

# ISAGRO: PRESENT AND FUTURE

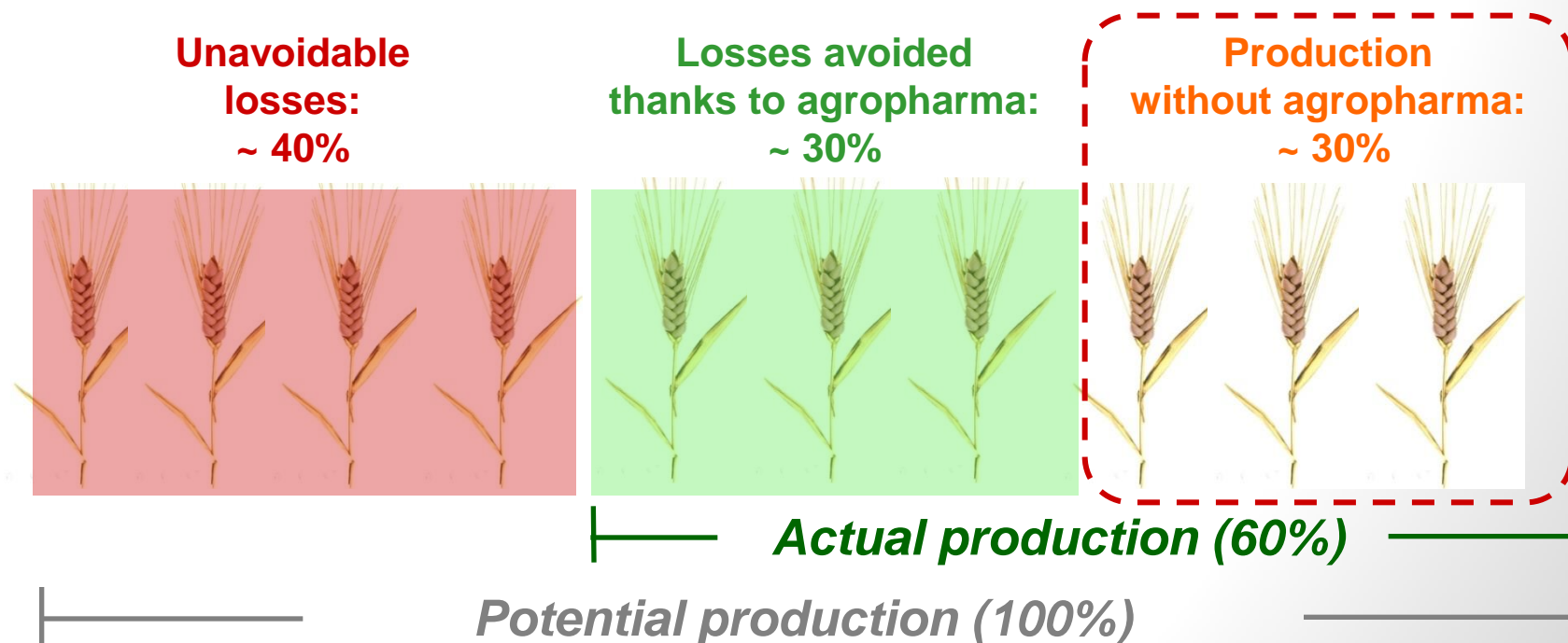
Lugano Small & Mid Cap Investor Day

*September 19<sup>th</sup>, 2014*



# AGROPHARMA: A KEY ROLE IN AGRICULTURE...

## ■ Pharmaceutical products for crop health and yield enhancement



■ **World agropharma market (2013): US\$ 54 billion**

