

# ISAGRO AS OF DECEMBER 31<sup>ST</sup>, 2014

Isagro SpA

Shareholders' Meeting

*Milan, April 24<sup>th</sup>, 2015*



1 2014: DEEP CHANGES IN ISAGRO

2 FINANCIAL RESULTS AS OF DECEMBER 31ST, 2014

3 PERSPECTIVES

4 TWO ISSUES REGARDING SHARE PRICES

# CHANGES IN 2014

Under the following different perspectives:

**STRATEGIC**

**MANAGERIAL/OPERATIONAL**

**FINANCIAL**

**CORPORATE GOVERNANCE**

# STRATEGIC CHANGES

## The new Business Model leads Isagro to be:

- **A CO-DEVELOPER OF NEW A.I. HAVING A WORLD-WIDE MARKET POTENTIAL**  
*and/or implying high investments (e.g. Agreement with FMC for SDHi, 2012)*
- **A DEVELOPER OF SELECTED SPECIALTIES, SEMI-SPECIALTIES AND GENERICS**  
*for local markets and/or implying limited investments (Bio-solutions, Fumigant and Generics for India/mixtures)*
- **A LICENSOR / LONG TERM SUPPLIER OF PROPRIETARY A.I.**  
*Agreements with Arysta in 2013 and with Rotam in 2014*

## Towards the achievement of Business Plan 2014-2018 targets:

- **Turnover above € 200 M**
- **EBITDA around € 30 M**

# MANAGERIAL / OPERATIONAL CHANGES

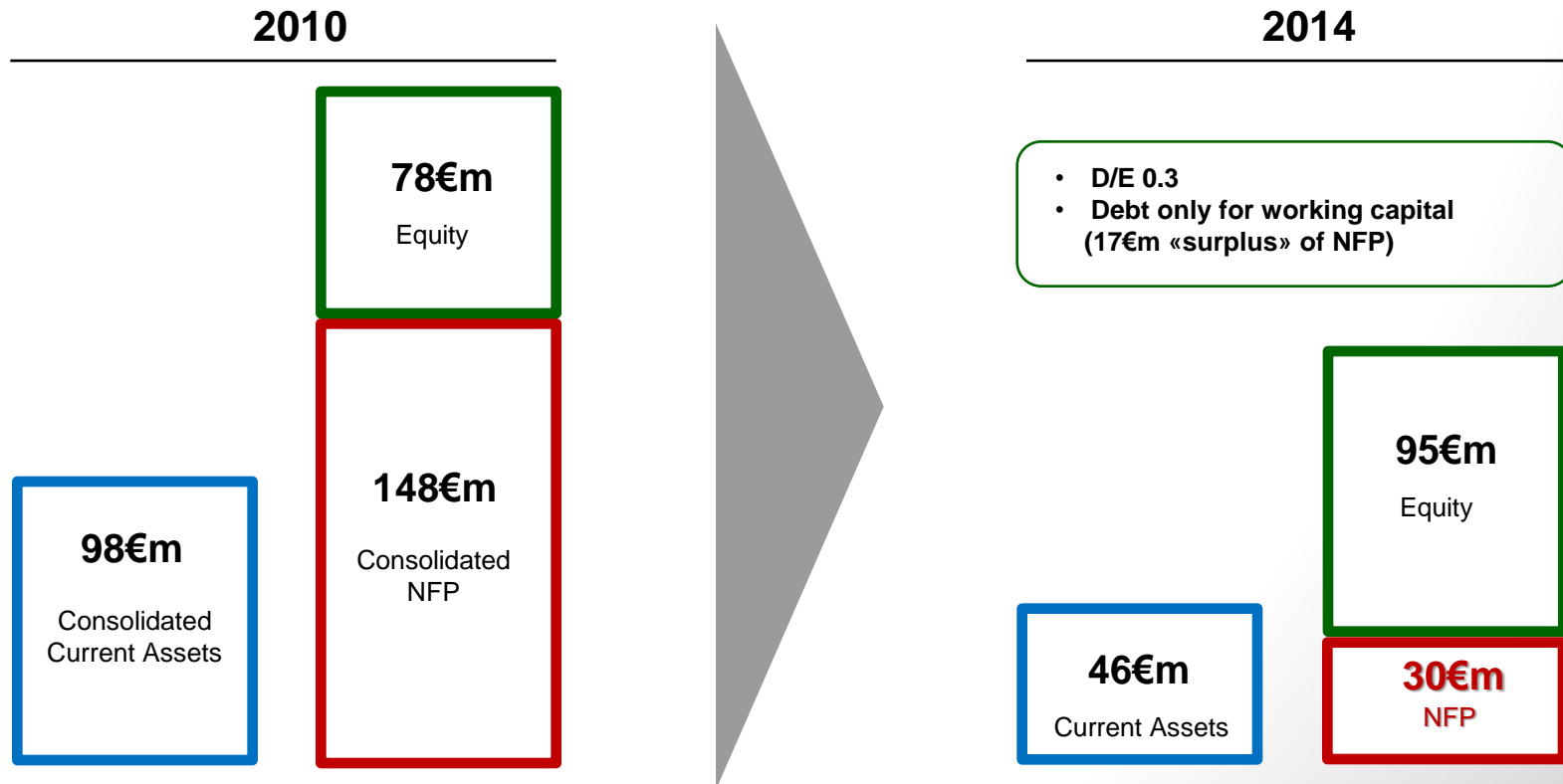
- Strengthening of Research, Innovation & Development and of Marketing & Sales teams
- Deeper focus on “Market” and “Client”, on top of attention to the “Product”
- Development in high-growth markets (e.g. China) and of generic products (initially for India)

