



Knowledge grows

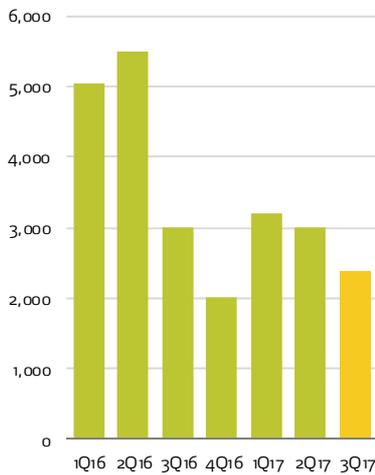
Third-quarter report 2017

Yara International ASA

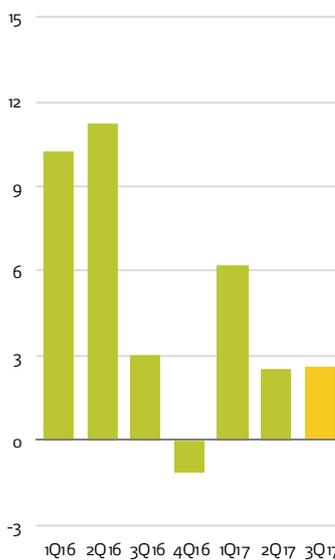


- Strong production performance
- Improvement program ahead of schedule
- Results reflect lower commodity fertilizer margins

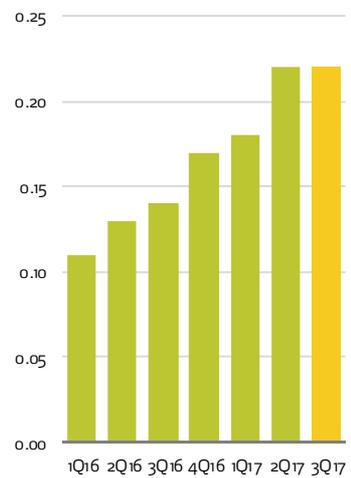
EBITDA
NOK millions



Earnings per share
NOK



Debt/equity ratio



Third quarter 2017

Financial highlights

NOK millions, except where indicated otherwise	3Q 2017	3Q 2016	YTD 2017	YTD 2016
Revenue and other income	23,769	23,924	69,875	74,843
Operating income	694	1,336	3,321	8,251
Share net income equity-accounted investees	(4)	(72)	132	10
EBITDA	2,386	3,004	8,594	13,548
EBITDA excl. special items	2,728	2,968	8,936	11,975
Net income after non-controlling interests	709	821	3,101	6,693
Earnings per share ¹⁾	2.60	3.00	11.35	24.46
Earnings per share excl. currency ¹⁾	2.27	3.34	9.73	23.25
Earnings per share excl. currency and special items ¹⁾	3.21	3.43	11.06	18.85
Average number of shares outstanding (millions)	273.2	273.2	273.2	273.6
CROGI ²⁾	6.1 %	7.5 %	6.5 %	10.7 %
ROCE ²⁾	3.0 %	4.7 %	3.2 %	8.1 %

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on EPS.

2) Quarter numbers annualized. Year-to-date numbers 12-month rolling average.

Key Yara statistics

	3Q 2017	3Q 2016	YTD 2017	YTD 2016
Yara Production (Thousand tonnes) ¹⁾				
Ammonia	1,803	1,682	5,486	5,619
Finished fertilizer and industrial products, excl. bulk blends	5,143	4,750	15,089	14,455
Yara Deliveries (Thousand tonnes)				
Ammonia trade	446	426	1,495	1,536
Fertilizer	7,713	7,248	20,822	20,397
Industrial products	1,745	1,642	5,283	5,117
Total deliveries	9,904	9,317	27,601	27,050
Yara's Energy prices (USD per MMBtu)				
Global weighted average gas cost	4.6	4.0	4.9	4.0
European weighted average gas cost	5.7	4.9	5.9	4.8

1) Including Yara share of production in equity-accounted investees, excluding Yara-produced blends.

Market information

Average prices		3Q 2017	3Q 2016	YTD 2017	YTD 2016
Urea granular (fob Egypt)	USD per tonne	234	193	233	211
CAN (cif Germany)	USD per tonne	205	166	212	205
Ammonia (fob Black Sea)	USD per tonne	198	210	260	251
DAP (fob US Gulf)	USD per tonne	340	339	350	354
Phosphate rock (fob Morocco)	USD per tonne	87	106	92	115
European gas (TTF)	USD per MMBtu	5.5	4.2	5.5	4.2
US gas (Henry Hub)	USD per MMBtu	2.9	2.9	3.0	2.3
USD/NOK currency rate		7.96	8.32	8.30	8.40
EUR/NOK currency rate		9.35	9.29	9.23	9.37
BRL/NOK currency rate		2.51	2.56	2.62	2.37

Yara's third-quarter net income after non-controlling interests was NOK 709 million, compared with NOK 821 million a year earlier. Excluding net foreign currency translation gain/loss and special items, the result was NOK 878 million (NOK 3.21 per share), compared with NOK 946 million (NOK 3.43 per share) in third quarter 2016.

"Yara reports a strong production performance for the quarter, with several production records and the Yara Improvement Program delivering ahead of schedule," said

Svein Tore Holsether, President and Chief Executive Officer of Yara.

"Our financial results are weaker than a year earlier due to lower commodity fertilizer margins. Although prices picked up towards the end of the quarter, we continue to see the market as fundamentally supply-driven, and therefore remain focused on strengthening our own operations," said Holsether.

Fertilizer market conditions

Following four consecutive seasons where global grain production exceeded consumption, the US Department of Agriculture currently forecasts consumption to modestly exceed production for the 2017/18 season. The projected stocks-to-use ratio at 91 days of consumption is down two days from the 2016/17 season. Still, the strong harvests over the last years have kept grain prices relatively low, although higher than a year ago. The Food and Agriculture Organization of the United Nations (FAO) food price index was up 7% from third quarter 2016, but 3% below the five-year average, while the cereal price index was 8% up from third quarter last year and 13% below the five-year average.

Granular urea prices fob Egypt averaged USD 234 per tonne, up 21% compared to the same quarter last year, and increasing sharply in September, ending the quarter at close to USD 300 per tonne. The stronger prices are caused by higher export costs from China than a year ago, primarily due to increased coal prices. This cost inflation resulted in substantial production curtailments in China, and supported international urea prices. In the first half of 2017, slow demand and increased production outside China reduced the need for Chinese urea exports, and as a result global urea prices fell and disconnected from the Chinese domestic price. But as global import demand picked up through the third quarter, global urea prices were driven above the price level in China, in order to attract more Chinese exports.

Ammonia prices fob Black Sea averaged at USD 198 per tonne for the quarter, compared with USD 210 per tonne a year earlier. Due to capacity additions in USA, Russia and Saudi Arabia, the ammonia market is fundamentally oversupplied when production runs at high utilization rates. Ammonia prices are therefore close to production costs for many producers, resulting in strong upgrading margins to urea and other nitrogen products.

Phosphate prices were stable from a year earlier, at an average USD 340 per tonne fob US Gulf for DAP. Additional capacity in Morocco and Saudi Arabia has been more than offset by demand growth, resulting in increased exports from China, but at stable prices.

The average phosphate rock price fob Morocco was down 18% compared to a year earlier, with upgrading margins from rock to DAP stronger than a year ago.

Regional market developments

Third-quarter nitrogen fertilizer deliveries in Western Europe are up by an estimated 1% compared to a year earlier, and close to the longer term average, with imports down 4%. Buyers of nitrogen fertilizers in Europe have chosen to purchase a large share of their seasonal requirement early, for delivery after the third quarter.

In Brazil, third quarter fertilizer deliveries were 11.7 million tonnes, up 3% compared to last year. Year-to-date fertilizer deliveries were 24.8 million tonnes, 1% higher than a year earlier. Imports were up 10% year to date, domestic production decreased 5%. Third-quarter urea imports were 0.9 million tonnes, compared to 0.8 million tonnes last year. Year-to-date urea imports were 3.8 million tons, compared to 2.7 million tons a year earlier.

Third-quarter US nitrogen deliveries are estimated to be in line with a year earlier, a low level compared to historic averages. Increased domestic production offset lower net imports. Urea prices in the US Gulf remain depressed compared to global values, as urea supply to the region exceeds demand, not adjusting sufficiently to increased US nitrogen production.

