



Knowledge grows

# Yara International ASA Fourth quarter results 2014

Roadshow 24-25 February 2015

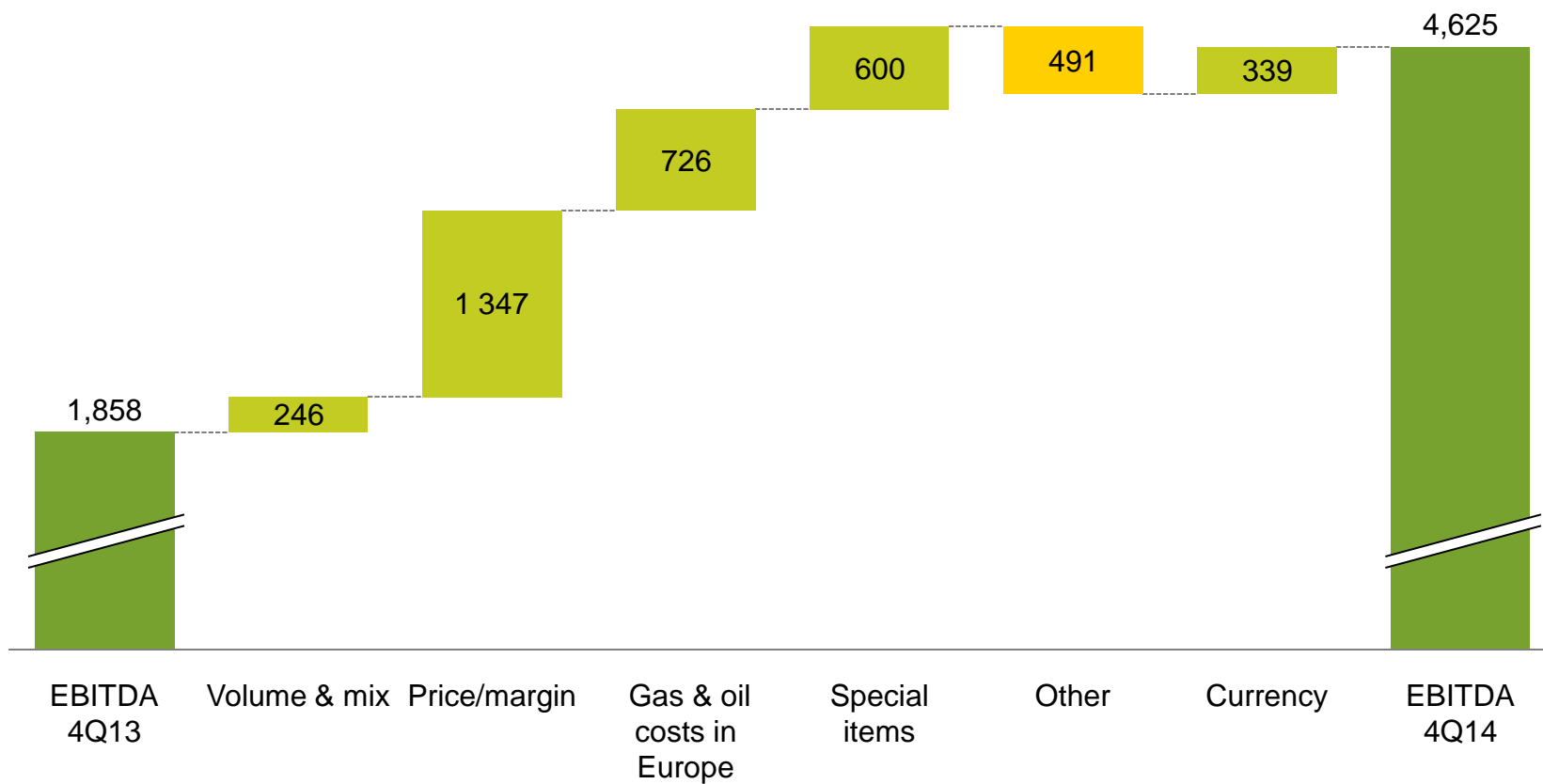
## Summary fourth quarter

- Strong result driven by higher margins
- Margins benefit from lower European gas prices and stronger US dollar
- Continued volume and margin growth in Brazil
- Further growth in Latin America with OFD and Galvani acquisitions
- Proposed dividend NOK 13 per share, 47% of net income



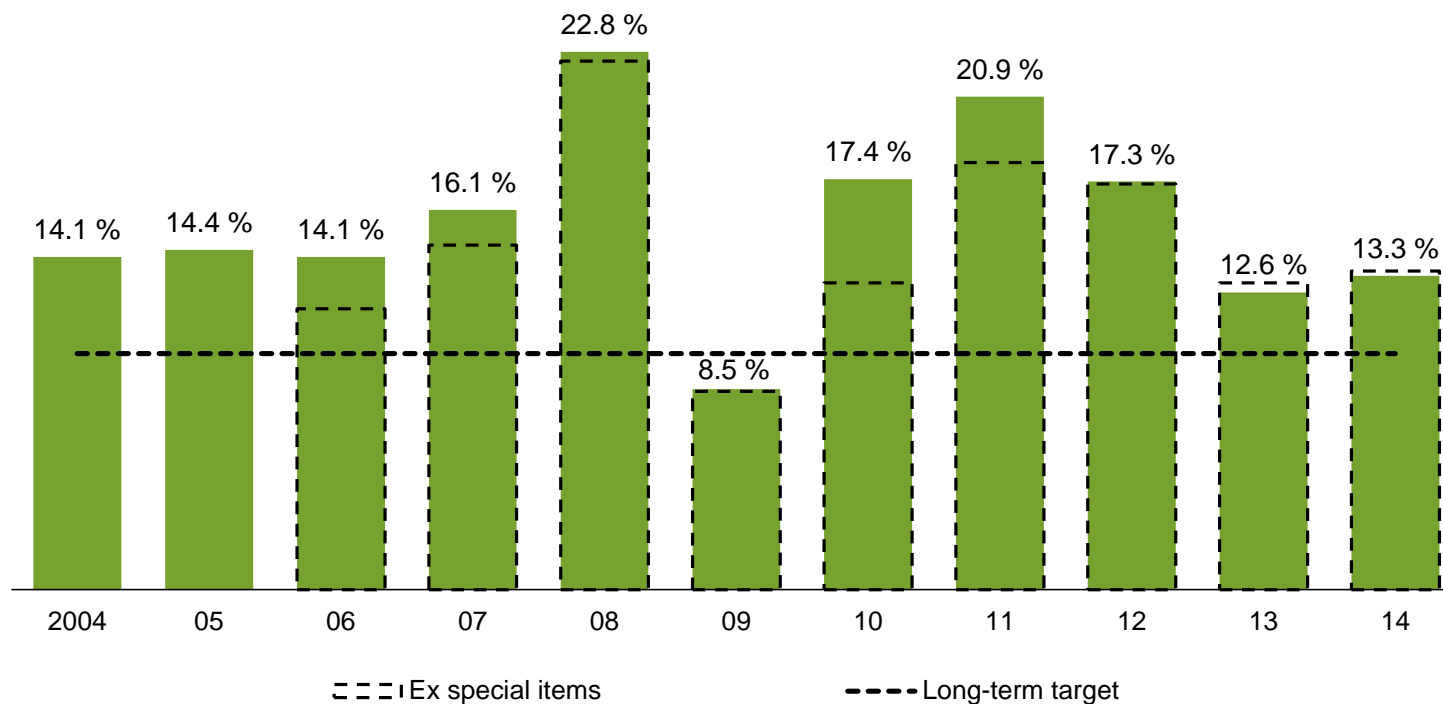
# EBITDA development

NOK millions



# Strong returns through the cycle

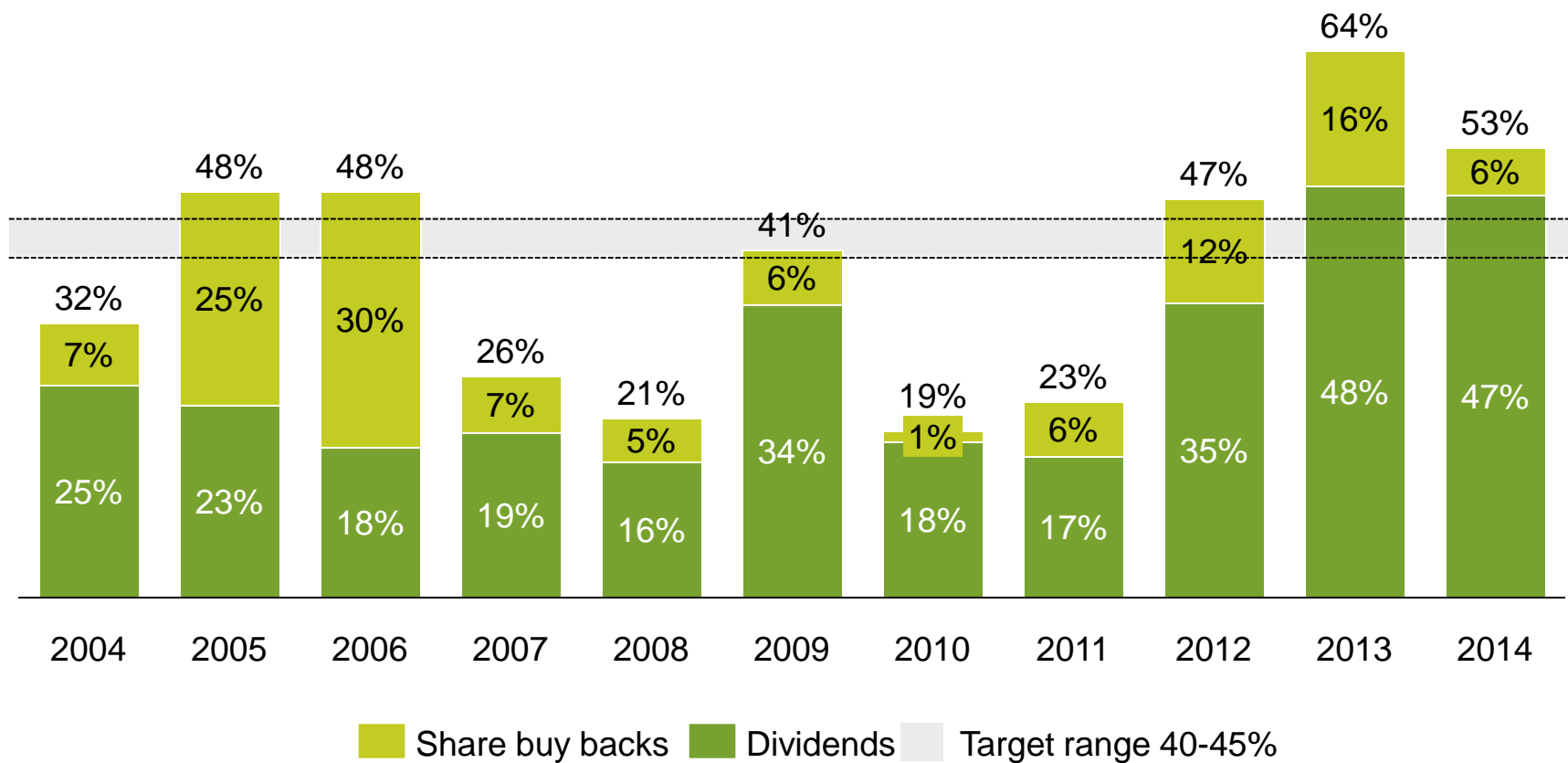
CROGI<sup>1</sup> (12 months rolling average)



