

Business Update Q2 and H1 2017



August 16, 2017

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Record second quarter for Adama

Net income up 20%, positioning it for another strong year

Robust volume growth leads to best ever profits and profitability in both the second quarter and half year, in face of tough market

Q2 Sales \$830m

+2.8%

H1 Sales +0.7%

Q2 Volumes +7.3%; H1 Volumes +5.5%

Record Q2 Gross Profit \$300m

+10.9%

Q2 gross margin +2.7 pp

Record H1 gross profit, +7.9%; margin +2.4 pp

Record Q2 EBIT \$115m

+16.6%

Q2 EBIT margin +1.7 pp

Record H1 EBIT, +10.4%; margin +1.3 pp

Record Q2 EBITDA \$159m

+11.8%

Q2 EBITDA margin +1.6 pp

Record H1 EBITDA, +7.8%; margin +1.4 pp

Q2 Net Income \$68m

+19.8%

Q2 net income margin +1.1 pp

Record H1 net income, +15.6%; margin +1.4 pp

Record Q2 Free Cash Flow: \$230m, +65.9%

Operating Cash Flow: \$254m, +38.0%

Balance Sheet Net Debt: \$768m (-\$310m)

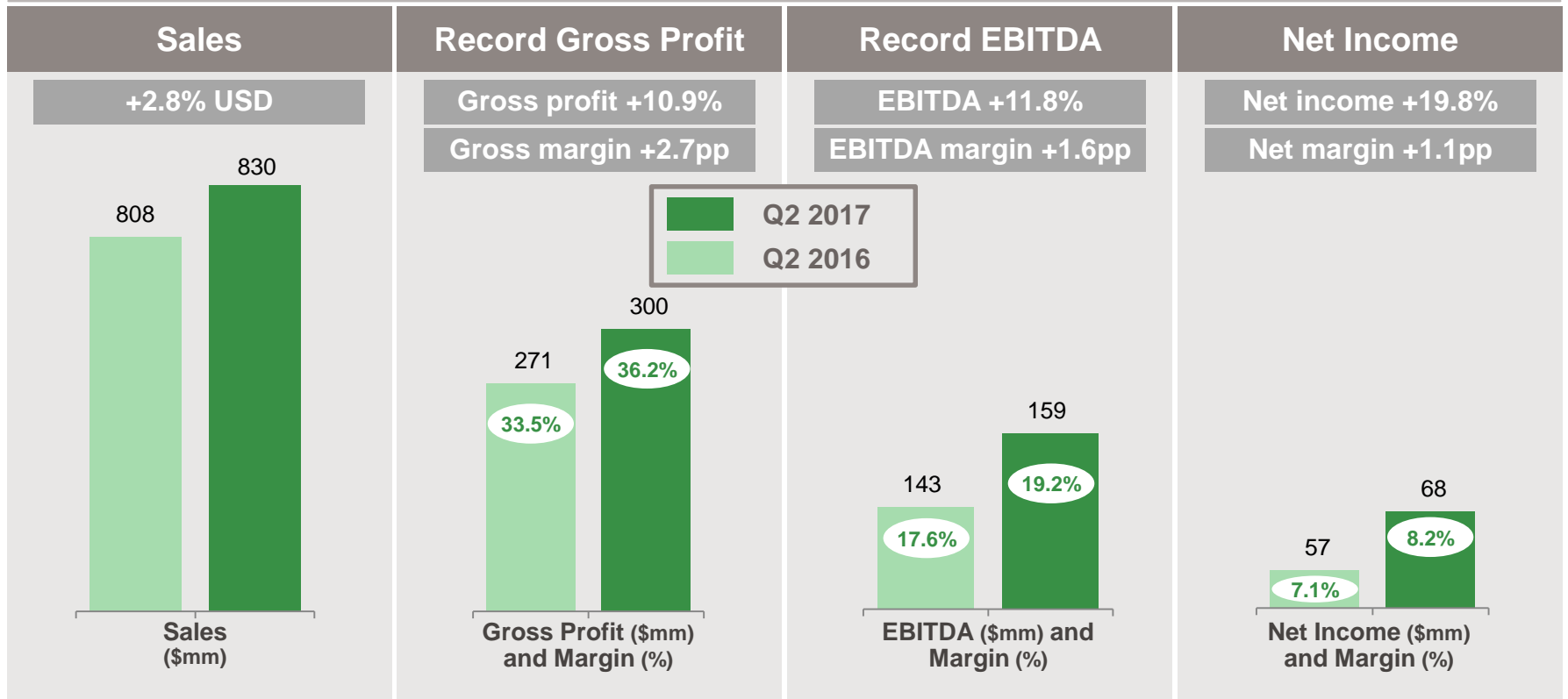
Net Debt / EBITDA: 1.4x vs. 2.2x last year

