



Knowledge grows

Yara International ASA 1Q18 results

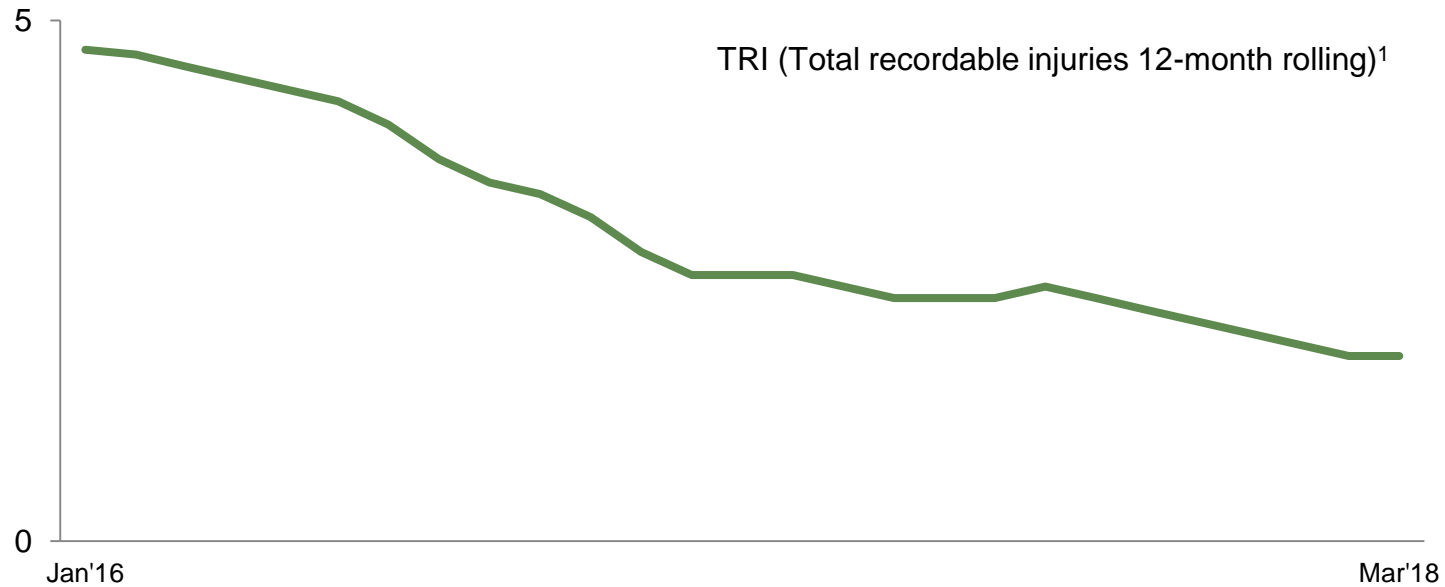
Petter Østbø, CFO

Thor Giæver, IR

Roadshow 23-24 April 2018



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.

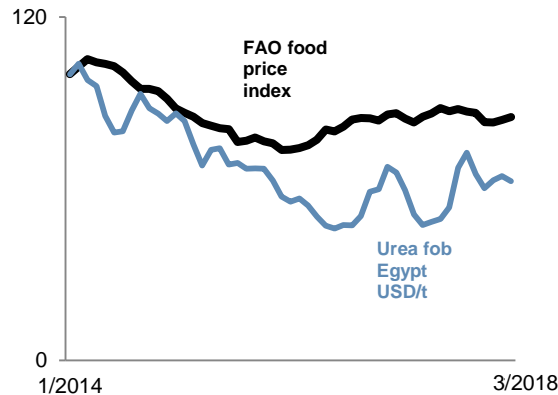
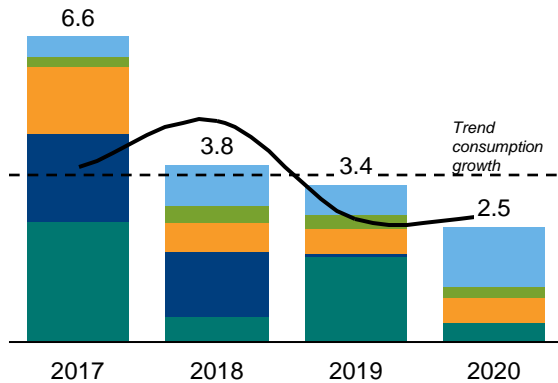
Yara's 1Q results reflect the business environment

Urea supply increases in 2018, higher than trend demand growth

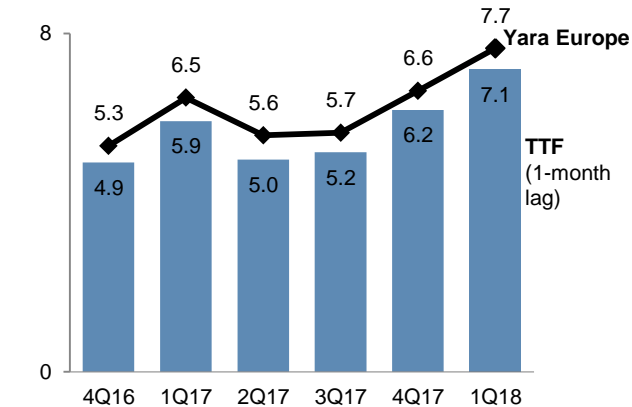
Food prices increasing recently, but nitrogen demand still muted

European nitrogen deliveries and gas prices impacted by cold weather

Global capacity additions ex China

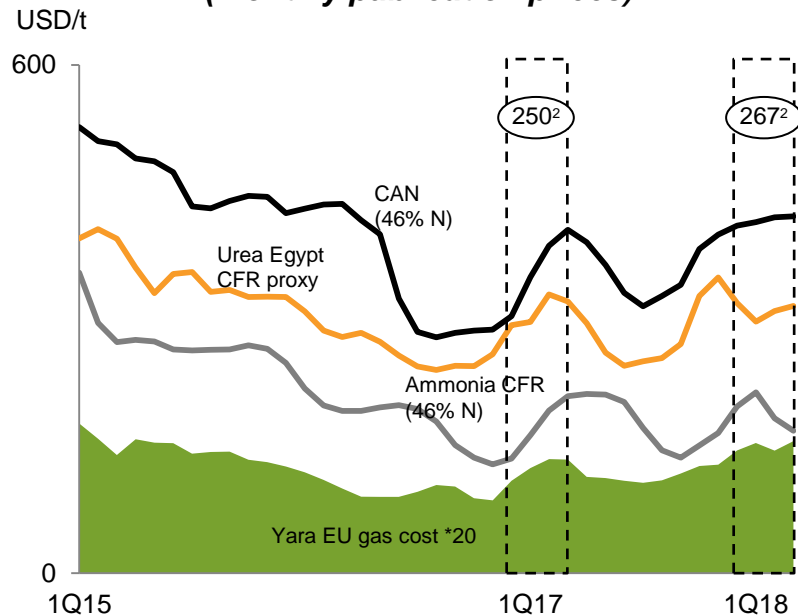


Yara European natural gas cost



Improved margins offset by lower European deliveries

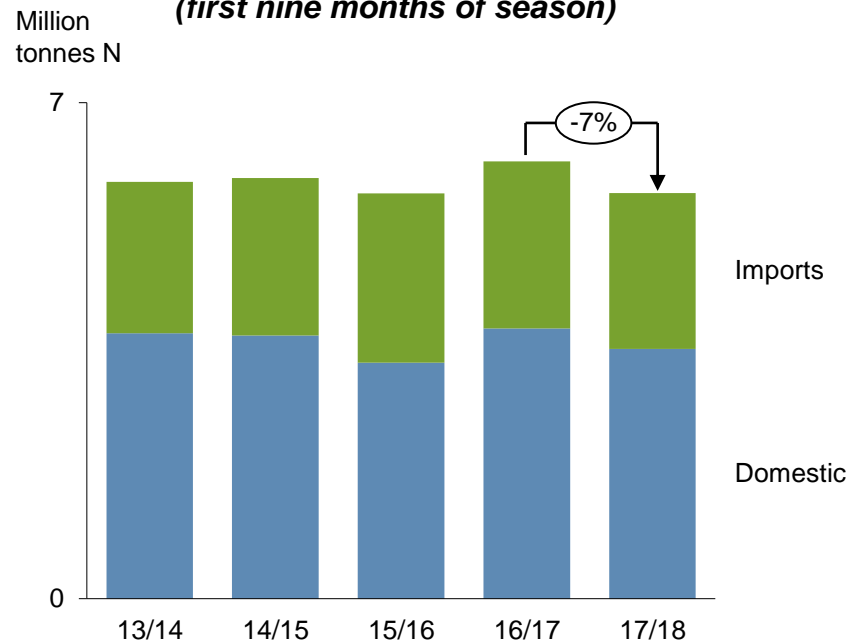
Nitrogen upgrading margins¹
(monthly publication prices)



- 1) All prices in urea equivalents and 1 month's lag
- 2) Upgrading margin from gas to nitrates in 46% N (USD/t)

Source: Fertilizer Market Publications

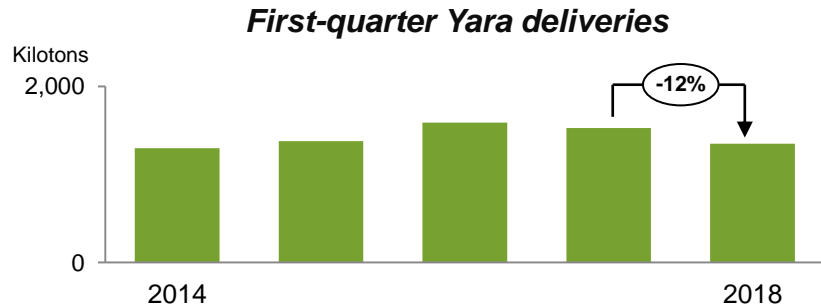
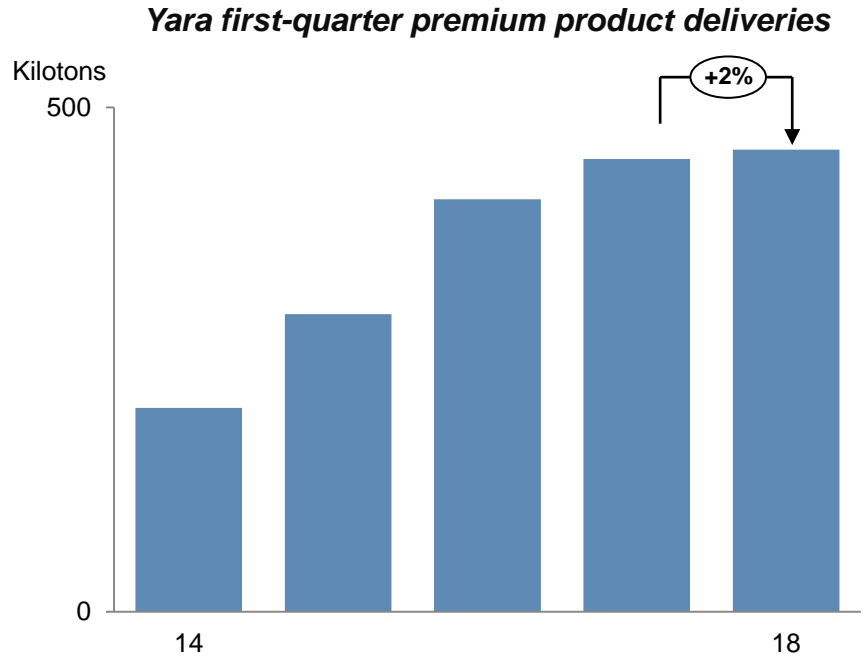
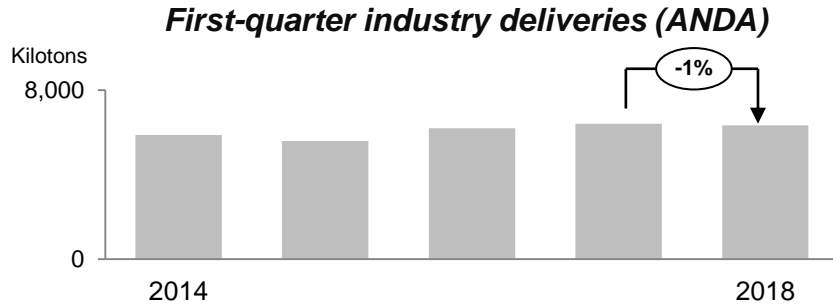
Western Europe industry deliveries
(first nine months of season)



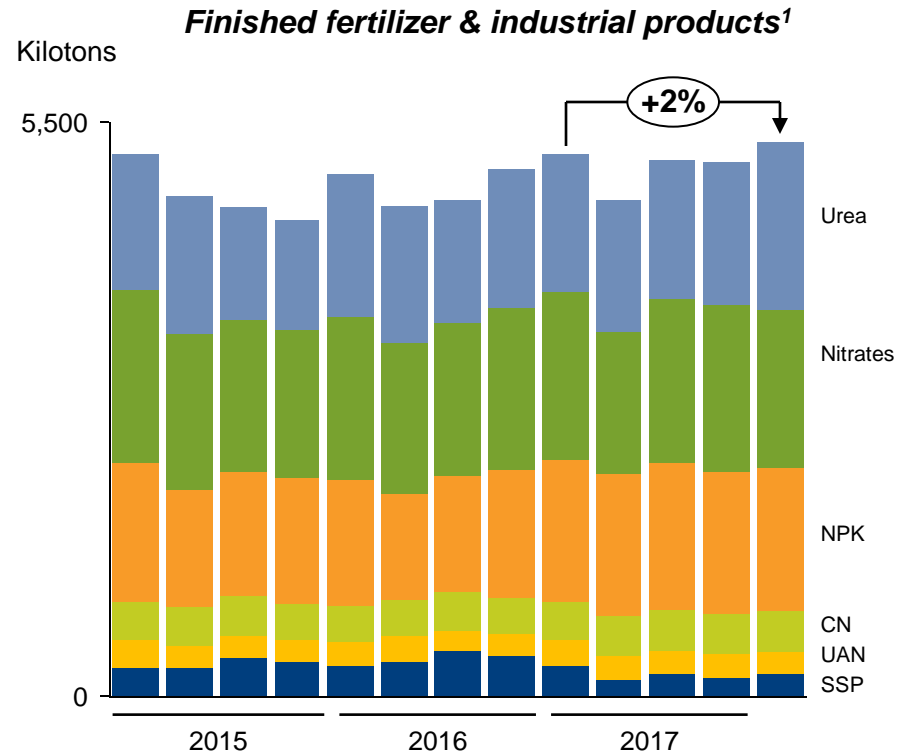
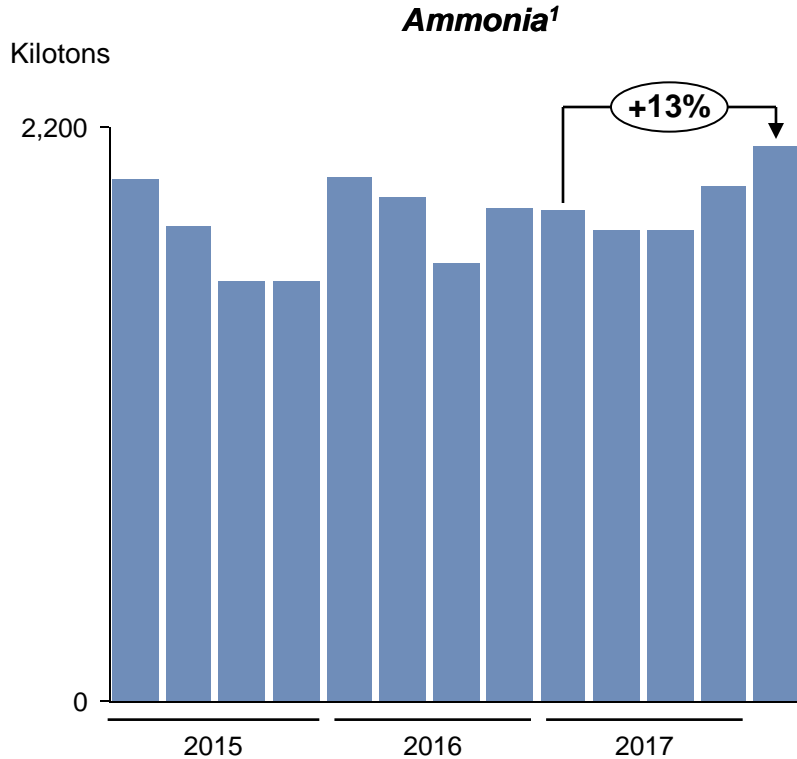
Source:

