



Adama Becoming the Only Integrated Global-China Crop Protection Company

June 2017

ADAMA

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Adama combines with Sanonda to become the only integrated Global-China player

Realizes its strategic vision

Accomplishing our two key strategic objectives in one coordinated step



Creating

- Fully integrated combined Adama-Sanonda
- Combined company to be publicly traded from Day 1

Key business drivers



China market access

3rd largest market in the world



Launch pad for differentiated offering

Innovation and operations hub well underway



Competitive cost position

Leading positions in backward-integrated products



Operational optimization

Enhancing global supply chain



Adama Combining with Sanonda

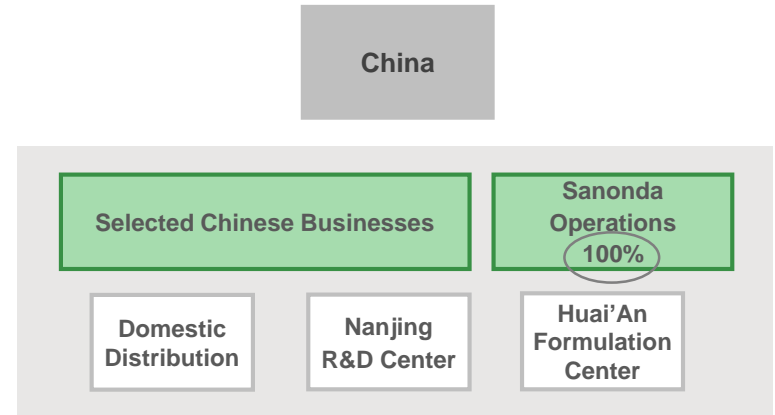
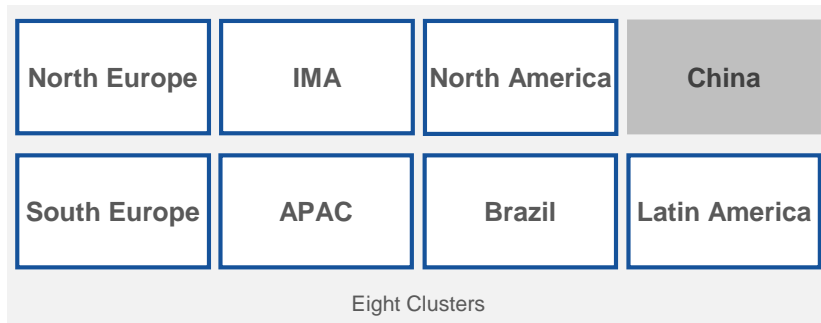
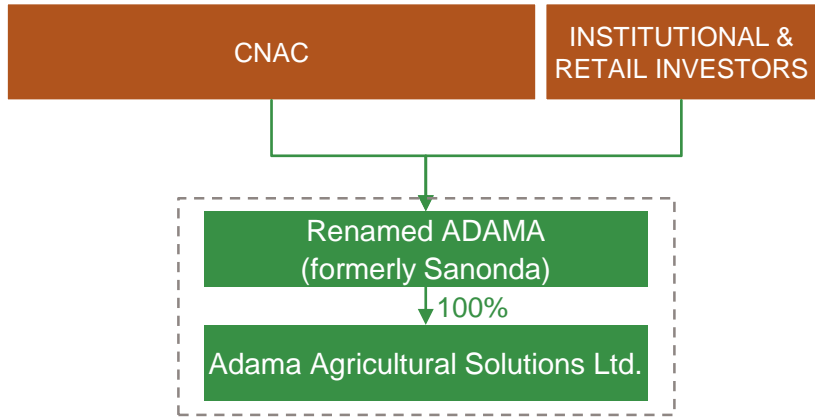
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A unique transaction, first ever of its kind

On June 1st 2017, the M&A Panel of the China Securities Regulatory Commission (CSRC) unconditionally approved Adama's combination with Sanonda

