YARA

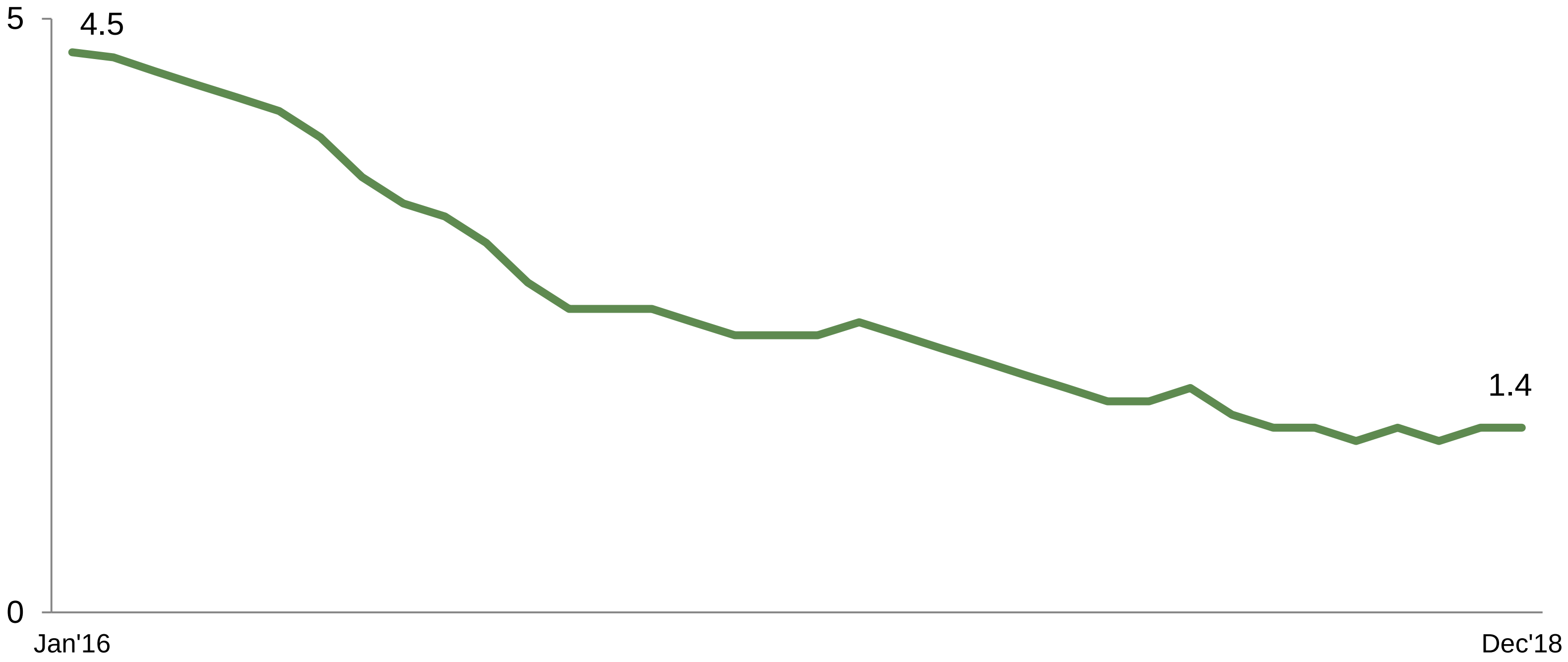
Knowledge grows

Yara International ASA 2018 fourth quarter results

8 February 2019

Safe operations is our first priority

TRI[1] (12-month rolling)



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

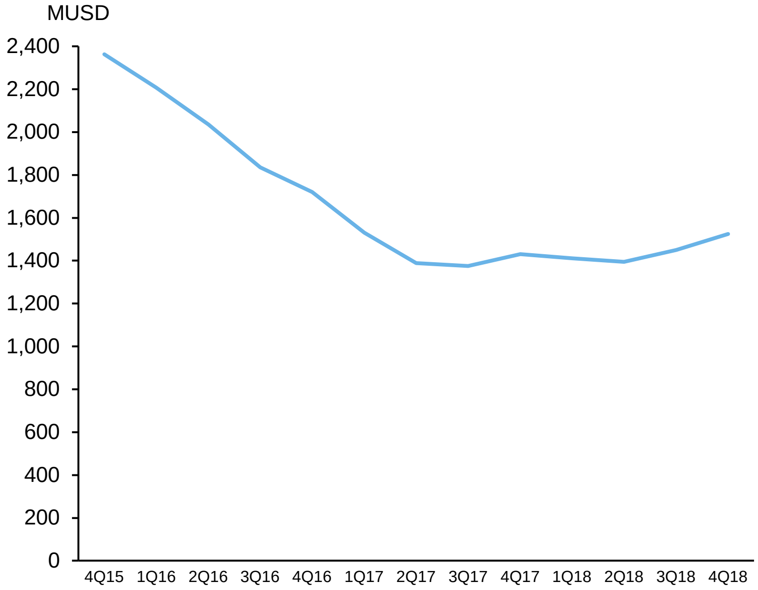
2018; Profitability improvement on track - execution of new strategy well underway

Main points	Key items
• Improved results, but unsatisfactory returns	**Improved operations and profitability, however still unsatisfactory returns** - Improvement program on track; ~355 MUSD annual improvements realized - EBITDA ex. special items at USD 1,525 million, up 7% year-over-year - CROGI ex. special items at 7.3%; improving trend but below cost of capital - Board of Directors proposes dividend of NOK 6.50/share for 2018 to AGM
• Strong capital discipline	**Strong capital discipline** - Strict capital allocation; focus on executing committed investments - Growth investments halved from 2018 to 2019
• Strategy execution well underway	**New strategy in place, execution well underway** - Operating model adjusted to new strategy - Strategic evaluations of non-core units initiated

Improved results in fourth quarter

Profitability improvement on track

L12M[1] EBITDA excl. special items (MUSD)



Key items

Yara 4Q results show improved profitability

- EBITDA excluding special items up 21% with improved margins
- Lower deliveries due to downtime and slow off-season market
- Proposed dividend NOK 6.50 per share

Yara Improvement Program on track, further potential identified

- Program on track to reach minimum USD 500 million by end of 2020
- New targets to be launched by mid-2019, expanding scope and timeframe

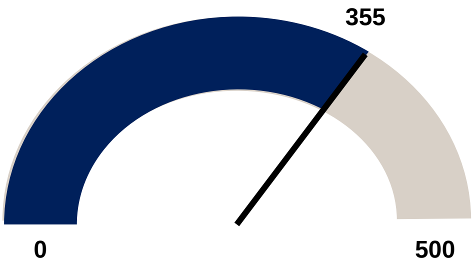
[1] Rolling last 12 months

Yara Improvement Program on track

Start: 2016 — **2017** — **2018** — **Today** — **2019** — **2020** — **End:** 2020

EBITDA benefits of ~355 MUSD delivered

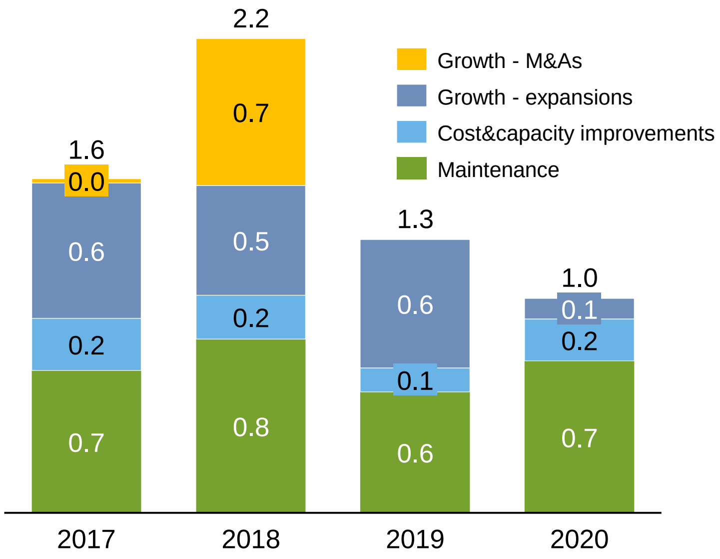
- High activity and initiative in all parts of the program
- Recent examples:
  - European packaging cost: 20% savings potential (~15 MUSD p.a.) through simplification and standardization
  - Cartagena plant: cutting product changeover time by 50% yields 1 MUSD p.a. saving
  - Rio Grande plant: reduced product losses by 1.5 MUSD p.a.



