

ADAMA



**Business Update  
Q3 and YTD 2015**

November 10, 2015

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## Strong volume growth, despite market challenges, leads to market share gains

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- Revenues in constant currencies up est. 9.5% in the third quarter and 6% year-to-date
- Strong volume growth in all key geographies: up 6% in the third quarter and 4.8% year-to-date
- Market share gains worldwide
- Impact of widespread currency depreciation partially offset by stronger volumes and prices, and production and procurement cost savings
- Further operating expense savings throughout the year ensured largely stable EBITDA margins
- Improvements in inventory levels contributed to a positive free cash flow in the third quarter

## Financial Highlights

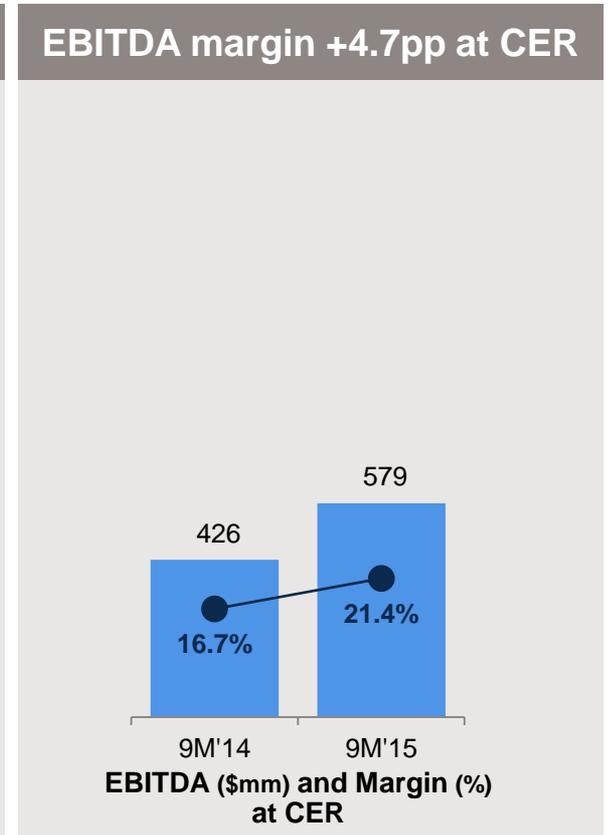
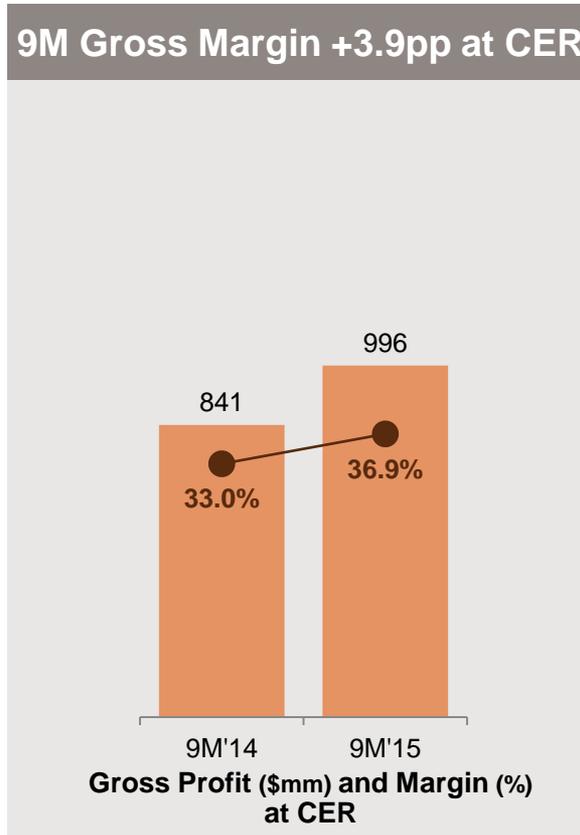
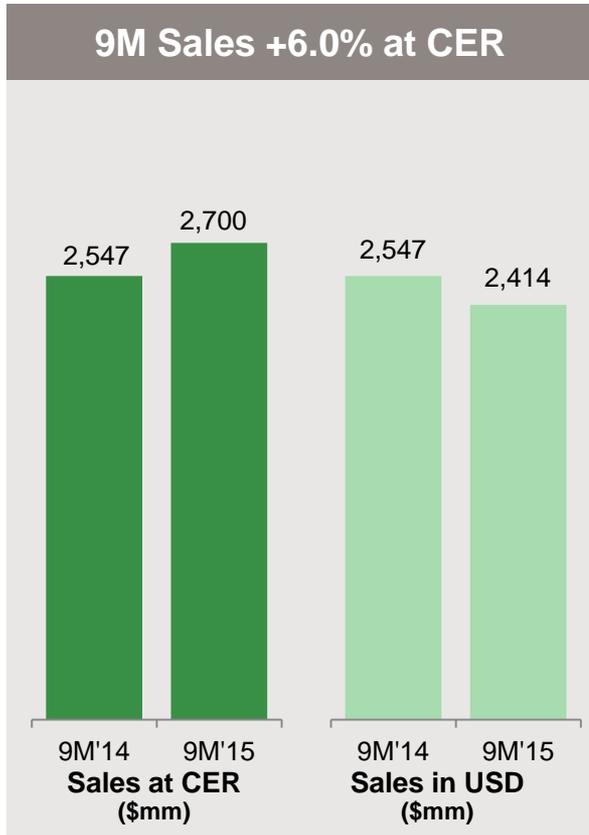
<i>Adjusted, (\$ million)</i>	YTD 2015	YTD 2014	Change USD	Change CER	Q3 2015	Q3 2014	Change USD	Change CER
<b>Sales</b>	2,414.0	2,547.1	(5.2%)	6.0%	696.1	761.5	(8.6%)	9.5%
<b>Gross Profit</b>	774.3	840.7	(7.9%)		206.2	247.9	(16.8%)	
<i>As % of Sales</i>	32.1%	33.0%			29.6%	32.6%		
<b>Operating Expenses</b>	502.3	540.1	(7.0%)		156.9	177.5	(11.6%)	
<i>As % of Sales</i>	20.8%	21.2%			22.5%	23.3%		
<b>Operating Income (EBIT)</b>	272.0	300.6	(9.5%)		49.4	70.4	(30.0%)	
<i>As % of Sales</i>	11.3%	11.8%			7.1%	9.2%		
<b>Net Income</b>	144.6	183.9	(21.4%)		(4.6)	24.0	NM	
<i>As % of Sales</i>	6.0%	7.2%			(0.7%)	3.2%		
<b>EBITDA</b>	397.9	427.3	(6.9%)		91.8	114.6	(19.9%)	
<i>As % of Sales</i>	16.5%	16.8%			13.2%	15.0%		

