ADAMA reports strong growth, driving record sales in both the Q3 and year-to-date

Overcoming significant headwinds throughout the year

- **Q3 record-high sales of $953 million, growing +9% in US dollar terms, +11% in local currencies**
  - Strong business growth in almost all geographies, led by robust recovery in North America, strong performance in Latin America and Europe
  - Continued average price increases of more than 2% across all regions
  - Q3 sales constrained by $55 million due to Jingzhou old site disruption impacting supply of high-demand products; incremental ramp-up of production at site continuing
  - **9M record-high sales of $2,962 million**, exceeding last year's in both US dollar terms and local currencies, overcoming the significant market and supply headwinds encountered throughout the year, as well as the impact of softer currencies
  - Jingzhou old site disruption constraining 9M sales by $162 million
  - Sales of formulated, branded products in China, other than those from the Jingzhou old site, grew by more than 25% in both the quarter and the nine-month period

- **Q3 Gross Profit up 6% to $295 million**
  - Gross margin of 31.0% vs. 32.0% last year
  - **9M gross profit of $968 million**, with gross margin of 32.7% vs. 33.3% last year
  - Increased prices offset by higher procurement costs and softer currencies
  - Jingzhou old site disruption constraining Q3 gross profit by $24 million and 9M gross profit by $64 million

- **Q3 EBITDA up 8% to $144 million**
  - EBITDA margin of 15.1%, in-line with last year
  - **9M EBITDA of $509 million,** in-line with last year; EBITDA margin of 17.2%, in-line with last year
  - Strong containment of operating expenses despite recording idleness cost at Jingzhou old site
  - Jingzhou old site disruption, including idleness cost, constraining Q3 EBITDA by $31 million and 9M EBITDA by $89 million

- **Q3 Net Income of $42 million, 5% above last year**
  - Net income margin of 4.4% vs. 4.6% last year
  - **9M net income of $173 million**, with net income margin of 5.9% vs. 6.8% last year
  - Jingzhou old site disruption, constraining Q3 Net Income by $25 million and 9M Net Income by $71 million

BEIJING, CHINA and TEL AVIV, ISRAEL, October 30, 2019 – ADAMA Ltd. (the "Company") (SZSE 000553) today reported its financial results for the third quarter and nine-month period ended September 30, 2019.

Table 1. Financial Performance Summary

Adjusted, US$m		Q3 2019	Q3 2018	% Change	% Change CER	9M 2019	9M 2018	% Change	% Change CER
Revenues		**953**	**872**	**+9%**	**+11%**	**2,962**	**2,918**	**+2%**	**+3%**
Gross profit		295	279	+6%		968	972	-0.4%	
Gross margin		*31.0%*	*32.0%*			*32.7%*	*33.3%*		
Operating income (EBIT)		83	81	+3%		325	353	-8%	
EBIT margin		*8.7%*	*9.3%*			*11.0%*	*12.1%*		
Net income		42	40	+5%		173	197	-12%	
Net income margin		*4.4%*	*4.6%*			*5.9%*	*6.8%*		
EBITDA		**144**	**134**	**+8%**		**509**	**512**	**-0.6%**	
EBITDA margin		*15.1%*	*15.3%*			*17.2%*	*17.6%*		
Earnings per share	- USD	0.0173	0.0164			0.0708	0.0806		
	- RMB	0.1210	0.1117			0.4836	0.5200		

All income statement items contained in this release are presented on an adjusted basis. A detailed description and analysis of differences between the adjusted income statement and that reported in the financial statements is contained in the "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements" in the appendix to this release. EPS are the same for basic and diluted. Q3 and 9M 2019 include the results of both Bonide and Anpon following their acquisition in Q1 2019.

Commenting on the results, **Yang Xingqiang, Chairman of ADAMA's Board of Directors**, said, "Our strong performance in the quarter aided in overcoming the challenges that we faced during the first-half of the year, bringing the Company to growth also over the nine-month period. With the continued development and rolling out of our pipeline of differentiated products in markets across the globe, we remain focused on executing our growth strategy and look ahead to concluding the year with positive momentum."

Chen Lichtenstein, President and CEO of ADAMA, added, "We delivered record-high sales in both the quarter and nine-months, led by double-digit growth in North America as well as our differentiated, formulated and branded products in China. Latin America is performing strongly as it goes into its peak season, and we saw a pleasing contribution from Europe in its late season. The business growth was further bolstered by continued price increases. This performance drove growth in all profit-metrics in the quarter, despite the significant residual impact from the Jingzhou site disruption which is continuing to progress in its ramp-up of operations."

Performance in Context of Market Environment

The third quarter saw drought conditions across Europe, Latin-America and parts of Asia-Pacific. In Europe, the dry weather delayed herbicide application in key crops and reduced oilseed rape planting areas. North America saw a partial recovery late in the season following the severe flooding seen in the first half of the year. Following a delayed start to the Indian monsoon season, conditions have improved.

Prices in key crops including wheat, corn and soybean softened somewhat during the quarter, which continues to challenge farmer income in most regions.

