

Q3 & 9M 2020 Review

Legal Notice

This presentation is for marketing and information purposes only. By this presentation, neither ADAMA Ltd. nor Adama Agricultural Solutions Ltd. (together the “Company” or “ADAMA”) intend to give, and the presentation does not constitute, professional or business advice or an offer or recommendation to perform any transaction in the Company’s securities. The accuracy, completeness and/or adequacy of the content of this presentation, as well as any estimation and/or assessment included in this presentation, if at all, is not warranted or guaranteed and the Company disclaims any intention and/or obligation to comply with such content. The Company may make improvements and/or changes in the features or content presented herein at any time. The Company shall not be liable for any loss, claim, liability or damage of any kind resulting from your reliance on, or reference to, any detail, fact or opinion presented herein.

This presentation contains proprietary information of the Company and may not be reproduced, copied, disclosed or utilized in any way, in whole or in part, without the prior written consent of the Company.

The Company’s assessments may not materialize, inter alia, due to factors out of the Company's control, including the risk factors listed in the Company’s annual reports, changes in the industry or potential operations of the Company's competitors.

All information included in this presentation relates only to the date which it refers to, and the Company does not undertake to update such information afterwards.

Any content contained herein shall not constitute or be construed as any regulatory, valuation, legal, tax, accounting and investment advice or any advice of any kind or any part of it. Nor shall they constitute or be construed as any recommendation, solicitation, offer or commitment (or any part of it) to buy, sell, subscribe for or underwrite any securities, provide any credit or insurance or engage in any transactions. Without any written consent, any third party providing this document to you shall not act as your financial advisor or trustee. Before entering into any transactions, you shall ensure that you fully understand the potential risks and returns of such transactions. Before making such decisions, you shall consult the advisors you think necessary, including your accountant, investment advisor and legal and tax specialists. The Company and its affiliates, controlling persons, directors, officials, partners, employees, agents, representatives or their advisors shall not assume any responsibilities of any kind (including negligence or others) for the use of and reliance on such information by you or any person to whom such information are provided.

ADAMA

Financial Performance Overview

Q3: Record high sales driven by strong volume growth; currencies a major drag

Adj. $ million	Q3 2020	Q3 2019	%▲ USD	FX Impact	CER
Sales	978	953	**+3%**	(88)	**+12%**
Gross Profit	274	295	**-7%**	(75)	**+18%**
% of Sales	*28.0%*	*31.0%*			
EBITDA	130	144	**-10%**	(71)	**+40%**
% of Sales	*13.3%*	*15.1%*			
Net Income	21	42	**-50%**	(81)	**+142%**
% of Sales	*2.2%*	*4.4%*			

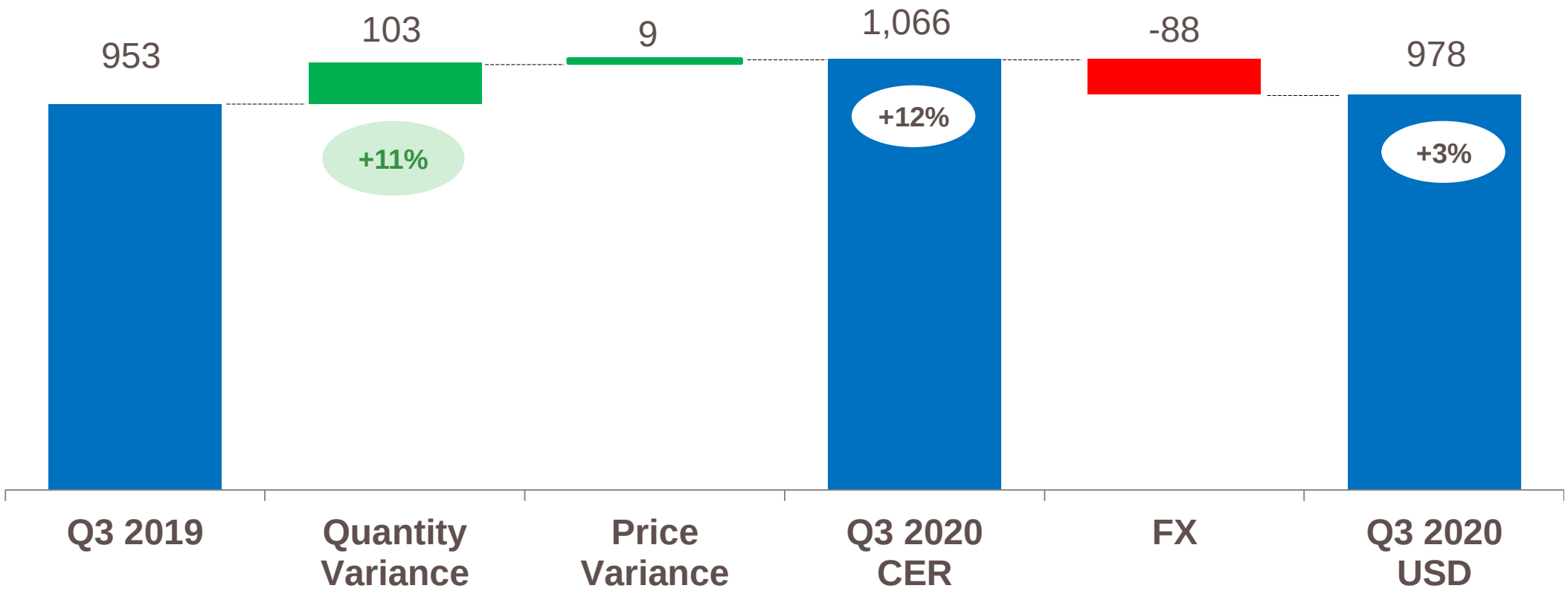
Q3 Highlights

- **Sales**
  - Strong 11% volume growth
  - Led by continued robust performance in emerging markets
  - FX impact: -$88m
- **Gross Profit**
  - Strong volume growth and lower procurement costs more than offset by currency headwinds
  - FX impact: -$75m
- **EBITDA**
  - Opex/Sales ratio: 20.9% vs. 22.3% in Q3 2019
  - Reduction in operating expenses, despite recent acquisitions, only partially offset lower gross profit
  - FX impact: -$71m
- **Net income**
  - Impacted by lower operating income alongside higher financial expenses
  - FX impact: -$81m

Currency weakness continues to be a significant drag on USD sales growth and profitability

