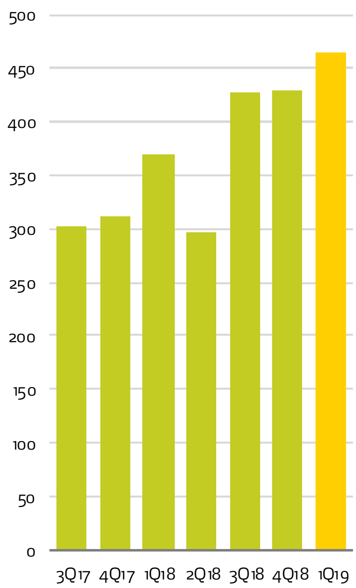
First-quarter 2019 report

Yara International ASA

- EBITDA excluding special items and IFRS 16 increased by 17% [1)]
- Improved margins and currency more than offset lower deliveries
- Production performance hit by technical issues in three plants

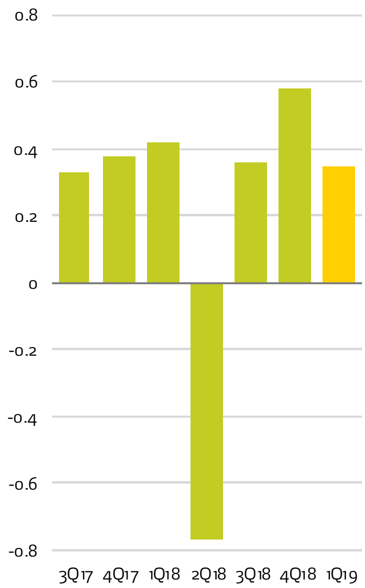
EBITDA

USD millions

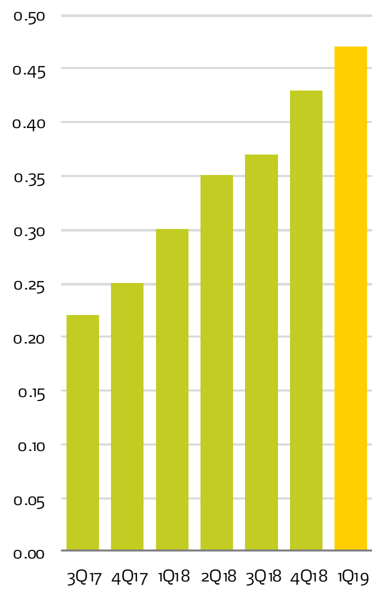


Earnings per share

USD



Net debt/equity ratio



1) 23% when including IFRS 16 impact, which amounts to USD 24 million in the quarter. See variance analysis on page 5.

First quarter 2019

Financial highlights

USD millions, except where indicated otherwise	1Q 2019	1Q 2018
Revenue and other income	3,014	2,856
Operating income	198	134
EBITDA [1)]	465	370
EBITDA [1)] excl. special items	464	377
Net income attributable to shareholders of the parent	96	116
Basic earnings per share [2)]	0.35	0.42
Basic earnings per share excl. currency and special items [2)]	0.59	0.42
Net cash provided by operating activities	254	234
Net cash used in investing activities	(243)	(736)
Net debt/equity ratio	0.47	0.30
Average number of shares outstanding (millions)	272.7	273.2
Return on invested capital (ROIC) [3)]	4.1 %	3.7 %

1) EBITDA definitions, see page 8. EBITDA 1Q 2019 includes a USD 24 million positive impact from IFRS 16 compared with 1Q 2018, see page 22 for more information.
2) USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.
3) 12-month rolling average.

Key Yara statistics

	1Q 2019	1Q 2018
Yara production (thousand tonnes) [1)]		
Ammonia	2,065	2,127
Finished fertilizer and industrial products, excl. bulk blends	5,482	5,342
Yara deliveries (thousand tonnes)		
Ammonia trade (reflected in Production)	499	585
Sales and Marketing	6,760	6,815
New Business	989	901
Total deliveries	8,248	8,301
Yara's Energy prices (USD per MMBtu)		
Global weighted average gas cost	5.9	5.9
European weighted average gas cost	7.8	7.7

1) Including Yara share of production in equity-accounted investees, excluding Yara-produced blends.

Market information

Average prices		1Q 2019	1Q 2018
Urea granular (fob Egypt)	USD per tonne	264	261
CAN (cif Germany)	USD per tonne	248	245
Ammonia (fob Black Sea)	USD per tonne	271	287
DAP (fob US Gulf)	USD per tonne	398	403
Phosphate rock (fob Morocco)	USD per tonne	99	86
European gas (TTF)	USD per MMBtu	6.1	7.7
US gas (Henry Hub)	USD per MMBtu	2.9	3.1
EUR/USD currency rate		1.1	1.2
USD/BRL currency rate		3.8	3.2

Yara's first-quarter net income after non-controlling interests was USD 96 million, compared with USD 116 million a year earlier. Excluding net foreign currency translation gain/loss and special items, the result was USD 161 million (USD 0.59 per share), compared with USD 115 million (USD 0.42 per share) in first quarter 2018.

"Yara shows improved results in first quarter, with EBITDA excluding special items and IFRS 16 up 17%. The improvement is largely due to higher European nitrogen margins and a stronger US dollar," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"Our production performance in the quarter was unsatisfactory, with technical issues after turnarounds in three of our largest plants. Although production improved towards the end of the quarter, these issues impacted our overall results and improvement program performance in the quarter. We remain focused on improving returns through strict capital discipline and driving operational excellence," said Holsether.

Fertilizer market conditions

Global grain markets are tightening. Following a modest production deficit for the 2017/18 season, the US Department of Agriculture reports an increased deficit for the current season, resulting in lower grain inventories. The projected ending stocks-to-use ratio at 109 days of consumption is down 5 days from the start of the season. Excluding China, the projected ending stocks-to-use ratio at 58 days of consumption is down 6 days from the start of the season. The Food and Agriculture Organization of the United Nations (FAO) grain price index is up 4% from first quarter last year, and 3% higher than the five-year average. As grains have performed better than other food commodities, the overall food price index is down 3% on first quarter last year, and 4% below the five-year average.

Granular urea prices fob Egypt averaged USD 264 per tonne for first quarter, marginally higher than the average last year, although with a negative trend through most of the quarter. Demand improved during the second half of 2018, and the resulting high prices attracted significant Chinese urea exports with shipments carried well into 2019. For the November-February period, China exported 2.1 million tonnes, compared to 1.1 million tonnes same period the previous season. With the extra supply from China, and some additional supply from new plants elsewhere, the global market exclusive of China turned into a slight surplus in first quarter leading to global prices dropping below the Chinese price level. Towards the end of the quarter, the price gap between the global and Chinese price level became sufficiently large to trigger import demand into China, supporting global prices.

Ammonia prices fob Black Sea were on average USD 271 per tonne for the quarter, compared to USD 287 per tonne last year. The ammonia market is oversupplied, with some market driven curtailments required. Margins for high cost producers are slim, and lower natural gas prices in Europe and elsewhere during first quarter is negative for ammonia prices.

Phosphate prices averaged USD 398 per tonne fob US Gulf for the quarter, in line with last year. Demand growth is covered by expansions in Morocco and Saudi Arabia, and continued strong Chinese exports. Prices need to be at a level necessary to attract such Chinese exports, China exported 0.7 million tonnes during January and February, up from 0.4 million tonnes same period last year.

