



STRONG QUARTER CONCLUDES RECORD YEAR FOR ADAMA: EXCEEDS \$1BN GROSS PROFIT AND \$500 MILLION EBITDA

SALES GROWTH AND SIGNIFICANT INCREASE IN ALL PROFIT AND PROFITABILITY METRICS, DRIVING BEST EVER CASH FLOW

COMBINATION WITH SANONDA OVERWHELMINGLY APPROVED BY ITS PUBLIC SHAREHOLDERS

- **Increased 2016 sales of \$3,070 million:**
 - Up 3.2% in constant currencies and 0.2% in USD terms
 - Q4 sales of \$668 million, up 2.8% in USD terms
 - Launches of new, differentiated products drive strong 6.0% full year and 7.3% Q4 volume growth of an improved portfolio
- **All-time record high gross profit, both in the full year and in Q4:**
 - Gross profit for the year up 7.3% to an all-time record of \$1,040 million, with gross margin up 2.3 percentage points to 33.9%
 - Q4 gross profit up 9.0% also to an all-time record of \$213 million, with gross margin up 1.9 percentage points to 31.9%
- **14.7% growth in operating income:**
 - Operating income for the year up 14.7% to \$347 million, with operating margin up 1.4 percentage points to 11.3%
 - Q4 operating income up 11.3% to \$34 million, with operating margin up 0.4 percentage points to 5.1%
- **46.8% growth in net income:**
 - Net income for the year up 46.8% to \$183 million, with net income margin up 1.9 percentage points to 6.0%
 - Q4 seasonal net loss of \$8 million, a 60.5% improvement over last year
- **All-time record \$524 million EBITDA:**
 - EBITDA in the year up 10.6% to an all-time record of \$524 million, with EBITDA margin up 1.6 percentage points to 17.1%
 - Q4 EBITDA up 2.4% to \$78 million, with an EBITDA margin of 11.7%
- **Strongest ever cash flow generation:**
 - Record reported operating cash flow of \$502 million, an increase of \$395 million over last year
 - Record reported free cash flow of \$311 million, an increase of \$398 million over last year
 - Reduction of \$133 million in inventory over the year
- **Significantly lowered leverage:**
 - Reduced balance sheet net debt of \$899 million, \$285 million below last year
 - Net debt / EBITDA ratio of 1.7x, the lowest in a decade
- **Third straight year of sector leading performance**



TEL AVIV, ISRAEL, March 30, 2017 – ADAMA Agricultural Solutions Ltd. today reported its financial results for the full year and the fourth quarter of the year ended December 31, 2016.

<i>Adjusted, US\$m</i>	FY 2016	FY 2015	% Change CER	% Change USD	Q4 2016	Q4 2015	% Change CER	% Change USD
Revenues	3,070	3,064	+3.2%	+0.2%	668	650	-0.1%	+2.8%
Gross profit	1,040	970		+7.3%	213	195		+9.0%
<i>Gross margin</i>	33.9%	31.6%			31.9%	30.0%		
Operating income (EBIT)	347	303		+14.7%	34	30		+11.3%
<i>EBIT margin</i>	11.3%	9.9%			5.1%	4.7%		
Net income	183	124		+46.8%	-8	-20		+60.5%
<i>Net income margin</i>	6.0%	4.1%			-1.2%	-3.1%		
EBITDA	524	474		+10.6%	78	76		+2.4%
<i>EBITDA margin</i>	17.1%	15.5%			11.7%	11.7%		

CER: Constant Exchange Rates

The income statement items for 2016 presented in the above tables include adjustments for: in light of the Company's expected combination with Sanonda in lieu of its formerly planned IPO, a release in connection with the options and rights allotted by virtue of the employee option plan from 2014, alongside a provision for compensation to employees who hold such options and rights (Grantees); as well as a provision for a one-time Sanonda transaction-related award to employees who are not Grantees, subject to the closing of the transaction; write-down of a minor plant value in the U.S. due to relocation; and a non-cash write-off of a joint venture production facility for a non-core product, developed in 2009. The Income Statement items for 2015 presented in the above tables include adjustments for: a revaluation in the first and second quarters of 2015 of options on debentures issued by the Company in the first quarter of 2015; a capital gain in the first quarter of 2015 from the sale of intellectual property; a provision due to a tax-related event from 1985 and expenses due to the early retirement of employees under an agreement from 2010.

Commenting on the results, **Yang Xingqiang, Chairman of Adama's Board of Directors**, said, "The sector leading results achieved by Adama in 2016 are a testament to the determined execution of its strategy and its robust business model, which have seen the company grow its sales and profits even during difficult market conditions. The company remains focused on the challenges ahead, while relentlessly working to increase the distinctiveness of its customer relationships and offering. We are particularly pleased with the significant headway Adama has made over the past year in the ramping up of its activities in the important Chinese market, which is expected to be a major growth driver for the company going forward."

