

Business Update

Q1 2017



May 28, 2017

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Another strong start of year for Adama

Delivers record high profits and profitability, with robust volume growth

Sales \$843m

Volumes: +3.7%

Gross Profit \$311m
(+5.2%)

Gross margin +2.2 pp

Record Q1 EBITDA \$180m
(+4.5%)

EBITDA margin +1.1pp

Record Q1 Net Income \$114m
(+13.3%)

Net income margin +1.8 pp

Reduced working capital

Inventories: -\$74m y.o.y
Working Capital: -\$97m y.o.y

Reduced leverage

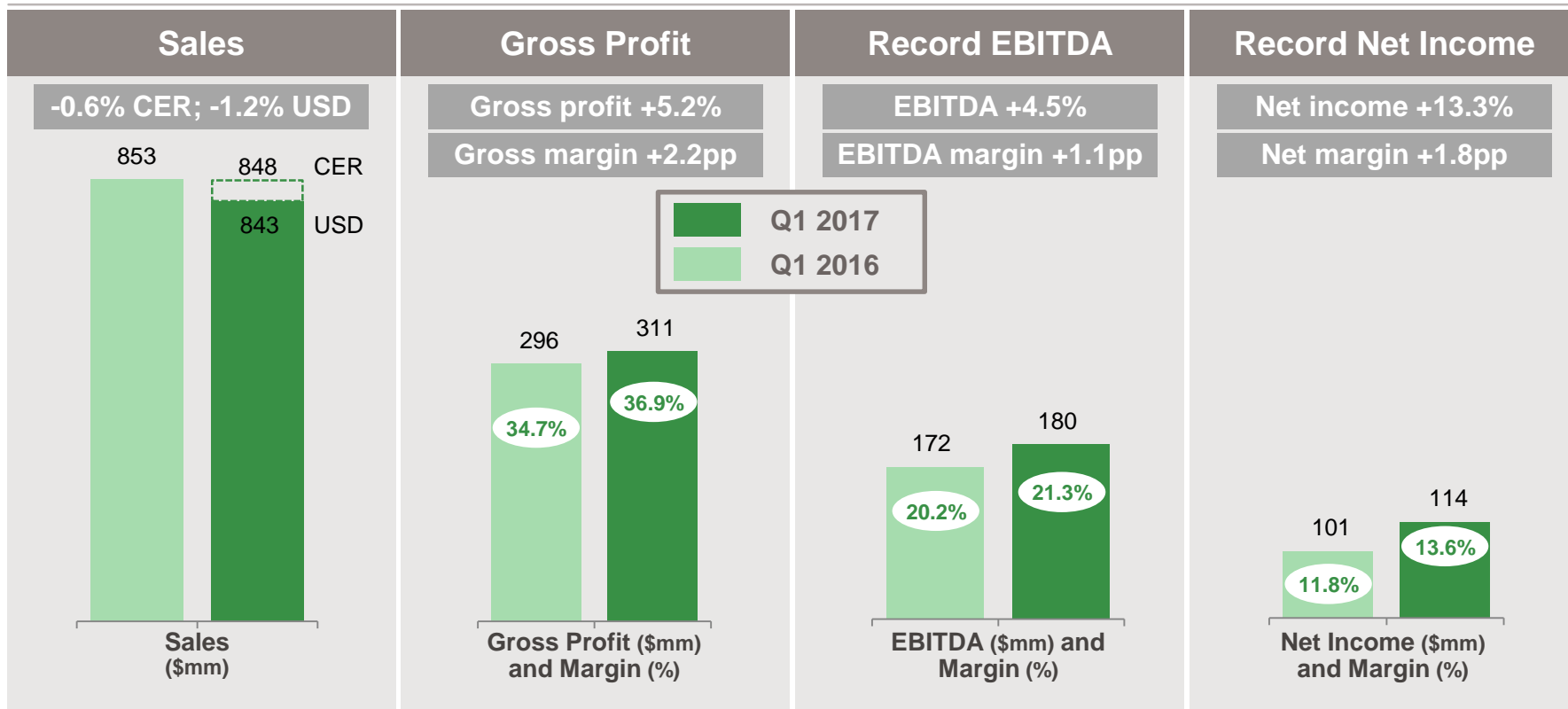
Net Debt: \$953m (-\$248m y.o.y)
Net Debt / EBITDA: down to 1.8x

