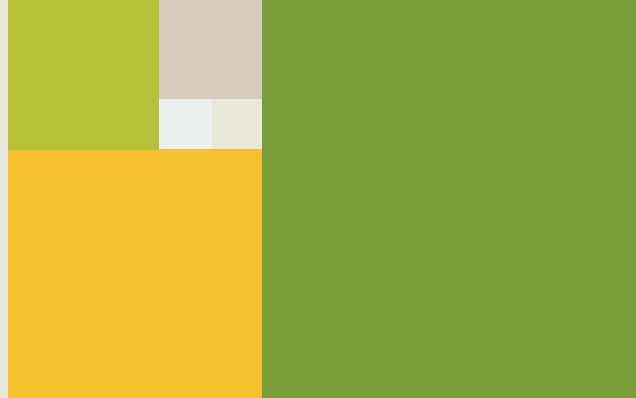




Knowledge grows

# Third-quarter 2016 report

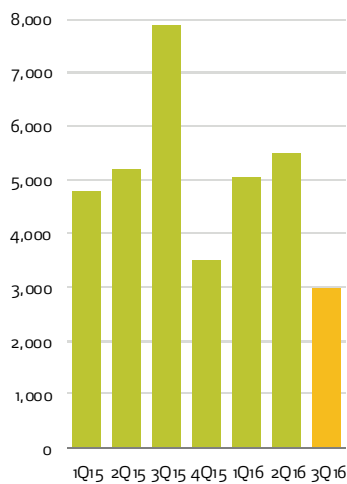
Yara International ASA



- Weaker results due to lower fertilizer commodity prices
- Strong growth in premium product deliveries, especially in Brazil
- Strong Industrial result

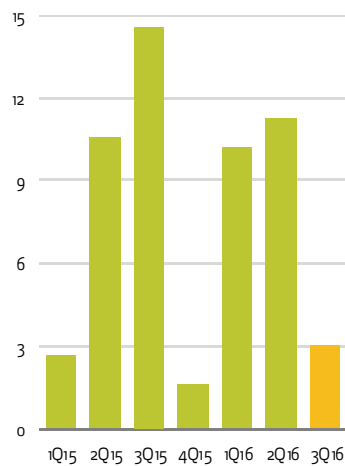
## EBITDA

NOK millions

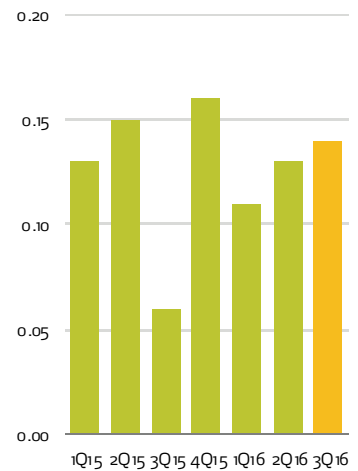


## Earnings per share

NOK



## Debt/equity ratio



# Third quarter 2016

## Financial highlights

| NOK millions, except where indicated otherwise                    | 3Q 2016 | 3Q 2015 | YTD 2016 | YTD 2015 |
|---|---------|---------|----------|----------|
| Revenue and other income  | 23,924  | 30,479  | 74,843   | 86,176   |
| Operating income  | 1,336   | 5,874   | 8,251    | 13,419   |
| Share net income equity-accounted investees                       | (72)    | 165     | 10       | (322)    |
| EBITDA  | 3,004   | 7,884   | 13,548   | 17,857   |
| EBITDA excl. special items  | 2,968   | 4,614   | 11,975   | 15,412   |
| Net income after non-controlling interests                        | 821     | 4,004   | 6,693    | 7,649    |
| Earnings per share <sup>1)</sup>                                  | 3.00    | 14.56   | 24.46    | 27.79    |
| Earnings per share excl. currency <sup>1)</sup>                   | 3.38    | 18.47   | 23.34    | 35.41    |
| Earnings per share excl. currency and special items <sup>1)</sup> | 3.46    | 7.41    | 18.98    | 27.49    |
| Average number of shares outstanding (millions)                   | 273.2   | 275.1   | 273.6    | 275.3    |
| CROGI <sup>2)</sup>   | 7.5 %   | 21.9 %  | 10.7 %   | 15.5 %   |
| ROCE <sup>2)</sup>  | 4.7 %   | 25.0 %  | 8.1 %    | 16.0 %   |

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on EPS.

2) Quarter numbers annualized. Year-to-date numbers 12-month rolling average.

## Key statistics

|  |               | 3Q 2016      | 3Q 2015      | YTD 2016      | YTD 2015      |
|--|---------------|--------------|--------------|---------------|---------------|
| <b>Average prices</b>  |               |              |              |               |               |
| Urea prilled (fob Black Sea)   | USD per tonne | 183          | 268          | 196           | 280           |
| CAN (cif Germany)  | USD per tonne | 166          | 257          | 205           | 275           |
| Ammonia (fob Black Sea)  | USD per tonne | 210          | 388          | 251           | 398           |
| DAP (fob US Gulf)  | USD per tonne | 339          | 465          | 354           | 472           |
| Phosphate rock (fob Morocco)   | USD per tonne | 106          | 124          | 115           | 123           |
| <b>European gas (TTF)</b>  |               |              |              |               |               |
|  | USD per MMBtu | 4.2          | 6.4          | 4.2           | 6.7           |
| <b>US gas (Henry Hub)</b>  |               |              |              |               |               |
|  | USD per MMBtu | 2.9          | 2.7          | 2.3           | 2.8           |
| <b>Yara's gas &amp; oil cost (weighted average) <sup>1)</sup></b>          |               |              |              |               |               |
|  | USD per MMBtu | 4.0          | 5.3          | 4.0           | 6.0           |
| <b>Yara's European gas &amp; oil cost (weighted average) <sup>1)</sup></b> |               |              |              |               |               |
|  | USD per MMBtu | 4.9          | 7.0          | 4.8           | 7.4           |
| <b>Currency rates</b>  |               |              |              |               |               |
|  |               | 8.32         | 8.22         | 8.40          | 7.91          |
|  |               | 9.29         | 9.14         | 9.37          | 8.81          |
|  |               | 2.56         | 2.34         | 2.37          | 2.52          |
| <b>Production (Thousand tonnes) <sup>1)</sup></b>                          |               |              |              |               |               |
| Ammonia  |               | 1,682        | 1,606        | 5,619         | 5,423         |
| Finished fertilizer and industrial products, excl. bulk blends             |               | 4,750        | 4,683        | 14,455        | 14,663        |
| <b>Total Production</b>  |               | <b>6,432</b> | <b>6,289</b> | <b>20,074</b> | <b>20,087</b> |
| <b>Sales (Thousand tonnes)</b>   |               |              |              |               |               |
| Ammonia trade  |               | 426          | 504          | 1,536         | 1,653         |
| Fertilizer   |               | 7,248        | 6,936        | 20,397        | 20,391        |
| Industrial products  |               | 1,694        | 1,755        | 5,155         | 5,271         |
| <b>Total deliveries</b>  |               | <b>9,369</b> | <b>9,194</b> | <b>27,088</b> | <b>27,315</b> |

1) Including Yara's share in equity-accounted investees.

Yara's third-quarter net income after non-controlling interests was NOK 821 million, compared with NOK 4,004 million a year earlier. Excluding net foreign currency translation gain/(loss) and special items, the result was NOK 945 million, compared with NOK 2,038 million in third quarter 2015. The corresponding earnings per share were NOK 3.46 compared with NOK 7.41 a year earlier.

"Yara reports a weaker result than a year earlier, reflecting supply-driven prices for fertilizer globally. But although production margins were significantly lower, our Crop Nutrition and Industrial earnings were broadly stable,

demonstrating the strength and resilience of Yara's integrated business model," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"The over-supply situation in our industry is expected to last for some time, underlining the need for the Yara Improvement Program which we have announced earlier. Parts of the program have entered the implementation phase, and we are confident we will deliver at least USD 500 million of annual EBITDA improvement by 2020," said Holsether.

### Fertilizer market conditions

Another strong global grain harvest is expected for 2016/17, where The US Department of Agriculture is currently forecasting output to exceed the previous record from 2014/15. But as consumption is growing, the stocks to use ratio drops by 1 day, to 89 days of consumption, despite the record projected crop. Still, the strong harvests have resulted in lower prices for grains. For some other key crops, including sugar, coffee and oils, prices are higher than a year ago. The Food and Agriculture Organization of the United Nations (FAO) food price index was up 5% from third quarter 2015, but 13% below the five-year average, while the cereal price index was down 9% and 27% below the five-year average.

Prilled urea prices fob Black Sea averaged USD 183 per tonne for the quarter, down 32% on the same quarter last year, caused by lower production costs globally, but most importantly in China. From China, export costs have declined mainly due to lower coal prices and a weaker currency. In addition, production has increased in Egypt, and from new plants in Algeria, FSU and the US. The lower urea price level reduced the export attractiveness for the Chinese producers, as urea exports at 6.8 million tonnes for January through August were down from 8.5 million tonnes same period last year. Recent increases in coal prices have added to the cost pressures on Chinese urea producers, resulting in lower production rates, although for the most important grade, anthracite coal, prices have only increased modestly.

Ammonia prices have dropped through the third quarter, as new ammonia plants have come on-stream in Russia, Saudi Arabia and USA, and with further capacity additions expected shortly in USA. Due to lower global oil and gas prices, the floor for ammonia prices has been significantly reduced. But at current prices below USD 200 per tonne fob Black Sea, Ukrainian export is curtailed, and several other exporters are considering production curtailments.

Relatively slow demand has resulted in declining phosphate fertilizer prices. The average DAP fob US Gulf price was down 27% compared to a year earlier. For the phosphate producers, more than half of the price decline was offset by reduced sulphur and ammonia costs. Similar to the developments in the urea market, Chinese producers scaled down exports due to the lower prices. Through August, China exported 2.7 million tonnes DAP this year, 25% less than the previous year, and with a 40% drop in exports of MAP.

The average phosphate rock price fob Morocco was down 15% compared to a year earlier, and upgrading margins from rock to DAP were reduced significantly.

### Regional market developments

Third-quarter nitrogen fertilizer deliveries in Western Europe are estimated up 2% on a year earlier, with imports down 8%. Domestic producers increased their sales of both nitrates and NPK's. In addition, nitrogen exports from Western Europe increased compared to last year, to a large extent explained by stronger exports of nitrates.

In Brazil, third quarter fertilizer deliveries were 11.2 million tonnes, up 6% on same period last year. Year to date, fertilizer deliveries were up 10%, at 24.4 million tonnes. Imports of all fertilizer were up 8%, domestic production decreased by 1%, and industry stocks started 2016 5% lower than a year earlier. Third-quarter urea imports were 0.8 million tonnes, compared to 0.6 million tonnes a year earlier. Year to date, Brazil imported 2.7 million tonnes urea, 44% more than last year.

Third-quarter US nitrogen deliveries are estimated to be 10-15% lower than a year ago, as buyers are stepping out of the import markets in anticipation of increased domestic nitrogen supply this season.

For July and August, urea production in China was reported 10% lower than a year earlier, with year-to-date production up 1%. The recent production curtailments have stabilized the market, and urea prices have increased slightly since early September. But compared to a year earlier, the average Chinese urea price for the third quarter was 25% lower in local currency.

In India, July and August sales exceeded same time last year by 2%. But due to a slow second quarter, season to date sales (April-August) lags last season by 9%, partly due to high stocks at the start of this season. Domestic production season to date are stable from last year, and urea imports for the same period were 3.2 million tonnes, 6% up from same period the previous season.

