



Corteva Reports Second Quarter and First Half 2022 Results, Raises Full-Year Net Sales and Earnings Guidance

August 4, 2022

Increased dividend ~7% on an annualized basis, effective in the third quarter

Announces restructuring program in connection with strategic portfolio reviews

INDIANAPOLIS, Aug. 4, 2022 /PRNewswire/ -- Corteva, Inc. (NYSE: CTVA) ("Corteva" or the "Company") today reported financial results for the second quarter and six months ended June 30, 2022.



2Q 2022 Results Overview

	Net Sales	Income from Cont. Ops (After Tax)	EPS
GAAP	\$6.25B	\$1.00B	\$1.37
vs. 2Q 2021	+11 %	(2) %	- %

	Organic ¹ Sales	Operating EBITDA ¹	Operating EPS ¹
NON-GAAP	\$6.35B	\$1.72B	\$1.64
vs. 2Q 2021	+13 %	+18 %	+17 %

1H 2022 Results Overview

	Net Sales	Income from Cont. Ops (After Tax)	EPS
GAAP	\$10.85B	\$1.58B	\$2.16
vs. 1H 2021	+11 %	(3) %	(1) %

	Organic ¹ Sales	Operating EBITDA ¹	Operating EPS ¹
NON-GAAP	\$11.19B	\$2.76B	\$2.61
vs. 1H 2021	+14 %	+17 %	+19 %

First Half 2022 Highlights

- First half 2022 net sales rose 11% versus prior year with gains in both segments. Organic¹ sales increased 14% in the same period with gains in all regions.
- Seed net sales grew 3% and organic¹ sales increased 6% year over year, with notable gains in EMEA², partially offset by the reduction of corn acres and canola volumes in North America². Price was up 7% globally, led by continued execution on the company's price for value strategy and recovery of higher input costs.
- Crop Protection net sales grew 24% and organic¹ sales increased 28%, led by North America² and Latin America. Volume gains were driven by continued penetration of new products, including EnlistTM and ArylexTM herbicides and OnmiraTM fungicide, and strong early demand in Latin America. Price gains reflected strong execution across all regions in response to cost inflation.
- GAAP income and earnings per share (EPS) from continuing operations were \$1.58 billion and \$2.16 per share for the first half of 2022, respectively. Operating EBITDA¹ was \$2.76 billion, a 17% improvement over prior year on strong price execution and volume gains in all regions and productivity actions, partially offset by inflation and currency headwinds. Operating EPS¹ was \$2.61 per share, up 19% compared to prior year.
- Management increased full year 2022 net sales and earnings guidance³. Net sales is expected to be in the range of \$17.2 billion to \$17.5 billion and Operating EBITDA¹ is expected to be in the range of \$2.95 billion to \$3.10 billion. Operating

EPS¹ is expected to be in the range of \$2.45 to \$2.60 per share.

- The Company announced a ~7% annualized dividend increase effective in the third quarter – reflecting continued focus on returning capital to shareholders.

"Corteva delivered an impressive first half with double-digit sales and Operating EBITDA growth and margin expansion, reflecting strong customer demand and focused execution amidst dynamic market conditions.

"We also continue to take actions to accelerate performance, including the completion of strategic portfolio reviews aimed at refining our strategy, driving operational execution, and making disciplined investment decisions in innovation and technology to deliver increased value to farmers and contribute to a more sustainable global food system.

"We believe that we are well-positioned to continue to adapt and execute in a challenging operating environment. Our strong first half momentum and robust market fundamentals have given us confidence to raise our guidance for the year," said Chuck Magro, Corteva Chief Executive Officer.

1. Organic Sales, Operating EPS and Operating EBITDA are non-GAAP measures. See page A-5 for further discussion. 2. North America is defined as U.S. and Canada. EMEA is defined as Europe, Middle East and Africa. 3. The Company does not provide the most comparable GAAP measure on a forward-looking basis. See page 7 for further discussion. 4. Enlist E3TM soybeans are jointly developed by Corteva Agriscience LLC and MS TechnologiesTM.

