

Stock Code:000563 (000563)
Stock Abbreviations: ADAMA A (B)

Announcement No. 2020-65



ADAMA LTD. THIRD QUARTER REPORT 2020 (Short Version)

ADAMA Ltd. (hereinafter referred to as "the Company") 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 and deliver 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.

Please see important additional information and further details included in the Annex.

Section I – Important Notice

The Company's Board of Directors, Board of Supervisors, directors, supervisors and senior managers confirm that the content of the Report is true, accurate and complete and contains no false statements, misleading presentations or material omissions, and assume joint and several legal liability arising therefrom.

Ignacio Dominguez, the person leading the Company (President and Chief Executive Officer) as well as its legal representative, and Avram Lahu, the person leading the accounting function (Chief Financial Officer & Deputy Chief Executive Officer), hereby assure and confirm the truthfulness, accuracy and completeness of the Financial Report.

All of the Company's directors attended the board meeting for the review of this Report.

This Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II – Financial Highlights & Shareholder Changes

The Company performs any retroactive adjustments to, or restatements of, its accounting data of last year due to change in accounting policies or correction of accounting errors

☐ Yes/ No

	End of Reporting Period	End of last year	+/- (%)	
Total assets (RMB'000)	48,292,712	45,288,940	6.63%	
Net assets attributable to shareholders (RMB'000)	21,964,107	22,371,665	-1.82%	
	July 31/20	September 30/19	YoY +/- (%)	
Operating revenues (RMB'000)	6,768,583	15,484,154	20,889,623	3.00%
Net profit attributable to shareholders of the Company (RMB'000)	20,409	-90,100	225,058	-71.68%
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss (RMB'000)	9,876	-94,860	229,648	-63.11%
Net cash flow from operating activities (RMB'000)	157,469	-60,555	1,392,000	137.75%
Basic EPS (RMB/share)	0.0086	-89.79%	0.0929	-71.40%
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on net assets	0.10%	-0.77%	1.01%	-2.45%
Please see key additional information and further details included in the Annex.				
Non-Recurring profit/loss				
✓ Applicable ✗ Not applicable				

Please see key additional information and further details included in the Annex.

Non-Recurring profit/loss

☐ Applicable ☐ Not Applicable

Item	January – September 2020	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	7,535	-
Government grants recognized through profit or loss (excluding government grants closely related to business of the Company and given at a fixed quota or amount in accordance with government's uniform standards)	25,556	-
Recovery or reversal of provision for bad debts which is assessed individually during the years	23,709	-
Non-operating income and expenses other than the above	22,347	-
Other profit or loss that meets the definition of non-recurring profit or loss	(70,032)	-
Less: Income tax effects	13,735	-
	(4,590)	-

Explanation of why the Company classified an item as non-recurring profit/loss according to the definition in the First Explanatory Announcement on Information Disclosure for Companies Offering their Securities to the Public

Non-recurring Profit and Loss, and reclassified any non-recurring profit/loss items are given as examples in the said explanatory announcement to recurrent profit/loss

☐ Applicable ☐ Not Applicable

No such cases in the Reporting Period.

L>Total number of shareholders and shareholdings of top 10 shareholders at the period-end

L>Total number of ordinary shareholders and preference shareholders who had resumed their voting rights, and shareholdings of top 10 shareholders at the period-end

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares
Syngenta Group Co., Ltd.	State-owned legal person	72.88%	1,708,450,759	---	---
Jingzhou Sanoda Holding Co., Ltd.	State-owned legal person	5.11%	119,687,202	---	---
China Structural Reform Fund Co., Ltd.	State-owned legal person	1.43%	33,557,046	---	---
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.33%	31,115,916	---	---
Portfolio No.503 of National Social Security Fund	Others	0.98%	23,000,052	---	---
CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal-Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	Others	0.55%	12,885,906	---	---
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.25%	5,890,633	---	---
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.19%	4,477,972	---	---
State-owned Assets Administration Bureau of Qichun County	State	0.18%	4,169,266	---	---
Wu Feng	Domestic natural person	0.17%	4,035,169	---	---

