ADAMA Q1 Sales Exceed $1 billion for Second Consecutive Year

- **Q1 Sales of $1,006 million, slightly below last year's best-ever, up 1.0% in constant currency terms**
  - Strong growth from Latin America, India, Middle East and Africa, as well as China and new joiners Bonide and Anpon
  - Weather- and supply-related delays in North America, Europe and Asia-Pacific
  - Significant 4.8% price increase across all regions
  - Jingzhou old site, which impacted ability to fulfill demand in Q1, gradually resuming operation
- **Q1 Gross Profit of $344 million**
  - Gross margin of 34.2%, in-line with Q1 2018
  - Price increases offsetting higher procurement costs and softer currencies
- **Q1 EBITDA of $187 million, in-line with last year (in RMB terms, EBITDA increased 5% year-on-year)**
  - EBITDA margin of 18.6%, in-line with last year
  - Containment of overall operating expenses, while recording $11m idleness cost of Jingzhou old site
- **Q1 Net Income of $80 million, $4 million lower than last year (in RMB terms, Net income increased 1% year-on-year)**
  - Net income margin of 8.0%, in-line with last year
- **Bonide and Anpon acquisitions concluded**

BEIJING, CHINA and TEL AVIV, ISRAEL, April 29, 2019 – Leading global crop protection company ADAMA Ltd. (the "Company") (SZSE 000553), today reported its financial results for the first quarter ended March 31, 2019.

Adjusted, US$ millions	Q1 2019	Q1 2018	% Change CER	% Change
Revenues	**1,006**	**1,022**	**1.0%**	**-1.6%**
Gross profit	**344**	**352**		**-2.3%**
Gross margin	*34.2%*	*34.4%*		
Operating income (EBIT)	**127**	**136**		***-6.7%***
EBIT margin	*12.6%*	*13.3%*		
Net income	**80**	**84**		**-4.5%**
Net income margin	*8.0%*	*8.2%*		
EBITDA	**187**	**190**		**-1.4%**
EBITDA margin	*18.6%*	*18.6%*		
Earnings per share – USD	0.0327	0.0343		
– RMB	0.2207	0.2178		

All income statement items contained in this release are presented on an adjusted basis. For a detailed description and analysis of the differences between the adjusted income statement items and the items as reported in the financial

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statements, see "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements" in the appendix to this release.

Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share is 2,446.6 million shares. Q1 2019 includes the results of both Bonide and Anpon following the competion of their acquisition by the Company during the quarter.

Commenting on the results, **Yang Xingqiang, Chairman of ADAMA's Board of Directors**, said, "ADAMA continues to prove its ability to deliver strong levels of sales and profit, overcoming the challenging conditions in the market. This demonstrates the strength of the Company's diversified and differentiated portfolio and its global commercial footprint. This start to the year positions ADAMA well to capitalize on its unique set of opportunities to drive further growth."

Chen Lichtenstein, President and CEO of ADAMA, added, "Our resilient performance this quarter saw us overcome challenges that the industry is facing, including difficult weather in North America and Australia and tight supply conditions. Action of our China and global teams ensured that we were able to quickly resume operations at the old site in Jingzhou, mitigating the impact on supply going forward."

Performance in Context of Market Environment

Crop prices remain soft, with continued uncertainty surrounding the US-China trade tensions. These relatively low commodity prices remain challenging for farmer incomes in most regions, resulting in continued subdued demand for crop protection products.

Severe winter conditions in North America have caused a significant delay in planting, impacting crop protection application throughout the region. The season is now commencing, and the pace of temperature rise in the coming weeks will determine how much of the delay can still be captured.

The Company continues to exercise restraint of its manufacturing and other operating costs to mitigate the impact of continued shortages in certain raw materials and intermediates. The supply constrained environment, mostly owing to increased environmental focus in China, has seen procurement costs remain elevated compared to the first quarter of last year, while also contributing to overall stronger pricing of the Company's products in its end-markets.

