



## Adama Announces Solid First Quarter Results

*Revenues up at constant exchange rates despite challenging agriculture environment, with USD revenues impacted by global currency movements*

*Focus on operational efficiency yields profitability and cash flow improvement*

*Volume growth underpins marked sector outperformance in revenues and profit*

**TEL AVIV, ISRAEL, May 17, 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 first quarter of 2015.

### Financial Highlights

<i>Adjusted, in millions of US\$</i>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>Change</b>
<b>Revenues*</b>	866.7	909.7	(4.7%)
<b>Gross profit</b>	294.8	313.1	(5.8%)
<b>Gross margin</b>	34.0%	34.4%	
<b>Operating profit</b>	125.5	130.7	(3.9%)
<b>Net income before taxes</b>	115.1	105.8	8.8%
<b>Net income</b>	94.4	98.7	(4.4%)
<b>EBITDA</b>	166.8	171.5	(2.7%)
<b>EBITDA margin</b>	19.2%	18.8%	

*\* In constant currency terms, revenues grew by 0.4% in the first quarter of 2015, driven by 2% volume growth.*

*Note: Net income before taxes and Net income have been adjusted for one-time expenses related to revaluation of options on debentures issued by the Company, and to an overseas tax-related provision.*

Commenting on the results, **Yang Xingqiang, Chairman of Adama’s Board of Directors**, said, "In this challenging time for the agricultural industry, we have seen both lower crop prices placing pressure on growers to reduce their spending, as well as the impact of significant currency headwinds in all markets. However, the strong joint effort by our entire team across the globe ensured that we were able to adjust to these adverse market conditions, allowing the Company to deliver excellent financial results. We remain well positioned to capitalize on our unique business to drive further growth going forward."



**Chen Lichtenstein, President and CEO of Adama**, commented, "Our resilient performance this quarter, which compares favorably to our sector, demonstrates the robustness of our diversified business and wide product offering focused on addressing farmers' needs across the globe. We generated an overall increase in volumes of over 2% during the first quarter, despite the difficult market conditions. We have also shown that, even in less than optimal times, our focus on thoughtful management of our business with an emphasis on profitability allowed the company to maintain and even improve its adjusted net income, operating profit and EBITDA margins, as well as improve significantly its cash flow. We continue to invest in our integrated platform and further enhance our portfolio of solutions we deliver to farmers worldwide."

## Financial Review

**Revenues:** In constant currency terms, revenues for the first quarter of 2015 increased by 0.4% compared to the same period last year, with a more than 2% increase in quantities being partially offset by a small decline in prices. Factoring in the effect of the significant decline of the currencies in which the Company sells its products relative to the US Dollar, USD revenues for the period totaled \$866.7 million, compared with \$909.7 million for the same period last year.

The regional breakdown of revenues was as follows:

<i>(Millions of \$US)</i>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>% Change at CER*</b>	<b>% Change in USD</b>
Europe	456.8	467.2	3.8%	(2.2%)
North America	138.4	138.4	1.6%	0.0%
Latin America	123.9	136.2	(6.2%)	(9.0%)
Asia Pacific	78.0	94.3	(9.8%)	(17.3%)
India, Middle East & Africa	69.6	73.6	1.5%	(5.4%)
<b>Total</b>	<b>866.7</b>	<b>909.7</b>	<b>0.4%</b>	<b>(4.7%)</b>

\* Growth at constant exchange rates

**Europe:** In constant currency terms, revenues in Europe during the first quarter of 2015 increased by 3.8% compared to the same period last year, reflecting an increase in quantities sold due to conducive weather conditions at the start of the season in Europe. USD revenues in Europe for the first quarter of 2015 totaled \$456.8 million, compared with \$467.2 million for the same period last year, reflecting the negative effect of foreign exchange rates.

**North America:** In constant currency terms, revenues in North America during the first quarter of 2015 increased by 1.6% compared to the same period last year, largely reflecting an increase in quantities sold. Factoring in the effect of the depreciation of the Canadian



dollar, USD revenues in North America for the first quarter of 2015 totaled \$138.4 million, flat compared with the same period last year.

