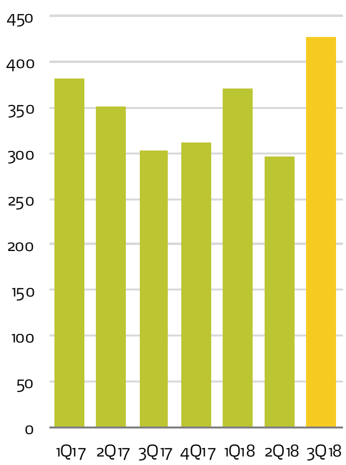
Knowledge grows

Third-quarter report 2018

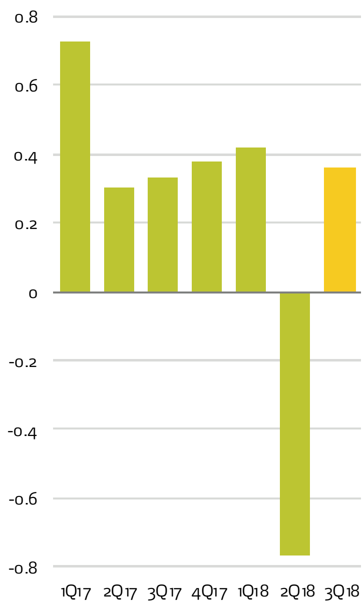
Yara International ASA

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

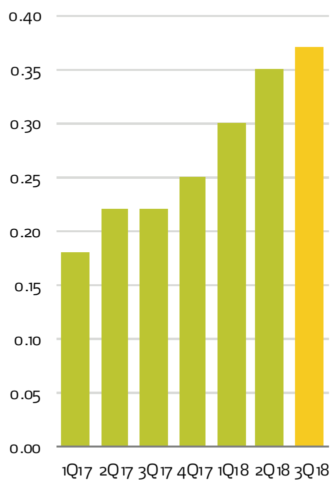
EBITDA
USD millions



Earnings per share
USD



Debt/equity ratio



Third quarter 2018

Financial highlights

USD millions, except where indicated otherwise	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Revenue and other income	3,547	3,021	9,595	8,463
Operating income	153	88	324	398
Share of net income in equity-accounted investees	26	(1)	54	16
EBITDA	427	303	1,093	1,036
EBITDA excl. special items	402	347	1,100	1,080
Net income after non-controlling interests	98	90	2	373
Basic earnings per share [1]	0.36	0.33	0.01	1.36
Basic earnings per share excl. currency [1]	0.54	0.29	0.99	1.17
Basic earnings per share excl. currency and special items [1]	0.57	0.41	1.16	1.34
Average number of shares outstanding (millions)	273.2	273.2	273.2	273.2
CROGI (Cash Return on Gross Investment) [2]	8.4 %	6.3 %	6.9 %	6.4 %
ROCE (Return on Capital Employed) [2]	5.8 %	3.0 %	3.7 %	3.2 %

1) USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.
2) Quarterly numbers annualized. Year-to-date numbers 12-month rolling average.

Key Yara statistics

	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Yara Production (Thousand tonnes) [1]				
Ammonia	2,022	1,803	6,193	5,486
Finished fertilizer and industrial products, excl. bulk blends	5,583	5,143	16,150	15,089
Yara Deliveries (Thousand tonnes)				
Ammonia trade	583	446	1,857	1,495
Fertilizer	8,276	7,580	21,676	20,610
Industrial products	1,950	1,719	5,688	5,194
Total deliveries	10,809	9,745	29,221	27,299
Yara's Energy prices (USD per MMBtu)				
Global weighted average gas cost	6.3	4.6	6.1	4.9
European weighted average gas cost	8.2	5.7	8.0	5.9

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

Market information

Average prices		3Q 2018	3Q 2017	YTD 2018	YTD 2017
Urea granular (fob Egypt)	USD per tonne	293	234	267	233
CAN (cif Germany)	USD per tonne	241	205	232	212
Ammonia (fob Black Sea)	USD per tonne	303	198	274	260
DAP (fob US Gulf)	USD per tonne	432	340	415	350
Phosphate rock (fob Morocco)	USD per tonne	92	87	89	92
European gas (TTF)	USD per MMBtu	8.4	5.5	7.8	5.5
US gas (Henry Hub)	USD per MMBtu	2.9	2.9	3.0	3.0
EUR/USD currency rate		1.16	1.17	1.20	1.11
USD/BRL currency rate		3.95	3.17	3.60	3.18

Yara's third-quarter net income after non-controlling interests was USD 98 million, compared with USD 90 million a year earlier. Excluding net foreign currency translation gain/loss and special items, the result was USD 158 million (USD 0.57 per share), compared with USD 112 million (USD 0.41 per share) in third quarter 2017.

"Yara reports a 16% improvement in underlying EBITDA, as higher sales prices more than offset increased energy cost. Our NPK margins in particular were stronger than last year," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"While European gas prices look set to stay high through this winter, the market balance looks positive longer term. We are now focused on realizing the value of our growth projects in the market, while continuing to drive operational improvements, implementing our crop nutrition focused strategy and maintaining efficient capital allocation," said Holsether

Fertilizer market conditions

Global grain markets are tightening. Following a modest production deficit for the 2017/18 season, the US Department of Agriculture forecasts an increased deficit for the 2018/19 season, resulting in lower grain inventories. The projected ending stocks-to-use ratio at 82 days of consumption is down nine days from the start of the season, and grain prices have improved, supporting fertilizer demand. The Food and Agriculture Organization of the United Nations (FAO) grain price index is up 6% from third quarter last year, and equal to the five-year average, while the overall food price index is 6% down on third quarter last year, and 5% below the five-year average. Sugar and vegetable oils are contributing to the drop.

From being in a surplus situation for the first half of the year, the global urea balance outside China returned to a deficit for the third quarter, driven by stronger demand. Granular urea prices fob Egypt averaged USD 293 per tonne for third quarter, up from USD 234 per tonne same quarter last year, and increasing sharply towards the end of the quarter. Active buying through public tenders in India, Pakistan, Bangladesh and Ethiopia, on top of demand from private markets, lifted global urea demand. Prices needed to increase to a level where Chinese exports again became attractive to cover the deficit in the global market. However, Chinese production rates remained at or below the level of last year, resulting in limited availability for the export market. Instead of a surge in Chinese exports, higher global urea prices pulled domestic Chinese urea prices higher as well, in order to force Chinese producers to remain primarily focused on the domestic market.

Ammonia prices fob Black Sea were on average USD 303 per tonne for the quarter, compared to USD 198 per tonne last year. Higher natural gas prices have raised the cost floor for producers in Europe. In addition, there has been a number of curtailments of technical nature, also supporting prices.

Phosphate prices averaged USD 432 per tonne fob US Gulf for DAP for the quarter, up from USD 340 per tonne last year, amid strong demand and a major production curtailment by Mosaic in Florida. In addition, Chinese exporters have raised the price at which they are willing to export, partly due to higher production costs.

The average phosphate rock price fob Morocco was up 6% compared to a year earlier, with upgrading margins from rock to DAP stronger than a year ago, despite stronger sulphur and ammonia prices.

Regional market developments

Third-quarter nitrogen deliveries in Western Europe were only down by an estimated 2% from the very strong third quarter last year, while imports were down 10%. Both nitrates and NPK deliveries were running well, resulting in relatively low industry inventories at the end of the quarter.