The average phosphate rock price fob Morocco was up 15% compared to last year, but upgrading margins from rock to DAP were maintained due to lower sulphur and ammonia prices.

Regional market developments

First-quarter nitrogen deliveries in Western Europe were up by an estimated 3% from first quarter last year, while imports were up by 4%. Season to date, nitrogen deliveries were down by 6% on the previous season, with imports down 7%.

Brazil imported 1.6 million tonnes urea during first quarter, up from 1.3 million tonnes last year.

First-quarter urea production in China is estimated to be In line with last year, with continued production curtailments from both the coal and natural gas based sectors, where increased environmental focus is a major driver. The average domestic urea price for the first quarter was 3% lower than last year expressed in local currency (9% lower expressed in US dollar terms). Season to date (July-Feb), urea supply for the domestic market is estimated down 5% on the previous season, and tight market conditions drove prices higher through March.

In India, urea sales for the season (April-March) are reported up 5% on the previous season, with production stable, resulting in a higher import need. Reported inventory levels at end March are 40% down on last season.

Production volumes

Thousand tonnes	1Q 2019	1Q 2018
Ammonia	2,065	2,127
of which equity-accounted investees	456	380
Urea	1,634	1,606
of which equity-accounted investees	361	389
Nitrate	1,474	1,525
NPK	1,429	1,363
CN	402	406
UAN	227	208
SSP-based fertilizer	278	213
MAP	38	21
Total Finished Products[1)]	5,482	5,342

1) Including Yara share of production in equity-accounted investees, excluding Yara-produced blends.

Deliveries

Sales and Marketing deliveries	1Q 2019	1Q2018
Thousand tonnes		
Urea	1,724	1,833
of which Yara-produced	1,063	1,015
of which equity-accounted investees	529	601
Nitrate	1,291	1,315
of which Yara-produced	1,220	1,211
NPK	2,106	2,154
of which Yara-produced compounds	1,317	1,277
of which Yara-produced blends	638	733
CN	289	293
of which Yara-produced	285	289
UAN	279	271
of which Yara-produced	260	231
SSP	75	63
of which Yara-produced	64	36
Ammonia	283	273
of which Yara-produced	234	222
DAP/MAP	127	129
MOP/SOP	136	129
Other products	450	355
Total Sales and Marketing deliveries	6,760	6,815

Sales and Marketing deliveries per region		
Europe	2,977	2,968
Brazil	1,641	1,410
Latin America excluding Brazil	375	468
North America	683	858
Asia	782	809
Africa	301	302
Total Sales and Marketing deliveries	6,760	6,815

For a description of the key fertilizer products, see the Yara Fertilizer Industry Handbook:
http://yara.com/investor_relations/reports_presentations

New Business deliveries		
Thousand tonnes		
Urea[1)]	191	176
Nitrate[2)]	254	187
CN	102	96
Other products[3)]	68	90
Water content in Urea	375	352
Total New Business deliveries	989	901

1) Pure product (46% N) equivalents.
2) Including AN Solution.
3) Including feed phosphates, sulphuric acid and other minor products.

Variance analysis first quarter

USD millions	1Q 2019
EBITDA 2019	465
EBITDA 2018	370
Reported EBITDA variance	95
Special items variance (see page 9 for details)	8
EBITDA variance ex special items	87
Volume	(11)
Price/Margin excluding energy	37
Energy price	4
Currency translation	40
Other	17
Total variance explained	87

Yara's first-quarter EBITDA excluding special items was 23% higher than a year ago with higher production margins and a stronger US dollar more than offsetting lower deliveries. The EBITDA impact of the new lease standard (IFRS 16) amounts to USD 24 million and is included in the Other category in the EBITDA variance table. Excluding the IFRS 16 impact the increase was 17%.

Total Sales and Marketing deliveries were 1% lower compared to a year earlier. Adjusted for portfolio effects (Cubatão), deliveries were 4% lower reflecting a drop in all regions except for Europe where fertilizer deliveries picked up strongly in March, ending the quarter in line with last year. New Business deliveries were 10% higher compared to a year ago driven by the Cubatão acquisition. Adjusted for this, deliveries were 3% higher than last year.

Margins improved in the production system compared to a year ago reflecting higher commodity nitrogen prices and stable gas prices. Realized margins in the commercial segments were slightly lower than a year ago.

Improvement program

At the end of first quarter 2019, the Yara Improvement Program has generated USD 320 million of annual benefits, down from USD 355 million compared to year-end 2018. The drop reflects technical problems after turnaround in three plants during the quarter. Excluding these technical problems, improvements amount to USD 375 million.

Financial items

USD millions	1Q 2019	1Q 2018
Interest income	21	21
Dividends and net gain/(loss) on securities	-	-
Interest income and other financial income	21	21
Interest expense	(40)	(22)
Net interest expense on net pension liability	(2)	(2)
Net foreign currency translation gain/(loss)	(79)	8
Other	(4)	(3)
Interest expense and foreign currency translation gain/(loss)	(124)	(19)
Net financial income/(expense)	(104)	2

The variance in financial items compared to first quarter last year primarily reflects a net foreign currency translation loss of US dollar 79 million. This relates primarily to losses on internal funding positions, mainly in euro against Norwegian krone and in Brazilian real vs. both euro and Norwegian krone.

Interest expense was US dollar 18 million higher than in first quarter last year, mainly reflecting US dollar 750 million higher average gross debt compared to first quarter last year.

Yara's US dollar debt generating currency effects in the income statement was approximately US dollar 3,400 million at the start of the second quarter 2019. Around 50 % of the exposure was towards the Norwegian krone and around 35 % against Yara's emerging market currencies.

Tax

First-quarter provisions for current and deferred taxes were US dollar 21 million, approximately 19% of income before tax, slightly lower than first quarter 2018 (22%) positively impacted by higher share of earnings from equity-accounted investees.

Net interest-bearing debt

USD millions	1Q 2019
Net interest-bearing debt at beginning of period	(3,794)
IFRS 16 implementation effect	(409)
Net interest-bearing debt at beginning of period, including IFRS 16 implementation effect	(4,203)
Cash earnings [1]	401
Dividends received from equity-accounted investees	58
Net operating capital change	(195)
Investments (net)	(243)
Other, including foreign currency translation gain/(loss)	(23)
Net interest-bearing debt at end of period	(4,205)

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

As a supplement to the consolidated statement of cash flows (page 16), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt at the end of first quarter was USD 4,205 million, up from USD 3,794 million at year-end 2018. Adjusted for the implementation effect of the new IFRS 16 standard, the net debt development is flat in the quarter with positive cash earnings offsetting investments and higher working capital. The increased working capital reflects mainly higher receivables due to a strong pick up in deliveries in Europe towards the end of the quarter. The investment level in first quarter is significantly lower than last year and reflects primarily regular maintenance investments.

The debt/equity ratio at the end of first quarter 2019, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.47 compared with 0.43 at the end of fourth quarter 2018. The increase is due to IFRS 16 implementation effects on net interest-bearing debt.

Outlook

Fertilizer industry fundamentals are attractive, as long-term population growth and dietary improvement trends drive food demand. However, cereal prices are currently 11% below the 10-year average, despite grain stocks outside China being close to 10-year low. At the same time, the twin challenges of resource efficiency and environmental footprint require significant agricultural productivity improvements, including improved fertilizer efficiency. Yara's crop nutrition focused position and strategy is well positioned to both address and create business opportunities from these challenges.

