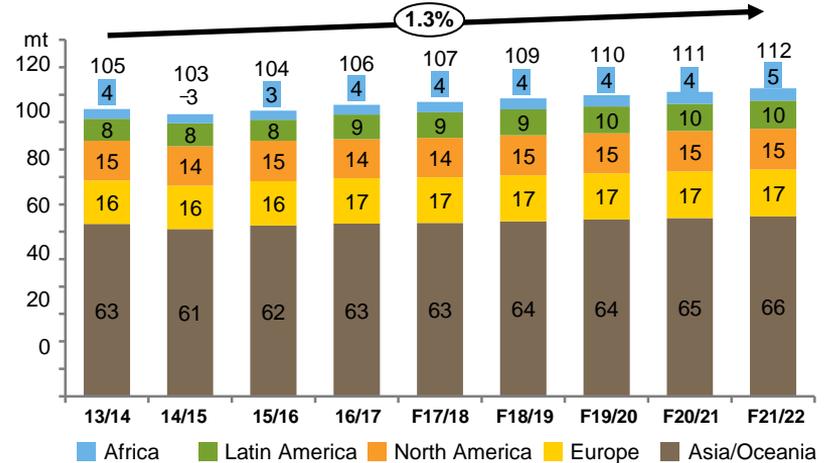
Appendix

Food demand drives fertilizer consumption – Grain is the key driver for nitrogen consumption growth

Grain consumption and production¹



Global nitrogen consumption growth²



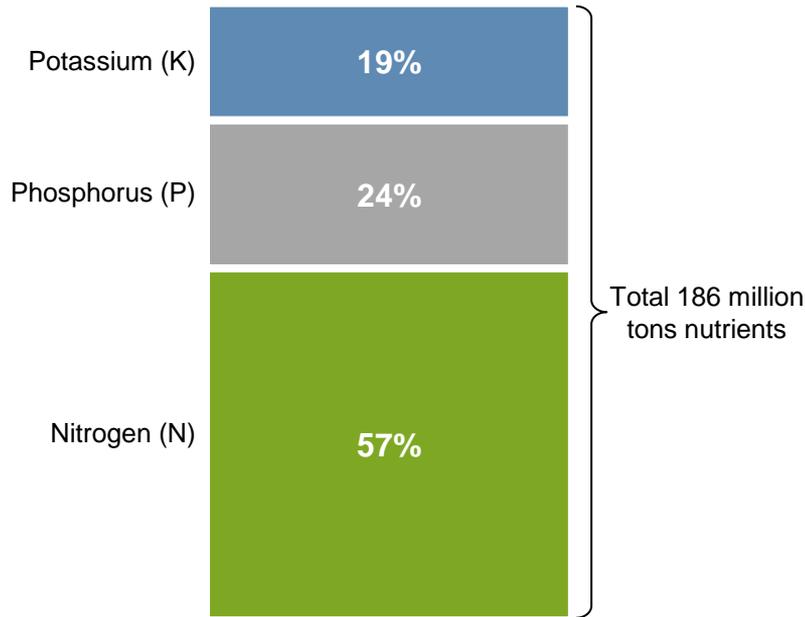
Food demand drives fertilizer consumption

- Population growth of about 80 million each year
- Economic growth also changes diets

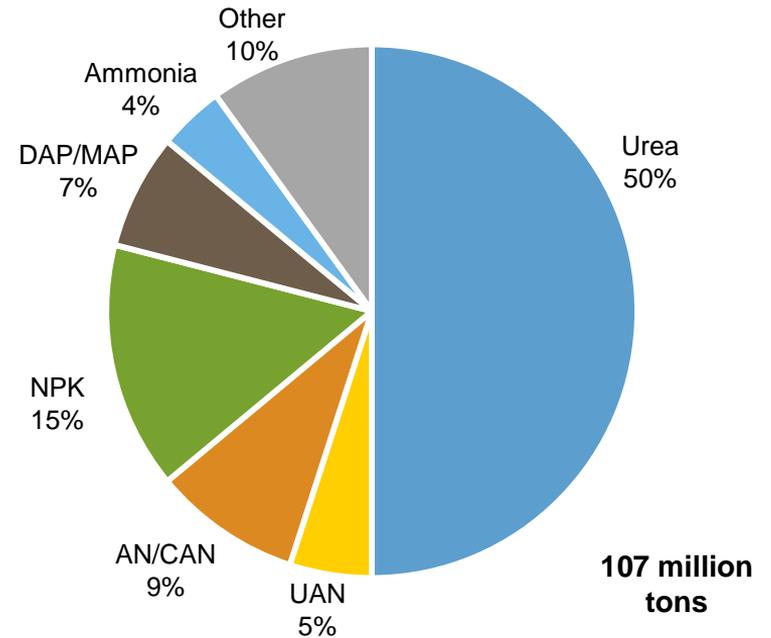
1) Source: USDA October 2017
2) Source: International Fertilizer Association (IFA) 2017. Per season actual and forecast.

Yara has a strong position in value-added fertilizer, while urea is the main reference product for nitrogen pricing

