ADAMA REPORTS BEST EVER RESULTS FOR COMBINED COMPANY

Strong final quarter drives 2017 sales above $3.5bn mark, 15% EBITDA growth to $646m and 44% Net Income growth over the year

- **Q4 Sales up 13.0% to $821 million; driven by robust 11.3% volume growth**
  - Full year sales up 5.8% to $3,523 million, driven by 8.0% growth in volume
- **Gross Profit up 20.2% to $265 million in Q4; gross margin up 1.9 percentage points to 32.3%**
  - Full year gross profit up 14.8% to $1,237 million, with an increase of 2.8 percentage points in gross margin to 35.1%
- **EBIT up 45.9% to $45 million in Q4; EBIT margin up 1.2 percentage points to 5.5%**
  - Full year EBIT up 25.7% to $436 million, with an increase of 2.0 percentage points in EBIT margin to 12.4%
- **Net income up to $26 million in Q4; net income margin up 3.3 percentage points to 3.1%**
  - **Full year net income up 44.3% to $280 million**, with an increase of 2.2 percentage points in net income margin to 8.0%
- **EBITDA up 19.2% to $100 million in Q4; EBITDA margin up 0.7 percentage points to 12.2%**
  - **Full year EBITDA up 15.0% to $646 million**, with an increase of 1.4 percentage points in EBITDA margin to 18.3%
- **Strong cash flow generation drives ongoing debt reduction**
  - Working capital further reduced
  - Operating Cash Flow in the quarter of $217 million and of $586 million in the year
  - Free Cash Flow in the quarter of $115 million and of $310 million in the year
  - Major $427 million reduction in balance sheet net debt over the last 12 months to $442 million
  - Reaching net debt / EBITDA ratio of 0.7x
- **Key business highlights**
  - Adama-Sanonda Combination completed, with name of Combined Company to change to ADAMA, subject to required approvals
  - Build-up and integration of China commercial and operational activities well underway, including the launch of a state-of-the-art R&D center
  - $240m in new equity raised from six of China's leading institutional investors
  - Shares included on the Shenzhen-Hong Kong Stock Connect, providing access to international investors

BEIJING, CHINA and TEL AVIV, ISRAEL, March 28, 2018 – Adama Agricultural Solutions Ltd. ("Solutions"), together with Hubei Sanonda Co., Ltd. (the "Listed Entity"), to be named ADAMA (together, "ADAMA" or "the Combined Company"), today reported their combined consolidated financial results for the fourth quarter and the full year ended December 31, 2017.

Adjusted	*Q4 2017 $m*	*Q4 2016 $m*	*% Change*	*FY 2017 $m*	*FY 2016 $m*	*% Change*
Revenues	**821**	**726**	**+13.0%**	**3,523**	**3,331**	**+5.8%**
Gross profit	**265**	**221**	**+20.2%**	**1,237**	**1,077**	**+14.8%**
Gross margin	*32.3%*	*30.4%*		*35.1%*	*32.3%*	
Operating income (EBIT)	**45**	**31**	**+45.9%**	**436**	**347**	**+25.7%**
EBIT margin	*5.5%*	*4.3%*		*12.4%*	*10.4%*	
Net income	**26**	**-2**	**NM**	**280**	**194**	**+44.3%**
Net income margin	*3.1%*	*-0.2%*		*8.0%*	*5.8%*	
EBITDA	**100**	**84**	**+19.2%**	**646**	**561**	**+15.0%**
EBITDA margin	*12.2%*	*11.5%*		*18.3%*	*16.9%*	
Earnings per share – USD	0.0109	0.0003		0.1196	0.0692	
– RMB	0.0720	0.0018		0.8153	0.4530	

The results of the Combined Company are presented after restatement of prior periods to include the financial position, results of operations and cash flow of Solutions. All income statement items contained in this release are presented on a combined, adjusted basis, reflecting the performance of the Combined Company. For a detailed description and analysis of the differences between the adjusted income statement items and the items as reported in the financial statements, see "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements" in the appendix to this release. 2016 Net income items are shown before allocation to non-controlling interests; see appendix for such 2016 allocation.
Revenues grew by 10.0% in constant currency terms in the quarter and by 5.0% in the full year period.
Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share in 2017 is 2,341.9 million shares, including the issuance of shares as part of the combination transaction. The number of shares used to calculate earnings per share in 2016 is 1,677.9 million shares, reflecting the issuance of shares as part of the combination transaction in 2017, yet excluding the portion of the 2016 non-controlling interest.

Commenting on the results, **Yang Xingqiang, Chairman of ADAMA**, said, "Our continued growth across the globe and robust performance in the fourth quarter capped off our strongest year to date. During 2017, we achieved the milestone of becoming the only publically traded, integrated, Global-China crop protection leader. Our recent successful private placement, in which we raised $240m in new equity from key institutional investors, reflects the warm welcome we received from the capital markets, and will be used to support our strategic growth initiatives in the coming years. Our business momentum in recent years, together with our strong foundations and unique positioning in the global and Chinese crop protection markets, provide confidence that we will be able to capitalize on the exciting opportunities that lie ahead."

Chen Lichtenstein, President and CEO of ADAMA, added, "We are pleased to conclude another record year for ADAMA. With strong market share gains in all key markets worldwide, we delivered robust top-line, bottom-line and EBITDA growth. This performance has been accompanied by continued improvement in working capital, where we now reach industry-leading metrics, driving the generation of significant cash flow, which leads to our lowest debt and leverage levels ever. We continue to make significant investments in all areas of our business, moving along our strategic direction, engaging with our customers, enhancing our portfolio, leveraging our integrated commercial and operational platforms, and propelling our business forward."

