



ADAMA

Q2 & H1 2021 Review

August 2021

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General Performance Overview

General Market Update

- In Q2, the industry saw **strong demand for crop protection in most regions**, driven by:
 - High crop prices of most major commodity crops
 - Increased planted areas
 - Positive weather conditions in various regions
- **Prices of intermediates and active ingredients sourced from China continued to rise vs. Q2 2020**, driving up procurement costs. This was due in part to:
 - Higher raw material costs
 - Rising oil prices
 - Stronger demand
- **Global freight and logistics costs continued to rise**, driven by severe shortage of shipping and transportation resources amid resurgent demand for container shipping
 - Container shortages from disruptions in port activity due to COVID-19
 - Frictions in domestic supply lines due to pandemic-related restrictions

Q2: strong sales growth driven by continued robust volume growth across all key regions

| Adj. \$ million | Q2 2021 | Q2 2020 | %▲ USD |
|----------------------------|-----------|-----------|-------------|
| Sales | 1,220 | 1,036 | +18% |
| Gross Profit | 365 | 311 | +17% |
| <i>% of Sales</i> | 29.9% | 30.0% | |
| Operating Expenses | 240 | 199 | +21% |
| <i>% of Sales</i> | 19.7% | 19.2% | |
| EBITDA | 186 | 170 | +9% |
| <i>% of Sales</i> | 15.2% | 16.4% | |
| Adjusted Net Income | 63 | 54 | +18% |
| <i>% of Sales</i> | 5.2% | 5.2% | |
| Adjustments | (30) | (23) | |
| Reported Net Income | 34 | 31 | +8% |
| <i>% of Sales</i> | 2.8% | 3.0% | |

Q2 Highlights

- **Sales**
 - Sales up 18% to Q2 record-high
 - Driven by robust 15% volume growth
- **Gross Profit**
 - Strong volume growth and strengthening of local currencies against the US dollar
 - More than offsetting softer local currency prices, higher logistics and procurement costs
- **EBITDA**
 - 9% ahead of Q2'20
 - Higher Opex accommodating significantly higher sales and inclusion of recent acquisitions
 - Ongoing expense discipline: Opex/Sales ratio of 19.7% vs. 19.2% in Q2 2020 (at onset of pandemic shutdowns)
- **Net income**
 - 18% increase in net income driven by higher operating income alongside lower taxes

H1: another quarter of strong growth pushing YTD sales to record-high

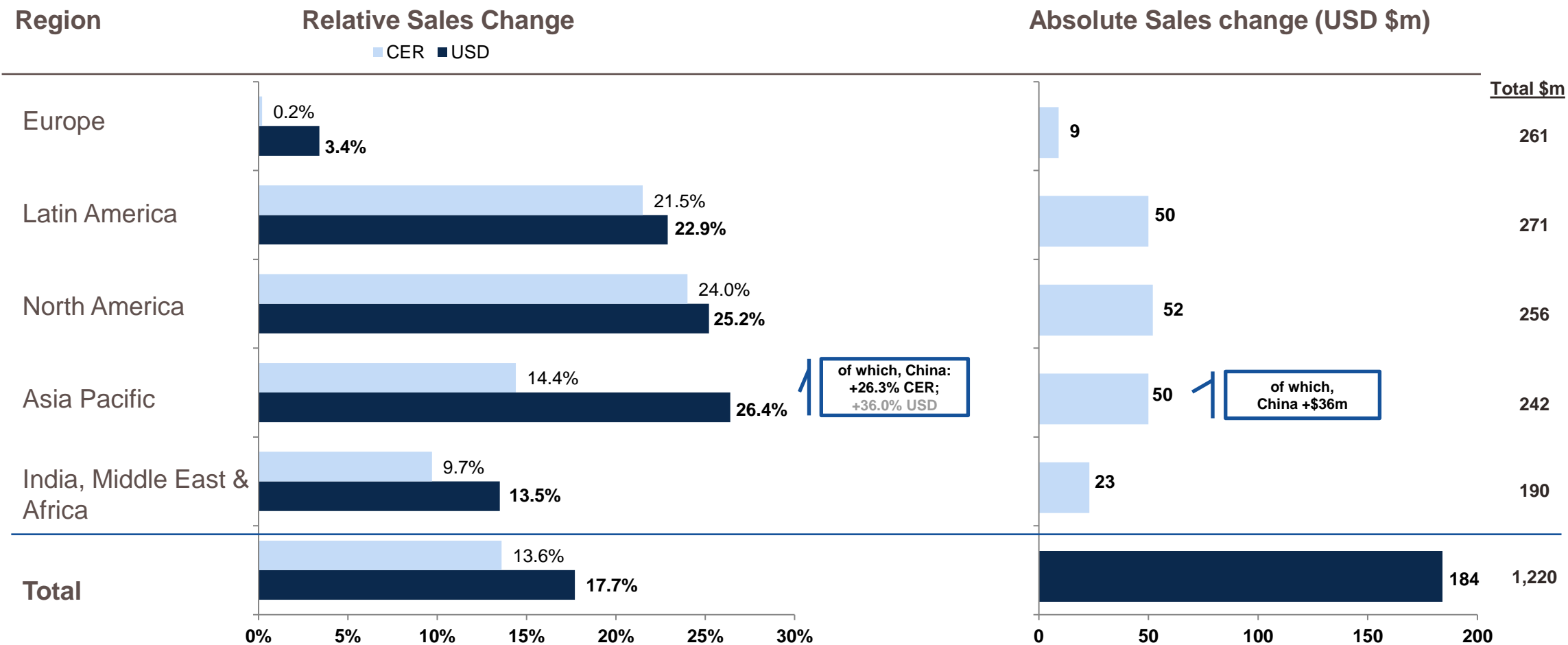
| Adj. \$ million | H1 2021 | H1 2020 | %▲ USD |
|----------------------------|-----------|-----------|-------------|
| Sales | 2,329 | 2,008 | +16% |
| Gross Profit | 687 | 607 | +13% |
| <i>% of Sales</i> | 29.5% | 30.2% | |
| Operating Expenses | 463 | 398 | +16% |
| <i>% of Sales</i> | 19.9% | 19.8% | |
| EBITDA | 343 | 323 | +6% |
| <i>% of Sales</i> | 14.7% | 16.1% | |
| Adjusted Net Income | 115 | 95 | +21% |
| <i>% of Sales</i> | 5.0% | 4.7% | |
| Adjustments | (59) | (66) | |
| Reported Net Income | 57 | 29 | +97% |
| <i>% of Sales</i> | 2.4% | 1.4% | |