In Brazil, fertilizer deliveries for third quarter were 12% above last year, following the lower deliveries during the transport strike during the second quarter. Year-to-date deliveries are 4% ahead of last year. Third-quarter urea imports were 1.2 million tonnes, up from 0.9 million tonnes third quarter last year. Year-to-date urea imports were 3.5 million tonnes, down from 3.8 million tonnes in the same period last year.

Third-quarter US nitrogen supply is estimated to be up around 10% compared to a year earlier, despite lower imports, due to a further increase in domestic production.

Third-quarter urea production in China is estimated to be 6% below third quarter last year, as both coal and natural gas based production remains curtailed. The average domestic urea price for the third quarter was 20% higher than a year earlier (measured in local currency), equivalent to an increase of USD 44 per tonne, indicating a relatively tight domestic market. While anthracite coal prices are higher than a year ago, the coal cost increases do not fully explain the urea price increase. China exported only 0.2 million tons urea during July and August, despite the increasing global pricing, another sign that production is barely sufficient to cover domestic demand. Year to date August, China exported 0.9 million tonnes, down from 3.3 million tonnes same period last year.

In India, urea sales so far this season (April-August) are reported 3% higher than same period last year, while urea production was up by 4%, resulting in a stable need for imports. At the end of third quarter, urea stocks are reported significantly lower than a year earlier.

Production volumes [1)]

Thousand tonnes	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Ammonia	2,038	1,803	6,210	5,486
of which equity-accounted investees	270	245	800	690
Urea	1,585	1,328	4,789	3,900
of which equity-accounted investees	373	380	1,157	1,077
Nitrate	1,598	1,580	4,510	4,559
NPK	1,537	1,409	4,263	4,142
CN	408	379	1,222	1,127
UAN	226	228	641	711
SSP-based fertilizer	283	219	756	650
MAP	40		62	
Total Finished Products[1)]	5,677	5,143	16,243	15,089

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

Fertilizer deliveries

Thousand tonnes	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Fertilizer deliveries per product				
Urea	1,338	1,193	4,628	3,607
of which Yara-produced	681	506	2,301	1,543
of which equity-accounted investees	512	492	1,737	1,321
Nitrate	1,509	1,484	4,258	4,179
of which Yara-produced	1,429	1,395	3,993	3,962
NPK	3,141	3,018	7,662	7,734
of which Yara-produced compounds	1,550	1,426	4,118	4,016
of which Yara-produced blends	1,484	1,545	3,223	3,499
CN	308	284	972	940
of which Yara-produced	303	279	958	926
UAN	238	281	984	1,066
of which Yara-produced	218	242	810	849
SSP	517	391	827	764
of which Yara-produced	488	303	744	561
DAP/MAP	218	199	459	557
MOP/SOP	479	501	904	1,036
Other fertilizer products	530	228	981	727
Total fertilizer deliveries	8,276	7,580	21,676	20,610
Fertilizer deliveries per region				
Europe	2,157	2,145	6,880	6,999
Brazil	3,650	3,167	6,754	6,748
Latin America excluding Brazil	635	652	1,797	1,794
North America	470	655	2,319	2,372
Asia	1,041	557	2,890	1,671
Africa	322	404	1,034	1,025
Total fertilizer deliveries	8,276	7,580	21,675	20,610

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

Industrial product deliveries

Thousand tonnes	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Ammonia [1)]	170	160	518	530
Urea [1)]	595	543	1,742	1,629
of which Environmental products	229	198	690	630
Nitrate [2)]	273	184	709	572
CN	106	111	294	306
Other industrial products [3)]	306	272	956	809
Water content in Industrial Ammonia and Urea	500	450	1,470	1,347
Total Industrial product deliveries	1,950	1,719	5,688	5,194

1) Pure product equivalents.
2) Including AN Solution.
3) Including nitric acid, feed phosphates, sulphuric acid and other minor products.

Variance analysis third quarter

USD millions	3Q
EBITDA 2018	427
EBITDA 2017	303
Reported EBITDA variance	124
Special items variance (see page 10 for details)	68
EBITDA variance ex special items	56
Volume	(2)
Price/Margin excluding energy	129
Energy price	(108)
Currency translation	30
Other	6
Total variance explained	56

Yara's s third-quarter EBITDA results were 41% higher compared with a year earlier. The result includes positive net special items of USD 24 million compared to net negative special items last year of USD 44 million (for more details on special items, see page 10). Underlying EBITDA results were 16% higher than last year reflecting higher margins, a stronger US dollar and contribution from Yara's growth projects.

Total fertilizer deliveries were 9% higher compared to a year earlier driven by the inclusion of the Babrala acquisition in India (included from mid-January 2018) and the Cubatão acquisition in Brazil (included from mid-May). Adjusted for these portfolio effects, fertilizer deliveries were 3% lower than a year ago, explained by lower deliveries in Brazil and North America. In Brazil, deliveries were 8% lower than a year ago, reflecting lower deliveries of commodity products while deliveries in North America were impacted by a turnaround in Yara's Belle Plaine plant. Industrial deliveries were 13% higher than a year ago including the Cubatão acquisition. Adjusting for Cubatão, deliveries were 6% higher than a year ago primarily driven by growth in AdBlue deliveries.

Margins in the quarter were higher than a year ago, primarily driven by improved production margins in Yara's nitrophosphate NPK plants. The effect of higher realized nitrogen prices was offset by higher energy prices in Europe.

Ammonia production was 13% higher than third quarter last year. Adjusted for portfolio effects (Babrala, Cubatão and Freeport), ammonia production was 6% lower compared to last year reflecting more turnarounds. Finished fertilizer production increased 10%. Adjusted for portfolio effects, finished fertilizer production was 2% lower than a year ago.

A stronger US dollar, mainly versus the Brazilian real resulted in a positive translation effect on Yara's fixed cost base compared with third quarter 2017.

Yara Improvement program

At the end of third quarter 2018, the Yara Improvement Program has delivered USD 330 million of annual sustained benefits, up from USD 310 million reported end second quarter 2018. The total program is on track to reach the 2018 target of USD 350 million.

Based on current prices and margins, the improvements amount to around USD 320 million.

Financial items

USD millions	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Interest income	21	19	61	57
Dividends and net gain/(loss) on securities	0	0	3	2
Interest income and other financial income	21	19	64	59
Interest expense	(39)	(10)	(89)	(42)
Net interest expense on net pension liability	(2)	(2)	(5)	(6)
Net foreign currency translation gain/(loss)	(70)	18	(364)	68
Other	(6)	(2)	(16)	(8)
Interest expense and foreign currency translation gain/(loss)	(117)	4	(474)	12
Net financial income/(expense)	(97)	23	(410)	71

Third-quarter net financial expense was USD 97 million compared with an income of USD 23 million in the same quarter last year. The variance primarily reflects a net foreign currency translation loss of USD 70 million this quarter, compared with a gain of USD 18 million a year ago.

Interest expense this quarter was USD 29 million higher than the year before, mainly reflecting an average gross debt level around USD 1.8 billion higher.

The net foreign currency translation loss in the quarter was USD 70 million, of which USD 40 million was due to the US dollar appreciating against the euro, the Norwegian krone and the Brazilian real. Internal funding positions, mainly in in euro against Norwegian krone and in Brazilian real vs. both euro and Norwegian krone, generated a net loss of USD 30 million. The gain reported last year was primarily from the US dollar denominated debt positions as the US dollar depreciated against most of Yara's other currencies.

