



Knowledge grows

Yara International ASA 2020 Second quarter results

17 July 2020

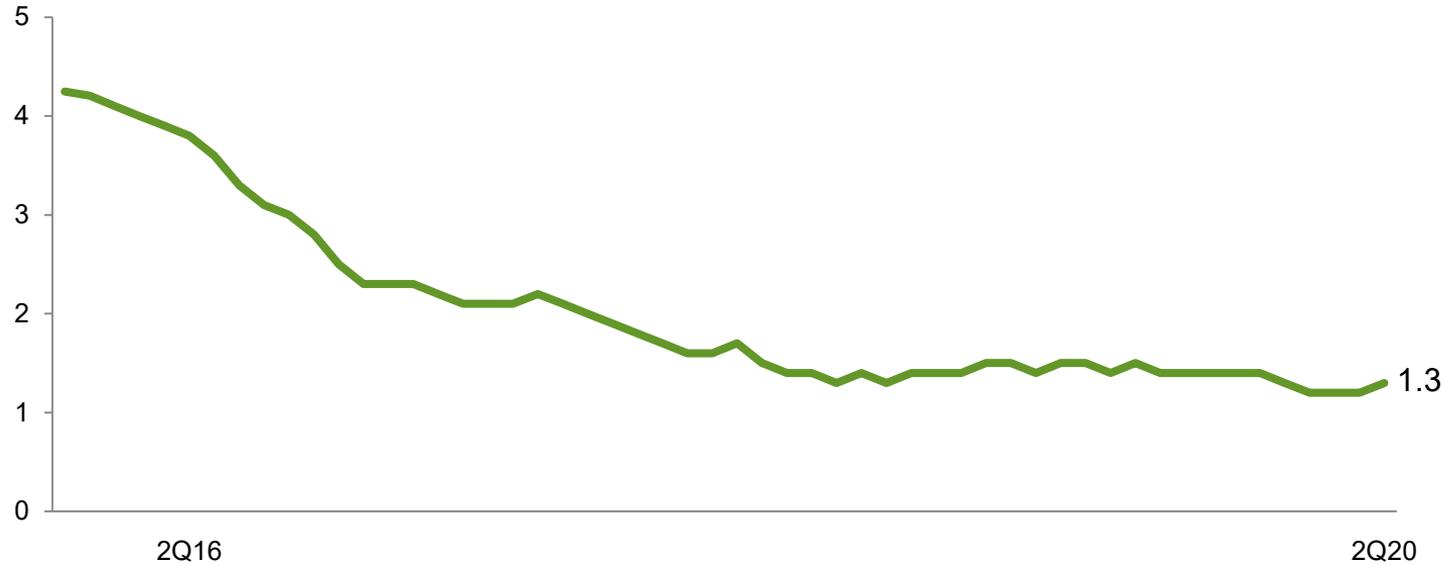


Safety is our first priority

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



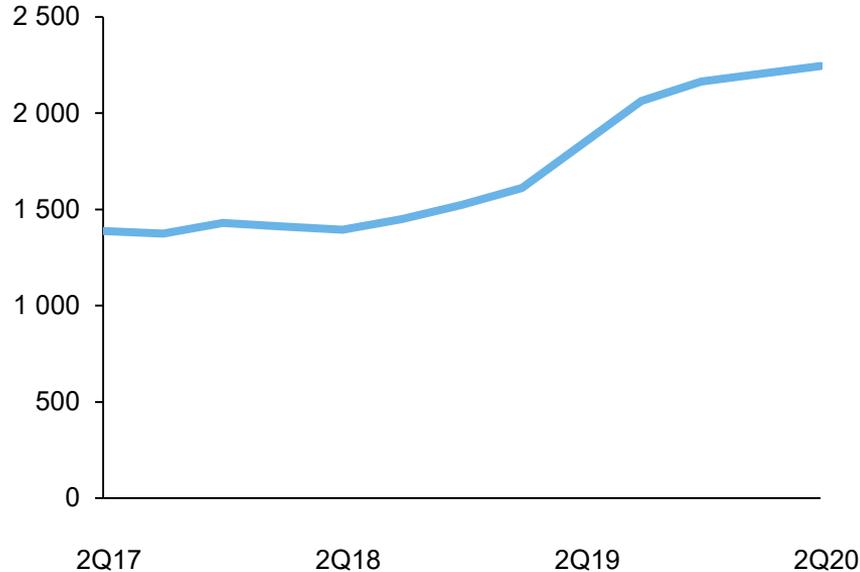
TRI¹ (12-month rolling)



Continued growth in earnings and cash flow

Earnings improvement continuing

L12M EBITDA ex. special items (MUSD)¹



Increased 2Q earnings and cash flow

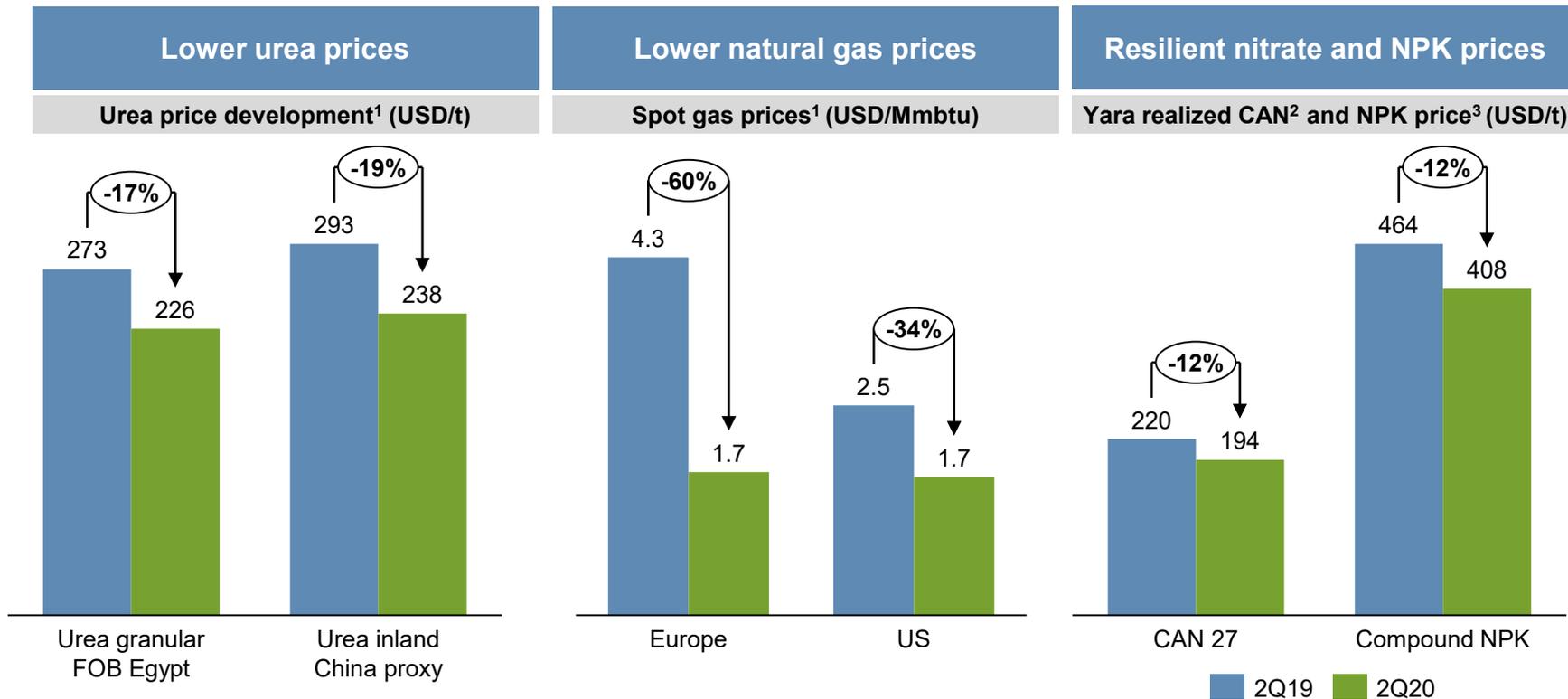
- EBITDA¹ up 8%, mainly reflecting improved margins and lower fixed cost
 - Impact of weaker fertilizer prices more than offset by lower energy cost
 - 8th consecutive quarter of ROIC improvement
- First-half 2020 deliveries in line with a year earlier
 - Lower 2Q deliveries reflect early spring phasing of European fertilizer volumes, and weaker industrial nitrogen demand due to Covid-19
- USD 1 billion free cash flow² rolling 4 quarters
- Completion of Qafco transaction expected within 2-3 weeks
 - 5% buyback³ to be initiated upon completion and receipt of proceeds, utilizing full AGM mandate
 - Further cash returns will be considered in connection with 3Q and 4Q results, in line with capital allocation policy

1) EBITDA excl. special items. For definition and reconciliation see APM section of 2Q 20 Report, page 34

2) Net cash provided by operating activities minus net cash used in investment activities. See Cash Flow statement on page 18 of 2Q 20 Report

3) Approx 3.2% of shares outstanding to be purchased in the market by the end of first quarter 2021. Including the proportional redemption of shares owned by the Norwegian state, the total buyback and redemption will amount to 5% of shares outstanding.