Third quarter urea production in China is estimated to be modestly below same quarter last year. Higher coal prices have increased production costs, so although domestic urea prices have increased, production curtailments remain significant. The average domestic urea price for the third quarter was 30% higher than a year earlier (measured in local currency), reflecting an increase of USD 55/mt. The average export price for prilled urea was USD 42 per tonne higher, while granular urea export prices were USD 35 per tonne higher. China exported 0.6 million tonnes urea during July and August, down from 1.7 million tonnes from the same period last year. During the last 12 months (September-August), China exported 5.4 million tonnes of urea, down from 12.0 million tonnes the previous 12 months.

In India, urea sales so far in the agricultural year (April-August) exceeded last year by 3%, while urea production was down by 2%. During the same period, 2.8 million tonnes urea were imported, down from 3.2 million tonnes same period last year, resulting in lower inventories at end August than a year earlier.

Production volumes ¹⁾

Thousand tonnes	3Q 2017	3Q 2016	YTD 2017	YTD 2016
Ammonia	1,803	1,682	5,486	5,619
of which equity-accounted investees	245	212	690	684
Urea	1,328	1,171	3,900	3,842
of which equity-accounted investees	380	335	1,077	1,068
Nitrate	1,580	1,466	4,559	4,490
NPK	1,409	1,295	4,142	3,611
CN	379	357	1,127	1,042
UAN	228	202	711	690
SSP-based fertilizer	219	258	650	780
Total Finished Products¹⁾	5,143	4,750	15,089	14,455

1) Including Yara share of production in equity-accounted investees, excluding Yara-produced blends.

Fertilizer deliveries

Thousand tonnes	3Q 2017	3Q 2016	YTD 2017	YTD 2016
Fertilizer deliveries per product				
Urea	1,194	913	3,607	3,412
of which Yara-produced	506	360	1,543	1,544
of which equity-accounted investees	492	397	1,321	1,286
Nitrate	1,473	1,468	4,146	4,304
of which Yara-produced	1,385	1,389	3,929	4,021
NPK	3,018	3,169	7,732	7,613
of which Yara-produced compounds	1,426	1,386	3,995	3,672
of which Yara-produced blends	1,545	1,750	3,517	3,753
CN	284	279	940	905
of which Yara-produced	279	274	926	890
UAN	281	229	1,066	1,066
of which Yara-produced	242	204	849	881
SSP	549	371	1,071	782
of which Yara-produced	461	337	867	699
DAP/MAP	199	182	557	675
MOP/SOP	501	416	1,036	968
Other fertilizer products	214	221	667	673
Total fertilizer deliveries	7,713	7,248	20,822	20,397
Fertilizer deliveries per region				
Europe	2,123	2,100	6,916	7,125
Brazil	3,325	3,190	7,052	6,764
Latin America excluding Brazil	650	619	1,786	1,683
North America	655	427	2,372	2,305
Asia	557	591	1,671	1,559
Africa	404	322	1,025	960
Total fertilizer deliveries	7,713	7,248	20,822	20,397

For a description of the key global fertilizer products, see the Yara Fertilizer Industry Handbook: http://yara.com/investor_relations/reports_presentations

Industrial product deliveries

Thousand tonnes	3Q 2017	3Q 2016	YTD 2017	YTD 2016
Ammonia ¹⁾	161	156	536	486
Urea ¹⁾	543	517	1,629	1,472
of which Environmental products	198	193	630	553
Nitrate ²⁾	194	182	605	563
CN	111	103	306	268
Other industrial products ³⁾	282	276	838	1,110
Water content in Industrial Ammonia and Urea	454	409	1,368	1,219
Total Industrial product deliveries	1,745	1,642	5,283	5,117

1) Pure product equivalents.

2) Including AN Solution.

3) Including nitric acid, feed phosphates, CO₂, sulphuric acid and other minor products.

Variance analysis third quarter

NOK millions	3Q 2017
EBITDA 2017	2,386
EBITDA 2016	3,004
Reported EBITDA variance	(618)
Special items variance (see page 11 for details)	(379)
EBITDA ex special items variance	(239)
Volume	439
Price/Margin	36
Energy costs	(357)
Currency translation	(214)
Other	(144)
Total variance explained	(239)

Yara delivered weaker third-quarter results compared with a year earlier. EBITDA excluding special items was 8% lower compared with third quarter 2016 as higher energy costs and a weaker US dollar more than offset the impact of higher deliveries.

Driven by higher urea deliveries in North America and continued growth in Brazil, total fertilizer deliveries in the quarter were 6% higher than a year ago. Industrial deliveries were 6% higher than a year ago. Deliveries of reagent for NOx abatement were 8% higher than a year ago driven by growth in the automotive segment. Other Industrial nitrogen-based chemicals increased with 5% driven by higher sales of technical urea.

Yara's production system performed well during the quarter. Despite the Porsgrunn ammonia plant not producing most of the quarter due to the fire in April, total ammonia production was 7% higher than third quarter last year. The increase reflects reliability improvements in several plants. Finished fertilizer production increased 8% compared to last year driven by reliability improvements for urea and nitrate production and the expansion in the Uusikaupunki NPK plant.

Despite higher realized prices for all of Yara's main fertilizer product groups, margins in the quarter were lower than a year earlier. Nitrate prices increased 10%, compound NPK prices were 3% higher and urea prices increased 2% compared to third quarter last year. The impact of higher realized fertilizer prices was more than offset by 15% higher gas prices, 20% lower realized ammonia prices, and lower margins on Yara's blending activities in Brazil. Industrial premiums were also lower compared to a year earlier primarily reflecting contractual time lag effects.

The price/margin variance includes an insurance compensation of NOK 96 million relating to the fire in the Porsgrunn ammonia plant in April 2017, and write-down of approxi-

mately NOK 100 million related to product damage. Yara expects to receive approximately NOK 200 million insurance compensation related to this and the final settlement for the Porsgrunn fire (see note 10).

Regional developments

In Europe, Yara's total fertilizer deliveries were 1% higher than third quarter last year. A slight decline in nitrate deliveries was offset by higher urea and compound NPK deliveries. Yara's deliveries developed in line with total industry nitrogen deliveries.

Yara Brazil's fertilizer deliveries were 4% higher than a year earlier, compared to a total market growth of 3%. While deliveries of Yara-produced premium products increased around 15%, deliveries of blended NPKs were 13% lower than a year earlier. Margins and overall profitability are also lower than a year ago reflecting a tougher competitive landscape combined with weaker crop prices and unfavourable currency rate developments.

Deliveries in North-America increased almost 50% compared to third quarter last year reflecting weak second quarter 2017 deliveries and problems in the Belle Plaine production site in third quarter last year.

Other Items

The negative currency translation effect relates mainly to a weaker US dollar versus the Norwegian krone in third quarter 2017 compared to a year ago.

The negative "Other" variance is explained mainly by higher fixed costs. The underlying fixed costs increase is lower than inflation and reflects growth activities.

Improvement program

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives. The Yara Improvement program will deliver at least USD 500 million of annual EBITDA improvement (NOK 10 net income per share) compared to 2015 within 2020.

The roll-out of the program is going according to plan while realized benefits as of third quarter 2017 are USD 210 million, ahead of the previously communicated 2017 yearly estimate of USD 150 million.

Variance analysis year to date

NOK millions	YTD 2017
EBITDA 2017	8,594
EBITDA 2016	13,548
Reported EBITDA variance	(4,954)
Special items variance (see page 11 for details)	(1,915)
EBITDA ex special items variance	(3,039)
Volume	427
Price/Margin	(1,225)
Energy costs	(1,651)
Currency translation	32
Other	(623)
Total variance explained	(3,039)

Yara delivered weaker year-to-date results compared with a year earlier. EBITDA excluding special items was 25% lower compared to last year, reflecting higher energy costs and lower realized fertilizer prices.

Total fertilizer deliveries the first nine months of 2017 were 2% higher than the same period last year. Lower deliveries in Europe have been more than offset by growth in other regions, especially Brazil. Adjusted for the sale of the CO₂ business in 2016, total Industrial deliveries were 10% higher compared to the first nine months of last year. Reagent for NOx abatement sales were up 13% compared to 2016 driven by strong urea sales to automotive and power segments. Other Industrial nitrogen-based chemicals increased with 9% driven mainly by higher sales of technical urea and ammonia.

