

# ISAGRO AS OF DEC. 31<sup>st</sup>, 2015

Conference call  
*Milan, March 15<sup>th</sup>, 2016*



1 FACTS & FIGURES

2 BACK-UP

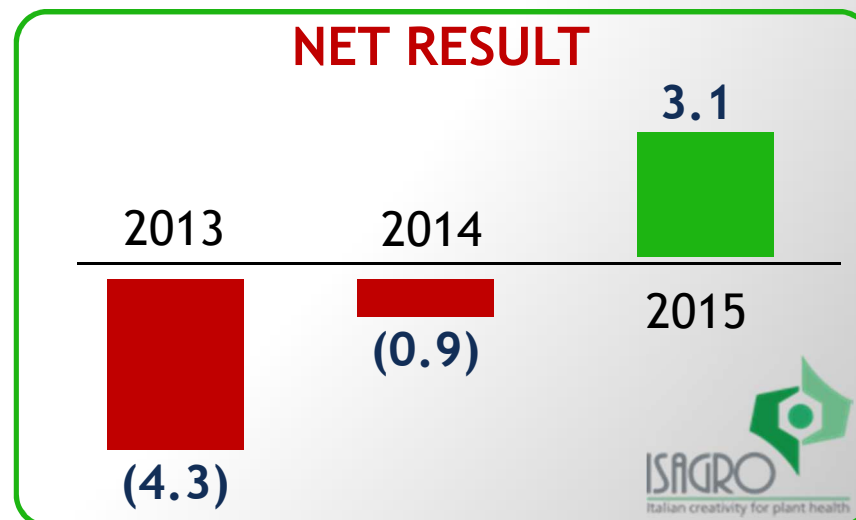
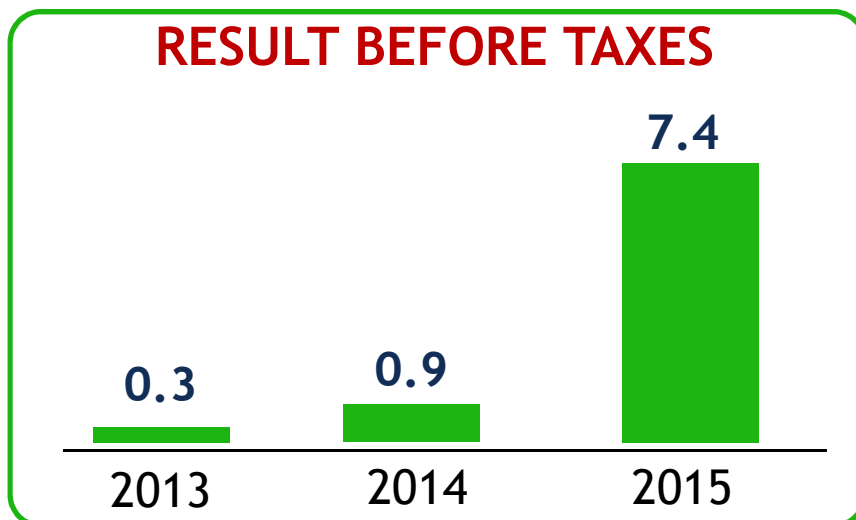
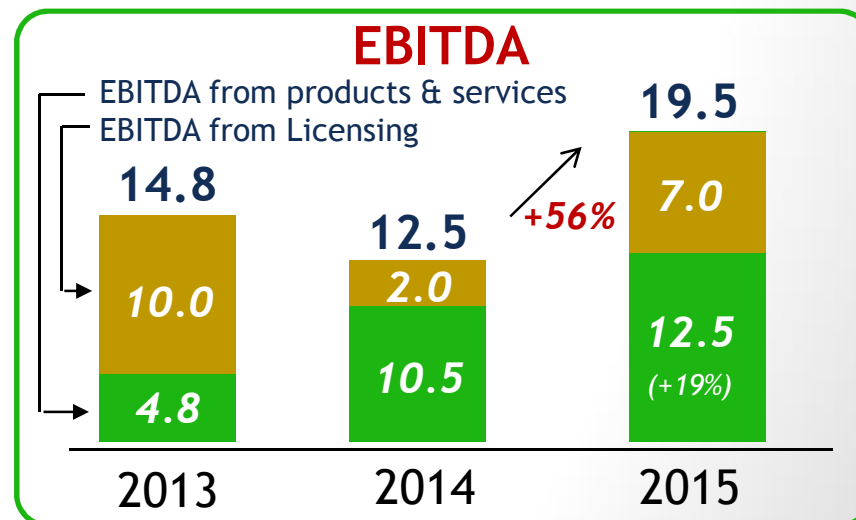
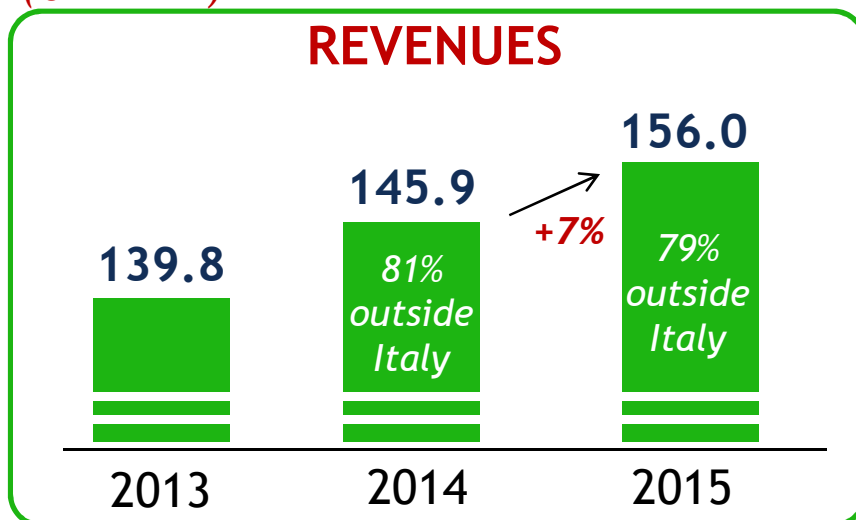
RESULTS AS OF DEC. 31<sup>st</sup>, 2015

