

ADAMA



**Business Update  
H1 and Q2, 2015**

August 11, 2015

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## Financial Highlights

| <i>Adjusted, (\$ million)</i>  | <b>Q2 2015</b> | <b>Q2 2014</b> | <b>Change</b> | <b>H1 2015</b> | <b>H1 2014</b> | <b>Change</b> |
|--------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| <b>Sales</b>                   | <b>851.3</b>   | <b>875.9</b>   | (2.8%)        | <b>1,718.0</b> | <b>1,785.7</b> | (3.8%)        |
| <b>Gross Profit</b>            | <b>273.3</b>   | <b>279.7</b>   | (2.3%)        | <b>568.1</b>   | <b>592.7</b>   | (4.2%)        |
| <i>As % of Sales</i>           | <i>32.1%</i>   | <i>31.9%</i>   |               | <i>33.1%</i>   | <i>33.2%</i>   |               |
| Operating Expenses             | 176.2          | 180.2          | (2.2%)        | 345.5          | 362.6          | (4.7%)        |
| <i>As % of Sales</i>           | <i>20.7%</i>   | <i>20.6%</i>   |               | <i>20.1%</i>   | <i>20.3%</i>   |               |
| <b>Operating Income (EBIT)</b> | <b>97.1</b>    | <b>99.5</b>    | (2.4%)        | <b>222.6</b>   | <b>230.2</b>   | (3.3%)        |
| <i>As % of Sales</i>           | <i>11.4%</i>   | <i>11.4%</i>   |               | <i>13.0%</i>   | <i>12.9%</i>   |               |
| <b>Net Income</b>              | <b>53.9</b>    | <b>59.5</b>    | (9.4%)        | <b>148.6</b>   | <b>158.3</b>   | (6.1%)        |
| <i>As % of Sales</i>           | <i>6.3%</i>    | <i>6.8%</i>    |               | <i>8.6%</i>    | <i>8.9%</i>    |               |
| <b>EBITDA</b>                  | <b>139.2</b>   | <b>141.2</b>   | (1.4%)        | <b>306.1</b>   | <b>312.7</b>   | (2.1%)        |
| <i>As % of Sales</i>           | <i>16.4%</i>   | <i>16.1%</i>   |               | <i>17.8%</i>   | <i>17.5%</i>   |               |

Note: In constant currency terms, sales grew by 3.6% in the first quarter, and by 2.0% in the first six months, of 2015, respectively. Net income is adjusted for one-time expenses.

# H1 2015 Business summary

## Continued robust performance in face of tough currency and Ag market conditions

- H1 sales of \$1.7bn, only 3.8% below last year (2.0% increase in constant currency)
- H1 season, driven by the northern hemisphere, delivered strong volume increase, well ahead of all key peers
  - Majority of volume growth in Q2, 7% year on year, across all key geographies
- Significant macro-environment challenges:
  - Soft commodity prices further down (corn -17% and soybean -31%, from last year's levels)
  - All currencies weakened versus USD (Euro down 18% YoY, Brazilian Real down 30%, CAD further down 13%)
- Focus on quality of business, improved portfolio mix, and reduction of manufacturing and procurement expenses, resulting in gross margin in line with last year's; all operating metrics significantly improved in constant currency
- Continued operating cost containment drives H1 EBITDA margin of 17.8% (increase of 30bps)
- Significant H1 cash-flow improvement of \$73m, due to reduced inventory and working capital