Name of shareholder	Number of shares held at the period-end	Type of shares	Number
Syngenta Group Co., Ltd.	1,708,450,759	RMB ordinary share	1,708,450,759
Jingzhou Sanoda Holding Co., Ltd.	119,687,202	RMB ordinary share	119,687,202
China Structural Reform Fund Co., Ltd.	33,557,046	RMB ordinary share	33,557,046
China Cinda Asset Management Co., Ltd.	31,115,916	RMB ordinary share	31,115,916
Portfolio No.503 of National Social Security Fund	23,000,052	RMB ordinary share	23,000,052
CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal-Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	12,885,906	RMB ordinary share	12,885,906
Hong Kong Securities Clearing Company Limited	5,890,633	RMB ordinary share	5,890,633
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	4,477,972	Domestically listed foreign share	4,477,972
State-owned Assets Administration Bureau of Qichun County	4,169,266	RMB ordinary share	4,169,266
Wu Feng	4,035,169	RMB ordinary share	4,035,169

Related or act-in-concert parties among the shareholders above

Top 10 ordinary shareholders conducting securities margin trading (if any)

Note: On September 30, 2020, the Company held 6,255,343 B Shares of the Company through a B-Share repurchase account, accounting for 0.27% of the Company's total share capital. For details, please refer to the Announcement on the Progress of the B-Share Repurchase (announcement no. 2020-53) published by the Company on October 13, 2020.

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any proprietary buy-back during the Reporting Period?

☐ Yes ☐ No

No such cases in the Reporting Period.

L>Total number of preference shareholders and shareholdings of the top 10 of such at the period-end

☐ Applicable ☐ Not Applicable

Section III – Significant Events

L.Changes in main accounting statement items and financial indicators in the Reporting Period, as well as reasons for the changes

☐ Applicable ☐ Not Applicable

During the third quarter of 2020, the global agrochemical market is expected to have seen moderate growth, as the residual impact of COVID-19 continues to linger in many markets. Crop price recovery has been more rapid than expected, 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 markets such as the US, Brazil and Turkey. Governments across the world continue to include farmers in various support programs, partially offsetting lost income due to the COVID-19 pandemic.

While global currencies recovered somewhat after 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 disruption 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 Latin America.

On October 29, 2020, the Company 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").

For further details, please refer to "Progress on significant events, as well as impact and solutions" section herein.

	January – September 2020 (RMB'000)	Same period last year (RMB'000)	+/-%	January – September 2019 (RMB'000)	Same period last year (RMB'000)	+/-%
Operating income (Revenues)	20,889,623	20,282,075	3.00%	2,986,609	2,961,572	0.85%
Cost of goods sold	14,575,406	13,607,435	8.45%	2,110,439	1,986,377	6.23%
Sales & Marketing expenses	3,681,011	3,664,412	0.45%	526,008	535,288	-1.65%
General & Administrative expenses	768,156	902,506	-14.89%	109,877	131,885	16.68%
R&D expenses	280,212	317,642	-11.78%	40,069	46,357	-13.57%
Financial Expenses	1,911,155	1,803,130	-60.23%	170,242	219,199	-22.33%
Gain (loss) from Changes in Fair Value	228,849	1,157,695	-80.75%	32,905	170,076	-80.65%
Investment Income (loss)	171,333	(607,057)	-136.68%	24,295	(60,534)	-134.94%
Total Net Financial Expenses and Investment Income	790,973	(842,492)	-2.65%	113,042	118,657	-4.73%
Total profits	465,547	962,140	-51.61%	66,070	140,951	-53.12%
Income tax expenses	167,407	167,407	0.00%	29,245	29,245	0.00%
Net income	225,580	794,733	-71.68%	31,793	111,614	-72.09%
EBITDA	3,068,857	3,524,465	-12.93%	438,495	442,870	-14.87%

