



EXPECTED STRONG FOURTH QUARTER CLOSES A ROBUST YEAR FOR ADAMA

TEL AVIV, ISRAEL and BEIJING, CHINA, January 22, 2020 – ADAMA Ltd. (the “Company”) (SZSE 000553), today provided an estimate regarding its performance in the fourth quarter and full year 2019.

Sales

ADAMA is expecting to reach an all-time fourth quarter record of over \$1 billion in sales, growing over 7% in USD terms and 9% in RMB terms, driving full year sales to touch \$4 billion, another all-time record high for the Company, overcoming the significant headwinds seen during the year.

In the fourth quarter, the expected revenue growth was driven by a combination of robust business growth alongside certain price increases, which more than offset the impact of missing sales of key products manufactured at the Jingzhou old site stemming from the site disruption there during the year, as well as currency headwinds. The Company is expecting to report strong growth in Europe, where it saw an early start to the 2020 season, as well as in North America and Asia-Pacific. Noteworthy results are also seen in Brazil, led by a strong performance from CRONNOS[®], and across Latin America, where the Company’s differentiated product offering continues to grow with the inclusion of ARMERO[™], ADAMA’s first self-produced Prothioconazole-based mixture recently launched in Paraguay, opening up a \$1 billion market.

Over the full year period, ADAMA is expecting to deliver another year of record-high sales, with growth of approximately 3% in USD terms and 8% in RMB terms, touching \$4 billion, driving continued market share gains despite the impact of significant supply constraints, in particular the missing sales of Jingzhou old site products. The Company grew strongly in Brazil and the rest of Latin America, while the strong performance in Europe in the fourth quarter managed to mitigate some of the impact of the weather and supply constraints experienced in the region earlier in the year. ADAMA continues its robust growth in China, where its branded, formulated sales are expected to record another strong, double-digit increase.

Gross Profit

In the fourth quarter, the robust business growth, alongside higher prices and improved portfolio mix are expected to fully offset the impact of missing sales of the Jingzhou old site products, as well as higher procurement costs and weaker currencies, resulting in gross profit in line with the same period in 2018.

Over the full year, the solid growth of the Company’s differentiated portfolio, complemented by significantly higher prices, are expected to largely offset the impact of missing Jingzhou old site product sales, higher procurement costs and weaker currencies, bringing gross profit slightly below that of 2018.

EBITDA

In the fourth quarter, with ongoing tight management of operating expenses, the Company expects to deliver a double-digit increase in adjusted EBITDA to an all-time fourth quarter record-high, despite the missing profit from products of the Jingzhou old site and the recording of related idleness costs.

Over the full year, this is expected to bring the Company’s adjusted EBITDA to be in line with the all-time record high achieved in 2018, despite the missing profit of the Jingzhou old site products and related significant idleness costs, as well as the supply and weather-related challenges encountered throughout the year. In fact, consistently applying the treatment of employee options on an equity-settled basis for both 2019 and 2018, yields a marked increase in adjusted EBITDA in 2019.



Adjusted Net Income

In the fourth quarter, financial expenses are expected to be somewhat higher compared to the same period in 2018, driven by the effect of the stronger RMB on balance sheet positions. Taxes in the fourth quarter of 2018 were exceptionally low due to the fact that a greater portion of the taxable profit in that quarter was recognized in lower tax jurisdictions. Taken together, the higher financial and tax expenses are expected to result in somewhat lower adjusted net income for the quarter.

Over the full year, financial expenses are expected to be higher compared to 2018, driven by the effect on balance sheet positions of the more moderate weakening of the RMB in 2019 compared to its more marked weakening during 2018, a higher borrowing base, and the impact of accounting changes related to IFRS 16 / ASBE 21, offset to some extent by the reduction in financing costs on the NIS-denominated, CPI-linked bonds due to a lower CPI. This impact was partially offset by lower taxes on the lower pre-tax income in 2019, while in comparison, 2018 saw higher tax expenses due to the impact of the devaluation of net, non-cash tax assets as a result of the weakening in 2018 of the Brazilian Real against the US dollar. The net impact of the higher financial and lower tax expenses is expected to result in lower adjusted net income for the year.

Continued Progress on China Facilities Upgrade and Relocation

ADAMA has made significant progress on the upgrade and relocation of its production and environmental facilities at both its Jingzhou (Hubei Province) and Huai'An (Jiangsu Province) sites.

The Company expects to realize significant operational efficiencies from upgrading of processes and technology, including automated control and data systems, machinery and laboratory equipment, as well as the termination of less profitable production lines. As the Company is reaching the final stage of relocation of the old sites, and expecting to commence production of the relocated products at the new Jingzhou site in Q3 2020, in its fourth quarter 2019 financial reports the Company is expecting to record a one-time non-cash asset impairment related to terminated facilities at the old sites in both Jingzhou and Huai'An of approximately \$50 million. In addition, the upgraded sites and their level of automation will allow for a more skilled, smaller workforce, a process which is expected to be largely completed by the end of 2020. As such, the Company is expecting to record a one-time provision for employee severance costs of approximately \$35 million in the fourth quarter of 2019.

