

ISAGRO, “GLOBAL INDEPENDENT ORIGINATOR”

*Status of the Strategic Project,
2016 results, perspectives*

STAR Conference
Milan, March 22nd, 2017





STATUS OF THE STRATEGIC PROJECT AND 2016 PICTURE

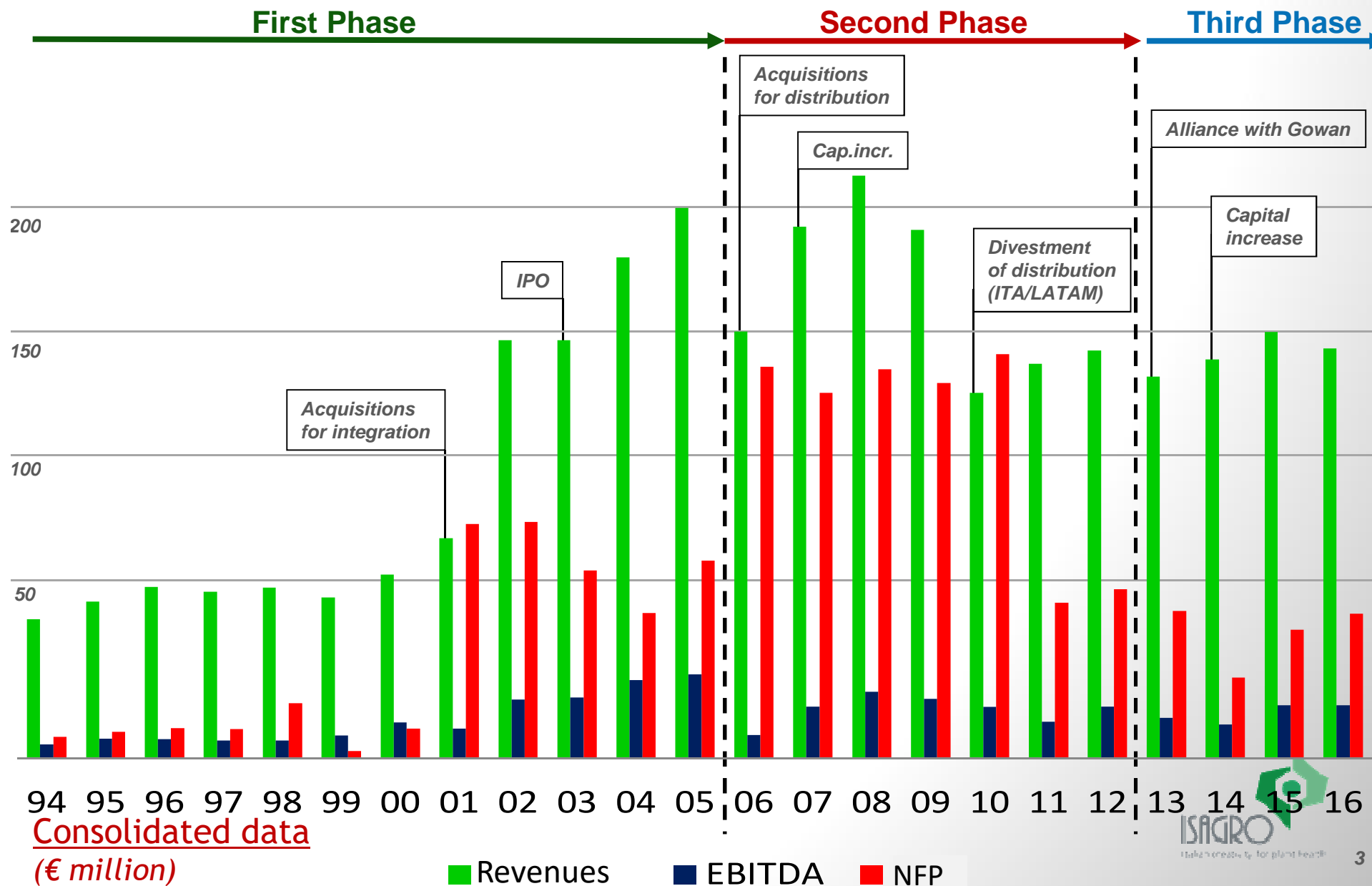
Giorgio Basile – President & CEO

2016 FINANCIALS

FOCUS ON THE MARKET AND ISAGRO'S MANAGERIAL ACTIONS

CONCLUSIONS

FROM OUR EQUITY STORY ...



