ADAMA Reports Second Quarter Results, Returns to Growth Despite COVID-19 Headwinds

Widespread pandemic-related currency weakness against USD continues to restrain sales growth and impact profitability

- **Q2 Sales of $1,036 million, +12% at constant exchange rates (CER), +3% in USD (RMB: +8%)**
  - Resilient performance driven by 12% volume growth, led by robust growth in emerging markets
  - US dollar sales impacted by an estimated $85 million due to weaker currencies
- **H1 Sales of $2,008 million, +7% in CER terms; in line with 2019 record high in USD (RMB: +4%)**
  - Q2 growth bringing a full recovery in H1 sales, with a 10% increase in volumes, despite Q1 COVID-19 challenges
  - US dollar sales impacted by an estimated $135 million due to weaker currencies
- **Q2 EBITDA of $163 million (Q2'19: $177 million); impacted by estimated $61 million in currency headwinds**
  - Strong Q2 volume growth alongside improved product mix more than offset by significant currency weakness
  - Maintained tight control of operating expenses, also benefiting from weaker currencies
- **H1 EBITDA of $306 million (H1'19: $365 million); impacted by estimated $94 million in currency headwinds**
  - Significant impact of global COVID-19 related currency weakness more than offsetting volume growth and reduction in operating expenses
- **Q2 Net Income of $47 million (Q2'19: $51 million); estimated FX impact of $55 million**
  - Lower financial expenses only partially mitigating the lower Q2 operating income
- **H1 Net Income of $74 million (H1'19: $131 million); estimated FX impact of $117 million**
  - Reduced financial expenses more than offset by higher Q1 tax expense largely due to BRL weakness against USD

BEIJING, CHINA and TEL AVIV, ISRAEL, August 20, 2020 – ADAMA Ltd. (the "Company") (SZSE 000553), today reported its financial results for the second quarter and six-month period ended June 30, 2020.

Ignacio Dominguez, President and CEO of ADAMA, said, "In these challenging times, we have delivered a second quarter marked by strong underlying business growth, despite the many headwinds posed by the persistent COVID-19 pandemic which has continued to disrupt lives and economies around the globe. While some countries have been able to emerge from pandemic-related shutdowns, many parts of the world continue to see new infections and deaths rising tragically on a daily basis. During this troubling and uncertain period, I am proud of the response of our teams across the world to ensure the health and safety of our employees, and not only to mitigate the impact of the pandemic on our business, but to keep us on a growth trajectory and delivering solutions to farmers. Their efforts have enabled the Company to maintain more than $2 billion in sales in the first half of 2020, despite the challenges posed by COVID-19, including its significant impact on global currencies."

Table 1. Financial Performance Summary

Adjusted, USD (m)	Q2 2020	Q2 2019	% Change	FX Impact	% Change CER	H1 2020	H1 2019	% Change	FX Impact	% Change CER
Revenues	**1,036**	**1,002**	**+3%**	**-85**	**+12%**	**2,008**	**2,008**	**0%**	**-135**	**+7%**
Gross profit	306	327	-7%	-70	+15%	595	673	-12%	-109	+5%
% of sales	*29.5%*	*32.6%*				*29.6%*	*33.5%*			
Operating income (EBIT)	104	116	-10%	-61	+43%	186	242	-23%	-94	+16%
% of sales	*10.1%*	*11.5%*				*9.3%*	*12.1%*			
Net income	**47**	**51**	**-8%**	**-55**	**+100%**	**74**	**131**	**-44%**	**-117**	**+46%**
% of sales	*4.5%*	*5.1%*				*3.7%*	*6.5%*			
EBITDA	**163**	**177**	**-8%**	**-61**	**+27%**	**306**	**365**	**-16%**	**-94**	**+10%**
% of sales	*15.8%*	*17.7%*				*15.2%*	*18.2%*			
EPS										
- USD	0.0191	0.0208	-8%			0.0301	0.0535	-44%		
- RMB	0.1351	0.1419	-5%			0.2117	0.3626	-42%		

CER: Constant Exchange Rates

All income statement items contained in this release are presented on an adjusted basis. EPS are the same for basic and diluted.

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 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.

