



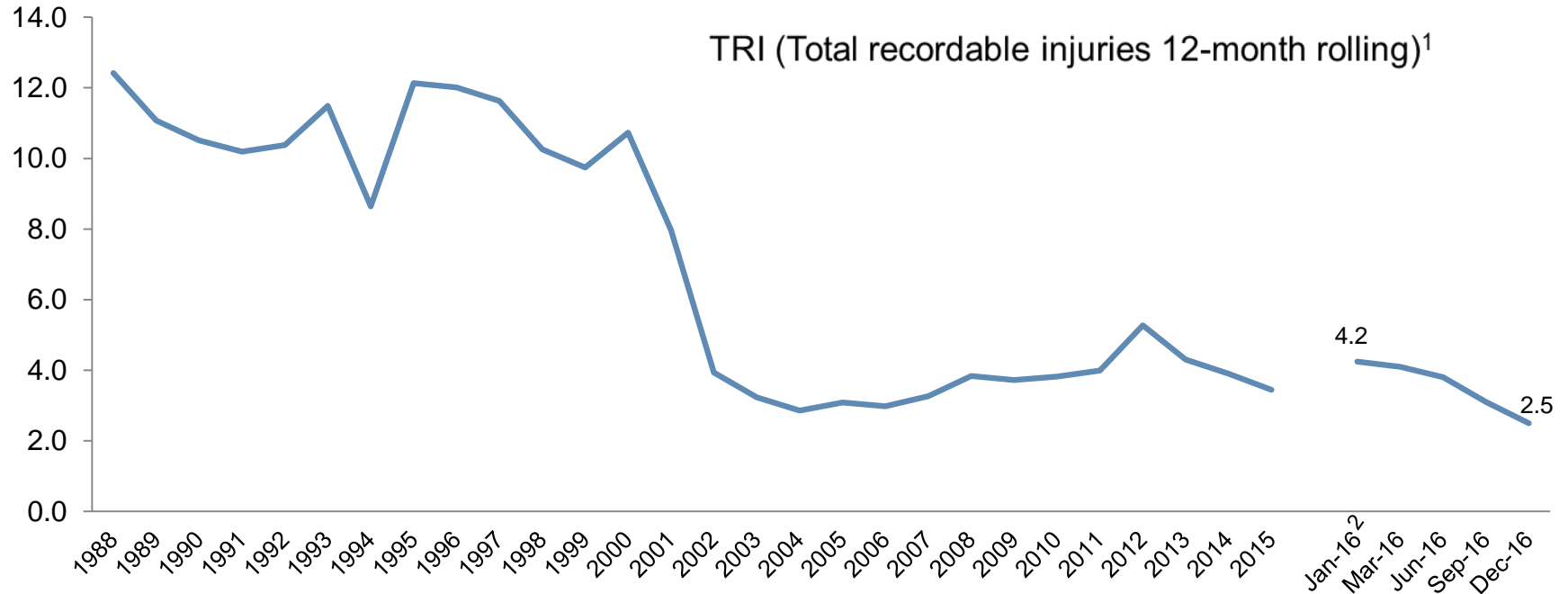
Knowledge grows

Yara International ASA 2016 fourth quarter results

9 February 2017



Safe operations is our first priority



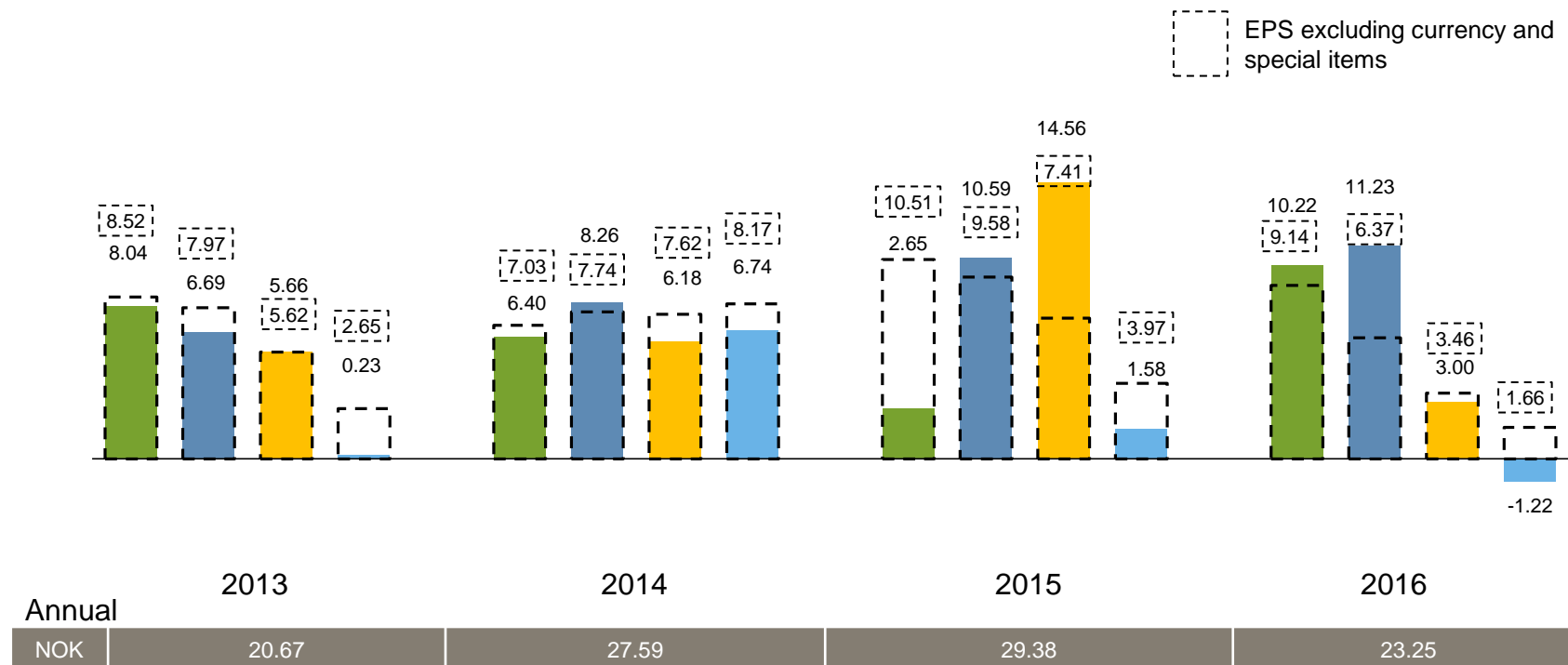
1) TRI: Total recordable injuries, lost time (absence from work), restricted work and medical treatment cases per one million work hours

2) OFD and Galvani included in statistics from January 2016

Summary fourth quarter

- Weaker results reflecting lower prices
- Strong production and deliveries
- Strong Industrial result
- Improvement program established
- Proposed dividend NOK 10 per share, 43% of net income

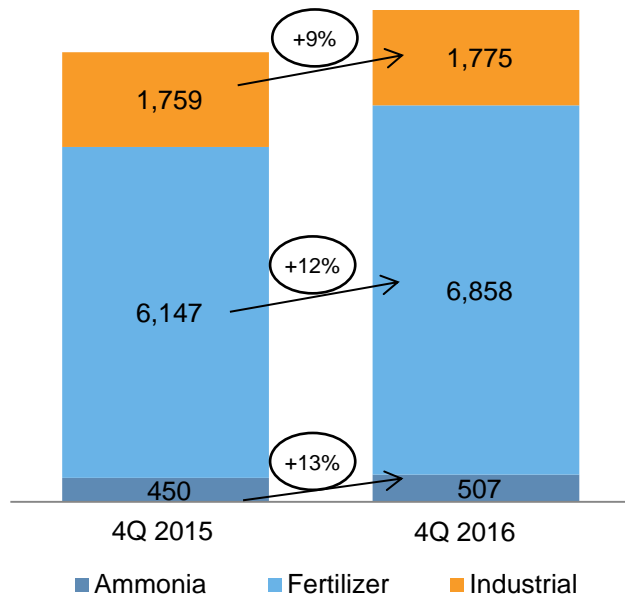
Earnings per share*



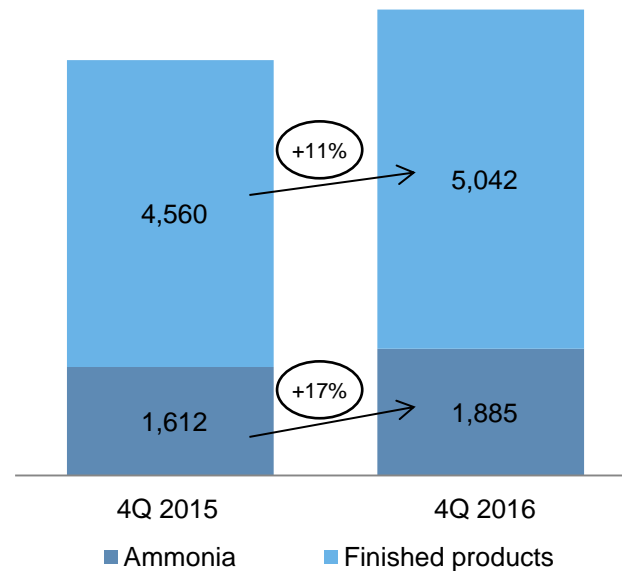
*Average number of shares for 4Q 2016: 273.2 million (4Q 2015: 274.6 million).

Strong production and deliveries

Deliveries (kilotons)



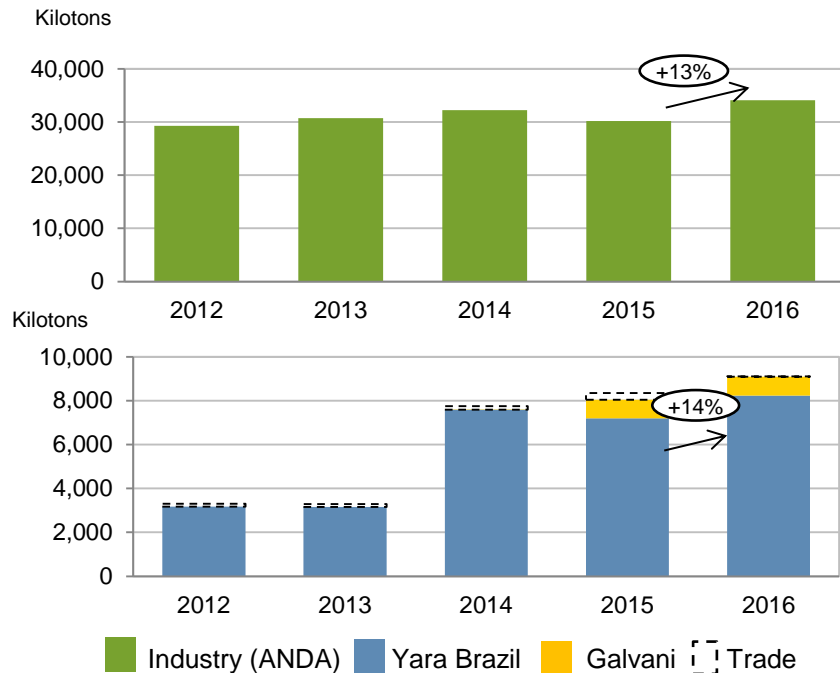
Production (kilotons)¹



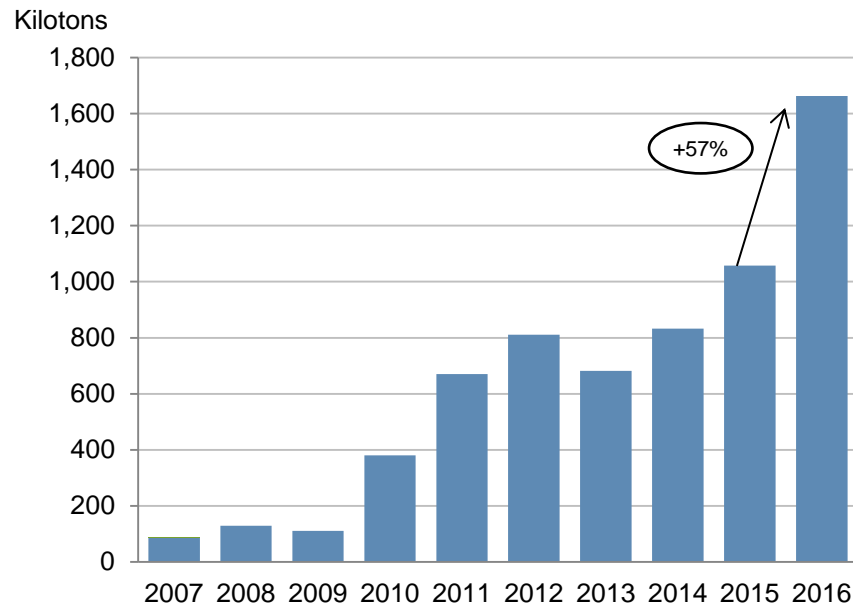
1) Including share of equity-accounted investees