## Production volumes <sup>1)</sup>

| Thousand tonnes                       | 3Q 2016      | 3Q 2015      | YTD 2016      | YTD 2015      |
|---------------------------------------|--------------|--------------|---------------|---------------|
| Ammonia                               | 1,682        | 1,606        | 5,619         | 5,423         |
| of which equity-accounted investees   | 248          | 284          | 781           | 994           |
| Urea                                  | 1,171        | 1,081        | 3,842         | 3,710         |
| of which equity-accounted investees   | 391          | 414          | 1,163         | 1,197         |
| Nitrate                               | 1,466        | 1,453        | 4,490         | 4,587         |
| of which equity-accounted investees   | -            | -            | -             | 199           |
| NPK                                   | 1,120        | 1,182        | 3,353         | 3,637         |
| of which equity-accounted investees   | -            | -            | -             | 83            |
| CN                                    | 357          | 389          | 1,042         | 1,126         |
| UAN                                   | 202          | 221          | 690           | 719           |
| SSP-based fertilizer                  | 433          | 357          | 1,039         | 886           |
| <b>Total production <sup>1)</sup></b> | <b>6,432</b> | <b>6,289</b> | <b>20,074</b> | <b>20,087</b> |

<sup>1)</sup> Including Yara share of production in equity-accounted investees.

## Total deliveries

| Thousand tonnes  | 3Q 2016      | 3Q 2015      | YTD 2016      | YTD 2015      |
|--|--------------|--------------|---------------|---------------|
| Ammonia  | 593          | 664          | 2,064         | 2,209         |
| of which industrial products <sup>1)</sup>               | 155          | 158          | 483           | 523           |
| Urea   | 1,429        | 1,438        | 4,872         | 5,211         |
| of which fertilizer                                      | 913          | 998          | 3,412         | 3,846         |
| of which Yara-produced fertilizer                        | 360          | 343          | 1,544         | 1,434         |
| of which Yara-produced industrial products <sup>2)</sup> | 394          | 321          | 1,152         | 1,101         |
| of which equity-accounted investees                      | 397          | 516          | 1,286         | 1,694         |
| Nitrate  | 1,630        | 1,571        | 4,809         | 4,751         |
| of which fertilizer                                      | 1,448        | 1,413        | 4,246         | 4,249         |
| of which Yara-produced fertilizer                        | 1,369        | 1,300        | 3,962         | 3,855         |
| of which Yara-produced industrial products               | 150          | 105          | 461           | 363           |
| NPK  | 3,169        | 2,708        | 7,613         | 7,018         |
| of which Yara-produced compounds                         | 1,386        | 1,044        | 3,672         | 3,369         |
| of which Yara-produced blends                            | 1,750        | 1,603        | 3,753         | 3,358         |
| CN   | 382          | 333          | 1,173         | 1,096         |
| of which fertilizer                                      | 279          | 233          | 905           | 837           |
| of which Yara-produced fertilizer                        | 274          | 230          | 890           | 822           |
| of which Yara-produced industrial products               | 102          | 92           | 254           | 238           |
| UAN  | 229          | 236          | 1,066         | 1,092         |
| of which Yara-produced fertilizer                        | 204          | 201          | 881           | 863           |
| SSP  | 371          | 453          | 782           | 795           |
| of which Yara-produced fertilizer                        | 337          | 372          | 699           | 684           |
| DAP/MAP  | 182          | 163          | 675           | 713           |
| MOP/SOP  | 416          | 438          | 968           | 920           |
| Other industrial products                                | 738          | 900          | 2,381         | 2,621         |
| Other fertilizer products                                | 229          | 289          | 687           | 889           |
| <b>Total deliveries</b>                                  | <b>9,369</b> | <b>9,194</b> | <b>27,088</b> | <b>27,315</b> |

<sup>1)</sup> 82% ammonia equivalents

<sup>2)</sup> 46% urea equivalents

## Fertilizer deliveries by region

| Thousand tonnes                    | 3Q 2016      | 3Q 2015      | YTD 2016      | YTD 2015      |
|------------------------------------|--------------|--------------|---------------|---------------|
| Europe                             | 2,100        | 2,081        | 7,125         | 7,292         |
| Brazil                             | 3,190        | 2,934        | 6,764         | 6,129         |
| Latin America                      | 619          | 582          | 1,683         | 1,698         |
| North America                      | 427          | 526          | 2,305         | 2,458         |
| Asia                               | 591          | 577          | 1,559         | 1,680         |
| Africa                             | 322          | 235          | 960           | 1,135         |
| <b>Total fertilizer deliveries</b> | <b>7,248</b> | <b>6,936</b> | <b>20,397</b> | <b>20,391</b> |

For a description of the key global fertilizer products, see the Yara Fertilizer Industry Handbook:

[http://yara.com/investor\\_relations/reports\\_presentations](http://yara.com/investor_relations/reports_presentations)

## Variance analysis third quarter

| NOK millions             | 3Q 2016 |
|--------------------------|---------|
| EBITDA 2016              | 3,004   |
| EBITDA 2015              | 7,884   |
| Variance EBITDA          | (4,879) |
| Volume                   | 223     |
| Price/Margin             | (2,641) |
| Energy costs             | 857     |
| Special items            | (3,233) |
| Currency translation     | 156     |
| Other                    | (241)   |
| Total variance explained | (4,879) |

Yara delivered weaker third-quarter results compared with a year earlier. Adjusting for special items and the divestment of the CO<sub>2</sub> business, EBITDA was 35% lower than a year ago as weaker fertilizer prices were only partly offset by higher deliveries of Yara-produced products, lower energy costs and currency translation gains.

### Volume development

Deliveries of Yara-produced fertilizer including blends were 10% higher than in third quarter 2015 driven by continued strong growth in Brazil and higher deliveries of compound NPK in all regions.

Yara's third-quarter fertilizer deliveries in Europe were 1% higher than a year ago, in line with the growth in total nitrogen industry deliveries in the quarter. Deliveries of Yara-produced nitrates were marginally lower than a year ago while compound NPK deliveries were 16% higher than a year ago, with growth mainly for high-N NPK grades.

Fertilizer deliveries in Brazil (excluding trade) were 11% higher than a year ago with around two thirds of the growth coming from higher deliveries of premium products and especially NPK. A major part of the growth on NPK relates to new crop-specific grades.

Adjusting for the divestment of the CO<sub>2</sub> business, Industrial deliveries were 9% higher than a year ago with growth for all main product groups. Base chemical deliveries were up 15% driven by increased sales of urea while technical ammonium nitrate deliveries were up 11%. Growth on AdBlue continued with deliveries 16% higher compared to a year ago.

Adjusting for portfolio effects (inclusion of 100% of Pilbara on ammonia), ammonia production decreased 2% mainly because of production problems in the Pilbara ammonia plant during the quarter. Production of finished products was in line with third quarter last year.

### Margin development

Margins declined compared to third quarter last year as sales prices fell more than input costs.

Yara's average realized urea and nitrate fertilizer prices decreased around 25% while compound NPK premiums increased compared to a year ago as realized NPK prices decreased only 15%.

Yara's average European gas cost was 30% below third quarter 2015 on a USD per MMBtu basis, offsetting around one fourth of the price impact on nitrates in Europe and around half of the urea price reduction for products produced in Europe. Yara's average gas costs outside Europe decreased 19%, reflecting mainly ammonia-linked gas contracts for Yara's ammonia assets on Trinidad.

Industrial margins were up for all major products compared with third quarter 2015.

### Other Items

The negative special items variance reflects the NOK 3.2 billion gain realized in third quarter 2015 from divesting GrowHow UK (details on special items can be found on page 11).

The US dollar appreciated 1% versus Norwegian krone compared with third quarter 2015, explaining the majority of the NOK 156 million positive currency translation effect in Yara's results.

Around NOK 50 million of the "Other" variance is the result effect of divesting the CO<sub>2</sub> business in the second quarter 2016. A major part of the remaining "Other" variance reflects higher fixed costs compared to a year earlier.

## Variance analysis year to date

| NOK millions             | YTD 2016 |
|--------------------------|----------|
| EBITDA 2016              | 13,548   |
| EBITDA 2015              | 17,857   |
| Variance EBITDA          | (4,309)  |
| Volume                   | (130)    |
| Price/Margin             | (7,422)  |
| Energy costs             | 3,209    |
| Special items            | (872)    |
| Currency translation     | 1,225    |
| Other                    | (319)    |
| Total variance explained | (4,309)  |

Yara delivered weaker results the first nine months compared with a year earlier as lower energy costs and positive currency effects offset only around 60% of the negative impact from weaker fertilizer prices.

### Volume development

Total Yara-fertilizer deliveries the first nine months in 2016 were in line with the same period last year. Deliveries of Yara-produced products in the same period was 6% higher than a year ago mainly driven by strong growth in deliveries in Brazil.

In Europe, total Yara fertilizer deliveries during the first nine months were 2% lower than a year ago with stable deliveries of Yara-produced fertilizer. Higher deliveries of compound NPKs have been offset by lower fertilizer nitrate deliveries during the first nine months of the year.

Yara-Brazil fertilizer deliveries during the first nine months were 16% higher than a year ago with around 40% of the growth coming from premium products.

Adjusted for the divestment of the CO<sub>2</sub> business, total Industrial deliveries were up 4% compared to the first nine months last year mainly driven by higher AdBlue deliveries.

Adjusting for portfolio effects, production of both ammonia and finished fertilizer during the first nine months of the year were stable compared to a year earlier.

### Margin development

Margins declined compared to first nine months of last year as sales prices fell more than input costs.

Yara's average realized urea and nitrate fertilizer prices decreased around 20% while compound NPK prices decreased 12% compared to first nine months in 2015.

Yara's average European gas cost was 35% lower than the first nine months of 2015 on a USD per MMBtu basis, while outside Europe, Yara's average gas costs decreased 19%. Lower energy prices offset only around 40% of the negative price variance during the first nine months of the year.

Industrial margins for the first nine months were up compared to last year driven mainly by higher margins on urea and ammonia deliveries to the process industry and higher margins for reagent deliveries to NO<sub>x</sub> abatement.

### Other Items

Special items during the first nine months of 2016 were a net positive NOK 1,572 million reflecting the gain of NOK 1,552 million from divesting the European CO<sub>2</sub> business in the second quarter. Net special items first nine months of 2015 were positive NOK 2,445 million reflecting the write-down of the Lifeco assets in first quarter 2015 and the gain from divesting GrowHow UK in the third quarter.

US dollar appreciated 6% versus Norwegian krone compared with first nine months in 2015, explaining the majority of the NOK 1,225 million positive currency translation effect in Yara's results.

The "Other" variance reflects mainly higher fixed costs compared to a year ago.

## Financial items

| NOK millions   | 3Q 2016      | 3Q 2015        | YTD 2016     | YTD 2015       |
|--|--------------|----------------|--------------|----------------|
| Interest income from customers                                       | 133          | 113            | 394          | 316            |
| Interest income, other   | 44           | 37             | 128          | 77             |
| Dividends and net gain/(loss) on securities                          | -            | -              | 25           | 10             |
| <b>Interest income and other financial income</b>                    | <b>177</b>   | <b>150</b>     | <b>546</b>   | <b>402</b>     |
| Interest expense   | (132)        | (234)          | (567)        | (656)          |
| Net interest expense on net pension liability                        | (15)         | (21)           | (47)         | (60)           |
| Net foreign currency translation gain/(loss)                         | (114)        | (1,335)        | 356          | (2,825)        |
| Other  | (33)         | (182)          | (102)        | (296)          |
| <b>Interest expense and foreign currency translation gain/(loss)</b> | <b>(295)</b> | <b>(1,772)</b> | <b>(360)</b> | <b>(3,837)</b> |
| <b>Net financial income/(expense)</b>                                | <b>(119)</b> | <b>(1,622)</b> | <b>187</b>   | <b>(3,434)</b> |

Third-quarter net financial expense was NOK 119 million compared with NOK 1,622 million a year ago. The variance primarily reflects a net foreign currency translation loss of NOK 114 million this quarter, compared with NOK 1,335 million a year earlier.

Interest income from customers increased with NOK 20 million compared with third quarter 2015, while other interest income increased with NOK 7 million, mainly due to higher sales and cash deposits in Brazil.

Third-quarter interest expense was NOK 102 million lower than in the same quarter last year. The variance mainly reflects a NOK 91 million increase in capitalized interest related to expansion projects and a reduced portion of the funding in high interest currencies such as the Brazilian real. Average gross debt in the third quarter was around NOK 3 billion higher than a year ago.