1) Cash Return on Gross Investment = (EBITDA-tax)/Gross accumulated investments

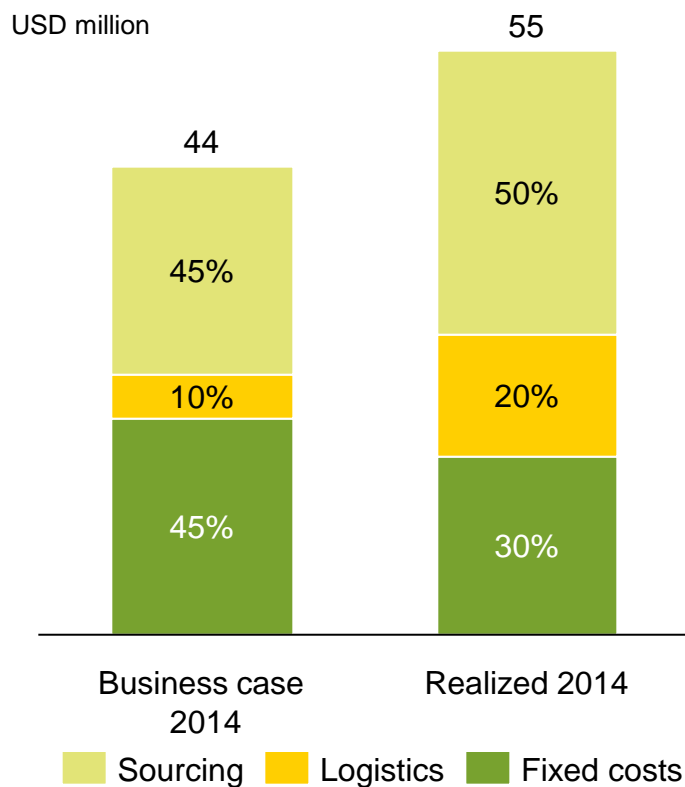
# Proposed dividend NOK 13 per share

## Share of net income

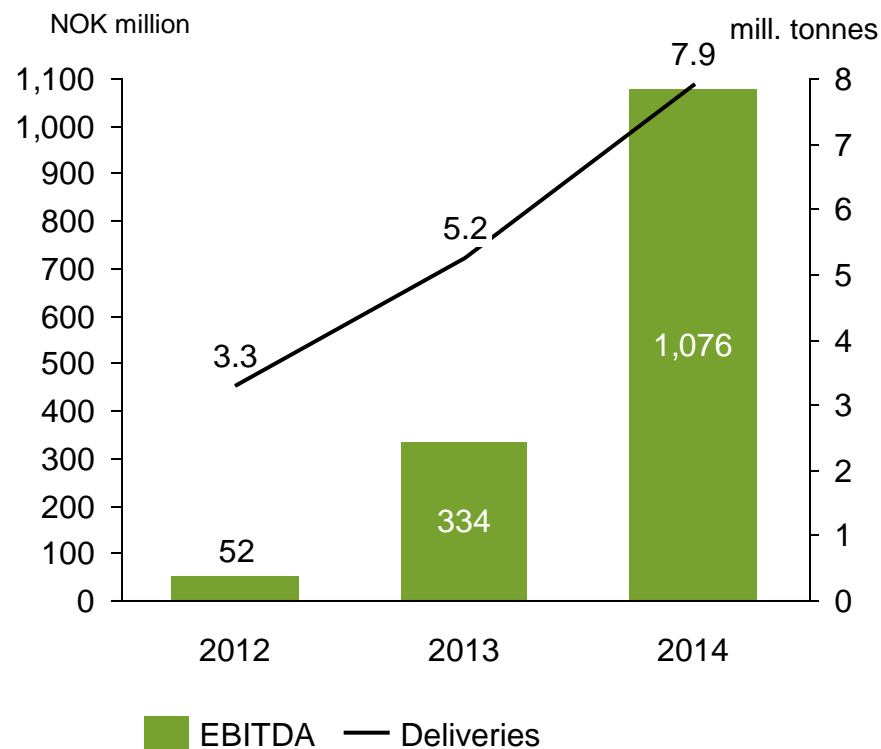


# Brazil performing well; significant Bunge synergies realized

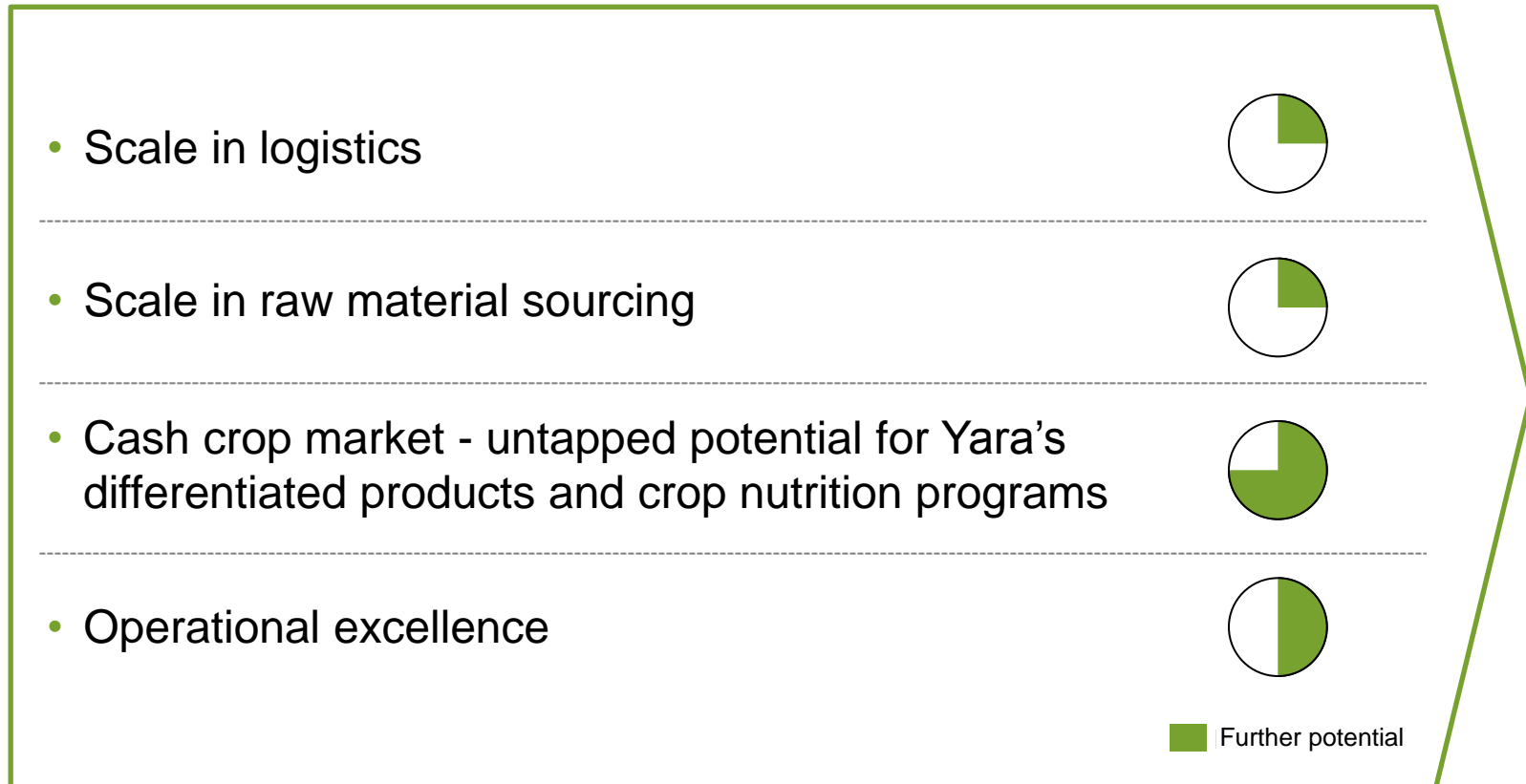
## Realized synergies



## Yara Brazil performance

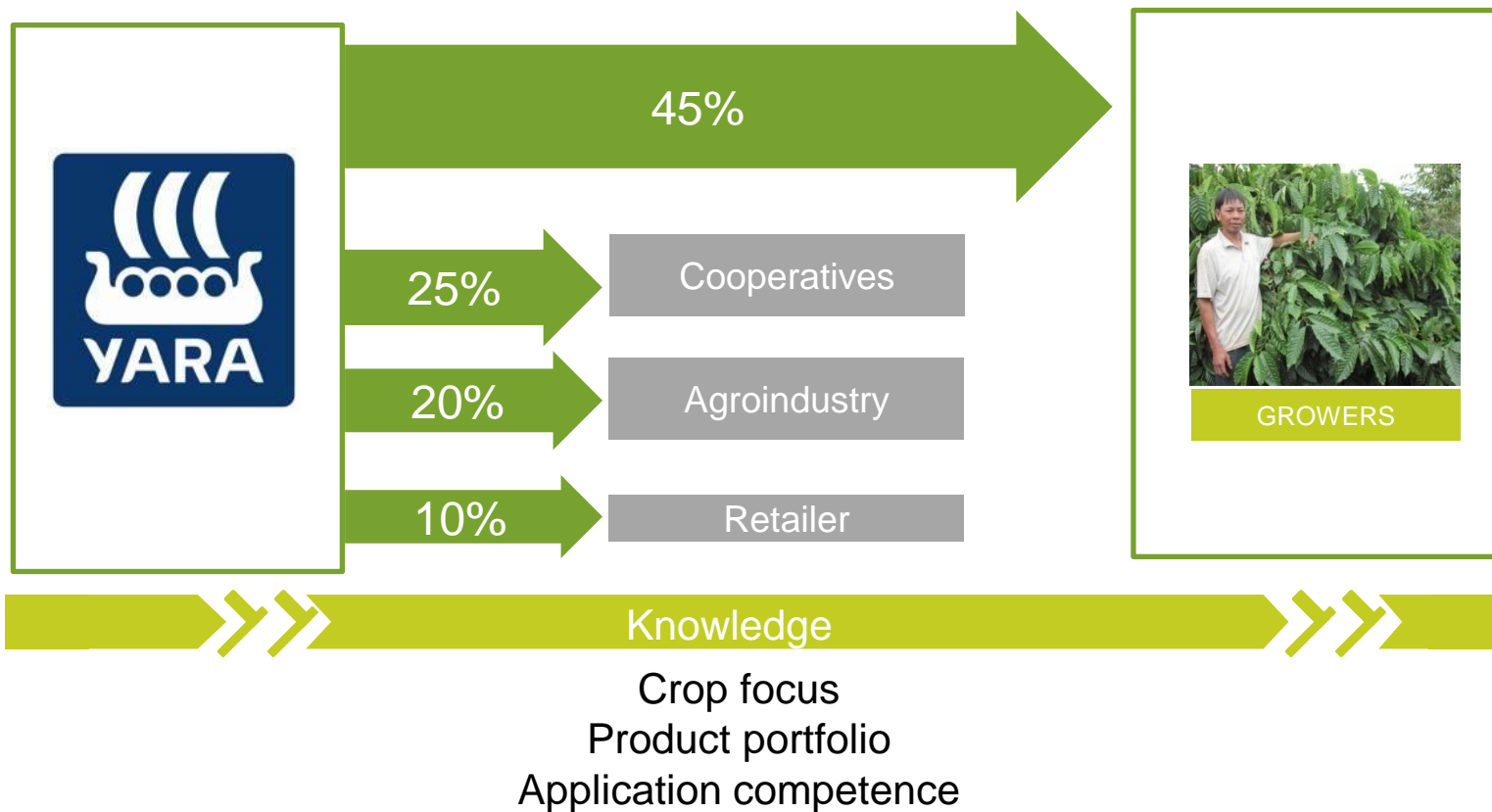


# Growth in Latin-America strengthens Yara's competitive edge



Brazil also complements Yara's fertilizer season exposure enhancing the flexibility in our business model

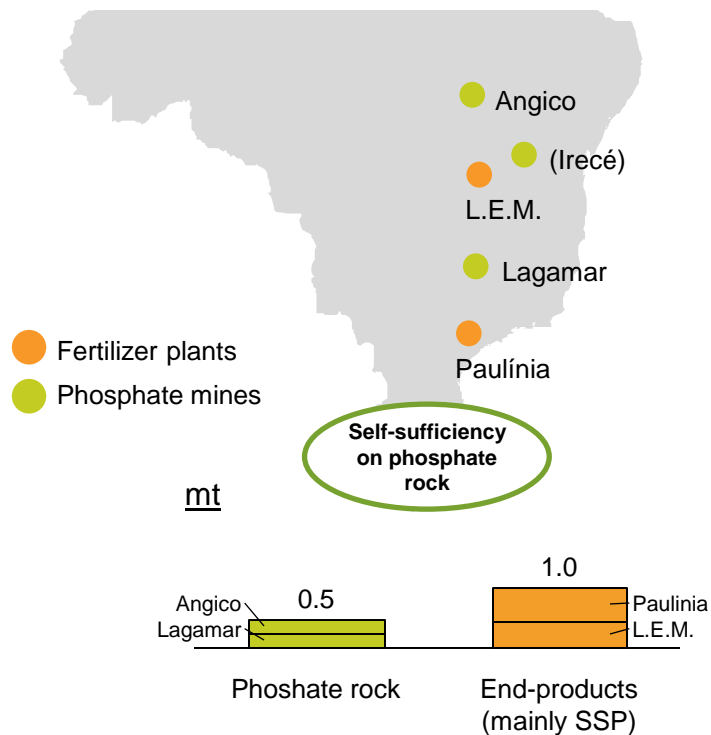
# Increased end-user interaction in Brazil



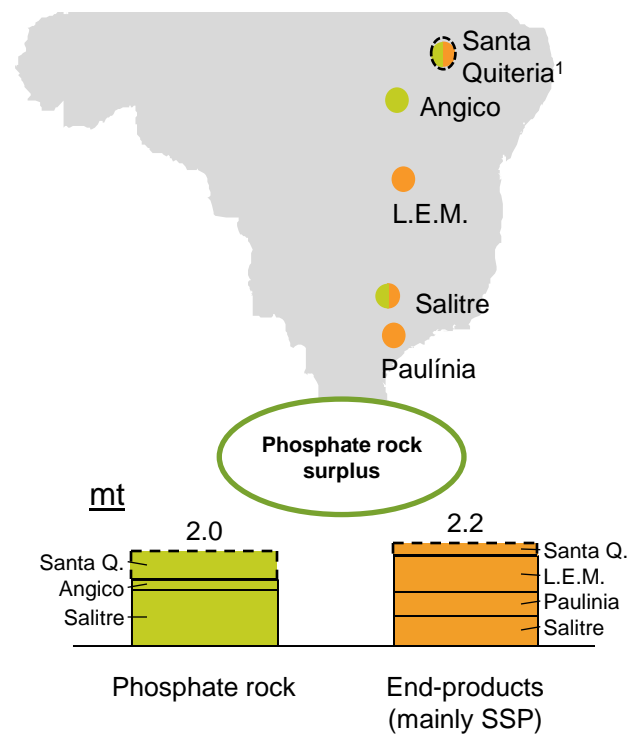


# Galvani expansions further improve scale and cost position

AS-IS



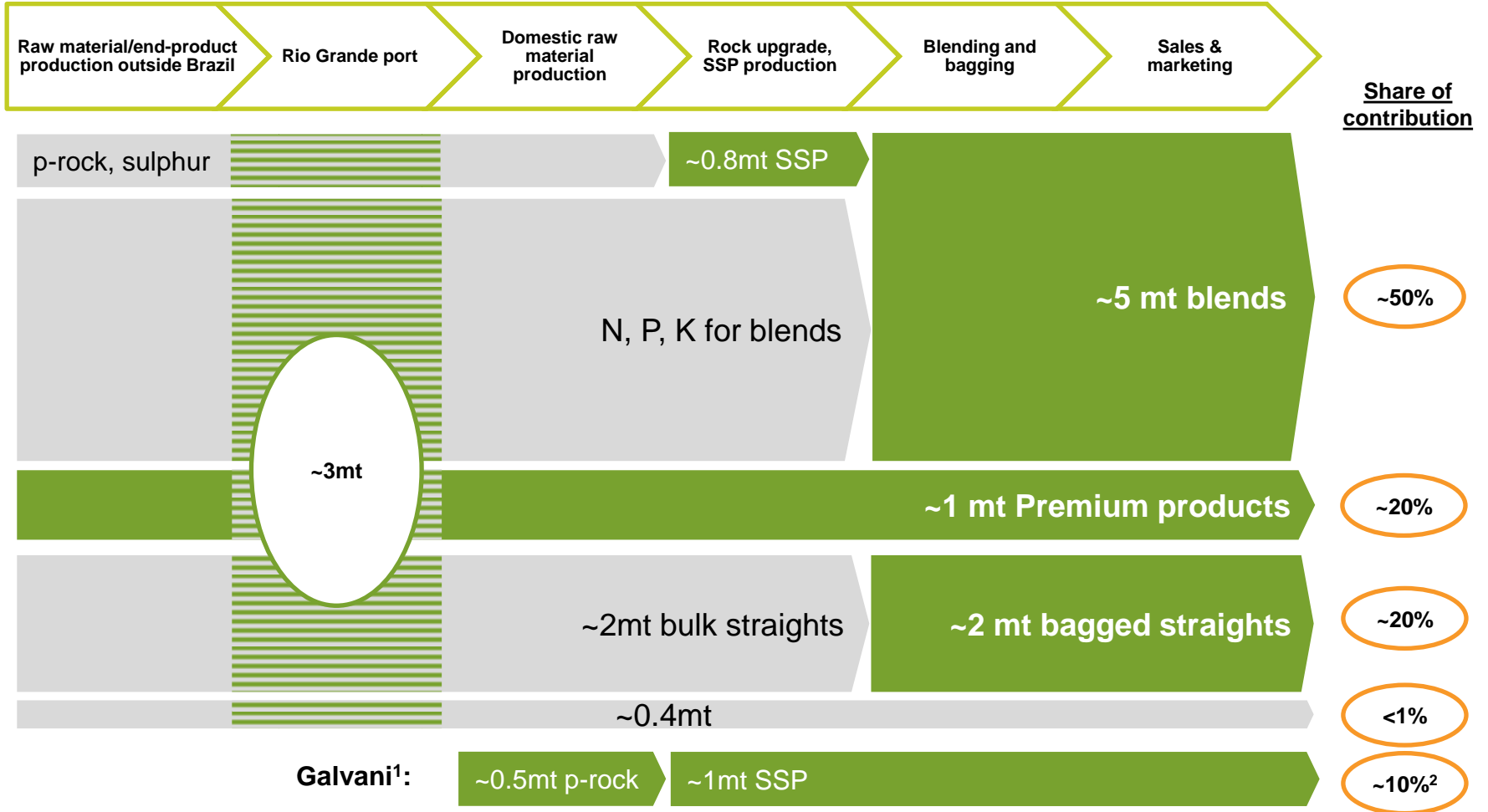
Future operations (~2018→)



- Salitre project and Angico expansion will triple phosphate rock production and reduce opex level significantly
- Salitre project investment decision during H2 2015 with start-up ~2 years later
- Yara's share of indicated capex for the projects ~USD 550 mill.