While product supply remains generally constrained due to the increased environmental focus in China causing industry-wide shortages in certain raw materials and intermediates, some capacity is returning to the market, yet procurement costs are still elevated compared to last year. The Company continues to raise its prices in all regions and contain its manufacturing and other operating costs to mitigate this impact.

Financial Highlights

Revenues in the third quarter grew strongly to $953 million, up 9% compared to $872 million in the same period last year in US dollar terms, and 11% up in constant currency terms. Nine-month sales reached $2,962 million, up 2% in US dollar terms compared to $2,918 million in the parallel period last year, and up 3% in constant currency terms, overcoming the significant headwinds encountered throughout the year. This strong growth was achieved despite the impact of the disruption at the Jingzhou old site, which constrains the supply of high-demand products in many geographies as it continues its gradual ramp-up of operations. The disruption at the site constrained third quarter sales by $55 million and nine-month sales by $162 million.

The third quarter saw a partial recovery in North America late in the season following the severe weather challenges seen in the first half of the year, with noteworthy performances in both the US and Canada. The Company also grew strongly in Europe in the third quarter, following a challenging first half of the year, despite the drought in the region, as well as in Brazil and the rest of Latin America, where its portfolio of differentiated products is driving increasing market penetration. In China, ADAMA continues to grow sales of its differentiated, formulated and branded products at significant double-digit rates.

Supportive demand facilitated further price increases in the quarter of an average 2% across all regions.

Gross profit grew 6% in the third quarter to $295 million (gross margin of 31.0%) compared to $279 million (gross margin of 32.0%) in Q3 2018, while gross profit in the nine-month period was $968 million (gross margin of 32.7%), in line with the $972 million (gross margin of 33.3%) recorded in the corresponding period last year. The somewhat lower gross margins reflect the impact of the Jingzhou old site disruption which constrained sales of backward-integrated products in high demand, as well as higher procurement costs and softer currencies, partially offset by higher pricing aimed at passing on the impact of the higher procurement costs, as well as an improvement in product mix in the quarter. The Jingzhou site disruption reduced third quarter gross profit by $24 million and nine-month gross profit by $64 million.

Operating expenses. Total operating expenses in the third quarter were $212 million (22.3% of sales) compared to $198 million (22.7% of sales) in Q3 last year, and $643 million (21.7% of sales) in the nine-month period compared to $618 million (21.2% of sales) in the corresponding period last year. The tight expense-to-sales ratios in both the quarter and in the nine-month period reflects the ongoing strong containment of expenses, and was achieved despite the inclusion of joiners and the recording of Jingzhou old-site related idleness costs of $8 million in the quarter and $29 million in the nine-month period. Operating expenses also benefited from the stronger US dollar as well as, in the first half of the year, income from expropriation of land.

Sales and Marketing expenses in the third quarter were $148 million (15.5% of sales), and $472 million (15.9% of sales) in the first nine months, compared to $146 million (16.8% of sales) and $465 million (15.9% of sales) in the corresponding periods last year, respectively. The improvement in the expense-to-sales ratio in the quarter, and its stability in the nine-month period, largely reflects the containment of expenses, and was achieved despite the inclusion of joiners.

General and Administrative expenses in the third quarter were $32 million (3.4% of sales), and $101 million (3.4% of sales) in the first nine months, compared to $30 million (3.4% of sales) and $103 million (3.5% of sales) in the corresponding periods last year, respectively, achieved despite the inclusion of joiners, and reflects the strong containment of expenses.

R&D expenses in the third quarter were $15 million (1.6% of sales), and $46 million (1.6% of sales) in the first nine months, compared to $16 million (1.8% of sales) and $40 million (1.4% of sales) in the corresponding periods last year.

Operating income in the third quarter was $83 million (8.7% of sales) and $325 million (11.0% of sales) in the first nine months, compared to $81 million (9.3% of sales) and $353 million (12.1% of sales) in the corresponding periods last year, respectively. The Jingzhou old site disruption, including idleness costs, constrained operating income by $31 million in the third quarter and by $89 million in the nine-month period.

EBITDA in the third quarter was $144 million (15.1% of sales), up 8% compared to the $134 million (15.3% of sales) recorded in Q3 2018. In the nine-month period, EBITDA was $509 million (17.2% of sales), in line with the $512 million (17.6% of sales) recorded in the corresponding period last year. The Jingzhou old site disruption, including idleness costs, constrained EBITDA by $31 million in the third quarter and by $89 million in the nine-month period.

Financial expenses and investment income. Total net financial expenses and investment income were $35 million in the third quarter and $122 million in the first nine months, compared to $30 million and $97 million in the corresponding periods last year, respectively. The higher level reflects mainly higher hedging costs due to global currency volatility, as well as higher interest payments, offset in the third quarter by the reduction in financing costs on the ILS-denominated, CPI-linked bonds due to a lower CPI. The lower expenses in the corresponding periods last year reflect the benefit of foreign exchange income related to balance sheet positions.