Financial highlights

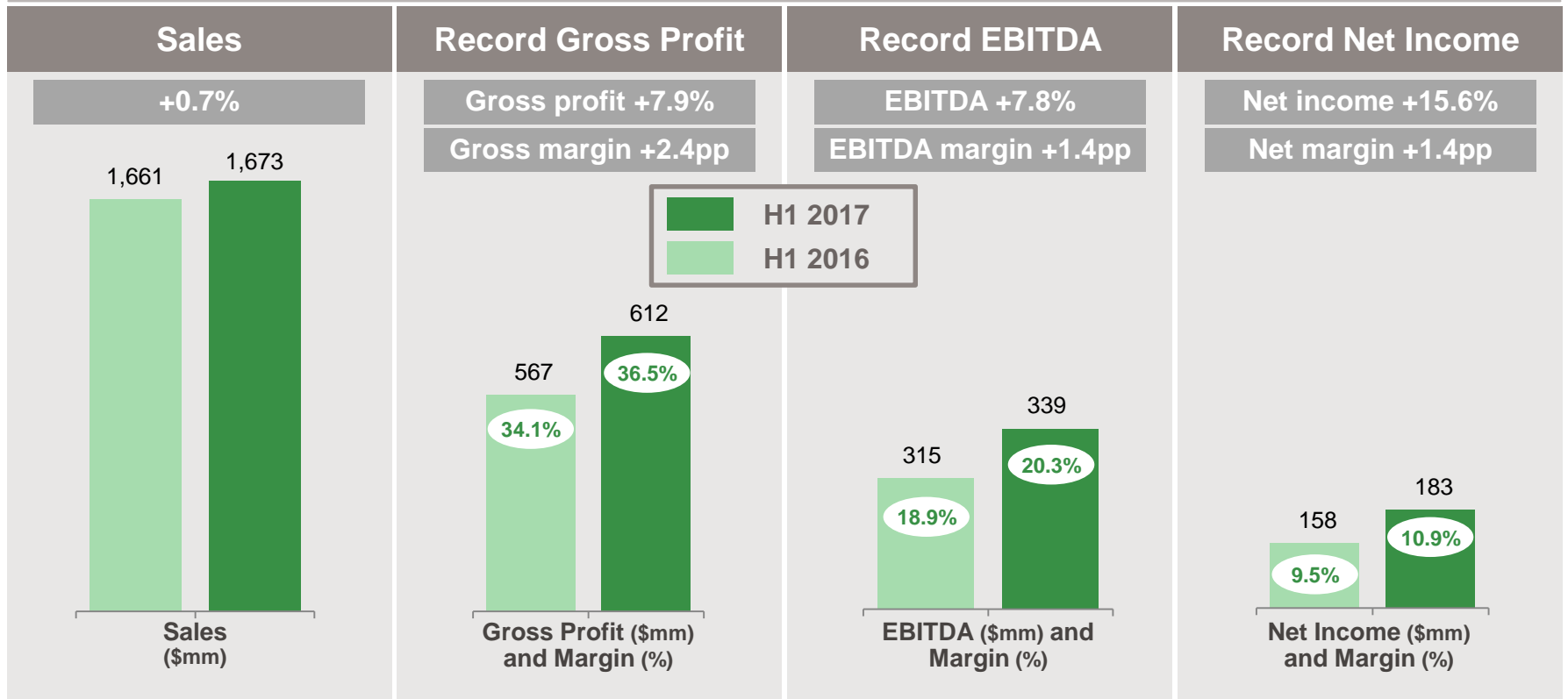
<i>Adjusted, (\$ million)</i>	Q2 2017	Q2 2016	% Change	H1 2017	H1 2016	% Change
Sales	830	808	+2.8%	1,673	1,661	+0.7%
Gross Profit	300	271	+10.9%	612	567	+7.9%
<i>As % of Sales</i>	<i>36.2%</i>	<i>33.5%</i>		<i>36.5%</i>	<i>34.1%</i>	
Operating Expenses	185	172		360	339	
Operating Income (EBIT)	115	99	+16.6%	252	228	+10.4%
<i>As % of Sales</i>	<i>13.9%</i>	<i>12.2%</i>		<i>15.0%</i>	<i>13.7%</i>	
Net Income	68	57	+19.8%	183	158	+15.6%
<i>As % of Sales</i>	<i>8.2%</i>	<i>7.1%</i>		<i>10.9%</i>	<i>9.5%</i>	
EBITDA	159	143	+11.8%	339	315	+7.8%
<i>As % of Sales</i>	<i>19.2%</i>	<i>17.6%</i>		<i>20.3%</i>	<i>18.9%</i>	