... ISAGRO'S "STRATEGIC PROJECT" ...

To build a long-term business model
of "Global Independent Originator"
in the Crop Protection Industry

Isagro being:

- an **ORIGINATOR** of new molecules/products based on Discovery, extracting value from its I.P. through innovative strategies
- a **GLOBAL** player (from supply-chain to sales), given the resources and the time-to-market associated with the discovery/development of new molecules/products
- an **INDEPENDENT** company, having a Controlling Subject granting the necessary managerial autonomy

... BASED ON CLEAR STRATEGIC GUIDELINES

From 2012/2013, we progressively changed our Business Model:

- We **keep discovering** new molecules/products **by ourselves**
- We **extract value from our discoveries** no longer “by ourselves” and for “our ourselves” but also through:
 - **co-development** with partners of molecules/products having a global potential and requiring high investments
 - **licensing** of rights against initial revenues and related mid/long term supply agreements/royalties
- We **grow** in the **Biosolutions** business
- We **invest** to strengthen our **commercial presence** in the world

2016: IN A STILL DIFFICULT YEAR FOR THE MARKET, ESPECIALLY IN SOUTH AMERICA ...

- In 2016, still unfavorable conditions for the Crop Protection market to recover:
 - adverse climatic conditions in some key markets
 - low prices of agricultural commodities
 - in Brazil, deep economic/financial crisis

- High level of inventory at distributor level

- Annual sales of main global players (BASF, Bayer, Dow, DuPont, Monsanto, Syngenta) lower than 2015 by around 5%

... ISAGRO HAS CONTINUED TO WORK FOR THE MID-TERM DEVELOPMENT PLAN

- Establishment of new companies in Mexico, Poland and Vietnam
- Strengthening of commercial structure of Isagro Argentina, Isagro Brasil, Isagro Shanghai and Isagro USA
- Hiring of new resources
- Production efficiency within manufacturing plants
- Continuation of new products / molecules development
- Agreements with Third Parties for the exploitation of Intellectual Property

