



Knowledge grows

# Yara International ASA Fourth Quarter results 2013

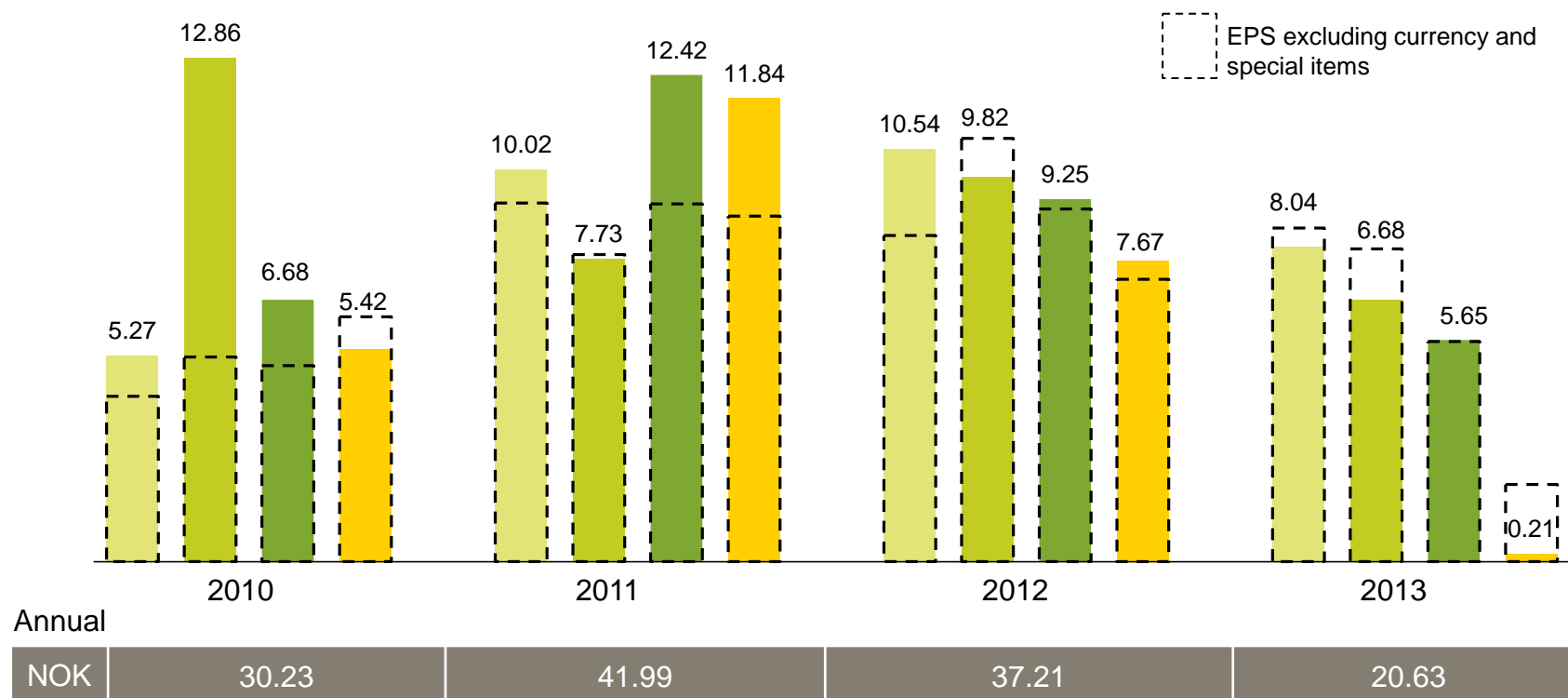
12 February 2014

# Summary fourth quarter

- Lower result reflecting weaker prices
- Weak commodity margins but robust value-added premiums
- Strong production and deliveries
- Proposed dividend NOK 10 per share, 48% of net income



# Earnings per share\*



\* Average number of shares for 4Q 2013: 277.2 million (4Q 2012: 280.6 million).



IR-Date: 2014-02-12



# Fertilizer market development

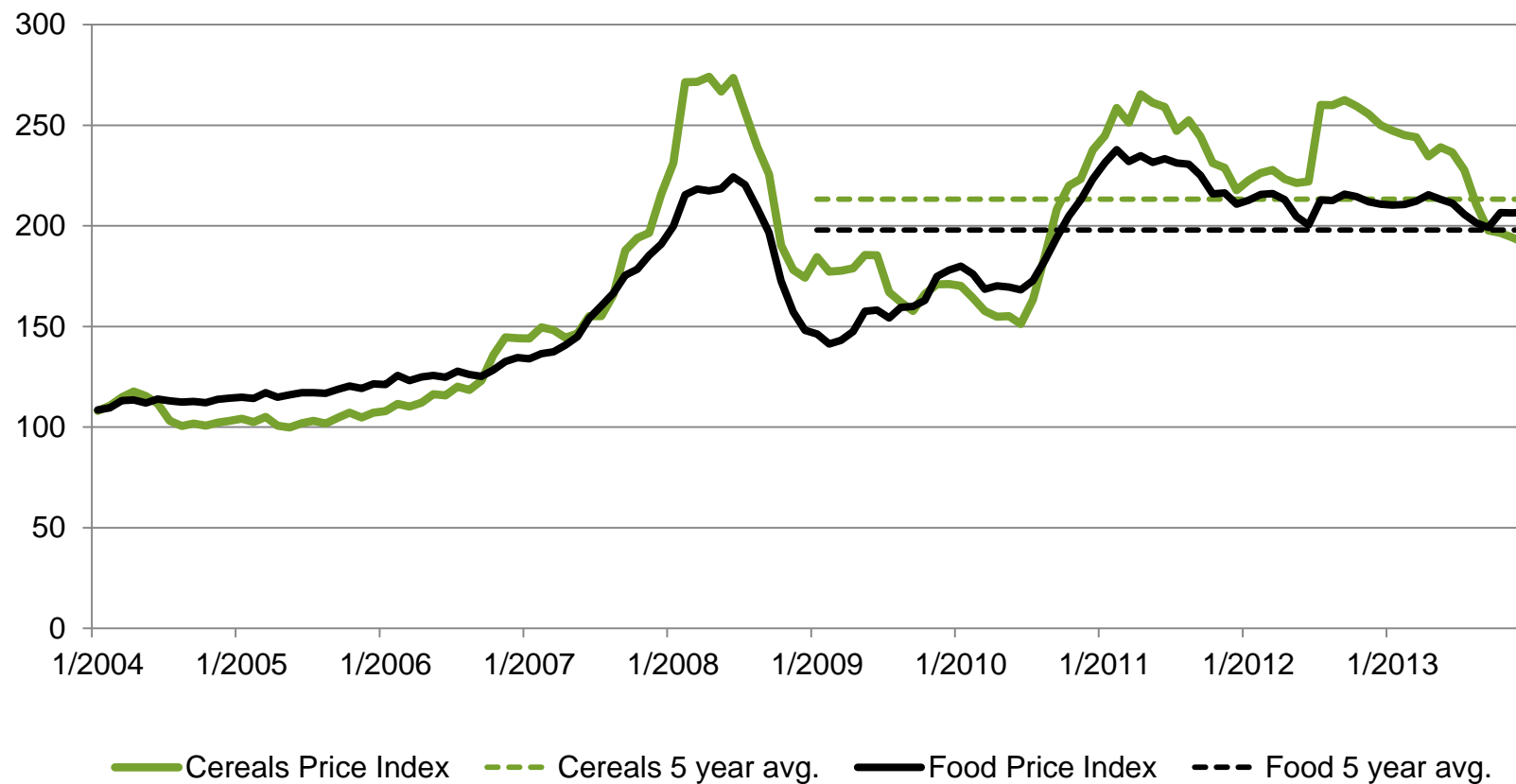
- Farm economics support fertilizer demand, despite lower grain prices
- Chinese supply costs drive urea pricing, amid curtailments in East Europe and slow exports from North Africa
- Western Europe nitrogen fertilizer industry deliveries 8% higher, season to date 1% higher
- Phosphate and potash markets impacted by reduced consumption in India, but strong phosphate market improvement from November
- Strong demand for value-added fertilizer products, including nitrates and NPKs



# Farm economics support fertilizer demand

## FAO price index

**Index**



Source: FAO

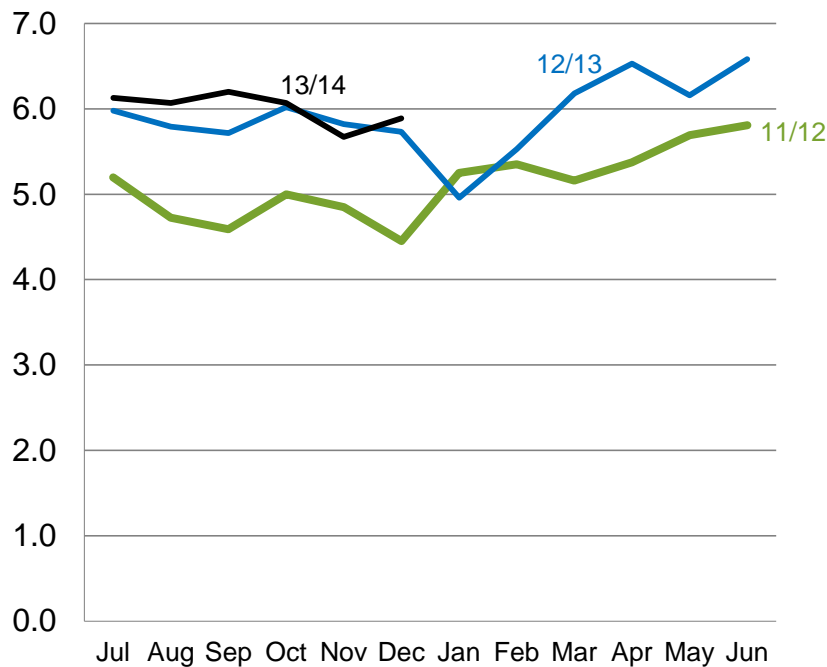


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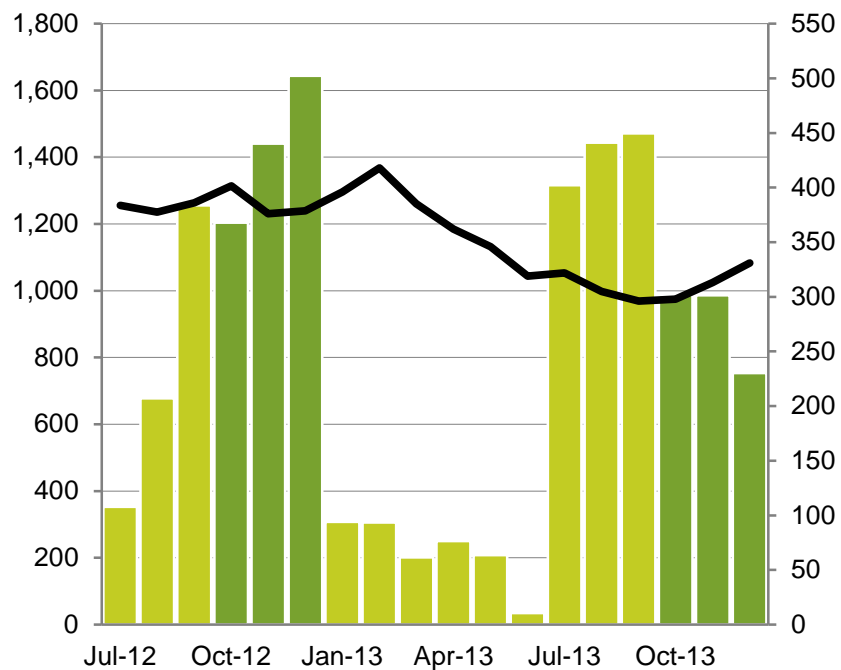


# Chinese urea production in line season to date, and lower exports in fourth quarter

**Chinese urea production, million tons**



**Chinese urea exports, Kilotons**



Source: BOABC, CFMW

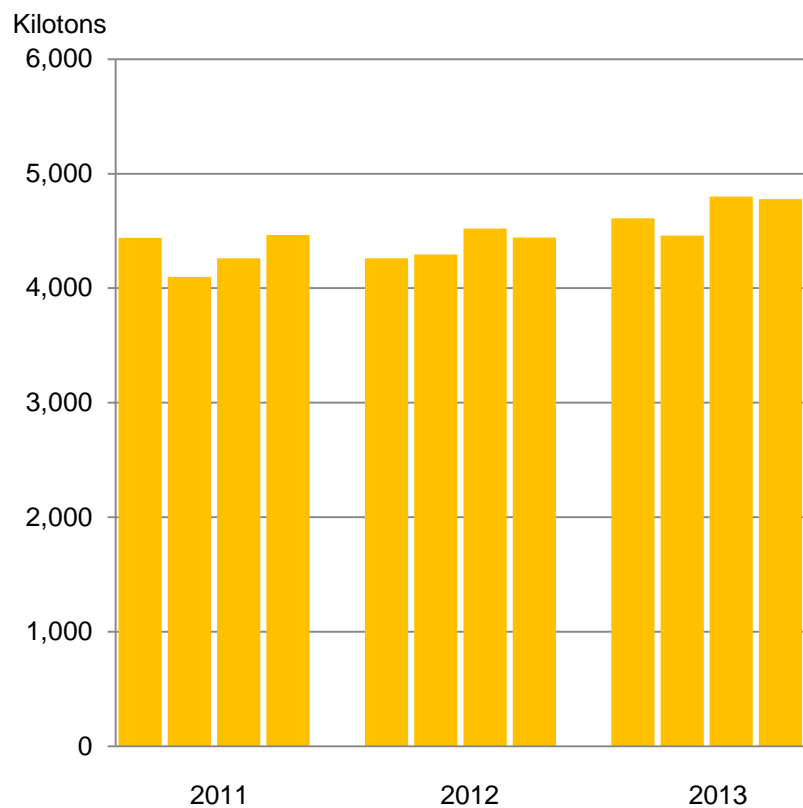


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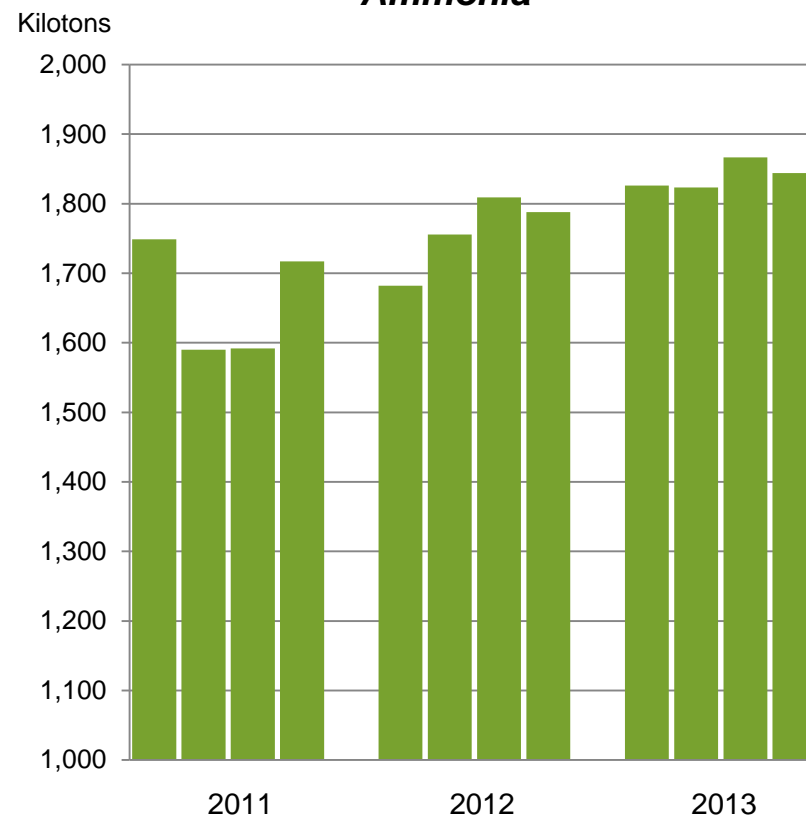


