

Business Update
Q3 and 9M 2018

Adama Agricultural Solutions Ltd., one of the world's leading crop protection companies, and Hubei Sanonda Co., Ltd. have combined, creating the only integrated, publicly traded Global-China crop protection company.

The Combined Company is to be renamed

ADAMA

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ADAMA delivers record sales in third quarter and first nine months in spite of Europe drought drag

Continued volume growth driven by demand for differentiated products and market share gains in all key regions, despite the most severe drought in Europe in the last 40 years

Adjusted, ($ million)		Q3 2018	Q3 2017	% Change	9M 2018	9M 2017	% Change	9M 2018 (ex. '17 EU hedge)
Sales		**872**	**844**	**+3.4%**	**2,918**	**2,702**	**+8.0%**	**2,957**
Gross Profit		**279**	**298**	**-6.5%**	**972**	**962**	**+1.1%**	**1,011**
As % of Sales		*32.0%*	*35.4%*		*33.3%*	*35.6%*		*34.2%*
Operating Income (EBIT)		**87**	**108**	**-19.9%**	**359**	**391**	**-8.1%**	**399**
As % of Sales		*10.0%*	*12.9%*		*12.3%*	*14.5%*		*13.5%*
Net Income		**46**	**55**	**-16.3%**	**203**	**255**	**-20.2%**	**242**
As % of Sales		*5.3%*	*6.5%*		*7.0%*	*9.4%*		*8.2%*
EBITDA		**140**	**161**	**-13.5%**	**518**	**546**	**-5.1%**	**558**
As % of Sales		*16.0%*	*19.1%*		*17.8%*	*20.2%*		*18.9%*
Earnings per Share	– USD	0.0188	0.0235		0.0830	0.1088		
	– RMB	0.1281	0.1570		0.5367	0.7429		

Extreme drought in Europe resulted in missing tens of millions of high-end sales and gross profit in Q3

All income statement items contained in this release are presented on a combined, adjusted basis, reflecting the performance of the Combined Company. For a detailed description and analysis of the differences between the adjusted income statement items and the items as reported in the financial statements, see "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements" in the appendix to the Q3 2018 results press release.

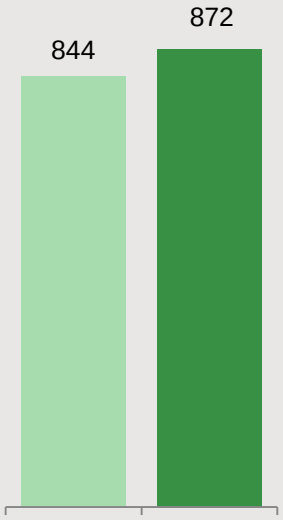
Revenue growth in constant currencies in the third quarter was 10.7%, and 9.2% in the nine-month period.

Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share in Q3 2017 is 2,341.9 million shares, reflecting the issuance of shares as part of the combination transaction in 2017. The number of shares used to calculate earnings per share in Q3 2018 is 2,446.6 million shares, including also the issuance of shares in the subsequent private placement equity offering.

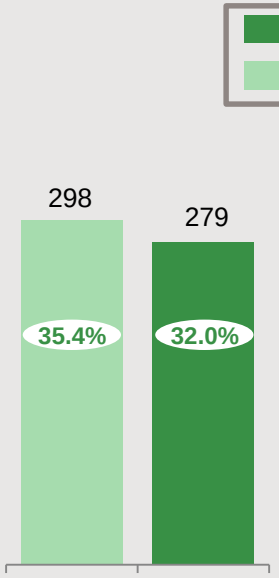
Price increases and expense control moderate impact of Europe drought on profit

Q3 2018

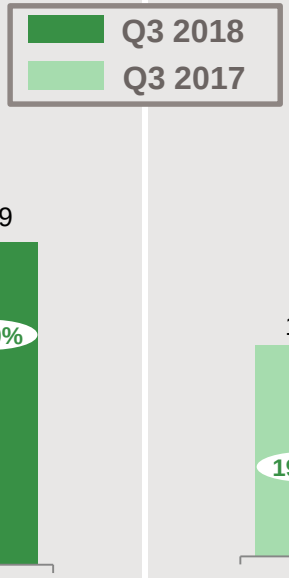
Sales	Gross Profit	EBITDA	Net Income
Record sales +3.4%	Only $19m below record	Only $21m below record	Only $9m below record
Sales ex-Europe +10.0%			
Volumes +4%			
Prices +6%			

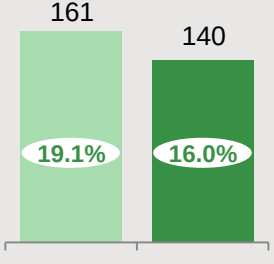


Sales ($mm)

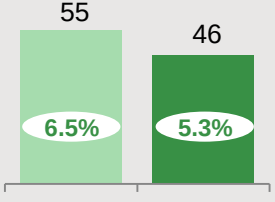


Gross Profit ($mm) and Margin (%)





EBITDA ($mm) and Margin (%)



Net Income ($mm) and Margin (%)

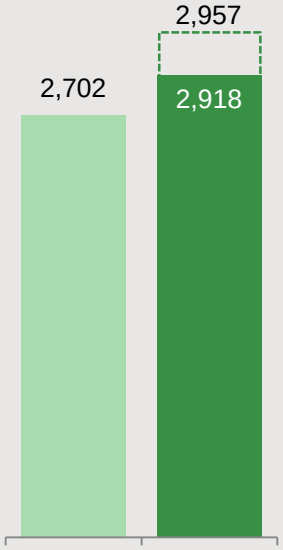
Strong growth of improved mix at higher prices
9M 2018

