Knowledge grows

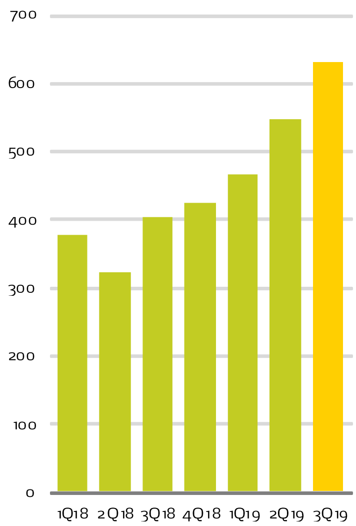
Third-quarter 2019 report

Yara International ASA

- EBITDA excluding special items and IFRS 16 increased by 49% 1)
- Lower energy cost and higher production
- Positive product mix effect with strong premium deliveries, in line with strategy
- Strong earnings improvement for New Business
- Return on invested capital (ROIC) at 6.1% 2)

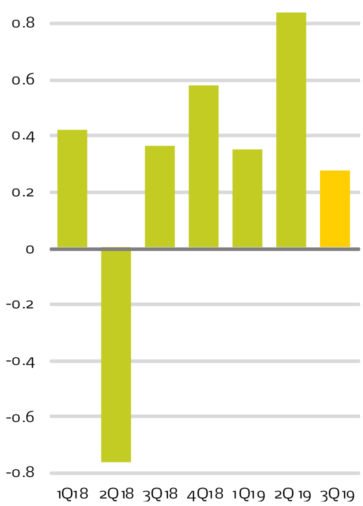
EBITDA3)

USD millions

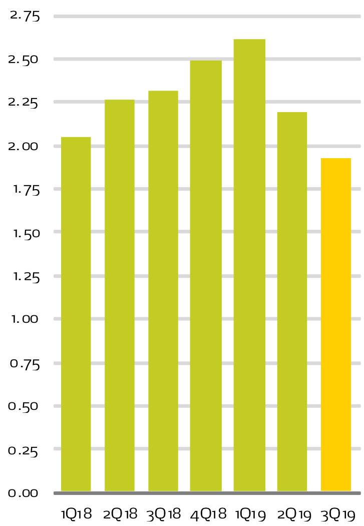


Earnings per share4)

USD



Net debt/EBITDA3)



1) 57% when including IFRS 16 impact, which amounts to USD 29 million in the quarter. See variance analysis on page 3.
2) L12M ROIC.
3) EBITDA excluding special items. The Net debt/EBITDA ratio is based on rolling 12 months EBITDA.
4) Earnings per share excluding currency and special items 3Q 2019: 0.94 USD.

Third quarter 2019

Financial highlights

USD millions, except where indicated otherwise	3Q 2019	3Q 2018	YTD 2019	YTD 2018
Revenue and other income	3,491	3,547	9,907	9,595
Operating income	314	153	778	324
EBITDA [1)]	591	427	1,596	1,093
EBITDA [1)] excl. special items	630	402	1,640	1,100
Net income attributable to shareholders of the parent	74	98	399	2
Basic earnings per share [2)]	0.27	0.36	1.47	0.01
Basic earnings per share excl. currency and special items [2)]	0.94	0.50	2.30	1.08
Net cash provided by operating activities	285	89	1,219	846
Net cash used in investing activities	(255)	(303)	(744)	(1,628)
Net debt/equity ratio	0.46	0.37	0.46	0.37
Net debt/EBITDA excl. special items (last 12 months) ratio	1.92	2.31	1.92	2.31
Average number of shares outstanding (millions)	272.4	273.2	272.5	273.2
Return on invested capital (ROIC) [3)]	8.1 %	5.3 %	6.1 %	3.7 %

1) EBITDA definitions, see page 31. EBITDA 3Q 2019 includes a USD 29 million positive impact from IFRS 16 compared with 3Q 2018, see note 8 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) Quarterly numbers annualized. Year-to-date numbers 12-month rolling average.

Key Yara statistics

	3Q 2019	3Q 2018	YTD 2019	YTD 2018
Yara production (thousand tonnes) [1)]				
Ammonia	2,195	2,038	6,432	6,210
Finished fertilizer and industrial products, excl. bulk blends	5,668	5,677	16,621	16,238
Yara deliveries (thousand tonnes)				
Ammonia trade (reflected in Production)	646	583	1,815	1,857
Sales and Marketing Segment	8,419	8,877	23,381	24,092
New Business Segment	1,056	1,024	3,080	2,893
Production segment	291	325	654	379
Total deliveries	10,412	10,809	28,929	29,221
Yara's Energy prices (USD per MMBtu)				
Global weighted average gas cost	3.9	6.3	4.9	6.1
European weighted average gas cost	4.0	8.2	5.7	8.0

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

Market information

Average of publication prices		3Q 2019	3Q 2018	YTD 2019	YTD 2018
Urea granular (fob Egypt)	USD per tonne	269	293	269	267
CAN (cif Germany)	USD per tonne	220	241	227	232
Ammonia (fob Black Sea)	USD per tonne	215	303	236	274
DAP (fob US Gulf)	USD per tonne	327	432	364	415
Phosphate rock (fob Morocco)	USD per tonne	82	92	92	89
European gas (TTF)	USD per MMBtu	3.3	8.4	4.6	7.8
US gas (Henry Hub)	USD per MMBtu	2.4	2.9	2.6	3.0
EUR/USD currency rate		1.1	1.2	1.1	1.2
USD/BRL currency rate		3.9	3.9	3.9	3.6

Yara's third-quarter net income after non-controlling interests was USD 74 million, compared with USD 98 million a year earlier. Excluding net foreign currency translation gain/loss and special items, the result was USD 255 million (USD 0.94 per share), compared with USD 138 million (USD 0.50 per share) in third quarter 2018.

"Yara delivers significantly improved results in third quarter, with EBITDA excluding special items and IFRS 16 up 49%. The results reflect lower energy cost, higher production and strong premium product deliveries," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"I am pleased to see our results improve within all business segments, with the strongest increase in New Business. Our return on capital continues its positive trend, and our main priority remains to keep improving returns as a focused company," said Holsether.

Variance analysis third quarter

USD millions	3Q 2019
EBITDA 2019	591
EBITDA 2018	427
Reported EBITDA variance	164
Special items variance (see page 8 for details)	(63)
EBITDA variance ex special items	227
Volume/Mix	18
Price/Margin excluding energy	14
Energy price	170
Currency translation	13
IFRS 16 effect	29
Other	(17)
Total variance explained	227

Third quarter

Yara's third-quarter EBTIDA excluding special items and IFRS 16 impact was 49% higher than a year earlier, reflecting higher production margins driven by lower European gas cost, higher realized prices and a stronger US dollar. Including IFRS 16 impact the increase was 56%.

Production segment

- Improved nitrogen margins in Europe
- Positive production regularity trend

The Production segment third-quarter EBITDA excluding special items and IFRS 16 impact was 48% higher than a year earlier. Upgrading margins improved significantly compared to a year earlier, primarily reflecting lower European gas prices. Finished products production was flat compared to last year, with increased reliability offset by somewhat higher turnaround activity. Ammonia production increased by 8% driven by less turnarounds.

Sales and Marketing segment

- Strong premium deliveries with improved margins
- Lower fixed cost

The Sales and Marketing segment third-quarter EBITDA excluding special items and IFRS 16 impact was 24% higher than a year earlier, reflecting improved margins which more than offset lower deliveries. Total Sales and Marketing deliveries were down 5% compared to a year earlier, primarily reflecting 8% lower deliveries in Brazil. However, commercial margins were 5% higher versus same period last year, reflecting higher realized prices and product mix. Fixed costs were lower than a year earlier.

New Business segment

- Underlying improvement in all units
- Volume and margin improvement

The New Business third-quarter EBITDA excluding special items and IFRS 16 impact was 122% higher than one year earlier, with deliveries 3% higher and commercial margins 9% higher compared to a year earlier.