# Strong production

## Finished fertilizer



## Ammonia



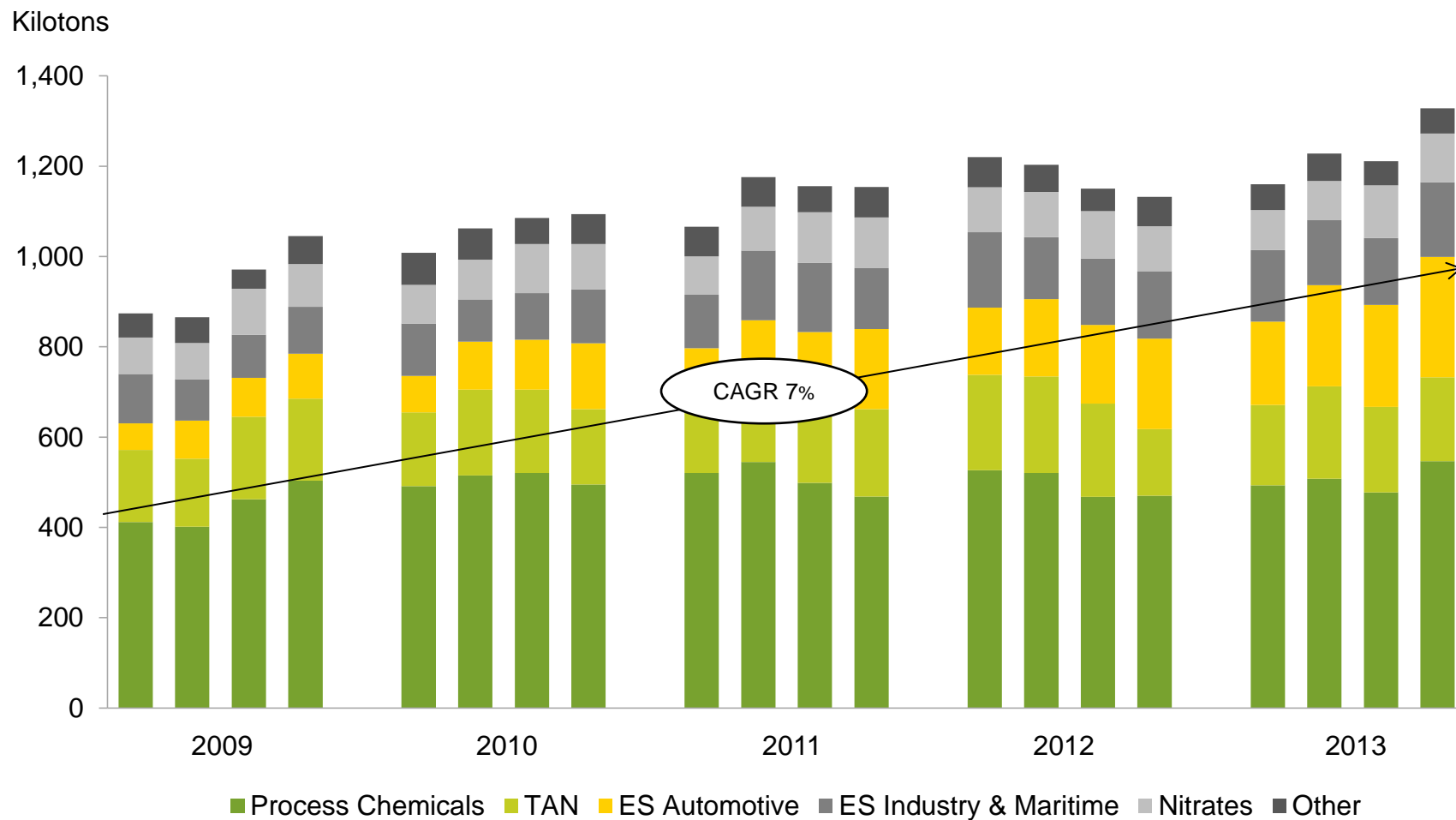
\* Including share of equity-accounted investees



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# Industrial sales per business unit





# Latin America growth & integration progress

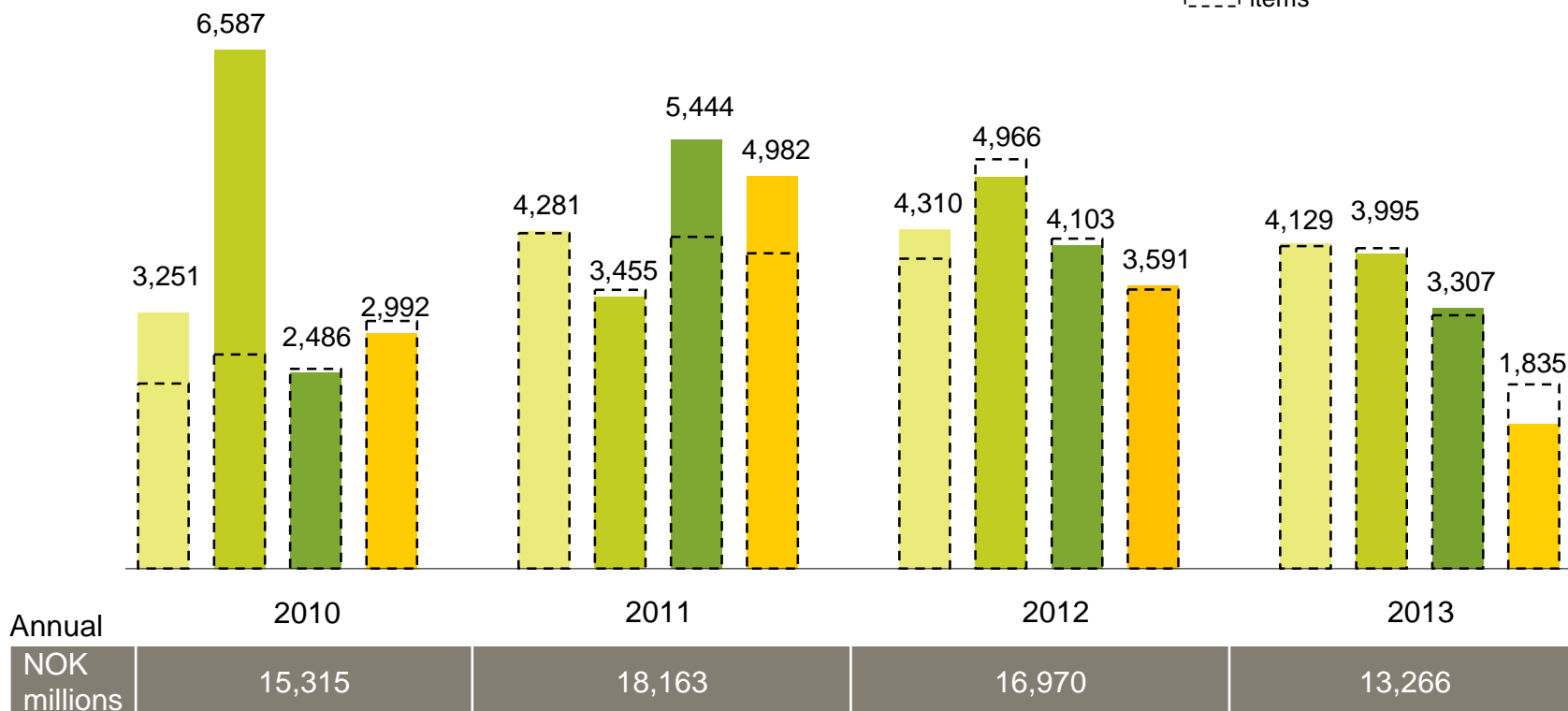


- **OFD (Colombia):**
  - Integration preparation underway, with resource transfer from Bunge work
  - Closing expected mid 2014
  
- **Bunge (Brazil):**
  - Integration completed
  - Result improvement expected going forward
  - USD 50 million synergies effective 2014