Q3 Sales: Robust CER performance, driven by strong volume growth

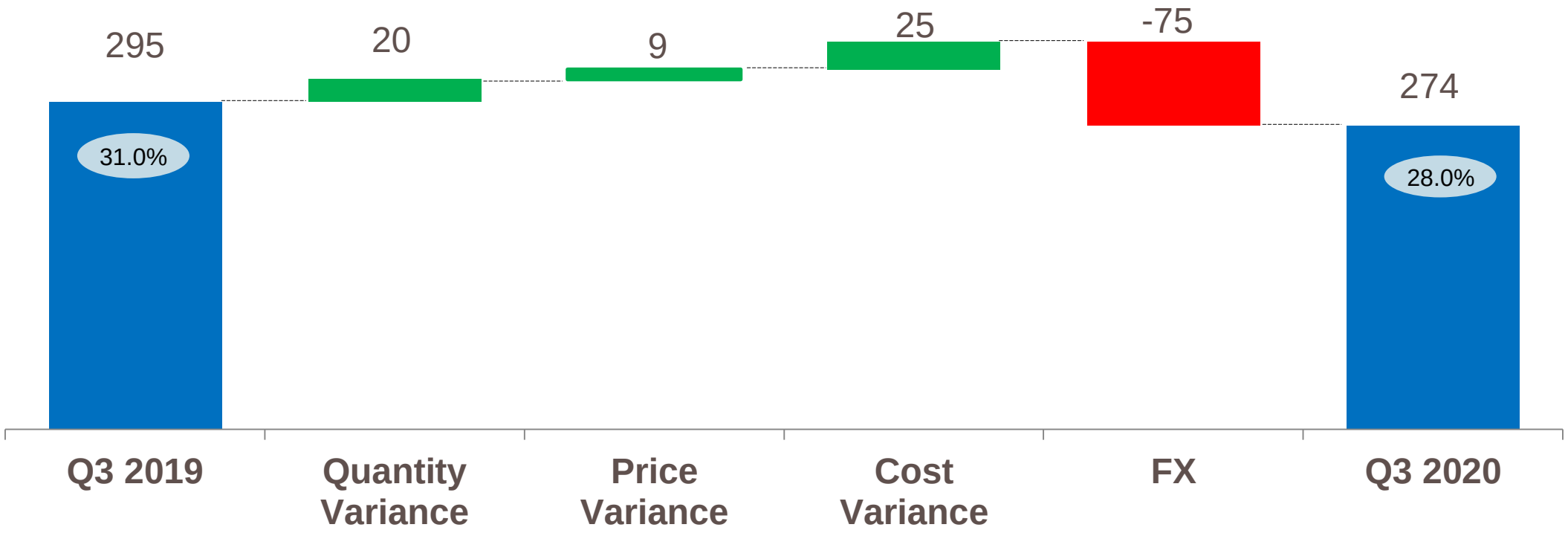
Sales bridge analysis



NOTE: FX includes currency effect on sales and hedging

Q3 Gross Profit: strong volume growth, lower procurement costs more than offset by FX

GP bridge analysis



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

9M: Record high sales; profit impacted by currency weakness

Adj. $ million	9M 2020	9M 2019	%▲ USD	FX Impact	CER
Sales	2,987	2,962	**+1%**	(222)	**+8%**
Gross Profit	869	968	**-10%**	(184)	**+9%**
% of Sales	*29.1%*	*32.7%*			
EBITDA	436	509	**-14%**	(164)	**+18%**
% of Sales	*14.6%*	*17.2%*			
Net Income	95	173	**-45%**	(201)	**+71%**
% of Sales	*3.2%*	*5.9%*			

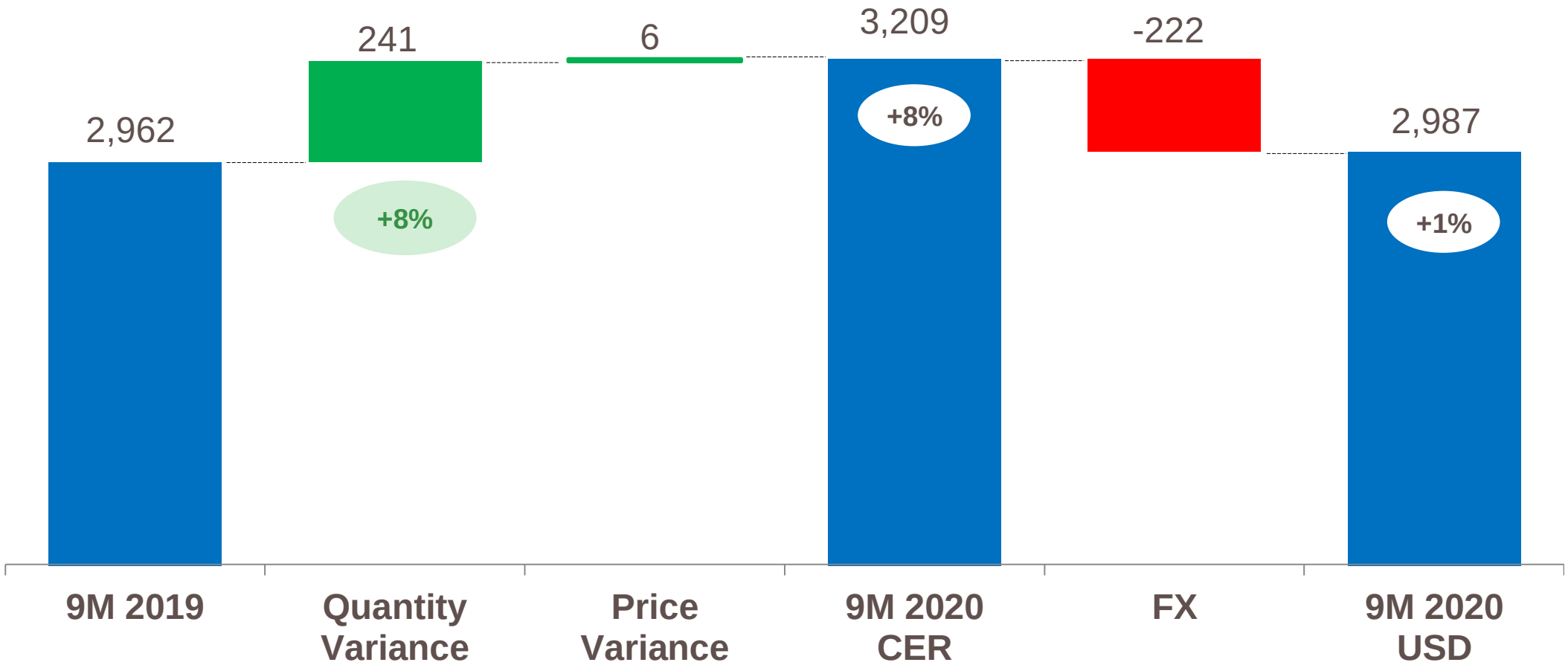
9M Highlights

- **Sales**
  - Continued strong 8% volume growth despite ongoing global COVID-19 constraints
  - FX impact: -$222m
- **Gross Profit**
  - Robust volume growth alongside reduced procurement costs, more than offset by currency headwinds
  - FX impact: -$184m
- **EBITDA**
  - Opex/Sales ratio: 20.5% vs. 21.7% in 9M 2019
  - Reduction in operating expenses, despite recent acquisitions, only partially offset lower gross profit
  - FX impact: -$164m
- **Net income**
  - Higher tax expense largely due to Q1 BRL weakness against USD ($24 million impact vs. 9M 2019)
  - FX impact: -$201m

