

# Inaugural Yara Clean Ammonia Capital Markets Day

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Oslo, 30 June 2022: Today, [Yara International ASA](#) ("Yara") will host a Capital Markets Day ("CMD") for Yara Clean Ammonia ("YCA" or the "Company"). During the event, members of YCA's management team will present key features of the Company, including its strategy and growth ambitions, as well as financial parameters and targets for the future.

In May 2022, Yara announced that it is evaluating a potential initial public offering ("IPO") of YCA on the Oslo Stock Exchange. "While the decision to list YCA will be made in due course, Yara is now excited to host an inaugural CMD for YCA to showcase their exciting story," said Svein Tore Holsether, CEO and President of Yara. "YCA combines a leading midstream business with exceptional growth prospects and a value creating project portfolio."

## Key highlights:

- Clean ammonia represents a massive opportunity that is projected to drive exponential, long-term market growth [1].
- YCA comprises existing cash flows from a market leading position [2] in a market expected to grow significantly [1], combined with an attractive project portfolio with future cash flow potential.
- YCA is the #1 global ammonia midstream platform [2] with significant barriers to challenge YCA.
- Strategic ambition to leverage and scale the current platform to capture a leading market share across the clean ammonia value chain.
- The scalability of YCA's integrated ammonia platform provides a strong starting point for mid and downstream expansion.
- Future clean ammonia production is supported by an attractive project portfolio, with significant investment decisions targeted over the next three years.
- YCA's ambitious growth plan is expected to underpin profitable growth as clean ammonia market growth accelerates.
- YCA benefits from a solid balance sheet and aims to establish a standalone capital structure that is independent from Yara.

Highly attractive market opportunity. YCA, with its presence across the ammonia value chain, is uniquely positioned to enable an energy transition where ammonia is expected to play a key role in decarbonizing hard-to-abate sectors. Ammonia is expected to represent a superior low-carbon solution in four sizable segments: shipping fuel, power generation, agriculture, and as a hydrogen carrier. New applications are projected to be exclusively supplied by clean ammonia (i.e. blue and green ammonia). Virtually all clean ammonia volumes in new applications are likely to be internationally traded, underpinning exponential growth in the traded ammonia market, from 18 million tonnes in 2021 to a forecasted 238 million tonnes by 2050 [1].

Unrivalled starting point. YCA aims to leverage its competitive edge to enable a complex energy transition, connecting upstream projects with new customer applications. The Company's competitive edge is based on three key differentiators that set YCA apart. First, YCA is the clear #1 player across the global ammonia value chain, based on its market share in traded ammonia. YCA's integrated and asset-backed platform offers significant scale factors and flexibility related to terminals [3] and ammonia vessels. Active across the value chain from sourcing to sales, the Company has >20% market share [2] in traded ammonia. Second, YCA benefits from a multi-decade track record, and a growth plan based on attractive projects with future cashflows, supported by existing earnings and cash flows from a growing core business. The Company's Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") for the last 12 months was USD 159 million as per Q1 2022 [4]. Third, strong synergies and long-term backing from Yara underpin YCA's scale, integration, and global presence. YCA will retain its interconnected and integral role in handling all ammonia from Yara's production system in order to optimize ammonia flows to and from Yara plants.

Clear strategic ambition. "From this position of strength, YCA aims to significantly scale its leading global position as the world's largest ammonia platform, driving the development of clean ammonia globally," said Magnus Krogh Ankarstrand, CEO of YCA. "Bold, long-term, trusted, and reliable; we aim to partner with likeminded industry leaders to unlock the blue and green value chains." The Company has defined a strategy of scaling its integrated midstream platform while expanding into the upstream and downstream segments of the clean ammonia value chain. Integration across the value chain will remain a core pillar going forward as it supports YCA's competitive edge with clear benefits from scale factors and optimization.

Scalability supports value accretive growth. YCA seeks to invest up to USD 400 million dollars to significantly increase its midstream capacity and establish a downstream presence by 2030. The midstream growth plan includes selective investments in terminals and vessels, leveraging the scalability of the Company's existing platform, as well as co-investments and flexible ownership models. YCA's commercial organization will spearhead the development of new end-markets, with a strategy focused on close co-operation with key customers. The Company's existing terminal access [3] and fleet network provide a head start to develop major bunkering hubs. This is expected to be complemented by selective investments in mobile bunkering solutions for last-mile distribution.

