



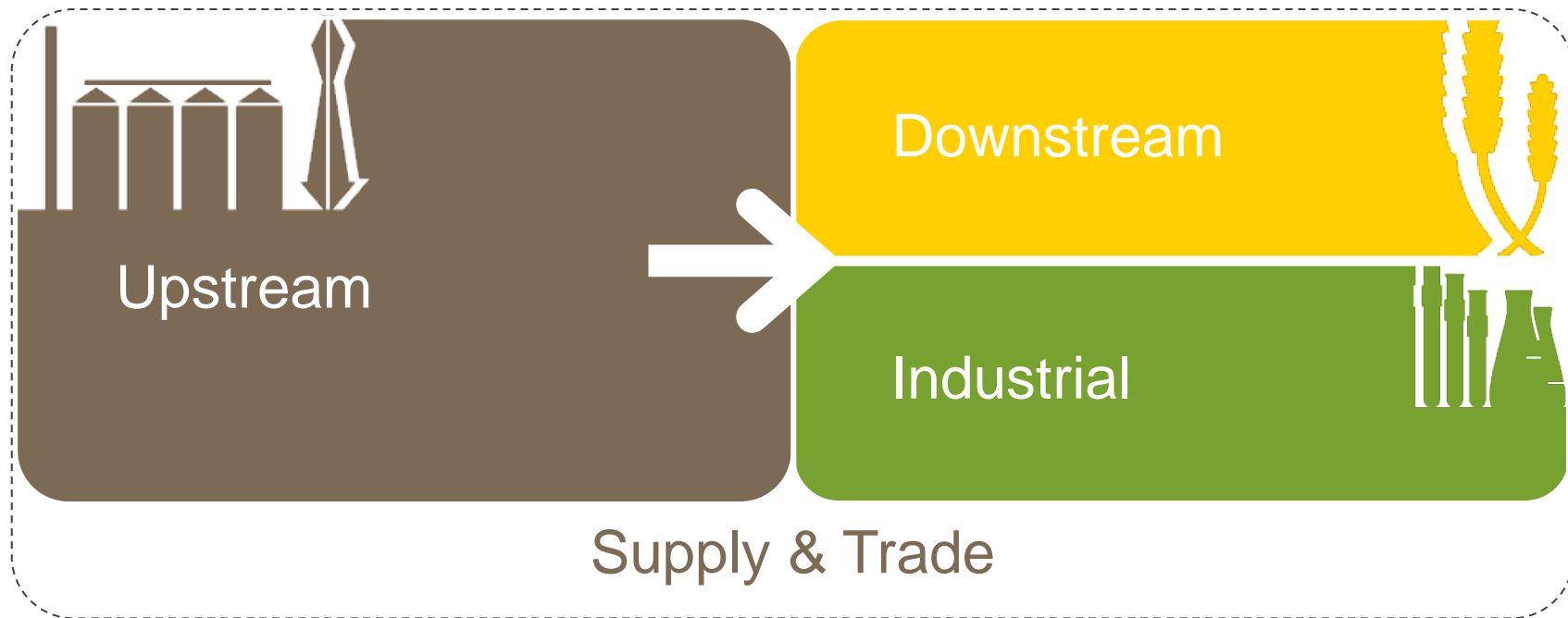
Knowledge grows

# Yara International ASA

Helsinki, 10 September 2012

Anders Lerstad, IR

# Integrated business model provides scale, flexibility and a strong end-to-end presence



Scale advantages



Unique flexibility



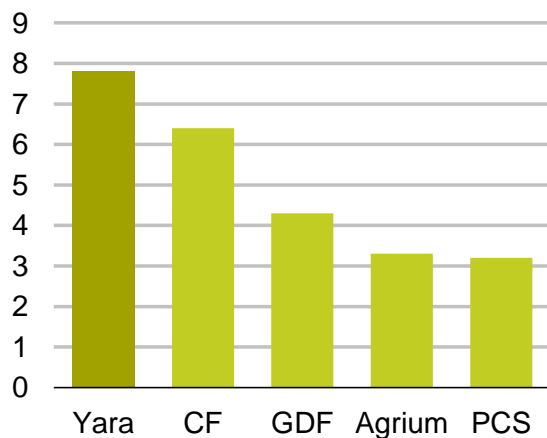
Unrivalled presence



# Yara – the leader in nitrogen fertilizers

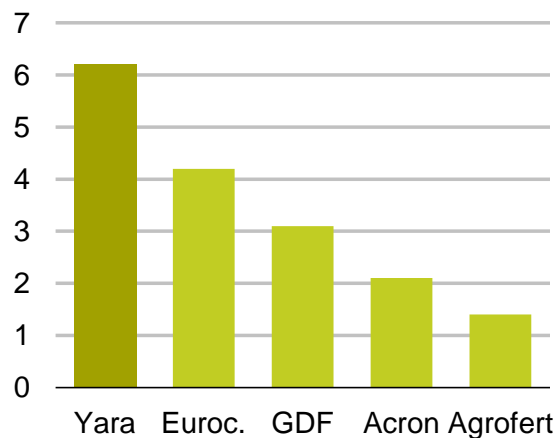
## Global no 1 in ammonia

Production capacity\* (mill t)



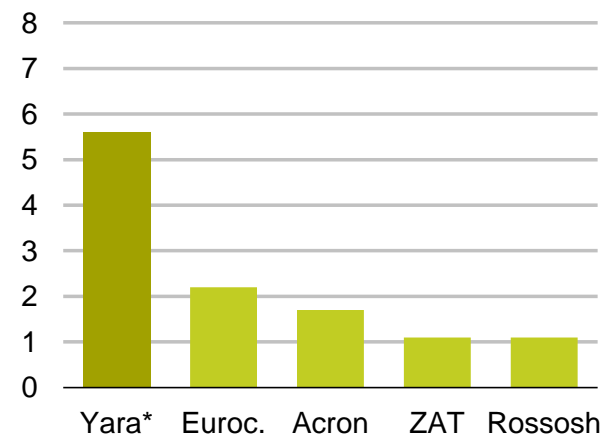
## Global no 1 in nitrates

Production capacity\* (mill t)



## Global no 1 in NPK complex fertilizer

Production capacity\* (mill t)