Yara's US dollar debt generating currency effects in the income statement was approximately USD 3,700 million at the start of the fourth quarter 2018. Around 50% of the exposure was towards the Norwegian krone and around 25% against Yara's emerging market currencies.

Net financial expense for the first nine months was USD 410 million compared with an income of USD 71 million in the same period last year. The variance is primarily explained by a net foreign currency translation loss of USD 364 million year-to-date, compared with a net gain of USD 68 million a year ago.

Tax

A current and deferred tax income of 8 million USD was recognized in the quarter. The tax income reflects recognition of tax assets due to negative results in certain countries.

Net interest-bearing debt

USD millions	3Q 2018	YTD
Net interest-bearing debt at beginning of period	(3,153)	(2,367)
Cash earnings [1]	366	821
Dividends received from equity-accounted investees	-	98
Net operating capital change	(320)	(107)
Acquisition of Cubatão	-	(278)
Acquisition of Babrala	-	(435)
Other investments (net)	(303)	(957)
Yara dividend	-	(219)
Other, including foreign currency translation gain/(loss)	59	92
Net interest-bearing debt at end of period	(3,351)	(3,351)

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

Net interest-bearing debt at the end of third quarter was USD 3,351 million, up from USD 3,153 million at the end of the second quarter 2018. The increase reflects higher working capital, mainly explained by a seasonal reduction in prepayments in Brazil. Around one third of the investments in the quarter relate to the Rio Grande plant modernization project and the Salitre mining project in Brazil.

The debt/equity ratio at the end of third quarter 2018, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.37 compared with 0.35 at the end of second quarter 2018.

Outlook

Yara's operating environment is improving, due to a combination of higher grain prices and receding urea supply pressure, resulting in an improving urea price trend. However, gas prices have increased in many regions including Europe, and look set to stay high though this winter. Based on current forward markets for natural gas (5 October) Yara's spot-priced gas costs for fourth quarter 2018 and first quarter 2019 are expected to be respectively USD 125 million higher and USD 100 million higher than a year earlier. The estimates may change depending on future spot gas prices.

Yara's near-term operational focus is on delivering its on-going growth and improvement pipeline. Yara's growth investments reach their peak this year, with strong earnings contribution from 2019 when a total of eight new plant expansions and M&A projects will have come on stream, adding an annualized 1.4 million tonnes of new ammonia production and 3 million tonnes of new finished fertilizer production. Applying average 2015 market prices, the growth pipeline has so far delivered approximately USD 150 million of the targeted USD 600 million of annual EBITDA improvement (USD 0.90 net income per share) by 2020.

Applying average 2015 market prices, the Improvement program has to date delivered approximately USD 330 million of the targeted minimum USD 500 million of annual EBITDA improvement (USD 1.25 net income per share) within 2020.

Yara's strategic focus is to be the crop nutrition company for the future; growing sustainable solutions to farmers and industry while delivering a superior return on capital. As part of this focus, solution selling including food chain partnerships and digital farming tools and services will be important growth vehicles for Yara to reach more farmers. Yara will also continue to actively manage its portfolio of businesses, to create value through both growth and divestment initiatives.

The global urea supply-demand balance looks set to remain positive longer term, as nitrogen supply growth is forecast to decline after 2018, and lead times for new projects (from decision to first production) are typically three to five years. Also, demand growth is likely to pick up compared with the last 3 years, as global grain stocks are relatively low, particularly excluding China, and increased production is needed to keep pace with consumption.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 17 October 2018

Geir Isaksen
Chairperson

Maria Moræus Hanssen
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Geir O. Sundbø
Board member

Trond Berger
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 page 10) 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's 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. Tax effect on foreign currency and special items is calculated based on relevant statutory tax rate for the sake of simplicity.

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 33 to 35.

Special items

	EBITDA effect				Operating income effect			
USD millions	3Q 2018	3Q 2017	YTD 2018	YTD 2017	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Damaged inventory	(6)	-	(6)	-	(6)	-	**(7)**	-
Stamp duty on purchase of Babrala (India)	-	-	(9)	-	-	-	(9)	-
Impairment of non-current assets	-	-	-	-	-	-	(14)	(6)
Restructuring costs	(1)	-	(11)	-	(1)	-	(11)	-
Total Crop Nutrition	(8)	-	(26)	-	(8)	-	(41)	(6)
Restructuring costs	0	-	(8)	-	0	-	(8)	-
Total Industrial	0	-	(8)	-	0	-	(8)	-
Impairment of held-for-sale assets in Galvani	-	-	-	-	(33)	-	(33)	-
Derecognition of deferred consideration related to Galvani	21	-	21	-	21	-	21	-
Take-or-pay compensation from customer	15	-	15	-	15	-	15	-
Environmental provisions	(6)	(9)	(6)	(9)	(6)	(9)	(6)	(9)
Provision for closing of Pardies site	-	(33)	-	(33)	-	(33)	-	(33)
Contract derivatives gain/(loss)	1	(1)	4	(14)	1	(1)	4	(14)
Refund of energy intensive tax	-	-	-	-	-	-	-	13
Impairment of non-current assets	-	-	-	13	(1)	(3)	(7)	(15)
QAFCO tax adjustment	-	-	(7)	-	-	-	-	-
Total Production	32	(44)	28	(44)	(3)	(47)	(6)	(59)
Total Yara	24	(44)	(7)	(44)	(10)	(47)	(55)	(65)

Condensed consolidated interim statement of income

USD millions, except share information	Notes	3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Revenue	3	3,504	3,007	9,527	8,447	11,358
Other income	7	41	15	64	30	55
Commodity based derivatives gain/(loss)		2	(1)	4	(13)	(13)
Revenue and other income		3,547	3,021	9,595	8,463	11,400
Raw materials, energy costs and freight expenses		(2,751)	(2,320)	(7,347)	(6,374)	(8,547)
Payroll and related costs		(292)	(297)	(904)	(815)	(1,090)
Depreciation and amortization	7	(192)	(192)	(593)	(540)	(724)
Impairment loss	7,8	(35)	(4)	(58)	(23)	(60)
Other operating expenses		(124)	(119)	(368)	(313)	(521)
Operating costs and expenses		(3,394)	(2,933)	(9,271)	(8,065)	(10,942)
Operating income		153	88	324	398	457
Share of net income in equity-accounted investees		26	(1)	54	16	29
Interest income and other financial income		21	19	64	59	77
Earnings before interest expense and tax (EBIT)		200	107	442	473	563
Foreign currency translation gain/(loss)		(70)	18	(364)	68	99
Interest expense and other financial items		(47)	(14)	(110)	(56)	(82)
Income before tax		82	110	(32)	485	581
Income tax		8	(21)	20	(118)	(99)
Net income		90	90	(12)	367	482
Net income attributable to						
Shareholders of the parent		98	90	2	373	477
Non-controlling interests		(8)	(0)	(14)	(6)	5
Net income		90	90	(12)	367	482
Basic earnings per share [1]		0.36	0.33	0.01	1.36	1.75
Weighted average number of shares outstanding	2	273,217,830	273,217,830	273,217,830	273,217,830	273,217,830