Nitrogen – The most important nutrient¹

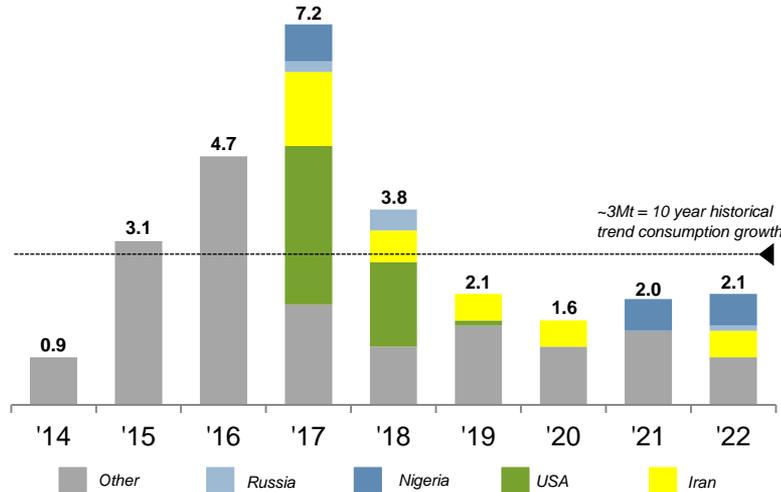


Urea is the key commodity N-product²

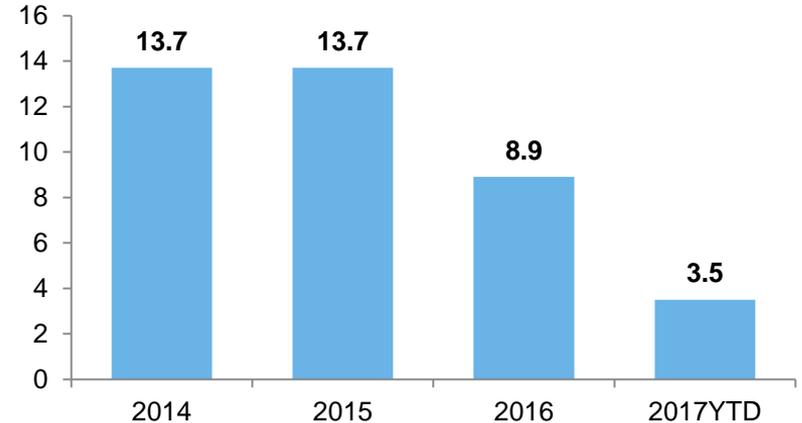


Urea oversupply outside China is offset by lower Chinese exports

Capacity additions, excluding China (Mt urea)



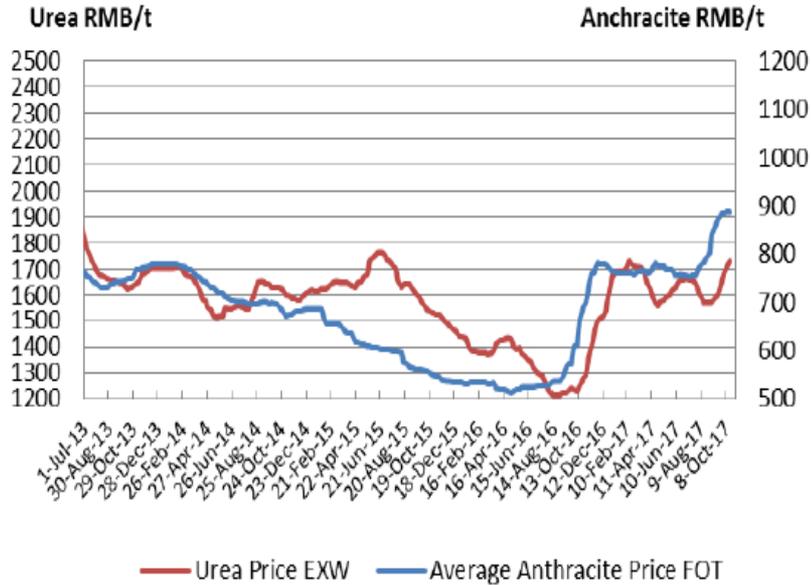
Urea exports from China (Mt urea)



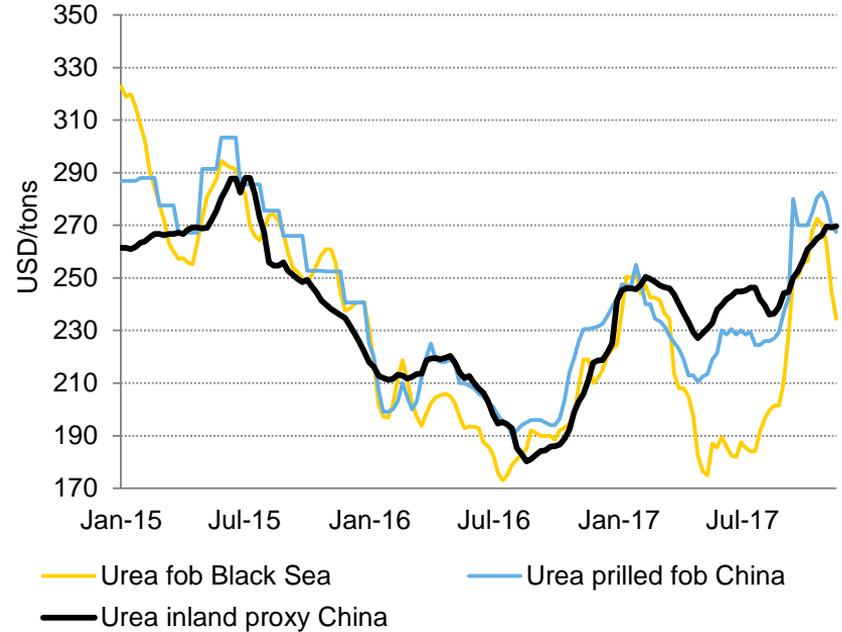
- Market is currently dominated by oversupply outside China, however lower China exports balance the urea market
- Urea market price is set by Chinese swing producers

