

# Business Update Q4 and Full Year 2018



ADAMA

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## Strong Q4 Caps another Record Year

Fourth Quarter		Full Year	
Sales	EBITDA	Sales	EBITDA
<u>\$963m</u>	<u>\$134m</u>	<u>\$3.9bn</u>	<u>\$653m</u>
<b>+17%</b>	<b>+35%</b>	<b>+\$358m</b>	<b>Record high</b>
		<b>+10%</b>	

## Q4 sales up 17%, EBITDA up 35%, capping best year ever

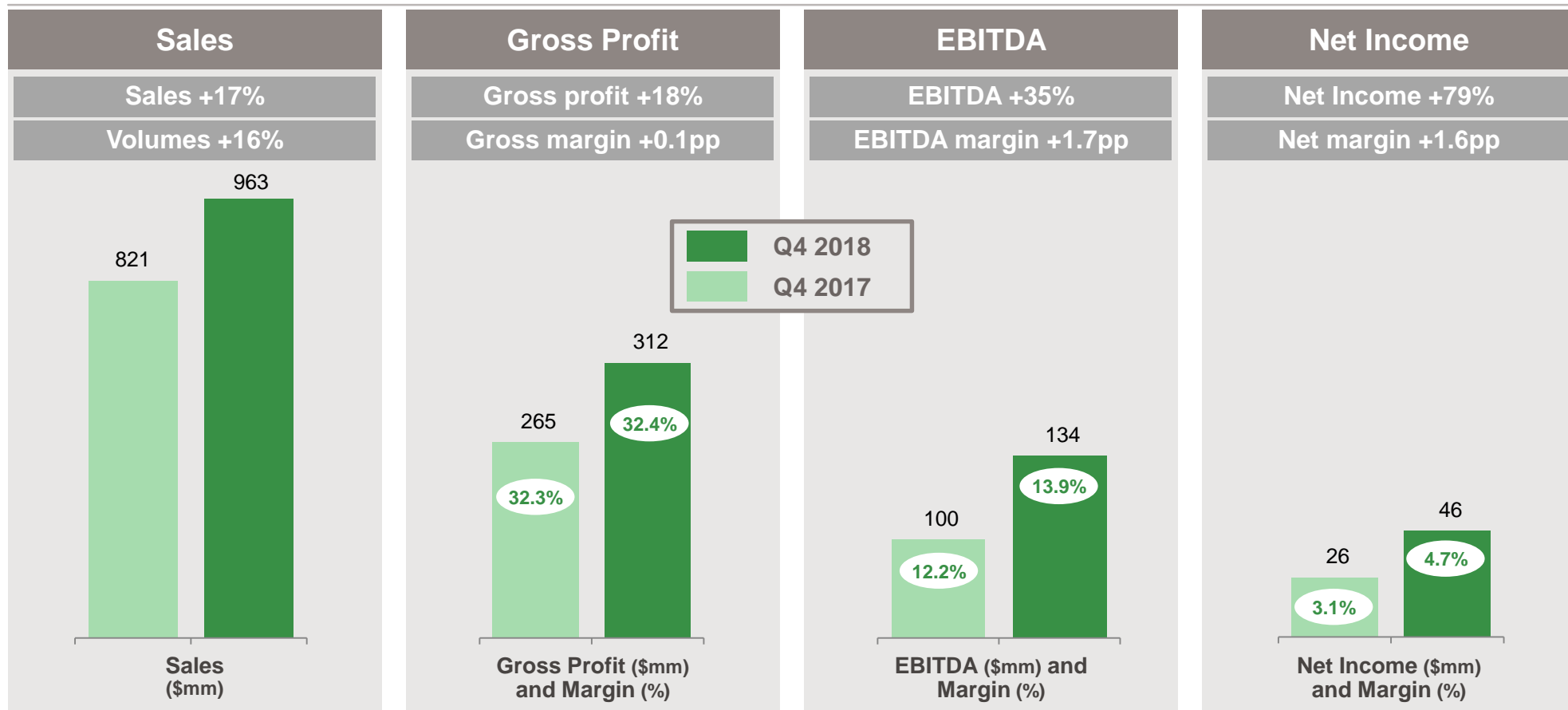
<i>Adjusted, (\$ million)</i>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>% Change</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>% Change</b>
<b>Sales</b>	<b>963</b>	<b>821</b>	<b>+17.3%</b>	<b>3,881</b>	<b>3,523</b>	<b>+10.2%</b>
<b>Gross Profit</b>	<b>312</b>	<b>265</b>	<b>+17.6%</b>	<b>1,291</b>	<b>1,237</b>	<b>+4.4%</b>
<i>% of Sales</i>	<i>32.4%</i>	<i>32.3%</i>		<i>33.3%</i>	<i>35.1%</i>	
Operating Expenses	231	220		850	800	
<b>Operating Income (EBIT)</b>	<b>81</b>	<b>45</b>	<b>+79.6%</b>	<b>441</b>	<b>436</b>	<b>+1.0%</b>
<i>% of Sales</i>	<i>5.5%</i>	<i>4.3%</i>		<i>11.4%</i>	<i>12.4%</i>	
<b>Income before Tax (EBT)</b>	<b>47</b>	<b>12</b>	<b>+279.4%</b>	<b>310</b>	<b>308</b>	<b>+0.6%</b>
<i>% of Sales</i>	<i>4.9%</i>	<i>1.5%</i>		<i>8.0%</i>	<i>8.7%</i>	
<b>Net Income</b>	<b>46</b>	<b>26</b>	<b>+78.6%</b>	<b>249</b>	<b>280</b>	<b>-11.2%</b>
<i>% of Sales</i>	<i>4.7%</i>	<i>3.1%</i>		<i>6.4%</i>	<i>8.0%</i>	
<b>EBITDA</b>	<b>134</b>	<b>100</b>	<b>+34.5%</b>	<b>653</b>	<b>646</b>	<b>+1.1%</b>
<i>% of Sales</i>	<i>13.9%</i>	<i>12.2%</i>		<i>16.8%</i>	<i>18.3%</i>	
<b>Earnings per Share</b> – USD	0.0186	0.0109		0.1017	0.1196	
– RMB	0.1290	0.0720		0.6657	0.8153	

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 statements.