STATUS OF THE STRATEGIC PROJECT AND 2016 PICTURE

➔ **2016 FINANCIALS**

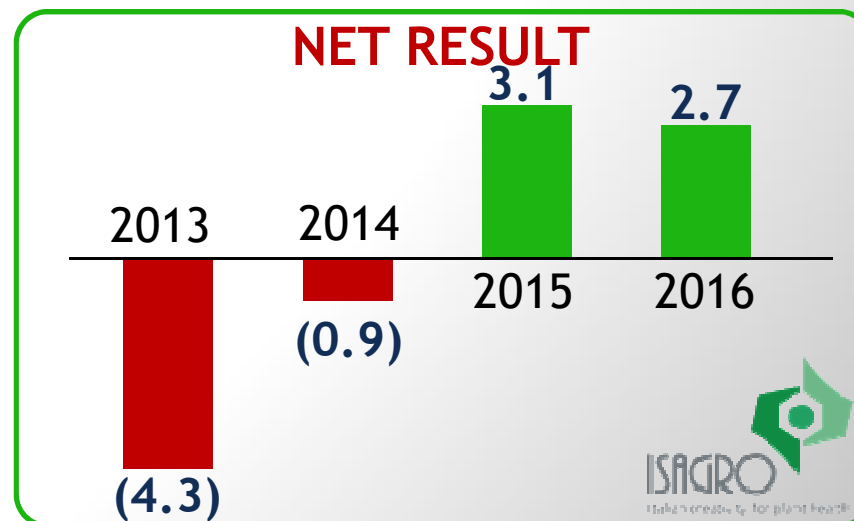
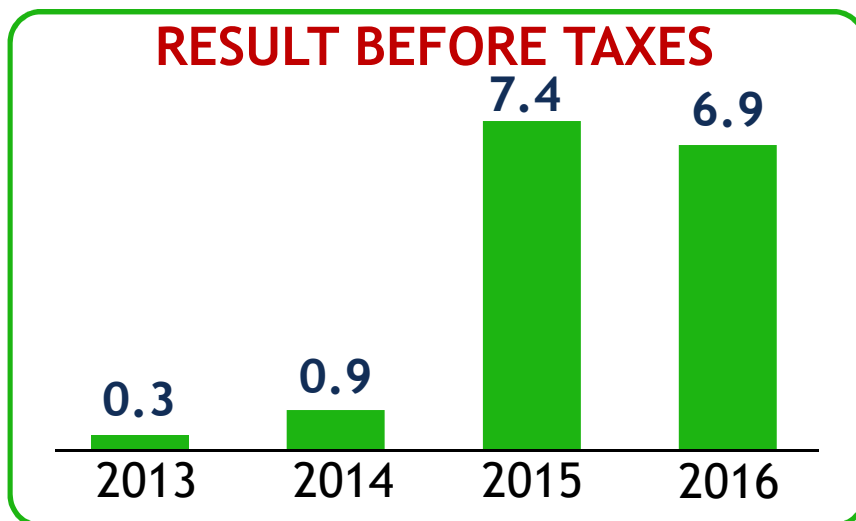
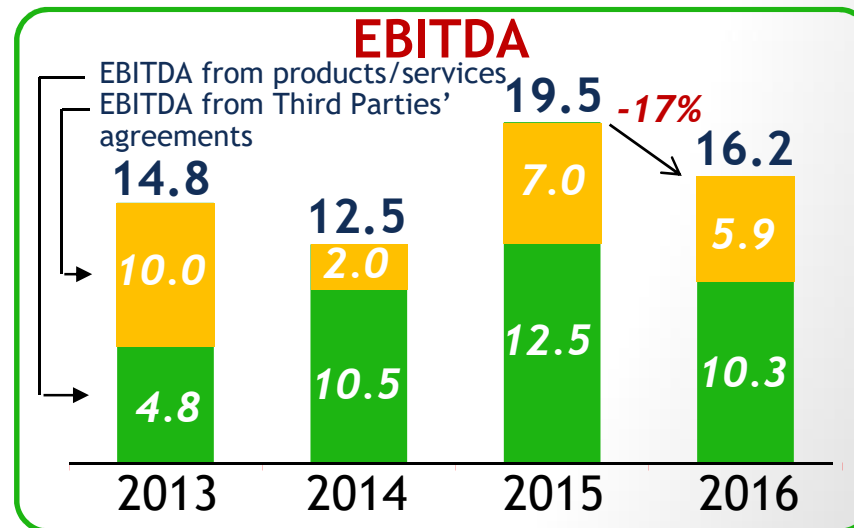
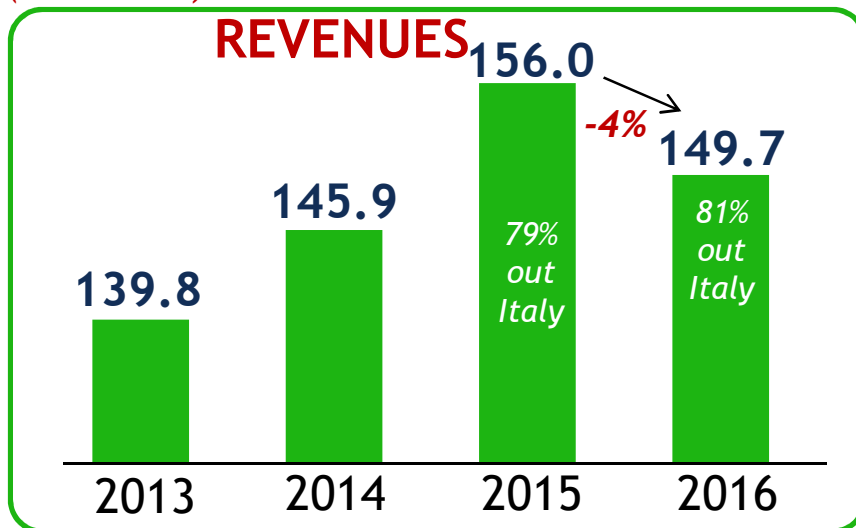
Ruggero Gambini - CFO