Yara estimate for fertilizer deliveries to selected West European countries

Lower deliveries in Brazil; Yara focused on premium growth, and chose not to compete in lowest margin segments



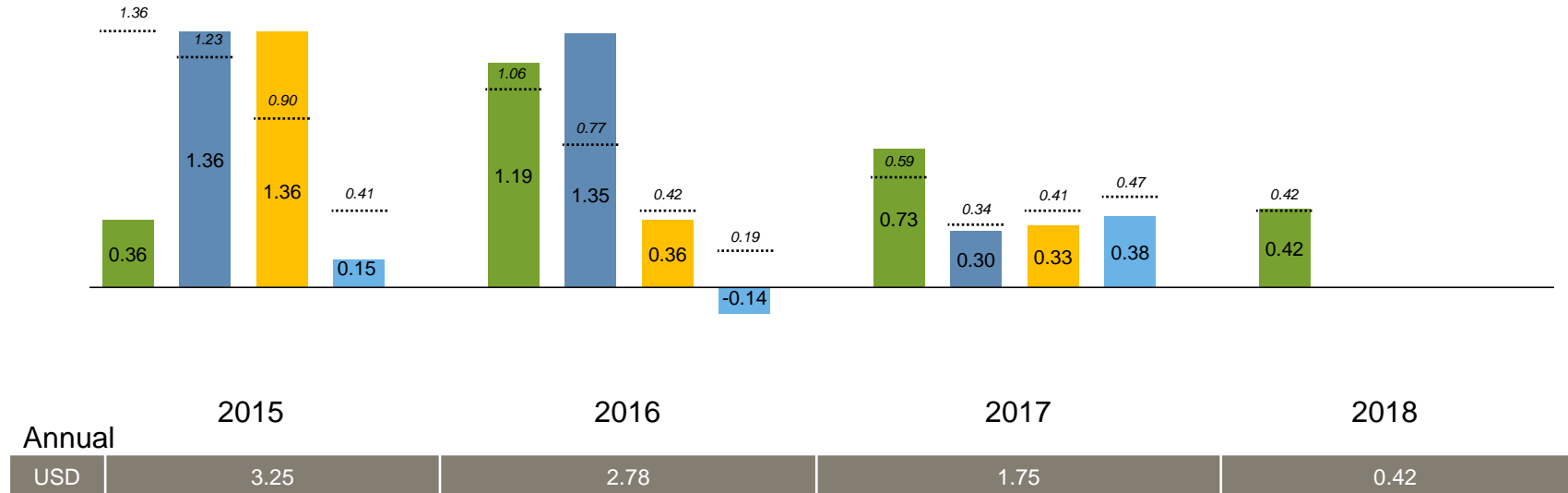
Strong ammonia production performance



1) Including share of equity-accounted investees

Earnings per share impacted by lower deliveries and higher depreciation

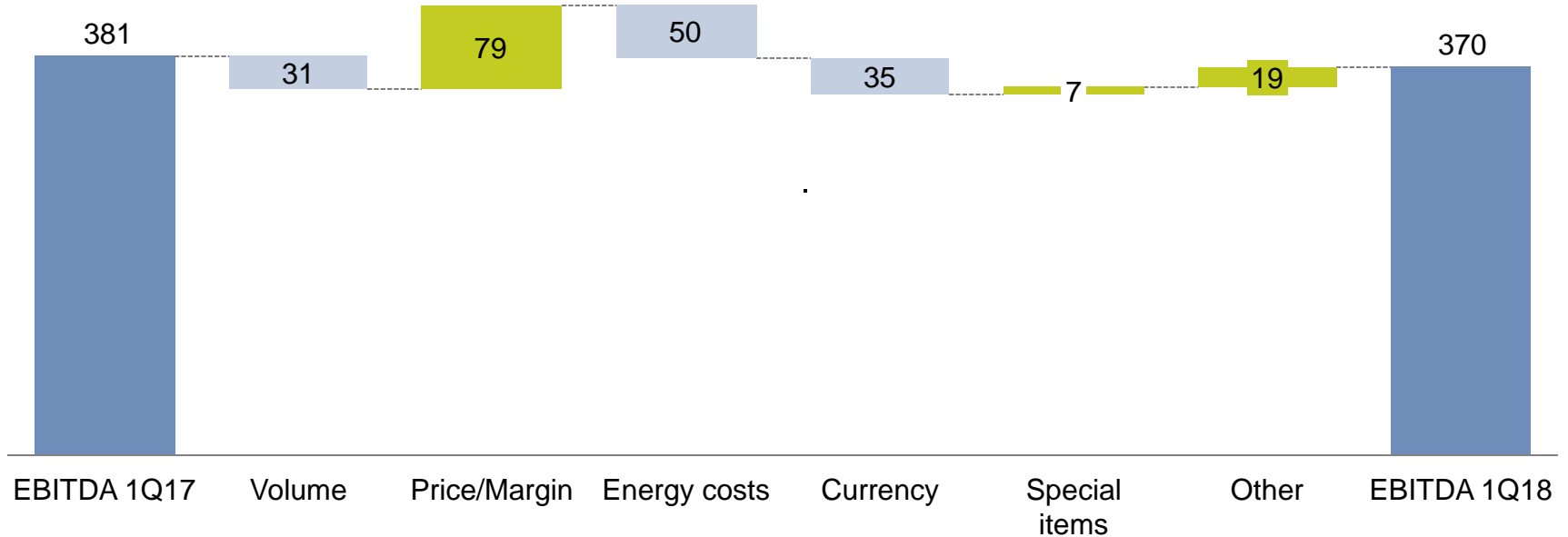
x.xx
..... EPS excluding currency and special items



*Average number of shares for 1Q 2018: 273.2 million (1Q 2017: 273.2 million).

EBITDA: Stronger margins more than offset by lower deliveries, higher energy cost and weaker US dollar

USD millions



Higher net interest-bearing debt as investments and net operating capital change more than offset cash earnings

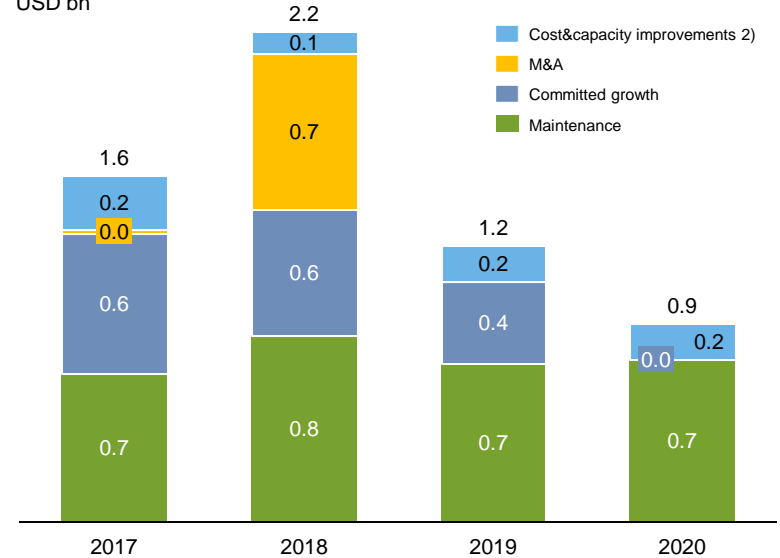
Net interest-bearing debt

USD millions



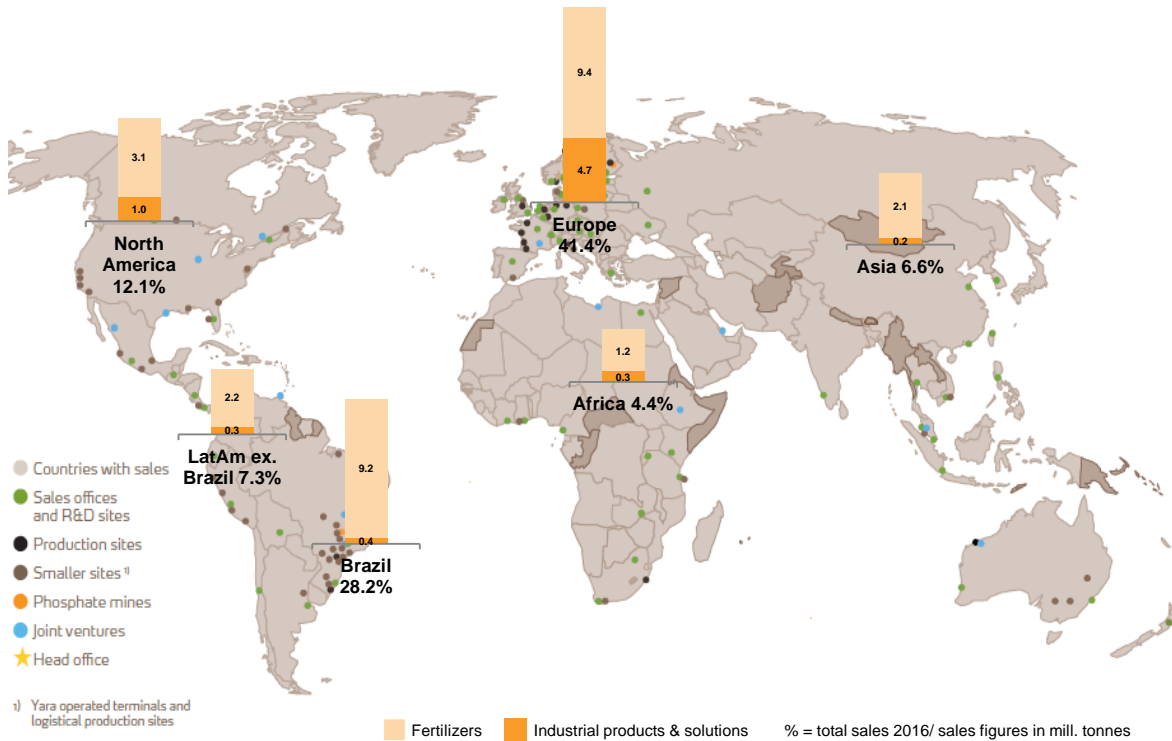
Capex plan¹

USD bn

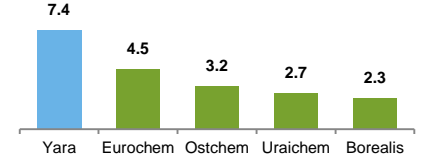


* Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges

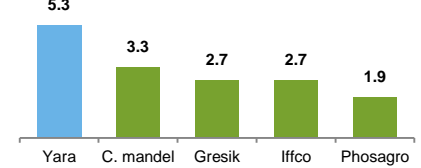
Our leading global footprint and differentiated product portfolio set us apart



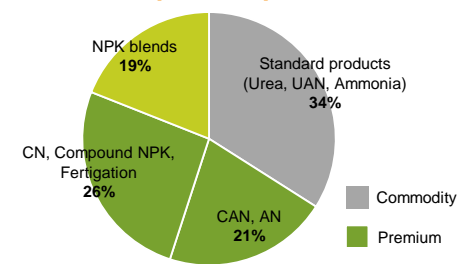
Global #1 in Nitrates¹



Global #1 in NPK²



Fertilizer product portfolio³

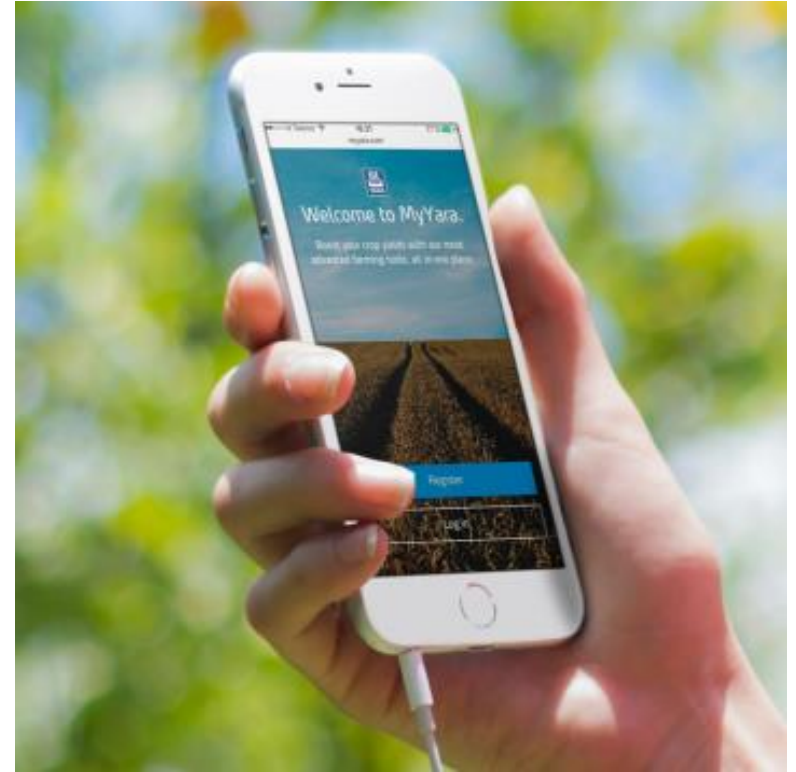


1) Including TAN and CN – Including companies' share of JVs 2016YE
 2) Compound NPK, excluding blends
 3) 2016/2017 season volume
 *Ammonia trade not included in chart above