Revenue growth in constant currencies in the second quarter was 2.2%, and 0.8% in the half-year. H1 2017 figures have been adjusted for the capital gain from the sale/transfer process related to certain products in connection with ChemChina's acquisition of Syngenta and tax expenses in respect of a tax event from 1985 against cancellation of a tax asset. H1 2016 figures have been adjusted for the value redeployment in the first quarter of 2016 of employee options granted in 2014.

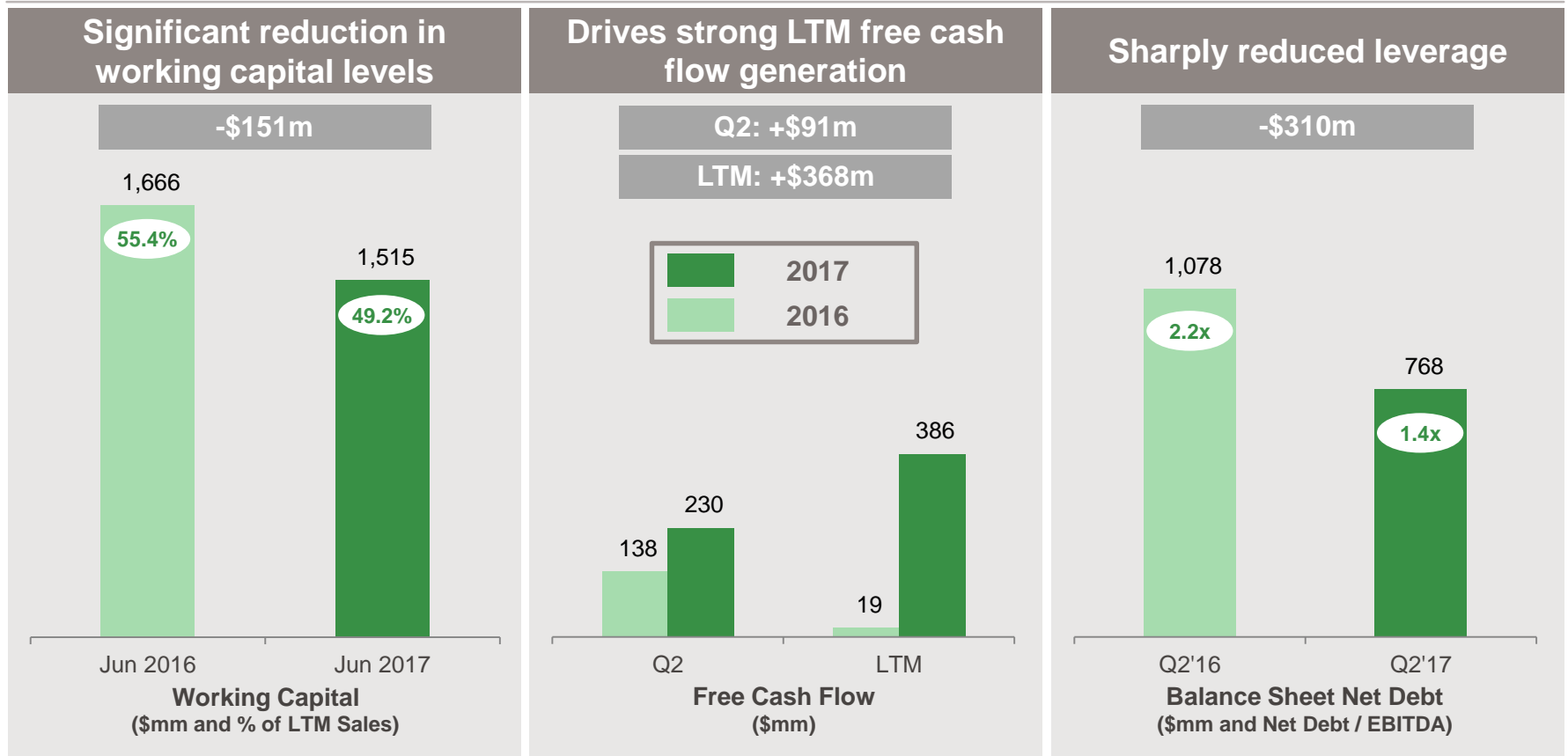
Record second quarter drives another strong year