Financial Highlights

Revenues in the first quarter were $1,006 million, slightly below last year's best-ever; increasing by 1.0% in constant currency terms.

This resilient performance was achieved despite the severe winter in North America and continued supply constraints globally. ADAMA delivered strong growth in Latin America and Brazil, in India, Middle East and Africa, as well as high double-digit growth in China excluding products of the Jingzhou old site.

Strong demand for ADAMA's differentiated product portfolio facilitated price increases across all regions, which more than offset the impact of softer currencies.

This overall robust momentum together with joiners Bonide and Anpon, enabled the Company to overcome the lack of product to fulfill demand due to several weeks of production disruption at the Jingzhou old site, as well as the harsh winter in North America and continued supply constraints.

Gross profit in the quarter was $344 million (gross margin of 34.2%), compared to $352 million in the first quarter last year (gross margin of 34.4%). The Company succeeded in maintaining a stable gross margin mostly due to the strong performance in many geographies including China (excluding Jingzhou products) and significant price increases.

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Operating expenses. Total operating expenses were $218 million (21.6% of sales) in the quarter compared to $217 million (21.2% of sales) in the first quarter last year. This reflects continued containment of overall expenses, while recording an $11 million charge for the idleness of the Jingzhou old site, which now gradually resumes operation, and adding of joiners Bonide and Anpon.

Sales and Marketing expenses in the quarter were $164 million (16.3% of sales), compared to $162 million (15.8% of sales) in the first quarter last year. The moderate increase reflects the inclusion of expenses of joiners.

General and Administrative expenses in the quarter were $32 million (3.2% of sales) compared to $38 million (3.7% of sales) in the first quarter last year.

R&D expenses in the quarter were $14 million (1.4% of sales) compared to $13 million (1.2% of sales) in the first quarter last year.

Other operating expenses net, include the $11 million impact of idle production expenses due to the suspension of production at the Jingzhou old site.

Operating income in the quarter was $127 million (12.6% of sales), compared to $136 million (13.3% of sales) in the first quarter last year.

EBITDA in the quarter was $187 million, compared to $190 million in the first quarter last year, with the EBITDA margin of 18.6%, in-line with first quarter last year.

Financial expenses and investment income. Total net financial expenses and investment income in the quarter were $37 million compared to $34 million in the first quarter last year. This reflects somewhat higher debt levels, as well as the adoption of a new accounting standard leading to the capitalization of operating leases.

Tax expenses. Net tax expenses were $9 million in the quarter, compared to $18 million in the first quarter last year. The lower expenses were due to lower taxable income generated at the Jingzhou site as well as seasonally lower locally recorded pre-tax income in Brazil.

Net income in the quarter was $80 million (8.0% of sales) compared to $84 million (8.2% of sales) achieved in the first quarter last year.

Working capital at March 31, 2019 was $2,082 million, higher by $325 million compared to the same point last year. The higher level reflects higher trade receivables resulting from the Company's strong growth in Q4 2018, inventory build-up at higher procurement costs to prepare for the expected growth in 2019 and mitigate supply shortages, the delayed season in North America and additions of joiners' working capital.

Cash Flow. Operating cash flow of $191 million was consumed in the quarter, compared to $34 million consumed in the corresponding period last year, reflecting the higher working capital.

Net cash used in investing activities was $159 million in the quarter compared to a cash inflow of $7 million in the first quarter last year, with the higher 2019 level also reflecting the acquisition of Bonide, and the lower 2018 level affected by the one-time proceeds from the divestiture of several products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina last year, and payment of a lesser net amount for the transfer of a similar portfolio of products.

Investments in fixed assets, net of investment grants, amounted to $23 million in the quarter compared to $27 million in the first quarter last year.

