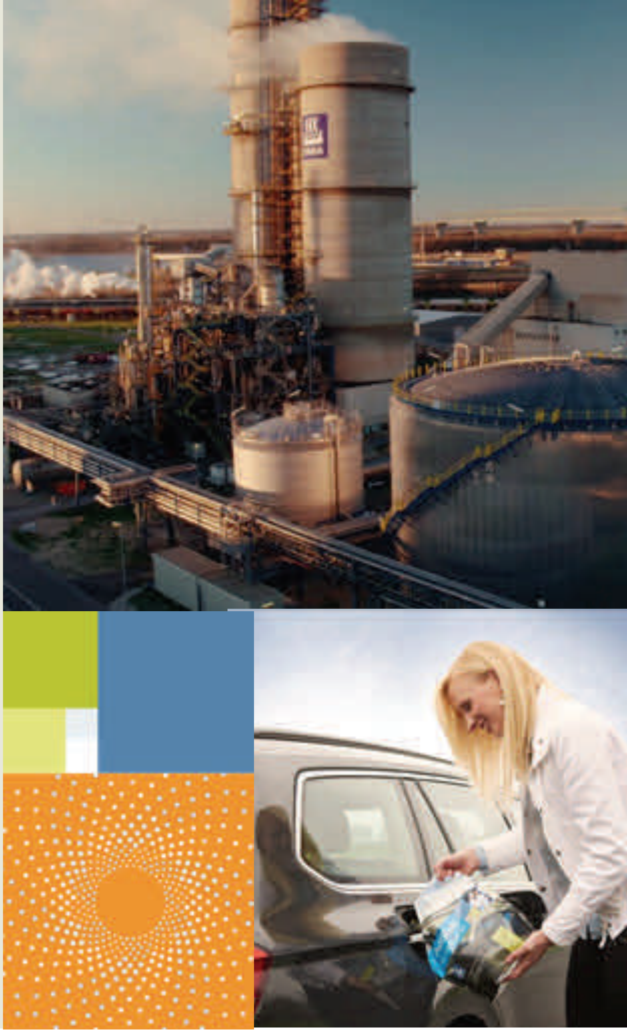


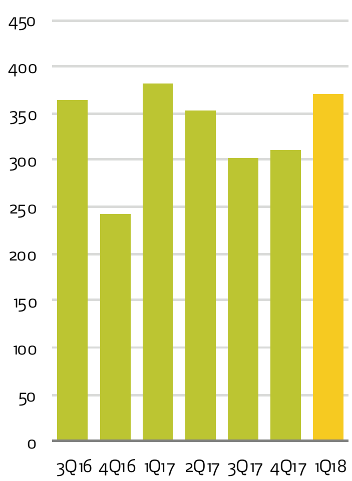
Knowledge grows

First-quarter report 2018

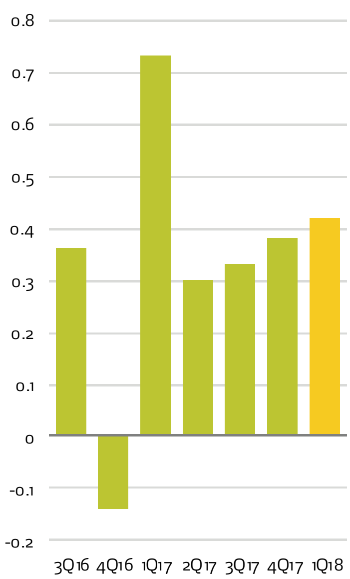
Yara International ASA

- Improved margins offset by lower European deliveries
- Strong Industrial results
- India acquisition successfully completed
- Yara improvement program on track

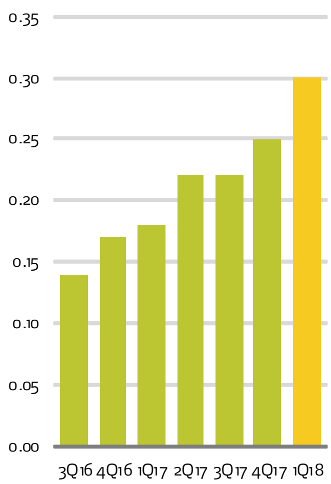
EBITDA
USD millions



Earnings per share
USD



Debt/equity ratio



First quarter 2018

Financial highlights

USD millions, except where indicated otherwise	1Q 2018	1Q 2017
Revenue and other income	2,856	2,683
Operating income	134	181
Share net income equity-accounted investees	11	9
EBITDA	370	381
EBITDA excl. special items	377	395
Net income after non-controlling interests	116	201
Basic earnings per share[1)]	0.42	0.73
Basic earnings per share excl.currency [1)]	0.40	0.55
Basic earnings per share excl.currency and special items [1)]	0.42	0.59
Average number of shares outstanding (millions)	273.2	273.2
CROGI [2)]	6.9 %	7.9 %
ROCE [2)]	4.1 %	5.8 %

1) USD 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

	1Q 2018	1Q 2017
Yara Production (Thousand tonnes) [1)]		
Ammonia	2,127	1,880
Finished fertilizer and industrial products, excl. bulk blends	5,311	5,192
Yara Deliveries (Thousand tonnes)		
Ammonia trade	585	422
Fertilizer	5,932	6,359
Industrial products	1,755	1,768
Total deliveries	8,302	8,549
Yara's Energy prices (USD per MMBtu)		
Global weighted average gas cost	5.9	5.2
European weighted average gas cost	7.7	6.5

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

Market information

Average prices		1Q 2018	1Q 2017
Urea granular (fob Egypt)	USD per tonne	261	265
CAN (cif Germany)	USD per tonne	245	231
Ammonia (fob Black Sea)	USD per tonne	287	301
DAP (fob US Gulf)	USD per tonne	403	353
Phosphate rock (fob Morocco)	USD per tonne	86	96
European gas (TTF)	USD per MMBtu	7.7	5.8
US gas (Henry Hub)	USD per MMBtu	3.1	3.0
EUR/USD currency rate		1.23	1.06
USD/BRL currency rate		3.24	3.15

Yara's first-quarter net income after non-controlling interests was USD 116 million, compared with USD 201 million a year earlier. Excluding net foreign currency translation gain/loss and special items, the result was USD 115 million (USD 0.42 per share), compared with USD 161 million (USD 0.59 per share) in first quarter 2017.

Yara has a total of 7 growth projects coming on stream during 2018, resulting in increased depreciation as projects start up. Depreciation for the quarter was approximately USD 30 million higher compared with a year earlier.

"Yara reports 3 percent lower EBITDA, as both our volumes and energy costs were impacted by the cold weather in Europe which has delayed planting and fertilizer application. On the positive side, our improvement program is on track," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"The operating environment for our business remains tough, and we expect fertilizer markets to stay supply-driven for some time yet. We therefore continue to focus on improving our operations and delivering our committed growth projects," said Holsether.

Fertilizer market conditions

Following four consecutive seasons where global grain production exceeded consumption, the US Department of Agriculture forecasts consumption to 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 down 2% from first quarter 2017, and 5% below the five-year average, while the cereal price index was 9% up from first quarter last year and 5% below the five-year average.

