



ADAMA Reports Results for Third Quarter and First Nine Months of 2020

Strong business growth moderated by global currency weakness against the USD

- **Record Q3 Sales of \$978 million, +12% at constant exchange rates (CER), +3% in USD (RMB: +2%)**
 - Driven by 11% volume growth, led by continued growth in emerging markets
 - Sales in US dollar terms impacted by an estimated \$88 million due to weaker currencies
- **Record 9M Sales of \$2,987 million, +8% in CER terms, +1% in USD (RMB: +3%)**
 - Continued strong 8% volume growth despite ongoing global COVID-19 constraints
 - Sales in US dollar terms impacted by an estimated \$222 million due to weaker currencies
- **Q3 EBITDA of \$130 million (Q3'19: \$144 million); impacted by estimated \$71 million in currency headwinds**
 - Strong Q3 volume growth and reduced procurement costs more than offset by significant currency weakness
 - Reduced operating expenses, despite inclusion of recent acquisitions
- **9M EBITDA of \$436 million (9M'19: \$509 million); impacted by estimated \$164 million in currency headwinds**
 - Significant currency weakness more than offsetting continued volume growth, lower procurement costs and reduction in operating expenses
- **Q3 Net Income of \$21 million (Q3'19: \$42 million); estimated FX impact of approximately \$81 million**
 - Reflects lower operating income, higher financial expenses
- **9M Net Income of \$95 million (9M'19: \$173 million); estimated FX impact of approximately \$201 million**
 - Reflects lower operating income, higher tax expenses due to BRL weakness in Q1

BEIJING, CHINA and TEL AVIV, ISRAEL, October 29, 2020 – ADAMA Ltd. (the “Company”) (SZSE 000553), today reported its financial results for the third quarter and nine-month period ended September 30, 2020.

Ignacio Dominguez, President and CEO of ADAMA, said, “In these unprecedentedly challenging and concerning times, and despite the widespread constraints on, and changes in, how we do business all over the world, our Company continues to deliver record business growth, both in the third quarter and over the nine-month period. However, while global currencies recovered somewhat against the US Dollar in the third quarter, when compared to the prior year currencies remained generally weaker, especially in emerging markets where our growth is strongest, which continued to restrain our sales growth and has severely impacted our profitability in USD terms. Despite this, our underlying business remains strong, with continued robust business growth and market share gains in certain key markets, combined with lower procurement costs and reduced operating expenses, while we remain focused on helping farmers worldwide to do what they do best, feed the world.”



Table 1. Financial Performance Summary

Adjusted, USD (m)	Q3 2020	Q3 2019	% Change	FX Impact	% Change CER	9M 2020	9M 2019	% Change	FX Impact	% Change CER
Revenues	978	953	+3%	-88	+12%	2,987	2,962	+1%	-222	+8%
Gross profit	274	295	-7%	-75	+18%	869	968	-10%	-184	+9%
% of sales	28.0%	31.0%				29.1%	32.7%			
Operating income (EBIT)	70	83	-16%	-72	+70%	256	325	-21%	-164	+29%
% of sales	7.1%	8.7%				8.6%	11.0%			
Net income	21	42	-50%	-81	+142%	95	173	-45%	-201	+71%
% of sales	2.2%	4.4%				3.2%	5.9%			
EBITDA	130	144	-10%	-71	+40%	436	509	-14%	-164	+18%
% of sales	13.3%	15.1%				14.6%	17.2%			
EPS										
- USD	0.0089	0.0173	-49%			0.0390	0.0708	-45%		
- RMB	0.0614	0.1210	-49%			0.2740	0.4836	-43%		

CER: Constant Exchange Rates

All income statement items contained in this release are presented on an adjusted basis. The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares. The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,423.8 and 2,378.3 million shares for the 9 and 3 month periods, respectively, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July 2020.

These “Adjusted” results exclude items that are of a one-time or non-cash/non-operational nature that do not impact the ongoing performance of the business, and reflect the way the Company’s management and the Board of Directors view the performance of the Company internally. The Company believes that excluding the effects of these items from its operating results allows management and investors to effectively compare the true underlying financial performance of its business from period to period and against its global peers.

A summary of these adjustments and a reconciliation between the Adjusted and Reported financials appears below:

Q3 USD (m)	Adjusted		Adjustments		Reported	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Revenues	978	953	0	0	978	953
Gross profit	274	295	1	0	274	295
Operating income (EBIT)	70	83	20	15	49	68
Income before taxes	23	48	20	15	2	33
Net income	21	42	18	13	3	29
EBITDA	130	144	-7	-8	137	152
Earnings per share	0.0089	0.0173			0.0012	0.1200



9M USD (m)	Adjusted		Adjustments		Reported	
	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
Revenues	2,987	2,962	0	0	2,987	2,962
Gross profit	869	968	2	2	867	966
Operating income (EBIT)	256	325	68	66	188	260
Income before taxes	135	204	69	63	66	141
Net income	95	173	63	57	32	116
EBITDA	436	509	-3	-6	438	515
Earnings per share	0.0390	0.0708			0.0131	0.0476

For a detailed description of the above adjustments, please refer to the appendix to this release.

Performance in Context of Market Environment

During the third quarter of 2020, the global agrochemical market is expected to have seen moderate growth, as the residual impact from COVID-19 continues to linger in many markets. Crop prices have recovered in many key crops, however, for some such as cotton, planted acreage was lower due to the lower crop prices at the time of planting during the first half of the year, impacting sales in this segment in markets such as the US, Brazil and Turkey. Governments across the world continue to include farmers in extensive support programs, partially offsetting lost income due to the pandemic.