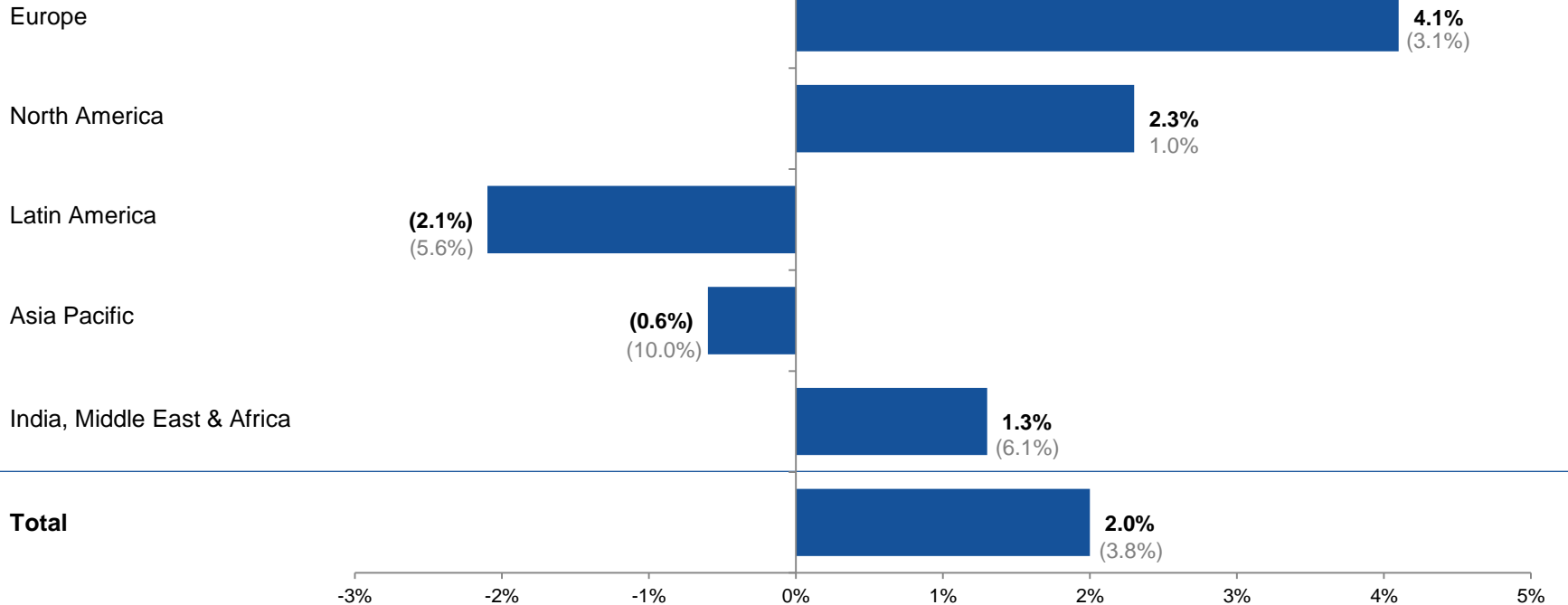
# H1 2015/14 Sales Performance

## Sales change by region

Based on local currency

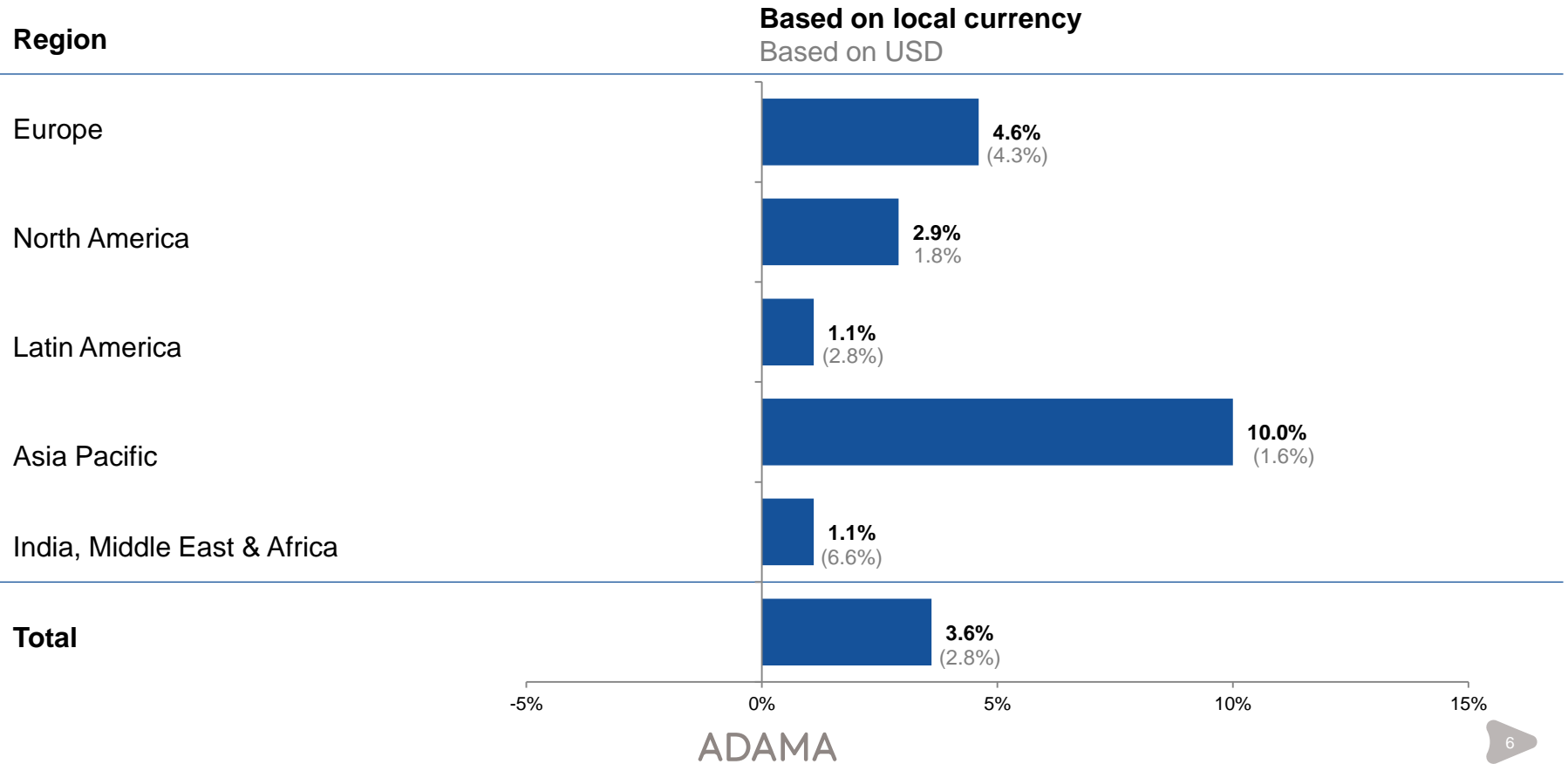
Based on USD

Region



# Q2 2015/14 Sales Performance

## Sales change by region



# Highlights by Geography

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## ■ Europe

- Dry and cold weather in Northern Europe slightly reducing application on farm, especially fungicides and insecticides
- Decline in major row crops reducing demand for herbicides
- Improved business with increase in quantities sold

## ■ North America

- US delivered stable sales, despite challenging conditions
- Extended winter conditions across much of US, ongoing drought conditions in California, reducing applications
- Low grain prices see farmers close to break-even income

## ■ Latin America

- Strong performance in many Latin American countries
- Despite challenges in Brazil, delivered resilient performance, increasing quantities sold
- Currency pressures in Mexico and Colombia