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

Condensed consolidated interim statement of comprehensive income

USD millions	3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Net income	90	90	(12)	367	482
Other comprehensive income that may be reclassified to statement of income (net of tax)					
Currency translation adjustments	(12)	113	(223)	245	235
Hedge of net investments	(0)	39	3	55	33
Share of other comprehensive income of equity-accounted investees, excluding remeasurements	-	-	(0)	2	4
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax	(13)	151	(221)	301	273
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)					
Currency translation adjustments [1]	(2)	98	13	131	85
Net gain/(loss) on equity instruments at fair value through other comprehensive income	(0)	(0)	(3)	(1)	(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	(2)	98	10	131	148
Reclassification adjustments of the period					
Cash flow hedges	-	-	-	-	1
Total other comprehensive income, net of tax	(14)	249	(210)	433	421
Total comprehensive income, net of tax	76	339	(223)	800	903
Total comprehensive income attributable to					
Shareholders of the parent	90	331	(175)	800	900
Non-controlling interests	(14)	7	(47)	(0)	3
Total	76	339	(223)	800	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	-	-	-	-	-	-	-	373	373	(6)	367
Other comprehensive income, net of tax	-	-	371	(1)	-	55	425	-	425	5	430
Share of other comprehensive income of equity-accounted investees	-	-	-	-	2	-	2	-	2	-	2
Total other comprehensive income, net of tax	-	-	371	(1)	3	55	427	-	427	5	433
Long term incentive plan	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Transactions with non-controlling interests	-	-	-	-		-	-	(1)	(1)	(2)	(3)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	9	9
Dividends distributed	-	-	-	-	-	-	-	(321)	(321)	-	(322)
Balance at 30 September 2017	66	(49)	(951)	1	(5)	(138)	(1,093)	10,200	9,125	276	9,401
Net income	-	-	-	-	-	-	-	104	104	11	115
Other comprehensive income, net of tax	-	-	(49)	(1)	1	(21)	(70)	64	(6)	(7)	(14)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	2	-	2	-	2	-	2
Total other comprehensive income, net of tax	-	-	(49)	(1)	2	(21)	(69)	64	(5)	(7)	(12)
Long term incentive plan	-	-	-	-	-	-	-	1	1	-	1
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	-	-	-	-	-	-	-	2	2	(14)	(12)
Other comprehensive income, net of tax	-	-	(177)	(3)	-	3	(177)	-	(177)	(33)	(210)
Share of other comprehensive income of equity-accounted investees	-	-	(0)	-	-	-	(0)	-	(0)	-	(0)
Total other comprehensive income, net of tax	-	-	(177)	(3)	-	3	(177)	-	(177)	(33)	(210)
Long term incentive plan	-	-	-	-	-	-	-	(1)	(1)	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	(1)	(2)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	2	2
Dividends distributed	-	-	-	-	-	-	-	(219)	(219)	(2)	(221)
Balance at 30 September 2018	66	(49)	(1,177)	(3)	(3)	(156)	(1,338)	10,146	8,825	231	9,056

[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	30 Sep 2018	30 Sep 2017	31 Dec 2017	31 Dec 2016
Assets					
Non-current assets					
Deferred tax assets		412	366	371	300
Intangible assets	5	1,075	1,124	1,106	1,067
Property, plant and equipment	5,6,7	8,341	7,787	7,967	6,939
Equity-accounted investees		1,032	1,082	1,096	1,067
Other non-current assets		453	411	460	377
Total non-current assets		11,313	10,770	11,000	9,750
Current assets					
Inventories	9	2,444	2,187	2,229	2,042
Trade receivables	5	1,585	1,389	1,398	1,200
Prepaid expenses and other current assets		626	590	607	559
Cash and cash equivalents		605	255	544	436
Non-current assets and disposal group classified as held-for-sale	6	201	11	4	11
Total current assets		5,462	4,431	4,783	4,247
Total assets		16,775	15,201	15,783	13,997

Condensed consolidated interim statement of financial position

USD millions, except share information	Notes	30 Sep 2018	30 Sep 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		(1,338)	(1,093)	(1,161)	(1,520)
Retained earnings		10,146	10,200	10,369	10,150
Total equity attributable to shareholders of the parent		8,825	9,125	9,225	8,647
Non-controlling interests		231	276	280	270
Total equity	2	9,056	9,401	9,505	8,917
Non-current liabilities					
Employee benefits		435	484	439	473
Deferred tax liabilities		433	596	502	511
Other long-term liabilities		150	145	169	163
Long-term provisions	5,11	173	105	115	97
Long-term interest-bearing debt	10	3,092	1,766	2,429	1,625
Total non-current liabilities		4,283	3,097	3,654	2,869
Current liabilities					
Trade and other payables		1,866	1,563	1,652	1,414
Prepayments from customers		434	377	265	300
Current tax liabilities		35	43	62	62
Short-term provisions	11	93	77	90	38
Other short-term liabilities		96	81	75	100
Bank loans and other interest-bearing short-term debt		291	519	439	270
Current portion of long-term debt		574	43	43	28
Liabilities associated with disposal group held-for-sale	6	47	-	-	-
Total current liabilities		3,436	2,703	2,625	2,211
Total equity and liabilities		16,775	15,201	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, 17 October 2018

Geir Isaksen
Chairperson

Maria Moræus Hanssen
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Geir O. Sundbø
Board member

Trond Berger
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	3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Operating activities						
Operating income		153	88	324	398	457
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation and amortization		192	192	593	540	724
Impairment loss		35	4	58	23	60
Write-down and reversals, net		8	15	3	15	24
Income taxes paid		(1)	(14)	(71)	(149)	(196)
Dividend from equity-accounted investees		0	1	98	8	8
Change in net operating capital [1]		(327)	15	(109)	19	(127)
Interest and bank charges received/(paid)		(15)	(0)	(75)	(27)	(63)
Other		44	24	23	(78)	(96)
Net cash provided by operating activities		89	325	846	751	791
Investing activities						
Purchases of property, plant and equipment		(297)	(363)	(949)	(974)	(1,341)
Cash outflow on business combinations	5	(0)	-	(661)	(8)	(23)
Purchases of other long-term investments		(11)	(10)	(44)	(32)	(55)
Proceeds from sales of property, plant and equipment		5	3	9	10	13
Proceeds from sales of other long-term investments		(0)	2	17	10	56
Net cash used in investing activities		(303)	(368)	(1,628)	(994)	(1,350)
Financing activities						
Loan proceeds/(repayments), net	10	(174)	15	1,061	362	966
Dividend	2	-	-	(219)	(321)	(321)
Other cash transfers (to)/from non-controlling interests		2	-	(0)	6	6
Net cash from/(used in) financing activities		(172)	15	842	46	651
Foreign currency effects on cash and cash equivalents		(6)	9	2	15	16
Net increase/(decrease) in cash and cash equivalents		(393)	(20)	61	(181)	109
Cash and cash equivalents at beginning of period		998	274	544	436	436
Cash and cash equivalents at end of period [2]		606	255	606	255	544
Bank deposits not available for the use of other group companies				30	28	24

1) Operating capital consists of trade receivables, inventories, trade payables and prepayments from customers.
2) Excluded expected credit loss provisions on bank deposits.

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 12 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. In addition, Yara has in the third quarter reclassified certain assets and liabilities to a disposal group held-for-sale which is measured at fair value less costs to sell. The fair value is based on estimated future cash flows and is subject to estimation uncertainty. Please see note 6 for more information.

Note 2 Shares, dividend and share buy-back program

The Annual General Meeting in May 2018 approved a dividend for 2017 of NOK 1,776 million (NOK 6.50 per share), which was paid out during second quarter 2018 (USD 219.4 million).