<i>€ million</i>	<b>2014</b>	<b>2013</b>	<b>Changes vs. 2013</b>	<b>Business Plan</b>	<b>Changes vs. B.P.</b>
<b>REVENUES FROM “BASIC BUSINESS” *</b>	<b>143.9</b>	<b>129.8</b>	<b>+10.9%</b>	<b>144.0</b>	<b>~</b>
<b>EBITDA FROM “BASIC BUSINESS”</b>	<b>10.5</b>	<b>4.8</b>	<b>+116.3%</b>	<b>6.8</b>	<b>+53.9%</b>
<b>% ON REVENUES</b>	<b>7.3%</b>	<b>3.7%</b>		<b>4.7%</b>	

\* i.e.: sales of products & services, excluding Licensing

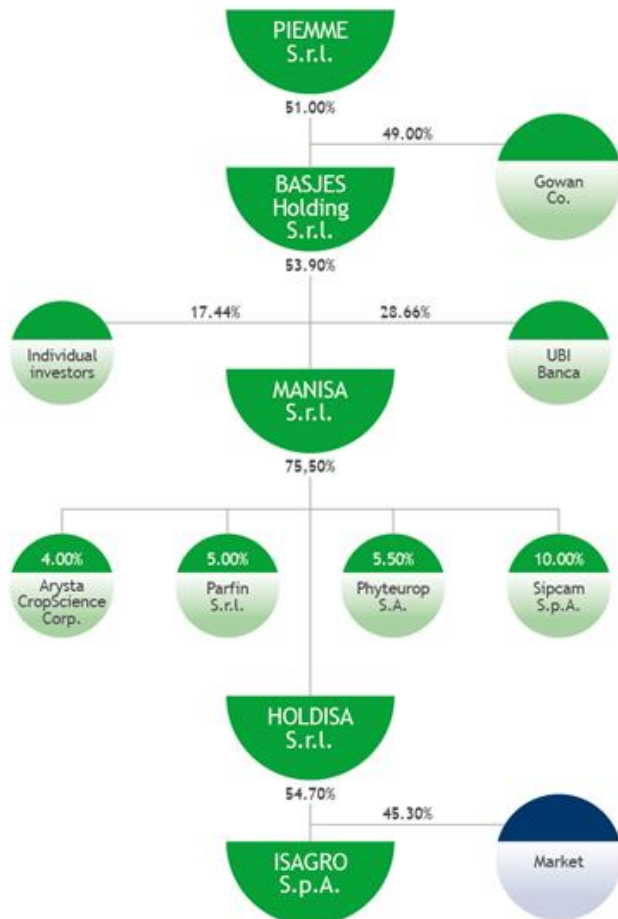
# FINANCIAL CHANGES

■ IN 2011-2013 REVISION OF OUR “**BUSINESS MODEL**” AND A NEW “**STRATEGIC ALLIANCE**”