Sales

Record sales +8.0%

Volumes +6%

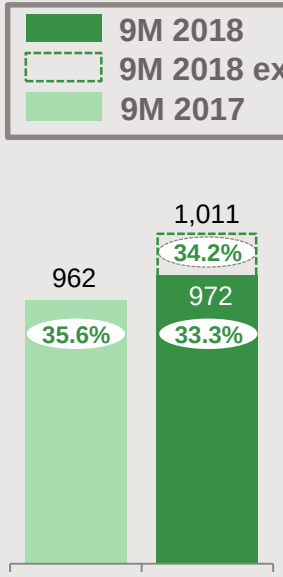
Prices +4%



Sales ($mm)

Gross Profit

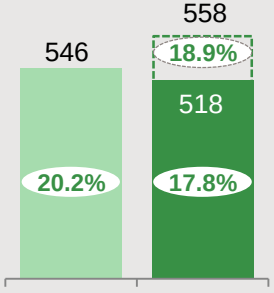
Record GP +1.1%, up $10m



Gross Profit ($mm) and Margin (%)

EBITDA

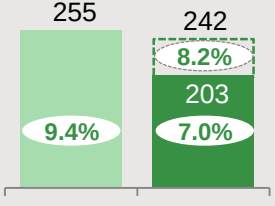
Only $28m below record



EBITDA ($mm) and Margin (%)

Net Income

Only $52m below record

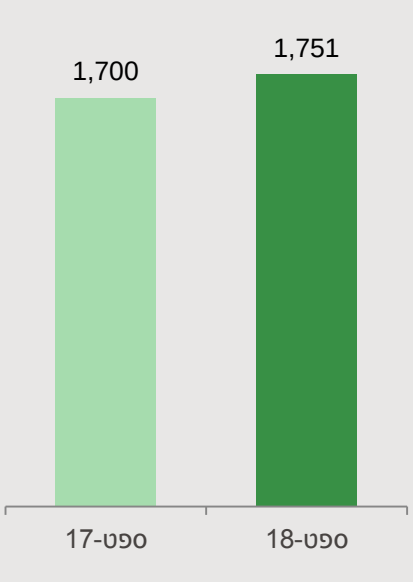


Net Income ($mm) and Margin (%)

Accommodating growth momentum while containing working capital; Strong cash flow generation driving reduced leverage

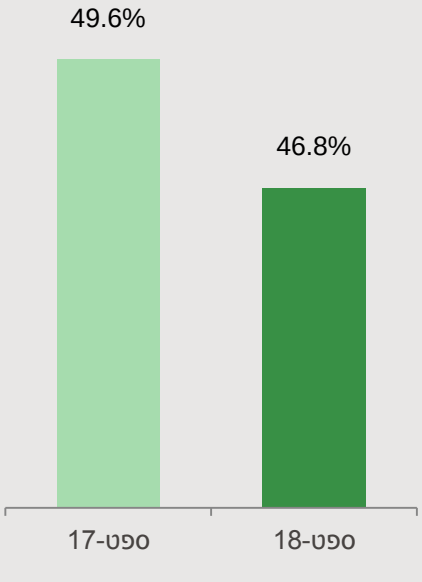
Build-up of working capital to support strong growth…

Adding only $51m to support more than $300m of increased sales



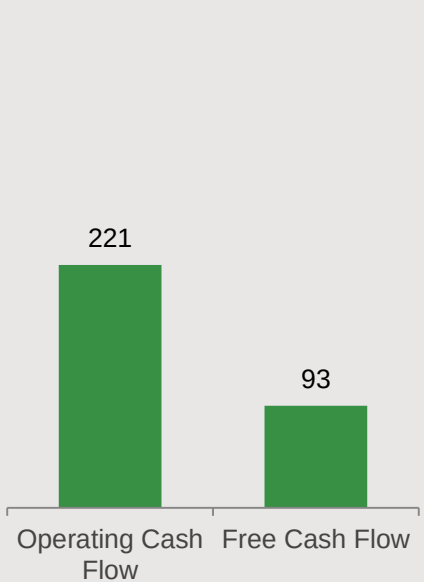
Working Capital
($mm)

…Maintaining collection discipline, supply chain efficiency



Working Capital
(% of LTM Sales)

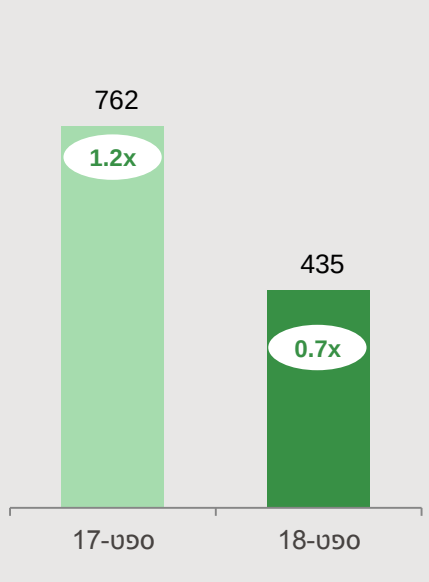
…driving strong cash flow generation



9M Cash Flow
($mm)

