



Knowledge grows

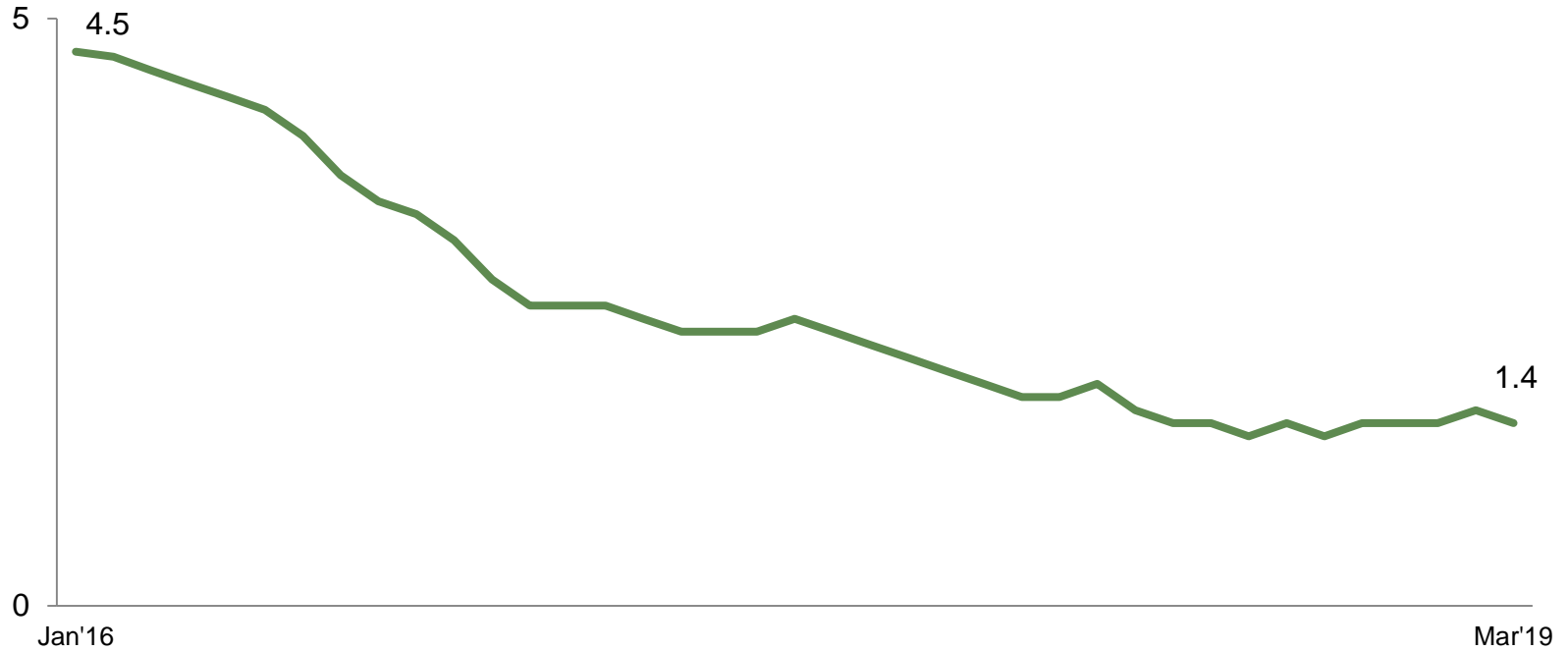
# Yara International ASA 2019 first quarter results

26 April 2019



# Safety is our first priority

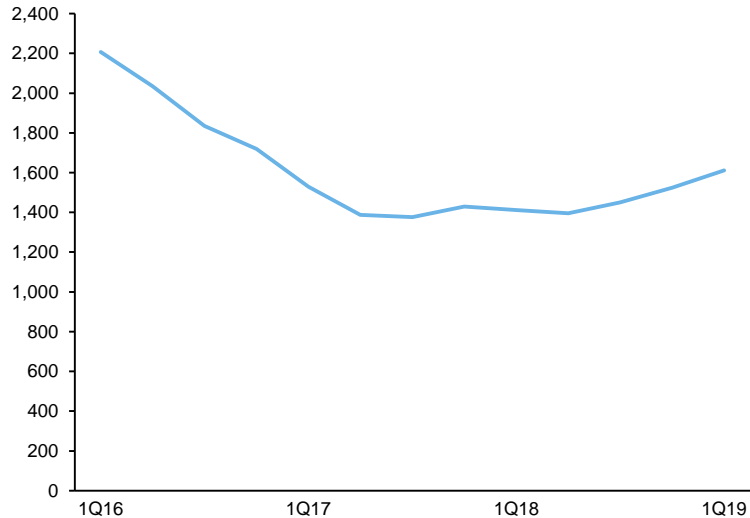
TRI<sup>1</sup> (12-month rolling)



# Improved first-quarter results

## Earnings improvement continuing

L12M EBITDA excl. special items (MUSD)



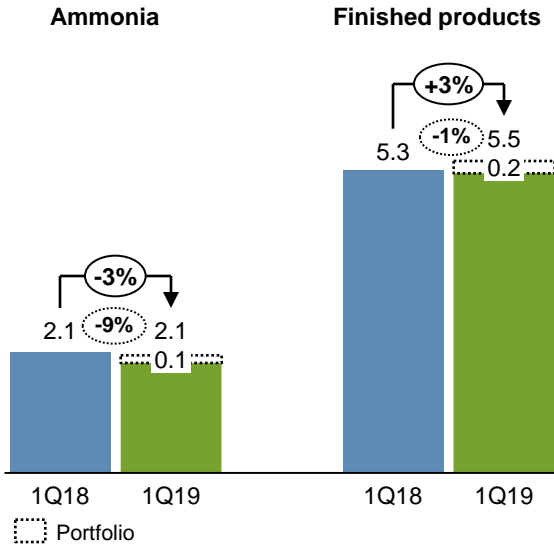
## Improved but not satisfactory profitability

- EBITDA excluding special items and IFRS 16 increased by 17%<sup>1</sup>
- Improved margins and positive currency effects more than offset lower deliveries
- Production performance hit by technical issues in three plants
- Return on invested capital (ROIC) at 4.1%

# Unsatisfactory production performance, impacted by technical issues

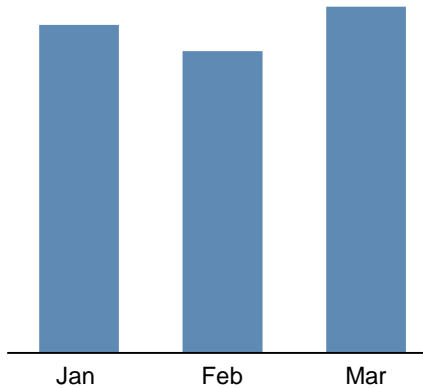
Ammonia production down 3%  
Finished fertilizer production up 3%

Production volume (mill. tonnes)



