



Knowledge grows

Yara International ASA 2018 second quarter results

17 July 2018



SHMA
上海市登山运动协会

东亚 体育

adidas

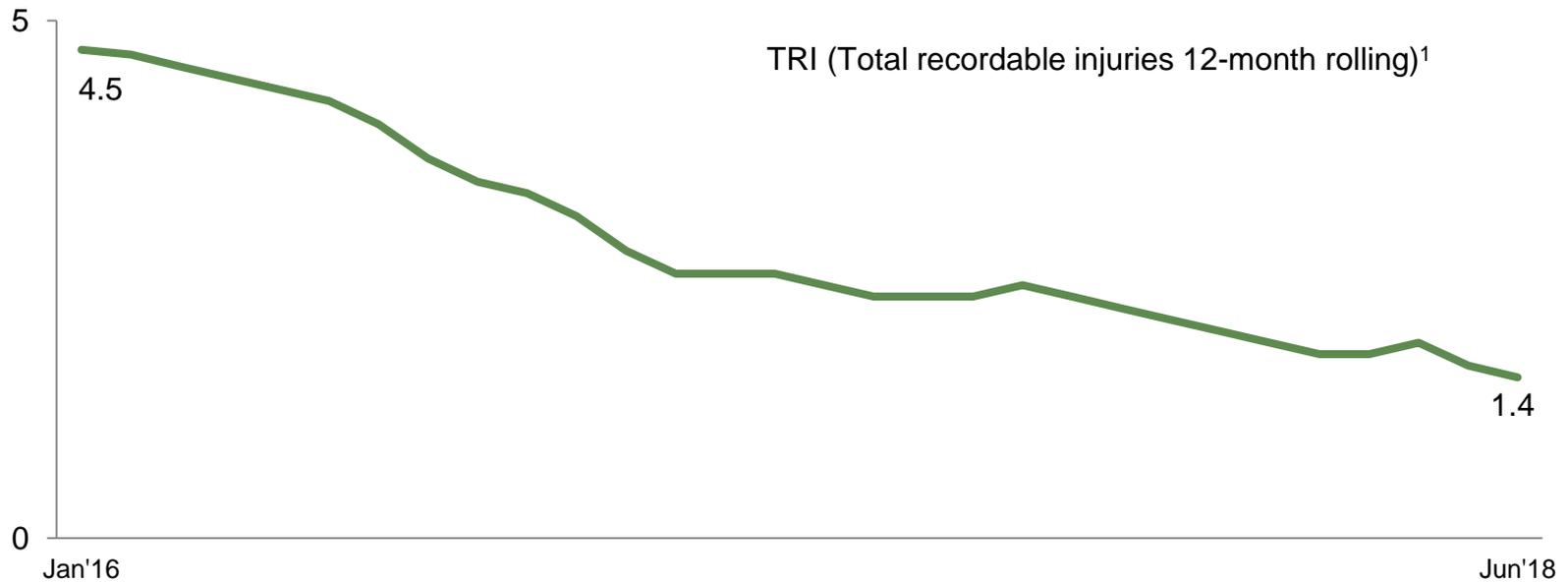


Knowledge grows

Yara Health & Safety Day 2018



Safe operations is our first priority



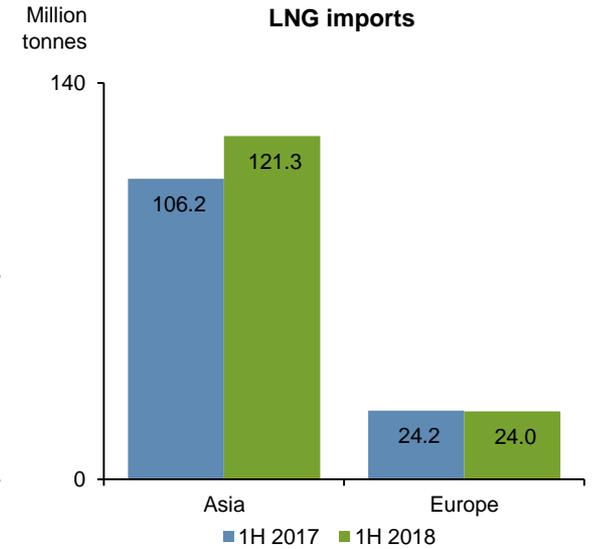
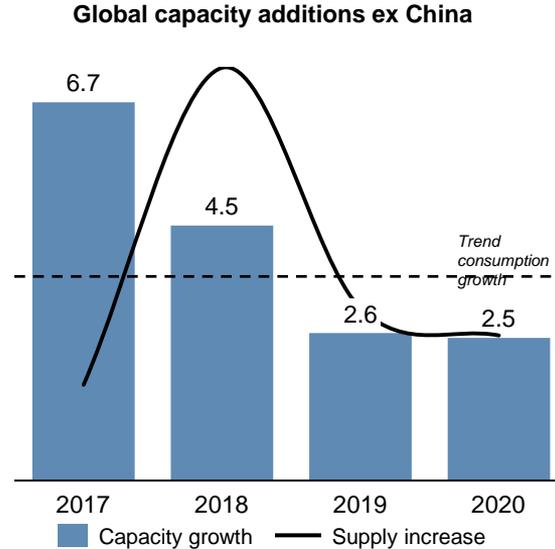
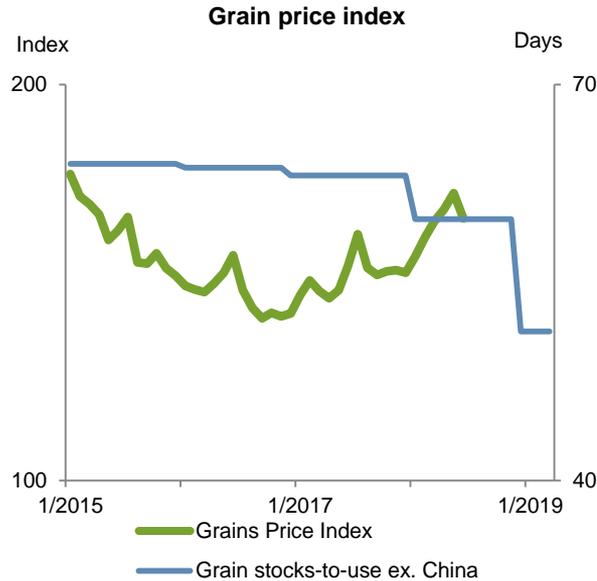
1) TRI: Total recordable injuries, lost time (absence from work), restricted work and medical treatment cases per one million work hours.

Market fundamentals currently challenging, but positive developments towards 2019 on grain stocks and urea supply

Grain prices rising slowly, and stocks are falling

Urea supply increases high in 2018, falling thereafter

Strong Asian demand drives LNG prices higher

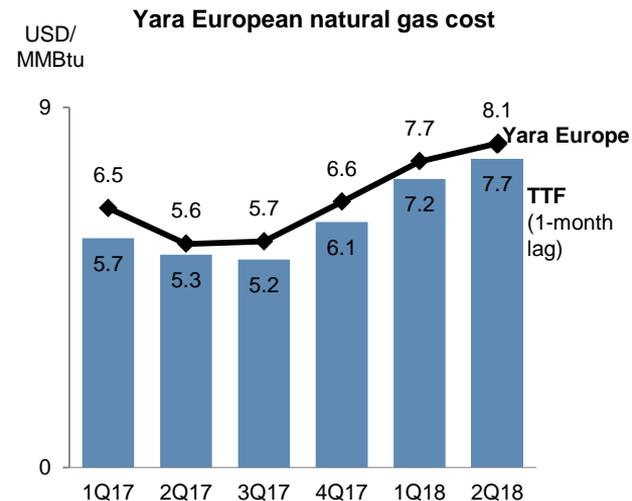
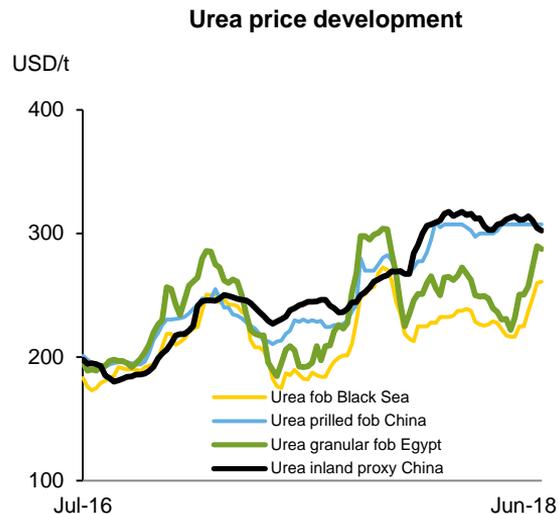
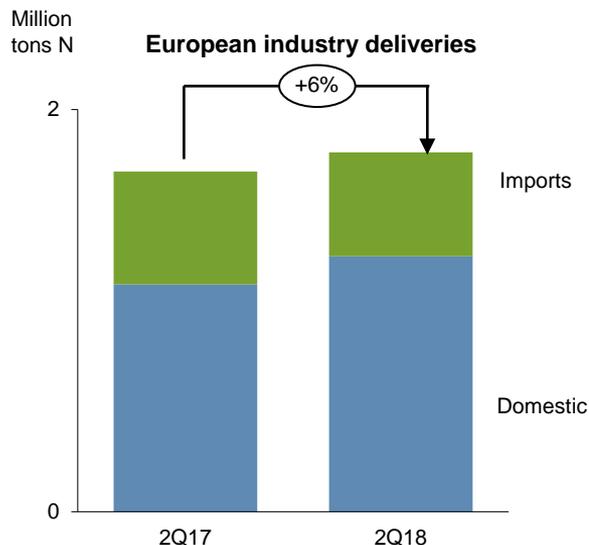


Yara's 2Q results reflect the business environment where increased deliveries and prices are offset by higher gas costs

Increased deliveries in Europe following late spring

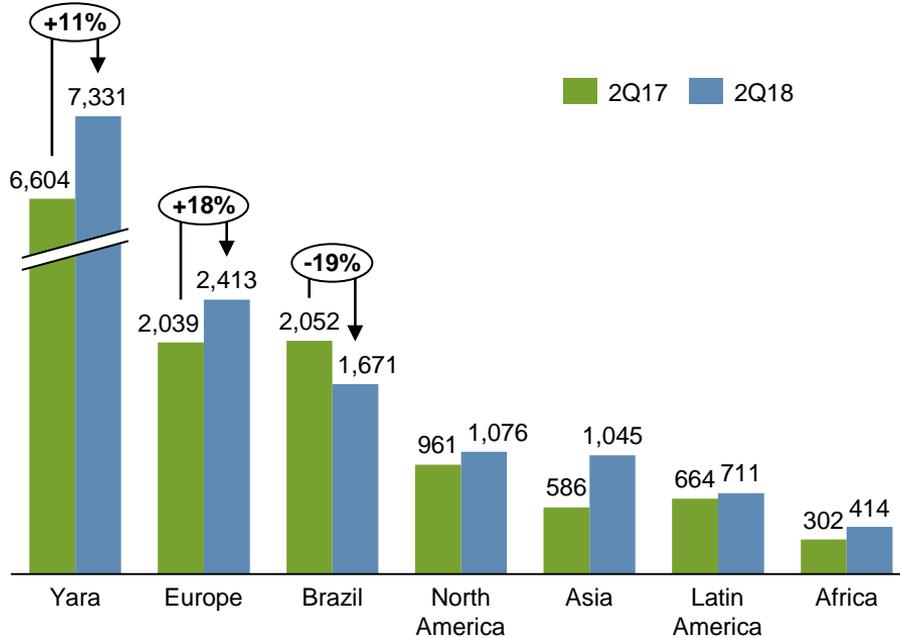
Global urea price rebound in June, but limited impact on 2Q

Tight LNG market drives European gas prices higher



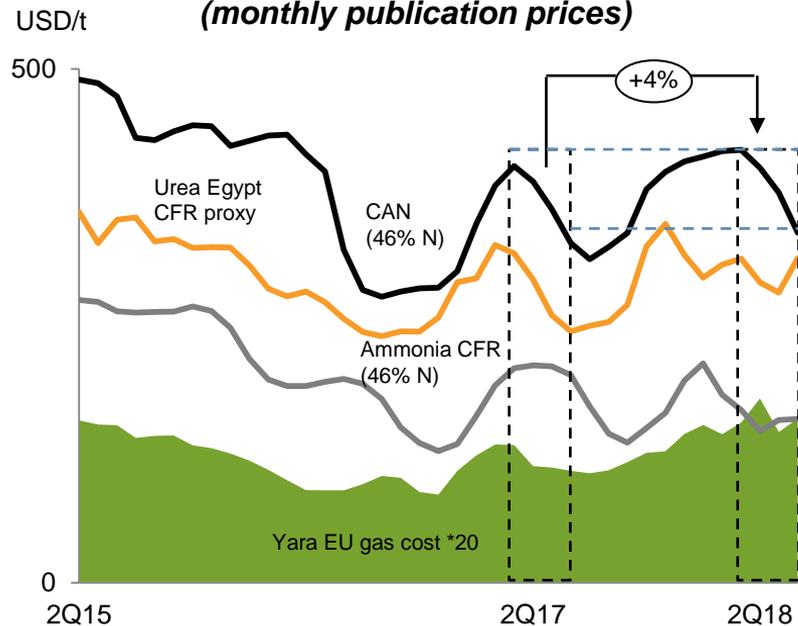
Increased deliveries in all main markets except Brazil, where truck strike impacts negatively

Kilotons



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

Nitrogen upgrading margins¹
(monthly publication prices)



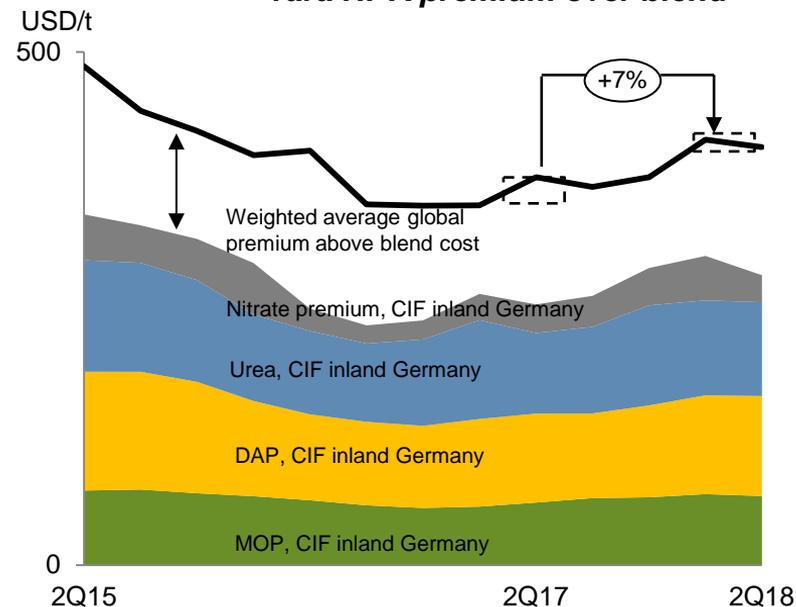
Upgrading margin from gas to nitrates in 46% N (USD/t):

250

213

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

Yara NPK premium over blend¹



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

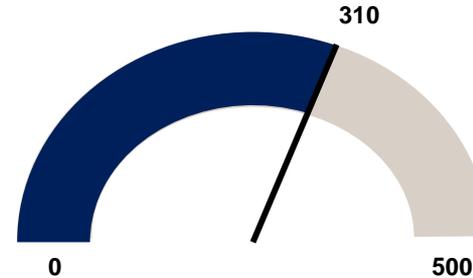
Source: Fertilizer Market Publications

Yara Improvement Program delivering ahead of plan

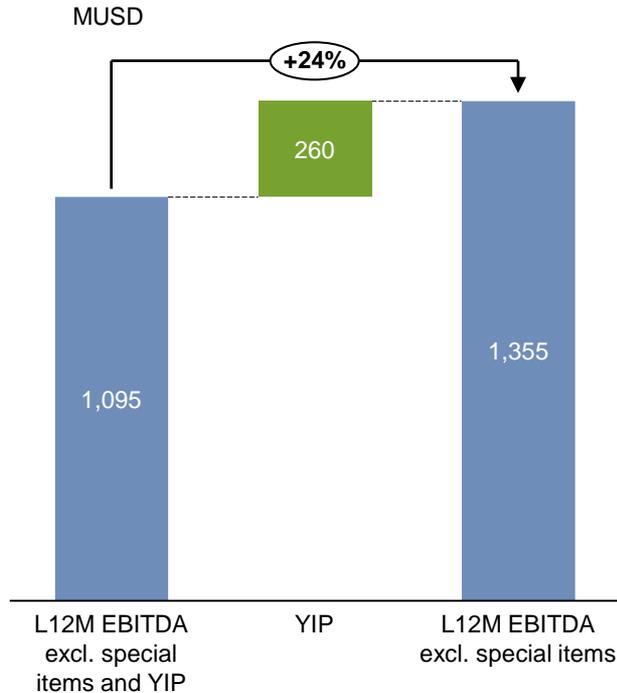


EBITDA Benefits of 310 MUSD delivered

- Yara Productivity System rolled out to 21 out of 29 sites.
- Good reliability improvements in NPK production
- Good improvements in procurement initiatives