While global currencies recovered somewhat against the US Dollar during the third quarter, they generally remained significantly weaker when compared to the third quarter and first nine months of 2019, especially in the emerging markets where the Company is seeing its strongest growth.

Following an extended period of industry-wide supply constraints in recent years due to the increasingly stringent environmental regulations imposed on Chinese producers, during the first half of the year, procurement costs of chemical raw materials and intermediates started to decline as general levels of production and supply increased. This increase in production and supply was seen despite some disruptions due to the initial COVID-19 outbreak in the first quarter.

The Company started to benefit from this trend in the third quarter as these lower procurement costs have migrated through the Company's inventory cycle. However, the lower prices have also had a negative impact on the Company's sales of chemical raw materials and intermediates, which form part of its Ingredients & Intermediates business in both China and Israel.

Acquisition of Huifeng

On October [28], 2020, ADAMA announced the acquisition of a majority stake in a newly established company that will hold the vast majority of the crop protection synthesis and formulation facilities of Jiangsu Huifeng Bio Agriculture Co., Ltd ("Huifeng"), a leading Chinese crop protection producer and key player in the Chinese crop protection market.

Transaction Overview:

- Phase I: as announced on November 6, 2019, ADAMA will acquire a 50% stake in Shanghai Dibai Plant Protection Co., Ltd. ("Dibai"), a wholly-owned subsidiary of Huifeng focused on the sale and distribution of key formulated crop protection products in China
 - Closing of Phase I is expected to occur in the coming weeks, subject to customary approvals and Closing conditions
- Phase II: Under the agreement now executed, ADAMA will further acquire:



- a 51% equity stake in Jiangsu Kelinong Co., Ltd. (“Kelinong”), a newly established, wholly-owned subsidiary of Huifeng to which Huifeng is to transfer its key crop protection synthesis and formulation facilities;
- an additional 1% in Dibai
- Following the completion of these transactions, ADAMA will hold 51% of the equity in both Kelinong and Dibai, providing ADAMA with a majority stake in one of China’s leading crop protection manufacturers, and significantly bolstering ADAMA’s commercial presence in the China crop protection market
- The total cash consideration for both phases of the transaction is approximately RMB 1,224 million (approximately \$175 million)
- Closing of Phase II is subject to customary Closing conditions, including regulatory and other corporate approvals, and is further subject to full resumption of production at the relevant facilities of Huifeng. Huifeng has made significant progress in the rectification of its environmental issues and is in the process of obtaining approvals to resume production activities.

Financial Highlights

Revenues in the third quarter grew by 12% and by 8% in the nine-month period, in CER terms, compared to the corresponding periods last year. This growth was driven by strong increases in volumes, up 11% in the quarter and 8% in the nine-month period.

Growth in the quarter was led by a strong performance in Latin America, driven by robust volume growth across the region despite widespread COVID-19 related restrictions. Continued growth was also seen in Asia-Pacific as well as in the India, Middle East & Africa region. The noteworthy growth in the quarter in these regions more than compensated for lower sales in Europe and North America, largely due to challenging weather conditions.

In US dollar terms, sales grew 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. The lower growth in USD (and RMB) terms reflects the generally weaker currencies, especially in the emerging markets of Latin America and the India, Middle East & Africa regions where the Company is growing the fastest, which constrained sales in US dollar terms by an estimated \$88 million and \$222 million, respectively, when compared to the same periods last year.

Gross profit in the third quarter was \$274 million (gross margin of 28.0%) and \$869 million (gross margin of 29.1%) in the nine-month period, compared to \$295 million (gross margin of 31.0%) and \$968 million (gross margin of 32.7%) in the corresponding periods last year, respectively.

The third quarter saw the Company start to benefit from a marked drop in procurement costs which began earlier in the year and which are now migrating through the Company’s inventory cycle. This was partially offset by somewhat higher manufacturing costs related to the stronger Israeli shekel. However, in both the third quarter and nine-month periods, the strong volume growth and lower procurement costs were more than offset by the material depreciation of global currencies, which constrained gross profit by an estimated \$75 million and \$184 million, respectively.

Operating expenses: Total operating expenses in the third quarter were \$205 million (20.9% of sales) and \$613 million (20.5% of sales) in the nine-month period, compared to \$212 million (22.3% of sales) and \$643 million (21.7% of sales) in the corresponding periods last year, respectively. The Company continues to maintain tight control of its operating expenses, which were also naturally constrained by the impact of COVID-19, and saw a marked decrease in expenses in both the quarter and nine-month periods, despite the inclusion of recent acquisitions. Operating expenses in the 2020 periods also benefited from the global currency weakness against the US dollar when compared to prior periods,



while operating expenses in the 2019 periods were net of income related to expropriation of land recorded then.

Operating income in the third quarter was \$70 million (7.1% of sales) and \$256 million (8.6% of sales) in the nine-month period, compared to \$83 million (8.7% of sales) and \$325 million (11.0% of sales) in the corresponding periods last year, respectively. The global currency weakness impacted operating income by an estimated \$71 million in the quarter and \$164 million in the nine-month period.

