

Q4 & FY 2020 Review

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Financial Performance Overview

General Market Update

- In 2020, the **global agrochemical market saw resilient growth**, with **robust demand for crop protection** products despite the ongoing COVID-19 pandemic
- **Crop prices improved significantly in the second half of the year** as crop demand recovered, fueled by:
  - Pandemic-related food security concerns
  - Recovery of oil prices (benefiting corn and sugar prices) and textile demand (benefiting cotton prices)
  - Dryness in Latin America due to La Niña
- Overall, **global CP volumes were strong in 2020**, driven by increased global planted acreages, higher pest pressure and improved weather conditions in key regions, as well as demand in developing markets
- The **non-crop industry**, especially the consumer segment, saw **renewed growth** as more people stayed home and tended to their gardens
- During most of 2020, **prices of active ingredients in China declined** as the cost of oil and related basic chemicals decreased sharply at the initial onset of the pandemic
- **Towards the end of the year, procurement costs of raw materials and active ingredients began to increase** due to the recovery of oil prices and higher raw material costs, together with stronger demand for CP products and a strong RMB
- 2020 saw **significant volatility in global currency markets**, with the rapid depreciation of many currencies against the US dollar in the first half of the year, most notably the Brazilian Real, Australian dollar, Turkish Lira and Indian Rupee, as well as volatility in the Euro

Q4: All-time record-high sales driven by robust volume growth across all regions

Adj. $ million	Q4 2020	Q4 2019	%▲ USD	FX Impact	CER
Sales	1,141	1,035	**+10%**	(71)	**+17%**
Gross Profit	335	310	**+8%**	(62)	**+28%**
% of Sales	*29.4%*	*29.9%*			
EBITDA	168	155	**+8%**	(59)	**+47%**
% of Sales	*14.7%*	*15.0%*			
Adj. Net Income	**53**	**48**	**+10%**	**(54)**	**+123%**
% of Sales	*4.6%*	*4.6%*			
Adjustments	-33	-121			
Reported Net Income	**19**	**-74**	**+126%**		
% of Sales	*1.7%*	-			

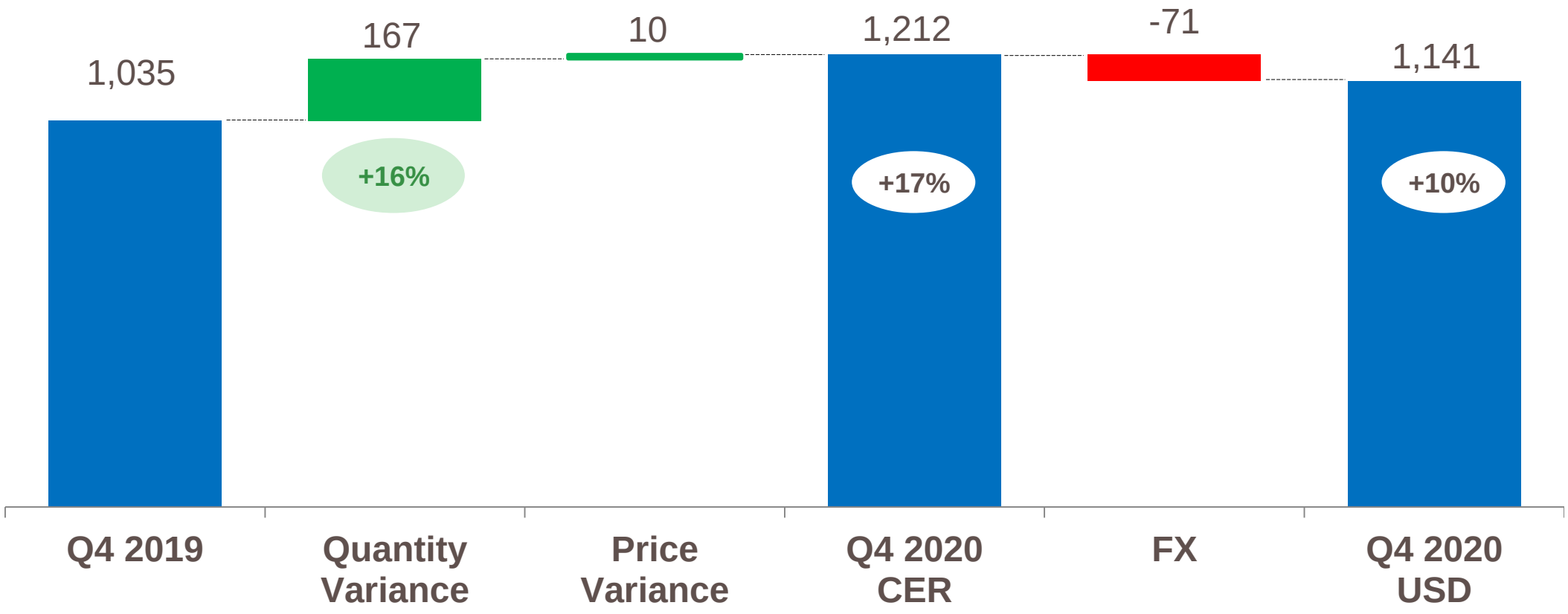
Q4 Highlights

- **Sales**
  - Robust 16% volume growth
  - Double-digit growth in all regions in CER terms
- **Gross Profit**
  - Strong volume growth, alongside lower procurement costs, more than offset currency headwinds
- **EBITDA**
  - Opex/Sales ratio: 20.0% vs. 20.5% in Q4 2019
  - Higher opex in absolute terms, accommodating higher sales and inclusion of recent acquisitions
- **Net income**
  - Higher operating income more than offset higher financial expenses
  - Lower taxes due to non-cash tax income due to stronger BRL

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

Q4 Sales: Robust double-digit growth in CER terms, driven by strong volume growth

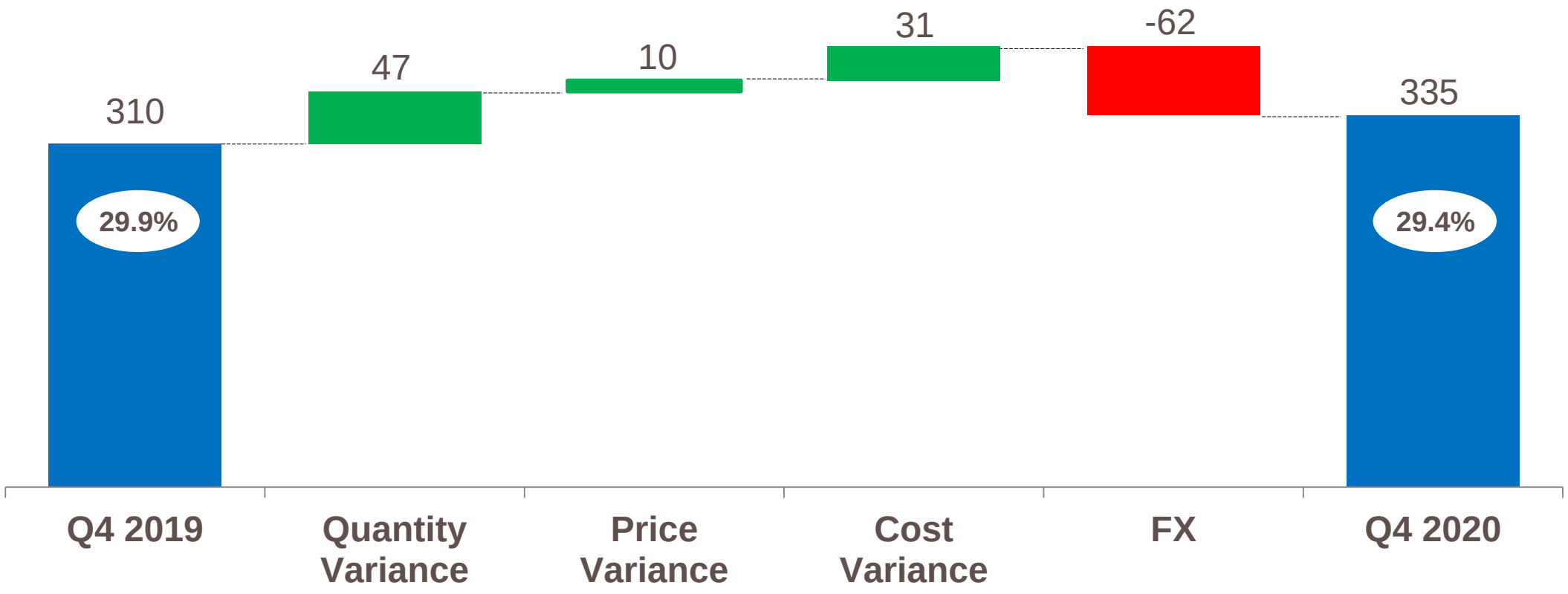
Sales bridge analysis



NOTE: FX includes currency effect on sales and hedging

Q4 Gross Profit: robust volume growth, lower procurement costs more than offsetting FX

