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S&P Global Ratings

Adama Agricultural Solutions Ltd.

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Research Update

Outlook Revised To Stable From Negative On Improved Earnings And Lower Leverage; 'ilAA-' Rating Affirmed

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Rating Action Overview

- We forecast Adama Agricultural Solutions Ltd.'s ("Adama" or "the Company") EBITDA to grow further in 2026, further lowering its adjusted debt-to-EBITDA to below 5.0x – a level we consider commensurate with its rating – underpinned by moderate growth in sales, and margin expansion thanks to wider-margin product launches and management's ongoing focus on manufacturing optimization and cost-saving measures.
- Despite ongoing weak active ingredient (AI) prices, Adama's transformation plan resulted in wider margins and stronger credit metrics in 2025, with S&P Global Ratings-adjusted EBITDA increasing to about $420 million in 2025 from $322 million in 2024, resulting in a corresponding improvement in the Company's adjusted debt-to-EBITDA to 5.4x in 2025 from 7.2x in 2024, while free operating cash flow (FOCF) remained positive at about $140 million
- We are therefore affirming our issuer ratings on Adama Agricultural Solutions Ltd, 'ilAA-/ilA-1+', as leverage declines and the Company continues to benefit from support from its parent, Syngenta Group Co. Ltd. ("Syngenta Group", BBB+/Stable). We continue to assess Adama as a moderately strategic subsidiary of Syngenta Group.
- The stable outlook reflects our view that Adama's operating performance will continue to improve in 2026, thanks to new product launches and ongoing margin expansions. We expect our adjusted debt-to-EBITDA ratio to improve to 4.0x-5.0x in 2026 from 5.4x in 2025, within the 2.0x-5.0x range we see as commensurate with the rating.

Rating Action Rationale

We forecast Adama's leverage ratios to improve further in 2026, due to our expectation of EBITDA growth. Specifically, we project the Company's adjusted debt to EBITDA at about 4.6x in 2026, down from 5.4x in 2025, supported by moderate growth in sales, and margin expansion thanks to wider-margin product launches and ongoing focus on manufacturing optimization. We expect these factors to more than offset the impact of subdued AI prices – which we expect to persist – and challenged farmer affordability due to the combination of weak commodity prices and higher oil and fertilizer prices. We also think that a reopening of the Strait of Hormuz along with expectations of declining oil and fertilizer prices could lead farmers to maintain just-in-time purchases in 2026. That said, lower affordability could support demand for Adama's solutions relative to higher-cost, patent-protected products.

Meanwhile, we forecast FOCF to turn marginally negative in 2026, before recovering in 2027. We anticipate that Adama's capital expenditure (capex) will increase to about $200 million in 2026 from about $160 million in 2025. We understand, however, that the Company maintains flexibility to postpone or phase some growth investments with optionality to improve cash generation relative to our base case. We estimate a working capital outflow of about $40 million in 2026. This is due to anticipated growth in sales, with a corresponding increase in levels of inventory, but also in the cost of inventory due to higher feedstock costs, linked to the closure of the Strait of Hormuz. We do not expect Adama to distribute dividends, apart from those paid to non-controlling interests.

Adama's strategic transformation plan resulted in wider margins and stronger credit metrics in 2025. Despite lower sales due to ongoing weak AI prices – stemming from overcapacity and challenged farmer affordability – and the Company discontinuing sales of narrower-margin products, Adama delivered strong EBITDA growth with S&P Global Ratings-adjusted EBITDA increasing to about $420 million in 2025 from $322 million in 2024. This was mainly thanks to material cost savings of about $200 million, resulting in an adjusted EBITDA margin improvement of 280 basis points (bps) in 2025. As a result, S&P Global Ratings-adjusted leverage decreased to 5.4x in 2025, from 7.2x in 2024. Our adjusted debt metrics include items such as lease liabilities, net pension obligations, put options held by minority shareholders, trade receivables sold, and reverse factoring facilities. Besides the growth in EBITDA, FOCF remained positive in 2025 at about $140 million, leading to stable cash balances despite a bond buyback, which contributed to reducing reported gross debt by about $100 million. Importantly, Adama continued to focus on its working capital, with the continued improvement in collection of receivables more than offsetting higher inventory levels to support business growth.

In addition, the Company's capex declined further in 2025, to about $160 million (including investments in intangible assets) from roughly $190 million in 2024, which is lower than $285 million, on average, in 2020-2023.

