

Q2 & H1 2020 Review

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Financial Performance Overview

Q2: Robust CER Performance; Weak Currencies Impacting USD Sales Growth and Profitability

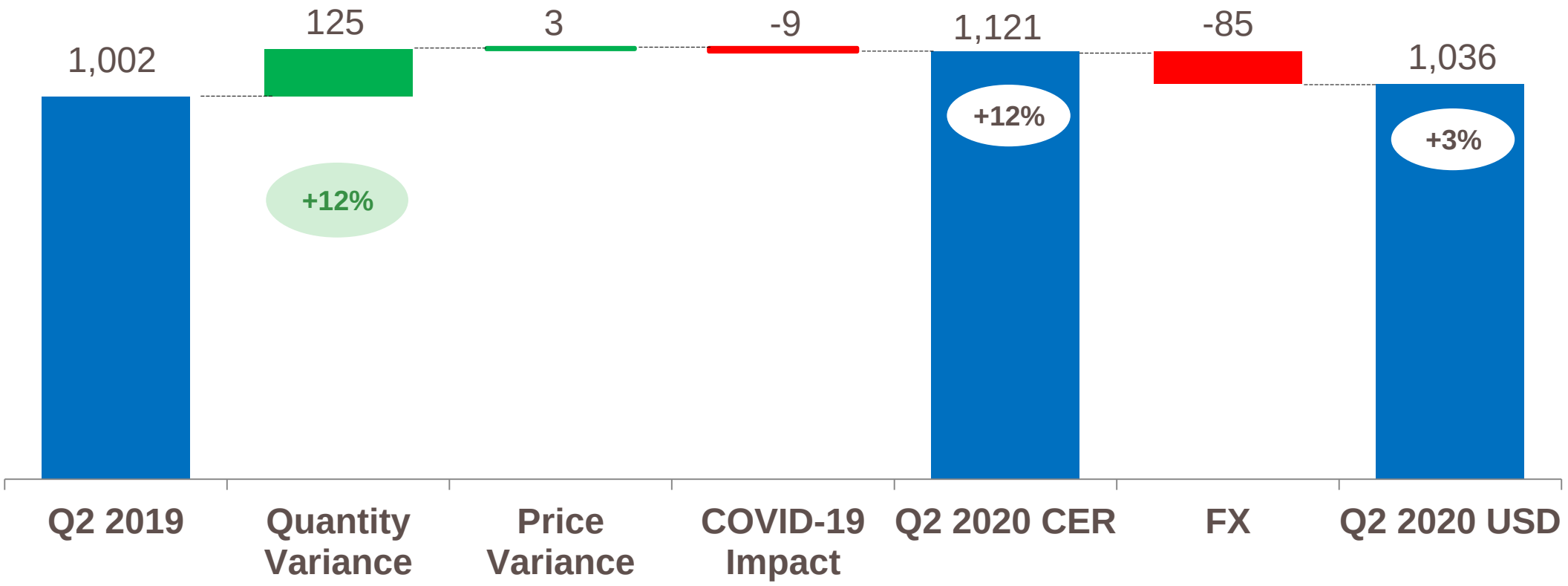
Adj. $ million	Q2 2020	Q2 2019	%▲ USD	FX Impact	CER
Sales	1,036	1,002	**+3%**	(85)	**+12%**
Gross Profit	306	327	**-7%**	(70)	**+15%**
% of Sales	*29.5%*	*32.6%*			*33.5%*
EBITDA	163	177	**-8%**	(61)	**+27%**
% of Sales	*15.8%*	*17.7%*			*20.0%*
Net Income	47	51	**-8%**	(55)	**+100%**
% of Sales	*4.5%*	*5.1%*			*9.1%*

Q2 Highlights

- **Sales**
  - Strong volume growth led by robust performances in emerging markets
  - FX impact: -$85m; COVID-19 impact: -$9m
- **Gross Profit**
  - Strong volume growth alongside continued price increases and improved product mix
  - However, more than offset by currency headwinds
  - FX impact: -$70m; COVID-19 impact: -$2m
- **EBITDA**
  - Reduction in operating expenses only partially offset lower gross profit
  - FX impact: -$61m
- **Net income**
  - Lower financial expenses vs. Q2'19 only partially mitigating lower operating income
  - FX impact: -$55m

Q2 Sales: Robust CER Performance, Driven by Strong Volume Growth and Higher Prices

Sales Bridge Analysis



NOTE: FX includes currency effect on sales and hedging

H1: Strong Q2 performance closing the sales gap from Q1 COVID-19 and FX headwinds

Adj. $ million	H1 2020	H1 2019	%▲ USD	FX Impact	CER
Sales	2,008	2,008	-	(135)	+7%
Gross Profit	595	673	-12%	(109)	+5%
% of Sales	*29.6%*	*33.5%*			*32.8%*
EBITDA	306	365	-16%	(94)	+10%
% of Sales	*15.2%*	*18.2%*			*18.6%*
Net Income	74	131	-44%	(117)	+46%
% of Sales	*3.7%*	*6.5%*			*8.9%*