Lower urea and natural gas prices; resilient nitrate and NPK prices

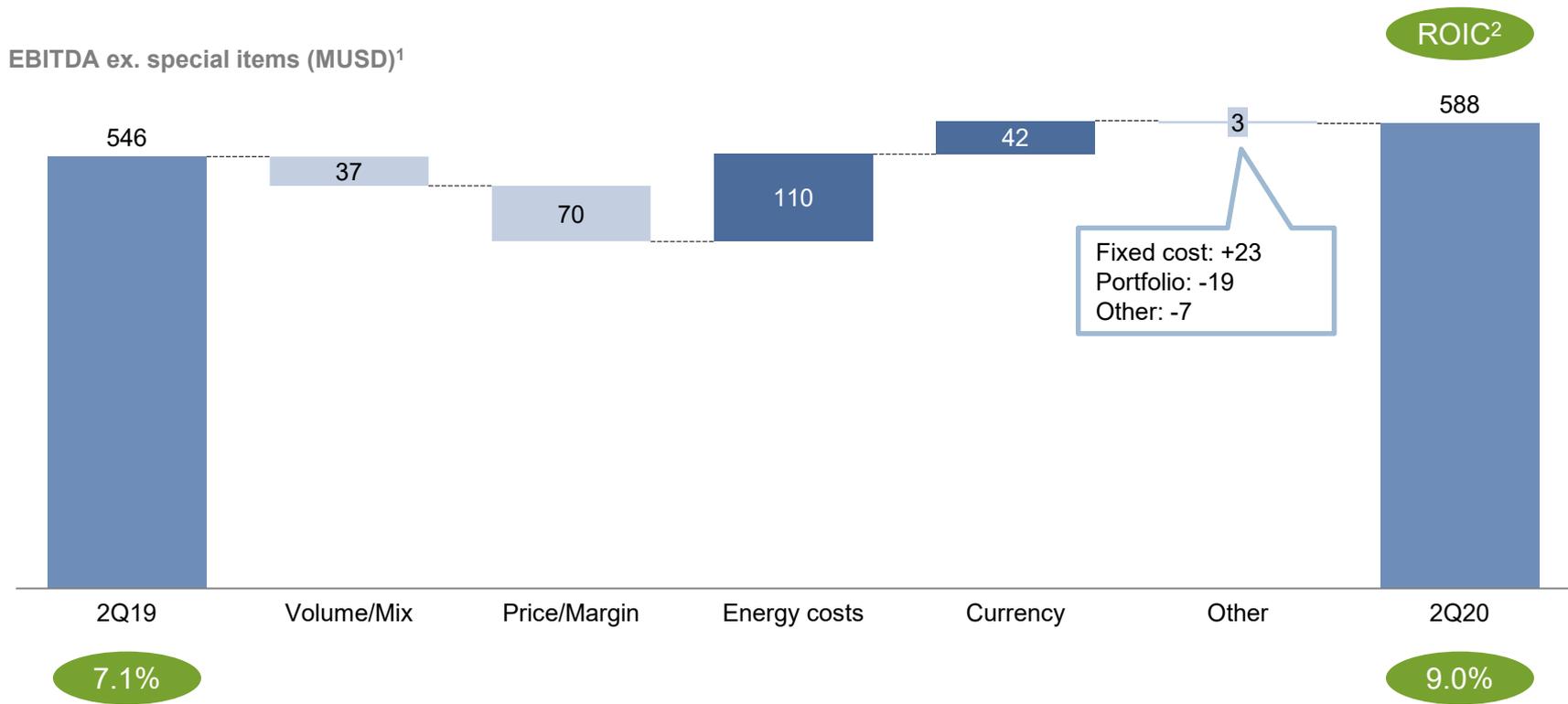


1) Source: BOABC, CFMW, Fertilizer publications, Argus.

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

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

Improved margins and lower fixed cost

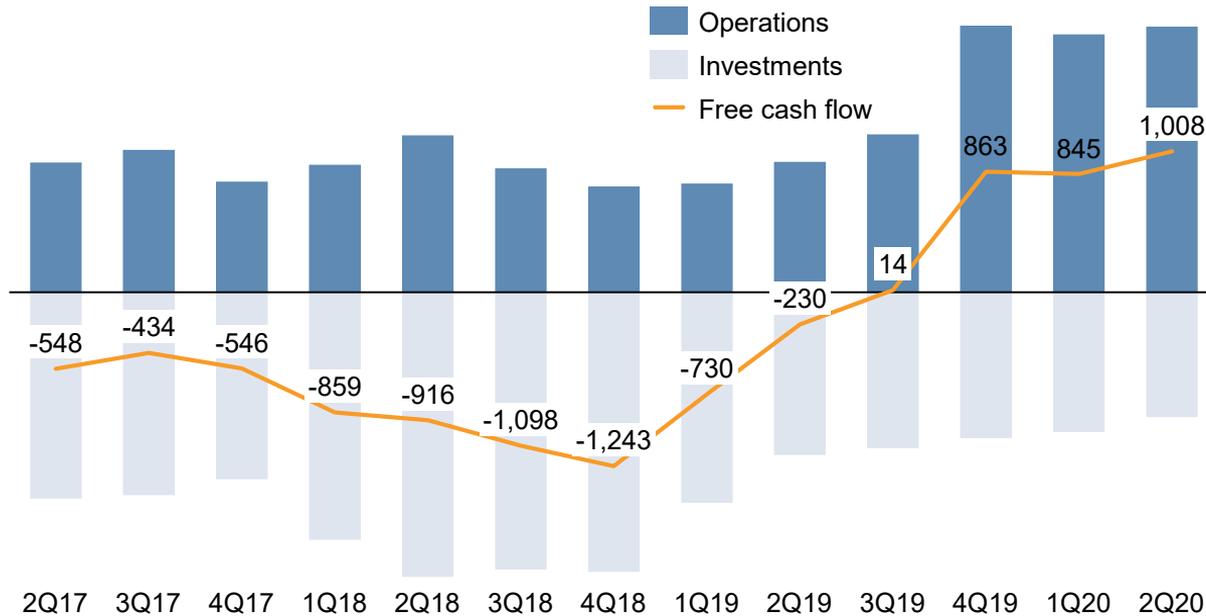


Improving cash flow trend – USD 1 billion rolling twelve months

Free cash flow before financing activities¹

Comments

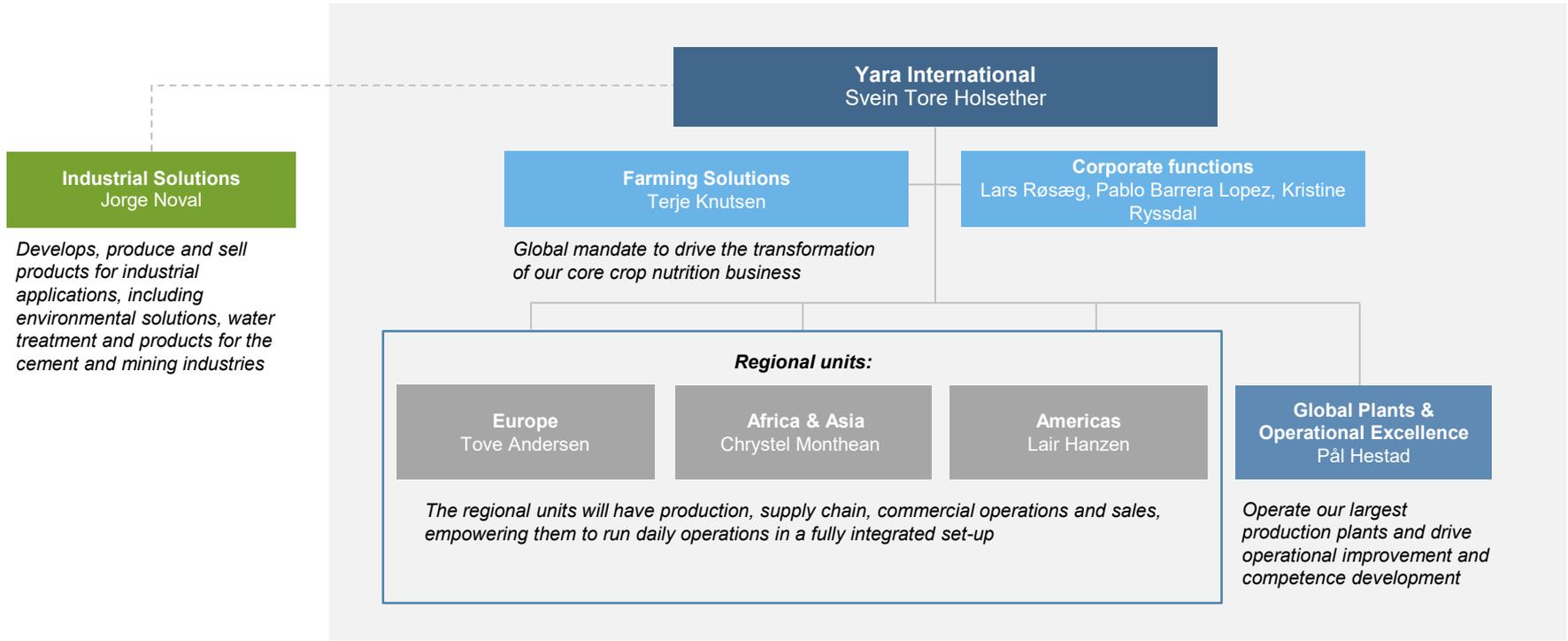
USD millions, rolling 4 quarters



- Strategy execution driving improved earnings and lower capital expenditure
- USD 1.2 billion free cash flow¹ increase last 4 quarters compared with a year earlier

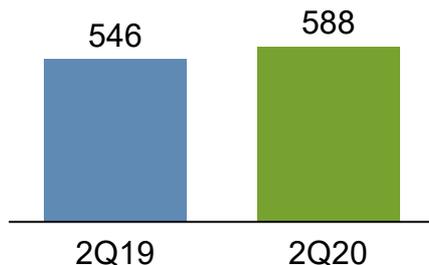
New organizational structure reinforces strategy execution

