



ADAMA

Q3 & 9M 2022 Review

October 2022

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General Performance Overview

Q3 & 9M Market Environment

- **Global Crop Protection Industry** – expected to grow by 14.5% in 2022 according to preliminary estimations (source: AgbiolInvestor).
- **Crop Prices** are expected to remain at elevated levels, despite decreasing somewhat in the last two quarters.
- **Crop Protection Demand & Prices** – Positive farmer fundamentals support strong demand for crop protection and elevated price levels despite increased farmer production costs, mainly from fertilizers. Demand may dampen somewhat due to high inventory levels in channels.
- **Crop Protection Supply & Costs** – Overall tight supply of crop protection (including AIs, raw materials and intermediates); Logistic limitations have somewhat improved but meeting the high demand in the market remains a challenge
 - In China – increased production capacity and an ease in logistic disruptions led to general softening of crop protection and AI prices but “Zero COVID” policy could impact supply
 - In other geographies – cost inflation, energy prices, supply shortages and logistic challenges are driving procurement prices upward and impacting availability of raw materials and intermediates
 - Global supply chain challenges have improved with logistic prices softening significantly in Q3 2022 and a large amount of new shipping resources expected to be scheduled starting from the end of 2022
 - Energy prices are expected to remain elevated due to Ukraine-Russia conflict despite slight ease in Q3 2022

Q3: Growth in Sales Driven by an Increase in Prices and Volumes

Adjusted \$ million	Q3 2022	Q3 2021	%▲
Sales	1,359	1,147	+18%
Gross Profit	373	313	+19%
% of Sales	27.4%	27.3%	
EBITDA	171	122	+40%
% of Sales	12.5%	10.6%	
Net Income	8	(30)	
% of Sales	0.6%	-2.6%	
Reported Net Income	5	(57)	
% of Sales	0.4%	-5.0%	

Q3 Highlights

- **Sales**
 - Sales up 18% (+24% in CER*) to \$1.36 bn, 18% higher prices, 6% volume growth
- **Gross Profit**
 - Up 19% above Q3 2021, mainly driven by higher prices and continued volume growth
 - More than offsetting higher logistics, procurement and production costs, as well as negative FX impact
 - Despite not adjusting in Q3 2022 for manufacturing idleness and excess procurement
- **EBITDA**
 - 40% above Q3 2021, (margin of 12.5% vs LY 10.6%)
 - Improvement of opex/sales ratio (20.1% vs LY 22.2%) despite higher transportation and logistics costs
- **Net income**
 - Increase of financial expenses due to higher CPI
 - Higher hedging costs on exchange rates
 - Lower tax due to a higher deferred tax asset, in comparison to high tax rate in Q3 2021

Note – Denotes adjusted figures unless otherwise noted.

*CER – constant exchange rates

9M: Record, Growth in Sales Driven by an Increase in Prices and Volumes

Adjusted \$ million	9M 2022	9M 2021	%▲
Sales	4,258	3,476	+22%
Gross Profit	1,224	1,000	+22%
<i>% of Sales</i>	28.7%	28.8%	
EBITDA	611	464	+32%
<i>% of Sales</i>	14.4%	13.4%	
Net Income	159	85	+87%
<i>% of Sales</i>	3.7%	2.5%	
Reported Net Income	119	(0.6)	
<i>% of Sales</i>	2.8%	0.0%	

9M Highlights

- **Sales**
 - Sales up 22% (+26% in CER*) to a record-high \$4.3 bn, 19% higher prices, 7% volume growth
- **Gross Profit**
 - Up 22% above 9M 2021, driven by higher prices and continued volume growth
 - More than offsetting higher logistics, procurement and production costs, as well as negative FX impact
 - Despite not adjusting in 9M 2022 for manufacturing idleness and excess procurement
- **EBITDA**
 - 32% above 9M 2021, (margin of 14.4% vs LY 13.4%)
 - Improvement of opex/sales ratio (19.3% vs LY 20.6%) despite a doubtful debt provision for collection in Ukraine, higher transportation and logistics costs and the inclusion of a recent acquisition
- **Net income**
 - Increase of financial expenses due to higher CPI
 - Higher hedging costs on exchange rates

