



Knowledge grows

# Yara International ASA Third Quarter results 2012

Torgeir Kvidal, CFO

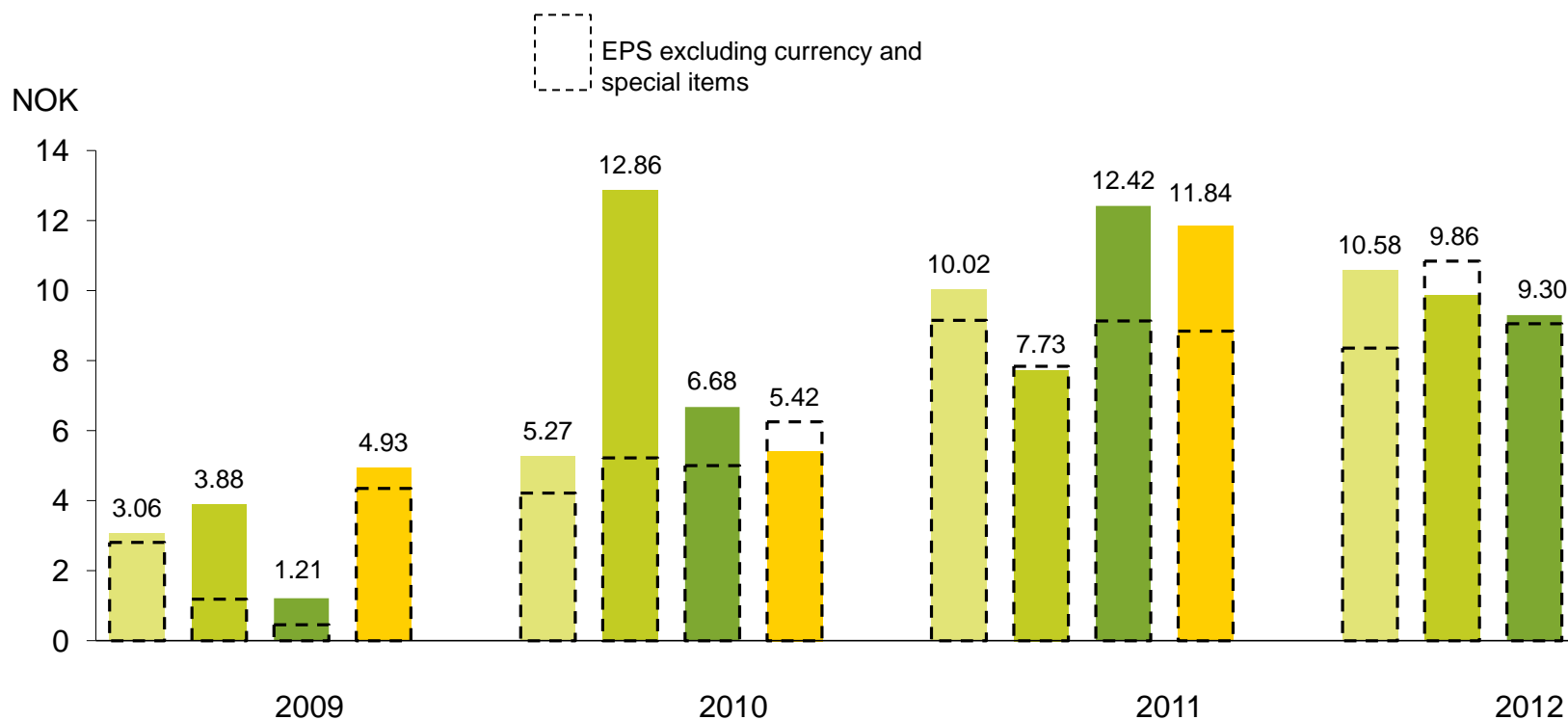
23-24 October

# Summary third quarter

- Strong results and cash flow
- Yara-produced NPK deliveries up 10%
- Strong production increase
- Cautious start to European nitrate season



# Earnings per share\*



## Annual

NOK	2009	2010	2011	2012
	13.08	30.24	41.99	29.75

\* Average number of shares for 3Q 2012: 281.4 million (3Q 2011: 287.2 million).

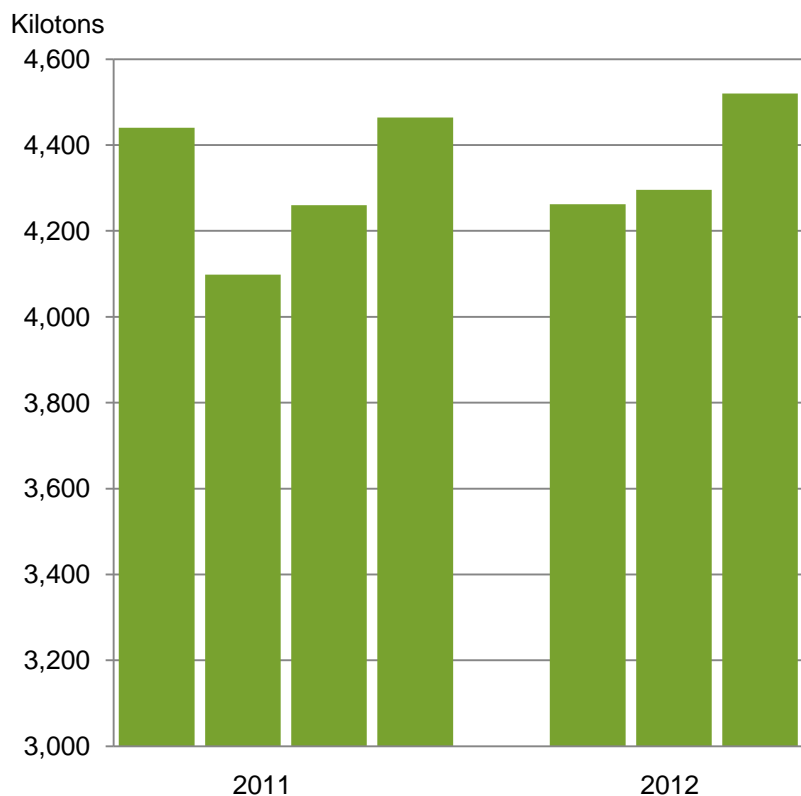


IR-Date : October 2012

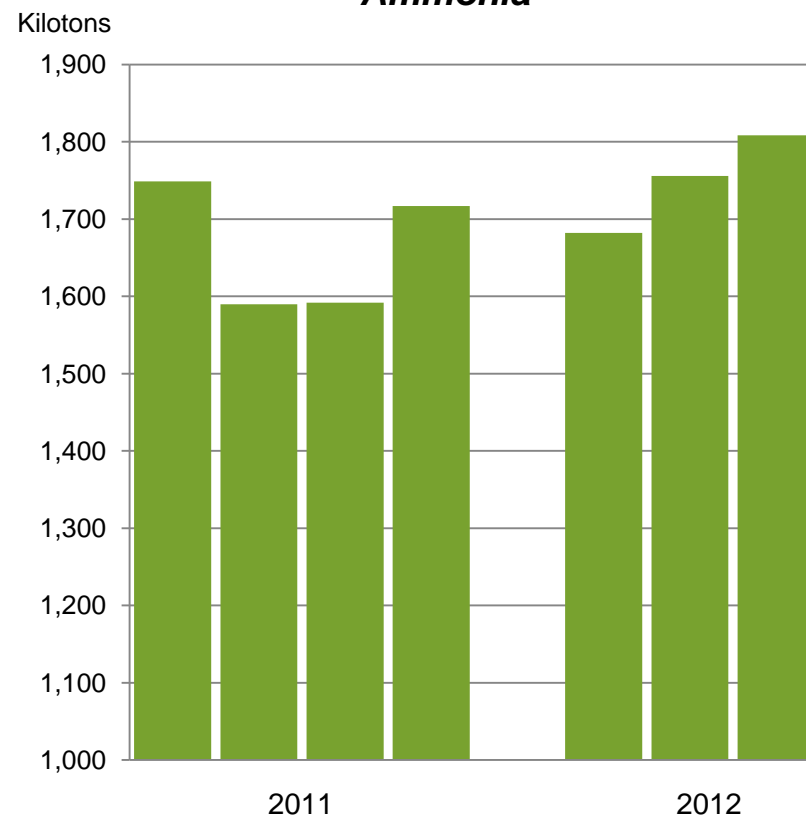


# Strong production increase

## Finished fertilizer



## Ammonia



\* Including share of equity-accounted investees

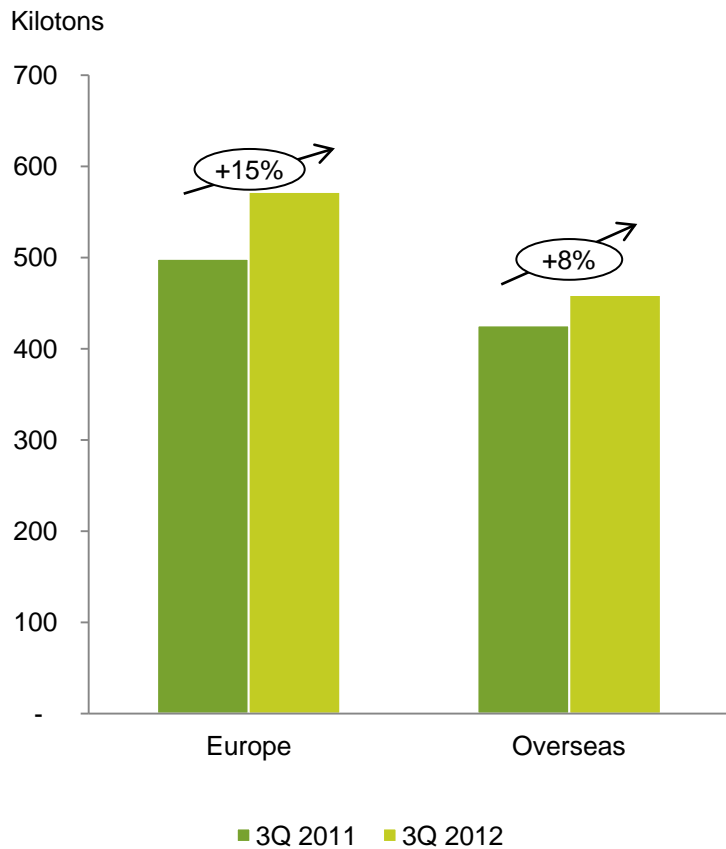


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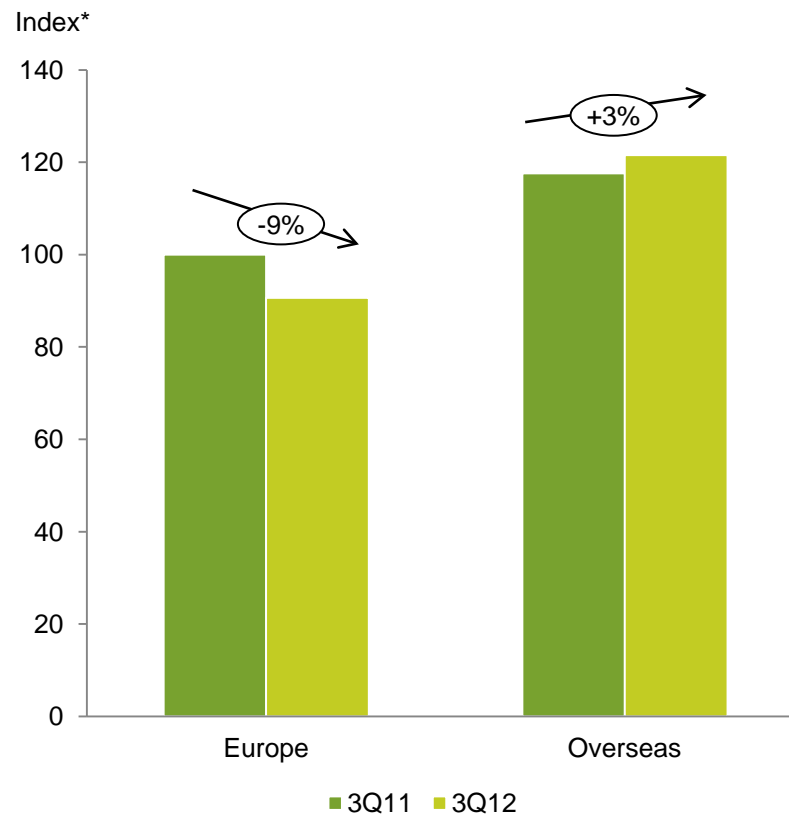