Ammonia production was 2% lower than the first nine months of 2016. Two thirds of the decline relates to higher turnaround activity. Reliability improvements in several plants during the first nine months were more than offset by production losses in the Porsgrunn ammonia plant due to the fire in April 2017. Year-to-date 2017 finished fertilizer production was 4% higher than the same period last year, mainly driven by reliability improvements and the expansion in the Uusikaupunki NPK plant

Margins during the first nine months of 2017 were lower than a year ago, impacted by both higher gas costs and lower realized prices on all key products. Yara's average realized fertilizer urea and compound NPK prices decreased 3% while realized nitrate prices were 1% lower compared to the same period last year.

Yara's average gas cost in Europe was 23% higher than the first nine months of 2016. Gas costs outside Europe were 22% higher mainly driven by a contractual gas price step-up in in Yara's Pilbara ammonia plant in Australia.

Industrial premiums for the first nine months were lower compared to a year earlier primarily reflecting contractual time lag effects.

Regional developments

In Europe, Yara's total fertilizer deliveries were 3% lower than the first nine months of 2016.

Yara Brazil's fertilizer deliveries during the first nine months of 2017 were 4% higher than a year earlier, mainly driven by growth in deliveries of premium products.

Other Items

Around 60% of the negative "Other" variance reflects higher fixed costs while around NOK 100 million is explained by the divestment of the CO₂ business. The underlying fixed costs increase is lower than inflation and reflects growth activities.

Financial items

NOK millions	3Q 2017	3Q 2016	YTD 2017	YTD 2016
Interest income	148	177	471	521
Dividends and net gain/(loss) on securities	1	-	14	25
Interest income and other financial income	150	177	486	546
Interest expense	(78)	(132)	(348)	(567)
Net interest expense on net pension liability	(16)	(15)	(50)	(47)
Net foreign currency translation gain/(loss)	139	(114)	568	356
Other	(14)	(33)	(71)	(102)
Interest expense and foreign currency translation gain/(loss)	31	(295)	99	(360)
Net financial income/(expense)	180	(119)	584	187

Third-quarter net financial income was NOK 180 million compared with an expense of NOK 119 million in the same quarter last year. The variance primarily reflects a net foreign currency translation gain of NOK 139 million this quarter, compared with a loss of NOK 114 million a year ago.

Interest income decreased with NOK 29 million compared with the same quarter last year as average cash deposits were reduced by around NOK 4.3 billion.

Third-quarter interest expense was NOK 54 million lower than a year ago despite an average gross debt level around NOK 2.3 billion higher. The effect of the increased debt level was more than offset by increased capitalized interest related to expansion projects and a reduced portion of funding in high interest currencies such as the Brazilian real.

The net foreign currency translation gain in the quarter was NOK 139 million. The US dollar depreciated up to 5 % against most of Yara's other main currencies generating a gain on the US dollar denominated debt positions, but the effect was partly offset by losses on internal currency positions in euro vs. Norwegian krone as the euro

depreciated almost 2 %. In the same quarter last year, the effect from such internal positions more than offset the effect of a US dollar depreciation and generated a foreign currency translation loss.

Yara's US dollar debt generating currency effects in the income statement was approximately USD 2 billion at the start of the fourth quarter 2017, with around 50% of the exposure towards emerging market currencies and 40% towards the euro.

Net financial income for the first nine months of the year was NOK 584 million compared with NOK 187 million in the same period last year. The variance is primarily explained by NOK 212 million higher foreign currency translation gain and NOK 219 million lower interest expense this year.

Tax

Third-quarter provisions for current and deferred taxes were NOK 164 million, approximately 19% of income before tax. The tax rate was lower than for previous quarters this year due to proportionately less earnings in high tax jurisdictions.

Net interest-bearing debt

NOK millions	3Q 2017	YTD 2017
Net interest-bearing debt at beginning of period	(16,831)	(12,802)
Cash earnings ¹⁾	2,142	6,516
Dividends received from equity-accounted investees	6	68
Net operating capital change	229	276
Investments (net)	(2,900)	(8,197)
Yara dividend	-	(2,732)
Foreign currency translation gain/(loss)	139	568
Other ²⁾	739	(172)
of which foreign currency translation adjustment	553	484
Net interest-bearing debt at end of period	(16,476)	(16,476)

¹⁾ Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.

²⁾ The currency effect included in «Other» is an adjustment from the currency gain/(loss) in the income statement to the currency impact on net interest bearing debt. The adjustment is mainly explained by applied hedge accounting for net investments in USD, the translation effect when consolidating net interest bearing debt to the presentation currency NOK and internal currency positions that are not related to net interest bearing debt.

As a supplement to the consolidated statement of cash flows (page 18), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt at the end of third quarter 2017 was NOK 16,476 million, compared with NOK 16,831 million at the end of the second quarter 2017. Cash earnings were more than consumed by investments.

The investment activity for the quarter reflects both growth investments and planned maintenance programs. The main growth investments during the quarter are the Rio Grande

plant modernization and the Salitre mining project, amounting to around NOK 700 million.

Working capital decreased during the quarter, reflecting a release of inventories that exceeded increase in receivables.

The debt/equity ratio at the end of third quarter 2017, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.22, unchanged compared with the end of second quarter 2017.

Outlook

Following four consecutive strong grain harvests globally, the US Department of Agriculture projects a two-day reduction in the global stocks-to-use ratio for the 2017/18 season, as production is forecast to fall short of consumption. The global farm margin outlook and incentives for fertilizer application remains supportive overall, and the price trend for cereals, meat and dairy products has been positive year to date.

Chinese urea prices continue to be a key reference point for global nitrogen pricing, and higher production cost in China has resulted in significant curtailments and reduced exports. Although urea capacity increases outside China are above historical trend consumption growth rates, the reduced availability and higher cost of Chinese urea is offsetting over-supply elsewhere. Lower exports of Chinese urea are also driving higher price volatility.

In Europe, third-quarter nitrogen industry deliveries were 1% higher than a year earlier. Yara saw strong order-taking during the quarter, triggered by the tighter situation globally for nitrogen. As a result Yara enters fourth quarter with a longer nitrate order book than normal. The time lag between market prices and realized prices on Yara's fourth-quarter deliveries is expected to be approximately 3 months.

Based on current forward markets for natural gas (10 October) Yara's spot-priced gas costs for fourth quarter 2017 and first quarter 2018 are expected to be respectively NOK 300 million and NOK 130 million higher than a year earlier. The estimates may change depending on future spot gas prices. In addition, natural gas costs in the Pilbara plant will be approximately NOK 100 million higher in fourth quarter 2017 due to a contractual step-up effective end 2016.

As communicated earlier, Yara has established a corporate program to drive and coordinate existing and new improvement initiatives. The Yara Improvement program will deliver at least USD 500 million of annual EBITDA improvement (NOK 10 net income per share) within 2020.

To meet growing demand for premium products in particular, Yara is expanding capacity in several plants at a significantly lower capital expenditure per capacity tonne compared with benchmark greenfield expansions. Most of these projects will be completed during 2017 and 2018. Applying average 2015 market prices, these projects are expected to generate approximately USD 600 million of annual EBITDA improvement (NOK 6 net income per share) by 2020 when fully operational.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 October 2017



Leif Teksum
Chairperson



Maria Moræus Hanssen
Vice chair



John Thuestad
Board member



Hilde Bakken
Board member



Geir O. Sundbø
Board member



Geir Isaksen
Board member



Rune Bratteberg
Board member



Kjersti Aass
Board member



Svein Tore Holsether
President and CEO

Definitions and variance analysis

Several of Yara's purchase and sales contracts for commodities are, or have embedded terms and conditions which under IFRS are, accounted for as derivatives. The derivative elements of these contracts are presented under "Commodity-based derivatives gain/(loss)" in the condensed consolidated interim statement of income, and are referenced in the variance analysis (see below) as "Special items".

In the segment information, "other and eliminations" consists mainly of cross-segment eliminations, in addition to Yara's headquarter costs. Profits on sales from Production to Crop Nutrition and Industrial are not recognized in the consolidated Yara condensed consolidated interim statement of income before the products are sold to external customers. These internal profits are eliminated in "Other and eliminations". Changes in "Other and eliminations" EBITDA therefore usually reflect changes in Production-sourced stock (volumes) held by Crop Nutrition and Industrial, but can also be affected by changes in Production margins on products sold to Crop Nutrition and Industrial, as transfer prices move in line with arms-length market prices. With all other variables held constant, higher stocks would result in a higher (negative) elimination effect in Yara's results, as would higher Production margins. Over time these effects tend to even out, to the extent that stock levels and margins normalize.