Granular urea prices fob Egypt averaged USD 261 per tonne for first quarter, marginally lower than the USD 265 per tonne same quarter last year. The urea market was supported by higher export costs from China than a year ago, primarily due to increased coal prices, but also due to curtailed natural gas supply to the fertilizer sector. This cost inflation resulted in substantial production curtailments in China. But relatively slow demand and increased production outside China, with new plants starting production, have reduced the need for Chinese urea exports, with limited exports during the quarter. This resulted in global urea prices disconnecting from the Chinese domestic price, leaving global pricing relatively stable from last year, despite the higher urea prices in China.

Ammonia prices fob Black Sea were on average USD 287 per tonne for the quarter, compared with USD 301 per tonne last year. The ammonia market is fundamentally oversupplied, when production runs at high utilization rates, due to capacity additions in USA, Russia and Saudi Arabia. During first quarter 2018, ammonia prices declined, primarily driven by stronger production performance by the key ammonia export suppliers.

Phosphate prices averaged USD 403 per tonne fob US Gulf for DAP for the quarter, up from USD 353 per tonne last year. Strong demand, a major production curtailment by Mosaic in Florida, and reduced exports from China supported the market at a higher price level than last year.

The average phosphate rock price fob Morocco was down 10% compared to a year earlier, with upgrading margins from rock to DAP stronger than a year ago.

Regional market developments

First-quarter nitrogen fertilizer deliveries in Western Europe were down by an estimated 22% from last year, with imports down 26%. A late spring in Europe, with cold and wet weather, combined with strong buying earlier this season led to low demand during first quarter. Season-to-date, deliveries are down 7% from last season, similar to two seasons earlier, with imports down 7% as well.

In Brazil, January and February fertilizer deliveries were 6.3 million tonnes, down 1% from last year. Urea imports for the first quarter were 1.3 million tonnes, compared to 1.9 million tonnes last year.

First-quarter US nitrogen supply is estimated to be down around 5% compared to a year earlier, despite increased domestic production, due to low imports. Season to date, US nitrogen supply is estimated to lag last season by 5%, and also in North America, spring has been late. Urea prices in the US Gulf remained depressed compared to global values, due to slow demand, making the US market relatively unattractive for urea exporters.

First-quarter urea production in China is estimated to be 7% below same quarter last year, with season-to-date production down 5%. Higher coal prices have increased production costs, so although domestic urea prices have increased, production curtailments remain significant. In addition, due to environmental concerns, natural gas is diverted from fertilizer production to heating for winter. The average domestic urea price for the first quarter was 18% higher than a year earlier (measured in local currency), equivalent to an increase of USD 67 per tonne. China exported 0.2 million tonnes urea during January and February, down from 0.8 million tonnes for the same period last year. Season to date (July-February), China exported 2.1 million tonnes of urea, down from 4.6 million tonnes last season. The reduction in exports offset the lower production, keeping supply to the domestic market stable.

In India, urea sales for the latest agricultural year (April-March) exceeded last year by 2%, while urea production was down by 1%, resulting in a modestly stronger need for imports.

Production volumes [1)]

Thousand tonnes	1Q 2018	1Q 2017
Ammonia	2,127	1,880
of which equity-accounted investees	268	251
Urea	1,604	1,312
of which equity-accounted investees	389	361
Nitrate	1,518	1,617
NPK	1,363	1,370
CN	406	363
UAN	208	250
SSP-based fertilizer	213	279
Total Finished Products[1)]	5,311	5,192

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

Fertilizer deliveries

Thousand tonnes	1Q 2018	1Q 2017
Fertilizer deliveries per product		
Urea	1,418	1,170
of which Yara-produced	714	474
of which equity-accounted investees	514	381
Nitrate	1,306	1,535
of which Yara-produced	1,204	1,464
NPK	2,154	2,404
of which Yara-produced compounds	1,276	1,425
of which Yara-produced blends	734	857
CN	291	300
of which Yara-produced	288	296
UAN	271	320
of which Yara-produced	231	270
SSP	63	78
of which Yara-produced	36	47
DAP/MAP	129	181
MOP/SOP	129	169
Other fertilizer products	170	202
Total fertilizer deliveries [1)]	5,932	6,358
Fertilizer deliveries per region		
Europe	2,262	2,752
Brazil [1)]	1,350	1,529
Latin America excluding Brazil	444	474
North America	773	756
Asia	805	528
Africa	297	319
Total fertilizer deliveries	5,932	6,358

1) Fertilizer deliveries in Brazil for 1Q17 were restaded in 4Q17.
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	1Q 2018	1Q 2017
Ammonia [1)]	170	210
Urea [1)]	563	558
of which Environmental products	215	217
Nitrate [2)]	191	197
CN	96	98
Other industrial products [3)]	268	260
Water content in Industrial Ammonia and Urea	468	444
Total Industrial product deliveries [4)]	1,755	1,768

1) Pure product equivalents.
2) Including AN Solution.
3) Including nitric acid, feed phosphates, sulphuric acid and other minor products.
4) 2017 deliveries restated. Divested business excluded (30-40 kt quarterly impact).

Variance analysis first quarter

USD millions	1Q 2018
EBITDA 2018	370
EBITDA 2017	381
Reported EBITDA variance	(11)
Special items variance (see page 11 for details)	7
EBITDA ex special items variance	(18)
Volume	(31)
Price/Margin	79
Energy costs	(50)
Currency	(35)
Other	19
Total variance explained	(18)

Yara's first-quarter results were lower compared with a year earlier as higher sales prices were more than offset by lower deliveries, higher energy prices and a weaker US dollar.

Total fertilizer deliveries were 7% lower compared to a year earlier driven by Europe and Brazil. Adjusting for the Babrala (India) acquisition, fertilizer deliveries were 11% lower than a year ago. Industrial deliveries were in line with last year.

In Europe, a combination of a late spring and strong demand earlier in the season resulted in a sharp decline in fertilizer deliveries compared to first quarter 2017. While total industry nitrogen deliveries were more than 20% lower, Yara's fertilizer deliveries were 18% lower than a year ago, with nitrate deliveries 21% lower and NPK deliveries 14% lower.

Yara's fertilizer deliveries in Brazil were 12% lower than a year earlier driven by lower deliveries of commodity products. Premium-products deliveries were in line with first quarter last year.

Margins in the quarter improved compared to last year. Realized prices were higher for all main product groups, more than offsetting the effect of higher gas prices in Europe.

Total ammonia production was 13% higher than first quarter last year. Adjusted for the Babrala acquisition, the production increase was 6% compared to last year, mainly reflecting regularity improvements. Finished fertilizer production increased 2%. Adjusting for Babrala, finished fertilizer production was 2% lower.

Other items

A weaker US dollar versus Yara's other main currencies resulted in a negative translation effect on Yara's fixed cost base compared with first quarter 2017.

The Other variance of USD 19 million includes USD 15 million in income from sales of white certificates in Italy (see note 6) and USD 9 million EBITDA from the newly acquired Babrala business.

Yara Improvement program

At the end of first quarter 2018, the Yara Improvement Program has delivered USD 275 million of annual sustained benefits, up from USD 240 million reported at year end. The increase reflects continued improvements in production reliability, illustrated by a 6% underlying increase in ammonia production in the quarter. In addition, further procurement related savings have been realized in the quarter. The total program is on track to reach the 2018 target of USD 350 million.

The USD 275 million are measured using 2015 margins. The equivalent number using first-quarter 2018 margins is USD 230 million.