Robust upstream projects. Access to asset-backed production is a pivotal part of YCA's competitive edge, underpinning its successful position as a global ammonia distributor. Whereas existing ammonia plants will remain in Yara, YCA intends to develop new clean ammonia production, also utilizing Yara's existing asset base. YCA is well-positioned to succeed in the upstream segment with an attractive project portfolio. The portfolio is weighted towards blue projects in North America where the Company is exploring several opportunities, in addition to capital-light conversion of existing Yara production in Europe. The project portfolio is dimensioned to provide asset-backed production of ~2.5 million tonnes of blue and green ammonia by 2030, with additional volumes expected from third-party offtake. YCA plans to invest USD 1.5 - 1.8 billion in blue ammonia production by 2030. Combined, these projects are expected to contribute ~2.1 million tonnes of blue ammonia by 2030. The HEGRA project in Porsgrunn - likely one of the most competitive green projects in Europe given its connection to a fully renewable grid and existing infrastructure - may contribute ~0.4 million tonnes of ammonia by the end of the decade. However, an investment decision on HEGRA is subject to achieving a sufficient level of government support.

Well-defined financial targets. YCA's growth investments across the value chain underpin a set of well-defined financial targets anchored in profitable growth as the clean ammonia market develops. Specifically, YCA targets stable volume development in conventional applications in which the Company aims to maintain its leading >20% market share [2] in the traded ammonia market. YCA further targets to extend its market-leading position to the rapidly growing clean ammonia market. Up to 2030, the Company anticipates that it will hold a considerably higher market share in clean ammonia, after which its market share is expected to normalize towards >20% [2] as market growth accelerates. In conventional applications, YCA targets EBITDA margins of >30 USD / tonne in line with 2020 and 2021 performance. For new clean ammonia applications, the Company aims for ~10 USD / tonne higher EBITDA margin than in conventional applications, in a market which is expected to grow significantly. This is driven by optimization from increased scale and to cover additional investments in midstream and mobile bunkering solutions. Finally, upstream investments are subject to a hurdle rate of 7% (after-tax real rate of return).

Solid balance sheet and capital structure. Earlier in June 2022, Yara announced plans to separate its Clean Ammonia business into a separate and wholly-owned subsidiary of Yara. Shortly after completion of this process, YCA is expected to have close to zero net interest-bearing debt (excluding leases). YCA's balance sheet is further strengthened by a net working capital balance significantly above normal levels given the currently high ammonia prices. Going forward, YCA aims to establish a standalone capital structure that is independent from Yara. Over the near to mid term, the Company expects to maximize value creation by executing on its growth plan. Accordingly, YCA's current intention is to re-invest any cash flows that it may generate.

YCA remains core to Yara's strategy and Yara will continue to provide long-term backing to YCA as its majority owner and preferred partner. Yara remains committed to its BBB rating and capital allocation policy with an average annual capex target of USD 1.2 billion [5]. Yara therefore aims to establish a standalone capital structure for YCA, where capital expenditures in YCA are expected to be funded from other sources, including YCA's existing cash flow generation, debt capacity and additional potential equity financing.

However, in accordance with IFRS, Yara's reported accounts will in addition to capex related to its target of USD 1.2 billion [5] also include 100% of capital expenditures in YCA. Yara will provide a breakdown of these capex components as part of its quarterly reporting.

Webcast and presentation:

The Capital Markets Day will start at 09:00 CET.

The online event will last approximately three hours, including live Q&A, with presenters from YCA's management team, led by Magnus Krogh Ankarstrand (CEO of YCA) and Hallgeir Storvik (CFO of YCA).

The event will be accessible via webcast using the below link, which also includes the CMD presentations: <https://www.yara.com/investor-relations/yca-cmd/>

The presentation will be held in English.

