



Knowledge grows

# Capital Markets Day 2019

London 26 June 2019



# Agenda

Section	Time	Presenters
1. Strategy update	Start 08:30	<b>Holsether</b>
2. Driving value growth		<b>Knutsen/Hanzen</b>
3. Improving operations		<b>Andersen/Røsæg</b>
Coffee break	10:20-10:50	
4. Portfolio review		<b>Bonte</b>
5. Capital allocation & returns		<b>Røsæg</b>
6. Wrap-up		<b>Holsether</b>
7. Q&A	End 12:00	<b>All presenters</b>



Knowledge grows

## Strategy update

The Crop Nutrition  
Company for the Future

Svein Tore Holsether



# The Crop Nutrition Company for the Future

Delivering improved returns as a focused company

## Crop Nutrition Focus

### Improvement

- Capturing the full value of our growth investments
- Extending productivity, cost and capital improvements beyond 2020

### Value

- Strengthening our crop-focused solutions and market positions, further reinforcing resilient Sales & Marketing earnings

### Growth

- Driving collaborative growth through food-chain partnerships and digital capability

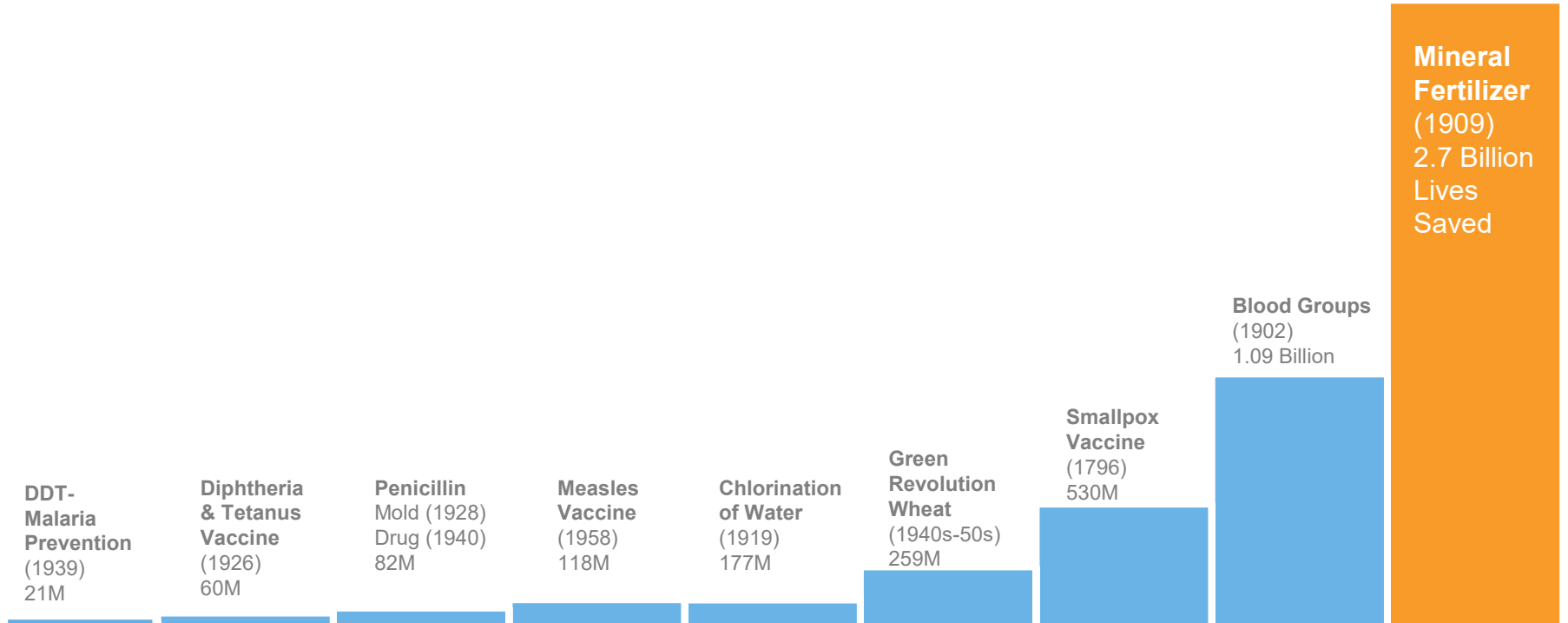
## Industrial Focus

### Evaluating IPO of industrial business

- First major integrated industrial nitrogen-player
- A leading player with the highest value proposition in core markets
- Solid European platform as fundament to achieve a strong global position
- Attractive market portfolio balancing stability & growth

Improved returns  
Clear principles for capital allocation

# Agriculture has delivered huge benefits to humankind over the past 100 years



# The agricultural sector is facing several fundamental changes

## Climate Change



CC impacts how and where crops can be grown, and demands agricultural efficiency improvements

*Yara's premium products, knowledge and solutions reduce emissions, preserve resources and address specific challenges like water stress*

## Circular Economy



Increased awareness and need for nutrient recycling

*Yara is contributing its knowledge and experience in partnerships to develop new crop nutrition business models, e.g. based on urban waste streams*

## Technology in agriculture



Digital solutions change how farmers operate

*Innovative digital technology and solutions combine ideally with Yara's unrivalled global on-field presence and crop nutrition knowledge*

## Food value chain integration



Increasing consumer demands: quality, environmental impact, traceability

*Yara's global on-field presence and crop nutrition knowledge make it an ideal partner for food producers and retailers*

# Our Corporate Strategy is evolving to meet these challenges



# The Crop Nutrition Company for the Future

## Our Strategy

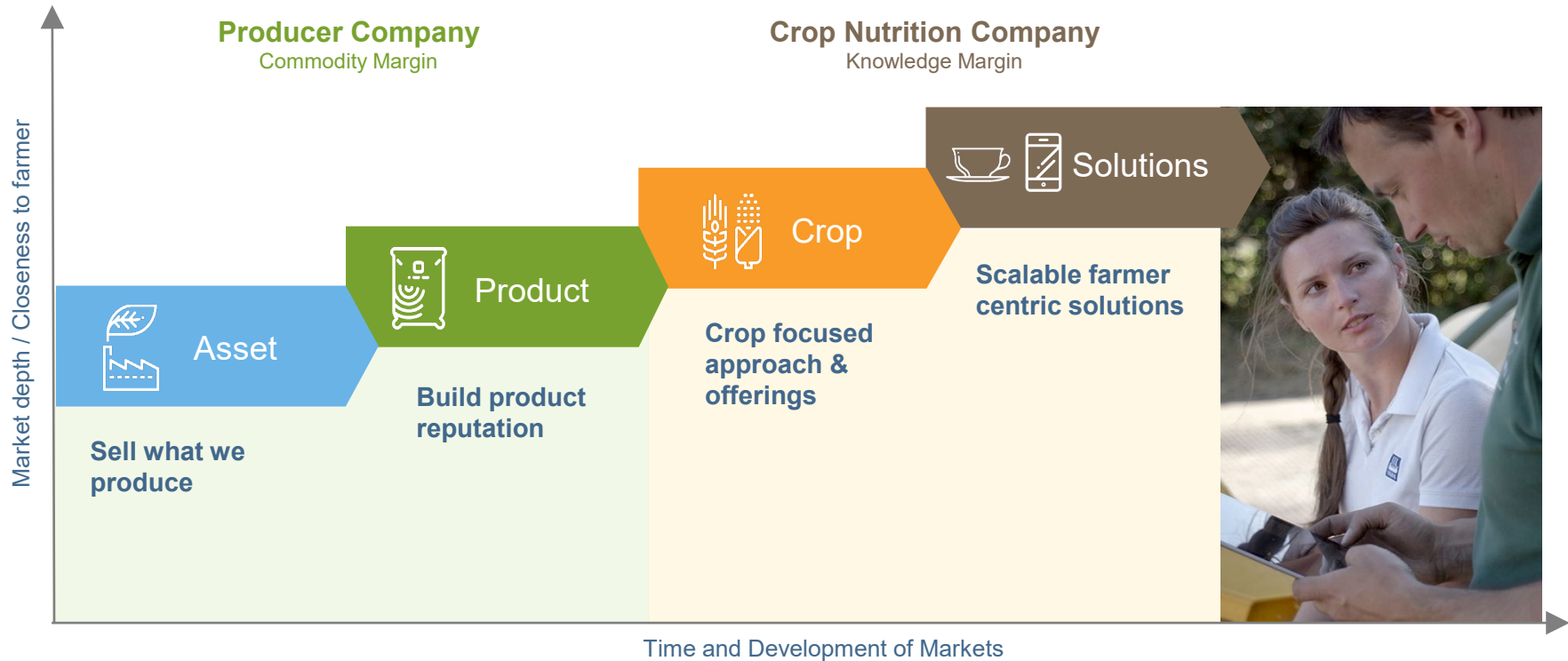
- Yara's strategy is to become the **Crop Nutrition Company for the Future**, delivering sustainable crop nutrition solutions to farmers and industry, while delivering superior return on capital
- Crop nutrition solutions include products, knowledge and services including digital farming tools that enable farmers to optimize crop yield, resource efficiency and financial return
- Yara operates an integrated business model, with value creation focused on three strategic priorities - advancing *operational excellence*, creating *scalable solutions* and driving *innovative growth*

## Strategic Priorities

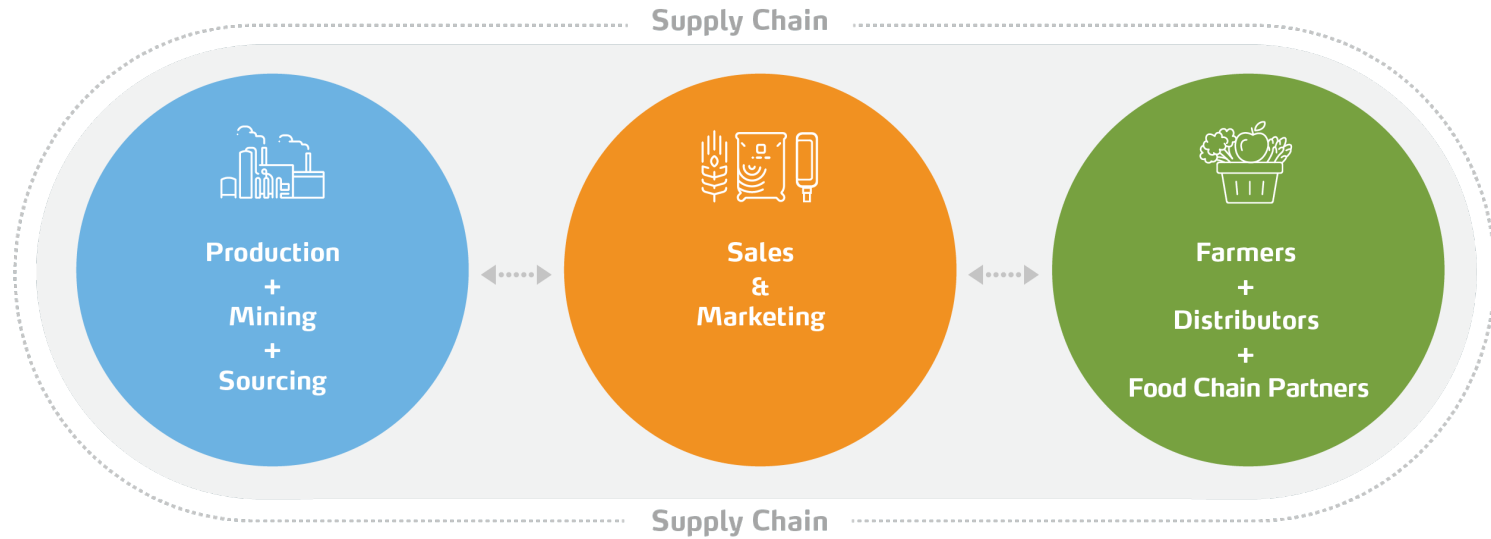




# Our journey from pure producer to the Crop Nutrition Company for the Future



# Our integrated business model combines production of premium products with a farmer centric approach

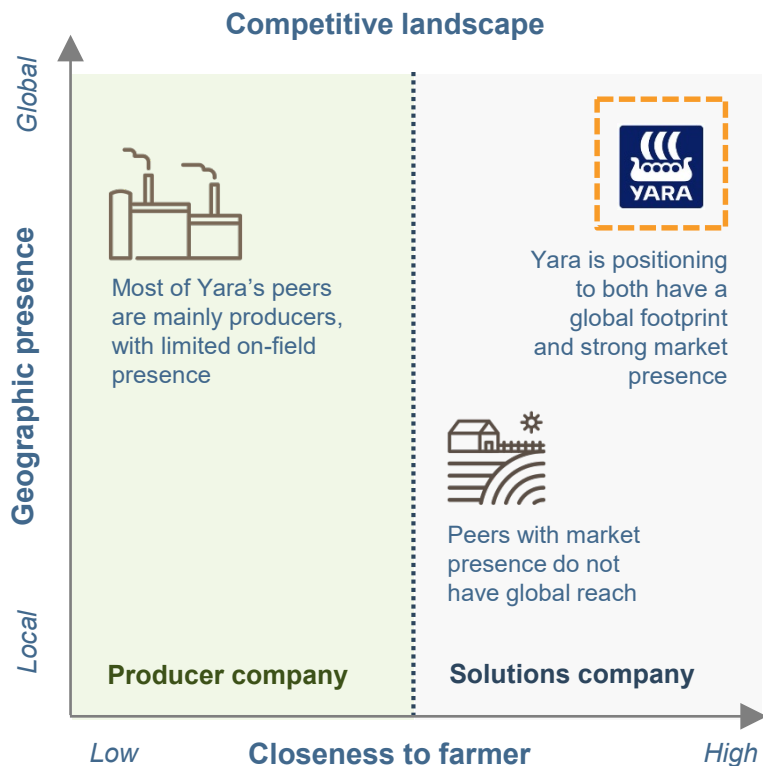


# Our business model creates value from factory to field

	Value drivers:	EBITDA (MUSD)	Examples:
Sales & Marketing	<b>Knowledge margin</b> Capture knowledge margin by providing crop nutrition solutions covering both product, knowledge and services based on deep insight of farmer and customer needs	613	<ul style="list-style-type: none"> <li>Consistent NPK premiums and high margin knowledge intensive micro nutrients</li> <li>Holistic solutions enabled by digital tools</li> </ul>
	<b>Shortening the distribution chain</b> Avoid unnecessary layers between Yara and the farmer and design go to market channels that add value and scale up Yara's farmer reach		<ul style="list-style-type: none"> <li>Doubling EBITDA in Thailand by selling to 150 retailers rather than one importer</li> </ul>
	<b>Infrastructure and logistical margin</b> Scale, optimization and consistent presence through infrastructure around the globe		<ul style="list-style-type: none"> <li>Close to 200 infrastructure points ensure logistical scale and lower freight costs</li> </ul>
Production	<b>Production and sourcing</b> Safety, productivity, high quality product portfolio, and sourcing strength	856	<ul style="list-style-type: none"> <li>Systematic productivity improvements across 28 sites</li> <li>Global sourcing strength provides attractive raw material prices</li> </ul>

2018

# We are uniquely positioned to create value



## Yara's competitive edge

Unique global presence and farmer interaction

Unrivalled global agronomic crop knowledge

Crop-specific nutrition solutions based on a differentiated and sustainable product portfolio

Integrated business model

New innovative business models

## Proof points

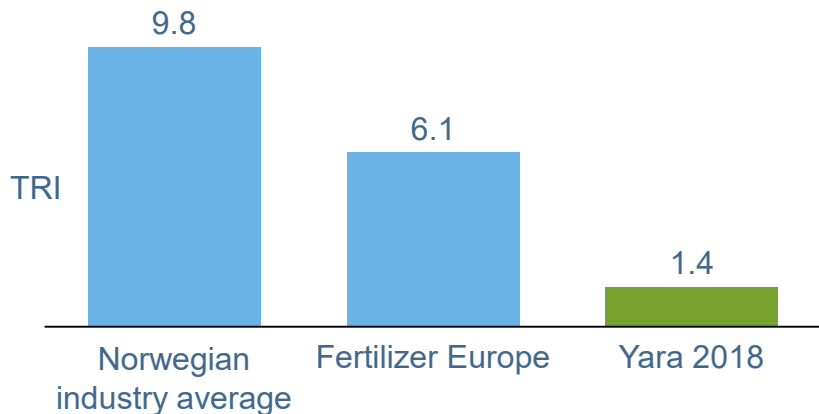
- ✓ Sales to **+160 countries**
  - ✓ **+60 countries** with operations
  - ✓ **9,000** fully branded retail outlets<sup>1</sup>
  - ✓ Sales to **20 million** farmers
- 
- ✓ 870 sales agronomists on the ground
  - ✓ Pioneered agricultural growth and production for 114 years
- 
- ✓ Global #1 in nitrates and NPK
- 
- ✓ Global optimization of production and market margins; reduces volatility
- 
- ✓ Digital farming and value chain collaboration initiatives with leading global partners



# Our Commitments: Safety

Ensuring a safe workplace environment for employees and partners

Striving toward zero accidents with no fatalities and Total Reported Incidents (“TRI”) <1.2 by 2025



# Our Commitments: Diversity, Engagement and Compliance

## Empowering an engaged, respected and diverse workforce

- Engagement index<sup>1</sup> >80% by 2025
- Minimum 20% of female top managers by 2020 and 25% by 2025

## Ethics and compliance is our license to operate

- Zero tolerance for corruption
- Commitment to respect human rights in our own operations and our supply chain



# Our Ambition: towards climate neutrality



Yara's total greenhouse gas emissions halved by almost eliminating N<sub>2</sub>O

**Past 15 years**



Further improving on world leading performance by CO<sub>2</sub> reduction target

