



## PRESS RELEASE

### ISAGRO: QUARTLY RESULTS AS OF SEPTEMBER 30<sup>th</sup>, 2011

- Revenues	€ 105.0 million (+10.8% vs. 9M2010 pro-forma)
- EBITDA before non-recurring items	€ 7.0 million (+27.0% vs. 9M2010 pro-forma)
- EBITDA	€ 8.5 million (-36.9% vs. 9M2010 pro-forma)
- EBIT	€ 4.8 million (-23.1% vs. 9M2010 pro-forma)
- Net result	€ 9.7 million (vs. € -1.8 million 9M2010 pro-forma)
- Net financial position	€ 67.8 million (-23.3% vs. 09.30.10 pro-forma, -55.6% vs. 09.30.10 actual)
- Debt/Equity ratio	0.89 (vs. 1.11 as of 09.30.2010 pro-forma, vs. 1.92 as of 09.30.10 actual)

Milan, November 10<sup>th</sup>, 2011 – Today the Board of Directors of Isagro S.p.A. approved the consolidated quarterly report as of September 30<sup>th</sup>, 2011 which will be accessible to the public at the Company's headquarter (as well as on the website [www.isagro.com](http://www.isagro.com)) and at the registered offices of Borsa Italiana S.p.A. as required by law.

#### Consolidated results for the first nine months of 2011

The consolidated **Revenues** in the first nine months of 2011 amounted to € 104.954 million, up 10.8% compared to € 94.729 million as of September 30<sup>th</sup>, 2010 pro-forma. This increase is mainly the result of:

- higher sales of copper products for about € 7.5 million, with an increase in their share on the total consolidated revenues from about 30% to 34%, due also to the raise in the cost of raw material (copper) during the campaign season (March-June), which implied higher sale prices;
- strong recovery of the sales of the fungicide Tetraconazole for about € 3.3 million, especially on the European market (due to the recovery of sales after the removal, at the end of 2010, of its previous usage limitation in the European Union) and the Brazilian market (due to the treatment of cotton and soybean crops),

which more than offset the lost sales of Dimethoate-based products, an insecticide owned by Isagro and sold in May 2010.

The **EBITDA before net non-recurring items** in the first nine months of 2011 was equal to € 6.991 million, up by 27.0% compared to € 5.505 million as of September 30<sup>th</sup>, 2010 pro-forma, mainly thanks to the increase in turnover. While, considering also the non recurring items, which in the first nine months of 2011 were equal to € 1.552 million (compared to € 8.028 million in the same period of last year), the consolidated **EBITDA** amounted to € 8.543 million, down compared to the € 13.533 million as of September 30<sup>th</sup>, 2010 pro-forma.

The consolidated **EBIT** was equal to € 4.751 million, down by € 1.430 million compared to € 6.181 million in the first nine months of 2010 pro-forma, after including amortizations and depreciations for € 6.975 million, compared to € 7.352 million cumulated in the same period of last year. It is to be noted,

moreover, that the value of EBIT as of September 30<sup>th</sup>, 2011 included € 3.183 million for the write-up of the book value of two active ingredients, Valifenalate and Orthosulfamuron, which were transferred to the joint-venture Isem S.r.l. as part of the agreement with Chemtura AgroSolutions. Excluding all non recurring items, the EBIT of the first nine months of 2011 would be equal to € 16 thousand, marking an increase of € 1.863 million compared to the negative value of € 1.847 of the pro-forma of the first nine months of 2010.

Financial items, at an aggregate level, amounted to € 7.369 million in the first nine months of 2011, implying a deterioration of € 4.508 million compared to € 2.861 million of the same period of 2010 pro-forma. It is to be noted, in particular, that:

- **Interests, and financial fees** as of September 30<sup>th</sup>, 2011 were equal to € 3.398 million, up by € 0.937 million compared to € 2.461 million of the first nine months of the previous year, mainly due to the strong increase in spreads as well as the payment of the fee for early extension of the medium/long term syndicate loan (granted in January 2009 and with natural expiry in 2014). These two events more than offset the positive effect from the reduction of the stock of debt in April;
- **Losses on exchange rates and derivatives** amounted to € 3.954 million as of September 30<sup>th</sup>, 2011, compared to € 0.397 million in the first nine months of 2010.