Increased coal prices in China have driven nitrogen prices higher

China anthracite and urea prices (RMB/mt)¹



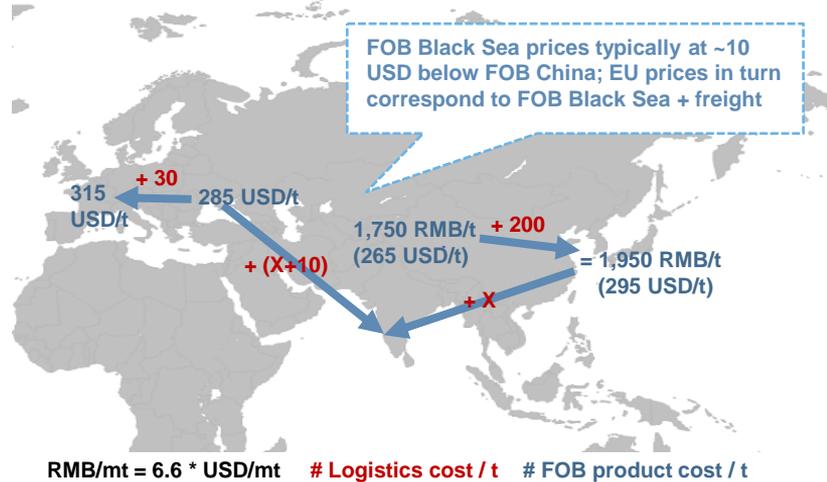
Increasing urea prices



1) Source: IHS, CFMW

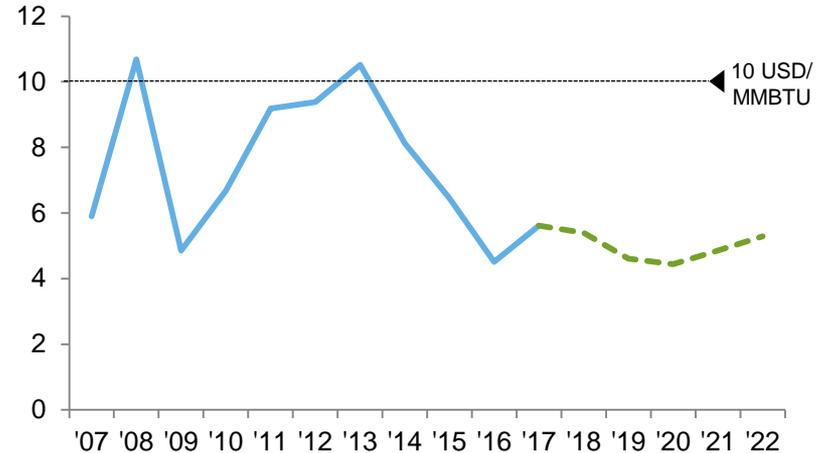
Western Europe producers have clear cost advantage over China

Urea pricing derived from a Chinese export price



- China as the swing producer defines the Urea market prices for Western Europe

European gas cost²

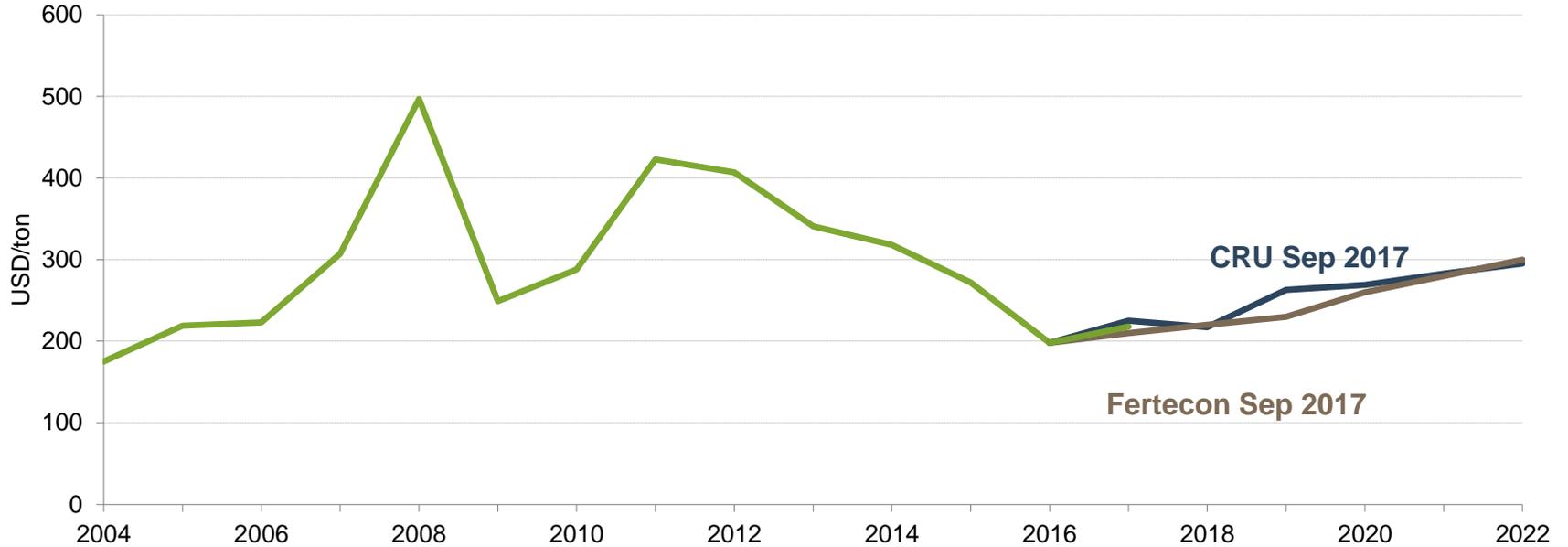


- Production based on European natural gas has a cost advantage over China up to a gas price of 10 USD /MMBTU¹

1) Based on an FOB China export price of 295 USD/t
2) IHS forecast – TTF (USD/MMBTU)
Source: IHS, Yara internal analysis

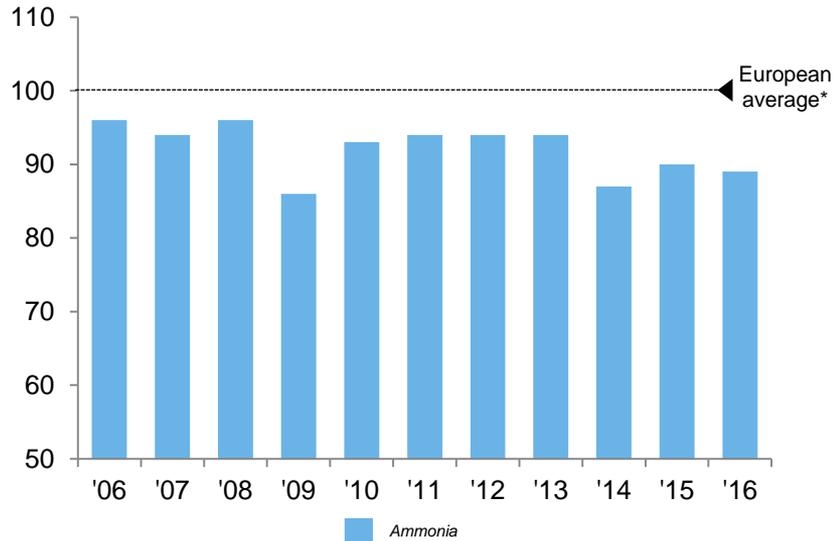
Urea prices are forecast to increase going forward

Urea fob Black Sea



Yara has strong cost and market positions globally

Leading cost position in Europe



Strong competitive-positions outside Europe

- **North America:** World class low-cost production assets in core agriculture market
- **Brazil:** Unrivalled distribution network with 28 sites in 11 states. Limited commodity margin exposure due to (1) strong premium product positions and (2) third-party sourcing for blend business
- **Asia:** Export market for Yara premium products for more than 100 years. Strong knowledge margin and brand awareness.