Brazil: focus on premium products and solutions drives growth

Brazil 2016 fertilizer deliveries

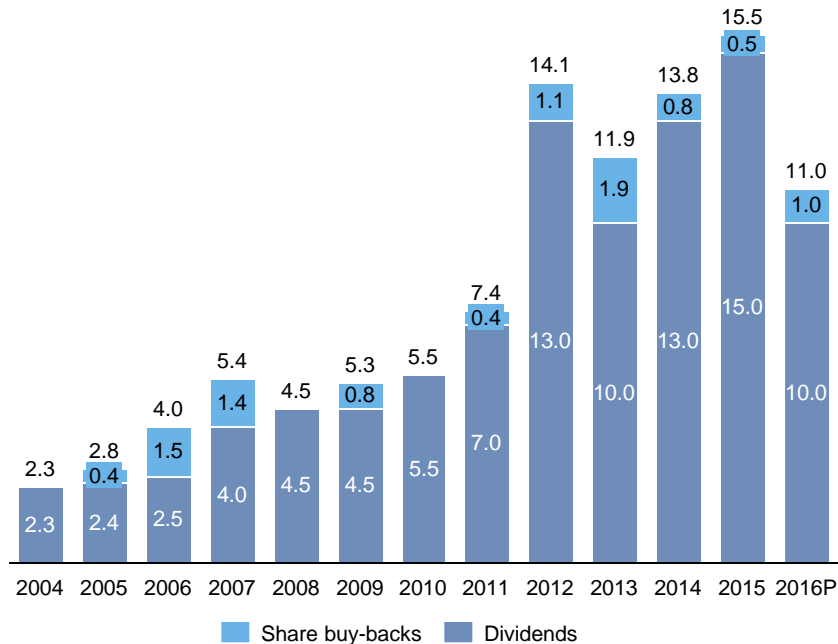


Yara premium product deliveries



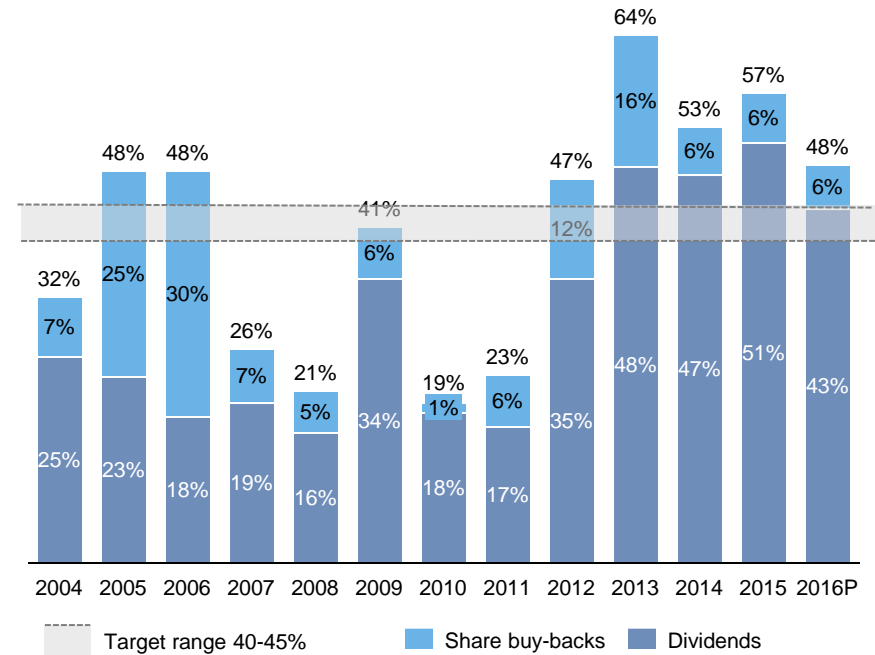
Proposed dividend NOK 10 per share

Dividend and buy-backs¹ per share

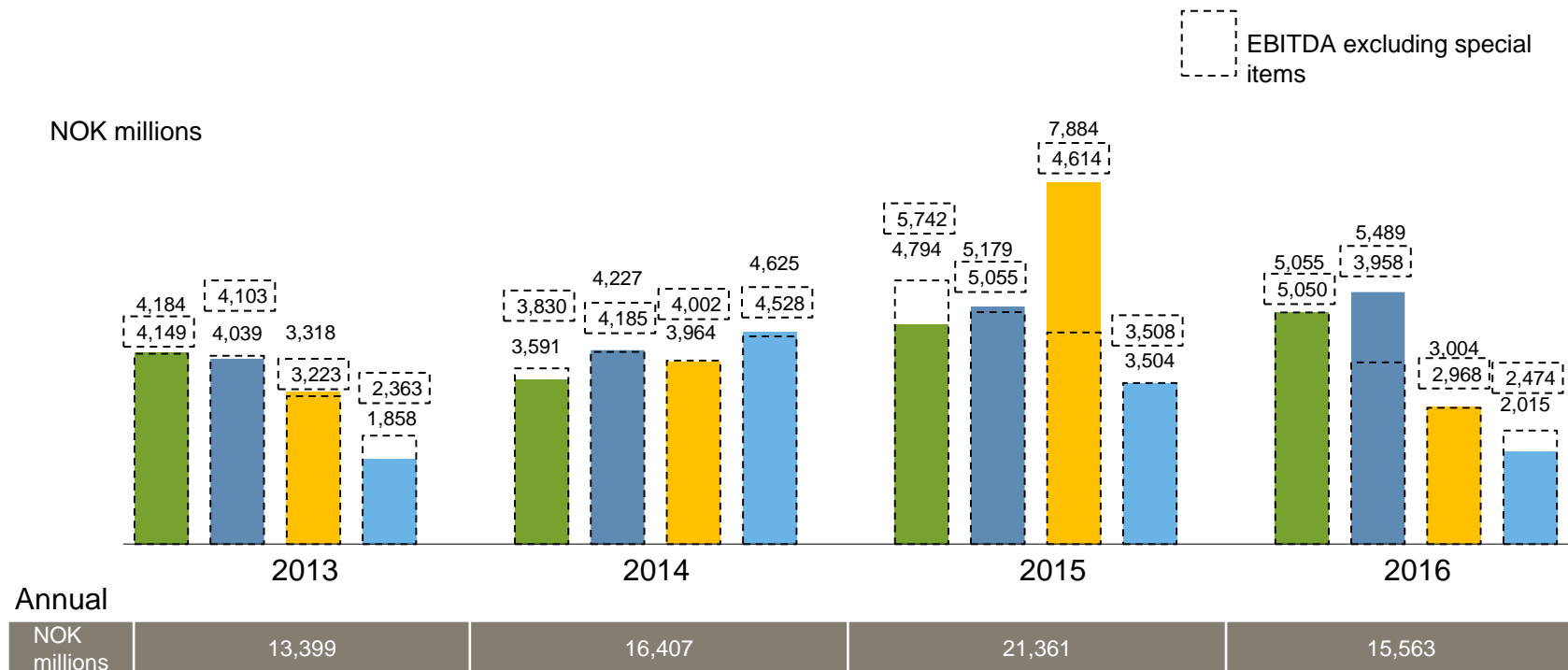


1) Number of shares based on the number of shares receiving dividend

Share of net income

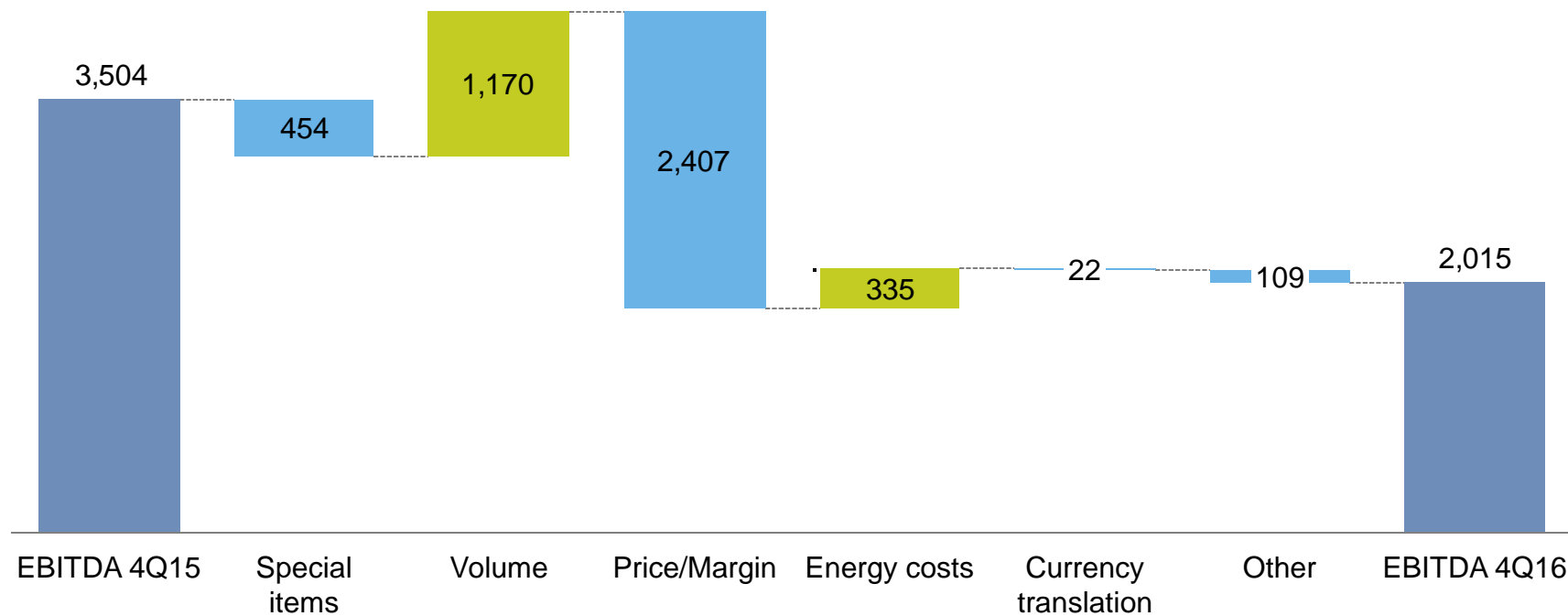


Earnings before interest, tax, depreciation and amortization (EBITDA)



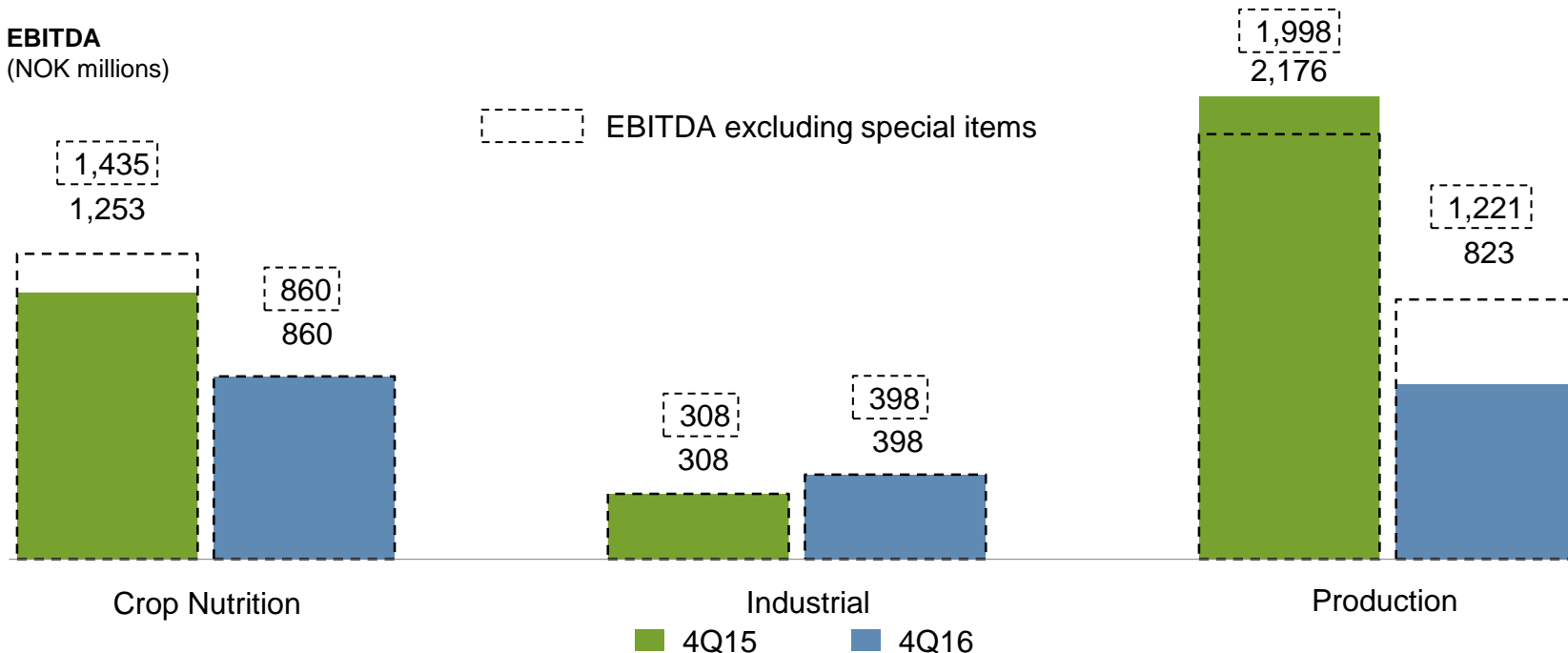
EBITDA development

NOK millions



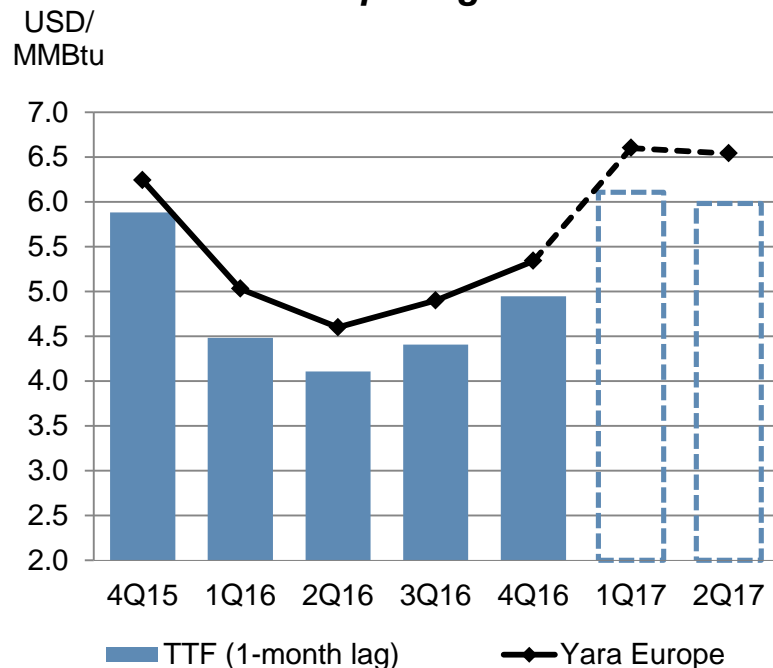
Lower prices mainly impact Production segment and Crop Nutrition Europe

EBITDA
(NOK millions)



Natural gas cost in Europe

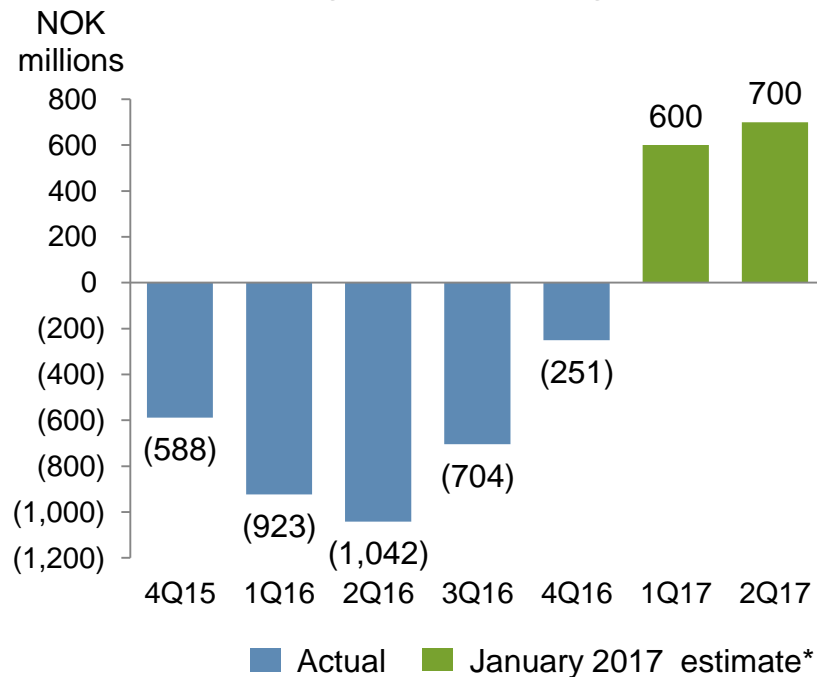
Yara European gas & oil cost



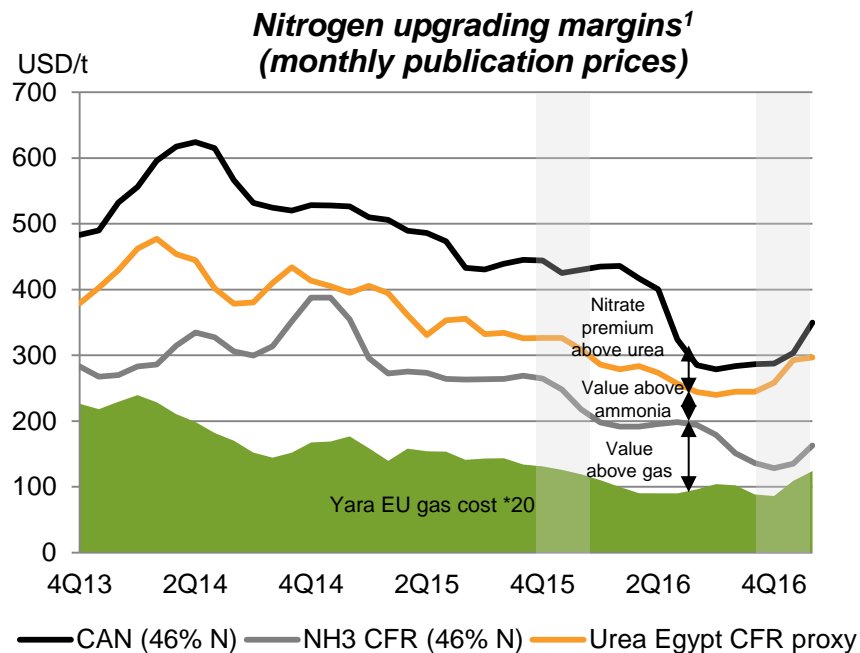
*Dotted lines denote forward prices as of 31 January 2017

Source: Yara, World Bank, Argus/ICIS Heren

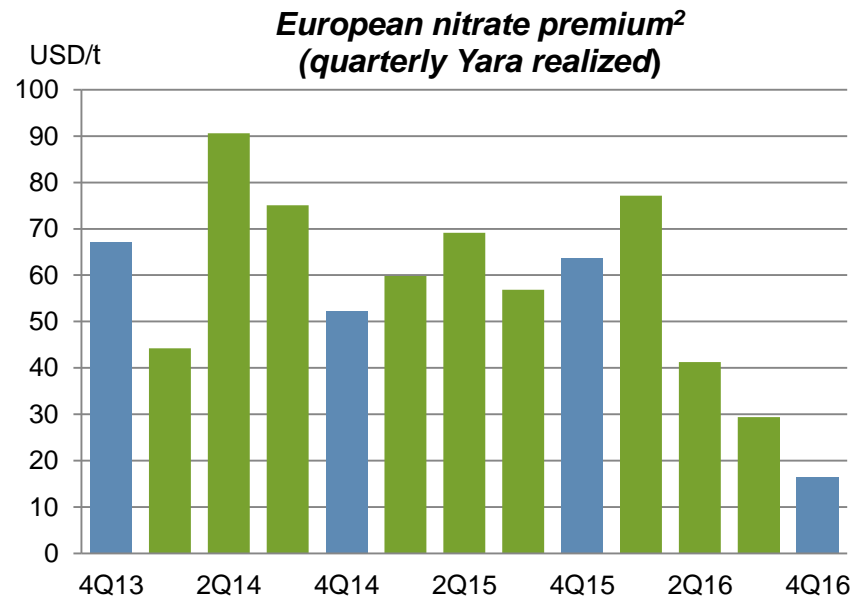
Change in spot energy cost



Lower European nitrate premiums in new season

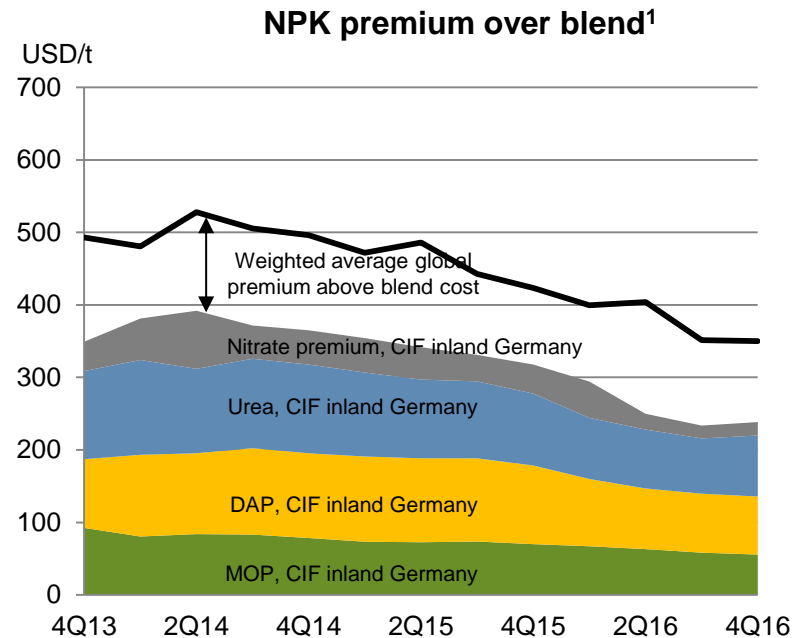
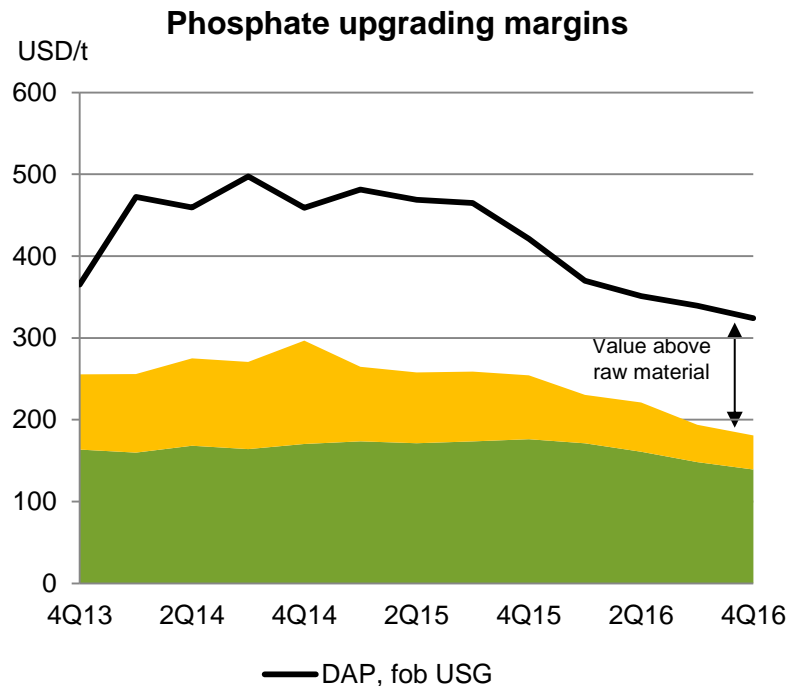


1) All prices in urea equivalents



2) Yara European realized nitrate prices (excl. sulphur grades) compared with urea publication prices (Egypt CFR proxy) with 1 month time lag. All numbers in USD per tonne of CAN equivalents.