Chen Lichtenstein, President and CEO of Adama, added, "This year has seen Adama generate the strongest cash flow of our time. Our substantial volume growth of an ever-more differentiated portfolio, in the face of continuing market difficulty, coupled with our focus on reduction of production, procurement and operating costs, as well as supply chain improvement and stringent collection, together underline our record results, cash flow and reduced leverage. We continue to progress all areas of our business, making substantial investment in our product development infrastructure and the enhancement of our portfolio, as well as further improvements in our global operations."

Combination with Sanonda

The general meeting of Sanonda shareholders overwhelmingly approved the combination of Adama and Sanonda on March 27, and on March 28 the relevant documents were submitted to the China Securities Regulatory Commission (CSRC). This combination, through which Adama will also achieve its group flotation objective, is subject to CSRC approval and is expected to be completed by mid-year.



Financial Highlights

Revenues: Revenues increased by 3.2% in the full year, and in the fourth quarter were in line with the corresponding quarter last year, in constant currency terms. This increase was driven by significant volume growth of 6.0% in the year and 7.3% in the fourth quarter, due to the launching of new and differentiated products, and achieved despite the continuing challenging market conditions. The robust volume growth was partly offset by the passing on of a portion of the significant reduction in cost of sales into lower selling prices in a number of markets.

In US dollar terms, revenues in the fourth quarter increased by 2.8%, affected by the appreciation of several local currencies against the US dollar, in particular the Brazilian Real, which was somewhat offset by the lower contribution of currency hedging, as compared to the corresponding quarter last year.

Over the full year, the overall depreciation in the value of most currencies against the US dollar, together with the lower contribution of currency hedging in comparison to last year, brought the 3.2% increase in revenues in constant currency terms down to an increase of 0.2% in US dollar terms.

Gross profit: The Company achieved record gross profit, both in the full year and in the quarter, with gross profit in the full year up 7.3% to an all-time high of \$1,040 million and in the fourth quarter up 9.0% to \$213 million. Gross margin also increased sharply, up 2.3 percentage points over the year to 33.9%, and up 1.9 percentage points in the fourth quarter to 31.9%.

This increase was driven by a combination of the strong volume growth, an improvement in product mix towards a more differentiated offering, and the significant reduction of production and procurement costs.

Operating income: Operating income in the full year increased by 14.7% to \$347 million, with an increase of 1.4 percentage points in operating margin to 11.3%. Operating income in the fourth quarter rose by 11.3% to \$34 million, with a 0.4 percentage point increase in operating margin to 5.1%.

EBITDA: Record EBITDA in the full year, which rose by 10.6% to reach an all-time high of \$524 million, with an increase of 1.6 percentage points in EBITDA margin to 17.1%. EBITDA in the fourth quarter grew by 2.4% to \$78 million, with an EBITDA margin of 11.7%, in line with last year's level.

Net income: Net income in the full year rose by 46.8% to \$183 million, with an increase of 1.9 percentage points in net income margin to 6.0%. Net income in the fourth quarter showed a significant 60.5% improvement over the fourth quarter of 2015.

Cash Flow: Adama delivered its strongest ever cash flow in the full year, with reported operating cash flow of \$502 million, an improvement of \$395 million over last year. Reported free cash flow in the full year also achieved its highest level ever of \$311 million, an improvement of \$398 million over last year. This robust cash flow generation was primarily driven by the strong growth in profits and profitability, alongside the improvement in working capital due to the reduction in inventory and improved collection.

Operating cash flow in the fourth quarter grew by \$127 million to \$141 million, while free cash flow in the fourth quarter was \$78 million, an improvement of \$117 million compared to the corresponding quarter last year.



General Business Update

Adama continues to progress towards the realization of its strategic objectives, including the enhancement of its go-to-market approach and global commercial network, with an emphasis on increasing customer proximity and strengthening the quality of its business, the continual differentiation of its product portfolio, the strengthening of its global brand and the achieving of its commercial and operational objectives in China.

Marketing and Product Strategy

Following the integration of the Marketing and Product Strategy functions in early 2016, a new organizational structure was established to support the implementation of the Company's commercial and product approach and ensure alignment between all demand-creation functions. The new structure is focused on sustaining product lifecycles and facilitating the use of portfolio strategy as a compass for product development.

Innovation, Development, Research and Registration (IDR)

IDR adopted a new structure that will serve to align the Company's R&D strategy with the development of future growth engines. Adama's R&D infrastructure expanded significantly in 2016, with the launch of the advanced R&D Center in Nanjing, China, and the build-up of Adama's new global R&D center in Neot Hovav, Israel. A number of key senior leaders have joined the Company, particularly in research and regulatory affairs, bringing significant additional skill and experience into the team.