Ramp-up of digital solutions

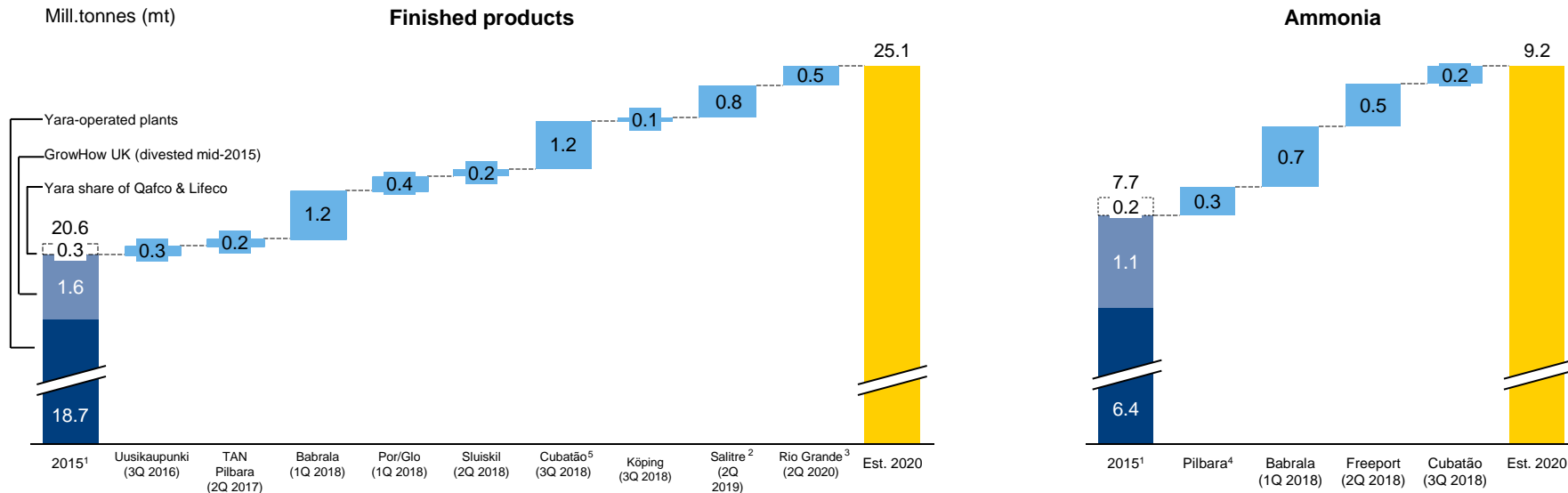
- We are quickly building a **strong pipeline of digital solutions**
- Every 3 months launch of 1-2 **digital solution teams**
- **Commercial pilots** in coming season
- **Examples**
 - Sensor-aided N-application
 - Nutrient optimization tailored to specific fields
 - Crop advisory platforms

<https://www.youtube.com/watch?v=ficvfTrMHno&feature=youtu.be>



Yara is delivering on its growth pipeline; multiple plant expansions and M&A coming on stream in 2018

Production growth 2015 - 2020



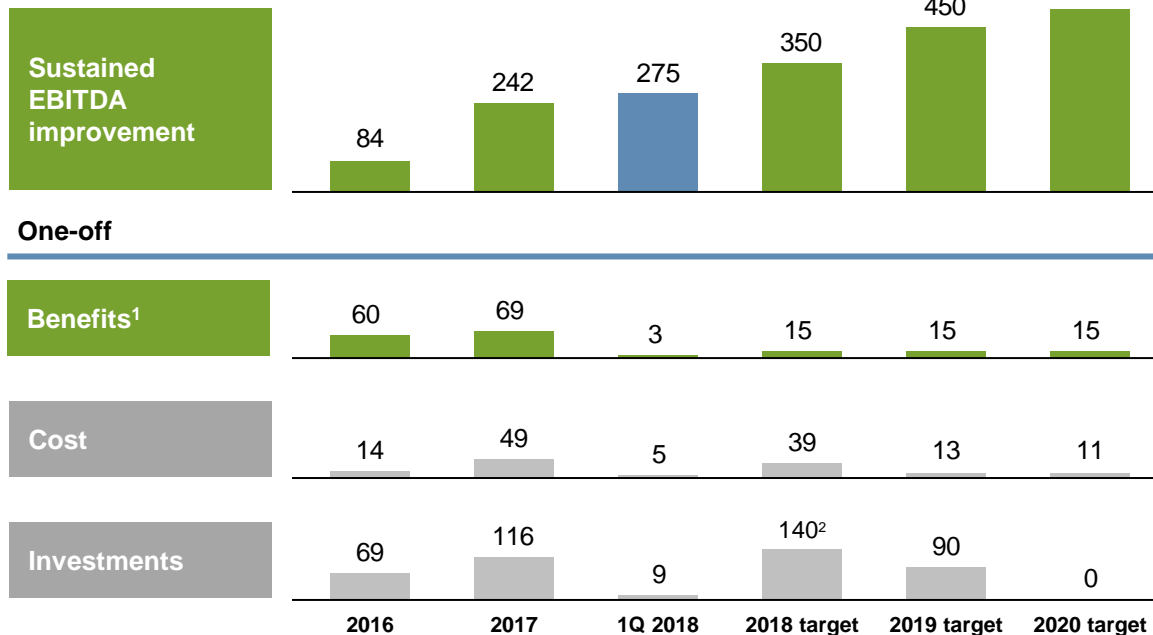
- Adjusted to normalized / 2016 turnaround level (0.7mt finished fertilizer and 0.2mt NH₃) and regularity level (0.7mt finished fertilizer and 0.4mt NH₃)
- Salitre will reach 1.1 mill.tonnes in 2022
- Rio Grande expansion also adds 1 million tonnes NPK blends by 2020
- Including 100% ownership in Pilbara NH₃ plant (not included in committed growth pipeline)
- TAN Pilbara started up in 2Q 2017, but has been down for technical reasons since 3Q 2017. Expected re-start 2Q 2018

Yara Improvement Program on track



- 2018 EBITDA benefits on track (in 2015 terms):
 - Yara Productivity System rolled out to 15 out of 30 sites.
 - Good reliability improvements in ammonia production
 - Energy efficiency improvements ahead of full target for 2018
- Focus for this year is to reach target but also to enable the organization to sustain already achieved benefits.

Annual impact, USD million, vs. 2015 baseline, at 2015 margins

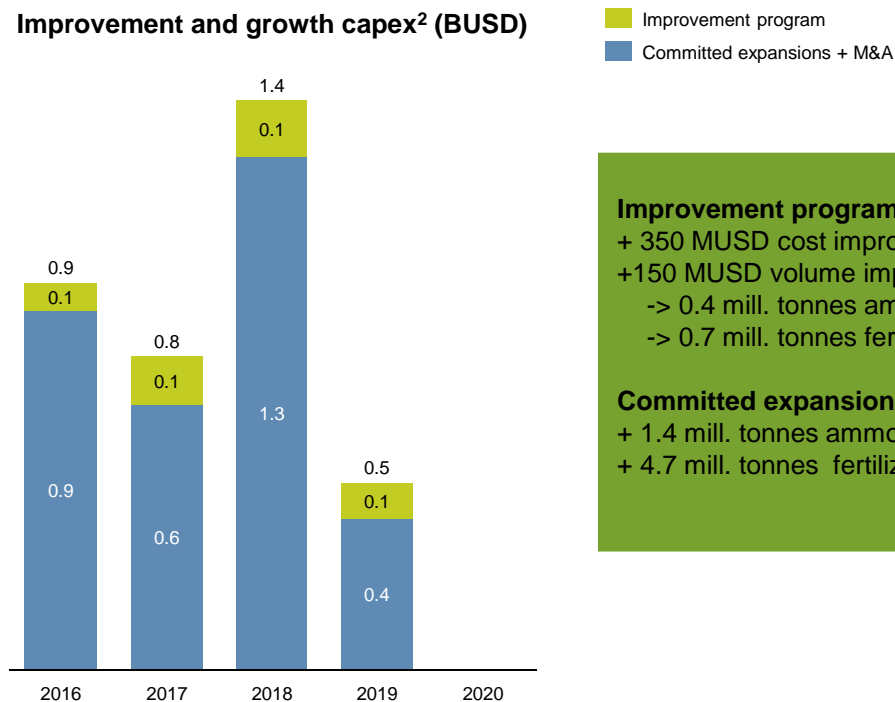


¹ One-off benefits are related to working capital improvements and white certificates

² Target One-off investments reduced as effect of Capex reduction program (total ~50mUSD less for 2018)

Major improvement and growth investments in 2018; main earnings improvement from 2019 onwards¹

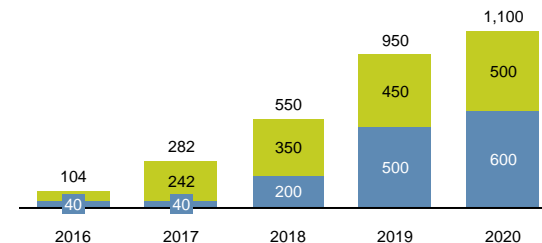
Improvement and growth capex² (BUSD)



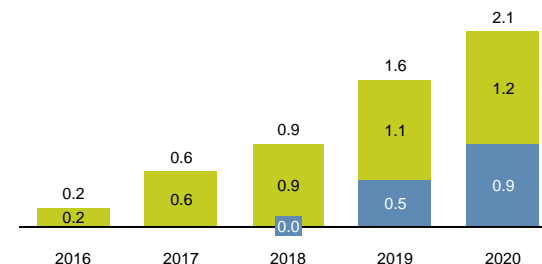
Improvement program:
 + 350 MUSD cost improvement
 +150 MUSD volume improvement:
 -> 0.4 mill. tonnes ammonia
 -> 0.7 mill. tonnes fertilizer

Committed expansions + M&A:
 + 1.4 mill. tonnes ammonia
 + 4.7 mill. tonnes fertilizer

EBITDA improvement³ (MUSD)



Earnings improvement³ (USD per share)



¹ Currency assumptions for 2018 onwards: USD/NOK 7.80, EUR/USD: 1.20, USD/BRL: 3.30

² Excluding maintenance capex on existing assets. Yara's share of capex. Fully consolidated entities presented at 100% basis

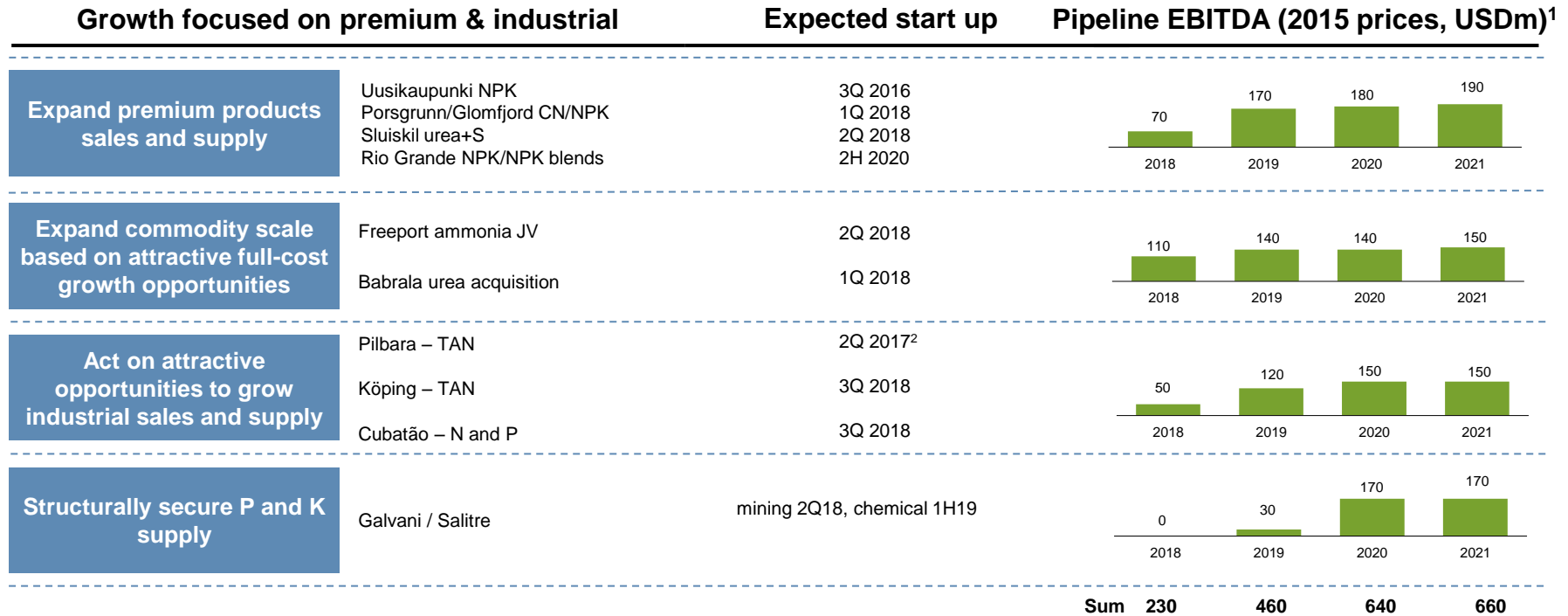
³ Measured at 2015 conditions. Main average market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t



Knowledge grows



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



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

²) Plant started up in 2Q 2017, but has been down for technical reasons since 3Q 2017. Expected re-start 2Q 2018.

7 growth projects starting up during 2018 (1)

Babrala (India)

Acquisition of urea plant and distribution assets



- Take-over 12 January
- 1.2 mt urea and approx 40 MUSD EBITDA p.a.
- Provides footprint to accelerate premium product growth

Porsgrunn (Norway)

NPK and calcium nitrate expansion



- Start-up in 1Q
- Adds 250 ktpa and approx.
- Record nitric acid production in March (5,127 tpd)

Freeport (US)

Hydrogen-based ammonia new-build JV with BASF (Yara 68%)



- Start-up in progress
- 550 ktpa and approx. 100 MUSD EBITDA p.a. (Yara share)
- Strengthens Yara's global ammonia position

7 growth projects starting up during 2018 (2)

Sluiskil (NL)

Revamp and urea+S expansion



- Start-up in 2Q
- Adds approx. 210 ktpa and 30 MUSD EBITDA p.a.
- Improved product mix - from urea prills to nitrates and urea+S

Salitre (Brazil)

Phosphate mine



- Start-up in 2Q (rock production only)
- Adds approx. 1.1 mtpa SSP equivalents by 2020
- Limited earnings until chemical production starts mid-2019

Cubatao (Brazil)

N and P production facility acquisition



- Closing expected mid-2018
- 1.4 mtpa and approx. 60 MUSD EBITDA p.a.
- Strengthens production and industrial footprint in Brazil

Köping (Sweden)

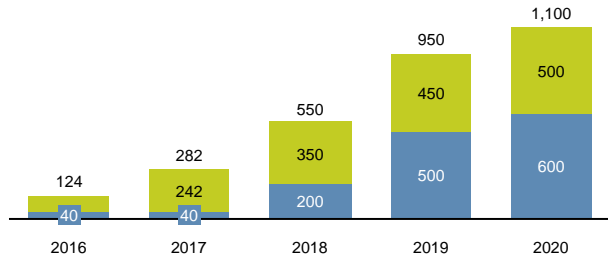
Nitric acid revamp and TAN expansion



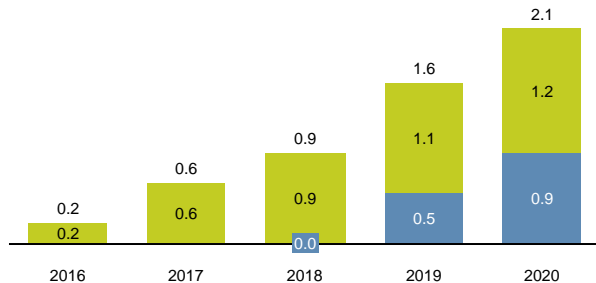
- Start-up in 3Q
- 90 ktpa and approx. 50 MUSD EBITDA p.a.
- Strong long-term fundamentals for civil explosives industry

