



Adama Achieves Record Sales and EBITDA in 2014

Company reports robust growth in all regions, driven by strong performance in Europe, North America and Latin America

Net Income for the year up 19%

Tel Aviv, Israel, March 22, 2015 – ADAMA Agricultural Solutions Ltd. (“Adama” or “the Company”), the leading global off-patent provider of crop protection solutions, today reported its financial results for the full year and fourth quarter ended December 31, 2014.

Financial Highlights

<i>Adjusted; in millions of \$USD</i>	FY2014	FY2013	Change	Q4 2014	Q4 2013	Change
Revenue*	3,221.3	3,076.4	4.7%	674.2	655.7	2.8%
Gross profit	1,025.5	968.1	5.9%	184.6	186.0	(0.8%)
Gross margin	31.8%	31.5%	NA	27.4%	28.4%	NA
Operating profit	312.8	309.0	1.2%	10.4	11.1	(6.3%)
Net income before taxes	198.2	171.6	15.5%	(22.2)	(28.2)	21.4%
Net income	151.3	127.1	19.1%	(32.6)	(29.1)	(11.9%)
EBITDA	480.0	466.0	3.0%	52.7	51.5	2.3%

** In constant currency terms, sales grew by 6.1% and 6.0% in the full year and fourth quarter, respectively*

Note: Operating profit, Net income before taxes, Net income and EBITDA have been adjusted for a one-time expense incurred during the third quarter related to a provision for early retirement of employees, and during the fourth quarter related to the Company's preparation for an IPO.

Commenting on the results, **Mr. Yang Xingqiang, Adama's Chairman**, said, “Adama’s 2014 results, which ranked among the best in our industry, reflect the ongoing execution of our strategic plan, the strength of our integrated platform and our ability to effectively serve farmers’ needs in key agricultural markets across the globe. The Company’s robust business momentum led to growth across all key financial indicators.



“The past year was an exceptional period for Adama as we took a number of steps to position our organization for long-term growth. Most importantly, we laid the groundwork for our expansion into China, a vital and fast-growing market with significant untapped potential. With investments currently underway in a global formulation center and R&D hub in China, as well as combining with the China Business, Adama is building the foundation of a leading platform, which will allow the Company to fully capitalize on this major growth opportunity.

“During the past year we also launched and successfully rolled-out our new brand, which unifies our presence across the world under a single, global identity, with the purpose of simplifying the lives of farmers.”

Chen Lichtenstein, Adama's President and CEO, commented, “We are pleased with our commercial and financial performance in 2014. We reported strong growth globally, despite the challenging conditions in agricultural markets and significant currency headwinds. Our resilient results, in the face of these tough market conditions, further reflect the robustness of our business model, which combines broad geographic and product diversification with comprehensive, vertically integrated capabilities across the value chain.

“Executing our long-term business strategy, during 2014 we also unveiled our new organizational structure, increasing our overall business momentum. We divided our global commercial operations into seven regional clusters, to enable better support and tighter delivery across our geographies. We also set up a designated division for Innovation, Development, Research and Registration (IDR), which, by managing and coordinating all these activities, will drive and focus our efforts to further increase the differentiation and innovation in our product offering. We are confident that these organizational changes, and the combination with our China Business, will strengthen Adama’s position as a unique and leading company in the agrochemical industry, offering differentiated, high-quality and effective crop protection solutions to farmers worldwide.”

Financial Review

Revenues: Revenues for the full year 2014 increased by 4.7% to \$3,221.3 million, compared with \$3,076.4 million in 2013. In constant currency terms, revenues for the full year 2014 increased by 6.1% year-over-year. This increase reflects growth in all of the main regions in which the Company operates, and is one of the highest growth rates of the main companies competing in the crop protection sector.



Revenues in the fourth quarter of 2014 increased by 2.8% to \$674.2 million, compared with \$655.7 million in the fourth quarter of 2013. In constant currency terms, revenues for the quarter increased by 6.0% compared to the same period last year, a growth rate similar to that of the whole year.

The growth in revenues for the full year stemmed mainly from an increase in quantities sold.