GP bridge analysis



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

FY: Record high sales; profit impacted by currency weakness

Adj. $ million	FY 2020	FY 2019	%▲ USD	FX Impact	CER
Sales	4,128	3,997	**+3%**	(293)	**+11%**
Gross Profit	1,223	1,276	**-4%**	(247)	**+15%**
% of Sales	*29.6%*	*31.9%*			
EBITDA	628	692	**-9%**	(224)	**+23%**
% of Sales	*15.2%*	*17.3%*			
Adj. Net Income	**176**	**258**	**-32%**	**(252)**	**+66%**
% of Sales	*4.3%*	*6.5%*			
Adjustments	*-125*	*-215*			
Reported Net Income	**51**	**43**	**+19%**		
% of Sales	*1.2%*	*1.1%*			

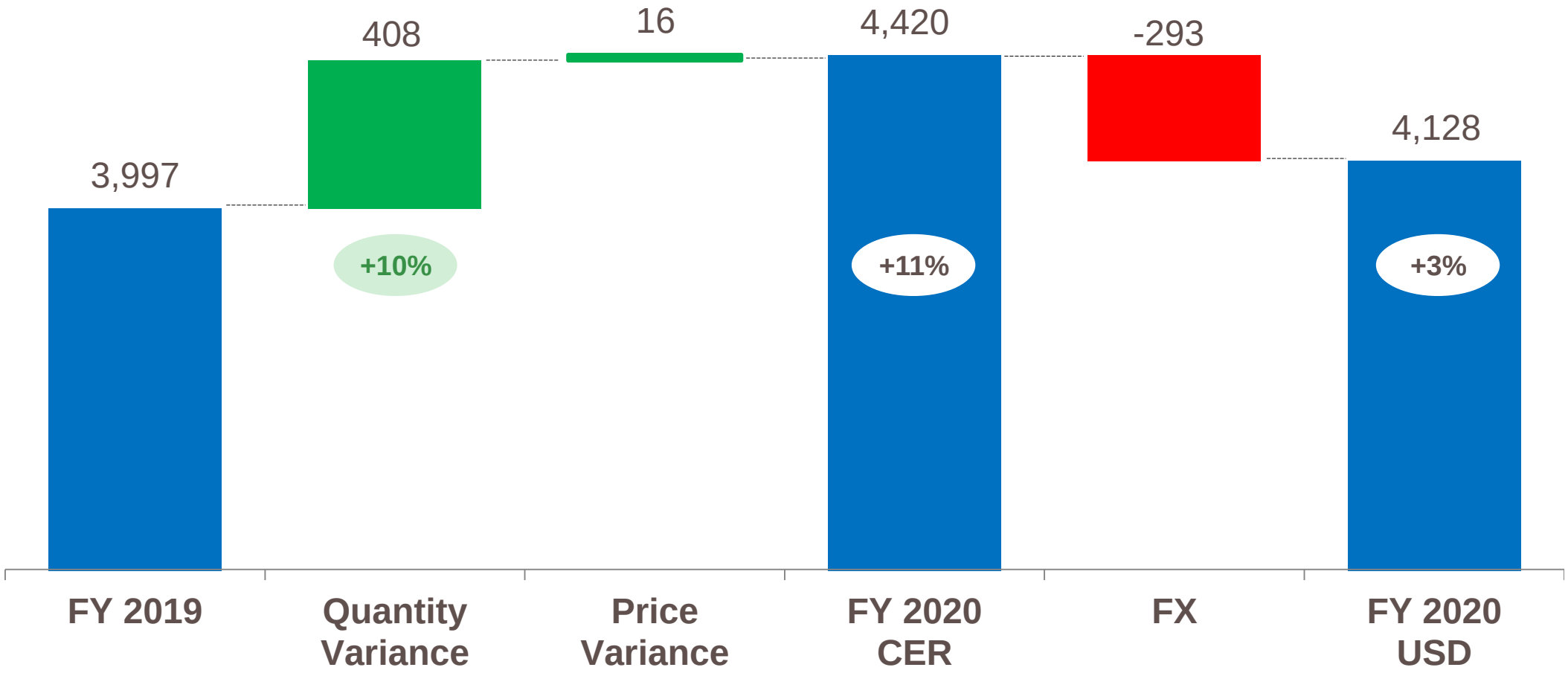
FY Highlights

- **Sales**
  - Continued strong 10% volume growth despite ongoing global COVID-19 constraints
- **Gross Profit**
  - Robust volume growth and lower procurement costs, outweighed by currency headwinds
- **EBITDA**
  - Opex/Sales ratio: 20.1% vs. 20.4% in FY 2019
  - Higher opex, accommodating higher sales and inclusion of recent acquisitions
- **Net income**
  - Higher tax expense largely due to massive Q1 BRL weakness ($12 million impact vs. FY 2019)

