

Yara International ASA reports improved deliveries but lower margins

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Oslo, 17 July 2018: [Yara International ASA](#) delivered lower second-quarter results compared with a year earlier. Net income after non-controlling interests was negative USD 211 million (USD -0.77 per share), compared with USD 82 million (USD 0.30 per share) a year earlier. The negative result includes a non-cash currency loss of USD 302 million resulting from a strengthening US dollar through the quarter, which is fundamentally positive for Yara. Excluding currency loss and special items, the result was USD 0.17 per share compared with USD 0.34 per share in the second quarter 2017.

Second-quarter EBITDA excluding special items was USD 321 million, down 5% compared with a year earlier as higher deliveries and sales prices were offset by higher European gas costs.

"Yara reports 13% higher deliveries, despite the truck-drivers' strike in Brazil. However, underlying EBITDA was five percent lower, as improved deliveries and sales prices were offset by increased energy cost," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"While the operating environment for our business is likely to remain tough for some time yet, the market balance looks set to gradually improve after 2018. We remain focused on our improvement and growth programs, which have improved Yara's earnings by more than 25% in the last 12 months, and will deliver even higher earnings going forward," said Holsether.

Total fertilizer deliveries were 11% higher compared to a year earlier, driven by increased deliveries in Europe and inclusion of the Babrala acquisition in India and Cubatão acquisition in Brazil. Industrial deliveries were 16% higher than a year ago including the Cubatão acquisition. Excluding Babrala and Cubatão, fertilizer and Industrial deliveries were up 6% and 7%, respectively. Yara's ammonia production was 13% higher than second quarter last year, while finished fertilizer production increased by 10%. Adjusting for portfolio effects, production was in line with a year earlier. Margins were lower than a year ago as higher realized prices were offset by higher gas prices in Europe.

Beyond 2018, the global urea supply-demand balance looks set to gradually improve. Nitrogen supply growth is forecast to reduce significantly after 2018, and current nitrogen price levels do not provide economic incentives for new investment. Also, demand growth is likely to pick up compared with the last 3 years, as global grain stocks are relatively low, particularly excluding China, and increased production is needed to keep pace with growing consumption.

Based on current forward markets for oil products and natural gas, Yara's spot-priced gas costs for third and fourth quarter 2018 are expected to be USD 100 million and USD 70 million higher than a year earlier.

The Yara Improvement Program is on track to reach at least USD 500 million of annual EBITDA improvement by 2020, of which USD 310 million has been realized as of second quarter 2018.

Link to report, presentation and webcast 17 July at 09:30 CEST:
<https://www.yara.com/investor-relations/latest-quarterly-report/>

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About Yara

In collaboration with customers and partners, Yara grows knowledge to responsibly feed the world and protect the planet, to fulfill its vision of a collaborative society, a world without hunger and a planet respected.

Our crop nutrition solutions and precision farming offerings allow farmers to increase yields and improve product quality while reducing environmental impact. Our environmental and industrial solutions improve air quality and reduce emissions, and are key ingredients in the production of a wide range of products. We foster an open culture of diversity and inclusion that promotes the safety and integrity of our employees, contractors, business partners, and society at large.

Founded in 1905 to solve emerging famine in Europe, Yara has a worldwide presence with more than 16,000 employees and operations in over 60 countries. In 2017, Yara reported revenues of USD 11.4 billion.

www.yara.com
2Q 2018 Presentation
2Q 2018 Report

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