MAIN EVENTS

ISAGRO IN THE STOCK MARKET

# IN 2015, WE KEPT ON GROWING AND RETURNED TO PROFIT ...

Consolidated data  
(€ million)



## ... IN SPITE OF AN UNFAVORABLE YEAR FOR CROP PROTECTION MARKET...

- After 5 years of growth, crop protection market decreased by 8% in USD (*slight increase in Euro*), for:
  - Adverse climatic conditions in Americas (El Niño) and Asia (poor monsoon season)
  - Low prices of agricultural commodities
  - In the important Brazilian market, economic/financial crisis limiting farmers' access to credit (with a higher cost)
- High level of inventory within distribution channels

▶ *For Isagro, negative price variations partially off-set by positive effect from strengthening of USD vs. Euro*

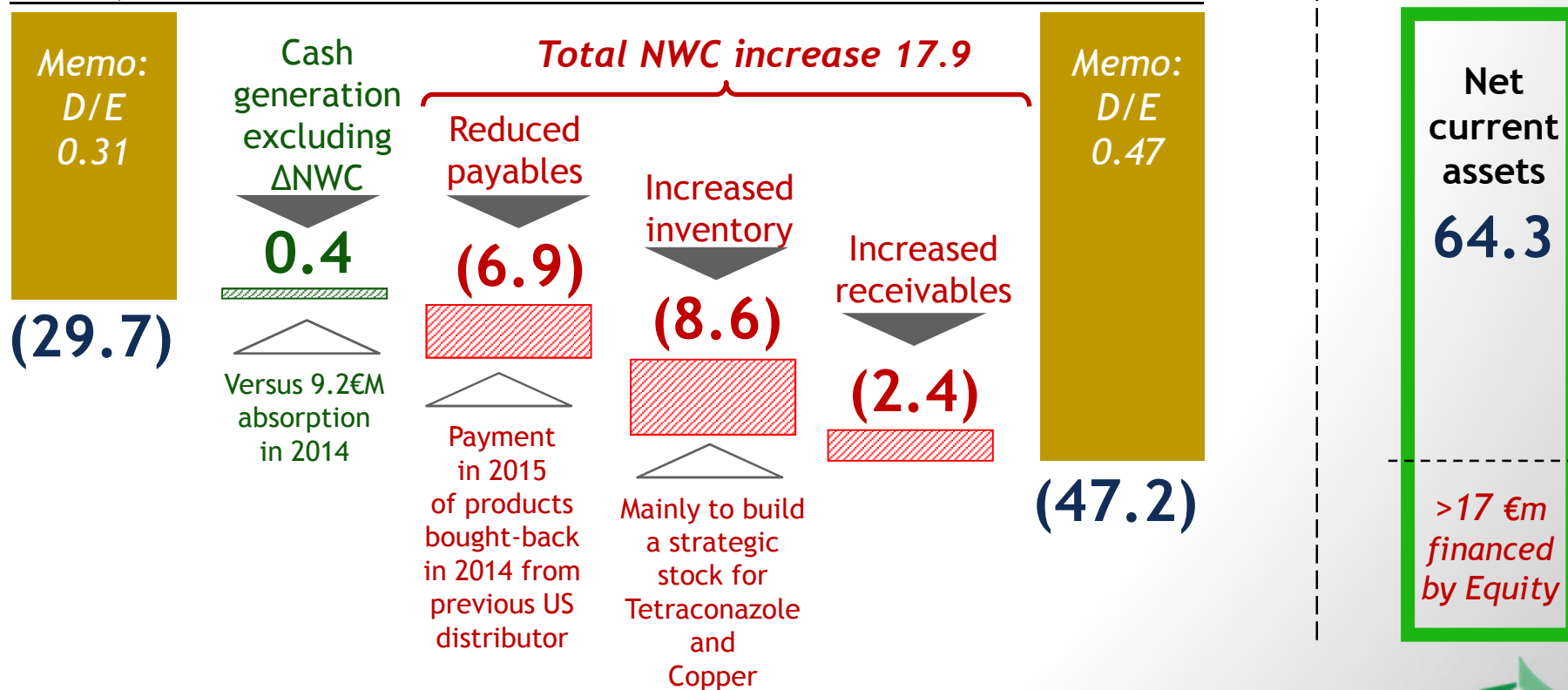
# ... WITH NET FINANCIAL DEBT INCREASING ONLY FOR NET WORKING CAPITAL ...