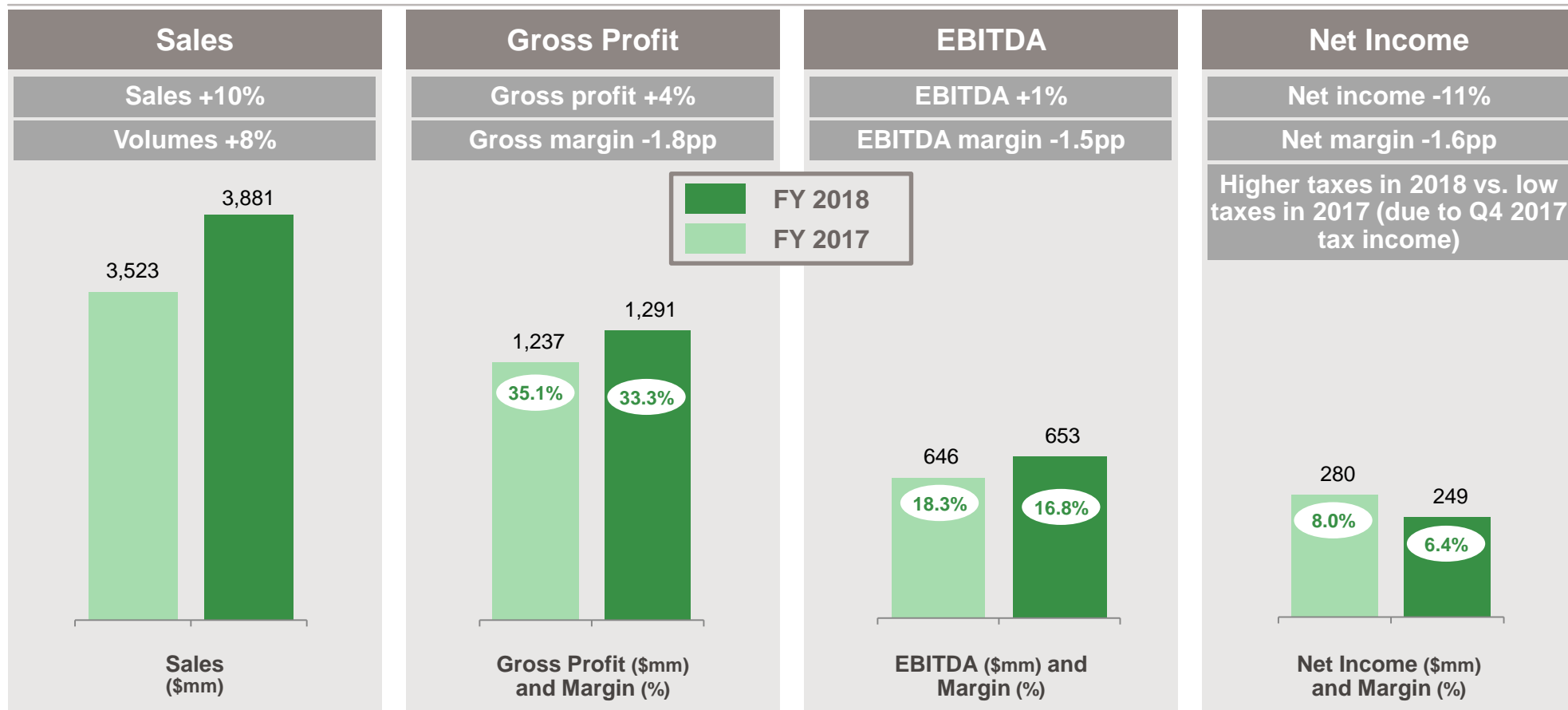
Revenue growth in constant currencies in the fourth quarter was 22.8%, and 12.4% in the full year.

Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share in Q4 2017 is 2,341.9 million shares. The number of shares used to calculate earnings per share in Q4 2018 is 2,446.6 million shares, reflecting the issuance of shares in the private placement equity offering in December 2017.

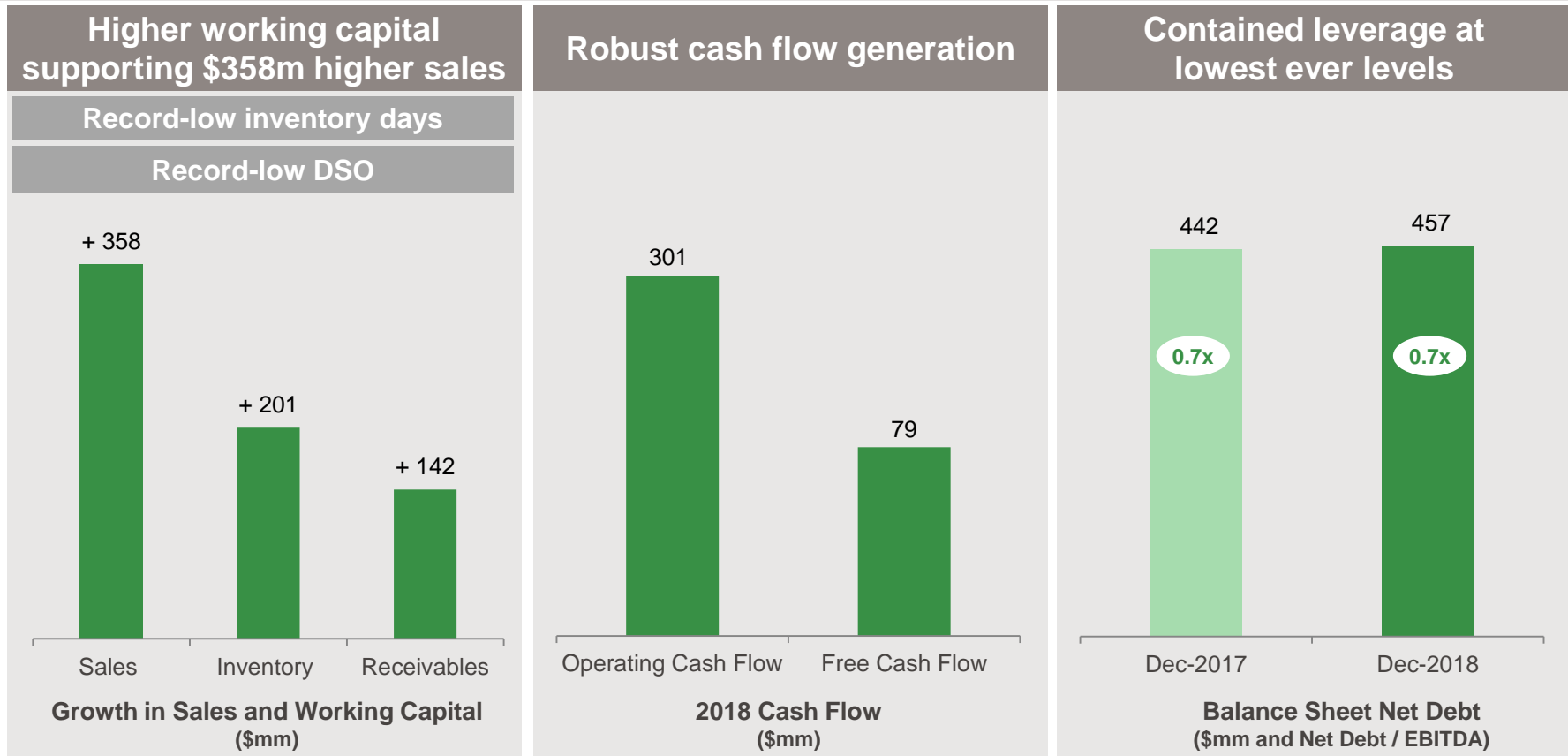
## Q4 sales up 17%, EBITDA up 35%, capping best year ever Q4 2018