Financial highlights

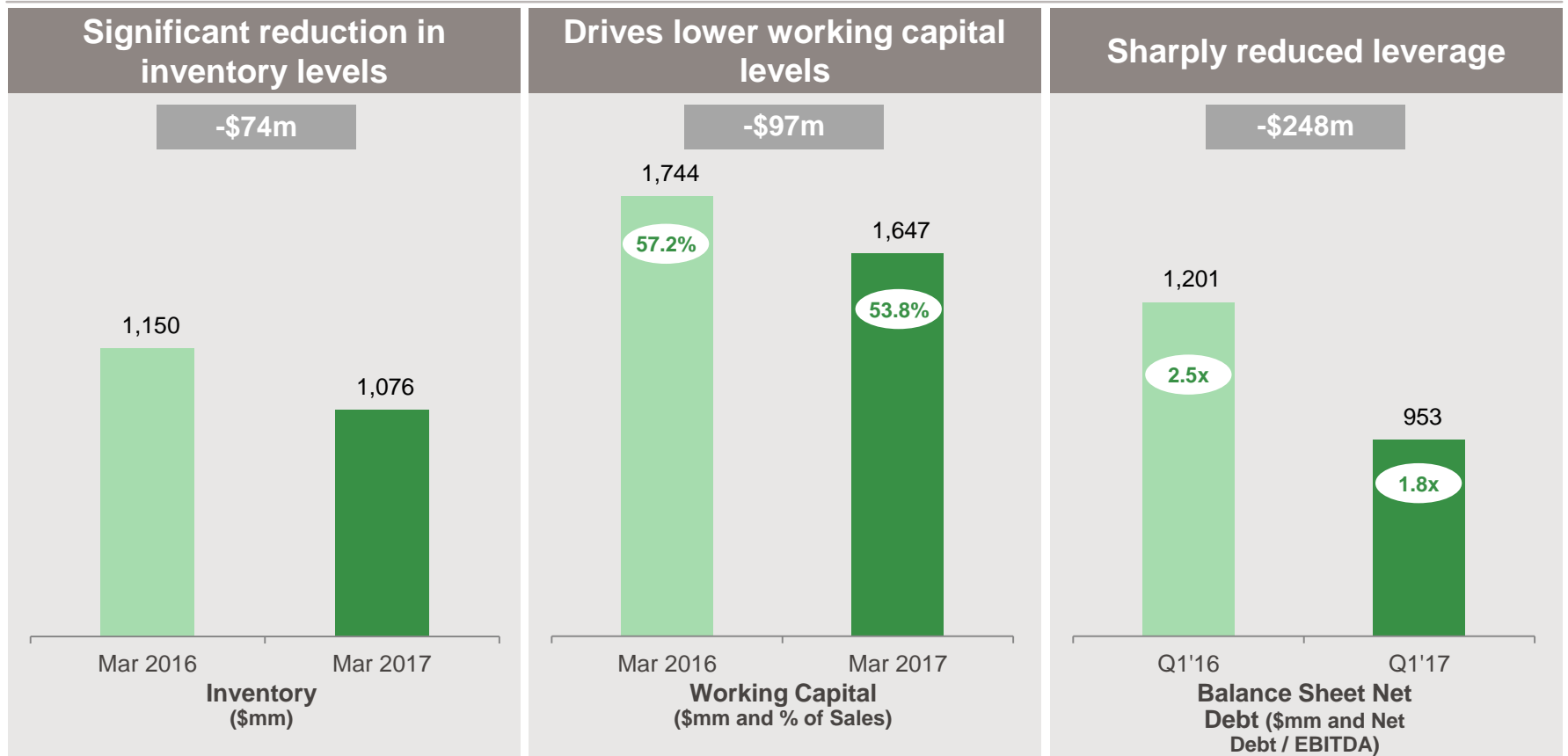
<i>Adjusted, (\$ million)</i>	Q1 2017	Q1 2016	% Change CER	% Change USD
Sales	843	853	-0.6%	-1.2%
Gross Profit	311	296		+5.2%
<i>As % of Sales</i>	<i>36.9%</i>	<i>34.7%</i>		
Operating Expenses	175	167		
Operating Income (EBIT)	136	129		+5.8%
<i>As % of Sales</i>	<i>16.2%</i>	<i>15.1%</i>		
Net Income	114	101		+13.3%
<i>As % of Sales</i>	<i>13.6%</i>	<i>11.8%</i>		
EBITDA	180	172		+4.5%
<i>As % of Sales</i>	<i>21.3%</i>	<i>20.2%</i>		