Improved production in March

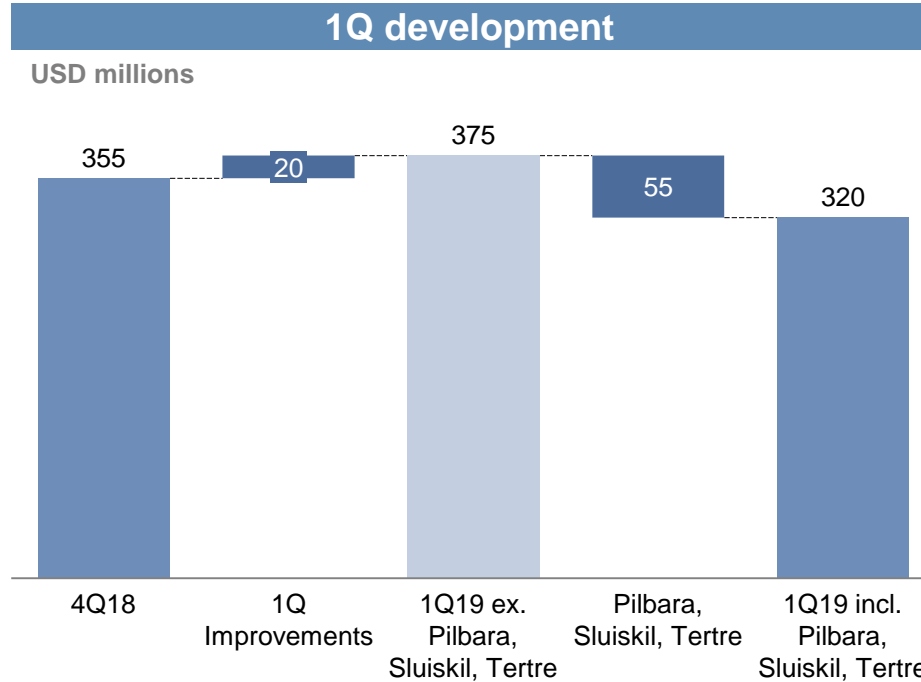
Monthly production volume



Technical issues in three of our largest plants

- Mixed production performance
- Technical issues after turnarounds in Pilbara, Sluiskil and Tertre account for losses of:
  - ~200 kt ammonia
  - ~100 kt of finished fertilizer
- Increased production in other plants
- Improved production towards the end of the quarter

# Yara Improvement Program affected by production issues

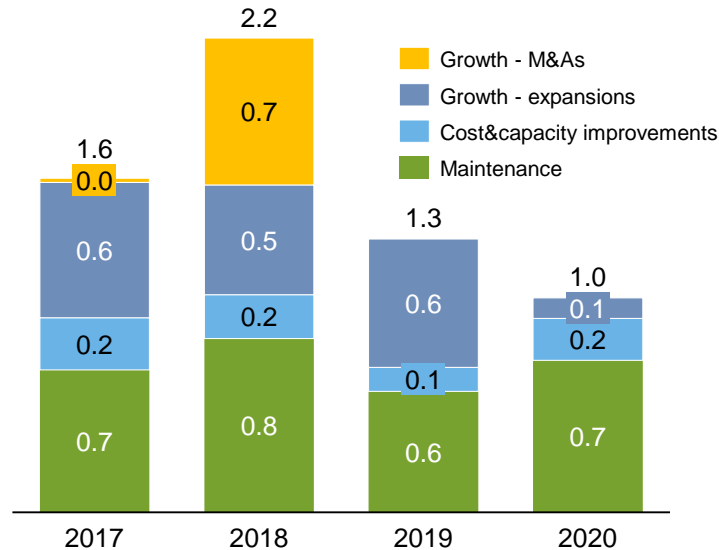


- Continued high activity, but unsatisfactory results as accumulated improvements were affected by production issues
- Underlying improvements adjusted for these issues were 375 MUSD, driven by strong performance in the rest of the production operations
- 2020 improvement target of 500 MUSD maintained

# Capex reducing in 2019, growth projects ramping up

## Capex plan<sup>1</sup>

USD Billions



## Status Growth projects<sup>2</sup>

- Freeport and Köping projects completed and integrated into regular production operations; both running at full capacity as of end April
- Sluiskil expansion: further work needed to reach 100% delivery, to be achieved 2H 2019
- Brazil projects under construction:
  - Salitre: phosphate rock production ramping up, chemical production by 1H 2020
  - Rio Grande consolidation and expansion to be completed end 2020
- Tracking methodology update at Capital Markets Day

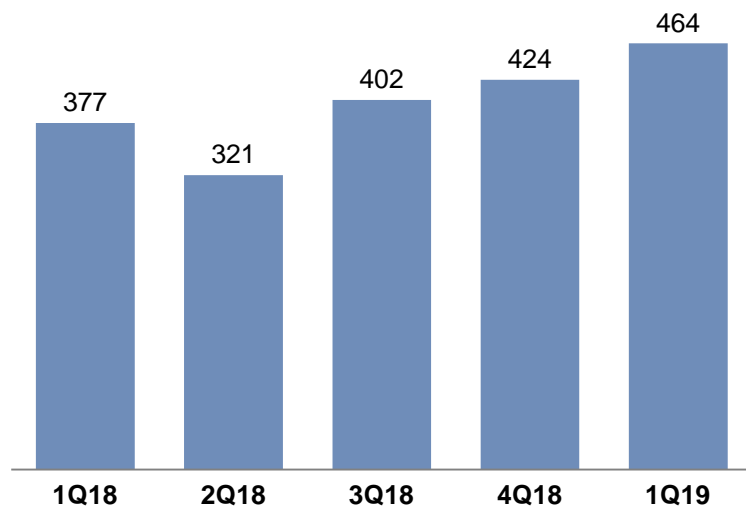
<sup>1</sup> Committed investments as of end 4Q18

<sup>2</sup> Growth portfolio = M&As (Babralla and Cubatão) and expansions/new builds (Uusikaupunki, Porsgrunn/Glomfjord, Sluiskil, Rio Grande, Freeport, Pilbara TAN, Köping, Salitre)

# Improving earnings and profitability trend

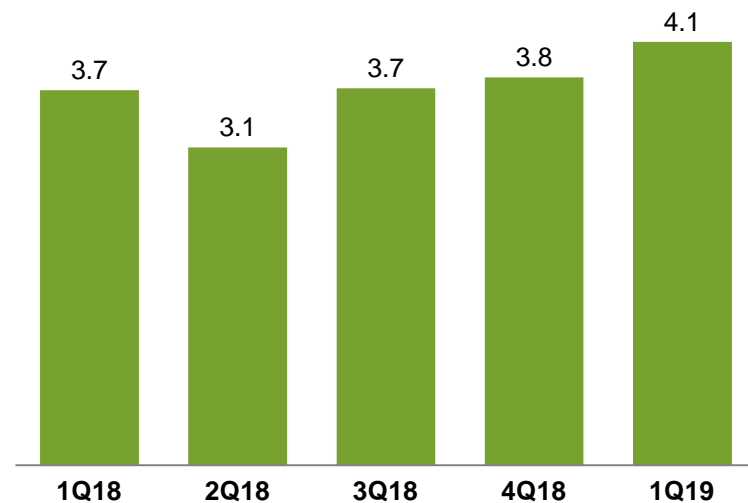
## Quarterly EBITDA excl. special items

USD millions



## LTM ROIC

%



# Performance overview

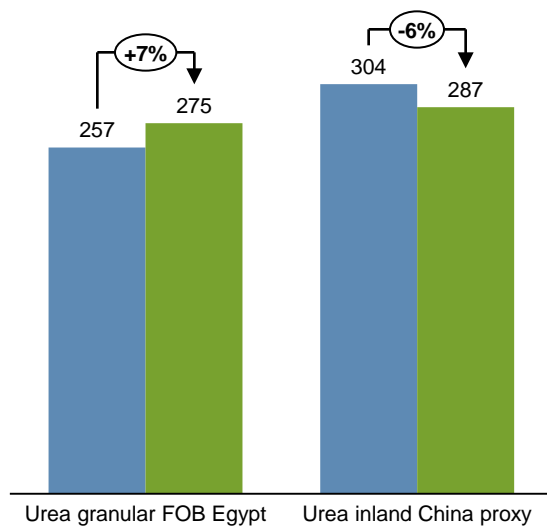
	1Q 2018	1Q 2019
<b>EBITDA ex. special items</b> <i>(USD millions)</i>	377	<b>464</b>
<b>EPS excl. currency and special items</b> <i>(USD per share)</i>	0.42	<b>0.59</b>
<b>Cash from operations</b> <i>(USD millions)</i>	234	<b>254</b>
<b>Investments</b> <i>(USD millions)</i>	736	<b>243</b>
<b>ROIC</b> <i>(12-month rolling)</i>	3.7%	<b>4.1%</b>