# Strong Q4 Caps another Record-High Year FY 2018



# Continued robust cash flow generation, while investing in working capital to support significant sales momentum





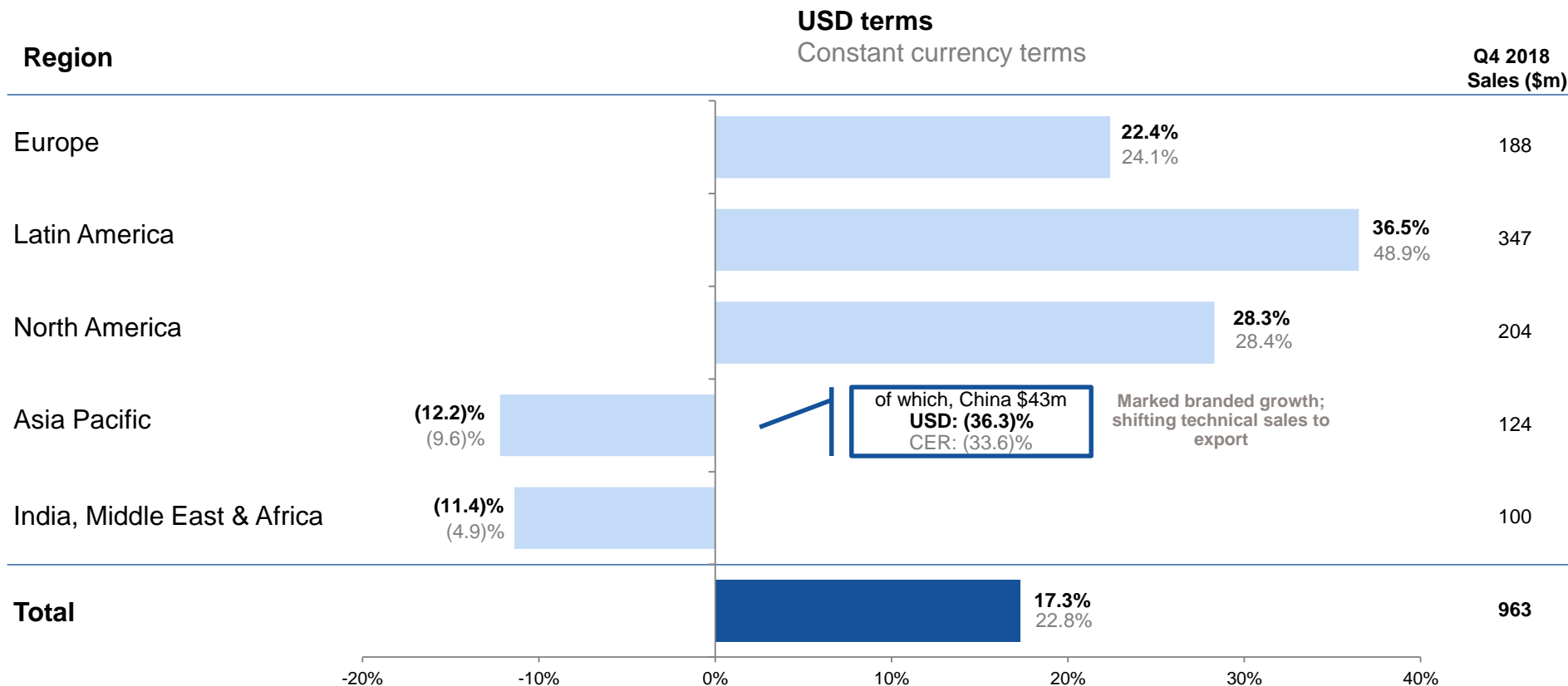
# Regional Update

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# Q4: Global growth up 17%, led by Americas and Europe