Improvement program

Yara launched an extended improvement program at its Capital Markets day on 26 June. As part of this, Yara moved to reporting operational metrics on a rolling 12-month basis, to better reflect underlying performance. On a rolling 12-month basis, underlying production performance increased by 468 thousand tonnes compared with 2018, driven by increased reliability and growth.

Energy efficiency was positively impacted by increased reliability and less turnarounds, while fixed cost show a flat development. Net operating capital increased by 7 days relative to 2018, mostly due to higher inventories.

	L12M	2018
Production - ammonia (kt) 1)	7,901	7,850
Production - finished products (kt) 1)	21,287	20,870
Energy efficiency (GJ/T) 2)	33.9	33.9
Fixed cost (USD millions) 3)	2,342	2,340
Net operating capital (days) 3)	109	102

1) Production output measured on rolling 12 months, adjusted for major turnarounds and market optimization effects. Adjustments are done to better reflect the underlying production performance. Numbers exclude Qafco and Lifeco volumes. 2018 baseline includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects.
2) Energy Efficiency (GJ/t) looks at the L12M total energy consumption per ton ammonia produced.
3) For definitions of Fixed cost and Net operating capital days, refer to page 31 in the APM section.

Production volumes

Thousand tonnes	3Q 2019	3Q 2018	YTD 2019	YTD 2018
Ammonia	2,195	2,038	6,432	6,210
of which equity-accounted investees	*266*	*270*	*713*	*1,512*
Urea	1,577	1,585	4,852	4,789
of which equity-accounted investees	*382*	*373*	*1,076*	*1,157*
Nitrate	1,606	1,598	4,666	4,510
NPK	1,578	1,537	4,374	4,258
CN	410	408	1,206	1,222
UAN	258	226	710	641
SSP-based fertilizer	204	283	731	756
MAP	35	40	82	62
Total Finished Products[1)]	5,668	5,677	16,621	16,238

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

Deliveries

Deliveries excl. New Business	3Q 2019	3Q 2018	YTD 2019	YTD 2018
Thousand tonnes				
Urea	1,666	1,755	5,346	5,866
of which Yara-produced	*958*	*958*	*3,241*	*3,172*
of which equity-accounted investees	*556*	*588*	*1,605*	*1,986*
Nitrate	1,459	1,511	4,283	4,267
of which Yara-produced	*1,383*	*1,431*	*4,057*	*4,001*
NPK	2,993	3,144	7,450	7,665
of which Yara-produced compounds	*1,599*	*1,550*	*4,344*	*4,118*
of which Yara-produced blends	*1,305*	*1,487*	*2,796*	*3,227*
CN	318	307	995	972
of which Yara-produced	*312*	*303*	*980*	*957*
UAN	289	238	1,025	984
of which Yara-produced	*263*	*218*	*875*	*810*
SSP	197	517	581	827
of which Yara-produced	*123*	*488*	*418*	*744*
Ammonia	249	264	795	804
of which Yara-produced	*205*	*216*	*658*	*658*
DAP/MAP	179	218	434	459
MOP/SOP	535	479	1,021	904
Other products	827	770	2,103	1,723
Total deliveries excluding New Business	8,710	9,202	24,034	24,471
Production segment direct deliveries included above[1)]	*291*	*325*	*654*	*379*

Deliveries excl. New Business				
Thousand tonnes				
Europe	2,667	2,808	8,636	8,820
Brazil	3,485	3,836	7,613	7,292
Latin America excluding Brazil	537	657	1,481	1,863
North America	629	533	2,475	2,550
Asia	951	1,043	2,679	2,902
Africa	441	324	1,150	1,043
Total deliveries excluding New Business	8,710	9,202	24,034	24,471

For a description of the key fertilizer products, see the Yara Fertilizer Industry Handbook:
https://www.yara.com/siteassets/investors/057-reports-and-presentations/other/2018/fertilizer-industry-handbook-2018-with-notes.pdf/

New Business deliveries				
Thousand tonnes				
Urea [2)]	221	205	631	585
Nitrate [3)]	252	270	778	700
CN	116	106	309	293
Other products [4)]	50	59	148	182
Water content in Urea	416	383	1,213	1,133
Total New Business deliveries	1,056	1,024	3,080	2,893

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

Fertilizer market conditions

The Food and Agriculture Organization of the United Nations (FAO) grain price index is down 2% from third quarter last year, and 13% lower than the ten-year average. The overall food price index is up 2% on third quarter last year, and 9% below the ten-year average.

Global fertilizer demand remains supported by the need for higher food production to match the continued increase in consumption. However, grain supply is currently assessed as adequate, and as a result grain prices are below levels that could trigger significant demand rationing or stronger production. The US Department of Agriculture forecasts another modest global deficit for the 2019/20 season, with a global grain ending stocks-to-use ratio at 109 days, down 2 days from the start of the season. Excluding China, the projected ending stocks-to-use ratio at 59 days of consumption is unchanged from the start of the season.

Granular urea prices fob Egypt averaged USD 269 per tonne for third quarter, down from USD 293 per tonne last year. With limited supply growth, the global urea balance excluding China was tighter than a year ago, triggering increased Chinese urea exports with July and August up 0.9 million tonnes from only 0.2 million tonnes a year earlier. Year-to-date, China has exported 2.7 million tonnes, up from 0.9 million tonnes in the same period last year. The increase in required Chinese exports came at a lower price partly due to the weaker Chinese currency. Throughout the quarter, Chinese and global urea prices were well aligned.

Ammonia prices fob Black Sea were on average USD 215 per tonne for the quarter, compared to USD 303 per tonne last year. The ammonia market is oversupplied, with some market driven curtailments required. Margins for most producers are slim, as lower natural gas prices in Europe and elsewhere has flattened the supply curve and impacted ammonia prices negatively.

DAP prices averaged USD 327 per tonne fob US Gulf for the quarter, down from USD 432 per tonne last year. Expansions in Morocco and Saudi Arabia together with strong phosphate exports from China have resulted in oversupplied phosphate markets, and prices have declined every month since third quarter 2018.

While lower prices for sulphur and ammonia compensate partly for the drop in DAP prices, both rock prices and the upgrading margins from rock to DAP were lower during third quarter than a year earlier.

Regional market developments

Third-quarter nitrogen deliveries in Western Europe were down by an estimated 8% from third quarter last year, with imports down 4%. Compared to the last couple of seasons, there has been less interest in early buying this season.

Brazil imported 1.1 million tonnes urea during third quarter, marginally down from 1.2 million tonnes last year. Year-to-date imports were 3.5 million tonnes, in line with a year earlier.

Third-quarter urea production in China is estimated to be 10% higher than last year, with year-to-date production up 4%. The average domestic urea price for the third quarter was 5% lower than last year in local currency, 8% lower in US dollars. For the quarter, urea supply for the domestic market matched last year, as the increases in production and exports are similar.

In India, sales have been strong so far this season (April-September), up roughly 10%, based on preliminary numbers for September. As production has been stable, the import requirement has increased and India has been an active buyer during both the third quarter and into the fourth quarter.

Financial items

USD millions	3Q 2019	3Q 2018	YTD 2019	YTD 2018
Interest income	20	21	59	61
Dividends and net gain/(loss) on securities	2	-	2	3
Interest income and other financial income	22	21	61	64
Interest expense	(34)	(39)	(111)	(89)
Net interest expense on net pension liability	(2)	(2)	(7)	(5)
Net foreign currency translation gain/(loss)	(199)	(70)	(243)	(364)
Other	(12)	(6)	(21)	(16)
Interest expense and foreign currency translation gain/(loss)	(248)	(117)	(381)	(474)
Net financial income/(expense)	(226)	(97)	(321)	(410)

The variance in financial items compared with the third quarter last year relates primarily to the net foreign currency translation. The net loss this quarter stems mainly from Yara's US dollar denominated debt positions against the Norwegian krone and the Brazilian real as the US dollar appreciated noticeably against both currencies. In the same quarter last year, a moderate US dollar appreciation resulted in a lower net loss on the corresponding positions.