## Consolidated data (€ million)

Net Fin. Debt  
Dec. 31, 2014

Net Fin. Debt  
Dec. 31, 2015

Memo:



(MEMO: UN-UTILIZED ISAGRO SPA'S BANKING LINES AS AT DEC. 31, 2015 >65 €M )

# ... AND WITH MARGINAL CASH GENERATION EXCLUDING WORKING CAPITAL

<u>Consolidated data</u> (€ million)	<b>2015</b>	<b>2014<sup>(1)</sup></b>	<b>2013<sup>(2)</sup></b>
<b>EBITDA</b>	<b>19.5</b>	<b>12.5</b>	<b>14.8</b>
Capitalized R&D	(11.2)	(10.1)	(8.6)
Other investments	(3.6)	(4.3)	(1.8)
<b>= Operating cash flow, excl. Δ NWC</b>	<b>4.7</b>	<b>(1.9)</b>	<b>4.4</b>
Financial charges	(2.4)	(2.7)	(5.0)
Fiscal and other cash variations	(1.9)	(4.6) <sup>(3)</sup>	(9.4) <sup>(4)</sup>
<b>= FREE CASH FLOW, excl. Δ NWC</b>	<b>0.4</b>	<b>(9.2)</b>	<b>(10.0)</b>
NWC variations	(17.9)	5.3	(1.0)
<b>= FREE CASH FLOW</b>	<b>(17.5)</b>	<b>(3.9)</b>	<b>(11.0)</b>

<sup>(1)</sup> Excluding contribution from capital increase (~28m€)

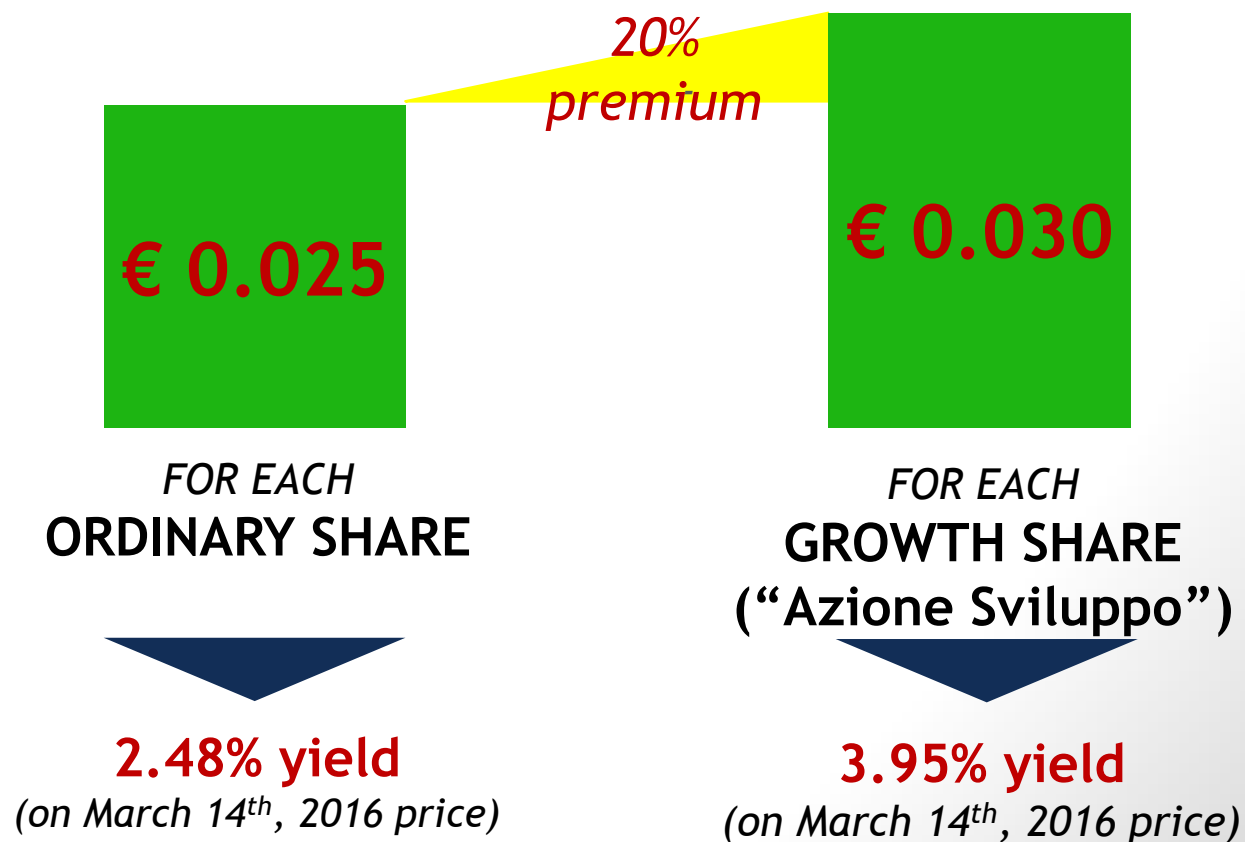
<sup>(2)</sup> Excluding extraordinary incomes from divestments (~19m€)

