Knowledge grows

Yara International ASA

Terje Tollefsen, EVP Strategy & Business Development

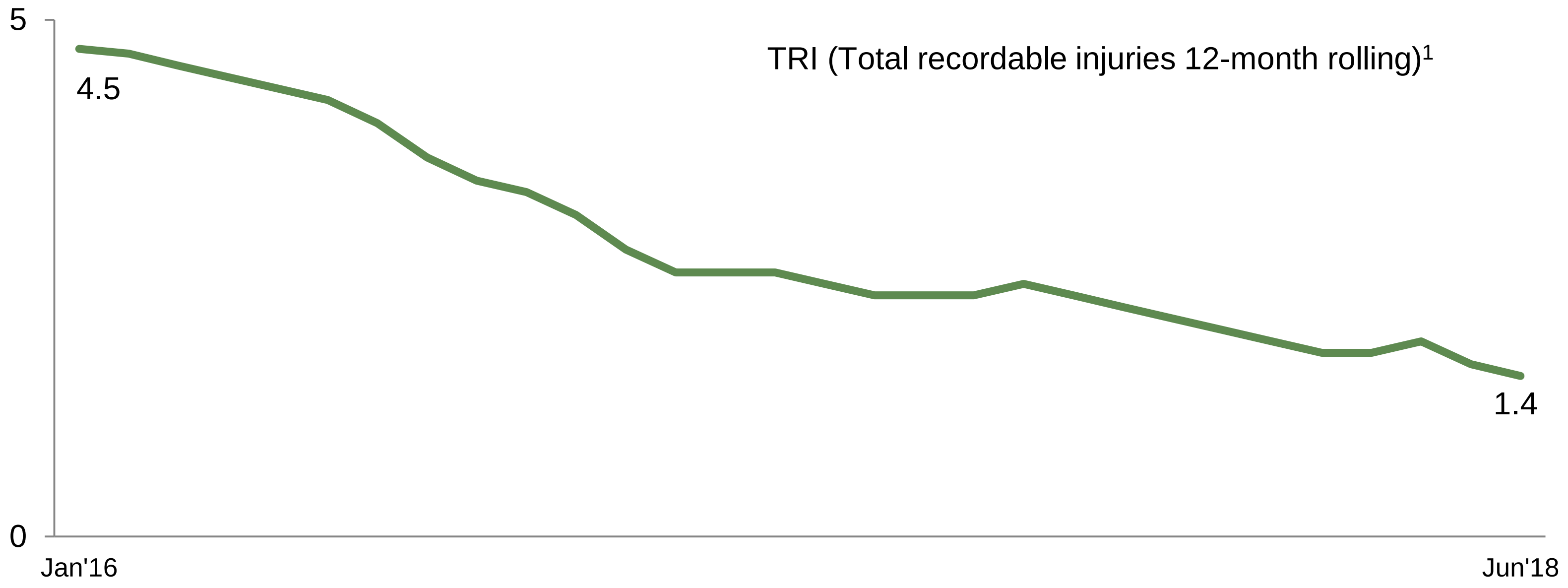
Handelsbanken, Nordic Large Cap seminar

11 September 2018

Agenda

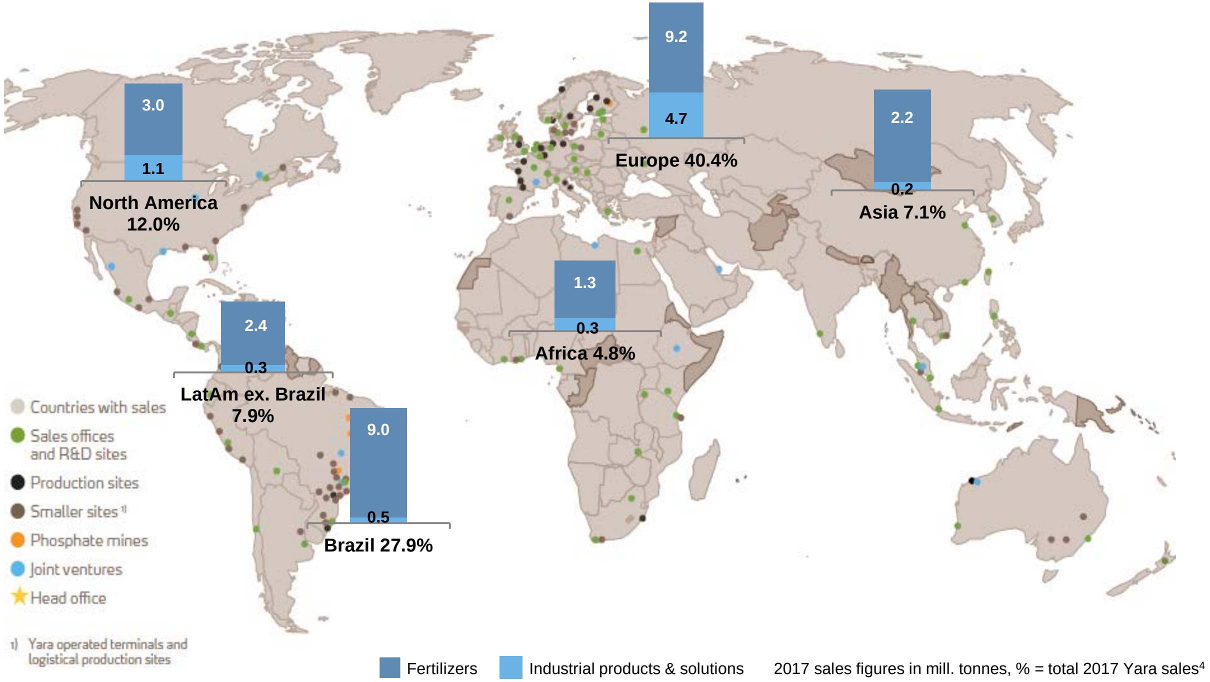
- **Yara introduction**
- Market fundamentals
- Yara strategy
- Targets and track record

Safe operations is our first priority

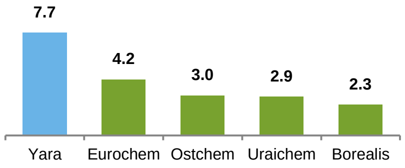


1) TRI: Total recordable injuries, lost time (absence from work), restricted work and medical treatment cases per one million work hours.

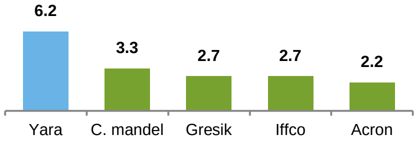
Yara's leading global position and differentiated product portfolio represent key sources of competitive edge



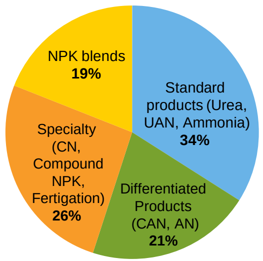
Global #1 in Nitrates[1]



Global #1 in NPK[2]

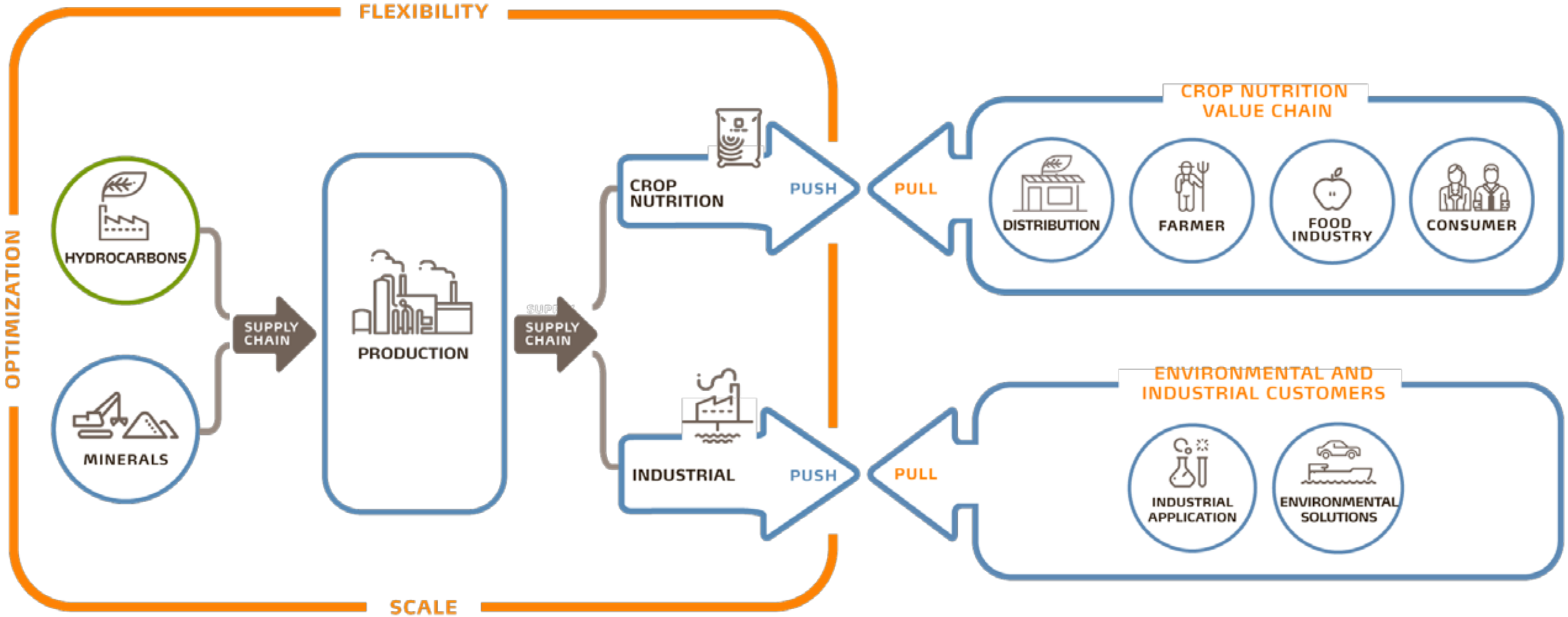


Fertilizer product portfolio[3]



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

Yara's integrated business model is unique within the fertilizer industry



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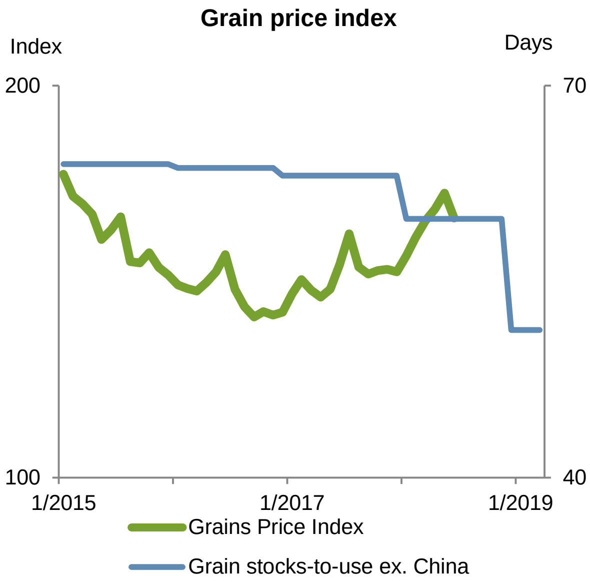
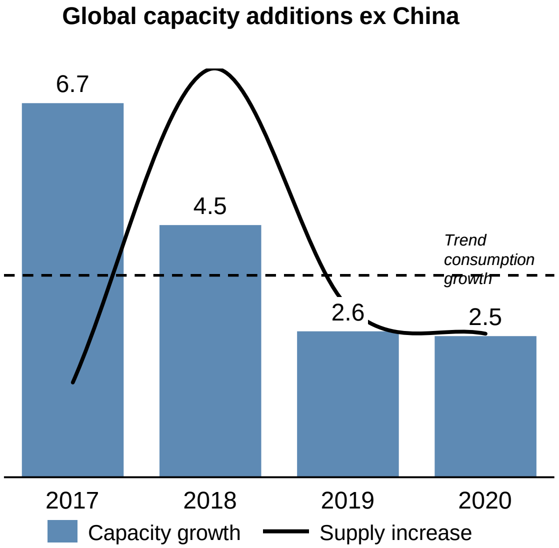
Market fundamentals improving, with positive developments towards 2019 on grain stocks and urea supply

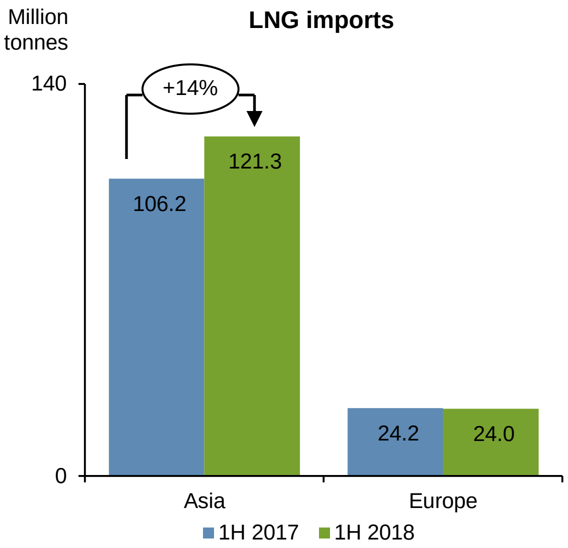
Grain prices rising slowly, and stocks are falling

Urea supply increases high in 2018, falling thereafter

Strong Asian demand drives LNG prices higher

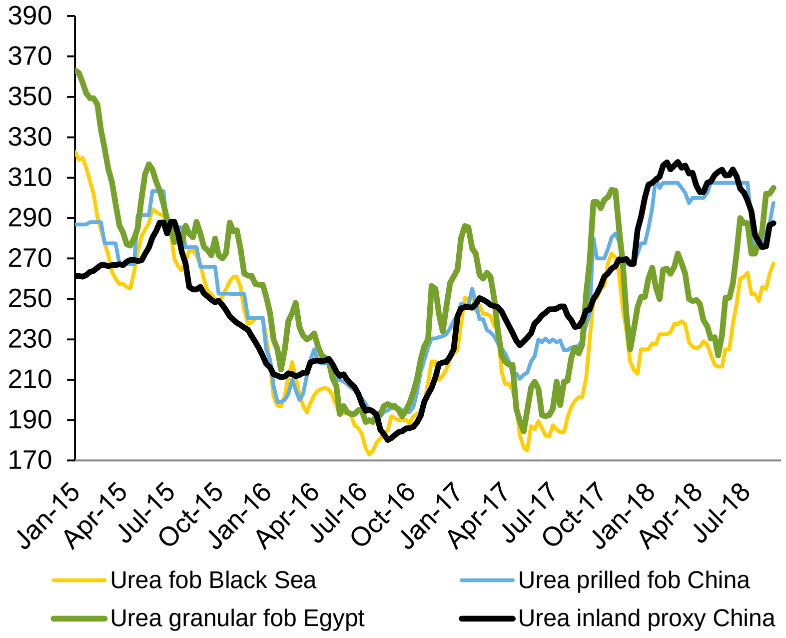






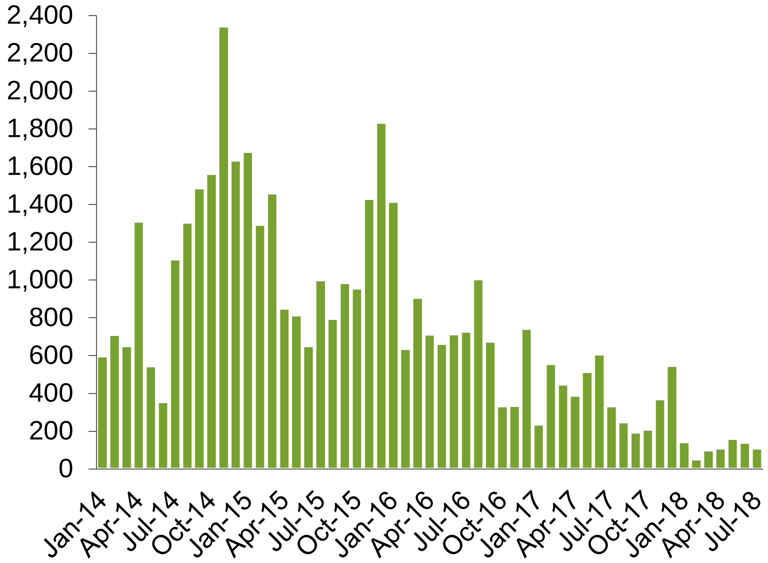
Global prices moving higher, tight Chinese urea situation

Increasing urea pricing (USD/ton)



Source: BOABC, CFMW

Lower Chinese export (thousand tonnes)



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Yara’s mission and vision guides our strategy

Our Mission

Responsibly feed the world and protect the planet.