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Appendix

Sustaining profitable growth and competitive edge within three focus areas

Organic growth and market development



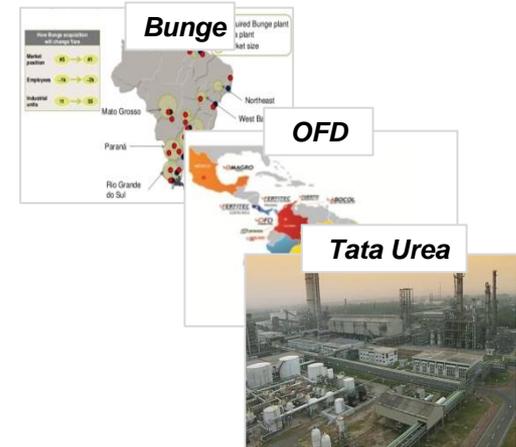
Shape the markets where we are present and grow our positions

Continuous improvement



Fit for the future improving cost position and positioned for sustainable growth

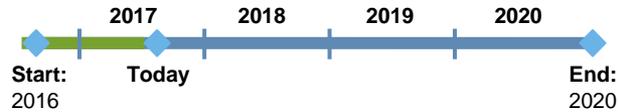
Profitable step growth



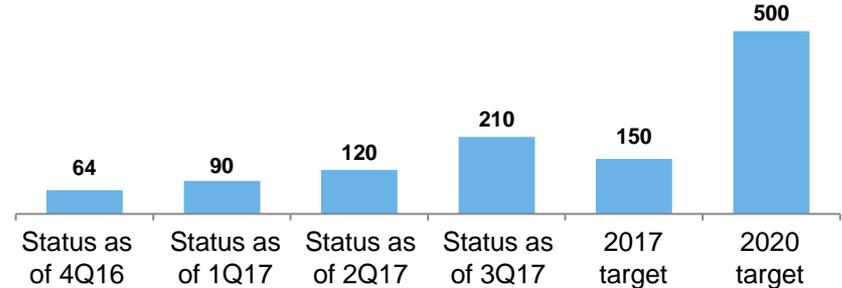
Drive growth through M&A, as well as capacity expansions and new builds

Yara Improvement Program targets minimum USD 500 million sustained annual EBITDA improvement by 2020

USD 500m Improvement Program Progress



Annualized EBITDA improvement, USDm¹

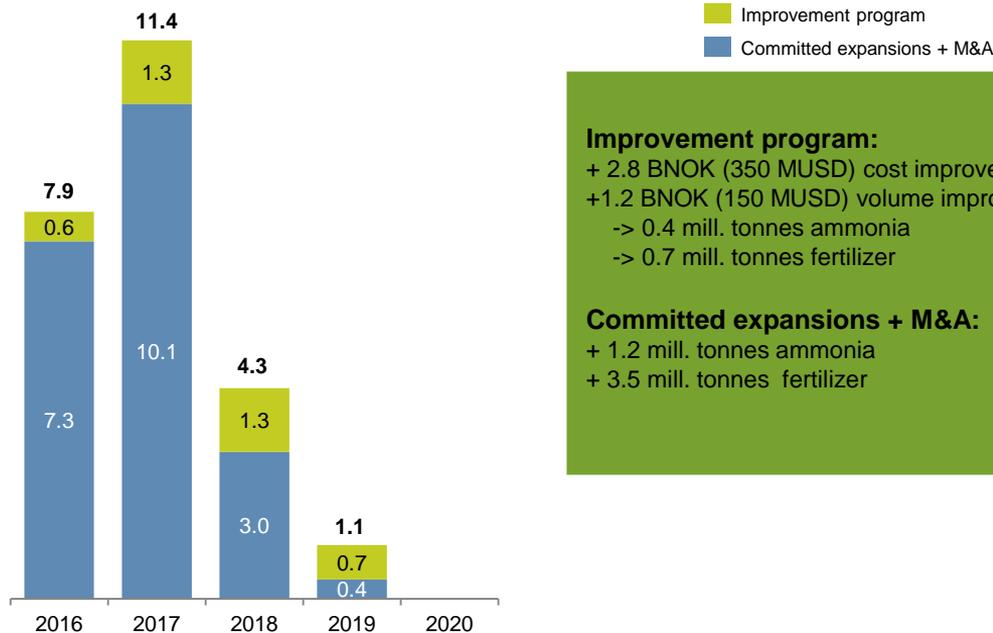


Improvement categories:

- **Volume:** increasing production in existing plants by improving reliability
- **Consumption factor:** reducing spend, primarily on energy, through better reliability and new technology
- **Variable unit cost:** leverage global scale, advanced category management and collaborative procurement approaches
- **Fixed cost:** improve support function standardization and realize scale benefits

Major improvement and growth investments in 2017; main earnings improvement from 2018 onwards¹

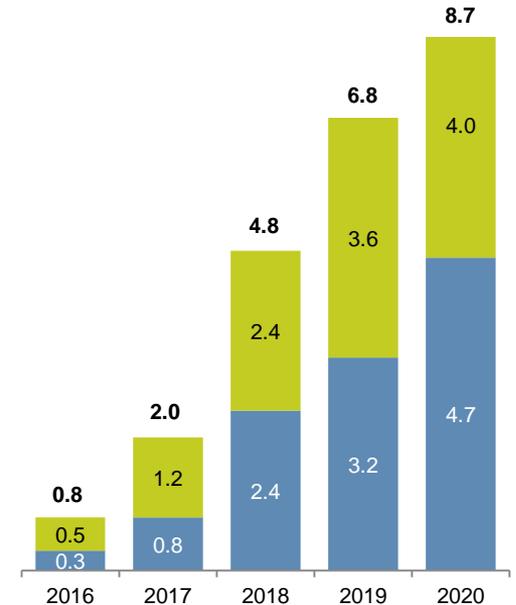
Improvement and growth capex² (BNOK)