CER: Change in Constant Exchange Rate terms. Q1 2016 items include adjustments for the value redeployment of employee options granted in 2014 in the amount of \$3 million.

Q1 2017: Strong start to the year marked by significant increase across all profit metrics



Strong reduction in inventory, significantly improved working capital and reduced leverage



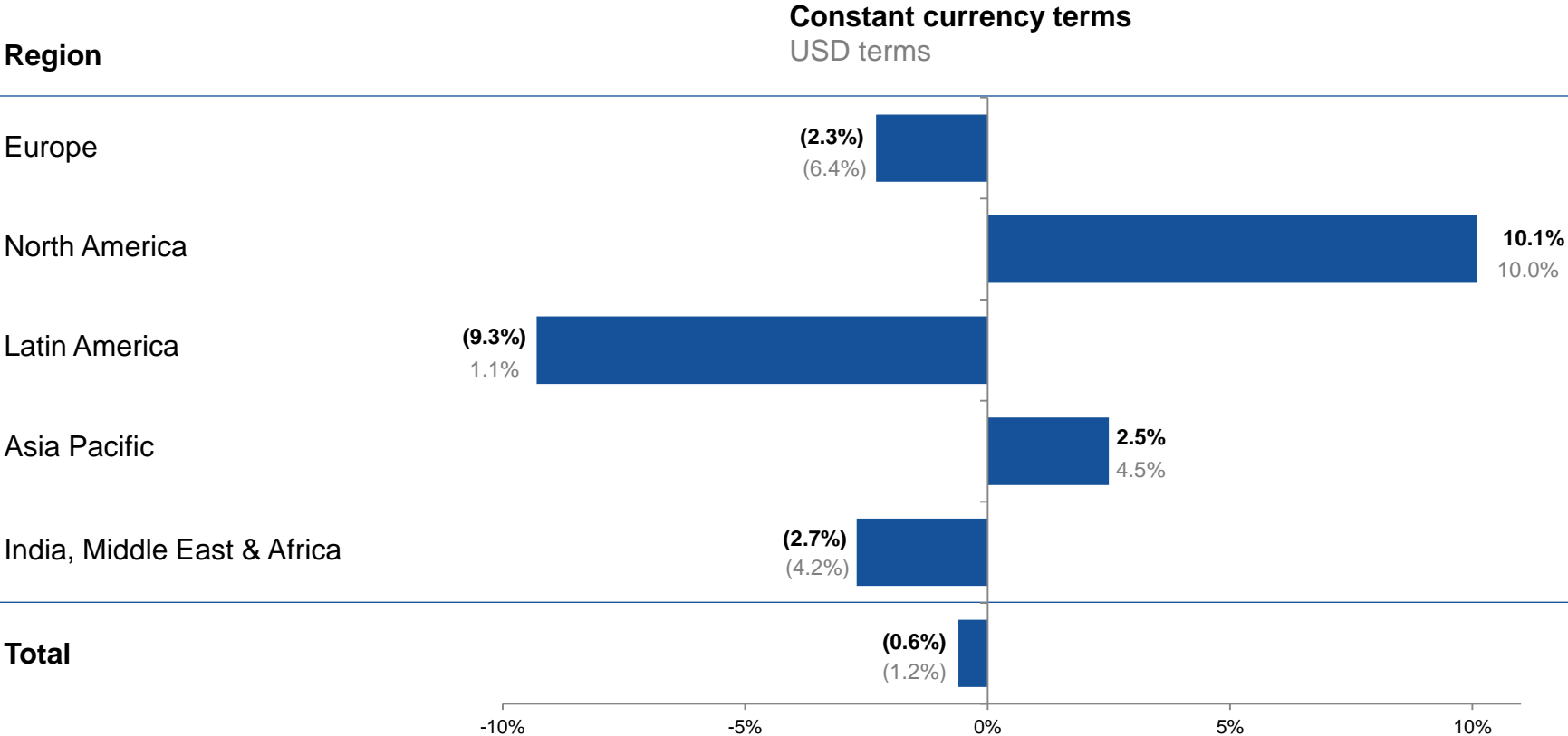


Regional Update

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Full year regional sales performance Q1 2017 vs. Q1 2016

Sales change by region



Regional highlights

Europe

- Soft demand for crop protection as a result of:
 - Weaker yields in 2016 in Western Europe
 - Delayed start to the season in Western Europe
 - High inventory levels in the distribution channels in a number of countries
- Strong performance from sugar beet portfolio in all major markets, capitalizing on increase in planted areas
- Ukraine: Ongoing product launches and expansion of commercial reach throughout the country, while benefiting from improvement in economic conditions
- UK: significantly increased engagement, also through digital platforms, including WaterAware™ app
- Greece: Despite a challenging economic environment, growth and further expansion of portfolio with products like COTTONEX®, a differentiated pre-emergence systemic herbicide



Regional highlights

North America

- US crop protection:
 - Continued its strong momentum from 2016, building on an improved portfolio mix