FOCUS ON THE MARKET AND ISAGRO'S MANAGERIAL ACTIONS

CONCLUSIONS

2016 HAS BEEN, AS ANTICIPATED, A YEAR OF “CONSOLIDATION” WITHIN A PATH OF GROWTH ...

Consolidated data
(€ million)



... WITH NET FINANCIAL DEBT STILL LOWER THAN NET WORKING CAPITAL

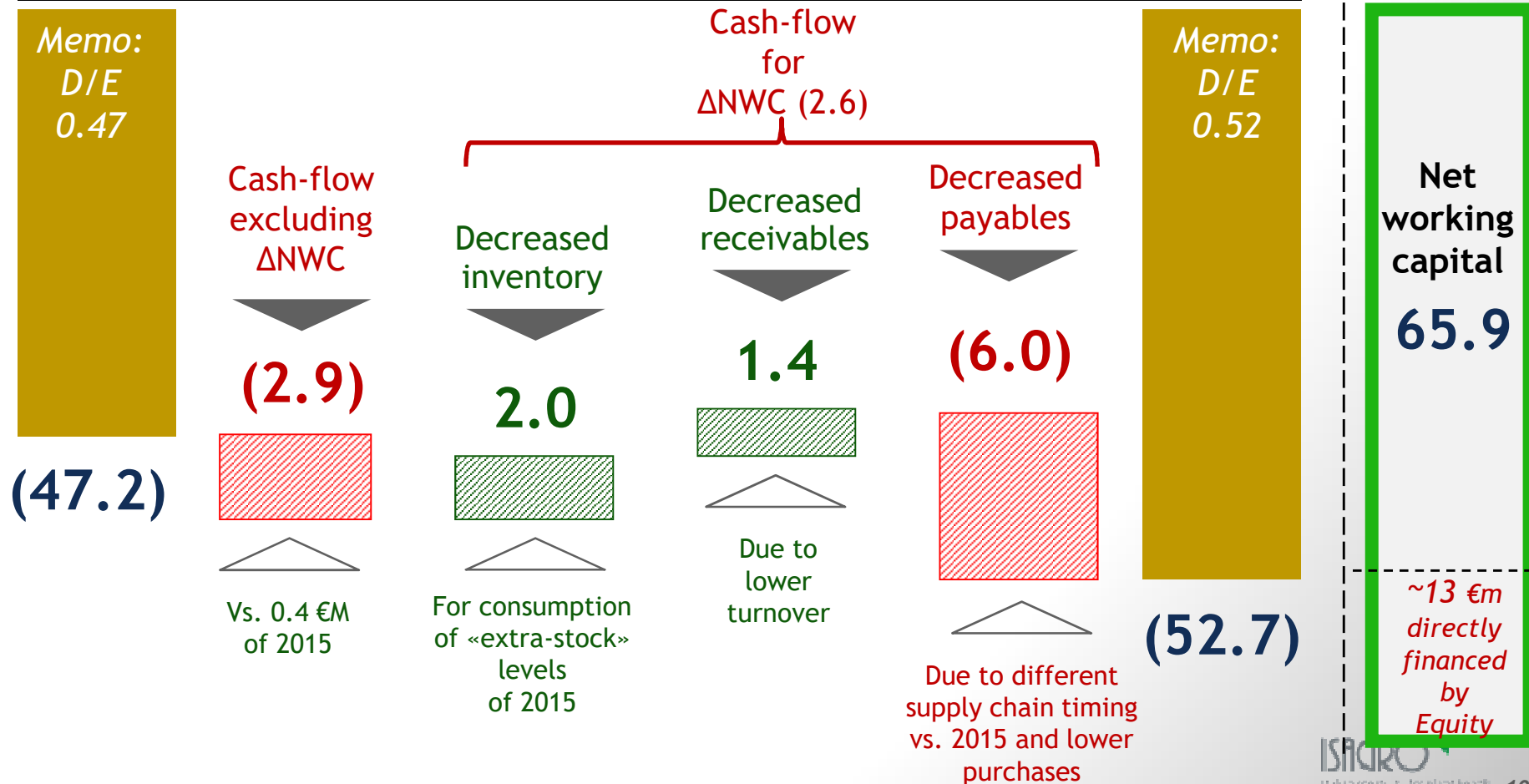