Yara's market environment is showing an improving trend, due to a combination of a tightening global grain balance and receding urea supply pressure. Natural gas input prices have also receded recently in several regions, especially in Europe. Based on current forward markets for natural gas (16 April), Yara's spot-priced gas costs for second and third quarter 2019 are expected to be USD 100 million lower than a year earlier in both quarters. The estimates may change depending on future spot gas prices.

Yara's near-term focus is on improving returns through strict capital allocation and driving operational excellence. Yara's investments peaked in 2018, with revenues ramping up in 2019 as growth projects come on stream and further operational improvements are realized. Yara has also identified further earnings improvement potential, and plans to launch updated and increased targets at Yara's Capital Markets Day on 26 June.

Yara's strategic focus is to be the crop nutrition company for the future; growing sustainable solutions to farmers and industry while delivering a superior return on capital. Yara is also placing greater emphasis on active portfolio management, to create value through both growth and divestment initiatives. Yara is currently evaluating strategic options for its Environmental Solutions business.

Global nitrogen prices are currently volatile, since higher-priced Chinese exports are in demand only in parts of the year. However, the global urea supply-demand balance looks set to tighten longer term, as nitrogen supply growth is forecast to decline going forward, and lead times for new projects are typically three to five years. Also, fertilizer demand growth is likely to pick up, as increased grain production is needed to keep pace with consumption, and global grain stocks are relatively low, particularly excluding China.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 25 April 2019

Geir Isaksen Chairperson	Maria Moræus Hanssen Vice chair	John Thuestad Board member	Hilde Bakken Board member
Trond Berger Board member	Geir O. Sundbø Board member	Rune Bratteberg Board member	Kjersti Aass Board member

Svein Tore Holsether
President and CEO

Definitions and variance analysis

Other and eliminations

In the segment information, “Other and eliminations” consists mainly of cross-segment eliminations, in addition to Yara’s headquarter costs. Profits on sales from Production to Sales and Marketing and New Business are not recognized in the 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 Sales and Marketing and New Business, but can also be affected by changes in Production margins on products sold to Sales and Marketing and New Business, as transfer prices move in line with arms-length market prices. With all other variables held constant, higher stocks in Sales and Marketing and New Business 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.

Non-GAAP measures

In the discussion of historical operating results, Yara refers to certain non-GAAP financial measures including operating income, EBITDA and ROIC. Yara’s management makes regular use of these measures to evaluate the performance, both in absolute terms and comparatively from period to period. Yara manages long-term debt and taxes on a group basis. Therefore, net income is discussed only for the Group as a whole.

Reconciliations of alternative performance measures are provided on page 30 to 32.

Operating income

Operating income includes all activities which normally are to be considered as “operating”. Share of net income in equity-accounted investees is however not included.

EBITDA

EBITDA assists in comparing performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending on accounting methods or non-operating factors, and provides a more complete and comprehensive analysis of our operating performance relative to other companies. EBITDA is also presented because it is frequently used by securities analysts, investors and other interested parties as a measure of a company’s operating performance and debt servicing ability. 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.

ROIC

From 2019, ROIC (Return on Invested Capital) will replace CROGI and ROCE to measure performance of the Yara Group and its segments. The rationale is that CROGI is a rarely used metric while ROIC is widespread among peers and in financial markets. The switch enables better benchmarking against comparable companies, both for internal and external stakeholders.

ROIC is defined as Net Operating Profit After Tax (NOPAT) divided by average invested capital calculated on a 12-month rolling average basis. NOPAT is defined as operating income excluding amortization and impairment of intangible assets, plus interest income from external customers, minus tax cost calculated on the previous mentioned items with a 25% flat rate and plus net income from equity-accounted investees. Average invested capital is defined as total current assets excluding cash and cash equivalents plus a normalized cash level of USD 200 million, minus total current liabilities excluding bank loans and other interest-bearing short-term debt and current portion of long-term debt, plus property, plant and equipment, plus right-of-use assets, plus goodwill and plus equity-accounted investees.

Net interest-bearing debt

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 net 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

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. Tax effect on foreign currency and special items is calculated based on relevant statutory tax rate for the sake of simplicity.

Net operating capital

Net operating capital is calculated as trade receivables net of impairments plus inventories net of write-downs less trade payables and prepayments from customers.

Variance analysis

In order to track underlying business developments from period to period, Yara's management also uses a variance analysis methodology ("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's 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.

Special items

Yara defines "special items" as items in the results which are not regarded as part of underlying business performance for the period. These comprise restructuring related items, contract derivatives, impairments and other items which are not primarily related to the period in which they are recognized, subject to a minimum value of USD 5 million per item within a 12-month period. "Contract derivatives" are commodity-based derivative gains or losses which are not the result of active exposure or position management by Yara. Together with impairments, these are defined as special items regardless of amount.

Special items

	EBITDA effect		Operating income effect	
USD millions	1Q 2019	1Q 2018	1Q 2019	1Q 2018
Release of provision related to discontinuation of pilot plant	3	-	3	-
Total New Business	3	-	3	-
Stamp duty on purchase of Babrala (India)	-	(8)	-	(8)
Contract derivatives gain/(loss)	2	1	2	1
Impairment of non-current assets	-	-	(3)	-
Total Production	2	(7)	(2)	(7)
Portfolio management costs	(3)	-	(3)	-
Total Other	(3)	-	(3)	-
Total Yara	1	(7)	(3)	(7)

Condensed consolidated interim statement of income

USD millions, except share information	Notes	1Q 2019	1Q 2018	2018
Revenue from contracts with customers	3	2,991	2,838	12,928
Other income	5	22	17	122
Commodity based derivatives gain/(loss)		2	1	4
Revenue and other income		3,014	2,856	13,054
Raw materials, energy costs and freight expenses		(2,181)	(2,107)	(9,952)
Payroll and related costs		(292)	(300)	(1,207)
Depreciation and amortization	5,8	(225)	(201)	(807)
Impairment loss	4,5	(3)	(4)	(150)
Other operating expenses	8	(115)	(111)	(536)
Operating costs and expenses		(2,816)	(2,723)	(12,652)
Operating income		198	134	402
Share of net income in equity-accounted investees		17	11	82
Interest income and other financial income		21	21	81
Earnings before interest expense and tax		236	165	566
Foreign currency translation gain/(loss)		(79)	8	(278)
Interest expense and other financial items		(46)	(27)	(153)
Income before tax		112	147	134
Income tax		(21)	(33)	6
Net income		91	113	141
Net income attributable to				
Shareholders of the parent		96	116	159
Non-controlling interests		(5)	(2)	(19)
Net income		91	113	141
Basic earnings per share [1)]		0.35	0.42	0.58
Weighted average number of shares outstanding	2	272,697,830	273,217,830	273,169,994

[1)] Yara currently has no share-based compensation program resulting in a dilutive effect on earnings per share.

Condensed consolidated interim statement of comprehensive income

USD millions	1Q 2019	1Q 2018	2018
Net income	91	113	141
Other comprehensive income that may be reclassified to statement of income (net of tax)			
Currency translation adjustments	6	(37)	(222)
Hedge of net investments	5	33	(41)
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax	10	(4)	(263)
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments [1)]	16	122	(126)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	-	(2)	(5)
Remeasurement gains/(losses) on defined benefit plans	1	-	(73)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods, net of tax	17	120	(203)
Total other comprehensive income, net of tax	28	117	(465)
Total comprehensive income, net of tax	118	230	(325)
Total comprehensive income attributable to			
Shareholders of the parent	124	231	(278)
Non-controlling interests	(6)	(1)	(47)
Total	118	230	(325)

1) Currency translation adjustments that will not be reclassified to statement of income are related to entities with functional currency NOK as these are not classified as "foreign operations" to Yara International ASA.

