



## Adama Reports Robust Performance in Second Quarter and First Half of 2015

*Revenues up at constant exchange rates despite challenging agriculture environment, with volume growth across all key geographies*

*Improvements in both gross margin and EBITDA margin resulting from focus on quality of business, reduction of manufacturing, procurement and operating expenses*

*Cash flow improvement year to date due to reduced inventory and working capital*

**TEL AVIV, ISRAEL, August 11, 2015** – ADAMA Agricultural Solutions Ltd., the leading global off-patent provider of crop protection solutions, today reported its financial results for the second quarter and first half of 2015.

### Financial Highlights

<i>Adjusted, in millions of US\$</i>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Change</b>	<b>H1 2015</b>	<b>H1 2014</b>	<b>Change</b>
<b>Revenues</b>	851.3	875.9	(2.8%)	1,718.0	1,785.6	(3.8%)
<b>Gross profit</b>	273.3	279.7	(2.3%)	568.1	592.7	(4.2%)
<b>Gross margin</b>	32.1%	31.9%		33.1%	33.2%	
<b>Operating profit</b>	97.1	99.5	(2.4%)	222.6	230.2	(3.3%)
<b>Net income</b>	53.9	59.5	(9.4%)	148.5	158.3	(6.2%)
<b>EBITDA</b>	139.2	141.2	(1.4%)	306.1	312.7	(2.1%)
<b>EBITDA margin</b>	16.4%	16.1%		17.8%	17.5%	

- *In constant currency terms, revenues grew by 3.6% in the second quarter of 2015 and by 2.0% in the first half of the year, compared to Q2 2014 and H1 2014, respectively*
- *Net income adjusted for one-time expenses related to revaluation of options on debentures issued by the Company in Q1, and to a non-recurring tax-related provision*

Commenting on the results, **Yang Xingqiang, Chairman of Adama's Board of Directors**, said, "Adama continues to achieve strong business performance in tough market conditions, as reflected by its volume-driven growth of revenues in local currencies. Extended low agricultural commodity prices, as well as difficult weather conditions in certain key geographies, continue to challenge farmers across the world. However, these results reflect the strength of Adama, based on its global commercial platform, increasingly advanced portfolio and fully integrated value chain".

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**Chen Lichtenstein, President and CEO of Adama**, commented, "We are pleased with our results in the second quarter, which underline clear volume growth in each of our key geographies, notwithstanding the adverse market conditions in which we operate. Over the first half of the year we reduced our procurement and production costs, which, when combined with tight operating expense control, allowed us to improve key profitability metrics, and exceed the performance of our sector. Working capital management has resulted in a significant improvement in our free cash flow over the first half of the year, allowing us to continue to invest in the future growth of the business."

## Financial Review

**Revenues:** In constant currency terms, revenues for the second quarter of 2015 increased by 3.6% compared to the same period last year, with a more than 7% increase in quantities being partially offset by a certain decline in prices. Factoring in the effect of the significant decline of currencies relative to the US Dollar, USD revenues for the period totaled \$851.3 million, compared with \$875.9 million for the same period last year.

During the half-year period, revenues increased by 2.0% compared to the same period last year in constant currency terms. In US Dollar terms, revenues for the half-year period totaled \$1,718 million, compared with \$1,785 million for the same period last year.

The regional breakdown of revenues in the second quarter and the half year was as follows:

<i>(Millions of \$US)</i>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>% Change at CER*</b>	<b>% Change in USD</b>	<b>H1 2015</b>	<b>H1 2014</b>	<b>% Change at CER*</b>	<b>% Change in USD</b>
Europe	321.8	336.1	4.6%	(4.3%)	778.6	803.4	4.1%	(3.1%)
North America	178.6	175.5	2.9%	1.8%	317.1	313.9	2.3%	1.0%
Latin America	164.9	169.6	1.1%	(2.8%)	288.8	305.8	(2.1%)	(5.6%)
India, Middle East & Africa	105.9	113.4	1.1%	(6.6%)	175.4	186.8	1.3%	(6.1%)
Asia Pacific	80.1	81.3	10.0%	(1.5%)	158.1	175.7	(0.6%)	(10.0%)
<b>Total</b>	<b>851.3</b>	<b>875.9</b>	<b>3.6%</b>	<b>(2.8%)</b>	<b>1,718.0</b>	<b>1,785.6</b>	<b>2.0%</b>	<b>(3.8%)</b>