The net foreign currency translation loss in the third quarter was NOK 114 million reflecting mainly internal receivables in US dollar and Euro towards the Norwegian krone. In the same quarter last year, the loss was NOK 1,335 million as the US dollar appreciated up to 28% against the Brazilian real and Yara's other emerging market currencies.

Yara's net US dollar debt generating currency effects in the income statement was approximately USD 1,300 million at the start of the fourth quarter 2016, with around 75% of the exposure towards euro and the rest mainly towards Yara's emerging market currencies.

Net financial income for the first nine months of the year was NOK 187 million compared with a net financial expense of NOK 3,434 million in the same period last year. The variance is primarily explained by a NOK 356 million foreign currency translation gain this year compared with a NOK 2,825 million loss a year ago. The gain this year includes NOK 629 million related to internal currency positions, while last year's figure included a gain of NOK 48 million related to such positions.

### Tax

Third-quarter provisions for current and deferred taxes were NOK 325 million, approximately 28% of income before tax. The tax rate was significantly higher than third quarter 2015 that was positively impacted by tax free gain from selling our stake in GrowHow UK. The tax rate is also negatively impacted by impairment of tax assets.

## Net interest-bearing debt

| NOK millions                                       | 3Q 2016  | YTD 2016 |
|--|----------|----------|
| Net interest-bearing debt at beginning of period   | (9,698)  | (11,868) |
| Cash earnings <sup>1)</sup>                        | 2,836    | 8,614    |
| Dividends received from equity-accounted investees | 11       | 353      |
| Net operating capital change                       | (26)     | 3,807    |
| Investments (net)                                  | (3,146)  | (9,417)  |
| Sale of CO <sub>2</sub> business                   | -        | 2,758    |
| Share buy-back/redemption of shares                | -        | (346)    |
| Yara dividend                                      | (210)    | (4,108)  |
| Foreign currency translation gain/(loss)           | (114)    | 356      |
| Other <sup>2)</sup>                                | (43)     | (538)    |
| of which foreign currency translation adjustment   | 258      | (292)    |
| Net interest-bearing debt at end of period         | (10,390) | (10,390) |

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

2) The currency effect included in «Other» is an adjustment from the currency gain/(loss) in the income statement to the currency impact on net interest bearing debt. The adjustment is mainly explained by applied hedge accounting for net investments in USD, the translation effect when consolidating net interest bearing debt to the presentation currency NOK and internal currency positions that are not related to net interest bearing debt.

As a supplement to the consolidated statement of cash flows (page 18), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt ended at NOK 10,390 million in the third quarter, compared with NOK 9,698 million at the end of the second quarter 2016. Cash earnings were more than consumed by investments.

The investment activity for the quarter reflects mainly growth investments and planned maintenance programs. This includes NOK 782 million for the construction of Ammonia vessels and NOK 234 million of investments in the Freeport ammonia plant (joint venture with BASF).

Working capital has been stable during the quarter with reduced receivables and inventories offset by a decrease in customer prepayments.

The debt/equity ratio at the end of third quarter 2016, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.14 compared with 0.13 at the end of second quarter 2016.

Net interest-bearing debt for the first nine months decreased by NOK 1,479 million, mainly reflecting cash earnings, release of working capital and sale of the CO<sub>2</sub> business, partially offset by investments and Yara-dividend payment.



# Outlook

Despite a projected fourth consecutive strong grain harvest globally, the US Department of Agriculture projects a lower stocks-to-use ratio over the next year, as consumption continues to grow. The global farm margin outlook and incentives for fertilizer application remain supportive overall, and while grain prices are lower, prices for several key crops like sugar, coffee and oils are higher than a year ago.

Chinese urea production and export costs continue to be the main reference point for global nitrogen pricing, but ongoing urea capacity increases in the US and North Africa are partially displacing Chinese urea exports, leading to structurally lower prices in most locations compared with Chinese prices. Fob prices around USD 200 per tonne appear to represent a break-even level for high-cost Chinese producers.

In Europe, pre-buying incentives are improved for the 2016/17 season given significantly lower nitrogen prices and premiums, although some markets are impacted financially by poor harvests. In Brazil, fourth-quarter industry deliveries are expected to be broadly in line with a year earlier, following a 10% increase in deliveries year to date. Longer term Yara sees continued growth in Brazil, including increased Yara premium product deliveries.

To meet growing demand for premium products in particular, Yara is currently expanding capacity in several plants at a significantly lower capital expenditure per capacity tonne compared with benchmark greenfield expansions. Most of these projects will be completed during 2017 and 2018. Assuming current market prices, these projects are expected to generate approximately NOK 5 per share of incremental earnings by 2020 when fully operational.

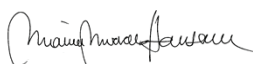
As communicated earlier, Yara is establishing a corporate program to drive and coordinate existing and new improvement initiatives. Parts of the program have entered the implementation phase, and management is confident it will deliver at least USD 500 million of annual EBITDA improvement by 2020. The full target, description of program components and realization timeline will be launched in connection with Yara's fourth quarter 2016 results publication.

Based on current forward markets for natural gas (13 October) Yara's spot-priced gas costs for fourth quarter 2016 and first quarter 2017 are expected to be respectively NOK 300 million lower and NOK 350 million higher than a year earlier. The estimates may change depending on future spot gas prices. Lower gas prices have improved the relative competitiveness of European nitrogen fertilizer plants compared with a year ago.

The Board of Directors and Chief Executive Officer  
Yara International ASA  
Oslo, 20 October 2016



Leif Teksum  
Chairperson



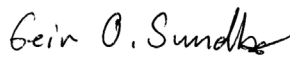
Maria Moræus Hanssen  
Vice chair



John Thuestad  
Board member



Hilde Bakken  
Board member



Geir O. Sundbø  
Board member



Geir Isaksen  
Board member



Rune Bratteberg  
Board member



Kjersti Aass  
Board member



Svein Tore Holsether  
President and CEO

# Definitions and variance analysis

The fertilizer season in West Europe referred to in this discussion starts 1 July and ends 30 June.

Several of Yara's purchase and sales contracts for commodities are, or have embedded terms and conditions which under IFRS are, accounted for as derivatives. The derivative elements of these contracts are presented under "Commodity-based derivatives gain/(loss)" in the condensed consolidated interim statement of income, and are referenced in the variance analysis (see below) as "Special items".

"Other and eliminations" consists mainly of cross-segment eliminations, in addition to Yara's headquarter costs. Profits on sales from Production to Crop Nutrition and Industrial are not recognized in the consolidated Yara condensed consolidated interim statement of income before the products are sold to external customers. These internal profits are eliminated in "Other and eliminations".

Changes in "Other and eliminations" EBITDA therefore usually reflect changes in Production-sourced stock (volumes) held by Crop Nutrition and Industrial, but can also be affected by changes in Production margins on products sold to Crop Nutrition and Industrial, as transfer prices move in line with arms-length market prices. With all other variables held constant, higher stocks would result in a higher (negative) elimination effect in Yara's results, as would higher Production margins. Over time these effects tend to even out, to the extent that stock levels and margins normalize.

In the discussion of operating results, Yara refers to certain non-GAAP financial measures including EBITDA and CROGI. Yara's management makes regular use of these measures to evaluate the performance, both in absolute terms and comparatively from period to period. These measures are viewed by management as providing a better understanding - both for management and for investors - of the underlying operating results of the business segments for the period under evaluation. Yara manages long-term debt and taxes on a group basis. Therefore, net income is discussed only for the Group as a whole.

Yara's management model, referred to as Value Based Management, reflects management's focus on cash flow-based performance indicators. EBITDA, as defined by Yara, includes operating income, interest income, other financial income and share of net income in equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in

equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

EBITDA should not be considered as an alternative to operating income and income before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Yara management uses CROGI (Cash Return On Gross Investment) to measure performance. CROGI is defined as gross cash flow, divided by average gross investment and is calculated on a 12-month rolling basis. "Gross cash flow" is defined as EBITDA less total tax expense, excluding tax on net foreign currency translation gain/ loss. On Yara level, actual tax expense is used for the calculation while a standardized tax rate of 25% is used on segment level. "Gross Investment" is defined as total assets (exclusive of deferred tax assets, cash and cash equivalents, other liquid assets and fair value adjustment recognized in equity) plus accumulated depreciation and amortization, less all short-term interest-free liabilities, except deferred tax liabilities. On segment level, cash and other liquid assets are not excluded from "Gross Investment".

ROCE (Return on capital employed) has been included as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax (less tax on net foreign currency translation gain/loss) divided by average capital employed and is calculated on a 12-month rolling average basis. Capital employed is defined as total assets adjusted for cash and cash equivalents, other liquid assets, deferred tax assets, fair value adjustment recognized in equity minus other current liabilities.

In order to track underlying business developments from period to period, Yara's management also uses a variance analysis methodology, developed within the Company ("Variance Analysis"), that involves the extraction of financial information from the accounting system, as well as statistical and other data from internal management information systems. Management considers the estimates produced by the Variance Analysis, and the identification of trends based on such analysis, sufficiently precise to provide useful data to monitor our business. However, these estimates should be understood to be less than an exact quantification of the changes and trends indicated by such analysis.

The variance analysis presented in Yara quarterly and annual financial reports is prepared on a Yara EBITDA basis including net income from equity-accounted investees. The volume, margin and other variances presented therefore include effects generated by performance in equity-accounted investees.

Yara defines "special items" as material items in the results which are not regarded as part of underlying business performance for the period. These fall into 2 categories, namely "non-recurring items" and "contract derivatives". "Non-recurring items" comprise restructuring-related items and other gains or losses which are not primarily related to the period in which they are recognized, subject to a minimum value of NOK 30 million per item within a 12-month period. "Contract derivatives" are commodity-based

derivatives gains or losses (see above) which are not the result of active exposure or position management by Yara. Net interest bearing debt is defined by Yara as cash and cash equivalents and other liquid assets, reduced for bank loans, other short-term interest bearing debt and long-term interest bearing debt, including current portion.

The debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests.

Earnings per share excluding currency and special items represent net income after non-controlling interests, excluding foreign currency translation gain/loss and special items after tax, divided by average number of shares outstanding in the period.

## Special items

| NOK millions                                    | EBITDA effect |         |          |          | Operating income effect |         |          |          |
|---|---------------|---------|----------|----------|-------------------------|---------|----------|----------|
|   | 3Q 2016       | 3Q 2015 | YTD 2016 | YTD 2015 | 3Q 2016                 | 3Q 2015 | YTD 2016 | YTD 2015 |
| OFD integration costs                           |               | (14)    |          | (72)     |                         | (14)    |          | (72)     |
| Total Crop Nutrition                            |               | (14)    |          | (72)     |                         | (14)    |          | (72)     |
| Gain on sale of CO <sub>2</sub> business        |               |         | 1,333    |          |                         |         | 1,333    | -        |
| Total Industrial                                |               |         | 1,333    |          |                         |         | 1,333    | -        |
| Asset impairment write-down                     |               |         |          |          | (71)                    | (267)   | (312)    | (298)    |
| Contract derivatives                            | 37            |         | (24)     |          | 37                      |         | (24)     |          |
| Gain on swap of mineral rights                  |               |         | 44       |          |                         |         | 44       |          |
| Gain on sale of CO <sub>2</sub> business        |               |         | 220      |          |                         |         | 220      |          |
| Sale of GrowHow UK                              |               | 3,199   |          | 3,199    |                         | 3,199   |          | 3,199    |
| Costs related to flooding Ravenna plant         |               |         |          | (39)     |                         |         |          | (39)     |
| Impairment Lifeco Plant                         |               |         |          | (929)    |                         |         |          | (36)     |
| Tertre insurance settlement                     |               |         |          | 55       |                         |         |          | 55       |
| Sale of energy efficiency certificates in Italy |               |         |          | 89       |                         |         |          | 89       |
| Gain on embedded derivative                     |               | 85      |          | 142      |                         | 85      |          | 142      |
| Total Production                                | 37            | 3,284   | 239      | 2,517    | (33)                    | 3,017   | (71)     | 3,113    |
| Total Yara                                      | 37            | 3,269   | 1,572    | 2,445    | (33)                    | 3,002   | 1,262    | 3,040    |



