Knowledge grows

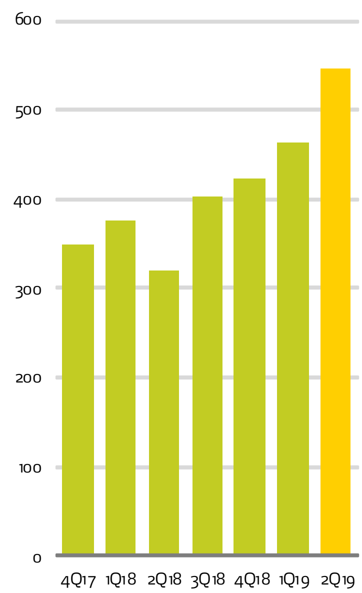
Second-quarter and half-year report 2019

Yara International ASA

- EBITDA excluding special items and IFRS 16 increased by 62% 1)
- Improved results with higher production and lower energy cost
- Premium product deliveries up 7%, in line with strategy

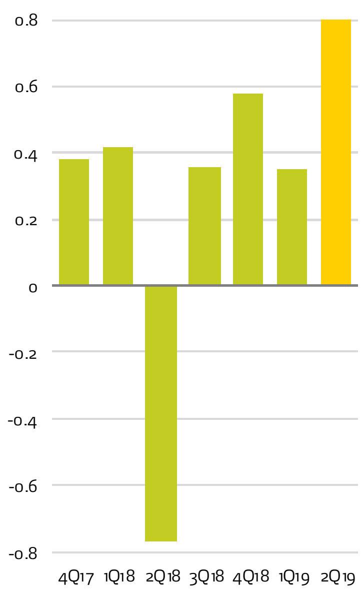
EBITDA 2)

USD millions

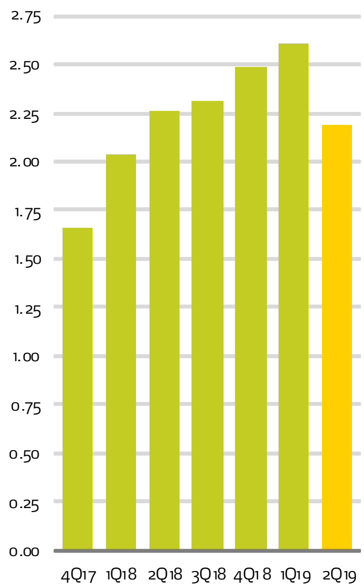


Earnings per share

USD



Net debt/EBITDA 2)



1) 70% when including IFRS 16 impact, which amounts to USD 27 million in the quarter. See variance analysis on page 5.
2) EBITDA excluding special items. The Net debt/EBITDA ratio is based on rolling 12 months EBITDA.

Second quarter 2019

Financial highlights

USD millions, except where indicated otherwise	2Q 2019	2Q 2018	1H 2019	1H 2018
Revenue and other income	3,402	3,192	6,416	6,048
Operating income	266	38	464	171
EBITDA [1]	541	296	1,006	666
EBITDA [1] excl. special items	546	321	1,010	698
Net income attributable to shareholders of the parent	230	(211)	326	(96)
Basic earnings per share [2]	0.84	(0.77)	1.19	(0.35)
Basic earnings per share excl. currency and special items [2]	0.77	0.16	1.36	0.58
Net cash provided by operating activities	680	523	934	757
Net cash used in investing activities	(246)	(589)	(489)	(1,325)
Net debt/equity ratio	0.44	0.35	0.44	0.35
Net debt/EBITDA excl. special items (last 12 months) ratio	2.19	2.26	2.19	2.26
Average number of shares outstanding (millions)	272.5	273.2	272.6	273.2
Return on invested capital (ROIC) [3]	7.1 %	2.2 %	5.4 %	3.1 %

1) EBITDA definitions, see page 34. EBITDA 2Q 2019 (1H 2019) includes a USD 27 million (52 million) positive impact from IFRS 16 compared with 2Q 2018 (1H 2018), see note 8 for more information.
2) USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.
3) Quarterly numbers annualized. Year-to-date numbers 12-month rolling average.

Key Yara statistics

	2Q 2019	2Q 2018	1H 2019	1H 2018
Yara production (thousand tonnes) [1]				
Ammonia	2,172	2,044	4,237	4,171
Finished fertilizer and industrial products, excl. bulk blends	5,471	5,241	10,953	10,562
Yara deliveries (thousand tonnes)				
Ammonia trade (reflected in Production)	670	689	1,168	1,274
Sales and Marketing	8,555	8,422	15,324	15,269
New Business	1,043	1,000	2,023	1,869
Total deliveries	10,267	10,110	18,515	18,411
Yara's Energy prices (USD per MMBtu)				
Global weighted average gas cost	4.8	6.1	5.6	6.0
European weighted average gas cost	5.5	8.1	7.0	7.9

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

Market information

Average of publication prices		2Q 2019	2Q 2018	1H 2019	1H 2018
Urea granular (fob Egypt)	USD per tonne	273	247	269	254
CAN (cif Germany)	USD per tonne	214	211	231	228
Ammonia (fob Black Sea)	USD per tonne	221	231	246	259
DAP (fob US Gulf)	USD per tonne	366	410	382	406
Phosphate rock (fob Morocco)	USD per tonne	94	89	97	88
European gas (TTF)	USD per MMBtu	4.3	7.3	5.2	7.5
US gas (Henry Hub)	USD per MMBtu	2.6	2.9	2.7	3.0
EUR/USD currency rate		1.1	1.2	1.1	1.2
USD/BRL currency rate		3.9	3.6	3.8	3.4

Yara's second-quarter net income after non-controlling interests was USD 230 million, compared with negative USD 211 million a year earlier. Excluding net foreign currency translation gain/loss and special items, the result was USD 210 million (USD 0.77 per share), compared with USD 43 million (USD 0.16 per share) in second quarter 2018.

"Yara delivers significantly improved results in second quarter, with EBITDA excluding special items and IFRS 16 up 62%. The improvement is mainly driven by higher production and lower energy cost," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"I am pleased to see Yara-produced deliveries increase across all main product groups, as our growth projects generate increased volumes and revenues. Our return on capital continues its positive trend, thanks to the sustained efforts of our entire organization. Our main priority is to deliver improved returns as a focused company," said Holsether.

Fertilizer market conditions

Uncertainty linked to global grain market developments is higher than normal, due to grain production risks in several key areas, most notably US corn production due to late planting amid challenging spring weather. The US Department of Agriculture forecasts another global deficit for the 2019/20 season, with an ending stocks-to-use ratio at 107 days, down 3 days from the start of the season. Excluding China, the projected ending stocks-to-use ration at 58 days of consumption is down 1 day from the start of the season. The Food and Agriculture Organization of the United Nations (FAO) grain price index is down 2% from second quarter last year, and 3% higher than the five-year average. The overall food price index is down 1% on second quarter last year, and 8% below the ten-year average.

Granular urea prices fob Egypt averaged USD 273 per tonne for second quarter, increasing through the quarter, and up from USD247 per tonne last year. Following a few months of excess supply in the global urea balance ex. China, the market tightened as the second quarter progressed, and prices moved up to a level where Chinese exports were again pulled into the global market towards the end of the quarter. During April and May, China exported a modest 0.3 million tonnes, similar to a year earlier. However, year-to-date exports were 1.6 million tonnes compared to 0.6 million tonnes last year, indicating a tighter global urea market requiring increased Chinese exports to cover demand growth as supply additions outside China are limited.

Ammonia prices fob Black Sea were on average USD 221 per tonne for the quarter, compared to USD 231 per tonne last year. The ammonia market is oversupplied, with some market driven curtailments required. Margins for most producers are slim, as lower natural gas prices in Europe and elsewhere has flattened the supply curve and impacted ammonia prices negatively.

DAP prices averaged USD 366 per tonne fob US Gulf for the quarter, down from USD 410 per tonne last year. Expansions in Morocco and Saudi Arabia together with increased phosphate exports from China have resulted in oversupplied phosphate markets, and prices have declined every month since third quarter 2018.

The phosphate rock price fob Morocco was similar to a year ago, and with upgrading margins from rock to DAP reduced due to the lower DAP price, despite also lower ammonia and sulphur prices.

Regional market developments

Second-quarter nitrogen deliveries in Western Europe were up by an estimated 9% from second quarter last year, catching up from slow deliveries earlier in the season. Full season nitrogen deliveries were down by 3%. Imports were down by 10% for the quarter, and down 8% for the full season.

Brazil imported 2.5 million tonnes urea during first half of the year, up from 2.3 million tonnes same period last year.

Second-quarter urea production in China is estimated to be 2% higher than last year, with year-to-date production up 1%. The average domestic urea price for the second quarter was 1% higher than last year in local currency, 5% lower in US dollars. Full season (July-June) urea supply for the domestic market is estimated down 3% on the previous season, resulting in a relatively tight market, although easing towards the end of second quarter as the peak season came to an end.

In India, strong sales have been reported despite second quarter being off-season. This has driven increased import demand, as production has not increased and reported inventories are low.