Tax expenses. Net tax expenses were $6 million in the third quarter and $30 million in the first nine months, compared to $11 million and $60 million in the corresponding periods last year, respectively. The lower net tax expenses in the quarter reflect the impact of the Jingzhou old site disruption, which reduced taxable income, partially offset by a non-cash impact due to the devaluation of the Brazilian Real over the quarter, which reduced the value of local currency-denominated non-monetary assets. The lower tax expenses over the nine-month period were largely due to the lower taxable income, mainly resulting from the impact from the Jingzhou old site disruption, as well as changes in exchange rates against the US dollar that affected the value of local-currency denominated balance sheet items.

Net income in the third quarter was $42 million (4.4% of sales) up 5% compared to the $40 million (4.6% of sales) recorded in Q3 2018. In the nine-month period, net income was $173 million (5.9% of sales), compared to $197 million (6.8% of sales) in the corresponding period last year. The Jingzhou old site disruption constrained net income in the quarter by $25 million and in the nine-month period by $71 million.

Working capital at September 30, 2019 was $2,143 million, compared to $1,751 million at the same point last year. The higher level reflects increased trade receivables resulting from the Company’s robust performance in Brazil in the first nine months, alongside somewhat lower payable days. In addition, inventory levels were higher due to the higher procurement costs, changes in the sales mix due to the volatile weather in many regions, proactively constrained sales due to credit restraint in Eastern Europe, as well as the first-time inclusion of joiners.

Cash Flow. Operating cash flow of $57 million was generated in the quarter and $10 million in the first nine months, compared to $99 million and $221 million generated in the corresponding periods last year, respectively, mainly reflecting the build-up of working capital earlier in the year and the impact of the disruption from the Jingzhou old site, which is now gradually ramping-up its operations.

Net cash used in investing activities was $42 million in the quarter and $245 million in the first nine-months compared to $44 million and $85 million in the corresponding periods last year, respectively. Investing activities in the quarter include increased investments in the relocation and upgrading of environmental facilities in Jingzhou, as well as proceeds from expropriation of land. The higher nine-month investment level also reflects acquisitions made during the year. In the first quarter of 2018, the Company recorded the one-time proceeds from the divestiture of several products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina, and outflow of a lesser net amount for the transfer of a similar portfolio of products.

Free cash flow of $7 million was generated in the third quarter, while $290 million was consumed in the nine-month period. This compares to the $52 million and $93 million that the Company generated in the corresponding periods last year, respectively, noting the impact of net proceeds from divestitures in 2018, and acquisitions in 2019.

Leverage: Balance sheet net debt at the end of the quarter was $960 million, compared to $435 million as of September 30, 2018, largely reflecting the acquisitions and the assumption of their debt, capital investments and dividends paid.

Corporate development

ADAMA today also announced the acquisition of AgroKlinge, a leading Peruvian crop protection company. This acquisition will allow ADAMA to further improve and expand its business in Peru, broadening its portfolio, creating a leading commercial platform throughout the country and enhancing its access to large scale industrial farmers.

Increasing collaboration activities

The Company continues to advance collaboration opportunities with other ChemChina group entities, as well as other entities of the Sinochem group, to make the most of its positioning.

Jingzhou Old Site

Following resumption of operations at the Jingzhou old site in late March, the Company continues to advance the gradual ramp-up of production at the site. The site was visited during the third quarter by the Ecological Protection Supervision Team of the central government, as part of its inspections of the ChemChina group and in the context of strengthening ongoing nationwide environmental focus. As part of its China sites' three-year relocation and upgrade process, due to conclude by the end of next year, the Company continues to work with all relevant authorities to bring the site to best-in-class safety and environmental standards.

In a significant milestone in this upgrade and relocation process, ADAMA obtained a new, expanded EIA (Environmental Impact Assessment) permit for the new Jingzhou site, allowing increased production of Acephate, DMPAT and other backward-integrated products. This will ensure the Company's ability to strengthen the ACEMAIN® franchise in key markets, including India, Brazil, US and China, leveraging its strong cost position and site stability.

By end of 2020, ADAMA is aiming to complete most of its relocations at both Jingzhou and Huai'An, vacate the old sites, and be operational with improved cost and efficiencies at its new sites. The transformed new sites are designed to be more profitable, and ready to accommodate additional new molecules emerging from the Company's strong development pipeline.

Table 2. Regional Sales Performance

	Q3 2019 $m	Q3 2018 $m	Change CER	Change USD	9M 2019 $m	9M 2018 $m	Change CER	Change USD
Europe	188	168	+15.0%	+12.1%	816	870	-8.1%	-6.2%
North America	160	124	+28.8%	+28.8%	560	530	+5.7%	+5.5%
Latin America	302	277	+10.1%	+9.1%	657	587	+16.7%	+11.9%
Asia Pacific	138	131	+8.6%	+5.3%	496	487	+6.1%	+1.9%
Of which China	*76*	*69*	*+13.0%*	*+9.8%*	*255*	*241*	*+9.3%*	*+5.6%*
India, Middle East & Africa	166	173	-3.4%	-4.0%	432	443	+2.3%	-2.4%
Total	**953**	**872**	**+10.8%**	**+9.3%**	**2,962**	**2,918**	**+3.4%**	**+1.5%**

CER: Constant Exchange Rates

Europe: Sales in Europe grew by 15.0% in the quarter and were lower by 8.1% in the first nine-months, in constant currency terms, compared to the corresponding periods last year. The strong performance in the quarter was driven by business growth, although only partially recovering from the supply-related challenges in the first half of the year, and despite a severe drought in the region which delayed herbicide application in cereals, reduced disease pressure in grapes and citrus, lowering consumption, and reduced oilseed rape planting areas.

