



מכתשים אגן תעשיות בע"מ

Makhteshim Agan Industries Ltd.

7 August, 2006

**MAKHTESHIM AGAN REPORTS ITS RESULTS
FOR THE SECOND QUARTER OF 2006:**

- **Sales for the quarter: \$462 million; for the half: \$956 million**
- **Net earnings for the quarter: \$ 40.2 million; for the half: \$98 million**
- **Cash flow from current operations in Q2: \$199.8 million**

Makhteshim Agan, the world's leading generic company for plant protection products and ranked 7th in the global agrochemical market, reported its results today for the second quarter of 2006, ended 30 June, 2006.

The second quarter of 2006 was influenced by the trends seen also in the first which are affecting the global agrochemical market – the late start to the agricultural season in Europe and the USA, the weakening of the euro and strengthening of the Brazilian real, and the rise in the prices of energy, raw materials and transportation resulting from the climb in oil prices.

Sales in the second quarter of 2006 amounted to \$462 million, an increase of 10.9% compared with \$416.5 million in the same period last year. In the first half, sales increased by 2.4%, reaching \$955.9 million compared with \$933.5 million last year.

The increase in sales was apparent in all geographical regions, but most notably in North and South America and Australia. In North America sales reached \$105.8 million for the quarter, an increase of 18.3% (\$16.3 million). In South America sales amounted to \$83.4 million for the

quarter, an increase of 14.9% (\$10.8 million). Australia is the country with the most outstanding quarterly growth in the quarter and in the half.

Referring to the results, Makhteshim Agan Chairman Danny Biran said: "Makhteshim Agan has proved its ability to operate in challenging market conditions and to continue to grow despite those conditions. I am confident that its management will continue to utilize today's reality to implement the company's long-term strategy for growth and to expand its competitive edge in the agrochemical market."

Shlomo Yanai, CEO of Makhteshim Agan: "We have grown significantly in the second quarter despite the general decline in the market and the challenging conditions of the industry. Just as we stated in the last quarter, we have made up the backlog and company sales have jumped more than 10% this quarter.

"We are continuing to enlarge our market share and to focus on regions we defined in our strategic plan as growth targets, such as the USA and Australia. The market conditions have also been creating opportunities: since the beginning of the year we have acquired three more companies and received another 87 registrations. We intend to increase our efforts and continue growing by utilizing the comparative advantages of Makhteshim Agan.

"The trends which characterize the market this year, such as increasing prices of energy and raw materials, have affected the company's gross profitability. We will continue to be pro-active regarding efficiency and savings, focusing on cost components, in order to improve profitability."

Eli Assraf, CFO of Makhteshim Agan: "In the competitive conditions of the market, the company was able to generate a cash flow of almost \$200 million, which will be utilized to leverage future moves, amongst them also acquisitions.