



Adama Business Momentum Continues in Second Quarter and First Half of 2014: Strong Growth in Revenues and Profits

Revenues up 9%, Net Income up 24% for the Quarter

Successful Global Rollout of New Company Brand and Launch of New Organizational Structure

Tel Aviv, Israel, August 10, 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 second quarter and first six months ended June 30, 2014.

Financial Highlights

<i>In millions of \$USD</i>	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change
Revenues*	875.9	803.3	9.0 %	1,785.7	1,688.6	5.7 %
Gross profit	279.7	253.4	10.3%	592.7	548.2	8.1%
Gross margin	31.9%	31.5%	NA	33.2%	32.5%	NA
Operating profit	99.5	93.3	6.7%	230.2	224.4	2.6%
Net Income	59.4	48.1	23.5%	158.3	138.4	14.4%
EBITDA	141.2	132.6	6.5%	312.7	301.0	3.9%

* Excluding currency effects, revenues grew by 10.1% for the second quarter, and 6.9% for the first half of 2014

Commenting on the results, **Mr. Yang Xingqiang, Adama’s Chairman**, said, “Adama continued to grow strongly in the second quarter, led by double digit sales growth in North America, Latin America, and Asia Pacific & Africa, generating continued momentum in our revenues and profits across all our key geographies.

We continue to make important progress towards the establishment and integration of Adama’s commercial and operational platform in China, which we believe will uniquely position Adama as a leading crop protection solutions provider.”

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Chen Lichtenstein, Adama's President and CEO, commented, "Our results during the first half of the year demonstrate the Company's continued growth in all key territories despite challenging weather conditions in North America and drought in Australia. Additionally, our market reach and comprehensive product portfolio, which spans across the entire value chain, allowed us to deliver strong performance in most markets.

During the quarter, we began rolling out our new brand globally; a process that will contribute to the strengthening of our commercial platform, which is focused on supporting local farmer needs with global expertise and quality solutions. Additionally, we have begun to implement a new organizational structure to focus on the implementation of our growth strategy alongside the continued advancement of our key strategic initiatives in China

Financial Review

Revenues: Sales in the second quarter of 2014 increased by 9.0% to \$875.9 million from \$803.3 million in Q2 2013, reflecting an increase in quantities sold in all regions.

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

Breakdown of Sales By Geographical Region (millions of USD)

	<u>Q2 2014</u>	<u>Q2 2013</u>	<u>Change</u>	<u>H1 2014</u>	<u>H1 2013</u>	<u>Change</u>
Europe	336.1	340.6	(1.3)%	803.4	776.6	3.4%
Latin America	169.6	139.8	21.3%	305.9	268.2	14.0%
North America	175.5	150.8	16.4%	313.9	296.6	5.8%
Asia Pacific &Africa	165.2	144.2	14.5%	307.9	292.3	5.3%
Israel	29.5	27.9	5.7%	54.6	54.9	(0.5%)

Europe: During the second quarter, sales in Europe decreased slightly to \$336.1 million from \$340.6 million in Q2 2013, reflecting the short winter, which shifted the timing of some sales to the first quarter, followed by unseasonably cold and wet weather during the first half of the second quarter, which decreased demand during that period. However, over the half-year period, sales increased by 3.4% to \$803.4 million from \$776.6 million in H1 2013, reflecting an increase in sales volumes and the raising of selling prices. The strengthening of the Euro during the period was offset by currency hedging.

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Latin America: During the second quarter, sales in Latin America rose 21.3% to \$169.6 million from \$139.8 million in Q2 2013, reflecting significant volume increases in Brazil and across the region, offset partially by a decrease in selling prices. Over the first half of the year, sales in Latin America increased by 14.0% to \$305.9 million from \$268.2 million in H1 2013.

North America: During the second quarter, sales in North America rose by 16.4% to \$175.5 million from \$150.8 million in Q2 2013. The increase reflected higher sales volumes that were achieved despite a number of challenges during the season, including adverse weather conditions, inventories accumulated in the distribution channels and the weakening of the Canadian dollar. Over the first half of the year, sales in North America increased by 5.8% to \$313.9 million from \$296.6 million in the first half of 2013, reflecting the factors described above.

