



ADAMA DELIVERS ROBUST VOLUME GROWTH DESPITE DIFFICULT MARKET AND CURRENCY CONDITIONS

- **Revenues in constant currencies up estimated 9.5% in the third quarter and 6% year-to-date**
- **Strong volume growth in all key geographies: up 6% in the third quarter and 4.8% year-to-date**
- **Market share gains worldwide**
- **Impact of widespread currency depreciation partially offset by stronger volumes and prices, and production and procurement cost savings**
- **Further operating expense savings throughout the year ensured largely stable EBITDA margins**
- **Improvement in inventory levels contributed to a positive cash flow**

TEL AVIV, ISRAEL, November 10, 2015 – ADAMA Agricultural Solutions Ltd. today reported its financial results for the third quarter and nine months ended September 30, 2015.

Adama delivered strong growth in both the third quarter and in the year-to-date, with estimated 9.5% and 6.0% growth in constant currency terms, in the respective periods. Continuing unfavorable global agricultural market conditions, along with the weakening of global currencies against the US Dollar, were compounded by the difficult macroeconomic environment in Brazil, impacting the Company's performance in the third quarter and year-to-date.

The growth in constant currencies was driven largely by a robust increase in volumes of 6.0% and 4.8% in the third quarter and the year-to-date, respectively, together with an increase in prices. The Company saw particularly strong performance in the quarter from the Latin America and India, Middle East and Africa clusters where sales grew in constant currencies by an estimated 17.6% and by 18.3%, respectively.

The robust volume growth, as well as an increase in prices in local currencies, were more than offset by the significant depreciation of all currencies against the US Dollar, causing US Dollar denominated sales to record declines of 8.6% in the quarter and 5.2% in the year-to-date, outperforming the market.

Despite the challenging environment and significant currency headwinds, the volume driven-growth, coupled with tight expense management and production and procurement cost savings, mitigated the impact on profitability, with the Company delivering a stable EBITDA margin in the year-to-date when compared with the same period last year.



Commenting on the results, **Yang Xingqiang, Chairman of Adama's Board of Directors**, said, "Our ability to grow our business, in both volume and constant currency terms, despite the difficult market conditions, demonstrates the resilience of our global and diversified business model and the determination of our people to continually deliver a strong performance despite the challenging times. The Company continues to invest in the future growth of the business, and remains well positioned to accelerate its growth trajectory once the market recovers."

Chen Lichtenstein, President and CEO of Adama, commented, "Notwithstanding the tough currency conditions and subdued crop protection market, we have been able to increase our market share globally. Our preparedness and ability to respond quickly to a rapidly evolving environment saw us taking proactive steps to adjust our costs to the current situation. While remaining focused on addressing the dynamic global market environment, the building of our China sales force is currently in full swing as we intend to launch our direct sales in this significant market early in 2016."

General Business Update

Adama continues to make major strides in the differentiation of its portfolio. The Company's innovative nematicide, NIMITZ[®], which first launched in the US in the beginning of the year, is continuing to be rolled-out across Adama's global commercial platform, with further launches this quarter in Australia, Israel and Mexico.

Adama continues to execute on its promise to "Bring Simplicity to Agriculture". During the quarter, the Company launched its new global packaging family, with an emphasis on convenience and simplicity for farmers.

The Company has been progressing in its efforts to achieve its commercial and operational objectives in China. Adama is now well-advanced in establishing its own sales force on the ground in China, with direct sales expected to commence in the 2016 season. Construction of the new state-of-the-art formulation and packaging plant in the city of Huai'an is proceeding and the facility is expected to come on stream next year.

Adama is continuing to work with its shareholders to progress the contemplated reverse merger of the Company with Sanonda, which was announced during the third quarter.



Brazil Macroeconomic Environment

The Company's performance in the third quarter was particularly impacted by the difficult macroeconomic environment in Brazil, which was reflected in the sharp depreciation of the Brazilian real during the quarter (56% YoY, of which 27% during the third quarter), as well as in the recent downgrades of the country's credit rating. These factors have led Adama to take proactive steps to reduce the negative effects of the environment in Brazil on the Company, including a decision not to fulfil certain outstanding orders and thereby partially limit sales in the country, in so doing reducing its exposure to currency and credit risks.

This comes amid overall challenging conditions in the agricultural markets in 2015, reflected by the significant depreciation of all currencies against the US Dollar, as well as low soft commodities prices. In addition, several markets have experienced exceptional weather conditions in the third quarter, such as drought in Europe, Canada and South Africa and a late start of the rain season in India, which impacted demand in those regions.

Financial Highlights

<i>Adjusted, in millions of US\$</i>	YTD 2015	YTD 2014	Q3 2015	Q3 2014
Revenues	2,414.0	2,547.1	696.1	761.5
Gross profit	774.3	840.7	206.2	247.9
Gross margin	32.1%	33.0%	29.6%	32.6%
Operating profit	272.0	300.6	49.4	70.4
Net income	144.6	183.9	-4.6	24.0
EBITDA	397.9	427.3	91.8	114.6
EBITDA margin	16.5%	16.8%	13.2%	15.0%

In constant currency terms, revenues in 2015 grew by an estimated 6.0% in the year-to-date, and by 9.5% in the third quarter, compared to the parallel periods last year.

Net income in 2015 has been adjusted due to a revaluation of options to bonds issued by the Company in the first quarter of 2015, and due to a one-time tax provision, both recorded in the first half of 2015; Net income and EBITDA in 2014 has been adjusted for a provision for early employee retirement recorded in the third quarter of 2014.