Empowering local operations, strengthening accountability and driving customer centricity

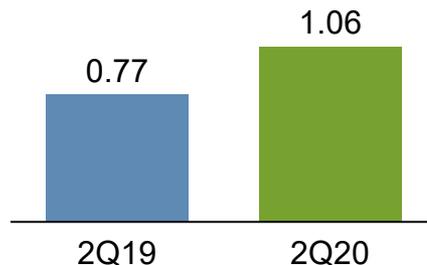


Performance overview

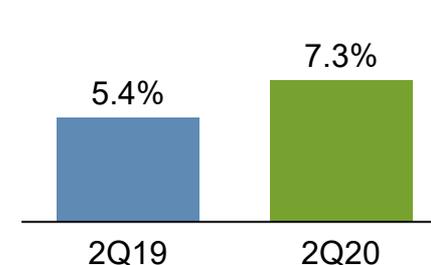
EBITDA ex. Special items
(USD millions)



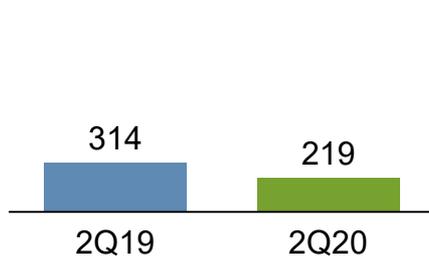
EPS ex. currency and special items
(USD per share)



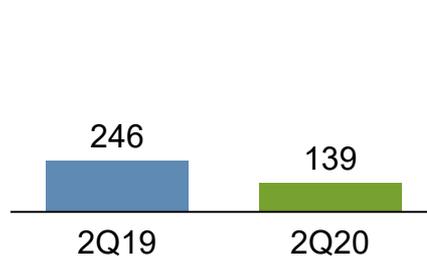
ROIC
(12-month rolling)



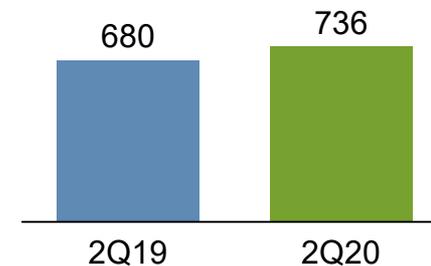
Change in net operating capital
(USD millions)



Investments (net)
(USD millions)



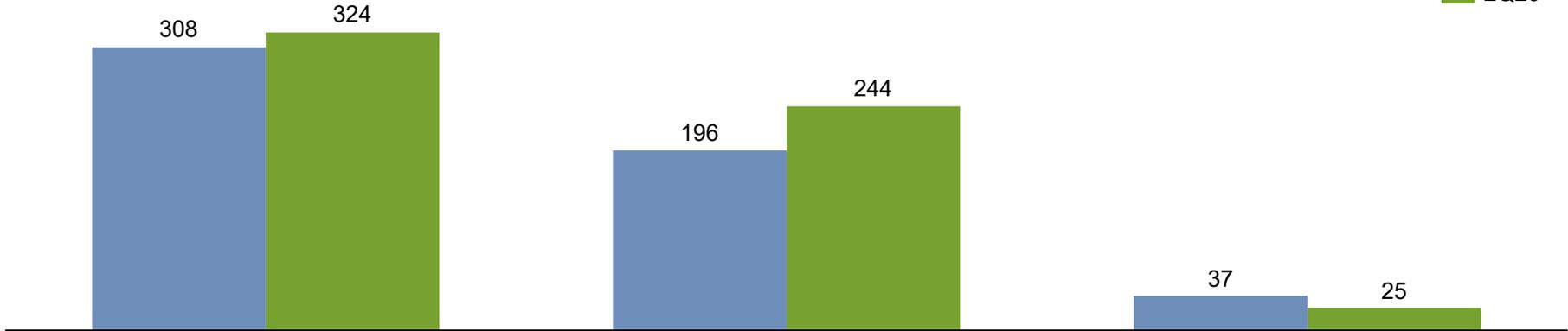
Cash from operations
(USD millions)



Margin improvements in both Production and Sales and Marketing

EBITDA ex. special items¹ (MUSD)

■ 2Q19
■ 2Q20



Production

- Focus on operational continuity
- Lower gas prices partly offset by lower nitrogen and phosphate prices
- Underlying production output in line with a year earlier

Sales and Marketing

- Improved results mainly reflect higher margins
- Higher deliveries and margins in Brazil
- Lower volumes in Europe reflect early spring phasing of deliveries

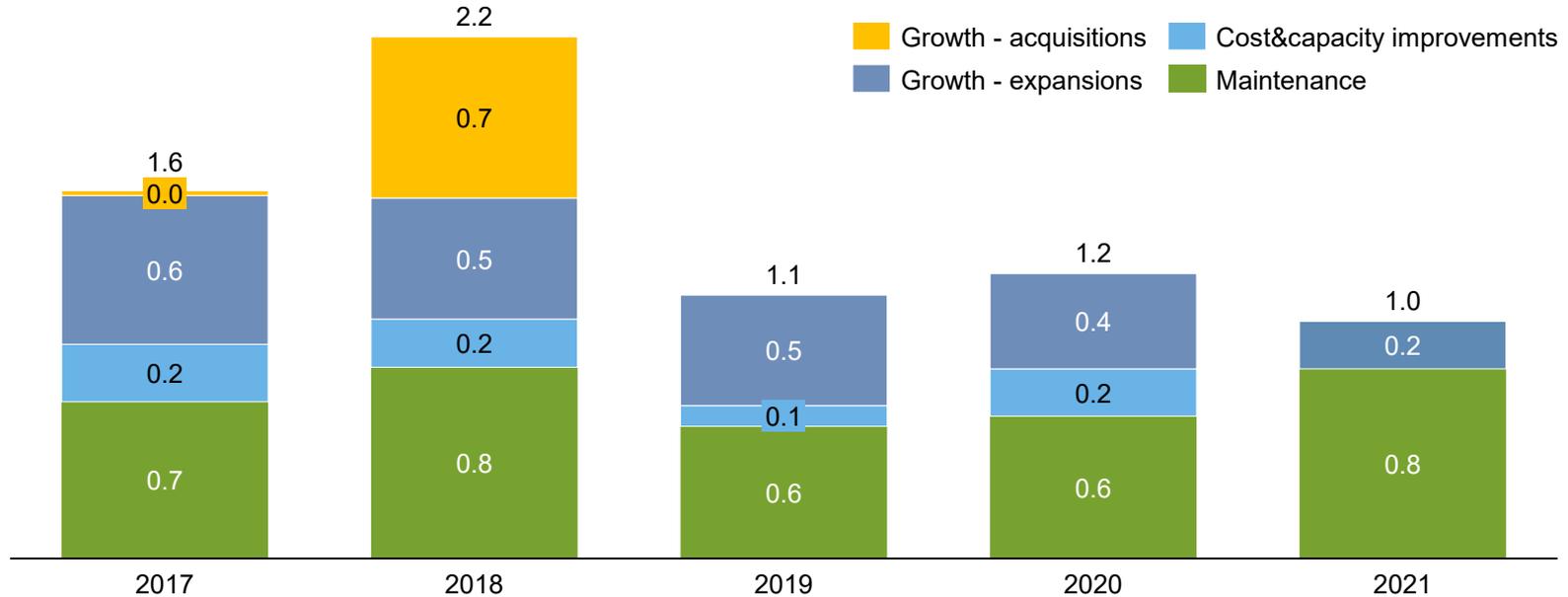
New Business

- Main Covid-19 impact on Maritime
- Industrial nitrogen demand also impacted, but improving towards the end of the quarter

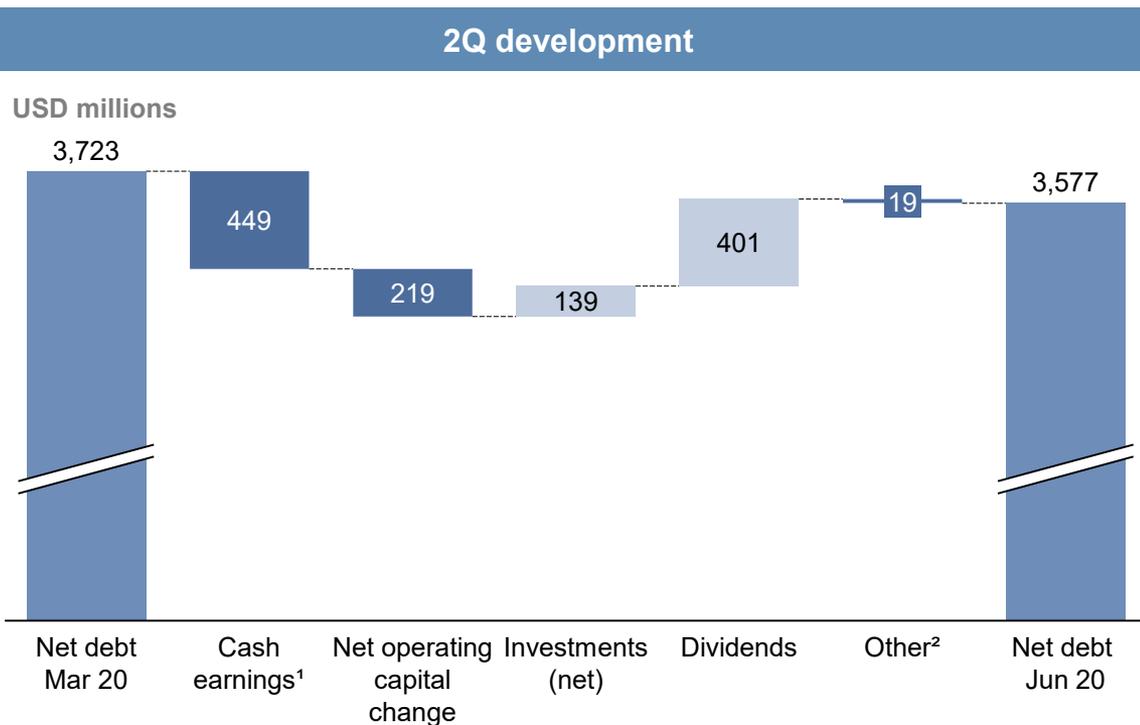
Committed investments unchanged, phasing into 2021 may occur

