ADAMA Delivers First Quarter Business Growth Despite COVID-19 pandemic

USD sales and profits impacted by significant pandemic-related global currency weakness

- **Q1 Sales of $973 million, up 2% at constant exchange rates, lower by 3% in US dollar terms**
  - Solid business growth seen in Latin America and the India, Middle East & Africa region, while Europe also grew in local currency terms despite softer pricing environment
  - Constant currency sales constrained by an estimated $47 million due to COVID-19 pandemic
  - In US dollar terms, sales were impacted by a further $50 million due to the widespread depreciation of currencies, most notably the Brazilian Real, Euro and the Australian dollar, resulting from the pandemic amongst other factors

- **Q1 EBITDA of $142 million; impacted by $34 million in currency headwinds**
  - Material global currency headwinds, together with pricing pressures, mainly in Europe and China, alongside continued supply-related pressure on procurement costs, posed significant challenge to margins
  - COVID-19 pandemic constrained Q1 EBITDA by an estimated $20 million, in addition to currency headwinds
  - Continued tight control of operating expenses delivered material savings, despite inclusion of recent acquisitions as well as idleness from temporary suspension of Jingzhou site due to coronavirus outbreak in Hubei province

- **Q1 Net Income of $27 million, reflecting $62 million impact of global currency weakness**
  - Significant global currency weakness against the US dollar, especially of the Brazilian Real, adding $29 million to tax expenses
  - COVID-19 pandemic constrained Q1 Net Income by an estimated $17 million, in addition to the $62 million currency impact

BEIJING, CHINA and TEL AVIV, ISRAEL, April 27, 2020 – ADAMA Ltd. (the "Company") (SZSE 000553), today reported its financial results for the first quarter ended March 31, 2020.

During the first quarter of 2020, the global agrochemical market, amongst many others, was impacted by the unprecedented coronavirus pandemic, COVID-19. The pandemic, which started early in the quarter and now continues to rage throughout the rest of the world, has had a number of adverse effects on ADAMA's performance in the first quarter, the most significant of which were:

- In China, while operations at the Company's Huai'An, Jiangsu site have continued without material interruption, operations at the Jingzhou site in Hubei province were temporarily suspended from late January until the end of February due to the coronavirus outbreak in the province. Although operations at the site recommenced at the beginning of March, restrictions on logistics remained, impacting the free transport of goods to and from the sites and to the ports;
- Renewed tightening in supply of raw materials and intermediates sourced from third parties in China and around the world;
- Restrictions on international trading and sales through the Company's global channels, as well as increased costs of global shipping, airfreight and other logistics;
- Lower demand in the Company's US Consumer & Professional (non-crop) businesses, as retailers slowed their restocking of products due to the coronavirus outbreak;

- Significant impacts on global currency markets, which have seen the rapid depreciation of many currencies against the US dollar, most notably the Brazilian Real, Australian dollar, Turkish Lira and Indian Rupee, as well as increased volatility in the Euro. These movements have negatively impacted the Company's performance in the first quarter compared to the corresponding period last year.

The ongoing spread of the pandemic is expected to continue to negatively impact the performance of the Company in the second quarter, and potentially beyond. The Company is actively managing its response to the outbreak in order to ensure the safety of its employees and limit the impact on the Company's performance. Actions being taken include extending and strengthening distribution channels, use of expedited transport options where possible, working collaboratively with supply chain partners, and raising prices wherever possible to accommodate the weaker currencies and increased logistics costs.

Ignacio Dominguez, President and CEO of ADAMA, said, "Our resilient performance and continued business growth in the quarter was achieved in the face of the unprecedented coronavirus pandemic, which is significantly changing the way we live our lives, while also causing major disruption to global trade, including the currency markets, amongst many others. During this troubling and uncertain period, I am very proud of the response of our teams across the globe to ensure the health and safety of our employees, and mitigate the impact of the pandemic on our business."