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 did not purchase own shares under the 2017 buy-back program.

On 8 May 2018, the Annual General Meeting approved that the existing buy-back program is replaced by a new program, authorizing the Board to acquire up to 5% (13,660,891 shares) of Yara's shares before the next Annual General Meeting. Shares may be purchased within a price range from NOK 10 to NOK 1,000. The shares 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 2018 buy-back program.

	Ordinary shares	Own shares
Total at 31 December 2016	273,217,830	-
Total at 30 September 2017	273,217,830	-
Total at 31 December 2017	273,217,830	-
Total at 30 September 2018	273,217,830	-

Note 3 Operating segment information

USD millions	3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
External revenue and other income					
Crop Nutrition	2,559	2,365	7,033	6,475	8,670
Industrial	572	443	1,579	1,355	1,846
Production	412	212	979	634	891
Other and eliminations	3	0	5	(1)	(7)
Total	3,547	3,021	9,595	8,463	11,400
Internal revenue and other income					
Crop Nutrition	30	46	94	138	191
Industrial	3	3	11	9	16
Production	1,194	965	3,446	3,062	4,136
Other and eliminations	(1,227)	(1,014)	(3,551)	(3,209)	(4,342)
Total	-	-	-	-	-
Revenue and other income					
Crop Nutrition	2,589	2,411	7,127	6,612	8,861
Industrial	576	446	1,590	1,364	1,862
Production	1,606	1,177	4,425	3,696	5,026
Other and eliminations	(1,224)	(1,014)	(3,546)	(3,210)	(4,349)
Total	3,547	3,021	9,595	8,463	11,400
Operating income					
Crop Nutrition	112	102	292	256	306
Industrial	73	48	168	127	118
Production	13	(81)	(88)	21	77
Other and eliminations	(45)	19	(48)	(6)	(44)
Total	153	88	324	398	457
EBITDA					
Crop Nutrition	153	147	448	389	492
Industrial	72	52	179	141	158
Production	237	81	489	497	722
Other and eliminations	(36)	23	(23)	9	(23)
Total	427	303	1,093	1,036	1,348
Investments [1)]					
Crop Nutrition	74	62	521	155	272
Industrial	4	8	9	24	35
Production	299	275	1,032	802	1,165
Other and eliminations	7	5	27	21	33
Total	385	351	1,588	1,002	1,505
Total Assets [2)]					
Crop Nutrition			4,853	4,200	4,223
Industrial			699	614	596
Production			10,793	10,151	10,484
Other and eliminations			431	236	480
Total			16,775	15,201	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.

	YTD 2018	YTD 2017	2017
CROGI (12-month rolling average)			
Yara [1)]	6.9%	6.4%	7.0%
Crop Nutrition	11.8%	12.1%	11.9%
Industrial	31.4%	30.4%	26.2%
Production	4.6%	4.3%	4.9%
ROCE (12-month rolling average)			
Yara [1)]	3.7%	3.2%	4.0%
Crop Nutrition	9.4%	10.0%	9.6%
Industrial	30.8%	33.0%	23.5%
Production	0.3%	(0.3%)	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
3Q 2018							
Crop Nutrition	112	2	11	125	28	-	153
Industrial	73	(0)	(4)	69	3	-	72
Production	13	24	9	46	157	35	237
Other and eliminations	(45)	-	4	(41)	5	-	(36)
Total	153	26	21	200	193	35	427
3Q 2017							
Crop Nutrition	102	(0)	15	118	28	1	147
Industrial	48	1	0	49	3	(0)	52
Production	(81)	(1)	3	(79)	157	3	81
Other and eliminations	19	-	0	19	5	-	23
Total	88	(1)	19	107	192	4	303
YTD 2018							
Crop Nutrition	292	6	42	340	93	15	448
Industrial	168	0	1	170	9	0	179
Production	(88)	48	13	(28)	474	43	489
Other and eliminations	(48)	-	8	(40)	17	-	(23)
Total	324	54	64	442	593	58	1,093
YTD 2017							
Crop Nutrition	256	3	43	302	80	8	389
Industrial	127	3	1	132	9	(0)	141
Production	21	9	12	43	440	15	497
Other and eliminations	(6)	-	3	(3)	12	-	9
Total	398	16	59	473	540	23	1,036
2017							
Crop Nutrition	306	3	56	365	107	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
3Q 2018				
Crop Nutrition	2,482	74	2	2,558
Industrial	490	36	44	570
Production	327	30	16	373
Other and eliminations	0	-	3	3
Total	3,299	140	65	3,504
YTD 2018				
Crop Nutrition	6,806	210	13	7,029
Industrial	1,394	101	81	1,575
Production	795	72	50	917
Other and eliminations	0	-	5	6
Total	8,995	383	149	9,527

Disaggregation of external revenues by geographical area

USD millions	Europe	Brazil	Latin America ex. Brazil	Asia	North America	Africa	Total
3Q 2018							
Crop Nutrition	624	999	259	406	142	128	2,558
Industrial	316	90	29	46	58	31	570
Production	24	184	6	74	85	-	373
Other and eliminations	3	-	0	0	-	-	3
Total	968	1,273	293	526	285	159	3,504
3Q 2017							
Crop Nutrition	590	1,011	256	205	169	131	2,364
Industrial	286	18	26	26	54	33	443
Production	22	80	5	51	39	0	196
Other and eliminations	3	-	-	0	-	-	3
Total	902	1,110	288	282	261	165	3,007
YTD 2018							
Crop Nutrition	2,130	1,985	722	1,116	687	389	7,029
Industrial	944	168	82	102	184	96	1,575
Production	83	327	24	236	247	-	917
Other and eliminations	6	-	0	0	-	-	6
Total	3,162	2,479	828	1,455	1,118	485	9,527
YTD 2017							
Crop Nutrition	1,922	2,174	706	654	645	369	6,470
Industrial	884	51	84	68	175	92	1,355
Production	71	164	19	188	153	23	618
Other and eliminations	4	-	-	0	-	-	4
Total	2,881	2,390	809	911	973	484	8,447
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

The acquisitions of Babrala and Cubatão were closed on 12 January 2018 and 15 May 2018 respectively, see note 5 for further information.

On 5 October 2018, Yara announced that it had reached an agreement to acquire the 40% non-controlling interest in Galvani Indústria, Comércio e Serviços S.A. ("Galvani") from the Galvani family. As part of the deal certain assets will be transferred to the Galvani family, who will also receive a payment in cash and a contingent amount. Yara will thereby own 100% of the shares in Galvani. Yara Brazil will own 100% of the industrial unit in Paulínia with integrated Single Super Phosphate production and a fertilizer bulk blend facility, and the Serra do Salitre project with an annual production capacity of approximately 1.2 million tonnes of phosphate ore and 1.5 million tonnes of finished fertilizer (SSP equivalents). The agreement includes a cash payment of USD 70 million over a 3-year period from closing, and a conditional future payment related to project success. The production unit in Luis Eduardo Magalhães and the mining units in Angico dos Dias and Irecê (all three in the state of Bahia), as well as the Santa Quitéria greenfield phosphate project will be separated out from Galvani and will be fully controlled by a new company managed by the Galvani family. In addition, Yara will through Galvani provide a capital contribution to this new entity of USD 30 million as starting capital. This transaction is subject to conditions precedent that still need to be met, as well as the approval of the Brazilian antitrust authorities (CADE) and other common approvals. The assets and liabilities in Galvani that will be transferred are classified as held-for-sale disposal group at the end of the third quarter 2018. More information is provided in note 6.