Note:

CER: Est. change in Constant Exchange Rate terms

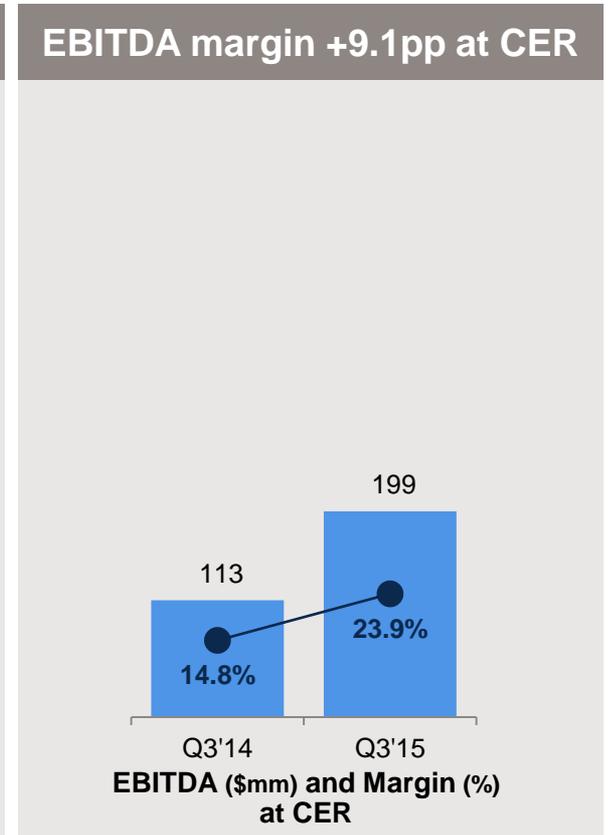
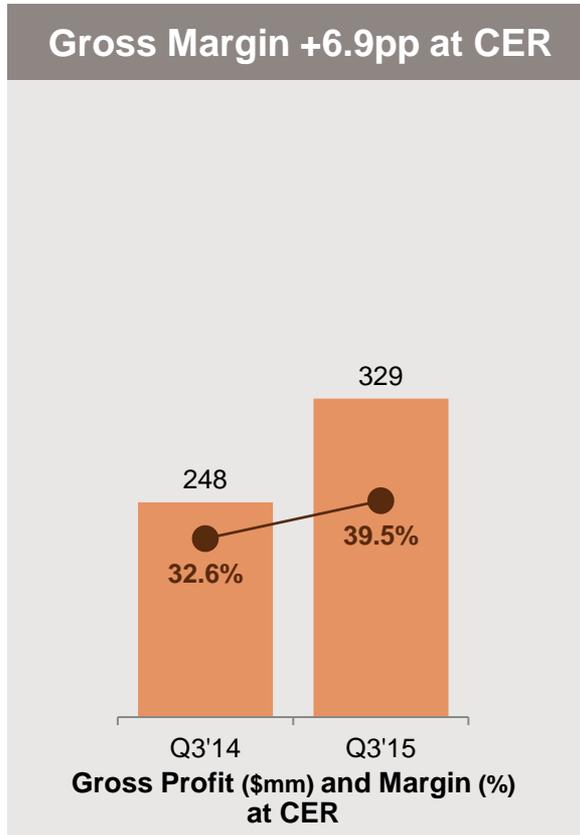
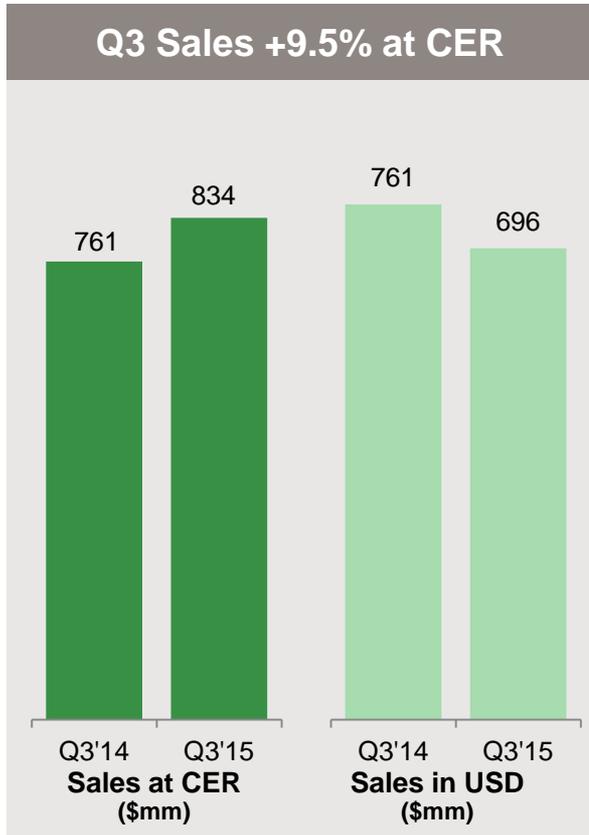
Net income and EBITDA have been adjusted for one-time expenses

# 9M 2015: Growth in revenues and improvement in all key profitability metrics at constant currency



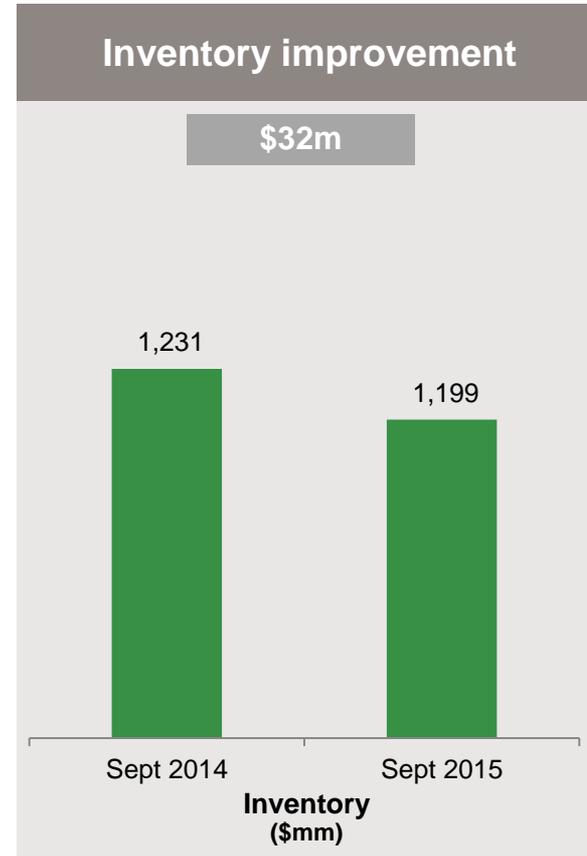
CER: Est. change in Constant Exchange Rate terms