Table 1. Financial Performance Summary

Adjusted, US$ millions	Q1 2020	Q1 2019	% Change CER	Currency Impact	% Change USD
Revenues	**973**	**1,006**	**+1.6%**	**-50**	**-3.4%**
Gross profit	**289**	**344**	**-4.8%**	**-39**	**-16.0%**
Gross margin	*29.7%*	*34.2%*			
Operating income (EBIT)	**82**	**127**	**-8.4%**	**-34**	**-35.4%**
EBIT margin	*8.4%*	*12.6%*			
Net income	**27**	**80**		**-62**	**-66.3%**
Net income margin	*2.8%*	*8.0%*			
EBITDA	**142**	**187**	**-6.1%**	**-34**	**-24.1%**
EBITDA margin	*14.6%*	*18.6%*			
Earnings per share – USD	0.0110	0.0327			
– RMB	0.0766	0.2207			

CER: Constant Exchange Rates

All income statement items contained in this release are presented on an adjusted basis. A detailed description and analysis of differences between the adjusted income statement and that reported in the financial statements is contained in the "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements" in the appendix to this release. EPS are the same for basic and diluted.

Financial Highlights

Revenues in the first quarter were $973 million, up 2% at constant exchange rates, with continued business growth in the face of the COVID-19 pandemic. Constant currency sales were constrained by an estimated $47 million due to the COVID-19 pandemic. In addition, sales were heavily impacted by the depreciation of global currencies, resulting in sales in US dollar terms being 3% below those of the same period last year.

The Company delivered solid business growth in Europe, driven by a strong performance in Eastern European countries, as well as throughout the India, Middle East & Africa region supported by favorable weather conditions in key areas. In Latin America, the Company has grown its sales in constant currency terms, strengthened by its recent acquisition in Peru, but sales in US dollar terms were impacted by the depreciation of regional currencies, most notably the Brazilian Real. Sales in North America were lower largely due to the impact of the coronavirus on demand for the Company's Consumer & Professional products. In Asia-Pacific (excluding China), a strong performance in Australia, which has begun to see a recovery from the extreme drought conditions of the past few years, largely compensated for a coronavirus-driven slowdown in East-Asian markets and the depreciation of local currencies.

In China, despite seeing continued growth in the sales of the Company's branded, formulated products, overall sales in the country were impacted by lower sales of intermediates and unformulated products, mainly those produced at the Jingzhou site which was temporarily suspended during the quarter.

Gross profit in the first quarter was $289 million (gross margin of 29.7%), compared to $344 million (gross margin of 34.2%) in the corresponding period last year. The lower gross margin was mainly a result of the material depreciation of global currencies, alongside some pricing pressure, mainly in Europe and China, and sustained high procurement costs, all of which were only partially offset by the business growth achieved in the quarter.

Operating expenses. Total operating expenses in the first quarter were $207 million (21.2% of sales), compared to $218 million (21.6% of sales) in the corresponding period last year. The Company continues to exercise tight control of its operating expenses, assisted by the beneficial impact of the strengthening of the US dollar against global currencies, achieving significant savings even while including companies acquired during 2019. The first quarter this year also saw the recording of Jingzhou-related idleness costs resulting from the temporary suspension of operations there due to the coronavirus outbreak in an amount similar to those recorded also during Q1 2019 when the sites were similarly suspended, while the first quarter last year also benefited from income related to expropriation of land.

Operating income in the quarter was $82 million (8.4% of sales), compared to $127 million (12.6% of sales) in the corresponding period last year. The widespread currency depreciation, due to the coronavirus outbreak among other factors, constrained operating income by $34 million in the quarter.

EBITDA in the quarter was $142 million (14.6% of sales), compared to $187 million (18.6% of sales) recorded in the corresponding period last year. The lower EBITDA in the quarter was driven by the lower gross profit, which was partially offset by the reduction in operating expenses. The COVID-19 pandemic constrained Q1 EBITDA by an estimated $20 million, in addition to the $34 million in currency headwinds due, amongst other factors, to the coronavirus outbreak.

Financial expenses and investment income. Total net financial expenses and investment income were $31 million in the first quarter, compared to $37 million in the corresponding period last year. The lower financial expenses in the quarter reflect financial income earned due to the effect of the appreciation of the US dollar against the RMB on the value of US dollar-denominated monetary assets in China, while the higher expenses in the prior year resulted from the opposite. This financial income in the quarter more than offset the slightly increased interest costs on higher net debt levels.