Capex plan¹

USD Billions



Lower net interest-bearing debt



Comments

- Cash earnings fully funded annual dividend payment
- Operating capital release driven by conversion of receivables in Europe and seasonal prepayments in Brazil
- Net debt/EBITDA³ ratio at 1.6, down from 1.7 in 1Q

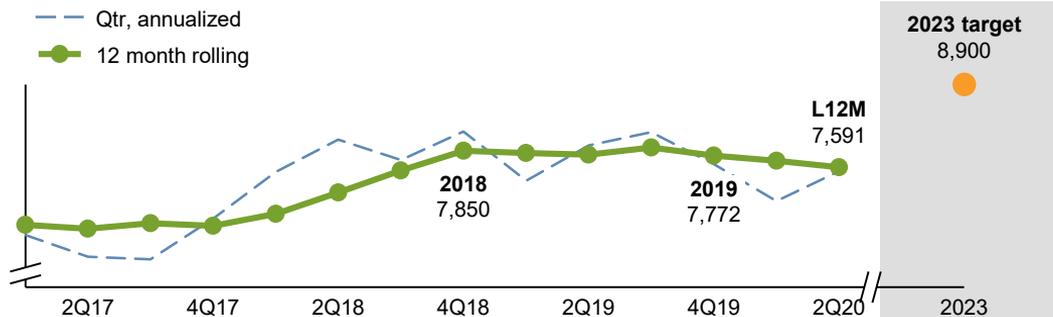
Yara's governance updated to reflect a holistic performance approach, driving sustainable value creation

- Board Audit Committee expanded to **Board Audit and Sustainability Committee**
- Sustainability Governance reporting directly to the CFO, utilizing existing reporting and control mechanisms to **increase quality of non-financial reporting**
- **Holistic performance management** covering financial, environmental, social and operational performance
- **Integrated reporting** and TCFD¹ framework under implementation



Improvement program status: production volume KPIs¹

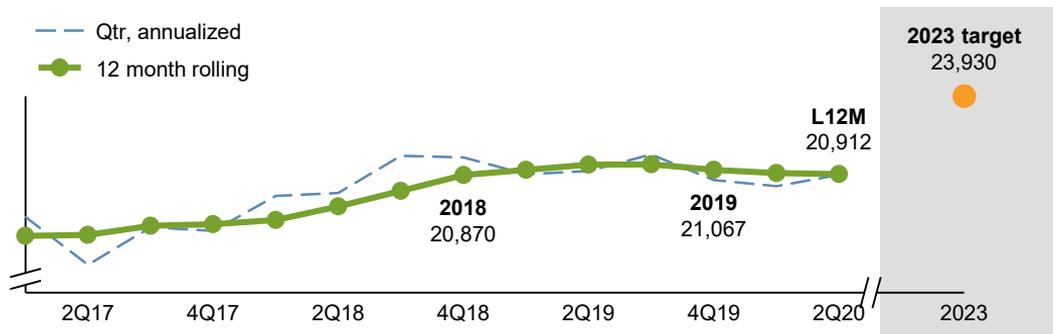
Ammonia production volumes, kt annualized



Comments

- Sustaining operations through Covid-19 is the top priority in 2020, to avoid prolonged outages
 - Overall, operations have run without material disruption
 - Babrala utilization was temporarily reduced due to lockdown
 - 2Q Covid-19 effect: ~30kt ammonia and ~75kt finished products

Finished products production volumes, kt annualized



- L12M production change vs 1Q, excluding portfolio (mainly Trinidad closure) and Covid-19 effects:
 - Ammonia: stable
 - Finished products +35kt

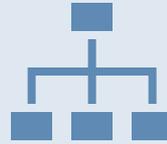
Production reliability: status and actions

Current status

- Production volume growth last 3 years: ~1 mill. tonnes ammonia and ~2.4 mill. tonnes finished products
- Clear and sustained reliability improvement in certain plants, but persistent challenges in others
- Units with highest “YPS¹ maturity” deliver the best improvement performance
- Overall performance in line with peers; look outside own industry for further improvement

Focus going forward

People and organization



- Operational excellence unit: stronger prioritization and plant focus
- Operational Committee: focus on top losses
- Competence building
- Move more competence to plants

Programs and tools



- Reliability Continuous Improvement Program (RCIP)
- Root Cause Problem Solving (RCPS)
- Rotating equipment competence
- Engagement and involvement
- Reliability governance system

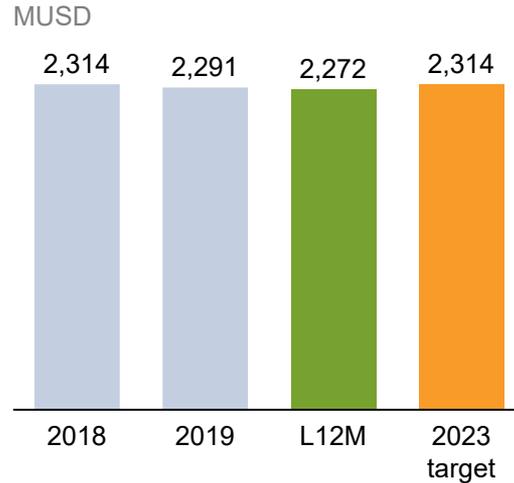
Improvement program: non-volume KPIs

Ammonia energy efficiency



- Recent efficiency improvement mainly reflects Yara Trinidad closure

Fixed costs¹



- Cost reduction in 2Q
- On track to achieve 2023 target

Operating capital²

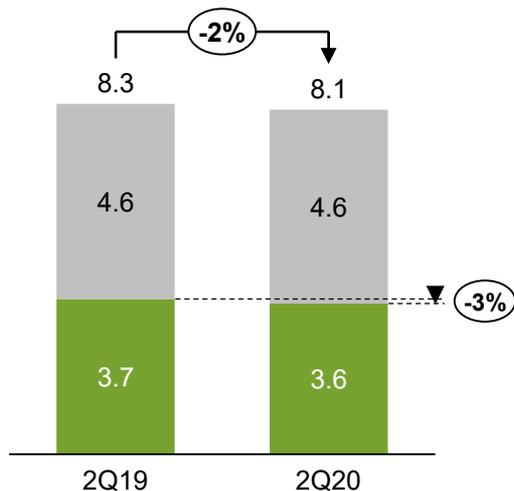


- Operating capital build at strong margins

Sales & Marketing performance in the quarter

Slight decrease in premium deliveries reflects early spring phasing in Europe

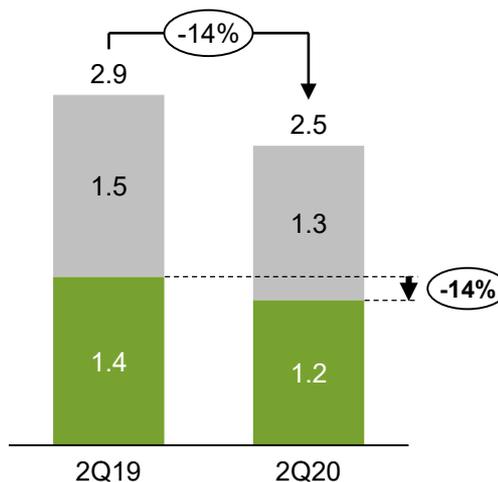
Volumes (Mt)



Commodity Premium¹

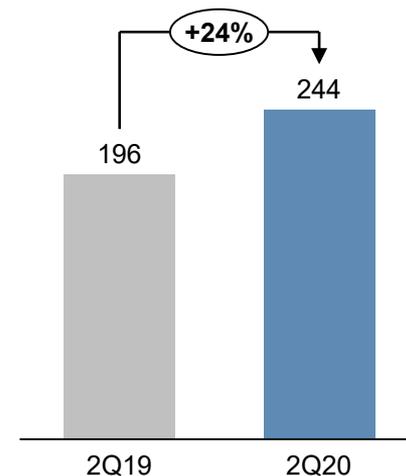
Lower revenues mainly reflect lower commodity fertilizer prices

Revenues (BUSD)