Condensed consolidated interim statement of changes in equity

USD millions	Share Capital[1]	Premium paid-in capital	Other reserves	Retained earnings	Attributable to share-holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2017	66	(49)	(1,161)	10,369	9,225	280	9,505
IFRS 9 and IFRS 15 implementation effect	-	-	-	(4)	(4)	-	(4)
Net income	-	-	-	116	116	(2)	113
Other comprehensive income, net of tax	-	-	115	-	115	1	117
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-
Total other comprehensive income, net of tax	-	-	115	-	115	1	117
Long term incentive plan	-	-	-	1	1	-	1
Transactions with non-controlling interests	-	-	-	-	-	(1)	(2)
Balance at 31 March 2018	66	(49)	(1,046)	10,481	9,452	277	9,729
Net income	-	-	-	43	43	(17)	28
Other comprehensive income, net of tax	-	-	(479)	(75)	(554)	(29)	(584)
Share of other comprehensive income of equity-accounted investees	-	-	-	1	1	-	1
Total other comprehensive income, net of tax	-	-	(479)	(73)	(552)	(29)	(582)
Long term incentive plan	-	-	-	(1)	(1)	-	(1)
Transactions with non-controlling interests	-	-	-	(7)	(7)	(5)	(11)
Transfer to retained earnings	-	-	2	(2)	-	-	-
Treasury shares [2]	-	-	-	(33)	(33)	-	(33)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	2	2
Dividends distributed	-	-	-	(219)	(219)	(2)	(221)
Balance at 31 December 2018	66	(49)	(1,523)	10,189	8,683	227	8,910
Net income	-	-	-	96	96	(5)	91
Other comprehensive income, net of tax	-	-	27	1	28	(1)	28
Share of other comprehensive income of equity-accounted investees	-	-	-	-	-	-	-
Total other comprehensive income, net of tax			27	1	28	(1)	28
Long term incentive plan	-	-	-	1	1	-	1
Dividends distributed	-	-	-	-	-	(1)	(1)
Balance at 31 March 2019	66	(49)	(1,496)	10,286	8,807	221	9,028

1) Par value 1.70.

2) As approved by General Meeting 8 May 2018.

Condensed consolidated interim statement of financial position

USD millions	Notes	31 Mar 2019	31 Mar 2018	31 Dec 2018
Assets				
Non-current assets				
Deferred tax assets		434	390	407
Intangible assets		1,044	1,165	1,052
Property, plant and equipment	4	8,343	8,322	8,430
Right-of-use assets	8	427	-	-
Equity-accounted investees		987	1,042	1,027
Other non-current assets		424	525	420
Total non-current assets		11,659	11,444	11,337
Current assets				
Inventories	6	2,588	2,471	2,568
Trade receivables		1,868	1,664	1,601
Prepaid expenses and other current assets		692	568	742
Cash and cash equivalents		301	521	202
Non-current assets and disposal group classified as held-for-sale	4	228	4	206
Total current assets		5,677	5,228	5,319
Total assets		17,336	16,672	16,656

Condensed consolidated interim statement of financial position

USD millions, except share information	Notes	31 Mar 2019	31 Mar 2018	31 Dec 2018
Equity and liabilities				
Equity				
Share capital reduced for treasury stock		66	66	66
Premium paid-in capital		(49)	(49)	(49)
Total paid-in capital		17	17	17
Other reserves		(1,496)	(1,046)	(1,523)
Retained earnings		10,286	10,481	10,189
Total equity attributable to shareholders of the parent		8,807	9,452	8,683
Non-controlling interests	4	221	277	227
Total equity	2	9,028	9,729	8,910
Non-current liabilities				
Employee benefits		482	453	485
Deferred tax liabilities		424	504	416
Other long-term liabilities		189	148	201
Long-term provisions		236	118	238
Long-term interest-bearing debt	7	2,747	2,714	2,776
Long-term lease liabilities	8	323	-	-
Total non-current liabilities		4,401	3,936	4,116
Current liabilities				
Trade and other payables		1,858	1,689	1,835
Prepayments from customers		348	374	343
Current tax liabilities		51	66	63
Short-term provisions		50	88	55
Other short-term liabilities		130	101	88
Bank loans and other interest-bearing short-term debt		534	645	397
Current portion of long-term debt		819	44	824
Short-term lease liabilities	8	87	-	-
Liabilities associated with disposal group held-for-sale	4	30	-	26
Total current liabilities		3,907	3,007	3,630
Total equity and liabilities		17,336	16,672	16,656
Number of shares outstanding	2	272,697,830	273,217,830	272,697,830

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 25 April 2019

Geir Isaksen
Chairperson

Maria Moræus Hanssen
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Trond Berger
Board member

Geir O. Sundbø
Board member

Rune Bratteberg
Board member

Kjersti Aass
Board member

Svein Tore Holsether
President and CEO

Condensed consolidated interim statement of cash flows

USD millions	Notes	1Q 2019	1Q 2018	2018
Operating activities				
Operating income		198	134	402
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization		225	201	807
Impairment loss	5	3	4	150
Write-down and reversals, net		3	(11)	11
Income taxes paid		(4)	(22)	(110)
Dividend from equity-accounted investees		58	72	155
Change in net operating capital [1)]		(195)	(164)	(428)
Interest and bank charges received/(paid)		(9)	(7)	(158)
Other		(25)	28	(74)
Net cash provided by operating activities		254	234	756
Investing activities				
Purchases of property, plant and equipment		(250)	(307)	(1,336)
Cash outflow on business combinations		-	(424)	(648)
Purchases of other long-term and short-term investments		(9)	(21)	(58)
Proceeds from sales of property, plant and equipment		2	3	9
Proceeds from sales of other long-term investments and subsidiaries		14	14	34
Net cash used in investing activities		(243)	(736)	(2,000)
Financing activities				
Loan proceeds/(repayments), net	7	113	456	1,138
Payments of lease liabilities [2)]	8	(23)	-	-
Purchase of treasury shares		-	-	(21)
Dividends		-	-	(219)
Net cash from/(used in) financing activities		90	456	897
Foreign currency effects on cash and cash equivalents		(2)	22	5
Net increase/(decrease) in cash and cash equivalents		99	(23)	(341)
Cash and cash equivalents at beginning of period[3)]		203	544	544
Cash and cash equivalents at end of period [3)]		302	521	203
Bank deposits not available for the use of other group companies		76	21	52

1) Operating capital consists of trade receivables, inventories, trade payables and prepayments from customers.
2) Cash flows related to operational leases accounted for according to IAS 17 were included in "Net cash provided by operating activities" in 2018.
3) Excluded expected credit loss provisions on bank deposits.

Notes to the condensed consolidated interim financial statements

GENERAL AND ACCOUNTING POLICIES

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The address of its registered office is Drammensveien 131, Oslo, Norway.

These unaudited, condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. They are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, and should be read in conjunction with the annual consolidated financial statements in Yara's Annual Report for 2018. Except for the changes described below, the accounting policies applied are the same as those applied in the annual consolidated financial statements 2018.