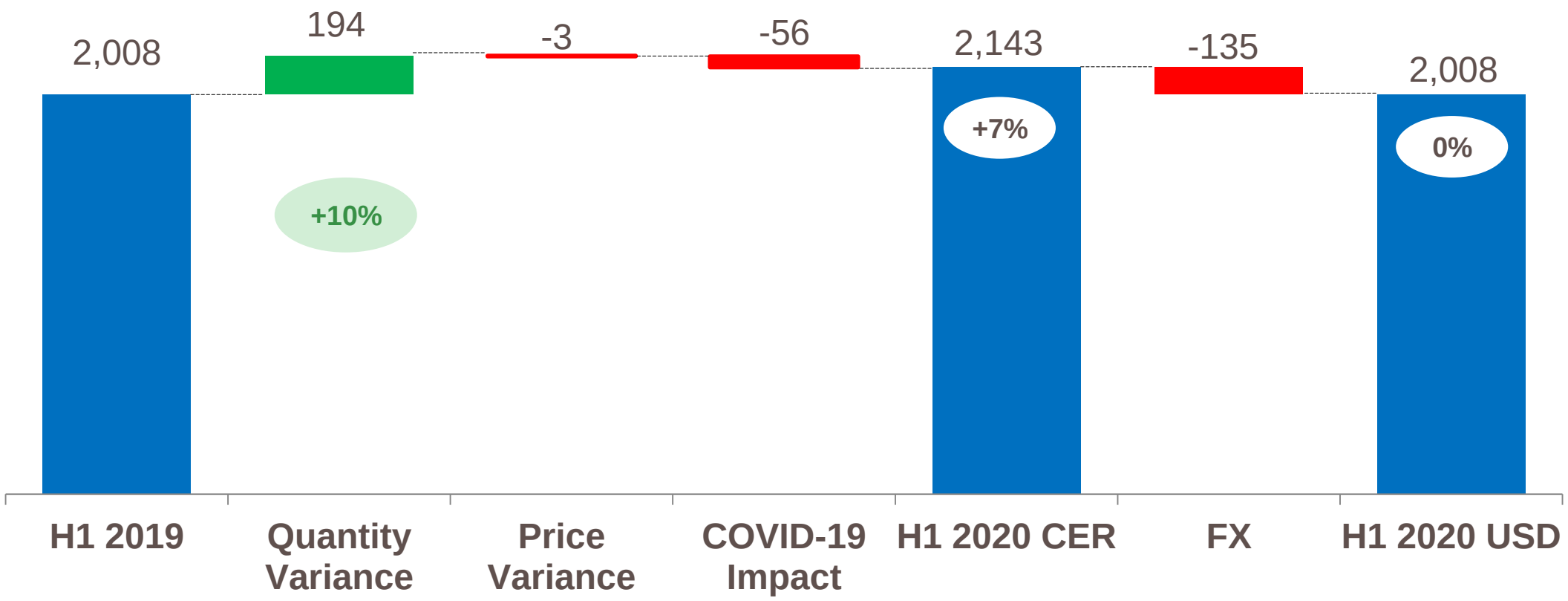
H1 Highlights

- **Sales**
  - Strong Q2 performance brought H1 to match last year's record high
  - 10% volume growth
  - FX impact: -$135m; COVID-19 impact: -$56m
- **Gross Profit**
  - Robust volume growth offset by higher costs, FX
  - FX impact: -$109m; COVID-19 impact: -$16m
- **EBITDA**
  - Significant impact of global currency weakness more than offset volume growth and reduction in operating expenses
  - FX impact: -$94m; COVID-19 impact: -$15m
- **Net income**
  - Higher tax expense largely due to BRL weakness against USD ($23 million impact vs. H1 2019)
  - FX impact: -$117m; COVID-19 impact: -$12m

Currency weakness a significant drag on sales growth and profitability

H1 Sales – Strong CER Performance Despite COVID-19, further impacted by FX Weakness

Sales Bridge Analysis



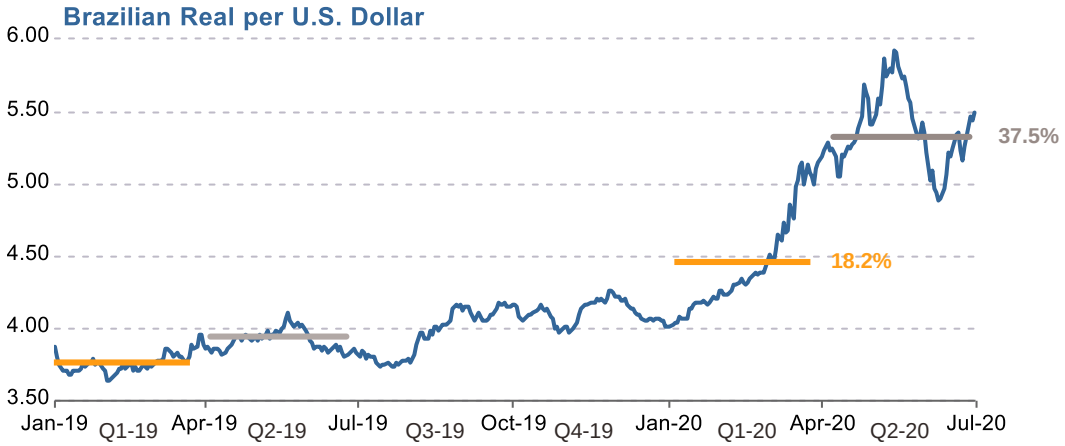
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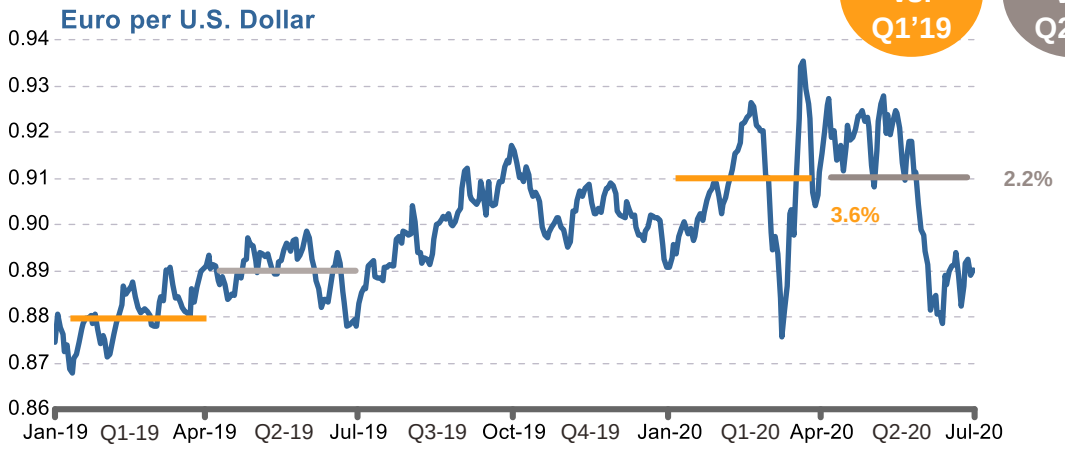
Covid-19 disrupted global currency markets starting late in Q1 and continuing throughout Q2