Our Vision

A collaborative society; a world without hunger; a planet respected.

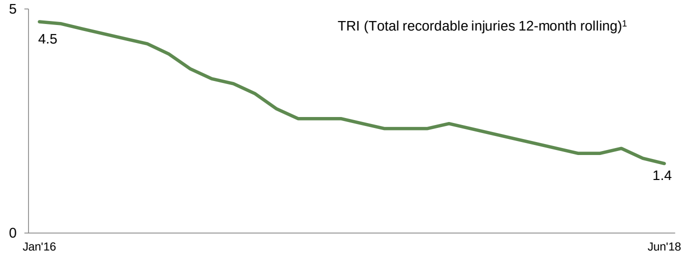
The Crop Nutrition Leader

We will grow responsible solutions to farmers, industry and society, while delivering superior return on capital

Advance

Advance Operational excellence; Improved safety, increased savings

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.

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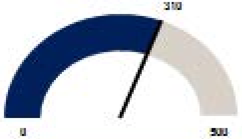
Yara Improvement Program delivering ahead of plan

EBITDA Benefits of 310 MUSD delivered

- Yara Productivity System rolled out to 22 out of 30 sites.
- Good reliability improvements in NPK production
- Good improvements in procurement initiatives



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Yara Improvement Program delivering ahead of plan

Advance

Start: 2016 — **2017** — **2018** (Today) — **2019** — **2020** — **End:** 2020

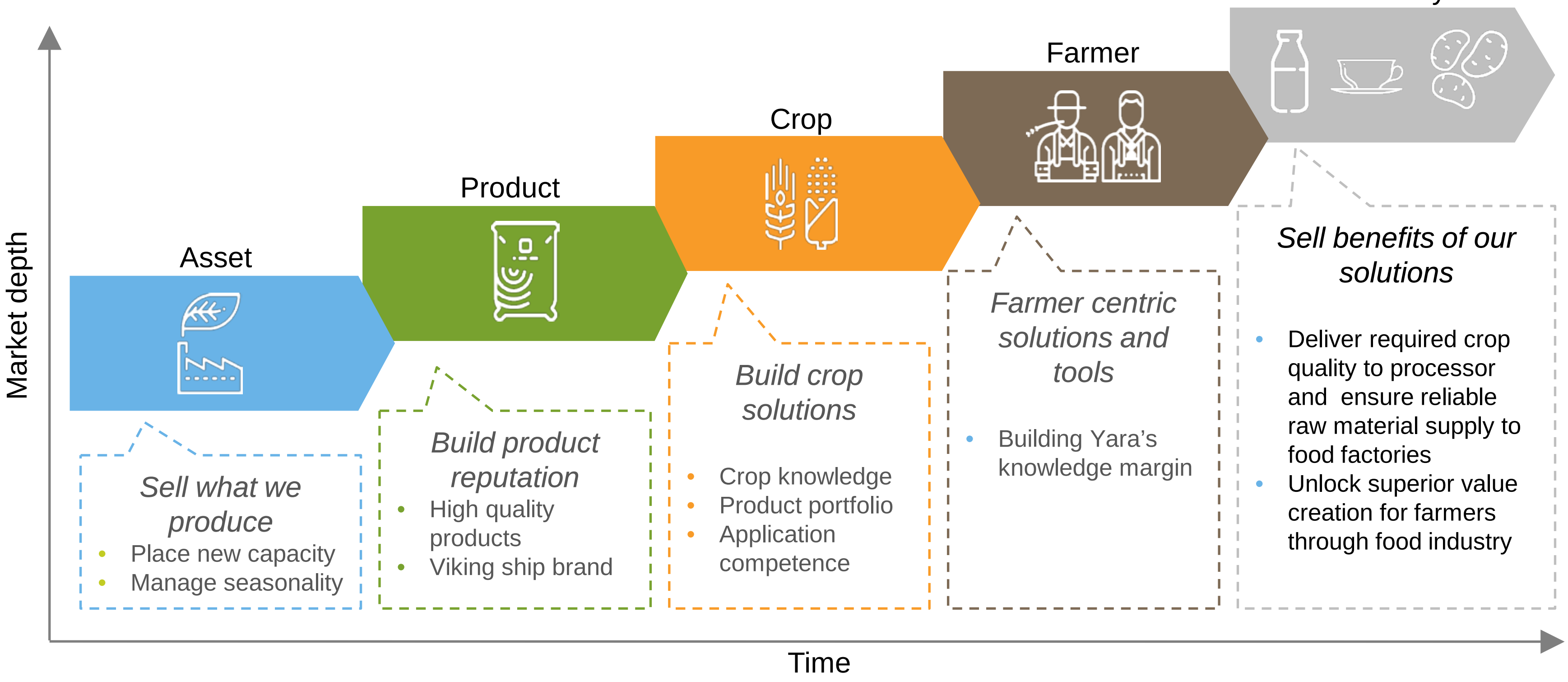
- The Yara Improvement Program has so far delivered 310 million US dollars of annual sustained benefits, measured at 2015 margins
- The equivalent number using 2018 margins is ~300 million US dollars
- Improvements on Production volume, Consumption factor and Variable unit costs are on or ahead of target

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

	2016	2017	Q2 2018	2018 target	2019 target	2020 target
Sustained EBITDA improvement	84	242	310	350	450	500
One-off						
Benefits[1]	60	69	19	15	15	15
Cost	14	49	12	39	13	11
Investments	69	116	18	140	90	0

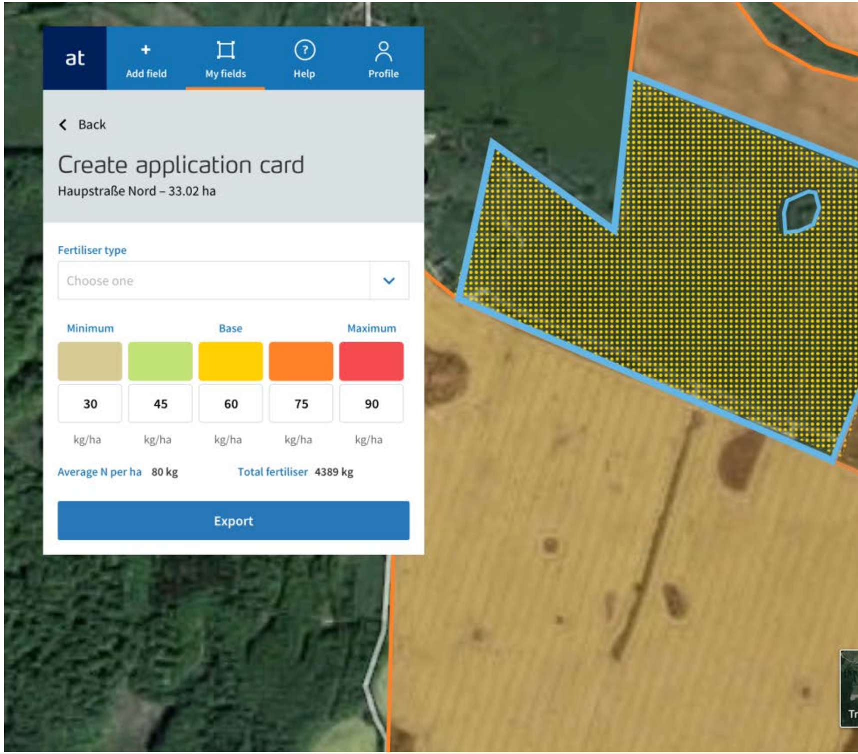
[1] One-off benefits are related to working capital improvements and sales of white certificates

Create Scalable Solutions;
Closer collaboration with the Food Industry



Precision fertilization made simple - atfarm

- 10x10m precision application of fertilizer
- Quantitative recommendation “in only 5 clicks”
- Empowered by 20 years of Yara precision fertilization R&D
- Benefits for farmers
  - Higher yield
  - Reduced waste
  - Higher protein content



Drive Innovative Growth;
Yara is delivering on its growth pipeline

1 Jan 2018 — 1Q — 2Q — 3Q — 4Q — 1 Jan 2019

Babrala (India)
Acquisition of urea plant and distribution assets

- 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

- Adds 250 ktpa and approx. 50 MUSD EBITDA p.a.
- Record nitric acid production in March (5,127 tpd)

Cubatao (Brazil)
N and P production facility acquisition

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

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

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

Salitre (Brazil)
Phosphate mine

- Adds approx. 1.1 mtpa SSP equivalents by 2020
- Limited earnings until chemical production starts end 2019

Sluiskil (NL)
Revamp and urea+S expansion

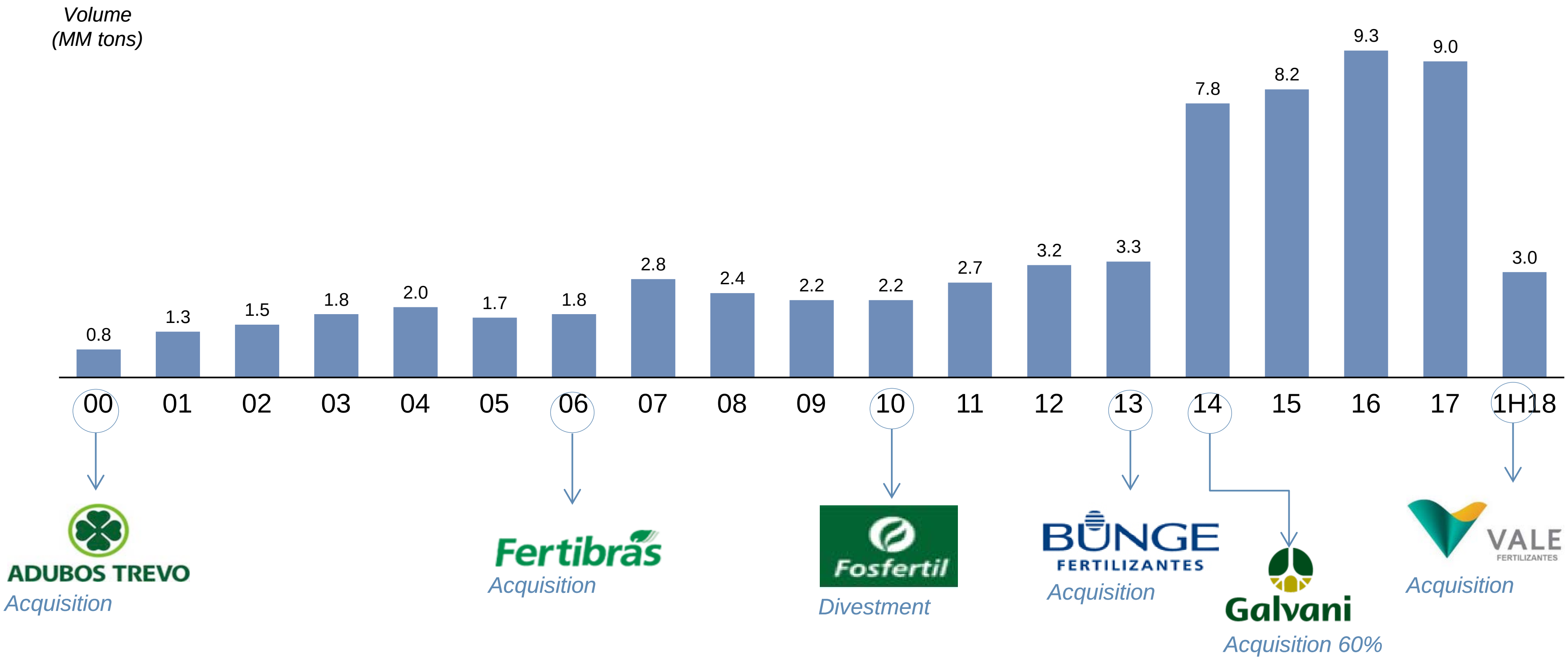
- Adds approx. 210 ktpa and 30 MUSD EBITDA p.a.
- Improved product mix - from urea prills to nitrates and urea+S

Köping (Sweden)
Nitric acid revamp and TAN expansion

- 90 ktpa and approx. 20 MUSD EBITDA p.a.
- Strong long-term fundamentals for civil explosives industry

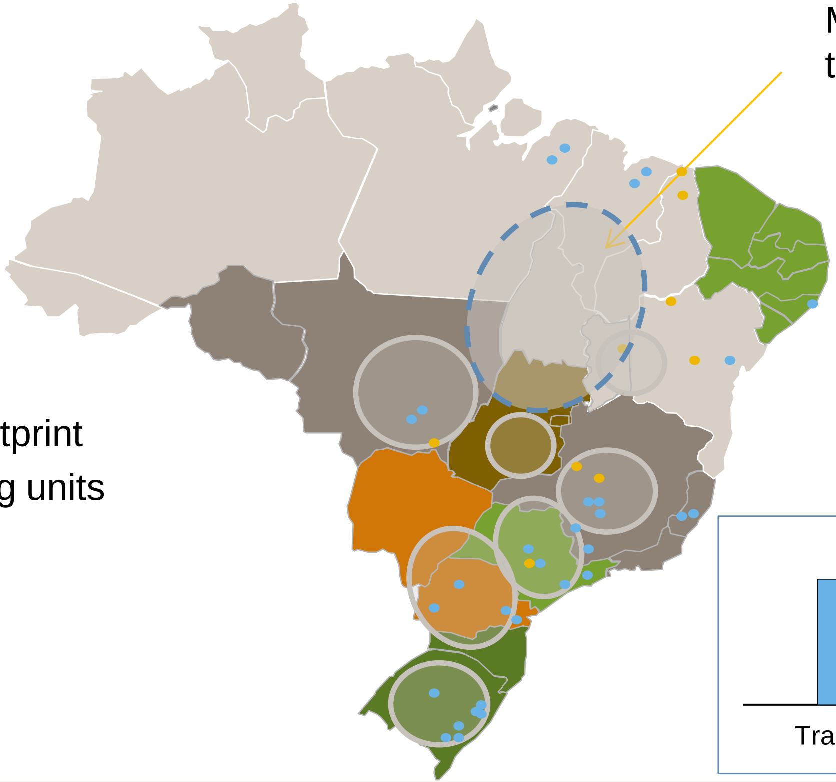
EBITDA figures at 2015 prices except Cubatão which reflects business case prices

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

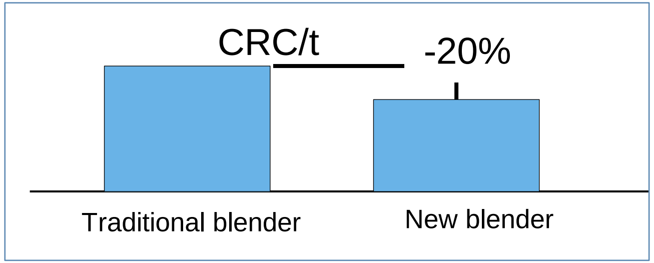


Yara combines large-scale local market presence with leading global product portfolio and crop nutrition expertise