# Improved European nitrogen upgrading margins

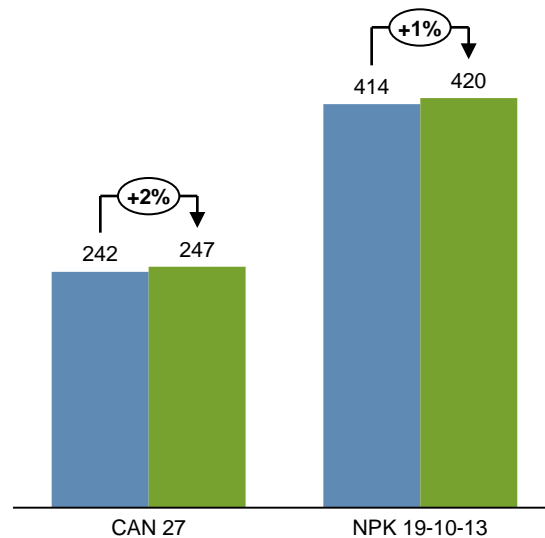
## Higher urea prices outside China

Urea price development<sup>1</sup> (USD/t)



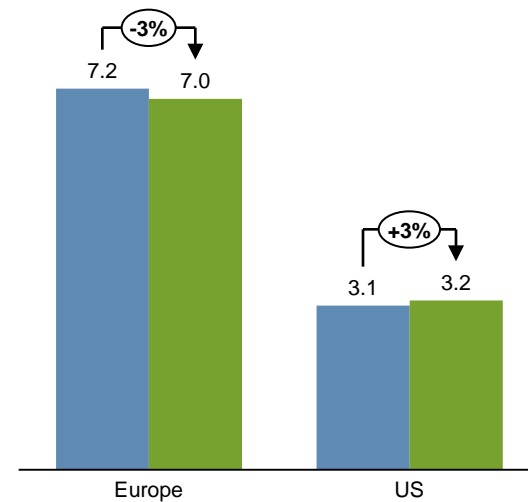
## Higher realized nitrate and NPK prices

Yara's realized CAN and NPK price<sup>2</sup> (USD/t)



## Lower European natural gas prices

Spot gas prices<sup>1</sup> (USD/Mmbtu)



■ 1Q 18 ■ 1Q 19

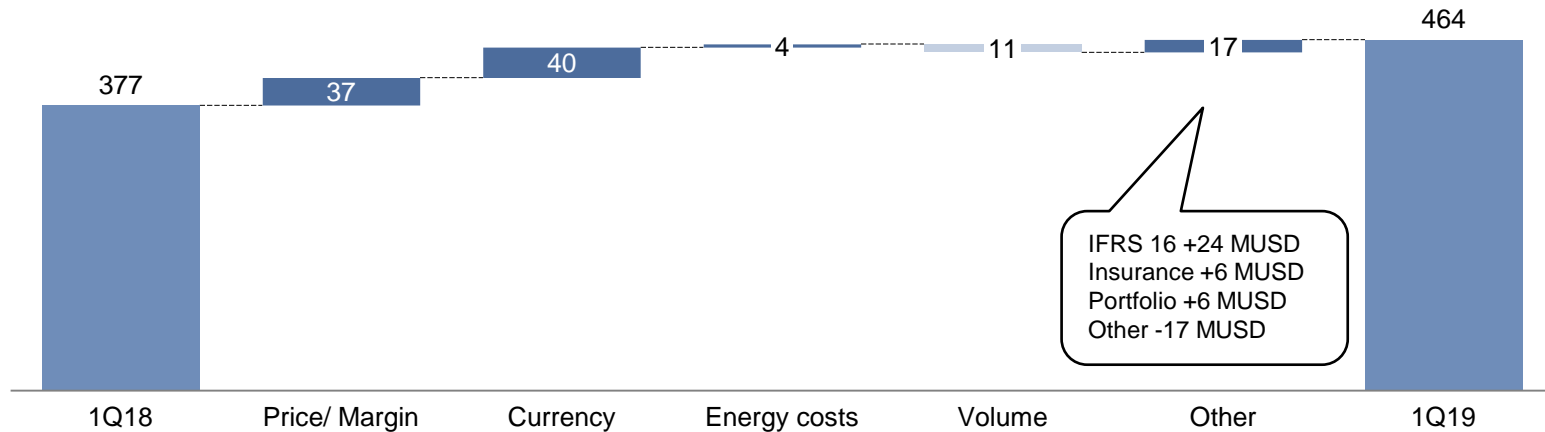
<sup>1</sup> Source: BOABC, CFMW, Argus. 1 month lag applied, as proxy for realized prices (delivery assumed to be 1 month after order taking).

<sup>2</sup> Yara's realized European nitrate price in CAN 27 equivalents ex. Sulphur, Yara's realized global NPK price (average grade) at German proxy CIF

# EBITDA improvement, mainly driven by nitrogen margins and currency

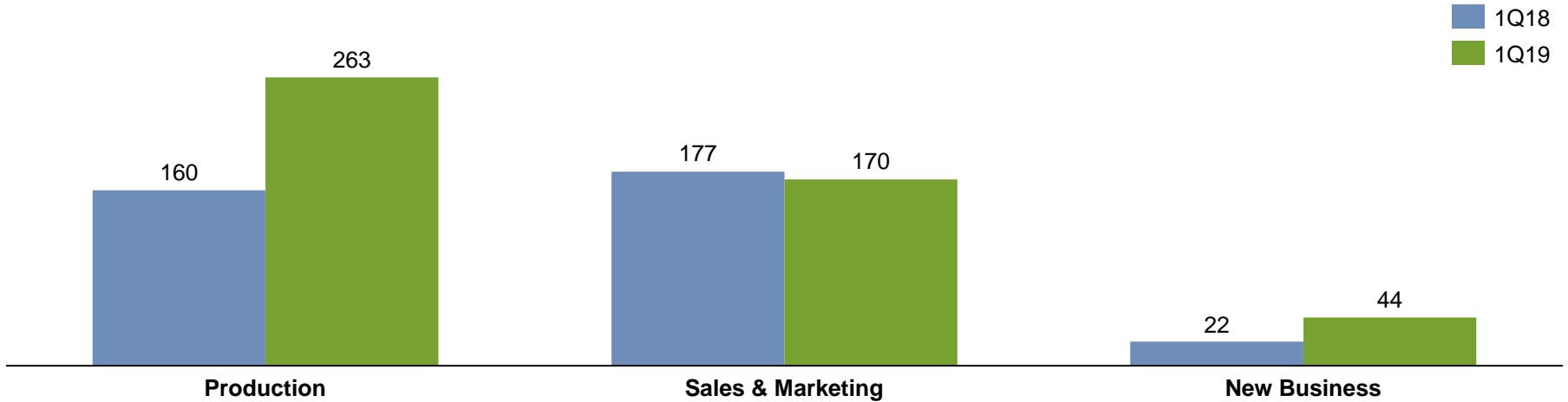
## EBITDA ex. SI

USD millions



# Higher production margins, commercial margins in line

EBITDA excluding special items (MUSD)



