



Knowledge grows

# Yara International ASA 2020 Third quarter results

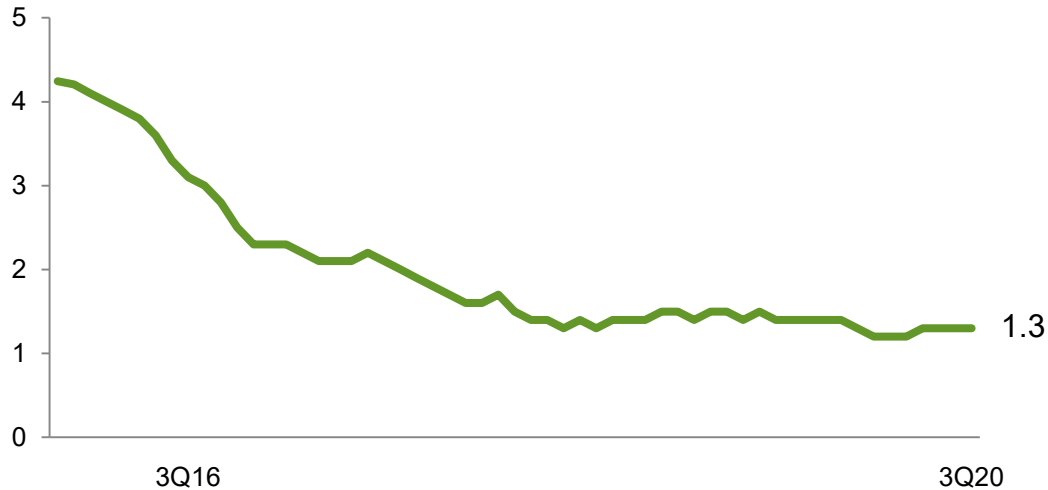
20 October 2020



# Safety is our first priority

Ensuring a safe workplace for employees and partners,  
with zero injuries as our ambition

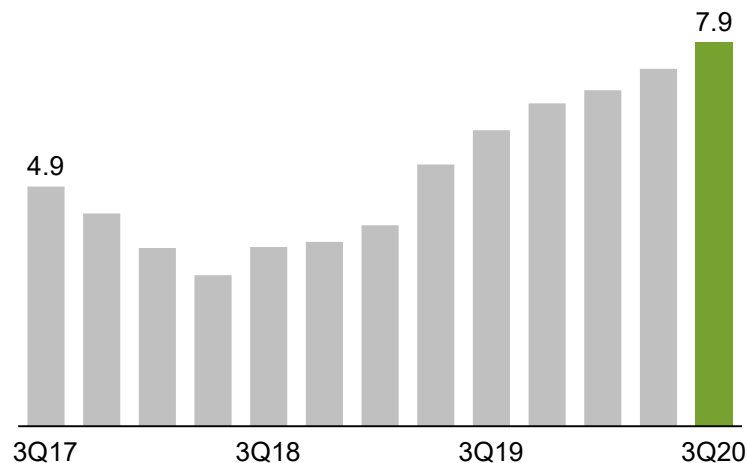
TRI<sup>1</sup> (12-month rolling)



# Continued growth in returns and cash flow

## Nine consecutive quarters of ROIC growth

L12M ROIC



## Industry-leading cash returns

- NOK 18 per share additional dividend proposed
  - Total NOK 53 per share cash returns<sup>1</sup> paid or committed to shareholders in 2020
- 7.9% ROIC<sup>2</sup>, up from 6.1% a year earlier
- EBITDA<sup>3</sup> down 11%, mainly reflecting lower nitrogen prices
- Record NPK deliveries
- USD 2.5 billion free cash flow<sup>4</sup> rolling 4 quarters

1) Including share buy-backs in 1Q20 plus ongoing buy-backs to be completed in 1Q21 (assuming an average share price of 350 NOK) and the proportional redemption of shares owned by the Norwegian state relating to these buy-backs

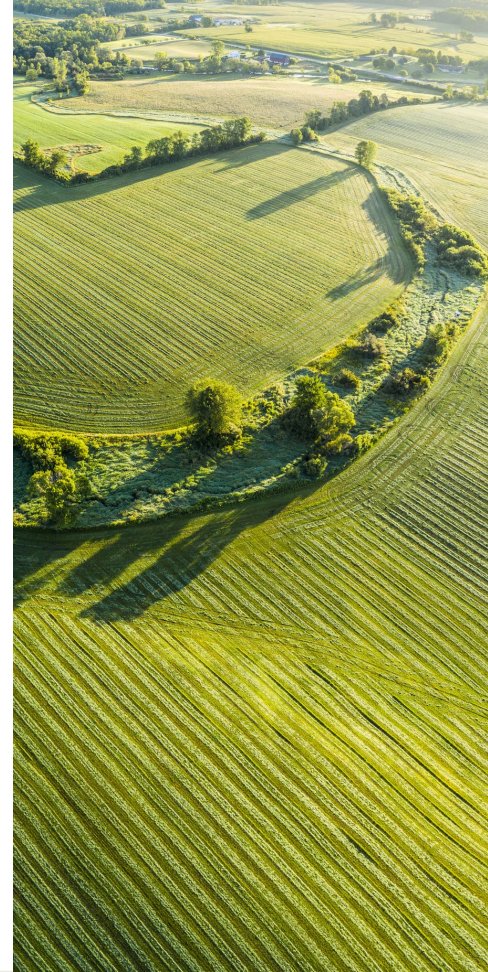
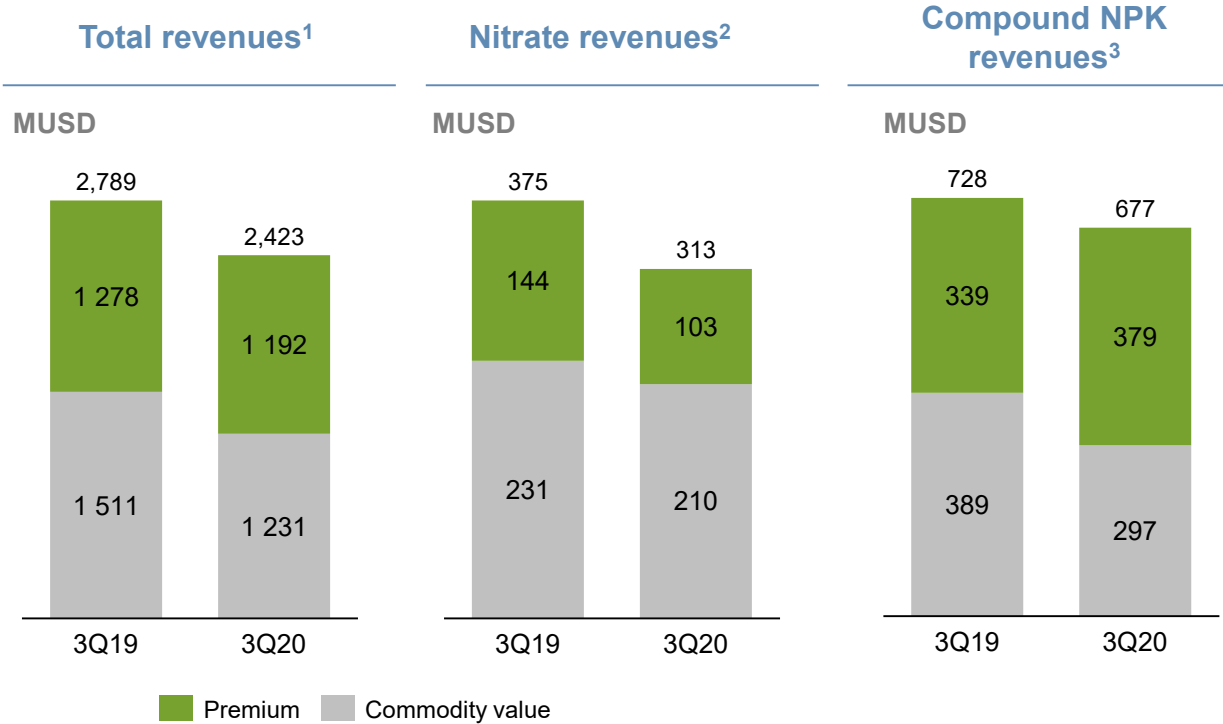
2) L12M ROIC

3) EBITDA excluding special items. For definition and reconciliation, see APM section on page 35 of 3Q 20 report

4) Net cash provided by operating activities minus net cash used in investment activities. See Cash Flow statement on page 20 of 3Q 20 Report