Market Environment

Continued subdued demand for crop protection products due to ongoing low soft commodity prices and farmer incomes, combined with certain re-opening of distribution channels – while most agricultural commodities' prices are generally stable, grain inventories continued to remain high, keeping pressure on prices. This environment continued to impact farmers' incomes for the third consecutive year. In some regions, the inventory levels in the crop protection distribution channels are lower in comparison to 2016, which allow customary market activity levels to resume. Despite these overall uneven market conditions, the Combined Company delivered robust volume growth in the fourth quarter and in the full year, driven by the introduction of new and differentiated products, and increased penetration in markets across the globe.

Containment of manufacturing and reduction of procurement costs – continued control of manufacturing costs, combined with reduced raw material costs in the latter part of 2016 and in some cases also in 2017, improved the costs of goods sold over the full year. However, due to shortages in certain raw materials and intermediates, mostly owing to increased environmental focus in China, procurement costs in the second half of 2017 were higher in comparison to 2016, which is expected to impact production costs going forward.

Financial Highlights

Revenues grew by 13.0% in the quarter and by 5.8% in the full year, compared to the corresponding periods last year. This robust growth was driven by an increase in volumes of an increasingly differentiated product portfolio of 11.3% in the quarter and 8.0% in the full year, despite generally subdued agricultural market conditions. The strong volume growth was offset to a certain extent in the quarter and in the full year by a softer pricing environment.

Over the full year, the net impact of currency movements was relatively muted, with the strengthening of certain currencies against the US dollar in a number of key regions such as Brazil and India being balanced out by the weakening of other currencies, most notably the British Pound, as well as the lower contribution of currency hedging. In the quarter, sales benefited somewhat from the strengthening of local currencies against the dollar, mainly in Europe and China, compared to the corresponding quarter last year.

Gross profit increased by a significant 20.2% in the quarter to $265.4 million, with gross margin up by 1.9 percentage points to 32.3%, compared to the corresponding period last year. In the full year, gross profit increased by 14.8% to $1,236.6 million, with gross margin up by 2.8 percentage points to 35.1%. The strong increase in profitability, both in the quarter and in the full year, resulted from a combination of the robust volume growth, a continued improvement in portfolio mix towards a more differentiated offering, as well as the continued reduction of costs. These trends were somewhat aided by the strengthening of local currencies against the US dollar, and partially offset by the softer pricing environment.

Operating expenses. Total operating expenses were $220.2 million (26.8% of sales) in the quarter and $800.5 million (22.7% of sales) in the full year, compared to $189.8 million (26.1% of sales) and $730.1 million (21.9% of sales) in the corresponding periods last year.

Within the total operating expenses, Sales and Marketing expenses in the quarter and in the full year were $163.2 million (19.9% of sales) and $595.3 million (16.9% of sales), respectively, compared to $147.2 million (20.3% of sales) and $565.5 million (17.0% of sales) in the corresponding periods last year. The increase in this component in the quarter and the full year compared to the corresponding periods last year resulted primarily from an increase in sales-related personnel in growing geographies and an increase in other variable expenses as a result of the increase in sales volumes.

R&D, General and Administrative expenses in the quarter and in the full year were $46.5 million (5.7% of sales) and $186.3 million (5.3% of sales), respectively, compared to $36.7 million (5.0% of sales) and $155.1 million (4.7% of sales) in the corresponding periods last year. The increases in this component in the quarter and the full year resulted primarily from increased spend on strategic research and development projects, reclassification of certain expenses from Cost of Sales to R&D expenses, and an increase in labor related expenses, partially offset by an improvement in capacity utilization.

In addition to the abovementioned factors, part of the increase in operating expenses stemmed from the impact of the strengthening of most currencies against the US dollar.

Operating income increased by 45.9% in the quarter to $45.2 million, with an increase of 1.2 percentage points in operating margin to 5.5%, compared to the corresponding period last year. In the full year, operating income rose by 25.7% to $436.1 million, with an increase of 2.0 percentage points in operating margin to 12.4%.

EBITDA increased by 19.2% in the quarter to $99.8 million, with an increase of 0.7 percentage points in EBITDA margin to 12.2%, compared to the corresponding period last year. In the full year, EBITDA rose by 15.0% to $645.6 million, with an increase of 1.4 percentage points in EBITDA margin to 18.3%.

Financial expenses and investment income. Total net financing expenses increased in the quarter to $32.7 million compared to $27.6 million in the corresponding period last year. This increase was primarily due to an increase in financial expenses on CPI-linked bonds as a result of the increase in the Israeli CPI over the quarter, compared to a decrease in the index in the corresponding quarter last year.

Total net financing expenses in the full year decreased to $127.7 million, compared to $133.7 million last year. This decrease was primarily due to the decrease in costs of currency hedging, as well as the reduction in financial debt, which were partially offset by an increase in financial expenses as a result of the increase in the Israeli CPI over the full year.

Tax expenses. Net tax income of $13.0 million was registered in the quarter, compared to tax expenses of $5.0 million in the corresponding period last year. The tax income in the quarter derived mainly from the creation of deferred tax assets in respect of losses carried-forward and temporary differences, in anticipation of their expected utilization.

Tax expenses in the full year were $28.2 million, compared to $19.1 million last year, mainly a result of higher pre-tax income. The low effective tax rate in 2017 derives mainly from the creation of deferred tax assets, while the low effective tax rate in 2016 resulted mainly from the strengthening of the Brazilian Real against the US dollar, which created tax income due to the non-cash revaluation of tax assets.

Net income in the quarter rose to $25.5 million from a seasonal loss of $1.7 million in the corresponding period last year. In the full year, net income grew by 44.3% to $280.1 million, with an increase of 2.2 percentage points in net income margin to 8.0%.

Working capital. Balance sheet working capital decreased by $29.8 million compared to the corresponding period last year, reflecting improved supplier credit management and collection discipline, which more than compensated for somewhat higher inventory in preparation for the 2018 season.

Cash Flow. Operating cash flow of $217.4 million was generated in the quarter, compared to $191.3 million in the corresponding quarter last year. This increase is mainly due to the significant improvement in the results of operations, partially offset by a more moderate contribution from the release of working capital in comparison with the corresponding period last year.