Financial Review

Revenues: Adama delivered strong growth in constant currency terms in both the third quarter and in the year-to-date, with estimated 9.5% and 6.0% growth in the respective periods. This growth was driven largely by an increase in volumes of 6.0% and 4.8% in the third quarter and the year-to-date, respectively, achieved while increasing prices by 3.9% and



1.2% in the respective periods, notwithstanding the extremely challenging global market conditions.

Factoring in the impact of the significant weakening of currencies across the globe, the Company's sales decreased by 5.2% in the nine-month period compared to the corresponding period last year, and by 8.6% in the third quarter.

Regional Sales Performance								
(Millions of \$US)	YTD 2015	YTD 2014	% Change at CER	% Change in USD	Q3 2015	Q3 2014	% Change at CER	% Change in USD
Europe	983.9	1,046.6	2.3%	(6.0%)	205.3	243.2	(3.9%)	(15.6%)
North America	426.4	410.8	4.9%	3.8%	109.4	96.9	13.2%	12.9%
Latin America	497.5	557.9	14.9%	(10.8%)	208.7	252.1	17.6%	(17.2%)
India, Middle East & Africa	289.5	292.4	7.4%	(1.0%)	114.0	105.5	18.3%	8.1%
Asia Pacific	216.7	239.4	1.8%	(9.5%)	58.7	63.8	8.3%	(8.0%)
Total	2,414.0	2,547.1	6.0%	(5.2%)	696.1	761.5	9.5%	(8.6%)

CER: est. change in Constant Exchange Rate terms

Europe: Strong volume growth in Europe over the entire 2015 season has led to an increase in revenues in the region of 2.3% in constant currency terms in the year-to-date. In the third quarter, sales in Europe were impacted by a decrease in oilseed rape and sugar beet planting as a result of widespread drought in Central Europe, which was partially offset by an increase in cereals. US Dollar revenues in the third quarter and year-to-date were further impacted by the significant decline of the Euro by 16% which occurred over the last year.

North America: Revenues in North America grew strongly in the third quarter, with sales up by 13.2% in constant currency terms and by 12.9% in USD terms, compared to the corresponding quarter last year, driven by robust volume growth. The North American business is making significant progress in the evolution of its product portfolio, with a focus on more differentiated, higher-margin products. NIMITZ® is performing beyond expectations at field level, and benefiting from expanded labels. In the year-to-date, revenues in North America increased by 4.9% in constant currency terms and by 3.8% in USD terms, despite the impact of severe drought in Western Canada.

Latin America: The third quarter of the year is traditionally heavily weighted towards Brazil. However, notwithstanding the worsening macroeconomic situation in the country and the substantial depreciation of the Real by 56% against the US Dollar over the last year, revenues in the region grew strongly in constant currency terms, with sales up by an estimated 17.6%



in the third quarter and by 14.9% in the year-to-date, compared to the corresponding periods last year.

India, Middle East & Africa: Revenues in the region continued their strong growth trajectory, with sales in constant currency terms up by 18.3% in the third quarter and by 7.4% in the year-to-date, compared to the corresponding periods last year. This performance has been driven by increased volumes in India, notwithstanding the late start to the rainy season in the country.

Reported revenues in the third quarter and year-to-date were negatively impacted by the depreciation of local currencies, resulting in sales in USD terms up by 8.1% in the third quarter and down by 1.0% in the year-to-date, compared to the corresponding periods last year.

Asia Pacific: Revenues in Asia Pacific in constant currency terms increased by 8.3% in the third quarter and by 1.8% in the year-to-date, compared to the corresponding periods last year, reflecting strong volume growth. A strong performance in Australia saw Adama increase its market share in the country, with a good result also in New Zealand, notwithstanding poor seasonal weather conditions. Adama launched three new products in its Advanced product range in Thailand during the quarter, further enhancing the differentiation of its offering in the country.

Gross profit: In addition to the abovementioned volume growth and improved pricing, savings achieved throughout the year in production and procurement costs helped to partially offset the significant negative impact of the depreciation of the currencies. Gross margin in the year-to-date dropped slightly to 32.1% from 33.0% in the parallel period last year.

Operating profit: Tight expense management throughout the year saw operating expenses decline as a percentage of sales both in the quarter and in the year-to-date. As a result, the Company's operating margin showed only a moderate decline in the third quarter, and a marginal decline in the year-to-date to 11.3% from 11.8%.

Net income: Net income in the third quarter was significantly impacted by the situation in Brazil, which caused an increase in the cost of hedging, and also by a non-cash increase in provision for future taxes related to weakening of the Real, which pushed the Company into a minor net loss for the quarter. Adjusted Net Income over the nine month period was \$144.6 million (6.0% of sales), compared to \$183.9 million (7.2% of sales) in the corresponding period last year.

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization): In the quarter, the Company achieved EBITDA of \$91.8 million and an EBITDA margin of 13.2%. In the nine-month period the Company achieved Adjusted EBITDA of \$397.9 million and an EBITDA margin of 16.5%, largely in line with that of last year.



Cash Flow: Improvement in inventory levels led to a positive free cash flow in the third quarter, despite tough market conditions and some delays in collections in Brazil. The Company's free cash flow in the third quarter of 2015 amounted to \$61.4 million compared to a cash flow of \$156.9 million in the corresponding quarter last year, mostly due to timing differences, while free cash flow in the first nine months of the year amounted to -\$46.8 million, compared to -\$24.3 million in the corresponding period last year.

Further Information

All financial and legal filings, together with a presentation of the key financial highlights of the third quarter and first nine months of the year, can be accessed through the Company's website at 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.

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