Capex reducing in 2019, while volumes and revenues ramp up

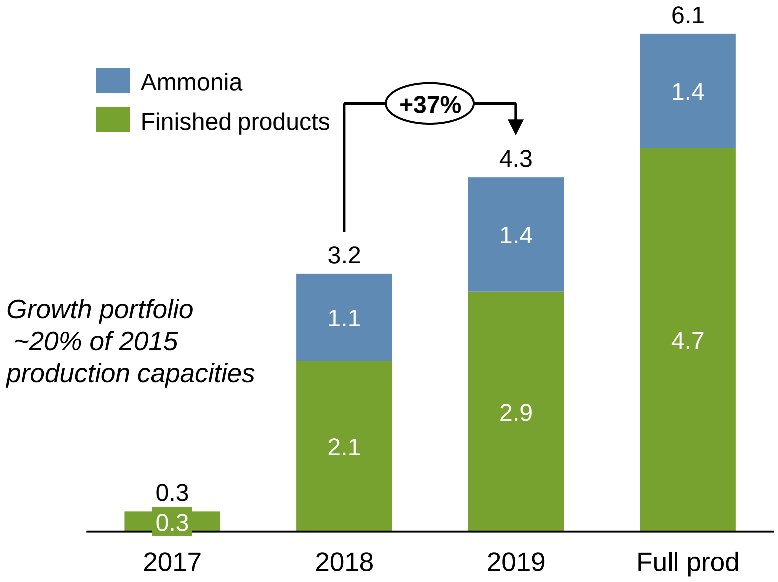
Capex plan[1]

USD Billions



Volume ramp-up from growth portfolio[2]

Million tonnes



[1] Committed investments as of end 4Q18

[2] Growth portfolio = M&As (Babrala and Cubatão) and expansions/new builds (Uusikaupunki, Porsgrunn/Glomfjord, Sluiskil, Rio Grande, Freeport, Pilbara TAN, Köping, Salitre)

New strategy in place, execution well underway

Yara – The Crop Nutrition Company for the Future

Why

Mission & Vision

Responsibly feed the world and protect the planet

What

Corporate Strategy

- Operational Excellence
- Scalable Solutions
- Innovative Growth

How

Yara Operating Model

- Customer Centricity
- New Business Development
- One Yara

Purpose into Action

Operating model adjusted to new strategy

Production

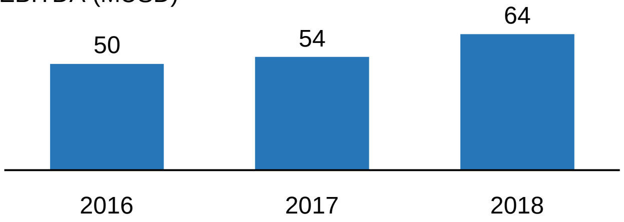
Sales and Marketing

New Business

- Simplifying operating model to strengthen customer focus and drive value creation
- The new operating model and segment structure is effective 1 January 2019
- Emphasis on active portfolio management
- On-going evaluation of strategic options for Environmental Solutions business

On-going evaluation of strategic options for Yara Environmental Solutions

EBITDA (MUSD)



Yara Environmental Solutions

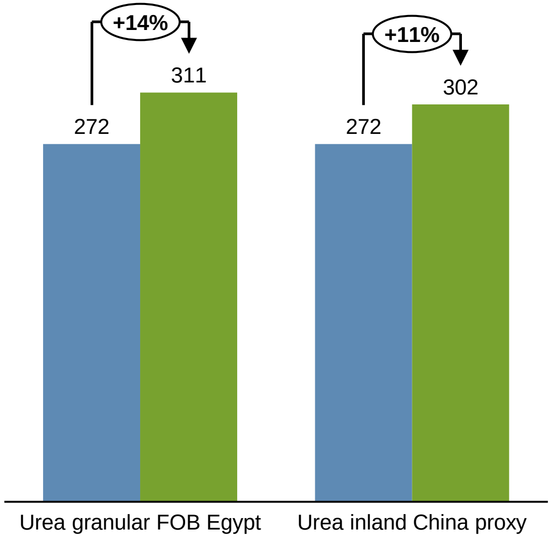
Yara Environmental Solutions comprises three business areas:

- Reagents: Yara's AdBlue business for land-going vehicles
- Maritime: global leader in SO_X & NO_X abatement for seagoing vessels
- Stationary: NO_X abatement for land-based industry assets

Higher fertilizer and gas prices

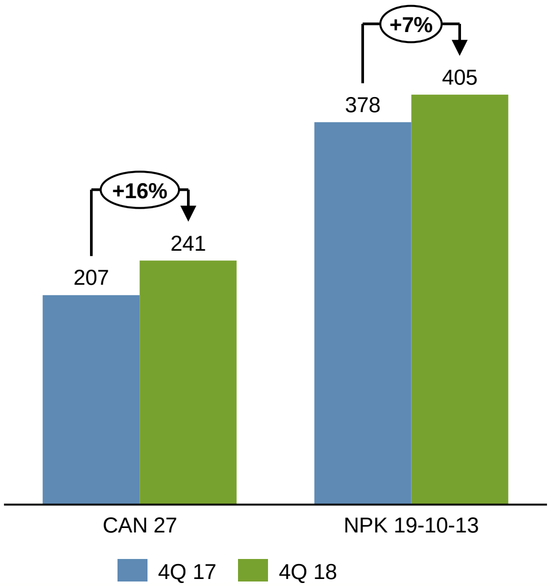
Higher global urea prices

Urea price development[1] (USD/t)



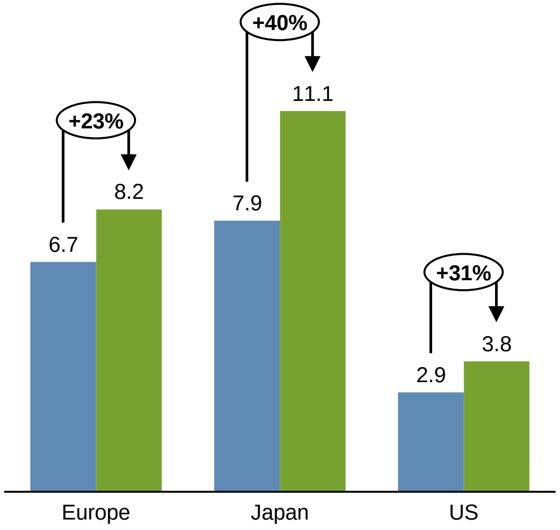
Increased realized nitrate and NPK prices

Yara's realized CAN and NPK price[2] (USD/t)



Higher natural gas prices

Spot gas prices[1] (USD/mmbtu)

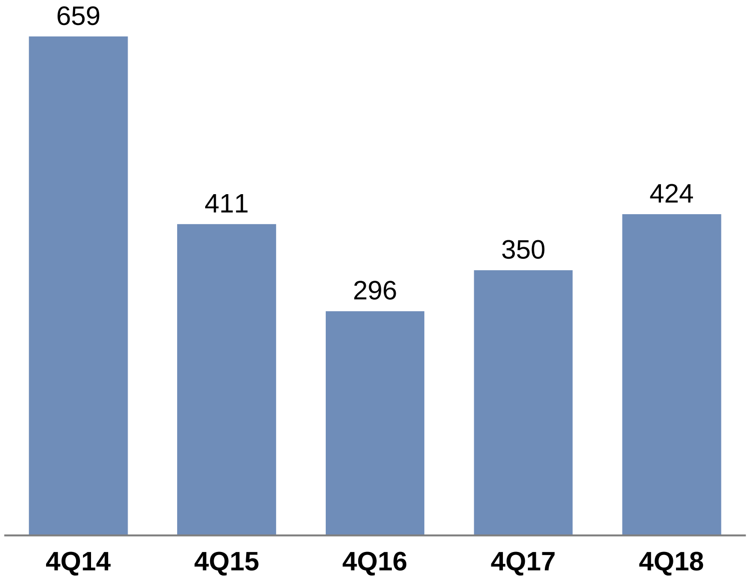


[1] Source: BOABC, CFMW, IHS
[2] Yara's realized European nitrate price in CAN 27 equivalents ex. Sulphur, Yara's realized global NPK price (average grade) at German proxy CIF