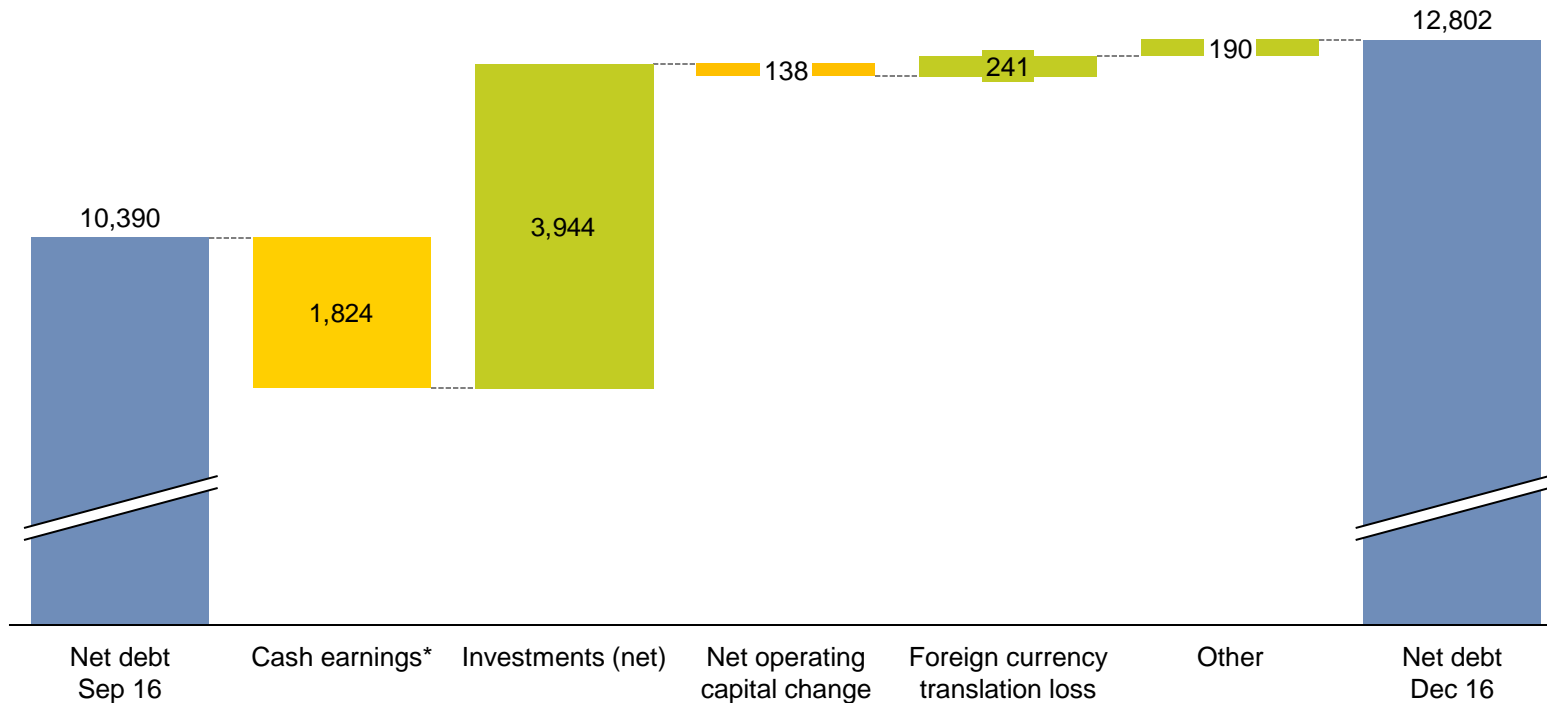
Lower commodity phosphate margins, solid compound NPK premiums



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

Net interest-bearing debt development

NOK millions



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

Yara growth project pipeline adds ~6 NOK earnings per share by 2020 at current market prices

Profitable growth through expansions and M&A

Expand premium products sales and supply

- CN/NPK expansion Porsgrunn (2H 2017)
- NPK expansion Uusikaupunki (2H 2016)
- Urea 8 Sluiskil (2H 2017)
- Rio Grande expansion (2H 2020)

Expand commodity scale based on attractive full-cost growth opportunities

- Freeport ammonia JV (4Q 2017)
- New ammonia vessels (2016)
- Babrala urea asset (2H 2017)

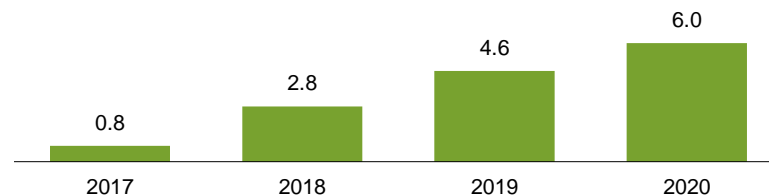
Act on attractive opportunities to grow industrial sales and supply

- Pilbara – TAN (4Q 2016)
- Köping – TAN (1H 2018)

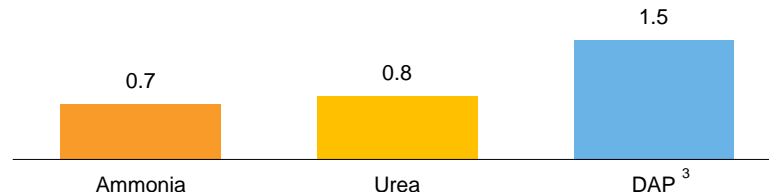
Structurally secure P and K supply

- Galvani, Salitre (mining: 2H17, chemical 1H18)

Incremental earnings at current prices¹ (NOK/share)



Impact² of +100 USD/t price change (NOK/share)



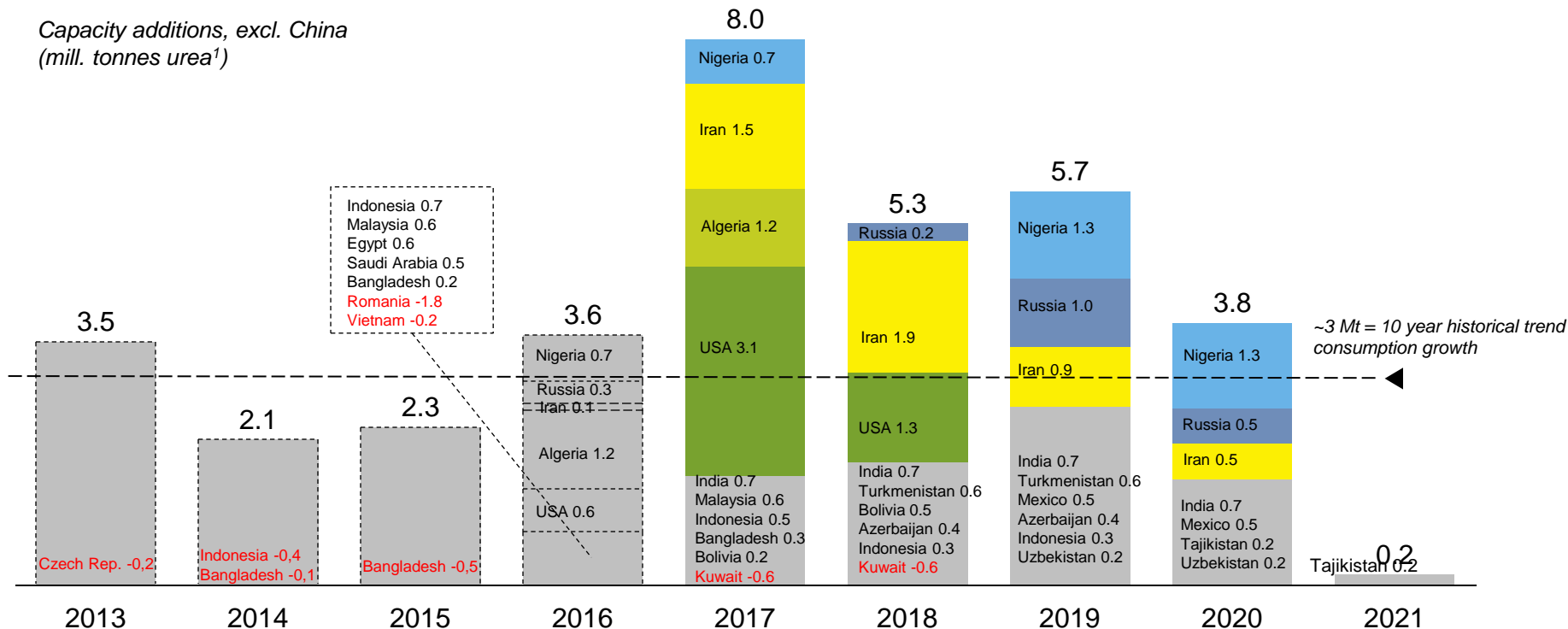
¹ Ammonia fob Yuzhny 300 USD/t, Urea fob Yuzhny 250 USD/t, DAP fob Morocco 350 USD/t

² At full capacity (2019 for urea and ammonia, 2020 for DAP). New ammonia sensitivity based on net numbers

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

Capacity additions outside China exceed consumption growth...

Capacity additions, excl. China
(mill. tonnes urea¹)

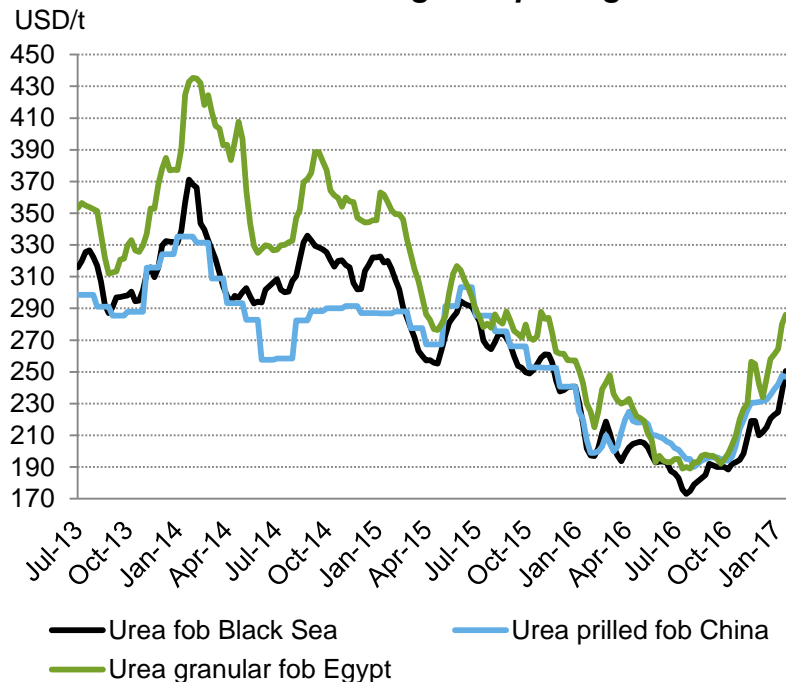


Source: CRU, December 2016. Numbers include both additions and closures of capacity.

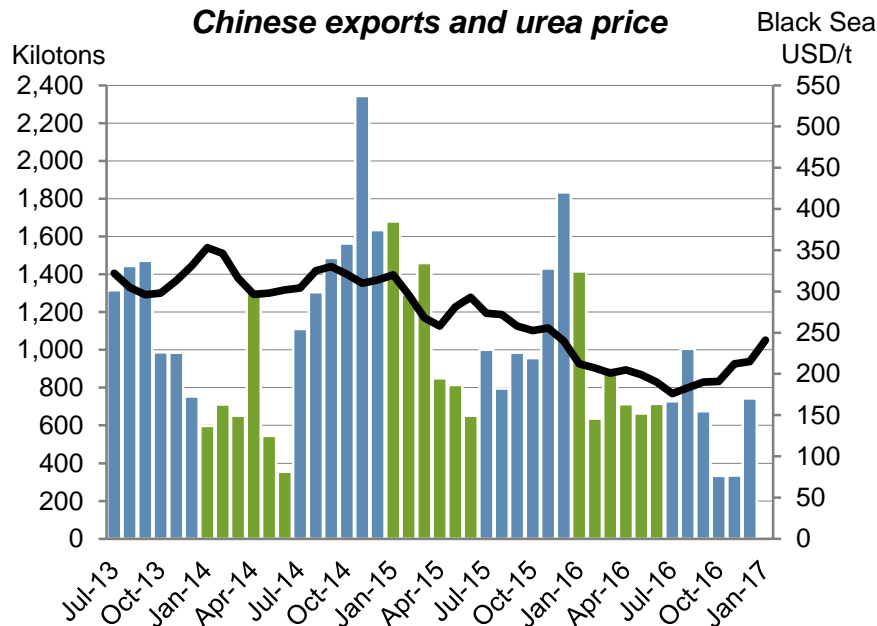
1) Using 50% operating rate in new plants' first year of production.

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

Increasing urea pricing



Chinese exports and urea price



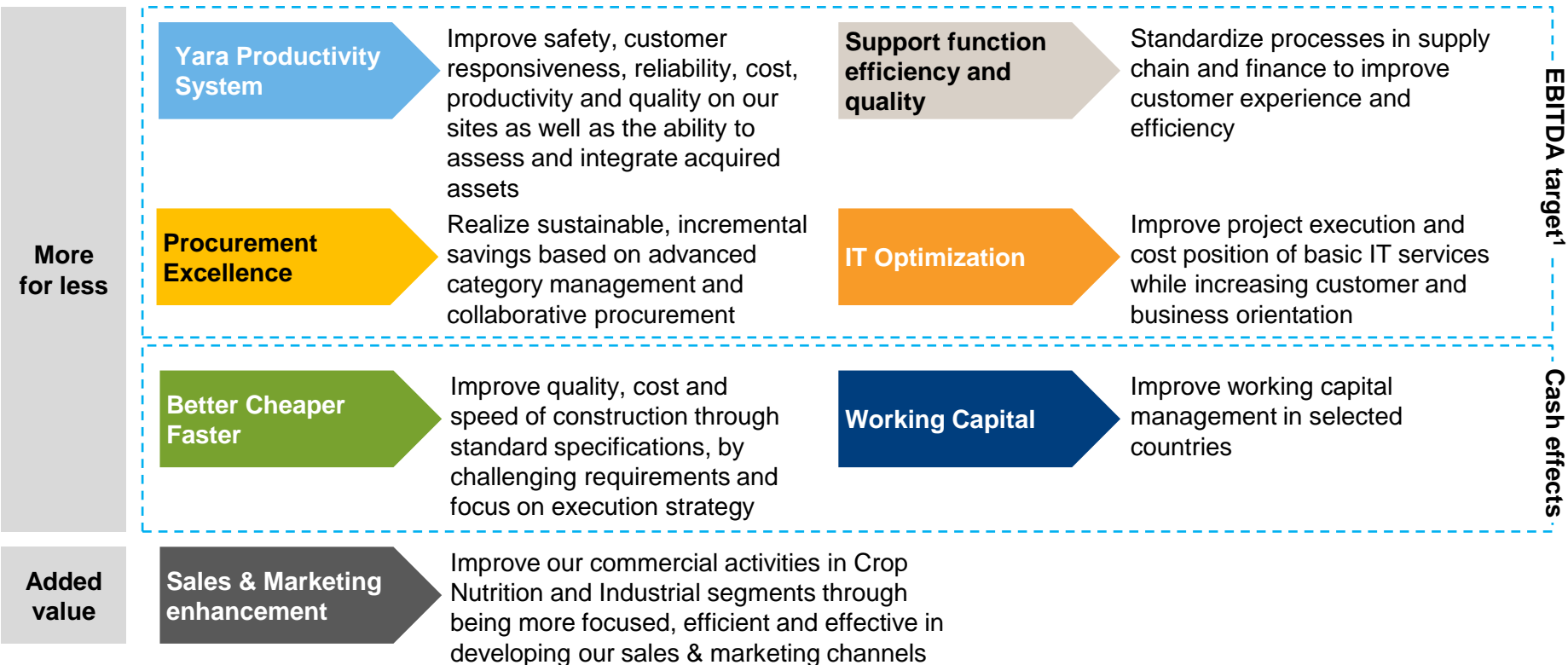
Source: BOABC, CFMW

Yara Improvement Program

Fit for the future &
positioned for sustainable growth

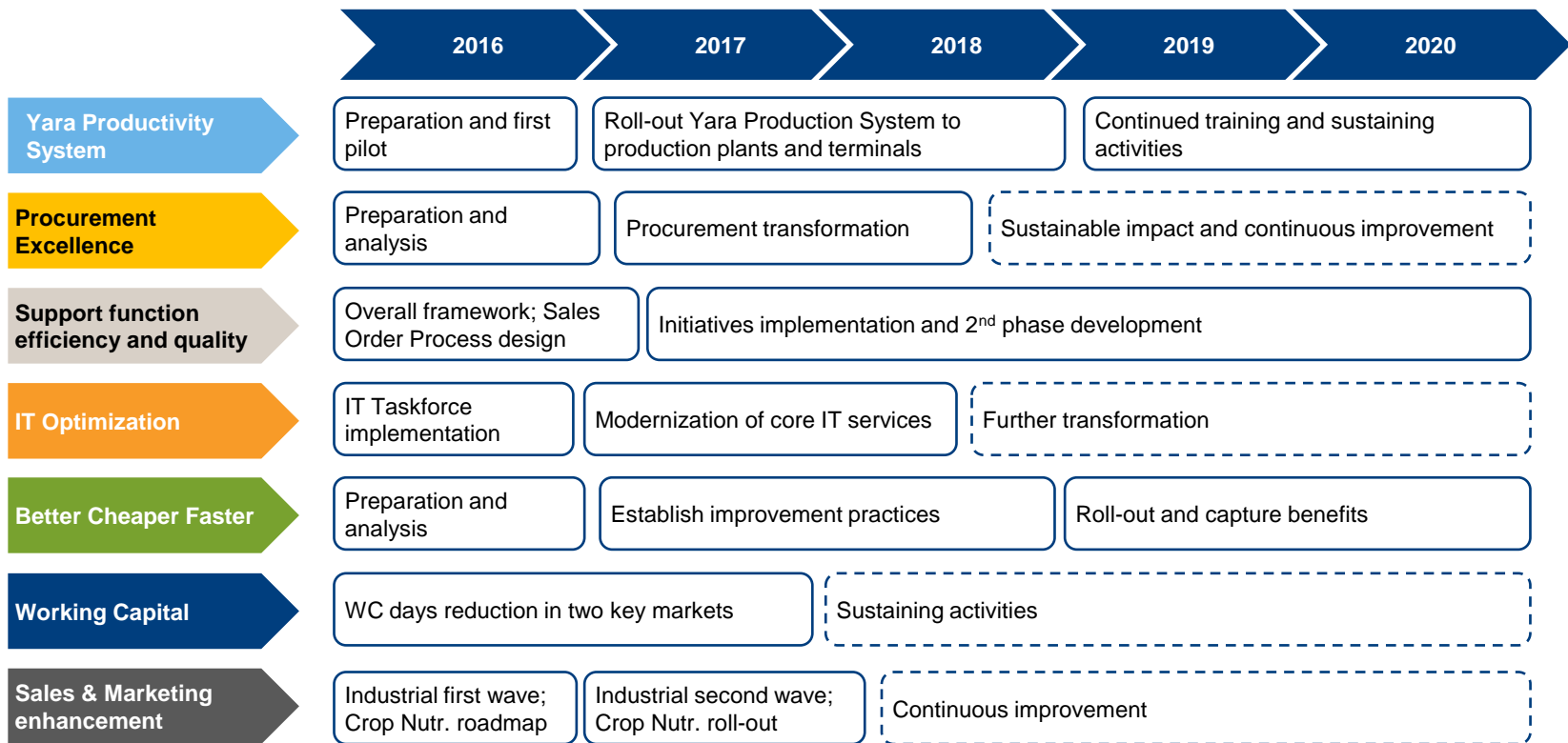
- The most significant corporate improvement program in Yara's history
- At least \$500MM EBITDA in cost and operational efficiency improvements by 2020, plus cash effects and added value through sales & marketing enhancement
- Contributions from the entire company to strengthen our culture of continuous improvement

The program is organized into concrete projects across the company



Projects established with clear activity plans

 Project driven
 Integrated in the business



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	

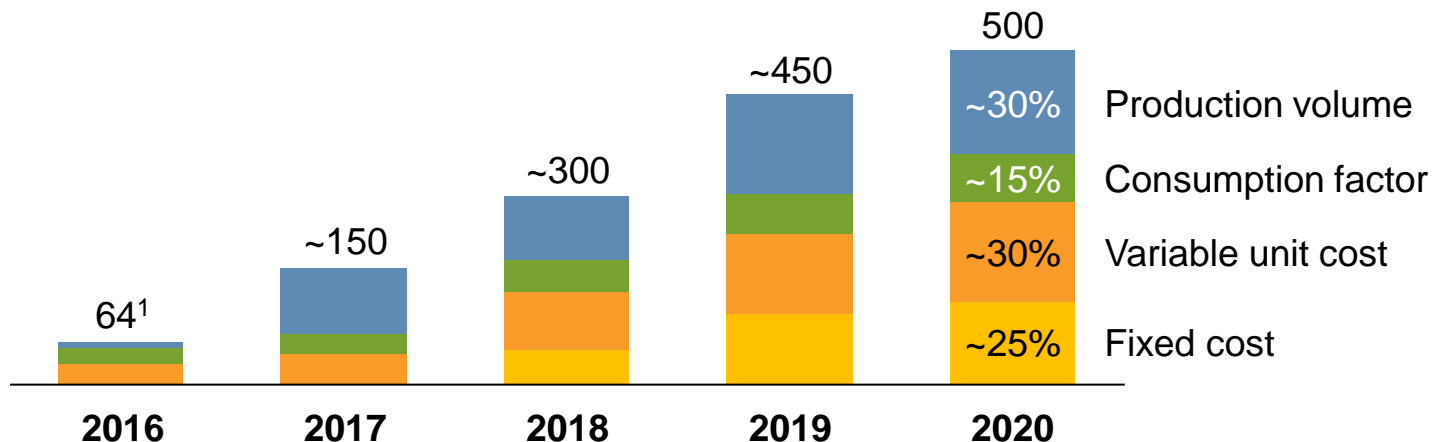
Sustained improvement of \$500MM EBITDA, plus cash benefits

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

**Sustained
EBITDA
improvement**

**Cash
benefits**

**Implement-
ation cost**



- Sustained capex improvement : Target under development
- One-off working capital release: ~\$125MM

- Total one-off cost ~\$80MM
- Total one-off capex ~\$500MM

Production is improving how we operate and maintain the plants we have and how we work with constructing new ones

Yara Productivity System



Better Cheaper Faster



What is the Yara Productivity System?