## Q4 2018 vs. Q4 2017

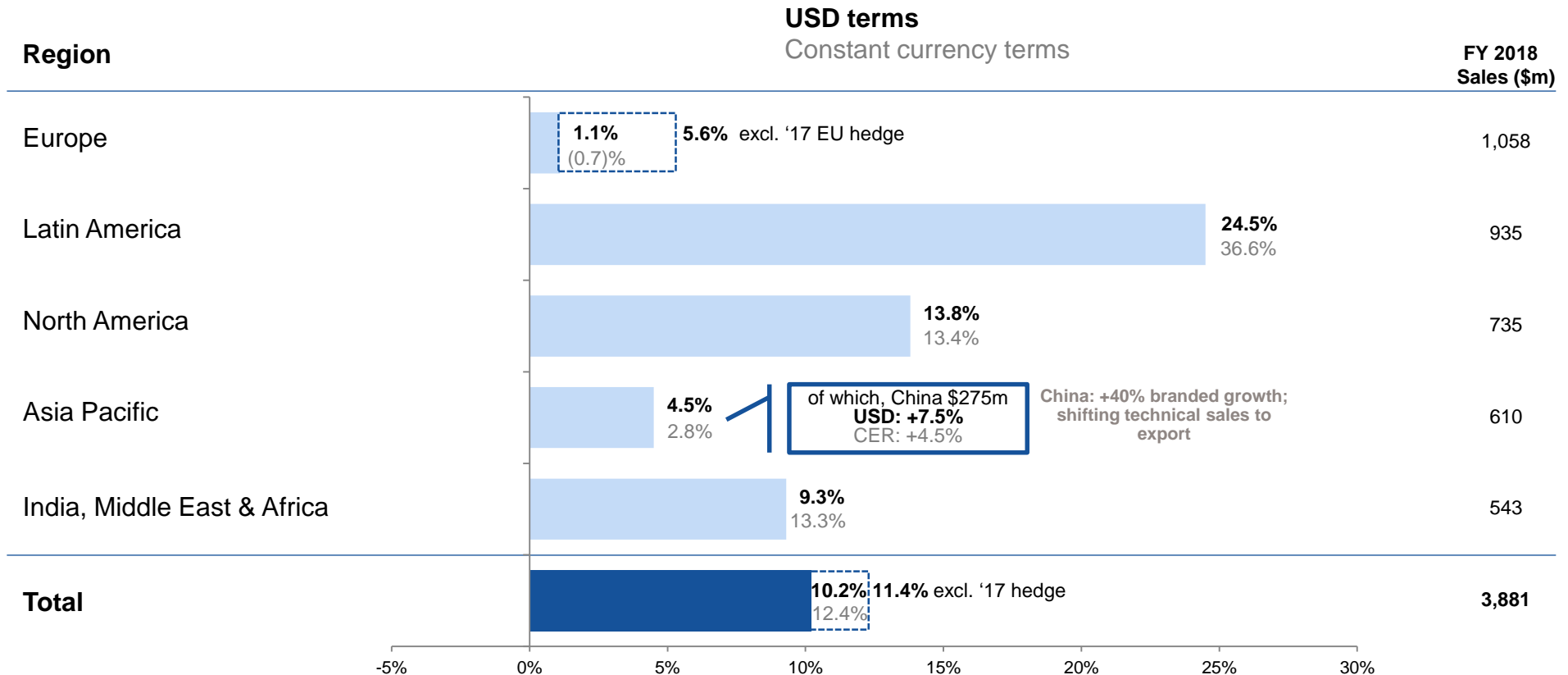
### Sales change by region



# FY: Growth across all regions drives double-digit global growth

## FY 2018 vs. FY 2017

### Sales change by region



# Regional highlights

## Europe

- Strong increase in sales (+22%) in Q4, driven by significant volume growth of an increasingly differentiated portfolio
- Closed 2018 in line with 2017, a significant achievement despite severe drought, 2017 hedge loss, supply shortages and portfolio changes, driving market share growth

### Northern Europe:

- Strong double-digit growth in Q4, following unprecedented drought earlier in the year
- Late sowing and favorable rainfall extended herbicide treatment period
- Continued robust performance in **Ukraine** with launch of several new products
- Solid growth in **Germany** and **Czech Republic**
- **Russia** saw good performance led by comprehensive sugar beet portfolio

### Southern Europe:

- Q4 sales grew despite ongoing challenging weather conditions, with summer drought only breaking in early November
- Delayed herbicide consumption and reduction of grass treatment due to lower oilseed rape planted areas; lower demand for insecticides due to late emergence of wheat
- Strong performance in southwestern markets of **Spain** and **Italy**, as well as in **France** with demand leading into the upcoming season
- Several product registrations in Q4 in **France**, **Spain**, **Portugal**, **Greece** and **Italy**, all planned for launch in 2019 season

## Key new product launches in Ukraine

TRIMBITA®  
3-way mixture combined insecticide and fungicide

CALMA®  
Growth regulator for cereals

KARNEOL®  
Distinctive dual-action fungicide for orchards



# Regional highlights

## Latin America

- Robust performance in both Q4 and full year, with growth in most markets throughout region
- Continued development of differentiated portfolio

### Brazil:

- CRONNOS TOV<sup>®</sup>, novel, three-way mixture fungicide for soybean rust, outperformed expectations in its first half-year of launch
- Solid sales of GALIL<sup>®</sup>, a unique mixture insecticide and EXPERTGROW<sup>®</sup> range of biostimulants

### LATAM:

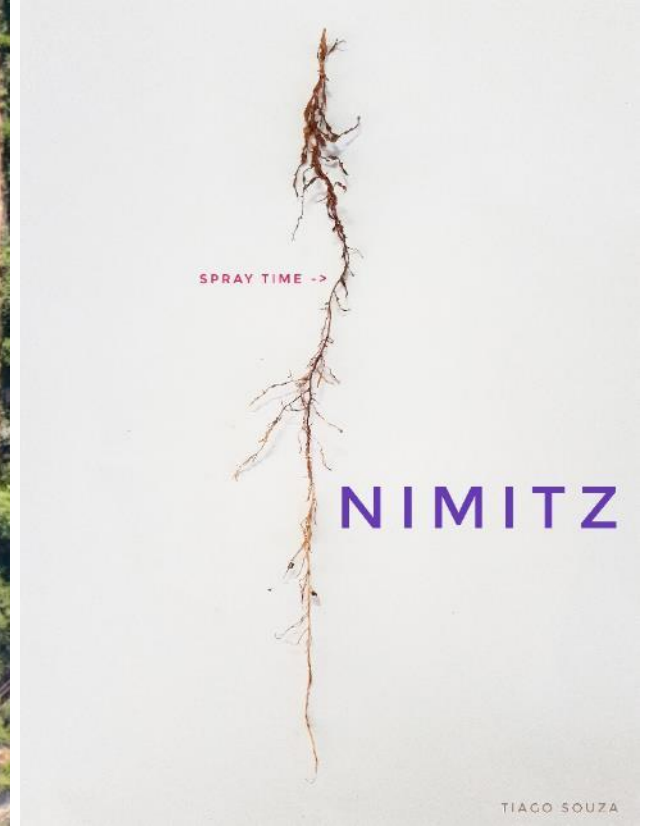
- Strong recovery in **Argentina** in Q4, despite significant rainfall delaying planting season in certain crops; successfully launched BOOMER<sup>®</sup>, a three-way mixture insecticide providing effective treatment for high insect pressure
- Solid performances in Q4 in **Colombia** and **Mexico**
- Nimitz<sup>®</sup>, innovative nematicide was launched in **Chile** and registered in other countries across the region
- CRONNOS TOV<sup>®</sup> also launched in **Paraguay** and registered in **Bolivia**
- Several new registrations:
  - KADABRA<sup>®</sup>, mixture insecticide for vegetables in **Ecuador** and **Colombia**
  - TRIVOR<sup>®</sup>, differentiated combination insecticide for rapid, extended control of sucking pests in Citrus, in **Colombia**