Financial items

USD millions	1Q 2018	1Q 2017
Interest income	21	20
Dividends and net gain/(loss) on securities	0	0
Interest income and other financial income	21	20
Interest expense	(22)	(15)
Net interest expense on net pension liability	(2)	(2)
Net foreign currency translation gain/(loss)	8	69
Other	(3)	(3)
Interest expense and foreign currency translation gain/(loss)	(19)	49
Net financial income/(expense)	2	69

First-quarter net financial income was USD 2 million compared with USD 69 million in the same quarter previous year. The variance primarily reflects a net foreign currency translation gain of USD 8 million this quarter, compared with USD 69 million a year ago.

Interest expense this quarter was USD 7 million higher than the year before as the effect of a higher gross debt level was partially offset by an increase in capitalized interest related to expansion projects.

The net foreign currency translation gain in the quarter was USD 8 million. The US dollar depreciated between 2 % and 4 % against most of Yara's other main currencies, generating a net gain on Yara's US dollar denominated debt positions. Those gains were however counterbalanced by losses on internal currency positions in euro vs. Norwegian krone as the krone appreciated almost 2 %. Last year, the foreign currency translation gain was primarily due to the US dollar depreciating up to 6% against Yara's other main currencies.

Yara's US dollar debt generating currency effects in the income statement was approximately USD 2,600 million at the start of the second quarter 2018. The exposure was evenly distributed towards Norwegian krone, euro and Yara's emerging market currencies.

Net interest-bearing debt

USD millions	1Q 2018
Net interest-bearing debt at beginning of period	(2,367)
Cash earnings [1]	296
Dividends received from equity-accounted investees	72
Net operating capital change	(175)
Investments (net)	(736)
Foreign currency translation gain/(loss)	8
Other [2]	23
of which foreign currency translation adjustment	(29)
Net interest-bearing debt at end of period	(2,879)

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, the translation effect when consolidating net interest-bearing debt to the presentation currency USD and internal currency positions that are not related to net interest-bearing debt.

As a supplement to the consolidated statement of cash flows (page 16), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt at the end of first quarter 2018 was USD 2,879 million, up from USD 2,367 million at the end of 2017. The increase reflects investments of USD 736 million, of which the acquisition of the Babrala business account for USD 435 million. Other investments include 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 USD 80 million.

Both inventories and receivables increased compared to year-end 2017. The increase was partly offset by higher customer prepayments, especially in Brazil.

The debt/equity ratio at the end of first quarter 2018, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.30 compared with 0.25 at the end of fourth quarter 2017.

Outlook

The global farm margin outlook and incentives for fertilizer application are showing signs of improvement, with the FAO cereals, meat and dairy price indices all at higher levels than a year ago.

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, reduced exports and higher domestic prices. Lower Chinese urea exports are also creating higher price volatility, as global market demand for Chinese product fluctuates through the year. Urea from other locations is currently priced at a discount to Chinese product, but an improvement in global demand could push global prices closer to Chinese levels.

In Europe, first-quarter nitrogen industry deliveries were down by an estimated 22% compared with a year earlier, amid weather-related delays and stronger buying earlier in the season. The cold weather is likely to result in lower application in some European markets, and Yara expects full-season nitrogen industry deliveries to be down by 3-5 percent.

Yara has scheduled several large ammonia turnarounds in 2018, with an expected net volume impact of around 200 kilotonnes compared with 2017, of which roughly 50 kilotonnes in the second quarter.

Based on current forward markets for natural gas (11 April) Yara's spot-priced gas costs for second and third quarter 2018 are expected to be respectively USD 90 million higher and USD 70 million higher than a year earlier. The estimates may change depending on future spot gas prices.

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 (USD 1.25 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 by the end of 2018. Applying average 2015 market prices, these projects are expected to generate approximately USD 600 million of annual EBITDA improvement (USD 0.90 net income per share) by 2020 when fully operational.

The closing of Yara's acquisition of the Vale Cubatão Fertilizantes complex in Brazil is expected to take place by mid 2018 (see note 4, page 23 for further details).

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 19 April 2018

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 USD 5 million per item within a 12 month period. "Contract derivatives" are commodity-based derivative gains or losses (see above) which are not the result of active exposure or position management by Yara. These are defined as special items regardless of amount.

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 and prepayments from customers.

Reconciliations of alternative performance measures are provided on page 31 to 33.

Special items

	EBITDA effect		Operating income effect	
USD millions	1Q 2018	1Q 2017	1Q 2018	1Q 2017
Stamp duty on purchase of Babrala (India)	(8)		(8)	
Total Crop Nutrition	(8)	-	(8)	-
Total Industrial	-	-	-	-
Contract derivatives gain/(loss)	1	(14)	1	(14)
Total Production	1	(14)	1	(14)
Total Other	-	-	-	-
Total Yara	(7)	(14)	(7)	(14)

Condensed consolidated interim statement of income

USD millions, except share information	Notes	1Q 2018	1Q 2017	2017
Revenue	3	2,838	2,696	11,358
Other income	6	17	2	55
Commodity based derivatives gain/(loss)		1	(14)	(13)
Revenue and other income		2,856	2,683	11,400
Raw materials, energy costs and freight expenses		(2,107)	(1,984)	(8,547)
Payroll and related costs		(300)	(260)	(1,090)
Depreciation and amortization	6	(201)	(170)	(724)
Impairment loss	6	(4)	(1)	(60)
Other operating expenses		(111)	(87)	(521)
Operating costs and expenses		(2,723)	(2,503)	(10,942)
Operating income		134	181	457
Share of net income in equity-accounted investees		11	9	29
Interest income and other financial income		21	20	77
Earnings before interest expense and tax (EBIT)		165	210	563
Foreign currency translation gain/(loss)		8	69	99
Interest expense and other financial items		(27)	(20)	(82)
Income before tax		147	259	581
Income tax		(33)	(62)	(99)
Net income		113	197	482
Net income attributable to				
Shareholders of the parent		116	201	477
Non-controlling interests		(2)	(4)	5
Net income		113	197	482
Basic earnings per share [1)]		0.42	0.73	1.75
Weighted average number of shares outstanding	2	273,217,830	273,217,830	273,217,830

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

Condensed consolidated interim statement of comprehensive income

USD millions	1Q 2018	1Q 2017	2017
Net income	113	197	482
Other comprehensive income that may be reclassified to statement of income (net of tax)			
Currency translation adjustments	(37)	38	235
Hedge of net investments	33	1	33
Share of other comprehensive income of equity-accounted investees, excluding remeasurements	-	-	4
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax	(4)	39	273
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments [1]	122	4	85
Net gain/(loss) on equity instruments at fair value through other comprehensive income	(2)	-	(1)
Remeasurement gains/(losses) on defined benefit plans	-	-	64
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods, net of tax	120	4	148
Reclassification adjustments of the period			
Cash flow hedges	-	-	1
Total other comprehensive income, net of tax	117	43	421
Total comprehensive income, net of tax	230	240	903
Total comprehensive income attributable to			
Shareholders of the parent	231	237	900
Non-controlling interests	(1)	3	3
Total	230	240	903

[1] Currency translation adjustments that will not be reclassified to statement of income are related to entities with functional currency NOK as these are not classified as "foreign operations" to Yara International ASA.