- **Pro forma combined company valuation (as of June 2nd 2017):**
 - Enterprise value: \$5.7 billion – 10.2x 2016 pro forma combined EBITDA
 - Equity value: \$4.6 billion – 25.5x 2016 pro forma combined Net Income
- **Mechanism:**
 - Sanonda to issue 1.82bn new shares to CNAC at a value of RMB10.20 (approximately \$1.54) per share in exchange for 100% of Adama, creating a fully integrated, combined company
 - Adama's valuation for the transaction:
 - Enterprise value: \$4.2 billion
 - Equity value: \$2.8 billion
- **Capital raise:** Combined company to raise around RMB1.7 billion (~\$250 million) in new equity from institutional investors to be used to accelerate growth
- **Pro forma ownership of combined company:** ~ 78% by CNAC, ~22% by a combination of institutional and retail investors
- **Timeline:** Completion of the transaction expected by mid-2017

Our envisioned combined, publicly-traded structure



The combined company

Following the combination

- **Access to capital:** The company's shares will be listed on the Shenzhen Stock Exchange, with access to RMB- and HKD-denominated capital
- **Brand:** The combined company will operate under the ADAMA name and brand
- **Leadership:** Will be led by Adama's global management team, to be joined by colleagues from China engaged with the combined China operation
- **Global locations:** The central functions of the combined company will continue to be run from Israel, including global R&D, registration and operations
- **Commitment:** The company will continue to further its Israeli and global business culture, as well as the growth of its Israeli operations alongside its China build-up
- **Bonds:** Adama's bonds will continue to be publicly traded on the Tel Aviv Stock Exchange

Sanonda Overview

A leading Chinese crop protection producer

- 2016 sales: \$277m
- Key products: Acephate, Paraquat and Glyphosate
- Serves both domestic and global crop protection markets
- ~1,750 employees
- Publicly traded on Shenzhen Stock Exchange since 1993
 - A-shares traded in RMB
 - B-shares traded in HKD
 - Market cap: \$790m (pre-trading halt)
- Headquartered in Jingzhou City, Hubei Province



Sanonda's advanced new site

Including 200kt chlor-alkali membrane technology facility



Modern power station

Total capacity of 50MW

Note: Market cap as of 4 August 2015, the last day of trading prior to share suspension in the context of this transaction

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The China Opportunity

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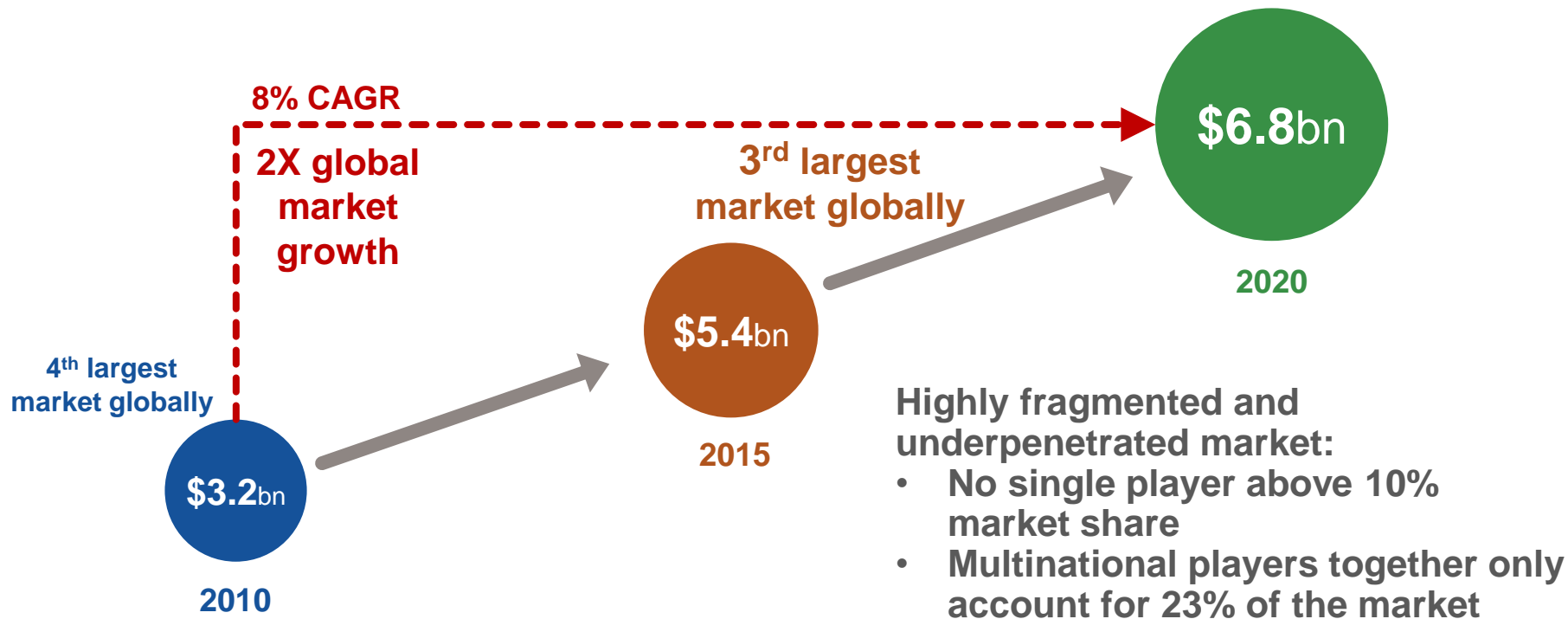
1. China Market Access