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

IFRS 16 Leases

The Yara Group adopted IFRS 16 Leases for reporting periods beginning on and after 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. The new standard represents a significant change in Yara's accounting for leases as a lessee, but keeps the accounting model for Yara as a lessor mainly unchanged. Please see note 3 Operating segment information and note 8 Leases for specific information on implementation effects.

IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. The portion of lease payments representing payments of lease liabilities shall be classified as cash flows used in financing activities in the statement of cash flows.

Yara have applied the following policies and practical expedients available upon transition:

- For contracts already assessed under IAS 17, no reassessment of whether a contract is or contains a lease is done.
- The opening balance of equity 1 January 2019 is adjusted with the cumulative implementation effect ("the modified retrospective method").
- Prior year comparatives are not restated.
- Lease liabilities are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate 1 January 2019.
- Right-of-use assets are measured at an amount equal to the lease liability, adjusted for prepaid lease payments.
- Leases for which the lease term ends during 2019 will be expensed as short-term leases.

In addition Yara takes advantage of the accounting policy choice in IFRS 16 to not apply the standard to leases of intangible assets. This means that leases of intangible assets will be accounted for by applying IAS 38 Intangible assets as before.

Significant lease liabilities for the Group comprise of leases of land, vessels, product storage assets (warehouses, terminals etc.), office buildings and other buildings. Other, less significant leases in Yara comprise of transportation and logistics assets, machinery and equipment, employee cars, IT infrastructure and office equipment. Yara has applied different accounting policies to different assets as follows:

- Yara expenses services and other non-lease components embedded in lease contracts for land, vessels, product storage assets, office buildings and other buildings. For leases of other assets, Yara capitalizes non-lease components subject to fixed payments as part of the lease.
- Yara expenses short term leases of machinery, office equipment and other equipment in accordance with the general short-term exemption in IFRS 16. In addition Yara expenses all other leases which expires in 2019 in accordance with the short term exemption available upon transition 1 January 2019.
- Yara expenses low value leases of office equipment and other equipment in accordance with the general low value exemption in IFRS 16.

Yara discounts the lease liability by using incremental borrowing rates. However, the implicit interest rate may be used for selected lease arrangements if they are material on Group level and the rate can be readily determined. The incremental borrowing rates are updated on a quarterly basis and are determined for all relevant currencies and lease terms taking into account the risk free rate, Yara's credit risk premium, local unit risk premium above Yara, country risk premium and asset risk premium.

As prior years comparatives are not restated, 2018 comparatives are prepared in accordance with IAS 17 and other previous guidance on lease accounting within IFRS. Under this previous guidance finance leases were accounted for as property, plant and equipment at the present value of minimum lease payments, or fair value if this was lower, and depreciated over the estimated useful lives of the assets or lease term if shorter. The corresponding finance lease liabilities were initially included in long-term debt and subsequently reduced by the amount of lease payments less the effective interest expense. Other leases were accounted for as operating leases with lease payments recognized as an expense over the lease terms.

Note 1

Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and Yara's 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 considered 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. If the revision affects both current and future periods, the estimate is revised in the period of the revision 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 2018.

Note 2

Shares, dividend and share buy-back program

The Board of Directors has proposed to the Annual General Meeting a dividend payment of NOK 6.50 per share for 2018, which represents approximately 130% of net income after non-controlling interests. If approved by the Annual General Meeting on 7 May 2019, the total dividend payment will be NOK 1,773 million based on current outstanding shares.

In May 2018, the Annual General Meeting also 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 from NOK 10 to NOK 1,000. The shares 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 shares bought back.

In 2018, Yara purchased 520,000 own shares under the 2018 buy-back program for a total consideration of NOK 181 million (USD 21 million). These shares will be cancelled at the next Annual General meeting to be held in May 2019. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent has been reduced with an additional NOK 103 million (USD 12 million) for the commitment to redeem 295,193 shares from the Norwegian State.

	Ordinary shares	Own shares	Number of shares outstanding
Total at 31 December 2017	273,217,830	-	273,217,830
Treasury shares - share buy-back program [1]		(520,000)	(520,000)
Total at 31 December 2018	273,217,830	(520,000)	272,697,830
Total at 31 March 2019	273,217,830	(520,000)	272,697,830

1) As approved by General Meeting 8 May 2018.

Note 3 Operating segment information

As part of the crop nutrition focused strategy, Yara has simplified its operating model and changed its operating segments effective from 1 January 2019.

Yara's new segment structure is comprised of three segments:

- Sales and Marketing
- New Business
- Production

The new Sales and Marketing segment includes the existing Crop Nutrition units, in addition to some lines of business transferred from the former Industrial segment.

The New Business segment includes the business units environmental solutions, mining applications, animal nutrition and industrial nitrates from the former Industrial segment. New business units for decarbonization, circular economy and autonomous logistics operations have also been established in the New Business segment.

Yara has moved plants that are operating in local markets from the former Crop Nutrition segment to the Production segment. These plants are: Babrala (India), Rio Grande (Brazil) and Ponta Grossa (Brazil). In addition, Yara has moved fertilizer sales and marketing activity in Galvani and Cubatão previously reported within the Production segment to the new Sales and Marketing segment.

The operating segments presented are the key components of Yara's business. These segments are managed and monitored as separate and strategic businesses, and are evaluated on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

Financial and operational information are prepared for each segment, and the information disclosed is the same as used by the CEO to assess performance and allocate resources.

A separate appendix containing restated segment figures for 2018 was published on 20 March 2019. The appendix is available in the Investor relations section on Yara.com.

Due to the changes in the segment structure, new descriptions of the segments are presented below.

Sales and Marketing

The Sales and Marketing segment offers a comprehensive portfolio of nitrogen-based fertilizer including urea, urea ammonium nitrate (UAN), calcium ammonium nitrate (CAN), ammonium nitrates (AN), calcium nitrates (CN) and compound fertilizer (NPK) that contain all of the three major plant nutrients: nitrogen (N), phosphorus (P) and potassium (K) as well as foliar and fertigation solutions through micronutrients. The segment also sells phosphate- and potash-based fertilizers, which to a large extent are sourced from third parties. In some markets the Group delivers equipment and services to store or handle products.

The variety of fertilizer products are mainly sold spot to distributors based on ordinary purchase orders and underlying frame agreements. To a certain extent the products are also sold directly to farmers, to co-operatives, and spot without underlying agreements. The composition and degree of customers and products sold differs between local and regional markets, and the off-take of product varies throughout the fertilizer seasons in the different markets.

Animal nutrition includes urea and phosphates that are used as raw materials for feed products in both agriculture and aquaculture.

Industrial solutions includes products such as ammonia, urea and nitric acid used as input factors for a large range of products and applications. This part of Sales and Marketing has less seasonality than fertilizers and less price volatility because of longer term contracts.

The majority of volume sold is purchased from the Production segment based on the arm's length principle. Consequently, the Sales and Marketing segment mainly increase margins through distribution, management of working capital, and sales and marketing activities, rather than manufacturing of product. As a result the segment is characterized by a high capital turnover, a relatively low EBITDA margin in relation to revenues, and a low ratio of property, plant and equipment to total assets compared to a production-oriented fertilizer operation.