Syngenta Group's support continues to underpin the rating. We consider Adama to be a moderately strategic subsidiary of Syngenta Group. As such, Adama's rating reflects both its stand-alone credit profile (SACP) and its relationship with Syngenta Group. Syngenta Group's support is evidenced, in our view, by the provision of loans to Adama, which further increased in 2025, to about 40% of Adama's total debt. This, in turn, enabled Adama to strengthen its interest coverage ratios, with adjusted EBITDA interest coverage improving to above 2.4x in 2025 from 1.7x in 2024. Adama is able to borrow from Syngenta Group at more favorable rates compared to external debt, therefore lowering its interest burden. Moreover, related-party debt is not included in the debt definition for Adama's financial covenant calculations. As a result, it strengthens Adama's liquidity not only by

provision of funding, but also by expanding its headroom under the financial covenants, contributing to our ‘adequate’ liquidity assessment. As an illustration, excluding Syngenta Group loans from our adjusted-debt, Adama’s adjusted debt-to-EBITDA would improve from about 5.4x to 3.4x.

Outlook

The stable outlook reflects our view that Adama’s operating performance will continue to improve in 2026, thanks to new product launches and ongoing margin improvements. We expect our adjusted debt-to-EBITDA ratio to improve to 4.0x-5.0x in 2026 and 2027 from 5.4x in 2025, within the 2.0x-5.0x range we see as commensurate with the rating.

In our base case, we forecast adjusted EBITDA improving to about $500 million in 2026 and 2027, factoring in broadly unchanged underlying market conditions amidst oversupply and pressured farmer affordability, more than offset by Adama’s new product launches of higher value products and ongoing focus on operational efficiency and cost competitiveness.

Downside Scenario

We could lower our rating on Adama if its debt-to-EBITDA and EBITDA margin seem unlikely to improve in 2026. This may occur if:

- Adjusted debt-to-EBITDA remains above 5.0x, for example because of weaker-than-expected market rebound, or increased competition in the market leading to lower-than-anticipated earnings;
- FOCF turns materially negative, without near-term prospects of recovery; or
- The Company pursued an aggressive financial policy, including debt-funded acquisitions or material dividend distributions.

We may also lower our rating on Adama if Syngenta Group’s creditworthiness deteriorates, or if we change our view of Adama’s status within the Syngenta group.

Upside Scenario

We deem a rating upside as unlikely in the next 12-24 months. In the medium-term, we could raise our rating on Adama if its financial risk improves, such that its adjusted debt-to-EBITDA ratio is consistently below 2.0x, and if the Company consistently and robustly generates positive FOCF and its adjusted FOCF-to-debt ratio is above 25%. A positive rating action would also depend on the Company maintaining the current business risk and at least adequate liquidity, and is subject to our assessment that Syngenta Group's SACP improves.

Company Description

Adama Agricultural Solutions Ltd. operates in the agrochemical industry, offering a wide range of crop protection products combating weeds, insects and disease. The Company develops, produces and markets off-patented, license-requiring crop protection products, and maintains a diverse portfolio of active ingredients, alongside R&D, manufacturing and formulation capabilities. Adama sells its products in about 100 countries through 60 subsidiaries around the world. Adama Agricultural Solutions Ltd. is fully owned by Adama Ltd., a company traded on the Shenzhen stock exchange. In June 2020, Adama Group became a distinctive member of the newly established Syngenta Group Co. Ltd. (BBB+/Stable). Syngenta Group is a world leader in agricultural inputs, spanning crop protection, seeds, fertilizers and additional agricultural and digital technologies. Syngenta Group is part of China National Chemical Corporation Ltd. (ChemChina, A-/Stable), which is held by Sinochem Holdings Co., Ltd. and ultimately owned by the Chinese government.

Base Case Scenario

Key Assumptions

- We expect 4% sales growth in 2026, driven by new product launches and modest underlying volume growth, especially in the first half of the year, reflecting the pre-buying by customers amid supply chain disruption more than offsetting ongoing subdued prices. In 2027, we expect moderate growth of 1%-2%, reflecting normalized market conditions.
- We expect S&P Global Ratings-adjusted EBITDA margin to improve to 12.5%-13.5%, driven by positive impact from product mix due to the launch of new products, ongoing cost control measures and lower impact from one-off costs related to the transformation program, which we include in our adjusted EBITDA.
- S&P Global Ratings-adjusted EBITDA of $460 million-$510 million in 2026 and $510 million-$560 million in 2027.
- Capital expenditure (capex) of about $200 million-$220 million in 2026-2027.
- Working capital outflows of $20 million-$50 million per year.
- No material dividend distributions and debt-funded acquisitions in 2026-2027.

Key Metrics

	2024a	2025a	2026e	2027f	2028f
EBITDA margin (%)	8.6	11.4	12.5-13.5	12.5-13.5	13-14
Debt/EBITDA (x)	7.2	5.4	4.5-5.0	4.0-4.5	4.0-4.5
FFO/debt (%)	4.7	10.1	10-15	10-15	15-20

	2024a	2025a	2026e	2027f	2028f
OCF/debt (%)	16.5	13.3	5-10	5-10	10-15

a--Actual. e--Estimate. f--Forecast. FFO--Funds from operations.