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Free cash flow of $355 million was consumed in the first quarter, compared to $31 million consumed in the first quarter last year, noting the exceptionally lower level in 2018 due to the receipt of an approximately $379 million one-time cash inflow from the divestiture of products in Europe in connection with the acquisition of Syngenta by ChemChina last year, and the lower cash amount paid for the similar portfolio of products transferred to the Company.

Leverage: Balance sheet net debt at the end of the quarter was $875 million compared to net debt of $513 million as of March 31, 2018, reflecting mostly the sum of the acquisition payment for Bonide, assumption of acquired Anpon's debt and the dividend paid in 2018.

Jingzhou Old Site

The Jingzhou old site is gradually resuming operation, following its connection via pipeline to the state-of-the-art wastewater treatment facility installed at the new and already operational site. As a consequence of the disruption, the Company lacked sufficient product to fulfill first quarter demand, and incurred approximately $11 million of additional idleness cost, reflected in operating expenses. The impact of the suspension is expected to continue to some extent into the second quarter, and subside alongside the increase in output at the old site.

Regional Sales Performance

	Q1 2019 $m	Q1 2018 $m	Change CER	Change USD
Europe	360	393	-11.1%	-8.3%
North America	180	194	-6.8%	-7.1%
Latin America	159	139	+25.9%	+14.6%
Asia Pacific	186	188	+2.9%	-1.4%
Of which China	*94*	*84*	*+14.3%*	*+11.2%*
India, Middle East & Africa	121	108	+23.9%	+11.8%
Total	**1,006**	**1,022**	**+1.0%**	**-1.6%**

CER: Constant Exchange Rates

Europe: Sales in Europe were lower by 11.1% in the quarter in constant currency terms, compared to the first quarter last year. This is primarily due to tight supply conditions, especially in intermediates procured from China, which constrained sales in key countries across the region. The reduced sales were partially offset by price increases.

In Northern Europe, sales were also impacted by challenging credit conditions in Ukraine, with the Company proactively restricting sales to those customers with a proven ability to pay. In Southern Europe, sales were impacted by a reduction in herbicides due to lower oilseed rape planted areas.

In the quarter, ADAMA launched GIGANT® in Germany and PRIZM® in the UK, a distinctive fungicide mixture delivering long-lasting, broad-spectrum protection in wheat and barley. The Company obtained several new product registrations in the quarter, including MAVRIK JET®, an effective, fast-acting contact insecticide for the control of aphids in oilseed rape in France, as well as EMBRELIA®, a combination fungicide with dual mechanism of action for fruit in Portugal.

In US dollar terms, sales in Europe were lower by 8.3% in the quarter compared with the first quarter last year, with the Company successfully hedging its exposure to the European currencies which softened over the period.

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North America: Sales in North America were lower by 6.8% in the quarter in constant currency terms, compared with the first quarter last year, with the impact of the severe winter being partially offset by increased prices.

The extremely cold and wet conditions have delayed the planting season and disrupted transportation lines, impacting sales in both crop and non-crop markets and slowing movement through distribution channels.

In the Consumer and Professional Solutions space, Bonide performed well in its first quarter since acquisition.

ADAMA launched BRAZEN®, a selective herbicide for grass control in spring wheat and barley in Canada.

In US dollar terms, sales in North America were lower by 7.1% in the quarter compared to the first quarter last year.

Latin America: Sales in Latin America grew by a significant 25.9% in the quarter in constant currency terms, compared with the first quarter last year, with robust business growth across the region, alongside higher prices in the face of continued constrained supply.

ADAMA saw noteworthy performances in Brazil, Argentina and Mexico. In Brazil, the strong growth was led by continued strong demand for the Company's differentiated portfolio including CRONNOS®, as well as for NIMITZ® and ExpertGrow®, despite drought conditions in key regions. The Company also saw a strong performance of its cotton portfolio, benefiting from an increase in planted areas.