Consolidated data

(€ million)

Net Fin. Debt
Dec. 31, 2015

Net Fin. Debt
Dec. 31, 2016

Memo:



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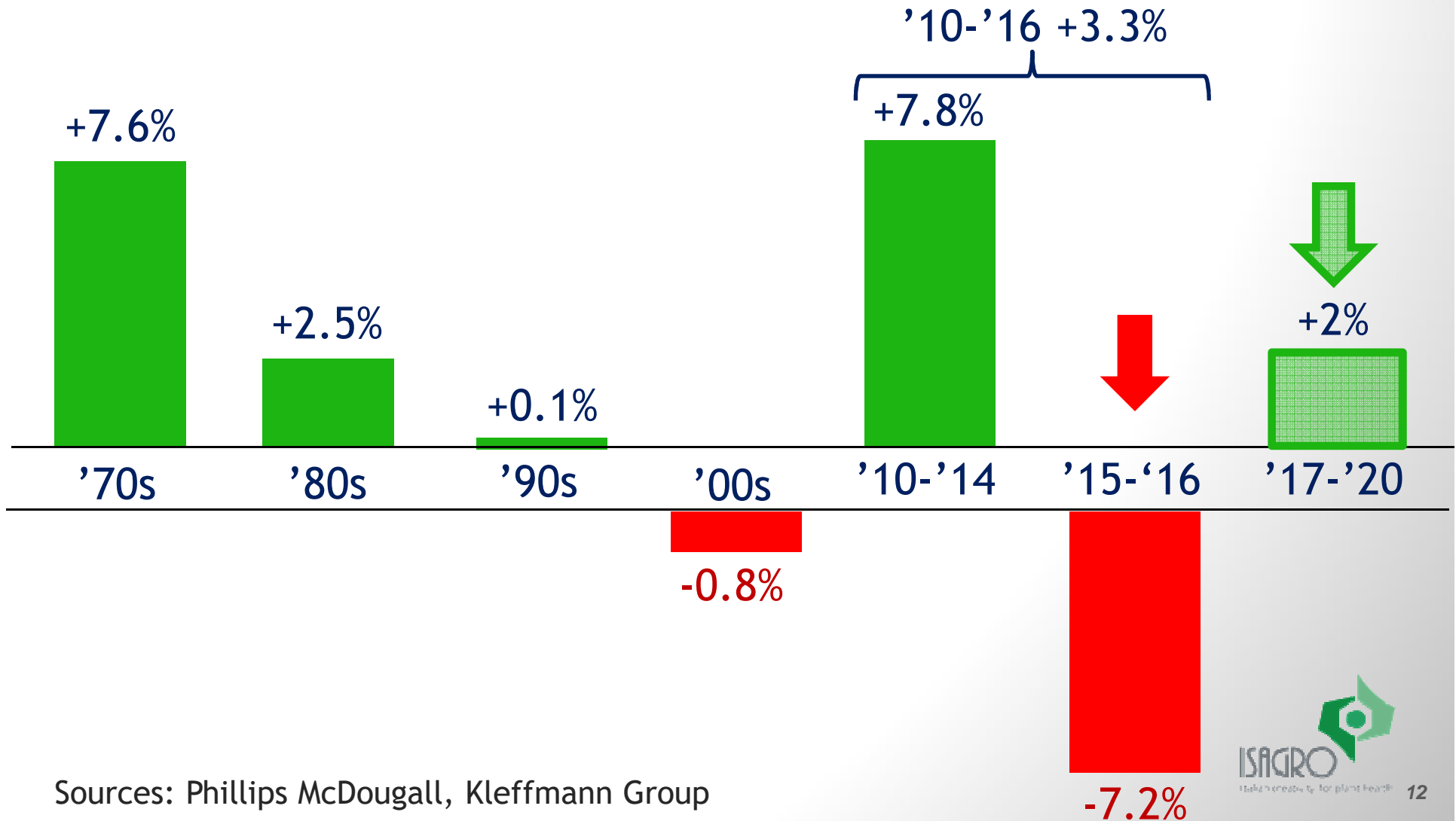
➔ **FOCUS ON THE MARKET AND ISAGRO'S MANAGERIAL ACTIONS**