How YPS has been put together

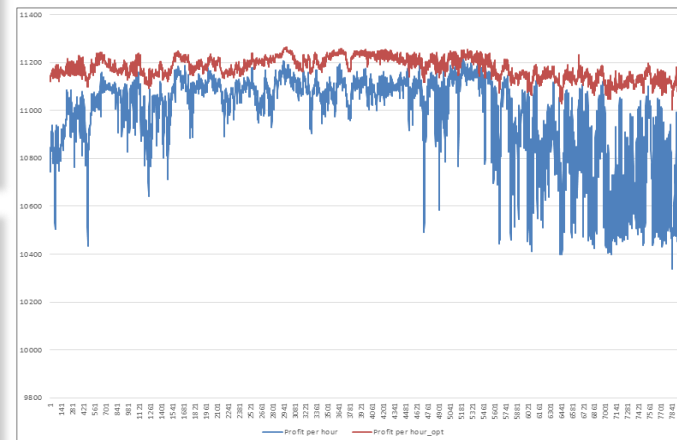
Way of working combining best practices from our plants with a portfolio of tools and techniques, primarily from Lean and six sigma, in order to **engage the workforce and solve problems where they happen**, supported by Digital/Industry 4.0 initiatives

What YPS consists of

Configuring assets and resources to create value and minimize losses

Structures, Processes and Systems

The way people think, feel, and conduct themselves



YPS in practice: a pragmatic and cross-functional structure for identifying and resolving problems at their root cause

From

Problem solving with limited cross team interaction

Focus on symptoms rather than the problems

Discussion take place in the meeting rooms

True root cause is not always identified

Actions are stored online with limited follow-up and control

To

Cross-functional teams involved in problem solving

Time is invested in preparation and clear issue definition

Problem solving takes place in the plant

Focus is to identify and resolve the root cause

Actions are monitored closely and tracked on a daily basis by the RCPS¹ engineer



YPS in practice: improved contractor management

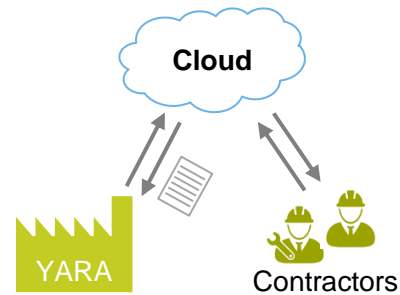
1. Optimizing spend estimates during scoping

Develop standards

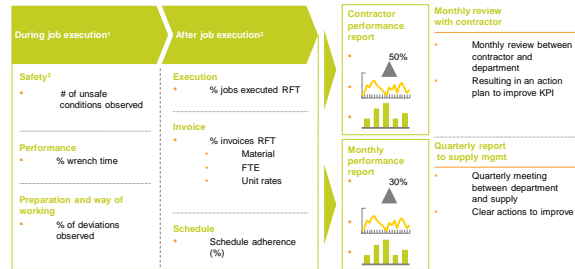
Implement audits

Continuous improvement

2. Cloud based work package sharing



4. Contractor performance reviews



3. Contractor observation

The screenshot shows a 'Contractor Observation' form. It includes fields for 'CONTRACTOR NAME', 'DATE', and 'TIME'. There are sections for 'OBSERVATION' and 'ACTION PLAN'. A red exclamation mark icon is visible in the 'OBSERVATION' section, indicating a critical finding.

Better Cheaper Faster

What is BCF?

Approach to capital projects where engineering, technology and project management is a core competency that enhances value of our business by delivering the best project solution to meet the business need in the most professional manner

What BCF consists of

Continuously updated **institutionalized learning** from building and operating plants

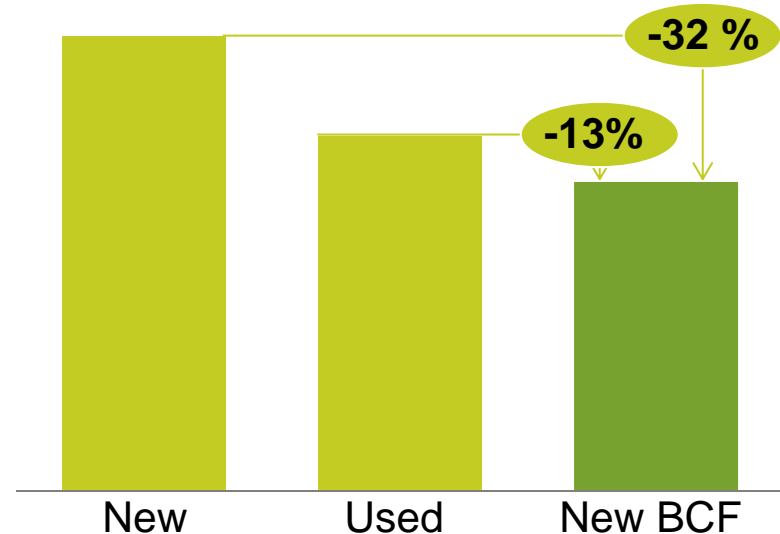
The **formal structures, processes, and systems** through which projects are managed to deliver the business objectives

Value engineering and value-improving practices including continuous improvement

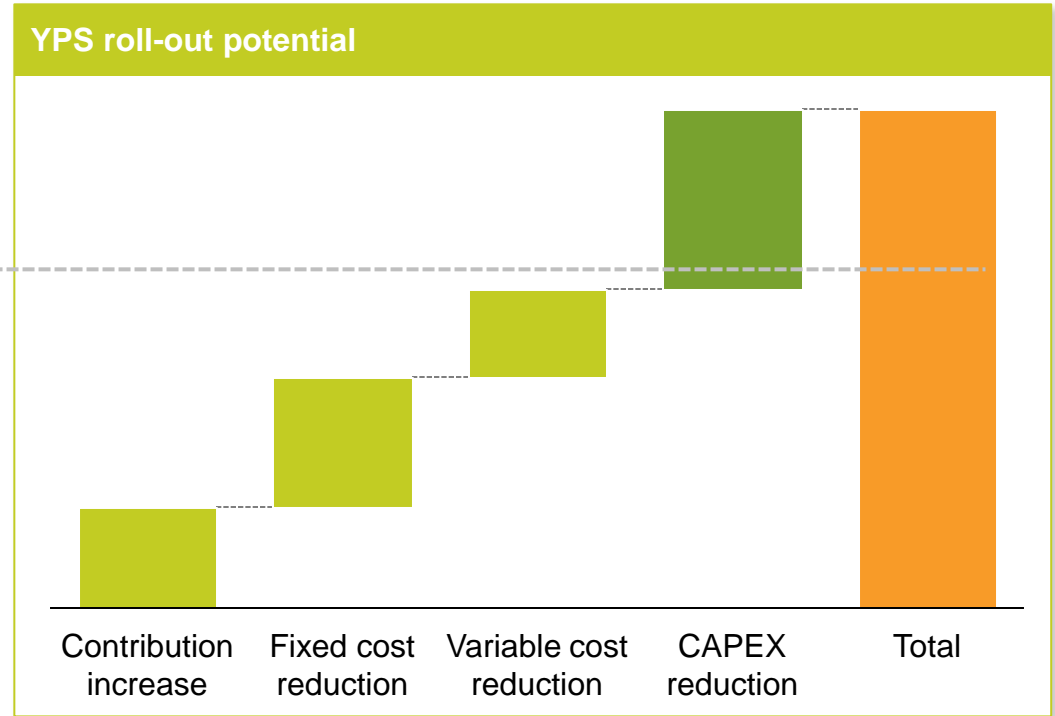
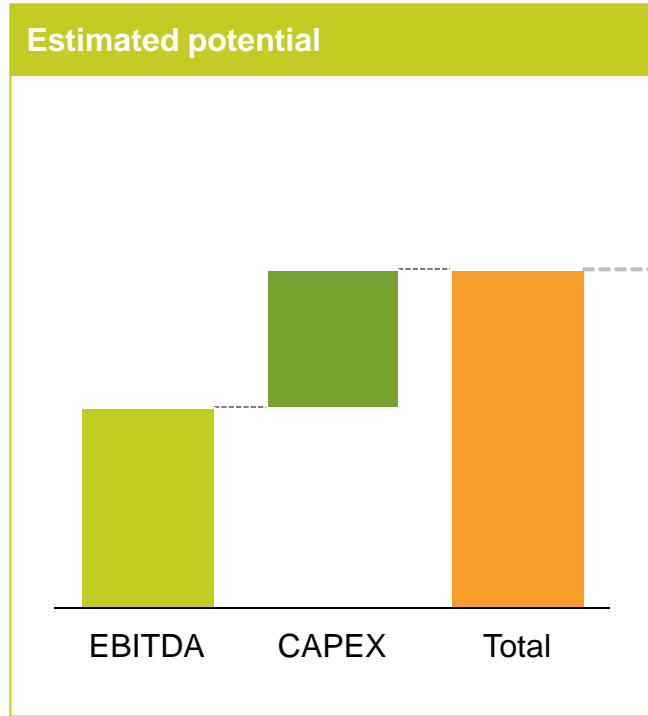


BCF in practice: scope scrubbing and value engineering

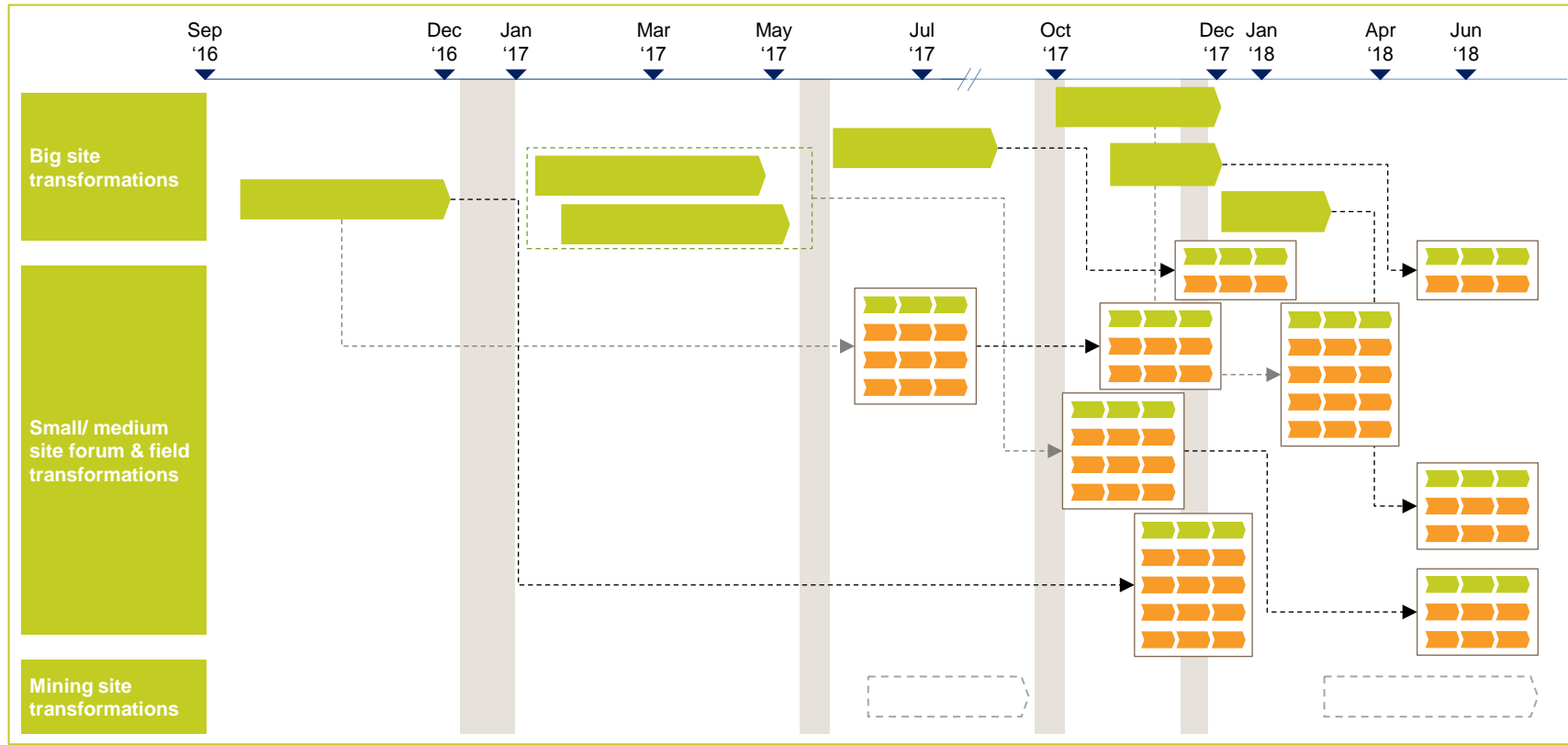
- Scope scrubbing reduced equipment list and removed spare and redundant equipment that did not add NPV
- Simplify instrumentation and automation to match reduced process flowsheet
- Reduce size of building
- Optimal contractor strategy
- More than 30% reduction of cost for new installation



Roll-out at Sluiskil uncovered almost 50% more improvement potential, including additional savings from 'new' areas

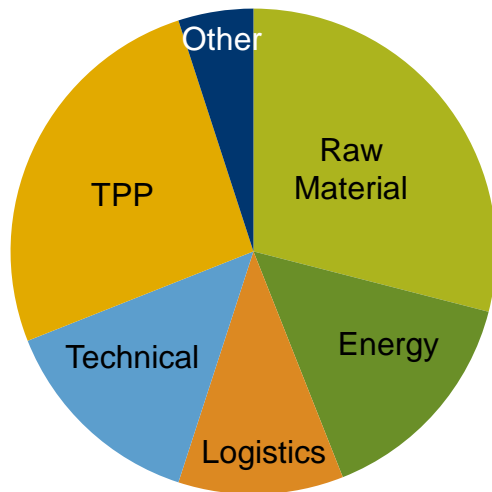


YPS roll-out plan

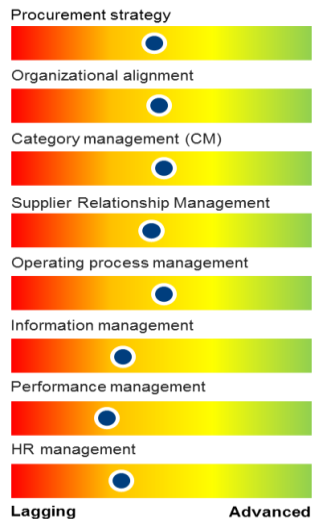


A Procurement diagnostic highlighted significant potential for further improvements and savings delivery

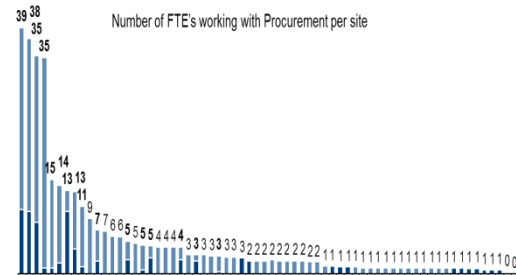
SPEND ANALYSIS



OPERATING MODEL



FTE MAPPING



Key enablers to realize value potential

Global scope

- Further utilize **scale** and roll out procurement **best practices** for spend which has not been touched earlier
- Go **beyond standard price levers** and look at e.g specification and demand management

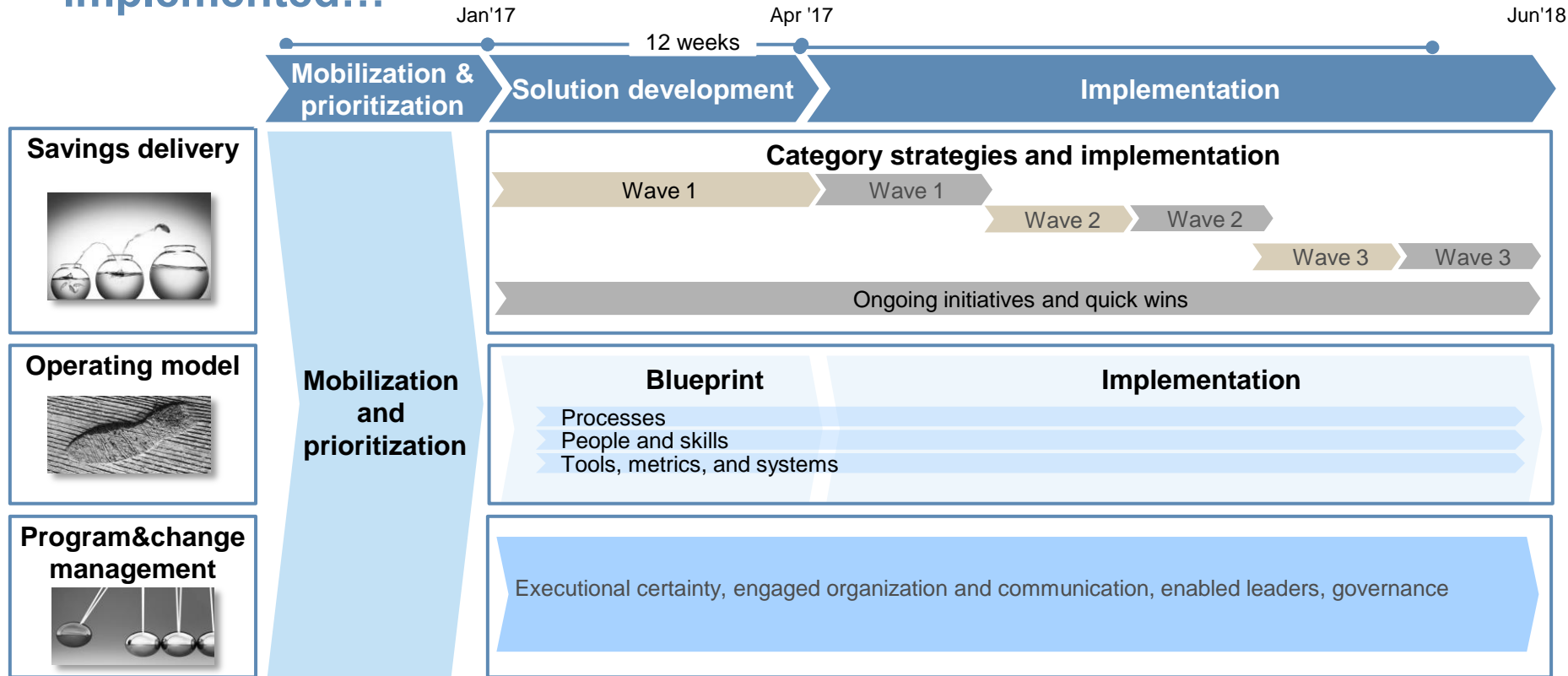
Integrated organization and closer internal collaboration

- **Integrated procurement organizational model** better aligned with supply market characteristics
- **Closer collaboration** with the business segments/sites to realize savings potential from more advanced levers

Re-focus of resources and capability enhancement

- Shift focus **from tactical procurement to strategic sourcing**
- Strengthen organization through **capability building through interim capability additions and longer term development**

A holistic Procurement transformation program is being implemented...