Launching our direct sales platform in China

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The China crop protection market opportunity

China is the world's third largest crop protection market, and one of the fastest growing



China's agrochemical market

Vast, diversified and highly fragmented



Adama China

Rolling out our nationwide reach

Buildup of Adama platform

- **Reach:** 19 provinces by end of 2016
- **Portfolio:** > 200 products
- **People:** >120 on board

Integrating the domestic sales of 4 CNAC entities

- **Reach:** Countrywide
- **Portfolio:** Complementary portfolio of key basic products
- **People:** >90 salespeople

All commercial activities to be integrated into a single platform, with a strong brand, nationwide market access and a portfolio of advanced, differentiated products

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Commercial build-up already underway



Reaching the Many



Creating direct dialogue with our customers



Dozens of farmer meetings throughout 19 provinces

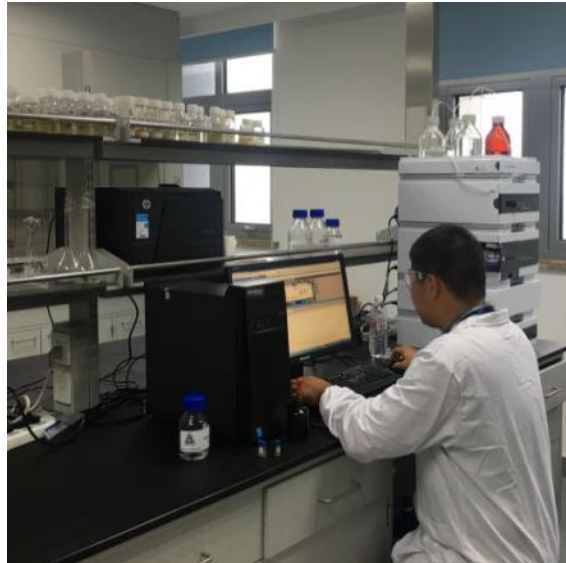
A woman wearing a purple patterned jacket, a red striped skirt, and a white headscarf with colorful patterns is harvesting tea in a lush green field. She is holding a pink woven basket filled with tea leaves. The background shows rolling hills covered in tea plants.

2. Launch pad for differentiated offering

China innovation and operations hub well underway

New R&D center in Nanjing Fully operational

Becoming an integral and important part of Adama's global R&D infrastructure



Accelerating introduction of advanced products into Adama's worldwide portfolio

State-of-the-art platform to introduce differentiated crop protection solutions

Global formulation and packaging center in Huai'An In advanced construction





3. Competitive cost position

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Direct Access to Cost-Competitive AIs

Increasing product procurement from Sanonda
Building leading positions in global markets



Key basic AIs

- PARAQUAT
- ACEPHATE
- METHOMYL

Obtaining new Adama registrations based on Sanonda sources

Selling through Adama's commercial network in

Key global markets

- USA
- INDIA
- AUSTRALIA
- SOUTH AFRICA
- VIETNAM
- COLOMBIA

2016 sales of almost \$70m, more than double 2015 sales

Adama selling Sanonda-sourced products through its global platform



Spraytop® 250SL (Paraquat) in Australia



Methomex (Methomyl) 20SL in Colombia



Parazone® 3SL (Paraquat) in USA

A wide-angle photograph of a coffee plantation on a hillside. The rows of coffee bushes are neatly spaced and extend across the slope. In the background, there is a dense forest of tall trees. The sky is filled with heavy, grey clouds, suggesting an overcast day. The overall scene is lush and green, with the dark soil of the coffee beds providing contrast.

