

Yara International

BUY | TP NOK450

Fertiliser Weekly

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Fertiliser Weekly

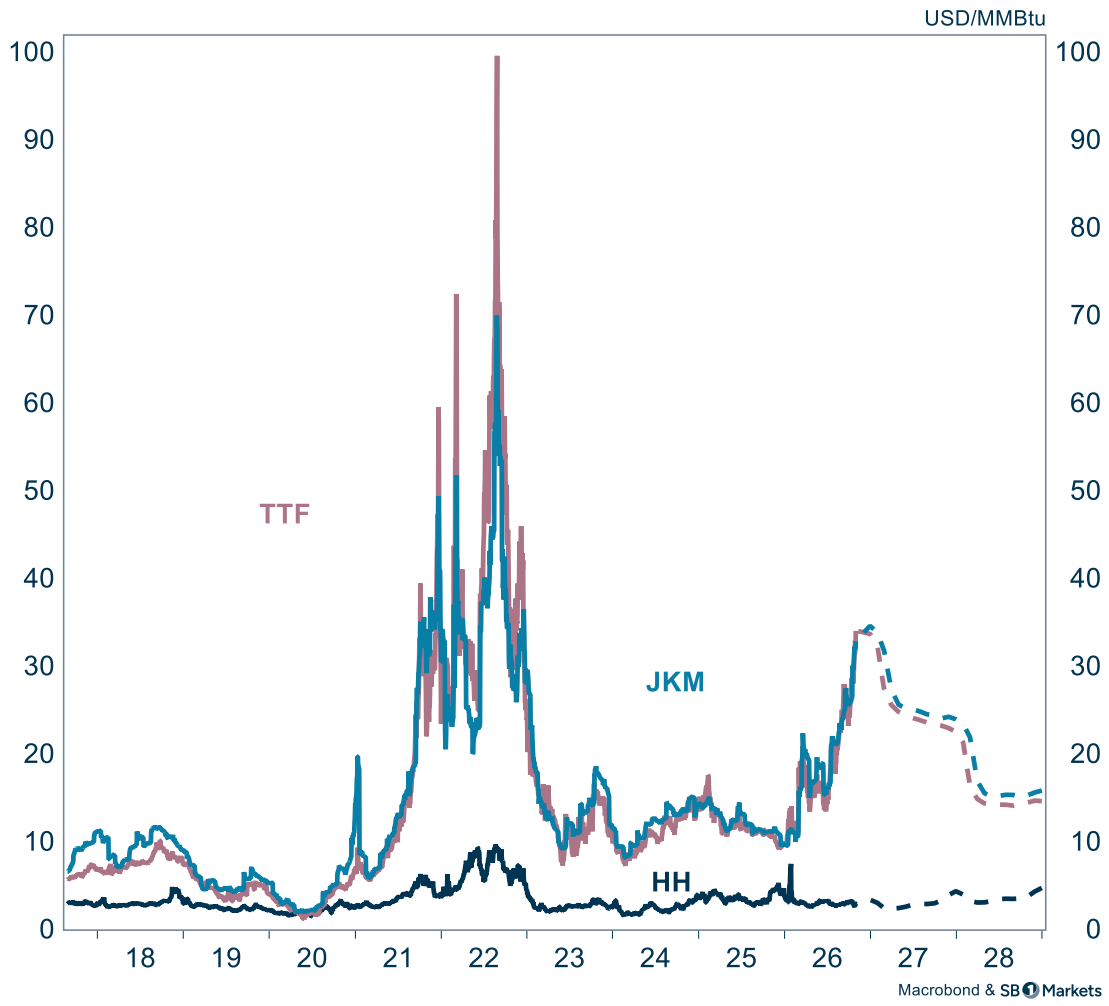
W/w decrease in run-rate EPS of USD0.8/sh. driven by rising gas prices

- **Energy market:** The European gas price (Dutch TTF) increased ~10-11% w/w (Friday-Friday) to EUR~104/MWh.
- **Ammonia:** Market fundamentals were largely unchanged over the past week, but reduced European supply continued to drive demand for offshore volumes and lift November and December prices. The November Tampa contract increased USD95/mt, broadly as expected following further European shutdowns. North African spot prices also moved higher. However, strong US Gulf availability has held prices from escalating further. Several additional cargoes were sold on both sides of Suez, this week, in a fairly balanced Q4. The East remains better supplied than the West, while strong production in Trinidad and the US has cushioned the impact of European curtailments. Prices increased across all regions, reflecting the higher Tampa settlement and firmer spot activity.
- **Urea:** The global urea market remained quiet until Friday, with limited trade and prices generally sideways despite worsening European production economics. Egyptian granular traded around USD535/mt FOB, but on Friday reports of gas supply to all nitrogen plants was cut by 20% for one month from 1 November. Egypt produces ~6.4-6.7Mmt/year and exports 365-390kmt/month. If domestic supply is prioritised, a proportional production loss of ~107-112kmt could therefore reduce monthly exports by ~28-31%, of note, normally, Egyptian production represent ~5-6% of global ex. China urea production, hence 20% output loss could further tighten markets 1-1.2%. NOLA strengthened on Friday, with November at up to USD442/st FOB and December at USD446/st, equivalent to USD486/mt CFR. In the East, activity remains subdued while the market awaits India's return, likely covered mainly by China.
- **Nitrates:** European nitrate markets tightened as higher gas prices raised concerns over further production cuts, with at least seven nitrate and/or UAN facilities already operating at reduced rates or undergoing maintenance. AGF Nitrogen, with over 7Mmt/year of fertilizer capacity, withdrew offers across Europe and warned that temporary shutdowns could follow. In Germany and Benelux, CAN indications increased to EUR455-460/mt CIF bulk after earlier EUR450/mt offers were withdrawn, while Polish producers targeted EUR480/mt or more, although buyer interest has been limited. Low Rhine water levels also constrain barge logistics. In France, AN remained at EUR560-565/mt CPT bulk despite LAT Nitrogen withdrawing offers. Overall, reduced availability and the risk of further gas-driven shutdowns continue to support European CAN and AN prices..
- **YAR:** As a result of this week's market developments, we find a w/w decrease in Yara's run-rate of USD0.8/sh. Based on Yara's pure sensitivities*, we estimate a run-rate EPS to currently be at USD1.0/sh. However, based on Yara's announced nitrogen curtailments, we estimate savings vs. sensitivities of annualised ~USD710m, or an EPS uplift of USD2.1/sh., leaving a run-rate EPS estimate of USD3.1/sh., leaving the share trading at run-rate P/E of 13.8x prior to nitrogen values responding to the recent gas price increases.

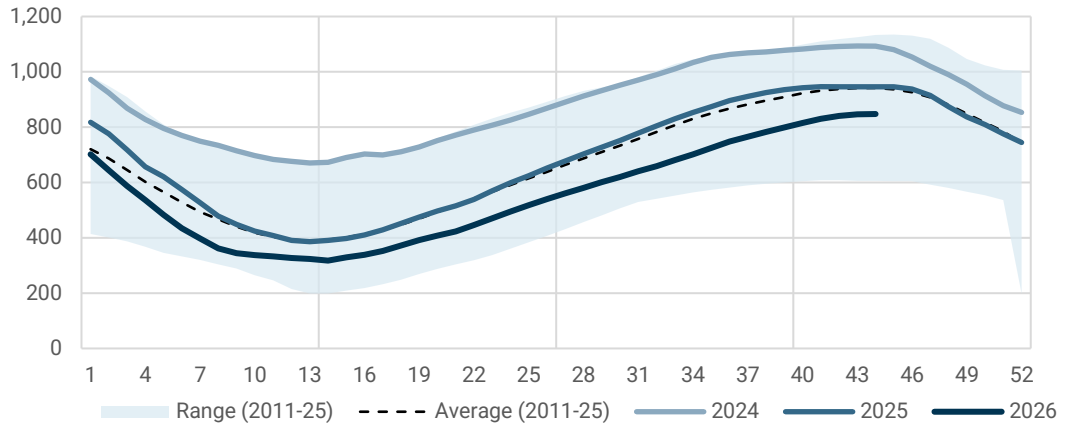
Source: SB1 Markets, Bloomberg, Macrobond, Profercy | *This is based on an operation rate of 95%, assuming no sourced margins, and does not account for lag effects | To access Yara's sustainability reporting please see https://www.yara.com/sustainability/

European gas price at ~EUR104/MWh, up ~10-11% w/w

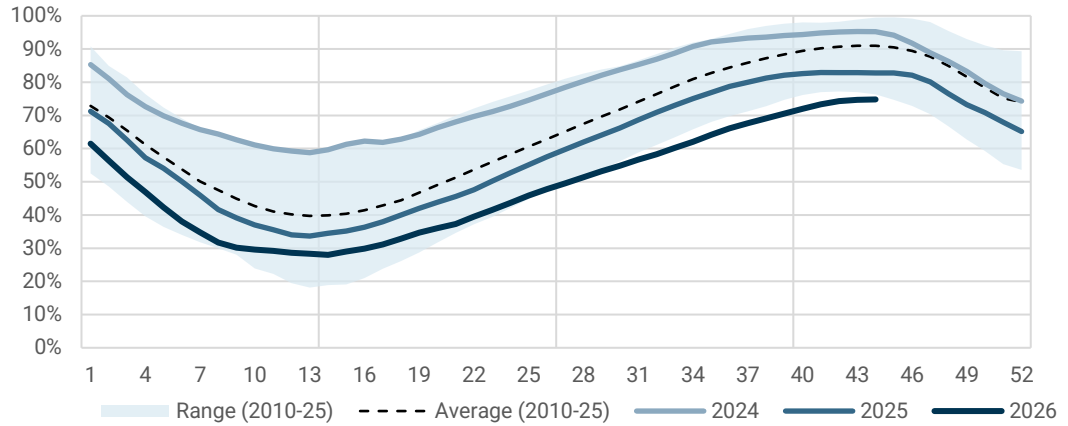
Gas spot vs. future curves



EU-28 Gas Stocks: TWh



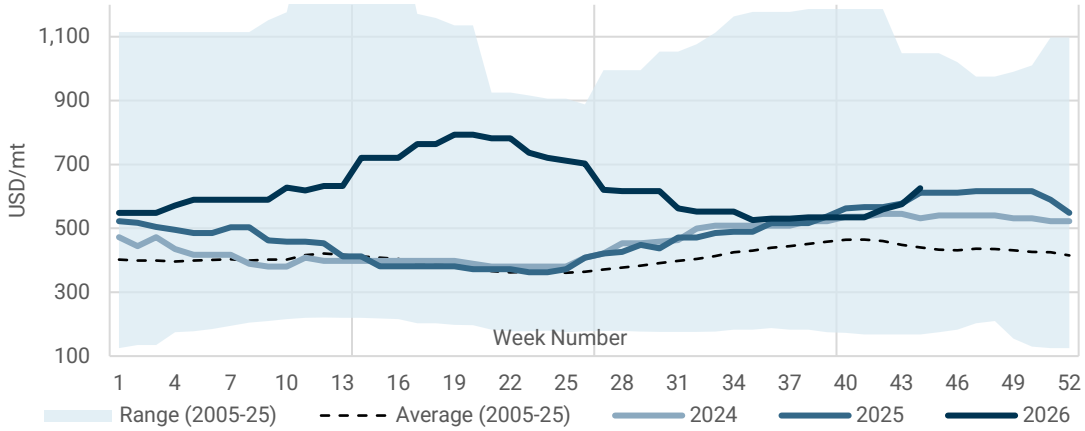
EU-28 Gas Stocks: % Full



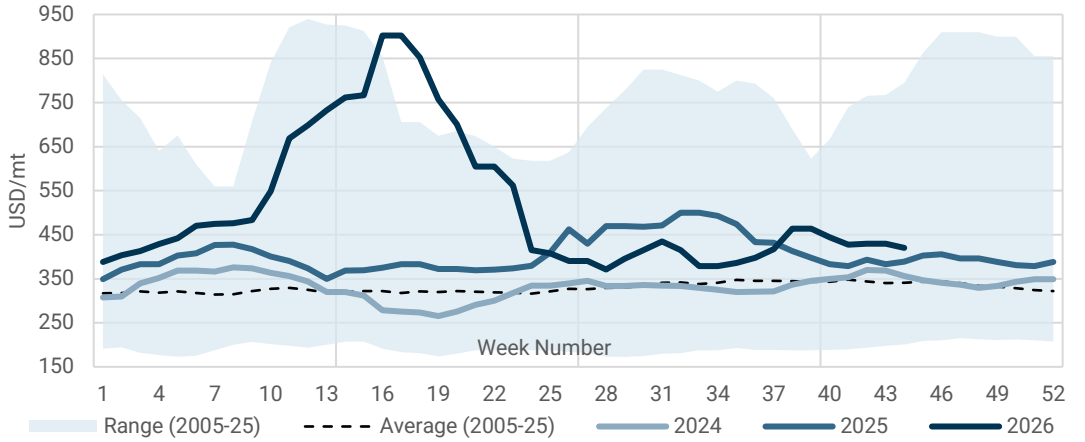
Source: SB1 Markets, Macrobond, Bloomberg

… against fairly unchanged nitrogen values w/w…

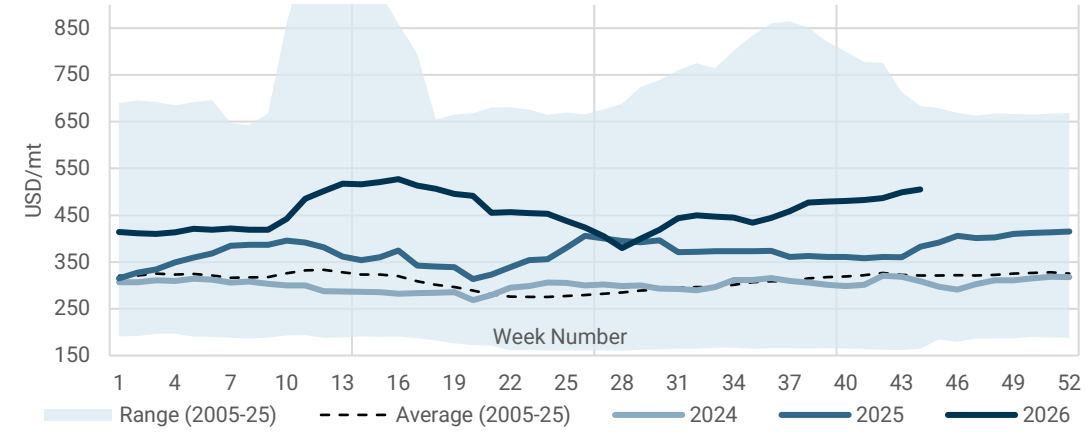
European ammonia (fob Yuzhnyy)



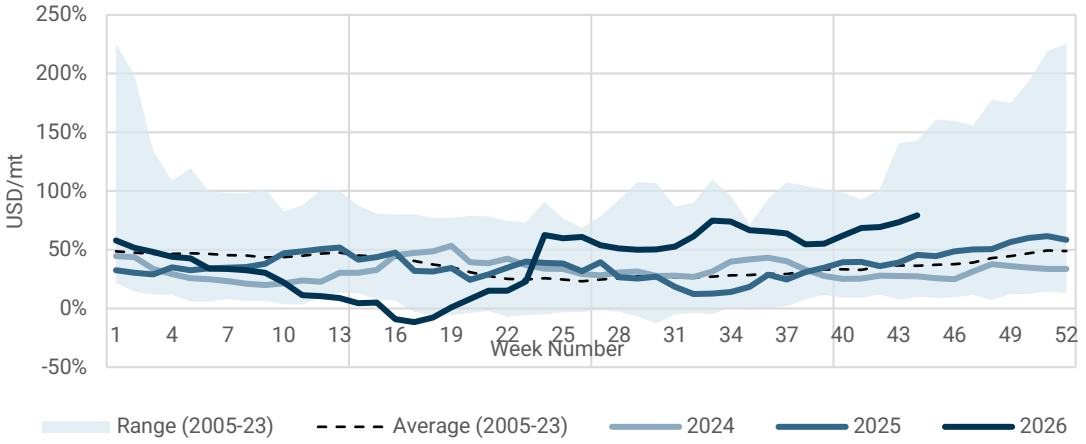
European prilled urea (fob Yuzhnyy, excl. CBAM)*



European CAN (cif Germany)



European relative nitrate premium

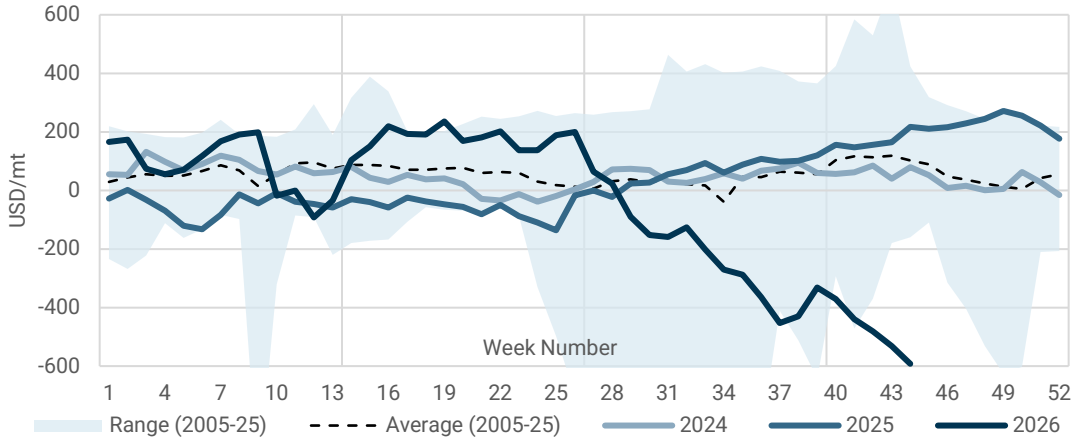


Source: SB1 Markets, Profercy, Bloomberg, Yara, Fertecon, IHS Markit | * We use Arab Gulf as price index developments, but this does not reflect European prices due to CBAM, with Profercy not offering prilled price quotas for Europe

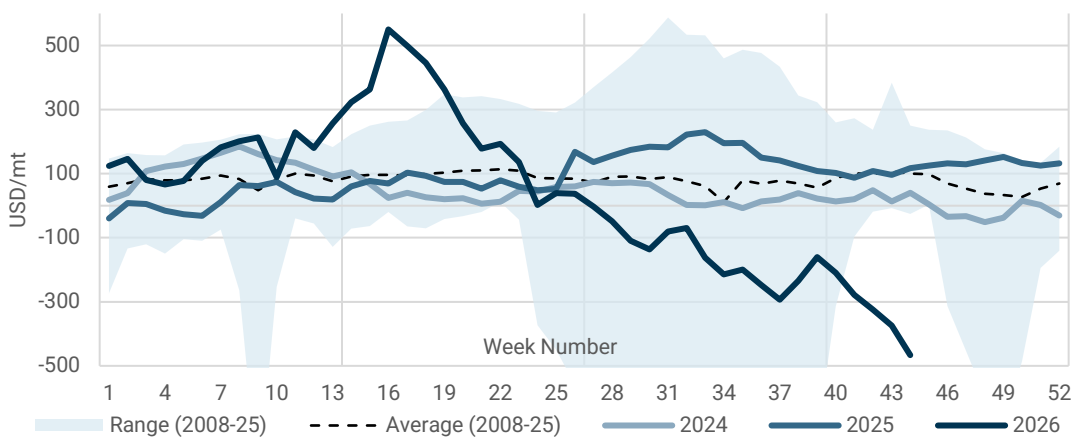
SB1 Markets

… resulted in overall softened European producer margins w/w*

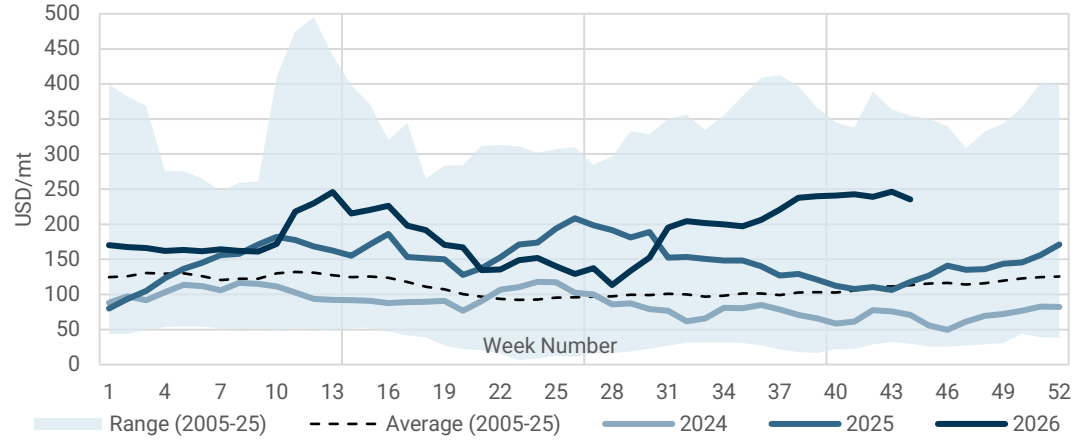
European ammonia margin



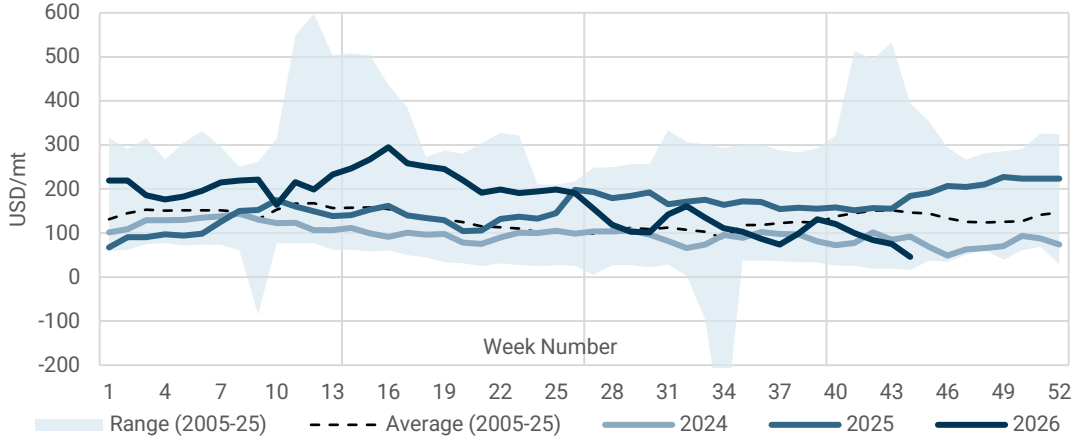
European urea margin



European CAN margin (ammonia importer)



European CAN margin (ammonia producer)

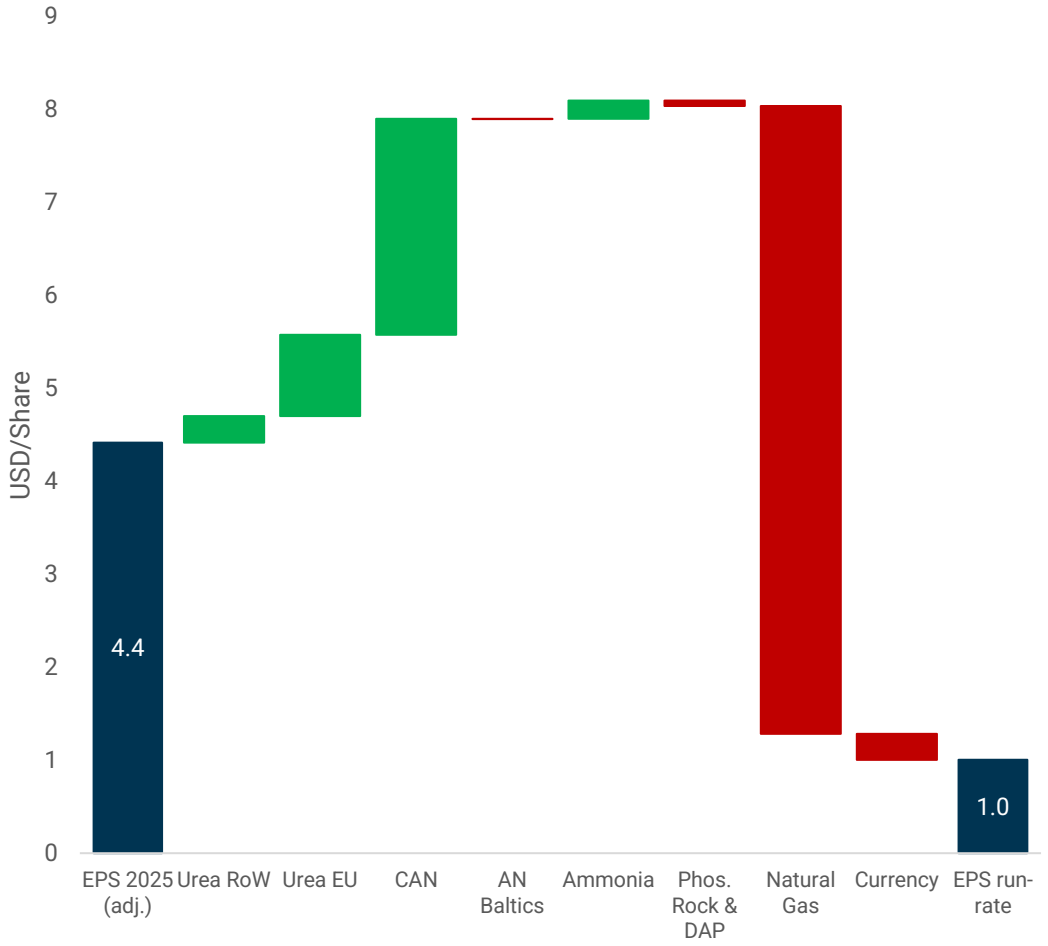


Source: SB1 Markets, Profercy, Bloomberg, Yara, Fertecon, IHS Markit |* as nat gas prices fell during the day last Friday, the t-1 datapoint was revised higher, hence, it appears producer margins has decreased w/w, whereas the margins has been more flat to marginally increasing