EBITDA in the quarter was \$130 million (13.3% of sales) and \$436 million (14.6% of sales) in the nine-month period, compared to \$144 million (15.1% of sales) and \$509 million (17.2% of sales) recorded in the corresponding periods last year, respectively. The global currency weakness impacted EBITDA in the third quarter by an estimated \$71 million and \$164 million in the nine-month period.

Financial expenses and investment income: Total net financial expenses and investment income were \$47 million in the quarter and \$121 million in the nine-month period, compared to \$35 million and \$122 million in the corresponding periods last year, respectively. The higher financial expenses in the quarter were due to an increase in financing costs on the NIS-denominated, CPI-linked bonds due to a higher CPI in Israel, as well as the effect on balance sheet positions of the strengthening of the RMB when compared to 2019.

Tax expenses: Net tax expenses in the third quarter were \$2 million and \$41 million in the nine-month period, compared to \$6 million and \$30 million in the corresponding periods last year, respectively. The lower tax expenses in the quarter were driven by the lower operating income, while the comparative quarter in 2019 saw higher tax expenses due to the devaluation of the Brazilian Real in that quarter, which resulted in non-cash tax expenses due to differences between the functional currency (US dollar) and tax currency (BRL) with respect to the value of non-monetary assets. The higher tax expenses in the nine-month period are largely due to the first-quarter impact of the weakening of the Brazilian Real against the US dollar, which resulted once again in an increase in non-cash tax expenses.

Net income in the third quarter was \$21 million (2.2% of sales) and \$95 million (3.2% of sales) in the first nine months compared to \$42 million (4.4% of sales) and \$173 million (5.9% of sales) in the corresponding periods last year. The Company estimates the net impact of the global currency headwinds on Net Income to be approximately \$81 million in the third quarter and \$201 million in the nine-month period.

Trade working capital at September 30, 2020 was \$2,332 million compared to \$2,143 million at the same point last year. The Company is holding somewhat higher inventory levels due to a change in geographic and portfolio sales mix, as well as due to the anticipation of further volume growth in coming quarters. The Company also saw an increase in trade receivables, driven largely by its strong growth over the last year in emerging markets, most notably in Latin America and Brazil, where customer credit terms are generally longer. These increases were partially offset by higher trade payables.

Cash Flow: Operating cash flow of \$23 million was generated in the quarter and \$196 million over the nine-month period, compared to \$57 million and \$10 million generated in the corresponding periods last year, respectively. The lower operating cash flow in the quarter reflects the lower operating income alongside higher levels of working capital compared to the parallel period last year. The higher operating cash flow generated in the first nine months of 2020 mainly reflects a more moderate increase in working capital levels this year than the increase seen in the first nine months of 2019, which was more significantly affected by the inclusion of the working capital of companies acquired during that period.

Net cash used in investing activities was \$84 million in the third quarter and \$200 million in the nine-month period, compared to \$42 million and \$245 million in the corresponding periods last year, respectively. The increase in cash used in investing activities in the quarter mainly reflects the



Company's acquisition in Greece and somewhat higher investment in fixed assets, while the parallel period in 2019 saw the receipt of proceeds from expropriation of land. Over the nine-month period, although the Company increased its investment in fixed assets compared to the same period last year, the overall decrease in cash used in investing activities largely reflects the relatively higher spend in the same period in 2019 due to the acquisition made in that period.

Free cash flow of \$68 million was consumed in the third quarter and \$56 million in the nine-month period compared to \$7 million generated and \$290 million consumed in the corresponding periods last year, respectively, reflecting the lower operating cash flow and higher investment spend in the third quarter of this year, contrasted with the higher working capital build-up and acquisitions seen over the nine-month period in 2019.

Leverage: Balance sheet net debt at September 30, 2020 was \$1,163 million, compared to \$960 million at September 30, 2019, reflecting the acquisitions and strong working capital growth seen in Q4 2019, as well as the free cash flow consumed in the first nine months of this year.

Table 2. Regional Sales Performance

	Q3 2020 \$m	Q3 2019 \$m	Change USD	Change CER	9M 2020 \$m	9M 2019 \$m	Change USD	Change CER
Europe	181	188	-4.0%	-5.0%	790	816	-3.2%	-0.7%
North America	145	160	-9.3%	-9.3%	518	560	-7.6%	-7.1%
Latin America	335	302	+10.9%	+38.7%	714	657	+8.6%	+32.7%
Asia Pacific	148	138	+7.0%	+5.3%	497	496	0.2%	+3.4%
<i>Of which China</i>	82	76	+9.0%	+5.0%	250	255	-1.9%	-0.9%
India, Middle East & Africa	170	166	+2.8%	+7.5%	468	432	+8.3%	+14.2%
Total	978	953	+2.6%	+11.8%	2,987	2,962	+0.8%	+8.4%

CER: Constant Exchange Rates

Europe: Sales were lower by 5.0% in the third quarter and by 0.7% in the nine-month period, in CER terms, compared with the corresponding periods last year.

The lower sales in the quarter were largely due to the widespread extreme drought conditions which reduced crop protection application in key crops such as oilseed rape and winter cereals, resulting in some delayed sales, as well as high inventories in distribution channels. During the quarter, ADAMA completed the acquisition of the remaining 51% of Alfa in Greece, bolstering its activities in this important market.

During the quarter, the Company obtained multiple new product registrations in the region, including COLT[®], a herbicide for the control of broadleaf weeds in winter cereals and pasture, and FOLPAN GOLD[®], a systemic fungicide to combat grapevine mildew, both registered in Bulgaria.