As far as the above second bullet is concerned, it is to be highlighted that:

- with reference to copper, after a substantially flat trend of this raw material until August, in the month of September, following the deterioration of the general economic outlook, there was a sharp reduction in the price. In this context, Isagro, which recorded most of its sales in the first semester, on high cost levels, was subject to the fair-value adjustment, with respect to the closing value of copper on London Metal Exchange, of the contracts still opened as of September 30<sup>th</sup>, 2011.

In particular, as of September 30<sup>th</sup>, 2011 the copper hedging brought, at a consolidated level, a loss of € 3.716 million to the income statement, of which € 3.010 million still “unrealized” because related to contracts still opened at such date. This result is to be compared with a net loss of € 1.598 million as of June 30<sup>th</sup>, 2011 and a net gain of € 0.784 million as of September 30<sup>th</sup>, 2010.

- with reference to the USD/EUR exchange rate, the holding company Isagro S.p.A. hedges its “long” positions on Dollar, in terms of sales already recorded (for the fraction of account receivables still to be cashed) as well as expected sales to be realized before the end of the fiscal year, by means of swap contracts with the sale forward of Dollars. Consequently, the sudden appreciation of Dollar in September, after a favorable trend until August, had a negative effect for the fair-value adjustment of the contracts that were still opened as of September 30<sup>th</sup>, 2011.

In particular, as of September 30<sup>th</sup>, 2011 the USD/EUR exchange rate hedging brought, at a consolidated level, a positive result of € 0.082 million. This result is to be compared with a net gain of € 1.047 million as of June 30<sup>th</sup>, 2011 and a net loss of € 1.153 million as of September 30<sup>th</sup>, 2010.

Moreover, it is to be noted that , with reference to the hedging contracts still opened at the end of the third quarter both on copper and USD/EUR exchange rate, the possible increase in the value of the underlying during the last three months of the year, as it is in part already happening, would lead to a partial “recovery” from the current accounting loss, thanks to the fair-value adjustment on higher levels.

As far as **Taxes** are concerned, at a consolidated level, the first nine months of 2011 resulted into net Deferred taxes for € 4.085, compared to a negative value of (Current taxes) of € 1.518 million as of September 30<sup>th</sup>, 2010 pro-forma. The difference of € 5.603 million is due to:

- the presence this year of important extraordinary revenues undergoing a special fiscal regime (“Participation Exemption”);
- the extraordinary positive item related to the fiscal redemption of intangible assets transferred to Isem S.r.l., which had a positive impact of € 1.140 million at a consolidated level;
- the deterioration of fiscal pre-tax result at a holding Isagro S.p.A. level.

In consideration of the events mentioned above, the first nine months of the current year resulted into a positive **Net result from continuing operations** of € 1.467 million, down by 19.8% compared to € 1.828 million as of September 30<sup>th</sup>, 2010. The **Net result from disposed activities**, on the other hand, increased by as much as € 11.856 million compared the first nine months pro-forma of last year, moving from a net loss of € 3.638 million to a net gain of € 8.218 million.

Finally, the **Net result for the Group** as of September 30<sup>th</sup>, 2011 was positive for € 9.685 million, up by € 11.495 million compared to the net loss of € 1.810 million registered in the first nine months of 2010.

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From a Balance sheet viewpoint, **Net fixed assets** moved from € 99.084 million as of September 30<sup>th</sup>, 2010 pro-forma to € 91.853 million as of September 30<sup>th</sup>, 2011, thus recording a reduction of € 7.231 million, mainly imputable to:

- disposal of the 50% participation in Isem S.r.l., where the assets related to the two active ingredients Orthosulfamuron and Valifenalate were transferred, although partially compensated by the write-up of the two aforementioned molecules;
- weakening of the Indian Rupee against the Euro, which resulted into a lower value of assets of the subsidiary Isagro Asia on a consolidated basis.