In Northern Europe, sales grew strongly in the quarter driven by Germany and the Baltic countries. The Company restrains sales in Ukraine where liquidity remains challenging for distributors.

The Company saw robust growth in South Europe in the quarter with continued market share gains. Noteworthy performances were recorded in France, which experienced its second strongest harvest on record, as well as Italy and Iberia. Strong demand for insecticides compensated for the weak disease pressure in grapes and citrus.

The Company obtained a number of new registrations for differentiated products, including FOLPAN®, ADAMA's proprietary fungicide treating key resistant diseases in cereals in Germany, PITCHER®, a differentiated mixture fungicide for flower-bulbs in the Netherlands and ZAKEO EXTRA®, a dual-action, wide spectrum fungicide in Greece.

In US dollar terms, sales in Europe grew by 12.1% in the quarter and were lower by 6.2% in the first nine months, compared to the corresponding periods last year, reflecting the impact of softer currencies over the periods.

North America: Sales grew by 28.8% in the quarter and by 5.7% in the nine-month period, in constant currency terms, compared with the corresponding periods last year. The significant increase in the quarter was achieved through a combination of robust organic business growth, increased prices and joiners.

The Company recorded strong growth in the quarter in both the US and Canada, partially recovering from the first-half floodings while benefiting from price increases in key backward-integrated products.

In US dollar terms, sales in North America grew by 28.8% in the quarter and 5.5% in the first nine months, compared to the corresponding periods last year.

Latin America: Sales grew by 10.1% in the quarter and by 16.7% in the first nine months, in constant currency terms, compared to the corresponding periods last year. Strong business growth in key countries in the face of a severe drought across the region, alongside continued price increases, more than offset the impact of constrained supply.

The Company continues to grow strongly in Brazil despite a delayed planting season in soybean and corn crops, driven by its differentiated product portfolio and key recently launched products. These include flagship product CRONNOS®, the triple-action fungicide for soybean rust which is performing strongly in its first year since launch, GALIL®, a differentiated combination insecticide and TRIVOR®, a dual-action insecticide for rapid and extended control of sucking pests.

Noteworthy performances were recorded in the quarter in Colombia, Bolivia, Mexico and Peru, while over the nine-month period, the leading contributors to growth were Peru and Colombia.

During the quarter, ADAMA launched several new products, including BREVIS®, a differentiated solution to optimize fruit load and size in apples in Argentina and TRIVOR®, in Colombia. The Company obtained a number of new registrations for differentiated products, including EXPERTGROW®, a range of biostimulants promoting the growth and development of multiple fruit, vegetables and flower crops in Peru, Paraguay and Bolivia.

In US dollar terms, sales in Latin America increased by 9.1% in the quarter and 11.9% in the first nine months, compared to the corresponding periods last year, reflecting the impact of generally softer currencies, and in particular the devaluation of the Argentinian Peso.

Asia-Pacific: Sales in the region grew by 8.6% in the third quarter and by 6.1% in the first nine months, in constant currency terms, compared to the corresponding periods last year, driven by business growth alongside continued price increases, while being affected by constrained supply of products of the Jingzhou old site.

In China, ADAMA continues to see strong demand for its differentiated, formulated and branded products, with sales growth of more than 25% in both the quarter and the first nine months, excluding those from the Jingzhou old site. In the first nine months of this year, ADAMA has launched 12 new products in China, driving this strong growth. Two new registrations of the NIMITZ® suite of products were obtained in the quarter. Anpon delivered a solid performance.

The third quarter saw robust growth in Japan and a resilient performance in Australia, despite the continued severe drought in the country which is significantly reducing summer crops. These compensated for the weather-related challenges seen throughout South-East Asia.

During the quarter, the Company obtained new registrations in Australia, including SOPRANO®, a cereal fungicide, and SOMBRERO®, an insecticide seed dressing for a wide range of crops.

In US dollar terms, sales in Asia-Pacific grew by 5.3% in the third quarter and by 1.9% in the first nine months, compared to the corresponding periods last year, reflecting the impact of softer currencies.

India, Middle East & Africa: Sales in the third quarter were lower by 3.4%, yet still grew by 2.3% in the first nine months, in constant currency terms, compared to the corresponding periods last year.

In India, the Company benefited from the start of the monsoon rains, but was impacted by shortages of key products produced at the Jingzhou old site. ADAMA saw noteworthy sales in the country of SHAMIR®, the novel dual-action combination fungicide for protection of multiple fruit and vegetable crops.

Over the nine-month period, India and Turkey delivered noteworthy performance.