The Company continues to develop its differentiated portfolio in the region. In Brazil, ADAMA launched TRIVOR®, a differentiated insecticide combination providing rapid and extended control of white flies in several crops, and obtained registration for COMISSARIO®, an insecticide for controlling sucking pests in cotton. The Company also launched CRONNOS® in Bolivia and obtained registrations for the NIMITZ® suite of products in Peru.

In US dollar terms, sales in Latin America increased by 14.6% in the quarter compared with the first quarter last year, reflecting the softening of local currencies.

Asia-Pacific: Sales in the region grew by 2.9% in the quarter in constant currency terms, compared with the first quarter last year.

In China, ADAMA grew in the quarter by 14.3%, and continues to see strong demand for its differentiated, formulated and branded products, and prioritizes the sale of these products through its own channels by rapidly shifting away from selling unformulated, technical product to intermediaries, and in so doing benefiting from the full product positioning as well as end-to-end margin. Sales of these formulated, branded products grew strongly in the quarter by high double-digit percent excluding those of the suspended Jingzhou old site.

ADAMA continues to make significant portfolio advances in China, including bringing flagship ADAMA global brands to the country. The first quarter saw the launch of AGIL®, a systemic herbicide for selective weed control of a wide range of grasses in many broadleaf crops as well as GALIL®, a differentiated insecticide mixture for rice.

Anpon performed well in its first quarter since acquisition.

While the Company saw a strong performance in Thailand, the continued severe drought in Australia reduced summer crop production in the country by an estimated 30%, impacting sales in the quarter.

During the quarter, the Company obtained a number of new registrations for differentiated products, including AGROSY®, a herbicide for ryegrass and seed clover and APHIDEX®, an insecticide for aphid control in fruit, cereal and vegetable, both in New Zealand, as well as MANDATE XTRA®, a

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selective grass herbicide for cereals, and QUADRANT®, a four-way combination herbicide for broadleaf weeds in winter cereals, both in Australia.

In US dollar terms, sales were lower by 1.4% in the quarter compared to the first quarter last year, reflecting the impact of softer currencies in the region.

India, Middle East & Africa: Sales grew by a significant 23.9% in the quarter in constant currency terms, compared with the first quarter last year. This strong performance resulted from a combination of strong, double-digit business growth, alongside higher prices.

ADAMA delivered high growth in Turkey, where its business continues to gain significant market share. The Company continues to grow strongly in India, despite the lingering impact of the late 2018 drought conditions, while dry conditions in South Africa impacted sales in the country.

In US dollar terms, sales were higher by 11.8% in the quarter compared to the first quarter last year, reflecting the impact of softer currencies over the period.

Revenues by operating segment

First quarter sales

	Q1 2019 USD(m)	%	Q1 2018 USD(m)	%
Crop Protection	910	90.4%	948	92.7%
Intermediates and Ingredients	97	9.6%	74	7.3%
Total	**1,006**	**100%**	**1,022**	**100%**

Further Information

All filings of the Company, together with a presentation of the key financial highlights of the period, can be accessed through the Company website at www.adama.com.

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About ADAMA
ADAMA Ltd. is one of the world's leading crop protection companies. We strive to Create Simplicity in Agriculture – offering farmers effective products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, quality products, our more than 7,000-strong team reaches farmers in over 100 countries, providing them with solutions to control weeds, insects and disease, and improve their yields. For more information, visit us at www.ADAMA.com and follow us on Twitter® at @ADAMAAgri.

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Abridged Consolidated Financial Statements

The following abridged consolidated financial statements and notes have been prepared as described in Note 1. While prepared based on the principles of PRC GAAP, they do not contain all of the information which either PRC GAAP or IFRS would require for a complete set of financial statements and should be read in conjunction with the consolidated financial statements of both ADAMA Ltd. and Adama Agricultural Solutions Ltd. as filed with the Shenzhen and Tel Aviv Stock Exchanges, respectively.