# Q3 2015: Growth in revenues and improvement in all key profitability metrics at constant currency



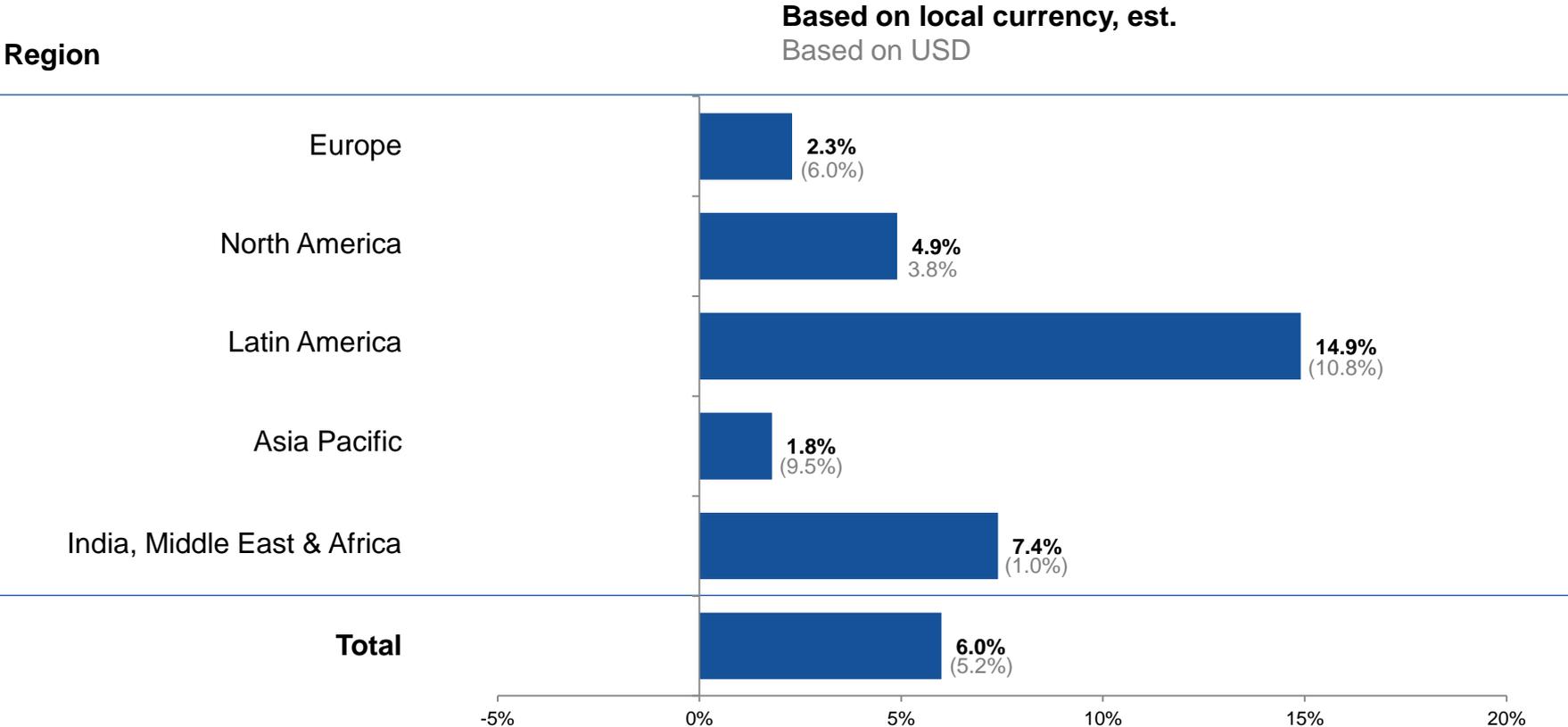
CER: Est. change in Constant Exchange Rate terms