Currency weakness a significant drag on sales growth and profitability

9M Sales: robust CER performance, driven by strong volume growth

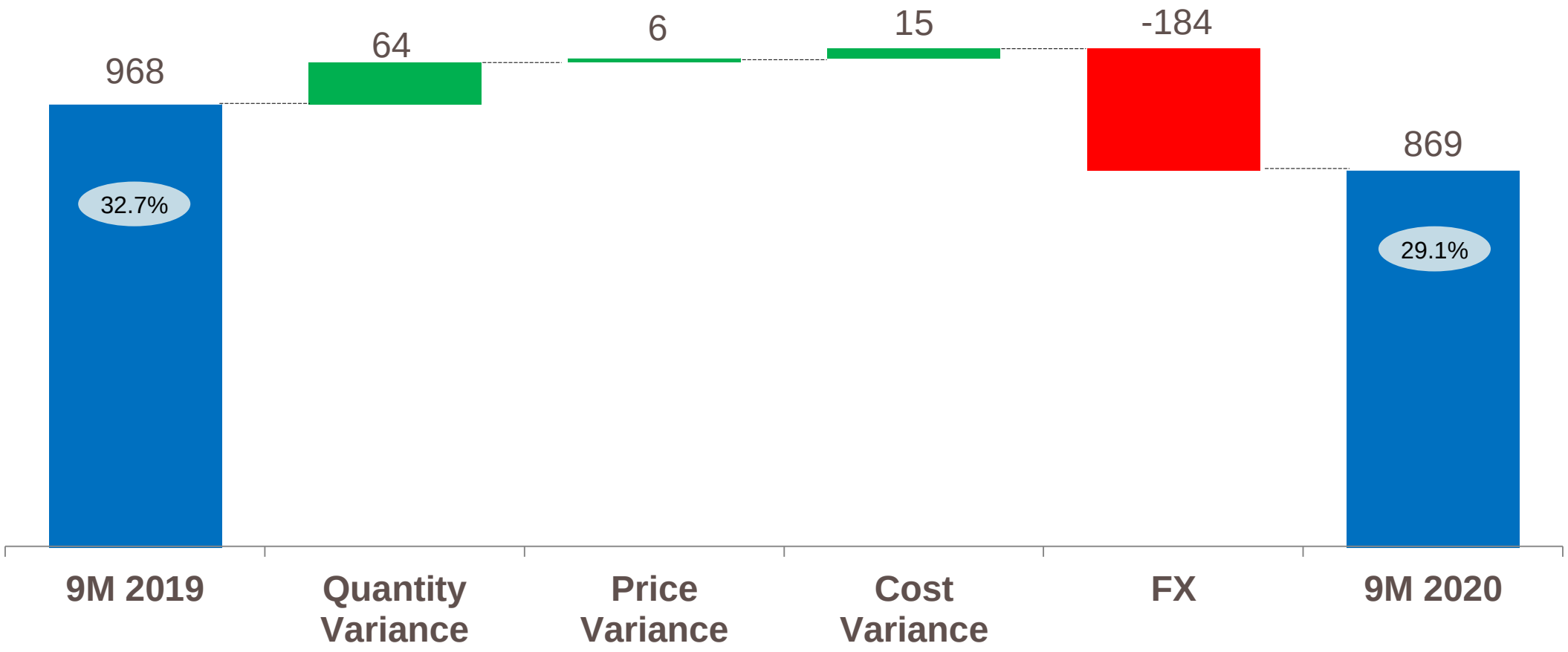
Sales bridge analysis



NOTE: FX includes currency effect on sales and hedging

9M Gross Profit: robust volume growth, lower procurement costs more than offset by FX

GP bridge analysis

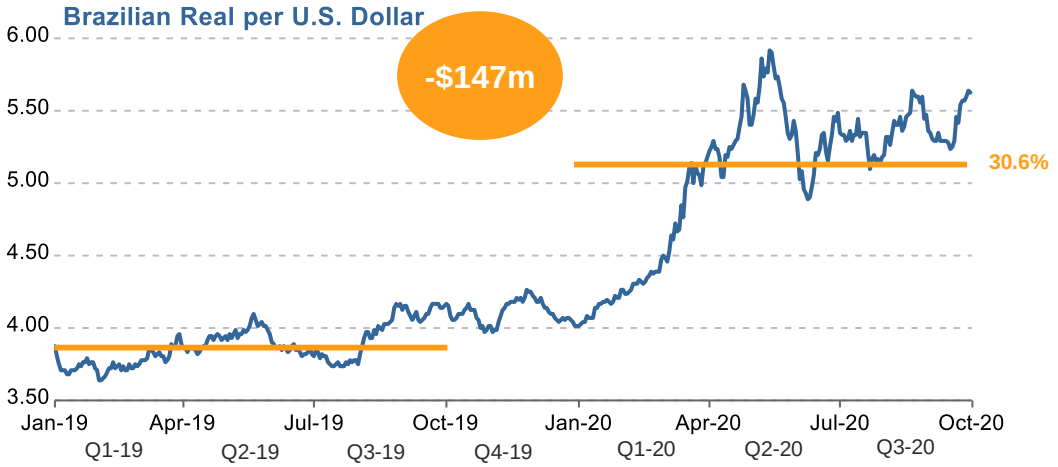


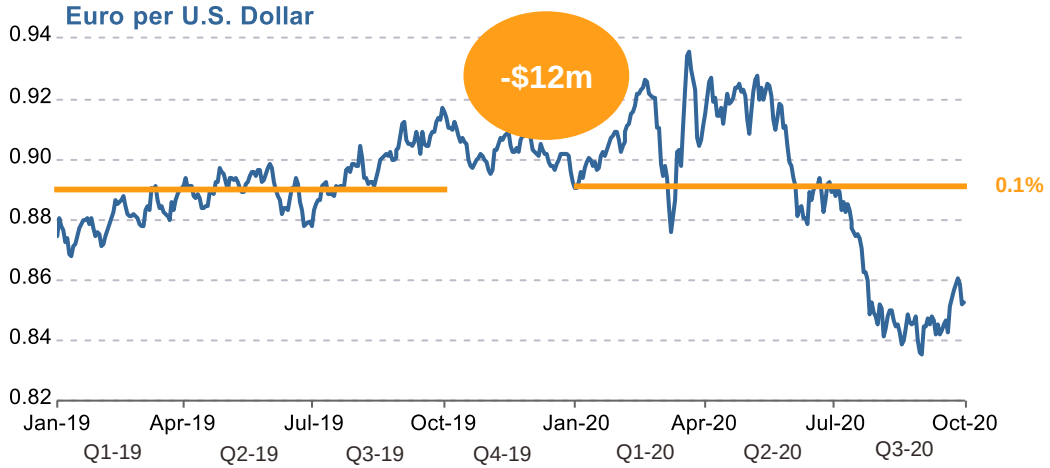
NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and hedging

