



## Adama Announces Solid Top Line Growth and Increased Profits in the Third Quarter, Strong Global Business Performance

*Revenues up 4%, Net Income up 33%, and Strong Cash Flow Generation for the Quarter*

**TEL AVIV, ISRAEL, November 9, 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 third quarter of 2014 and first nine months ended September 30, 2014.

### Financial Highlights

<i>In millions of US\$</i>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>Change</b>	<b>Jan-Sep 2014</b>	<b>Jan-Sep 2013</b>	<b>Change</b>
<b>Revenues*</b>	761.5	732.0	4.0%	2,547.1	2,420.7	5.2%
<b>Gross profit</b>	247.9	233.9	6.0%	840.7	782.1	7.5%
<b>Gross margin</b>	32.6%	32.0%	NA	33.0%	32.3%	NA
<b>Operating profit</b>	70.4	73.5	(4.3%)	300.6	297.9	0.9%
<b>Net income</b>	24.0	18.0	33.3%	182.1	156.1	16.6%
<b>Adjusted EBITDA</b>	114.6	113.4	1.0%	427.3	414.5	3.1%

*\* Excluding currency effects, revenues grew by 4.3% and 6.1% in the third quarter and the first nine months of 2014, respectively.*

Commenting on the results, **Yang Xingqiang, Chairman of Adama’s Board of Directors**, said, “These strong third quarter results are a testament to the hard work and dedication of the Adama team. In a more challenging period for the industry, the Company has grown its sales in nearly every geographic region, including impressive year over year gains in Europe and Latin America, while also significantly increasing its profits. At such a time, the Company’s ability to generate significant cash from operations is especially noteworthy.

In addition to the strong business performance achieved during the quarter, we also announced the signing of a definitive agreement for Adama to acquire several Chinese businesses from ChemChina. This transaction not only marks the realization of the vision we all set forth in ChemChina's transaction and partnership with Adama in 2011, but also points to the remarkable potential in the combination of Adama and its additional China Business."

**Chen Lichtenstein, President and CEO of Adama**, commented, “We are very pleased with the growth in both sales and profits that our business has delivered in the third quarter, as well as over the year-to-date. Viewed together with the China Business, our combined

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profits show even higher growth. Also, during this quarter, we achieved regulatory approval in the U.S. for NIMITZ, a novel non-fumigant nematicide with notable user safety and effective application. The launch of this innovative solution is an important element in Adama's quest to provide differentiated solutions that can simplify farmers' lives.

The signing of the agreement to acquire our China Businesses is one of the most remarkable milestones in the Company's history, and one which we believe will position us as the most competitive, differentiated, and largest off-patent crop protection provider worldwide. This is a significant strategic step towards building the only integrated China-Global player in the crop protection industry."

## Financial Review

**Revenues:** Revenues for the third quarter of 2014 totaled \$761.5 million compared with \$732.0 million in the third quarter of 2013. The 4.0% increase was due primarily to an increase in volumes.

For the nine-month period, revenues totaled \$2,547.1 million, a 5.2% increase compared with \$2,420.7 million for the first nine months of 2013.

On a geographical basis, the revenues breakdown was as follows:

<b>Breakdown of Revenues</b> <i>(Millions of \$US)</i>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>% Change</b>	<b>Jan-Sep 2014</b>	<b>Jan-Sep 2013</b>	<b>% Change</b>
Europe	243.2	227.5	6.9%	1,046.6	1,004.1	4.2%
Latin America	252.1	237.6	6.1%	557.9	505.8	10.3%
North America	96.9	93.6	3.5%	410.8	390.2	5.3%
Asia Pacific & Africa	144.1	146.7	(1.8%)	452.0	439.0	3.0%
Israel	25.3	26.6	(5.1%)	79.9	81.6	(2.0%)
<b>Total</b>	<b>761.5</b>	<b>732.0</b>	<b>4.0%</b>	<b>2,547.1</b>	<b>2,420.7</b>	<b>5.2%</b>

**Europe:** The quarter's strongest sales growth was delivered by Europe, where revenues increased by 6.9% to \$243.2 million from \$227.5 million in the third quarter of 2013. This resulted from an increase in quantities sold and a rise in selling prices. Over the first nine months of 2014, revenues in Europe increased by 4.2% to \$1,046.6 million from \$1,004.1 million in the corresponding period of 2013.

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**Latin America:** Revenues in Latin America continued to grow strongly in the third quarter, increasing by 6.1% to \$252.1 million from \$237.6 million in the third quarter of 2013. Over the first nine months of 2014, revenues in Latin America increased by 10.3% to \$557.9 million from \$505.8 million in the corresponding period of 2013. The increase in sales in the third quarter and the first nine months of 2014 was mainly due to an increase in sales volumes.

**North America:** Revenues for the quarter in North America were solid with an increase of 3.5% to \$96.9 million from \$93.6 million in the third quarter of 2013. Over the first nine months of 2014, revenues in North America increased by 5.3% to \$410.8 million from \$390.2 million in the corresponding period of 2013.

**Asia Pacific & Africa:** Revenues in Asia Pacific & Africa decreased by 1.8% to \$144.1 million compared to \$146.7 million in the comparable quarter of 2013, reflecting the weakening of currencies in the region. Over the first nine months of 2014, revenues in Asia Pacific & Africa increased by 3.0% to \$452.0 million from \$439.0 million in the corresponding period of 2013.