Production volumes

Thousand tonnes	2Q 2019	2Q 2018	1H 2019	1H 2018
Ammonia	2,172	2,044	4,237	4,171
of which equity-accounted investees	*213*	*262*	*447*	*530*
Urea	1,641	1,598	3,275	3,204
of which equity-accounted investees	*333*	*395*	*694*	*784*
Nitrate	1,587	1,387	3,061	2,912
NPK	1,368	1,359	2,797	2,721
CN	394	408	796	814
UAN	224	207	452	416
SSP-based fertilizer	248	260	526	473
MAP	9	21	47	21
Total Finished Products[1)]	5,471	5,241	10,953	10,562

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

Deliveries

Sales and Marketing deliveries	2Q 2019	2Q 2018	1H 2019	1H 2018
Thousand tonnes				
Urea	1,958	2,280	3,680	4,111
of which Yara-produced	*1,223*	*1,201*	*2,283*	*2,214*
of which equity-accounted investees	*521*	*797*	*1,050*	*1,398*
Nitrate	1,534	1,442	2,825	2,756
of which Yara-produced	*1,454*	*1,359*	*2,674*	*2,570*
NPK	2,351	2,367	4,457	4,521
of which Yara-produced compounds	*1,428*	*1,290*	*2,745*	*2,568*
of which Yara-produced blends	*853*	*1,007*	*1,491*	*1,740*
CN	388	372	677	665
of which Yara-produced	*382*	*365*	*668*	*655*
UAN	458	475	737	746
of which Yara-produced	*352*	*361*	*612*	*591*
SSP	309	247	384	311
of which Yara-produced	*231*	*220*	*295*	*256*
Ammonia	272	276	546	541
of which Yara-produced	*224*	*225*	*454*	*442*
DAP/MAP	128	112	255	241
MOP/SOP	351	296	487	425
Other products	806	556	1,276	953
Total Sales and Marketing deliveries	8,555	8,422	15,324	15,269

Sales and Marketing deliveries per region				
Thousand tonnes				
Europe	3,013	3,062	5,969	6,012
Brazil	2,455	1,996	4,127	3,456
Latin America excluding Brazil	569	737	944	1,205
North America	1,162	1,159	1,845	2,017
Asia	947	1,050	1,728	1,859
Africa	408	418	709	719
Total Sales and Marketing deliveries	8,555	8,422	15,324	15,269

For a description of the key fertilizer products, see the Yara Fertilizer Industry Handbook:
https://www.yara.com/siteassets/investors/057-reports-and-presentations/other/2018/fertilizer-industry-handbook-2018-with-notes.pdf/

New Business deliveries				
Thousand tonnes				
Urea [1)]	216	202	409	380
Nitrate [2)]	272	243	526	430
CN	91	91	193	187
Other products [3)]	46	69	98	123
Water content in Urea	419	395	797	749
Total New Business deliveries	1,043	1,000	2,023	1,869

1) Pure product (46% N) equivalents.
2) Including AN Solution.
3) Including feed phosphates, sulphuric acid, ammonia and other minor products.

Variance analysis second quarter and first half

USD millions	2Q 2019	1H 2019
EBITDA 2019	541	1,006
EBITDA 2018	296	666
Reported EBITDA variance	245	340
Special items variance (see page 10 for details)	19	27
EBITDA variance ex special items	226	313
Volume	60	49
Price/Margin excluding energy	5	42
Energy price	103	107
Currency translation	27	67
IFRS16 effect	27	52
Other	3	(5)
Total variance explained	226	313

Second quarter

Yara's second-quarter EBITDA excluding special items and IFRS 16 impact was 62% higher than a year ago reflecting higher production margins driven by a lower European gas cost, increased deliveries of own produced products and a stronger US dollar. Including the IFRS 16 impact the increase was 70%.

Total Sales and Marketing deliveries were 2% higher compared to a year earlier, reflecting a 23% increase in Brazil, where second quarter 2018 was impacted by a truck drivers' strike. Adjusted for portfolio effects (Cubatão), deliveries in Brazil were 15% higher and total Sales and Marketing were flat. New Business deliveries were 4% higher compared to a year ago. Adjusted for the Cubatão acquisition, deliveries were 1% higher.

Margins improved in the production system compared to a year ago reflecting lower European gas prices and increased commodity nitrogen prices. Realized margins in the commercial segments were slightly lower than a year ago. Overall deliveries of Yara-produced products were up 9% from last year.

First half

Yara's first-half EBITDA excluding special items and IFRS 16 impact was up 37%, reflecting higher production margins driven by a lower European gas cost, increased deliveries of Yara-produced products and a stronger US dollar. Including the IFRS 16 impact the increase was 45%.

Total Sales and Marketing deliveries were flat compared to a year earlier, and down 2% excluding the portfolio effect of the Cubatão acquisition. Deliveries in Brazil were up 19% (8% excluding Cubatão) while sales were lower in Asia, Latin America and North America. New Business deliveries were up 8%, or 3% excluding Cubatão. First-half deliveries of Yara-produced products were up 8% from a year earlier.

Production margins improved compared with a year earlier, reflecting lower European gas prices and increased commodity nitrogen prices. Realized margins in the commercial segments were slightly lower than a year ago.

Improvement program

Yara launched an extended improvement program at its Capital Markets Day on 26 June. As part of this, Yara moved to reporting operational metrics on a rolling 12-month basis, to better reflect underlying performance. On a rolling 12-month basis, underlying production performance increased by 346 thousand tonnes compared with 2018, driven by increased finished products output while ammonia was slightly down but with improved reliability relative to first quarter 2019. Energy efficiency was negatively impacted by the ammonia outages, while fixed cost show a flat development and net operating capital days increased by two days. The table below summarizes the improvement program performance compared with 2018.

	2018	L12M
Production - ammonia (kt)	7,850	7,791
Production - finished products (kt)	20,870	21,275
Energy efficiency (GJ/T)	33.9	34.4
Fixed cost (USD millions) 1)	2,340	2,356
Net operating capital (days) 2)	102	104

1) Fixed costs are measured on 12-month rolling basis and are defined as payroll and related costs, general and administration costs (SG&A), and fixed costs in production processes (maintenance, insurance, consultancy etc). The reported amounts are adjusted for currency effects, special items, M&A and structural projects. The amount reported for 2018 is adjusted for estimated IFRS 16 effects and portfolio effects. The fixed cost categories described above are included in the financial statement line items "raw materials, energy costs and freight expenses", "payroll and related costs" and "other operating expenses".

2) Net operating capital days are calculated on a 12-month rolling average basis, and are the net of credit days, inventory days and payable days. Credit days are calculated using trade receivables, adjusted for expected credit loss, relative to revenues from contracts with customers and interest income from external customers. Inventory days are calculated using the total inventory balance, relative to cost of raw materials including change in inventory of own produced products, net of inventory write-downs. Payable days are calculated using trade and other payables, not including prepayments from customers, relative to raw materials, energy costs and freight expenses, payroll and related cost, excl. payroll on general administration, and other operating expenses excl. expected loss on trade receivables and loss on sold PP&E.

Financial items

USD millions	2Q 2019	2Q 2018	1H 2019	1H 2018
Interest income	18	20	39	40
Dividends and net gain/(loss) on securities	-	3	-	3
Interest income and other financial income	18	22	39	43
Interest expense	(38)	(28)	(77)	(50)
Net interest expense on net pension liability	(2)	(2)	(5)	(3)
Net foreign currency translation gain/(loss)	35	(302)	(43)	(294)
Other	(5)	(6)	(9)	(9)
Interest expense and foreign currency translation gain/(loss)	(9)	(338)	(134)	(357)
Net financial income/(expense)	9	(316)	(95)	(314)

The variance in financial items compared with the second quarter last year relates primarily to the net foreign currency translation. This quarter, the US dollar depreciated against Yara's other main currencies generating a net gain on Yara's US denominated debt positions. In the same quarter last year, a significant US dollar appreciation resulted in a net loss on the corresponding positions.

Interest expense was USD 10 million higher than in second quarter a year ago, mainly reflecting an average gross debt level around USD 450 million higher.

Yara's US dollar debt generating currency effects in the income statement was approximately USD 3,400 million at the start of the third quarter 2019. Around 50% of the exposure was towards the Norwegian krone and around 30 % against Yara's emerging market currencies.

First-half net financial expense was USD 219 million lower than a year ago. The variance is mainly explained by a lower net foreign currency translation loss, partly offset by higher interest expense.

Tax

Second quarter provisions for current and deferred taxes were USD 68 million, approximately 23% of income before tax, higher than first-quarter 2019 (19%) negatively impacted by lower share of earnings from equity-accounted investees.

Net interest-bearing debt

USD millions	2Q 2019	1H 2019
Net interest-bearing debt at the end of previous period	(4,205)	(3,794)
IFRS 16 implementation effect (1 January 2019)	-	(409)
Net interest-bearing debt at beginning of period, including IFRS 16 implementation effect	(4,205)	(4,203)
Cash earnings [1)]	368	768
Dividends received from equity-accounted investees	39	97
Net operating capital change	314	118
Investments (net)	(246)	(489)
Yara Dividend	(203)	(203)
Other, including foreign currency translation gain/(loss)	(86)	(107)
Net interest-bearing debt at end of period	(4,019)	(4,019)

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

As a supplement to the consolidated statement of cash flows (page 16), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt at the end of second quarter was USD 4,019 million, down from USD 4,205 million at the end of the first quarter 2019. The decrease followed the lower operating capital during the quarter, reflecting seasonal prepayments in Brazil. Investments amounted to USD 246 million (of which Rio Grande plant modernization and the Salitre mining project in Brazil amounted to around USD 105 million).