# Condensed consolidated interim statement of income

| NOK millions, except share information                      | Notes | 3Q 2016         | 3Q 2015         | YTD 2016        | YTD 2015        | 2015            |
|---|-------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue   |       | 23,864          | 27,105          | 73,076          | 82,513          | 108,011         |
| Other income  | 6,7   | 24              | 3,286           | 1,791           | 3,539           | 3,683           |
| Commodity based derivatives gain/(loss)                     |       | 37              | 88              | (24)            | 124             | 203             |
| <b>Revenue and other income</b>                             |       | <b>23,924</b>   | <b>30,479</b>   | <b>74,843</b>   | <b>86,176</b>   | <b>111,897</b>  |
| Raw materials, energy costs and freight expenses            |       | (18,023)        | (20,152)        | (52,956)        | (60,087)        | (79,067)        |
| Payroll and related costs                                   |       | (2,068)         | (1,967)         | (6,261)         | (5,880)         | (8,047)         |
| Depreciation, amortization and impairment loss              | 7,8   | (1,563)         | (1,668)         | (4,739)         | (4,322)         | (6,933)         |
| Other operating expenses                                    |       | (934)           | (818)           | (2,637)         | (2,468)         | (3,745)         |
| <b>Operating costs and expenses</b>                         |       | <b>(22,589)</b> | <b>(24,605)</b> | <b>(66,593)</b> | <b>(72,756)</b> | <b>(97,793)</b> |
| <b>Operating income</b>                                     |       | <b>1,336</b>    | <b>5,874</b>    | <b>8,251</b>    | <b>13,419</b>   | <b>14,104</b>   |
| Share of net income in equity-accounted investees           |       | (72)            | 165             | 10              | (322)           | (310)           |
| Interest income and other financial income                  |       | 177             | 150             | 546             | 402             | 605             |
| <b>Earnings before interest expense and tax (EBIT)</b>      |       | <b>1,440</b>    | <b>6,189</b>    | <b>8,807</b>    | <b>13,499</b>   | <b>14,398</b>   |
| Foreign currency translation gain/(loss)                    |       | (114)           | (1,335)         | 356             | (2,825)         | (2,463)         |
| Interest expense and other financial items                  |       | (181)           | (437)           | (716)           | (1,012)         | (1,291)         |
| <b>Income before tax</b>                                    |       | <b>1,145</b>    | <b>4,417</b>    | <b>8,447</b>    | <b>9,663</b>    | <b>10,644</b>   |
| Income tax expense  |       | (325)           | (319)           | (1,789)         | (1,708)         | (2,209)         |
| <b>Net income</b>   |       | <b>820</b>      | <b>4,098</b>    | <b>6,659</b>    | <b>7,955</b>    | <b>8,435</b>    |
| <b>Net income attributable to</b>                           |       |                 |                 |                 |                 |                 |
| Shareholders of the parent                                  |       | 821             | 4,004           | 6,693           | 7,649           | 8,083           |
| Non-controlling interests                                   |       | (1)             | 94              | (35)            | 306             | 351             |
| <b>Net income</b>   |       | <b>820</b>      | <b>4,098</b>    | <b>6,659</b>    | <b>7,955</b>    | <b>8,435</b>    |
| Earnings per share <sup>1)</sup>                            |       | 3.00            | 14.56           | 24.46           | 27.79           | 29.38           |
| Weighted average number of shares outstanding <sup>2)</sup> | 2     | 273,217,830     | 275,083,369     | 273,593,945     | 275,282,223     | 275,114,375     |

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

2) Weighted average number of shares outstanding was reduced in the second, third and fourth quarter 2015 and the first and second quarter 2016 due to the share buy-back program.

# Condensed consolidated interim statement of comprehensive income

| NOK millions   | Notes | 3Q 2016 | 3Q 2015 | YTD 2016 | YTD 2015 | 2015   |
|--|-------|---------|---------|----------|----------|--------|
| Net income   |       | 820     | 4,098   | 6,659    | 7,955    | 8,435  |
| <b>Other comprehensive income that may be reclassified to statement of income</b>                            |       |         |         |          |          |        |
| Exchange differences on translation of foreign operations  |       | (3,209) | 3,558   | (4,927)  | 4,950    | 6,259  |
| Available-for-sale financial assets - change in fair value   |       | -       | (1)     | -        | (27)     | 31     |
| Cash flow hedges   |       | -       | -       | -        | 18       | 18     |
| Hedge of net investments   |       | 200     | (351)   | 438      | (608)    | (796)  |
| Share of other comprehensive income of equity-accounted investees, excluding remeasurements                  |       | 8       | 9       | 23       | 23       | 64     |
| Net other comprehensive income that may be reclassified to statement of income in subsequent periods         |       | (3,002) | 3,215   | (4,467)  | 4,356    | 5,577  |
| <b>Other comprehensive income that will not be reclassified to statement of income in subsequent periods</b> |       |         |         |          |          |        |
| Remeasurements of the net defined benefit pension liability  | 11    | (141)   | -       | (1,233)  | 726      | 577    |
| Remeasurements of the net defined benefit pension liability for equity-accounted investees                   |       | -       | -       | -        | 11       | 11     |
| Net other comprehensive income that will not be reclassified to statement of income in subsequent periods    |       | (141)   | -       | (1,233)  | 737      | 588    |
| <b>Reclassification adjustments of the period</b>  |       |         |         |          |          |        |
| - cash flow hedges   |       | 1       | 3       | 3        | 5        | 6      |
| - exchange differences on foreign operations disposed of in the year   |       | -       | (312)   | (22)     | (312)    | (341)  |
| Net reclassification adjustments of the period   |       | 1       | (309)   | (19)     | (307)    | (335)  |
| Total other comprehensive income, net of tax   |       | (3,141) | 2,906   | (5,719)  | 4,786    | 5,830  |
| Total comprehensive income   |       | (2,322) | 7,004   | 939      | 12,741   | 14,265 |
| <b>Total comprehensive income attributable to</b>  |       |         |         |          |          |        |
| Shareholders of the parent   |       | (2,221) | 6,853   | 902      | 12,315   | 13,783 |
| Non-controlling interests  |       | (100)   | 151     | 37       | 426      | 481    |
| Total  |       | (2,322) | 7,004   | 939      | 12,741   | 14,265 |

# Condensed consolidated interim statement of changes in equity

| NOK millions  | Share Capital <sup>1)</sup> | Premium paid-in capital | Translation of foreign operations | Available for sale financial assets | Cash flow hedges | Hedge of net investments | Total other reserves | Retained earnings | Attributable to shareholders of the parent | Non-controlling interests | Total equity |
|---|-----------------------------|-------------------------|-----------------------------------|-------------------------------------|------------------|--------------------------|----------------------|-------------------|--|---------------------------|--------------|
| Balance at 31 December 2014                                       | 468                         | 117                     | 9,445                             | 3                                   | (145)            | (804)                    | 8,499                | 54,681            | 63,765                                     | 4,196                     | 67,962       |
| Net income  | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | 7,649             | 7,649                                      | 306                       | 7,955        |
| Other comprehensive income, net of tax                            | -                           | -                       | 4,518                             | (27)                                | 23               | (608)                    | 3,906                | 726               | 4,632                                      | 120                       | 4,752        |
| Share of other comprehensive income of equity-accounted investees | -                           | -                       | 12                                | -                                   | 11               | -                        | 23                   | 11                | 34   | -                         | 34           |
| Total other comprehensive income, net of tax                      | -                           | -                       | 4,530                             | (27)                                | 34               | (608)                    | 3,929                | 737               | 4,666                                      | 120                       | 4,786        |
| Long term incentive plan  | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | 11                | 11   | -                         | 11           |
| Transactions with non-controlling interests                       | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | (8)               | (8)  | (59)                      | (68)         |
| Redeemed shares, Norwegian State <sup>2)</sup>                    | (1)                         | -                       | -                                 | -                                   | -                | -                        | -                    | (127)             | (127)                                      | -                         | (127)        |
| Dividends distributed   | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | (3,581)           | (3,581)                                    | (239)                     | (3,821)      |
| Balance at 30 September 2015                                      | 468                         | 117                     | 13,975                            | (24)                                | (111)            | (1,413)                  | 12,428               | 59,362            | 72,374                                     | 4,323                     | 76,697       |
| Net income  | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | 434               | 434  | 46                        | 480          |
| Other comprehensive income, net of tax                            | -                           | -                       | 1,269                             | 58                                  | 1                | (187)                    | 1,141                | (148)             | 993  | 10                        | 1,003        |
| Share of other comprehensive income of equity-accounted investees | -                           | -                       | 8                                 | -                                   | 34               | -                        | 41                   | -                 | 41   | -                         | 41           |
| Total other comprehensive income, net of tax                      | -                           | -                       | 1,277                             | 58                                  | 35               | (187)                    | 1,183                | (149)             | 1,034                                      | 10                        | 1,044        |
| Long term incentive plan  | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | (14)              | (14)                                       | -                         | (14)         |
| Transactions with non-controlling interests                       | -                           | -                       | 743                               | -                                   | -                | -                        | 743                  | (317)             | 426  | (2,833)                   | (2,407)      |
| Treasury shares   | (2)                         | -                       | -                                 | -                                   | -                | -                        | -                    | (362)             | (364)                                      | -                         | (364)        |
| Share capital increase in subsidiary, non-controlling interest    | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | -                 | -  | 298                       | 298          |
| Dividends distributed   | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | -                 | -  | (7)                       | (7)          |
| Balance at 31 December 2015                                       | 466                         | 117                     | 15,996                            | 34                                  | (76)             | (1,600)                  | 14,353               | 58,954            | 73,890                                     | 1,837                     | 75,727       |
| Net income  | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | 6,693             | 6,693                                      | (35)                      | 6,659        |
| Other comprehensive income, net of tax                            | -                           | -                       | (5,021)                           | -                                   | 3                | 438                      | (4,580)              | (1,234)           | (5,813)                                    | 72                        | (5,742)      |
| Share of other comprehensive income of equity-accounted investees | -                           | -                       | -                                 | -                                   | 23               | -                        | 23                   | -                 | 23   | -                         | 23           |
| Total other comprehensive income, net of tax                      | -                           | -                       | (5,021)                           | -                                   | 26               | 438                      | (4,557)              | (1,234)           | (5,791)                                    | 72                        | (5,719)      |
| Long term incentive plan  | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | (8)               | (8)  | -                         | (8)          |
| Transactions with non-controlling interests                       | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | 3                 | 3  | (5)                       | (2)          |
| Treasury shares   | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | (93)              | (93)                                       | -                         | (93)         |
| Redeemed shares, Norwegian State <sup>3)</sup>                    | (1)                         | -                       | -                                 | -                                   | -                | -                        | -                    | (251)             | (252)                                      | -                         | (252)        |
| Share capital increase in subsidiary, non-controlling interest    | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | -                 | -  | 327                       | 327          |
| Dividends distributed   | -                           | -                       | -                                 | -                                   | -                | -                        | -                    | (4,108)           | (4,108)                                    | (4)                       | (4,112)      |
| Balance at 30 September 2016                                      | 464                         | 117                     | 10,975                            | 33                                  | (50)             | (1,162)                  | 9,796                | 59,956            | 70,334                                     | 2,192                     | 72,526       |

1) Par value 1.70.

2) As approved by General Meeting 11 May 2015.

3) As approved by General Meeting 10 May 2016.