# Lower nitrogen prices and off-season nitrate premiums, record premium product deliveries

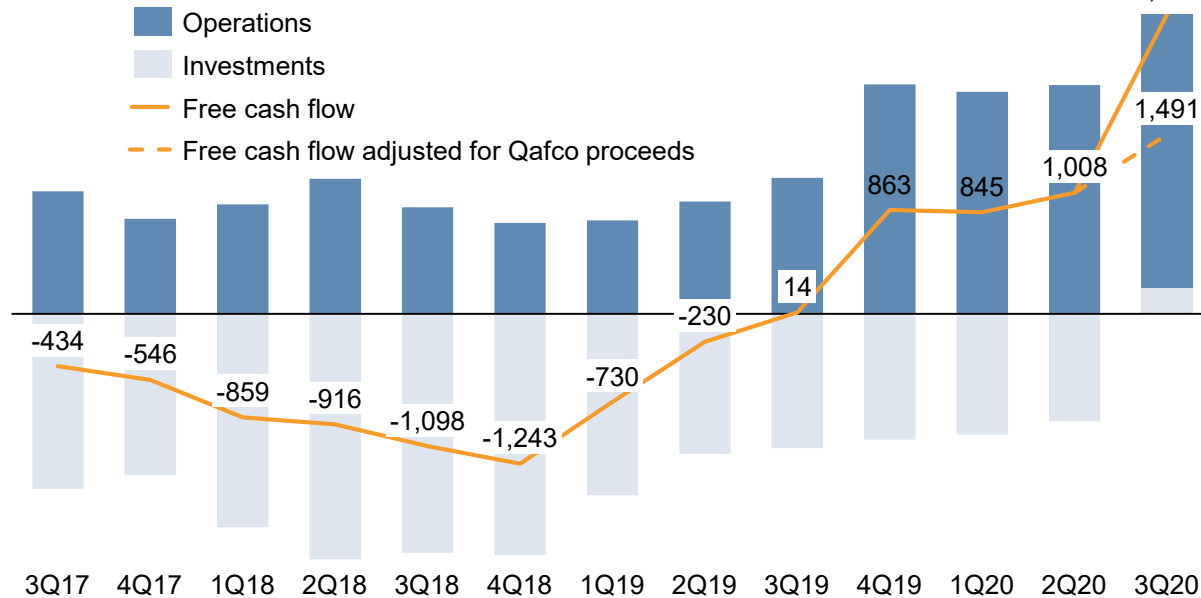


1) Total revenues for segments Europe, Americas and Africa & Asia (page xx 3Q20 report) Grey area represents nutrient content valued at urea fob Egypt, DAP fob Morocco and MOP fob Vancouver equivalents.  
 2) Nitrate revenues for segments Europe, Americas and Africa & Asia. Grey area represents the nutrient content valued at urea fob Egypt, DAP fob Morocco and MOP fob Vancouver equivalents.  
 3) Compound NPK revenues for segments Europe, Americas and Africa & Asia. Grey area represents the nutrient content valued at urea fob Egypt, DAP fob Morocco and MOP fob Vancouver equivalents.

# USD 2.5 billion free cash flow<sup>1</sup> rolling 4 quarters

## Free cash flow before financing activities<sup>1</sup>

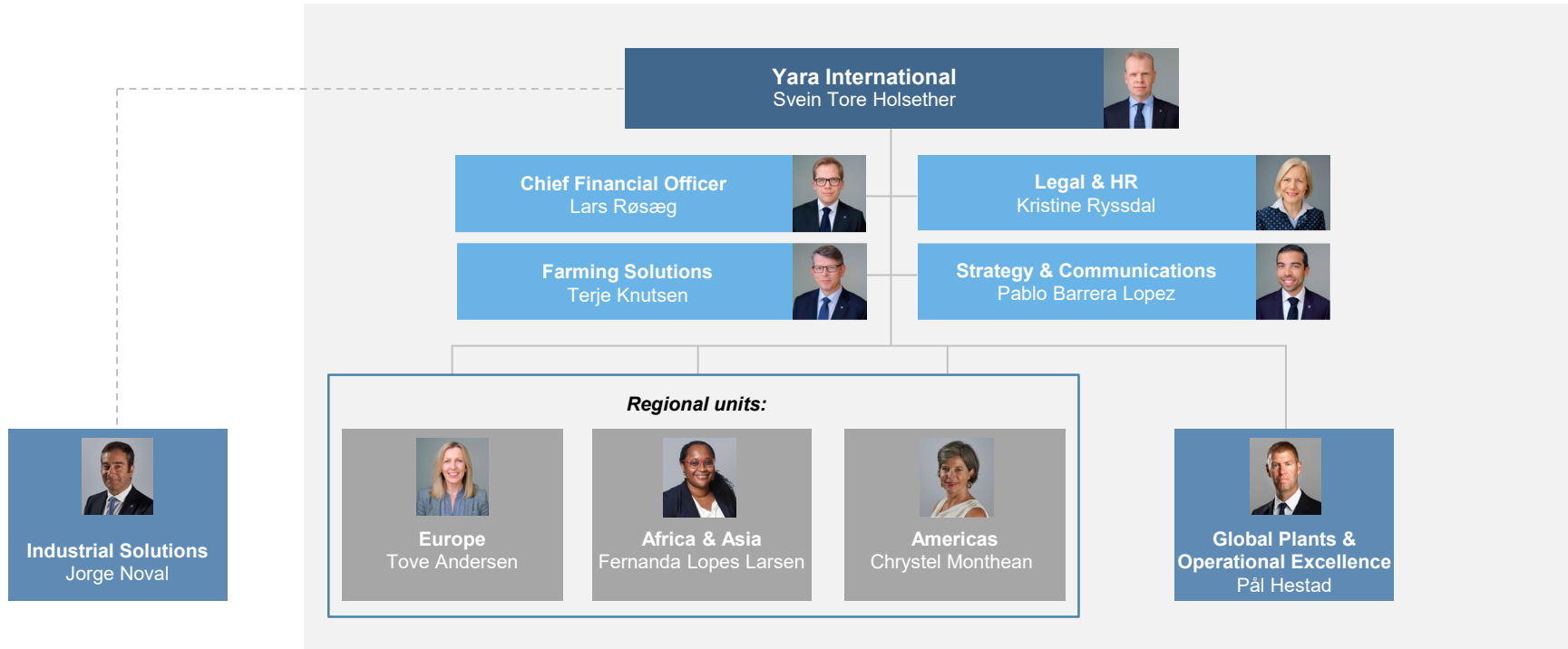
MUSD, rolling 4 quarters



## Comments

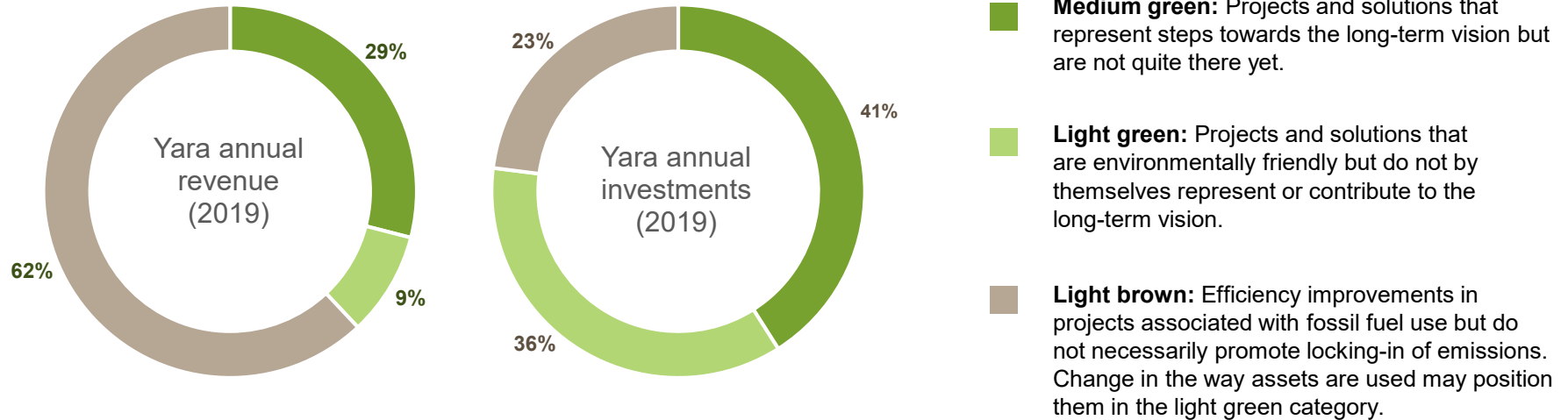
- Strategy execution driving improved earnings and lower capital expenditure
- USD 1.5 billion underlying<sup>2</sup> free cash flow<sup>1</sup> increase last 4 quarters compared with a year earlier