**Net working capital** as of September 30<sup>th</sup>, 2011 was equal € 56.120 million, up by € 13.158 million compared to € 42.962 million as of September 30<sup>th</sup>, 2010 pro-forma, following the increase in Trade receivables (from € 34.038 million to € 53.895 million), which was only partially counterbalanced by the increase in Trade payables (from € 28.972 million to € 38.676 million). This variation is explained, in particular, by the higher requirement of working capital following the increase in sales and by the extension of payment terms in favor of the client Sumitomo Chemical Italia, negotiated in the context of the sale of the stake in Isagro Italia.

Moreover, it is to be noted that, also in light of the well known international situation, the market of agropharma and its intrinsic noncyclical nature make the topic illustrated above falling into the category of ordinary financial management.

**Equity** as of September 30<sup>th</sup>, 2011 was equal to € 76.357 million, down by € 3.268 million compared to € 79.625 million as of the same date of last year, as a result of the following events, which overall exceeded the net income of the period:

- reduction, for € 5.431 million, in the Translation adjustment reserve, due, on the one hand, to the depreciation of the Indian Rupee versus the Euro and, on the other hand, to the disposal of the part of reserve linked to the stake in Sipcam Isagro Brasil;
- payment of dividends, for an amount of € 5.250 million (equivalent to € 0.30 per share), to the shareholders of the holding company Isagro S.p.A., which took place in the first half of this year.

Finally, **Net financial position** as of September 30<sup>th</sup>, 2011 amounted to € 67.847 million, setting an improvement of € 20.630 million compared to the pro-forma position of € 88.477 million as of the same date of 2010. The improvement in the net financial position is even more remarkable if calculated versus € 152.811 million of the actual position, which included also the debt for the activities disposed at the beginning of 2011.

In consideration of the aforementioned events, the **Debt/Equity ratio** improved from 1.11 as of September 30<sup>th</sup>, 2010 pro-forma (and from 1.24 as of September 30<sup>th</sup>, 2010 actual) to 0.89 as of September 30<sup>th</sup>, 2011.

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During the third quarter, Isagro continued its activities of Research & Development, spending in the first nine months of 2011 a cumulated amount of € 7.782 million, of which € 4.895 million capitalized, compared to € 10.698 million, of which € 7.299 million capitalized, of the same period of last year.

Regarding the activity of Innovative Research, Isagro continued its study on two new fungicides for extensive crops belonging to two distinct chemical families and considered to have a high potential. While, as far as Pre-development activities are concerned, Isagro continued the assessment of a low dosage copper-based product with enhanced action spectrum compared to traditional products, leading to interesting results.

As far as Development activity is concerned, in the third quarter of 2011, Isagro obtained the important use extension for Tetraconazole on corn and strawberry in the United States. In particular, the access of corn market, together with that of soybean where the product is already commercialized, represents one of the most important growth drivers for the Company, given the size of the potential market. The first sales will take place in 2012.

### Outlook for the current year

Given the results of the first nine months and the estimates for the fourth quarter, Isagro expects, compared to the estimates for the current year enclosed in the Business Plan published in March:

- a better result at current operation level, thanks to the higher contribution margins;
- a stronger impact of financial items, both in terms of interests and of net result from financial hedging operations. In particular, it is to be noted that an appreciation of the price of copper during the fourth quarter with reference to the troughs of September-end (which has in part already taken place) would contribute to reduce the accounting loss as a consequence of the fair-value adjustment on derivative contracts still opened at the closing of the fiscal year;
- higher allowances of extraordinary nature.

As a consequence of the aforementioned events, Isagro forecasts, on the one hand, an improvement at EBITDA level for about € 2 million and, on the other hand, a reduction in Net income for about € 2 million compared to what estimated in the Business Plan.

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The manager in charge of preparing the Company's accounting documents, Mr. Maurizio Basile, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Financial Act, that the accounting information contained in this press release regarding consolidated data as of September 30<sup>th</sup>, 2011 corresponds to the documented results, books and accounting records.