Currency weakness a significant drag on sales growth and profitability

FY Sales: all-time high sales performance, driven by strong volume growth

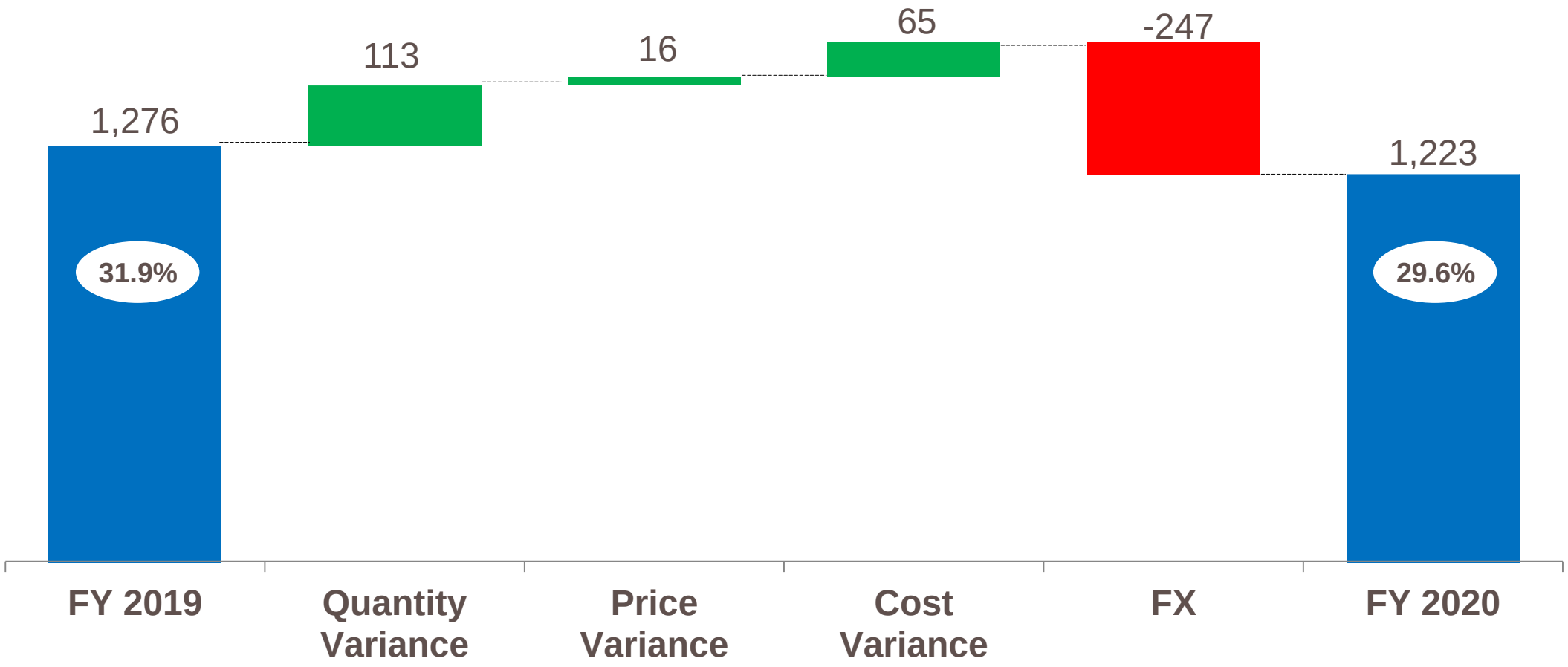
Sales bridge analysis



NOTE: FX includes currency effect on sales and hedging

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

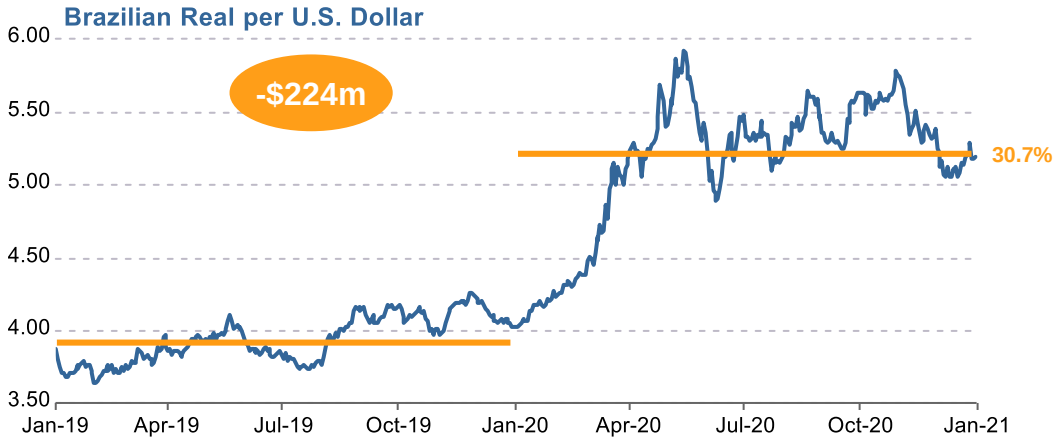
GP bridge analysis

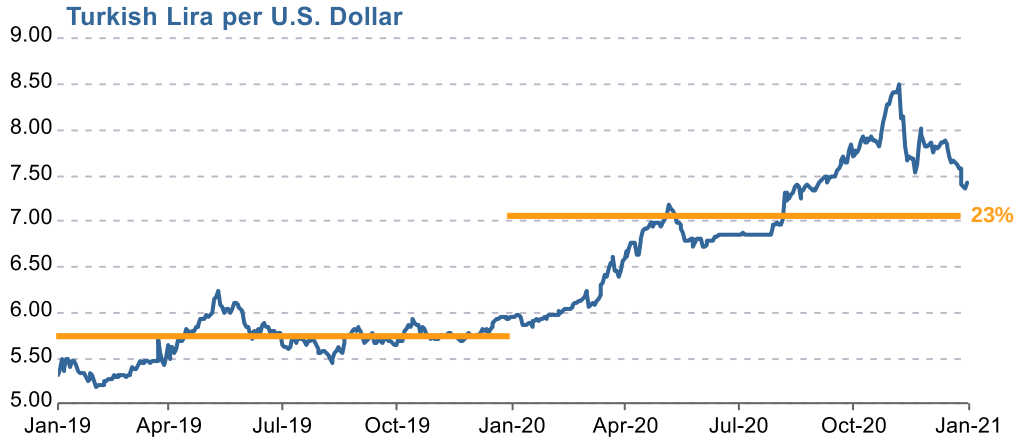


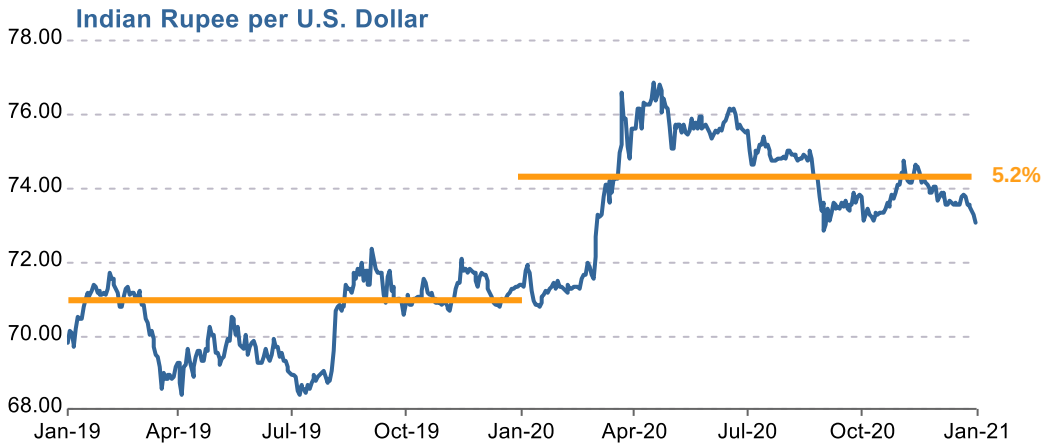
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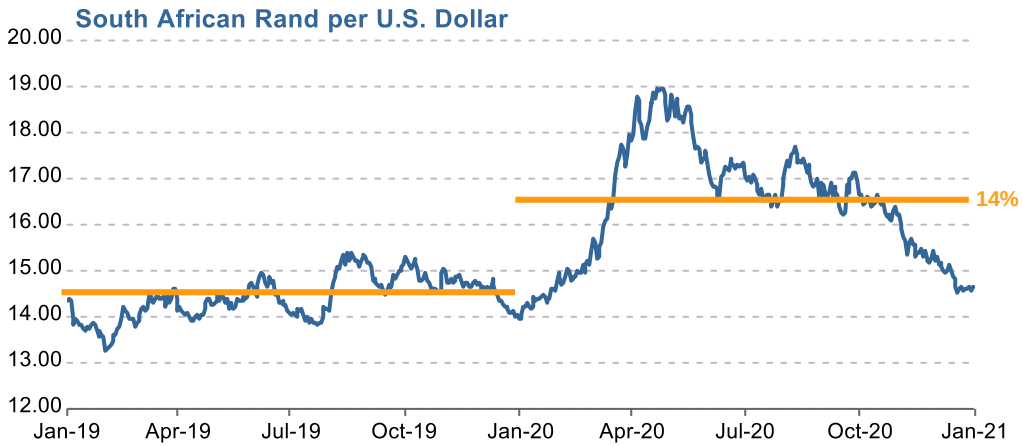
Developing markets: weakness and volatility

- In developing markets, the COVID-19 outbreak brought sharp FX weakening in the March-April period
- This was followed by a general stabilizing over the remainder of 2020, with developing market currencies still generally significantly weaker than where during 2019
- This will continue to pose a challenge for ADAMA going forward as it is enjoying its strongest growth in the emerging market regions