Improving earnings trend

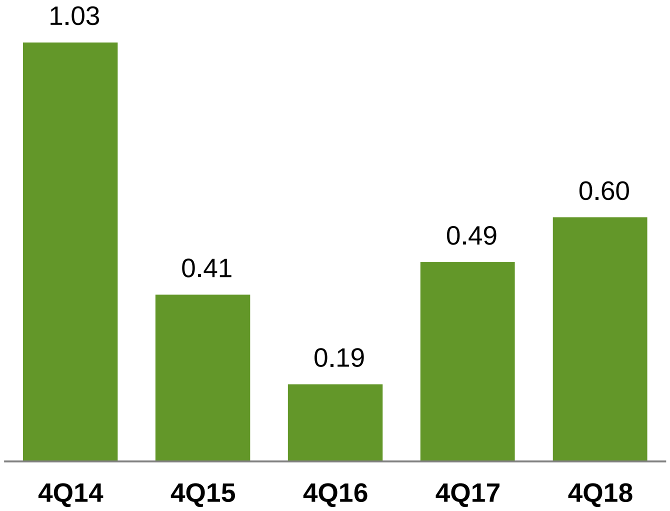
EBITDA ex. SI

USD millions



Earnings per share ex. SI and currency

USD/share

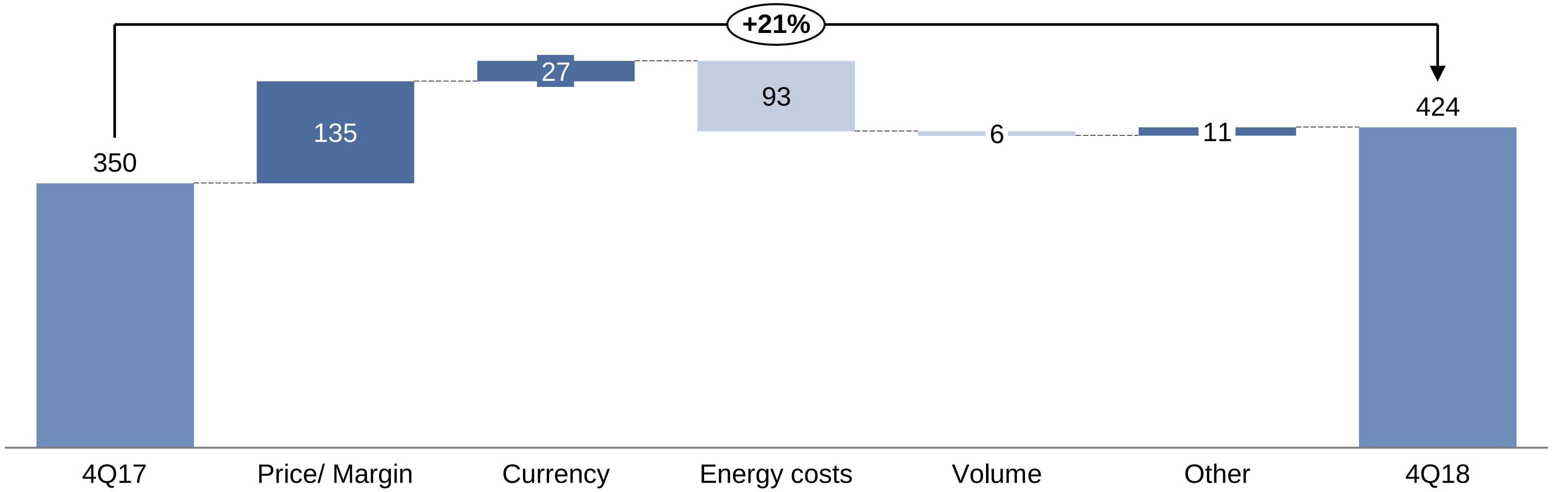


	4Q14	4Q15	4Q16	4Q17	4Q18
EBITDA ex. SI (USD millions)	671	411	242	312	430
Reported Figures					
Earnings per share (USD/share)	0.83	0.15	(0.14)	0.38	0.58

EBITDA 21% higher YoY as higher sales prices and a stronger USD more than offset higher energy costs

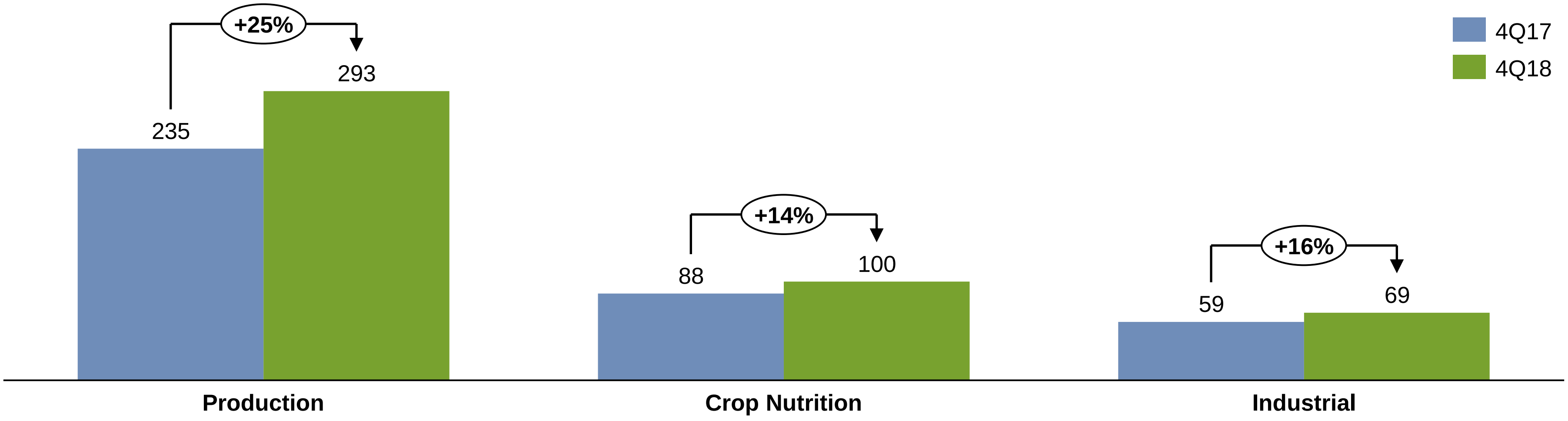
EBITDA ex. SI

USD millions



Higher upgrading margins in Production, structural volume growth in Crop Nutrition and Industrial

MUSD, excluding special items

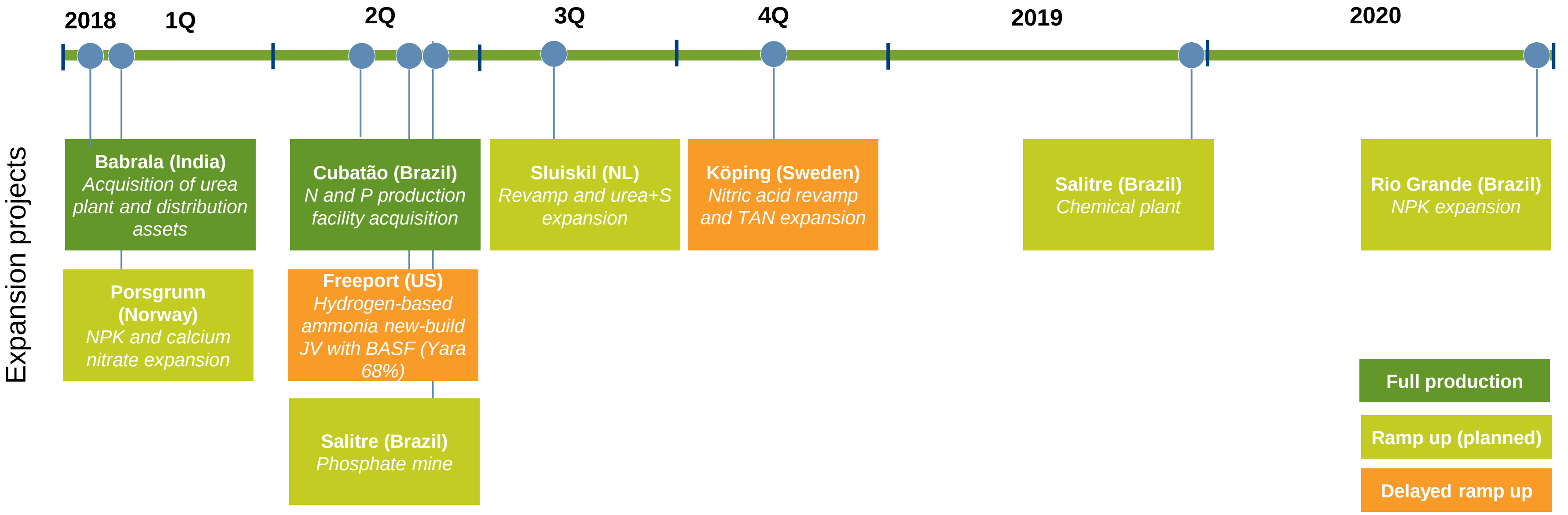


- Improved nitrogen and phosphate upgrading margins
- Volumes impacted by turnarounds and outages

- Positive margin effect and increased volumes from acquisitions, partly offset by lower underlying volumes
- European deliveries down 13%

- Positive contribution from Cubatão acquisition
- Underlying deliveries in line with last year

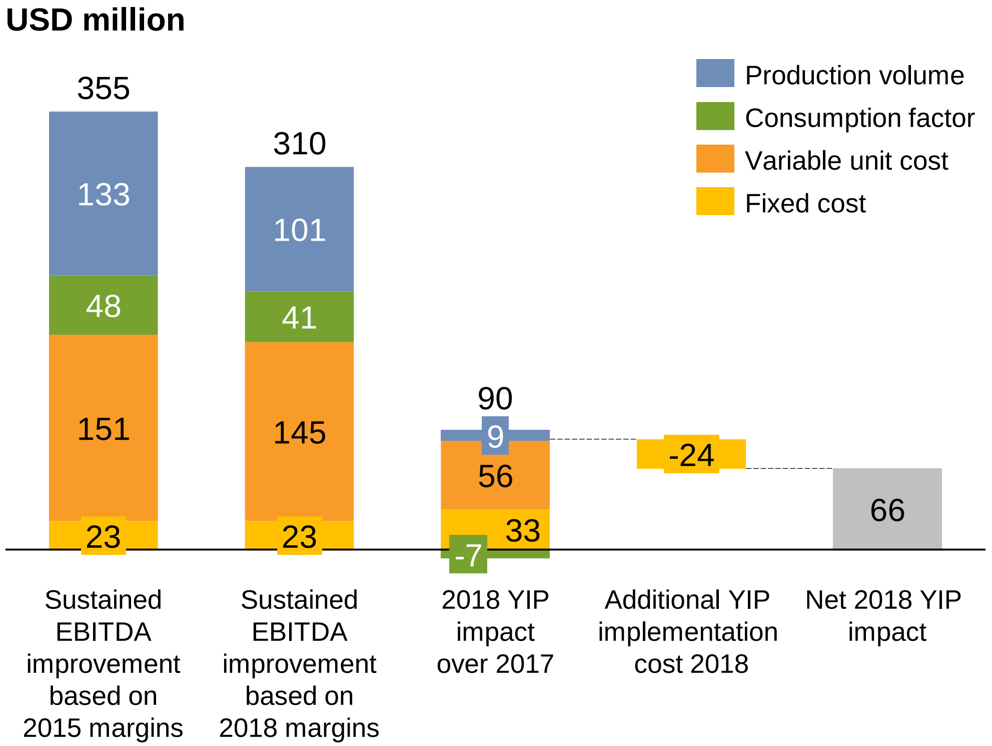
Yara is set to deliver growth after period of heavy investments