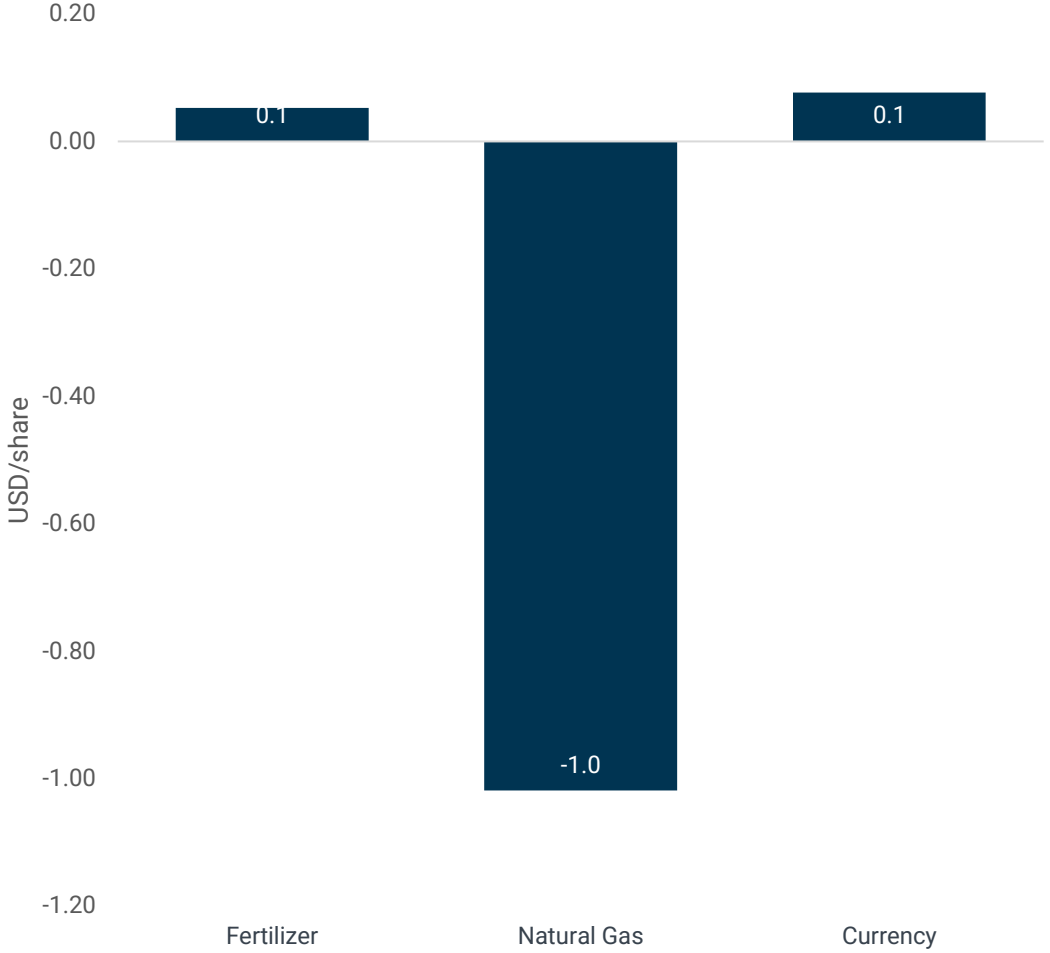
SB1 Markets

Based on updated sensitivities, we find a run-rate EPS of USD1.0/sh., however, we estimate USD710m in cost savings from curtailed production vs. sensitivities, resulting in run-rate EPS estimate of USD3.1/sh. -> implied run rate P/E of 13.9x, prior to nitrogen price catch-up to gas

YAR run-rate EPS pure sensitivity assuming full production



The past week's change to drivers in run-rate EPS*

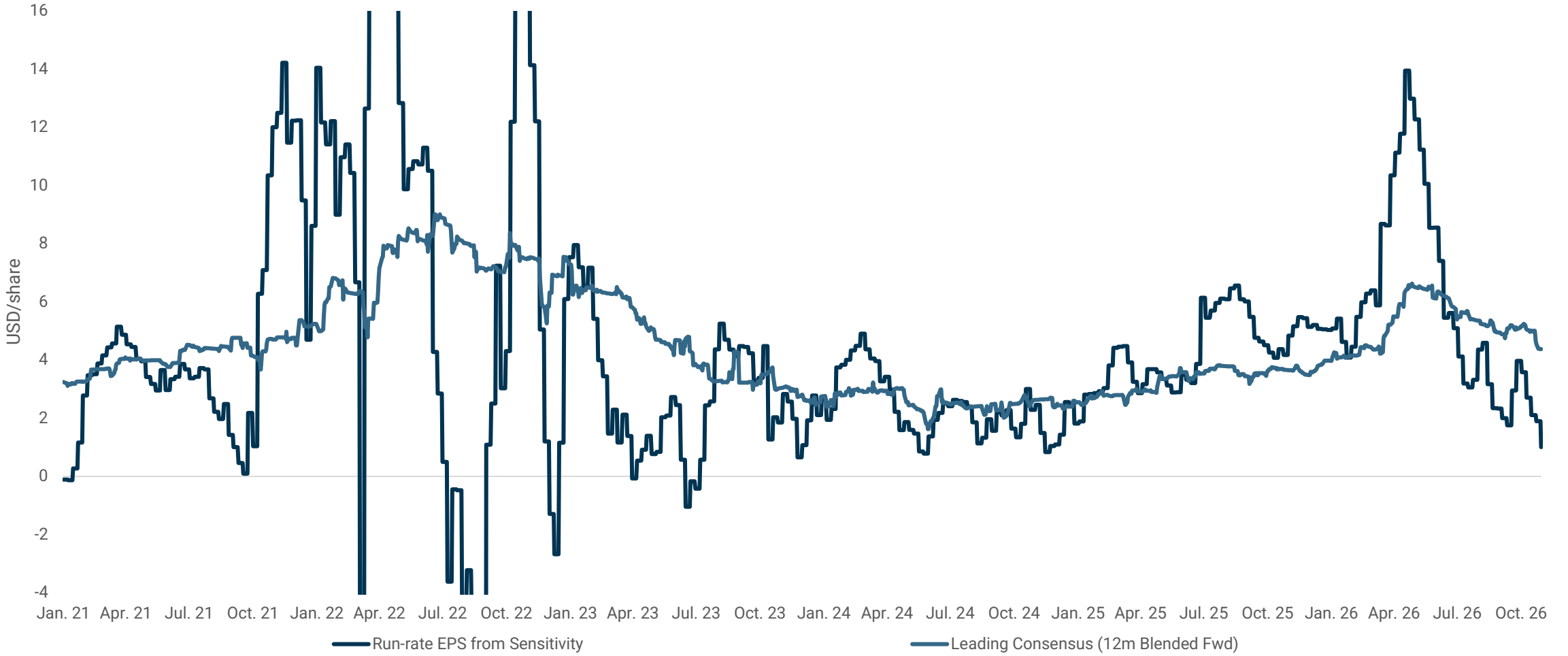


Source: Profercy, Bloomberg, Yara, Green Markets, SB1 Markets |* the graph states nat gas contributed with a negative USD0.1/sh. Impact on EPS, as gas prices fell last Friday reflecting a lower gas price as starting point vs. our previously sent-out Fertiliser weekly which is based on nat gas prices at open on Friday

SB1 Markets

Consensus 12m fwd. EPS of USD4.4/sh., above the spot gas-sensitive run-rate EPS*, and our computed run-rate EPS USD3.1/sh.

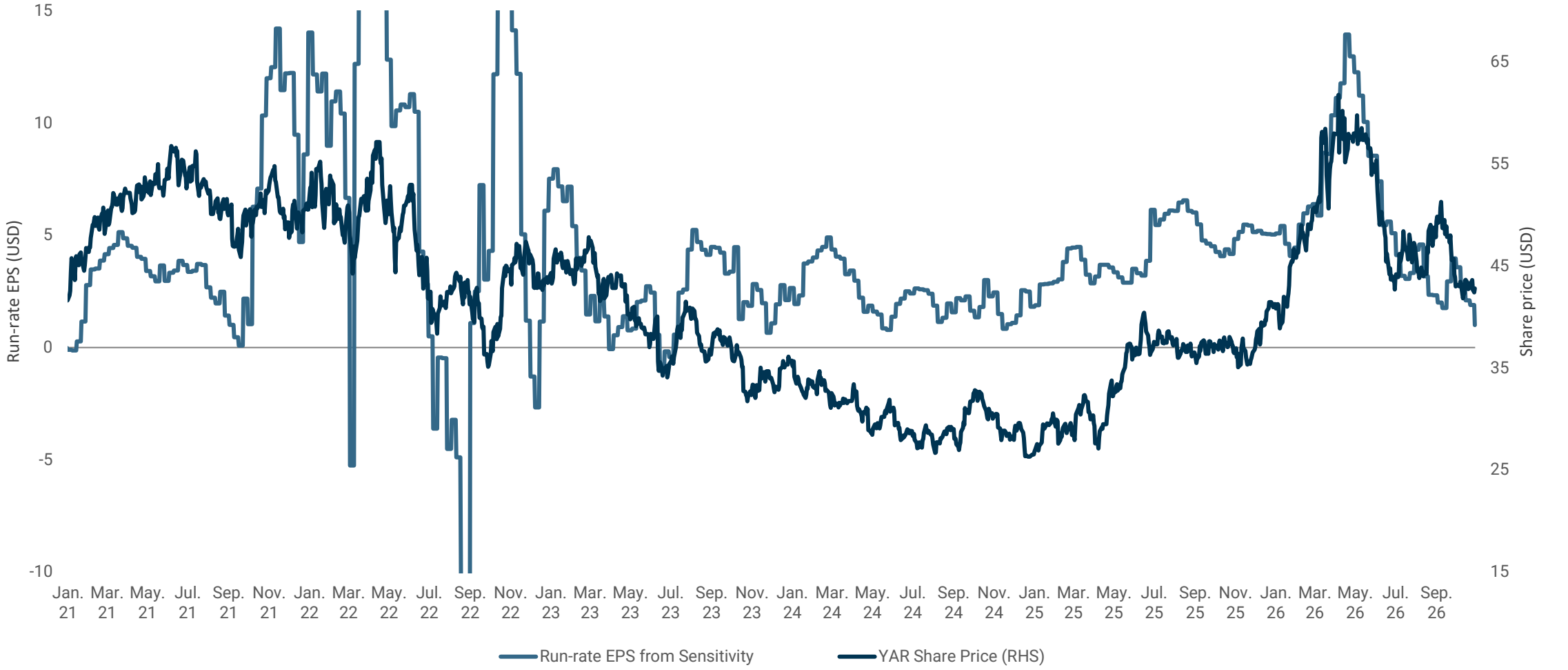
EPS: Consensus vs. run-rate from sensitivity



Source: SB1 Markets, Bloomberg, Yara International | * we have not included GCA to our run-rate EPS computations yet, while consensus and our own FY27-28e should include this uplift by now

Run-rate EPS vs. share price

Since 2021

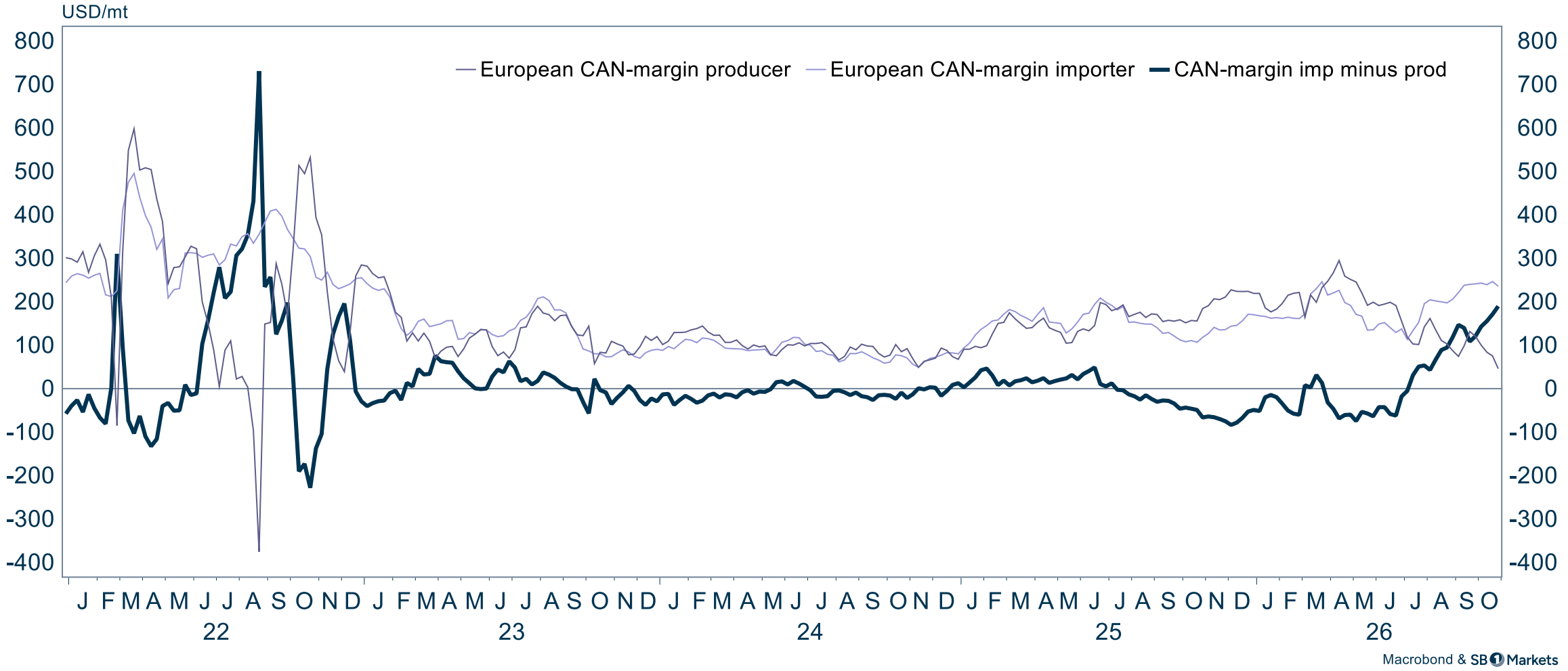


Source: SB1 Markets, Bloomberg, Profercy, Yara International

SB1 Markets

At current economics, Yara achieves stronger margins through sourcing ammonia rather than producing in Europe

Sourced vs. self-produced CAN-margin (CAN importer margin – CAN producer margin)

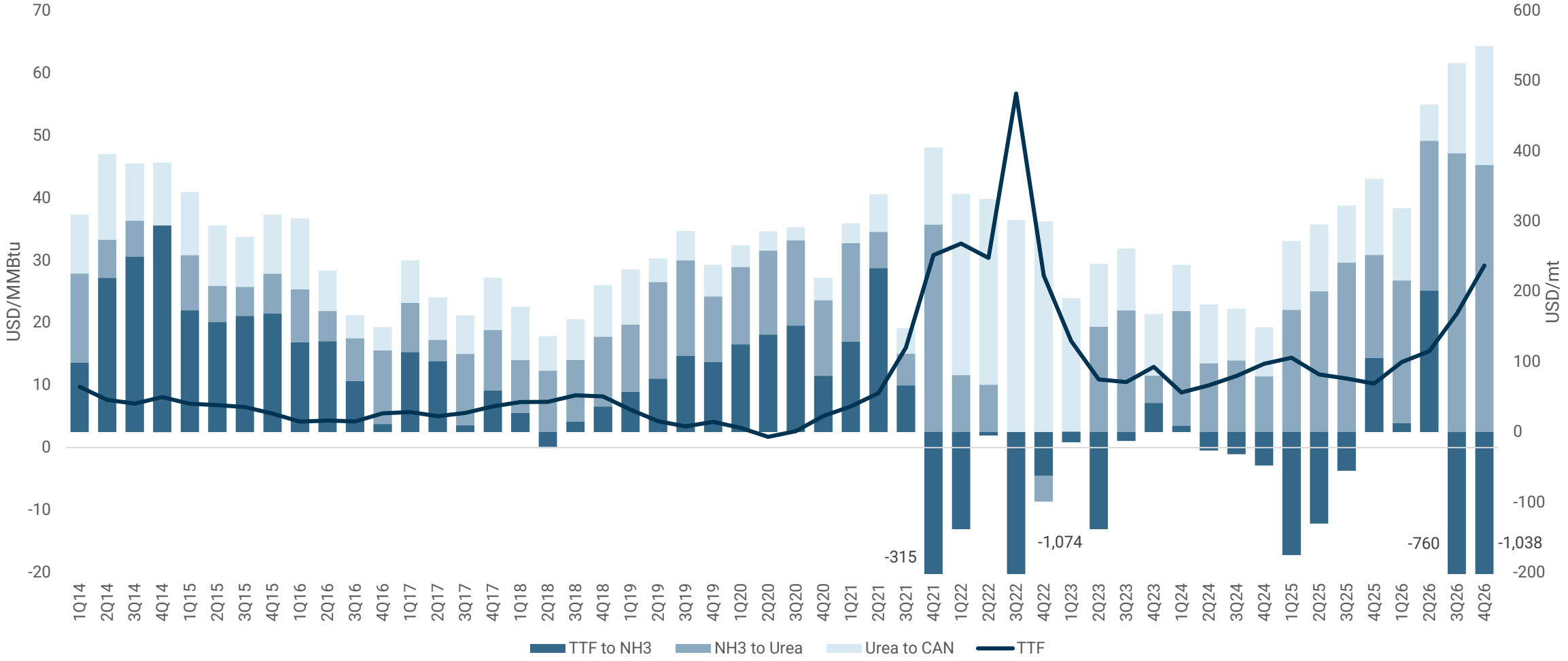


Source: SB1 Markets, Profercy, Bloomberg, Fertecon, IHS Markit

SB1 Markets

Historical European nitrogen upgrading margins

Historical nitrogen upgrading margins in Europe based on TTF

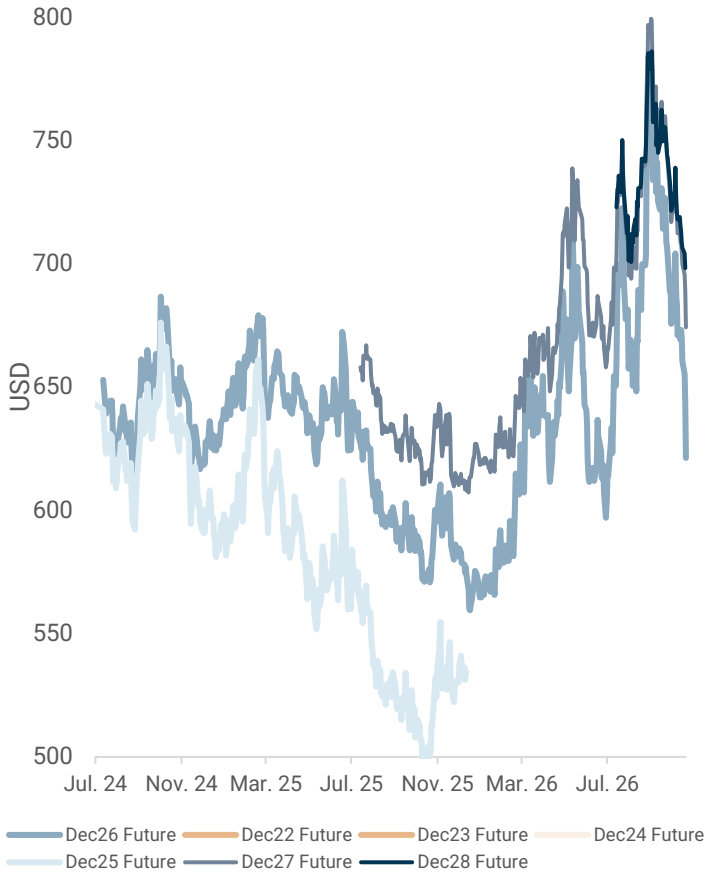


Source: SB1M, Yara

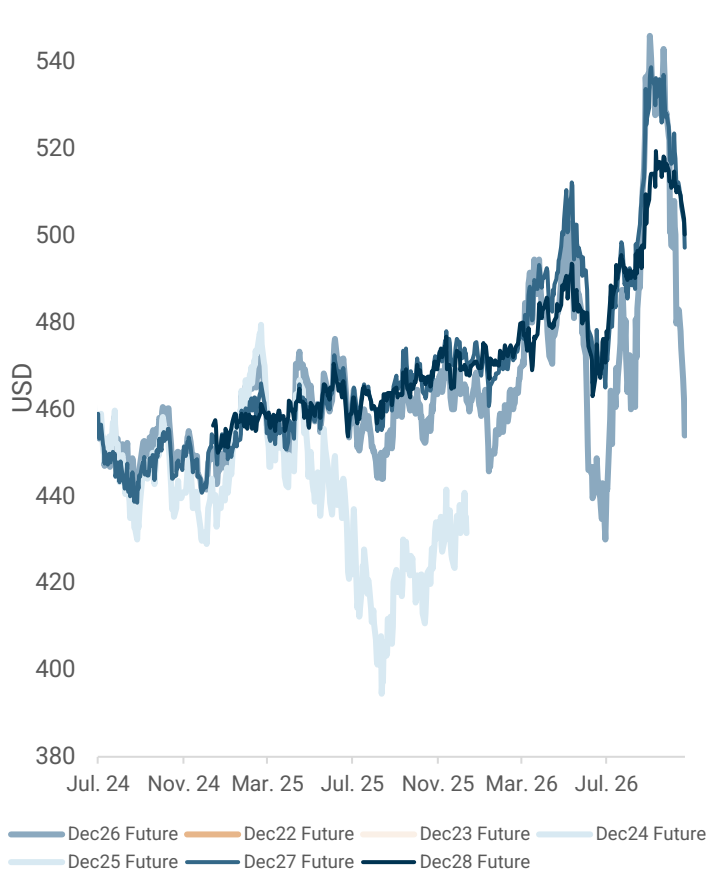
SB1 Markets

Crop prices has continued its decline

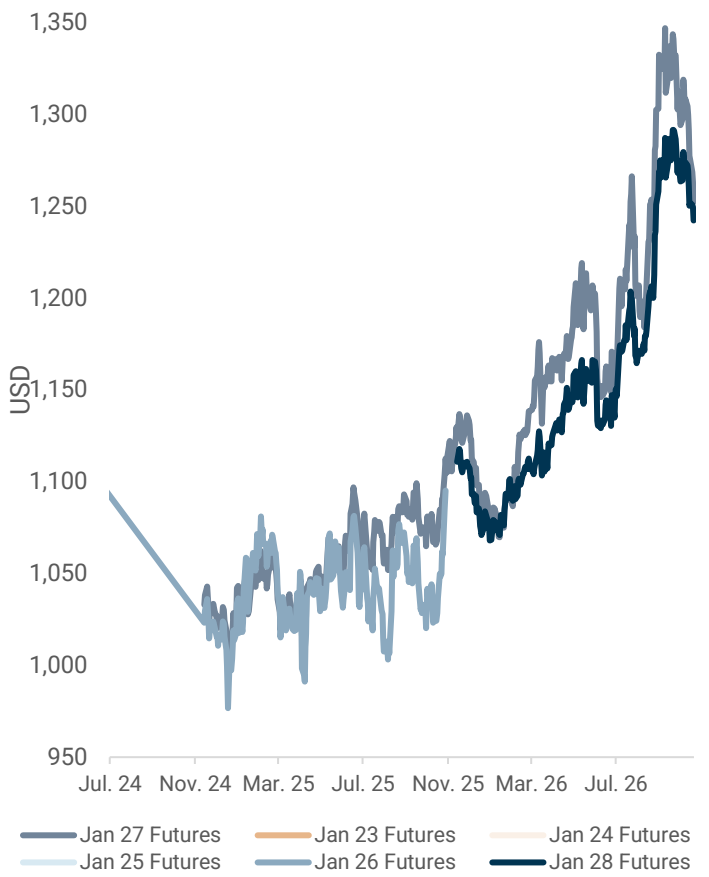
Wheat futures



Corn futures



Soybean futures

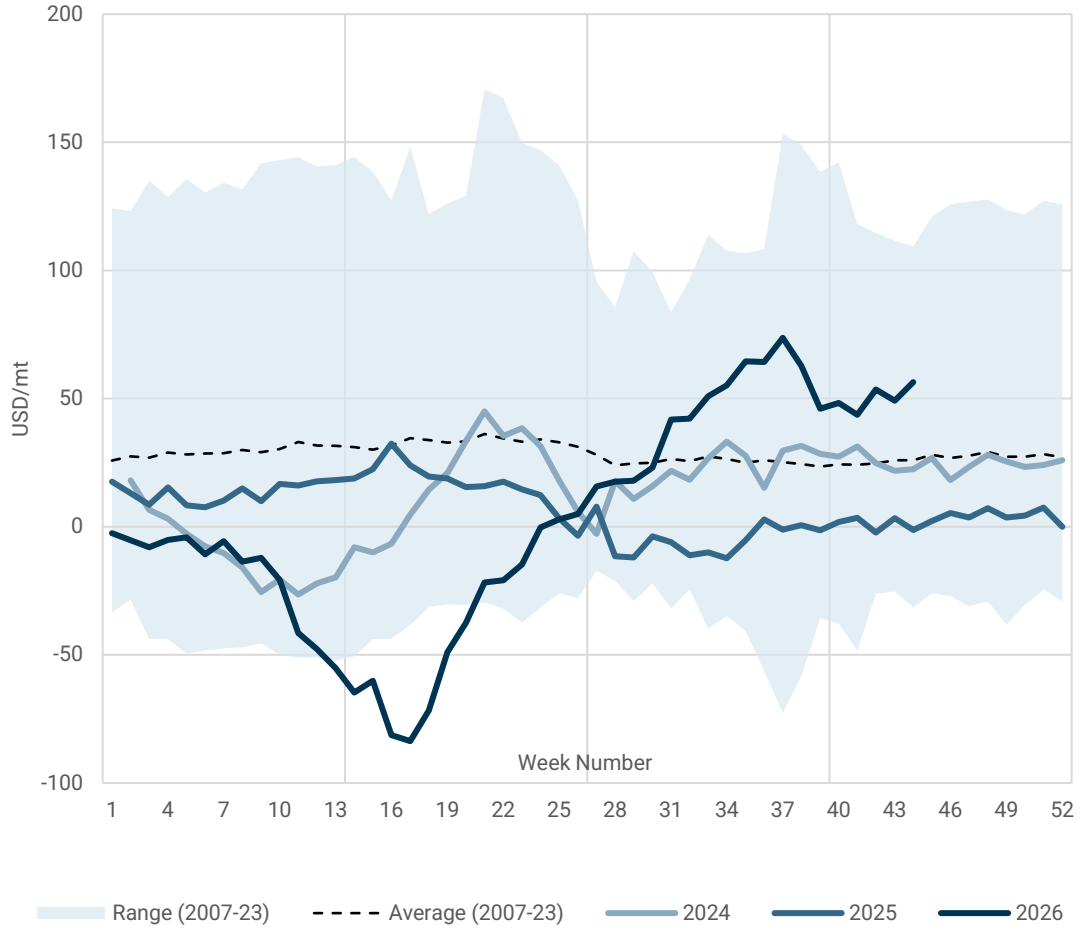


Source: SB1 Markets, Bloomberg

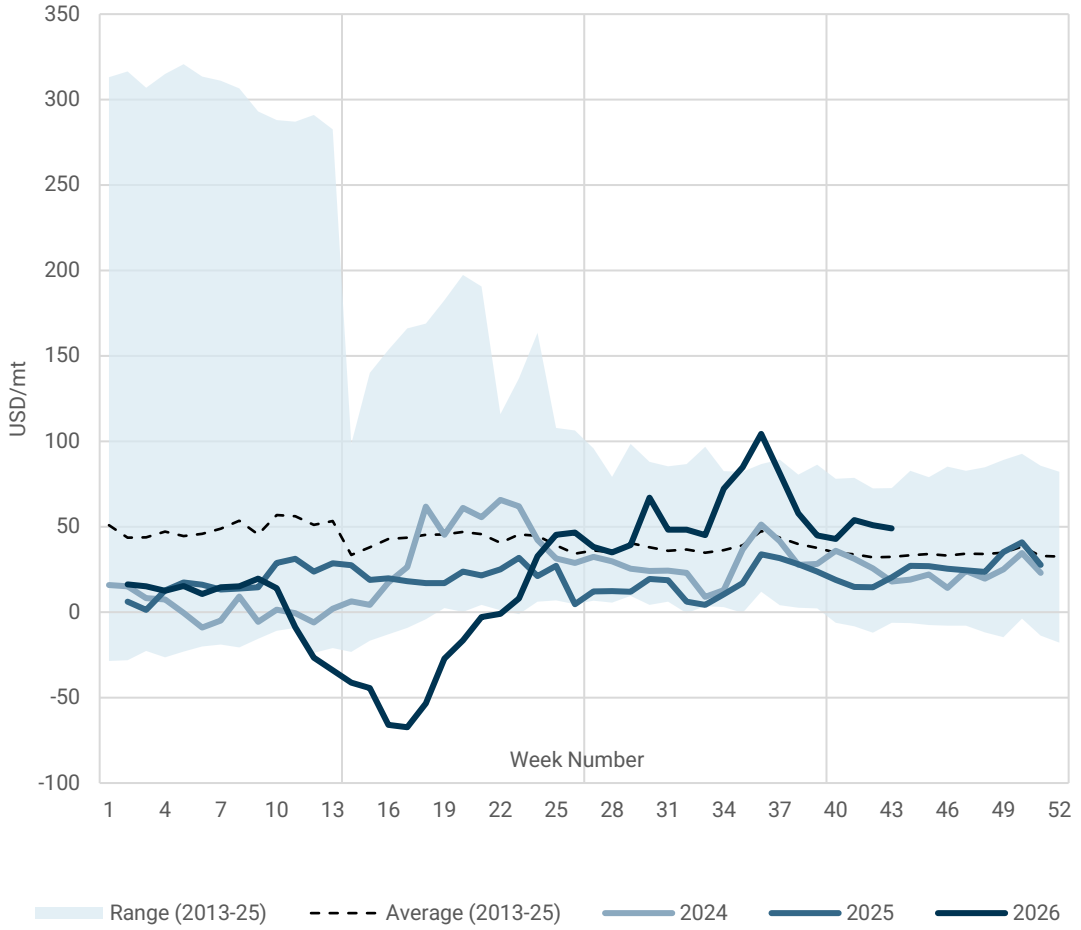
SB1 Markets

Resulting in softened farmer economics, still, above historical averages and above levels seen over the past few seasons