In the discussion of historical operating results, Yara refers to certain non-GAAP financial measures including operating income, EBITDA and CROGI. Yara's management makes regular use of these measures to evaluate the performance, both in absolute terms and comparatively from period to period. Yara manages long-term debt and taxes on a group basis. Therefore, net income is discussed only for the Group as a whole.

Operating income include all activities which normally are to be considered as "operating", Share of net income in equity-accounted investees is however not included.

EBITDA is presented because Yara believe that it is frequently used by securities analysts, investors and other interested parties as a measure of a company's operating performance and debt servicing ability. It assists in comparing performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending on accounting methods or non-operating factors, and provides a more complete and comprehensive analysis of our operating performance relative to other companies. EBITDA, as defined by Yara, includes operating income, interest income, other financial income and share of net income in equity-accounted

investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

EBITDA should not be considered as an alternative to operating income and income before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Yara management uses CROGI (Cash Return On Gross Investment) to measure financial performance of Yara's segments as well as the whole of the business. CROGI is defined as gross cash flow, divided by average gross investment and is calculated on a 12-month rolling basis. "Gross cash flow" is defined as EBITDA less total tax expense, excluding tax on net foreign currency translation gain/ loss. On Yara level, actual tax expense is used for the calculation while a standardized tax rate of 25% is used on segment level. "Gross Investment" is defined as total assets (exclusive of deferred tax assets, cash and cash equivalents, other liquid assets and fair value adjustment recognized in equity) plus accumulated depreciation and amortization, less all short-term interest-free liabilities, except deferred tax liabilities. On segment level, cash and other liquid assets are not excluded from "Gross Investment".

ROCE (Return on capital employed) is presented as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax (less tax on net foreign currency translation gain/loss) divided by average capital employed and is calculated on a 12-month rolling average basis. Capital employed is defined as total assets adjusted for cash and cash equivalents, other liquid assets, deferred tax assets, fair value adjustment recognized in equity minus other current liabilities.

In order to track underlying business developments from period to period, Yara's management also uses a variance analysis methodology, developed within the Company ("Variance Analysis"), that involves the extraction of financial information from the accounting system, as well as statistical and other data from internal management information systems. Management considers the estimates produced by the Variance Analysis, and the identification of trends based on such analysis, sufficiently precise to provide useful data to monitor our business. However, these estimates should be understood to be less than an exact quantification of the changes and trends indicated by such analysis.

The variance analysis presented in Yara quarterly and annual financial reports is prepared on a Yara EBITDA basis including net income from equity-accounted investees. The volume, margin and other variances presented therefore include effects generated by performance in equity-accounted investees.

Yara defines "special items" as items in the results which are not regarded as part of underlying business performance for the period. These comprise restructuring-related items, contract derivatives, impairments and other items which are not primarily related to the period in which they are recognized, subject to a minimum value of NOK 30 million per item within a 12month period. "Contract derivatives" are commodity-based derivatives gains or losses (see above) which are not the result of active exposure or position management by Yara.

Net interest bearing debt is defined by Yara as cash and cash equivalents and other liquid assets, reduced for bank loans, other short-term interest bearing debt and long-term interest bearing debt, including current portion.

The debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests.

Earnings per share excluding currency and special items represent net income after non-controlling interests, excluding foreign currency translation gain/loss and special items after tax, divided by average number of shares outstanding in the period.

Net operating capital is calculated as trade receivables net of impairments plus inventories net of write-downs less trade payables.

Reconciliations of alternative performance measures are provided on page 27, 28 and 29.

Special items

NOK millions	Notes	EBITDA effect				Operating income effect			
		3Q 2017	3Q 2016	YTD 2017	YTD 2016	3Q 2017	3Q 2016	YTD 2017	YTD 2016
Asset impairment write-down		-	-	-	-	-	-	(46)	-
Total Crop Nutrition		-	-	-	-	-	-	(46)	-
Gain of sale of CO ₂ business		-	-	-	1,333	-	-	-	1,333
Total Industrial		-	-	-	1,333	-	-	-	1,333
Environmental provisions		(73)	-	(73)	-	(73)	-	(73)	-
Provision for closing of Pardies site	9	(260)	-	(260)	-	(260)	-	(260)	-
Refund of energy intensive tax		-	-	102	-	-	-	102	-
Asset impairment write-down	6	-	-	-	-	(21)	(71)	(118)	(312)
Contract derivatives gain/(loss)		(10)	37	(112)	(24)	(10)	37	(112)	(24)
Gain on swap of mineral rights		-	-	-	44	-	-	-	44
Gain on sale of CO ₂ business		-	-	-	220	-	-	-	220
Total Production		(343)	37	(343)	239	(364)	(33)	(461)	(71)
Total Yara		(343)	37	(343)	1,572	(364)	(33)	(507)	1,262

Condensed consolidated interim statement of income

NOK millions, except share information	Notes	3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
Revenue		23,660	23,864	69,748	73,076	95,245
Other income	5	120	24	241	1,791	1,867
Commodity based derivatives gain/(loss)		(11)	37	(113)	(24)	58
Revenue and other income		23,769	23,924	69,875	74,843	97,170
Raw materials, energy costs and freight expenses		(18,254)	(18,023)	(52,601)	(52,956)	(69,606)
Payroll and related costs	9	(2,336)	(2,068)	(6,722)	(6,261)	(8,520)
Depreciation, amortization and impairment loss	5,6	(1,546)	(1,563)	(4,653)	(4,739)	(6,427)
Other operating expenses		(939)	(934)	(2,577)	(2,637)	(3,847)
Operating costs and expenses		(23,074)	(22,589)	(66,554)	(66,593)	(88,399)
Operating income		694	1,336	3,321	8,251	8,771
Share of net income in equity-accounted investees		(4)	(72)	132	10	(348)
Interest income and other financial income		150	177	486	546	725
Earnings before interest expense and tax (EBIT)		840	1,440	3,939	8,807	9,149
Foreign currency translation gain/(loss)		139	(114)	568	356	115
Interest expense and other financial items		(109)	(181)	(469)	(716)	(901)
Income before tax		870	1,145	4,038	8,447	8,363
Income tax expense		(164)	(325)	(985)	(1,789)	(2,041)
Net income		706	820	3,053	6,659	6,322
Net income attributable to						
Shareholders of the parent		709	821	3,101	6,693	6,360
Non-controlling interests		(3)	(1)	(49)	(35)	(37)
Net income		706	820	3,053	6,659	6,322
Earnings per share ¹⁾		2.60	3.00	11.35	24.46	23.25
Weighted average number of shares outstanding ²⁾	2	273,217,830	273,217,830	273,217,830	273,593,945	273,499,403

1) Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.

2) Weighted average number of shares outstanding was reduced in the first and second quarter 2016 due to the share buy-back program.

Condensed consolidated interim statement of comprehensive income

NOK millions	3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
Net income	706	820	3,053	6,659	6,322
Other comprehensive income that may be reclassified to statement of income					
Exchange differences on translation of foreign operations	(2,228)	(3,209)	(2,849)	(4,927)	(1,320)
Available-for-sale financial assets - change in fair value	(2)	-	(6)	-	(19)
Hedge of net investments	305	200	440	438	108
Share of other comprehensive income of equity-accounted investees, excluding remeasurements	2	8	20	23	45
Net other comprehensive income that may be reclassified to statement of income in subsequent periods	(1,923)	(3,002)	(2,395)	(4,467)	(1,186)
Other comprehensive income that will not be reclassified to statement of income in subsequent periods					
Remeasurements of the net defined benefit pension liability	-	(141)	-	(1,233)	(760)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods	-	(141)	-	(1,233)	(760)
Reclassification adjustments of the period					
- cash flow hedges	1	1	3	3	4
- exchange differences on foreign operations disposed of in the year	-	-	(1)	(22)	(22)
Net reclassification adjustments of the period	1	1	3	(19)	(18)
Total other comprehensive income, net of tax	(1,922)	(3,141)	(2,392)	(5,719)	(1,964)
Total comprehensive income	(1,216)	(2,322)	660	939	4,358
Total comprehensive income attributable to					
Shareholders of the parent	(1,156)	(2,221)	844	902	4,194
Non-controlling interests	(59)	(100)	(183)	37	165
Total	(1,216)	(2,322)	660	939	4,358