Tax expenses. Net tax expenses were $24 million in the first quarter, compared to $9 million in the corresponding period last year. The higher expense was largely due to the impact of weakening of currencies against the US dollar, most notably that of the Brazilian Real, driving higher non-cash tax

expenses due to differences between the functional (US dollar) and tax (local) currencies regarding the value of non-monetary assets.

Net income in the first quarter was $27 million (2.8% of sales) compared to $80 million (8.0% of sales) recorded in the corresponding period last year, reflecting the lower operating income and higher tax expenses. The COVID-19 pandemic constrained Q1 Net Income by an estimated $17 million, in addition to the $62 million impact of global currency movements.

Trade working capital at March 31, 2020 was $2,178 million, compared to $2,082 million at the same point last year. The slightly higher level reflects higher trade receivables and lower trade payables, which were partially offset by lower inventory levels. The higher trade receivables were driven largely by the Company's strong growth over the last year in Latin America, especially Brazil, where customer credit terms are generally longer. Although trade payables were somewhat lower in comparison to their levels a year ago, they were significantly improved over the course of the quarter, contributing to the improvement in operating cash flow.

Cash Flow. Operating cash flow of $55 million was consumed in the first quarter, compared to $191 million consumed in the corresponding period last year. The improved operating cash flow in the quarter mainly reflects the improvement in working capital during the quarter compared to the parallel period last year.

Net cash used in investing activities was $53 million in the first quarter, compared to $159 million in the corresponding period last year which included the acquisition of Bonide.

Free cash flow of $116 million was consumed in the first quarter compared to $355 million consumed in the same period last year, reflecting the improvement in operating cash flow in the first quarter of this year, contrasted with the higher investment levels and acquisitions of the same period in 2019.

Leverage: Balance sheet net debt at March 31, 2020 stood at $1,189 million, compared to $875 million as at March 31, 2019, largely reflecting the 2019 acquisitions and the assumption of their debt, as well as capital investments in portfolio expansion and the Company's other growth engines.

Regional Sales Performance

	Q1 2020 $m	Q1 2019 $m	Change CER	Change USD
Europe	357	360	+2.7%	-1.0%
North America	168	180	-6.0%	-6.7%
Latin America	159	159	+12.5%	-0.3%
Asia Pacific	158	186	-9.8%	-14.9%
Of which, China	*68*	*94*	*-24.6%*	*-27.1%*
India, Middle East & Africa	131	121	+12.5%	+8.3%
Total	**973**	**1,006**	**+1.6%**	**-3.4%**

CER: Constant Exchange Rates

Europe: Sales increased by 2.7% in the first quarter at constant exchange rates, compared with the corresponding period last year, driven by continued business growth, partially offset by lower prices resulting from high inventory levels in the industry's distribution channels.

In Northern Europe, ADAMA saw pleasing business growth in the quarter, partially recovering from supply constraints seen in 2019 that affected key products. The Company delivered robust growth in most Eastern European countries supported by favorable weather conditions, with noteworthy performances recorded in Russia and Ukraine, where the Company is seeing continued market share gains, as well as Hungary and Romania, which benefited from an early start to the 2020 season. In addition, the Company grew in the key western European markets of France and Italy.

In US dollar terms, sales in Europe were lower by 1.0% in the quarter, compared to the corresponding period last year, reflecting the net impact of weaker currencies, largely due to the coronavirus outbreak.

North America: Sales in the quarter were lower by 6.0%, at constant exchange rates, compared to the corresponding period last year, largely due to the impact of the coronavirus which reduced demand for the Company's Consumer & Professional (non-crop) products.

The Company recorded strong business growth in Canada with solid demand for crop protection products, as well as favorable weather conditions. In the US, ADAMA obtained two new rice herbicide registrations in the quarter, enhancing its portfolio of solutions for conventional rice and complementing ADAMA's Preface™ and Postscript™ herbicides for the FullPage™ Rice Cropping Solution, furthering the Company's offering to rice farmers.

In US dollar terms, sales in North America were lower by 6.7% in the quarter, compared to the corresponding period last year, reflecting the coronavirus-related weakening of the Canadian Dollar.

Latin America: Sales grew by 12.5% in the first quarter, at constant exchange rates, compared to the corresponding period last year. The robust performance was driven by strong business growth, bolstered by the Company's recent acquisition in Peru, alongside continued price increases.