Increased EBITDA driven by higher margins and cost savings

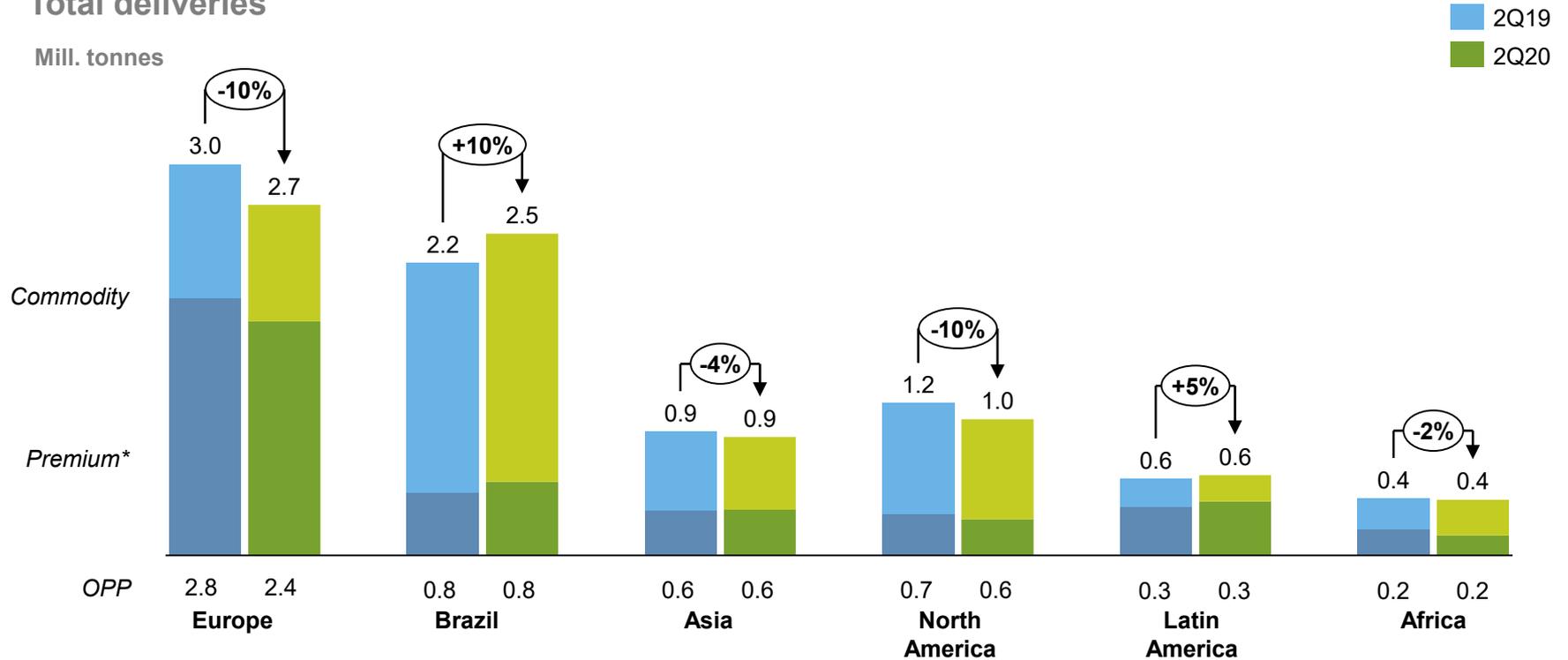
EBITDA ex. SI (MUSD)



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

Total deliveries

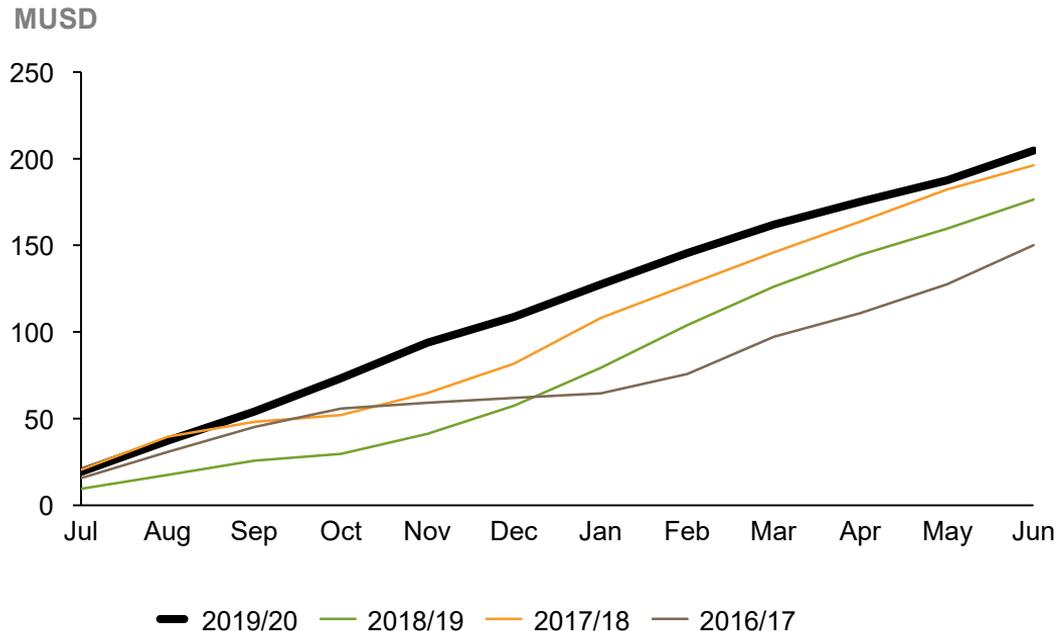
Mill. tonnes



1) Premium defined as Differentiated N, NPK, CN, fertigation products and YaraVita
 OPP = Own Produced Products

Strong full-season performance in Europe

Accumulated nitrate premium over the season



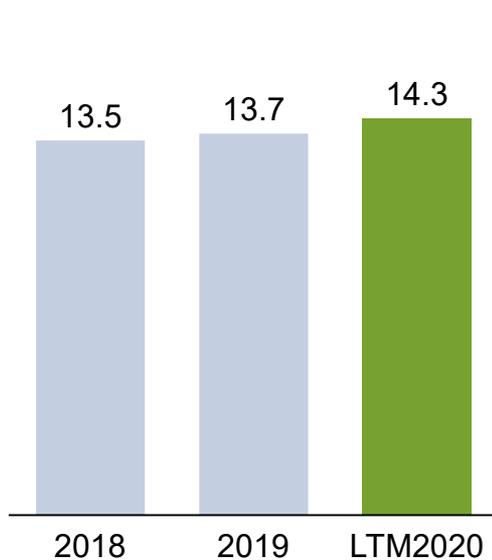
Comments

- Yara's full-season nitrate deliveries were up 3%, with a higher realized premium
- Yara kept nitrate prices stable despite negative urea price trend
- Urea price trend impacted deliveries through the first half of season, but volumes picked up in the second half, especially first quarter

Our long term targets; increased premium product deliveries and higher margins

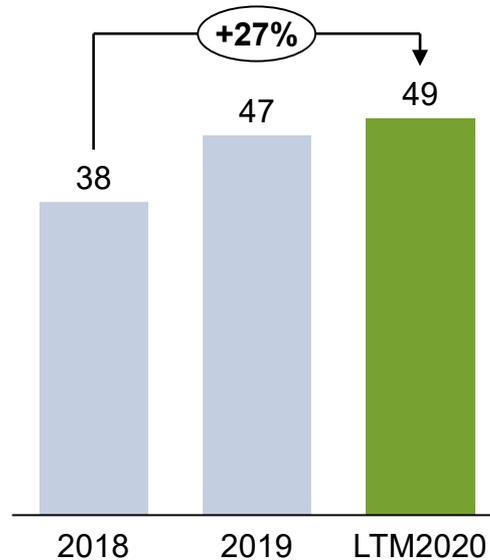
Increase premium product deliveries by > 3.5 mill tonnes

Premium products in mill. tonnes



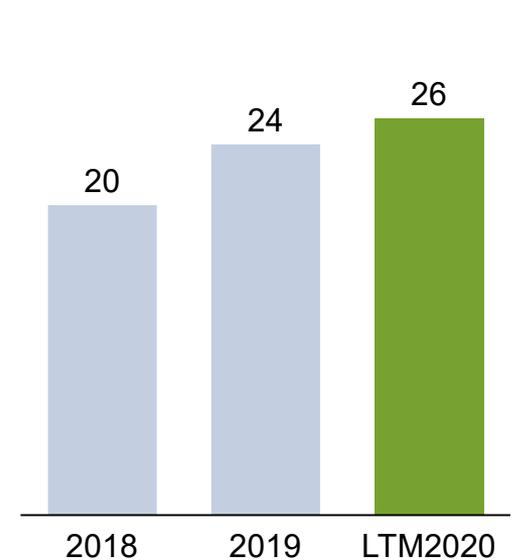
Increase YaraVita deliveries to > 100 million units

YaraVita in mill. units



Increase EBITDA margin

EBITDA margin in USD/tonne¹

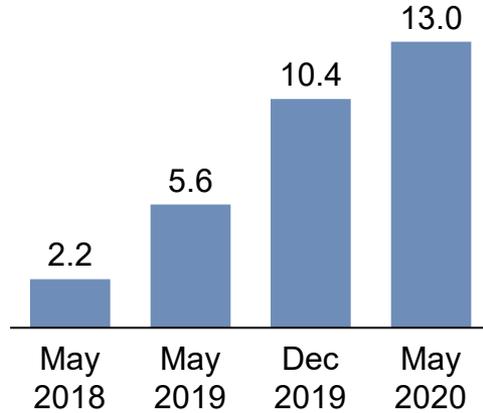


Strong growth in user adoption for digital farming

Growing our reach in the professional segment

Farmland under management¹⁾

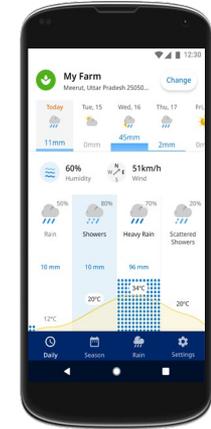
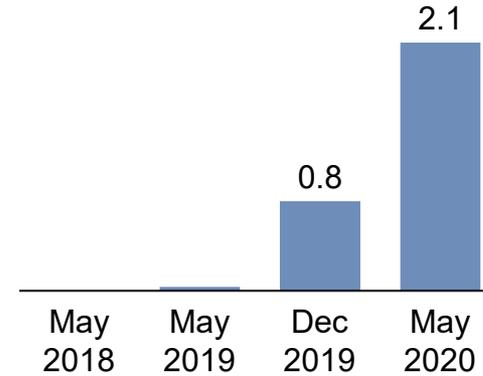
Million Hectares