# Tight focus on operating expenses and working capital management



# 9 Month Regional Sales Performance 2015 vs. 2014

## Sales change by region

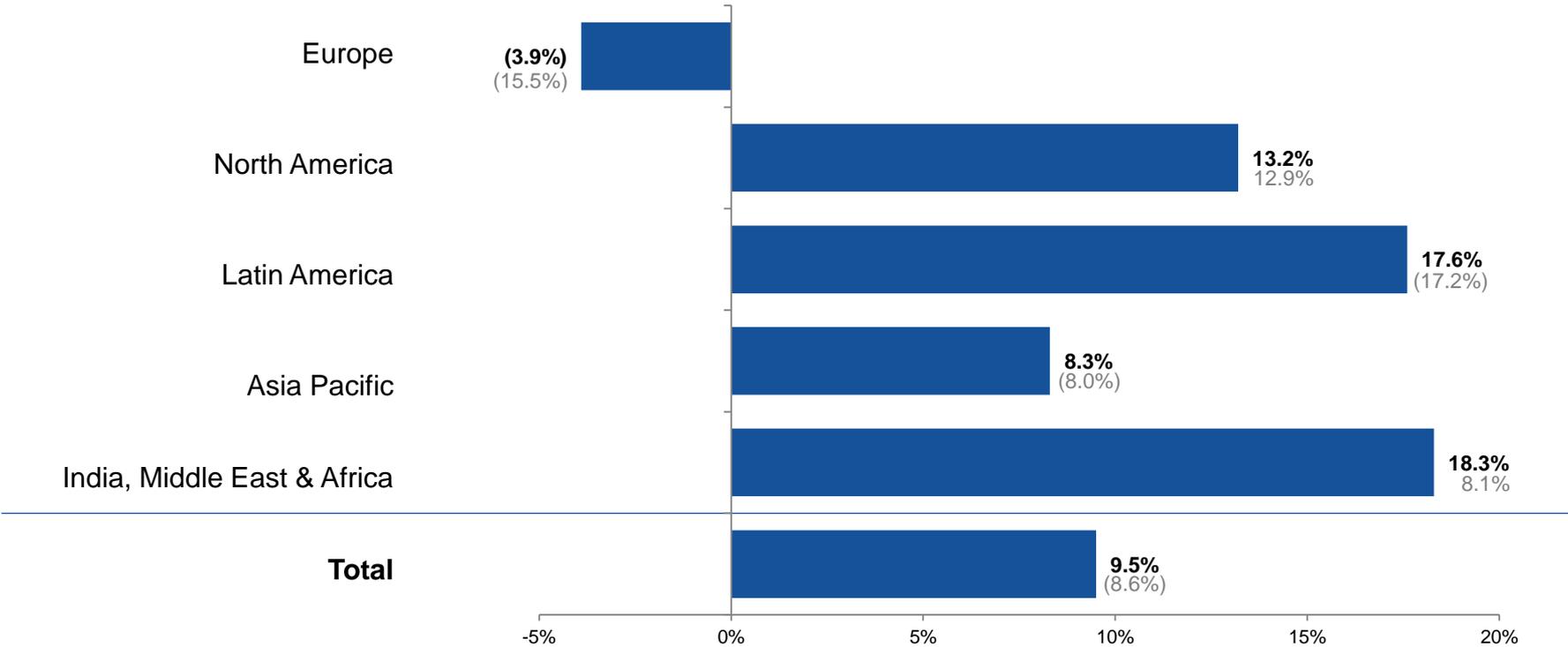


# Q3 Regional Sales Performance 2015 vs. 2014

## Sales change by region

Based on local currency, est.  
Based on USD

Region



## 2015 Q3 and Year-to-Date Business Summary

### Strong volume growth, despite market challenges, leads to market share gains

- Continuing tough global AgChem and currency market conditions, compounded by sharply deteriorating macroeconomic environment in Brazil, impacted our financial performance during the quarter
  - Similar conditions expected to prevail through the rest of the year
- Despite the increasingly difficult environment, Adama was able to deliver continued robust volume growth and markedly better financial performance than market:
  - YTD sales of \$2.4bn (est. 6.0% increase in constant currencies; 5.2% below last year in USD)
  - Q3 sales of \$696m (est. 9.5% increase in est. constant currencies; 8.6% below last year in USD)
  - Majority of impact on sales driven by currencies: Euro down 16%, Real down 56% YoY
  - Volume growth in Q3 of ~6%, and of ~5% YTD, outperforming market, resulting in continued share gains
- Proactive measures taken to confront the challenging market and contain risks:
  - Globally – significantly reducing procurement costs, improving production costs and reducing operating expenses
  - Brazil – limiting sales, and thereby reducing exposure to currency and credit risks going forward
- Gross margin (decreased by 0.9pp to 32.1% YTD) impacted by strong currency headwinds, offset by increased quantities and prices, improved mix and reductions in manufacturing and procurement costs

## 2015 Q3 and Year-to-Date Business Summary (cont'd.)

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- Relentless focus throughout the year on operating expense reduction resulted in lower YTD expense-to-sales ratio of 20.8% compared to 21.2% last year, as well as YTD EBITDA of \$398m and margin of 16.5%, in line with 2014
- Net Income:
  - Q3 Net Income of -\$4.6m (compared to Net Income of \$24m in Q3 2014) – significantly impacted by Brazil:
    - Financial expenses increased due to increased hedging costs of receivables, especially in Brazil
    - Non-cash increase in provision for future taxes related to weakening of the Real
- Positive Q3 free cash-flow, and YTD \$22m below last year, assisted by reduced inventories, in spite of foregone sales and some collection delays in Brazil