Liquidity

We assess Adama's liquidity as adequate. We forecast that liquidity sources will cover uses by about 1.2x over the 12 months starting April 1, 2026. The Company's liquidity is underpinned by adequate long-term committed credit facilities and cash on hand compared with its debt maturities.

Principal liquidity sources for the 12 months starting April 1, 2026, include:

- Unrestricted cash and cash equivalents of about $396 million.
- Undrawn committed bank lines maturing beyond the next 12 months of $342 million.
- Cash FFO of about $203 million.

Principal liquidity uses for the same period include:

- Debt maturities of $441 million.
- Year-end working capital outflows of about $40 million.
- Seasonal working capital requirement of about $100 million.
- Maintenance capex of about $150 million.

Covenant Analysis

Adama has several covenants incorporated into its bank loan and securitization agreements. As of March 31, 2026, the Company maintained sufficient headroom within its covenant requirement. We estimate that it will maintain adequate headroom in the near term.

Modifiers

- Diversification/portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Neutral (no impact)
- Comparable ratings analysis: Neutral (no impact)

Recovery Analysis

Key analytical factors

- We affirm our 'ilAA-' recovery rating, identical to the issuer rating, on Adama's Series B bonds. The recovery rating for this series is '3', indicating our expectation of meaningful recovery (50%-70%; rounded estimate: 60%) in a hypothetical default scenario.
- Our recovery expectations reflect proportionately higher amount of subordinated debt in the structure.

Simulated default assumptions

- Simulated year of default: 2031
- In our simulated default scenario, we assume a supply-demand imbalance with demand for the Company's products deteriorating in the wake of a protracted economic downturn, alongside increased supply leading to lower prices, and an increase in raw material prices that the Company will not be able to pass through to its customers.
- We believe a viable business would remain after a default, so lenders would achieve their highest recovery through a reorganization, rather than liquidation.
- We assume that prior to default, the Company will refinance part of its financial debt, since we expect cash generation for debt repayment to remain broadly neutral.
- We assume the committed credit facilities to be 85% drawn at default.
- We assume that the available receivables securitization facility will be about $400 million, and the Company will use 80% of it at default.

Simplified Waterfall

- EBITDA on emergence: about $300 million
- Industry EBITDA multiple: 5.0x
- Administrative costs: 5%
- Enterprise value available for primary unsecured debt: about $1.42 billion
- Estimated priority claims (mainly securitization program outstanding): $332 million*
- Estimated secured debt claim: $466 million*
- Remaining recovery value: $625 million
- Total senior unsecured debt (including Series B bonds and bank debt): about $1.0 billion.
- Recovery expectations of secondary secured debt: 50%-70%
- Recovery rating for secondary secured debt (1 to 6): 3

*All debt amounts include six months' prepetition interest.
Securitization facility assumed 80% drawn at default. RCFs assumed to be 85% drawn at default.

Related Criteria And Research

- Principles Of Credit Ratings, February 16, 2011
- Methodology: Industry Risk, November 19, 2013
- Country Risk Assessment Methodology And Assumptions, November 19, 2013
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, December 16, 2014
- Methodology: Jurisdiction Ranking Assessments, January 20, 2016
- Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Group Rating Methodology, July 1, 2019
- Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Methodology For National And Regional Scale Credit Ratings, June 8, 2023
- Corporate Methodology, Jan. 7, 2024
- Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Sector-Specific Corporate Methodology, July 7, 2025
- Recovery Rating Criteria For Corporate Issuers, March 31, 2026
- S&P Global Ratings Definitions, December 16, 2025

Ratings List

Adama Agricultural Solutions Ltd.	Rating	Date when the rating was first published	Date when the rating was last updated
Issuer rating(s)			
Long term	ilAA-/Stable	27/11/2001	03/07/2025
Short term	ilA-1+	09/09/2019	03/07/2025
Issue rating(s)			
Commercial Papers			
Commercial Papers $	ilA-1+	10/12/2019	03/07/2025
Senior Unsecured Debt			
Series B	ilAA-	19/05/2008	03/07/2025
Issuer Credit Rating history			
Long term			
July 20, 2026	ilAA-/Stable		
March 12, 2024	ilAA-/Negative		
July 01, 2014	ilAA-/Negative		
July 06, 2011	ilA+/Stable		
September 07, 2010	ilAA-/Negative		
June 29, 2010	ilAA-/Watch Neg		
December 03, 2009	ilAA-/Stable		
March 22 ,2009	ilAA/Negative		
December 11, 2008	ilAA/Watch Neg		
November 26, 2006	ilAA/Stable		
May 10 ,2004	ilAA		
November 27, 2001	ilAA-		
Short term			
September 09, 2019	ilA-1+		

Additional details	
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