



ADAMA ACHIEVES RECORD THIRD QUARTER AND YEAR-TO-DATE RESULTS

ROBUST WORLWIDE SALES GROWTH AND STRONG INCREASE IN PROFIT AND PROFITABILITY

- **Strong performance sees Q3 sales up 6.5% to \$741 million, with growth across all regions**
 - Significant 8.4% increase in volumes in Q3, up 5.6% year-to-date
 - Year-to-date sales of \$2.4 billion, up 4.1% in constant currencies and in line with last year in USD terms
 - Driven by launches of new, differentiated products in many markets
 - Leading sector performance in spite of ongoing subdued agricultural market conditions

- **Significant growth in all profit and profitability metrics, with 73% growth in operating income, lead to all-time Q3 record gross profit and EBITDA, as well as record-high EBITDA in the year-to-date**
 - **Gross profit up 26%:** Q3 gross profit increased 26% to a record \$260 million, with an increase of 5.5 percentage points in gross margin to 35.1%. Gross profit in the year-to-date increased 7% to \$827 million, with an increase of 2.3 percentage points in gross margin to 34.4%
 - **Operating income up 73%:** Q3 operating income increased 73% to \$85 million, with an increase of 4.4 percentage points in operating margin to 11.5%. Operating income in the year-to-date increased 15% to reach \$313 million, with an increase of 1.7 percentage points in operating margin to 13.0%
 - **EBITDA up 44%:** Q3 EBITDA increased 44% to a record \$132 million, with an increase of 4.6 percentage points in EBITDA margin to 17.8%. EBITDA in the year-to-date increased 12% to a record \$446 million, with an increase of 2.1 percentage points in EBITDA margin to 18.6%
 - **Net Income up 32% YTD:** Q3 net income of \$33 million, with a net income margin of 4.5%, compared to a loss of \$5 million in the third quarter last year. Net income in the year-to-date increased 32% to \$191 million, with an increase of 1.9 percentage points in net income margin to 7.9%

- **Strong free cash flow of \$234 million in the year-to-date, up \$182 million over the same period last year**
 - Q3 free cash flow of \$120 million, double last year's level
 - Reduction of \$116 million in inventory from a year ago



TEL AVIV, ISRAEL, November 20, 2016 – ADAMA Agricultural Solutions Ltd. today reported its financial results for the third quarter and the first nine months of the year ended September 30, 2016.

US\$m	Q3 2016	Q3 2015	% Change CER	% Change USD	9M 2016	9M 2015	% Change CER	% Change USD
Revenues	741	696	+5.6%	+6.5%	2,402	2,414	+4.1%	-0.5%
Gross profit	260	206		+26.3%	827	774		+6.8%
<i>Gross margin</i>	35.1%	29.6%			34.4%	32.1%		
Operating income (EBIT)	85	49		+72.7%	313	272		+15.1%
<i>EBIT margin</i>	11.5%	7.1%			13.0%	11.3%		
Net income	33	-5			191	145		+32.1%
<i>Net income margin</i>	4.5%	-0.7%			7.9%	6.0%		
EBITDA	132	92		+43.5%	446	398		+12.2%
<i>EBITDA margin</i>	17.8%	13.2%			18.6%	16.5%		

The Income Statement items for the nine-month period that appear in the above table include an adjustment for the redeployment in the first quarter of 2016 of options granted in 2014. The Income Statement items for the corresponding period last year that appear in the above table include adjustments for: 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 in the first nine months of 2015 due to a tax-related event from 1985, and expenses in the first nine months of 2015 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 strong third quarter results achieved by Adama add another record chapter to the Company's sector-leading performance, and reinforce our confidence in the strength of our business, our people worldwide, and our Company's significant potential going forward. During the quarter we announced the combination with Sanonda, through which Adama will achieve its public flotation, and we are pleased with the market reception thus far."

Chen Lichtenstein, President and CEO of Adama, added, "Our third quarter results reflect our focused execution of Adama's strategic direction – engaging with our customers and farmers, enhancing the quality of our business and further differentiating our offering, while building up our China presence and integration. Our record performance resulted in continued generation of significant cash flow, which positions us well to drive our next phase of growth."

Financial Highlights

Sales: Sales increased by 6.5% in the quarter, in US dollar terms, with growth across all regions. This was driven largely by significant volume growth of 8.4%, of an improved portfolio mix.