Improvement program:
 + 2.8 BNOK (350 MUSD) cost improvement
 +1.2 BNOK (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 improvement³ (BNOK)



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

² Excluding Yara's acquisition of Vale Cubatão Fertilizantes complex in Brazil. Excluding maintenance capex on existing assets. Yara's share of capex. Fully consolidated entities presented at 100% basis

³ 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

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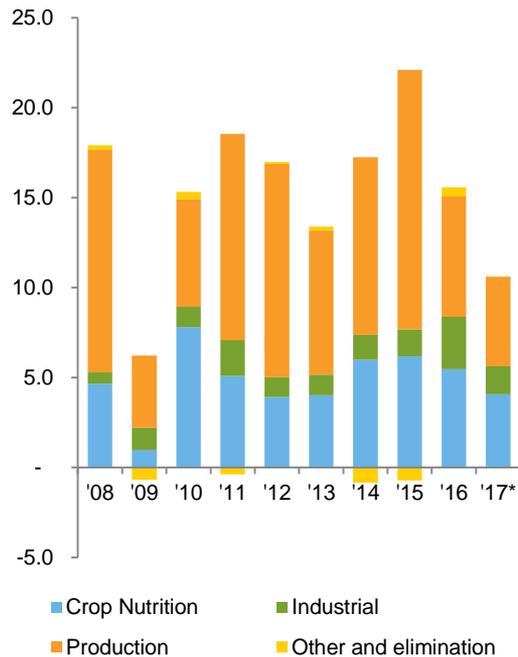
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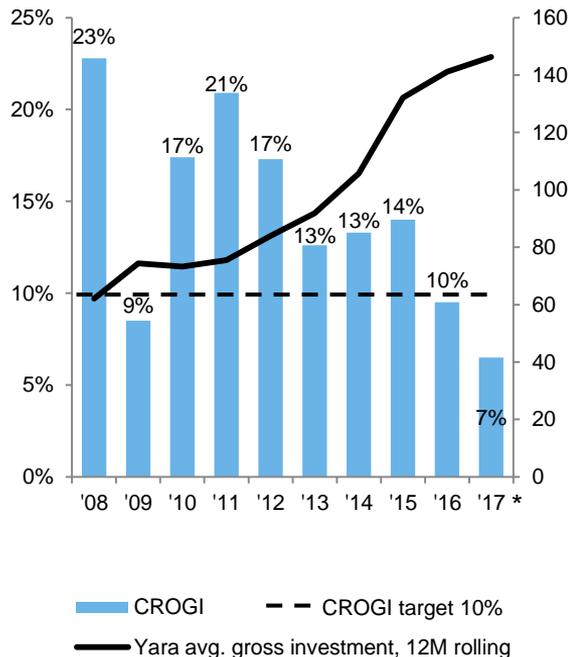
Appendix

Brief financial summary

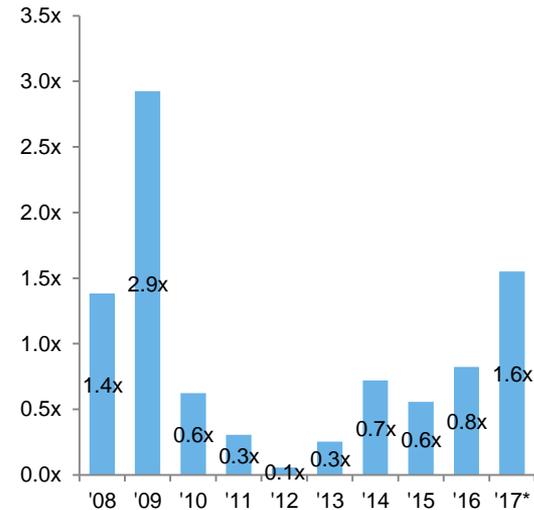
EBITDA (BNOK)



Cash Return on Gross Investment



Net Debt/EBITDA



Solid earnings and cash flow despite challenging market and peaking investment program demonstrate financial discipline

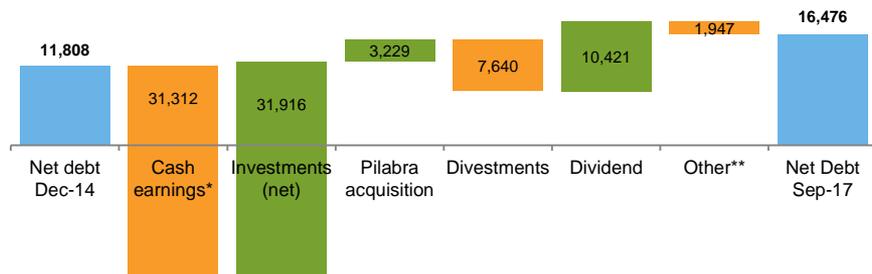
Summary of P&L

(NOKm)	YTD 2017	YTD 2016	Change	YE 2016
Revenue	69,875	74,843	(4,968)	97,170
EBIT	3,939	8,807	(4,868)	9,149
EBITDA	8,594	13,548	(4,954)	15,563
<i>% margin</i>	12.2%	18.1%	N/A	16.0%
Net income	3,101	6,693	(3,592)	6,360

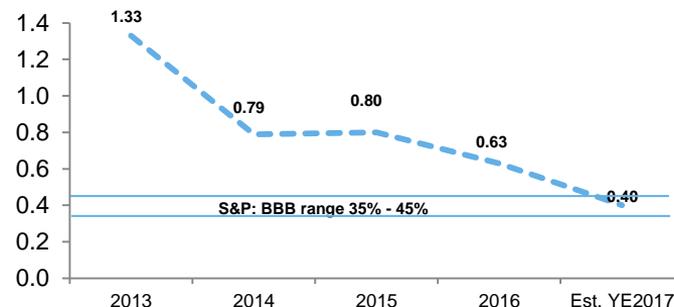
Yara's 2017 results impacted by

- Lower fertilizer prices
- Higher energy prices
- Total fertilizer deliveries up 2% year to date
- Improvement program ahead of plan