A summary of these adjustments and a reconciliation between the Adjusted and Reported financials appears below:

Q2	Adjusted		Adjustments		Reported	
USD (m)	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Revenues	1,036	1,002			1,036	1,002
Gross profit	306	327	0	-1	306	328
Operating income (EBIT)	104	116	16	21	88	95
Income before taxes	62	66	18	20	44	46
Net income	47	51	16	18	31	33
EBITDA	163	177	-5	-3	168	180
Earnings per share	0.0191	0.0208			0.0128	0.0133

H1	Adjusted		Adjustments		Reported	
USD (m)	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Revenues	2,008	2,008			2,008	2,008
Gross profit	595	673	1	2	593	671
Operating income (EBIT)	186	242	48	51	138	191
Income before taxes	113	155	49	47	64	108
Net income	74	131	45	44	29	87
EBITDA	306	365	5	2	301	363
Earnings per share	0.0301	0.0535			0.0118	0.0355

For a detailed description and analysis of differences between the adjusted income statement and that reported in the financial statements, refer to the appendix to this release.

Performance in Context of Market Environment

During the first half of 2020, the global agrochemical market, amongst many others, was impacted by the unprecedented COVID-19 pandemic. As a result, farmers' incomes have been, and continue to be, negatively impacted in most regions by lower crop prices, reduced demand due to the relative shutdown of the food sector, and labor shortages owing to mobility restrictions, all leading to increased costs for farmers. Governments across the world continue to include farmers in extensive support programs, partially offsetting lost income due to the pandemic.

One of the most widespread economic consequences of the pandemic is the significant weakening of many global currencies against the US dollar, which started abruptly towards the end of Q1 and continued throughout the duration of Q2. This has been seen most notably in the Brazilian Real, Indian Rupee and Turkish Lira, and has contributed to increased volatility in the Euro and Australian dollar.

Following tight supply in the first quarter due to COVID-19 disruptions, chemical production in China has largely returned to prior levels and prices of raw materials and intermediates are starting to reflect such increase in supply. The Company expects to benefit from this trend in the upcoming quarters.

The ongoing spread of the COVID-19 pandemic is expected to continue to impact the performance and profitability of the Company in the coming months. ADAMA continues to actively manage its response to the pandemic in order to ensure the safety of its employees and limit its impact on the Company's business and financial performance.

Becoming Part of the Syngenta Group

In June 2020, ADAMA became a distinctive member of the newly established Syngenta Group. The new group is a world leader in agricultural inputs, spanning crop protection, seeds, fertilizers, additional agricultural and digital technologies, as well as an advanced distribution network in China. ADAMA joined this newly-formed ag-industry leader through the contribution of most of the stake that ChemChina indirectly owned in ADAMA, into the group. As such, there is no change in the Company's ultimate controlling shareholder. ADAMA continues to be headquartered in Israel, and remains traded on the Shenzhen Stock Exchange, and maintains its unique brand and positioning.

B-Share Repurchase Proposal

The overall B-share market in China has suffered for many years from a lack of liquidity and small market size, contributing to the share price of the Company's B-Shares being significantly lower than the net asset value per share. Therefore, in order to enhance investor confidence, and reinforce the Company's commitment to effectively and efficiently return value to its shareholders, the Company's Board of Directors has approved a limited B-share repurchase program. In terms of this program, the Company intends to repurchase up to 26 million of its B-shares (constituting up to 15.6% of the Company's B-shares and up to 1.1% of its total shares outstanding), at an expected cost in the range of approximately $10 million to $20 million. This proposal will be submitted to the Shareholders' Meeting for confirmation in the coming weeks. If confirmed, the program will be completed within three months. The actual timing, number and value of B-shares to be repurchased under the share repurchase program will be determined by the Company's management at its discretion 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.

Financial Highlights

Revenues in the second quarter were $1,036 million, up by 12% in CER terms, driven by robust 12% volume growth, alongside generally stable prices. This performance was achieved despite the various

impacts of COVID-19, which continued to pose numerous challenges to the way the Company conducts its business, as well as materially impacting global currencies. In US dollar terms, sales grew by a more moderate 3% (+8% in RMB terms), reflecting an estimated $85 million negative impact from the weaker currencies, and reflecting the Company's strong growth in emerging markets which were among the most significantly impacted by the global currency weakness.

Growth in the second quarter was fueled by a strong performance in emerging markets, most notably in Latin America, with strong volume growth overcoming the material depreciation of regional currencies, as well as in the India, Middle East & Africa region, which benefited from favorable weather. The second quarter also saw a return to growth in China, with a strong recovery from the first quarter's COVID-19 pandemic-related impact on operations at the Company's Jingzhou site in Hubei province. ADAMA also delivered solid growth in Asia-Pacific (outside China), led by a strong performance in Australia.

Sales were lower in both Europe and North America in the second quarter. Steady growth in northern and western Europe only partially compensated for a challenging season seen in central and eastern Europe, where volatile weather posed challenges for growers, reducing planting in some crops earlier in the season, and preventing application in the latter part. In North America, challenging weather reduced purchasing from customers in some US crops, while COVID-19 related uncertainty impacted demand from distribution channels.