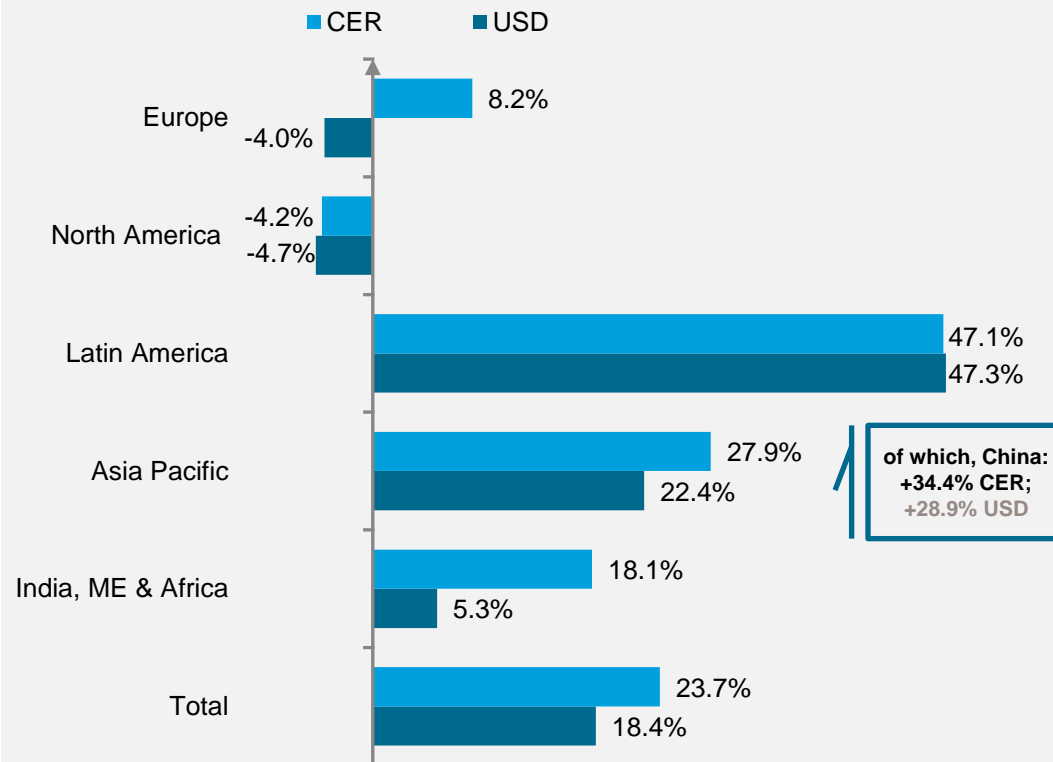
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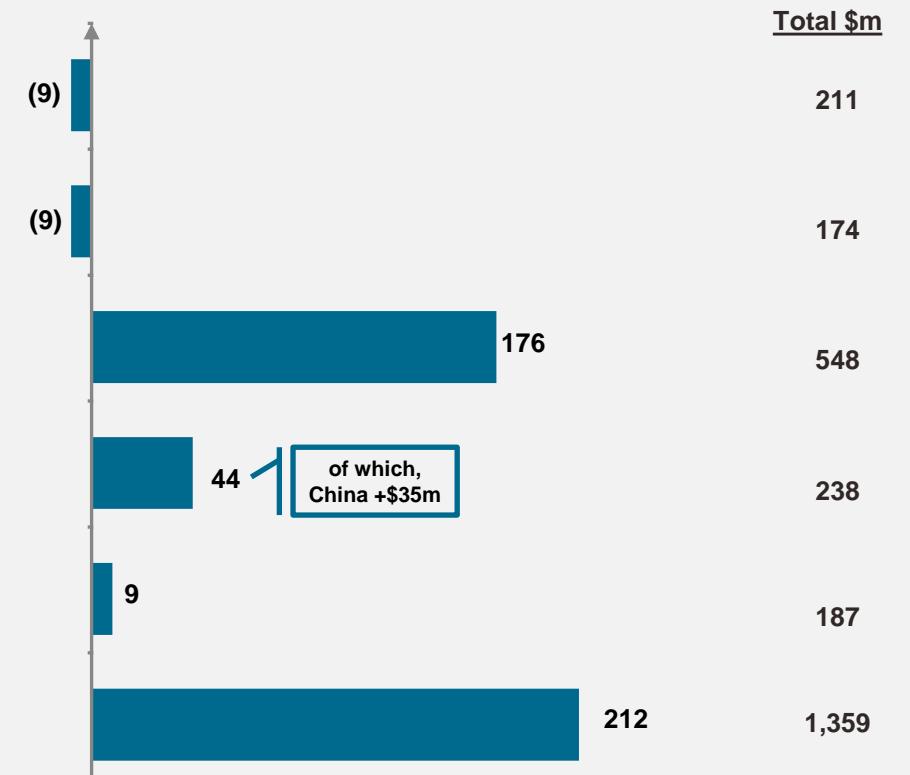
Regional Sales Performance

Q3 2022 vs. Q3 2021

% Sales growth by region



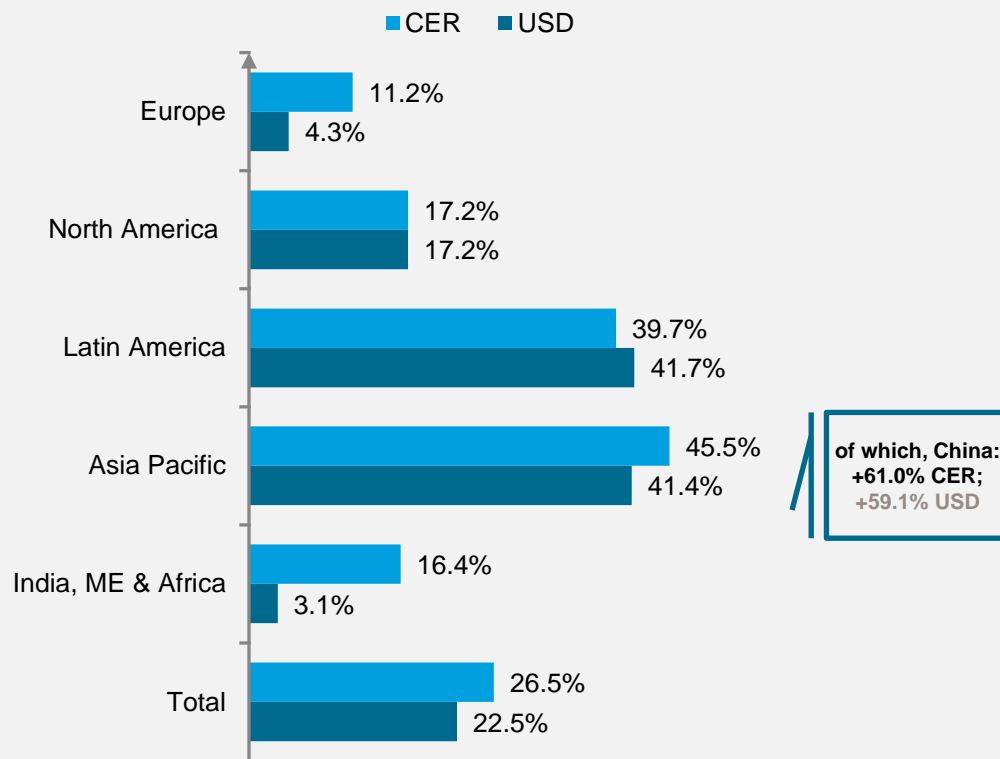
Absolute Sales change (USD \$m)