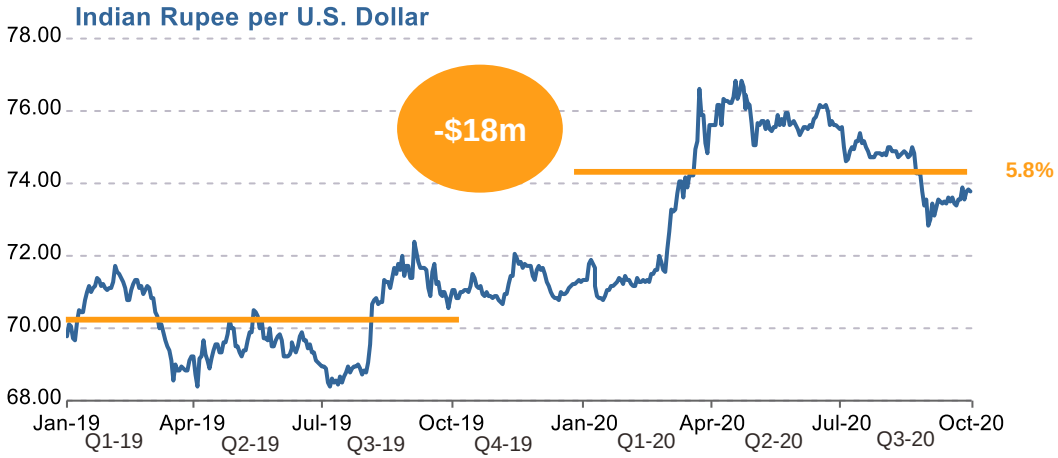
Significant volatility in global currency markets during 2020

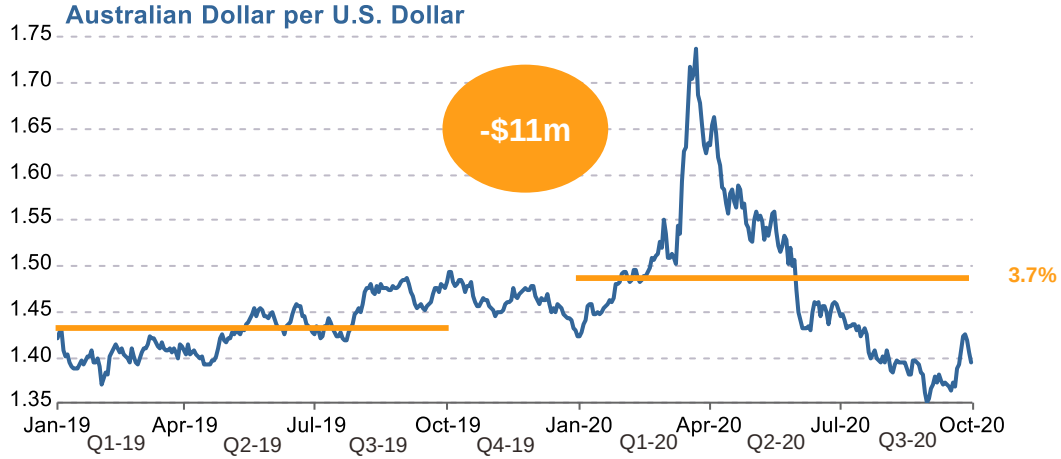
9-month average

9M Sales Impact, post-hedging









Total currency impact on Sales, post-hedging, of $88m in Q3 and $222m in 9M

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:

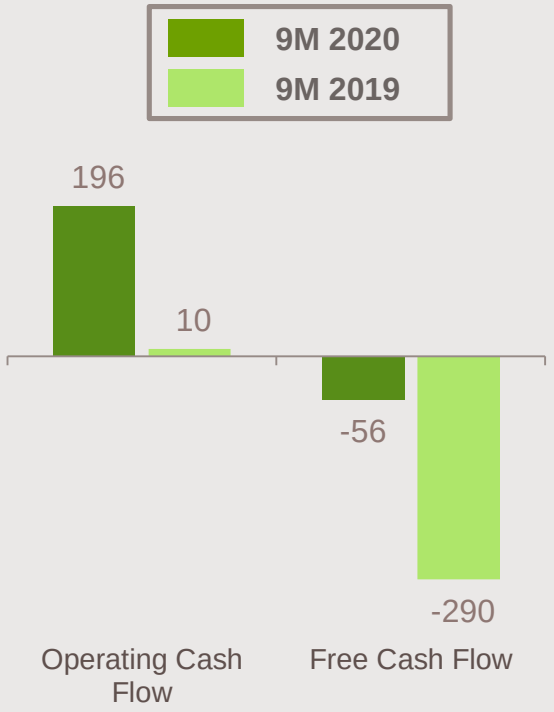
- Adjusted results:
  - Exclude **items that are of a one-time or non-cash/non-operational nature that do not impact the ongoing performance of the business**
  - Reflect the way the Company’s management and the Board of Directors view the performance of the Company internally
- The Company believes 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	Q3 2020	Q3 2019	9M 2020	9M 2019
Net Income (Reported)	**3.0**	**29.5**	**31.8**	**116.4**
Amortization of Legacy PPA of 2011 acquisition of Solutions, net (non-cash)	11.5	11.5	34.4	34.4
Syngenta Divestments & Transfers (D&T) amortization (non-cash)	7.6	7.7	23.0	27.5
Employee early retirement expenses (one time)	0.6	-	10.0	-
Others	-1.6	-6.4	-4.6	-5.0
Net Income (Adjusted)	**21.1**	**42.3**	**94.6**	**173.3**

Note: “Others” include: China Relocation & Upgrade related costs, Long-term Incentive (non-cash), Amortization of acquisition-related PPA (non-cash), Capital gain recognized on acquisition of control of an equity investee, Non-core assets impairment, Revaluation of non-cash adjustment related to non-controlling interest. Please see Appendix to Q3 Press Release for more details

Positive Cash Flow generation; controlled working capital build-up supporting growth