Interest expense was USD 5 million lower than in third quarter a year ago, mainly reflecting an average gross debt level around USD 150 million lower.

Yara's US dollar debt generating currency effects in the income statement was approximately USD 3,300 million at the start of the fourth quarter 2019. Around 50% of the exposure was towards the Norwegian krone and around 30% against Yara's emerging market currencies.

Net financial expense for the first nine months was USD 89 million lower than a year ago. The variance is mainly explained by a lower net foreign currency translation loss, partly offset by higher interest expense.

Tax

Third-quarter provisions for current and deferred taxes were USD 30 million, approximately 29% of income before tax. The tax rate is higher than previous quarter mainly due to currency effects on certain tax assets.

Net interest-bearing debt

USD millions	3Q 2019	YTD 2019
Net interest-bearing debt at the end of previous period	(4,019)	(3,794)
IFRS 16 implementation effect (1 January 2019)	-	(409)
Net interest-bearing debt at beginning of period, including IFRS 16 implementation effect	(4,019)	(4,203)
Cash earnings [1)]	480	1,248
Dividends received from equity-accounted investees	-	97
Net operating capital change	(238)	(120)
Investments (net)	(255)	(744)
Yara Dividend	-	(203)
Other, including foreign currency translation gain/(loss)	64	(43)
Net interest-bearing debt at end of period	(3,968)	(3,968)

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 14), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt at the end of third quarter was USD 3,968 million, down from USD 4,019 million at the end of the second quarter 2019.
The positive cash earnings was offset by investments and higher working capital. The increased working capital is mainly explained by a seasonal reduction in prepayments in Brazil. Investments amounted to USD 255 million, reflecting primarily regular maintenance investments. Rio Grande plant modernization and the Salitre mining project in Brazil represent around USD 93 million.

The debt/equity ratio at the end of third quarter 2019, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.46 compared with 0.44 at the end of second quarter 2019.

At the end of third quarter 2019, the net debt/EBITDA excluding special items (last 12 months) ratio is 1.92, down from 2.19 at the end of the previous quarter.

Outlook

Fertilizer industry fundamentals are attractive, as long-term population growth and dietary improvement trends drive food demand. However, cereal prices are currently 13% below the 10-year average, despite declining grain stocks outside China. At the same time, the twin challenges of resource efficiency and environmental footprint require significant agricultural productivity improvements going forward, including improved fertilizer efficiency. Yara's crop nutrition focused business model and strategy are 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 reduced significantly in several regions, especially in Europe. Based on current forward markets for natural gas (7 October) Yara's spot-priced gas costs for fourth quarter 2019 and first quarter 2020 are expected to be respectively USD 160 million lower and USD 50 million lower than a year earlier. 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 from 2019 onwards as growth projects come on stream and further operational improvements are realized. Yara launched extended improvement targets at its Capital Markets Day in June, targeting 4.2 million additional tonnes of production by 2023 compared with 2018, in addition to fixed cost savings and improvements within energy efficiency, variable cost and operating capital.

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. As part of its crop nutrition focus, Yara has announced it is evaluating an IPO of its industrial nitrogen businesses. The conclusion of a final IPO scope is expected by early 2020.

Yara's strategy incorporates a revised capital allocation policy as announced at the Capital Markets Day in June 2019, which is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as a supplemental lever. Under this revised policy, the current improved market fundamentals combined with Yara's extended improvement program and increased hurdle rate for new investments may lead to increased dividend capacity beyond ordinary payout ratio going forward.

Global nitrogen prices have been volatile the last 1-2 years, as high-cost Chinese exports have been in demand only in parts of the year. However, supply growth outside China is receding, and this is increasing demand for Chinese exports while nitrogen price volatility is reducing as a result. The global urea supply-demand balance looks set to tighten further going forward, as nitrogen supply growth is set to decline further, with lead times for new projects typically being three to five years. In addition, fertilizer demand growth is likely to pick up as increased grain production is needed to keep pace with consumption growth, and global grain stocks are relatively low, particularly excluding China.

Variance analysis and special items

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

	Fixed cost effect				EBITDA effect				Operating income effect			
USD millions	3Q 2019	3Q 2018	YTD 2019	YTD 2018	3Q 2019	3Q 2018	YTD 2019	YTD 2018	3Q 2019	3Q 2018	YTD 2019	YTD 2018
Impairment of non-current assets	-	-	-	-	-	-	-	-	(3)	(14)	(3)	(14)
Damaged inventory	-	-	-	-	-	(6)	-	(6)	-	(6)	-	(6)
Restructuring costs	-	(1)	-	(19)	-	(1)	-	(19)	-	(1)	-	(19)
Total Sales and Marketing		(1)		(19)		(7)		(25)	(3)	(21)	(3)	(39)
Release of provision related to discontinuation of pilot plant	-	-	3	-	-	-	3	-	-	-	3	-
Impairment of goodwill	-	-	-	-	-	-	-	-	(3)	-	(3)	-
Restructuring costs	-	-	-	(1)	-	-	-	(1)	-	-		(1)
Total New Business			3	(1)			3	(1)	(3)		(0)	(1)
Stamp duty on purchase of Babrala (India)	-	-	-	(9)	-	-	-	(9)	-	-	-	(8)
Contract derivatives gain/(loss)	-	-	-	-	1	1	8	4	1	1	8	2
Impairment of non-current assets	-	-	-	-	-	-	-	-	(3)	(1)	(16)	(7)
Impairment of assets held-for-sale	-	-	-	-	-	-	-	-	-	(33)	-	(33)
Dismantling provision for closed site	-	-	(8)	-	-	-	-	-	-	-	(8)	-
Environmental provisions	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Derecognition of deferred consideration	-	-	-	-	-	21	-	21	-	21	-	21
Take-or-pay compensation from customer	-	-	-	-	-	15	-	15	-	15	-	15
QAFCO tax adjustment	-	-	-	-	-	-	-	(7)	-	-	-	-
Provision for fuel taxes	-	-	-	-	(32)	-	(32)		(32)	-	(32)	-
Total Production	(6)	(6)	(14)	(15)	(37)	31	(38)	18	(40)	(3)	(54)	(16)
Portfolio management costs	(2)	-	(9)	-	(2)	-	(9)	-	(2)	-	(9)	-
Total Other	(2)	-	(9)	-	(2)	-	(9)	-	(2)	-	(9)	-
Total Yara	(8)	(7)	(20)	(35)	(39)	24	(44)	(7)	(48)	(24)	(66)	(56)

Description and reconciliation of alternative performance measures are included on page 31-36.