In US dollar terms, sales were lower by 4.0% in the quarter and by 3.2% in the nine-month period, compared to the corresponding periods last year, reflecting the net impact of the relative strengthening of European currencies against the US dollar in the quarter, contrasted with their relative weakness over the nine-month period.

North America: Sales were lower by 9.3% in the third quarter and by 7.1% in the nine-month period, in CER terms, compared with the corresponding periods last year.

Crop protection sales were 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. This was partially mitigated by the robust performance of 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 Company continued to expand its differentiated product offering in the region, following the earlier launches in Canada of CUSTODIA[®], a combination fungicide controlling a wide range of diseases in corn, soybeans and wheat, as well as ORIUS[®], a broad-spectrum fungicide for wheat, barley and oat crops.

In US dollar terms, sales were lower by 9.3% in the quarter and by 7.6% in the nine-month period, compared to the corresponding periods last year, reflecting the moderate weakening of the Canadian Dollar seen in the first half of the year.

Latin America: Sales grew by a robust 38.7% in the third quarter and by 32.7% in the nine-month period, in CER terms, compared to the corresponding periods last year, driven by significant volume growth in key countries and continued price increases to partially compensate for the material weakness of the currencies in the region, and despite widespread COVID-19 related restrictions.

The Company saw significant volume growth in Brazil, driven by strong performances from its differentiated product portfolio including flagship product CRONNOS[®], the triple-action fungicide for soybean rust, GALIL[®], a differentiated combination insecticide and TRIVOR[®], a dual-action insecticide for rapid and extended control of sucking pests, following its successful 2019 launch.

Noteworthy performances were also recorded in Argentina, Colombia, Mexico and Paraguay, as well as in Peru, bolstered by the Company's recent acquisition in the country.

On October 14, 2020, ADAMA acquired a majority stake in FNV S.A., its key crop protection distributor in Paraguay, strengthening the Company's commercial presence in this important market and providing ADAMA with direct market access, ensuring the sustainability and growth of its key distribution platform.

During the quarter, the Company obtained multiple new product registrations in the region, including ARADDO[®], a complete solution for the management of a wide range of glyphosate-resistant weeds in soybean, corn and wheat crops in Brazil.

In US dollar terms, sales in the region grew by 10.9% in the quarter and 8.6% in the nine-month period, compared to the corresponding periods last year, as the robust business growth was heavily impacted by weaker currencies in the region, in particular the significant decline in the Brazilian Real against the US dollar.

Asia-Pacific: Sales grew by 5.3% in the quarter and by 3.4% in the nine-month period, in CER terms, compared to the corresponding periods last year, driven by continued volume growth.

In Asia-Pacific (outside of China), the Company saw strong performance from Australia and New Zealand, benefiting from favorable weather, and more than offsetting challenging seasonal conditions in South East Asia.

During the quarter, the Company obtained multiple new product registrations in the region, including ULTRO[®] 900 (Carbetamide), a herbicide for the control of grasses in all pulse crops. This is a new active ingredient in Australia for broadacre cropping, the country's largest cropping segment.

In China, the Company delivered moderate growth in the quarter, 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. The growth in the formulated products was supported by new product launches including AN GUO XUAN[®], a protective



fungicide for tomatoes, and XIN TUO LONG[®], an effective growth regulating solution for cotton harvesting in the Xinjiang region.

In US dollar terms, sales in the region grew by 7.0% in the third quarter but were flat over the nine-month period, compared to the corresponding periods last year, reflecting the strengthening of the Chinese Renminbi against the US dollar in Q3, contrasted with the generally weaker currencies over the nine-month period.

India, Middle East & Africa: Sales grew by 7.5% in the quarter and by 14.2% in the nine-month period, in CER terms, compared to the corresponding periods last year, driven by robust volume growth.

The growth in the region was driven mainly by a strong performance in India, which benefited from above-average monsoon rains and good cropping conditions.

During the quarter, the Company continued to expand its hybrid product offering in the region, launching TRIGUS[®], an insecticide for use on sucking pests, in India.

In US dollar terms, sales in the region grew by 2.8% in the quarter and by 8.3% in the nine-month period, compared to the corresponding periods last year, reflecting the impact of softer currencies, most notably the Turkish Lira, the Indian Rupee and the South African Rand.

Table 3. Revenues by operating segment

Third quarter sales by segment

	Q3 2020 USD (m)	%	Q3 2019 USD (m)	%
Crop Protection	881	90.0%	855	89.6%
Intermediates and Ingredients	98	10.0%	99	10.4%
Total	978	100.0%	953	100.0%

Third quarter sales by product category

	Q3 2020 USD (m)	%	Q3 2019 USD (m)	%
Herbicides	345	35.2%	375	39.3%
Insecticides	329	33.6%	304	31.8%
Fungicides	207	21.1%	176	18.5%
Intermediates and Ingredients	98	10%	99	10.4%
Total	978	100.0%	1,002	100.0%

Note: the sales split by product category is provided for convenience purposes only and is not representative of the way the Company is managed or in which it makes its operational decisions.