Condensed consolidated interim statement of changes in equity

NOK millions	Share Capital ¹⁾	Premium paid-in capital	Translation of foreign operations	Available for sale financial assets	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2015	466	117	15,996	34	(76)	(1,600)	14,353	58,954	73,890	1,837	75,727
Net income	-	-	-	-	-	-	-	6,693	6,693	(35)	6,659
Other comprehensive income, net of tax	-	-	(5,021)	-	3	438	(4,580)	(1,234)	(5,813)	72	(5,742)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	23	-	23	-	23	-	23
Total other comprehensive income, net of tax	-	-	(5,021)	-	26	438	(4,557)	(1,234)	(5,791)	72	(5,719)
Long term incentive plan	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Transactions with non-controlling interests	-	-	-	-	-	-	-	3	3	(5)	(2)
Treasury shares	-	-	-	-	-	-	-	(93)	(93)	-	(93)
Redeemed shares, Norwegian State ²⁾	(1)	-	-	-	-	-	-	(251)	(252)	-	(252)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	327	327
Dividends distributed	-	-	-	-	-	-	-	(4,108)	(4,108)	(4)	(4,112)
Balance at 30 September 2016	464	117	10,975	33	(50)	(1,162)	9,796	59,956	70,334	2,192	72,526
Net income	-	-	-	-	-	-	-	(333)	(333)	(3)	(336)
Other comprehensive income, net of tax	-	-	3,477	(19)	1	(330)	3,129	473	3,603	130	3,733
Share of other comprehensive income of equity-accounted investees	-	-	1	-	21	-	22	-	22	-	22
Total other comprehensive income, net of tax	-	-	3,478	(19)	22	(330)	3,151	474	3,625	130	3,755
Long term incentive plan	-	-	-	-	-	-	-	5	5	-	5
Transactions with non-controlling interests	-	-	-	-	-	-	-	(3)	(3)	(5)	(8)
Step-up of tax base in Australia	-	-	-	-	-	-	-	814	814	-	814
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	13	13
Dividends distributed	-	-	-	-	-	-	-	2	2	(1)	1
Balance at 31 December 2016	464	117	14,452	14	(28)	(1,492)	12,947	60,916	74,444	2,326	76,770
Net income	-	-	-	-	-	-	-	3,101	3,101	(49)	3,053
Other comprehensive income, net of tax	-	-	(2,715)	(6)	3	440	(2,277)	-	(2,277)	(135)	(2,412)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	20	-	20	-	20	-	20
Total other comprehensive income, net of tax	-	-	(2,715)	(6)	23	440	(2,258)	-	(2,258)	(135)	(2,392)
Long term incentive plan	-	-	-	-	-	-	-	(6)	(6)	-	(6)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(5)	(5)	(19)	(24)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	78	78
Dividends distributed	-	-	-	-	-	-	-	(2,732)	(2,732)	(4)	(2,736)
Balance at 30 September 2017	464	117	11,737	9	(5)	(1,052)	10,689	61,273	72,544	2,197	74,741

1) Par value 1.70.

2) As approved by General Meeting 10 May 2016.

Condensed consolidated interim statement of financial position

NOK millions	Notes	30 Sep 2017	30 Sep 2016	31 Dec 2016
Assets				
Non-current assets				
Deferred tax assets		2,907	2,789	2,585
Intangible assets	5,6	8,933	8,859	9,183
Property, plant and equipment	5,6	61,912	54,574	59,739
Equity-accounted investees		8,601	8,932	9,190
Other non-current assets		3,270	2,949	3,242
Total non-current assets		85,624	78,102	83,938
Current assets				
Inventories	7	17,390	16,711	17,580
Trade receivables		11,042	10,233	10,332
Prepaid expenses and other current assets		4,689	4,251	4,813
Cash and cash equivalents		2,025	5,083	3,751
Non-current assets and disposal group classified as held-for-sale		84	173	92
Total current assets		35,229	36,452	36,567
Total assets		120,853	114,553	120,505

Condensed consolidated interim statement of financial position

NOK millions, except share information	Notes	30 Sep 2017	30 Sep 2016	31 Dec 2016
Equity and liabilities				
Equity				
Share capital reduced for treasury stock		464	464	464
Premium paid-in capital		117	117	117
Total paid-in capital		582	582	582
Other reserves		10,689	9,796	12,947
Retained earnings		61,273	59,956	60,916
Total equity attributable to shareholders of the parent		72,544	70,334	74,444
Non-controlling interests		2,197	2,192	2,326
Total equity	2	74,741	72,526	76,770
Non-current liabilities				
Employee benefits		3,850	4,646	4,071
Deferred tax liabilities		4,739	4,742	4,396
Other long-term liabilities		1,156	1,179	1,404
Long-term provisions		839	748	834
Long-term interest-bearing debt	8	14,038	13,133	13,992
Total non-current liabilities		24,621	24,449	24,698
Current liabilities				
Trade and other payables		15,427	13,513	14,762
Current tax liabilities		345	630	530
Short-term provisions		613	255	323
Other short-term liabilities		640	839	859
Bank loans and other interest-bearing short-term debt		4,125	2,147	2,323
Current portion of long-term debt		340	194	240
Total current liabilities		21,491	17,578	19,037
Total equity and liabilities		120,853	114,553	120,505
Number of shares outstanding ¹⁾	2	273,217,830	273,217,830	273,217,830

1) The number of shares outstanding was reduced in the first and second quarter 2016 due to the share buy-back program.

Condensed consolidated interim statement of cash flows

NOK millions	Notes	3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
Operating activities						
Operating income		694	1,336	3,321	8,251	8,771
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation, amortization and impairment loss		1,546	1,563	4,653	4,739	6,427
Write-down and reversals, net		119	25	122	115	156
Tax paid		(112)	(314)	(1,258)	(2,461)	(2,736)
Dividend from equity-accounted investees		6	11	68	353	358
Change in net operating capital ¹⁾		111	(51)	154	3,692	3,789
(Gain)/loss on disposal		14	27	11	(1,639)	(1,559)
Other		176	(651)	(905)	(1,209)	(1,121)
Net cash provided by operating activities		2,553	1,947	6,166	11,842	14,084
Investing activities						
Purchases of property, plant and equipment		(2,856)	(3,157)	(8,031)	(9,228)	(12,873)
Cash outflow on business combinations		-	-	(70)	(356)	(480)
Purchases of other long-term investments		(81)	(29)	(261)	17	(286)
Proceeds from sales of property, plant and equipment		23	40	83	51	62
Proceeds from sales of other long-term investments		14	1	83	2,857	2,973
Net cash used in investing activities		(2,900)	(3,146)	(8,197)	(6,660)	(10,604)
Financing activities						
Loan proceeds/(repayments), net	8	122	(1,279)	3,074	786	1,138
Purchase of treasury shares		-	-	-	(93)	(93)
Redeemed shares Norwegian State		-	-	-	(252)	(252)
Dividend	2	-	(210)	(2,732)	(4,108)	(4,108)
Other cash transfers (to)/from non-controlling interests		-	212	50	323	327
Net cash from/(used in) financing activities		122	(1,277)	391	(3,345)	(2,989)
Foreign currency effects on cash and cash equivalents		(49)	(81)	(86)	26	39
Net increase/(decrease) in cash and cash equivalents		(274)	(2,557)	(1,726)	1,863	531
Cash and cash equivalents at beginning of period		2,299	7,640	3,751	3,220	3,220
Cash and cash equivalents at end of period		2,025	5,083	2,025	5,083	3,751
Bank deposits not available for the use of other group companies				224	354	256

1) Operating capital consists of trade receivables, inventories and trade payables.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 October 2017



Leif Teksum
Chairperson



Maria Moræus Hanssen
Vice chair



John Thuestad
Board member



Hilde Bakken
Board member



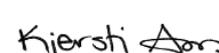
Geir O. Sundbø
Board member



Geir Isaksen
Board member



Rune Bratteberg
Board member



Kjersti Aass
Board member



Svein Tore Holsether
President and CEO

Notes to the condensed consolidated interim financial statements

Yara (the Group) consists of Yara International ASA (the Company) and its subsidiaries. Yara International ASA is a limited company incorporated in Norway.