**Present**

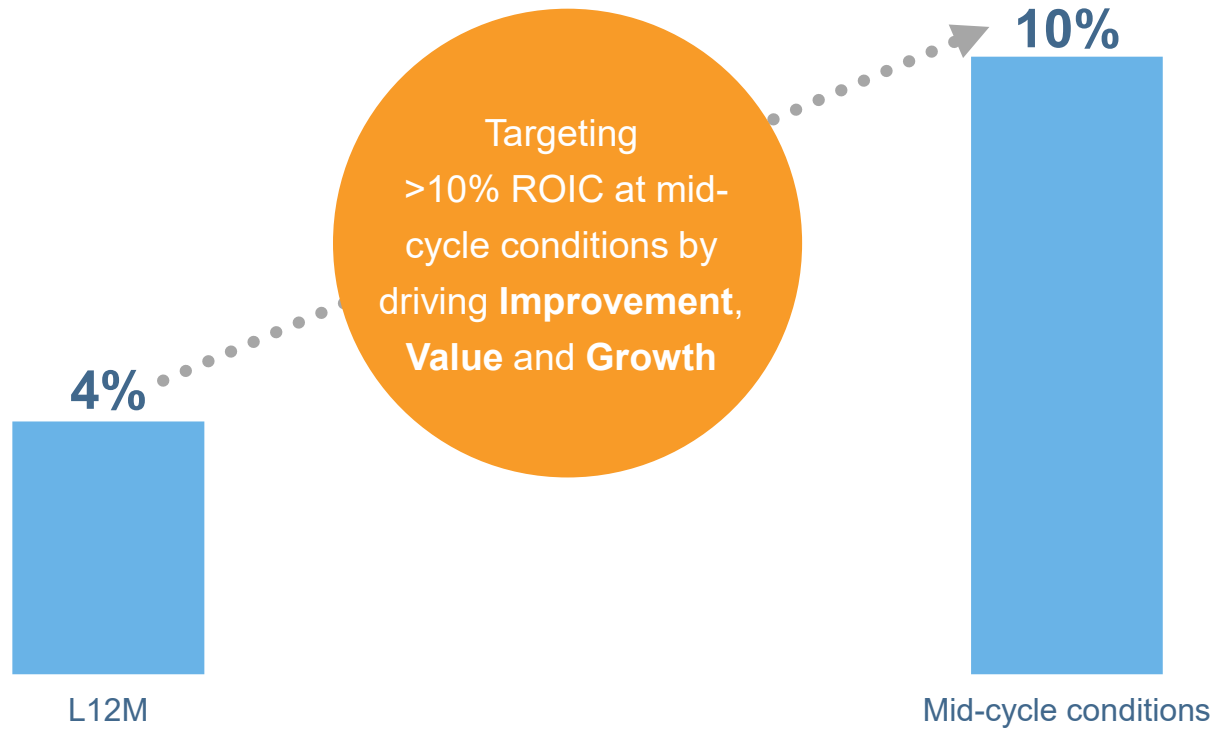


Ambition to become climate neutral by 2050

**Future**

# We will deliver improved returns

Return on Invested Capital (ROIC)







**Knowledge grows**

## Driving value growth

Strengthening our crop-focused solutions, food-chain partnerships and digital capability

Terje Knutsen

Lair Hanzen



# Our terminal footprint is the key to secure other value creation levers

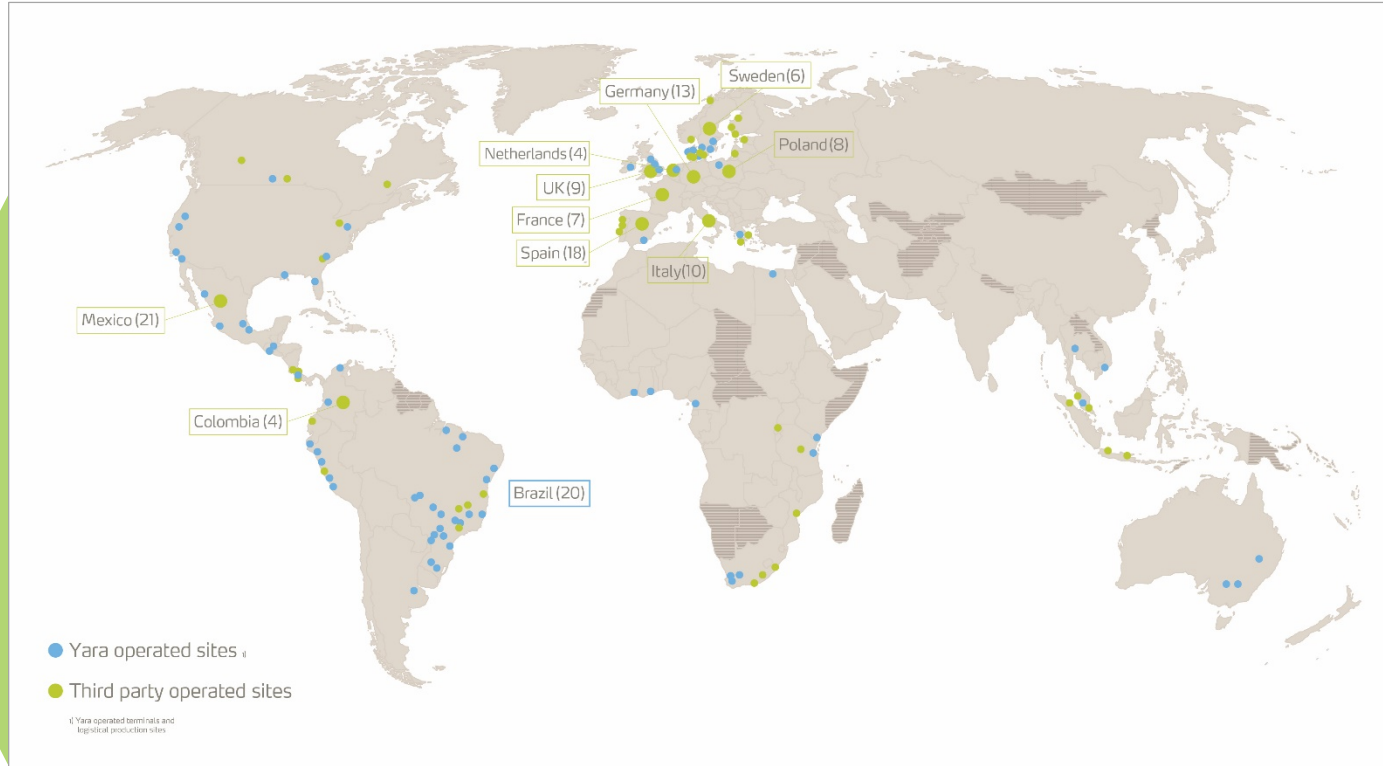
## Value drivers

Knowledge margin

Shortening the distribution chain

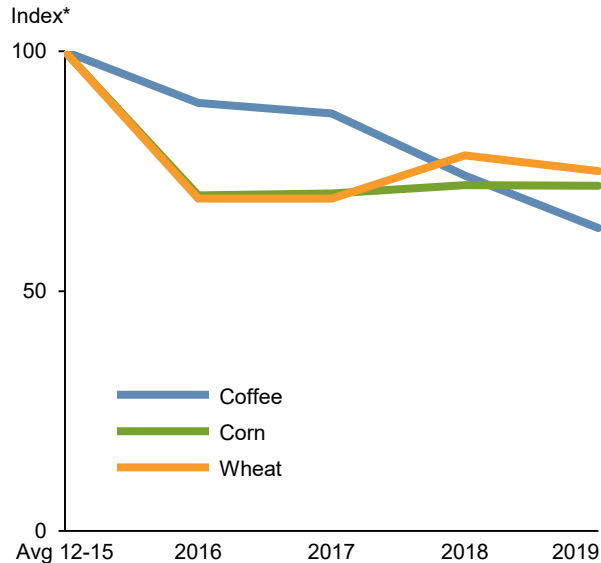
Infrastructure and logistical margin

Production and sourcing

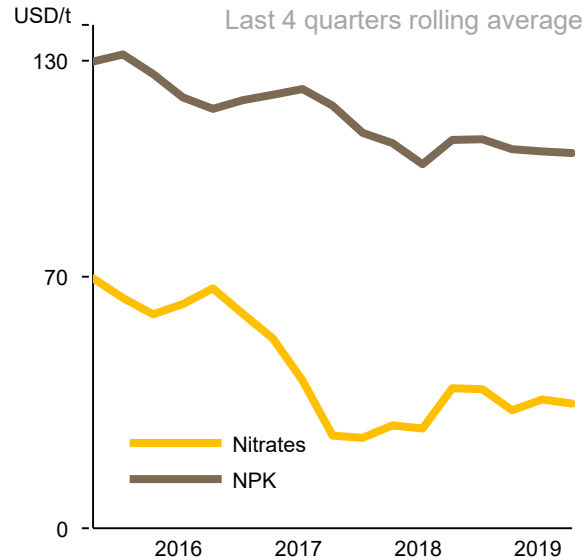


# Sales & Marketing contributes with resilient earnings despite deteriorating farmer economics

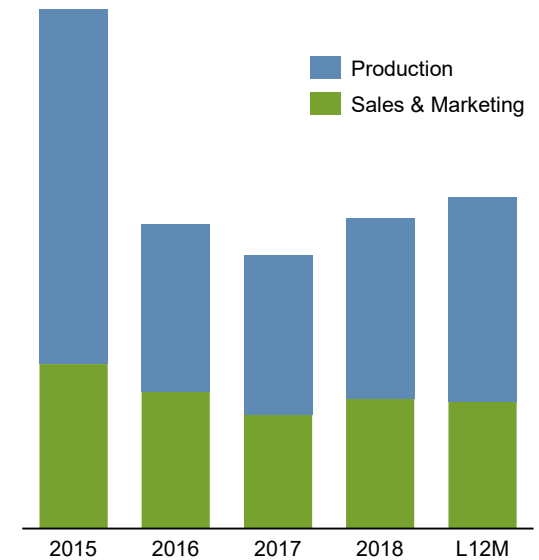
## Crop prices have deteriorated



## Nitrate and NPK premiums



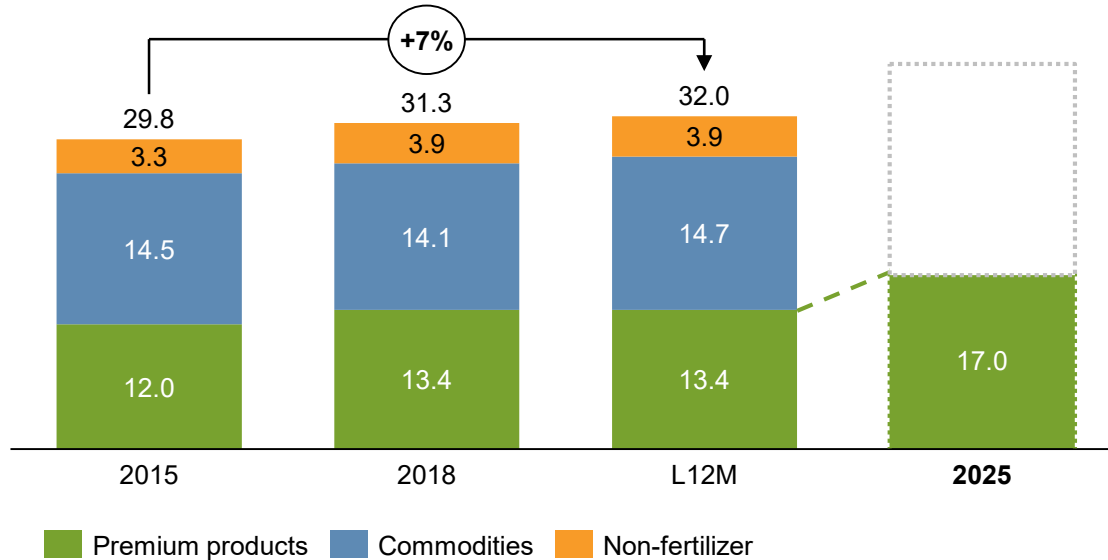
## EBITDA development



# We are growing the premium segment

## Total Sales & Marketing deliveries

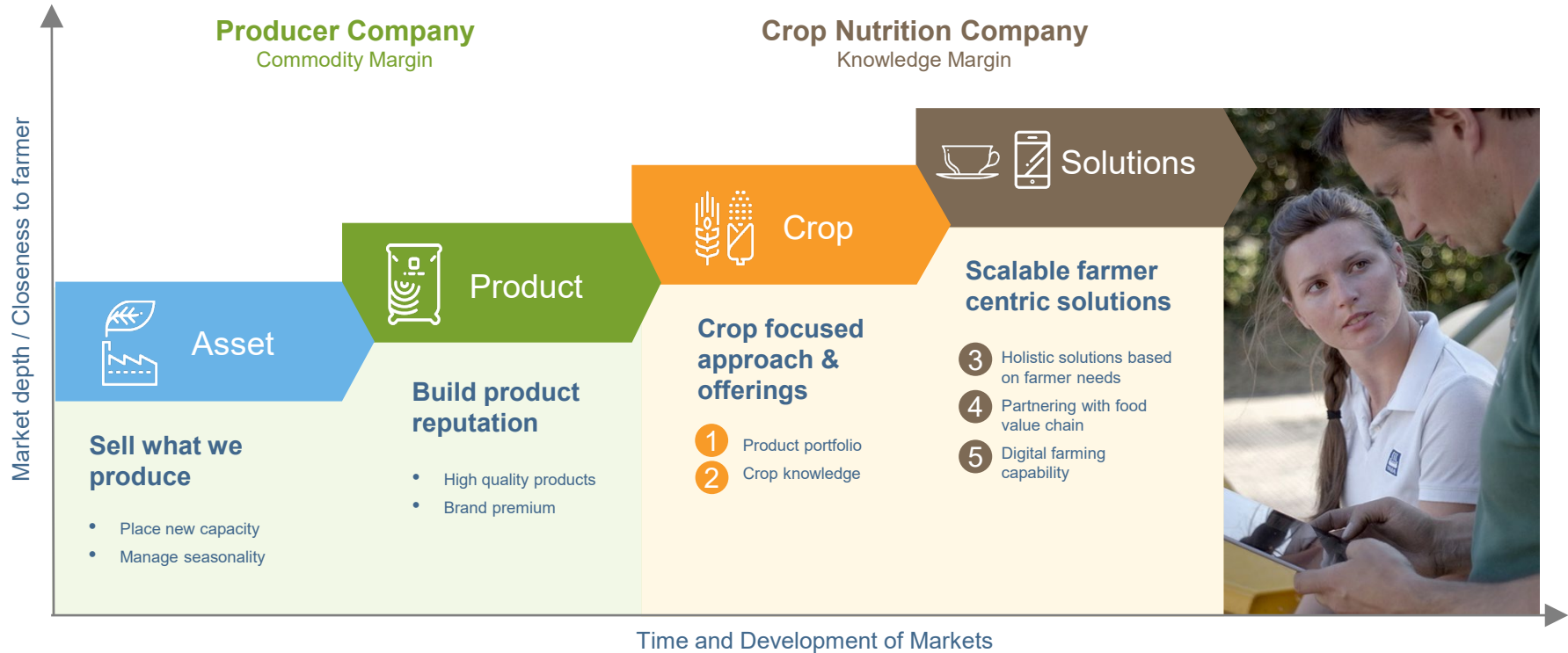
Million tonnes



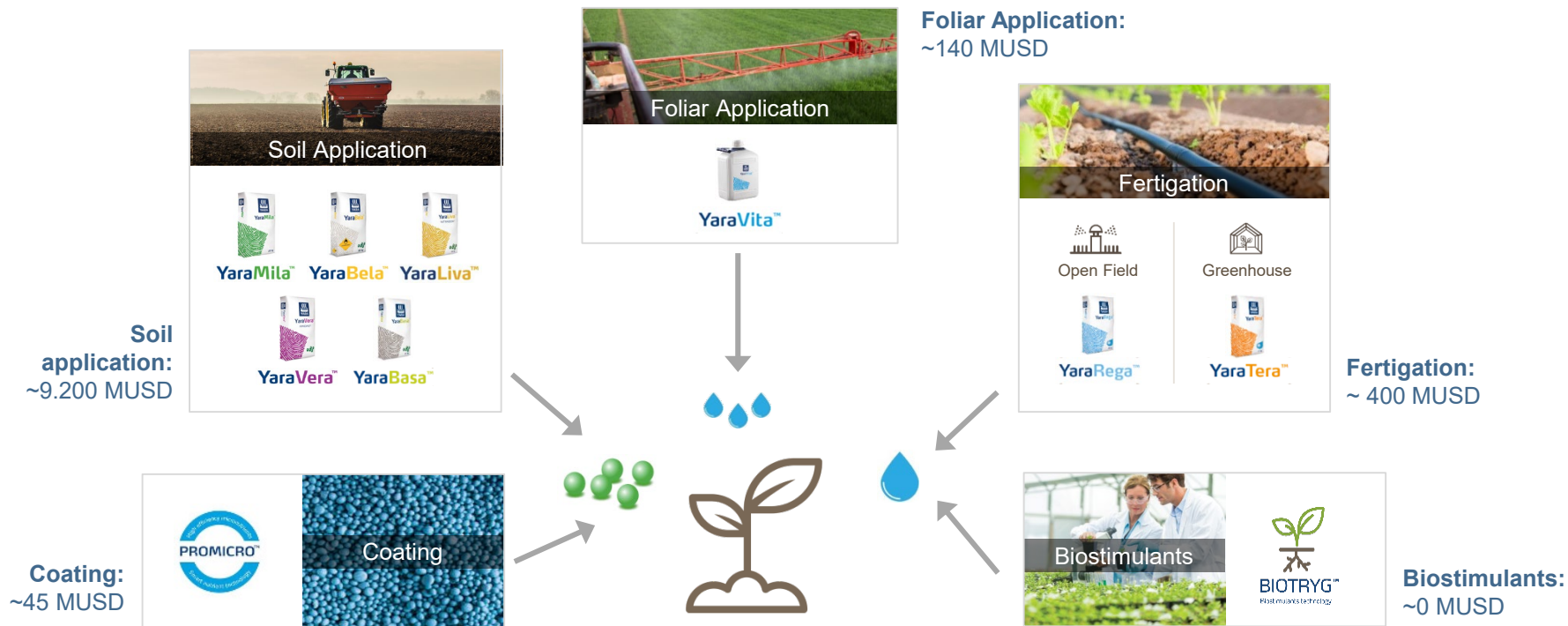
### ***Our ambition:***

*>3.5 million tons premium product growth, improving overall EBITDA/t in Sales and Marketing*