Going forward, these actions are expected to deliver ongoing annual savings of up to \$34-47 million per year, commencing in 2020, including the elimination of most idleness charges, which were approximately \$47 million in 2019. Furthermore, the ongoing ramp-up of production at the Jingzhou site, as well as the expected return to regular production by some of the Company's key suppliers in China, is expected in 2020 to relieve part of the supply constraints experienced during 2019.

ADAMA is aiming to complete most of the relocations and be operational with improved cost and efficiency at its new sites at Jingzhou by Q3 2020 and at Huai'An by mid-2021. The transformed new sites are designed to be more profitable than the old ones, and ready to accommodate additional new molecules emerging from the Company's strong development pipeline.

Over the longer term, the Company is working towards the commercialization of all its vacated old sites, subject to receipt of the required approvals. As a result, the Company aims to be able to recover the remainder of its upgrade and relocation investments, with the anticipated gains from the realization of this significant value expected to be included in the Company's reported net income in the coming years.



Huifeng Transaction Update:

The Company continues to progress the previously announced acquisition of Huifeng's crop protection business, as it is nearing resumption of operations.

Reported Net Income

The reported net income for the quarter and the full year will include the one-time, mostly non-cash charges pertaining to the conclusion of the upgrade and relocation of the old sites in Jingzhou and Huai'An, which will deliver material pre-tax savings of \$34 – 47 million per year starting in 2020. Absent these charges, reported net income in 2019 is expected to have been between \$124 – 136 million, while eliminating around \$47 million in related idleness charges incurred during the year, which are expected to almost entirely cease going forward as a consequence of the upgrade and relocation savings, would have brought it to an even higher \$171 – 183 million.

Reported Net Income	Estimated 2019	2018
Net income attributable to shareholders (USD millions)	38 – 50	377.6
Earnings per share (USD)	0.0155 – 0.0204	0.1543
Net income attributable to shareholders (RMB millions)	242.4 – 326.9	2,402.5
Earnings per share (RMB)	0.0991 – 0.1336	0.9820

The higher reported net income in 2018 was due to the divestiture of several products in Europe in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina in 2018, and other related impacts, which resulted in the recognition of an approximately \$242 million one-time gain, net of tax in 2018. 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, which in turn, resulted in the recording, in the reported financials of each quarter from Q2 2018 onwards, of non-cash amortization expenses in respect of these written-up assets of approximately \$8-10 million per quarter, with no economic impact.

Excluding the impact of the products' divestiture and transfer, net income in 2018 would have been lower by \$214 million, while in 2019 net income would have been higher by \$35 million.

In the year 2020, these non-cash amortization expenses are expected to be reduced to approximately \$30 million, while in the year 2021 they are expected to further reduce to \$22 million.

In addition, in 2019 the Company records continued legacy amortization charges of approximately \$38 million in respect of the 2011 PPA for the acquisition of Adama Agricultural Solutions Ltd. by ChemChina. The amortization of these non-cash expenses will conclude by the end of 2020, resulting in the complete elimination of these charges from 2021 onwards.

Excluding the impact of the one-time, mostly non-cash items, including mainly (i) the asset impairments and provisions for employee severance costs related to the upgrade and relocation of facilities at the old sites in Jingzhou and Huai'An, (ii) the non-cash amortization of Transfer assets received from Syngenta related to 2017 ChemChina-Syngenta acquisition and (iii) the legacy amortization of the 2011 PPA for the acquisition of Adama Agricultural Solutions Ltd. by ChemChina, is expected to result in the following adjusted net income:



Adjusted Net Income	Estimated 2019	2018
Net income attributable to shareholders (USD millions)	199.5 – 211.5	248.7
Earnings per share (USD)	0.0815 – 0.0864	0.1017
Net income attributable to shareholders (RMB millions)	1,365.8 – 1,450.4	1,628.7
Earnings per share (RMB)	0.5583– 0.5928	0.6657

In the absence of \$43 million of adjusted idleness charges, which will be mostly eliminated in 2020 as a consequence of the upgrade and relocation, the adjusted net income would be between \$242 and \$254 million.

Adjusted EBITDA is expected to significantly increase to between \$138 and \$150 million in the fourth quarter, while in the full-year it is expected to be between \$647 and \$659 million, in line with the record high of 2018 in both USD and RMB terms, and markedly higher than 2018 when consistently applying the treatment of employee options on an equity-settled basis for both 2019 and 2018.

These estimations are preliminary and have not been audited or reviewed by the Company's 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 full year and fourth quarter of 2019, which will be released on March 19, 2020.

Investors are reminded to exercise caution when making investment decisions.

##

About ADAMA

ADAMA Ltd. is one of the world's leading crop protection companies. We strive to Create Simplicity in Agriculture – offering farmers effective products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, quality products, our more than 7,000-strong team reaches farmers in over 100 countries, providing them with solutions to control weeds, insects and disease, and improve their yields. For more information, visit us at www.ADAMA.com and follow us on Twitter® at [@ADAMAAgri](https://twitter.com/ADAMAAgri).

Contact

Ben Cohen
Global Investor Relations
Email: ir@adama.com

Zhujun Wang
China Investor Relations
Email: irchina@adama.com