# Strong NPK development

**Yara-produced compound NPK volumes**



**Realized prices on Yara -produced NPK compounds**

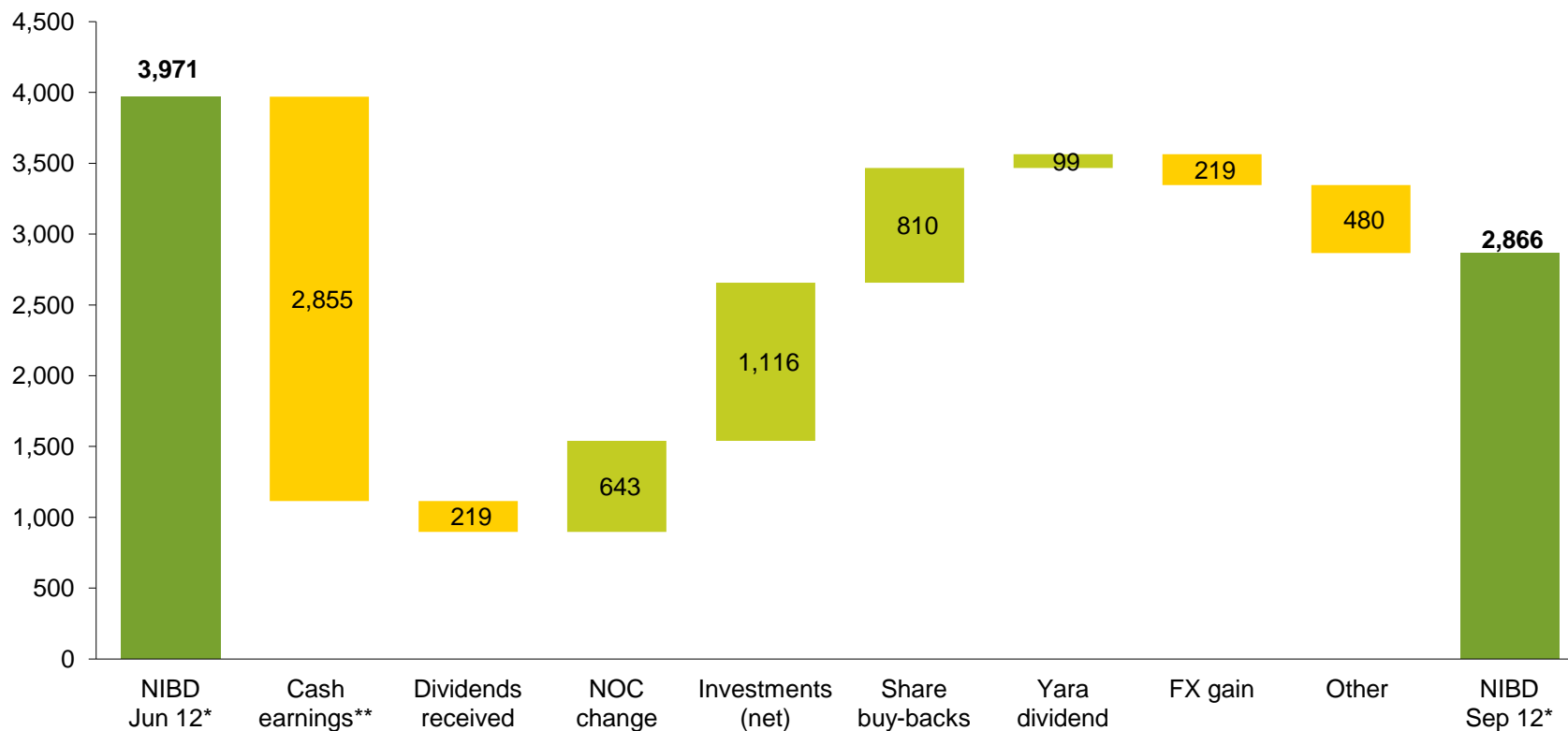


\* 100 = European price in 3Q11



# 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

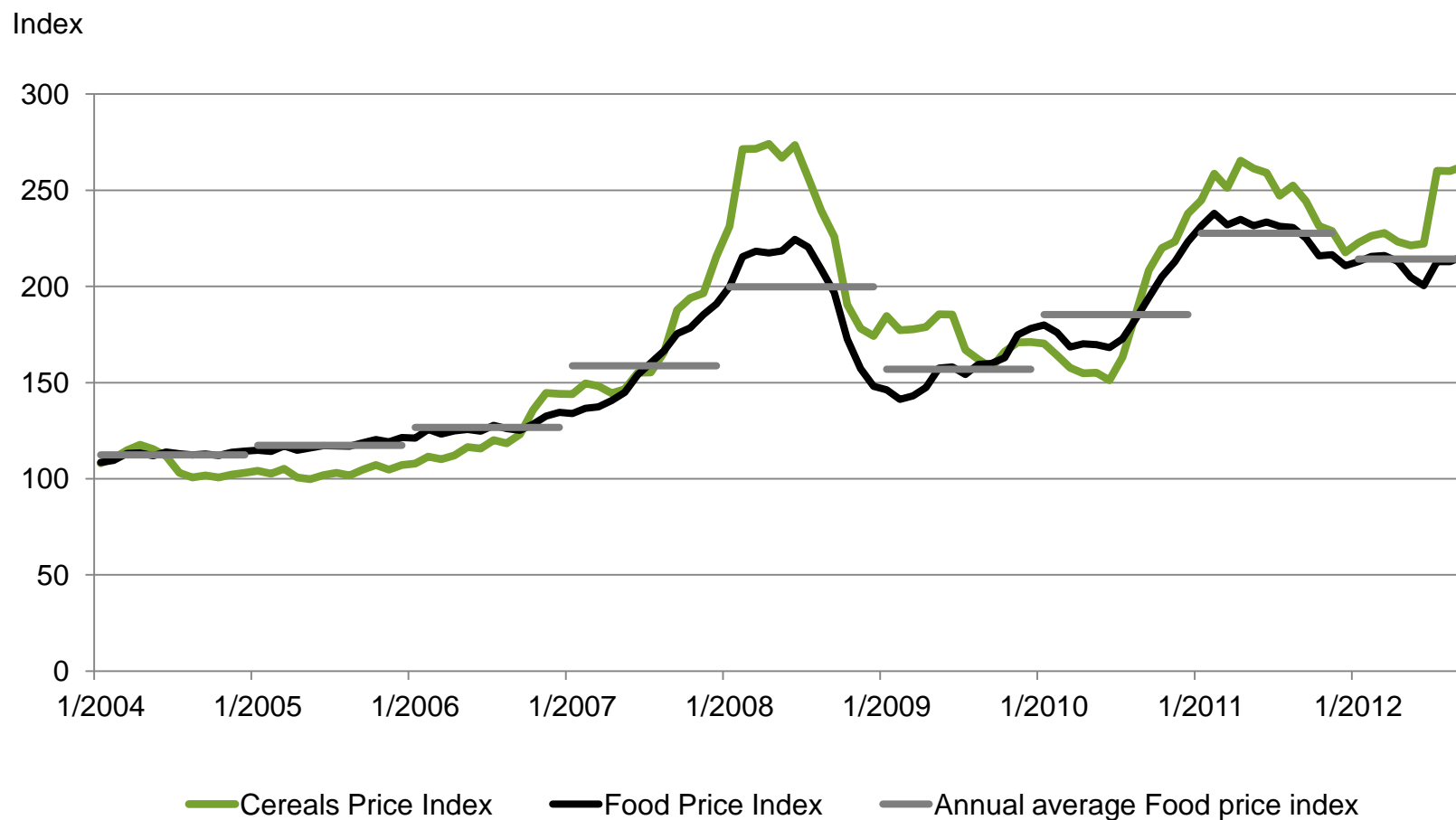


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# Fertilizer incentives remain strong

**FAO price index**



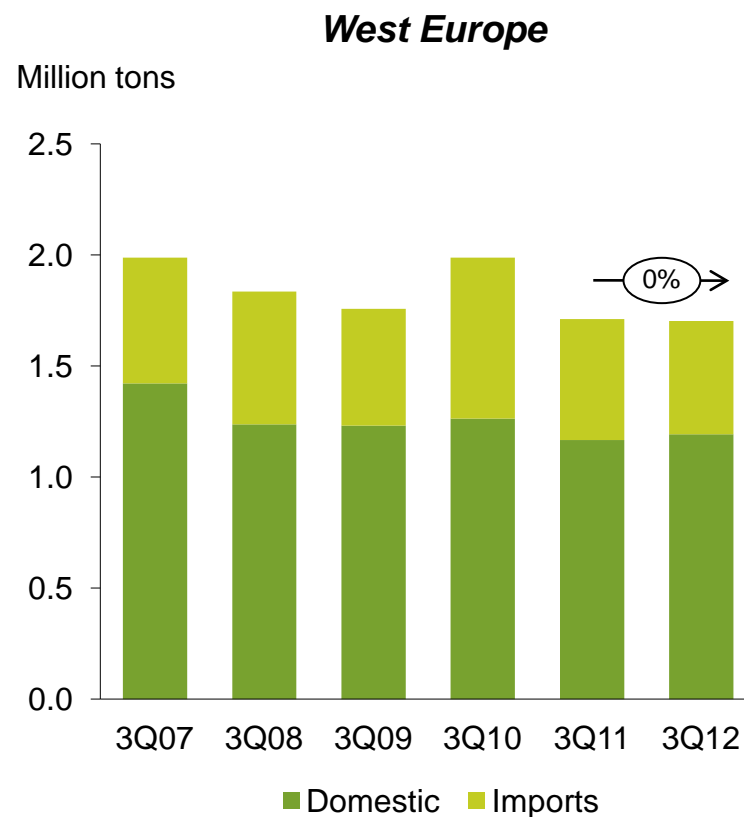
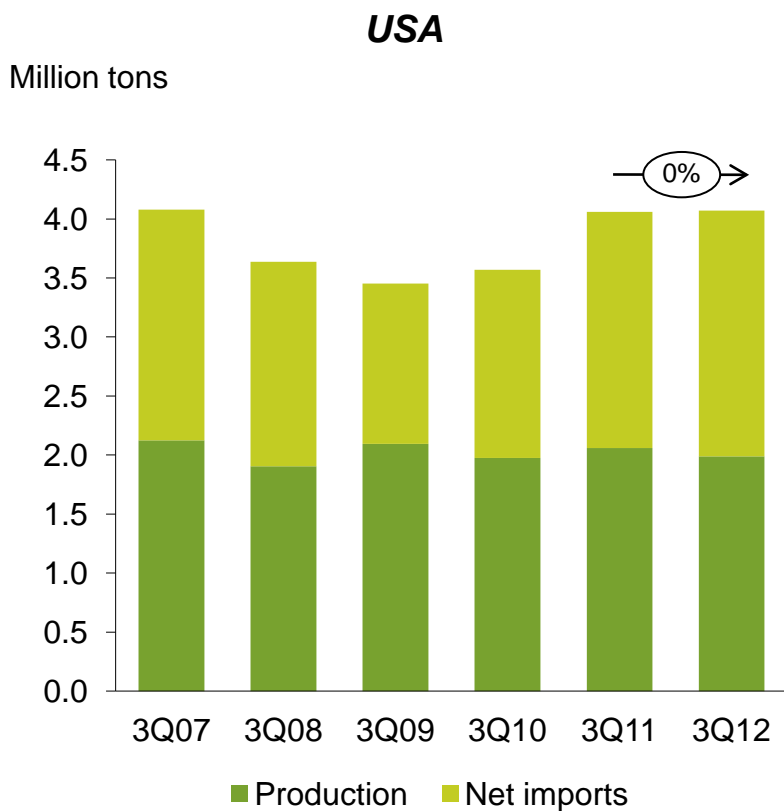
Source: FAO



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# Cautious buying in Europe, stronger in US



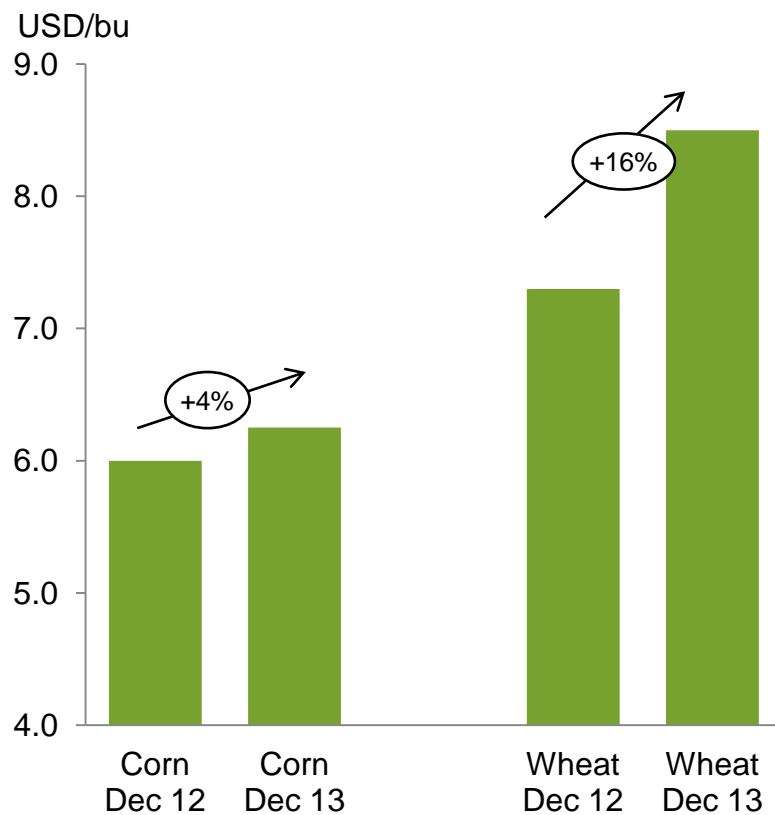
Source: Yara estimate for fertilizer deliveries to selected West European countries.  
Total nitrogen deliveries based on TFI, US Trade Commission, Blue-Johnson and Yara estimates