# Yara value chain presence in Brazil



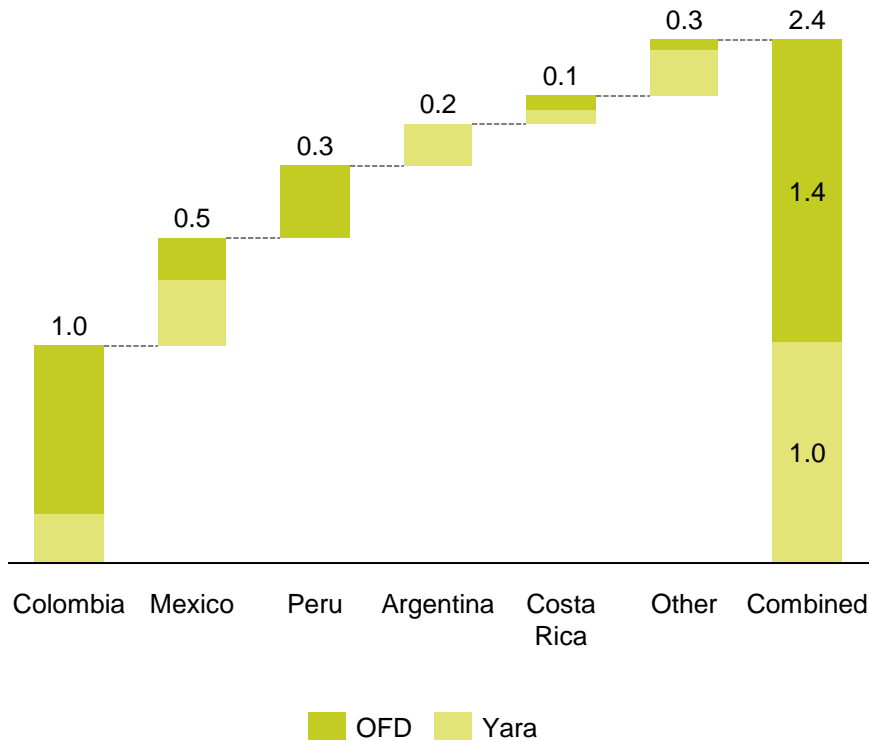
1) On 100%-basis. 2) Adjusted for Yara's 60%-ownership



# Yara serves rest of Latin America with an extensive product range and geographical reach

### Volume per geography

2014, mill. tonnes



### Volume per product group

2014, mill. tonnes



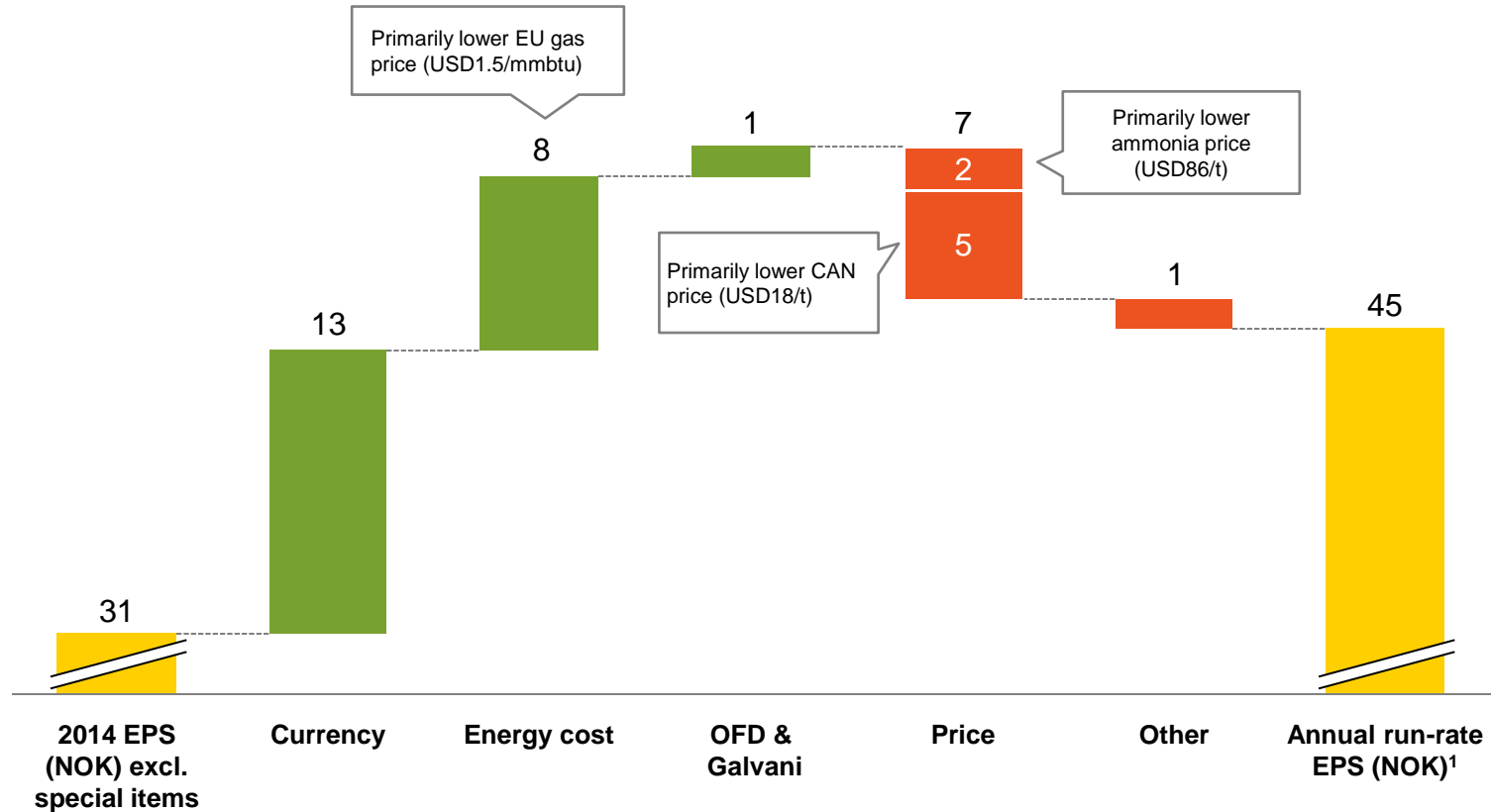
# Price and currency assumptions for run-rate earnings scenario

Parameter	2014 average	Current market (3 Feb 2015)
Ammonia fob Black Sea (USD/t)	496	410
Urea prilled fob Black Sea (USD/t)	318	315
CAN CIF Germany, USD/t	329	311
Phos rock fob North Africa (USD/t)	118	120
DAP fob USG (USD/t)	473	483
Zeebrugge natural gas (USD/MMBtu)	8.1	7.1
Henry hub natural gas (USD/MMBtu)	4.4	2.8
Yara's European energy price (USD/MMBtu)	9.1	7.6
NOK/USD	6.30	7.69
EUR/USD	1.33	1.13
BRL/USD	2.35	2.69



# Increase in run-rate earnings driven by currency and energy

NOK per share



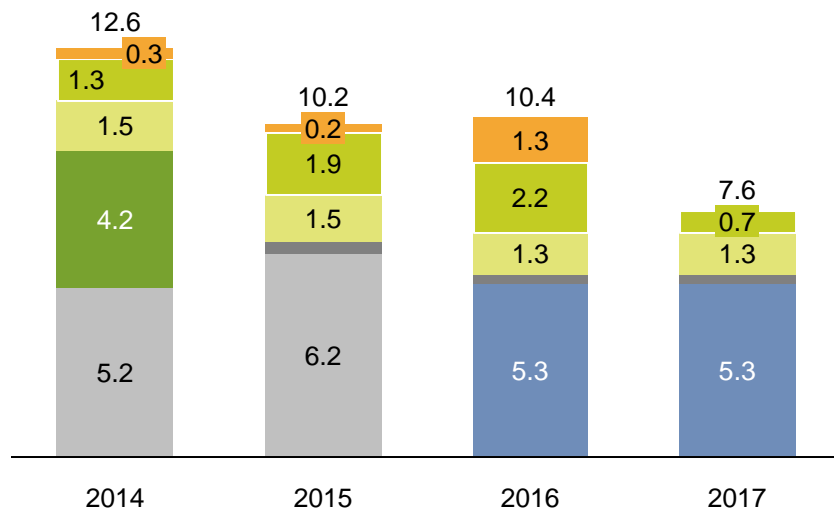
1) Based on market prices as of 3 Feb 2015. Excludes TAN Pilbara (start-up in 2H 2015)



# CAPEX guidance

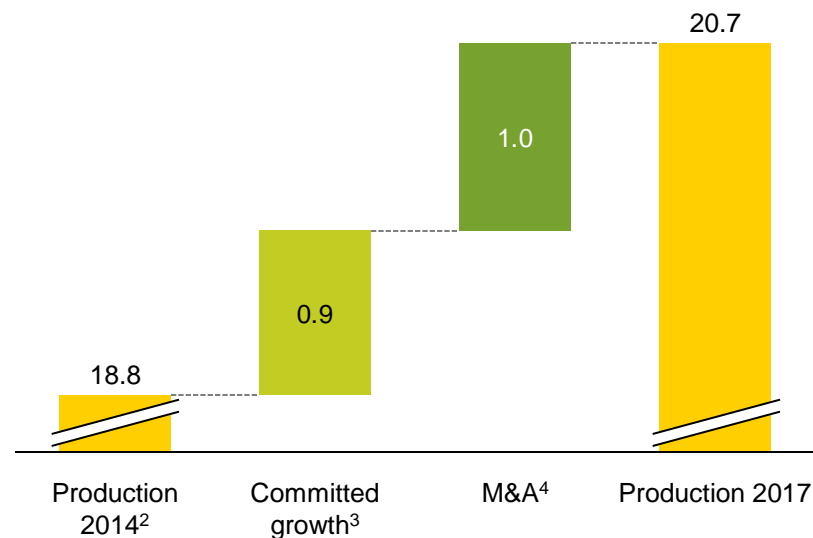
## Capex plan

NOK bn



## Production growth 2014-2017

mt



### Committed growth (NOKbn)<sup>1</sup>

Plant	2014	2015	2016	2017
Uusikapunki	0.4	-	-	-
TAN Pilbara	0.6	-	-	-
Köping	0.3	0.9	0.9	0.3
Porsgrunn	0.6	1.2	1.2	0.3
<b>Total</b>	<b>1.9</b>	<b>2.1</b>	<b>2.1</b>	<b>0.7</b>

- Ammonia vessels
- Committed growth
- Cost&capacity improvements
- M&A
- Maintenance (FX change impact)
- 2015 Maintenance (average 2014 FX)
- Normalized maintenance capex

- 2) Finished fertilizer and industrial products, excl. bulk blends
- 3) Committed projects only. TAN Pilbara: 160 kt (net 90kt), Porsgrunn: 250kt, Glomfjord: 185kt, Uusikapunki: 250kt, Köping: 90kt
- 4) Full-year impact vs. 2014 of Galvani (60% of ~1 mill.-tonnes) and OFD: ~400kt higher than 2014