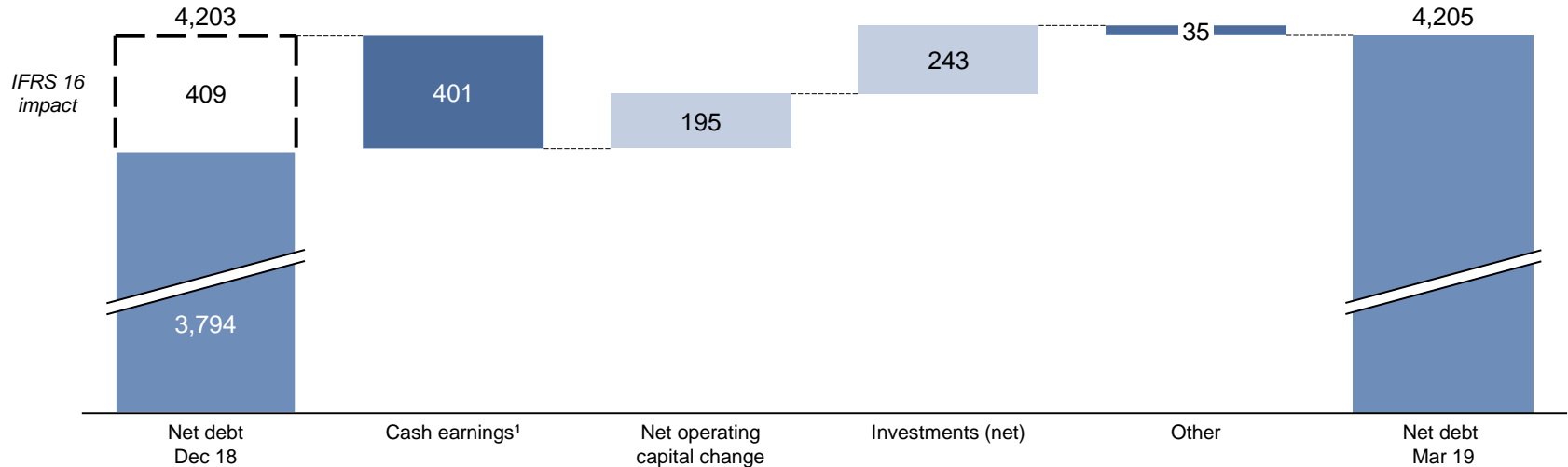
- Higher nitrogen upgrading margins in Europe
- Pilbara ammonia outage effect ~ USD 10 million

- Margins in line with a year earlier
- Lower NPK deliveries in Asia

- Positive contribution from Cubatão acquisition (completed May 2018)
- Deliveries up 3% excluding Cubatão

# Net interest-bearing debt in line with end 2018

USD millions



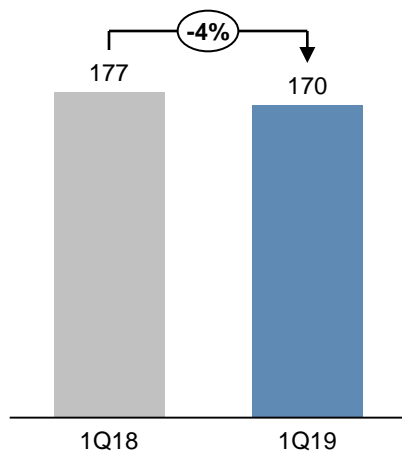
# Sales & Marketing performance

Slightly lower EBITDA due to lower deliveries

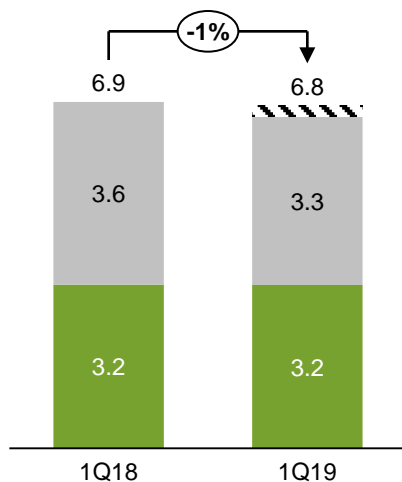
Lower commodity deliveries, premium product deliveries in line with a year earlier

Higher realized prices

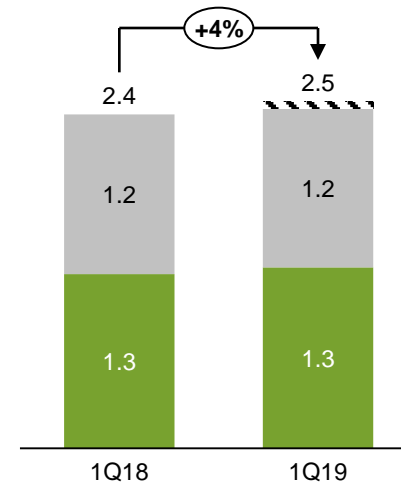
EBITDA ex. SI (MUSD)



Volumes (Mt)



Revenues (MUSD)