The debt/equity ratio at the end of second quarter 2019, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.44 compared with 0.47 at the end of first quarter 2019.

At the end of second quarter 2019, the net debt/EBITDA excl. Special items (last 12 months) ratio is 2.19, down from 2.61 at the end of the previous quarter.

Outlook

Fertilizer industry fundamentals are attractive, as long-term population growth and dietary improvement trends drive food demand. However, cereal prices are currently 7% below the 10-year average, despite declining grain stocks outside China. At the same time, the twin challenges of resource efficiency and environmental footprint require significant agricultural productivity improvements, including improved fertilizer efficiency. Yara's crop nutrition focused business model and strategy are well positioned to both address and create business opportunities from these challenges.

Yara's market environment is showing an improving trend, due to a combination of a tightening global grain balance and receding urea supply pressure. Natural gas input prices have also reduced significantly in several regions, especially in Europe. Based on current forward markets for natural gas (9 July) Yara's spot-priced gas costs for third and fourth quarter 2019 are expected to be USD 160 million lower than a year earlier in both quarters. The estimates may change depending on future spot gas prices.

Yara's near-term focus is on improving returns through strict capital allocation and driving operational excellence. Yara's investments peaked in 2018, with revenues ramping up in 2019 as growth projects come on stream and further operational improvements are realized. Yara launched extended improvement targets at its Capital Markets Day in June, targeting 4.2 million additional tonnes of production by 2023 compared with 2018, in addition to fixed cost savings and improvements within energy efficiency, variable cost and operating capital.

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 its crop nutrition focus, Yara has announced it is evaluating an IPO of its industrial nitrogen businesses. The conclusion of a final IPO scope is expected by early 2020.

Yara's strategy incorporates a revised capital allocation policy as announced at the capital markets day in June 2019, which is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as a supplemental lever. Under this revised policy, the current improved market fundamentals combined with Yara's extended improvement program and increased hurdle rate for new investments may lead to increased dividend capacity beyond ordinary payout ratio going forward.

Global nitrogen prices are currently volatile, as high-cost Chinese exports are in demand only in parts of the year. However, the global urea supply-demand balance looks set to tighten going forward, as nitrogen supply growth is declining and lead times for new projects are typically three to five years. Also, fertilizer demand growth is likely to pick up as increased grain production is needed to keep pace with consumption, and global grain stocks are relatively low, particularly excluding China.

Risk and uncertainty

As described in Yara's Annual Report for 2018 Yara's total risk exposure is analyzed and evaluated at group level. Risk evaluations are integrated in all business activities both at group and business unit level, increasing Yara's ability to take advantage of business opportunities. Yara's most important market risk is related to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, margins are influenced by the supply/demand balance for food relative to energy. Yara has in place a system for credit and currency risk management with defined limits for exposure both at country, customer and currency level. Yara's geographically diversified portfolio reduces the overall credit and currency risk of the Group. As the fertilizer business is essentially a US dollar business, with both revenues and raw material costs mainly priced in US dollars, Yara seeks to keep most of its debt in US dollars to reduce its overall US dollar currency exposure. There has not been any significant change in the risk exposures. The risks and uncertainties for the remaining six months of the year are described in Outlook.

Related parties

Note 37 and 38 in the annual report for 2018 provides details of related parties. During the first half of 2019 there have not been any changes or transactions that significantly impact the group's financial position or result for the period.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 15 July 2019

Geir Isaksen Chairperson	Trond Berger Vice chair	Hilde Bakken Board member	Håkon Reistad Fure Board member
Kimberly Lein-Mathisen Board member	Adele Bugge Norman Pran Board member	John Thuestad Board member	Kjersti Aass Board member
Eva Safrine Aspvik Board member	Rune Bratteberg Board member	Geir O. Sundbø Board member	Svein Tore Holsether President and CEO

Variance analysis and special items

Variance analysis

In order to track underlying business developments from period to period, Yara's management also uses a variance analysis methodology ("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.

Special items

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 which are not the result of active exposure or position management by Yara. Together with impairments, these are defined as special items regardless of amount.

Special items

	EBITDA effect				Operating income effect			
USD millions	2Q 2019	2Q 2018	1H 2019	1H 2018	2Q 2019	2Q 2018	1H 2019	1H 2018
Impairment of non-current assets	-	-	-	-	-	(14)	-	(14)
Restructuring costs	-	(17)	-	(17)	-	(17)	-	(17)
Total Sales and Marketing	-	(17)	-	(17)	-	(31)	-	(31)
Release of provision related to discontinuation of pilot plant	-	-	3	-	-	-	3	-
Restructuring costs	-	(1)	-	(1)	-	(1)	-	(1)
Total New Business	-	(1)	3	(1)	-	(1)	3	(1)
Stamp duty on purchase of Babrala (India)	-	-	-	(8)	-	-	-	(8)
Contract derivatives gain/(loss)	6	1	8	2	6	1	8	2
Impairment of non-current assets	-	-	-	-	(10)	(6)	(13)	(6)
Dismantling provision for closed site	(8)	-	(8)	-	(8)	-	(8)	-
QAFCO tax adjustment	-	(7)	-	(7)	-	-	-	-
Total Production	(2)	(6)	(0)	(13)	(12)	(5)	(13)	(12)
Portfolio management costs	(4)	-	(7)	-	(4)	-	(7)	-
Total Other	(4)	-	(7)	-	(4)	-	(7)	-
Total Yara	(5)	(24)	(5)	(32)	(15)	(37)	(18)	(44)

Description and reconciliation of alternative performance measures are included on page 34-37.

Condensed consolidated interim statement of income

USD millions, except share information	Notes	2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Revenue from contracts with customers	3	3,386	3,185	6,376	6,023	12,928
Other income	5	10	6	32	23	122
Commodity based derivatives gain/(loss)		6	1	8	3	4
Revenue and other income		3,402	3,192	6,416	6,048	13,054
Raw materials, energy costs and freight expenses		(2,488)	(2,489)	(4,669)	(4,596)	(9,952)
Payroll and related costs		(294)	(312)	(586)	(613)	(1,207)
Depreciation and amortization	5,8	(227)	(199)	(452)	(401)	(807)
Impairment loss	4,5	(10)	(20)	(13)	(23)	(150)
Other operating expenses	8	(117)	(133)	(232)	(244)	(536)
Operating costs and expenses		(3,136)	(3,154)	(5,952)	(5,877)	(12,652)
Operating income		266	38	464	171	402
Share of net income in equity-accounted investees		19	17	36	27	82
Interest income and other financial income		18	22	39	43	81
Earnings before interest expense and tax		304	77	540	242	566
Foreign currency translation gain/(loss)		35	(302)	(43)	(294)	(278)
Interest expense and other financial items		(45)	(36)	(90)	(63)	(153)
Income before tax		294	(261)	406	(115)	134
Income tax		(68)	45	(89)	12	6
Net income		226	(216)	316	(103)	141
Net income attributable to						
Shareholders of the parent		230	(211)	326	(96)	159
Non-controlling interests		(4)	(5)	(9)	(7)	(19)
Net income		226	(216)	316	(103)	141
Basic earnings per share [1)]		0.84	(0.77)	1.19	(0.35)	0.58
Weighted average number of shares outstanding	2	272,525,904	273,217,830	272,611,392	273,217,830	273,169,994

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	2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Net income	226	(216)	316	(103)	141
Other comprehensive income that may be reclassified to statement of income (net of tax)					
Currency translation adjustments	39	(174)	45	(211)	(222)
Hedge of net investments	9	(30)	14	3	(41)
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax	48	(204)	58	(208)	(263)
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)					
Currency translation adjustments [1)]	26	(107)	42	15	(126)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	-	(1)	-	(3)	(5)
Remeasurement gains/(losses) on defined benefit plans	(27)	-	(26)	-	(73)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods, net of tax	(1)	(108)	16	12	(203)
Total other comprehensive income, net of tax	48	(312)	75	(196)	(465)
Total comprehensive income, net of tax	274	(528)	392	(298)	(325)
Total comprehensive income attributable to					
Shareholders of the parent	274	(496)	399	(265)	(278)
Non-controlling interests	(1)	(32)	(7)	(33)	(47)
Total	274	(528)	392	(298)	(325)

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	Other reserves	Retained earnings	Attributable to share-holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2017	66	(49)	(1,161)	10,369	9,225	280	9,505
IFRS 9 and IFRS 15 implementation effect	-	-	-	(4)	(4)	-	(4)
Net income	-	-	-	(96)	(96)	(7)	(103)
Other comprehensive income, net of tax	-	-	(170)	-	(170)	(27)	(195)
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-
Total other comprehensive income, net of tax	-	-	(170)	-	(170)	(27)	(196)
Long term incentive plan	-	-	-	1	1	-	1
Transactions with non-controlling interests	-	-	-	-	-	(1)	(2)
Dividends distributed	-	-	-	(219)	(219)	(2)	(221)
Balance at 30 June 2018	66	(49)	(1,330)	10,050	8,737	243	8,980
Net income	-	-	-	255	255	(12)	243
Other comprehensive income, net of tax	-	-	(195)	(75)	(270)	(1)	(272)
Share of other comprehensive income of equity-accounted investees	-	-	-	1	1	-	1
Total other comprehensive income, net of tax	-	-	(195)	(73)	(268)	(1)	(270)
Long term incentive plan	-	-	-	(1)	(1)	-	(1)
Transactions with non-controlling interests	-	-	-	(7)	(7)	(5)	(12)
Transfer to retained earnings	-	-	2	(2)	-	-	-
Treasury shares [2]	-	-	-	(33)	(33)	-	(33)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	2	2
Balance at 31 December 2018	66	(49)	(1,523)	10,189	8,683	227	8,910
Net income	-	-	-	326	326	(9)	316
Other comprehensive income, net of tax	-	-	99	(26)	73	2	75
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-
Total other comprehensive income, net of tax	-	-	99	(26)	73	2	75
Long term incentive plan	-	-	-	1	1	-	1
Dividends distributed	-	-	-	(203)	(203)	(1)	(204)
Balance at 30 June 2019	66	(49)	(1,425)	10,287	8,879	220	9,099

1) Par value 1.70.