Condensed consolidated interim statement of changes in equity

USD millions	Share Capital[1]	Premium paid-in capital	Currency translation adjustments	Fair value reserve of financial assets at FVOCI [2]	Cash flow hedges	Hedge of net invest-ments	Total other reserves	Retained earnings	Attributable to share-holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2016	66	(49)	(1,321)	2	(8)	(192)	(1,520)	10,150	8,647	270	8,917
Net income	-	-	-	-	-	-	-	201	201	(4)	197
Other comprehensive income, net of tax	-	-	35	-	-	1	36	-	36	7	42
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income, net of tax	-	-	35	-	-	1	36	-	36	7	43
Long term incentive plan	-	-	-	-	-	-	-	1	1	-	1
Transactions with non-controlling interests	-	-	-	-	-	-	-	(1)	(1)	(2)	(3)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	4	4
Balance at 31 March 2017	66	(49)	(1,287)	2	(8)	(191)	(1,484)	10,350	8,884	275	9,159
Net income	-	-	-	-	-	-	-	276	276	9	285
Other comprehensive income, net of tax	-	-	287	(1)	1	32	319	64	383	(9)	374
Share of other comprehensive income of equity-accounted investees	-	-	-	-	4	-	4	-	4	-	4
Total other comprehensive income, net of tax	-	-	287	(1)	5	32	323	64	387	(9)	378
Long term incentive plan	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	5	5
Dividends distributed	-	-	-	-	-	-	-	(321)	(321)	-	(322)
Balance at 31 December 2017	66	(49)	(1,000)	-	(3)	(159)	(1,161)	10,369	9,225	280	9,505
IFRS 9 and IFRS 15 implementation effect [3]								(4)	(4)		(4)
Net income	-	-	-	-	-	-	-	116	116	(2)	113
Other comprehensive income, net of tax	-	-	84	(2)	-	33	115	-	115	1	117
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income, net of tax	-	-	84	(2)	-	33	115	-	115	1	117
Long term incentive plan	-	-	-	-	-	-	-	1	1	-	1
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	(1)	(2)
Balance at 31 March 2018	66	(49)	(916)	(1)	(3)	(126)	(1,046)	10,481	9,452	277	9,729

1) Par value 1.70.

2) Gains or losses on investments in equity instruments for which the Group has elected to present changes in fair value in OCI, will no longer be transferred to profit or loss upon derecognition of the equity instrument.

3) Please see Accounting Policies page 17 and 18 for further information.

Condensed consolidated interim statement of financial position

USD millions	Notes	31 Mar 2018	31 Mar 2017	31 Dec 2017	31 Dec 2016
Assets					
Non-current assets					
Deferred tax assets		390	346	371	300
Intangible assets	5	1,165	1,077	1,106	1,067
Property, plant and equipment	5,6	8,322	7,108	7,967	6,939
Equity-accounted investees		1,042	1,075	1,096	1,067
Other non-current assets		525	376	460	377
Total non-current assets		11,444	9,982	11,000	9,750
Current assets					
Inventories	7	2,471	2,127	2,229	2,042
Trade receivables	5	1,664	1,413	1,398	1,200
Prepaid expenses and other current assets		568	595	607	559
Cash and cash equivalents		521	323	544	436
Non-current assets and disposal group classified as held-for-sale		4	12	4	11
Total current assets		5,228	4,470	4,783	4,247
Total assets		16,672	14,452	15,783	13,997

Condensed consolidated interim statement of financial position

USD millions, except share information	Notes	31 Mar 2018	31 Mar 2017	31 Dec 2017	31 Dec 2016
Equity and liabilities					
Equity					
Share capital reduced for treasury stock		66	66	66	66
Premium paid-in capital		(49)	(49)	(49)	(49)
Total paid-in capital		17	17	17	17
Other reserves		(1,046)	(1,484)	(1,161)	(1,520)
Retained earnings		10,481	10,350	10,369	10,150
Total equity attributable to shareholders of the parent		9,452	8,884	9,225	8,647
Non-controlling interests		277	275	280	270
Total equity	2	9,729	9,159	9,505	8,917
Non-current liabilities					
Employee benefits		453	474	439	473
Deferred tax liabilities		504	558	502	511
Other long-term liabilities		148	176	169	163
Long-term provisions		118	102	115	97
Long-term interest-bearing debt	8	2,714	1,668	2,429	1,625
Total non-current liabilities		3,936	2,977	3,654	2,869
Current liabilities					
Trade and other payables		1,689	1,464	1,652	1,414
Prepayments from customers		374	349	265	300
Current tax liabilities		66	48	62	62
Short-term provisions		88	38	90	38
Other short-term liabilities		101	78	75	100
Bank loans and other interest-bearing short-term debt		645	304	439	270
Current portion of long-term debt		44	33	43	28
Total current liabilities		3,007	2,315	2,625	2,211
Total equity and liabilities		16,672	14,452	15,783	13,997
Number of shares outstanding	2	273,217,830	273,217,830	273,217,830	273,217,830

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 19 April 2018

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

Condensed consolidated interim statement of cash flows

USD millions	Notes	1Q 2018	1Q 2017	2017
Operating activities				
Operating income		134	181	457
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization		201	170	724
Impairment loss		4	1	60
Write-down and reversals, net		(11)	(1)	24
Tax paid		(22)	(102)	(196)
Dividend from equity-accounted investees		72	3	8
Change in net operating capital 1)		(164)	(138)	(127)
Other		21	-	(159)
Net cash provided by operating activities		234	114	791
Investing activities				
Purchases of property, plant and equipment		(307)	(299)	(1,341)
Cash outflow on business combinations	5	(424)	-	(23)
Purchases of other long-term investments		(21)	(8)	(55)
Proceeds from sales of property, plant and equipment		3	1	13
Proceeds from sales of other long-term investments		14	3	56
Net cash used in investing activities		(736)	(303)	(1,350)
Financing activities				
Loan proceeds/(repayments), net	8	456	71	966
Dividend	2	-	-	(321)
Other cash transfers (to)/from non-controlling interests		-	1	6
Net cash from/(used in) financing activities		456	72	651
Foreign currency effects on cash and cash equivalents		22	4	16
Net increase/(decrease) in cash and cash equivalents		(23)	(112)	109
Cash and cash equivalents at beginning of period		544	436	436
Cash and cash equivalents at end of period		521	323	544
Bank deposits not available for the use of other group companies		21	39	24

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

Notes to the condensed consolidated interim financial statements

GENERAL AND ACCOUNTING POLICIES

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The address of its registered office is Drammensveien 131, Oslo, Norway.

These unaudited, condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. They are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, and should be read in conjunction with the annual consolidated financial statements in Yara's Annual Report for 2017. Except for the changes and additions described below, the accounting policies applied are the same as those applied in the annual consolidated financial statements 2017.

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

Change of presentation currency

Yara has from 2018 changed the presentation currency of the consolidated financial statements from Norwegian kroner (NOK) to US dollars (USD). The change in presentation currency is accounted for retrospectively as a change in accounting policy. Please see note 10 for more information.

Implementation of IFRS 9 Financial Instruments

The Yara Group has adopted IFRS 9 Financial Instruments for reporting periods beginning on and after 1 January 2018. IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement. The new standard sets out new requirements for the accounting of financial instruments including classification, measurement, impairment and hedge accounting.