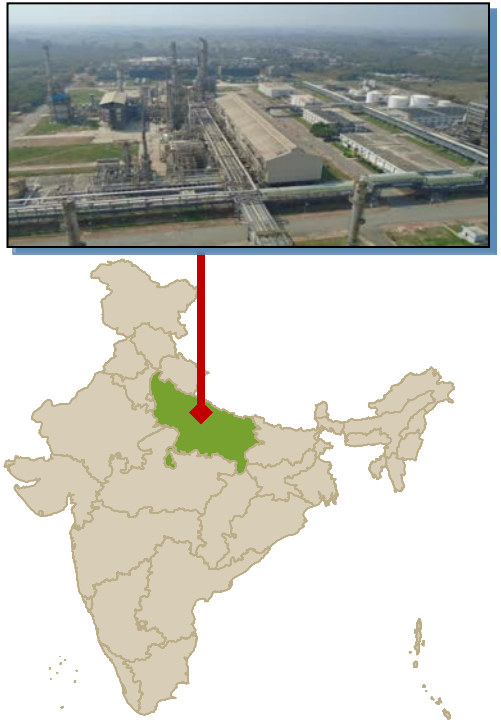
Drive



- Optimization of asset footprint
- Modernization of blending units
- Process improvements



Acquisition of Tata Chemicals' fertilizer business expands our footprint, enabling accelerated premium product growth



Integrated world scale urea plant in Babrala, Uttar Pradesh
- ~0.7 million tons ammonia production
- ~1.2 million tons urea production
- Commissioned in 1994

World-class operations and energy efficiency
- Workforce is committed to high HESQ standards; solid safety track record
- Energy consumption below 21 mmbtu/t, on par with Sluiskil

Significant distribution footprint
- Warehouses: 4 own and approx. 100 third-party operated
- Salesforce: 60 own, and approx. 300 on contract

Acquisition provides footprint to accelerate premium product growth
- Yara India 17% p.a. growth in premium product sales since 2010
- Yara Brazil premium products growth provides reference case

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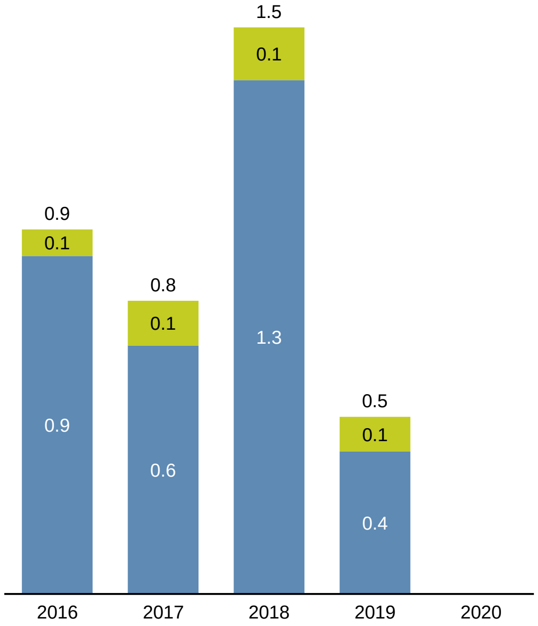
Major improvement and growth investments in 2018; main earnings improvement from 2019 onwards[1]

Drive

Improvement and growth capex[2] (BUSD)

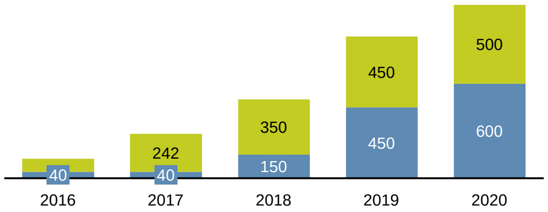
Improvement program
Committed expansions + M&A



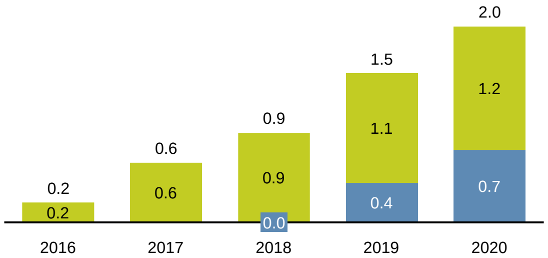
Improvement program:
+ 350 MUSD cost improvement
+ 150 MUSD volume improvement:
-> 0.4 mill. tonnes ammonia
-> 0.7 mill. tonnes fertilizer

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

EBITDA improvement[3] (MUSD)



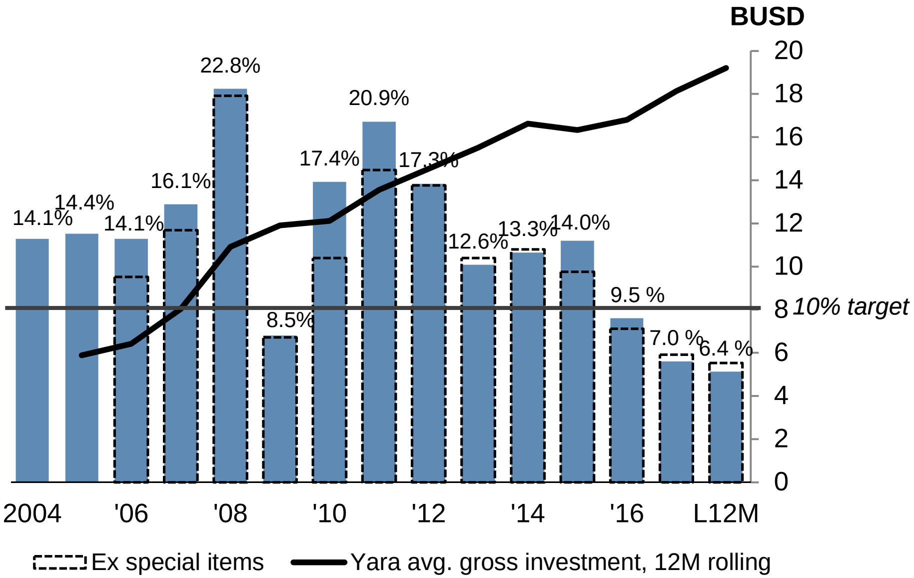
Earnings improvement[3] (USD per share)



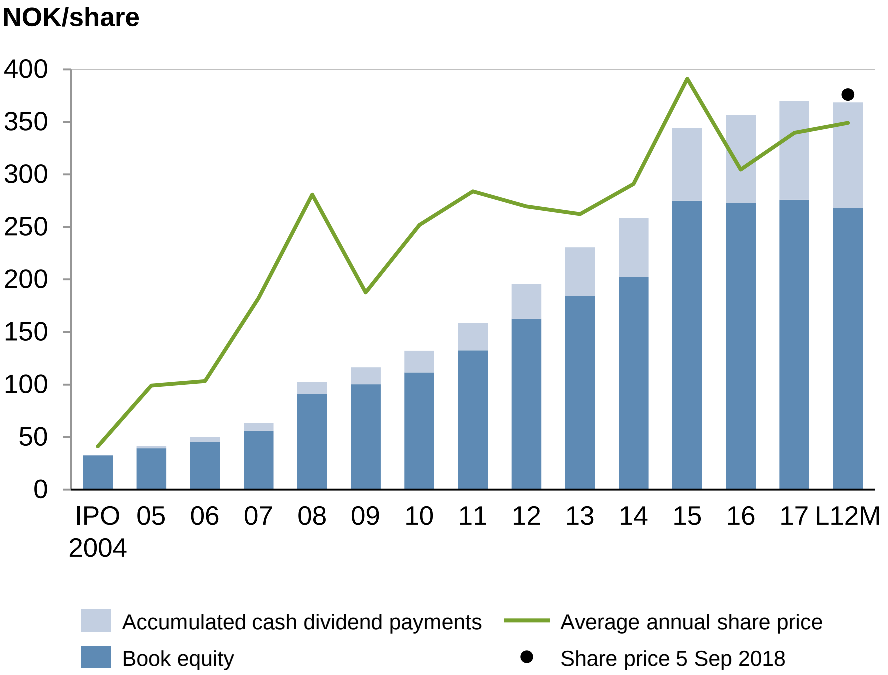
[1] Currency assumptions for 2018 onwards: USD/NOK 8,01, EUR/USD: 1.18 , USD/BRL: 3.83
[2].Excluding maintenance capex on existing assets . Yara's share of capex. Fully consolidated entities presented at 100% basis
[3] Measured at 2015 conditions. Main average market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t

Profitable growth through the cycle

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



Average annual shareholder return of 20%[1]



1) Share price appreciation (end 2Q 18) plus dividend payments

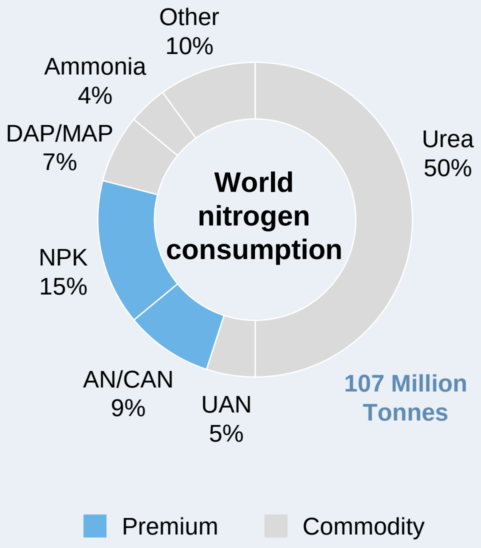
Knowledge grows

Additional information

Market

Yara's margins contain both commodity and premium elements

Urea is the key commodity Nitrogen product[1]



Both crop and fertilizer markets are key margin drivers for Yara …

- The majority of Yara's business is related to nitrogen, which represents 57%[2] of the main nutrient consumption
- Standardised commodity products like urea make up almost ¾ of the global nitrogen industry
- The supply/demand situation for both commodity and premium fertilizer is important for pricing
- In addition, the supply/demand situation for crops also influences demand and pricing for fertilizer

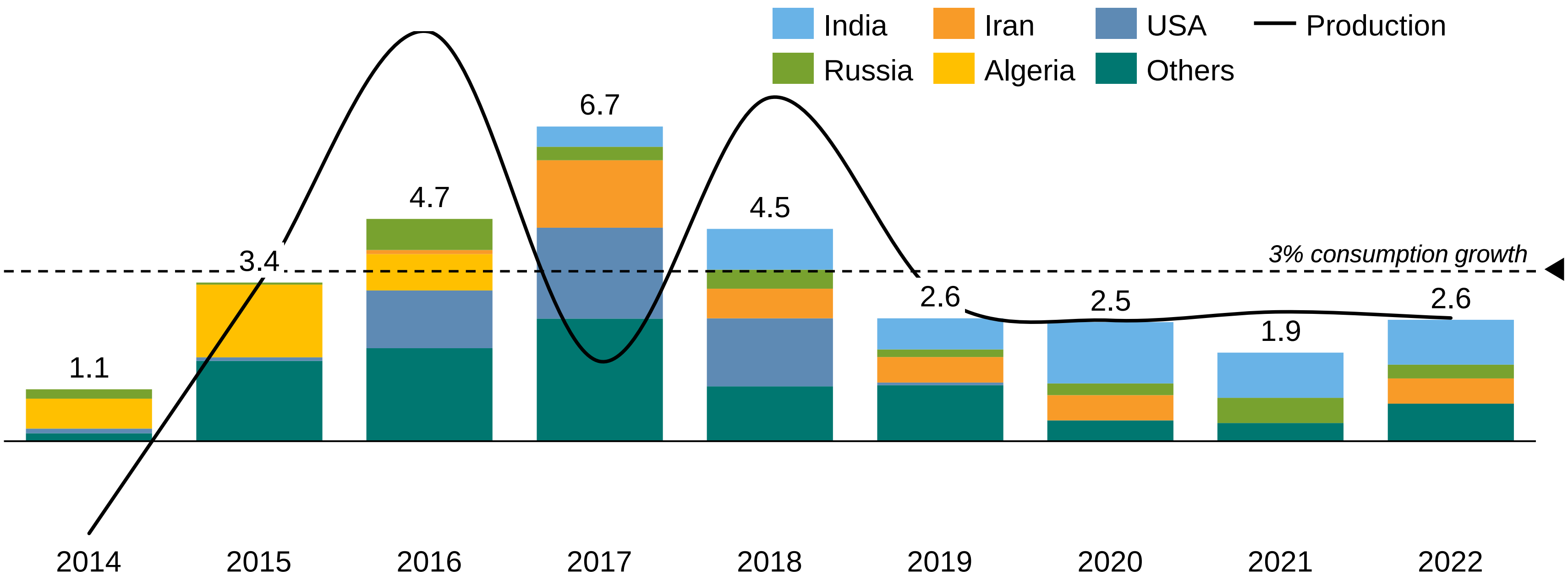
… however Yara margins also contain premium elements

- Premium products are key in Yara's portfolio and business model
- Premium product margins typically contain both commodity and premium elements
- The size of the premium is typically linked to crop prices for fertilizer products, and economic activity for Industrial products

1) Source: International Fertilizer Association ("IFA") 2016/2017 season (June 2017 estimates)
2) Source: International Fertilizer Association ("IFA") 2016/2017 season (June 2017 estimates)

Strong urea supply growth this year, but supply-demand balance set to gradually improve after 2018

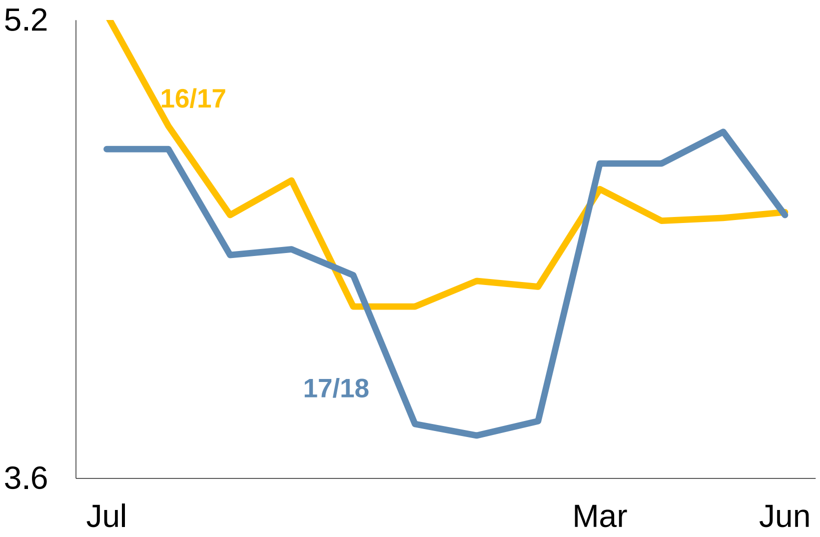
Global urea capacity additions excl. China (mill. tonnes)



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

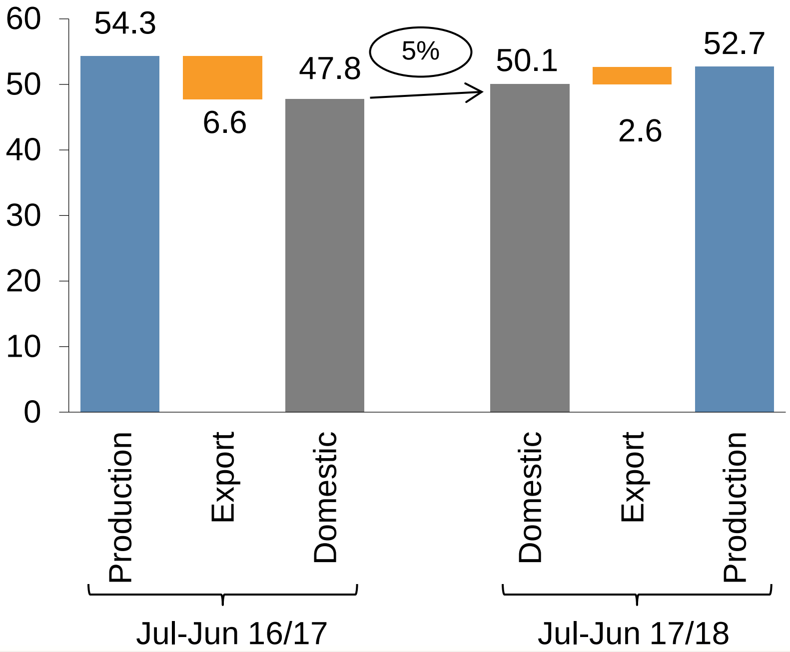
Chinese domestic supply slightly up, as export decline more than offsets lower production