# Earnings before interest, tax, depreciation and amortization (EBITDA)

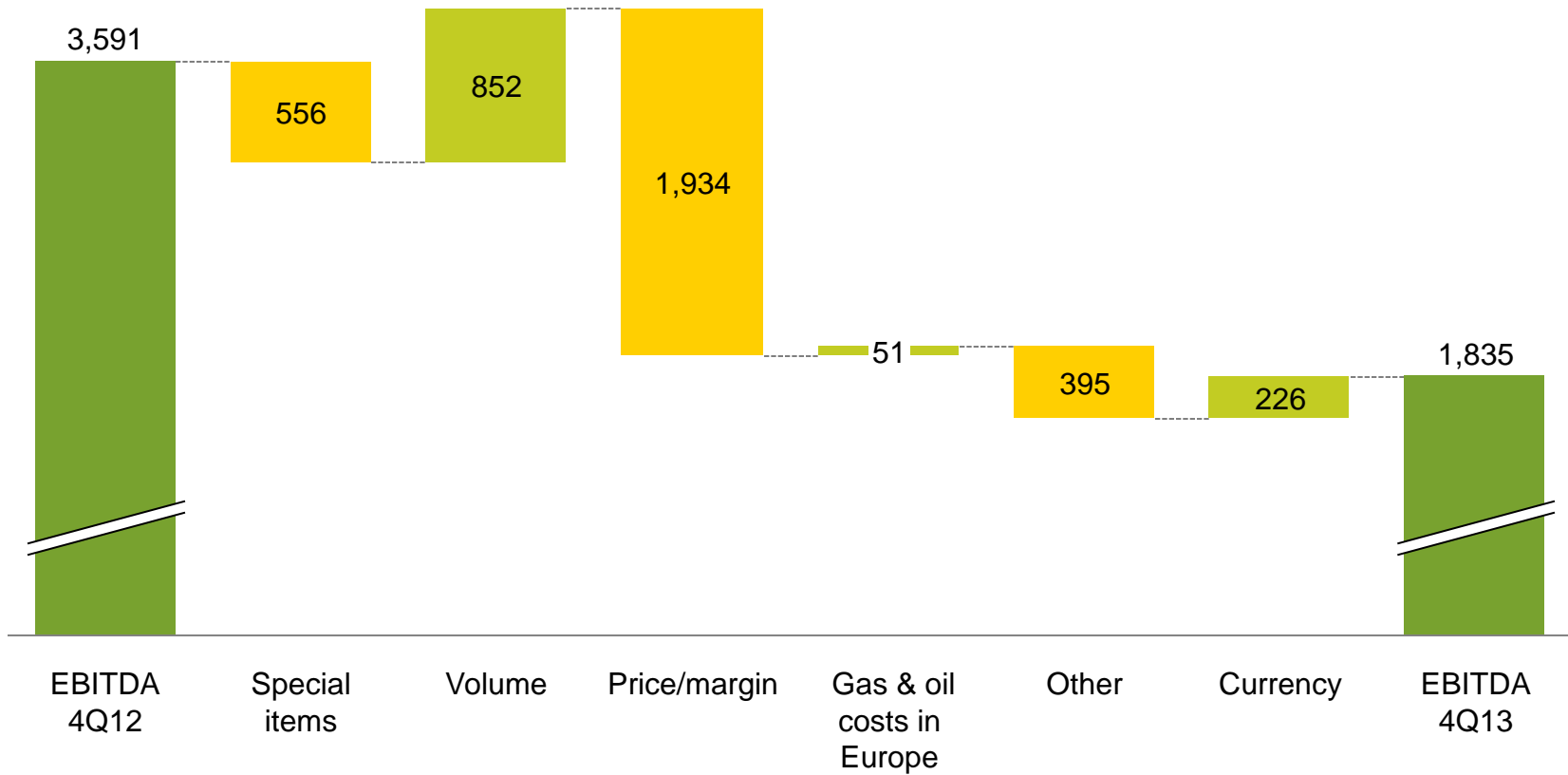
**NOK millions**

EBITDA excluding special items

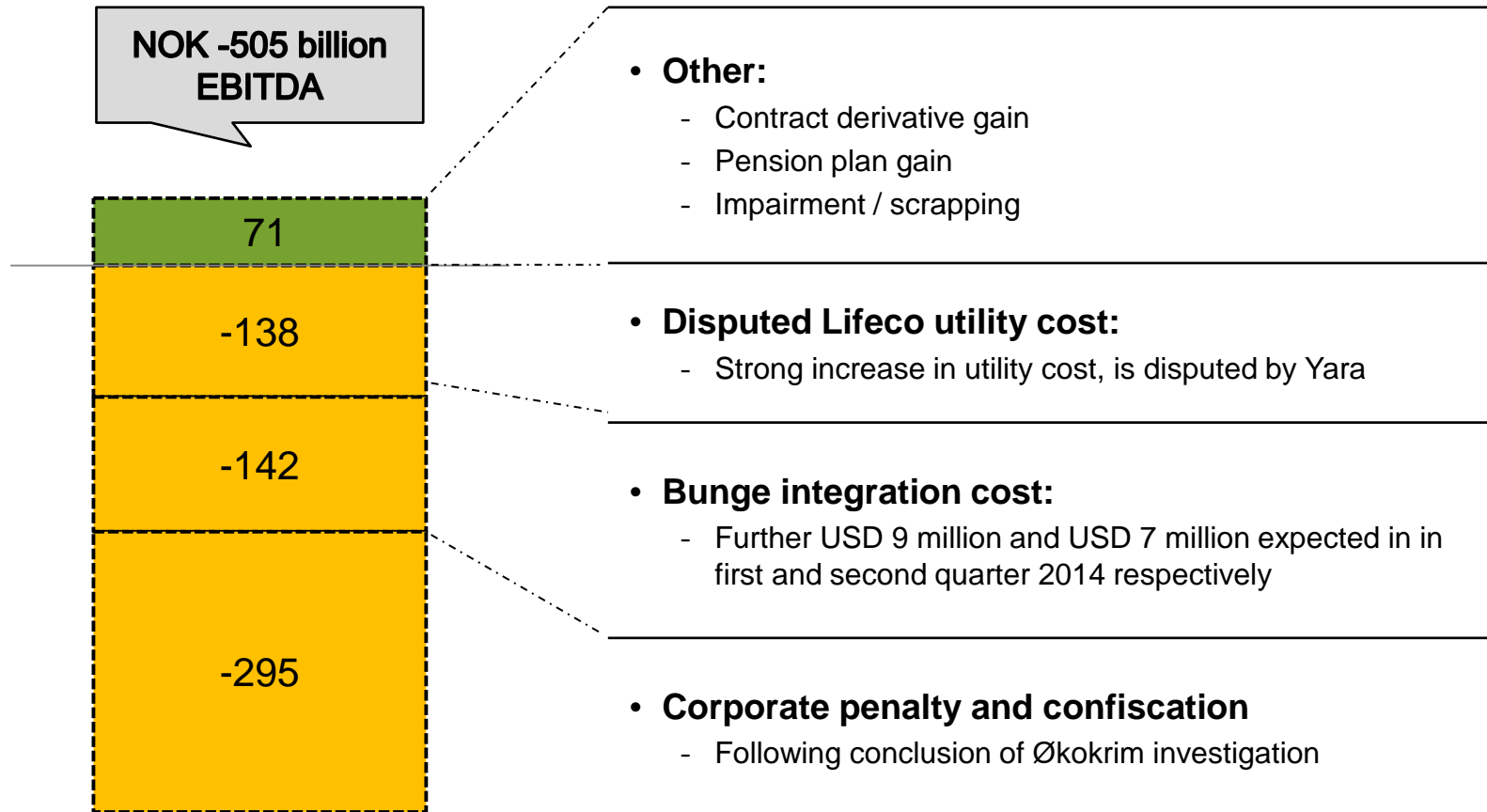


# EBITDA development

*NOK millions*

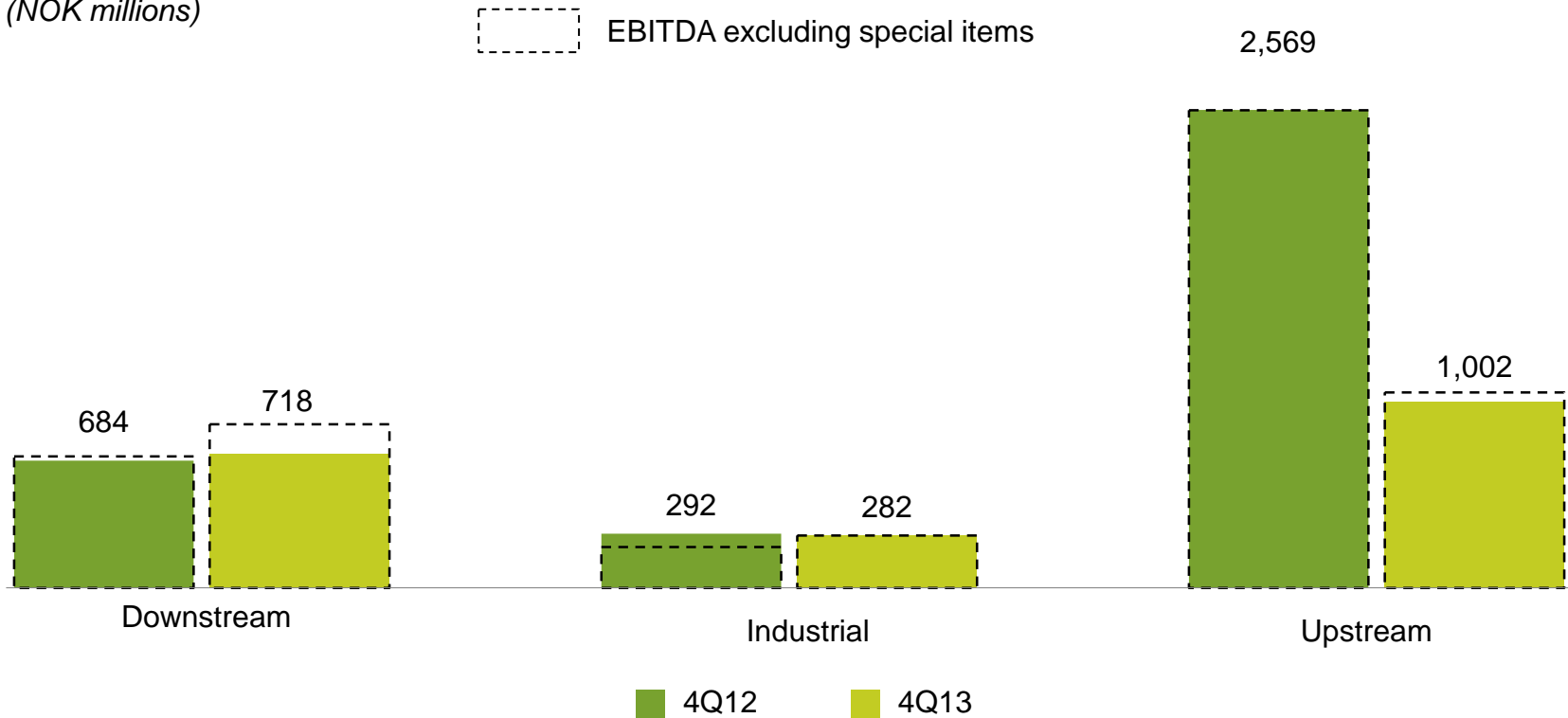


# Fourth-quarter special items



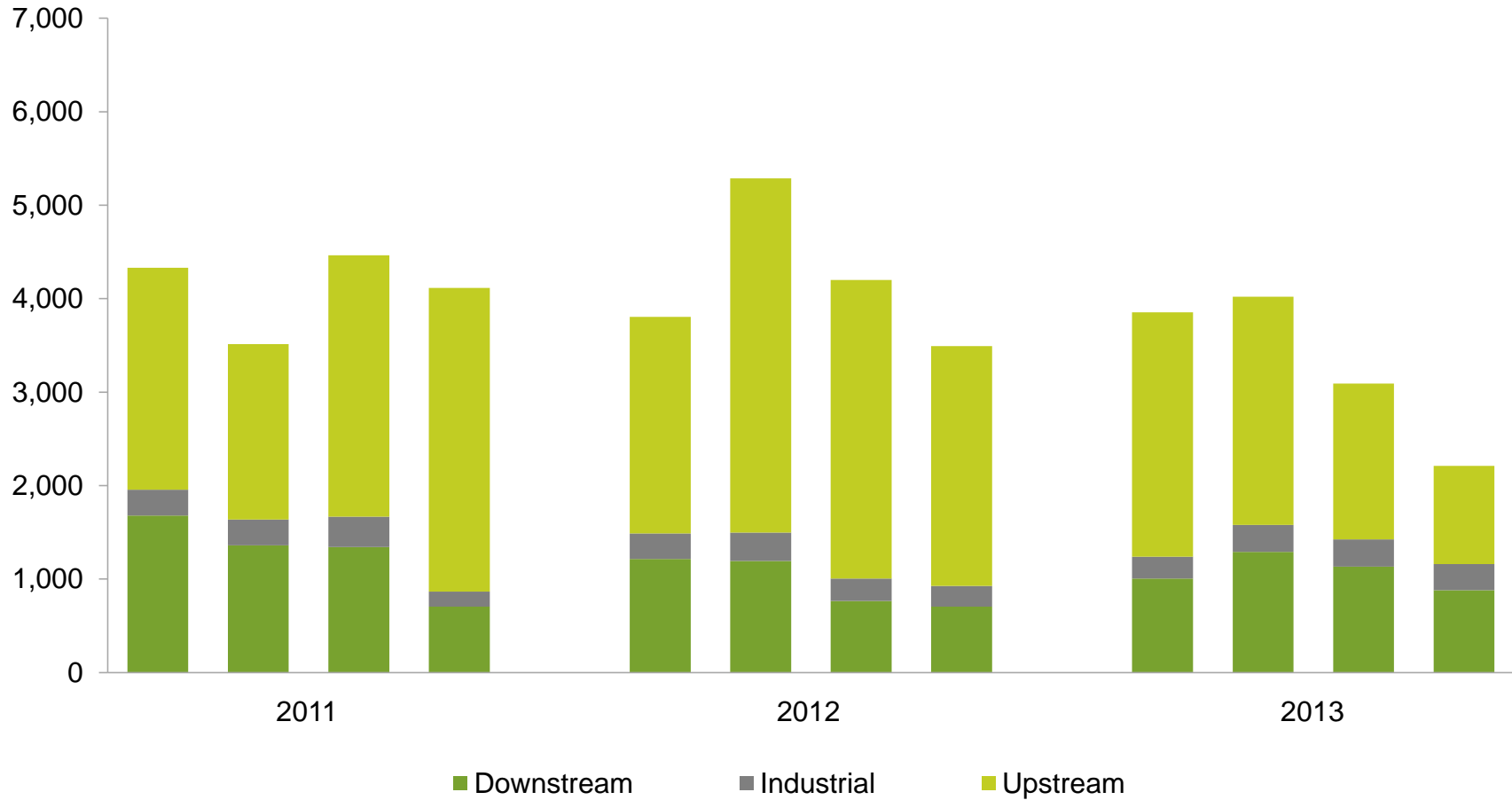
# Stable Downstream and Industrial earnings

**EBITDA**  
(NOK millions)



# EBITDA per segment excl. special items

EBITDA, NOK millions

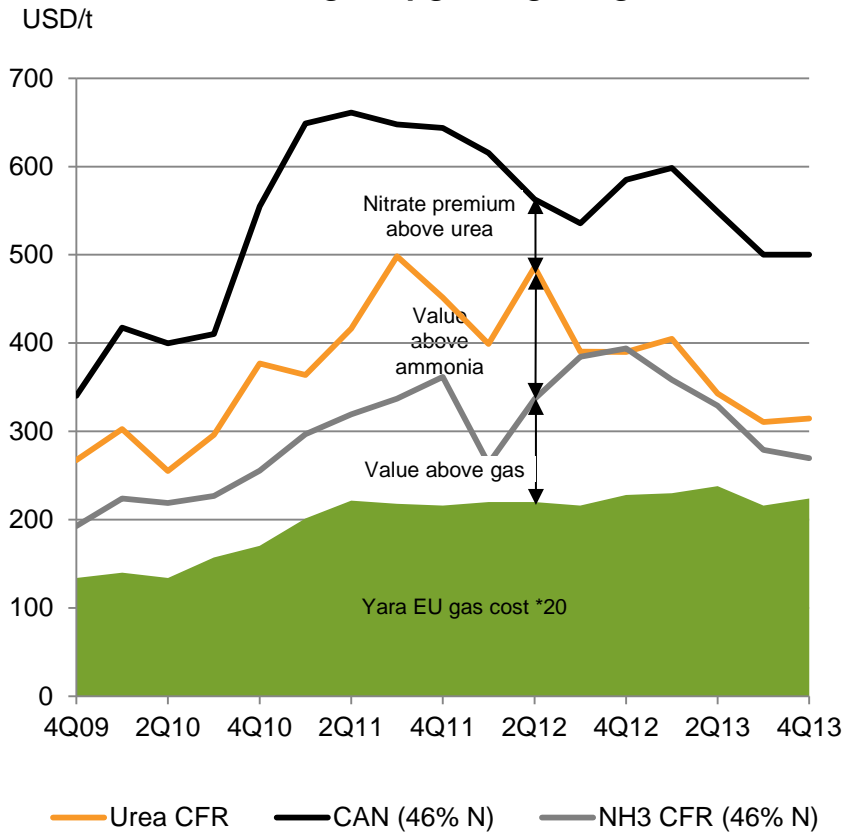


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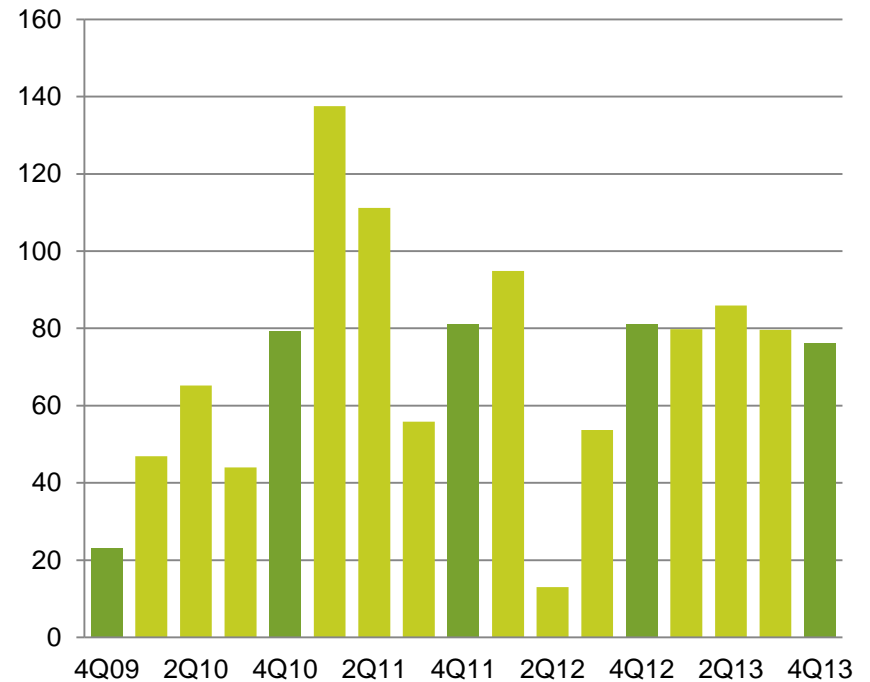