# Organizational changes to support Yara's ongoing transition



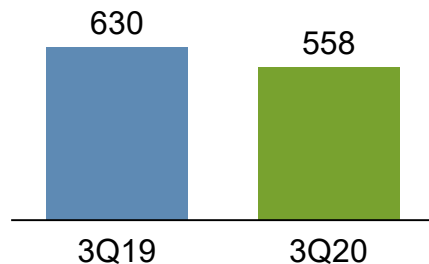
# Investing for a greener future: Yara has 38% “green revenue” share, and 77% “green investment” share

Yara 2019 revenues and investment classified according to [“CICERO Shades of Green” report](#)

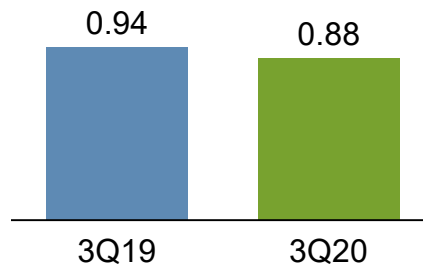


# Performance overview

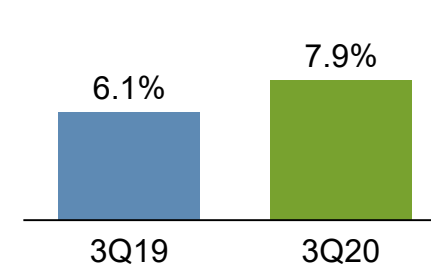
**EBITDA ex. Special items**  
(MUSD)



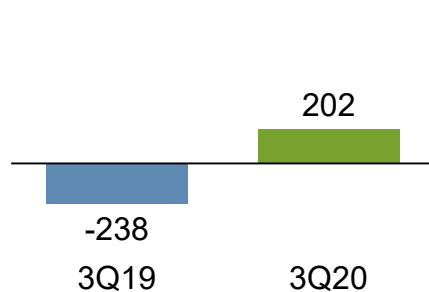
**EPS ex. currency and special items**  
(USD per share)



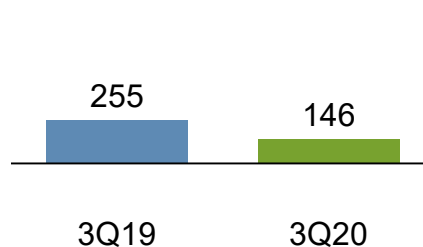
**ROIC**  
(12-month rolling)



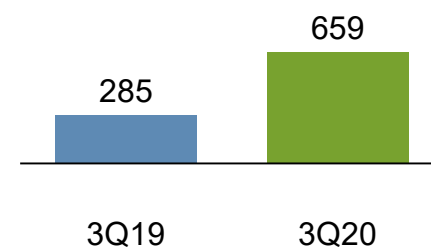
**Change in net operating capital<sup>1</sup>**  
(MUSD)



**Investments (net)<sup>2</sup>**  
(MUSD)



**Cash from operations**  
(MUSD)



1) Change in net operating capital as presented in the cash flow statement, page 20 of 3Q 20 Report

2) Excluding proceeds (USD 1 billion) from the sale of Yara's shares in Qafco

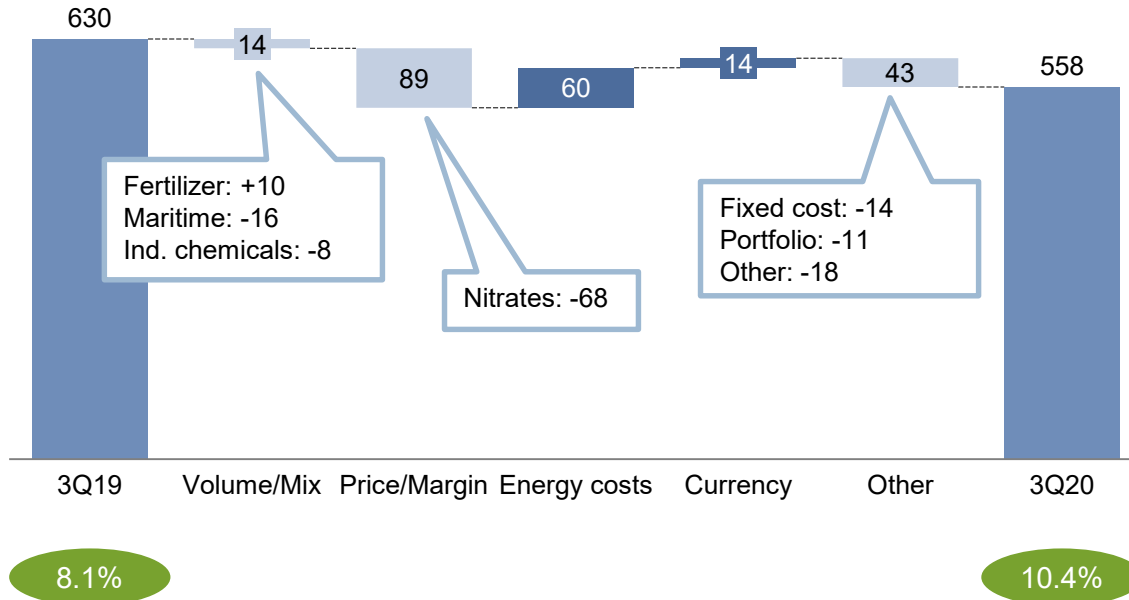
Alternative performance measures are defined, explained and reconciled to the Financial statements in the APM section of the 3Q 20 Report on pages 35-40



# Earnings impacted by lower nitrogen prices

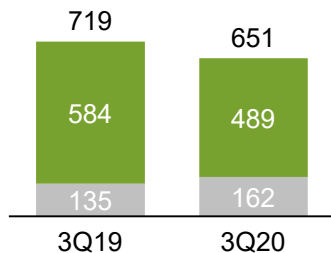
EBITDA ex. special items (MUSD)<sup>1</sup>

ROIC<sup>2</sup>



# Europe: stable deliveries but lower premiums in off-season market

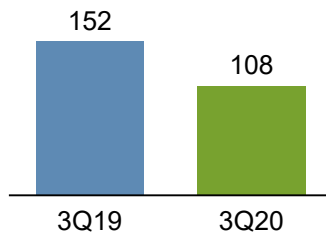
## Revenues (MUSD)



■ Premium products ■ Commodities

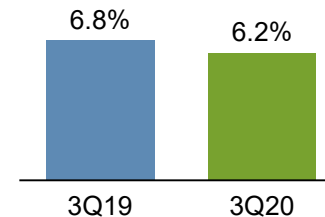
- 3Q deliveries in line with a year earlier
- Slight decline in NPK, nitrates stable
- YaraVita deliveries up 9%

## EBITDA ex SI<sup>1</sup> (MUSD)



- Lower nitrogen prices impacted EBITDA, partially offset by lower gas and ammonia cost
- Increasing urea and DAP price trend reduced off-season premiums

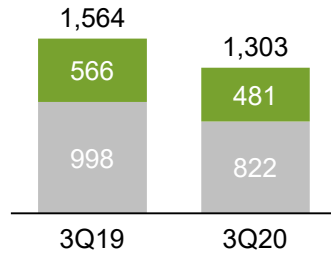
## ROIC<sup>2</sup>



- 24 USD/t nitrate premium vs 54 USD/t a year earlier; rising urea price trend this year, vs. falling trend 3Q19
- 112 USD/t NPK premium vs 125 USD/t a year earlier

# Americas: increased deliveries, production margins impacted by lower nitrogen prices

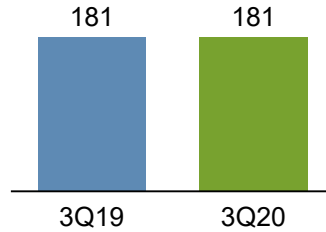
Revenues (MUSD)



Premium products    Commodities

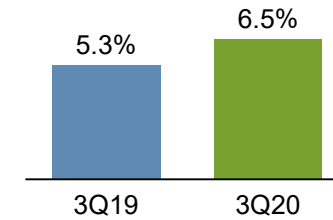
- Increased deliveries in Latin America, partly offset by lower volumes in North America

EBITDA ex SI<sup>1</sup> (MUSD)



- Lower production margins due to lower nitrogen and phosphate prices
- Lower fixed costs due to portfolio changes and local currency depreciation

