



## **ADAMA Provides Net Income Estimate for the Third Quarter and First Nine Months of 2020**

### ***Continued strong business growth moderated by weaker currencies***

**TEL AVIV, ISRAEL and BEIJING, CHINA, October 14, 2020** – ADAMA Ltd. (the “Company”) (SZSE 000553) today provided an estimate regarding its financial performance for the third quarter and first nine months of 2020.

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 US Dollar 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, and a heatwave challenging cotton farmers in Texas already contending with reduced demand due to the COVID-19 impact on the apparel industry, alongside low insect pressure impacting sales of insecticides.

In US dollar 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 US dollar 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.

Reported Net Income	Estimated 9M 2020	9M 2019	Estimated Q3 2020	Q3 2019
Net income attributable to shareholders (USD millions)	30.3 – 33.3	116.4	1.5 – 4.5	29.5
Earnings per share (USD)	0.0125 – 0.0138	0.0476	0.0006 – 0.0019	0.0121
Net income attributable to shareholders (RMB millions)	215.0 – 235.7	794.7	10.4 – 31.1	206.1
Earnings per share (RMB)	0.0887 – 0.0973	0.3248	0.0044 – 0.0131	0.0824

The Company's reported net income in the third quarter and nine-month period are expected to reflect around \$18 million and \$63 million, respectively, of net expenses in respect of certain non-operational, mostly non-cash items, including mainly:

- i. Approximately \$9.5 million in the quarter, and \$28.5 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 \$7.6 million in the quarter, and \$23.0 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 \$31 million (down from \$35 million in 2019), while in the year 2021 they are expected to further reduce to \$23 million;
- iii. Approximately \$10.0 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 non-operational, mostly non-cash items, the Company is expecting to deliver the following adjusted net income:

Adjusted Net Income	Estimated 9M 2020	9M 2019	Estimated Q3 2020	Q3 2019
Net income attributable to shareholders (USD millions)	93.2 – 96.2	173.3	19.7 – 22.7	42.3
Earnings per share (USD)	0.0385 – 0.0397	0.0708	0.0083 – 0.0095	0.0173



Net income attributable to shareholders (RMB millions)	654.0 – 674.8	1,183.1	136.0 – 156.8	296.0
Earnings per share (RMB)	0.2698 – 0.2784	0.4836	0.0572 – 0.0659	0.1210

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 quarterly financial statements, which are expected to be released in the coming weeks.

Investors are reminded to exercise caution when making investment decisions.

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#### **About ADAMA**

ADAMA Ltd. is a global leader in crop protection, providing solutions to farmers across the world to combat weeds, insects and disease. ADAMA has one of the widest and most diverse portfolios of active ingredients in the world, state-of-the art R&D, manufacturing and formulation facilities, together with a culture that empowers our people in markets around the world to listen to farmers and ideate from the field. This uniquely positions ADAMA to offer a vast array of distinctive mixtures, formulations and high-quality differentiated products, delivering solutions that meet local farmer and customer needs in over 100 countries globally. For more information, visit us at [www.ADAMA.com](http://www.ADAMA.com) and follow us on Twitter® at @ADAMAagri.

#### **Contact**

Ben Cohen  
Global Investor Relations  
Email: [ir@adama.com](mailto:ir@adama.com)

Zhujun Wang  
China Investor Relations  
Email: [irchina@adama.com](mailto:irchina@adama.com)