# Condensed consolidated interim statement of financial position

| NOK millions, except share information                            | Notes | 30 Sep 2016    | 30 Sep 2015    | 31 Dec 2015    |
|---|-------|----------------|----------------|----------------|
| <b>Assets</b>   |       |                |                |                |
| <b>Non-current assets</b>   |       |                |                |                |
| Deferred tax assets   |       | 2,789          | 2,817          | 2,950          |
| Intangible assets   |       | 8,859          | 11,441         | 9,583          |
| Property, plant and equipment                                     | 7,8   | 54,574         | 47,839         | 52,424         |
| Equity-accounted investees  |       | 8,932          | 9,699          | 9,769          |
| Other non-current assets  |       | 2,949          | 2,705          | 2,956          |
| <b>Total non-current assets</b>                                   |       | <b>78,102</b>  | <b>74,502</b>  | <b>77,681</b>  |
| <b>Current assets</b>   |       |                |                |                |
| Inventories   | 9     | 16,711         | 19,412         | 19,948         |
| Trade receivables   |       | 10,233         | 11,959         | 12,098         |
| Prepaid expenses and other current assets                         |       | 4,251          | 5,006          | 4,383          |
| Cash and cash equivalents   |       | 5,083          | 8,554          | 3,220          |
| Non-current assets and disposal group classified as held-for-sale | 6     | 173            | 95             | 1,533          |
| <b>Total current assets</b>                                       |       | <b>36,452</b>  | <b>45,025</b>  | <b>41,182</b>  |
| <b>Total assets</b>   |       | <b>114,553</b> | <b>119,527</b> | <b>118,863</b> |



# Condensed consolidated interim statement of financial position

| NOK millions, except share information                   | Notes | 30 Sep 2016 | 30 Sep 2015 | 31 Dec 2015 |
|--|-------|-------------|-------------|-------------|
| <b>Equity and liabilities</b>                            |       |             |             |             |
| <b>Equity</b>  |       |             |             |             |
| Share capital reduced for treasury stock                 |       | 464         | 468         | 466         |
| Premium paid-in capital                                  |       | 117         | 117         | 117         |
| Total paid-in capital                                    |       | 582         | 585         | 583         |
| Other reserves   |       | 9,796       | 12,428      | 14,353      |
| Retained earnings  |       | 59,956      | 59,362      | 58,954      |
| Total equity attributable to shareholders of the parent  |       | 70,334      | 72,374      | 73,890      |
| Non-controlling interests                                |       | 2,192       | 4,323       | 1,837       |
| Total equity   | 2     | 72,526      | 76,697      | 75,727      |
| <b>Non-current liabilities</b>                           |       |             |             |             |
| Employee benefits  | 11    | 4,646       | 3,145       | 3,751       |
| Deferred tax liabilities                                 |       | 4,742       | 5,853       | 5,392       |
| Other long-term liabilities                              |       | 1,179       | 1,465       | 1,448       |
| Long-term provisions                                     |       | 748         | 814         | 773         |
| Long-term interest-bearing debt                          | 10    | 13,133      | 9,226       | 9,354       |
| Total non-current liabilities                            |       | 24,449      | 20,503      | 20,718      |
| <b>Current liabilities</b>                               |       |             |             |             |
| Trade and other payables                                 |       | 13,513      | 15,919      | 14,674      |
| Current tax liabilities                                  |       | 630         | 1,269       | 693         |
| Short-term provisions                                    |       | 255         | 325         | 325         |
| Other short-term liabilities                             |       | 839         | 782         | 875         |
| Bank loans and other interest-bearing short-term debt    |       | 2,147       | 1,952       | 3,635       |
| Current portion of long-term debt                        |       | 194         | 2,080       | 2,102       |
| Liabilities associated with disposal group held-for-sale |       | -           | -           | 115         |
| Total current liabilities                                |       | 17,578      | 22,327      | 22,418      |
| Total equity and liabilities                             |       | 114,553     | 119,527     | 118,863     |
| Number of shares outstanding <sup>1)</sup>               | 2     | 273,217,830 | 275,083,369 | 274,173,369 |

1) Number of shares outstanding was reduced in the second, third and fourth quarter 2015 and first and second quarter 2016 due to the share buy-back program.

The Board of Directors and Chief Executive Officer  
Yara International ASA  
Oslo, 20 October 2016



Leif Teksum  
Chairperson



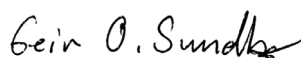
Maria Moræus Hanssen  
Vice chair



John Thuestad  
Board member



Hilde Bakken  
Board member



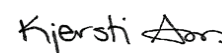
Geir O. Sundbø  
Board member



Geir Isaksen  
Board member



Rune Bratteberg  
Board member



Kjersti Aass  
Board member



Svein Tore Holsether  
President and CEO

# Condensed consolidated interim statement of cash flows

| NOK millions  | Notes | 3Q 2016        | 3Q 2015      | YTD 2016       | YTD 2015       | 2015           |
|---|-------|----------------|--------------|----------------|----------------|----------------|
| <b>Operating activities</b>   |       |                |              |                |                |                |
| Operating income  |       | 1,336          | 5,874        | 8,251          | 13,419         | 14,104         |
| <b>Adjustments to reconcile operating income to net cash provided by operating activities</b> |       |                |              |                |                |                |
| Depreciation, amortization and impairment loss  |       | 1,563          | 1,668        | 4,739          | 4,322          | 6,933          |
| Write-down and reversals, net   |       | 25             | 19           | 115            | 199            | 265            |
| Tax paid <sup>1)</sup>  |       | (314)          | (1,146)      | (2,461)        | (2,641)        | (3,380)        |
| Dividend from equity-accounted investees  |       | 11             | 347          | 353            | 807            | 807            |
| Change in net operating capital <sup>2)</sup>   |       | (51)           | 358          | 3,692          | (642)          | (1,464)        |
| (Gain)/loss on disposal and revaluation of non-current assets                                 | 6     | 27             | (3,225)      | (1,639)        | (3,338)        | (3,280)        |
| Other   |       | (651)          | 517          | (1,209)        | 1,420          | 645            |
| <b>Net cash from operating activities</b>   |       | <b>1,947</b>   | <b>4,413</b> | <b>11,842</b>  | <b>13,545</b>  | <b>14,631</b>  |
| <b>Investing activities</b>   |       |                |              |                |                |                |
| Purchases of property, plant and equipment  |       | (3,157)        | (2,260)      | (9,228)        | (5,896)        | (9,631)        |
| Cash outflow on business combinations   | 5     | -              | (17)         | (356)          | (73)           | (1,406)        |
| Purchases of other long-term investments  |       | (29)           | (232)        | 17             | (507)          | (904)          |
| Sales/(purchases) of short-term investments, net  |       | -              | (300)        | -              | (300)          | (132)          |
| Proceeds from sales of property, plant and equipment  |       | 40             | 53           | 51             | 120            | 138            |
| Proceeds from sales of other long-term investments  | 6     | 1              | 4,797        | 2,857          | 4,939          | 5,048          |
| <b>Net cash from/(used in) investing activities</b>   |       | <b>(3,146)</b> | <b>2,042</b> | <b>(6,660)</b> | <b>(1,718)</b> | <b>(6,888)</b> |
| <b>Financing activities</b>   |       |                |              |                |                |                |
| Loan proceeds/(repayments), net   | 10    | (1,279)        | (583)        | 786            | (2,921)        | (1,460)        |
| Purchase of treasury shares   | 2     | -              | -            | (93)           | -              | (364)          |
| Redeemed shares Norwegian State   | 2     | -              | (127)        | (252)          | (127)          | (127)          |
| Dividend  | 2     | (210)          | (185)        | (4,108)        | (3,581)        | (3,581)        |
| Transactions with non-controlling interests   |       | -              | -            | -              | -              | (2,825)        |
| Other cash transfers (to)/from non-controlling interests                                      |       | 212            | -            | 323            | (290)          | 54             |
| <b>Net cash from/(used in) financing activities</b>   |       | <b>(1,277)</b> | <b>(895)</b> | <b>(3,345)</b> | <b>(6,920)</b> | <b>(8,304)</b> |
| <b>Foreign currency effects on cash flows</b>   |       | <b>(81)</b>    | <b>34</b>    | <b>26</b>      | <b>55</b>      | <b>189</b>     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                   |       | <b>(2,557)</b> | <b>5,594</b> | <b>1,863</b>   | <b>4,962</b>   | <b>(371)</b>   |
| Cash and cash equivalents at beginning of period  |       | 7,640          | 2,960        | 3,220          | 3,591          | 3,591          |
| Cash and cash equivalents at end of period  |       | 5,083          | 8,554        | 5,083          | 8,554          | 3,220          |
| <b>Bank deposits not available for the use of other group companies</b>                       |       |                |              | <b>354</b>     | <b>416</b>     | <b>436</b>     |

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by Qafco, but refunded by Yara. Tax paid to Qatar was NOK 301 million in second quarter 2016 (NOK 334 million in second quarter 2015).

2) Operating capital consists of trade receivables, inventories and trade payables.

# Notes to the condensed consolidated interim financial statements

## General and accounting policies

Yara (the Group) consists of Yara International ASA (the Company) and its subsidiaries. Yara International ASA is a limited company incorporated in Norway.

The condensed consolidated interim financial statements consist of the Group and the Group's interests in equity-accounted investees. The consolidated financial statements of the Group as at and for the year ended 31 December 2015 are available upon request from the Company's registered office at Drammensveien 131, Oslo, Norway or at [www.yara.com](http://www.yara.com). These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities

Trading Act. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated financial statements of the Group as at and for the year ended 31 December 2015. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

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



## 1 Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are

recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. When preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were mainly the same as those that applied to the consolidated financial statements as of the period ended 31 December 2015.

## Note 2 Shares, dividend and share buy-back program

The Annual General Meeting in May 2016 approved a dividend for 2015 of NOK 4,108 million (NOK 15 per share). The dividend was paid out with NOK 3,898 million during second quarter and NOK 210 million during third quarter 2016.

In May 2015, the Annual General Meeting authorized the Board of Directors to acquire up to 5% (13,754,168 shares) of total shares in the open market and from the Norwegian State. The purchase price shall not be less than NOK 10 and not more than NOK 1,000. Within this frame, the Company has acquired 1,190,000 shares for NOK 457.3 million, of which 910,000 shares were acquired in 2015 for NOK 363.8 million and 280,000 shares were acquired during first quarter 2016 for NOK 93.5 million. In May 2016, the Annual General Meeting approved the cancellation of 1,190,000 of the Company's own shares and the redemption of 675,539 shares owned by the Norwegian State for a consideration of NOK 252 million. The consideration to the Norwegian State

was paid in the second quarter 2016. The number of shares in the company is consequently reduced to 273,217,830.

In May 2016, the Annual General Meeting approved that the existing buy-back program is replaced by a new program, authorizing the Board to acquire up to 5% (13,660,891 shares) of Yara's shares before the next Annual General Meeting. Shares may be purchased within a price range of NOK 10 to NOK 1,000. The shares acquired pursuant to this authorization shall be subsequently cancelled. Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of the shares bought back.

Yara has not purchased own shares under the 2016 buy-back program.

|  | Ordinary shares | Own shares |
|--|-----------------|------------|
| Total at 31 December 2014                              | 276,227,775     | (730,000)  |
| Redeemed shares Norwegian State <sup>1)</sup>          | (414,406)       | -          |
| Shares cancelled <sup>1)</sup>                         | (730,000)       | 730,000    |
| Treasury shares - share buy-back program <sup>1)</sup> | -               | (910,000)  |
| Total at 31 December 2015                              | 275,083,369     | (910,000)  |
| Redeemed shares Norwegian State <sup>2)</sup>          | (675,539)       | -          |
| Shares cancelled <sup>2)</sup>                         | (1,190,000)     | 1,190,000  |
| Treasury shares - share buy-back program <sup>1)</sup> | -               | (280,000)  |
| Total at 30 September 2016                             | 273,217,830     | -          |

1) As approved by General Meeting 11 May 2015.

2) As approved by General Meeting 10 May 2016.

