S&P Global Ratings

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Yara International ASA

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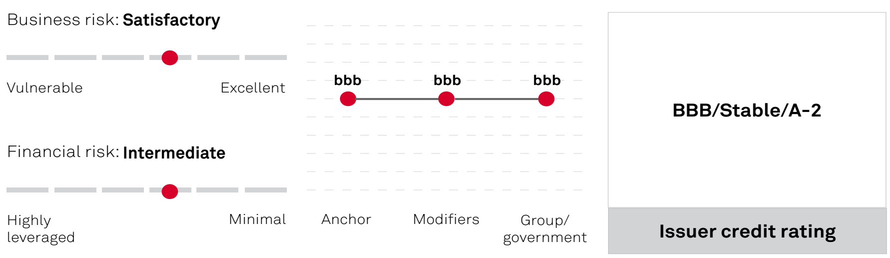
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
World's largest distributor of fertilizer by volume, with good geographic diversity.	Profits anchored in the highly cyclical nitrogen fertilizer industry.
Joint ventures in areas where cost of gas is low, along with large, efficient production facilities.	The majority of its ammonia production (about 56% of global capacity) is currently in Europe, which exposes Yara to currently high and volatile gas prices.
Improving credit metrics, with funds from operations (FFO) to debt forecast to remain within the rating commensurate 30%-45% in 2024-2026.	Cash flow swings, reflecting cyclicality of the fertilizer industry.
Financial policy commitment to maintaining a 'BBB' rating.	Capital intensity and long lead time to add or expand capacity.

We expect Yara's credit ratios will recover in 2024 on the back of EBITDA growth. Yara delivered improved performance in the first nine months of 2024, in line with S&P Global Ratings' expectations. The company's S&P Global Ratings-adjusted EBITDA increased to about $1.4 billion, compared to $970 million over the same period last year. The results were underpinned by higher deliveries, improved production reliability, and better margins as reduced energy costs more than offset the impact of lower selling prices. Its 2023 results had been adversely impacted by high tax expenses, reflecting the exceptional profitability in 2022, and material position-holding losses following a steep decline in fertilizer prices. In 2024, we forecast adjusted EBITDA of $1.8 billion-$1.9 billion leading to an improvement in FFO to debt to about 32%, from 19% in 2023. Our base case factors in the recent poor weather in Europe, which, coupled with a weaker harvest and lower grain prices, could soften farmer sentiment and dampen their appetite for purchasing in the fourth quarter. In addition, we factor in still-high interest rates, which are making buyers more cautious and likely to postpone purchases until closer to the application season. Still, demand for nitrogen fertilizers is relatively inelastic, which means that purchases are likely to shift from fourth-quarter 2024 into 2025, rather than result in permanent demand destruction.

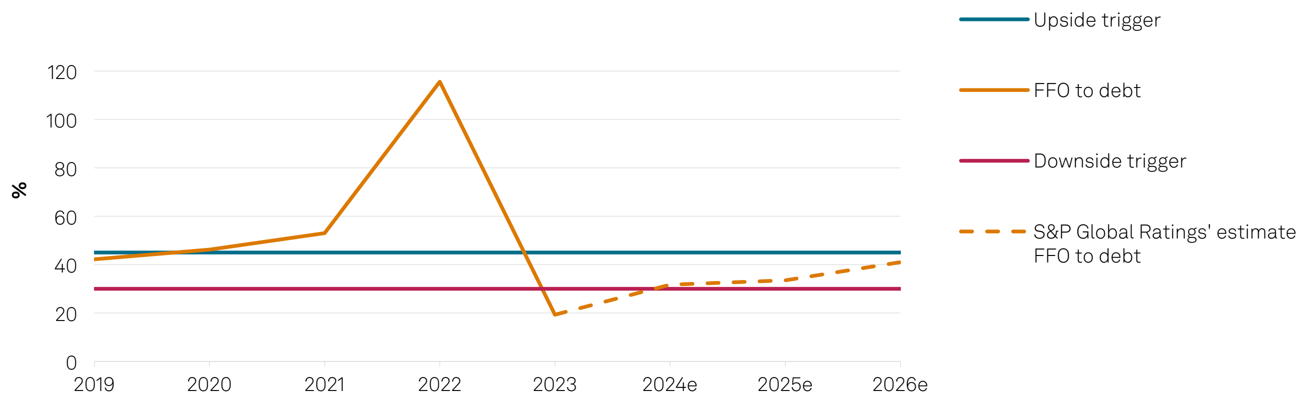
Capital expenditure (capex) of about $1.2 billion, our forecast of a $200 million working capital outflow, and modest shareholder remuneration--in line with Yara's policy to distribute about 50% of prior year's net income--should absorb operating cash flow. Specifically, we forecast free operating cash flow (FOCF) will decline and turn modestly negative to minus $50 million-$100 million from positive $1.1 billion in 2023, notably due to a swing in working capital from a $1.4 billion inflow in 2023 to an outflow in 2024.