Portfolio Commodity Premium\*

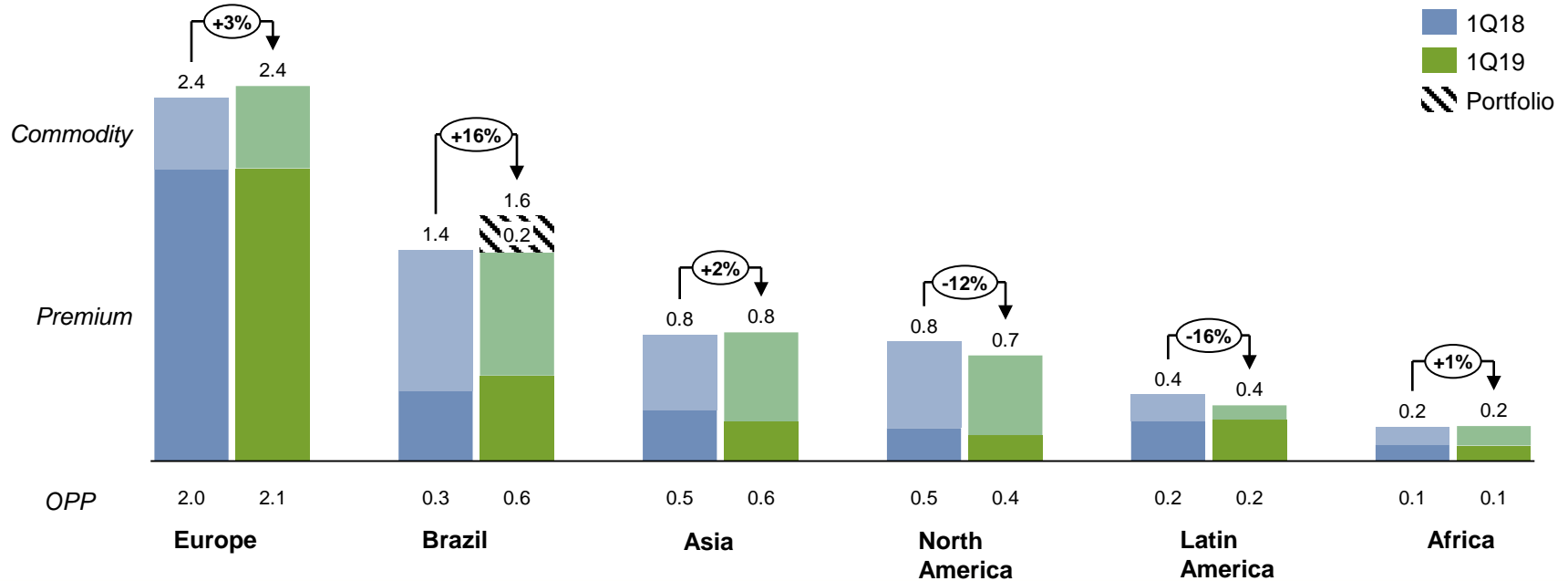


\*Premium defined as Differentiated N, NPK, CN, fertigation products and YaraVita. YaraVita only included in revenues as measured in units<sub>13</sub>

# European fertilizer deliveries up 3% on last year, further increase in Brazilian premium deliveries

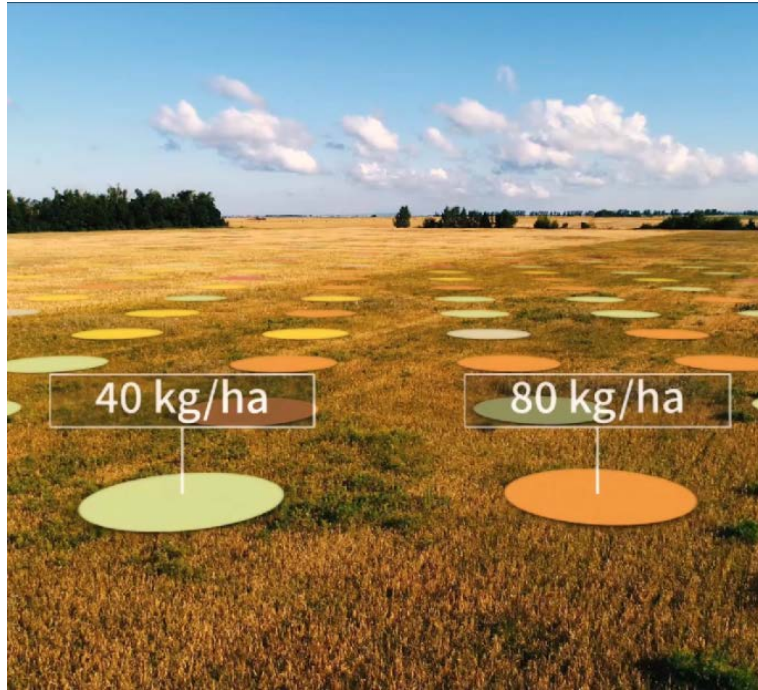
## Total fertilizer deliveries

Mill. tonnes



\*Premium = NPK, Differentiated N, CN, fertigation products and YaraVita.  
 OPP = Own Produced Products

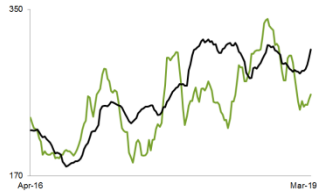
# Yara and IBM join forces to transform the future of farming



- Partnership agreement to build the world's leading digital farming platform, combining Yara's unrivalled agronomic knowledge and market presence with IBM's digital platforms, services and expertise in data analytics
- Yara and IBM will develop digital solutions for both professional and smallholder farmers to sustainably increase yields, crop quality, and incomes
- The joint platform will apply artificial intelligence, machine learning and in-field data to achieve worldwide coverage, aiming to reach 100 million hectares of farmland
- Yara and IBM will establish joint innovation teams, collaborating at digital hubs in Europe, Singapore, the US and Brazil
- The teams will work to develop new capabilities, such as visual analytics, machine learning techniques for crop identification and validation as well as field boundary digitization
- The first services are planned for end 2019

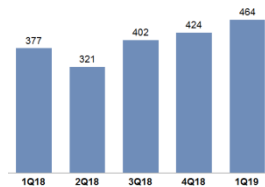
# Attractive Yara prospects

## 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



# Yara Capital Markets Day 26 June: venue and agenda

## Venue: Tate Modern, London



## Format and timing

**08:30 – 11:30 Plenary presentations**

**11:30 – 12:30 Lunch**

**12:30 – 15:30 Group meetings with management**

## Main topics

### ***Strategy update***

Our long-term market outlook and how the Yara business model and strategy will create further value

### ***Driving value growth in our markets***

How we will drive further value growth in the market, and optimize our market positions

### ***Improving operations***

How Yara will realize the full value potential of projects under execution, and how Yara will drive further operational improvement, beyond the current targets

### ***Capital allocation & returns***

How Yara will allocate capital to drive further value growth



Knowledge grows

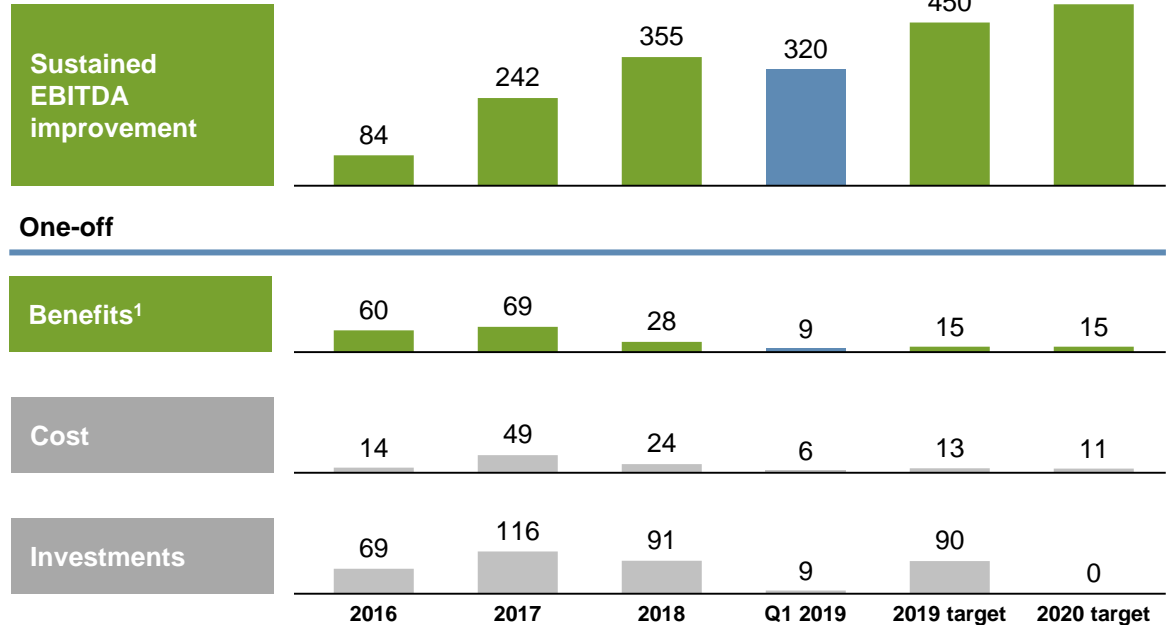
# Appendix



# Yara Improvement Program impacted by reliability in production



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



- EBITDA benefits at the end of Q1 lower than year end 2018:
  - Continued high activity, but unsatisfactory results as accumulated improvements are affected by the mentioned reliability hits in Pilbara, Sluiskil and Tertre
- Focus increasingly shifting towards ensuring the sustainability including further focus on excellence in our main functions