# Highlights by Region

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## Europe

- Strong volume growth and market share gains, with strong performances especially in Spain and Ukraine, driving increase of 2.3% in revenues in constant currency terms in year-to-date
- In the third quarter, sales in Europe impacted by a decrease in oilseed rape and sugar beet planting as a result of widespread drought in Central Europe, partially offset by an increase in cereals
- Revenues in the third quarter and year-to-date further impacted by the significant decline of the Euro (-16% YOY) against the US Dollar

## North America

- Robust growth in the third quarter of 13.2% in constant currency terms and by 12.9% in USD terms, driven by volume growth
- Significant progress in the evolution of product portfolio, with a focus on more differentiated, higher-margin products.
- NIMITZ® continues to perform beyond expectations in the field with expanded approvals
- Non-crop business performing well, benefiting from new Advanced offering

## Latin America

- Strong overall volume increase, together with increased prices, ensured Q3 growth of est. 17.6% in constant currency terms (a decline of 17.2% in USD terms), notwithstanding the significant challenges in Brazil
- Especially strong performance in Adama Andina (Colombia, Peru, Bolivia, Ecuador)
- Results impacted by significant deterioration of macroeconomic conditions in Brazil

## Highlights by Region (cont'd.)

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### **Asia Pacific**

- Strong volume increase driving growth in local currencies, despite El Niño causing challenging weather conditions
- Sector outperformance sees market share gains in Australia
- Good result in New Zealand, notwithstanding poor seasonal weather conditions
- Further differentiation of product offering in Thailand, with launch of three new Advanced products

### **India, Middle East & Africa**

- Strong growth in constant currencies in Q3, driven by significant volume growth, despite late start to India rainy season
- USD Revenues in the third quarter and year-to-date impacted by depreciation of local currencies
- Successful launch in Turkey in the beginning of the year, continuing to show promising performance