**Latin America:** In constant currency terms, revenues in Latin America during the first quarter of 2015 decreased by 6.2% compared to the same period last year, reflecting a decrease in prices which was partially offset by an increase in quantities sold. Incorporating the effect of the decline in local currencies, USD revenues in Latin America for the first quarter of 2015 totaled \$123.9 million, compared with \$136.2 million for the same period last year.

**Asia Pacific:** In constant currency terms, revenues in Asia Pacific during the first quarter of 2015 decreased by 9.8% compared to the same period last year, largely as a result of lower quantities. USD revenues in Asia Pacific for the first quarter of 2015 totaled \$78.0 million, compared with \$94.3m for the same period last year, reflecting the effect of the depreciation of the local currencies against the USD.

**India, Middle East & Africa:** In constant currency terms, revenues in India, Middle East & Africa during the first quarter of 2015 increased by 1.5% compared to the same period last year, reflecting an increase in quantities sold. Incorporating the effect of the decline in local currencies, USD revenues in India, Middle East & Africa for the first quarter of 2015 totaled \$69.6 million, compared with \$73.6m for the same period last year.

**Gross Profit:** Gross profit for the first quarter totaled \$294.8 million (34.0% of sales), compared to gross profit of \$313.1 million (34.4% of sales) for the same period in 2014, with the decrease due largely to negative currency effects on revenues, partially offset by volume growth, hedging and the effect of lower prices of oil and oil derivatives on the Company's Cost of Goods.

**Operating Expenses:** Operating expenses for the first quarter of 2015 totaled \$169.3 million (19.5% of sales) compared with \$182.4 million (20.1% of sales) for the same period in 2014. The 7.2% decrease in operating expenses in the period, and the decrease in the expense-to-sales ratio, reflect the Company's focus on expenditure containment and the impact of currencies.

**Operating Profit:** Operating profit for the first quarter of 2015 totaled \$125.5 million (14.5% of sales), compared to \$130.7 million (14.4% of sales) for the same period in 2014.

**Financing Expenses:** Adjusted net financing expenses for the first quarter of 2015 totaled \$11.7 million, compared with \$25.0 million for the same period in 2014, reflecting the impact of the lower CPI to which some of the Company's debentures are linked. Before adjusting for one-time expenses related to the revaluation of options on debentures issued by the Company, net financing expenses for the first quarter of 2015 totaled \$15.7 million, compared with \$25.0 million for the same period in 2014.



**Net Income Before Taxes:** For the first quarter of 2015, adjusted net income before taxes increased by 8.8% to \$115.1 million (13.3% of sales), compared with \$105.8 million (11.6% of sales) for the same period in 2014. Before adjusting for the one-time expense related to the abovementioned revaluation of options on debentures issued by the Company, net income before taxes for the first quarter of 2015 was \$111.1 million (12.8% of sales), compared with \$105.8 million (11.6% of sales) for the same period in 2014.

**Net Income:** For the first quarter of 2015, the Company recorded adjusted net income of \$94.4 million (10.9% of sales), compared with \$98.7 million (10.9% of sales) in the same period in 2014. Although there was an improvement in the quarterly pre-tax income as described above, the decrease in adjusted net income reflects an increase in tax expenses during the quarter due to the reduction in the recorded, non-cash value of tax assets of the company resulting from the depreciation of the Brazilian currency. Before adjusting for the one-time expense related to the abovementioned revaluation of options on debentures issued by the Company, and to the abovementioned tax-related provision, net income for the first quarter of 2015 was \$85.7 million (9.9% of sales), compared with \$98.7 million (10.9% of sales) for the first quarter of 2014.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):** EBITDA for the first quarter of 2015 amounted to \$166.8 million (19.2% of sales), compared with \$171.5 million (18.8% of sales) for the same period in 2014.

**Cash Flow:** The Company's free cash flow in the first quarter of 2015 amounted to -\$164.4 million, compared with free cash flow of -\$282.1 million in the same period in 2014, an improvement of \$117.7 million. This improvement in free cash flow during a quarter which, due to seasonality, is net cash consumptive, reflects mainly a reduction in inventory due to operational efficiencies, and an overall lower working capital level.

### **China Business 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.

### **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 \$3.2 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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