Operations

Reduction of production and procurement costs contributed significantly to the achievement of the all-time record gross profit and marked gross margin gains. Tight alignment between the Company's supply and demand generation units, coupled with consistent focus on inventory health, yielded a notable decrease in inventory days, while not impacting its ability to fulfill significantly increased sales volumes.

As part of the ongoing development of the Company's production facilities in Israel, a new Low Rate Herbicide plant was commissioned at the Ashdod site. Production at the Neot Hovav site was expanded to take on additional advanced products and formulations.

Build-up and integration of activities in China

The Company continues to realize its goals in China, especially the establishment of its commercial and operational activities:

Commercial: During 2016, Adama cemented the infrastructure of its commercial operations, launching its brand, recruiting and training additional sales teams, defining its go-to-market approach and establishing the leadership group. These efforts started yielding pleasing results, with sales significantly increasing over the year.

Operational: Adama is nearing completion of the construction of its new, state-of-the-art global formulation and packaging center in Huai'An, which is expected to commence operations within the next few months. The Company's R&D center in Nanjing, started in 2015, has further expanded its activity, adding team members as well as more advanced products to its pipeline. These centers are to form a launch-pad for Adama's offering both in China and globally.



Integration: Ahead of its pending combination with Sanonda, Adama continued to progress its integration with selected CNAC entities. On the domestic distribution side, sales teams from both Adama and the CNAC entities started working together, and with effect from January 2017, these teams are fully integrated. In addition, Adama's global commercial network expanded its sourcing of active ingredients from the CNAC entities, with such sourcing more than doubling during 2016.

Regional Sales Performance

	<i>FY2016</i>	<i>FY 2015</i>	<i>% Change</i>	<i>% Change</i>	<i>Q4 2016</i>	<i>Q4 2015</i>	<i>% Change</i>	<i>% Change</i>
	<i>\$m</i>	<i>\$m</i>	<i>CER</i>	<i>USD</i>	<i>\$m</i>	<i>\$m</i>	<i>CER</i>	<i>USD</i>
Europe	1,042	1,116	-0.7%	-6.7%	129	132	-0.2%	-2.4%
North America	604	573	+5.9%	+5.5%	149	147	+1.4%	+1.4%
Latin America	739	736	+0.4%	+0.5%	250	238	-4.7%	+4.8%
India, Middle East & Africa	393	366	+11.4%	+7.5%	79	76	+5.0%	+4.2%
Asia Pacific	292	273	+10.1%	+6.9%	61	57	+8.7%	+8.3%
Total	3,070	3,064	+3.2%	+0.2%	668	650	-0.1%	+2.8%

Regional Highlights

Europe: Sales in Europe were lower by 0.7% over the full year and by 0.2% in the fourth quarter in constant currency terms, compared with the corresponding periods last year, reflecting the impact of the especially cold weather conditions in the first half of the year, as well as the passing on to the customers of a portion of the significant reduction in cost of sales. These trends were largely offset by the increase in volumes sold of higher margin products.

In a year characterized by challenging weather conditions, the poor harvest in western Europe and the ongoing subdued agricultural market environment, Adama nevertheless outperformed the majority of European markets, and continued to introduce new and differentiated products.

Adama registered strong demand for herbicides in the fourth quarter, in Eastern European oilseed rape as well as cereals. The Company saw particularly good performance in the quarter from its portfolio of autumn cereal herbicides, including CODIX[®], a broad-spectrum unique mixture herbicide, and TRINITY[®], a unique mixture of three active ingredients for weed control in cereals, as well as from HEROLD[®], a differentiated broad spectrum herbicide for winter wheat and winter barley. The fourth quarter also saw solid demand for RACER[®], a leading sunflower herbicide, OPTIMUS[®], a plant growth regulator in cereals, and MAVRIK[®], a unique broad-spectrum insecticide.

Adama delivered a noteworthy performance in Ukraine, where the Company helps farmers by providing financial solutions that assist them in achieving greater stability and predictability in volatile soft commodity and currency markets.

In US dollar terms, reflecting the weaker exchange rates against the US dollar during the fourth quarter and the full year, and the lower contribution of currency hedging primarily during the first half of the year, sales in Europe were lower by 6.7% over the full year and by 2.4% in the fourth quarter.

North America: Sales in North America increased by 5.9% over the full year and by 1.4% in the fourth quarter, in constant currency terms, compared with the corresponding periods last year, driven by a significant volume increase of higher margin products.