Condensed consolidated interim statement of income

USD millions, except share information	Notes	3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
Revenue from contracts with customers	3	3,477	3,504	9,853	9,527	12,928
Other income	5	13	41	45	64	122
Commodity based derivatives gain/(loss)		1	2	9	4	4
Revenue and other income		3,491	3,547	9,907	9,595	13,054
Raw materials, energy costs and freight expenses		(2,560)	(2,751)	(7,229)	(7,347)	(9,952)
Payroll and related costs		(277)	(292)	(862)	(904)	(1,207)
Depreciation and amortization	5,8	(231)	(192)	(683)	(593)	(807)
Impairment loss	4,5	(9)	(35)	(22)	(58)	(150)
Other operating expenses	8	(101)	(124)	(333)	(368)	(536)
Operating costs and expenses		(3,177)	(3,394)	(9,129)	(9,271)	(12,652)
Operating income		314	153	778	324	402
Share of net income in equity-accounted investees		16	26	52	54	82
Interest income and other financial income		22	21	61	64	81
Earnings before interest expense and tax		351	200	891	442	566
Foreign currency translation gain/(loss)		(199)	(70)	(243)	(364)	(278)
Interest expense and other financial items		(48)	(47)	(139)	(110)	(153)
Income before tax		104	82	509	(32)	134
Income tax		(30)	8	(119)	20	6
Net income		74	90	390	(12)	141
Net income attributable to						
Shareholders of the parent		74	98	399	2	159
Non-controlling interests		-	(8)	(9)	(14)	(19)
Net income		74	90	390	(12)	141
Basic earnings per share [1)]		0.27	0.36	1.47	0.01	0.58
Weighted average number of shares outstanding	2	272,402,637	273,217,830	272,541,043	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	3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
Net income	74	90	390	(12)	141
Other comprehensive income that may be reclassified to statement of income (net of tax)					
Currency translation adjustments	(59)	(12)	(15)	(223)	(222)
Hedge of net investments	(46)	-	(33)	3	(41)
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax	(106)	(13)	(47)	(221)	(263)
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)					
Currency translation adjustments [1)]	(139)	(2)	(97)	13	(126)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	-	-	-	(3)	(5)
Remeasurement gains/(losses) on defined benefit plans	(67)	-	(93)	-	(73)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods, net of tax	(206)	(2)	(190)	10	(203)
Total other comprehensive income, net of tax	(312)	(14)	(237)	(210)	(465)
Total comprehensive income, net of tax	(239)	76	153	(223)	(325)
Total comprehensive income attributable to					
Shareholders of the parent	(236)	90	163	(175)	(278)
Non-controlling interests	(3)	(14)	(10)	(47)	(47)
Total	(239)	76	153	(223)	(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[3]	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	-	-	-	2	2	(14)	(12)
Total other comprehensive income, net of tax	-	-	(177)	-	(177)	(33)	(210)
Long term incentive plan	-	-	-	(1)	(1)	-	(1)
Transactions with non-controlling interests	-	-	-	-	-	(1)	(2)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	2	2
Dividends distributed	-	-	-	(219)	(219)	(2)	(221)
Balance at 30 September 2018	66	(49)	(1,338)	10,146	8,825	231	9,056
Net income	-	-	-	157	157	(5)	153
Total other comprehensive income, net of tax	-	-	(187)	(73)	(260)	5	(255)
Long term incentive plan	-	-	-	1	1	-	1
Transactions with non-controlling interests	-	-	-	(7)	(7)	(5)	(12)
Transfer to retained earnings	-	-	2	(2)	-	-	-
Treasury shares [2]	-	-	-	(33)	(33)	-	(33)
Balance at 31 December 2018	66	(49)	(1,523)	10,189	8,683	227	8,910
Net income	-	-	-	399	399	(9)	390
Total other comprehensive income, net of tax	-	-	(144)	(93)	(237)	-	(237)
Long term incentive plan	-	-	-	(1)	(1)	-	(1)
Transactions with non-controlling interests	-	-	(54)	(97)	(151)	(139)	(290)
Dividends distributed	-	-	-	(203)	(203)	(1)	(204)
Balance at 30 September 2019	66	(49)	(1,721)	10,195	8,491	78	8,568

1) Par value NOK 1.70.

2) As approved by General Meeting 8 May 2018.

3) Other reserves are mainly currency translation adjustments. Other reserves also includes fair value reserve of financial assets at FVOCI, hedge of net investments, and cash flow hedges.

Condensed consolidated interim statement of financial position

USD millions	Notes	30 Sep 2019	30 Sep 2018	31 Dec 2018
Assets				
Non-current assets				
Deferred tax assets		441	412	407
Intangible assets		1,017	1,075	1,052
Property, plant and equipment	4	8,247	8,341	8,430
Right-of-use assets	8	434	-	-
Equity-accounted investees		1,022	1,032	1,027
Other non-current assets		414	453	420
Total non-current assets		11,575	11,313	11,337
Current assets				
Inventories	6	2,394	2,444	2,568
Trade receivables		1,735	1,585	1,601
Prepaid expenses and other current assets		683	626	741
Cash and cash equivalents		208	605	202
Non-current assets and disposal group classified as held-for-sale	4	3	201	206
Total current assets		5,022	5,462	5,319
Total assets		16,597	16,775	16,656

Condensed consolidated interim statement of financial position

USD millions, except share information	Notes	30 Sep 2019	30 Sep 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	4	(1,721)	(1,338)	(1,523)
Retained earnings	4	10,195	10,146	10,189
Total equity attributable to shareholders of the parent		8,491	8,825	8,683
Non-controlling interests	4	78	231	227
Total equity	2	8,568	9,056	8,910
Non-current liabilities				
Employee benefits		581	435	485
Deferred tax liabilities		413	433	416
Other long-term liabilities		273	150	201
Long-term provisions		228	173	238
Long-term interest-bearing debt	7	2,698	3,092	2,776
Long-term lease liabilities	8	325	-	-
Total non-current liabilities		4,517	4,283	4,116
Current liabilities				
Trade and other payables		1,644	1,866	1,835
Prepayments from customers		420	434	343
Current tax liabilities		78	35	63
Short-term provisions		93	93	55
Other short-term liabilities		122	96	88
Bank loans and other interest-bearing short-term debt		419	291	397
Current portion of long-term debt		640	574	824
Short-term lease liabilities	8	94	-	-
Liabilities associated with disposal group held-for-sale	4	-	-	26
Total current liabilities		3,511	3,436	3,630
Total equity and liabilities		16,597	16,775	16,656
Number of shares outstanding	2	272,402,637	273,217,830	272,697,830

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 17 October 2019

Geir Isaksen
Chairperson

Trond Berger
Vice chair

Hilde Bakken
Board member

Håkon Reistad Fure
Board member

Kimberly Lein-Mathisen
Board member

Adele Bugge Norman Pran
Board member

John Thuestad
Board member

Kari Marie Nøstberg
Board member

Eva Safrine Aspvik
Board member

Rune Bratteberg
Board member

Geir O. Sundbø
Board member

Svein Tore Holsether
President and CEO

Condensed consolidated interim statement of cash flows

USD millions	Notes	3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
Operating activities						
Operating income		314	153	778	324	402
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation and amortization		231	192	683	593	807
Impairment loss	5	9	35	22	58	150
Write-down and reversals, net		2	8	5	3	11
Income taxes paid		(9)	(1)	(96)	(71)	(110)
Dividend from equity-accounted investees		-	-	97	98	155
Change in net operating capital [1]		(238)	(327)	(119)	(109)	(428)
Interest and bank charges received/(paid)		(45)	(15)	(109)	(75)	(158)
Other		22	44	(42)	23	(74)
Net cash provided by operating activities		285	89	1,219	846	756
Investing activities						
Purchases of property, plant and equipment		(262)	(297)	(758)	(949)	(1,336)
Cash outflow on business combinations		-	-	-	(661)	(648)
Purchases of other long-term and short-term investments		(9)	(11)	(24)	(44)	(58)
Proceeds from sales of property, plant and equipment		5	5	8	9	9
Proceeds from sales of other long-term investments and subsidiaries		11	-	29	17	34
Net cash used in investing activities		(255)	(303)	(744)	(1,628)	(2,000)
Financing activities						
Loan proceeds/(repayments), net	7	(110)	(174)	(181)	1,061	1,138
Payments of lease liabilities [2]	8	(28)	-	(78)	-	-
Purchase of treasury shares		-	-	-	-	(21)
Dividends	2	-	-	(203)	(219)	(219)
Other cash transfers (to)/from non-controlling interests		-	2	(1)	-	-
Net cash from/(used in) financing activities		(138)	(172)	(462)	842	897
Foreign currency effects on cash and cash equivalents		(4)	(6)	(7)	2	5
Net increase/(decrease) in cash and cash equivalents		(112)	(393)	6	61	(341)
Cash and cash equivalents at beginning of period [3]		320	998	203	544	544
Cash and cash equivalents at end of period [3]		208	606	208	606	203
Bank deposits not available for the use of other group companies				61	30	52

1) Operating capital consists of trade receivables, inventories, trade payables and prepayments from customers.
2) In 2018, cash flows related to operational leases according to IAS 17 were included in "Net cash provided by operating activities".
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 effects of implementing IFRS 16.

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 has 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 are 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 etcetera), 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 Annual General Meeting in May 2019 approved a dividend for 2018 of NOK 1,772 million (NOK 6.50 per share), which was paid out during second quarter 2019 (USD 203 million).