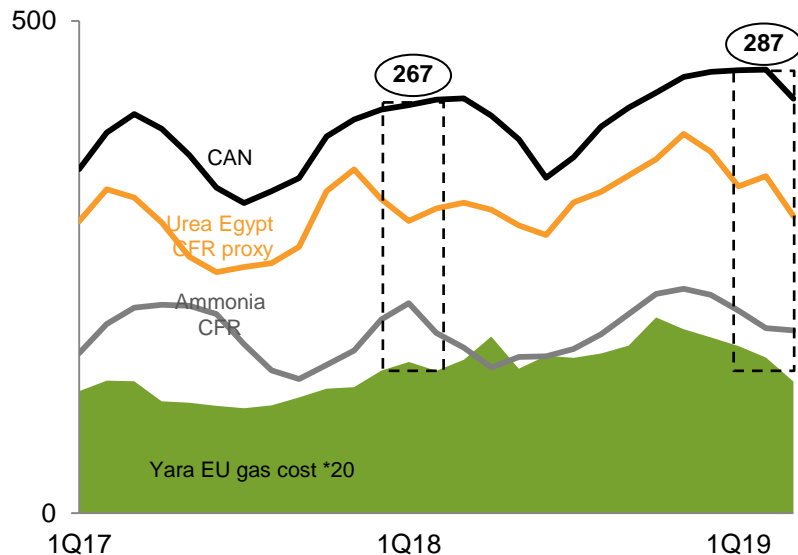
## Key sensitivities (based on 2018 production capacities)

	Operating income	EBITDA	EPS
	USD million	USD million	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

# Higher nitrogen upgrading margin, global NPK premium slightly below last year

## Nitrogen upgrading margins<sup>1</sup>

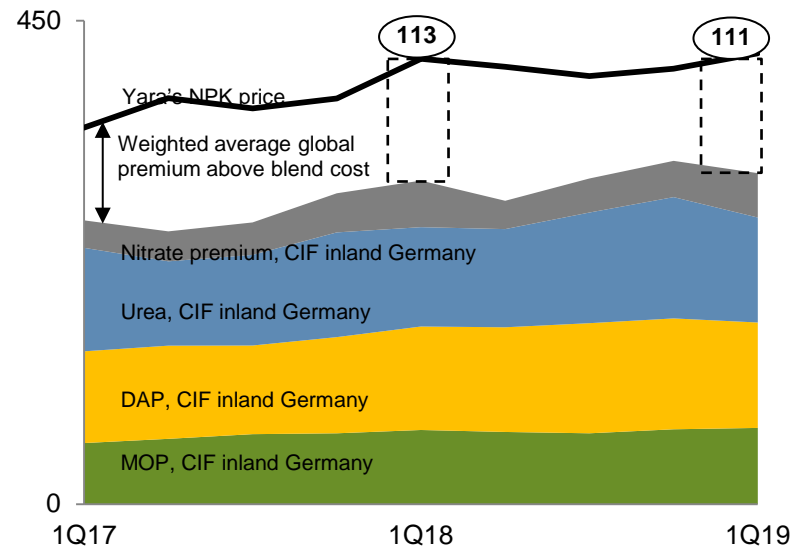
USD/t (monthly publication prices)