Record H1 2017: Significant increases across all profit and profitability metrics



Significantly improved working capital, robust cash flow, reduced leverage





Regional Update

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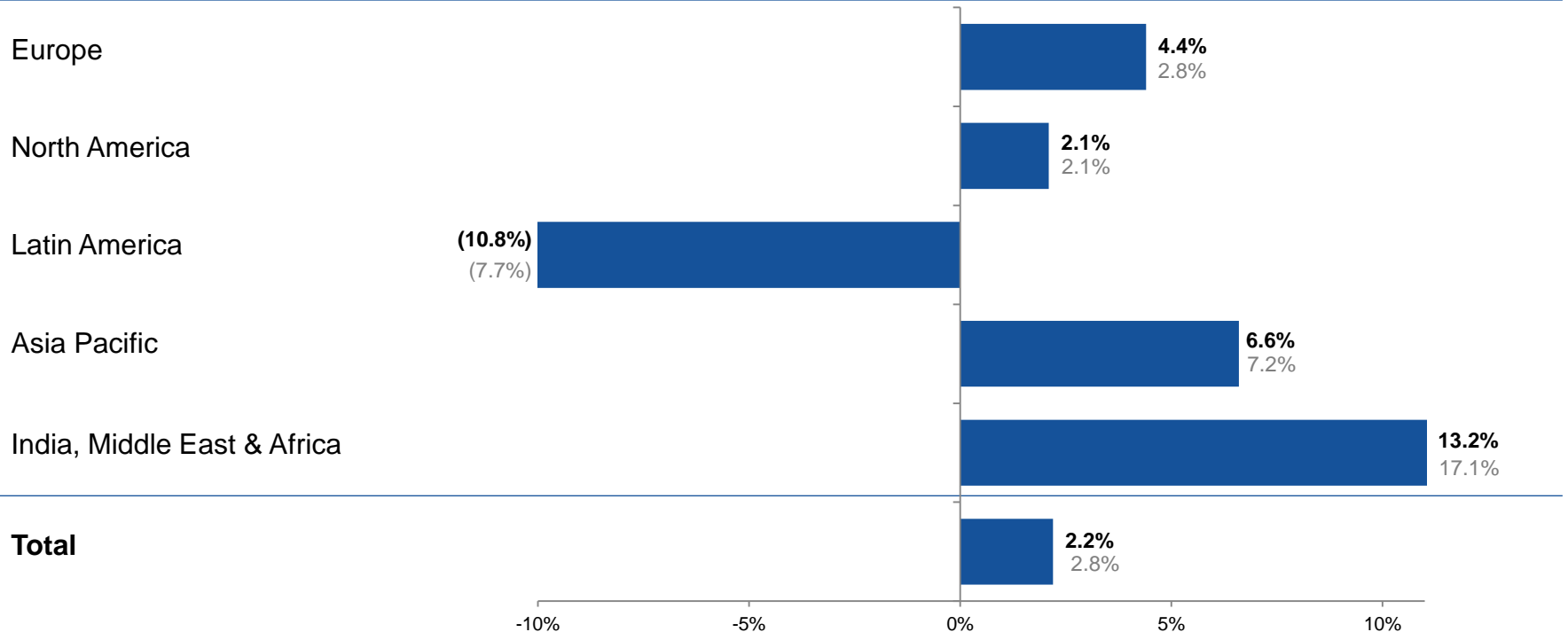
Full year regional sales performance Q2 2017 vs. Q2 2016

Sales change by region

Constant currency terms

USD terms

Region



Regional highlights

Europe

- Sales increase driven by strong volume growth of an increasingly differentiated portfolio, despite low disease and insect pressure and lingering high levels of inventory in the distribution channels
- Continue to capitalize on increased sugar beet acreage across the continent, with strong portfolio driving increased market share
- **Romania:** marked growth, with multiple farmer-centric initiatives, such as SimpliCultura™ field events, reaching farmers directly, complemented by digital and social media programs serving to raise brand-awareness
- **Ukraine:** sharply increased sales due to strong demand for our portfolio, including CUSTODIA®, SUPREME®, RACER® and MAVRIK®. Focus on digital services – Adama Lab, Adama iMeteo and Adama Fin apps – contributed to sales growth
- **Portfolio development:**
 - France: new registration of KANTIK®, a unique mixture of three active ingredients for disease control in wheat and barley
 - Germany: a number of new registrations, including MERCURY®, a differentiated mixture for fungal diseases in sugar beet, and CRAWLER, a unique oilseed rape herbicide for the control of a wide range of grasses