...and we have good examples that the approach works



OFD
HOLDING

BUNGE

ABOCOL



Improvement Program

Fit for the future &
positioned for sustainable growth

Incremental earnings by 2020:
Minimum NOK 10 per share
(500 MUSD EBITDA)

Growth pipeline

Meeting growing market demand at
competitive capital expenditure

Incremental earnings by 2020¹:
~NOK 6 per share
(~600 MUSD EBITDA)

¹ At current market prices (Ammonia fob Yuzhny 300 USD/t, Urea fob Yuzhny 250 USD/t, DAP fob Morocco 350 USD/t)

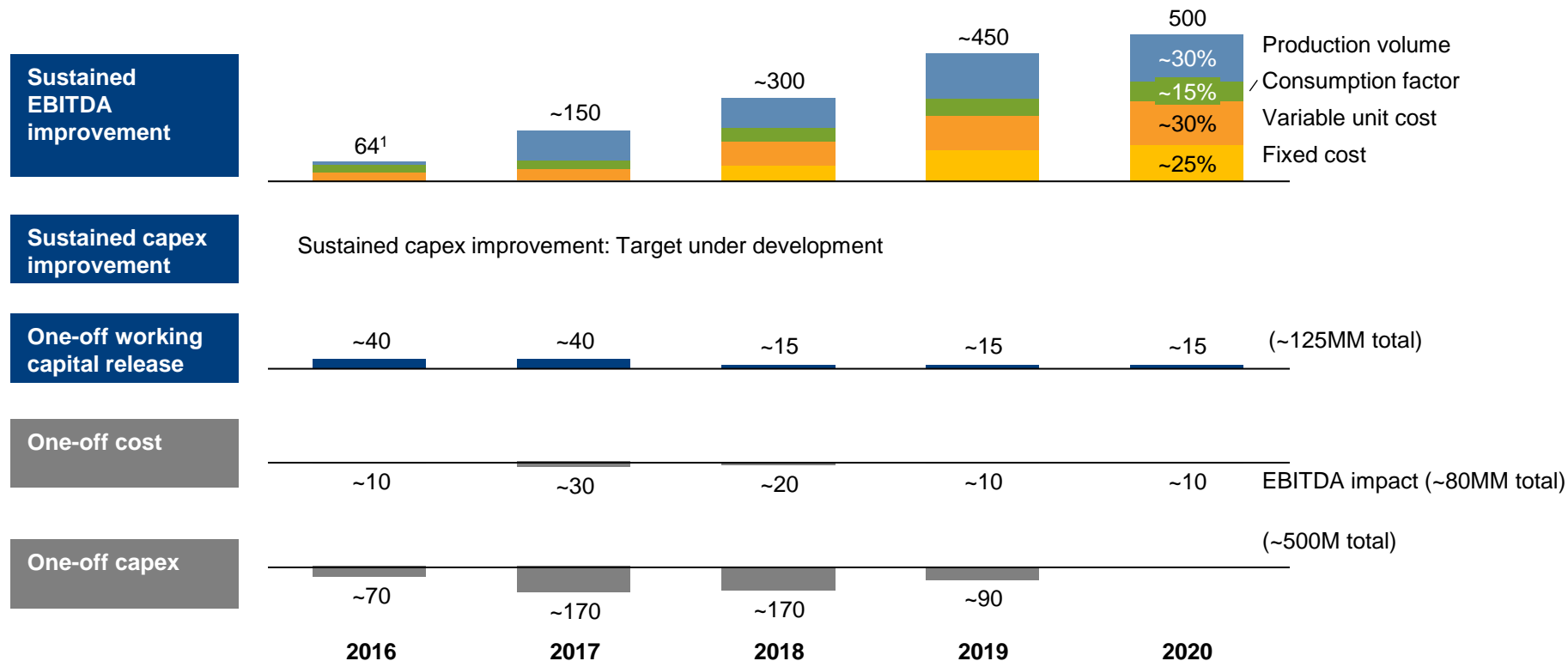


Knowledge grows

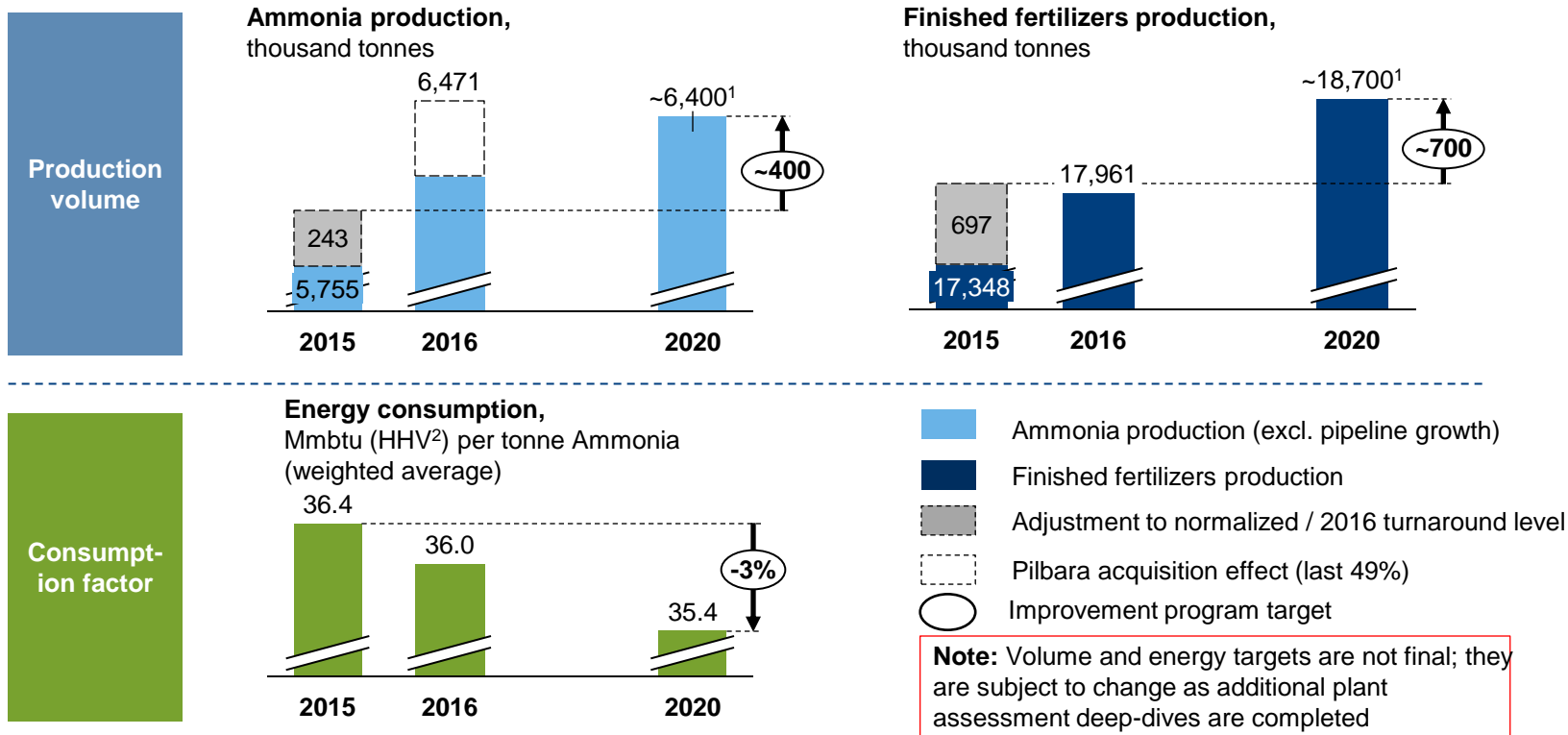
Additional information

Sustained improvement of \$500MM EBITDA, plus cash benefits

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



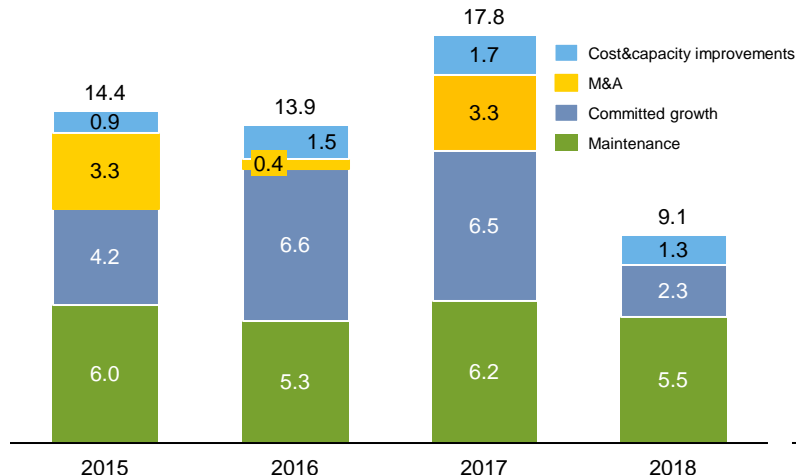
Indicative volume and energy consumption improvement targets



Growth and capex pipeline

Capex plan¹

NOK bn

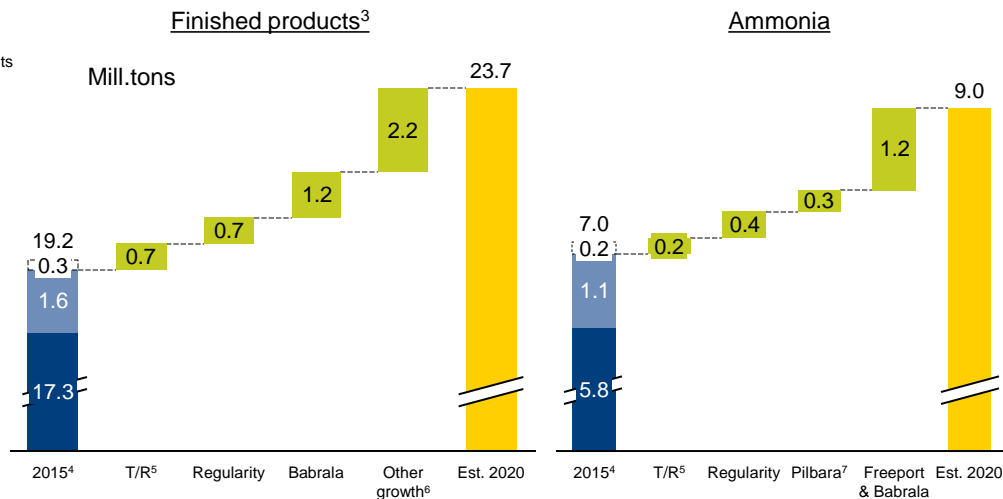


Committed growth (NOK bn):

	2015	2016	2017	2018
BASF JV	1	1.6	1.4	
Pilbara TAN	0.5	0.2		
Porsgrunn	0.5	1.2	0.6	
Köping	0.3	0.4	0.6	0.3
Sluiskil	0.1	0.7	0.8	
Uusikumpi	0.3	0.2		
Galvani (Salitre)	1	0.5	1.5	0.7
Ammonia vessels	0.2	1.5		
Rio Grande		0.1	1.3	1.3
Other projects	0.3	0.2	0.3	
Total	4.2	6.6	6.5	2.3

1) Yara's share of capex

Production growth 2015 - 2020²

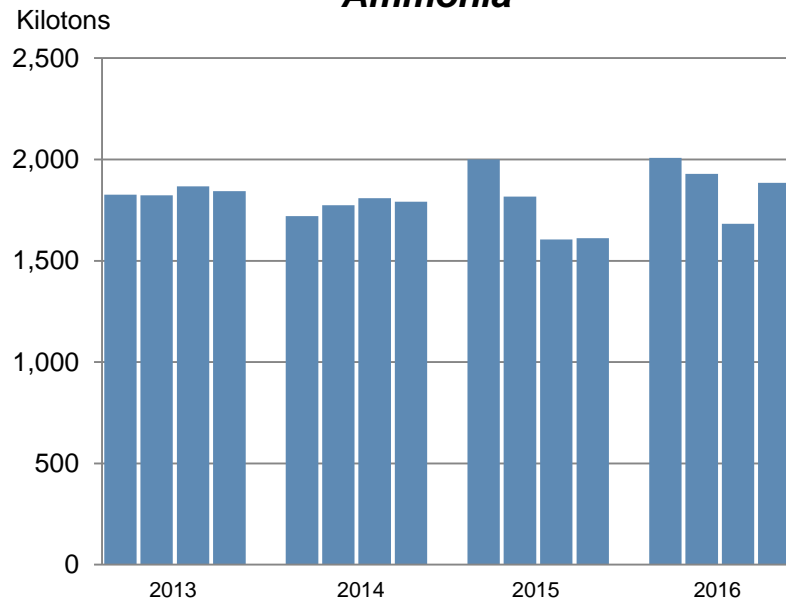


GrowHow UK (divested mid-2015)
Yara-operated
Yara's share of Qafco & Lifeco

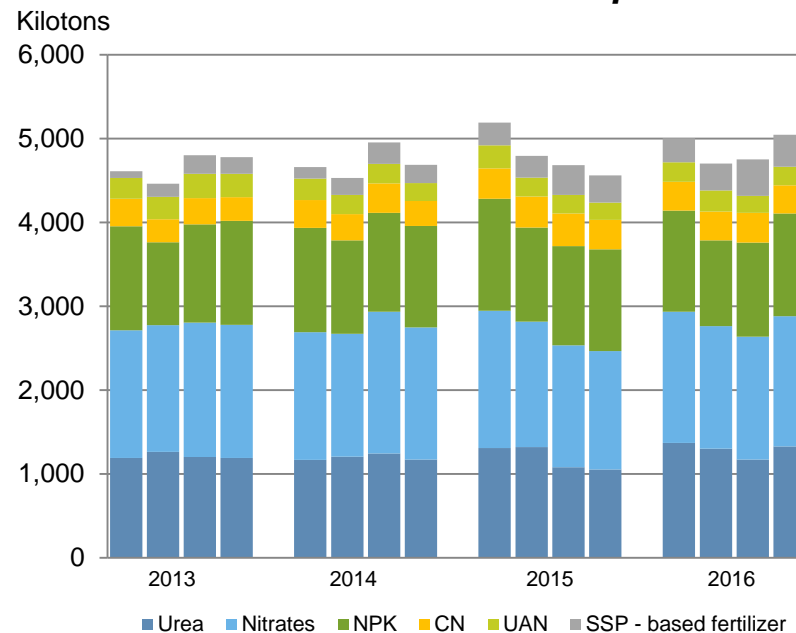
- 2) Rio Grande expansion also adds 1 million tonnes NPK blends by 2020
- 3) Finished fertilizer and industrial products, excl. bulk blends
- 4) Including Yara share of production in non-consolidated investees
- 5) Adjustment to normalized / 2016 turnaround level
- 6) Committed projects only. TAN Pilbara: 160 kt, Porsgrunn: 250kt, Glomfjord: 185kt, Uusikumpi: 250kt, Köping: 90kt, Sluiskil: net 160kt, Galvani (Salitre - 60% of ~ 1 mill.tons), Rio Grande: 500kt
- 7) Including 100% ownership in Pilbara NH₃ plant

Production

Ammonia¹



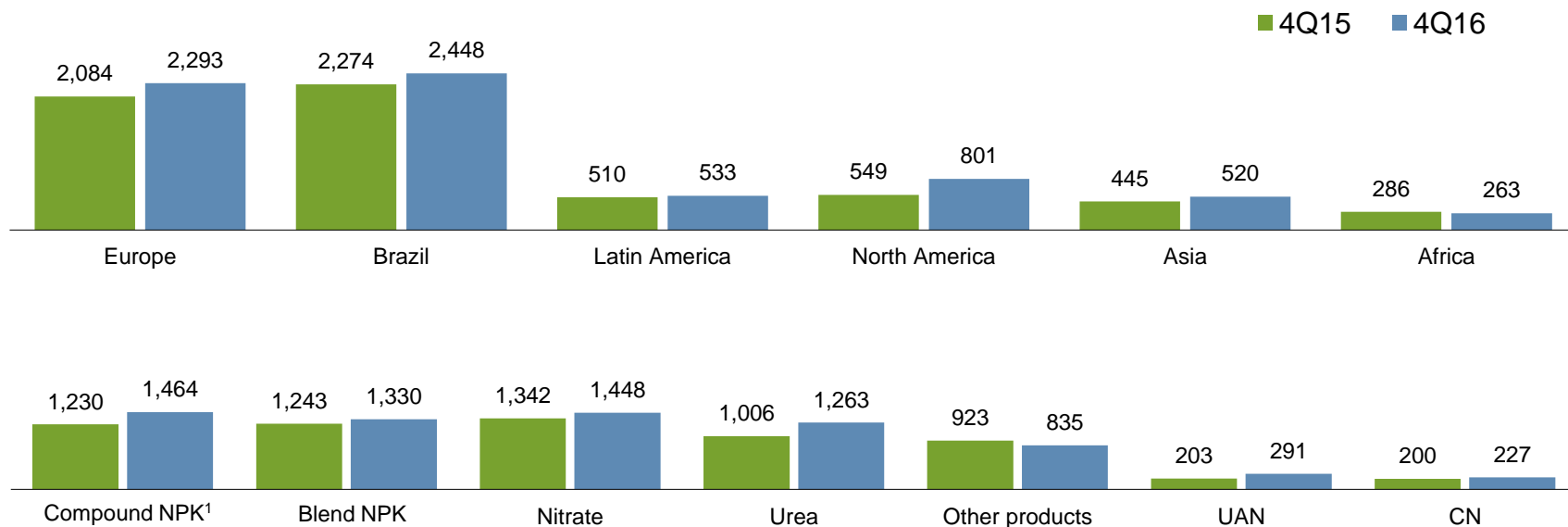
Finished fertilizer & industrial products¹