Improving nitrogen fertilizer fundamentals will allow Yara to further build up its credit metrics in 2025 and 2026. After peaking during the second quarter of 2022 due to the Russia-Ukraine conflict, nitrogen fertilizer prices fell during mid-2023 but have improved modestly since then. In fact, all major benchmark urea prices experienced modest increases of around 8% in the third quarter of 2024 compared to the previous quarter. This was due to regional supply dynamics such as gas supply issues in Egypt and Trinidad; resilient demand in India; and the continued absence of Chinese exports. This volatility in prices indicates to us that the nitrogen fertilizer market remains tight.

We forecast prices to decline by about 10%, on average, this year, but improve by 5%-10% in 2025 and 15% in 2026, translating into an improvement in EBITDA to about $2.0 billion in 2024 and $2.4 billion in 2025, with FFO to debt increasing to about 34% and 41%. Our assumptions consider the slowing rate of new capacity growth, and generally low inventory levels, notwithstanding our expectation of relatively weaker demand. In particular, in 2021-2023, excluding mainland China, S&P Commodity Insights (CI) estimates that urea capacity increased by about 15.2 million metric tons. Lower fertilizer prices and high interest rates are weakening the investment case to fund new projects, with limited new capacity under construction and expected to come online between 2025 and 2030. Moreover, European producers remain the marginal (high cost) producers and therefore the swing suppliers who influence global prices. Based on our Dutch Title Transfer Facility (TTF) gas price assumptions of US$12/mmBtu in 2024 and 2025, we estimate that if urea prices were to decline to below $350, production would become uneconomic for European producers, especially for the less efficient operators, providing support for urea prices. On the other hand, fertilizer affordability weakened in 2024, which limits the potential for more meaningful price increases. For example, excluding 2022, September's affordability was in the lowest quartile of affordability since 2010, according to CI. While demand for nitrogen fertilizers is relatively inelastic, farmers could lower application rates in the short term or switch to less nitrogen-intensive crops over time.

To summarize, we expect nitrogen fertilizer prices will increase modestly in 2025 and 2026 thanks to limited capacity additions and still-high feedstock costs for marginal European producers. This should more than offset our expectation of weaker demand due to the affordability issues farmers are facing. Higher Chinese exports in 2025 and 2026 present a downside risk while a weaker-than-expected 2024 harvest would lead to higher crop prices, improving affordability and future demand for fertilizers.

Yara International ASA FFO to debt outlook



Source: S&P Global Ratings. FFO--Funds from operations. e--Estimate.

Yara's initiatives to reduce costs and preserve cash illustrate its financial policy commitment to the current rating. During 2024 Yara announced actions to strengthen its financial performance, improve its return to invested capital, and bolster its credit ratios in line with the publicly disclosed targets (as calculated by management) of net debt to EBITDA at 1.5x-2.0x, and net debt to equity below 60%. These actions include structural cost run-rate savings of $150 million by end of 2025 and a capex reduction of $100 million in 2024 and $150 million in 2025, compared to previous guidance. These actions, together with ongoing portfolio optimization (including repurposing the Montoir site in France and plans to transform the Tertre site in Belgium); recent divestments of low-return assets; and reiterating the policy of distributing 50% of prior year net income as dividends should support our forecast that Yara’s financial metrics will improve. Our adjusted EBITDA forecast includes our estimate of the costs required to achieve the abovementioned savings in 2024 and 2025.

Outlook

The stable outlook reflects our view that Yara will maintain adjusted FFO to debt of 30%-45% through the cycle, which we view as commensurate with the rating. We expect that FFO to debt will recover to 30%-35% in 2024 and 2025 thanks to higher deliveries, better production reliability, and expanding margins, and will improve further to about 40% in 2025 thanks to higher nitrogen fertilizer prices.

Downside scenario

We could lower the rating if Yara's adjusted FFO-to-debt ratio declined below 30% without near-term prospects of recovery. This could occur, in our view, if Yara's margins declined as a result of sustained pressure from European natural gas prices in conjunction with weaker nitrogen pricing, or if the company increased its capex, acquisitions, or shareholder distributions.

Upside scenario

Over time, upside potential could emerge and would depend on Yara being able to maintain adjusted FFO to debt of more than 45% through the cycle, and having a financial policy and growth strategy that would support a higher rating.