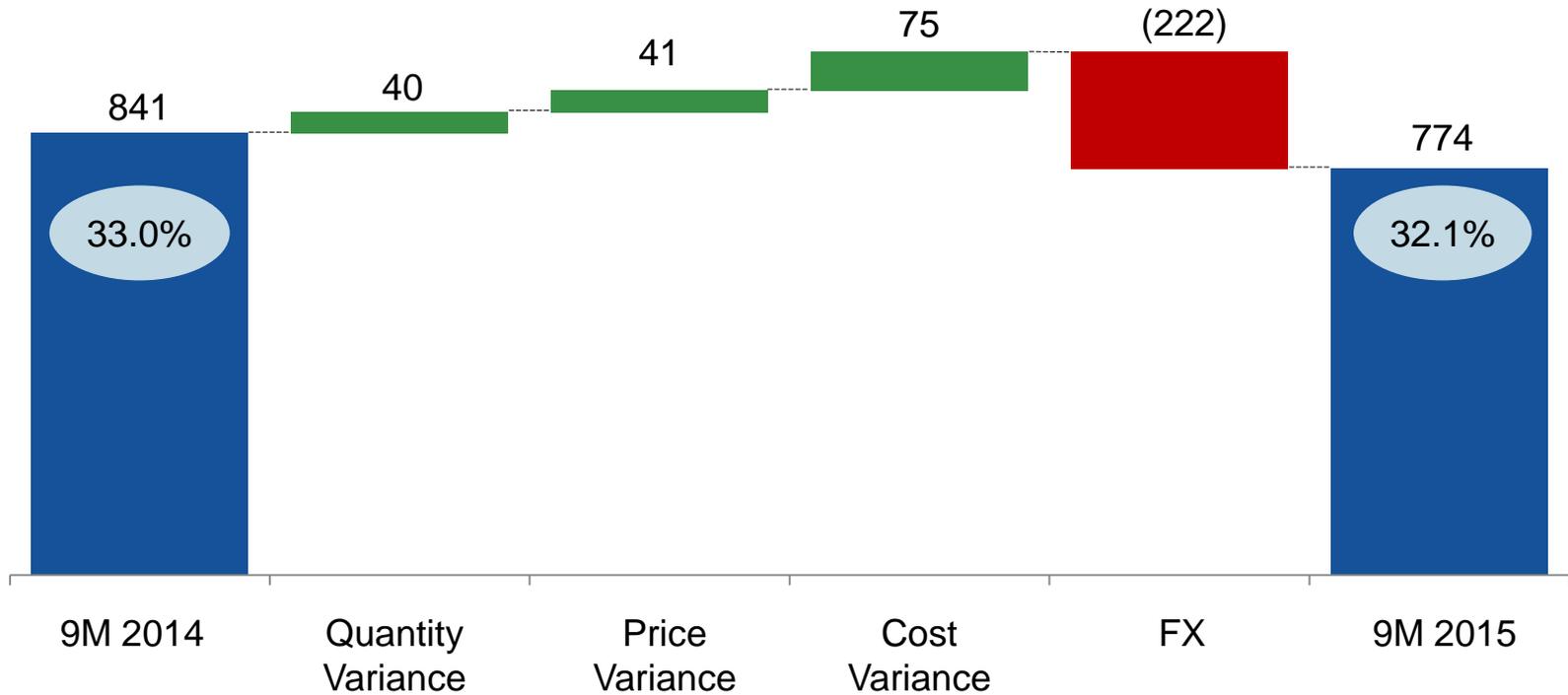
# 9M Sales Bridge Analysis



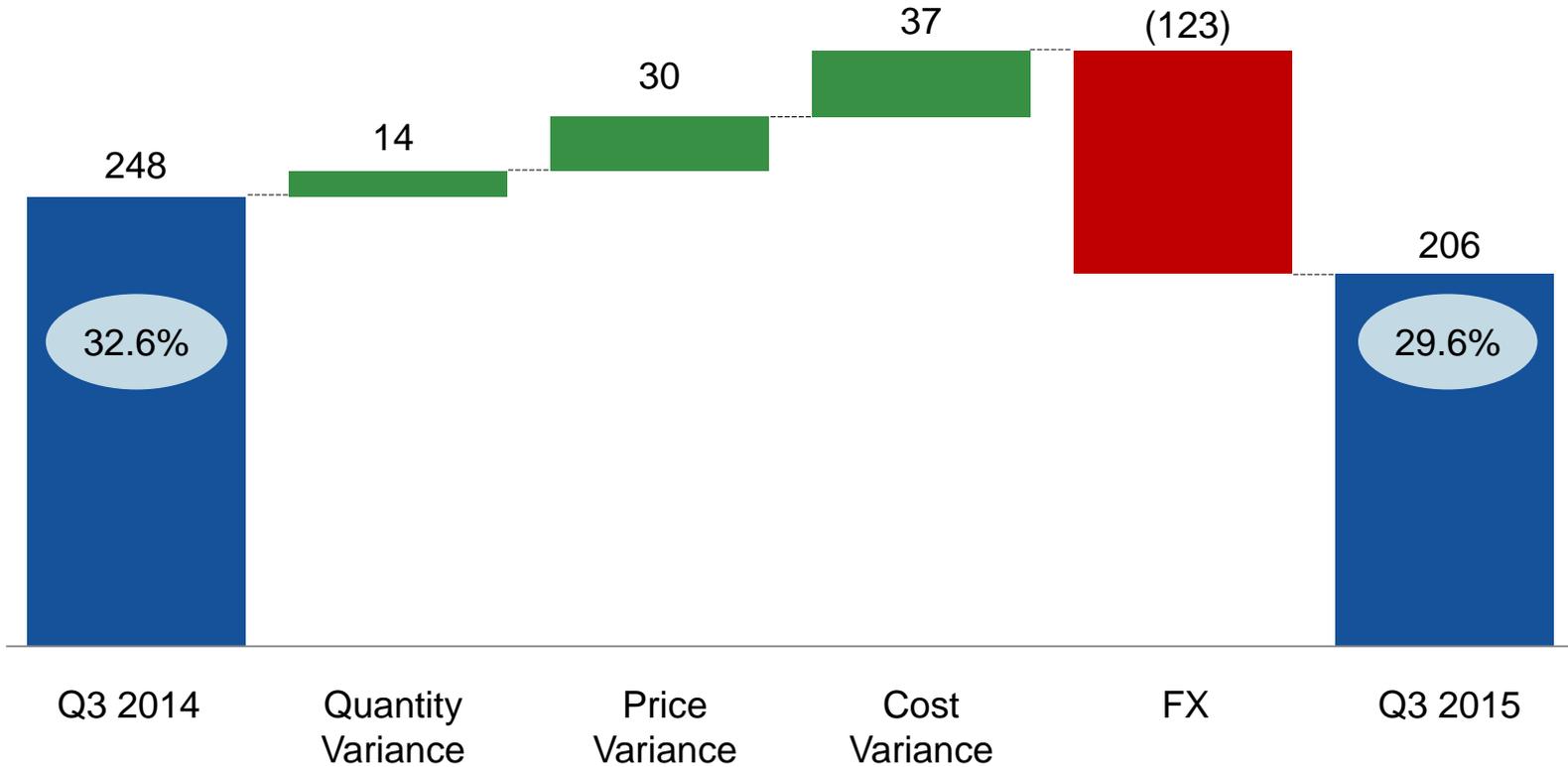