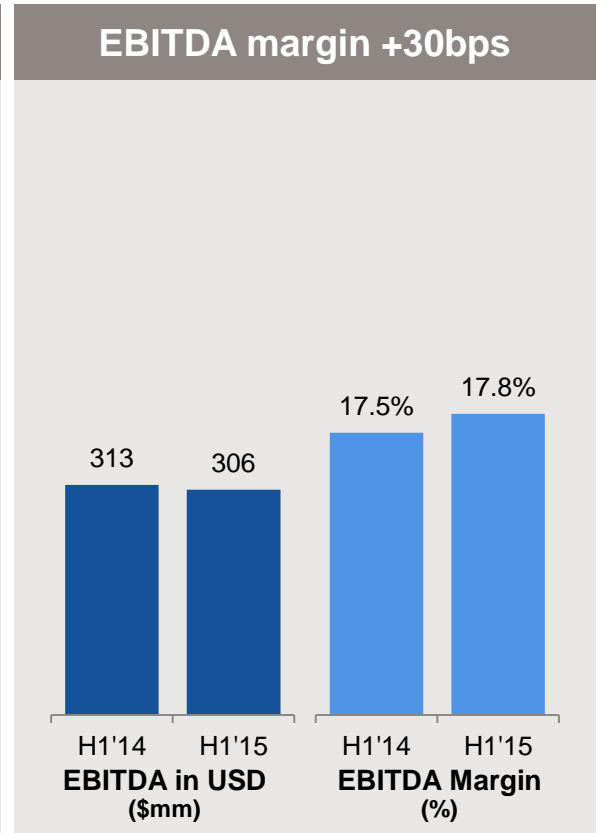
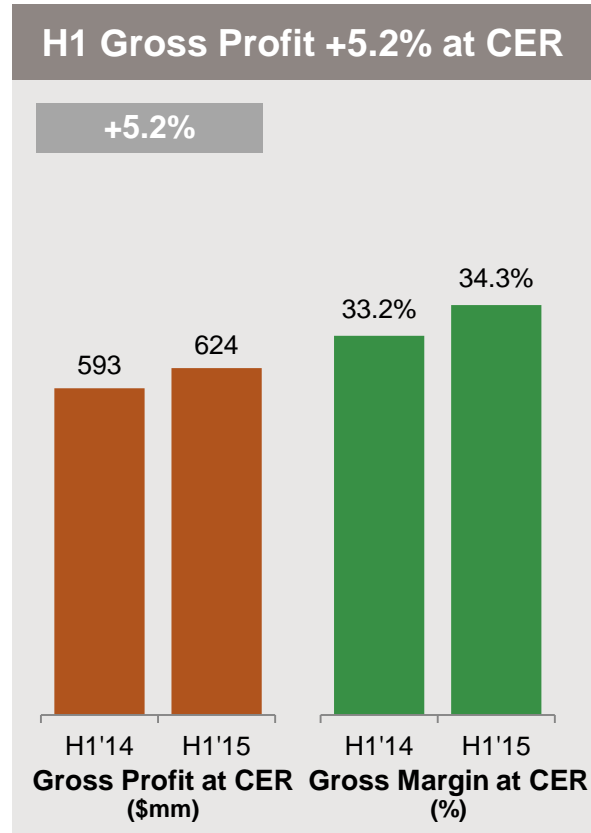
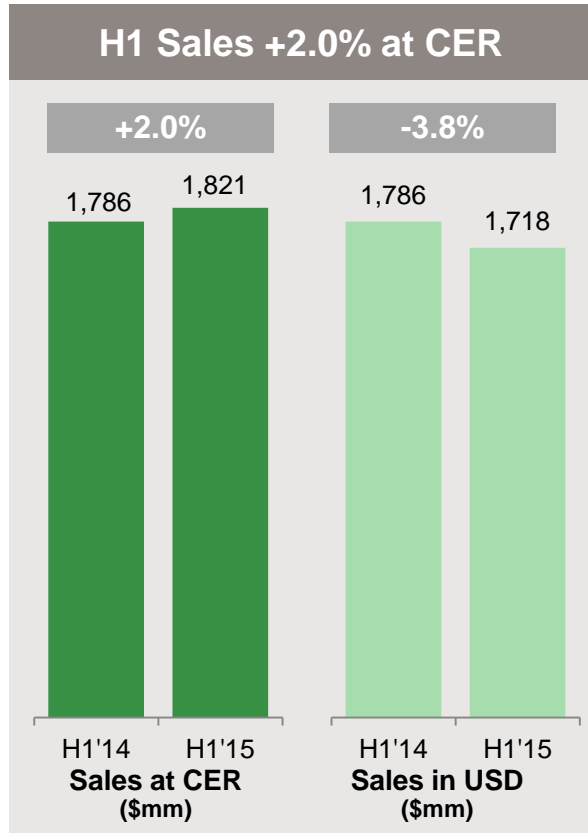
## ■ Asia Pacific