H1 Highlights

- **Sales**
 - Sales up 16% driven by 15% increase in volumes
 - Aided by favorable currencies
- **Gross Profit**
 - Volume growth alongside positive mix and impact of stronger currencies against the US dollar
 - More than offsetting tighter pricing environment and higher logistics and procurement costs
- **EBITDA**
 - 6% ahead of H1'20
 - Higher Opex accommodating higher sales and inclusion of recent acquisitions
 - Ongoing expense discipline: Opex/Sales ratio of 19.9% vs. 19.8% in H1 2020
- **Net income**
 - Marked 21% improvement in net income driven by higher operating income and lower taxes
 - More than offsetting higher financial expenses

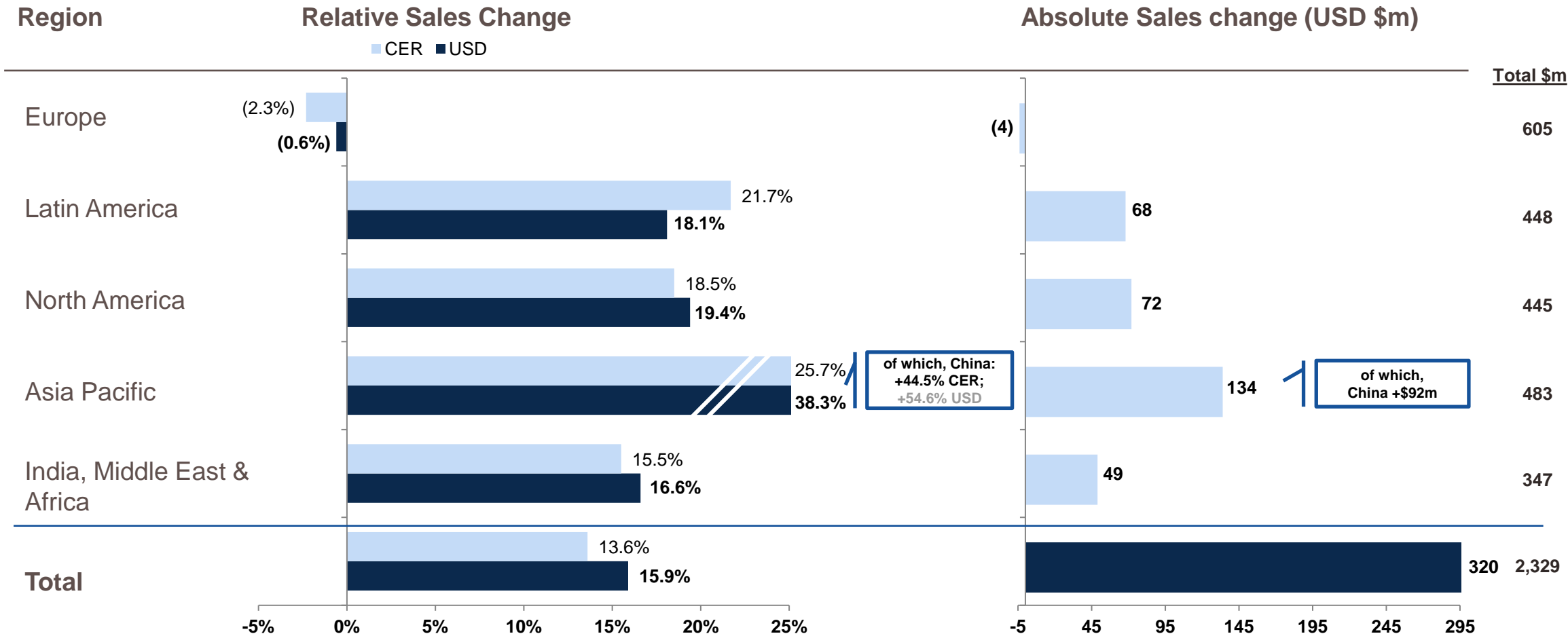
Robust volume growth in all key regions

Sales change by region – Q2 2021 vs. Q2 2020

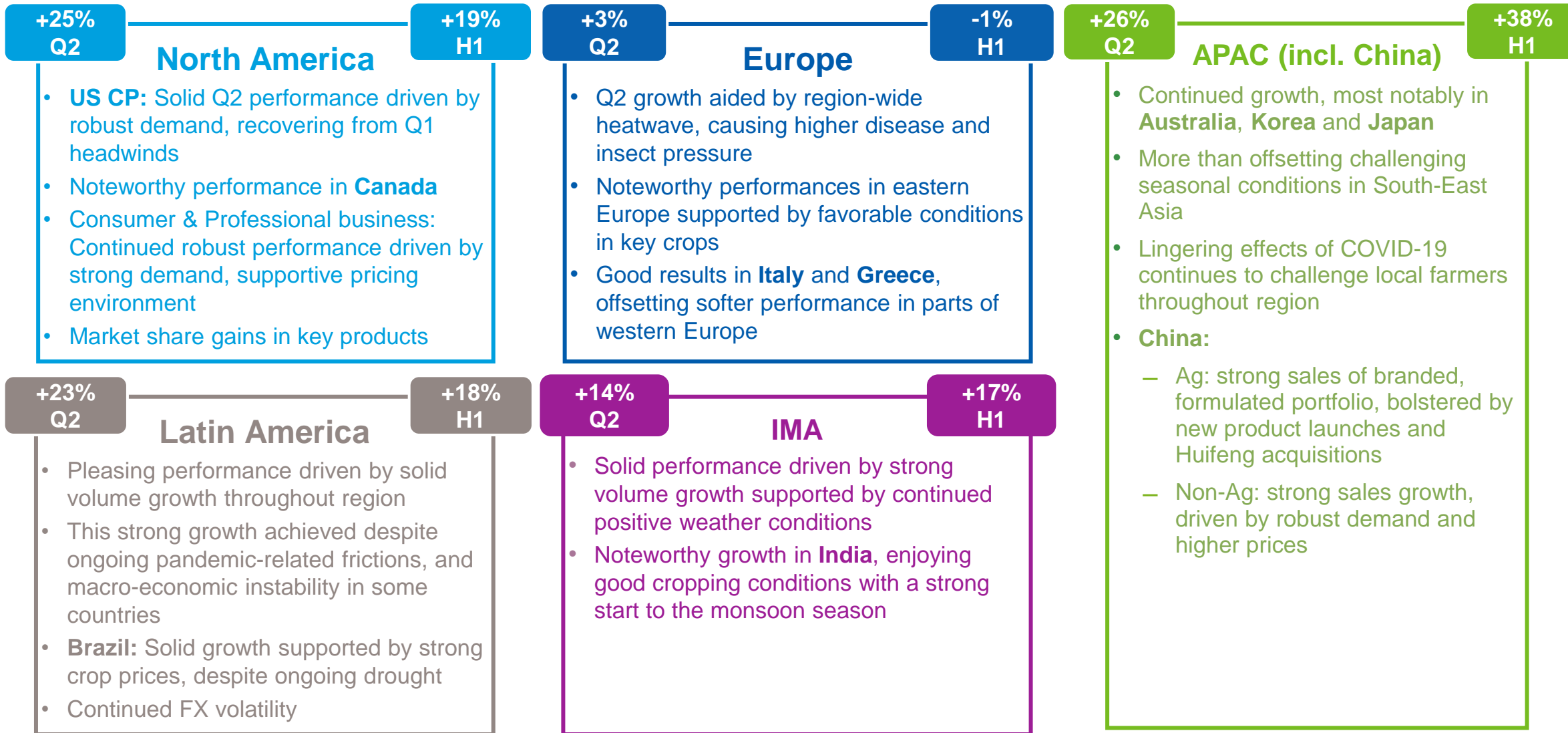


Robust volume growth in most regions

Sales change by region – H1 2021 vs. H1 2020



Q2 & H1 2021 Regional Highlights (USD)