Regional highlights

North America

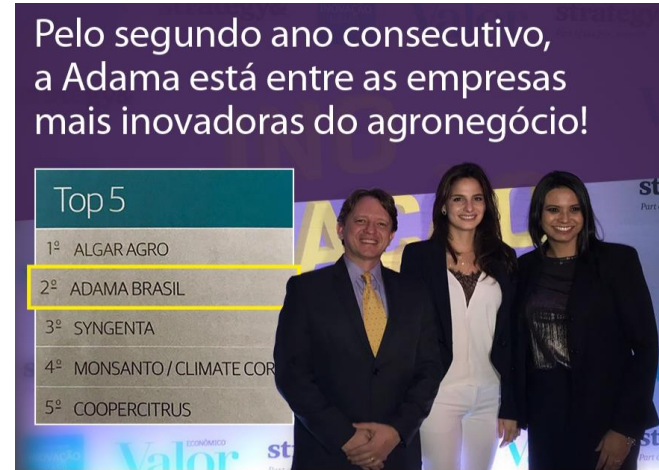
- US crop protection business grew strongly in Q2, with volume-led revenue expansion, as well as an improvement in portfolio mix and improved pricing driving markedly improved profitability
- Continue to grow sales of key backward-integrated products sourced from Sanonda and ChemChina entities, building strategic positions in these key molecules
- Leveraging leading cotton portfolio and demand creation activities on increasing cotton acres in the US, continue to grow share in this crop
- In Canada and in the Consumer and Professional Solutions business, continued shift towards more differentiated and higher-margin products drove improved profitability
- CORMORAN™, a unique mixture insecticide for apples and pears, is performing well and exceeding expectations



Regional highlights

Latin America

- Despite the overall decline in the Brazilian agrochemical market, sales in the country in H1 remained stable, with volume growth complemented by an improved portfolio, a particularly noteworthy performance
- We are working with our customers in Brazil to navigate through the tough market conditions
 - We expanded the SOMAR program to include SOMAR PESSOAS, a unique human capital development program
 - In recognition of these and other initiatives, Adama Brazil was ranked, for the second year in a row, as one of the top five innovative agribusiness companies in the country.
- Strong results in Colombia and Mexico, driven by an improved portfolio mix and pricing initiatives
- BREVIS® launched in Chile in apples, and ACADIA BIO™, a unique anti-stress fungicide formulation, launched in Argentina.



Regional highlights

Asia Pacific

- Significant volume growth, primarily in the Pacific and parts of South East Asia, supported by new product launches, improvement of portfolio mix and positive weather conditions
- Strong growth and increasing profitability led by continued portfolio improvement, with multiple product launches and new registrations:
 - Ongoing global rollout of NIMITZ®, with the registration of NEMASHOT in Japan
 - Registration for PALMERO® TX in Australia
 - CUSTODIA® launched successfully in Thailand
- **South East Asia:** Noteworthy performance, with strong results in Thailand, Vietnam and Indonesia, driven in part by increased sales of rice portfolio
- **China:** we continued to expand our product portfolio, with the launch of LONGCHUANG®, LIANGGONG®, APROPO® and JICHU™



Field trial of APROPO® (left) and a competing product

Regional highlights

India, Middle East & Africa

- **India:**
 - Outstanding performance in India driven by significant volume growth of an increasingly differentiated portfolio, while benefiting from the early start of the monsoon season
 - Establishing leading positions in products based on molecules sourced from Sanonda, such as ACEMAIN® and TAPUZ®
- **Turkey:** our leading sugar beet portfolio continues to perform well
- **South Africa:** Sales were negatively impacted by drought conditions