- Positive performance in Japan, New Zealand, Australia, Indonesia and Vietnam
- Unfavorable weather conditions in Australia, Thailand, Korea

## ■ India, Middle East & Africa

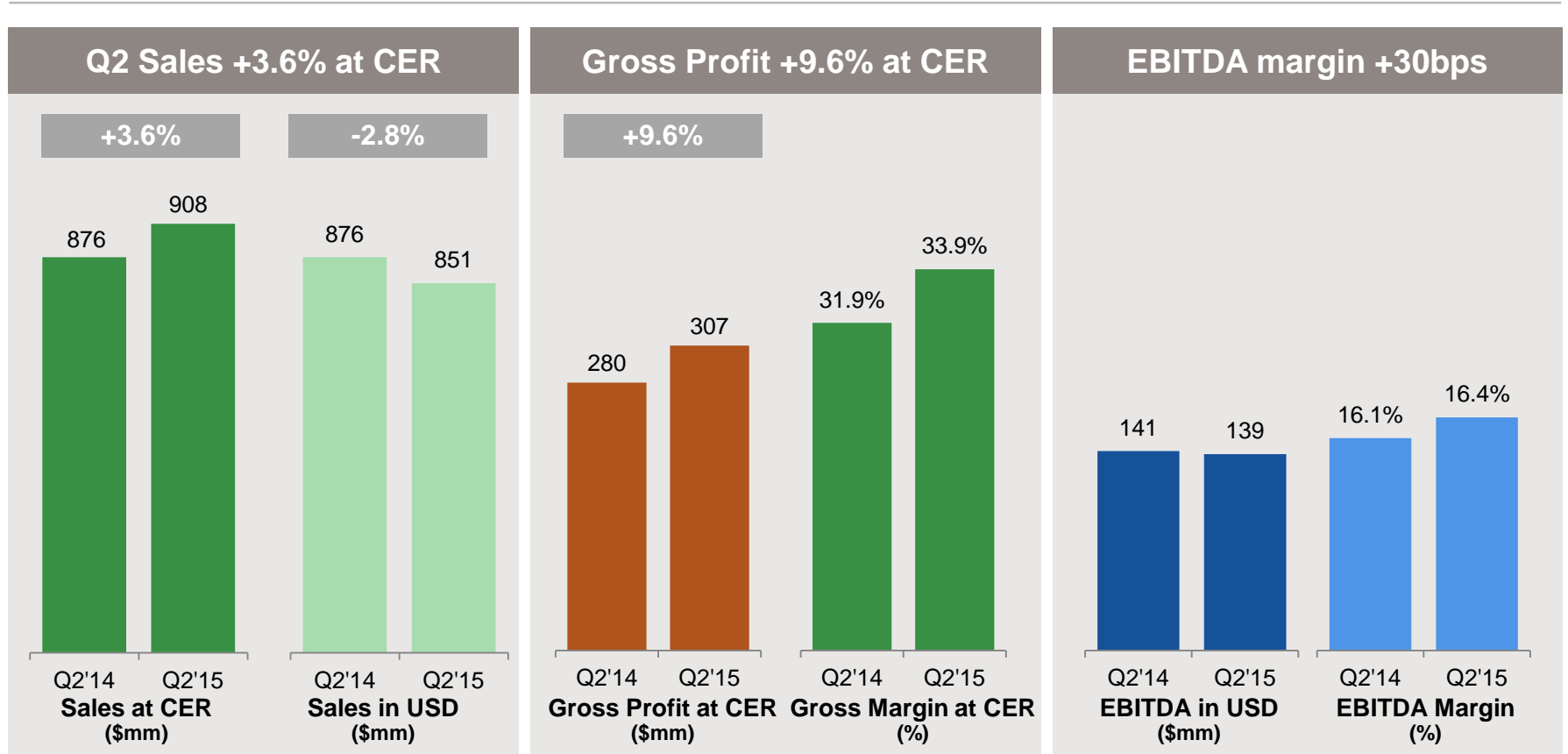
- Challenging weather conditions in South Africa and India
- Successful launch in Turkey