Chinese urea production down vs last year (million tons)



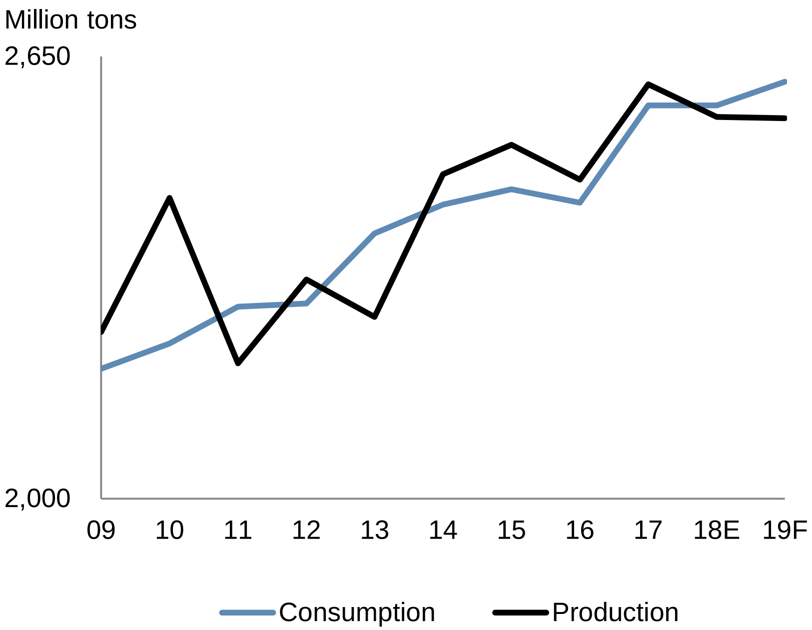
Source: CFMW, covering close to 100% of production

Export reduction exceed production decline (million tons)

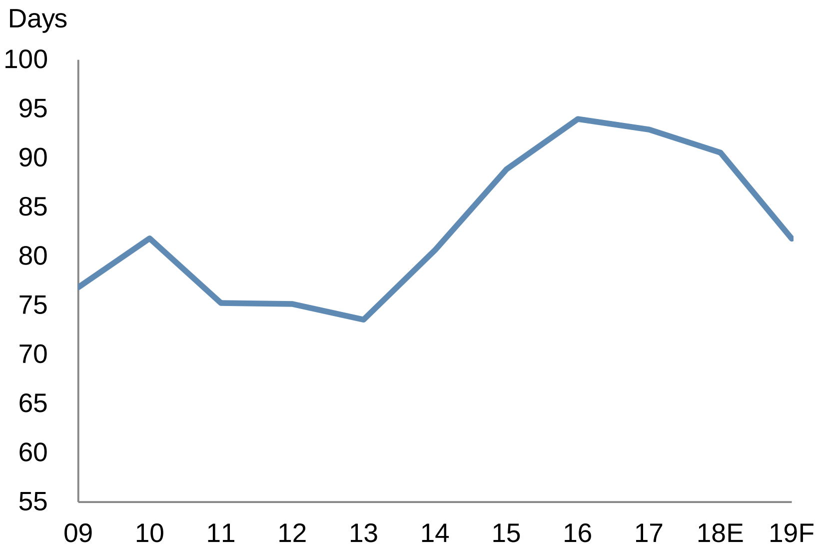


Steady growth in grain consumption, production expected to fall short for the 2018/19 season

Grain consumption and production



Days of consumption in stocks



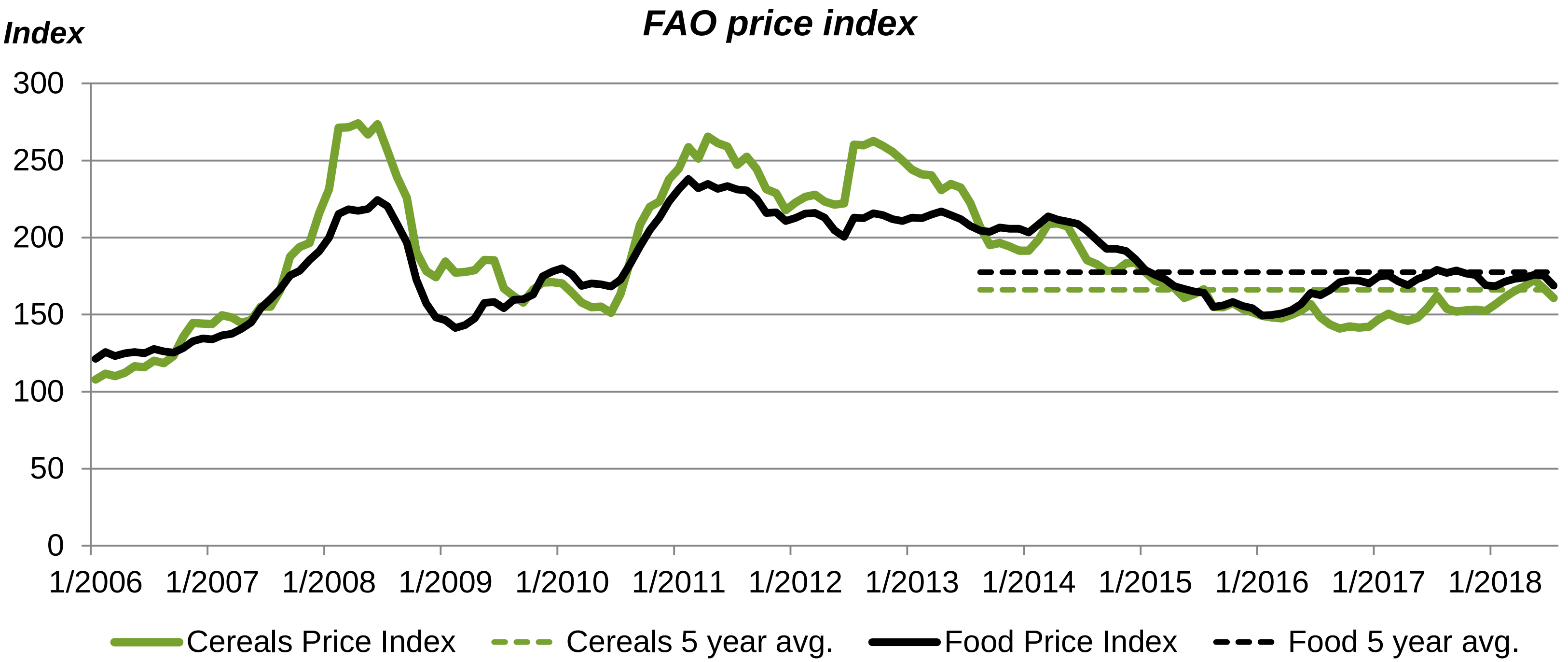
Source: USDA August 2018

Grain prices significantly up from last year

Corn Nov 2018 contract France (EUR/tonnes)

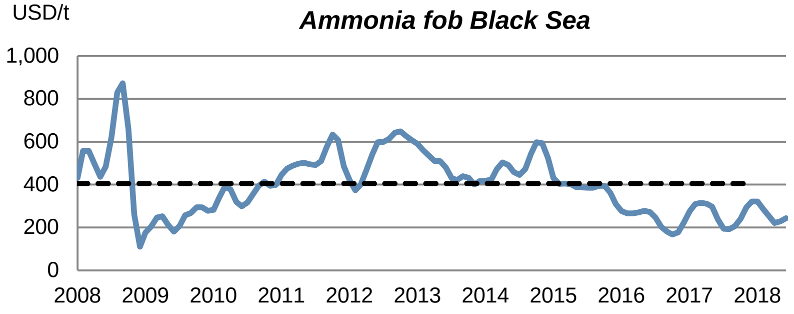
Wheat (milling) Dec 2018 contract France (EUR/tonnes)

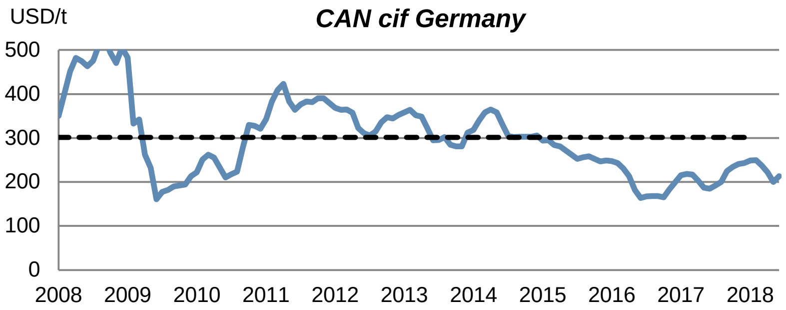
Improving grain economics – the Food and Cereal Indexes at 5-year average

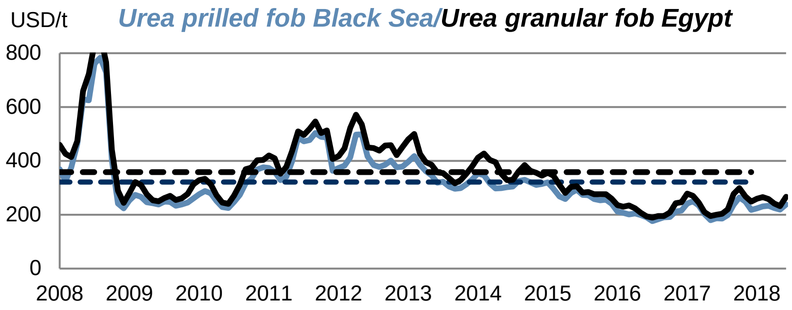


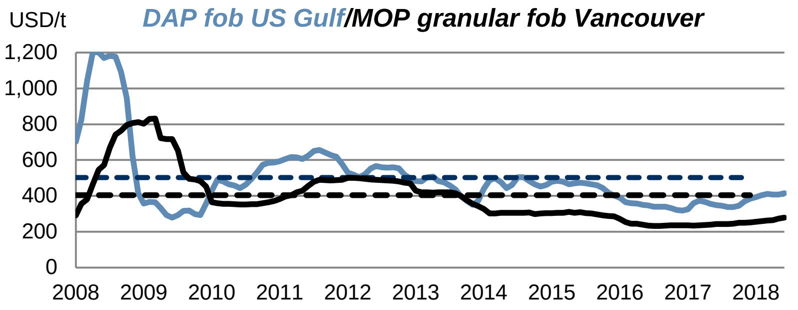
Source: FAO

10-year fertilizer prices – monthly averages







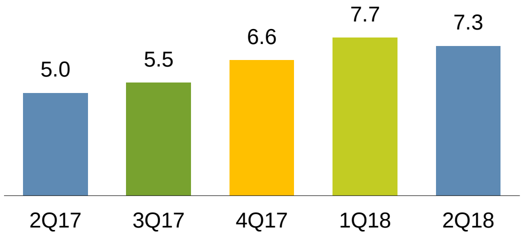


Source: Fertilizer Market Publications

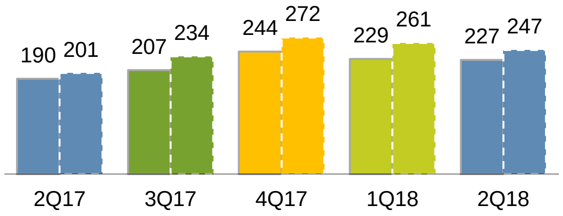
Average prices 2008 - 2017

Key value drivers – quarterly averages

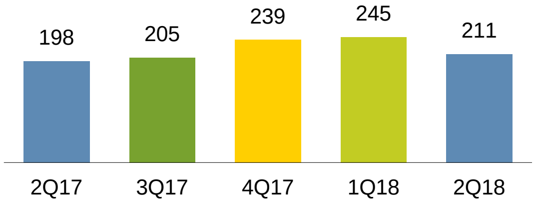
TTF day ahead (USD/MMBtu)



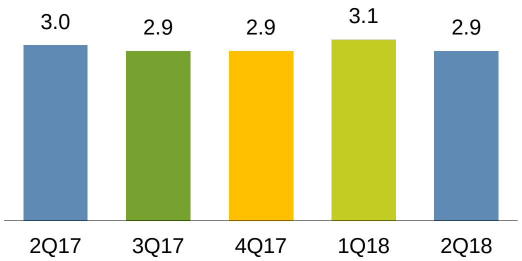
Urea prilled fob Black Sea (USD/t)/Urea granular fob Egypt (dotted line, USD/t)



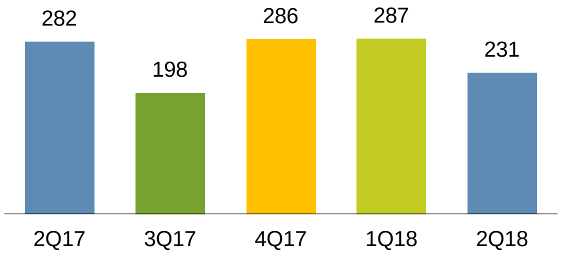
CAN cif Germany (USD/t)



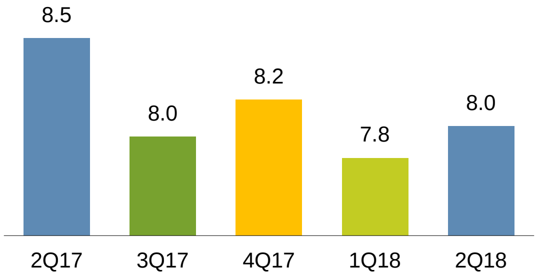
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



NOK/USD exchange rate



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

Business model and strategy

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 cyclicality and seasonality
2017 Revenues[1]	0.9 BUSD 8%	8.7 BUSD 76%	1.8 BUSD 16%
2017 EBITDA[2]	0.7 BUSD 54%	0.5 BUSD 36%	0.2 BUSD 12%

Supply Chain

- Global function responsible for optimization of energy, raw materials and third party sourcing
- Sourcing and trade of 4,175 kilotonnes of ammonia and purchases of 286 mm MMBtu of energy, 3,456 kilotonness of potassium and 1,042 kilotonnes of phosphate rock

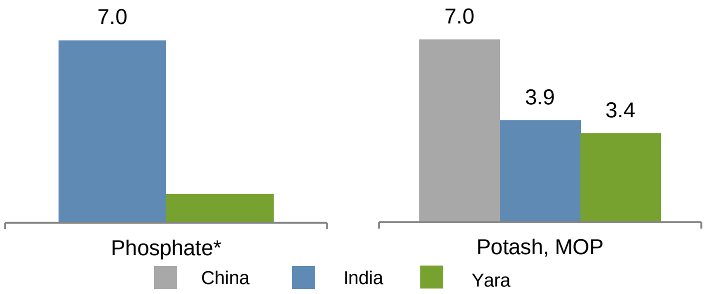
1) External revenues and other income
2) Excluding other and eliminations
USD translations use USD/NOK exchange rate of 8.12

Supply Chain creates global scale in raw material purchases and optimization

Global scale in raw material purchasing

- A major buyer of key raw materials and one of the largest buyers of phosphate and potash globally
- Provides scale and secures **reliable access** and **competitive pricing**

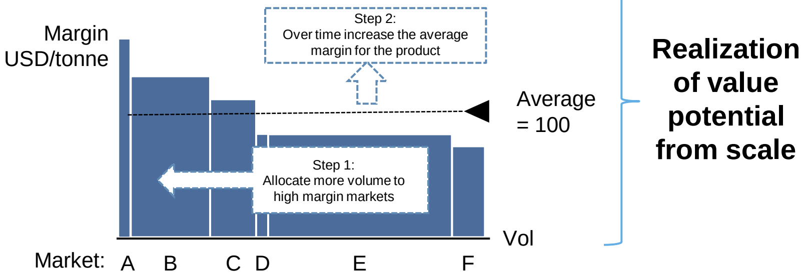
2016 P&K purchases (mt)



Global optimization of value potential

- Large number of plant, product and market combinations
- Flexibility in the allocation of production amount various plants, markets and products to optimize overall value potential
- Long-term view combined with short-term arbitrage opportunities