\* Incl. companies' shares of JVs  
Source: Yara & Fertecon

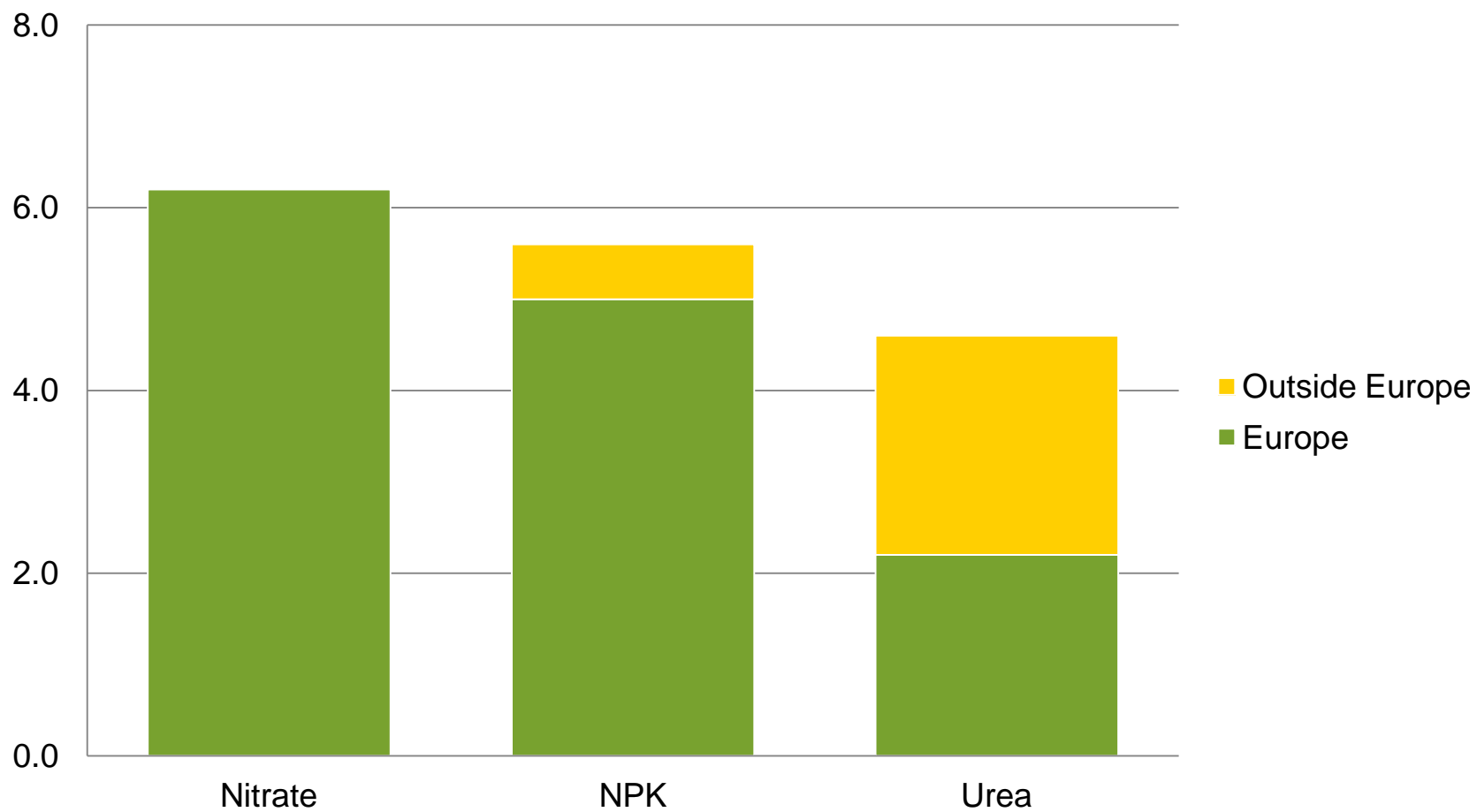
Source: Fertilizer Europe

Source: Fertilizer Europe



# Yara production capacities

Million tons  
product

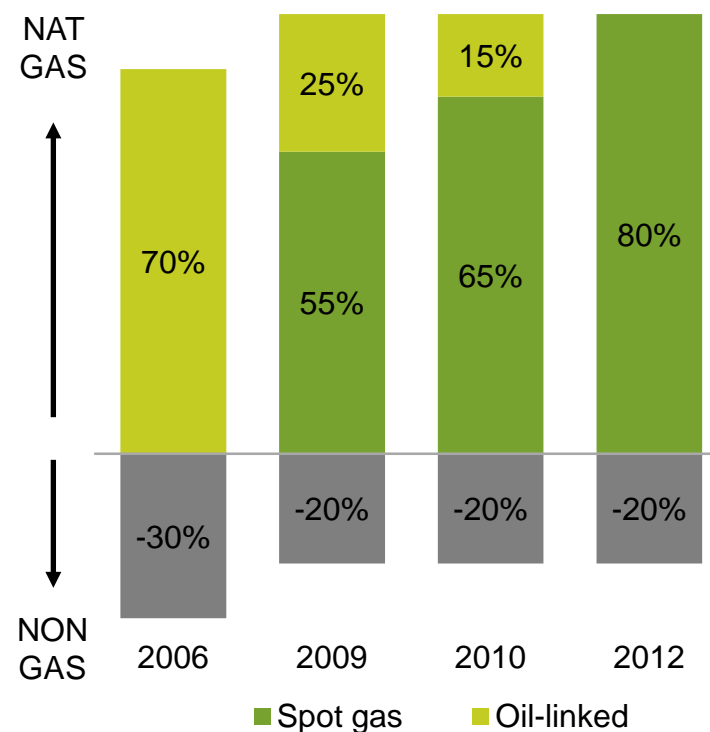


# Reduced exposure to oil and European gas

**Yara's geographic energy exposure**

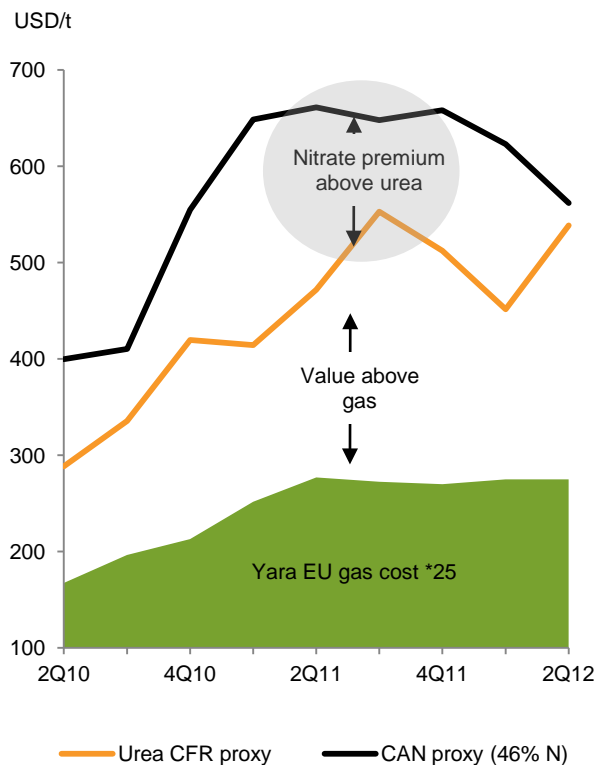


**Yara's feed-stock contract structure Europe**

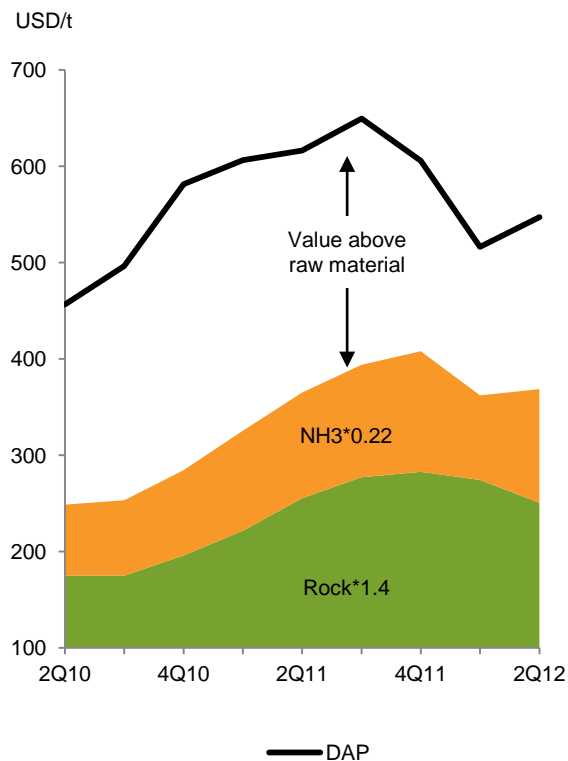


# Yara creates substantial value over and above the commodity nitrogen margin

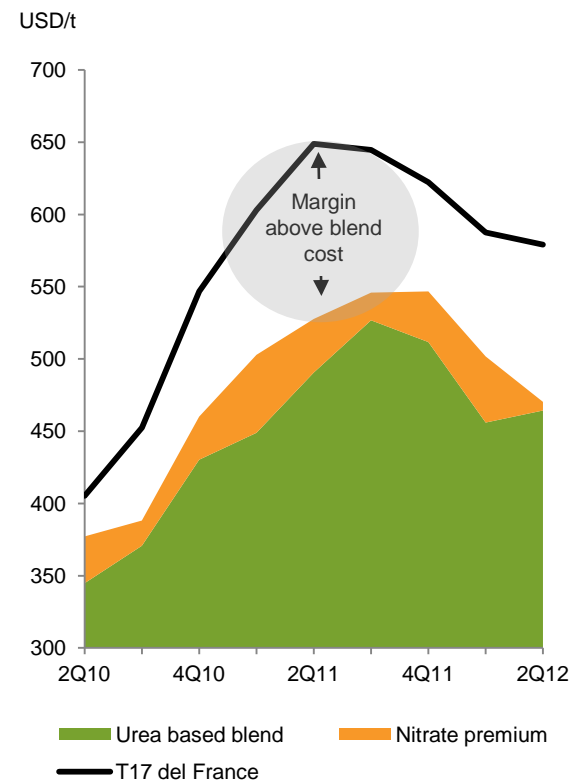
**Nitrogen upgrading margins**



**Phosphate upgrading margins**

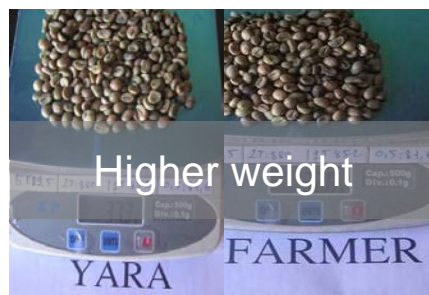
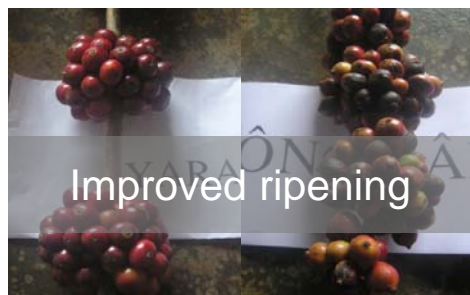


**NPK blend premium**

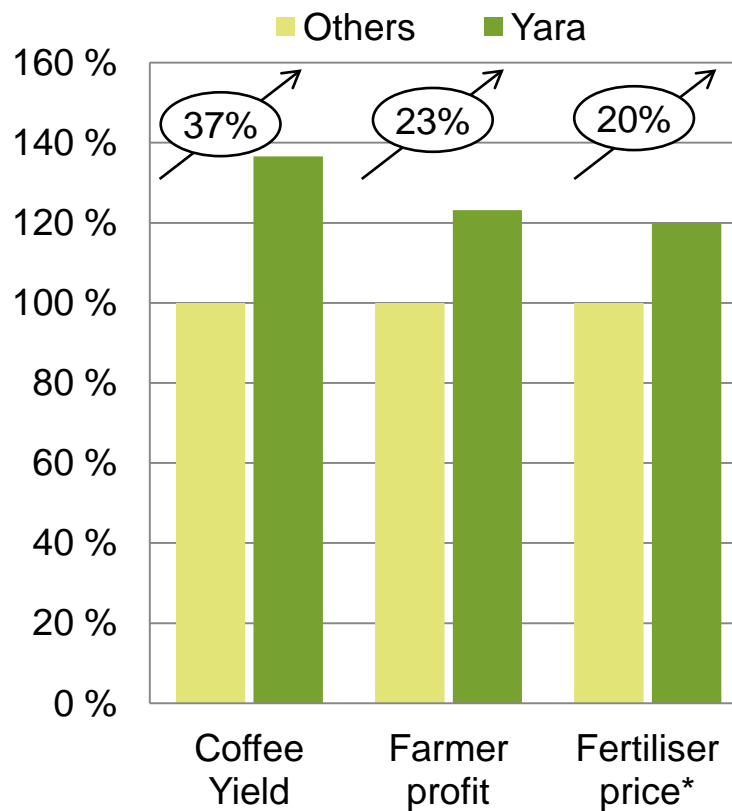


# Premiums reflect actual value-add from using Yara Crop nutrition program

Yara crop nutrition program significantly improves results compared with traditional farmer practices...

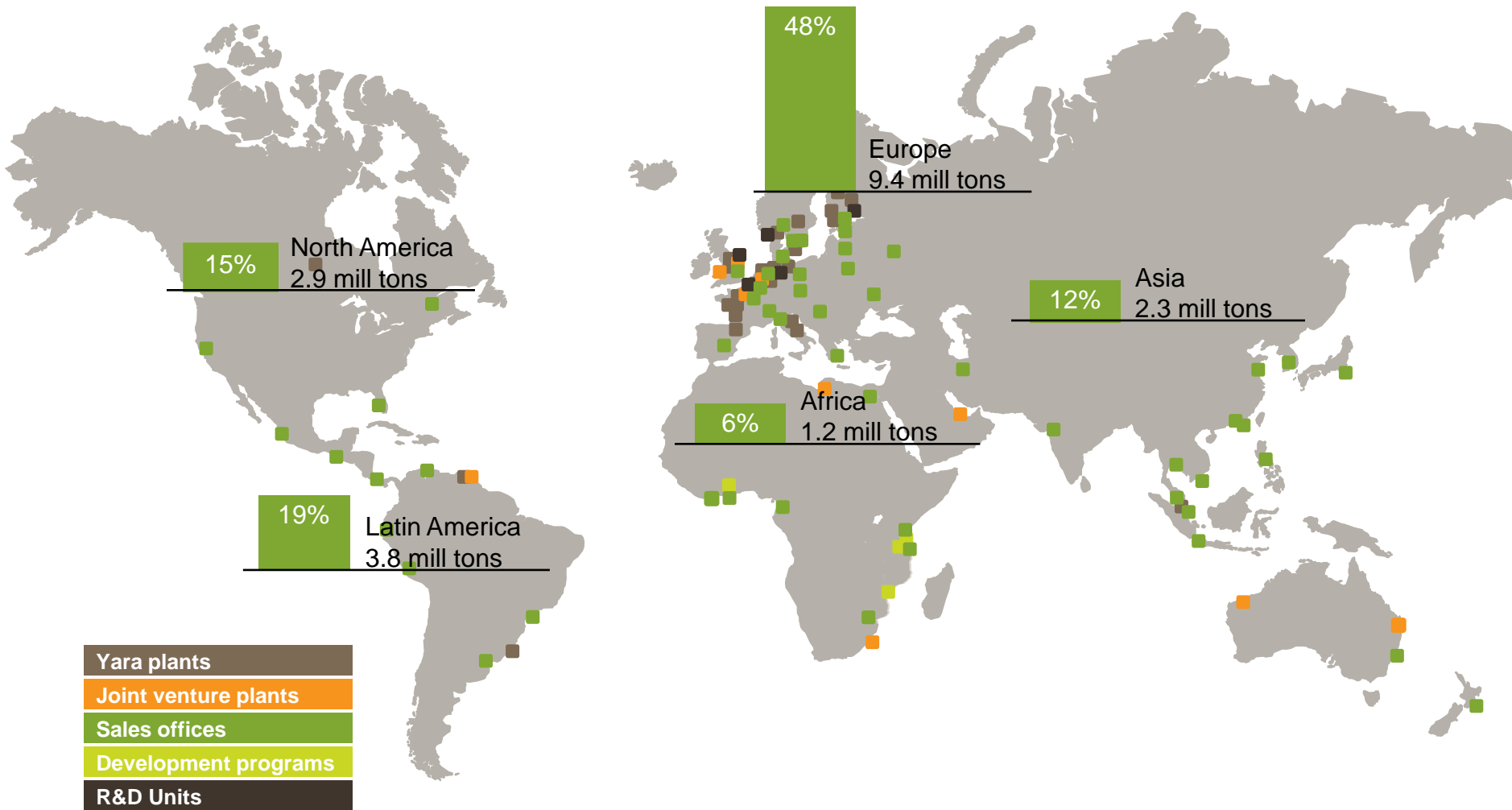


...for instance providing higher returns for Vietnam coffee growers and Yara (based on field trial)



\*) YaraMila retail price compared to standard NPK  
Source: Yara, local coffee trials in Vietnam