Improvement and growth investments; earnings and sensitivities¹

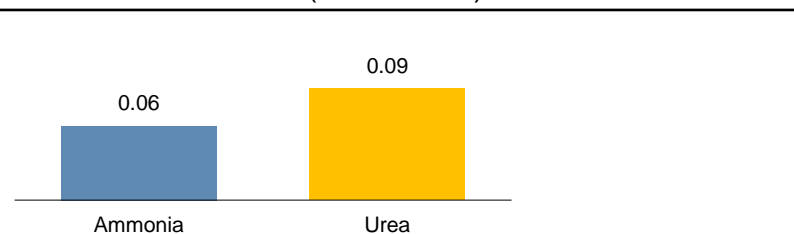
EBITDA improvement² (MUSD)



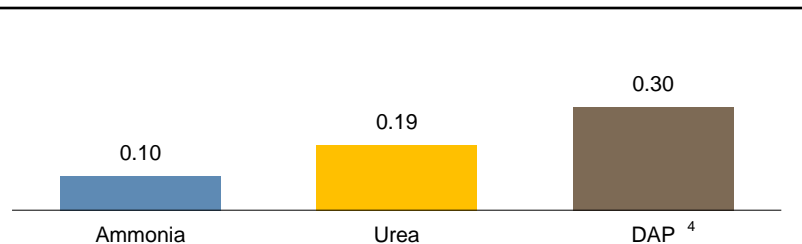
Earnings improvement² (USD per share)



Improvement program: Impact³ of +100 USD/t price change (USD/share)



Growth: Impact³ of +100 USD/t price change (USD/share)



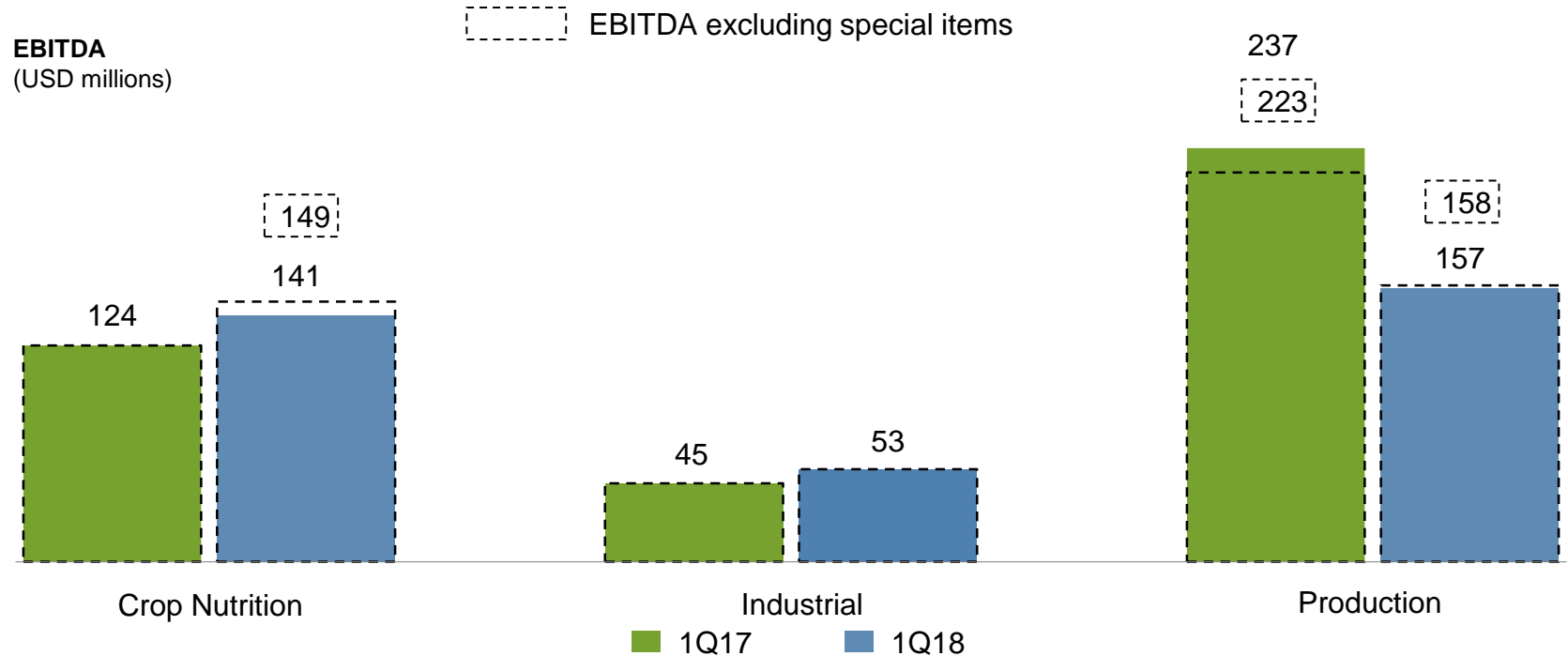
¹ Currencies for all amounts from 2018: USD/NOK 7.80, EUR/USD: 1.20, USD/BRL: 3.3

² 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.

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

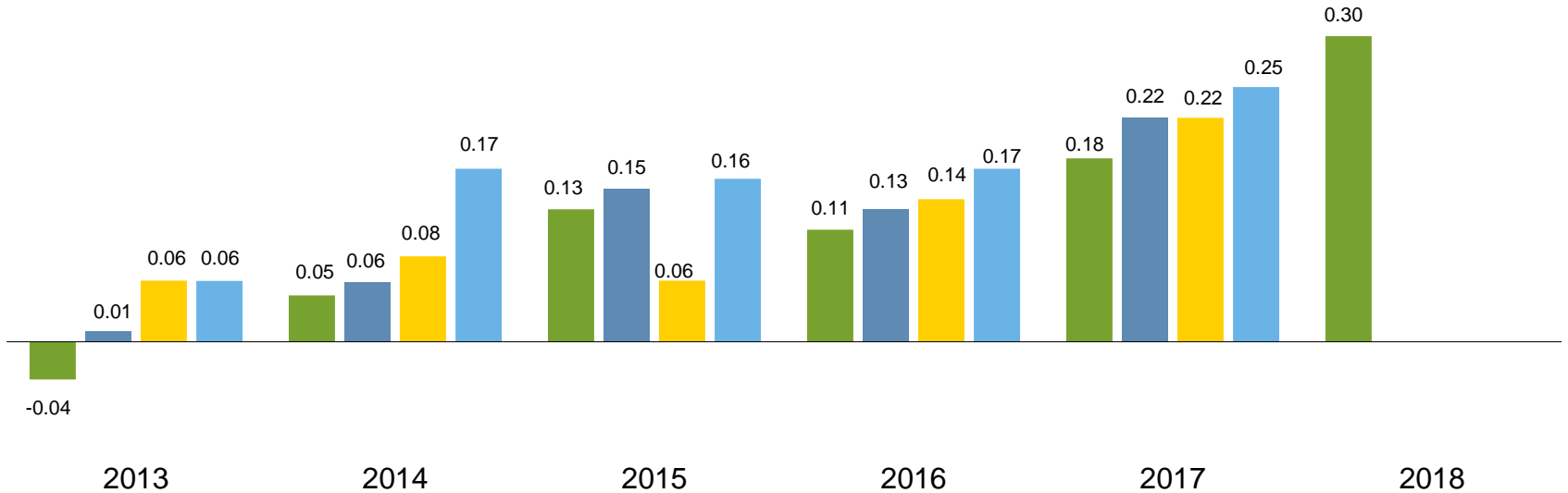
⁴ Phosphate-driven price change, equivalent to 138 USD/t phosphate rock (72 bpl)

Higher margins in Crop Nutrition and Industrial segment



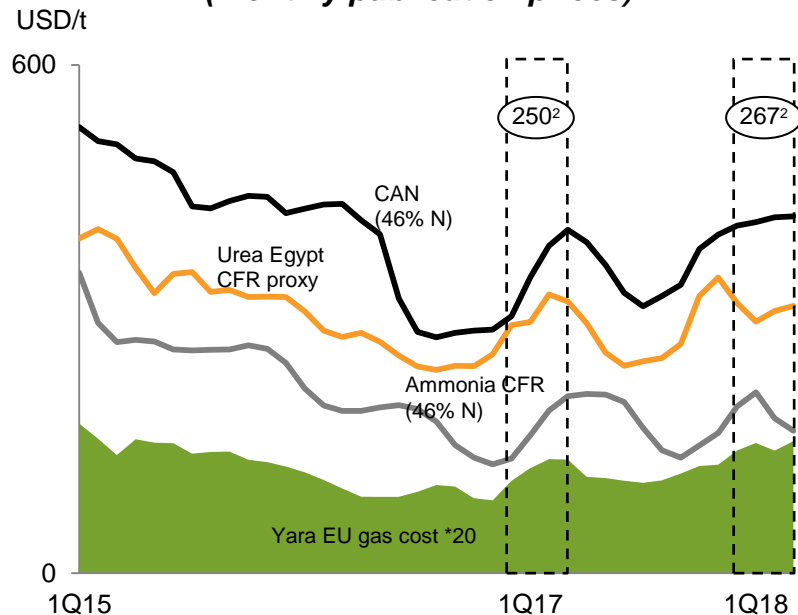
Debt/equity ratio

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

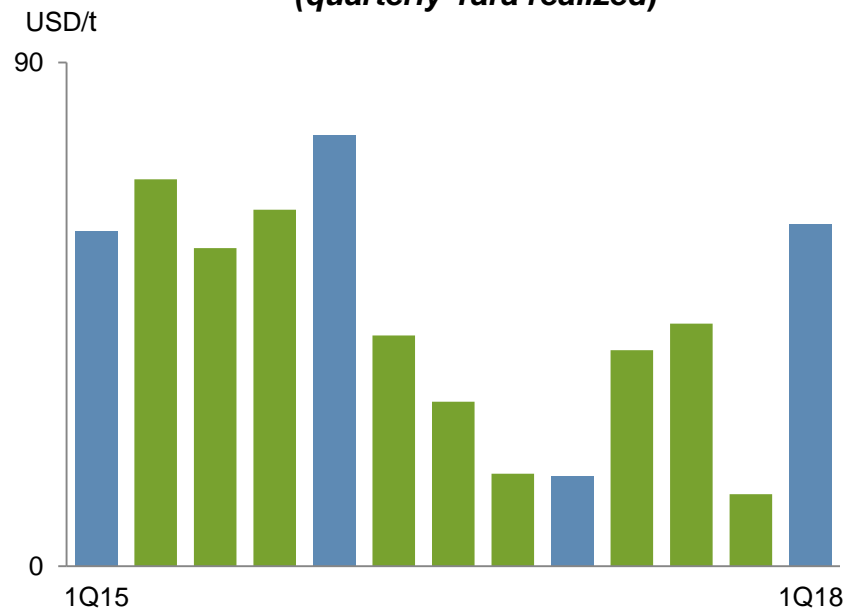


Improved European nitrate premiums

**Nitrogen upgrading margins¹
(monthly publication prices)**



**European nitrate premium²
(quarterly Yara realized)**

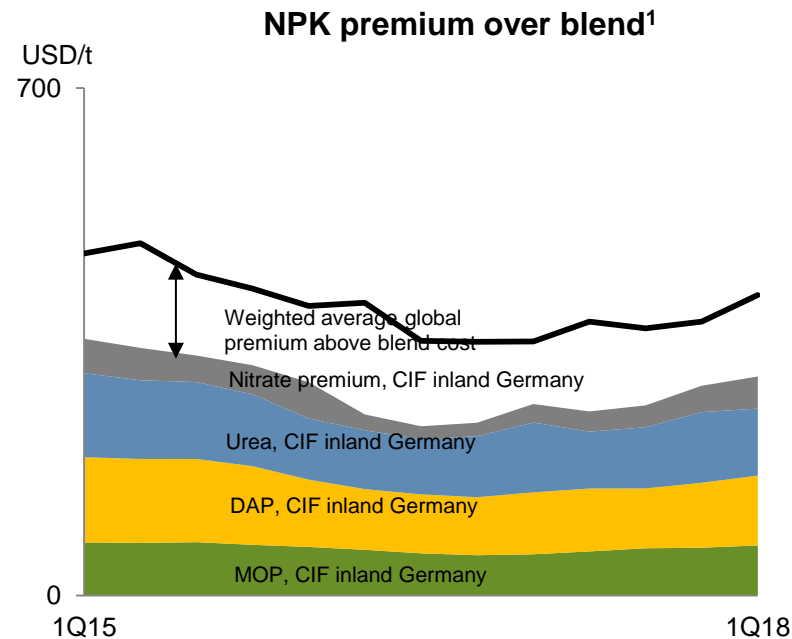
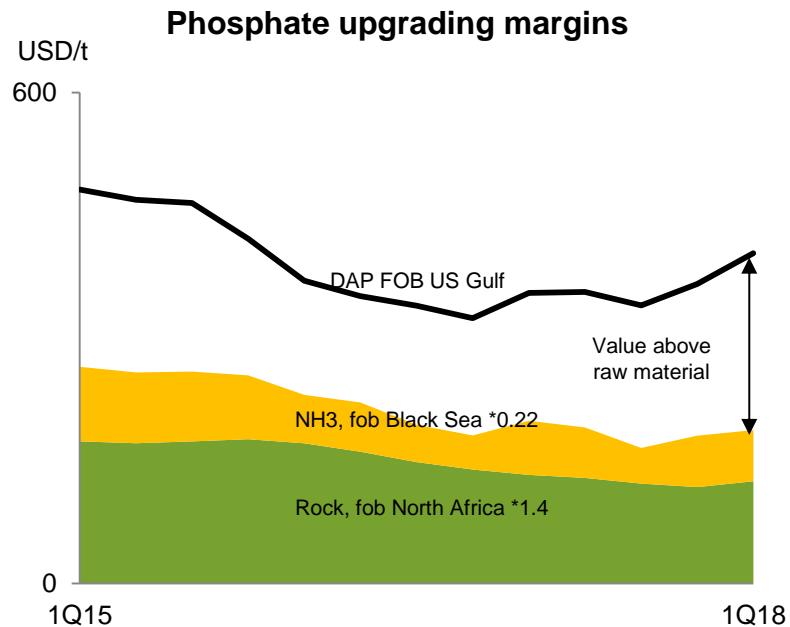


- 1) All prices in urea equivalents and 1 month's lag
- 2) Upgrading margin from gas to nitrates in 46% N (USD/t)

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

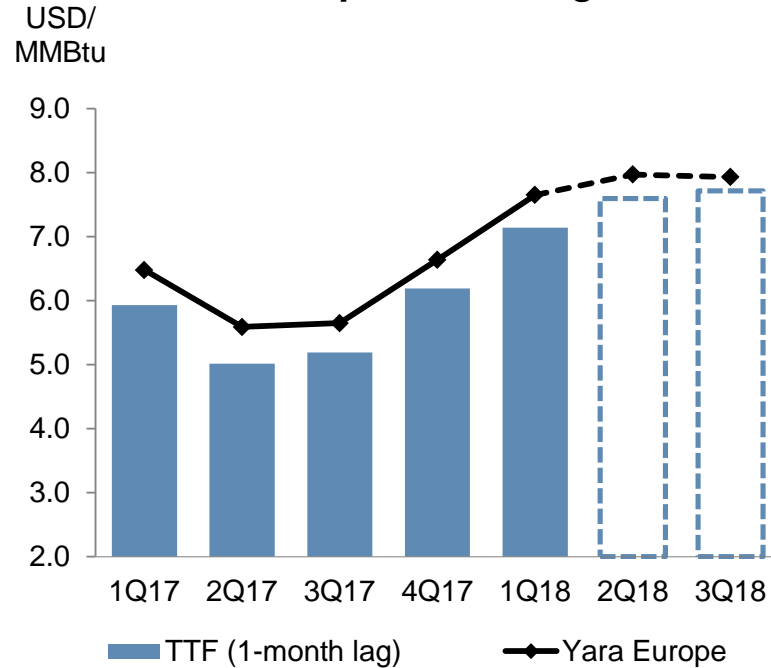


1) Export NPK plants, average grade 19-10-13, net of transport and handling cost.