Abridged Consolidated Income Statement for the First Quarter

Adjusted[1]	Q1 2019 USD(m)	Q1 2018 USD(m)	Q1 2019 RMB(m)	Q1 2018 RMB(m)
Revenues	**1,006**	**1,022**	**6,788**	**6,500**
Cost of Sales	659	667	4,442	4,241
Business taxes and surcharges	4	3	25	19
Gross profit	**344**	**352**	**2,321**	**2,239**
% of revenue	*34.2%*	*34.4%*	*34.2%*	*34.4%*
Selling and distribution expenses	164	162	1,103	1,027
General and administrative expenses	32	38	217	242
Research and development expenses	14	13	96	80
Other	8	4	52	28
Total Operating expenses	218	216	1,468	1,377
Operating income (EBIT)	**127**	**136**	**853**	**862**
% of revenue	*12.6%*	*13.3%*	*12.6%*	*13.3%*
Financial expenses and investment income	37	34	252	216
Income before taxes	**89**	**102**	**601**	**646**
Taxes on Income	9	18	61	113
Net income	**80**	**84**	**540**	**533**
% of revenue	*8.0%*	*8.2%*	*8.0%*	*8.2%*
EBITDA	**187**	**190**	**1,264**	**1,208**
% of revenue	*18.6%*	*18.6%*	*18.6%*	*18.6%*
Earnings per Share – Basic	*0.0327*	*0.0343*	*0.2207*	*0.2178*
– Diluted	*0.0327*	*0.0343*	*0.2207*	*0.2178*

Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share is 2,446.6 million shares.

[1] For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements".

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Abridged Consolidated Balance Sheet

	March 31 2019 USD (m)	March 31 2018 USD (m)	March 31 2019 RMB (m)	March 31 2018 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	713	891	4,801	5,605
Bills and accounts receivable	1,344	1,018	9,052	6,398
Inventories	1,482	1,247	9,979	7,844
Other current assets, receivables and prepaid expenses	290	394	1,949	2,475
Total current assets	**3,829**	**3,550**	**25,781**	**22,323**
Non-current assets:				
Fixed assets, net	1,213	1,076	8,171	6,763
Intangible assets, net	1,497	1,518	10,077	9,547
Deferred tax assets	119	114	801	731
Other non-current assets	100	80	674	503
Total non-current assets	**2,929**	**2,789**	**19,723**	**17,544**
Total assets	**6,758**	**6,339**	**45,504**	**39,866**
Liabilities				
Current liabilities:				
Loans and credit from banks and others	390	134	2,627	845
Bills and accounts payable	767	739	5,163	4,646
Other current liabilities	796	752	5,358	4,726
Total current liabilities	**1,953**	**1,625**	**13,148**	**10,217**
Long-term liabilities:				
Long-term loans	70	75	472	472
Debentures	1,147	1,171	7,723	7,363
Deferred tax liabilities	56	69	380	435
Employee benefits	87	95	588	595
Other long-term liabilities	141	74	950	466
Total long-term liabilities	**1,502**	**1,484**	**10,113**	**9,330**
Total liabilities	**3,455**	**3,109**	**23,261**	**19,547**
Equity				
Total equity	3,304	3,230	22,243	20,319
Total equity	**3,304**	**3,230**	**22,243**	**20,319**
Total liabilities and equity	**6,758**	**6,339**	**45,504**	**39,866**

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Abridged Consolidated Cash Flow Statement for the First Quarter

