



Knowledge grows

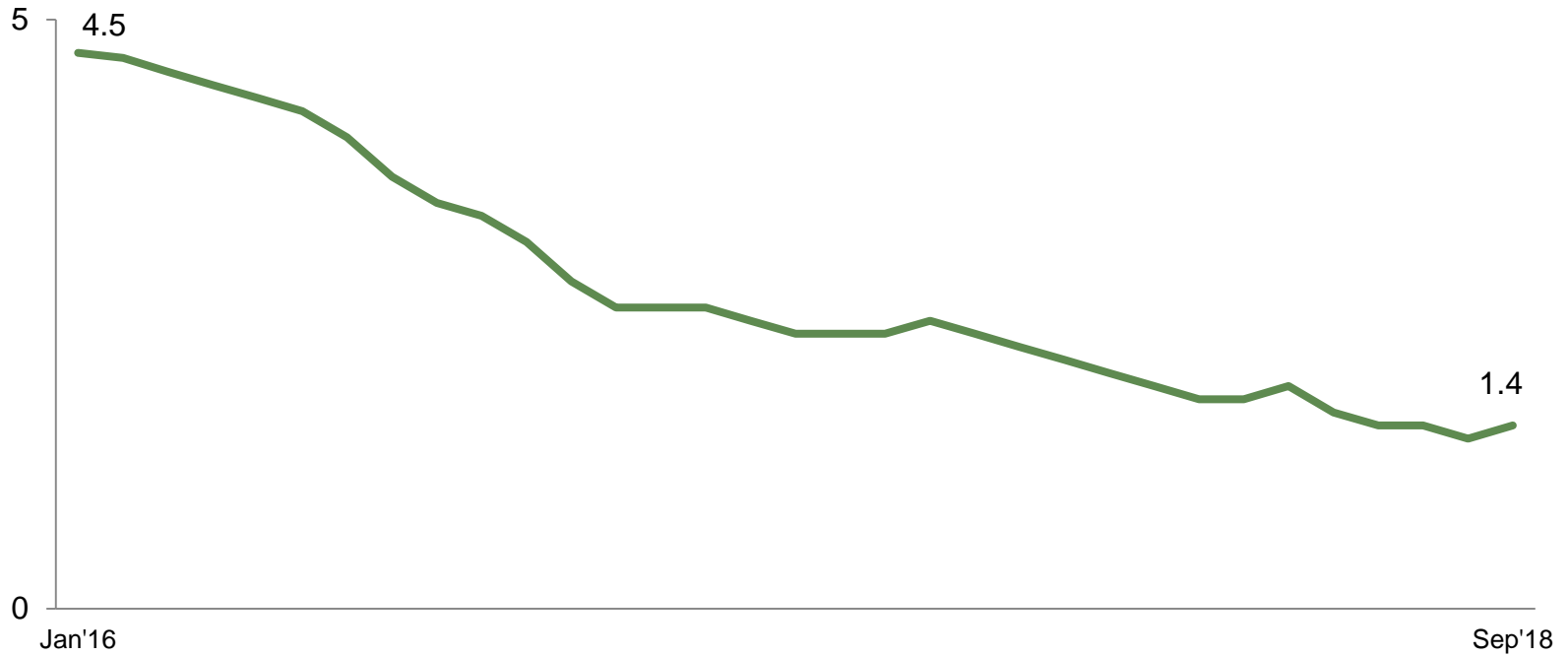
Yara International ASA 2018 third quarter results

18 October 2018



Safe operations is our first priority

TRI¹ (12-month rolling)



Third quarter result highlights

Main points

- **Underlying EBITDA 16% higher**
- **Higher prices more than offset increased gas costs**
- **Improvement program on track**

Key items

Yara 3Q results show improved operations and profitability

- Continued positive trend in safety performance
- 3Q EBITDA ex special items at USD 402 million, up 16% year-over-year
- Yara Improvement Program on track

Results were positively impacted by higher market prices, partly offset by higher gas cost and slower price realization in Yara's order book

- Strong recent nitrogen fertilizer prices are not yet fully reflected in Yara's results
- E.g. spot CAN price is up 18% year-over-year, while Yara realized CAN price is up 9%
- Yara spot-priced gas cost up USD 92 million year-over-year

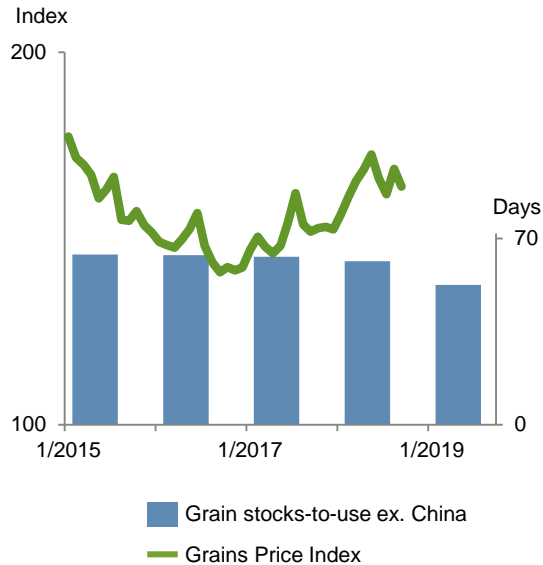
Yara focus on improving own operations / controllable factors, which together with improving market fundamentals points to stronger future cash flows

- Operating cash flow improving with cycle
- Further growth and improvement boost to earnings into 2019
- Capex peaked in 1H 2018, focus on ramp-up and integration

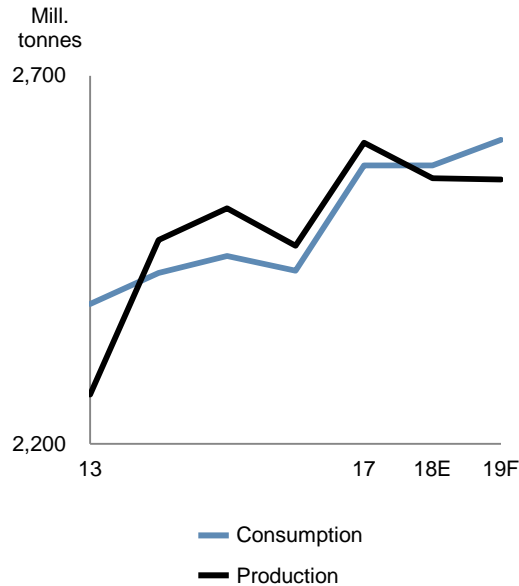
Improving market environment

Grain prices rising slowly, and stocks are falling as production is expected to fall short of consumption

Grain price index

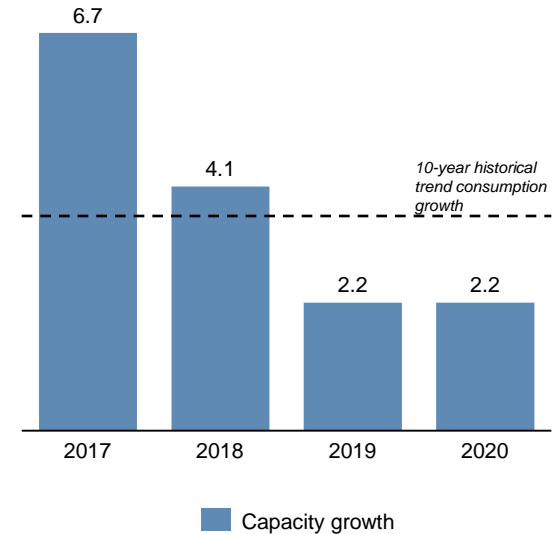


Global grain consumption and production



Slow-down in nitrogen supply growth

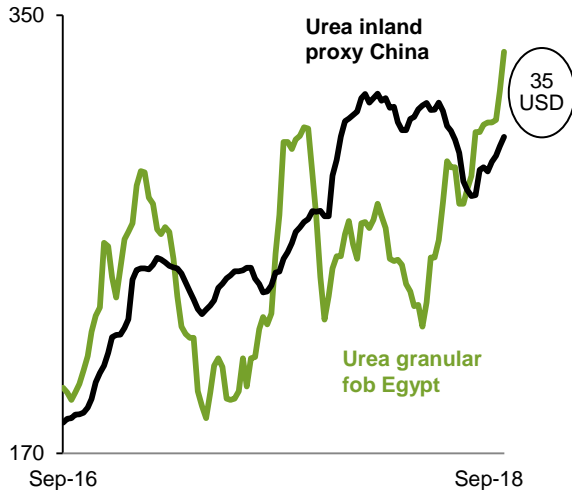
Global capacity additions ex China



Higher urea prices with no Chinese supply response so far, but LNG price increases impact several regions

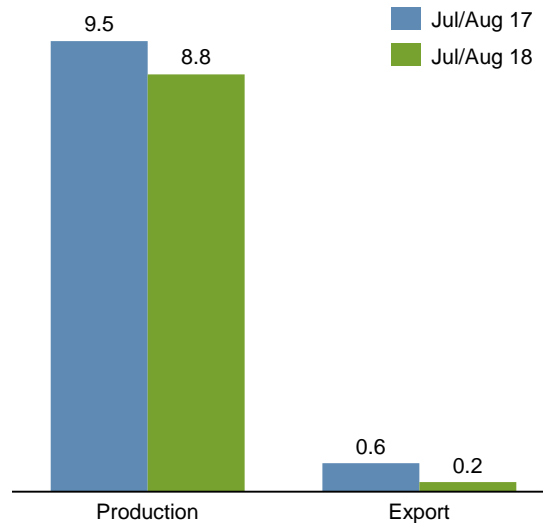
Higher global urea prices

Urea price development (USD/t)



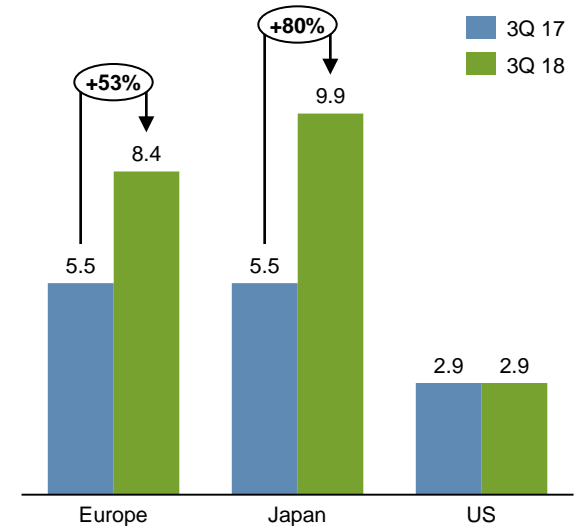
No supply response from China so far

Chinese production and export (million tonnes)



Tight LNG market drives gas prices higher

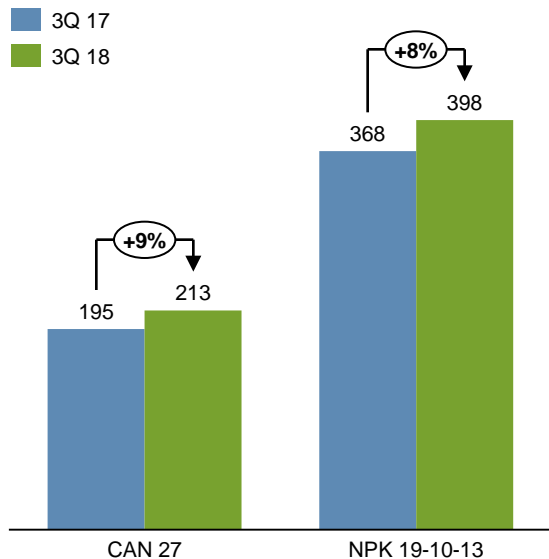
Spot gas prices (USD/mmbtu)



Yara's 3Q results: increased prices partly offset by higher gas costs

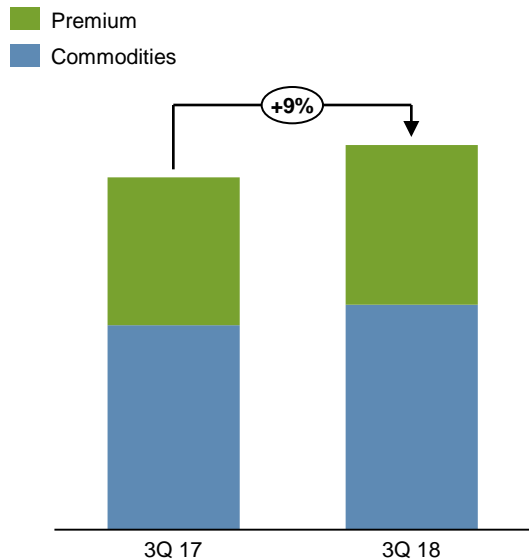
Increased realized nitrate and NPK prices

Realized NPK and CAN price¹ (USD/t)