- Delayed ramp-ups will limit the 2019 EBITDA improvement from expansion projects to USD 330 million[1]
- 2020 impact in line with previous guiding of ~600 MUSD EBITDA

[1] Measured at 2015 margins

Yara Improvement Program effects



2018 Highlights

- Strong realization of procurement related improvements during 2018 supported improvements in variable costs
- Continued finished product volume improvements from the Yara Productivity System partly offset by ammonia outages
- Fixed cost improvements in both small sites (blenders and warehouses), IT, and Production
- Consumption factor (energy use) changes were negative due to turnarounds impacting per ton energy consumption

Full year 2018 Profit and Loss statement

USD millions, except share information	2018	2017	Variance
Revenue and other income	13,054	11,400	1,654
Raw materials, energy costs and freight expenses	-9,952	-8,547	-1,404
Payroll and related costs	-1,207	-1,090	-117
Depreciation, amortization and impairment loss	-957	-784	-172
Other operating expenses	-536	-521	-16
Operating costs and expenses	-12,652	-10,942	-1,709
Operating income	402	457	-55
Share of net income in equity-accounted investees	82	29	53
Interest income and other financial income	81	77	4
Earnings before interest expense and tax (EBIT)	566	563	2
Foreign currency translation gain/(loss)	-278	99	-377
Interest expense and other financial items	-153	-82	-71
Income before tax	134	581	-446
Income tax	6	-99	105
Net income	141	482	-341
Earnings per share	0.58	1.75	-1.16
Weighted average number of shares outstanding in '000	273,170	273,218	-48

Main comments

- Depreciation increase reflects M&A and expansion projects in addition to impairment losses
- Currency translation loss on US dollar denominated debt as the US dollar strengthened against all of Yara’s other main currencies
- Interest expense increased, as average gross debt was 1.5 billion higher than in 2017
- Tax income reflects lower results and different tax rates in various tax jurisdictions

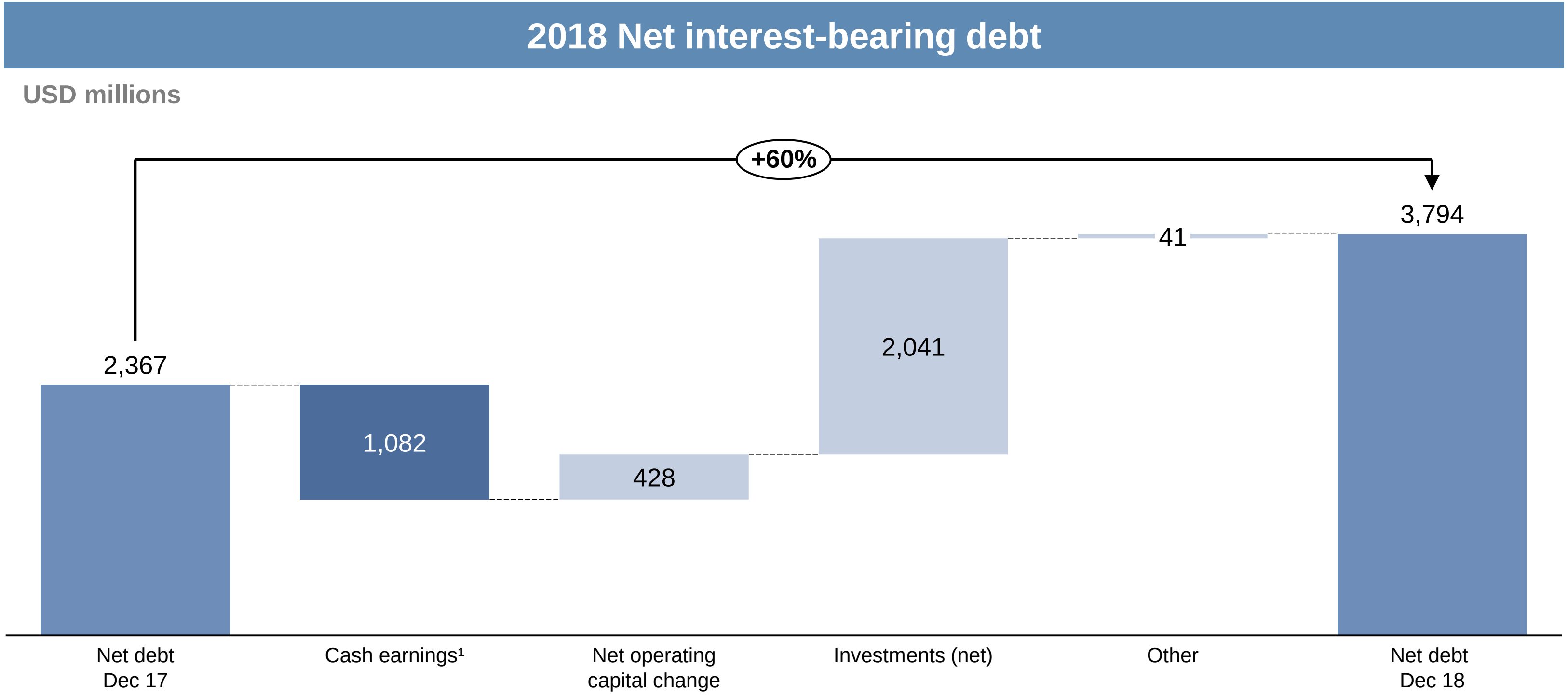
Balance sheet

USD millions	31-Dec-18	31-Dec-17
Assets		
Total non-current assets	11,337	11,000
Total current assets	5,319	4,783
Total assets	16,656	15,783
Equity and liabilities		
Total equity	8,910	9,505
Total non-current liabilities	4,116	3,654
Total current liabilities	3,630	2,625
Total equity and liabilities	16,656	15,783

Main comments

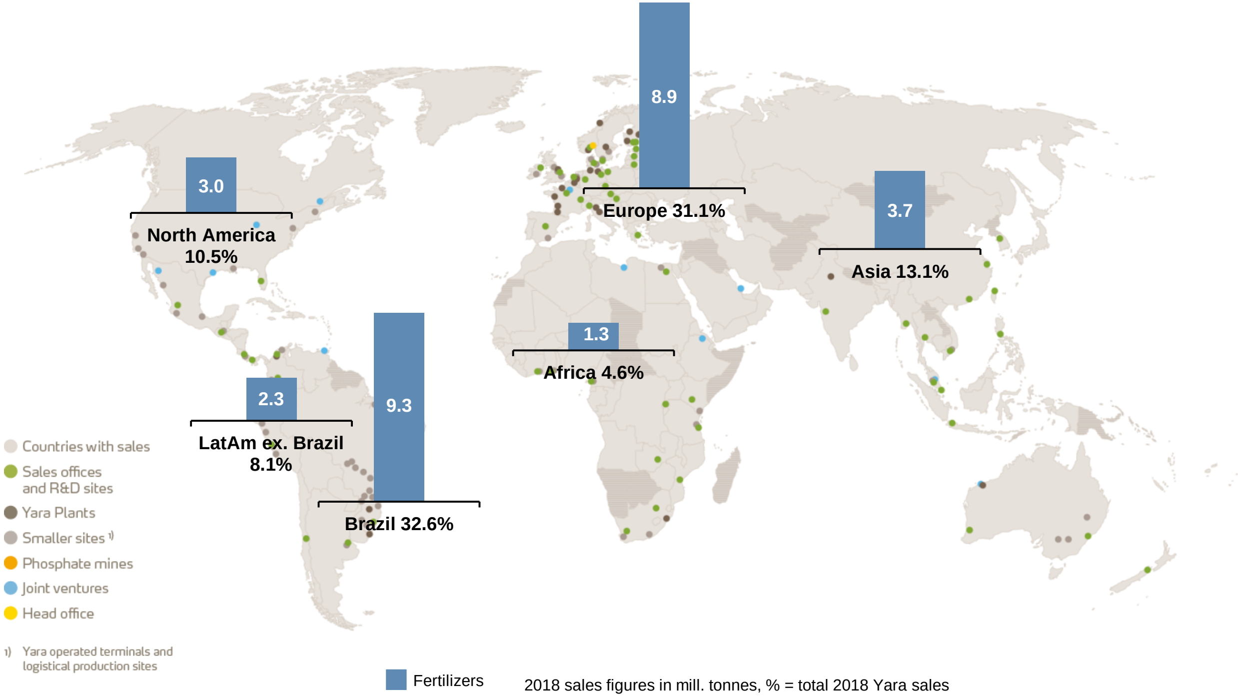
- Babrala and Cubatão acquisitions increased non-current assets
- Increased inventory and receivables mainly due to acquisitions, but also higher market prices
- Currency loss directly to equity and declared dividend reduced total equity
- 1 billion US dollar bond issue in 2018
- 2019 bond maturity ~ USD 800 million classified as current liabilities