# Agronomic benefits justify nitrate premium

**Nitrogen upgrading margins**

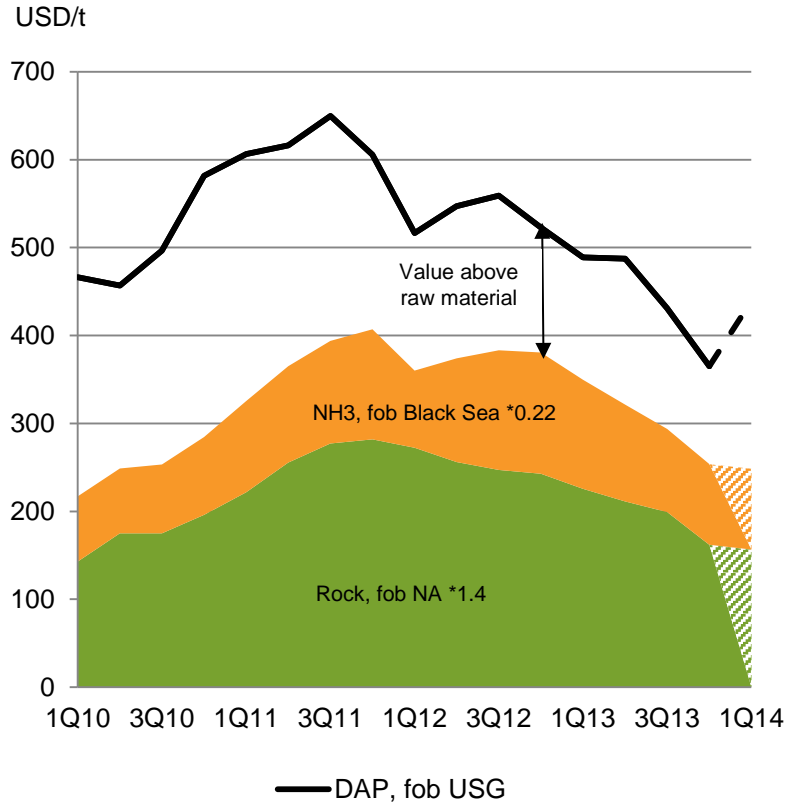


**Nitrate premium, USD/t CAN**



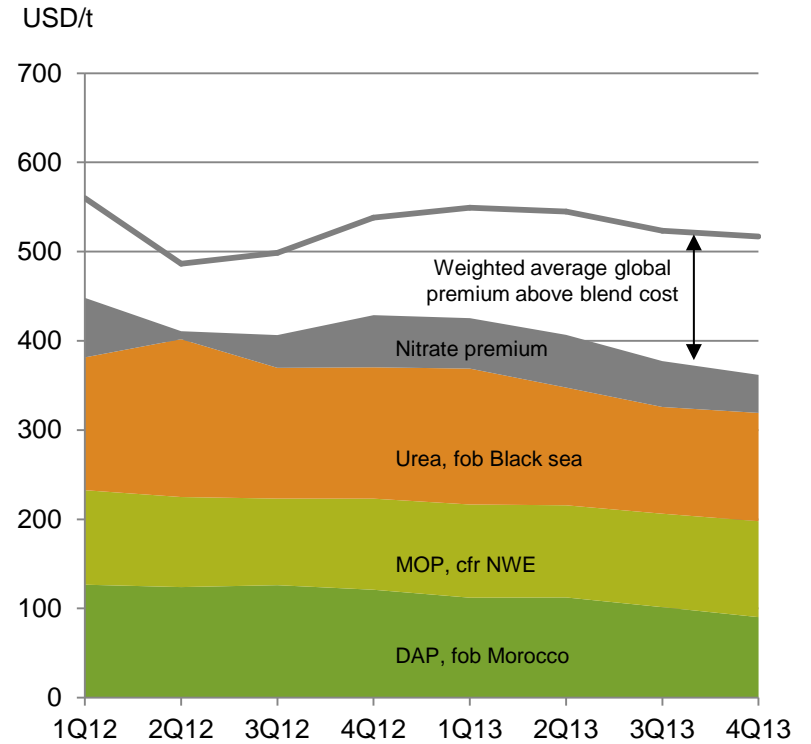
# Stable NPK premiums

**Phosphate upgrading margins<sup>1</sup>**



1) 1Q 2014 based on January actuals

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



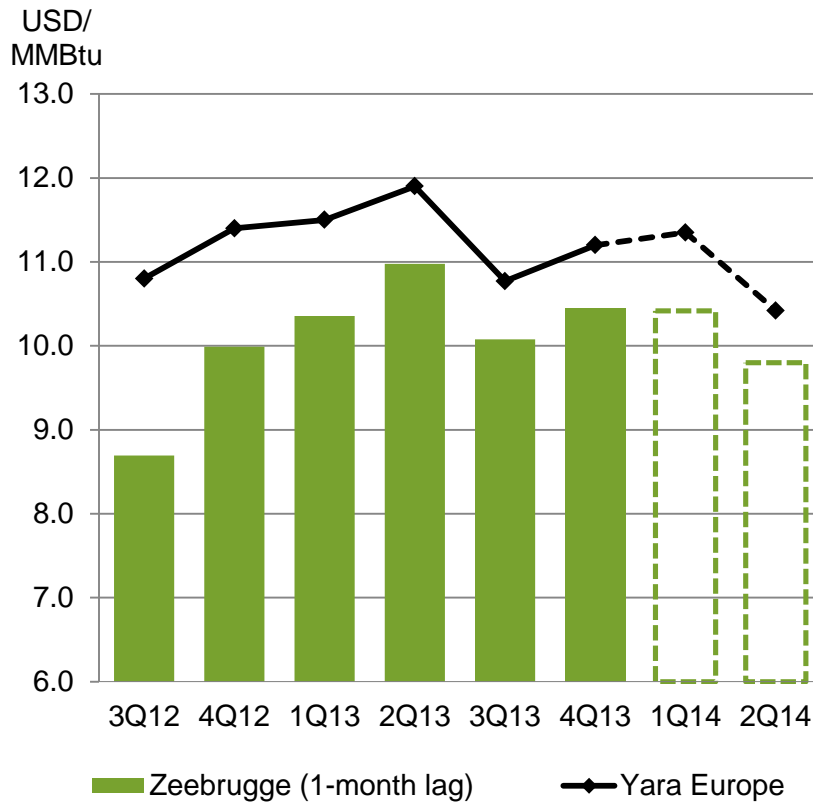
2) Export NPK plants, average grade 19-10-13, net of transport and handling cost.



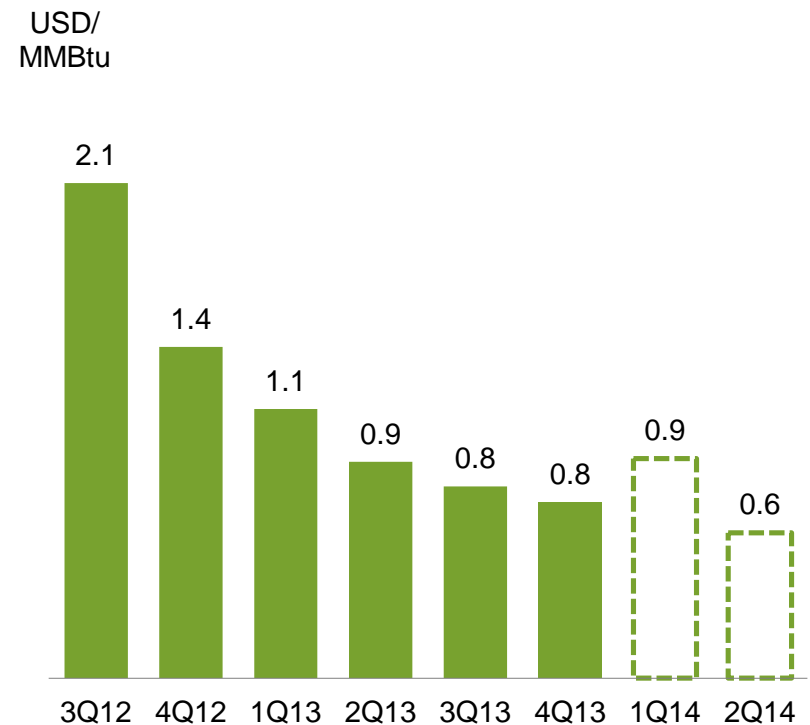


# Lower forward gas cost in Europe

## Yara European gas & oil cost



## Spread between Yara and Zeebrugge



\*Dotted lines denote forward prices as of 3 February 2014

Source: Yara, World Bank, Platts

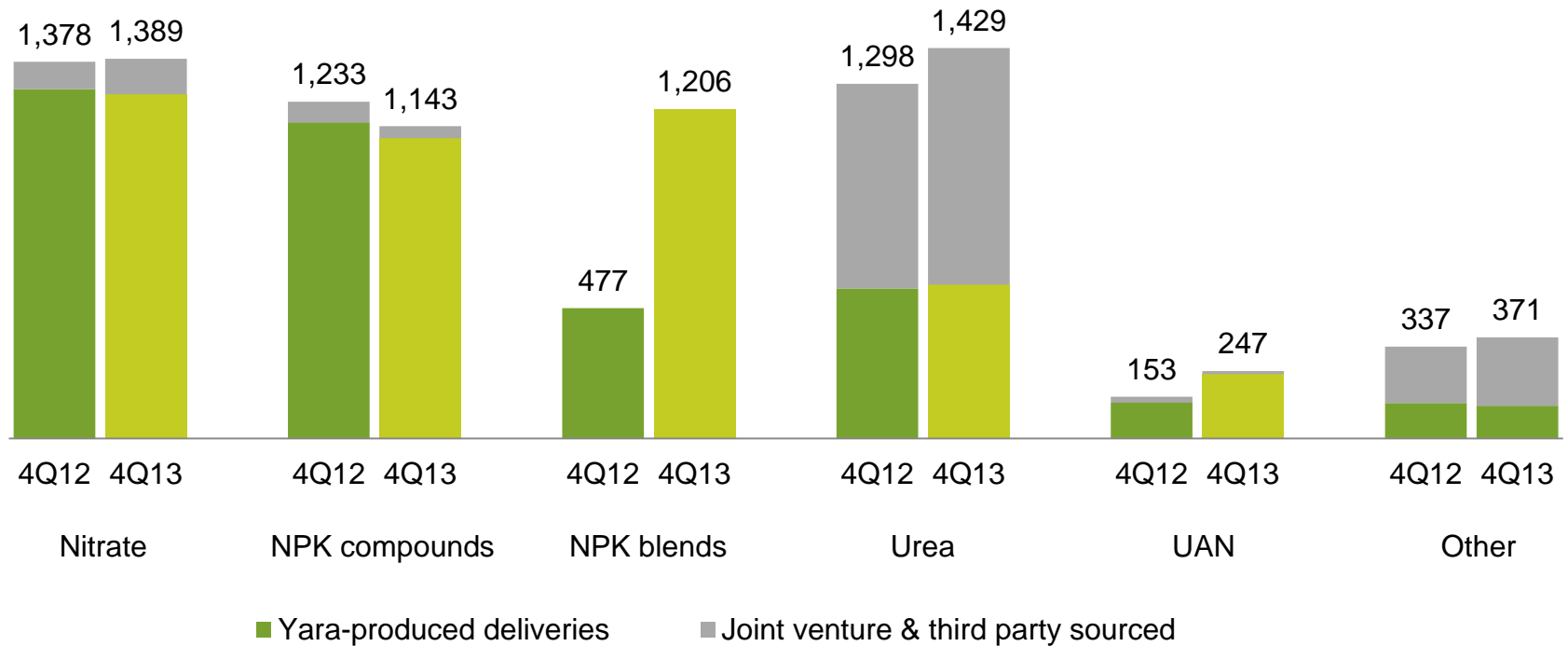


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# Increased fertilizer deliveries