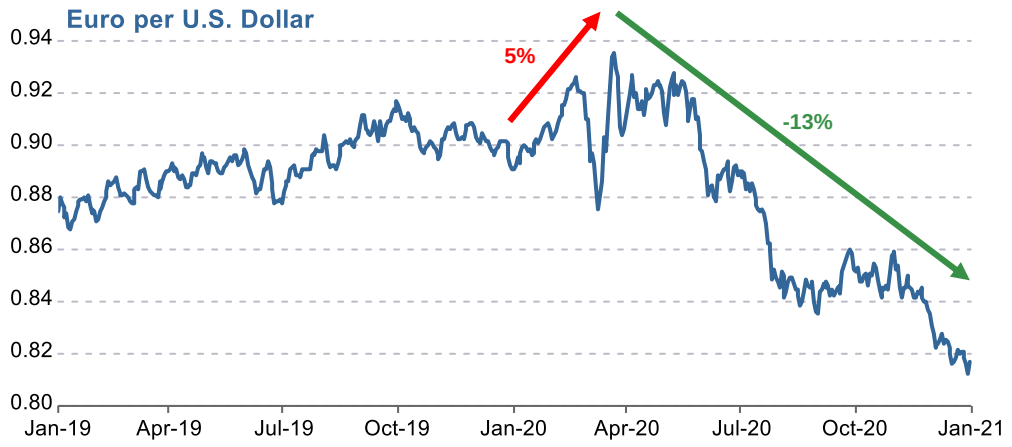


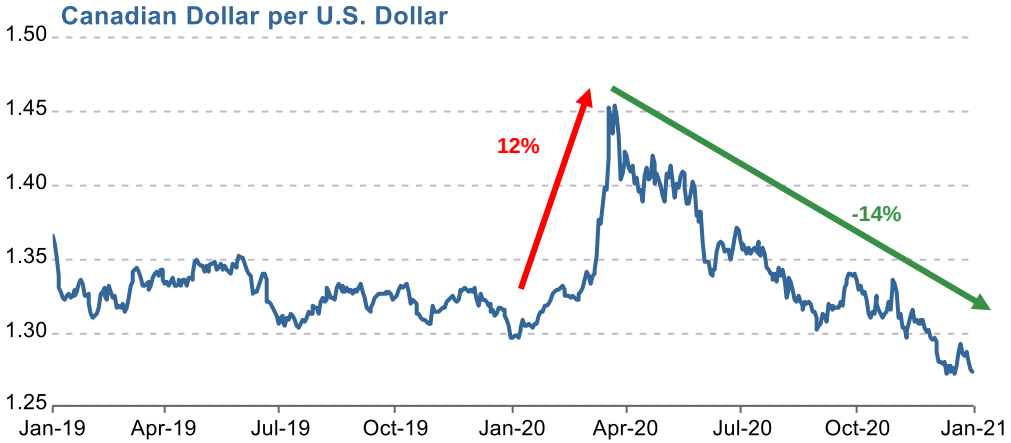


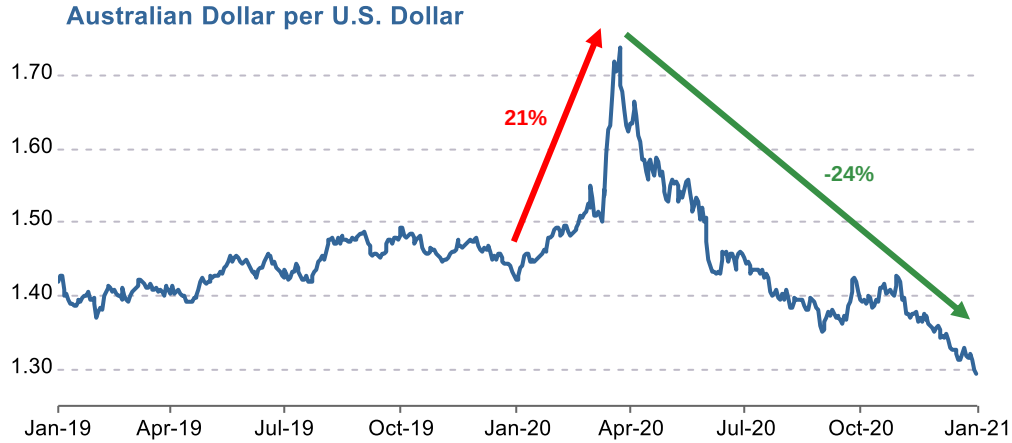
12-month average

Developed markets: initial weakness, now stronger

- In developed markets, the COVID-19 outbreak also caused sharp FX weakening in the March-April period
- This was followed by a period of volatility, and then gradual strengthening over the remainder of 2020
- Developed market currencies are now generally stronger against the USD than they have been for a number of years
- This should be a net benefit for ADAMA going forward
  - Note however: Euro hedge policy will counteract part of the expected FX gains