■ **Time-to-market for a new molecule: 10-12 years**

Sources: Phillips McDougall and Agrofarma

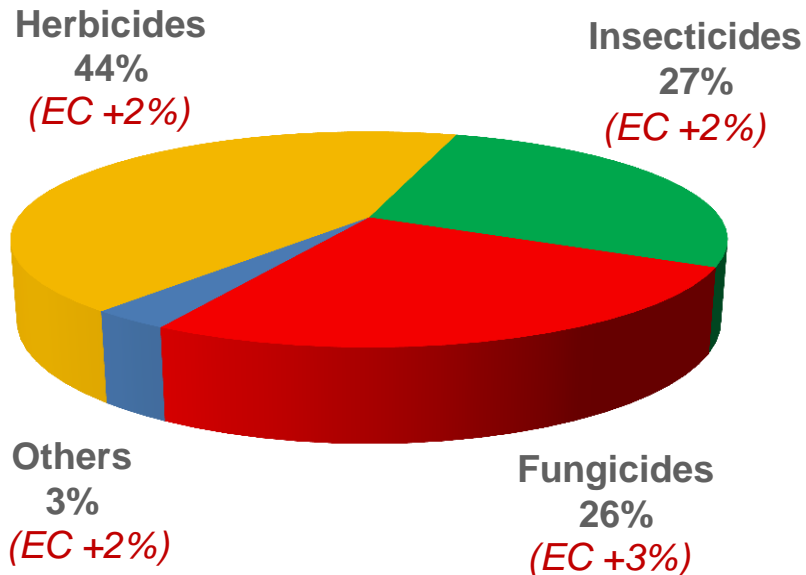
# ... IN A SOUND AND STILL GROWING “GLOBAL” MARKET

**US\$ 54 billion**

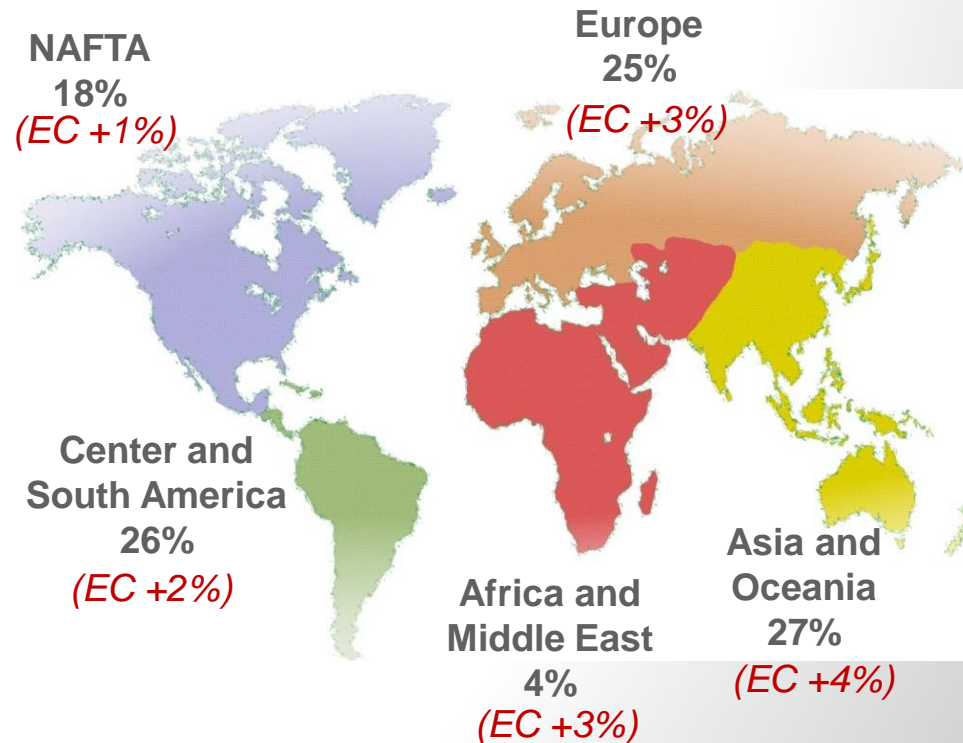
(2013)