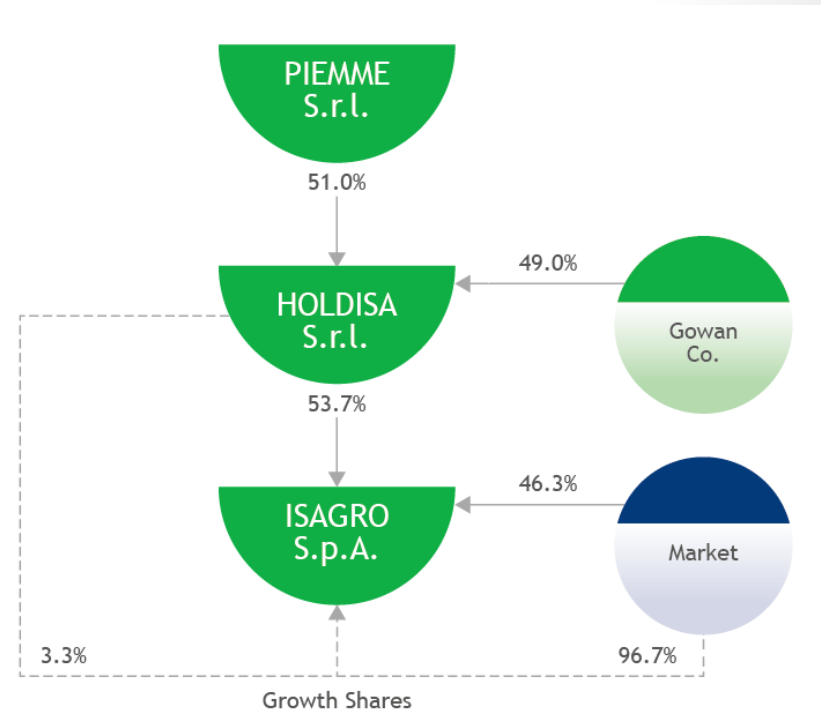


# CORPORATE GOVERNANCE CHANGES

## BEFORE CAPITAL INCREASE *(successfully finalized in May 2014)*



## AFTER CAPITAL INCREASE *(effective from December 10, 2014)*



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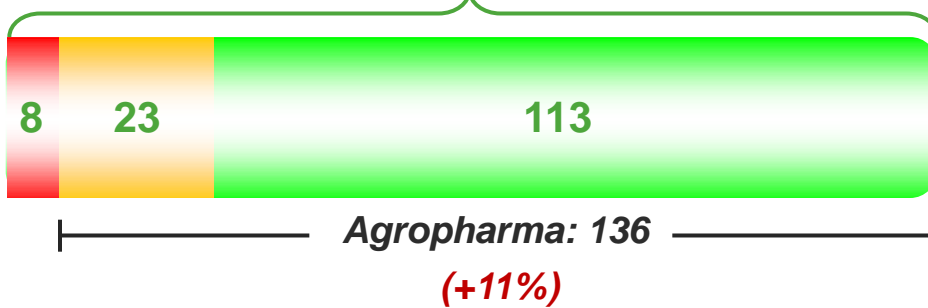
# CONSOLIDATED REVENUES: PRODUCTS AND SERVICES (“BASIC BUSINESS”)

## REVENUES BREAKDOWN BY PRODUCT CATEGORY

€ million

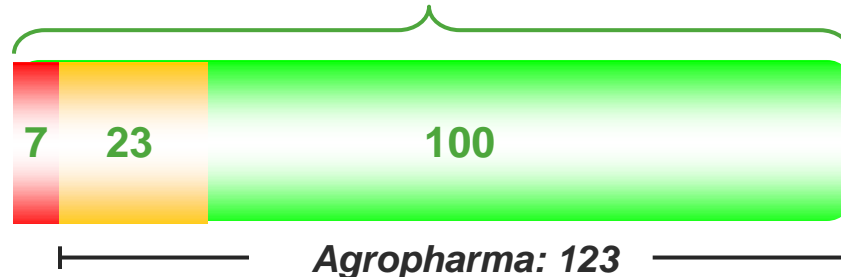
2014

Basic Business Revenues = 144 €M (+11%)