The condensed consolidated interim financial statements consist of the Group and the Group's interests in equity-accounted investees. The consolidated financial statements of the Group as at and for the year ended 31 December 2016 are available upon request from the Company's registered office at Drammensveien 131, Oslo, Norway or at www.yara.com. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated

financial statements of the Group as at and for the year ended 31 December 2016. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are mainly the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016. From 1 January 2017, the Group changed the cost formula of interchangeable inventories from the first-in, first-out (FIFO) cost formula to weighted average. The effect of changing the accounting policy is regarded immaterial for the Group and a restatement of previously reported figures is assessed not to be necessary.

As a result of rounding differences numbers or percentages may not add up to the total.

Note 1 Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. When preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were mainly the same as those that applied to the consolidated financial statements as of the period ended 31 December 2016.

Note 2 Shares, dividend and share buy-back program

The Annual General Meeting in May 2017 approved a dividend for 2016 of NOK 2,732 million (NOK 10 per share), which has been paid out during second quarter 2017.

On 10 May 2016, the Annual General Meeting authorized the Board of Directors to acquire up to 13,660,891 shares (5%) in the open market and from the Norwegian State. The purchase price should not be less than NOK 10 nor more than NOK 1,000. The shares acquired pursuant to this authorization were to be subsequently cancelled. Yara renewed its agreement with the Norwegian State according to which the State's shares were to be redeemed on a pro-rata basis to ensure the State's ownership was unchanged in the event of a cancellation of shares bought back. Yara did not purchase own shares under the 2016 buy-back program.

In May 2017, the Annual General Meeting approved that the existing buy-back program is replaced by a new program, authorizing the Board to acquire up to 5% (13,660,891 shares) of Yara's shares before the next Annual General Meeting. Shares may be purchased within a price range of NOK 10 to NOK 1,000. The shares acquired pursuant to this authorization shall be subsequently cancelled. Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of the shares bought back.

Yara has not purchased own shares under the 2017 buy-back program.

	Ordinary shares	Own shares
Total at 31 December 2015	275,083,369	(910,000)
Treasury shares - share buy-back program ¹⁾	-	(280,000)
Redeemed shares Norwegian State ²⁾	(675,539)	-
Shares cancelled ²⁾	(1,190,000)	1,190,000
Total at 30 September 2016	273,217,830	-
Total at 31 December 2016	273,217,830	-
Total at 30 September 2017	273,217,830	-

1) As approved by General Meeting 11 May 2015.

2) As approved by General Meeting 10 May 2016.

Note 3 Operating segment information

NOK millions	3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
External revenue and other income					
Crop Nutrition	18,609	18,444	53,420	55,563	72,677
Industrial	3,489	3,468	11,214	12,483	16,074
Production	1,667	1,983	5,249	6,824	8,472
Other and eliminations	3	29	(8)	(26)	(52)
Total	23,769	23,924	69,875	74,843	97,170
Internal revenue and other income					
Crop Nutrition	362	412	1,140	1,053	1,531
Industrial	23	36	76	107	108
Production	7,598	7,351	25,360	25,392	33,316
Other and eliminations	(7,983)	(7,799)	(26,576)	(26,551)	(34,954)
Total	-	-	-	-	-
Revenue and other income					
Crop Nutrition	18,971	18,856	54,559	56,616	74,207
Industrial	3,512	3,505	11,291	12,589	16,181
Production	9,265	9,334	30,609	32,215	41,788
Other and eliminations	(7,979)	(7,770)	(26,585)	(26,577)	(35,006)
Total	23,769	23,924	69,875	74,843	97,170
Operating income					
Crop Nutrition	806	1,191	2,102	3,667	4,118
Industrial	378	370	1,050	2,400	2,742
Production	(638)	(385)	233	1,747	1,597
Other and eliminations	149	159	(63)	436	314
Total	694	1,336	3,321	8,251	8,771
EBITDA					
Crop Nutrition	1,153	1,502	3,208	4,610	5,470
Industrial	411	403	1,160	2,518	2,916
Production	637	894	4,167	5,858	6,681
Other and eliminations	185	205	59	561	496
Total	2,386	3,004	8,594	13,548	15,563
Investments ¹⁾					
Crop Nutrition	490	347	1,280	994	1,462
Industrial	65	35	199	129	205
Production	2,162	3,146	6,634	8,021	12,017
Other and eliminations	40	21	171	96	173
Total	2,757	3,549	8,285	9,241	13,856
Total Assets ²⁾					
Crop Nutrition			33,390	35,122	33,582
Industrial			4,882	4,506	4,760
Production			80,708	76,835	80,125
Other and eliminations			1,874	(1,910)	2,038
Total			120,853	114,553	120,505

1) Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. The figures presented are capitalized amounts, and may deviate from cash flow from investing activities due to timing of cash outflows.

2) Assets exclude internal cash accounts and accounts receivables related to group relief.

NOK millions, except percentages	YTD 2017	YTD 2016	2016
CROGI (12-month rolling average)			
Yara ¹⁾	6.5%	10.7%	9.5%
Crop Nutrition	12.1%	16.5%	15.7%
Industrial ²⁾	30.3%	47.6%	55.0%
Production ²⁾	4.3%	7.0%	5.6%
ROCE (12-month rolling average)			
Yara ¹⁾	3.2%	8.1%	7.5%
Crop Nutrition	9.9%	15.6%	14.7%
Industrial ²⁾	32.9%	55.2%	61.9%
Production ²⁾	(0.2%)	1.9%	1.3%

1) Cash and other liquid assets are included in gross investments and capital employed when calculating CROGI and ROCE respectively for the segments, but not included for total Yara. In addition, actual Yara tax is used for calculating CROGI and ROCE for Yara while a standardized tax rate of 25% is used for the segments. These two effects explain the variance in CROGI and ROCE between Yara and the segments. See page 11 "Definitions and variance analysis" for more information.

2) YTD 2016 and 2016 include gain on sale of the European CO₂ business.

Reconciliation of operating income to EBITDA

NOK millions	Operating income	Equity-accounted investees	Interest income and other financial income	EBIT	Depreciation, amortization and impairment loss ¹⁾	EBITDA
3Q 2017						
Crop Nutrition	806	(2)	120	924	229	1,153
Industrial	378	7	2	388	23	411
Production	(638)	(10)	26	(622)	1,259	637
Other and eliminations	149	-	1	150	35	185
Total	694	(4)	150	840	1,546	2,386
3Q 2016						
Crop Nutrition	1,191	(4)	115	1,302	200	1,502
Industrial	370	7	3	379	23	403
Production	(385)	(75)	44	(416)	1,309	894
Other and eliminations	159	-	15	175	31	205
Total	1,336	(72)	177	1,440	1,563	3,004
YTD 2017						
Crop Nutrition	2,102	26	354	2,482	726	3,208
Industrial	1,050	29	9	1,087	73	1,160
Production	233	77	101	410	3,756	4,167
Other and eliminations	(63)	-	22	(41)	101	59
Total	3,321	132	486	3,939	4,655	8,594
YTD 2016						
Crop Nutrition	3,667	23	381	4,071	539	4,610
Industrial	2,400	37	5	2,443	76	2,518
Production	1,747	(51)	123	1,820	4,038	5,858
Other and eliminations	436	-	37	473	88	561
Total	8,251	10	546	8,807	4,741	13,548
2016						
Crop Nutrition	4,118	30	501	4,649	821	5,470
Industrial	2,742	63	11	2,816	100	2,916
Production	1,597	(441)	150	1,306	5,376	6,681
Other and eliminations	314	-	64	377	118	496
Total	8,771	(348)	725	9,149	6,414	15,563

1) Including amortization of excess value in equity-accounted investees.

Note 4 Business initiatives

On 10 August 2016, Yara entered into an agreement to acquire the Tata Chemicals Ltd's ("TCL") Babrala urea plant and distribution business in Uttar Pradesh, India, for INR 26,696 million (USD 407 million based on September 2017 closing rate) on a debt and cash free basis, including normalized net working capital. In addition Yara expects to incur transfer fees and stamp duties of approximately USD 30 million. The plant has an annual production of 0.7 million

tons ammonia and 1.2 million tons urea, and reported revenues and EBITDA of INR 19,830 million and INR 2,750 million respectively in the fiscal year ended 31 March 2017. The plant was commissioned in 1994, and is the most energy efficient plant in India, with energy efficiency on par with Yara's best plants. The agreement awaits final approval from the NCLT (National Company Law Tribunal).