Nine-month sales by segment

	9M 2020 USD (m)	%	9M 2019 USD (m)	%
Crop Protection	2,706	90.6%	2,669	90.1%
Intermediates and Ingredients	280	9.4%	292	9.9%
Total	2,987	100.0%	2,962	100.0%

Nine-month sales by product category

	9M 2020 USD (m)	%	9M 2019 USD (m)	%
Herbicides	1,231	41.2%	1,287	43.5%
Insecticides	859	28.8%	850	28.7%
Fungicides	617	20.6%	532	18.0%
Intermediates and Ingredients	280	9.4%	292	9.9%
Total	2,987	100.0%	2,962	100.0%

Note: the sales split by product category is provided for convenience purposes only and is not representative of the way the Company is managed or in which it makes its operational decisions.

Further Information

All filings of the Company, together with a presentation of the key financial highlights of the period, can be accessed through the Company website at www.adama.com.

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

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Abridged Consolidated Financial Statements

The following abridged consolidated financial statements and notes have been prepared as described in Note 1. While prepared based on the principles of PRC GAAP, they do not contain all of the information which either PRC GAAP or IFRS would require for a complete set of financial statements and should be read in conjunction with the consolidated financial statements of both ADAMA Ltd. and Adama Agricultural Solutions Ltd. as filed with the Shenzhen and Tel Aviv Stock Exchanges, respectively.

Abridged Consolidated Income Statement for the Third Quarter

<i>Adjusted¹</i>	Q3 2020 USD (m)	Q3 2019 USD (m)	Q3 2020 RMB (m)	Q3 2019 RMB (m)
Revenues	978	953	6,769	6,666
Cost of Sales	701	656	4,849	4,583
Business taxes and surcharges	3	3	21	18
Gross profit	274	295	1,898	2,064
<i>% of revenue</i>	<i>28.0%</i>	<i>31.0%</i>	<i>28.0%</i>	<i>31.0%</i>
<i>Selling & Distribution expenses</i>	<i>155</i>	<i>148</i>	<i>1,071</i>	<i>1,035</i>
<i>General & Administrative expenses</i>	<i>31</i>	<i>32</i>	<i>213</i>	<i>225</i>
<i>Research & Development expenses</i>	<i>13</i>	<i>15</i>	<i>92</i>	<i>108</i>
<i>Other</i>	<i>6</i>	<i>17</i>	<i>39</i>	<i>115</i>
Total operating expenses	205	212	1,416	1,483
<i>% of revenue</i>	<i>20.9%</i>	<i>22.3%</i>	<i>20.9%</i>	<i>22.3%</i>
Operating income (EBIT)	70	83	482	581
<i>% of revenue</i>	<i>7.1%</i>	<i>8.7%</i>	<i>7.1%</i>	<i>8.7%</i>
Financial expenses and investment income	47	35	325	244
Income before taxes	23	48	158	337
Taxes on Income	2	6	11	41
Net income	21	42	146	296
<i>% of revenue</i>	<i>2.2%</i>	<i>4.4%</i>	<i>2.2%</i>	<i>4.4%</i>
EBITDA	130	144	899	1,010
<i>% of revenue</i>	<i>13.3%</i>	<i>15.1%</i>	<i>13.3%</i>	<i>15.1%</i>
Earnings per Share – Basic	<i>0.0089</i>	<i>0.0173</i>	<i>0.0614</i>	<i>0.1210</i>
– Diluted	<i>0.0089</i>	<i>0.0173</i>	<i>0.0614</i>	<i>0.1210</i>

The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,378.3 million shares, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July. The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares.

¹ For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below “Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements”.



Abridged Consolidated Income Statement for the First Nine Months

<i>Adjusted²</i>	9M 2020 USD (m)	9M 2019 USD (m)	9M 2020 RMB (m)	9M 2019 RMB (m)
Revenues	2,987	2,962	20,890	20,282
Cost of Sales	2,108	1,984	14,744	13,593
Business taxes and surcharges	10	9	67	65
Gross profit	869	968	6,078	6,624
<i>% of revenue</i>	<i>29.1%</i>	<i>32.7%</i>	<i>29.1%</i>	<i>32.7%</i>
<i>Selling & Distribution expenses</i>	465	472	3,253	3,230
<i>General & Administrative expenses</i>	92	101	640	690
<i>Research & Development expenses</i>	40	46	281	318
<i>Other</i>	16	24	110	164
Total operating expenses	613	643	4,284	4,402
<i>% of revenue</i>	<i>20.5%</i>	<i>21.7%</i>	<i>20.5%</i>	<i>21.7%</i>
Operating income (EBIT)	256	325	1,794	2,222
<i>% of revenue</i>	<i>8.6%</i>	<i>11.0%</i>	<i>8.6%</i>	<i>11.0%</i>
Financial expenses and investment income	121	122	844	833
Income before taxes	135	204	949	1,389
Taxes on Income	41	30	285	206
Net income	95	173	664	1,183
<i>% of revenue</i>	<i>3.2%</i>	<i>5.9%</i>	<i>3.2%</i>	<i>5.9%</i>
EBITDA	436	509	3,048	3,481
<i>% of revenue</i>	<i>14.6%</i>	<i>17.2%</i>	<i>14.6%</i>	<i>17.2%</i>
Earnings per Share – Basic	<i>0.0390</i>	<i>0.0708</i>	<i>0.2740</i>	<i>0.4836</i>
– Diluted	<i>0.0390</i>	<i>0.0708</i>	<i>0.2740</i>	<i>0.4836</i>

The number of shares used to calculate both basic and diluted earnings per share in 2020 is 2,423.8 million shares, reflecting the buyback and cancellation of 102.4 million shares from CNAC in July. The number of shares used to calculate both basic and diluted earnings per share in 2019 is 2,446.6 million shares.