**Israel:** Revenues in Israel for the quarter decreased by 5.1% to \$25.3 million from \$26.6 million in the comparable quarter of 2013. Over the first nine months of 2014, revenues in Israel slightly decreased by 2% to \$79.9 million from \$81.6 million in the corresponding period of 2013.

**Gross Profit:** Gross profit for the third quarter totaled \$247.9 million (32.6% of sales), up 6% compared with \$233.9 million (32.0% of sales) for the same period in 2013.

For the nine-month period, gross profit totaled \$840.7 million (33.0% of sales), up 7.5% compared with \$782.1 million (32.3% of sales) in the corresponding period of 2013. The increase in gross profit in the quarter and the first nine months was mainly due to an increase in quantities sold and an improvement in the product mix, which were partially offset by the effect of currencies.

**Operating Profit and Operating Expenses:** Operating profit for the third quarter decreased by 4.3% to \$70.4 million (9.2% of sales) compared with \$73.5 million (10.0% of sales) for the third quarter of 2013. Operating expenses in Q3 2014 increased by 10.7% to \$177.5 million (23.3% of sales) from \$160.3 million (21.9% of sales) in Q3 2013.

For the nine-month period of 2014, operating profit increased by 0.9% to \$300.6 million (11.8% of sales) from \$297.9 million (12.3% of sales) in the corresponding period of 2013. Operating expenses in the first nine months of 2014 increased by 11.5% to \$540.1 million (21.2% of sales) from \$484.2 million (20.0% of sales) in the first nine months of 2013.

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The increase in operating expenses in both the quarter and nine month period reflects an increase in marketing expenses to support the increase in sales, as well as expenses related to the Company's global brand launch.

**Net Income:** Net income for the third quarter of 2014 increased by 33.3% to \$24.0 million, or 3.2% of sales, compared with \$18 million, or 2.5% of sales, for the third quarter of 2013.

For the nine-month period, net income increased by 16.6% to \$182.1 million, or 7.1% of sales, compared with \$156.1 million, or 6.5% of sales, in the first nine months of 2013.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):** Adjusted EBITDA for the third quarter of 2014 increased by 1% to \$114.6 million (15.0% of sales), compared with \$113.4 million (15.5% of sales) for the third quarter of 2013. For the nine-month period, Adjusted EBITDA increased by 3.1% to \$427.3 million (16.8% sales), compared with \$414.5 million (17.1% sales) in the first nine months of 2013.

**Cash Flow:** Operating cash flow for the third quarter of 2014 amounted to a positive cash flow of \$193.8 million, compared to a positive cash flow of \$99.6 million in the same quarter last year. The improvement in operating cash flow in the quarter was mainly due to an improvement in working capital and improved collection from customers.

## China Business Acquisition Update

Adama signed a definitive agreement with China National Agrochemical Corporation (CNAC), a strategic business unit of China National Chemical Corporation (ChemChina) and Adama's parent company, to acquire control of several companies in China (China Business) with 2013 total sales of \$863.5m. Once consummated, the acquisition is expected to raise Adama's revenues to close to \$4bn and give the Company a major foothold in the Chinese market, which is expected, over time, to become one of the Company's key growth engines. Adama expects to close the transaction during the first half of 2015, following Adama's planned US IPO, and is subject to certain customary closing conditions.

In parallel with reporting the Company's Q3/YTD 2014 financial results, the company provides an update on the financial performance of the China Business on an IFRS basis, for the periods ending December 31, 2013 and September 30, 2014.

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## Financial Highlights for China Business:

<i>In millions of US\$</i>	<b>Jan-Sep 2014</b>	<b>Jan-Dec 2013</b>
<b>Revenues</b>	667.2	863.5
<b>Gross profit</b>	167.8	166.4
<b>Gross margin</b>	25.1%	19.3%
<b>Operating profit</b>	110.7	82.4
<b>Net income (after non-controlling interests)</b>	21.7	2.5
<b>EBITDA</b>	149.8	141.6

Based on Company's assessments of the unaudited PRC GAAP performance of the China Business, the combined Adama and China Business grew joint revenues and operating profit in the nine months to September 30, 2014 by 5.1% and 15.7%, respectively, over the corresponding period of last year.

### Further Information

All financial and legal filings, together with a presentation of the quarter's key financial highlights, can be accessed through the Company's website at [www.adama.com](http://www.adama.com).

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### About ADAMA

ADAMA Agricultural Solutions Ltd. is the leading off-patent crop protection solutions company in the world. The Company's comprehensive range of high-quality, differentiated and effective herbicides, insecticides and fungicides, help farmers worldwide to increase yields by preventing or controlling weeds, insects and disease that harm their crops. With one of the world's most extensive and diversified off-patent product portfolios, Adama sells its products in more than 120 countries, with revenues of over \$3 billion in 2013. Adama's purpose is "Creating Simplicity in Agriculture" – striving to provide farmers accessible, easy-to-use solutions that simplify their lives and improve their crop yields. For more information, visit us at [www.adama.com](http://www.adama.com).

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