Successful introduction of **BOOMER<sup>®</sup>** in Argentina  
3-way mixture insecticide

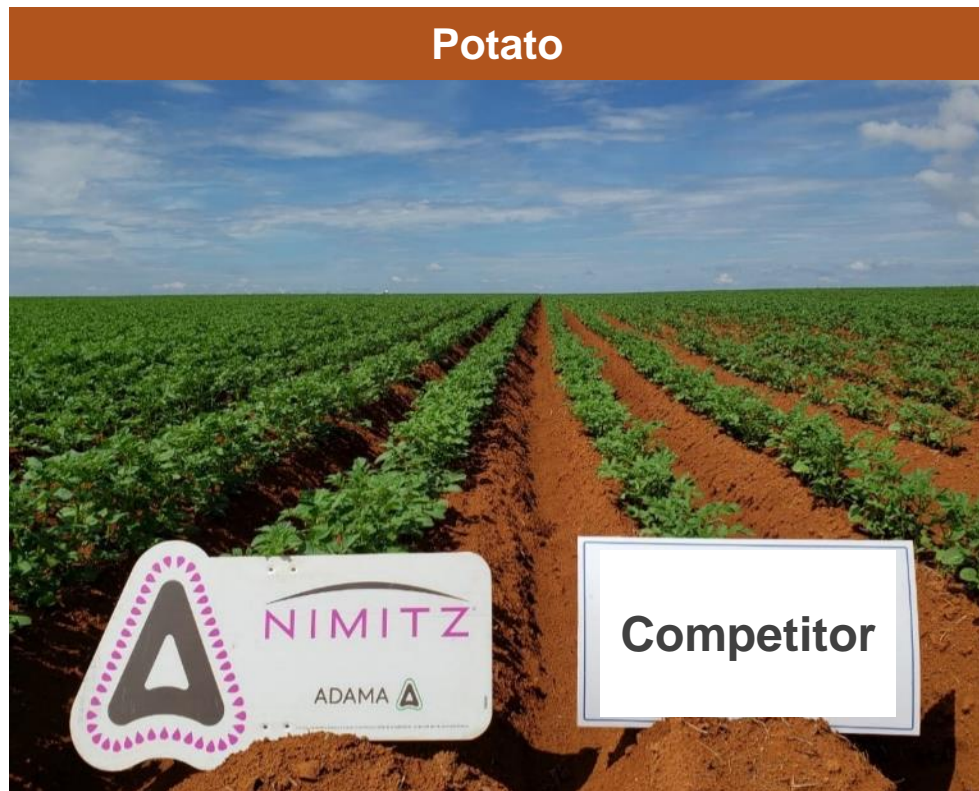
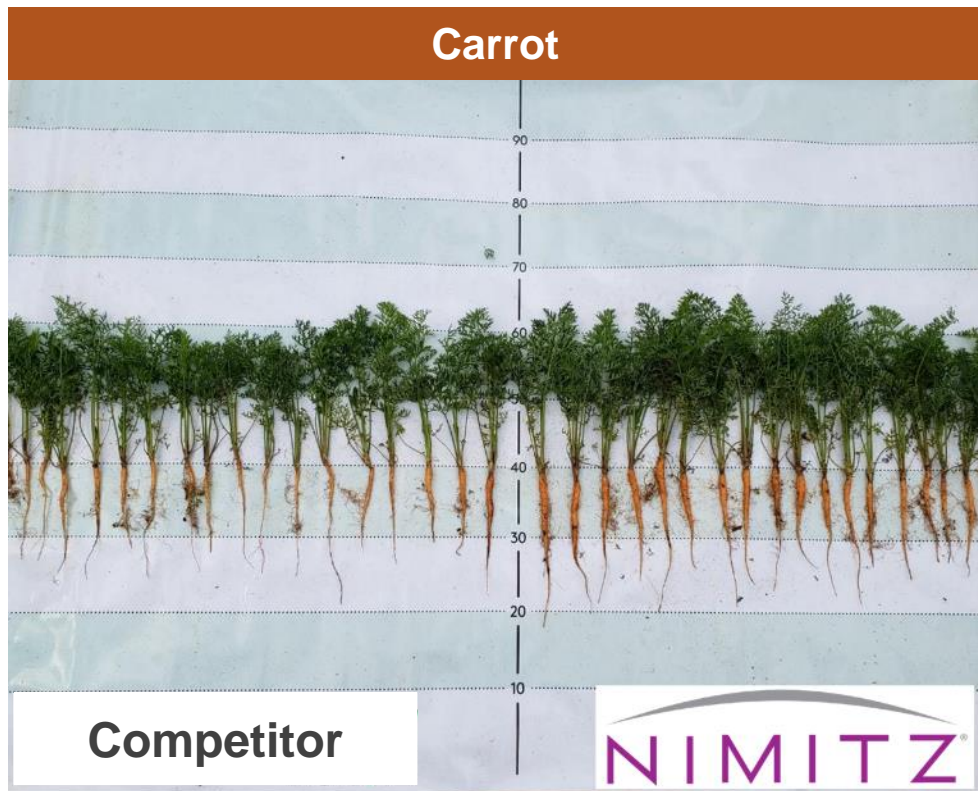


## Strong results for Nimitz

Yields increasing above 40% in guava in Brazil



## Increased productivity for NIMITZ in multiple crops in Brazil



# Regional highlights

## North America

- Robust business growth and higher prices in Q4 driven by strong demand for increasingly differentiated portfolio
- Marked performance in Q4 brought growth in the full year to 13.8%

### US Ag:

- Best ever full year sales
- Stronger pricing environment, in face of industry-wide supply shortages, compensating for higher procurement costs
- Strong demand from distributors and retail customers preparing for upcoming season