2) As approved by General Meeting 8 May 2018.

Condensed consolidated interim statement of financial position

USD millions	Notes	30 Jun 2019	30 Jun 2018	31 Dec 2018
Assets				
Non-current assets				
Deferred tax assets		439	410	407
Intangible assets		1,052	1,134	1,052
Property, plant and equipment	4	8,519	8,322	8,430
Right-of-use assets	8	424	-	-
Equity-accounted investees		1,009	1,030	1,027
Other non-current assets		412	472	420
Total non-current assets		11,855	11,369	11,337
Current assets				
Inventories	6	2,646	2,376	2,568
Trade receivables		1,905	1,638	1,601
Prepaid expenses and other current assets		689	638	741
Cash and cash equivalents		320	998	202
Non-current assets and disposal group classified as held-for-sale	4	242	4	206
Total current assets		5,802	5,653	5,319
Total assets		17,656	17,022	16,656

Condensed consolidated interim statement of financial position

USD millions, except share information	Notes	30 Jun 2019	30 Jun 2018	31 Dec 2018
Equity and liabilities				
Equity				
Share capital reduced for treasury stock		66	66	66
Premium paid-in capital		(49)	(49)	(49)
Total paid-in capital		17	17	17
Other reserves		(1,425)	(1,330)	(1,523)
Retained earnings		10,287	10,050	10,189
Total equity attributable to shareholders of the parent		8,879	8,737	8,683
Non-controlling interests	4	220	243	227
Total equity	2	9,099	8,980	8,910
Non-current liabilities				
Employee benefits		512	436	485
Deferred tax liabilities		438	481	416
Other long-term liabilities		175	161	201
Long-term provisions		234	179	238
Long-term interest-bearing debt	7	2,750	3,119	2,776
Long-term lease liabilities	8	318	-	-
Total non-current liabilities		4,426	4,376	4,116
Current liabilities				
Trade and other payables		2,009	1,815	1,835
Prepayments from customers		592	640	343
Current tax liabilities		61	22	63
Short-term provisions		57	84	55
Other short-term liabilities		114	71	88
Bank loans and other interest-bearing short-term debt		515	462	397
Current portion of long-term debt		665	570	824
Short-term lease liabilities	8	90	-	-
Liabilities associated with disposal group held-for-sale	4	28	-	26
Total current liabilities		4,131	3,665	3,630
Total equity and liabilities		17,656	17,022	16,656
Number of shares outstanding	2	272,402,637	273,217,830	272,697,830

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 15 July 2019

Geir Isaksen Chairperson	Trond Berger Vice chair	Hilde Bakken Board member	Håkon Reistad Fure Board member
Kimberly Lein-Mathisen Board member	Adele Bugge Norman Pran Board member	John Thuestad Board member	Kjersti Aass Board member
Eva Safrine Aspvik Board member	Rune Bratteberg Board member	Geir O. Sundbø Board member	Svein Tore Holsether President and CEO

Condensed consolidated interim statement of cash flows

USD millions	Notes	2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Operating activities						
Operating income		266	38	464	171	402
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation and amortization		227	199	452	401	807
Impairment loss	5	10	20	13	23	150
Write-down and reversals, net		-	6	4	(5)	11
Income taxes paid		(83)	(48)	(87)	(70)	(110)
Dividend from equity-accounted investees		39	26	97	98	155
Change in net operating capital [1)]		314	383	119	218	(428)
Interest and bank charges received/(paid)		(55)	(53)	(64)	(60)	(158)
Other		(39)	(48)	(64)	(21)	(74)
Net cash provided by operating activities		680	523	934	757	756
Investing activities						
Purchases of property, plant and equipment		(246)	(345)	(496)	(652)	(1,336)
Cash outflow on business combinations		-	(237)	-	(661)	(648)
Purchases of other long-term and short-term investments		(6)	(12)	(14)	(34)	(58)
Proceeds from sales of property, plant and equipment		1	1	3	4	9
Proceeds from sales of other long-term investments and subsidiaries		5	3	18	17	34
Net cash used in investing activities		(246)	(589)	(489)	(1,325)	(2,000)
Financing activities						
Loan proceeds/(repayments), net	7	(183)	779	(70)	1,235	1,138
Payments of lease liabilities [2)]	8	(27)	-	(50)	-	-
Purchase of treasury shares		-	-	-	-	(21)
Dividends	2	(203)	(219)	(203)	(219)	(219)
Other cash transfers (to)/from non-controlling interests		-	(2)	(1)	(2)	-
Net cash from/(used in) financing activities		(413)	558	(324)	1,014	897
Foreign currency effects on cash and cash equivalents		(1)	(14)	(3)	8	5
Net increase/(decrease) in cash and cash equivalents		19	476	118	454	(341)
Cash and cash equivalents at beginning of period[3)]		302	521	203	544	544
Cash and cash equivalents at end of period [3)]		321	998	321	998	203
Bank deposits not available for the use of other group companies				54	16	52

1) Operating capital consists of trade receivables, inventories, trade payables and prepayments from customers.
2) In 2018, cash flows related to operational leases according to IAS 17 were included in "Net cash provided by operating activities".
3) 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 2018. Except for the changes described below, the accounting policies applied are the same as those applied in the annual consolidated financial statements 2018.

As a result of rounding differences numbers or percentages may not add up to the total.

IFRS 16 Leases

The Yara Group adopted IFRS 16 Leases for reporting periods beginning on and after 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. The new standard represents a significant change in Yara's accounting for leases as a lessee, but keeps the accounting model for Yara as a lessor mainly unchanged. Please see note 3 Operating segment information and note 8 Leases for specific information on effects of implementing IFRS 16.

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 has applied the following policies and practical expedients available upon transition:

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

In addition Yara takes 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 are accounted for by applying IAS 38 Intangible assets as before.

Significant lease liabilities for the Group comprise of leases of land, vessels, product storage assets (warehouses, terminals etc.), office buildings and other buildings. Other, less significant leases in Yara comprise of transportation and logistics assets, machinery and equipment, employee cars, IT infrastructure and office equipment. Yara has applied different accounting policies to different assets as follows:

- Yara expenses services and other non-lease components embedded in lease contracts for land, vessels, product storage assets, office buildings and other buildings. For leases of other assets, Yara capitalizes non-lease components subject to fixed payments as part of the lease.
- Yara expenses short-term leases of machinery, office equipment and other equipment in accordance with the general short-term exemption in IFRS 16. In addition Yara expenses all other leases which expires in 2019 in accordance with the short-term exemption available upon transition 1 January 2019.
- Yara expenses low value leases of office equipment and other equipment in accordance with the general low value exemption in IFRS 16.

Yara discounts the lease liability by using incremental borrowing rates. However, the implicit interest rate may be used for selected lease arrangements if they are material on Group level and the rate can be readily determined. The incremental borrowing rates are updated on a quarterly basis and are determined for all relevant currencies and lease terms taking into account the risk free rate, Yara's credit risk premium, local unit risk premium above Yara, country risk premium and asset risk premium.

As prior years comparatives are not restated, 2018 comparatives are prepared in accordance with IAS 17 and other previous guidance on lease accounting within IFRS. Under this previous guidance finance leases were accounted for as property, plant and equipment at the present value of minimum lease payments, or fair value if this was lower, and depreciated over the estimated useful lives of the assets or lease term if shorter. The corresponding finance lease liabilities were initially included in long-term debt and subsequently reduced by the amount of lease payments less the effective interest expense. Other leases were accounted for as operating leases with lease payments recognized as an expense over the lease terms.

Note 1 Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and Yara's 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 considered 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. If the revision affects both current and future periods, the estimate is revised in the period of the revision 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 2018.

Note 2 Shares, dividend and share buy-back program

The Annual General Meeting in May 2019 approved a dividend for 2018 of NOK 1,772 million (NOK 6.50 per share), which has been paid out during second quarter 2019 (USD 203 million).

On 7 May 2019, the Annual General Meeting authorized the Board of Directors to acquire up to 13,620,131 shares in the open market and from the Norwegian State. 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 2019 buyback program.

In 2018, Yara purchased 520,000 own shares under the 2018 buy-back program for a total consideration of NOK 181 million (USD 21 million). These shares were cancelled at the Annual General meeting on 7 May 2019. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent was reduced with an additional NOK 103 million (USD 12 million) for the redemption of 295,193 shares from the Norwegian State.