Reaching the many in Pune, India



Bridge Analysis

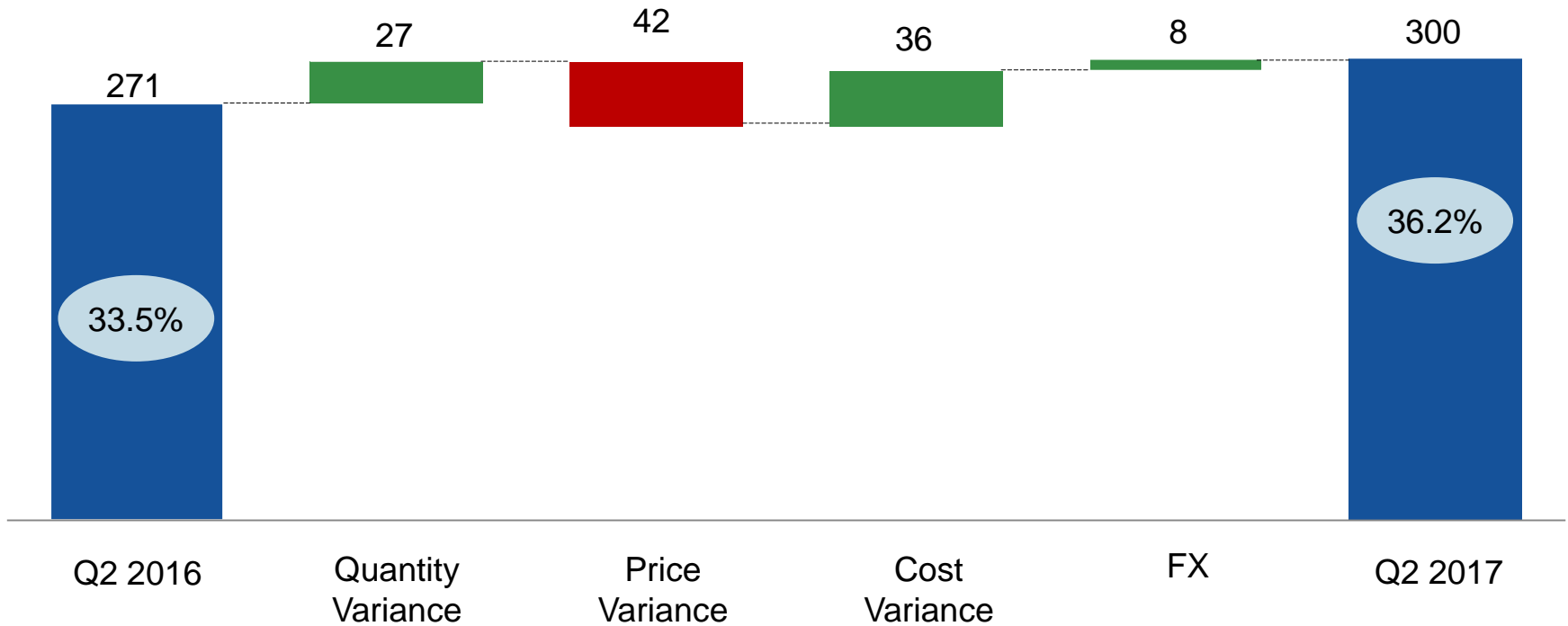
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Q2 sales bridge analysis



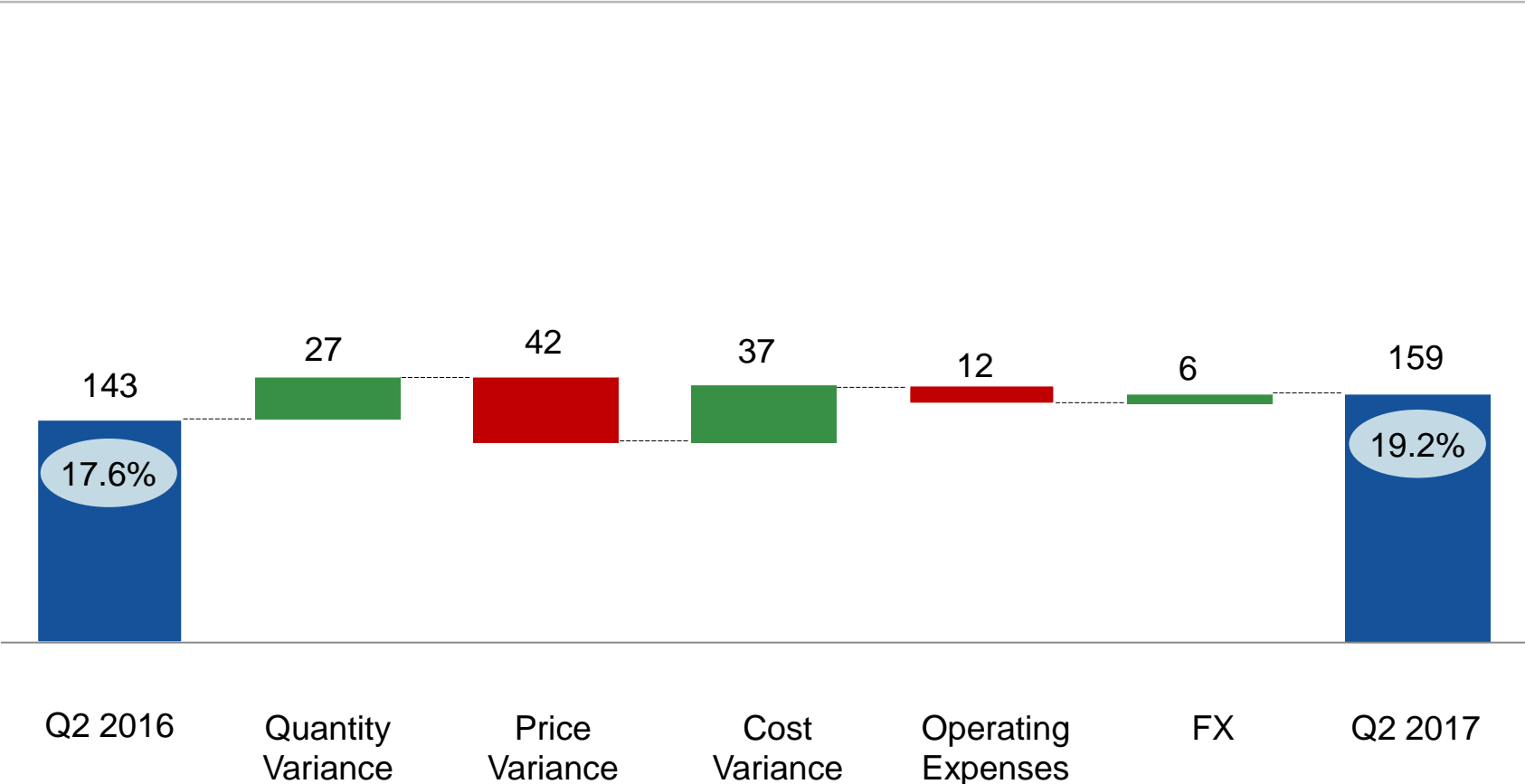
NOTE: Price variance inflated due to India CGT change