Yara Improvement Program accounts for ~20% of L12M EBITDA

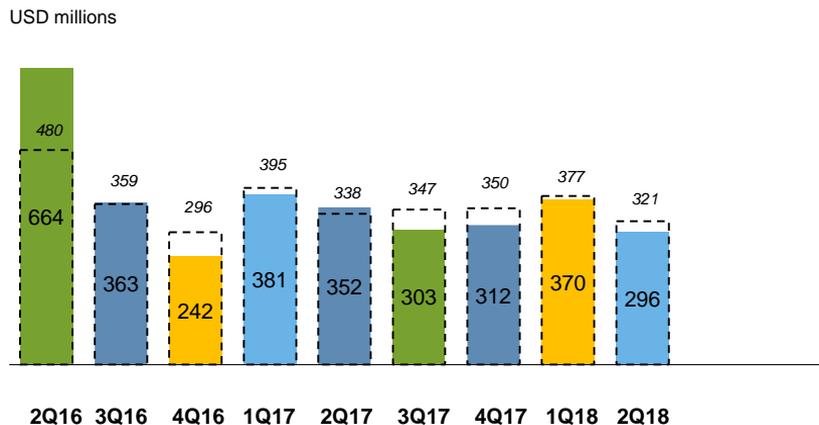


- L12M earnings impacted by lower fertilizer prices and higher natural gas cost (~900 MUSD)
- Yara Improvement Program is (1) a driver of improved long-term Yara performance and (2) a response to challenging market conditions
- Measured at L12M margins and prices, the equivalent number is approximately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

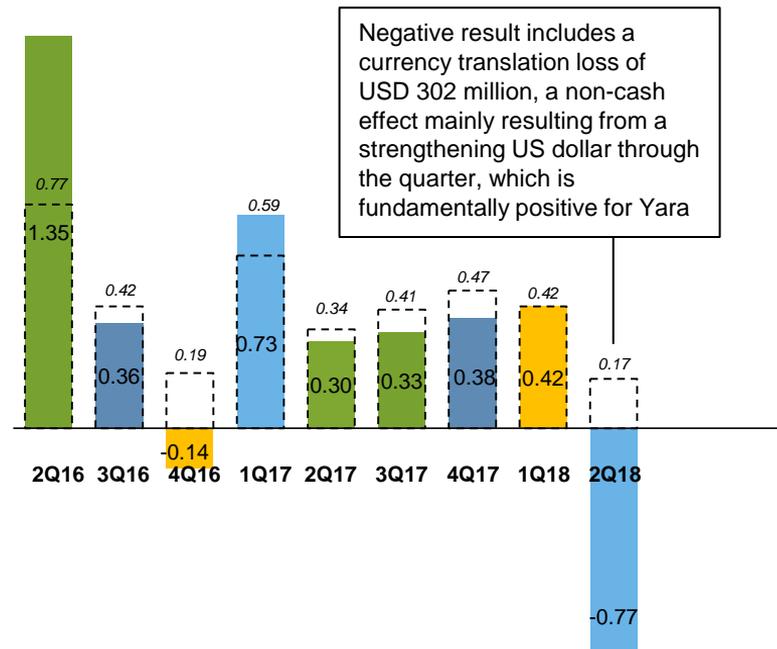
Earnings per share impacted by higher energy cost and currency translation loss

^{x.xx} EPS excluding currency and special items

EBITDA



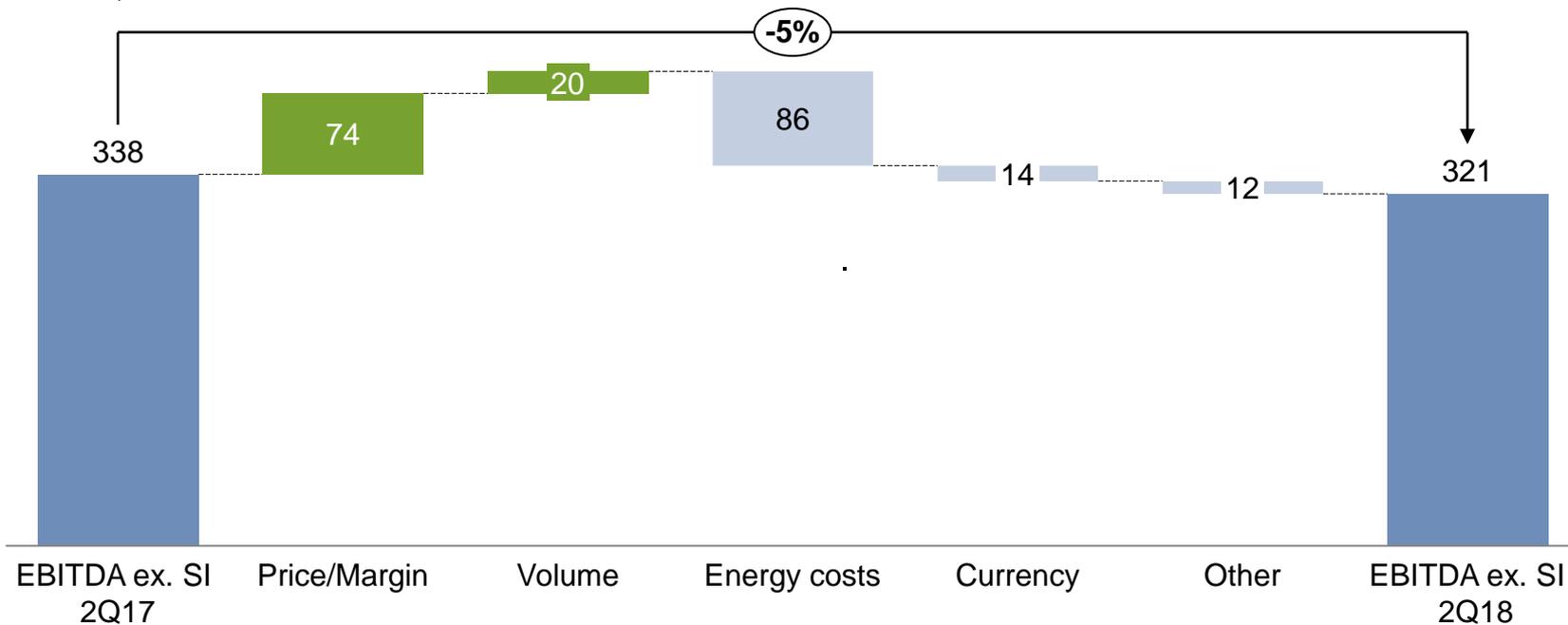
Earnings per share



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

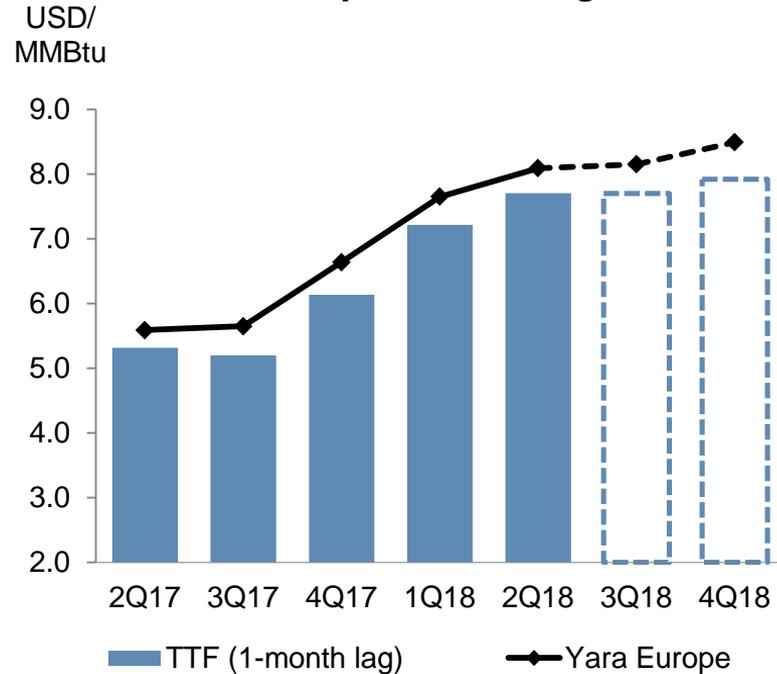
EBITDA 5% lower YoY as higher sales prices and deliveries were more than offset by higher energy cost and a weaker US dollar

EBITDA, USD millions

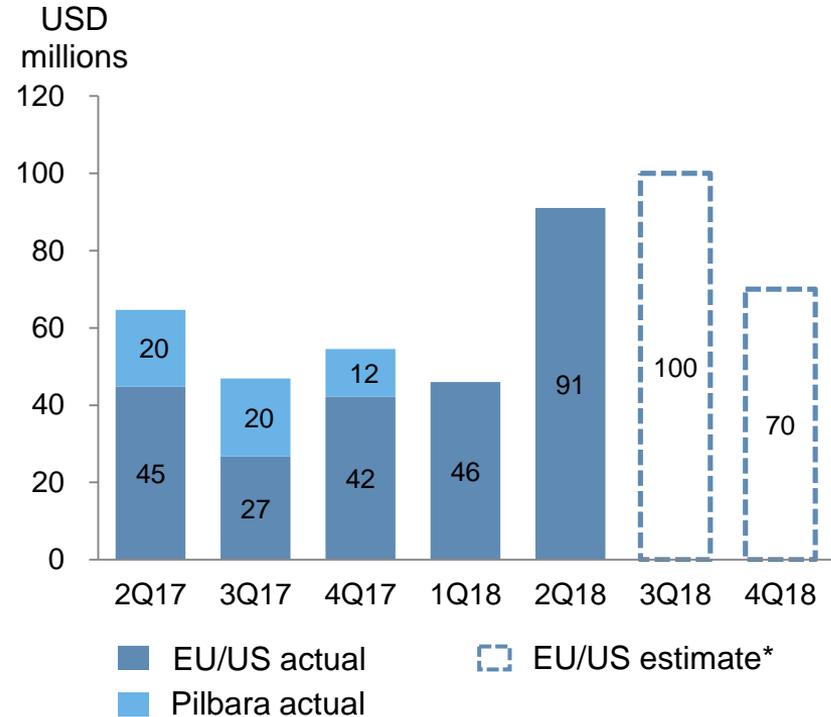


Higher natural gas cost expected for the next two quarters

Yara European natural gas cost



Y-o-Y change in Yara gas cost



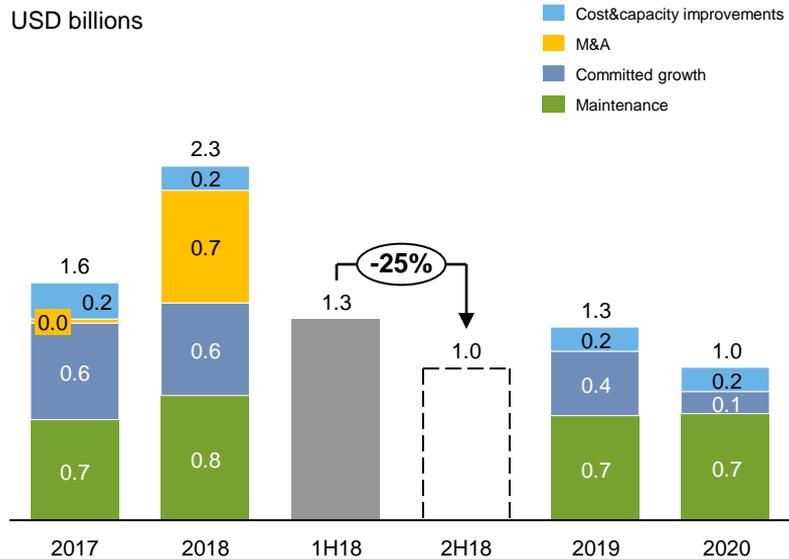
*Dotted lines denote forward prices as of 10 July 2018

Source: Yara, World Bank, Argus/ICIS Heren

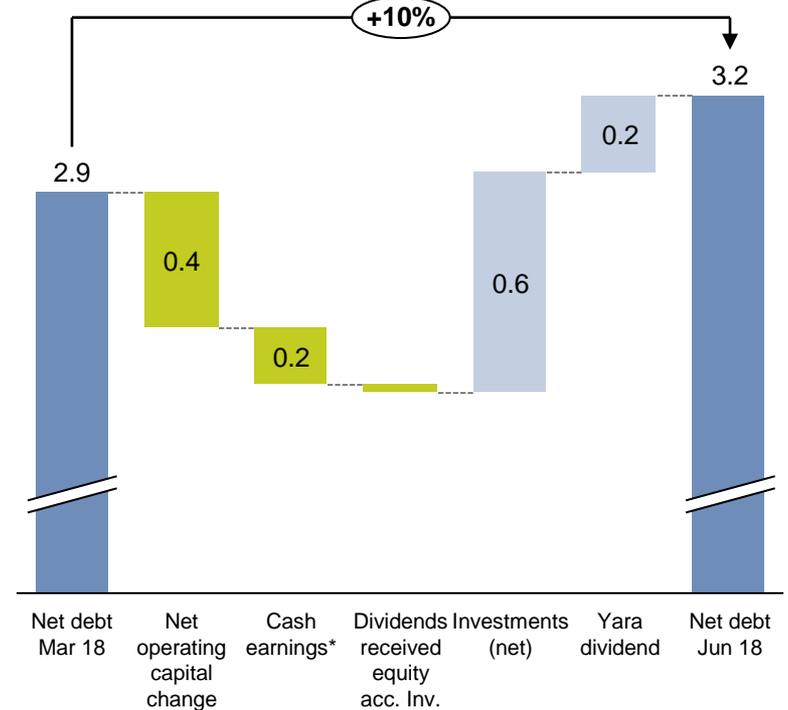
Yara investment activity peaked in first half 2018

Capex plan

USD billions



Net interest-bearing debt



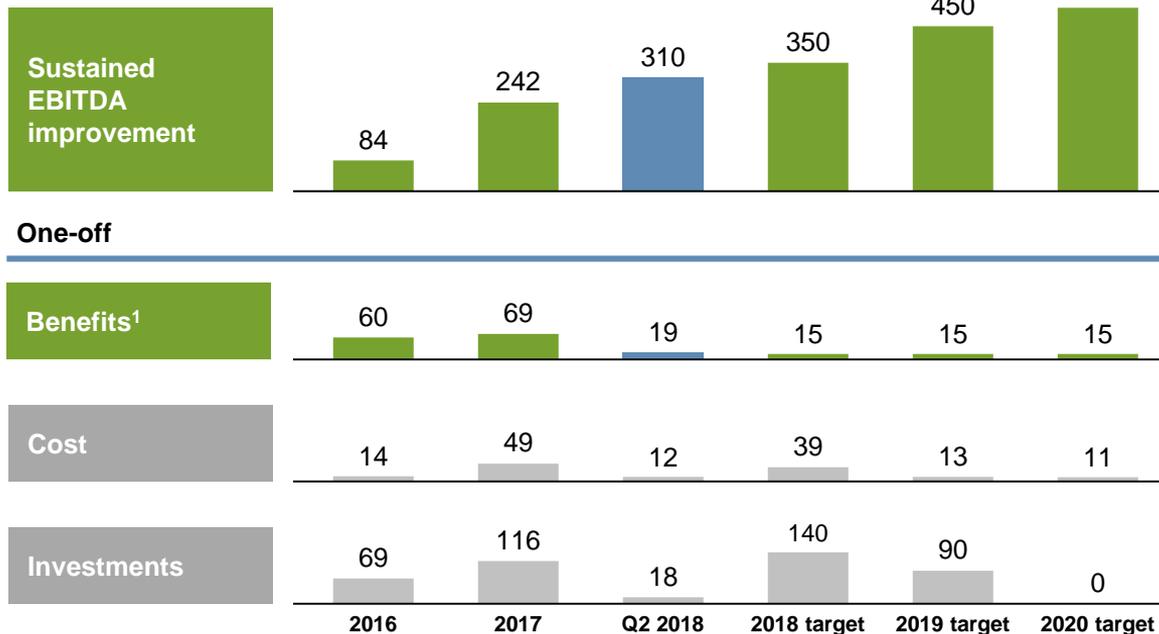
* Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges

Yara Improvement Program delivering ahead of plan



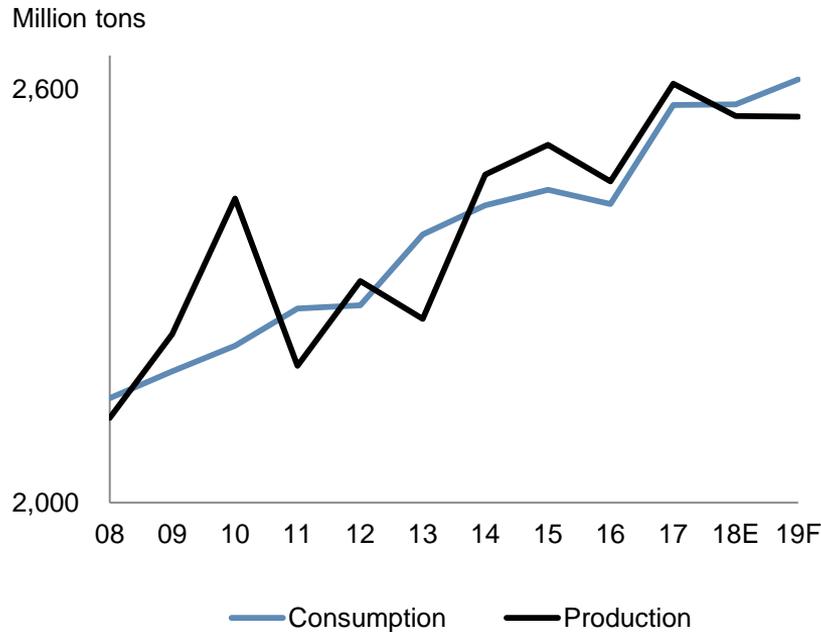
- The Yara Improvement Program has so far delivered 310 million US dollars of annual sustained benefits, measured at 2015 margins
- The equivalent number using 2018 margins is ~300 million US dollars
- Improvements on Production volume, Consumption factor and Variable unit costs are on or ahead of target

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

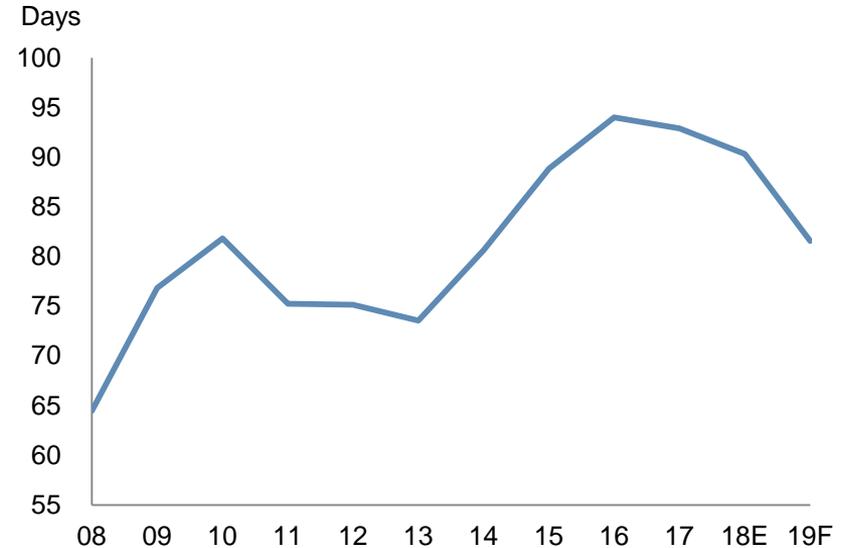


Steady growth in grain consumption, production expected to fall short for the 2018/19 season

Grain consumption and production



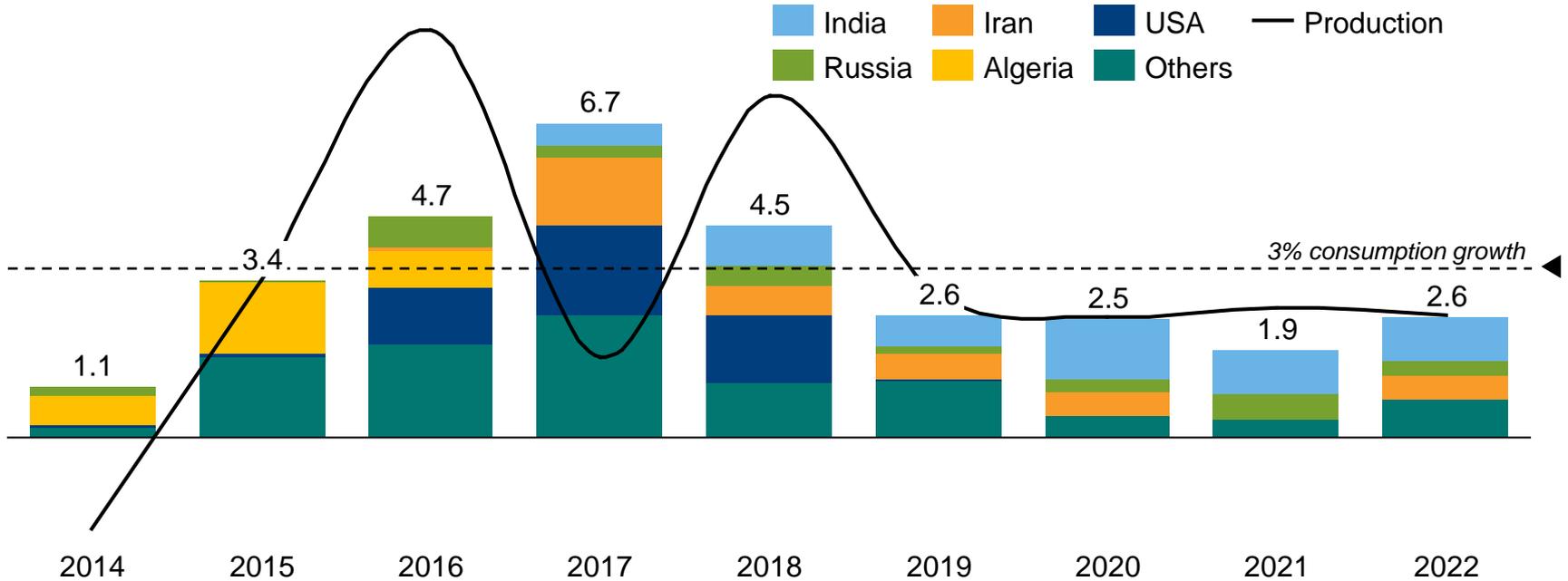
Days of consumption in stocks



Source: USDA July 2018

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

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



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

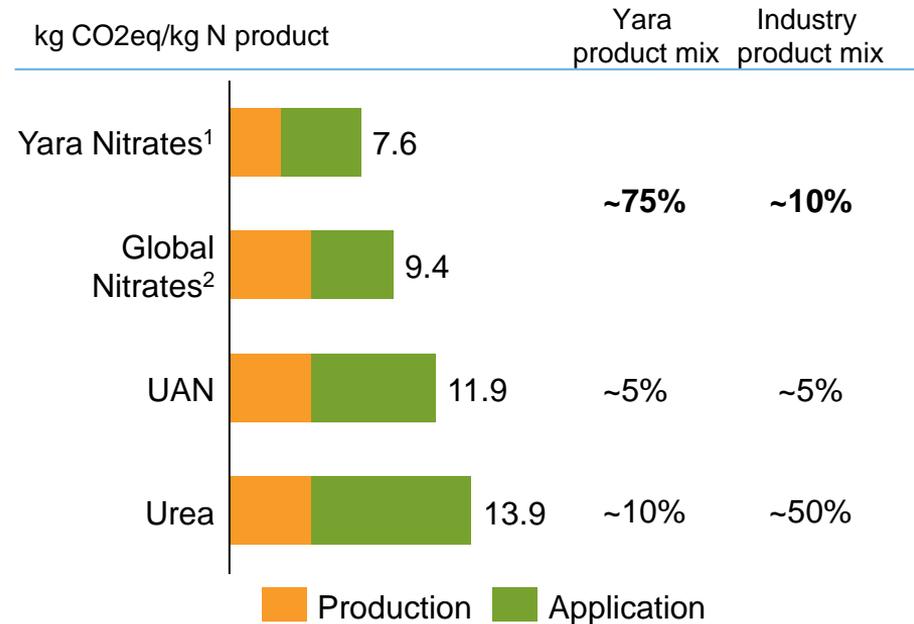
Yara's solutions improve food production per hectare, delivered through products with lower emissions per tonne

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



- Precision farming promotes best agricultural practices
- Yara's N-sensor, N-tester and water sensor help optimize application rates and water use
- Yara's solutions help farmers comply with environmental legislation while supporting their competitiveness

Yara's product mix has significantly lower emissions than the industry average



Yara's mission and vision guides our strategy

Our Mission

*Responsibly feed
the world and
protect the planet.*

Our Vision

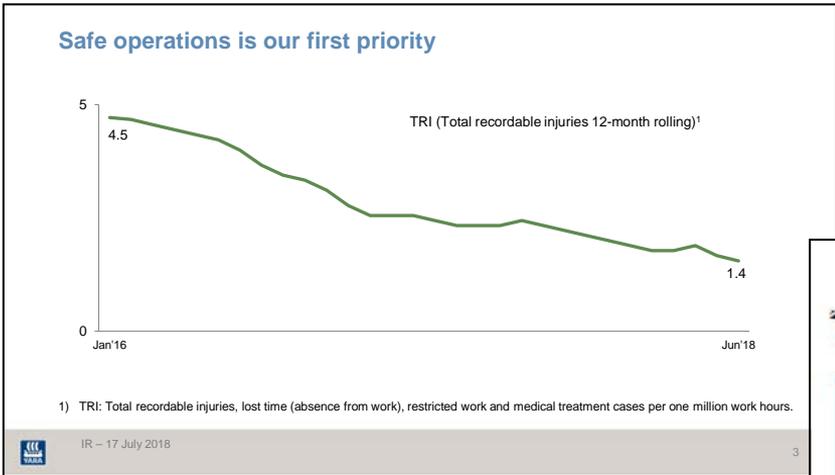
*A collaborative society;
a world without hunger;
a planet respected.*

The Crop Nutrition Leader

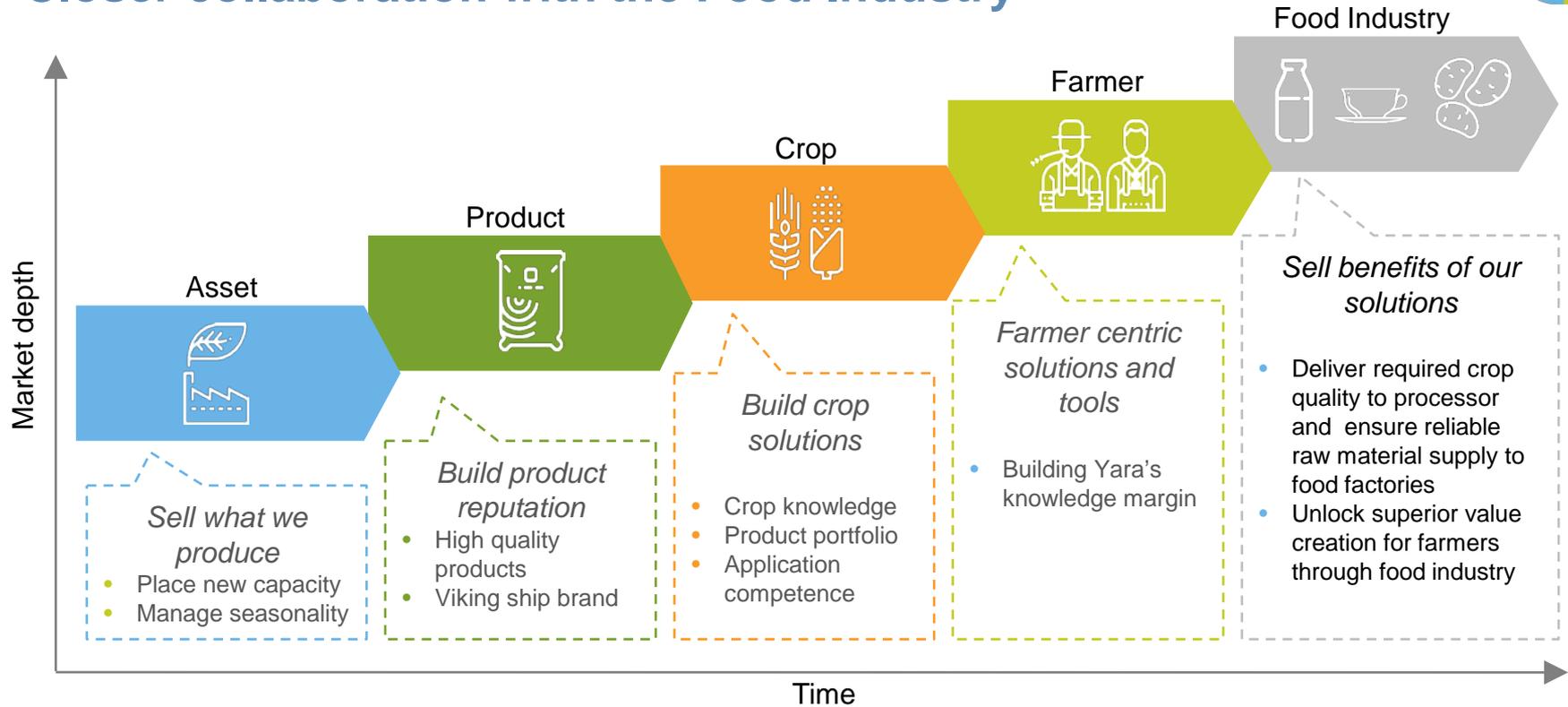
We will grow responsible solutions to farmers, industry and society, while delivering superior return on capital