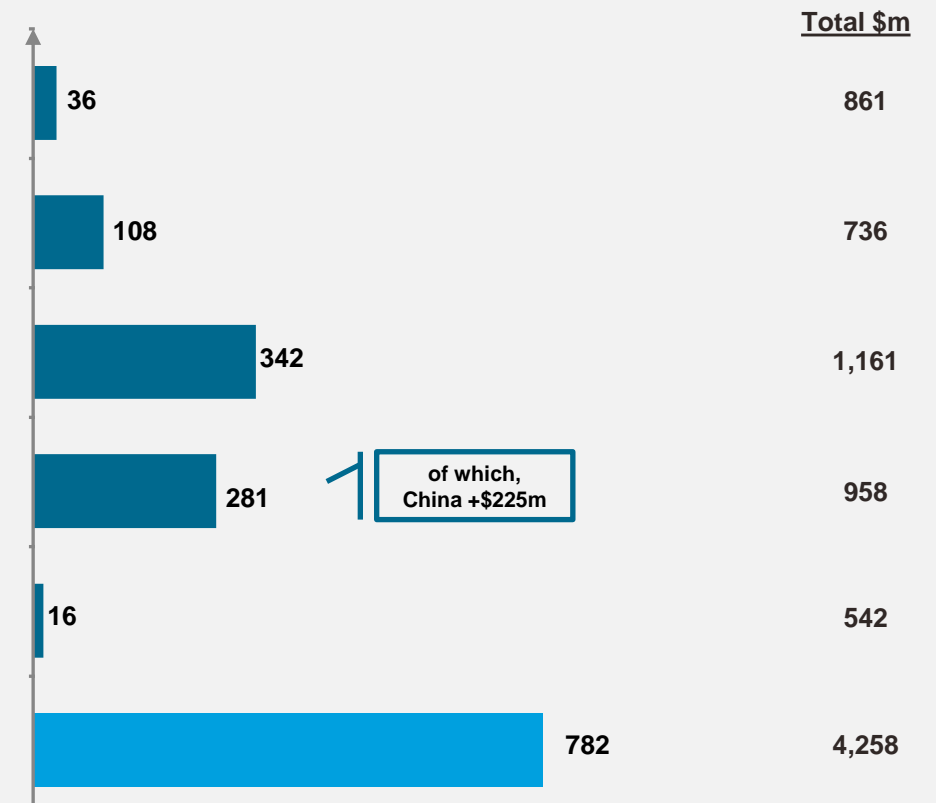
Regional Sales Performance

9M 2022 vs. 9M 2021

% Sales growth by region



Absolute Sales change (USD \$m)



Q3 & 9M 2022 Regional Highlights (USD)

North America

-5%
Q3 | +17%
9M

- **Consumer & Professional** – slowdown in the professional market led by initial market price reductions and high levels of inventory in the channel. Overall softening of consumer demand due to inflationary pressures.
- **US Ag** – sales decreased due to record low cotton harvest as farmers abandoned non-irrigated fields due to extreme drought conditions across Texas and other Southwest regions.
- Very strong growth in sales in **Canada** enabled by the in-house production of cereal herbicide.

Europe

-4%
Q3 | +4%
9M

- Increase in sales in the third quarter in constant exchange rate terms attributed mainly to distributors securing inventory for the autumn season in the UK, Czech Republic, France, Romania, Benelux and Baltics.
- Drought conditions across European countries such as Spain, France, Italy and Germany impacting demand, as well as supply issues, high channel inventories in some countries and a loss of sales due to the Ukraine-Russia conflict.

China

+29%
Q3 | +59%
9M

- Strong growth in the sales of **raw material, intermediates and fine chemicals** in China, driven by continued strong demand, in light of the strong global demand for crop protection and achieved despite an ease in fine chemical prices.
- The sales in China of ADAMA's **branded portfolio** also continued to grow nicely, despite the strong competition in the market.

Latin America

+47%
Q3 | +42%
9M

- Strong growth in sales in **Brazil**, driven by prices and volume, supporting the anticipated soybean, corn, sugarcane and cotton fourth quarter crop seasons, sales which in 2021 were also included in the fourth quarter.
- In **other LATAM countries** the higher sales reflect the strong demand across the region and were achieved despite some adverse weather conditions and inventory in the channel.

IMA

+5%
Q3 | +3%
9M

- Sales in the third quarter were led by India and represent the peak season for sales in this country due to the monsoon season. Despite this, heavy rainfall negatively impacted insecticide and fungicide sales in certain crops and overall sales were also impacted by some supply constraints.