# Working closely with end-users facilitate knowledge transfer



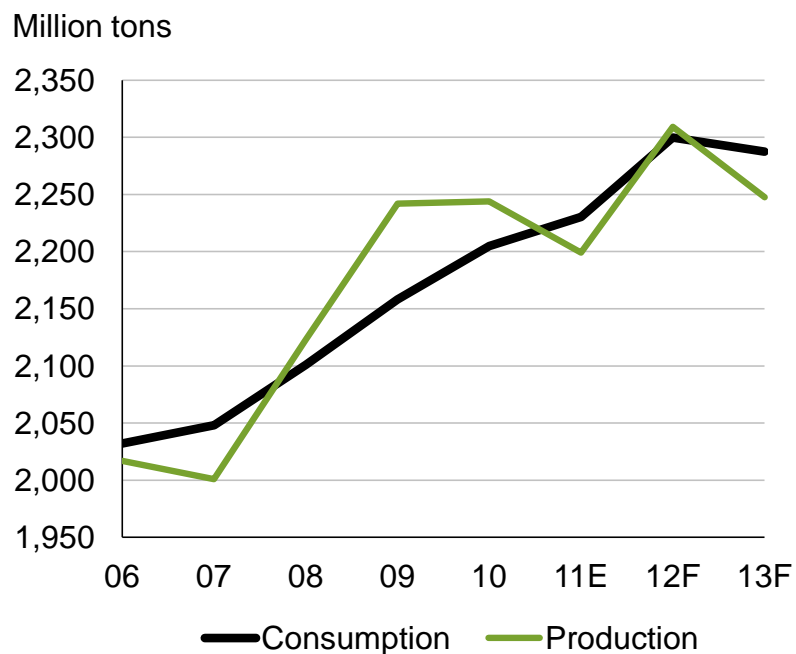


# Global collaboration are progressing well e.g. Nestle initiatives on three continents

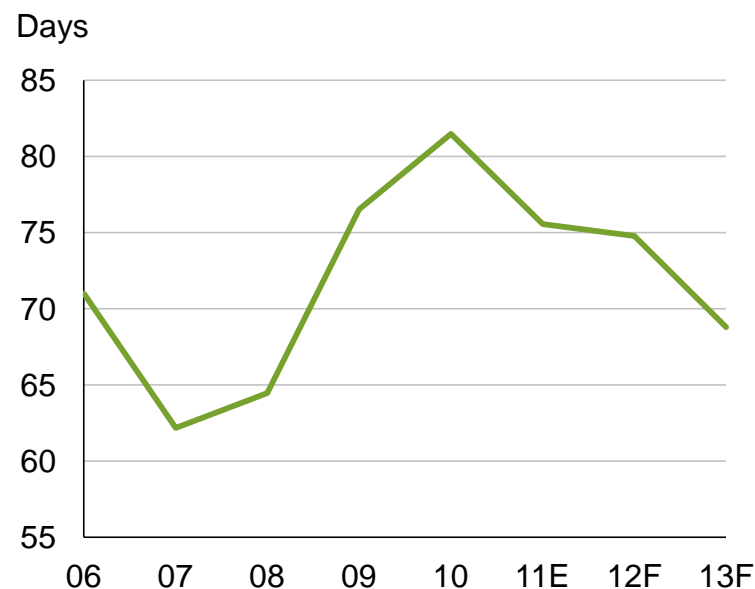


# Demand rationing needed as production fails

## Grain production and consumption



## Days of consumption in stocks

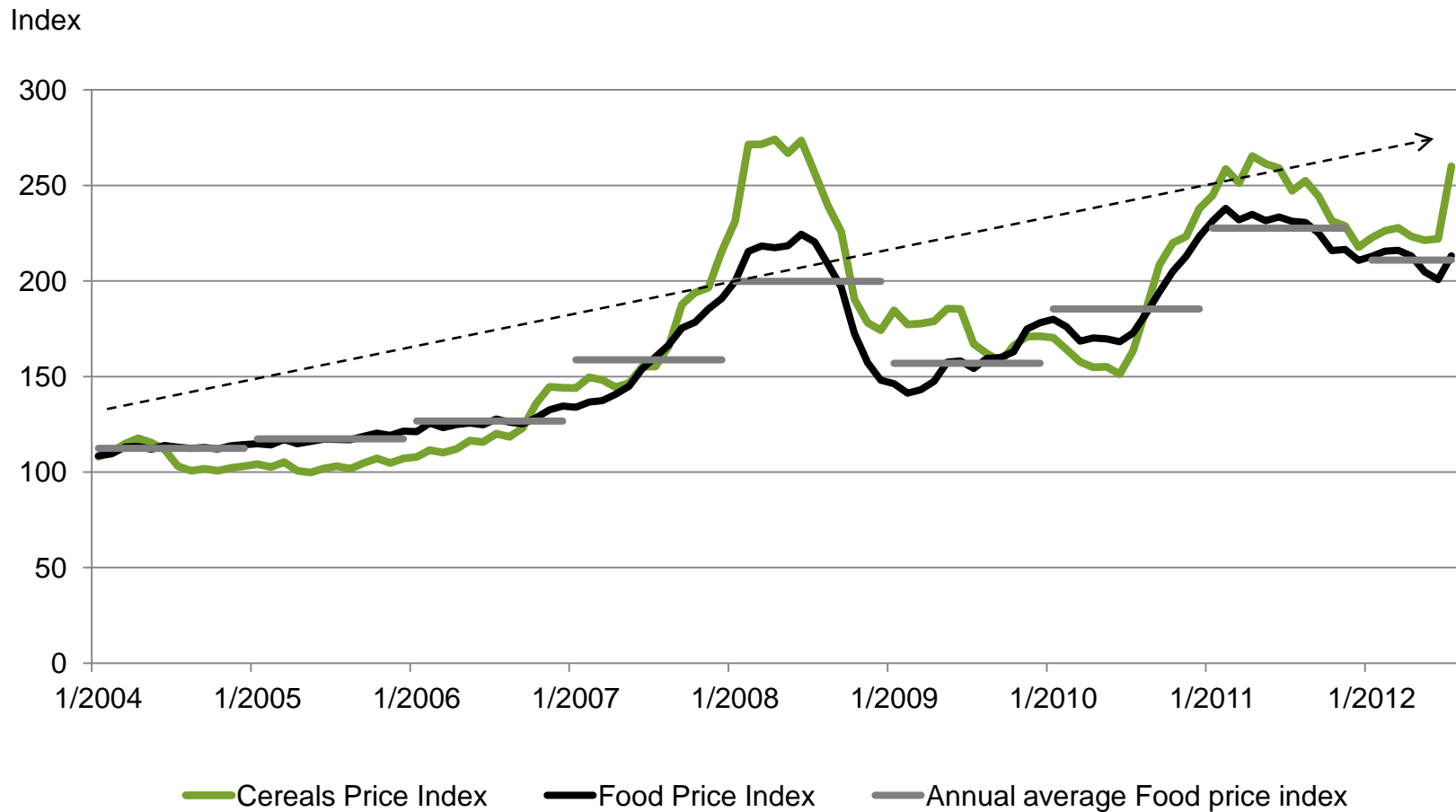


Source: USDA, August 2012



# Strong incentives needed

**FAO price index**



Source: FAO



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# Projected nitrogen capacity additions outside China in line with historical consumption growth

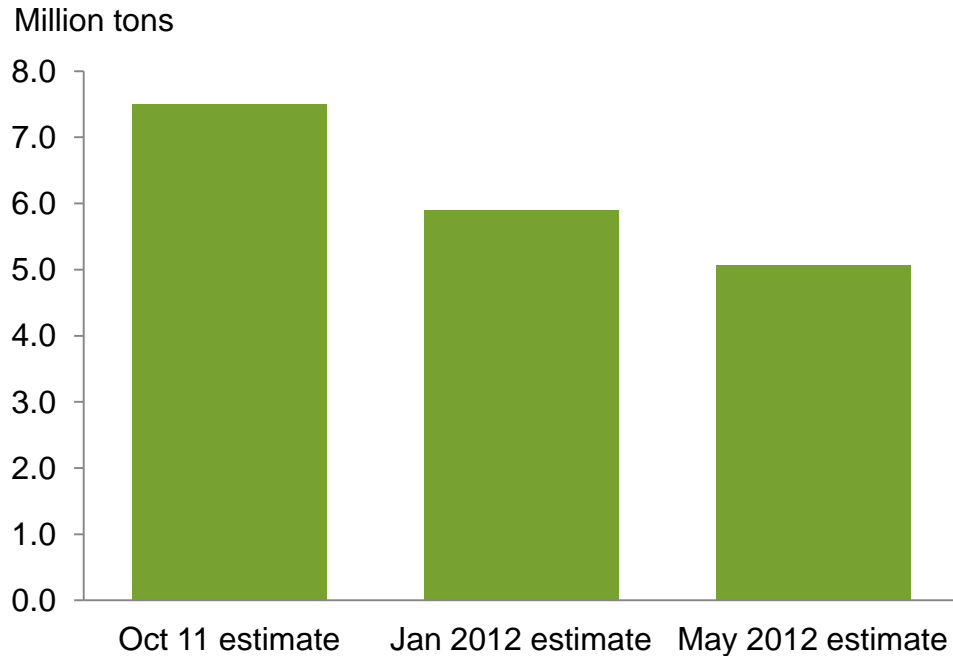
Year	Driving regions		Urea capacity growth relative to nitrogen capacity	
	World	Excluding China	World	Excluding China
2011	China 34% Pakistan 22%	Pakistan 34% Iran 17%	1.3% (1.6%)	1.3% (1.4%)
2012	China 68% Qatar 9%	Qatar 29% Vietnam 24%	4.1% (4.2%)	2.1% (2.4%)
2013	China 29% Algeria 25%	Algeria 36% UAE 15%	2.7% (2.3%)	3.1% (2.7%)
2014	China 23% Argentina 22%	Argentina 28% India 21%	1.0% (0.3%)	1.2% (0.5%)
2015	Saudi Arabia 18% Brazil 17%	Saudi Arabia 20% Brazil 18%	1.2% (2.1%)	1.9% (3.2%)
<b>Gross annual addition 2011-2015</b>				<b>~2.0%</b>
Assumed annual closures				~0.5%
<b>Net annual addition 2011-2015</b>				<b>~1.5%</b>
<b>Trend consumption growth from 2001</b>			<b>2.5%</b>	<b>2.0%</b>

Source: Fertecon urea update May 2012. Consumption data source is IFA. Previous update in brackets.