Farmer economics SB1M Index – Wheat



Farmer economics SB1M Index – Barley

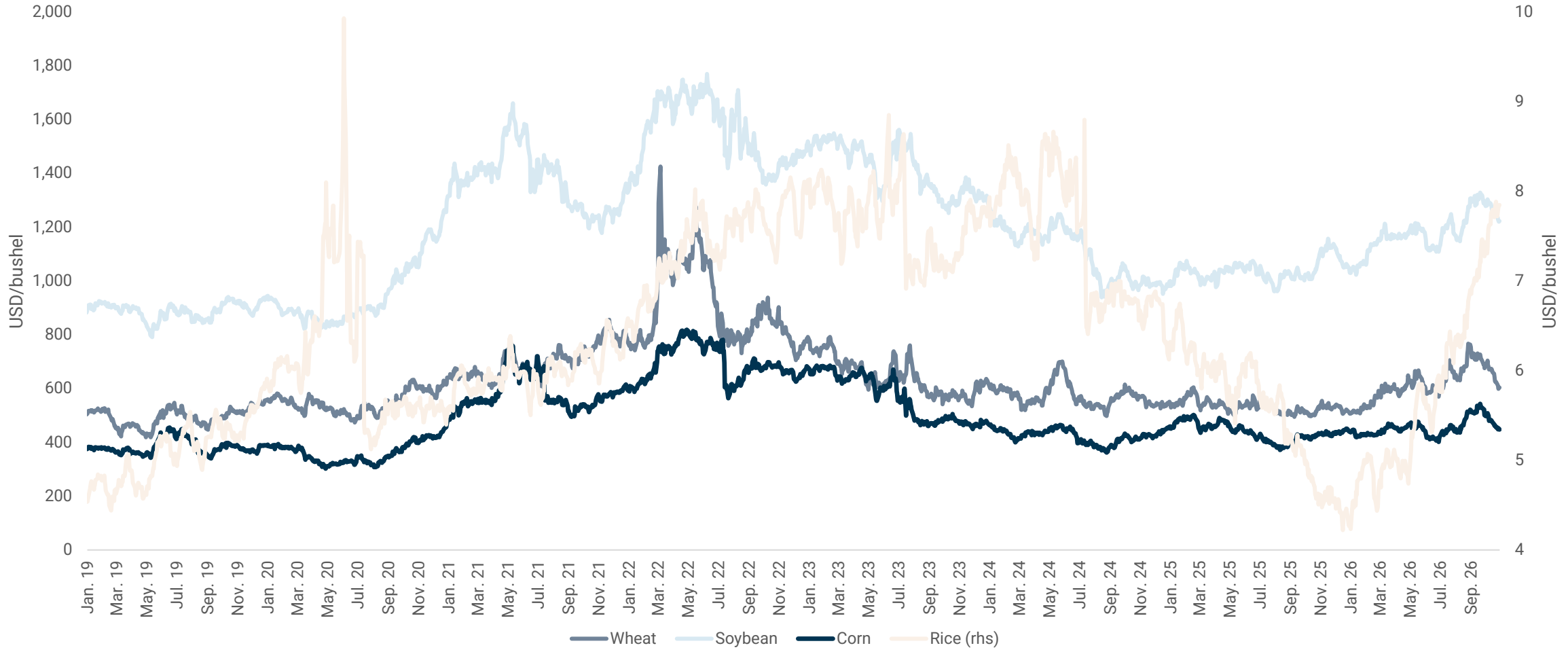


Source: SB1 Markets, Profercy, Bloomberg

SB1 Markets

The latest development in agricultural prices

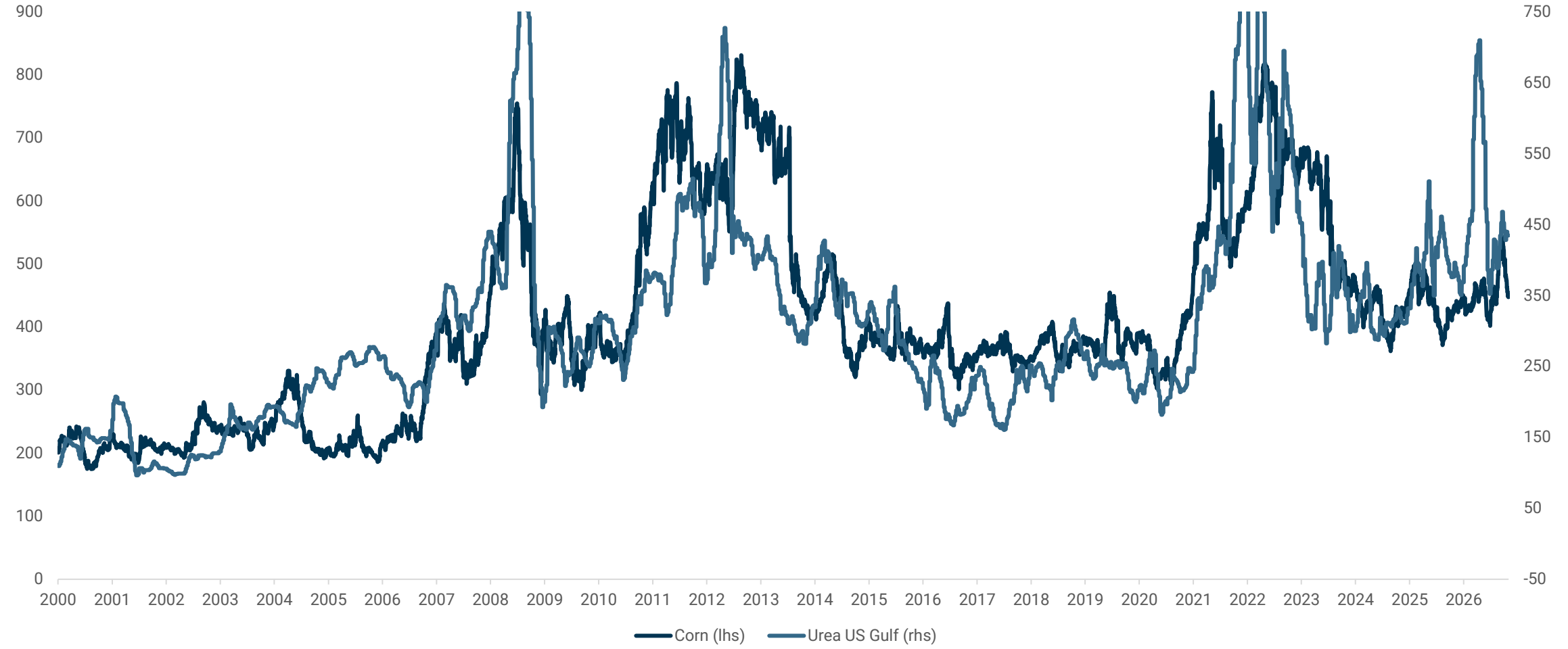
Agriculture commodities



Source: Bloomberg, SB1 Markets

US urea vs. corn prices

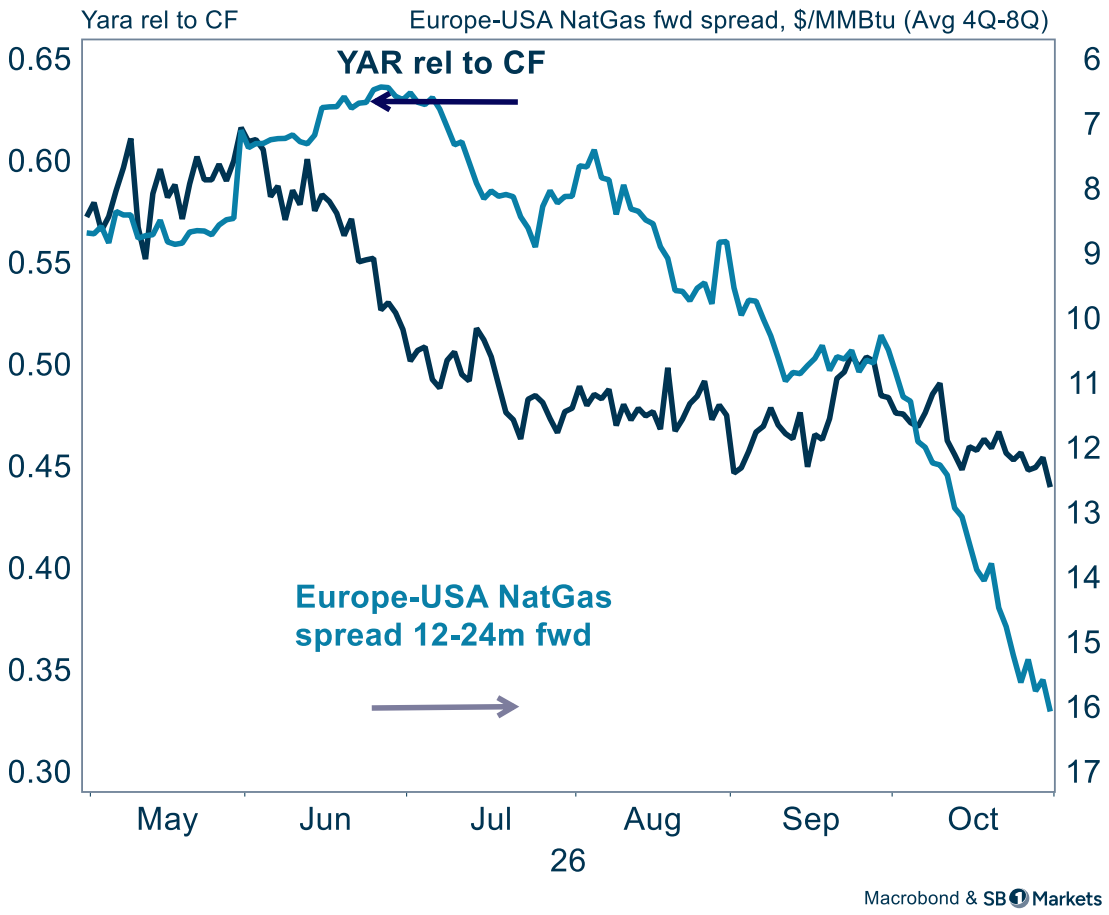
US urea vs. corn prices



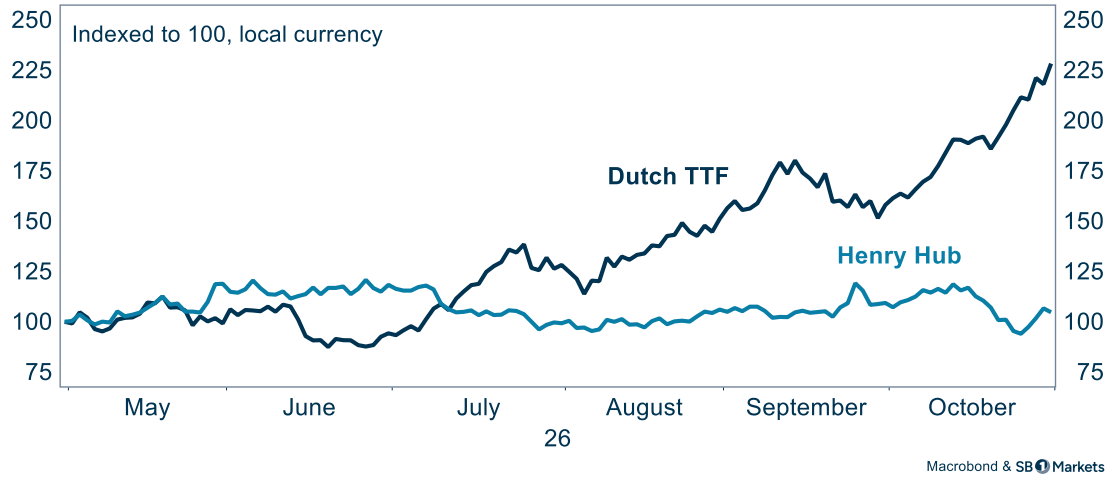
Source: SB1 Markets, Bloomberg

YAR vs. CF relative to European and US gas spread

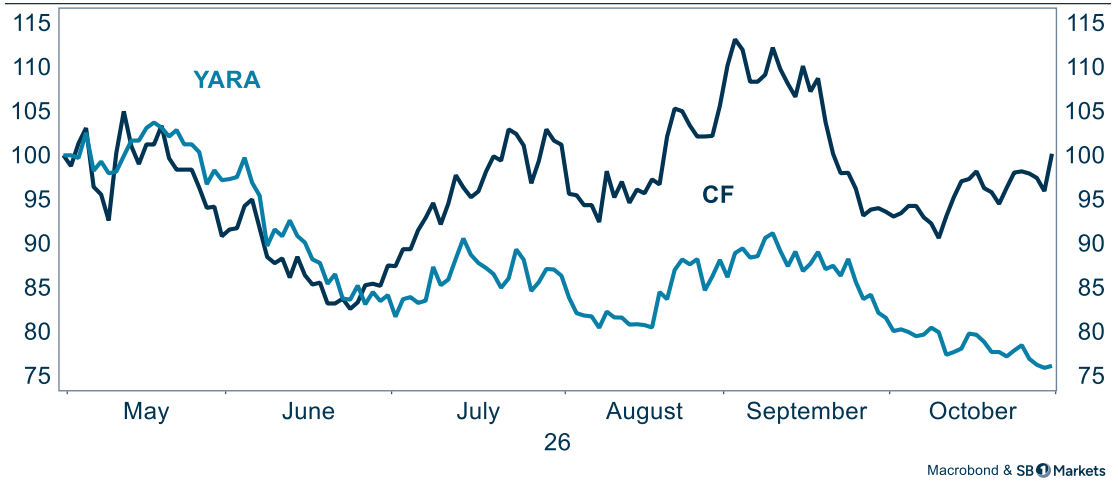
YAR relative to CF vs. gas price spread EUR-USA 12-24m fwd. -6m



Natural gas prices futures (1m future)



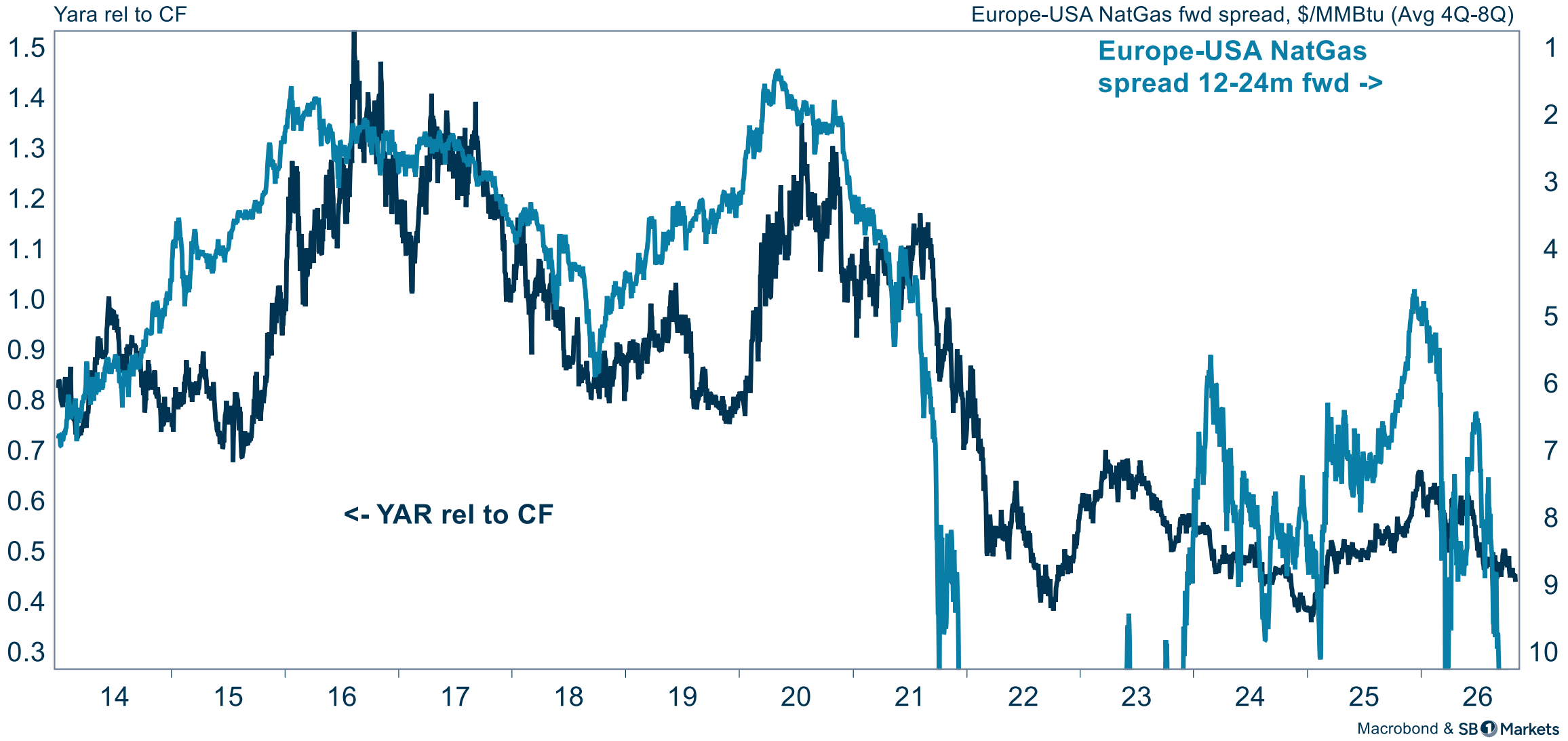
Yara vs. CF (rebased to 100)



Source: SB1 Markets, Profercy, Macrobond, ICE, CME, OSE

SB1 Markets

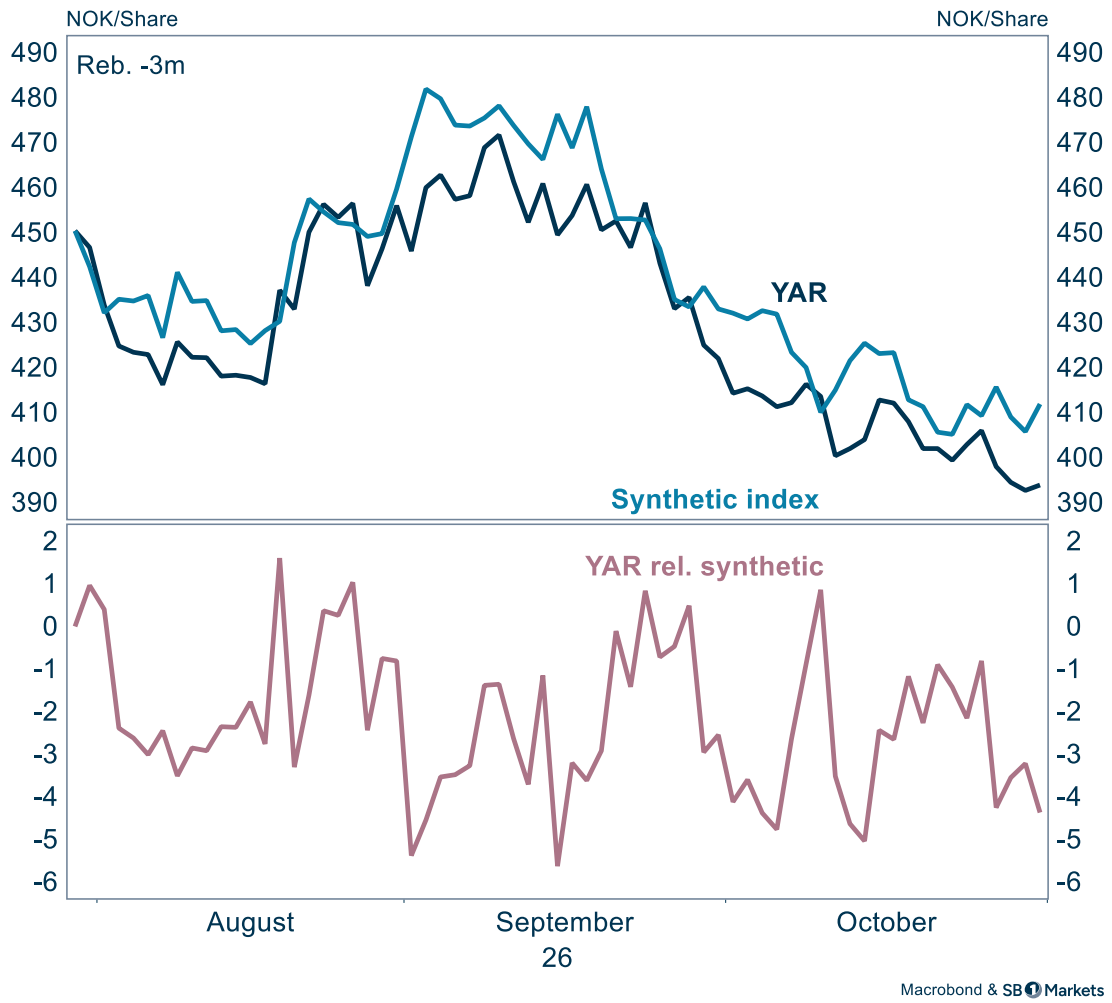
Historical relationship between YAR and CF vs. gas price spread between Europe and US



Source: SB1 Markets, ICE, CME, OSE, Macrobond

YAR vs. synthetic index*

YAR vs. synthetic index -3m



YAR vs. synthetic index -12m



Source: SB1 Markets, Macrobond

YAR P/B

YAR P/B – Last 10 years

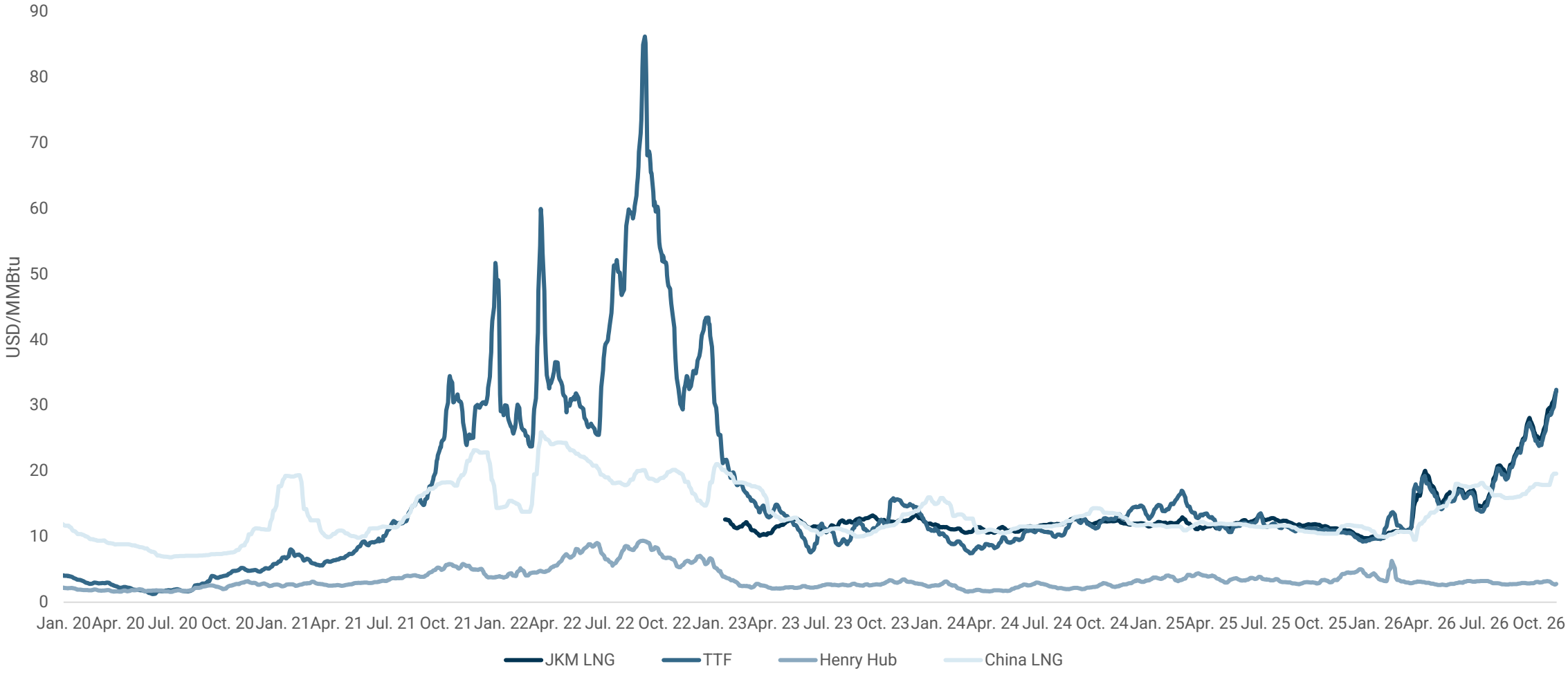


Source: SB1 Markets, Bloomberg, Macrobond

Appendix

Natural gas prices

Global natural gas prices (one week m.a.)