In US dollar terms, sales were lower by 4.0% in the third quarter and by 2.4% in the first nine months, compared to the corresponding periods last year, reflecting the impact of softer currencies.

ADAMA

Table 3. Revenues by operating segment

Third quarter sales

	Q3 2019 USD(m)	%	Q3 2018 USD(m)	%
Crop Protection	855	89.6%	812	93.0%
Intermediates and Ingredients	99	10.4%	61	7.0%
Total	**953**	**100.0%**	**872**	**100.0%**

Nine months sales

	9M 2019 USD(m)	%	9M 2018 USD(m)	%
Crop Protection	2,669	90.1%	2,717	93.1%
Intermediates and Ingredients	293	9.9%	202	6.9%
Total	**2,962**	**100.0%**	**2,918**	**100.0%**

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 one of the world's leading crop protection companies. We strive to Create Simplicity in Agriculture – offering farmers effective products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, quality products, our more than 7,000-strong team reaches farmers in over 100 countries, providing them with solutions to control weeds, insects and disease, and improve their yields. For more information, visit us at www.ADAMA.com and follow us on Twitter® at @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.

Table 4. Abridged Consolidated Income Statement for the Third Quarter

Adjusted[1]		Q3 2019 USD(m)	Q3 2018 USD(m)	Q3 2019 RMB(m)	Q3 2018 RMB(m)
Revenues		**953**	**872**	**6,666**	**5,929**
Cost of Sales		656	592	4,583	4,021
Business taxes and surcharges		3	2	18	12
Gross profit		**295**	**279**	**2,064**	**1,896**
% of revenue		*31.0%*	*32.0%*	*31.0%*	*32.0%*
Selling and distribution expenses		148	146	1,035	994
General and administrative expenses		32	30	225	202
Research and development expenses		15	16	108	107
Other operating expenses / (income)		17	6	115	43
Total Operating expenses		212	198	1,483	1,346
Operating income (EBIT)		**83**	**81**	**581**	**550**
% of revenue		*8.7%*	*9.3%*	*8.7%*	*9.3%*
Financial expenses and investment income		35	30	244	203
Income before taxes		**48**	**51**	**337**	**347**
Taxes on Income		6	11	41	73
Net income		**42**	**40**	**296**	**273**
% of revenue		*4.4%*	*4.6%*	*4.4%*	*4.6%*
EBITDA		**144**	**134**	**1,010**	**909**
% of revenue		*15.1%*	*15.3%*	*15.1%*	*15.3%*
Earnings per Share	– Basic	*0.0173*	*0.0164*	*0.1210*	*0.1117*
	– Diluted	*0.0173*	*0.0164*	*0.1210*	*0.1117*

Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share 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".

Table 5. Abridged Consolidated Income Statement for the Nine Months

Adjusted[2]		9M 2019 USD(m)	9M 2018 USD(m)	9M 2019 RMB(m)	9M 2018 RMB(m)
Revenues		**2,962**	**2,918**	**20,282**	**18,955**
Cost of Sales		1,984	1,938	13,593	12,592
Business taxes and surcharges		9	8.4	65	54
Gross profit		**968**	**972**	**6,624**	**6,308**
% of revenue		*32.7%*	*33.3%*	*32.7%*	*33.3%*
Selling and distribution expenses		472	465	3,230	3,024
General and administrative expenses		101	103	690	671
Research and development expenses		46	40	318	263
Other operating expenses / (income)		24	10	164	65
Total Operating expenses		643	618	4,402	4,023
Operating income (EBIT)		**325**	**353**	**2,222**	**2,285**
% of revenue		*11.0%*	*12.1%*	*11.0%*	*12.1%*
Financial expenses and investment income		122	97	833	630
Income before taxes		**204**	**257**	**1,389**	**1,656**
Taxes on Income		30	59	206	384
Net income		**173**	**197**	**1,183**	**1,272**
% of revenue		*5.9%*	*6.8%*	*5.9%*	*6.8%*
EBITDA		**509**	**512**	**3,481**	**3,321**
% of revenue		*17.2%*	*17.6%*	*17.2%*	*17.6%*
Earnings per Share	– Basic	*0.0708*	*0.0806*	*0.4836*	*0.5200*
	– Diluted	*0.0708*	*0.0806*	*0.4836*	*0.5200*

Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share 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".