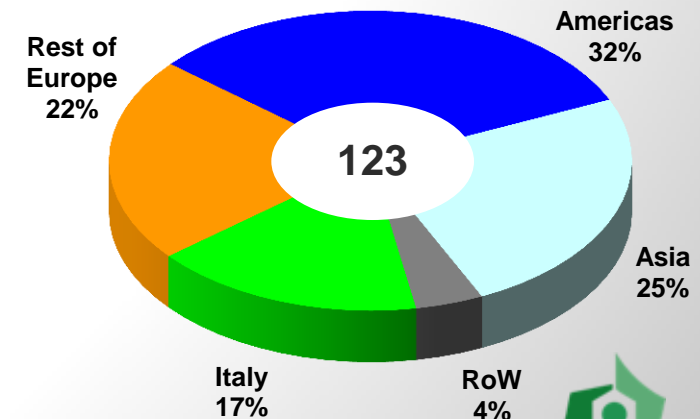
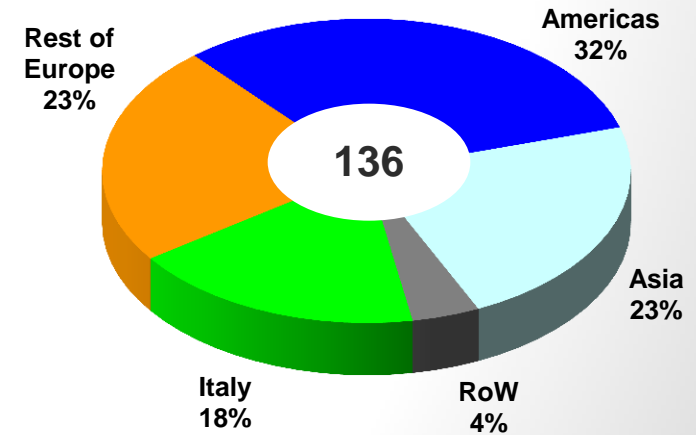
2013

Basic Business Revenues = 130 €M



## REVENUES BREAKDOWN BY REGION

(AGROPHARMA ONLY)