Advance Operational excellence; Improved safety, increased savings

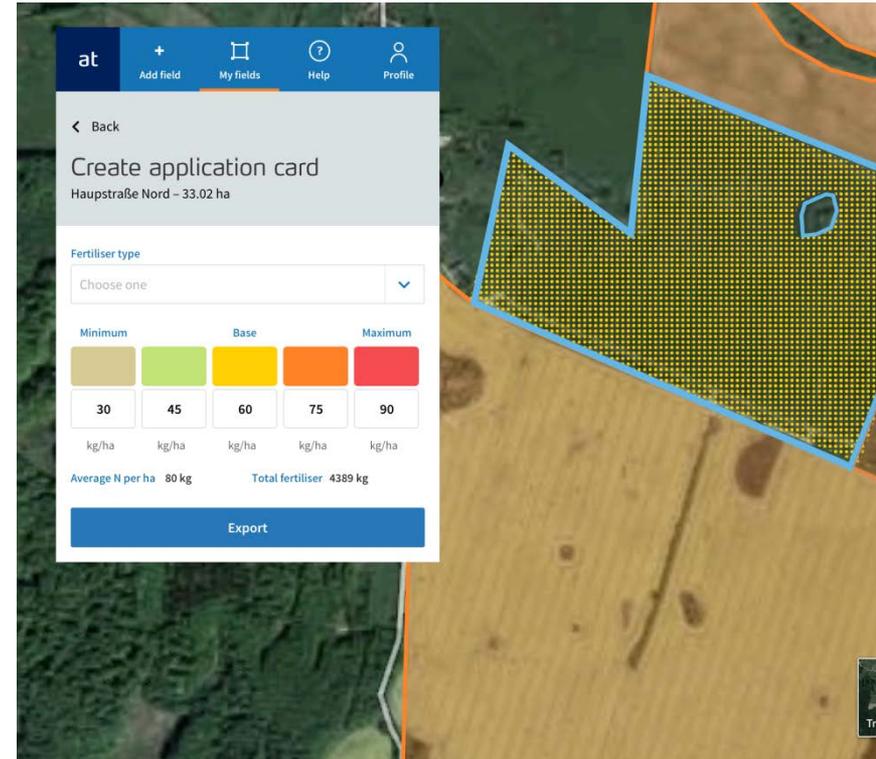


Create Scalable Solutions; Closer collaboration with the Food Industry



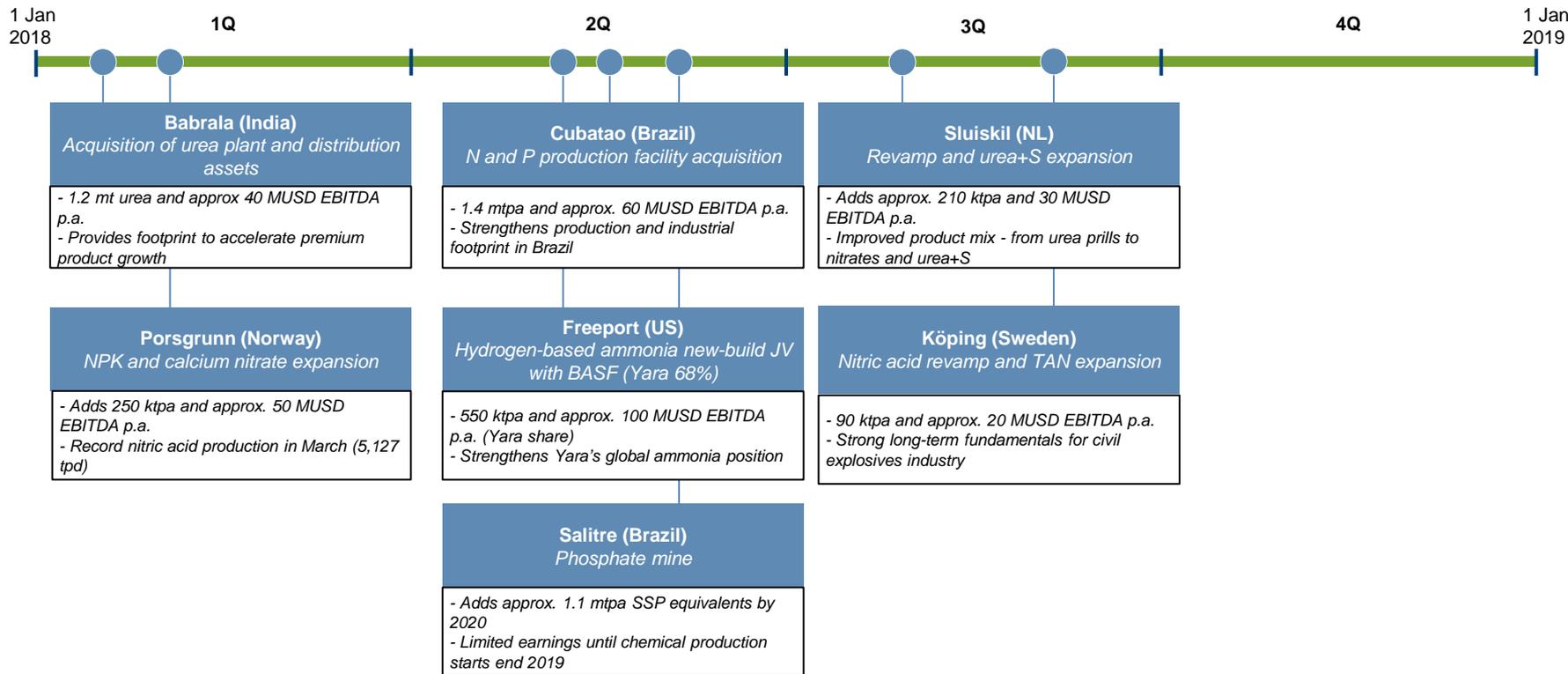


- 10x10m precision application of fertilizer
- Quantitative recommendation “in only 5 clicks”
- Empowered by 20 years of Yara precision fertilization R&D
- Benefits for farmers
 - Higher yield
 - Reduced waste
 - Higher protein content



Drive Innovative Growth; Yara is delivering on its growth pipeline

Examples of strategic responses



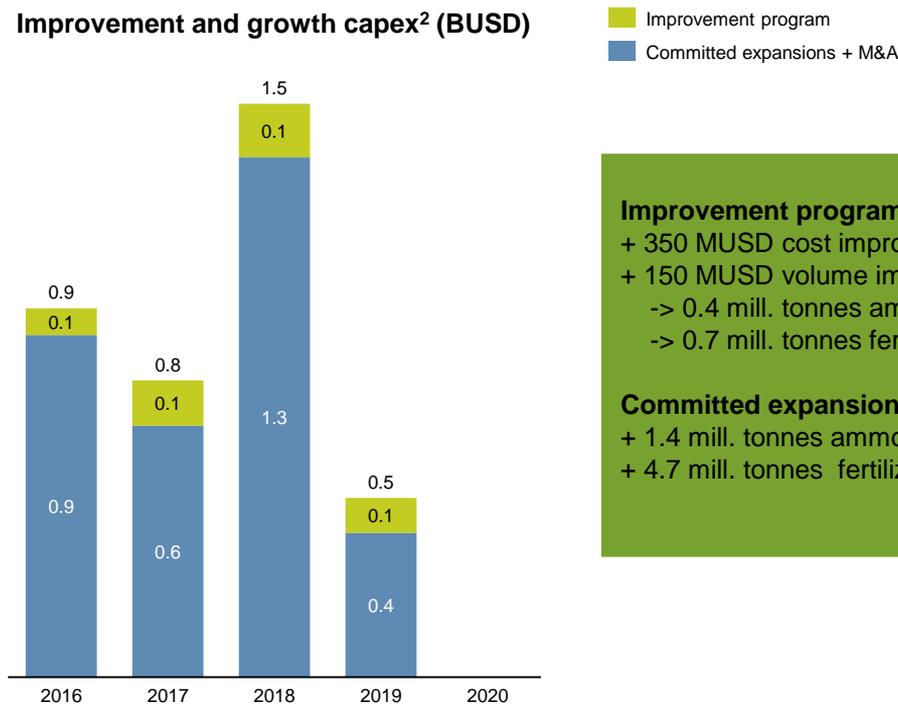
EBITDA figures at 2015 prices except Cubatão which reflects business case prices



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



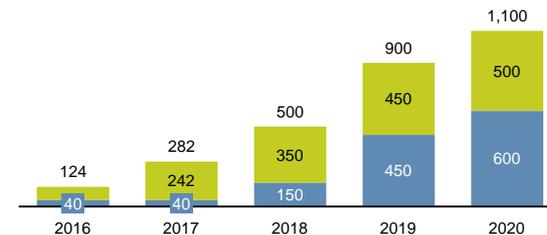
Improvement and growth capex² (BUSD)



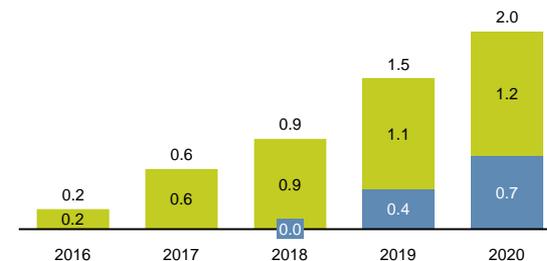
Improvement program:
 + 350 MUSD cost improvement
 + 150 MUSD volume improvement:
 -> 0.4 mill. tonnes ammonia
 -> 0.7 mill. tonnes fertilizer

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

EBITDA improvement³ (MUSD)



Earnings improvement³ (USD per share)



¹ Currency assumptions for 2018 onwards: USD/NOK 8,01, EUR/USD: 1.18, USD/BRL: 3.83

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

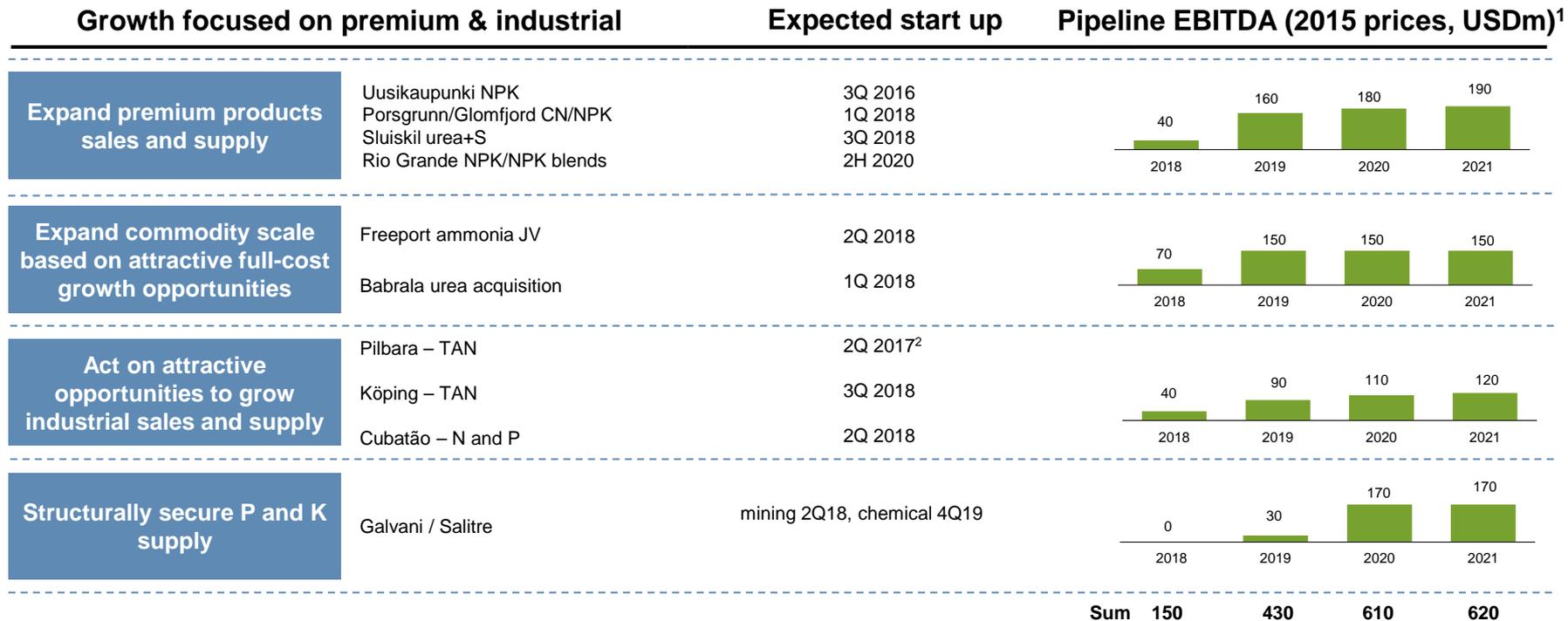
³ Measured at 2015 conditions. Main average market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t



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Additional information

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

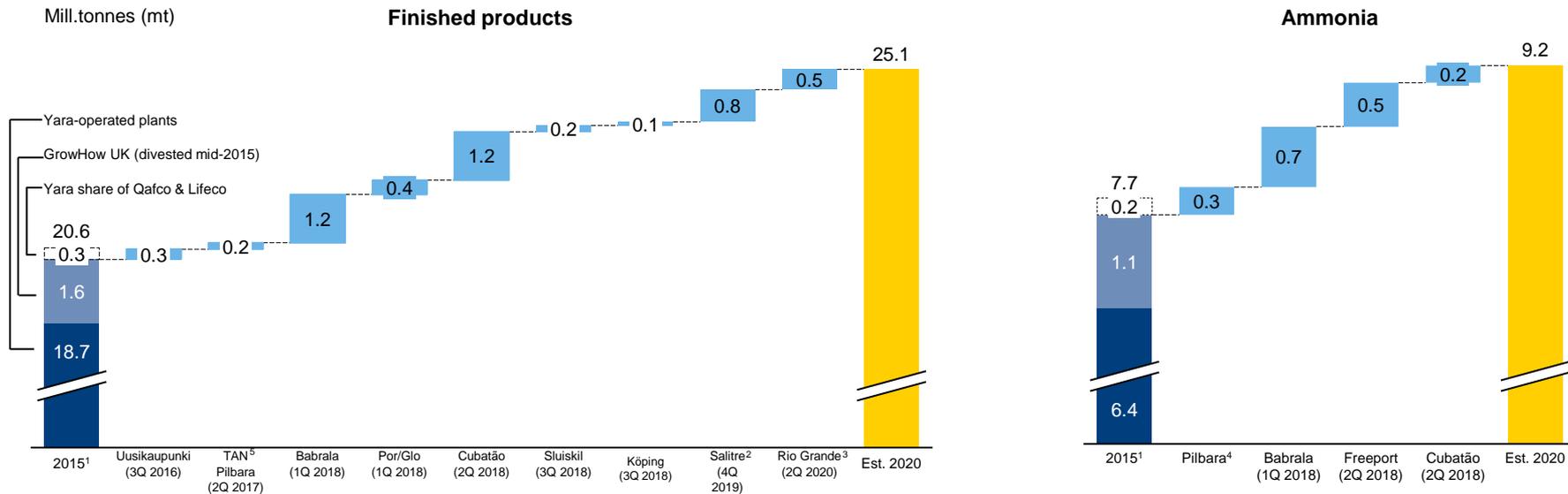


¹ Including Yara's share of volume in equity accounted investees. Fully consolidated entities presented at 100% basis

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

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

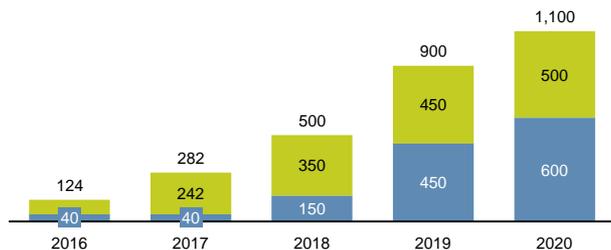
Production growth 2015 - 2020



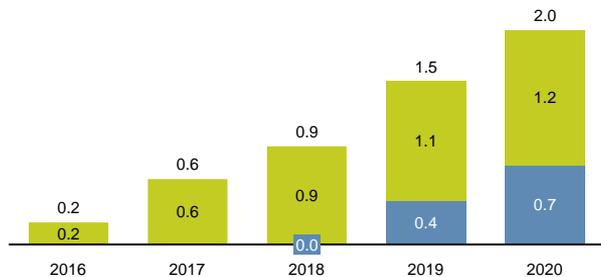
- Adjusted to normalized / 2016 turnaround level (0.7mt finished fertilizer and 0.2mt NH₃) and regularity level (0.7mt finished fertilizer and 0.4mt NH₃)
- Salitre will reach 1.1 mill.tonnes in 2022
- Rio Grande expansion also adds 1 million tonnes NPK blends by 2020
- Including 100% ownership in Pilbara NH₃ plant (not included in committed growth pipeline)
- TAN Pilbara started up in 2Q 2017, but has suffered from technical difficulties and the site is currently undergoing a turnaround

Improvement and growth investments; earnings and sensitivities

EBITDA improvement¹ (MUSD)

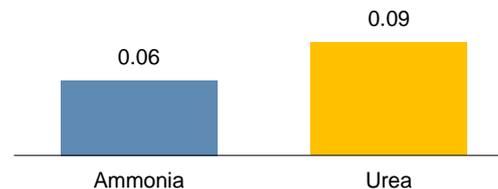


Earnings improvement¹ (USD per share)

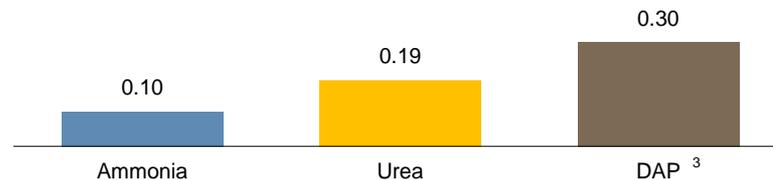


Improvement program
Growth

Improvement program: Impact² of +100 USD/t price change (USD/share)



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



¹ Measured at 2015 conditions. Main average market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t.

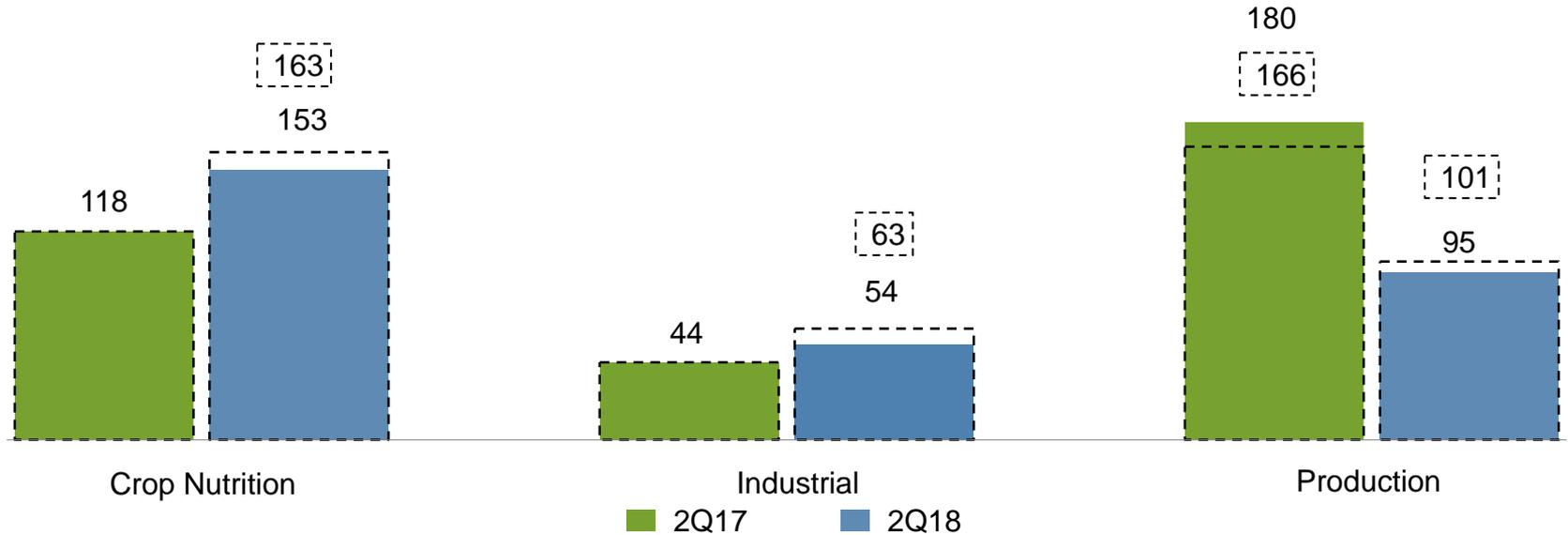
² Improvement: 2020 numbers. Growth: At full capacity (2019 for urea and ammonia, 2020 for DAP).