The Company saw continued constant-currency business growth in Brazil in the quarter, despite drought conditions which delayed the planting season in key crops including soybean and reduced application of fungicides. Noteworthy performances were also recorded in the quarter in Mexico, benefiting from good weather conditions particularly in the Pacific region, as well as Colombia and Ecuador, driven by a good harvest season in key crops.

ADAMA continues to expand its differentiated product offering in the region with the launch during the quarter of EMINENT®, a dual mode broad-spectrum insecticide, in Argentina. The Company also obtained the registration of UBERTOP®, an insecticide used mainly for the control of a wide range of pests in tomato and cabbage, in Mexico.

In US dollar terms, sales in Latin America were lower by 0.3% in the quarter, compared to the corresponding period last year, reflecting the significant depreciation of regional currencies, most notably the Brazilian Real, as a result of the coronavirus outbreak.

Asia-Pacific: Sales were lower by 9.8% in the quarter, at constant exchange rates, compared to the corresponding period last year, due largely to the outbreak of the COVID-19 pandemic, which started early in the quarter.

In Asia-Pacific (excluding China), a strong performance in Australia, which has begun to see a recovery from the extreme drought conditions of the past few years, largely compensated for a coronavirus-driven slowdown in East-Asian markets. In China, despite seeing continued growth in the sales of the Company's branded, formulated products, overall sales in the country were impacted by the coronavirus outbreak which resulted in logistics and supply challenges, and reduced sales of intermediates and unformulated products from the temporarily suspended Jingzhou site.

During the quarter, the Company launched new products including QUALIPRO ENCLAVE®, a quadruple-mode of action fungicide mixture for use in turf in Australia, and obtained multiple new

product registrations in the region, including BALORIC® and SOLITO®, an early post-emergence rice herbicide, in Thailand and Indonesia.

In US dollar terms, sales in Asia-Pacific were lower by 14.9% in the quarter, compared to the corresponding period last year, reflecting the impact of weaker currencies following the coronavirus outbreak.

India, Middle East & Africa: Sales in the first quarter grew by 12.5%, at constant exchange rates, compared to the corresponding period last year. The Company recorded robust business growth in all major markets throughout the region, alongside increased prices, despite the impact of the missing sales of Jingzhou old site products resulting from the temporary suspension of operations there due to the coronavirus outbreak.

ADAMA delivered solid business growth in India combined with higher pricing, in spite of a countrywide lockdown enforced by the Indian government that commenced towards the end of the quarter. The Company also grew strongly in South Africa and Israel, benefiting from favorable weather conditions, and delivered pleasing results in Turkey from where the Company is also expanding its presence into surrounding countries in the region.

In US dollar terms, sales in the region grew by 8.3% in the quarter, compared to the corresponding period last year, reflecting the impact of softer currencies, which were adversely affected by the coronavirus outbreak, most notably the Turkish Lira and the Indian Rupee.

2017 ADAMA-Sanonda Combination: Value Adjustment Mechanism

Within the context of the 2017 combination between Hubei Sanonda Co. Ltd. ("Sanonda", as it was then known) and Adama Agricultural Solutions Ltd. ("Solutions"), the Company entered into a Performance Compensation Agreement with CNAC, then the 100% owner of Solutions and the controlling shareholder of Sanonda. Under this agreement, CNAC made a commitment regarding Solutions' aggregate net profit in 2017, 2018 and 2019. In case of failure to meet the commitment, CNAC is required to compensate the Company either through shares or cash according to a predetermined formula. The aggregate net profit commitment for the 2017-2019 period, as agreed to by CNAC, was an amount of $543.4 million. Despite Solutions' strong performance during the three-year period, due to exogenous reasons, the calculated net profit of Solutions for this period has now been determined to be approximately $512.7 million, implying a shortfall of approximately $30.7 million. This shortfall was caused entirely by the impact of the Divestment & Transfer of several products that Solutions implemented to facilitate the approval by the EU Commission of the acquisition of Syngenta by ChemChina, which caused an aggregate of $66 million in incremental non-cash amortization charges related to the written-up value of the assets received from Syngenta. Absent these non-cash amortization charges, Solutions would have exceeded the profit commitment by approximately $35 million.