Net interest-bearing debt increase from higher capex



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

Yara's leading global market presence and differentiated product portfolio represent key sources of competitive edge



2018 sales figures in mill. tonnes, % = total 2018 Yara sales

Key value drivers

- Global presence and farmer interaction
- Global agronomic crop knowledge
- Crop-specific nutrition solutions based on a differentiated product portfolio
- Digital farming and value chain collaboration initiatives drive further growth
- Commercial excellence

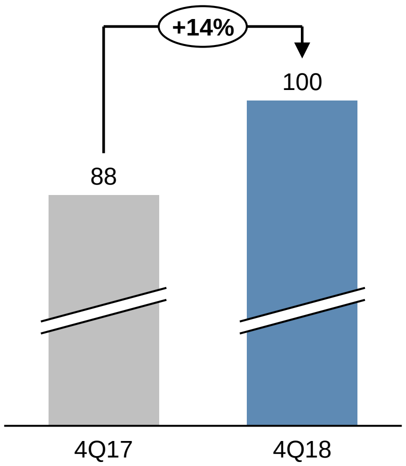
Higher 4Q18 Crop Nutrition EBITDA

Higher earnings and volumes from acquisitions

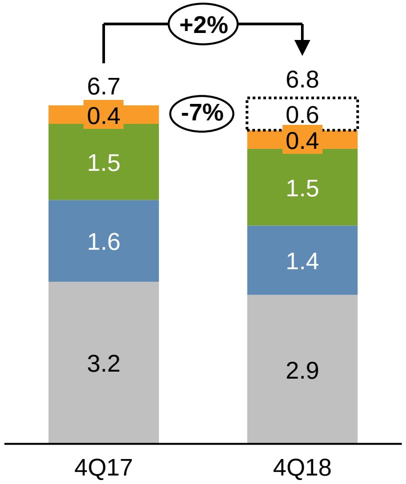
Volume growth from acquisitions partly offset by delayed European deliveries

Increased realized prices

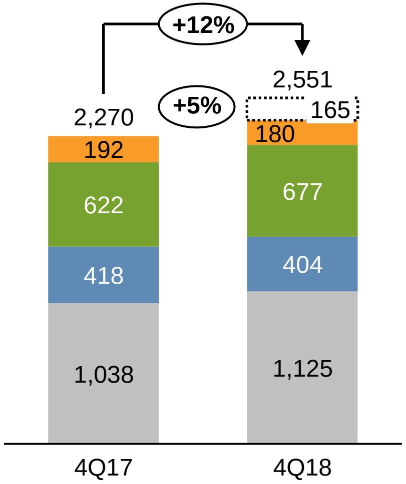
EBITDA ex. SI (MUSD)



Volumes (kt)



Revenues (MUSD)



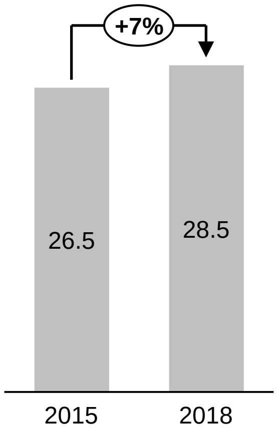
M&As High value premium Premium NPK Differentiated N Commodities

* High value premium defined as CN, fertigation products and YaraVita. YaraVita only included in revenues as measured in units.

Long-term premium product growth strategy is showing results

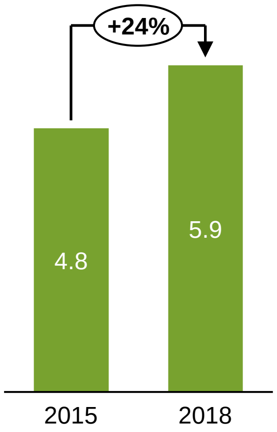
Total fertilizer deliveries

Million tons



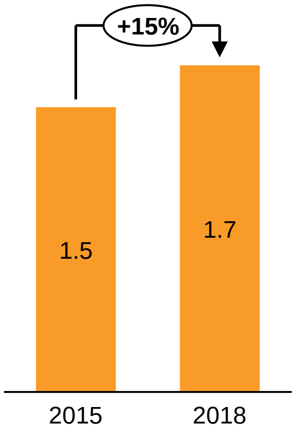
Premium NPK deliveries

Million tons



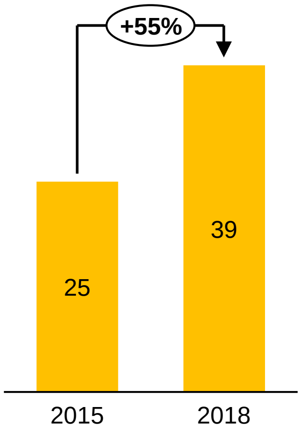
High value premium[1] deliveries

Million tons



YaraVita deliveries

Million units

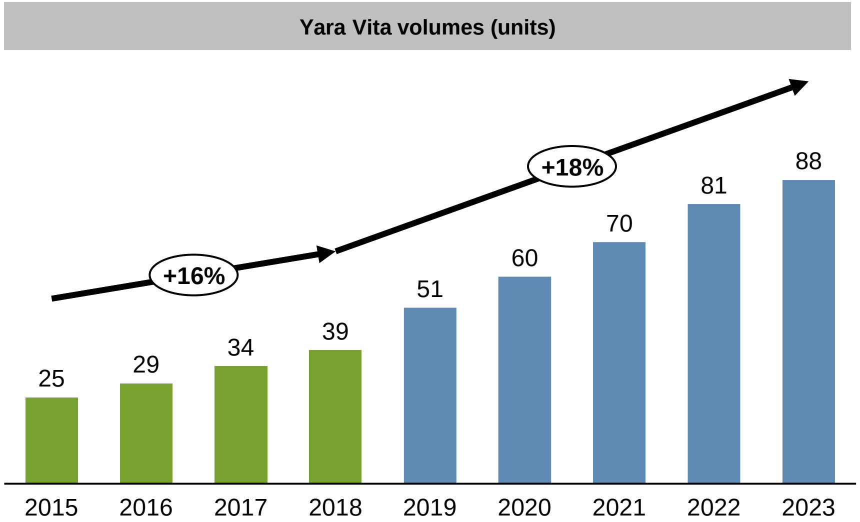


Premiums of more than USD 1 billion generated versus commodity alternative for premium NPKs, High value premium and YaraVita in 2018

[1] High value premium defined as CN and fertigation products

YaraVita represent a compelling growth case in core of Yara's strategy

48% growth since 2015, doubling of current volumes expected in 3-4 years

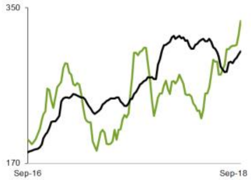


Contribution margin of ~ USD 80 million, 6% of Yara Crop Nutrition's contribution

- YaraVita: a high-margin and knowledge-intensive solution
- Micronutrients are needed for both cash crops and commodity crops
- Yara's global position and competence position us to leverage this opportunity
- Proven track record of growth with 55% growth since 2015, CAGR of 16%
- New YaraVita plant operational from April 2018 in Brazil, allowing further global growth
- Increased market reach via the Babrala acquisition

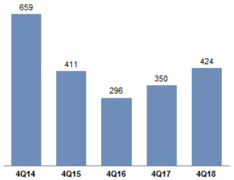
Attractive Yara prospects

Attractive industry fundamentals and supply-demand outlook



- Growing population and dietary improvement drives demand
- Resource and environment challenges require strong agri productivity improvement
- Tightening global grain balance and slow-down in nitrogen supply growth

Operating cash flow improvement with strict capital allocation



- Operating cash flow improving with cycle and Yara actions
- Committed capex almost halved from 2018 to 2019
- Strict capital allocation
- Active portfolio management

Focused long-term strategy

Knowledge grows

- Crop nutrition focus; #1 market presence and #1 premium fertilizer producer
- Strengthening position with digital farming services and food chain partnerships

Welcome to Yara Capital Markets Day: 26 June

- Save the date
- Location: TBD (London)

Appendix

New segment structure effective 1 January 2019

Production

Sales and Marketing

- Crop Nutrition units
- Animal Nutrition
  Excl South Africa
- Base Chemicals
- Industry Reagent