New Business

The New Business segment focuses on developing, commercializing, and scaling up profitable business for the benefit of all of Yara. Its mandate is to be a growth engine and to grow ideas, develop new businesses and create new revenue streams. The segments consist of units that sells urea, technical ammonium nitrate and calcium nitrate for industrial applications within mining applications, environmental solutions and industrial nitrates. These products are based on Yara's core production outputs and the majority of volume sold is purchased from the Production segment based on the arm's length principle. The customer contracts are to a large extend medium to long-term contracts, however products are also sold spot based on ordinary purchase orders. In some markets the Group deliver equipment and services to store or handle products.

The New Business segment include separate units for Decarbonize and Circular Economy. These are established to create new and sustainable opportunities for Yara in specific business domains. In addition the segment include innovation support, research and new business scale up within Yara's core business as well as medium and long-term innovation and internal start-up companies outside core business.

Yara provides a growing portfolio of environmental solutions, technology and services, including total solutions for NOx abatement for industrial plants and transport at both land and sea. The main external revenues within this area are derived from the product AdBlue/Air1, a high concentration urea-based reagent used by heavy-duty diesel vehicles to reduce nitrogen oxide emission.

Production

The Production segment comprises the manufacturing plants producing ammonia, fertilizer and industrial products. About 90% of the sales in the segment are group internal sales. The remaining external sales mainly relate to Yara's global trade and shipping of ammonia.

The Production segment holds ownership interests in associates and joint arrangements. The investments in the joint arrangements Trinidad Nitrogen Company Ltd, Yara Pilbara Nitrates Pty Ltd and Yara Freeport LLC DBA Texas Ammonia are classified as joint operations, for which Yara consolidate its share of assets, liabilities, revenues and costs. The investments in Qatar Fertilizer Company ("Qafco") and Libyan Norwegian Fertilizer Company ("Lifeco") are accounted for using the equity method of accounting.

The Production segment's operating results are highly influenced by volume output. In addition, operating results are strongly linked to its production margins. These are primarily driven by the price levels for ammonia, urea, nitrates, NPK, phosphoric acid, and the price level of energy and raw materials such as phosphate rock and potash. Operating results can also be strongly influenced by movements in currency exchange rates.

The fluctuation of the Production segment's operating results is similar to other fertilizer producers, and is typically less stable than the operating results of Yara's Sales and Marketing and New Business segments.

USD millions	1Q 2019	1Q 2018 Restated 1)	2018 Restated 1)
External revenue and other income			
Sales and Marketing	2,497	2,406	10,968
New Business	324	211	1,063
Production	191	239	1,017
Other and eliminations	2	1	5
Total	3,014	2,856	13,054
Internal revenue and other income			
Sales and Marketing	45	39	160
New Business	1	1	3
Production	1,591	1,325	6,183
Other and eliminations	(1,637)	(1,365)	(6,346)
Total	-	-	-
Revenue and other income			
Sales and Marketing	2,542	2,444	11,128
New Business	325	212	1,067
Production	1,782	1,565	7,200
Other and eliminations	(1,635)	(1,365)	(6,340)
Total	3,014	2,856	13,054
Operating income			
Sales and Marketing	115	138	427
New Business	41	17	103
Production	66	(34)	(35)
Other and eliminations	(23)	12	(93)
Total	198	134	402
EBITDA			
Sales and Marketing	170	177	613
New Business	46	22	115
Production	265	153	856
Other and eliminations	(17)	18	(62)
Total	465	370	1,523
Effect on EBITDA of implementing IFRS 16 2)			
Sales and Marketing	12	-	-
New Business	3	-	-
Production	7	-	-
Other and eliminations	2	-	-
Total	24	-	-
EBITDA on IAS17 basis 2)			
Sales and Marketing	158	177	613
New Business	43	22	115
Production	258	153	856
Other and eliminations	(19)	18	(62)
Total	440	370	1,523
Investments 3)			
Sales and Marketing	11	54	308
New Business	1	2	9
Production	173	468	1,723
Other and eliminations	3	6	41
Total	189	530	2,080
Total Assets 4)			
Sales and Marketing	4,932	4,563	4,514
New Business	518	384	450
Production	11,519	11,406	11,478
Other and eliminations	367	319	213
Total	17,336	16,672	16,656

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.
2) The effect on EBITDA of implementing IFRS 16 and EBITDA on IAS 17 basis is provided for information purposes only.
3) 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.
4) Assets exclude internal cash accounts, internal accounts receiveable and accounts related to group relief.

	1Q 2019	1Q 2018 Restated [1]	2018 Restated [1]
ROIC (12-month rolling average)			
Yara [2]	4.1%	3.7%	3.8%
Sales and Marketing	13.3%	13.8%	14.4%
New Business	37.5%	23.5%	32.9%
Production	1.5%	0.2%	0.6%

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.
2) A normalized operating cash requirement is employed in the ROIC calculation for Yara, but not for the segments. This effect explains the variance in ROIC between Yara and the segments. See page 30 "Reconciliation of alternative performance measures" for more information.

Reconciliation of operating income to EBITDA

USD millions	Operating income	Equity accounted investees	Interest income and other financial income	EBIT	Depreciation and amortization [1]	Impairment loss [2]	EBITDA
1Q 2019							
Sales and Marketing	115	(1)	19	132	38	-	170
New Business	41	-	-	41	5	-	46
Production	66	18	1	85	176	3	265
Other and eliminations	(23)	-	1	(23)	6	-	(17)
Total	198	17	21	236	225	3	465
1Q 2018 Restated [3]							
Sales and Marketing	138	(1)	19	156	20	2	177
New Business	17	-	2	19	3	-	22
Production	(34)	12	-	(21)	173	2	153
Other and eliminations	12	-	1	12	6	-	18
Total	134	11	21	165	201	4	370
2018 Restated [3]							
Sales and Marketing	427	5	67	498	86	28	613
New Business	103	1	1	105	10	-	115
Production	(35)	76	4	45	689	122	856
Other and eliminations	(93)	-	10	(83)	22	-	(62)
Total	402	82	81	566	807	150	1,523

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

2) Including impairment loss on excess value in equity-accounted investees.

3) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/ insurance services	Other products and services	Total
1Q 2019				
Sales and Marketing	2,406	78	4	2,488
New Business	216	22	87	324
Production	142	17	17	176
Other and eliminations	-	-	2	2
Total	2,763	118	110	2,991
1Q 2018 Restated 1)				
Sales and Marketing	2,326	74	4	2,404
New Business	186	11	14	211
Production	193	11	18	222
Other and eliminations	-	-	1	1
Total	2,705	96	37	2,838
2018 Restated 1)				
Sales and Marketing	10,561	367	13	10,941
New Business	829	85	150	1,064
Production	782	64	67	913
Other and eliminations	1	-	9	9
Total	12,173	517	239	12,928

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Disaggregation of external revenues by geographical area

USD millions	Europe	Brazil	Latin America ex. Brazil	Asia	North America	Africa	Total
1Q 2019							
Sales and Marketing	1,007	648	162	320	231	120	2,488
New Business	156	28	21	51	39	29	324
Production	33	21	10	44	67	-	176
Other and eliminations	2	-	-	-	-	-	2
Total	1,199	697	192	415	337	149	2,991
1Q 2018 Restated 1)							
Sales and Marketing	974	529	193	328	255	124	2,404
New Business	107	2	14	21	41	26	211
Production	30	27	10	72	82	-	222
Other and eliminations	1	-	-	-	-	-	1
Total	1,112	558	218	422	377	150	2,838
2018 Restated 1)							
Sales and Marketing	3,549	3,370	995	1,494	1,001	531	10,941
New Business	503	75	68	141	163	114	1,064
Production	128	97	31	311	346	-	913
Other and eliminations	9	-	-	-	-	-	9
Total	4,190	3,542	1,094	1,947	1,511	645	12,928

1) The 2018 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Note 4 Non-current assets and disposal group held-for-sale

Yara signed in 2018 an agreement with the non-controlling interest in Galvani to acquire their 40% equity interest. As part of consideration, the non-controlling interest will take full ownership to certain assets and liabilities in Galvani, including the production unit in Luis Eduardo Magalhães, the mining units in Angico dos Dias and Irecê (all three in the state of Bahia) and the Santa Quitéria greenfield phosphate project. At the end of third quarter 2018, Yara concluded that the transfer was highly probable to take place within a period of 12 months. The related assets and liabilities were therefore reclassified to a disposal group held-for-sale. The disposal group is reported as part of the Production segment.