Net debt development 2014-2017YTD (MNOK)



Development in adjusted FFO/Net Debt¹



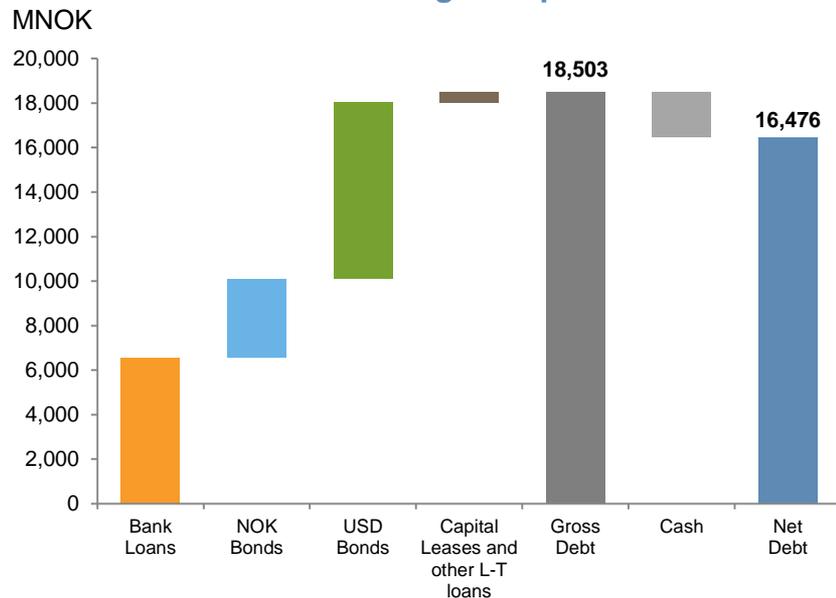
* Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges

** Other including FX, operating capital change

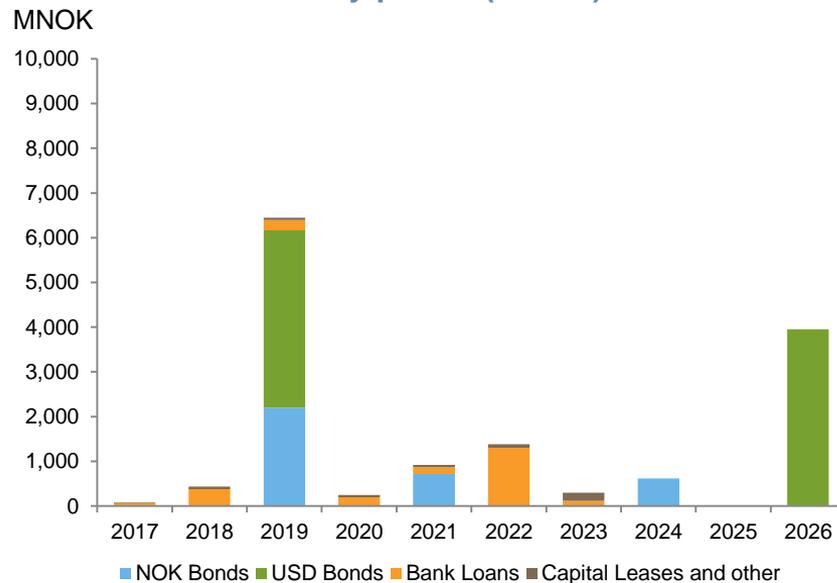
1) Source: S&P

Yara has access to a broad range of capital markets

Yara's interest-bearing debt per end 3Q17



Maturity profile (MNOK)



Yara has undrawn long-term facilities of 1.25 BUSD

Financial discipline and active risk management guides our strategy

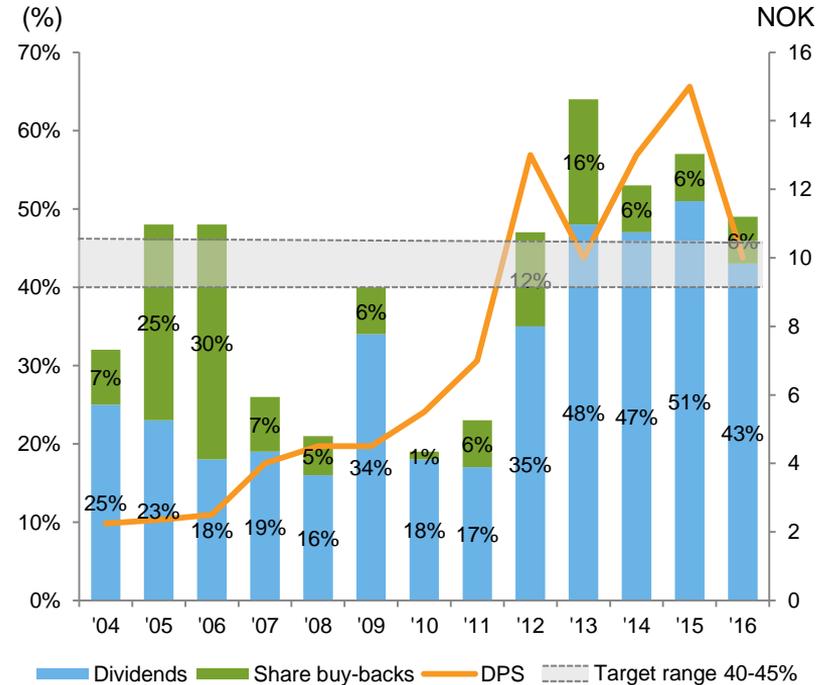
Financial Policy:

- Financial discipline is the basis for the development of Yara's global leadership position
- Total cash return to shareholders expected to average 40-45% of net income of the business cycle

Financial Targets:

- **Long-term credit rating target**
 - Mid investment grad (minimum BBB/Baa2)
- **Relative competitiveness**
 - EBITDA/Total assets in best quartile of peers
- **Solid profitability**
 - CROGI over the cycle > 10% as average
- **New investment profitability**
 - Hurdle rate: IRR nominal, after tax > 9%

Historical dividends as share of Net Income



Summary

- Globally positioned fertilizer company with integrated and diversified portfolio
- On-going capex and improvement programs generating increased cash flow from 2018
- Clear long-term commitment to BBB/Baa2 rating

S&P Global rating November 21, 2017

S&P Global

“...we believe that the company will balance its growth strategy (including acquisitions) with the publicly stated commitment to maintain at least a 'BBB' rating.”