**Estimated CAGR to 2018  
("EC"): +3%**

**... and by product category**



**Breakdown by region ...**

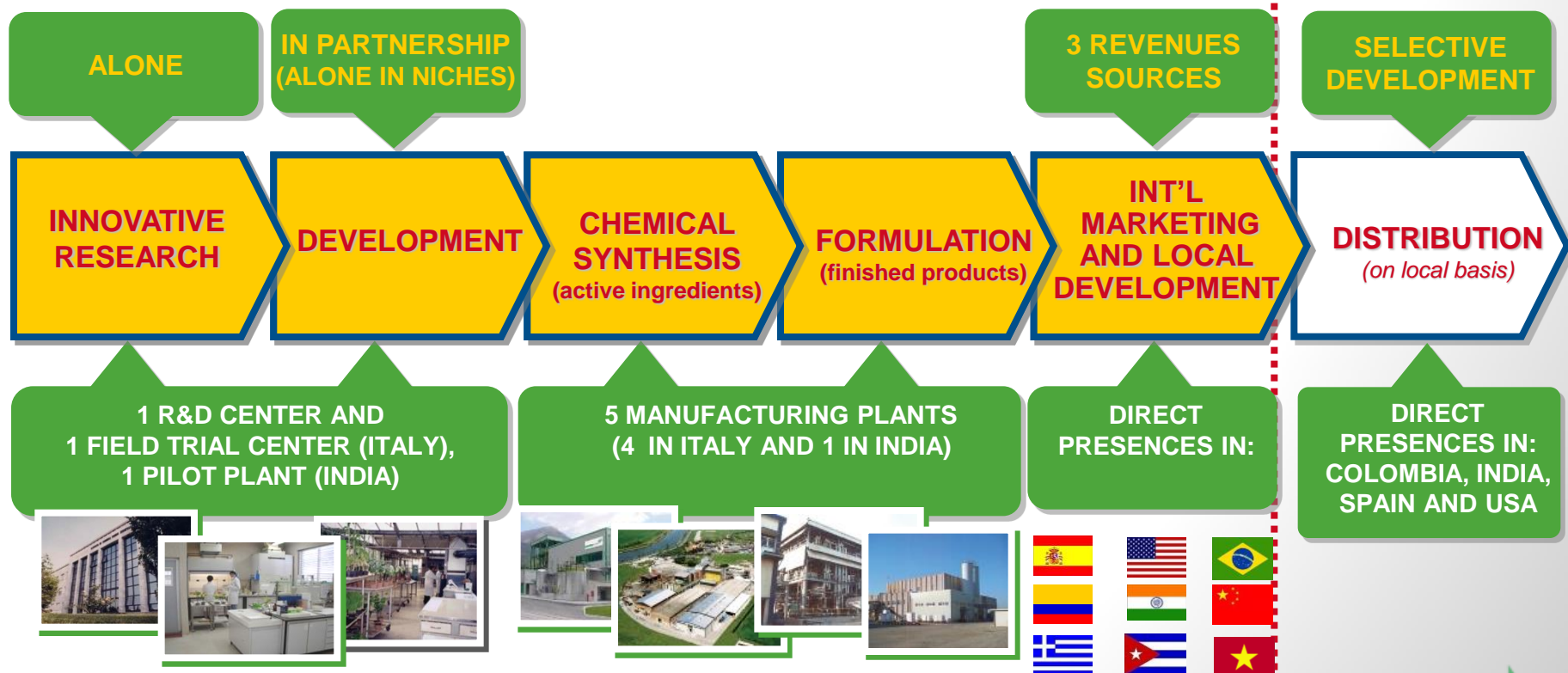


Fonte: Phillips McDougall

# ISAGRO: “SMALL GLOBAL PLAYER”

“SMALL” FOR SIZE, “GLOBAL” BECAUSE BASED ON INNOVATION

## ISAGRO'S CORE-BUSINESS



# OUR FIVE STRATEGIC GUIDE-LINES ...

## 1 DISCOVERY TO BE RUN IN AUTONOMY

## 2 DEVELOPMENT OF NEW MOLECULES IN PARTNERSHIP

*For molecules with global market potential and/or requiring high investments*

## 3 LICENSING AGAINST DOWNPAYMENTS

*Granting rights on proprietary products and securing long-term supply agreements*

## 4 ENHANCEMENT OF PRODUCT PORTFOLIO AND DISTRIBUTION

- *New mixtures with proprietary molecules*
- *Fumigant, Bio-stimulators, Generics (initially in India)*
- *Direct distribution in selected markets, preferably in partnership*

## 5 FINANCIAL DEBTS NOT EXCEEDING “NET WORKING CAPITAL”

# ... AS BASIS FOR THE “CHANGES” WE HAVE BEEN WORKING FOR

- INDUSTRIAL PARTNERSHIP *DONE (2<sup>nd</sup> half 2013)*
- CAPITAL INCREASE *DONE (1<sup>st</sup> half 2014)*
- FOCUS SHIFT TOWARDS MARKETING/SALES *ONGOING*



***Towards the achievement of Business Plan  
2014-2018 targets***

# INDUSTRIAL PARTNERSHIP WITH GOWAN

«THREE OPERATIONS IN ONE», AIMING AT ...