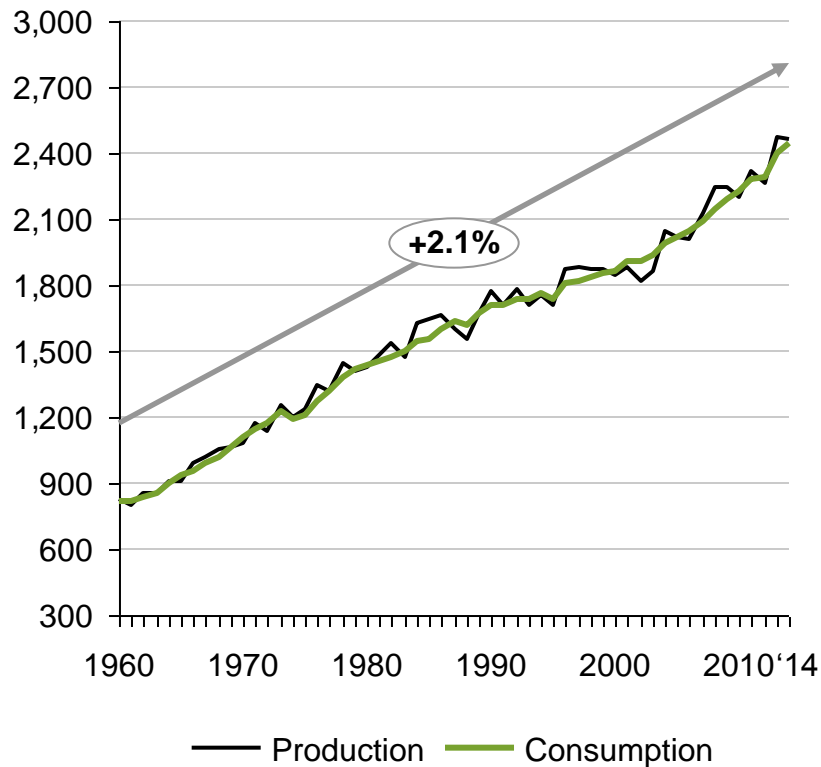
1) Yara's share of capex



# Price incentives needed to keep up with consumption growth

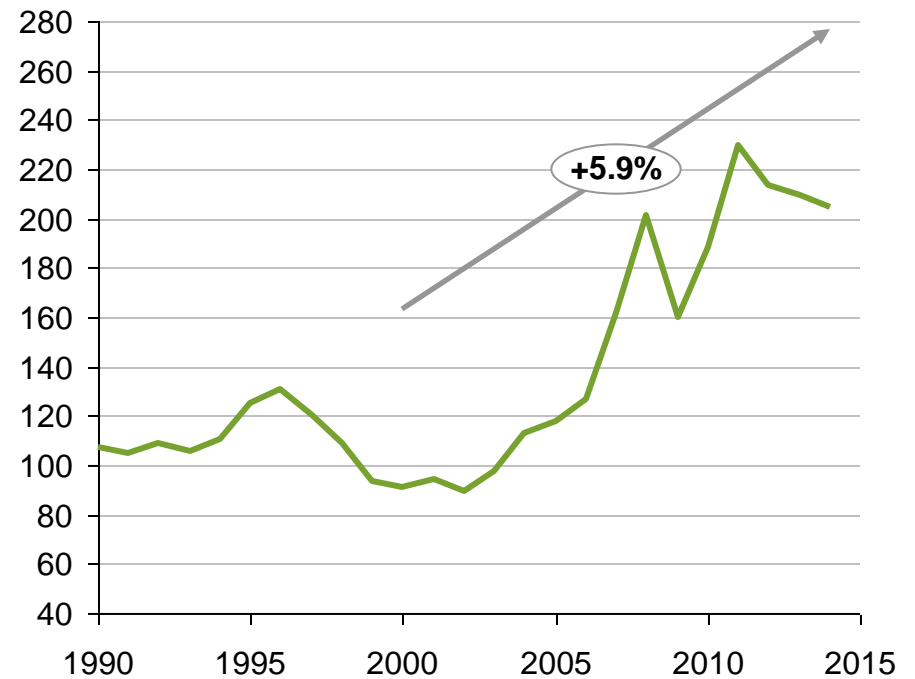
## Grain consumption and production

mill. tonnes



Source: USDA

## FAO price index (2002-2004=100)

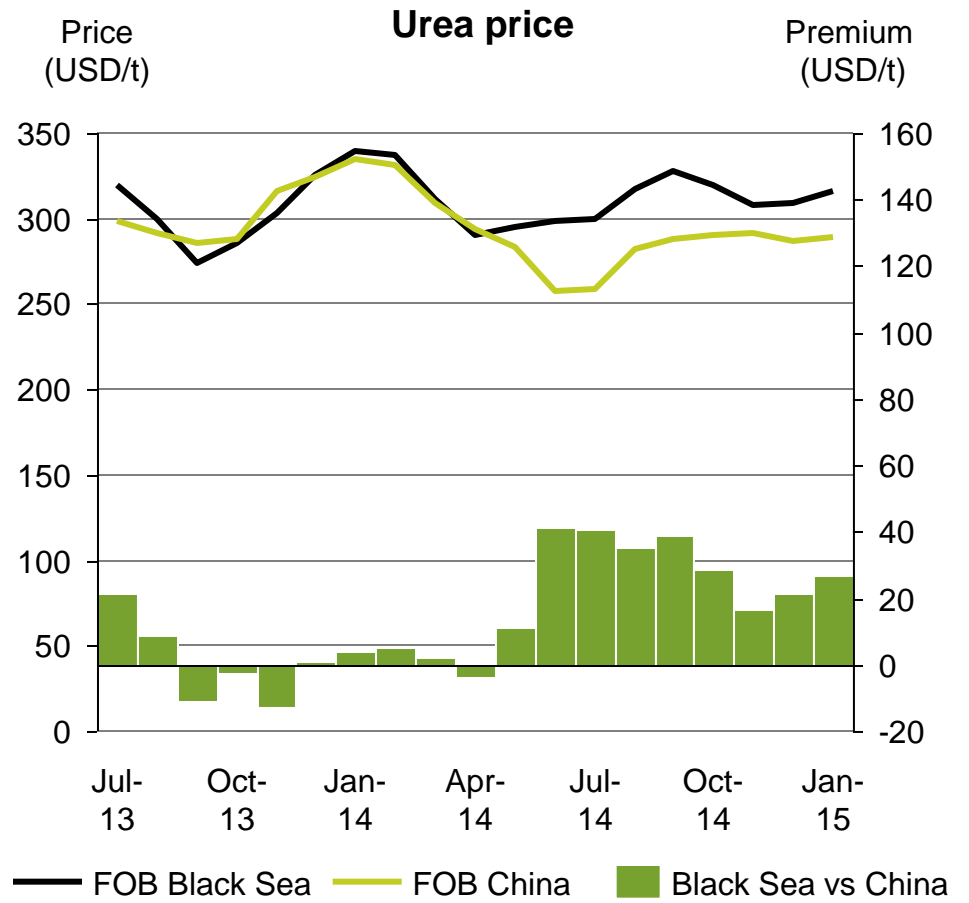
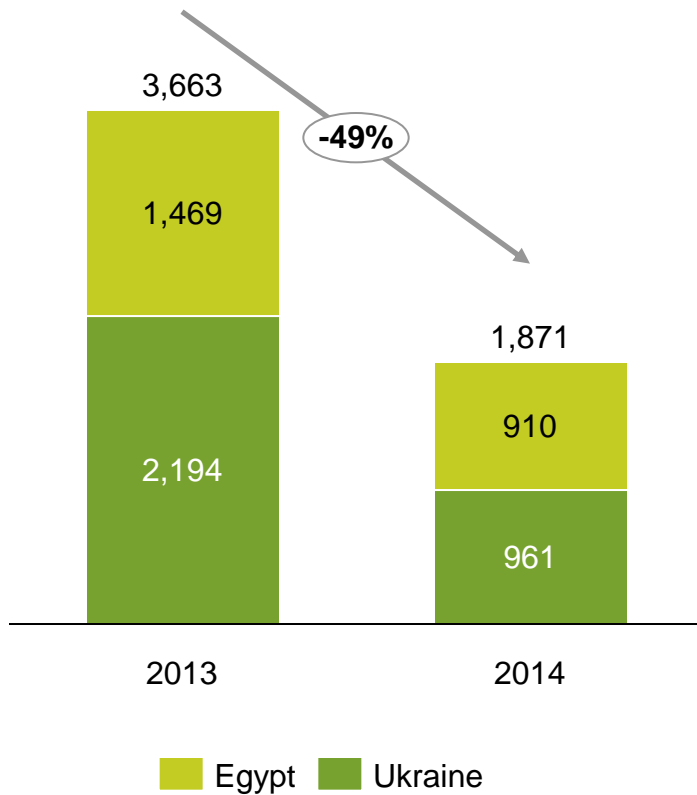


Source: FAO



# Production curtailments in Ukraine and Egypt impact Black sea urea price

Jan-Sep urea exports, kt



Source: IFA





# Prospects

- Incentives for fertilizer application remain supportive. Continued grain production growth required to keep up with consumption growth
- Strong US dollar improves competitiveness of European farmers and nitrogen producers
- Strong European order book at start of first quarter
- China to remain swing producer – anthracite coal prices and RMB/USD exchange rate are key for global nitrogen commodity prices
- Expected further gas cost reduction of NOK 1.3 billion in Europe in first quarter and NOK 0.7 billion in second quarter 2015

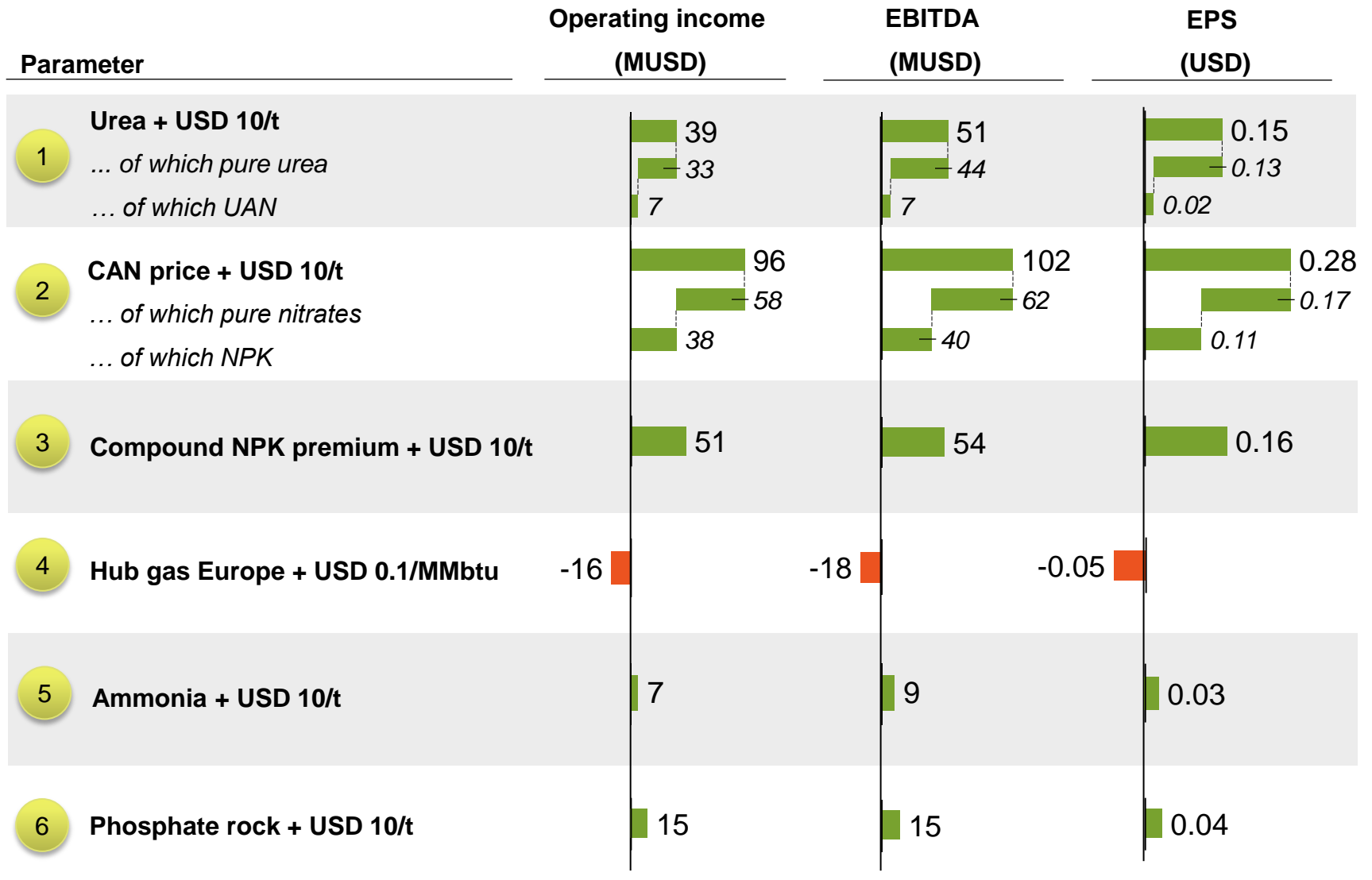




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# Additional information

# Price sensitivities linked to capacities



# Yara benefits from a stronger USD

- Revenues and raw material costs are both USD-driven
- Fixed cost base in EUR (~40%), NOK (~20%), BRL (~15%) and USD/other (~25%)

## Impact of 10% appreciation vs. NOK<sup>1</sup>

## “Run-rate” vs. 2014-average<sup>2</sup>

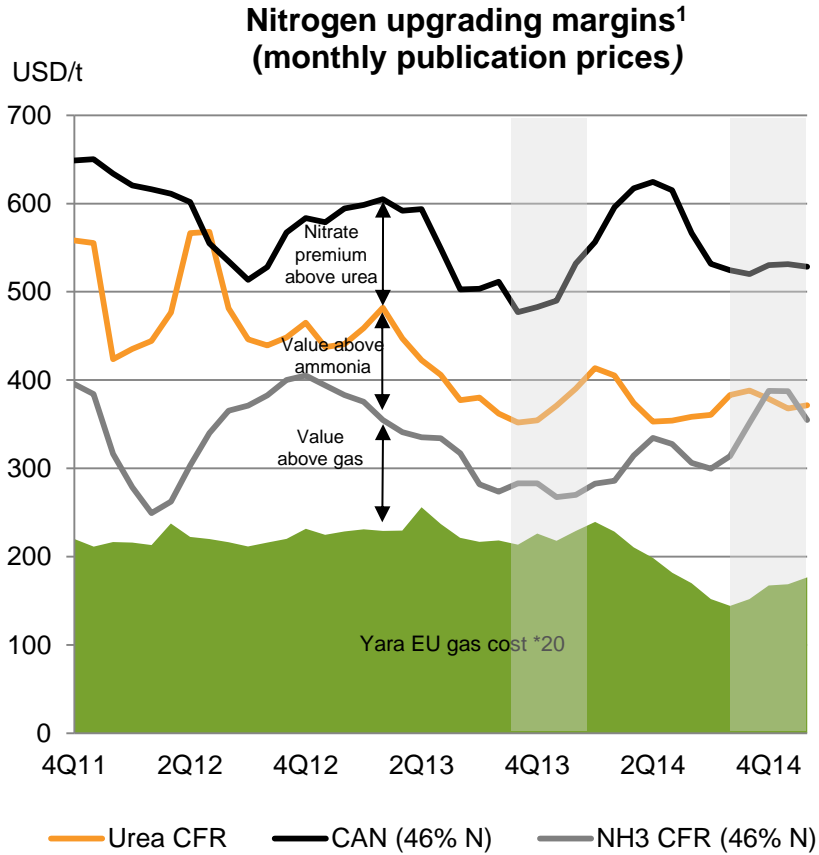
	Fixed costs (NOK bn)	Translation impact on gross profit (NOK bn)	EBITDA (NOK bn)	EBIT (NOK bn)	EPS (NOK) <sup>3</sup>	NOK vs. FX		Impact on EPS (NOK)	
						2014 avg.	3 Feb 2015		% appreciation in FX vs NOK
USD	-0.4	3.0	2.6	2.5	6.7	6.30	7.69	22%	14.7
EUR	-0.5	-	-0.5	-0.8	-1.7	8.38	8.69	4%	-0.8
BRL	-0.3	-	-0.3	-0.3	-0.8	2.67	2.85	7%	-0.6
<b>Combined</b>	<b>-1.2</b>	<b>3.0</b>	<b>1.8</b>	<b>1.4</b>	<b>4.2</b>				<b>13.4</b>

Note: Currency gain/loss on USD debt reported in P&L statement will vary

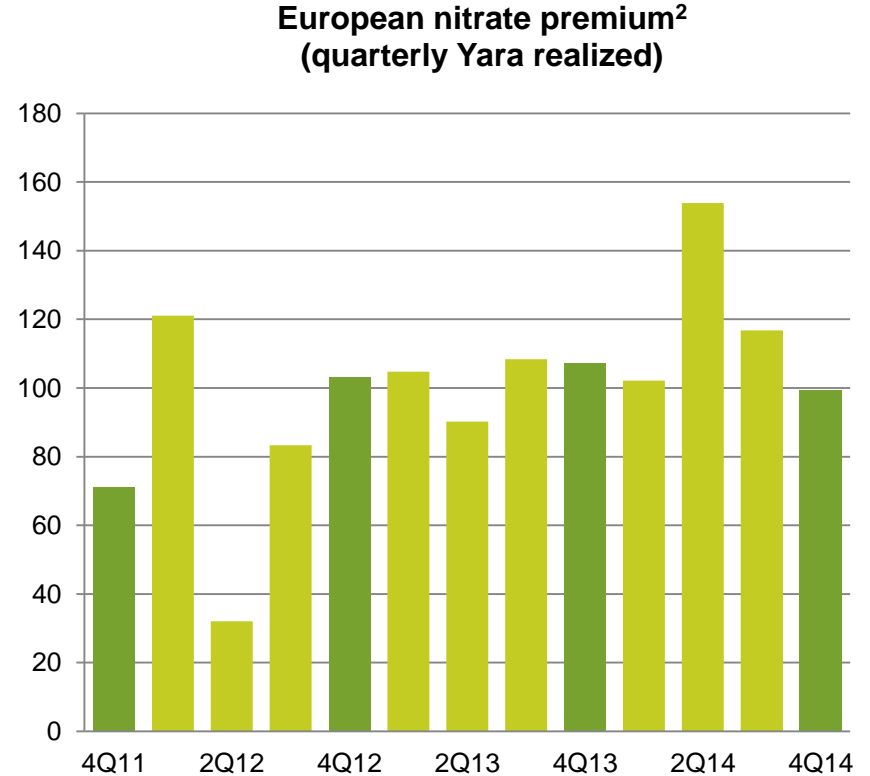
- 1) Compared with 2014 average FX-rates. Assumed long-term effects (approx. one year +)
- 2) Run-rate=market as of 3 Feb 2015.
- 3) 25% tax rate



# Improved European margins; stable nitrate premium



1) All prices in urea equivalents

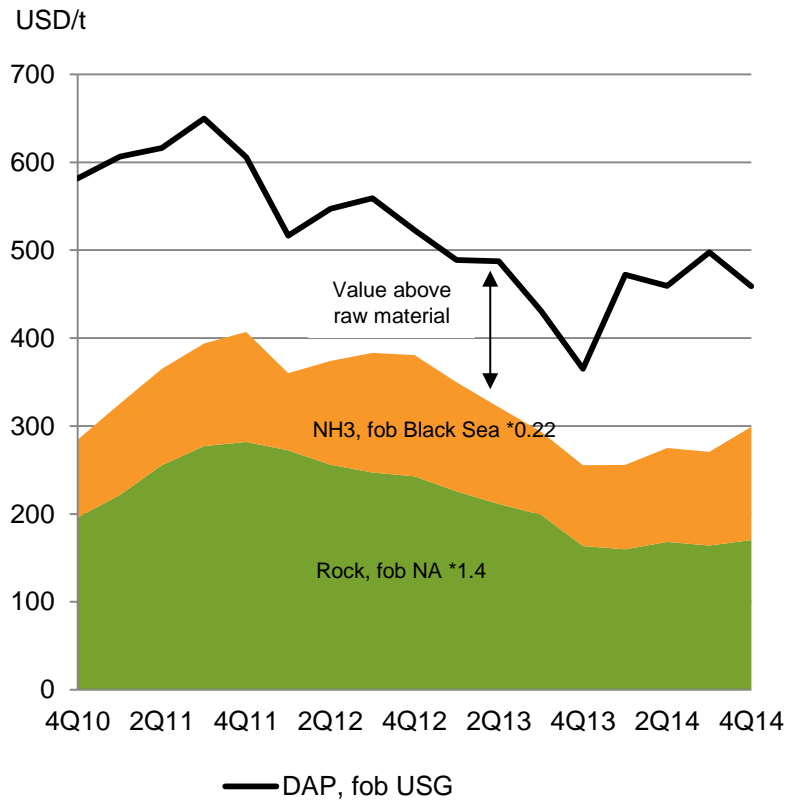


2) Yara European realized nitrate prices compared with urea publication prices with one month time lag. All numbers in USD per ton of CAN equivalents.