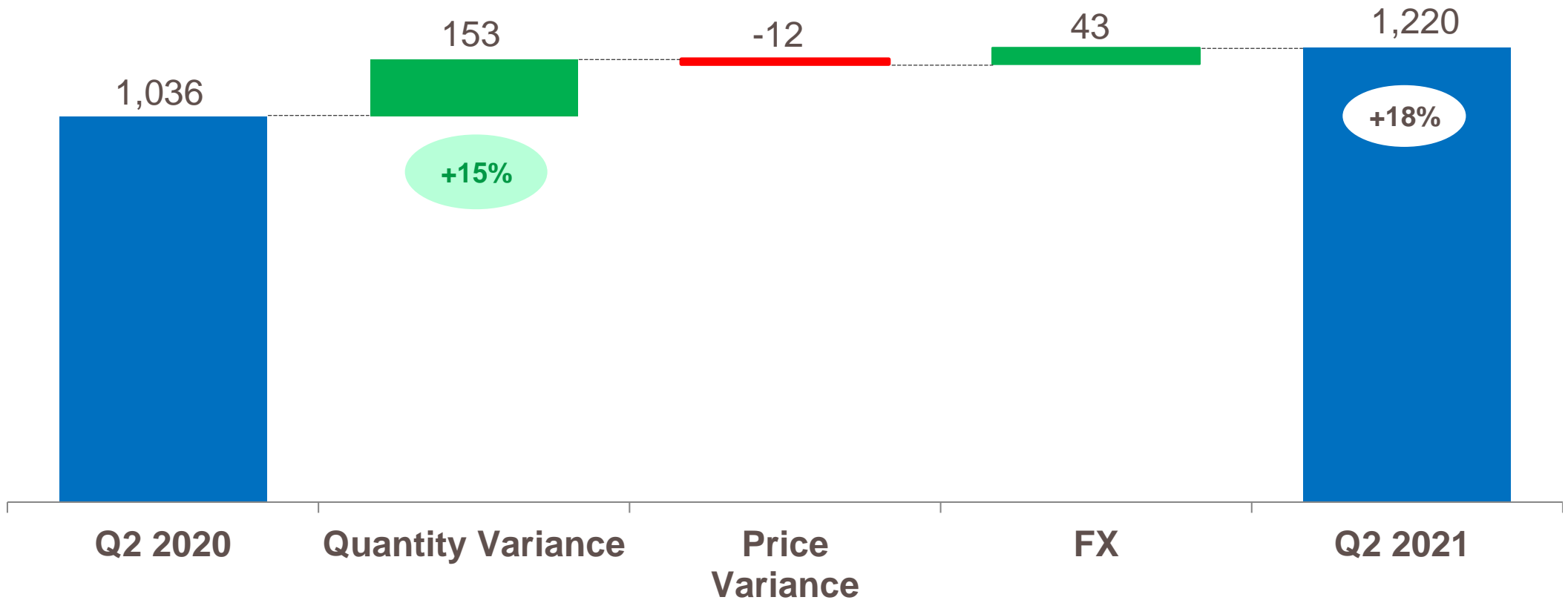


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Detailed Financial Review

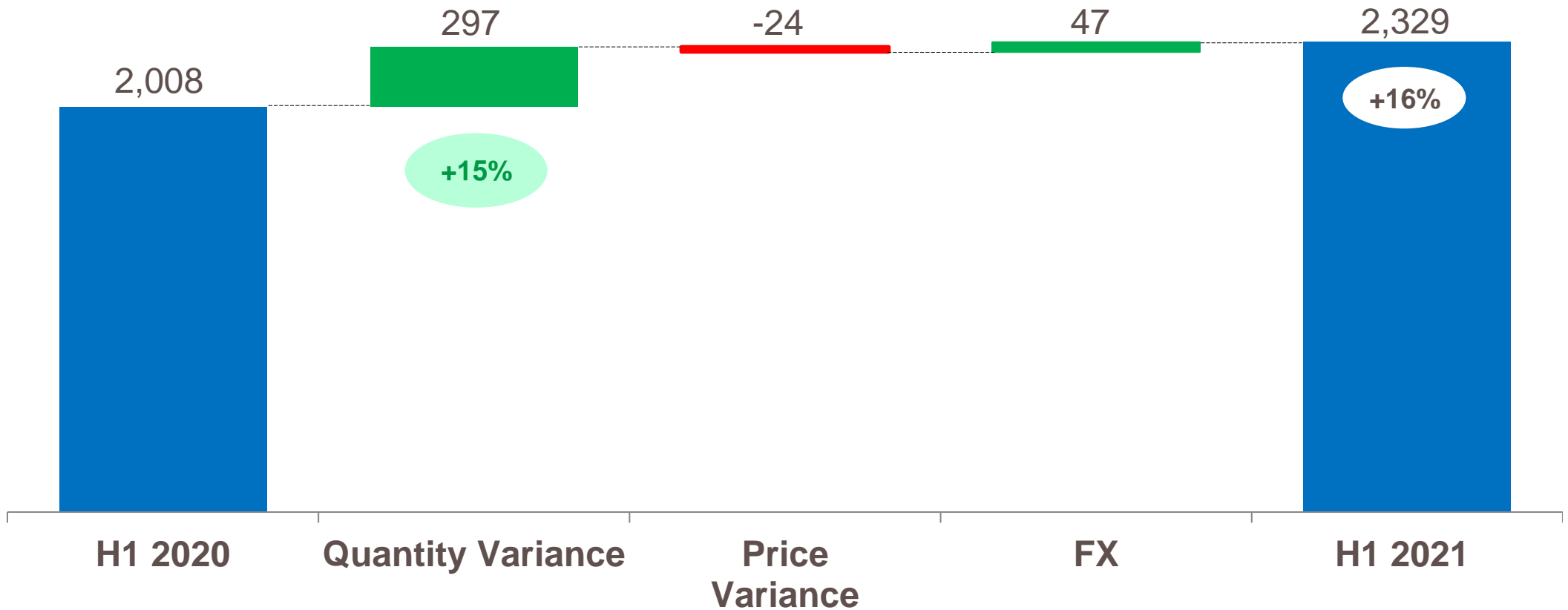
Q2 Sales +18% driven by robust volume growth

Sales bridge analysis



H1 Sales +16% driven by robust volume growth

Sales bridge analysis



Q2 Gross Profit: Volume growth and FX more than offsetting pricing, logistics & procurement pressures