Note 5 Specifications to the condensed consolidated interim statement of income

Other income

NOK millions	3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
Divestment of the European CO ₂ business	-	(1)	-	1,552	1,552
Carbon tax refund	-	-	57	-	-
Sale of white certificates	12	-	23	80	107
Gain on swap of mineral rights	-	-	-	44	44
Insurance compensations	96	1	96	64	64
Other	12	24	64	52	100
Total	120	24	241	1,791	1,867

Depreciation, amortization and impairment loss

NOK millions	3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
Depreciation of property, plant and equipment	(1,417)	(1,275)	(4,179)	(3,771)	(5,109)
Impairment loss property, plant and equipment ¹⁾	(30)	(87)	(147)	(334)	(404)
Reversal of impairment loss property, plant and equipment	3	4	10	15	26
Total depreciation and impairment loss property, plant and equipment	(1,443)	(1,358)	(4,316)	(4,090)	(5,486)
Amortization of intangible assets	(94)	(205)	(281)	(649)	(771)
Impairment loss intangible assets ¹⁾	(8)	(1)	(56)	-	(169)
Total amortization and impairment loss intangible assets	(102)	(206)	(338)	(649)	(940)
Total depreciation, amortization and impairment loss	(1,546)	(1,563)	(4,653)	(4,739)	(6,427)

¹⁾ See Note 6 for more information.

Note 6 Recognized impairment write-down

In the third quarter 2017, Yara recognized impairment write-down of NOK 38 million. On a year-to-date basis, the total impairment loss is NOK 203 million of which NOK 147 million relates to property, plant and equipment and NOK 56 million relates to intangible assets. The largest single impairment of property, plant and equipment is related to the Montoir plant (France) in the Production segment with NOK 114 million. The loss was triggered by a further reduction to sales prices. The Montoir plant is one of Yara's

smallest fertilizer plants, with an annual production capacity of approximately 300,000 tonnes nitrate and 300,000 tonnes NPK. In addition to small scale, the plant has limited export opportunities and is exposed to lower profitability in its home market. The impairment of intangible assets is mainly related to a unit within Yara's Crop Nutrition segment and reflects lower than expected return in the local market.

Note 7 Inventories

NOK millions	30 Sep 2017	30 Sep 2016	31 Dec 2016
Finished goods	9,006	9,026	9,377
Work in progress	534	438	536
Raw materials	7,849	7,248	7,667
Total	17,390	16,711	17,580
Write-down			
Balance at 1 January	(139)	(152)	(152)
Reversal/(write-down), net	(71)	(23)	(2)
Foreign currency translation gain/(loss)	(1)	14	14
Closing balance	(212)	(161)	(139)

Note 8 Long-term debt

Contractual payments on long-term debt

NOK millions	Debentures	Bank Loans	Capital lease and other LT loans	Total
2018	-	157	17	174
2019	6,166	230	49	6,445
2020	-	197	52	249
2021	718	151	53	922
2022	-	1,301	78	1,379
Thereafter	4,573	119	176	4,868
Total	11,457	2,156	424	14,038

There have been no significant changes in Yara's long-term interest-bearing debt profile during the third quarter.

Reconciliation of liabilities arising from financing activities

NOK millions	31 Dec 2016	Cash flows	Non-cash changes				30 Sep 2017
			Foreign exchange movement	Fair value changes	Amortization ¹⁾	Reclassification ²⁾	
Long-term interest-bearing debt	13,992	948	(832)	36	(5)	(101)	14,038
Bank loans and other interest-bearing short-term debt	2,323	2,126	(323)	-	-	-	4,125
Current portion of long-term debt	240	-	-	-	-	101	340
Total liabilities from financing activities	16,555	3,074	(1,156)	36	(5)	-	18,503

1) Amortization of transaction cost.

2) Reclassification between long-term and short-term debt.

Note 9 Provisions

During third quarter 2017, Yara recognized a provision of NOK 260 million following its decision to stop the industrial production at the Pardies site in October 2018. The provision includes termination benefits and other directly related closure costs. Negotiations with employee unions are still ongoing and are expected to be finalized during November 2017. The provision is therefore subject to some uncertainty. The plant has 86 employees and an annual production

capacity of approximately 100,000 tonnes of technical ammonium nitrate. The Pardies operations suffer from limited scale, raw material integration and export competitiveness. The closure in 2010 of a nearby industrial operation deprived the Yara Pardies plant of many synergies that existed between the two plants, forcing Yara to close the ammonia production unit at the site. The plant has been fully impaired in previous periods.

Note 10 Contingencies

Legal contingencies

Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. While acknowledging the uncertainties of litigation, Yara is of the opinion that based on the information currently available, these matters will be solved without material adverse effect. Further information related to two ongoing environmental cases in Brazil, where Yara is a part due to the acquisition of Adubos Trevo from the Trevisa Group in the year 2000, is provided below since it is not possible to provide a reliable estimate of the maximum potential exposure:

- Yara has together with three companies related to the Trevisa Group been sued by an association representing approximately 1,300 potential victims in two separate lawsuits. The lawsuits are related to mine and lead industry activities performed by the company Plumbum Comércio e Representações de Produtos Mineirais e Industriais (Plumbum) in the cities Santo Amaro da Purificação and Boquira in Bahia state in Brazil. Plumbum is part of the Trevisa Group. Adubos Trevo has not been involved in any of the activities included in the lawsuits. The lawsuits include claims for various personal losses, damage to properties, institution of relief funds, environmental restoration and clean-up activities. The lawsuits were filed in 2012 but are still in the initial phase. Yara denies liability for any potential damage caused by the activities of Plumbum and has not made any provision for the claims.
- Yara is together with 22 other companies, defendants in a lawsuit filed by São Paulo Public Attorney in 1985 with a claim for compensation for environmental damage related to former activities by the defendants in the Cubatão in-

dustrial district. The defendants deny the claim on the basis that necessary actions have already been taken to recover potential damages from former activities. In September 2017, the court of first instance ruled against the defendants determining that the defendants were jointly liable to repair the damage. The nature of and amount of potential damages have not been determined and will be calculated by an expert. Yara has made a provision related to this case of NOK 12 million. Yara and the other defendants will appeal the decision.

Tax contingencies

Several subsidiaries are engaged in juridical and administrative proceedings related to various disputed tax matters where the probability of cash outflow is not considered probable. The majority of these contingencies are related to taxes in Brazil, with an estimated maximum exposure of approximately NOK 1,350 million. Of these contingencies, approximately NOK 500 million is covered by indemnification from acquisition. Tax contingencies other than Brazil have an estimated maximum exposure of approximately NOK 550 million.

Contingent Assets

During third quarter, Yara recognized an insurance compensation of NOK 96 million related to the Porsgrunn fire in April 2017. Yara expects to receive additional NOK 200 million related to this and other past incidents with incurred losses. A majority of the amount is expected to be recognized as other income when the claims become virtually certain. The actual compensation may deviate from this estimate.

Quarterly historical information

EBITDA

NOK millions	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Crop Nutrition	1,153	1,005	1,050	860	1,502	1,330	1,778
Industrial	411	373	376	398	403	1,693	423
Production	637	1,531	1,999	823	894	2,120	2,845
Other and eliminations	185	83	(209)	(65)	205	346	10
Total	2,386	2,992	3,216	2,015	3,004	5,489	5,055

Results

NOK millions, except per share information	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Revenue and other income	23,769	23,471	22,635	22,327	23,924	25,866	25,053
Operating income	694	1,103	1,524	521	1,336	3,512	3,403
EBITDA	2,386	2,992	3,216	2,015	3,004	5,489	5,055
Net income after non-controlling interests	709	699	1,692	(333)	821	3,072	2,800
Earnings per share (NOK)	2.60	2.56	6.19	(1.22)	3.00	11.23	10.22

USD ¹⁾ millions, except per share information	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Revenue and other income	3,021	2,759	2,683	2,668	2,894	3,134	2,901
Operating income	88	130	181	63	161	425	394
EBITDA	303	352	381	242	363	664	585
Net income after non-controlling interests	90	82	201	(40)	99	371	325
Earnings per share (USD)	0.33	0.30	0.73	(0.15)	0.36	1.36	1.19

¹⁾ USD numbers are calculated monthly based on average NOK/USD per month.