	Q1 2019 USD (m)	Q1 2018 USD (m)	Q1 2019 RMB (m)	Q1 2018 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	-191	-34	-1,232	-216
Cash flow from operating activities	**-191**	**-34**	**-1,232**	**-216**
Investing activities:				
Acquisitions of fixed and intangible assets	-43	-373	-321	-2,374
Proceeds from disposal of fixed and intangible assets	5	379	31	2,412
Acquisitions of a subsidiary	-122	-	-825	-
Other investing activities	1	1	10	7
Cash flow used for investing activities	**-159**	**7**	**-1,105**	**46**
Financing activities:				
Receipt of loans from banks and other lenders	228	-	1,358	-
Repayment of loans from banks and other lenders	-38	-289	-110	-1,836
Other financing activities	-66	-8	-426	-50
Cash flow from (used for) financing activities	**124**	**-297**	**823**	**-1,886**
Effects of exchange rate movement on cash and cash equivalents	**5**	**10**	**-78**	**-211**
Net change in cash and cash equivalents	**-221**	**-313**	**-1,593**	**-2,267**
Cash and cash equivalents at the beginning of the period	925	1,204	6,043	7,864
Cash and cash equivalents at the end of the period	**704**	**890**	**4,450**	**5,597**
Free Cash Flow	**-355**	**-31**	**-2,371**	**-196**

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Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the quarters ended March 31, 2019 and 2018 incorporate the financial statements of ADAMA Ltd. and of all of its subsidiaries (the "Company"), including Adama Agricultural Solutions Ltd. ("Solutions") and its subsidiaries.

The Company has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as "CASBE").

The abridged consolidated financial statements contained in this release are presented in both Chinese Renminbi (RMB), as the Company's shares are traded on the Shenzhen Stock Exchange, as well as in United States dollars ($) as this is the major currency in which the Company's business is conducted. For the purposes of this release, a customary convenience translation has been used for the translation from RMB to US dollars, with Income Statement and Cash Flow items being translated using the quarterly average exchange rate, and Balance Sheet items being translated using the exchange rate at the end of the period.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Abridged Financial Statements
For ease of use, the Financial Statements shown in this release have been abridged as follows:

Abridged Consolidated Income Statement:

- "Operating expenses" includes selling and distribution expenses; general and administrative expenses; research and development expenses; asset and credit impairment losses; gain (loss) from disposal of assets and non-operating income and expenses
- "Financial expenses and investment income" includes net financing expenses; gains from changes in fair value; and investment income (including share of income of equity accounted investees)

Abridged Consolidated Balance Sheet:

- "Other current assets, receivables and prepaid expenses" includes financial assets held for trading, derivatives financial assets, prepayments, other receivables; and other current assets
- "Fixed assets, net" includes fixed assets, construction in progress and rights-of-use assets
- "Intangible assets, net" includes intangible assets and goodwill
- "Other non-current assets" includes other equity investments; long-term equity investments; long-term receivables; investment property; and other non-current assets
- "Loans and credit from banks and others" includes short-term loans and non-current liabilities due within one year
- "Other current liabilities" includes derivatives financial liabilities, payables for employee benefits, contract liabilities, taxes payable, other payables and other current liabilities
- "Other long-term liabilities" includes long-term payables, lease liability, provisions and other non-current liabilities

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Analysis of Gaps between Adjusted Income Statement and Reported Income Statement in Financial Statements

Q1	Adjusted		Adjustments		Reported	
USD(m)	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenues	1,006	1,022	-	-	1,006	1,022
Gross profit	344	352	1	1	343	351
Operating expenses	218	216	-29	305	247	-88
Operating income (EBIT)	127	136	30	-303	97	439
Income before taxes	89	102	28	-303	61	405
Net income	80	84	26	-236	54	320
EBITDA	187	190	5	-312	183	502
Earnings per share	0.0327	0.0343			0.0222	0.1307

Q1	Adjusted		Adjustments		Reported	
RMB(m)	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenues	6,788	6,500	-	-	6,788	6,500
Gross profit	2,321	2,239	7	9	2,314	2,230
Operating expenses	1,468	1,377	-195	1,938	1,663	-561
Operating income (EBIT)	853	862	202	-1,929	651	2,791
Income before taxes	601	646	186	-1,929	415	2,575
Net income	540	533	173	-1,499	367	2,032
EBITDA	1,264	1,208	32	-1,985	1,232	3,193
Earnings per share	0.2207	0.2178			0.1499	0.8306