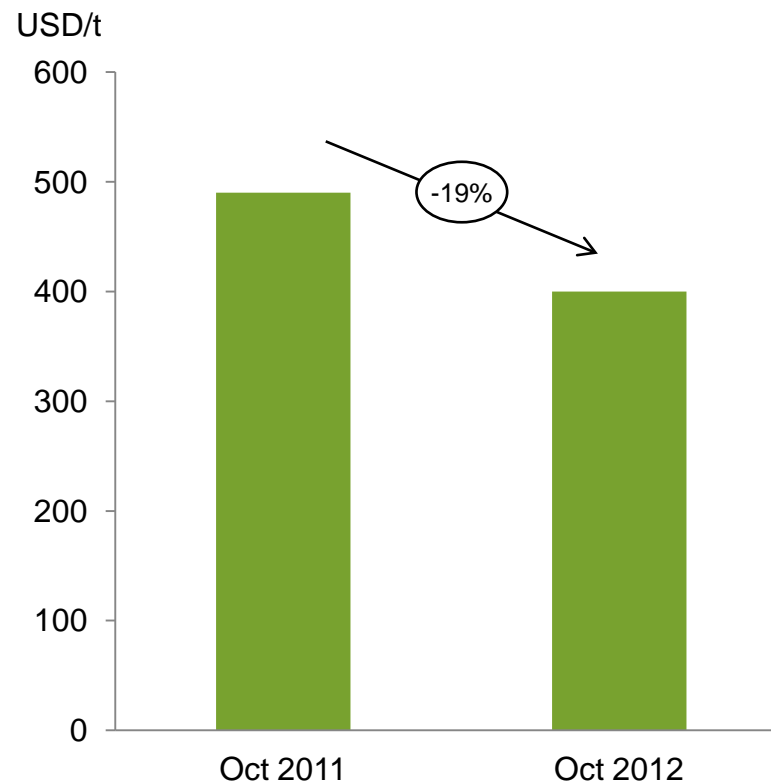


# Stronger pre-buying incentives

**Crop futures higher than a year ago**

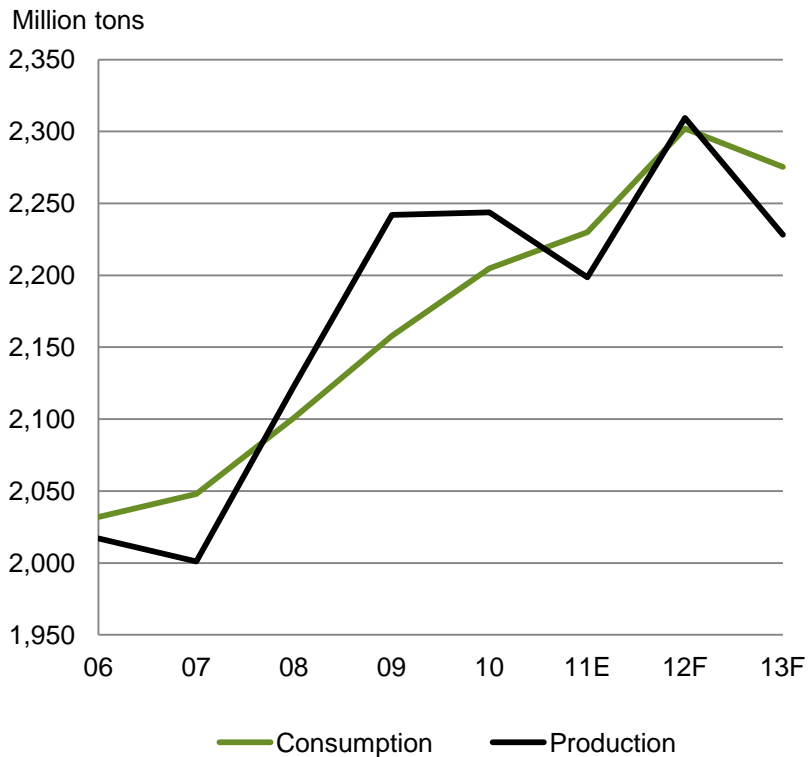


**Urea price, fob Black Sea**

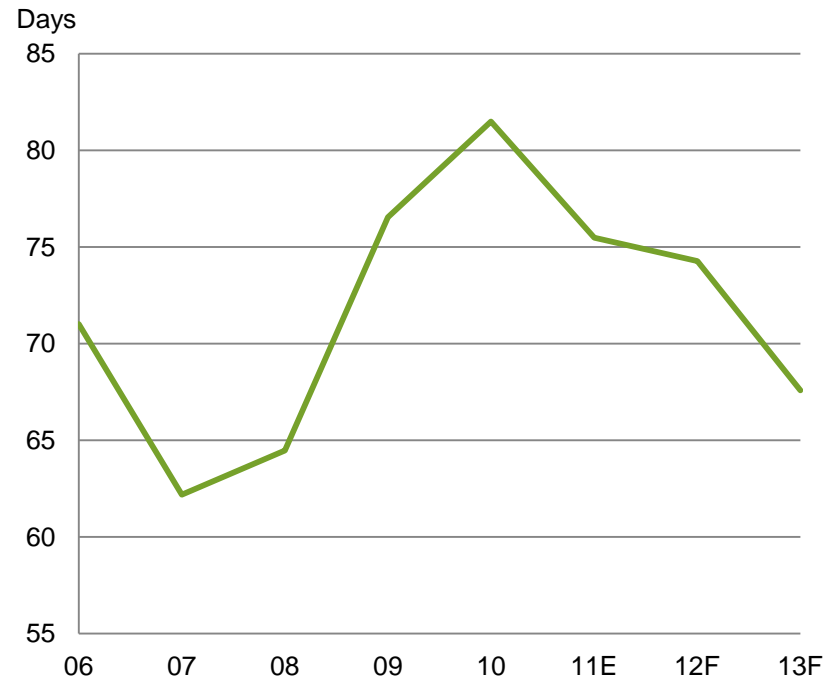


# Continued strong price incentives necessary to avoid further inventory decline

### Grain production and consumption



### Days of consumption in stocks

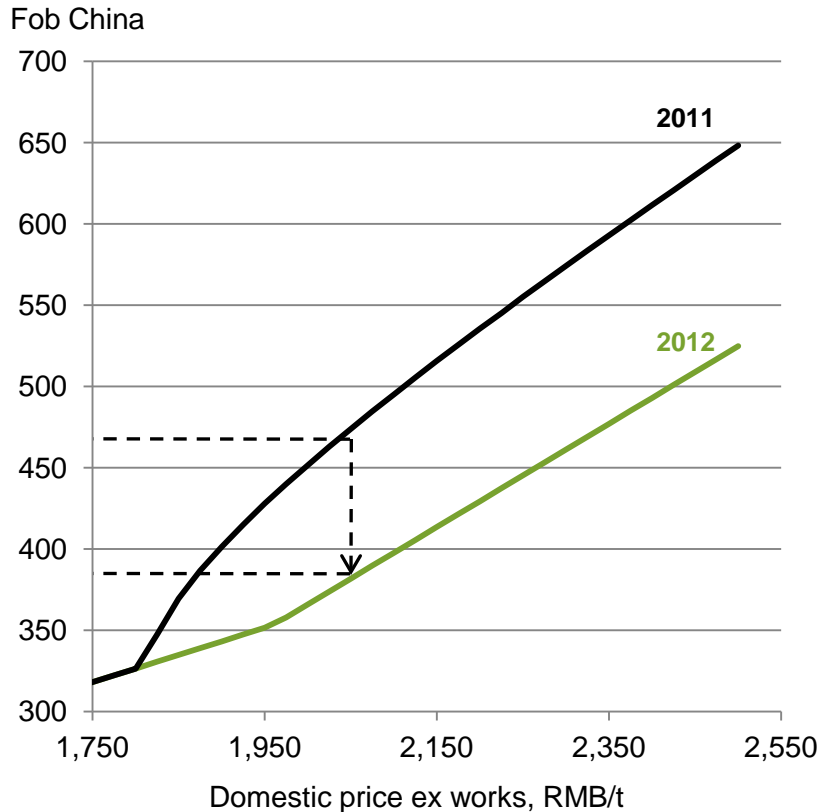


Source: USDA, October 2012

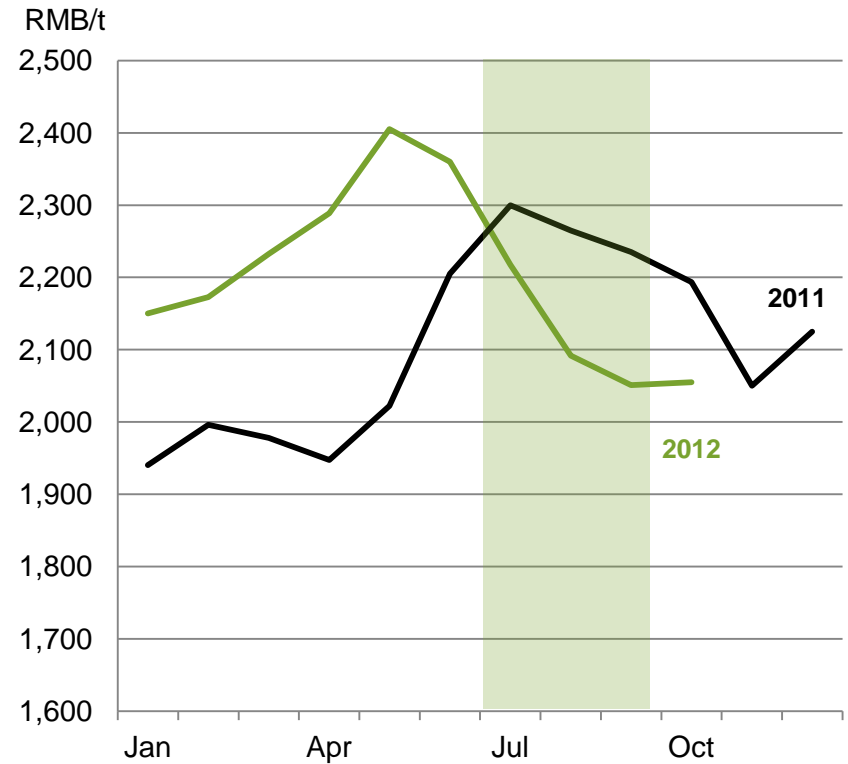


# Lower Chinese urea export price in 2012

**Chinese export tax 1 Jul – 1 Nov**



**Domestic urea price in China**



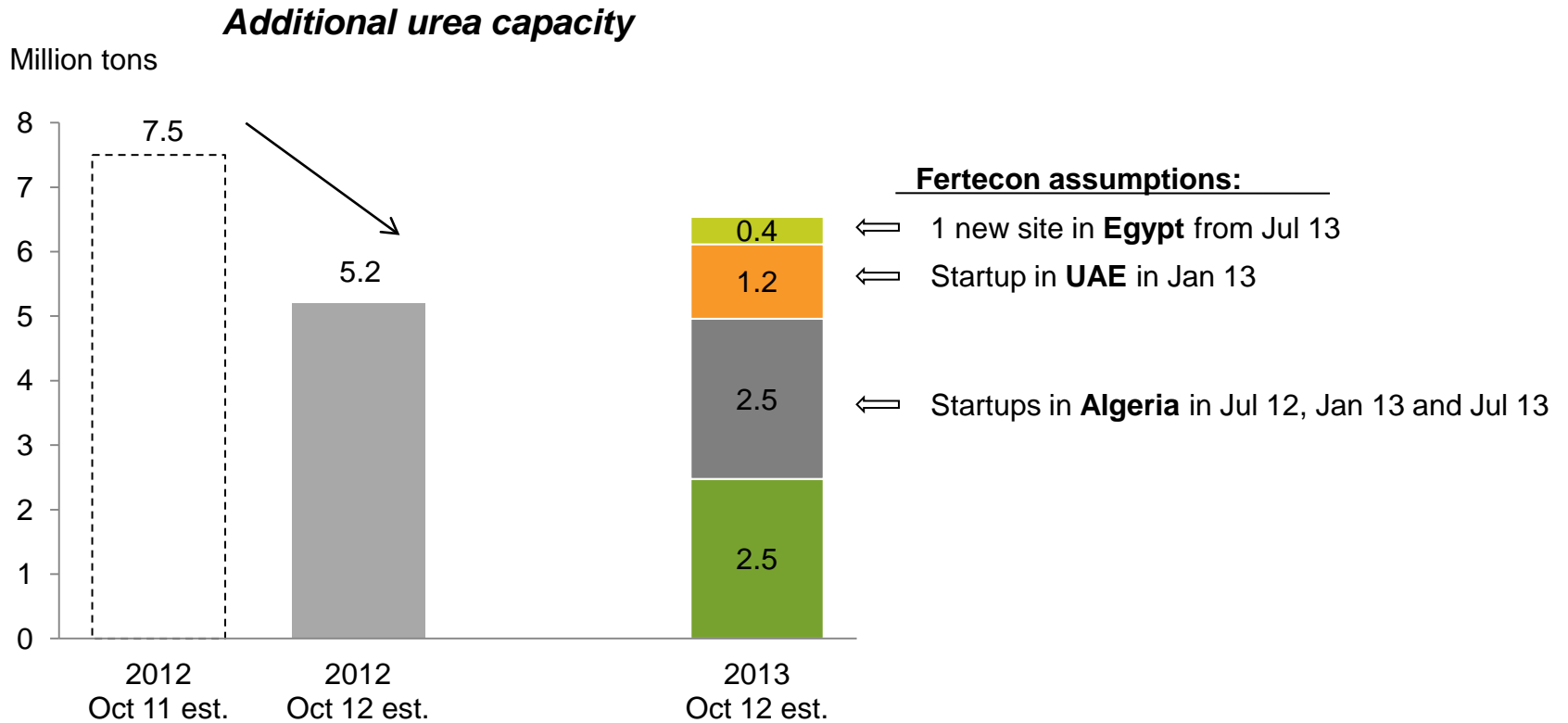
\* China Fertilizer Market Week



IR-Date : October 2012



# Continued project delays



Source: Fertecon urea updates

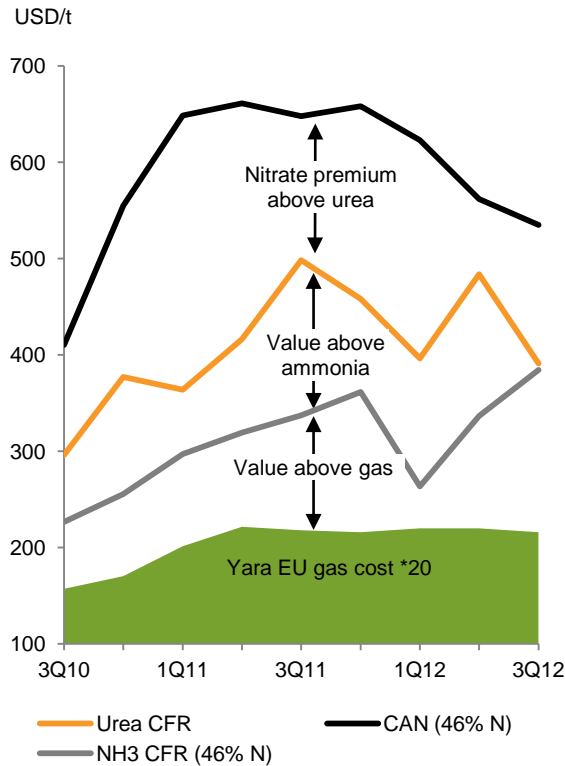


IR-Date : October 2012

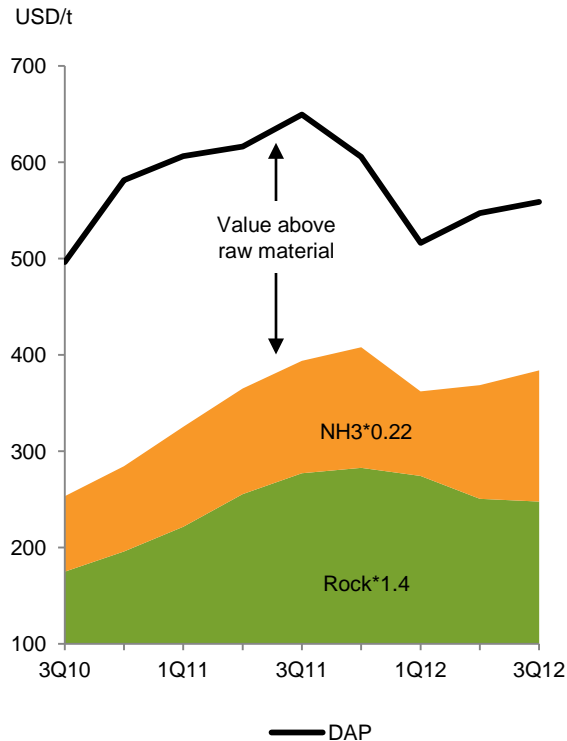


# Yara generates value both within commodity and value-added products

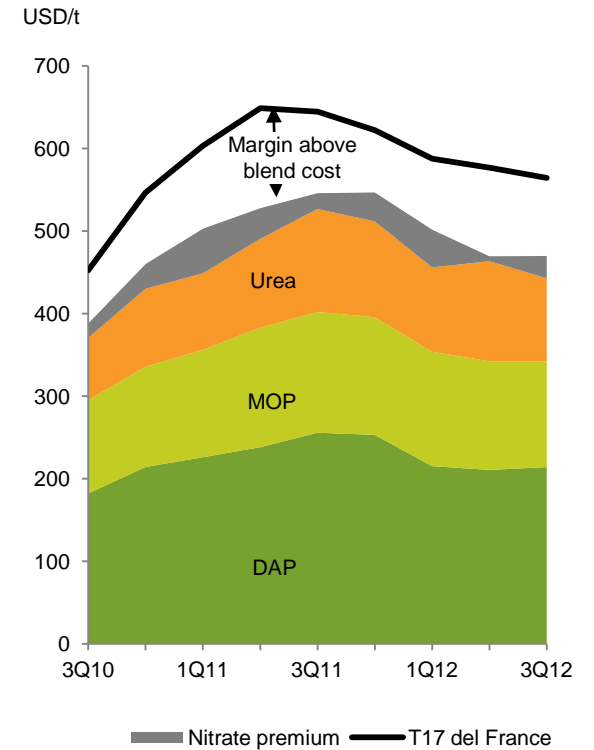
**Nitrogen upgrading margins**



**Phosphate upgrading margins**

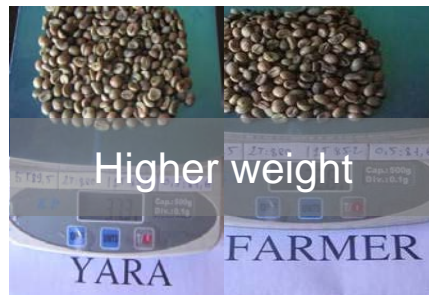


**NPK blend premium**

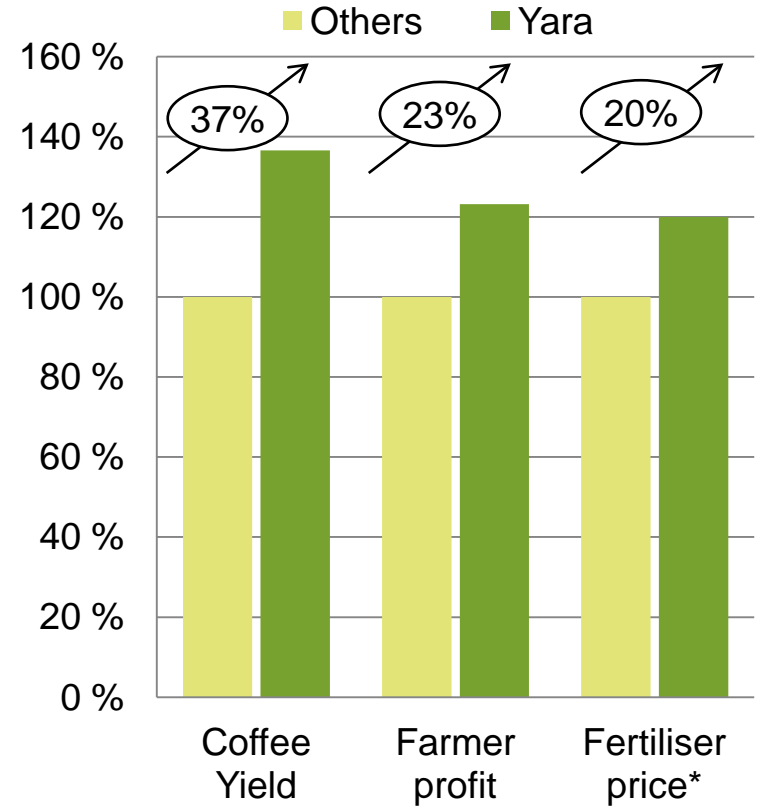


# Premiums reflect actual value-add from using Yara Crop nutrition program

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



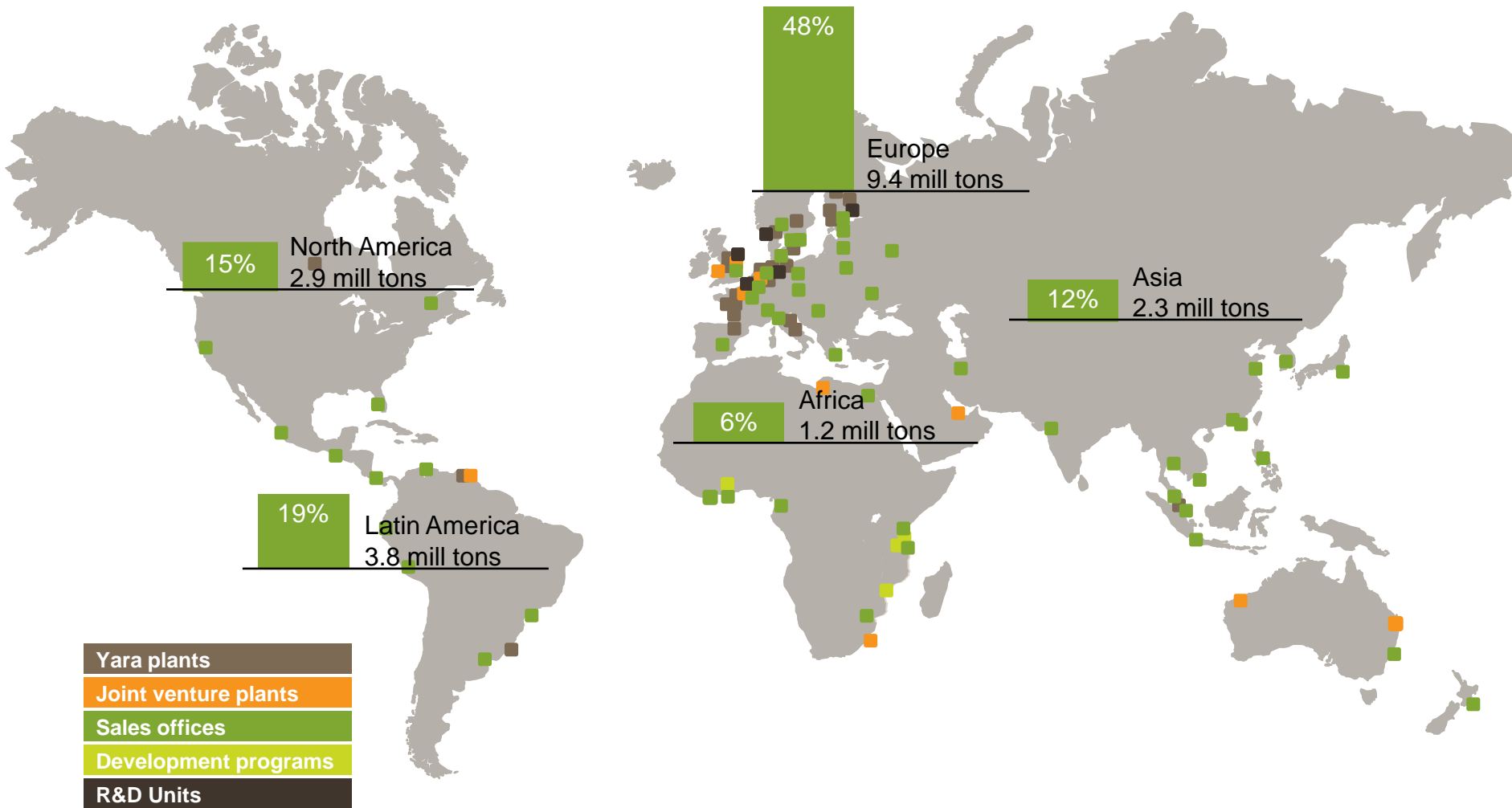
...for instance providing higher returns for Vietnam coffee growers and Yara (based on field trial)



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



# Working closely with end-users facilitate knowledge transfer



IR-Date : 2012-09-25