# Continued project delays

## ***New 2012 urea capacity***



- Lead time for a new greenfield project 4-5 years
- Significant delays in 2012 compared with earlier forecasts
- Further delays evident even compared with latest forecast

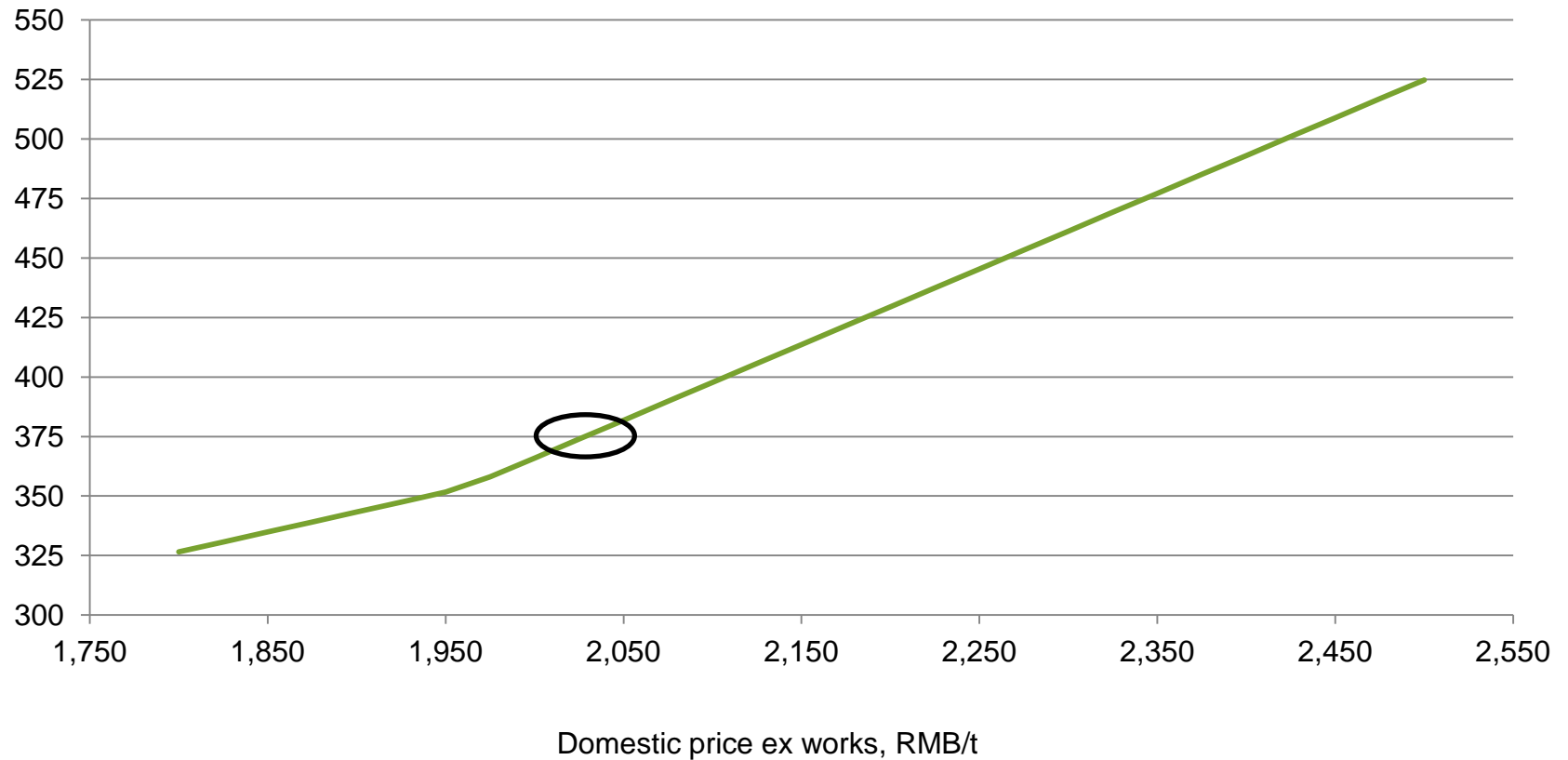
Source: Fertecon urea updates



# Domestic price level in China

## *Chinese export price derived from domestic price and tariffs*

Fob price, USD/t



\* China Fertilizer Market Week

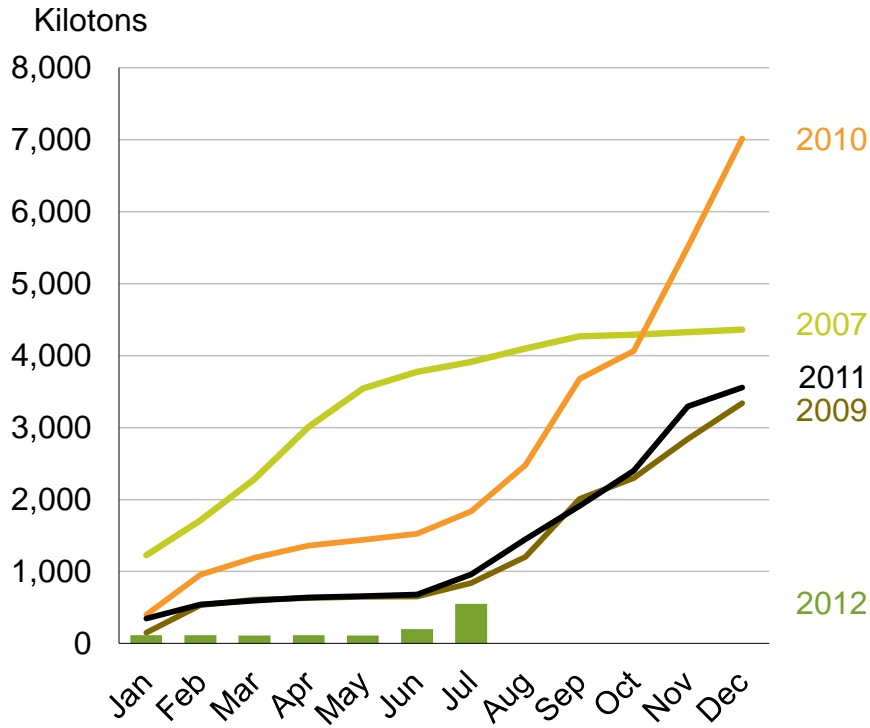


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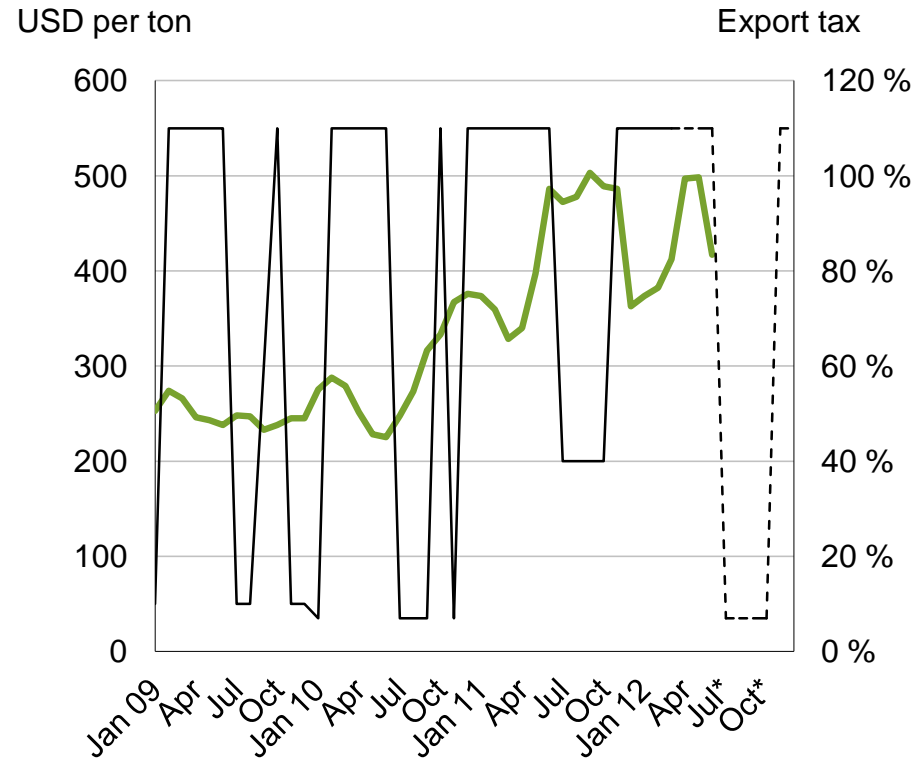


# Chinese export situation

**Accumulated urea exports**



**Urea price and export tax**



\* Export tax during low tariff period depends on price level with 7% representing the minimum tax level

Source: BOABC



More information can be found at [www.yara.com](http://www.yara.com)

**YARA**  
Knowledge grows

Yara proceeds with Belle Plaine and Porsgrunn expansions ✕

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**Yara in key role at G8 initiative**  
Yara's CEO and President Jørgen Haslestad presented the private sector on stage in Washington DC when G8 launched its new initiative for food security on 18 May 2012.

**Share price**

**230.30 NOK** **-0.52 ▼**

Last updated 52 minutes ago





# Yara sensitivities

	Operating Income USD million	EBITDA USD million	EPS* USD
<b>Urea sensitivity +100 USD/t</b>	<b>944</b>	<b>1,095</b>	<b>2.8</b>
...of which pure Urea	304	422	1.2
...of which Nitrates	367	391	1.0
...of which NPK	198	207	0.5
<b>Nitrate premium +50 USD/t</b>	<b>439</b>	<b>467</b>	<b>1.2</b>
...of which pure Nitrates	273	294	0.8
<b>Hub gas Europe + 1 USD/MMBtu</b>	<b>(90)</b>	<b>(110)</b>	<b>(0.3)</b>
Ammonia + 100 USD/t	-	50	0.2
Phos rock + 50 USD/t	50	50	0.1
Hub gas North Am + 1 USD/MMBtu	(27)	(27)	(0.1)
Crude oil + 10 USD/brl	(80)	(80)	(0.2)
Currency + 1 USD/NOK **	90	90	0.2

\*Assuming 30% marginal tax rate on underlying business and 287.2 million shares

\*\* Net fixed costs in EUR and NOK

Sensitivities assume stable value-added margins and no inter-correlation between factors



# Price and currency assumptions in scenarios

	Last 4 quarters	5-year avg. to 30 Sep 11	Chinese swing*	Demand-driven**
Ammonia fob Black Sea (USD/t)	459	366	450	550
Urea prilled fob Black Sea (USD/t)	386	342	360	510
Nitrate premium , USD/t	94	77	62	68
Phos rock fob North Africa (USD/t)	164	158	200	200
DAP fob Morocco (USD/t)	594	575	600	600
Zeebrugge natural gas (USD/MMBtu)	8.8	7.3	9.3	9.3
Henry hub natural gas (USD/MMBtu)	4.1	5.8	3.9	3.9
Yara's European energy price (USD/MMBtu)	10.1	8.8	10.8	10.8
Brent blend crude oil price (USD/bbl)	98	81	106	106
NOK/USD	5.7	5.9	5.8	5.8

\* Ammonia and urea prices equal to marginal producers' cash cost, energy prices are forward prices as of 21 November

\*\* Given example to illustrate effect of urea price USD 150 per ton above marginal cost.