The fair value of the disposal group was determined to be lower than its carrying amount and an impairment of USD 33 million was recognized upon reclassification in 2018.

This transaction is subject to conditions precedent, some of which that still need to be met.

In addition to fair value of assets and liabilities that will be transferred, consideration will include a cash payment of USD 70 million over a three year period from closing and a conditional future payment related to project success of maximum USD 30 million. In addition, Yara will through Galvani provide a capital contribution to the new entity of USD 30 million as starting capital, minus adjustments for a normalized level of working capital.

The carrying amount of the non-controlling interest in Galvani is USD 142 million at the end of first quarter 2019. The difference between the carrying amount and the consideration, including fair value of assets and liabilities that will be transferred, will be recognized in equity attributable to shareholders of the parent when the transaction is closed. Estimated effect as of 31 March 2019 on equity attributable to the shareholders of the parent is a reduction of USD 150 million .

The major classes of assets and liabilities held-for-sale at 31 March are as follows:

USD millions	Part of Galvani	Other	Total
Deferred tax assets	1	-	1
Intangible assets	36	-	36
Property, plant and equipment	104	3	108
Other non-current assets	6	-	6
Inventories	43	-	43
Trade receivables	30	-	30
Prepaid expenses and other current assets	2	-	2
Cash and cash equivalents	2	-	2
Disposal group classified as held-for-sale	225	3	228
Deferred tax liabilities	10	-	10
Long-term provisions	5	-	5
Trade and other payables	15	-	15
Liabilities associated with disposal group held-for-sale	30	-	30
Net assets held-for sale	195	3	198

Note 5 Specifications to the condensed consolidated interim statement of income

Other income

USD millions	1Q 2019	1Q 2018	2018
Sale of white certificates	12	15	35
Insurance compensations	6	-	27
Derecognition of contingent consideration related to Galvani [1)]	-	-	21
Change in fair value of contingent consideration related to Galvani [1)]	-	-	15
Take-or-pay compensation from customer	-	-	15
Other	4	2	9
Total	22	17	122

1) See note 4 for more information.

Depreciation and amortization

USD millions	1Q 2019	1Q 2018	2018
Depreciation of property, plant and equipment	(191)	(189)	(755)
Depreciation of right-of-use assets	(23)	-	-
Amortization of intangible assets	(12)	(12)	(52)
Total depreciation and amortization	(225)	(201)	(807)

Impairment loss

USD millions	1Q 2019	1Q 2018	2018
Impairment loss tangible assets	(4)	(5)	(136)
Impairment loss goodwill and intangible assets	-	-	(16)
Reversal of impairment loss	-	1	3
Total impairment loss	(3)	(4)	(150)

Note 6 Inventories

USD millions	31 Mar 2019	31 Mar 2018	31 Dec 2018
Finished goods	1,502	1,446	1,416
Work in progress	42	48	54
Raw materials	1,044	977	1,098
Total	2,588	2,471	2,568
Write-down			
Balance at 1 January	(24)	(27)	(27)
Reversal/(write-down), net	(3)	10	2
Foreign currency translation gain/(loss)	-	-	1
Closing balance	(27)	(17)	(24)

Note 7 Long-term debt

Long-term debt by maturity

USD millions	Debentures	Bank Loans	Other LT loans	Total
2020	-	32	-	32
2021	81	54	2	137
2022	280	195	-	475
2023	-	45	-	45
2024	185	181	21	387
Thereafter	1,609	62	-	1,670
Total	2,155	568	24	2,747

There have been no significant changes in Yara's long-term interest-bearing debt profile during first quarter.

Yara currently has an undrawn revolving credit facility totaling USD 1,250 million due 2020, plus unused short-term credit facilities with various banks totaling approximately USD 825 million.

Reconciliation of liabilities arising from financing activities

			Non cash changes						
USD millions	31 Dec 2018	Cash flows	Debt assumed as part of acquisition	Transfer to liability held for sale	Foreign exchange movement	Amortization [1]	Other [2]	Reclassification	31 Mar 2019
Long-term interest-bearing debt	2,776	(18)	-	-	(5)	1	(13)	6	2,747
Bank loans and other interest-bearing short-term debt	397	131	-	-	6	-	-	-	534
Current portion of long-term debt	824	-	-	-	5	-	(4)	(6)	819
Total liabilities from financing activities	3,997	113	-	-	5	1	(17)	-	4,099

1) Amortization of transaction cost.
2) Including lease liabilities reclassified to Long-term lease liabilities in the statement of financial position.

Note 8 Leases

Yara adopted IFRS 16 Leases for reporting periods beginning on and after 1 January 2019 using the modified retrospective method. As a result prior years comparatives for 2018 are not disclosed. See accounting policy section on pages 17-18. Effects on EBITDA 1Q 2019 of implementing IFRS 16 are included in note 3 Segment information.

Right-of-use assets

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
Carrying value							
Prepaid lease payments	10	-	-	2	-	-	13
Leases previously accounted for as PP&E (finance leases)	-	-	14	-	-	12	26
Leases capitalized due to implementation of IFRS 16	113	20	85	83	55	52	409
Balance ROU assets at 1 January 2019	123	20	99	85	55	63	447
Additions	1	-	-	1	4	-	5
Depreciation	(2)	(1)	(5)	(6)	(5)	(4)	(23)
Foreign currency translation gain/(loss)	(1)	-	(1)	-	(1)	(1)	(3)
Balance at 31 March 2019	122	19	94	80	53	59	427

The right-of-use assets for vessels are limited since time-charters which expire in 2019 are expensed in accordance with the short term exemption available upon implementation of IFRS 16. See accounting policy section for more information.

Lease liabilities

USD millions	Long term	Short term	Total
Carrying value			
Lease obligations under IAS 17 (finance leases)	17	6	23
New lease obligations due to implementation of IFRS 16	327	82	409
Balance lease obligations at 1 January	344	88	432
Additions	6	-	6
Reclassification to short term	(23)	23	-
Lease payments	-	(23)	(23)
Foreign currency translation gain/(loss)	(4)	-	(4)
Balance at 31 March	323	87	411

The weighted average incremental borrowing rate applied to lease liabilities at initial application 1 January 2019 was 3.8 percent. Interest expense on lease liabilities in the period amounts to USD 4 million.

Leases expensed in the period

Leases expensed in the period amounts to USD 23 million and refers to leases with variable payments, leases of low value, or leases of short term including leases that expire in 2019 and which are covered by the short term exemption available on transition to IFRS 16 at 1 January 2019.