Illustration of Yara's key optimization tool:

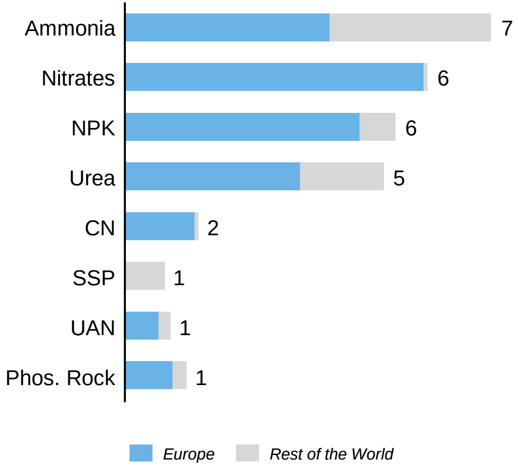


Source: International Fertilizer Association («IFA»)
* In P_2O_5 equivalents

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

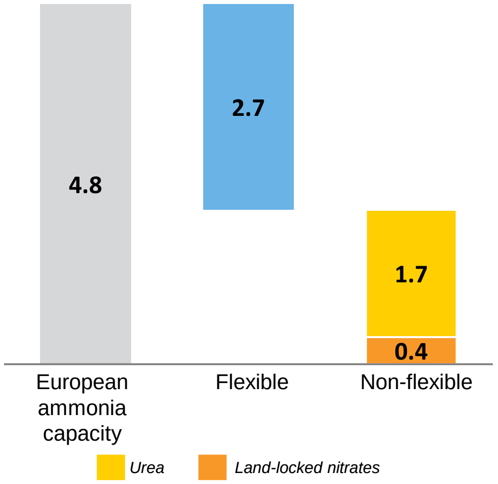
Diversified product portfolio[1]

Mill tonnes 2017FY



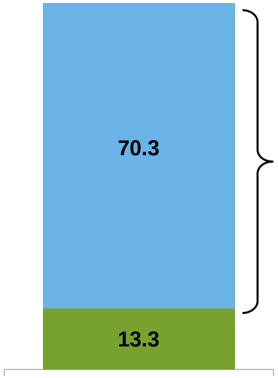
High ammonia flexibility

Mill tonnes 2017FY



Yara's operating cash costs are mostly variable

BNOK, 2017FY



Variable costs (84%)
Dry raw materials
Energy
Freight
3rd party finished fertilizer

Fixed cash cost (16%)

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

1) Including Yara's share of joint venture plants
Source: Yara internal accounts

Crop Nutrition creates resilience in earnings through distribution of crop nutrition solutions in response to farmer needs

YARA → Distributor → [farmers] → Food Industry → Consumer

Market segmentation
Crop, channel, farmer pains, gains and behaviors.

Yara capabilities

Knowledge, people, assets, products, services

Focus and investment

Crop nutrition solutions

Market needs

Quality, quantity, trends (eco friendly, CO_2, etc.)

Sustainable value creation

Industrial segment delivers opportunities for growth and offsets fertilizer cyclicality and seasonality

	Base Chemicals	Environmental Solutions	Mining Applications	Industrial Applications[1]
				
Key product and service offering	Chemical applications used in paints and packaging, glues, foam, medical products and feed additives	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	Legislation, GDP growth	GDP growth, mining industry	GDP growth, standard of living
EBITDA 2015-2017 (MUSD)	2015: 65; 2016: 85; 2017: 90	2015: 56; 2016: 70; 2017: 77	2015: 24; 2016: 21; 2017: 20	2015: 42; 2016: 35; 2017: 39

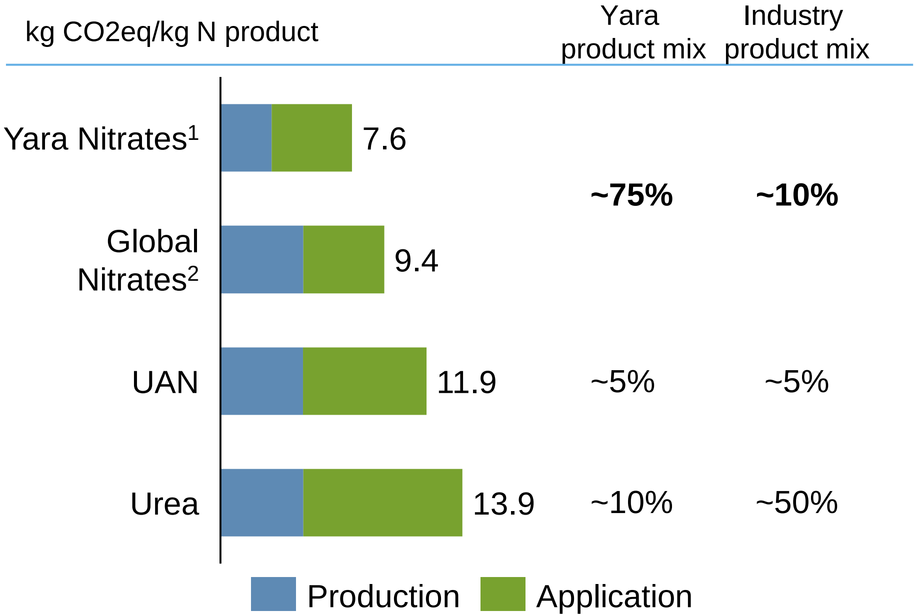
1) 2015-2017 EBITDA figures restated to exclude divested business (CO_2 gas, liquid and dry ice)

Yara’s solutions improves food production per hectare, delivered through products with lower emissions per ton

Yara crop nutrition practices enables farmers to optimize application – and thus lower emissions

- 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

Yara’s product mix has significant less emissions than most of our competitors’

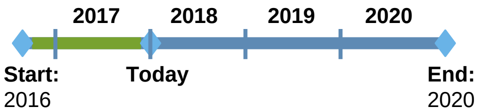


1. Assumed 15% lower application rates for nitrates, due to lower volatilization
2. Average emissions from production higher, partly driven by plants running without N2O catalysts

Growth & Improvement

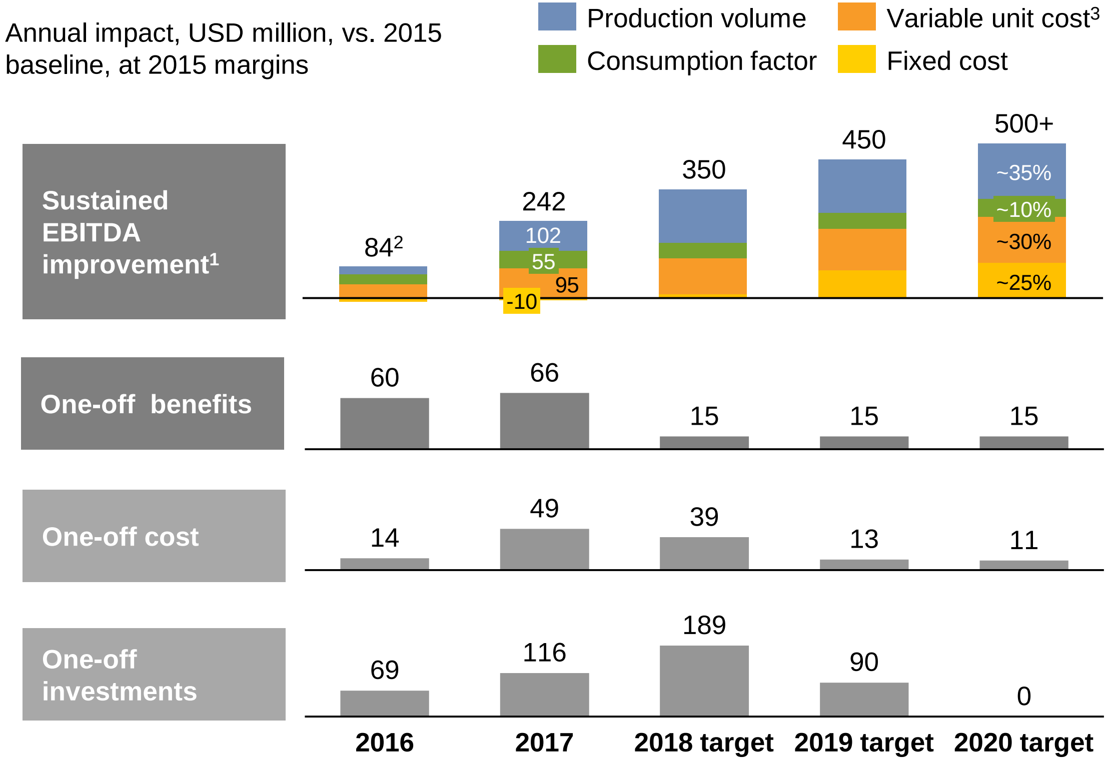
Yara Improvement Program – 2017 status

Program progress



- 2017 EBITDA benefits ahead of target (in 2015 terms):
  - Production volume improvement according to plan
  - Energy consumption improvement ahead of plan
  - Variable cost improvement ahead of plan
  - Fixed cost improvement behind plan
  - One-off program costs higher than original estimate

Financial benefits



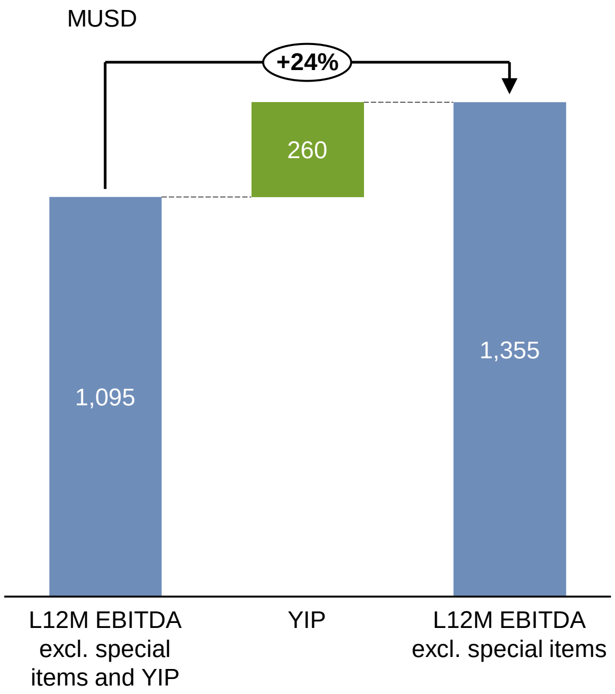
1. Additional details in the backup section;
2. Adjusted for corrected full-year procurement savings (e.g., full-year bonuses)
3. Includes improvements to direct and indirect categories, as well as value of additional steam and reduced cost of emissions

Benefits are realized through improvements to core value drivers

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

[1] Production volume; [2] Energy cost and other input factors; [3] Direct and indirect procurement; [4] Fixed costs in production, IT, supply chain and expert functions; [5] Capex and working capital; [6] Targets are not final and subject to change as additional plant assessment deep-dives are completed; [7] Against 2015 baseline

Yara Improvement Program accounts for ~20% of L12M EBITDA



- L12M earnings impacted by lower fertilizer prices and higher natural gas cost (~900 MUSD)
- Yara Improvement Program is (1) a driver of improved long-term Yara performance and (2) a response to challenging market conditions
- Measured at L12M margins and prices, the equivalent number is approximately 260 MUSD. This represents almost 20% of Yara L12M EBITDA excluding special items.

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

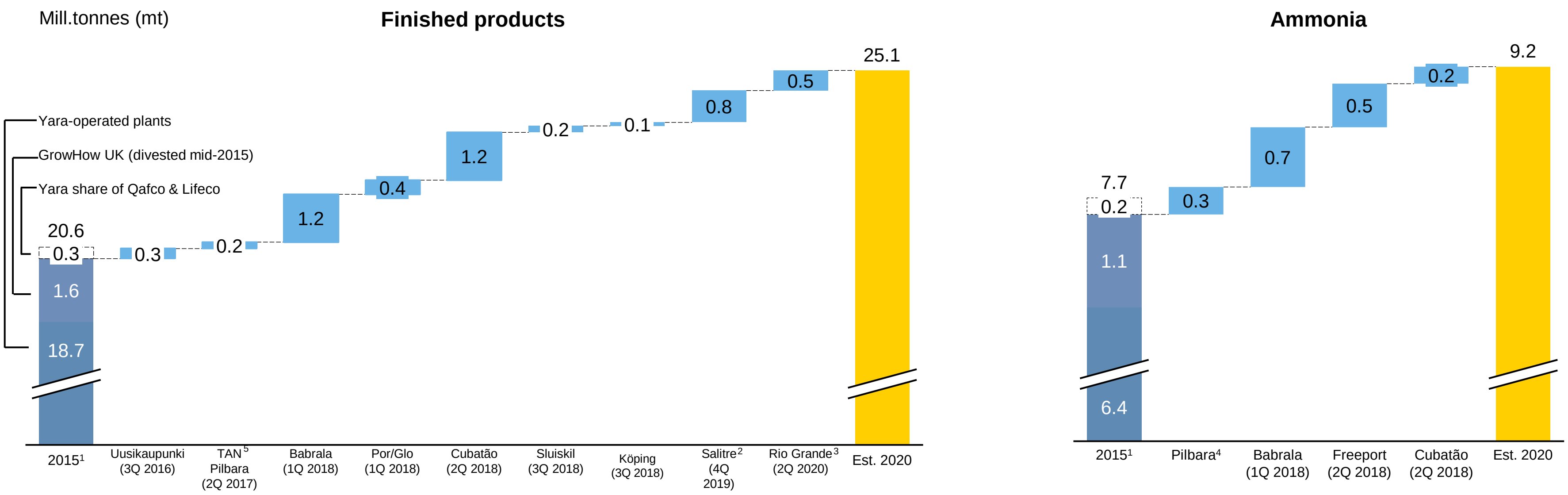
Growth focused on premium & industrial		Expected start up	Pipeline EBITDA (2015 prices, USDm)[1] 2018	2019	2020	2021
Expand premium products sales and supply	Uusikaupunki NPK Porsgrunn/Glomfjord CN/NPK Sluiskil urea+S Rio Grande NPK/NPK blends	3Q 2016 1Q 2018 3Q 2018 2H 2020	40	160	180	190
Expand commodity scale based on attractive full-cost growth opportunities	Freeport ammonia JV Babrala urea acquisition	2Q 2018 1Q 2018	70	150	150	150
Act on attractive opportunities to grow industrial sales and supply	Pilbara – TAN Köping – TAN Cubatão – N and P	2Q 2017[2] 3Q 2018 2Q 2018	40	90	110	120
Structurally secure P and K supply	Galvani / Salitre	mining 2Q18, chemical 4Q19	0	30	170	170
		Sum	**150**	**430**	**610**	**620**

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

2) Plant started up in 2Q 2017, but has suffered from technical difficulties and the site is currently undergoing a turnaround.