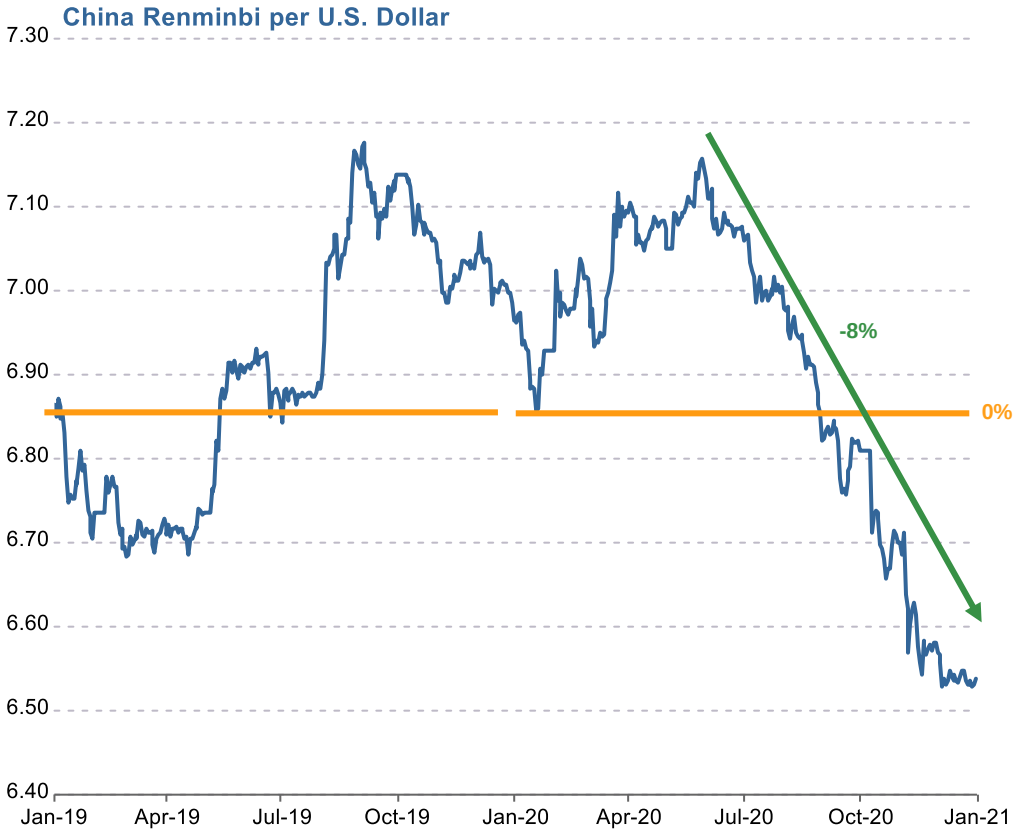


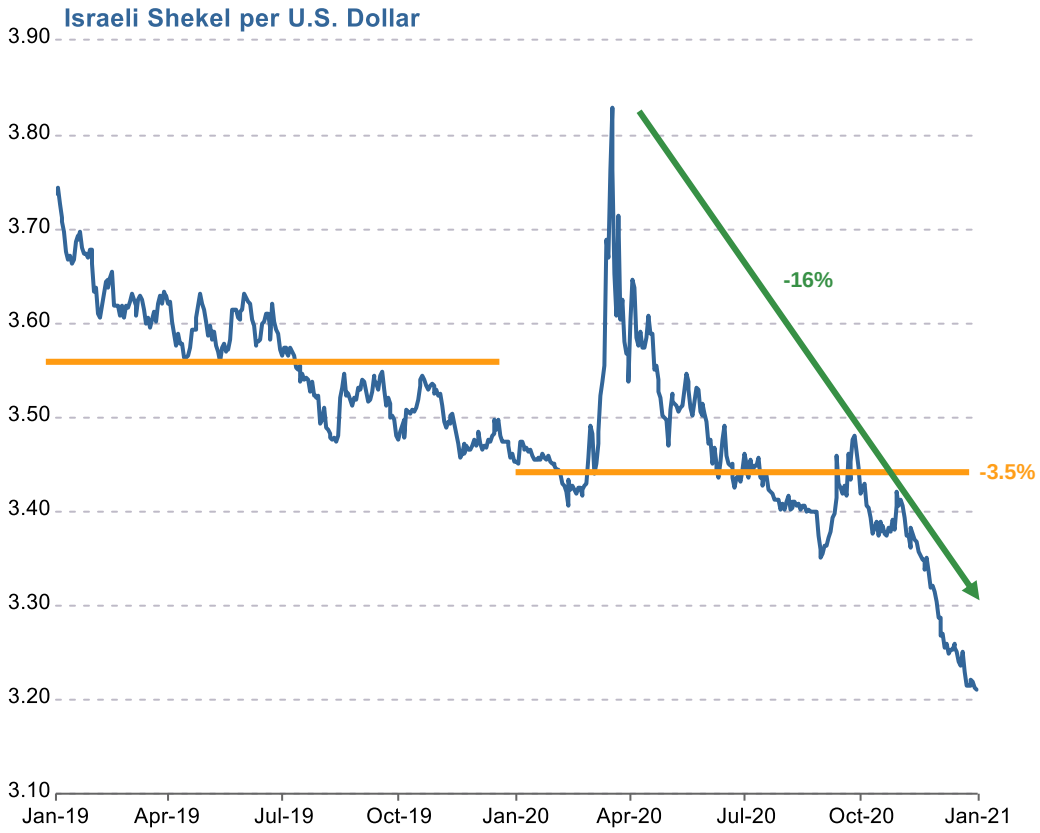


Strong RMB and ILS raising costs in USD

12-month average

- The Company's two main cost bases (Israel and China) are home to two very strong currencies, which negatively impacted our USD costs in 2020
- At current levels, this is expected to continue to be a drag on profits in 2021





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:

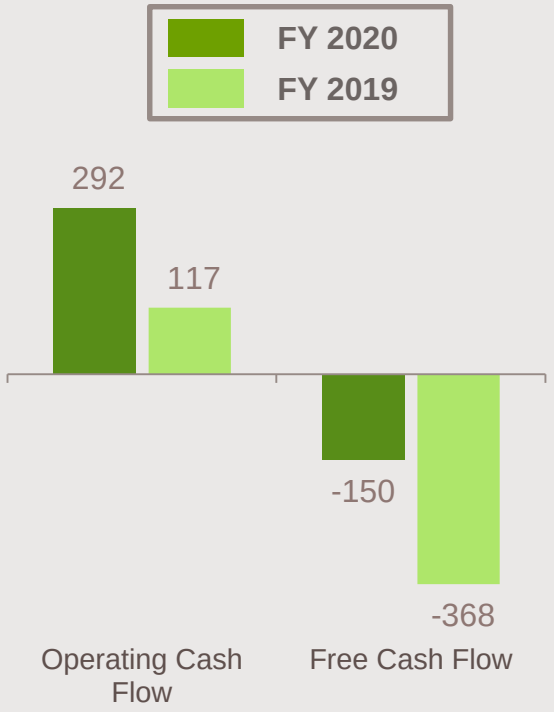
- Adjusted results:
  - Exclude **items that are of a one-time or non-cash/non-operational nature that do not impact the ongoing performance of the business**
  - Reflect the way the Company’s management and the Board of Directors view the performance of the Company internally
- The Company believes 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	Q4 2020	Q4 2019	FY 2020	FY 2019
Net Income (Reported)	**19.3**	**-73.6**	**51.1**	**42.8**
Amortization of Legacy PPA of 2011 acquisition of Solutions, net (non-cash)	10.2	11.5	44.6	45.8
Syngenta Divestments & Transfers (D&T) amortization (non-cash)	7.7	7.7	30.6	35.2
Upgrade & Relocation-related costs	21.4	104.9	52.8	146.5
Incentive plans (non-cash)	-4.7	0.8	-12.4	-5.5
Others	-1.4	-3.7	9.7	-6.9
Net Income (Adjusted)	**52.5**	**47.6**	**176.4**	**257.9**

Note: “Others” include: Amortization of acquisition-related PPA (non-cash) and other acquisition-related costs, Capital gain recognized on acquisition of control of an equity investee, Asset impairments, Provisions in respect of prior years’ legal-and tax-related costs. Please see Appendix to Q4 Press Release for more details

Cash flow, working capital and leverage

Improved Cash Flow Generation



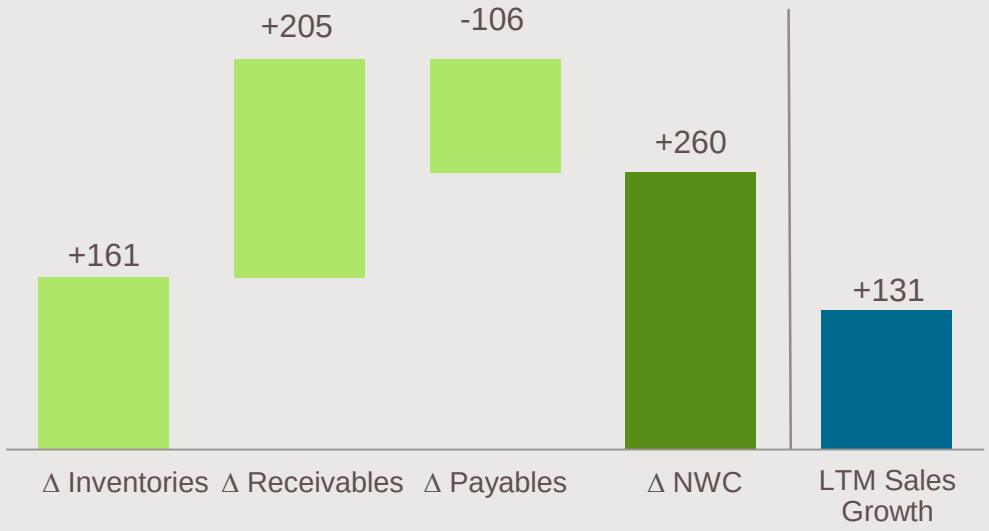
Cash Flow
($mm)

Continued robust growth in emerging markets, putting pressure on working capital

Inventory up due to shift in geographic and portfolio sales mix, anticipation of further volume growth in coming quarters

Receivables up reflecting growth in emerging markets

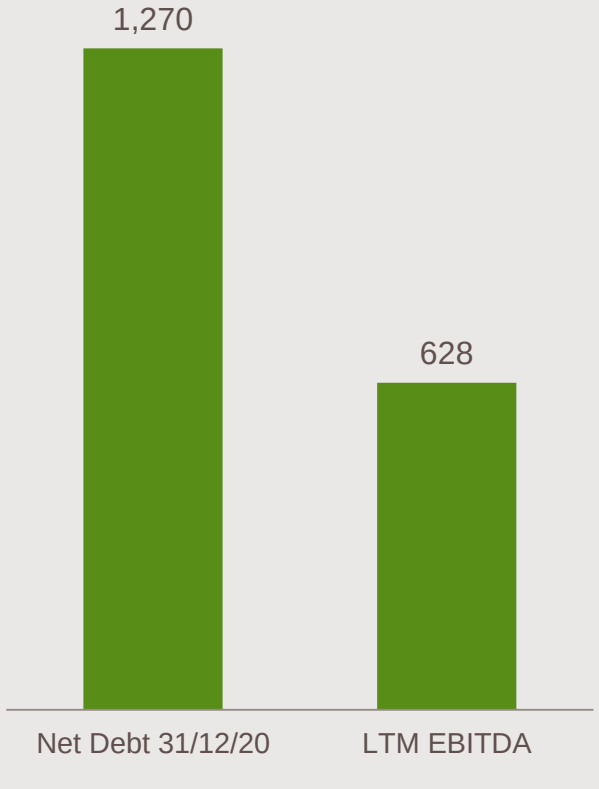
Partially mitigated by extended payables