The strong profit generation resulted in operating cash flow of $586.2 million over the full year, compared to $635.9 million last year, reflecting the more moderate contribution from the release of working capital this year, in comparison with the release of working capital last year that emanated from supply chain alignment.

Net cash used in investing activities in the quarter and in the full year amounted to $66.6 million and $191.5 million, respectively, compared to $72.8 million and $214.1 million in the corresponding periods last year. The investments included primarily product registrations and other intangible and fixed assets, net of one-time proceeds resulting from the divestment of products in the US and minor non-core activities. Investments in fixed assets, net of investment grants, amounted to $38.0 million and $115.6 million in the quarter and over the full year, respectively, compared to $41.9 million and $112.1 million in the corresponding periods last year.

Free cash flow of $115.4 million was generated in the quarter, compared to $81.2 million in the corresponding quarter last year, largely reflecting the improvement in operating cash flow.

Free cash flow over the full year amounted to $309.5 million compared to $335.7 million in the corresponding period last year. The higher cash flow in 2016 reflects the significant release of working capital achieved as a result of the supply chain alignment.

Leverage. The strong cash generation, together with the proceeds of the recent equity offering, drove a substantial reduction in leverage, with balance sheet net debt at the end of the year of $441.8 million, down by almost half compared to $869.3 million as of December 31, 2016. This has resulted in the Net Debt/EBITDA ratio dropping to approximately 0.7x.

Total financial debt including bank credit and debentures was $1,686.7 million as of December 31, 2017 (of which 24.8% was short term), compared to $1,413.1 million as of December 31, 2016 (of which 14.1% was short term). Cash and short-term investments were $1,207.8 million as of December 31, 2017, compared to $558.9 million as of December 31, 2016.

Dividend. On March 27, 2018, after obtaining the approval of the Board of Directors, the Combined Company declared a cash dividend of RMB 0.63 per 10 shares to all shareholders, resulting in a total cash dividend of RMB 154.1 million (approximately $24.5 million).

Business Update

- **Marketing and Product Strategy**

  To further enhance marketing capabilities, a tailor-made advanced marketing program based on ADAMA's distinctive commercial approach, developed together with a leading academic institution, was rolled out globally.

  ADAMA continues to implement its go-to-market approach in key markets, including Europe and Asia Pacific, facilitating more direct contact with end customers and increasing proximity to farmers.

  As part of the build-up and integration of its commercial layout in China, ADAMA implemented a unified and comprehensive distribution network for its products and brands, driving significant growth.

  Global sales of key products containing backward-integrated active ingredients, such as Acephate and Paraquat, are being performed through ADAMA's sales teams worldwide, especially in North America, India, Australia and South Africa, achieving significant growth and increased profitability.

- **Innovation, Development, Research and Registration (IDR)**

  ADAMA continues to strengthen its capabilities across all IDR functions to drive continued product innovation and development. Substantial resources are being allocated to R&D capabilities, with the recruitment of dozens of scientists, development professionals, and other experts – globally, as well as in China.

  ADAMA's state-of the-art R&D Center in Nanjing became fully operational and will form a key pillar in supporting the Combined Company's commercial and operational activities. Together with the upcoming launch of the advanced global R&D Center in Neot Hovav and the enhancement of pilot, process scale-up and technology transfer capabilities, the development of ADAMA's future product pipeline will be bolstered.

  During 2017, the Combined Company obtained 223 new product registrations, including 22 new product launches worldwide. Regulatory approval for NIMITZ®, ADAMA's novel non-fumigant nematicide, was granted in additional markets including Canada and Japan, and most recently in Chile and Brazil, the product's largest expected market.

- **AgTech**

  ADAMA has engaged in key partnerships with innovative AgTech developers, to provide farmers with a range of solutions aimed at allowing agronomic decision-making with quantifiable data, reducing operating costs and uncertainty, minimizing potential negative environmental impact and agronomic risks, as well as increasing the efficiency of the Combined Company's products.

  With more than 20 AgTech solutions already deployed in key markets across the globe, technologies include sensors, software, robotics and drones, and are directed towards different fields of application, including irrigation, spray monitoring, early detection, disease and weather forecasting, and monitoring of planting gaps.

- **Operations**

  ADAMA continues to improve its supply chain and inventory management, bringing inventory metrics down to industry leading levels. An advanced planning approach across the organization has driven improved utilization and plant loading.

  The Combined Company completed plans for its global operations layout, including the consolidation of activities in the advanced sites of Neot Hovav and Jingzhou City. In China, ADAMA finalized the establishment of its operations, with the build-up of combined supply chain, quality, procurement and manufacturing teams, integrated with Global Operations.

  Joe Krkoska joined as Executive Vice President of Global Operations.

- **Adama-Sanonda combination and flotation**

  The combination of Solutions and the Listed Entity was successfully completed in July 2017. On September 29, 2017, the board of directors and management of the Combined Company were appointed. The Combined Company will operate under the ADAMA name and brand, following required approvals.

  ADAMA completed a capital raise of approximately RMB 1.5 billion ($240 million) from equity investors. The Combined Company will utilize the funds for the further development of its global products portfolio, as well as the establishment and expansion of advanced operational capabilities.

- **Transfers and divestments relating to ChemChina's acquisition of Syngenta**

  In the context of developing its business and to facilitate the obtaining by ChemChina of the regulatory approvals for the acquisition of Syngenta AG, ADAMA agreed with ChemChina and Syngenta to effect the divestment of a number of its products, while receiving products of similar nature and economic value from Syngenta.

  The receipt of the transferred products from Syngenta and concurrent divestment of ADAMA's products in the US were concluded in 2017, whereas the receipt and divestment of the relevant products in Europe were concluded in the first quarter of 2018.