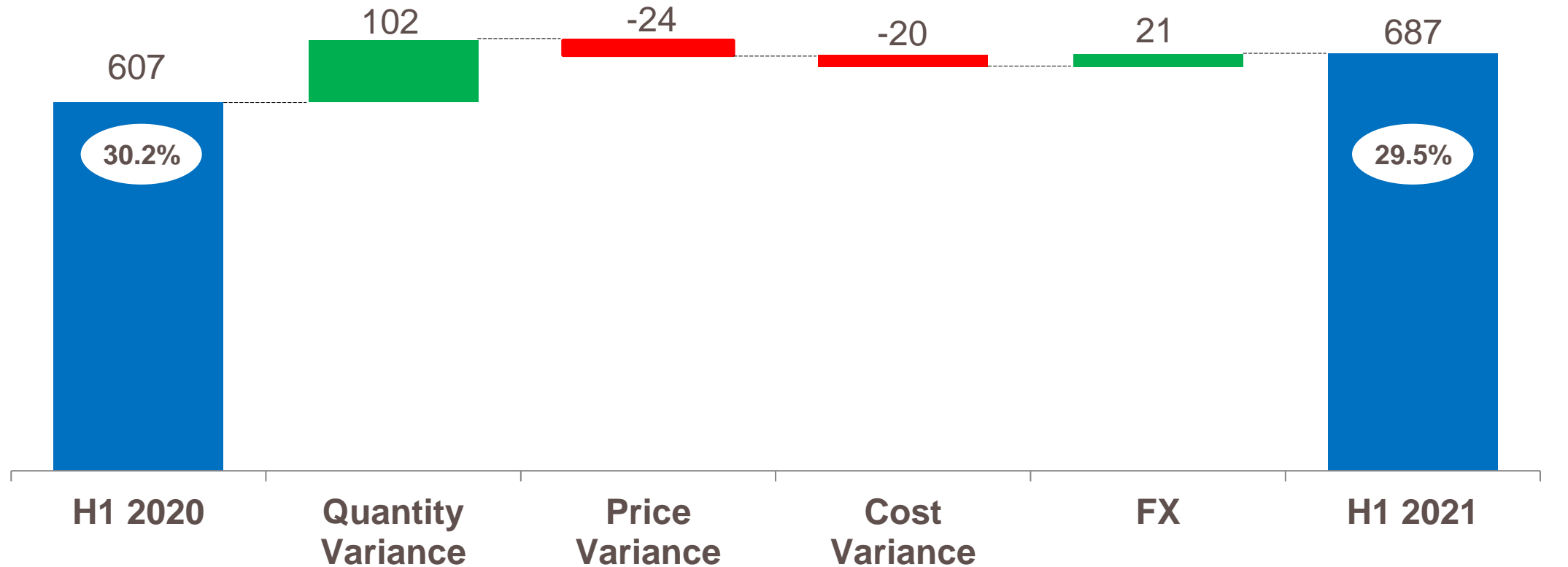
GP bridge analysis



xx% = % of Sales

H1 Gross Profit: Volume growth and FX more than offsetting pricing, logistics & procurement pressures

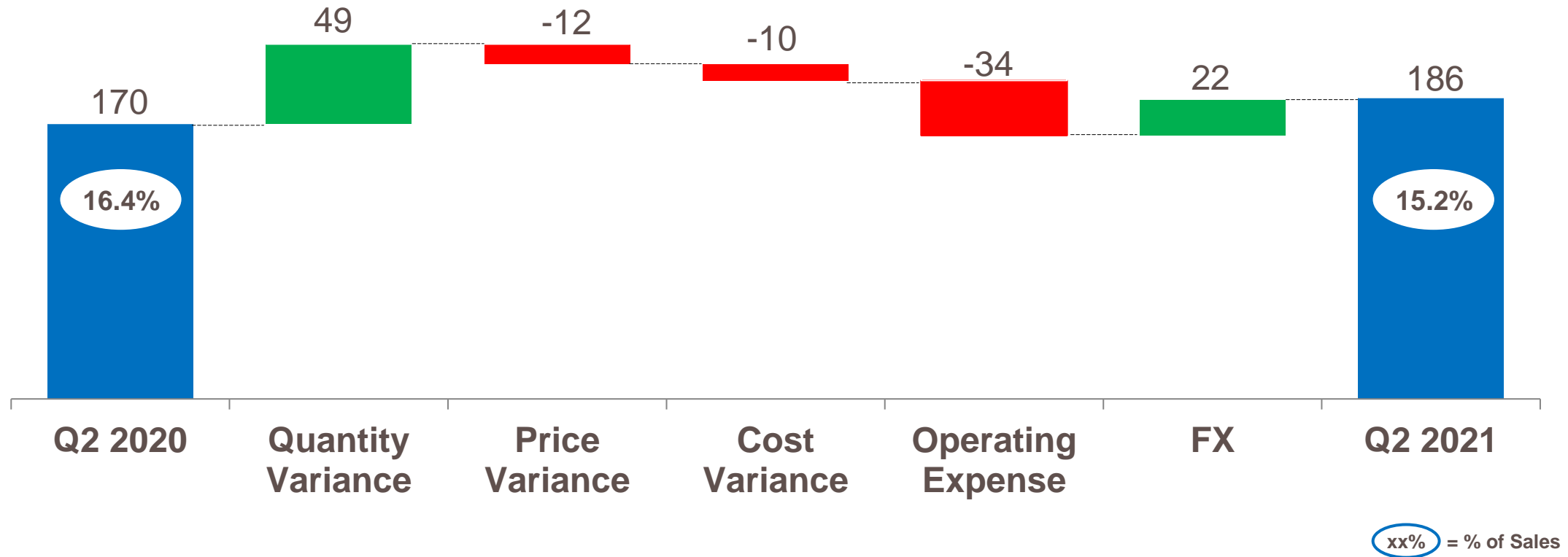
GP bridge analysis



xx% = % of Sales

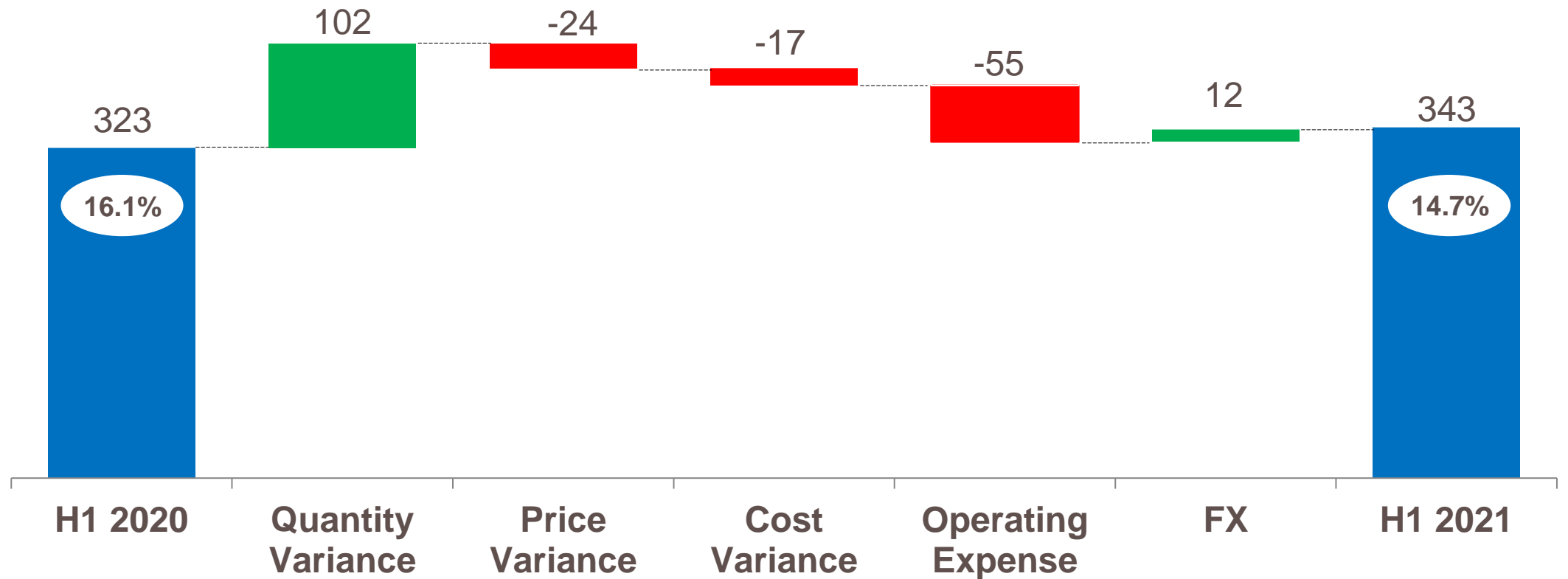
Q2 EBITDA: Up 9% despite margin pressure