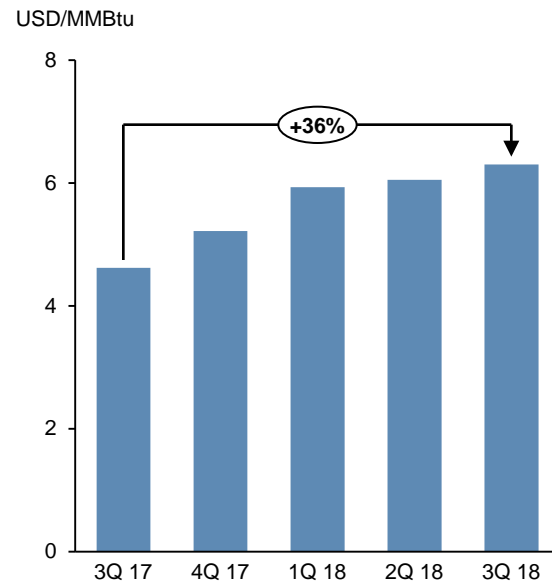
Higher premium product deliveries

Volume development (mill. tonnes)

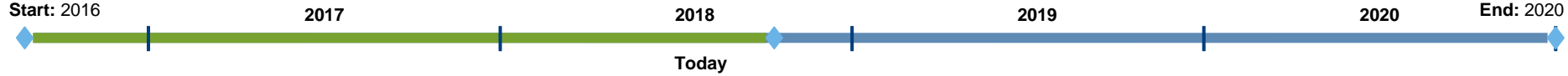


Tight LNG market drives gas prices higher

Global weighted average gas cost

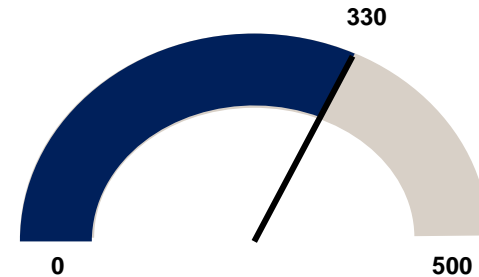


Yara Improvement Program on track



EBITDA Benefits of 330 MUSD delivered

- Yara Productivity System on track and in final implementation phase.
- The creation of a Shared Service Center in Vilnius, Lithuania for Customer Service, transport management and operational planning in Europe, has started.



Yara secures 100% of Galvani¹ minority interests including Salitre phosphate project

Securing full Yara ownership

- Streamlines Yara production footprint in Brazil, complementing distribution setup and achieving a more integrated position in the Brazilian market
- Allows full Yara integration of Galvani, unlocking annual synergies of USD 15 million after tax from 2020
- Yara pays USD 70 million over 3 years, plus conditional payment, and transfer of assets valued at USD 90 million² to a new company managed by the Galvani family
- Yara will through Galvani provide a USD 30 million starting capital contribution to the new company



Salitre project

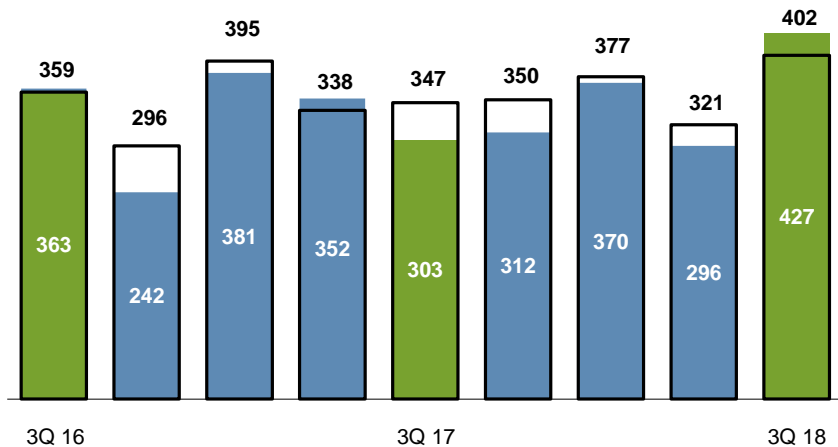
- Mining has started; first tons of phosphate rock produced
- Start-up of chemical production of MAP, NP, TSP, DAP, and SSP end 2019
- Adds approx. 1.2 million tonnes of phosphate ore and 1.5 million tonnes of SSP equivalents by 2021

Improving EBITDA and Earnings per share

EBITDA

USD millions

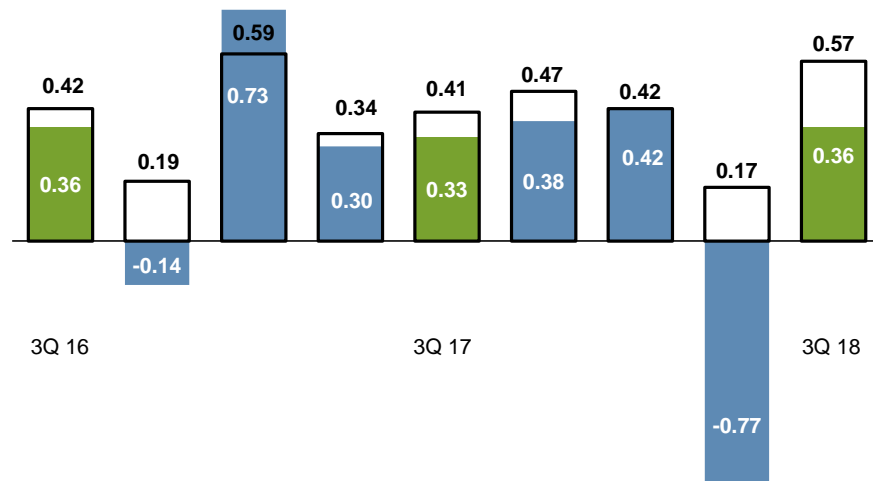
xxx Excluding special items
xxx Reported



Earnings per share

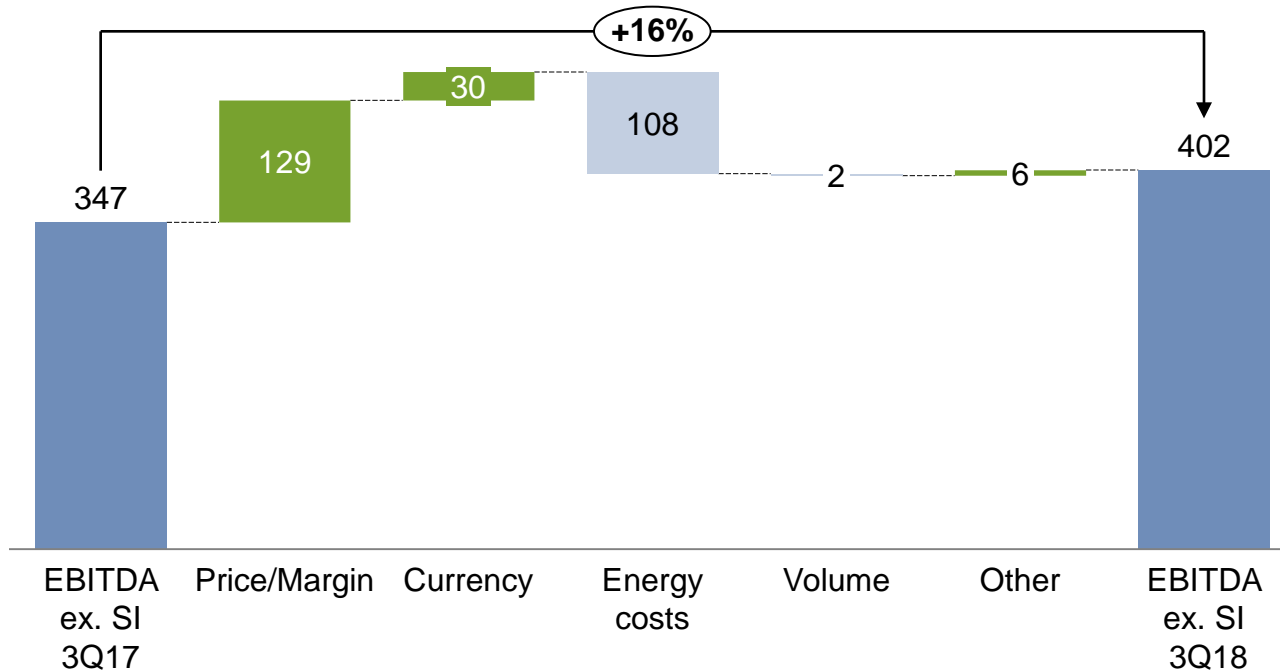
USD/share

x.xx Excluding currency and special items
x.xx Reported



EBITDA 16% higher YoY as higher sales prices and a stronger USD more than offset higher energy cost

EBITDA, USD millions



Main deviations compared with applying Yara price sensitivities to publication prices with 1-month lag:

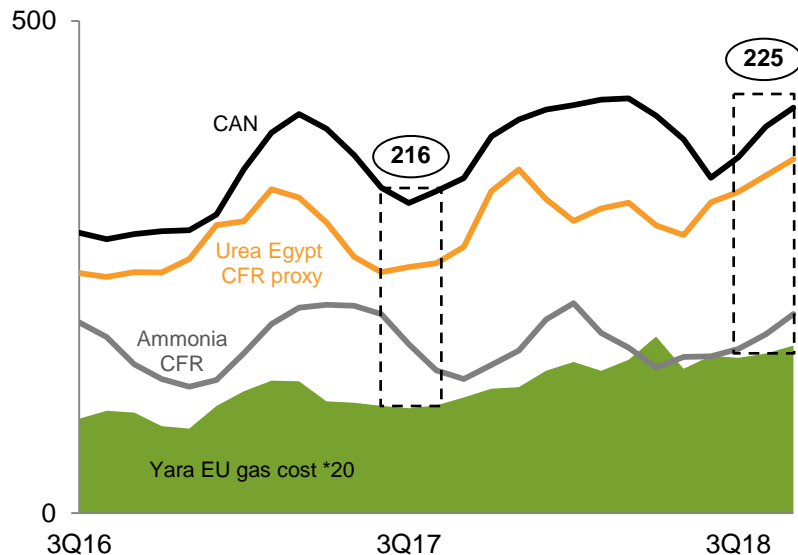
Urea -20 MUSD
Mainly Industrial contracts

Nitrate/NPK -40 MUSD
Mainly longer nitrate time lag in Europe

Increased nitrogen upgrading margins, but premiums compressed short term

Nitrogen upgrading margins¹

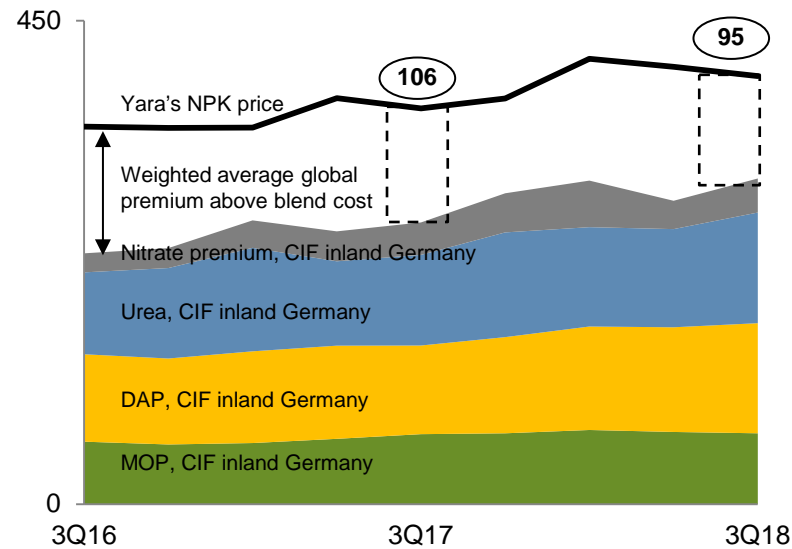
USD/t (monthly publication prices)



¹ Upgrading margin from gas to nitrates in 46% N (USD/t):
All prices in urea equivalents, with 1 month time lag

NPK premium over blend²

USD/t

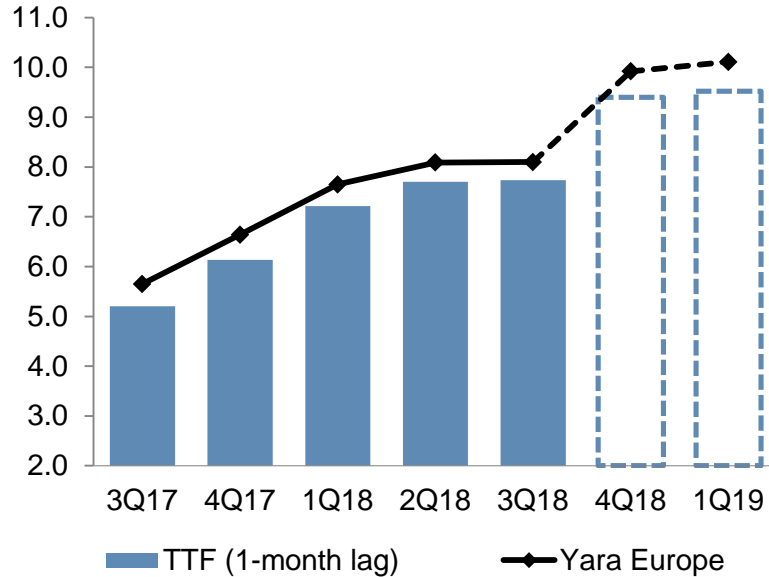


² Export NPK plants, average grade 19-10-13, net of transport and handling cost.