…further reducing leverage

Debt reduced $327m

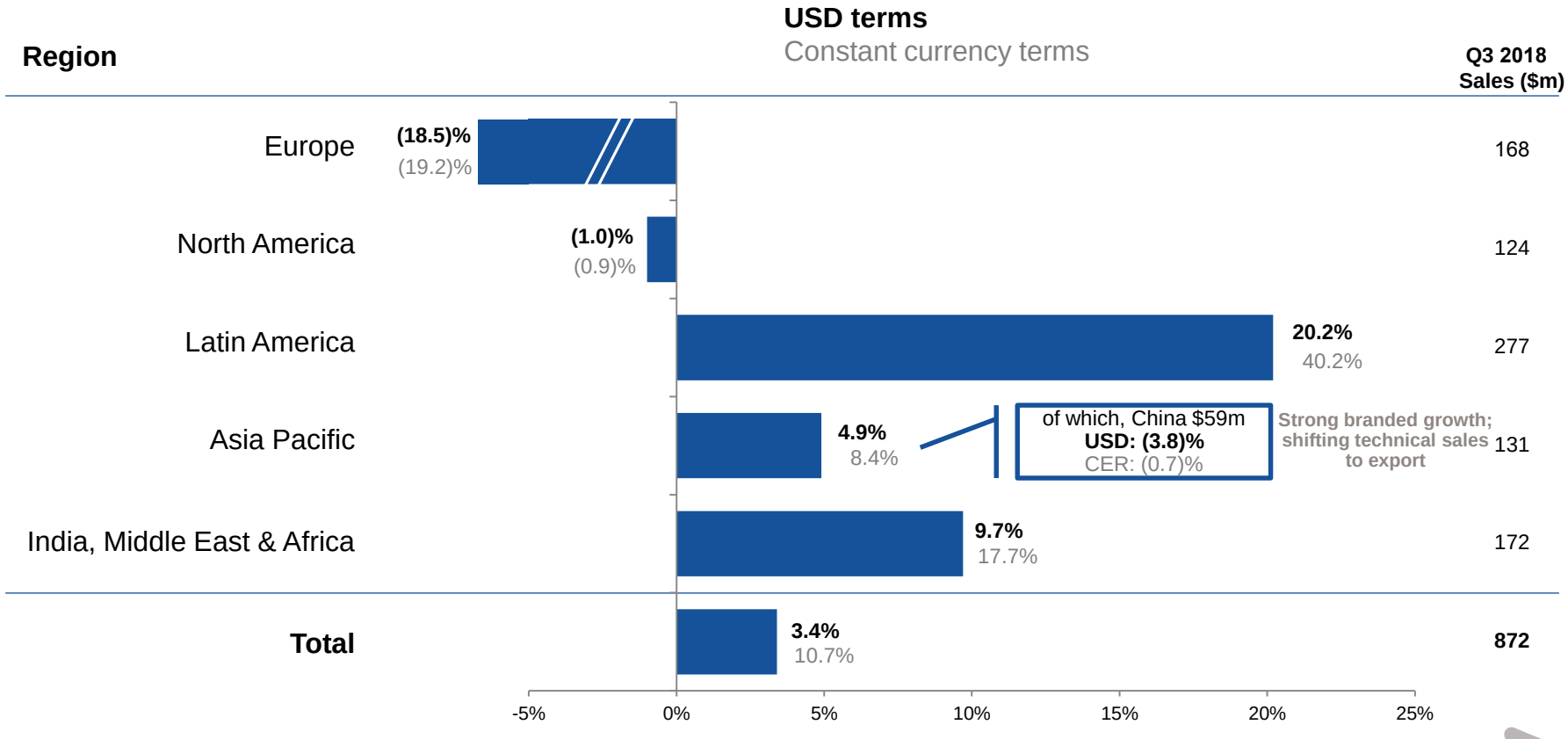


Balance Sheet Net Debt
($mm and Net Debt / EBITDA)


