

ADAMA Ltd. Q1-Q3 2020 Performance Estimation

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

I. Performance Estimation

1. Estimation period: First nine months and third quarter of 2020
2. Estimated net profit: lower compared with the corresponding period last year

Item	Current reporting period January to September 2020	Same period last year January to September 2019
Net income attributable to the shareholders of the listed company (RMB in millions)	215 – 236	795
	Percentage decrease YoY 70.3% – 73.0%	
Basic earnings per share (RMB)	0.0887 – 0.0973	0.3248

Item	Current reporting period July to September 2020	Same period last year July to September 2019
Net income attributable to the shareholders of the listed company (RMB in millions)	10 – 31	206
	Percentage decrease YoY 85.0% – 95.1%	
Basic earnings per share (RMB)	0.0044 – 0.0131	0.0842

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

The Company is expecting to deliver record third quarter sales, in both USD and RMB terms, driven by solid volume growth, resulting in higher sales over the nine-month period. While global currencies recovered somewhat against the USD during the third quarter, they generally remained weaker than in the comparative periods in 2019, which continued to restrain sales growth and significantly impact profitability in USD terms in the quarter and nine-month period.

Sales

Sales are expected to grow by 12% in the quarter and by 8% in the nine-month period, in CER terms, compared to the corresponding periods last year, driven by strong, double-digit increase in volumes.

ADAMA is expecting growth in the quarter to have been led by a strong performance in Latin America, driven by robust volume growth across the region, most notably in Brazil, Argentina, Colombia, Mexico and Paraguay, and bolstered by the Company's acquisition in Peru, and despite widespread COVID-19 related restrictions in the region. Continued growth was seen in the India, Middle East & Africa region, led by India which benefited from above-average monsoon rains and good cropping conditions. The Company is expecting to deliver strong growth in Asia-Pacific with noteworthy performances in Australia, alongside solid growth in New Zealand and Korea. In China, the Company is expecting to deliver moderate growth, with a strong performance from its branded, formulated sales being partially offset by lower prices received for its raw materials and intermediates due to increased supply generally from Chinese producers. A strong contribution is expected to be recorded from the Company's Consumer and Professional Solutions business which continues its strong recovery from the COVID-19 related challenges seen earlier in the year.

The solid growth in the quarter in these regions more than compensated for the somewhat lower sales expected in Europe, with widespread extreme drought conditions significantly impacting application in key crops, partially offset by the contribution of the Company's recent acquisition in Greece. Crop protection sales in North America are expected to be markedly lower, largely due to disruptive weather conditions in the US which saw windstorms damage corn fields in the mid-west, fires raging in the orchards and vineyards of California and Oregon impacting sales of key insecticide products, and a heatwave challenging cotton farmers in Texas already contending with reduced demand for their product due to the COVID-19 impact on the apparel industry.

In USD terms, sales are expected to grow by a more moderate 3% in the quarter and 1% in the nine-month period (2% and 3%, respectively in RMB terms), compared to the corresponding periods last year, as the strong business growth was heavily impacted by the generally weaker currencies against the USD when compared to the same periods last year.

Gross Profit, Operating Profit and EBITDA

In the third quarter, the Company is expecting to report lower gross profit, with the strong volume growth and lower procurement costs more than offset by the continued impact of the materially weaker global currencies. This in turn is expected to translate into lower Operating Profit and EBITDA, which saw only partial compensation by a reduction in operating expenses.

Similarly, over the nine-month period, the significant currency weakness is expected to outweigh the Company's robust business growth, resulting in reduced profit metrics when compared to the same period last year, reflecting the strong growth in emerging markets which were among the

most significantly impacted by the global currency weakness.

Net Income

Net income in the third quarter and nine-month period is expected to be below that reported in the same periods last year, driven by the lower operating income over both periods, and further impacted by higher financial expenses in the third quarter due to an increase in financing costs on the NIS-denominated, CPI-linked bonds due to a higher CPI in Israel, and the effect on balance sheet positions of the strengthening of the RMB when compared to 2019. The Company also saw, markedly higher tax expenses in the first quarter of the year due to the significant weakening of the Brazilian Real.

The Company's reported net income in the third quarter and nine-month period are expected to reflect around RMB 126 million and RMB 439 million, respectively, of net expenses in respect of certain non-operational, mostly non-cash items, including mainly:

- i. Approximately RMB 66 million in the quarter, and RMB 199 million in the nine-month period, in non-cash legacy amortization charges in respect of the 2011 PPA for the acquisition of Adama Agricultural Solutions Ltd. by ChemChina, which charges will conclude by the end of 2020;
- ii. Approximately RMB 53 million in the quarter, and RMB 160 million in the nine-month period, in non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition, which charges in 2020 are expected to be approximately RMB 213 million (down from RMB 242 million in 2019), while in the year 2021 they are expected to further reduce to RMB 158 million;
- iii. Approximately RMB 70 million in the nine-month period in respect of a one-time provision, made mainly in the first quarter, for early retirement of certain employees at the Company's manufacturing facilities in Israel.

Excluding the impact of the abovementioned one-time, mostly non-cash items, results in the following:

- Adjusted net income in the third quarter is expected to be between RMB 136 – 157 million, compared to RMB 296 million in the same period last year; Adjusted net income in the first nine months of the year is expected to be between RMB 654 – 675 million, compared to RMB 1,183 million in the same period last year.
- Adjusted basic earnings per share is expected to be between RMB 0.0572 – 0.0659 in the third quarter and between RMB 0.2698 – 0.2784 in the first nine months, compared to last year's RMB 0.1210 in the quarter and RMB 0.4836 in the first nine months.

IV. Other Remarks

The estimated results above are only preliminary calculations performed by the finance team of the Company based on initial 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 further processing and analysis of the financial data that the Company will perform for the preparation of its financial statements for the first nine months and third quarter of

2020. Please refer to the Report for the first nine months and third quarter of 2020 to be duly disclosed by the Company on October 30, 2020 for specific and accurate financial information.

The assessment regarding the 2021 non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition described above, is a forward-looking statement that may not be realized, or may be realized in a different manner than the Company estimates, inter alia, due to factors that are not in the Company's control.

The forward-looking assessment does not constitute in any manner whatsoever a substantial commitment of the Company to investors. Investors are reminded to exercise caution when making investment decisions.

Media for Information Disclosure of the Company: China Securities Journal, Securities Times, Ta Kung Pao, and Cninfo (www.cninfo.com.cn).

By order of the Board
ADAMA Ltd.
October 15th, 2020