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

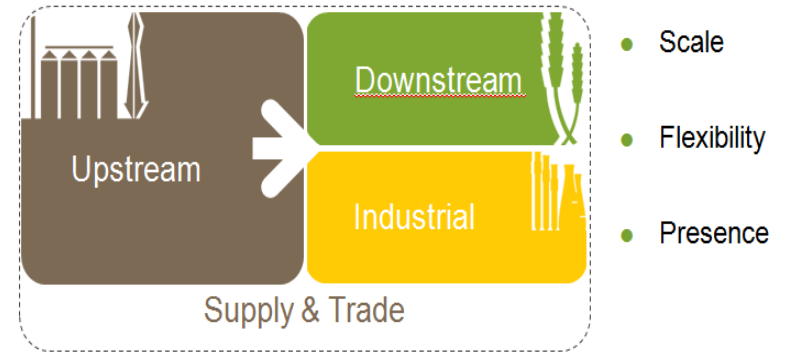




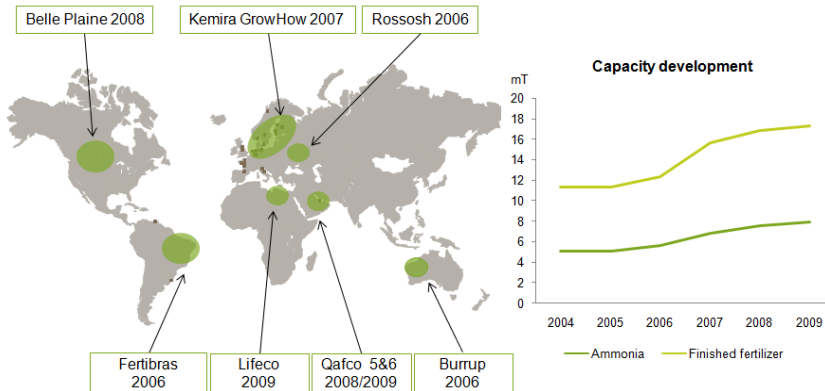
# Basis for Yara's profitable growth ambitions



A scalable business model giving synergies



### Industry-leading acquisition track-record



### Valuation and capital discipline

- In acquisitions Yara looks for:
  - Relative synergies compared to alternative buyers
  - Distressed sellers
  - Our cycle view compared to seller & alternative buyers
- Capital and valuation discipline demonstrated
- Grain, fertilizer and gas outlook has recently improved increasing nitrogen asset values



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

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**YARA**  
Knowledge grows

# Greening the desert

Producing food, water and clean energy in the desert

**Play featured movie**

< [Corn] [Greenhouse] [Person] >



IR-Date : October 2012



# 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.

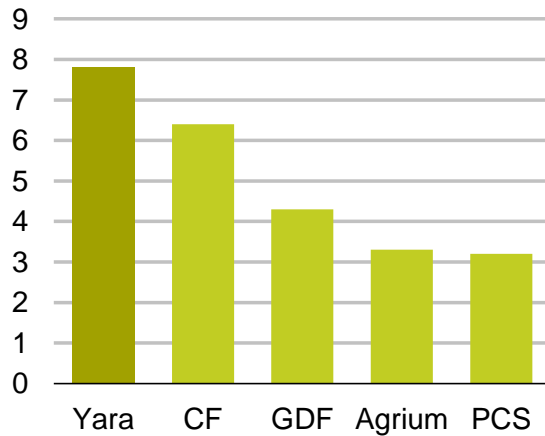
2) Not historical earnings, but estimated earnings for today's Yara business, using 5-year average price conditions.



# Yara – the leader in nitrogen fertilizers

## Global no 1 in ammonia

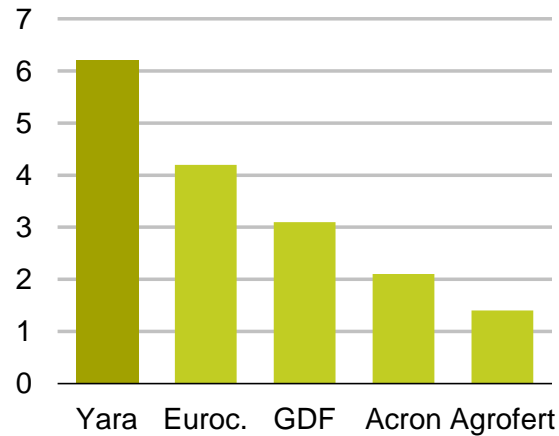
Production capacity\* (mill t)



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

## Global no 1 in nitrates

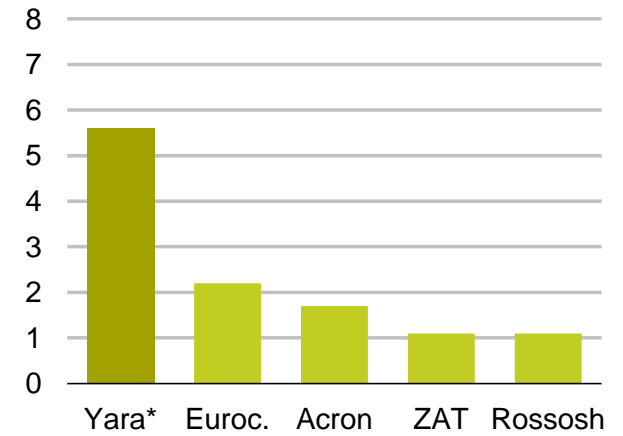
Production capacity\* (mill t)



Source: Fertilizer Europe

## Global no 1 in NPK complex fertilizer

Production capacity\* (mill t)