Regional Update
ADAMA

Q3: Global growth outside Europe of 10.0%
Q3 2018 vs. Q3 2017

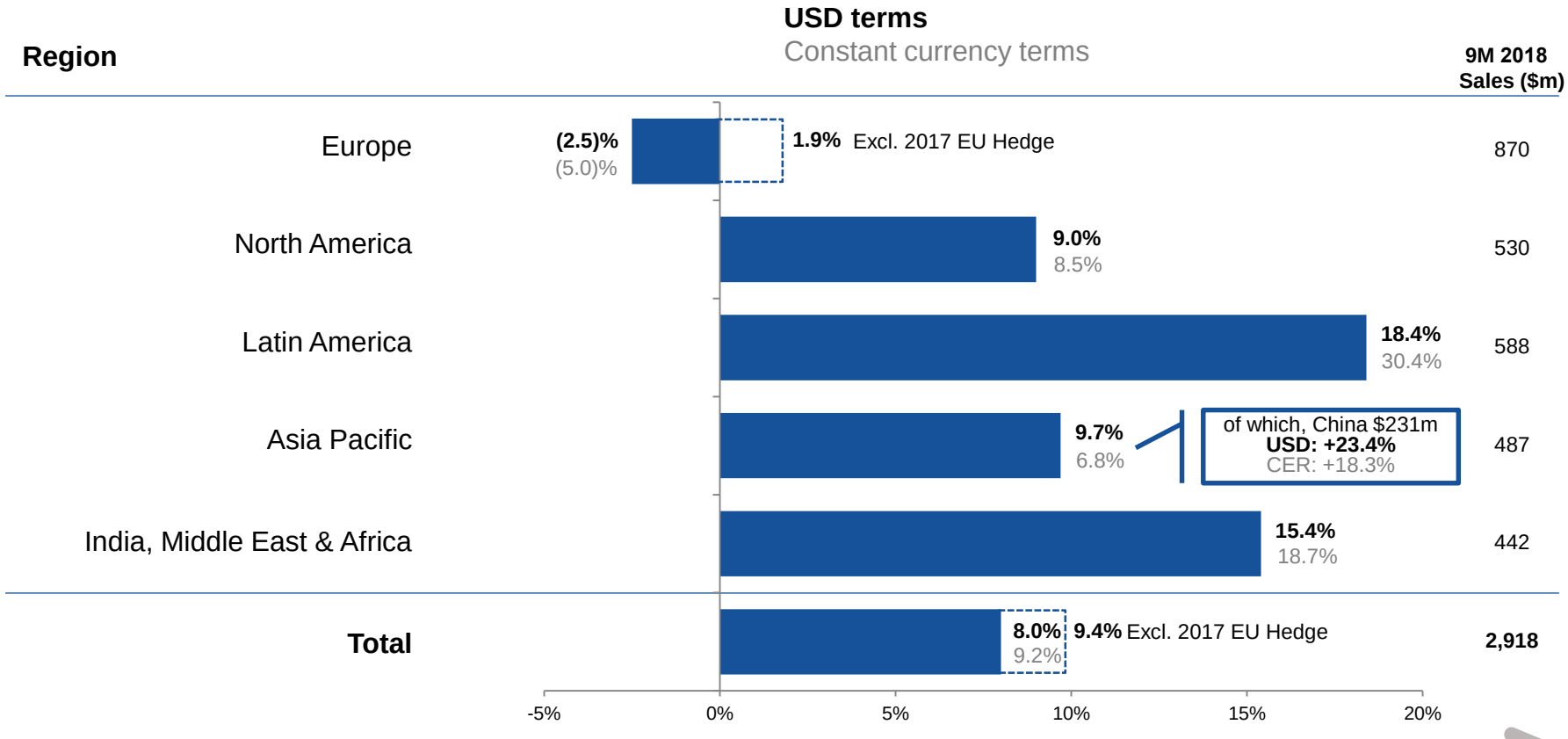
Sales change by region



9M: Global growth outside Europe of 13.1%

9M 2018 vs. 9M 2017

Sales change by region



Regional highlights

Europe

- Unprecedented drought that began in late Q2 continued throughout Q3
- Dry weather reduced disease and insect pressure
  - Mainly impacting high-end fungicides sales
  - Delaying planting of winter cereal crops, pushing some herbicide sales into Q4
- Resulting in lower sales of highly profitable products, and missing tens of millions in sales and gross profit
- Key differentiated products registered in Q3:
  - **TRIVOR®**: Citrus insecticide in Italy
  - **NIKITA®**: Corn herbicide in Italy

European farmers suffering the worst drought in 4 decades



Denmark, July 2017



Denmark, July 2018

Regional highlights

North America

- Slight decline in quarterly sales largely due to:
  - Dry weather conditions in Texas and Western Canada
  - Largely offset by increased selling prices
- Strong performance YTD

US:

- Generally stronger pricing environment continued
- Industry-wide supply shortages
- Compensating for higher procurement costs

Consumer and Professional Solutions:

- Continues to perform well
- Strong momentum in both professional pest and industrial vegetation management

US Consumer and Professional Solutions launching new, differentiated solutions







Acquisition of Bonide Products Inc.

- The Company is to enter into an agreement, through a US affiliate, to acquire Bonide Products Inc.
- Bonide is a provider of pest-control solutions for the consumer Home & Garden market
  - 2017 sales of ~$70 million
- With a nationwide distribution network, Bonide will provide enhanced access to a $1.5 billion market
- Acquisition is expected to close by the end of 2018
  - Subject to customary closing conditions and required regulatory approvals



Regional highlights

Latin America

- Strong performance driven by:
  - Recent product launches
  - Increased pricing across most countries in the region
- **CRONNOS TOV®** recently launched:
  - Exceeding expectations both in Brazil and in Paraguay
  - Strong market acceptance
  - Novel three-way mixture fungicide meeting unmet needs in soybean rust

Brazil:

- Continued strong growth:
  - Robust increase in volumes and prices
  - Compensating for the volatility of the Brazilian Real