**Kilotons**



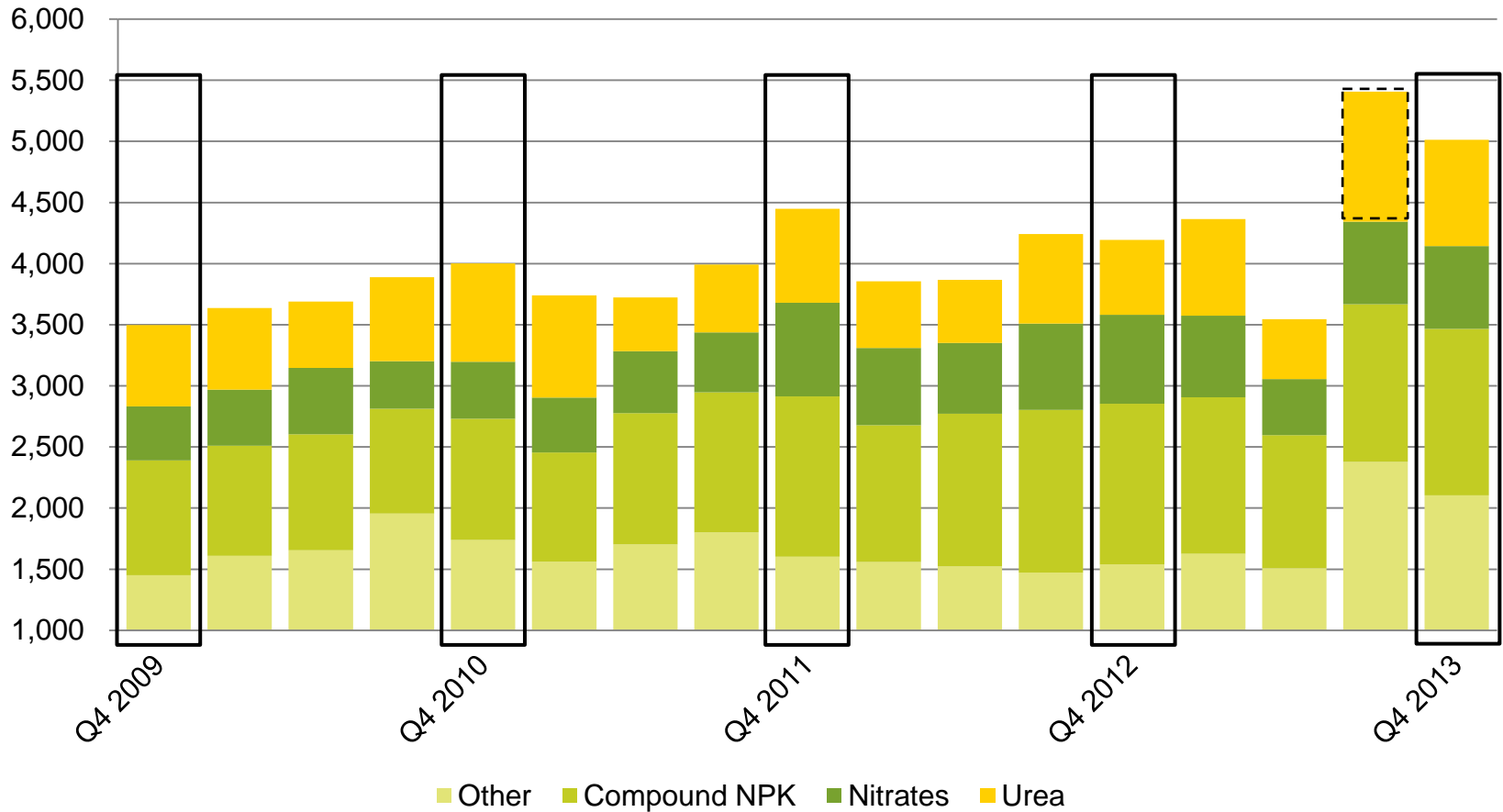
IR-Date: 2014-02-12



# Yara stocks, including Bunge Brazil from 3Q

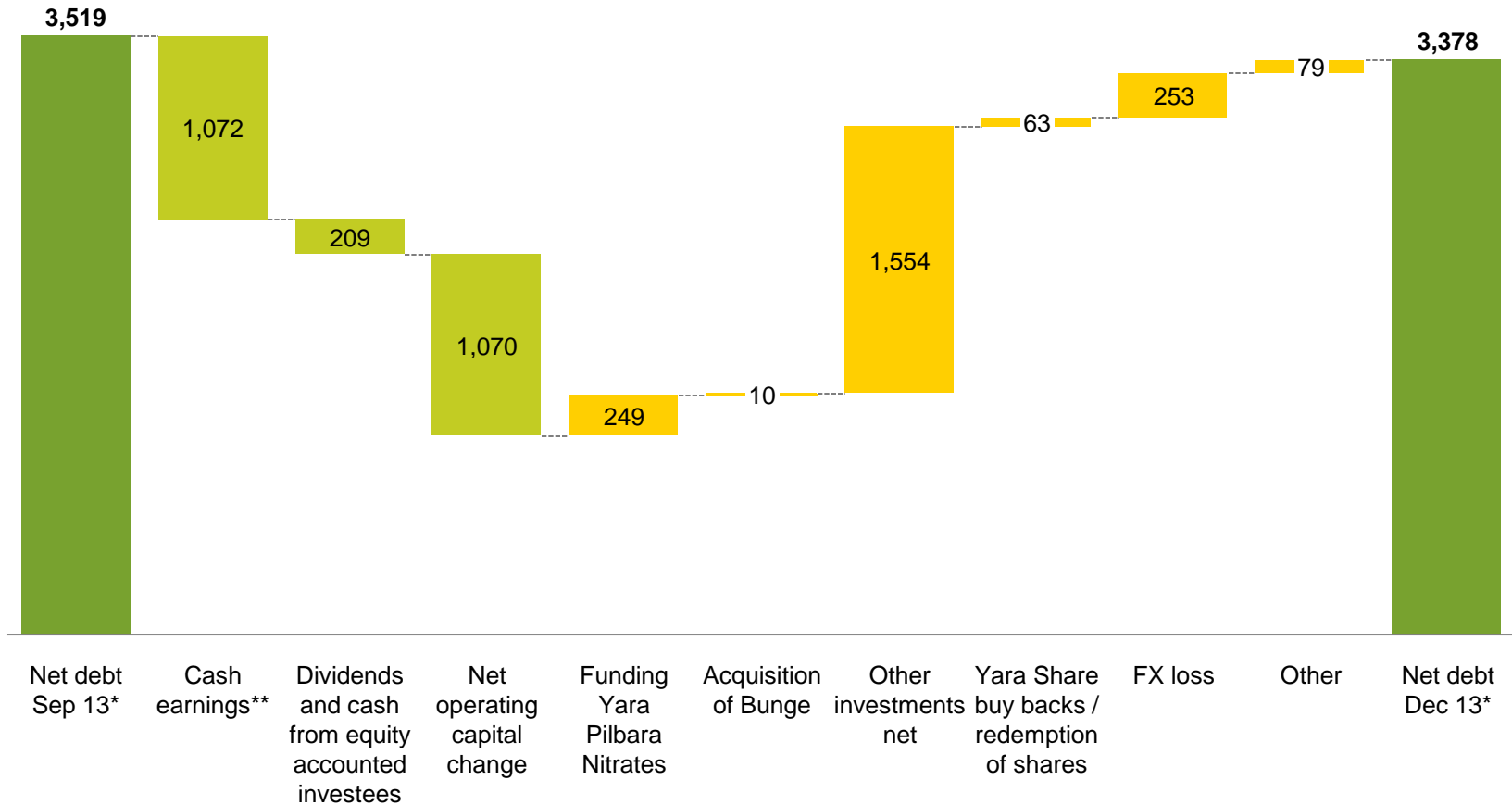
Kilotons  
Finished fertilizer

   Bunge Fertilizer  
included from 3Q 2013



# Net interest-bearing debt development

*NOK millions*



\* Included in net interest-bearing debt are external bank time deposits (4-12 months), this is part of other current assets in balance sheet

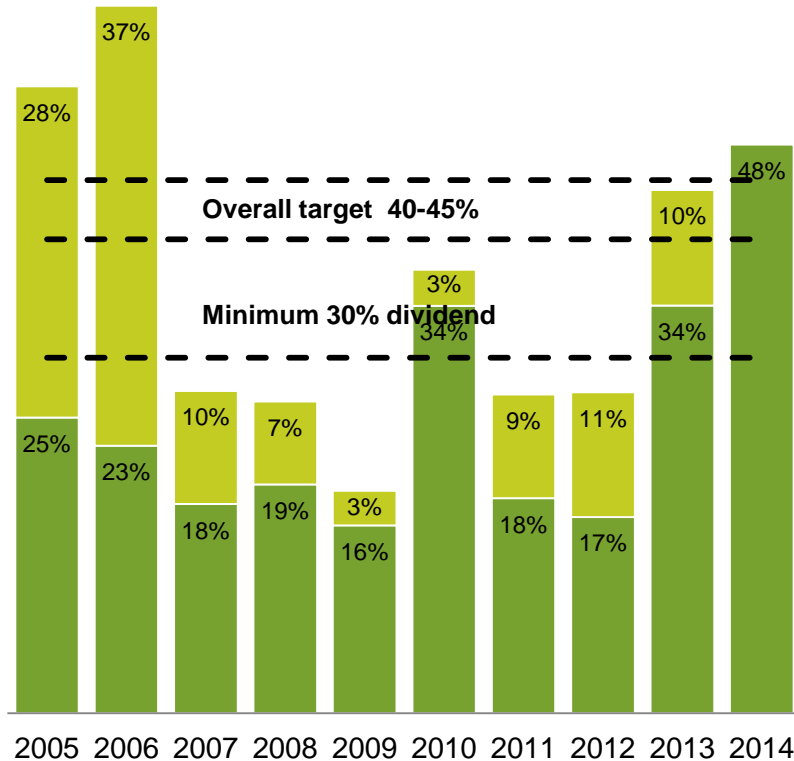
\*\* Operating income plus depreciation and amortization, minus tax paid, net gain/loss on disposals, net interest expense and bank charges



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# Proposed dividend improves capital efficiency

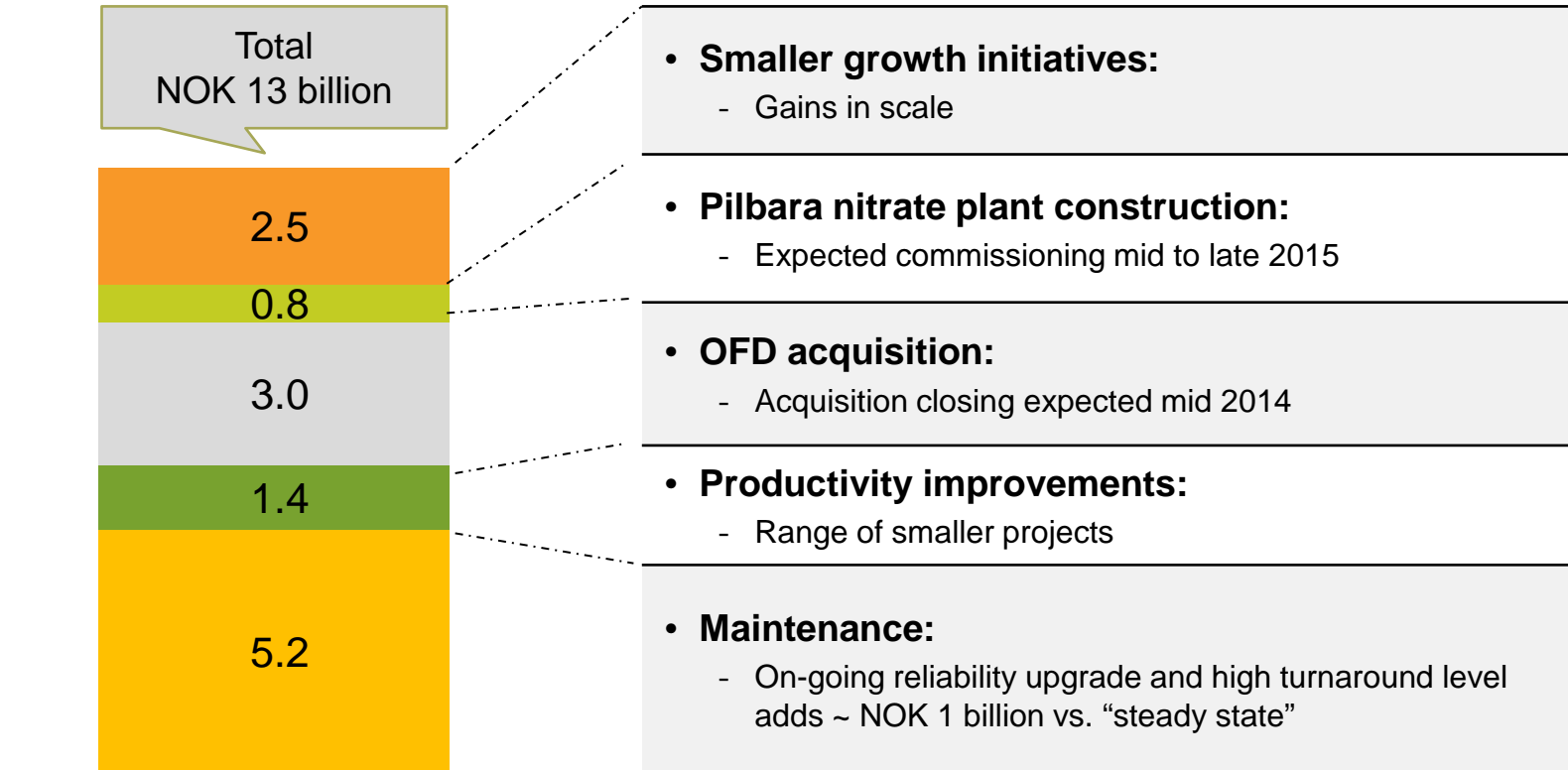


- Above-target dividend proposed, to improve capital efficiency
- Growth ambition remains in place, but focus for 2014 on organic growth and integration of recent acquisitions

Numbers reflect cash returns executed in a calendar year relative to net income the year before. 2005 number reflects buy-backs and redemptions carried out in 2004 and 2005.



# 2014 investment plans

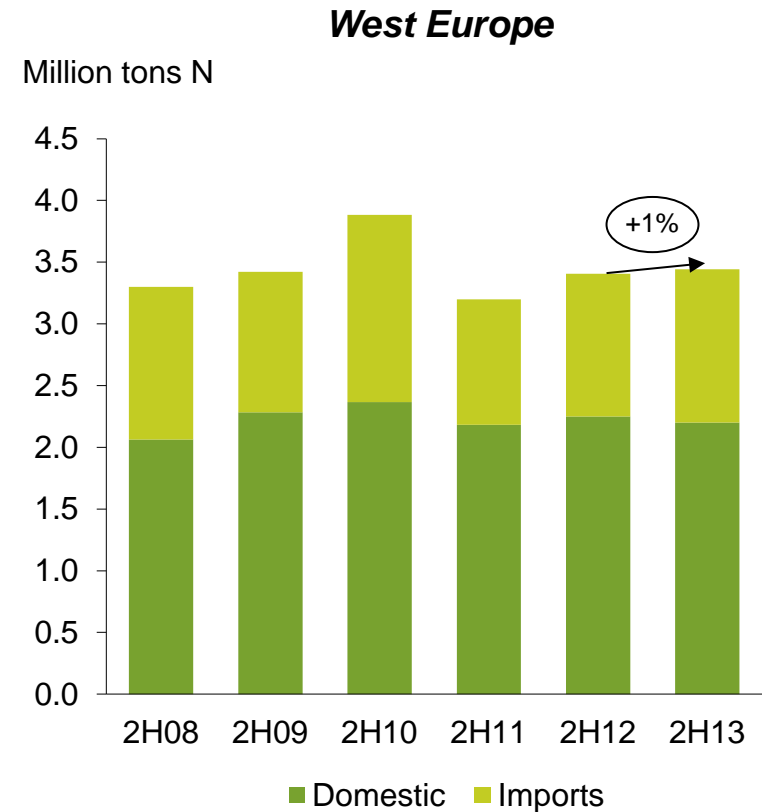
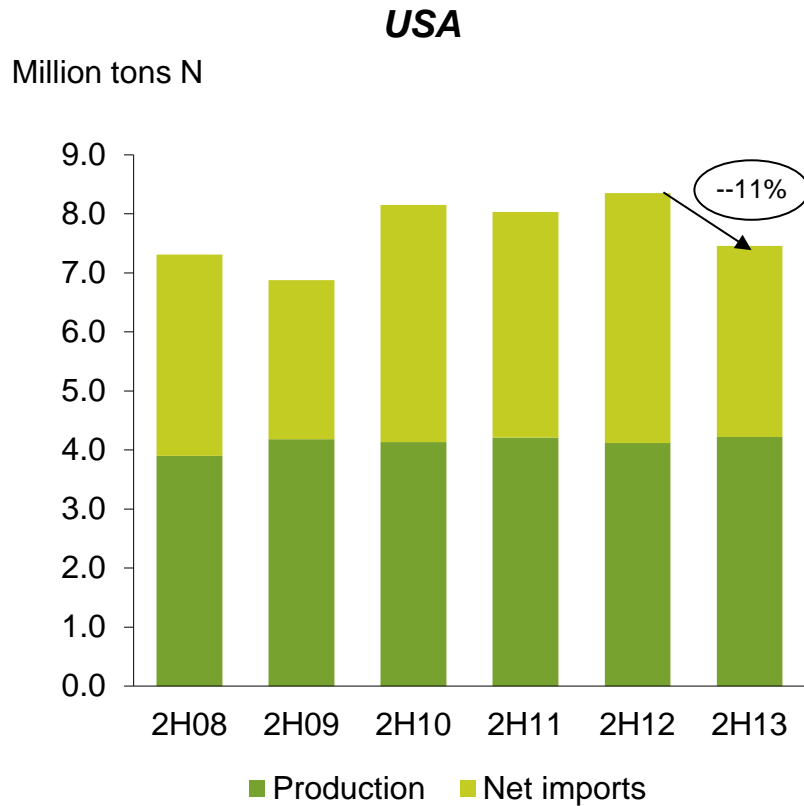


# Prospects

- Farm economics support fertilizer demand, low grain stocks
- Marginal urea profitability in China; Chinese coal price and export tax regime are key for global urea pricing going forward
- Capacity outside China: limited greenfield additions next 2 years apart from Algeria
- Strong demand for Yara premium products, including nitrate and NPK
- Executing growth in Latin America and improving Yara cost efficiency are key focus areas for 2014



# Cautious start to the US season, Europe in line



Source: Yara estimate for fertilizer deliveries to selected West European countries.  
Total nitrogen deliveries based on TFI, US Trade Commission, Blue-Johnson and Yara estimates