Our Base-Case Scenario

Assumptions

- EBITDA of $1.8 billion-$1.9 billion in 2024, reflecting lower energy costs more than offsetting declining fertilizer prices. In 2025, we assume adjusted EBITDA of about $2.0 billion, factoring in our assumption of slightly higher stable urea prices against broadly stable prices of natural gas.
- Capex of $1.2 billion each year, of which about $900 million is maintenance capex.
- A working capital outflow in 2024 and 2025 amounting to $0.2 billion, followed by a $0.1 billion outflow in 2026.
- We assume no meaningful dividends in 2024, in line with Yara's policy to distribute 50% of the previous year's net income.
- No acquisitions or disposals, beyond what has already been announced or completed.

Key metrics

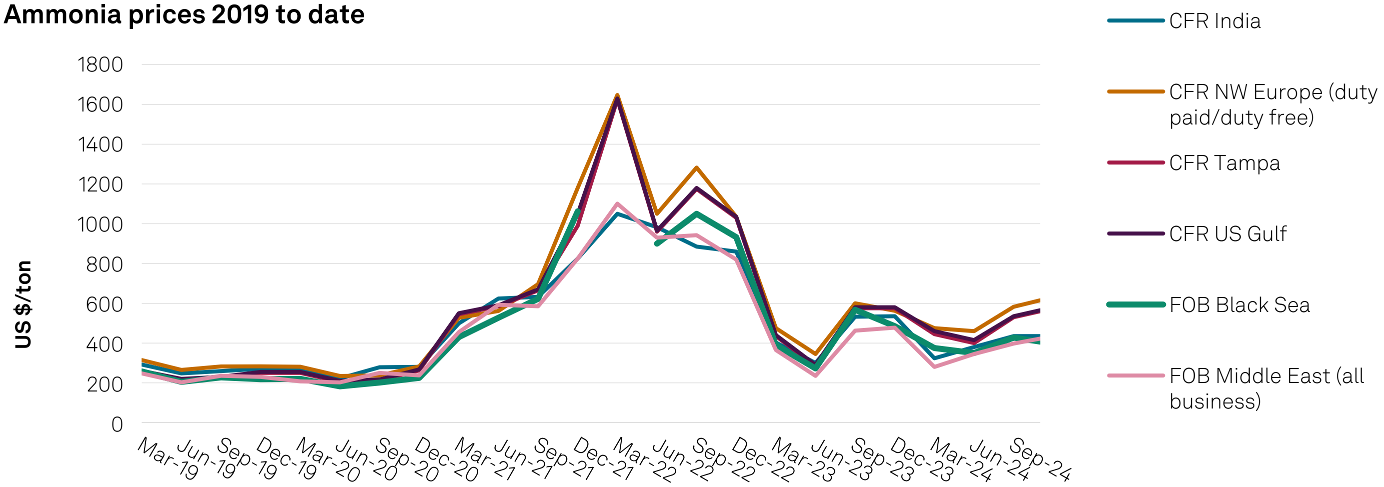
Yara International ASA--Forecast summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. $)	2020a	2021a	2022a	2023a	2024e	2025f	2026f
Revenue	11,595	16,631	23,931	15,498	13,300-13,800	14,000-14,500	~15,000
EBITDA	2,016	2,744	4,716	1,518	1,800-1,900	~2,000	~2,400
Capital expenditure (capex)	718	850	956	1,208	~ 1,200	~ 1,200	~ 1,200
Free operating cash flow (FOCF)	1,308	548	1,433	1,076	(100)-(50)	100-150	550-600
Debt	3,504	4,206	3,334	3,822	~ 4,300	~4,650	~4,650
Adjusted ratios							
Debt/EBITDA (x)	1.7	1.5	0.7	2.5	2.2-2.4	2.2-2.4	1.8-2.0
FFO/debt (%)	46.2	53.0	115.6	19.3	~32.0	32.0-35.0	40.0-42.0
EBITDA margin (%)	17.4	16.5	19.7	9.8	13.5-14.0	~14.0	~ 16.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. $--U.S. dollar.