Company Updates

• Company Announces Completion of Strategic Portfolio Reviews

- In connection with its previously announced business realignment, the Company completed strategic portfolio reviews, aimed at refining the Company's strategy and accelerating short-term and long-term margin growth.
- The outcome of this analysis is the Company's plan to exit non-strategic geographies and product lines while emphasizing its core markets and crops, representing over 95% of its current total net sales and 99% of its current total Operating EBITDA¹.
- These portfolio decisions will position the Company to focus investment on delivering greater value to growers through more differentiated and sustainably advantaged solutions, leveraging its pipeline to drive advancements in global food security and climate change.
- The Company is also right-sizing and optimizing its cost structure to enable greater agility and accountability for the performance of its two business units, Seed and Crop Protection.
- As a result, the Company expects to record total restructuring and other charges of approximately \$400 million through the second quarter of 2023, roughly half of which represents cash payments.
- In the second quarter of 2022, the Company recorded \$68 million of restructuring and other charges, of which \$45 million related to the Company's previously announced exit from Russia.
- As a result of these actions, the Company expects to achieve more than \$200 million in run-rate savings by 2025.
- Additional information on the outcome of the strategic portfolio reviews will be shared on September 13th at the Company's 2022 Investor Day.

• EnlistTM System Accelerates Market Penetration for 2022

- The Company delivered approximately \$980 million in sales for the EnlistTM system during the first half, an increase of more than 60% versus the first half of 2021.
- The Company raised its Enlist E3^{TM4} 2022 market penetration outlook to greater than 45% of U.S. soybean acres, up from greater than 40% expected previously.
- The Company estimates that greater than 80% of Enlist E3^{TM4} acres will receive an EnlistTM herbicide application, reflecting strong market demand and positive grower feedback on the ease and simplicity of the system.

2022 Updated Guidance

The outlook for agriculture remains robust despite recent commodity price volatility. The Company expects record demand for grain and oilseeds in 2022, which should support commodity prices as ending stocks remain under pressure. Grower balance sheets and income levels remain healthy despite increased input costs for fuel and fertilizer, leading customers to prioritize technology to maximize return.

As a result, the Company updated its previously provided guidance³ for the full year 2022 – increasing sales and earnings expectations for this period. Corteva expects net sales in the range of \$17.2 billion to \$17.5 billion, which at the mid-point represents expected net sales growth of 11% for the year. Operating EBITDA¹ is expected to be in the range of \$2.95 billion to \$3.10 billion, which at the mid-point represents expected Operating EBITDA¹ growth of 17% for the year. Operating EPS¹ is expected to be in the range of \$2.45 to \$2.60 per share. The Company is not able to reconcile its forward-looking non-GAAP financial measures to its most comparable U.S. GAAP financial measures, as it is unable to predict with reasonable certainty items outside of its control, such as Significant Items, without unreasonable effort.

[Click here](#) to download the full press release, including segment detail and reconciliations of non-GAAP and GAAP measures, or visit the [Corteva Investor Relations website](#).

About Corteva

Corteva, Inc. (NYSE: CTV) is a publicly traded, global pure-play agriculture company that combines industry-leading innovation, high-touch customer engagement and operational execution to profitably deliver solutions for the world's most pressing agriculture challenges. Corteva generates

advantaged market preference through its unique distribution strategy, together with its balanced and globally diverse mix of seed, crop protection, and digital products and services. With some of the most recognized brands in agriculture and a technology pipeline well positioned to drive growth, the Company is committed to maximizing productivity for farmers, while working with stakeholders throughout the food system as it fulfills its promise to enrich the lives of those who produce and those who consume, ensuring progress for generations to come. More information can be found at www.corteva.com.

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Cautionary Statement About Forward-Looking Statements

This report contains certain estimates and forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, which are intended to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "projects," "estimates," "outlook," or other words of similar meaning. All statements that address expectations or projections about the future, including statements about Corteva's financial results or outlook; strategy for growth; product development; regulatory approvals; market position; capital allocation strategy; liquidity; environmental, social and governance ("ESG") targets and initiatives; the anticipated benefits of acquisitions, restructuring actions, or cost savings initiatives; and the outcome of contingencies, such as litigation and environmental matters, are forward-looking statements.