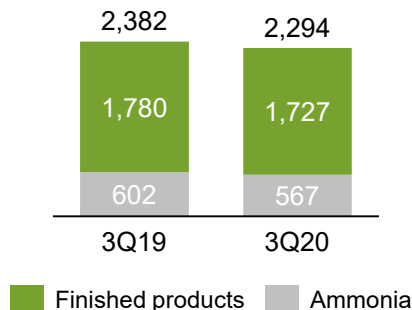
ROIC<sup>2</sup>



- Lower working capital
- Positive currency effect on assets

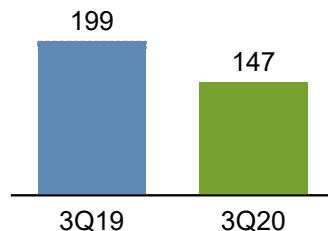
# Global plants: earnings impacted by lower upgrading margins

Production volumes (kilotonnes)<sup>1</sup>



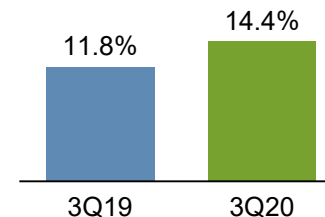
- Production decrease reflects smaller outages during quarter

EBITDA ex SI<sup>2</sup> (MUSD)



- Earnings impacted by lower commodity prices and upgrading margins
- Lower internal sales compared with a year earlier (no Yara level effect)

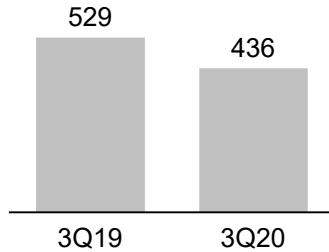
ROIC<sup>3</sup>



- Positive impact from one-off items

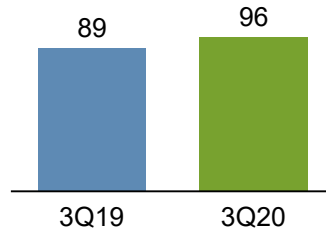
# Industrial solutions: strong margins more than offset lower deliveries

Revenues (MUSD)



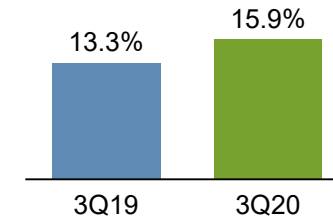
- Deliveries down 5%, but recovering from initial Covid-19 impact
- Lower revenues from Maritime

EBITDA ex SI<sup>1</sup> (MUSD)



- Improved margins more than offset lower deliveries and weaker results from Maritime
- Strong contributions from AdBlue and Base Chemicals

ROIC<sup>2</sup>



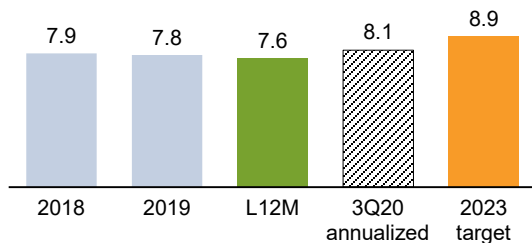
- Improvement mainly driven by operating results increase



# Improvement program

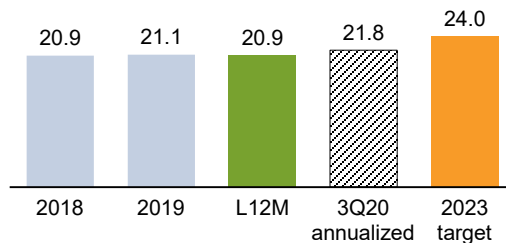
## Ammonia production

Million tonnes



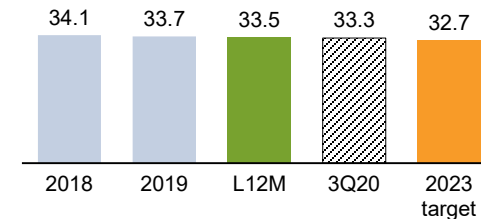
## Finished product production

Million tonnes



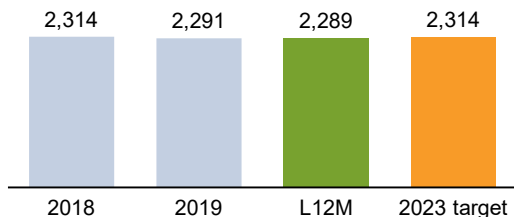
## Ammonia energy consumption

GJ/ton



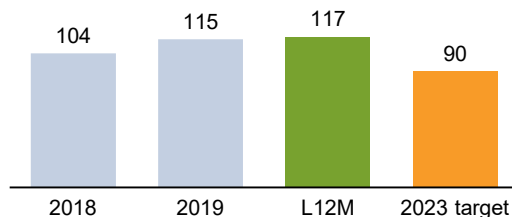
## Fixed costs<sup>1</sup>

MUSD



## Operating capital<sup>2</sup>

Days

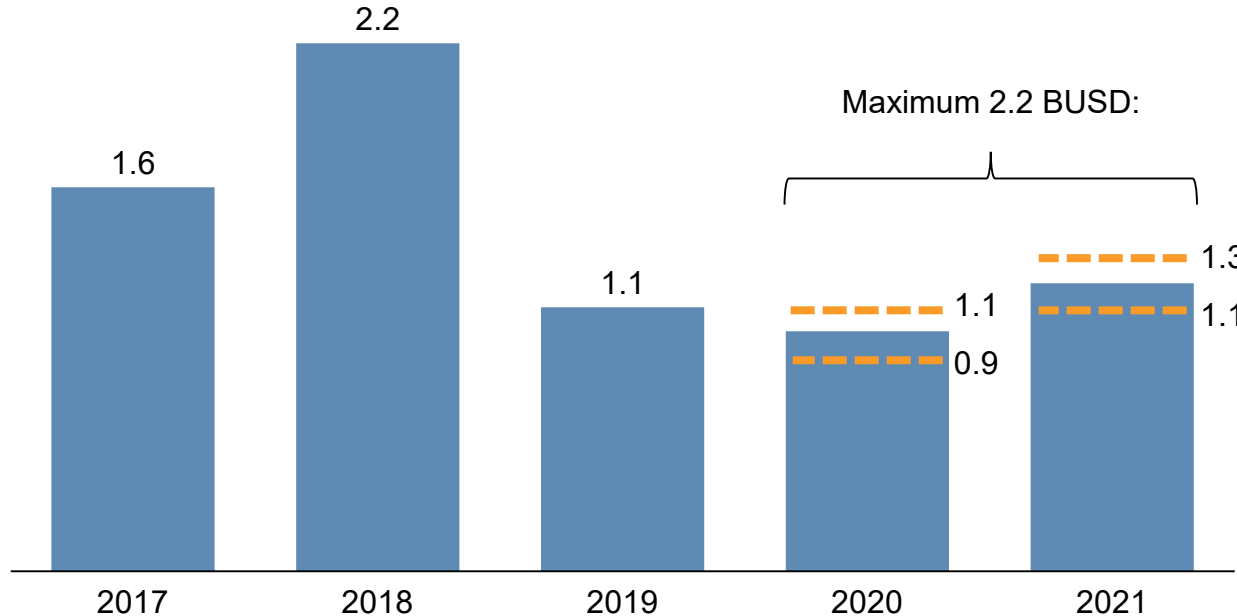


## Comments:

- 3Q annualized ammonia production 8.1 mt vs 7.5 mt in 2Q and finished products 21.8 mt vs 20.9 mt in 2Q
- Covid-19 impacts Salitre project schedule
- Energy efficiency increase driven by improved reliability and closure of Trinidad plant
- Fixed costs in line with last year and target
- Inventory days buildup at attractive margins