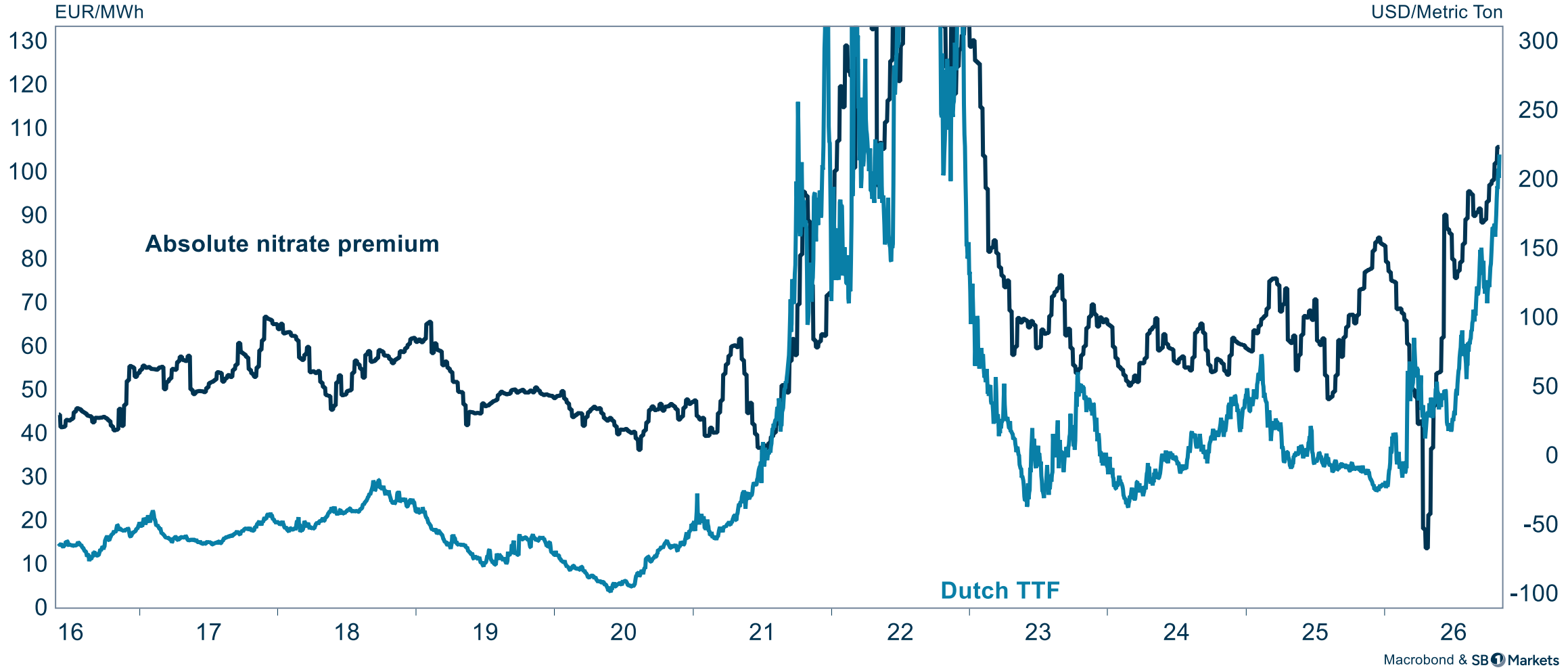


Source: SB1 Markets, Bloomberg

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Nitrate premium typically follow farmers economics and gas prices

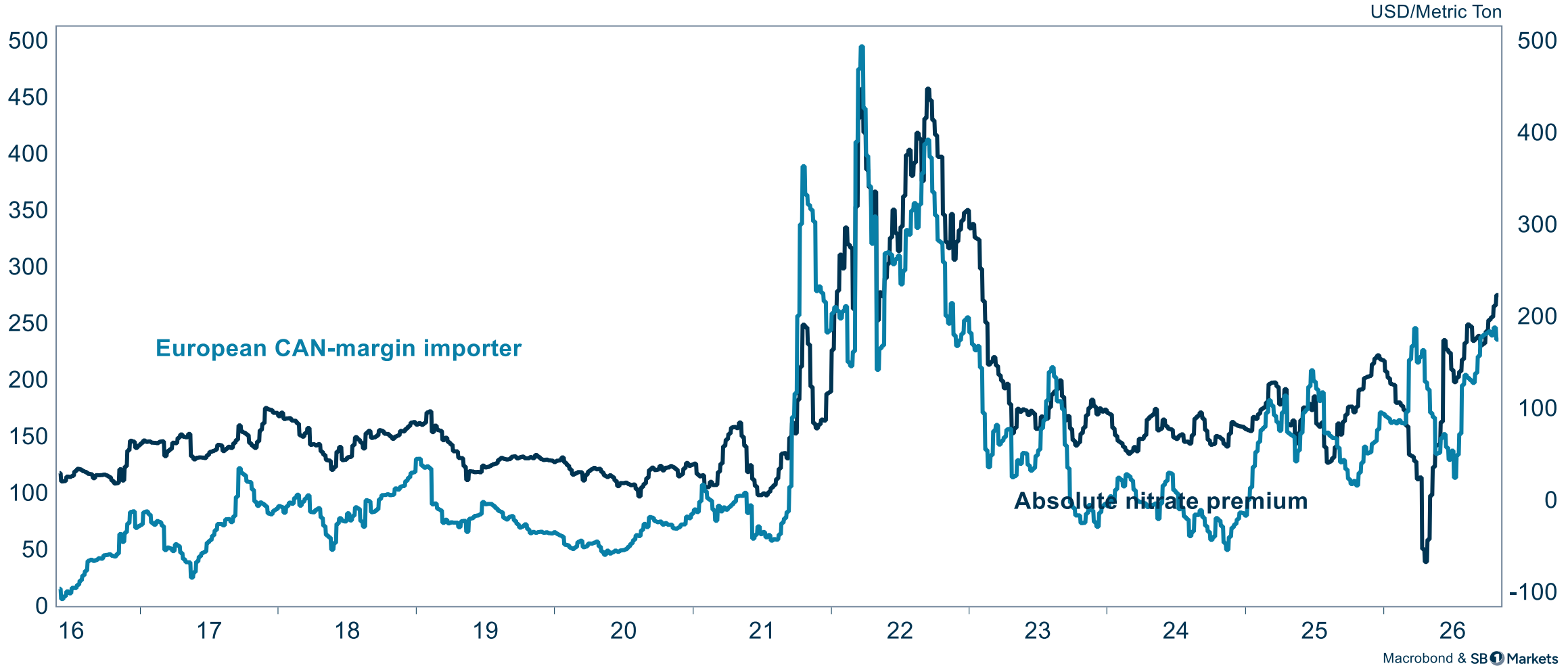
Dutch TTF vs. European nitrate premium



Source: SB1 Markets, Macrobond, Profercy

Sourced CAN-margin vs. absolute nitrate premium

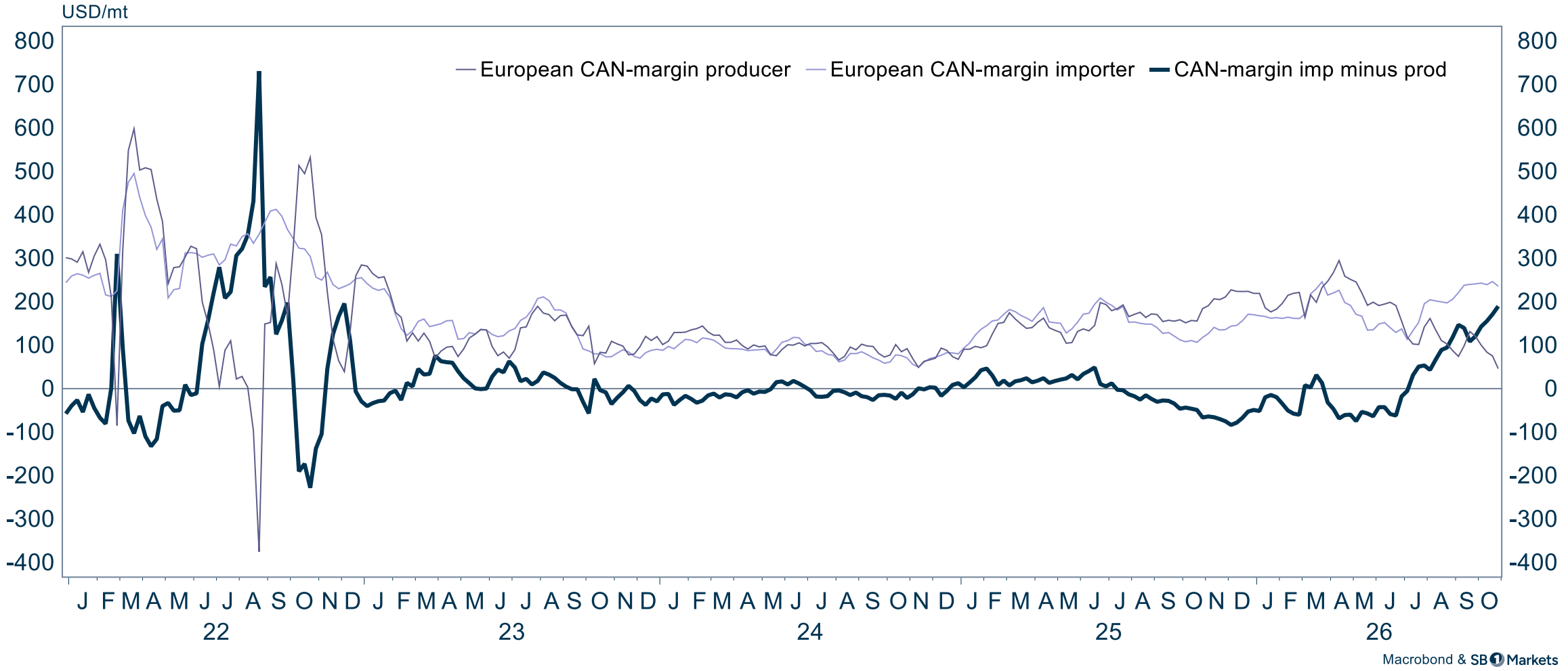
European CAN-margin vs. absolute nitrate premium



Source: SB1 Markets, Macrobond, Profercy, Fertecon, IHS Markit | *Here we show CAN-margins for importers, while the same relationship holds also for ammonia-producers

Sourced vs. self-produced CAN-margins (1-2 months price lag)

Sourced vs. self-produced CAN-margin (CAN importer margin – CAN producer margin)

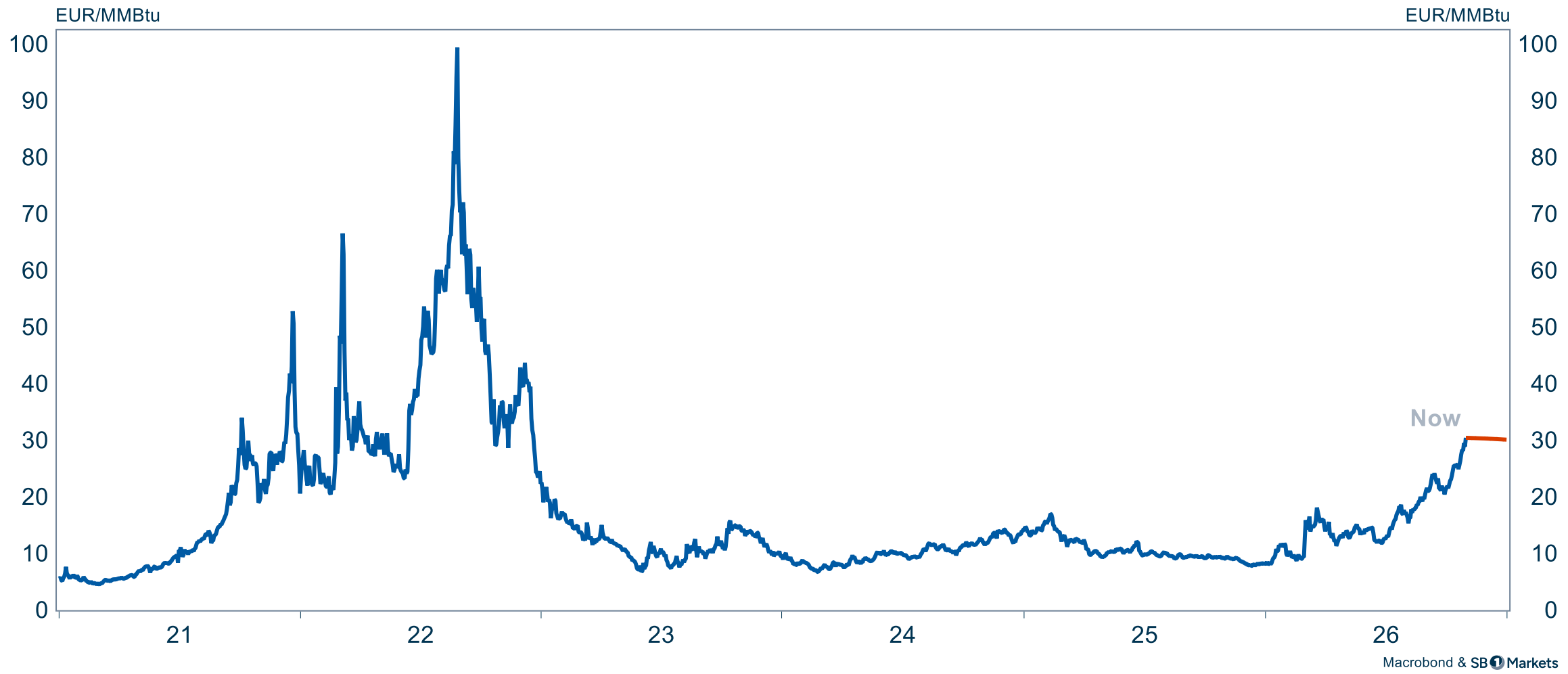


Source: SB1 Markets, Profercy, Bloomberg, Fertecon, IHS Markit

SB1 Markets

European gas price – Spot vs. future curve

Dutch TTF spot vs. future curves

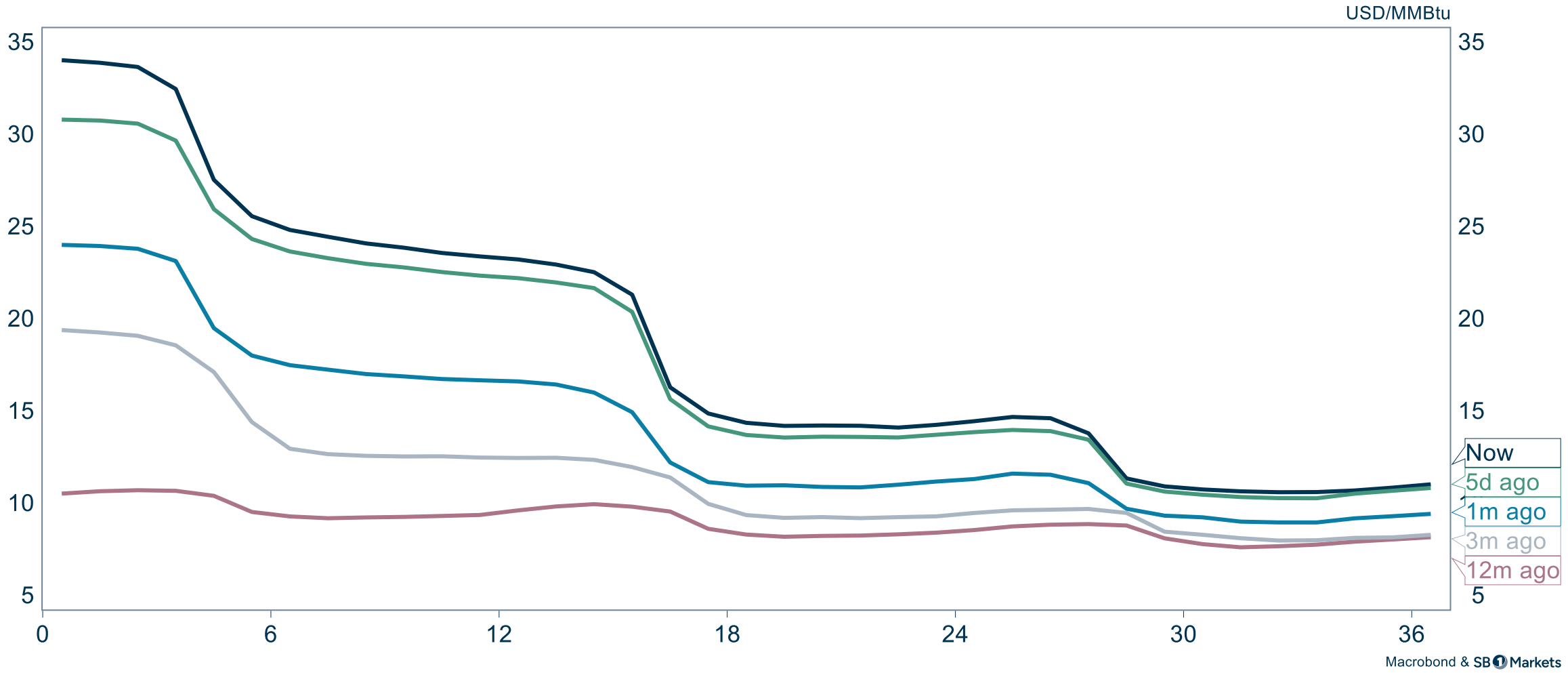


Source: SB1 Markets, Macrobond

SB1 Markets

Dutch TTF future curve

Dutch TTF future curve

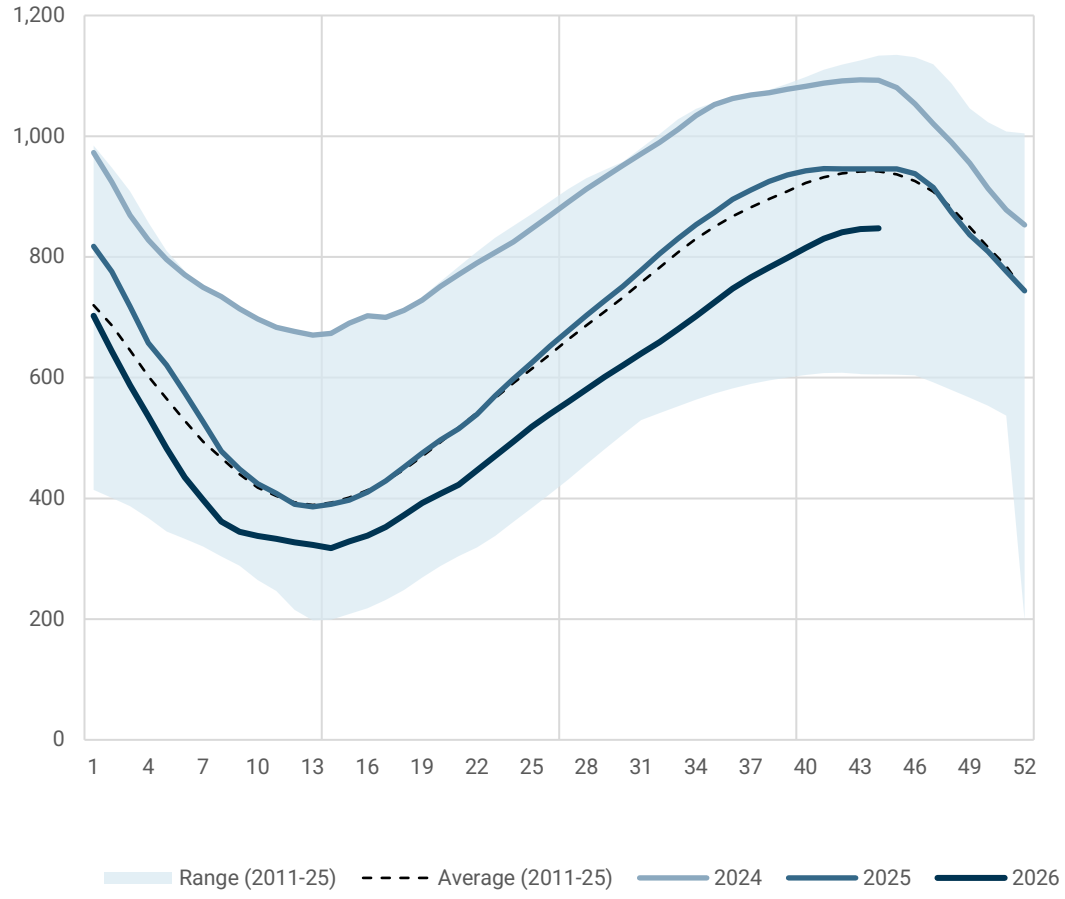


Source: SB1 Markets, Macrobond

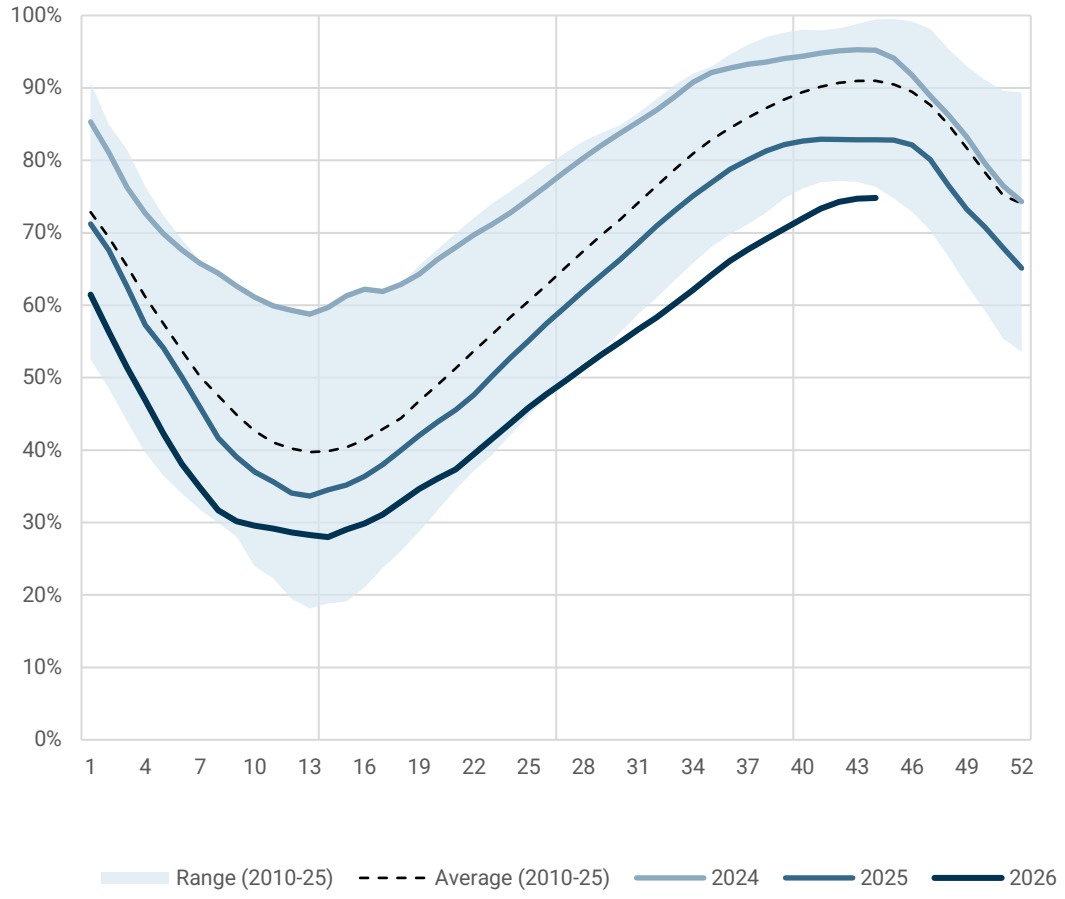
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European gas storage levels

EU-28 Gas Stocks: TWh



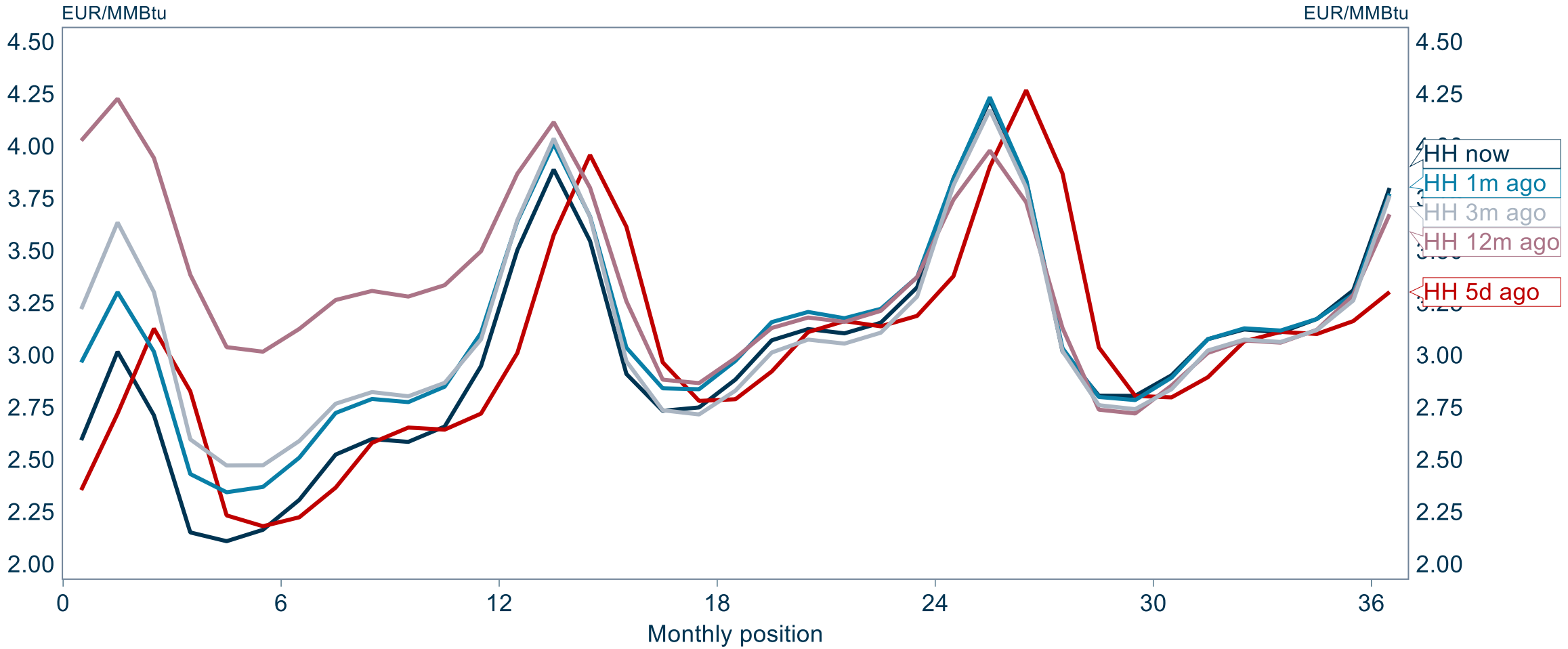
EU-28 Gas Stocks: % Full



Source: Gas Infrastructure Europe, Bloomberg

Henry Hub future curve

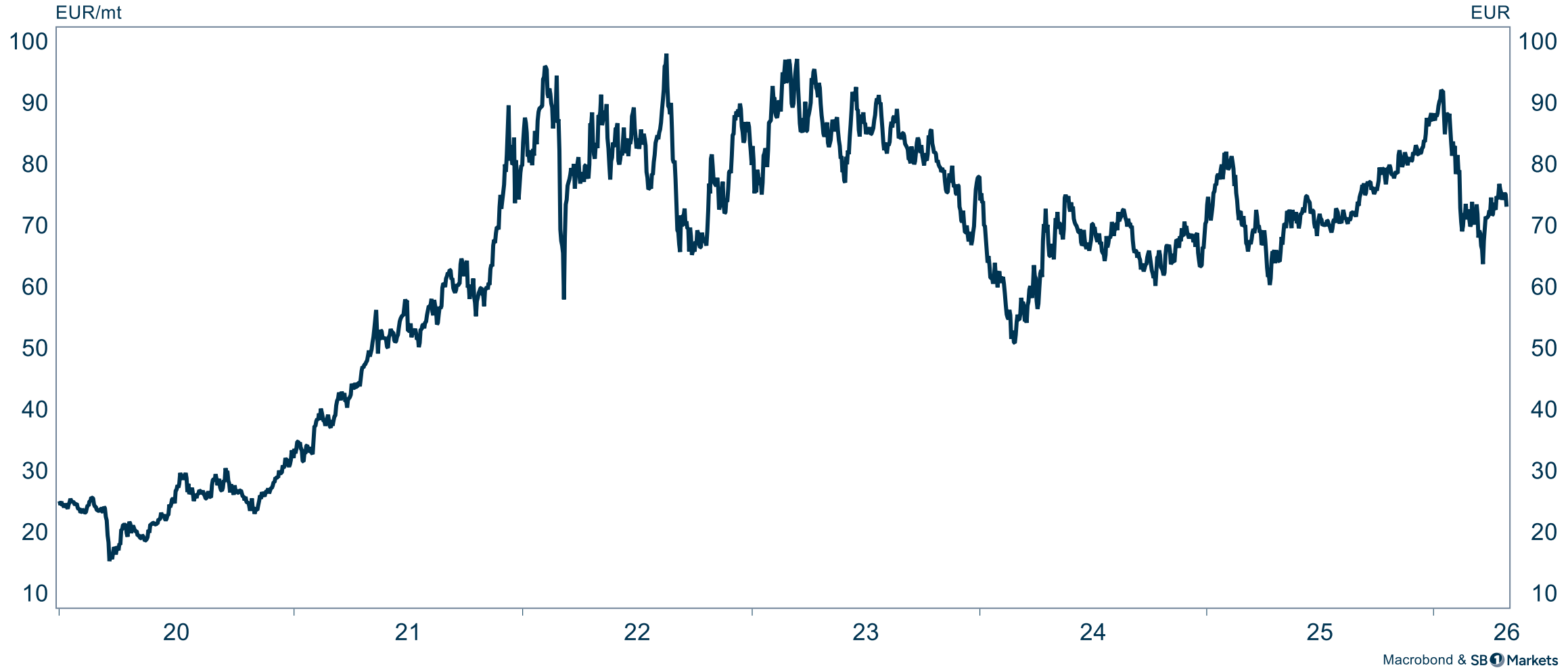
Henry Hub future curve



Source: SB1 Markets, Macrobond

European CO2 prices

EU ETS (1st monthly position)