Improved Cash Flow Generation



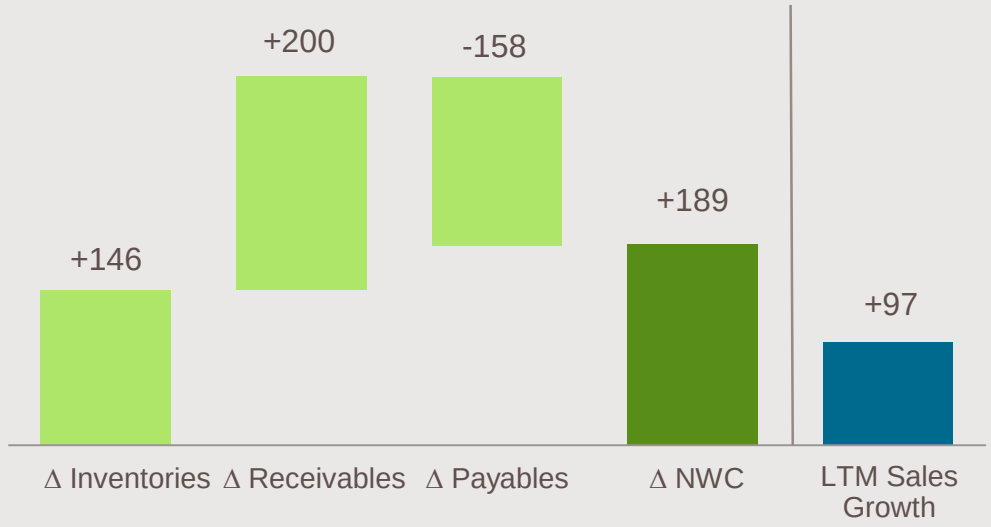
Cash Flow
($mm)

Regional and portfolio unpredictability, strong emerging markets growth pressure working capital

Inventory up due to change in geographic and portfolio sales mix, anticipation of further volume growth ahead

Receivables up reflecting growth in emerging markets

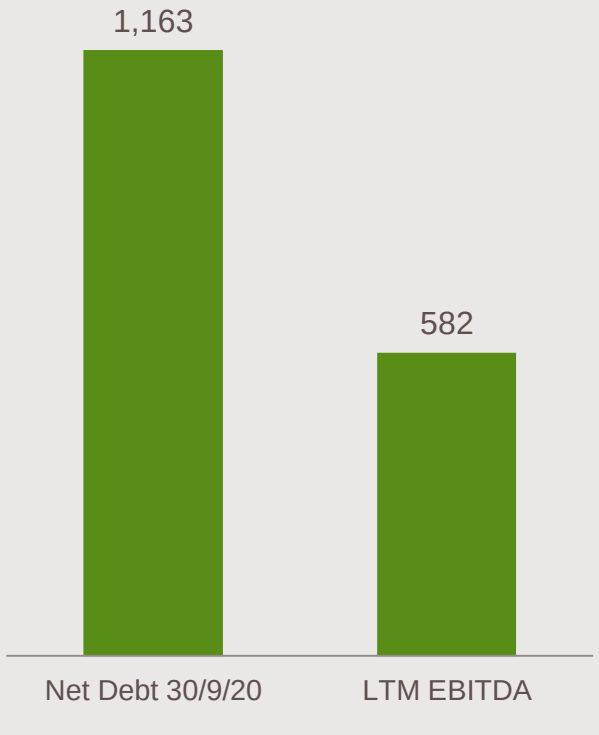
Partially mitigated by extended payables



LTM Change in Working Capital

Strong Balance Sheet

Net debt / EBITDA ratio of 2.0x



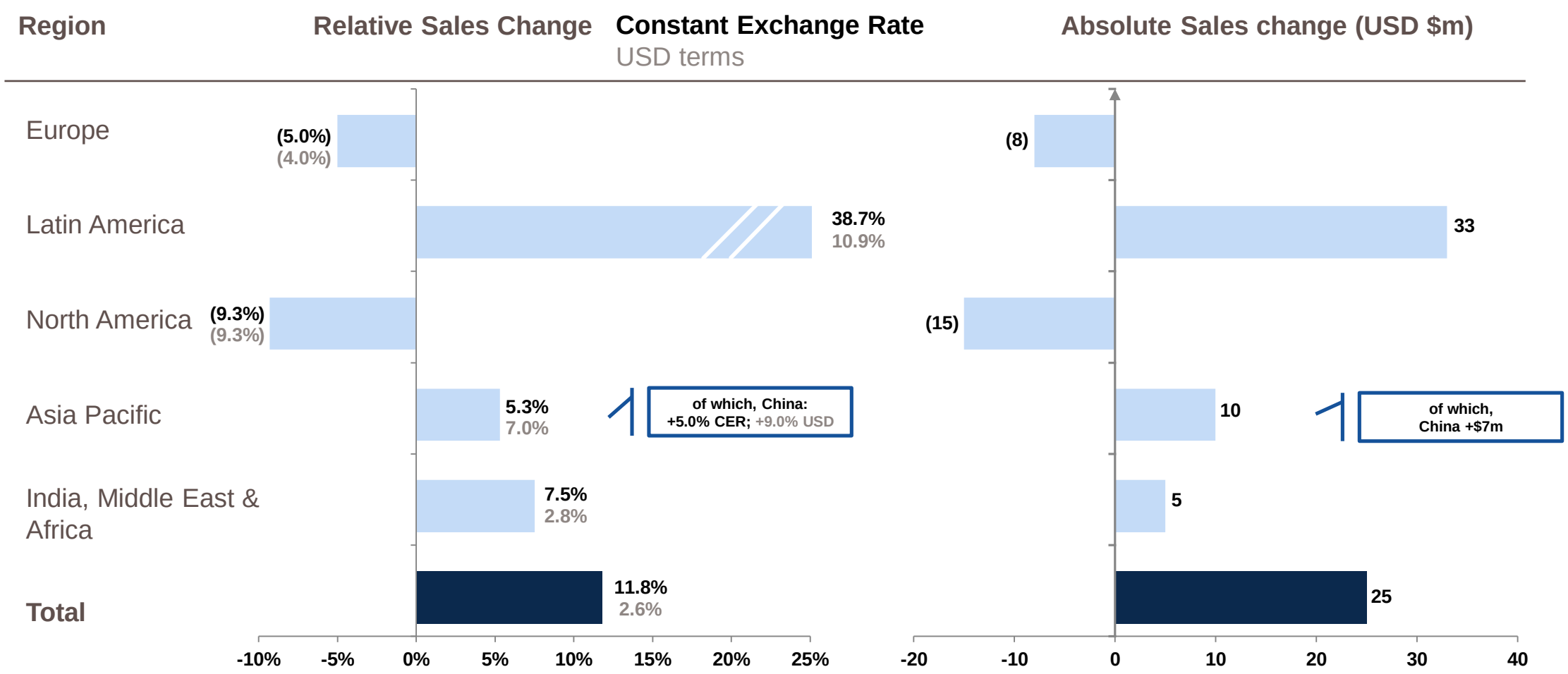
Balance Sheet Net Debt
($mm and Net Debt / EBITDA)

