



ADAMA REPORTS STRONG VOLUME GROWTH AND INCREASED PROFITS AND PROFITABILITY IN FIRST QUARTER

- **First quarter sales of \$853 million:**
 - Growth of 6.9% at constant exchange rates, across all geographies, driven by 6.7% increase in volumes
 - USD sales lower by 1.6% as a result of the strength of the US dollar
- **Growth in all profit and profitability metrics:**
 - Gross profit higher at \$296m, an increase of 0.7 percentage points in gross margin to 34.7% – the highest gross margin in the last eight years
 - Operating income increased by 2.6% reaching \$129 million, an increase of 0.6 percentage points in operating margin to 15.1%
 - Net income grew by 6.8% reaching \$101 million, an increase of 0.9 percentage points in net margin to 11.8%
 - EBITDA up by 3.2% reaching \$172 million, a full percentage point increase in EBITDA margin to 20.2%
- **Improved free cash flow in the quarter, with markedly reduced inventory levels**
- **These results reflect Adama's continued sector-leading performance**

TEL AVIV, ISRAEL, May 22, 2016 – ADAMA Agricultural Solutions Ltd. today reported its financial results for the first quarter ended March 31, 2016.

Adama delivered solid growth in the first quarter, with revenues up by 6.9% in constant currency terms. This growth was driven by significant volume growth of 6.7% across all geographies, of an improved product mix, and despite the ongoing difficult agricultural market conditions, including low grain prices, high inventory levels in the distribution channels and tough weather conditions, all of which led to overall weak demand for crop protection products. The strong volume growth was offset by the significant depreciation of local currencies against the dollar, causing US dollar-denominated sales in the first quarter to be lower by 1.6% versus last year's level.

Despite the tough market conditions and the slight decline in reported sales in the quarter, Adama delivered marked growth in all profit and profitability metrics compared to the parallel period last year. The Company reported adjusted gross profit of \$296m, which reflects an increase of 0.7 percentage points in gross margin to 34.7%, and represents the highest quarterly gross margin Adama has achieved in the last eight years. Operating income increased by 2.6% to reach \$129 million, an increase of 0.6 percentage points in operating margin to 15.1%, while net income grew by 6.8% to reach \$101 million, an increase of 0.9 percentage points in net margin to 11.8%. EBITDA increased by 3.2% to \$172 million, reflecting an EBITDA margin of 20.2%, a full percentage point increase from the first quarter of 2015.

Free cash flow improved in the first quarter. In addition, the Company markedly reduced its inventory levels.



Financial Highlights

<i>Adjusted, US\$m</i>	Q1 2016	Q1 2015	% Change CER	% Change USD
Revenues	853	867	+6.9%	-1.6%
Gross profit	296	295		+0.4%
<i>Gross margin</i>	<i>34.7%</i>	<i>34.0%</i>		
Operating income (EBIT)	129	126		+2.6%
<i>EBIT margin</i>	<i>15.1%</i>	<i>14.5%</i>		
Net income	101	94		+6.8%
<i>Net income margin</i>	<i>11.8%</i>	<i>10.9%</i>		
EBITDA	172	167		+3.2%
<i>EBITDA margin</i>	<i>20.2%</i>	<i>19.2%</i>		

The Income Statement items for Q1 2016 that appear in the above table include adjustments for redeployment of employees' options granted in 2014. The Income Statement items for Q1 2015 that appear in the above table include adjustments for: revaluation of options on debentures issued by the Company in Q1 2015, a capital gain 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, "We are pleased with the strong results of the first quarter, despite the many ongoing market challenges and the currency pressure. We are particularly satisfied with the launch of our activities in the Chinese market and the clear progress we are making in this market."

Chen Lichtenstein, President and CEO of Adama, added, "This quarter saw Adama deliver robust sales growth in constant currencies, driven by increased volumes across all regions, alongside growth in sales of higher-value products, which allowed us to weather the tough market conditions and drive growth in all our profit and profitability measures. Our performance is the result of the continuous execution of our strategy, with an emphasis on the strengthening of our commercial reach and the evolution of our differentiated portfolio."

Build-up and integration in China

Adama continues to progress towards the realization of its strategic goals in China, especially the establishment of its commercial and operational activities.

During the first quarter, Adama launched its direct sales in China, appointed its management team and was joined by dozens of new sales personnel in ten provinces. The Company's performance in the country in the first quarter has exceeded its plan. In addition, Adama has become the sales platform of formulated products of several CNAC companies, selling higher volumes than planned.

On the operational side, the construction of the Company's new, state-of-the-art formulation and packaging center in the city of Huai'an is progressing, and the plant is expected to come on-stream in the next 12 months.



The Company's shareholders continue to progress the transaction with Sanonda. In the context of this transaction, Sanonda's shares have been suspended from trading until August 4th.

Regional Sales Performance				
US\$m	Q1 2016	Q1 2015	% Change CER	% Change USD
Europe	425	457	+1.2%	-6.9%
North America	153	138	+12.0%	+10.8%
Latin America	114	124	+10.6%	-8.3%
India, Middle East & Africa	77	70	+19.4%	+10.6%
Asia Pacific	84	78	+14.5%	+7.5%
Total	853	867	+6.9%	-1.6%

Europe: Sales in Europe increased by 1.2% in the first quarter at constant exchange rates compared to the corresponding period in 2015, due to significant volume growth driven by the launch of new products and the deepening of commercial activity. This growth was achieved despite a delayed start to the agricultural season due to extended cold weather, as well as increased inventories in the industry's distribution channels. The volume growth, supported by increased sales of high value-added products due to the increased acreage of several key crops, such as sugar beet and cereals, was partially offset by a slight decline in prices in several countries. In US dollar terms, sales in Europe were lower by 6.9% in the quarter, compared with the corresponding period in 2015, due to the stronger US dollar.