Note that the CMD presentations are comprised of two overlapping versions: i) a "shortened" version, which the YCA management team will present during the webcast; and, ii) a "full-length" version, which includes the "shortened" version along with additional slides.

Contacts:

Hallgeir Storvik  
CFO, Yara Clean Ammonia  
Mobile: +47 928 25 934  
E-mail: [hallgeir.storvik@yara.com](mailto:hallgeir.storvik@yara.com)

Silje Nygaard  
Head of Investor Relations, Yara  
Mobile: +47 957 04 843  
E-mail: [silje.nygaard@yara.com](mailto:silje.nygaard@yara.com)

Hilde Steinfeld  
Communications Director, Yara Clean Ammonia  
Mobile: +47 993 53 030  
E-mail: [hilde.steinfeld@yara.com](mailto:hilde.steinfeld@yara.com)

#### *About Yara*

*Yara grows knowledge to responsibly feed the world and protect the planet. Supporting our vision of a world without hunger and a planet respected, we pursue a strategy of sustainable value growth, promoting climate-friendly crop nutrition and zero-emission energy solutions. Yara's ambition is focused on growing a nature positive food future that creates value for our customers, shareholders and society at large and delivers a more sustainable food value chain.*

*To achieve our ambition, we have taken the lead in developing digital farming tools for precision farming and work closely with partners throughout the food value chain to improve the efficiency and sustainability of food production. Through our focus on clean ammonia production, we aim to enable the hydrogen economy, driving a green transition of shipping, fertilizer production and other energy intensive industries.*

*Founded in 1905 to solve the emerging famine in Europe, Yara has established a unique position as the industry's only global crop nutrition company. We operate an integrated business model with around 17,000*

*employees and operations in over 60 countries, with a proven track record of strong returns. In 2021, Yara reported revenues of USD 16.6 billion.*

[www.yara.com](http://www.yara.com)

*About Yara Clean Ammonia (YCA)*

*Yara grows knowledge to responsibly feed the world and protect the planet. Yara Clean Ammonia is uniquely positioned to enable the hydrogen economy in a market expected to grow substantially over the next decades. We aim at significantly strengthening our leading global position as the world's largest ammonia distributor, unlocking the green and blue value chains, and driving the development of clean ammonia globally.*

*Building on Yara's leading experience within global ammonia production, logistics and trade, Yara Clean Ammonia works towards capturing growth opportunities in low-emission fuel for shipping and power, carbon-free food production and ammonia for industrial applications.*

*Yara Clean Ammonia operates the largest global ammonia network with 12 ships and has access to 18 ammonia terminals and multiple ammonia production and consumption sites across the world, through Yara. Revenues and EBITDA[6] for the last 12 months were USD 3,037 million and USD 166 million respectively as per Q1 2022. Yara Clean Ammonia is headquartered in Oslo, Norway.*

[www.yaracleanammonia.com](http://www.yaracleanammonia.com)

End Notes:

[1] Expected market developments based on Arkwright 2021 estimates.

[2] Based on volumes of traded ammonia in 2021.

[3] YCA has exclusive access, and manages and optimizes use of Yara's ammonia tank infrastructure at terminals through sourcing and supply agreements with Yara.

[4] Financial figures are presented according to YCA's combined financials and differ from Yara's segment reporting. See the CMD presentations that will be made available today on Yara's website for further details.

[5] See Yara's Integrated Report 2021 for further details

[6] Financial figures are presented according to Yara's segment reporting and is expected to deviate from YCA's combined financials as a stand-alone company. For explanations, definitions and reconciliations of alternative performance measures, see APM section in 1Q report, page 31-37.

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*for any purpose and is not intended to provide a complete or comprehensive overview of YCA, and should be read in conjunction with the CMD presentations that will be made available later today on Yara's website. No reliance may or should be placed by any person on the information contained in this announcement, or on its completeness, accuracy or fairness. The content of this announcement is not prescribed by applicable securities laws in any jurisdiction. This announcement includes forward-looking statements. All statements other than statements of historical fact referred to in this announcement are forward-looking statements. Forward-looking statements are given only as of the date of this announcement and, except as may be required by law, Yara and YCA are under no obligation to provide any update. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements, and these risks could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.*

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