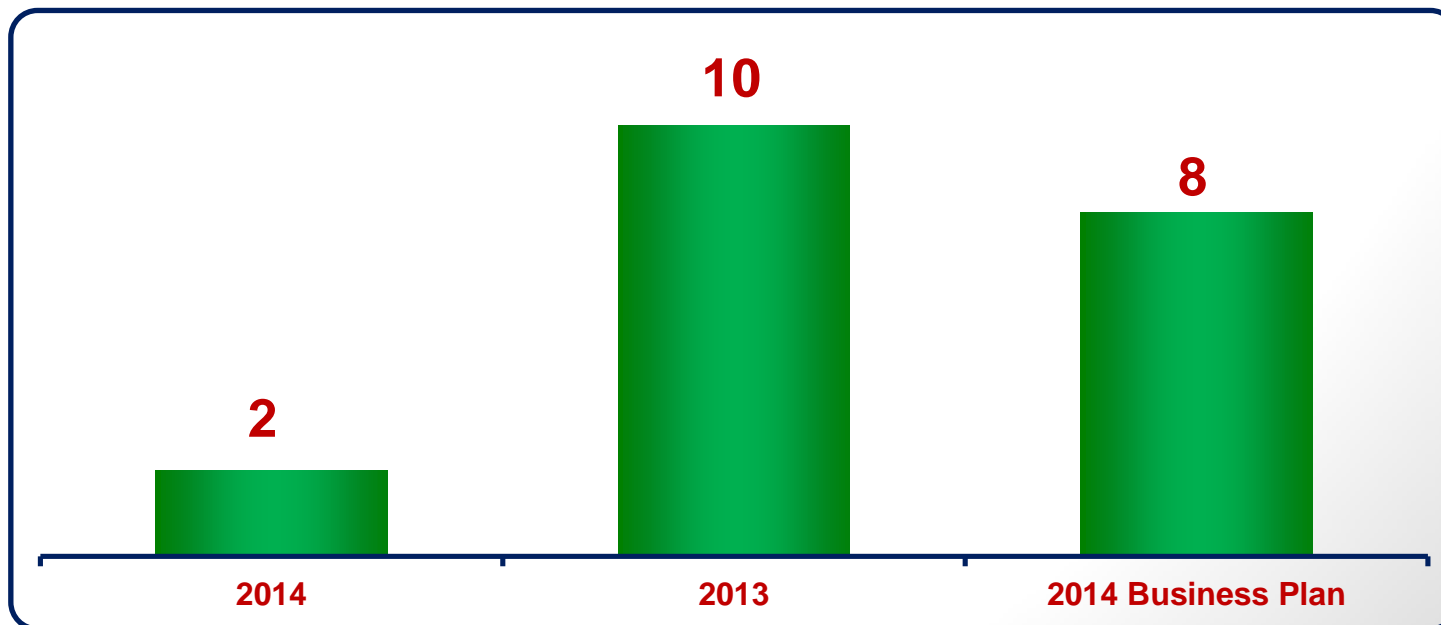


*(In line with Business Plan)*

# CONSOLIDATED REVENUES: LICENSING

- In 2014, € 2 M (agreement with Rotam) vs. € 10 M in 2013 and vs. € 8 M planned
- Confirmation of expectations for **total revenues from Licensing of € 13 M in 2014-2018** Business Plan period, though with a different timing in the single years vs. planned
- A number of **contacts underway**, for both existing and new products

€ million



# CONSOLIDATED P&L

€ million	2014	2013	Changes	Business Plan
<b>REVENUES</b>	<b>145.9</b>	<b>139.8</b>	<b>+4.4%</b>	<b>152.0</b>
<i>Revenues excluding Licensing</i>	<i>143.9</i>	<i>129.8</i>	<i>+10.9%</i>	<i>144.0</i>
<i>Memo: labor cost</i>	<i>(26.2)</i>	<i>(25.4)</i>		
<b>EBITDA</b>	<b>12.5</b>	<b>14.8</b>	<b>-16.0%</b>	<b>14.8</b>
<i>EBITDA excluding Licensing</i>	<i>10.5</i>	<i>4.8</i>	<i>+116.3%</i>	<i>6.8</i>
Depreciation & amortization	(9.0)	(9.5)		
<b>EBIT</b>	<b>3.5</b>	<b>5.3</b>	<b>-33.5%</b>	
<i>EBIT excluding Licensing</i>	<i>1.5</i>	<i>(4.7)</i>	<i>N.A.</i>	
Total net financial charges	(2.6)	(5.0)		
<b>RESULT BEFORE TAXES (RBT)</b>	<b>0.9</b>	<b>0.3</b>	<b>N.S</b>	
<i>RBT excluding Licensing</i>	<i>(1.1)</i>	<i>(9.7)</i>	<i>N.A.</i>	
Current and deferred taxes	(1.8)	(4.0)		
Net result of discontinued operations	0.0	(0.6)		
<b>NET RESULT</b>	<b>(0.9)</b>	<b>(4.3)</b>	<b>N.A.</b>	