### Canada:

- Best ever full year sales, up 31% vs. last year

### Consumer & Professional Solutions:

- Double-digit growth, with continued strong momentum in both professional pest and industrial vegetation management
- **Bonide acquisition** completed January 2019, joining forces with CSI
  - Bringing expected sales of >\$70m

## Consumer & Professional Solutions: CSI's innovative, differentiated line of Aerosols being launched



# Regional highlights

## Asia-Pacific

- Strong performance in the wider region more than offset by shifting away from lower-margin sales to intermediaries globally and in China towards increased direct sales through the global network

### China:

- +40% over full year driven by strong demand for differentiated, formulated and branded products
- Prioritizing sales through ADAMA's own commercial channels by rapidly shifting away from selling unformulated, technical product to intermediaries, benefiting from full product positioning and end-to-end margin

### APAC:

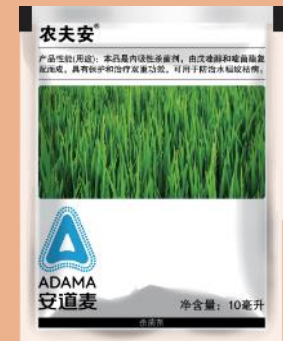
- Solid business growth and introduction of new, differentiated products alongside higher prices in Q4, despite severe drought in Australia and Indonesia, and floods in Vietnam
- Continued market share gains across region, strong performance in **Thailand, Korea and Japan**
- Several product registrations:
  - Australia:** FLAGSHIP<sup>®</sup>, new high-load herbicide for woody weed control, PLATINUM<sup>®</sup>, new high-load grass herbicide, WASP FORCE<sup>®</sup> for outdoor wasp control in non-crop market
  - Vietnam:** NIMITZ<sup>®</sup>, proprietary nematicide for use in Black Pepper
  - Philippines:** GALIL<sup>®</sup>, differentiated insecticide mixture for rice
- Anpon:** Acquisition signed 19 March 2019, in process of Closing; bringing sales of >\$200m
- Huifeng:** MOU signed January 2019 for acquisition of most of its CP business; diligence ongoing

# +40%

## Increase in China sales of branded, formulated products

### 141 salespeople

### 28 provinces



# Regional highlights

## India, Middle East & Africa

- Strong double-digit growth in full year despite extremely dry weather conditions in India and South Africa in Q4
- Continued business growth alongside higher prices, supported by robust demand for differentiated portfolio and generally favorable weather conditions in first nine months of the year
- Grew strongly in most markets across the region, most notably in **India, Turkey, Israel** and **West Africa**

### India:

- Best ever full year sales, with double-digit growth, driven by multiple new product launches and strong performance of backward-integrated products from China operations hub
- Registered **NIMITZ**<sup>®</sup>, launching in 2019
- 2018 launches include:
  - **BARAZIDE**<sup>®</sup>, an effective combination solution for the control of a wide range of lepidopteran pests
  - **SHAMIR**<sup>®</sup>, a novel dual mode of action fungicide
  - **NIMROD**<sup>®</sup> a systemic fungicide with both protective and curative activity against powdery mildew

### Middle East and Africa

- Best ever full year sales, with strong growth in **Turkey, Israel** and **West Africa**

Multiple new products  
launched  
in  
India



# Celebrating our first decade in India

## ADAMA India 10 Year Celebration



## ADAMA in India

**10**  
Years

**# 2**  
in India

**27%**  
10-year sales  
CAGR



# Business Update

ADAMA

## Acquisition of Bonide

- In January 2019, ADAMA acquired Bonide Products Inc., located in Oriskany, NY
- Bonide is a provider of pest-control solutions for the US Consumer Home & Garden market
  - 2018 sales of ~\$70 million
- Key products:
  - Weed, insect and disease control
  - Animal repellants, rodent control etc.
  - Specialty lawn care products, fertilizers, grass seeds etc.
- With a nationwide distribution network, Bonide provides enhanced access to a \$1.5 billion market

### Bonide Sells Over 400 Products in Three Brand Categories



# Acquisition of Anpon

## Business Description

- Incorporated in Huai'an in 1998
- Acquired from CNAC in March 2019
- 2018 sales of approx. \$230 million
- In 2016 merged with CNAC's Maidao, adding an advanced site
- Two product categories:
  - **Agchem products** – backward-integrated Ethephon, Pymetrozine and Buprofezin
  - **Non-Agchem products** - primarily chlor-alkali, OT, NBI, HCCP and flame retardants
- 65 registrations in China (none outside China)
- 1,100 employees
- **Transaction:**
  - Purchase price approx. \$62 million (RMB 415 million)
  - Potential additional contingent payment of up to \$60 million, depending on realization of benefits from future relocation of some of Anpon's manufacturing facilities
  - Financial consolidation from Jan 2019

## Integration with ADAMA Well Underway

- ADAMA leaders have been part of Anpon's general management since mid-2016
- Anpon's Agchem commercial team already combined with ADAMA's
- Export activities via ADAMA entities worldwide growing strongly
  - Ethephon: building market leading positions worldwide
  - Buprofezin: contributing to differentiated mixtures

## Global effort demonstrating off-patent mixture capabilities



Acephate  
+  
Buprofezin



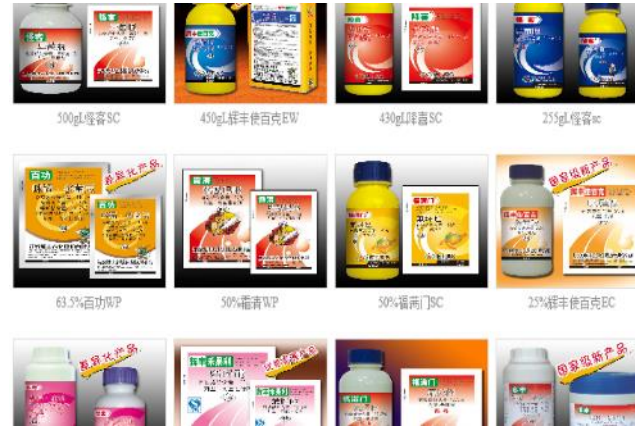
- **Ideation:** India
- **R&D:** India, Israel, China
- **Synthesis:** Jingzhou and Huai'An
- **Formulation:** India