 - Sales of cotton portfolio increased, taking advantage of growth in the cotton market with products such as COTORAN® and DIREX®, herbicides for broadleaf weeds, and DIAMOND®, a differentiated insect growth regulator
 - Launched CORMORAN™, a distinctive mixture insecticide for apples with an encouraging start in advance of the upcoming season
 - Deepening relationships with customers across the channel, through such programs as the NIMITZ University campaign – field specialists working together with farmers to find ways to maximize the benefit from NIMITZ®
- Consumer and Professional Solutions continues to grow strongly



Strawberry planting rows sprayed with Nimitz (in the middle) and rows sprayed with other products (on the sides)

Regional highlights

Latin America

- Brazil:
 - Robust growth, outperforming the market, with significant volume growth complemented by an improved portfolio
 - Strong sales of our comprehensive insecticide portfolio for corn, with products such as VORAZ®, a differentiated formulation for caterpillar control, which offers a solution in the face of increasing resistance in Bt corn
 - Sugarcane and pasture portfolio also performed well, in particular ARREIO®, a new advanced selective herbicide for the control of a variety of weeds in pastures, and PREMERLIN®, a distinctive pre-emergence herbicide for sugar cane
- Argentina: High levels of inventory in the distribution channels, alongside low insect and disease pressure, impacted sales and pricing
- Colombia, Ecuador, and Mexico: Growth and improvement of business, with efforts to enhance portfolio bearing fruit. Growth also supported by positive weather conditions