## **LONG TERM INDUSTRIAL PARTNERSHIP**

*FOR THE EXTRACTION AND THE EXPLOITATION OF SYNERGIES*

## **FINANCIAL STRENGTHENING**

*THROUGH A CAPITAL INCREASE IN ISAGRO LARGELY FINANCED BY CONTROLLING SYSTEM, ALSO ISSUING A NEW CATEGORY OF SHARES («GROWTH SHARES»)*

## **LEANER, SIMPLIFIED AND STRONGER CONTROLLING SYSTEM FOR ISAGRO**

*TO SUPPORT ISAGRO INDUSTRIAL PROJECT*

... **A STRONGER ISAGRO, BOTH STRATEGICALLY AND FINANCIALLY**

# CAPITAL INCREASE

**TOTAL CAPITAL INCREASE**

**~29 MILLION €**

*Of which:*

- **Subscribed by the Controlling System** **~16 million €**

*To assure the full coverage of Fixed Assets by Equity*

- **Subscribed by the Market** **~13 million €**

*To finance the development of:*

- *SDHi (large spectrum world-wide fungicide with high potential sales, to be marketed from 2020)*
- *Fumigant (already registered as bio-fumigant in USA)*

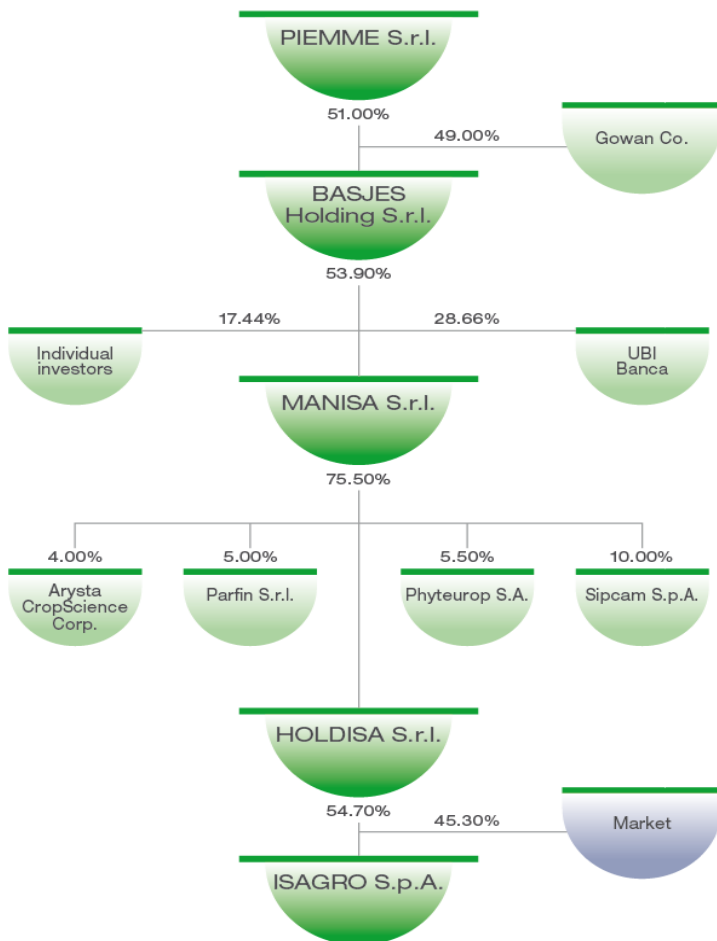
**THROUGH THE EMISSION OF «PACKAGES»  
OF NEW ORDINARY SHARES AND **GROWTH SHARES**  
AND WITH THE OBJECTIVE OF SIMPLIFYING THE  
CONTROLLING STRUCTURE**