LTM Change in Working Capital

Strong Balance Sheet

Net debt / EBITDA ratio of 2.0x



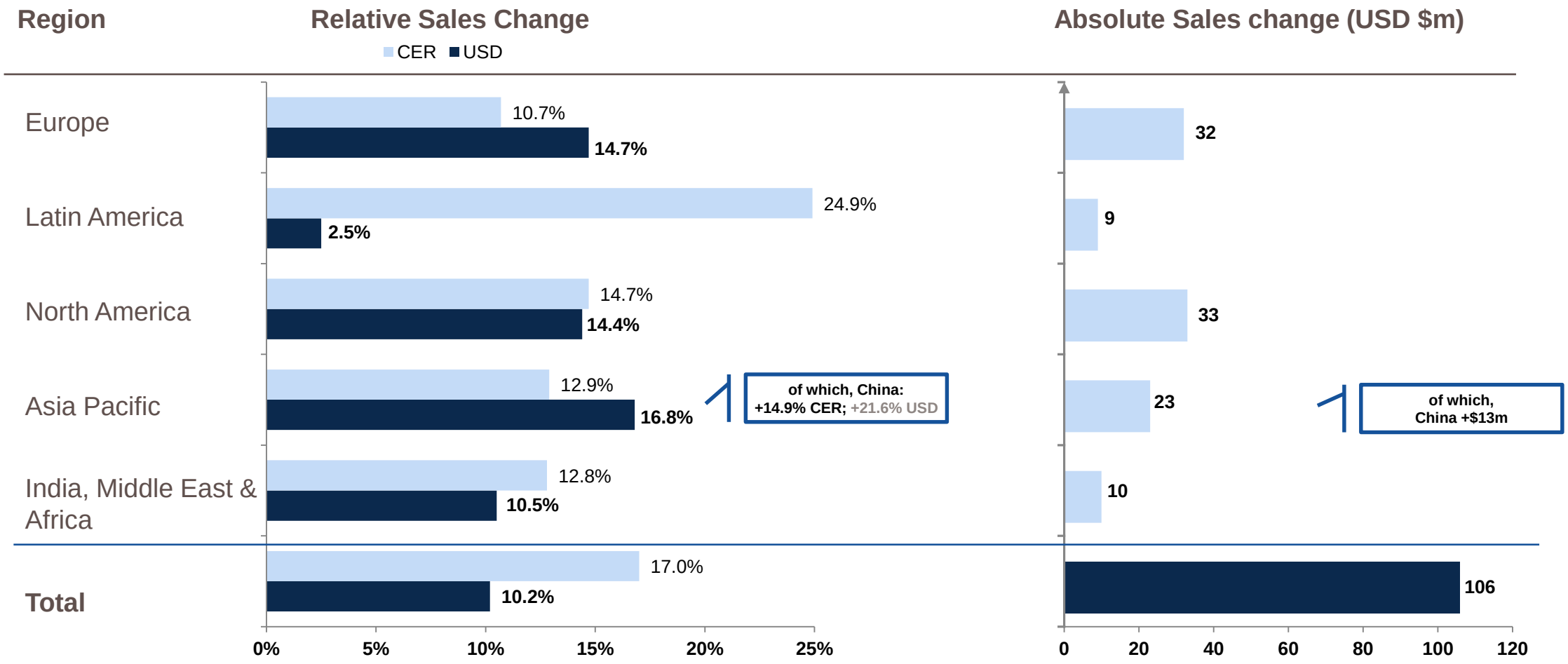
Balance Sheet Net Debt
($mm and Net Debt / EBITDA)