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

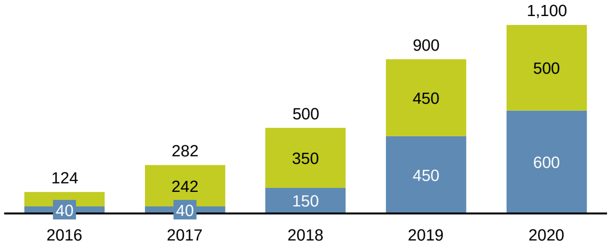
Production growth 2015 - 2020



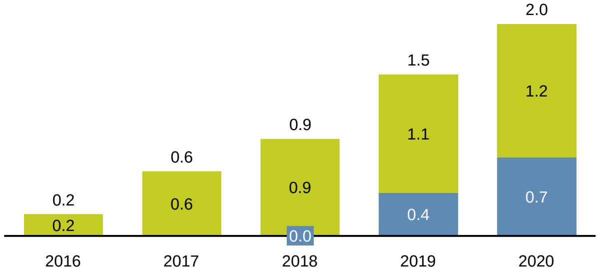
1) Adjusted to normalized / 2016 turnaround level (0.7mt finished fertilizer and 0.2mt NH_3) and regularity level (0.7mt finished fertilizer and 0.4mt NH_3)
2) Salitre will reach 1.1 mill.tonnes in 2022
3) Rio Grande expansion also adds 1 million tonnes NPK blends by 2020
4) Including 100% ownership in Pilbara NH_3 plant (not included in committed growth pipeline)
5) TAN Pilbara started up in 2Q 2017, but has suffered from technical difficulties and the site is currently undergoing a turnaround

Improvement and growth investments; earnings and sensitivities

EBITDA improvement[1] (MUSD)



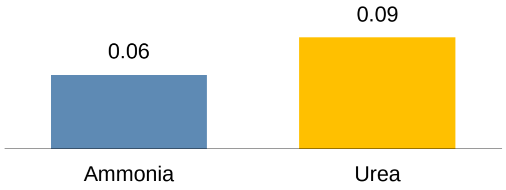
Earnings improvement[1] (USD per share)



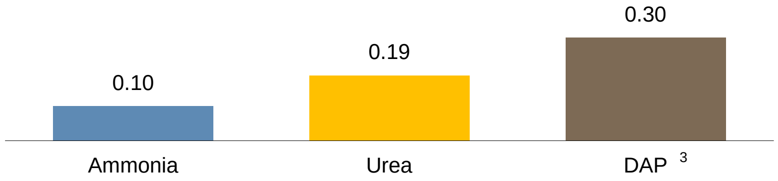
Improvement program

Growth

Improvement program: Impact[2] of +100 USD/t price change (USD/share)



Growth: Impact[2] of +100 USD/t price change (USD/share)



[1] 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.

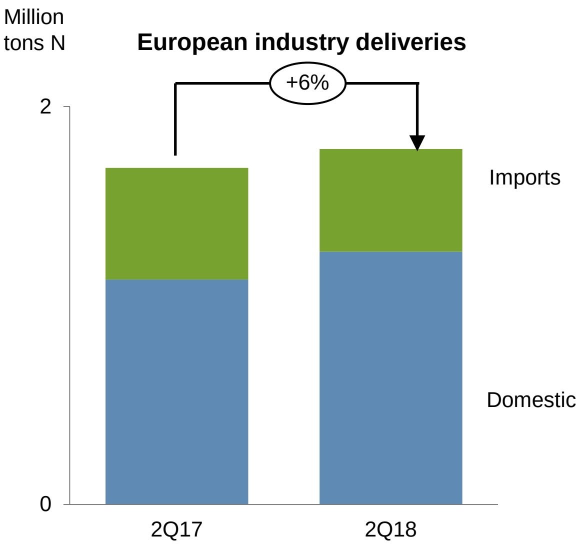
[2] Improvement: 2020 numbers. Growth: At full capacity (2019 for urea and ammonia, 2020 for DAP).

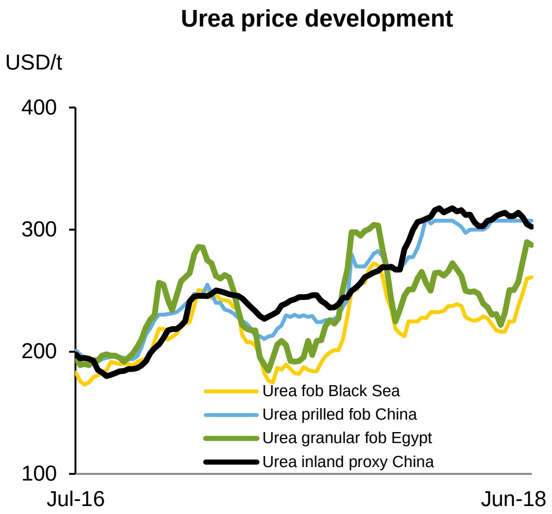
[3] Phosphate-driven price change, equivalent to 138 USD/t phosphate rock (72 bpl)

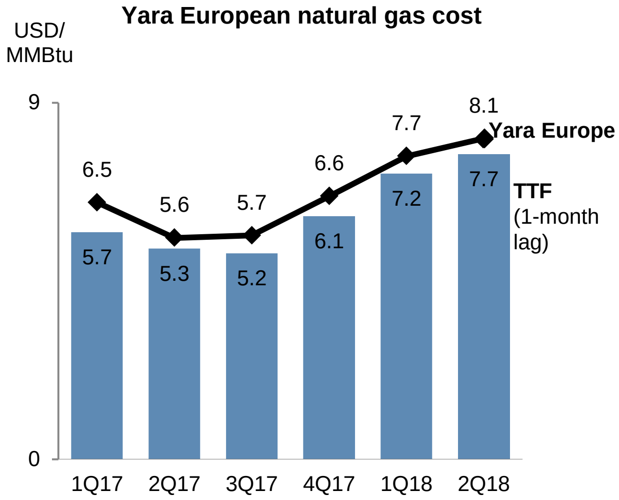
Financial

Yara's 2Q results reflect the business environment where increased deliveries and prices are offset by higher gas costs

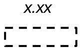
Increased deliveries in Europe following late spring	Global urea price rebound in June, but limited impact on 2Q	Tight LNG market drives European gas prices higher



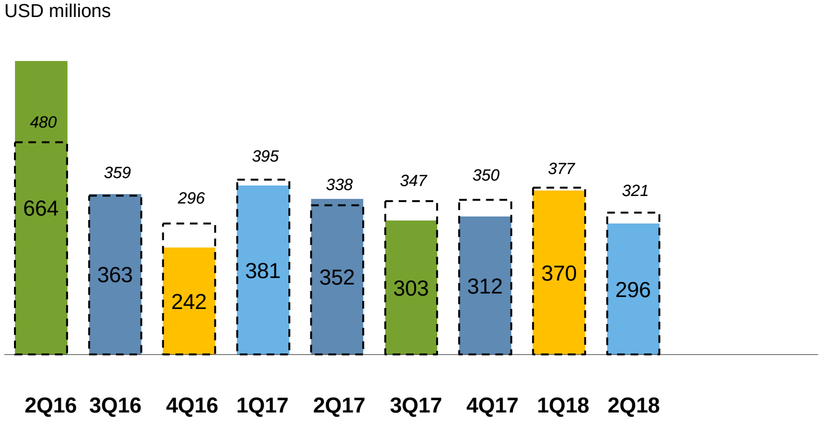




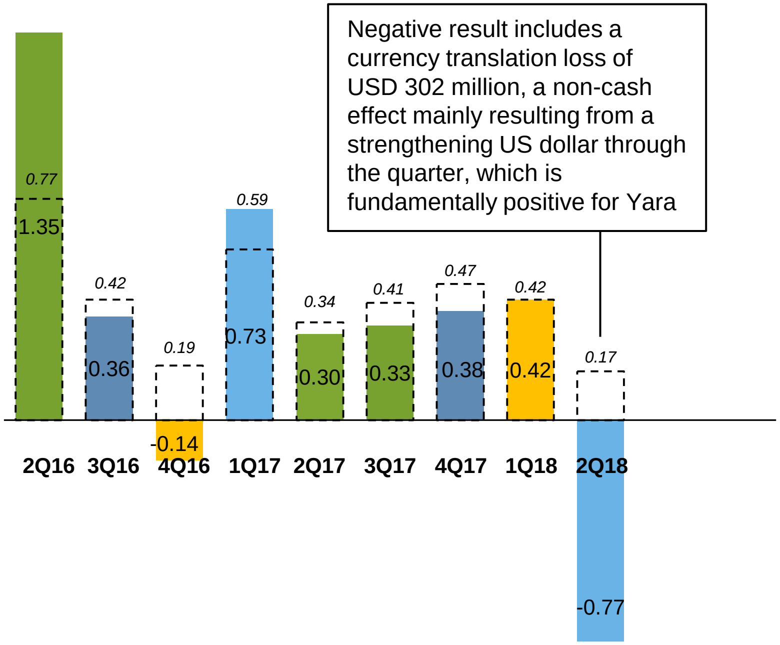
Earnings per share impacted by higher energy cost and currency translation loss



EBITDA

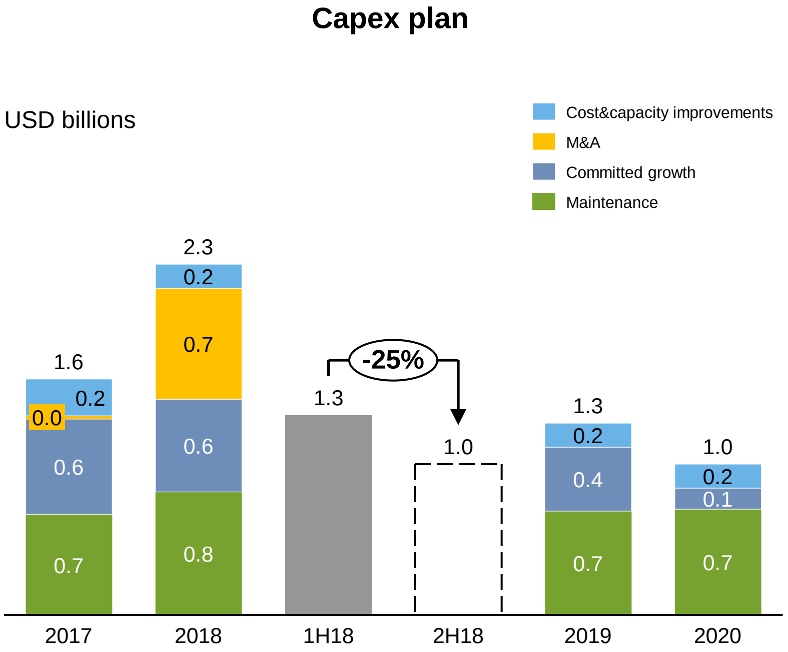


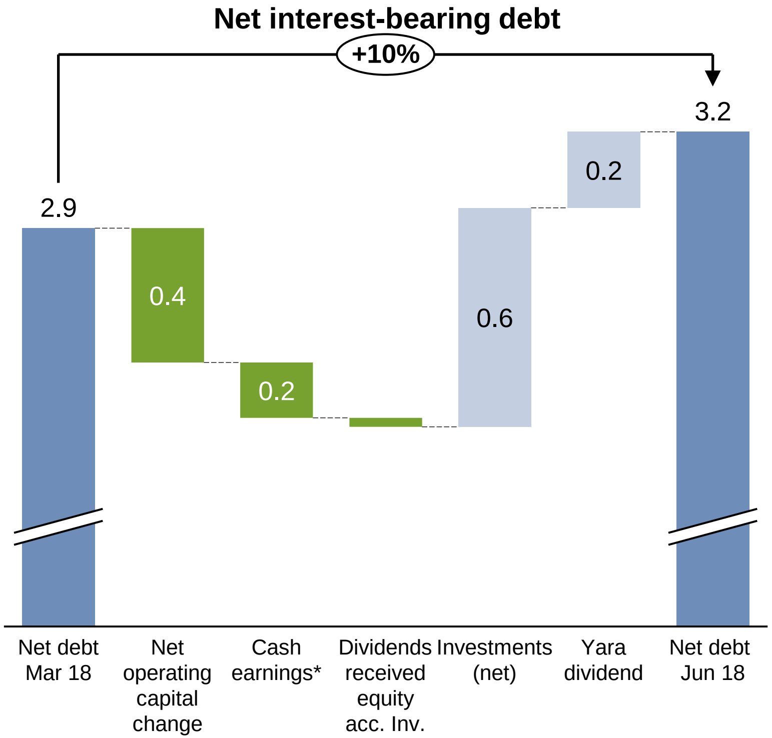
Earnings per share



Average number of shares for 2Q 2018: 273.2 million (2Q 2017: 273.2 million).

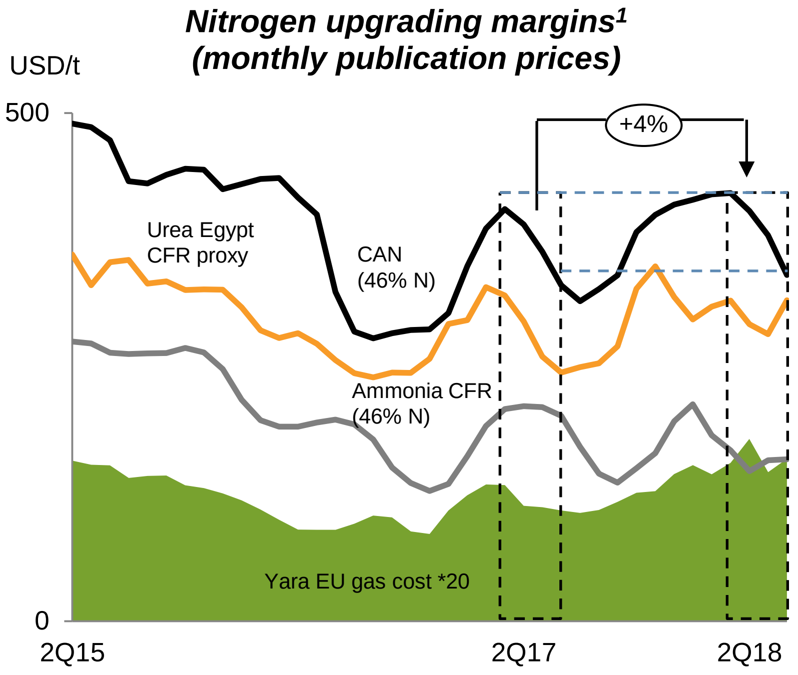
Yara investment activity peaked in first half 2018





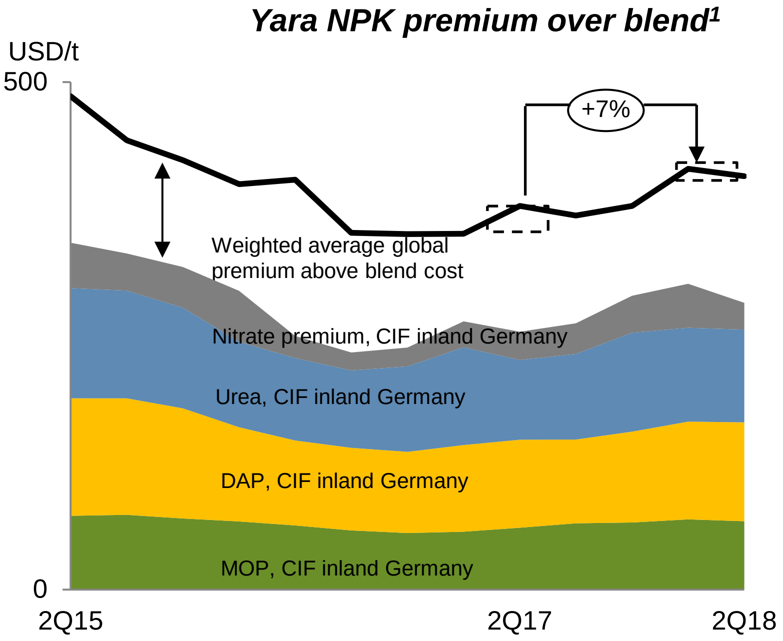
* Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges

European market nitrate prices up 4%; Yara realized NPK prices up 7%



Upgrading margin from gas to nitrates in 46% N (USD/t): 250 213

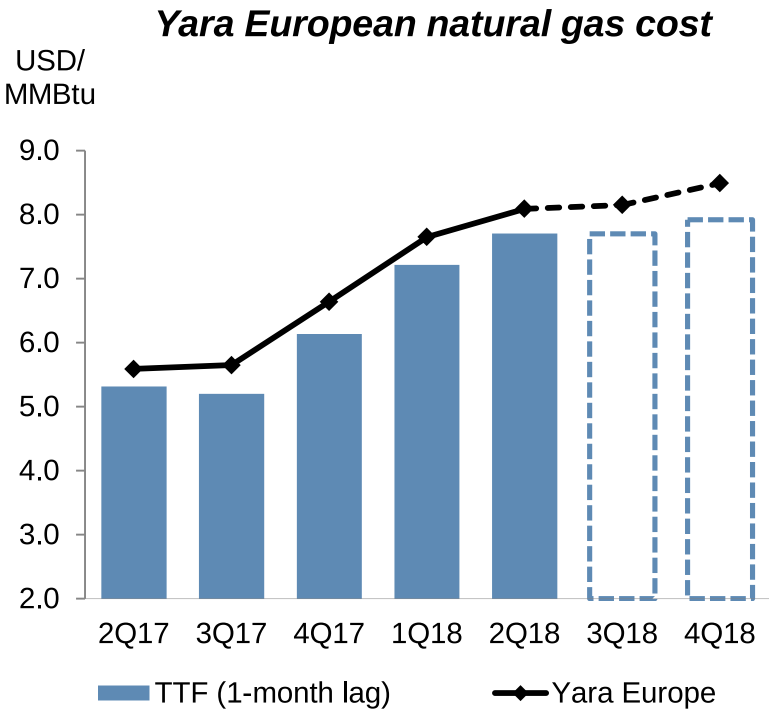
1) All prices in urea equivalents, with 1 month time lag