# We are continuously evolving to become the Crop Nutrition Company for the Future



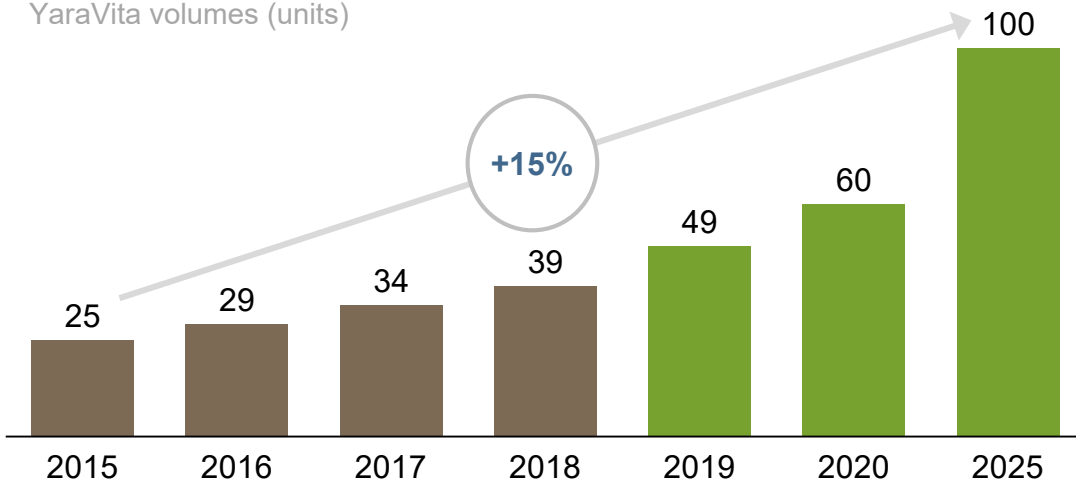
# Increased focus on developing high value and differentiated product portfolio



# Growing our premium portfolio through innovation

55% growth since 2015, CAGR of 16%

YaraVita volumes (units)

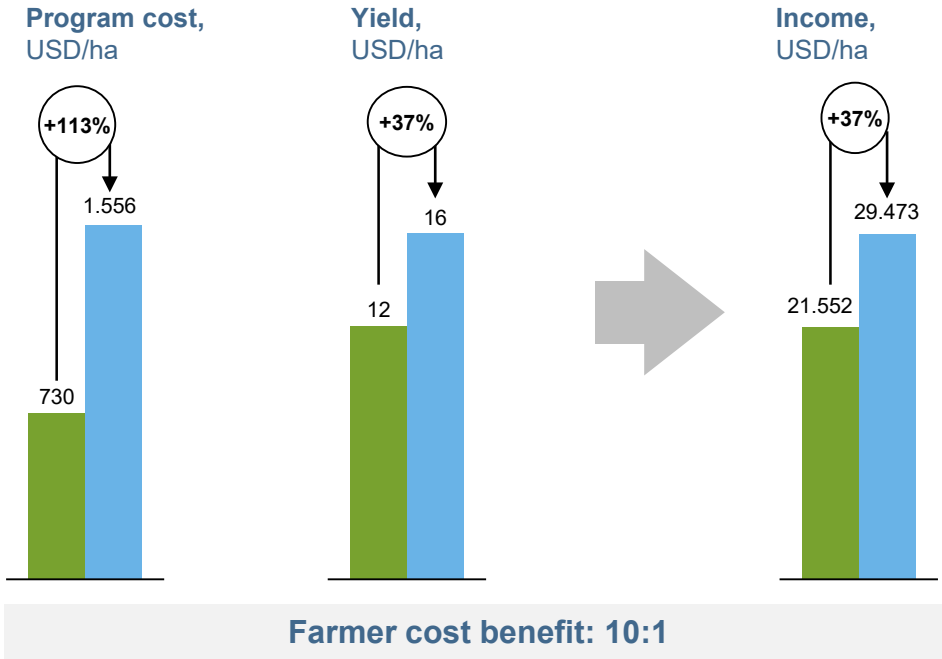


**Our ambition:**  
>100 million units of YaraVita sales by 2025



Contribution margin of ~ USD 100 million

# A focused crop approach adds value for farmer and Yara – Mexico case study



12 days after harvest



Traditional program

Yara Program






# Holistic crop solutions to deliver farmer value



Growth stage  
in weeks

Pre-Drilling	Growth Stage 12-25	Growth Stage 25-30	Growth Stage 31-32	Growth Stage 32-33	Growth Stage 37-39	Growth Stage 39-45
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Digital  
services

<p><b>Ayra</b></p>  <p><b>Irix</b></p>	 <p><b>Irix</b></p> <p><b>Atfarm</b></p>	<p><b>Ayra</b></p>  <p><b>Irix</b></p> <p><b>Atfarm</b></p>
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Tailored  
portfolio



<p><b>Starter concept</b> (yield + less cost, if no autumn application)</p>	<p><b>Nutrient Use Efficiency</b></p>	<p><b>Protein quality</b> (ROI increase)</p>
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# Strengthen Food Chain Collaboration to grow value and reach

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- Create business with food chain companies through solutions that deliver optimal crop quality, supply security and sustainable production
- Establish an effective channel to reach a large number of contract growers globally at scale

## ***Our ambition:***

*2 million tonnes of sales generated through food companies by 2025*



# Circular Economy – create new business models through recycling nutrients in food and agriculture production chains

## Circular Economy



What	Value drivers	Example
<ul style="list-style-type: none"> <li>• Solutions to use recovered materials as sources for N, P and K</li> <li>• Shape new business and value creation models in circular agriculture</li> <li>• Alternative sustainable raw material sourcing to production plants</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen competitive advantage; respond to consumer and regulatory trends</li> <li>• Create new business models/revenue streams</li> <li>• Increased resource use efficiency</li> <li>• Secure alternative resource supply and lower cost</li> </ul>	<p><b>Yara-Veolia partnership</b></p> <p><b>What?</b> Develop the circular economy in Europe's food and agriculture value chains</p> <p><b>How?</b> By recycling nutrients and promote cooperation across the value chain (e.g. Nutrient Upcycle Alliance)</p> <p><b>Why?</b> Secure access to nutrients, position Yara in circular value chain</p>

# Digital farming vital both to support existing model and to create new revenue streams for Yara

5

## Digital value creation



Support fertilizer  
business growth



Build digital farm and  
field services business



Innovate digitally enabled crop  
nutrition business models

# Critical proof points of our ability to deliver our digital strategy over the past 12 months

We have proven that we can



- ..build a strong digital capability
- ..innovate industry-leading digital services organically out of this new capability
- ..quickly get user adoption so farmers actually use our innovation
- ..identify scalable value creation models, so we can start commercializing
- ..work with industry-leading partners, as the digital transformation of agriculture will take more than one company to succeed

# World-class digital capability

## Unique global footprint

Proximity to all key ag markets

## Top digital talent

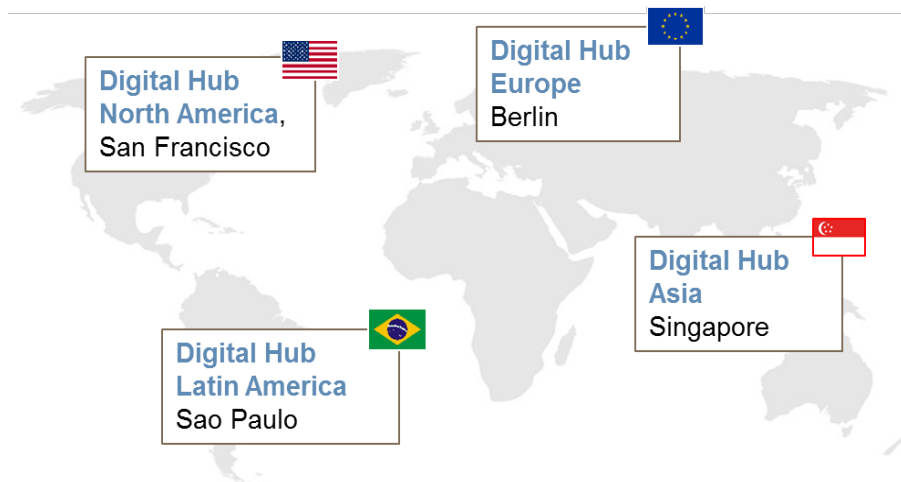
260 from 38 nationalities, 36% female talent

## Dedicated Digital Growth & Commercialization organization

Focus on value and ability to quickly scale

## High paced organic innovation

versus high-cost, large-scale acquisitions

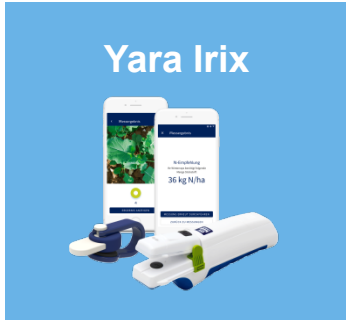


**“Yara has a really good digital capability”**

*Luq Niazi, Global Managing Director Consumer Industries, IBM*

# Innovation at speed

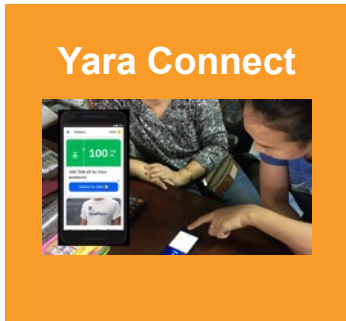
examples of early 2019 launches



Turning your phone into a precision sensor



Precise fertilization made simple



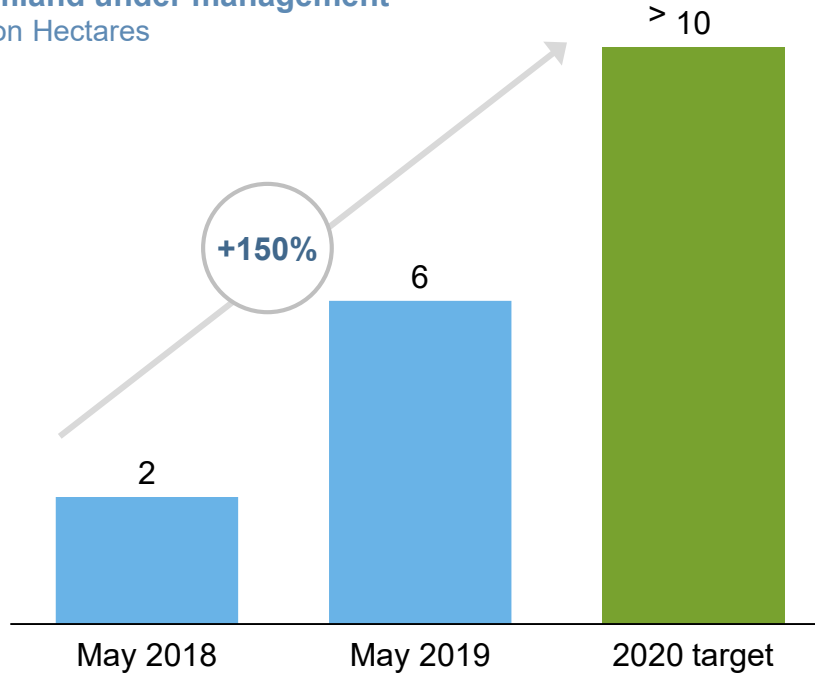
Linking Yara with the smallest sub-dealers and advisors in smallholder markets



Personalized Crop Nutrition

# Encouraging farmer adoption

**Farmland under management<sup>1</sup>**  
Million Hectares



**Our 2020 ambition:**  
*>10 million hectares under management*



# Proof of value creation

## First scalable value creation models

### Digital services business

#### Yara Irix



Turning your phone into a precision sensor

- Subscription service model across Europe
- Together with globally leading subscription platform Zuora



### Digitally-enabled business model

#### Yara Ayra



Personalized Crop Nutrition

- Apply soil / crop status and digital agronomy modelling
- Offer tailored crop nutrition package holistic across all nutrients



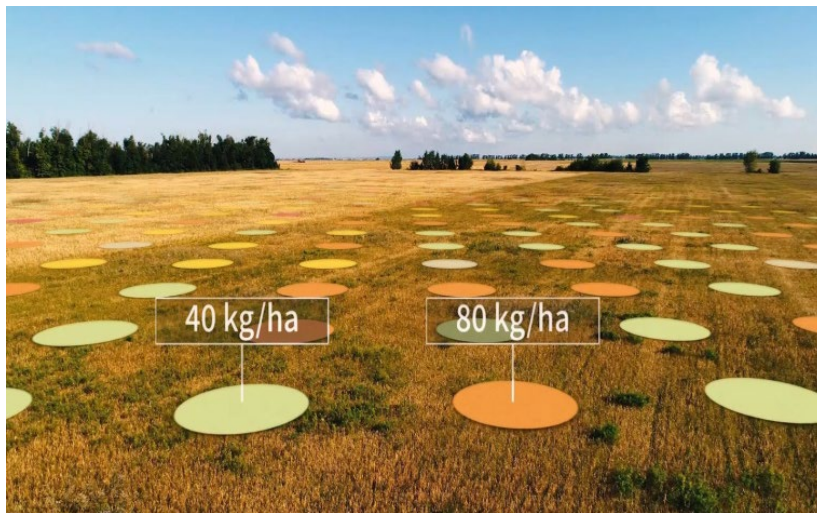
***Our ambition:***  
*Positive EBITDA from digital farming in 2022*

# Industry-shaping partnerships

## Yara and IBM partner to transform the future of farming



- **Combining world-leading capabilities**
- Building the globally leading **Digital Farming data and services platform**
- **Joint innovation teams** across Digital Hubs
- **Bold ambition:** reaching 100 million ha incl. millions of smallholder farmers



# We are enabling Farm-to-Fork Connected Digital Ecosystem

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- First agricultural player to join world leading food traceability and food chain alliance
- Provide global coverage of the first miles of food production on the farm
- Farm and field-oriented solutions for food chain optimization

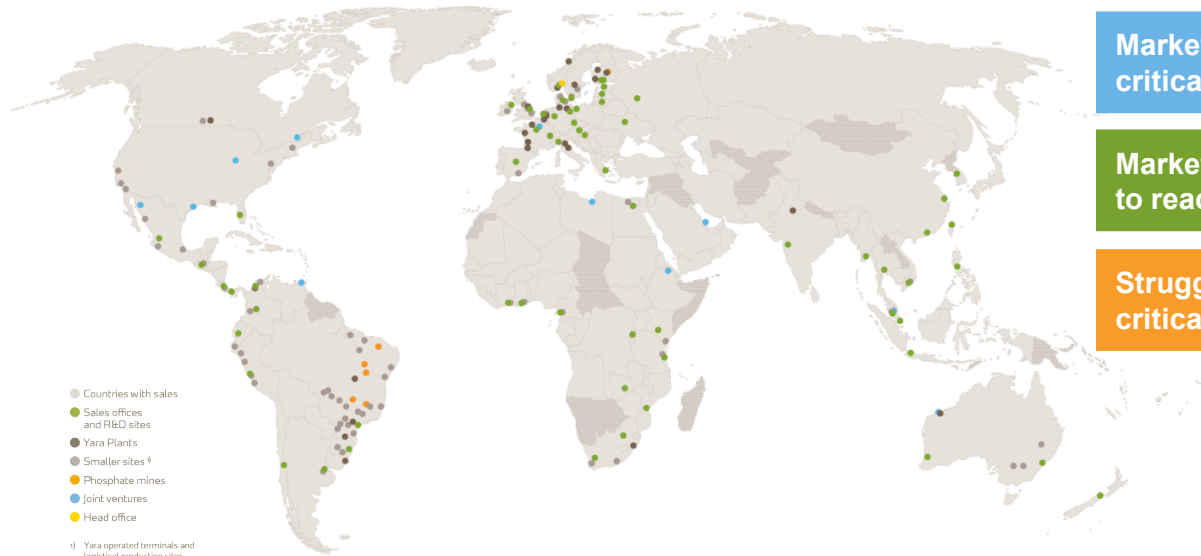
# We are poised to become the leading global digital farming crop nutrition platform

## Why will Yara succeed?

- Farmer access and insight
- Proven agronomy competence
- Ability to develop holistic solutions
- Global reach
- Strategic partnerships to complement our capabilities



# Optimize regional business models based on scale and growth opportunities



Markets with critical mass

Defend and/or sharpen focus

Markets with potential to reach critical mass

Invest and grow

Struggle to reach critical mass

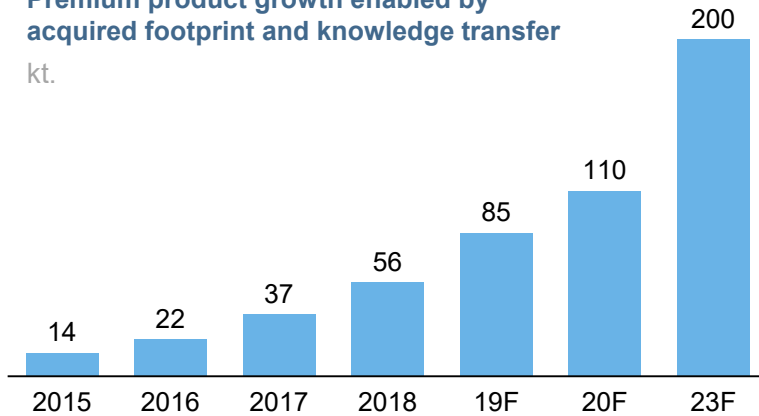
Review model

- Countries with sales
  - Sales offices and R&D sites
  - Yara Plants
  - Smaller sites <sup>1)</sup>
  - Phosphate mines
  - Joint ventures
  - Head office
- 1) Yara operated terminals and logistical production sites

# India is increasingly attractive due to a combination of scale and government recognition

- Distribution muscle from acquired local footprint
- Digital opportunities growing through adoption
- Yara India scale up from niche base

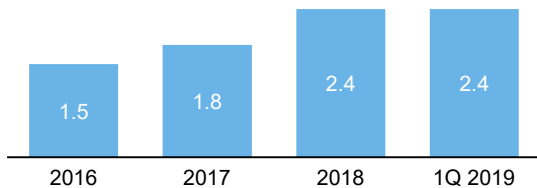
Premium product growth enabled by acquired footprint and knowledge transfer  
kt.