The return to growth in the second quarter saw ADAMA generate sales growth of almost 7% in CER terms over the first half of the year, driven by a 10% increase in volumes, while in USD terms the Company was able to match the first-half record-high sales of $2,008 million seen in 2019 (+4% in RMB terms). This reflects the overcoming of an estimated $56 million impact from the COVID-19 pandemic over the first half of the year, as well as the material impact of widespread global currency weakness against the US dollar, which constrained sales in USD terms in the period by an estimated $135 million.

Gross profit in the second quarter was $306 million (gross margin of 29.5%) and $595 million (gross margin of 29.6%) in the first half, compared to $327 million (gross margin of 32.6%) and $673 million (gross margin of 33.5%) in the corresponding periods last year, respectively.

In the second quarter, the strong volume growth alongside somewhat higher prices and an improved product mix were more than offset by the material depreciation of global currencies and slightly higher manufacturing costs. Similarly, over the half-year period, the significant currency weakness and somewhat higher manufacturing costs outweighed the Company's strong volume growth.

The widespread currency depreciation resulting largely from the COVID-19 outbreak constrained gross profit by an estimated $70 million in the quarter. The pandemic impacted H1 gross profit by an estimated $16 million, in addition to an estimated $109 million in currency headwinds.

Operating expenses: Total operating expenses in the second quarter were $202 million (19.5% of sales) and $408 million (20.3% of sales) in the half-year, compared to $211 million (21.1% of sales) and $430 million (21.4% of sales) in the corresponding periods last year, respectively. The Company continues to exercise tight control of its operating expenses, which were also naturally constrained by the impact of COVID-19, and was able to achieve significant savings in the quarter and first half, despite the inclusion of the companies acquired during 2019. Operating expenses in the 2020 periods also benefited from the global currency weakness against the US dollar, while operating expenses in the 2019 periods were net of income related to expropriation of land recorded in those periods.

Operating income in the second quarter was $104 million (10.1% of sales) and $186 million (9.3% of sales) in the first half, compared to $116 million (11.5% of sales) and $242 million (12.1% of sales) in the corresponding periods last year, respectively. The impact of global currency weakness constrained operating income by an estimated $61 million in the quarter and $94 million in the half-year.

EBITDA in the quarter was $163 million (15.8% of sales) and $306 million (15.2% of sales) in the first half, compared to $177 million (17.7% of sales) and $365 million (18.2% of sales) recorded in the corresponding periods last year, respectively. The impact of global currency weakness constrained EBITDA in the second quarter by an estimated $61 million. The COVID-19 pandemic constrained H1 EBITDA by an estimated $15 million, in addition to an estimated $94 million in currency headwinds.

Financial expenses and investment income: Total net financial expenses and investment income were $43 million in the quarter and $74 million in the first half, compared to $49 million and $87 million in the corresponding periods last year, respectively. The lower financial expenses in both the quarter and the half-year largely reflect a reduction in financing costs on the NIS-denominated, CPI-linked bonds due to a lower CPI in Israel.

Tax expenses: Net tax expenses were $15 million in the quarter, in line with those recorded in the second quarter of 2019. In the first half of the year, net tax expenses were $39 million compared to $24 million in the corresponding period last year. The higher tax expenses in the first half are largely due to the first-quarter impact of the weakening of the Brazilian Real against the US dollar, which resulted in non-cash tax expenses due to differences between the functional currency (US dollar) and tax currency (BRL) with respect to the value of non-monetary assets.

Net income in the second quarter was $47 million (4.5% of sales) and $74 million (3.7% of sales) in the first half compared to $51 million (5.1% of sales) and $131 million (6.5% of sales) in the corresponding periods last year. The Company estimates the net impact of the global currency headwinds on Net Income to be $55 million in the second quarter and $117 million in the half year period, in addition to the impact from COVID-19 of an estimated $12 million over the half year period.

Trade working capital at June 30, 2020 was $2,173 million compared to $2,067 million at the same point last year. This moderate increase reflects similar inventory levels alongside higher trade payables, which were more than offset by higher trade receivables, driven largely by the Company's strong growth over the last year in emerging markets, most notably in Latin America and Brazil, where customer credit terms are generally longer.

Cash Flow: Operating cash flow of $229 million was generated in the quarter and $173 million was generated in the first half, compared to $144 million generated and $47 million consumed in the corresponding periods last year, respectively. The improved operating cash flow in both the quarter and first half mainly reflects the improvement in working capital during the periods compared to the parallel periods last year.