## Q3 Sales Bridge Analysis



## 9M Gross Profit Bridge Analysis



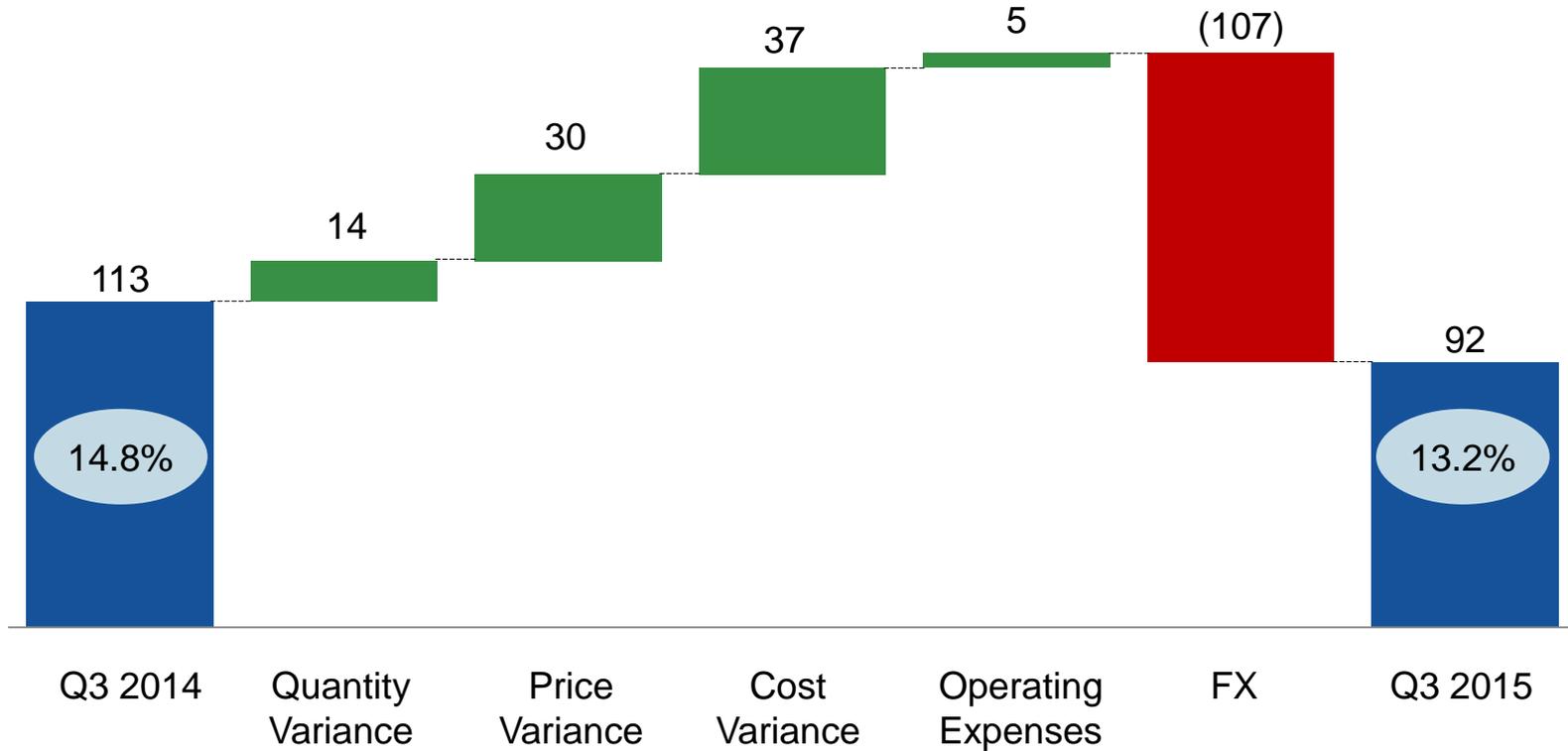
## Q3 Gross Profit Bridge Analysis



# 9M EBITDA Bridge Analysis



## Q3 EBITDA Bridge Analysis





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