



## **Adama Becoming the Only Integrated Global-China Crop Protection Company** **Combined pro forma Enterprise Value of \$5bn**

- *Adama realizes its strategic vision, gaining an unmatched position: combines with Sanonda to create the only integrated Global-China crop protection company and #1 in China*
- *Combined company will be the first global crop protection company to be publicly traded on the Chinese stock market, and will raise RMB 2.5 billion, approximately \$380 million, in new equity to further bolster its growth*
- *Transaction and capital raise to bring the combined company's pro forma enterprise value to \$5.0 billion and its pro forma equity value to \$4.0 billion*

**TEL AVIV, ISRAEL, and BEIJING, CHINA, September 14th, 2016** – Adama Agricultural Solutions today announced that the framework for its combination with Sanonda, a leading Chinese agrochemical producer, has been submitted to the Shenzhen Stock Exchange. This transaction will create, in one coordinated step, the only integrated Global-China crop protection company, which at its outset will be the largest crop protection company in China, as well as the first global one to be publicly traded on the Chinese stock market. The combined company's shares will be listed on the Shenzhen Stock Exchange, providing access to Renminbi (RMB)- and Hong Kong Dollar-denominated capital. In the context of the transaction, the combined company expects to raise RMB 2.5 billion, or approximately \$380 million, in new equity, which will be used to accelerate its growth.

In the five years since it partnered with ChemChina, Adama has significantly progressed in the realization of its objective to become the world's leading Global-China crop protection company:

- ***Strong Momentum in the China Market:*** The build-up of Adama's commercial platform in China – the world's third largest crop protection market and one of the fastest-growing – is well underway. More than 100 new sales personnel have been recruited, establishing Adama's direct presence in 19 provinces and driving the rollout of its product portfolio, doubling its sales in the first half of the year versus compared to the same period last year. In addition, Adama was joined by dozens of sales people of ChemChina's crop protection entities, the largest of which is Sanonda, with Adama leading their sales efforts in the domestic market since the beginning of the year, and already outpacing their own results of last year. Upon the creation of the combined company, all commercial activities will be integrated into a single platform, with a strong brand, nationwide market access and a portfolio of advanced, differentiated products powered by Adama's global R&D capabilities and Israel's technological edge.
- ***Establishing Leadership in Global Markets:*** In the year-to-date, Adama's commercial platform in major markets including the US, India and Australia has almost tripled the



direct sales of several key backward-integrated crop protection products it sources from Sanonda and other ChemChina entities, with sales expected to reach close to \$70 million by year-end. Additional registrations are being obtained worldwide, which will serve to enhance the growth of these sales, rapidly establishing Adama as their leading global provider.

- ***China Innovation and Operations Hub Well Underway:*** Adama's R&D center in Nanjing has commenced operations, accelerating the introduction of advanced products into the company's worldwide portfolio. The new state-of-the-art global formulation and packaging center in Huai'An is in final stages of construction, expected to come on stream in the first half of next year. Adama is concluding the design of its multi-purpose synthesis plant, to be located in the same specialized industrial complex. The company's China operational hub, alongside its Israeli one, will form a robust launch-pad for Adama's differentiated offering for both the China and global markets.

**Yang Xingqiang, Chairman of Adama and President of ChemChina,** said: "We are delighted to be reaching the culmination of Adama's integration with our crop protection businesses in China. We are confident that the combination of Adama and Sanonda, under Adama's strong leadership as demonstrated by its market outperformance in recent years, will be successful for all stakeholders. The combined company will be well positioned to capitalize on its unique strengths, from cutting-edge Israeli agricultural technology and global market access to a powerful commercial and operational presence in China."

**Chen Lichtenstein, President and CEO of Adama,** said: "Since the inception of our partnership with ChemChina five years ago, we have all been working hard to plan and execute our strategic vision of creating a leading, unified company, obtaining a unique standing as the only integrated Global-China crop protection player. Adama intends to invest the newly raised capital in the acceleration of our growth, both globally and in China."

**An Liru, Chairman of Sanonda's Board of Directors,** said: "Sanonda looks forward to combining with Adama and together becoming a leader in both Chinese and global crop protection. This combination allows us to scale our business and commercialize our products in the global market, while benefiting from Adama's world-class technology and advanced portfolio."

The transaction values the combined company's pro forma equity at approximately \$4.0 billion, placing its pro forma enterprise value at approximately \$5.0 billion. It will be accomplished through the issuance by Sanonda of approximately 1.82 billion new shares at a value of RMB 10.20 (approximately \$1.54) per share, to Adama's shareholder CNAC, in exchange for all the shares in Adama, which are valued for the purposes of this transaction at approximately \$2.8 billion. The contemplated equity raise is to be fully taken up by China Cinda Asset Management Co. Ltd., a Hong-Kong listed asset management group with total assets of \$110 billion. Upon completion of the transaction and the equity raise, the combined company will be owned approximately 75% by CNAC, with the remaining 25% owned by a combination of institutional and retail investors.



Upon receipt of the relevant corporate approvals, the combined company will operate under the ADAMA name and brand and will be led by Adama's global management team, to be joined by colleagues from China engaged with the combined China operation. The central functions of the combined company will continue to be run from Israel, including the company's global R&D, registration and operations. The company will continue to further its Israeli and global business culture, as well as the growth of its Israeli operations alongside its China build-up. Adama's bonds will continue to be publicly traded on the Tel Aviv Stock Exchange.

The draft plan for Adama's combination with Sanonda and the concomitant capital raise has now been submitted to the Shenzhen Stock Exchange. The transaction is expected to be completed in the first half of 2017, subject to the execution of definitive agreements and the receipt of regulatory and corporate approvals, and following the completion of the recently announced acquisition by CNAC of Koor Industries' stake in Adama. Sanonda's shares, which have been suspended from trading since the intended combination was first announced, are expected to resume trading in the coming days.

Goldman Sachs Gao Hua Securities and Guotai Junan Securities are serving as financial advisors for the transaction with Global Law Office acting as legal advisor.

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#### **About Adama:**

ADAMA Agricultural Solutions Ltd. is one of the world's leading crop protection companies, with sales in the twelve months ending June 30, 2016 of \$3.0 billion. 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, Adama's 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](http://www.adama.com) and follow us on Twitter® at [@AdamaAgri](https://twitter.com/AdamaAgri).

#### **About CNAC:**

China National Agrochemical Corporation (CNAC) is the agrochemical strategic business division of China National Chemical Corporation (ChemChina), which operates under the State-owned Assets Supervision and Administration Commission of the State Council. CNAC is the controlling shareholder of both Adama and Sanonda.

#### **About Sanonda:**

Hubei Sanonda Ltd. is a leading Chinese crop protection producer, publicly traded since 1993. Its sales in the twelve months ending on June 30, 2016 were RMB1.9 billion, approximately \$300 million, and key products include acephate, paraquat and glyphosate, which are manufactured both for the domestic and global markets.



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