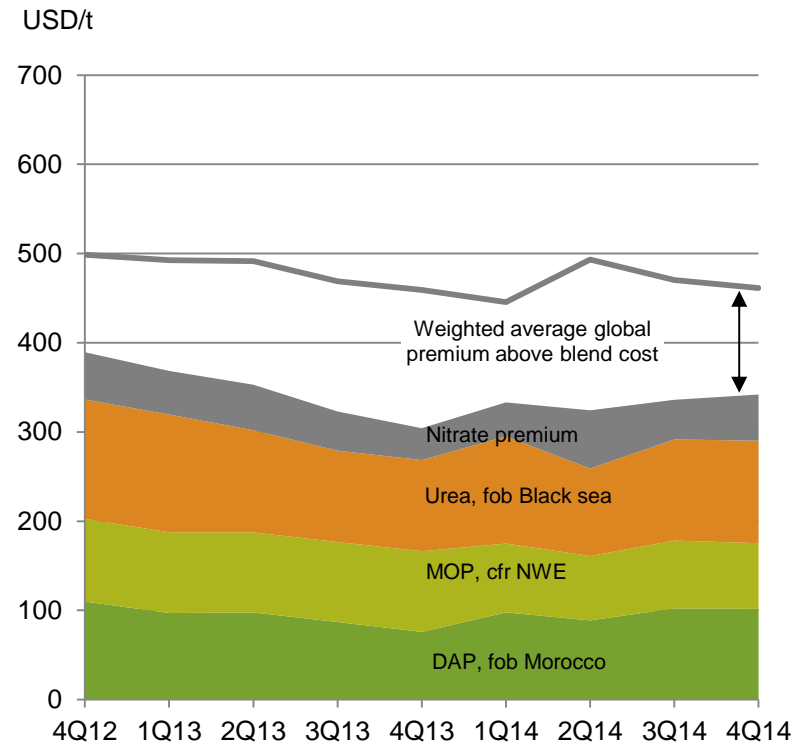


# Higher commodity phosphate margins and solid NPK premiums

Phosphate upgrading margins



NPK premium over blend<sup>1</sup>

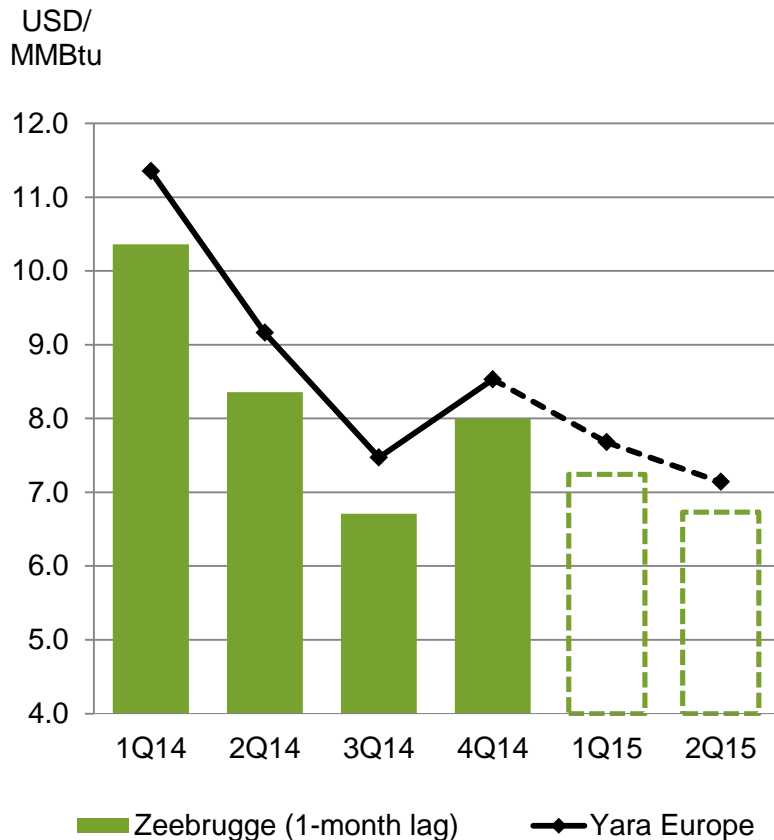


1) Export NPK plants, average grade 19-10-13, net of transport and handling cost.

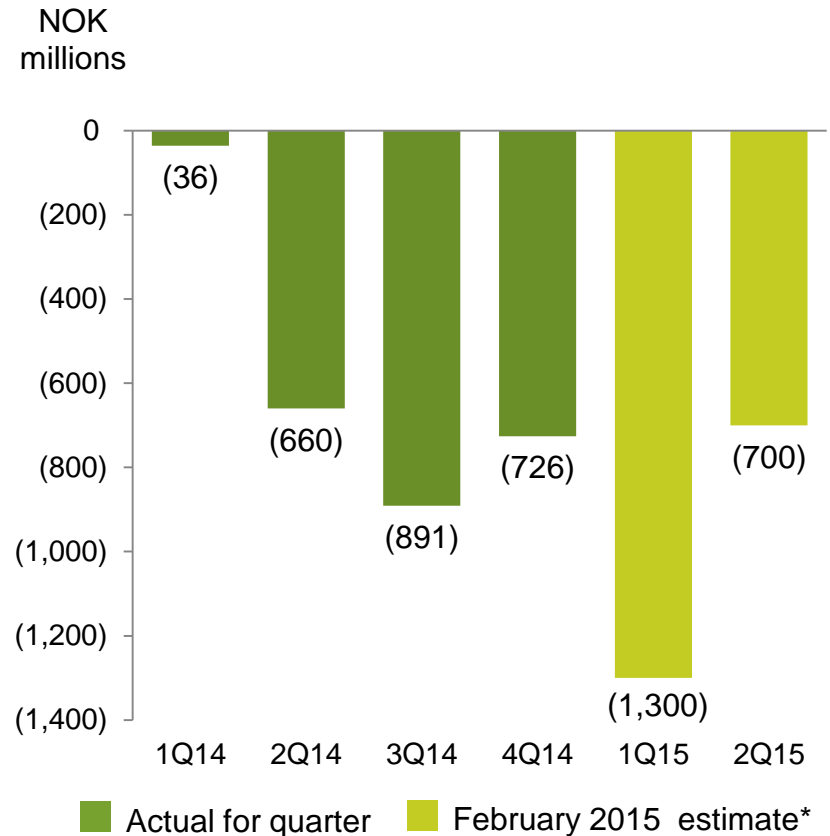


# Lower natural gas cost in Europe

### Yara European gas & oil cost



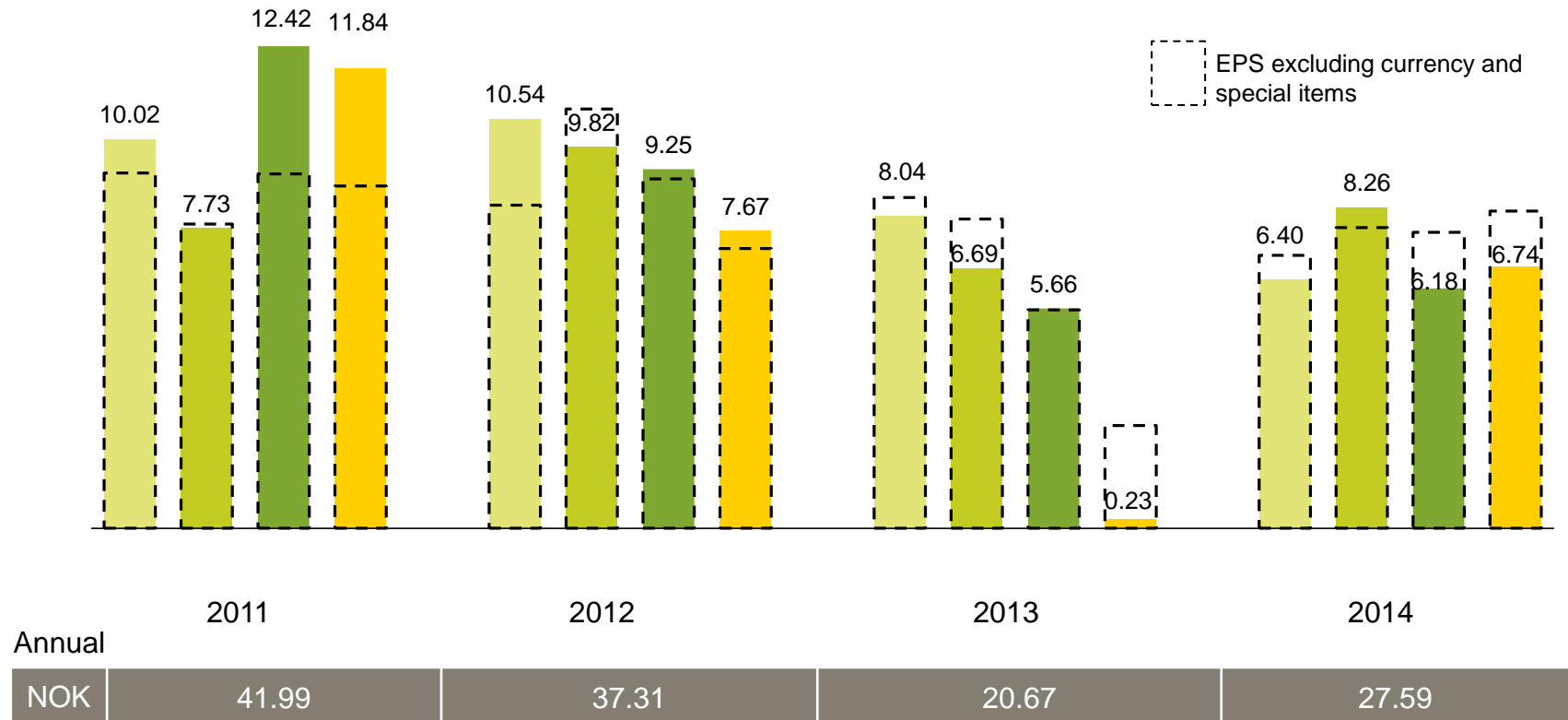
### Change in European energy cost



\*Dotted lines denote forward prices as of 3 February 2015  
 Source: Yara, World Bank, Platts



# Earnings per share\*



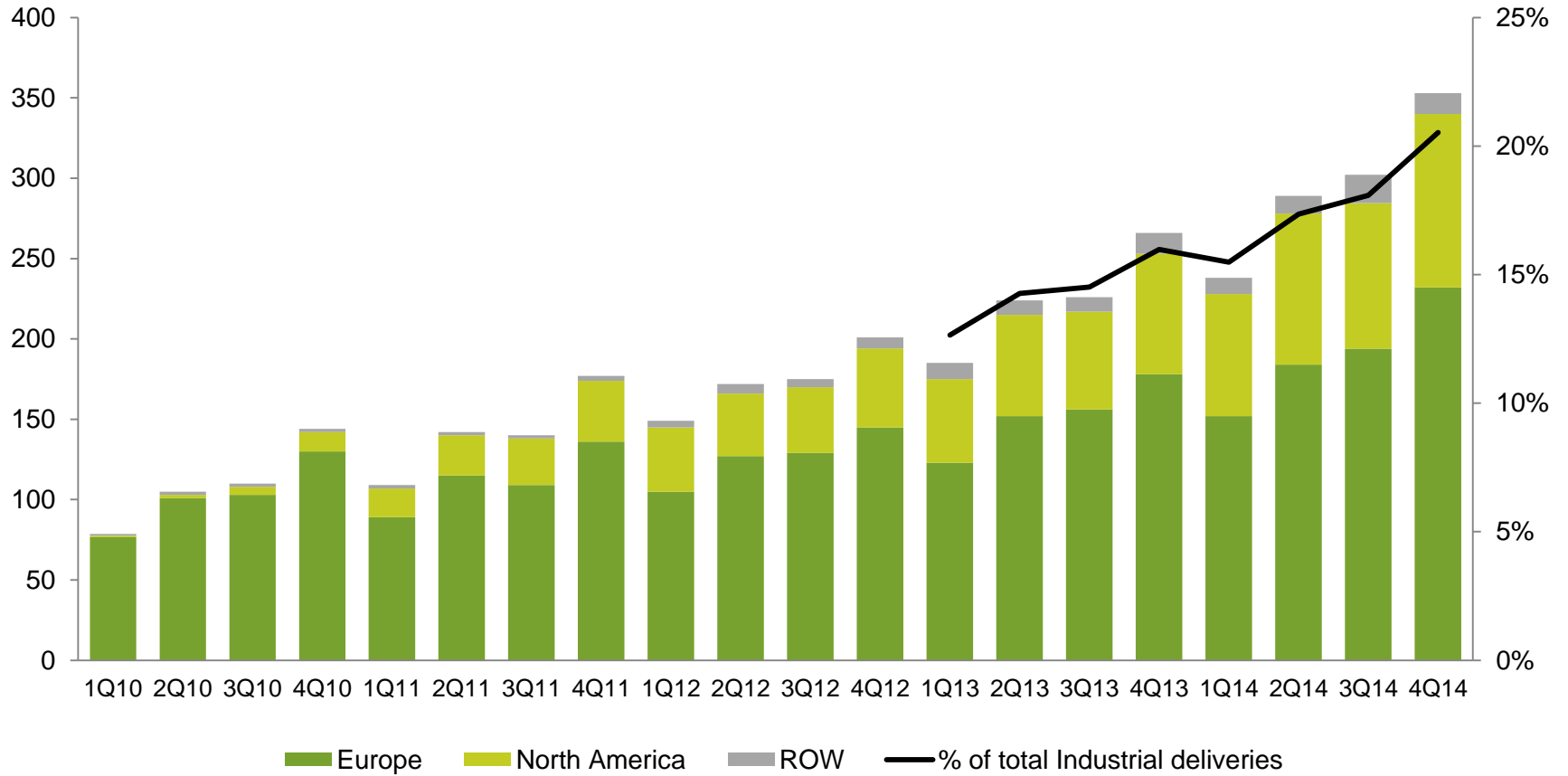
\*Average number of shares for 4Q 2014: 275.8 million (4Q 2013: 277.2 million).