Under IFRS 9 Yara classifies financial assets based on the business model in which they are managed and their contractual cash flows. The principal categories of financial assets under IFRS 9 are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). In accordance with the expected loss impairment model introduced by IFRS 9, Yara records lifetime expected credit losses on all trade and lease receivables (the simplified approach). On other receivables, loans and deposits, Yara records 12 months expected credit losses and lifetime expected credit losses only if there has been a significant increase in credit risk since initial recognition (the general approach). Yara has further applied the hedge accounting requirements of IFRS 9 which aim to reflect risk management activities and allow more hedging instruments and hedged items to qualify for hedge accounting.

Yara has not identified a significant impact on the Group's statement of financial position and equity as a result of implementation of the new standard. However, the adoption of an expected loss impairment model has increased the loss allowance to some extent. Please see note 38 New Accounting Standards in Yara's annual consolidated financial statements 2017 for more information

Yara has taken advantage of the practical expedient under IFRS 9 which allows to only adjust the opening balance of equity at the date of initial application 1 January 2018. Hence, no comparative information is restated.

Implementation of IFRS 15 Revenue from Contracts with customers

The Yara Group has adopted IFRS 15 Revenue from Contracts with Customers for reporting periods beginning on and after 1 January 2018. IFRS 15 has replaced IAS 18 Revenue, IAS 11 Construction contracts, and related interpretations. The new Standard establishes a new set of principles that shall be applied to report information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Under IFRS 15 Yara measures revenue based on the consideration specified in the contract with the customer and recognizes revenue when the Group transfers control of a product or service to a customer.

Yara has not identified a significant impact to the Group's statement of financial position and equity as a result of implementation of the new standard. As a result, these interim financial statements do not include detailed disclosures of the amounts by which line items are affected by the application of IFRS 15 compared to revenue standards no longer in effect. Please see note 38 New Accounting Standards in Yara's annual consolidated financial statements 2017 for more information.

Yara has applied the cumulative effect implementation approach and adjusted the opening balance of equity at the date of initial application 1 January 2018 with the effect of implementation. Hence, no comparative information is restated.

The nature of Yara revenues is categorized as follows:

- *Sale of fertilizer and chemical products*
  Yara sells fertilizer and chemical products to customers worldwide. Please see note 5 Segment information in the annual consolidated financial statements 2017 for more information. Revenue is recognized when the control of the products is transferred to the customer. This is normally determined by the incoterm used in the sales transactions. The use of incoterms varies between regions, markets and customers, but products are typically sold ex-warehouse.

  Contracts with larger customers often include sales incentives. Volume discounts are the dominant sales incentives used by Yara. The discounts may have prospective or retrospective effect. Volume discounts with retrospective effect are systematically accrued and recognized as reduction of revenue based on the best estimate of the amounts potentially due to the customer. If the discount cannot be reliably estimated, revenue is reduced by the maximum potential discount.

  Products are normally sold with standard warranties which provide protection to the customers that the product have the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, contingent Liabilities and Contingent Assets. The Group does not have any other significant obligations for returns or refunds.

  The majority of sales in the Group have credit terms of less than 90 days.

- *Freight/insurance services*
  Yara arranges delivery to the customers location using different incoterms. When the Group uses incoterms which transfer the responsibility for the goods to the customer before the freight/insurance service is delivered (C-incoterms), Yara normally considers the freight/insurance service to be a distinct service which shall be accounted for as a separate performance obligation based on stand-alone selling prices. The corresponding revenue is recognized over time to the extent the freight/insurance service is performed. However, the timing effects are limited since the majority of deliveries to the customer’s location are done within days. Shipping and handling activities that occur before customers take control of the goods are considered to be part of fulfilling the sale of the goods.

- *Other products and services*
  Other products and services include a number of different offerings including equipment and services to store and handle product and technology offerings in Yara’s Environmental Solutions Business. Revenues from sale of equipment are recognized upon delivery to the customer. Revenues from sale of services are recognized over time as the service is performed. Revenues from technology offerings in Yara’s Environmental Solutions Business are recognized over time using the percentage of completion method if they meet the criteria for over time recognition in IFRS 15. If offerings represent multiple element arrangements they are analyzed to identify distinct goods or services that shall be accounted for as separate performance obligations.

Urea sales in India

The business combination of Tata Chemicals Limited's urea business in India was closed 12 January 2018. The acquired business manufactures and sells urea to dealers who in turn sell to farmers and retailers. Yara sells urea under a pricing scheme policy issued by the Government of India (“GoI”). This policy aims to promote balanced nutrient application and sustained agricultural growth by making urea available to farmers across India at affordable prices on a timely basis.

The price at which Yara can sell urea to registered dealers under the pricing scheme policy is regulated and determined by GoI. This price is generally less than the cost of production and GoI provides a compensation based on a predefined method considering the sales price set by GoI to be charged registered dealers, the cost for natural gas, other variable cost (including cost of bags, water, electricity and freight) and fixed cost.

Control of goods transfers at the time the registered dealer receives the goods. The consideration received is based on the dealer's receipt of goods and constitutes of the fixed sales price to be paid by the registered dealer and the estimated compensation to be paid by GoI. As Yara has the inventory risk and controls the goods until they are delivered to the registered dealers, the compensation from GoI is presented gross in the consolidated statement of income.

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 2017.

Note 2 Shares, dividend and share buy-back program

The Board of Directors has proposed to the Annual General Meeting a dividend payment of NOK 6.50 per share for 2017, which represents 45% of net income after non-controlling interests. If approved by the Annual General Meeting on 8 May 2018, the total dividend payment will be NOK 1,776 million based on current outstanding shares.

On 11 May 2017, the Annual General Meeting authorized the Board of Directors to acquire up to 13,660,891 shares in the open market and from the Norwegian State. The purchase price shall not be less than NOK 10 nor more than 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 shares bought back. Yara has not purchased own shares under the 2017 buy-back program.

The Board has proposed to the Annual General Meeting on 8 May 2018 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 from NOK 10 to NOK 1,000. The shares shall be subsequently cancelled. The company will enter into a new agreement with the Norwegian State to redeem shares on a pro-rata basis so that the State's ownership is unchanged in the event of a cancellation of shares bought back.

	Ordinary shares	Own shares
Total at 31 December 2016	273,217,830	-
Total at 31 December 2017	273,217,830	-
Total at 31 March 2018	273,217,830	-

Note 3 Operating segment information

USD millions	1Q 2018	1Q 2017	2017
External revenue and other income			
Crop Nutrition	2,113	2,063	8,670
Industrial	484	467	1,846
Production	259	153	891
Other and eliminations	1	1	(7)
Total	2,856	2,683	11,400
Internal revenue and other income			
Crop Nutrition	31	49	191
Industrial	4	2	16
Production	1,137	1,117	4,136
Other and eliminations	(1,172)	(1,169)	(4,342)
Total	-	-	-
Revenue and other income			
Crop Nutrition	2,145	2,112	8,861
Industrial	488	469	1,862
Production	1,395	1,270	5,026
Other and eliminations	(1,171)	(1,168)	(4,349)
Total	2,856	2,683	11,400
Operating income			
Crop Nutrition	92	84	306
Industrial	48	41	118
Production	(18)	85	77
Other and eliminations	12	(29)	(44)
Total	134	181	457
EBITDA			
Crop Nutrition	141	124	492
Industrial	53	45	158
Production	157	237	722
Other and eliminations	18	(25)	(23)
Total	370	381	1,348
Investments 1)			
Crop Nutrition	347	44	272
Industrial	2	5	35
Production	175	209	1,165
Other and eliminations	6	10	33
Total	530	268	1,505
Total Assets 2)			
Crop Nutrition	4,974	4,075	4,223
Industrial	673	585	596
Production	10,691	9,458	10,484
Other and eliminations	333	333	480
Total	16,672	14,452	15,783

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.