# H1 2015: Growth in revenues and improvement in all key profitability metrics at constant currency

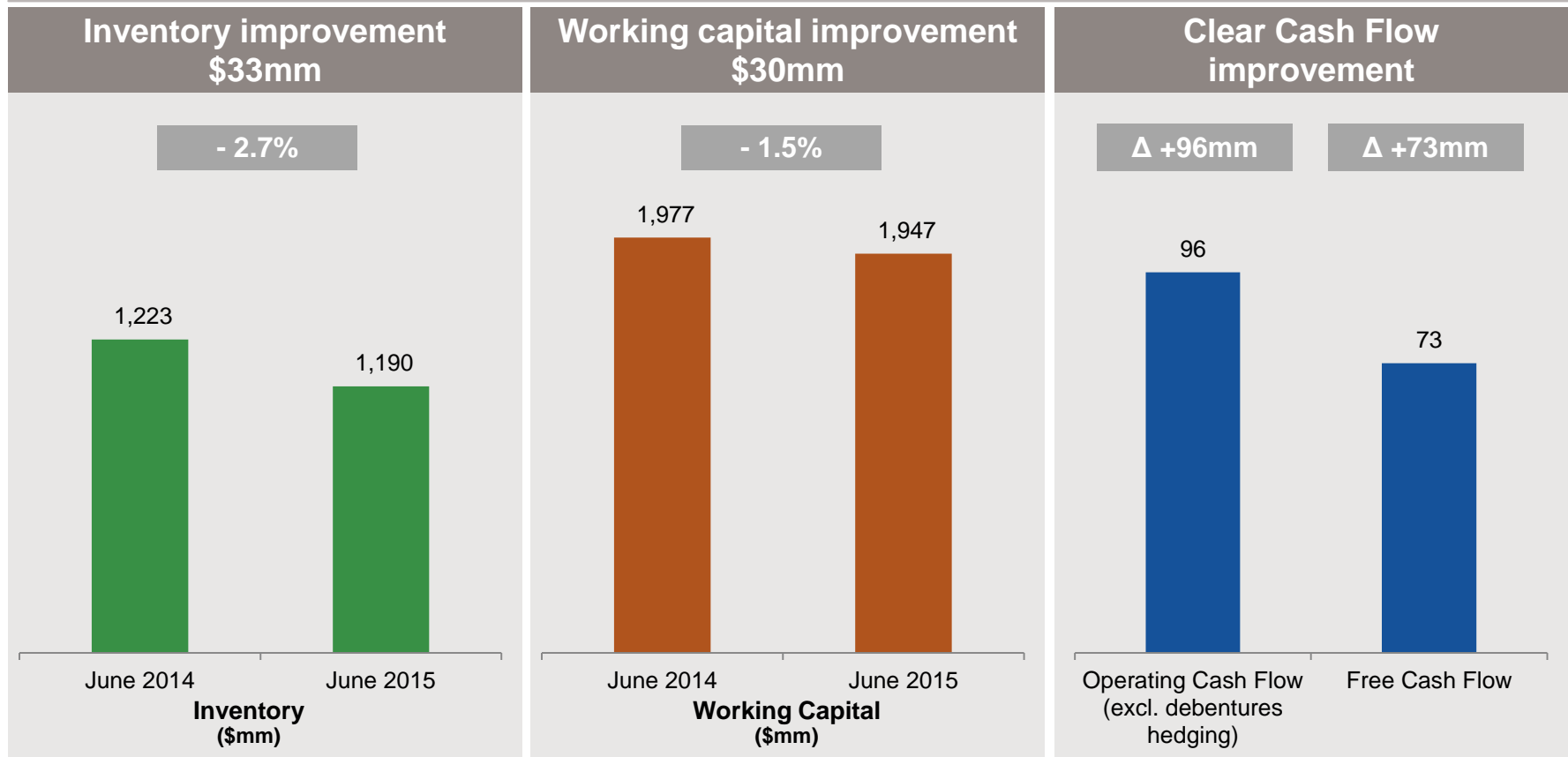




## Q2 2015: Growth in revenues and improvement in all key profitability metrics at constant currency



# H1 2015 Inventory and working capital management contributing to significant improvement in free cash flow



Note: As of Q1 2015, receivables under the receivables financing facility are no longer reported on the Balance Sheet. However, to ensure comparability, the 2015 Working Capital in the above chart has been adjusted from the as-reported numbers to include the balance of receivables under the receivables financing facility.