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Regional Review

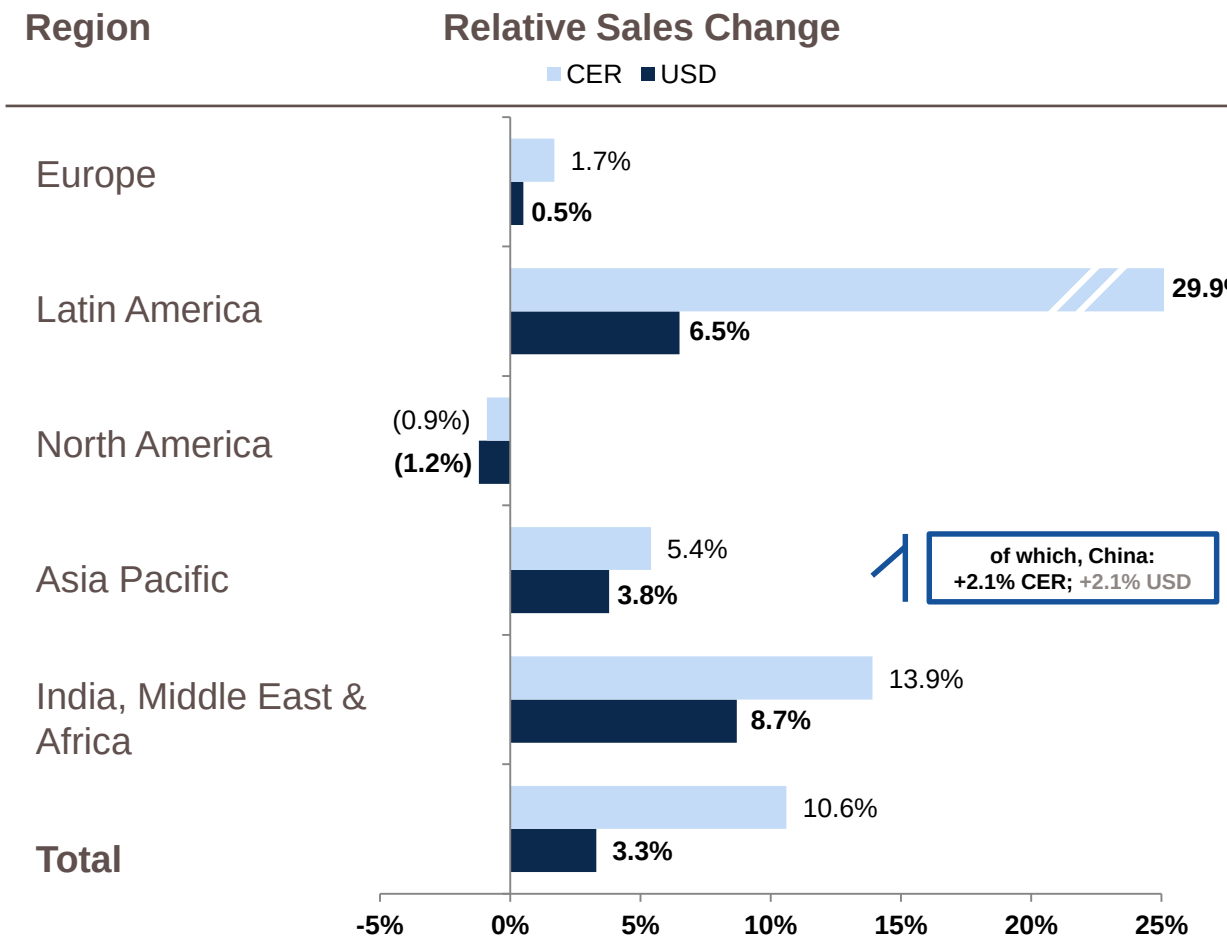
Robust volume growth across all regions

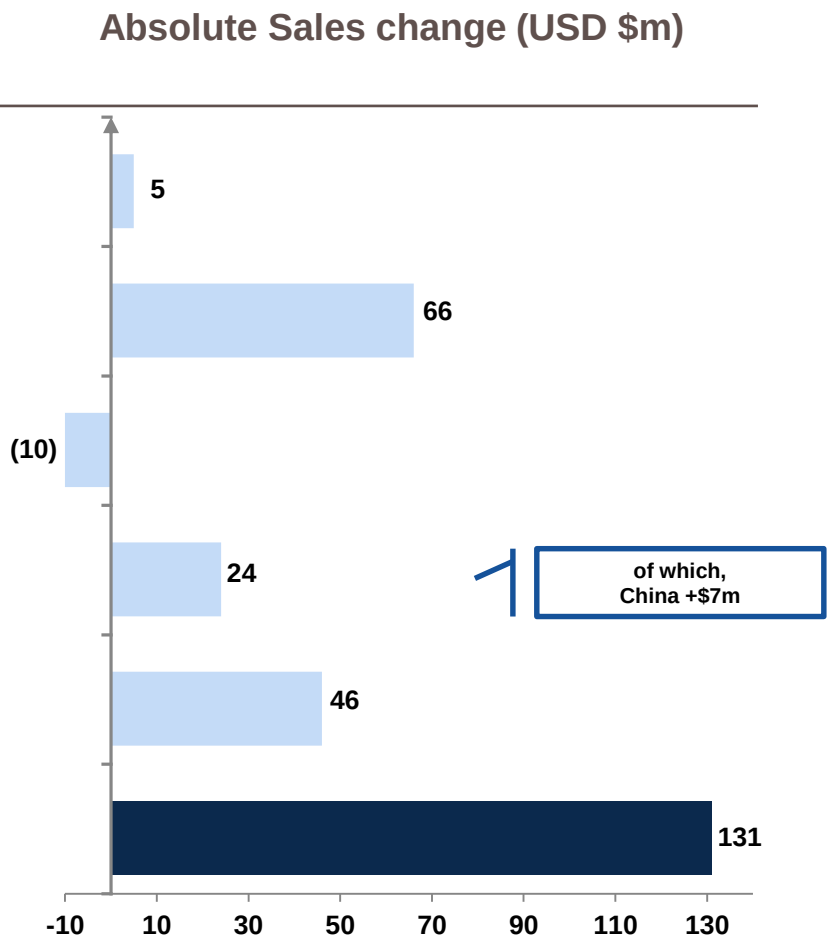
Sales change by region – Q4 2020 vs. Q4 2019



All-time high sales, despite COVID-19 related challenges

Sales change by region – FY 2020 vs. FY 2019





2021 Outlook

- Supportive global demand for crop protection products driven by current positive crop price outlook
- USD growth and profitability improvements dependent, amongst others, on stabilized currencies against the US dollar
- Recent increases in procurement costs of raw materials, intermediates and active ingredients, if sustained for an extended period, may challenge gross margins over the coming quarters
- The Company actively manages its procurement and supply chain activities in order to mitigate these higher procurement costs, and adjusts its pricing wherever possible to compensate
- Lingering COVID-19 impacts (demand and supply) in all markets; ongoing concerns around logistics, production and travel
- Continued progress on the relocation and upgrade of China production and environmental facilities
  - Expecting to start production at the new site in Jingzhou within the next few months
- Huifeng transaction:
  - Integration of Huifeng commercial business continuing
  - Progressing towards Closing of Phase II of the transaction; expected during Q2

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Thank You

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Regional Highlights

Europe

	Q4'20	Q4'19	% Variance USD	% Variance CER	FY 20	FY 19	% Variance USD	% Variance CER
Sales ($m)	246	214	+14.7%	+10.7%	1,036	1,031	+0.5%	+1.7%

CER: Constant Exchange Rate

Highlights

- **Q4:** Strong double-digit growth driven by good consumption of cereal herbicides, more than offsetting lower insecticide applications on key crops such as oilseed rape, due to weather challenges
- **FY:** Volume growth partially offset by a somewhat softer pricing environment

Northern Europe

- Q4: Early start to 2021 season
- Market share gains in key countries including **Germany**, **Poland** and **Ukraine**
- New product registrations include:
  - Self-produced prothioconazole-based solution in the **UK**
  - TIMELINE FX®, cross-spectrum herbicide for spring cereal, in **Lithuania**

Southern Europe

- Continued solid performance in Greece following recent acquisition there
- Noteworthy performance in FY recorded in **Italy** and **France** despite an overall contraction of the market in the country



New product registrations



Latin America

	Q4'20	Q4'19	% Variance USD	% Variance CER	FY 20	FY 19	% Variance USD	% Variance CER
Sales ($m)	374	365	+2.5%	+24.9%	1,088	1,022	+6.5%	+29.9%

CER: Constant Exchange Rate

Highlights

- Robust volume growth in **Q4** and **FY** in key countries and continued price increases, partially compensate for material weakening of regional currencies, in particular the significant decline in the Brazilian Real against the US dollar

Brazil

- Strong **Q4** performance, resulting in market share gain, despite unstable weather which delayed soybean planting and reduced cotton acreage
- Continued COVID-19-related challenges
- Significant volume growth in **FY**
- New product registrations include:
  - ACROSS®, broad spectrum fungicide
  - ARREMATE® triple mode herbicide

LatAm

- Noteworthy Q4 performances seen in **Colombia** and **Chile, as well as Peru** and **Paraguay** bolstered by recent acquisitions there
- FY performance led by **Mexico**, **Chile** and **Argentina,** despite severe drought
- New product registrations include:
  - MATTOK®, differentiated combination fungicide and bio-stimulant in **Colombia** and **Honduras**
  - PLETHORA® combination insecticide in **Colombia**



Broad spectrum insecticide combating >$1bn market

North America

	Q4'20	Q4'19	% Variance USD	% Variance CER	FY 20	FY 19	% Variance USD	% Variance CER
Sales ($m)	258	226	+14.4%	+14.7%	776	786	-1.2%	-0.9%

CER: Constant Exchange Rate

Highlights

- Robust business growth in **Q4** resulted in an almost full recovery from the severe weather-related challenges and COVID-19 impact seen earlier in the year.

North America Crop Protection

- **Q4:** US and Canada benefited from strong demand, especially for fall burndown herbicides, which more than offset a challenging season for cotton growers
- **US:** Rice cropping system FullPage® generated considerable increases in rice yields during the 2020 season, resulting in early stocking from farmers

Consumer & Professional Solutions

- Q4 saw continued growth supporting a resilient finish and pleasing performance in a challenging year
- Noteworthy performance recorded in Consumer business



Strong results for herbicide-based Rice Cropping System
Preface™ (imazethapyr)
Postscript™ (imazamox)



Asia Pacific

	Q4'20	Q4'19	% Variance USD	% Variance CER	FY 20	FY 19	% Variance USD	% Variance CER
Sales ($m)	159	136	+16.8%	+12.9%	656	633	+3.8%	+5.4%

CER: Constant Exchange Rate

Highlights

- **Q4:** Strong growth driven by positive seasonal conditions across the region
- **FY:** Solid volume growth impacted by regional FX headwinds

APAC

- **Q4:** Strong business growth across the region led by **Australia**, **SE Asia** and **Japan**, benefiting from favorable weather conditions
- Strong Q4 capped a pleasing performance over **FY**, despite COVID-related challenges seen throughout the year.
- **New product launches:**
  - GOLTIX GOLD®, featuring a unique formulation with reduced hazard profile and improved efficacy for controlling weeds in beet crops

China

- **Q4:** double-digit volume growth
- Strong sales performance of raw materials and intermediates, albeit at lower prices due to increased supply generally from Chinese producers
- **FY:** Continued solid growth of branded, formulated portfolio
- Closed **acquisition** of Dibai, **Huifeng's** commercial arm, enhancing commercial reach in China



India, Middle East & Africa

	Q4'20	Q4'19	% Variance USD	% Variance CER	FY 20	FY 19	% Variance USD	% Variance CER
Sales ($m)	104	94	+10.5%	+12.8%	572	526	+8.7%	+13.9%

CER: Constant Exchange Rate

Highlights

- Continued strong volume growth in **Q4** in all key countries more than offset regional currency headwinds and the ongoing COVID-19 restrictions
- Strong performance over **FY** benefitting from good monsoon season in **India** as well as positive seasonal conditions in **South Africa**, driving significant volume-led business growth across the region