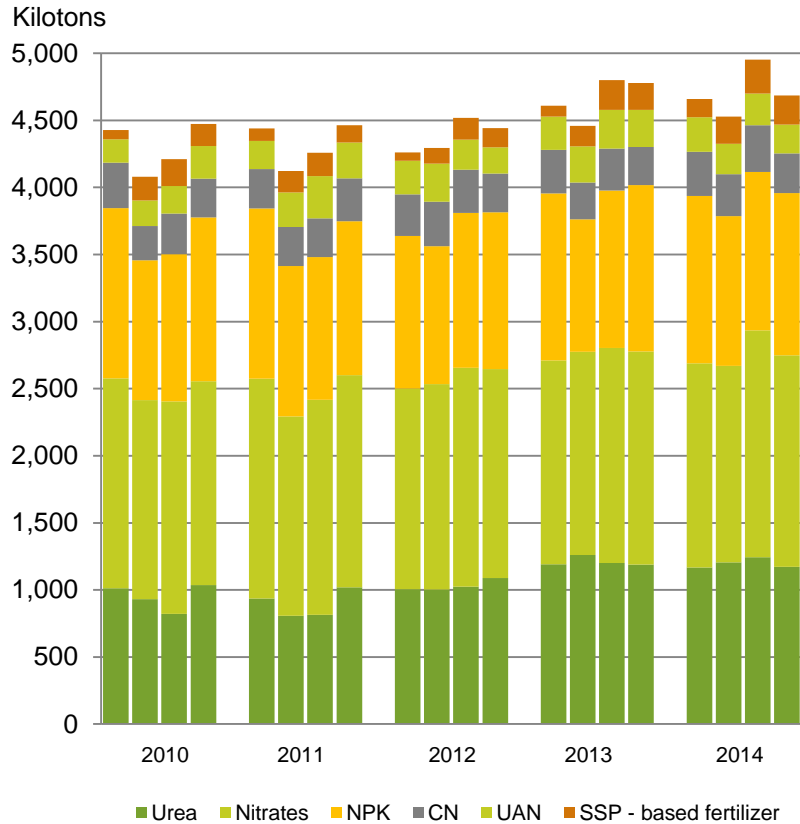
# Air1 deliveries

Kilotons

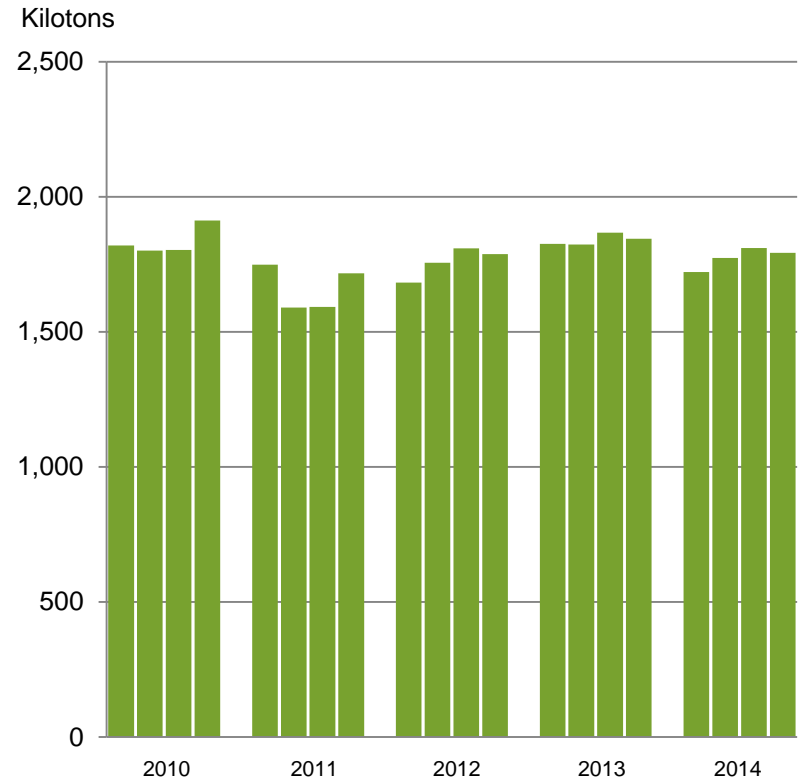


# Yara production volume\*

## Finished fertilizer and industrial products



## Ammonia

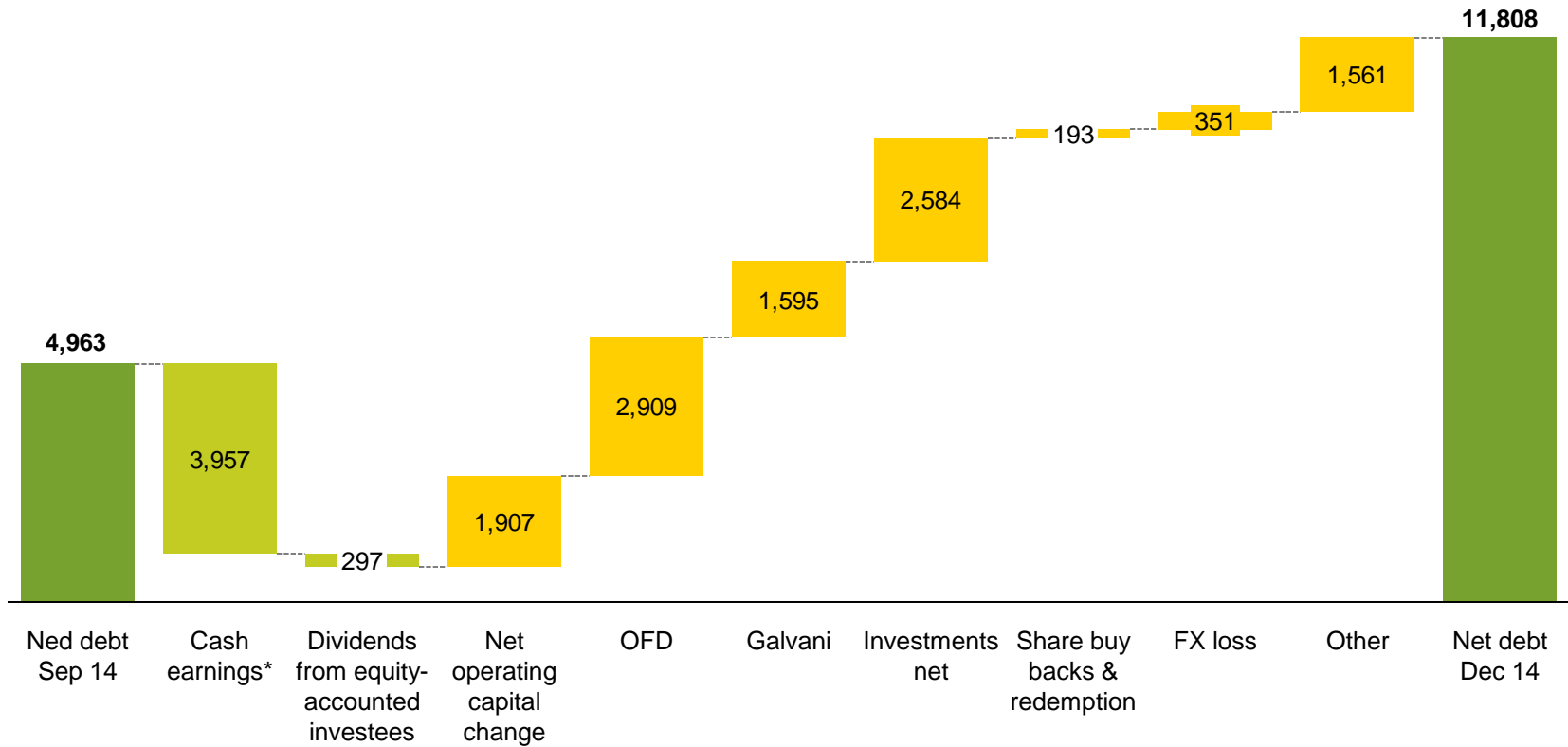


\* Including share of equity-accounted investees



# Net interest-bearing debt development

NOK millions

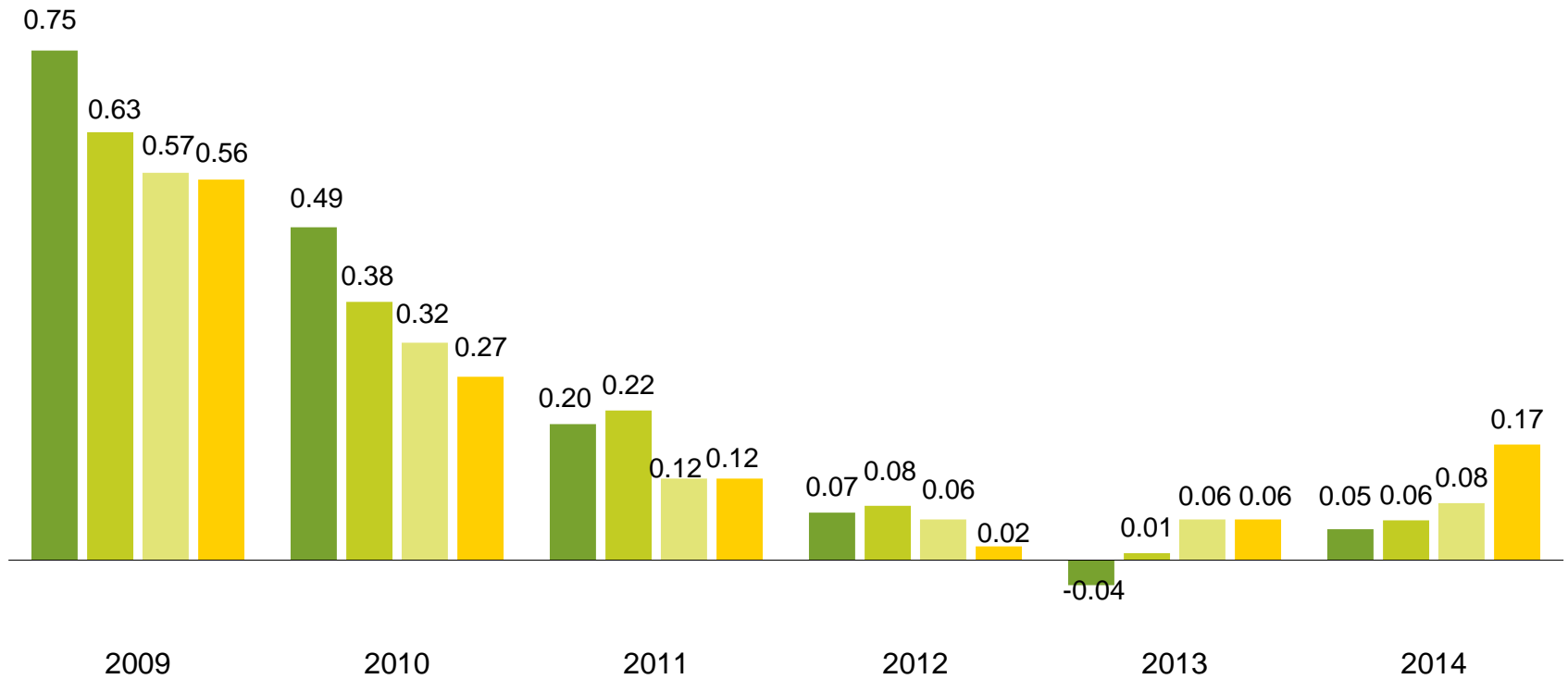


\* Operating income plus depreciation and amortization, minus tax paid, net gain/loss on disposals, net interest expense and bank charges




# Debt/equity ratio

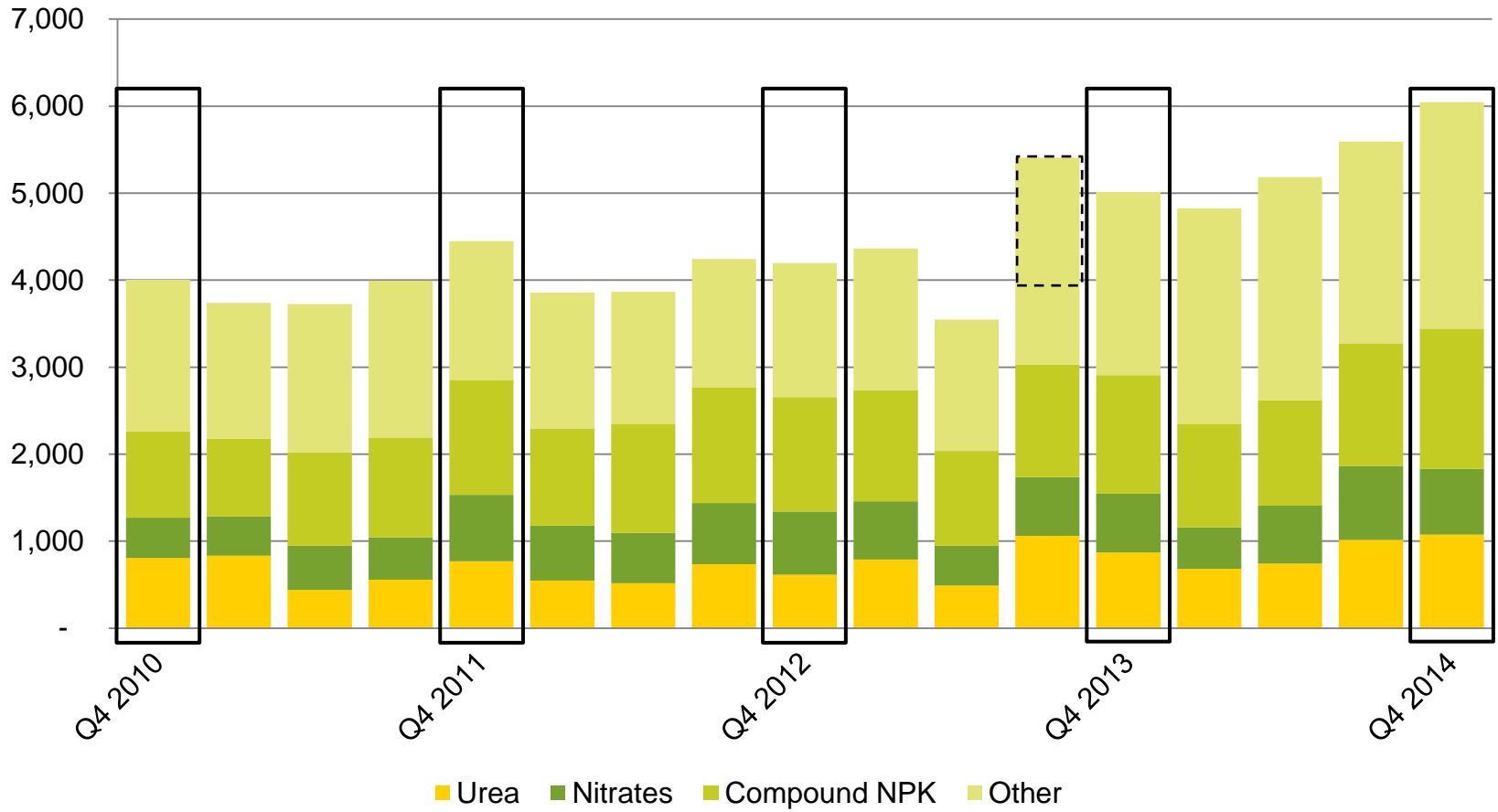
*Net interest-bearing debt / equity ratio (end of period)*