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

Higher margins in Crop Nutrition and Industrial segment

EBITDA
(USD millions)

EBITDA excluding special items

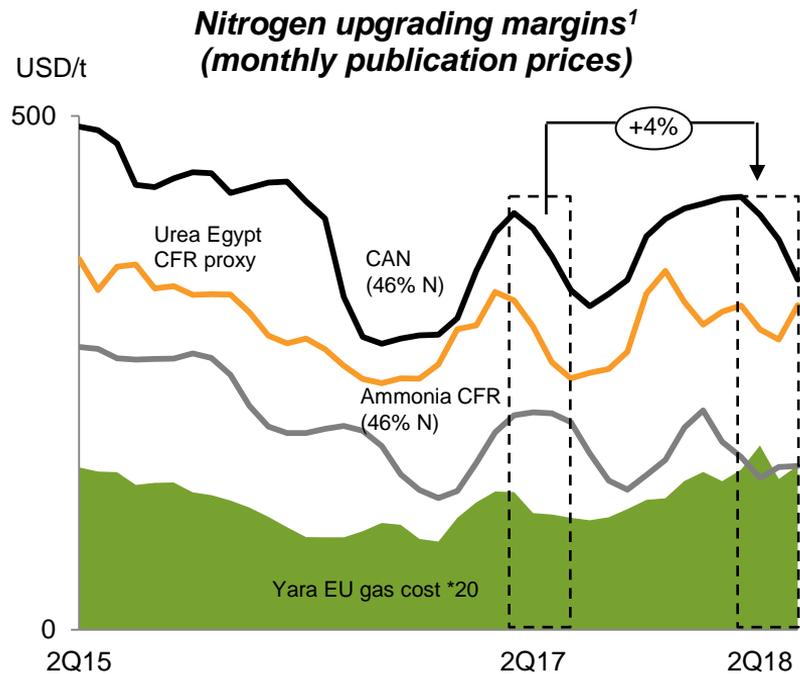


Debt/equity ratio

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



Lower upgrading margins to nitrates, premiums in line with last year

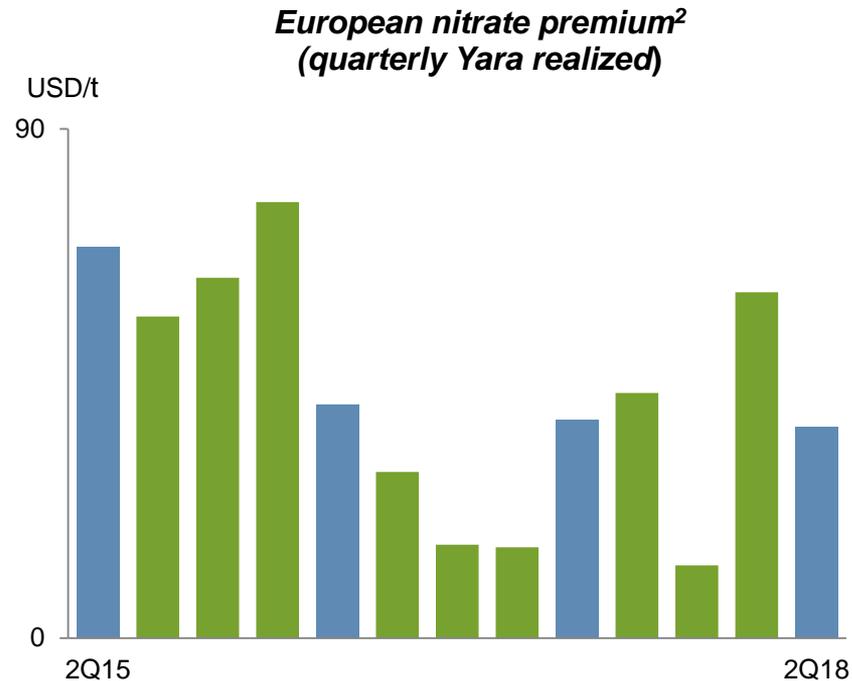


Upgrading margin from gas to nitrates in 46% N (USD/t):

250

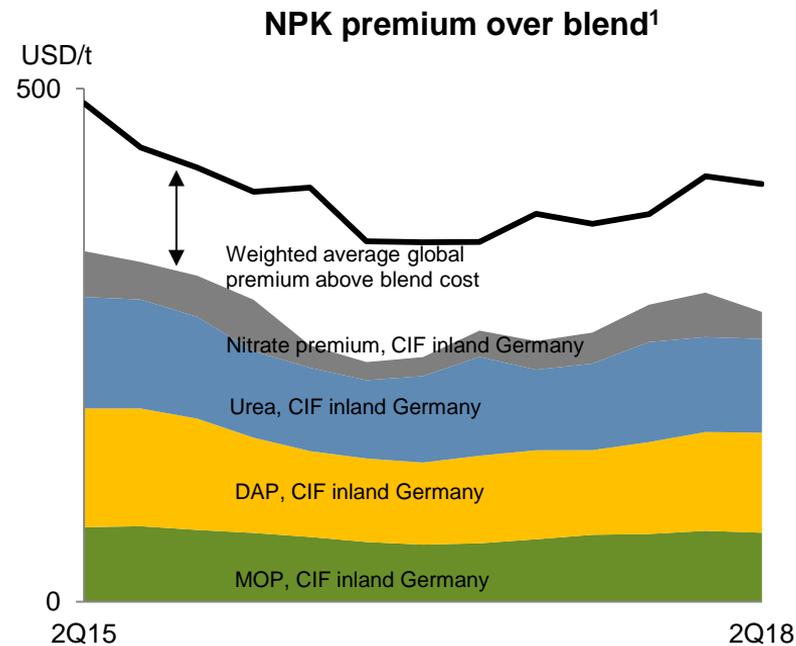
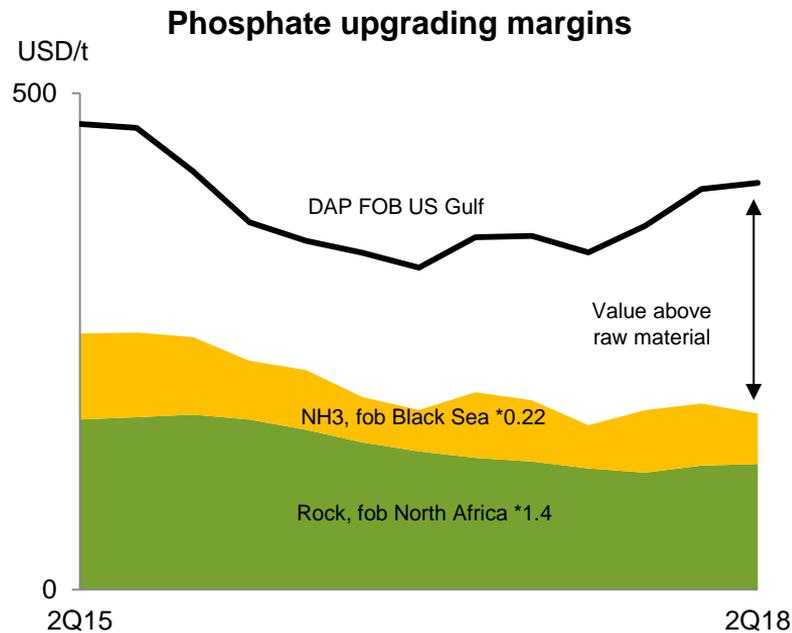
213

Source: Fertilizer Market Publications



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

Solid commodity phosphate margins and compound NPK premiums

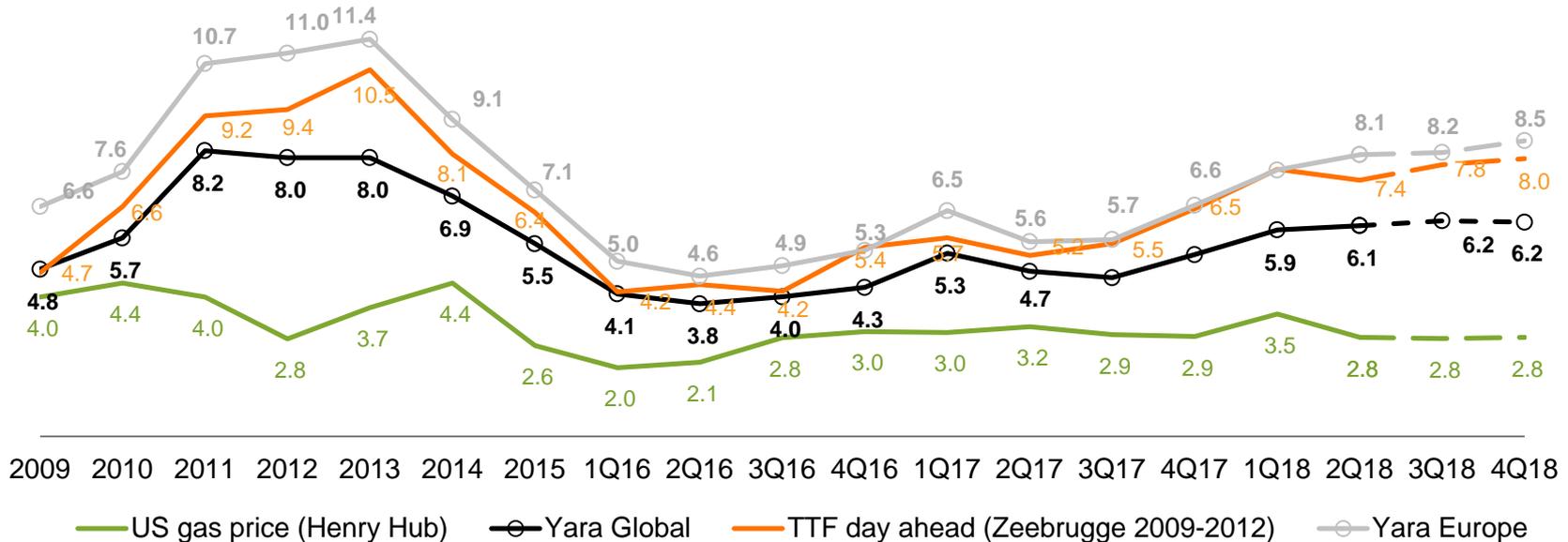


1) Export NPK plants, average grade 19-10-13, net of transport and handling cost.

Source: Fertilizer Market Publications

Energy cost

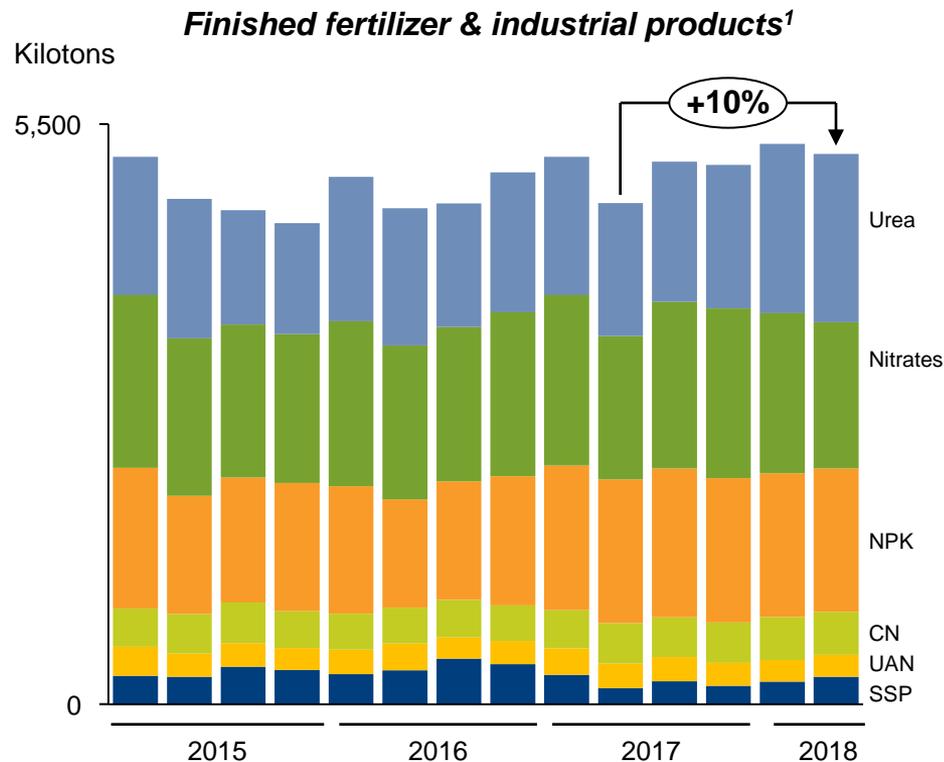
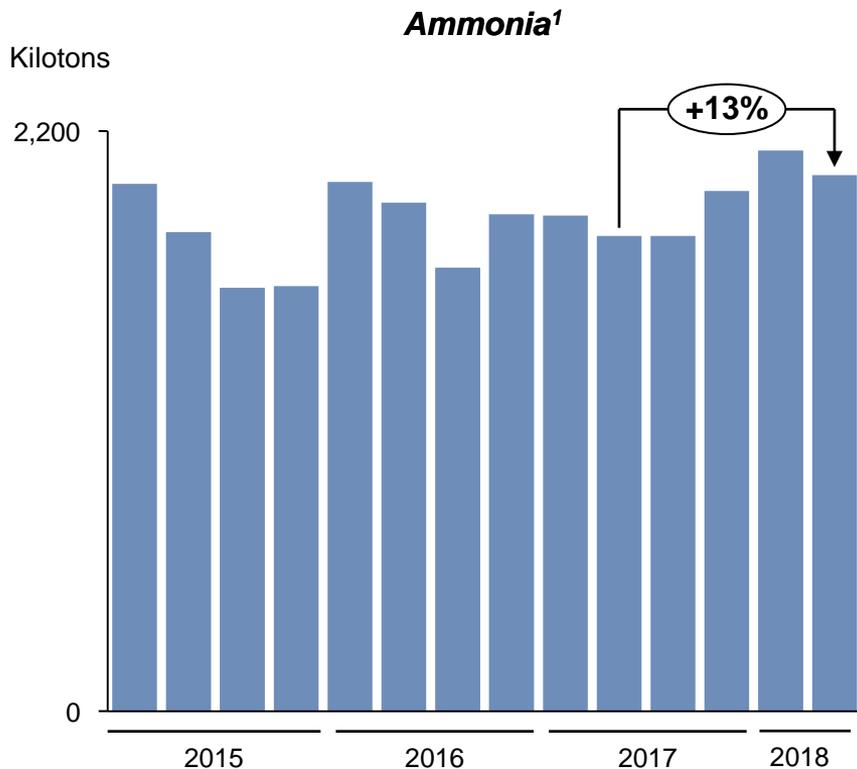
Yearly averages 2009 – 2015, quarterly averages for 2016-18 with forward prices* for 3Q18 and 4Q18.