<sup>1</sup> 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<sup>2</sup>

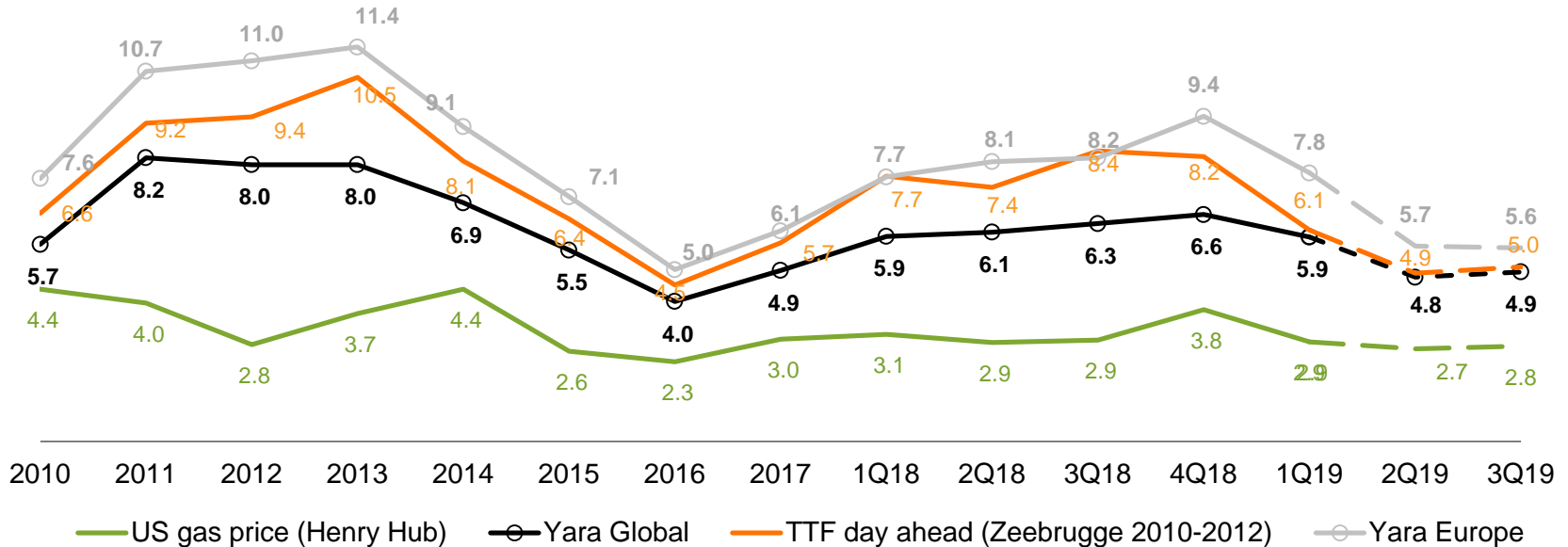
USD/t



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

# Energy cost

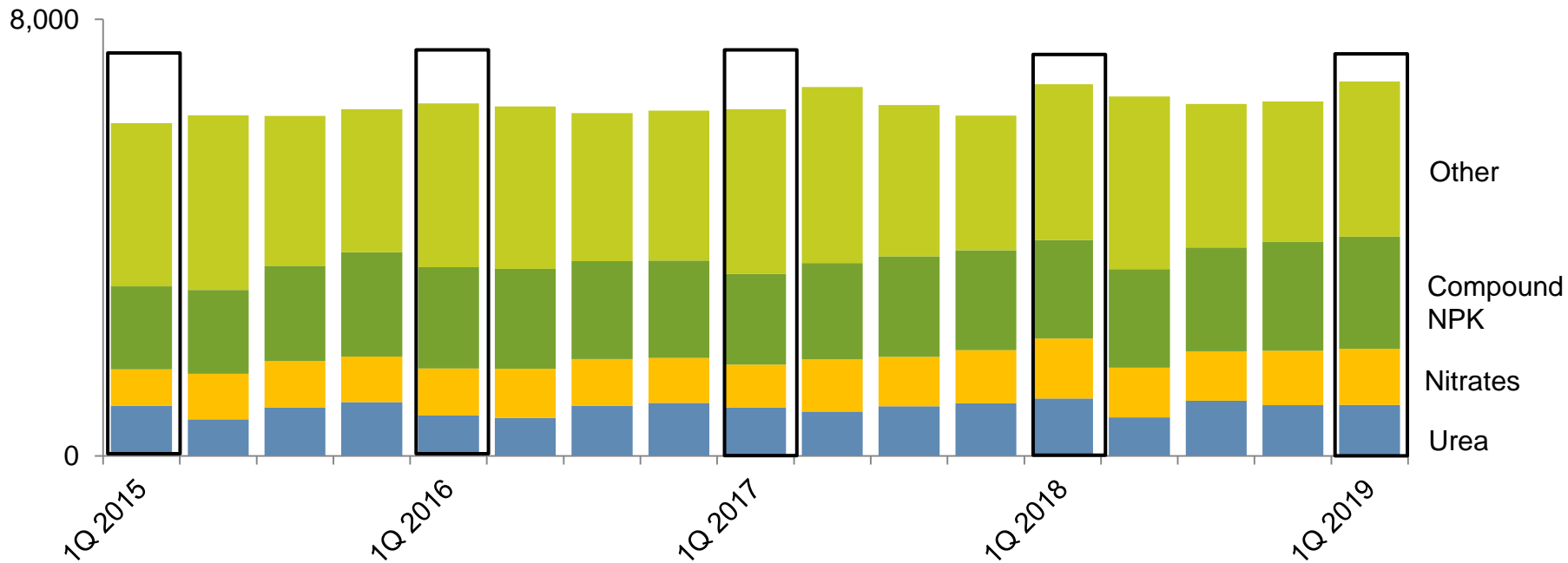
Yearly averages 2010-2017, quarterly averages for 2018-2019 with forward prices\* for 2Q19 and 3Q19



\*Dotted lines denote forward prices as of 4 April 2019  
 Source: Yara, World Bank, Argus/ICIS Heren

# Yara stocks

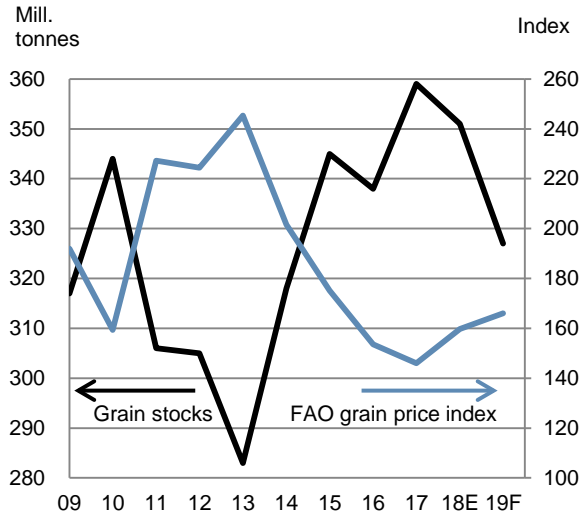
Kilotons  
Finished fertilizer



# Improving industry fundamentals

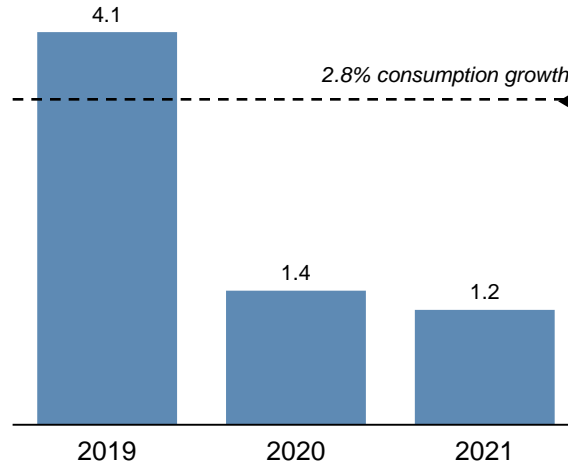
## Declining grains stocks excluding China

Grain stocks ex China and grain prices



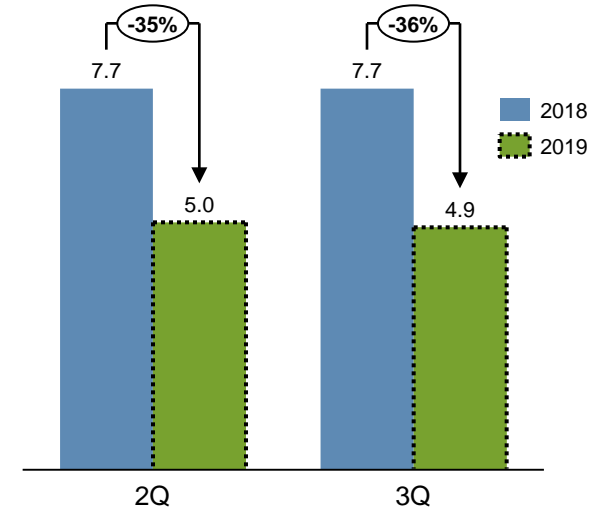
## Nitrogen supply growth set to reduce significantly

Global urea capacity additions excl. China



## Lower expected European natural gas prices

Spot gas prices<sup>1</sup> (USD/Mmbtu)