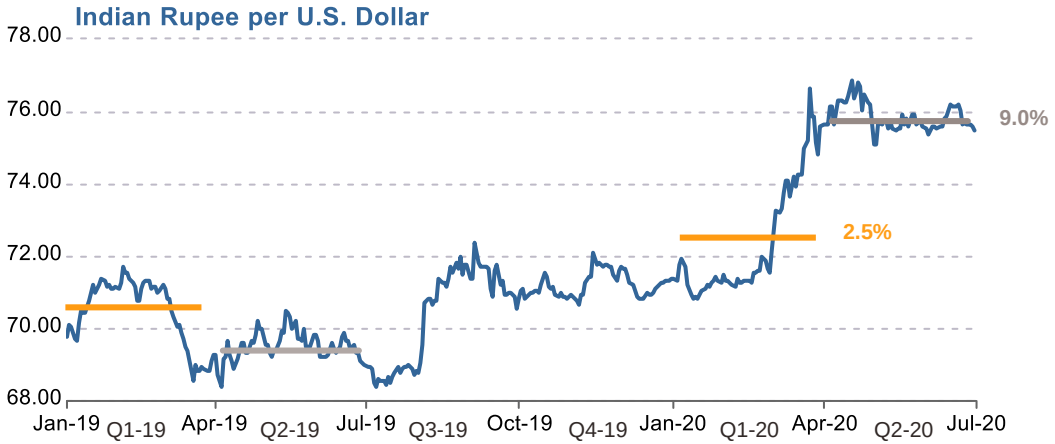
Financial Performance Review

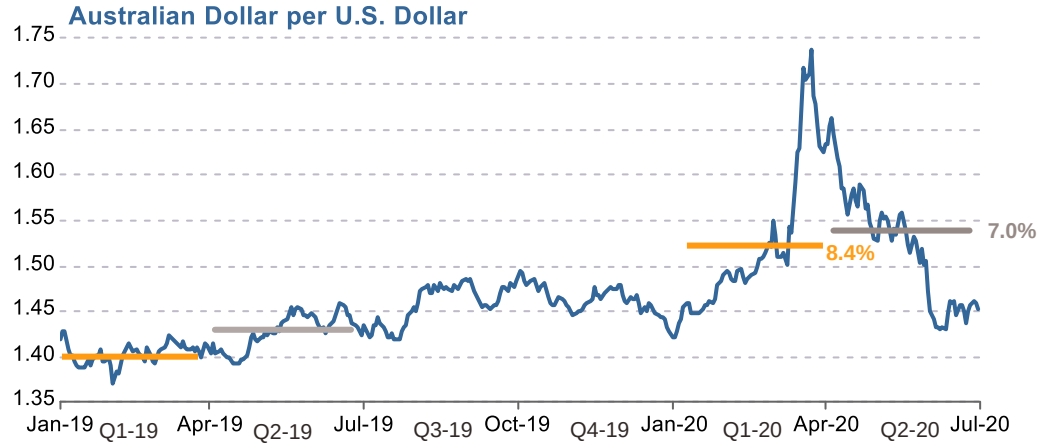
Q1'20 vs. Q1'19

Q2'20 vs. Q2'19









Total currency impact on sales, post-hedging, of $85m in Q2 and $135m in H1

Adjusted vs. Reported Financial Results

The financial results in this presentation are presented on an “Adjusted” basis, and differ to some extent from the “Reported” financials contained in the formal financial statements of the Company.

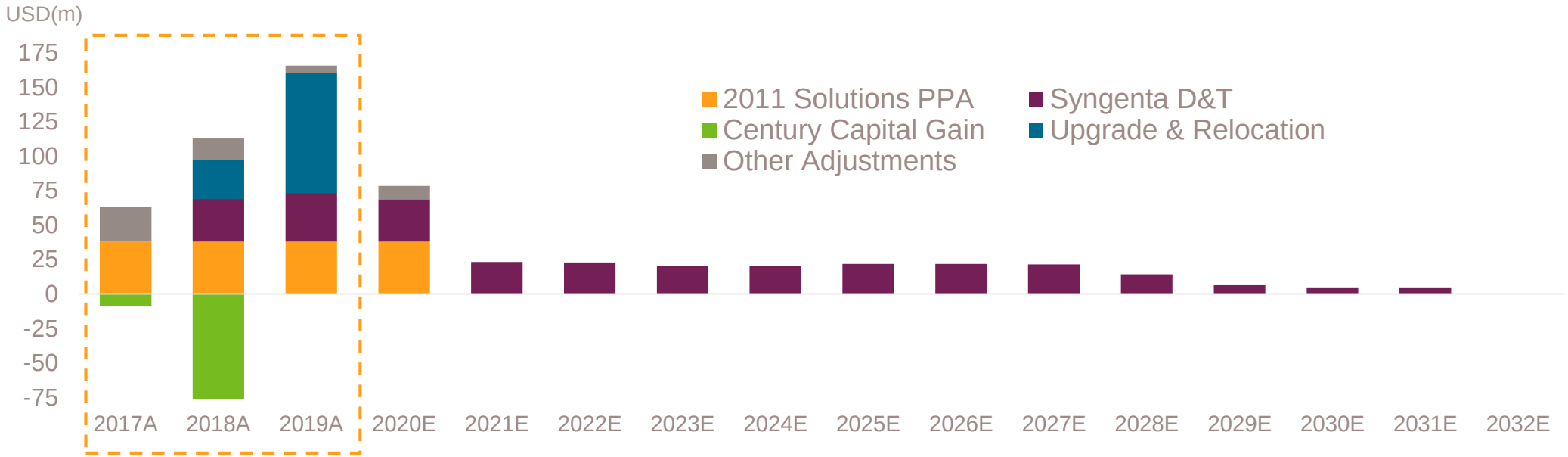
ADAMA’s approach on the use of adjustments:

- 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**
  - Reflect the way the Company’s management and the Board of Directors view the performance of the Company internally
- The Company believes that **excluding the effects of these items from its operating results allows management and investors to effectively compare the true underlying financial performance of its business from period to period and against its global peers**

$ million	Q2 2020	Q2 2019	H1 2020	H1 2019
Net Income (Reported)	**31.2**	**32.6**	**28.8**	**86.9**
Amortization of Legacy PPA of 2011 acquisition of Solutions, net (non-cash)	9.5	9.5	19.0	19.0
Syngenta Divestments & Transfers (D&T) amortization (non-cash)	7.5	9.2	15.4	19.8
Employee early retirement expenses (one time)	0.9	-	9.5	-
Others	-2.5	-0.4	0.8	5.3
Net Income (Adjusted)	**46.6**	**50.9**	**73.5**	**131.0**

Note: “Others” include: China Relocation & Upgrade related costs, Long-term Incentive (non-cash), Amortization of acquisition-related PPA (non-cash), Revaluation of non-cash adjustment related to non-controlling interest. Please see Appendix to Q2 Press Release for more details