Higher natural gas cost expected through this winter

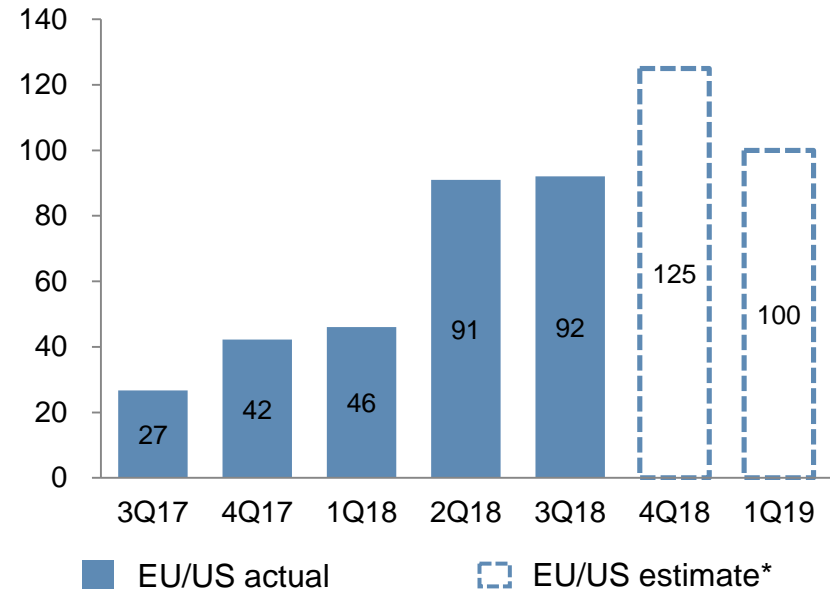
Yara European natural gas cost

USD/MMBtu



Y-o-Y change in Yara gas cost

USD Millions

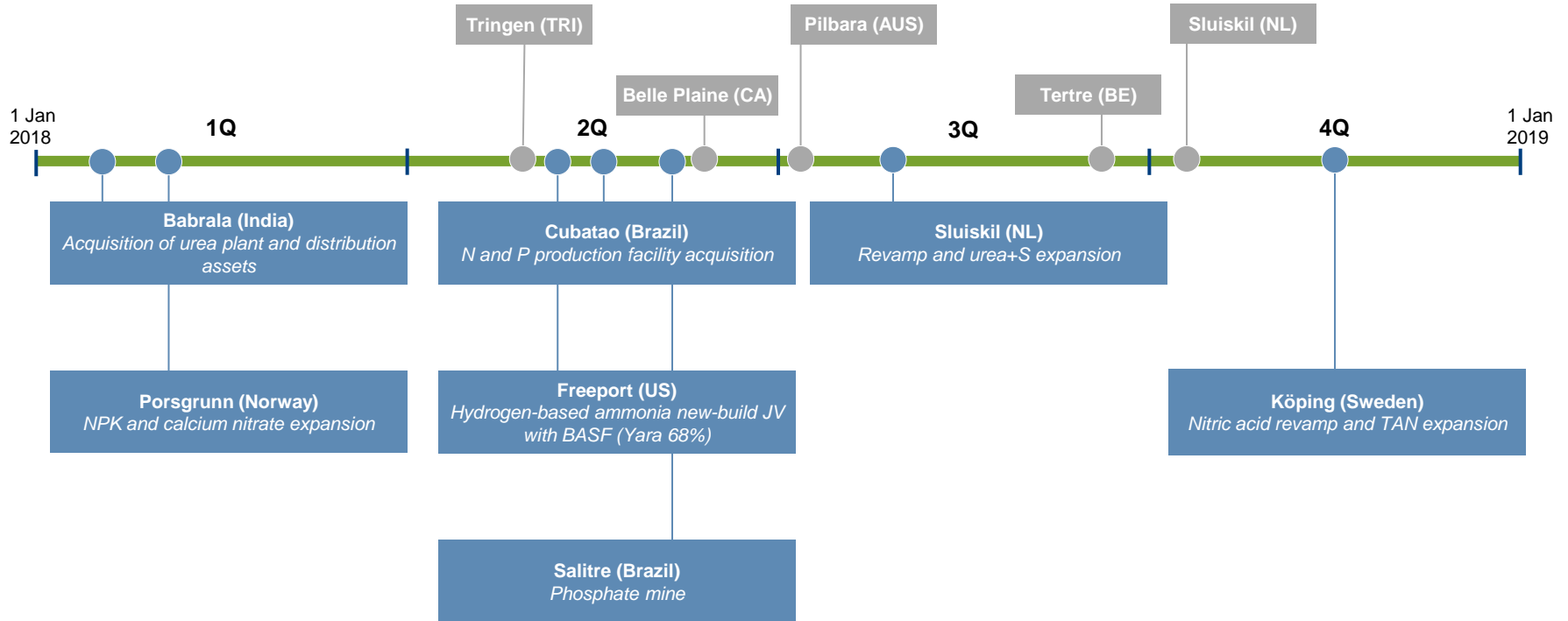


Dotted lines denote forward prices as of 5 October 2018



Source: Yara, World Bank, Argus/ICIS Heren

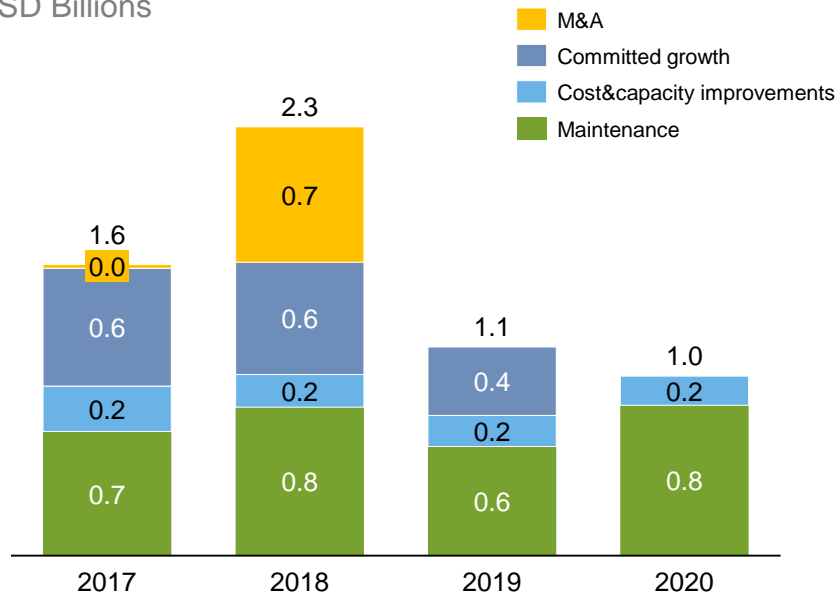
Yara is executing major turnarounds while delivering on its growth pipeline



Yara investment activity peaking in 2018

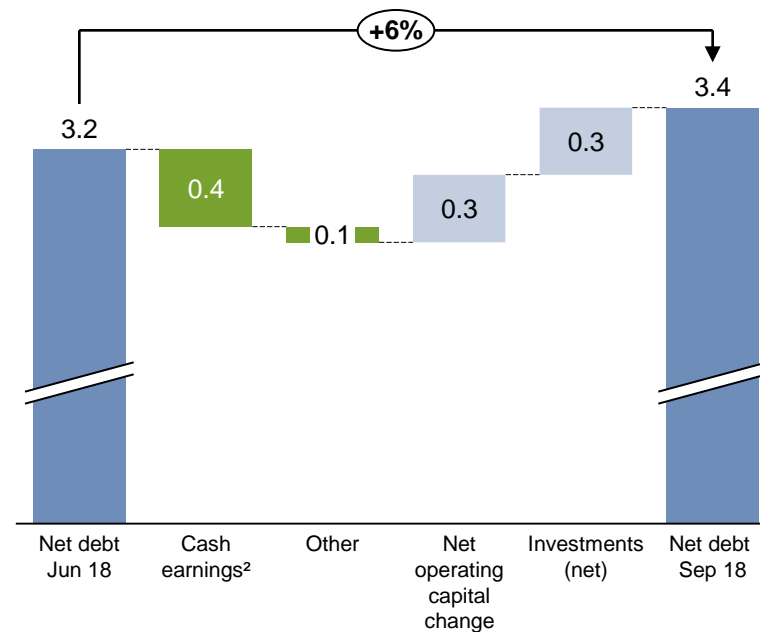
Capex plan¹

USD Billions



Net interest-bearing debt

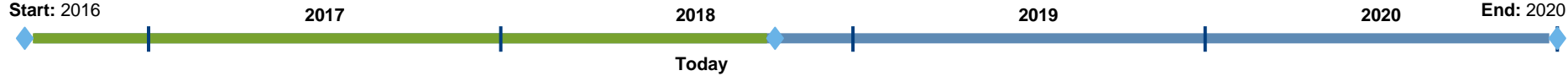
USD Billions



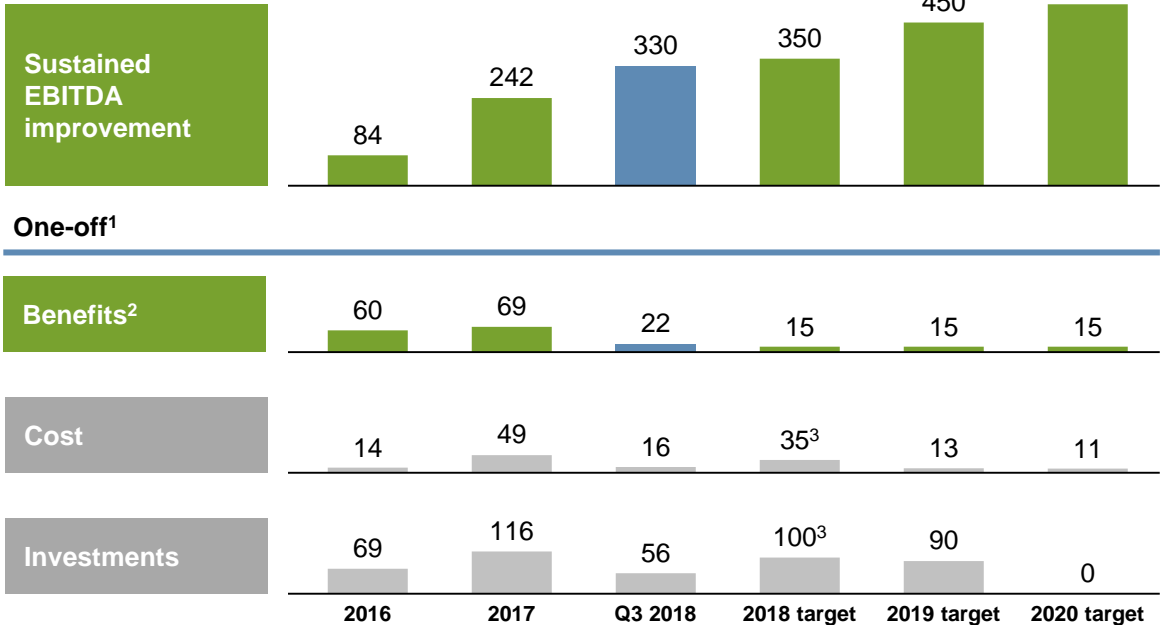
¹ Committed investments as of end 3Q18

² Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges

Yara Improvement Program on track



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



- 2018 EBITDA benefits on track (in 2015 terms):
 - Yara Productivity System on track and in final implementation phase.
 - The creation of a Shared Service Center in Vilnius, Lithuania for Customer Service, transport management and operational planning in Europe, has started.
- Focus increasingly shifting towards ensuring the sustainability of the benefits already for the long term

¹ Calendar year / YTD numbers

² One-off benefits are related to working capital improvements and white certificates

³ 2018 estimates for implementation costs and investments are reduced from 39 to 35 and from 140 to 100 respectively (all figures in USD million)