APAC (ex. China)

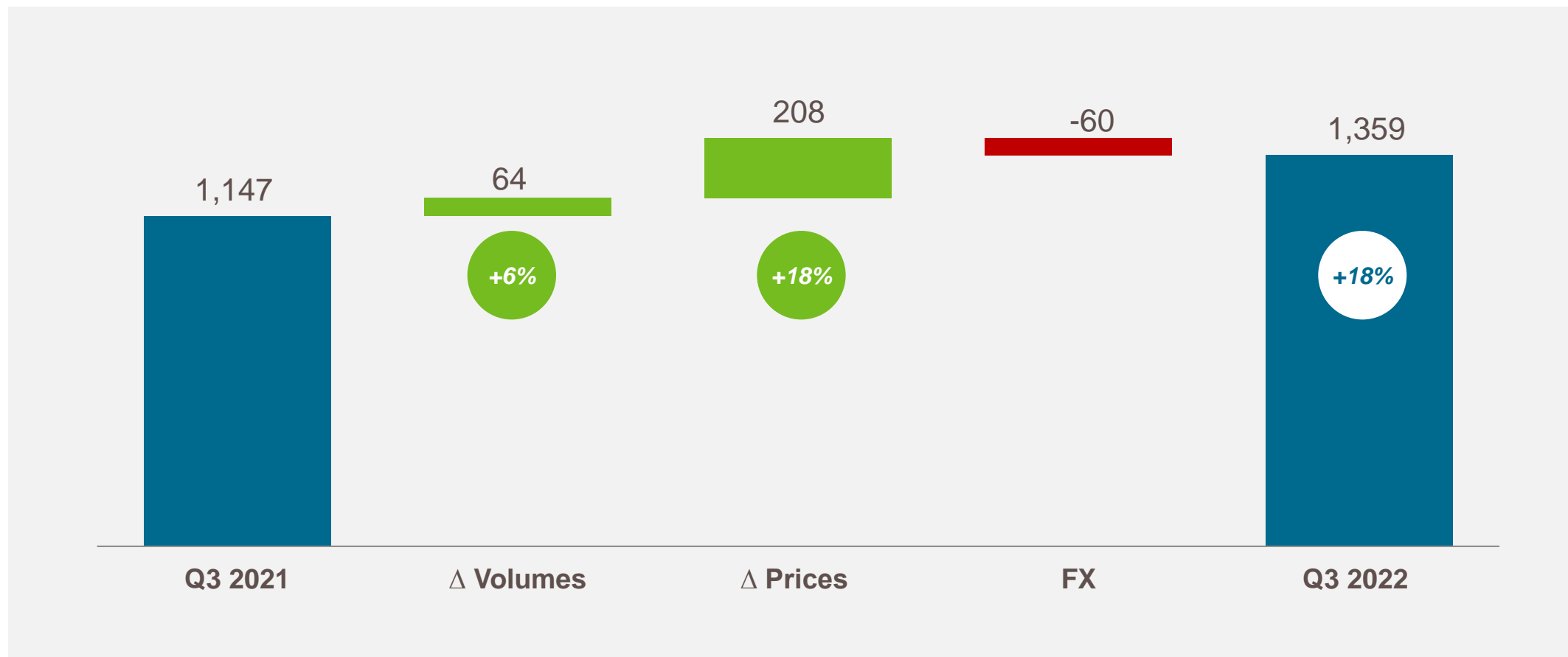
+12%
Q3 | +19%
9M

- Strong sales in **Asian countries** such as Thailand, Korea and Indonesia due to favorable seasonal conditions and with the return of face-to-face business post-COVID.
- In the **Pacific** region fungicide sales grew nicely following favorable seasonal conditions.
- Sales growth was achieved despite high channel inventories in parts of Asia.

