



מכתשים אגן תעשיות בע"מ
Makhteshim Agan Industries Ltd.

9 March 2006

Makhteshim Agan reports its Financial Results for 2005.

- ***The Company generated record annual net profits of 207.5- surpassing, for the first time, the level of 200 million dollars and increase of 25.4%***
- ***Sales up 13.1%, to 1.74 billion dollars. Sales in the USA increased by 56%, surpassing the 300 million dollar mark***
- ***During 2005, the Company received 134 new registrations. Sales of new products amounted to 537.2 million dollars, representing 35% of its total agrochemical sales***
- ***Forth quarter dividend in the sum of 23.5 million dollars***

Makhteshim Agan, the world's leading generic Crop Protection Company, ranked 7th globally in the agrochemical market, today reported its results for 2005.

Sales in 2005 grew by 13.1% amounting to 1.74 billion dollars compared with 1.54 billion dollars in 2004. This increase was derived mainly from the Company's strategic target markets, including the USA, where for the first time, sales passed the 300 million dollar mark, amounting to 309 million dollars, compared with less than 200 million dollars in 2004, and an increase of 56%. Strong growth was also recorded in the markets of Eastern Europe and Australia.



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Referring to the results, Danny Biran, Chairman of the Board of Directors of Makhteshim Agan, said, “I view Makhteshim Agan’s ability to show 13% sales growth as an achievement, in a year of difficult market conditions, in which the agrochemical market grew by 1.9%,. Looking forward, I anticipate that 2006 will be a fascinating year of developments for Makhteshim Agan. Alongside our continued aspiration of achieving growth in the agrochemical market, our intention this year is to expand our operations in the food supplement market, which has great potential.”

In 2005, **net profit** passed the 200 million dollar mark for the first time, amounting to 207.5 million dollars, an increase of 25.4% compared with a profit of 165.5 million dollars in 2004. Net profitability rose to 11.9% in 2005, compared with a net profit margin of 10.7% in 2004.

According to Shlomo Yanai, CEO of Makhteshim Agan, “2005 was yet another successful year for Makhteshim Agan, in which we achieved 13.1% increase in revenues, and 25.4% in the net profit, under difficult market conditions.

“I am particularly encouraged by the rate of our strategic penetration into the US market, where we grew this year by 56%, crossing the 300 million dollar mark in sales for the first time.

“I believe that Makhteshim Agan is facing yet another year of growth and profitability: with 134 new registrations worldwide, and with increased efforts in acquisitions, we will expand our competitive edge in the agrochemical market. In the promising field of food supplements, we are at in excellent position to expand our operations in 2006.”



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The gross profit margin increased in 2005 to 39.1%, amounting to 681.0 million dollars compared with a gross profit margin of 38.7% and gross profit of 595.8 million dollars in 2004. The increase in gross profits and in the margin stems from an increase in the quantity of both new and old products, and the first-time consolidation of acquired companies.

Operating profit increased in 2005 by 14.5%, amounting to 331.1 million dollars compared with 289.2 million dollars in 2004. The operating profit margin also increased, amounting to 19.0% of sales, compared with 18.8% in 2004.

Eli Assraf, CFO of Makhteshim Agan said:

"Our profit margins in 2005 – for gross, operating and net profits – are Makhteshim Agan's record high. This achievement is an expression of an improvement in Makhteshim Agan's operating efficiency, even under challenging market conditions. This success is also expressed in an increase in ROCE, which reached 18.5% this year.

"With financial liabilities at 15.2% of total figures, we are enjoying a broad-based level of financial freedom which will enable the Company to continue realizing its strategic goals. "

In 2005, sales of new products amounted to \$ 537.2 million compared with \$ 473.1 million in the previous year, an increase of approximately 14%. In 2005, new products constituted approximately 35% of total agrochemical sales.

The Board of Directors of the Company has declared final annual dividend in the sum of 71.0 million dollars, of which the sum of 47.5 million dollars has been already been distributed and the balance of 23.5 million dollars will be paid in May 31, 2006.



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About Makhteshim-Agan:

Makhteshim-Agan is the world's leading generic manufacturer in the agrochemical market. The company is characterized by its high level of technological-chemical competencies, its adherence to the strictest environmental standards, and its global reach for the registration, marketing, and distribution of many products. With about 80 active ingredients in the portfolio, Makhteshim Agan has an emphasis on growth in preferred markets such as North America and Western Europe.

Financial statements available at www.main.co.il

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