Net cash used in investing activities was $62 million in the second quarter and $116 million in the first half, compared to $44 million and $203 million in the corresponding periods last year, respectively. The increase in investments in the second quarter reflect capital investments in infrastructure, including relocations, as well as portfolio expansion, while the higher spend in the 2019 half-year period reflected the acquisition of Bonide in Q1 2019.

Free cash flow of $127 million was generated in the second quarter and $12 million in the first half compared to $59 million generated and $297 million consumed in the corresponding periods last year, respectively, reflecting the improvement in operating cash flow in the second quarter of this year, contrasted with the higher investment levels and acquisitions over the half-year period in 2019.

Leverage: Balance sheet net debt at June 30, 2020 was $1,066 million, compared to $865 million at June 30, 2019, reflecting the 2019 acquisitions and the assumption of their debt, as well as higher capital investment.

Table 2. Regional Sales Performance

	Q2 2020 $m	*Q2 2019 $m*	*Change USD*	*Change CER*	*H1 2020 $m*	*H1 2019 $m*	*Change USD*	*Change CER*

Europe	252	267	-5.6%	-2.3%	609	628	-3.0%	+0.6%
North America	205	220	-7.0%	-6.5%	373	400	-6.9%	-6.3%
Latin America	220	196	+12.4%	+39.8%	379	355	+6.7%	+27.6%
Asia Pacific	191	173	+11.0%	+16.1%	349	358	-2.4%	+2.7%
Of which China	*99*	*86*	*+15.6%*	*+19.8%*	*168*	*179*	*-6.7%*	*-3.4%*
India, Middle East & Africa	167	146	+14.6%	+23.2%	298	267	+11.7%	+18.3%
Total	**1,036**	**1,002**	**+3.4%**	**+11.9%**	**2,008**	**2,008**	**+0.0%**	**+6.7%**

CER: Constant Exchange Rates

Europe: Sales were lower by 2.3% in the second quarter but increased slightly in the first half of the year, in CER terms, compared with the corresponding periods last year. The lower sales in the quarter were caused to some extent by higher inventories in the distribution channels remaining from the poor season last year, as well as some advanced purchasing of products generally by distributors in the first quarter of 2020 due to emerging COVID-19 concerns, both of which served to constrain demand and increase pricing pressure.

Steady growth in northern and western Europe, only partially compensated for a challenging season seen in central and eastern Europe, where volatile weather posed challenges for growers, with dry weather reducing planting in some crops earlier in the season, while the sudden wet weather which followed hampered application in the latter part.

On 1 July 2020, ADAMA acquired the remaining 51% stake in Alfa Agricultural Supplies, S.A., a leading Greek provider of crop protection and other agriculture-related inputs. Through this acquisition, ADAMA will further bolster its position and offering in this relevant market by driving the continued development of its value-added product portfolio, deepening Alfa's already strong relationships with local ag-input distributors, retailers and farmers, aiming at meeting the growing needs of farmers in Greece.

In US dollar terms, sales were lower by 5.6% in the quarter and by 3.0% in the half-year period, compared to the corresponding periods last year, also reflecting the net impact of weaker currencies, largely attributed to the COVID-19 outbreak.

North America: Sales were lower by 6.5% in the second quarter and by 6.3% in the first half of the year, in CER terms, compared with the corresponding periods last year. This was largely due to challenging weather conditions, primarily in southern US, which delayed planting and reduced cotton acreage alongside a reduction in cotton demand due to lower retail apparel sales as a result of COVID-19. In addition, COVID-19 related uncertainty saw distributors reducing inventories, putting pressure on prices.

The Company recorded robust growth in Canada, partially offsetting the lower sales in the US, 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, as well as LEOPARD®, a fast-acting, selective graminicide for use against grassy weeds in multiple crops.

In US dollar terms, sales were lower by 7.0% in the quarter and by 6.9% in the first half, compared to the corresponding period last year, reflecting the weakening of the Canadian Dollar.

Latin America: Sales grew by 39.8% in the second quarter and by 27.6% in the first half of the year, in CER terms, compared to the corresponding periods last year, driven by significant volume growth in key countries and continued price increases throughout the region.

ADAMA delivered strong growth in Brazil, supported by favorable weather conditions and increased soybean and corn acreage. The Company continues to expand its differentiated product offering in the country, recently launching PLETHORA®, an innovative insecticide mixture with dual mode of action, addressing a broad spectrum of caterpillar and other pests.

Noteworthy performances were also recorded with continued market share gains in Argentina, supported by favorable weather conditions that accelerated the pace of summer crop harvesting and winter grain planting, Peru where the Company's activities were bolstered by its Q4 2019 acquisition in the country, as well as a strong performance in Paraguay.