4. Operational optimization

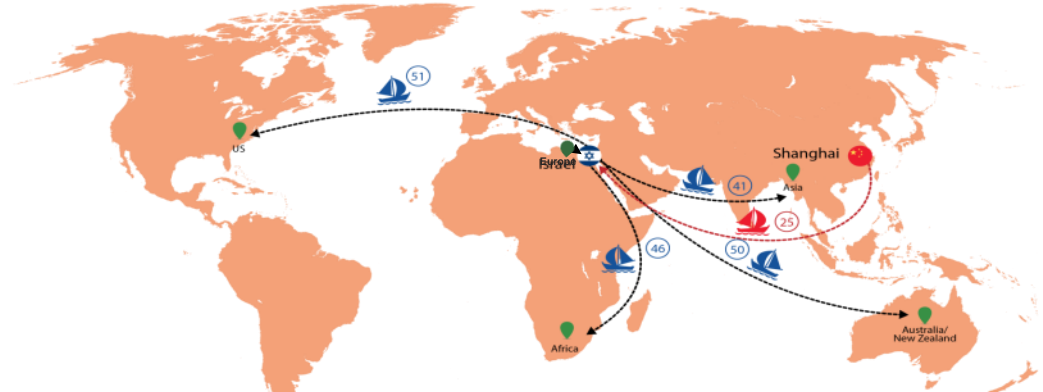
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Operational optimization

China operations to increase supply chain flexibility and efficiency

- Our China operations to optimize China and global formulation, inventories and logistics
- **Supply chain efficiency drivers:**
 - Shorten global supply lines
 - Higher inventory turns and improved customer service
 - Global inventory days expected to decrease; resulting in working capital reduction and lower funding costs
 - Shipping costs to decrease vs. existing routes via Israel