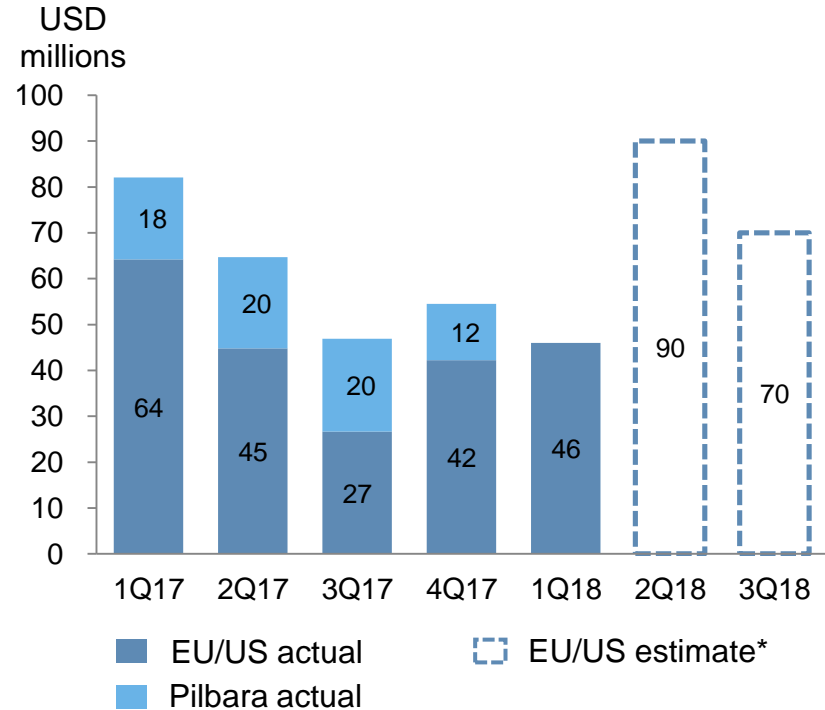
Source: Fertilizer Market Publications

Higher natural gas cost expected for the next two quarters

Yara European natural gas cost



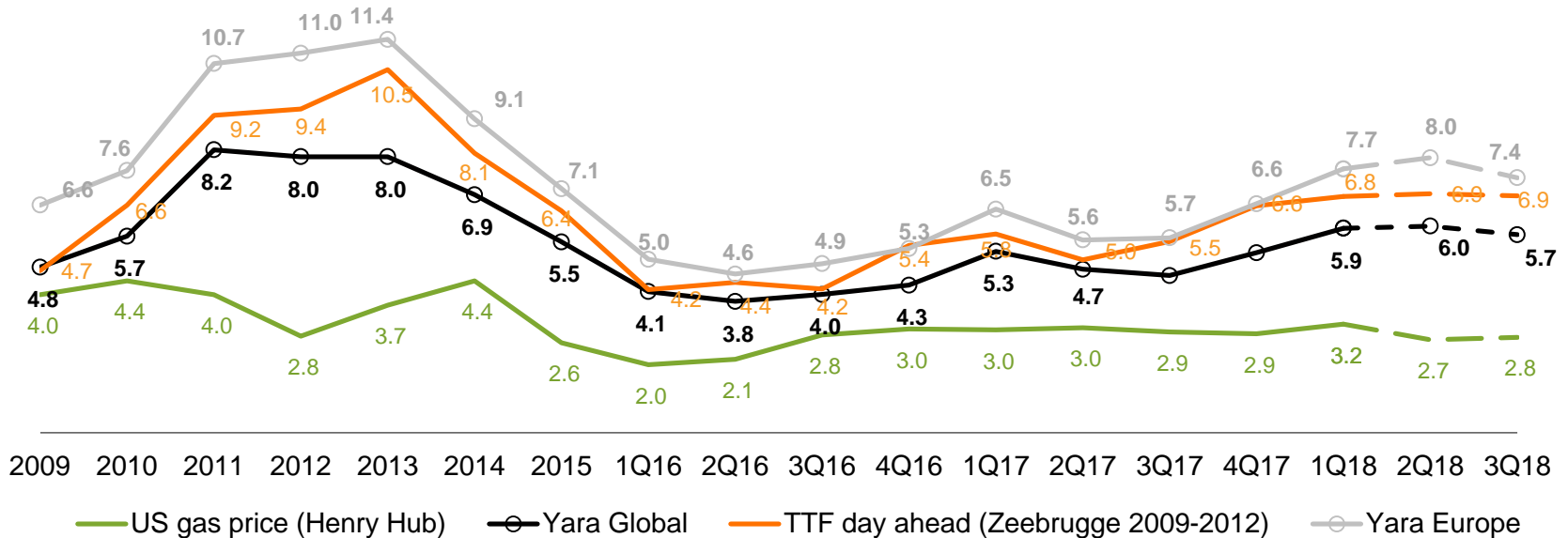
Change in global natural gas cost



*Dotted lines denote forward prices as of 30 January 2018
 Source: Yara, World Bank, Argus/ICIS Heren

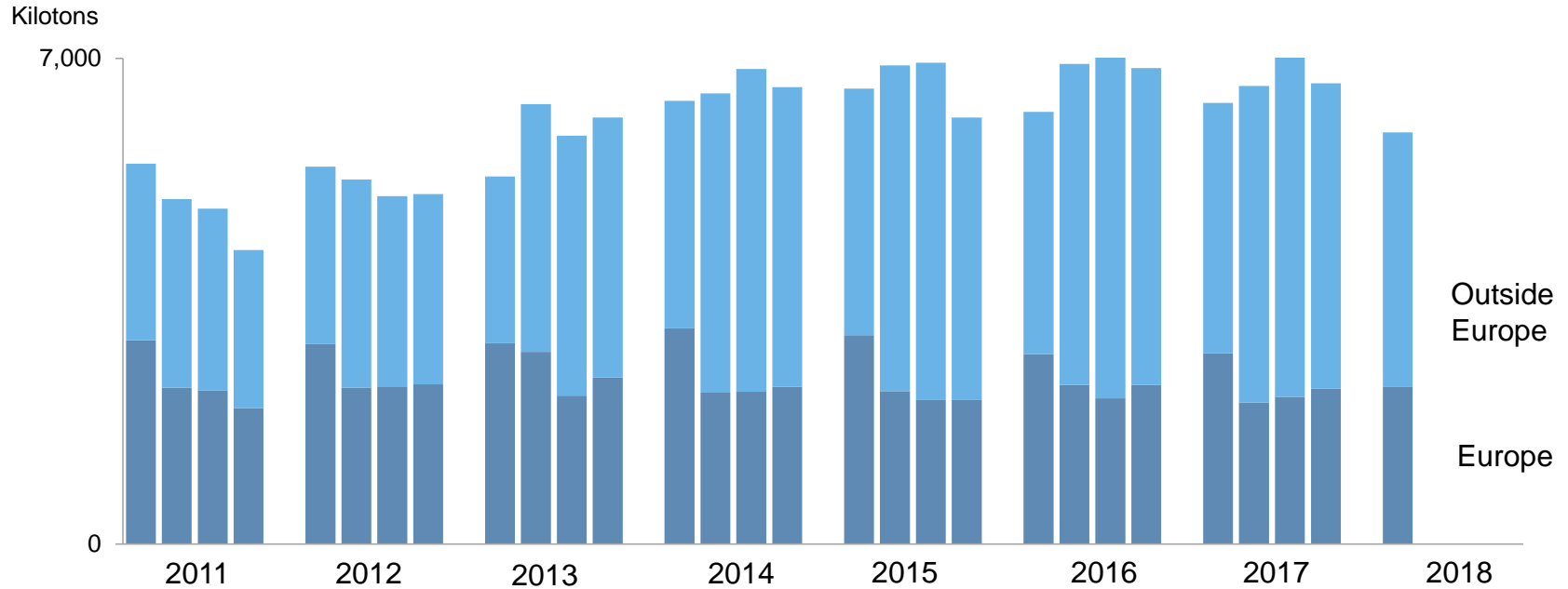
Energy cost

Yearly averages 2009 – 2015, quarterly averages for 2016-18 with forward prices* for 1Q18 and 2Q18.



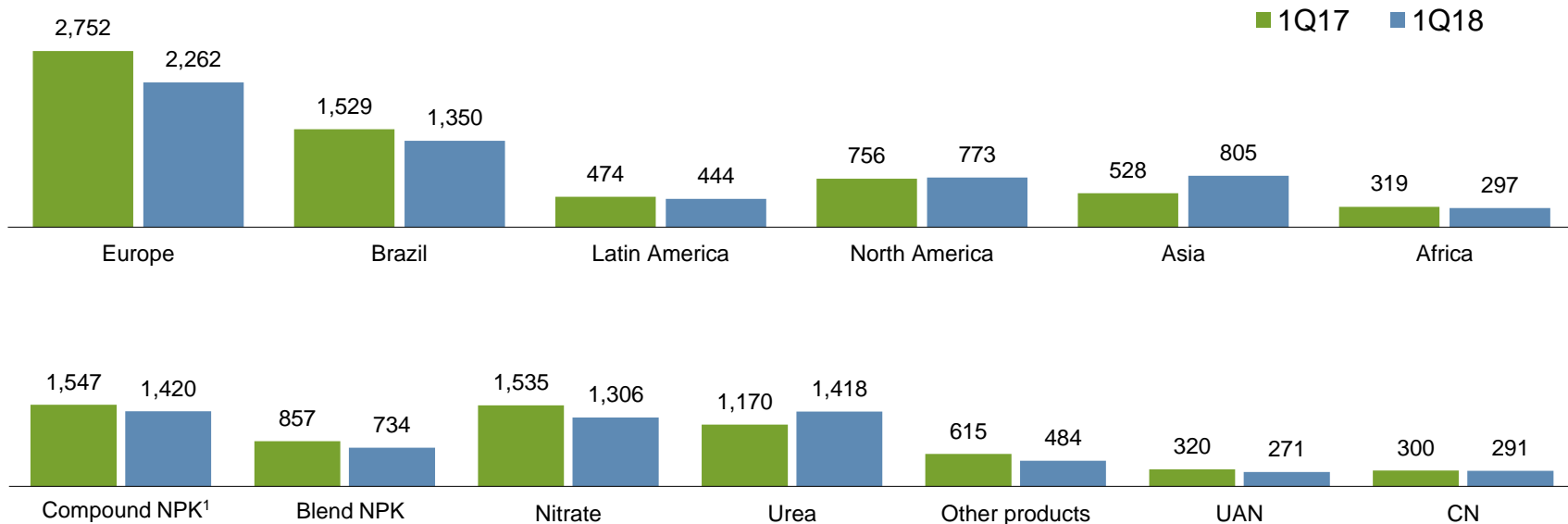
*Dotted lines denote forward prices as of 30 January 2018
 Source: Yara, World Bank, Argus/ICIS Heren

Fertilizer deliveries



Yara 1Q fertilizer deliveries by market and product

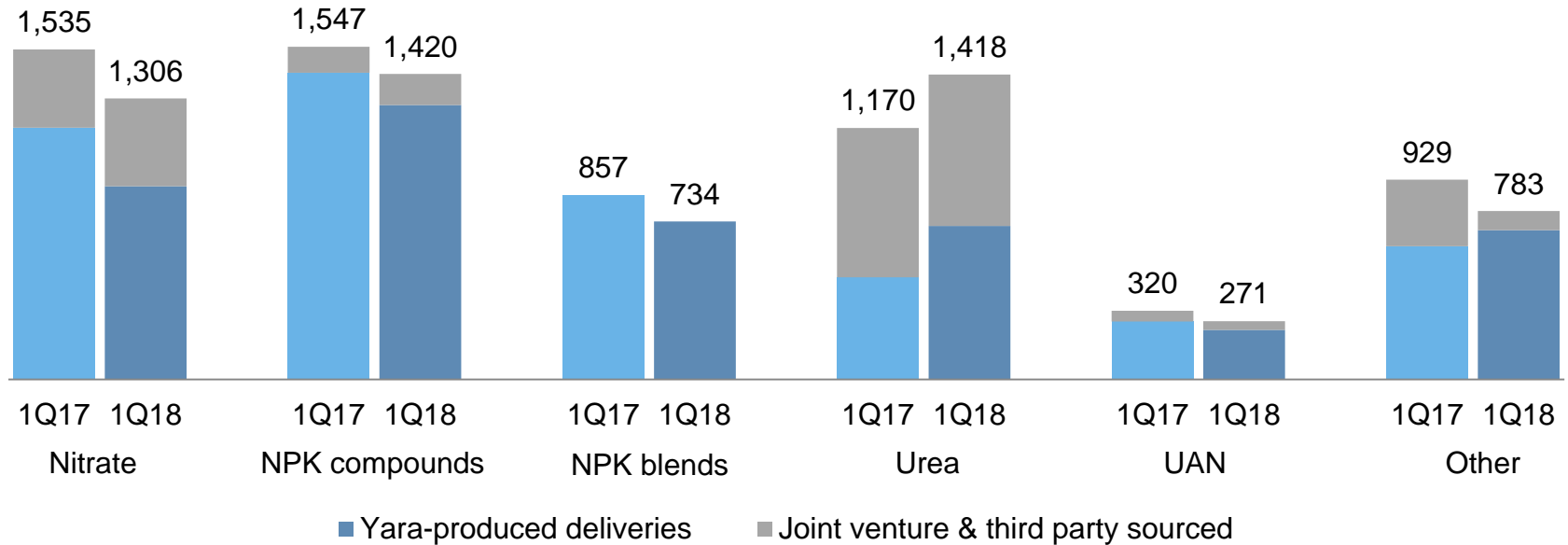
Kilotons



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

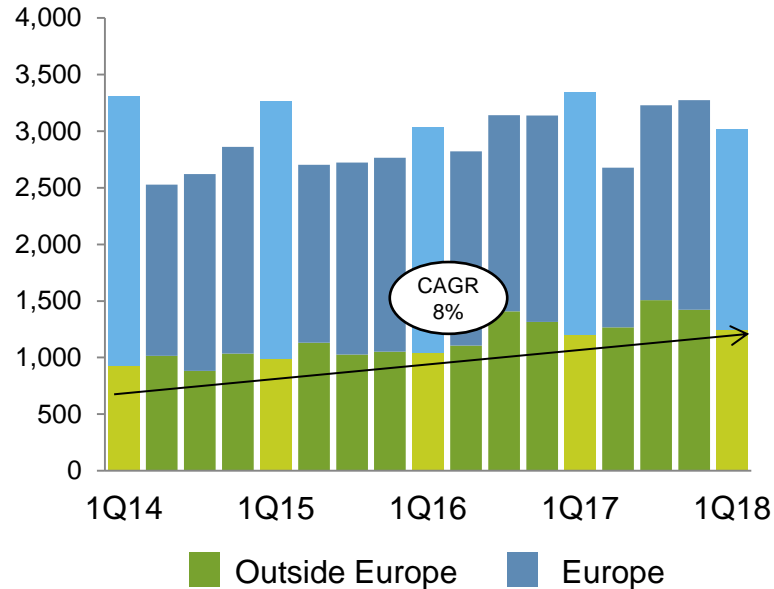
Fertilizer deliveries by product and source