# Brazil case: We are transforming our business model to maximize premiums

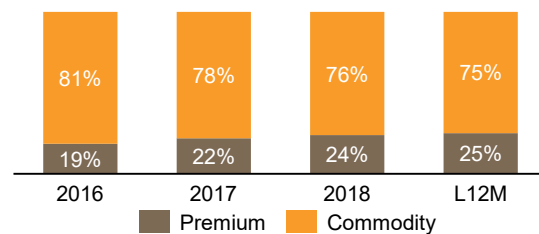
## Investments peaked in 2018

(Invested Capital Billion USD)



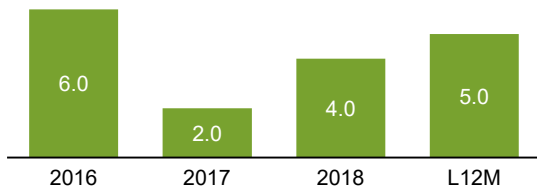
## ...premium sales are growing

(% of total MMT')

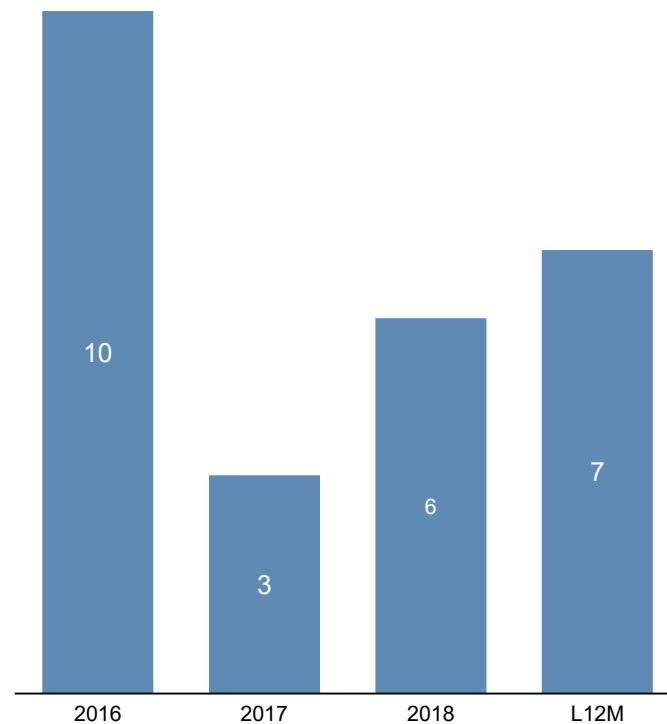


## ...and margins are improving

(EBIT %)



## ROIC, %



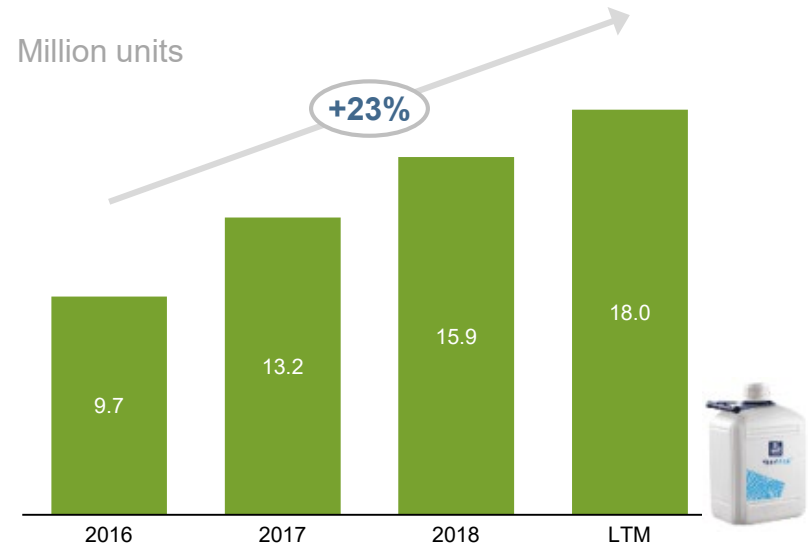


# Brazil case: Our new YaraVita plant will enable us to profitably produce local premium products in Brazil

YaraVita world class factory at Sumare - Brazil



Brazil YaraVita growth (CAGR%)



YaraVita™



# Brazil case: We deliver full crop focused solutions in Brazil and drive growth in key crops



- Rio Grande assets converted from commodity SSP to premium NPK

- Growth of high value product portfolio

- Crop knowledge drive improved yield and higher quality

- Complete solution from pre-planting to post harvest

## Delivering benefits

### Yara benefits

- Growth and premiums
- Loyalty
- Competitive edge

### Farmer benefits

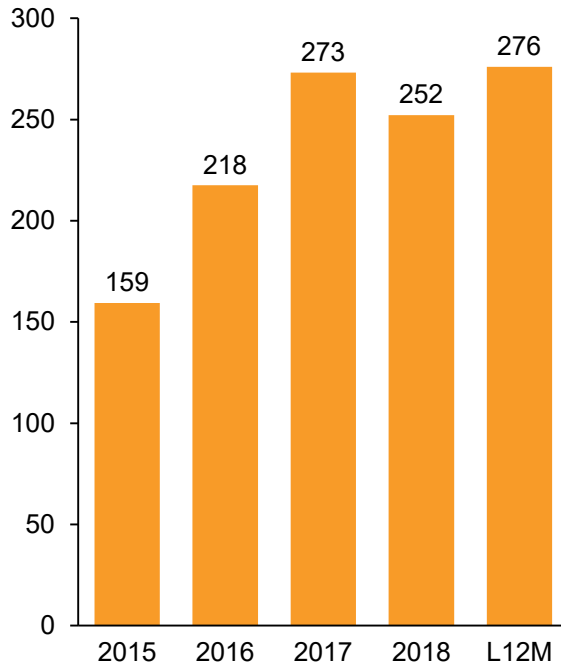
- Higher premiums and yield
- Reduced risk
- Financing

### Food chain benefits

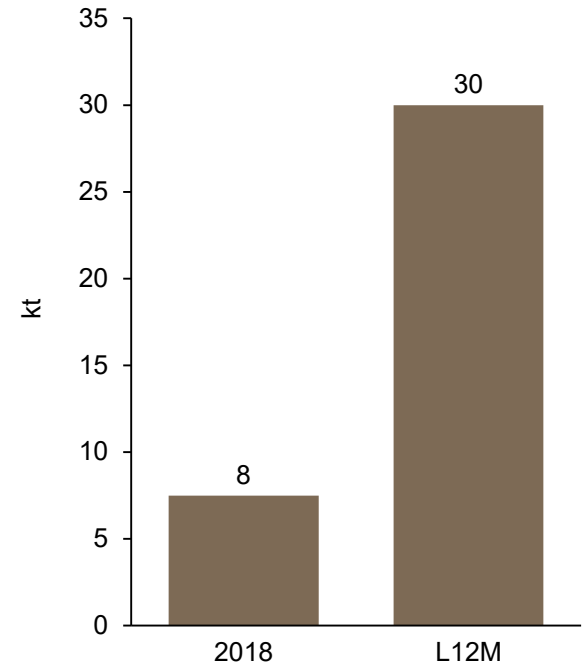
- Security of supply
- Quality
- Traceability

# Brazil case: We are demonstrating premium segment growth in coffee

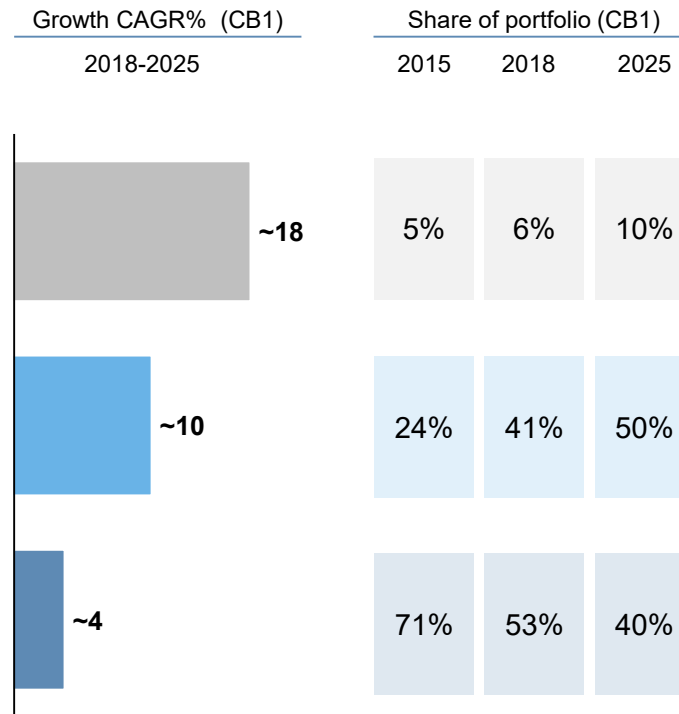
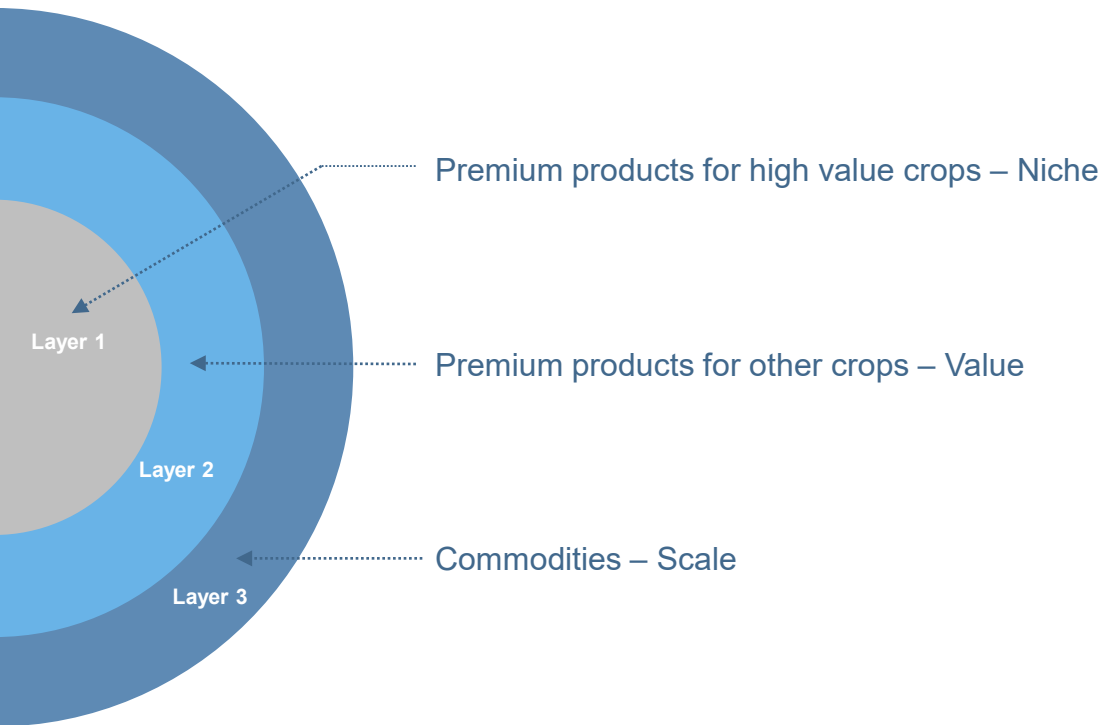
## Premium products sales to coffee



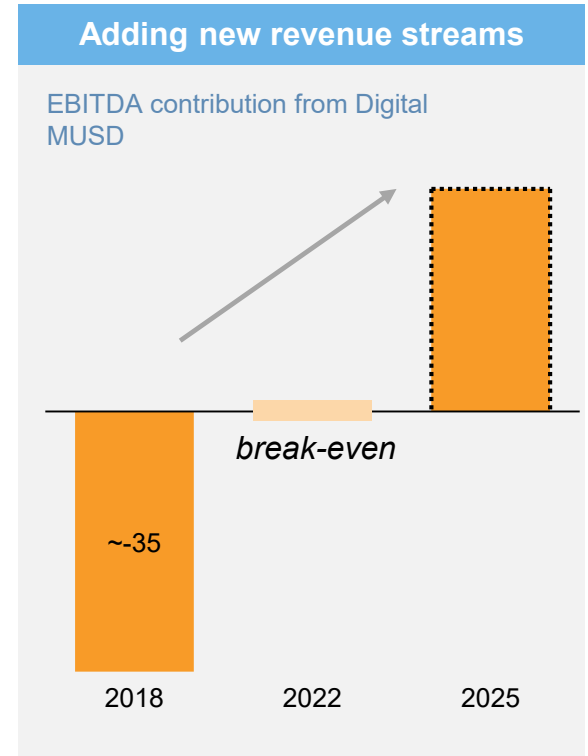
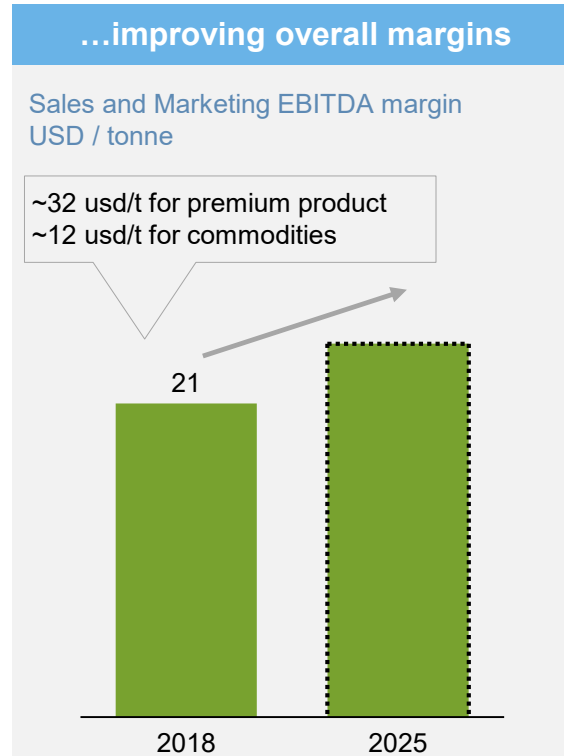
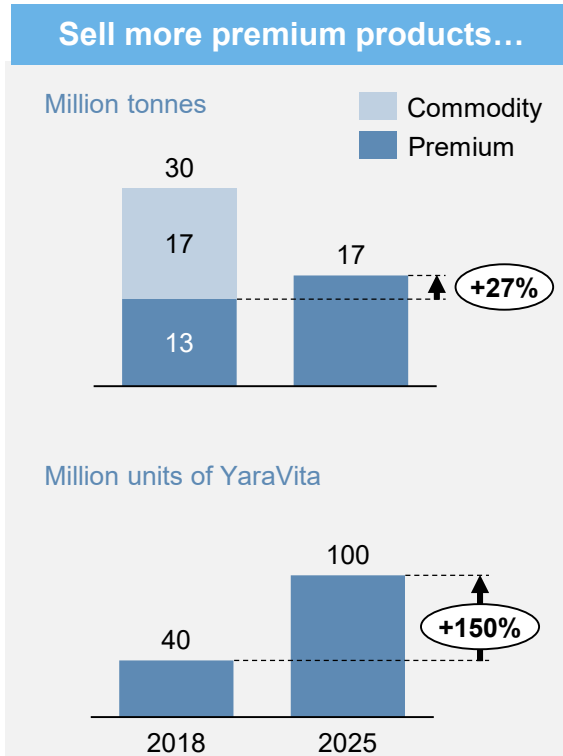
## Coffee sales through barter model



# Brazil case: We have shifted our offerings and focus from volume to value



# Our strategy enables increased premium product deliveries and higher margins combined with new revenue streams from Digital





Knowledge grows

## Improving operations

Capturing the full value of our growth investments

Tove Andersen



# Capturing the full value potential of expanding 6 million tonnes

## Investing for the future

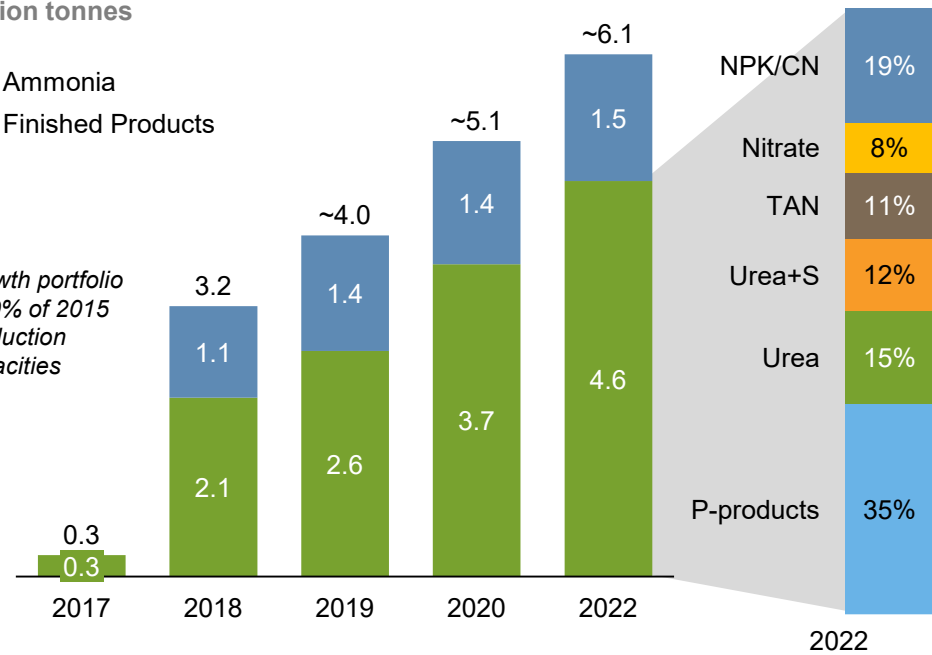
- Significant investments made over several years now coming onstream
- Yara invested approx. 3.0 BUSD<sup>1</sup> in
  - 5 expansion projects
  - 3 newbuilds (incl. mine)
  - 2 M&As integrated into our operations
- Volumes from projects confirmed but with a delayed ramp-up in line with 1Q communication

## Volume ramp-up from growth portfolio<sup>2</sup>

Million tonnes

Ammonia  
Finished Products

Growth portfolio  
~20% of 2015  
production  
capacities



# We have seven new projects fully integrated and operating

## Expansions



Uusikaupunki (FI)



Porsgrunn (Norway)



Köping (Sweden)

## Newbuilds



Pilbara TAN<sup>1</sup> (AU)



Freeport (US)

## M&As



Babrala (India)



Cubatao (Brazil)

**Our focus in 2019** will be on capturing full value potential by finalizing and achieving full operability of existing projects

<sup>1</sup> Further repair and replacement work will be needed on the Pilbara TAN plant, and production is expected to be intermittent / campaign mode for the remainder of 2019. The work is due to be completed by during first half 2020, after which the plant should be in full operation

# Three projects reaching completion by 2021

## Sluiskil value add

- Project completion 2H 2019, full earnings from market development by 2022
- Annual additional output of 210 kt in full operation; Urea+S replacing prills



## Salitre

- First full earnings effect 1Q 2021
- Annual output in full operation: 1.2 mt of P-Rock and 900 kt of granulated fertilizer



## Rio Grande consolidation

- First full earnings effect granulation: 2Q 2020
- Annual throughput in full operation: 430 kt of granulated NPK fertilizer