Adama continued to further differentiate its portfolio with the recent launches of a number of differentiated products in several key markets, such as the cereal and corn herbicide ELEGANT™ in Ukraine and the broad-spectrum cereal fungicide KANTIK® in Germany.

North America: Sales in North America increased by 12.0% in the first quarter at constant exchange rates compared to the corresponding period in 2015, due to increased engagement with key customers, focus on key regions and high value-added crops, and the launch of new products. In US dollar terms, and despite a further depreciation of the Canadian dollar, sales in North America increased by 10.8% in the quarter compared to the corresponding period last year.

Adama's Canadian business performed well in the quarter, despite the ongoing dry conditions in Western Canada. The robust performance was achieved through strong product demand driven by business alignment and a focused approach with retail and distribution customers. Adama continued to enhance its portfolio in the country and successfully launched three new products: the insecticide seed treatment SOMBRERO™, the herbicide SQUADRON™ and the herbicide HOTSHOT™, a unique and powerful mixture of two active ingredients used to combat glyphosate-resistant weeds.

Latin America: Sales in Latin America increased by 10.6% in the first quarter at constant exchange rates compared to the corresponding period in 2015, driven by price increases, mainly in Brazil. The growth in the region was achieved despite high inventory levels remaining in the distribution channels and the ongoing challenging conditions in several countries, including El-Niño related floods and volatile weather, and political and economic instability in Brazil. As a



result of the stronger US dollar, sales in Latin America in US dollar terms were lower by 8.3% in the first quarter, compared to the corresponding quarter last year.

Adama continues to implement specialized go-to-market approaches in the region, with increased customer proximity being supported by the growing use of digital tools. The Company achieved good results in Brazil in the quarter, with the insecticide GALIL[®], a differentiated mixture of two active ingredients, seeing strong demand from soybean farmers suffering from the proliferation of sucking pests due to the increasing use of caterpillar-resistant genetically modified soybean strains.

India, Middle East & Africa: Sales increased by 19.4% in the first quarter at constant exchange rates compared to the corresponding period in 2015. The increase in sales stemmed from significant growth of high-value products, led by Turkey, where Adama launched its activity in 2015, and was achieved despite drought in several key markets such as India and South Africa. In US dollar terms, and despite the depreciation of local currencies, such as the South African Rand, the Indian Rupee and the Turkish Lira, sales in the region grew by 10.6 % in the quarter compared to the corresponding period in 2015.

In India, Adama continues to invest in the differentiation of its portfolio, and received a number of new registrations for unique products to be launched during the year, among them the herbicides TAMAR[™], for use in sugarcane, DEKEL[™] for use in onions, and SHAKED[™] for use in soybeans.

Asia-Pacific: Sales in Asia-Pacific increased by 14.5% in the first quarter at constant exchange rates, due to strong volume growth, mainly in the Pacific. This growth stemmed from the strengthening of commercial activity in the region by focusing on key markets and crops, increasing proximity to farmers and deepening interaction with distributors, as well as enhancing the portfolio. The growth was achieved despite challenging conditions in Asia, stemming from the serious El-Niño related drought in Thailand, Vietnam and other countries. In US dollar terms, and despite the depreciation of local currencies, especially the Australian dollar, sales in the Asia-Pacific region increased by 7.5% in the quarter compared to the corresponding period in 2015.

Following the successful launch of its proprietary nematicide NIMITZ[®] in Australia in 2015, during the first quarter Adama obtained the registration of the product in South Korea. In addition, BOBCAT i-MAXX[®], a unique new herbicide for knockdown and long-term weed management in sugarcane, performed well in Australia following its recent launch.

Gross profit: Gross profit rose to \$296m in the first quarter, which reflects an increase of 0.7 percentage points in the gross margin to 34.7%, despite the slight decline in the reported US-dollar denominated sales in the quarter. These profit and margin increases stemmed from the significant volume growth of an improved product mix, as well as lower manufacturing and procurement costs, despite the significant negative currency headwinds and a lower contribution of currency hedging transactions executed by the Company compared to the corresponding quarter last year.

Operating income, net income and EBITDA: Operating income in the first quarter increased by 2.6% to reach \$129 million, an increase of 0.6 percentage points in operating margin to 15.1%, reflecting continuous reduction of operating expenses as well as the positive effect of the depreciation of the currencies. Net income grew by 6.8% to reach \$101 million, with an increase of 0.9 percentage points in net income margin to 11.8%. EBITDA increased by 3.2% to \$172 million, reflecting an EBITDA margin of 20.2%, a full percentage point increase from the first quarter of 2015.



Cash Flow: Free cash flow in the first quarter, which is generally negative due to seasonality, improved driven by reduced inventory levels. In the first quarter, the Company generated negative free cash flow of \$25 million. Adjusting for the change in the balance of receivables deducted in the framework of the Receivables Financing Facility, the Company generated negative free cash flow of \$152 million, compared to negative free cash flow of \$164 million in 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.

##

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 and efficient products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, high-quality products, Adama's approximately 4,900 people reach farmers in over 100 countries across the globe, 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).

Contact

Nina Zoukelman
Corporate PR Manager
Email: pr@adama.com