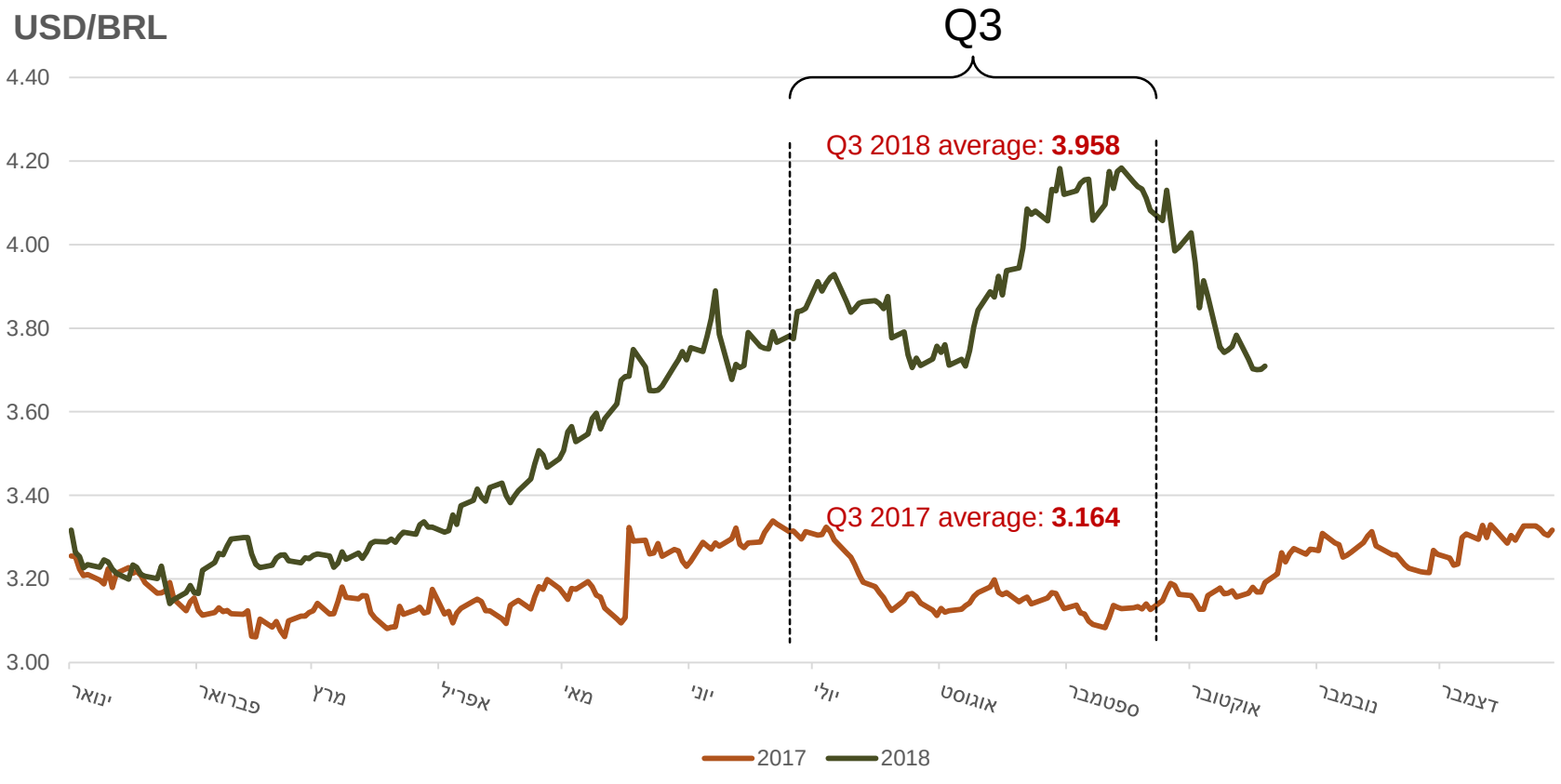
Launch of CRONNOS® in Paraguay



NIMITZ® Field results on specialty crops

High Q3 2018 BRL volatility as a result of General Elections

Affecting both sales and non-cash tax assets



Regional highlights

Asia Pacific

- Robust Q3 performance driven by increased volumes and prices
  - Noteworthy performance in Thailand, Korea, and Japan, with expanded and increasingly differentiated portfolio, favorable weather conditions
- Continued drought conditions in Australia and Indonesia
- Registrations obtained for differentiated products, including:
  - **RIMON® FAST**: unique mixture insecticide in the Philippines
  - **OUTSHINE®**: differentiated combination cereals herbicide in Australia
  - **BREVIS®**: unique fruit thinner for apples in Australia
  - **NIMITZ®**: proprietary nematicide in Vietnam

China

- Strong growth in sales of branded and formulated products (more than doubled last year's), despite typhoon conditions in the south of China
- Continued expansion of product portfolio and geographic reach
- New registrations obtained, including:
  - **AGIL®**: herbicide for Potato
  - **GALIL®**: insecticide for Citrus
  - **BANJO FORTE®**: broad-spectrum fungicide in Pepper



Trapview recognized for use in export apples in New Zealand



Launch of Digital China Sales Platform

Regional highlights

India, Middle East & Africa

- Significant volume growth and substantial price increases
  - Strong demand and generally favorable weather conditions

India

- Solid Q3 growth, supported by continued portfolio expansion and favorable weather
- New differentiated products launched
  - **BARAZIDE®**: mixture insecticide
  - **SHAMIR®**: fruit fungicide
  - **NIMROD®**: fungicide against Powdery Mildew

Africa

- Grew strongly in Q3
  - Robust recovery in South Africa after breaking of the Cape drought
  - Significant growth in West Africa