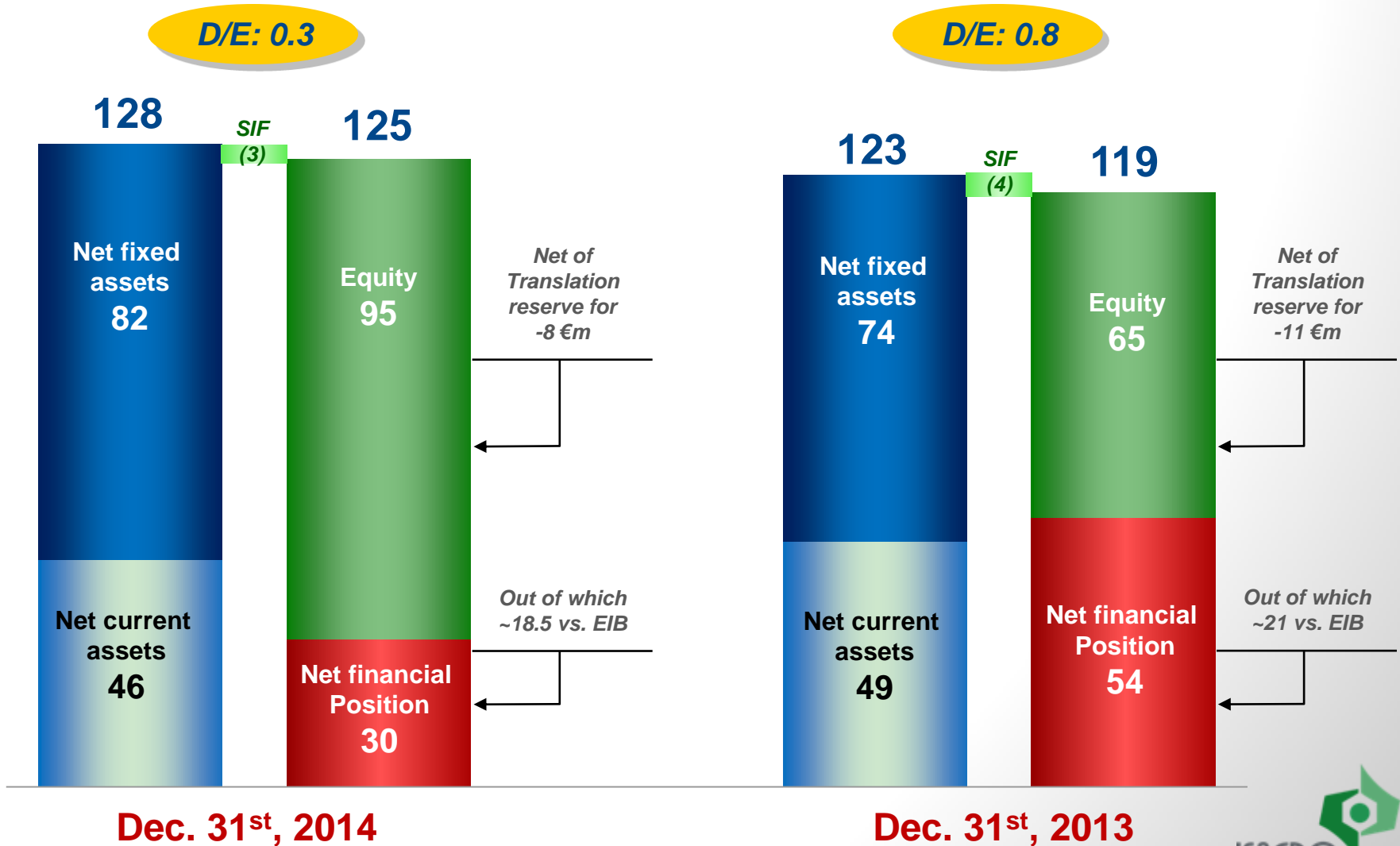
# A 29 €M CAPITAL INCREASE TO LET US BUILD OUR FUTURE

	<b>Value</b>	N. of Ordinary Shares	N. of Growth Shares
<b>TOTAL CAPITAL INCREASE</b>	~29 €m	7.0 m	14.2 m
<i>Of which, subscribed by:</i>			
<ul style="list-style-type: none"> <li><b>Controlling System</b> <i>To assure the full coverage of Fixed Assets by Equity</i></li> </ul>	~16 €m	3.8 m	7.8 m
<ul style="list-style-type: none"> <li><b>Market</b> <i>To finance the development of:</i> <ul style="list-style-type: none"> <li><i>SDHi (to be marketed after 2020)</i></li> <li><i>Fumigant (already registered as bio-fumigant in USA)</i></li> </ul> </li> </ul>	~13 €m	3.2 m	6.4 m

**THROUGH THE EMISSION OF «PACKAGES»  
OF NEW ORDINARY SHARES AND **GROWTH SHARES**  
AND WITH THE OBJECTIVE OF SIMPLIFYING THE  
CONTROLLING STRUCTURE**