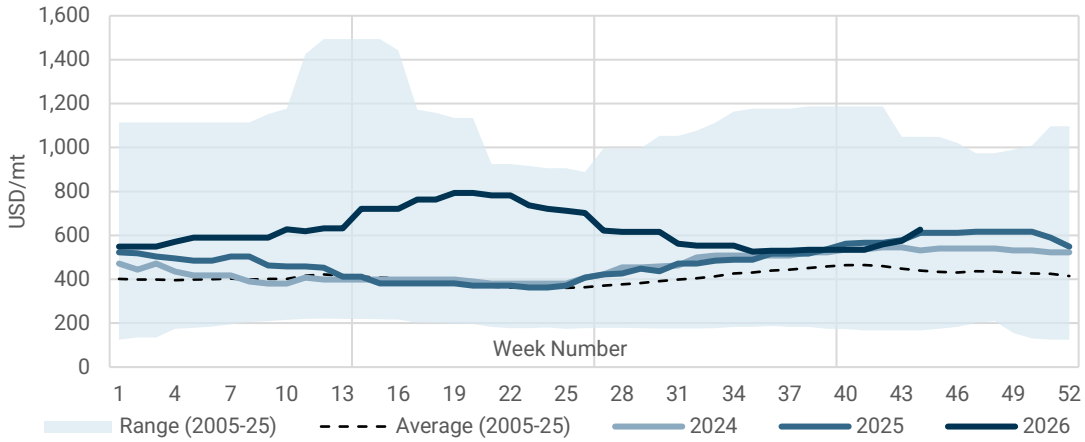


Source: SB1 Markets, Macrobond

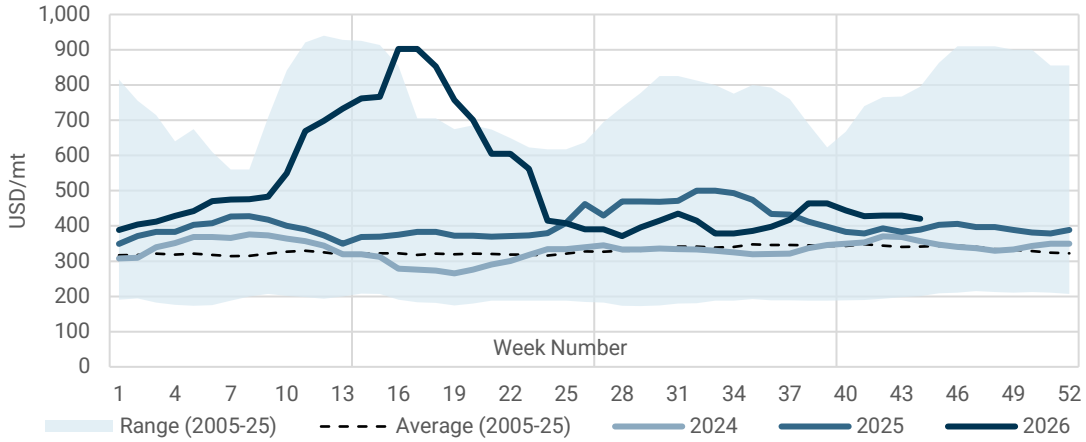
SB1 Markets

European fertiliser prices

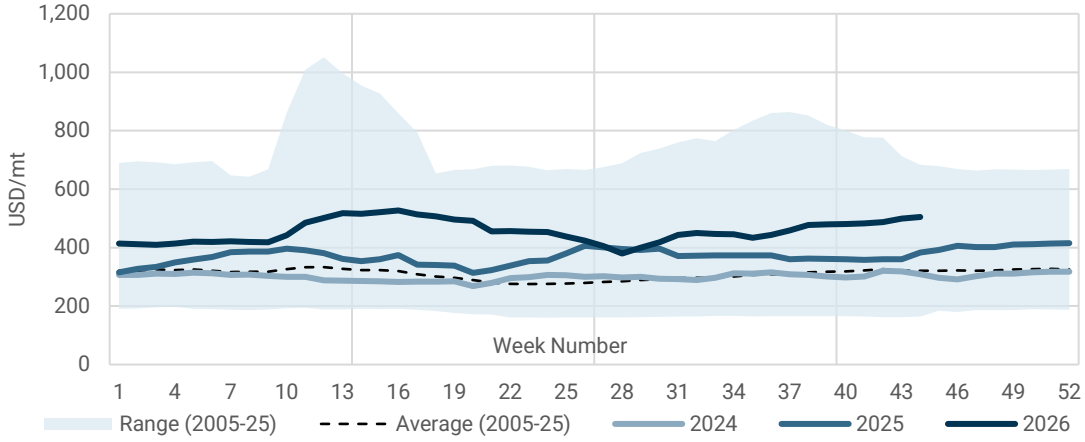
European ammonia (fob Yuzhnyy)



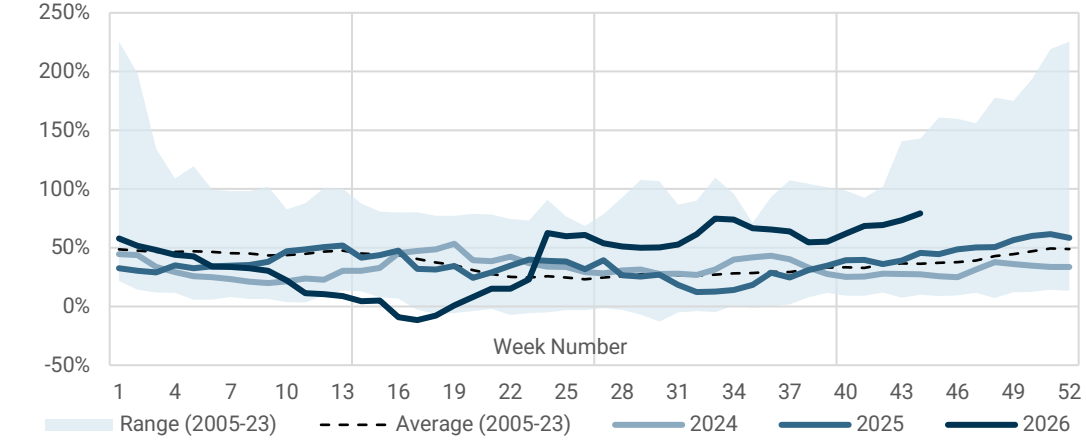
European prilled urea (fob Yuzhnyy, excl. CBAM)*



European CAN (cif Germany)



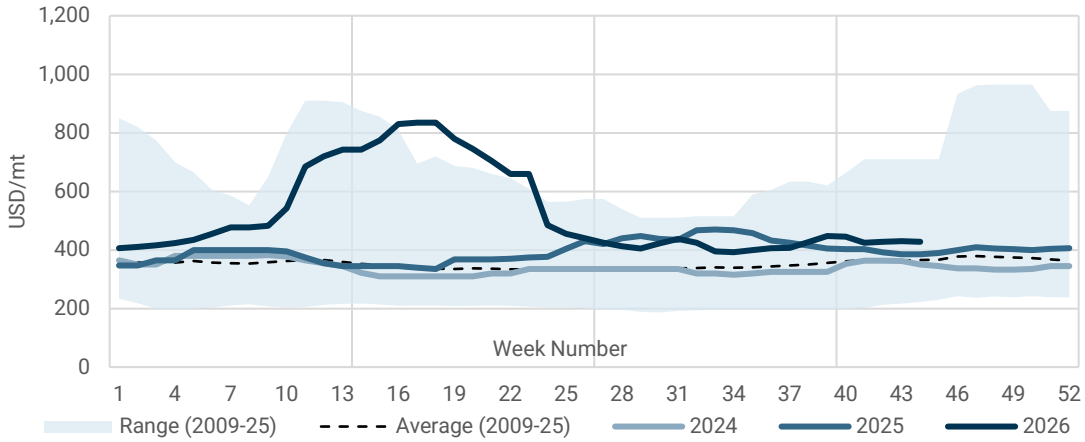
European relative nitrate premium



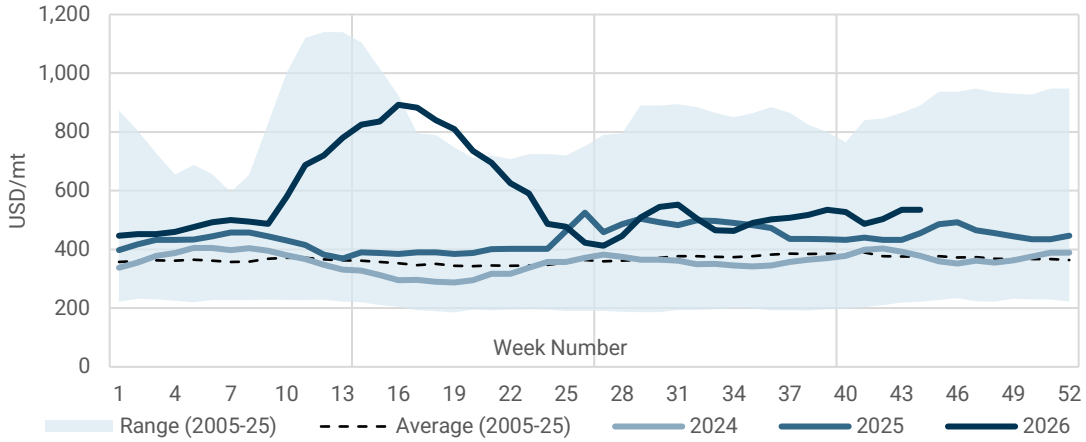
Source: SB1 Markets, Profercy, Bloomberg, Yara, Fertecon, IHS Markit | * Yara advise to use Arab Gulf as price index developments, but this does not reflect European prices due to CBAM, with Profercy not offering prilled price quotas for Europe

Various urea prices

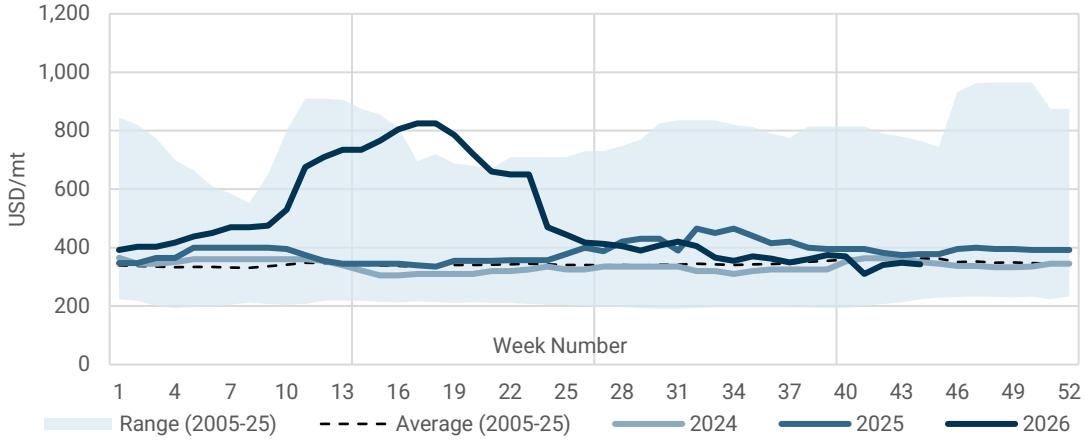
Granular Urea (fob China)



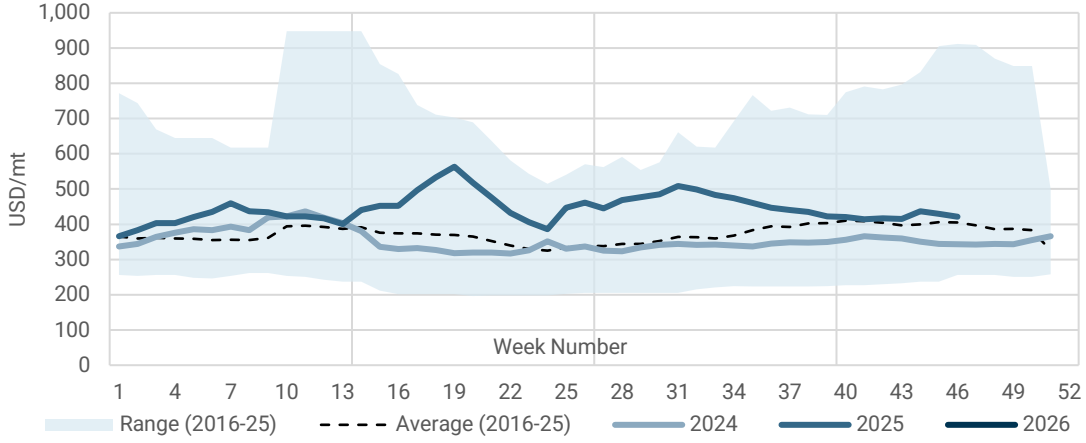
Granular Urea (fob Egypt)



Prilled Urea (fob China)



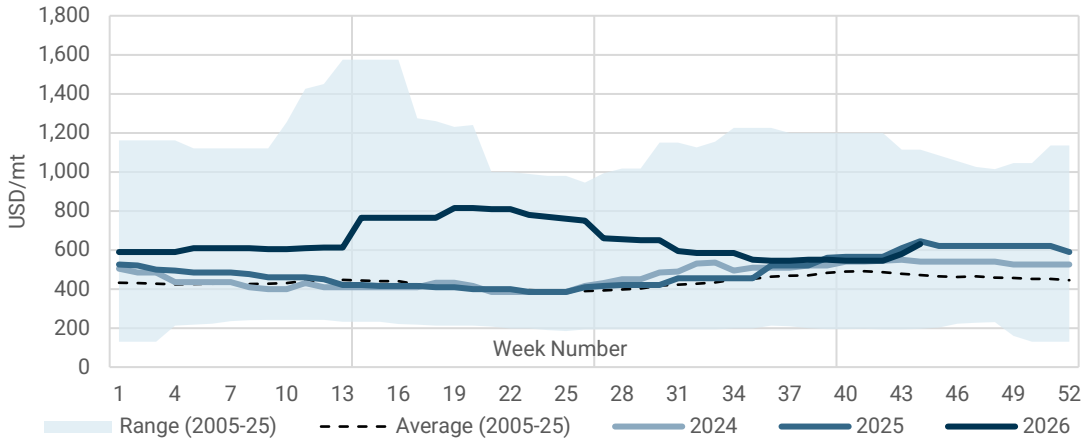
Prilled Urea (cfr Nola)*



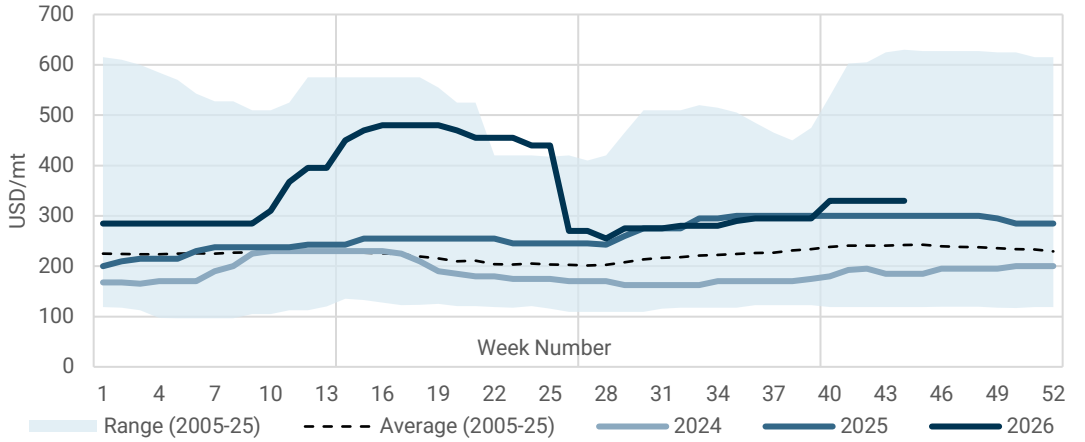
Source: SB1 Markets, Profercy, Bloomberg, Yara |* data series has stopped updating, we'll revert with a Profercy time series at a later time

Various fertiliser prices

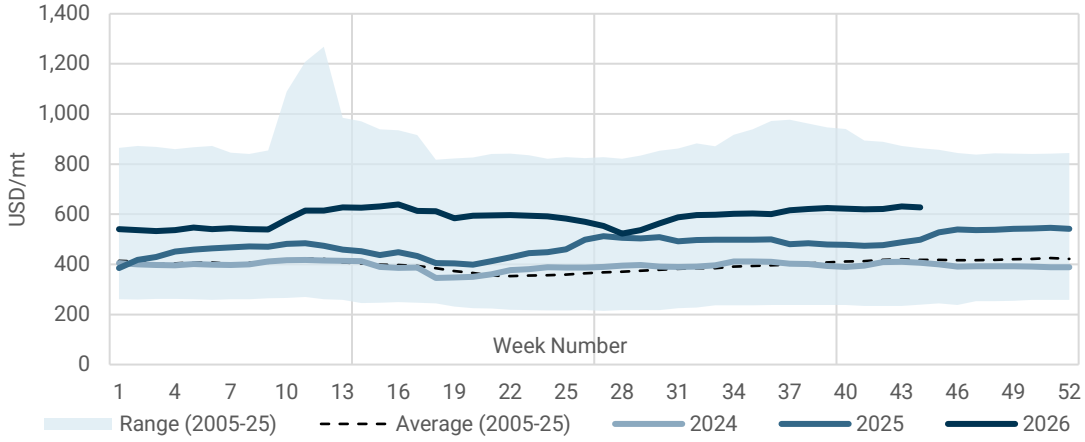
Ammonia (cfr North Africa)



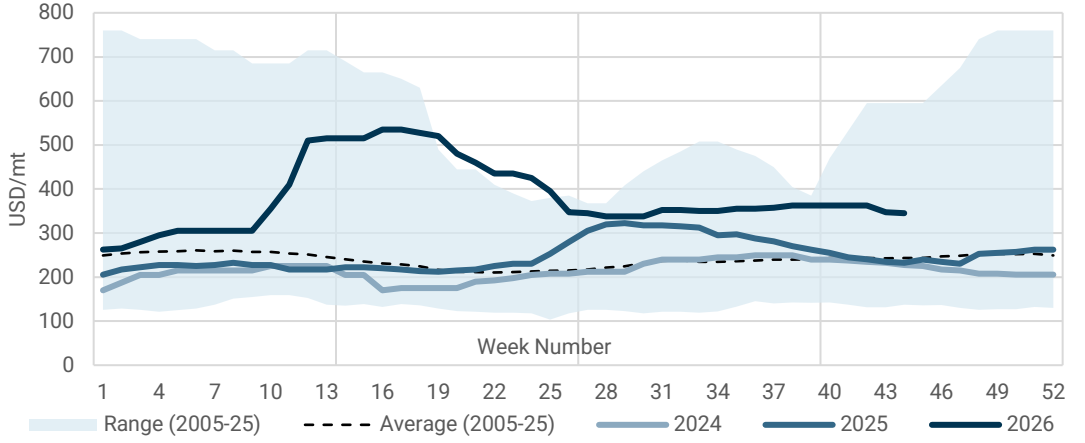
UAN FSU (fob Black Sea)



AN (del France)



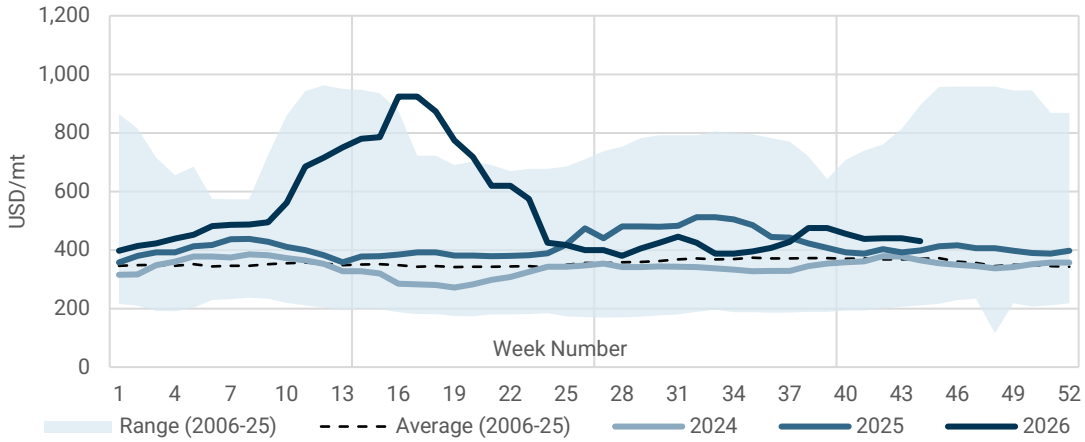
AN (fob Black Sea)



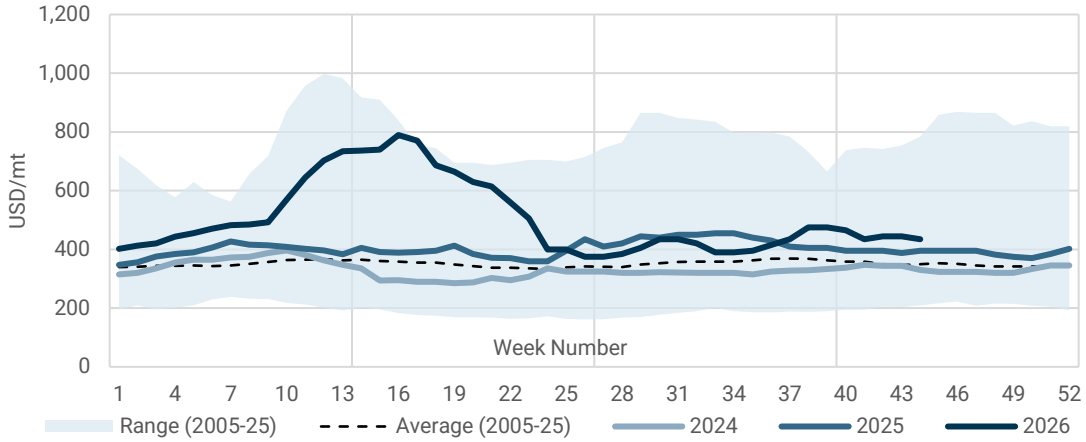
Source: SB1 Markets, Profercy, Bloomberg, Yara, Fertecon, IHS Markit

Various urea prices

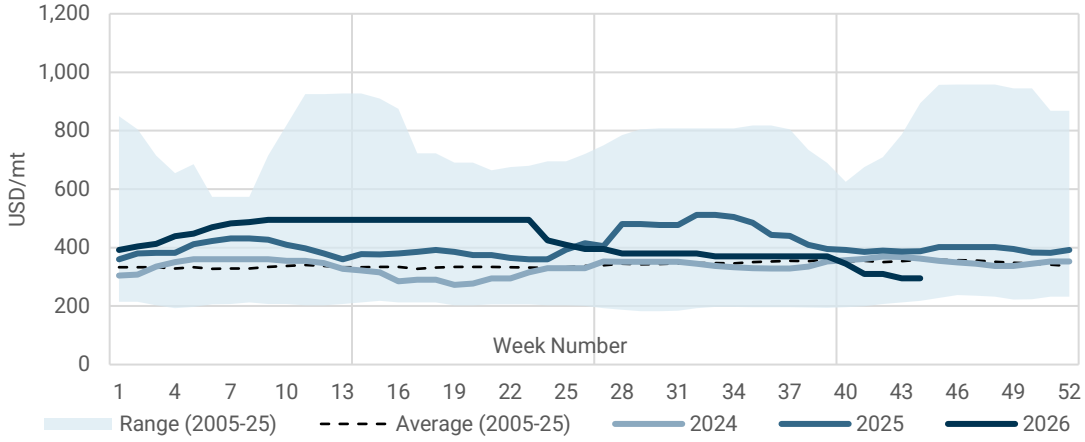
Granular Urea (fob Arab Gulf)