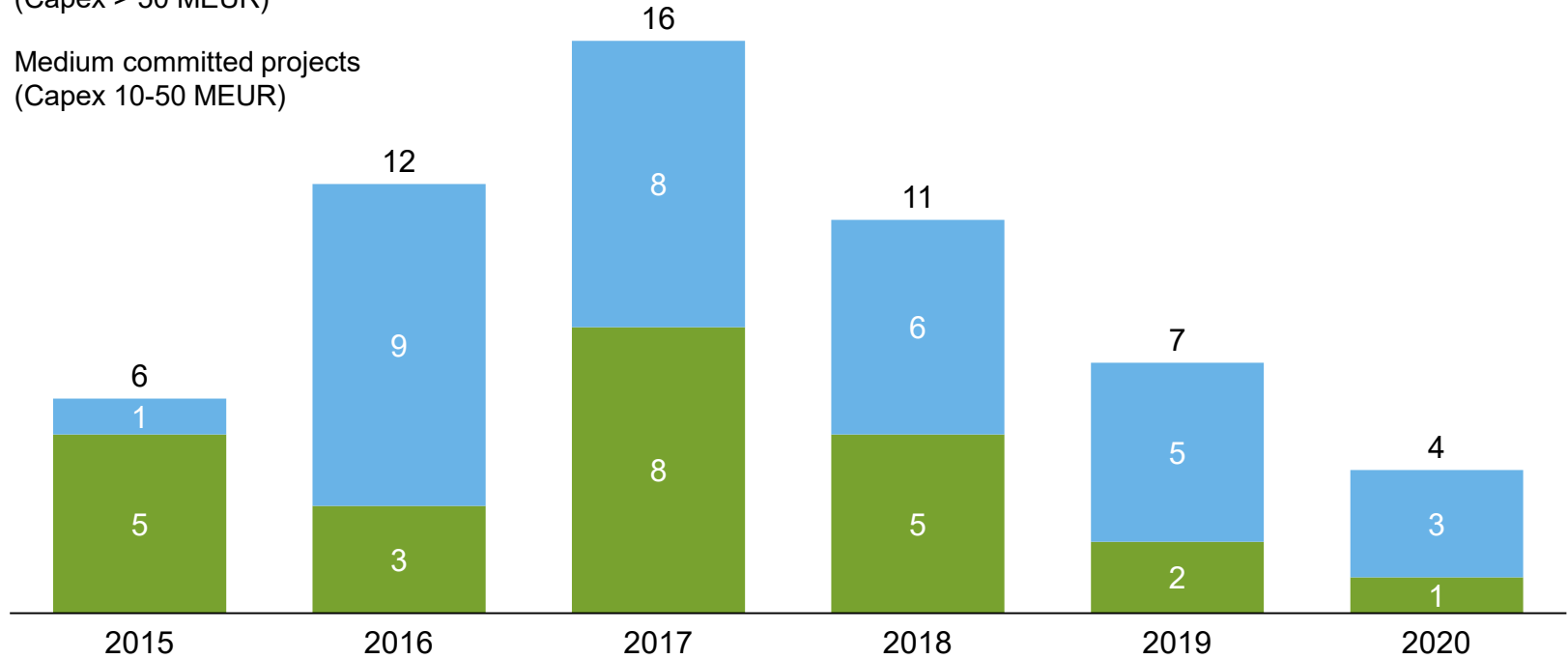




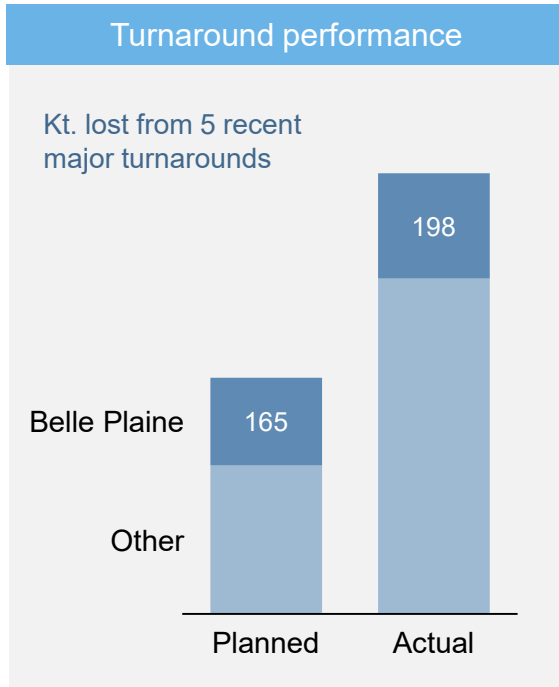
# Significant reduction in number of projects under execution

Large committed projects  
(Capex > 50 MEUR)

Medium committed projects  
(Capex 10-50 MEUR)



# Leveraging global production knowledge to optimize turnaround planning and execution represents a large upside opportunity



- ### Belle Plaine highlights
- High complexity turnaround, maintenance and upgrade of ammonia and urea units
  - Planned and executed based on our best practice combined with specialists from other Yara sites
  - Within budget of 73 MUSD
  - Improved plant performance
    - Additional 66 kt/year valued at around 15 MUSD/year



Significant part of the extended improvement program relates to improving our turnaround performance

# Continued strong focus on reliability

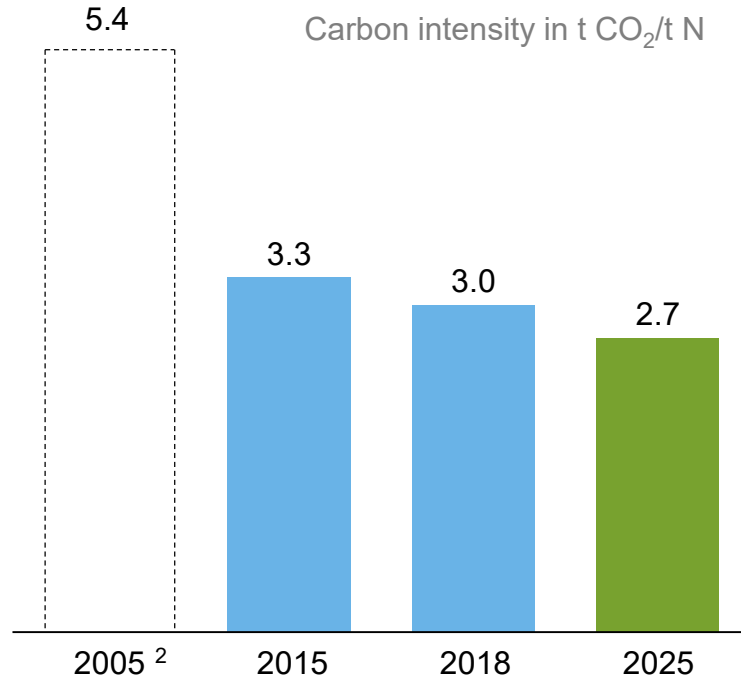
## Reliability Program

### Target to significantly reduce the risk of unscheduled stops in our plants

- Identify (recurring) problem areas
- Use root cause problem solving to identify and initiate actions to eliminate problems. Monitor and measure effect of actions
- Use criticality ranking to identify potential/likely problems and execute needed actions to reduce risk
- Pilot “trouble sites” with “excellence sites” as reference
- Sites prioritized based on financial impact



# Investing to reach CO<sub>2</sub> intensity reduction target in 2025 represent positive business cases for Yara



## ***Our ambition:***

*10% reduction<sup>1</sup> in CO<sub>2</sub>eq intensity by 2025*

- 2025 target reflects GHG emissions already considerably reduced from 2005
- Lower emissions improve our cost position
- Positive business cases; 200-450 MUSD capex required
- Supports our ambition to become climate neutral by 2050

# Decarbonize Yara – exploring climate neutral agriculture through innovative partnerships

## Decarbonize Yara



What	Value drivers	Example
<ul style="list-style-type: none"><li>• Reduce Yara’s direct GHG emissions</li><li>• Produce zero-carbon nitrogen</li><li>• Solutions to reduce in-field agricultural GHG emissions</li><li>• Contribute to green energy carrier solutions and green food value chains</li></ul>	<ul style="list-style-type: none"><li>• Higher revenue (consumers increasingly value products and solutions with lower environmental footprint)</li><li>• Create new business and value creation models</li><li>• Lower variable cost (carbon cost per tonne)</li></ul>	<p><b>“Green ammonia” in Australia</b></p> <p><b>What?</b> Feasibility study with ENGIE to produce zero emission ammonia</p> <p><b>How?</b> Design a green hydrogen plant integrated with Yara’s existing ammonia plant in Pilbara</p> <p><b>Why?</b> Significant reduction in CO<sub>2</sub> emissions and lower future costs</p>



Knowledge grows

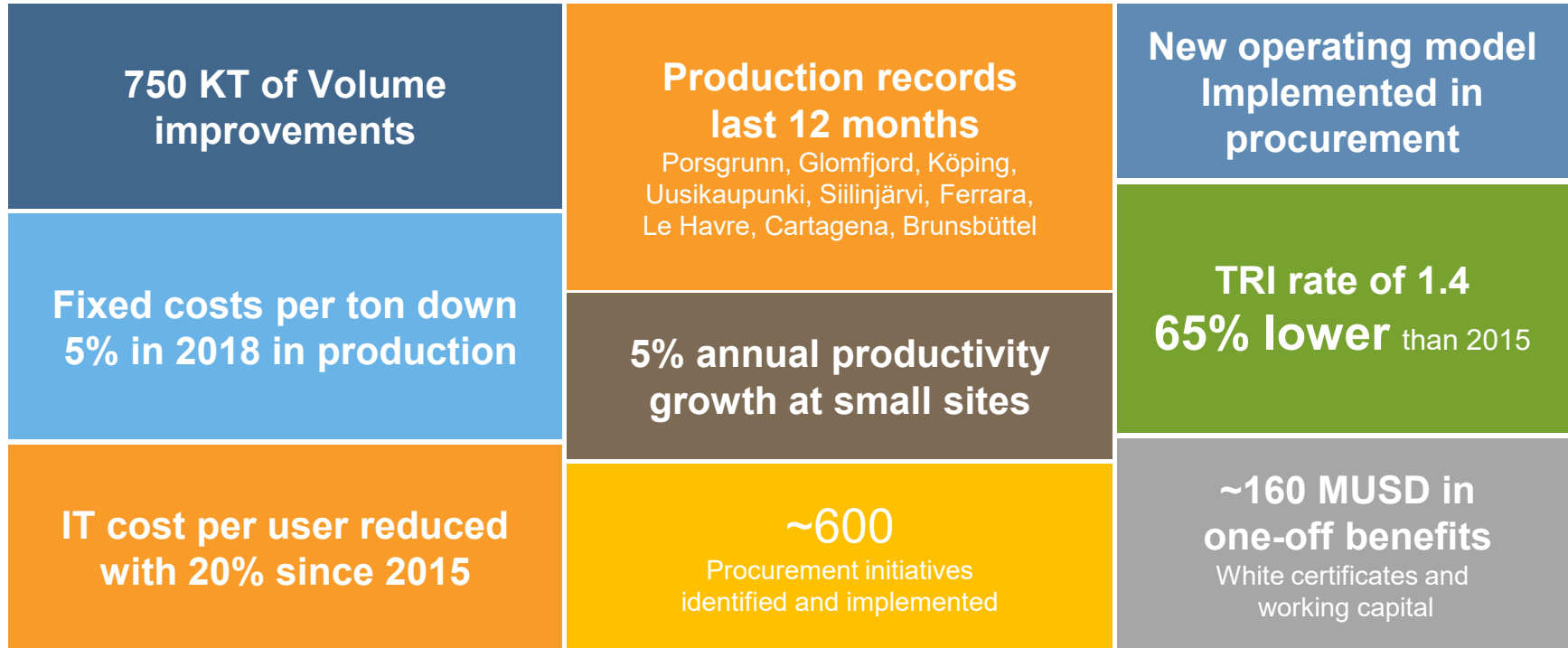
## Improving operations

Extending productivity, cost and capital improvements beyond 2020

Lars Røsæg



# The Yara Improvement Program (YIP) has led to significant changes in performance across our business





# Improvement initiatives have had significant impact



Siilinjärvi reduced fixed costs by > 6% since 2015



Tertre reduced use of scaffolding on site by 80%



Optimized packaging in Brazil with cost reduction of 30%

Knowledge transferred to other sites and locations, leading to bigger potential gains



# Extended Yara Improvement Program further improves ROIC

**Higher**

production volumes and  
energy efficiency

**Leaner**

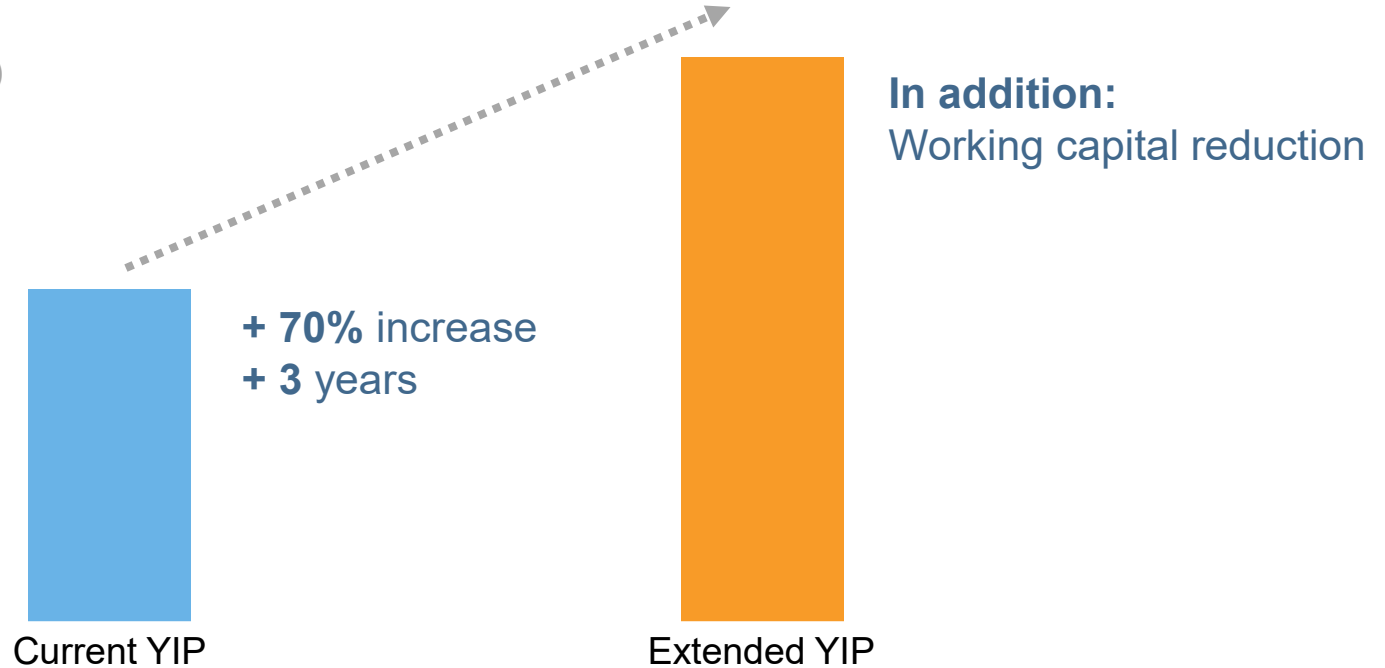
cost base

**Smarter**

working capital management

# Extended YIP targets 70% increase in sustained EBITDA improvement

Sustained EBITDA improvement (MUSD)



# YIP towards 2023: Productivity and cost in focus

**Higher production returns  
and lower variable costs**

**Improving returns from global  
production footprint:**

- Reduce turn-around effects and reliability issues
- Increase energy efficiency
- Improve variable cost position including sourcing benefits

**Leaner  
cost base**

**Strong improvement in fixed cost<sup>1</sup>  
position across Yara:**

- Reduce fixed central costs
- Optimize market presence and plant footprint
- Productivity above inflation in production plants and markets

**Smarter  
working capital management**

**Improved working capital position  
through:**

- Optimize local business models
- Deploy commercial toolkit
- Leverage and standardize payment terms

**2023  
KPIs**

**Volume: 14% increase  
Energy usage: 4% reduction  
Variable cost savings by 2020 vs.  
2018: 40 MUSD**

**Improve fixed cost position vs.  
inflation adjusted baseline with  
300 MUSD**

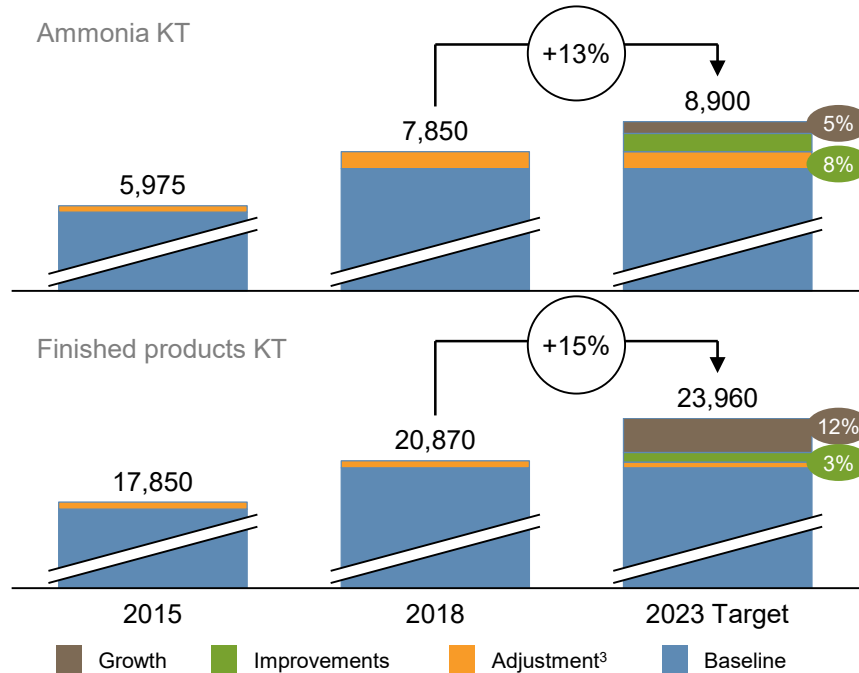
**Reduce overall working capital  
days with 12 days representing  
300 MUSD of lower WC**