² For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below “Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements”.



Abridged Consolidated Balance Sheet

	September 30 2020 USD (m)	September 30 2019 USD (m)	September 30 2020 RMB (m)	September 30 2019 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	842	647	5,733	4,579
Bills and accounts receivable	1,420	1,214	9,668	8,585
Inventories	1,631	1,485	11,110	10,509
Other current assets, receivables and prepaid expenses	323	307	2,200	2,171
Total current assets	4,216	3,653	28,711	25,844
Non-current assets:				
Fixed assets, net	1,152	1,112	7,844	7,866
Rights of use assets	74	78	504	550
Intangible assets, net	1,441	1,447	9,815	10,235
Deferred tax assets	130	111	883	782
Other non-current assets	78	109	535	771
Total non-current assets	2,875	2,857	19,581	20,203
Total assets	7,091	6,510	48,293	46,047
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	487	298	3,314	2,106
Bills and accounts payable	739	581	5,032	4,109
Other current liabilities	782	707	5,326	5,002
Total current liabilities	2,008	1,586	13,672	11,218
Long-term liabilities:				
Loans and credit from banks and other lenders	319	141	2,169	998
Debentures	1,234	1,206	8,402	8,533
Deferred tax liabilities	57	52	387	368
Employee benefits	102	102	693	719
Other long-term liabilities	147	140	1,004	989
Total long-term liabilities	1,859	1,641	12,657	11,607
Total liabilities	3,866	3,227	26,329	22,825
Equity				
Total equity	3,225	3,283	21,964	23,222
Total liabilities and equity	7,091	6,510	48,293	46,047



Abridged Consolidated Cash Flow Statement for the Third Quarter

	Q3 2020	Q3 2019	Q3 2020	Q3 2019
	USD (m)	USD (m)	RMB (m)	RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	23	57	157	399
Cash flow from operating activities	23	57	157	399
Investing activities:				
Acquisitions of fixed and intangible assets	-72	-69	-498	-484
Proceeds from disposal of fixed and intangible assets	0	26	-3	151
Acquisition of subsidiaries	-14	0	-96	-
Other investing activities	2	1	18	41
Cash flow used for investing activities	-84	-42	-579	-292
Financing activities:				
Receipt of loans from banks and other lenders	149	97	1,030	680
Repayment of loans from banks and other lenders	-134	-146	-926	-1,020
Interest payment and other	-7	-9	-50	-64
Dividend to shareholders	-1	-35	-5	-237
Acquisition via combination under common control	-	-59	-	-415
Other financing activities	0	6	0	36
Cash flow from (used for) financing activities	7	-146	49	-1,020
Effects of exchange rate movement on cash and cash equivalents	6	-8	-189	87
Net change in cash and cash equivalents	-48	-139	-562	-827
Cash and cash equivalents at the beginning of the period	884	783	6,256	5,382
Cash and cash equivalents at the end of the period	836	644	5,694	4,555
Free Cash Flow	-68	7	-471	44



Abridged Consolidated Cash Flow Statement for the First Nine Months

	9M 2020	9M 2019	9M 2020	9M 2019
	USD (m)	USD (m)	RMB (m)	RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	196	10	1,392	94
Cash flow from operating activities	196	10	1,392	94
Investing activities:				
Acquisitions of fixed and intangible assets	-186	-158	-1,301	-1,090
Proceeds from disposal of fixed and intangible assets	3	26	18	182
Acquisition of subsidiaries	-14	-123	-96	-827
Other investing activities	-3	10	-15	73
Cash flow used for investing activities	-200	-245	-1,394	-1,662
Financing activities:				
Receipt of loans from banks and other lenders	550	391	3,852	2,668
Repayment of loans from banks and other lenders	-240	-214	-1,672	-1,484
Interest payments and other	-57	-60	-400	-413
Dividend to shareholders	-2	-43	-11	-294
Acquisition via combination under common control	-	-59	-	-415
Other financing activities	-34	-52	-245	-347
Cash flow from (used for) financing activities	217	-37	1,524	-285
Effects of exchange rate movement on cash and cash equivalents	4	-9	-148	62
Net change in cash and cash equivalents	217	-281	1,374	-1,791
Cash and cash equivalents at the beginning of the period	619	925	4,320	6,346
Cash and cash equivalents at the end of the period	836	644	5,694	4,555
Free Cash Flow	-56	-290	-376	-1,952



Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the quarters ended September 30, 2020 and 2019 incorporate the financial statements of ADAMA Ltd. and of all of its subsidiaries (the "Company"), including Adama Agricultural Solutions Ltd. ("Solutions") and its subsidiaries.

The Company has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as "CASBE").