Regional highlights

Asia Pacific

- Significant volume growth, primarily in Australia and parts of south-east Asia, recovering from El-Niño
- Several new product registrations obtained, including:
 - COUNTDOWN™, a differentiated cereal herbicide for resistance management in Australia
 - NARKIS®, a unique rice herbicide in the Philippines
 - ALMAGOR®, a distinctive rice fungicide in Vietnam
- China: Continued the expansion of our commercial reach to four additional regions, bringing to growers Adama's advanced product portfolio alongside additional products from the CNAC entities



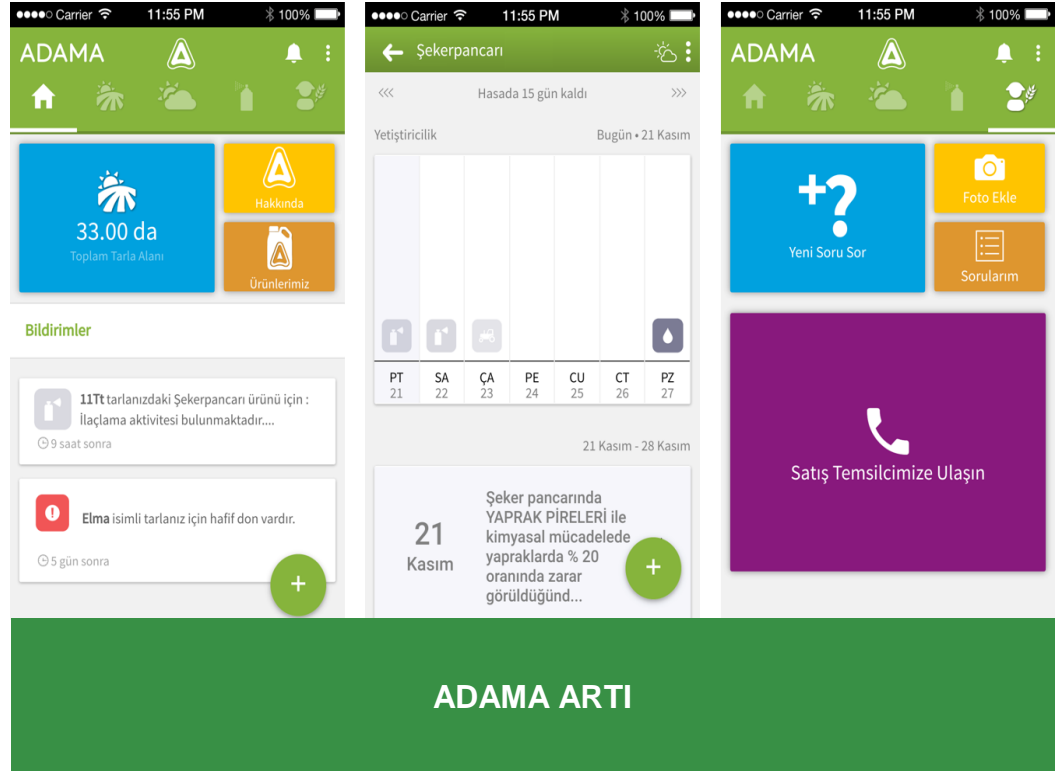
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Regional highlights

India, Middle East & Africa

- India: farmers were faced with unfavorable weather conditions as well as disruption to their cash availability, putting pressure on sales
- South Africa: Robust performance, benefiting also from positive currency movements and favorable weather conditions
- Turkey: We continue to expand our commercial platform through a widening network of distributors, and also launched the ADAMA ARTI™ app for smart farm management