On 7 May 2019, the Annual General Meeting authorized the Board of Directors to acquire up to 13,620,131 shares in the open market and from the Norwegian State. 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. Yara has not purchased own shares under the 2019 buyback program.

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 were cancelled at the Annual General meeting on 7 May 2019. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent was reduced with an additional NOK 103 million (USD 12 million) for the redemption of 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
Redeemed shares Norwegian State [2)]	(295,193)	-	(295,193)
Shares cancelled [2)]	(520,000)	520,000	-
Total at 30 September 2019	272,402,637	-	272,402,637

1) As approved by the General Meeting 8 May 2018.
2) As approved by the General Meeting 7 May 2019.

Note 3 Operating segment information

As part of Yara's 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 former Crop Nutrition units, in addition to the lines of business of Base Chemicals, Industry Reagents and Animal Nutrition (excluding South Africa) which were transferred from the former Industrial segment.

The New Business segment includes the business units Environmental Solutions, Mining Applications, Animal nutrition South Africa and Industrial Nitrates from the former Industrial 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 which are evaluated on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

Financial and operational information is 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 segment 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.

In addition to offering nitrogen-based fertilizer, the Sales and Marketing segment offers products for animal nutrition and industry solutions. Animal nutrition deliveries include urea and phosphates that are used as raw materials for feed products in both agriculture and aquaculture. Industrial solutions include products such as ammonia, urea and nitric acid used as input factors for a large range of products and applications. These deliveries have normally less price volatility because of longer term contracts.

The volume sold is mainly purchased from the Production segment based on the arm's length principle. Consequently, the Sales and Marketing segment mainly increases Yara's margins through distribution, management of working capital, and sales and marketing activities, rather than manufacturing of product. The segment is therefore 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 businesses for the benefit of Yara. Its mandate is to grow ideas, to develop new businesses, and to create new revenue streams. The main businesses in the segment sell 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 volume sold is mainly purchased from the Production segment based on the arm's–length principle. The customer contracts are to a large extent medium to long-term contracts, however products are also sold spot based on ordinary purchase orders. In some markets the segment delivers equipment and services to store or handle products.

Yara's portfolio of environmental solutions includes 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. It is typically less stable than the operating results of Yara's Sales and Marketing and New Business segments.

Other and eliminations

In the segment information, "Other and eliminations" consists mainly of cross-segment eliminations and 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 arm's-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.

USD millions	3Q 2019	3Q 2018 Restated 1)	YTD 2019	YTD 2018 Restated 1)	2018 Restated 1)
External revenue and other income					
Sales and Marketing	2,942	3,013	8,308	8,123	10,968
New Business	349	283	985	746	1,063
Production	196	248	606	722	1,017
Other and eliminations	4	3	8	5	5
Total	3,491	3,547	9,907	9,595	13,054
Internal revenue and other income					
Sales and Marketing	60	34	139	110	160
New Business	1	1	2	3	3
Production	1,725	1,725	4,923	4,484	6,183
Other and eliminations	(1,786)	(1,759)	(5,065)	(4,597)	(6,346)
Total	-	-	-	-	-
Revenue and other income					
Sales and Marketing	3,003	3,046	8,447	8,233	11,128
New Business	350	283	988	749	1,067
Production	1,921	1,973	5,530	5,206	7,200
Other and eliminations	(1,782)	(1,755)	(5,057)	(4,593)	(6,340)
Total	3,491	3,547	9,907	9,595	13,054
Operating income					
Sales and Marketing	160	116	413	353	427
New Business	49	28	121	69	103
Production	138	51	306	(49)	(35)
Other and eliminations	(33)	(41)	(62)	(48)	(93)
Total	314	153	778	324	402
EBITDA					
Sales and Marketing	214	154	580	488	613
New Business	59	26	142	77	115
Production	338	280	909	552	856
Other and eliminations	(20)	(32)	(35)	(23)	(62)
Total	591	427	1,596	1,093	1,523
Effect on EBITDA of implementing IFRS 16 2)					
Sales and Marketing	14	-	39	-	-
New Business	2	-	8	-	-
Production	10	-	26	-	-
Other and eliminations	3	-	8	-	-
Total	29	-	81	-	-
EBITDA on IAS17 basis 2)					
Sales and Marketing	200	154	540	488	613
New Business	57	26	134	77	115
Production	328	280	883	552	856
Other and eliminations	(23)	(32)	(42)	(23)	(62)
Total	561	427	1,515	1,093	1,523
Investments 3)					
Sales and Marketing	17	76	43	225	308
New Business	-	2	2	5	9
Production	251	300	686	1,331	1,723
Other and eliminations	8	7	15	27	41
Total	276	385	747	1,588	2,080
Total Assets 4)					
Sales and Marketing	4,642	4,559	4,642	4,559	4,514
New Business	542	415	542	415	450
Production	11,069	11,374	11,069	11,374	11,478
Other and eliminations	344	428	344	428	213
Total	16,597	16,775	16,597	16,775	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 receivable and accounts related to group relief.

	YTD 2019	YTD 2018 Restated [1]	2018 Restated [1]
ROIC (12-month rolling average)			
Yara [2]	6,1%	3,7%	3.8%
Sales and Marketing	14,6%	14,3%	14.4%
New Business	40,3%	22,2%	32.9%
Production	3,3%	0,8%	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 31 "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
3Q 2019							
Sales and Marketing	160	3	15	177	34	3	214
New Business	49	1	-	50	5	3	59
Production	138	11	1	151	185	3	338
Other and eliminations	(33)	-	6	(27)	7	-	(20)
Total	314	16	22	351	231	9	591
3Q 2018 Restated [3]							
Sales and Marketing	116	2	16	134	20	-	154
New Business	28	-	(4)	23	3	-	26
Production	51	24	5	80	165	35	280
Other and eliminations	(41)	-	4	(37)	5	-	(32)
Total	153	26	21	200	193	35	427
YTD 2019							
Sales and Marketing	413	6	49	468	109	3	580
New Business	121	1	-	123	16	3	142
Production	306	44	4	354	539	16	909
Other and eliminations	(62)	-	8	(54)	20	-	(35)
Total	778	52	61	891	683	22	1,596
YTD 2018 Restated [3]							
Sales and Marketing	353	6	52	411	61	15	488
New Business	69	-	-	69	8	-	77
Production	(49)	48	3	2	507	43	552
Other and eliminations	(48)	-	8	(40)	17	-	(23)
Total	324	54	64	442	593	58	1,093
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
3Q 2019				
Sales and Marketing	2,831	106	4	2,941
New Business	218	22	109	349
Production	154	16	13	183
Other and eliminations	-	-	4	4
Total	3,202	145	130	3,477
3Q 2018 Restated [1)]				
Sales and Marketing	2,906	102	1	3,009
New Business	215	22	45	283
Production	177	16	16	209
Other and eliminations	-	-	3	3
Total	3,299	140	65	3,504
YTD 2019				
Sales and Marketing	8,002	281	12	8,295
New Business	650	66	269	985
Production	472	49	44	565
Other and eliminations	-	-	8	8
Total	9,124	397	333	9,853
YTD 2018 Restated [1)]				
Sales and Marketing	7,837	270	9	8,116
New Business	598	63	85	746
Production	560	50	50	660
Other and eliminations	-	-	5	5
Total	8,995	383	149	9,527
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
3Q 2019							
Sales and Marketing	804	1,183	236	355	197	167	2,941
New Business	196	28	17	30	46	32	349
Production	40	17	6	57	62	-	183
Other and eliminations	4	-	-	-	-	-	4
Total	1,044	1,228	259	442	305	199	3,477
3Q 2018 Restated 1)							
Sales and Marketing	814	1,224	269	409	164	129	3,009
New Business	126	29	18	43	36	29	283
Production	24	19	6	74	85	-	209
Other and eliminations	3	-	-	-	-	-	3
Total	968	1,273	293	526	285	159	3,504
YTD 2019							
Sales and Marketing	2,725	2,635	647	1,037	803	448	8,295
New Business	506	83	58	121	126	92	985
Production	112	55	25	179	194	-	565
Other and eliminations	8	-	-	-	-	-	8
Total	3,352	2,772	729	1,337	1,123	540	9,853
YTD 2018 Restated 1)							
Sales and Marketing	2,713	2,363	757	1,126	756	401	8,116
New Business	361	47	47	92	115	84	746
Production	83	69	24	237	247	-	660
Other and eliminations	5	-	-	-	-	-	5
Total	3,162	2,479	828	1,455	1,118	485	9,527
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 Business initiatives

Minority buy-out

In 2018, Yara signed an agreement with the non-controlling interest in Galvani to acquire their 40% equity interest. The transaction was closed on 10 July 2019.