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Income Statement Adjustments

In addition to the reported financial results that the Company prepares in accordance with PRC GAAP, the Company's management prepares non-GAAP, Adjusted financial results to present what the Company believes is a more useful view of the true economic performance of the business on an ongoing basis. These Adjusted results exclude items that are of a one-time or non-cash/non-operational nature that do not impact the ongoing performance of the business and reflects the way the Company's management and Board of Directors view the performance of the Company. The Company believes that excluding the effects of these items from its operating results allows an effective assessment and comparison of the underlying financial performance of its business from period to period and within the market.

	Q1 2019 USD (m)	Q1 2018 USD (m)	Q1 2019 RMB (m)	Q1 2018 RMB (m)
Net Income (Reported)	**54.4**	**319.6**	**366.8**	**2,032.2**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	11.5	11.5	77.2	72.8
2. One-time capital gain from Divestment of registrations due to 2017 ChemChina-Syngenta transaction	-	-314.3	-	-1,998.5
3. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	10.6	-	71.7	-
4. Reinstatement of amortization expenses due to Divestment (non-cash)	-	-2.6	-	-16.5
5. Accelerated depreciation due to relocation (non-cash)	2.3	-	15.5	-
6. Non-core assets closure (non-cash)	-	1.6	-	9.9
7. Long-term incentive classified on an equity-settled basis (non-cash)	4.7	-0.9	31.9	-5.9
8. Amortization of acquisition PPA (non-cash)	0.9	-	6.1	-
9. Sanonda-ADAMA Combination transaction one-time stamp tax	-	1.5	-	9.4
Total Adjustments to Operating Income (EBIT)	**30.0**	**-303.4**	**202.4**	**-1,928.7**
Total Adjustments to EBITDA	**4.7**	**-312.2**	**31.9**	**-1,985.0**
Adjustments to Financing Expenses:				
10. Revaluation of non-cash adjustment related to non-controlling interest	-2.4	-	-16.1	-
Total Adjustments to Income before Taxes	**27.6**	**-303.4**	**186.4**	**-1,928.7**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	-1.9	-1.9	-13.1	-12.4
2. Tax expense due to capital gain from registrations Divestment	-	69.5	-	441.8
Total adjustments to Net Income	**25.7**	**-235.9**	**173.2**	**-1,499.3**
Net Income (Adjusted)	**80.1**	**83.8**	**540.0**	**532.8**

Notes:

1. **Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)**: Under PRC GAAP, the Company has inherited the historical "legacy" amortization charge from the first combined reporting for Q3 2017 that ChemChina previously was incurring in respect of its acquisition of Solutions in 2011. This amortization is done in a linear manner on a quarterly basis, most of which will be completed and removed in the second half of 2020.
2. **One-time capital gain from Divestment of registrations due to 2017 ChemChina-Syngenta transaction:** In the first quarter of 2018, the Company earned a one-time profit on the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina. This one-time profit is excluded from the Adjusted financial results due to its one-time nature, while the related tax expense is also adjusted for.
3. **Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash):** The proceeds from the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina, net of taxes and transaction expenses, were paid to Syngenta in return for the transfer of a portfolio of products in Europe of similar nature and economic value. Since the products acquired from Syngenta are of the same nature and with the same net economic value as those divested, and since the Company excludes the one-time gain that it made on the divested products, the additional amortization charge

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incurred due to the written-up of the acquired assets is also excluded to present a consistent view of Divestment and Transfer transactions, which had no net impact on the underlying economic performance of the Company. See note 2.