IAS 17 operating lease commitments 31 Dec 2018 compared to IFRS 16 lease liability 1 January 2019

Operating, non-cancellable, nominal lease commitments disclosed according to IAS 17 as of year end 2018 amounted to USD 578 million. Using the incremental borrowing rates for relevant currencies and lease terms at 1 January 2019, the discounted IAS 17 commitments amounts to USD 435 million compared to new lease obligations of USD 409 million capitalized under IFRS 16. The difference is explained by an effect of extended lease terms under IFRS 16 of USD 92 million, which is more than offset by the effects of Yara's use of short term and low value exemptions as well as different accounting and interpretation of non-lease components and other contractual commitments under IFRS 16.

Quarterly historical information

EBITDA

USD millions	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Sales and Marketing	170	125	154	157	177
New Business	46	39	26	29	22
Production	265	305	280	119	153
Other and eliminations	(17)	(39)	(32)	(9)	18
Total	465	430	427	296	370

Results

USD millions, except per share information	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Revenue and other income	3,014	3,459	3,547	3,192	2,856
Operating income	198	78	153	38	134
EBITDA	465	430	427	296	370
Net income after non-controlling interests	96	157	98	(211)	116
Basic earnings per share	0.35	0.58	0.36	(0.77)	0.42

Reconciliation of alternative performance measures

Please see page 8 and 9 for definitions of alternative performance measures.

Reconciliation of operating income to EBITDA excluding effect of special items

USD millions		1Q 2019	1Q 2018	Apr 2018 Mar 2019	Apr 2017– Mar 2018	2018
Operating income		198	134	467	410	402
Share of net income in equity-accounted investees		17	11	88	31	82
Interest income and other financial income		21	21	81	77	81
Earnings before interest expense and tax		236	165	637	518	566
Depreciation and amortization [1]		225	201	831	755	807
Impairment loss [2]		3	4	149	63	150
Earnings before interest, tax and depreciation/amortization (EBITDA)		465	370	1,617	1,337	1,523
Special items included in EBITDA [3]		(1)	7	(6)	75	2
EBITDA, excluding special items		464	377	1,612	1,412	1,525

1) Including amortization of excess value in equity-accounted investees.
2) Including impairment loss on excess value in equity-accounted investees.
3) See page 9 for details on special items.

Reconciliation of operating income to net operating profit after tax

		12-month rolling		
USD millions		Apr 2018 Mar 2019	Apr 2017– Mar 2018	2018
Operating income		467	410	402
Amortization and impairment of intangible assets		59	64	60
Interest income from external customers		67	67	69
Calculated tax cost (25% flat rate) on items above		(148)	(135)	(133)
Share of net income in equity-accounted investees		88	31	82
Net operating profit after tax (NOPAT)	A	533	437	481

Reconciliation of net income to net operating profit after tax

		12-month rolling		
USD millions		Apr 2018 Mar 2019	Apr 2017– Mar 2018	2018
Net income		118	398	141
Amortization and impairment of intangible assets		59	64	60
Interest income from external customers		67	67	69
Interest income and other financial items		(81)	(77)	(81)
Interest expense and other financial items		172	88	153
Foreign currency translation gain/(loss)		365	(38)	278
Income tax, added back		(18)	70	(6)
Calculated tax cost (25% flat rate)		(148)	(135)	(133)
Net operating profit after tax (NOPAT)	A	533	437	481

Reconciliation of invested capital and ROIC calculation

USD millions		12-month rolling Apr 2018 Mar 2019	Apr 2017– Mar 2018	2018
Total current assets		5,396	4,601	5,281
Cash and cash equivalents		(529)	(351)	(573)
Normalized level of operating cash		200	200	200
Total current liabilities		(3,442)	(2,653)	(3,255)
Bank loans and other interest-bearing short term debt		466	505	467
Current portion of long-term debt		503	41	373
Short-term lease liabilities		14	-	-
Property, plant and equipment		8,336	7,677	8,277
Right-of-use assets		69	-	-
Goodwill		893	870	913
Equity-accounted investees		1,027	1,072	1,041
Invested capital	B	12,933	11,962	12,725
Return on invested capital (ROIC)	C=A/B	4.1 %	3.7 %	3.8 %

Reconciliation of EBITDA to income before tax

USD millions	1Q 2019	1Q 2018	2018
EBITDA	465	370	1,523
Depreciation and amortization [1)]	(225)	(201)	(807)
Impairment loss [2)]	(3)	(4)	(150)
Foreign currency translation gain/(loss)	(79)	8	(278)
Interest expense and other financial items	(46)	(27)	(153)
Income before tax	112	147	134

1) Including amortization of excess value in equity-accounted investees.
2) Including impairment loss on excess value in equity-accounted investees.

Net operating capital

USD millions	31 Mar 2019	31 Mar 2018	31 Dec 2018
Trade receivables	1,868	1,664	1,601
Inventories	2,588	2,471	2,568
Trade payables [1)]	(1,480)	(1,343)	(1,475)
Prepayments from customers	(348)	(374)	(343)
Net operating capital [2)]	2,628	2,418	2,352

1) Trade and other payables in the statement of financial position also includes payables related to payroll and value added taxes, which is not included in the calculation of net operating capital above.

2) Change in net operating capital as presented in the table above does not reconcile to change in net operating capital as presented in the Condensed consolidated interim statement of cash flows due to currency effects and items included in trade payables which are related to investments.

Net interest-bearing debt

USD millions		31 Mar 2019	31 Mar 2018	31 Dec 2018
Cash and cash equivalents		301	521	202
Other liquid assets [1)]		2	2	0
Bank loans and other short-term interest-bearing debt		(534)	(645)	(397)
Current portion of long-term debt		(819)	(44)	(824)
Short-term lease liabilities		(87)	-	-
Long-term interest-bearing debt		(2,747)	(2,714)	(2,776)
Long-term lease liabilities		(323)	-	-
Net interest-bearing debt	D	(4,205)	(2,879)	(3,794)

1) Other liquid assets is included in "Prepaid expenses and other current assets" in Statement of financial position.

Net debt/equity ratio

USD millions		31 Mar 2019	31 Mar 2018	31 Dec 2018
Net interest-bearing debt	D	(4,205)	(2,879)	(3,794)
Total equity	E	(9,028)	(9,729)	(8,910)
Net debt/equity ratio	F=D/E	0.47	0.30	0.43

Earnings per share

USD millions, except earnings per share and number of shares		1Q 2019	1Q 2018	2018
Weighted average number of shares outstanding	G	272,697,830	273,217,830	273,169,994
Net income attributable to shareholders of the parent	H	96	116	159
Foreign currency translation gain/(loss)	I	(79)	8	(278)
Tax effect on foreign currency translation	J	16	(4)	77
Non-controlling interest share of foreign currency (gain)/loss, net after tax	K	-	(1)	(3)
Special items within EBIT [1)]	L	(3)	(7)	(148)
Tax effect on special items	M	1	2	37
Special items within EBIT, net after tax	N=L+M	(2)	(5)	(112)
Non-controlling interest's share of special items, net after tax	O	-	-	(9)
Net income excluding currency and special items	P=H–I–J+K–N+O	161	115	460
Basic earnings per share	Q=H/G	0.35	0.42	0.58
Basic earnings per share excluding foreign currency and special items	R=P/G	0.59	0.42	1.68

1) See page 9 for details on special items.

Notes

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