# CONSOLIDATED BALANCE SHEET

€ million



# BUSINESS DEVELOPMENT

## ■ RESEARCH, INNOVATION AND DEVELOPMENT

*In 2014, 13.9 million Euro invested (out of which 10.1 million capitalized) vs. 10.3 million in 2013 (out of which 8.4 capitalized)*

*For the new fungicide SDHi, results of trials confirm the important potential of such new molecule*

## ■ NEW REGISTRATIONS

*37 new registrations obtained for proprietary products*

## ■ MARKETING AND SALES TEAM

*Further strengthening of the Marketing & Sales team, with acquisition of new resources*

## ■ COMMERCIAL DEVELOPMENT

*Intense field activity with customers, especially for the promotion of proprietary products bringing contribution in the next 12-24 months*

*Contacts ongoing for Licensing / long-term supply of proprietary active ingredients and products*

# P&L OF OPERATING COMPANIES

€ million

ISAGRO  
GROUP

Isagro  
S.p.A.  
(Holding)

Isagro  
Asia  
(at 100%)

Isagro  
Colombia  
(at 100%)

Isagro  
España  
(at 100%)

Isagro  
USA  
(at 100%)

145.9

REVENUES

96.0

38.8

3.6

10.3

15.9

139.8

Memo: 2013

100.1

35.3

4.6

8.8

5.2

12.5

EBITDA

3.4

5.9

0.3

0.8

0.7

14.8

Memo: 2013

9.1

5.1

0.8

0.4

(1.4)

(0.9)

NET RESULT

(5.4)

3.8

0.0

0.5

0.5

(4.3)

Memo: 2013

(7.0)

3.1

0.3

0.3

(0.9)

# BALANCE SHEET OF OPERATING COMPANIES

€ million

ISAGRO GROUP		Isagro S.p.A. (Holding)	Isagro Asia (at 100%)	Isagro Colombia (at 100%)	Isagro España (at 100%)	Isagro USA (at 100%)
46.4	<b>NET CURRENT ASSETS</b>	31.3	14.2	0.7	0.0	2.0
81.6	<b>NET FIXED ASSETS*</b>	91.0	5.3	0.1	0.0	2.3
<b>125.0</b>	<b>NET INVESTED CAP.</b>	<b>122.3</b>	<b>19.5</b>	<b>0.8</b>	<b>0.1</b>	<b>4.3</b>
119.1	<i>Memo: 12.31.2013</i>	116.5	18.9	1.4	0.4	4.6
	<u><b>FINANCED BY:</b></u>					
<b>95.3</b>	<b>EQUITY</b>	<b>85.5</b>	<b>27.2</b>	<b>1.0</b>	<b>1.0</b>	<b>2.4</b>
65.2	<i>Memo: 12.31.2013</i>	62.6	21.6	1.3	0.7	1.6
<b>29.7</b>	<b>NFP debt/(cash)</b>	<b>36.8</b>	<b>(7.7)</b>	<b>(0.2)</b>	<b>(0.9)</b>	<b>1.9</b>
53.9	<i>Memo: 12.31.2013</i>	53.9	(2.7)	0.1	(0.3)	3.0

\* net of S.I.F.



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# PERSPECTIVES NEW PROPRIETARY SDHi FUNGICIDE

## On the basis of:

- Promising emerging technical evidences
- Strong interest registered in the industry

Preliminary contacts with third parties have been put in place aiming at implementing **licensing agreements**, in order to maximize value extraction from Isagro's rights on SDHi

*(Thus starting yielding on the product before its launch, estimated after 2020)*

# PERSPECTIVES FINANCIAL FORECAST

## On the basis of:

- Actual financial results in 2014 (financials and capital increase)
- Current projection for 1Q 2015 (estimated to further grow vs. 1Q 2014)

Isagro confirms the **EBITDA growth** shown in the  
Business Plan 2014-2018

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# ISSUE N. 1: PRICE DIFFERENCE BETWEEN ORDINARY AND GROWTH SHARES

## Growth Shares

€ 1.37 *per share*

13.7 *million shares*  
(97% of total Growth)