<sup>(3)</sup> Including the cash-out in 2014 of 2013 allowances for rationalizations

<sup>(4)</sup> Including the non-cash part of 2013 proceeds from Licensing

# BASED ON 2015 RESULTS, ISAGRO SHALL RETURN TO PAY DIVIDENDS

Board proposal to April 28<sup>th</sup> Assembly



# PERSPECTIVE: IN 2016 WE AIM AT CONSOLIDATING 2015 ACHIEVEMENTS ...

## *The evolution of 2016 Sales*

shall also depend by the normalization of climatic conditions in particular in the North American, South American, Indian and Italian markets, towards which Isagro is particularly exposed, also in light of the stocks within distribution channels at the beginning of the year



# ... WHILE PURSUING OUR MID-TERM TARGET OF 200 €M REVENUES

*Based on our Strategic Guidelines:*

1

**DISCOVERY OF NEW MOLECULES AT THE BASIS OF OUR BUSINESS MODEL**

2

**VALUE EXTRACTION FROM OUR DISCOVERY & OTHER IP MOSTLY THROUGH AGREEMENTS WITH THIRD PARTIES**

3

**GROWTH IN THE BIOSOLUTIONS BUSINESS**

4

**OPPORTUNISTIC DEVELOPMENT OF OFF-PATENTED PRODUCTS**

5

**EXPANSION OF GLOBAL COMMERCIAL ORGANIZATION**  
*(people and legal entities)*

## 3 MESSAGES TO INVESTORS

- ▶ Current market cap (36€M) < Equity book value (100€M) < N.A.V.
- ▶ 2015 Multiples indicate stock price penalization vs. “peers”

	<u>EV/Sales</u>	<u>EV/EBITDA</u>	<u>P/E</u>
Syngenta*	2.9x	14.1x	22.4x
Recordati*	4.9x	16.2x	22.6x
<b>ISAGRO**</b>	<b>0.5x</b>	<b>4.2x</b>	<b>11.3x</b>

- ▶ On top of this, unjustified spread between Ordinary and Growth Shares (“Azioni Sviluppo”)

***Memo:** Growth Shares yield a 20% extra-dividend vs. Ordinary Shares and are automatically converted into Ordinary if the Controlling Subject loses control and in any case of compulsory public offer*

\* Source: Banca IMI

\*\*Based on stock prices as of March 14, 2016

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RESULTS AS OF DEC. 31<sup>st</sup>, 2015