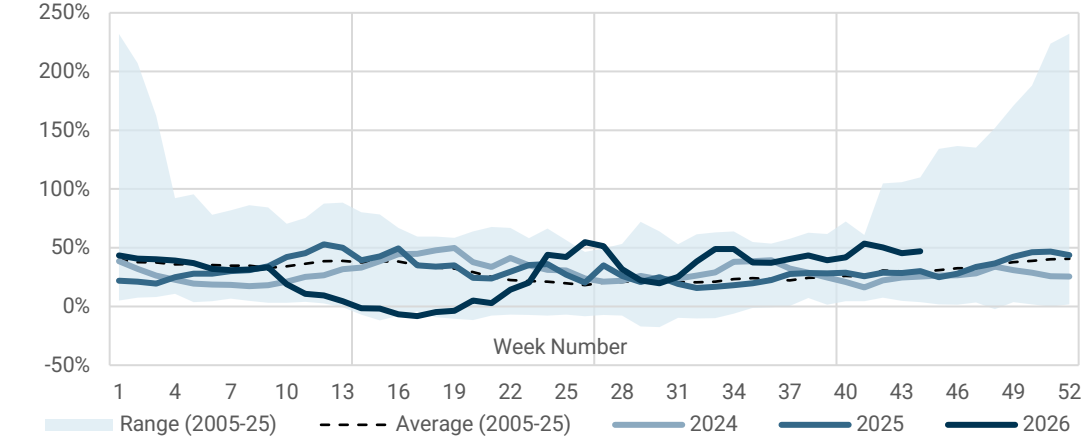
Granular Urea (fob Caribbean)



Prilled Urea (fob Arab Gulf)



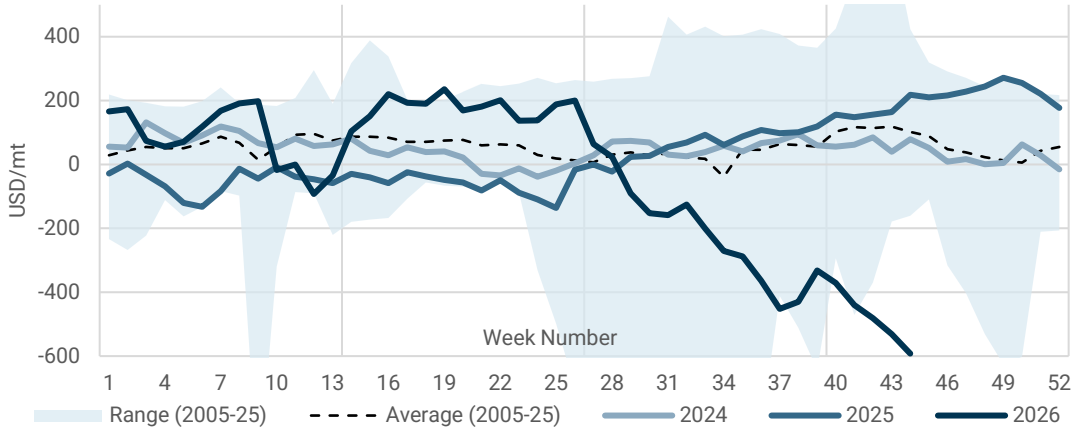
Nitrate-Gran Premium (CAN Germany, Granular Urea Egypt)



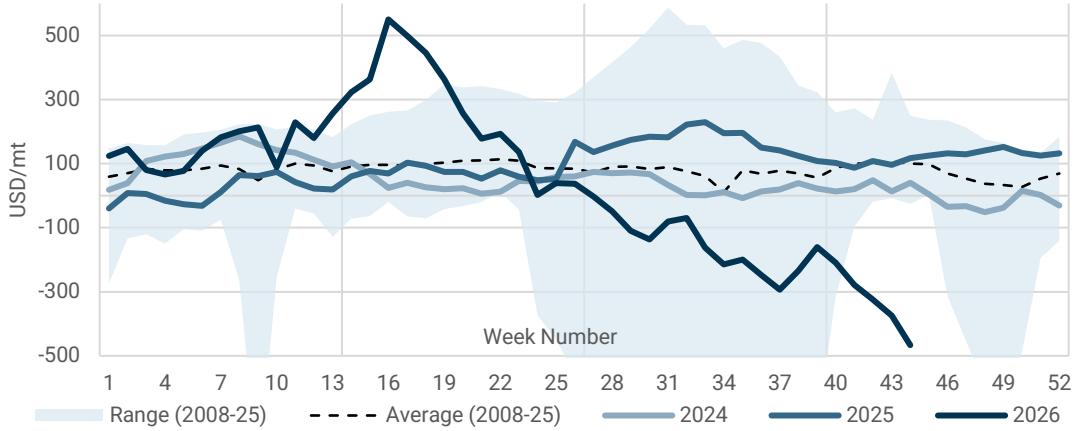
Source: SB1 Markets, Profercy, Bloomberg, Yara, Fertecon, IHS Markit

Overview European fertiliser margins

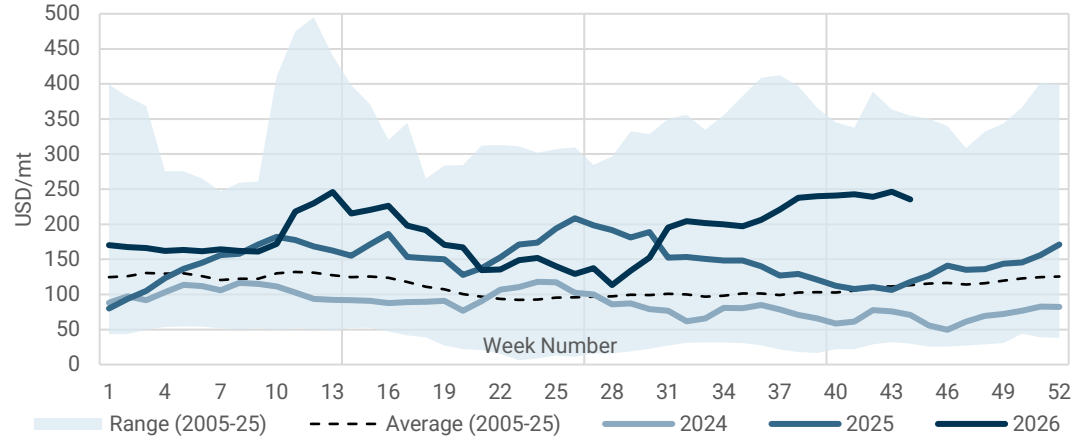
European ammonia margin



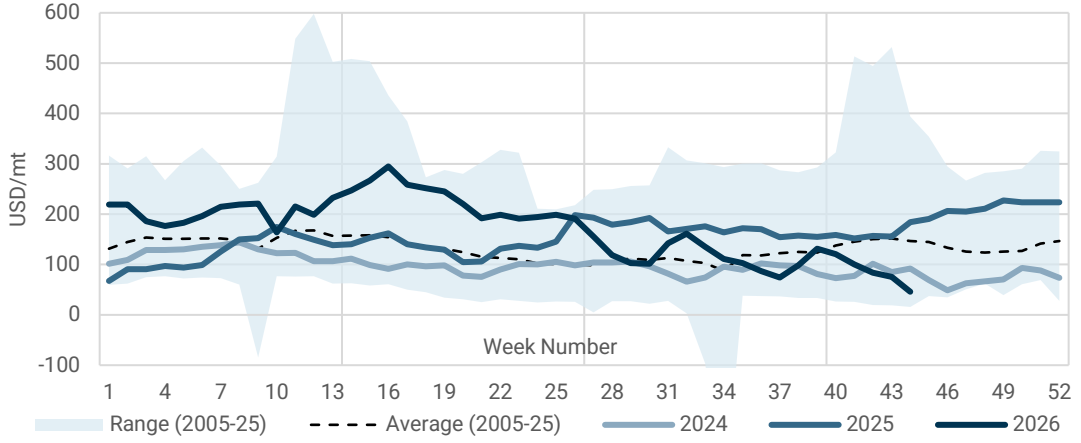
European urea margin



European CAN margin (ammonia importer)



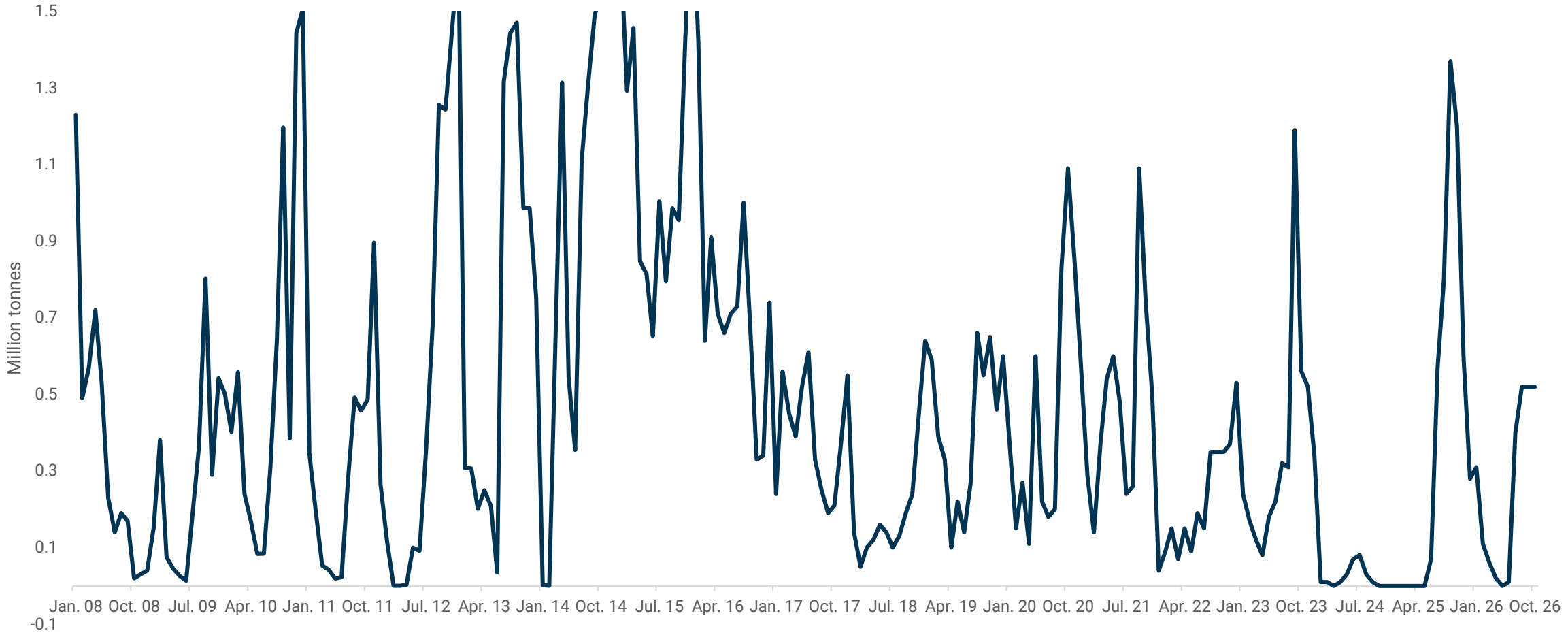
European CAN margin (ammonia producer)



Source: SB1 Markets, Profercy, Bloomberg, Yara, Fertecon, IHS Markit

Chinese monthly export

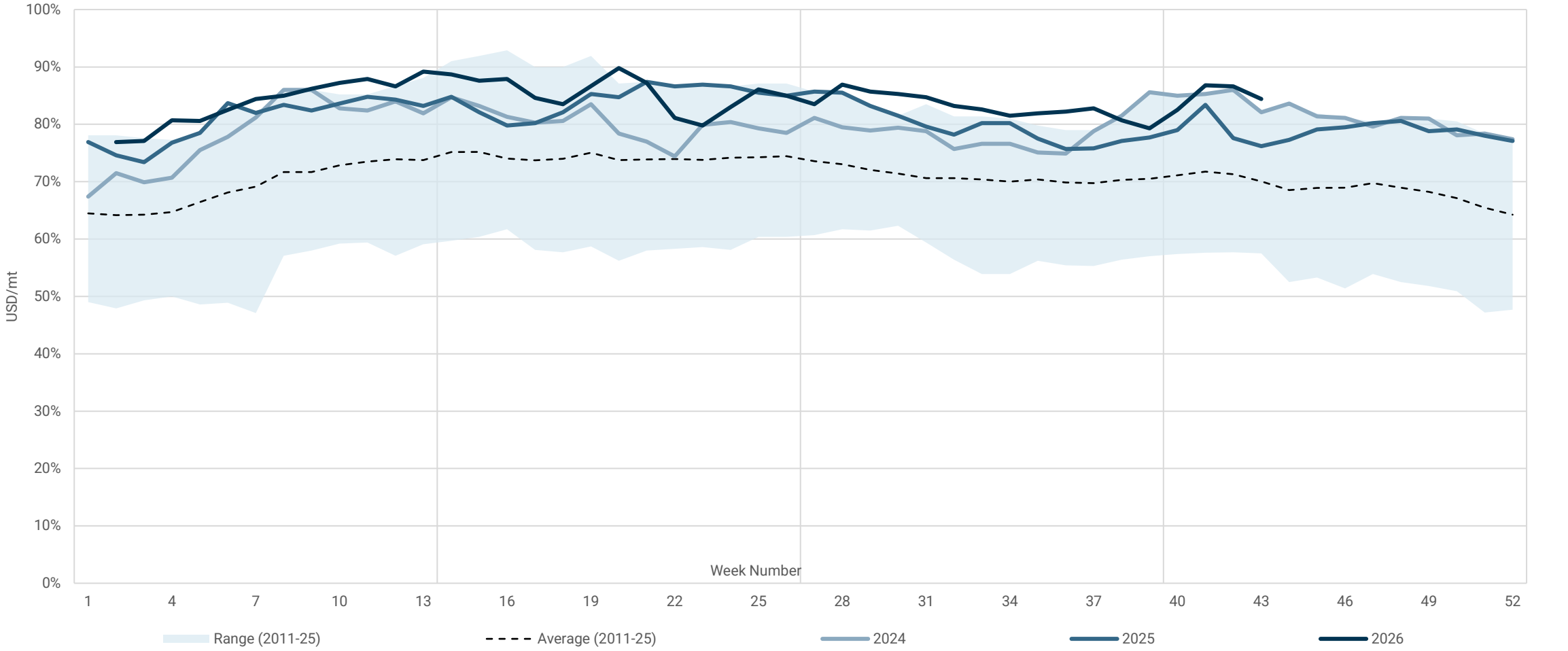
Monthly urea export from China since 2019



Source: SB1 Markets, Bloomberg,

Chinese urea utilisation

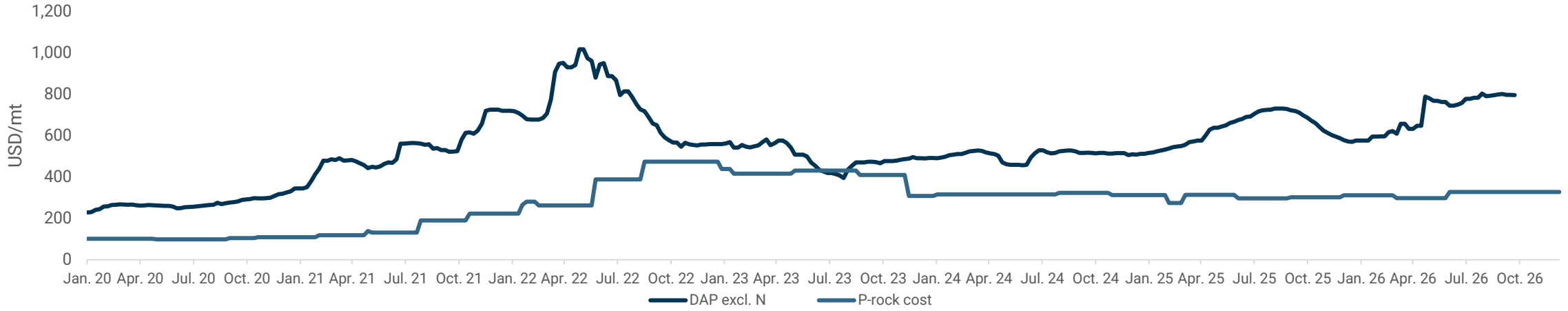
Chinese urea utilisation rate



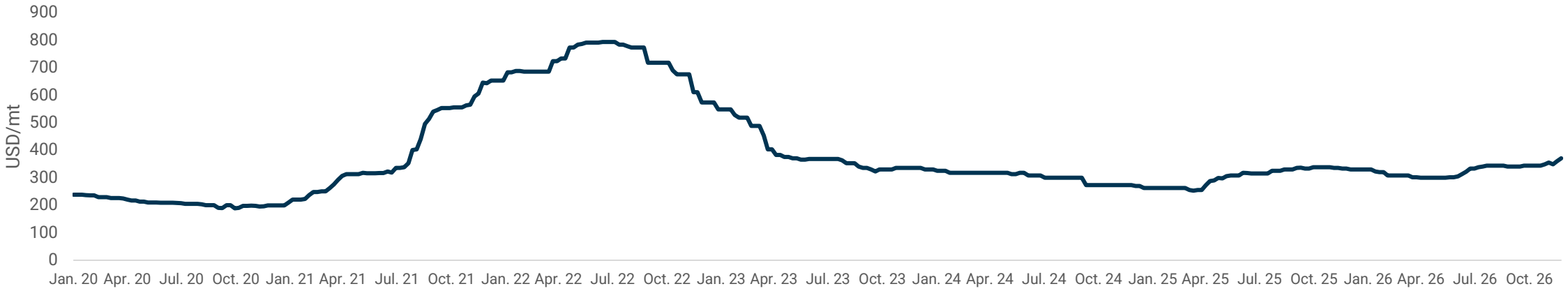
Source: SB1 Markets, Bloomberg

P-upgrade margin & MOP price

P-upgrade margin (using 1m-lag for ammonia, DAP & 3m-lag for P-rock)*



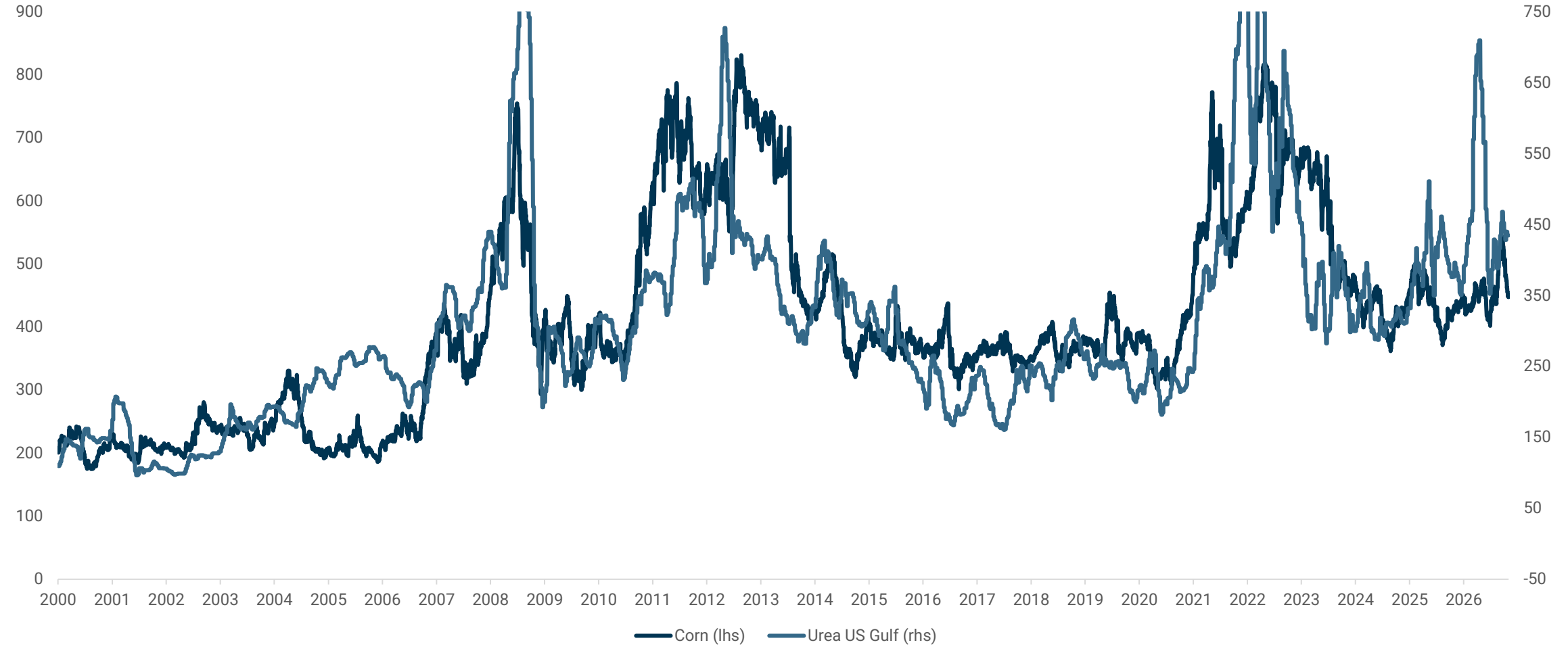
MOP Granular (fob Nola, USD/mt), 3m lag



Source: SB1 Markets, Profercy, Yara | * Phosphate rock (fob Morocco), DAP (fob Morocco), Ammonia (fob. Arab Gulf)