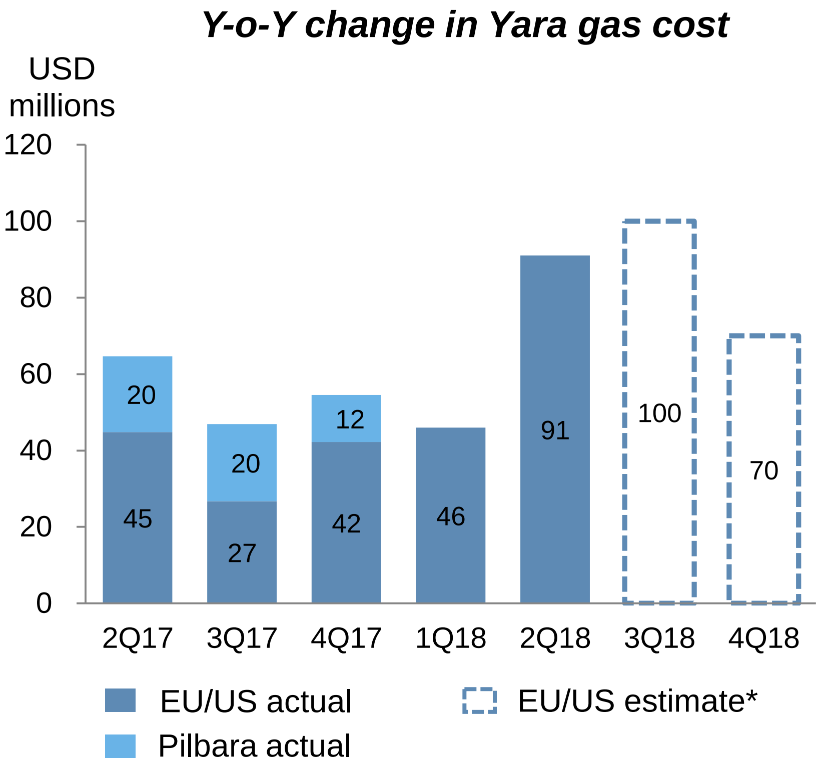


1) Yara NPK (average grade 19-10-13) net of transport and handling cost., compared with nitrate, urea, DAP and MOP publication prices

Source: Fertilizer Market Publications

Higher natural gas cost expected for the next two quarters

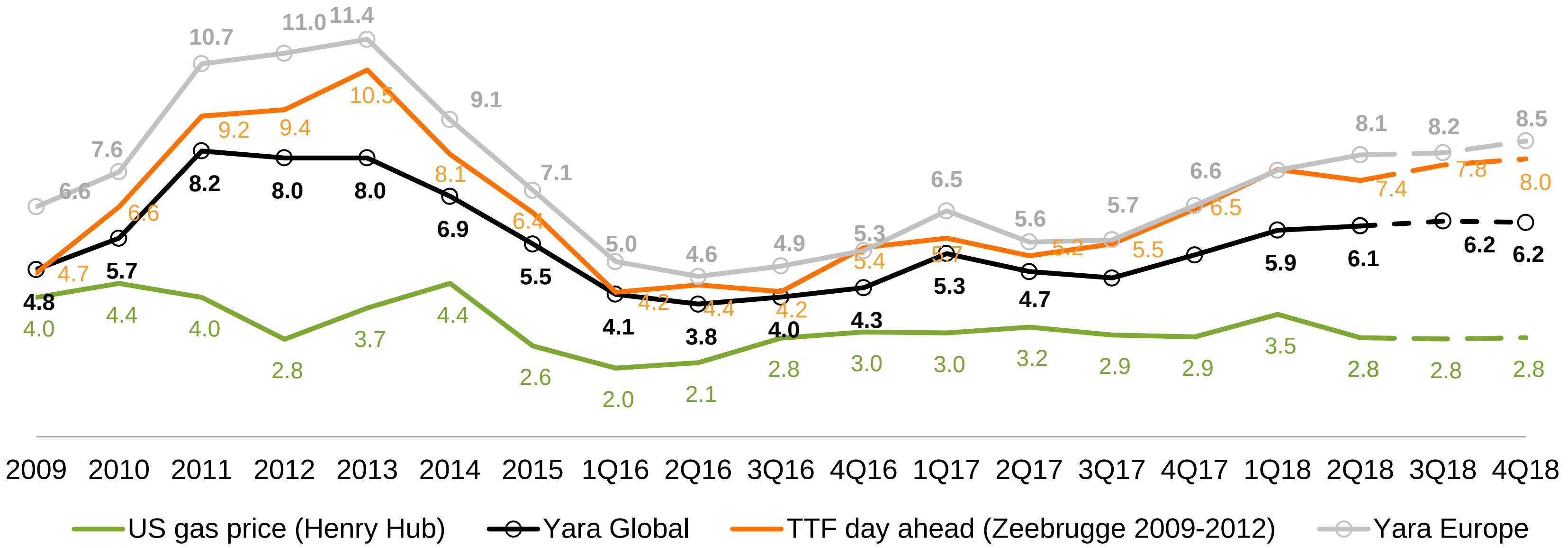




*Dotted lines denote forward prices as of 10 July 2018
Source: Yara, World Bank, Argus/ICIS Heren

Energy cost

Yearly averages 2009 – 2015, quarterly averages for 2016-18 with forward prices* for 3Q18 and 4Q18.

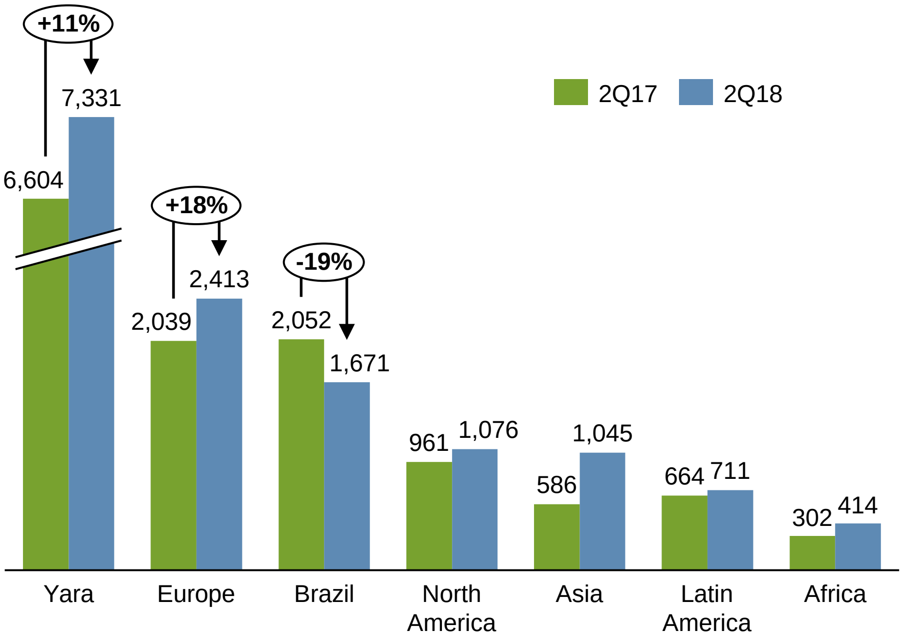


*Dotted lines denote forward prices as of 10 July 2018
Source: Yara, World Bank, Argus/ICIS Heren

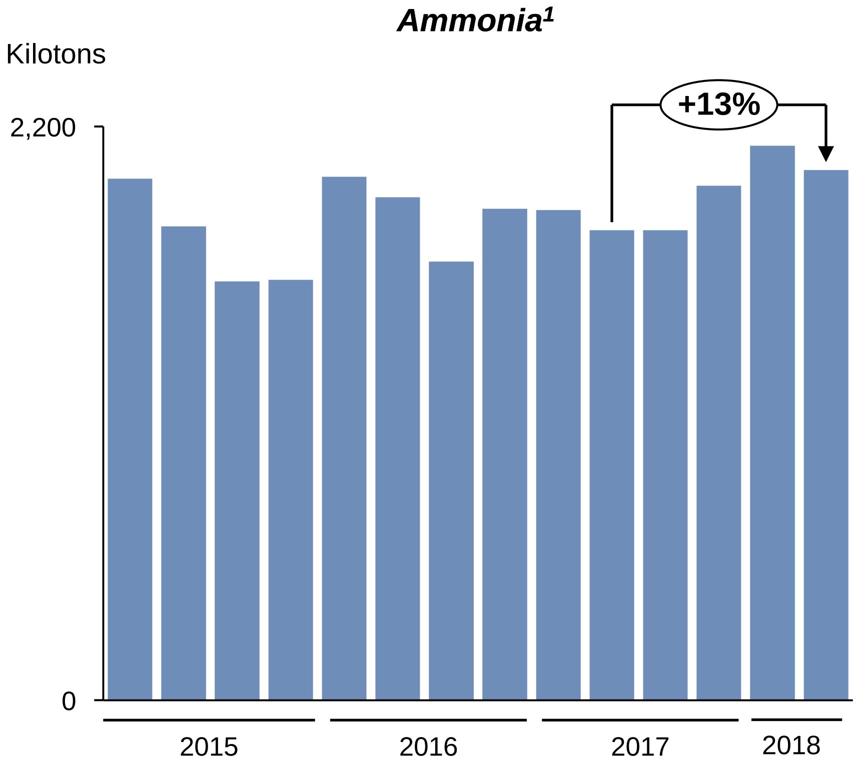
Production and Deliveries

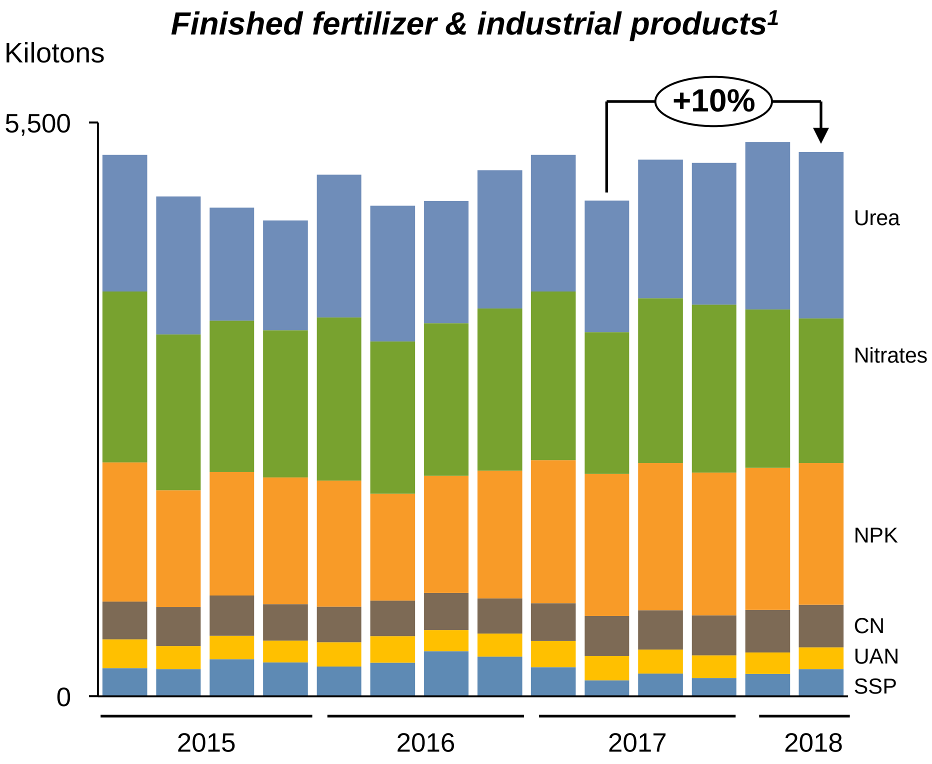
Increased deliveries in all main markets except Brazil, where truck strike impacts negatively

Kilotons



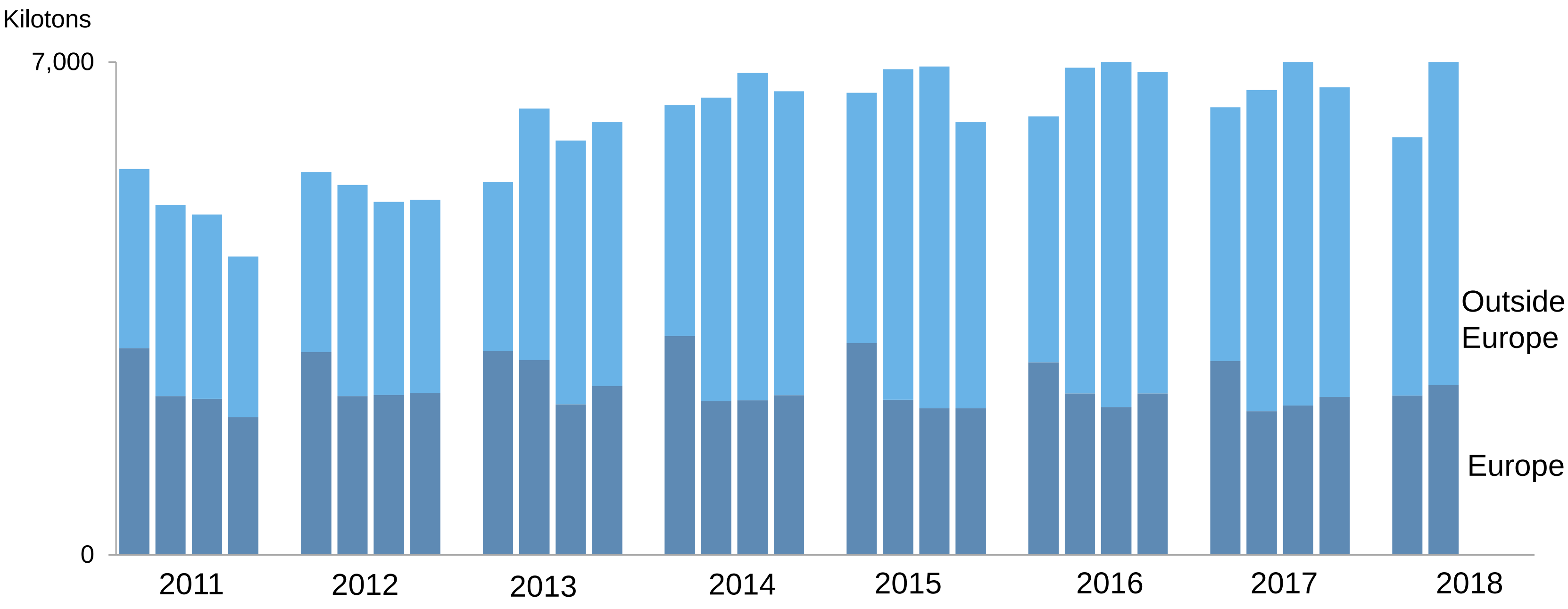
Increased ammonia and finished products production