	Q3 2020 (RMB)	Q3 2019 (RMB)	+/-%	Q3 2020 (RMB)	Q3 2019 (RMB)	+/-%
Operating income (Revenues)	6,768,583	6,666,043	1.54%	978,205	953,422	2.60%
Cost of goods sold	4,852,936	4,584,191	5.86%	701,346	655,666	6.97%
Sales & Marketing expenses	1,212,443	1,164,638	4.10%	175,224	166,573	5.19%
General & Administrative expenses	214,970	274,247	-21.61%	31,067	39,224	20.79%
R&D expenses	92,027	106,943	-13.95%	13,300	15,295	-13.05%
Financial Expenses	348,363	564,934	-38.33%	50,548	80,798	-37.69%
Gain (loss) from Changes in Fair Value	(36,661)	273,560	-113.40%	(5,298)	39,126	-113.54%
Investment Income (loss)	119,204	47,386	151.56%	17,227	6,777	154.20%
Total Net Financial Expenses and Investment Income	265,820	243,988	8.95%	38,419	34,895	10.10%
Total profits	16,700	232,965	-92.83%	2,418	33,320	-92.73%
Income tax expenses	(3,709)	26,870	-113.80%	(534)	3,845	-113.89%
Net income	20,409	206,095	-90.09%	2,952	29,475	-89.97%
EBITDA	949,586	1,063,546	-10.71%	137,242	152,113	-9.77%

Note: Since the functional currency of main overseas subsidiaries is the USD, and the Company's management review of the Company's performance is based on the USD results, following explanations and analysis are based on USD-denominated numbers as listed above.

Analysis of Financial Highlights

L.Revenues

Revenues in the third quarter grew by 12% and by 8% in the nine-month period, in constant exchange rates (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 period last year. The lower growth in USD (and RMB) terms reflects the generally weaker currencies, especially the Indian rupee and the Turkish Lira, compared to the US dollar, and the Company's management review of the Company's performance is based on the USD results, following explanations and analysis are based on USD-denominated numbers as listed above.

Regional Sales Performance

	Q3 2020 (\$m)	Q3 2019 (\$m)	Change USD	%M 2020	%M 2019	Change USD	%Q 2020
Europe	181	188	-4.0%	790	816	-3.2%	
North America	145	160	-9.3%	518	560	-7.6%	
Latin America	335	302	10.9%	714	657	8.6%	
Asia Pacific	148	138	7.0%	497	497	0.2%	
Of which China	82	76	7.0%	250	250	0.0%	
India, Middle East & Africa	170	166	2.8%	446	432	3.3%	
Total	978	953	2.6%	2,987	2,962	0.8%	

Europe: Sales were lower by 5.0% in the 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, the Company completed 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 heaveave 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 CUSTODIAN[®], a combination fungicide controlling a wide range of diseases in corn, soybeans and wheat, as well as ORLUS[®], 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 in the first half of the year, the strengthening of the Mexican Peso in the second half, and the strengthening of the Argentine Peso in the third half of the year.

Latin America: Sales grew by a robust 3.7% 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 weaknesses of the currencies in the region, and despite widespread COVID-19 related restrictions.

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

Noteworthy performances were 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, the Company 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 the Company 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 phytophthora-resistant weeds in soybean, corn and wheat crops in Brazil.

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

Continuing its growth, 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.

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

Noteworthy performances were 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, the Company 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 the Company 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 phytophthora-resistant weeds in soybean, corn and wheat crops in Brazil.

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

Continuing its growth, 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.

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

Noteworthy performances were 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, the Company 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 the Company 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 phytophthora-resistant weeds in soybean, corn and wheat crops in Brazil.

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

Continuing its growth, 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.

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

Noteworthy performances were 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, the Company 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 the Company 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 phytophthora-resistant weeds in soybean, corn and wheat crops in Brazil.

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

Continuing its growth, 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.

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

Noteworthy performances were 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, the Company 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 the Company 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 phytophthora-resistant weeds in soybean, corn and wheat crops in Brazil.

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

Continuing its growth, 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.

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

Noteworthy performances were 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, the Company 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 the Company 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 phytophthora-resistant weeds in soybean, corn and wheat crops in Brazil.

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