The abridged consolidated financial statements contained in this release are presented in both Chinese Renminbi (RMB), as the Company's shares are traded on the Shenzhen Stock Exchange, as well as in United States dollars (\$) as this is the major currency in which the Company's business is conducted. For the purposes of this release, a customary convenience translation has been used for the translation from RMB to US dollars, with Income Statement and Cash Flow items being translated using the quarterly average exchange rate, and Balance Sheet items being translated using the exchange rate at the end of the period.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Abridged Financial Statements

For ease of use, the Financial Statements shown in this release have been abridged as follows:

Abridged Consolidated Income Statement:

- "Operating expenses" includes selling and distribution expenses; general and administrative expenses; research and development expenses; impairment losses; gain (loss) from disposal of assets and non-operating income and expenses
- "Financial expenses and investment income" includes net financing expenses; gains from changes in fair value; and investment income (including share of income of equity accounted investees)

Abridged Consolidated Balance Sheet:

- "Other current assets, receivables and prepaid expenses" includes financial assets held for trading; financial assets in respect of derivatives; prepayments; other receivables; and other current assets
- "Fixed assets, net" includes fixed assets and construction in progress
- "Intangible assets, net" includes intangible assets and goodwill
- "Other non-current assets" includes other equity investments; long-term equity investments; long-term receivables; investment property; and other non-current assets
- "Loans and credit from banks and other lenders" includes short-term loans and non-current liabilities due within one year
- "Other current liabilities" includes financial liabilities in respect of derivatives; payables for employee benefits, taxes, interest, dividends and others; advances from customers and other current liabilities
- "Other long-term liabilities" includes long-term payables, provisions, deferred income and other non-current liabilities



Analysis of Gaps between Adjusted Income Statement and Reported Income Statement in Financial Statements

For the below tables in USD terms, please see page 2 of this release.

Q3 RMB(m)	Adjusted		Adjustments		Reported	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Revenues	6,769	6,666	0	0	6,769	6,666
Gross profit	1,898	2,064	4	1	1,894	2,063
Operating expenses	1,416	1,483	-137	-103	1,553	1,586
Operating income (EBIT)	482	581	141	104	341	477
Income before taxes	158	337	141	104	17	233
Net income	146	296	126	90	20	206
EBITDA	899	1,010	-50	-54	950	1,064
Earnings per share	0.0614	0.1210			0.0086	0.0842

9M RMB(m)	Adjusted		Adjustments		Reported	
	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
Revenues	20,890	20,282	0	0	20,890	20,282
Gross profit	6,078	6,624	13	14	6,065	6,610
Operating expenses	4,284	4,402	-465	-433	4,749	4,835
Operating income (EBIT)	1,794	2,222	478	448	1,315	1,775
Income before taxes	949	1,389	484	427	466	962
Net income	664	1,183	439	388	225	795
EBITDA	3,048	3,481	-21	-43	3,069	3,524
Earnings per share	0.2740	0.4836			0.0929	0.3248



Income Statement Adjustments

	Q3 2020 USD (m)	Q3 2019 USD (m)	Q3 2020 RMB (m)	Q3 2019 RMB (m)
Net Income (Reported)	3.0	29.5	20.4	206.1
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	11.5	11.5	79.2	80.1
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.6	7.7	52.5	53.5
3. China Relocation & Upgrade related costs	0.6	1.6	4.3	11.2
4. Long-term incentive (non-cash)	-2.5	-7.8	-17.6	-54.3
5. Amortization of acquisition-related PPA (non-cash)	2.2	1.9	14.9	13.4
6. Employee early retirement expenses	0.6	-	3.8	-
7. Capital gain recognized on acquisition of control of an equity investee	-8.5	-	-59.0	-
8. Non-core assets impairment	9.0	-	62.6	-
Total Adjustments to Operating Income (EBIT)	20.4	14.9	140.8	103.9
Total Adjustments to EBITDA	-7.3	-7.7	-50.2	-53.7
Total Adjustments to Income before Taxes	20.4	14.9	140.8	103.9
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	1.9	1.9	13.5	13.6
5. Deferred tax due to PPA	0.2	0.1	1.7	0.5
Total adjustments to Net Income	18.2	12.8	125.7	89.8
Net Income (Adjusted)	21.1	42.3	146.1	296.0

	9M 2020 USD (m)	9M 2019 USD (m)	9M 2020 RMB (m)	9M 2019 RMB (m)
Net Income (Reported)	31.8	116.4	225.1	794.7
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	34.4	34.4	239.6	235.4
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	23.0	27.5	160.3	187.7
3. China Relocation & Upgrade related costs	2.4	6.1	17.1	41.9
4. Long-term incentive (non-cash)	-7.7	-6.4	-54.4	-45.0
5. Amortization of acquisition-related PPA (non-cash)	5.8	4.0	41.9	27.5
6. Employee early retirement expenses	10.0	-	70.0	-
7. Capital gain recognized on acquisition of control of an equity investee	-8.5	-	-59.0	-
8. Non-core assets impairment	9.0	-	62.6	-
Total Adjustments to Operating Income (EBIT)	68.5	65.6	478.2	447.5
Total Adjustments to EBITDA	-3.0	-6.1	-20.8	-43.4
Adjustments to Financing Expenses:				
9. Revaluation of non-cash adjustment related to non-controlling interest	0.8	-3.0	5.6	-20.5
Total Adjustments to Income before Taxes	69.3	62.5	483.9	427.0
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	5.8	5.8	40.7	40.0
5. Deferred tax due to PPA	0.6	-0.2	4.1	-1.4
Total adjustments to Net Income	62.9	56.9	439.0	388.3
Net Income (Adjusted)	94.6	173.3	664.1	1,183.1



Notes:

1. **Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash):** Under PRC GAAP, the Company has inherited the historical “legacy” amortization charge from the first combined reporting for Q3 2017 that ChemChina previously was incurring in respect of its acquisition of Solutions in 2011. This amortization is done in a linear manner on a quarterly basis, most of which will be completed and removed in the second half of 2020.
2. **Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash):** The proceeds from the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina, net of taxes and transaction expenses, were paid to Syngenta in return for the transfer of a portfolio of products in Europe of similar nature and economic value. Since the products acquired from Syngenta are of the same nature and with the same net economic value as those divested, and since in 2018 the Company excluded the one-time gain that it made on the divested products, the additional amortization charge incurred due to the written-up value of the acquired assets is also excluded to present a consistent view of Divestment and Transfer transactions, which had no net impact on the underlying economic performance of the Company. These additional amortization charges will continue until 2032 but at a reducing rate, yet will still be at a meaningful level (more than \$10 million per year) until 2028.
3. **China Relocation & Upgrade related costs:** These are non-cash accelerated depreciation charges related to the three-year Relocation & Upgrade program in China. Production assets located in the old production sites in Jingzhou and Huai’An will be relocated to the new sites in the coming years. Since some of the older production assets may not be able to be relocated, their economic life has been shortened and therefore will be depreciated over a shorter period. Since these are older assets that were built many years ago and will be replaced by newer production facilities at the new sites, and since the ongoing operations of the business will not be impacted thereby, the Company adjusts for the impact of the accelerated depreciation of these assets.
4. **Long-term Incentive (non-cash):** The Company granted its employees, who are mainly non-Chinese residents, a long-term incentive (LTI) in the form of ‘phantom’ options, due to the complexity of granting Chinese-listed, equity-settled options to non-Chinese employees. As such, the Company records an expense, or recognizes income, depending on the fluctuation in the Company’s share price, even though the Company will not incur any cash impact prior to exercise of the phantom options. To neutralize the impact of such share price movements on the measurement of the Company’s performance and expected employee compensation and to reflect the existing phantom options, in the Company’s adjusted financial performance, the LTI is presented on an equity-settled basis in accordance with the value of the existing plan at the grant date.
5. **Amortization of acquisition-related PPA (non-cash):** Related to the amortization of non-cash intangible assets created as part of the allocation of the purchase price (PPA) on acquisitions; has no impact on the ongoing performance of the companies acquired.
6. **Employee early retirement expenses:** Provision for early retirement plan of employees at the Company’s Israeli manufacturing sites
7. **Capital gain recognized on acquisition of control of an equity investee:** On 1 July 2020, ADAMA acquired the remaining 51% stake in Alfa Agricultural Supplies, S.A., and in so doing, gained control over the company which previously was accounted for as an equity investee. As a result of the change of consolidation scope, the company recognized a one-time, non-cash, capital gain.
8. **Non-core assets impairment:** One-time, non-cash charge due to impairment of peripheral, non-material assets.
9. **Revaluation of non-cash adjustment related to non-controlling interest:** Relates to put options issued to non-controlling interests as part of historical business combinations which took place before January 1, 2010. The put options are presented as a liability at the present value of the future exercise price. The revaluation of these put options in Solutions is recognized under IFRS to Goodwill, but due to the acquisition of Solutions by the Company in 2017, which is treated from an accounting perspective as a “Business Combination Under Common Control”, such revaluation is recorded as a profit or loss item in the financial reports of the Company. The revaluations of such put options have no bearing on the ongoing performance of the Company and are therefore adjusted for.



Exchange Rates of the Company's Principal Functional Currencies

	September 30			Q3 Average			9M Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
EUR/USD	1.170	1.093	7.1%	1.169	1.112	5.1%	1.123	1.124	(0.1%)
USD/BRL	5.641	4.164	(35.5%)	5.380	3.974	(35.4%)	5.076	3.888	30.6%
USD/PLN	3.866	4.000	3.4%	4.096	3.885	(5.4%)	3.939	3.829	(2.9%)
USD/ZAR	16.920	15.083	(12.2%)	17.976	14.677	(22.5%)	16.747	14.367	(16.6%)
AUD/USD	0.712	0.676	5.2%	0.655	0.686	(4.5%)	0.675	0.699	(3.5%)
GBP/USD	1.282	1.229	4.3%	1.241	1.232	0.7%	1.270	1.273	(0.2%)
USD/ILS	3.441	3.482	1.2%	3.516	3.527	0.3%	3.477	3.589	3.1%
USD LIBOR 3M	0.23%	2.09%	(88.8%)	0.25%	2.20%	(88.5%)	0.80%	2.46%	(67.6%)

	September 30			Q3 Average			9M Average		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
USD/RMB	6.810	7.073	(3.7%)	6.919	6.992	(1.0%)	6.993	6.851	2.1%
EUR/RMB	7.967	7.729	3.1%	8.086	7.774	4.0%	7.850	7.699	2.0%
RMB/BRL	0.828	0.589	(40.7%)	0.778	0.568	(36.8%)	0.726	0.567	(27.9%)
RMB/PLN	0.568	0.566	(0.4%)	0.549	0.556	1.1%	0.563	0.559	(0.8%)
RMB/ZAR	2.485	2.133	(16.5%)	2.444	2.099	(16.4%)	2.395	2.097	(14.2%)
AUD/RMB	4.845	4.783	1.3%	4.948	4.793	3.2%	4.718	4.791	(1.5%)
GBP/RMB	8.729	8.694	0.4%	8.935	8.615	3.7%	8.883	8.718	1.9%
RMB/ILS	0.492	0.492	0.0%	0.494	0.504	2.1%	0.497	0.524	5.1%