Turkey

- Continued growth, despite currency volatility



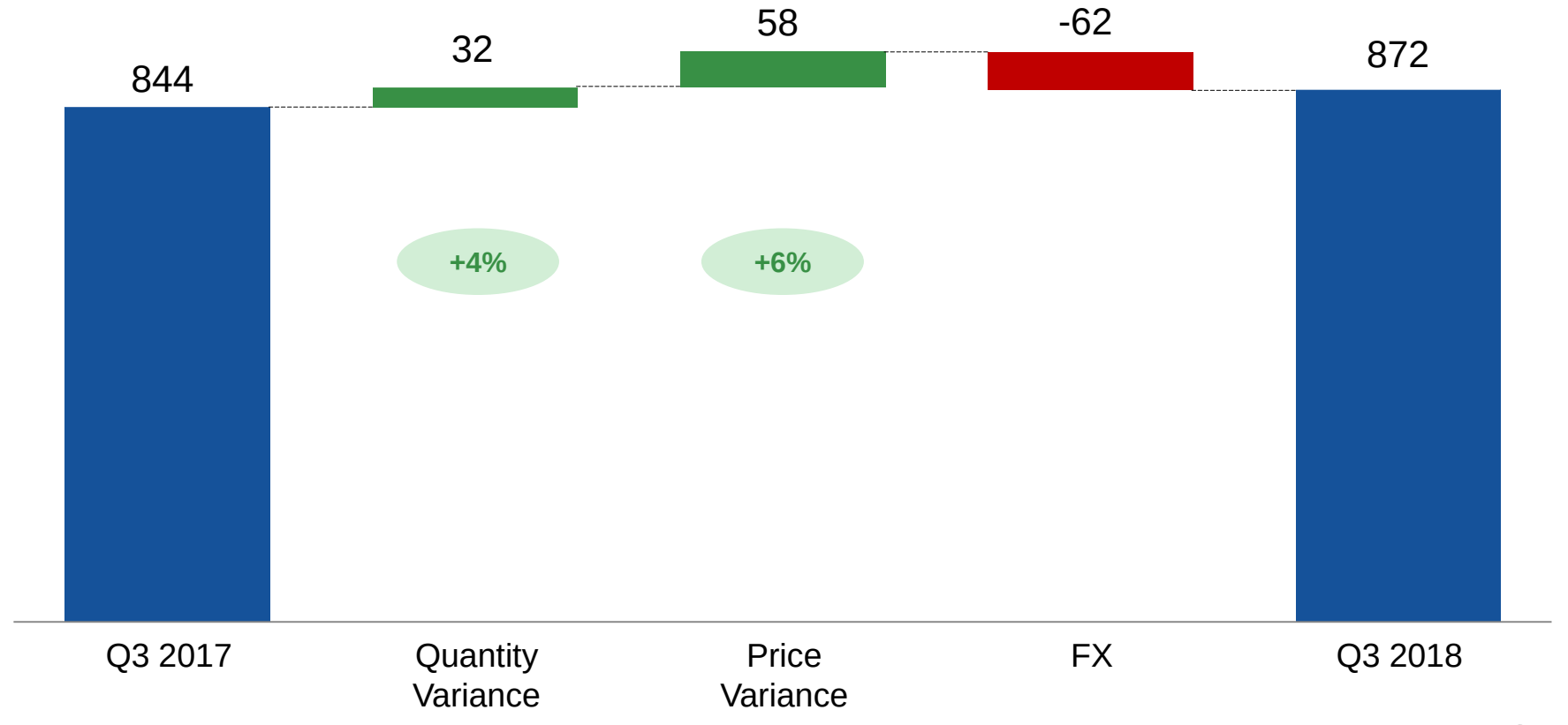
BARAZIDE® India Launch Event



Bridge Analysis

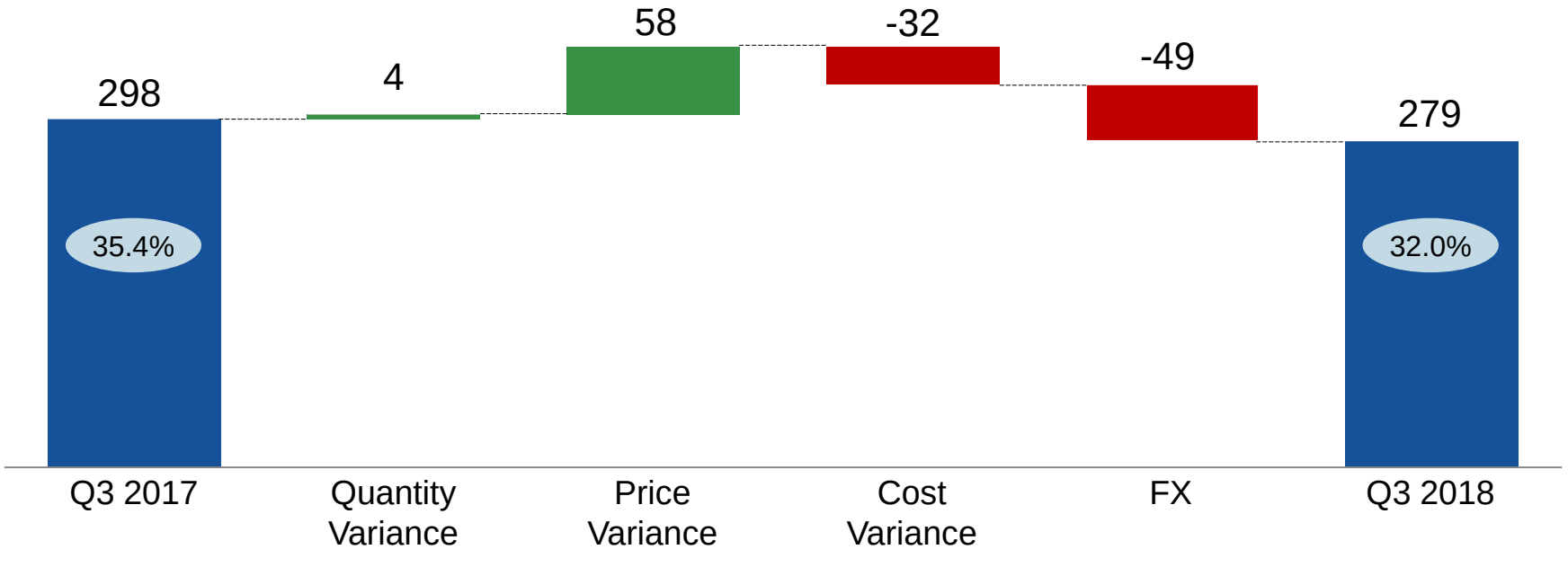
ADAMA

Sales
Q3 Bridge Analysis