## Note 3 Operating segment information

| NOK millions                             | 3Q 2016       | 3Q 2015       | YTD 2016       | YTD 2015       | 2015           |
|--|---------------|---------------|----------------|----------------|----------------|
| <b>External revenue and other income</b> |               |               |                |                |                |
| Crop Nutrition                           | 18,444        | 19,995        | 55,563         | 61,438         | 80,198         |
| Industrial                               | 3,468         | 4,387         | 12,483         | 12,851         | 17,233         |
| Production                               | 1,983         | 6,086         | 6,824          | 11,822         | 14,383         |
| Other and eliminations                   | 29            | 11            | (26)           | 64             | 82             |
| <b>Total</b>                             | <b>23,924</b> | <b>30,479</b> | <b>74,843</b>  | <b>86,176</b>  | <b>111,897</b> |
| <b>Internal revenue and other income</b> |               |               |                |                |                |
| Crop Nutrition                           | 412           | 674           | 1,053          | 1,181          | 1,591          |
| Industrial                               | 36            | 23            | 107            | 78             | 113            |
| Production                               | 7,351         | 9,608         | 25,392         | 32,138         | 41,429         |
| Other and eliminations                   | (7,799)       | (10,305)      | (26,551)       | (33,396)       | (43,132)       |
| <b>Total</b>                             | <b>-</b>      | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Revenue and other income</b>          |               |               |                |                |                |
| Crop Nutrition                           | 18,856        | 20,669        | 56,616         | 62,619         | 81,789         |
| Industrial                               | 3,505         | 4,409         | 12,589         | 12,929         | 17,346         |
| Production                               | 9,334         | 15,694        | 32,215         | 43,960         | 55,812         |
| Other and eliminations                   | (7,770)       | (10,294)      | (26,577)       | (33,332)       | (43,050)       |
| <b>Total</b>                             | <b>23,924</b> | <b>30,479</b> | <b>74,843</b>  | <b>86,176</b>  | <b>111,897</b> |
| <b>Operating income</b>                  |               |               |                |                |                |
| Crop Nutrition                           | 1,191         | 1,236         | 3,667          | 4,090          | 4,973          |
| Industrial                               | 370           | 351           | 2,400          | 953            | 1,174          |
| Production                               | (385)         | 4,612         | 1,747          | 8,976          | 8,842          |
| Other and eliminations                   | 159           | (325)         | 436            | (599)          | (886)          |
| <b>Total</b>                             | <b>1,336</b>  | <b>5,874</b>  | <b>8,251</b>   | <b>13,419</b>  | <b>14,104</b>  |
| <b>EBITDA</b>                            |               |               |                |                |                |
| Crop Nutrition                           | 1,502         | 1,519         | 4,610          | 4,935          | 6,188          |
| Industrial                               | 403           | 432           | 2,518          | 1,181          | 1,489          |
| Production                               | 894           | 6,221         | 5,858          | 12,238         | 14,414         |
| Other and eliminations                   | 205           | (289)         | 561            | (497)          | (729)          |
| <b>Total</b>                             | <b>3,004</b>  | <b>7,884</b>  | <b>13,548</b>  | <b>17,857</b>  | <b>21,361</b>  |
| <b>Investments <sup>1)</sup></b>         |               |               |                |                |                |
| Crop Nutrition                           | 347           | 189           | 994            | 873            | 1,455          |
| Industrial                               | 35            | 60            | 129            | 160            | 242            |
| Production                               | 3,146         | 2,506         | 8,021          | 5,167          | 9,511          |
| Other and eliminations                   | 21            | 26            | 96             | 95             | 108            |
| <b>Total</b>                             | <b>3,549</b>  | <b>2,781</b>  | <b>9,241</b>   | <b>6,295</b>   | <b>11,316</b>  |
| <b>Total Assets <sup>2)</sup></b>        |               |               |                |                |                |
| Crop Nutrition                           |               |               | 35,122         | 34,290         | 36,057         |
| Industrial                               |               |               | 4,506          | 6,427          | 6,509          |
| Production                               |               |               | 76,835         | 71,870         | 75,077         |
| Other and eliminations                   |               |               | (1,910)        | 6,941          | 1,220          |
| <b>Total</b>                             |               |               | <b>114,553</b> | <b>119,527</b> | <b>118,863</b> |

1) Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. The figures presented are capitalized amounts, and may deviate from cash flow from investing activities due to timing of cash outflows.

2) Assets exclude internal cash accounts and accounts receivables related to group relief.

| NOK millions, except percentages                             | 3Q 2016      | 3Q 2015      | YTD 2016     | YTD 2015     | 2015          |
|--|--------------|--------------|--------------|--------------|---------------|
| <b>CROGI (12-month rolling average)</b>                      |              |              |              |              |               |
| Yara <sup>1)</sup>   |              |              | 10.7 %       | 15.5 %       | 14.0 %        |
| Crop Nutrition   |              |              | 16.5 %       | 17.4 %       | 17.5 %        |
| Industrial <sup>2)</sup>                                     |              |              | 47.6 %       | 19.8 %       | 22.0 %        |
| Production <sup>2)</sup>                                     |              |              | 7.0 %        | 13.8 %       | 12.1 %        |
| <b>ROCE (12-month rolling average)</b>                       |              |              |              |              |               |
| Yara <sup>1)</sup>   |              |              | 8.1 %        | 16.0 %       | 12.9 %        |
| Crop Nutrition   |              |              | 15.6 %       | 16.3 %       | 16.6 %        |
| Industrial <sup>2)</sup>                                     |              |              | 55.2 %       | 21.6 %       | 24.6 %        |
| Production <sup>2)</sup>                                     |              |              | 1.9 %        | 14.0 %       | 9.9 %         |
| <b>Reconciliation of EBITDA to Income before tax</b>         |              |              |              |              |               |
| EBITDA   | 3,004        | 7,884        | 13,548       | 17,857       | 21,361        |
| Depreciation, amortization and impairment loss <sup>3)</sup> | (1,564)      | (1,695)      | (4,741)      | (4,357)      | (6,962)       |
| Foreign currency translation gain/(loss)                     | (114)        | (1,335)      | 356          | (2,825)      | (2,463)       |
| Interest expense and other financial items                   | (181)        | (437)        | (716)        | (1,012)      | (1,291)       |
| <b>Income before tax</b>                                     | <b>1,145</b> | <b>4,417</b> | <b>8,447</b> | <b>9,663</b> | <b>10,644</b> |

1) Cash and other liquid assets are included in gross investments and capital employed when calculating CROGI and ROCE respectively for the segments, but not included for total Yara. In addition, actual Yara tax is used for calculating CROGI and ROCE for Yara while a standardized tax rate of 25% is used for the segments. These two effects explain the variance in CROGI and ROCE between Yara and the segments. See page 10 "Definitions and variance analysis" for more information.

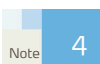
2) YTD 2016 includes gain on sale of the European CO<sub>2</sub> business.

3) Including amortization of excess value in equity-accounted investees.

#### Reconciliation of operating income to EBITDA

| NOK millions           | Operating income | Equity accounted investees | Interest income and other financial income | EBIT          | Depreciation, amortization and impairment loss <sup>1)</sup> | EBITDA        |
|------------------------|------------------|----------------------------|--|---------------|--|---------------|
| <b>3Q 2016</b>         |                  |                            |  |               |  |               |
| Crop Nutrition         | 1,191            | (4)                        | 115  | 1,302         | 200  | 1,502         |
| Industrial             | 370              | 7                          | 3  | 379           | 23   | 403           |
| Production             | (385)            | (75)                       | 44   | (416)         | 1,309  | 894           |
| Other and eliminations | 159              | -                          | 15   | 175           | 31   | 205           |
| <b>Total</b>           | <b>1,336</b>     | <b>(72)</b>                | <b>177</b>                                 | <b>1,440</b>  | <b>1,563</b>   | <b>3,004</b>  |
| <b>3Q 2015</b>         |                  |                            |  |               |  |               |
| Crop Nutrition         | 1,236            | 11                         | 105  | 1,352         | 167  | 1,519         |
| Industrial             | 351              | 27                         | 2  | 380           | 53   | 432           |
| Production             | 4,612            | 127                        | 33   | 4,772         | 1,449  | 6,221         |
| Other and eliminations | (325)            | -                          | 10   | (315)         | 26   | (289)         |
| <b>Total</b>           | <b>5,874</b>     | <b>165</b>                 | <b>150</b>                                 | <b>6,189</b>  | <b>1,695</b>   | <b>7,884</b>  |
| <b>YTD 2016</b>        |                  |                            |  |               |  |               |
| Crop Nutrition         | 3,667            | 23                         | 381  | 4,071         | 539  | 4,610         |
| Industrial             | 2,400            | 37                         | 5  | 2,443         | 76   | 2,518         |
| Production             | 1,747            | (51)                       | 123  | 1,820         | 4,038  | 5,858         |
| Other and eliminations | 436              | -                          | 37   | 473           | 88   | 561           |
| <b>Total</b>           | <b>8,251</b>     | <b>10</b>                  | <b>546</b>                                 | <b>8,807</b>  | <b>4,741</b>   | <b>13,548</b> |
| <b>YTD 2015</b>        |                  |                            |  |               |  |               |
| Crop Nutrition         | 4,090            | 44                         | 296  | 4,429         | 506  | 4,935         |
| Industrial             | 953              | 72                         | 5  | 1,030         | 151  | 1,181         |
| Production             | 8,976            | (439)                      | 73   | 8,610         | 3,628  | 12,238        |
| Other and eliminations | (599)            | -                          | 30   | (570)         | 73   | (497)         |
| <b>Total</b>           | <b>13,419</b>    | <b>(322)</b>               | <b>402</b>                                 | <b>13,499</b> | <b>4,357</b>   | <b>17,857</b> |
| <b>2015</b>            |                  |                            |  |               |  |               |
| Crop Nutrition         | 4,973            | 26                         | 428  | 5,428         | 760  | 6,188         |
| Industrial             | 1,174            | 102                        | 6  | 1,282         | 206  | 1,489         |
| Production             | 8,842            | (438)                      | 117  | 8,521         | 5,893  | 14,414        |
| Other and eliminations | (886)            | -                          | 54   | (832)         | 102  | (729)         |
| <b>Total</b>           | <b>14,104</b>    | <b>(310)</b>               | <b>605</b>                                 | <b>14,398</b> | <b>6,962</b>   | <b>21,361</b> |

1) Including amortization of excess value in equity-accounted investees.



## 4 Business initiatives

### Acquisitions

On 10 August 2016, Yara entered into an agreement to acquire the Tata Chemicals Ltd ("TCL") Babrala urea plant and distribution business in Uttar Pradesh, India, for INR 26,696 million (USD 400 million) on a debt and cash free basis, including normalized net working capital. The plant has an annual production of 0.7 million tonnes ammonia and 1.2 million tonnes urea, and generated revenues and EBITDA of respectively USD 350 million and USD 35 million in the fiscal year ended 31 March 2016. The plant was commissioned in 1994, and is the most energy efficient plant in India, with energy efficiency on par with Yara's best plants. The agreement will be subject to regulatory approvals and sanctioning by the relevant courts in India, a process which is expected to take 9-12 months after which closing of the transaction can take place.

On 1 April 2016, Yara acquired Greenbelt Fertilizers for a consideration of NOK 404 million. Greenbelt Fertilizers is a leading distributor of fertilizers in Zambia, Malawi and Mozambique. Zambia with its neighboring countries make up a fast-growing agricultural region with low but increasing fertilizer application rates, and Yara expects continued fertilizer demand growth in the region. Greenbelt started operations in Zambia in 2004 and has become a leading fertilizer distributor in Zambia, Malawi and Mozambique, with sales of 80,000 tonnes and an EBITDA of USD 5 million in the fiscal year ending 31 March 2015. Greenbelt owns three blending plants and three warehouses. See note 5 for more information.

### Other business initiatives

On 11 April 2016, Yara announced that it will invest approximately BRL 1 billion (USD 275 million) in expanding and modernizing its Rio Grande plant, which is strategically located in southern Brazil, a key region in the country's growing agricultural industry. Set for completion in 2020, the investment will create one of the biggest and most modern fertilizer sites in the Americas. The expansion project will double the site's current 800,000 tonnes annual fertilizer production and blending capacity, and provide customers with increased access to Yara's premium products, thereby reducing reliance on finished fertilizer imports. It will also improve health, environment, safety and quality performance, including substantially lower emissions than required by legislation. The scope includes new warehouses, new acidulation and granulation lines, fully automated blending and bagging equipment for small (50 kg) and big (1 tonne) bags, a boiler for steam production, a wastewater treatment plant and rest areas for truck drivers.