ADAMA

Regional Review

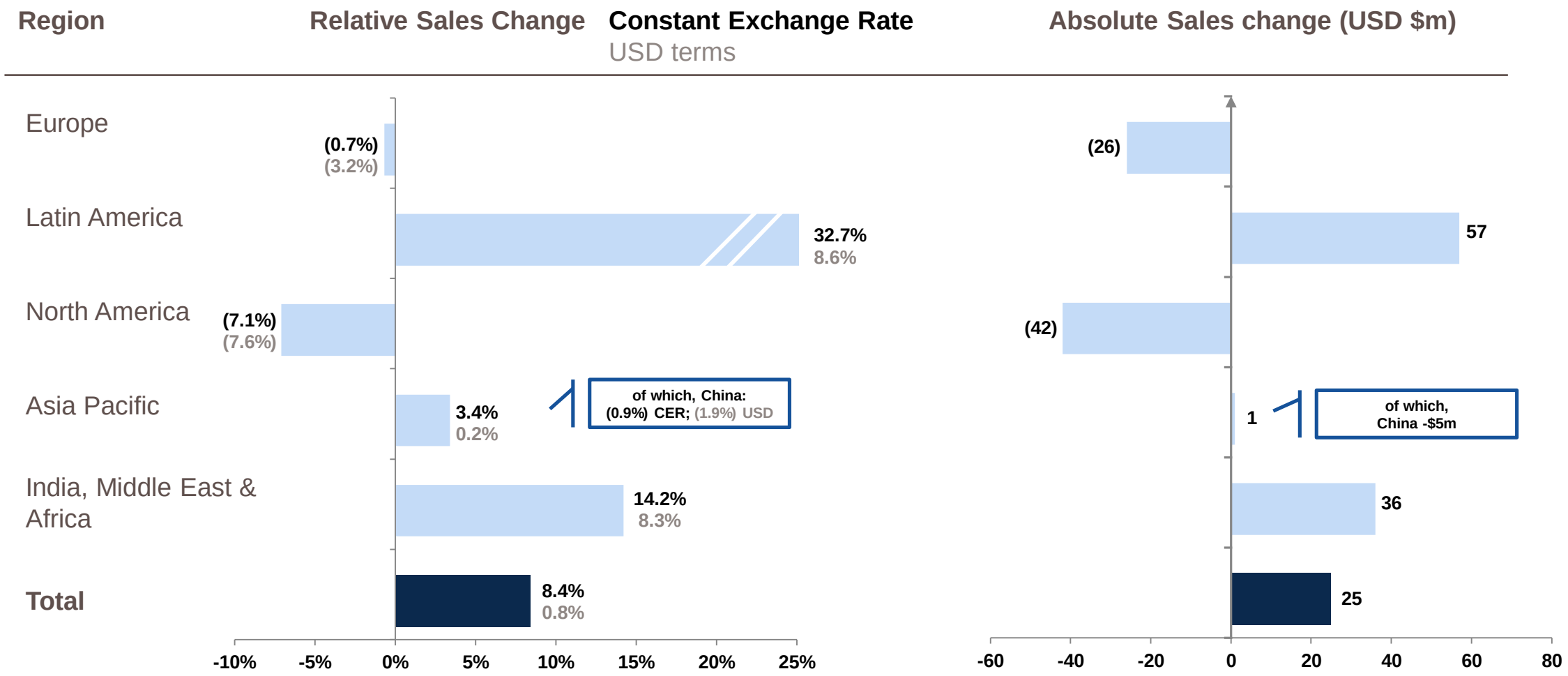
Robust Q3 CER growth driven by emerging markets

Sales change by region – Q3 2020 vs. Q3 2019



Continued strong CER growth despite ongoing global COVID-19 constraints

Sales change by region – 9M 2020 vs. 9M 2019



Q4 Outlook

- **COVID-19:**
  - Our major production facilities globally are continuing to operate, with limited disruption
  - Global supply lines and logistics continue to experience friction and increased costs
  - China suppliers have returned to operation and supply levels are normal
- **Europe**: Late Q3 resumption of rain potentially impacting Q4; positive outlook for cereal herbicides
- **North America**:
  - Challenging conditions persisting in US Crop Protection market (COVID-19-related distributor nervousness and sustained high channel inventories)
  - Continued weakness in key cotton sector
- **Latin America**:
  - COVID-19 continues to spread in the region, continuing to create challenges for agriculture and supply and logistics lines
  - Soybean acreage expected to increase in Brazil, although distributors purchased early (into Q3)
  - Late rains may delay start to season and actual application
- **APAC**: Some improvement in seasonal conditions in South East Asia; rain needed in Australia and Indonesia
- **IMA**: Excessive rain in India; cold/wet South African winter delayed sales in Q3
- **Currencies:** USD strength moderating, but still higher vs. 2019 in most emerging market currencies, expected to continue to impact Q4; potential to offset to some extent with increased prices in local currencies

ADAMA

Bolstering ADAMA's commercial presence
in China and our global product offering

Huifeng at a Glance



Founded in
1989

Located in
Dafeng, Jiangsu Province, China

ADAMA

ADAMA to acquire a majority stake in both Huifeng's domestic China commercial business as well as its key crop protection synthesis and formulation facilities

Domestic crop protection commercial business

- Attractive crop protection portfolio of more than 150 formulated products
- Potential domestic China formulation sales of ~100$ million
- 170-strong sales force across China





Backward integrated, competitive production of key active ingredients

- Synthesis and formulation of key global AIs such as Prochloraz, Epoxiconazole, Trinexapac, Bromoxynil, MCPA and 2,4-D, as well as Glufosinate in the near future
- ~1,700 employees





ADAMA

Thank You



ADAMA

Appendices

ADAMA

Regional Highlights

Europe

	Q3'20	Q3'19	% Variance USD	% Variance CER	9M 20	9M 19	% Variance USD	% Variance CER
Sales ($m)	181	188	-4.0%	-5.0%	790	816	-3.2%	-0.7%

CER: Constant Exchange Rate

Highlights

- Q3 sales lower largely due to widespread extreme drought conditions which reduced crop protection application in key crops such as oilseed rape and winter cereals, as well as high inventories in distribution channels
- 9M sales slightly lower in CER terms; impacted by currency volatility and increased pricing pressure

Northern Europe

- Widespread drought slowed consumption; reduced OSR acreage, application; winter cereals delayed
- 9M volume growth offset by softer pricing and FX weakness