Detailed Financial Review

Q3 Sales +18%, driven by markedly higher prices and continued volume growth

Sales bridge analysis

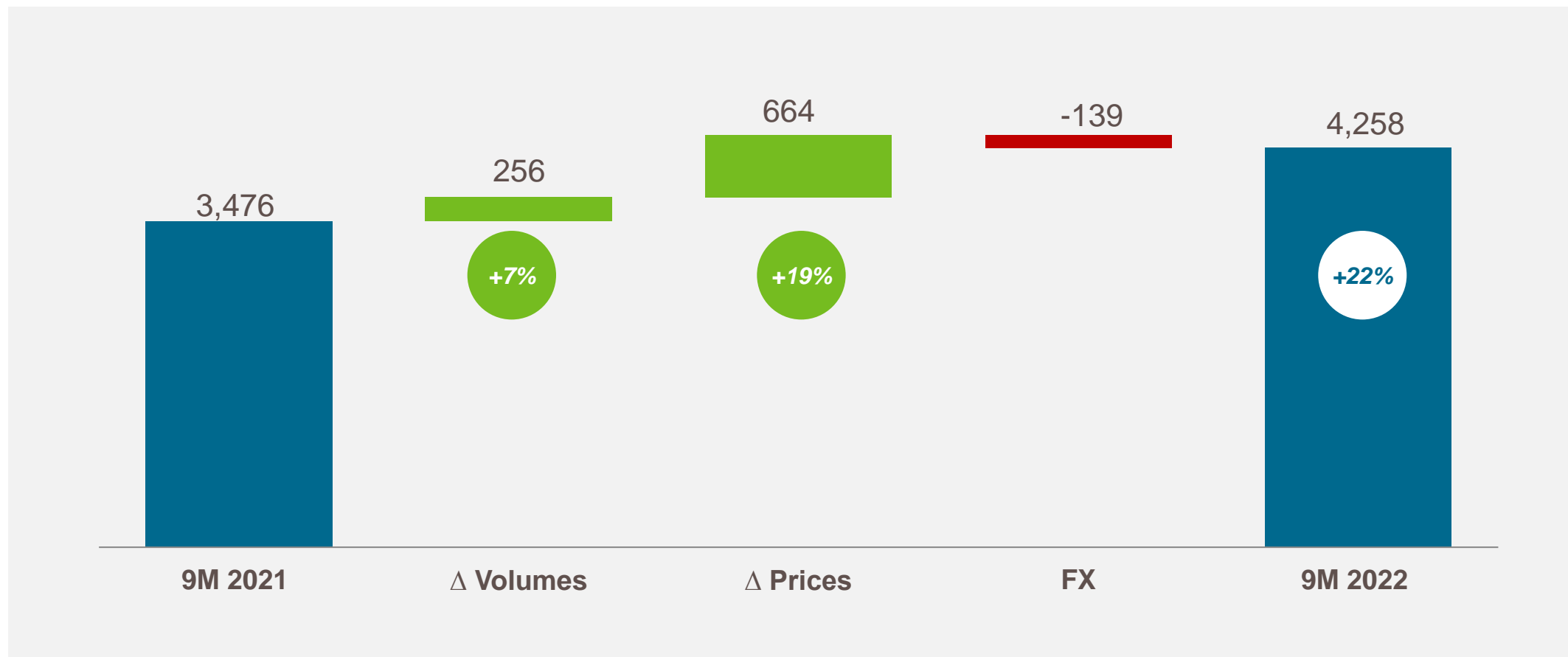


Notes –

- Numbers in million \$;
- Denotes adjusted figures unless otherwise noted;
- Parts may not sum due to rounding;
- FX includes currency effect on sales, net of hedging.

9M Sales +22%, driven by markedly higher prices and continued volume growth

Sales bridge analysis

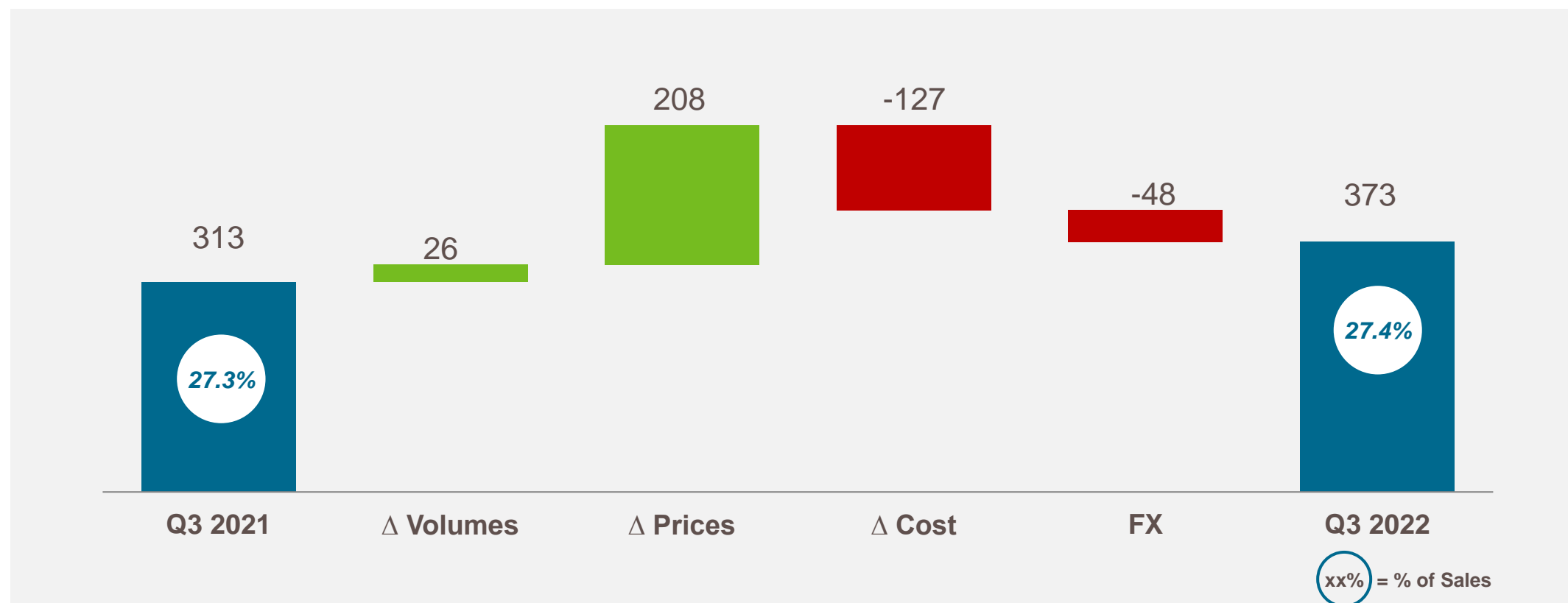


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Q3 Gross Profit +19%: higher prices and volumes more than offset cost pressures and negative FX