*Dotted lines denote forward prices as of 10 July 2018

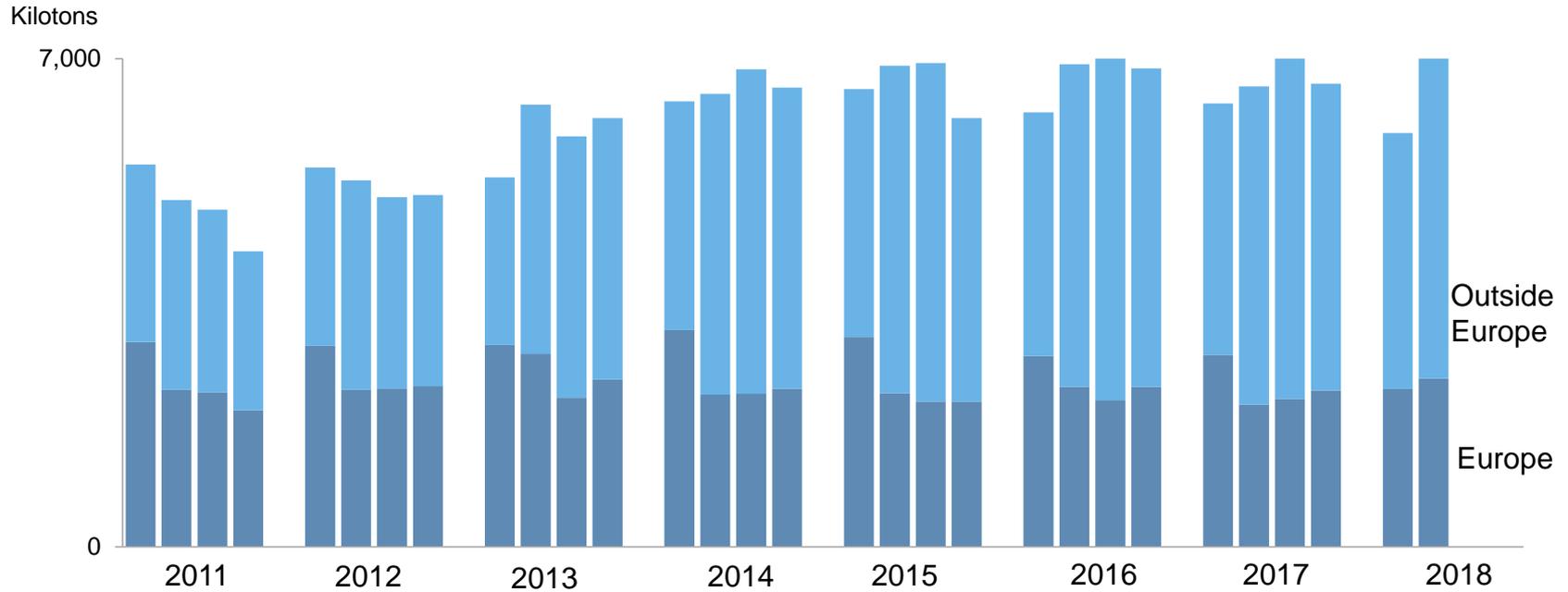
Source: Yara, World Bank, Argus/ICIS Heren

Increased ammonia and finished products production



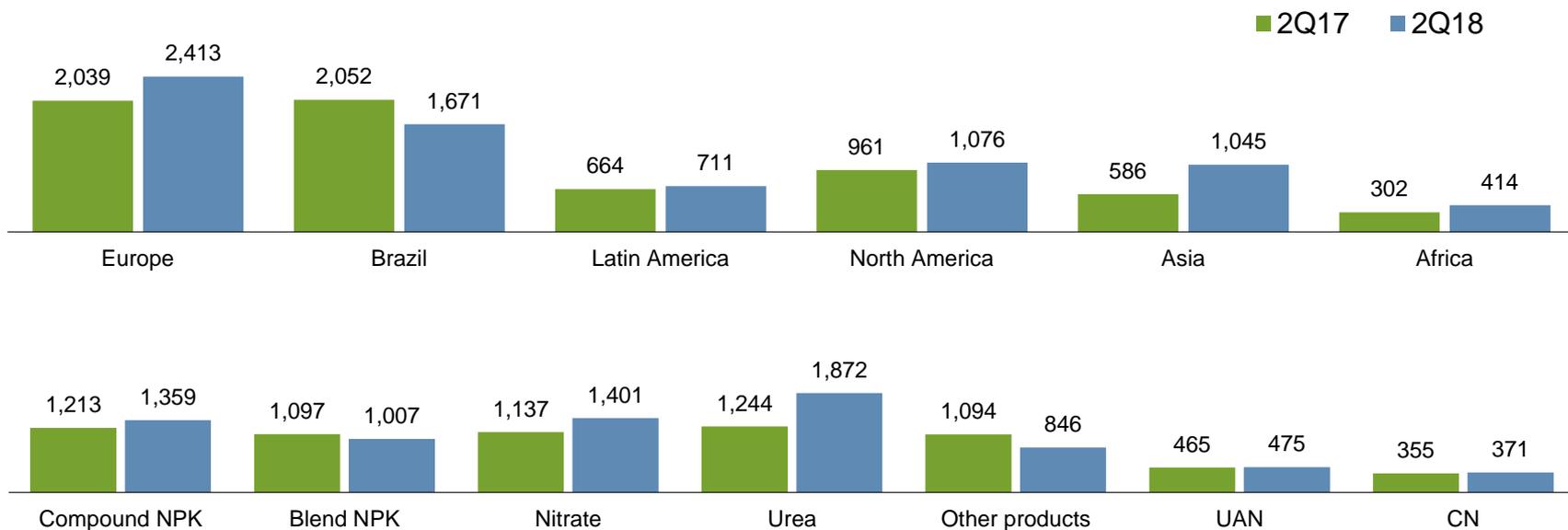
1) Including share of equity-accounted investees

Fertilizer deliveries



Yara 2Q fertilizer deliveries by market and product

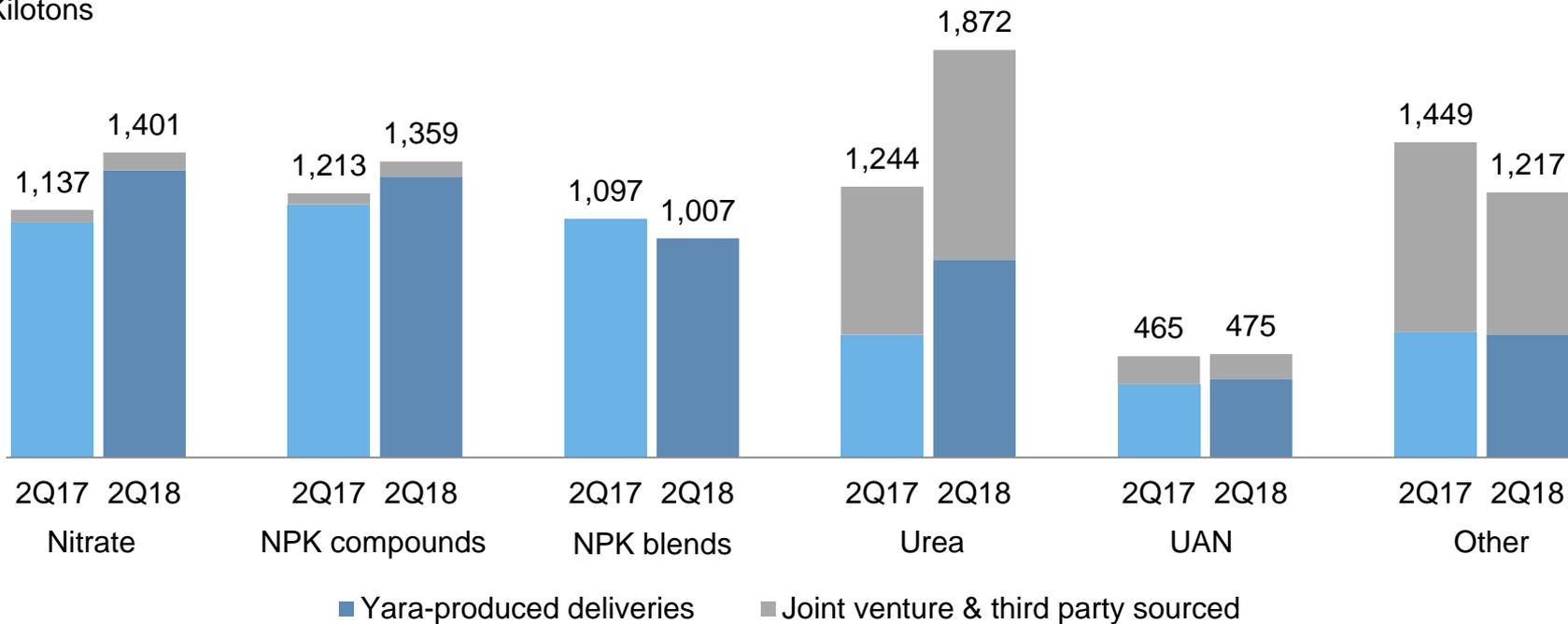
Kilotons



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

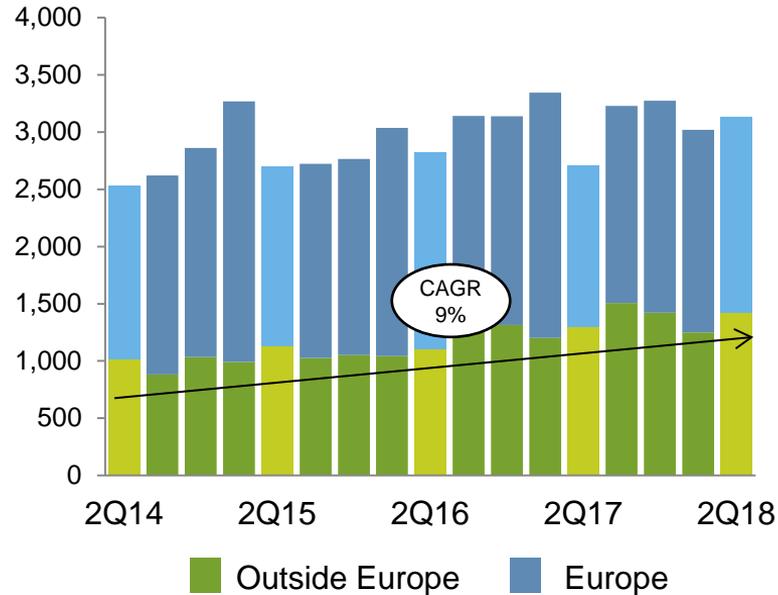
Fertilizer deliveries by product and source