As a result, CNAC will be required to return to the Company 102,432,280 out of the 1,810,883,039 shares it received in the Company in exchange for the transfer of 100% of Solutions to the Company in 2017, and return the relevant portion of the dividends it received in respect of such shares. Following their receipt, these shares will be canceled by the Company. As a result, the total number of shares in issue will be reduced to 2,344,121,302, and CNAC's aggregate ownership in the Company will reduce from 78.9% to 78.0%.

In addition to the profit commitment, and as required by the relevant regulation, an independent valuation of Solutions' has been performed in order to assess any potential diminution in the value of Solutions. Following the performance of such valuation, it has been determined that no such diminution has occurred.

Revenues by operating segment

First quarter sales by segment

	Q1 2020 USD(m)	%	Q1 2019 USD(m)	%
Crop Protection	885	91.0%	910	90.4%
Intermediates and Ingredients	88	9.0%	97	9.6%
Total	**973**	**100.0%**	**1,006**	**100.0%**

First quarter sales by product category

	Q1 2020 USD(m)	%	Q1 2019 USD(m)	%
Herbicides	441	45.3%	458	45.5%
Insecticides	217	22.3%	268	26.6%
Fungicides	227	23.3%	184	18.3%
Intermediates and Ingredients	88	9.0%	97	9.6%
Total	**973**	**100.0%**	**1,006**	**100.0%**

Note: the sales split per product category is provided for convenience purposes only, and is not representative of the way the Company is managed or in which it makes its operational decisions.

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.

##

About ADAMA

ADAMA Ltd. is a global leader in crop protection, providing solutions to farmers across the world to combat weeds, insects and disease. ADAMA has one of the widest and most diverse portfolios of active ingredients in the world, state-of-the art R&D, manufacturing and formulation facilities, together with a culture that empowers our people in markets around the world to listen to farmers and ideate from the field. This uniquely positions ADAMA to offer a vast array of distinctive mixtures, formulations and high-quality differentiated products, delivering solutions that meet local farmer and customer needs in over 100 countries globally. For more information, visit us at www.ADAMA.com and follow us on Twitter® at @ADAMAAgri.

Contact

Ben Cohen
Global Investor Relations
Email: ir@adama.com

Zhujun Wang
China Investor Relations
Email: irchina@adama.com

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 2020 USD(m)	Q1 2019 USD(m)	Q1 2020 RMB(m)	Q1 2019 RMB(m)
Revenues	**973**	**1,006**	**6,782**	**6,788**
Cost of Sales	681	659	4,750	4,442
Business taxes and surcharges	3	4	19	25
Gross profit	**289**	**344**	**2,013**	**2,321**
% of revenue	*29.7%*	*34.2%*	*29.7%*	*34.2%*
Selling & Distribution expenses	*159*	*164*	*1,106*	*1,103*
General & Administrative expenses	*28*	*32*	*194*	*217*
Research & Development expenses	*13*	*14*	*92*	*96*
Other	*7*	*8*	*48*	*52*
Total operating expenses	207	218	1,440	1,468
% of revenue	*21.2%*	*21.6%*	*21.2%*	*21.6%*
Operating income (EBIT)	**82**	**127**	**573**	**853**
% of revenue	*8.4%*	*12.6%*	*8.4%*	*12.6%*
Financial expenses and investment income	31	37	217	252
Income before taxes	**51**	**89**	**356**	**601**
Taxes on Income	24	9	169	61
Net income	**27**	**80**	**187**	**540**
% of revenue	*2.8%*	*8.0%*	*2.8%*	*8.0%*
EBITDA	**142**	**187**	**993**	**1,264**
% of revenue	*14.6%*	*18.6%*	*14.6%*	*18.6%*
Earnings per Share – Basic	*0.0110*	*0.0327*	*0.0766*	*0.2207*
– Diluted	*0.0110*	*0.0327*	*0.0766*	*0.2207*

The number of shares used to calculate both basic and diluted 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".