Annual Adjustments to Net Income expected to significantly reduce over time



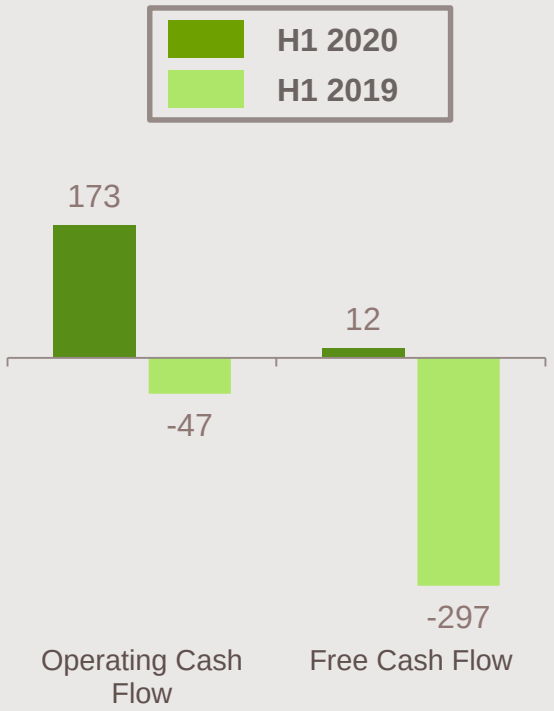
Reducing the gap between Adjusted and Reported net income:

- Largest variances were due to non-recurring items recorded in 2017-2019:
  - **Century Capital Gain** (2017-2018)
  - **Upgrade & Relocation** charges (2018-2019)
- **2011 Solutions PPA** finishes at the end of 2020 resulting in the elimination of a ~$40m charge to 2021 annual earnings compared to 2017-2020
- **Syngenta Divestments & Transfers (D&T) amortization** continues at a reducing rate until 2032, yet still meaningful (>$10m per year) until 2028

- Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash): Following the 2017 Combination with Solutions, the Company has inherited the historical "legacy" amortization charge that ChemChina previously was incurring in respect of its acquisition of Solutions in 2011.
- Syngenta D&T amortization: Amortization of Century Transfer assets (non-cash): The proceeds from the Divestment of products in connection with the EU approval of the acquisition of Syngenta by ChemChina, were paid to Syngenta in return for the transfer of a portfolio of products of similar nature and economic value. Since in 2018 the Company adjusted for the one-time gain that it made on the divested products, the additional amortization charge due to the written-up value of the acquired assets is also excluded.

Positive Cash Flow generation; Controlled Working Capital build-up supporting growth

Improved Cash Flow Generation

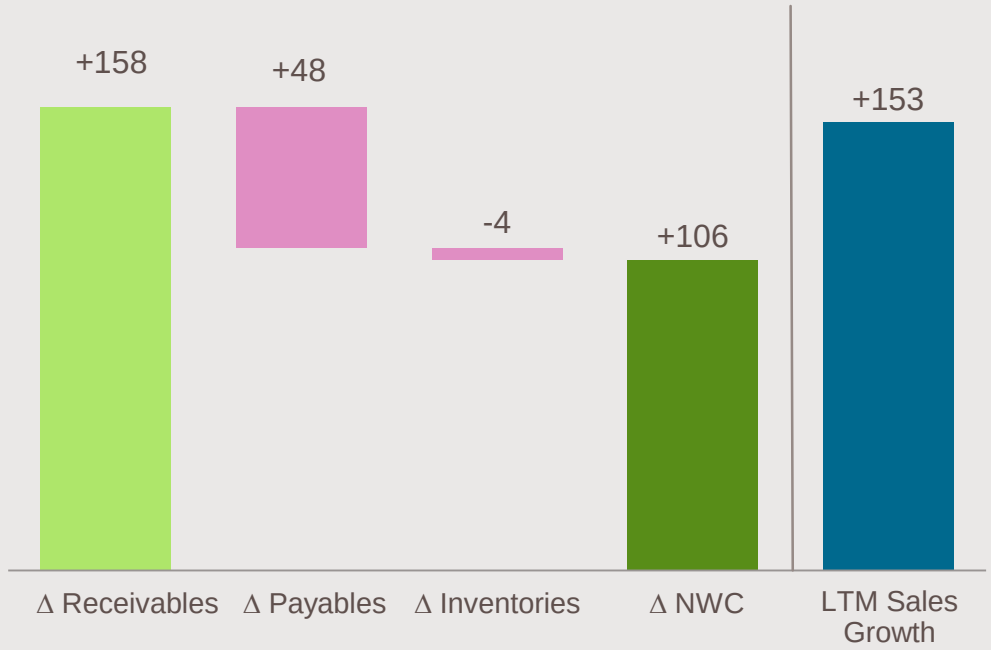


Cash Flow
($mm)

Controlled expansion of working capital supporting business growth

Increase in receivables reflecting growth in sales predominantly driven by emerging markets

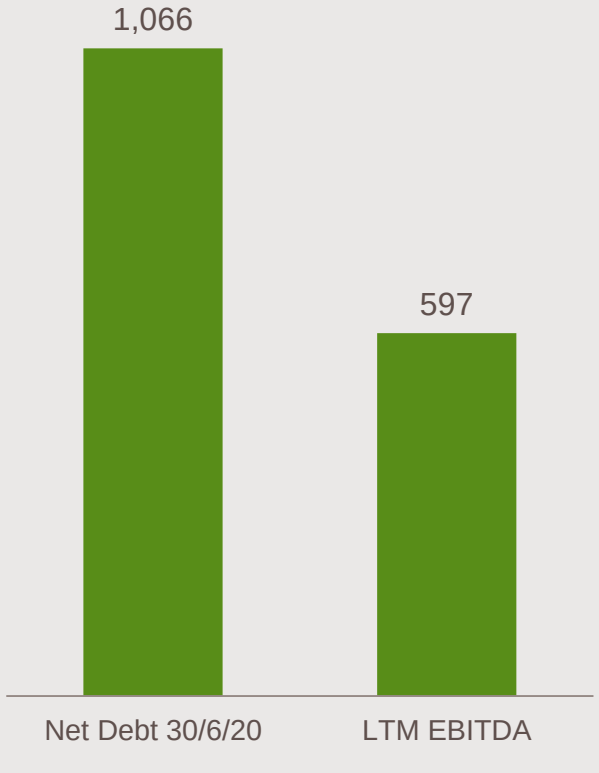
Mitigated by extended payables and slightly lower inventory



LTM Change in Working Capital

Strong Balance Sheet

Net debt / EBITDA ratio of 1.8x



Balance Sheet Net Debt
($mm and Net Debt / EBITDA)

