



מכתשים אגן תעשיות בע"מ
Makhteshim Agan Industries Ltd.

August 8, 2005

**MAKHTESHIM AGAN REPORTS ITS RESULTS FOR
THE SECOND QUARTER OF 2005**

- Quarterly sales amounted to \$416.5 million (an increase of 18.3%), sales in the first half amounted to \$933.5 million (an increase of 21.8%)
- Net profit for the quarter: \$50.2 million (an increase of 23.7%*) net profit for the first half \$111.3 million
- Net profitability for the quarter: 12.0% of sales
- Strong growth in North America: Sales increased by 66% to \$89.5 million in the first quarter and by 80% in the first half to \$184.8 million
- Dividend for the second quarter: \$15 million.

* Eliminating the one-time positive effect of \$4.5 million in the second quarter of 2004 in respect of the lowering of tax rates in Israel – an increase of 39%.

Makhteshim Agan, the world's leading generic company for agrochemical products and ranked seventh in the world in its field, posted its results today for the second quarter of 2005, ended June 30, 2005.

This quarter was yet another good quarter for the company, with an increase of approximately 18% in sales and 39% in net profit (stated). Particularly noteworthy is the absolute growth in sales of \$64 million, and the strong growth in the USA (66%) and in the rest of the world – mainly Australia (52.2%).

In the first half of 2005 sales increased by 21.8% and reached \$933.5 million, net profit increased by 29.8% and reached \$111.3 million. Gross profitability increased to 39.7%

from 38.0%. Sales to North America increased by 79.9% and reached \$184.8 million dollars.

Principal data (in millions of dollars):

	<u>2nd quarter, 2005</u>	<u>2nd quarter, 2004</u>	<u>Growth (%)</u>
Sales	416.5	352.1	18.3%
EBITDA	93.4	73.3	27.4%
EBIT	71.4	54.0	32.2%
Net profit	50.2	40.6	23.7%
ROCE	19.3%	15.5%	
<u>Principal parameters:</u>			
New products	122.1	99.3	23.0%
Non-agro	49.2	43.6	13.0%
North America	89.5	54.0	66.6%
Rest of the world	49.9	32.8	52.2%
South America	72.8	57.4	(3.7)%
Europe	175.4	163.5	7.3

Danny Biran, Chairman of Makhteshim Agan:

"The strong results of Makhteshim Agan in the second quarter are further testimony to the company's ability to succeed even in variable market conditions. I am encouraged by the considerable increase in the company's activities in North America, an achievement that contributes to the consolidation of the company's leading status in the global generic agrochemical market."

Shlomo Yannay, CEO of Maketeshim Agan:

"The second quarter of 2005 is yet another quarter of impressive growth, during which we continued to deepen our presence in strategic target markets, principally North America and Australia.

"More than anything else, the results reflect the ability of Makhteshim Agan to post double-digit growth and high profitability even when market conditions are not ideal. In the first half of the year we were able to grow despite poor weather conditions in many regions of the world, such as the long winter in Europe, the severe drought in southern Europe and in Australia, and unfavorable conditions in the U.S.A.

"Looking forward, the second half of the year will be influenced mainly by how the agricultural season develops in Latin America. We intend to continue focusing on

achieving the long-term goals of the strategic plan, which includes greater and more rapid growth than the agrochemical market."

Eli Assraf, CFO of Makhteshim Agan:

"With a nominal gross profitability of 39.7% and net profit of 12%, Makhteshim Agan continues to demonstrate its methodical ability to combine global growth with improved profitability. The contribution of changes in exchange rates to our profitability and growth in the second quarter was very moderate. Our dedication to constant improvement is also apparent from the increased yield on working capital (ROCE), which this quarter reached 19.3%."

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