Q2 gross profit bridge analysis



NOTE: Price variance inflated due to India CGT change

Q2 EBITDA bridge analysis



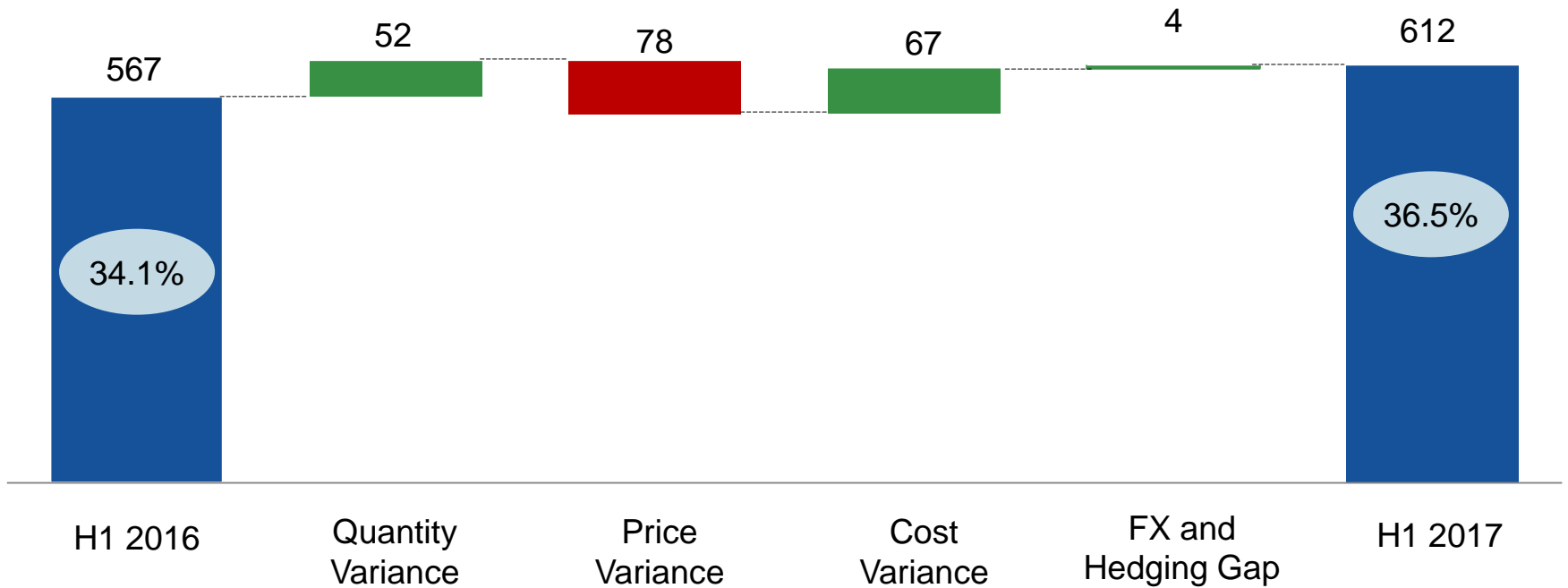
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H1 sales bridge analysis