	1Q 2018	1Q 2017	2017
CROGI (12-month rolling average)			
Yara [1)]	6.8%	8.6%	7.0%
Crop Nutrition	11.7%	14.0%	11.9%
Industrial	27.1%	55.9%	26.2%
Production	4.4%	5.0%	4.9%
ROCE (12-month rolling average)			
Yara [1)]	3.7%	6.1%	4.0%
Crop Nutrition	9.3%	12.4%	9.6%
Industrial	24.8%	63.3%	23.5%
Production	0.1%	0.5%	1.0%

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 9 "Definitions and variance analysis" for more information.

Reconciliation of operating income to EBITDA

USD millions	Operating income	Equity accounted investees	Interest income and other financial income	EBIT	Depreciation and amortization[1)]	Impairment loss [2)]	EBITDA
1Q 2018							
Crop Nutrition	92	(1)	16	107	33	1	141
Industrial	48	-	2	50	3	-	53
Production	(18)	12	2	(4)	159	2	157
Other and eliminations	12	-	1	12	6	-	18
Total	134	11	21	165	201	4	370
1Q 2017							
Crop Nutrition	84	(1)	15	98	26	1	124
Industrial	41	1	-	42	3	-	45
Production	85	10	4	99	138	-	237
Other and eliminations	(29)	-	-	(28)	4	-	(25)
Total	181	9	20	210	170	1	381
2017							
Crop Nutrition	306	3	56	365	108	20	492
Industrial	118	6	3	127	12	19	158
Production	77	20	15	112	588	22	722
Other and eliminations	(44)	-	4	(40)	17	-	(23)
Total	457	29	77	563	724	60	1,348

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

2) Including impairment loss on excess value in equity-accounted investees.

Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/ insurance services	Other products and services	Total
1Q 2018				
Crop Nutrition	2,047	61	4	2,112
Industrial	448	22	14	484
Production	210	13	18	241
Other and eliminations	-	-	1	1
Total	2,705	96	37	2,838

Disaggregation of external revenues by geographical area

USD millions	Europe	Brazil	Latin America ex. Brazil	Asia	North America	Africa	Total
1Q 2018							
Crop Nutrition	768	488	182	325	231	117	2,112
Industrial	313	23	25	25	64	33	484
Production	30	47	10	72	82	-	241
Other and eliminations	1	-	-	-	-	-	1
Total	1,112	558	218	422	377	150	2,838
1Q 2017							
Crop Nutrition	769	543	188	224	216	122	2,063
Industrial	292	19	30	25	74	27	466
Production	26	24	8	57	41	9	164
Other and eliminations	3	-	-	-	-	-	3
Total	1,090	586	226	305	331	157	2,696
2017							
Crop Nutrition	2,562	2,945	940	892	820	494	8,653
Industrial	1,199	76	106	95	242	127	1,846
Production	100	236	26	269	200	23	854
Other and eliminations	5	-	-	-	-	-	5
Total	3,867	3,257	1,072	1,256	1,262	644	11,358

Note 4 Business initiatives

Acquisitions

In November 2017, Yara entered into an agreement to acquire the Vale Cubatão Fertilizantes complex in Brazil from Vale S.A. for an enterprise value of USD 255 million. Yara expects to make upgrading investments of approximately USD 80 million up to 2020 in order to realize annual synergies of USD 25 million through a combination of cost, asset and product portfolio optimizations. The agreement is subject to the approval of relevant competition authorities and other regulatory approvals. Closing is expected to take place in mid 2018. The Cubatão asset is a nitrogen and phosphate complex with an annual production capacity of approximately 200 kilotons of ammonia, 600 kilotons of nitrates and 980 kilotons of phosphate fertilizer. The purchase price will be adjusted at closing for any deviation between the closing working capital and a normalized working capital level.

Other business initiatives

Yara and Arab Potash Company, the Jordan-based potash producer have in 2018 signed a Memorandum of Understanding (MoU) for mutual cooperation in the field of potassium nitrate production and sales. The parties will explore and evaluate the possibility of doubling the production capacity of Kemapco, the potassium nitrate producing subsidiary of APC. Yara is targeting a minority position (30 percent) in Kemapco with a 100 percent distribution and marketing agreement for Yara. Potassium nitrate is a key product in solutions for fertigation, a fast growing segment that Yara and Kemapco aim to develop further through this collaboration. Kemapco is a subsidiary of the Arab Potash Company, and operates a single potassium nitrate plant in Aqaba, Jordan. Production in 2017 amounted to 130 kilotonnes potassium nitrate, with sales amounting to about USD 105 million.

Note 5 Business combinations

The business combination of Tata Chemicals Limited's urea business in India was closed 12 January 2018. The acquired business comprises the Babrala urea plant and distribution business in Uttar Pradesh. The plant has an annual production of 0.7 million tonnes ammonia and 1.2 million tonnes urea. The plant was commissioned in 1994, and is the most energy efficient plant in India. The primary reason for the business combination is to further accelerate Yara's growth in India by creating an integrated position in the world's second-largest fertilizer market.

The consideration for the business acquired was INR 26,276 million (USD 412 million) based on a debt and cash free basis, including preliminary net working capital adjustment. The completion statement is not finally agreed upon as of 1Q 2018 and the working capital adjustment may be subject to changes.

Consideration

USD millions	Babrala
Cash transferred at closing	421
Net working capital adjustment (preliminary)	(9)
Total consideration	412

Acquisition-related costs for the Babrala acquisition of USD 10.7 million have been excluded from the consideration transferred. Estimated USD 8.5 million in stamp duties have been recognized as an expense within 'Other operating expenses' in the consolidated interim statement of income. Integration and acquisition-related costs of USD 2.2 million have been recognized previous years.

Identifiable assets acquired and liabilities recognized at the date of acquisition (fair value)

The purchase price allocation is preliminarily determined and may be subject to changes.

USD millions	Babrala
Assets	
Distribution network	9
Property, plant and equipment	232
Other non-current assets	0
Inventories	4
Trade receivables [1)]	123
Prepaid expenses and other current assets	15
Total assets	385
Liabilities	
Trade and other payables	17
Other short-term liabilities	6
Total liabilities	23
Total identifiable net assets at fair value	362

1) Consists mainly of receivables under the pricing scheme policy of Government of India, see Accounting Policies on page 18.

The receivables acquired in the business combination of Babrala are expected to have a fair value approximately equal to the gross contractual amount of USD 123 million.