As part of the consideration, the non-controlling interest has taken 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. 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 to disposal group held-for-sale in 2018. A further assessment in second quarter 2019 led to an additional impairment of USD 8 million.

In addition to fair value of assets and liabilities transferred, consideration includes 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 is through Galvani providing a capital contribution to the new entity of USD 30 million as starting capital, minus adjustments for a normalized level of working capital. As of third quarter, no cash payment has been made. The cash outflow is expected to start in fourth quarter, following the payment schedule over a three years period.

The carrying amount of the non-controlling interest in Galvani at the date of closing (10 July 2019) was USD 139 million. The difference between the carrying amount and the consideration, including fair value of assets and liabilities that have been transferred, was recognized in equity attributable to shareholders of the parent. Effect on equity attributable to the shareholders of the parent in third quarter 2019 was a reduction of USD 151 million.

Equity transactions with the non-controlling interest in Galvani:

USD millions	Galvani
Carrying amount of non-controlling interests acquired/(divested)	139
Consideration	(290)
Increase/(decrease) in equity attributable to owners to the group	(151)
Presented in the statement of changes in equity:	
Increase/(decrease) to other reserves	(54)
Increase/(decrease) to retained earnings	(97)
Total	(151)

Other business initiatives

Yara announced on 26 June 2019 that it is evaluating an IPO of its industrial nitrogen businesses. The conclusion of a final IPO scope is expected early 2020.

Note 5 Specifications to the condensed consolidated interim statement of income

Other income

USD millions	3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
Sale of white certificates	11	-	26	18	35
Insurance compensations	-	-	11	-	27
Derecognition of contingent consideration related to Galvani	-	21	-	21	21
Change in fair value of contingent consideration related to Galvani	-	-	-	-	15
Take-or-pay compensation from customer	-	15	-	15	15
Other	3	4	8	9	9
Total	13	41	45	64	122

Depreciation and amortization

USD millions	3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
Depreciation of property, plant and equipment	(192)	(180)	(572)	(555)	(755)
Depreciation of right-of-use assets	(27)	-	(77)	-	-
Amortization of intangible assets	(12)	(12)	(35)	(38)	(52)
Total depreciation and amortization	(231)	(192)	(683)	(593)	(807)

Impairment loss

USD millions	3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
Impairment loss tangible assets	(6)	(22)	(22)	(47)	(136)
Impairment loss goodwill and intangible assets	(3)	(13)	(3)	(13)	(16)
Reversal of impairment loss	-	-	3	1	3
Total impairment loss	(9)	(35)	(22)	(58)	(150)

Note 6 Inventories

USD millions	30 Sep 2019	30 Sep 2018	31 Dec 2018
Finished goods	1,235	1,270	1,416
Work in progress	52	53	54
Raw materials	1,107	1,120	1,098
Total	2,394	2,444	2,568
Write-down			
Balance at 1 January	(24)	(27)	(27)
Reversal/(write-down), net	(1)	4	2
Foreign currency translation gain/(loss)	1	1	1
Closing balance	(23)	(22)	(24)

Note 7 Long-term debt

Contractual payments on long-term debt

USD millions	Debentures	Bank Loans	Other LT loans	Total
2020	-	9	-	9
2021	78	54	2	134
2022	267	195	-	461
2023	-	45	-	45
2024	179	181	21	380
Thereafter	1,607	61	-	1,669
Total	2,131	544	23	2,698

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

In July, Yara signed a new USD 1,100 million multicurrency syndicated revolving credit facility with a tenor of 5+1+1 years, replacing the USD 1,250 million revolving credit facility established in 2013. The new facility remains fully undrawn, as does the USD 250 million facility maturing in 2021. In addition, Yara has unused short-term credit facilities with various banks totaling approximately USD 485 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	30 Sep 2019
Long-term interest-bearing debt	2,776	350	-	-	(10)	1	(7)	(413)	2,698
Bank loans and other interest-bearing short-term debt	397	28	-	-	(5)	-	-	-	419
Current portion of long-term debt	824	(558)	-	-	(36)	-	(2)	413	640
Total liabilities from financing activities	3,997	(181)	-	-	(51)	1	(9)	-	3,757

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 15-16.

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	-	-	11	25
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 and lease modifications	24	19	5	9	15	7	79
Depreciation	(5)	(6)	(14)	(21)	(19)	(12)	(77)
Foreign currency translation gain/(loss)	(4)	-	(4)	(1)	(2)	(3)	(14)
Balance at 30 September 2019	139	33	86	72	49	55	434

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 2019	344	88	432
Additions and lease modifications	79	-	79
Reclassification to short-term	(85)	85	-
Lease payments	-	(78)	(78)
Foreign currency translation gain/(loss)	(12)	(1)	(13)
Balance at 30 September 2019	325	94	419

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 amounts to USD 4 million in third quarter and USD 11 million year to date.

Leases expensed in the period

Leases expensed amounts to USD 22 million in third quarter and USD 67 million year to date. The expensed leases refer 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 at 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 amount 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.

IFRS 16 adjustment for each financial statement line item

Consolidated statement of income

USD millions	3Q 2019 As reported (IFRS 16)	Impact IFRS 16	3Q 2019 Adjusted (IAS 17)	3Q 2018 As reported (IAS 17)
Other operating expenses	(101)	(29)	(130)	(124)
EBITDA	591	(29)	561	427
Depreciation and amortization	(231)	27	(204)	(192)
Operating income	314	(2)	312	153
Interest expense and other financial items	(48)	4	(45)	(47)
Income before tax	104	2	105	82

USD millions	YTD 2019 As reported (IFRS 16)	Impact IFRS 16	YTD 2019 Adjusted (IAS 17)	YTD 2018 As reported (IAS 17)
Other operating expenses	(333)	(81)	(414)	(368)
EBITDA	1,596	(81)	1,515	1,093
Depreciation and amortization	(683)	77	(606)	(593)
Operating income	778	(4)	774	324
Interest expense and other financial items	(139)	11	(128)	(110)
Income before tax	509	7	516	(32)

IFRS impact on EBITDA for the Group's operating segments are included in note 3 Segment information.

Consolidated statement of financial position

USD millions	1 Jan 2019 Opening balance (IFRS 16)	Impact IFRS 16	31 Dec 2018 As reported (IAS 17)	30 Sep 2019 As reported (IFRS 16)	Impact IFRS 16	30 Sep 2019 Adjusted (IAS 17)
Property, plant & equipment	8,404	25	8,430	8,247	24	8,271
Right-of-use assets	447	(447)	-	434	(434)	-
Prepaid expenses and other current assets	729	13	741	683	12	695
Total assets	17,065	(409)	16,656	16,597	(398)	16,199
Long-term interest bearing debt	2,759	17	2,776	2,698	14	2,713
Long-term lease liabilities	344	(344)	-	325	(325)	-
Bank loans and other short-term interest bearing debt	391	6	397	419	6	425
Other short-term liabilities	88	-	88	122	(2)	120
Short-term lease liabilities	88	(88)	-	94	(94)	-
Total equity and liabilities	17,065	(409)	16,656	16,597	(402)	16,195

Note 9 Provisions and contingencies

Several subsidiaries are engaged in juridical and administrative proceedings related to various disputed tax matters where the probability of cash outflow is not considered probable. In addition, Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions. Except from the case mentioned specifically below, there are no significant changes to Yara's contingent liabilities and contingent assets compared with year-end 2018.