Forward-looking statements and other estimates are based on certain assumptions and expectations of future events which may not be accurate or realized. Forward-looking statements and other estimates also involve risks and uncertainties, many of which are beyond Corteva's control. While the list of factors presented below is considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on Corteva's business, results of operations and financial condition. Some of the important factors that could cause Corteva's actual results to differ materially from those projected in any such forward-looking statements include: (i) failure to successfully develop and commercialize Corteva's pipeline; (ii) failure to obtain or maintain the necessary regulatory approvals for some of Corteva's products; (iii) effect of the degree of public understanding and acceptance or perceived public acceptance of Corteva's biotechnology and other agricultural products; (iv) effect of changes in agricultural and related policies of governments and international organizations; (v) effect of competition and consolidation in Corteva's industry; (vi) effect of competition from manufacturers of generic products; (vii) costs of complying with evolving regulatory requirements and the effect of actual or alleged violations of environmental laws or permit requirements; (viii) effect of climate change and unpredictable seasonal and weather factors; (ix) failure to comply with competition and antitrust laws; (x) competitor's establishment of an intermediary platform for distribution of Corteva's products; (xi) impact of Corteva's dependence on third parties with respect to certain of its raw materials or licenses and commercialization; (xii) effect of industrial espionage and other disruptions to Corteva's supply chain, information technology or network systems; (xiii) effect of volatility in Corteva's input costs; (xiv) failure to raise capital through the capital markets or short-term borrowings on terms acceptable to Corteva; (xv) failure of Corteva's customers to pay their debts to Corteva, including customer financing programs; (xvi) increases in pension and other post-employment benefit plan funding obligations; (xvii) risks related to environmental litigation and the indemnification obligations of legacy EID liabilities in connection with the separation of Corteva; (xviii) risks related to Corteva's global operations; (xix) failure to effectively manage acquisitions, divestitures, alliances, restructurings, cost savings initiatives, and other portfolio actions; (xx) capital markets sentiment towards ESG matters (xxi) risks related to COVID-19; (xxii) Corteva's ability to recruit and retain key personnel; (xxiii) Corteva's intellectual property rights or defend against intellectual property claims asserted by others; (xxiv) effect of counterfeit products; (xxv) Corteva's dependence on intellectual property cross-license agreements; (xxvi) other risks related to the Separation from DowDuPont; and (xxvii) risks related to the Russia and Ukraine military conflict.

Additionally, there may be other risks and uncertainties that Corteva is unable to currently identify or that Corteva does not currently expect to have a material impact on its business. Where, in any forward-looking statement or other estimate, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of Corteva's management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Corteva disclaims and does not undertake any obligation to update or revise any forward-looking statement, except as required by applicable law. A detailed discussion of some of the significant risks and uncertainties which may cause results and events to differ materially from such forward-looking statements is included in the "Risk Factors" section of Corteva's Annual Report on Form 10-K, as modified by subsequent Quarterly Reports on Forms 10-Q and Current Reports on Form 8-K.

Regulation G (Non-GAAP Financial Measures)

This earnings release includes information that does not conform to U.S. GAAP and are considered non-GAAP measures. These measures may include organic sales, organic growth (including by segment and region), operating EBITDA, operating earnings (loss) per share, and base income tax rate. Management uses these measures internally for planning and forecasting, including allocating resources and evaluating incentive compensation. Management believes that these non-GAAP measures best reflect the ongoing performance of the Company during the periods presented and provide more relevant and meaningful information to investors as they provide insight with respect to ongoing operating results of the Company and a more useful comparison of year over year results. These non-GAAP measures supplement the Company's U.S. GAAP disclosures and should not be viewed as an alternative to U.S. GAAP measures of performance. Furthermore, such non-GAAP measures may not be consistent with similar measures provided or used by other companies. Reconciliations for these non-GAAP measures to U.S. GAAP are provided in the Selected Financial Information and Non-GAAP Measures starting on page A-5 of the Financial Statement Schedules.