EBITDA Bridge analysis



H1 EBITDA: Up 6% despite margin pressure

EBITDA Bridge analysis



xx% = % of Sales

Adjusted vs. Reported Financial Results

The financial results in this presentation are presented on an “Adjusted” basis, and differ to some extent from the “Reported” financials contained in the formal financial statements of the Company.

ADAMA’s approach on the use of adjustments:

- 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
 - 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**

| <i>\$ million</i> | Q2’21 USD | Q2’20 USD | H1’21 USD | H1’20 USD |
|-----------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Net Income (Reported) | 33.8 | 31.2 | 56.7 | 28.8 |
| Amortization of Legacy PPA of 2011 acquisition of Solutions, net (non-cash) | 0.3 | 11.5 | 0.5 | 22.9 |
| Syngenta Divestments & Transfers (D&T) amortization (non-cash) | 6.7 | 7.5 | 14.5 | 15.4 |
| Upgrade & Relocation-related costs | 24.8 | 8.1 | 40.2 | 23.5 |
| Incentive plans (non-cash) | -0.6 | -5.9 | 3.5 | -5.2 |
| Others | -1.5 | 1.4 | - | 9.8 |
| Total adjustments to net income | 29.7 | 22.6 | 58.7 | 66.4 |
| Net Income (Adjusted) | 63.5 | 53.8 | 115.5 | 95.3 |

Note: “Others” include: amortization of acquisition-related PPA (non-cash) and other acquisition-related costs, provisions in tax expenses related to prior years’ activities. Please see appendix to Q2 & H1 press release for more details

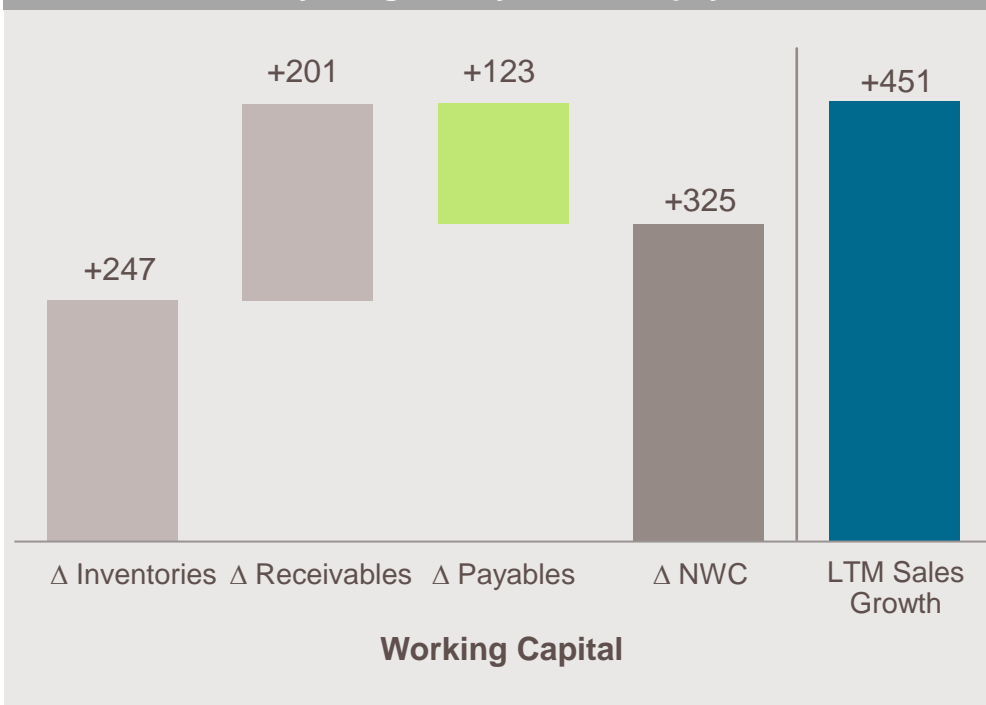
Working capital build-up driven by strong growth momentum

Continued growth, especially in emerging markets, putting pressure on working capital