## Simplified P&Ls for scenarios

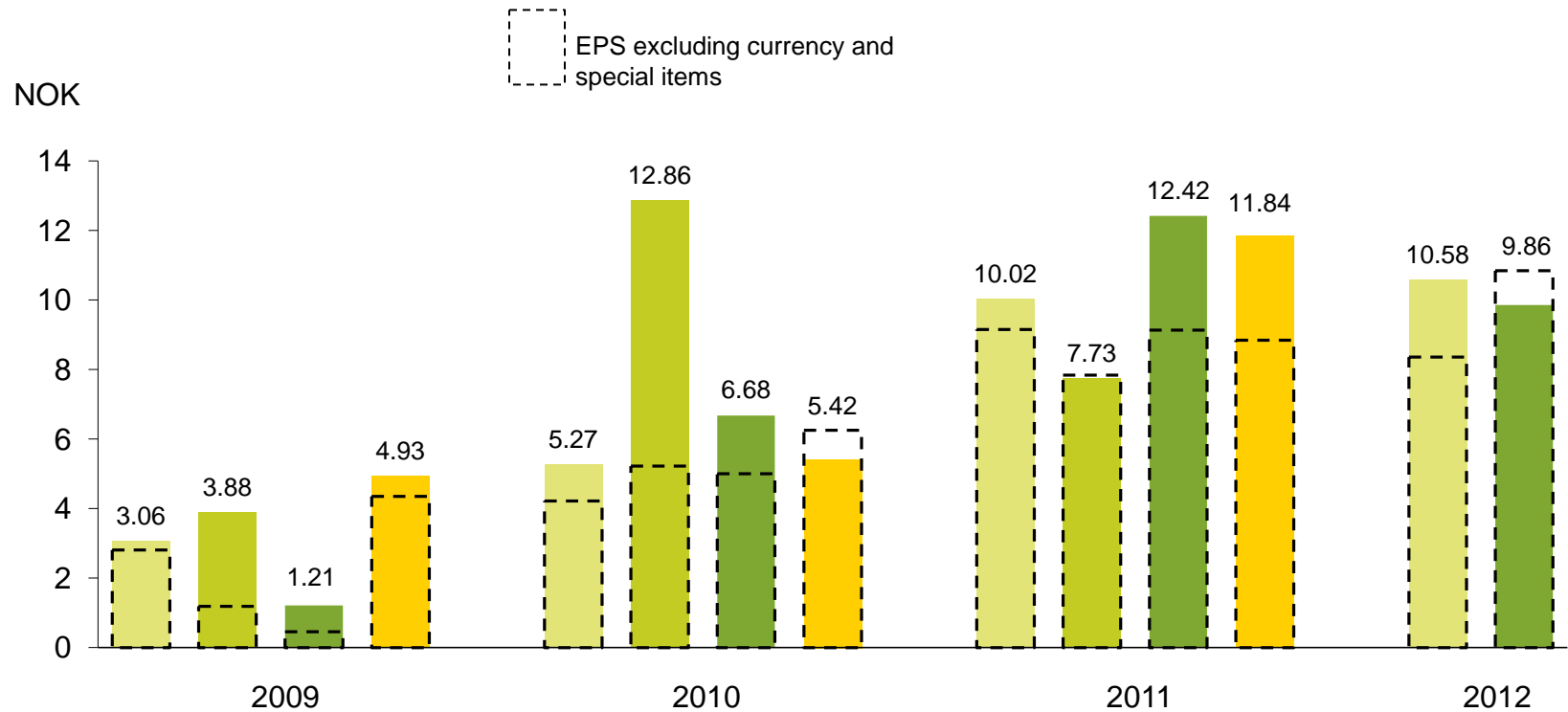
NOK	Last 4 quarters	5-year avg. to 30 Sep 2011 <sup>2)</sup>	Chinese swing	Demand-driven
EBITDA <sup>1)</sup>	14,800	15,200	13,500	23,600
Depreciation	-2,600	-2,600	-2,600	-2,600
Interest expense	-800	-700	-700	-700
Income before tax	11,400	11,900	10,200	20,300
Tax	-2,400	-2,800	-2,100	-4,500
Net income	9,000	9,100	8,100	15,800
Number of shares (millions)	287.9	287.2	287.2	287.2
<b>Earnings per share (NOK)</b>	<b>31</b>	<b>32</b>	<b>28</b>	<b>55</b>
<i>Currency translation +1 USD/NOK</i>	<i>2,600</i>	<i>2,550</i>	<i>2,300</i>	<i>4,100</i>

1) Including interest income, assumed in line with last 4 quarters in all scenarios.

2) Not historical earnings, but estimated earnings for today's Yara business, using 5-year average price conditions.



# Earnings per share\*



## Annual

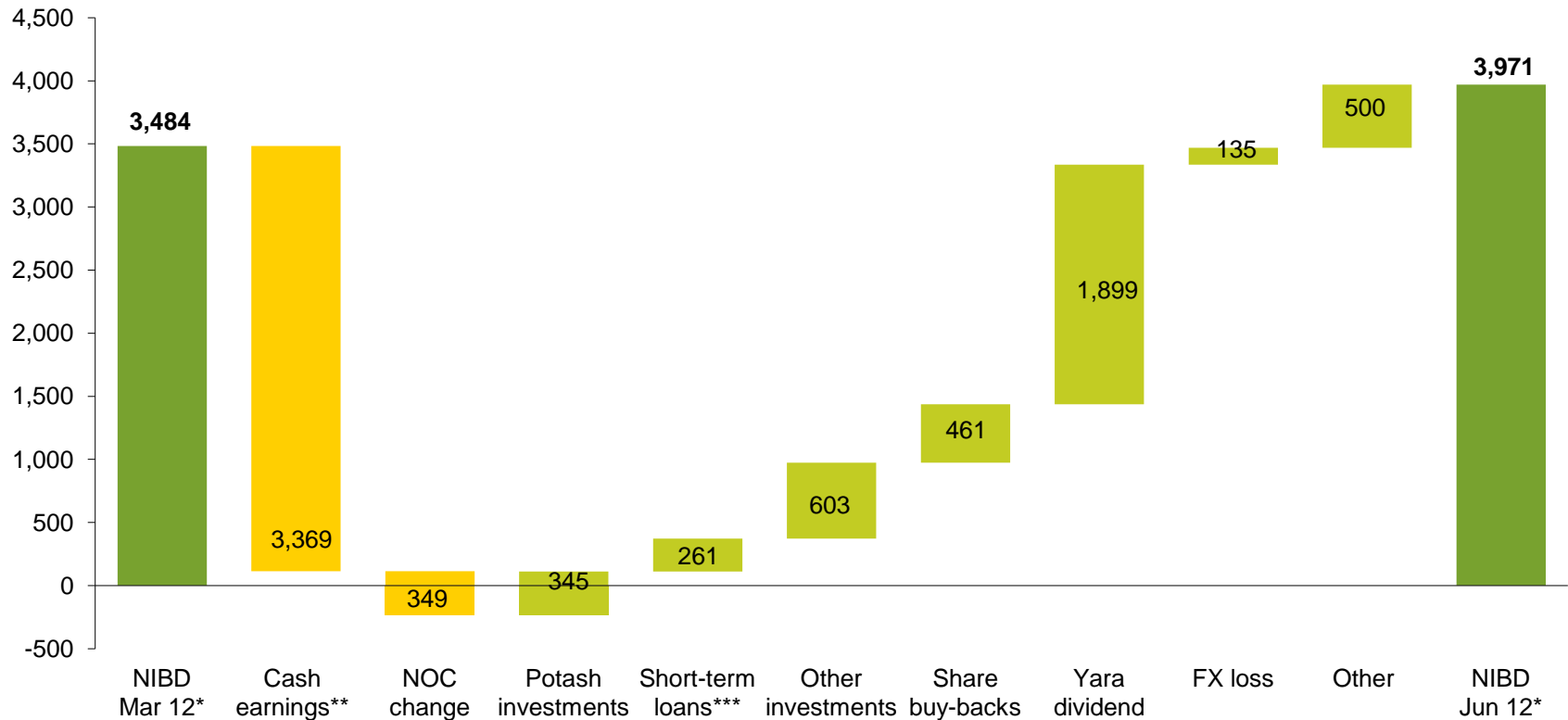
NOK	2009	2010	2011	2012
	13.08	30.24	41.99	20.44

\* Average number of shares for 2Q 2012: 283.9 million (2Q 2011: 287.8 million).



# Net debt development

NOK millions



\* Included in net interest-bearing debt are external bank time deposits (4-12 months), this is part of other current assets in balance sheet

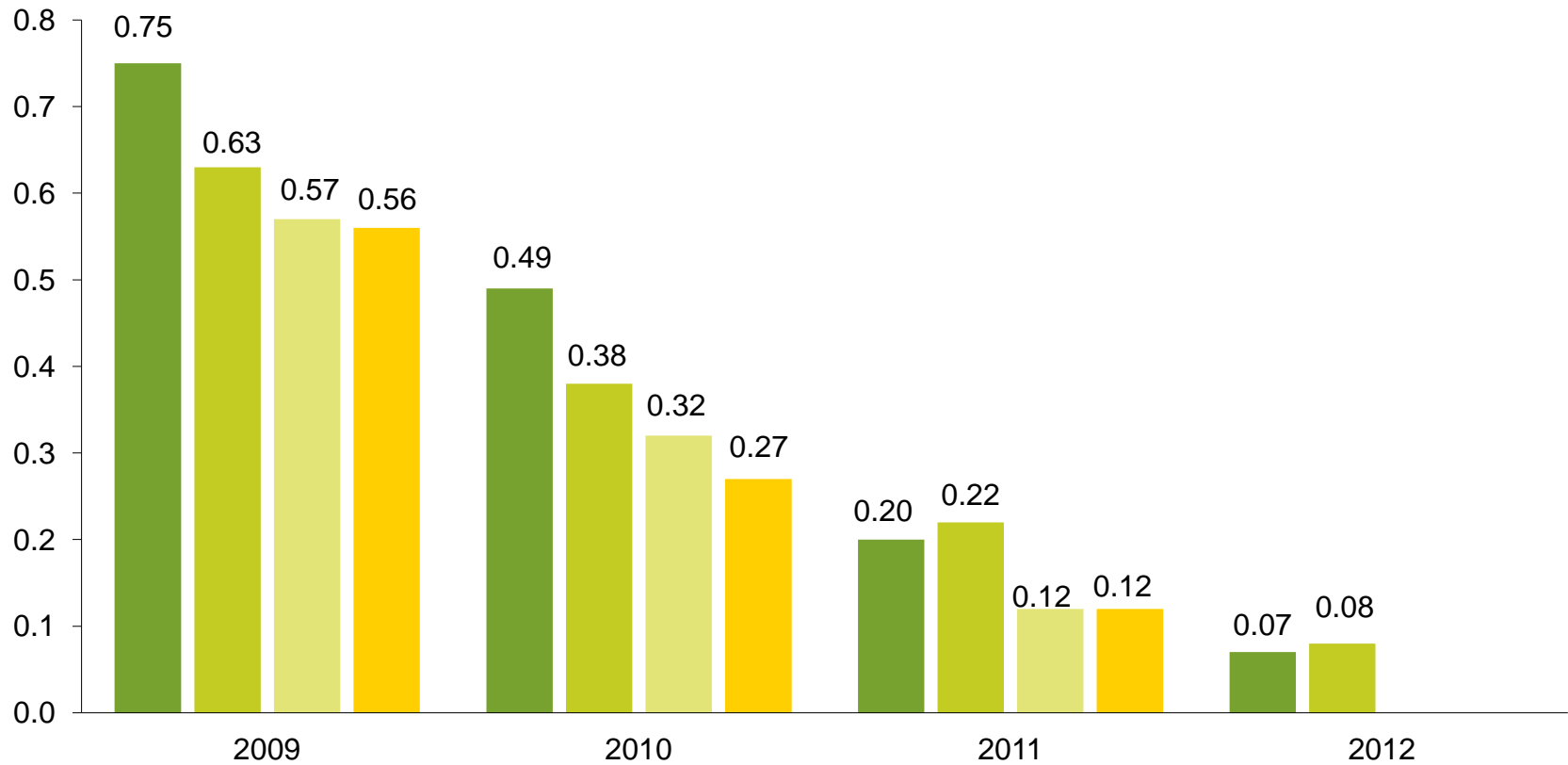
\*\* Operating income plus depreciation and amortization, minus tax paid, net gain/loss on disposals, net interest expense and bank charges