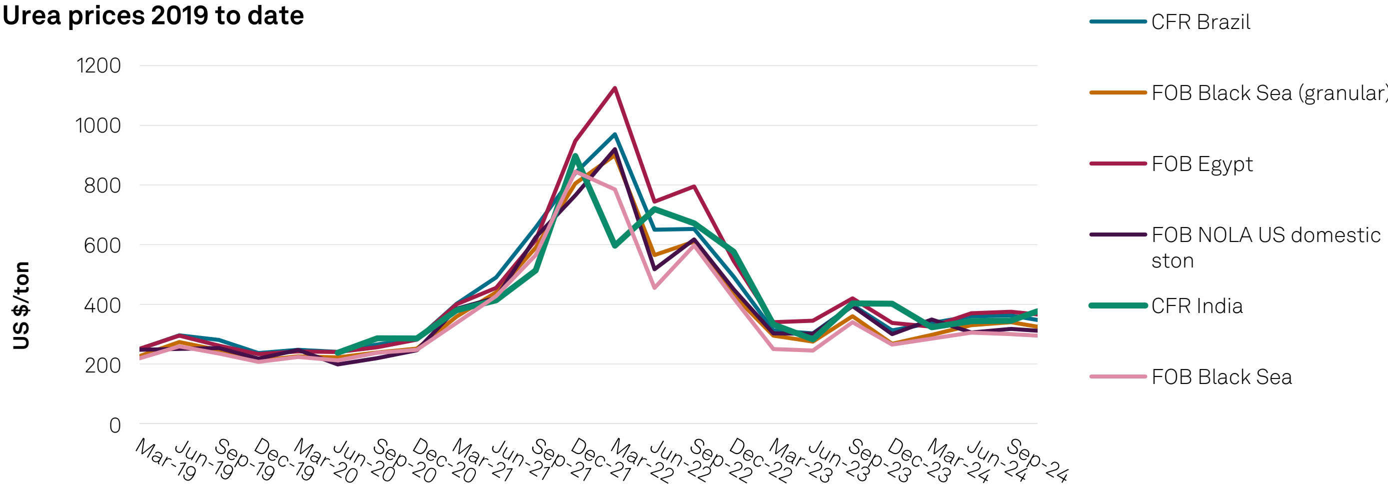
We forecast gradually improving nitrogen fertilizer prices. Our base case factors in limited capacity additions beyond 2024 and still-high feedstock costs for marginal European producers more than offsetting our expectation of weaker demand due to farmers facing affordability constraints. Higher Chinese exports in 2025 and 2026 present a downside risk to our forecast, while a weaker-than-expected 2024 harvest would lead to higher crop prices, improving affordability and demand for fertilizers. In our base case, we assume urea (FOB Egypt) prices declining to about $360 per metric ton (/mt) in 2024 from about $400/mt in 2023, before improving by 8% in 2025 and 15% in 2026, and ammonia (CFR Northwest Europe) prices to decline to about $500/mt from about $1,200/mt in 2023, before declining by about 5% in 2025.

Ammonia prices 2019 to date



Source: S&P Global Commodity Insights. CFR--Cost and freight. FOB--Free on board.

Urea prices 2019 to date



Source: S&P Global Commodity Insights. CFR--Cost and freight. FOB--Free on board.

We assume a sustained, high natural gas price in 2024. We expect that TTF natural gas will be $12/mmBtu for the remainder of 2024 and $12/mmBtu on average in 2025, before decreasing to $10/mmBtu in 2026.

We forecast that Yara will report adjusted EBITDA of $1.8 billion-$1.9 billion in 2024, increasing to about $2.4 billion by 2026. In 2024, we anticipate an expansion in the EBITDA margin to about 14.0%, from 9.8% in 2023, as reduced energy costs more than offset the impact of lower selling prices. In addition, we factor in higher deliveries and improved production reliability following production curtailments in 2022 and 2023. Our EBITDA forecasts factor in nitrogen fertilizer prices declining by less than energy costs, underpinned by several factors including still-high input costs for swing European producers and reduced Chines exports. In 2024, our base case forecast is that cash outflows--including a working capital outflow of $200 million, and $1.2 billion of capex--will absorb the group's operating cash flow resulting in negative FOCF of $50 million-$100 million. We forecast that Yara will grow its EBITDA to about

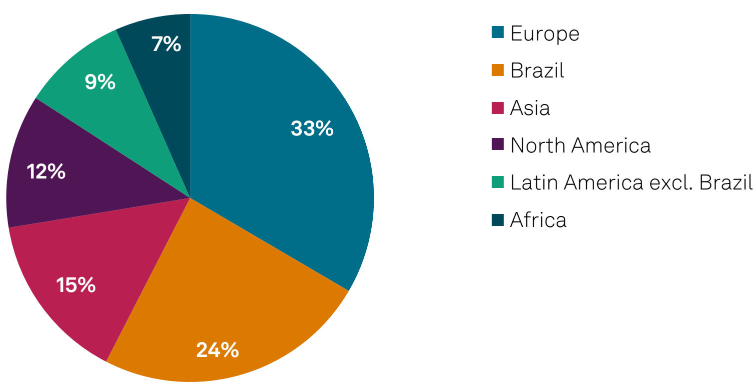
$2.4 billion by 2026 thanks to improving nitrogen market fundamentals and self-help actions, such as cost-saving initiatives that we expect will fully benefit its profitability in 2026.