4. **Reinstatement of amortization expenses, related to the Divestment (non-cash):** Reinstatement of amortization expenses due to classification of to-be-divested European registrations as "Held-for-Sale", related to 2017 ChemChina acquisition of Syngenta.
5. **Accelerated depreciation due to relocation (non-cash):** Production assets located in the old production sites in Jingzhou and Huai'An will be relocated to the new sites in the coming years. Since some of the older production assets may not be able to be relocated, some of these assets which are no longer operational are being written off (or impaired), while for others, their economic life has been shortened and therefore will be depreciated over a shorter period. Since these are older assets that were built many years ago and will be replaced by newer production facilities at the new sites, and since the ongoing operations of the business will not be impacted thereby, the Company adjusts for the impact of the accelerated depreciation of these assets.
6. **Non-core assets closure (non-cash):** One-time charge due to closure of peripheral, non-material assets.
7. **Long-term incentive classified on an equity-settled basis (non-cash):** The Company granted its employees, who are mainly non-Chinese residents, a long term incentive (LTI) in the form of 'phantom' options, due to the complexity of granting Chinese-listed, equity-settled options to non-Chinese employees. As such, the Company records an expense, or recognizes income, depending on the fluctuation in the Company's share price, even though the Company will not incur any cash impact prior to exercise of the phantom options. To neutralize the impact of such share price movements on the measurement of the Company's performance and expected employee compensation, in the Company's adjusted financial performance, the LTI is presented on an equity-settled basis in accordance with the value of the plan at the grant date.
8. **Amortization of acquisition PPA (non-cash)**: Related to the amortization of non-cash intangible assets created as part of acquisitions, in addition to the full reflection of the purchase price paid in the Company's Net Debt; has no impact on the ongoing performance of the companies acquired.
9. **Sanonda-ADAMA Combination transaction one-time stamp tax:** One-time stamp tax expense incurred related to the Combination.
10. **Revaluation of non-cash adjustment related to non-controlling interest:** Relates to put options issued to non-controlling interests as part of historical business combinations which took place before January 1, 2010. The put options are presented as a liability at the present value of the future exercise price. The revaluation of these put options in Solutions is recognized under IFRS to Goodwill, but due to the acquisition of Solutions by the Company in 2017, which is treated from an accounting perspective as a "Business Combination Under Common Control", such revaluation is recorded as a profit or loss item in the financial reports of the Company. The revaluations of such put options have no bearing on the ongoing performance of the Company and are therefore adjusted for.

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Exchange Rate Data for the Company's Principal Functional Currencies

	March 31			Q1 Average		
	2019	2018	Change	2019	2018	Change
EUR/USD	1.123	1.232	(8.8%)	1.136	1.229	(7.6%)
USD/BRL	3.897	3.324	(17.2%)	3.771	3.244	(16.2%)
USD/PLN	3.837	3.414	(12.4%)	3.790	3.400	(11.5%)
USD/ZAR	14.64	11.82	(23.9%)	14.018	11.945	(17.4%)
AUD/USD	0.708	0.768	(7.8%)	0.713	0.786	(9.4%)
GBP/USD	1.303	1.407	(7.4%)	1.302	1.391	(6.4%)
USD/ILS	3.632	3.514	(3.4%)	3.644	3.458	(5.4%)
USD LIBOR 3M	2.60%	2.03%	28.4%	2.69%	1.81%	48.5%

	March 31			Q1 Average		
	2019	2018	Change	2019	2018	Change
USD/RMB	6.734	6.288	7.1%	6.744	6.358	6.1%
EUR/RMB	7.561	7.746	(2.4%)	7.660	7.813	(2.0%)
RMB/BRL	0.579	0.529	(9.5%)	0.559	0.510	(9.6%)
RMB/PLN	0.570	0.543	(4.9%)	0.562	0.535	(5.1%)
RMB/ZAR	0.570	1.789	68.2%	2.079	1.838	(13.1%)
AUD/RMB	4.770	4.831	(1.3%)	4.806	4.999	(3.8%)
GBP/RMB	8.774	8.847	(0.8%)	8.784	8.843	(0.7%)
RMB/ILS	0.539	0.559	3.5%	0.540	0.544	0.7%

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