In US dollar terms, sales in the region grew by 12.4% in the quarter and 6.7% in the first half of the year, compared to the corresponding periods last year, as the robust business growth was heavily impacted by weaker currencies in the region, in particular the significant decline in the Brazilian Real against the US dollar.

Asia-Pacific: Sales grew by 16.1% in the quarter and by 2.7% in the first half of the year, in CER terms, compared to the corresponding periods last year, driven by strong volume growth and continued price increases, recovering from the first quarter COVID-19 impact.

In Asia-Pacific (outside of China), a noteworthy performance was recorded in Australia which has seen a strong season supported by favorable weather. This compensated for challenging seasonal and COVID-19 related conditions in many parts of South East Asia. However, good rice cropping conditions in the region drove increased sales of the Company's leading rice insecticide offering.

During the quarter, the Company obtained multiple new product registrations in the region, including NEGATE®, a dual-mode of action herbicide for use in turf in Australia, GOLTIX GOLD®, a unique herbicide formulation with improved efficacy for controlling weeds in beets in New Zealand, and Banjo Forte®, a fungicide for use in black pepper in Vietnam.

In China, ADAMA saw a strong recovery in business growth in the second quarter, supported by new product launches including XISHENG LV®, a protective fungicide for fruits and vegetables, as well as FEIDIAN #1™, an insecticide for drone application, mainly in rice. This second quarter performance saw the Company almost fully overcoming the loss of sales in the first quarter caused largely by the COVID-19 impact on operations at the Company's Jingzhou site in Hubei province. The second quarter saw a recovery in sales of raw materials and intermediates, albeit at lower prices due to increased supply generally from Chinese producers.

In US dollar terms, sales in the region grew by 11.0% in the second quarter but were lower by 2.4% in the first half of the year, compared to the corresponding periods last year, reflecting the impact of weaker currencies, most notably the Australian Dollar and Chinese Renminbi.

India, Middle East & Africa: Sales grew by 23.2% in the quarter and by 18.3% in the first half of the year, in CER terms, compared to the corresponding periods last year. The Company delivered robust business growth in the region, led by India, alongside continued price increases.

In India, the timely arrival of the monsoon and its associated rains facilitated the good sowing of summer crops, encouraging application of crop protection products, following the lifting of the lockdown imposed by the Indian government. Favorable rainfall in South Africa improved cropping conditions, more than offsetting a challenging cotton season in Turkey.

In US dollar terms, sales in the region grew by 14.6% in the quarter and by 11.7% in the first half of the year, compared to the corresponding periods last year, reflecting the impact of softer currencies, most notably the Turkish Lira, the Indian Rupee and the South African Rand.

Table 3. Revenues by operating segment

Second quarter sales by segment

	Q2 2020 USD (m)	%	Q2 2019 USD (m)	%
Crop Protection	941	90.8%	905	90.3%
Intermediates and Ingredients	95	9.2%	97	9.7%
Total	**1,036**	**100.0%**	**1,002**	**100.0%**

Second quarter sales by product category

	Q2 2020 USD (m)	%	Q2 2019 USD (m)	%
Herbicides	446	43.0%	457	45.6%
Insecticides	312	30.2%	275	27.4%
Fungicides	183	17.7%	173	17.3%
Intermediates and Ingredients	95	9.2%	97	9.7%
Total	**1,036**	**100.0%**	**1,002**	**100.0%**

Note: the sales split by 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.

First half sales by segment

	H1 2020 USD (m)	%	H1 2019 USD (m)	%
Crop Protection	1,825	90.9%	1,814	90.4%
Intermediates and Ingredients	183	9.1%	194	9.6%
Total	**2,008**	**100.0%**	**2,008**	**100.0%**

First half sales by product category

	H1 2020 USD (m)	%	H1 2019 USD (m)	%
Herbicides	886	44.1%	912	45.4%
Insecticides	530	26.4%	547	27.2%
Fungicides	410	20.4%	356	17.7%
Intermediates and Ingredients	183	9.1%	194	9.6%
Total	**2,008**	**100.0%**	**2,008**	**100.0%**

Note: the sales split by 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.

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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.