Kilotons

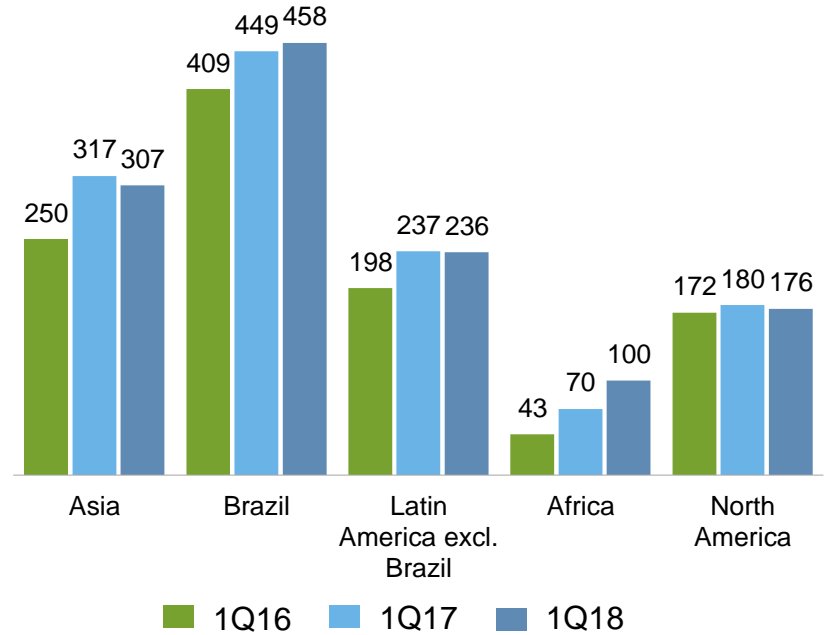


Strong premium product deliveries

Value-added fertilizer deliveries¹



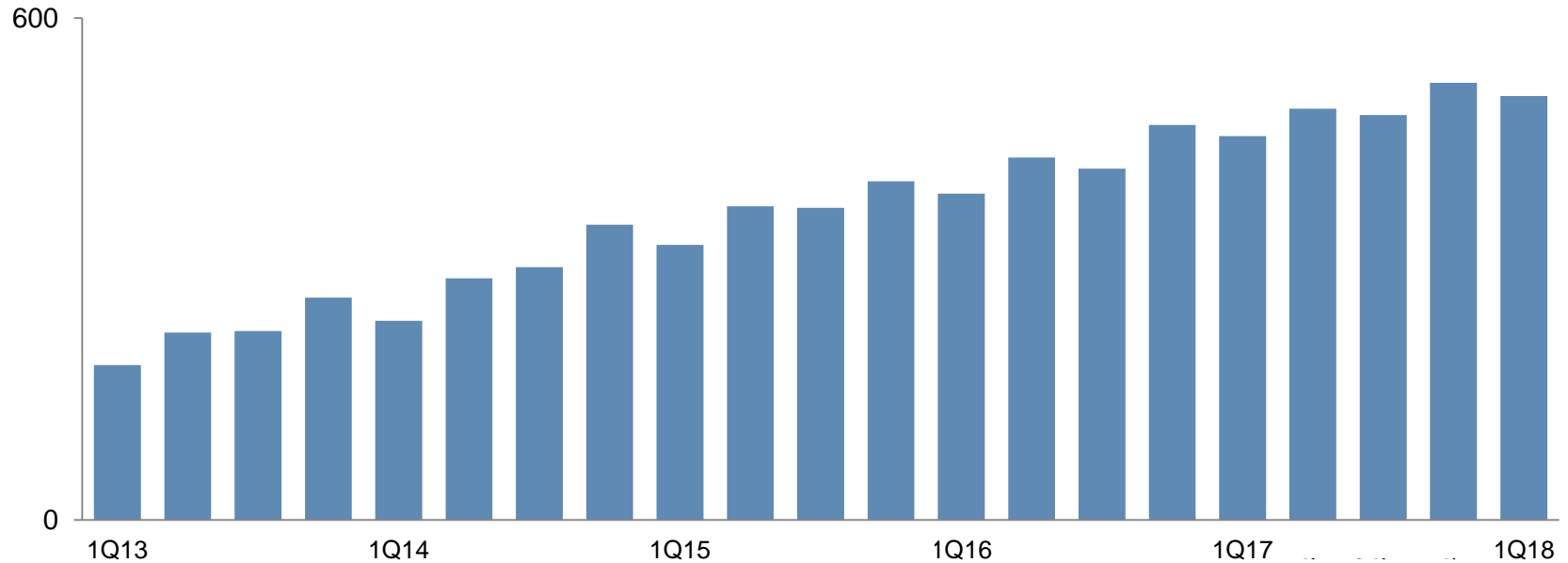
Value-added fertilizer deliveries¹



1) YaraBela, YaraMila and YaraLiva deliveries

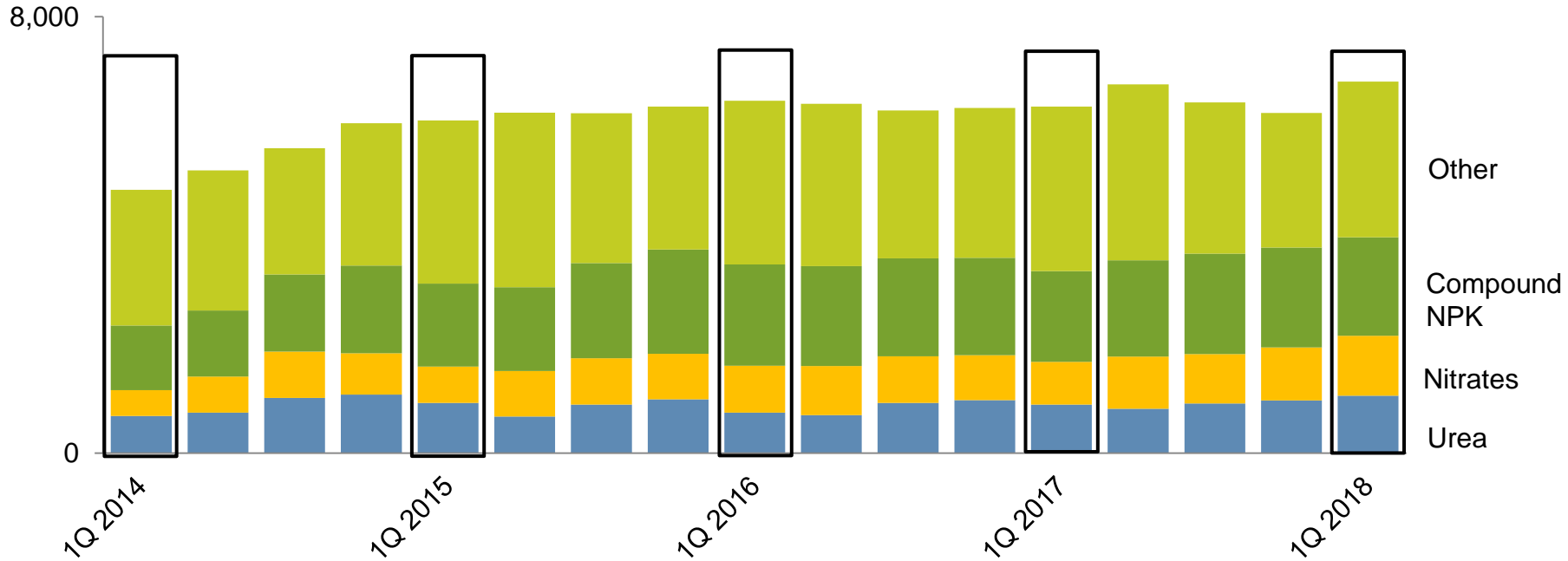
AdBlue deliveries

Kilotons



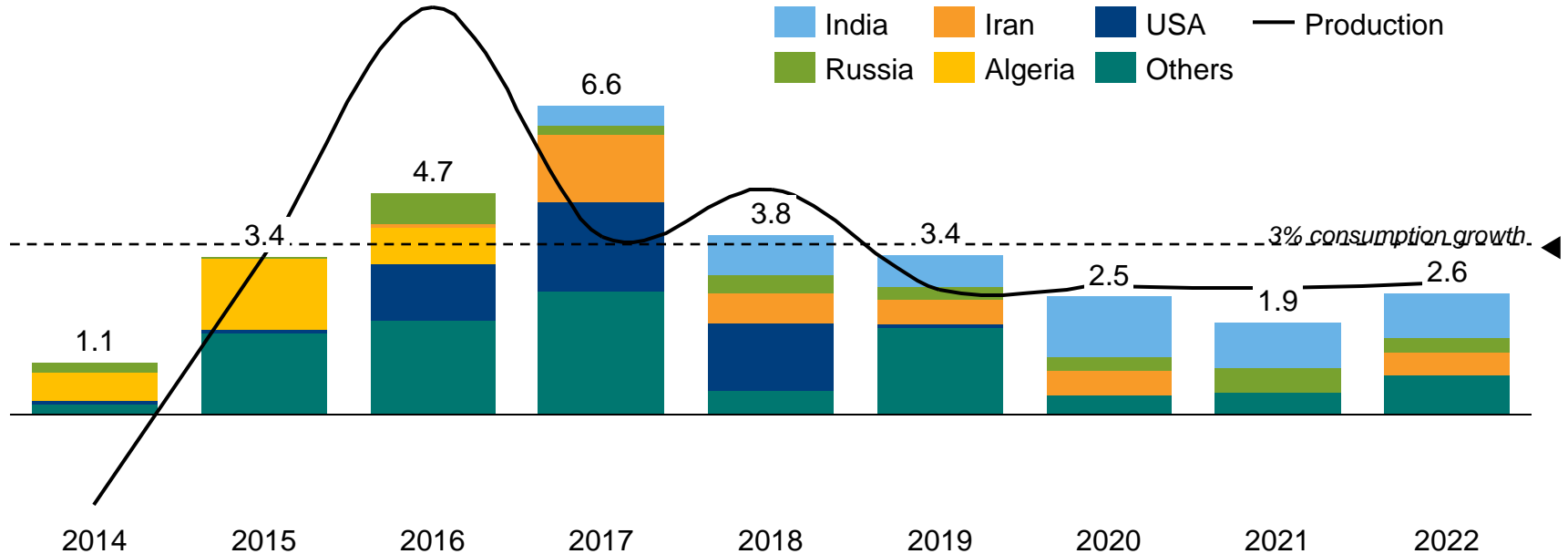
Yara stocks

Kilotons
Finished fertilizer



Peak of new capacity was in 2017, but higher production growth forecast for 2018

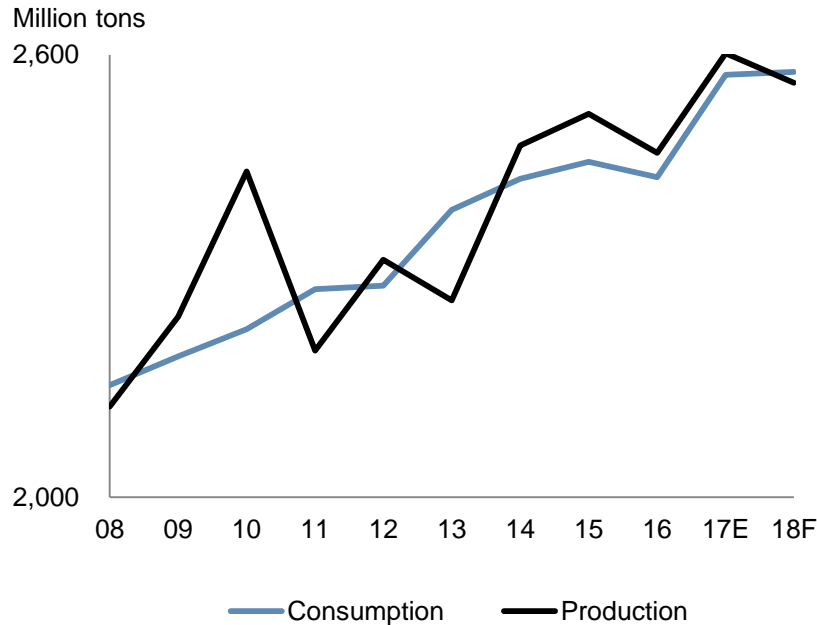
Global urea capacity additions excl. China (mill. tonnes)



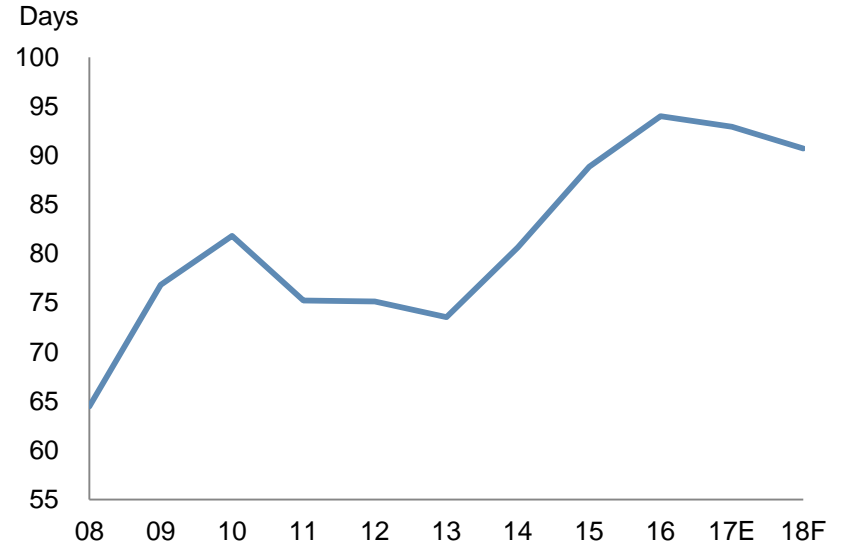
Source: CRU March 2018 - CRU has removed Dangote Fertilizer, Nigeria (3 mill tons) from the medium-term forecast and shifted the project to 2023

Steady growth in grain consumption, while production growth is more volatile due to weather variations