Strong user adoption in smallholder segment

Farmweather users

Million Users



Farming Solutions - four strategic positions to secure leadership

Strategic positions:

What it means:



Secure intimate connectivity to farm and field

- Build a farmer & advisor platform aiming to deliver digital connectivity to 100 million hectares in professional markets and 50 million hectares within smallholder farms



Anchor Yara as preferred partner to food chain players

- Convene industry players around the farm through platforms and data exchange, to simplify and create value for farmers, strengthen platform attractiveness and unlock cross-company innovation
- Ambition to connect 5-10 million smallholder farmers and 5-10 million ha connected to the food chain



Take a leading position in farm sustainability

- Take a leading position in farming sustainability (also beyond crop nutrition) by driving a traceable sustainability impact agenda and farm-based certification of activities, including e.g. carbon footprint reduction and increased quality and yield



Take a leading position in the digital channel disruption

- Utilize farmer & advisor platform as a new channel for crop nutrition solutions (Europe, Latam, Asia, Africa) and a collaborative platform

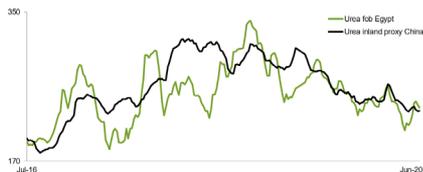
The transformation can be viewed across 3 key financial dimensions

Examples

	Change business model	Transform channel	New offering	New region/ segment
 <p>“Shifted” revenue</p> <p><i>“Shifting” existing Yara business from one channel or way of monetizing to another (e.g., shifting distribution business to direct-to-farmer business)</i></p>	<ul style="list-style-type: none"> Shift from traditional sales to outcome-based model 	<ul style="list-style-type: none"> Shift distributor business to direct-to-farm online platform 		
 <p>New revenue</p> <p><i>New revenue generated by transformative activities in Yara (e.g., developing and selling previously non-existing services, reaching new “white-space” segments)</i></p>	<ul style="list-style-type: none"> Create new revenue generated based on monetizing yield upside 		<ol style="list-style-type: none"> Create new digital subscription revenue (e.g., AtFarm to monitor crop performance using satellite images) Create new revenue from carbon marketplace 	<ul style="list-style-type: none"> Reach new geographies with new/refined offering (e.g., combined YaraVita and Yara Connect offering)
 <p>New EBITDA</p> <p><i>Profit delivered through Farming Solutions either from (i) margin-uplift on “shifted” revenue, or (ii) margin on new revenue</i></p>	<ul style="list-style-type: none"> Create new EBITDA from new yield upside revenue 	<ul style="list-style-type: none"> Create additional EBITDA by shortening the value chain 	<ol style="list-style-type: none"> Create new EBITDA from new digital subscription Create new EBITDA from carbon marketplace business 	<ul style="list-style-type: none"> Create new EBITDA from new market segments

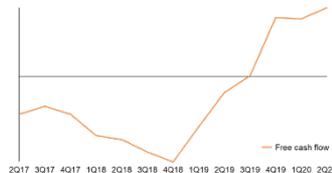
Attractive Yara prospects

Attractive industry fundamentals



- Growing population and dietary improvement drives demand
- Resource and environment challenges require strong agri productivity improvement
- Slow-down in nitrogen supply growth

Operating cash flow improvement



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

Focused long-term strategy

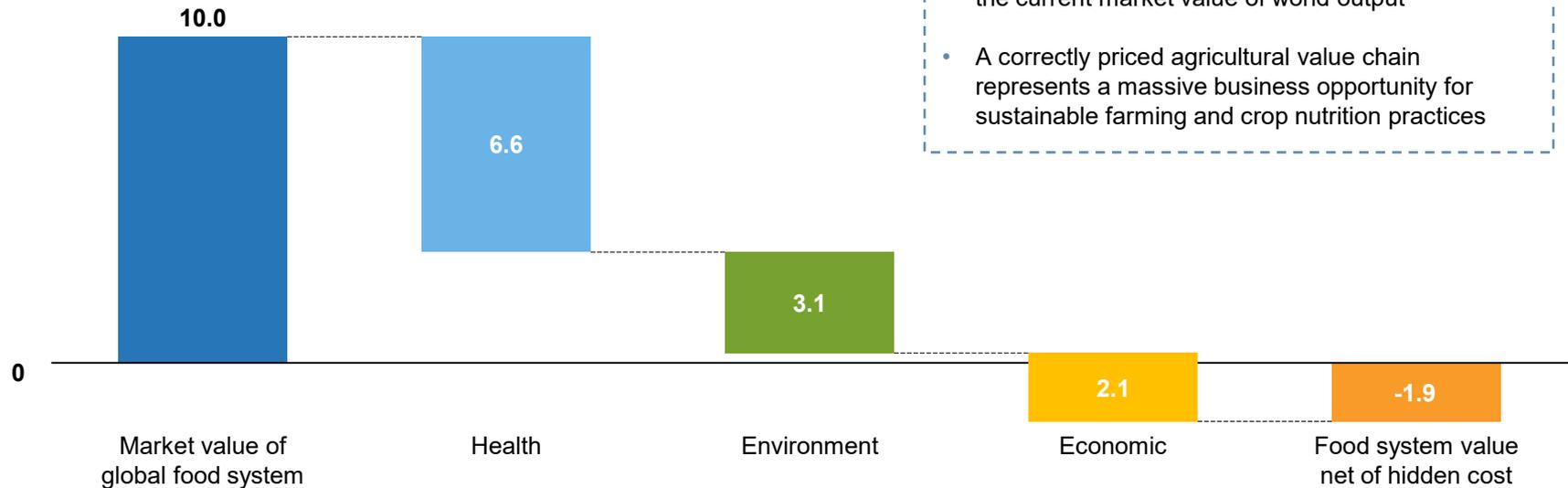


Knowledge grows

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

The hidden costs of the global food system exceed its market value

USD trillions, at 2018 prices





Knowledge grows

Appendix

Delivering on our Strategy, our KPIs and our Ambition

Advance operational excellence

Delivering improved operations and superior profits

Yara Improvement program

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 CO₂e/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

Yara's products help feed
>275M people by 2025

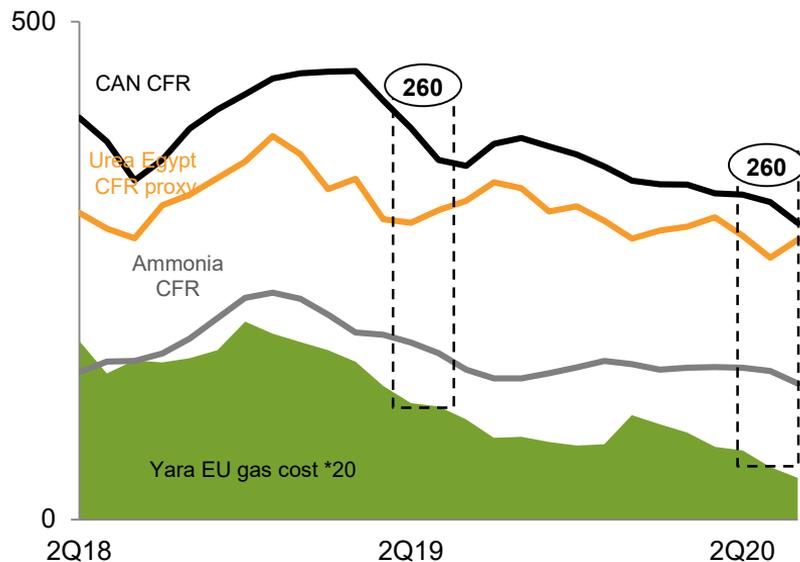
ROIC **>10% through the cycle**

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

Flat nitrogen upgrading margin, global NPK premium lower than last year

Nitrogen upgrading margins¹

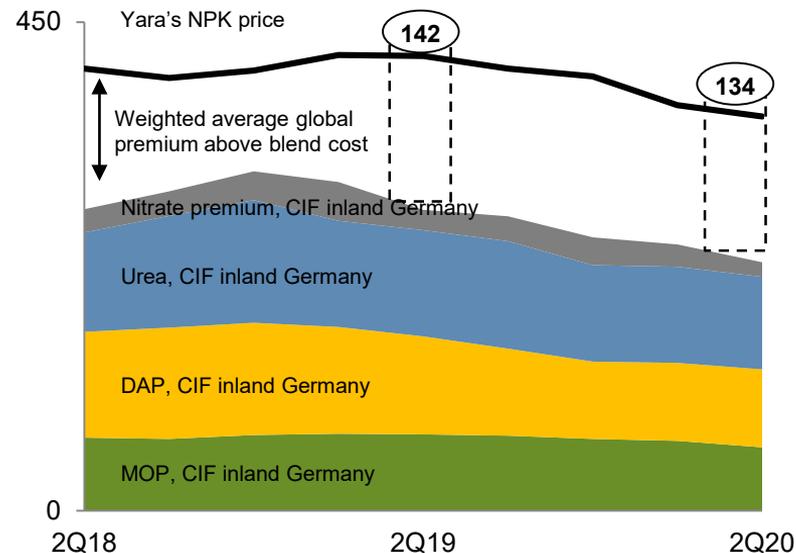
USD/t (monthly publication prices)