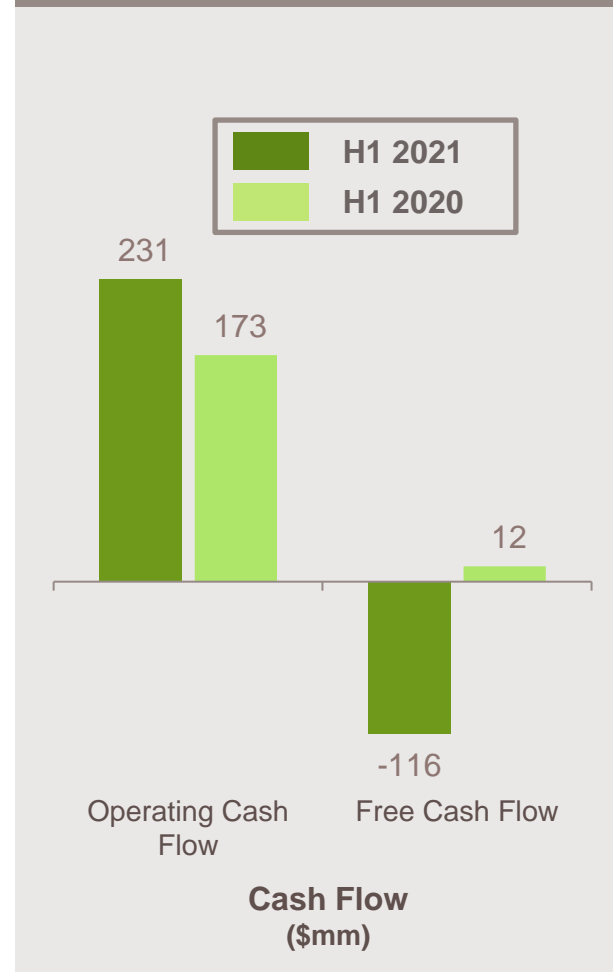
Inventory up due to anticipation of significant further volume growth in coming quarters