Goodwill arising on acquisition

USD millions	Babrala
Total consideration	412
Fair value of net identifiable assets acquired	362
Goodwill arising on acquisition	50

Goodwill of the Babrala acquisitions consists of Yara specific synergies and future benefits from the assembled workforce. Goodwill also reflects a willingness to pay to get an integrated position in the world's second-largest fertilizer market. The goodwill will be deductible for tax purposes.

Net cash outflow on acquisition

USD millions	Babrala
Consideration paid in cash at date of acquisition	421
Paid stamp duties	3
Cash and cash equivalent balances acquired	-
Net cash outflow on acquisition of subsidiaries	424

Net cash outflow is presented as part of 'Cash outflow on business combinations' in the consolidated interim statement of cash flows.

Impact of the acquisition on total assets of the Group

USD millions	Babrala
Consolidated identifiable assets	362
Goodwill arising on the acquisition	50
Total impact on the total assets of the Group	412

Impact of the acquisition on the results of the Group

USD millions	Babrala
Included in year-to-date consolidated figures	
Revenues	71
of which internal revenues	-
EBITDA	0
Net income/(loss) before tax	(8)

The result is negatively impacted by USD 8.5 million in stamp duties directly related to the business combination.

Pro forma figures

If the acquisition had taken place at the beginning of the year, rather than on 12 January 2018, the effect on Yara's 'pro-forma' year-to-date consolidated income before tax would not be material.

Note 6 Specifications to the condensed consolidated interim statement of income

Other income

USD millions	1Q 2018	1Q 2017	2017
Carbon tax refund	-	-	7
Sale of white certificates	15	-	14
Sale of land	-	-	10
Insurance compensations	-	-	14
Other	2	2	10
Total	17	2	55

Depreciation and amortization

USD millions	1Q 2018	1Q 2017	2017
Depreciation of property, plant and equipment	(189)	(159)	(678)
Amortization of intangible assets	(12)	(11)	(46)
Total depreciation and amortization	(201)	(170)	(724)

Impairment loss

USD millions	1Q 2018	1Q 2017	2017
Impairment loss tangible assets	5	1	43
Impairment loss goodwill and intangible assets	-	-	19
Reversal of impairment loss	(1)	-	(2)
Total impairment loss	4	1	60

Note 7 Inventories

USD millions	31 Mar 2018	31 Mar 2017	31 Dec 2017
Finished goods	1,446	1,145	1,246
Work in progress	48	75	66
Raw materials	977	907	918
Total	2,471	2,127	2,229
Write-down			
Balance at 1 January	(27)	(16)	(16)
Reversal/(write-down), net	10	1	(9)
Foreign currency translation gain/(loss)	-	-	(2)
Closing balance	(17)	(15)	(27)

Note 8 Long-term debt

Contractual payments on long-term debt

USD millions	Debentures	Bank Loans	Capital lease and other LT loans	Total
2019	780	65	7	852
2020	-	46	7	53
2021	89	46	7	142
2022	318	199	4	521
2023	-	44	23	67
Thereafter	810	264	4	1,079
Total	1,998	664	52	2,714

In January 2018, Yara International ASA signed a new USD 260 million loan facility to be repaid with semi-annual instalments until August 2026. The facility is partially supported by a guarantee from The Norwegian Export Credit Guarantee Agency (GIEK).

Reconciliation of liabilities arising from financing activities

			Non cash changes				
USD millions	31 Dec 2017	Cash flows	Foreign exchange movement	Fair value changes	Amortization 1)	Reclassification 2)	31 Mar 2018
Long-term interest-bearing debt	2,429	253	39	(7)	(1)	(0)	2,714
Bank loans and other interest-bearing short-term debt	439	202	3	-	-	-	645
Current portion of long-term debt	43	-	1	-	-	0	44
Total liabilities from financing activities	2,911	456	43	(7)	(1)	-	3,403

1) Amortization of transaction cost.
2) Reclassification between long-term and short-term debt.

Note 9 Contingencies

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. In addition, 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. Yara's contingent assets consist of expected proceeds from insurance claims and a take-or-pay compensation in a sales contract which has been disputed by the customer.

There are no significant changes to Yara's contingent liabilities and contingent assets compared with year end 2017.

Note 10 Change of presentation currency

Yara has from 2018 changed the presentation currency of the consolidated financial statements from Norwegian kroner (NOK) to US dollars (USD). The change in presentation currency is accounted for retrospectively as a change in accounting policy. Comparative information for 2017 have been restated on the following basis:

- Assets and liabilities in non-USD currencies are translated into USD at the closing rates of exchange on the relevant balance sheet date;
- Non-USD income and expenditure are translated at the average rates of exchange prevailing for the relevant month;
- The cumulative hedging and translation reserves were set to nil at the date of Yara's transition to IFRS 1 January 2004 and then restated on the basis that Yara has reported in USD since that date;
- Share capital, premium paid-in capital and other reserves were translated at the historic rates prevailing at the - Hydro/Yara demerger date 25 March 2004, and subsequent rates prevailing on the date of each transaction;
- Upon the disposal of a foreign operation, accumulated translation adjustments arising from currency movements between the Group's presentation currency and the functional currency of the foreign operation are reclassified from equity to the income statement. With the change in presentation currency, these accumulated currency gains or losses are being calculated based on USD rather than NOK. However, no currency movements are reclassified upon disposal of NOK operations since the functional currency of Yara International ASA is NOK;
- Net investment hedge relationships are not impacted since neither the parent nor the related foreign operation have changed their functional currencies.

A separate appendix containing all restated historical figures was issued 1 March 2018. This appendix is available in the Investor Relations section on www.yara.com.

Effects of changes in reported net income

	Historical consolidated net income in NOK million	Consolidated net income in USD million [1]	Re-presentation in USD million	Restated consolidated net income in USD million
1Q 2017	1,692	201	(0)	201
2Q 2017	699	82	(0)	82
3Q 2017	709	90	0	90
4Q 2017	846	104	0	104
2017	3,948	477	0	477

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

Effects of changes in reported equity

31 December 2016	Historical consolidated financial statements in NOK million	Consolidated financial statements in USD million 1)	Re-presentation in USD million	Restated consolidated financial statements in USD million
Share capital reduced for treasury stock	464	54	12	66
Premium paid-in capital	117	14	(62)	(49)
Total paid-in capital	582	68	(50)	17
Other reserves	12,947	1,504	(3,023)	(1,520)
Retained earnings	60,916	7,076	3,074	10,150
Total equity attributable to shareholders of the parent	74,444	8,647	-	8,647
Non-controlling interests	2,326	270	-	270
Total equity	76,770	8,917	-	8,917

1) Translated at exchange rate NOK 8.6091 : USD 1 as of 31 December 2016.

31 December 2017	Historical consolidated financial statements in NOK million	Consolidated financial statements in USD million 1)	Re-presentation in USD million	Restated consolidated financial statements in USD million
Share capital reduced for treasury stock	464	57	9	66
Premium paid-in capital	117	14	(63)	(49)
Total paid-in capital	582	71	(54)	17
Other reserves	12,299	1,502	(2,663)	(1,161)
Retained earnings	62,660	7,652	2,717	10,369
Total equity attributable to shareholders of the parent	75,540	9,225	-	9,225
Non-controlling interests	2,290	280	-	280
Total equity	77,831	9,505	-	9,505

1) Translated at exchange rate NOK 8.1887 : USD 1 as of 31 December 2017.