Regional Highlights

Regional Sales Performance

	Q4 2017 USD(m)	*Q4 2016 USD(m)*	*% Change USD*	*% Change CER*	*FY 2017 USD(m)*	*FY 2016 USD(m)*	*% Change USD*	*% Change CER*
Europe	154	129	+18.9%	+12.9%	1,046	1,047	-0.1%	+0.9%
Latin America	254	252	+1.1%	-0.4%	751	747	+0.5%	-2.5%
North America	159	149	+6.6%	+6.4%	646	608	+6.3%	+6.2%
Asia Pacific	141	103	+36.8%	+31.6%	584	478	+22.2%	+21.5%
Of which China	*68*	*43*	*+59.8%*	*+52.5%*	*255*	*180*	*+41.6%*	*+42.7%*
India, Middle East & Africa	113	93	+20.9%	+15.9%	496	451	+10.0%	+7.6%
Total	**821**	**726**	**+13.0%**	**+10.0%**	**3,523**	**3,331**	**+5.8%**	**+5.0%**

Europe: Sales in Europe were higher by 12.9% in the fourth quarter and by 0.9% over the full year, in constant currency terms, compared with the corresponding periods last year. The strong increase in the quarter was driven by significant volume growth of an increasingly differentiated portfolio. Adverse weather conditions impacted the overall level of demand in Europe, keeping pressure on prices, somewhat moderating the strong volume growth. Over the full year, the Combined Company saw moderate volume growth, which was mostly offset by the passing on to customers of a portion of the reduction in product costs.

In Northern Europe, exceptionally wet weather conditions in Scandinavia, the Baltic countries, Poland and Germany caused a reduction in planted areas of winter crops, particularly in cereals, which led to reduced demand for cereal and oilseed rape herbicides and for aphid insecticides in cereals. These adverse conditions led to high channel inventories, maintaining pressure on pricing. However, the Combined Company continues to perform well, increasing its market share in almost all markets of Northern Europe. Ukraine and Russia saw a strong performance resulting from the combination of a differentiated product offering and tailor-made services to local farmers.

In Southern Europe, dry conditions in many countries in the fourth quarter resulted in late planting for cereals, and therefore a reduced autumn cereals herbicide campaign. These conditions were most notable in Spain, which saw drought conditions for most of the second half of the year.

In France, the dry start to the season was followed by particularly cold and wet conditions, further challenging farmers. Despite these adverse conditions, the Combined Company continued to increase its market share and improve its offering with two successful product launches in France in the fourth quarter – ELYSIUM®, a differentiated mixture herbicide for orchards and grapes, and KANTIK®, a new 3-way fungicide for powdery mildew and eyespot in cereals.

The Combined Company saw strong performances from certain countries in Central and Eastern Europe, most notably Romania and Hungary, where increasing proximity to farmers and the provision of more differentiated, tailored solutions has led to a strengthening in the quality of the business. In the Czech Republic and Slovakia, the three-way herbicide TRINITY® performed well and markedly increased its market share.

In US dollar terms, sales in Europe in the fourth quarter grew by a significant 18.9% compared with the corresponding period last year, reflecting also the strengthening of the Euro and the GBP. Over the full year, sales in Europe were flat in US dollar terms, reflecting also the impact of lower contribution of currency hedging compared with last year.

Latin America: Notwithstanding a strong performance in Brazil and most countries in the Andean region and Central America in both the fourth quarter and the full year, due to difficult market conditions and performance in Argentina, sales in Latin America were lower by 0.4% in the fourth quarter and by 2.5% over the full year, in constant currency terms, compared with the corresponding periods last year.

In the fourth quarter, although the Combined Company saw its business continue to grow in volume terms in most markets, this moderate volume growth was offset by pricing pressure as a result of constrained demand due to drought conditions in Argentina and Central America, as well as reduced insect pressure in Brazil, alongside still elevated channel inventories across the region.

In Brazil, the fourth quarter saw good performances from a number of key products, among them the unique mixture insecticide GALIL®, as well as POQUER®, a systemic, highly selective graminicide herbicide for the post-emergence control of a wide range of annual and perennial grasses in a wide range of crops, and ARREIO®, a selective and systemic mixture herbicide for the control of a variety of weeds in pastures. The Combined Company continues to enhance its offering of innovative tools and services to distributors and farmers, also assisting them with gaining access to credit and improving their collection. These initiatives, alongside a continually improving product offering, drove a significant increase of share in this key market over the quarter and the full year.

The Combined Company performed well in most countries in the Andean region and Central America, most notably in Colombia, Mexico, Chile and Peru, with good performances from a number of key products, including NIMITZ®, the Combined Company's novel, non-fumigant nematicide with higher user safety and sustainability, MASTERCOP®, a preventative fungicide for use in a wide range of fruit and vegetables, and ACADIA-BIO®, an innovative fungicide with anti-stress technology. Tough market and weather conditions in Argentina weighed down on the performance of the entire region.

In US dollar terms, sales in the region were up by 1.1% in the quarter and by 0.5% in the full year, compared with the corresponding periods last year, reflecting also the impact of the appreciation of local currencies, primarily the Brazilian Real over the full year, against the US dollar.

North America: Sales in North America increased by 6.4% in the fourth quarter and by 6.2% over the full year, in constant currency terms, compared with the corresponding periods last year, driven by strong volume growth, including of backward integrated products such as ACEPHATE 97® and ETHEPHON, which was partially offset by a somewhat softer pricing environment.

The hurricanes experienced in the southern US in the third quarter significantly impacted growers in the region. In addition, manufacturing facilities of certain local suppliers were disrupted, exacerbating an already tight global intermediate supply environment.

The Combined Company continues to perform well in Canada, where it is focused on enhancing brand awareness and deepening its relationships with retailers and farmers.

In US dollar terms, sales in North America increased by 6.6% in the fourth quarter and by 6.3% over the full year, compared with the corresponding periods last year.