GP bridge analysis

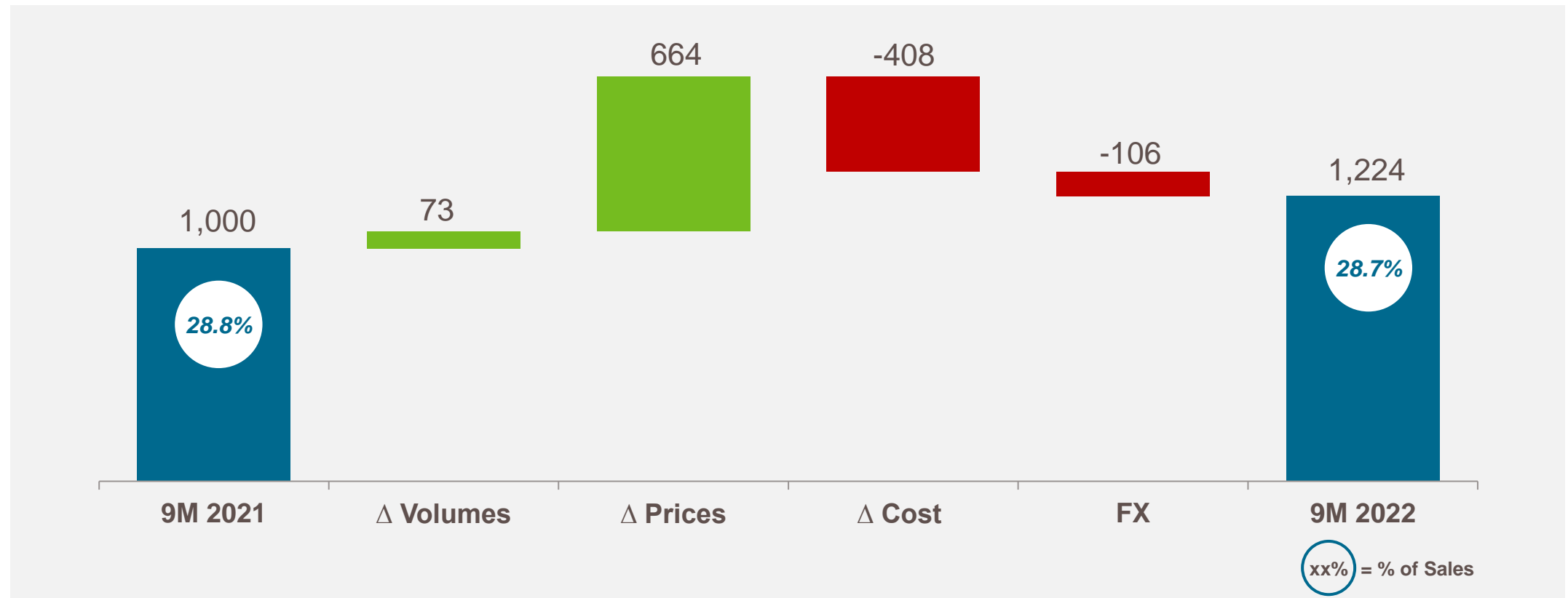


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- Volumes include mix effect; FX includes currency effect on sales and costs, net of hedging

9M Gross Profit +22%: higher prices and volume growth more than offset cost pressures and negative FX