1) Including share of equity-accounted investees

Yara 4Q fertilizer deliveries by market and product

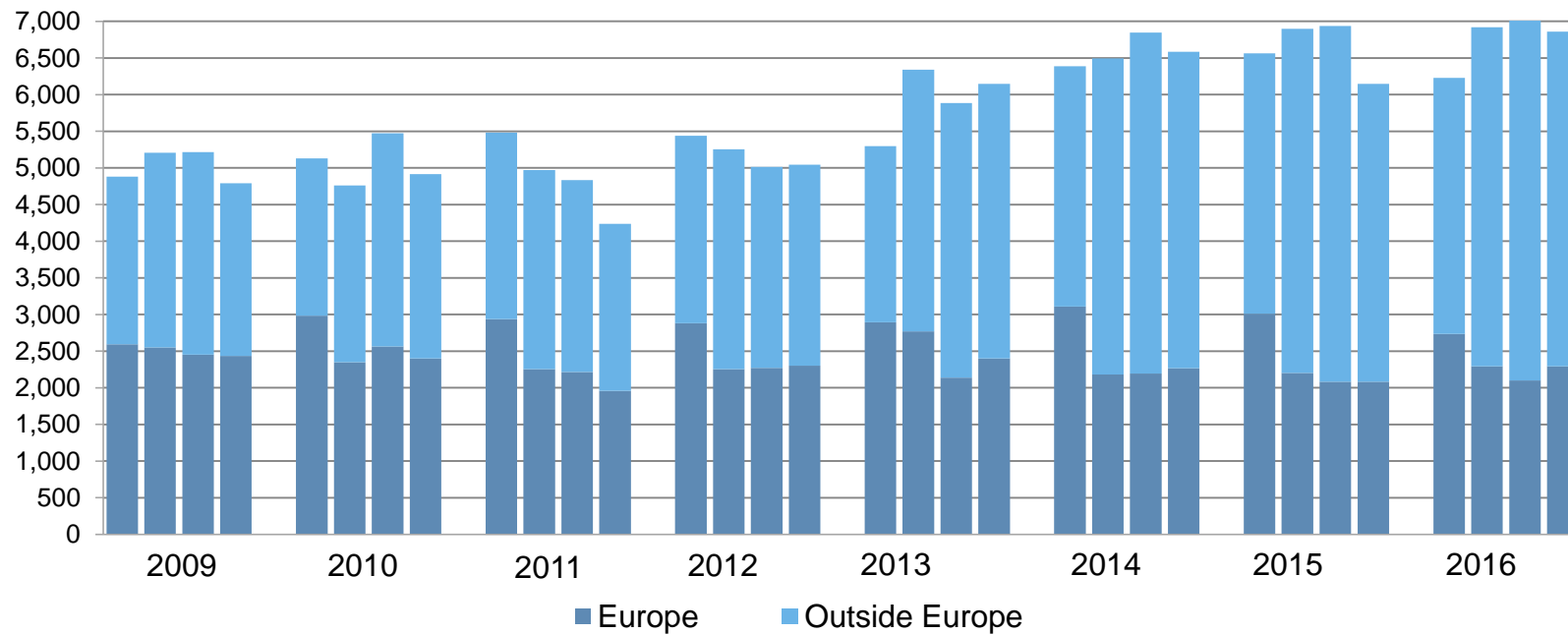
Kilotons



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

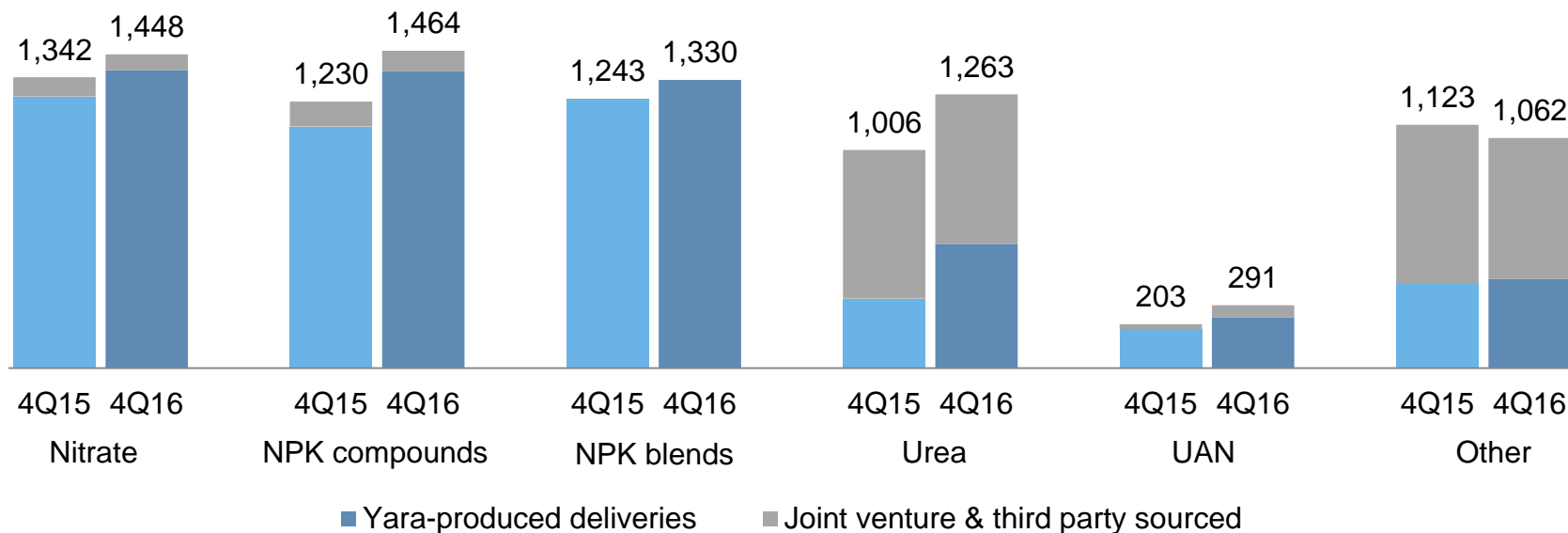
Fertilizer deliveries

Kilotons

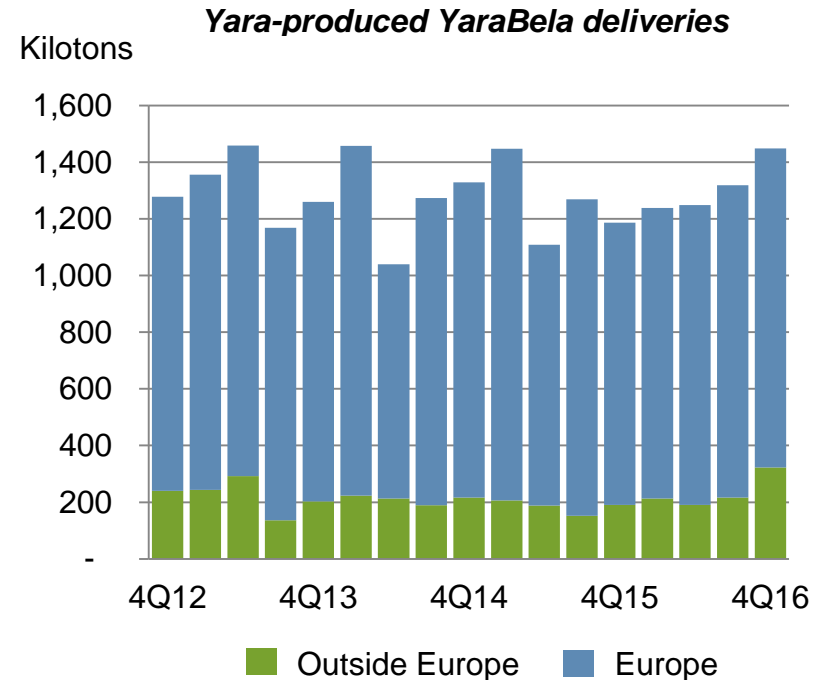
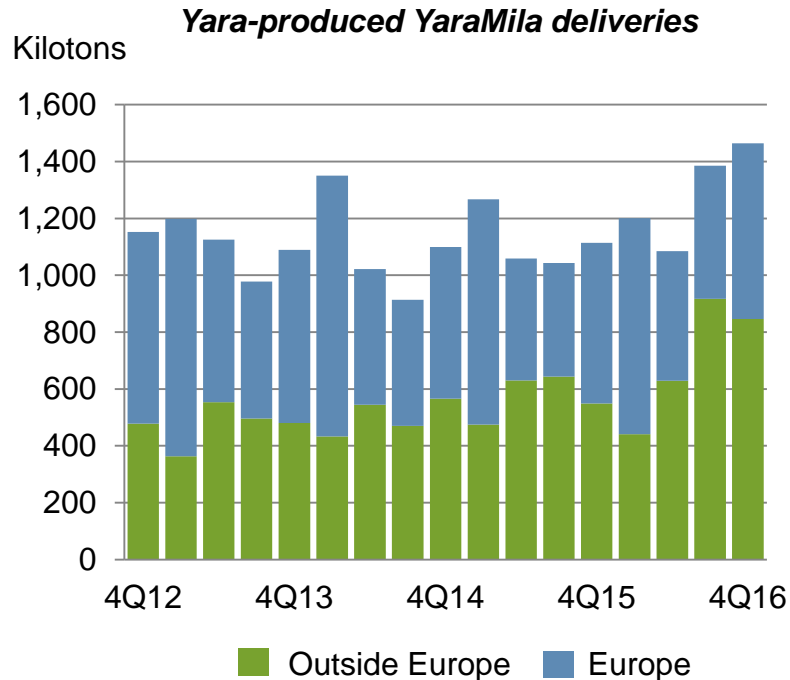