Southern Europe

- Growth bolstered by Alfa acquisition in Greece
- Noteworthy performance in 9M recorded in key market **France**
- New product registrations include:
  - FOLPAN GOLD® systemic fungicide to combat grapevine mildew, in Bulgaria
  - COLT® herbicide for control of broadleaf weeds in winter cereals and pasture in Bulgaria



Untreated



FOLPAN GOLD®

Latin America

	Q3'20	Q3'19	% Variance USD	% Variance CER	9M 20	9M 19	% Variance USD	% Variance CER
Sales ($m)	335	302	+10.9%	+38.7%	714	657	+8.6%	+32.7%

CER: Constant Exchange Rate

Highlights

- Strong performance in Q3 and 9M driven by significant volume growth throughout the region and continued price increases to partially compensate for the material regional currency weakness
- 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

- Q3 saw continued strong performance from differentiated product portfolio:
  - CRONNOS®, the triple-action fungicide for soybean rust
  - GALIL® combination insecticide
  - TRIVOR® insecticide for rapid and extended control of sucking pests
- Continued expansion of differentiated product portfolio:
  - ARADDO®, a complete solution for the management of a wide range of glyphosate-resistant weeds in soybean, corn and wheat crops

LatAm

- Significant volume growth in key countries despite widespread COVID-19 related restrictions
- Noteworthy performances seen in **Argentina, Colombia, Mexico and Paraguay,** as well as **Peru** bolstered by Q4 2019 acquisition
- **FNV acquisition (October 14):**
  - Majority stake in FNV S.A., key crop protection distributor in Paraguay, strengthening commercial presence in this important market



Strengthening commercial presence in Paraguay, a key LatAm market

North America

	Q3'20	Q3'19	% Variance USD	% Variance CER	9M 20	9M 19	% Variance USD	% Variance CER
Sales ($m)	145	160	-9.3%	-9.3%	518	560	-7.6%	-7.1%

CER: Constant Exchange Rate

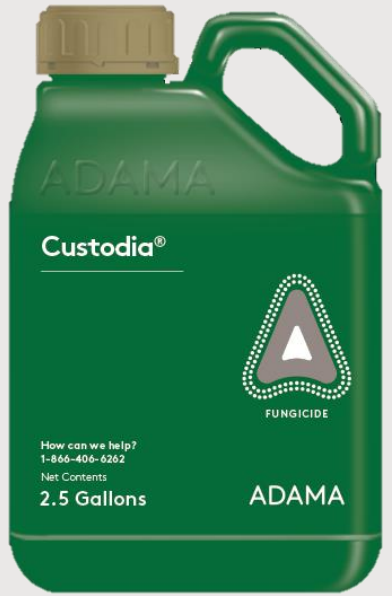
Highlights

North America Crop Protection

- Lower sales in Q3 and 9M largely due to:
  - Q3 weather: mid-west windstorms (corn), fires in CA/OR (F&V), heatwave in TX (cotton)
  - Continuing challenges in Cotton (COVID-19 reduced demand for cotton) impacting sales of cotton portfolio
- Recent product launches in **Canada** include:
  - CUSTODIA® fungicide controlling wide range of diseases in corn, soybeans and wheat
  - ORIUS®, a broad-spectrum fungicide for wheat, barley and oat crops

Consumer & Professional Solutions

- Continuing strong Consumer sales, with recovery in demand as COVID-19 positively impacting home and garden, as well as e-commerce
- Noteworthy performance recorded in Consumer business
- PCO / Turf and Golf Courses: market stabilized after challenging Q1, recovering to near pre-COVID-19 levels



Expanding product offering in Canada

Asia Pacific

	Q3'20	Q3'19	% Variance USD	% Variance CER	9M 20	9M 19	% Variance USD	% Variance CER
Sales ($m)	148	138	+7.0%	+5.3%	497	496	+0.2%	+3.4%

CER: Constant Exchange Rate

Highlights

- Strong volume growth in Q3 resulted in 9M sales to reach prior years level, and compensating for regional currency headwinds mainly due to COVID-19

APAC

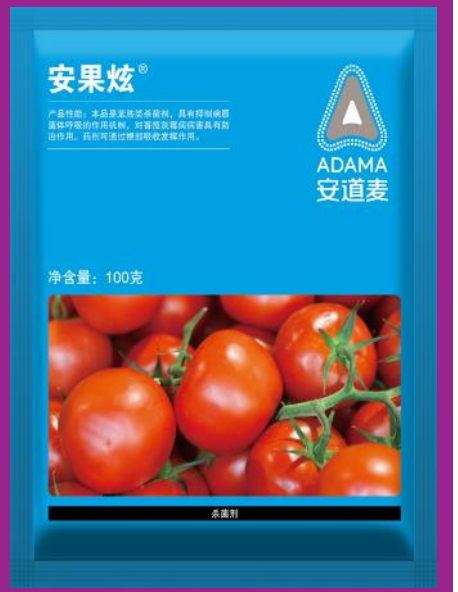
- Strong performance driven by solid volume growth in **Australia** and **New Zealand**, benefiting from favorable weather
- More than offsetting challenging seasonal conditions in South East Asia
- **New product registrations:**
  - ULTRO® 900 (Carbetamide), herbicide controlling annual grasses in all pulse crops
  - First new AI in broadacre cropping, largest crop segment in the market

China

- Moderate growth in Q3
- Strong performance from branded, formulated sales
- Lower prices received for raw materials and intermediates due to increased supply generally from Chinese producers
- **Product launches:**
  - AN GUO XUAN®, protective fungicide for tomatoes
  - XIN TUO LONG®, an effective growth regulating solution for cotton harvesting in the Xinjiang region



XIN TUO LONG®



AN GUO XUAN®

Regional Performance

India, Middle East & Africa

	Q3'20	Q3'19	% Variance USD	% Variance CER	9M 20	9M 19	% Variance USD	% Variance CER
Sales ($m)	170	166	+2.8%	+7.5%	468	432	+8.3%	+14.2%

CER: Constant Exchange Rate

Highlights

- Continued strong volume growth in Q3 and 9M more than offset regional currency headwinds

India

- India benefited from above-average monsoon rains and good cropping conditions
- **Product launches:**
  - TRIGUS®, insecticide for use on sucking pests