The regional breakdown of revenues was as follows:

<i>In millions of \$USD</i>	FY 2014	FY 2013	Change*	Q4 2014	Q4 2013	Change**
<i>Europe</i>	1,186.7	1,140.3	4.1%	140.2	136.2	2.9%
<i>North America</i>	544.8	516.2	5.5%	134.0	126.0	6.3%
<i>Latin America</i>	822.5	757.5	8.6%	264.7	251.8	5.1%
<i>Asia Pacific, Africa & Israel</i>	667.3	662.4	0.7%	135.3	141.7	(4.5%)
Total	3,221.3	3,076.4	4.7%	674.2	655.7	2.8%

*The Company's revenues in 2014, split by geographical regions, eliminating currency effects, increased compared to the corresponding period last year, by the following rates: Europe 4.9%, North America 6.3%, Latin America 9.1%, Asia Pacific, Africa & Israel 4.8%.

**The Company's revenues in the fourth quarter of 2014, split by geographical regions, eliminating currency effects, increased compared to the corresponding period last year, by the following rates: Europe 11.4%, North America 6.5%, Latin America 5.8%, Asia Pacific, Africa & Israel 0.6%.

Europe: For the full year 2014, revenues in Europe increased by 4.1% to \$1,186.7 million, compared with \$1,140.3 million in 2013. The Company's performance in Europe over the year was characterized by positive business momentum stemming mainly from an increase in both quantities sold and in selling prices, partially offset by negative currency effects.

Revenues in Europe during the fourth quarter of 2014 increased by 2.9% to \$140.2 million, compared with \$136.2 million in the fourth quarter of 2013.

North America: For the full year 2014, revenues in North America increased by 5.5% to \$544.8 million, compared with \$516.2 million in 2013. The increase in sales in North America stemmed mainly from an increase in quantities sold, partially offset by lower selling prices.

Revenues in North America during the fourth quarter of 2014 amounted to \$134.0 million, compared with \$126.0 million in the fourth quarter of 2013, an increase of 6.3%.



Latin America: The strongest growth region for the year was Latin America, where revenues grew by 8.6% to \$822.5 million, compared with \$757.5 million in 2013. The increase in sales stemmed mainly from an increase in quantities sold.

Revenues in Latin America during the fourth quarter of 2014 increased by 5.1% to \$264.7 million, compared with \$251.8 million in the fourth quarter of 2013.

Asia Pacific, Africa & Israel: For the full year 2014, revenues in Asia Pacific, Africa & Israel increased by 0.7% to \$667.3 million, compared to \$662.4 million in 2013. The increase in sales in 2014 stemmed primarily from an increase in quantities sold, partially offset by negative currency effects. In constant currency terms, revenues for the full year 2014 increased by 4.8% compared with 2013. During 2014, Adama established a company in Turkey, an approximately \$500 million dollar market, which recorded its first sales in 2014.

Revenues in Asia Pacific, Africa & Israel during the fourth quarter of 2014 amounted to \$135.3 million compared with \$141.7 million in the fourth quarter of 2013, a decrease of 4.5%. However, in constant currency terms, revenues for the fourth quarter 2014 increased by 0.6% compared with the fourth quarter of 2013.

Gross Profit: For the full year 2014, gross profit totaled \$1,025.5 million (31.8% of sales), up 5.9% compared with \$968.1 million (31.5% of sales) in 2013. The increase in gross profit and gross margin in 2014 reflected higher quantities sold and an improved product mix, offset partially by negative currency effects and a decrease in selling prices.

Gross profit for the fourth quarter of 2014 totaled \$184.6 million (27.4% of sales), a slight decrease of \$1.4 million from \$186.0 million (28.4% of sales) for the parallel period in 2013, due largely to negative currency effects.

Operating Expenses: For the full-year 2014, R&D, Selling and General and Administrative expenses totaled \$712.5 million (22.1% of sales) compared with \$659.1 million (21.4% of sales) in 2013. This increase largely reflects an increase in selling expenses resulting from an increase in quantities sold, as well as costs incurred during the year associated with the global brand roll out of the Company's new brand.

Operating expenses for the fourth quarter of 2014 totaled \$174.2 million (25.8% of sales) compared with \$174.9 million (26.7% of sales) for the fourth quarter of 2013.



Operating Profit: For the full year 2014, operating profit increased by 1.2% to \$312.8 million (9.7% of sales), compared with \$309.0 million (10.0% of sales) for 2013.

Operating profit for the fourth quarter of 2014 totaled \$10.4 million (1.5% of sales), compared with \$11.1 million (1.7% of sales) in the corresponding period of 2013.

Financing Expenses: For the full year 2014, net financing expenses totaled \$120.5 million, compared with \$140.6 million in 2013. This decrease was mainly due to a decrease in the Israeli Consumer Price Index (to which certain of the Company's borrowing costs are tied) and an elimination of certain financial expenses in 2014 in respect of an option under which, in 2014, the Company bought out a minority stake in one of its subsidiaries.