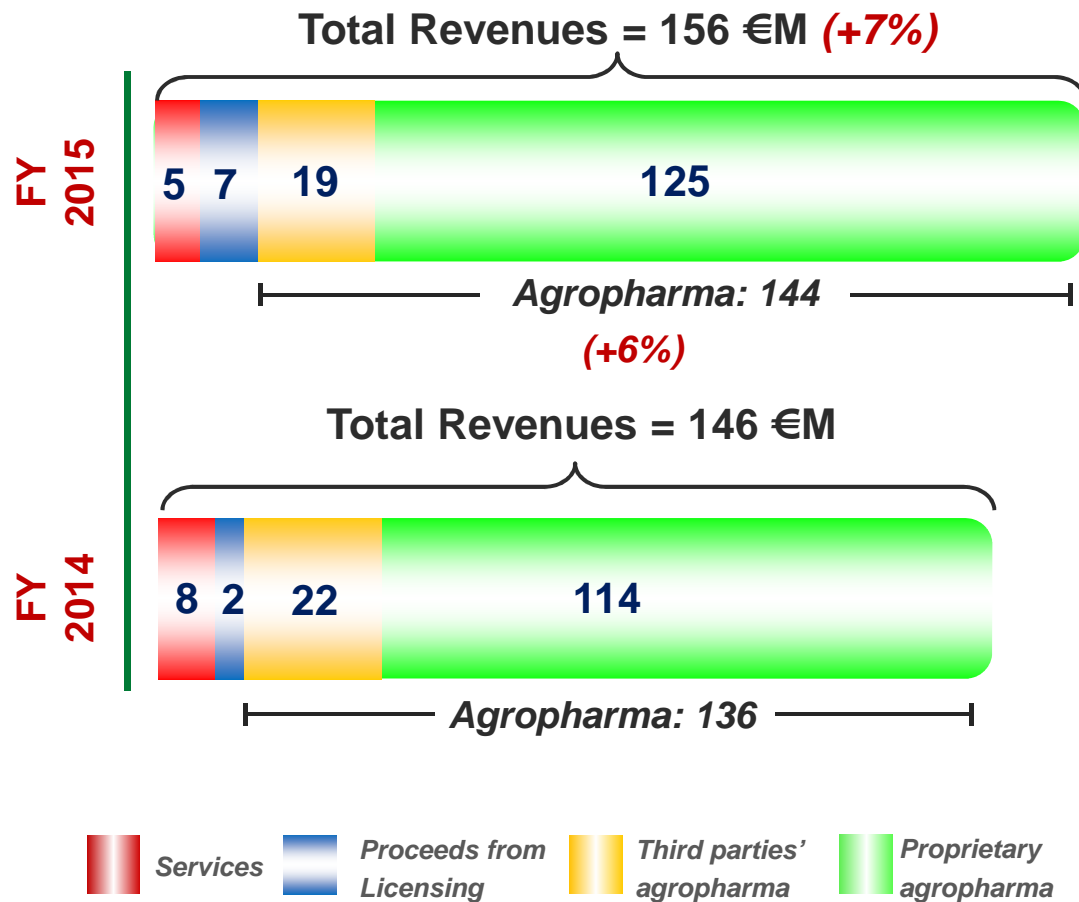
MAIN EVENTS

ISAGRO IN THE STOCK MARKET

# CONSOLIDATED REVENUES

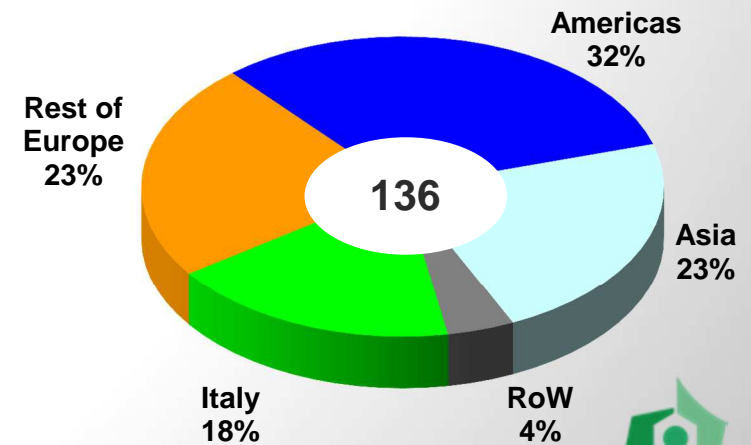
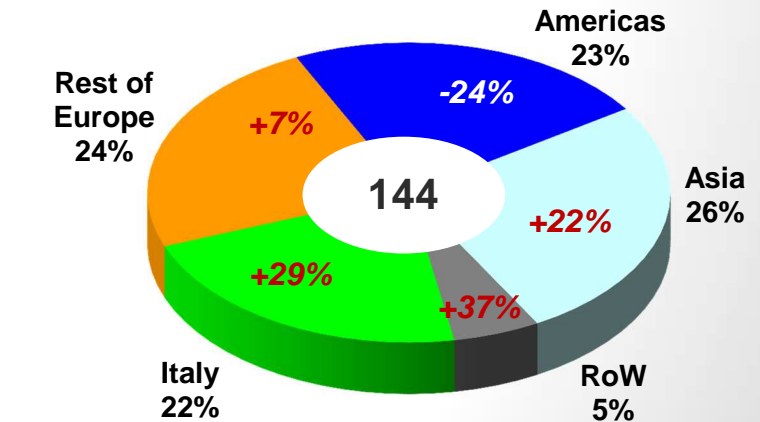
€ million