*Isagro is the leading company of a Group which, in a little more than fifteen years, has become a qualified operator in the field of agropharmas. Listed on the Milano Stock Exchange since 2003, Isagro is active in the Innovative Research, development, production and marketing, on a worldwide scale, of proprietary agricultural pharmaceuticals, as well as in their distribution in some important markets.*

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## CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30<sup>th</sup>, 2011

€ 000	09.30.2011	09.30.2010 Pro-forma	Variations		12.31.2010 Pro-forma
			€ 000	%	
<b>Net fixed assets</b>					
Goodwill	5,019	4,290	+729	+17.0%	3,665
Other intangible assets	49,431	59,693	-10,262	-17.2%	60,352
Tangible assets	27,054	30,314	-3,260	-10.8%	29,930
Financial assets	183	185	-2	-1.1%	194
Other medium/long term assets and liabilities	10,166	4,602	+5,564	+120.9%	4,412
<b>TOTAL NET FIXED ASSETS</b>	<b>91,853</b>	<b>99,084</b>	<b>-7,231</b>	<b>-7.3%</b>	<b>98,553</b>
<b>Net current assets</b>					
Inventories	41,877	36,831	+5,046	+13.7%	34,222
Trade receivables	53,895	34,038	+19,857	+58.3%	52,272
Trade payables	(38,676)	(28,972)	-9,704	+33.5%	(34,512)
Risk funds	(2,202)	(2,656)	+454	-17.1%	(1,583)
Other current assets and liabilities	1,226	3,721	-2,495	-67.1%	337
<b>TOTAL NET CURRENT ASSETS</b>	<b>56,120</b>	<b>42,962</b>	<b>+13,158</b>	<b>+30.6%</b>	<b>50,736</b>
<b>INVESTED CAPITAL</b>	<b>147,973</b>	<b>142,046</b>	<b>+5,927</b>	<b>+4.2%</b>	<b>149,289</b>
<b>PERSONNEL FUND</b>	<b>(3,769)</b>	<b>(4,236)</b>	<b>+467</b>	<b>-11.0%</b>	<b>(4,008)</b>
<b>NET INVESTED CAPITAL</b>	<b>144,204</b>	<b>137,810</b>	<b>+6,394</b>	<b>+4.6%</b>	<b>145,281</b>
<b>NOT FINANCIAL ASSETS AND LIABILITIES OF DISCONTINUED OPERATION</b>	<b>-</b>	<b>94,626</b>	<b>-94,626</b>	<b>-100.0%</b>	<b>81,623</b>
<b>TOTAL</b>	<b>144,204</b>	<b>232,436</b>	<b>-88,232</b>	<b>-38.0%</b>	<b>226,904</b>
<i>financed by:</i>					
<b>Equity</b>					
Capital stock	17,550	17,550	0	+0.0%	17,550
Reserves and earnings brought forward	53,969	63,244	-9,275	-14.7%	63,234
Translation adjustment reserve continuing	(4,847)	(2,716)	-2,131	+78.5%	(2,385)
Translation adjustment reserve discontinued	-	3,300	-3,300	-100.0%	4,472
Minority interest	-	57	-57	-100.0%	33
Net group result	9,685	(1,810)	+11,495	n/a	(4,252)
<b>TOTAL EQUITY</b>	<b>76,357</b>	<b>79,625</b>	<b>-3,268</b>	<b>-4.1%</b>	<b>78,652</b>
<b>Net financial debts</b>					
<u>Medium/long term debts</u>					
- towards banks	1,328	15,160	-13,832	-91.2%	19,757
- towards banks - low rate	-	864	-864	-100.0%	869
- towards MIUR - low rate	-	-	0	+0.0%	-
- others	(274)	(3,296)	+3,022	-91.7%	(333)
<b>TOTAL MEDIUM LONG TERM DEBTS</b>	<b>1,054</b>	<b>12,728</b>	<b>-11,674</b>	<b>-91.7%</b>	<b>20,293</b>
<u>Short term debts</u>					
- towards banks	70,964	81,643	-10,679	-13.1%	85,721
- towards banks - low rate	-	744	-744	-100.0%	248
- towards MIUR - low rate	637	1,397	-760	-54.4%	699
- others	(1,024)	(3,910)	+2,886	-73.8%	(4,740)
<b>TOTAL SHORT TERM DEBTS</b>	<b>70,577</b>	<b>79,874</b>	<b>-9,297</b>	<b>-11.6%</b>	<b>81,928</b>
<b>CASH AND CASH AT BANKS</b>	<b>(3,784)</b>	<b>(4,125)</b>	<b>+341</b>	<b>-8.3%</b>	<b>(4,528)</b>
<b>TOTAL NET FINANCIAL DEBTS</b>	<b>67,847</b>	<b>88,477</b>	<b>-20,630</b>	<b>-23.3%</b>	<b>97,693</b>
<b>NET FINANCIAL POSITION OF DISCONTINUED ACTIVITIE</b>	<b>0</b>	<b>64,334</b>	<b>-64,334</b>	<b>-100.0%</b>	<b>50,559</b>
<b>TOTAL</b>	<b>144,204</b>	<b>232,436</b>	<b>-88,232</b>	<b>-38.0%</b>	<b>226,904</b>