**New 2023 target is equivalent to a total EBITDA improvement potential of  
600 MUSD on 2018 baseline<sup>2</sup>**

**Free up 300 MUSD in capital**

# Higher production returns from fully implementing the Yara Productivity System

## Production volume targets<sup>1,2</sup>



- Continue to leverage the Yara Productivity System (YPS) which has delivered additional 750 kt 2015-2018
- Growth and improvement volumes will be reported jointly going forward
- Our total target for 2023 will be 8,900 kt ammonia and 23,960 kt finished product

<sup>1</sup> 2018 includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects (total 10kt)

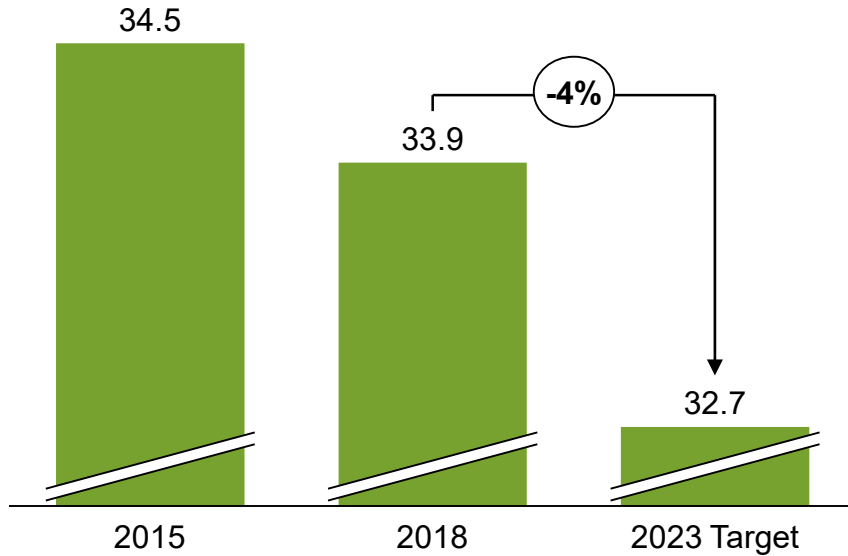
<sup>2</sup> Excluding Qafco and Lifeco volumes. Improvements from Qafco included in monetary value only

<sup>3</sup> Normalizing for turnarounds and market optimization effects of 1,100 kt in 2018

# Higher production returns from energy efficiency improvements

## Production energy targets

Ammonia GJ/Ton

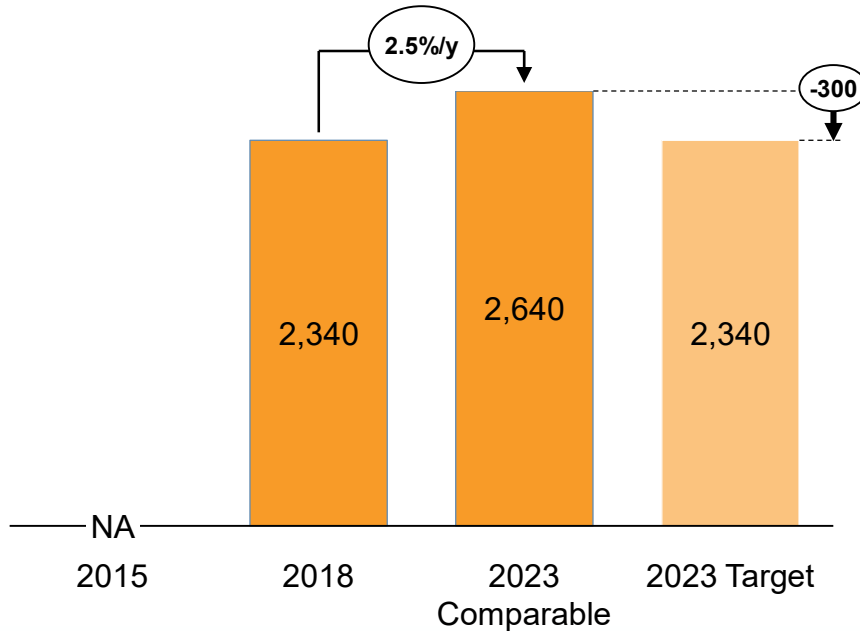


- Continued focus on optimizing the energy use across our production platform
- Ammonia is the single most important energy KPI representing 80% of overall improvement potential
- Based on 2018 energy prices the total value of the targeted improvements is 50 MUSD vs 2018 results

# Leaner cost base by keeping fixed cost nominally flat despite anticipated growth, strategic priorities and inflationary push

## Fixed cost targets<sup>1</sup>

MUSD

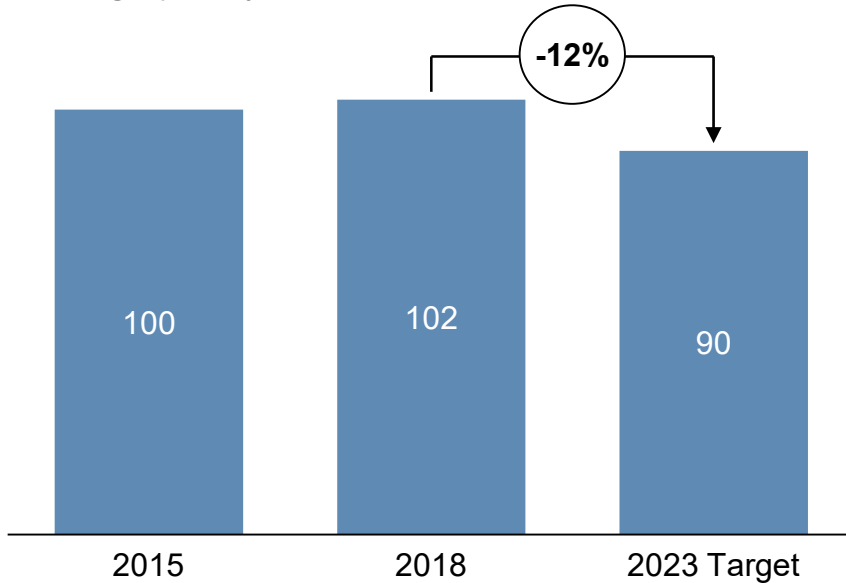


- Our cost base is subject to inflationary pressure as well as increasing due to pursuing value adding activities
- Between 2018 to 2023 our ambition is to keep overall fixed costs flat, representing an annual real reduction of at least 2.5%<sup>2</sup>
- This represents a real improvement in fixed costs baseline of 300 MUSD<sup>3</sup>

# Smarter working capital management to release 300 MUSD

## Working capital

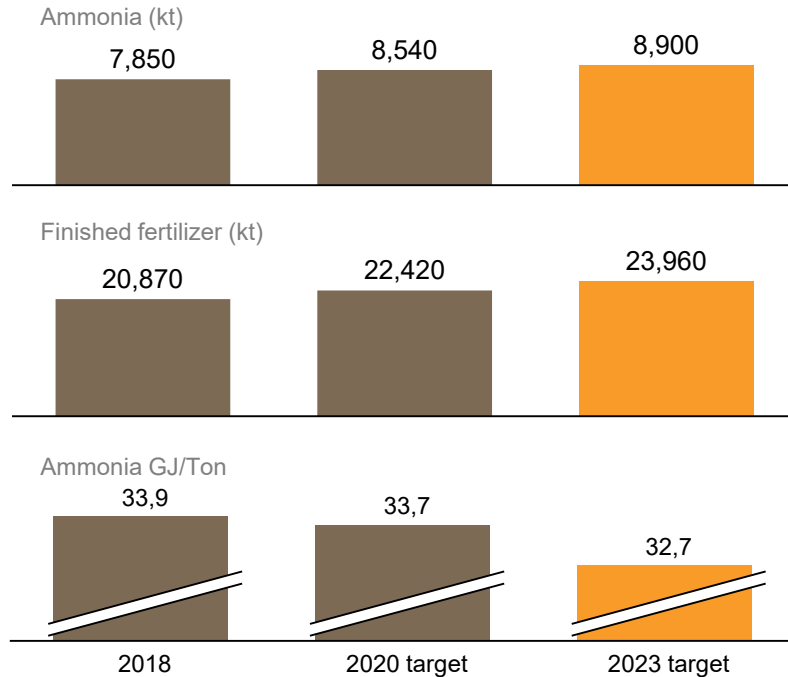
Working capital days



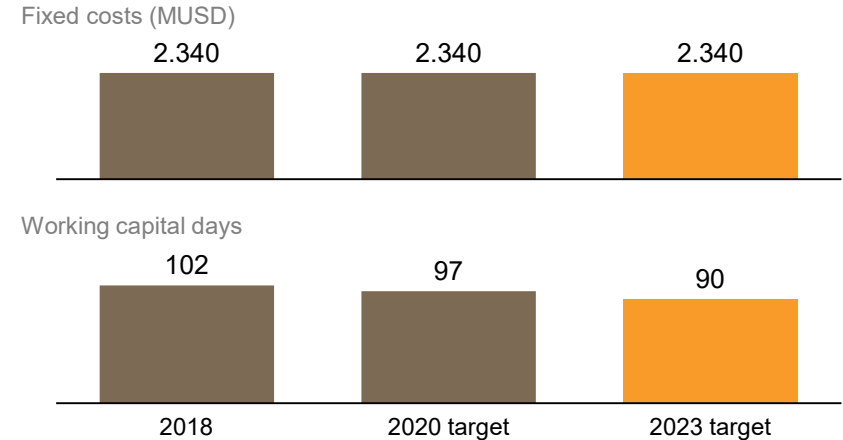
- Building on the learnings and successes of the current project, we will continue to work smarter with working capital management across our system
- Levers include optimize local business models, deploy commercial toolkit and further leverage and standardize payment terms
- Combined these levers should, based on 2018 portfolio, reduce our working capital days with 12% representing a capital improvement of 300 MUSD

# Our new improvement targets build on successes from current efforts with an increased fixed cost focus

## Production related target



## Targets in other areas



**In addition,** cost saving of 90 MUSD from reduction in variable costs and digital in Production



# YIP will deliver 600 MUSD of EBITDA improvements by 2023 compared to 2018 with further upside on working capital

Higher production returns

- 8,900 kt of ammonia
- 23,960 kt of finished product
- 4 % improvement in energy consumption

Leaner cost base

- Fixed cost improvements of 300 MUSD

Smarter working capital management

- 12 % improvement in net working capital days representing 300 MUSD

Capital required to deliver

- Annual maintenance and safety investments of 800 MUSD
- One-off costs 100-150 MUSD





Knowledge grows

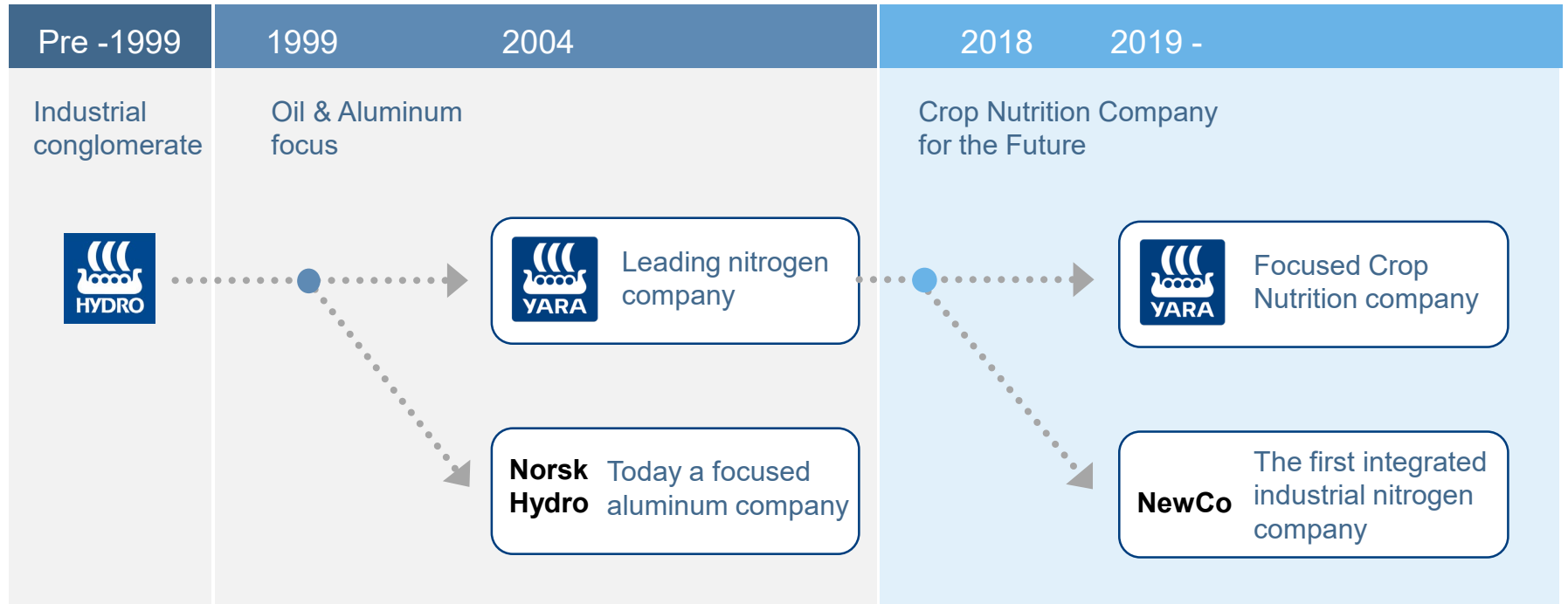
## Portfolio review

Evaluating IPO of industrial assets

Yves Bonte



# Evaluating an IPO opening up for a similar growth story as the demerger from Hydro in 2004



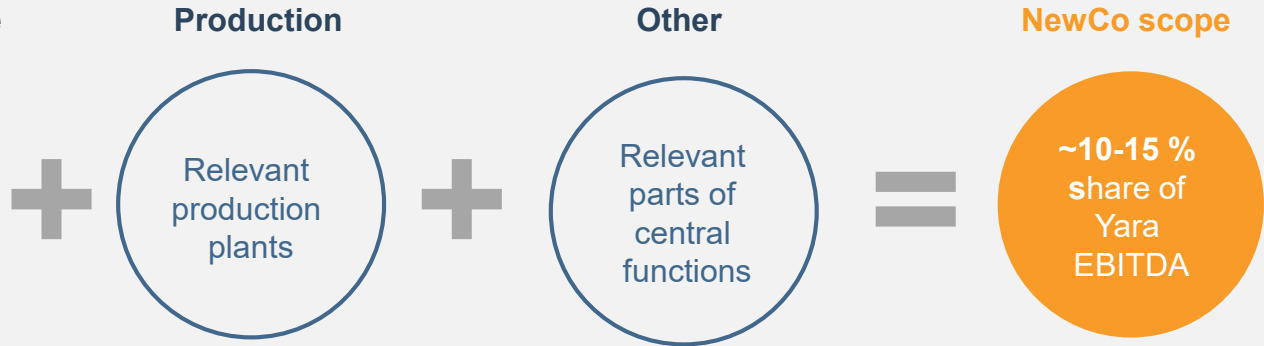
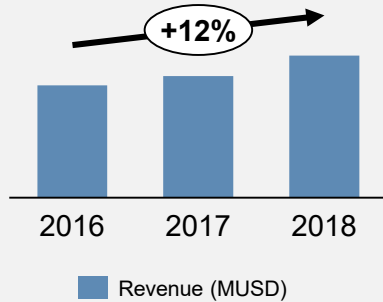
# An IPO of the first integrated industrial nitrogen company would be an important milestone for Yara's new strategy



# NewCo would be a new company consisting of a large share of the former Yara Industrial, and relevant production plants, assets and supply chain

## The first integrated industrial nitrogen company Scope is still being evaluated

### Potential downstream scope

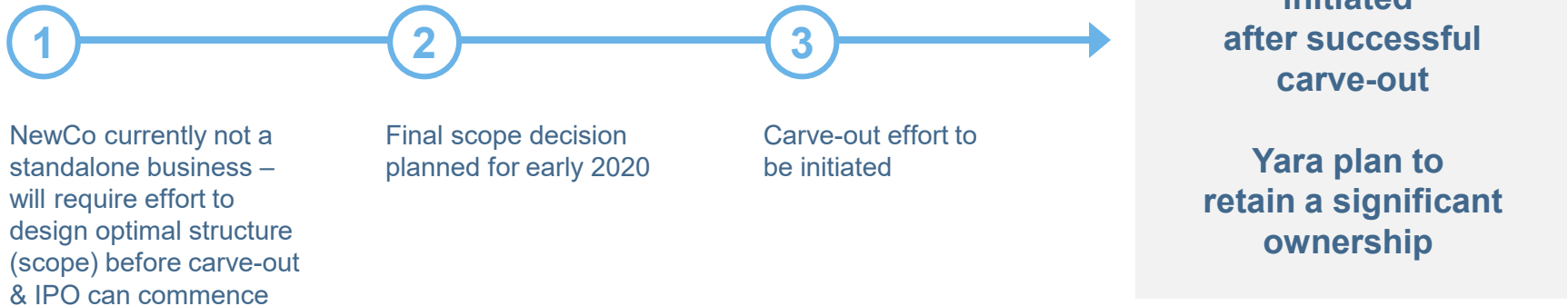


# NewCo would be the first integrated industrial nitrogen company with global reach

- ✓ The first integrated industrial nitrogen company
- ✓ A leading player with the highest value proposition in core markets
- ✓ Solid European platform as fundament to achieve a strong global position
- ✓ Attractive market portfolio balancing stability & growth



# Final scope decision is planned early 2020 before carve-out effort will commence





**Knowledge grows**

## **Capital allocation & returns**

Driving value growth through  
performance management and  
strict capital allocation

Lars Røsæg

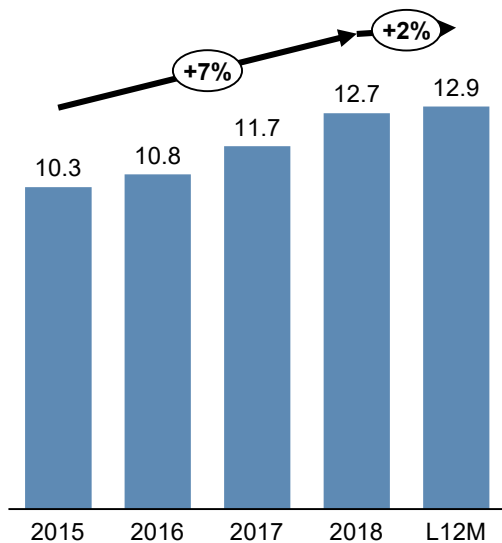




# Yara is improving capital returns after a period of heavy investments and adverse market conditions

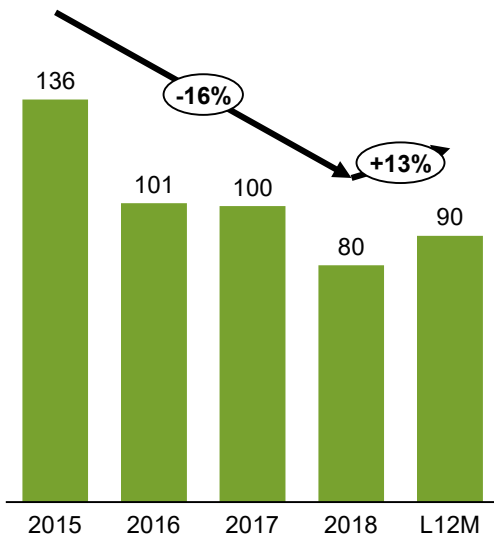
Growing asset base driven by our investment program