Marker-BDI 100 best employers in Israel



Chemicals Ranking

1. **Adama**
2. Dead Sea Works - ICL Group
3. Bromine Compounds - ICL Group

All Industry Ranking

1. Teva (pharma)
2. Strauss (food)
3. Osem (food)
4. **Adama**
5. Tnuva (diary)

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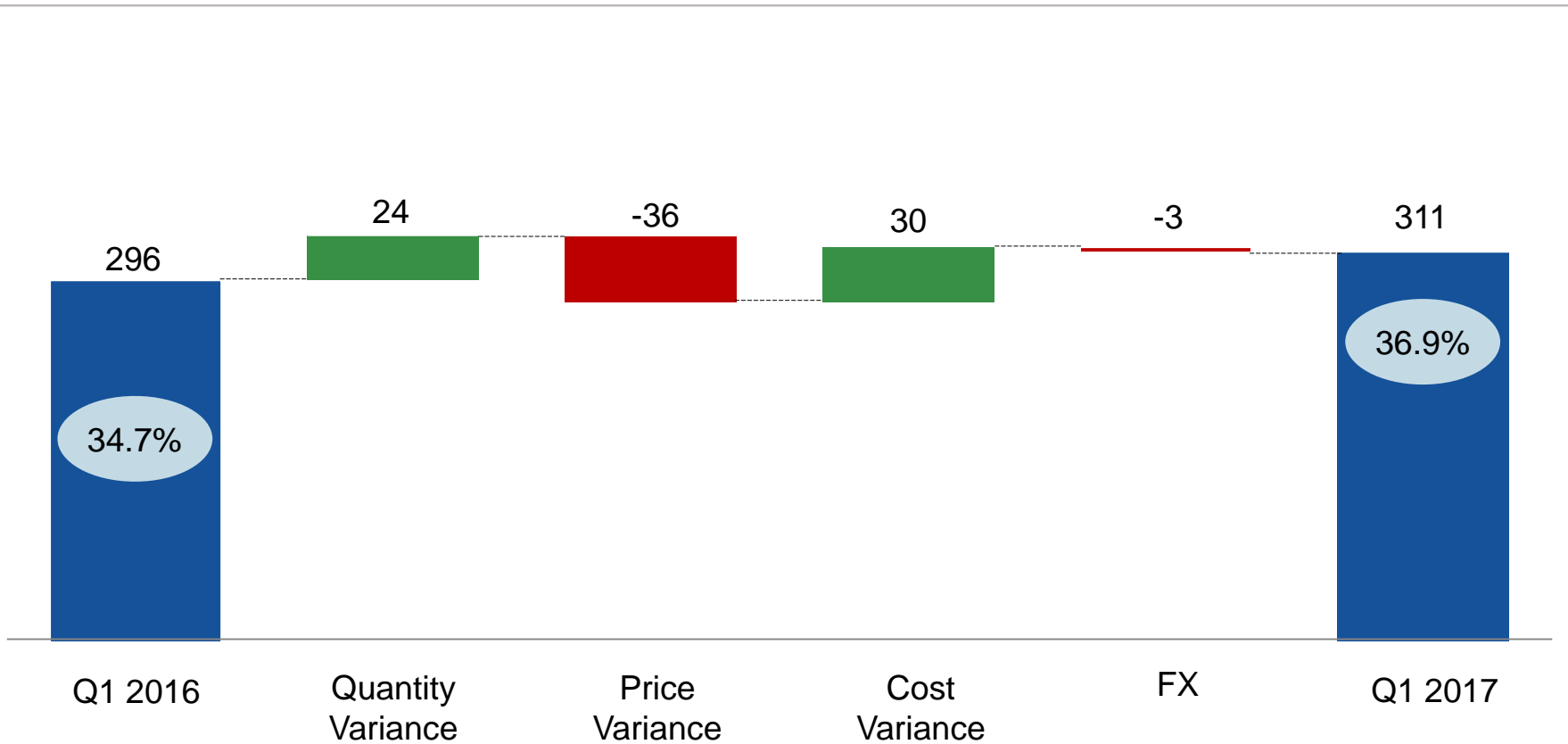
Bridge Analysis