New Business

- Yara Birkeland
- Decarbonize Yara
- Circular Economy
- New Business Scale-up
- Innovation Support & Research
- Environmental ex Industry Reagents
- Industrial Nitrates
- Animal Nutrition South Africa
- Mining Applications

Businesses subject to evaluation of strategic options

Environmental Solutions

- Yara Environmental solutions is comprised of Yara Marine Technologies, Transport Reagents and Stationary:
  - Reagents: Yara's AdBlue business for landbased vehicles
  - Maritime: global leader in SOx & NOx abatement for seagoing vessels
  - Stationary: NOx abatement for landbased industry assets

Mining Applications

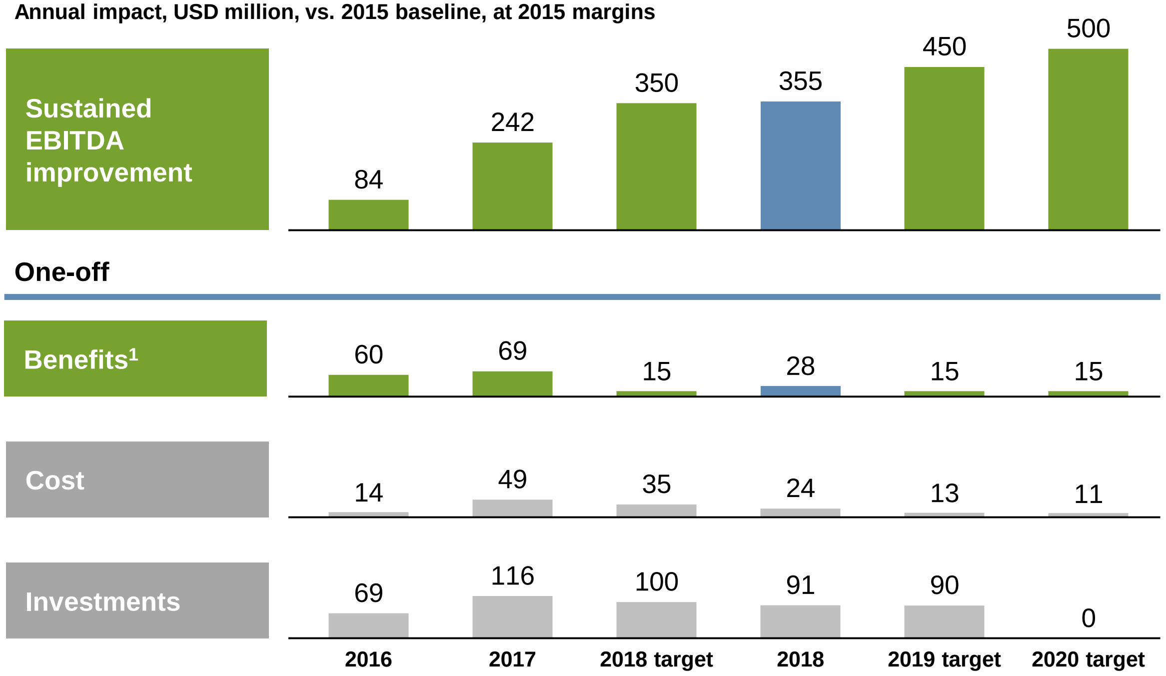
- Business unit Mining applications is Yara's business within civil explosives, a high margin outlet for ammonium nitrate
- Mining applications is a leading global technical ammonium nitrate (TAN) partner, with focus on raw material production and 1.5 million ton capacity

Industrial Nitrates

- Business Unit Industrial Nitrates' purpose is to sell and profitable develop new outlets for Calcium Nitrate (CN) based solutions
- Activities include sales of Nutriox (specialized CN) through odor control business in Europe and the US, DipCal Latex additive factory in Malaysia, construction additives and other forms of industrial CN sales

Yara Improvement Program on track

- 2018 EBITDA benefits reached targets (in 2015 terms):
  - Strong realization of procurement related improvements
  - The Yara Productivity System delivered finished product and cost improvements, while energy were lagging due to turn-around effects
- Focus increasingly shifting towards ensuring the sustainability including further focus on excellence in our main functions

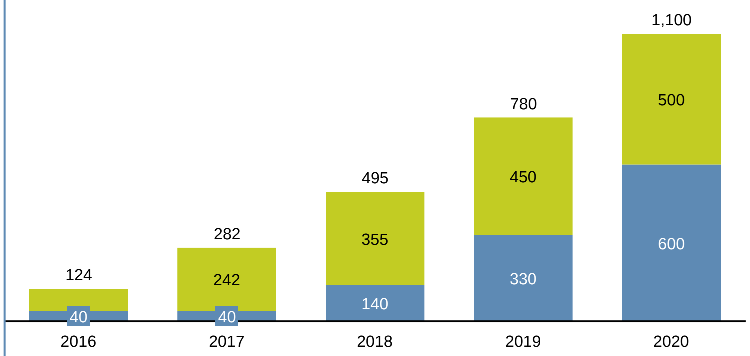


[1] One-off benefits are related to working capital improvements and white certificates
2018 Cost and Investment targets revised from 39 to 35 and from 140 to 100 respectively earlier during 2018 (all figures in USD million)

Major improvement and growth investments in 2018; main earnings improvement from 2019 onwards[1]

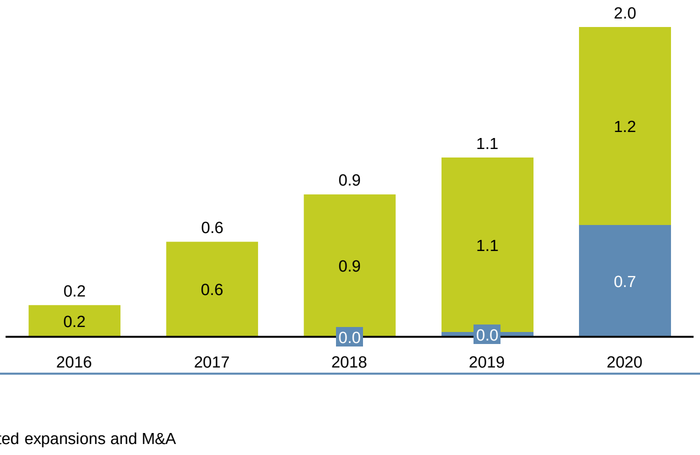
EBITDA improvement[2]

USD Millions



Earnings improvement[2]

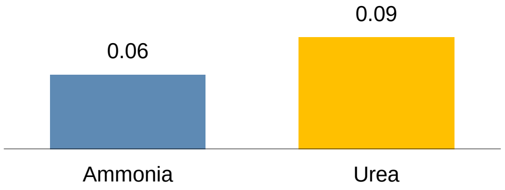
USD/share



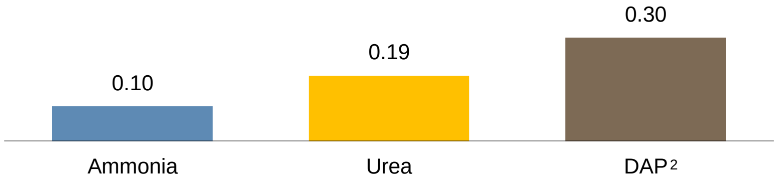
[1] Currency assumptions for 2018 onwards: USD/NOK 8,23, EUR/USD: 1.16 , USD/BRL: 3.95
[2] Measured at 2015 conditions. Main average market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t

Sensitivities improvement and growth investments

Improvement program: Impact[1] of +100 USD/t price change (USD/share)



Growth: Impact[1] of +100 USD/t price change (USD/share)



Main average 2015 market prices: Ammonia fob Yuzhny 390 USD/t, Urea fob Yuzhny 275 USD/t, DAP fob Morocco 495 USD/t

[1] Improvement: 2020 numbers. Growth: At full capacity (2019 for urea, 2020 for ammonia and DAP).
[2] Phosphate-driven price change, equivalent to 138 USD/t phosphate rock (72 bpl)

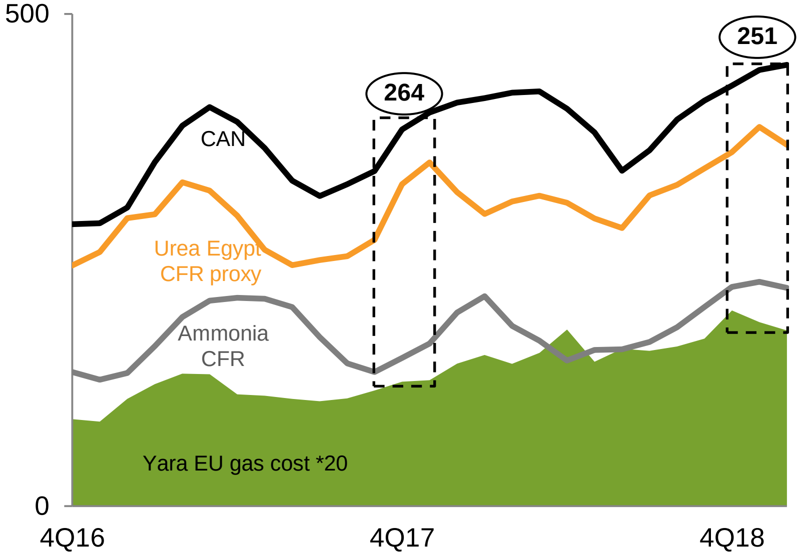
Key sensitivities (based on 2018 production capacities)