Abridged Consolidated Balance Sheet

	March 31 2020 USD (m)	March 31 2019 USD (m)	March 31 2020 RMB (m)	March 31 2019 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	602	713	4,264	4,801
Bills and accounts receivable	1,414	1,344	10,019	9,052
Inventories	1,424	1,482	10,091	9,979
Other current assets, receivables and prepaid expenses	461	290	3,264	1,949
Total current assets	**3,901**	**3,829**	**27,638**	**25,781**
Non-current assets:				
Fixed assets, net	1,099	1,134	7,786	7,637
Rights of use assets	75	79	534	534
Intangible assets, net	1,455	1,497	10,308	10,077
Deferred tax assets	118	119	833	801
Other non-current assets	96	100	681	674
Total non-current assets	**2,843**	**2,929**	**20,142**	**19,723**
Total assets	**6,744**	**6,758**	**47,780**	**45,504**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	507	390	3,595	2,627
Bills and accounts payable	680	767	4,814	5,163
Other current liabilities	813	796	5,760	5,358
Total current liabilities	**2,000**	**1,953**	**14,169**	**13,148**
Long-term liabilities:				
Long-term loans from banks and other lenders	167	70	1,181	472
Debentures	1,101	1,147	7,804	7,723
Deferred tax liabilities	63	56	448	380
Employee benefits	97	87	687	588
Other long-term liabilities	140	141	991	950
Total long-term liabilities	**1,568**	**1,501**	**11,111**	**10,113**
Total liabilities	**3,568**	**3,454**	**25,280**	**23,261**
Equity				
Total equity	3,176	3,304	22,500	22,243
Total equity	**3,176**	**3,304**	**22,500**	**22,243**
Total liabilities and equity	**6,744**	**6,758**	**47,780**	**45,504**

Abridged Consolidated Cash Flow Statement for the First Quarter

	Q1 2020 USD (m)	Q1 2019 USD (m)	Q1 2020 RMB (m)	Q1 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	-55	-191	-385	-1,232
Cash flow from operating activities	**-55**	**-191**	**-385**	**-1,232**
Investing activities:				
Acquisitions of fixed and intangible assets	-51	-43	-357	-321
Proceeds from disposal of fixed and intangible assets	1	5	9	31
Acquisition of subsidiaries	-	-122	-	-825
Other investing activities	-3	1	-25	10
Cash flow used for investing activities	**-53**	**-159**	**-373**	**-1,105**
Financing activities:				
Receipt of loans from banks and other lenders	171	228	1,194	1,358
Repayment of loans from banks and other lenders	-61	-38	-429	-110
Other financing activities	-20	-66	-136	-426
Cash flow from (used for) financing activities	**90**	**124**	**629**	**823**
Effects of exchange rate movement on cash and cash equivalents	**-3**	**5**	**47**	**-78**
Net change in cash and cash equivalents	**-21**	**-221**	**-82**	**-1,593**
Cash and cash equivalents at the beginning of the period	619	925	4,320	6,043
Cash and cash equivalents at the end of the period	**598**	**704**	**4,238**	**4,450**
Free Cash Flow	**-116**	**-355**	**-805**	**-2,394**
Free Cash Flow excl. acquisitions	**-116**	**-232**	**-805**	**-1,569**

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, 2020 and 2019 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; 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; financial assets in respect of derivatives; prepayments; other receivables; and other current assets
- "Fixed assets, net" includes fixed assets and construction in progress
- "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 other lenders" includes short-term loans and non-current liabilities due within one year
- "Other current liabilities" includes financial liabilities in respect of derivatives; payables for employee benefits, taxes, interest, dividends and others; advances from customers and other current liabilities
- "Other long-term liabilities" includes long-term payables, provisions, deferred income and other non-current liabilities

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

Q1	Adjusted		Adjustments		Reported	
USD(m)	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenues	973	1,006	-	-	973	1,006
Gross profit	289	344	1	1	288	343
Operating expenses	207	218	-30	-29	237	247
Operating income (EBIT)	82	127	31	30	51	97
Income before taxes	51	89	31	28	20	61
Net income	27	80	29	26	-2	54
EBITDA	142	187	9	5	133	183
Earnings per share	0.0110	0.0327			-0.0010	0.0222