# Potential Acquisition of Huifeng's Agrochemical Business

## Business Overview

- Part of Jiangsu Huifeng, a publicly traded AgChem and Petrochemical company
- Total AgChem sales: USD 506m (RMB 3,416m):
- AgChem employees: 2,330
- Key products:
  - Bifenthrin
  - 2,4-D
  - Epoxiconazole
  - Prochloraz
  - Dithianon
  - Bromoxynil
- March 2018: Environmental investigation forced temporary suspension of production
  - Nov 2018: Formulation lines resumed operation following successful environmental inspection
  - Jan 2019: Resumption of eight synthesis lines
- Transaction will be contingent upon full resumption of production at all in-scope sites

## Leading China Crop Protection Franchise



## Huifeng Als Complementing ADAMA's Differentiated Portfolio



### Rimon Fast®:

Bifenthrin  
+  
Novaluron



China launch:  
March 2018



# Bridge Analysis

ADAMA

# Sales

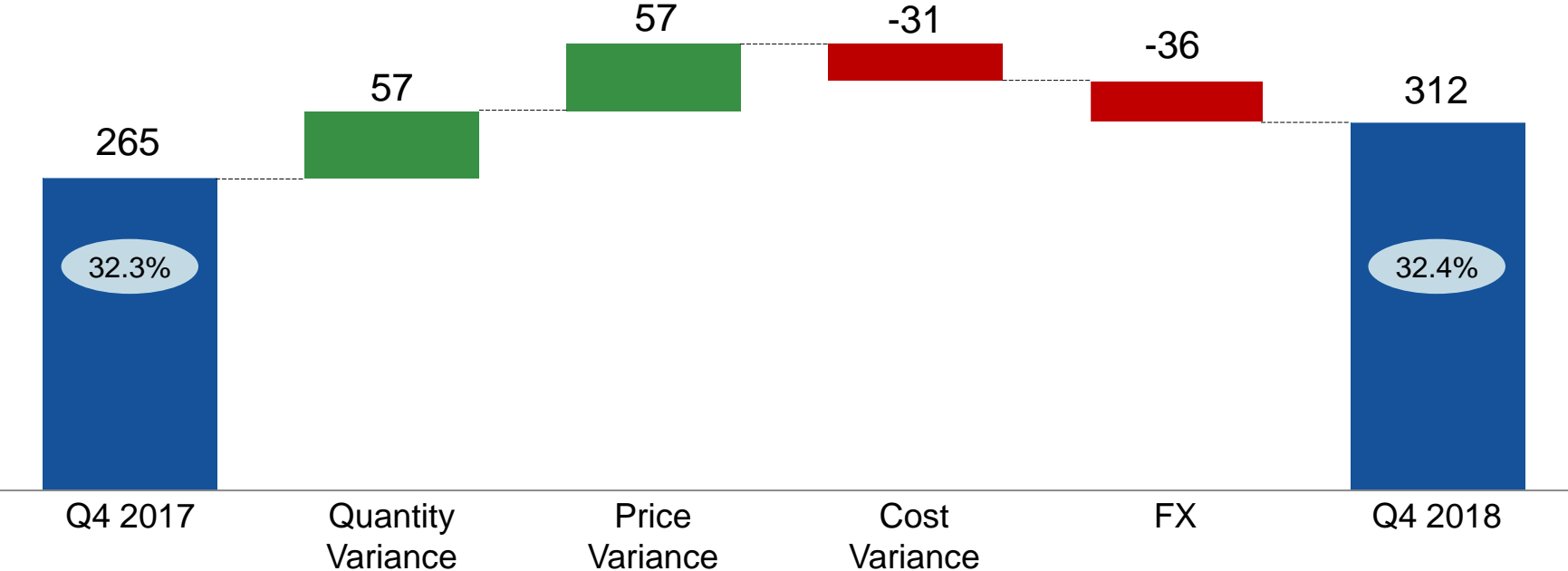
## Q4 Bridge Analysis



NOTE: FX includes currency effect on sales and hedging.

# Gross Profit

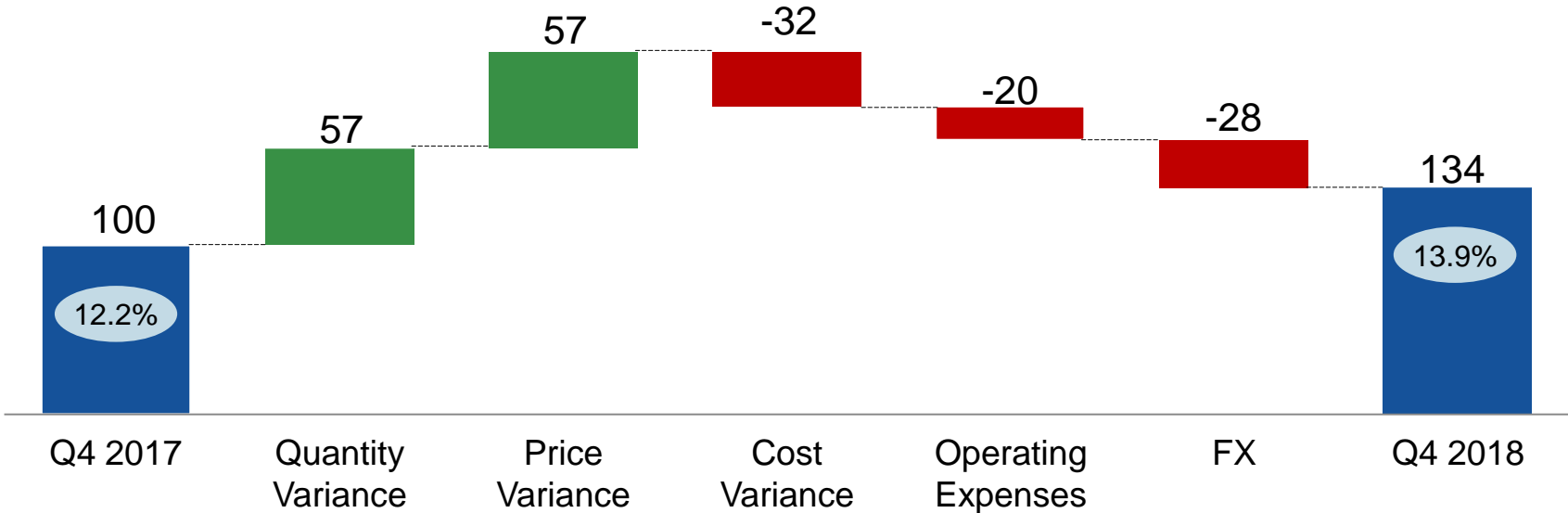
## Q4 Bridge Analysis



NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and hedging.