	Operating income USD million	EBITDA USD million	EPS USD
Urea sensitivity +10 USD/t	45	54	0.16
…of which pure Urea	*38*	*47*	*0.14*
…of which UAN	*7*	*7*	*0.02*
Nitrate sensitivity CAN +10 USD/t	101	101	0.28
…of which pure Nitrates	*61*	*61*	*0.17*
…of which NPKs	*40*	*40*	*0.11*
Compound NPK premium over nitrate +10 USD/t	54	54	0.15
Hub gas Europe + 0.1 USD/MMBtu	-16	-16	-0.04
Hub gas North Am + 0.1 USD/MMBtu	-2.6	-2.6	-0.01
Ammonia + 10 USD/t	3	4	0.01
Currency sensitivity			
10%-points EUR appreciation versus USD	-120	-95	-0.30
10%-points NOK appreciation versus USD	-50	-35	-0.10
10%-points BRL appreciation versus USD	-40	-25	-0.10

European nitrogen upgrading margin and global NPK premium slightly below last year

Nitrogen upgrading margins[1]

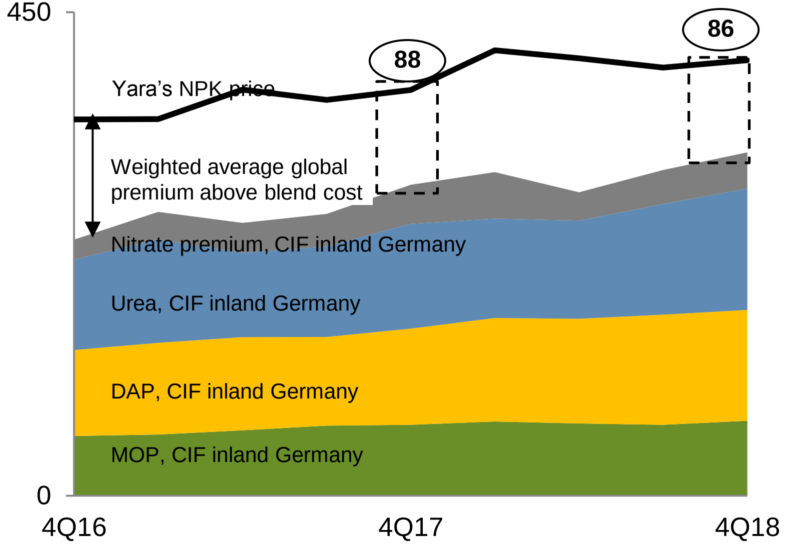
USD/t (monthly publication prices)



[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 blend[2]

USD/t

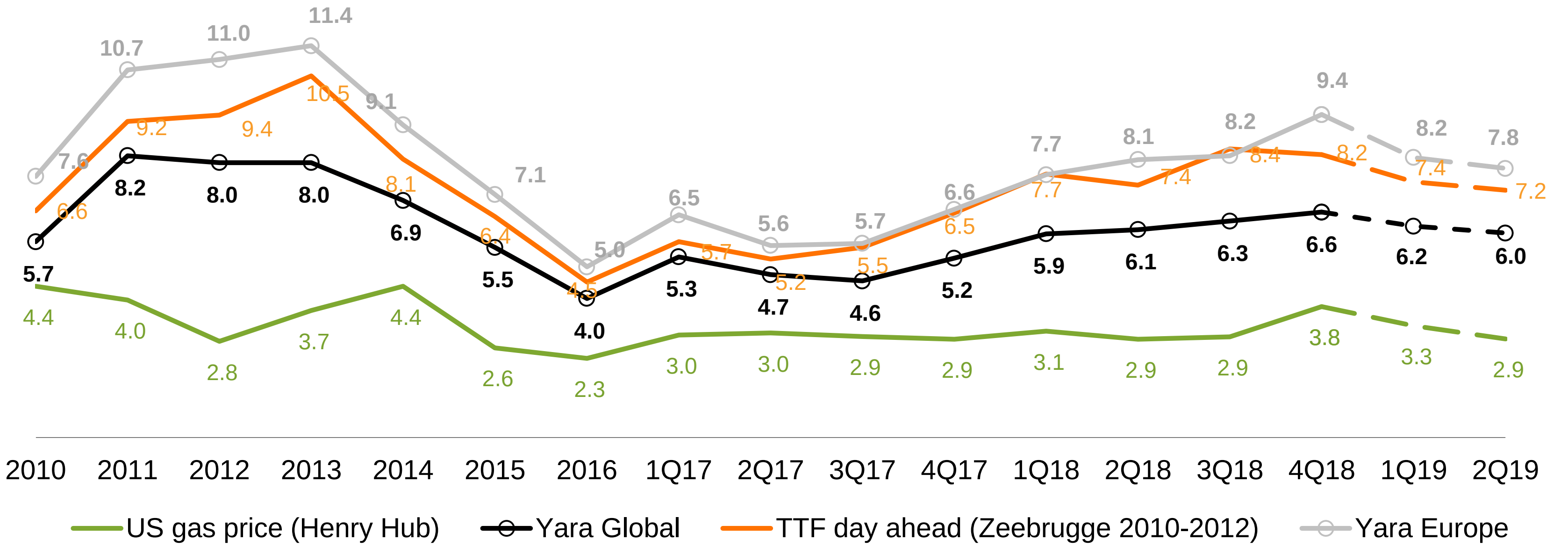


[2] Export NPK plants, average grade 19-10-13, net of transport and handling cost.

Source: Fertilizer Market Publications

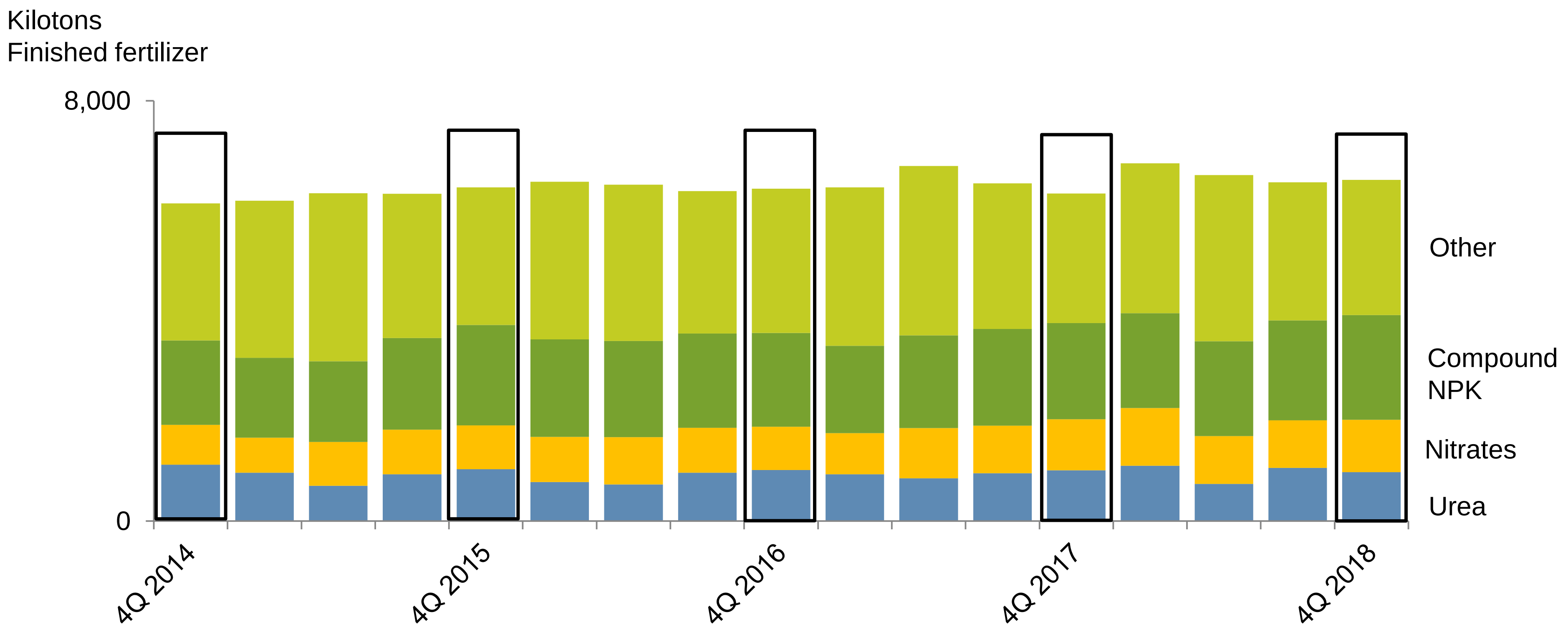
Energy cost

Yearly averages 2010-2016, quarterly averages for 2017-2018 with forward prices* for 1Q19 and 2Q20