B-share Repurchase Proposal

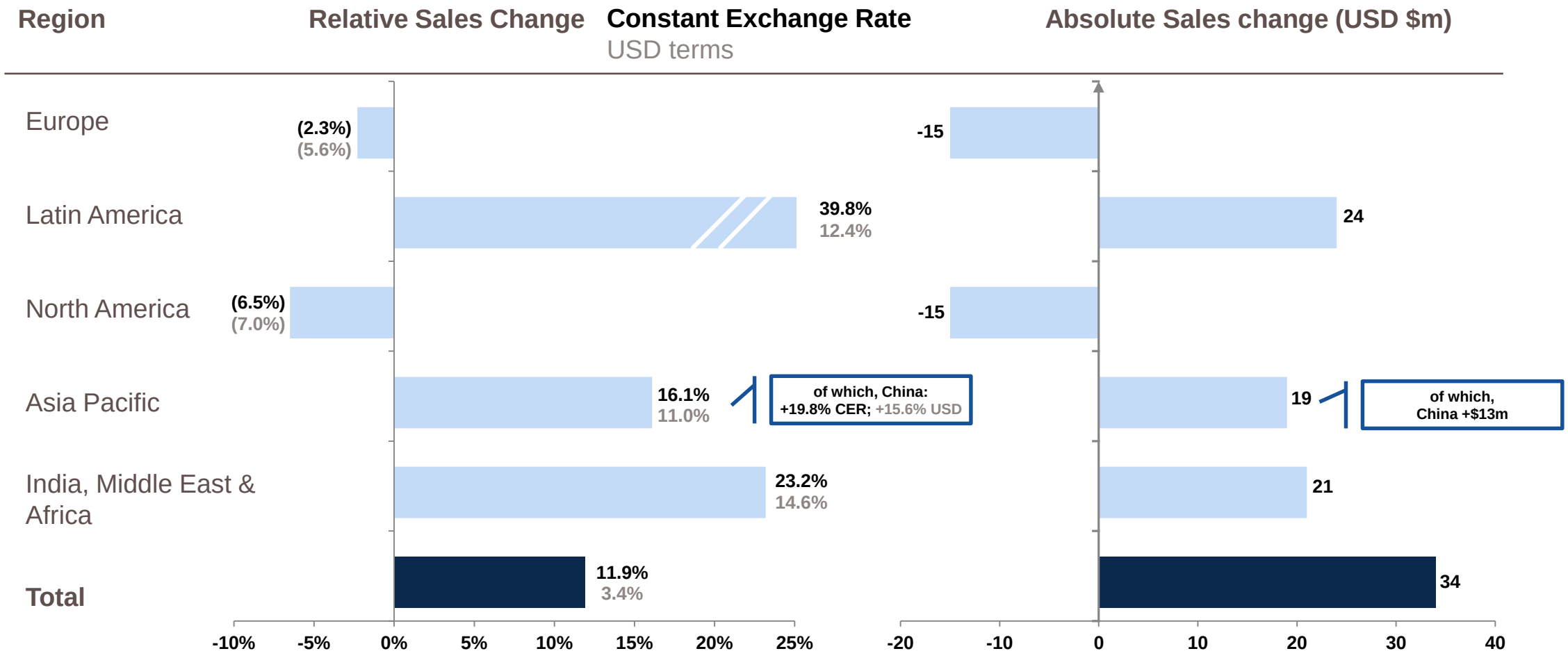
- Our Board of Directors has approved a limited B-share (SZSE: 200553) repurchase program
- We believe this will enhance investor confidence, and it reinforces our commitment to effectively and efficiently return value to our shareholders
- **Repurchase Plan:**
  - **Up to 26 million B-shares (15.6% of total B-shares; 1.1% of aggregate A and B shares)**
  - **Expected cost in the range of $10 to $20 million**
- To be submitted for shareholder approval at the upcoming Shareholders' Meeting in September
- Timing:
  - Expected to be completed within three months of shareholder approval
  - Actual timing, number and value of B-shares to be repurchased will be determined by Company's management and will depend on a variety of factors, including the market price of the Company's B-shares, general market and economic conditions, and other business considerations

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Regional Review

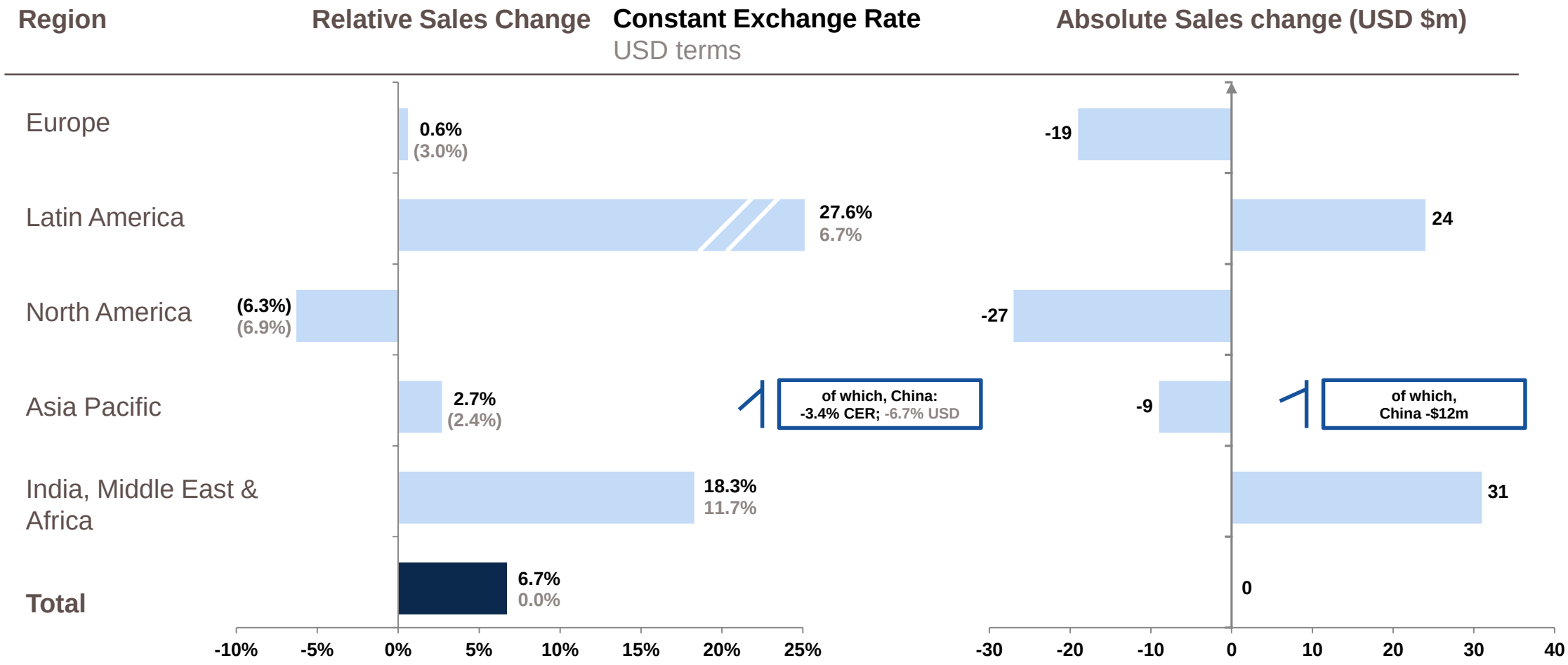
Robust Q2 growth driven by emerging markets