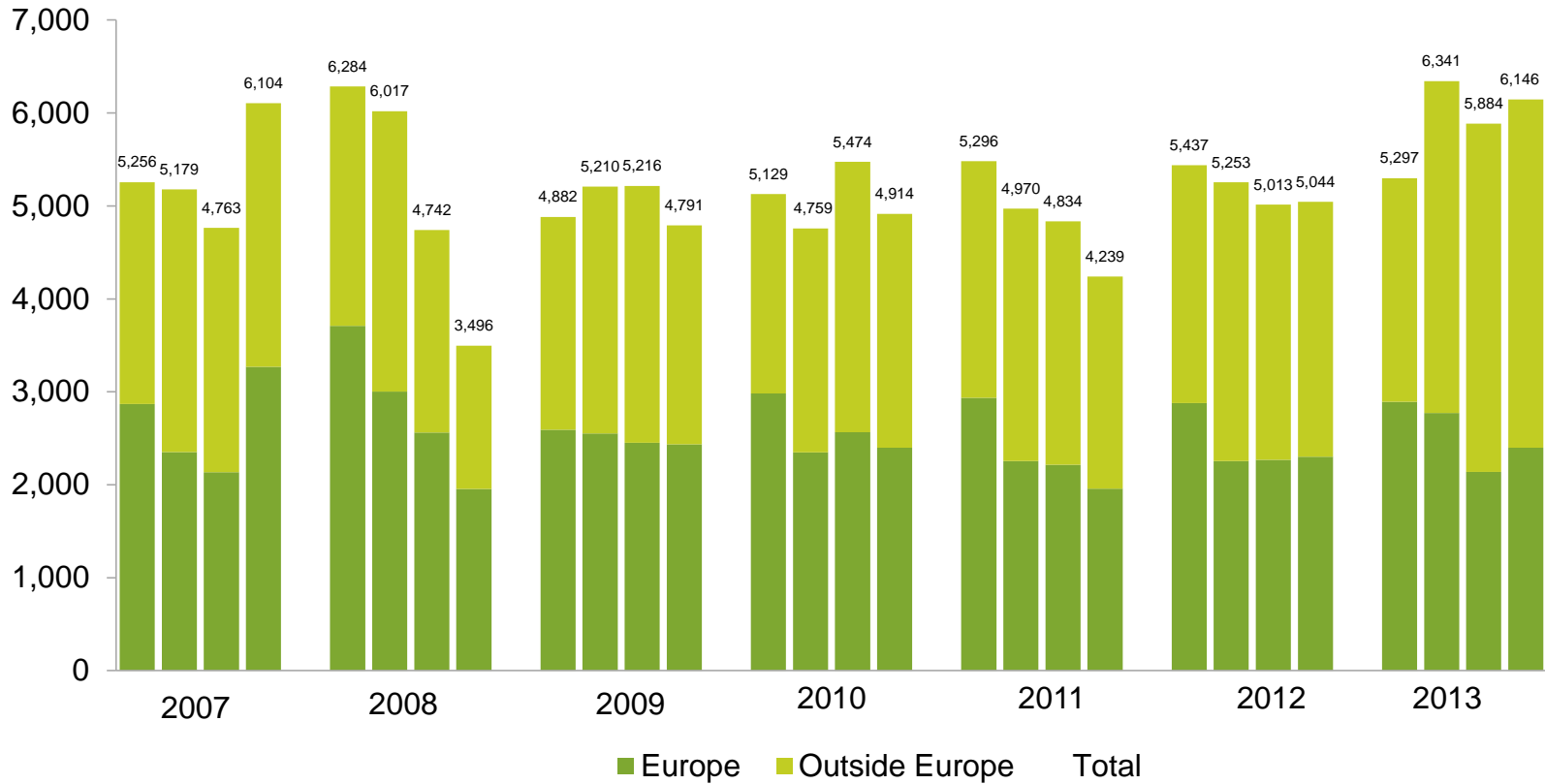


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**Additional information**

# Fertilizer volumes

Kilotons



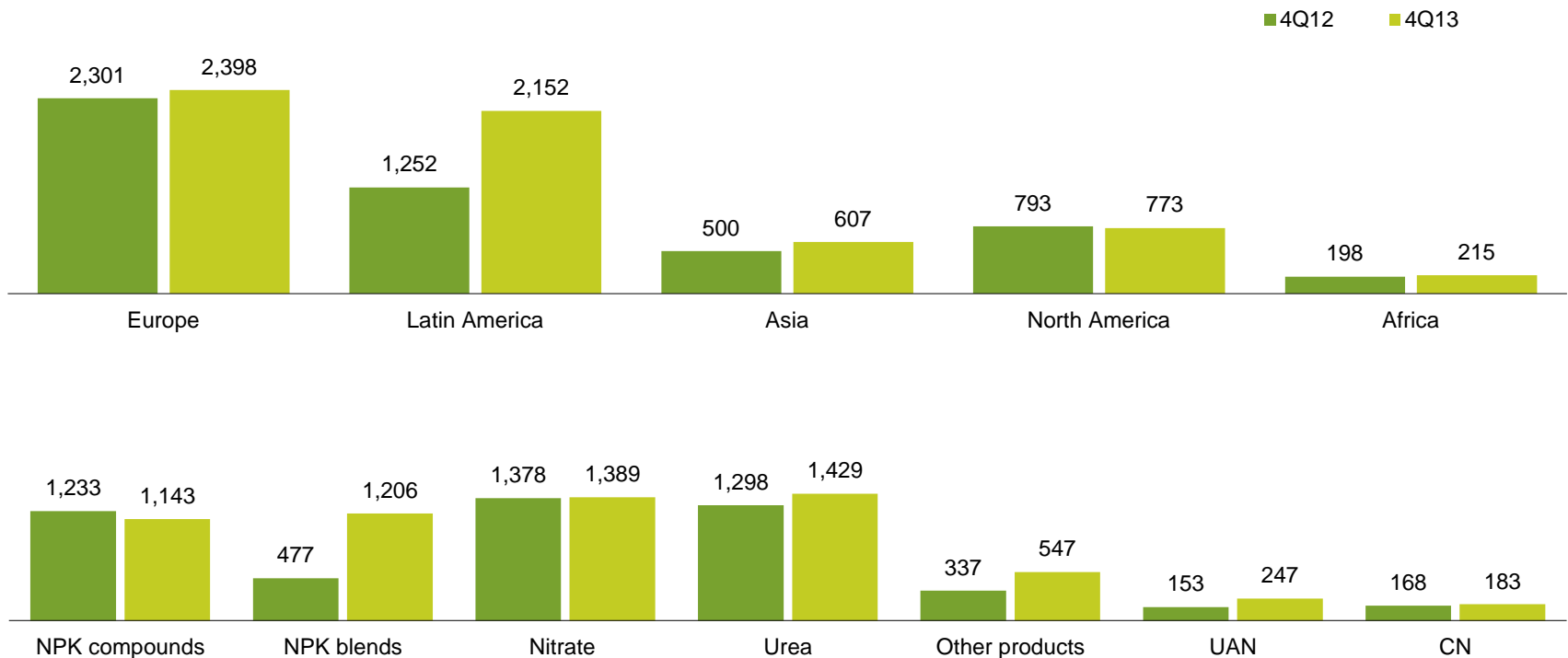
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# Yara 4Q fertilizer sales by market and product

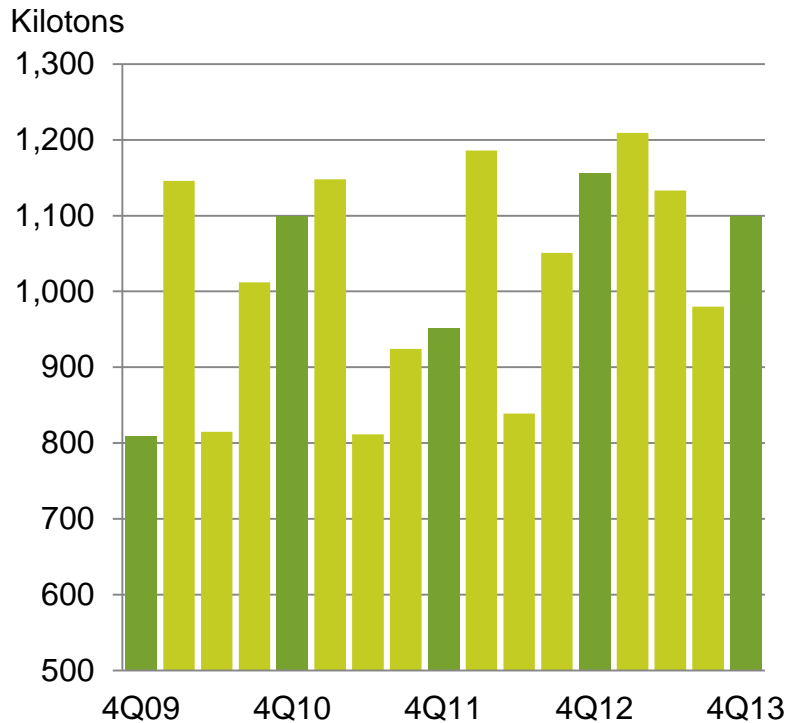
2013: 6.2 million tons (2012: 5.0 million tons)