# EBITDA

## Q4 Bridge Analysis



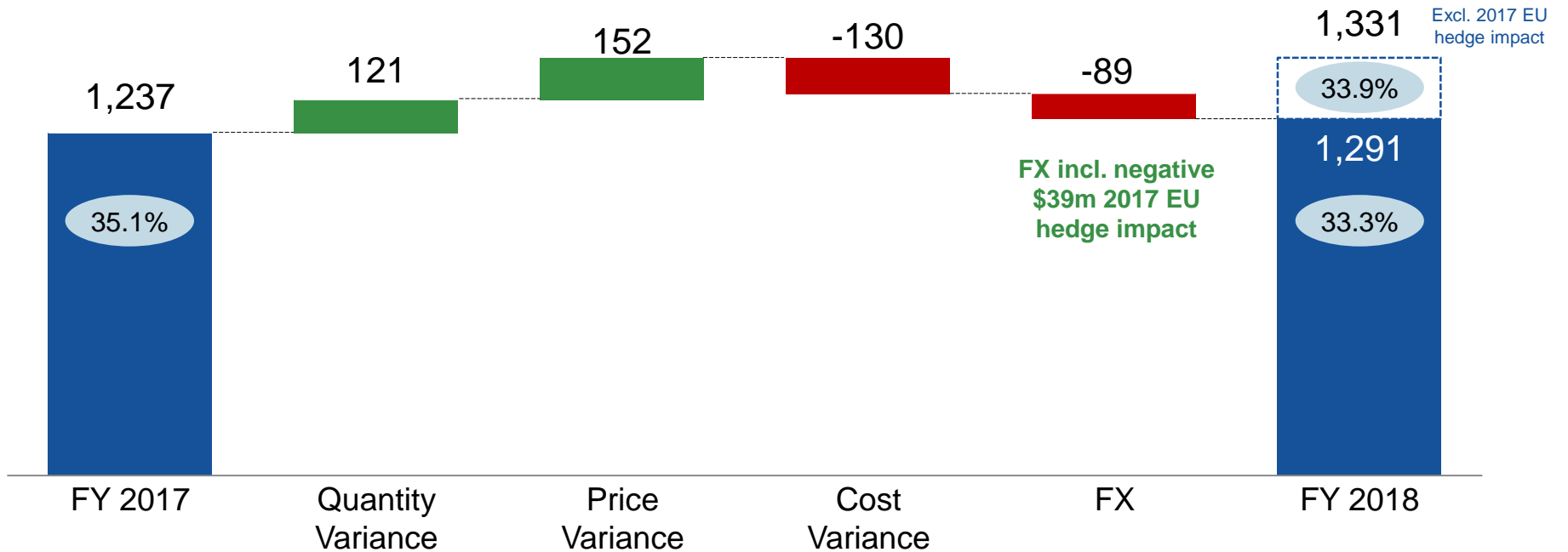
NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and hedging.

# Sales FY Bridge Analysis



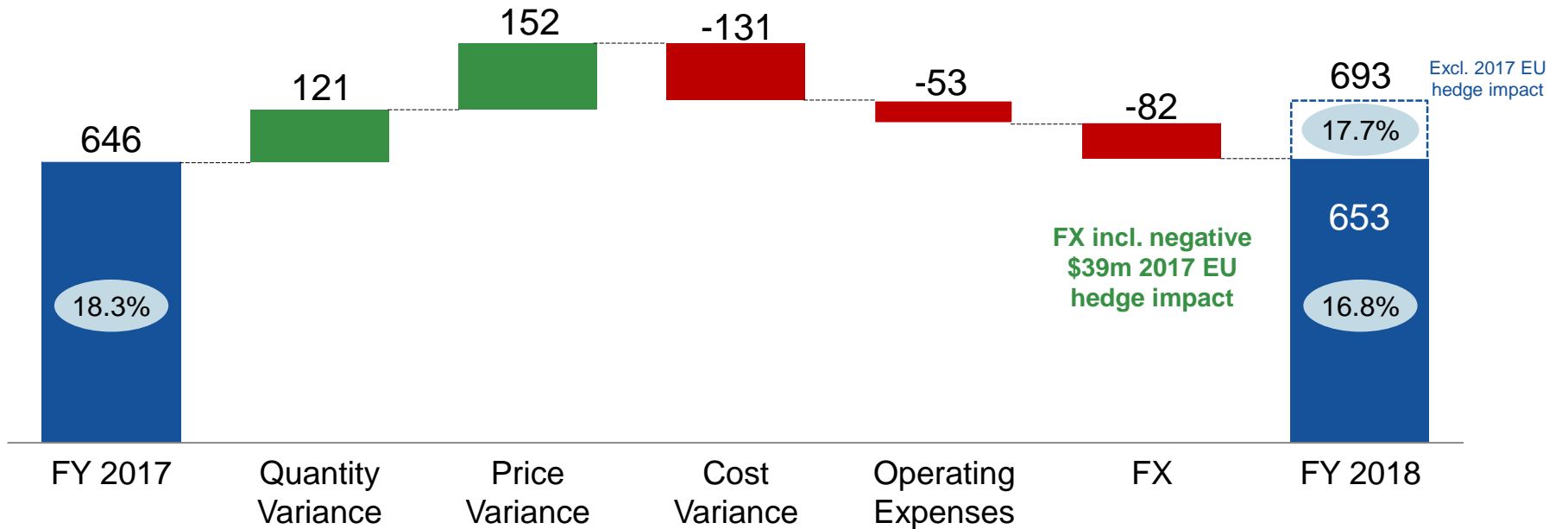
NOTE: FX includes currency effect on sales and hedging.

# Gross Profit FY Bridge Analysis



NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and hedging.

# EBITDA FY Bridge Analysis



NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and hedging.

## Our State-of-the-Art R&D Center in Neot Hovav



Inauguration Ceremony

ADAMA

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**Simply. Grow. Together.**