# Committed investments unchanged, phasing into 2021

## Committed investments (BUSD)

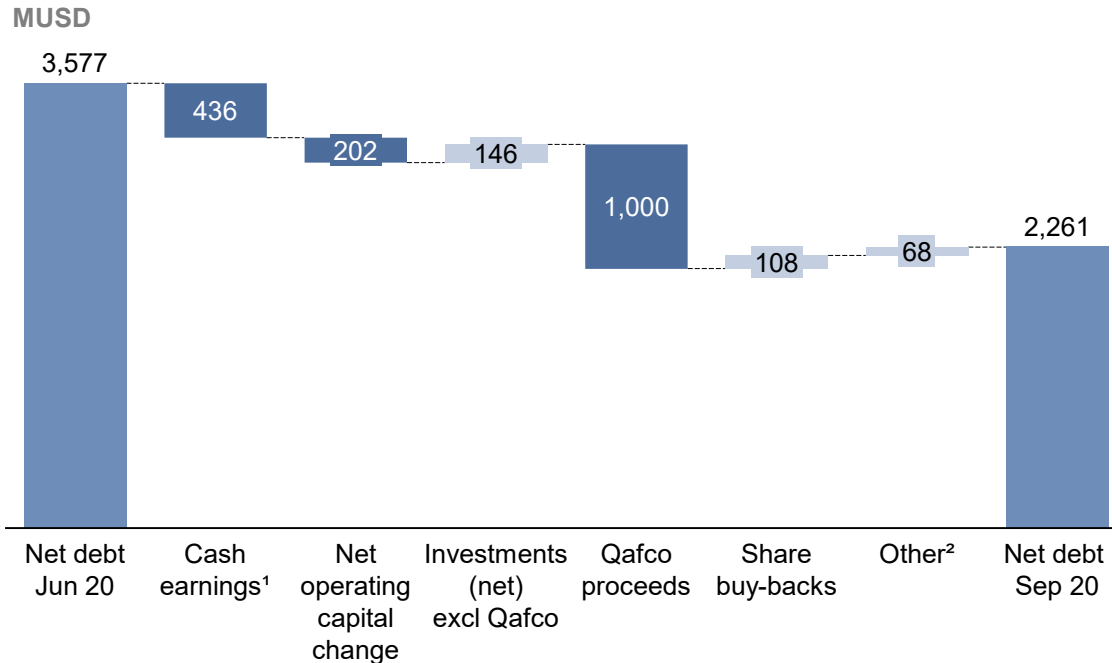


## Comments

- No change to overall commitment of 2.2 BUSD for 2020 and 2021 in total
- 2020 capex commitments estimated to end at 0.9-1.1, remainder expected phased into 2021

# Lower net interest-bearing debt

## 3Q development

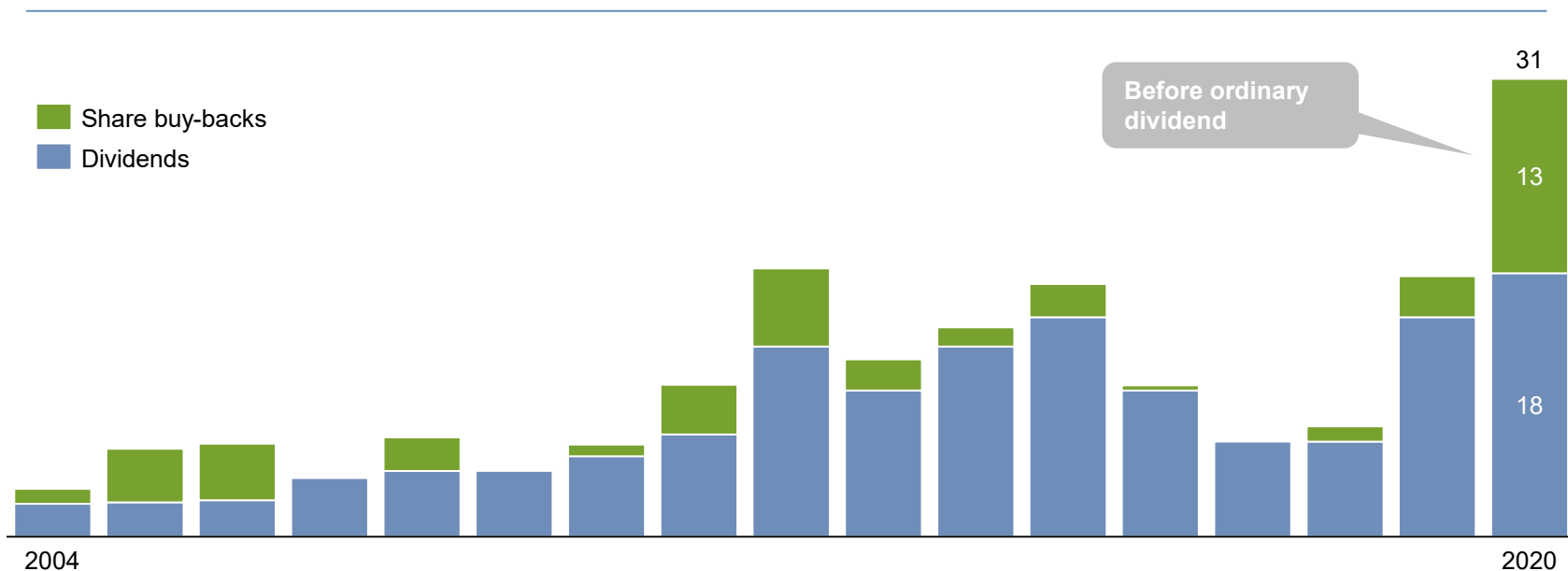


## Comments

- Strong positive cash flow from operating earnings, operating capital release and Qafco proceeds
- Operating capital release driven by lower receivables globally and lower inventory in Americas
- Net debt/EBITDA<sup>3</sup> ratio at 1.0, down from 1.6 in 2Q

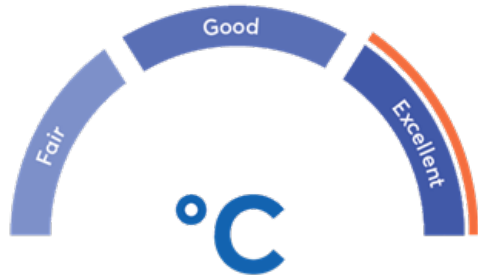
# Industry-leading cash returns

## Dividends and buy-backs<sup>1</sup> per share (NOK)



# Top scores for governance and reporting

## CICERO “Shades of Green”



## The Governance Group



THE  
GOVERNANCE  
GROUP

Yara ranked as no. 1 among 100 largest companies in Norway





# Yara Africa & Asia



**Presence:** 20 countries



**Employees:** 1,683 employees



**Sales:** ~4.7 mt deliveries  
~1.9 BUSD revenue (2019)



**Farmers:**

- Smallholder / non-mechanised in most markets
- Large-scale professional in South Africa, New Zealand and Australia



**Plants:**

**Babrala (India)**

- 0.7 mt ammonia
- 1.3 mt urea

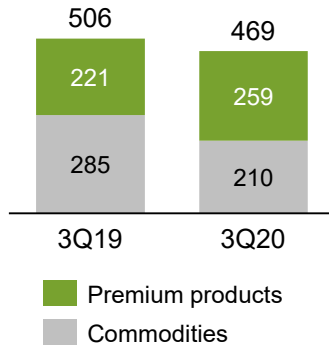
**Pilbara (Australia)**

- 0.8 mt ammonia (Yara 100%)
- 0.3 mt TAN (Yara 50%)



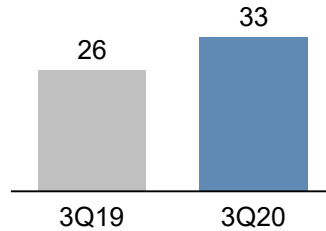
# Africa and Asia: strong performance driven by premium product growth

Revenues (MUSD)



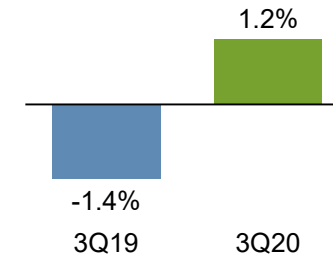
- Overall deliveries in line with a year earlier
- Stronger premium product deliveries
- Lower commodity trade volumes

EBITDA ex SI<sup>1</sup> (MUSD)



- 23% premium product sales increase drove positive mix effect on earnings
- Positive effect from Pilbara TAN plant ramp-up
- Lower Pilbara ammonia production

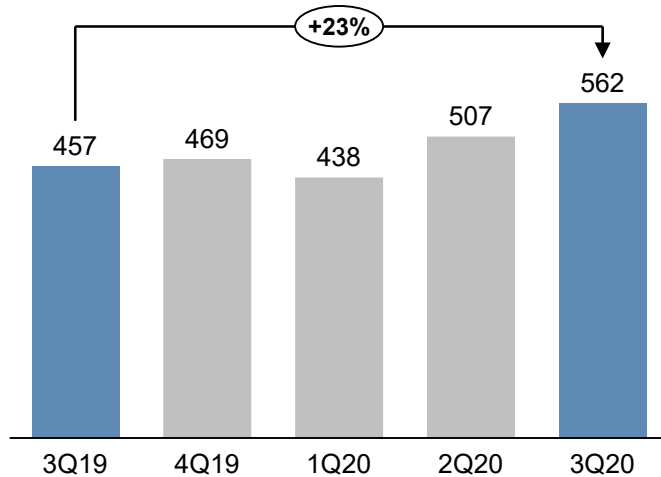
ROIC<sup>2</sup>



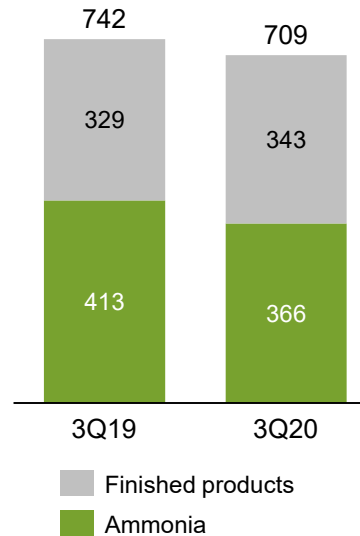
- ROIC impact from Pilbara TAN asset under construction