Sales change by region – Q2 2020 vs. Q2 2019



Closing sales gap from Q1 COVID-19 headwinds

Sales change by region – H1 2020 vs. H1 2019



H2 Outlook

- COVID-19:
  - Our major production facilities globally are continuing to operate, with limited disruption
  - Overall easing of restrictions further opening international trading and logistics; however still seeing some increased costs of transportation and constraints in logistics
  - **We are actively managing our response to the pandemic to ensure the safety of our employees, making every effort to limit the potential impact on the performance of the Company**
- Chemical production in China has largely returned to prior levels; prices of raw materials/intermediates are starting to reflect the increased supply; We expect to benefit from this trend in the coming quarters
- Continued progress in upgrade, relocation of production and environmental facilities at Jingzhou (Hubei), Huai'An (Jiangsu) sites
- **Europe**: Continued pressure on sales and margins due to high inventories and weak pricing; remaining impact to be assessed during upcoming customary pre-season sales (Q4)
- **North America**: Challenging conditions persisting in US Crop Protection market (COVID-19-related distributor nervousness and sustained high channel inventories)
- **Latin America**: COVID-19 continues to spread in the region, creating challenges for agriculture and supply and logistics lines
- **APAC**: Major flooding across southern China putting pressure on rice cropping; positive seasonal conditions in Australia
- **IMA**: Good start to monsoon season, continued focus on Indian regulatory environment; overall regional COVID-19 uncertainty
- USD strength moderating, but still higher vs. 2019 in most currencies, expected to continue to impact H2; potential to offset to some extent with increased prices in local currencies



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Appendices

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Regional Highlights

Europe

	Q2'20	Q2'19	% Variance USD	% Variance CER	H1 20	H1 19	% Variance USD	% Variance CER
Sales ($m)	252	267	-5.6%	-2.3%	609	628	-3.0%	+0.6%

CER: Constant Exchange Rate

Highlights

- Q2 sales lower, caused to some extent by higher inventories in distribution channels remaining from poor season last year, as well as some advanced purchasing of products in Q1 due to emerging COVID-19 concerns
- H1 sales slightly higher in CER terms but lower in USD; impacted by currency volatility and increased pricing pressure, mainly stemming from COVID-19 related demand constraints

Northern Europe

- Q2: Steady growth in northern and western Europe, offsetting weather and credit challenges in Ukraine
- H1 saw solid volume growth largely offset by softer pricing and FX weakness

Southern Europe

- Volatile weather hampered application in key crops
- Noteworthy performances in H1 recorded in key markets **France** and **Portugal**
- Acquisition:
  - July 1, 2020: Closed acquisition of remaining 51% stake in Alfa **(Greece)**

Acquisition of Alfa:

Bolstering position and offering in Greece, driving continued development of value-added portfolio



Latin America

	Q2'20	Q2'19	% Variance USD	% Variance CER	H1 20	H1 19	% Variance USD	% Variance CER
Sales ($m)	220	196	+12.4%	+39.8%	379	355	+6.7%	+27.6%

CER: Constant Exchange Rate

Highlights

- Strong performance in Q2 and H1 driven by significant volume growth in key countries and continued price increases throughout the region
- Robust business growth heavily impacted by weaker currencies in the region, in particular the significant decline in the Brazilian Real against the US dollar

Brazil

- Strong growth supported by favorable weather conditions and increased soybean and corn acreage
- CRONNOS® ranked as best fungicide in Soybean Rust for second year in a row
- **Continued expansion of differentiated product portfolio:**
  - PLETHORA®, an innovative insecticide mixture with dual mode of action, addressing a broad spectrum of caterpillar and other pests

LatAm

- Solid growth recorded in **Argentina** supported by favorable weather conditions accelerating the pace of summer crop harvesting and winter grain planting
- Noteworthy performances seen in **Peru** bolstered by Q4 2019 acquisition, as well as in **Paraguay**
- **Product launch**: BREVIS®, differentiated solution to optimize fruit load and size in apples in Argentina



Expansion of product portfolio



North America

	Q2'20	Q2'19	% Variance USD	% Variance CER	H1 20	H1 19	% Variance USD	% Variance CER
Sales ($m)	205	220	-7.0%	-6.5%	373	400	-6.9%	-6.3%

CER: Constant Exchange Rate

Highlights

North America Crop Protection

- Lower sales in Q2 and H1 largely due to:
  - Challenging **US** weather conditions, delaying planting and reducing cotton acreage
  - Reduction in cotton demand due to lower retail apparel sales because of COVID-19
  - COVID-19 related uncertainty saw distributors reducing inventories, putting pressure on prices
- Robust growth in **Canada** supported by successful product launches including:
  - ORIUS® a broad-spectrum herbicide in wheat, barley and oats
  - PYTHON™ a broad-spectrum, dual mode of action herbicide in field peas and soybeans
  - LEOPARD®, a fast-acting, selective graminicide for use against grassy weeds in multiple crops.

Consumer & Professional Solutions

- Strong consumer sales, with Q2 recovery in demand as COVID-19 positively impacting home and garden, as well as e-commerce
- Introduction of DOXEM® Precise, using ADAMA's new, innovative Precision Delivery System (PDS)



Regional Performance

Asia Pacific

	Q2'20	Q2'19	% Variance USD	% Variance CER	H1 20	H1 19	% Variance USD	% Variance CER
Sales ($m)	191	173	+11.0%	+16.1%	349	358	-2.4%	+2.7%

CER: Constant Exchange Rate

Highlights

- Strong volume growth in Q2 alongside continued price increases, more than offset regional currency headwinds mainly due to COVID-19

APAC

- Strong growth in Australia, benefiting from favorable weather
- Good rice cropping conditions drove increased sales of leading rice insecticide offering in South East Asia

New product registrations:

- NEGATE®, a dual-mode of action herbicide for use in turf in Australia
- PROTHAGO®, fungicide for Septoria in cereals in New Zealand
- GOLTIX GOLD®, unique herbicide formulation for controlling weeds in beets in New Zealand
- Banjo Forte®, fungicide for use in black pepper in Vietnam

China

- Q2 performance almost fully overcoming loss of Q1 sales due largely to Jingzhou operations suspension in Hubei province
- Recovery in sales of raw materials and intermediates
- Product launches:
  - XISHENG LV®, a protective fungicide for fruits and vegetable
  - FEIDIAN #1, insecticide for drone application, mainly for rice