## REVENUES BREAKDOWN BY PRODUCT CATEGORY



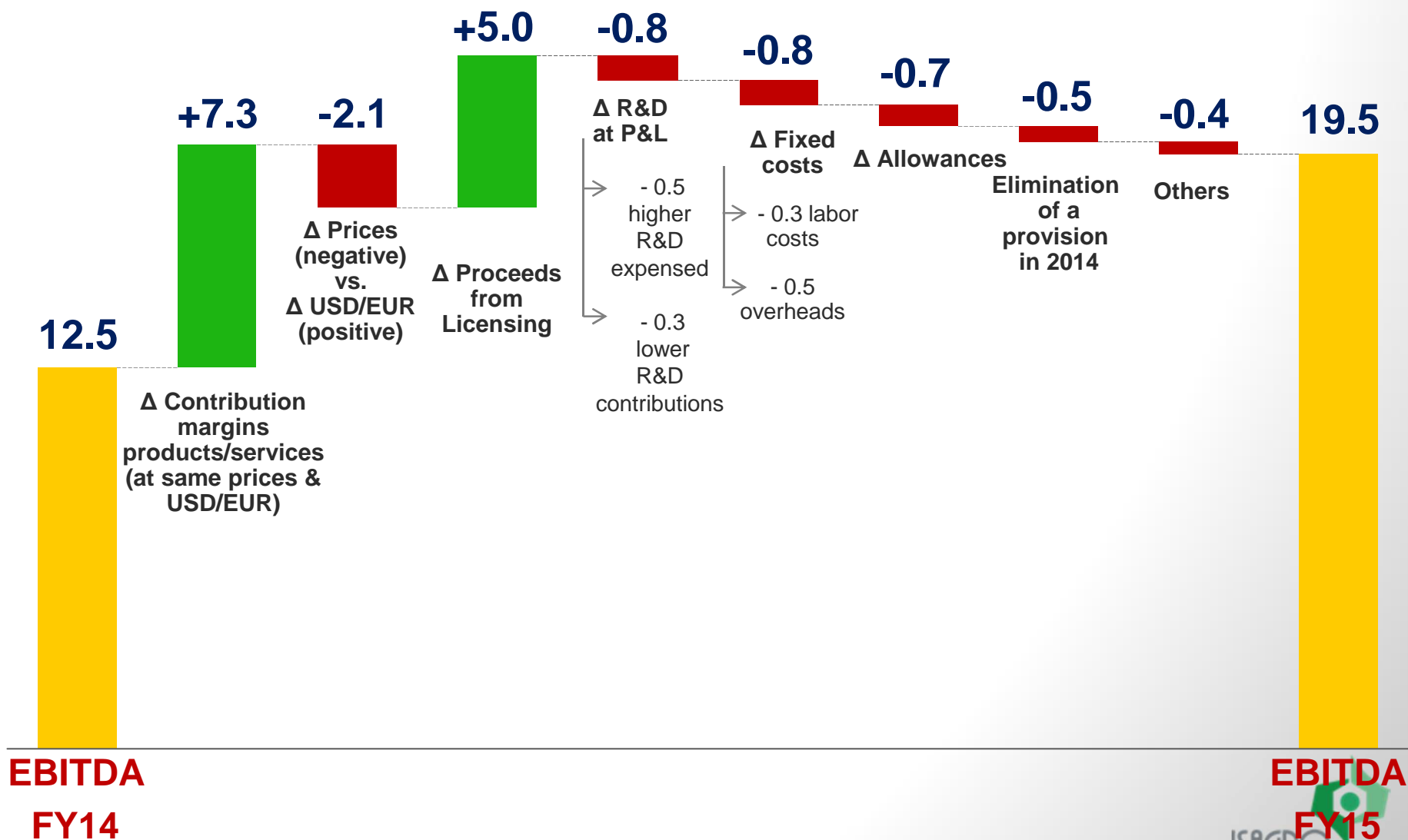
## REVENUES BREAKDOWN BY REGION

(AGROPHARMA ONLY)



