



ADAMA Provides Net Income Estimate for the First Nine Months of 2021

TEL AVIV, ISRAEL and BEIJING, CHINA, October 14, 2021 – ADAMA Ltd. (the “Company”) (SZSE 000553), today provided an estimate regarding its financial performance for the third quarter and first nine months of 2021.

Sales

ADAMA is expecting to report sales growth of more than 17% in USD terms (10% in RMB terms) in the third quarter compared to the same quarter last year, which should drive top-line growth of around 16% (8% in RMB terms) over the nine-month period, compared to the corresponding period last year. The strong growth over both the quarter and the nine-month period is being driven by a combination of continued robust volume growth alongside moderate price increases in the quarter, with strong demand supported by continued high crop prices, as well as favorable exchange rates and the contribution of newly acquired companies.

In the third quarter, the Company is expecting to record strong growth in **Europe**, where the continued high crop prices, combined with supportive weather later in the quarter, saw a positive start to the autumn season, especially in oilseed rape, winter cereals and sunflower.

In **North America**, the Company is expecting to deliver a strong performance driven by a combination of significant volume growth and higher prices, enjoying robust demand in both the Agriculture as well as Consumer & Professional arms. ADAMA is expecting to deliver pleasing growth across **Latin America**, with the high crop prices driving strong demand as the region starts to reopen following the improvement of the COVID situation in key markets, translating into solid volume growth and higher prices.

The Company is growing strongly in **Asia Pacific**, led by China where the Company continues to grow sales of its branded, formulated portfolio, supported by new product launches and bolstered by the acquisition of Huifeng’s domestic commercial arm at the end of 2020. In China, although industry-wide supply shortages are causing increased procurement costs and posing challenges for the Company’s margins, the Company is also benefiting to some extent from the generally higher pricing environment, most notably in the sales of its raw materials and intermediates where it is seeing strong demand. In the rest of APAC, the Company is expecting to report continued growth, with a noteworthy performance expected to be delivered in the Pacific region, enjoying positive seasonal conditions and healthy demand.

Sales in the **India, Middle-East & Africa** region are expected to grow, with a noteworthy performance being seen in South Africa where the Company is benefiting from favorable cropping conditions and new product launches. However, growth in India is slowing as farmers missed some applications due to volatile weather conditions following a previously strong start to the monsoon season.

Gross Profit, Operating Profit and EBITDA

In the third quarter, the Company is expecting to report higher gross profit, driven by the strong top-line growth. However, the Company continues to see pressure on its gross margins, impacted by higher procurement and production costs, as well as the effect of the strong RMB and ILS, the Company’s main production currencies. The recent temporary plant suspensions in China resulting from the country’s Dual Control policy have further challenged supply of raw materials, intermediates and active ingredients, serving to further exacerbate the impact of already high procurement costs. The increased gross profit is expected to be more than offset by higher operating expenses, translating into lower Operating Profit and EBITDA. The higher operating expenses largely reflect the strong volume-driven growth of the business and the additional operating expenses of the newly acquired companies, alongside a continued increase in global logistics and shipping costs which remain significantly elevated, as well as the impact of generally stronger global currencies against the US dollar.



Similarly, over the nine-month period, the Company's robust business growth is being outweighed by the contraction of the gross margin and the higher operating expenses, resulting in lower Operating Profit and EBITDA.

Net Income

The Company is expecting to report a loss in Reported Net Income in the third quarter, compared to a modest profit in the same quarter last year. The lower Operating Profit is expected to be further exacerbated by higher financial expenses, driven by the effect of the increase in the Israeli CPI on the ILS-denominated, CPI-linked bonds. In addition, the Company is expecting to report higher tax expenses, both due to the incurring of higher taxes by the Company's selling entities in end markets as well as the impact on the value of non-monetary tax assets of the more significant weakening of the BRL in the third quarter of 2021 when compared to the same quarter in 2020.

The predicted loss in the third quarter is expected to bring the Company's Reported Net Income over the nine-month period into slightly negative territory.

Reported Net Income	Estimated 9M 2021	9M 2020	Estimated Q3 2021	Q3 2020
Net income attributable to shareholders (USD millions)	(5) – 5	32	(62) – (52)	3
Earnings per share (USD)	(0.0021) – 0.0021	0.0131	(0.0265) – (0.0222)	0.0012
Net income attributable to shareholders (RMB millions)	(32) – 32	225	(399) – (335)	20
Earnings per share (RMB)	(0.0139) – 0.0139	0.0929	(0.1715) – (0.1437)	0.0086

The Company's reported net income in the third quarter and first nine months is expected to reflect around \$27 million (Q3 2020: \$26 million) and \$86 million (9M 2020: \$92 million), respectively, of net expenses in respect of certain transitory or non-operational and non-cash items, including mainly:

- i. Approximately \$21 million in Q3 2021 (Q3 2020: \$7 million) and \$52 million in the first nine months (9M 2020: \$27 million) in net Relocation & Upgrade-related costs, including mainly (a) higher procurement costs incurred as the Company continued to fulfill demand for its products in order to protect its market position, through replacement sourcing at significantly higher costs from third-party suppliers; and (b) idleness charges largely related to suspensions at the facilities being relocated and upgraded;
- ii. Approximately \$4 million in Q3 2021 (Q3 2020: \$8 million) and \$19 million in the first nine months (9M 2020: \$23 million), in non-cash amortization charges in respect of Transfer assets received from Syngenta related to the 2017 ChemChina-Syngenta acquisition;
- iii. Approximately \$3 million in Q3 2021 (Q3 2020: \$2 million) and \$10 million in the first nine months (9M 2020: \$7 million), in net charges related mainly to the non-cash amortization of intangible assets created as part of the Purchase Price Allocation (PPA) on acquisitions, with no impact on the ongoing performance of the companies acquired, as well as other M&A-related costs.



Excluding the impact of the abovementioned transitory or non-operational and non-cash items, the Company is expecting to deliver the following Adjusted Net Income:

Adjusted Net Income	Estimated 9M 2021	9M 2020	Estimated Q3 2021	Q3 2020
Net income attributable to shareholders (USD millions)	81 – 91	124	(35) – (25)	29
Earnings per share (USD)	0.0347 – 0.0390	0.0511	(0.0149) – (0.0106)	0.0120
Net income attributable to shareholders (RMB millions)	523 – 588	868	(224) – (159)	198
Earnings per share (RMB)	0.2245 – 0.2523	0.3583	(0.0962) – (0.0684)	0.0832

Note: The 9M 2020 Adjusted Net Income shown above has been amended from that presented at the time to include additional adjustments in order to consistently reflect largely the treatment of Relocation & Upgrade Program-related costs amongst other adjustments that the Company has deemed non-operational and one-time in nature.

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 which will be released on October 27, 2021.

Investors are reminded to exercise caution when making investment decisions.

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About ADAMA

ADAMA Ltd. (SZSE: 200553) 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 and follow us on Twitter® at [@ADAMAagri](https://twitter.com/ADAMAagri).

Contact

Wayne Rudolph
Global Investor Relations
Email: ir@adama.com

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