Receivables up reflecting general growth, especially in emerging markets

Partially mitigated by extended payables

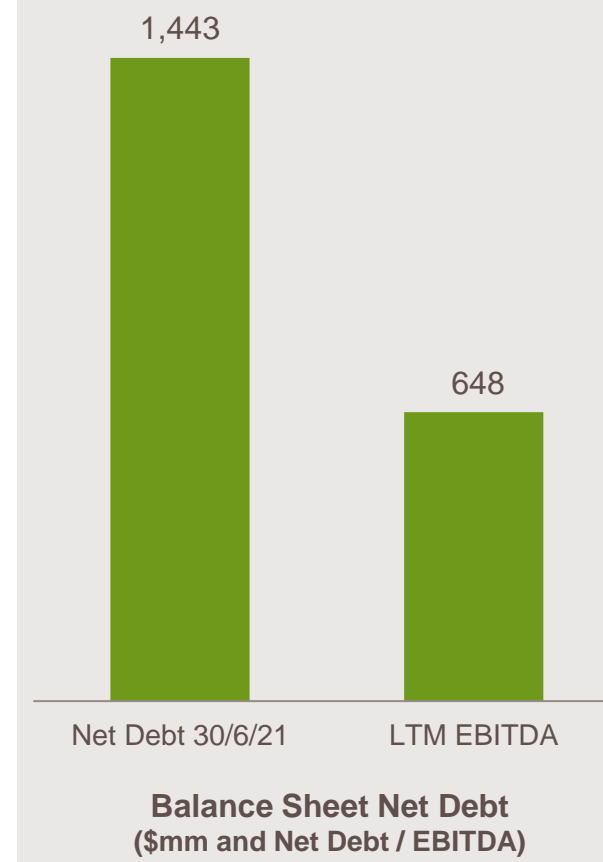


Cash Flow

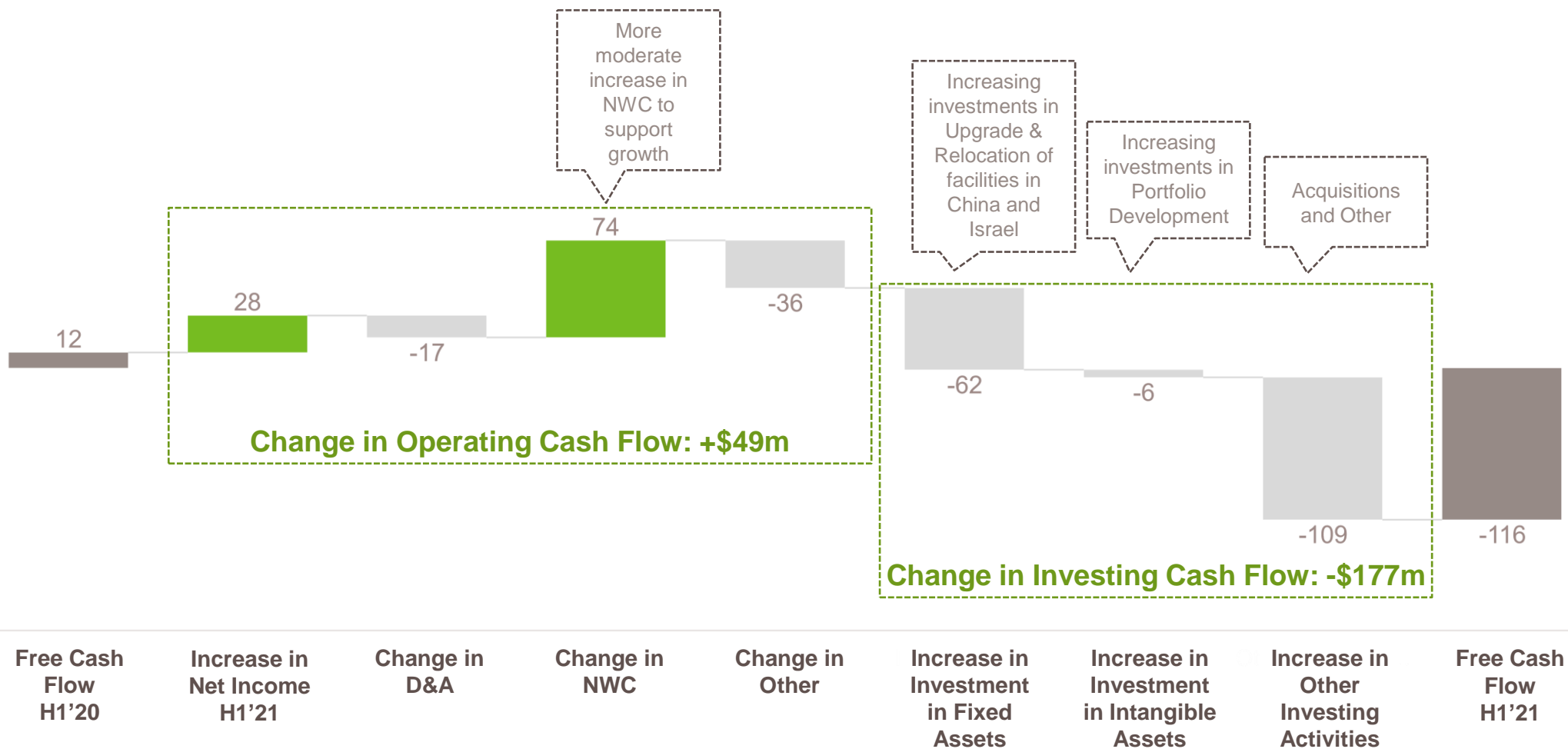


Strong Balance Sheet

Net debt / EBITDA ratio of 2.2x



H1 Free Cash Flow: funding growth



Higher consumption of Free Cash Flow reflects mainly growth-related investments in acquisitions and Relocation & Upgrade projects, partially mitigated by the more moderate increase in working capital

Note: Operating Cash Flow includes \$9 million increase in cash interest paid; Increase in Other Investing Activities includes \$101m paid for acquisitions



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Portfolio & Operations Update

Brazil: ARMERO™ named best fungicide by the EMBRAPA Consortium



É fácil prever o futuro quando Armero® vem primeiro.

Máxima proteção do baixeiro.

Listen - Learn - Deliver

ADAMA.COM

CONTÉM PROTETOR FORMULAÇÃO LÍQUIDA T.O.V. ALTA EVIDÊNCIA CONTRA MANCHAS FOLIARES

ARMERO™, soon-to-be launched in Brazil, is ADAMA's new **dual-mode fungicide** containing **Prothioconazole**, one of the world's leading broad-spectrum systemic fungicides, and **Mancozeb**

Benefiting from ADAMA's new **in-house production of Prothioconazole**

ARMERO's™ **innovative liquid formulation**, with ADAMA's **proprietary T.O.V. technology**, prevents spray nozzles from clogging, providing a **simple, easy-to-use solution for farmers**

ESG report published for the first time

ADAMA receives a “Platinum+” ranking for the first time in the Ma’ala index



Environmental

Invested >\$50 million in protecting the environment

Lowered energy consumption in by 13%, despite a sharp increase in production

Reduced emissions of hazardous air pollutants by >60%



Social

Donated **~\$3 million** to organizations active in a variety of different spheres (health, welfare, environment and sustainability, the sciences and others), >40% increase vs. 2019

More than **1,200 volunteer hours were invested** in the community in Israel alone

We adapted our routines in our production sites, encouraged our employees, where possible, to work from home, and took significant steps to **protect the safety** of our people

Employee turnover rate was just 12.8%



Governance

92% of employees underwent training on our **Code of conduct**