FEIDIAN #1 XISHENG LV®

Regional Performance

India, Middle East & Africa

	Q2'20	Q2'19	% Variance USD	% Variance CER	H1 20	H1 19	% Variance USD	% Variance CER
Sales ($m)	167	146	+14.6%	+23.2%	298	267	+11.7%	+18.3%

CER: Constant Exchange Rate

Highlights

- Robust Q2 volume growth and continued price increases more than offset regional currency headwinds

India

- India benefited from timely arrival of monsoon, facilitating good sowing of summer crops
- REACH app supports India's farmers during COVID-19 pandemic

Middle East & Africa

- Favorable rainfall in **South Africa** improved cropping conditions
- More than offsetting a challenging cotton season in **Turkey**

REACH™

10 major elements supporting farmers

1. Farmer Profile
2. Weather
3. Products
4. Dealer locator
5. Farmer services
6. Crop calendar
7. Market place
8. Knowledge Center
9. QR code reader
10. What's new

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Reported vs. Adjusted P&L

Q2 & H1 Reporting: Adjusted vs. Reported

$ million	Q2 2020 Adjusted	Q2 2019 Adjusted	%▲	Q2 2020 Reported	Q2 2019 Reported	%▲	H1 2020 Adjusted	H1 2019 Adjusted	%▲	H1 2020 Reported	H1 2019 Reported	%▲
Sales	1,036	1,002	**+3%**	1,036	1,002	**+3%**	2,008	2,008	**-**	2,008	2,008	**-**
Gross Profit	306	327	**-7%**	306	328	**-7%**	595	673	**-12%**	593	671	**-12%**
% of Sales	*29.5%*	*32.6%*		*29.5%*	*32.7%*		*29.6%*	*33.5%*		*29.5%*	*33.4%*	
EBITDA	163	177	**-8%**	168	180	**-7%**	306	365	**-16%**	301	363	**-17%**
% of Sales	*15.8%*	*17.7%*		*16.2%*	*18.0%*		*15.2%*	*18.2%*		*15.0%*	*18.1%*	
Net Income	47	51	**-8%**	31	33	**-4%**	74	131	**-44%**	29	87	**-67%**
% of Sales	*4.5%*	*5.1%*		*3.0%*	*3.3%*		*3.7%*	*6.5%*		*1.4%*	*4.3%*	

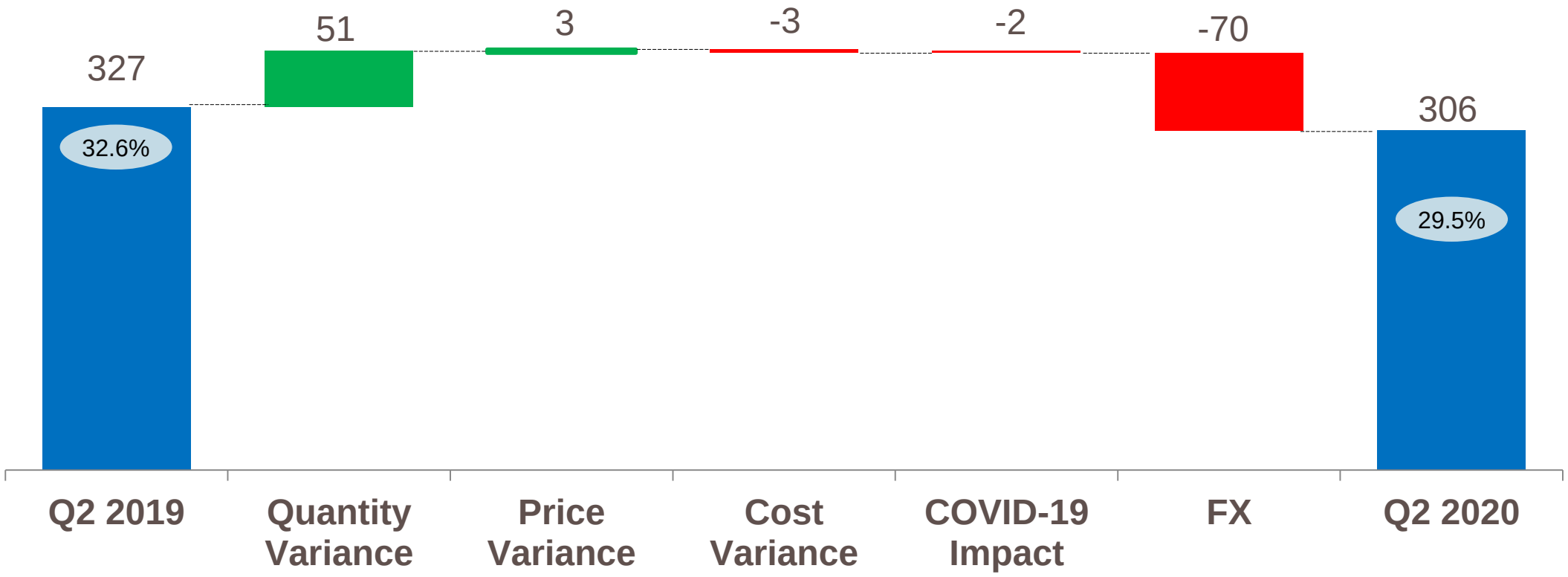
Q2 and H1 Performance trends largely similar between Adjusted and Reported numbers