**Price**

*As of April 22<sup>nd</sup>, 2015*

**Free float**

## Ordinary Shares

€ 1.89 *per share*

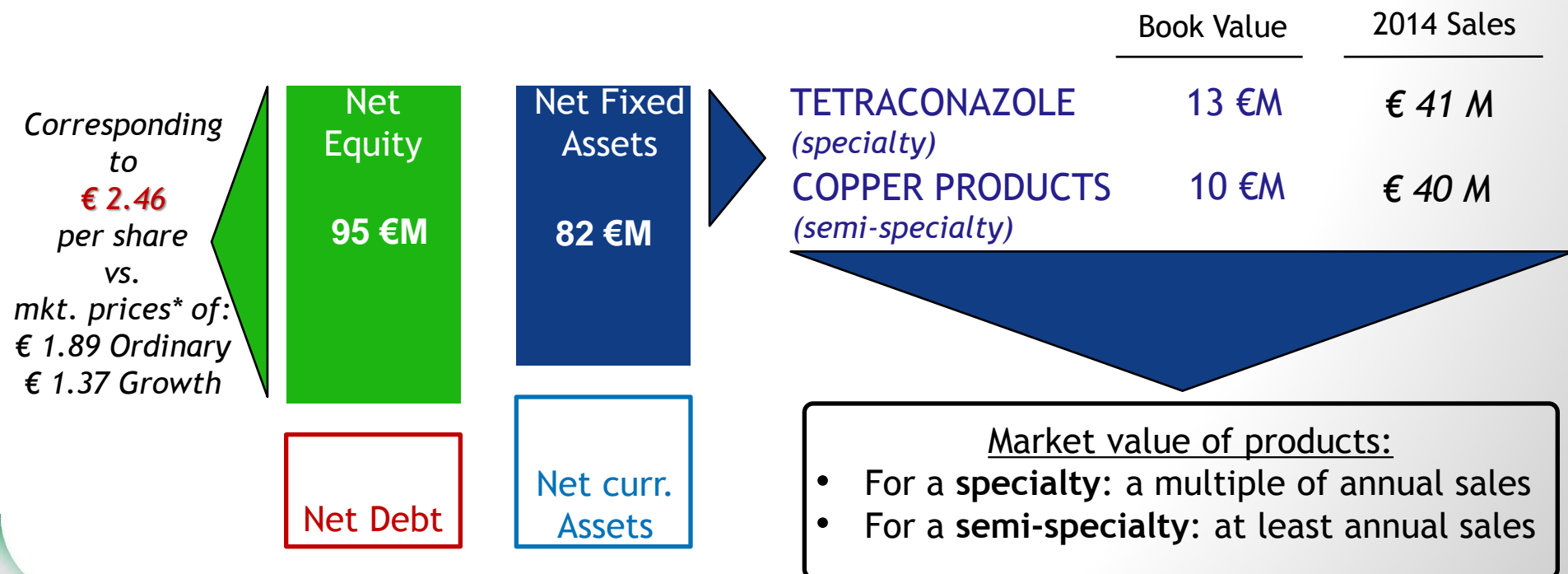
11.4 *million share*  
(46% of total Ordinary)

- ISSUABLE BY COMPANIES ALREADY HAVING A CONTROLLING SUBJECT
- NO VOTING RIGHT, EXTRA DIVIDEND VS. ORDINARY
- AUTOMATICALLY BECOME ORDINARY IN CASE OF:
  - LOSS / CHANGE OF CONTROL AND/OR
  - COMPULSORY PUBLIC OFFER

**FOR A MINORITY SHAREHOLDER, GROWTH SHARES «MUST» BE AT LEAST EQUIVALENT TO ORDINARY SHARES**

# ISSUE N. 2: STOCK-MARKET VALUE, IN ABSOLUTE TERMS

**Stock-market value < Book value < NAV of Fixed assets**



Memo: issuing price of Ordinary Shares and Growth Shares equal to 1.37 €, with a TERP of 2.14 €

\* As of April 22<sup>nd</sup>, 2015

***For information:***

**Ruggero Gambini**  
***Chief Financial Officer***

*tel. (+39) 02.40901.259*

**Davide Grossi**  
***IR Manager***  
***& Financial Planner***

*tel. (+39) 02.40901.295*



***email: [ir@isagro.it](mailto:ir@isagro.it)***

***[www.isagro.com](http://www.isagro.com)***

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