Middle East & Africa

- Extended winter in South Africa delaying some sales



India TRIGUS® launch
Building hybrid offering

Regional Performance

ADAMA

Reported vs. Adjusted P&L

Adjusted vs. Reported P&L

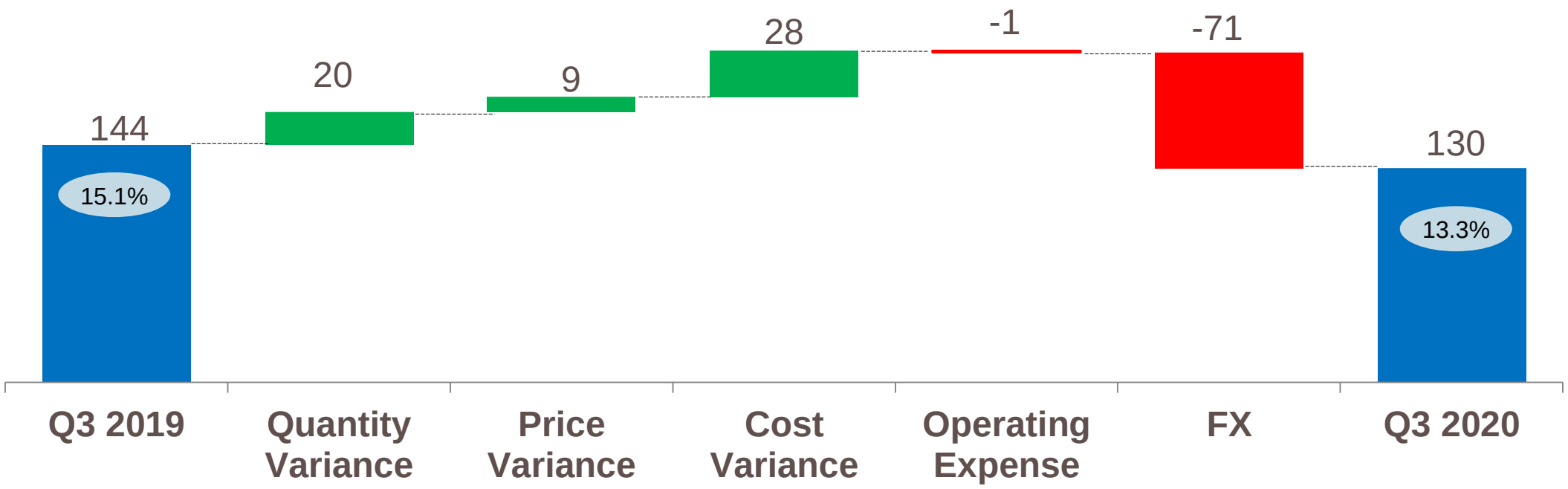
$ million	Q3 2020 Adjusted	Q3 2019 Adjusted	%▲	Q3 2020 Reported	Q3 2019 Reported	%▲	9M 2020 Adjusted	9M 2019 Adjusted	%▲	9M 2020 Reported	9M 2019 Reported	%▲
Sales	978.2	953.4	**3%**	978	953	**3%**	2,987	2,962	**1%**	2,987	2,962	**1%**
Gross Profit	274.3	295.2	**-7%**	274	295	**-7%**	869	968	**-10%**	867	966	**-10%**
% of Sales	28.0%	31.0%		28.0%	31.0%		29.1%	32.7%		29.0%	32.6%	
EBITDA	130.0	144.4	**-10%**	137	152	**-10%**	436	509	**-14%**	438	515	**-15%**
% of Sales	13.3%	15.1%		14.0%	16.0%		14.6%	17.2%		14.7%	17.4%	
Net Income	21.1	42.3	**-50%**	3	29	**-90%**	95	173	**-45%**	32	116	**-73%**
% of Sales	2.2%	4.4%		0.3%	3.1%		3.2%	5.9%		1.1%	3.9%	

Other than Net Income, Q3 and 9M performance trends largely similar between Adjusted and Reported

ADAMA

EBITDA Bridge Analysis

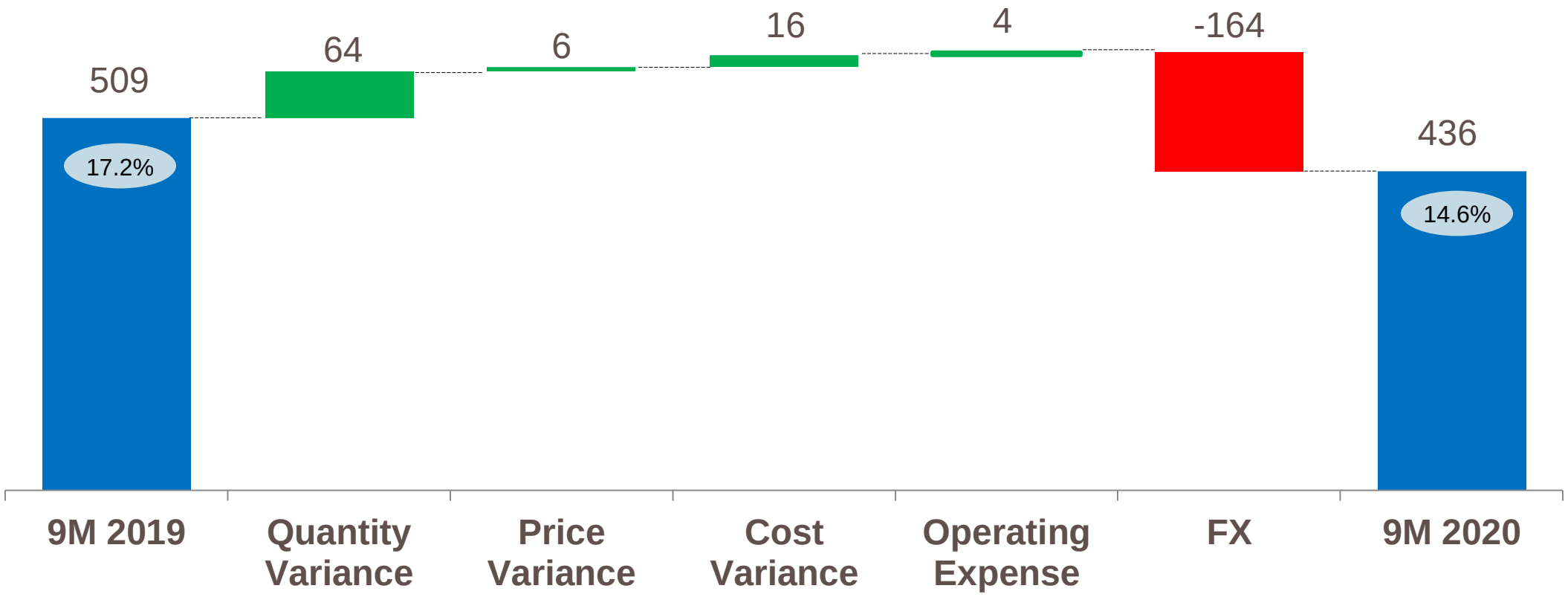
Q3 EBITDA – bridge analysis



Bridge Analysis

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

9M EBITDA – bridge analysis



Bridge Analysis

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



ADAMA

Thank You