## CONSOLIDATED INCOME STATEMENT III QUARTER 2011

€ 000	3 <sup>rd</sup> Quarter 2011	3 <sup>rd</sup> Quarter 2010 Pro-forma	Variations		9 Months 2011	9 Months 2010 Pro-forma	Variations	
			€ 000	%			€ 000	%
<b>REVENUES FROM SALES AND SERVICES</b>	<b>27,483</b>	<b>25,910</b>	<b>+1,573</b>	<b>6.1%</b>	<b>104,954</b>	<b>94,729</b>	<b>+10,225</b>	<b>10.8%</b>
Other revenues and income	1,567	1,389	+178	12.8%	4,158	4,059	+99	2.4%
Consumption of materials and external services	(27,016)	(22,828)	-4,188	18.3%	(92,038)	(81,089)	-10,949	13.5%
Variations in inventories of products	3,826	618	+3,208	n/s	6,567	4,116	+2,451	59.5%
Increases in assets through internal works	827	964	-137	-14.2%	2,404	3,089	-685	-22.2%
Allowances and provisions	(53)	(162)	+109	-67.3%	(728)	(655)	-73	11.1%
Other not recurrent income (costs)	(6)	300	-306	n/a	2,503	8,028	-5,525	-68.8%
<b>ADDED VALUE</b>	<b>6,628</b>	<b>6,191</b>	<b>+437</b>	<b>7.1%</b>	<b>27,820</b>	<b>32,277</b>	<b>-4,457</b>	<b>-13.8%</b>
<i>% on Revenues</i>	<i>24.1%</i>	<i>23.9%</i>			<i>26.5%</i>	<i>34.1%</i>		
Labour costs	(5,786)	(5,631)	-155	2.8%	(18,975)	(18,386)	-589	3.2%
Other not recurrent income (costs)	-	-	0	0.0%	-	-	0	0.0%
Labour costs allowances	172	16	+156	n/s	(302)	(358)	+56	-15.6%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>1,014</b>	<b>576</b>	<b>+438</b>	<b>76.0%</b>	<b>8,543</b>	<b>13,533</b>	<b>-4,990</b>	<b>-36.9%</b>
<i>% on Revenues</i>	<i>3.7%</i>	<i>2.2%</i>			<i>8.1%</i>	<i>14.3%</i>		
Depreciation:								
- tangible assets	(1,135)	(1,178)	+43	-3.7%	(3,391)	(3,530)	+139	-3.9%
- intangible assets	(1,325)	(1,281)	-44	3.4%	(3,584)	(3,822)	+238	-6.2%
- write-off	-	-	0	0.0%	3,183	-	+3,183	n/a
<b>OPERATING RESULT (EBIT)</b>	<b>(1,446)</b>	<b>(1,883)</b>	<b>+437</b>	<b>-23.2%</b>	<b>4,751</b>	<b>6,181</b>	<b>-1,430</b>	<b>-23.1%</b>
<i>% on Revenues</i>	<i>-5.3%</i>	<i>-7.3%</i>			<i>4.5%</i>	<i>6.5%</i>		
Financial charges	(947)	(804)	-143	17.8%	(3,398)	(2,461)	-937	38.1%
Exchange gains/losses and derivatives	(3,131)	944	-4,075	n/s	(3,954)	(397)	-3,557	n/s
Write-down/write-ups of investments	-	(6)	+6	-100.0%	(17)	(3)	-14	n/s
<b>RESULT BEFORE TAXES</b>	<b>(5,524)</b>	<b>(1,749)</b>	<b>-3,775</b>	<b>N/S</b>	<b>(2,618)</b>	<b>3,320</b>	<b>-5,938</b>	<b>N/S</b>
<i>% on Revenues</i>	<i>-20.1%</i>	<i>-6.8%</i>			<i>-2.5%</i>	<i>3.5%</i>		
Current and deferred taxes	3,729	542	+3,187	n/s	4,085	(1,518)	+5,603	n/s
Third-party share of (profit)/losses continuing op.	-	5	-5	-100.0%	-	26	-26	-100.0%
<b>PROFITS/(LOSSES) OF CONTINUING OPERATION</b>	<b>(1,795)</b>	<b>(1,202)</b>	<b>-593</b>	<b>49.3%</b>	<b>1,467</b>	<b>1,828</b>	<b>-361</b>	<b>-19.7%</b>
<i>% on Revenues</i>	<i>-6.5%</i>	<i>-4.6%</i>			<i>1.4%</i>	<i>1.9%</i>		
Net result of discontinued operation	(22)	(959)	+937	-97.7%	8,213	(3,639)	+11,852	n/s
Third-party share of (profit)/losses discontinued op.	-	(3)	+3	-100.0%	5	1	+4	n/s
<b>TOTAL GROUP PROFIT/(LOSS)</b>	<b>(1,817)</b>	<b>(2,164)</b>	<b>+347</b>	<b>-16.0%</b>	<b>9,685</b>	<b>(1,810)</b>	<b>+11,495</b>	<b>N/S</b>