US urea vs. corn prices

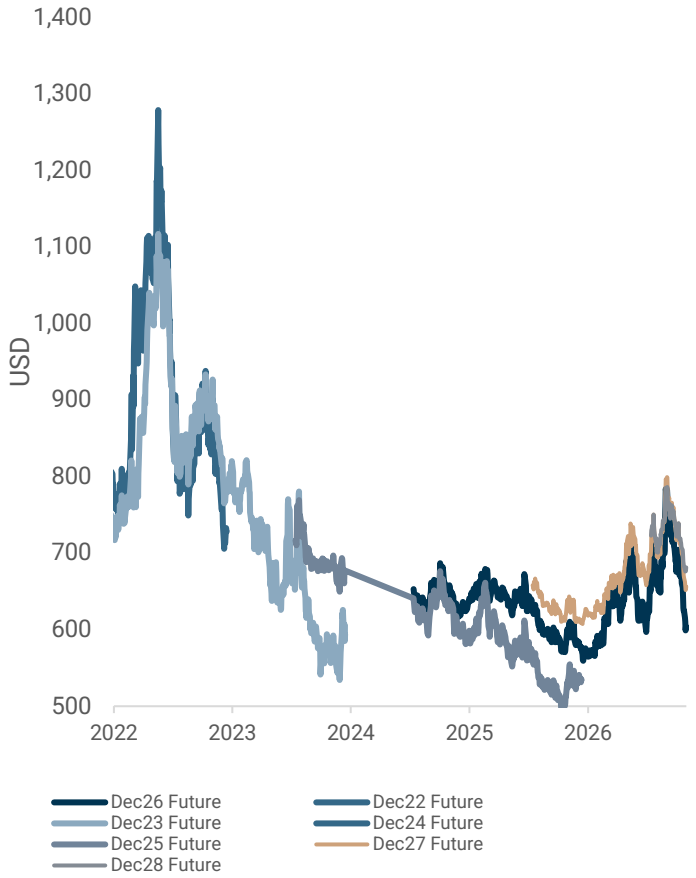
US urea vs. corn prices



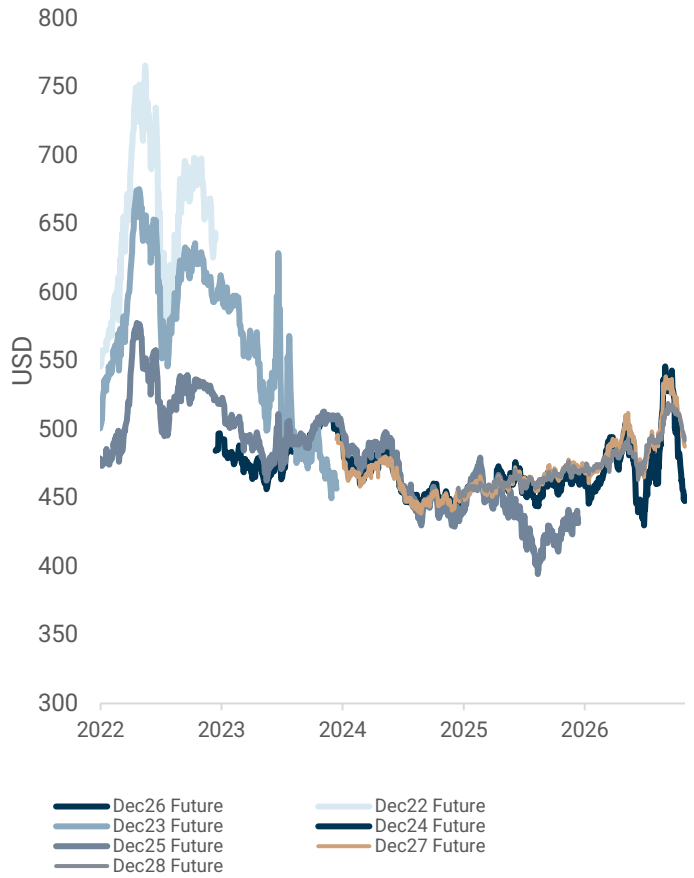
Source: SB1 Markets, Bloomberg

Agriculture products - Futures

Wheat futures



Corn futures



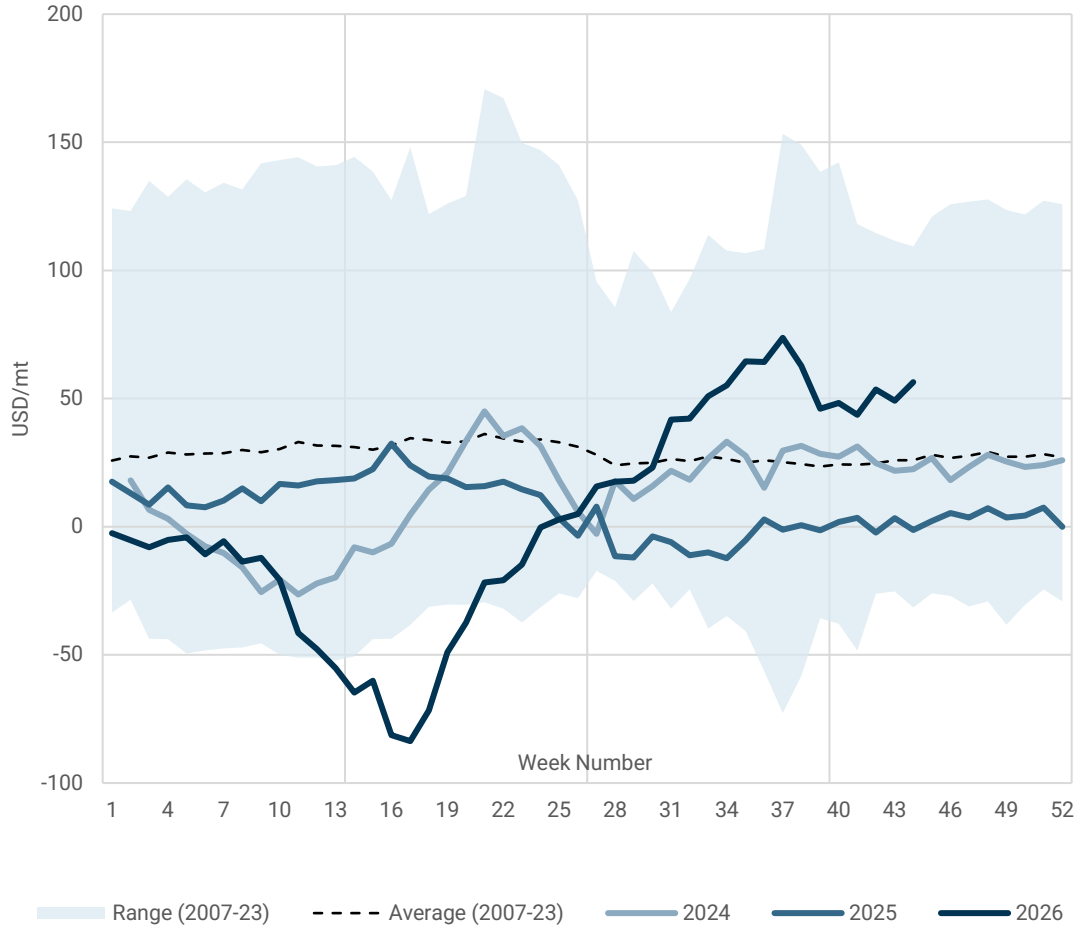
Soybean futures



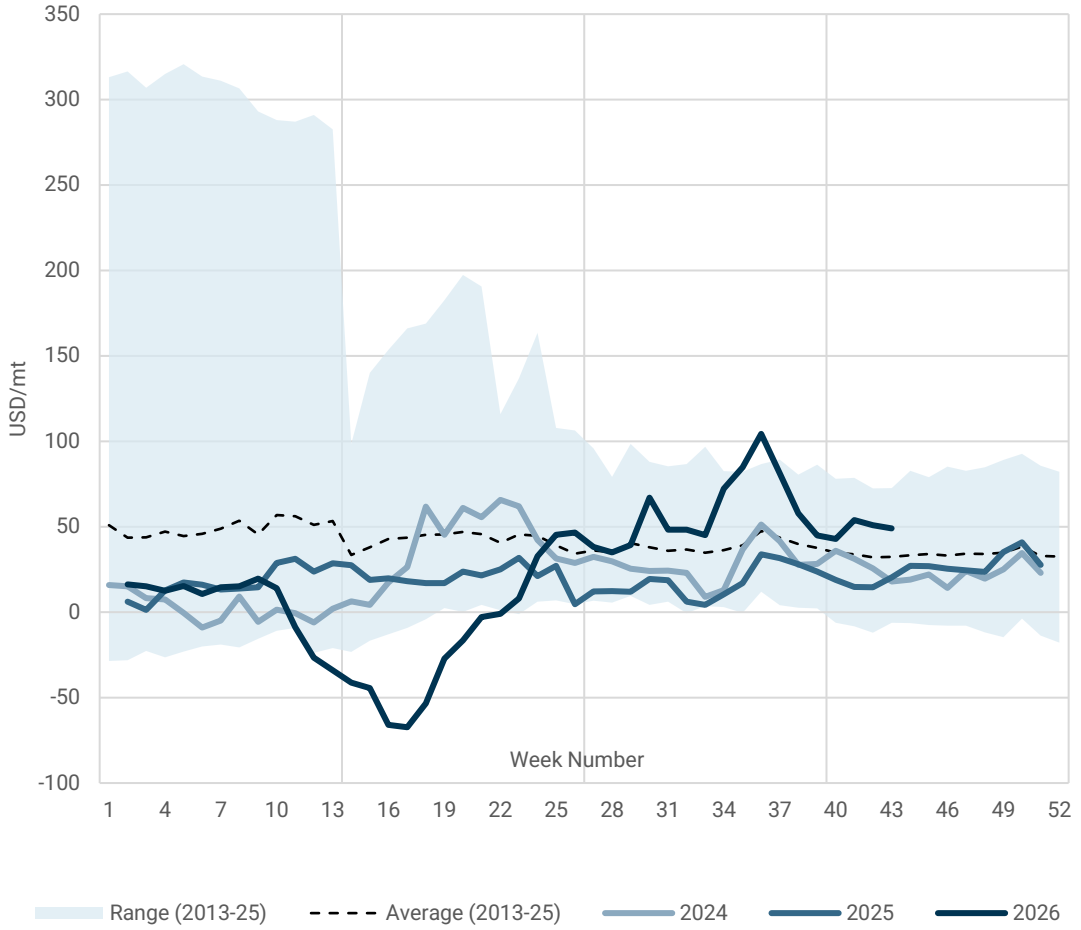
Source: SB1 Markets, Bloomberg

Farmer economics indices

Farmer economics SB1M Index – Wheat



Farmer economics SB1M Index – Barley



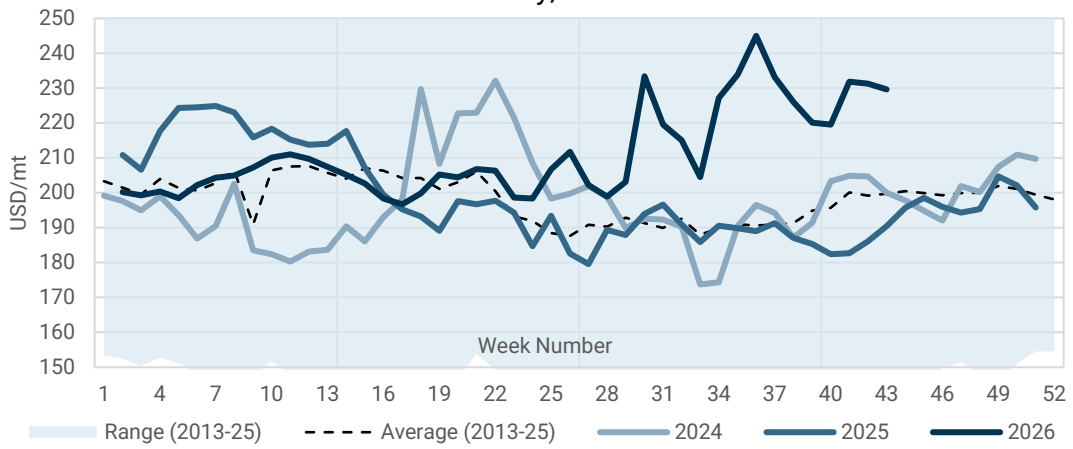
Source: SB1 Markets, Profercy, Bloomberg

SB1 Markets

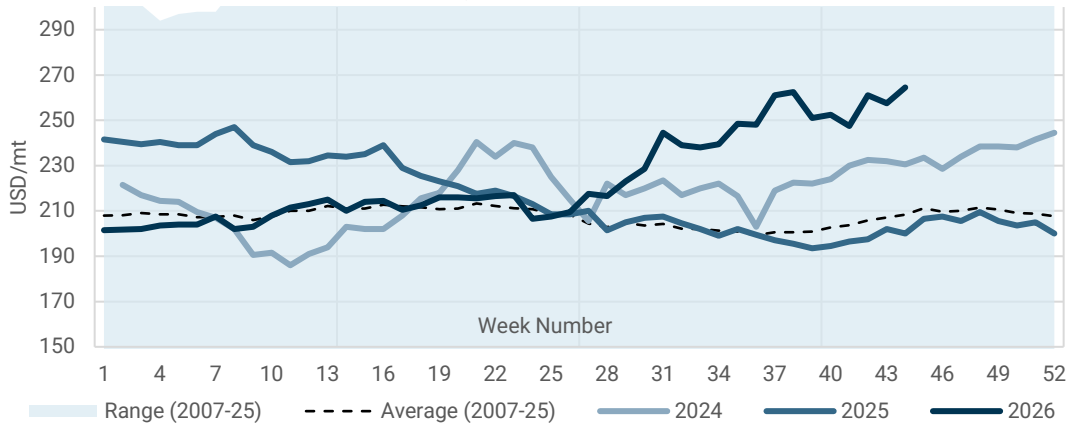
Grain prices

Europe

Barley, France

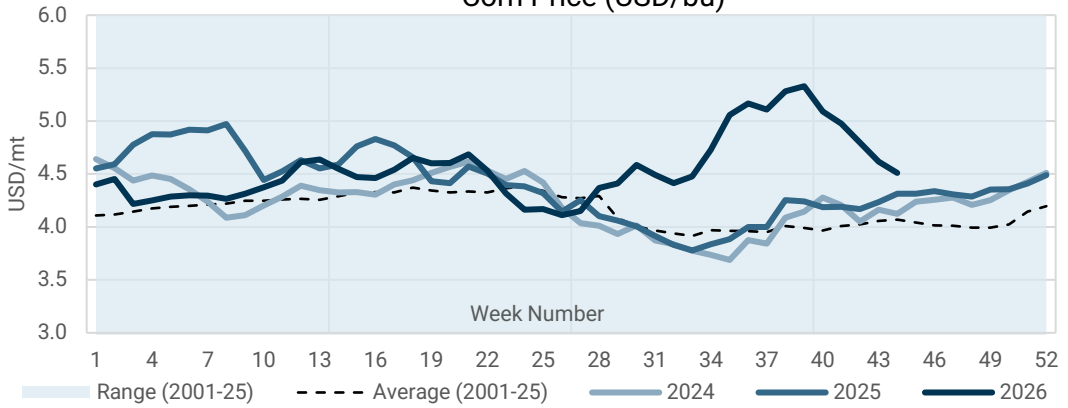


Wheat, The Netherlands

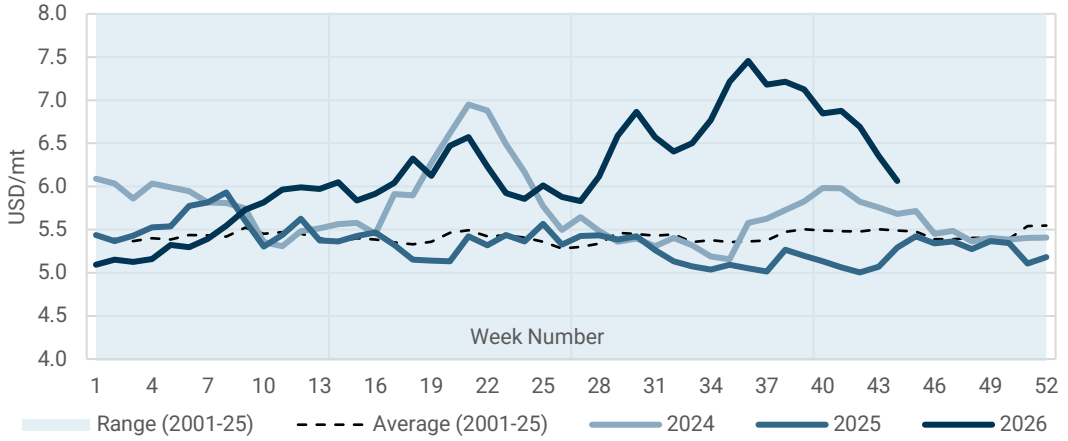


USA

Corn Price (USD/bu)



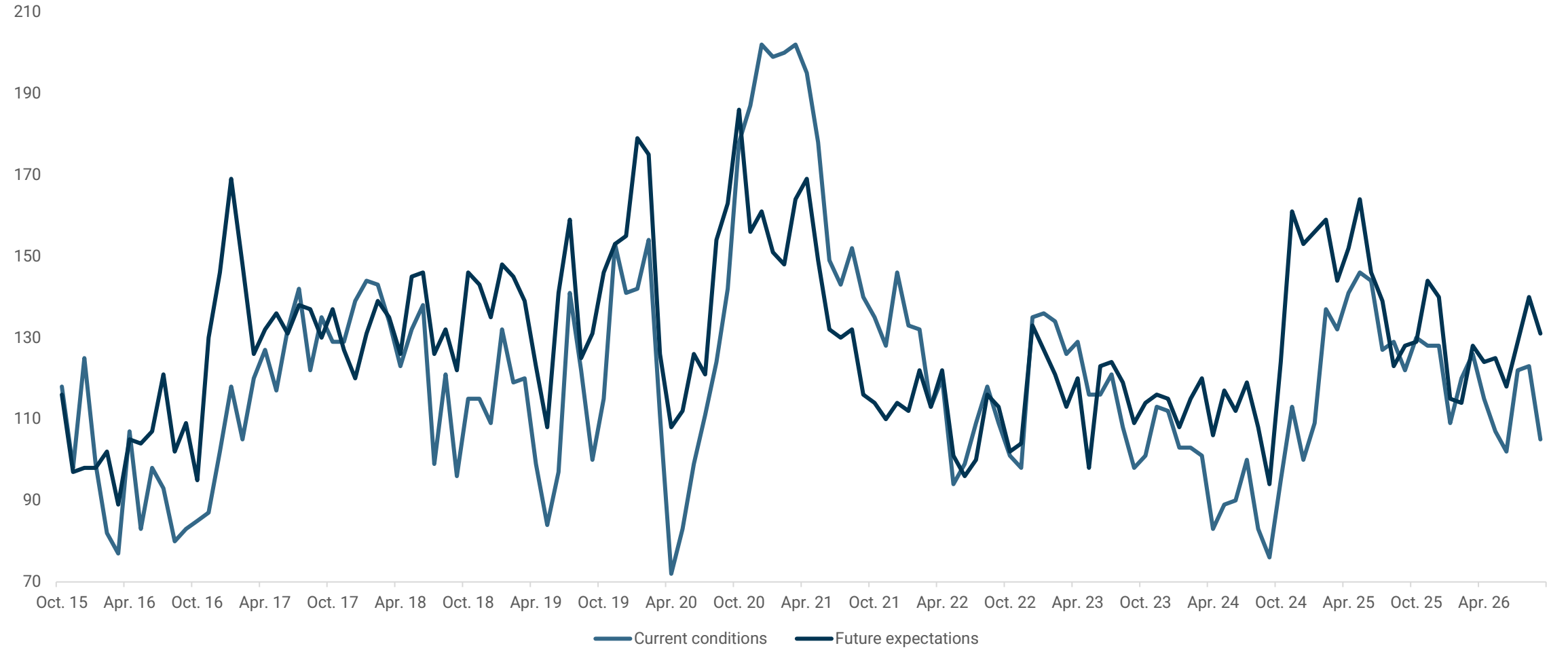
Wheat Price (USD/bu)



Source: Bloomberg, Profercy, SB1 Markets

AG Economy Barometer

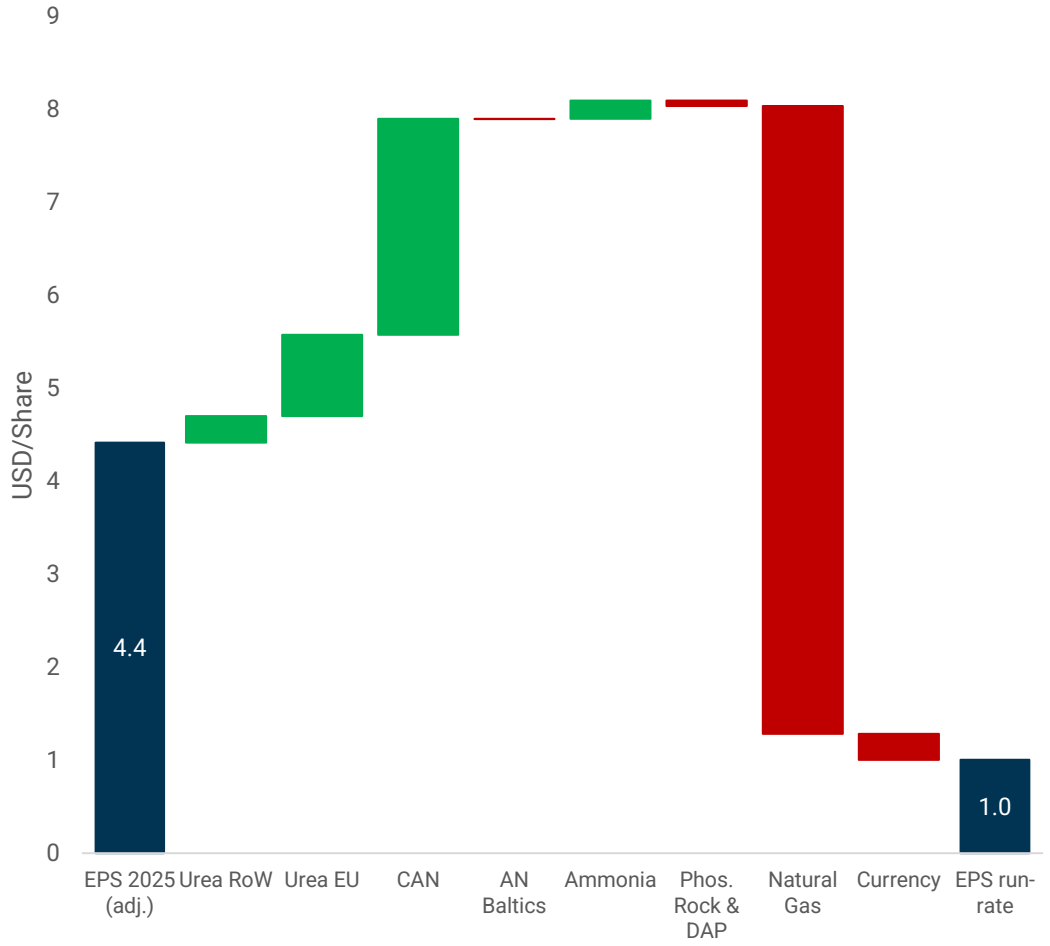
AG Economy Barometer (Purdue university / CME group)