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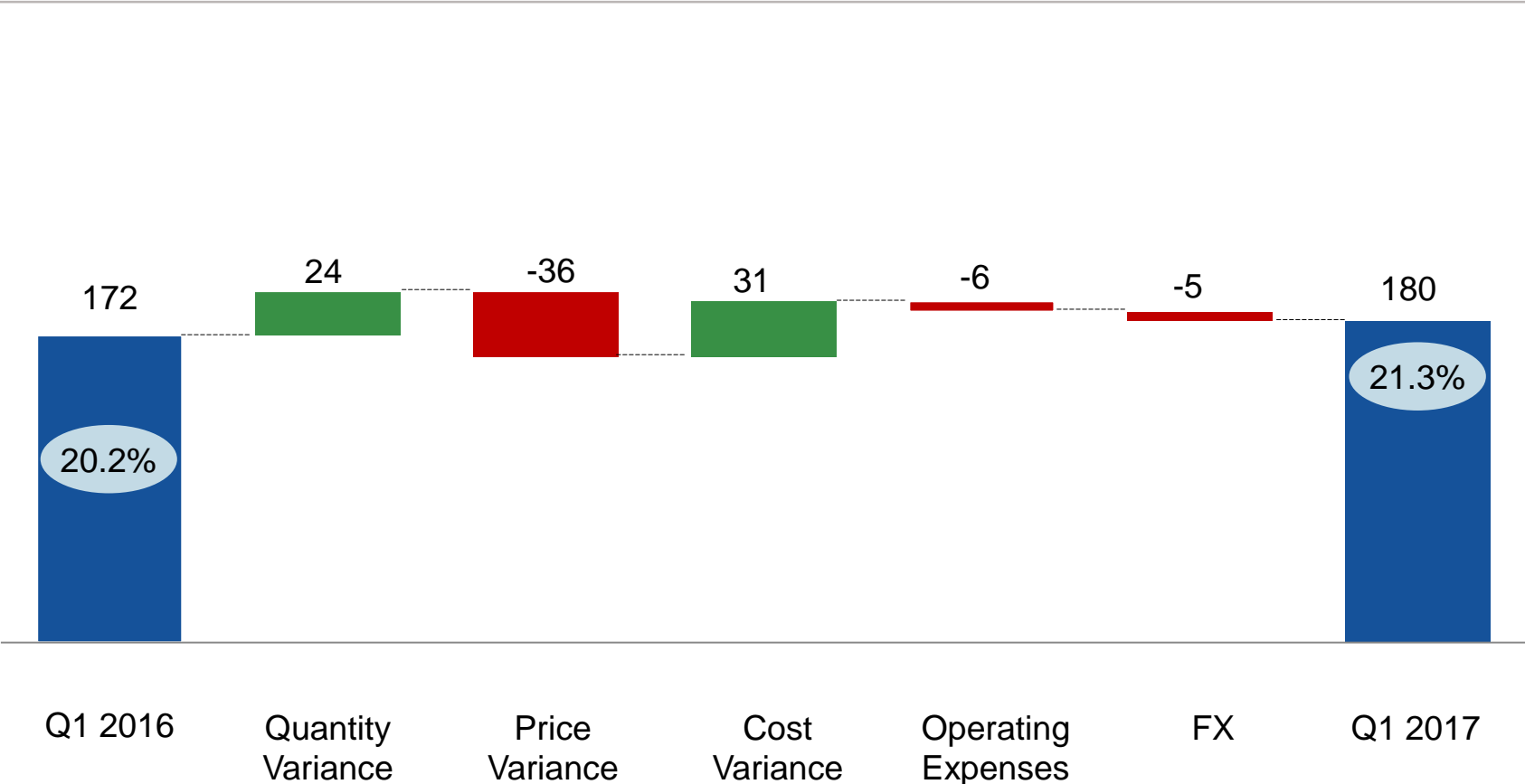
Q1 sales bridge analysis



Q1 gross profit bridge analysis



Q1 EBITDA bridge analysis





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