Asia Pacific and Africa: During the second quarter, sales in Asia Pacific and Africa increased by 14.5% to \$165.2 million from \$144.2 million in Q2 2013, reflecting an increase in sales volumes, notably in India, despite drought conditions in a number of Asian countries. This was offset partially by the weakening of currencies in certain of the countries in the region. For the first half of the year, sales in the region increased by 5.3% to \$307.9 million compared with \$292.3 million for H1 2013, with the strong growth in quantities sold in the second quarter compensating for the decrease in quantities sold in the first quarter.

Israel: Sales in Israel during the second quarter increased by 5.7% to \$29.5 million. Sales over the first half of 2014 decreased by 0.5% to \$54.6 million.

Gross Profit

Gross profit for the second quarter increased by 10.3% to \$279.7 million (31.9% of sales) from \$253.4 million (31.5% of sales) in Q1 2013, reflecting an improved product mix that partially compensated for rising raw material prices and a lower effective exchange rate. For the first half of 2014, gross profit increased by 8.1% to \$592.7 million (33.2% of sales) from \$548.2 million (32.5% of sales) in H1 2013, reflecting the abovementioned factors.

Operating Profit and Operating Expenses

Operating profit for the second quarter rose by 6.7% to \$99.5 million (11.4% of sales) from \$93.3 million (11.6% of sales) in Q2 2013. Operating expenses in Q2 2014 increased by 12.5% to \$180.2 million (20.6% of sales) from \$160.1 million (19.9% of sales) in Q2 2013, partly as a result of expenses related to the launch of the company's new global brand.

For the first half of 2014, operating profit increased by 2.6% to \$230.2 million (12.9% of sales) from \$224.4 million (13.3% of sales) in the first half of 2013. Operating expenses in the period increased by 12.0% to \$362.6 million (20.3% of sales) from \$323.8 million (19.2% of sales) in the first half of 2013, reflecting an increase in marketing expenses to support the increase in sales, as well as

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expenses related to the global brand launch. General and administrative expenses remained largely flat over the reporting period.

Net Income

For the second quarter, net income rose by 23.5% to \$59.4 million (6.8% of sales) from \$48.1 million (6.0% of sales) in Q2 2013. For the first half of 2014, net income increased by 14.4% to \$158.3 million (8.9% of sales) from \$138.4 million (8.2% of sales) in the first half of 2013.

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) for the second quarter increased by 6.5% to \$141.2 million (16.1% of sales) from \$132.6 million (16.5% of sales) in Q2 2013. For the half-year period, EBITDA increased by 3.9% to \$312.7 million (17.5% of sales) from \$301.0 million (17.8% of sales) in the first half of 2013.

Cash Flow

During the second quarter, the Company generated \$161.7 million in cash flow from operating activities compared with \$223.7 million in Q2 2013. For the first half of 2014, the Company generated negative cash flow from operating activities of \$58.8 million compared with \$67.0 positive cash flow in the first half of 2013. The lower cash flow generation in both the second quarter and the first half of the year reflects increased working capital requirements as a result of higher sales in regions characterized by relatively long credit terms, together with changes in the timing of sales during the reporting period.

Organizational Changes

During the second quarter, the Company announced a change in its organizational structure to best implement the Company's strategy. The changes become effective gradually over the course of the second half of the year and will be completed by January 2015.

The changes to be implemented include the division of the Company's sales regions into focused clusters, the addition of, amongst others, cluster managers to the management team, and the establishment of an executive committee from within management to oversee ongoing performance.

China Buildup and Integration

The Company continues to evaluate business opportunities in China with the potential to support the creation of a significant commercial, operational, and R&D infrastructure in the country, in a way that will contribute to the Company's presence in the Chinese market, strengthen its presence in the Asia-Pacific region and enhance its global capabilities.

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Adama is proceeding in negotiations with majority shareholder China National Agrochemical Corporation (CNAC) regarding the acquisition of all or part of the shares or assets of several companies, which are directly and indirectly controlled by CNAC.

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About ADAMA Agricultural Solutions

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 products and services 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 crop protection 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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