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

NPK premium over blend²

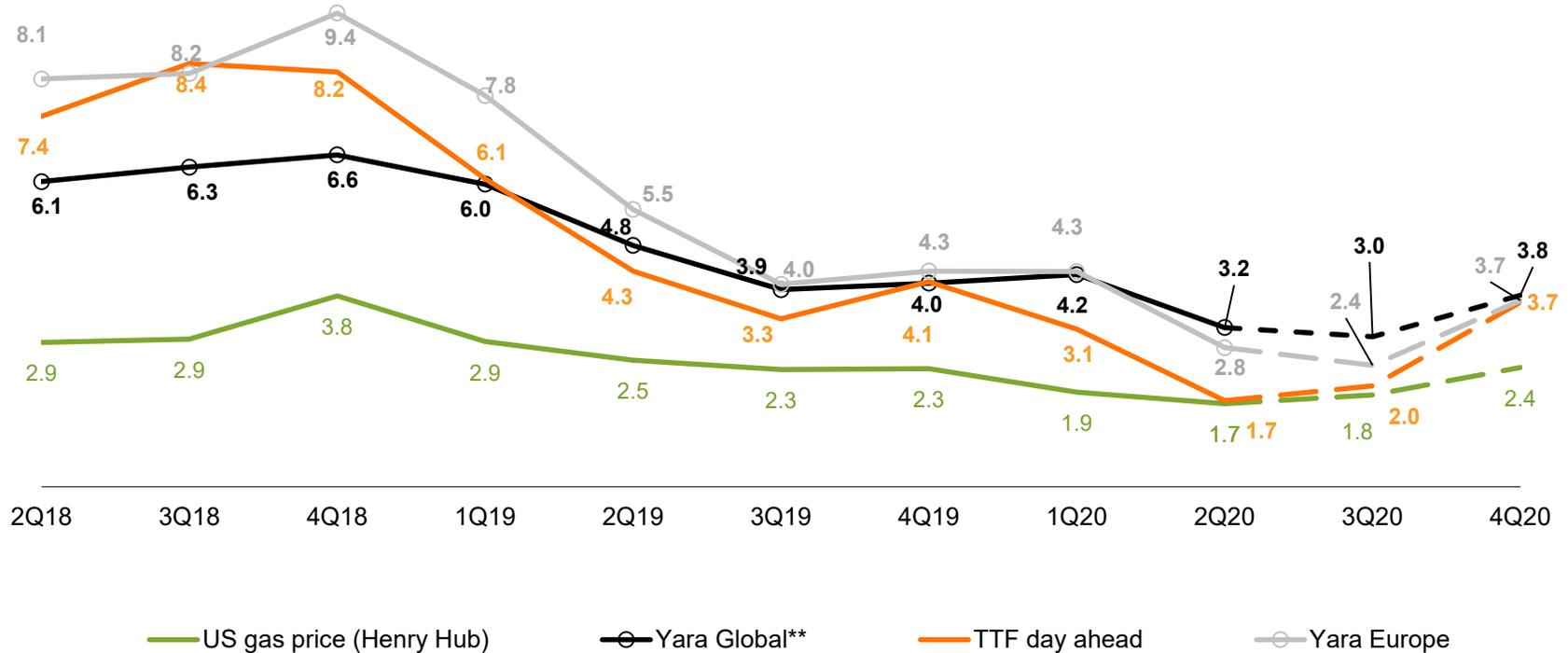
USD/t



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

Energy cost

Quarterly averages for 2018-2020 with forward prices* for 3Q20 and 4Q20



— US gas price (Henry Hub)

—○— Yara Global**

— TTF day ahead

—○— Yara Europe



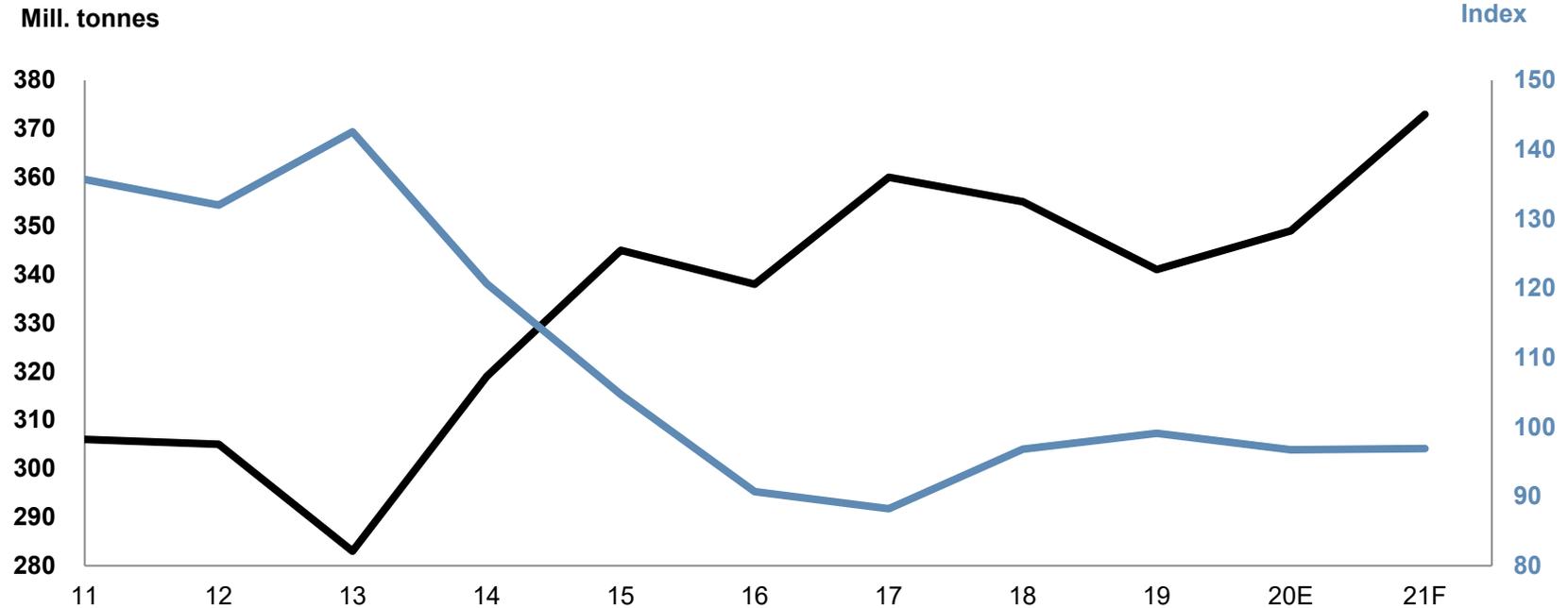
Source: Yara, World Bank, Argus/ICIS Heren

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

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

Increased grain stocks excluding China forecasted for the coming season, stable FAO grain price index

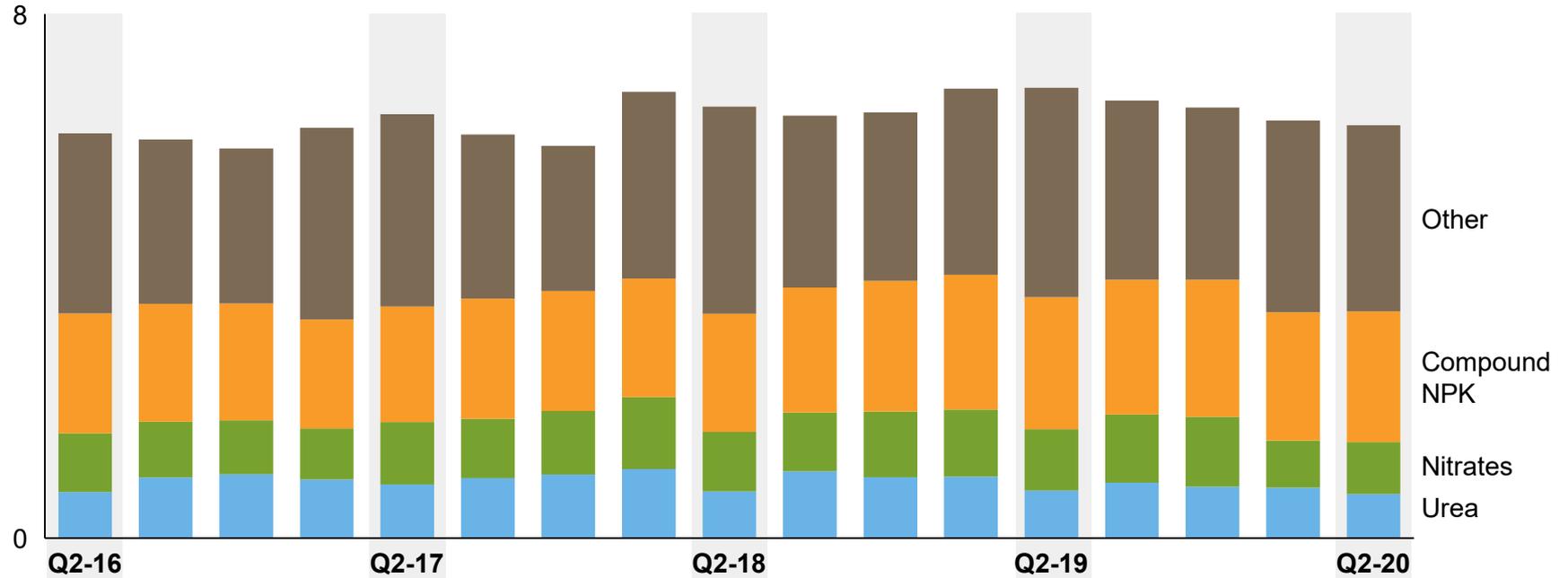
Grain stocks ex. China (left axis) and grain prices (right axis)