Kilotons

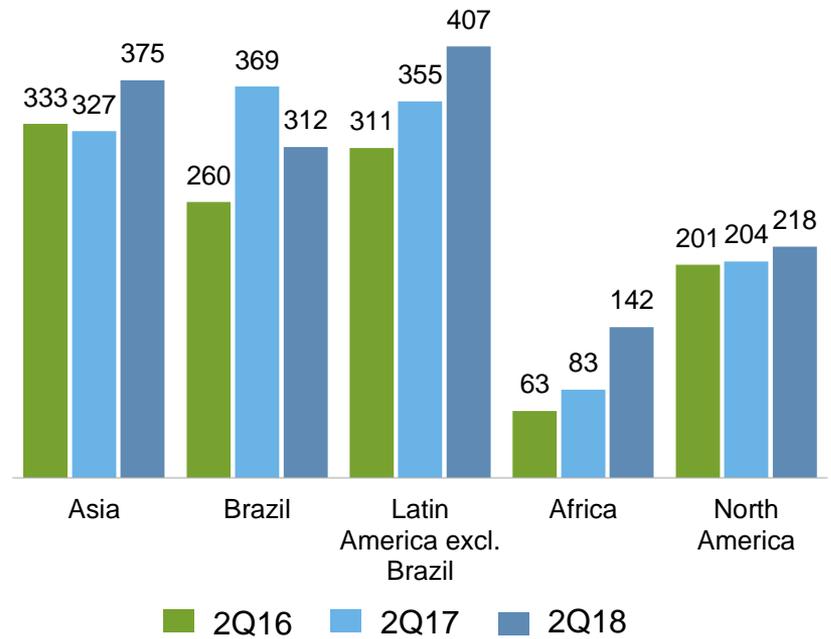


Strong premium product deliveries

Value-added fertilizer deliveries¹



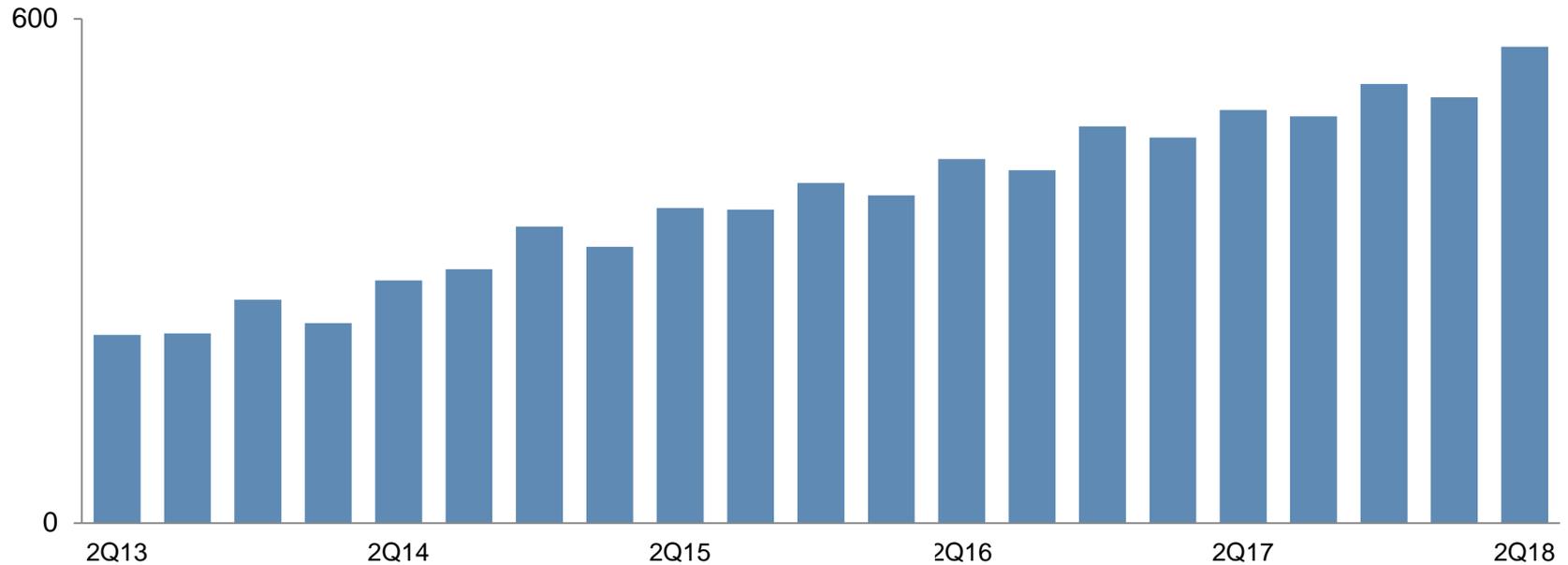
Value-added fertilizer deliveries¹



1) YaraBela, YaraMila and YaraLiva deliveries

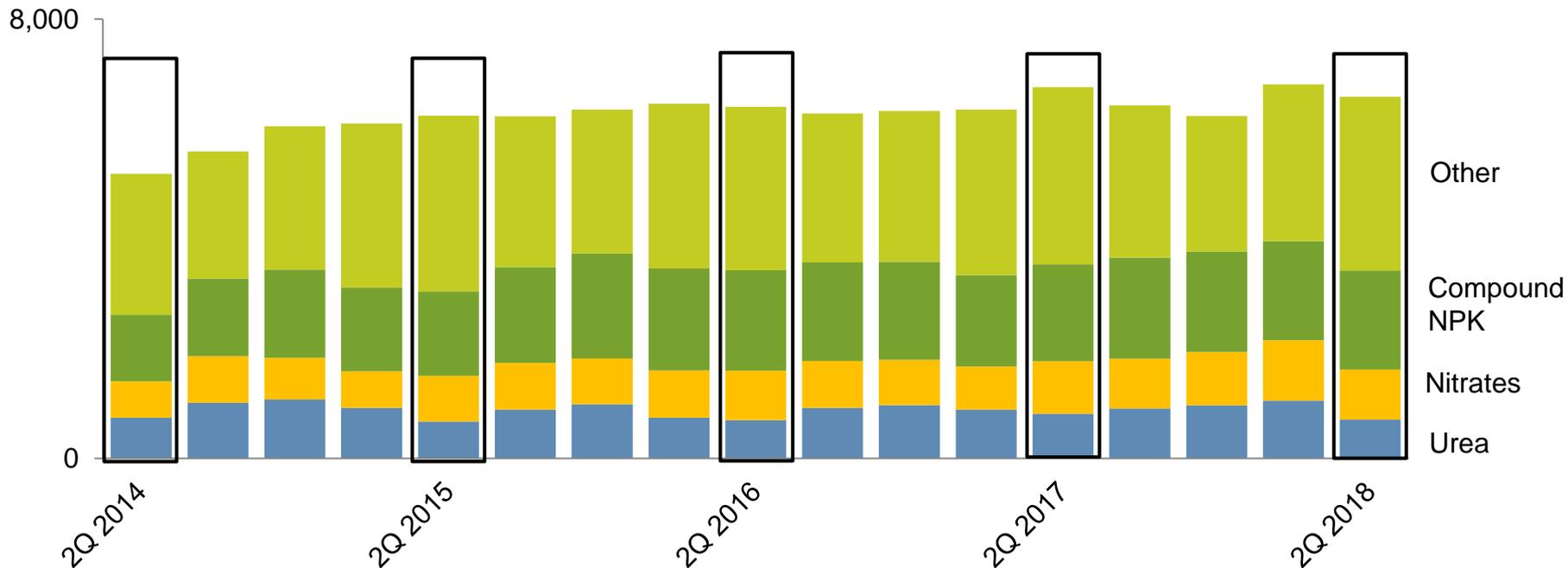
AdBlue deliveries

Kilotons

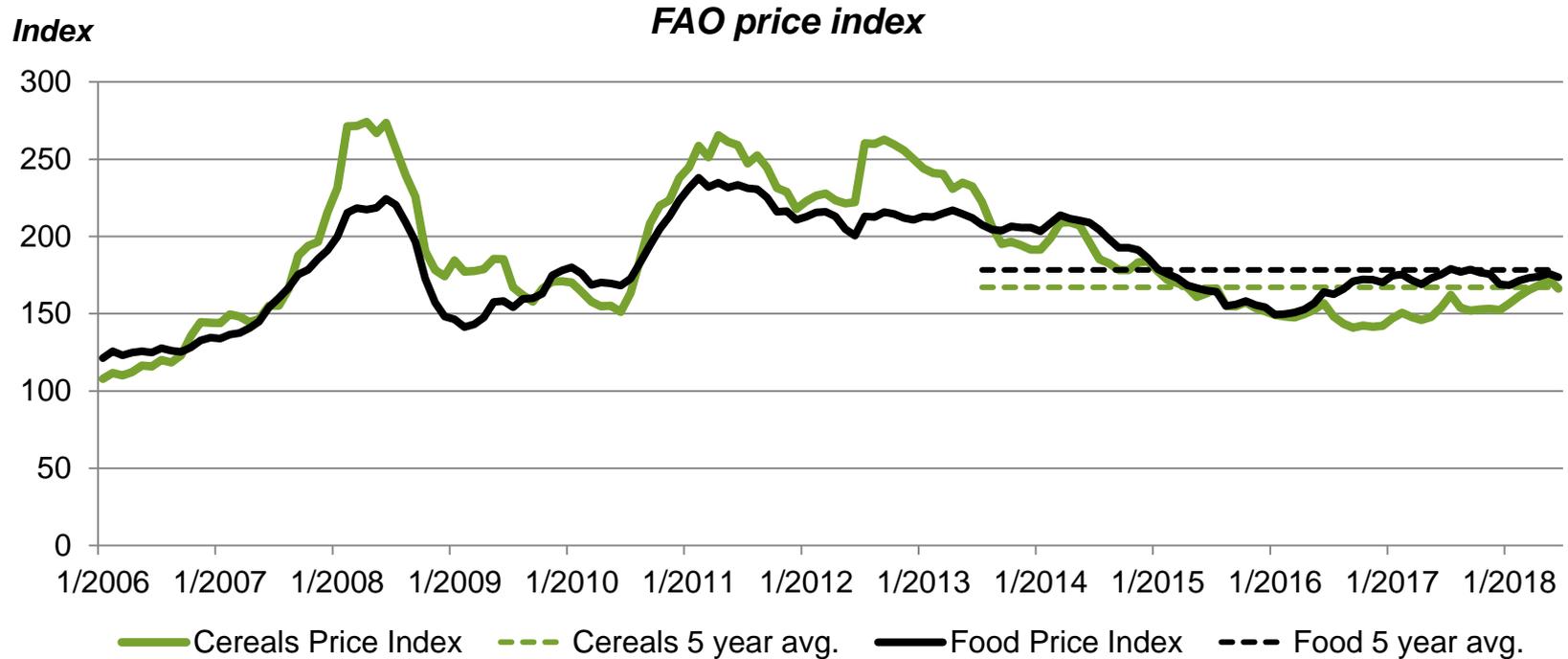


Yara stocks

Kilotons
Finished fertilizer

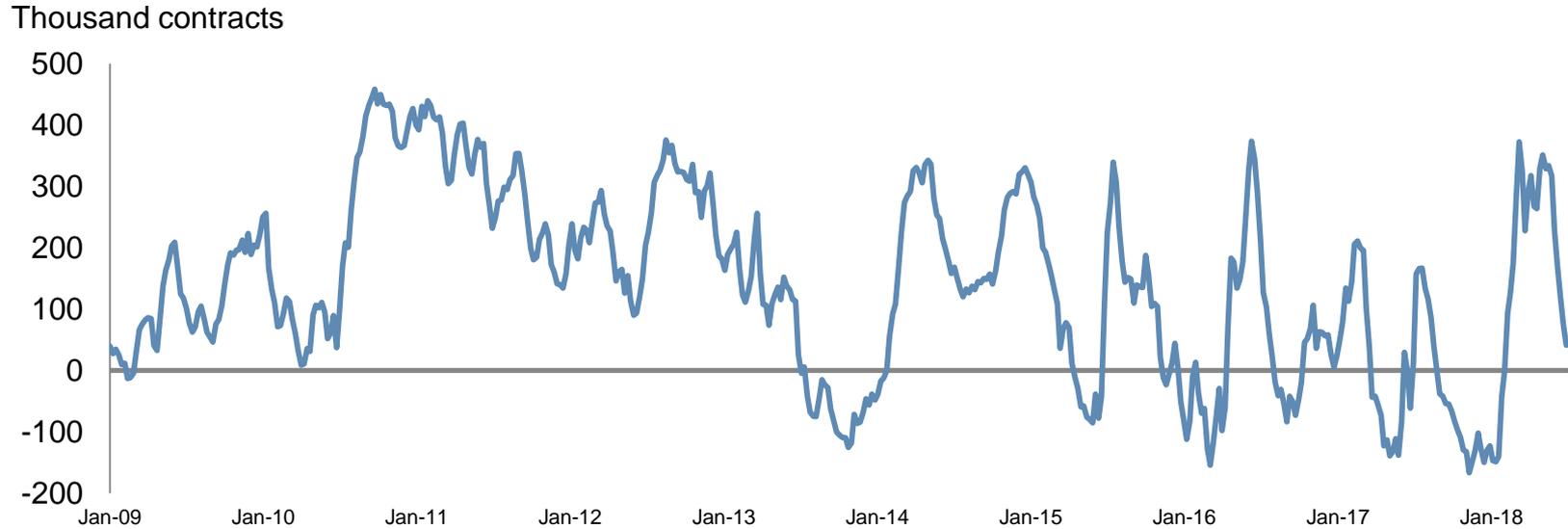


Improving grain economics – the Food and Cereal Indexes at 5-year average



Source: FAO

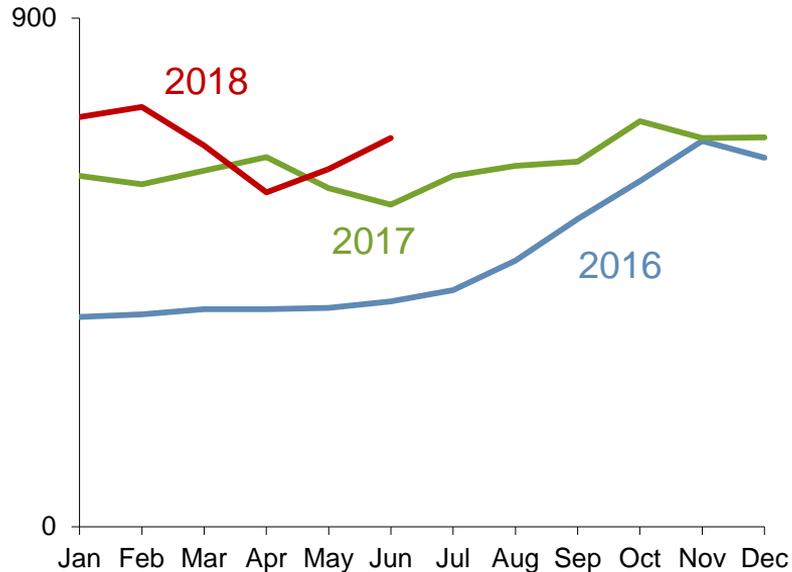
Non-commercials' net long position in corn



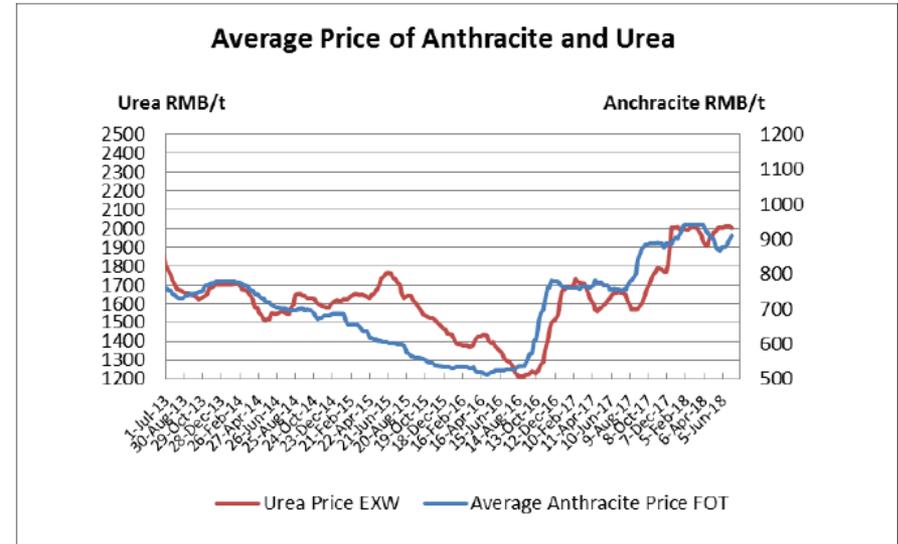
Source: US Commodity Futures Trading Commission

China: Coal prices still supporting the urea market

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



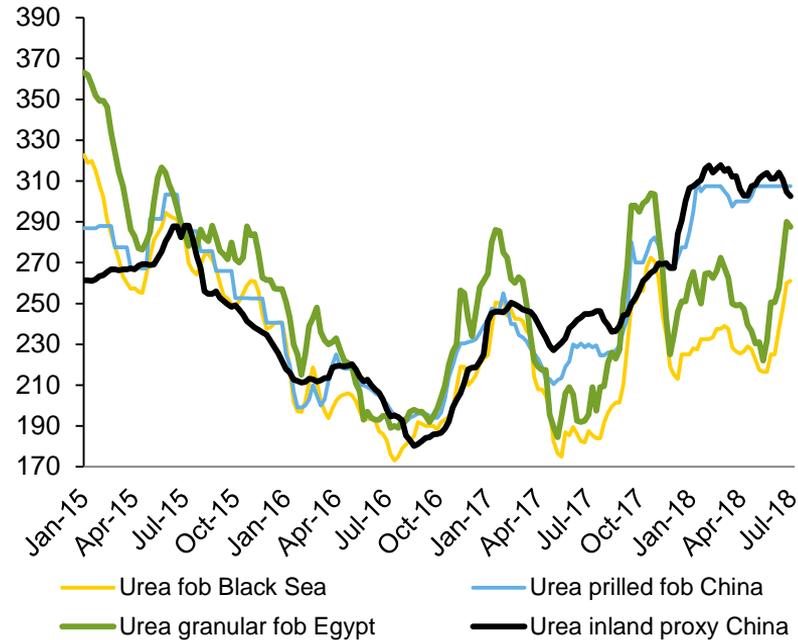
China anthracite and urea prices (RMB/mt)



Source: IHS, CFMW

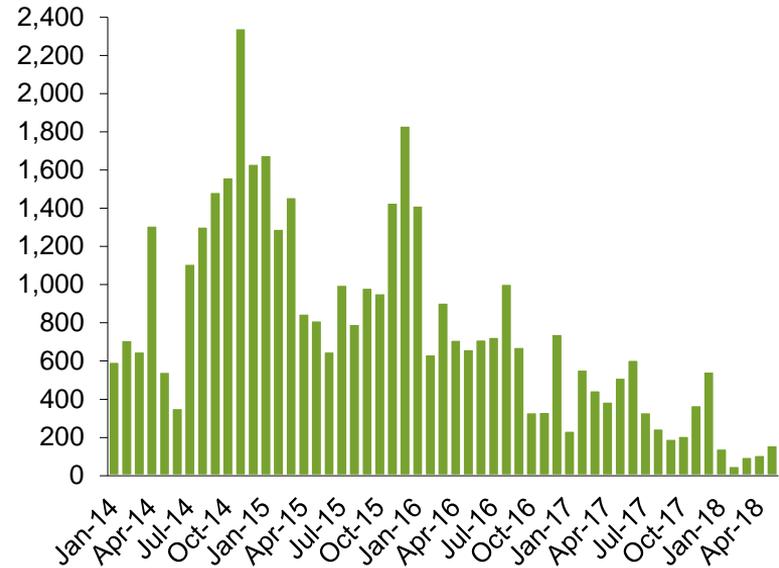
Stable Chinese urea pricing, global market moving up sharply through June, almost no Chinese exports

Increasing urea pricing (USD/ton)



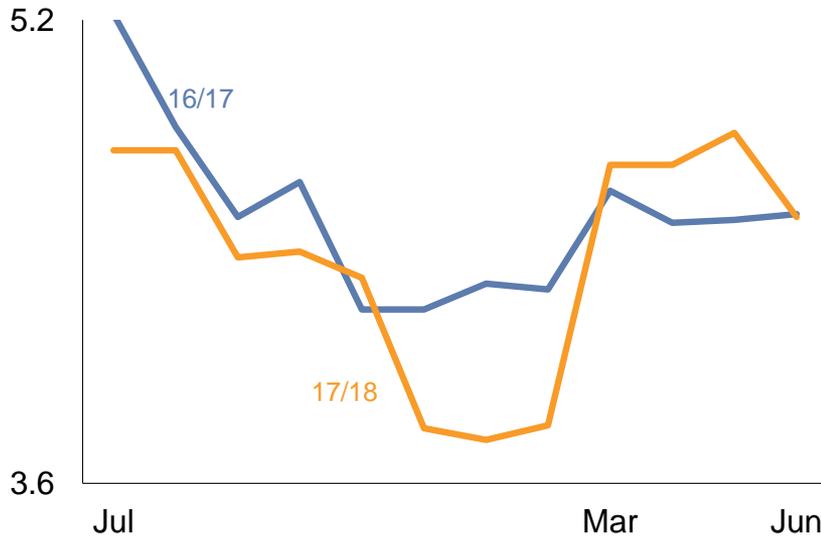
Source: BOABC, CFMW

Chinese export close to zero (1000 tons)



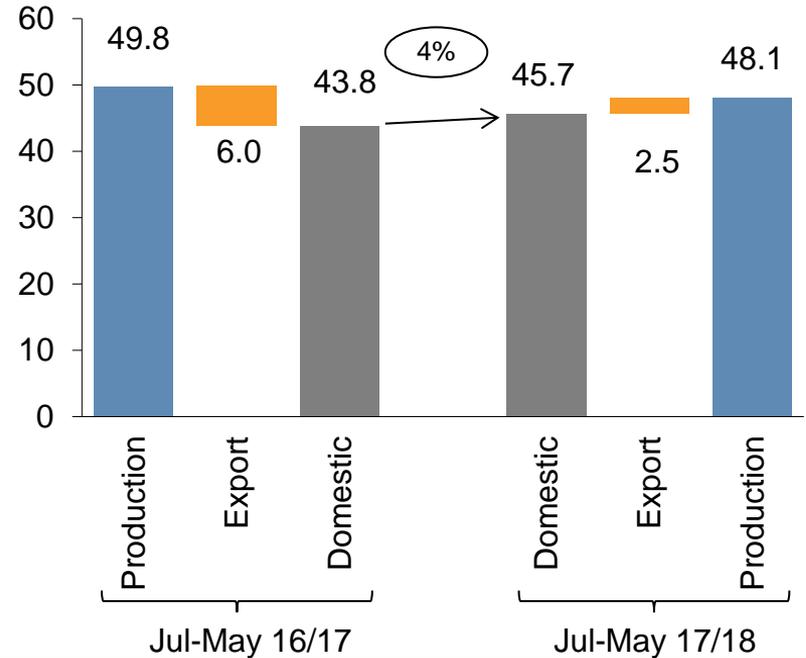
Chinese domestic supply slightly up, as export decline more than offsets lower production