In the year-to-date, reported USD sales were \$2.4 billion, up 4.1% in constant currencies with volumes up 5.6%, and in line with last year in USD terms, reflecting the depreciation of local currencies against the US dollar, and the lower contribution of currency hedging, as compared with the corresponding period last year.

Gross profit: Gross profit in the quarter grew by 26.3% to a Q3 record of \$260 million, with a 5.5 percentage point increase in gross margin to 35.1%. Gross margin in the year-to-date increased by 2.3 percentage points to 34.4%. This increase stemmed from the Company's strong volume growth, an improvement in product mix towards a more differentiated offering, and a significant reduction of production and procurement costs.

Operating income: Operating income grew by 72.7% to \$85 million in the quarter, with an increase of 4.4 percentage points in operating margin to 11.5%, while operating income in the year-to-date



increased by 15.1% to \$313 million, with an increase of 1.7 percentage points in operating margin to 13.0%.

EBITDA: EBITDA grew by 43.5% in the quarter and reached a Q3 record \$132 million, with a 4.6 percentage points increase in its margin to 17.8%. EBITDA in the year-to-date increased by 12.2% to a nine-month record \$446 million, with an increase of 2.1 percentage points in EBITDA margin to 18.6%.

Net income: Net income in the quarter was \$33 million, compared to a net loss of \$5 million in the parallel quarter last year, with a net income margin of 4.5%. Net income in the year-to-date grew by 32.1% to reach \$191 million, with an increase of 1.9 percentage points in net income margin to 7.9%.

Cash Flow: Adama delivered substantial operating and free cash flow, both in the quarter and in the year-to-date.

Adjusted operating cash flow grew by 64% to \$169 million in the quarter and by 89% to \$361 million in the year-to-date, from \$103 million and \$191 million, respectively, in the parallel periods last year. This improvement in operating cash flow in both the quarter and the nine-month period stemmed from the markedly higher operating profit and improved working capital levels, primarily driven by reduced inventories.

Adjusted free cash flow grew by 96% to \$120 million in the quarter, and by 350% to \$234 million in the year-to-date, from \$61 million and \$52 million, respectively, in the parallel periods last year

Combination with Sanonda

Significant progress toward the combination of Adama and Sanonda:

- Following the amendment of the relevant China Securities Regulatory Commission regulations to allow a combination of this type, the framework for the combination with Sanonda was approved by Sanonda's Board of Directors on September 13, 2016.
- Sanonda's shares, which had been suspended from trading since August 2015, resumed trading on October 17, 2016 following the submission of the framework to the Shenzhen Stock Exchange.
- The combination with Sanonda is expected to be completed in the first half of 2017, subject to corporate and regulatory approvals.

Regional Sales Performance

	Q3 2016 \$m	Q3 2015 \$m	% Change CER	% Change USD	YTD 2016 \$m	YTD 2015 \$m	% Change CER	% Change USD
Europe	209	205	+4.8%	+1.7%	913	984	-0.8%	-7.2%
North America	116	109	+5.8%	+5.9%	456	426	+7.5%	+6.8%
Latin America	217	209	-3.1%	+4.0%	489	498	+2.9%	-1.6%
India, Middle East & Africa	137	114	+23.2%	+20.5%	313	289	+13.1%	+8.4%
Asia Pacific	62	59	+4.5%	+6.1%	231	217	+10.5%	+6.5%
Total	741	696	+5.6%	+6.5%	2,402	2,414	+4.1%	-0.5%



Regional Highlights

Europe: Sales in Europe increased by 4.8% in the quarter, in constant currencies, with significant higher-margin volume growth aided by expectation of good harvests in Eastern Europe as well as increased demand for fungicides in southern Europe, which offset the impact of the late season droughts and generally poor harvests in southern Europe. Sales in the nine-month period were lower by 0.8% in constant currencies, reflecting the extended cold and rainy weather in the first half of the year, as well as a certain decrease in selling prices in several countries in the region, partly passing on to customers some of the benefit of the products' significantly reduced cost.

TRINITY[®], a unique mixture of three active ingredients for weed control in cereals, and a product that provides reduced AI content whilst addressing resistance issues, performed well in eastern European markets.

The Company obtained registrations for several unique products, among which are TOUAREG[®], a herbicide for early post-emergence weed control in cereals in Spain, AFAENA[®], a herbicide for oil-seed rape and potatoes in France, and QUANTUM[®] R-OK, a fungicide for grapes and other crops in Italy.

