



ANOTHER STRONG START OF YEAR FOR ADAMA DELIVERS RECORD HIGH PROFITS

- **Sales of \$843 million, in line with Q1 last year in constant currencies:**
 - 1.2% lower, in USD terms
 - Volumes up 3.7%, commencing another consecutive year of growth
- **Gross profit up 5.2% to \$311 million:**
 - 2.2 percentage point increase in gross margin to 36.9%
 - Driven by strong improvement in portfolio mix and continued cost reduction
- **All-time record high operating income of \$136 million, up 5.8%:**
 - Operating margin up 1.1 percentage points to 16.2%
- **All-time record high net income of \$114 million, up 13.3%:**
 - Net income margin up 1.8 percentage points to 13.6%
- **All time record-high EBITDA of \$180 million, up 4.5%:**
 - EBITDA margin up 1.1 percentage points to 21.3%
- **Improvement of \$97m in working capital:**
 - Driven by \$74 million reduction in inventory
- **Significantly reduced leverage:**
 - Balance sheet net debt of \$953 million, \$248 million below Q1 last year
 - Reduced financial expenses
 - Net debt / EBITDA ratio of 1.8x vs. 2.5x in Q1 last year
- **Combination with Sanonda:**
 - Following recent approval by a significant majority of Sanonda's public shareholders, now awaiting final CSRC consent



TEL AVIV, ISRAEL, May 28, 2017 – ADAMA Agricultural Solutions Ltd. today reported its financial results for the first quarter ended March 31, 2017.

<i>Adjusted, US\$m</i>	Q1 2017	Q1 2016	% Change CER	% Change USD
Revenues	843	853	-0.6%	-1.2%
Gross profit	311	296		+5.2%
<i>Gross margin</i>	36.9%	34.7%		
Operating income (EBIT)	136	129		+5.8%
EBIT margin	16.2%	15.1%		
Net income	114	101		+13.3%
<i>Net income margin</i>	13.6%	11.8%		
EBITDA	180	172		+4.5%
EBITDA margin	21.3%	20.2%		

CER: Constant Exchange Rates. Q1 2016 items include adjustment for the value redeployment of employee options granted in 2014 in the amount of \$3 million.

Commenting on the results, **Yang Xingqiang, Chairman of Adama's Board of Directors**, said, "This is a strong first quarter for Adama, commencing another year of consecutive progress, with solid execution of our strategy yielding tangible results. We continue to significantly enhance our commercial and product development platforms globally, while our build up and integration in China are in full swing. We are looking forward to reaching a key milestone with the completion of Adama's combination with Sanonda."

Chen Lichtenstein, President and CEO of Adama, added, "This quarter saw us achieving record profits, driven by the enhancement of our portfolio while reducing costs and maintaining working capital discipline. We capitalize on launches of differentiated products as a powerful growth engine, driving our continued market growth across all key agricultural markets, and positioning us well going forward."

First Quarter Financial Highlights

Revenues were lower by 0.6% in constant currency terms compared to the corresponding quarter last year. Volumes grew by 3.7% in the quarter, driven in large part by launches of new products. Alongside this increase in volumes, a portion of the significant reduction in cost of sales was passed on to customers in a number of markets.

In US dollar terms, the net impact of the weakening of the Euro and the strengthening of the Brazilian Real compared to the corresponding quarter last year, as well as the lower contribution of currency hedging, saw revenues end lower by 1.2%.

Gross profit increased by a marked 5.2% to \$311 million, with gross margin up by 2.2 percentage points to 36.9%, compared to the corresponding quarter last year. This significant increase resulted from a combination of the strong improvement in portfolio mix towards a differentiated offering and notable cost reduction. These factors were partially offset by the passing on to customers of a portion of these reduced product costs, as well as by the lower contribution of currency hedging.



Operating income: The higher gross profit, together with containment of operating expenses, resulted in a 5.8% growth in operating income to an all-time record high of \$136 million, with an increase of 1.1 percentage points in operating margin to 16.2%.

EBITDA increased by 4.5% to reach an all-time record high of \$180 million, with an increase of 1.1 percentage points in EBITDA margin to 21.3%.

Net income increased by 13.3% to an all-time record high of \$114 million, with an increase of 1.8 percentage points in net income margin to 13.6%.

Working capital improved by \$97 million, driven by \$74 million reduction in inventory.

Cash Flow: Operating cash flow was a negative \$3 million compared to a positive \$8 million in the corresponding quarter last year. Due to the seasonality of activities, the Company does not generally generate positive operating cash flow in the first quarter. Free cash flow was a seasonal negative \$42 million, compared to a negative \$25 million in the corresponding quarter last year. The change in operating and free cash flow recorded in the quarter results primarily from the reflection in the Company's consolidated financial reports of an \$18 million non-cash write-off performed at the end of 2016 in the financial statements of a non-consolidated joint venture which is not in the Company's core business.

Leverage: Debt levels have been significantly reduced, with balance sheet net debt of \$953 million, an improvement of \$248 million over the last 12 months, resulting in a net debt/ EBITDA ratio of 1.8x, compared to 2.5x this time last year.