### Disposals

On 20 April 2016, Yara signed the transaction documents for the sale of its European CO<sub>2</sub> business and its remaining 34% stake in the Yara Praxair Holding AS joint venture to U.S.-based Praxair Inc. The transaction was completed 1 June 2016. See note 6 for more information.

## Note 5 Business combinations

On 1 April 2016, Yara acquired Greenbelt Fertilizers, a distributor of fertilizers in Zambia, Malawi, Zimbabwe and Mozambique. The acquired business is included in the Crop

Nutrition segment. The main reason for the acquisition is to further improve Yara's downstream position within a fast growing agricultural region.

### Consideration

| NOK millions                                      | Greenbelt 1 Apr |
|---|-----------------|
| Cash transferred                                  | 360             |
| Deferred consideration and earn out <sup>1)</sup> | 44              |
| <b>Total considerations</b>                       | <b>404</b>      |

<sup>1)</sup> The earn out agreement is limited to USD 6 million.

Acquisition-related costs amounting to NOK 3 million have been excluded from the consideration transferred and have been recognized as an expense in the current year, within 'Other operating expenses' in the condensed consolidated interim statement of income.

### Identifiable assets acquired and liabilities recognized at the date of acquisition (fair value)

| NOK millions                                       | Greenbelt 1 Apr |
|--|-----------------|
| <b>Assets</b>                                      |                 |
| Customer relationships, part of intangible assets  | 23              |
| Other, part of intangible assets                   | 31              |
| Property, plant and equipment                      | 96              |
| Inventories  | 171             |
| Trade receivables                                  | 275             |
| Prepaid expenses and other current assets          | 9               |
| Cash and cash equivalents                          | 4               |
| <b>Total assets</b>                                | <b>610</b>      |
| <b>Liabilities</b>                                 |                 |
| Trade and other payables                           | 69              |
| Other short-term liabilities                       | 174             |
| <b>Total liabilities</b>                           | <b>243</b>      |
| <b>Total identifiable net assets at fair value</b> | <b>367</b>      |

The receivables acquired in the business combination have a gross contractual amount equal to their fair value.

The initial accounting for the acquisition has only been provisionally determined at the end of the reporting period. The tax values of Greenbelt are impacted by the transaction.

### Goodwill arising on acquisition

| NOK millions                                   | Greenbelt 1 Apr |
|--|-----------------|
| Total consideration                            | 404             |
| Fair value of net identifiable assets acquired | (367)           |
| <b>Goodwill arising on acquisition</b>         | <b>37</b>       |

Goodwill arose on the acquisitions due to future economic benefits from the assembled workforce. It also reflects a willingness to pay for operational benefits in raw material sourcing and increased sale of premium offering products.



### Net cash outflow on acquisition

| NOK millions   | Greenbelt 1 Apr |
|--|-----------------|
| Consideration paid in cash at date of acquisition      | 360             |
| Cash and cash equivalent balances acquired             | (4)             |
| <b>Net cash outflow on acquisition of subsidiaries</b> | <b>356</b>      |

Net cash outflow is presented as a part of "Cash outflow on business combinations" in the condensed consolidated interim statement of cash flows.

### Impact of the acquisition on the total assets of the Group

| NOK millions   | Greenbelt 1 Apr |
|--|-----------------|
| Consolidated identifiable assets                     | 610             |
| Goodwill arising on the acquisition                  | 37              |
| <b>Total impact on the total assets of the Group</b> | <b>647</b>      |

### Impact of the acquisition on the results of the Group

| NOK millions   | Greenbelt |
|--|-----------|
| <b>Included in year-to-date consolidated figures</b> |           |
| Revenues   | 218       |
| <i>of which internal revenues</i>                    | 63        |
| EBITDA   | (30)      |
| Net income before tax                                | (45)      |

### Pro forma figures

Yara has reported a consolidated income before tax of NOK 8,447 million. If the combination had taken place at the beginning of the year, Yara's 'pro-forma' YTD consolidated income before tax would have been NOK 8,445 million.

- In determining the 'pro-forma' net income before tax the following adjustments have been made:
- calculated depreciation of intangible assets acquired on the basis of fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.
  - calculated reduced interest income on funds used for acquiring the business combination.

## Note 6 Divestment

On 1 June 2016, Yara completed the sale of its European CO<sub>2</sub> business, including sale of its 34% stake in Yara Praxair Holding AS. The CO<sub>2</sub> business has been classified as disposal group held-for-sale since the fourth quarter 2015.

Yara's European CO<sub>2</sub> business sold approximately 800 thousand metric tonnes of liquid CO<sub>2</sub> and 60 thousand metric tonnes of dry ice, delivering an EBITDA of EUR 19.5 million and revenues of EUR 112 million primarily from the food and beverage industry. The business operates five CO<sub>2</sub> liquefaction plants, three CO<sub>2</sub> ships, seven ship terminals and six dry ice production facilities. The equity-accounted investee, Yara Praxair Holding, operating in Scandinavia

and formed in 2007, had an EBITDA of EUR 36 million and revenues of EUR 141 million in 2015 (100% basis).

The sale also includes an agreement for Yara to supply Praxair with raw CO<sub>2</sub> gas and continue to operate three of the CO<sub>2</sub> liquefaction units which are integrated within Yara's fertilizer plants.

The CO<sub>2</sub> business is part of Yara's Industrial segment, but the transaction also includes certain assets reported in the Production segment.

### Carrying values of derecognized assets and liabilities at the date of closing

| NOK millions  | Production | Industrial   | Total        |
|---|------------|--------------|--------------|
| <b>Assets</b>   |            |              |              |
| Intangible assets                                     | -          | 52           | 52           |
| Property, plant and equipment                         | 92         | 818          | 910          |
| Equity-accounted investees                            | -          | 231          | 231          |
| Inventories   | 6          | 21           | 27           |
| Trade receivables                                     | -          | 192          | 192          |
| Prepaid expenses and other current assets             | -          | 4            | 4            |
| Cash and cash equivalents                             | -          | 3            | 3            |
| <b>Total assets</b>                                   | <b>98</b>  | <b>1,320</b> | <b>1,418</b> |
| <b>Liabilities</b>                                    |            |              |              |
| Long-term provisions                                  | -          | 25           | 25           |
| Deferred tax liabilities                              | -          | 5            | 5            |
| Trade and other payables                              | -          | 46           | 46           |
| Bank loans and other interest-bearing short term debt | -          | 1            | 1            |
| Other short-term liabilities                          | -          | 19           | 19           |
| <b>Total liabilities</b>                              | <b>-</b>   | <b>96</b>    | <b>96</b>    |

### Gain on divestment

| NOK millions                       | Production | Industrial   | Total        |
|------------------------------------|------------|--------------|--------------|
| CO <sub>2</sub> business           | 220        | 677          | 896          |
| Yara Praxair Holding AS            | -          | 655          | 655          |
| <b>Net gain on divested assets</b> | <b>220</b> | <b>1,332</b> | <b>1,552</b> |

A currency translation gain on foreign operations of NOK 22 million has been reclassified from other comprehensive income to the statement of income on disposal. The reported net gain also includes transaction related costs of NOK 16 million.

### Net cash flow on divested assets

| NOK millions                                   | Total        |
|--|--------------|
| Cash received sale of CO <sub>2</sub> business | 1,908        |
| Cash received sale of Yara Praxair Holding AS  | 853          |
| Cash transferred                               | (3)          |
| <b>Net cash flow on divested assets</b>        | <b>2,758</b> |

Note 7

## Specifications to the condensed consolidated interim statement of income

### Other income

| NOK millions  | 3Q 2016   | 3Q 2015      | YTD 2016     | YTD 2015     | 2015         |
|---|-----------|--------------|--------------|--------------|--------------|
| Divestment of the European CO <sub>2</sub> business | (1)       | -            | 1,552        | -            | -            |
| Divestment of GrowHow UK                            | -         | 3,199        | -            | 3,199        | 3,199        |
| Sale of white certificates                          | -         | -            | 80           | 105          | 205          |
| Gain on swap of mineral rights                      | -         | -            | 44           | -            | -            |
| Insurance compensations                             | 1         | 34           | 64           | 117          | 130          |
| Other   | 24        | 53           | 52           | 117          | 148          |
| <b>Total</b>  | <b>24</b> | <b>3,286</b> | <b>1,791</b> | <b>3,539</b> | <b>3,683</b> |

### Depreciation, amortization and impairment loss

| NOK millions  | 3Q 2016        | 3Q 2015        | YTD 2016       | YTD 2015       | 2015           |
|---|----------------|----------------|----------------|----------------|----------------|
| Depreciation of property, plant and equipment                               | (1,275)        | (1,193)        | (3,771)        | (3,416)        | (4,663)        |
| Impairment loss property, plant and equipment                               | (87)           | (13)           | (334)          | (71)           | (1,183)        |
| Reversal of impairment loss property, plant and equipment                   | 4              | 9              | 15             | 21             | 22             |
| <b>Total depreciation and impairment loss property, plant and equipment</b> | <b>(1,358)</b> | <b>(1,197)</b> | <b>(4,090)</b> | <b>(3,466)</b> | <b>(5,824)</b> |
| Amortization of intangible assets   | (205)          | (203)          | (649)          | (589)          | (800)          |
| Impairment loss intangible assets   | (0)            | (268)          | (0)            | (267)          | (308)          |
| <b>Total amortization and impairment loss intangible assets</b>             | <b>(205)</b>   | <b>(471)</b>   | <b>(649)</b>   | <b>(856)</b>   | <b>(1,108)</b> |
| <b>Total depreciation, amortization and impairment loss</b>                 | <b>(1,563)</b> | <b>(1,668)</b> | <b>(4,739)</b> | <b>(4,322)</b> | <b>(6,933)</b> |

Note 8

## Recognized impairment write-down

In the third quarter 2016, Yara recognized impairment write-down of property, plant and equipment of NOK 87 million. On a year-to date basis, the total impairment of the asset class is NOK 334 million, mainly related to the Montoir (France) and Trinidad plants. Both of these plants also had impairments in 2015. A further reduction to sales prices have triggered the additional charge. The Montoir plant is one of Yara's smallest fertilizer plants, with an annual production capacity of approximately 300,000 tonnes

nitrate and 300,000 tonnes NPK. In addition to small scale, the plant has limited export opportunities and is exposed to lower profitability in its home market. The Trinidad plant is one of Yara's smallest ammonia plants, with an annual production capacity of approximately 270,000 tonnes ammonia. Plant profitability is impacted by frequent gas supply curtailments and lower energy efficiency than Yara's average. Remaining carrying value for these two plants is NOK 178 million, including working capital.

## Note 9 Inventories

| NOK millions                             | 30 Sep 2016   | 30 Sep 2015   | 31 Dec 2015   |
|--|---------------|---------------|---------------|
| Finished goods                           | 9,026         | 10,368        | 11,425        |
| Work in progress                         | 438           | 602           | 637           |
| Raw materials                            | 7,248         | 8,442         | 7,885         |
| <b>Total</b>                             | <b>16,711</b> | <b>19,412</b> | <b>19,948</b> |
| Write-down                               |               |               |               |
| Balance at 1 January                     | (152)         | (92)          | (92)          |
| Reversal/(write-down), net               | (23)          | (8)           | (52)          |
| Foreign currency translation gain/(loss) | 14            | (5)           | (8)           |
| <b>Closing balance</b>                   | <b>(161)</b>  | <b>(106)</b>  | <b>(152)</b>  |

## Note 10 Long-term debt

### Contractual payments on long-term debt

| NOK millions | Debentures    | Bank Loans   | Capital lease and other LT loans | Total         |
|--------------|---------------|--------------|----------------------------------|---------------|
| 2017         | -             | 211          | 36                               | 246           |
| 2018         | -             | 290          | 53                               | 344           |
| 2019         | 6,207         | 142          | 48                               | 6,397         |
| 2020         | -             | 121          | 54                               | 174           |
| 2021         | 724           | 120          | 85                               | 929           |
| Thereafter   | 4,634         | 241          | 169                              | 5,044         |
| <b>Total</b> | <b>11,564</b> | <b>1,125</b> | <b>444</b>                       | <b>13,133</b> |

In September, Yara Pilbara repaid its USD 100 million loan upon maturity.