Company Description

Yara is the world's largest nitrogen fertilizer producer and fertilizer distributor. The group's network includes more than 200 terminals, warehouses, and blending plants in more than 60 countries across the globe. Yara distributes and markets standard and differentiated fertilizers from its wholly and partly owned (through joint ventures) production plants, as well as from third parties. Yara is also a major supplier of nitrogen chemicals for industrial markets.

Norway, through the Ministry of Trade, Industry, and Fisheries, is Yara's largest shareholder, with a 36.2% stake as of Oct. 31, 2024, and the Norwegian Government Pension Fund accounts for a further 7.52%. We view Yara's shareholder structure as stable and anticipate no major changes at present. As of Nov. 22, 2024, Yara's market capitalization was about Norwegian krone (NOK) 80.1 billion (about $7.2 billion).

Yara International ASA revenue by region



Source: Yara Annual Report 2023; S&P Global Ratings.

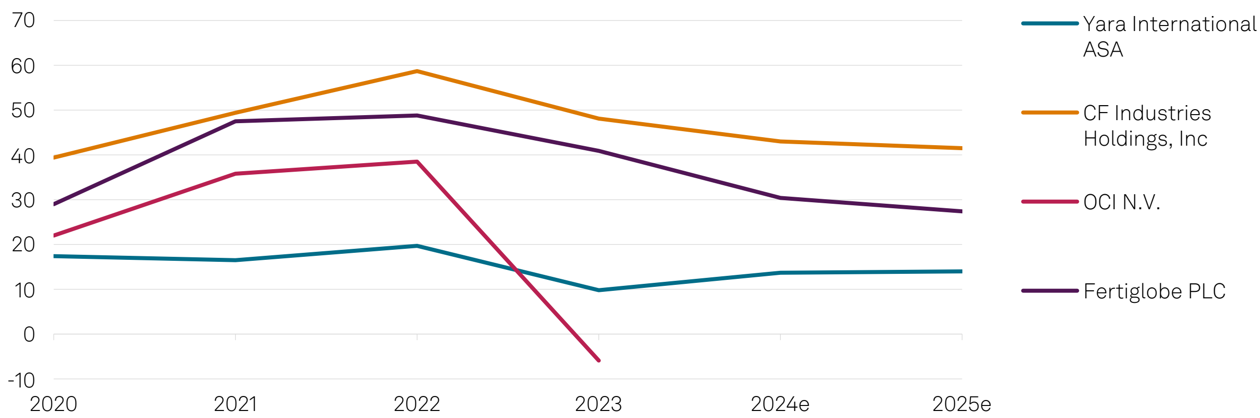
Peer Comparison

We compare Yara with companies that operate in the fertilizer business, such as U.S.-based nitrogen producer CF Industries; Netherlands-headquartered producer of nitrogen-based fertilizers, methanol, and other commodity products OCI N.V.; and UAE-based nitrogen fertilizer producer Fertiglobe PLC.

The structural cost disadvantage of Europe-based nitrogen producers versus those in North America or the Middle East is clearly visible in the profitability gap within the peer group. Yara's EBITDA margins, even when accounting for third-party product activities, are lower than peers', notably CF Industries and Fertiglobe. These entities benefit from access to cost-advantaged feedstock in the U.S. and the Middle East, respectively. Similarly, OCI's margins historically (specifically, prior to 2023 when its asset disposals negatively impacted margins) have been supported by its access to low-cost natural gas feedstock in the U.S. and a very competitive long-term gas supply in North Africa.

One of Yara's key strategic priorities is to close the profitability gap by promoting sustainable solutions through increased sales of premium products such as nitrogen, phosphorus, and potassium, differentiated nitrates, calcium nitrates, fertigation products and Yara Vita, which represented about 50% of Yara's total fertilizer sales in 2023.

Yara International ASA--Adjusted EBITDA margin peer comparison (%)



e--Estimate. Source: S&P Global Ratings.

Yara International ASA--Peer Comparisons

	Yara International ASA	CF Industries Holdings Inc.	OCI N.V.	Fertiglobe PLC
Foreign currency issuer credit rating	BBB/Stable/A-2	BBB/Stable/--	BB+/Watch Neg/--	BBB/Stable/--
Local currency issuer credit rating	BBB/Stable/A-2	BBB/Stable/--	BB+/Watch Neg/--	BBB/Stable/--
Period	Annual	Annual	Annual	Annual
Period ending	2023-12-31	2023-12-31	2023-12-31	2023-12-31
Mil.	$	$	$	$
Revenue	15,498	6,631	1,963	2,416
EBITDA	1,518	3,190	(115)	989
Funds from operations (FFO)	739	2,651	(212)	808
Interest	268	169	97	119
Cash interest paid	300	166	83	114
Operating cash flow (OCF)	2,284	2,849	767	779
Capital expenditure	1,208	495	535	115
Free operating cash flow (FOCF)	1,076	2,354	231	665
Discretionary cash flow (DCF)	(245)	982	(803)	(1,196)
Cash and short-term investments	539	2,032	100	760
Gross available cash	539	2,032	100	760
Debt	3,822	1,364	2,506	996
Equity	7,570	8,373	1,950	1,870
EBITDA margin (%)	9.8	48.1	(5.9)	40.9