	Ordinary shares	Own shares	Number of shares outstanding
Total at 31 December 2017	273,217,830	-	273,217,830
Treasury shares - share buy-back program [1]	-	(520,000)	(520,000)
Total at 31 December 2018	273,217,830	(520,000)	272,697,830
Redeemed shares Norwegian State [2]	(295,193)	-	(295,193)
Shares cancelled [2]	(520,000)	520,000	-
Total at 30 June 2019	272,402,637	-	272,402,637

1) As approved by the General Meeting 8 May 2018
2) As approved by the General Meeting 7 May 2019

Note 3 Operating segment information

As part of the crop nutrition focused strategy, Yara has simplified its operating model and changed its operating segments effective from 1 January 2019. Yara's new segment structure is comprised of three segments:

- Sales and Marketing
- New Business
- Production

The new Sales and Marketing segment includes the former Crop Nutrition units, in addition to the lines of business of Base Chemicals, Industry Reagents and Animal Nutrition (excluding South Africa) which were transferred from the former Industrial segment.

The New Business segment includes the business units Environmental Solutions, Mining Applications, Animal nutrition South Africa and Industrial Nitrates from the former Industrial segment.

Yara has moved plants that are operating in local markets from the former Crop Nutrition segment to the Production segment. These plants are Babrala (India), Rio Grande (Brazil) and Ponta Grossa (Brazil). In addition, Yara has moved fertilizer sales and marketing activity in Galvani and Cubatão previously reported within the Production segment to the new Sales and Marketing segment.

The operating segments presented are the key components of Yara's business. These segments are managed and monitored as separate and strategic businesses which are evaluated on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

Financial and operational information is prepared for each segment, and the information disclosed is the same as used by the CEO to assess performance and allocate resources.

A separate appendix containing restated segment figures for 2018 was published on 20 March 2019. The appendix is available in the Investor relations section on Yara.com. Due to the changes in the segment structure, new descriptions of the segments are presented below.

Sales and Marketing

The Sales and Marketing segment offers a comprehensive portfolio of nitrogen-based fertilizer including urea, urea ammonium nitrate (UAN), calcium ammonium nitrate (CAN), ammonium nitrates (AN), calcium nitrates (CN) and compound fertilizer (NPK) that contain all of the three major plant nutrients: nitrogen (N), phosphorus (P) and potassium (K) as well as foliar and fertigation solutions through micronutrients. The segment also sells phosphate- and potash-based fertilizers, which to a large extent are sourced from third parties. In some markets the segment delivers equipment and services to store or handle products.

The variety of fertilizer products are mainly sold spot to distributors based on ordinary purchase orders and underlying frame agreements. To a certain extent the products are also sold directly to farmers, to co-operatives, and spot without underlying agreements. The composition and degree of customers and products sold differs between local and regional markets, and the off-take of product varies throughout the fertilizer seasons in the different markets.

In addition to offering nitrogen-based fertilizer, the Sales and Marketing segment offers products for animal nutrition and industry solutions. Animal nutrition deliveries include urea and phosphates that are used as raw materials for feed products in both agriculture and aquaculture. Industrial solutions include products such as ammonia, urea and nitric acid used as input factors for a large range of products and applications. These deliveries have normally less price volatility because of longer term contracts.

The volume sold is mainly purchased from the Production segment based on the arm's length principle. Consequently, the Sales and Marketing segment mainly increases Yara's margins through distribution, management of working capital, and sales and marketing activities, rather than manufacturing of product. The segment is therefore characterized by a high capital turnover, a relatively low EBITDA margin in relation to revenues, and a low ratio of property, plant and equipment to total assets compared to a production-oriented fertilizer operation.

New Business

The New Business segment focuses on developing, commercializing, and scaling up profitable businesses for the benefit of Yara. Its mandate is to grow ideas, to develop new businesses, and to create new revenue streams. As of today, the main businesses in the segment sell urea, technical ammonium nitrate and calcium nitrate for industrial applications within mining applications, environmental solutions and industrial nitrates. These products are based on Yara's core production outputs and the volume sold is mainly purchased from the Production segment based on the arm's length principle. The customer contracts are to a large extent medium to long-term contracts, however products are also sold spot based on ordinary purchase orders. In some markets the segment delivers equipment and services to store or handle products.

Yara's portfolio of environmental solutions includes total solutions for NOx abatement for industrial plants and transport at both land and sea. The main external revenues within this area are derived from the product AdBlue/Air1, a high concentration urea-based reagent used by heavy-duty diesel vehicles to reduce nitrogen oxide emission.

Production

The Production segment comprises the manufacturing plants producing ammonia, fertilizer and industrial products. About 90% of the sales in the segment are group internal sales. The remaining external sales mainly relate to Yara's global trade and shipping of ammonia.

The Production segment holds ownership interests in associates and joint arrangements. The investments in the joint arrangements Trinidad Nitrogen Company Ltd, Yara Pilbara Nitrates Pty Ltd and Yara Freeport LLC DBA Texas Ammonia are classified as joint operations, for which Yara consolidate its share of assets, liabilities, revenues and costs. The investments in Qatar Fertilizer Company ("Qafco") and Libyan Norwegian Fertilizer Company ("Lifeco") are accounted for using the equity method of accounting.

The Production segment's operating results are highly influenced by volume output. In addition, operating results are strongly linked to its production margins. These are primarily driven by the price levels for ammonia, urea, nitrates, NPK, phosphoric acid, and the price level of energy and raw materials such as phosphate rock and potash. Operating results can also be strongly influenced by movements in currency exchange rates.

The fluctuation of the Production segment's operating results is similar to other fertilizer producers. It is typically less stable than the operating results of Yara's Sales and Marketing and New Business segments.

Other and eliminations

In the segment information, "Other and eliminations" consists mainly of cross-segment eliminations and Yara's headquarter costs. Profits on sales from Production to Sales and Marketing and New Business are not recognized in the 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 Sales and Marketing and New Business, but can also be affected by changes in Production margins on products sold to Sales and Marketing and New Business as transfer prices move in line with arm's-length market prices. With all other variables held constant, higher stocks in Sales and Marketing and New Business 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.

USD millions	2Q 2019	2Q 2018 Restated [1]	1H 2019	1H 2018 Restated [1]	2018 Restated [1]
External revenue and other income					
Sales and Marketing	2,868	2,705	5,365	5,110	10,968
New Business	312	252	636	463	1,063
Production	220	234	410	474	1,017
Other and eliminations	2	1	4	1	5
Total	3,402	3,192	6,416	6,048	13,054
Internal revenue and other income					
Sales and Marketing	34	38	79	76	160
New Business	1	1	2	3	3
Production	1,607	1,434	3,198	2,759	6,183
Other and eliminations	(1,642)	(1,473)	(3,279)	(2,838)	(6,346)
Total	-	-	-	-	-
Revenue and other income					
Sales and Marketing	2,902	2,742	5,444	5,187	11,128
New Business	313	254	638	466	1,067
Production	1,827	1,668	3,609	3,233	7,200
Other and eliminations	(1,640)	(1,472)	(3,275)	(2,837)	(6,340)
Total	3,402	3,192	6,416	6,048	13,054
Operating income					
Sales and Marketing	139	99	253	237	427
New Business	32	24	72	41	103
Production	101	(66)	168	(100)	(35)
Other and eliminations	(6)	(18)	(29)	(7)	(93)
Total	266	38	464	171	402
EBITDA					
Sales and Marketing	196	157	366	334	613
New Business	37	29	84	51	115
Production	306	119	571	272	856
Other and eliminations	2	(9)	(15)	9	(62)
Total	541	296	1,006	666	1,523
Effect on EBITDA of implementing IFRS 16 [2]					
Sales and Marketing	13	-	25	-	-
New Business	3	-	6	-	-
Production	9	-	17	-	-
Other and eliminations	2	-	4	-	-
Total	27	-	52	-	-
EBITDA on IAS17 basis [2]					
Sales and Marketing	182	157	340	334	613
New Business	35	29	78	51	115
Production	297	119	555	272	856
Other and eliminations	-	(9)	(19)	9	(62)
Total	513	296	954	666	1,523
Investments [3]					
Sales and Marketing	16	95	27	149	308
New Business	1	2	2	4	9
Production	262	563	435	1,031	1,723
Other and eliminations	4	13	7	20	41
Total	282	673	471	1,204	2,080
Total Assets [4]					
Sales and Marketing	4,915	4,352	4,915	4,352	4,514
New Business	547	370	547	370	450
Production	11,725	11,366	11,725	11,366	11,478
Other and eliminations	468	933	468	933	213
Total	17,656	17,022	17,656	17,022	16,656

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.
2) The effect on EBITDA of implementing IFRS 16 and EBITDA on IAS 17 basis is provided for information purposes only.
3) 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.
4) Assets exclude internal cash accounts, internal accounts receiveable and accounts related to group relief.

	1H 2019	1H 2018 Restated [1)]	2018 Restated [1)]
ROIC (12-month rolling average)			
Yara [2)]	5.4%	3.1%	3.8%
Sales and Marketing	14.0%	14.2%	14.4%
New Business	36.5%	23.3%	32.9%
Production	2.8%	(0.4%)	0.6%

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.
2) A normalized operating cash requirement is employed in the ROIC calculation for Yara, but not for the segments. This effect explains the variance in ROIC between Yara and the segments. See page 34 "Alternative performance measures" for more information.