The Crop Nutrition Company for the Future

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



Create Scalable Solutions



*Strengthen Food Value
Chain Collaboration*



*Promote sustainable
crop solutions and nitrate
based products*



*Scale Up
Digital Farming*

Yara Marine Technology exemplifies the new strategy

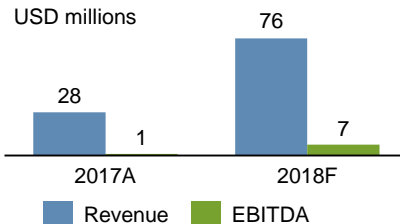


Growing a successful business from Yara's core

- Yara has developed its environmental abatement solutions and technology over time, and acquired Green Tech Marine in 2014 to strengthen its marine abatement technology
- The YMT business has developed very well, and today offers a complete SO_x and NO_x abatement solution portfolio to the marine segment

Actively managing the portfolio

- For the next growth phase, a new ownership structure may be the best way forward both for Yara and YMT
- Strong interest from potential buyers, both industrial and financial
- Indicative bids are due end October
- Order book is at record levels, currently approx. USD 400 million

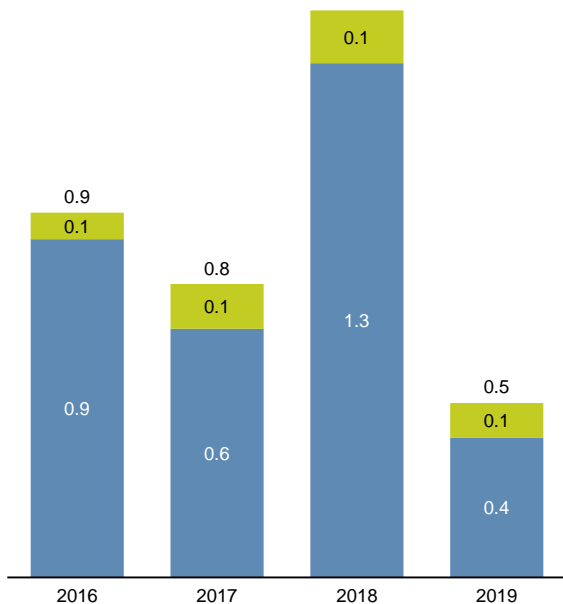


Major improvement and growth investments in 2018; main earnings improvement from 2019 onwards¹

■ Improvement program
■ Committed expansions + M&A

Improvement and growth capex² (BUSD)

USD Billions



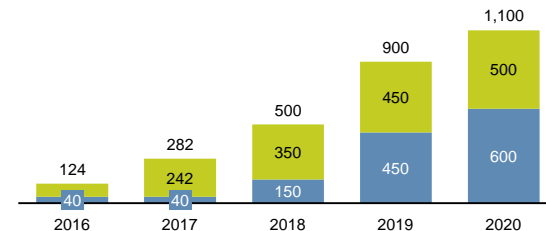
Improvement program:
+ 350 MUSD cost improvement
+ 150 MUSD volume improvement:

-> 0.4 mill. tonnes ammonia
-> 0.7 mill. tonnes fertilizer

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

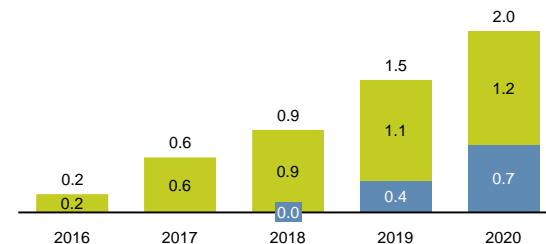
EBITDA improvement³

USD Millions



Earnings improvement³

USD/share



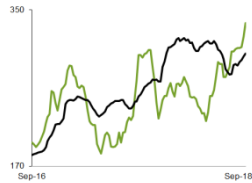
¹ Currency assumptions for 2018 onwards: USD/NOK 8,23, EUR/USD: 1.16, USD/BRL: 3.95

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

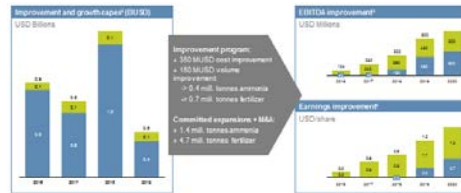
Attractive Yara prospects

Cycle improvement underway



- Improving grain prices and fertilizer demand
- Slow-down in nitrogen supply growth
- 3-5 year lead time for new projects

Cash flow improvement



- Operating cash flow improving with cycle
- Further growth and improvement boost to earnings into 2019
- Capex peaked in 1H 2018, current focus on project ramp-up and integration

Focused and sustainable long-term strategy



Knowledge grows

- Crop nutrition focus
- Further advance operational excellence & innovative growth
- Create scalable solutions through food chain partnerships and digital farming
- Active portfolio management

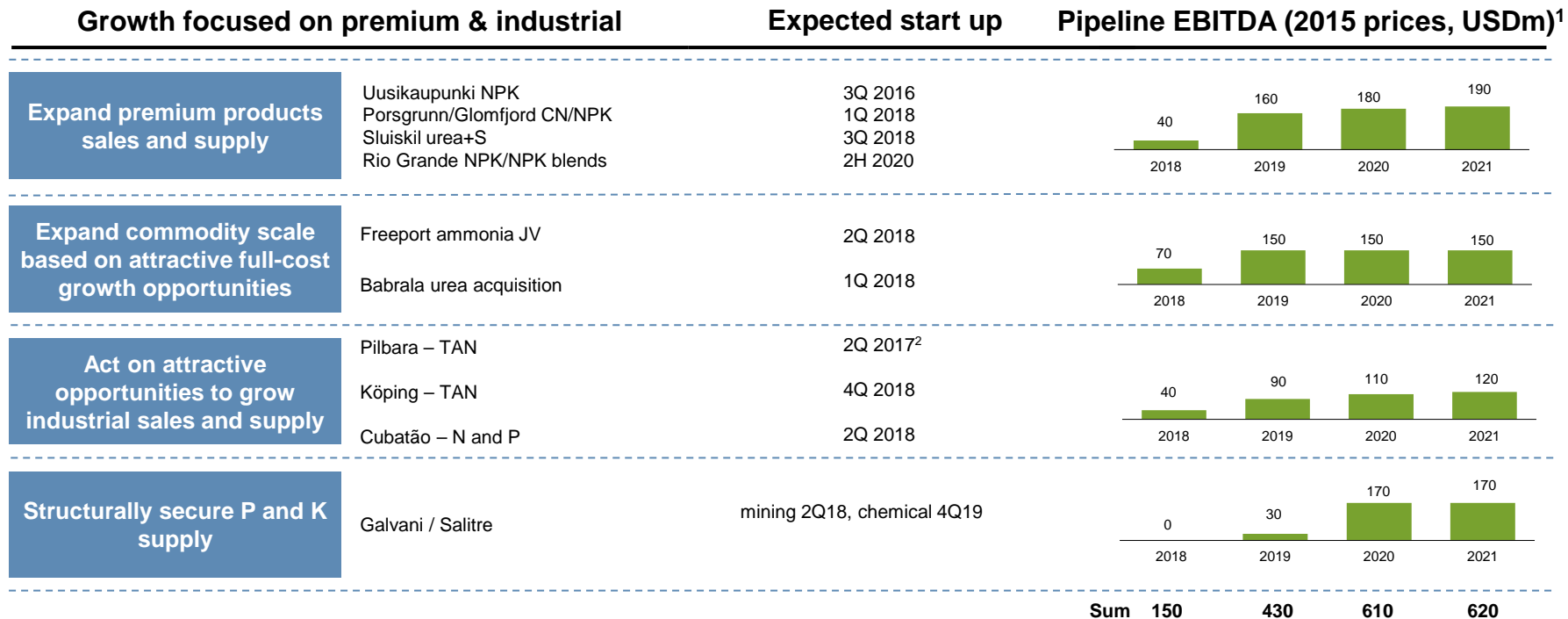


Knowledge grows

Additional information



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

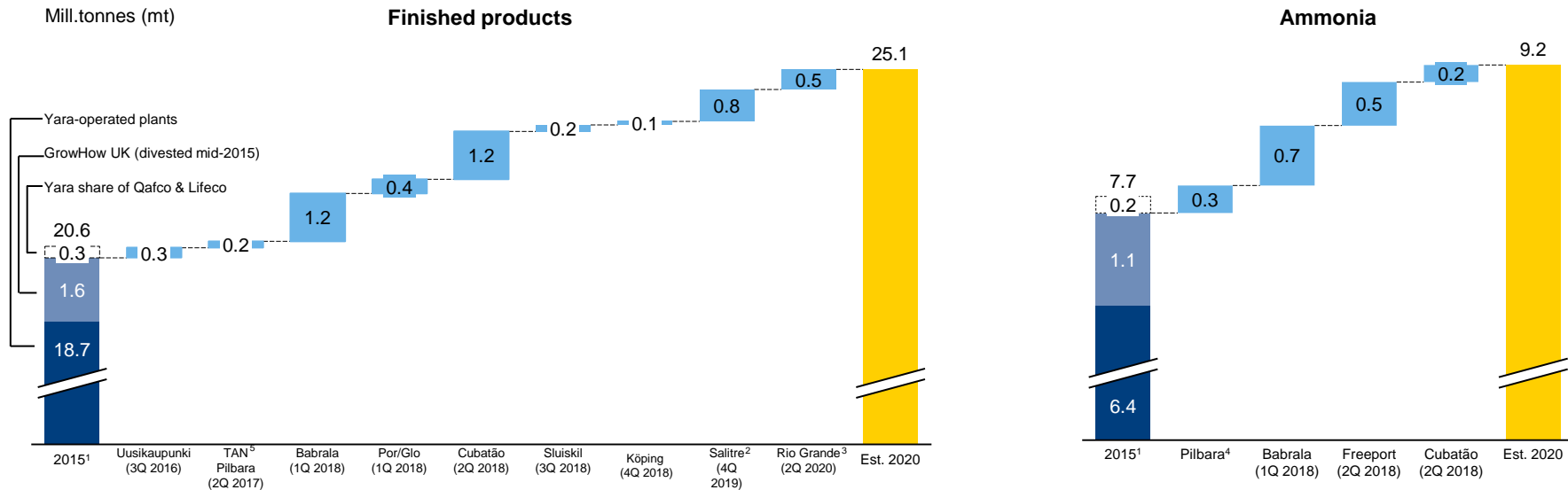


¹) Including Yara's share of volume in equity accounted investees. Fully consolidated entities presented at 100% basis

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

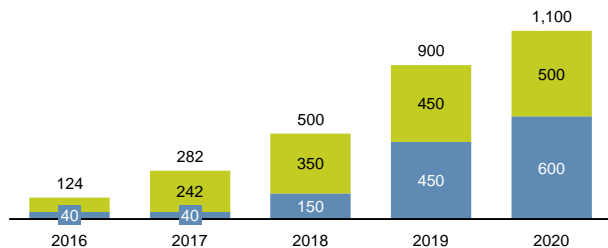
Production growth 2015 - 2020



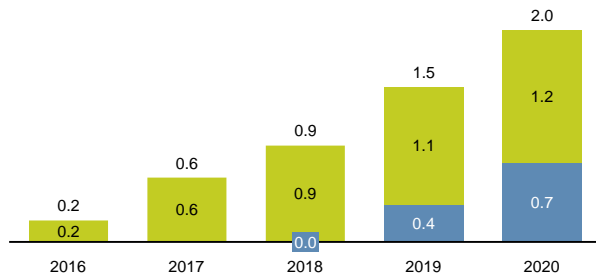
- Adjusted to normalized / 2016 turnaround level (0.7mt finished fertilizer and 0.2mt NH₃) and regularity level (0.7mt finished fertilizer and 0.4mt NH₃)
- Salitre will reach 1.1 mill.tonnes in 2022
- Rio Grande expansion also adds 1 million tonnes NPK blends by 2020
- Including 100% ownership in Pilbara 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)

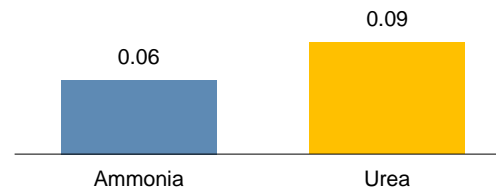


Earnings improvement¹ (USD per share)

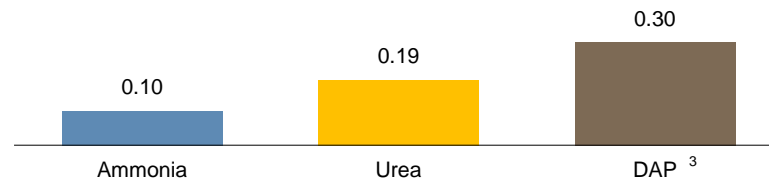


Improvement program
Growth

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.