Grain consumption and production

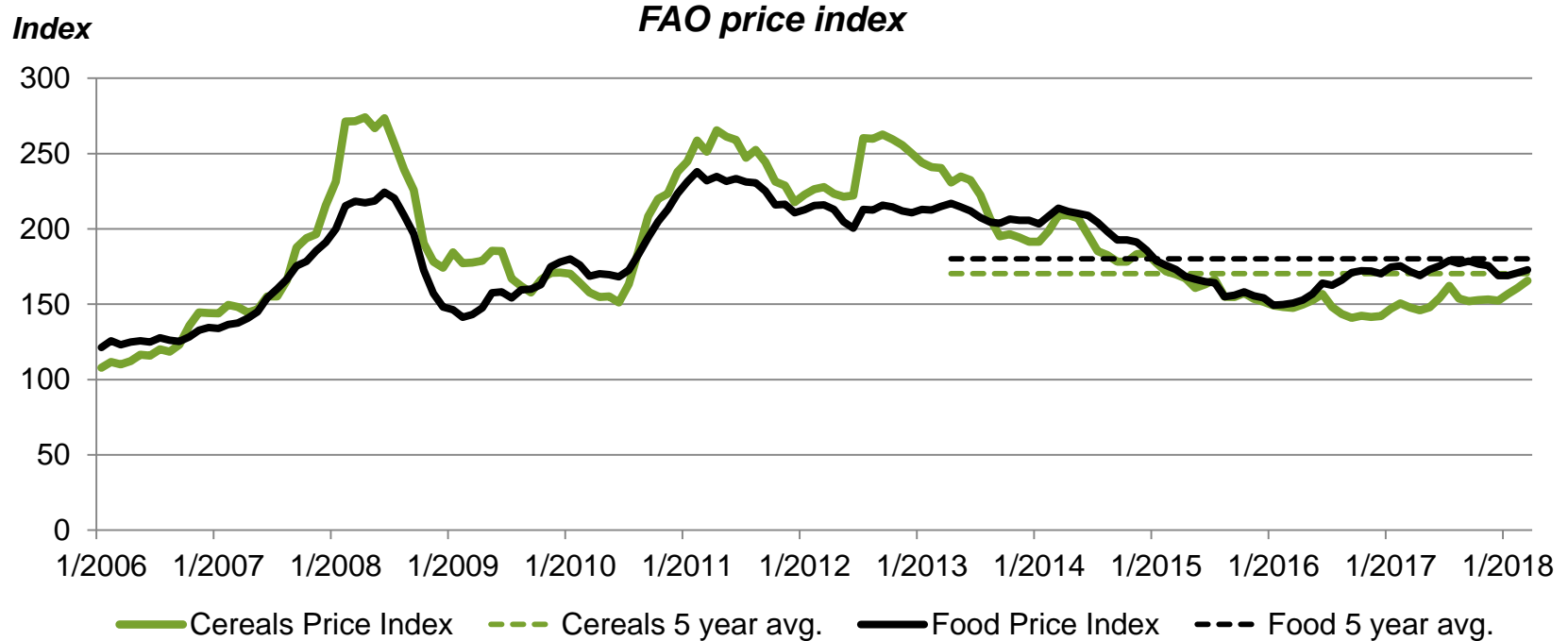


Days of consumption in stocks



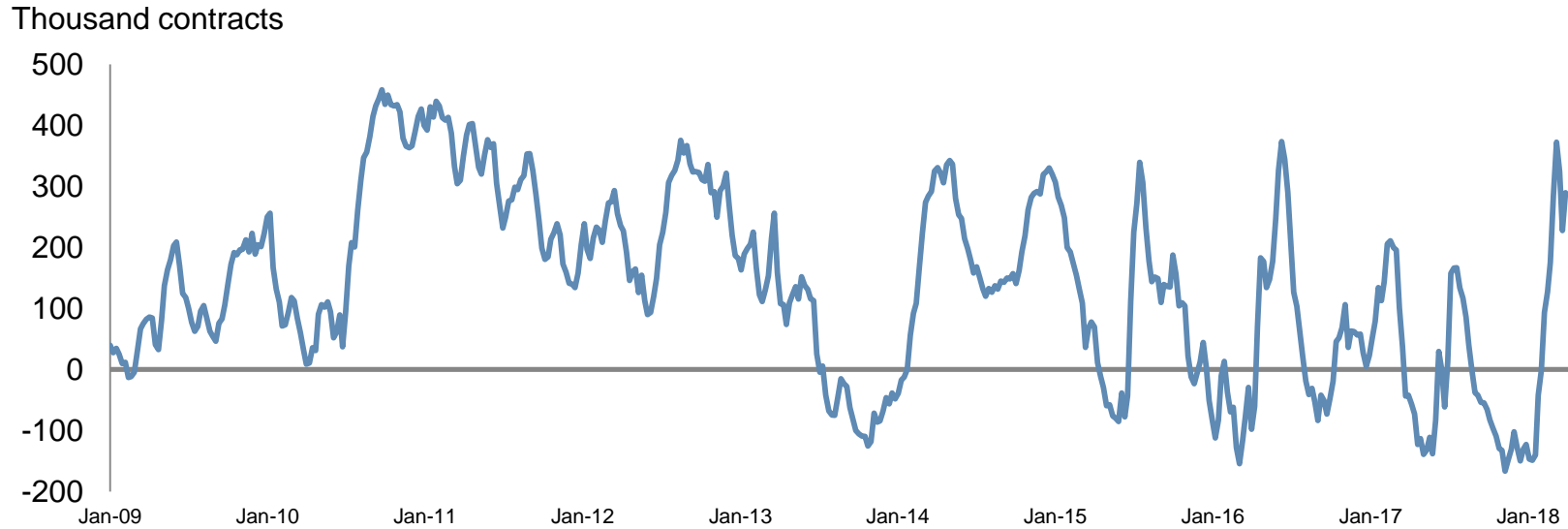
Source: USDA April 2018

Relatively weak grain economics



Source: FAO

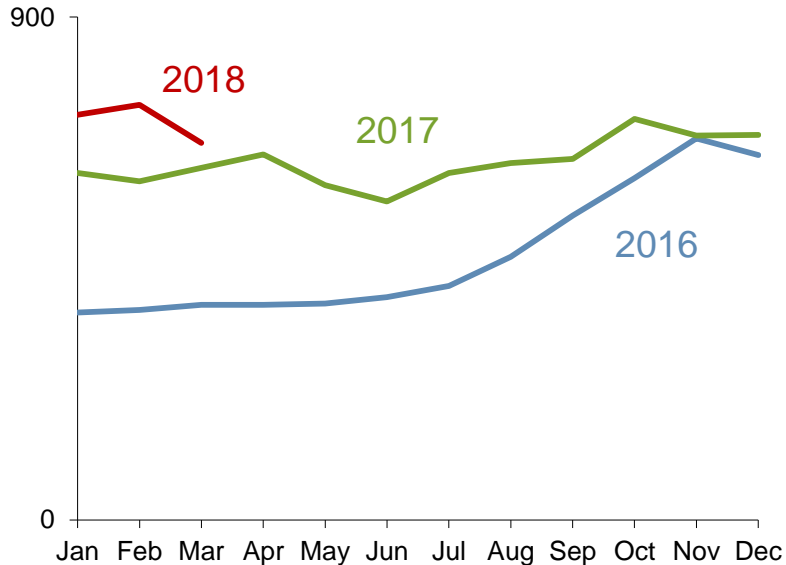
Non-commercials' net long position in corn



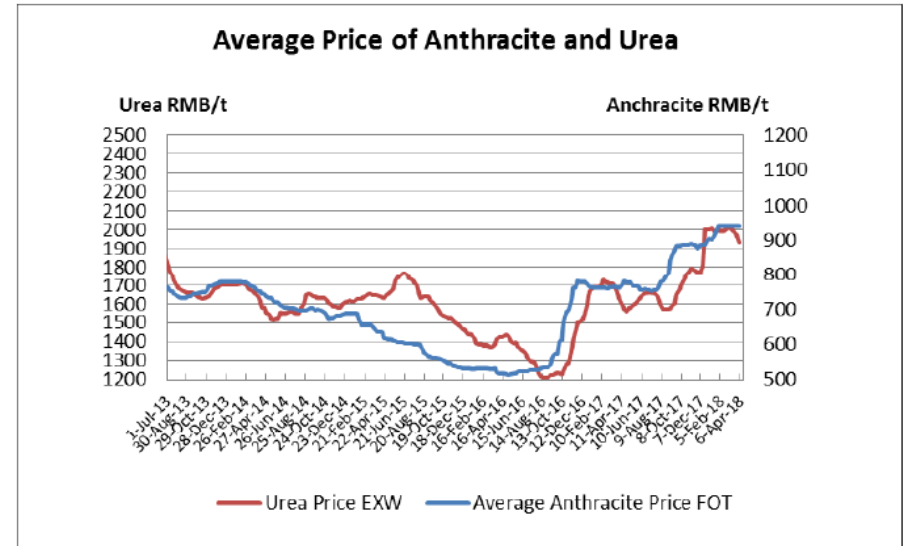
Source: US Commodity Futures Trading Commission

China: Increased coal prices have driven nitrogen prices higher

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



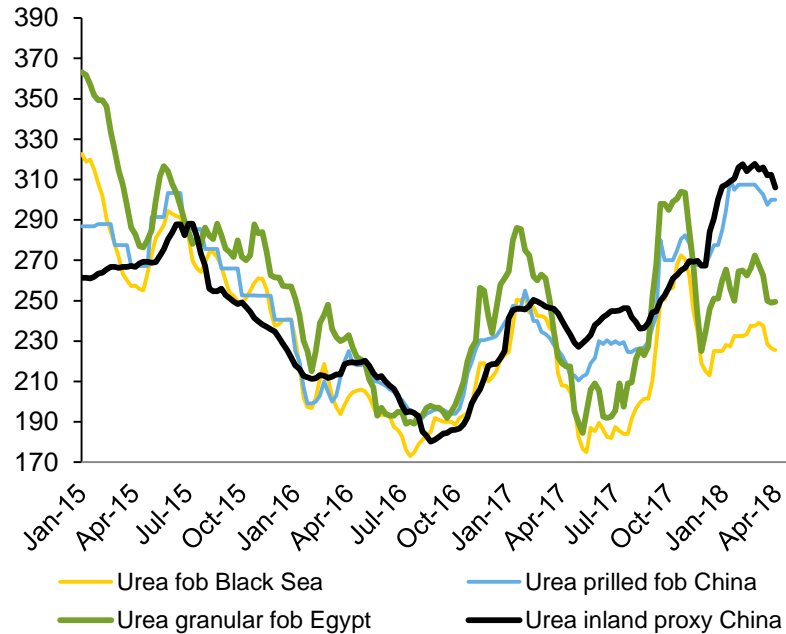
China anthracite and urea prices (RMB/mt)



Source: IHS, CFMW

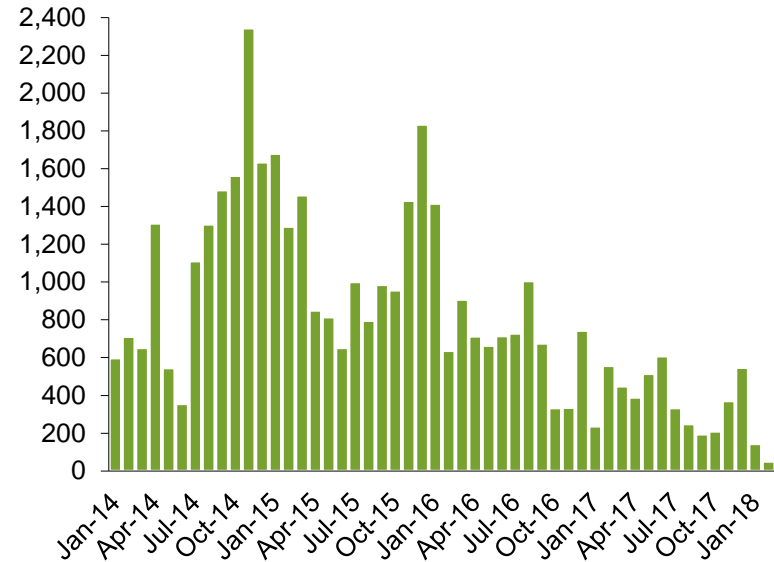
Higher domestic price and lower exports from China are offsetting oversupply elsewhere

Increasing urea pricing (USD/ton)



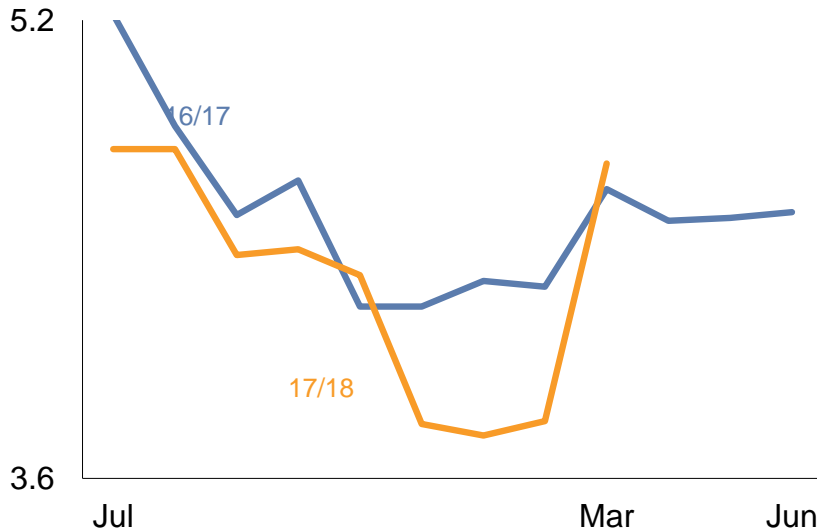
Source: BOABC, CFMW

Chinese export is falling (1000 tons)



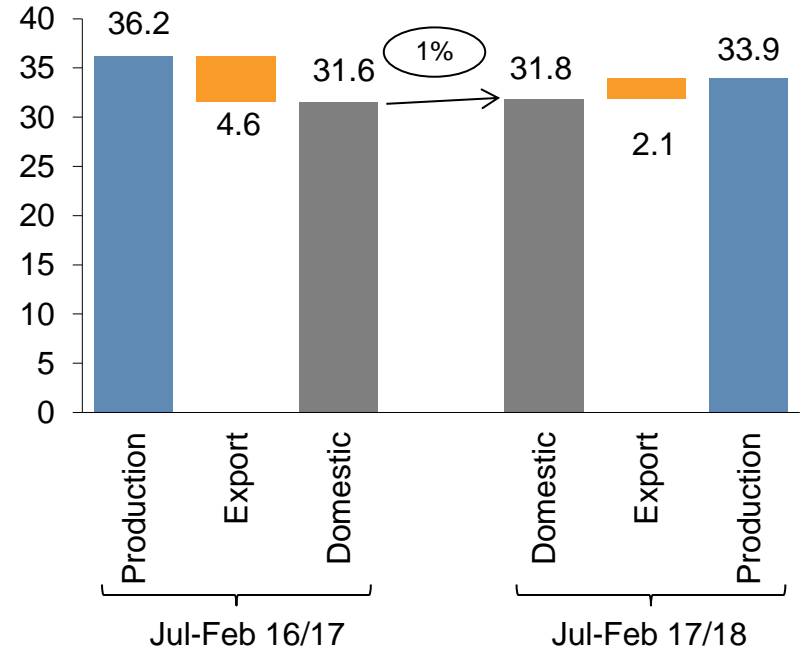
Chinese domestic supply stable, as export decline offsets lower production

Chinese urea production down vs last year (million tons)