“...in 2018, Yara's profits will be supported by the benefits from its improvement program, additional volumes from capacity expansions and the Babrala acquisition, and notwithstanding higher energy costs in Europe and low cycle prices for fertilizers.”

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Agenda

Company overview

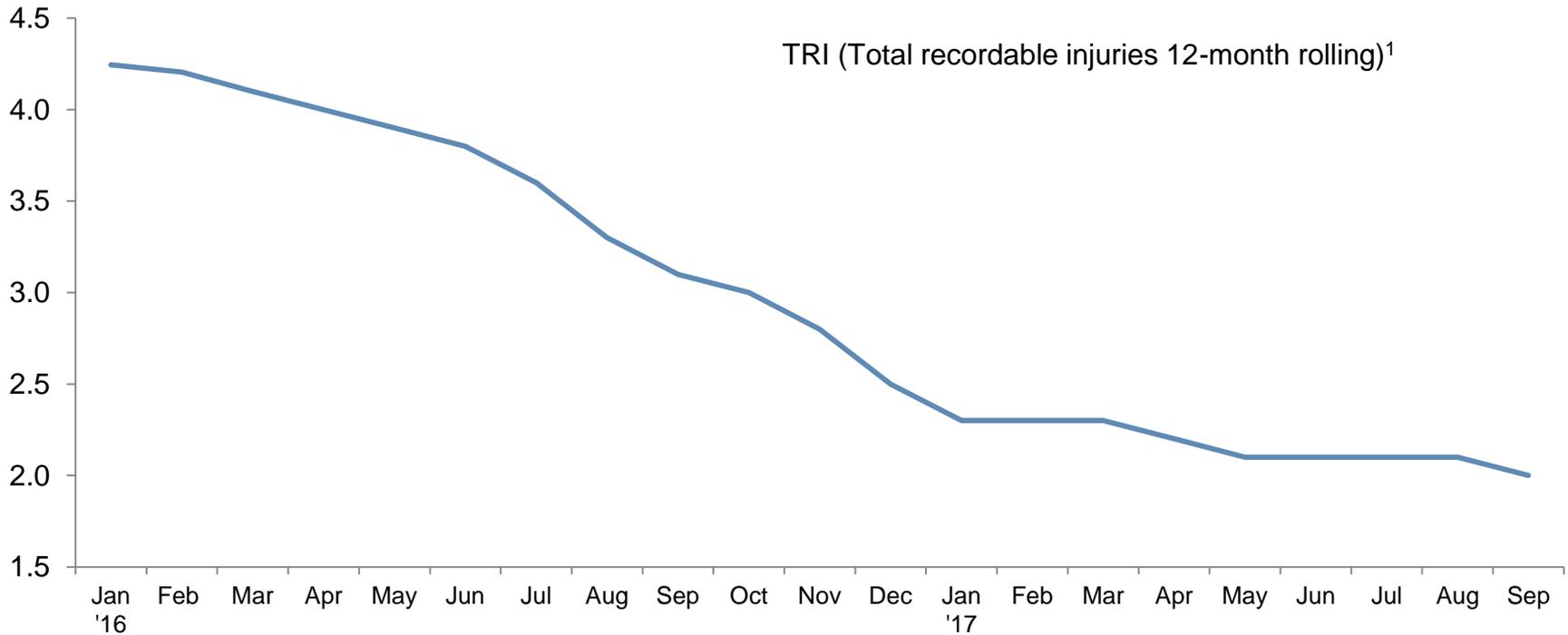
Fertilizer market

Business strategy

Financial review

Appendix

Safe operations is our first priority and license to operate



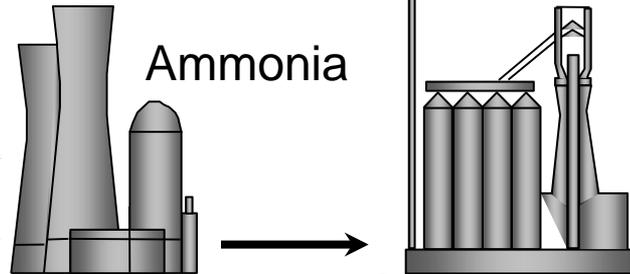
1) TRI: Total recordable injuries, lost time (absence from work), restricted work and medical treatment cases per one million work hours.

The basis for mineral fertilizers: energy, ammonia and natural minerals



Nitrogen (N) from air

Natural gas



Natural minerals:

- Phosphorus (P)
- Potassium (K)

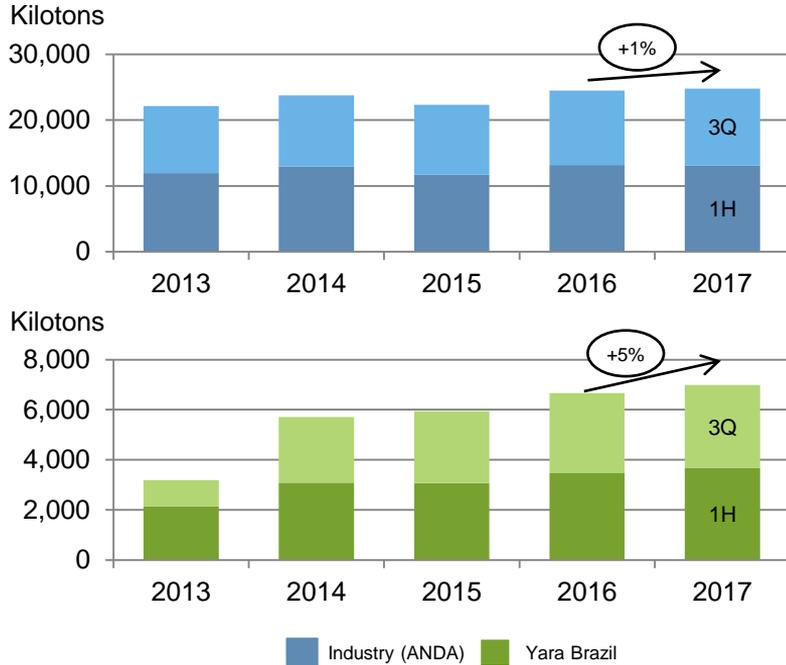


Finished products:

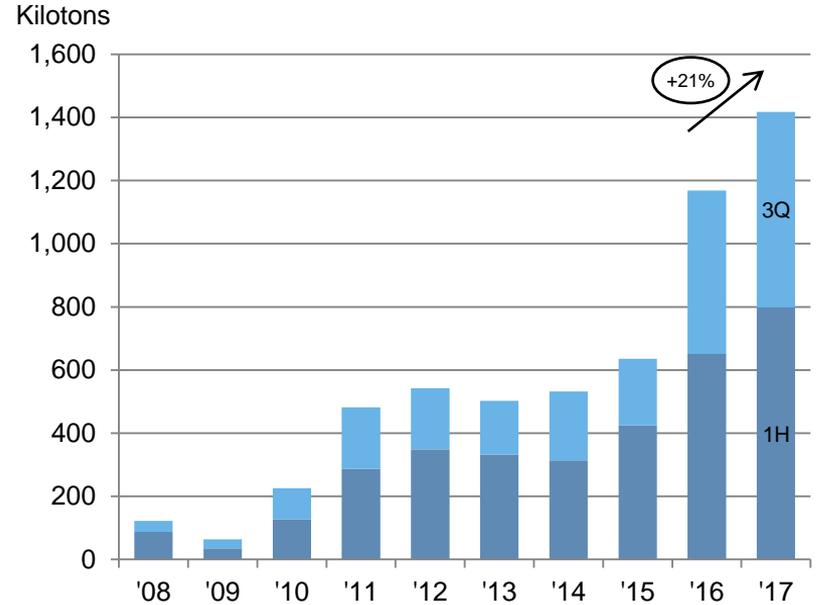
- Urea
- Nitrates (AN, CAN)
- NPK
- CN
- Industrial products

Brazil: focus on premium products and solutions drives growth

Brazil season-to-date fertilizer deliveries

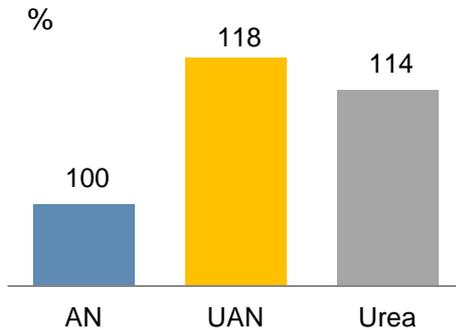


Brazil season-to-date premium product deliveries



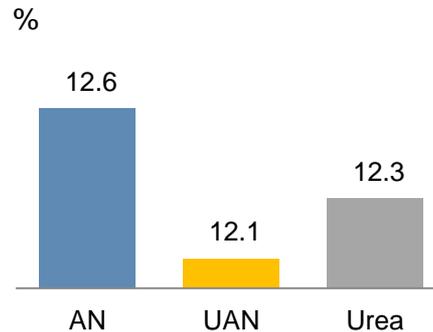
Increased yield and resource efficiency with nitrates

Extra N required for same yield



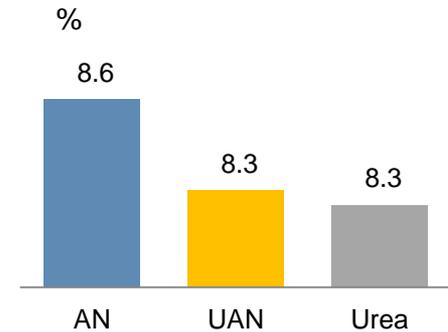
To maintain the same yield, significantly more nitrogen was needed from urea and UAN than from ammonium nitrate

Protein content at identical N rate



Protein content was significantly lower on fields fertilized with urea or UAN than with ammonium nitrate

Yield at identical N rate



Yield was also significantly lower with urea and UAN than with ammonium nitrate

Risk Management



Risk management in Yara is centrally governed and an integrated part of strategy and business processes

Corporate Risk Management is key facilitator of the risk management system

Responsibility for day-to-day risk management is placed with the segments and expert functions supported by risk champions

The Board of Directors and Executive Management evaluate and define yearly risk appetite across key strategic and operational dimensions

Funding and liquidity risk

Long term debt base and funding through diversified capital sources

Liquidity risk maintained by adequate reserves and committed bank facilities

Credit risk

Credit management limits established at both counterparty and country level

Policy to enter into financial instruments with various international banks

Commodity risk

Financial policy to maintain a low debt/equity ration and liquidity reserve

Periodically utilization of derivative instruments to manage price risk exposures

Interest rate risk

Exposure to changes in interest rates is mainly linked to fair value risk and cash flow risk from debt portfolio

Significant part of debt is kept at fixed rates

Currency risk

Prices of most common products are either directly denominated or determined in USD

Raw material cost are either denominated in USD or highly correlated to changes in USD exchange rate

Innovation moves the world forward



THE TOP 10

RANK	COMPANY	INDUSTRY
1	JPMorgan Chase	Commercial Banks
2	DSM	Food Production
3	Apple	Computers, Office Equipment
4	Novartis	Pharmaceuticals
5	LeapFrog Investments	Diversified Financials
6	Ant Financial	Financial Data Services
7	Walmart	General Merchandisers
8	Toyota Motor	Motor Vehicles & Parts
9	Johnson & Johnson	Pharmaceuticals
10	Yara	Chemicals

Useful Yara information

Yara's GRI Report 2016:

- http://yara.com/doc/248982_Yara_Sustainability_GRI_Report_final.pdf

Yara Annual Report 2016

- http://yara.com/doc/248987_Yara_Annual_report_en_web.pdf

Yara Fertilizer Industry Handbook, January 2017

- http://yara.com/doc/245619_Fertilizer%20Industry%20Handbook_2017_slides_only.pdf