Asia-Pacific: Sales increased by a significant 31.6% in the quarter and by 21.5% in the full year, in constant currency terms, compared with the corresponding periods last year.

The robust growth in the quarter was driven by a significant increase in differentiated product volumes, with strong performances in China, Vietnam, Indonesia, Australia and Korea, which were partially offset by record dry conditions in New Zealand and Indonesia, as well as low insect pressure affecting cotton insecticides in Australia.

During the quarter, the Combined Company obtained registrations for a number of new and differentiated products, including CORMORAN® for insect control in coffee in Vietnam, the herbicide IMPOSE® for peanut, sugarcane and fallow in Australia and the ready-mix herbicide KRAGAN® for pineapple in Thailand. New marketing initiatives in Thailand, focusing on fostering farmer engagement, successfully led to an increase in brand awareness and demand creation.

In China, ADAMA is growing its distinctive portfolio with dozens of new product registrations achieved over the past year, including BANG CHAO®, a mixture fungicide for late blight in potatoes, APROPO®, a broad-spectrum systemic fungicide for rice, and JICHU™, a differentiated herbicide for wheat, with multiple additional product launches underway. It is already seeing strong demand for its wheat herbicides as well as for other key backward-integrated products, and a significant increase in sales and profitability. This strong performance was driven by an increase in both volumes and prices, partly due to the tightened supply environment as a result of the increasingly stringent regulatory requirements.

In US dollar terms, sales increased by 36.8% in the quarter and by 22.2% in the full year, compared to the corresponding periods last year, reflecting also the appreciation of the local currencies, primarily the Australian dollar, against the US dollar.

India, Middle East & Africa: Sales in the region increased by a robust 15.9% in the fourth quarter and by 7.6% over the full year, in constant currency terms, compared with the corresponding periods last year. These strong performances in both the quarter and the full year were achieved despite a change in the domestic tax regime in India, in terms of which general sales tax is no longer added to sales prices, thereby reducing top-line while not impacting profit. Adjusting for this change in the Indian tax regime, sales in the region increased by 20.8% in the quarter and by 12.8% in the full year, in constant currency terms.

The strong performance in the quarter was driven by significant volume growth, with good performances in India from ACEMAIN®, a broad spectrum systemic insecticide benefiting from the Combined Company's end-to-end value chain, as well as from South Africa, where better rains in the corn areas in the north of the country compensated for the ongoing severe drought in the Western Cape.

Over the full year, the increase in volumes was achieved despite largely unfavorable weather conditions, with an unstable monsoon season in India and drought in South Africa which impacted wheat and vine products.

In US dollar terms, sales increased by 20.9% in the quarter and by 10.0% in the full year, and by 25.8% and 15.3%, respectively, adjusting for the effect of the change in the tax regime in India. This reflects also the impact of the strengthening of several currencies, including the Indian Rupee, the

South African Rand, and the Israeli Shekel, both in the quarter and in the full year, compared to the corresponding periods last year.

Revenues by operating segment

Fourth quarter sales

	Q4 2017 USD(m)	%	Q4 2016 USD(m)	%
Crop Protection	748	91.1%	665	91.5%
Intermediates and Ingredients	73	8.9%	62	8.5%
Total	**821**	**100%**	**726**	**100%**

Full year sales

	FY 2017 USD(m)	%	FY 2016 USD(m)	%
Crop Protection	3,259	92.5%	3,084	92.6%
Intermediates and Ingredients	264	7.5%	248	7.4%
Total	**3,523**	**100%**	**3,331**	**100%**

Further Information

All filings of the Combined Company, together with a presentation of the key financial highlights of the period, can be accessed through the websites of the Combined Company at www.adama.com and www.sanonda.cn.

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About the Combined Company

The Combined Company, which will be named ADAMA subject to required approvals, is comprised of Adama Agricultural Solutions Ltd. and Hubei Sanonda Ltd., and is one of the world's leading crop protection companies. We strive to Create Simplicity in Agriculture – offering farmers effective products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, quality products, our 6,600 strong team reaches farmers in over 100 countries, providing them with solutions to control weeds, insects and disease, and improve their yields. For more information, visit us at www.adama.com and follow us on Twitter® at @AdamaAgri.

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Abridged Consolidated Financial Statements

The following abridged consolidated financial statements and notes have been prepared as described in Note 1. While prepared based on the principles of PRC GAAP, they do not contain all of the information which either PRC GAAP or IFRS would require for a complete set of financial statements and should be read in conjunction with the consolidated financial statements of both Hubei Sanonda Co., Ltd and Adama Agricultural Solutions Ltd. as filed with the Shenzhen and Tel Aviv Stock Exchanges, respectively.

Abridged Consolidated Income Statement for the Quarter

Adjusted[1]		Q4 2017 USD(m)	Q4 2016 USD(m)	Q4 2017 RMB(m)	Q4 2016 RMB(m)
Revenues		**821**	**726**	**5,425**	**4,965**
Cost of Sales		553	502	3,657	3,430
Business taxes and surcharges		2	4	13	26
Gross profit		**265**	**221**	**1,755**	**1,508**
% of revenue		*32.3%*	*30.4%*	*32.3%*	*30.4%*
Operating expenses		220	190	1,456	1,297
Operating income (EBIT)		**45**	**31**	**299**	**211**
% of revenue		*5.5%*	*4.3%*	*5.5%*	*4.3%*
Financial expenses and investment income		33	28	216	189
Income before taxes		**12**	**3**	**83**	**23**
Taxes on Income		-13	5	-86	34
Net income		**26**	**-2**	**169**	**-12**
% of revenue		*3.1%*	*-0.2%*	*3.1%*	*-0.2%*
Attributable to:					
Owners of the Company		26	1	169	3
Non-controlling Interests		-	-2	-	-15
EBITDA		**100**	**84**	**656**	**581**
% of revenue		*12.2%*	*11.5%*	*12.2%*	*11.5%*
Earnings per Share	– Basic	0.0109	0.0003	0.0720	0.0018
	– Diluted	0.0109	0.0003	0.0720	0.0018

The number of shares used to calculate earnings per share in 2017 is 2,341.9 million shares, including the issuance of shares as part of the combination transaction. The number of shares used to calculate earnings per share in 2016 is 1,677.9 million shares, reflecting the issuance of shares as part of the combination transaction in 2017, yet excluding the portion of the 2016 non-controlling interest.