Avg. Invested Capital, USD Billions



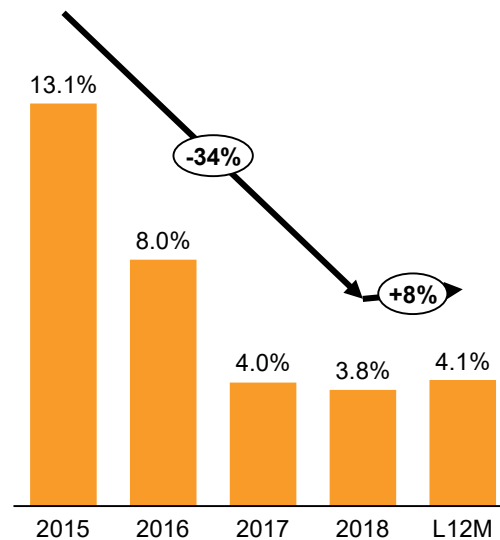
Earnings hit by unfavorable development in urea and natural gas

Urea upgrading margin<sup>1</sup> in EU, USD/t



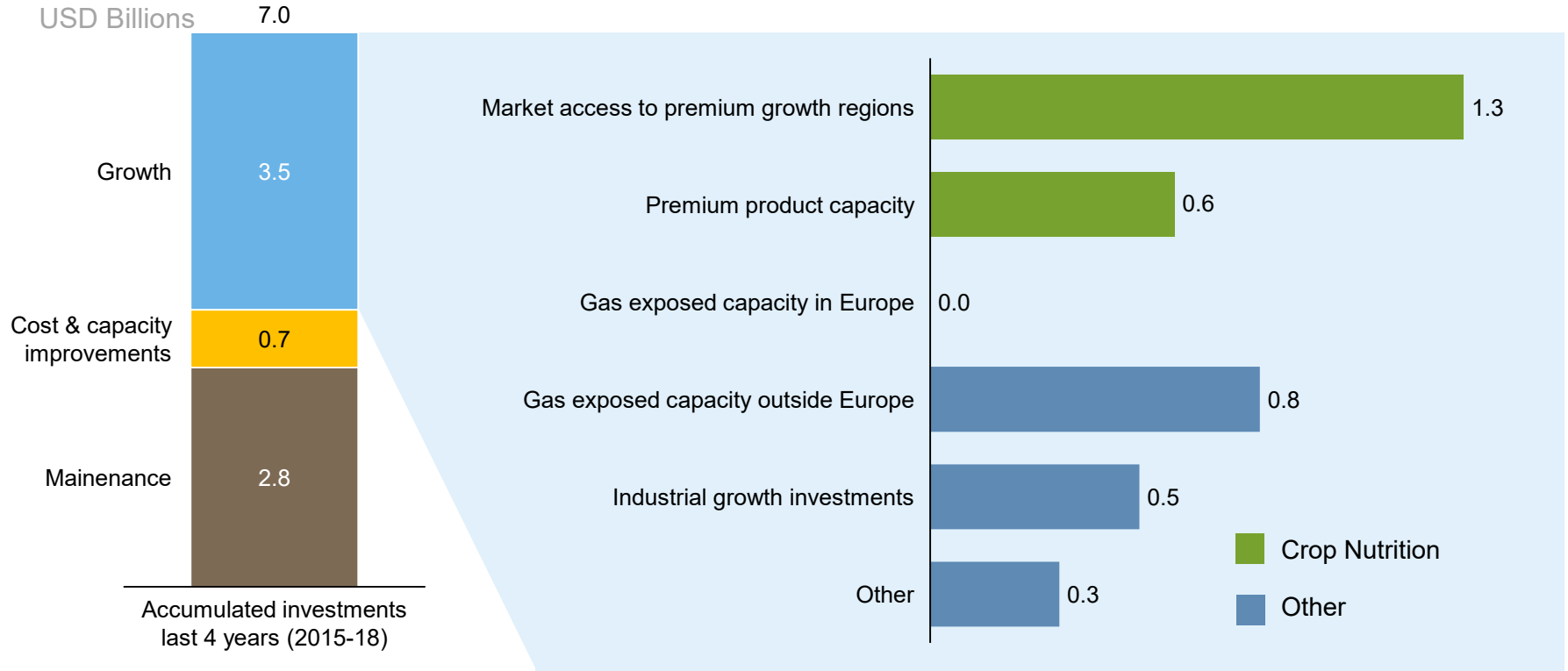
Capital returns under pressure as a consequence

ROIC, %

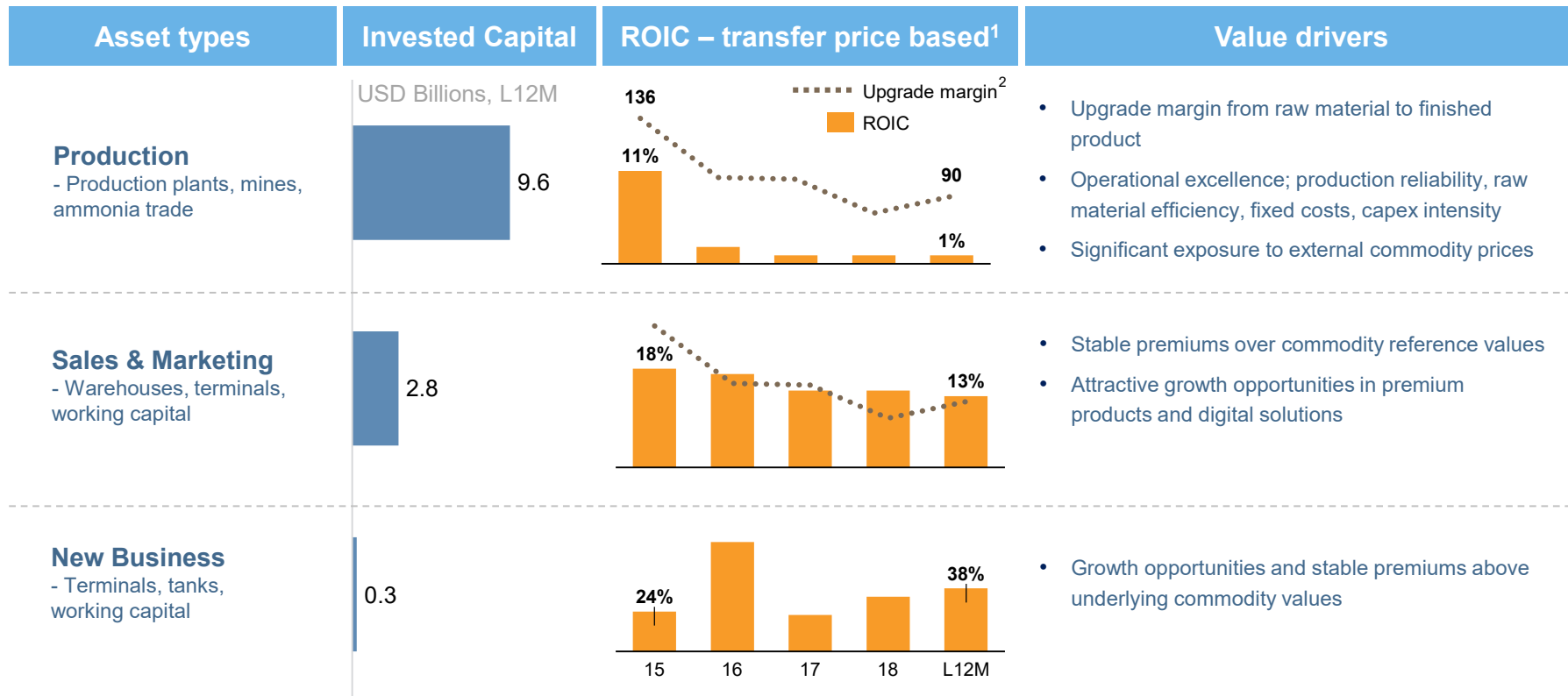


<sup>1</sup>Upgrading margin= Urea prilled Baltic + custom (6.5%) + transport cost to NW Europe (20 USD/t) – gas cost (22 mmbtu x TTF price) – fixed cost (30 USD/t)  
Urea and gas prices lagged by 1 month

# We have been investing for premium product growth and market access



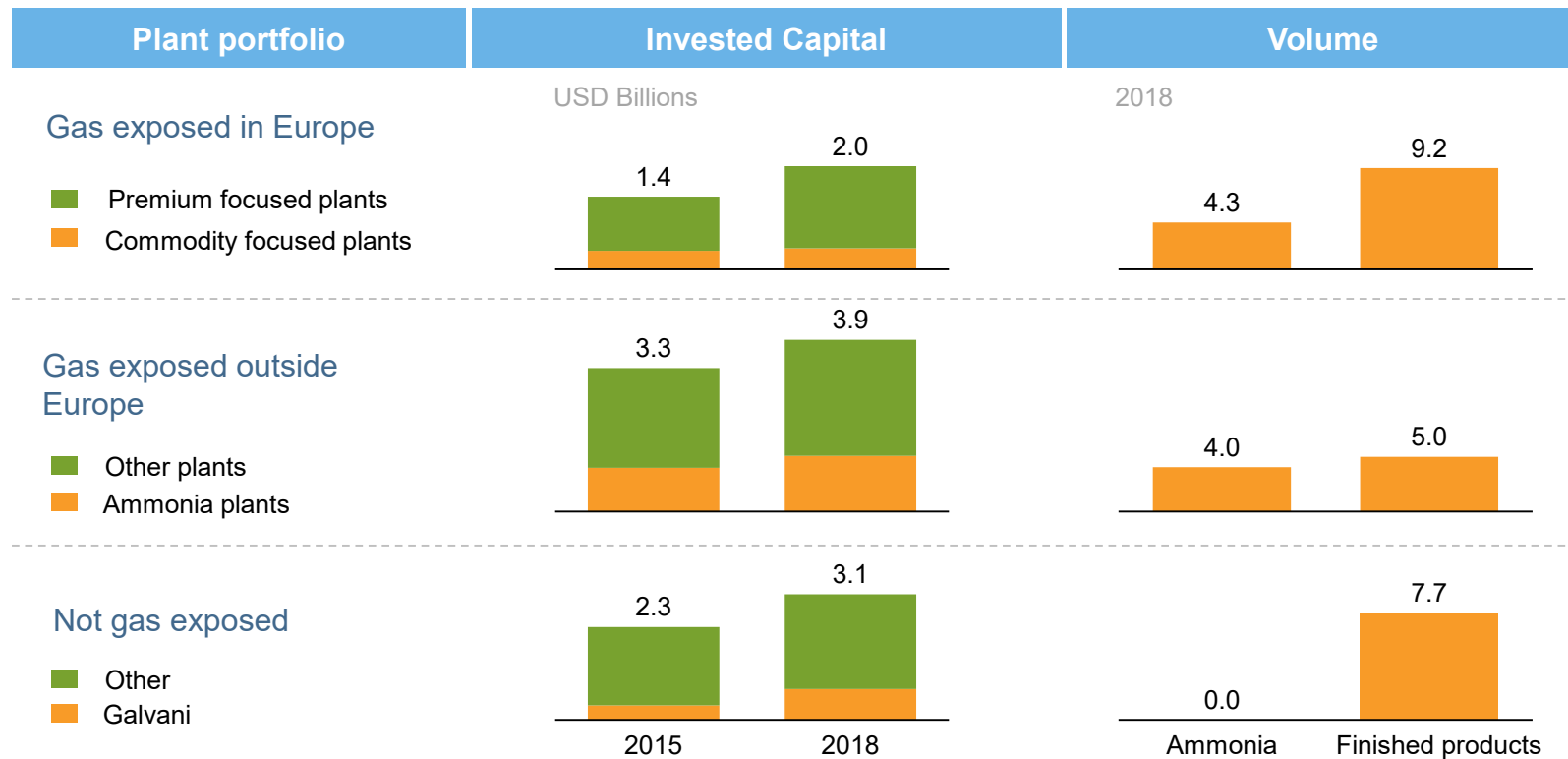
# Our assets have distinct value drivers



<sup>1</sup>Based on transfer prices and hence, does not show the full see-through value creation from the products. Internal changes in transfer prices and movements between segments will affect numbers

<sup>2</sup>Upgrade margin as defined on page 75

# Our production portfolio features a diversified asset base with a strong cyclical upside

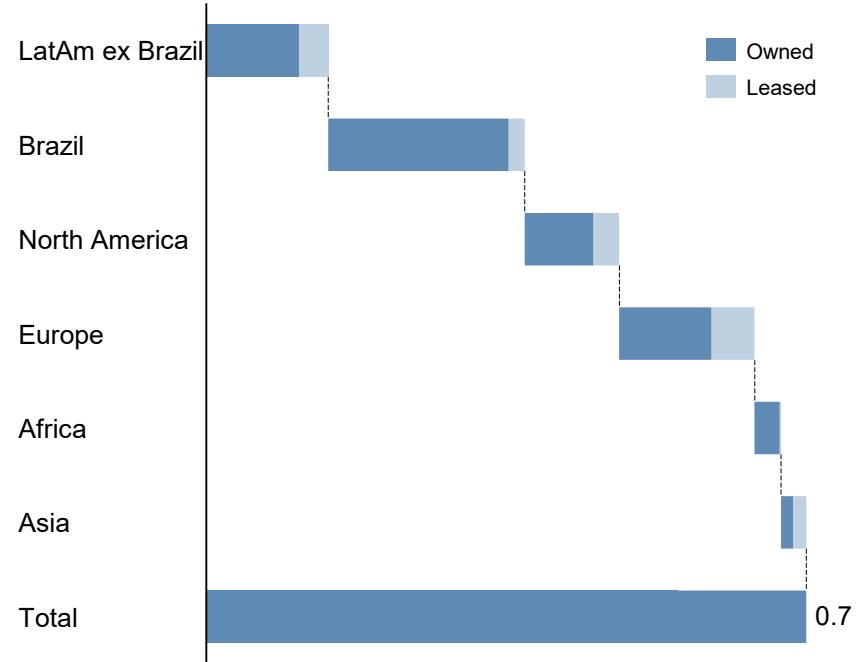
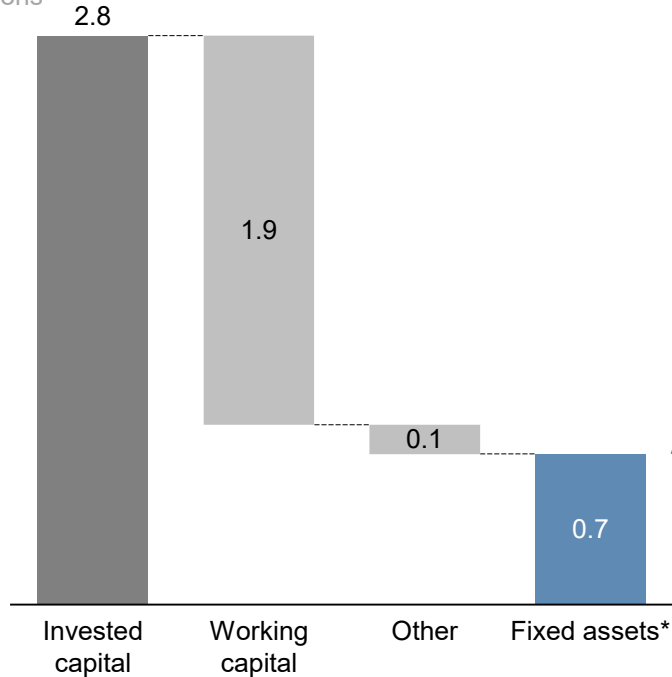


# Our Sales & Marketing is backed by a strong infrastructure

Invested capital in Sales and Marketing driven by working capital..