Table 6. Abridged Consolidated Balance Sheet

	September 30 2019 USD (m)	September 30 2018 USD (m)	September 30 2019 RMB (m)	September 30 2018 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	647	933	4,579	6,416
Bills and accounts receivable	1,214	1,045	8,585	7,189
Inventories	1,485	1,296	10,509	8,918
Other current assets, receivables and prepaid expenses	307	243	2,171	1,674
Total current assets	**3,653**	**3,517**	**25,844**	**24,197**
Non-current assets:				
Fixed assets, net	1,112	1,052	7,866	7,237
Rights of use assets	78	-	550	-
Intangible assets, net	1,447	1,453	10,235	9,996
Deferred tax assets	111	98	782	673
Other non-current assets	109	76	771	525
Total non-current assets	**2,857**	**2,679**	**20,203**	**18,431**
Total assets	**6,510**	**6,197**	**46,047**	**42,628**
Liabilities				
Current liabilities:				
Loans and credit from banks and others	298	136	2,106	936
Bills and accounts payable	581	610	4,109	4,195
Other current liabilities	707	791	5,002	5,443
Total current liabilities	**1,586**	**1,537**	**11,218**	**10,574**
Long-term liabilities:				
Long-term loans	141	44	998	305
Debentures	1,206	1,151	8,533	7,915
Deferred tax liabilities	52	63	368	431
Employee benefits	102	93	719	637
Other long-term liabilities	140	50	989	343
Total long-term liabilities	**1,641**	**1,400**	**11,607**	**9,631**
Total liabilities	**3,227**	**2,937**	**22,825**	**20,205**
Equity				
Total equity	3,283	3,260	23,222	22,423
Total equity	**3,283**	**3,260**	**23,222**	**22,423**
Total liabilities and equity	**6,510**	**6,197**	**46,047**	**42,628**

Table 7. Abridged Consolidated Cash Flow Statement for the Third Quarter

	Q3 2019 USD (m)	Q3 2018 USD (m)	Q3 2019 RMB (m)	Q3 2018 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	57	99	399	675
Cash flow from operating activities	**57**	**99**	**399**	**675**
Investing activities:				
Acquisitions of fixed and intangible assets	-69	-42	-484	-288
Proceeds from sale of long term assets	26	-	182	-
Other investing activities	1	-2	10	-10
Cash flow used for investing activities	**-42**	**-44**	**-292**	**-298**
Financing activities:				
Receipt of loans from banks and other lenders	97	12	680	85
Repayment of loans from banks and other lenders	-146	-10	-1,020	-68
Other financing activities	-97	-33	-681	-218
Cash flow from (used for) financing activities	**-146**	**-30**	**-1,020**	**-201**
Effects of exchange rate movement on cash and cash equivalents	**-8**	**-9**	**87**	**174**
Net change in cash and cash equivalents	**-139**	**16**	**-827**	**350**
Cash and cash equivalents at the beginning of the period	783	910	5,382	6,021
Cash and cash equivalents at the end of the period	**644**	**926**	**4,555**	**6,371**
Free Cash Flow	**7**	**52**	**44**	**352**

Table 8. Abridged Consolidated Cash Flow Statement for the Nine Month

	9M 2019 USD (m)	9M 2018 USD (m)	9M 2019 RMB (m)	9M 2018 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	10	221	94	1,455
Cash flow from operating activities	**10**	**221**	**94**	**1,455**
Investing activities:				
Acquisitions of fixed and intangible assets	-158	-463	-1,090	-2,966
Proceeds received from disposal of investments	3	-	20	-
Proceeds from sale of long term assets	33	380	235	2,413
Acquisitions of a subsidiary	-123	-	-827	-
Other investing activities	-	-1	-	-10
Cash flow used for investing activities	**-245**	**-85**	**-1,662**	**-563**
Financing activities:				
Receipt of loans from banks and other lenders	391	12	2,668	85
Repayment of loans from banks and other lenders	-214	-332	-1,484	-2,116
Other financing activities	-214	-81	-1,469	-526
Cash flow from (used for) financing activities	**-37**	**-401**	**-285**	**-2,557**
Effects of exchange rate movement on cash and cash equivalents	**-9**	**-13**	**62**	**-172**
Net change in cash and cash equivalents	**-281**	**-277**	**-1,791**	**-1,493**
Cash and cash equivalents at the beginning of the period	925	1,204	6,346	7,864
Cash and cash equivalents at the end of the period	**644**	**926**	**4,555**	**6,371**
Free Cash Flow	**-290**	**93**	**-1,952**	**616**

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, 2019 and 2018 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.

The 2018 figures are as previously reported, and not restated to include the business combination under common control in respect of Anpon.

In estimating the impact from the Jingzhou old site disruption, the lost sales and gross profit are calculated as the difference in sales and gross profit earned on the affected products between the relevant periods in 2019 and their comparative periods in 2018. Related operating expenses include idleness costs, as well as an assumed saving of 2.5% of affected sales in respect of incremental Sales & Marketing expenses. Financing costs were assumed not to be impacted. An effective tax rate of 20% was assumed in calculating the after-tax impact.