\*\*\* Short term loans given to equity accounted investees

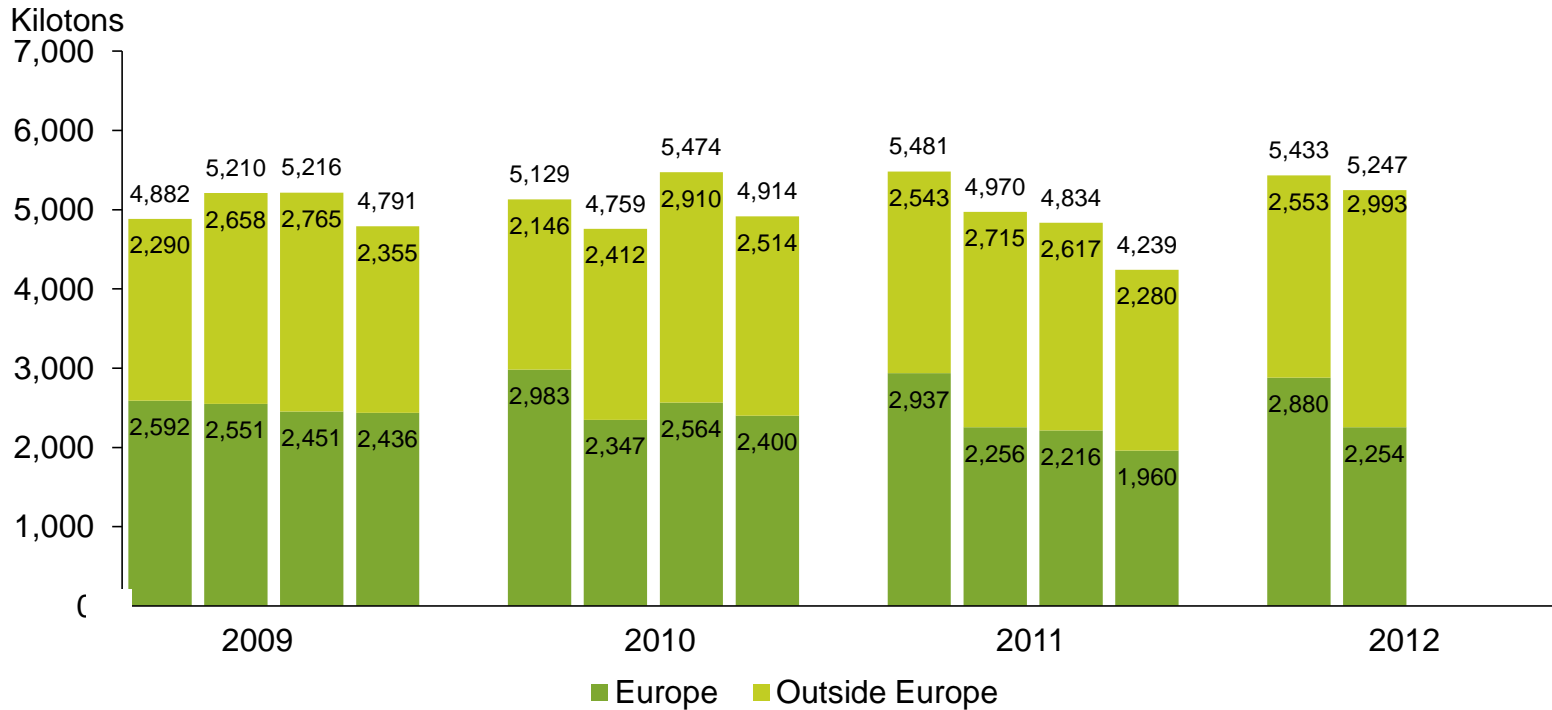


# Debt/equity ratio

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



# Fertilizer volumes



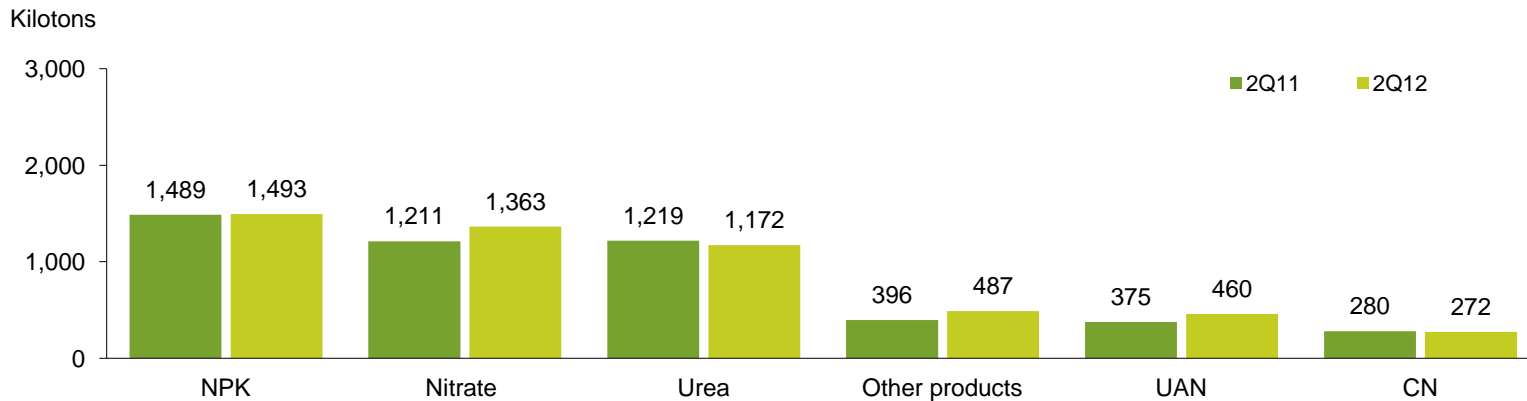
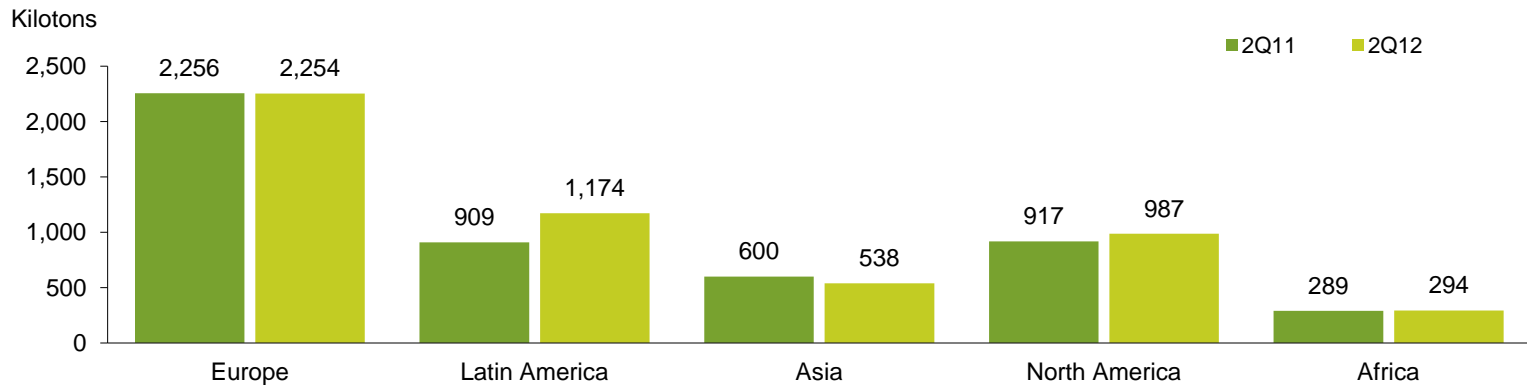
Accumulated, Kilotons

Fin. fertilizer	20,099	20,276	19,524	10,680
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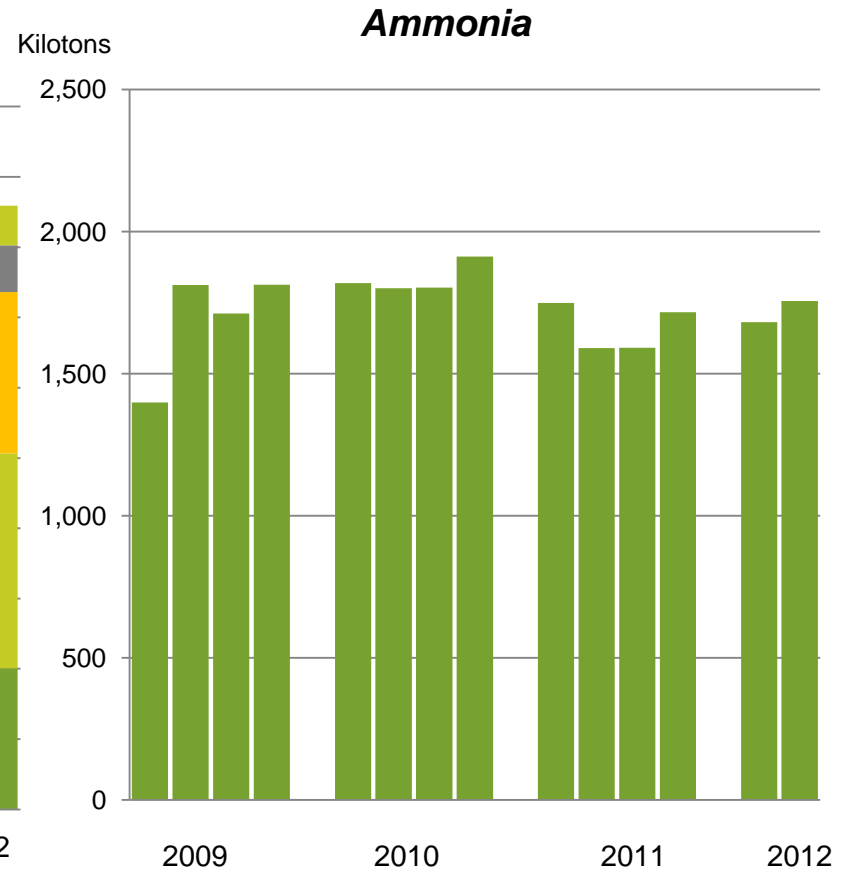
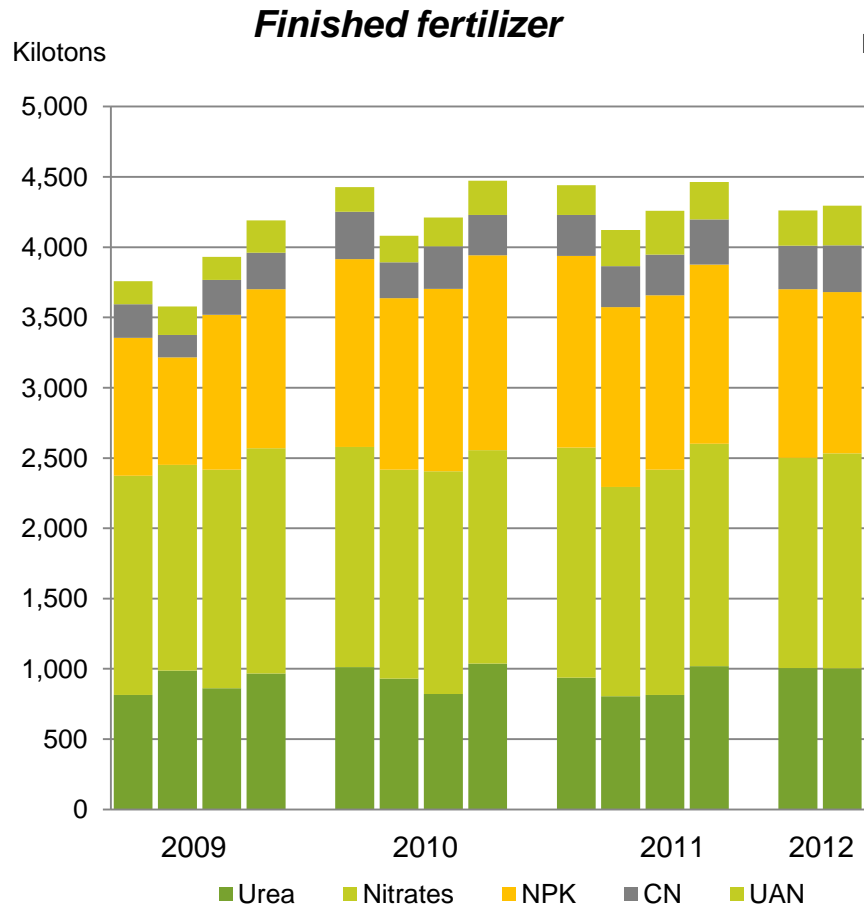
# Yara 2Q fertilizer sales by market and product

2012: 5.2 million tons (2011: 5.0 million tons)





