



Adama Reports Solid Financial Results for Q1 2014

Continuous Improvement in Sales and Gross Profit

Notable Growth in Europe and Latin America

Tel Aviv, Israel, May 13, 2014 – ADAMA Agricultural Solutions Ltd. (formerly Makhteshim Agan Industries, “Adama” or “the Company”), a leading global provider of crop protection solutions, today reported its financial results for the first quarter ended March 31, 2014.

Financial Highlights

<i>(in USD millions)</i>	Q1 2014	Q1 2013	Change
Sales*	909.7	885.4	2.7%
Gross profit	313.1	294.8	6.2%
Gross margin	34.4%	33.3%	
Operating profit	130.7	131.1	(0.3%)
Net income	98.7	90.2	9.4%
EBITDA	171.5	168.5	1.8%

**Excluding currency effects, the Company's revenue grew by 4.1% quarter over quarter.*

Commenting on the results, **Mr. Yang Xingqiang, Adama's Chairman**, said, “The first quarter opened the year on a strong note, with the Company demonstrating continuous improvement in global financial results, especially in our gross profit and net income. Favorable weather conditions and more quantities sold as well as an enhanced product mix contributed to our notable growth in Europe and Latin America.

“We are continuing to make progress towards achieving our integration goals in China, with the objectives of creating significant R&D, operational and commercial infrastructure in the country, in a way that will strengthen our presence in the Asia-Pacific region and our global capabilities.”

Chen Lichtenstein, Adama's President and CEO, commented, “Our first quarter results demonstrate our solid commercial operational base allowing us to benefit from favorable market conditions in some key territories. Our positive momentum overcame challenging weather and currency conditions in North America, Southeast Asia and Australia.

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“Our global team has begun rolling out our new company brand, Adama, which brings together more than 40 brands under a single, global name. As we launch in each of our geographies, the new unified brand will support our market differentiation. We selected the name Adama – the Hebrew word for earth – since it connects us to the source of agriculture, the land and the farmer.

At the conclusion of this quarter we are also pleased to announce a number of new appointments which will allow us to improve our business execution and address key strategic initiatives. The changes include improved commercial resolve via the creation of geographic sales clusters, run by a number of our most capable commercial leaders, and the appointment of two Chief Commercial Officers, overseeing our sales clusters as well as our marketing and product offering. In addition, new positions will align and focus the way we manage our existing product portfolio and future pipeline, as well as strengthen our global operations and the buildup of our business and activities in China.”

Financial Review

Sales: Revenues for the first quarter of 2014 increased by 2.7% to \$909.7 million compared with \$885.4 million for the first quarter of 2013. The growth reflected higher quantities sold and selling prices, and an improved product mix.

On a geographical basis, the breakdown of sales was as follows:

Breakdown of Sales (millions of USD)	Q1 2014	Q1 2013	Change
Europe	467.2	436.0	7.2%
Latin America	136.2	128.3	6.2%
North America	138.4	145.8	(5.1%)
Asia Pacific , Africa & Middle East	142.8	148.1	(3.6%)
Israel	25.1	27.2	(7.6%)

Europe: The strongest sales growth took place in Europe, which rose by 7.2% for the quarter. Sales in the first quarter of 2014 were \$467.2 million compared with \$436.0 million last year, an increase of \$31.2 million. The increase in sales was attributable mainly to an early start of the season, an increase in sales volumes, increased selling prices and the strengthening of the Euro, which was partially offset by currency hedging performed by the Company.

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Latin America: Latin America also demonstrated strong growth, achieving a 6.2% increase for the quarter. Sales in the first quarter of 2014 were \$136.2 million compared with \$128.3 million in the first quarter of 2013, an increase of \$7.9 million. The increase in sales was attributable mainly to an increase in sales volumes that was partially offset by a decrease in selling prices.

APAC, Africa & ME: Sales in Asia Pacific, Africa and the Middle East decreased by 3.6% for the quarter, attributable primarily to a decrease in sales volume. This is mostly due to adverse climatic conditions (especially in Australia) and a significant weakening of currencies in these areas, which was partially offset by increasing sales prices.

North America: Sales in the first quarter of 2014 were \$138.4 million compared with \$145.8 million last year, a decrease of \$7.4 million or 5.1%. The decrease in sales was attributable mainly to a decrease in sales volume, partly due to adverse weather conditions and a decline in sales prices.

Gross Profit

Gross profit for the first quarter of 2014 was \$313.1 million (34.4 % of sales), compared with \$294.8 million (33.3% of sales) last year. The increase in gross profit in the quarter was mainly due to an improvement in the product mix and an increase in sales volume.

Operating Profit and Operating Expenses

Operating profit for the first quarter of 2014 was \$130.7 million (14.4 % of sales), compared with \$131.1 million (14.8 % of sales) last year. Operating expenses in the first quarter of 2014 were \$182.4 million (20.1 % of sales) compared with \$163.7 million (18.5 % of sales) last year. The increase in operating expenses was due to higher R&D expenditure and an increase in marketing expenses in conjunction with the launch of our global brand.

Net Income

Net income in the first quarter of 2014 amounted to \$98.7 million (10.9% of sales), compared with \$90.2 million (10.2% of sales) in the corresponding quarter last year.

Cash Flow

Operating cash flow for the first quarter of 2014 amounted to a negative cash flow of \$220.5 million compared to a negative cash flow of \$156.7 million last year. The change in cash flow from operations for the quarter was mainly due to an increase in the company's activities.

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About ADAMA Agricultural Solutions

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ADAMA Agricultural Solutions Ltd., formerly known as Makhteshim Agan Industries, is a leading global manufacturer and distributor of crop-protection solutions, and the leading off-patent provider. The Company supplies efficient solutions to farmers across the full farming value-chain, including crop-protection, novel agricultural technologies, and complementary non-crop businesses. In 2013, the Company's revenues were over \$3 billion, and it is ranked seventh in the world in the overall agro-chemicals industry. The Company is characterized by its innovation, farmer-centric approach to product development, and strict standards of environmental protection and quality control. For more information, visit us at www.adama.com.

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