## Kilotons

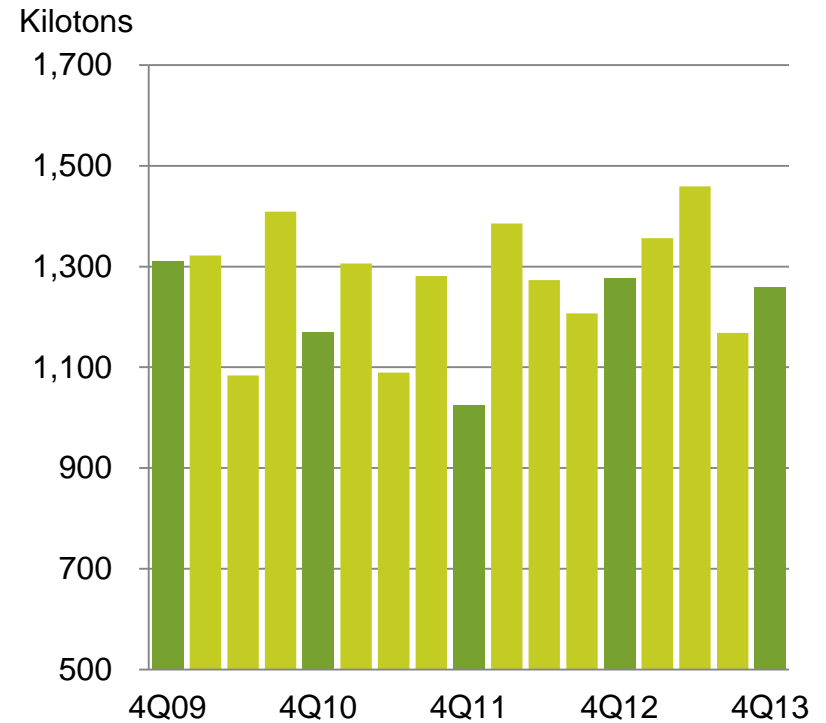


# NPK and nitrate deliveries

**Yara-produced NPK deliveries**



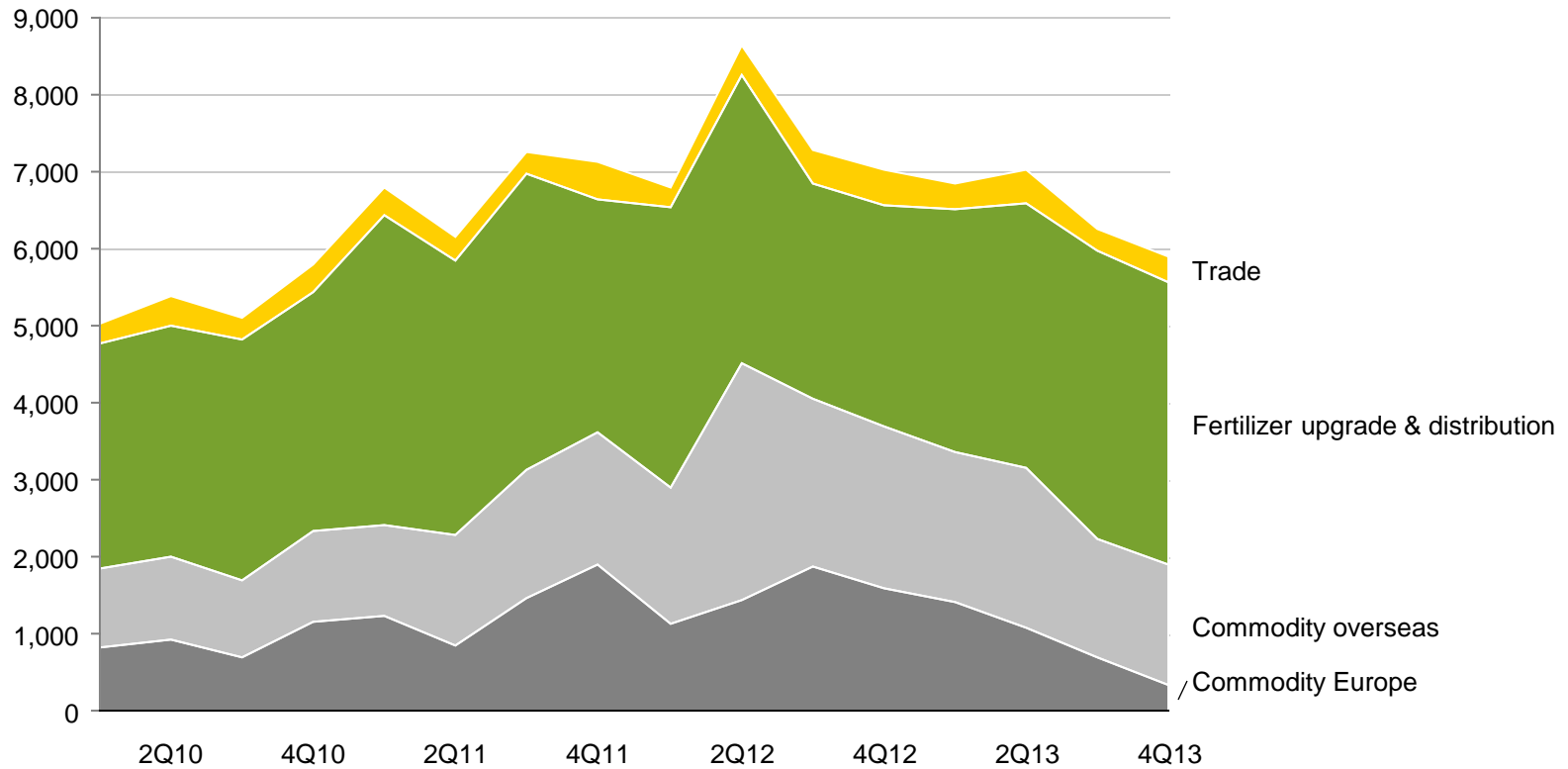
**Yara-produced nitrate deliveries**



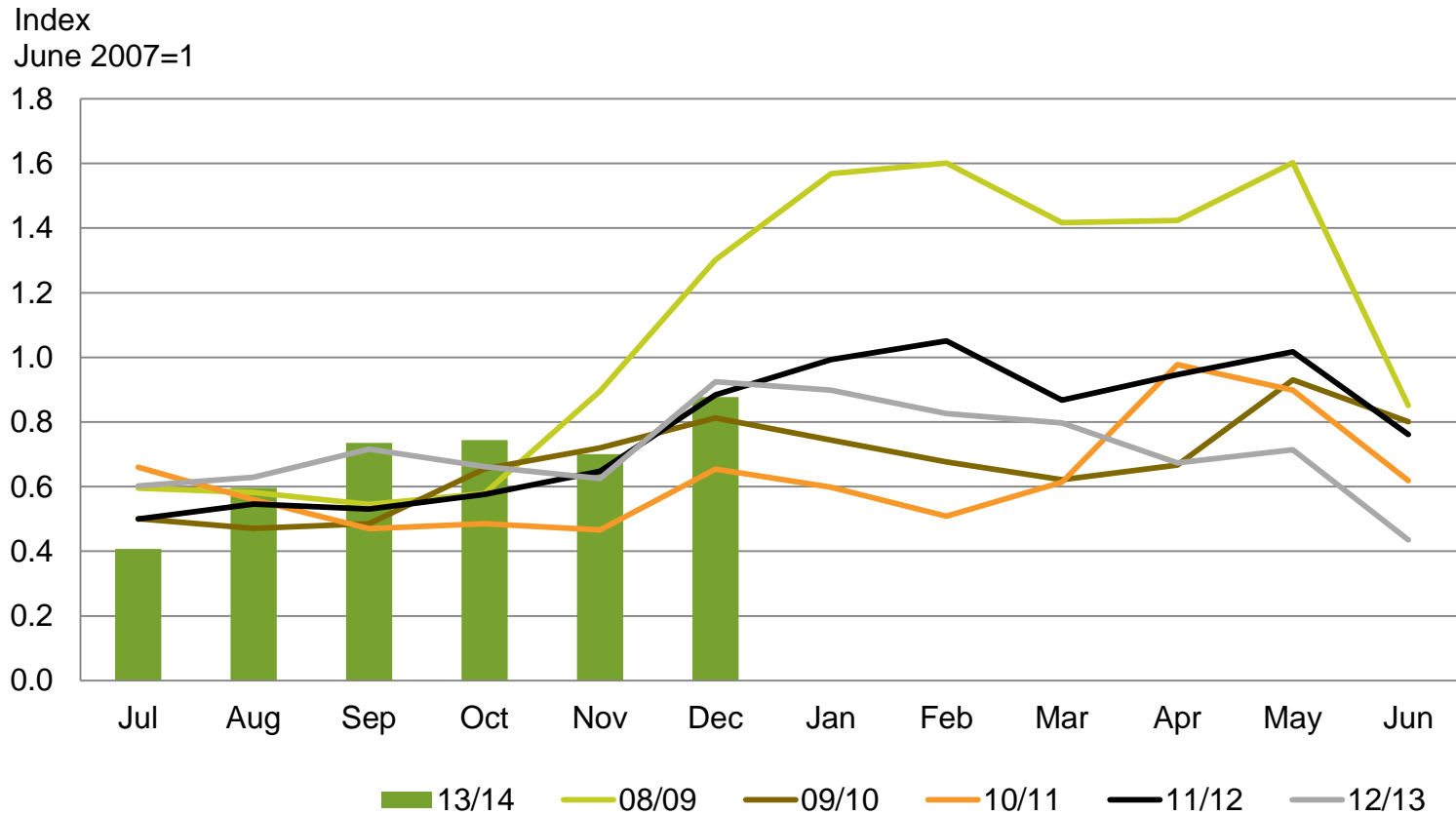
# Value-added upgrading and distribution make up larger part of Yara's contribution

**Total Yara contribution**

NOK millions



# European producer nitrate stocks



Source: Fertilizers Europe

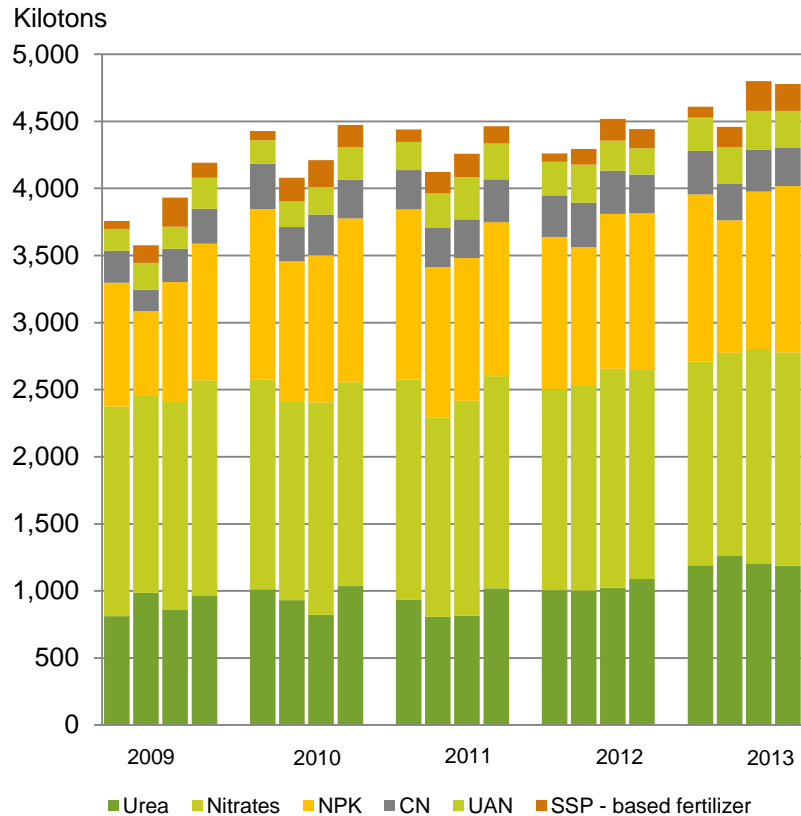


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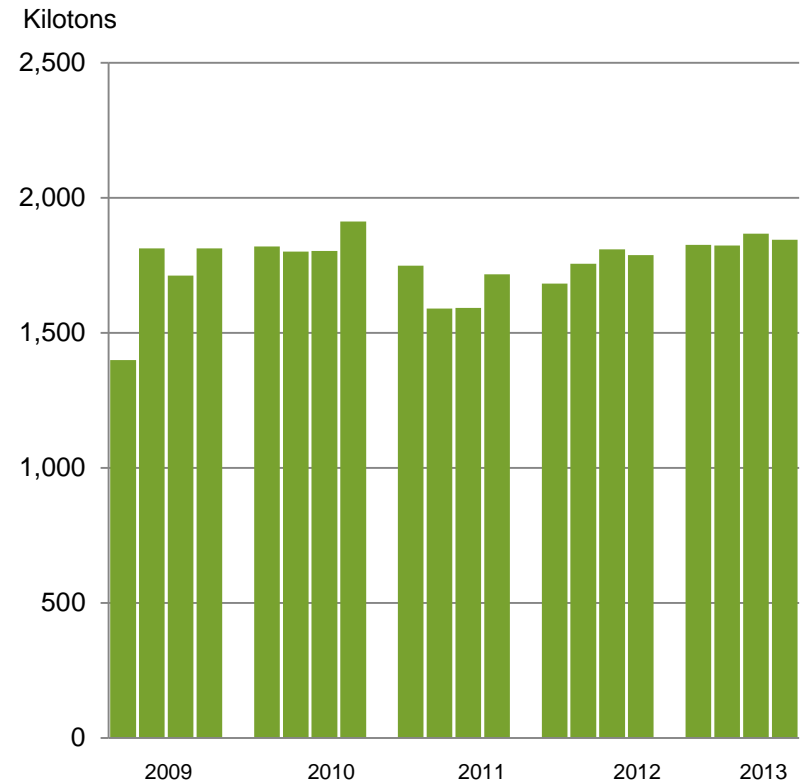


# Yara production volume\*

## Finished fertilizer and industrial products



## Ammonia



\* Including share of equity-accounted investees



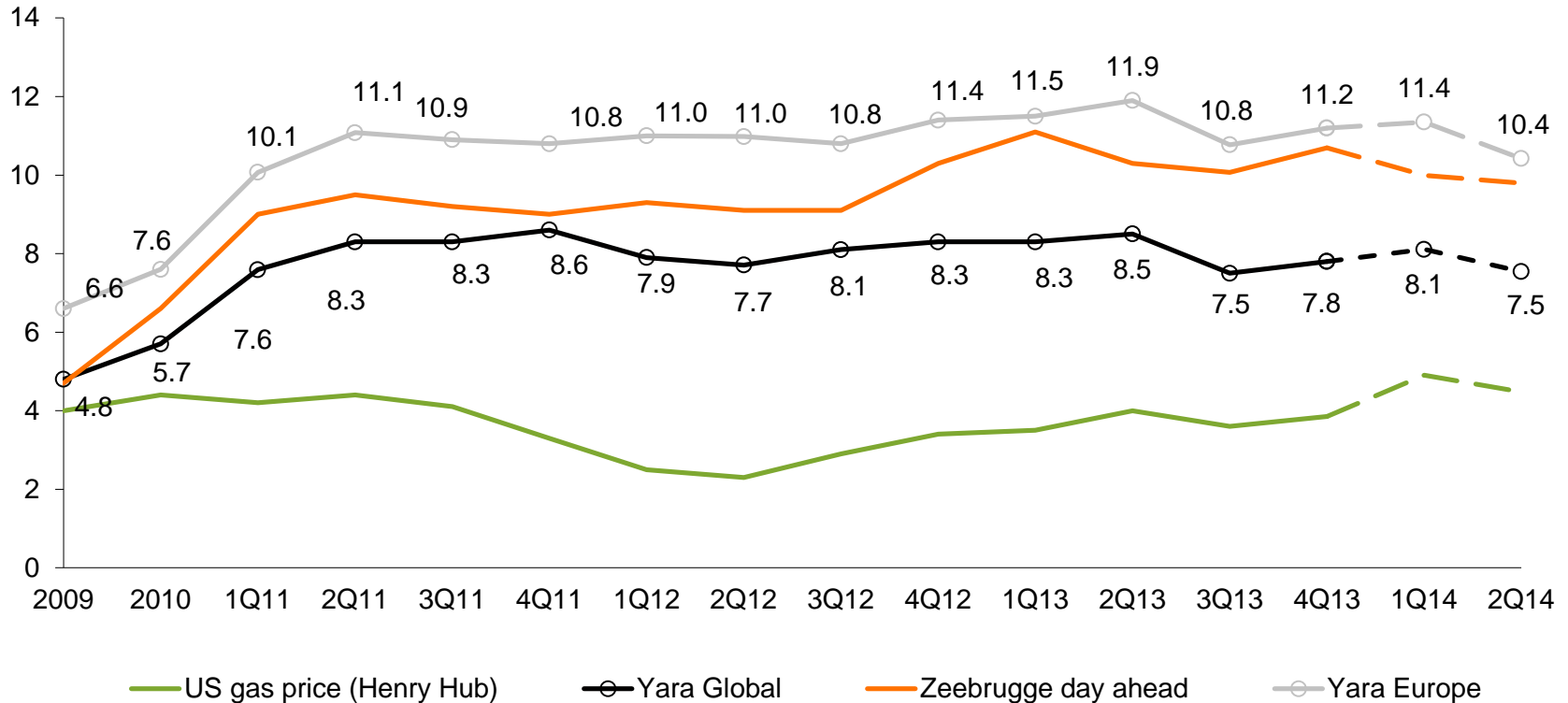
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# Gas & oil cost

Yearly averages 2009 – 2010, quarterly averages for 2011-13 with forward prices\* for 1Q14 and 2Q14

USD per MMBtu



\*Dotted lines denote forward prices as of 3 February 2014

Source: Yara, World Bank, Platts



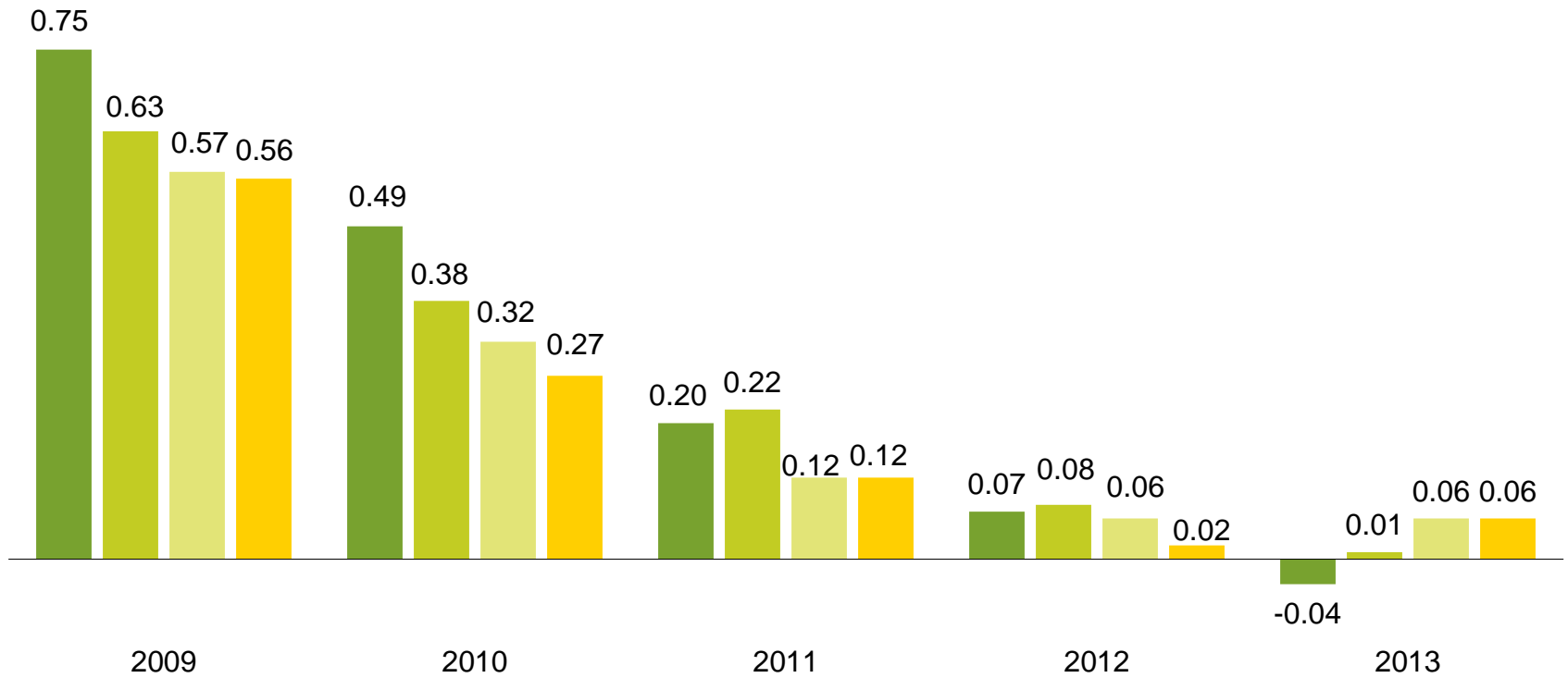
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# Debt/equity ratio