Existing routes



Direct shipping routes



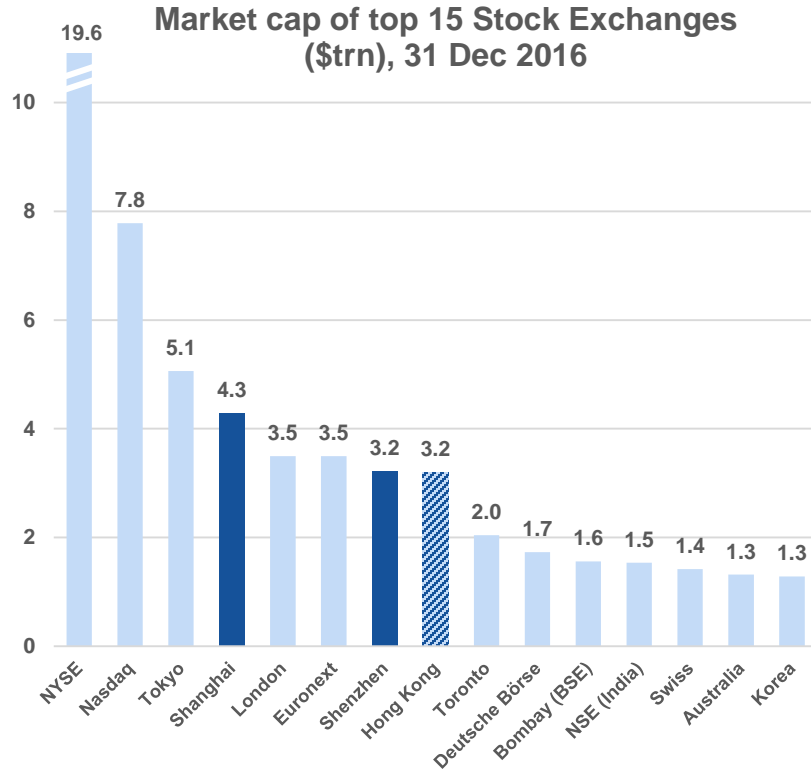


The A-Share Market

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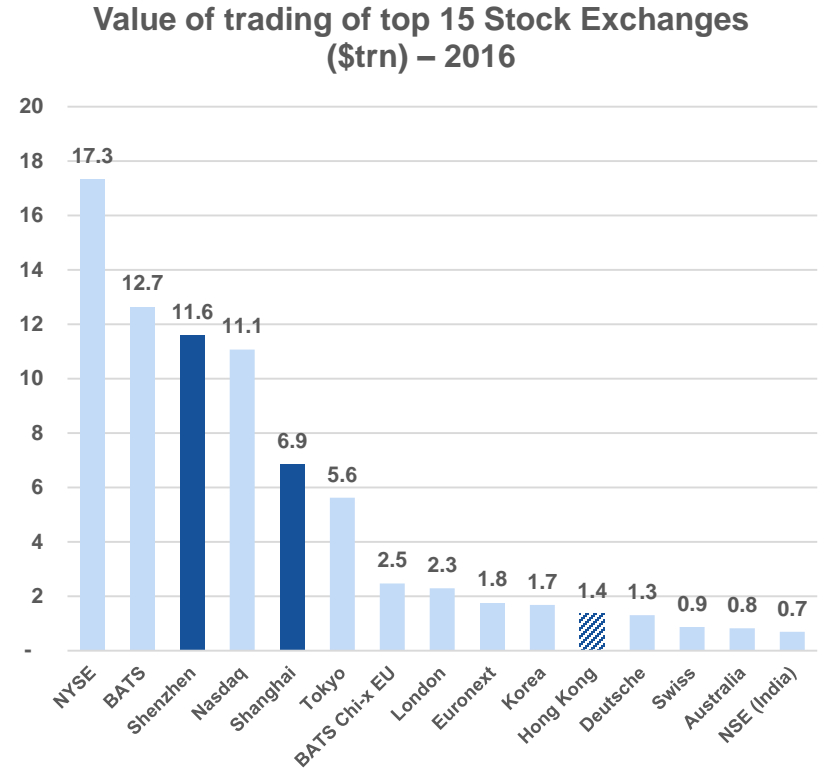
China has some of the largest equity markets globally, both in terms of size and liquidity

China has 3 of the 8 biggest exchanges in the world...