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 acquisition is reported in the Crop Nutrition segment.

The business combination of the Vale Cubatão Fertilizantes complex in Brazil was closed 15 May 2018. The Cubatão asset is a nitrogen and phosphate complex with an annual production capacity of approximately 200 kilotonnes of ammonia, 500 kilotonnes of nitrates and 700 kilotonnes of phosphate fertilizer. The acquisition brings nitrogen production assets into Yara's growing portfolio in Brazil, strengthening and growing Yara's integrated position within both industrial and fertilizer. The production plant is reported in the Production segment, with sales through Crop Nutrition and Industrial segment.

Consideration

USD millions	Babrala	Cubatão
Cash transferred at closing	421	255
Net working capital adjustment	(9)	(12)
Total consideration	412	243

Net working capital adjustments for both the Babrala acquisition and the Cubatão acquisition have been preliminarily determined and may be subject to changes.

Acquisition costs of USD 1 million for the Vale Cubatão acquisition and USD 9 million for the Babrala acquisition have been excluded from the consideration transferred and recognized as an expense within "Other operating expenses" in the condensed consolidated interim statement of income. Transaction costs related to the Babrala acquisition are mainly related to stamp duties and may be subject to change. Integration and acquisition-related costs for the Babrala acquisition of USD 2 million have been recognized in 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 12 January 2018	Cubatão 15 May 2018
Assets		
Deferred tax asset	-	2
Distribution network	31	-
Patents and technologies, part of intangible assets	-	4
Property, plant and equipment	227	269
Inventories	4	67
Trade receivables [1)]	119	34
Prepaid expenses and other current assets	15	5
Cash and cash equivalents	-	18
Total assets	396	399
Liabilities		
Employee benefits	-	5
Long-term provisions	-	48
Trade and other payables	17	37
Prepayments from external customers / deferred revenue	-	22
Other short-term liabilities	6	-
Short-term provisions	-	3
Bank loans and other interest-bearing short-term debt	-	41
Total liabilities	23	156
Total identifiable net assets at fair value	373	243

1) For Babrala acquisition, the amount consists mainly of receivables under the pricing scheme policy of Government of India, see Accounting Policies on page 17.

The receivables acquired in the business combination of Babrala have a fair value of USD 4 million lower than the gross contractual amount of USD 123 million. The receivables acquired in the business combination of Vale Cubatão have a gross contractual amount approximately equal to their fair value.

Goodwill arising on acquisition

USD millions	Babrala	Cubatão
Total consideration	412	243
Fair value of net identifiable assets acquired	373	243
Goodwill arising on acquisition	39	-

Goodwill of the Babrala acquisition consists of Yara specific synergies and future benefits from the assembled workforce, in addition to 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	Cubatão
Consideration paid in cash at date of acquisition	(421)	(255)
Paid stamp duties	(3)	-
Cash and cash equivalent balances acquired	-	18
Net cash outflow on acquisition of subsidiaries	(424)	(237)

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	Cubatão
Consolidated identifiable assets	396	399
Goodwill arising on the acquisition	39	-
Total impact on the total assets of the Group	435	399

Impact of the acquisition on the results of the Group

USD millions	Babrala	Cubatão
Included in year-to-date consolidated figures		
Revenues	280	210
of which internal revenues	-	37
EBITDA	22	31
Net income/(loss) before tax	(4)	24

The Babrala result is negatively impacted by USD 9 million in stamp duties directly related to the business combination.

Pro forma figures

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

If the Cubatão acquisition had taken place at the beginning of the year, Yara's “proforma” year-to-date revenues and consolidated income before tax would have been higher/(lower) with:

USD millions	Cubatão [1)]
Revenues	117
Consolidated income before tax	(13)

1) The pro forma figures are preliminary determined.

In determining the pro forma revenues and net income before tax, the following adjustments have been made:

- Calculated depreciation of tangible and intangible assets acquired on the basis of fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements
- Calculated increased interest expense on debt used for financing the acquisition of shares
- Calculated unwinding expense of decommissioning liabilities based on liabilities recognized at acquisition rather than on decommissioning liabilities recognized in the pre-acquisition financial statements
- Eliminating sales from Vale Cubatão to Yara Brazil during the period 1 January to 15 May 2018

Note 6 Non-current assets and disposal group held-for-sale

Yara has signed a binding agreement with the non-controlling interest in Galvani to acquire their 40% equity interest. As part of consideration, the non-controlling interest will take full ownership to certain assets and liabilities in Galvani, including the production unit in Luis Eduardo Magalhães, the mining units in Angico dos Dias and Irecê (all three in the state of Bahia) and the Santa Quitéria greenfield phosphate project. At the end of third quarter 2018, Yara concluded that the transfer was highly probable to take place within a period of 12 months. The related assets and liabilities are therefore reclassified to a disposal group held-for-sale. The disposal group is reported as part of the Production segment.

The fair value of the disposal group was determined to be lower than their carrying amount and an impairment of USD 33 million was recognized upon reclassification. The valuation is based on estimated future cash flows and is subject to estimation uncertainty. A contingent consideration liability of USD 21 million towards the non-controlling interest from the time Yara acquired the first 60% in 2014 was reversed in third quarter as it was expired and will not result in a cash outflow for Yara. The reversal is presented as "Other income" in Yara's income statement.

The carrying amount of the non-controlling interest in Galvani is USD 146 million at the end of the third quarter 2018. The difference between the carrying amount and the consideration, including the fair value of transferred assets and liabilities, will be recognized in equity attributable to shareholders of the parent when the transaction is closed.

The major classes of assets and liabilities held-for-sale at 30 September are as follows:

USD millions	Part of Galvani	Other	Total
Deferred tax assets	1	-	1
Intangible assets	29	-	29
Property, plant and equipment	101	3	104
Other non-current assets	6	-	6
Inventories	22	-	22
Trade receivables	37	-	37
Prepaid expenses and other current assets	1	-	1
Cash and cash equivalents	0	-	0
Assets held-for-sale	198	3	201
Deferred tax liabilities	21	-	21
Long-term provisions	5	-	5
Long-term interest-bearing debt	1	-	1
Trade and other payables	19	-	19
Current portion of long-term debt	0	-	0
Liabilities directly associated with assets held-for-sale	47	-	47

Note 7 Specifications to the condensed consolidated interim statement of income

Other income

USD millions	3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Carbon tax refund	-	-	-	7	7
Sale of white certificates	-	2	18	3	14
Sale of land	-	-	-	-	10
Insurance compensations	-	12	-	12	14
Derecognition of deferred consideration related to Galvani [1]	21	-	21	-	-
Take-or-pay compensation from customer [2]	15	-	15	-	-
Other	4	1	9	8	10
Total	41	15	64	30	55

1) See note 6 for more information.

2) See note 11 for more information.

Depreciation and amortization

USD millions	3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Depreciation of property, plant and equipment	(180)	(180)	(555)	(506)	(678)
Amortization of intangible assets	(12)	(12)	(38)	(34)	(46)
Total depreciation and amortization	(192)	(192)	(593)	(540)	(724)

Impairment loss

USD millions	3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Impairment loss tangible assets[1]	(22)	(4)	(47)	(18)	(43)
Impairment loss goodwill and intangible assets[1]	(13)	(1)	(13)	(7)	(19)
Reversal of impairment loss	-	0	1	1	2
Total impairment loss	(35)	(4)	(58)	(23)	(60)

1) See note 8 for more information.