# CHANGES IN CONSOLIDATED EBITDA

€ million





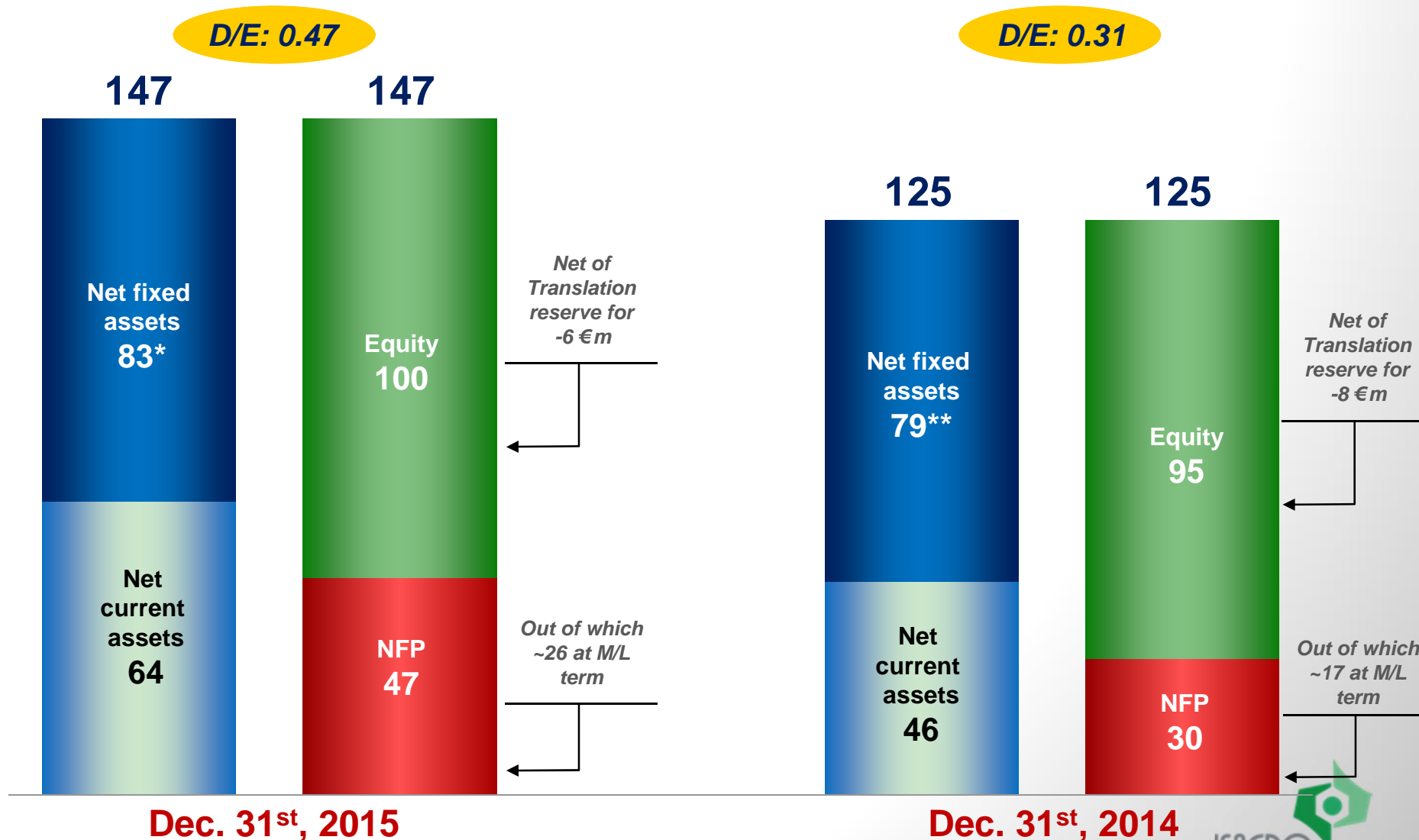
# CONSOLIDATED P&L

€ million

	<b>FY 2015</b>	<b>FY 2014</b>	<b><i>Variances</i></b>	
<b>REVENUES</b>	<b>156.0</b>	<b>145.9</b>	<b>+10.1</b>	<b>+7%</b>
<i>Including: Proceeds from Licensing</i>	7.0	2.0		
<b>EBITDA</b>	<b>19.5</b>	<b>12.5</b>	<b>+7.0</b>	<b>+56%</b>
<b>% ON REVENUES</b>	<b>12.5%</b>	<b>8.5%</b>		
Depreciation & amortization	(9.7)	(9.0)	-0.7	
<b>EBIT</b>	<b>9.8</b>	<b>3.5</b>	<b>+6.3</b>	<b>n/s</b>
Financial charges	(1.1)	(2.7)	+1.7	
Gain/(loss) from hedging on copper and EUR/USD	(1.3)	0.1	-1.4	
<b>RESULT BEFORE TAXES</b>	<b>7.4</b>	<b>0.9</b>	<b>+6.5</b>	<b>n/s</b>
Current and deferred taxes	(4.0)	(1.8)	-2.3	
<b>NET RESULT FROM CONTINUING OPERATIONS</b>	<b>3.4</b>	<b>(0.9)</b>	<b>+4.3</b>	<b>n/s</b>
Net result of discontinued operations	(0.3)	-	-0.3	
<b>NET RESULT</b>	<b>3.1</b>	<b>(0.9)</b>	<b>+4.0</b>	<b>n/s</b>

# CONSOLIDATED BALANCE SHEET

€ million



\* Net of Severance Indemnity Fund for 2.9 €m  
 \*\* Net of Severance Indemnity Fund for 3.0 €m

# P&L OF OPERATING COMPANIES

€ million

ISAGRO GROUP (consolidated)		Isagro S.p.A. (Holding)	Isagro Asia (at 100%)	Isagro Colombia (at 100%)	Isagro España (at 100%)	Isagro USA (at 100%)
156.0 145.9	<b>REVENUES</b> <i>Memo: 2014</i>	108.7 96.0	45.7 38.8	3.9 3.6	11.3 10.3	5.5 15.9
19.5 12.5	<b>EBITDA</b> <i>Memo: 2014</i>	12.9 3.4	8.6 5.9	(0.2) <sup>*</sup> 0.3	1.0 0.8	(1.2) <sup>**</sup> 0.7
3.1 (0.9)	<b>NET RESULT</b> <i>Memo: 2014</i>	3.4 <sup>***</sup> (5.4)	5.5 3.8	(0.4) 0.0	0.7 0.5	(1.5) 0.5

\* Includes extraordinary allowances for -0.5€m

\*\* Due to the sales to Gowan USA at cost value of the stock bought-back in 2014 from previous distributor

\*\*\* Includes 1.2 €m of dividends and 2.0 €m of profit related to buy-back of shares from Isagro Asia.  
These amounts are not included in the consolidated profit.



# BALANCE SHEET OF OPERATING COMPANIES

€ million

ISAGRO GROUP (consolidated)		Isagro S.p.A. (Holding)	Isagro Asia (at 100%)	Isagro Colombia (at 100%)	Isagro España (at 100%)	Isagro USA (at 100%)
64	NET CURRENT ASSETS	41.4	17.4	0.8	0.5	7.4
83	NET FIXED ASSETS*	96.1	5.2	0.3	0.0	0.2
147	NET INVESTED CAP.	137.5	22.6	1.1	0.6	7.6
125	<i>Memo: 12.31.2014</i>	122.3	19.5	0.8	0.1	4.3
	<u>FINANCED BY:</u>					
100	EQUITY	88.8	30.3	0.5	1.1	1.2
95	<i>Memo: 12.31.2014</i>	85.5	27.2	1.1	0.9	2.4
47	NFP at debt/(credit)	48.7	(7.7)	0.6	(0.5)	6.4
30	<i>Memo: 12.31.2014</i>	36.8	(7.7)	(0.2)	(0.9)	1.9

\* Net of Severance Indemnity Fund

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**MAIN EVENTS**

ISAGRO IN THE STOCK MARKET

## MAIN EVENTS

### ■ INAUGURATION OF THE NEW RESEARCH CENTER

*On April 13<sup>th</sup>, 2015 Isagro S.p.A. inaugurated its own New Research Center in Novara (close to Milan HQ) in a historical area for the Italian Chemistry, the former Istituto Donegani's one, which has seen coming to light many new products. A total of 9,400 sq.m., out of which 2,250 sq.m. of laboratories, 1,370 sq.m. of greenhouse and 750 sq.m. manufacturing plant.*

### ■ PRE-PAYMENT OF THE TRANCHE OF THE EIB LOAN GUARANTEED BY UBI AND BNL € 7.4 M outstanding value (€ 10.0 M original value)