# Yara stocks

Kilotons  
Finished fertilizer

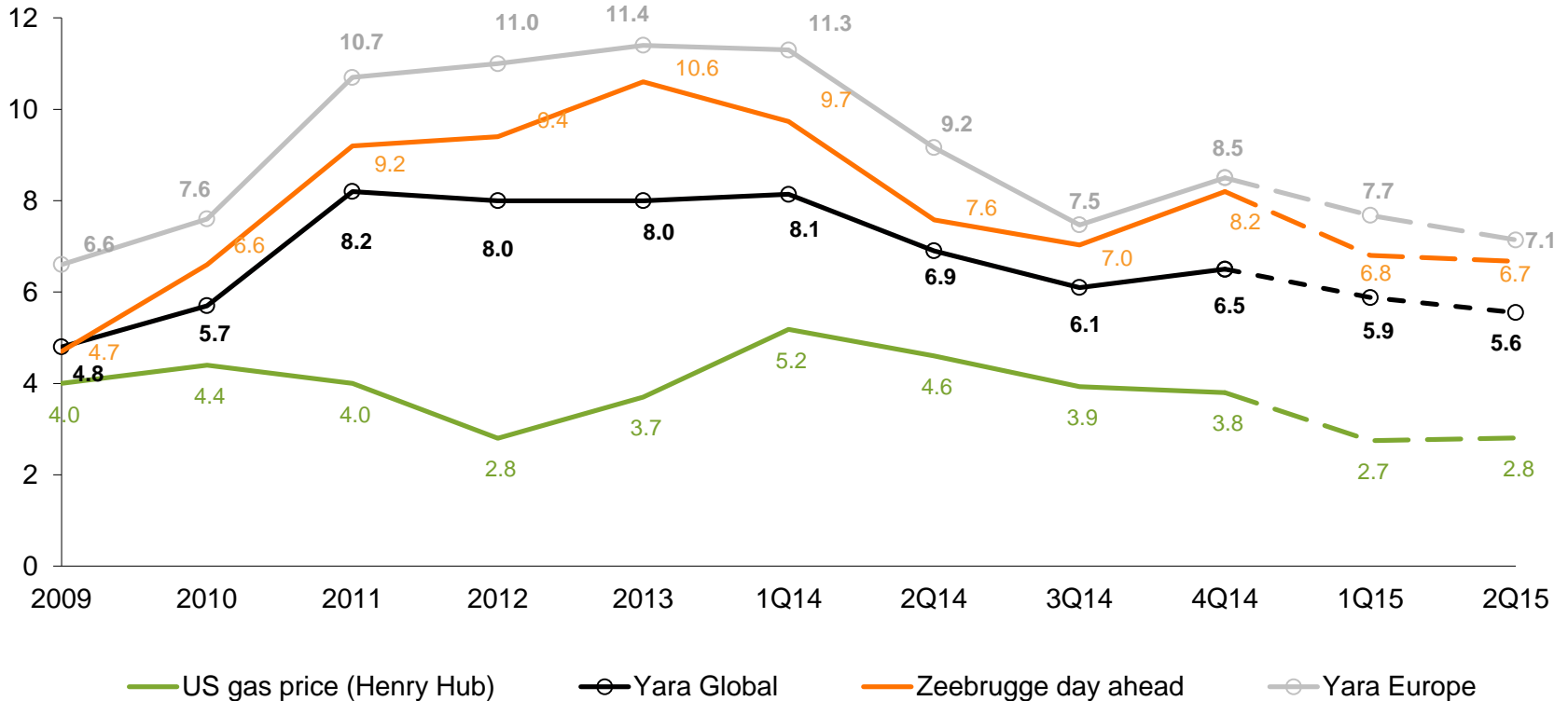
 Bunge Fertilizer included from 3Q 2013



# Energy cost

Yearly averages 2009 – 2010, quarterly averages for 2011-15 with forward prices\* for 4Q14 and 1Q15

USD per MMBtu



\*Dotted lines denote forward prices as of 3 February 2015

Source: Yara, World Bank, Platts

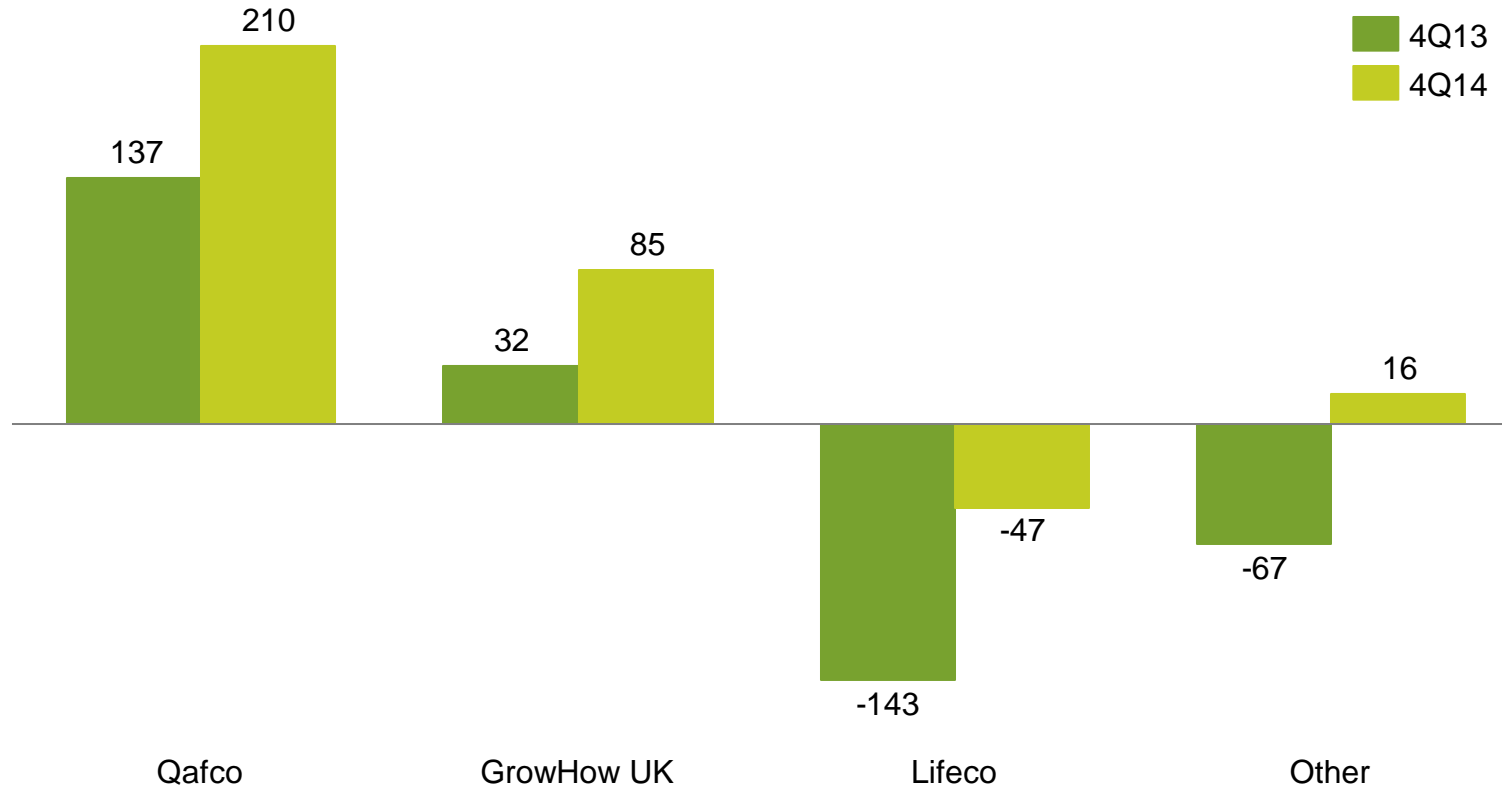


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# Net income from equity-accounted investees

NOK millions



Tringen is from 2014 classified as "Joint operations" in line with IFRS 11, and is not any longer included as equity-accounted investee. 2013 has been restated accordingly.

# Currency exposure affecting P&L

At the beginning of the first quarter 2015

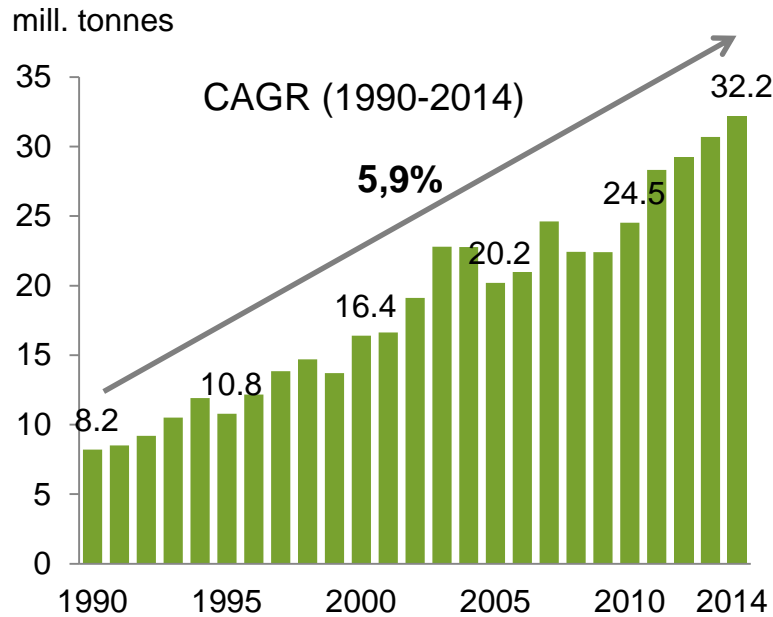
1. The US dollar debt generating p&l exposure was USD 1,500 million
  - Kept as hedge of future earnings and to finance inventories in emerging markets
  - Around 50% towards BRL with the rest mainly towards other emerging market currencies and EUR
  - The debt level in emerging markets will fluctuate with fertilizer seasons
2. Additional p&l exposure from internal currency positions vs. NOK
  - Payables mainly CAD (250 million)
  - Receivables mainly EUR (575 million)



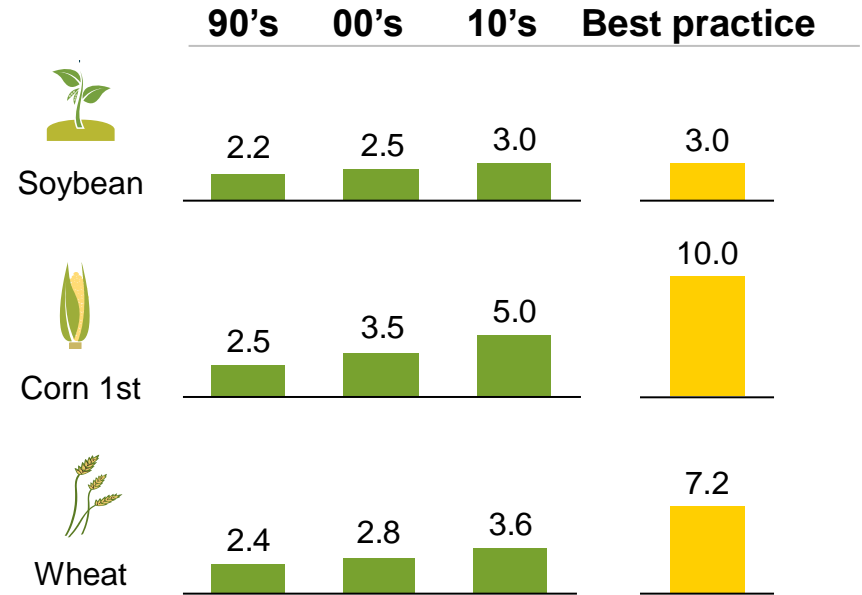


# Brazil - the fastest growing fertilizer market

Brazil fertilizer industry deliveries



Yield evolution ( tons / hectare)

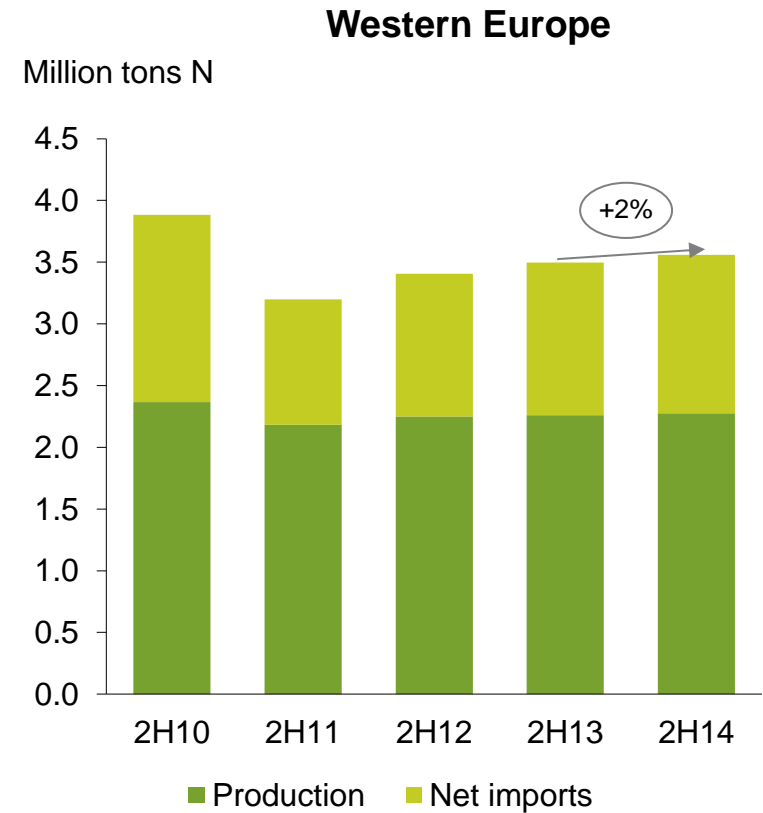
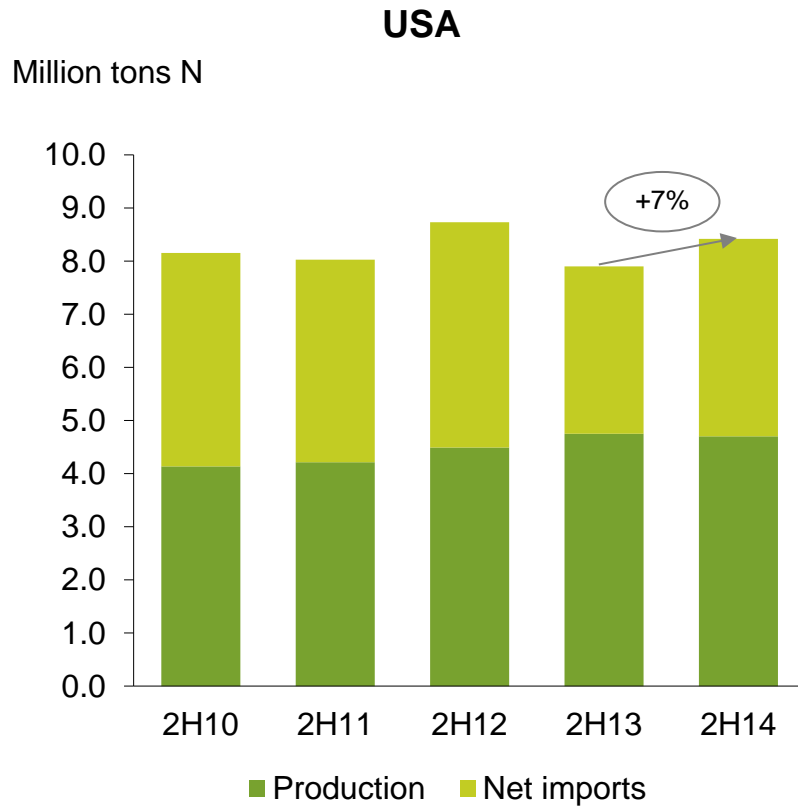