USD millions	Operating income	Equity accounted investees	Interest income and other financial income	EBIT	Depreciation and amortization [1)]	Impairment loss [2)]	EBITDA
2Q 2019							
Sales and Marketing	139	4	15	158	37	-	196
New Business	32	-	-	32	6	-	37
Production	101	15	2	118	178	10	306
Other and eliminations	(6)	-	1	(5)	6	-	2
Total	266	19	18	304	227	10	541
2Q 2018 Restated [3)]							
Sales and Marketing	99	5	18	122	21	14	157
New Business	24	-	3	27	3	-	29
Production	(66)	11	(2)	(57)	170	6	119
Other and eliminations	(18)	-	4	(15)	6	-	(9)
Total	38	17	22	77	199	20	296
1H 2019							
Sales and Marketing	253	3	34	291	75	-	366
New Business	72	-	-	73	11	-	84
Production	168	33	3	204	354	13	571
Other and eliminations	(29)	-	2	(28)	13	-	(15)
Total	464	36	39	540	453	13	1,006
1H 2018 Restated [3)]							
Sales and Marketing	237	4	36	278	41	15	334
New Business	41	-	5	46	5	-	51
Production	(100)	24	(2)	(78)	342	8	272
Other and eliminations	(7)	-	4	(3)	12	-	9
Total	171	27	43	242	401	24	666
2018 Restated [3)]							
Sales and Marketing	427	5	67	498	86	28	613
New Business	103	1	1	105	10	-	115
Production	(35)	76	4	45	689	122	856
Other and eliminations	(93)	-	10	(83)	22	-	(62)
Total	402	82	81	566	807	150	1,523

1) Including amortization on excess value in equity-accounted investees.
2) Including impairment loss on excess value in equity-accounted investees.
3) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/ insurance services	Other products and services	Total
2Q 2019				
Sales and Marketing	2,765	97	4	2,866
New Business	217	22	73	312
Production	176	16	13	205
Other and eliminations	-	-	2	2
Total	3,159	135	92	3,386
2Q 2018 Restated [1)]				
Sales and Marketing	2,604	95	4	2,703
New Business	196	30	26	252
Production	190	23	16	229
Other and eliminations	-	-	1	1
Total	2,991	147	47	3,185
1H 2019				
Sales and Marketing	5,171	175	8	5,354
New Business	432	44	160	636
Production	318	33	30	381
Other and eliminations	1	-	4	5
Total	5,922	252	202	6,376
1H 2018 Restated [1)]				
Sales and Marketing	4,931	168	8	5,107
New Business	382	41	40	463
Production	383	34	35	451
Other and eliminations	-	-	2	2
Total	5,696	243	84	6,023
2018 Restated [1)]				
Sales and Marketing	10,561	367	13	10,941
New Business	829	85	150	1,064
Production	782	64	67	913
Other and eliminations	1	-	9	9
Total	12,173	517	239	12,928

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Disaggregation of external revenues by geographical area

USD millions	Europe	Brazil	Latin America ex. Brazil	Asia	North America	Africa	Total
2Q 2019							
Sales and Marketing	913	805	249	362	375	162	2,866
New Business	154	27	20	40	41	30	312
Production	39	16	8	78	65	-	205
Other and eliminations	2	-	-	-	-	-	2
Total	1,108	848	277	480	481	192	3,386
2Q 2018 Restated [1)]							
Sales and Marketing	924	610	295	389	337	147	2,703
New Business	128	16	14	28	38	29	252
Production	28	22	8	90	80	-	229
Other and eliminations	1	-	-	-	-	-	1
Total	1,081	648	318	507	456	176	3,185
1H 2019							
Sales and Marketing	1,920	1,452	411	682	607	282	5,354
New Business	310	55	41	91	80	59	636
Production	72	37	18	122	131	-	381
Other and eliminations	5	-	-	-	-	-	5
Total	2,308	1,545	470	895	818	341	6,376
1H 2018 Restated [1)]							
Sales and Marketing	1,899	1,139	489	717	592	271	5,107
New Business	235	17	29	49	79	55	463
Production	59	50	18	162	163	-	451
Other and eliminations	2	-	-	-	-	-	2
Total	2,194	1,206	535	929	833	326	6,023
2018 Restated [1)]							
Sales and Marketing	3,549	3,370	995	1,494	1,001	531	10,941
New Business	503	75	68	141	163	114	1,064
Production	128	97	31	311	346	-	913
Other and eliminations	9	-	-	-	-	-	9
Total	4,190	3,542	1,094	1,947	1,511	645	12,928

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Note 4 Disposal group held-for-sale and minority buy-out

Yara signed in 2018 an agreement with the non-controlling interest in Galvani to acquire their 40% equity interest. As part of the 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 were therefore reclassified to a disposal group held-for-sale from that date. The disposal group is reported as part of the Production segment.

The fair value of the disposal group was determined to be lower than its carrying amount and an impairment of USD 33 million was recognized upon reclassification in 2018.

This transaction is subject to conditions precedent, some of which that were still to be met at the end of June 2019. By 10 July 2019, these conditions were satisfied and closing took place on that date. In addition to fair value of assets and liabilities transferred, consideration includes a cash payment of USD 70 million over a three year period from closing and a conditional future payment related to project success of maximum USD 30 million. In addition, Yara is through Galvani providing a capital contribution to the new entity of USD 30 million as starting capital, minus adjustments for a normalized level of working capital.

The carrying amount of the non-controlling interest in Galvani is USD 142 million at the end of second quarter 2019. The difference between the carrying amount and the consideration, including fair value of assets and liabilities that are being transferred and a normalized working capital, will be recognized in equity attributable to shareholders of the parent at the date of closing (10 July 2019). Estimated effect on equity attributable to the shareholders of the parent based on the balance sheet at 30 June 2019 is a reduction of USD 153 million.

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

USD millions	Part of Galvani	Other	Total
Deferred tax assets	1	-	1
Intangible assets	35	-	35
Property, plant and equipment	104	3	107
Other non-current assets	3	-	3
Inventories	47	-	47
Trade receivables	32	-	32
Prepaid expenses and other current assets	3	-	3
Cash and cash equivalents	14	-	14
Disposal group classified as held-for-sale	239	3	242
Long-term provisions	5	-	5
Trade and other payables	21	-	21
Income tax payable	1	-	1
Liabilities associated with disposal group held-for-sale	28	-	28
Net assets held-for sale	211	3	214

Note 5

Specifications to the condensed consolidated interim statement of income

Other income

USD millions	2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Sale of white certificates	5	3	15	18	35
Insurance compensations	3	-	10	-	27
Derecognition of contingent consideration related to Galvani [1)]	-	-	-	-	21
Change in fair value of contingent consideration related to Galvani [1)]	-	-	-	-	15
Take-or-pay compensation from customer	-	-	-	-	15
Other	2	2	6	4	9
Total	10	6	32	23	122

1) See note 4 for more information.

Depreciation and amortization

USD millions	2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Depreciation of property, plant and equipment	(189)	(186)	(380)	(375)	(755)
Depreciation of right-of-use assets	(27)	-	(50)	-	-
Amortization of intangible assets	(11)	(13)	(23)	(25)	(52)
Total depreciation and amortization	(227)	(199)	(452)	(401)	(807)

Impairment loss

USD millions	2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Impairment loss tangible assets	(13)	(20)	(16)	(25)	(136)
Impairment loss goodwill and intangible assets	-	-	-	-	(16)
Reversal of impairment loss	3	-	3	1	3
Total impairment loss	(10)	(20)	(13)	(23)	(150)

Note 6 Inventories

USD millions	30 Jun 2019	30 Jun 2018	31 Dec 2018
Finished goods	1,300	1,256	1,416
Work in progress	43	46	54
Raw materials	1,303	1,074	1,098
Total	2,646	2,376	2,568
Write-down			
Balance at 1 January	(24)	(27)	(27)
Reversal/(write-down), net	-	8	2
Foreign currency translation gain/(loss)	-	1	1
Closing balance	(24)	(18)	(24)

Note 7 Long-term debt

Long-term debt by maturity

USD millions	Debentures	Bank Loans	Other LT loans	Total
2020	-	24	-	24
2021	83	54	2	139
2022	283	195	-	478
2023	-	45	-	45
2024	190	181	21	392
Thereafter	1,611	61	-	1,673
Total	2,167	559	24	2,750

Yara established a bank facility of USD 250 million in May 2019 with maturity in 2021. The USD 500 million bond issued in 2009 was repaid upon maturity in June 2019. There have been no other significant changes in Yara's long-term interest-bearing debt profile during the second quarter.

In July 2019, Yara signed a new USD 1,100 million multicurrency syndicated revolving credit facility with a tenor of 5+1+1 years, replacing the USD 1,250 million revolving credit facility established in 2013. The new revolving facility remains fully undrawn, as does the USD 250 million facility mentioned above. In addition, Yara has unused short-term credit facilities with various banks totaling approximately USD 430 million.