Yara International ASA--Peer Comparisons				
Return on capital (%)	5.5	25.0	(7.6)	24.1
EBITDA interest coverage (x)	5.7	18.9	(1.2)	8.3
FFO cash interest coverage (x)	3.5	17.0	(1.5)	8.1
Debt/EBITDA (x)	2.5	0.4	(21.7)	1.0
FFO/debt (%)	19.3	194.4	(8.4)	81.1
OCF/debt (%)	59.8	208.9	30.6	78.3
FOCF/debt (%)	28.2	172.6	9.2	66.7
DCF/debt (%)	(6.4)	72.0	(32.1)	(120.1)

Business Risk

Our assessment of Yara's business risk is supported by the company's position as one of the world's largest producers and distributors of fertilizers, with a strong and geographically extensive marketing network. The wide geographic diversification protects the company from region-specific shocks in demand and exposes Yara to different planting calendars, which smooth the effects of seasonality in earnings. In addition, Yara's downstream operations broaden the product mix and enable the company to adapt to supply-and-demand dynamics better than other industry participants, by reducing third-party sourcing if needed. We also consider the contribution of the industrial segment as a source of earnings quality. Yara's Industrial Solutions segment provides important end-market cash-flow diversity given the less-than-perfect correlation between agricultural and industrial demand. We expect Yara will continue to evolve its product mix and end-market diversification, in line with its strategic focus on sustainability. For example, in 2021 it launched Yara Clean Ammonia to capture growth opportunities in shipping fuel and other applications.

Yara's production is geographically diverse. It directly operates large plants in Europe and Canada, and its joint ventures also have efficient assets and access to lower cost, natural gas feedstock. Its well-invested asset base translates into efficiency gains that lower energy consumption and result in both a bottom line and a climate benefit.

We consider Yara's strategic positioning as a source of business strength. Of the three fertilizer markets--nitrogen, phosphate, and potash--Yara's primary focus is nitrogen fertilizers, which forms the largest of these markets by far. Farmers tend to consider nitrogen fertilizers indispensable, leading to greater volume stability. This is due to their short-term effect on crop yields, and the need for annual application because nutrient value is consumed during each growing season. Yara derives a large share of profits from premium, higher-margin fertilizers as opposed to commodity products such as ammonia and urea--the profits of which depend not on selling prices but on the spread between selling and feedstock prices. The premium generally translates into more resilient profits and provides important margin support during peaks in natural gas prices.

Our assessment of Yara's business risk is constrained by the highly cyclical and fragmented nature of the nitrogen fertilizer industry. This cyclicality reflects the industry's changing supply-demand balance, which is difficult to predict as it depends on fertilizer price expectations, harvests, the crop mix, farmers' earnings (which depend on crop prices), the weather, and inventory levels. New supply depends on the speed with which projects come on stream or higher cost capacities are curtailed. Political decisions also influence supply and demand dynamics, through export allowances, or taxes and subsidies in various core markets, especially India and China. In addition, Yara's European production facilities are at a structural cost disadvantage compared with peers operating in North America and the Middle East, due to the wide gas cost differential. This could lead to production curtailments when natural gas prices are high relative to the price of nitrogen fertilizers, leading to more volatile earnings.

Financial Risk

Our assessment of Yara's financial risk reflects our expectation that its adjusted FFO to debt will remain above 30% through the cycle, with average FOCF to debt of above 10%. Yara's credit metrics strengthened noticeably over 2019-2022 before declining in 2023. In 2023, its metrics were largely affected by lower fertilizer prices, which led to lower revenue and position holding losses. This resulted in FFO to debt temporarily declining to 19%, below our downside trigger of 30%. Yara's performance improved in the first nine months of 2024, driven by higher deliveries and improved production reliability. We forecast that an improvement in profitability, along with Yara's supportive financial policy, will allow FFO to debt to recover to above 30% in 2024 and remain within the 30%-45% range commensurate with the 'BBB' rating in 2025 and 2026.

Our assessment is underpinned by Yara's balanced financial policy and commitment to maintain a 'BBB' rating, with target leverage (as calculated by management) at 1.5x-2.0x (net debt to EBITDA), and net debt to equity below 60%. While we note that Yara has distributed about $3.9 billion in the form of dividends and buybacks to its shareholders over 2021-2023, we note the company's policy to distribute roughly 50% of the prior year's net income. As such, we anticipate no meaningful dividend distributions in 2024 and only modest payouts in 2025.