Further 40% upside in fertilizer consumption if US fertilizer standards are applied on current land area

Sources: FAO, Conab/ Market Intelligence Brazil, ANDA



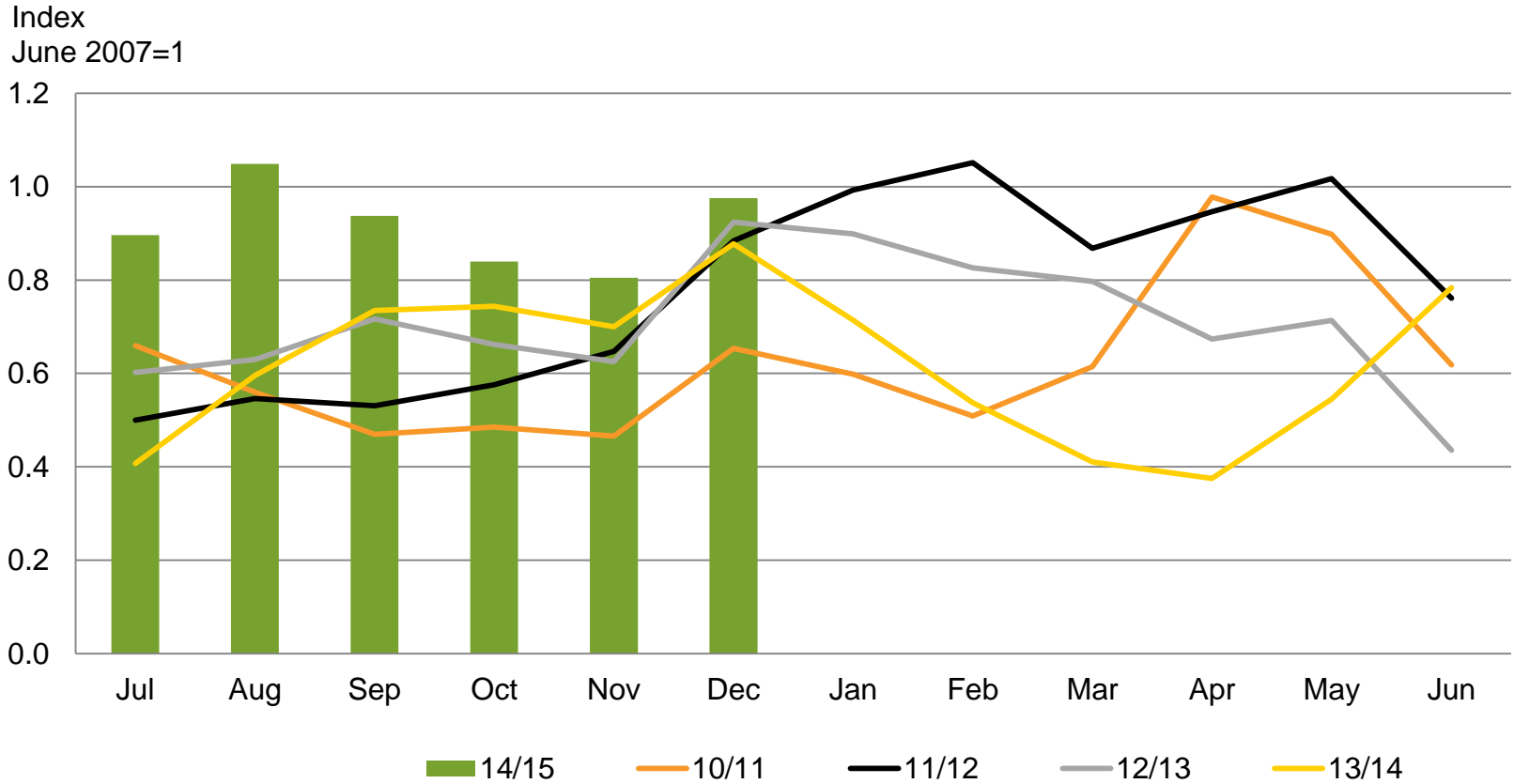
# Stable nitrogen deliveries so far this season



Source: Yara estimate for fertilizer deliveries to selected West European countries.  
Total nitrogen deliveries based on TFI, US Trade Commission, Blue-Johnson and Yara estimates



# European producers nitrate stocks



Source: Fertilizers Europe



# Projected nitrogen capacity additions outside China

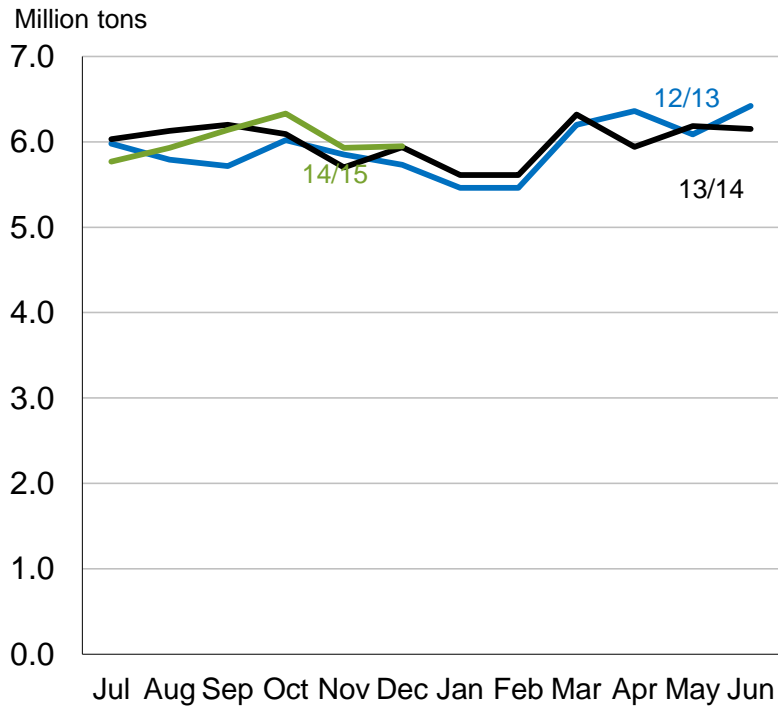
Year	Driving regions	Urea capacity growth relative to nitrogen capacity
	<b>Excluding China</b>	<b>Excluding China</b>
2014	Indonesia 20% Egypt 14%	1.1% (1.5%)
2015	Algeria 18% Saudi Arabia 16%	2.6% (2.1%)
2016	USA 30% Algeria 14%	3.1% (2.3%)
2017	Nigeria 32% USA 24%	2.2% (2.2%)
2018	Nigeria 52% Russia 16%	1.3% (1.3%)
<b>Gross annual addition 2014-2018</b>		<b>~2.1%</b>
Assumed annual closures		~0.5%
<b>Net annual addition 2014-2018</b>		<b>~1.6%</b>
<b>Trend consumption growth from 2002</b>		<b>2.1%</b>

Source: CRU urea update December 2014 (September 2014 in brackets) . Consumption data source is IFA.

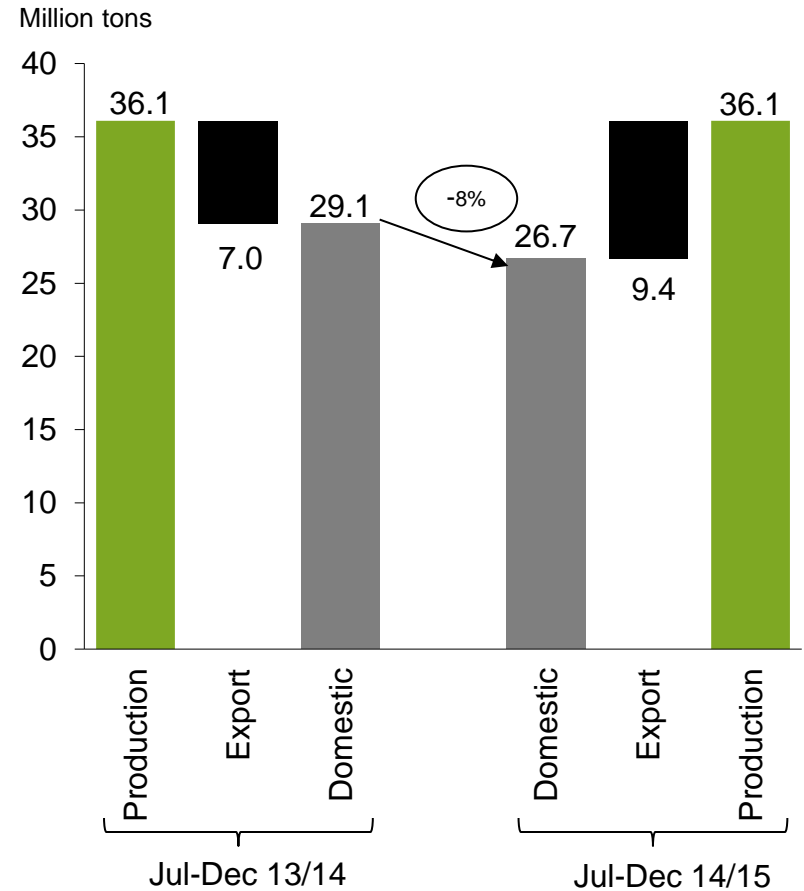


# Production stable, increased exports

## Chinese urea production



## Domestic urea balance



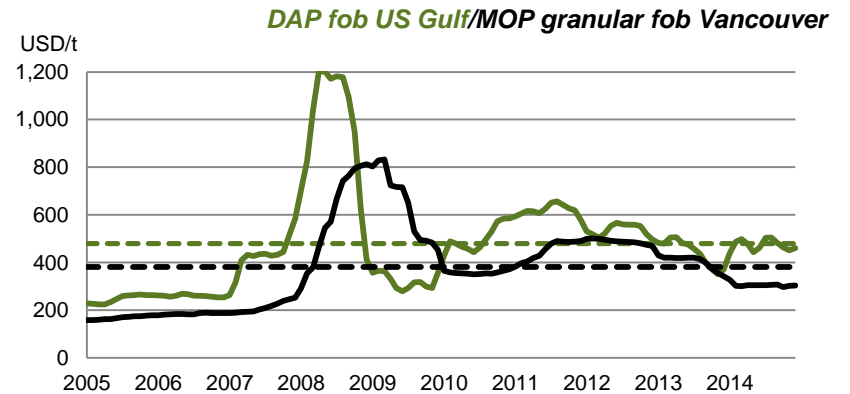
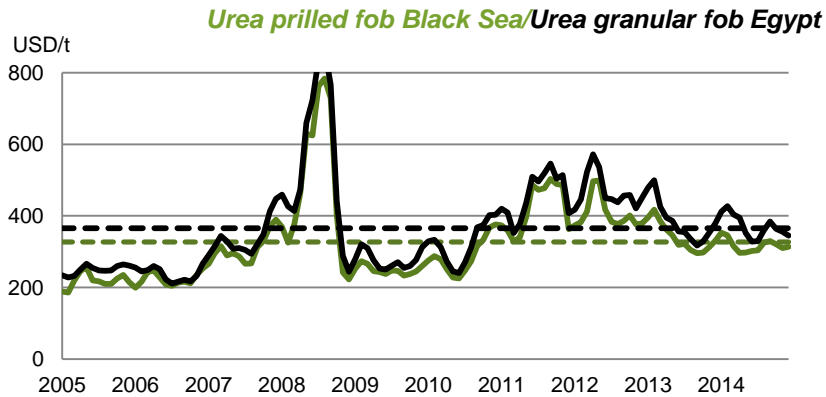
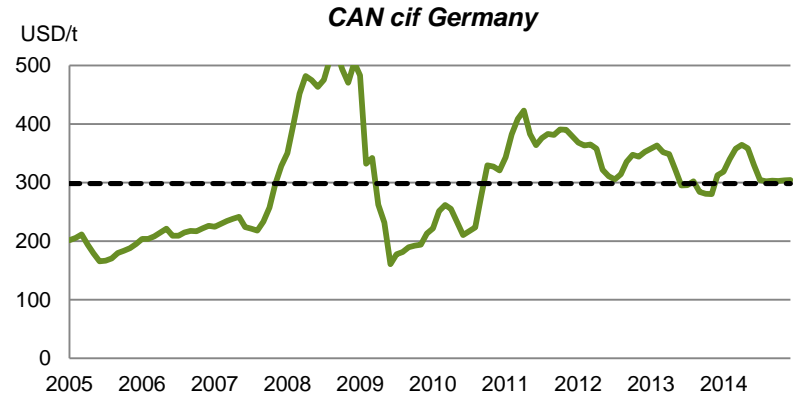
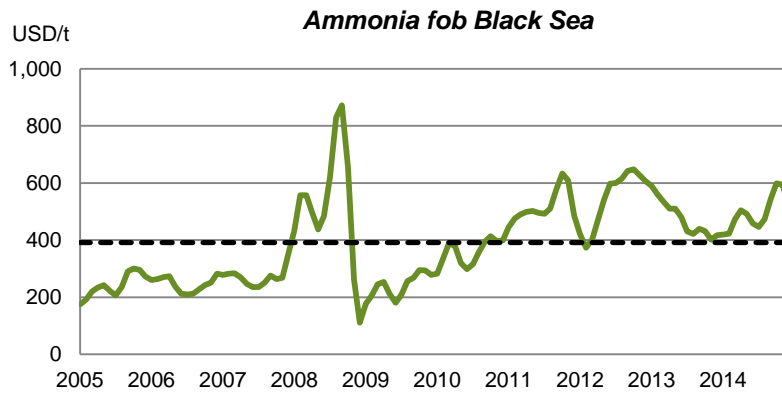
Source: BOABC, CFMW



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# 10-year fertilizer prices – monthly averages



Source: Average of international publications

--- Average prices 2005 - 2014