During a recent internal review of a Yara production facility's compliance with energy taxes, Yara discovered what currently appears as a misinterpretation of the relevant rules. As soon as the possible misinterpretation was discovered, Yara made disclosure to the relevant authority. If this possible misinterpretation is confirmed, Yara has paid too low energy taxes over a period of time. The internal assessment and the process towards the authorities are in their early stages and Yara has not yet concluded on the legal basis. However, based on the preliminary legal assessment, Yara has made a provision in the third quarter of USD 32 million which is included within the line "Raw materials, energy costs and freight expenses" in the Statement of Income. In addition, Yara has provided for calculated interests of USD 3 million which is presented as part of "Interest expense and other financial items" in the same statement. Given the early stage of the process, new information may or may not lead to higher or lower provisions.

Note 10 Employee benefits

By the end of third quarter, the defined benefit obligations have been remeasured using revised discount rates in order to capture a significant reduction in yield on high quality corporate bonds observed both during the quarter and year-to-date. The net remeasurement loss of the quarter is recognized as an increase in net liability of USD 84 million and a negative effect in other comprehensive income of USD 67 million (after tax).

Year-to-date increase to the gross employee benefit liability is USD 248 million, which is partly offset by a positive return on plan assets of USD 130 million in excess of what is recognized as interest income on plan assets. The net impact to other comprehensive income is a remeasurement loss of USD 93 million (after tax). The reason for the increase in defined benefit obligations is declining discount rates in the Euro zone and the UK of approximately 1% points on a year-to-date basis. Complete actuarial valuations of all long-term employee benefit obligations will be recognized in the fourth quarter 2019.

Quarterly historical information

EBITDA

USD millions	3Q 2019	2Q 2019	1Q 2019	4Q 2018 [1)]	3Q 2018 [1)]	2Q 2018 [1)]	1Q 2018 [1)]
Sales and Marketing	214	196	170	125	154	157	177
New Business	59	37	46	39	26	29	22
Production	338	306	265	305	280	119	153
Other and eliminations	(20)	2	(17)	(39)	(32)	(9)	18
Total	591	541	465	430	427	296	370

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

Results

USD millions, except per share information	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Revenue and other income	3,491	3,402	3,014	3,459	3,547	3,192	2,856
Operating income	314	266	198	78	153	38	134
EBITDA	591	541	465	430	427	296	370
Net income after non-controlling interests	74	230	96	157	98	(211)	116
Basic earnings per share	0.27	0.84	0.35	0.58	0.36	(0.77)	0.42

Alternative performance measures

Yara makes regular use of certain non-GAAP alternative financial performance measures (APMs), both in absolute terms and comparatively from period to period. The APMs used are the following:

- Operating income
- EBITDA
- EBITDA exclusive special items
- Return on invested capital (ROIC)
- Basic earnings per share exclusive currency and special items
- Net interest-bearing debt
- Net debt/equity ratio
- Net debt/EBITDA exclusive special items
- Fixed cost
- Net operating capital (days)

Definitions and explanations for use of the APMs are described below. Reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements are provided on the following pages.

Operating income

Operating income is directly identifiable from Yara's consolidated statement of income and is considered to be key information in order to understand the Group's financial performance. It provides performance information which covers all activities which normally are to be considered as "operating". Share of net income in equity-accounted investees is however not included.

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is used for providing consistent information on Yara's operating performance and debt servicing ability which is relative to other companies and frequently used by securities analysts, investors and other stakeholders. EBITDA, as defined by Yara, includes operating income, interest income from external customers, 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 exclusive special items

EBITDA exclusive special items is an adjusted EBITDA measurement which is used in the internal financial reporting to management and which Yara also considers to be relevant for external stakeholders. It aims to better mirror the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. See section "Variance analysis and special items" for details on special items.

ROIC

With effect from 2019, Yara replaced the previous CROGI and ROCE performance measures with Return on Invested Capital (ROIC). The rationale for the change is that ROIC enables better benchmarking with comparable companies and businesses, 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.

NOPAT and average invested capital are defined and reconciled as components in reporting ROIC as an APM. They are not considered to be separate APMs.

Basic earnings per share excluding currency and special items

Earnings per share excluding currency and special items is an adjusted EPS measurement which Yara considers to be relevant for both internal and external stakeholders as it aims to mirror the underlying performance in the reported period, adjusting for currency effects and items which are not primarily related to the period in which they are recognized. This APM 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 simplicity.

Capital structure measures

Yara reports the Group's net interest-bearing debt, net debt/equity ratio and net debt/EBITDA ratio to provide information on the Group's financial position as reference to the targeted capital structure as communicated in Yara's financial policy. In addition, Yara's reporting of net interest-bearing debt highlights key development factors which are considered to be relevant supplements to the consolidated statement of cash flows. 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, and lease liabilities. The net debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests. The Net Debt/EBITDA ratio is calculated as net interest-bearing debt divided by EBITDA exclusive special items.

Fixed costs and net operating capital (days)

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives, the Yara Improvement Program. At its Capital Markets Day on 26 June 2019, Yara launched an extended version of this program which distinguish between three defined pillars; a) Higher production returns and lower variable costs, b) Leaner cost base, and c) Smarter working capital management. At the same time, Yara moved to reporting operational metrics on underlying value drivers to provide information on project performance to management, and which Yara also considers to be relevant for external stakeholders. The operational metrics are reported on a rolling 12-months basis and include production volume (kt), energy efficiency (Gj/T), fixed cost (USD millions) and net operating capital (days). The fixed cost and net operating capital metrics represent financial alternative performance measures.

Fixed cost is defined as the subtotal "operating costs and expenses" in the consolidated income statement minus variable product cost (raw materials, energy, freight), other variable operating expenses, depreciation, amortization and impairment loss. The reported amounts are adjusted for items which are not considered to be part of underlying business performance for the period (see section "Variance analysis and special items" for details on special items), currency effects, and items which relate to portfolio and structural changes. The currency effects are calculated by converting from local currency to reporting currency using baseline exchange rates as of 2018. The portfolio and structural changes refer to the acquisition of the Vale Cubatão Fertilizantes complex in Brazil and the ammonia plant in Freeport. Furthermore, the fixed cost amount reported for 2018 is adjusted for IFRS 16 effects equal to the estimate for 2019.

Net operating capital days are reported on a 12-months average basis and is defined as the net of credit days, inventory days and payable days. Credit days are calculated as trade receivables, adjusted for VAT payables, relative to total revenue and interest income from customers. Inventory days are calculated as the total inventory balance relative to product variable costs. Payable days are calculated as trade payables relative to supplier related operating costs and expenses.

Reconciliation of operating income to EBITDA excluding effect of special items

USD millions		3Q 2019	3Q 2018	Oct 2018–Sep 2019	Oct 2017–Sep 2018	2018
Operating income		314	153	857	383	402
Share of net income in equity-accounted investees		16	26	80	67	82
Interest income and other financial income		22	21	78	82	81
Earnings before interest expense and tax (EBIT)		351	200	1,015	532	566
Depreciation and amortization 1)		231	193	897	777	807
Impairment loss 2)		9	35	114	96	150
Earnings before interest, tax and depreciation/amortization (EBITDA)		591	427	2,026	1,405	1,523
Special items included in EBITDA 3)		39	(24)	39	45	2
EBITDA, excluding special items	A	630	402	2,064	1,450	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 section "Variance analysis and special items" for details on special items.

Reconciliation of operating income to EBITDA excluding effect of special items

USD millions		YTD 2019	YTD 2018	2018
Operating income		778	324	402
Share of net income in equity-accounted investees		52	54	82
Interest income and other financial income		61	64	81
EBIT		891	442	566
Depreciation and amortization 1)		683	593	807
Impairment loss 2)		22	58	150
EBITDA		1,596	1,093	1,523
Special items included in EBITDA 3)		44	7	2
EBITDA excluding special items	A	1,640	1,100	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 section "Variance analysis and special items" for details on special items.