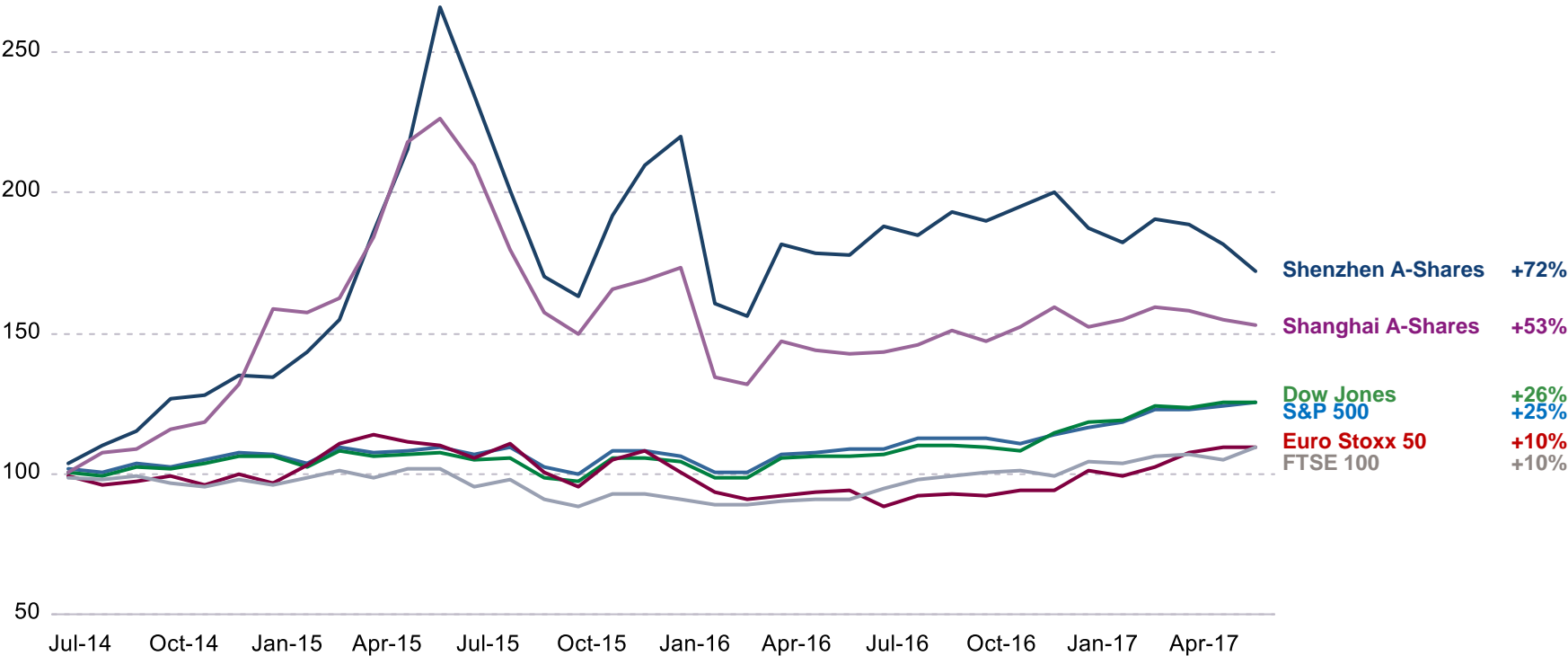
Source : World Federation of Exchanges

... with more combined trade than the NYSE



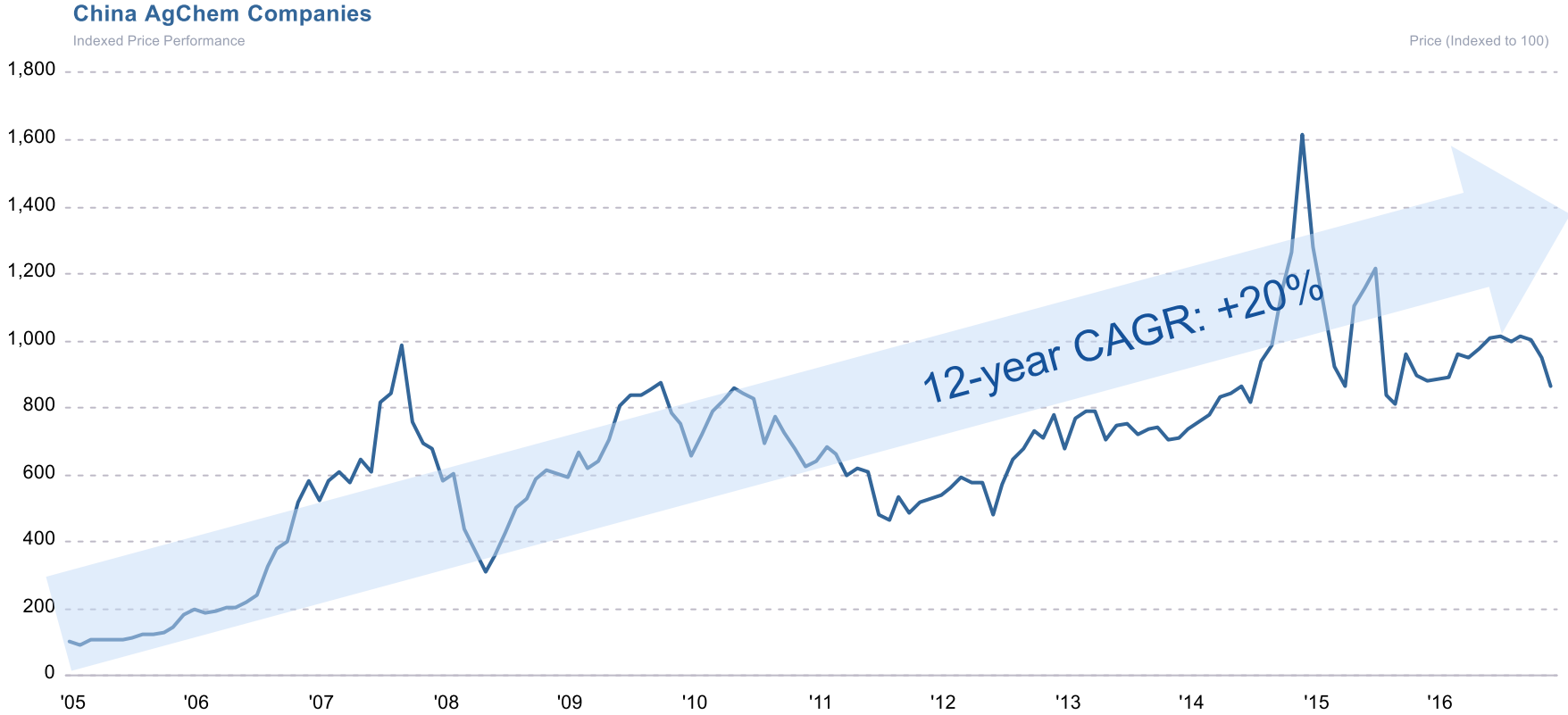
Notwithstanding higher volatility, Chinese equities have outperformed