### ■ ESTABLISHMENT OF ISAGRO SINGAPORE

*On October 8<sup>th</sup>, 2015, the company ISAGRO SINGAPORE PTE. LTD. was established according to the trade development project of the Group in South-East Asia).*

### ■ FINALIZATION OF TWO NEW AGREEMENTS

*On December, 2015, Isagro entered into two new deals of Licensing for the indirect exploitation of its Intellectual Property, one with FMC and the other one with Sumi Agro Europe Limited, for total initial proceeds of € 7.0 M.*

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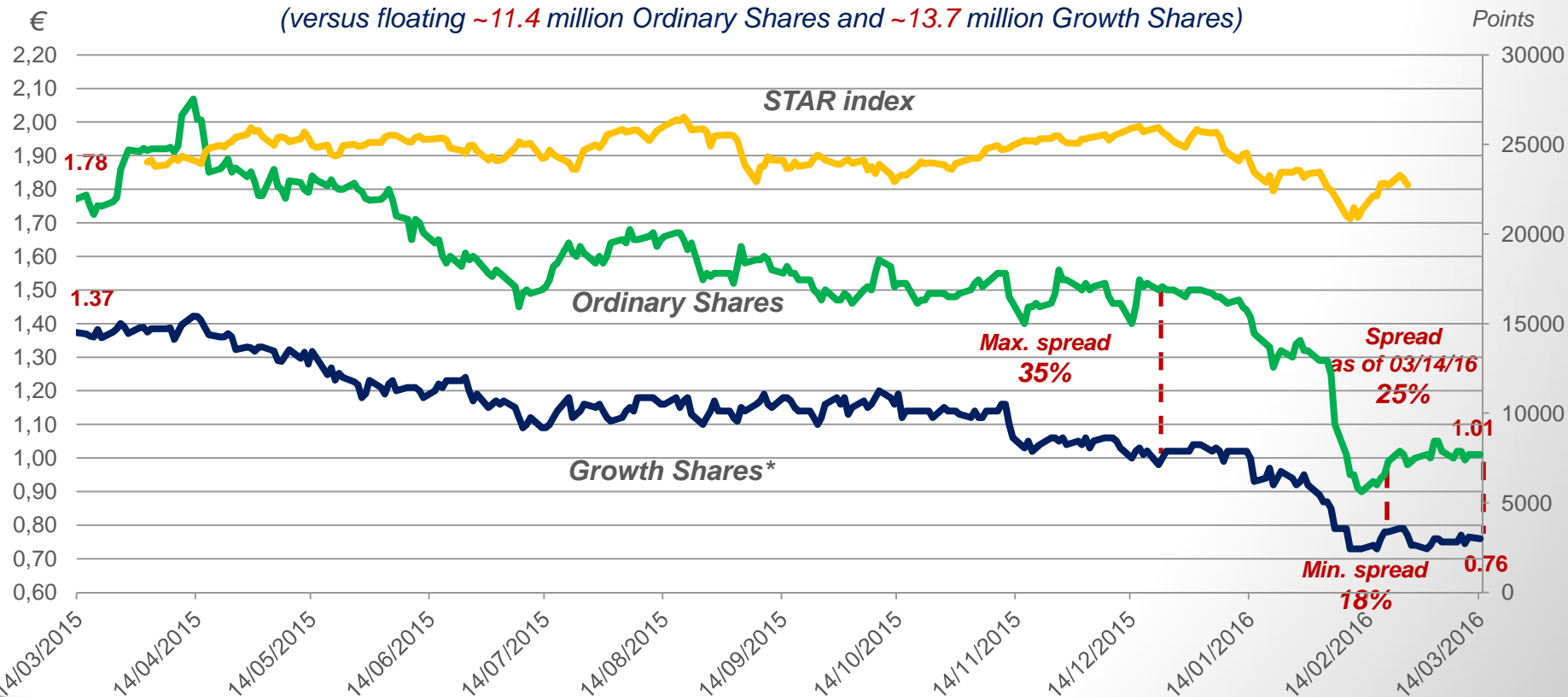
MAIN EVENTS

ISAGRO IN THE STOCK MARKET

# UNJUSTIFIED SPREAD BETWEEN ORDINARY AND GROWTH SHARES

In the last 12-month period: **~10.1 million Ordinary Shares** and **~5.5 million Growth Shares** traded

(versus floating **~11.4 million Ordinary Shares** and **~13.7 million Growth Shares**)



\***Growth Shares** are a new category of special shares, issuable by companies having a Controlling Subject, which against the absence of voting right:

- **grant an extra-dividend** vs. Ordinary Shares (20% in the case of Isagro);
- **are automatically converted into Ordinary shares** if the controlling Subject loses control and/or in any case of Compulsory Public Offer

# MARKET CAPITALIZATION LOWER THAN BOOK VALUE

	Price as of March 14 <sup>th</sup> , 2016 <i>(Euro per share)</i>	Market Capitalization <i>(Euro/million)</i>
ORDINARY SHARES	1.01	24.8
GROWTH SHARES	0.76	10.8
<b>MARKET CAP.</b>		<b>35.6</b>
<b>EQUITY BOOK VALUE</b>		<b>99.9*</b>

**Market capitalization < Book Value**

\* Book value of net fixed assets significantly lower than realizable market value

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