# Africa and Asia: deliveries and production

Premium product deliveries<sup>1</sup>  
(kilotonnes)



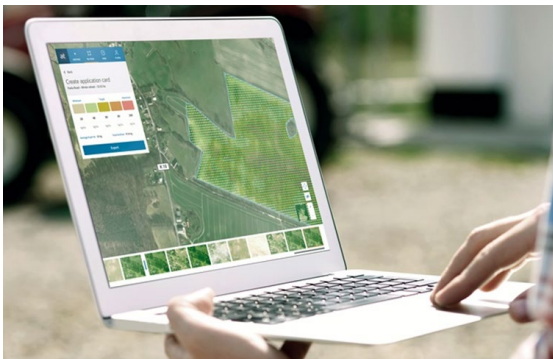
Production volume  
(kilotonnes)



## Comments

- Strong premium product deliveries
- Babrala plant (India) performing well amid Covid-19 challenge
- Pilbara TAN project ramping up production, currently at approx. 80%
- Pilbara ammonia 3Q impacted by downtime, but now running well

# Attractive Yara prospects



## Attractive opportunities

- Resource and environment challenges require strong agri productivity improvement
- Attractive Yara growth opportunities within sustainable solutions for the global food system, and green ammonia

## Focused strategy

- Crop nutrition leader; #1 premium product and market presence
- Transitioning towards sustainable solutions for the global food system
- Operational improvement and innovation focus

## Strong track record

- Nine consecutive quarters of ROIC growth, with USD 1.5 billion free cash flow from operations last 4 quarters
- Strict capital discipline with clear capital allocation policy



# Save the date: Yara ESG investor seminar 7 December 2020

## Main topics

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### Farming and food chain solutions

- *Strong opportunities within sustainable solutions*

### Decarbonize

- *Driving towards climate-neutral fertilizer production*

### Transformation roadmap and KPIs

- *Sharpening our focus and capturing opportunities*





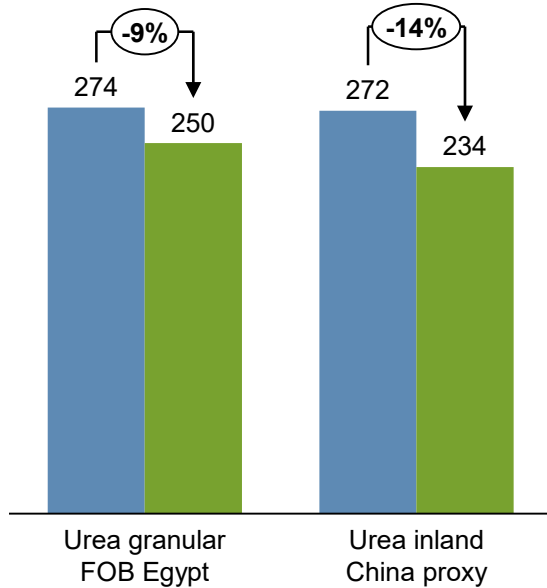


Knowledge grows

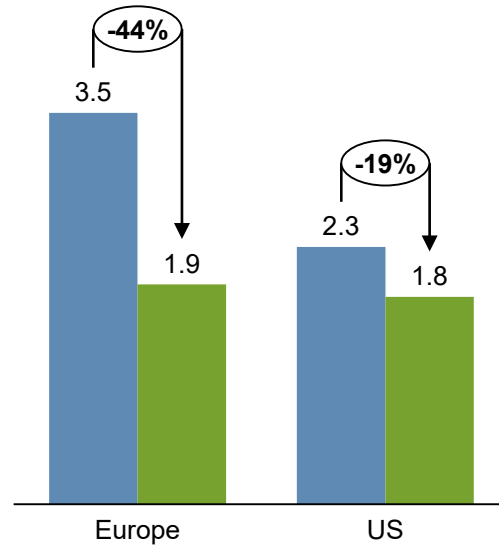
# Appendix

# Product price developments

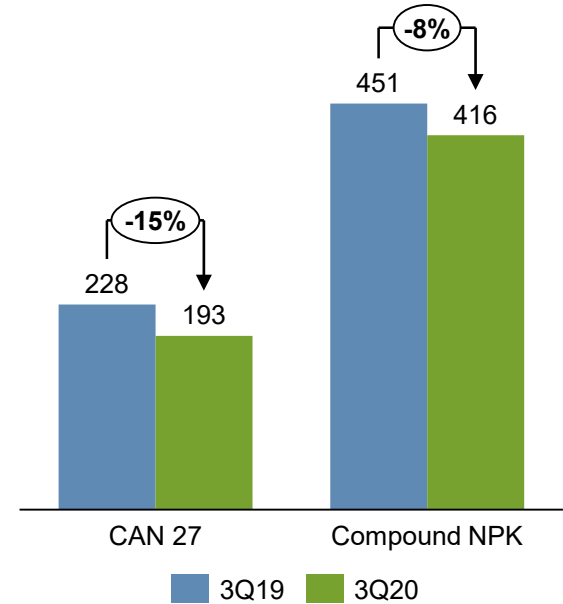
Urea price development<sup>1</sup> (USD/t)



Spot gas prices<sup>1</sup> (USD/Mmbtu)



Yara realized CAN<sup>2</sup> and NPK price<sup>3</sup> (USD/t)



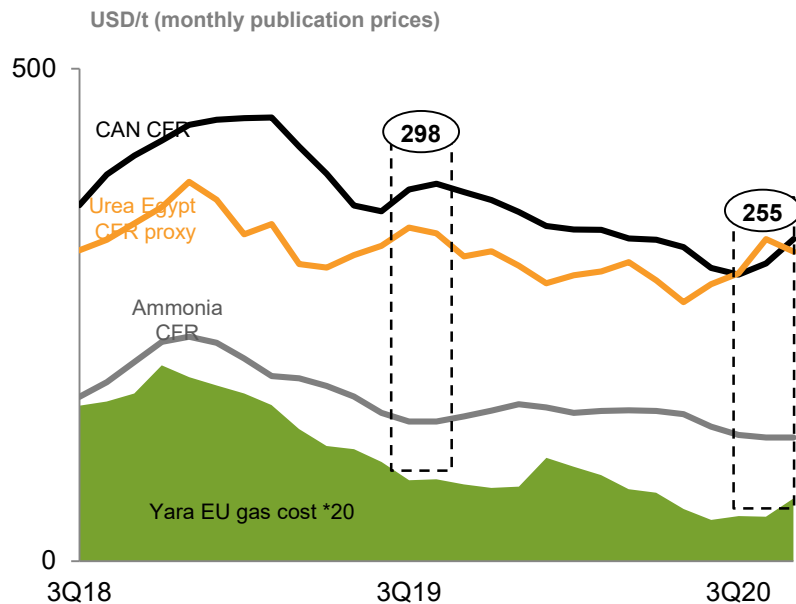
1) Source: BOABC, CFMW, Fertilizer publications, Argus. 1-month lag applied, as proxy for realized prices (delivery assumed 1 month after order)

2) Yara's realized European nitrate price, CAN 27 CIF Germany equivalent ex. Sulphur

3) Yara's realized global compound NPK price (average grade)

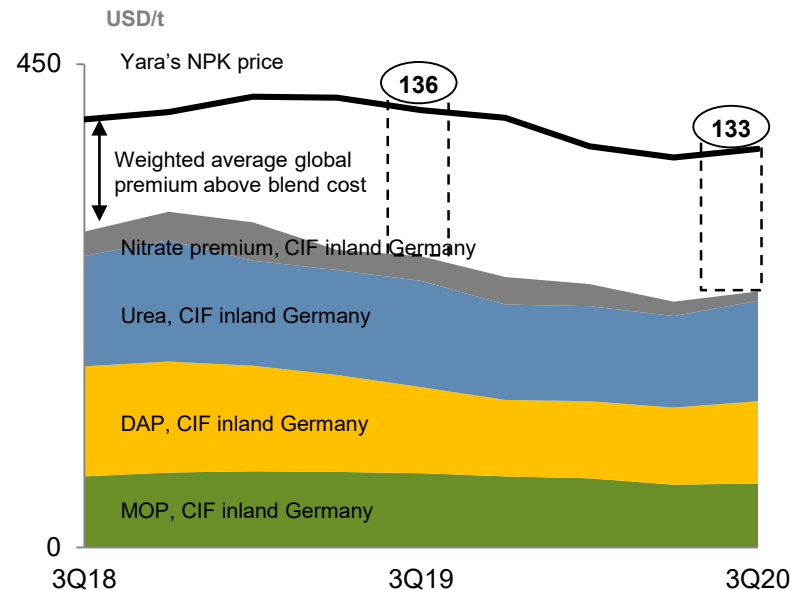
# Lower nitrogen upgrading margin, global NPK premium relatively stable

