

# Yara to acquire majority position in Galvani, Brazil

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Oslo, 5 August 2014: [Yara International ASA](#) has entered into an agreement to acquire a 60% stake in Galvani Indústria, Comércio e Serviços S/A ("Galvani"), for an enterprise value of USD 318 million.

Galvani is an independent, privately held fertilizer company, controlled by Mr. Rodolfo Galvani Jr., a Brazilian entrepreneur. The company is engaged in phosphate mining, Single Super Phosphate (SSP) production and distribution of fertilizers in the center and northeast of Brazil. Galvani also owns licenses for two new greenfield phosphate mine projects in Brazil.

The acquisition is in line with Yara's strategy for growth in Latin America, seeking to develop a production footprint in Brazil to complement its established position, following the recent acquisition of the Bunge fertilizer business in Brazil.

"This acquisition represents another significant step in realizing our Latin American growth strategy, further establishing our position in Brazil as a long-term industry player, committed to developing and investing in Brazilian agribusiness," said Jørgen Ole Haslestad, President and Chief Executive Officer of Yara.

"The Galvani acquisition will help secure phosphate fertilizer capacity in the center of the country and in the attractive and fast growing agri frontiers of Brazil. Furthermore Galvani brings excellent industry competence with cost-effective solutions for mining, production, blending and warehousing facilities," said Jørgen Ole Haslestad.

Galvani 2013 revenues amounted to USD 352 million, with an EBITDA of USD 48 million.

The company has a total SSP production capacity of approximately 1 million tons per annum through the industrial complex of Paulinia and Luis Eduardo Magalhaes. Both sites source phosphate rock from two own mines, Lagamar and Angico dos Dias, and the leased mine Irece. To cover future demand for phosphate rock, Galvani has two greenfield and one brownfield mining project under development, as follows:

Salitre (greenfield): up to ~1,200,000 tons phosphate rock per annum  
Angico (brownfield): additional ~150,000 tons phosphate rock per annum  
Santa Quiteria (greenfield): up to ~800,000 tons phosphate rock per annum

In addition to phosphate rock production, the projects under development include new upgrading capacity for phosphate fertilizer. Start-up for the various projects is expected between 3 and 5 years from closing date.

The enterprise value of USD 318 million for 60% of Galvani comprises USD 132 million for the existing business and USD 186 million for the mining/production projects, and will be adjusted for any deviation from normalized working capital (USD 42 million) at the time of closing. As part of the agreement, Yara will also, based on certain conditions, inject a total of USD 165 million as equity. With Yara's share of the company's debt being USD 93 million, the resulting total equity exposure for Yara will be USD 390 million. Furthermore, given certain project-related conditions are met, the agreements with Galvani will commit Yara to support the company's development of three specific mining and associated production projects with a total capital expenditure of USD 920 million (Yara's share USD 552 million) until 2019, the funding of which will be decided based on maximizing value for the company.

To reflect the uncertainty of the future projects, the agreement includes several risk reduction elements such as payment conditional upon successful project studies and milestones as well as guarantees related to capital expenditures and operating expense levels.

The transaction is subject to the approval of Brazilian competition authorities (CADE) and other customary approvals. Closing is expected to take place in fourth quarter this year.

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