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:

- “Other operating expenses/(income)” includes asset and credit impairment losses; gain (loss) from disposal of assets and non-operating income and expenses and idleness
- “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, derivatives financial assets, receivables financing, prepayments, other receivables; and other current assets
- “Fixed assets, net” includes fixed assets, construction in progress and rights-of-use assets
- “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 others” includes short-term loans and non-current liabilities due within one year
- “Other current liabilities” includes derivatives financial liabilities, payables for employee benefits, contract liabilities, taxes payable, other payables and other current liabilities
- “Other long-term liabilities” includes long-term payables, lease liability, provisions and other non-current liabilities

Table 9. Analysis of Gaps between Adjusted Income Statement and Reported Income Statement in Financial Statements

Q3	Adjusted		Adjustments		Reported	
USD(m)	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Revenues	953	872	-	-	953	872
Gross profit	295	279	0	-0	295	279
Operating expenses	212	198	-15	-16	227	214
Operating income (EBIT)	83	81	15	16	68	65
Income before taxes	48	51	15	16	33	35
Net income	42	40	13	14	29	26
EBITDA	144	134	-8	-6	152	140
Earnings per share	0.0173	0.0164			0.1200	0.0108

Q3	Adjusted		Adjustments		Reported	
RMB(m)	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
Revenues	6,666	5,929	-	-	6,666	5,929
Gross profit	2,064	1,896	1	-2	2,063	1,897
Operating expenses	1,483	1,346	-103	-109	1,586	1,454
Operating income (EBIT)	581	550	104	107	477	443
Income before taxes	337	347	104	107	233	240
Net income	296	273	90	94	206	180
EBITDA	1,010	909	-54	-40	1,064	949
Earnings per share	0.1210	0.1117			0.0842	0.0734

9M	Adjusted		Adjustments		Reported	
USD(m)	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018
Revenues	2,962	2,918	-	-	2,962	2,918
Gross profit	968	972	2	1	966	970
Operating expenses	643	618	-64	266	706	353
Operating income (EBIT)	325	353	66	-264	260	618
Income before taxes	204	257	63	-264	141	521
Net income	173	197	57	-201	116	398
EBITDA	509	512	-6	-317	515	829
Earnings per share	0.0708	0.0806			0.0476	0.1626

9M	Adjusted		Adjustments		Reported	
RMB(m)	9M 2019	9M 2018	9M 2019	9M 2018	9M 2019	9M 2018
Revenues	20,282	18,955	-	-	20,282	18,955
Gross profit	6,624	6,308	14	8	6,610	6,300
Operating expenses	4,402	4,023	-433	1,682	4,835	2,341
Operating income (EBIT)	2,222	2,285	448	-1,674	1,775	3,959
Income before taxes	1,389	1,656	427	-1,674	962	3,330
Net income	1,183	1,272	388	-1,270	795	2,542
EBITDA	3,481	3,321	-43	-2,015	3,524	5,336
Earnings per share	0.4836	0.5200			0.3248	1.0392

Table 10. Income Statement Adjustments

In addition to the reported financial results that the Company prepares in accordance with PRC GAAP, the Company's management prepares non-GAAP, Adjusted financial results to present what the Company believes is a more useful view of the true economic performance of the business on an ongoing basis. 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 reflects the way the Company's management and Board of Directors view the performance of the Company. The Company believes that excluding the effects of these items from its operating results allows an effective assessment and comparison of the underlying financial performance of its business from period to period and within the market.

	Q3 2019 USD (m)	Q3 2018 USD (m)	Q3 2019 RMB (m)	Q3 2018 RMB (m)
Net Income (Reported)	**29.5**	**26.4**	**206.1**	**179.7**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	11.5	11.5	80.1	77.8
2. One-time capital gain from Divestment of registrations due to 2017 ChemChina-Syngenta transaction	-	-	-	-
3. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.7	10.2	53.5	69.2
4. Reinstatement of amortization expenses due to Divestment (non-cash)	-	-	-	-
5. Accelerated depreciation due to relocation (non-cash)	1.6	-	11.2	-
6. Non-core assets closure (non-cash)	-	-	-	-
7. Long-term incentive (non-cash)	-7.8	-5.9	-54.3	-40.1
8. Amortization of acquisition PPA (non-cash)	1.9	-	13.4	-
9. Sanonda-ADAMA Combination transaction one-time stamp tax	-	-	-	-
Total Adjustments to Operating Income (EBIT)	**14.9**	**15.7**	**103.9**	**106.9**
Total Adjustments to EBITDA	**-7.7**	**-5.9**	**-53.7**	**-40.1**
Adjustments to Financing Expenses:				
10. Revaluation of non-cash adjustment related to non-controlling interest	-	-	-	-
Total Adjustments to Income before Taxes	**14.9**	**15.7**	**103.9**	**106.9**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	1.9	1.9	13.6	13.2
2. Tax expense due to capital gain from registrations Divestment	-	-	-	-
8. Deferred tax due to PPA	0.1	-	0.5	-
Total adjustments to Net Income	**12.8**	**13.8**	**89.8**	**93.7**
Net Income (Adjusted)	**42.3**	**40.2**	**296.0**	**273.4**