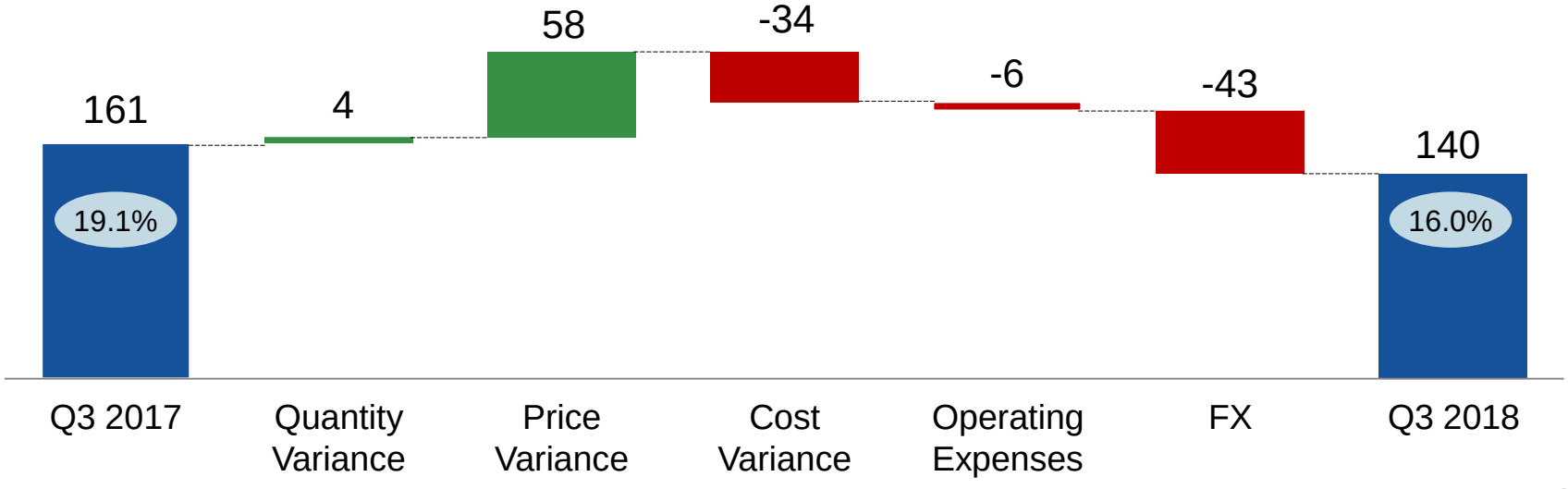
NOTE: FX includes currency effect on sales and hedging.

Gross Profit
Q3 Bridge Analysis



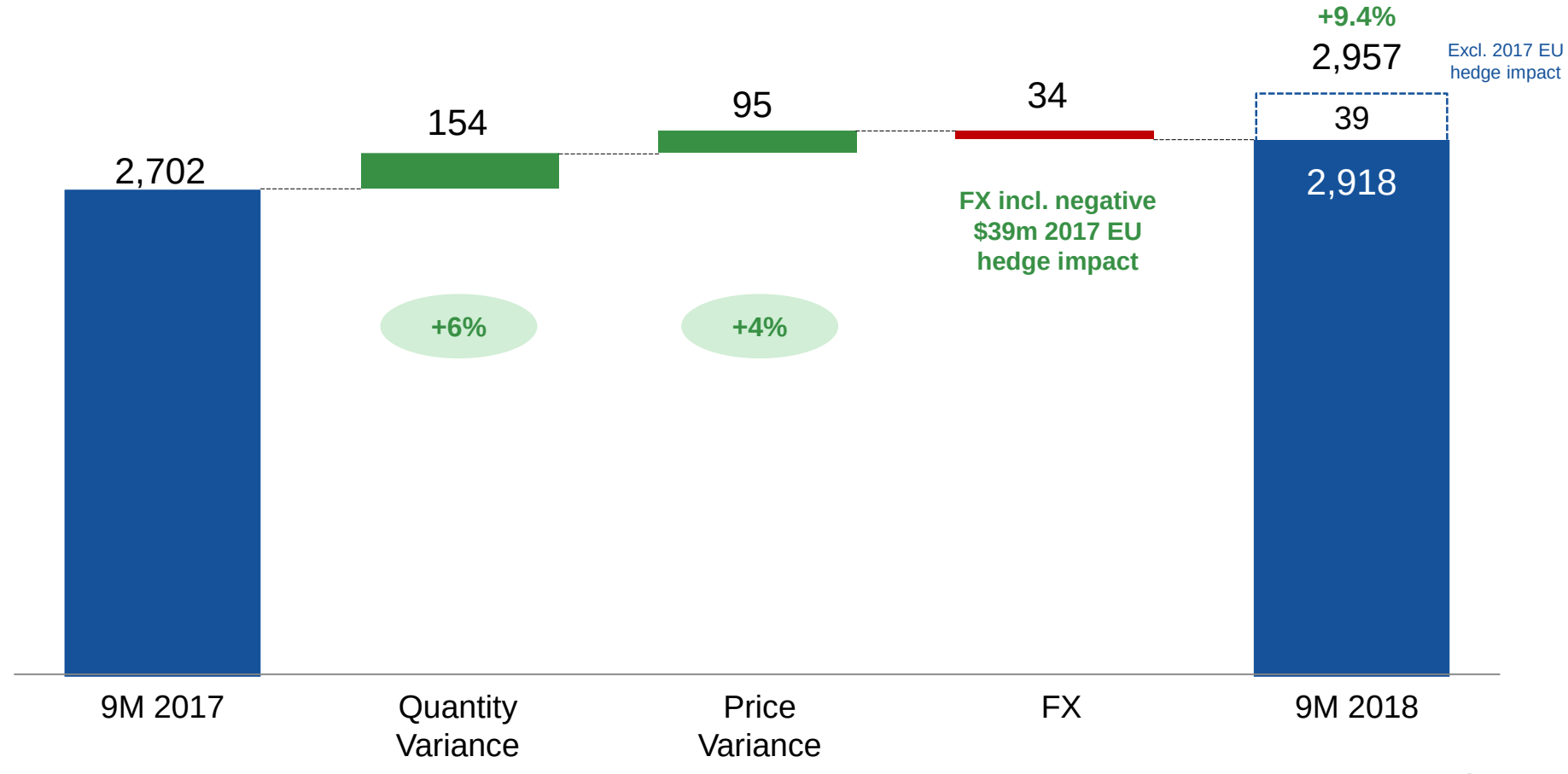
NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and hedging.