[1] For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below "Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements".

Abridged Consolidated Income Statement for the Full Year

Adjusted[1]		FY 2017 USD(m)	FY 2016 USD(m)	FY 2017 RMB(m)	FY 2016 RMB(m)
Revenues		**3,523**	**3,331**	**23,820**	**22,070**
Cost of Sales		2,277	2,245	15,393	14,879
Business taxes and surcharges		9	9	62	60
Gross profit		**1,237**	**1,077**	**8,364**	**7,132**
% of revenue		*35.1%*	*32.3%*	*35.1%*	*32.3%*
Operating expenses		800	730	5,399	4,848
Operating income (EBIT)		**436**	**347**	**2,965**	**2,284**
% of revenue		*12.4%*	*10.4%*	*12.4%*	*10.4%*
Financial expenses and investment income		128	134	862	886
Income before taxes		**308**	**213**	**2,103**	**1,398**
Taxes on Income		28	19	193	128
Net income		**280**	**194**	**1,909**	**1,270**
% of revenue		*8.0%*	*5.8%*	*8.0%*	*5.8%*
Attributable to:					
Owners of the Company		280	116	1,909	760
Non-controlling Interests		-	78	-	510
EBITDA		**646**	**561**	**4,374**	**3,716**
% of revenue		*18.3%*	*16.9%*	*18.3%*	*16.9%*
Earnings per Share	– Basic	0.1196	0.0692	0.8153	0.4530
	– Diluted	0.1196	0.0692	0.8153	0.4530

The number of shares used to calculate earnings per share in 2017 is 2,341.9 million shares, including the issuance of shares as part of the combination transaction. The number of shares used to calculate earnings per share in 2016 is 1,677.9 million shares, reflecting the issuance of shares as part of the combination transaction in 2017, yet excluding the portion of the 2016 non-controlling interest.

Abridged Consolidated Balance Sheet

	December 31 2017 USD(m)	December 31 2016 USD(m)	December 31 2017 RMB(m)	December 31 2016 RMB(m)
Assets				
Current assets:				
Cash at bank and on hand	1,204	554	7,869	3,842
Bills and accounts receivable	801	803	5,237	5,573
Inventories	1,146	1,076	7,488	7,464
Assets held for sale	62	-	403	-
Other current assets, receivables and prepaid expenses	357	293	2,333	2,036
Total current assets	**3,570**	**2,727**	**23,330**	**18,915**
Non-current assets:				
Fixed assets, net	1,063	1,050	6,945	7,282
Intangible assets, net	1,213	1,315	7,927	9,121
Deferred tax assets	136	93	891	647
Other non-current assets	80	76	521	529
Total non-current assets	**2,492**	**2,534**	**16,284**	**17,578**
Total assets	**6,063**	**5,261**	**39,614**	**36,493**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	418	199	2,729	1,383
Bills and accounts payable	646	545	4,218	3,780
Other current liabilities	665	665	4,348	4,611
Total current liabilities	**1,729**	**1,409**	**11,295**	**9,774**
Long-term liabilities:				
Long-term loans from banks and other lenders	79	144	514	1,002
Debentures	1,190	1,069	7,777	7,417
Deferred tax liabilities	34	43	225	296
Employee benefits	93	74	611	511
Other long-term liabilities	63	83	413	574
Total long-term liabilities	**1,460**	**1,413**	**9,540**	**9,801**
Total liabilities	**3,189**	**2,822**	**20,836**	**19,575**
Equity				
Total equity	2,874	2,439	18,778	16,918
Total equity	**2,874**	**2,439**	**18,778**	**16,918**
Total liabilities and equity	**6,063**	**5,261**	**39,614**	**36,493**

Abridged Consolidated Cash Flow Statement

	Q4 2017 USD(m)	Q4 2016 USD(m)	Q4 2017 RMB(m)	Q4 2016 RMB(m)
Cash flow from operating activities:				
Cash flow from operating activities	217	191	1,437	1,307
Cash flow from operating activities	**217**	**191**	**1, 437**	**1,307**
Investing activities:				
Additions to fixed and intangible assets	-67	-65	-442	-442
Proceeds from disposal of fixed and intangible assets	-	1	2	5
Other investing activities	-	-9	-	-60
Cash flow used for investing activities	**-67**	**-73**	**-440**	**-497**
Financing activities:				
Receipt of loans from banks and other lenders	307	11	2,031	76
Repayment of loans from banks and other lenders	-86	-143	-571	-974
Other financing activities	175	-33	1,159	-227
Cash flow from (used for) financing activities	**396**	**-165**	**2,619**	**-1,126**
Effects of exchange rate movement on cash and cash equivalents	**3**	**-2**	**-88**	**139**
Net change in cash and cash equivalents	**550**	**-48**	**3,528**	**-177**
Cash and cash equivalents at the beginning of the period	653	600	4,337	4,010
Cash and cash equivalents at the end of the period	**1,204**	**553**	**7,864**	**3,833**
Free Cash Flow	**115**	**81**	**763**	**555**