	9M 2019 USD (m)	9M 2018 USD (m)	9M 2019 RMB (m)	9M 2018 RMB (m)
Net Income (Reported)	**116.4**	**397.9**	**794.7**	**2,542.4**
<u>Adjustments to COGS & Operating Expenses:</u>				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	34.4	34.4	235.4	223.7
2. One-time capital gain from Divestment of registrations due to 2017 ChemChina-Syngenta transaction	-	-314.3	-	-1,998.5
3. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	27.5	20.3	187.7	134.0
4. Reinstatement of amortization expenses due to Divestment (non-cash)	-	-2.6	-	-16.5
5. Accelerated depreciation due to relocation (non-cash)	6.1	-	41.9	-
6. Non-core assets closure (non-cash)	-	2.3	-	14.8
7. Long-term incentive (non-cash)	-6.4	-6.0	-45.0	-41.0
8. Amortization of acquisition PPA (non-cash)	4.0	-	27.5	-
9. Sanonda-ADAMA Combination transaction one-time stamp tax	-	1.5	-	9.4
Total Adjustments to Operating Income (EBIT)	**65.6**	**-264.5**	**447.5**	**-1,674.0**
Total Adjustments to EBITDA	**-6.1**	**-316.8**	**-43.4**	**-2,016.8**
<u>Adjustments to Financing Expenses:</u>				
10. Revaluation of non-cash adjustment related to non-controlling interest	-3.0	-	-20.5	-
Total Adjustments to Income before Taxes	**62.5**	**-264.5**	**427.0**	**-1,674.0**
<u>Adjustments to Taxes</u>				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	5.8	5.8	40.0	38.0
2. Tax expense due to capital gain from registrations Divestment	-	-69.5	-	-441.8
8. Deferred tax due to PPA	-0.2	-	-1.4	-
Total adjustments to Net Income	**56.9**	**-200.8**	**388.3**	**-1,270.2**
Net Income (Adjusted)	**173.3**	**197.1**	**1,183.1**	**1,272.2**

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. **One-time capital gain from Divestment of registrations due to 2017 ChemChina-Syngenta transaction:** In the first quarter of 2018, the Company earned a one-time profit on the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina. This one-time profit is excluded from the Adjusted financial results due to its one-time nature, while the related tax expense is also adjusted for.
3. **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 the Company excludes the one-time gain that it made on the divested products, the additional amortization charge incurred due to the written-up 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. See note 2.
4. **Reinstatement of amortization expenses, related to the Divestment (non-cash):** Reinstatement of amortization expenses due to classification of to-be-divested European registrations as "Held-for-Sale", related to 2017 ChemChina acquisition of Syngenta.
5. **Accelerated depreciation due to relocation (non-cash):** 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, some of these assets which are no longer operational are being written off (or impaired), while for others, 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.
6. **Non-core assets closure (non-cash):** One-time charge due to closure of peripheral, non-material assets.
7. **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.

8. **Amortization of acquisition PPA (non-cash)**: Related to the amortization of non-cash intangible assets created as part of acquisitions; has no impact on the ongoing performance of the companies acquired.
9. **Sanonda-ADAMA Combination transaction one-time stamp tax:** One-time stamp tax expense incurred related to the Combination.
10. **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.

Table 11. Exchange Rate Data for the Company's Principal Functional Currencies

	September 30			Q3 Average			9M Average		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
EUR/USD	1.093	1.162	(6.0%)	1.112	1.163	(4.4%)	1.124	1.194	(5.9%)
USD/BRL	4.164	4.004	(4.0%)	3.974	3.958	(0.4%)	3.888	3.603	(7.9%)
USD/PLN	4.000	3.675	(8.8%)	3.885	3.704	(4.9%)	3.829	3.559	(7.6%)
USD/ZAR	15.083	14.182	(6.4%)	14.677	14.105	(4.1%)	14.367	12.891	(11.5%)
AUD/USD	0.676	0.721	(6.3%)	0.686	0.731	(6.3%)	0.699	0.758	(7.7%)
GBP/USD	1.229	1.306	(5.9%)	1.232	1.303	(5.4%)	1.273	1.351	(5.8%)
USD/ILS	3.482	3.627	4.0%	3.527	3.631	2.9%	3.589	3.553	(1.0%)
USD LIBOR 3M	2.09%	2.40%	(13.1%)	2.20%	2.34%	(6.0%)	2.46%	2.19%	12.4%

	September 30			Q3 Average			9M Average		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
USD/RMB	7.073	6.879	2.8%	6.992	6.797	2.9%	6.851	6.511	5.2%
EUR/RMB	7.729	7.996	(3.3%)	7.774	7.903	(1.6%)	7.699	7.776	(1.0%)
RMB/BRL	0.589	0.582	(1.2%)	0.568	0.582	2.4%	0.567	0.553	(2.6%)
RMB/PLN	0.566	0.534	(5.9%)	0.556	0.545	(2.0%)	0.559	0.547	(2.2%)
RMB/ZAR	2.133	2.062	(3.4%)	2.099	2.075	(1.2%)	2.097	1.980	(5.9%)
AUD/RMB	4.783	4.963	(3.6%)	4.793	4.971	(3.6%)	4.791	4.933	(2.9%)
GBP/RMB	8.694	8.987	(3.3%)	8.615	8.857	(2.7%)	8.718	8.795	(0.9%)
RMB/ILS	0.492	0.527	6.6%	0.504	0.534	5.6%	0.524	0.546	4.0%
RMB SHIBOR 3M	2.73%	2.85%	(4.2%)	2.67%	3.11%	(14.2%)	2.80%	3.98%	(29.6%)