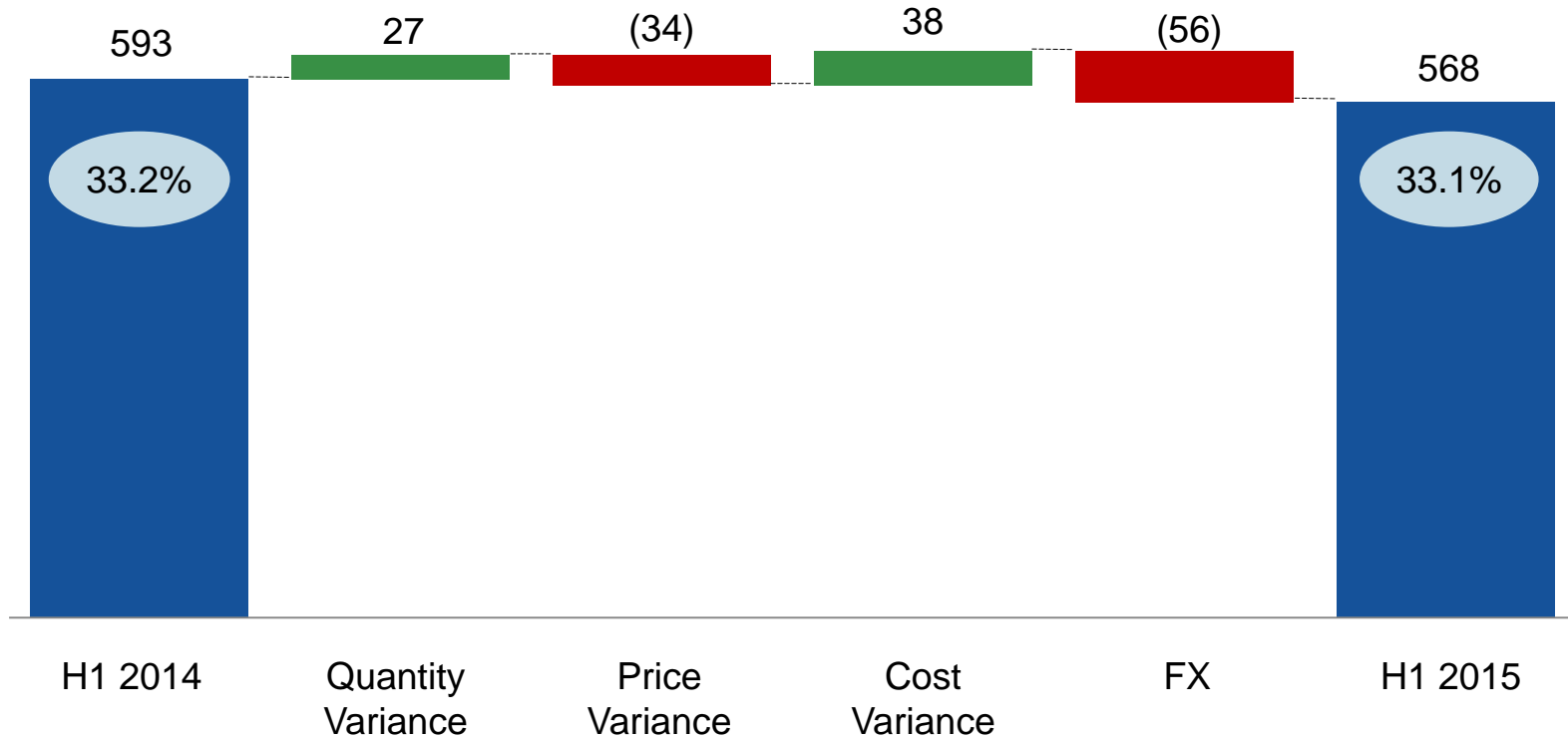
# H1 Sales Bridge Analysis



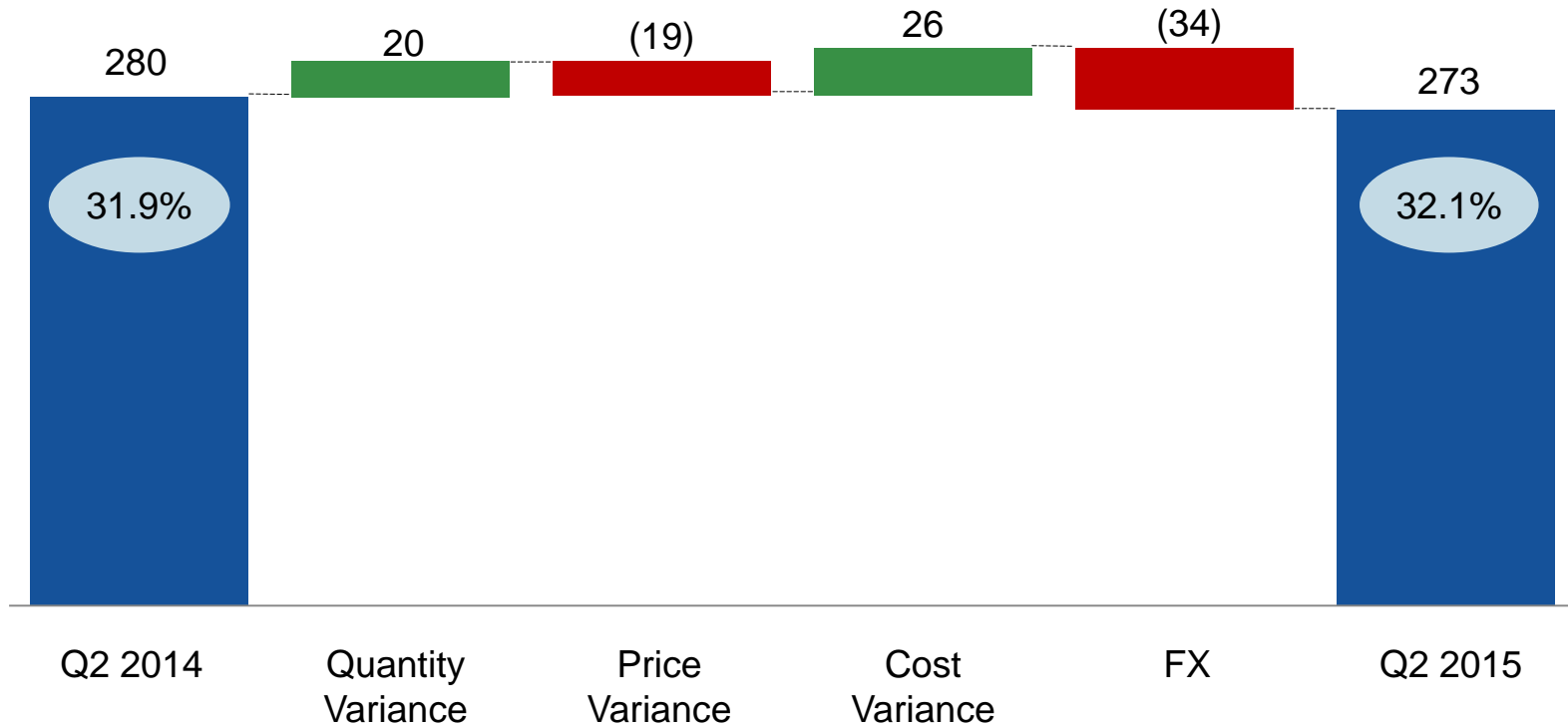
## Q2 Sales Bridge Analysis



# H1 Gross Profit Bridge Analysis



## Q2 Gross Profit Bridge Analysis





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