# Yara - production volume\*



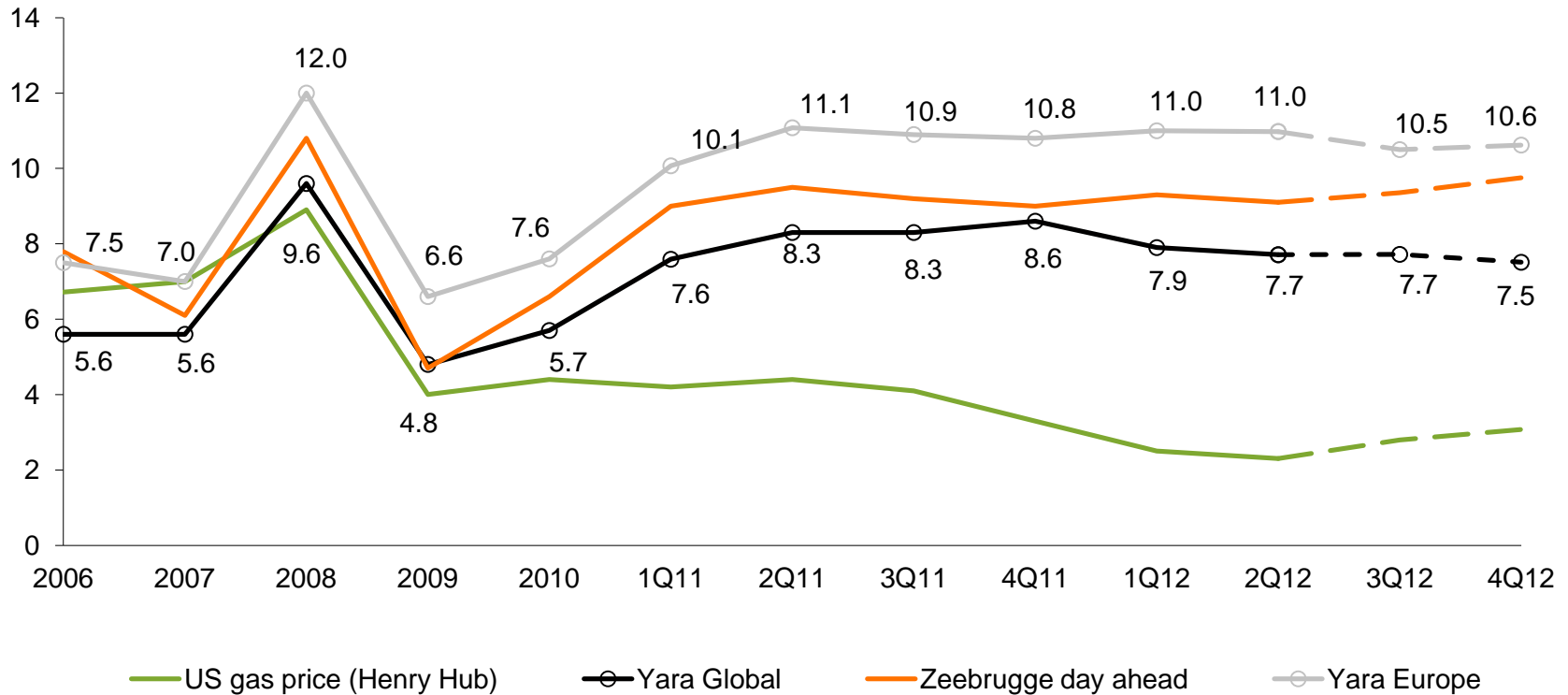
\* Including share of equity-accounted investees



# Yara's average gas costs

Yearly averages 2006 – 2010, quarterly averages for 2011-12 with forward prices\* for 3Q12 and 4Q12

USD per MMBtu



\*Dotted lines denote forward prices as of 9 July 2012

Source: Yara, World Bank, Platts

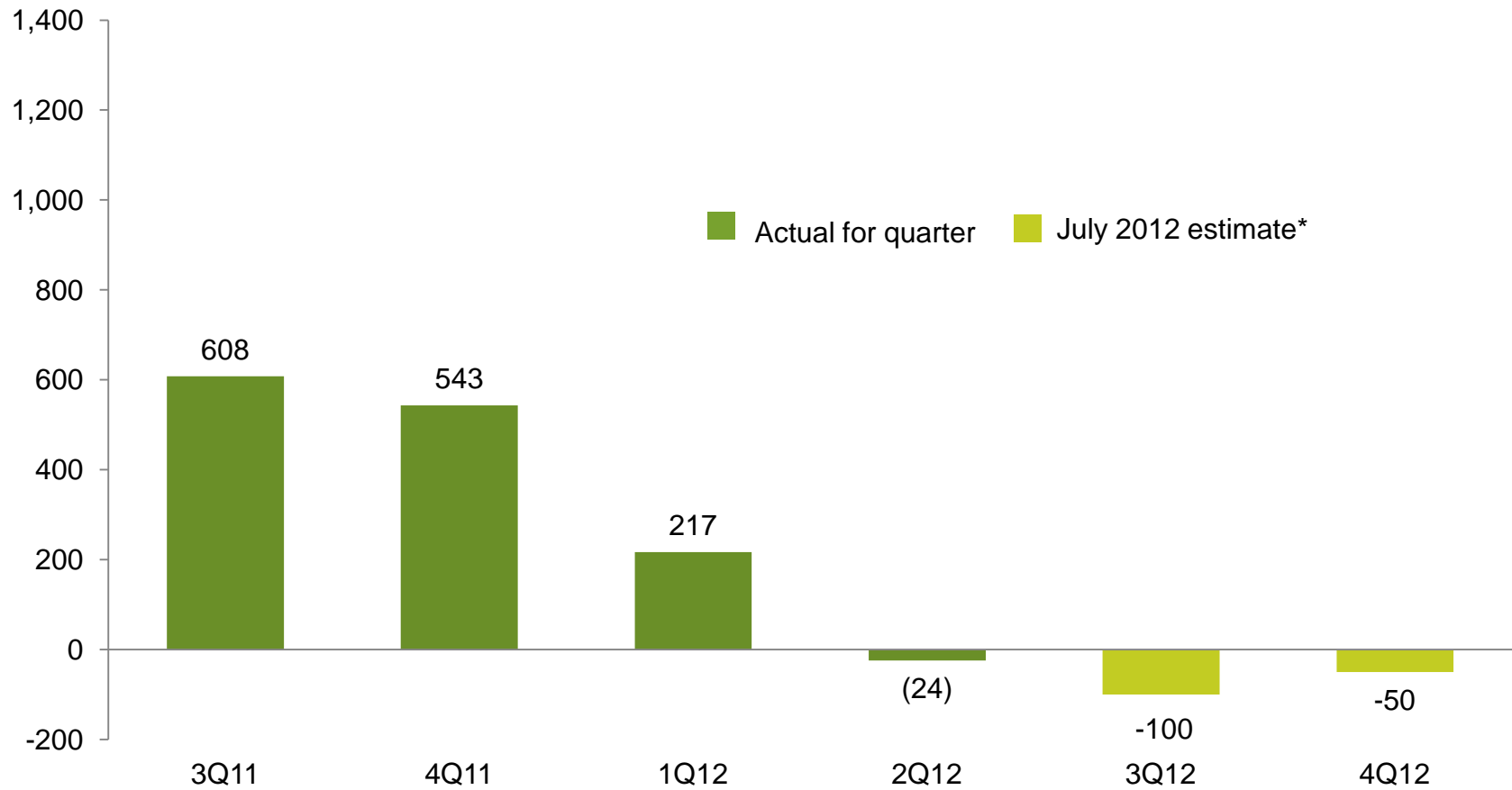


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# Change in European energy cost