Reconciliation of alternative performance measures

Please see page 10 and 11 for definitions of alternative performance measures.

Reconciliation of operating income to EBITDA and gross cash flow

NOK millions	3-month rolling		12-month rolling			
	3Q 2017	3Q 2016	Sep 2016 - Sep 2017	Sep 2015 - Sep 2016	2016	
Operating income	694	1,336	3,842	8,935	8,771	
Share of net income in equity-accounted investees	(4)	(72)	(226)	22	(348)	
Interest income and other financial income	150	177	664	749	725	
Earnings before interest expense and tax (EBIT)	840	1,440	4,281	9,706	9,149	
Depreciation, amortization and impairment loss	1,546	1,563	6,341	7,351	6,427	
Amortization of excess value in equity-accounted investees ¹⁾	1	1	(12)	(5)	(12)	
Earnings before interest, tax and depreciation/amortization (EBITDA)	2,386	3,004	10,609	17,052	15,563	
Income tax after tax on net foreign currency translation gain/(loss)	(109)	(338)	(1,174)	(2,137)	(2,080)	
Gross cash flow	A	2,276	2,666	9,435	14,915	13,483

1) Included in share of net income in equity-accounted investees.

Reconciliation of net income after non-controlling interests to gross cash flow

NOK millions	3-month rolling		12-month rolling			
	3Q 2017	3Q 2016	Sep 2016 - Sep 2017	Sep 2015 - Sep 2016	2016	
Net income attributable to shareholders of the parent	709	821	2,768	7,128	6,360	
Non-controlling interests	(3)	(1)	(52)	11	(37)	
Interest expense and foreign currency translation	(31)	295	328	277	786	
Depreciation, amortization and impairment loss	1,546	1,563	6,341	7,351	6,427	
Amortization of excess value in equity-accounted investees	1	1	(12)	(5)	(12)	
Tax effect on foreign currency translation	54	(13)	63	154	(40)	
Gross Cash Flow	A	2,276	2,666	9,435	14,915	13,483
Annualized gross cash flow	B=Ax4	9,105	10,663			
12-month rolling	B			9,435	14,915	13,483

Reconciliation of total assets to gross investments

NOK millions	3-month average		12-month average			
	3Q 2017	3Q 2016	Sep 2016 - Sep 2017	Sep 2015 - Sep 2016	2016	
Total assets	120,732	119,895	120,422	118,563	118,556	
Cash and cash equivalents	(2,225)	(6,846)	(3,130)	(5,159)	(4,814)	
Other liquid assets	(2)	(2)	(2)	(77)	(2)	
Deferred tax assets	(2,903)	(2,891)	(2,843)	(2,888)	(2,866)	
Other current liabilities	(17,054)	(16,978)	(16,688)	(17,249)	(16,771)	
Accumulated depreciation and amortization	49,951	48,163	48,530	46,689	47,156	
Gross investment 3-month average	C	148,499	141,341			
Gross investment 12-month average	C			146,289	139,880	141,258
Cash Return on Gross Investment, CROGI	D=B/C	6.1 %	7.5 %	6.5 %	10.7 %	9.5 %

NOK millions		3-month rolling		12-month rolling		
		3Q 2017	3Q 2016	Sep 2016 - Sep 2017	Sep 2015 - Sep 2016	2016
Earnings before interest expense and tax (EBIT)		840	1,440	4,281	9,706	9,149
Income tax after tax on net foreign currency translation gain/(loss)		(109)	(338)	(1,174)	(2,137)	(2,080)
EBIT after tax	E	730	1,102	3,107	7,569	7,069
Annualized quarter EBIT after tax	F=Ex4	2,921	4,408			
12-month rolling EBIT after tax	F			3,107	7,569	7,069

Reconciliation of total assets to capital employed

NOK millions		3-month average		12-month average		
		3Q 2017	3Q 2016	Sep 2016 - Sep 2017	Sep 2015 - Sep 2016	2016
Total assets		120,732	119,895	120,422	118,563	118,556
Cash and cash equivalents		(2,225)	(6,846)	(3,130)	(5,159)	(4,814)
Other liquid assets		(2)	(2)	(2)	(77)	(2)
Deferred tax assets		(2,903)	(2,891)	(2,843)	(2,888)	(2,866)
Other current liabilities		(17,054)	(16,978)	(16,688)	(17,249)	(16,771)
Capital employed 3-month average	G	98,548	93,178			
Capital employed 12-month average	G			97,758	93,190	94,103
Return On Capital Employed, ROCE	H=F/G	3.0 %	4.7 %	3.2 %	8.1 %	7.5 %

Reconciliation of EBITDA to income before tax and non-controlling interests

NOK millions		3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
EBITDA		2,386	3,004	8,594	13,548	15,563
Depreciation, amortization and impairment loss		(1,546)	(1,563)	(4,653)	(4,739)	(6,427)
Amortization of excess value in equity-accounted investees		(1)	(1)	(2)	(2)	12
Interest expense and other financial items		(109)	(181)	(469)	(716)	(901)
Foreign currency translation gain/(loss)		139	(114)	568	356	115
Income before tax and non-controlling interests	I	870	1,145	4,038	8,447	8,363

Reconciliation of operating income to EBITDA excluding special items

NOK millions		3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
Operating income		694	1,336	3,321	8,251	8,771
Share of net income in equity-accounted investees		(4)	(72)	132	10	(348)
Interest income		148	177	471	521	690
Dividends and net gain/(loss) on securities		1	-	14	25	36
EBIT		840	1,440	3,939	8,807	9,149
Depreciation, amortization and impairment loss ¹⁾		1,546	1,564	4,655	4,741	6,414
EBITDA		2,386	3,004	8,594	13,548	15,563
Special items included in EBITDA ²⁾		343	(37)	343	(1,572)	(1,114)
EBITDA excluding special items		2,728	2,968	8,936	11,975	14,449

1) Including amortization of excess value in equity-accounted investees

2) See page 11 for details on special items.

Net operating capital

NOK millions		30 Sep 2017	30 Sep 2016	31 Dec 2016
Net trade receivables		11,042	10,233	10,332
Inventories		17,390	16,711	17,580
Trade payables		(12,965)	(11,080)	(12,206)
Net operating capital		15,466	15,865	15,705

Net interest-bearing debt

NOK millions		30 Sep 2017	30 Sep 2016	31 Dec 2016
Cash and cash equivalents		2,025	5,083	3,751
Other liquid assets ¹⁾		2	2	2
Bank loans and other short-term interest-bearing debt		(4,125)	(2,147)	(2,323)
Current portion of long-term debt		(340)	(194)	(240)
Long-term interest-bearing debt		(14,038)	(13,133)	(13,992)
Net interest-bearing debt	J	(16,476)	(10,390)	(12,802)

1) Other liquid assets is included in "Prepaid expenses and other current assets" in statement of financial position

Debt/equity ratio

NOK millions		30 Sep 2017	30 Sep 2016	31 Dec 2016
Net interest-bearing debt	K	(16,476)	(10,390)	(12,802)
Total equity	L	(74,741)	(72,526)	(76,770)
Debt/equity ratio	M=K/L	0.22	0.14	0.17

Earnings per share

NOK millions, except earnings per share and number of shares		3Q 2017	3Q 2016	YTD 2017	YTD 2016	2016
Weighted average number of shares outstanding	N	273,217,830	273,217,830	273,217,830	273,593,945	273,499,403
Net income	O	709	821	3,101	6,693	6,360
Net foreign currency translation gain/(loss)	P	139	(114)	568	356	115
Tax effect on foreign currency translation gain/(loss)	Q	(54)	13	(152)	(50)	40
Non-controlling interest share of currency (gain)/loss, net after tax	R	(5)	(9)	(26)	(25)	(36)
Special items within EBIT ¹⁾	S	(364)	(33)	(508)	1,262	639
Tax effect on special items	T	105	9	146	(69)	(70)
Special items within EBIT net of tax	U=S+T	(258)	(24)	(362)	1,193	568
Non-controlling interest share of special items, net after tax	V	-	-	-	12	12
Earnings per share	W=O/N	2.60	3.00	11.35	24.46	23.25
Earnings per share excluding currency	X=(O-P-Q+R)/N	2.27	3.34	9.73	23.25	22.56
Earnings per share excluding currency & special items	Y=(O-P-Q+R-U-V)/N	3.21	3.43	11.06	18.85	20.44

1) See page 11 for details on special items.



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