Note 8 Impairment of non-current assets

In third quarter 2018, Yara recognized impairment losses of USD 35 million of which USD 33 million is related to assets that were reclassified to held-for-sale in Galvani during the quarter. Further information is provided in note 6.

Included in the year-to-date net impairment loss of USD 58 million is a USD 14 million impairment of logistical assets in Crop Nutrition and reflects lower than expected return in certain local markets.

Impairment sensitivity disclosures were included in note 17 to the annual report for 2017. Discount rates have increased for several cash generating units during 2018 due to higher risk free interest rates resulting in reduced the headroom for some units. Yara Pilbara Nitrates' newly built TAN plant with a carrying value of approximately USD 400 million (Yara's 50% share), is currently not producing and repair work is ongoing. The company is still assessing the extent of necessary repairs to be carried out before the plant is able to operate at full capacity and the related financial impact. With a limited headroom, any unfavorable new information may reduce the value-in-use of the plant and trigger an impairment charge.

Note 9 Inventories

USD millions	30 Sep 2018	30 Sep 2017	31 Dec 2017
Finished goods	1,270	1,133	1,246
Work in progress	53	67	66
Raw materials	1,120	987	918
Total	2,444	2,187	2,229
Write-down			
Balance at 1 January	(27)	(16)	(16)
Reversal/(write-down), net	4	(10)	(9)
Foreign currency translation gain/(loss)	1	(1)	(2)
Closing balance	(22)	(27)	(27)

Note 10 Long-term debt

Contractual payments on long-term debt

USD millions	Debentures	Bank Loans	Capital lease and other LT loans	Total
2019	269	9	4	283
2020	-	48	5	53
2021	87	48	5	139
2022	294	201	3	497
2023	-	45	22	67
Thereafter	1,807	241	4	2,053
Total	2,457	591	43	3,092

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

Reconciliation of liabilities arising from financing activities

			Non cash changes						
USD millions	31 Dec 2017	Cash flows	Debt assumed as part of acquisition	Transfer to liability held-for sale	Foreign exchange movement	Fair value changes	Amorti zation 1)	Reclassi fication 2)	30 Sep 2018
Long-term interest-bearing debt	2,429	1,213	-	(1)	(9)	1	(6)	(535)	3,092
Bank loans and other interest-bearing short-term debt	439	(152)	41	-	(36)	-	-	-	291
Current portion of long-term debt	43	-	-	-	(4)	-	-	535	574
Total liabilities from financing activities	2,911	1,061	41	(1)	(50)	1	(6)	-	3,957

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

Note 11 Provisions and 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, except that the contingent asset related to customer take-or-pay compensation of USD 15.3 million has now been recognized, see note 7.

Provisions

During second quarter 2018, Yara recognized a provision for restructuring costs of USD 19 million related to centralization of certain supply chain functions in Europe. Of this amount, USD 10 million is reported in the Crop Nutrition segment and USD 9 million is reported in the Industrial segment.

Note 12 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 has 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 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.

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.

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.

Note 13 Implementation of IFRS 16 Leases

The new accounting standard IFRS 16 Leases is effective from 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces the existing IAS 17 and other guidance on lease accounting within IFRS. The new standard represents a significant change in lessees' accounting for leases but keeps the accounting model for lessors mainly unchanged.

IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. The portion of lease payments representing payments of lease liabilities shall be classified as cash flows used in financing activities in the statement of cash flows.

Yara will apply the following policies and practical expedients available upon transition:

- For contracts already assessed under IAS 17, there will be no reassessment of whether a contract is or contains a lease.
- The opening balance of equity 1 January 2019 will be adjusted with the cumulative implementation effect ("the modified retrospective method").
- Prior year comparatives will not be restated.
- Lease liabilities will be measured at the present value of remaining lease payments, discounted using the incremental borrowing rate 1 January 2019.
- Right-of-use assets will be measured at an amount equal to the lease liability.
- Leases for which the lease term ends during 2019 will be expensed as short term leases.

Yara will take advantage of the accounting policy choice in IFRS 16 to not apply the standard to leases of intangible assets. This means that leases of intangible assets will be accounted for by applying IAS 38 *Intangible assets* as before.

Significant lease liabilities for the Group comprise of leases of the following tangible assets:

- *Land*
  Leases of land mainly relate to some of Yara's production sites which are located on leased land based on long-term lease arrangements.
- *Vessels*
  Yara has a fleet of vessels in operation for sea freight of ammonia including both owned and time-chartered vessels. The time-chartered vessels represent IFRS 16 lease liabilities. Yara expects these lease liabilities to be limited upon transition since most of the existing time-charters ends in 2019.
- *Product Storage*
  Yara has significant lease liabilities related to leases of warehouses, terminals, storage tanks etc.
- *Office buildings and other buildings*
  The majority of Yara offices throughout the Group's global business are rented. In addition Yara rents a number of other buildings which are mainly located at or in connection with the Group's production sites.

Other, less significant leases in Yara comprise of transportation and logistics assets, machinery and equipment, employee cars, IT infrastructure and office equipment.

Yara will apply different accounting policies to different assets as follows:

- Yara will separately expense services and other non-lease components embedded in lease contracts for land, vessels, product storage, office buildings and other buildings. For leases of other assets, Yara will capitalize non-lease components subject to fixed payments as part of the lease.
- Yara will take advantage of the short term exemption available on transition 1 January 2019. This means that all leases with a lease term that ends in 2019 will be expensed as before and not capitalized upon transition. Subsequently, Yara will take advantage of the general short term exemption in IFRS 16 only for leases of machinery, office equipment and other equipment.
- Yara will take advantage of the general low value exemption in IFRS 16 for leases of office equipment and other equipment. This means that no low value leases of such assets will be capitalized and that lease payments will be expensed as before.

The implementation of IFRS 16 will impact the Group's consolidated balance sheet by increased total assets and total liabilities. The consolidated statement of income will be impacted by reduced lease expenses and increased depreciation and interest expenses. Alternative performance measures will be adjusted correspondingly. The actual implementation effects will depend on Yara's lease portfolio and incremental borrowing rate on 1 January 2019. However, based on the Group's lease portfolio and preliminary IFRS 16 assessments as of end of the third quarter, Yara expects IFRS 16 lease liabilities upon transition to be less than minimum future undiscounted lease payments under operating leases as reported year-end 2017 according to IAS 17. Yara also expects the positive IFRS 16 EBITDA effect in 2019 to be less than reported operating lease expenses in 2017. Future changes to the lease portfolio or changes to preliminary IFRS 16 assessments may change these estimates. There will be no change to the lease commitments currently accounted for as finance leases. Please refer to Yara's Annual Financial Statements 2017 note 34 Operating and finance lease commitments.