	FY 2017 USD(m)	FY 2016 USD(m)	FY 2017 RMB(m)	FY 2016 RMB(m)
Cash flow from operating activities:				
Cash flow from operating activities	586	636	3,958	4,237
Cash flow from operating activities	**586**	**636**	**3,958**	**4,237**
Investing activities:				
Additions to fixed and intangible assets	-223	-207	-1,503	-1,381
Proceeds from disposal of fixed and intangible assets	14	11	97	71
Other investing activities	17	-17	118	-115
Cash flow used for investing activities	-192	-214	-1,288	-1,426
Financing activities:				
Receipt of loans from banks and other lenders	334	88	2,212	577
Repayment of loans from banks and other lenders	-185	-329	-1,247	-2,211
Other financing activities	104	-83	671	-552
Cash flow from (used for) financing activities	**253**	**-324**	**1,636**	**-2,185**
Effects of exchange rate movement on cash and cash equivalents	**3**	**-3**	**-276**	**234**
Net change in cash and cash equivalents	**651**	**95**	**4,031**	**860**
Cash and cash equivalents at the beginning of the period	553	458	3,834	2,973
Cash and cash equivalents at the end of the period	**1,204**	**553**	**7,864**	**3,834**
Free Cash Flow	**310**	**336**	**2,097**	**2,237**

Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the years ended December 31, 2017 and 2016 incorporate the financial statements of Hubei Sanonda Ltd. (so called prior to its expected name change) and of all of its subsidiaries (“The Combined Company”), including Adama Agricultural Solutions Ltd. (“Solutions”) and its subsidiaries.

The Combined Company has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as "CASBE"). In addition, the Combined Company has disclosed relevant financial information in the financial statements in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15－General Provisions on Financial Reporting (revised by China Securities Regulatory Commission in 2014).

Solutions’ consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The abridged consolidated financial statements contained in this release are presented in both Chinese Renminbi (RMB) as the Combined Company’s shares are traded on the Shenzhen Stock Exchange as well as in United States dollars ($) as this is the major currency in which the Combined Company’s business is conducted. For the purposes of this release, a customary convenience translation has been used for the translation from RMB to US dollars, with Income Statement and Cash Flow items being translated using the quarterly average exchange rate, and Balance Sheet items being translated using the exchange rate at the end of the period.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Abridged Financial Statements
For ease of use, the Financial Statements shown in this release have been abridged as follows:

Abridged Consolidated Income Statement:

- “Operating expenses” includes selling and distribution expenses; general and administrative (including research and development); impairment losses; gain (loss) from disposal of assets and non-operating income and expenses
- “Financial expenses and investment income” includes net financing expenses; gains from changes in fair value; and investment income (including share of income of equity accounted investees)

Abridged Consolidated Balance Sheet:

- “Other current assets, receivables and prepaid expenses” includes financial assets at fair value through profit or loss; financial assets in respect of derivatives; prepayments; other receivables; and other current assets
- “Fixed assets, net” includes fixed assets and construction in progress
- “Intangible assets, net” includes intangible assets and goodwill
- “Other non-current assets” includes assets available for sale; long-term equity investments; long-term receivables; investment property; and other non-current assets
- “Loans and credit from banks and other lenders” includes short-term loans and non-current liabilities due within one year
- “Other current liabilities” includes financial liabilities in respect of derivatives; payables for employee benefits, taxes, interest, dividends and others; advances from customers and other current liabilities
- “Other long-term liabilities” includes long-term payables, provisions, deferred income and other non-current liabilities

Analysis of Gaps between Adjusted Income Statement and Reported Income Statement in Financial Statements

Q4 USD(m)	Adjusted		Adjustments		Reported	
	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Q4 2017	Q4 2016
Revenues	821	726	-	-	821	726
Gross profit	265	221	-9	7	275	214
Operating expenses	220	190	-51	-34	271	224
Operating income (EBIT)	45	31	41	41	4	-10
Income before taxes	12	3	41	53	-29	-50
Net income	26	-2	34	51	-8	-53
EBITDA	100	84	27	21	72	63
Earnings per share	0.0109	0.0003	0.0144	0.0237	-0.0035	-0.0234

FY USD(m)	Adjusted		Adjustments		Reported	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues	3,523	3,331	-	-	3,523	3,331
Gross profit	1,237	1,077	2	7	1,235	1,070
Operating expenses	800	730	-63	-65	864	795
Operating income (EBIT)	436	347	65	72	371	275
Income before taxes	308	213	65	84	243	129
Net income	280	194	54	76	226	118
EBITDA	646	561	20	18	625	544
Earnings per share	0.1196	0.0692	0.0232	0.0344	0.0964	0.0348

Q4 RMB(m)	Adjusted		Adjustments		Reported	
	Q4 2017	Q4 2016	Q4 2017	Q4 2016	Q4 2017	Q4 2016
Revenues	5,425	4,965	-	-	5,425	4,965
Gross profit	1,755	1,508	-61	46	1,815	1,462
Operating expenses	1,456	1,297	-334	-232	1,790	1,529
Operating income (EBIT)	299	211	273	278	25	-67
Income before taxes	83	23	273	364	-191	-341
Net income	169	-12	222	350	-54	-362
EBITDA	656	581	181	152	475	429
Earnings per share	0.0720	0.0018	0.0949	0.1618	-0.0229	-0.1600

FY RMB(m)	Adjusted		Adjustments		Reported	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues	23,820	22,070	-	-	23,820	22,070
Gross profit	8,364	7,132	11	45	8,354	7,087
Operating expenses	5,399	4,848	-424	-436	5,824	5,284
Operating income (EBIT)	2,965	2,284	435	482	2,530	1,803
Income before taxes	2,103	1,398	435	567	1,668	831
Net income	1,909	1,270	363	515	1,546	755
EBITDA	4,374	3,716	131	129	4,243	3,587
Earnings per share	0.8153	0.4530	0.1552	0.2330	0.6601	0.2200