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**Europe:** In constant currency terms, revenues in Europe during the second quarter of 2015 increased by 4.6% compared to the corresponding quarter last year, led by strong volume growth in Southern Europe. In USD terms, revenues in Europe in the second quarter of 2015 totaled \$321.8 million, compared with \$336.1 million in the corresponding quarter last year, reflecting the negative effect of foreign exchange rates. In the first half of the year, in constant currency terms, revenues in Europe increased by 4.1% compared to the corresponding period last year. In USD terms, revenues in Europe in the first half of the year totaled \$778.6 million, compared to \$803.4 million in the corresponding period last year, reflecting the negative effect of currencies.

**North America:** In constant currency terms, revenues in North America during the second quarter of 2015 increased by 2.9% compared to the corresponding quarter last year, reflecting primarily an increase in quantities sold. In USD terms, revenues in North America in the second quarter of 2015 increased to \$178.6 million, compared to \$175.5 million in the corresponding quarter last year, despite the depreciation of the Canadian Dollar. In the first half of the year, in constant currency terms, revenues in North America increased by 2.3% compared to the corresponding period last year. In USD terms, revenues in North America in the first half of the year increased to \$317.1 million, compared to \$313.9 million in the corresponding period last year, despite a negative currency impact.

**Latin America:** In constant currency terms, revenues in Latin America during the second quarter of 2015 increased by 1.1% compared to the corresponding quarter last year, reflecting growth in volumes partially offset by a decrease in prices. In USD terms, revenues in Latin America in the second quarter of 2015 totaled \$164.9 million, compared to \$169.6 million in the corresponding quarter last year, reflecting the negative effect of foreign exchange rates. In the first half of the year, in constant currency terms, revenues in Latin America decreased by 2.1% compared to the corresponding period last year. In USD terms, revenues in Latin America in the first half of the year totaled \$288.8 million, compared to \$305.8 million in the corresponding period last year, reflecting the decline in currencies and, to some extent, in prices, partially offset by volume growth.

**India, Middle East & Africa:** In constant currency terms, revenues in India, Middle East & Africa during the second quarter of 2015 increased by 1.1% compared to the corresponding quarter last year. In USD terms, revenues in India, Middle East & Africa in the second quarter of 2015 totaled \$105.9 million, compared with \$113.4 million in the corresponding quarter last year, reflecting the negative effect of foreign exchange rates. In the first half of the year, in constant currency terms, revenues in India, Middle East & Africa increased by 1.3% compared to the corresponding period last year. In USD terms, revenues in India, Middle East & Africa in the first half of the year totaled \$175.4 million, compared to \$186.8 million in the corresponding period last year, reflecting the decline in currencies and, to some extent, in prices, partially offset by volume growth.

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**Asia Pacific:** In constant currency terms, revenues in Asia Pacific during the second quarter of 2015 increased by 10% compared to the corresponding quarter last year, reflecting strong volume growth partially offset by lower prices. In USD terms, revenues in Asia Pacific in the second quarter of 2015 totaled \$80.1 million, compared with \$81.3 million in the corresponding quarter last year, reflecting the impact of the decline in foreign exchange rates. In the first half of the year, in constant currency terms, revenues in Asia Pacific decreased by 0.6% compared to the corresponding period last year. In USD terms, revenues in Asia Pacific in the first half of the year totaled \$158.1 million, compared to \$175.7 million in the corresponding period last year due to currencies and exceptionally dry weather in South-East Asia.

**Gross profit:** Gross profit for the second quarter of 2015 amounted to \$273.3 million (32.1% of sales) compared to \$279.7 million (31.9% of sales) in the corresponding quarter last year.

The increase in gross margin in the quarter stemmed mainly from an improved portfolio mix, lower procurement costs and a decrease in production costs, which were partially offset by the negative impact of currencies. Gross profit in the first half of 2015 amounted to USD 568.1 million (33.1% of sales) compared to \$592.7 million (33.2% of sales) in the corresponding period last year. The decrease in gross profit in the second quarter and the first half of the year stemmed mainly from the lower sales in USD terms, reflecting the significant impact of the decline in foreign currencies against the US Dollar, which was partially offset by a decrease in procurement and production costs and currency hedging.