In US dollar terms, sales in Europe increased by 1.7% in the quarter, and were lower by 7.2% in the year-to-date reflecting the lower contribution of currency hedging, primarily in the first half of the year, and the weaker exchange rates prevailing in both the quarter and the nine-month period compared with the corresponding periods last year.

North America: Sales in North America increased by 5.8% in the quarter and by 7.5% in the nine-month period, in constant currencies, driven by significant higher-margin volume growth, with the business continuing to realize the benefits of its focus on higher value-added products and increased engagement with farmers.

In particular, the Company saw strong demand from cotton growers, for whom the Company has developed a comprehensive offering, which includes DIAMOND[®], an insect growth regulator for broad-spectrum insect control, REDI-PIK[®], a defoliant and regrowth inhibitor that provides consistent foliage drop for higher quality harvest, and SETUP[®], a growth regulator used to boost overall recoverable yield.

The Company continues to bring to market key effective products of Sanonda.

In US dollar terms, sales in North America increased by 5.9% in the quarter and by 6.8% in the nine-month period, compared with the corresponding periods last year.

Latin America: Sales in Latin America in the quarter were lower by 3.1% in constant currencies, compared to the corresponding period last year, with the Company performing strongly in Brazil, while containing sales due to credit considerations and partly passing on to customers some of the benefit of products' significantly reduced cost. Sales in the nine-month period increased by 2.9% in constant currencies, with stable volumes and increased prices.

The Company obtained new registrations for a number of differentiated products, including BANJO[®], a fungicide for use in potatoes, and FUNGINIL[®], a fungicide for vegetables, both in Brazil, as well as BREVIS[™], an innovative, proprietary product that promotes growth of bigger and more uniform fruit, in Chile. In Mexico, Adama's proprietary nematicide NIMITZ[™] has performed well following its launch late last year.

In US dollar terms, sales in Latin America increased by 4.0% in the quarter, driven by the good performance in Brazil and the positive effect of exchange rates in the country. In the year-to-date, sales were lower by 1.6% in US dollar terms, reflecting the impact of the weaker exchange rate compared to the same period last year.



India, Middle East & Africa: Sales in the region increased by a notable 23.2% in the quarter and by 13.1% in the nine-month period, in constant currencies, compared to the corresponding periods last year, with significant volume growth due, among other factors, to the launch of new, differentiated products.

Adama continues to deliver strong results in India, where significant volume growth was driven by an enhanced portfolio of differentiated products, among them the unique herbicides SHAKED[®], DEKEL[™] and TAMAR[®], as well as the recently launched APROPO[®], a unique fungicide for rice growers, and capitalizing on the ongoing strong demand for CUSTODIA[™], a broad-spectrum fungicide, and AGIL[™], a herbicide for a wide range of grasses.

The Company's business in Turkey continues to develop nicely, with increasing customer engagement and an expanding product portfolio now offering solutions for the sugar beet segment. Ongoing drought in South Africa caused a delay in the season.

In US dollar terms, sales increased by 20.5% in the quarter and by 8.4% in the nine-month period, in spite of the impact of the depreciation of certain currencies such as the Indian Rupee and the South African Rand.

Asia-Pacific: Sales in Asia-Pacific increased by 4.5% in the quarter and by 10.5% in the nine-month period, in constant currencies, compared to the corresponding periods last year, driven by significant volume growth.

Consistent focus on strengthening the quality of the business and driving demand for an increasingly differentiated portfolio yielded good results in the Pacific and North East Asia, which outweighed the impact of adverse weather conditions and high inventory levels in the distribution channels in South East Asian markets.

Adama obtained registrations for a number of key products, including Venom[®], a differentiated high-load formulation for insect and mite control in fruits, vegetables and broadacre crops in Australia; Folpan[®], a fungicide in fruits and ornamentals in New Zealand; X-Grow, a differentiated biostimulant, and Custodia[®], a differentiated fungicide for rice, fruits and vegetables, both in Thailand.

Adama is continuing the build-up of its commercial presence in China, where it is recruiting and training a highly skilled sales team to commercialize its differentiated, branded portfolio. In addition, ongoing integration of the CNAC commercial teams is on track to create a single commercial platform for the Chinese market in the coming year.

In US dollar terms, sales in the region increased by 6.1% in the quarter and by 6.5% in the nine-month period. This strong growth was achieved despite the lower contribution of currency hedging compared to last year, and the impact of weaker exchange rates compared to the same period last year, most notably 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, 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 and follow us on Twitter[®] at [@AdamaAgri](https://twitter.com/AdamaAgri).

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