## Note 11 Employee Benefits

By the end of third quarter 2016, the defined benefit obligations and plan assets have been remeasured using revised financial assumptions in order to capture the main developments in the financial markets. The remeasurement loss of the quarter is recognized as an increase in net liability of NOK 174 million and a negative effect in other comprehensive income of NOK 141 million (after tax).

Year-to-date increase to the employee benefit liability is NOK 1,589 million and the negative effect in other comprehensive income is NOK 1,233 million. The main reason for the increased obligation is declining discount rates in the Euro zone of approximately 1.1% and in the UK of approximately 1.4% points on a year-to-date basis. Other financial assumptions have been revised accordingly. Full actuarial valuations of all long-term employee benefit obligations will be recognized in the fourth quarter 2016.

# Quarterly historical information

## EBITDA

| NOK millions           | 3Q 2016      | 2Q 2016      | 1Q 2016      | 4Q 2015      | 3Q 2015      | 2Q 2015      | 1Q 2015      |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Crop Nutrition         | 1,502        | 1,330        | 1,778        | 1,253        | 1,519        | 1,572        | 1,843        |
| Industrial             | 403          | 1,693        | 423          | 308          | 432          | 335          | 414          |
| Production             | 894          | 2,120        | 2,845        | 2,176        | 6,221        | 3,133        | 2,884        |
| Other and eliminations | 205          | 346          | 10           | (233)        | (289)        | 139          | (347)        |
| <b>Total</b>           | <b>3,004</b> | <b>5,489</b> | <b>5,055</b> | <b>3,504</b> | <b>7,884</b> | <b>5,179</b> | <b>4,794</b> |

## Results

| NOK millions, except per share information | 3Q 2016 | 2Q 2016 | 1Q 2016 | 4Q 2015 | 3Q 2015 | 2Q 2015 | 1Q 2015 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Revenue and other income                   | 23,924  | 25,866  | 25,053  | 25,722  | 30,479  | 27,929  | 27,767  |
| Operating income                           | 1,336   | 3,512   | 3,403   | 685     | 5,874   | 3,556   | 3,990   |
| EBITDA                                     | 3,004   | 5,489   | 5,055   | 3,504   | 7,884   | 5,179   | 4,794   |
| Net income after non-controlling interests | 821     | 3,072   | 2,800   | 434     | 4,004   | 2,916   | 729     |
| Earnings per share (NOK)                   | 3.00    | 11.23   | 10.22   | 1.58    | 14.56   | 10.59   | 2.65    |

| USD <sup>1)</sup> millions, except per share information | 3Q 2016 | 2Q 2016 | 1Q 2016 | 4Q 2015 | 3Q 2015 | 2Q 2015 | 1Q 2015 |
|--|---------|---------|---------|---------|---------|---------|---------|
| Revenue and other income                                 | 2,894   | 3,134   | 2,901   | 3,022   | 3,691   | 3,602   | 3,583   |
| Operating income   | 157     | 425     | 394     | 83      | 712     | 458     | 514     |
| EBITDA   | 359     | 664     | 585     | 411     | 955     | 667     | 622     |
| Net income after non-controlling interests               | 96      | 371     | 325     | 44      | 486     | 373     | 99      |
| Earnings per share (USD)                                 | 0.35    | 1.36    | 1.19    | 0.16    | 1.77    | 1.36    | 0.36    |

1) USD numbers are calculated monthly based on average NOK/USD per month.

# Reconciliation of non-GAAP measures

## Reconciliation of operating income to gross cash flow

| NOK millions   | 3Q 2016 | 3Q 2015 | YTD 2016 | YTD 2015 | 2015    |
|--|---------|---------|----------|----------|---------|
| Operating income   | 1,336   | 5,874   | 8,251    | 13,419   | 14,104  |
| Share of net income in equity-accounted investees                        | (72)    | 165     | 10       | (322)    | (310)   |
| Interest income and other financial income                               | 177     | 150     | 546      | 402      | 605     |
| Earnings before interest expense and tax (EBIT)                          | 1,440   | 6,189   | 8,807    | 13,499   | 14,398  |
| Depreciation, amortization and impairment loss                           | 1,563   | 1,668   | 4,739    | 4,322    | 6,933   |
| Amortization of excess value in equity-accounted investees <sup>1)</sup> | 1       | 26      | 2        | 36       | 29      |
| Earnings before interest, tax and depreciation/amortization (EBITDA)     | 3,004   | 7,884   | 13,548   | 17,857   | 21,361  |
| Income tax less tax on net foreign currency translation gain/(loss)      | (338)   | (578)   | (1,739)  | (2,436)  | (2,833) |
| Gross cash flow  | A       | 2,666   | 7,305    | 11,809   | 15,421  |

1) Included in share of net income in equity-accounted investees.

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

| NOK millions  | 3Q 2016 | 3Q 2015 | YTD 2016 | YTD 2015 | 2015   |
|---|---------|---------|----------|----------|--------|
| Net income attributable to shareholders of the parent         | 821     | 4,004   | 6,693    | 7,649    | 8,083  |
| Non-controlling interests                                     | (1)     | 94      | (35)     | 306      | 351    |
| Interest expense and foreign currency translation gain/(loss) | 295     | 1,772   | 360      | 3,837    | 3,754  |
| Depreciation, amortization and impairment loss                | 1,563   | 1,668   | 4,739    | 4,322    | 6,933  |
| Amortization of excess value in equity-accounted investees    | 1       | 26      | 2        | 36       | 29     |
| Tax effect on foreign currency translation gain/(loss)        | (13)    | (259)   | 50       | (728)    | (624)  |
| Gross Cash Flow   | A       | 2,666   | 7,305    | 11,809   | 15,421 |
| Annualized gross cash flow                                    | B=Ax4   | 10,663  | 29,221   |          |        |
| 12 month rolling  | B       |         | 14,915   | 19,441   | 18,528 |

## Reconciliation of total assets to gross investments

| NOK millions                              | 3Q 2016  | 3Q 2015  | YTD 2016 | YTD 2015 | 2015     |
|---|----------|----------|----------|----------|----------|
| Total assets                              | 119,895  | 115,799  | 118,563  | 109,452  | 114,559  |
| Cash and cash equivalents                 | (6,846)  | (5,699)  | (5,159)  | (4,666)  | (4,430)  |
| Other liquid assets                       | (2)      | (80)     | (77)     | (32)     | (82)     |
| Deferred tax assets                       | (2,891)  | (2,506)  | (2,888)  | (2,522)  | (2,677)  |
| Other current liabilities                 | (16,978) | (17,824) | (17,249) | (17,156) | (17,647) |
| Accumulated depreciation and amortization | 48,163   | 43,491   | 46,689   | 40,455   | 42,527   |
| Gross investment 3-months average         | C        | 141,339  | 133,178  |          |          |
| Gross investment 12-months average        | C        |          | 139,879  | 125,530  | 132,249  |
| Cash Return on Gross Investment, CROGI    | D=B/C    | 7.5 %    | 21.9 %   | 10.7 %   | 15.5 %   |

## Reconciliation of EBIT to EBIT minus tax

| NOK millions  |       | 3Q 2016 | 3Q 2015 | YTD 2016 | YTD 2015 | 2015    |
|---|-------|---------|---------|----------|----------|---------|
| Earnings before interest expense and tax (EBIT)                     |       | 1,440   | 6,189   | 8,807    | 13,499   | 14,398  |
| Income tax less tax on net foreign currency translation gain/(loss) |       | (338)   | (578)   | (1,739)  | (2,436)  | (2,833) |
| EBIT minus tax  | E     | 1,102   | 5,611   | 7,068    | 11,064   | 11,565  |
| Annualized quarter EBIT minus tax                                   | F=Ex4 | 4,408   | 22,442  |          |          |         |
| 12 months rolling EBIT minus tax                                    | F     |         |         | 7,569    | 13,583   | 11,565  |

## Reconciliation of total assets to capital employed

| NOK millions                       |       | 3Q 2016  | 3Q 2015  | YTD 2016 | YTD 2015 | 2015     |
|------------------------------------|-------|----------|----------|----------|----------|----------|
| Total assets                       |       | 119,895  | 115,799  | 118,563  | 109,452  | 114,559  |
| Cash and cash equivalents          |       | (6,846)  | (5,699)  | (5,159)  | (4,666)  | (4,430)  |
| Other liquid assets                |       | (2)      | (80)     | (77)     | (32)     | (82)     |
| Deferred tax assets                |       | (2,891)  | (2,506)  | (2,888)  | (2,522)  | (2,677)  |
| Other current liabilities          |       | (16,978) | (17,824) | (17,249) | (17,156) | (17,647) |
| Capital employed 12-months average | G     | 93,176   | 89,687   | 93,190   | 85,076   | 89,722   |
| Return on capital employed, ROCE   | H=F/G | 4.7 %    | 25.0 %   | 8.1 %    | 16.0 %   | 12.9 %   |

## Net interest-bearing debt

| NOK millions  |   | 30 Sep 2016 | 30 Sep 2015 | 2015     |
|---|---|-------------|-------------|----------|
| Cash and cash equivalents                             |   | 5,083       | 8,554       | 3,220    |
| Other liquid assets <sup>1)</sup>                     |   | 2           | 303         | 3        |
| Bank loans and other short-term interest-bearing debt |   | (2,147)     | (1,952)     | (3,635)  |
| Current portion of long-term debt                     |   | (194)       | (2,080)     | (2,102)  |
| Long-term interest-bearing debt                       |   | (13,133)    | (9,226)     | (9,354)  |
| Net interest-bearing debt                             | I | (10,390)    | (4,401)     | (11,868) |

<sup>1)</sup> Other liquid assets is included in "Prepaid expenses and other current assets" in statement of financial position.

## Debt/equity ratio

| NOK millions              |       | 30 Sep 2016 | 30 Sep 2015 | 2015     |
|---------------------------|-------|-------------|-------------|----------|
| Net interest-bearing debt | I     | (10,390)    | (4,401)     | (11,868) |
| Total equity              | J     | (72,526)    | (76,697)    | (75,727) |
| Debt/equity ratio         | K=I/J | 0.14        | 0.06        | 0.16     |

## Earnings per share

| NOK millions, except earnings per share and number of shares |               | 3Q 2016     | 3Q 2015     | YTD 2016    | YTD 2015    | 2015        |
|--|---------------|-------------|-------------|-------------|-------------|-------------|
| Weighted average number of shares outstanding                | L             | 273,217,830 | 275,083,369 | 273,593,945 | 275,282,223 | 275,114,375 |
| Net income   | M             | 821         | 4,004       | 6,693       | 7,649       | 8,083       |
| Net foreign currency translation gain/(loss)                 | N             | (114)       | (1,335)     | 356         | (2,825)     | (2,463)     |
| Tax effect on foreign currency translation gain/(loss)       | O             | 13          | 259         | (50)        | 728         | 624         |
| Special items within EBIT                                    | P             | (33)        | 3,002       | 1,262       | 2,147       | 991         |
| Tax effect on special items                                  | Q             | 9           | 39          | (69)        | 31          | 272         |
| Special items within EBIT net of tax                         | R=P+Q         | (24)        | 3,042       | 1,193       | 2,178       | 1,263       |
| Earnings per share   | S=M/L         | 3.00        | 14.56       | 24.46       | 27.79       | 29.38       |
| Earnings per share excluding currency                        | T=(M-N-O)/L   | 3.38        | 18.47       | 23.34       | 35.41       | 36.07       |
| Earnings per share excluding currency & special items        | U=(M-N-O-R)/L | 3.46        | 7.41        | 18.98       | 27.49       | 31.48       |









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