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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 Second Quarter

Adjusted[1]	Q2 2020 USD (m)	Q2 2019 USD (m)	Q2 2020 RMB (m)	Q2 2019 RMB (m)
Revenues	**1,036**	**1,002**	**7,339**	**6,828**
Cost of Sales	726	672	5,145	4,577
Business taxes and surcharges	4	3	27	22
Gross profit	**306**	**327**	**2,167**	**2,229**
% of revenue	*29.5%*	*32.6%*	*29.5%*	*32.6%*
Selling & Distribution expenses	*152*	*160*	*1,076*	*1,092*
General & Administrative expenses	*33*	*37*	*233*	*248*
Research & Development expenses	*14*	*15*	*97*	*105*
Other	*3*	*-1*	*23*	*-4*
Total operating expenses	202	211	1,428	1,441
% of revenue	*19.5%*	*21.1%*	*19.5%*	*21.1%*
Operating income (EBIT)	**104**	**116**	**739**	**788**
% of revenue	*10.1%*	*11.5%*	*10.1%*	*11.5%*
Financial expenses and investment income	43	49	303	337
Income before taxes	**62**	**66**	**436**	**451**
Taxes on Income	15	15	105	104
Net income	**47**	**51**	**331**	**347**
% of revenue	*4.5%*	*5.1%*	*4.5%*	*5.1%*
EBITDA	**163**	**177**	**1,156**	**1,207**
% of revenue	*15.8%*	*17.7%*	*15.8%*	*17.7%*
Earnings per Share – Basic	*0.0191*	*0.0208*	*0.1351*	*0.1419*
– Diluted	*0.0191*	*0.0208*	*0.1351*	*0.1419*

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 Income Statement for the First Half

Adjusted[2]	H1 2020 USD (m)	H1 2019 USD (m)	H1 2020 RMB (m)	H1 2019 RMB (m)
Revenues	**2,008**	**2,008**	**14,121**	**13,616**
Cost of Sales	1,407	1,329	9,895	9,010
Business taxes and surcharges	7	7	46	46
Gross profit	**595**	**673**	**4,180**	**4,560**
% of revenue	*29.6%*	*33.5%*	*29.6%*	*33.5%*
Selling & Distribution expenses	*310*	*324*	*2,182*	*2,195*
General & Administrative expenses	*61*	*69*	*427*	*464*
Research & Development expenses	*27*	*31*	*189*	*211*
Other	*10*	*7*	*71*	*49*
Total operating expenses	408	430	2,868	2,919
% of revenue	*20.3%*	*21.4%*	*20.3%*	*21.4%*
Operating income (EBIT)	**186**	**242**	**1,311**	**1,641**
% of revenue	*9.3%*	*12.1%*	*9.3%*	*12.1%*
Financial expenses and investment income	74	87	519	589
Income before taxes	**113**	**155**	**792**	**1,052**
Taxes on Income	39	24	274	165
Net income	**74**	**131**	**518**	**887**
% of revenue	*3.7%*	*6.5%*	*3.7%*	*6.5%*
EBITDA	**306**	**365**	**2,149**	**2,471**
% of revenue	*15.2%*	*18.2%*	*15.2%*	*18.1%*
Earnings per Share – Basic	*0.0301*	*0.0535*	*0.2117*	*0.3626*
– Diluted	*0.0301*	*0.0535*	*0.2117*	*0.3626*

The number of shares used to calculate both basic and diluted earnings per share is 2,446.6 million shares.

[2] 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

	June 30 2020 USD (m)	June 30 2019 USD (m)	June 30 2020 RMB (m)	June 30 2019 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	889	789	6,293	5,425
Bills and accounts receivable	1,367	1,201	9,679	8,254
Inventories	1,500	1,504	10,619	10,338
Other current assets, receivables and prepaid expenses	326	285	2,310	1,959
Total current assets	**4,082**	**3,779**	**28,901**	**25,976**
Non-current assets:				
Fixed assets, net	1,122	1,121	7,941	7,708
Rights of use assets	73	80	516	548
Intangible assets, net	1,437	1,469	10,171	10,102
Deferred tax assets	121	112	857	768
Other non-current assets	100	103	710	708
Total non-current assets	**2,853**	**2,885**	**20,195**	**19,834**
Total assets	**6,935**	**6,664**	**49,096**	**45,810**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	456	397	3,230	2,731
Bills and accounts payable	711	662	5,029	4,554
Other current liabilities	736	767	5,213	5,270
Total current liabilities	**1,903**	**1,826**	**13,472**	**12,555**
Long-term liabilities:				
Loans and credit from banks and other lenders	314	98	2,225	674
Debentures	1,224	1,186	8,664	8,153
Deferred tax liabilities	59	51	416	351
Employee benefits	96	94	676	644
Other long-term liabilities	137	139	973	954
Total long-term liabilities	**1,830**	**1,567**	**12,954**	**10,776**
Total liabilities	**3,733**	**3,393**	**26,426**	**23,331**
Equity				
Total equity	3,202	3,270	22,670	22,479
Total equity	**3,202**	**3,270**	**22,670**	**22,479**
Total liabilities and equity	**6,935**	**6,664**	**49,096**	**45,810**