Corteva is not able to reconcile its forward-looking non-GAAP financial measures to its most comparable U.S. GAAP financial measures, as it is unable to predict with reasonable certainty items outside of the Company's control, such as Significant Items, without unreasonable effort. For Significant items reported in the periods presented, refer to page A-10 of the Financial Statement Schedules. Beginning January 1, 2020, the Company presents accelerated prepaid royalty amortization expense as a significant item. Accelerated prepaid royalty amortization represents the noncash charge associated with the recognition of upfront payments made to Monsanto in connection with the Company's non-exclusive license in the United States and Canada for Monsanto's Genuity® Roundup Ready 2 Yield® Roundup Ready 2 Xtend® herbicide tolerance traits. During the five-year ramp-up period of Enlist E3TM, Corteva is expected to significantly reduce the volume of products with the Roundup Ready 2 Yield® and Roundup Ready 2 Xtend® herbicide tolerance traits beginning in 2021, with expected minimal use of the trait platform after the completion of the ramp-up. Additionally, in connection with the Company's shift to a global business unit model, the Company has assessed its business priorities and

operational structure to maximize the customer experience and deliver on growth and earnings potential. As a result of this assessment, the company has committed to restructuring actions that, combined with the impact of the company's separate announcement to withdraw from Russia and stop production and business activities ("Russia Exit") (collectively the "2022 Restructuring Actions"), have resulted in expected total pre-tax restructuring and other charges of approximately \$350 million to \$420 million. The restructuring actions associated with these charges are expected to be substantially complete in 2023. Organic sales is defined as price and volume and excludes currency and portfolio impacts. Operating EBITDA is defined as earnings (loss) (i.e., income (loss) from continuing operations before income taxes) before interest, depreciation, amortization, non-operating benefits (costs), foreign exchange gains (losses), and net unrealized gain or loss from mark-to-market activity for certain foreign currency derivative instruments that do not qualify for hedge accounting, excluding the impact of significant items. Non-operating (benefits) costs consists of non-operating pension and other post-employment benefit (OPEB) benefits (costs), tax indemnification adjustments, and environmental remediation and legal costs associated with legacy businesses and sites of Historical DuPont. Tax indemnification adjustments relate to changes in indemnification balances, as a result of the application of the terms of the Tax Matters Agreement, between Corteva and Dow and/or DuPont that are recorded by the Company as pre-tax income or expense.

Operating earnings (loss) per share is defined as "earnings (loss) per common share from continuing operations - diluted" excluding the after-tax impact of significant items, the after tax impact of non-operating benefits (costs), the after-tax impact of amortization expense associated with intangible assets existing as of the Separation from DowDuPont, and the after-tax impact of net unrealized gain or loss from mark-to-market activity for certain foreign currency derivative instruments that do not qualify for hedge accounting. Although amortization of the Company's intangible assets is excluded from these non-GAAP measures, management believes it is important for investors to understand that such intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in amortization of additional intangible assets. Net unrealized gain or loss from mark-to-market activity for certain foreign currency derivative instruments that do not qualify for hedge accounting represents the non-cash net gain (loss) from changes in fair value of certain undesignated foreign currency derivative contracts. Upon settlement, which is within the same calendar year of execution of the contract, the realized gain (loss) from the changes in fair value of the non-qualified foreign currency derivative contracts will be reported in the relevant non-GAAP financial measures, allowing quarterly results to reflect the economic effects of the foreign currency derivative contracts without the resulting unrealized mark to fair value volatility. Base income tax rate is defined as the effective tax rate excluding the impacts of foreign exchange gains (losses), non-operating benefits (costs), amortization of intangibles (existing as of the Separation), mark-to-market gains (losses) on certain foreign currency contracts not designated as hedges, and significant items.

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SOURCE Corteva, Inc.

Media Contact: Gregg Schmidt, +1 302-485-3260, gregg.m.schmidt@corteva.com or Investor Contact: Kim Booth, +1 302-485-3704, kimberly.a.booth@corteva.com