Roberto Bonetti - COO

CONCLUSIONS

CROP PROTECTION MARKET: SOUND AND GROWING AS A LONG-TERM PERSPECTIVE

Annual growth rate of conventional Crop Protection Market
(Memo: 2016 estimated Market value 52 billion USD)



OUR MANAGERIAL ACTIONS (1/2) AGREEMENTS WITH THIRD PARTIES TO BOOST THE VALUE EXTRACTION FROM OUR I.P.

The “key assumption” of 2012/2013

Isagro’s Intellectual Property has an underexploited value, but in the Industry there are Players hungry for new molecules/products

The “bet” of 2012/2013

To succeed in licensing rights to Third Parties against initial revenues with related mid/long term supply agreements

Revenues from Licensing in 2013-2016

■ 2013:	10 €million	} Total ‘13-’16: <u>25 €million</u>
■ 2014:	2 €million	
■ 2015:	7 €million	
■ 2016:	6 €million	

OUR MANAGERIAL ACTIONS (2/2)

INVESTING IN NEW I.P. AND ADDITIONAL COMMERCIAL CAPACITY





FLUINDAPYR

- New broad spectrum fungicide (SDHi class)
- Co-development with FMC
- Completion of Dossier in 2017-2018




DOMINUS

- Biofumigant initially for the US
- Federal registration issued in 2013
- Waiting for registration in California (key-market)

REINFORCED LOCAL COMPANIES IN 2016

-  Isagro Argentina
-  Isagro Brasil
-  Isagro Shanghai
-  Isagro USA

NEWLY ESTABLISHED LOCAL COMPANIES IN 2016

-  Isagro Mexicana
-  Isagro Poland
-  Isagro Vietnam

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➔ **CONCLUSIONS**

Giorgio Basile – President & CEO

PERSPECTIVES FOR 2017...

- Though achieved in a difficult year, 2016 results are encouraging as for the implementation of our Strategic Guidelines
- 2017 results:
 - will depend, at revenues level, upon (i) the normalization of market/climatic conditions, mainly in the Americas, and (ii) the realization of revenues from new agreements with Third Parties for the exploitation of our I. P.
 - will reflect, at cost/capex level, (a) the full year impact of 2016 newly hired resources, (b) the continuation of the strengthening of the global commercial organization and (c) the continuation of investments for new products / molecules