Abridged Consolidated Cash Flow Statement for the Second Quarter

	Q2 2020 USD (m)	Q2 2019 USD (m)	Q2 2020 RMB (m)	Q2 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	229	144	1,619	985
Cash flow from operating activities	**229**	**144**	**1,619**	**985**
Investing activities:				
Acquisitions of fixed and intangible assets	-63	-47	-446	-319
Cash (paid) received for disposal of investments, net	-7	2	-51	12
Proceeds from disposal of fixed and intangible assets	-	-	-	-
Acquisition of subsidiaries	-	-	-	-2
Other investing activities	6	1	48	9
Cash flow used for investing activities	**-62**	**-44**	**-442**	**-300**
Financing activities:				
Receipt of loans from banks and other lenders	230	66	1,628	451
Repayment of loans from banks and other lenders	-45	-30	-317	-205
Interest payment and other	-44	-42	-311	-288
Other financing activities	-22	-8	-154	-55
Cash flow from (used for) financing activities	**119**	**-14**	**846**	**-98**
Effects of exchange rate movement on cash and cash equivalents	**-**	**-7**	**-5**	**57**
Net change in cash and cash equivalents	**286**	**79**	**2,018**	**643**
Cash and cash equivalents at the beginning of the period	598	704	4,238	4,739
Cash and cash equivalents at the end of the period	**884**	**783**	**6,256**	**5,382**
Free Cash Flow	**127**	**59**	**900**	**404**

Abridged Consolidated Cash Flow Statement for the First Half

	H1 2020 USD (m)	H1 2019 USD (m)	H1 2020 RMB (m)	H1 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	173	-47	1,234	-305
Cash flow from operating activities	**173**	**-47**	**1,234**	**-305**
Investing activities:				
Acquisitions of fixed and intangible assets	-114	-89	-803	-606
Cash (paid) received for acquisition of investments, net	-7	3	-51	20
Proceeds from disposal of fixed and intangible assets	2	5	16	31
Acquisition of subsidiaries	-	-123	-	-827
Other investing activities	5	2	39	12
Cash flow used for investing activities	**-116**	**-203**	**-815**	**-1,370**
Financing activities:				
Receipt of loans from banks and other lenders	401	294	2,823	1,988
Repayment of loans from banks and other lenders	-106	-68	-746	-464
Interest payments and other	-50	-52	-357	-351
Other financing activities	-35	-65	-245	-437
Cash flow from (used for) financing activities	**210**	**109**	**1,475**	**736**
Effects of exchange rate movement on cash and cash equivalents	**-3**	**-2**	**42**	**-25**
Net change in cash and cash equivalents	**264**	**-142**	**1,936**	**-964**
Cash and cash equivalents at the beginning of the period	619	925	4,320	6,346
Cash and cash equivalents at the end of the period	**883**	**783**	**6,256**	**5,382**
Free Cash Flow	**12**	**-297**	**95**	**-1,996**

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 June 30, 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

Q2	Adjusted		Adjustments		Reported	
RMB(m)	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Revenues	7,339	6,828			7,339	6,828
Gross profit	2,167	2,229	2	-4	2,165	2,233
Operating expenses	1,428	1,441	-116	-145	1,544	1,586
Operating income (EBIT)	739	788	119	141	620	647
Income before taxes	436	451	124	137	312	314
Net income	331	347	110	125	221	222
EBITDA	1,156	1,207	-35	-22	1,191	1,229
Earnings per share	0.1351	0.1419			0.0905	0.0907

H1	Adjusted		Adjustments		Reported	
RMB(m)	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Revenues	14,121	13,616			14,121	13,616
Gross profit	4,180	4,560	10	13	4,170	4,547
Operating expenses	2,868	2,919	-328	-330	3,196	3,249
Operating income (EBIT)	1,311	1,641	337	343	974	1,298
Income before taxes	792	1,052	343	323	449	729
Net income	518	887	313	298	205	589
EBITDA	2,149	2,471	30	10	2,119	2,461
Earnings per share	0.2117	0.3626			0.0836	0.2406