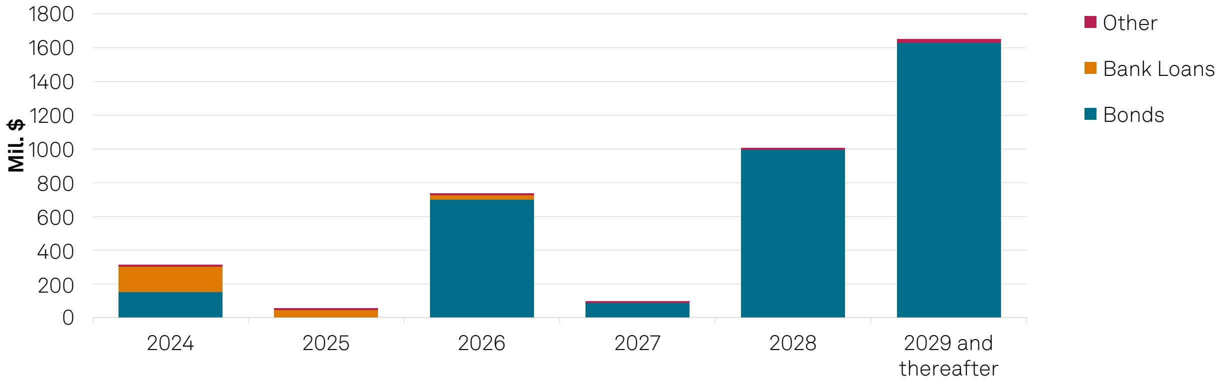
Our financial risk assessment is constrained by the significant swings in cash flow generation and working capital volatility as a result of industry cyclicality. To mitigate this, in times of significantly low demand, we expect an inflow of working capital. In addition, Yara's profitability remains sensitive to fluctuations of natural gas cost. This creates periods of margin compression when natural gas prices are high and fertilizer demand is weak, resulting in producers being unable to pass through higher feedstock costs to their customers.

Debt maturities

We think that Yara has a well-staggered debt maturity profile as a result of proactive funding management.

Yara International ASA--Debt maturity profile

As per third quarter 2024



Source: Yara 3Q 2024 report; S&P Global Ratings.

Yara International ASA--Financial Summary

Period ending	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
Reporting period	2018a	2019a	2020a	2021a	2022a	2023a
Display currency (mil.)	$	$	$	$	$	$
Revenues	12,959	12,885	11,595	16,631	23,931	15,498
EBITDA	1,558	2,071	2,016	2,744	4,716	1,518
Funds from operations (FFO)	1,261	1,767	1,620	2,228	3,853	739
Interest expense	226	221	165	150	234	268
Cash interest paid	187	169	132	166	236	300
Operating cash flow (OCF)	803	1,852	2,026	1,398	2,389	2,284
Capital expenditure	1,276	1,011	718	850	956	1,208
Free operating cash flow (FOCF)	(473)	841	1,308	548	1,433	1,076
Discretionary cash flow (DCF)	(713)	572	73	(1,030)	378	(245)
Cash and short-term investments	202	300	1,363	394	1,010	539
Gross available cash	202	300	1,363	394	1,010	539
Debt	4,726	4,191	3,504	4,206	3,334	3,822
Common equity	8,910	8,909	8,220	7,116	8,600	7,570
Adjusted ratios						
EBITDA margin (%)	12.0	16.1	17.4	16.5	19.7	9.8
Return on capital (%)	5.0	8.4	9.4	16.0	33.3	5.5
EBITDA interest coverage (x)	6.9	9.4	12.2	18.3	20.2	5.7
FFO cash interest coverage (x)	7.7	11.5	13.3	14.4	17.3	3.5
Debt/EBITDA (x)	3.0	2.0	1.7	1.5	0.7	2.5
FFO/debt (%)	26.7	42.2	46.2	53.0	115.6	19.3
OCF/debt (%)	17.0	44.2	57.8	33.2	71.6	59.8
FOCF/debt (%)	(10.0)	20.1	37.3	13.0	43.0	28.2

Yara International ASA--Financial Summary

DCF/debt (%)	(15.1)	13.6	2.1	(24.5)	11.3	(6.4)