Reconciliation of operating income to net operating profit after tax

USD millions		3Q 2019	3Q 2018	Oct 2018–Sep 2019	Oct 2017–Sep 2018	2018
Operating income		314	153	857	383	402
Amortization and impairment of intangible assets		12	18	51	68	60
Interest income from external customers		14	17	62	69	69
Calculated tax cost (25% flat rate) on items above		(85)	(47)	(242)	(130)	(133)
Share of net income in equity-accounted investees		16	26	80	67	82
Net operating profit after tax (NOPAT)	B	270	166	808	457	481
Annualized NOPAT	C=Bx4	1,080	666			
12-month rolling NOPAT	C			808	457	481

Reconciliation of net income to net operating profit after tax

USD millions		3Q 2019	3Q 2018	Oct 2018–Sep 2019	Oct 2017–Sep 2018	2018
Net income		74	90	543	102	141
Amortization and impairment of intangible assets		12	18	51	68	60
Interest income from external customers		14	17	62	69	69
Interest income and other financial items		(22)	(21)	(78)	(82)	(81)
Interest expense and other financial items		48	47	182	135	153
Foreign currency translation (gain)/loss		199	70	156	334	278
Income tax, added back		30	(8)	133	(39)	(6)
Calculated tax cost (25% flat rate)		(85)	(47)	(242)	(130)	(133)
Net operating profit after tax (NOPAT)	B	270	166	808	457	481
Annualized NOPAT	C=Bx4	1,080	666			
12-month rolling NOPAT	C			808	457	481

Reconciliation of invested capital and ROIC calculation

		3-month average		12-month average		
USD millions		3Q 2019	3Q 2018	Oct 2018–Sep 2019	Oct 2017–Sep 2018	2018
Total current assets		5,421	5,520	5,493	5,035	5,281
Cash and cash equivalents		(267)	(817)	(351)	(552)	(573)
Normalized level of operating cash		200	200	200	200	200
Total current liabilities		(3,841)	(3,536)	(3,728)	(3,066)	(3,255)
Bank loans and other interest-bearing short-term debt		463	370	401	525	467
Current portion of long-term debt		648	572	730	219	373
Short-term lease liabilities		92	-	59	-	-
Property, plant and equipment		8,361	8,352	8,369	8,120	8,277
Right-of-use assets		421	-	280	-	-
Goodwill		842	874	847	913	913
Equity-accounted investees		1,014	1,034	1,018	1,055	1,041
Invested capital	D	13,356	12,570	13,317	12,450	12,725
Return on invested capital (ROIC)	E=C/D	8.1 %	5.3 %	6.1 %	3.7 %	3.8 %

Reconciliation of EBITDA to income before tax

USD millions		3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
EBITDA		591	427	1,596	1,093	1,523
Depreciation and amortization [1)]		(231)	(193)	(683)	(593)	(807)
Impairment loss [2)]		(9)	(35)	(22)	(58)	(150)
Foreign currency translation gain/(loss)		(199)	(70)	(243)	(364)	(278)
Interest expense and other financial items		(48)	(47)	(139)	(110)	(153)
Income before tax		104	82	509	(32)	134

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

Reconciliation of operating costs and expenses to fixed cost

USD millions		Oct 2018–Sep 2019	2018
Operating costs and expenses		12,510	12,652
Variable part of Raw materials, energy costs and freight expenses		(9,162)	(9,259)
Variable part of Other operating expenses		(35)	(36)
Depreciation and amortization		(897)	(807)
Impairment loss		(114)	(150)
Currency effects (using baseline exchange rates as of 2018)		84	-
Special items within fixed cost		(30)	(44)
Estimated IFRS 16 effects		(9)	(85)
Adjustment for portfolio and structural changes		(4)	68
Fixed cost		2,342	2,340

Reconciliation of Net operating capital days

USD millions		Oct 2018–Sep 2019	2018
Trade receivables as reported		1,735	1,601
Adjustment for VAT payables		(66)	(90)
Adjustment for 12-months average		4	(14)
Adjusted trade receivables (12-months average)	F	1,673	1,497
Revenue from contracts with customers		13,255	12,928
Interest income from external customers		62	69
Total revenue and interest income from customers	G	13,317	12,997
Credit days	H=(F/G)*365	46	42
Inventories as reported		2,394	2,568
Adjustment for 12-months average		146	(146)
Inventories (12-months average)	I	2,539	2,422
Raw materials, energy costs and freight expenses		9,834	9,952
Fixed product costs and freight expenses external customers		(1,628)	(1,683)
Product variable costs	J	8,206	8,269
Inventory days	K=(I/J)*365	113	107
Trade and other payables as reported		1,644	1,835
Adjustment for other payables		(393)	(360)
Adjustment for 12-months average		223	(72)
Trade payables (12-months average)	L	1,473	1,403
Operating costs and expenses		12,510	12,652
Depreciation and amortization [1)]		(897)	(807)
Impairment loss [2)]		(114)	(150)
Other non-supplier related costs		(727)	(745)
Operating costs and expenses, adjusted	M	10,772	10,950
Payable days	N=(L/M)*365	50	47
Net operating capital days	O=H+K+N	109	102

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		30 Sep 2019	30 Sep 2018	31 Dec 2018
Trade receivables		1,735	1,585	1,601
Inventories		2,394	2,444	2,568
Trade payables [1]		(1,251)	(1,527)	(1,475)
Prepayments from customers		(420)	(434)	(343)
Net operating capital [2]		2,457	2,068	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		30 Sep 2019	30 Sep 2018	31 Dec 2018
Cash and cash equivalents		208	605	202
Bank loans and other short-term interest-bearing debt		(419)	(291)	(397)
Current portion of long-term debt		(640)	(574)	(824)
Short-term lease liabilities		(94)	-	-
Long-term interest-bearing debt		(2,698)	(3,092)	(2,776)
Long-term lease liabilities		(325)	-	-
Net interest-bearing debt	P	(3,968)	(3,351)	(3,794)

Net debt/equity ratio

USD millions		30 Sep 2019	30 Sep 2018	31 Dec 2018
Net interest-bearing debt	P	(3,968)	(3,351)	(3,794)
Total equity	Q	(8,568)	(9,056)	(8,910)
Net debt/equity ratio	R=P/Q	0.46	0.37	0.43

Net debt/EBITDA excluding special items ratio

USD millions		30 Sep 2019	30 Sep 2018	31 Dec 2018
Net interest-bearing debt	P	(3,968)	(3,351)	(3,794)
EBITDA, excluding special items (last 12 months)	A	2,064	1,450	1,525
Net debt/EBITDA excluding special items ratio	S=(P)/A	1.92	2.31	2.49

Earnings per share

USD millions, except earnings per share and number of shares		3Q 2019	3Q 2018	YTD 2019	YTD 2018	2018
Weighted average number of shares outstanding	T	272,402,637	273,217,830	272,541,043	273,217,830	273,169,994
Net income attributable to shareholders of the parent	U	74	98	399	2	159
Foreign currency translation gain/(loss)	V	(199)	(70)	(243)	(364)	(278)
Tax effect on foreign currency translation	W	55	19	63	97	77
Non-controlling interest share of foreign currency (gain)/loss, net after tax	X	-	(1)	(1)	(3)	(3)
Special items within income before tax [1]	Y	(48)	(10)	(66)	(61)	(148)
Tax effect on special items	Z	10	12	15	23	37
Special items within income before tax, net after tax	AA=Y+Z	(37)	1	(51)	(38)	(112)
Non-controlling interest's share of special items, net after tax	AB	-	(9)	(2)	(9)	(9)
Net income excluding currency and special items	AC=U–V–W+X–AA +AB	255	138	626	296	460
Basic earnings per share	AD=U/T	0.27	0.36	1.47	0.01	0.58
Basic earnings per share excluding foreign currency and special items	AE=AC/T	0.94	0.50	2.30	1.08	1.68

1) See section "Variance analysis and special items" for details on special items.

Notes

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