Q1	Adjusted		Adjustments		Reported	
RMB(m)	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenues	6,782	6,788	-	-	6,782	6,788
Gross profit	2,013	2,321	7	7	2,006	2,314
Operating expenses	1,440	1,468	-212	-195	1,652	1,663
Operating income (EBIT)	573	853	219	202	354	651
Income before taxes	356	601	219	186	137	415
Net income	187	540	204	173	-17	367
EBITDA	993	1,264	65	32	928	1,232
Earnings per share	0.0766	0.2207			-0.0068	0.1499

Income Statement Adjustments

	Q1 2020 USD (m)	Q1 2019 USD (m)	Q1 2020 RMB (m)	Q1 2019 RMB (m)
Net Income (Reported)	**-2.4**	**54.4**	**-16.7**	**366.8**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	11.5	11.5	79.9	77.2
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.9	10.6	54.9	71.7
3. China Relocation & Upgrade related costs	0.9	2.3	6.3	15.5
4. Long-term incentive (non-cash)	0.7	4.7	5.1	31.9
5. Amortization of acquisition-related PPA (non-cash)	1.8	0.9	12.9	6.1
6. Employee early retirement expenses	8.6	-	59.8	-
Total Adjustments to Operating Income (EBIT)	**31.4**	**30.0**	**218.9**	**202.4**
Total Adjustments to EBITDA	**9.3**	**4.7**	**64.9**	**31.9**
Adjustments to Financing Expenses:				
7. Revaluation of non-cash adjustment related to non-controlling interest	-	-2.4	-	-16.1
Total Adjustments to Income before Taxes	**31.4**	**27.6**	**218.9**	**186.3**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	-1.9	-1.9	-13.6	-13.1
5. Deferred tax due to PPA	-0.2	-	1.1	-
Total adjustments to Net Income	**29.3**	**25.7**	**204.1**	**173.2**
Net Income (Adjusted)	**26.9**	**80.1**	**187.5**	**540.0**

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. **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 in 2018 the Company excluded the one-time gain that it made on the divested products, the additional amortization charge 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.
3. **China Relocation & Upgrade related costs:** These are non-cash accelerated depreciation charges related to the three-year Relocation & Upgrade program in China. 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, 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.
4. **Long-term Incentive (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 and to reflect the existing phantom options, in the Company's adjusted financial performance, the LTI is presented on an equity-settled basis in accordance with the value of the existing plan at the grant date.
5. **Amortization of acquisition-related PPA (non-cash)**: Related to the amortization of non-cash intangible assets created as part of the allocation of the purchase price (PPA) on acquisitions; has no impact on the ongoing performance of the companies acquired.
6. **Employee early retirement expenses:** Provision for early retirement plan of employees at one of the Israeli manufacturing sites
7. **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.

Exchange Rate Data for the Company's Principal Functional Currencies

	March 31			Q1 Average		
	2020	2019	Change	2020	2019	Change
EUR/USD	1.094	1.123	(2.6%)	1.102	1.136	(3.0%)
USD/BRL	5.199	3.897	(33.4%)	4.458	3.771	(18.2%)
USD/PLN	4.147	3.837	(8.1%)	3.920	3.790	(3.4%)
USD/ZAR	17.89	14.64	(22.2%)	15.351	14.018	(9.5%)
AUD/USD	0.609	0.708	(14.0%)	0.658	0.713	(7.7%)
GBP/USD	1.234	1.303	(5.3%)	1.234	1.302	(5.3%)
USD/ILS	3.565	3.632	1.8%	3.565	3.644	2.2%
USD LIBOR 3M	1.45%	2.60%	(44.2%)	1.53%	2.69%	(43.1%)

	March 31			Q1 Average		
	2020	2019	Change	2020	2019	Change
USD/RMB	7.085	6.734	5.2%	6.974	6.744	3.4%
EUR/RMB	7.751	7.561	2.5%	7.687	7.660	0.3%
RMB/BRL	0.734	0.579	(26.8%)	0.639	0.559	(14.3%)
RMB/PLN	0.585	0.570	(2.7%)	0.562	0.562	(0.0%)
RMB/ZAR	2.525	2.174	(16.1%)	2.201	2.079	(5.9%)
AUD/RMB	4.317	4.770	(9.5%)	4.586	4.806	(4.6%)
GBP/RMB	8.742	8.774	(0.4%)	8.926	8.784	1.6%
RMB/ILS	0.503	0.539	6.7%	0.501	0.540	7.2%