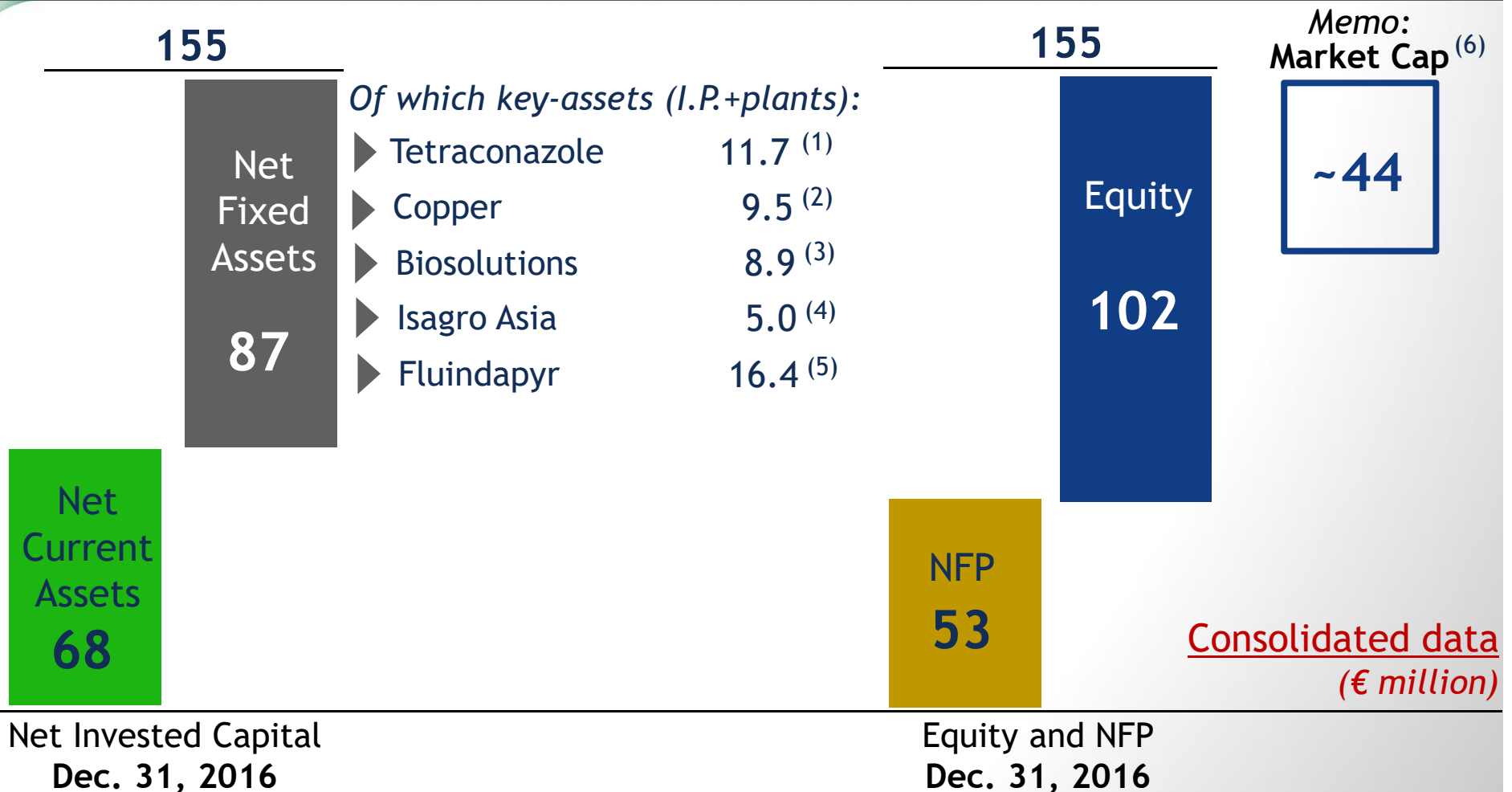


... AND FOR THE MID-TERM

By 2020, Sales Revenues target at 200 million Euro
based on:

- ▶ Growth of Biosolutions business
(also leveraging on new Biofumigant)
- ▶ Commercial development in China, Asia/Pacific and EEMEA
- ▶ New Copper formulations
- ▶ Supply of proprietary active ingredients as Licensor
- ▶ New Licensing agreements

“UN-EXPRESSED” VALUE OF ISAGRO’S SHARES: MARKET CAP < BOOK VALUE < N.A.V.