GP bridge analysis

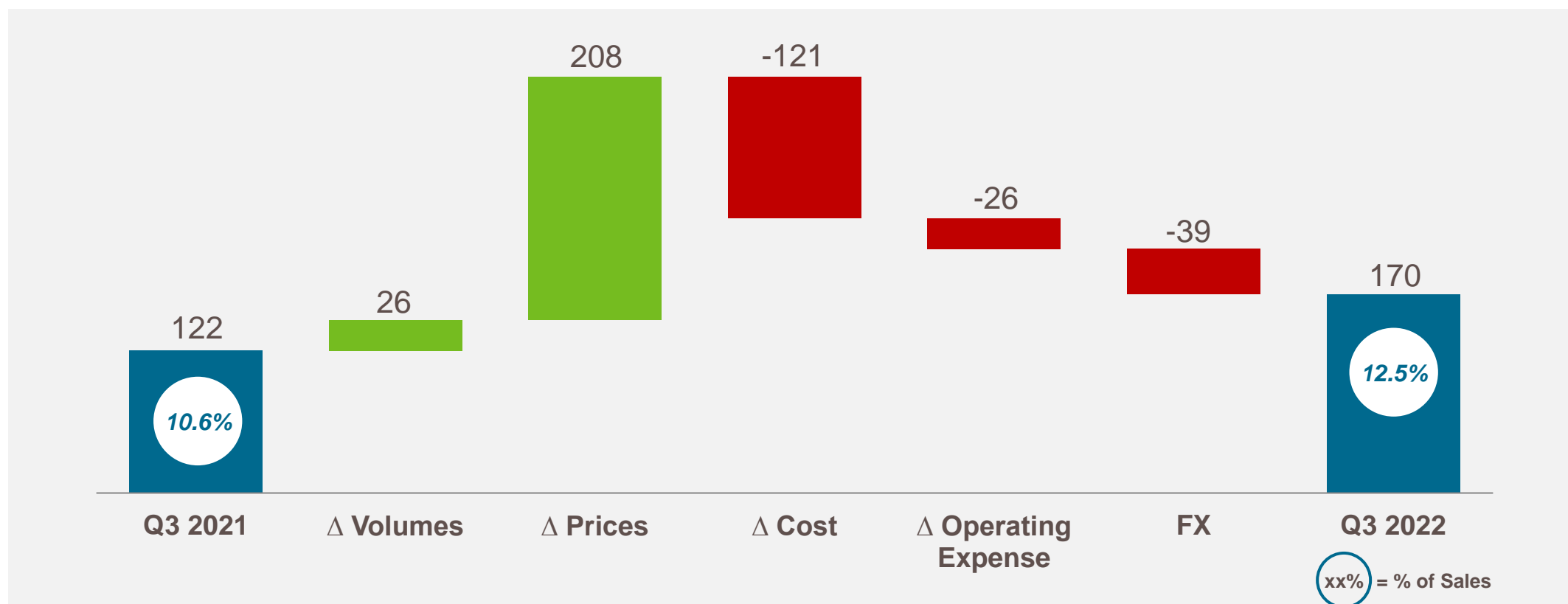


Notes –

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Q3 EBITDA +40%: margin improvement - higher pricing more than offset cost pressures and negative FX

EBITDA Bridge analysis

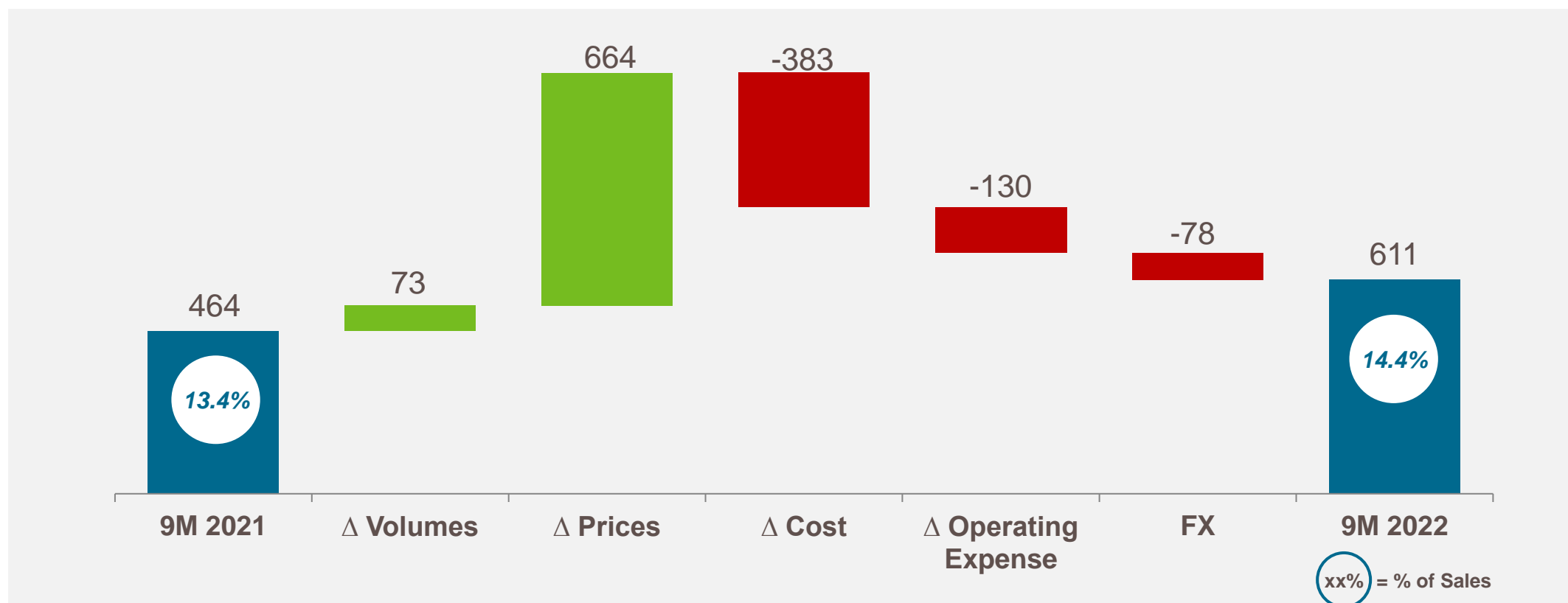


Notes –

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- Volumes include mix effect; FX includes currency effect on sales, costs and opex, net of hedging

9M EBITDA +32%: margin improvement - higher pricing more than offset cost pressures and negative FX

EBITDA Bridge analysis



Notes –

- Numbers in million \$;
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- Volumes include mix effect; FX includes currency effect on sales, costs and opex, net of hedging

Supporting Future Growth in light of Uncertain Supply Conditions

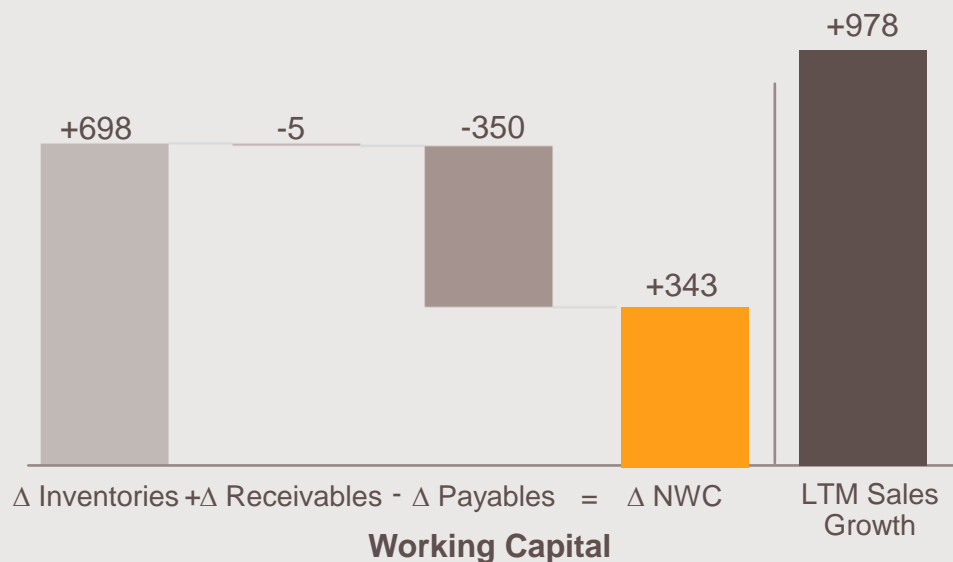
Increase in working capital levels supporting strong sales growth