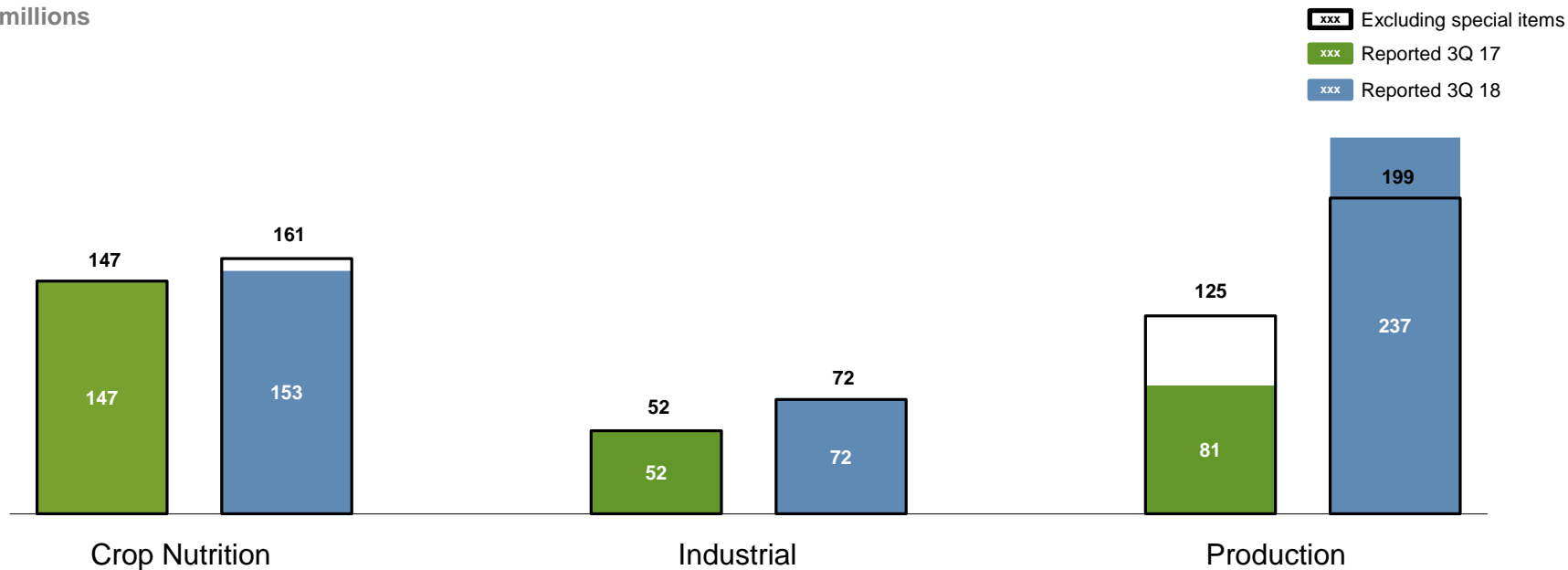
² Improvement: 2020 numbers. Growth: At full capacity (2019 for urea and ammonia, 2020 for DAP).

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

Higher margins in all segments

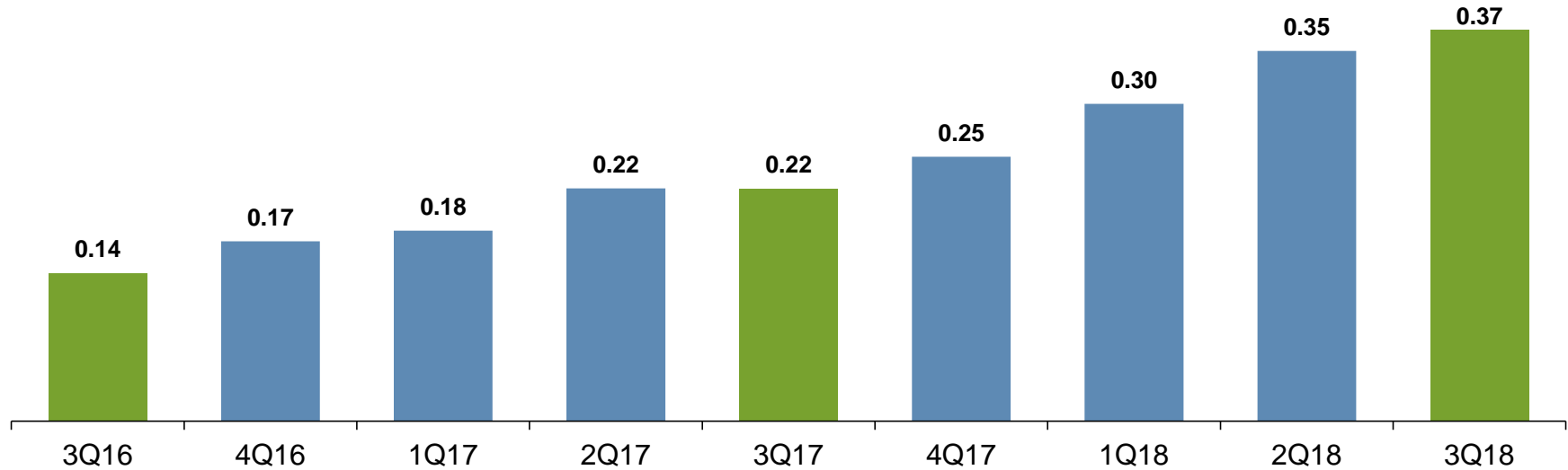
EBITDA per segment

USD millions



Debt/equity ratio

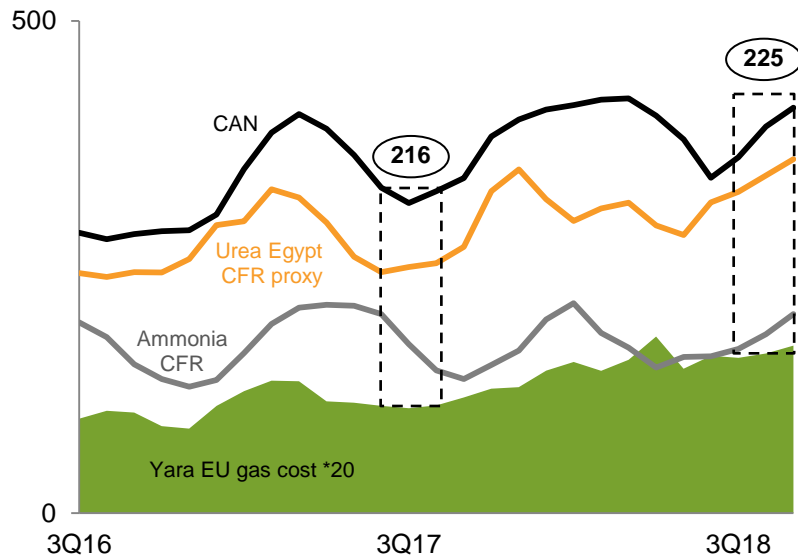
Net interest-bearing debt / equity ratio (end of period)



Higher upgrading margins to nitrates, premiums lower than last year

Nitrogen upgrading margins¹

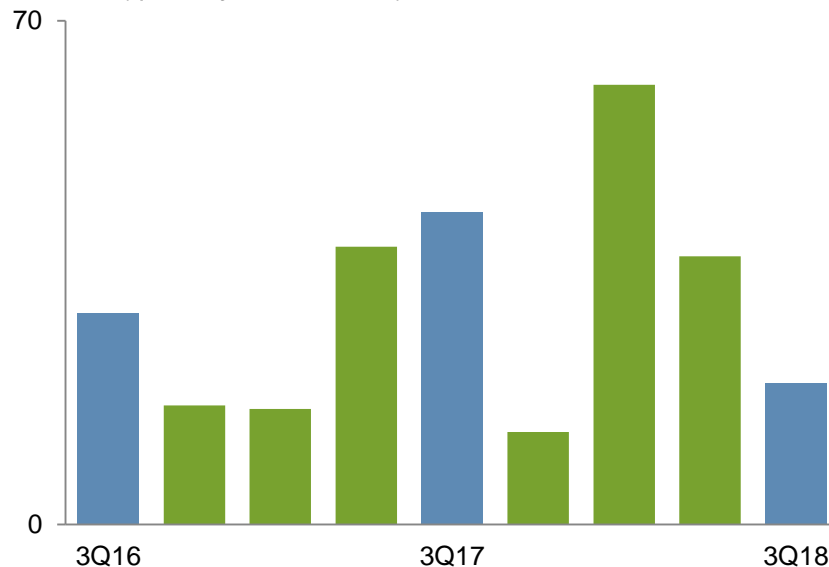
USD/t (monthly publication prices)



¹ Upgrading margin from gas to nitrates in 46% N (USD/t):
All prices in urea equivalents, with 1 month time lag

European nitrate premium²

USD/t (quarterly Yara realized)

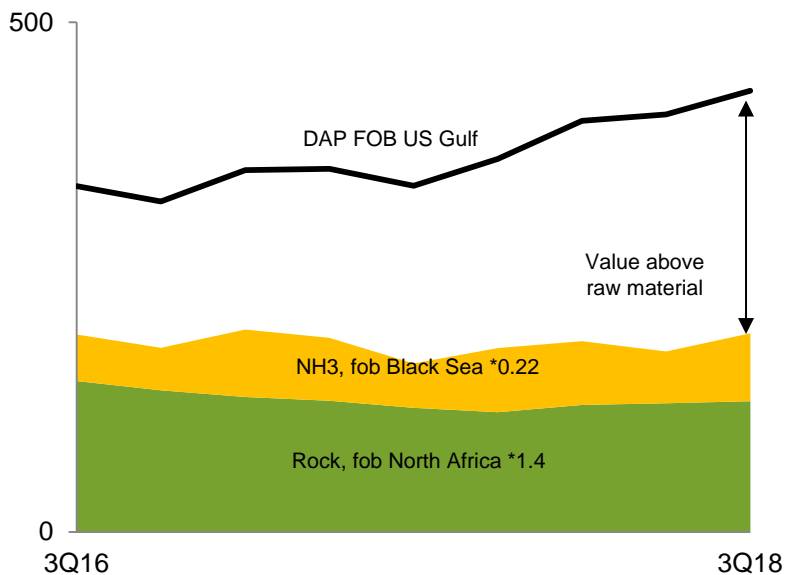


² Yara European realized nitrate prices (excl. sulphur grades) compared with urea publication prices (Egypt CFR proxy) with 1 month time lag.
All numbers in USD per tonne of CAN equivalents.

Solid commodity phosphate margins and compound NPK premiums

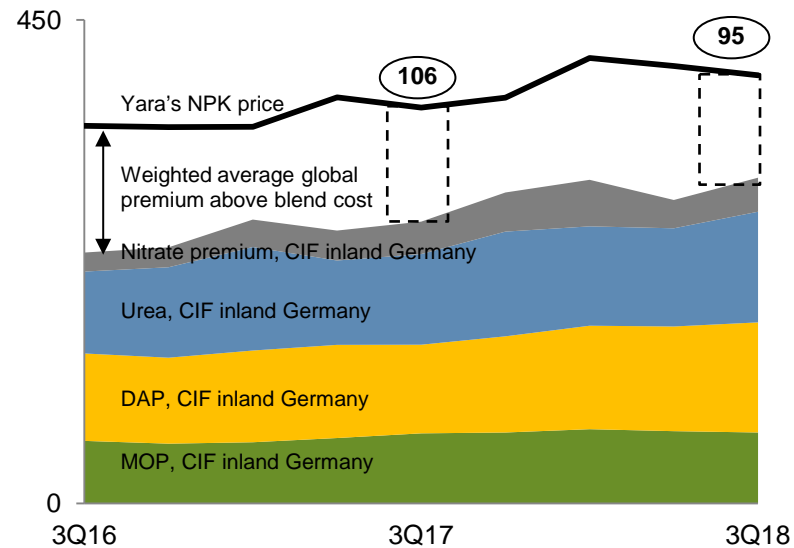
Phosphate upgrading margins

USD/t (monthly publication prices)