## CONSOLIDATED CASH-FLOW STATEMENT JANUARY-SEPTEMBER 2011

€ 000	9 Months 2011	9 Months 2010
<b>DISPONIBILITA' LIQUIDE INIZIALI (*)</b>	<b>11,500</b>	<b>14,083</b>
<b>Current operations</b>		
Gain/(loss) of the period - continuing operation	1,467	1,802
Gain/(loss) of discontinued operation	8,213	(3,639)
- Depreciation of tangible and intangible assets	6,975	8,023
- Losses in value of fixed assets/(revaluation of assets ex IAS 27)	(3,183)	-
- Provisions to reserves (including employee indemnity)	1,721	783
<b>CASH-FLOW</b>	<b>15,193</b>	<b>6,969</b>
- (Gains)/losses from disposal of tangible, intangible assets and branches	(3,463)	(8,012)
- (Gains) from discontinued operations	(9,869)	-
- (Write-up)/write-down of investments and other financial assets	11	(11)
- Change in net current assets	(4,499)	(8,638)
- Net change in other assets/liabilities	(7,694)	(2,880)
- Use of funds (including employee indemnity)	(1,345)	(2,375)
<b>CASH FLOW FROM OPERATIONS</b>	<b>(11,666)</b>	<b>(14,947)</b>
<b>Investments</b>		
- (Investments)/disinvestments in intangible assets	(4,957)	(7,603)
- (Investments) in tangible assets	(1,318)	(2,319)
- Price paid for Business combination	(1,477)	-
- Realization price on sale of tangible, intangible assets and branches	20,307	9,852
- Outlay for change in percentage of possession of subsidiary companies	-	(406)
<b>CASH FLOW FROM INVESTMENTS</b>	<b>12,555</b>	<b>(476)</b>
<b>Financing activities</b>		
- Increase/(decrease) in financial debts (current and not)	(32,796)	7,355
- (Increase)/decrease in financial receivables, derivatives and other financial assets	1,735	1,027
- Distribution of dividends	(5,250)	-
- Shareholders' payments for increase in capital	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(36,311)</b>	<b>8,382</b>
<b>Cash flow from assets sold/destined for disposal</b>	<b>29,076</b>	<b>-</b>
<b>Conversion differences</b>	<b>(1,370)</b>	<b>152</b>
<b>CASH FLOW OF THE PERIOD</b>	<b>(7,716)</b>	<b>(6,889)</b>
<b>CASH - CLOSING BALANCE</b>	<b>3,784</b>	<b>7,194</b>

(\*) including cash and equivalents of Discontinued operations