**Operating expenses:** Operating expenses in the second quarter of 2015 decreased by \$4.0 million to \$176.2 million (20.7% of sales) from \$180.2 million (20.6% of sales) in the corresponding quarter last year. In the first half of the year, operating expenses totaled \$345.5 million (20.1% of sales) compared to \$362.6 million (20.3% of sales) in the corresponding period last year, a decrease of \$17.1 million. The decrease in the operating expenses in the second quarter and in the first half of the year resulted mainly from containment of expenses and the impact of currencies.

**Operating profit:** Operating income in the second quarter of 2015 amounted to \$97.1 million (11.4% of sales) compared to \$99.5 million (11.4% of sales) in the corresponding quarter last year. Operating income in the first half of the year amounted to \$222.6 million (13.0% of sales) compared to \$230.2 million (12.9% of sales) in the corresponding period last year.

**Financing expenses:** Adjusted net financing expenses in the second quarter of 2015 totaled \$37.8 million compared to \$29.2 million in the corresponding quarter last year. Before adjusting for one-time expenses related to the revaluation of options on debentures issued by the Company, net financing expenses for the second quarter of 2015 totaled \$40.3 million compared to \$29.2 million in the corresponding quarter last year. In the first

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half of the year, adjusted net financing expenses totaled \$49.5 million compared to \$54.2 million in the corresponding period last year. Before adjusting for the one-time option-related expenses mentioned above, net financing expenses for the first half of 2015 totaled \$56.0 million compared to \$54.2 million in the corresponding period last year.

**Net Income before Taxes:** For the second quarter of 2015, adjusted net income before taxes amounted to \$60.4 million (7.1% of sales), compared with \$74.8 million (8.5% of sales) for the corresponding quarter in 2014. Before adjusting for the one-time option-related expenses mentioned above, net income before taxes for the second quarter of 2015 was \$57.9 million (6.8% of sales), compared with \$74.8 million (8.5% of sales) for the corresponding quarter in 2014. For the first half of 2015, adjusted net income before taxes amounted to \$175.6 million (10.2% of sales), compared with \$180.6 million (10.1% of sales) for the corresponding period in 2014. Before adjusting for the one-time option-related expenses mentioned above, net income before taxes for the first half of 2015 was \$169.1 million (9.8% of sales), compared with \$180.6 million (10.1% of sales) for the corresponding period in 2014.

**Net income:** For the second quarter of 2015, the Company recorded adjusted net income of \$53.9 million (6.3% of sales), compared with \$59.5 million (6.8% of sales) in the corresponding quarter last year. Before adjusting for the one-time option-related expenses mentioned above, net income for the second quarter of 2015 was \$51.4 million (6.0% of sales), compared with \$59.5 million (6.8% of sales) for the corresponding quarter last year. For the first half of 2015, the Company recorded adjusted net income of \$148.6 million (8.6% of sales), compared with \$158.3 million (8.9% of sales) in the corresponding period last year. Before adjusting for the one-time option-related and for a tax-related provision due to the reduction in the recorded, non-cash value of tax assets of the company resulting from the depreciation of the Brazilian currency, net income for the first half of 2015 was \$137.3 million (8.0% of sales), compared with \$158.3 million (8.9% of sales) for the corresponding period last year.

**EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization):** EBITDA in the second quarter of 2015 amounted to \$139.2 million (16.4% of sales), compared to \$141.2 million (16.1% of sales) in the corresponding quarter last year. In the first half of the year, EBITDA amounted to \$306.1 million (17.8% of sales) compared to \$312.7 million (17.5% of sales) in the corresponding period last year.

**Cash Flow:** The Company's free cash flow in the first half of the year amounted to -\$108.2 million cash flow, compared to -\$181.1 million in the corresponding period last year, an improvement of \$72.9 million. The Company's free cash flow in the second quarter of 2015 amounted to \$56.2 million cash flow compared to a cash flow of \$101.0 million in the corresponding quarter last year.

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### **Further Information**

All financial and legal filings, together with a presentation of the key financial highlights of the second quarter and first half of the year, 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 \$3.2 billion in 2014. 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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