Income Statement Adjustments

USD (m)	Q4 2017	Q4 2016	FY 2017	FY 2016
Net Income (as Reported)	**-8.1**	**-53.0**	**225.8**	**117.7**
Non-cash legacy amortization of 2011 PPA for acquisition of Solutions, net of tax	9.5	9.5	38.0	38.0
Cancellation of 2014 employee options plan (net of compensation) due to replacement of formerly planned IPO by Combination Transaction	-	-2.8	-	-6.1
Combination Transaction – one-time professional services fees	2.4	10.7	2.4	10.7
Combination Transaction – one-time award made to employees not included in option plan	1.3	7.6	7.1	7.6
Adjustment of 2017 LTI provision made in Q4 to accrual over the full year	6.3	-	-	-
One-time capital gain from sale of US registrations, related to ChemChina acquisition of Syngenta	-	-	-8.6	-
Reinstatement of depreciation expenses due to classification of to-be-divested European registrations as “Held-for-Sale”, related to ChemChina acquisition of Syngenta	-3.5	-	-7.7	-
Other non-recurring corporate development activity related to ChemChina affiliate	-	-	2.8	-
Creation of deferred tax asset on losses carried forward in anticipation of their expected utilization in 2018, due to expected capital gain on divestments due to ChemChina acquisition of Syngenta	-28.7	-	-28.7	-
One-time non-cash reduction of historical tax asset and provision for 2012 onward tax assessment	25.4	-	25.4	-
One-time non-cash fixed assets impairment, mostly in China due to new operations layout	8.8	8.3	8.8	8.3
One-time non-cash provision for post-employment and early retirement of Sanonda employees, net of tax	12.0	-	12.0	-
One-time non-cash impairment of non-core production facility due to discontinued JV from 2009	-	17.9	-	17.9
Net expense related to conclusion of 1985 tax claim in Brazil	-	-	2.8	-
Total adjustments	33.6	51.3	54.3	76.4
Net Income (as Adjusted)	**25.5**	**-1.7**	**280.1**	**194.2**

RMB (m)	Q4 2017	Q4 2016	FY 2017	FY 2016
Net Income (as Reported)	**-53.6**	**-362.2**	**1,545.9**	**754.6**
Non-cash legacy amortization of 2011 PPA for acquisition of Solutions, net of tax	62.8	64.9	256.8	252.3
Cancellation of 2014 employee options plan (net of compensation) due to replacement of formerly planned IPO by Combination Transaction	-	-19.1	-	-41.3
Combination Transaction – one-time professional services fees	16.1	73.4	16.1	73.4
Combination Transaction – one-time award made to employees not included in option plan	8.6	51.9	47.1	51.9
Adjustment of 2017 LTI provision made in Q4 to accrual over the full year	41.9	-	-	-
One-time capital gain from sale of US registrations, related to ChemChina acquisition of Syngenta	-	-	-59.0	-
Reinstatement of depreciation expenses due to classification of to-be-divested European registrations as “Held-for-Sale”, related to ChemChina acquisition of Syngenta	-22.8	-	-51.5	-
Other non-recurring corporate development activity related to ChemChina affiliate	-	-	18.7	-
Creation of deferred tax asset on losses carried forward in anticipation of their expected utilization in 2018, due to expected capital gain on divestments due to ChemChina acquisition of Syngenta	-190.0	-	-190.0	-
One-time non-cash reduction of historical tax asset and provision for 2012 onward tax assessment	167.9	-	167.9	-
One-time non-cash fixed assets impairment, mostly in China due to new operations layout	58.6	57.0	58.6	57.0
One-time non-cash provision for post-employment and early retirement of Sanonda employees, net of tax	79.4	-	79.4	-
One-time non-cash impairment of non-core production facility due to discontinued JV from 2009	-	122.1	-	122.1
Net expense related to conclusion of 1985 tax claim in Brazil	-	-	19.3	-
Total adjustments	222.5	350.4	363.3	515.4
Net Income (Adjusted)	**168.7**	**-11.8**	**1,909.3**	**1,270.0**

Exchange Rate Data for the Combined Company's Principal Functional Currencies

	December 31			Q4 Average			FY Average		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
EUR/USD	1.198	1.052	13.9%	1.178	1.080	9.1%	1.198	1.107	8.2%
USD/BRL	3.308	3.259	-1.5%	3.248	3.293	1.4%	3.192	3.490	8.5%
USD/PLN	3.481	4.179	16.7%	3.594	4.057	11.4%	3.779	3.943	4.2%
USD/ZAR	12.380	13.720	9.8%	13.580	13.917	2.4%	13.264	14.710	9.8%
AUD/USD	0.781	0.722	8.1%	0.769	0.750	2.6%	0.766	0.743	3.1%
GBP/USD	1.350	1.229	9.9%	1.328	1.244	6.7%	1.287	1.351	-4.7%
USD/ILS	3.467	3.845	9.8%	3.507	3.825	8.3%	3.596	3.836	6.2%
USD LIBOR 3M	1.69%	1.00%	69.8%	1.46%	0.92%	58.6%	1.26%	0.74%	69.6%

	December 31			Q4 Average			FY Average		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
USD/RMB	6.534	6.937	-5.8%	6.611	6.833	-3.3%	6.755	6.640	1.7%
EUR/RMB	7.826	7.296	7.3%	7.785	7.377	5.5%	7.612	7.348	3.6%
RMB/BRL	0.506	0.470	-7.8%	0.491	0.482	-1.9%	0.473	0.541	12.6%
RMB/PLN	0.533	0.577	7.7%	0.544	0.583	6.8%	0.559	0.526	-6.4%
RMB/ZAR	1.885	1.978	4.7%	1.885	2.037	7.5%	1.878	2.215	15.2%
AUD/RMB	5.103	5.010	1.9%	5.083	5.123	-0.8%	5.176	4.936	4.9%
GBP/RMB	8.906	8.525	4.5%	8.726	8.499	2.7%	8.670	8.974	-3.4%
RMB/ILS	0.531	0.554	4.3%	0.531	0.560	5.2%	0.532	0.578	7.8%
RMB SHIBOR 3M	4.91%	3.27%	50.1%	4.60%	2.98%	54.7%	4.37%	2.91%	50.0%