In the fourth quarter, which is seasonally the smallest of the year, Adama continued to progress the development of its portfolio, obtaining a number of new registrations which are expected to be launched during the 2017 season in the US market, such as CORMORAN, a unique mixture insecticide for apples and pears.

Adama saw robust growth in crop protection over the course of the year in the US and Canada. The Company continues to transform its product mix towards more differentiated, higher value-added products and driving its market share growth by focusing on key customers and crops, while reducing local formulation costs.

In addition, Adama continues to expand its sourcing of products from Sanonda and Anpon for the US market, and is now preparing to launch ACEPHATE 97, in addition to the currently marketed PARAZONE® and ETHEPHON.

The Company's Consumer and Professional Solutions business continued to perform well, with further growth in the fourth quarter rounding out a gratifying year. Adama launched its proprietary nematocide Nimitz® Pro G, in a unique formulation for golf courses.

In US dollar terms, sales in North America increased by 5.5% over the full year and 1.4% in the fourth quarter.

Latin America: Sales in Latin America increased by 0.4% over the full year and were lower by 4.7% in the fourth quarter, in constant currency terms, compared with the corresponding periods last year. The slight growth over the year resulted from an increase in the volumes sold 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 decline in sales in the quarter stemmed from lower selling prices, which were partially offset by an increase in the volumes sold of higher margin products.

The Company's results in Brazil, both in the fourth quarter and over the full year, were noteworthy when considered against the overall decline of the Brazilian agrochemical market. Adama saw robust sales growth in the country, complemented by an improved portfolio mix.

The fourth quarter saw good performance from a number of key products in Brazil, among them the unique mixture insecticide GALIL®, as well as from its more nascent biostimulants portfolio, among which is ExpertGrow®, a triple action high-efficiency product. BREVIS™, an innovative, proprietary product that promotes growth of bigger and more uniform fruit, performed well in Chile, while NIMITZ™, Adama's proprietary nematocide, showed good results in Mexico.

2016 saw the full implementation of the SOMAR distribution program in Brazil, which supports distributors and strengthens customer intimacy while promoting sales of Adama's key products.

Despite the overall decline in sales in the region over the fourth quarter, the Company saw growth in its business in Argentina, Ecuador, Chile, Colombia and Costa Rica, in the face of ongoing challenging agricultural market.

In US dollar terms, sales in the region increased by 0.5% in the full year and by 4.8% in the fourth quarter, reflecting the impact of the appreciation of the local currencies, primarily the Brazilian Real, against the US dollar.

India, Middle East & Africa: Sales in the region increased significantly, with 11.4% growth in the full year and 5.0% growth in the fourth quarter, in constant currency terms, compared with the corresponding periods last year.

This strong performance over the year was driven by robust volume growth, primarily in India, due to ongoing launches of new and differentiated products, and was achieved despite the challenging weather conditions. The robust performance in India in the fourth quarter was supported by the continued improvement in portfolio mix, with the launch of TAMAR®, a differentiated herbicide, in



sugar cane. Adama continues to grow well in Turkey, a market in which it benefits from a strong sugar beet portfolio and the positive momentum achieved since its 2015 launch.

In US dollar terms, sales in the region increased by 7.5% over the year and by 4.2% in the quarter, and despite the depreciation of currencies such as the Indian Rupee, the South African Rand, and the Turkish Lira.

Asia-Pacific: Sales in Asia-Pacific grew significantly, registering a 10.1% increase over the year and an 8.7% increase in the fourth quarter, in constant currency terms, compared with the corresponding periods last year. This robust performance was driven by significant volume growth over the course of the year, most notably in Australia and New Zealand, as well as in the quarter, particularly in parts of south-east Asia. This growth was achieved despite adverse weather conditions in several countries in the region during the first nine months of the year, including floods in Australia and Vietnam and drought in the Philippines, as well as high inventories in the distribution channel due to the slow recovery from the severe drought in markets such as Thailand.

40 new products were launched in the region throughout the year, while eight new registrations were obtained in the fourth quarter, among them SKOPE[®], a unique mixture for insect control in cotton in Australia, CORMORAN[™], a proprietary mixture for control of chewing and sucking pests in apples and pears in Australia, and PLETHORA[®], a differentiated insecticide for fruit in South Korea, as well as the proprietary fruit thinner BREVIS[®], now registered for apples in New Zealand.

In Australia, Adama successfully launched the Reef Aware app, a digital decision support tool for sugarcane farmers, which has played an important role in the strong performance of the new differentiated sugarcane herbicide, BOBCAT[®] i-MAXX[™].

In US dollar terms, sales in Asia-Pacific increased by 6.9% over the year and by 8.3% in the fourth quarter. These results are especially noteworthy in light of the lower contribution of currency hedging over the year compared to last year, and in light of the net depreciation of the local currencies, in particular the Australian dollar.

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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