Reconciliation of liabilities arising from financing activities

			Non cash changes						
USD millions	31 Dec 2018	Cash flows	Debt assumed as part of acquisition	Transfer to liability held for sale	Foreign exchange movement	Amortization [1]	Other [2]	Reclassification	30 Jun 2019
Long-term interest-bearing debt	2,776	350	-	-	(4)	1	(11)	(362)	2,750
Bank loans and other interest-bearing short-term debt	397	114	-	-	4	-	-	-	515
Current portion of long-term debt	824	(534)	-	-	15	-	(2)	362	665
Total liabilities from financing activities	3,997	(70)	-	-	16	1	(13)	-	3,931

1) Amortization of transaction cost.
2) Including lease liabilities reclassified to Long-term lease liabilities in the statement of financial position.

Note 8 Leases

Yara adopted IFRS 16 Leases for reporting periods beginning on and after 1 January 2019 using the modified retrospective method. As a result, prior years comparatives for 2018 are not disclosed. See accounting policy section on pages 17-18.

Right-of-use assets

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
Carrying value							
Prepaid lease payments	10	-	-	2	-	-	13
Leases previously accounted for as PP&E (finance leases)	-	-	14	-	-	11	25
Leases capitalized due to implementation of IFRS 16	113	20	85	83	55	52	409
Balance ROU assets at 1 January 2019	123	20	99	85	55	63	447
Additions and lease modifications	-	-	(1)	7	14	5	26
Depreciation	(3)	(3)	(9)	(14)	(13)	(8)	(50)
Foreign currency translation gain/(loss)	-	-	-	-	-	-	1
Balance at 30 June 2019	121	18	89	79	57	60	424

The right-of-use assets for vessels are limited since time-charters which expire in 2019 are expensed in accordance with the short-term exemption available upon implementation of IFRS 16. See accounting policy section for more information.

Lease liabilities

USD millions	Long-term	Short term	Total
Carrying value			
Lease obligations under IAS 17 (finance leases)	17	6	23
New lease obligations due to implementation of IFRS 16	327	82	409
Balance lease obligations at 1 January	344	88	432
Additions and lease modifications	26	-	26
Reclassification to short-term	(52)	52	-
Lease payments	-	(50)	(50)
Foreign currency translation gain/(loss)	-	-	-
Balance at 30 June	318	90	408

The weighted average incremental borrowing rate applied to lease liabilities at initial application 1 January 2019 was 3.8 percent. Interest expense on lease liabilities amounts to USD 4 million in the second-quarter and USD 8 million year-to-date.

Leases expensed in the period

Leases expensed amounts to USD 22 million in the second-quarter and USD 45 million year-to-date. The expensed leases refers to leases with variable payments, leases of low value, or leases of short-term including leases that expire in 2019 and which are covered by the short-term exemption available on transition to IFRS 16 at 1 January 2019.

IAS 17 operating lease commitments 31 Dec 2018 compared to IFRS 16 lease liability 1 January 2019

Operating, non-cancellable, nominal lease commitments disclosed according to IAS 17 as of year-end 2018 amounted to USD 578 million. Using the incremental borrowing rates for relevant currencies and lease terms at 1 January 2019, the discounted IAS 17 commitments amounts to USD 435 million compared to new lease obligations of USD 409 million capitalized under IFRS 16. The difference is explained by an effect of extended lease terms under IFRS 16 of USD 92 million, which is more than offset by the effects of Yara's use of short-term and low value exemptions as well as different accounting and interpretation of non-lease components and other contractual commitments under IFRS 16.

IFRS 16 adjustment for each financial statement line item

Consolidated statement of income

USD millions	2Q 2019 As reported (IFRS 16)	Impact IFRS 16	2Q 2019 Adjusted (IAS 17)	2Q 2018 As reported (IAS 17)
Other operating expenses	(117)	(27)	(144)	(133)
EBITDA	541	(27)	514	296
Depreciation and amortization	(227)	27	(200)	(199)
Operating income	266	(1)	265	38
Interest expense and other financial items	(45)	4	(41)	(36)
Income before tax	294	3	297	(261)

USD millions	1H 2019 As reported (IFRS 16)	Impact IFRS 16	1H 2019 Adjusted (IAS 17)	1H 2018 As reported (IAS 17)
Other operating expenses	(232)	(52)	(284)	(244)
EBITDA	1,006	(52)	954	666
Depreciation and amortization	(452)	50	(403)	(401)
Operating income	464	(2)	462	171
Interest expense and other financial items	(90)	8	(83)	(63)
Income before tax	406	5	411	(115)

IFRS 16 impact on EBITDA for the Group's operating segments is included in note 3 Segment information.

Consolidated statement of financial position

USD millions	1 Jan 2019 Opening balance (IFRS 16)	Impact IFRS 16	31 Dec 2018 As reported (IAS 17)	30 Jun 2019 As reported (IFRS 16)	Impact IFRS 16	30 Jun 2019 Adjusted (IAS 17)
Property, plant & equipment	8,404	26	8,430	8,519	24	8,544
Right-of-use assets	447	(447)	-	424	(424)	-
Prepaid expenses and other current assets	729	12	741	689	12	701
Total assets	17,065	(409)	16,656	17,656	(387)	17,269
Long-term interest bearing debt	2,759	17	2,776	2,750	14	2,764
Long-term lease liabilities	344	(344)	-	318	(318)	-
Bank loans and other short-term interest bearing debt	391	6	397	515	6	521
Other short-term liabilities	88	-	88	114	(2)	112
Short-term lease liabilities	88	(88)	-	90	(90)	-
Total equity and liabilities	17,065	(409)	16,656	17,656	(390)	17,267

Note 9 Employee benefits

By the end of second quarter, the defined benefit obligations have been remeasured using revised financial assumptions in order to capture developments in the financial markets during the quarter. The net remeasurement loss of the quarter is recognized as an increase in net liability of USD 35 million and a negative effect in other comprehensive income of USD 27 million (after tax).

Year-to-date increase to the gross employee benefit liability is USD 135 million, which is partly offset by a positive return on plan assets of USD 101 million in excess of what is recognized as interest income on plan assets. The net impact to other comprehensive income is a remeasurement loss of USD 26 million (after tax). The main reason for the increase in defined benefit obligations is declining discount rates in the Euro zone and the UK of approximately 0.5% points on a year-to-date basis. Full actuarial valuations of all long-term employee benefit obligations will be recognized in the fourth quarter 2019.

Note 10 Business initiatives and post balance sheet events

Yara announced on 26 June 2019 that it is evaluating an IPO of its industrial nitrogen businesses. The conclusion of a final IPO scope is expected early 2020.

On 10 July 2019, Yara closed the acquisition of the remaining 40% equity interest in Galvani Indústria, Comércio e Serviços S.A (Galvani). After the transaction, Yara owns and controls 100% of this entity. As part of the consideration, certain assets and liabilities in Galvani have been transferred to the non-controlling interest. See note 4 for more information.

In July 2019, Yara signed a new USD 1,100 million multicurrency syndicated revolving credit facility, see note 7 for more information.

Responsibility statement

We confirm to the best of our knowledge, that the condensed set of interim consolidated financial statements at 30 June 2019 and for the six-month period 1 January to 30 June 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the Group's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any significant events that arose during the six-month period and their effect on the half-year financial report, any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months this year.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 15 July 2019

Geir Isaksen
Chairperson

Trond Berger
Vice chair

Hilde Bakken
Board member

Håkon Reistad Fure
Board member

Kimberly Lein-Mathisen
Board member

Adele Bugge Norman Pran
Board member

John Thuestad
Board member

Kjersti Aass
Board member

Eva Safrine Aspvik
Board member

Rune Bratteberg
Board member

Geir O. Sundbø
Board member

Svein Tore Holsether
President and CEO

Quarterly historical information

EBITDA

USD millions	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Sales and Marketing	196	170	125	154	157	177
New Business	37	46	39	26	29	22
Production	306	265	305	280	119	153
Other and eliminations	2	(17)	(39)	(32)	(9)	18
Total	541	465	430	427	296	370

Results

USD millions, except per share information	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Revenue and other income	3,402	3,014	3,459	3,547	3,192	2,856
Operating income	266	198	78	153	38	134
EBITDA	541	465	430	427	296	370
Net income after non-controlling interests	230	96	157	98	(211)	116
Basic earnings per share	0.84	0.35	0.58	0.36	(0.77)	0.42

Alternative performance measures

Yara makes regular use of certain non-GAAP alternative financial performance measures (APMs), both in absolute terms and comparatively from period to period. The APMs used are the following:

- Operating income
- EBITDA
- EBITDA exclusive special items
- Return on invested capital (ROIC)
- Basic earnings per share exclusive currency and special items
- Net interest-bearing debt
- Net debt/equity ratio
- Net debt/EBITDA exclusive special items

Definitions and explanations for use of the APMs are described below. Reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements are provided on the following pages.

Operating income

Operating income is directly identifiable from Yara's consolidated statement of income and is considered to be key information in order to understand the Group's financial performance. It provides performance information which covers all activities which normally are to be considered as "operating". Share of net income in equity-accounted investees is however not included.

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is used to provide consistent information on Yara's operating performance and debt servicing ability which is relative to other companies and frequently used by securities analysts, investors and other stakeholders. 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 exclusive special items

EBITDA exclusive special items is an adjusted EBITDA measurement which is used in the internal financial reporting to management and which Yara also considers to be relevant for external stakeholders. It aims to better mirror the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. Please find more information in the "special items" section below.