Total equity is equal to the previously reported NOK equity, translated at the closing rate at the end of each reporting period. The different components are restated to reflect the change in presentation currency from the implementation of IFRS in 2004.

Quarterly historical information

EBITDA

USD millions	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Crop Nutrition	141	103	147	118	124
Industrial	53	17	52	44	45
Production	157	224	81	180	237
Other and eliminations	18	(32)	23	10	(25)
Total	370	312	303	352	381

Results

USD millions, except per share information	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Revenue and other income	2,856	2,936	3,021	2,759	2,683
Operating income	134	59	88	130	181
EBITDA	370	312	303	352	381
Net income after non-controlling interests	116	104	90	82	201
Basic earnings per share	0.42	0.38	0.33	0.30	0.73

Reconciliation of alternative performance measures

Please see page 9 and 10 for definitions of alternative performance measures.

Reconciliation of operating income to EBITDA and gross cash flow

		3-month rolling		12-month rolling
USD millions		1Q 2018	1Q 2017	2017
Operating income		134	181	457
Share of net income in equity-accounted investees		11	9	29
Interest income and other financial income		21	20	77
Earnings before interest expense and tax (EBIT)		165	210	563
Depreciation and amortization		201	170	724
Impairment loss		4	1	60
Amortization of excess value in equity-accounted investees [1)]		0	0	0
Earnings before interest, tax and depreciation/amortization (EBITDA)		370	381	1,348
Income tax after tax on net foreign currency translation gain/(loss)		(30)	(42)	(76)
Gross cash flow	A	341	339	1,272

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

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

		3-month rolling		12-month rolling
USD millions		1Q 2018	1Q 2017	2017
Net income attributable to shareholders of the parent		116	201	477
Non-controlling interests		(2)	(4)	5
Interest expense and foreign currency translation		19	(49)	(17)
Depreciation and amortization		201	170	724
Impairment loss		4	1	60
Amortization of excess value in equity-accounted investees		0	0	0
Tax effect on foreign currency translation		4	20	23
Gross cash flow	A	341	339	1,272
Annualized gross cash flow	B=Ax4	1,363	1,357	
12-month rolling	B			1,272

Reconciliation of total assets to gross investments and CROGI calculation

		3-month average		12-month average
USD millions		1Q 2018	1Q 2017	2017
Total assets		16,320	14,230	14,847
Cash and cash equivalents		(545)	(376)	(327)
Other liquid assets		(2)	(0)	(0)
Deferred tax assets		(380)	(317)	(349)
Other current liabilities		(2,192)	(1,938)	(2,057)
Accumulated depreciation, amortization and impairment loss		6,665	5,544	6,023
Gross investment 3-month average	C	19,865	17,143	
Gross investment 12-month average	C			18,136
Cash Return on Gross Investment, CROGI	D=B/C	6.9 %	7.9 %	7.0 %

Reconciliation of EBIT to EBIT after tax

USD millions		3-month rolling 1Q 2018	3-month rolling 1Q 2017	12-month rolling 2017
Earnings before interest expense and tax (EBIT)		165	210	563
Income tax after tax on net foreign currency translation gain/(loss)		(30)	(42)	(76)
EBIT after tax	E	136	168	488
Annualized quarter EBIT after tax	F=Ex4	543	673	
12-month rolling EBIT after tax	F			488

Reconciliation of total assets to capital employed and ROCE calculation

USD millions		3-month average 1Q 2018	3-month average 1Q 2017	12-month average 2017
Total assets		16,320	14,230	14,847
Cash and cash equivalents		(545)	(376)	(327)
Other liquid assets		(2)	(0)	(0)
Deferred tax assets		(380)	(317)	(349)
Other current liabilities		(2,192)	(1,938)	(2,057)
Capital employed 3-month average	G	13,200	11,599	
Capital employed 12-month average	G			12,113
Return On Capital Employed, ROCE	H=F/G	4.1 %	5.8 %	4.0 %

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

USD millions		1Q 2018	1Q 2017	2017
EBITDA		370	381	1,348
Depreciation and amortization		(201)	(170)	(724)
Impairment loss		(4)	(1)	(60)
Amortization of excess value in equity-accounted investees		(0)	(0)	(0)
Interest expense and other financial items		(27)	(20)	(82)
Foreign currency translation gain/(loss)		8	69	99
Income before tax and non-controlling interests	I	147	259	581

Reconciliation of operating income to EBITDA excluding special items

USD millions		1Q 2018	1Q 2017	2017
Operating income		134	181	457
Share of net income in equity-accounted investees		11	9	29
Interest income		21	20	75
Dividends and net gain/(loss) on securities		0	0	2
EBIT		165	210	563
Depreciation and amortization [1]		201	170	724
Impairment loss [2]		4	1	60
EBITDA		370	381	1,348
Special items included in EBITDA [3]		7	14	82
EBITDA excluding special items		377	395	1,430

1) Including amortization on excess value in equity-accounted investees.
2) Including amortization on excess value in equity-accounted investees.
3) See page 10 for details on special items.

Net operating capital

USD millions		31 Mar 2018	31 Mar 2017	31 Dec 2017
Trade receivables		1,664	1,413	1,398
Inventories		2,471	2,127	2,229
Trade payables [1)]		(1,343)	(1,124)	(1,340)
Prepayments from customers		(374)	(349)	(265)
Net operating capital		2,418	2,067	2,023

1) Trade and other payables in the statement of financial position also includes payables related to payroll and value added taxes, which is not included in the calculation of net operating capital above.

Net interest-bearing debt

USD millions		31 Mar 2018	31 Mar 2017	31 Dec 2017
Cash and cash equivalents		521	323	544
Other liquid assets [1)]		2	0	0
Bank loans and other short-term interest-bearing debt		(645)	(304)	(439)
Current portion of long-term debt		(44)	(33)	(43)
Long-term interest-bearing debt		(2,714)	(1,668)	(2,429)
Net interest-bearing debt	J	(2,879)	(1,682)	(2,367)

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

Debt/equity ratio

USD millions		31 Mar 2018	31 Mar 2017	31 Dec 2017
Net interest-bearing debt	K	(2,879)	(1,682)	(2,367)
Total equity	L	(9,729)	(9,159)	(9,505)
Debt/equity ratio	M=K/L	0.30	0.18	0.25

Earnings per share

USD millions, except earnings per share and number of shares		1Q 2018	1Q 2017	2017
Weighted average number of shares outstanding	N	273,217,830	273,217,830	273,217,830
Net income	O	116	201	477
Net foreign currency translation gain/(loss)	P	8	69	99
Tax effect on foreign currency translation gain/(loss)	Q	(4)	(20)	(23)
Non-controlling interest share of currency (gain)/loss, net after tax	R	(1)	(1)	(4)
Special items within EBIT [1)]	S	(7)	(14)	(134)
Tax effect on special items	T	2	4	33
Special items within EBIT net of tax	U=S+T	(5)	(10)	(101)
Non-controlling interest share of special items, net after tax	V	-	-	2
Basic earnings per share	W=O/N	0.42	0.73	1.75
Basic earnings per share excluding currency	X=(O-P-Q+R)/N	0.40	0.55	1.45
Basic earnings per share excluding currency & special items	Y=(O-P-Q+R-U-V)/N	0.42	0.59	1.81

1) See page 10 for details on special items.

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