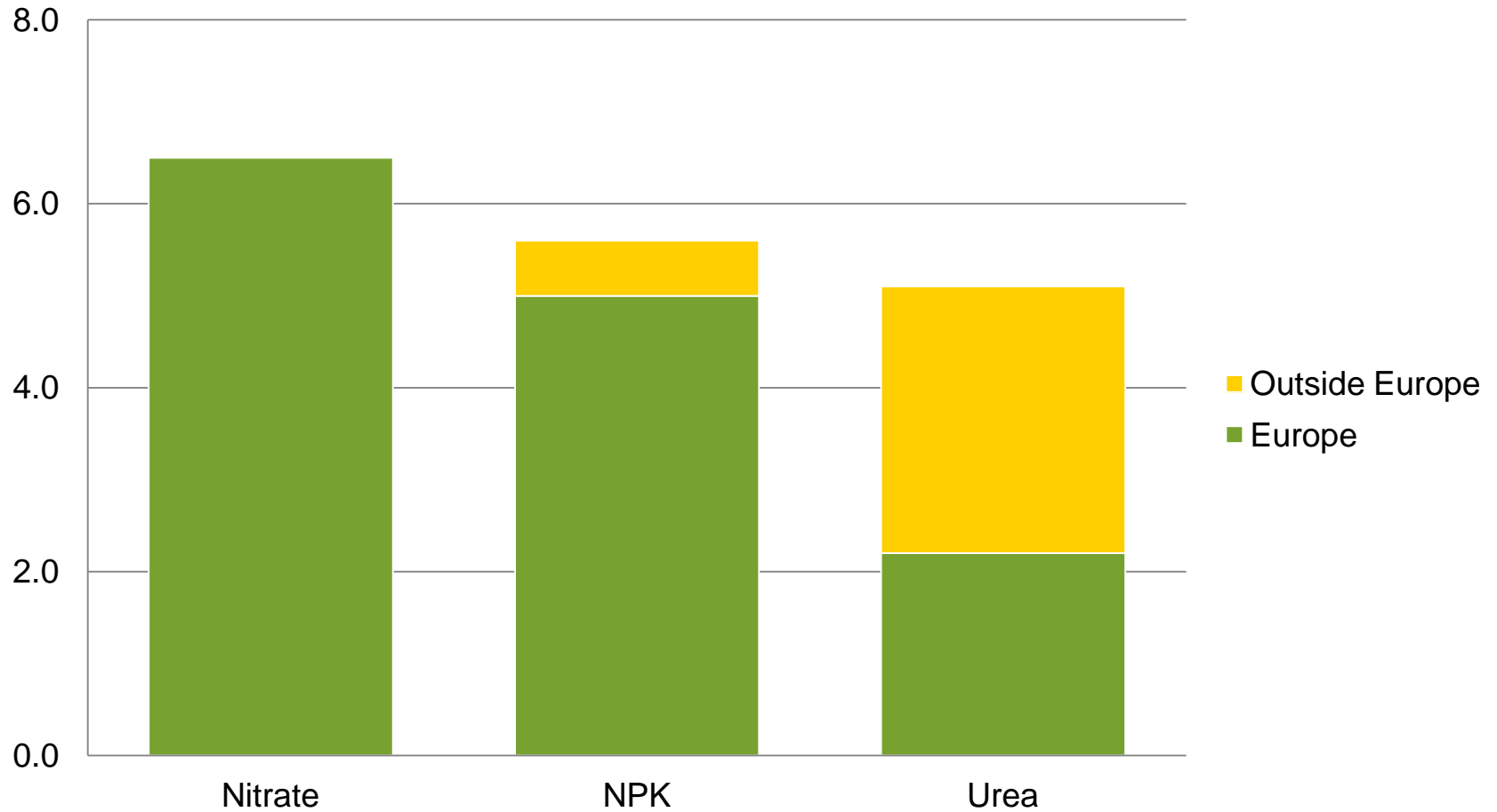


Source: Fertilizer Europe

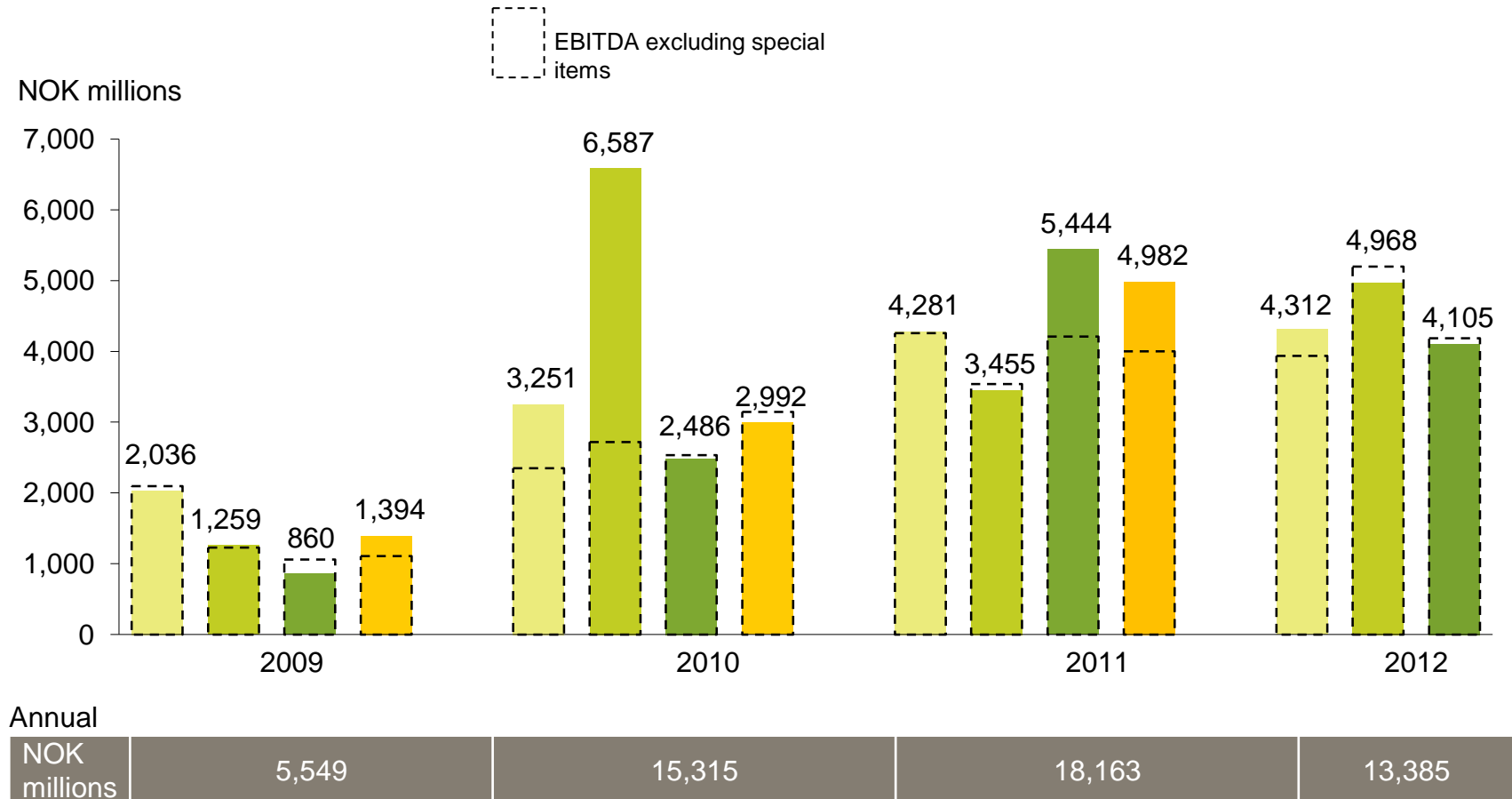


# Yara production capacities

Million tons product



# Earnings before interest, tax, depreciation and amortization (EBITDA)





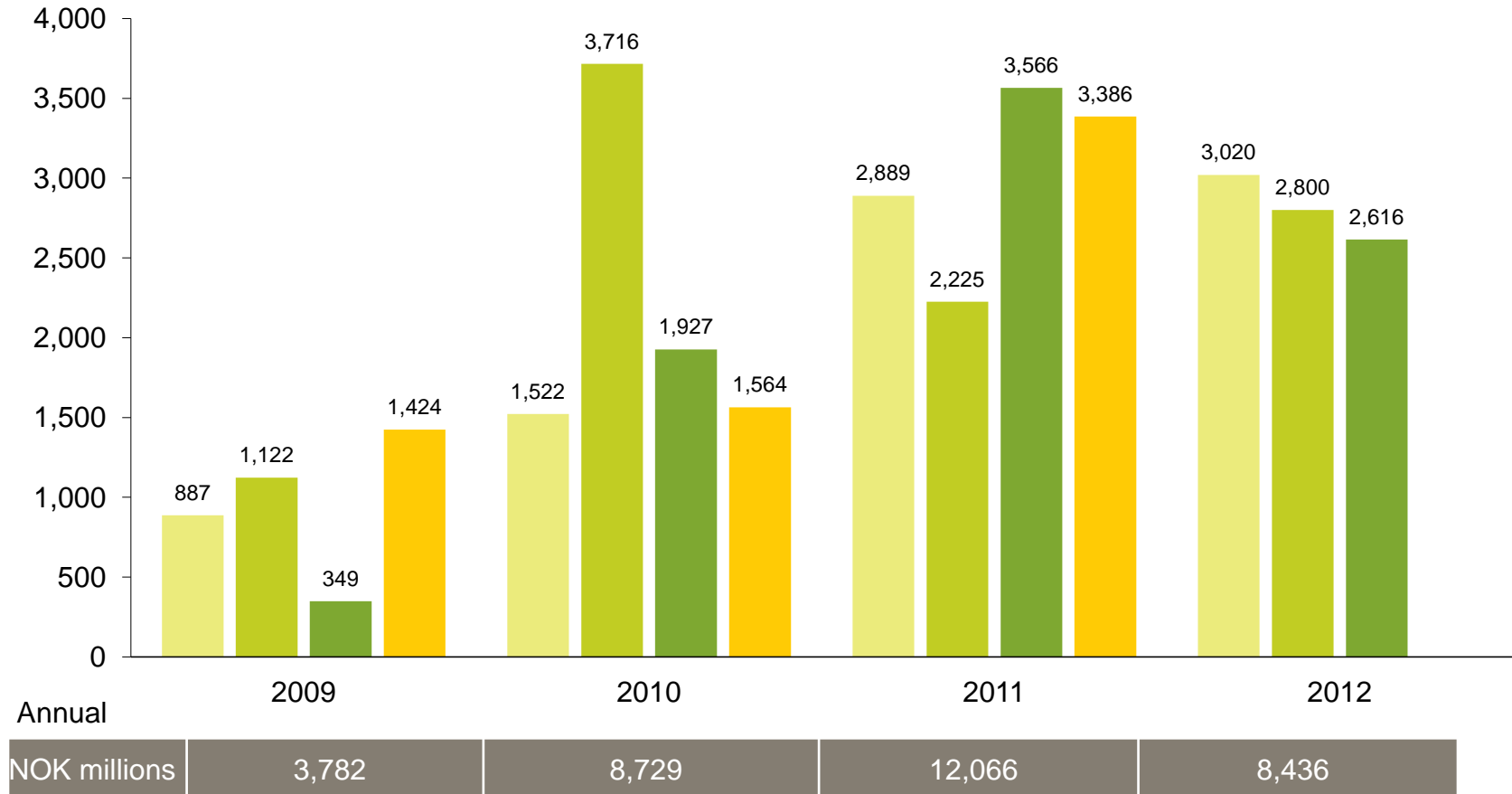
# Share of net income in equity-accounted investees

NOK millions	3Q 2012	3Q 2011
Qafco	412	198
Tringen	85	55
Burrup	-	(24)
GrowHow UK Ltd.	132	141
Lifeco	(78)	(57)
Other	20	17
<b>Total</b>	<b>571</b>	<b>329</b>