Reconciliation Of Yara International ASA Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2023									
Company reported amounts	3,801	7,552	15,538	1,550	312	261	1,518	2,288	1,321	1,212
Cash taxes paid	-	-	-	-	-	-	(479)	-	-	-
Cash interest paid	-	-	-	-	-	-	(296)	-	-	-
Lease liabilities	429	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation	(6)	-	-	2	2	1	-	-	-	-
Accessible cash and liquid investments	(507)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	4	(4)	(4)	-	(4)
Dividends from equity investments	-	-	-	16	-	-	-	-	-	-
Asset-retirement obligations	105	-	-	-	-	2	-	-	-	-
Nonoperating income (expense)	-	-	-	-	160	-	-	-	-	-
Noncontrolling/ minority interest	-	18	-	-	-	-	-	-	-	-
Revenue: other	-	-	(40)	(40)	(40)	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	(10)	(10)	-	-	-	-	-
D&A: Impairment charges/ (reversals)	-	-	-	-	220	-	-	-	-	-
Total adjustments	21	18	(40)	(32)	332	7	(779)	(4)	-	(4)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	3,822	7,570	15,498	1,518	644	268	739	2,284	1,321	1,208

Liquidity

We assess Yara's liquidity as adequate, based on our view that liquidity sources will cover uses by more than 1.5x over the 12 months started Oct. 1, 2024. We note the company's track record of refinancing well ahead of time and good access to banks and capital markets.

Principal liquidity sources

- Available unrestricted cash and cash equivalents of roughly $0.7 billion as of Oct. 1, 2024;
- Cash FFO of about $1.3 billion; and
- Availability of $1.05 billion under a committed revolving credit facility (RCF) due in July 2026.

Principal liquidity uses

- Short-term debt of $498 million;
- Capex of about $1.2 billion;
- Working capital outflows of $150 million-$200 million; and
- Dividends of $50 million-$100 million.

Covenant Analysis

Compliance expectations

Comfortable headroom under a financial covenant is incorporated in Yara's RCF, which stipulates that net debt to equity in the consolidated accounts must be at most 1.4x at the end of each quarter (the ratio was about 0.47x as of the end of the third quarter of 2024).

Environmental, Social, And Governance

Environmental factors are a moderately negative consideration in our credit rating analysis of Yara. Producers of nitrogen-based fertilizers have higher environmental exposure than the broader chemical industry, and face tightening regulations regarding greenhouse gas (GHG) emissions as well as increasing carbon costs. However, our moderately negative assessment reflects our expectation that any transition to greener ammonia will take time and that substitution risks will remain low because fertilizers will remain critical to meeting growing food needs globally. Yara has nearly halved its GHG emissions over the past 15 years, mostly by installing nitrous oxide catalysts that removed about 90% of nitrous oxide emissions from its plants. Still, ammonia production remains a major source of CO_2 emissions, with a scope 1 GHG intensity of 0.93 tonnes of CO_2 per million US$ of revenues generated in 2023. In this respect, Yara's ambition is to reduce its scope 1 and 2 emissions by 30% by 2030, compared to 2019. Yara recently announced the postponement of green ammonia production projects in Sluiskil and Porsgrunn (fueled by renewable energy rather than natural gas), but continues to invest in decarbonization solutions, such as blue ammonia production in Yara Sluiskil, aiming to reduce its annual CO_2-emissions by 800,000 tons per year. We understand that the company will continue to prioritize blue ammonia projects, with final investment decisions about joint venture projects in North America anticipated in 2025.

Issue Ratings--Subordination Risk Analysis

Capital structure

Yara's capital structure at the end of Dec. 31, 2023, consists primarily of:

- $500 million bond due 2026;
- $1.0 billion bond due 2028;
- $750 million bond due 2030;
- $600 million green bond due 2032;
- NOK1.6 billion bonds due 2024;
- NOK2.15 billion bond due 2026;
- NOK1.0 billion bond due 2027; and
- Various local lines.

All notes are unsecured and unsubordinated obligations of the issuer, ranking equally with each other. Liquidity is supported by a $1.35 billion RCF due July 2026 (of which $1,050 million due July 2026 and $250 million due in July 2025), which has the same seniority as Yara's current and present obligations.

Analytical conclusions

With no material priority obligations ranking ahead of the company senior unsecured obligations, we rate Yara's senior unsecured bonds at 'BBB', in line with the issuer credit rating.

Rating Component Scores

Foreign currency issuer credit rating	**BBB/Stable/A-2**
Local currency issuer credit rating	**BBB/Stable/A-2**
Business risk	**Satisfactory**
Country risk	Intermediate
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bbb**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Credit Buffer Sows Seeds Of Stability For Global Fertilizer Companies, Oct. 21, 2024
- S&P Global Ratings Revises Its Oil Price Assumptions; North American And Dutch Title Transfer Natural Gas Price Assumptions Unchanged, Nov. 2, 2024

Ratings Detail (as of December 03, 2024)*

Yara International ASA	
Issuer Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Issuer Credit Ratings History	
20-Nov-2015	BBB/Stable/A-2
30-Sep-2013	BBB/Positive/A-2
16-Nov-2010	BBB/Stable/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.