## Nitrogen upgrading margins<sup>1</sup>



<sup>1</sup> Upgrading margin from gas to nitrates in 46% N (USD/t):  
All prices in urea equivalents, with 1 month time lag

## NPK premium over blend<sup>2</sup>

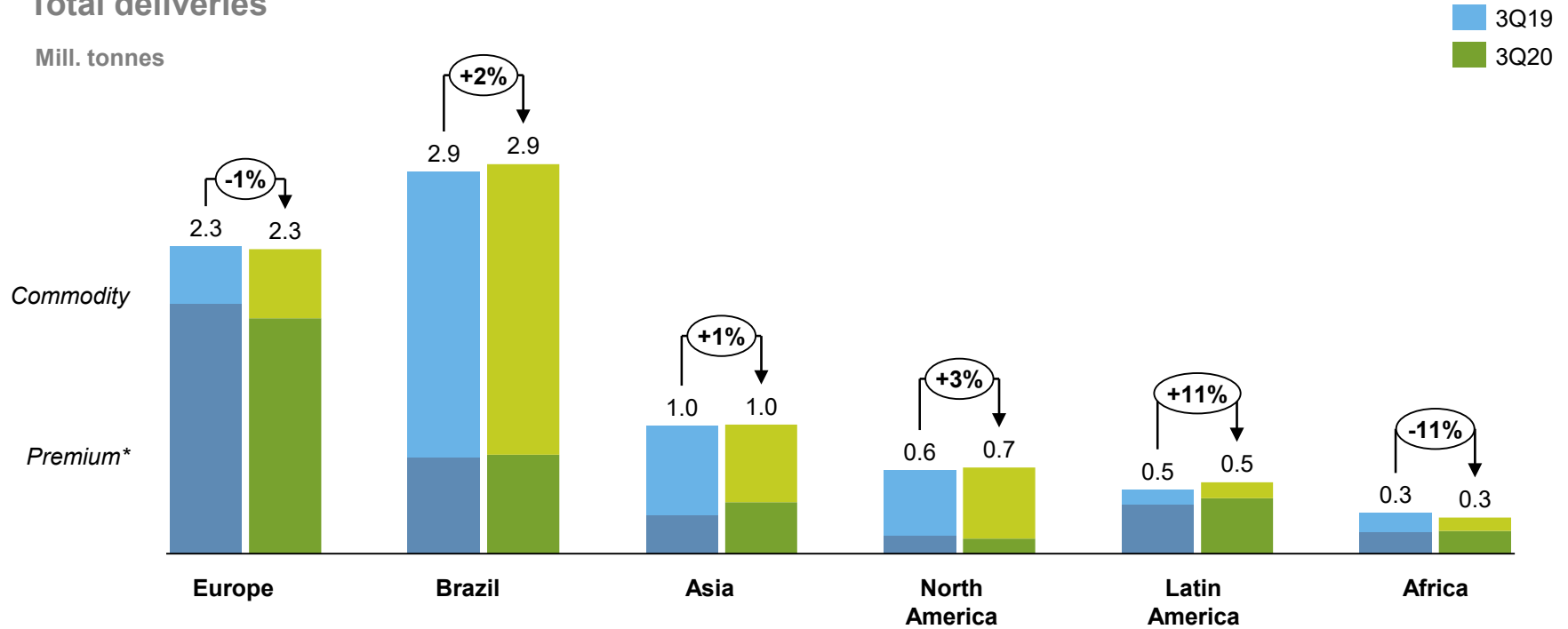


<sup>2</sup> Export NPK plants, average grade 19-10-13, net of transport and handling cost.

# Lower deliveries in Europe and North America partly offset by increases in Brazil

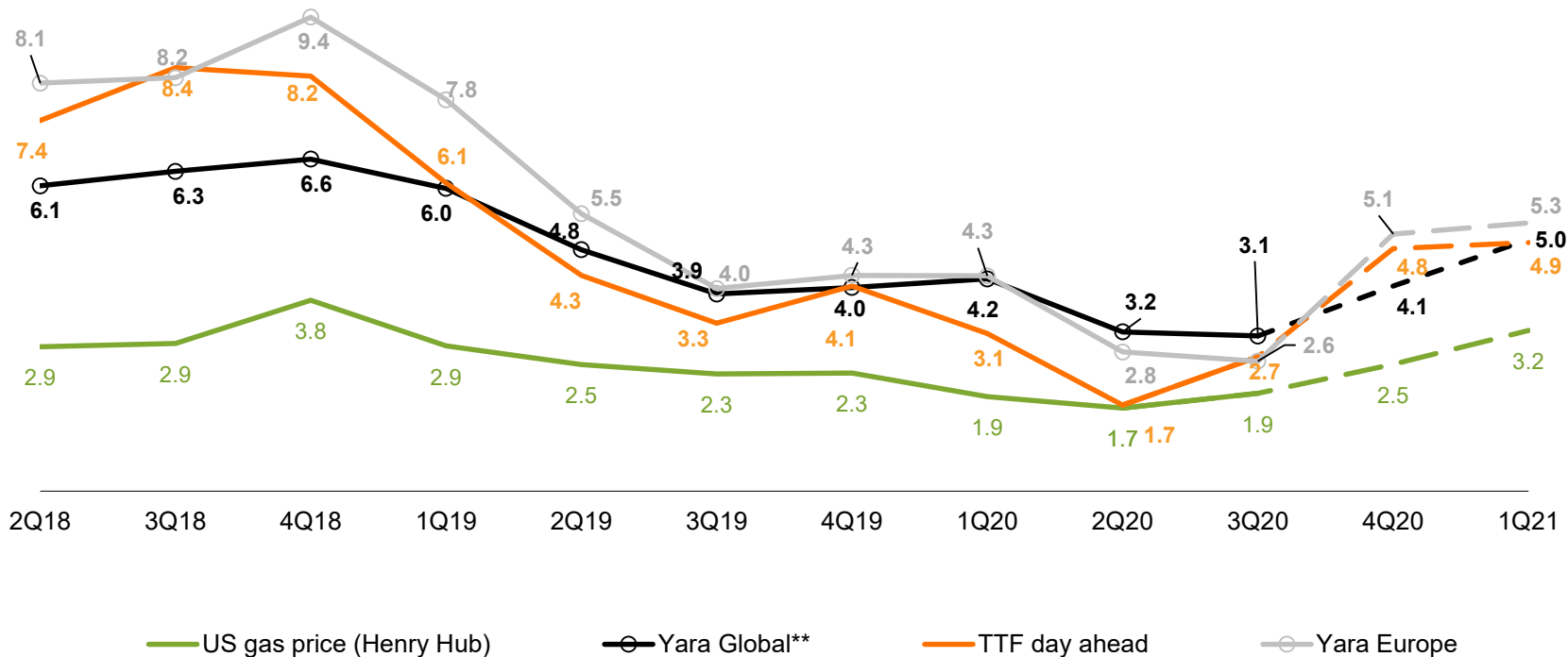
## Total deliveries

Mill. tonnes



# Energy cost

Quarterly averages for 2018-2020 with forward prices\* for 4Q20 and 1Q21



— US gas price (Henry Hub)

—○— Yara Global\*\*

— TTF day ahead

—○— Yara Europe



Source: Yara, World Bank, Argus/ICIS Heren

\*Dotted lines denote forward prices as of 9 July 2020, market prices (HH and TTF) are not lagged