Quarterly historical information

EBITDA

USD millions	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Crop Nutrition	153	153	141	103	147	118	124
Industrial	72	54	53	17	52	44	45
Production	237	95	157	224	81	180	237
Other and eliminations	(36)	(6)	18	(32)	23	10	(25)
Total	427	296	370	312	303	352	381

Results

USD millions, except per share information	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Revenue and other income	3,547	3,192	2,856	2,936	3,021	2,759	2,683
Operating income	153	38	134	59	88	130	181
EBITDA	427	296	370	312	303	352	381
Net income after non-controlling interests	98	(211)	116	104	90	82	201
Basic earnings per share	0.36	(0.77)	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		3Q 2018	3Q 2017	Oct 2017 Sep 2018	Oct 2016 – Sep 2017	2017
Operating income		153	88	383	462	457
Share of net income in equity-accounted investees		26	(1)	67	(26)	29
Interest income and other financial income		21	20	82	80	77
Earnings before interest expense and tax (EBIT)		200	107	532	515	563
Depreciation and amortization [1]		193	192	777	713	724
Impairment loss [2]		35	4	96	50	60
Earnings before interest, tax and depreciation/amortization (EBITDA)		427	303	1,405	1,278	1,348
Income tax after tax on net foreign currency translation gain/(loss)		(11)	(14)	(49)	(141)	(76)
Gross cash flow	A	416	289	1,356	1,137	1,272

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

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

		3-month rolling		12-month rolling		
USD millions		3Q 2018	3Q 2017	Oct 2017 Sep 2018	Oct 2016 – Sep 2017	2017
Net income attributable to shareholders of the parent		98	90	106	333	477
Non-controlling interests		(8)	0	(4)	(6)	5
Financial expense and foreign currency translation		117	(4)	469	39	(17)
Depreciation and amortization [1]		193	192	777	713	724
Impairment loss [2]		35	4	96	50	60
Tax effect on foreign currency translation		(19)	7	(88)	8	23
Gross cash flow	A	416	289	1,356	1,137	1,272
Annualized gross cash flow	B=Ax4	1,665	1,157			
12-month rolling	B			1,356	1,137	1,272

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

Reconciliation of total assets to gross investments and CROGI calculation

		3-month average		12-month average		
USD millions		3Q 2018	3Q 2017	Oct 2017 Sep 2018	Oct 2016 – Sep 2017	2017
Total assets		16,896	15,043	16,221	14,545	14,847
Cash and cash equivalents		(817)	(277)	(552)	(377)	(327)
Other liquid assets		1	0	(0)	0	0
Deferred tax assets		(410)	(362)	(384)	(344)	(349)
Other current liabilities		(2,582)	(2,125)	(2,317)	(2,016)	(2,057)
Accumulated depreciation and amortization		6,624	6,184	6,547	5,833	5,984
Accumulated impairment loss		40	41	40	33	39
Gross investment 3-month average	C	19,752	18,503			
Gross investment 12-month average	C			19,554	17,674	18,136
CROGI (Cash Return on Gross Investment)	D=B/C	8.4 %	6.3 %	6.9 %	6.4 %	7.0 %

Reconciliation of EBIT to EBIT after tax

USD millions		3-month rolling 3Q 2018	3Q 2017	12-month rolling Oct 2017 Sep 2018	Oct 2016 – Sep 2017	2017
Earnings before interest expense and tax (EBIT)		200	107	532	515	563
Income tax after tax on net foreign currency translation gain/(loss)		(11)	(14)	(49)	(141)	(76)
EBIT after tax	E	189	93	483	374	488
Annualized quarter EBIT after tax	F=Ex4	756	371			
12-month rolling EBIT after tax	F			483	374	488

Reconciliation of total assets to capital employed and ROCE calculation

USD millions		3-month average 3Q 2018	3Q 2017	12-month average Oct 2017 Sep 2018	Oct 2016 – Sep 2017	2017
Total assets		16,896	15,043	16,221	14,545	14,847
Cash and cash equivalents		(817)	(277)	(552)	(377)	(327)
Other liquid assets		1	0	(0)	-	-
Deferred tax assets		(410)	(362)	(384)	(344)	(349)
Other current liabilities		(2,582)	(2,125)	(2,317)	(2,016)	(2,057)
Capital employed 3-month average	G	13,088	12,279			
Capital employed 12-month average	G			12,966	11,808	12,113
ROCE (Return on Capital Employed)	H=F/G	5.8%	3.0%	3.7%	3.2%	4.0%

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

USD millions		3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
EBITDA		427	303	1,093	1,036	1,348
Depreciation and amortization [1]		(193)	(192)	(593)	(540)	(724)
Impairment loss [2]		(35)	(4)	(58)	(23)	(60)
Foreign currency translation gain/(loss)		(70)	18	(364)	68	99
Interest expense and other financial items		(47)	(14)	(110)	(56)	(82)
Income before tax and non-controlling interests	I	82	110	(32)	485	581

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

Reconciliation of operating income to EBITDA excluding special items

USD millions		3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Operating income		153	88	324	398	457
Share of net income in equity-accounted investees		26	(1)	54	16	29
Interest income		21	19	61	57	75
Dividends and net gain/(loss) on securities		-	-	3	2	2
EBIT		200	107	442	473	563
Depreciation and amortization [1]		193	192	593	540	724
Impairment loss [2]		35	4	58	23	60
EBITDA		427	303	1,093	1,036	1,348
Special items included in EBITDA [3]		(25)	44	7	44	82
EBITDA excluding special items		402	347	1,100	1,080	1,430

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

Net operating capital

USD millions		30 Sep 2018	30 Sep 2017	31 Dec 2017
Trade receivables		1,585	1,389	1,398
Inventories		2,444	2,187	2,229
Trade payables [1]		(1,527)	(1,253)	(1,340)
Prepayments from customers		(434)	(377)	(265)
Net operating capital		2,068	1,945	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		30 Sep 2018	30 Sep 2017	31 Dec 2017
Cash and cash equivalents		605	255	544
Other liquid assets [1]		0	0	0
Bank loans and other short-term interest-bearing debt		(291)	(519)	(439)
Current portion of long-term debt		(574)	(43)	(43)
Long-term interest-bearing debt		(3,092)	(1,766)	(2,429)
Net interest-bearing debt	J	(3,351)	(2,072)	(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		30 Sep 2018	30 Sep 2017	31 Dec 2017
Net interest-bearing debt	K	(3,351)	(2,072)	(2,367)
Total equity	L	(9,056)	(9,401)	(9,505)
Debt/equity ratio	M=K/L	0.37	0.22	0.25

Earnings per share

USD millions, except earnings per share and number of shares		3Q 2018	3Q 2017	YTD 2018	YTD 2017	2017
Weighted average number of shares outstanding	N	273,217,830	273,217,830	273,217,830	273,217,830	273,217,830
Net income	O	98	90	2	373	477
Foreign currency translation gain/(loss)	P	(70)	18	(364)	68	99
Tax effect on foreign currency translation	Q	19	(7)	93	(19)	(23)
Non-controlling interest share of foreign currency (gain)/loss, net after tax	R	(1)	(1)	(3)	(3)	(4)
Special items within EBIT [1]	S	(10)	(46)	(61)	(63)	(134)
Tax effect on special items	T	12	13	23	18	33
Special items within EBIT net of tax	U=S+T	1	(33)	(38)	(45)	(101)
Non-controlling interest share of special items, net after tax	V	(9)	-	(9)	-	2
Basic earnings per share	W=O/N	0.36	0.33	0.01	1.36	1.75
Basic earnings per share excluding foreign currency	X=(O-P-Q+R)/N	0.54	0.29	0.99	1.17	1.45
Basic earnings per share excluding foreign currency & special items	Y=(O-P-Q+R-U-V)/N	0.57	0.41	1.16	1.34	1.81

1) See page 10 for details on special items.

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