Yara stocks

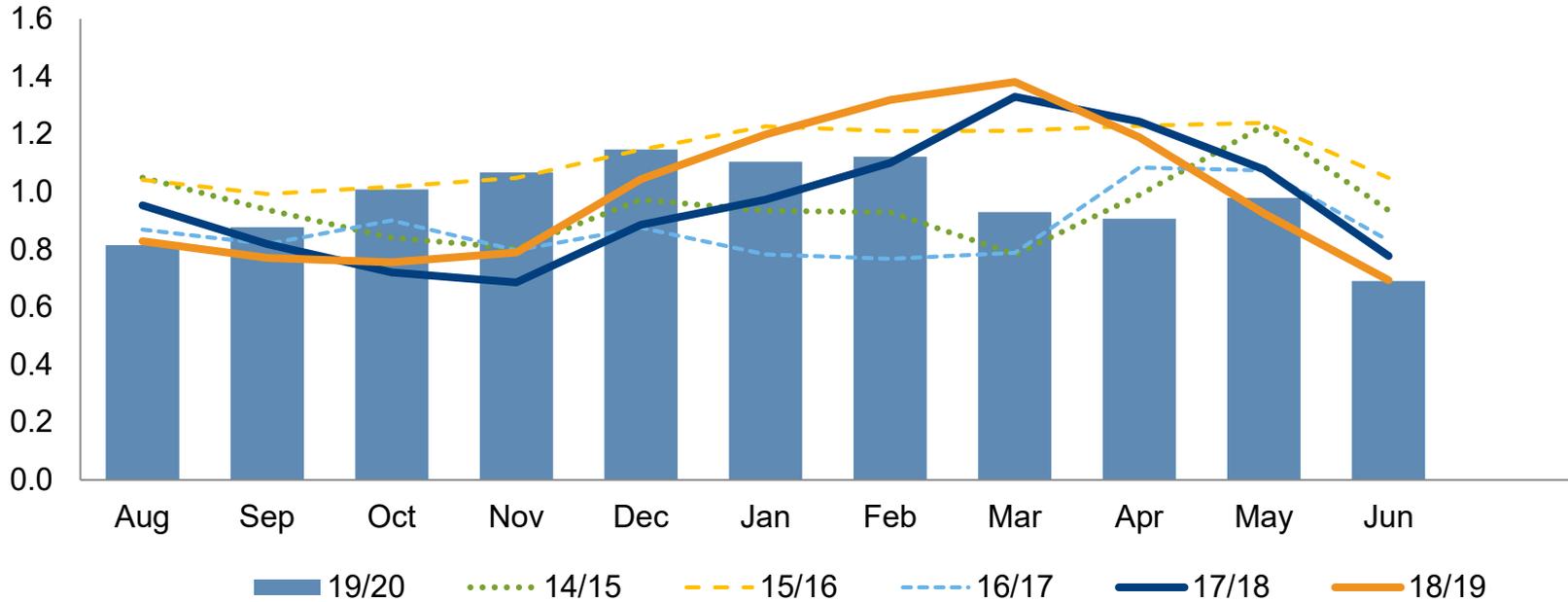
Finished fertilizer

Mill. tonnes



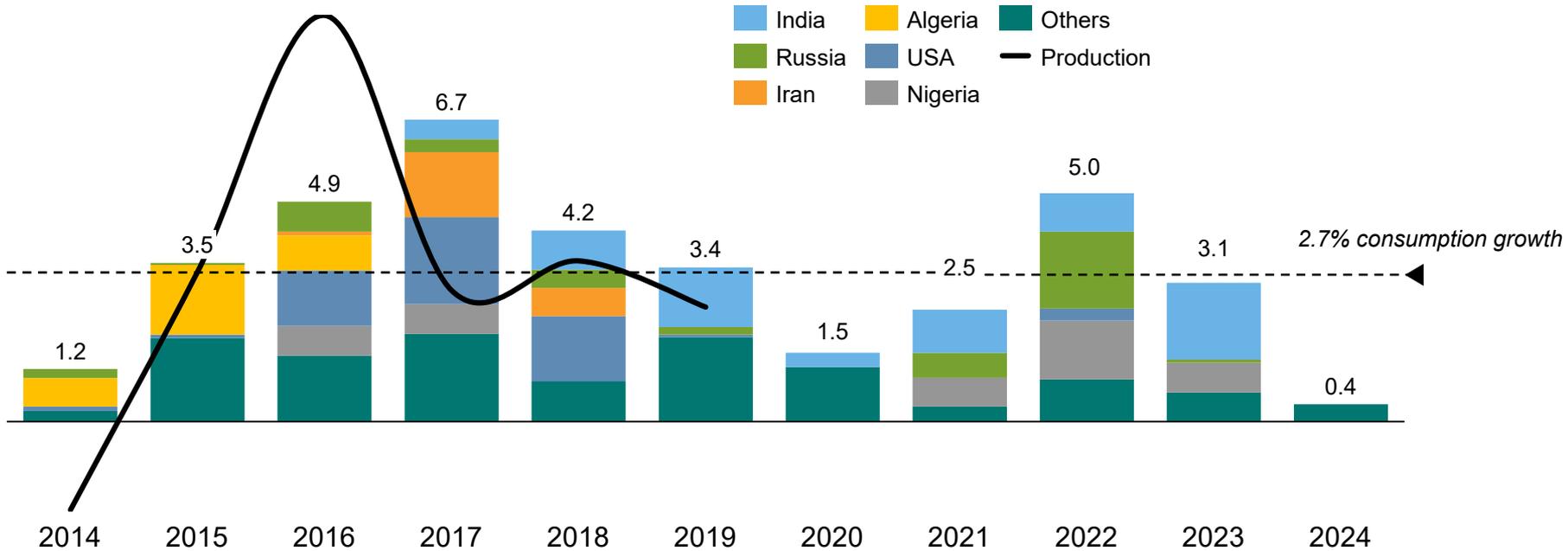
European producers' nitrate stocks

Index
June 2007 = 1



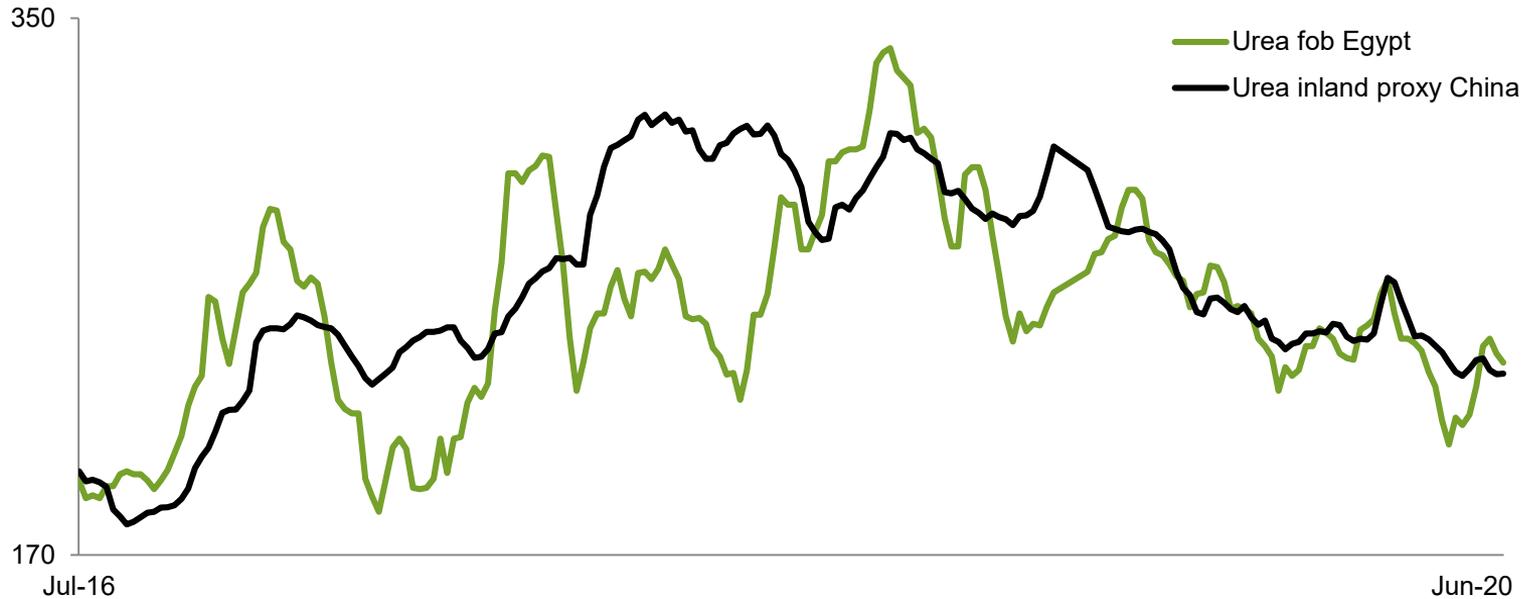
Nitrogen supply growth is forecast to reduce significantly

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



Lower Chinese prices negatively affecting global urea prices, global market also disconnecting for part of the quarter

Urea price development¹ (USD/t)



Alternative performance measures

Alternative performance measures are defined, explained and reconciled to the Financial statements in the APM section of the Quarterly report on pages 33-38



Knowledge grows