We maintained transparency in extending the term in office and appointment of directors

Sanonda Relocation

- Production has recently resumed at the new, state-of-the-art Jingzhou site
- While production is initially starting at relatively low levels, the Company expects output levels to gradually ramp up over the remainder of the year
- Return to production will:
 - Progressively reduce the need for incurring additional procurement costs endured while the plant was suspended, and
 - Is expected to reduce idleness charges as production and utilization levels rise over the coming months

DMPAT production at new site: first batch



Formulation at new site: Acephate WDG



2021 Outlook

- ❖ Crop prices expected to remain elevated, driving robust demand/consumption
- ❖ However, pressure on margins expected to intensify:
 - Ongoing supply and logistics constraints continue to reduce availability of shipping resources and significantly increase their cost: logistics costs expected to continue to increase
 - Procurement costs expected to generally remain relatively high amid continued strong demand
 - Highly competitive market environment persists, limiting potential for price increases to offset cost increases
- ❖ Continuing COVID impact in many key Ag markets
- ❖ Brazil FX volatility expected to continue



Thank You

Adjusted vs. Reported P&L

| \$ million | Q2 2021 Adjusted | Q2 2020 Adjusted | %▲ | Q2 2021 Reported | Q2 2020 Reported | %▲ | H1 2021 Adjusted | H1 2020 Adjusted | %▲ | H1 2021 Reported | H1 2020 Reported | %▲ |
|-------------------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|
| Sales | 1,220 | 1,036 | +18% | 1,220 | 1,036 | +18% | 2,329 | 2,008 | +16% | 2,329 | 2,008 | +16% |
| Gross Profit | 365 | 311 | +17% | 340 | 300 | +13% | 687 | 607 | +13% | 645 | 577 | +12% |
| <i>% of Sales</i> | 29.9% | 30.0% | | 27.9% | 29.0% | | 29.5% | 30.2% | | 27.7% | 28.7% | |
| EBITDA | 186 | 170 | +9% | 164 | 168 | -2% | 343 | 323 | +6% | 302 | 301 | 0% |
| <i>% of Sales</i> | 15.2% | 16.4% | | 13.5% | 16.2% | | 14.7% | 16.1% | | 13.0% | 15.0% | |
| Net Income | 63 | 54 | +18% | 34 | 31 | +8% | 115 | 95 | +21% | 57 | 29 | +97% |
| <i>% of Sales</i> | 5.2% | 5.2% | | 2.8% | 3.0% | | 5.0% | 4.7% | | 2.4% | 1.4% | |

Q2 & H1 performance trends largely similar between Adjusted and Reported