Fertilizer deliveries by product and source

Kilotons

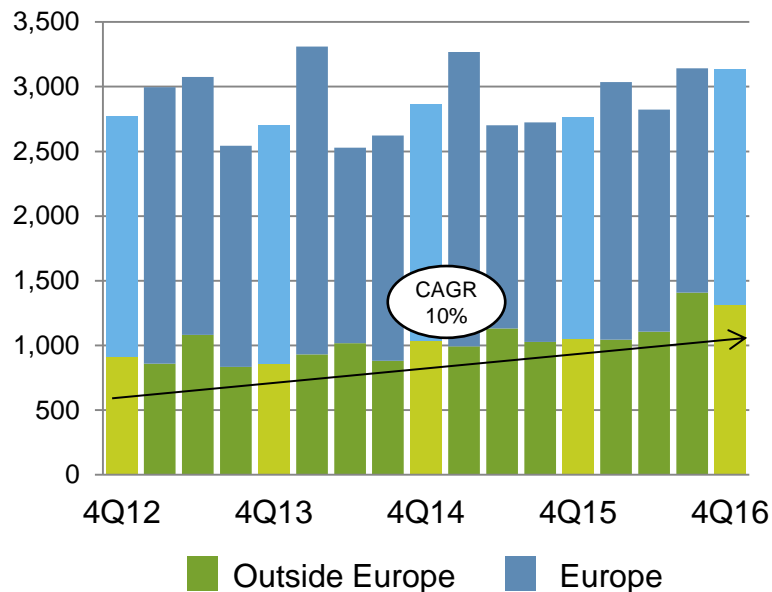


YaraMila (compound NPK) and YaraBela (nitrate) deliveries



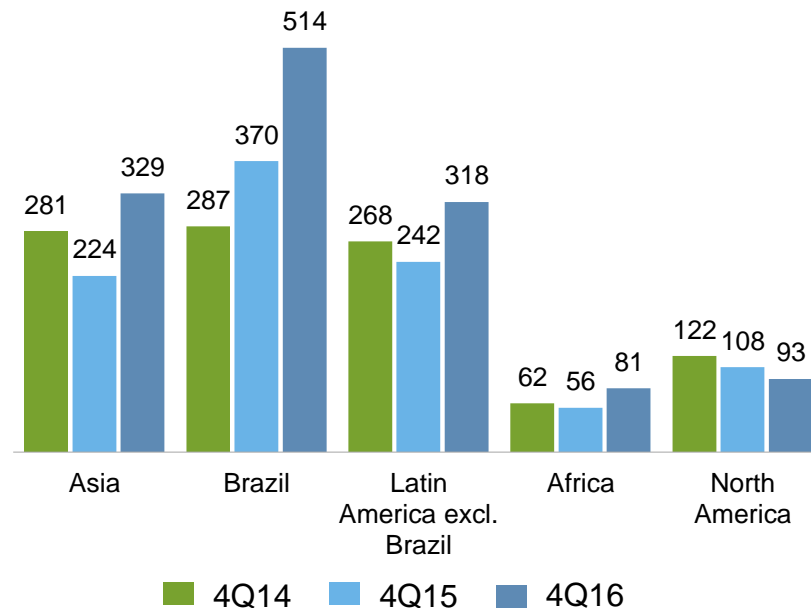
Strong premium product deliveries

Value-added fertilizer deliveries¹



1) YaraBela, YaraMila and YaraLiva deliveries

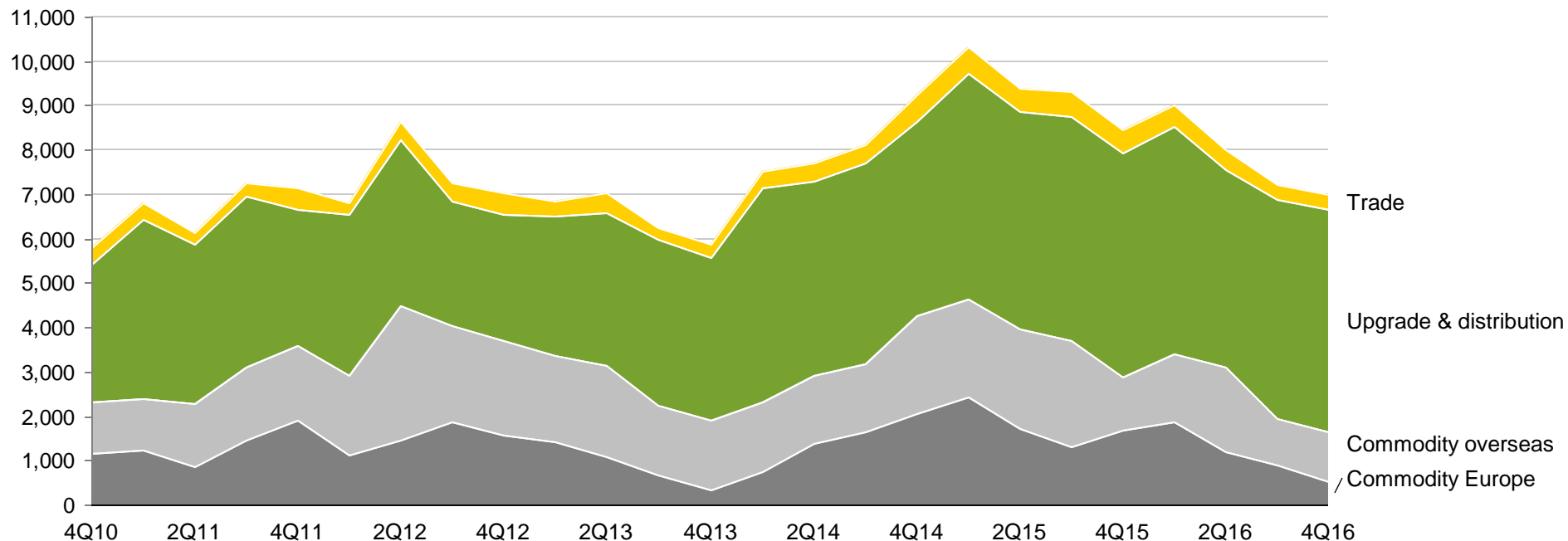
Value-added fertilizer deliveries¹



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

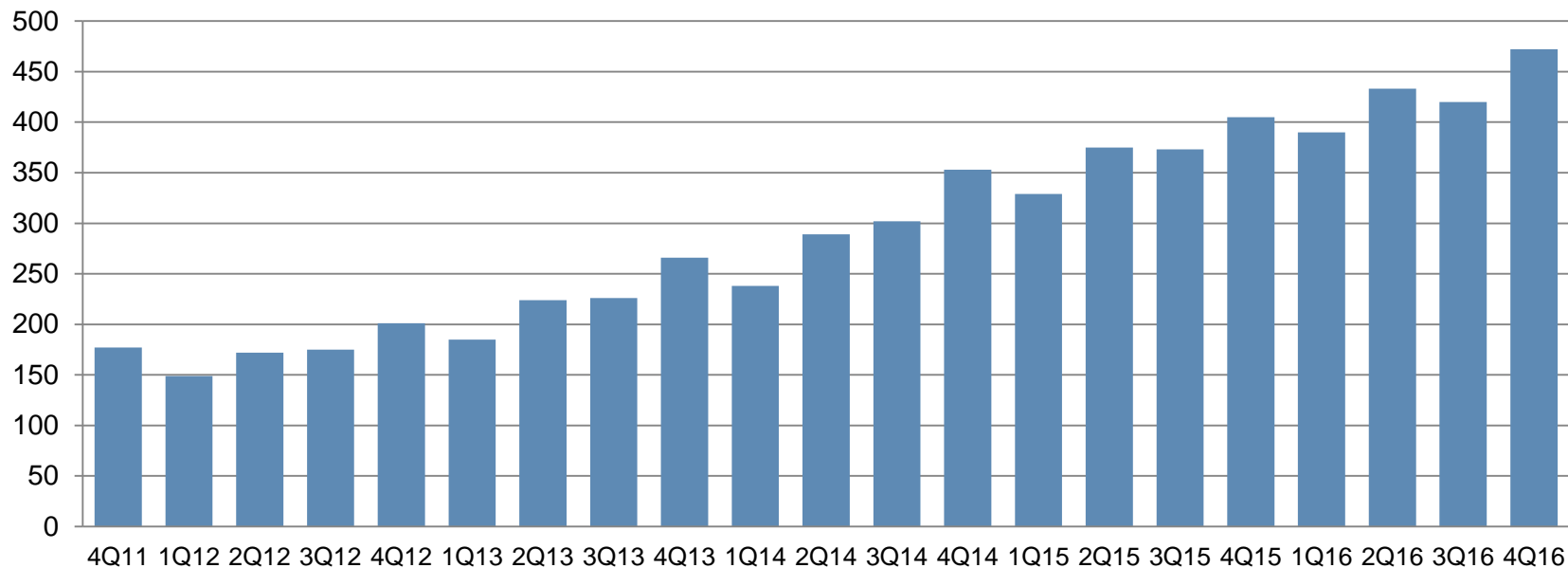
NOK millions

Total Yara contribution

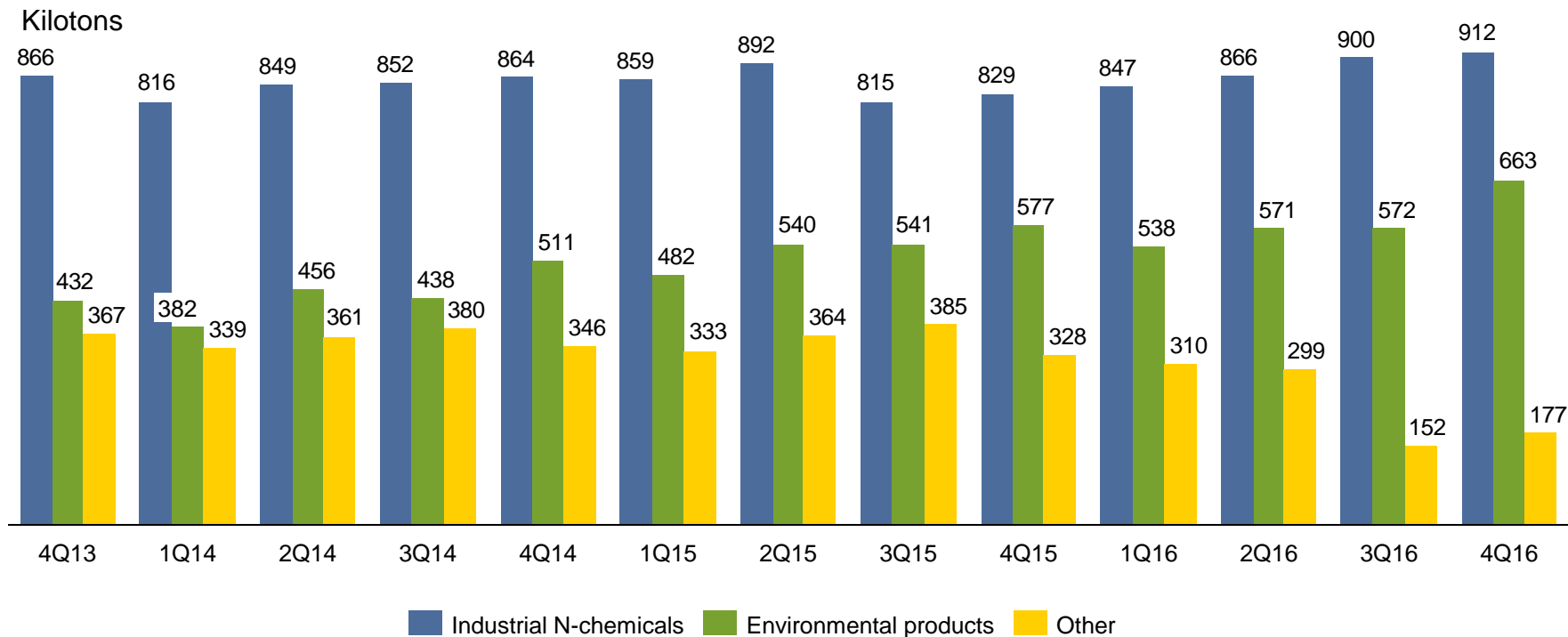


AdBlue deliveries

Kilotons

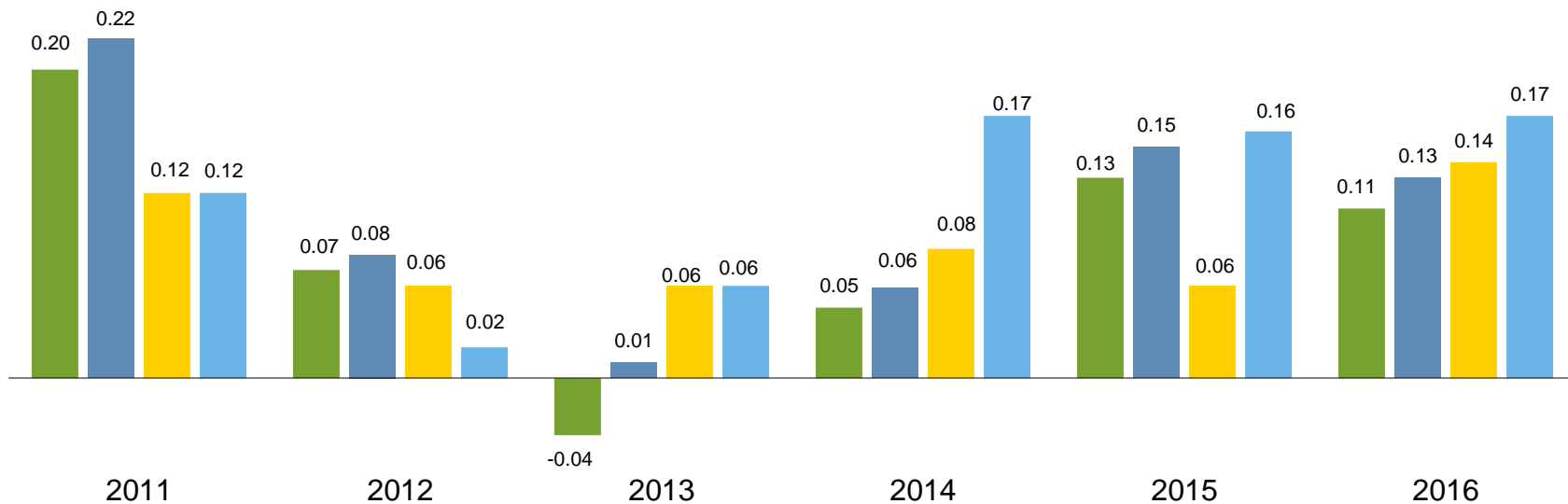


Industrial volume development



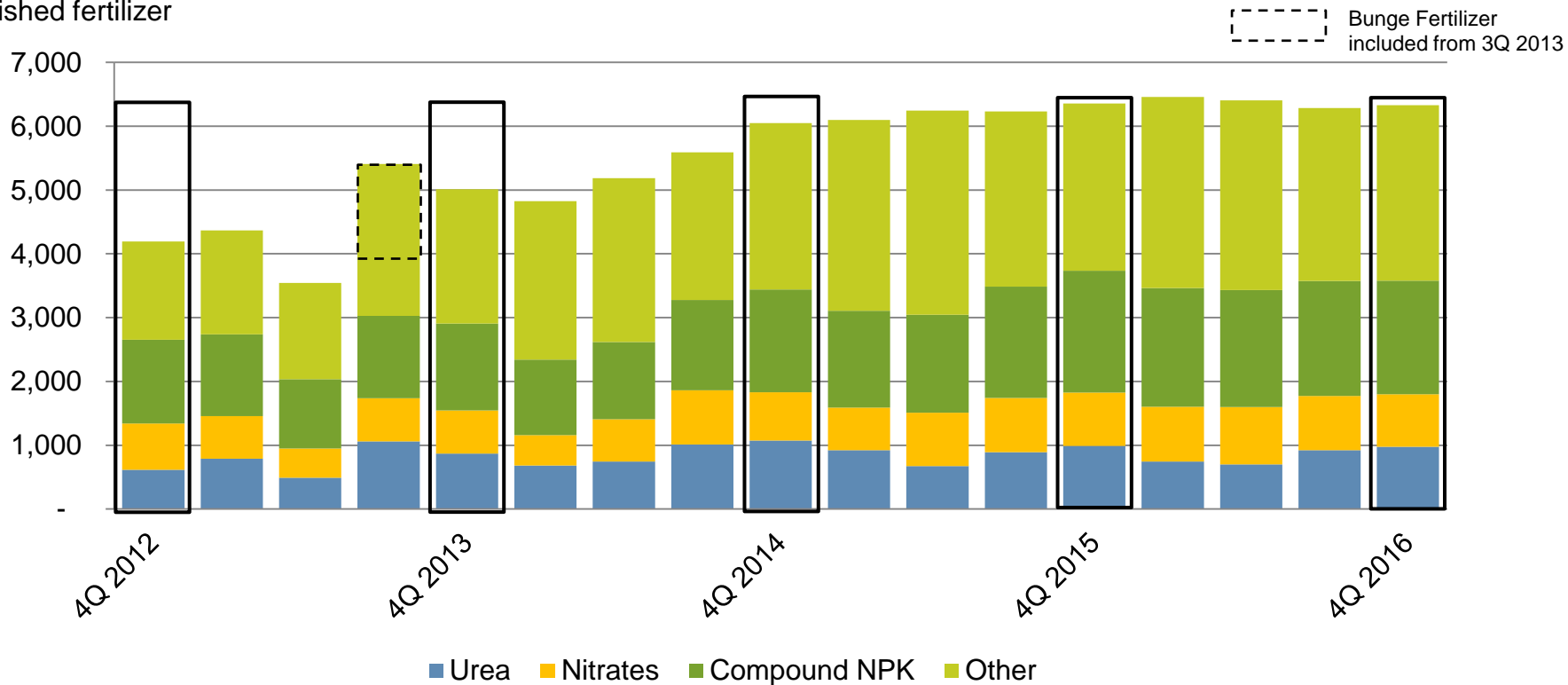
Debt/equity ratio

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



Yara stocks

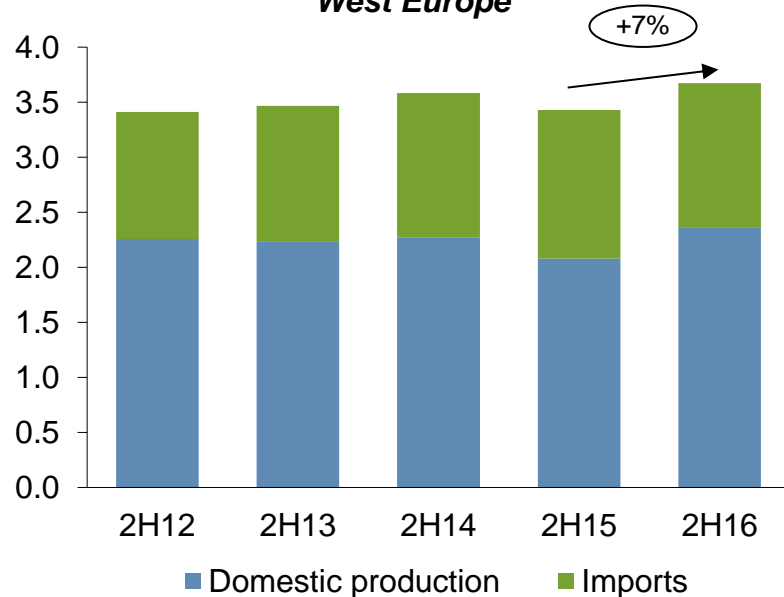
Kilotons
Finished fertilizer



Strong deliveries in Europe, slow in USA

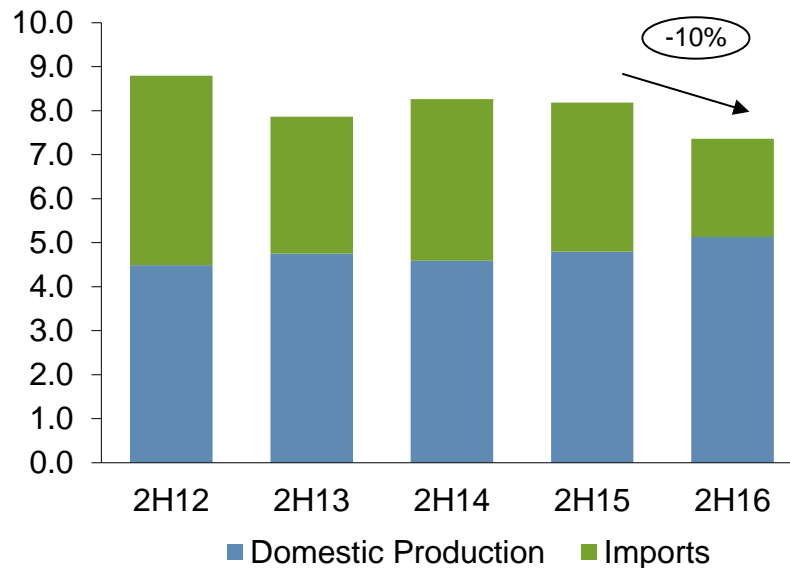
Million tons nitrogen

West Europe



Million tons nitrogen

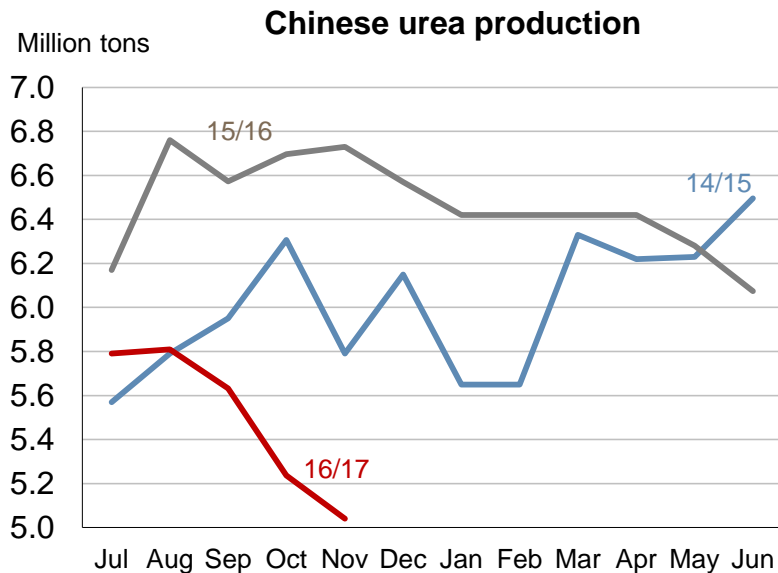
USA



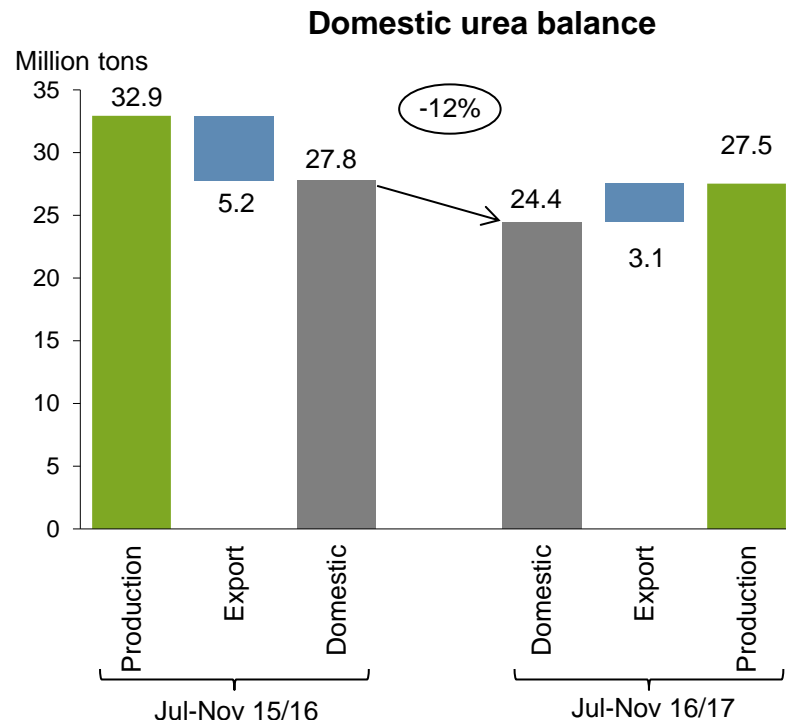
Source: Yara estimate for fertilizer deliveries to selected West European countries.

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

Chinese urea production suffering from increased production costs



Source: CFMW

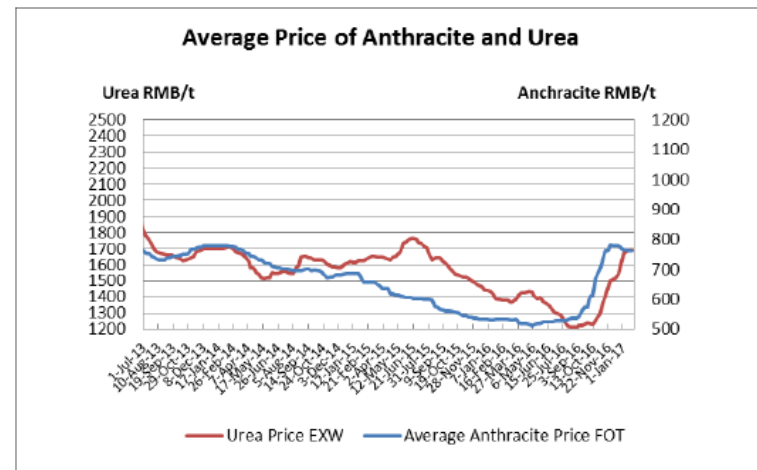


Coal price development

South China coal (March 2017 contract, (\$/mt)



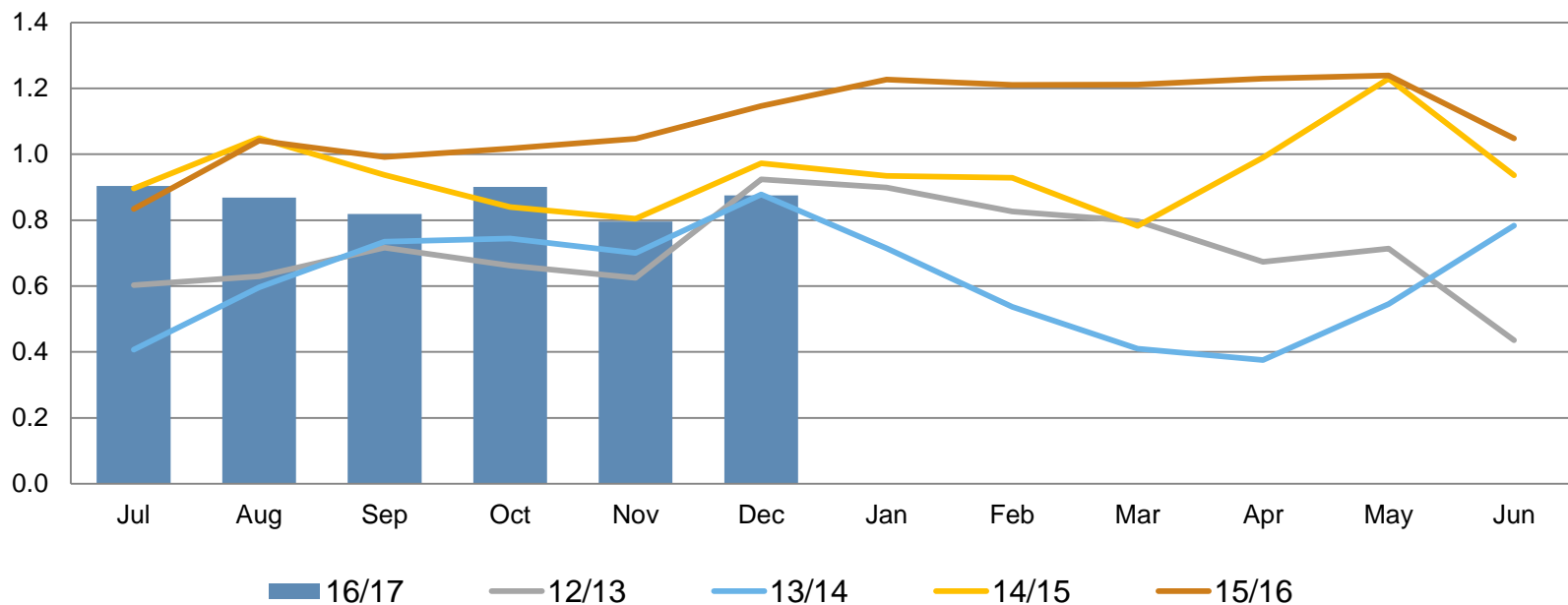
China anthracite and urea prices January 2017 (RMB/mt)