# Net income after non-controlling interests

NOK millions

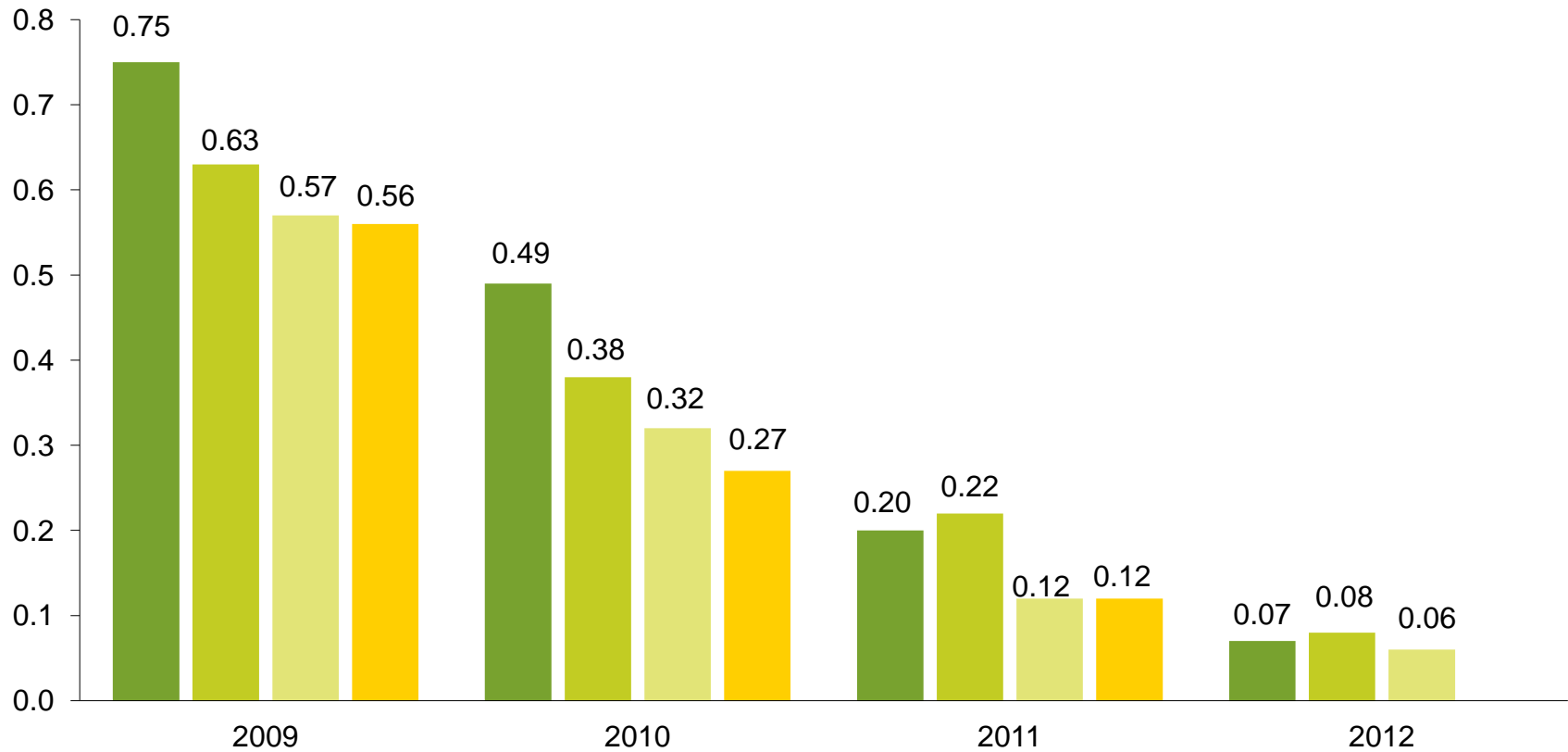


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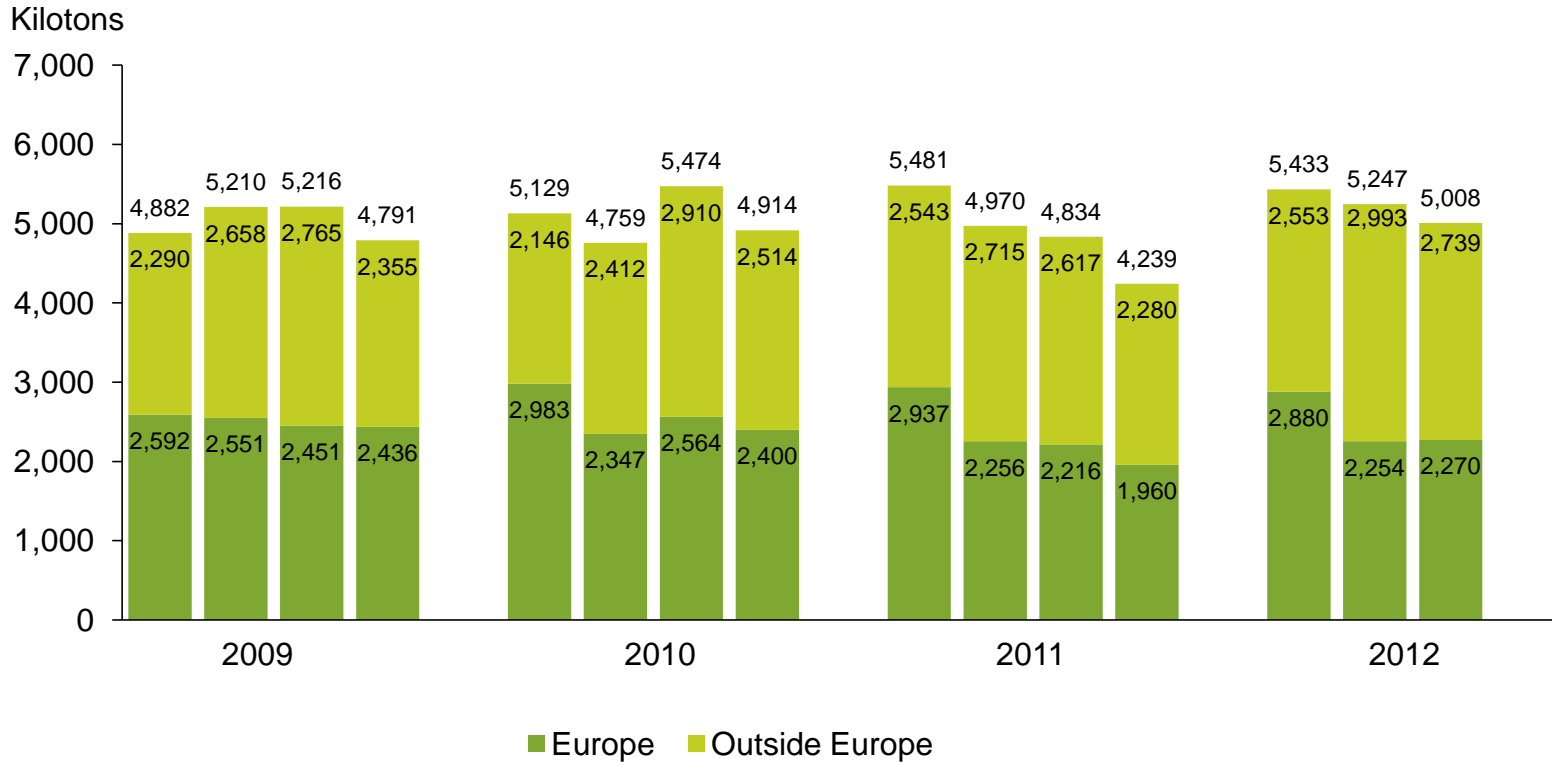


# Debt/equity ratio

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



# Fertilizer volumes



Accumulated, Kilotons

Fin. fertilizer	20,099	20,276	19,524	15,698
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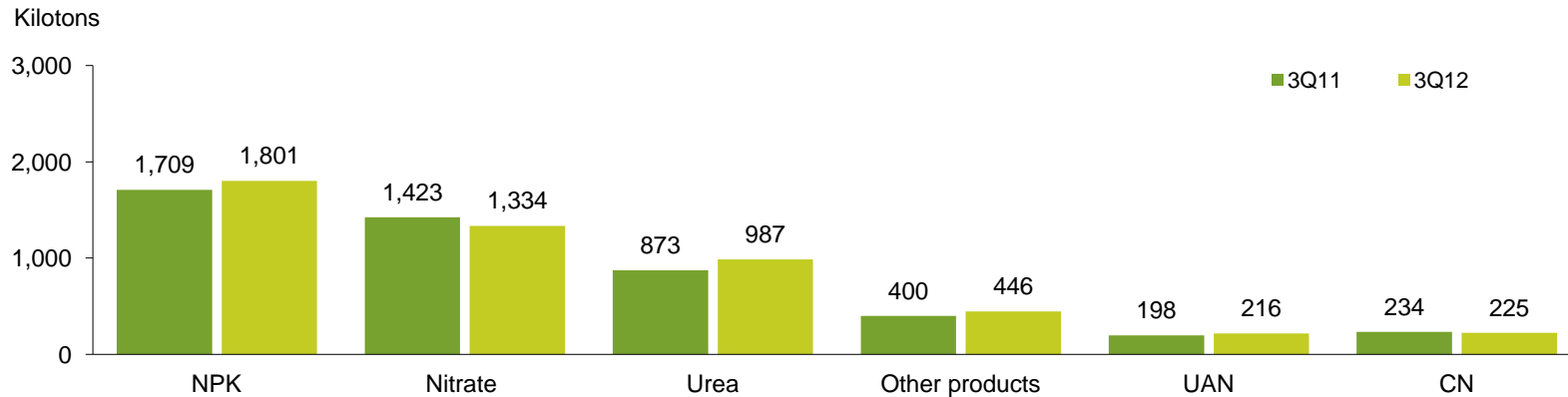
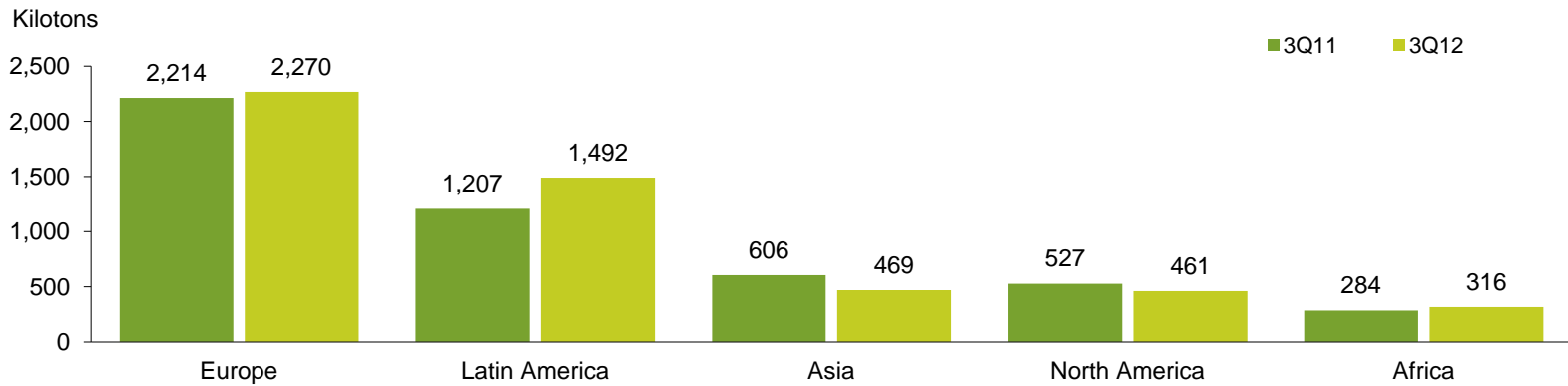


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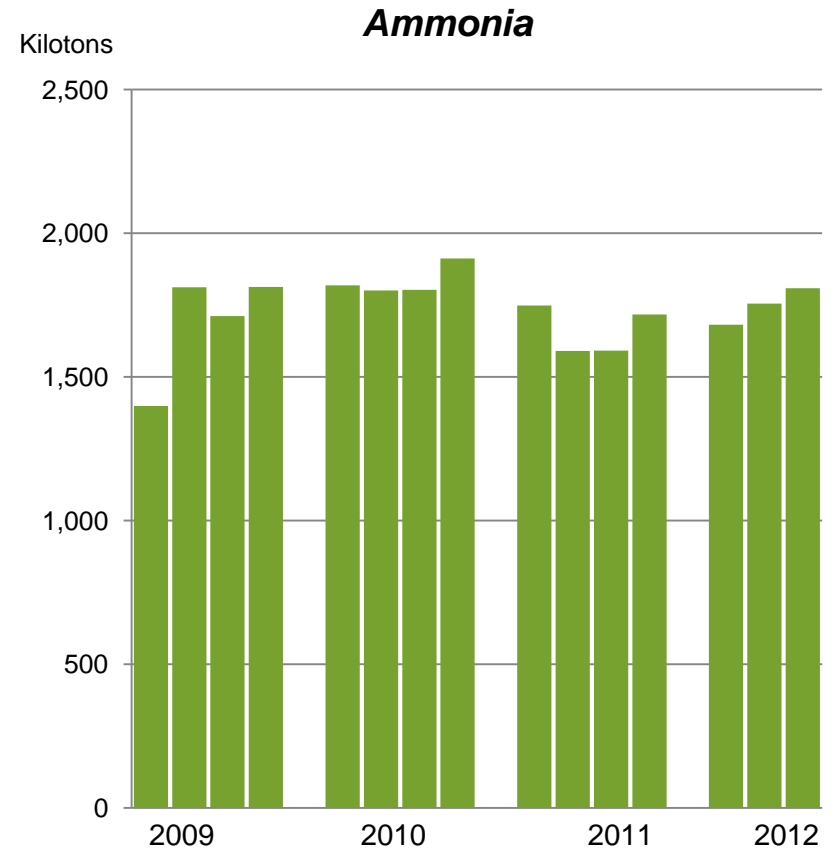
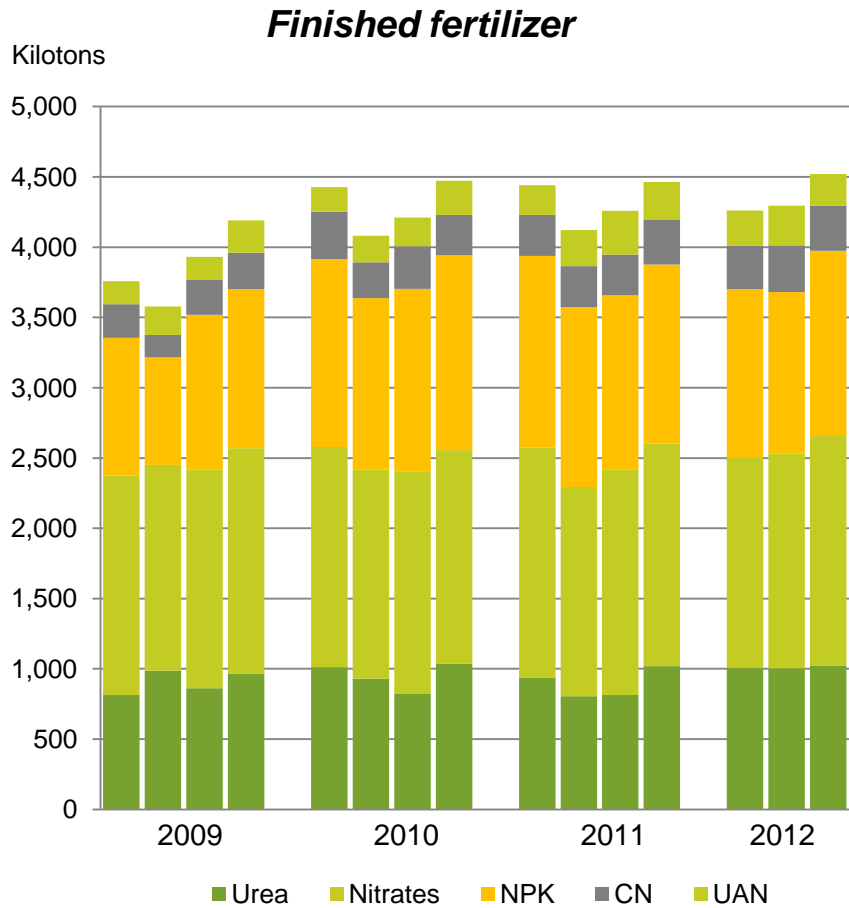


# Yara 3Q fertilizer sales by market and product

2012: 5.0 million tons (2011: 4.8 million tons)