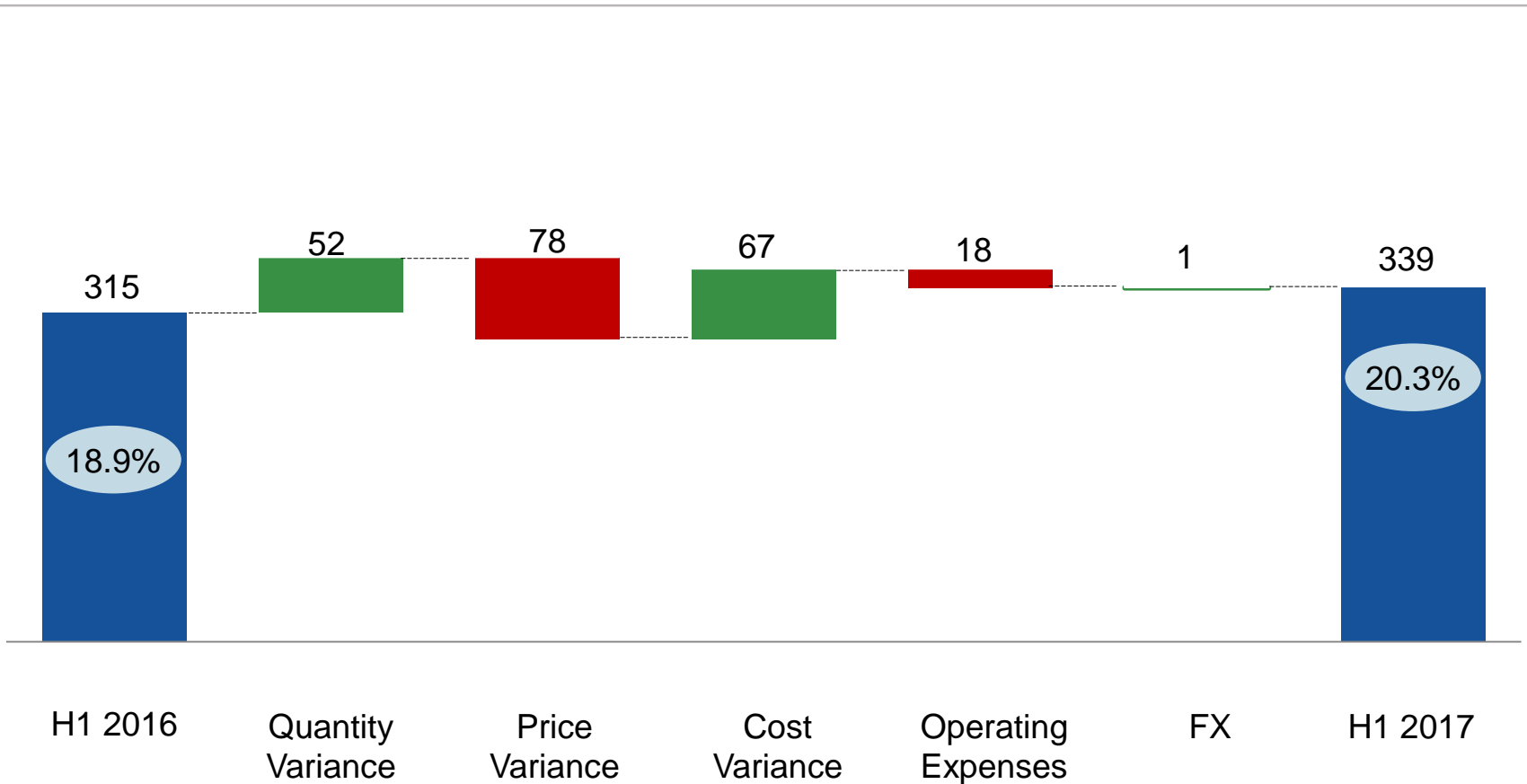
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H1 gross profit bridge analysis



NOTE: Price variance inflated due to India CGT change

H1 EBITDA bridge analysis



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