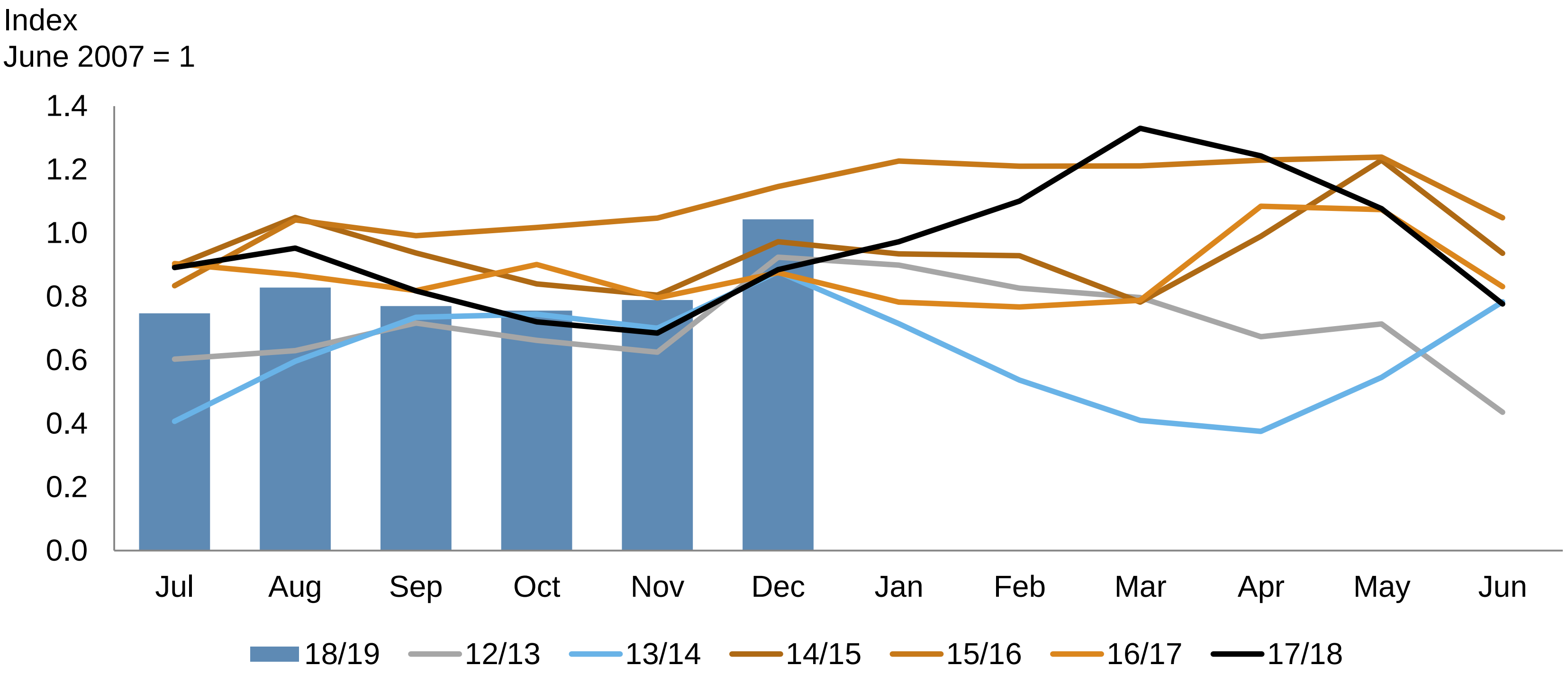


*Dotted lines denote forward prices as of 18 January 2019
Source: Yara, World Bank, Argus/ICIS Heren

Yara stocks


Kilotons
Finished fertilizer
8,000
0
4Q 2014
4Q 2015
4Q 2016
4Q 2017
4Q 2018
Other
Compound NPK
Nitrates
Urea

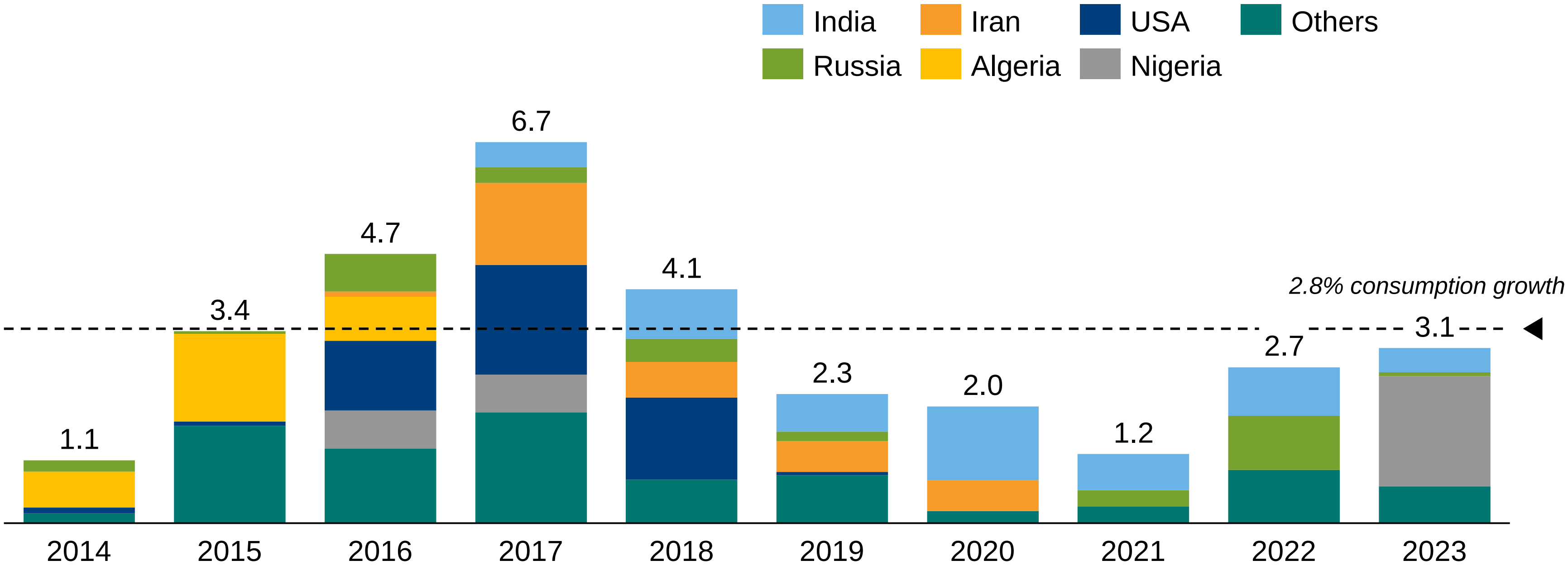
European producers' nitrate stocks



Source: Fertilizers Europe

Nitrogen supply growth is forecast to reduce significantly

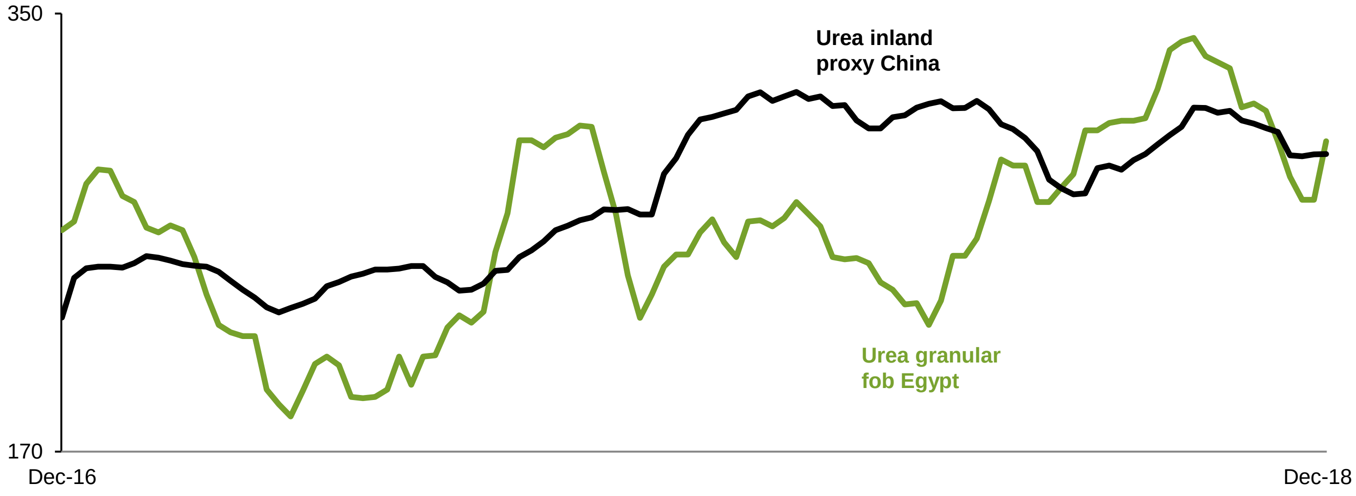
Global urea capacity additions excl. China (mill. tonnes)



Source: CRU December 2018

Higher global urea prices

Urea price development[1] (USD/t)




YARA
Knowledge grows