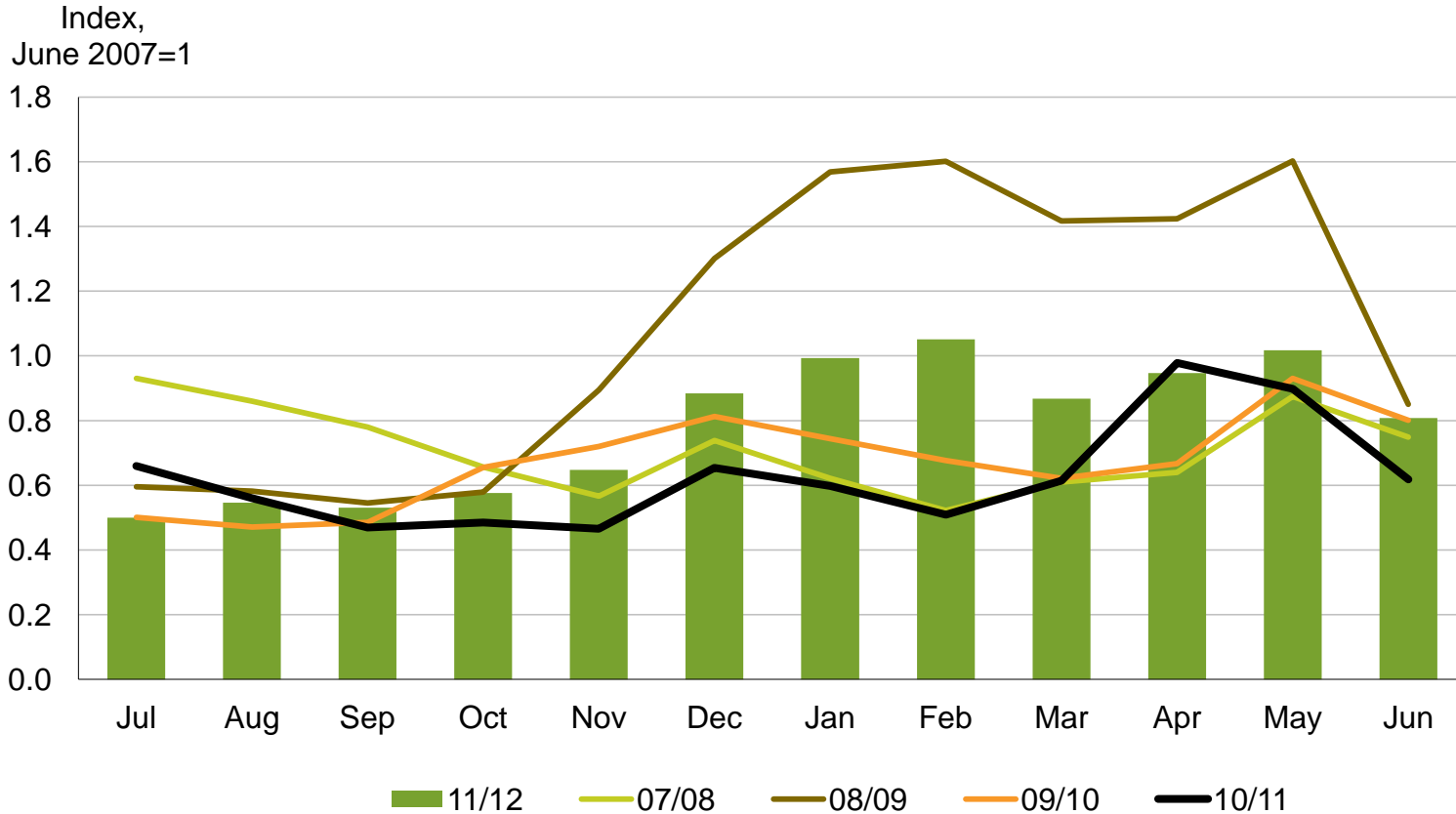
NOK millions



\* Based on forward prices as of 9 July 2012



# European producer nitrate stocks

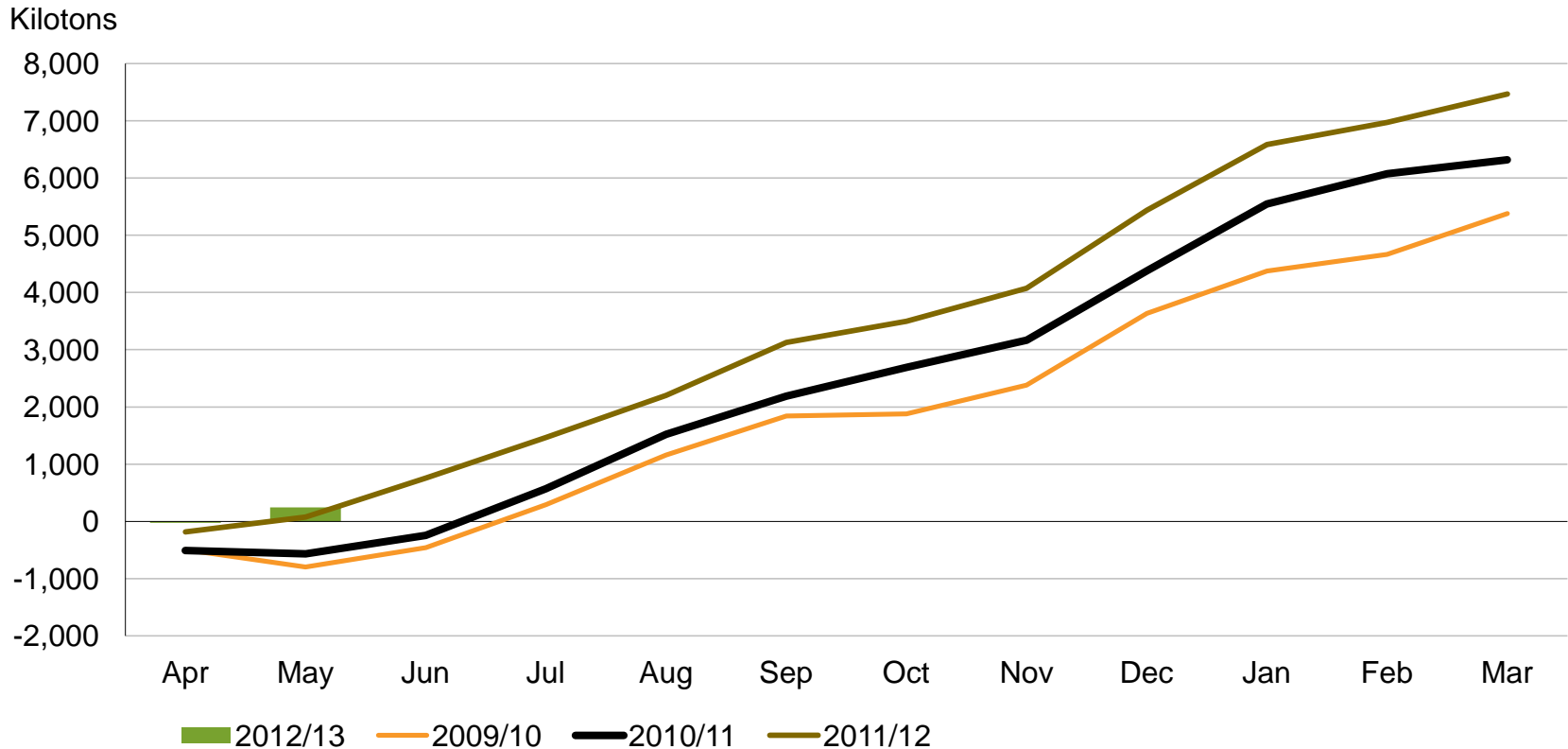


Source: Fertilizers Europe, Yara estimate for June



# Indian urea import requirement

## Sales minus production



Source: Indian Statistics

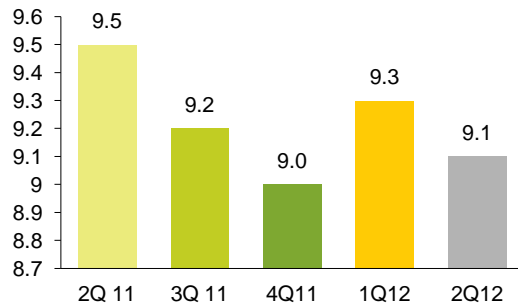


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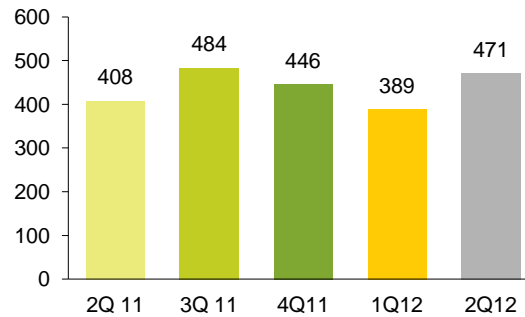


# Key value drivers – quarterly averages

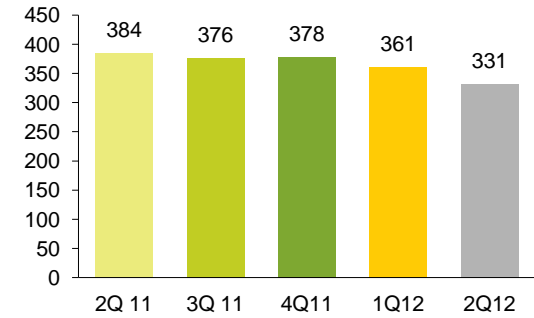
Zeebrugge day ahead(USD/MMBtu)



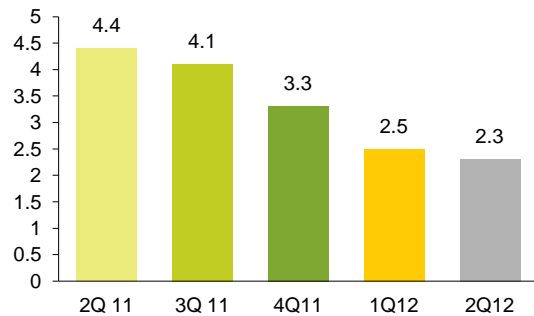
Urea prilled fob Black Sea (USD/t)



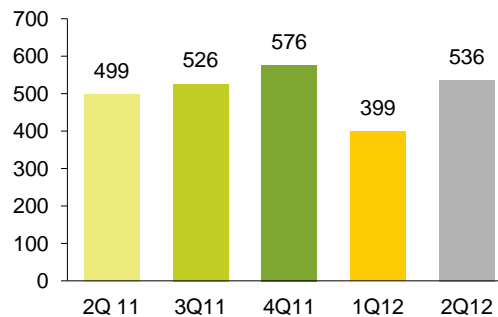
CAN cif Germany (USD/t)



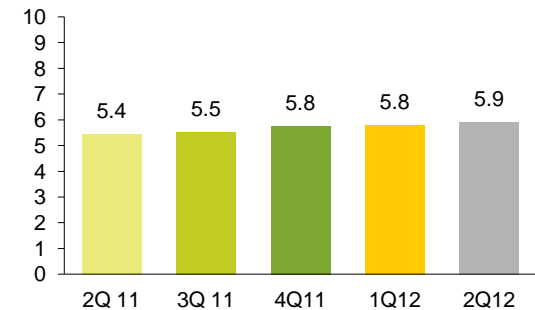
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



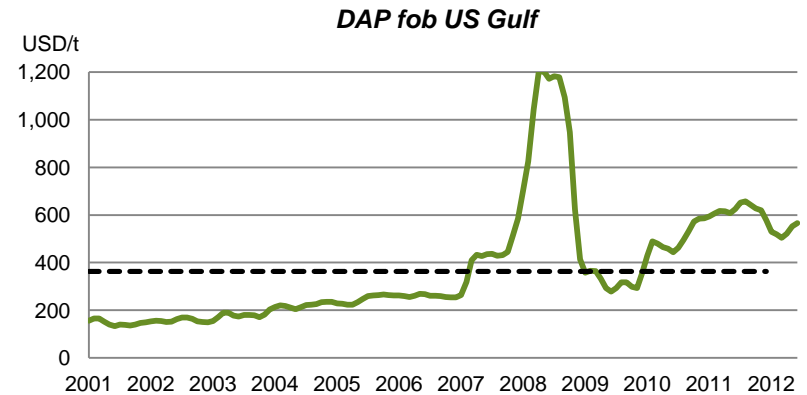
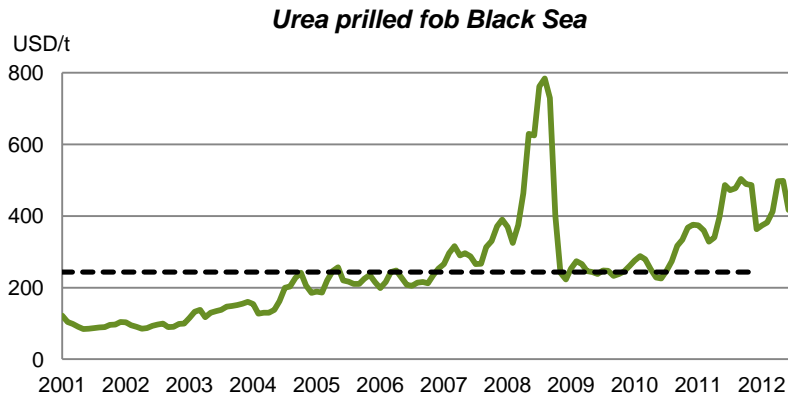
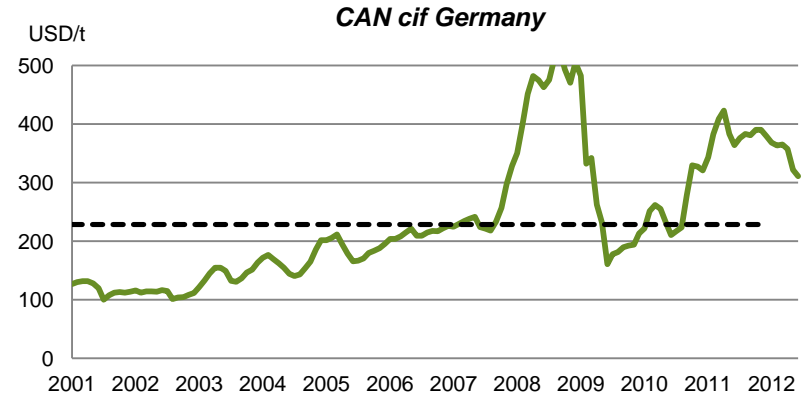
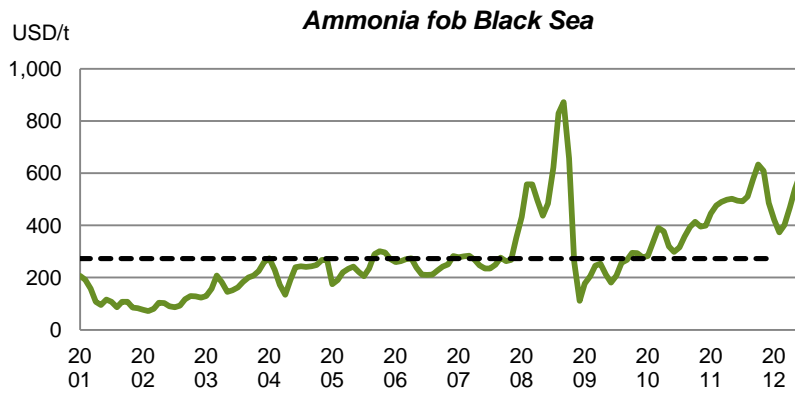
NOK/USD exchange rate



Source: Fertilizer Market Publications, CERA, World Bank, Norges Bank



# 10-year fertilizer prices – monthly averages



Source: Average of international publications

--- Average prices 2001 - 2011