Chinese urea production down vs last year (million tons)

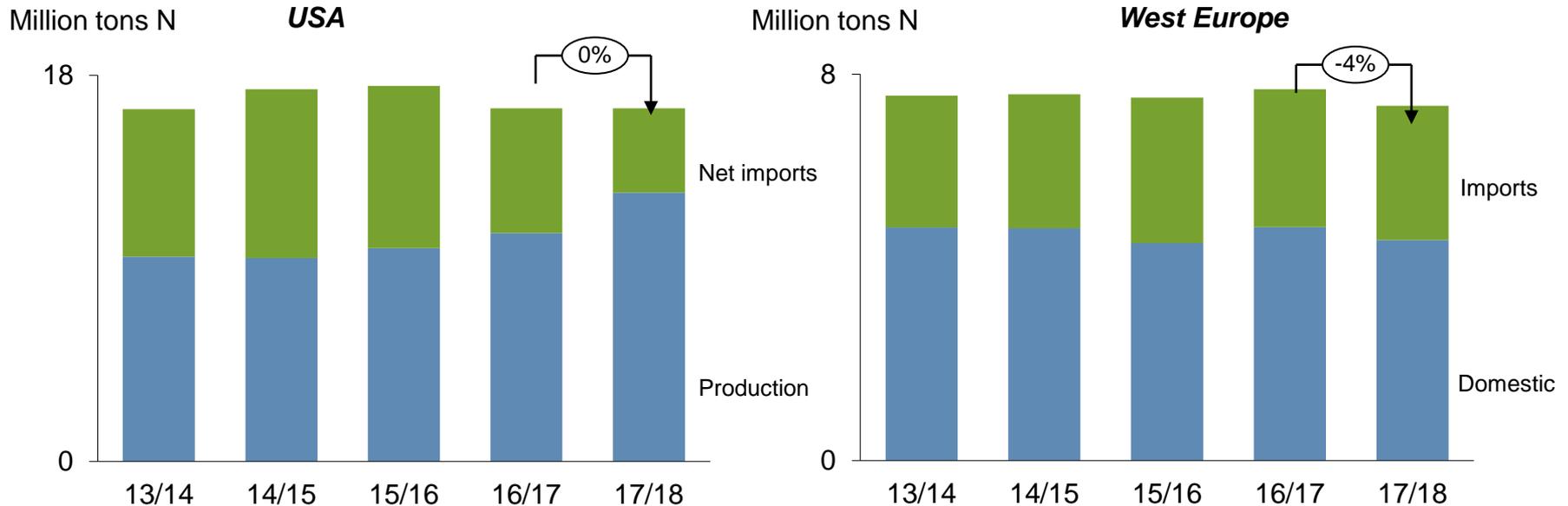


Source: CFMW, covering close to 100% of production

Export reduction exceed production decline (million tons)



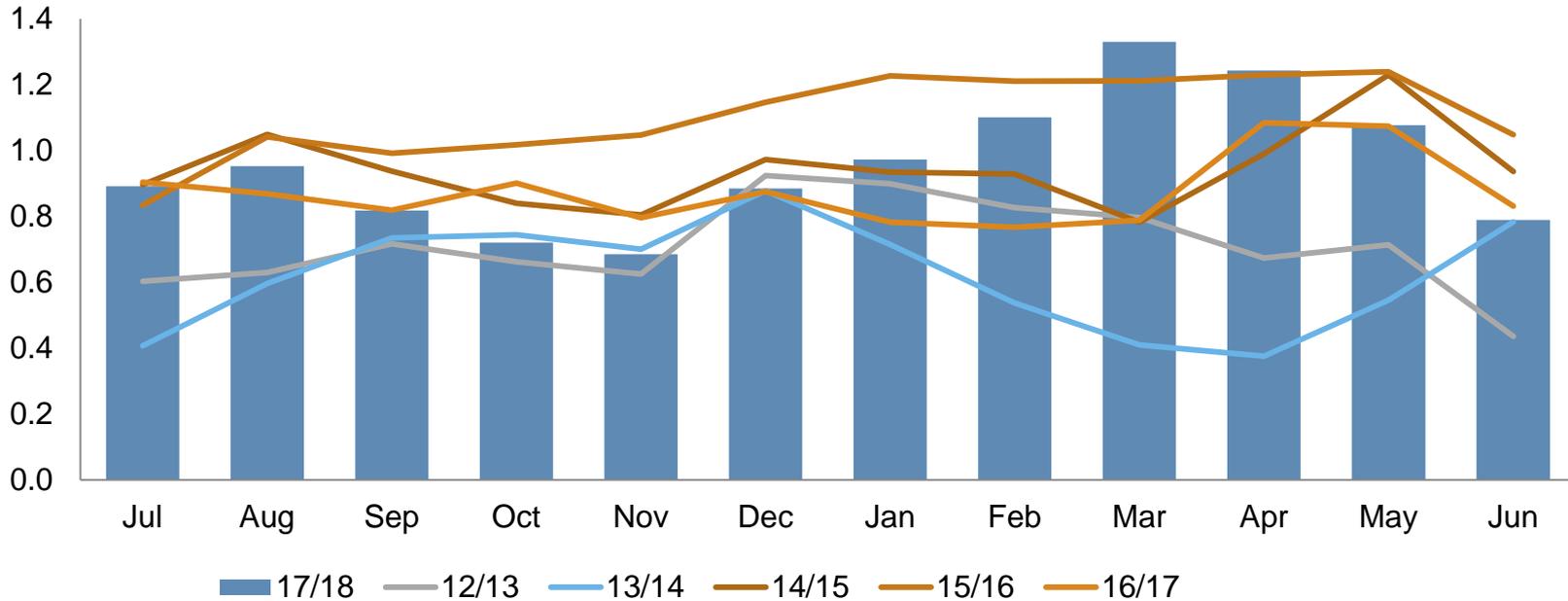
Deliveries in USA similar to last season, in West Europe modestly down



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

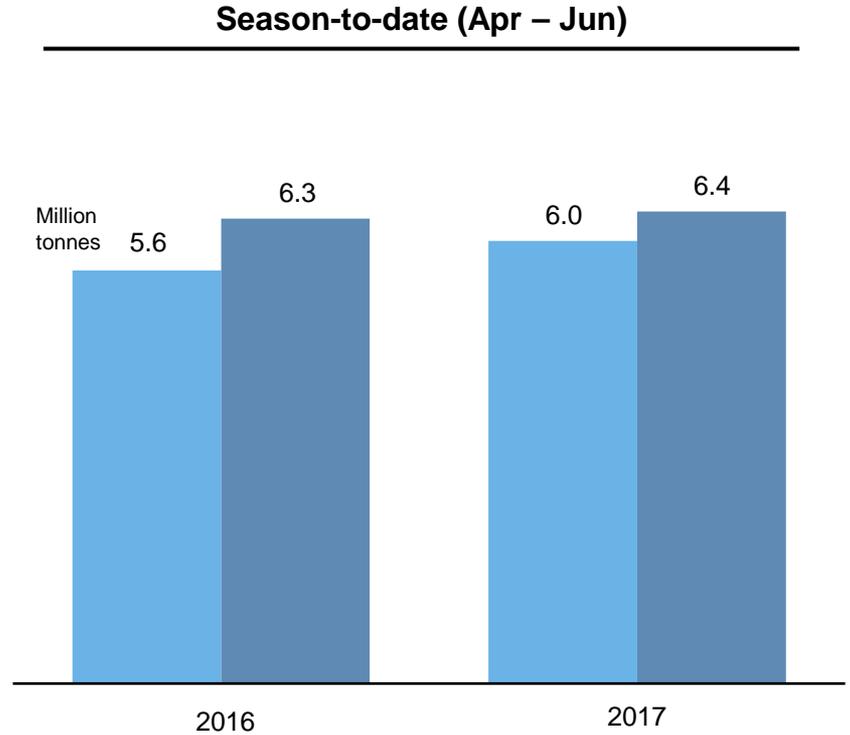
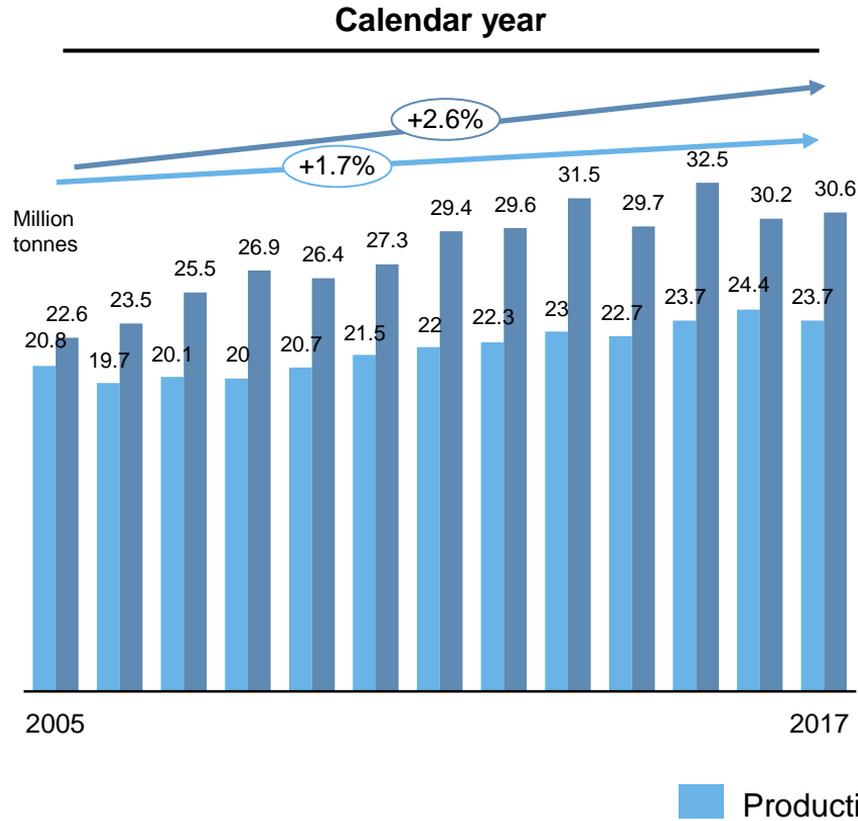
European producers' nitrate stocks

Index
June 2007 = 1



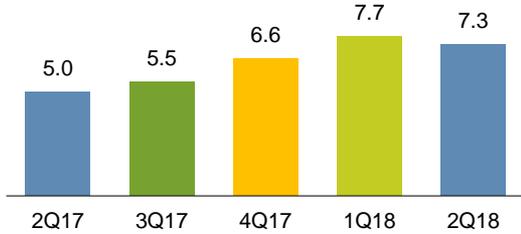
Source: Fertilizers Europe, June estimate by Yara

Modest import catch-up need in India

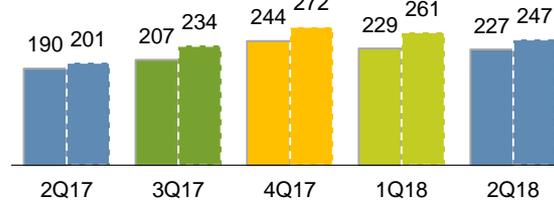


Key value drivers – quarterly averages

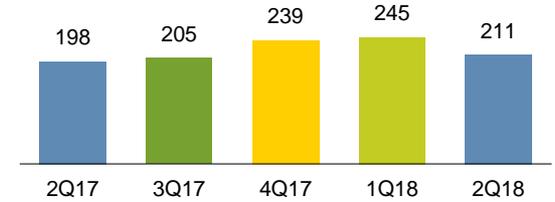
TTF day ahead (USD/MMBtu)



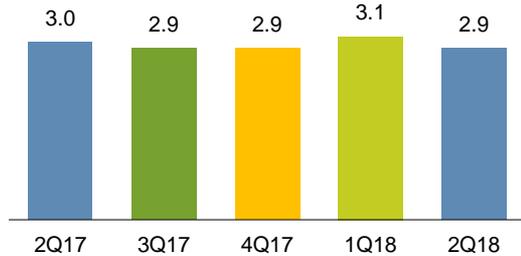
Urea prilled fob Black Sea (USD/t)/Urea granular fob Egypt (dotted line, USD/t)



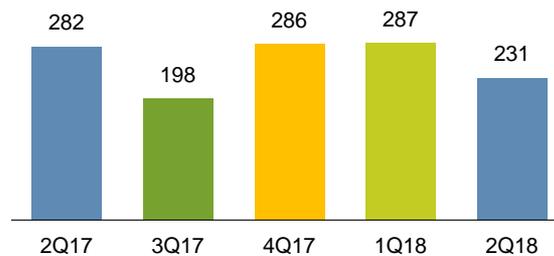
CAN cif Germany (USD/t)



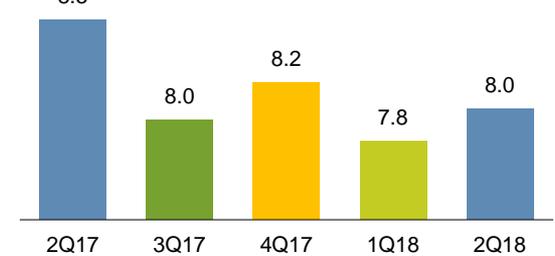
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)

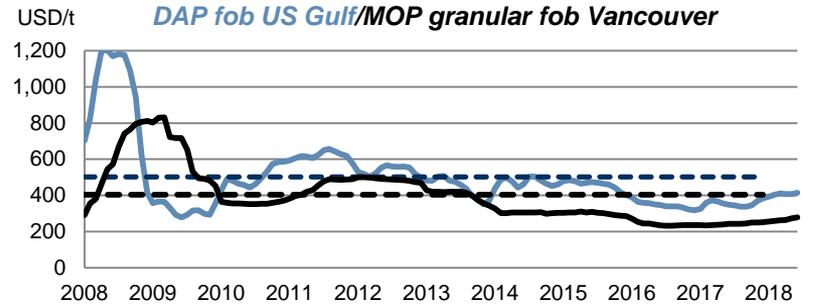
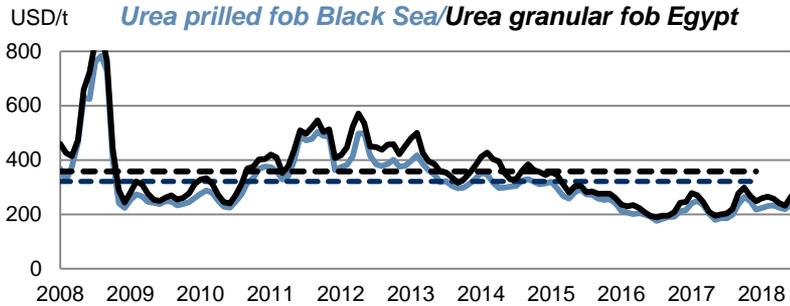
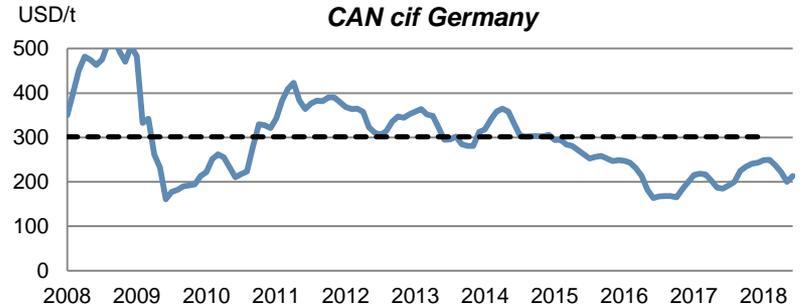
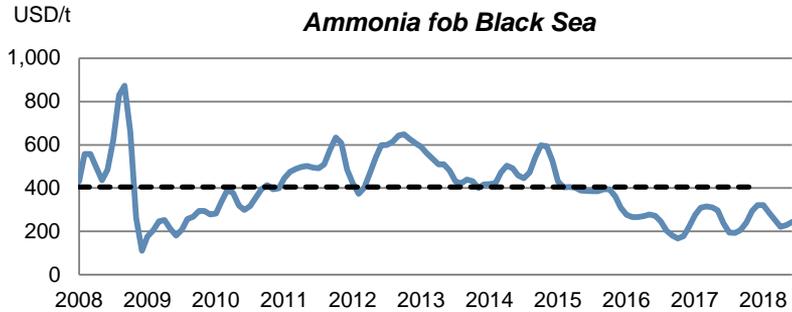


NOK/USD exchange rate



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

10-year fertilizer prices – monthly averages



Source: Fertilizer Market Publications

--- Average prices 2008 - 2017



Knowledge grows

IR - 17 July 2018