# Yara – production volume\*



\* Including share of equity-accounted investees



IR-Date : October 2012

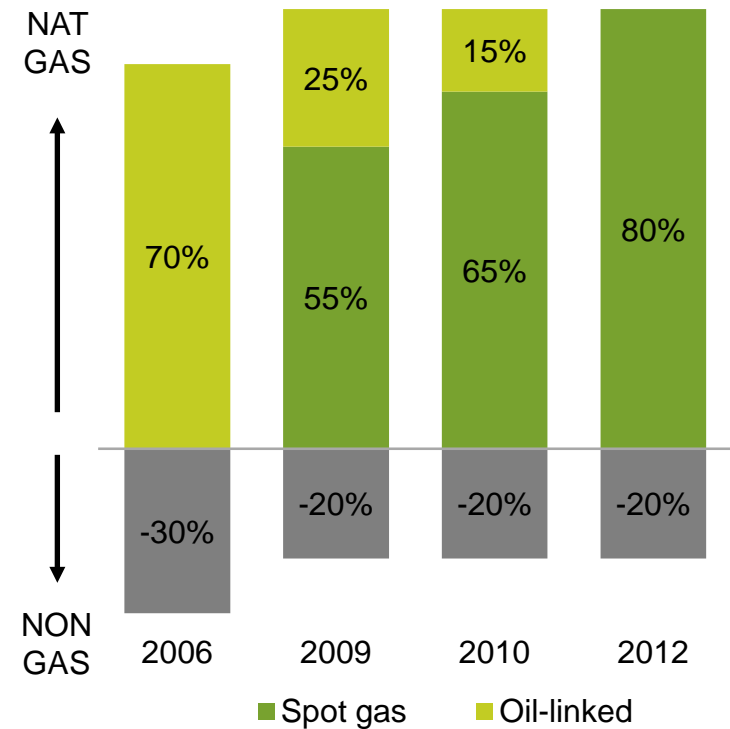


# Reduced exposure to oil and European gas

**Yara's geographic energy exposure**



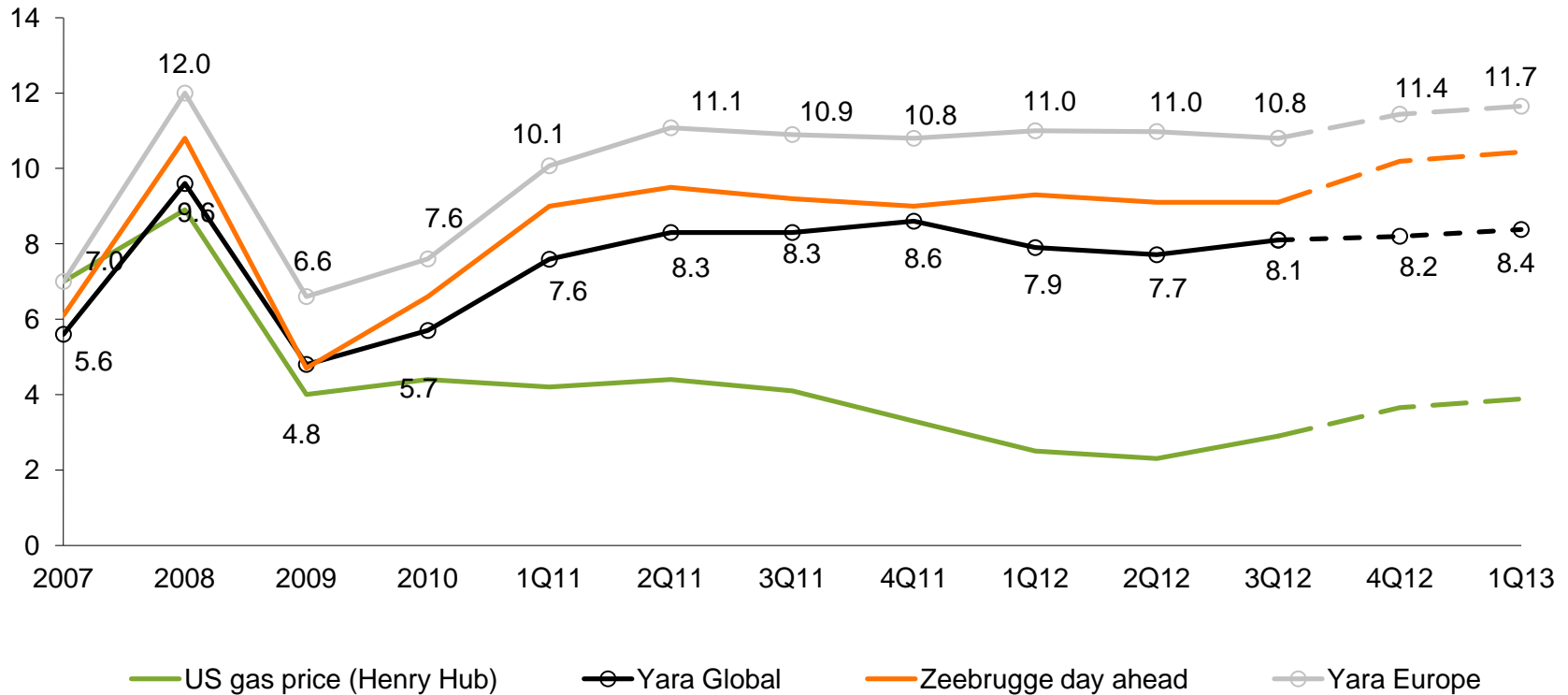
**Yara's feed-stock contract structure Europe**



# 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 October 2012

Source: Yara, World Bank, Platts



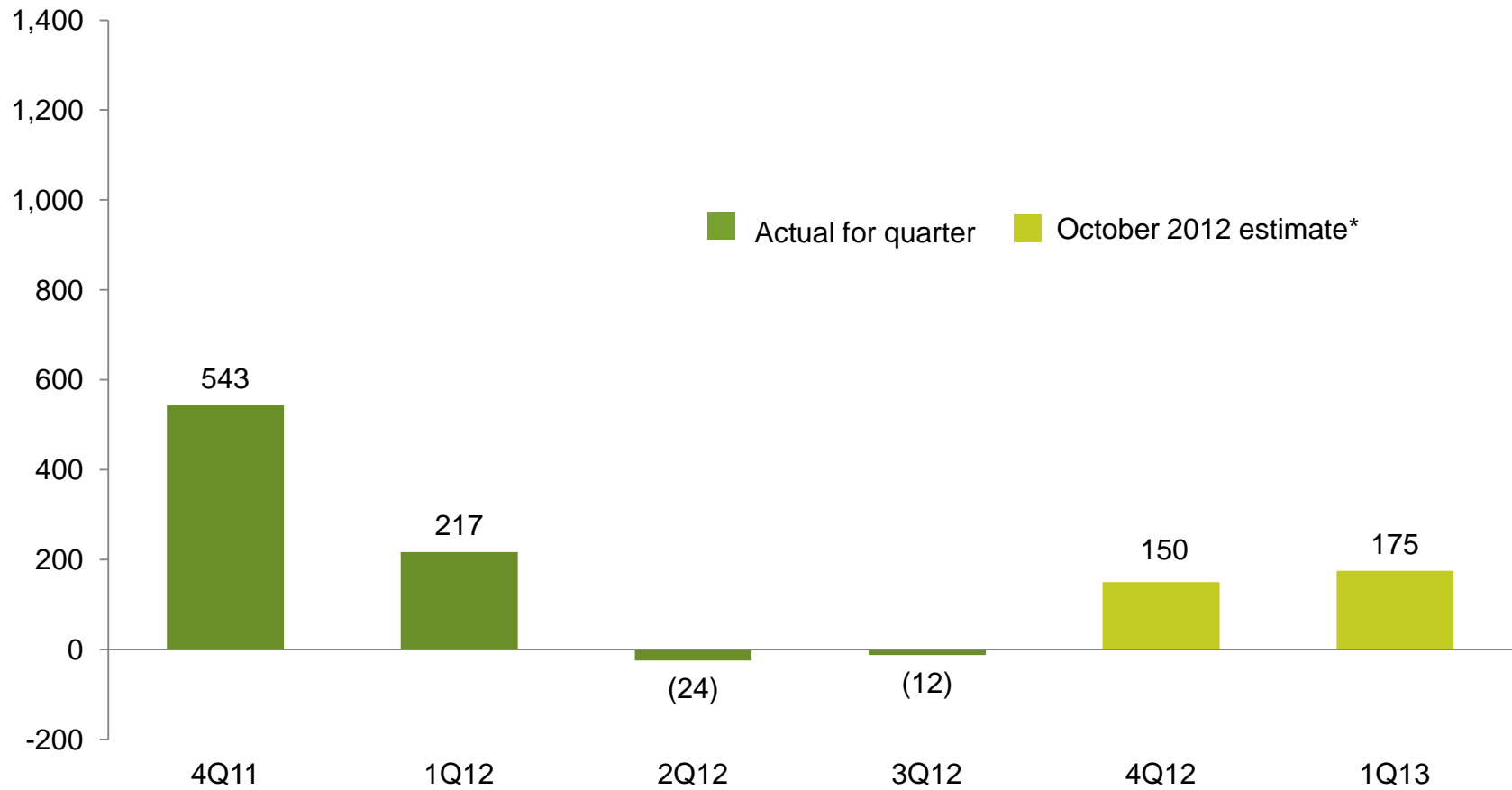
IR-Date : October 2012





# Change in European energy cost

NOK millions



\* Based on forward prices as of 9 October 2012



IR-Date : October 2012



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

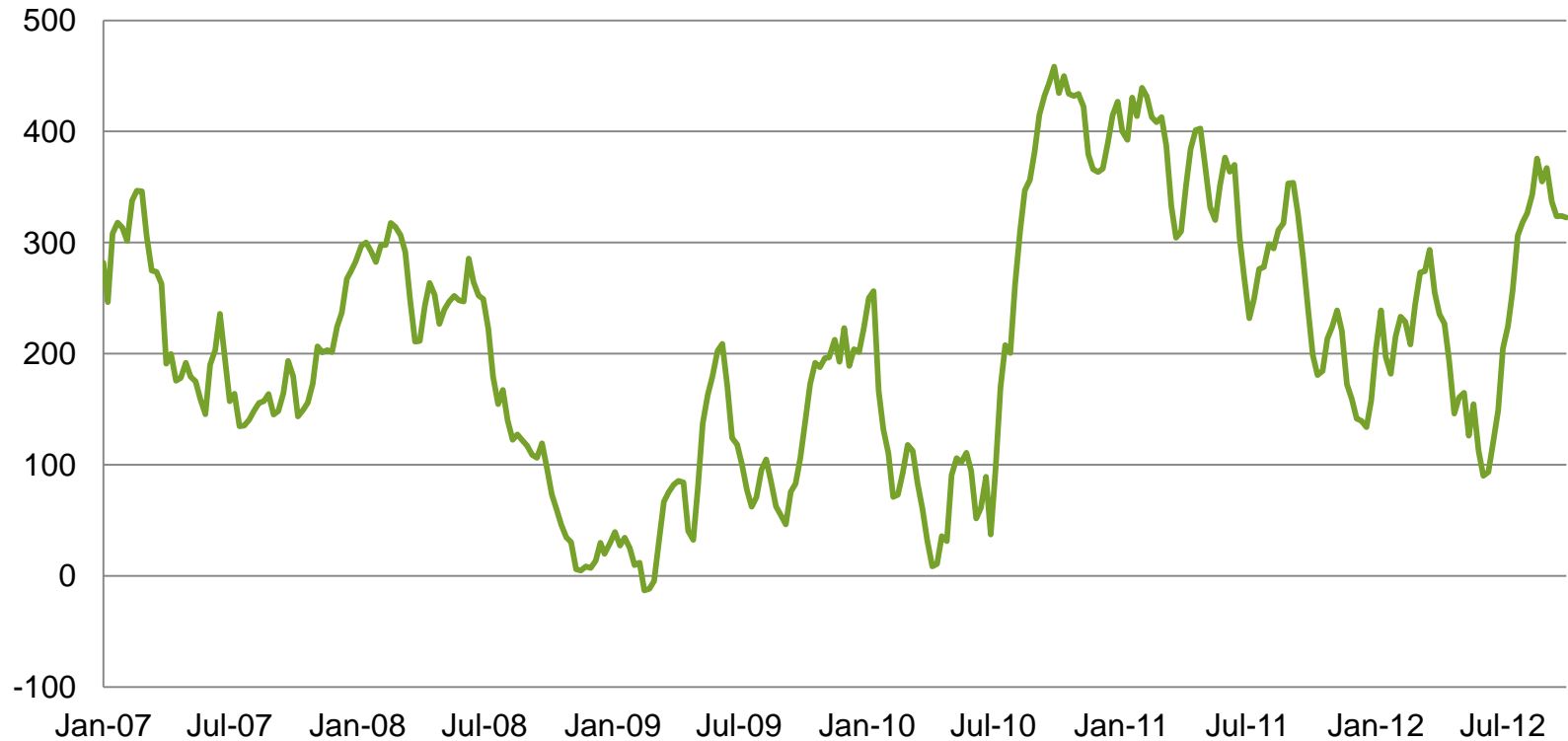
Year	Driving regions	Urea capacity growth relative to nitrogen capacity
	<b>Excluding China</b>	<b>Excluding China</b>
2011	Pakistan 37% Iran 18%	1.2% (1.3%)
2012	Qatar 34% Vietnam 20%	2.2% (2.1%)
2013	Algeria 38% UAE 18%	2.6% (3.1%)
2014	Egypt 25% Algeria 16%	1.5% (1.2%)
2015	Saudi Arabia 15% Brazil 14%	2.5% (1.9%)
<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>2.1%</b>