Source: Ice, China Fertilizer Market Weekly

European producers' nitrate stocks

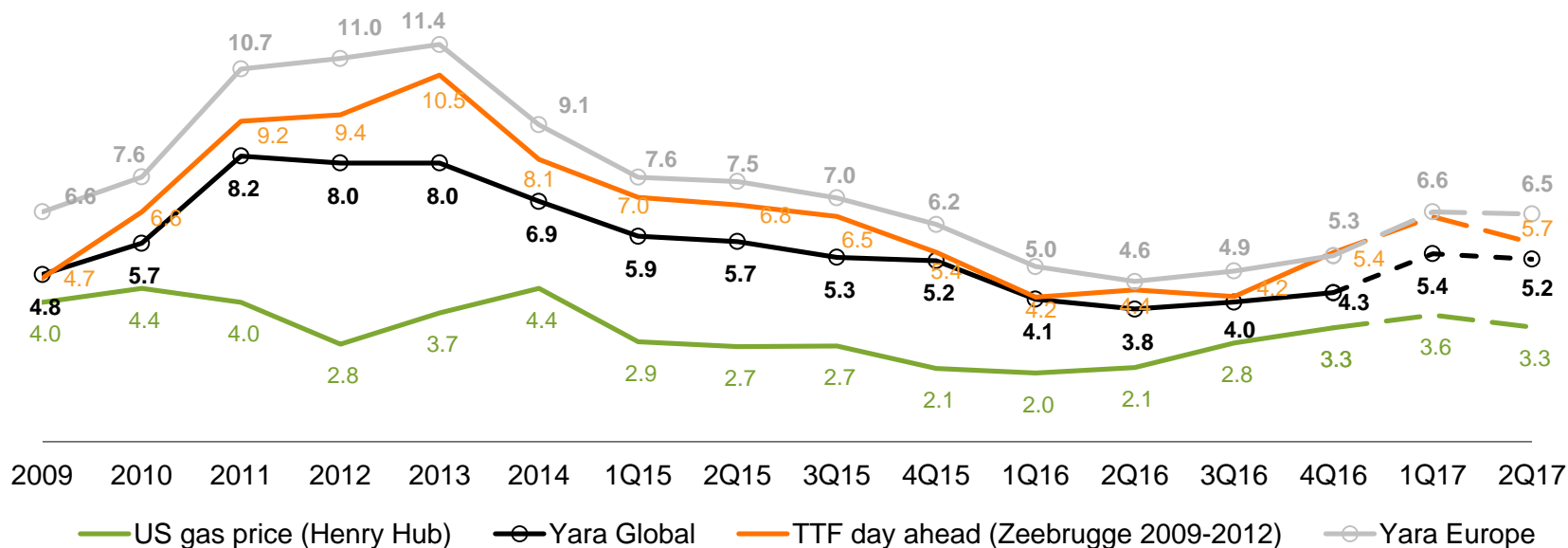
Index
June 2007 = 1



Source: Fertilizers Europe, Yara estimate for December

Energy cost

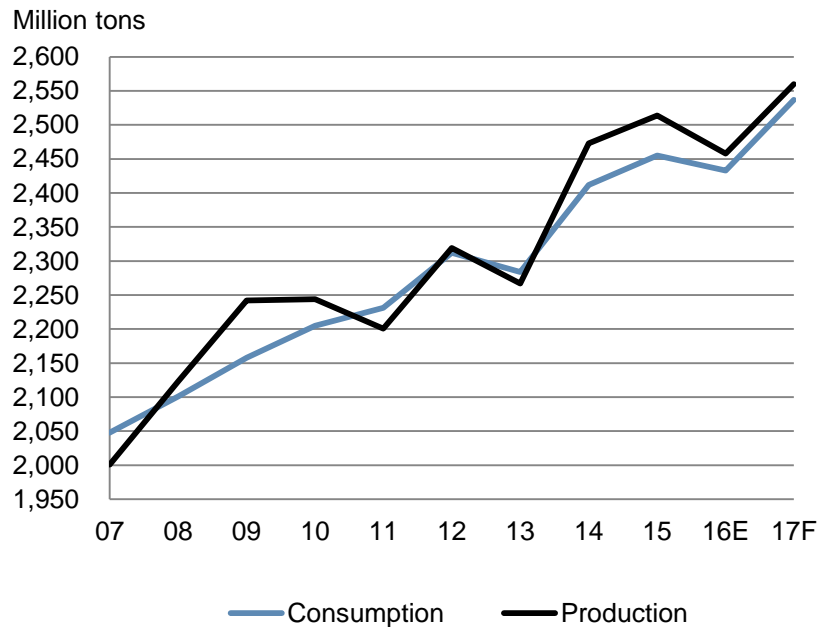
Yearly averages 2009 – 2014, quarterly averages for 2015-16 with forward prices* for 1Q17 and 2Q17.



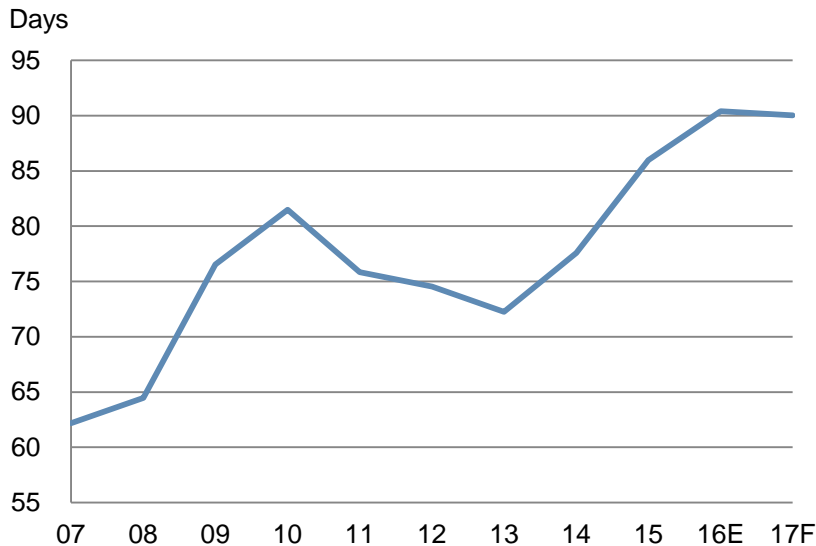
*Dotted lines denote forward prices as of 31 January 2017
Source: Yara, World Bank, Argus/ICIS Heren

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

Grain consumption and production



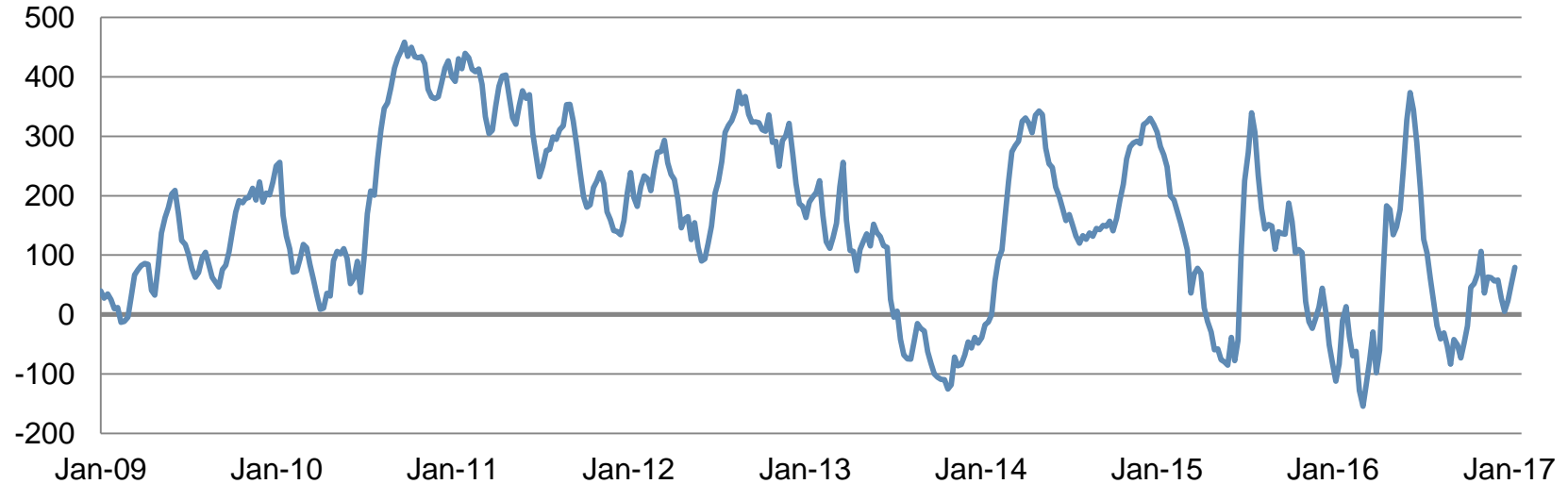
Days of consumption in stocks



Source: USDA January 2017

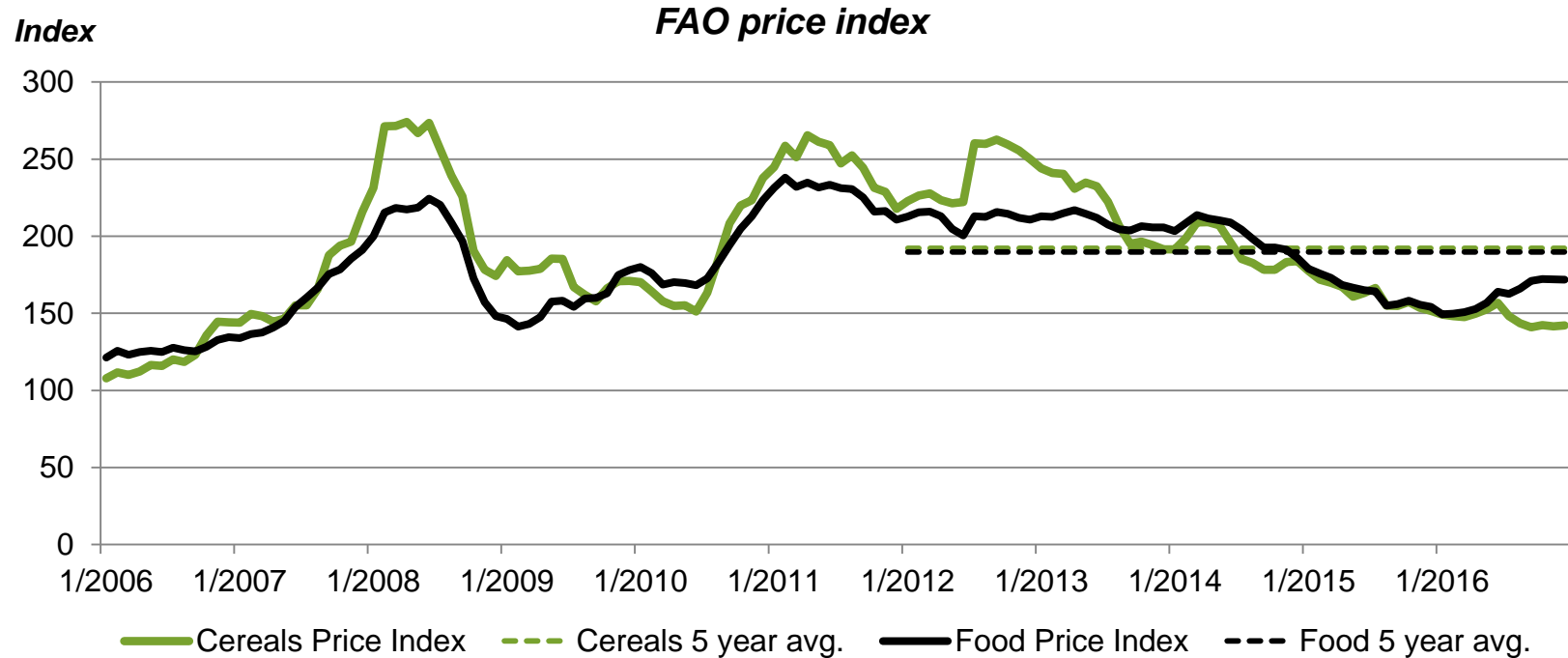
Non-commercials' net long position in corn

Thousand contracts



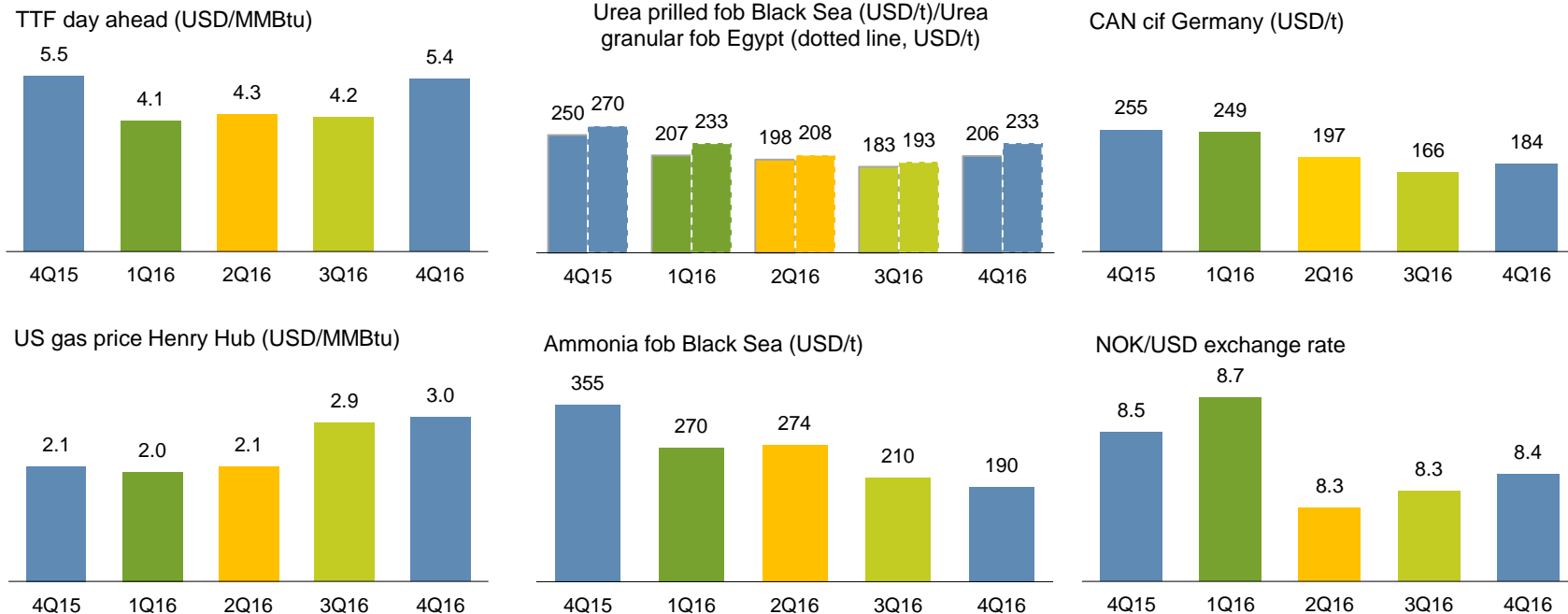
Source: US Commodity Futures Trading Commission

Weak grain production economics, affecting particularly P and K demand



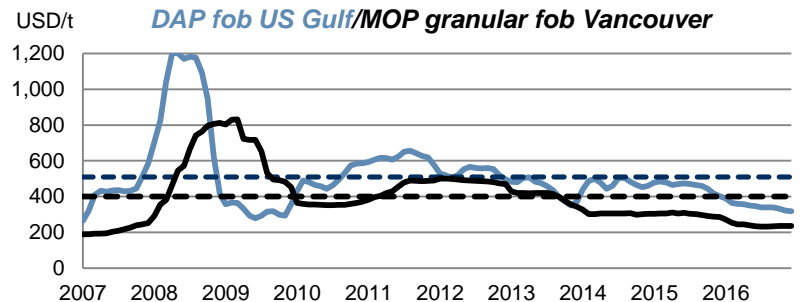
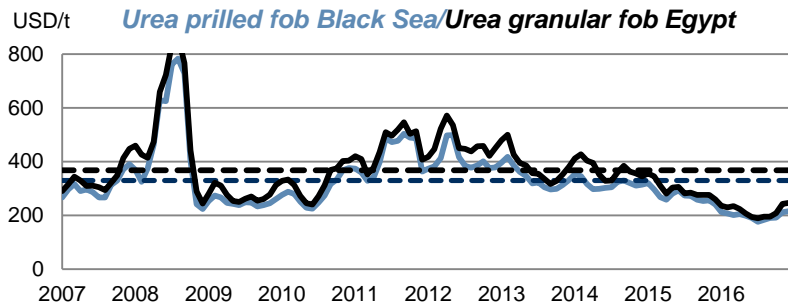
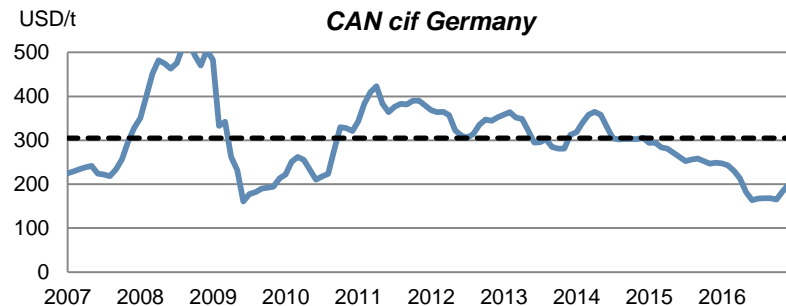
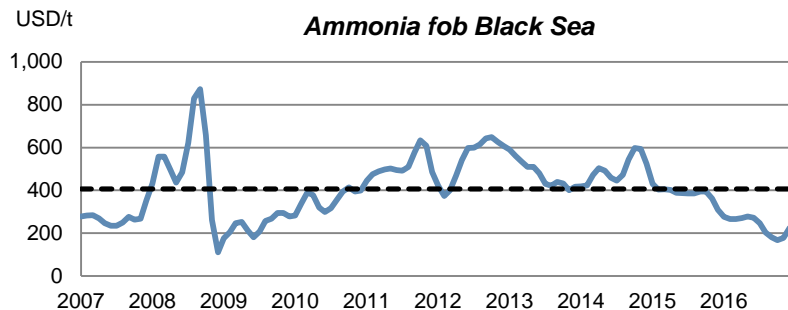
Source: FAO

Key value drivers – quarterly averages



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

10-year fertilizer prices – monthly averages



--- Average prices 2007 - 2016