Net financing expenses for the fourth quarter of 2014 totaled \$32.3 million, compared with \$37.7 million in the fourth quarter of 2013.

Net income before taxes: For the full year 2014, Net income before taxes increased by 15.5% to \$198.2 million, compared with \$171.6 million in 2013.

For the fourth quarter of 2014, the Company recorded a net loss before taxes of \$22.2 million, compared with a net loss before taxes of \$28.2 million in the corresponding period of 2013, an improvement of 21.4%.

Net Income: For the full year 2014, the Company's adjusted net income increased by 19.1% to \$151.3 million (4.7% of sales) compared with \$127.1 million (4.1% of sales) in 2013. Before adjusting for one-time expenses related to the preparation towards an IPO as well as to a provision for early retirement of employees, the net income for the full year 2014 increased by 14.9% to \$146.0 million (4.5% of sales), compared with \$127.1 million (4.1% of sales) in 2013.

For the fourth quarter of 2014, the Company recorded a net loss of \$32.6 million (4.8% of sales), compared with a net loss of \$29.1 million (4.4% of sales) in the corresponding quarter of 2013. The slightly higher net loss in the fourth quarter of 2014 (despite the abovementioned improvement in the quarterly pre-tax net income) reflects the impact of a non-recurring tax benefit in the fourth quarter of 2013. Before adjusting for the one-time expenses mentioned above, the net loss for the quarter was \$36.1 million (5.4% of sales) compared with a net loss of \$29.1 million (4.4% of sales) for the fourth quarter of 2013, due to the abovementioned non-recurring tax benefit in the fourth quarter of 2013.



EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): For the full year 2014, EBITDA increased by 3.0% to \$480.0 million (14.9% of sales), compared to \$466.0 million (15.1% of sales) in 2013. Before adjusting for one-time expenses related to a provision for early retirement of employees, EBITDA for the full year 2014 increased by 2.6% to \$478.2 million (14.8% of sales), compared with \$466.0 million (15.1% of sales) in 2013.

EBITDA for the fourth quarter of 2014 increased by 2.3% to \$52.7 million (7.8% of sales) compared with \$51.5 million (7.9% of sales) for the fourth quarter of 2013.

Cash Flow: The Company's free cash flow in 2014 amounted to \$33.1 million compared with a free cash flow in 2013 of \$41.0 million. Free cash flow for the fourth quarter of 2014 totaled \$4.9 million, compared with \$102.7 million in the fourth quarter of 2013, mainly due to the cash effect of currency hedging on the Company's NIS-denominated debentures, which is fully offset by a reduction in the value of the outstanding liabilities of such debentures due to the depreciation of the NIS, as well as the impact of timing differences of working capital.

China Business and IPO Update

In line with its long-term strategy, the Company is taking measures to position it as a leading global company in the crop protection industry, with a significant presence in China. The Company is working intensively to realize the potential inherent in the 2011 merger with CNAC, the agrochemical arm of ChemChina. In executing this strategy, in October 2014, the Company signed a definitive agreement to acquire control of four Chinese companies belonging to the ChemChina group (the China Business).

The combination with these companies will provide Adama with a unique advantage in penetrating the Chinese crop protection market and will ultimately provide Adama with a state-of-the-art operational platform in China that will serve Adama's global operations.

In the latter half of 2014, Adama prepared to execute an initial public offering of its shares on the New York Stock Exchange, with the intention to raise the funds necessary to finance the acquisition of the China Business. However, due to adverse equity market conditions, the Company decided to postpone the public offering.

Given the postponement of the offering, the Company and its shareholders are examining various possibilities regarding the execution of the business combination between the Company and the China Business, whether by consummating the acquisition as originally



agreed, or in a different manner. The Company is also currently considering its options regarding a future flotation, including both the listing venue and its timing, all in accordance with the advantages of the different markets and the developments in market conditions.

Debenture Issuance

In January 2015, Adama successfully completed a private debt issuance to qualified investors through the expansion of the Company's existing Series B debentures. The approximately NIS 700 million in proceeds, as well as approximately NIS 350 million in potential additional debenture funding to be received upon exercise of options, will be used to refinance existing debt.

Further Information

All financial and legal filings, together with a presentation of the quarter and the year's key financial highlights, can be accessed through the Company's website at www.adama.com

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About ADAMA Agricultural Solutions

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 2014 revenues of over \$3.2 billion. 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.

Contact:

Anna Wood
Global Public Relations Manager
Email: IR@adama.com
Phone: +972 73 232 1941