3-year Indexed Price Performance



Source: FactSet Prices

Chinese AgChem companies have delivered strong returns over the long run



Source: FactSet Prices

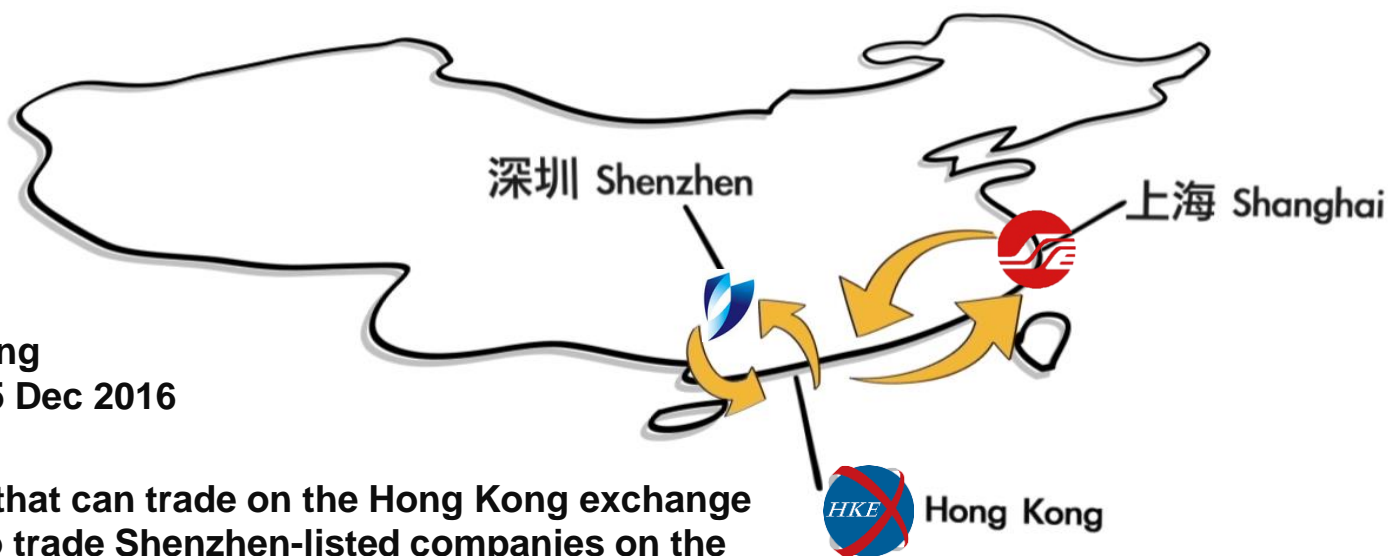


Chinese equity markets are becoming more accessible to global investors:

- **Since 2003, Qualified Foreign Institutional Investors (QFII) can invest directly into the Chinese A-share market:**
 - **Over 300 global institutional investors already qualified**
 - **Total quota of almost \$90bn**
- **With the launches in recent years of the *Hong-Kong – Shanghai* and *Hong-Kong – Shenzhen Stock Connects*, international retail investors are also able to access the A-share markets through qualified brokers**

深港通
SHENZHEN CONNECT

沪港通
SHANGHAI CONNECT



- Shenzhen-Hong Kong Connect launched 5 Dec 2016
- All investors that can trade on the Hong Kong exchange will be able to trade Shenzhen-listed companies on the SZ-HK Connect through a Hong-Kong broker
- Adama (post-Sanonda combination) expected to be included on SZ-HK Connect

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