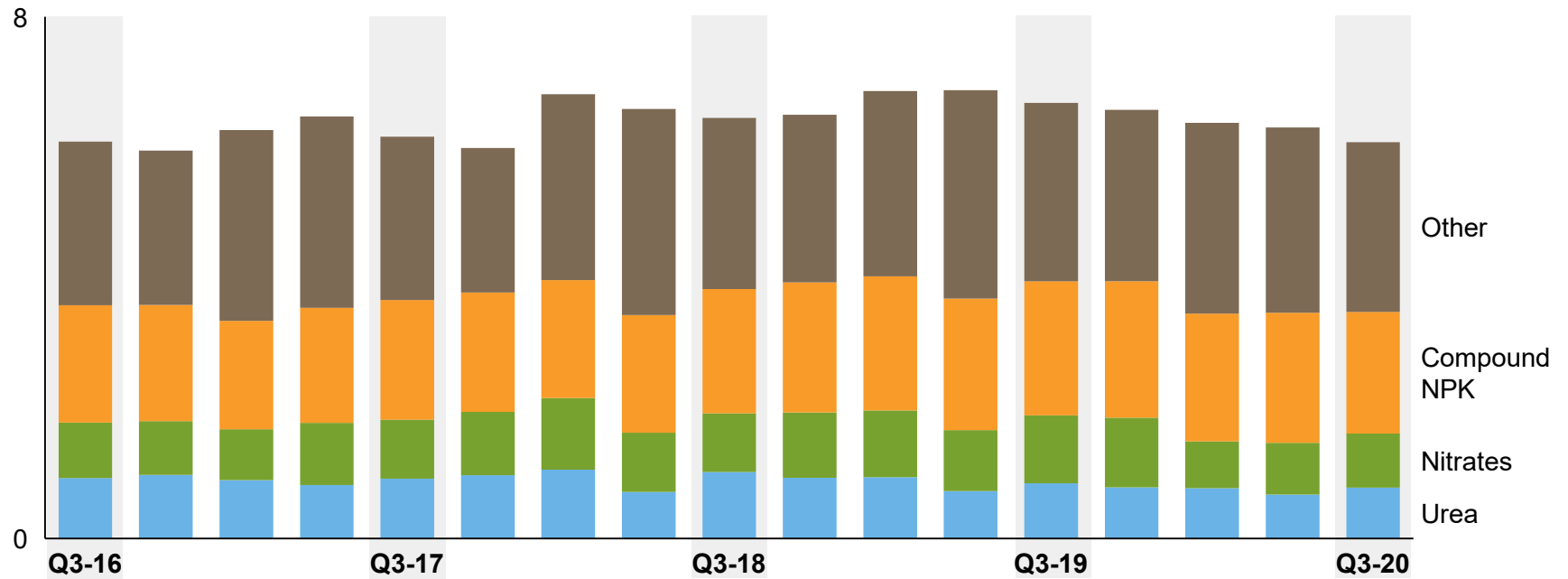
\*\*Yara Global restated from 2Q 2018 to include Cubatão gas cost



# Yara stocks

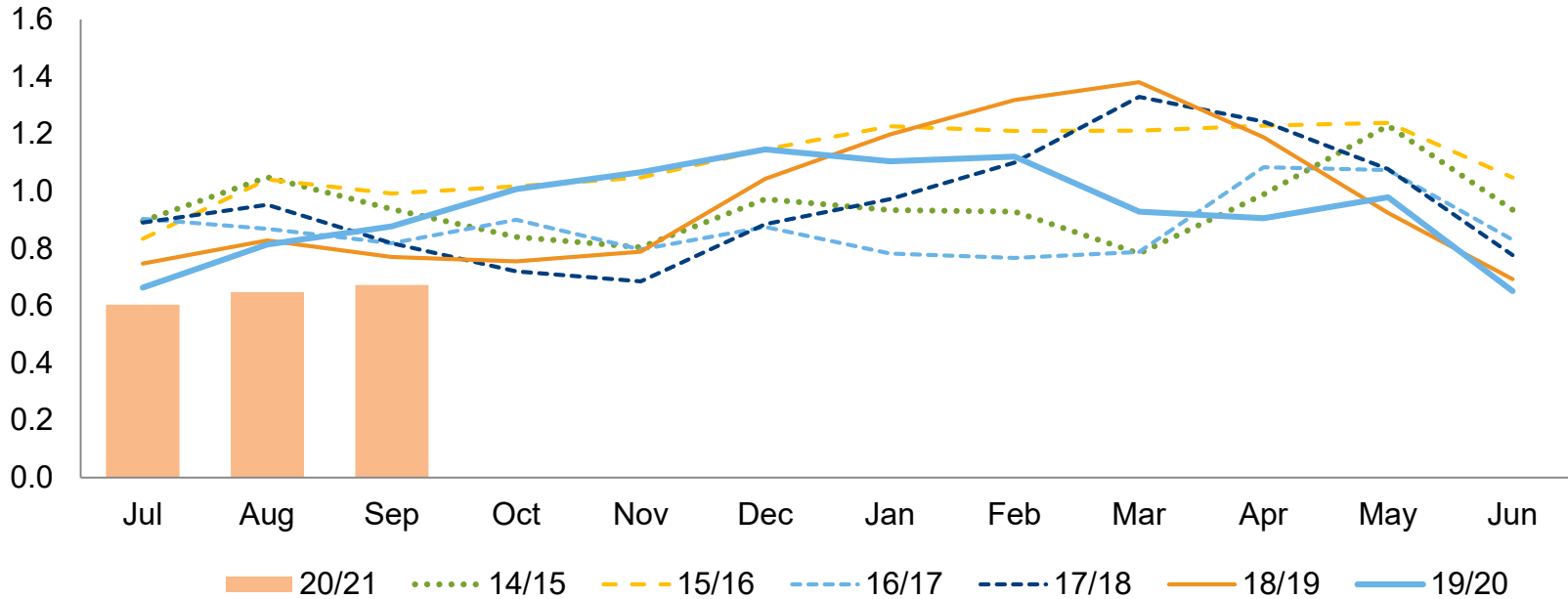
## Finished fertilizer

Mill. tonnes



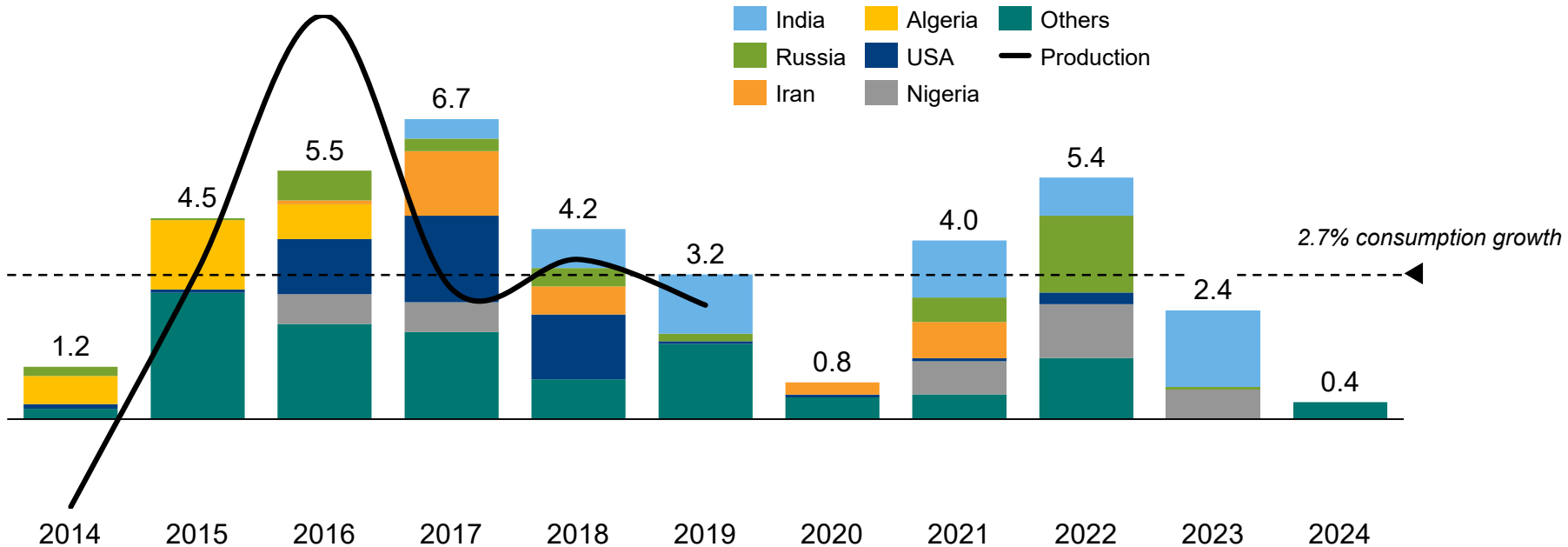
# European producers' nitrate stocks

Index  
June 2007 = 1



# Higher nitrogen supply growth forecast in 2021, however higher than normal risk of project delays

Global urea capacity additions ex. China (mill. tonnes)



# Alternative performance measures

Alternative performance measures are defined, explained and reconciled to the Financial statements in the APM section of the Quarterly report on pages 35-40