Income Statement Adjustments

	Q2 2020 USD (m)	Q2 2019 USD (m)	Q2 2020 RMB (m)	Q2 2019 RMB (m)
Net Income (Reported)	**31.2**	**32.6**	**221.4**	**221.9**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	11.5	11.5	81.1	78.1
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.5	9.2	53.3	62.5
3. China Relocation & Upgrade related costs	0.9	2.2	6.5	15.2
4. Long-term incentive (non-cash)	-5.9	-3.3	-41.9	-22.7
5. Amortization of acquisition-related PPA (non-cash)	1.8	1.2	13.1	8.0
6. Employee early retirement expenses	0.9	-	6.4	-
Total Adjustments to Operating Income (EBIT)	**16.7**	**20.7**	**118.5**	**141.1**
Total Adjustments to EBITDA	**-5.0**	**-3.2**	**-35.5**	**-21.6**
Adjustments to Financing Expenses:				
7. Revaluation of non-cash adjustment related to non-controlling interest	0.8	-0.7	5.6	-4.5
Total Adjustments to Income before Taxes	**17.5**	**20.0**	**124.2**	**136.7**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	1.9	1.9	13.8	13.3
5. Deferred tax due to PPA	0.2	-0.3	1.2	-1.9
Total adjustments to Net Income	**15.4**	**18.4**	**109.2**	**125.2**
Net Income (Adjusted)	**46.6**	**50.9**	**330.6**	**347.1**

	H1 2020 USD (m)	H1 2019 USD (m)	H1 2020 RMB (m)	H1 2019 RMB (m)
Net Income (Reported)	**28.8**	**86.9**	**204.6**	**588.6**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	22.9	22.9	159.7	155.3
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	15.4	19.8	107.4	134.2
3. China Relocation & Upgrade related costs	1.8	4.5	12.8	30.7
4. Long-term incentive (non-cash)	-5.2	1.4	-36.8	9.2
5. Amortization of acquisition-related PPA (non-cash)	3.7	2.1	28.1	14.1
6. Employee early retirement expenses	9.5	-	66.2	-
Total Adjustments to Operating Income (EBIT)	**48.1**	**50.7**	**337.4**	**343.5**
Total Adjustments to EBITDA	**4.3**	**1.6**	**29.4**	**10.2**
Adjustments to Financing Expenses:				
7. Revaluation of non-cash adjustment related to non-controlling interest	0.8	-3.0	5.6	-20.5
Total Adjustments to Income before Taxes	**48.9**	**47.7**	**343.0**	**322.9**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	3.9	3.9	27.2	26.4
5. Deferred tax due to PPA	0.3	-0.3	2.5	-1.9
Total adjustments to Net Income	**44.7**	**44.1**	**313.3**	**298.4**
Net Income (Adjusted)	**73.5**	**131.0**	**518.0**	**887.1**

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 value 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. These additional amortization charges will continue until 2032 but at a reducing rate, yet will still be at a meaningful level (more than $10 million per year) until 2028.
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 the Company's 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

	June 30			Q2 Average			H1 Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
EUR/USD	1.120	1.138	(1.5%)	1.100	1.124	(2.2%)	1.101	1.130	(2.6%)
USD/BRL	5.476	3.832	(42.9%)	5.839	3.919	(37.5%)	4.923	3.845	(28.1%)
USD/PLN	3.981	3.734	(6.6%)	4.096	3.812	(7.5%)	4.008	3.801	(5.5%)
USD/ZAR	17.241	14.140	(21.9%)	17.976	14.407	(24.8%)	16.664	14.213	(17.2%)
AUD/USD	0.684	0.703	(2.6%)	0.655	0.700	(6.5%)	0.656	0.706	(7.1%)
GBP/USD	1.227	1.270	(3.4%)	1.241	1.285	(3.5%)	1.260	1.294	(2.6%)
USD/ILS	3.466	3.566	2.8%	3.516	3.595	2.2%	3.507	3.620	3.1%
USD LIBOR 3M	0.30%	2.32%	(87.0%)	0.60%	2.51%	(76.1%)	1.08%	2.69%	(59.9%)

	June 30			Q2 Average			H1 Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
USD/RMB	7.080	6.875	3.0%	7.085	6.816	3.9%	7.029	6.780	3.7%
EUR/RMB	7.931	7.821	1.4%	7.791	7.661	1.7%	7.739	7.661	1.0%
RMB/BRL	0.774	0.557	(38.8%)	0.761	0.575	(32.3%)	0.700	0.567	(23.5%)
RMB/PLN	0.562	0.543	(3.5%)	0.559	0.559	0.0%	0.570	0.561	(1.7%)
RMB/ZAR	0.411	0.486	15.5%	0.394	0.473	16.7%	0.422	0.477	11.6%
AUD/RMB	4.846	4.832	0.3%	4.638	4.773	(2.8%)	4.612	4.790	(3.7%)
GBP/RMB	8.689	8.734	(0.5%)	8.790	8.762	0.3%	8.857	8.773	1.0%
RMB/ILS	0.490	0.519	5.6%	0.496	0.527	5.9%	0.499	0.534	6.6%