EBITDA
Q3 Bridge Analysis



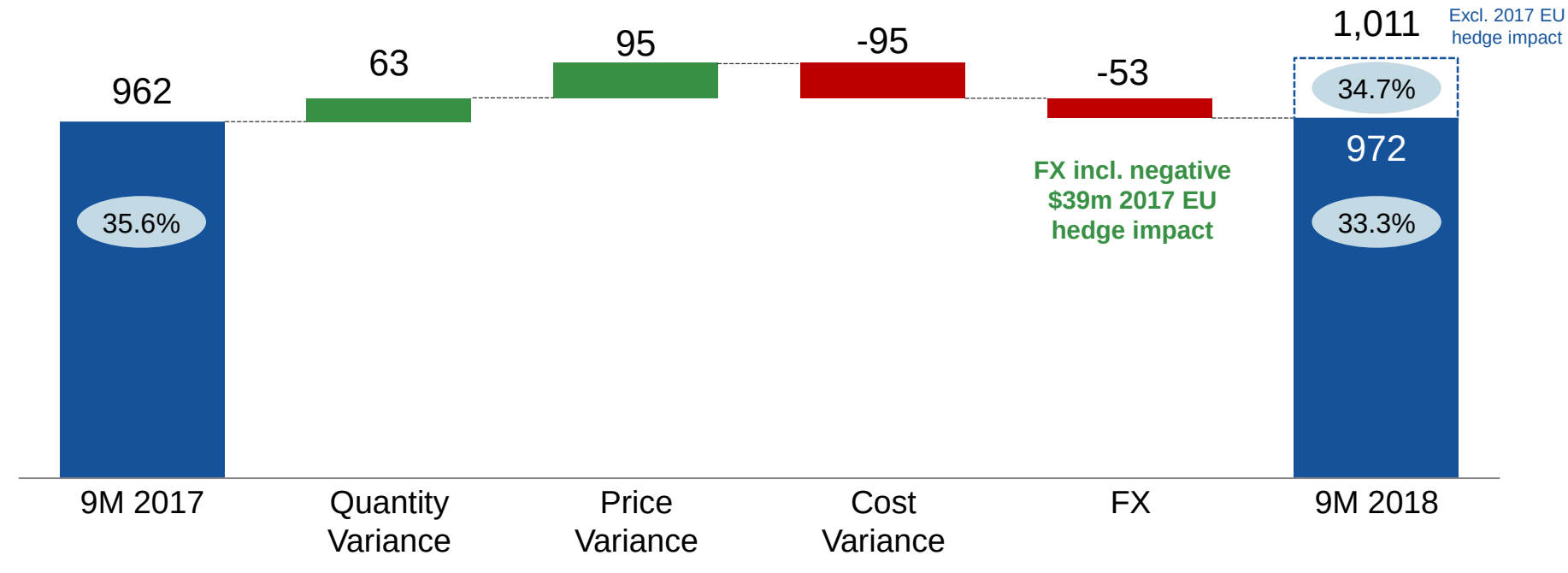
NOTE: Quantity variance includes mix effect; FX includes currency effect on sales, costs and hedging.

Sales
9M Bridge Analysis



NOTE: FX includes currency effect on sales and hedging.

Gross Profit
9M Bridge Analysis



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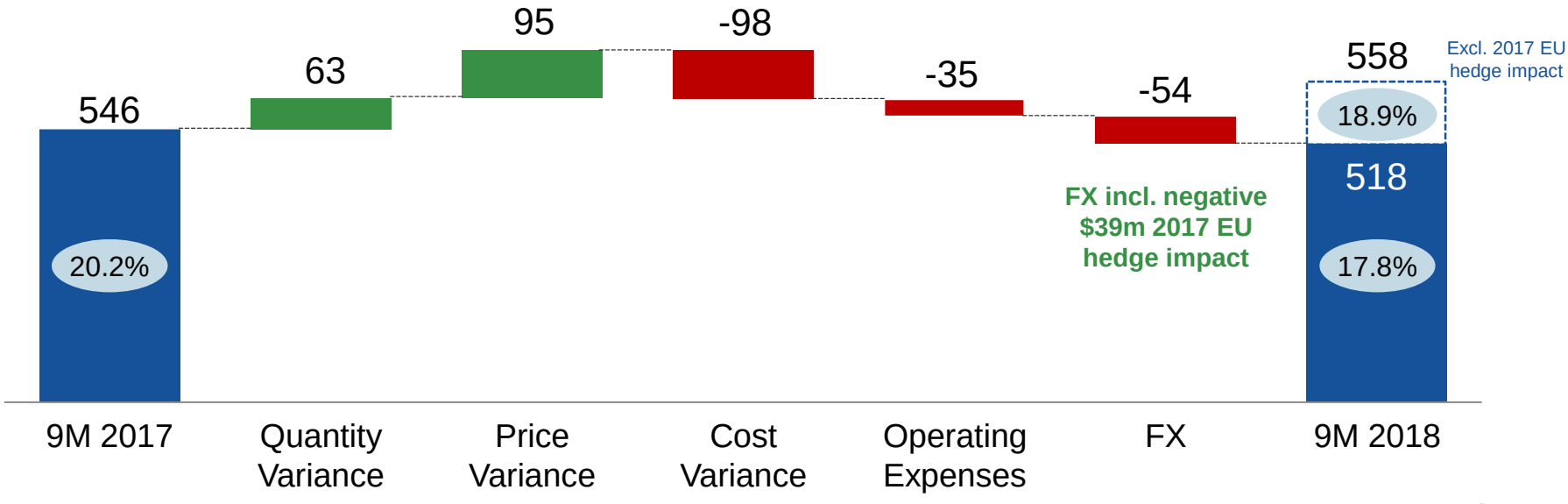
EBITDA
9M Bridge Analysis



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