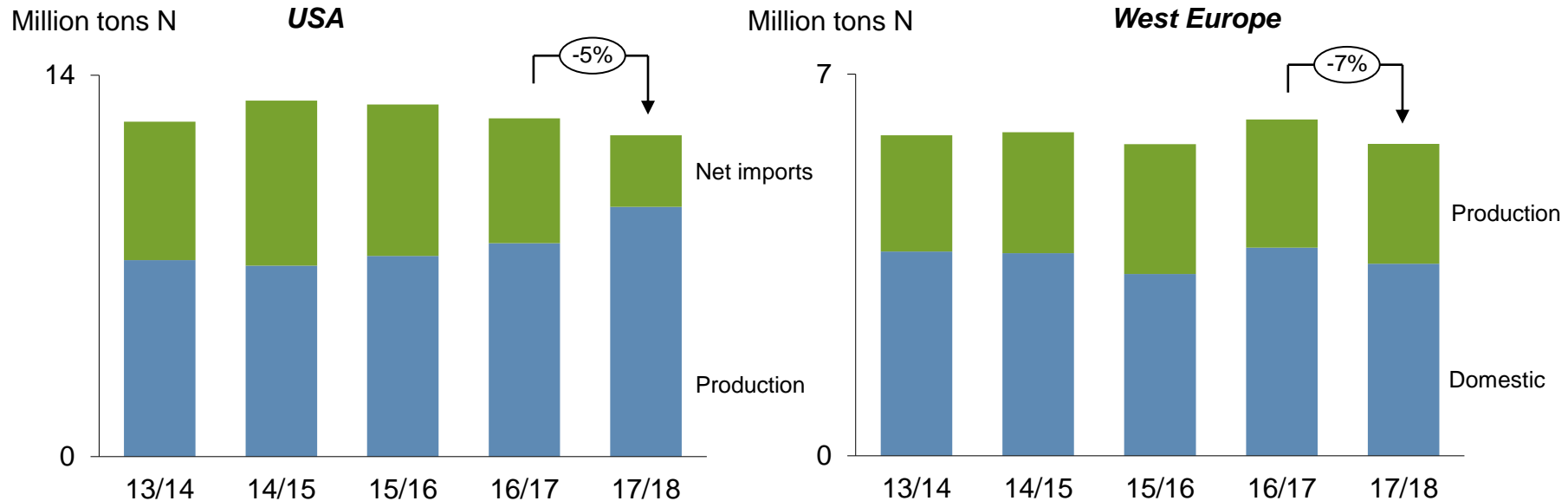


Source: CFMW, covering close to 100% of production

Export reduction so far kept supply stable (million tons)



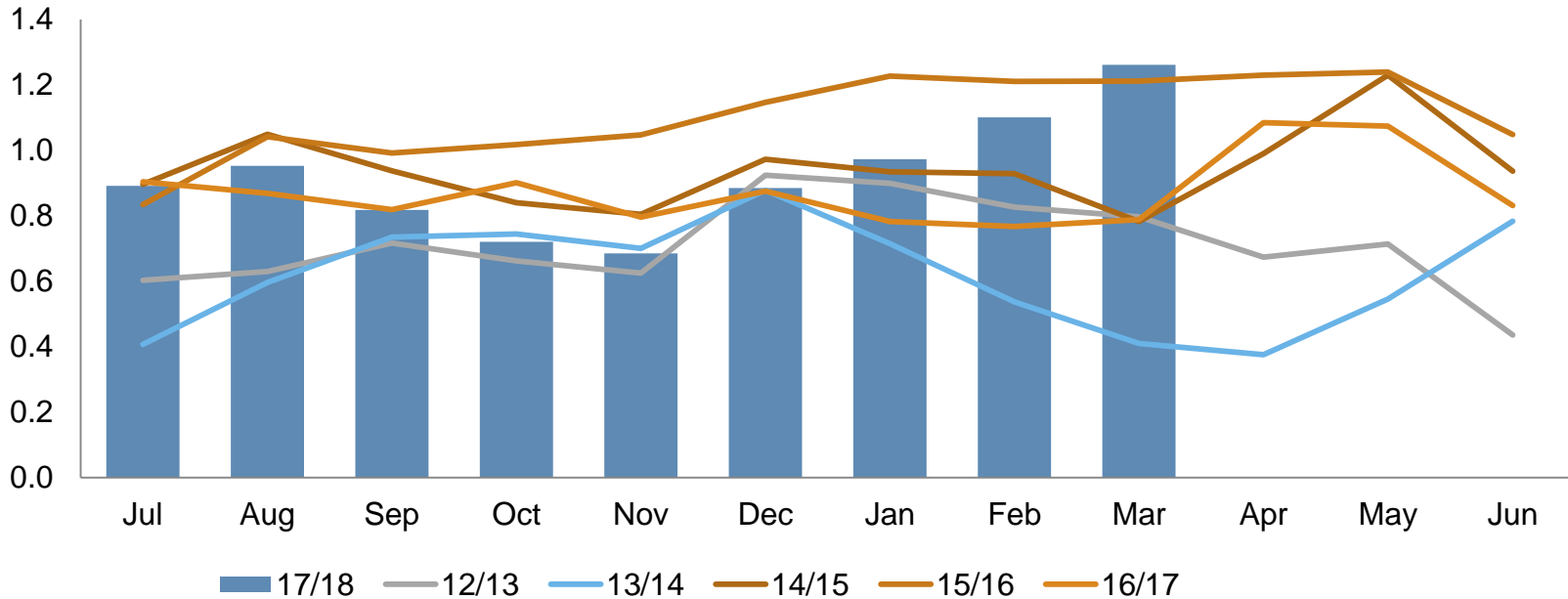
Deliveries in USA and Europe lagging last season, partly due to late spring



Source: Yara estimate for fertilizer deliveries to selected West European countries.
Total nitrogen deliveries based on TFI, US Trade Commission, Blue-Johnson and Yara estimates

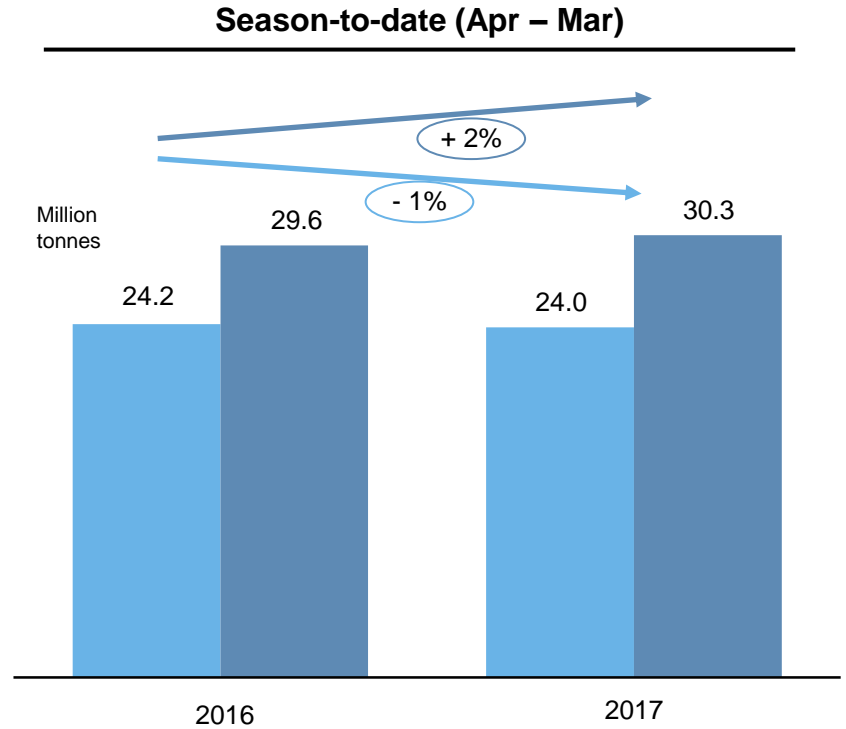
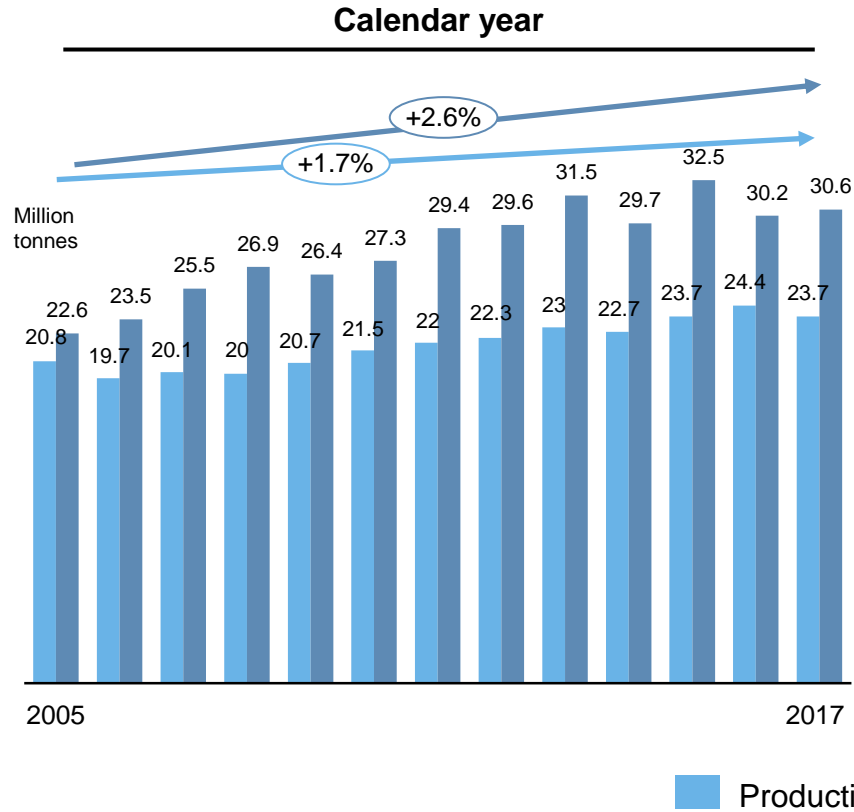
European producers' nitrate stocks

Index
June 2007 = 1



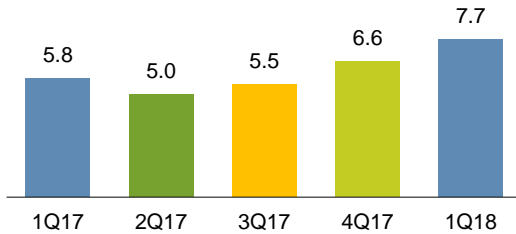
Source: Fertilizers Europe, March estimate by Yara

Modest import catch-up need in India

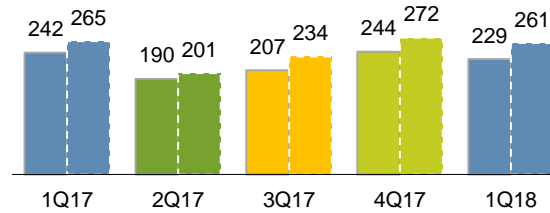


Key value drivers – quarterly averages

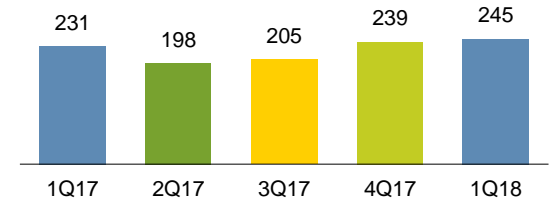
TTF day ahead (USD/MMBtu)



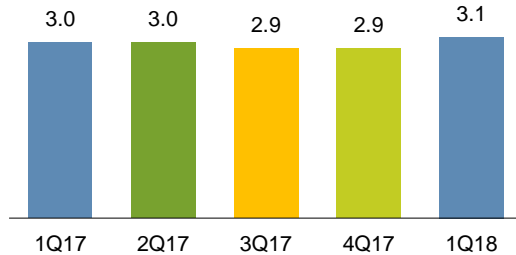
Urea prilled fob Black Sea (USD/t)/Urea granular fob Egypt (dotted line, USD/t)



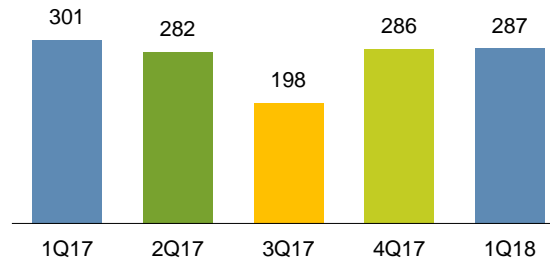
CAN cif Germany (USD/t)



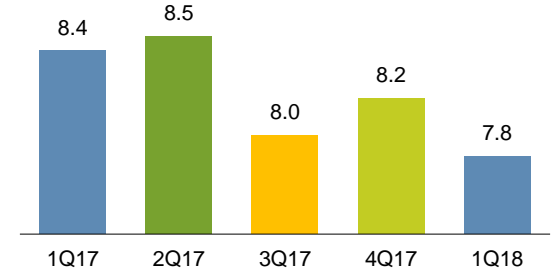
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)

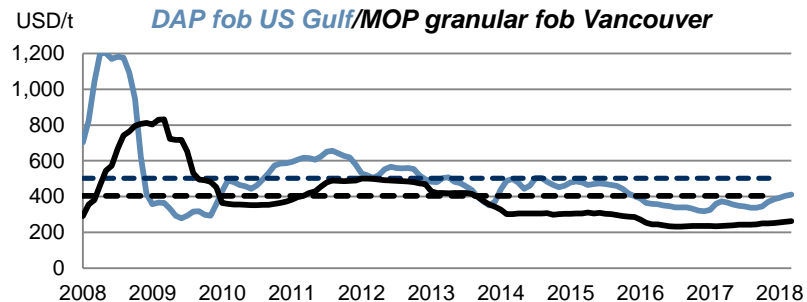
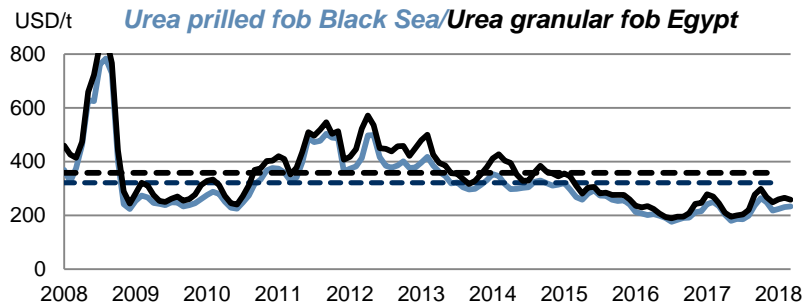
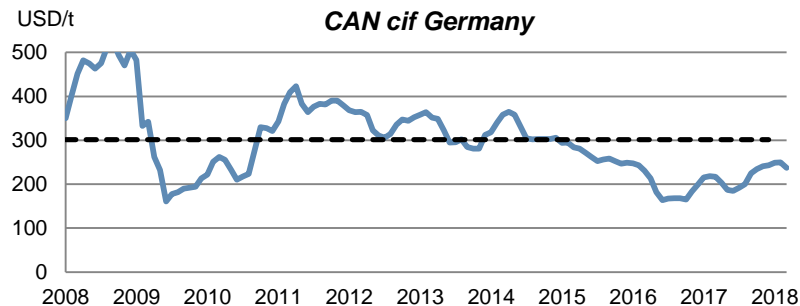
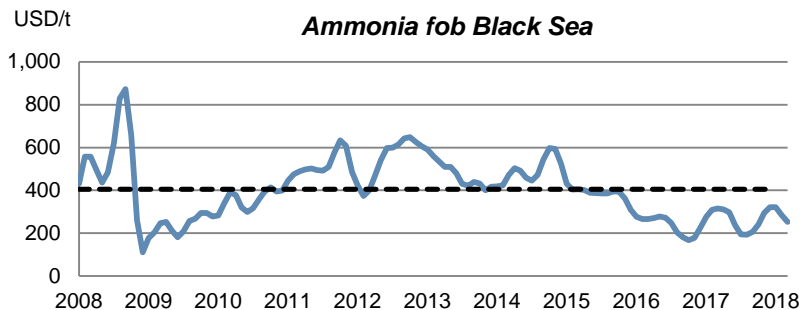


NOK/USD exchange rate



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

10-year fertilizer prices – monthly averages



Source: Fertilizer Market Publications

--- Average prices 2008 - 2017



Knowledge grows