Inventory up in anticipation of further volume growth, potential supply shortages and cost increases

Receivables reflecting good collections

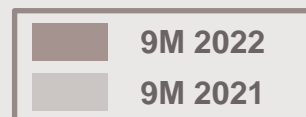
Higher payables due to advancement of purchases in light of uncertain supply conditions

Working capital/LTM Sales ratio of 51% vs. 54% LY



Note: Operating Cash Flow excluding cash interest paid

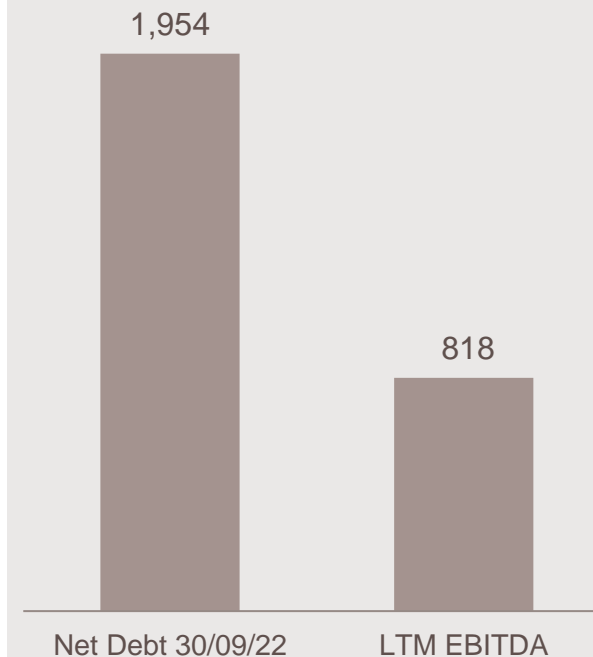
Cash Flow



Cash Flow (\$mm)

Strong Balance Sheet

Net debt / EBITDA ratio of 2.4x



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

Thank you



Appendix

Adjusted vs. Reported P&L

\$ million	Q3 2022 Adjusted	Q3 2021 Adjusted	%▲	Q3 2022 Reported	Q3 2021 Reported	%▲	9M 2022 Adjusted	9M 2021 Adjusted	%▲	9M 2022 Reported	9M 2021 Reported	%▲
Sales	1,359	1,147	+18%	1,359	1,147	+18%	4,258	3,476	+22%	4,258	3,476	+22%
Gross Profit	373	313	+19%	322	287	+12%	1,224	1,000	+22%	1,068	932	+15%
% of Sales	27.4%	27.3%		23.7%	25.0%		28.7%	28.8%		25.1%	26.8%	
EBITDA	171	122	+40%	177	103	+72%	611	464	32%	605	405	+49%
% of Sales	12.5%	10.6%		13.0%	9.0%		14.4%	13.4%		14.2%	11.6%	
Net Income	8	-30		5	-57		159	85	87%	119	-1	
% of Sales	0.6%	-2.6%		0.4%	-5.0%		3.7%	2.5%		2.8%	0.0%	

**In the Q3/9M 2022 reported results, following recent changes in the guidelines in China, as of Q4 2021, certain transportations costs and opex idleness have been reclassified from operating expenses to costs of goods, while these expenses were not recorded in the cost of goods in Q3/9M 2021, but rather in the operating expenses. In Q3/9M 2022 the adjusted gross profit includes all idleness costs and excludes these certain transportation costs. Additionally, relocation and upgrade charges attributed to the Jingzhou site in China declined.*

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**

<i>\$ million</i>	Q3’22 USD	Q3’21 USD	9M’22 USD	9M’21 USD
Net Income (Reported)	5.3	(57.3)	118.7	(0.3)
Syngenta Divestments & Transfers (D&T) amortization (non-cash)	5.8	4.3	17.1	18.8
Amortization of acquisition related PPA (non-cash) & other acquisition-related costs	4.9	3.8	15.0	11.3
Upgrade & Relocation-related costs	1.6	26.7	5.5	66.9
Incentive plans	(8.4)	(2.0)	1.7	1.5
Others	(0.8)	(5.7)	1.3	(11.9)
Total adjustments to net income	3.1	27.1	40.6	86.6
Net Income (Adjusted)	8.4	(30.2)	159.3	86.4

Note: “Others” include: amortization of legacy PPA of 2011 acquisition of Solutions (non-cash), transportation re-classification OCGS/OPEX impact, revaluation of non-cash adjustment related to non-controlling interest and provisions in respect of prior years’ tax-related costs,. Please see appendix to Q3/9M 2022 press release for more details. Net Income in 2021 refers to net income attributed to Shareholders of the Company