NPK premium over blend¹

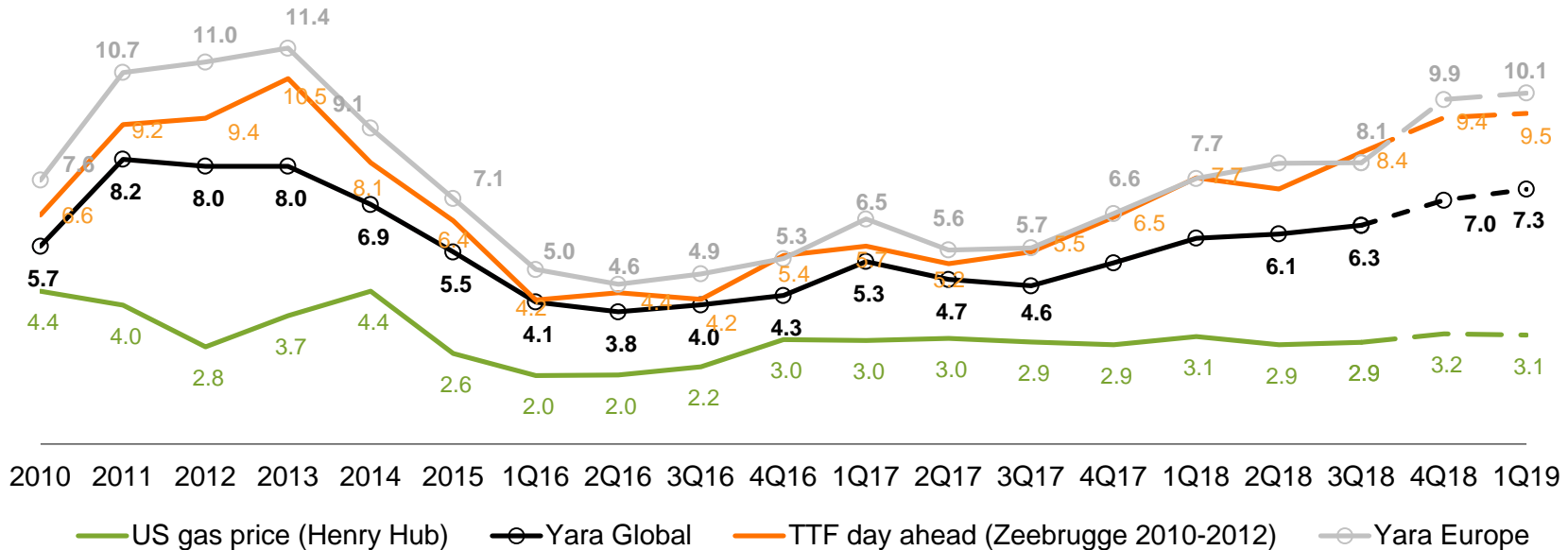
USD/t (monthly publication prices)



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

Energy cost

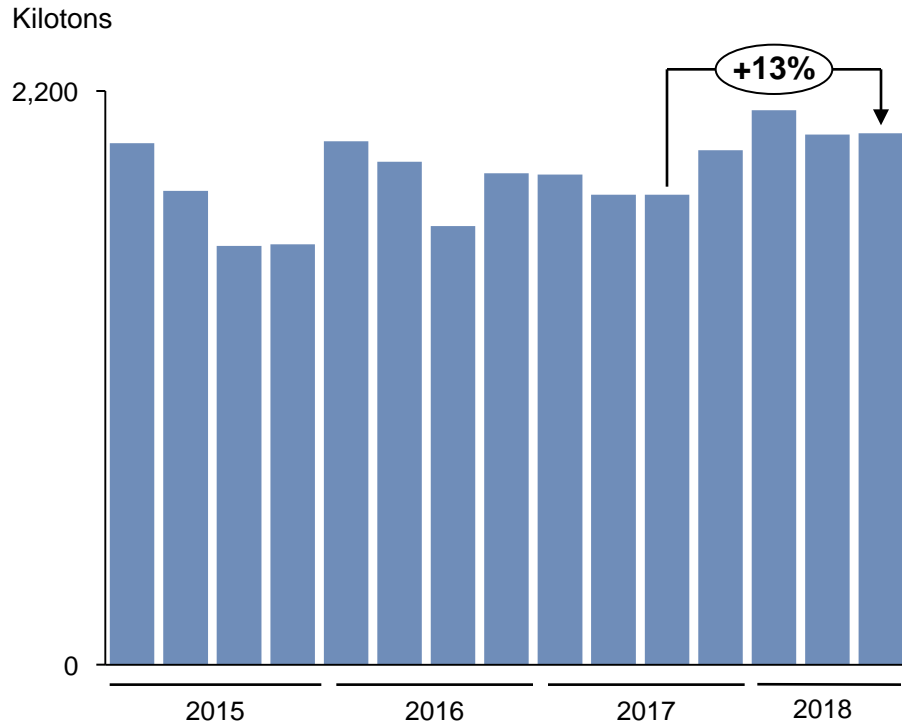
Yearly averages 2010 – 2015, quarterly averages for 2016-18 with forward prices* for 4Q18 and 1Q19.



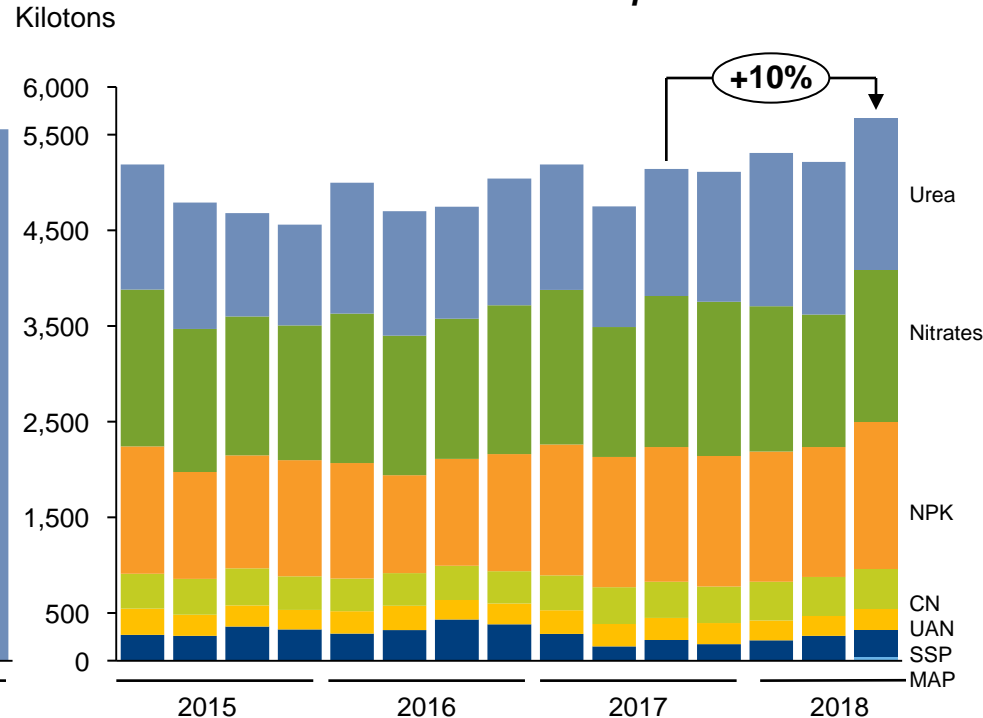
*Dotted lines denote forward prices as of 5 October 2018
 Source: Yara, World Bank, Argus/ICIS Heren

Increased ammonia and finished products production

Ammonia¹



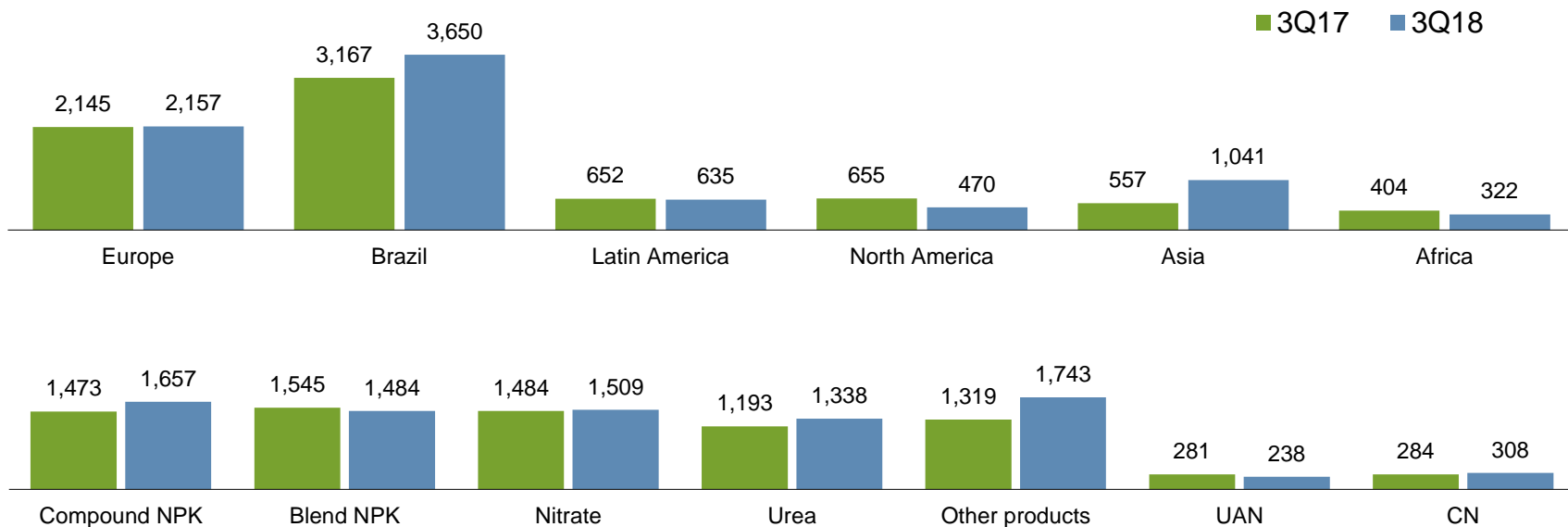
Finished fertilizer & industrial products¹



1) Including share of equity-accounted investees

Yara 3Q fertilizer deliveries by market and product

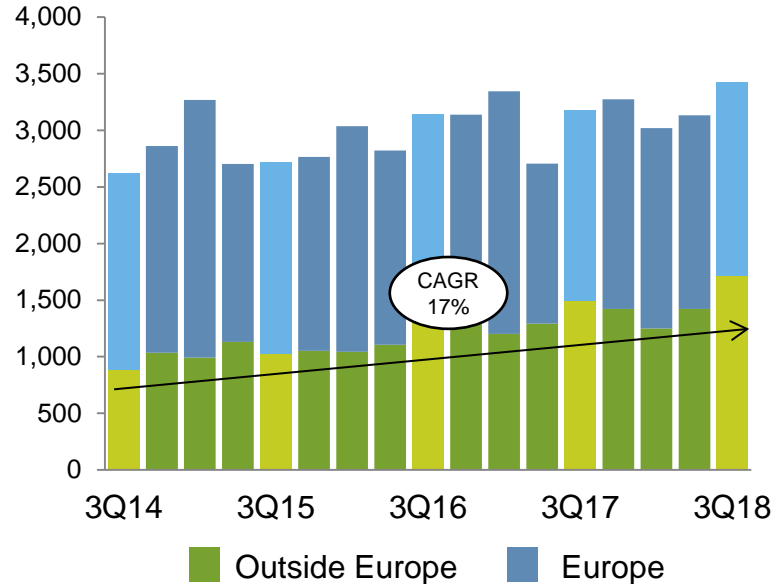
Kilotons



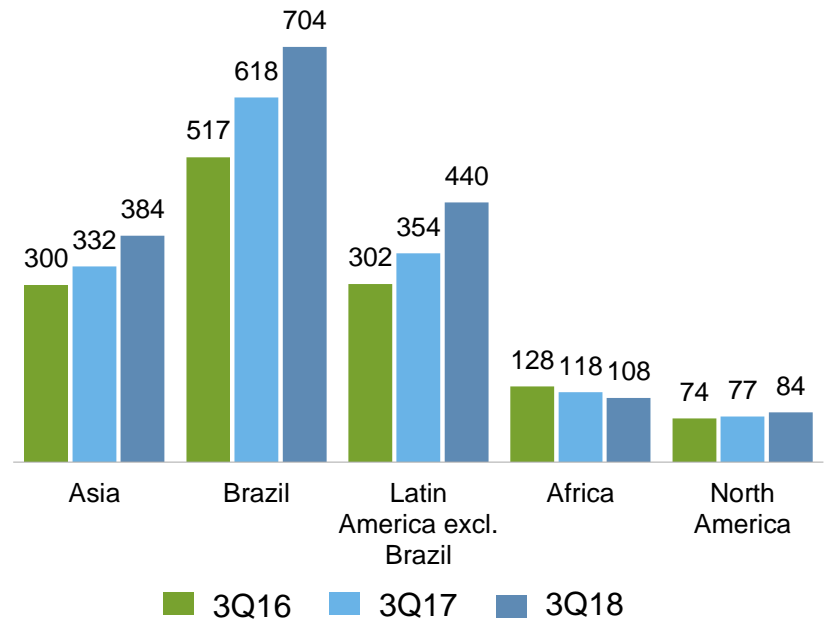
1) Yara-produced compound NPK and third party sourced (Total NPK excluding blend NPK)