..and a strong infrastructure footprint across regions

USD Billions



# By executing our strategy we are taking measures to unlock the value potential of our business

- ① Improving margins by driving premium growth
- ② Deliver on our growth projects
- ④ Improve underlying performance through extended YIP
- ⑤ Sharpen focus on core business, evaluating IPO of industrial assets
- ⑤ Optimize the asset base of core business**
- ⑥ Exercise strong capital discipline**

Covered  
earlier today

Focus in the  
following

# We are currently optimizing the asset base of our core business

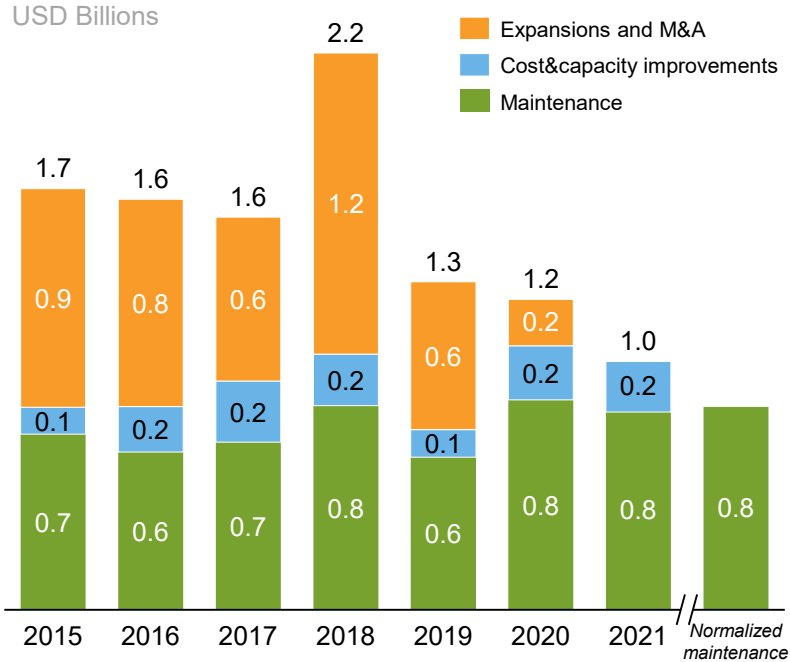
## Assets and optimization

- Yara's asset base has varying as-is profitability and differing outlook and investment profile per site
- Yara is continuously reviewing its plants and markets to optimize future value creation, including synergies and flexibility between our operations
- Improvement potential in market footprint has been identified, and lower profitability plants closely followed up based on defined improvement roadmaps



# We are exercising strict capital discipline with focus on delivering committed growth

## Capex plan and committed growth



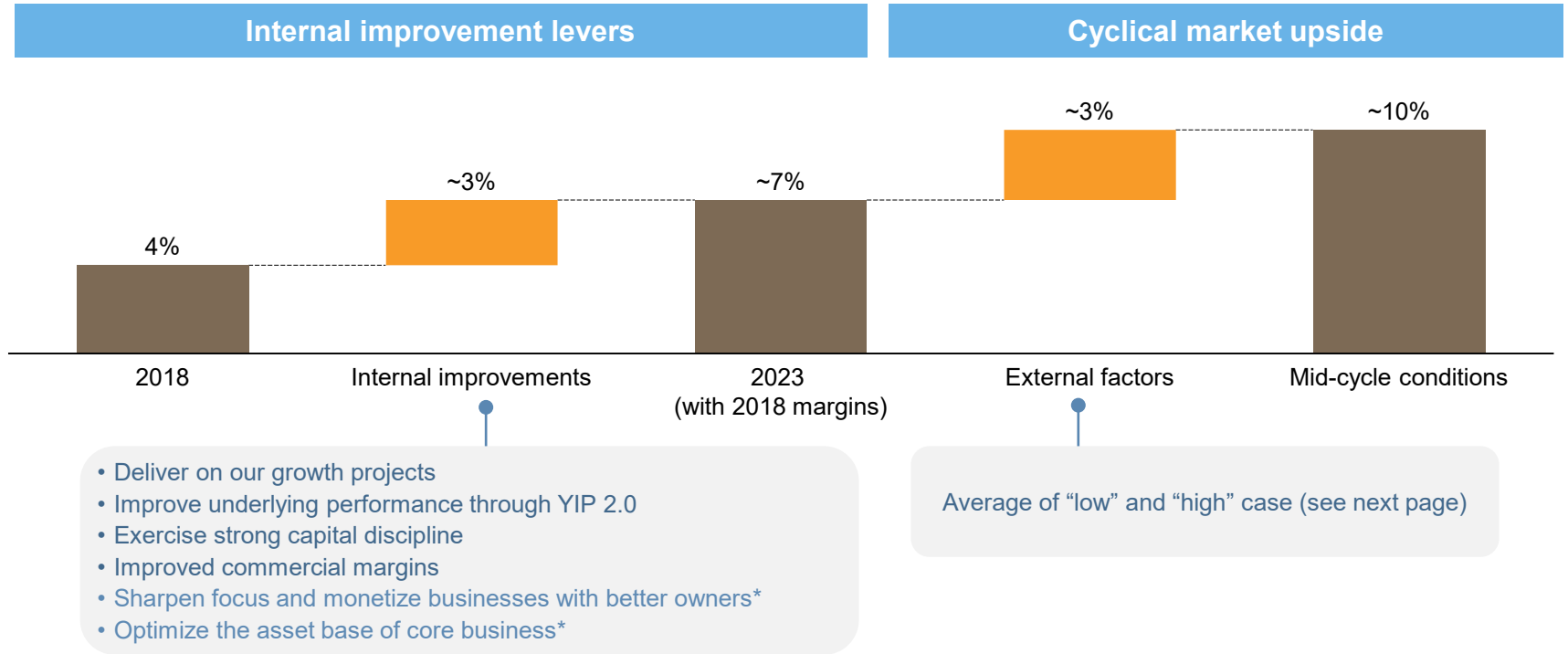
## Strict capital discipline

- Investment level peaked in 2018 and material part of committed growth investments are being finalized in 2019
- With current asset base, normalized maintenance capex of ~800 MUSD. Yearly amounts driven by turnaround schedule
- Cost & Capacity improvement capex are investments with short payback, typically ~200 MUSD annually
- Going forward, Yara will continue to focus on strict capital discipline
  - Focus on delivering on committed growth
  - High return thresholds for new growth
  - Prudent balance between use of funds for growth investments, dividends, and strengthening balance sheet



# Capital return improvements enabled through internal improvements and cyclical upside

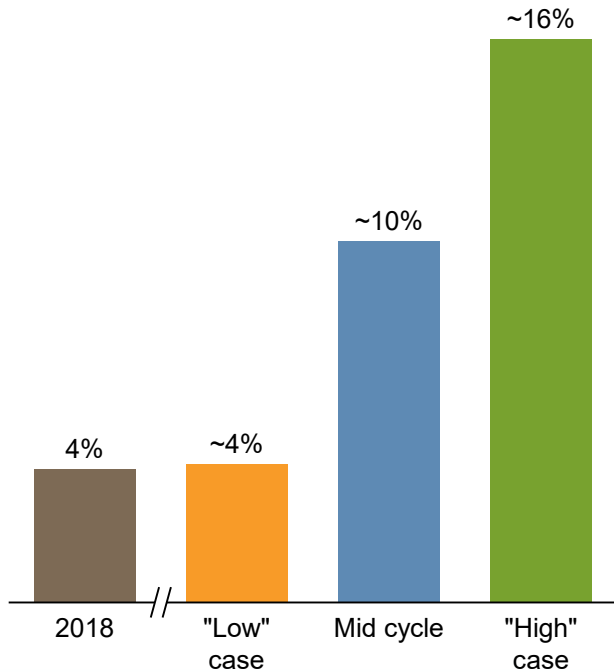
ROIC %



\* Impact not included in figures

# Urea and EU Gas scenarios indicate a cyclical upside, while downside is to remain at current level

## Illustrative ROIC impact



## Assumptions

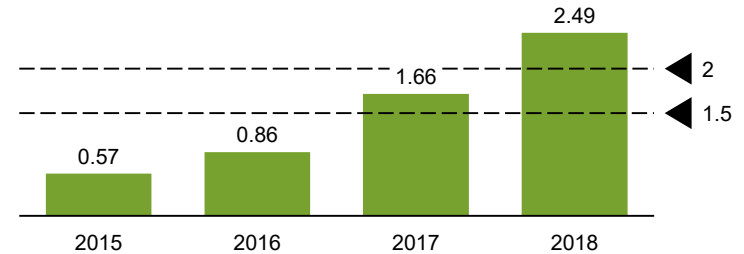
	Urea:	EU Natural gas:
"High" case	~350 USD/t FOB Black Sea	~5 USD/MMBtu
"Low" case	~225 USD/t FOB Black Sea	~8 USD/MMBtu

Including ROIC effects from targeted internal improvements in both low and high case

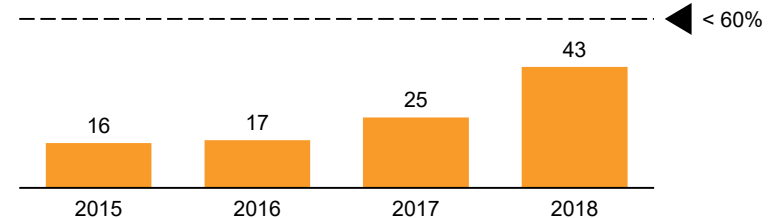
# Yara is protecting its investment-grade rating while providing cyclical upside in dividends through a revised policy

- **Overall objective to maintain mid investment-grade rating**
  - BBB Standard & Poor's / Baa2 Moody's
  - Mid- to long-term target FFO<sup>1</sup>/net debt of 0.40-0.50 and floor of 0.30
- **Conservative short-term investment approach**
  - Priority on lifting capital returns
- **Targeted capital structure**
  - Mid- to long-term Net debt/EBITDA of 1.5-2.0
  - Maintain a net debt/equity ratio below 0.60
- **Ordinary dividend; 50% of net income (previously 40-45%) subject to the above requirements**
- **Shareholder returns are distributed primarily as cash, with buybacks as a supplemental lever**

## Net Debt/EBITDA ex Special Items



## Net debt / Equity



# Yara's financial priorities

Priority	Ambition
<b>Maintain BBB rating</b>	<ul style="list-style-type: none"> <li>• BBB Standard &amp; Poor's / Baa2 Moody's</li> <li>• Mid- to long-term target FFO/net debt of 0.40-0.50 and floor of 0.30</li> </ul>
<b>Prudent capital allocation</b>	<ul style="list-style-type: none"> <li>• Conservative short-term investment approach</li> <li>• Normalized maintenance capex of ~0.8 BUSD</li> <li>• Superior returns on new growth</li> </ul>
<b>Targeted capital structure</b>	<ul style="list-style-type: none"> <li>• Mid- to long-term Net debt/EBITDA of 1.5-2.0</li> <li>• Maintain a net debt/equity ratio below 0.60</li> </ul>
<b>Attractive dividend profile</b>	<ul style="list-style-type: none"> <li>• Ordinary dividend 50% of net income</li> <li>• Subject to targeted capital structure requirements</li> </ul>
<b>Improved capital returns</b>	<ul style="list-style-type: none"> <li>• ROIC &gt; 10% through cycle</li> <li>• YIP 2.0 deliver 600 MUS\$ by 2023</li> </ul>



Knowledge grows

# The way forward

Our long-term targets and prospects

Svein Tore Holsether



# We are committed to fulfill our Strategy, our KPIs and our Ambition

## Advance operational excellence

### Delivering improved operations and superior profits

Yara Improvement program EBITDA improvements  
**>600MUSD** in 2023 vs 2018

### Driving equality and diversity through an engaged and respected workforce

Engagement index **>80%** by 2025, and **>20%** female top managers by 2020 and **>25%** by 2025

### Protecting the planet by aiming for climate neutrality by 2050

**>10%** decline in kg CO<sub>2</sub>e/kg N produced by 2025

## Create scalable solutions

### Improving margins and nitrogen use efficiency through premium product growth

**>3.5 million tons** premium product growth and **>100 million units** of YaraVita sales by 2025, improving overall EBITDA/t in Sales and Marketing

### Building profitable global food chain partnerships

**>2 million tons** of crop solutions sales generated through food companies by 2025

## Drive innovative growth

### Building closeness to farmers through scaling up digital farming

**>10 million ha** under management in 2020 and **positive EBITDA** from digital farming in **2022**

### Solving global challenges and growing profitable business through innovation

Shaping the industry by delivering sustainable and profitable innovations within de-carbonization and circular economy

Responsibly feed the world and protect the planet  
Deliver sustainable returns

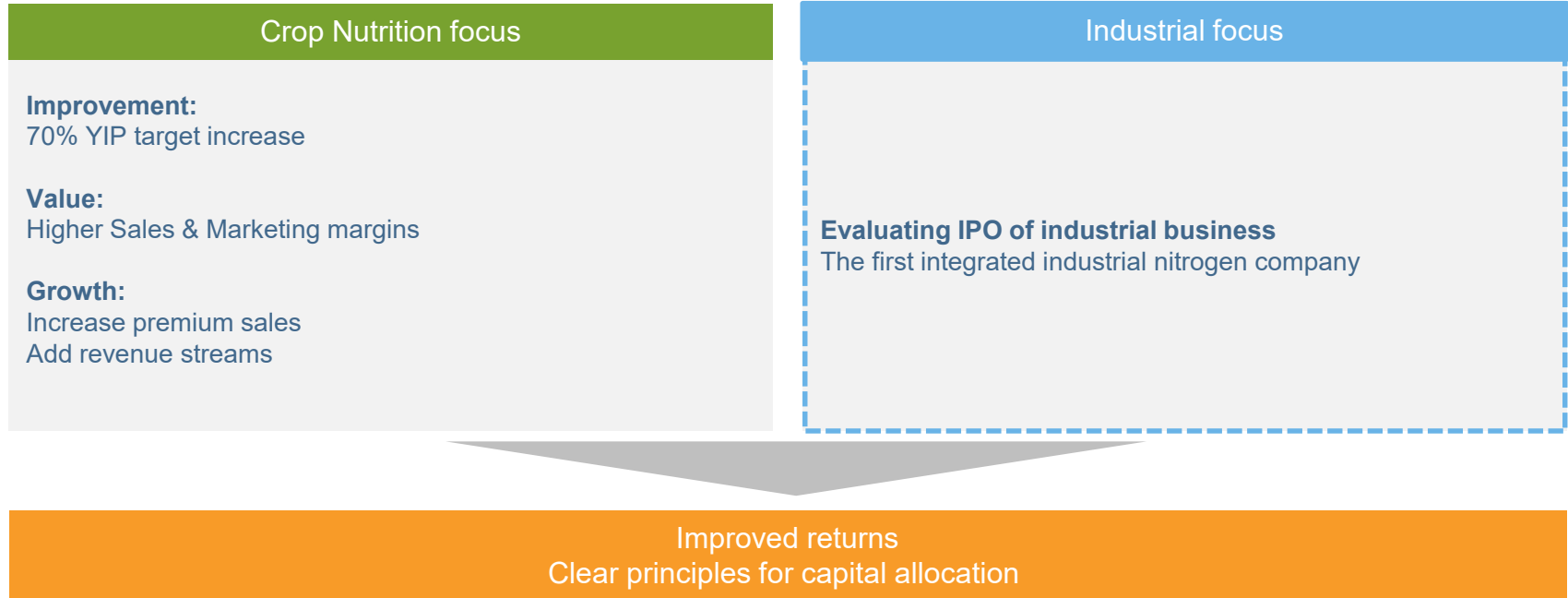
**>275M people**  
fed by Yara products by 2025

ROIC **>10%** through the cycle

Striving towards zero accidents with  
**no fatalities and TRI <1.2** by 2025

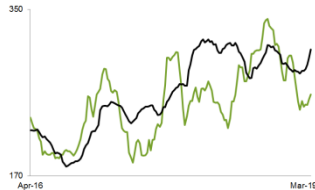
# The Crop Nutrition Company for the Future

Delivering improved returns as a focused company



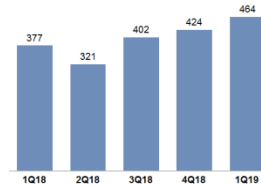
# Attractive Yara prospects

## Attractive industry fundamentals



- Growing population and dietary improvement drives demand
- Resource and environment challenges require strong agri productivity improvement
- Tightening global grain balance and slow-down in nitrogen supply growth

## Operating cash flow improvement



- Operating cash flow improving with cycle and Yara actions
- Committed capex almost halved from 2018 to 2019
- Strict capital discipline
- Clear capital allocation policy

## Focused long-term strategy



### Knowledge grows

- Crop nutrition focus; #1 market presence and #1 premium fertilizer position
- Improving returns through operational improvement, margin improvement and innovative growth



# Yara - the Crop Nutrition Company for the Future

**220 million**

people our products help to feed

**20 million**

The number of farmers we collaborate with

**9,000**

Fully branded retail outlets<sup>1</sup>

**870**

Agronomists on the ground

**No. 10**

Yara has been ranked no. 10 among the 50 companies on FORTUNES' prestigious Changing the World List<sup>2</sup>

**+60**

The number of countries we operate in





Knowledge grows

# Appendix



# Going from reporting USD values to value drivers with extended YIP

Extended YIP represents higher targets than current YIP on all key items

**What we have already delivered:**  
Current YIP status (2018)

**Extended YIP - higher or equal ambition levels in 2020:**  
Current YIP vs extended YIP (2015 vs. 2020)

**We will report on our new targets going forward:**  
Extended YIP (2015 vs. 2023)

	2018	2020		2023
	Current YIP	Current YIP	Extended YIP	Extended YIP
<b>Volumes (kt)</b>	<b>750</b>	<b>1,100</b>	<b>6,200</b> <b>equal</b>	<b>8,200</b> <b>higher</b>
<i>Ammonia</i>	<b>80</b>	<b>400</b>	<b>1,840</b> <b>equal</b>	<b>2,200</b> <b>higher</b>
<i>Ammonia growth investments</i>	1,070	1,440		
<i>Finished products</i>	<b>670</b>	<b>700</b>	<b>4,360</b> <b>equal</b>	<b>6,000</b> <b>higher</b>
<i>Finished products growth investments</i>	2,140	3,660		
<b>Ammonia energy efficiency (GJ/ton)</b>	<b>33.9</b>	<b>33.7</b>	<b>33.7</b> <b>equal</b>	<b>32.7</b> <b>higher</b>
<b>Fixed cost savings (MUSD)</b>	<b>23</b>	<b>115</b>	<b>120</b> <b>equal<sup>1</sup></b>	<b>300</b> <b>higher</b>
<b>Variable cost savings (MUSD)</b>	<b>151</b>	<b>149</b>	<b>191</b> <b>higher</b>	<b>191</b> <b>higher</b>
<b>Working capital days</b>	n/a <sup>2</sup>		<b>new</b>	<b>-12</b> <b>higher</b>

<sup>1</sup> Fixed costs: total reported CRC and SGA

<sup>2</sup> Represent 350 MUSD additional improvements when measured using same baseline as existing YIP targets

# Overview of volumes from Yara Improvement Program and growth investments

	2018	2020	2023	Change 2018	Change 2020
<b>YIP volumes (kt)</b>	<b>750</b>	<b>1,100</b>	<b>2,090</b>	<b>1,340</b>	<b>990</b>
<i>Ammonia</i>	80	400	720	640	320
<i>Finished products</i>	670	700	1,370	700	670
<b>Growth investment volumes (kt)</b>	<b>3,210</b>	<b>5,100</b>	<b>6,110</b>	<b>2,900</b>	
<i>Ammonia</i>	1,070	1,440	1,480	410	
<i>Finished products</i>	2,140	3,660	4,630	2,490	
<b>Total volume increase</b>	<b>3,960</b>	<b>6,200</b>	<b>8,200</b>	<b>4,240</b>	
<i>Ammonia</i>	1,150	1,840	2,200	1,050	
<i>Finished products</i>	2,810	4,360	6,000	3,190	
<b>Total volumes</b>	<b>28,720</b>	<b>30,960</b>	<b>32,860</b>	<b>4,140</b>	
<i>Ammonia</i>	7,850	8,540	8,900	1,050	
<i>Finished products</i>	20,870	22,420	23,960	3,090	

- 1) 2018 includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects (total 10kt)
- 2) Excluding Qafco and Lifeco volumes
- 3) Normalizing for turn-arounds and market optimization effects of 1,100 kt in 2018 and 1,000 kt in 2023.