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



# Non-commercials' net long position in corn

Thousand contracts



Source: US Commodity Futures Trading Commission

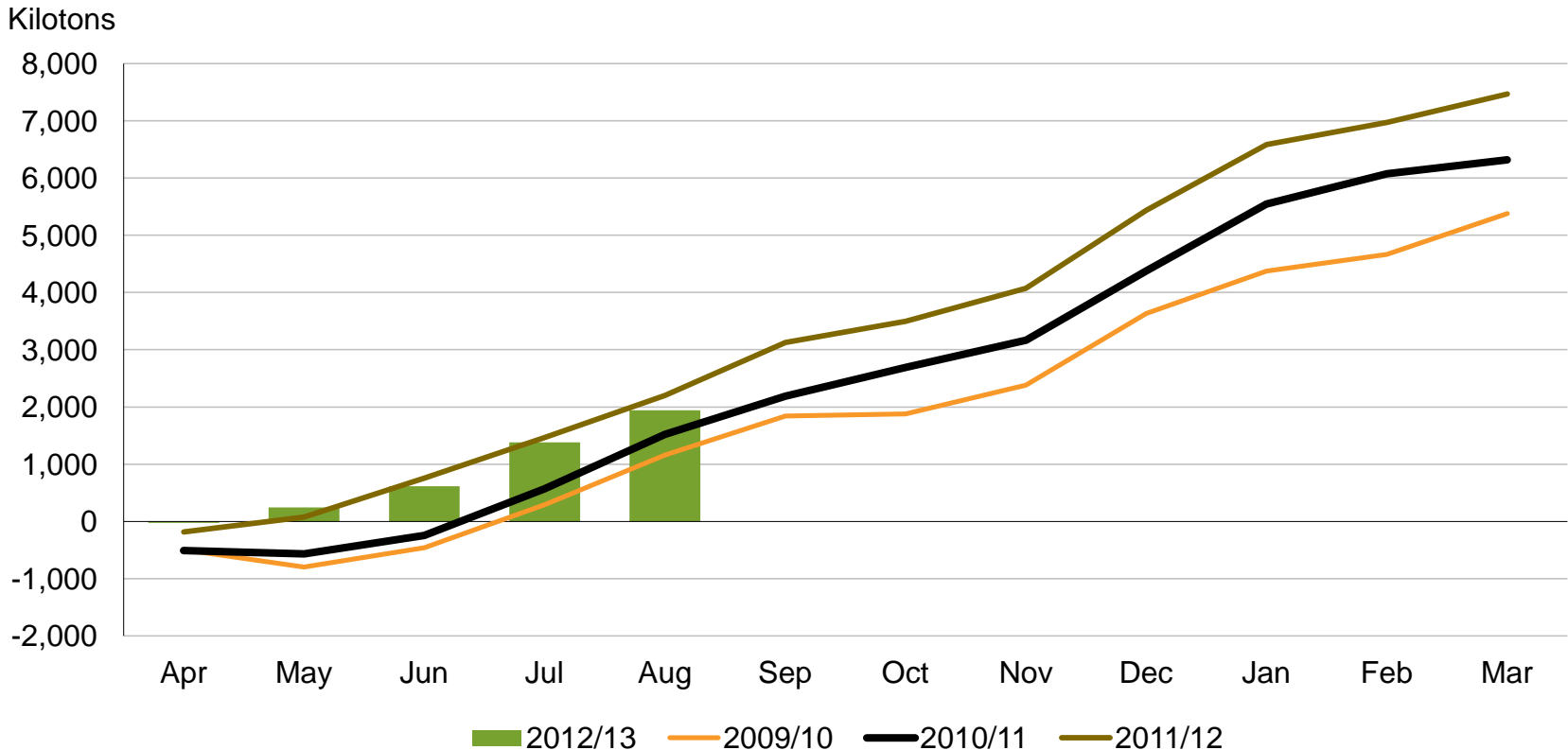


IR-Date : October 2012



# Indian urea import requirement

## Sales minus production



Source: Indian Statistics

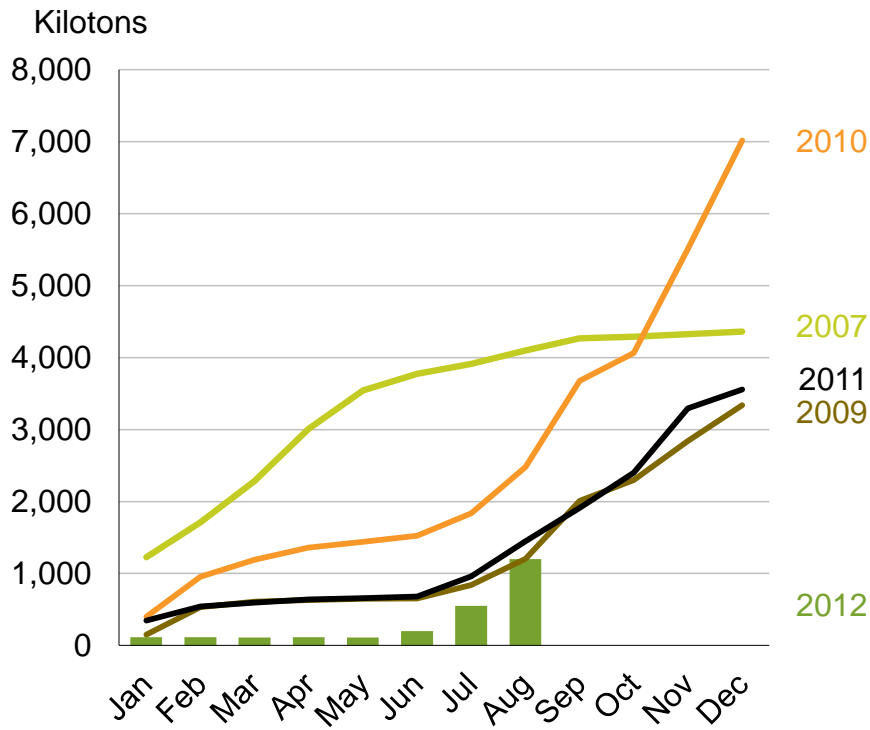


IR-Date : October 2012

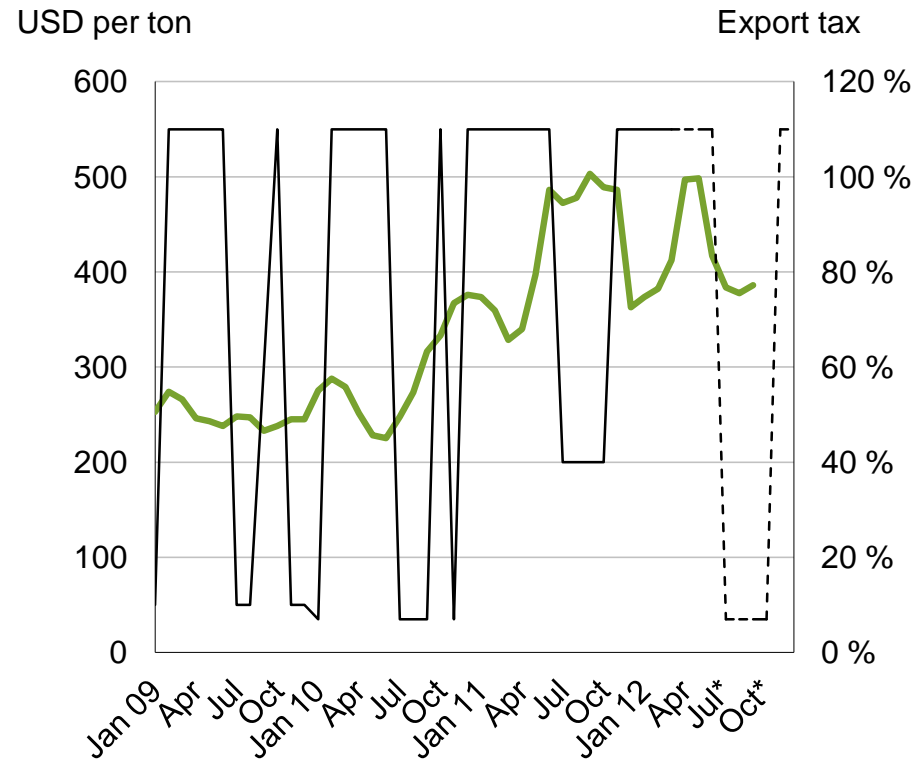


# Chinese export situation

**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

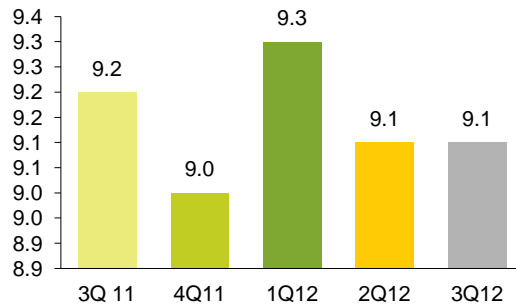


IR-Date : October 2012

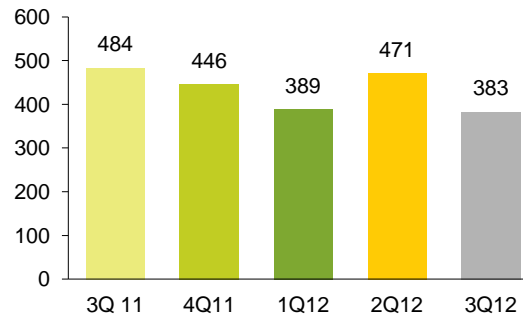


# Key value drivers – quarterly averages

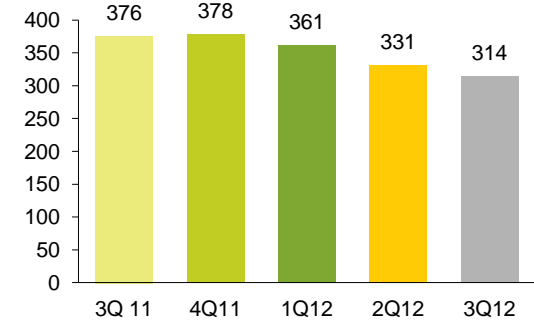
Zeebrugge day ahead(USD/MMBtu)



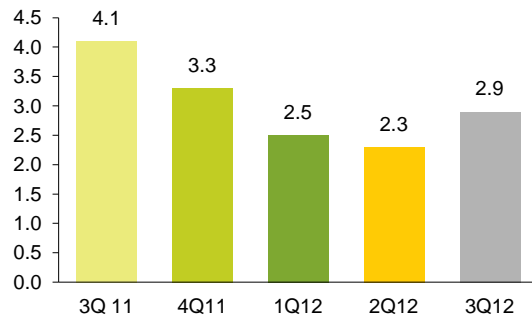
Urea prilled fob Black Sea (USD/t)



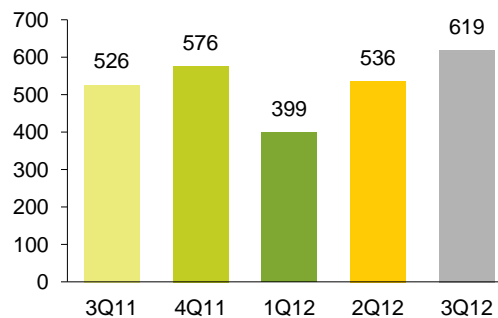
CAN cif Germany (USD/t)



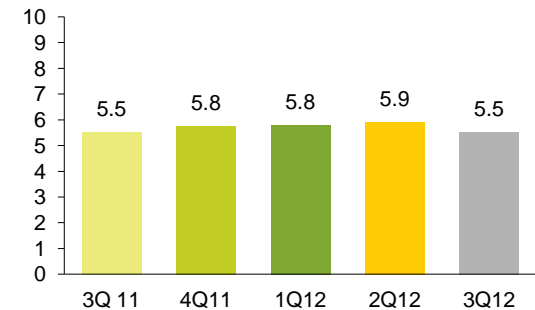
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



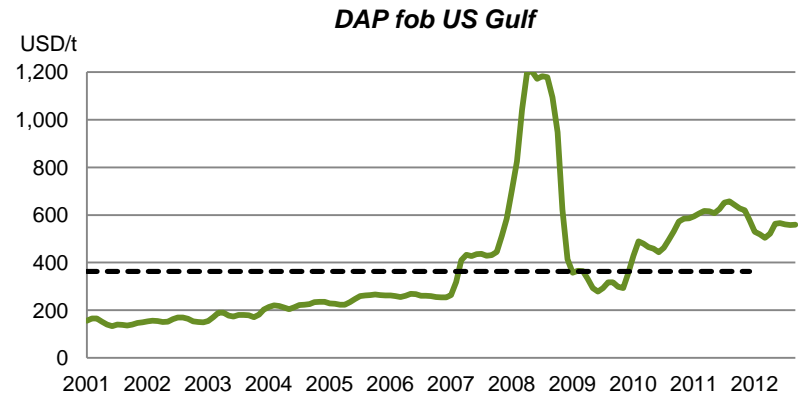
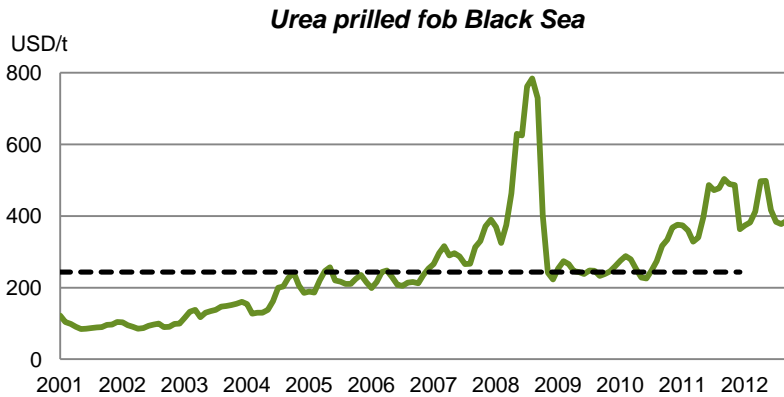
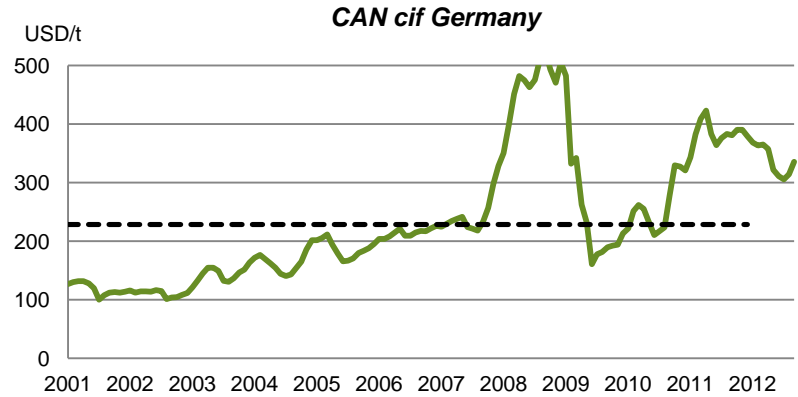
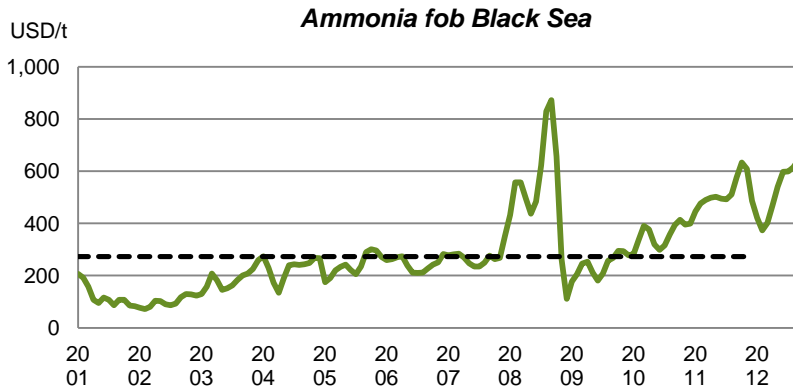
NOK/USD exchange rate



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



# 10-year fertilizer prices – monthly averages



Source: Average of international publications

--- Average prices 2001 - 2011