Strong premium product deliveries

Value-added fertilizer deliveries¹



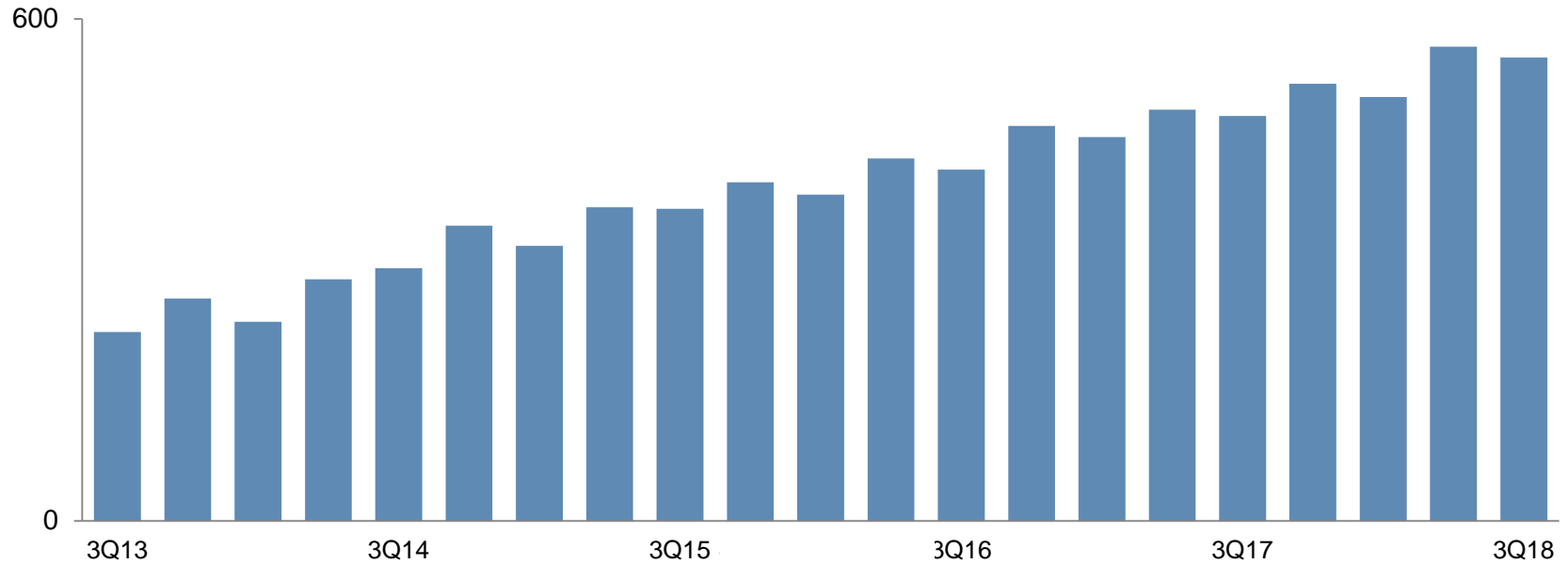
Value-added fertilizer deliveries¹



1) YaraBela, YaraMila and YaraLiva deliveries

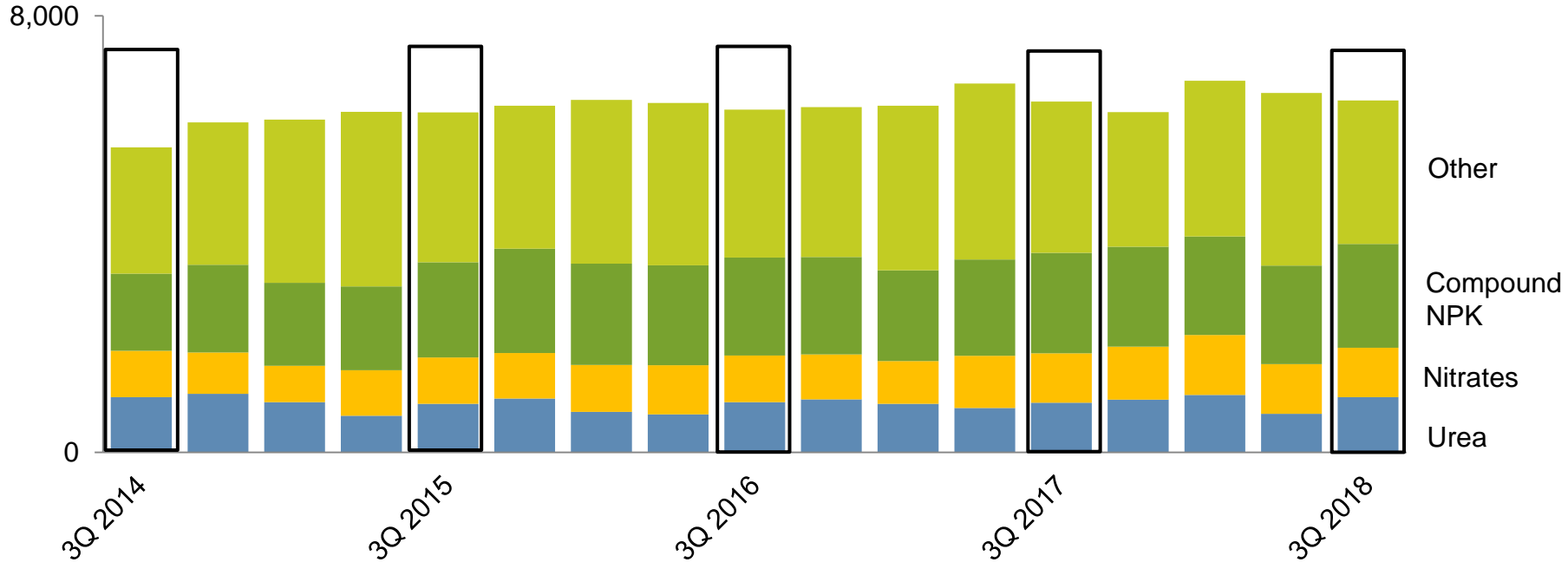
AdBlue deliveries

Kilotons



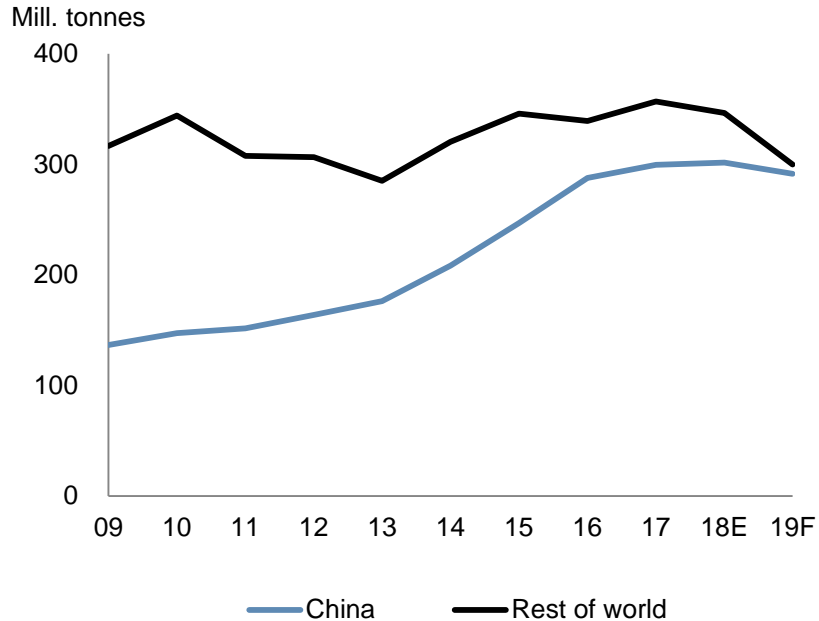
Yara stocks

Kilotons
Finished fertilizer

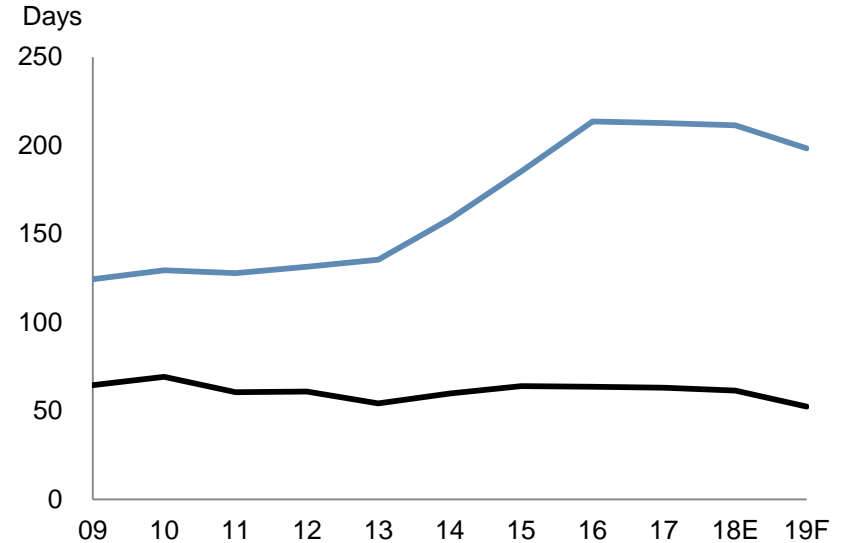


China drove previous years' increases in global grain stocks

Grain stocks – China versus the rest



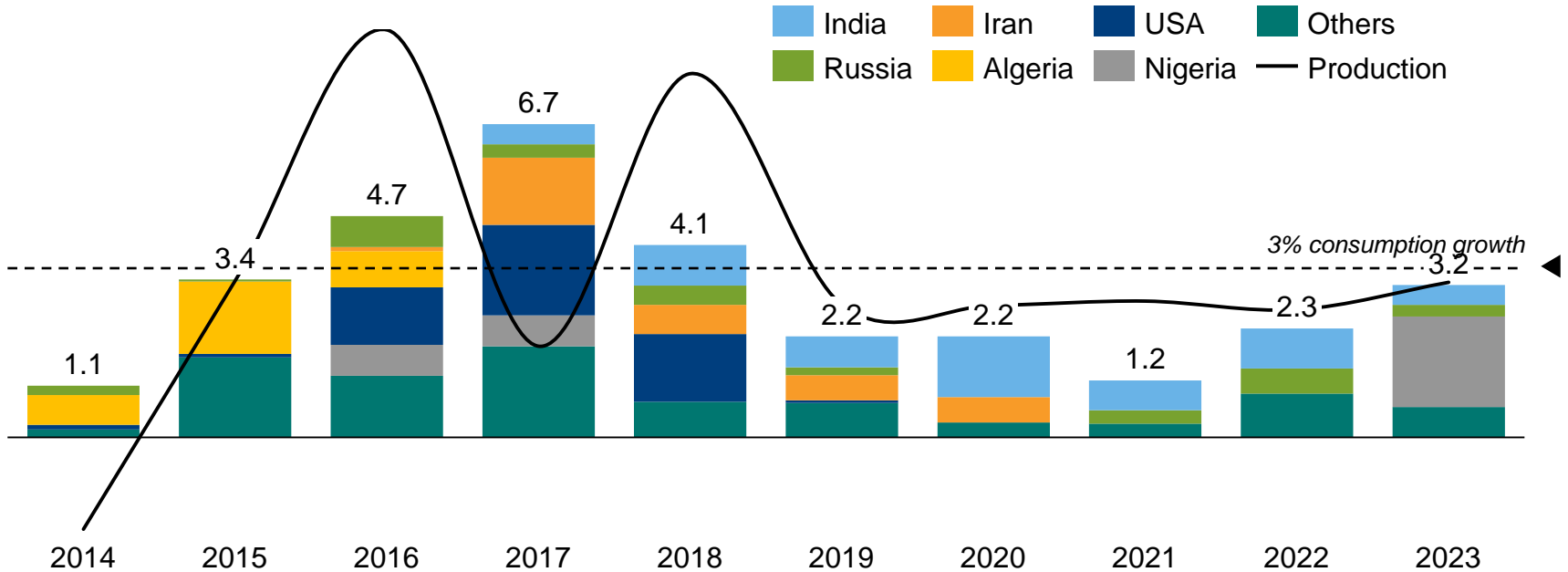
Days of consumption in stocks



Source: USDA October 2018

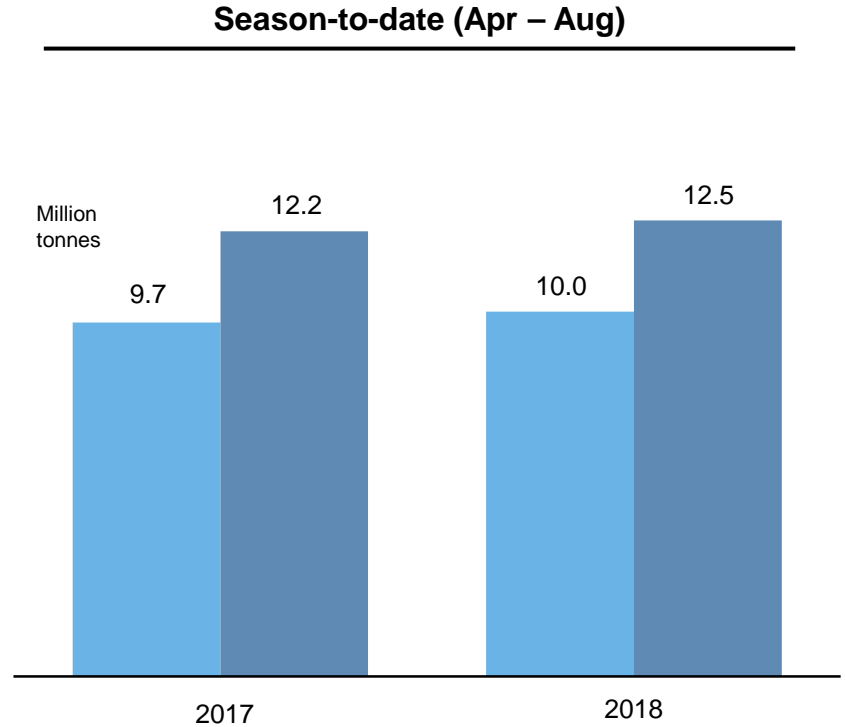
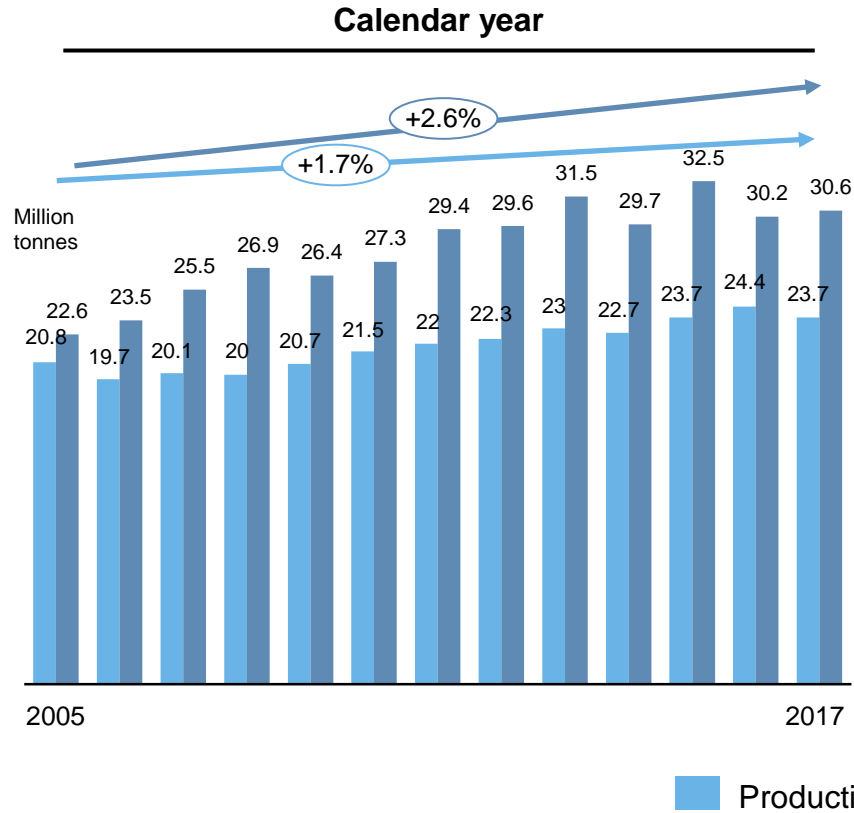
Nitrogen supply growth is forecast to reduce significantly

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

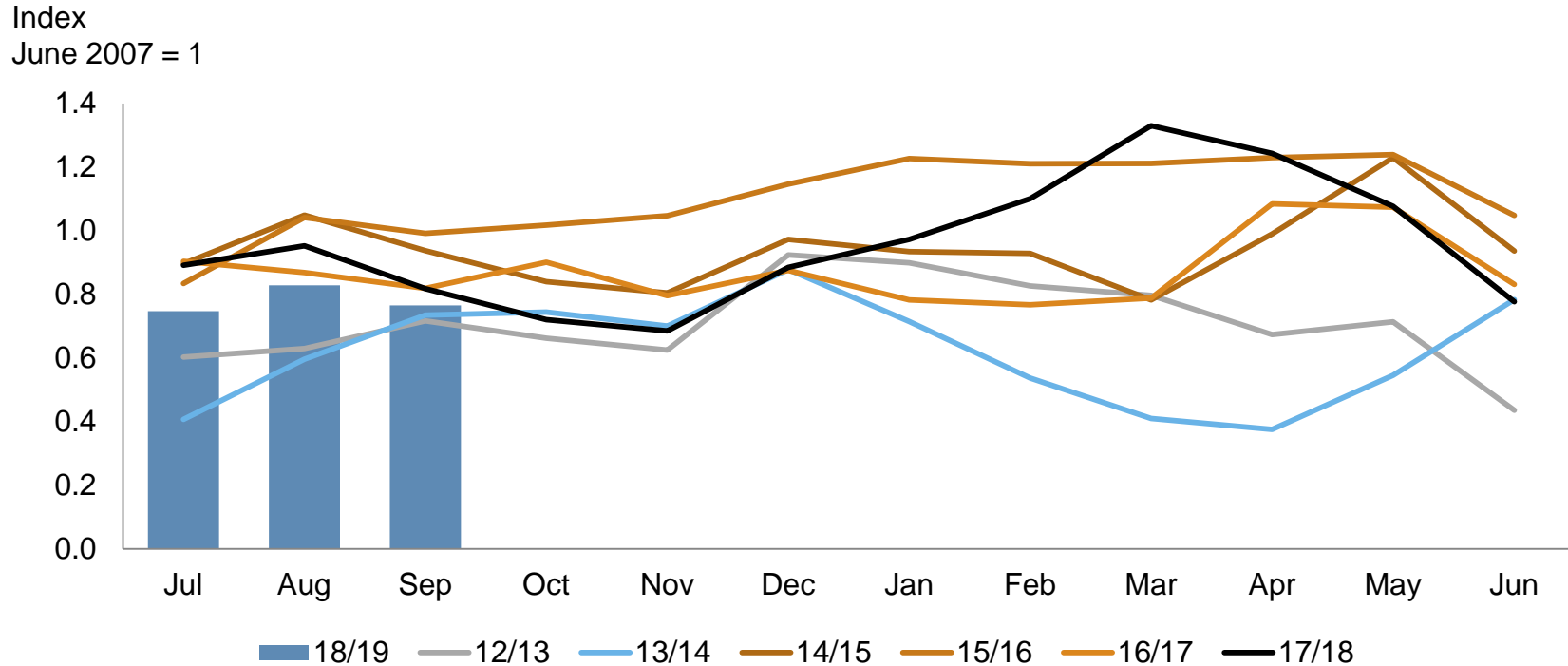


Source: CRU September 2018

Stable need for urea imports by India

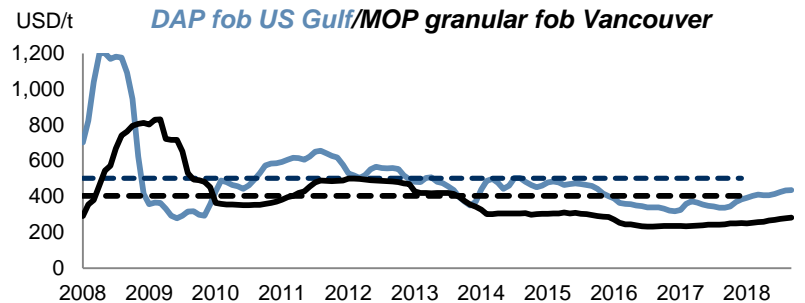