Regional Sales Performance				
<i>US\$m</i>	Q1 2017	Q1 2016	% Change CER	% Change USD
Europe	398	425	-2.3%	-6.4%
North America	169	153	+10.1%	+10.0%
Latin America	115	114	-9.3%	+1.1%
India, Middle East & Africa	74	77	-2.7%	-4.2%
Asia Pacific	87	84	+2.5%	+4.5%
Total	843	853	-0.6%	-1.2%

Europe: Sales were lower by 2.3% in constant currency terms, compared with the corresponding quarter last year. This is primarily due to soft demand as a result of weaker yields in 2016 and a delayed start to the agricultural season in western Europe, as well as high inventory levels in the distribution channels in a number of countries, and the passing on to customers of some of the benefit of the products' significantly reduced cost.

Adama saw a strong performance from its broad sugar beet portfolio in all major markets in the region, capitalizing on an increase in planted areas.

In Ukraine, Adama continues to launch new products and expand its commercial reach throughout the country, while benefiting from the improvement in economic conditions.

In the UK, the Company is seeing significantly increased engagement, also through its digital platforms, including its WaterAware™ app which provides farmers with insights on safe use of crop protection around fresh water sources.



Despite a challenging economic environment, Adama grew well in Greece and further expanded its comprehensive portfolio with products like COTTONEX[®], a differentiated pre-emergence herbicide.

In France a number of products, including LEGACY[®] DUO and PROTUGAN[®], lost their registration ahead of the launch of alternative products, which resulted in lower sales.

In US dollar terms, sales in Europe were lower by 6.4% in the quarter, reflecting the weaker exchange rates and the lower contribution of currency hedging.

North America: Sales increased by 10.1% in constant currency terms, compared with the corresponding quarter last year, driven by a significant 15.6% increase in volumes of higher margin products, which was partially offset by the passing on to customers of a portion of the significant reduction in cost of sales.

The US crop protection business continued its strong momentum, building on an improved portfolio mix. Sales of Adama's cotton portfolio increased, benefiting from growth in the cotton market with products such as COTORAN[®] and DIREX[®], herbicides for broadleaf weeds, and DIAMOND[®], a differentiated insect growth regulator. CORMORAN[™], a distinctive mixture insecticide for apples and pears, was launched in the quarter, and has had an encouraging start in advance of the upcoming season. Adama is deepening its relationship with customers across the channel, through such programs as the NIMITZ University campaign in which field specialists work together with farmers to understand their nematode-related problems, finding ways to maximize their benefit from the flagship NIMITZ[®] product.

In addition, the Consumer and Professional Solutions business continued to grow markedly.

In US dollar terms, sales increased by 10.0% compared with the corresponding quarter last year.

Latin America: Sales were lower by 9.3% in constant currency terms, compared with the corresponding quarter last year, despite an increase in volumes, primarily in Brazil, which was offset by lower volumes in Argentina and by the passing on to customers of a portion of the significant reduction in cost of sales.

The Company saw robust sales growth in Brazil, with significant volume growth of an improved portfolio. This strong performance is particularly noteworthy when considered against the sluggish Brazilian agrochemical market. Adama saw strong sales of its comprehensive insecticide portfolio for corn, with products such as VORAZ[®], a novel formulation for caterpillar control, which offers a solution in the face of increasing resistance in Bt corn. The sugarcane and pasture portfolio also performed well in Brazil, in particular ARREIO[®], a new advanced selective herbicide for the control of a variety of weeds in pastures, and PREMIERLIN[®], a distinctive pre-emergence herbicide for sugar cane.

High levels of inventory in the distribution channels, alongside low insect and disease pressure, impacted sales and pricing in Argentina.

Adama grew and improved its business in Colombia, Ecuador, and Mexico, where its efforts to enhance its portfolio are bearing fruit. The growth in these countries was also supported by positive weather conditions.

In US dollar terms, sales increased by 1.1% compared with the corresponding quarter last year, reflecting the impact of the appreciation of the local currencies, primarily the Brazilian Real, against the US dollar.



India, Middle East & Africa: Sales were lower by 2.7% in constant currency terms, compared with the corresponding quarter last year, with a moderate increase in prices being offset by lower sales volumes, reflecting the negative impact of the weather in a number of countries.

In India, farmers were faced with unfavorable weather conditions as well as disruption to their cash availability, putting pressure on sales in this market.

Adama achieved a robust performance in South Africa, benefiting also from positive currency movements and favorable weather.

In Turkey, the Company continues to expand its commercial platform through a widening network of distributors, and also launched the ADAMA ARTI™ app for smart farm management.

In US dollar terms, sales were lower by 4.2% compared to the corresponding quarter last year.

Asia-Pacific: Sales increased by 2.5% in constant currency terms, compared with the corresponding quarter last year. This increase was driven by significant volume growth, primarily in Australia and parts of south-east Asia which started recovering from El-Niño. This volume growth was partially offset by the passing on to the customers of a portion of the significant reduction in cost of sales.

Adama obtained several new product registrations in the region, among them COUNTDOWN™, a differentiated cereal herbicide for resistance management in Australia, NARKIS®, a unique rice herbicide in the Philippines, and ALMAGOR®, a distinctive rice fungicide in Vietnam.

In China, Adama continued the expansion of its commercial reach to four additional provinces, bringing to growers its advanced product portfolio alongside additional products from the CNAC entities.

In US dollar terms, sales increased by 4.5% compared to the corresponding quarter last year.

Further Information

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

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About Adama

ADAMA Agricultural Solutions Ltd. 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 5,000-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](https://twitter.com/AdamaAgri).

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