India

- **India** benefited from favorable weather and cropping conditions
- **Product launches:**
  - ZAMIR®, systemic and long-acting fungicide in wheat
  - FLAMBERGE®, bio-stimulant, strengthening portfolio in key segment

Middle East & Africa

- Favorable weather seen in **South Africa**
- Solid growth in **Turkey**, despite impact of major earthquake which temporarily suspended commerce in the country and following challenges seen earlier in the year due to lower demand for cotton as a result of the pandemic



Building hybrid offering Building hybrid offering

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Reported vs. Adjusted P&L

Adjusted vs. Reported P&L

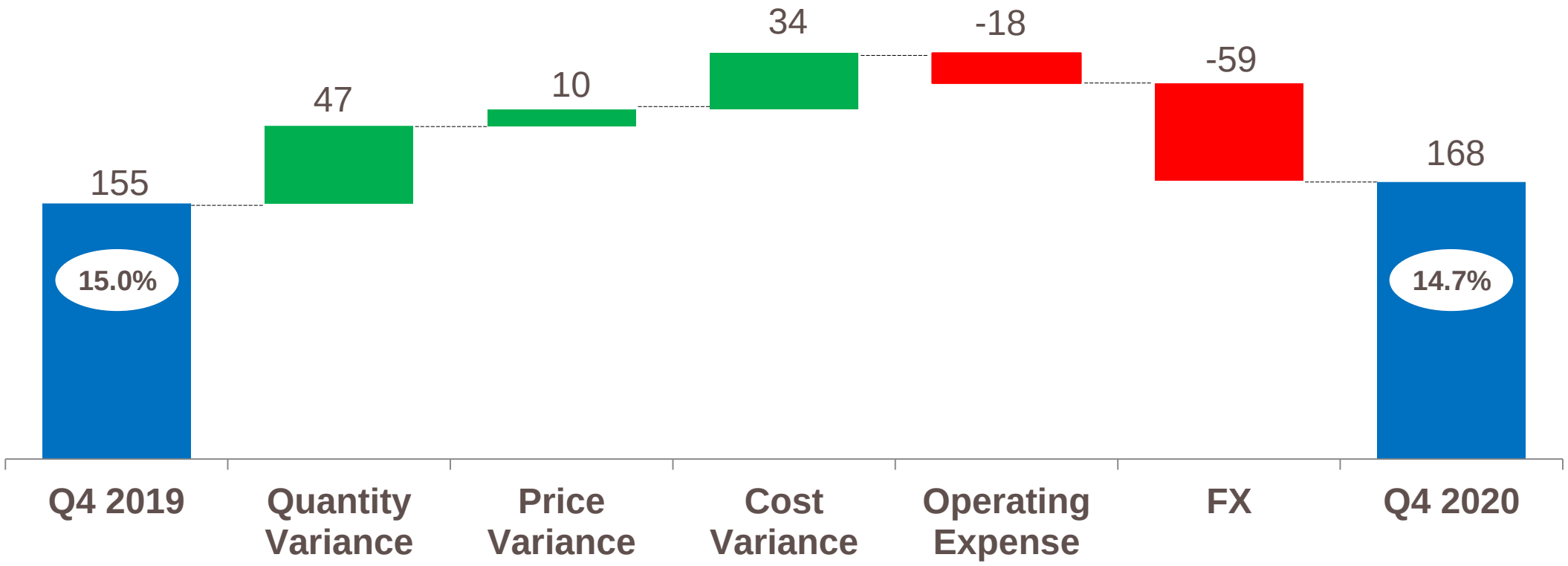
$ million	Q4 2020 Adjusted	Q4 2019 Adjusted	%▲	Q4 2020 Reported	Q4 2019 Reported	%▲	FY 2020 Adjusted	FY 2019 Adjusted	%▲	FY 2020 Reported	FY 2019 Reported	%▲
Sales	1,141	1,035	**10%**	1,141	1,035	**10%**	4,128	3,997	**+3%**	4,128	3,997	**+3%**
Gross Profit	335	310	**+8%**	330	291	**+14%**	1,223	1,276	**-4%**	1,173	1,217	**-4%**
% of Sales	29.4%	29.9%		28.9%	28.1%		29.6%	31.9%		28.4%	30.4%	
EBITDA	168	155	**+8%**	154	95	**+61%**	628	692	**-9%**	592	610	**-3%**
% of Sales	14.7%	15.0%		13.5%	9.2%		15.2%	17.3%		14.4%	15.3%	
Net Income	53	48	**+10%**	19	-74	**+126%**	176	258	**-32%**	51	43	**+19%**
% of Sales	4.6%	4.6%		1.7%	-7.1%		4.3%	6.5%		1.2%	1.1%	

Other than Net Income, Q4 and FY performance trends largely similar between Adjusted and Reported

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EBITDA Bridge Analysis

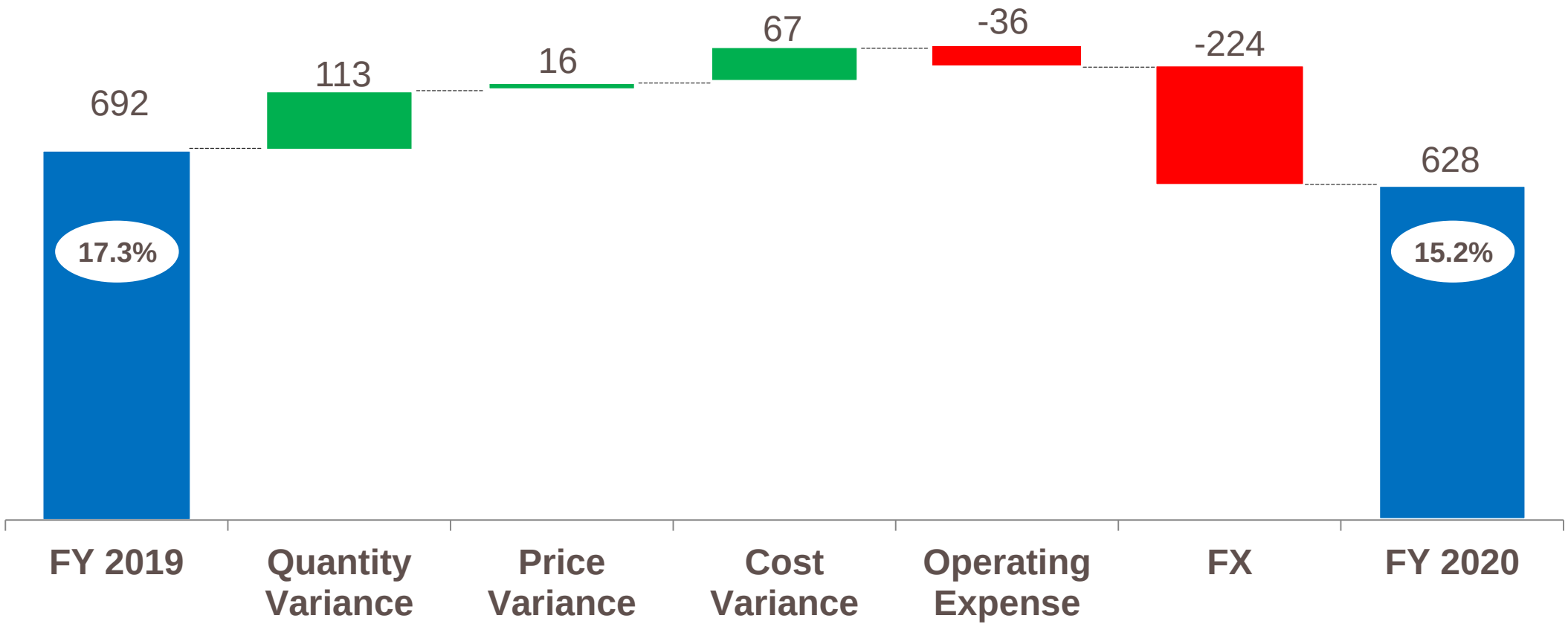
Q4 EBITDA – bridge analysis



Bridge Analysis

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

FY EBITDA – bridge analysis



Bridge Analysis

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