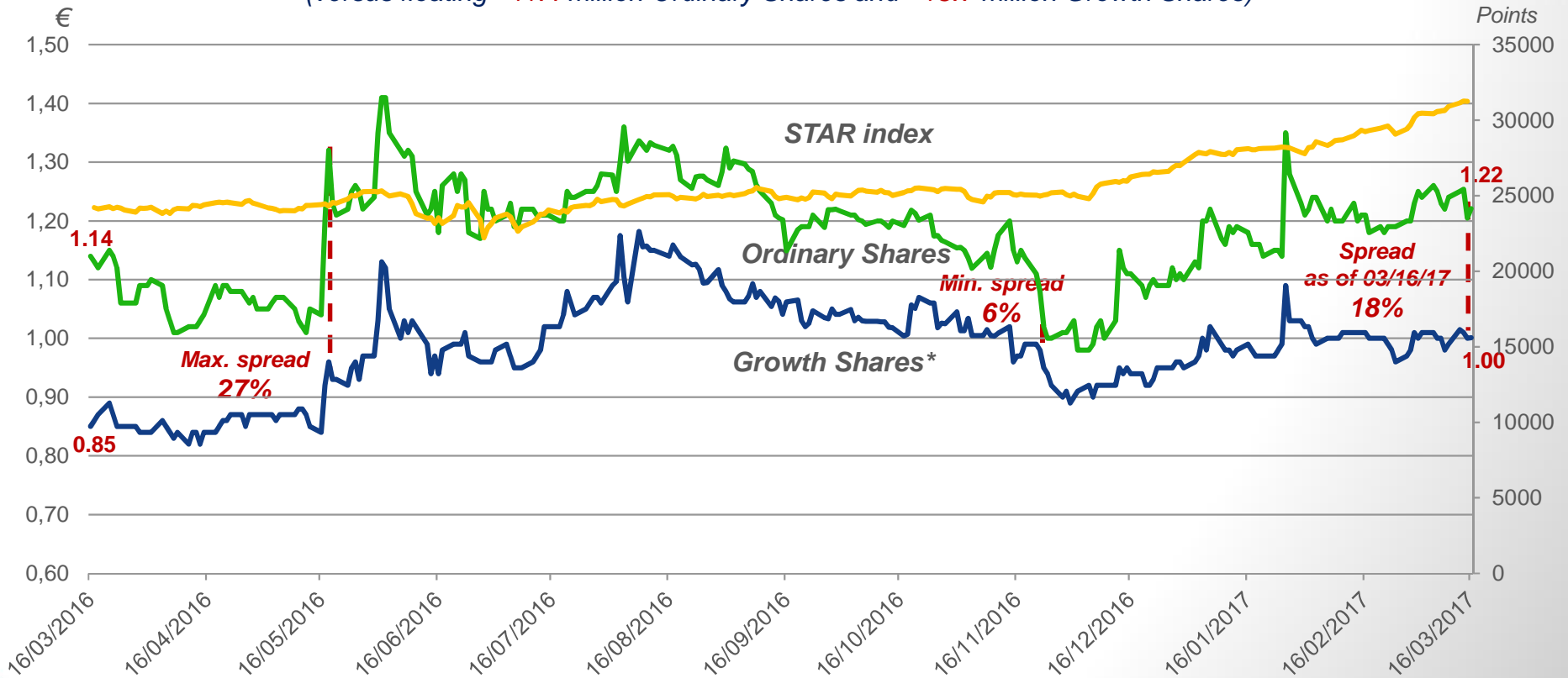
(1) Generating ~30€m annual sales
 (2) Generating ~45€m annual sales
 (3) Including Biofumigant (significant sales from 17/18). Existing business generating ~20 €m annual sales

(4) Generating ~35€m extragroup annual sales
 (5) New broad spectrum fungicide originated by Isagro and being co-developed with FMC Corporation, with significant revenues starting from 2022/2023.

(6) Based on share prices as at March 16th, 2017

UNJUSTIFIED SPREAD BETWEEN ORDINARY AND GROWTH SHARES

In the last 12-month period: **~13.4 million Ordinary Shares** and **~6.7 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 in the ratio 1:1** if the controlling Subject loses control and/or in any case of Compulsory Public Offer.



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