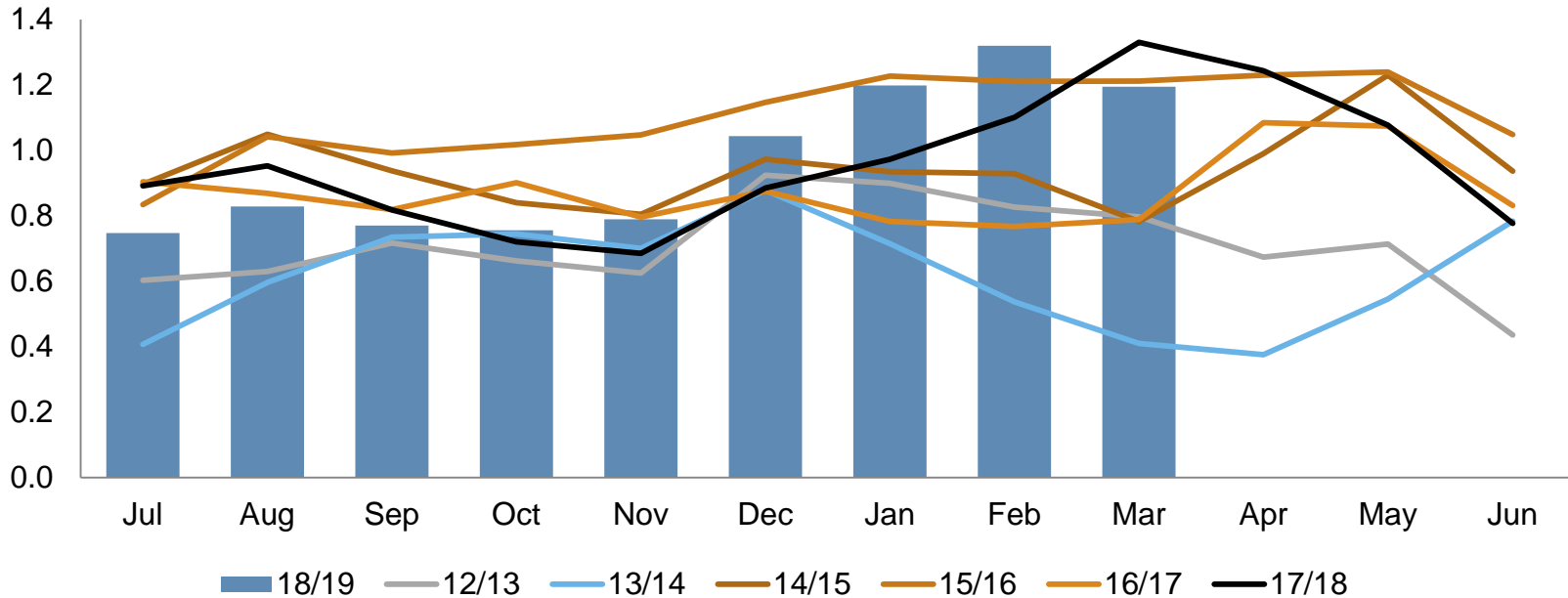


<sup>1</sup> Source: Argus, dotted bars represent forward prices as of 15 April 2019. 1 month lag applied.



# European producers' nitrate stocks

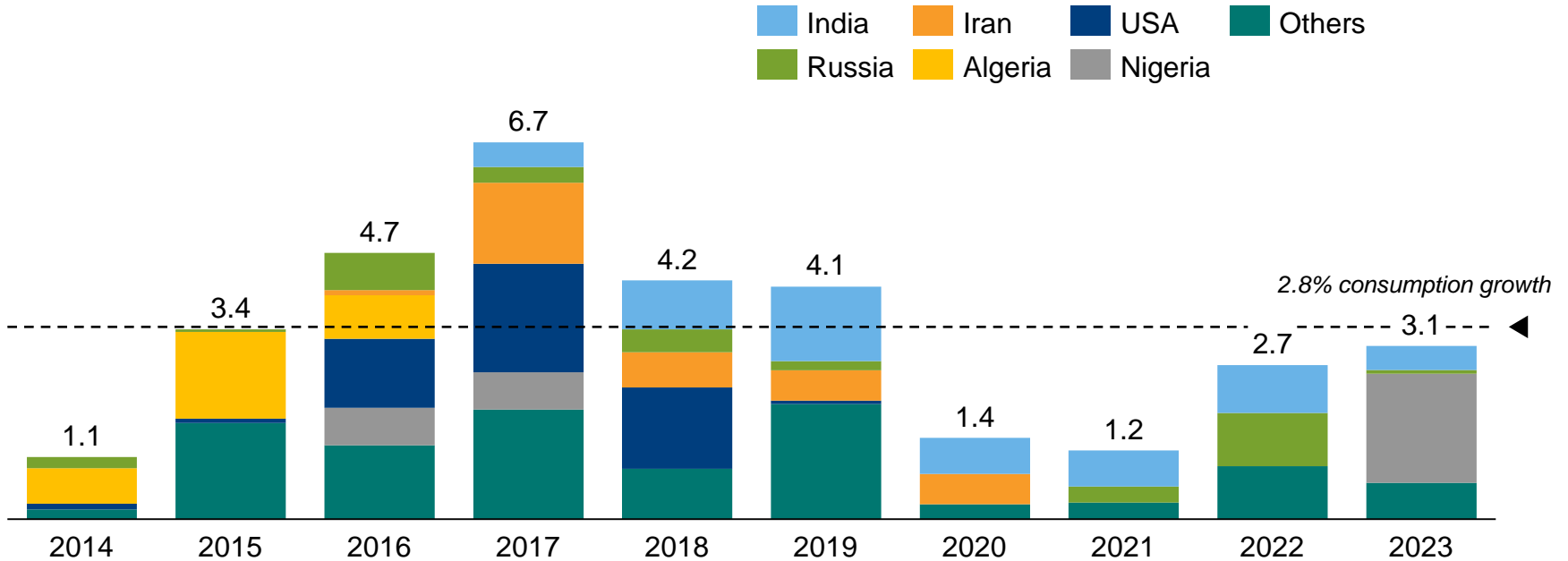
Index  
June 2007 = 1



Source: Fertilizers Europe, Yara estimate for March

# Nitrogen supply growth is forecast to reduce significantly

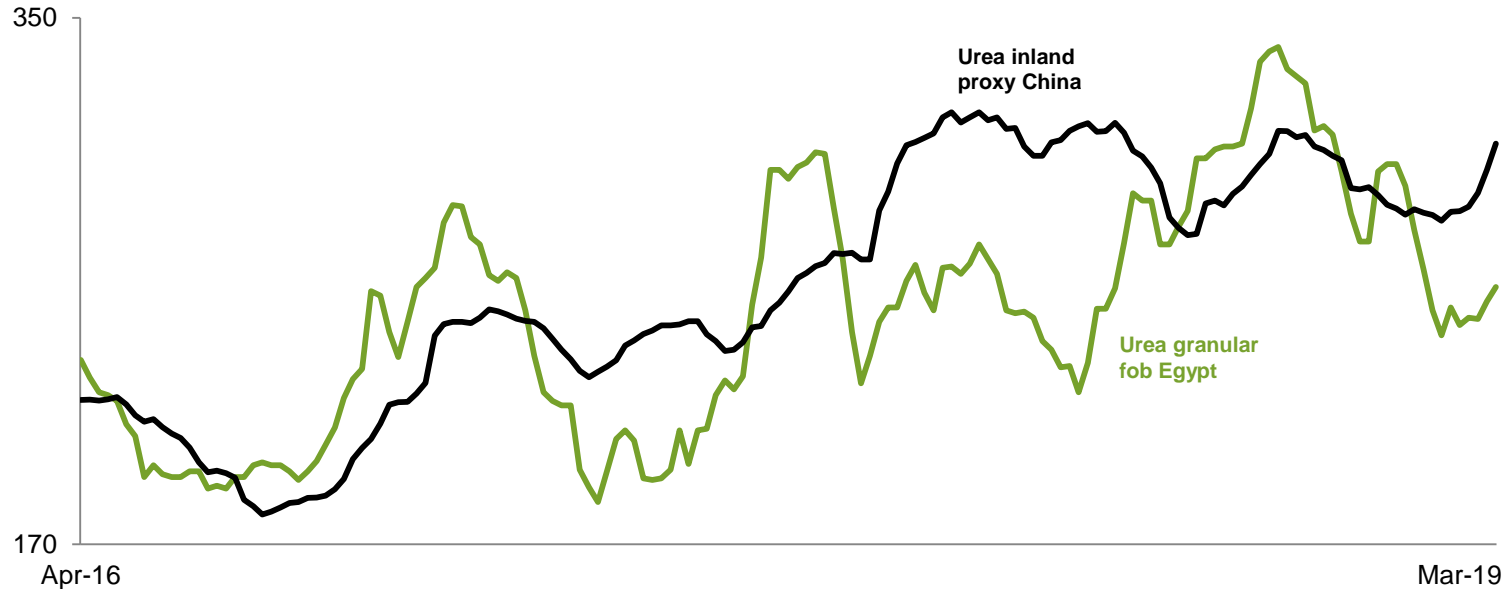
Global urea capacity additions excl. China (mill. tonnes)



Source: CRU March 2019

# Modest improvement in urea pricing, but no need for Chinese exports

Urea price development<sup>1</sup> (USD/t)



<sup>1</sup> Source: BOABC, CFMW



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