

Stock Code: 000553 (200553)

Stock abbreviation: ADAMA A (B)

Announcement No.: 2019-7

**ADAMA Ltd.**  
**Full Year 2018 Performance Estimation**

The Company and all the directors confirm that the information disclosed is true, accurate, complete and with no false recording, misleading statement or material omission.

**I. Performance Estimation**

1. Estimation period: January 1, 2018 – December 31, 2018
2. Estimated performance: Strong growth

Item	Current reporting period January to December 2018	Same period last year January to December 2017 as previously reported
Net profit attributable to the shareholders of the listed company (RMB in millions)	Profit: 2,367.6 – 2,505.9	Profit: 1,545.9
	Percentage of increase YoY 53.15% - 62.10%	
Basic earnings per share (RMB)	Profit: 0.9677 – 1.0243	Profit: 0.6601

**II. Pre-audit of the estimated performance**

The estimated results of this period are the preliminary estimation of the Company and have not been audited nor reviewed by certified accountants.

**III. Explanations for Performance Variation**

When compared to the reported net profit in 2017, the significant increase in the estimated net profit in the consolidated preliminary 2018 report is due to the following reasons:

1. The Company is expecting to deliver another fourth quarter of record sales, with double-digit growth in the quarter driving also double-digit growth over the full year. The extremely strong performance in the fourth quarter is expected to result in the Company significantly exceeding all of its Q4 2017 record sales and adjusted profit metrics, with some profit metrics up tens of percents while others more than doubled. The robust fourth quarter is also expected to drive the Company over the full year 2018 to exceed all 2017 record sales and adjusted profit metrics, other than Net

Income which is expected to be somewhat lower than the record achieved in 2017, due to unusually low tax expenses in 2017 on the one hand, compared to higher tax expenses in 2018 on the other.

2. In the fourth quarter, the strong double-digit revenue growth was driven by a combination of significant business growth as well as higher prices, somewhat offset by adverse currency headwinds. Especially noteworthy performance was delivered in Brazil, driven by the recent launch of the Company's distinctive three-way combination CRONNOS<sup>®</sup> fungicide, as well as in other parts of Latin America, North America and Northern Europe. The strong sales growth in the quarter was further complemented by a continued improvement in portfolio mix, somewhat offset by the impact of increased procurement costs, leading to double-digit growth in gross profit. Tight management of operating expenses ensured that the Company delivered a strong increase in adjusted Operating Profit and EBITDA in the quarter, both in absolute terms and as a percentage of sales. This strong operating performance, alongside financial expenses in line with those of the same quarter last year, drove significantly higher Pre-tax Profit and Net Income. This strong increase in Net Income was achieved despite the incurring of tax expenses in the quarter, compared to a tax income in the same quarter last year due, mainly to the creation in Q4 2017 of deferred tax assets in respect of losses carried-forward and timing differences, in anticipation of their expected utilization.
3. Over the full year period, the Company is expecting to deliver another year of all-time high sales, recording double-digit revenue growth. Outstanding performances were achieved in Brazil, North America and the India, Middle East and Africa region, alongside strong, double-digit growth in the Company's branded, formulated sales in China, as well as most other geographies worldwide. European revenues were in line with last year's, despite a slow start to the season followed by extreme drought conditions in the third quarter. The Company saw robust growth of its differentiated portfolio, complemented by increased prices, which offset the increase in procurement costs and the negative impact of currencies. The Company expects to report EBITDA slightly above last year's all-time record high. Due to the higher tax expenses when compared to last year's relatively low tax expenses, adjusted net income for the year is expected to be between RMB 1,531.1 million – RMB 1,669.5 million (\$234.7 million - \$254.7 million), compared to last year's record adjusted net income of RMB 1,909.3 million (\$280.1 million).
4. The Company's reported earnings in 2018 will be positively impacted by the recognition of a one-time profit in the first quarter of 2018 on the divestiture of several crop protection products in Europe in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina. The proceeds of this divestiture, 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.
5. Partially offsetting this one-time profit, the Company's reported earnings in 2018

will be impacted by certain one-time/non-cash items, including the legacy amortization of the 2011 PPA for the acquisition of Adama Agricultural Solutions Ltd. by ChemChina; the amortization of assets transferred from Syngenta, the value of which was written-up, related to the 2017 ChemChina acquisition of Syngenta; Sanonda facility relocation and related non-cash items; and the recording of historical tax expenses, the majority thereof already provisioned, resulting from the finalization of tax assessments relating to periods concluding in 2016.

#### **IV. Other Remarks**

The estimated results above are only preliminary calculations performed by the finance team of the Company based on preliminary financial data available to the Company and have not been audited or reviewed by the Company's independent auditors. These estimations may change, inter alia, as a result of the processing and analysis of the financial data that the Company will perform for the preparation of its 2018 financial statements. Please refer to the 2018 Report to be duly disclosed by the Company on March 20, 2019 for specific and accurate financial information.

Media for Information Disclosure of the Company: China Securities Journal, Securities Times, Ta Kung Pao, and Cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn)). Investors are reminded to exercise caution when making investment decisions.

By order of the Board  
**ADAMA Ltd.**  
January 23, 2019