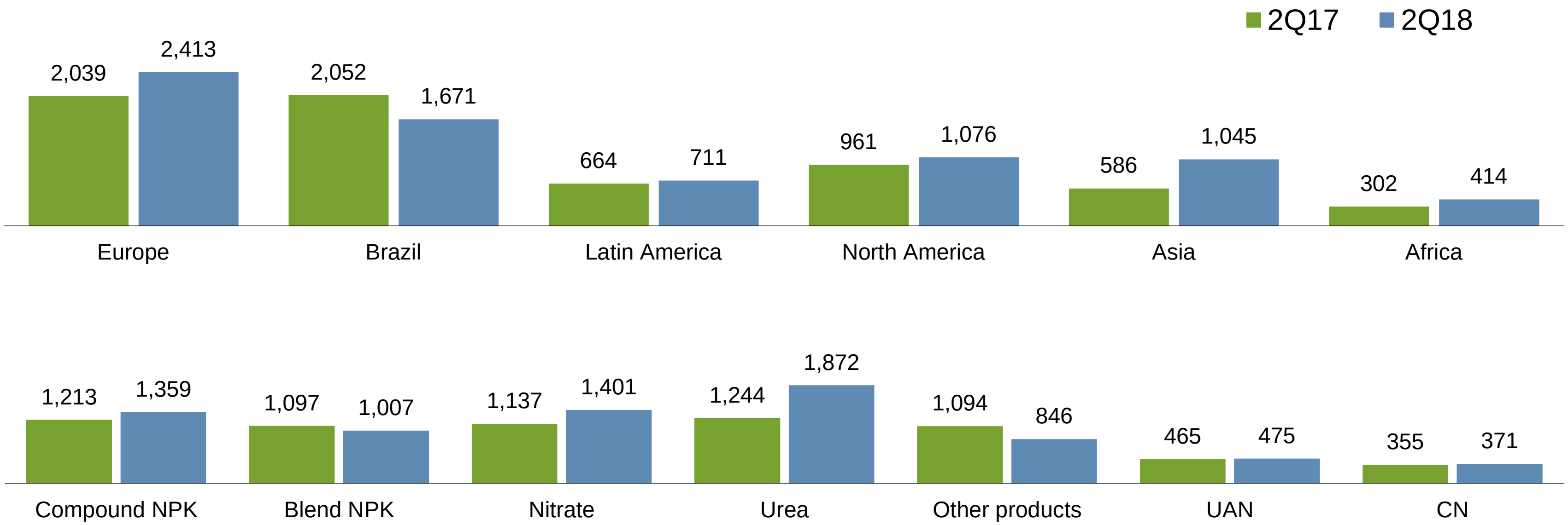
1) Including share of equity-accounted investees

Fertilizer deliveries



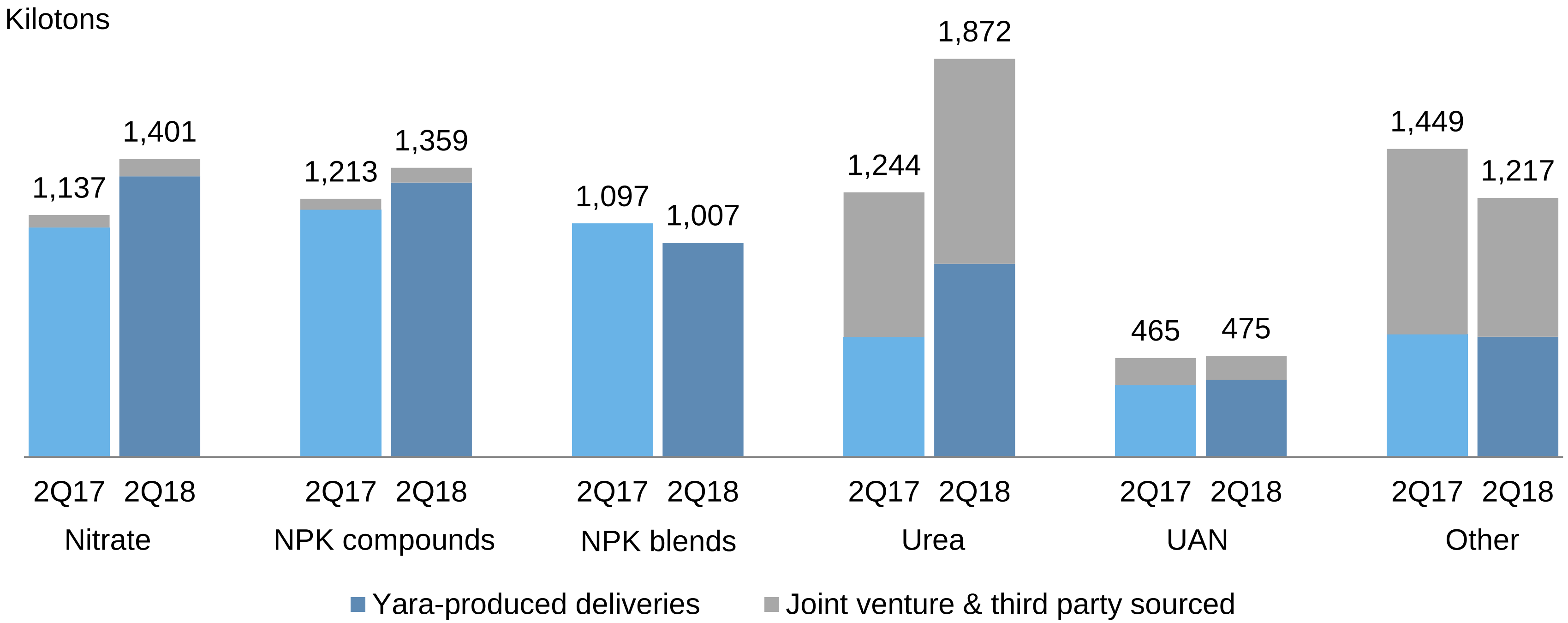
Yara 2Q fertilizer deliveries by market and product

Kilotons

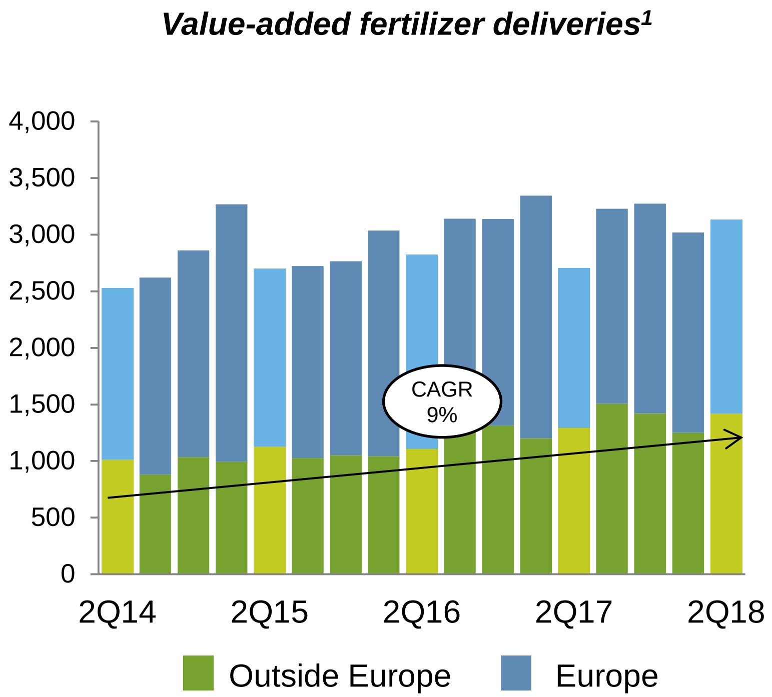


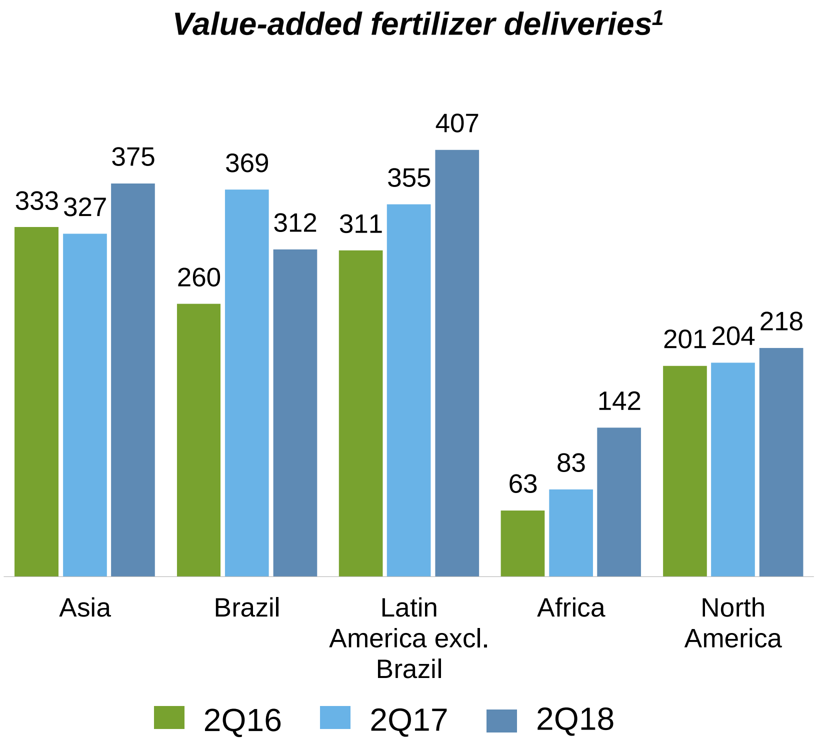
1) Yara-produced compound NPK and third party sourced (Total NPK excluding blend NPK)

Fertilizer deliveries by product and source



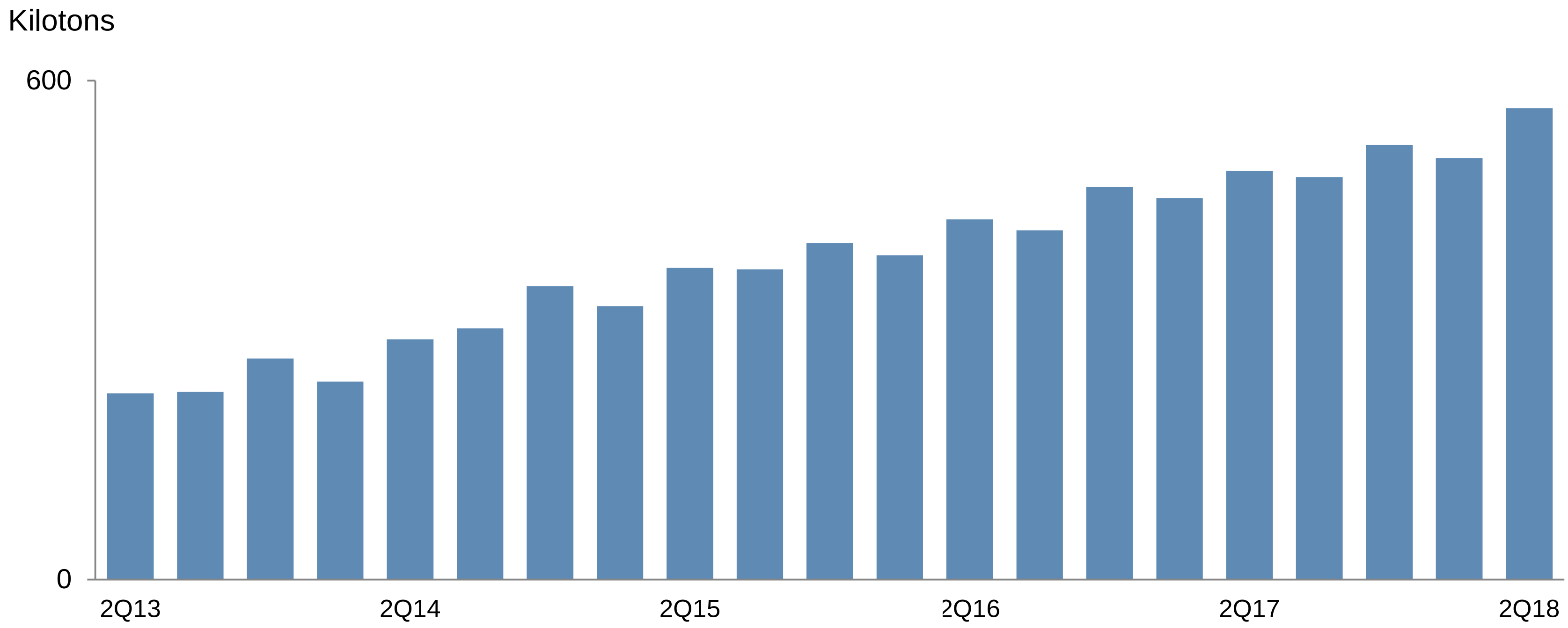
Strong premium product deliveries



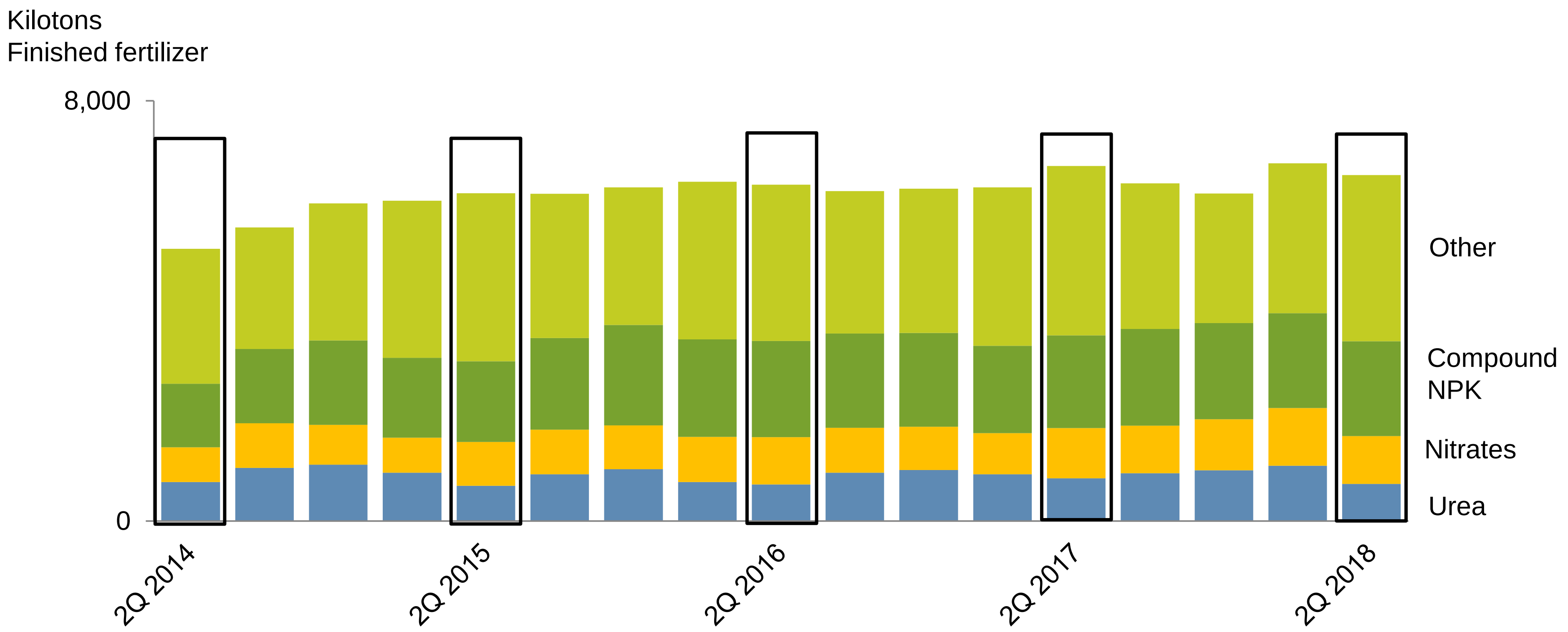


1) YaraBela, YaraMila and YaraLiva deliveries

AdBlue deliveries



Yara stocks



Kilotons
Finished fertilizer
8,000
0
2Q 2014
2Q 2015
2Q 2016
2Q 2017
2Q 2018
Other
Compound NPK
Nitrates
Urea


YARA
Knowledge grows
IR – 17 July 2018