**Net interest-bearing debt / equity ratio (end of period)**



# Currency exposure affecting P&L

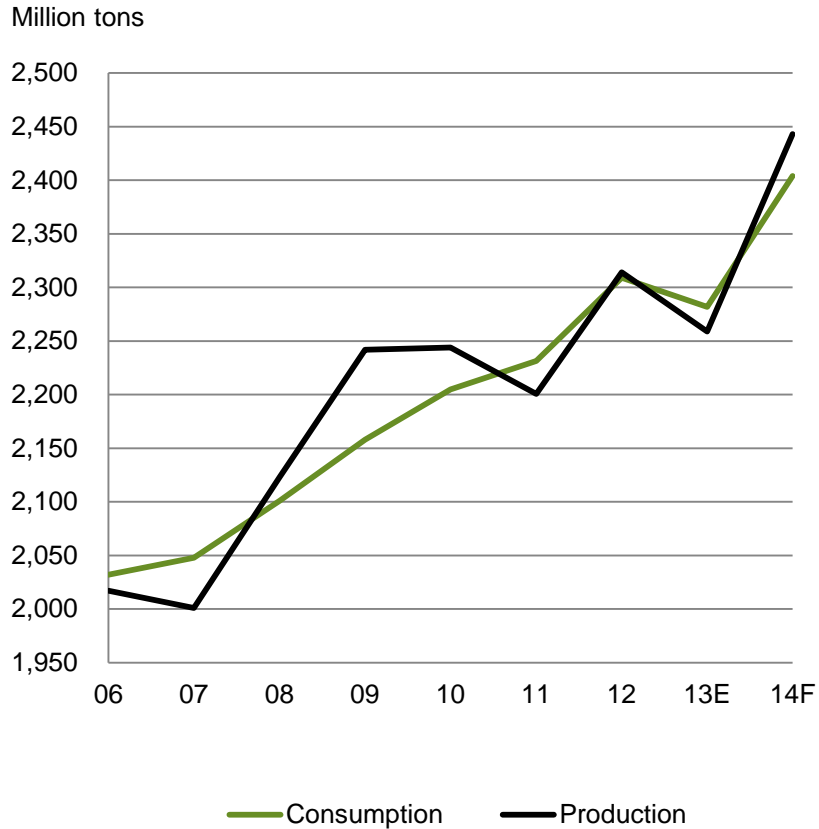
At the beginning of the first quarter 2014

1. The US dollar debt generating p&l exposure was USD 1,000 million
  - Kept as hedge of future earnings and to finance inventories in emerging markets
  - Around 70% towards EUR and BRL, the rest towards NOK and emerging market currencies
  - The debt level in emerging markets will fluctuate with fertilizer seasons
2. Additional p&l exposure came from internal currency positions vs. NOK
  - Payables mainly CAD (500 million)
  - Receivables mainly GBP (65 million), EUR and AUD (40 million each)
  - The effects of these positions correspond to offsetting translation effects in equity and the net economic effect for Yara is neutral



# Record 2013 crop add 2 days of consumption to global grain stocks

**Grain consumption and production**



**Days of consumption in stocks**



Source: USDA January 2014



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# Projected nitrogen capacity additions outside China in line with historical consumption growth

Year	Driving regions	Urea capacity growth relative to nitrogen capacity
	Excluding China	Excluding China
2013	Qatar 26% UAE 20%	1.2% (1.4%)
2014	Iran 28% Algeria 26%	1.5% (1.8%)
2015	Algeria 23% Iran 12%	3.8% (3.5%)
2016	USA 38% Nigeria 12%	2.7% (3.2%)
2017	USA 28% Iraq 27%	1.7% (1.5%)
<b>Gross annual addition 2013-2017</b>		<b>~2.2%</b>
Assumed annual closures		~0.5%
<b>Net annual addition 2011-2015</b>		<b>~1.8%</b>
<b>Trend consumption growth from 2002</b>		<b>2.1%</b>

Source: Fertecon urea update December 2013 (August update in brackets). Consumption data source is IFA.

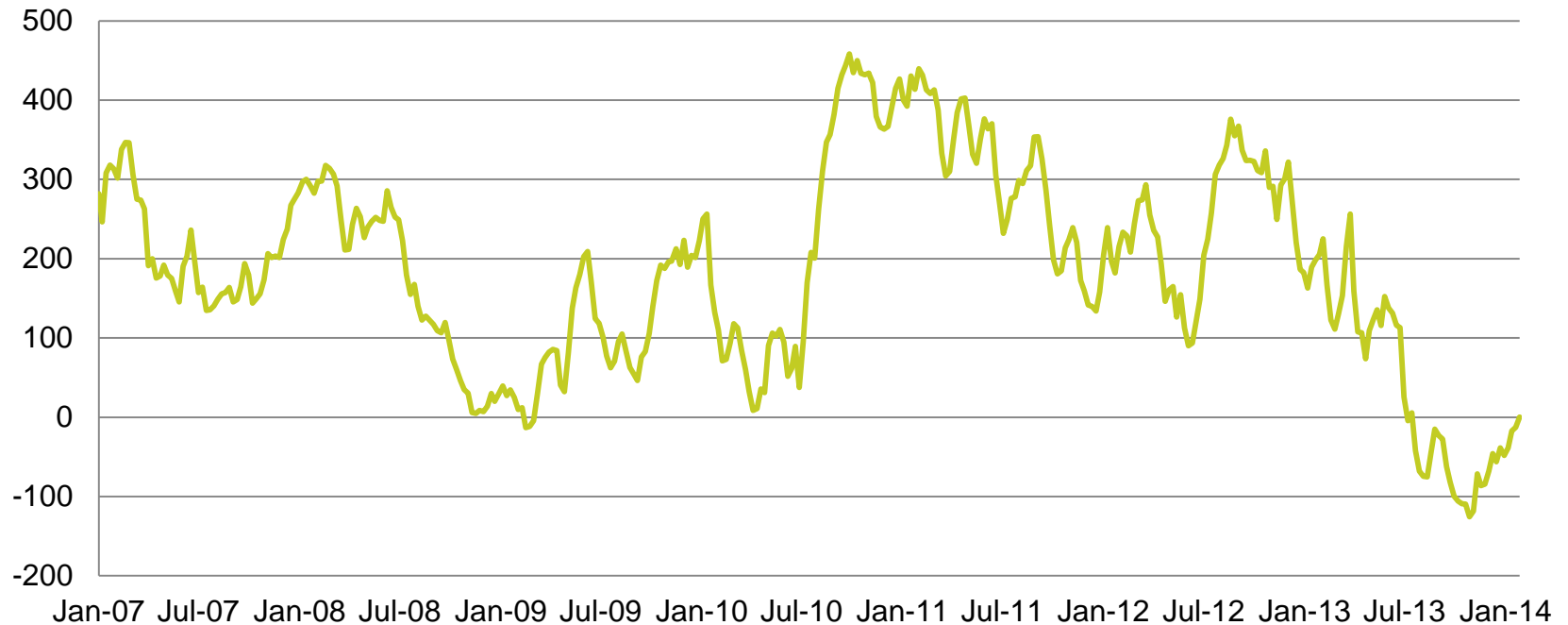


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# Non-commercials' net long position in corn

Thousand contracts



Source: US Commodity Futures Trading Commission

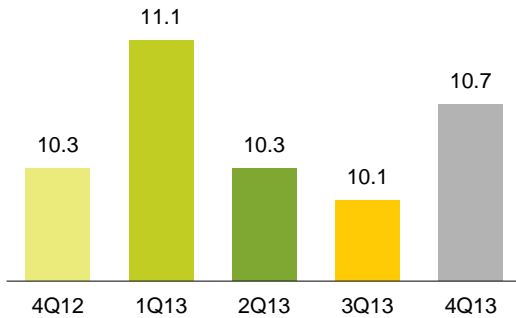


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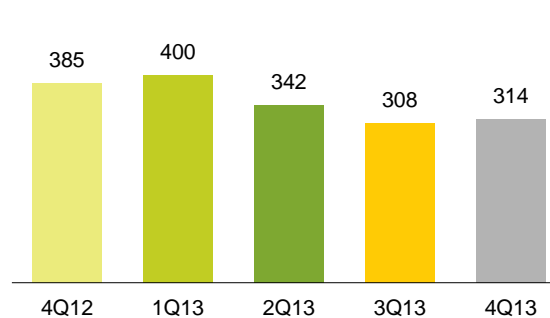


# Key value drivers – quarterly averages

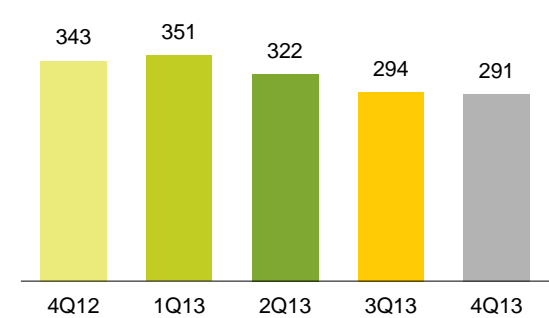
Zeebrugge day ahead (USD/MMBtu)



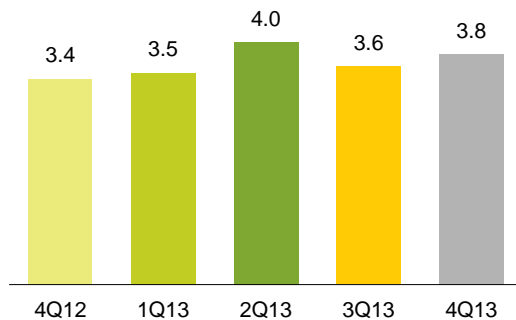
Urea prilled fob Black Sea (USD/t)



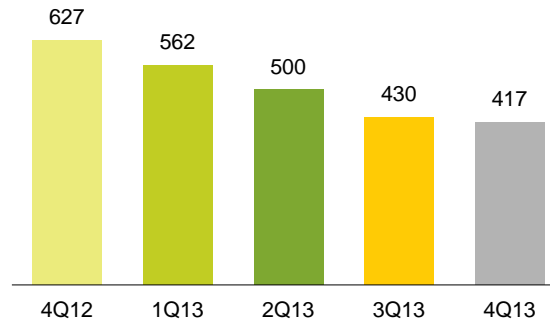
CAN cif Germany (USD/t)



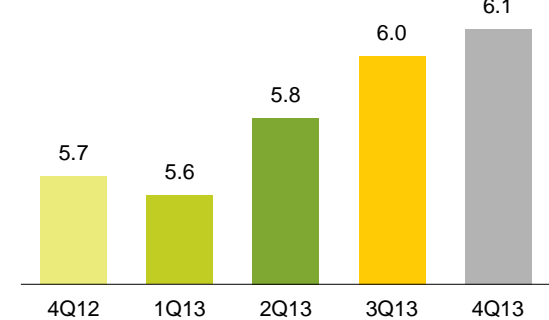
US gas price Henry Hub (USD/MMBtu)



Ammonia fob Black Sea (USD/t)



NOK/USD exchange rate



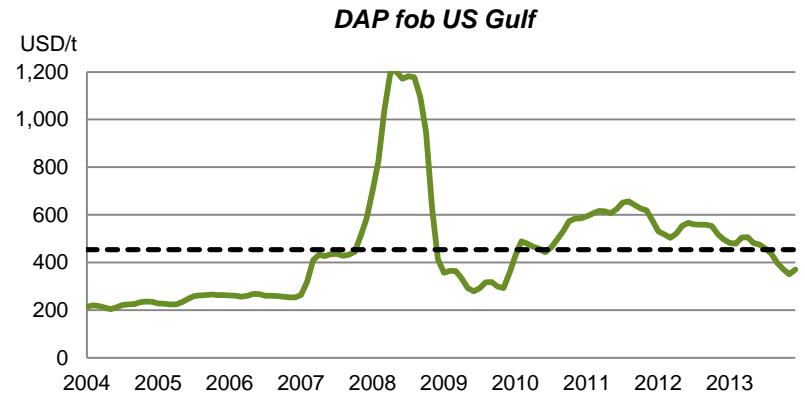
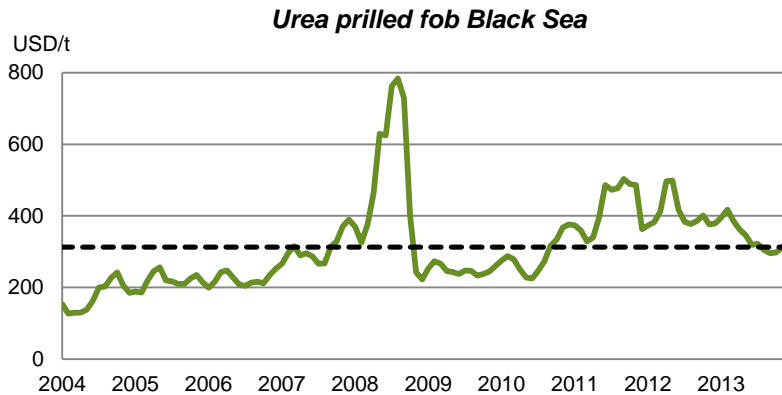
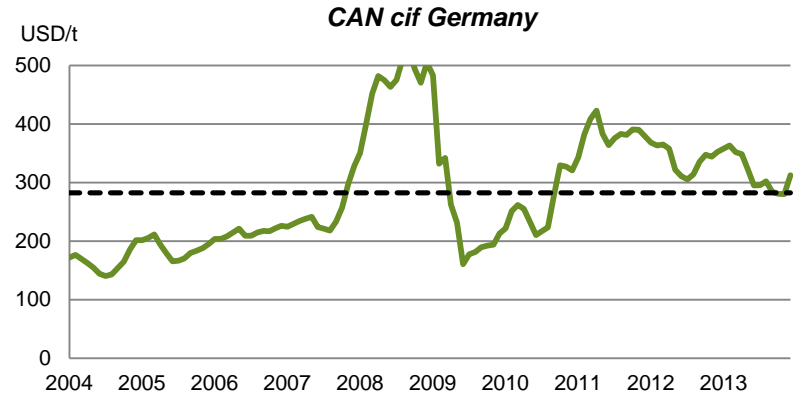
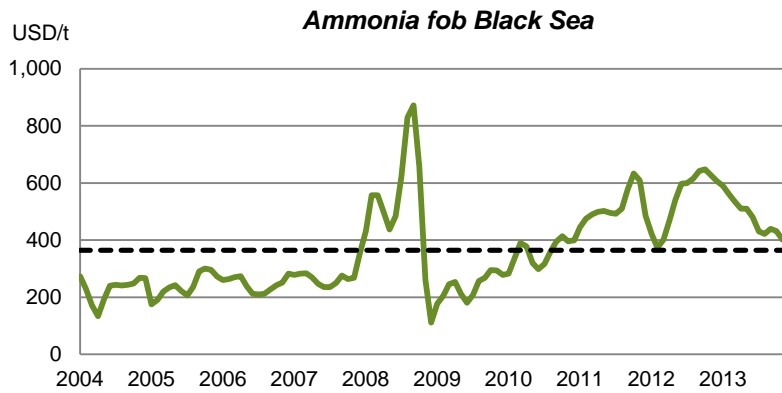
Source: Fertilizer Market Publications, CERA, World Bank, Norges Bank



IR-Date: 2014-02-12



# 10-year fertilizer prices – monthly averages



Source: Average of international publications

--- Average prices 2004 - 2013



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