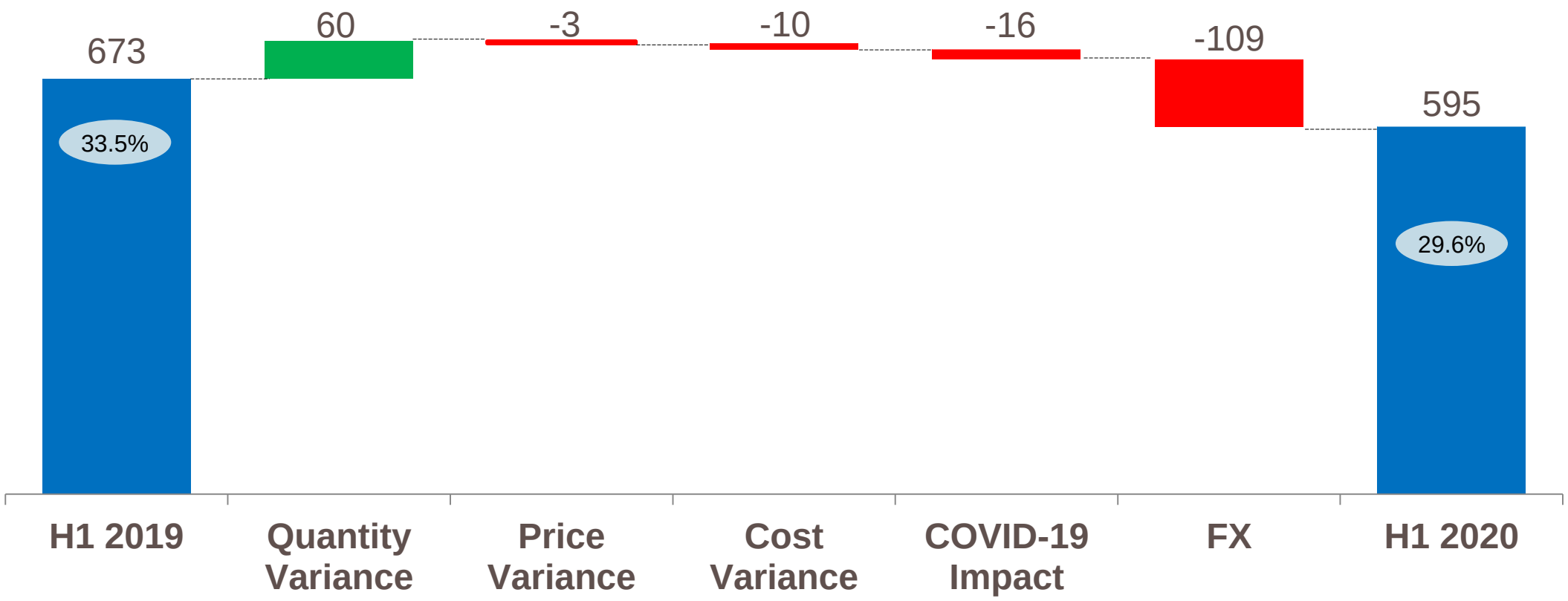
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Bridge Analysis

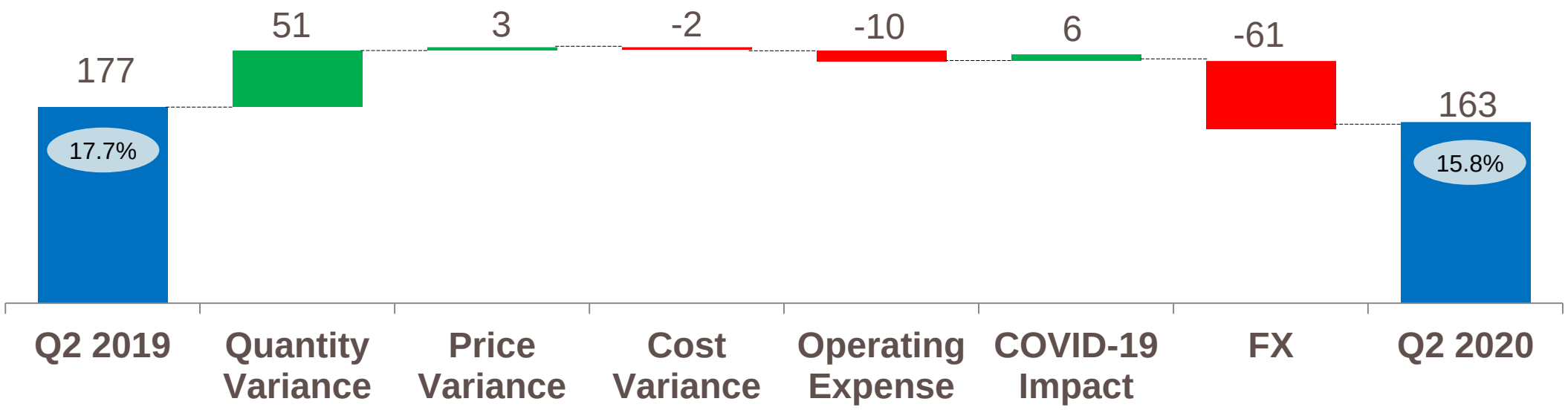
Q2 Gross Profit – Bridge Analysis



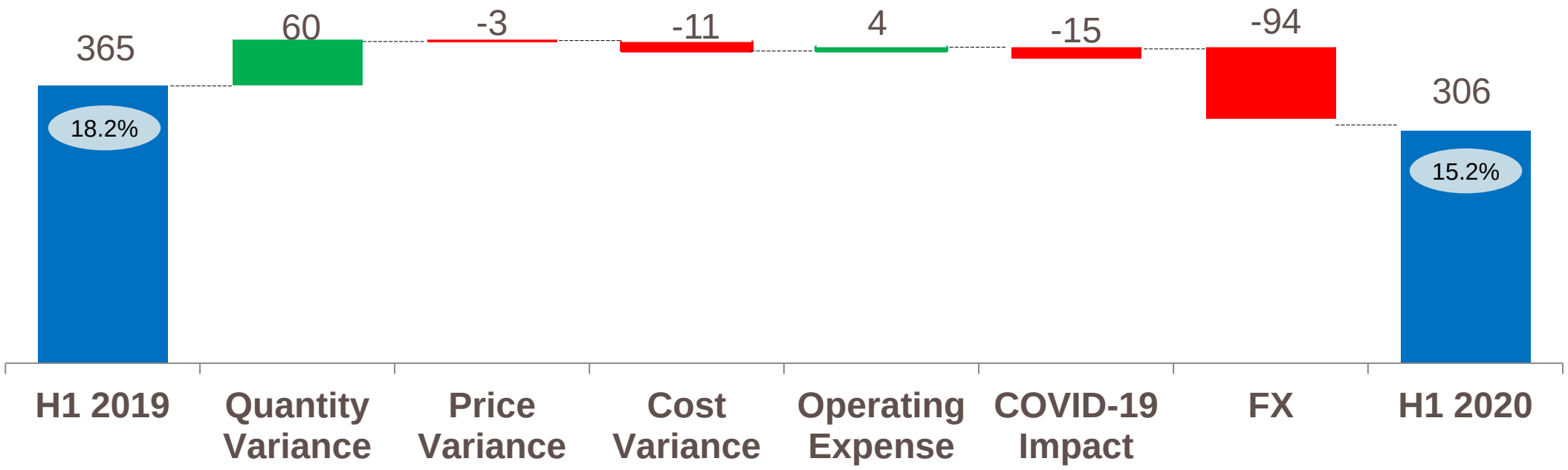
H1 Gross Profit – Bridge Analysis



Q2 EBITDA – Bridge Analysis



H1 EBITDA – Bridge Analysis





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Thank You