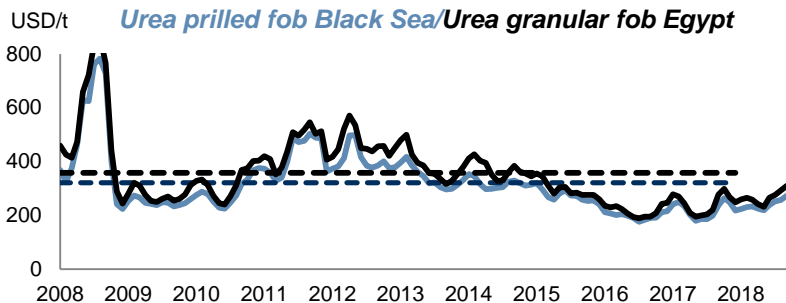
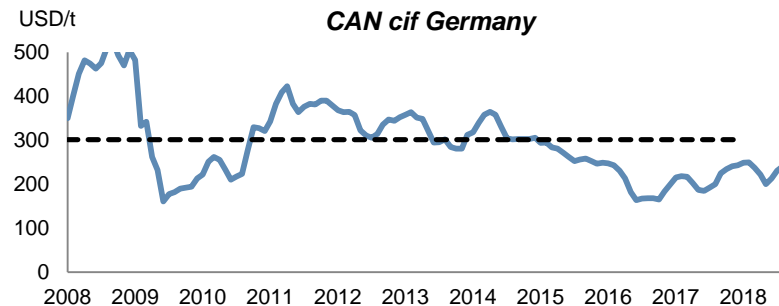
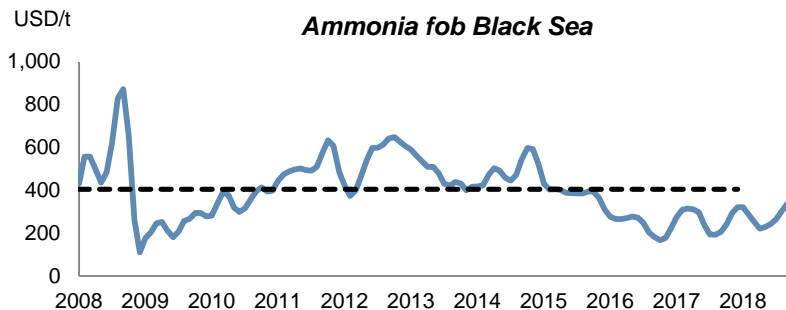


European producers' nitrate stocks



Source: Fertilizers Europe, September estimate by Yara

10-year fertilizer prices – monthly averages

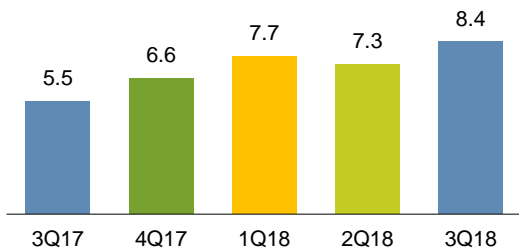


Source: Fertilizer Market Publications

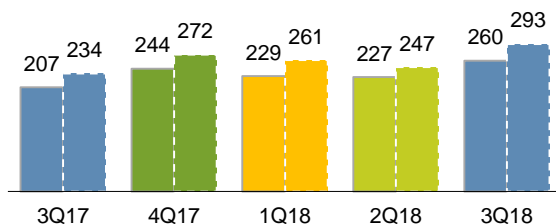
--- Average prices 2008 - 2017

Key value drivers – quarterly averages

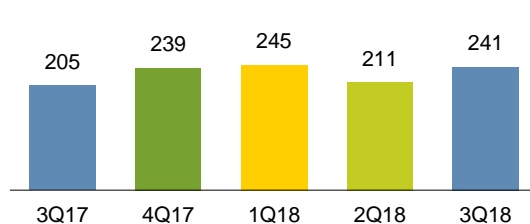
TTF day ahead (USD/MMBtu)



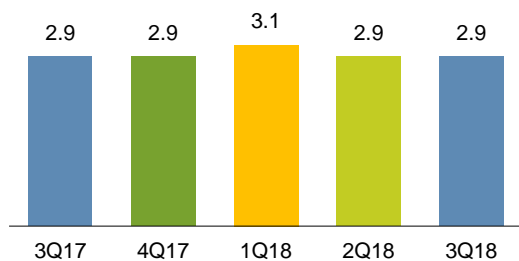
Urea prilled fob Black Sea (USD/t)/Urea granular fob Egypt (dotted line, USD/t)



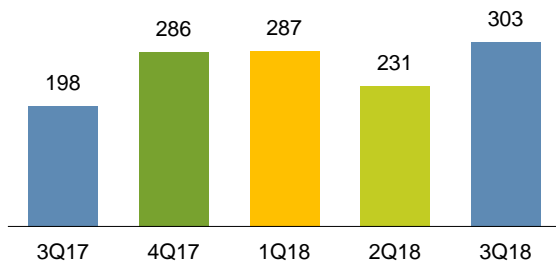
CAN cif Germany (USD/t)



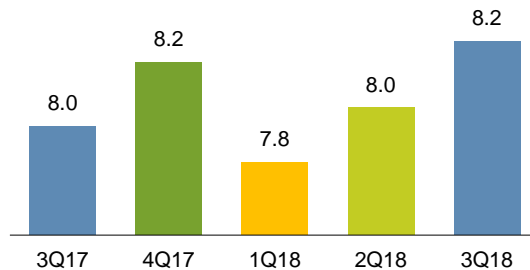
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



NOK/USD exchange rate



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



Knowledge grows