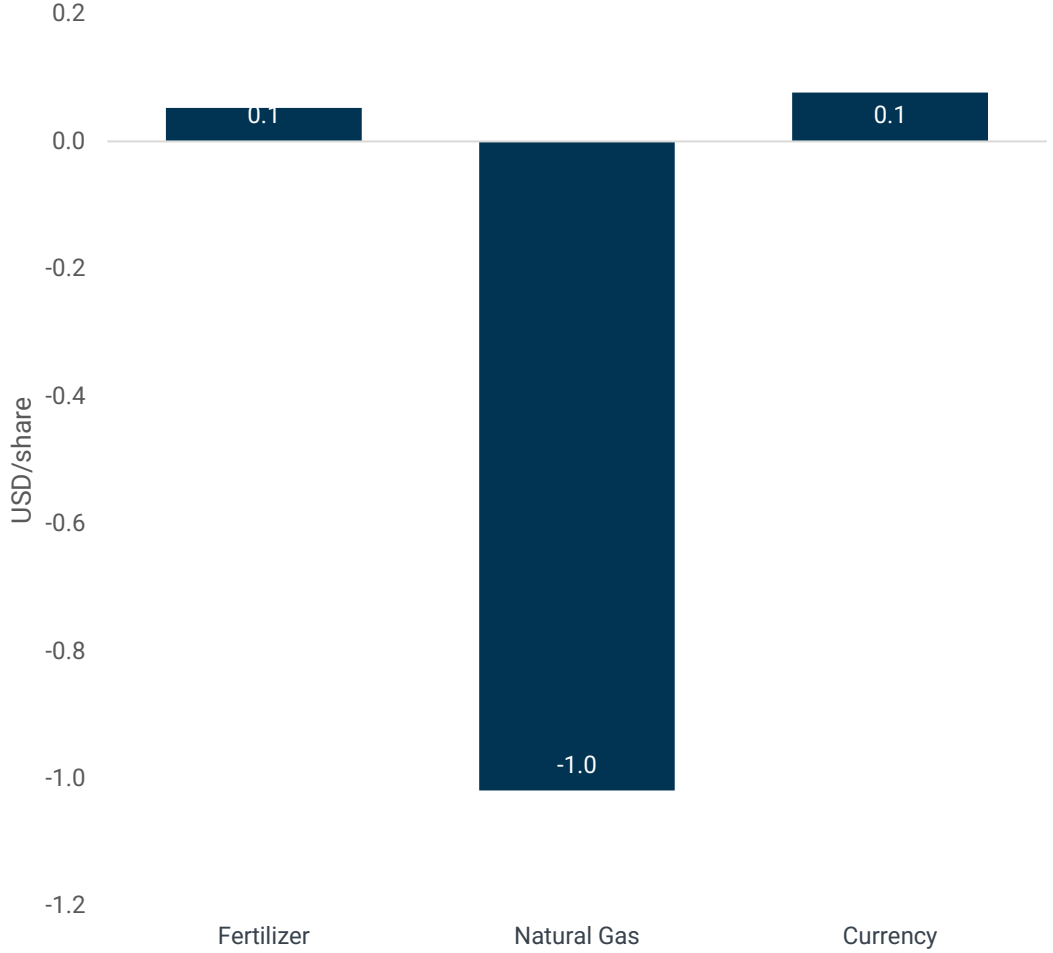
Source: Bloomberg, SB1 Markets

Yara run-rate EPS

YAR run-rate EPS pure sensitivity assuming full production



The past week's change to drivers in run-rate EPS

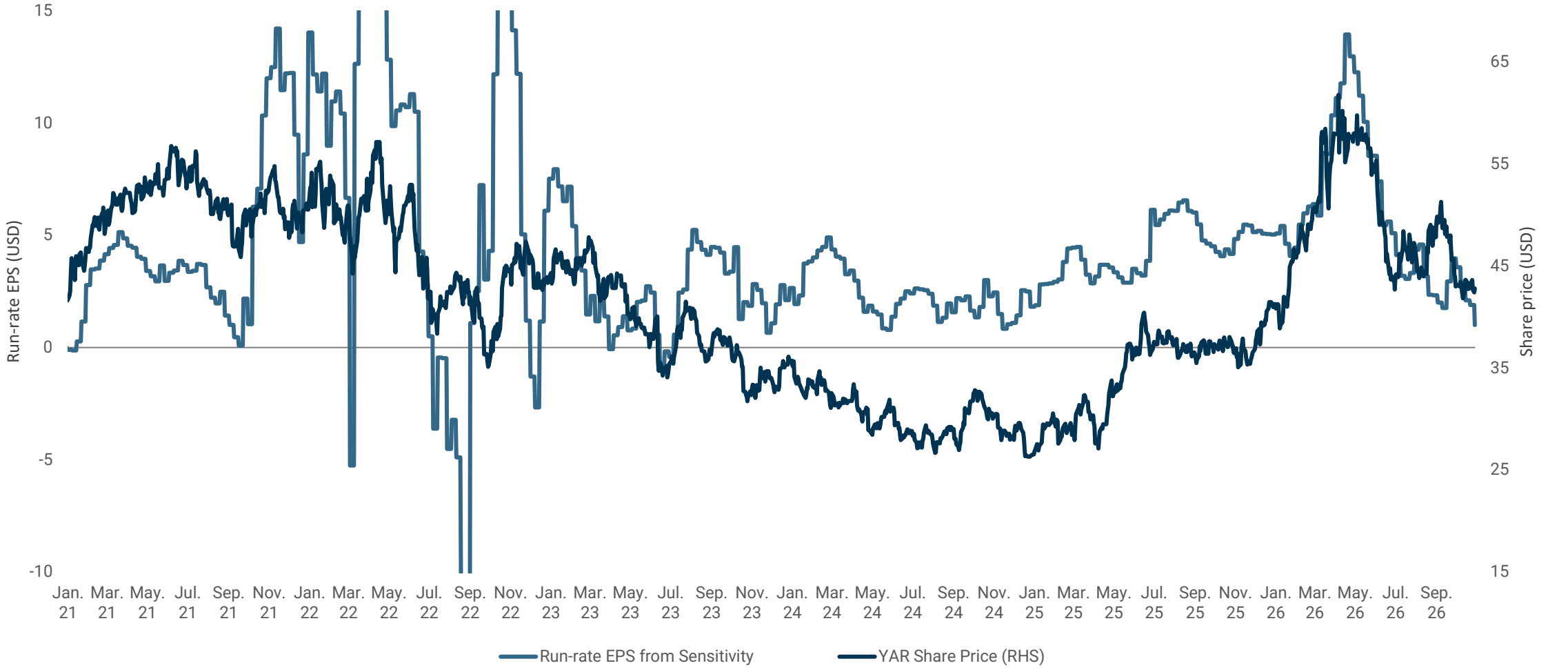


Source: Profercy, Bloomberg, Yara, Green Markets, SB1 Markets

SB1 Markets

Run-rate EPS vs. share price

Since 2021

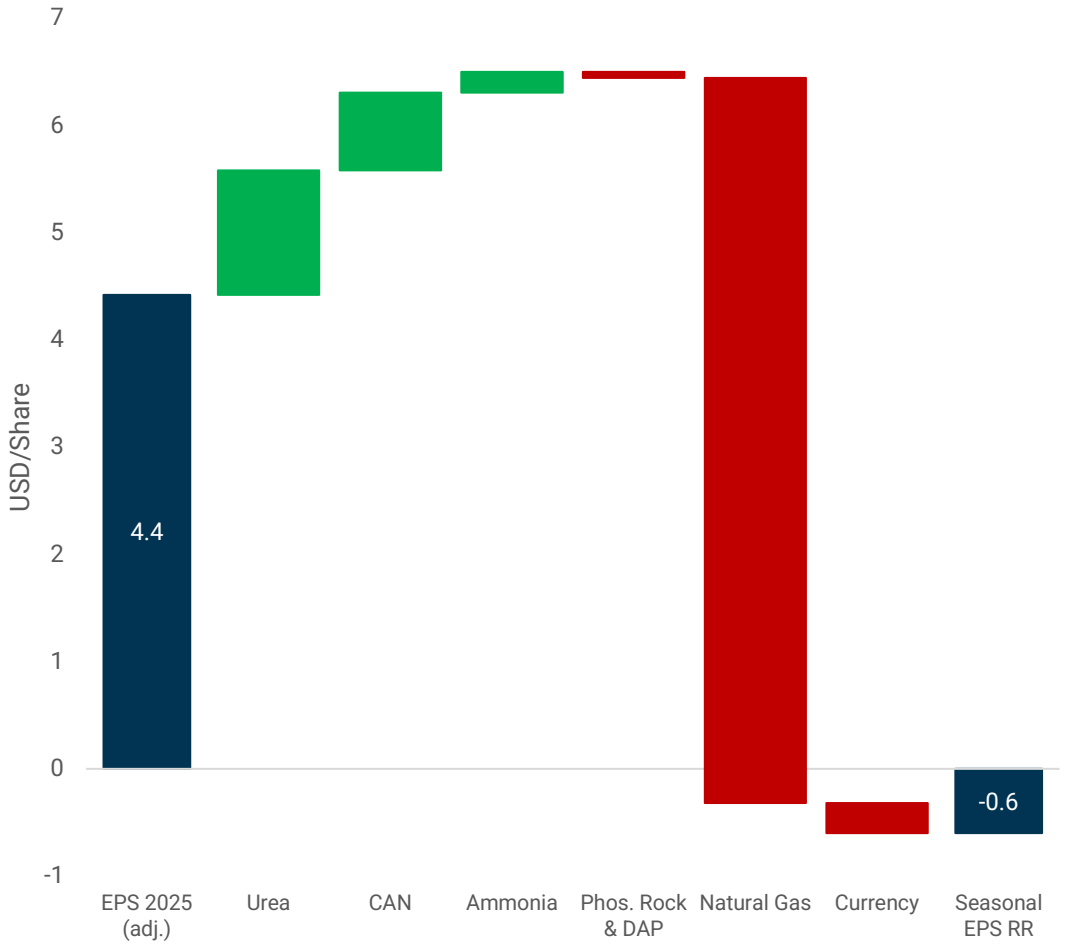


Source: SB1 Markets, Bloomberg, Profercy, Yara International

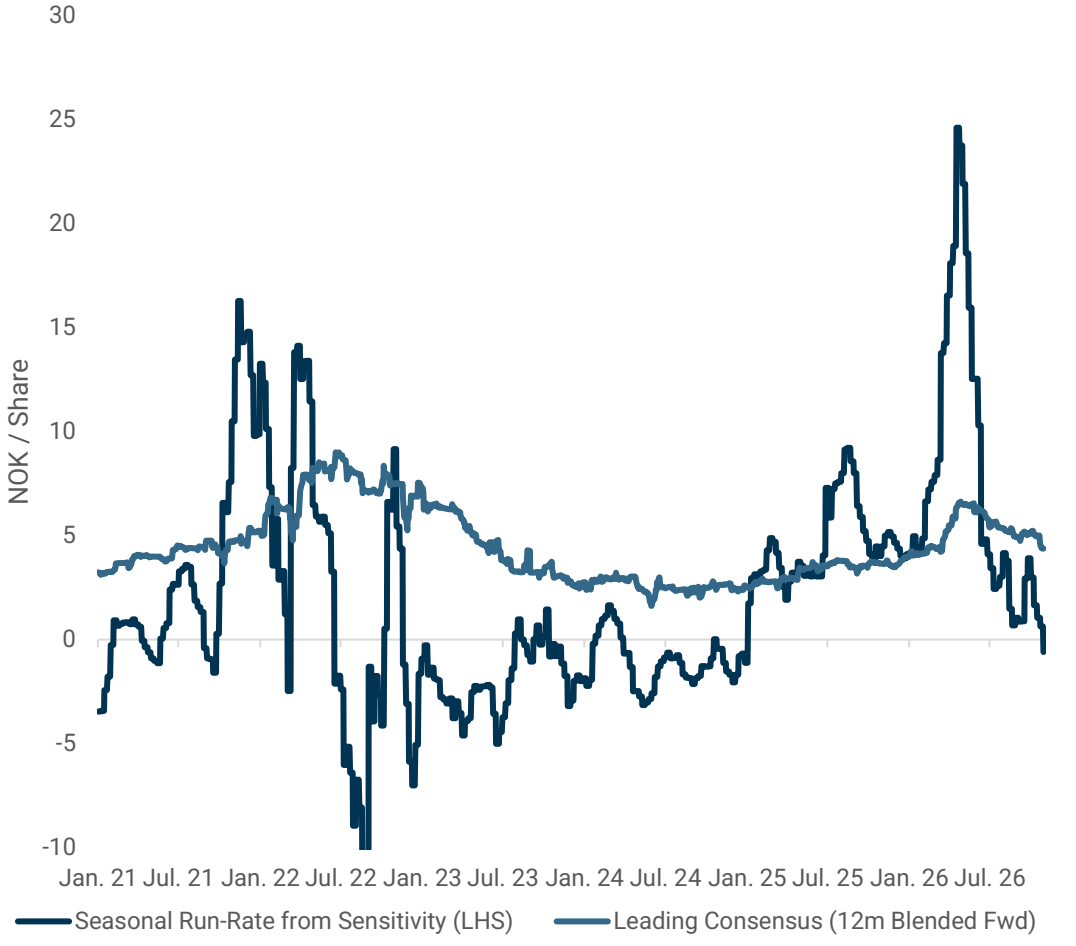
SB1 Markets

Seasonally adjusted CAN run-rate EPS

EPS Bridge 2025 vs. current seasonal run-rate



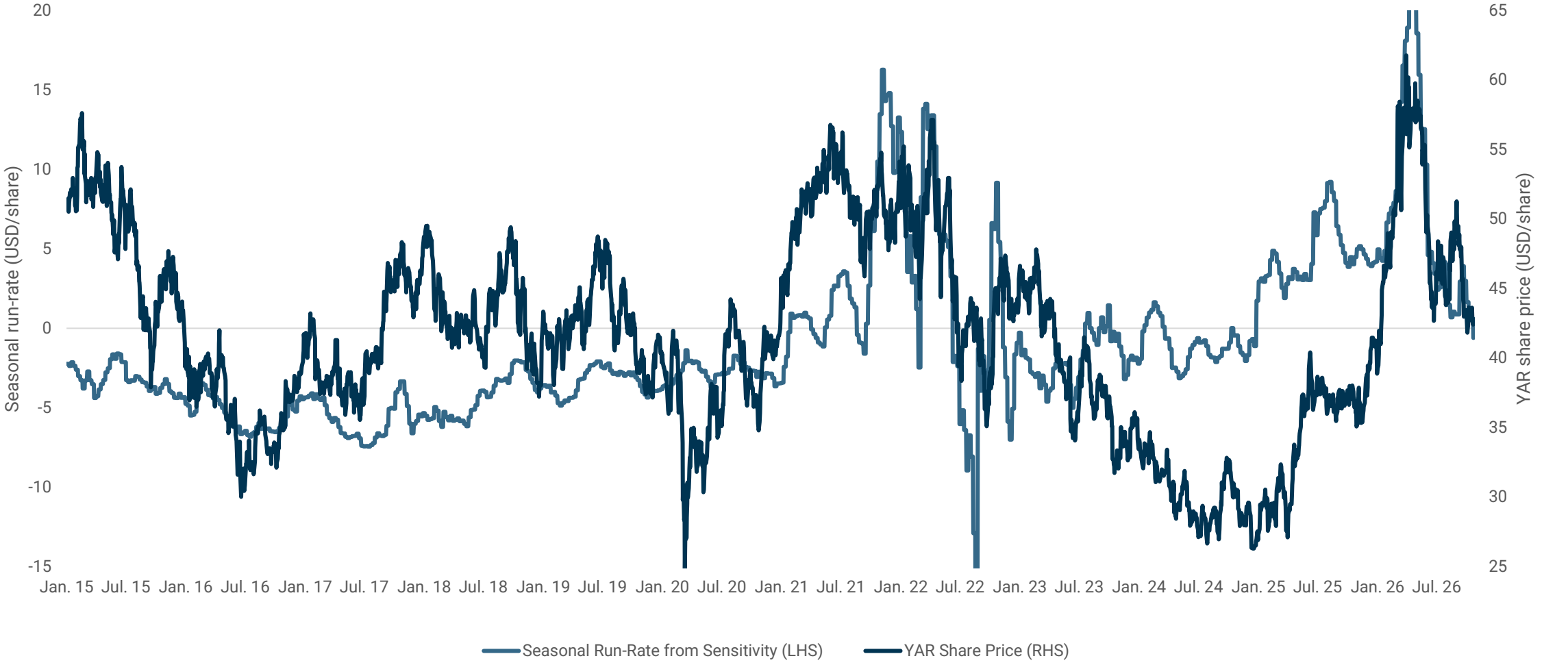
EPS: Consensus vs. run-rate



Source: Profercy, Bloomberg, Yara, Green Markets, SB1 Markets | *Average nitrate premium to prilled urea, 35% in the period 2005 - 2020

Share price tends to track run-rate earnings development

YAR vs. seasonal run-rate EPS

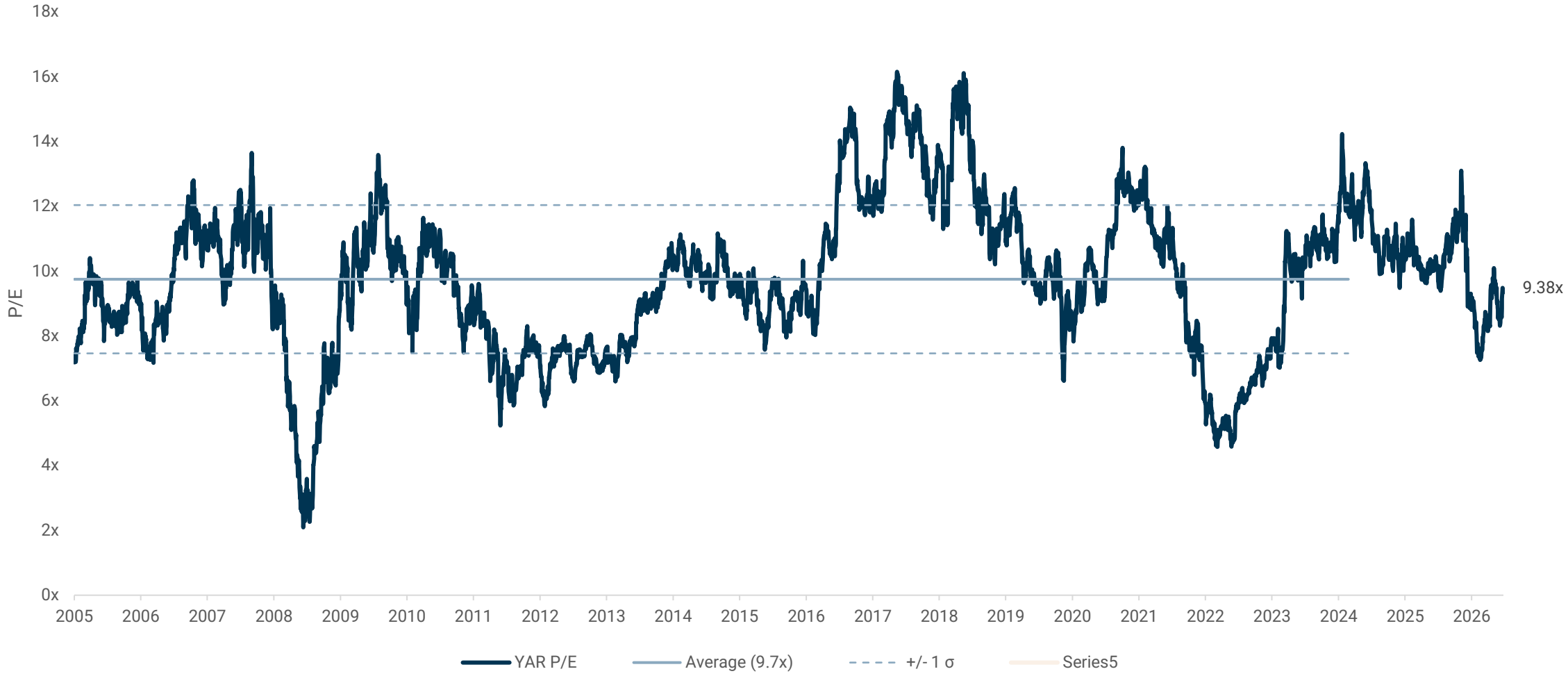


Source: SB1 Markets, Bloomberg, Profercy, Yara

SB1 Markets

YAR P/E

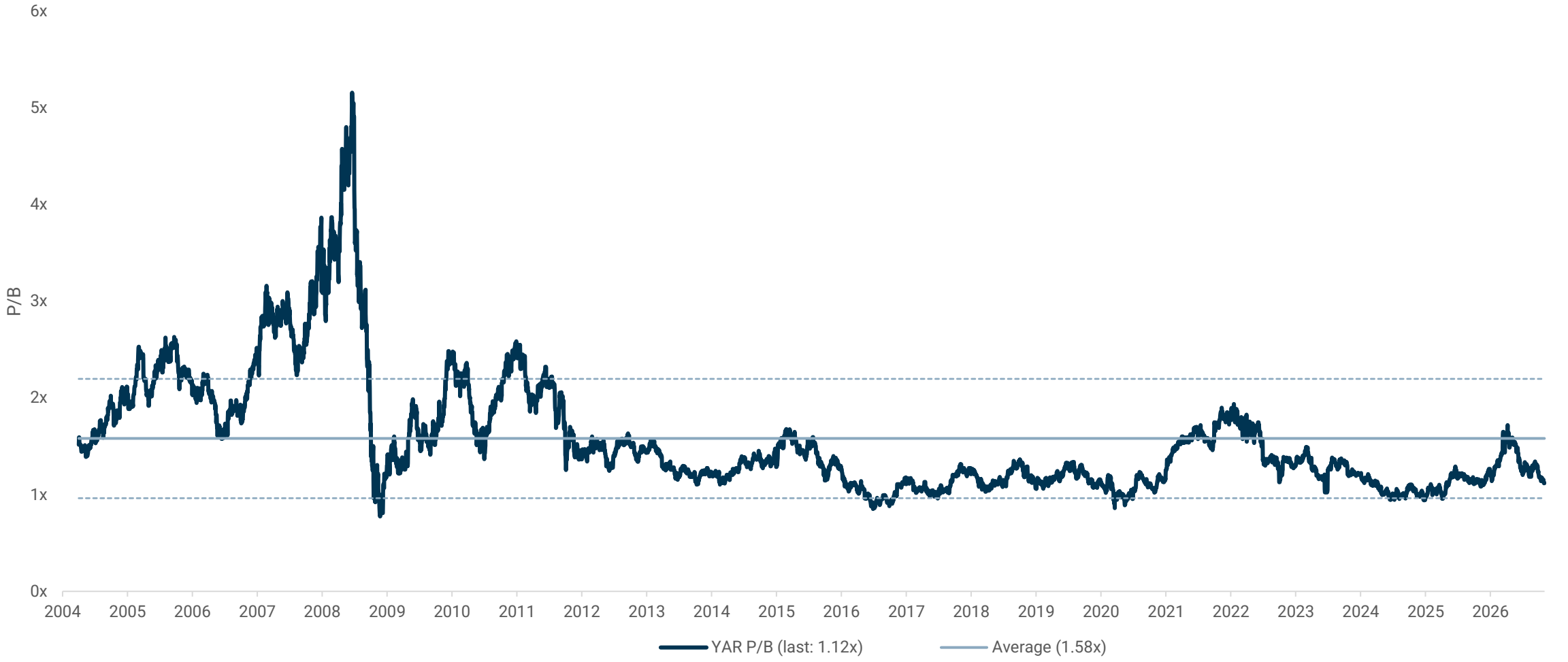
YAR P/E (blended 12m fwd.)



Source: SB1 Markets, Bloomberg

YAR P/B

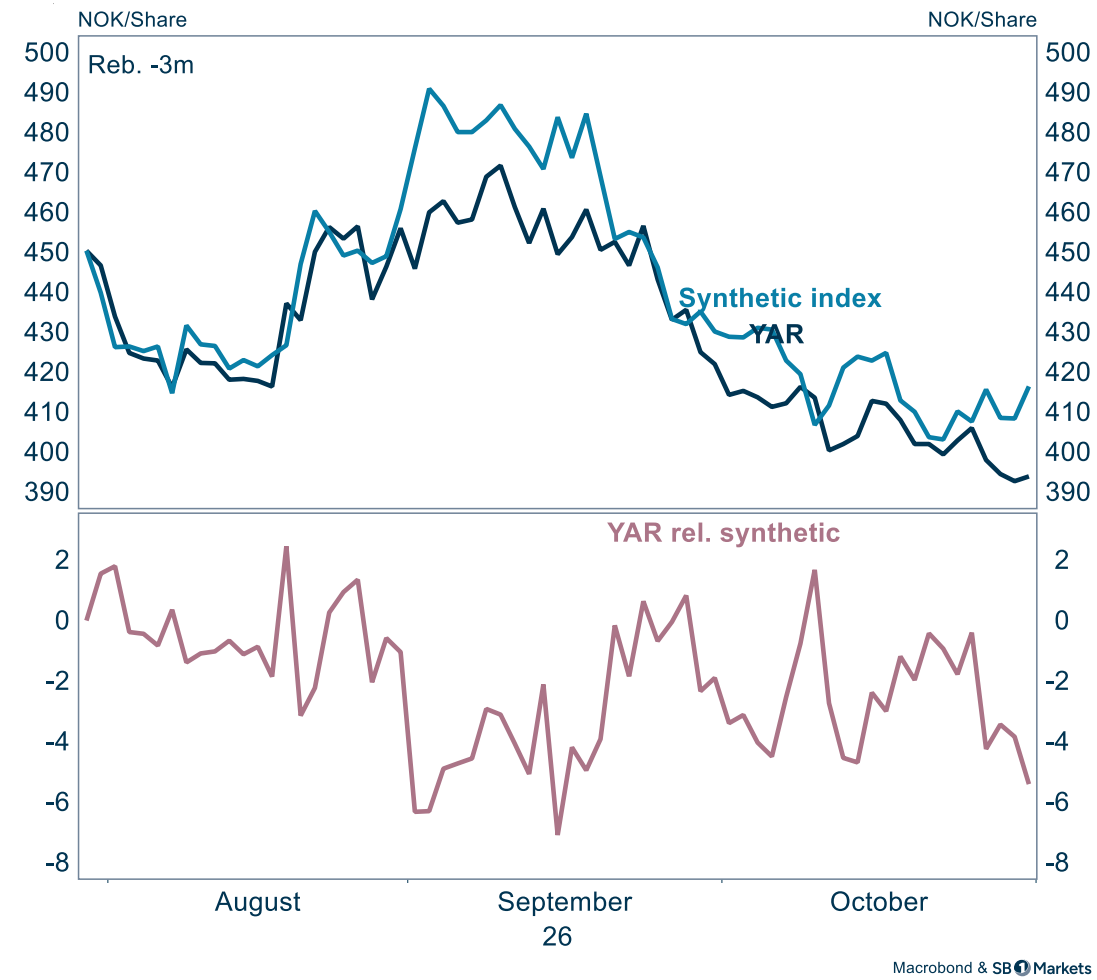
YAR P/B



Source: SB1 Markets, Bloomberg

YAR vs. synthetic index*

YAR vs. synthetic index -3m



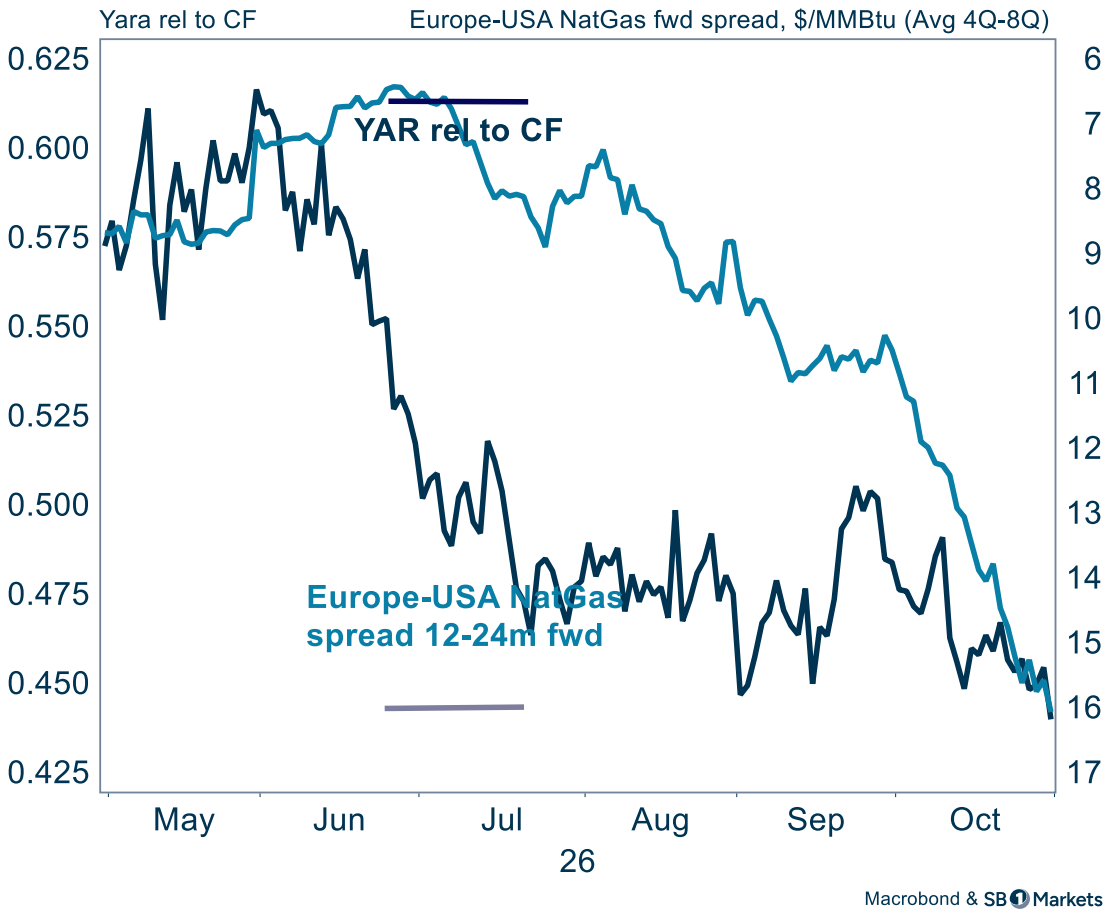
YAR vs. synthetic index -12m



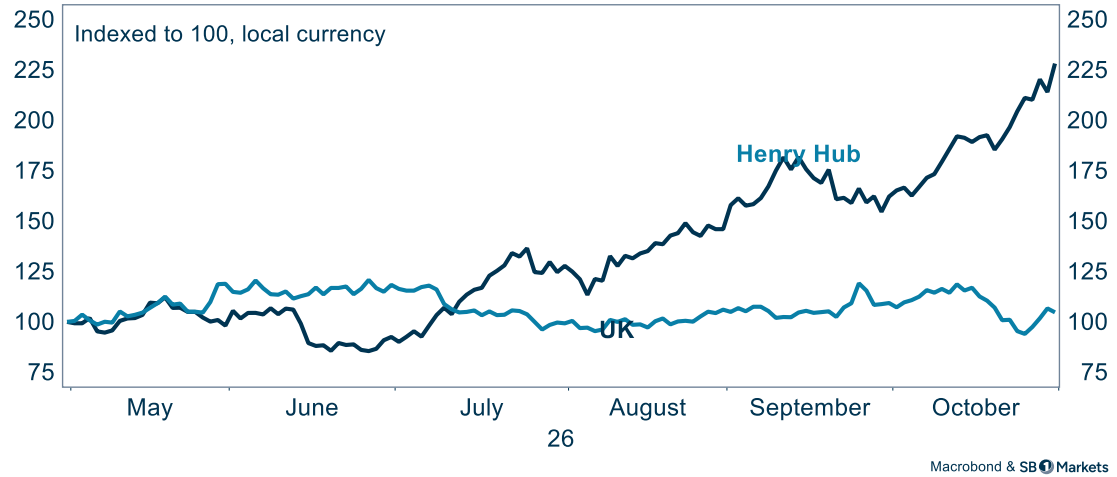
Source: SB1 Markets, Macrobond |*40% CF Industries, 30% Nutrien, 20% Mosaic, 10% LSB Industries

YAR vs. CF relative to European and US gas spread

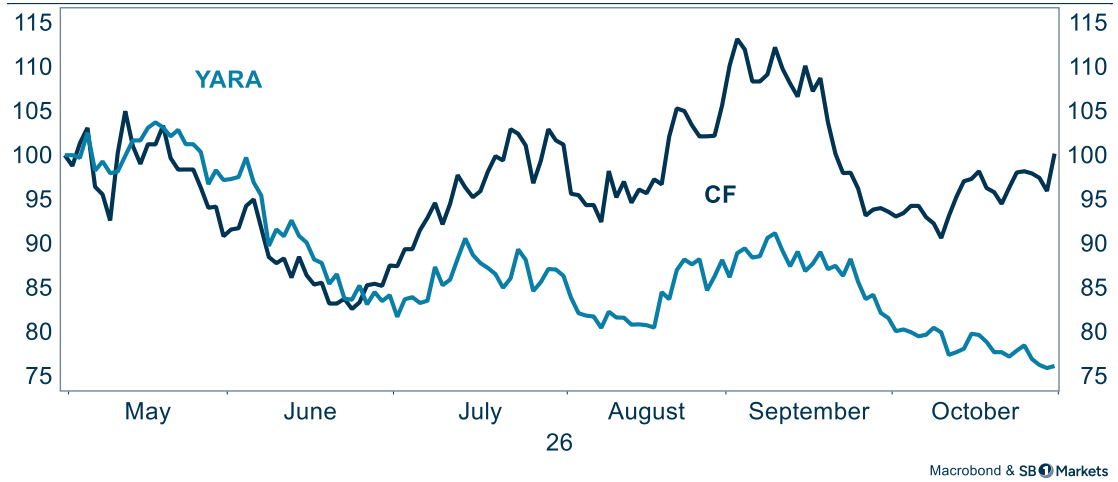
YAR relative to CF vs. gas price spread EUR-USA 12-24m fwd. -6m



Natural gas prices futures (1m future)



Yara vs. CF (rebased to 100)



Source: SB1 Markets, Profercy, Macrobond, ICE, CME, OSE

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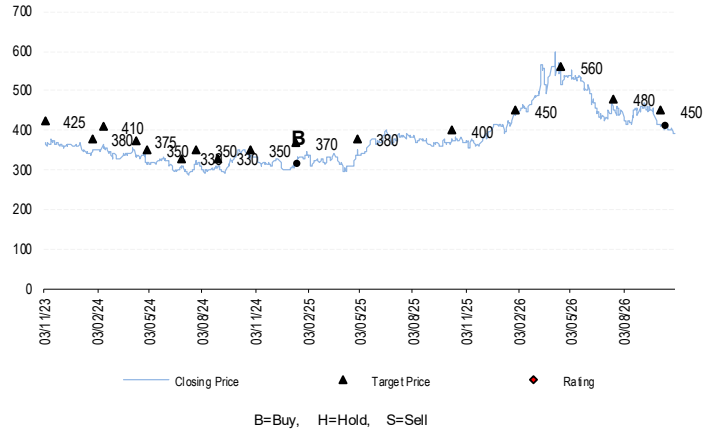
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Previous company reports

For an overview of previous recommendations regarding the financial instruments or issuer subject to this report, consult the chart below:

3-Year Price, Target Price and Rating Change History Chart for YAR NO

YAR NO Date	Closing Price	Target Price	Rating
11/02/2024	357.2	410	BUY
08/04/2024	349.8	375	NEUTRAL
29/04/2024	316.6	350	NEUTRAL
26/06/2024	308.3	330	NEUTRAL
22/07/2024	322.2	350	NEUTRAL
28/08/2024	303.7	330	NEUTRAL
23/10/2024	330.7	350	NEUTRAL
12/01/2025	314.1	370	BUY
27/04/2025	338.5	380	BUY
09/10/2025	379.8	400	NEUTRAL
27/01/2026	436.6	450	NEUTRAL
16/04/2026	557	560	NEUTRAL
16/07/2026	454.2	480	NEUTRAL
06/10/2026	411.3	450	NEUTRAL
14/10/2026	404	450	BUY



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Current recommendations of the Research Department

Recommendation	Percentage of companies under coverage with this recommendation	Percentage of companies under coverage for which SB1 Markets has provided investment banking services in the past 12 months
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Neutral	31.3%	10.3%
Sell	6.1%	6.7%
Total	100%	

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