ROIC

With effect from 2019, Yara replaced the previous CROGI and ROCE performance measures with Return on invested capital (ROIC). The rationale for the change is that ROIC enables better benchmarking with comparable companies and businesses, both for internal and external stakeholders. ROIC is defined as Net operating profit after tax (NOPAT) divided by invested capital calculated on a 12-month rolling average basis. NOPAT is defined as operating income excluding amortization and impairment of intangible assets, plus interest income from external customers, minus tax cost calculated on the previous mentioned items with a 25% flat rate, and plus net income from equity-accounted investees. Average invested capital is defined as total current assets excluding cash and cash equivalents, plus a normalized cash level of USD 200 million, minus total current liabilities excluding bank loans and other interest-bearing short-term debt and current portion of long-term debt, plus property, plant and equipment, plus right-of-use assets, plus goodwill and plus equity-accounted investees.

NOPAT and average invested capital are defined and reconciled as components in reporting ROIC as an APM. They are not considered to be separate APMs.

Basic earnings per share excluding currency and special items

Earnings per share excluding currency and special items is an adjusted EPS measurement which Yara considers to be relevant for both internal and external stakeholders as it aims to mirror the underlying performance in the reported period, adjusting for currency effects and items which are not primarily related to the period in which they are recognized. This APM 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 simplicity.

Capital structure measures

Yara reports the Group's net interest-bearing debt, net debt/equity ratio and net debt/EBITDA ratio to provide information on the Group's financial position as reference to the targeted capital structure as communicated in Yara's financial policy. In addition, Yara's reporting of net interest-bearing debt highlights key development factors which are considered to be relevant supplements to the consolidated statement of cash flows. Net interest-bearing debt is defined by Yara as cash, cash equivalents and other liquid assets, reduced for bank loans, other short-term interest-bearing debt, long-term interest-bearing debt (including current portion) and lease liabilities. The net debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests. The Net Debt / EBITDA ratio is calculated as net interest-bearing debt divided by EBITDA exclusive special items.

Reconciliation of operating income to EBITDA excluding effect of special items

USD millions		2Q 2019	2Q 2018	Jul 2018 Jun 2019	Jul 2017–Jun 2018	2018
Operating income		266	38	695	318	402
Share of net income in equity-accounted investees		19	17	91	41	82
Interest income and other financial income		18	22	77	81	81
Earnings before interest expense and tax (EBIT)		304	77	863	439	566
Depreciation and amortization 1)		227	199	859	777	807
Impairment loss 2)		10	20	140	65	150
Earnings before interest, tax and depreciation/amortization (EBITDA)		541	296	1,862	1,281	1,523
Special items included in EBITDA 3)		5	24	(25)	114	2
EBITDA, excluding special items	A	546	321	1,837	1,395	1,525

1) Including amortization of 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.

Reconciliation of operating income to EBITDA excluding effect of special items

USD millions		1H 2019	1H 2018	2018
Operating income		464	171	402
Share of net income in equity-accounted investees		36	27	82
Interest income		39	43	81
EBIT		540	242	566
Depreciation and amortization 1)		453	401	807
Impairment loss 2)		13	24	150
EBITDA		1,006	666	1,523
Special items included in EBITDA 3)		5	32	2
EBITDA excluding special items	A	1,010	698	1,525

1) Including amortization of 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.

Reconciliation of operating income to net operating profit after tax

USD millions		2Q 2019	2Q 2018	Jul 2018 Jun 2019	Jul 2017–Jun 2018	2018
Operating income		266	38	695	318	402
Amortization and impairment of intangible assets		11	13	58	63	60
Interest income from external customers		16	18	65	70	69
Calculated tax cost (25% flat rate) on items above		(73)	(17)	(204)	(113)	(133)
Share of net income in equity-accounted investees		19	17	91	41	82
Net operating profit after tax (NOPAT)	B	239	68	704	379	481
Annualized NOPAT	C=Bx4	957	272			
12-month rolling NOPAT	C			704	379	481

Reconciliation of net income to net operating profit after tax

USD millions		2Q 2019	2Q 2018	Jul 2018 Jun 2019	Jul 2017– Jun 2018	2018
Net income		226	(216)	560	102	141
Amortization and impairment of intangible assets		11	13	58	63	60
Interest income from external customers		16	18	65	70	69
Interest income and other financial items		(18)	(22)	(77)	(81)	(81)
Interest expense and other financial items		45	36	181	102	153
Foreign currency translation gain/(loss)		(35)	302	27	246	278
Income tax, added back		68	(45)	95	(10)	(6)
Calculated tax cost (25% flat rate)		(73)	(17)	(204)	(113)	(133)
Net operating profit after tax (NOPAT)	B	239	68	704	379	481
Annualized NOPAT	C=Bx4	957	272			
12-month rolling NOPAT	C			704	379	481

Reconciliation of invested capital and ROIC calculation

		3-month average		12-month average		
USD millions		2Q 2019	2Q 2018	Jul 2018 Jun 2019	Jul 2017– Jun 2018	2018
Total current assets		5,750	5,267	5,555	4,782	5,281
Cash and cash equivalents		(386)	(614)	(511)	(434)	(573)
Normalized level of operating cash		200	200	200	200	200
Total current liabilities		(4,045)	(3,257)	(3,685)	(2,865)	(3,255)
Bank loans and other interest-bearing short-term debt		414	629	388	573	467
Current portion of long-term debt		866	174	712	86	373
Short-term lease liabilities		87	-	36	-	-
Property, plant and equipment		8,371	8,233	8,381	7,930	8,277
Right-of-use assets		426	-	175	-	-
Goodwill		843	958	857	907	913
Equity-accounted investees		1,016	1,041	1,022	1,063	1,041
Invested capital	D	13,542	12,632	13,132	12,242	12,725
Return on invested capital (ROIC)	E=C/D	7.1 %	2.2 %	5.4 %	3.1 %	3.8 %

Reconciliation of EBITDA to income before tax

USD millions		2Q 2019	2Q 2018	1H 2019	1H 2018	2018
EBITDA		541	296	1,006	666	1,523
Depreciation and amortization [1]		(227)	(199)	(453)	(401)	(807)
Impairment loss [2]		(10)	(20)	(13)	(24)	(150)
Foreign currency translation gain/(loss)		35	(302)	(43)	(294)	(278)
Interest expense and other financial items		(45)	(36)	(90)	(63)	(153)
Income before tax		294	(261)	406	(115)	134

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

Net operating capital

USD millions		30 Jun 2019	30 Jun 2018	31 Dec 2018
Trade receivables		1,905	1,638	1,601
Inventories		2,646	2,376	2,568
Trade payables [1]		(1,642)	(1,475)	(1,475)
Prepayments from customers		(592)	(640)	(343)
Net operating capital [2]		2,318	1,899	2,352

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.

2) Change in net operating capital as presented in the table above does not reconcile to change in net operating capital as presented in the Condensed consolidated interim statement of cash flows due to currency effects and items included in trade payables which are related to investments.

Net interest-bearing debt

USD millions		30 Jun 2019	30 Jun 2018	31 Dec 2018
Cash and cash equivalents		320	998	202
Bank loans and other short-term interest-bearing debt		(515)	(462)	(397)
Current portion of long-term debt		(665)	(570)	(824)
Short-term lease liabilities		(90)	-	-
Long-term interest-bearing debt		(2,750)	(3,119)	(2,776)
Long-term lease liabilities		(318)	-	-
Net interest-bearing debt	F	(4,019)	(3,153)	(3,794)

Net debt/equity ratio

USD millions		30 Jun 2019	30 Jun 2018	31 Dec 2018
Net interest-bearing debt	F	(4,019)	(3,153)	(3,794)
Total equity	G	(9,099)	(8,980)	(8,910)
Net debt/equity ratio	H=F/G	0.44	0.35	0.43

Net debt/EBITDA excluding special items ratio

USD millions		30 Jun 2019	30 Jun 2018	31 Dec 2018
Net interest-bearing debt	F	(4,019)	(3,153)	(3,794)
EBITDA, excluding special items (last 12 months)	A	1,837	1,395	1,525
Net debt/EBITDA excluding special items ratio	I=(F)/A	2.19	2.26	2.49

Earnings per share

USD millions, except earnings per share and number of shares		2Q 2019	2Q 2018	1H 2019	1H 2018	2018
Weighted average number of shares outstanding	J	272,525,904	273,217,830	272,611,392	273,217,830	273,169,994
Net income attributable to shareholders of the parent	K	230	(211)	326	(96)	159
Foreign currency translation gain/(loss)	L	35	(302)	(43)	(294)	(278)
Tax effect on foreign currency translation	M	(8)	81	8	78	77
Non-controlling interest share of foreign currency (gain)/loss, net after tax	N	(1)	(1)	(1)	(2)	(3)
Special items within income before tax [1]	O	(15)	(44)	(18)	(51)	(148)
Tax effect on special items	P	4	10	5	12	37
Special items within income before tax, net after tax	Q=O+P	(11)	(34)	(13)	(39)	(112)
Non-controlling interest's share of special items, net after tax	R	(2)	-	(2)	-	(9)
Net income excluding currency and special items	S=K–L–M+N–Q+R	210	43	371	158	460
Basic earnings per share	T=K/J	0.84	(0.77)	1.19	(0.35)	0.58
Basic earnings per share excluding foreign currency and special items	U=S/J	0.77	0.16	1.36	0.58	1.68

1) See page 10 for details on special items.

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