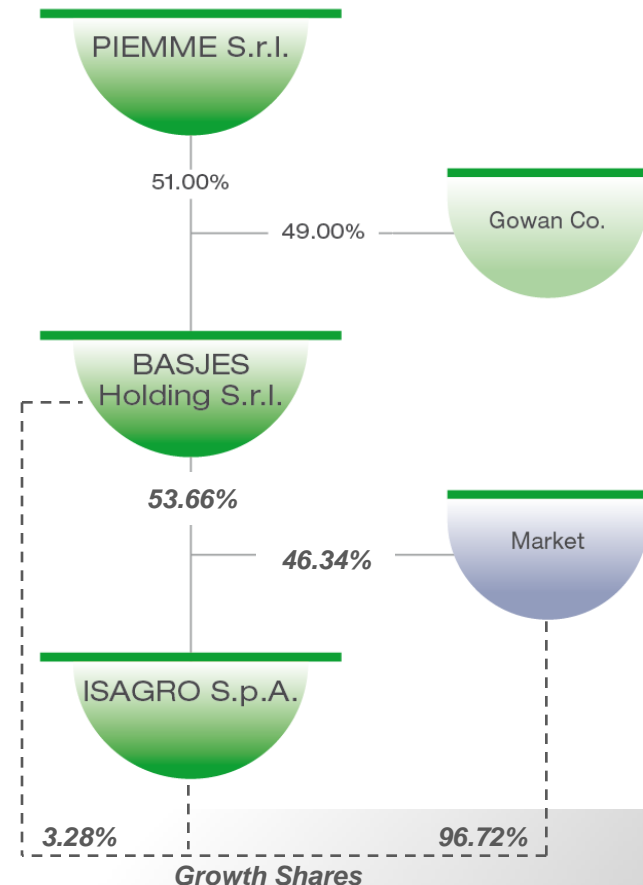
# THE EVOLUTION OF ISAGRO'S CONTROLLING STRUCTURE, AFTER THE CAPITAL INCREASE

## BEFORE CAPITAL INCREASE

(successfully concluded on 05.21.2014)

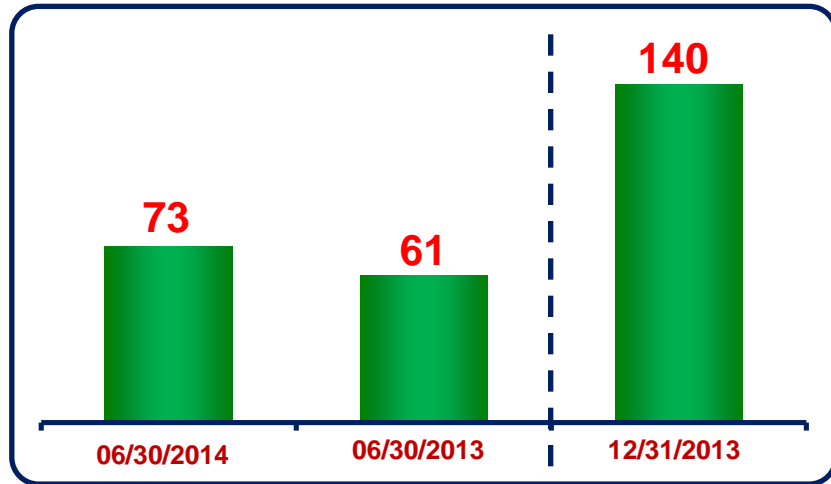


## WITHIN 2014

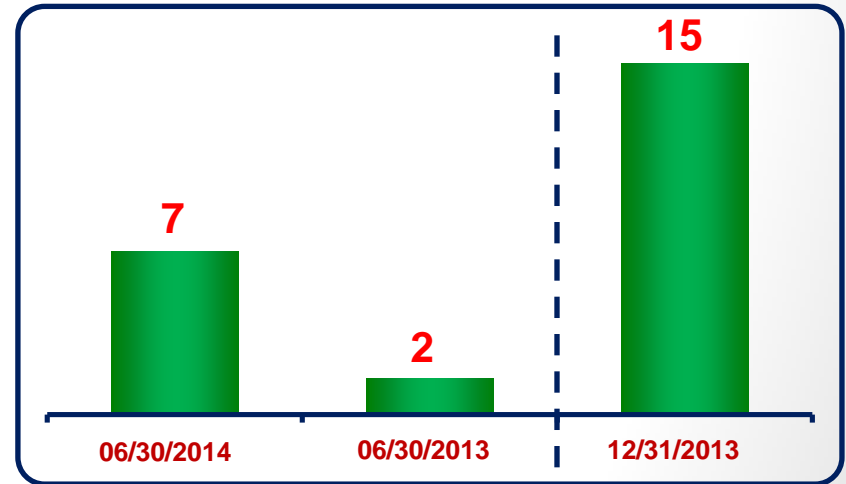


# ISAGRO AS OF JUNE 30<sup>TH</sup>, 2014

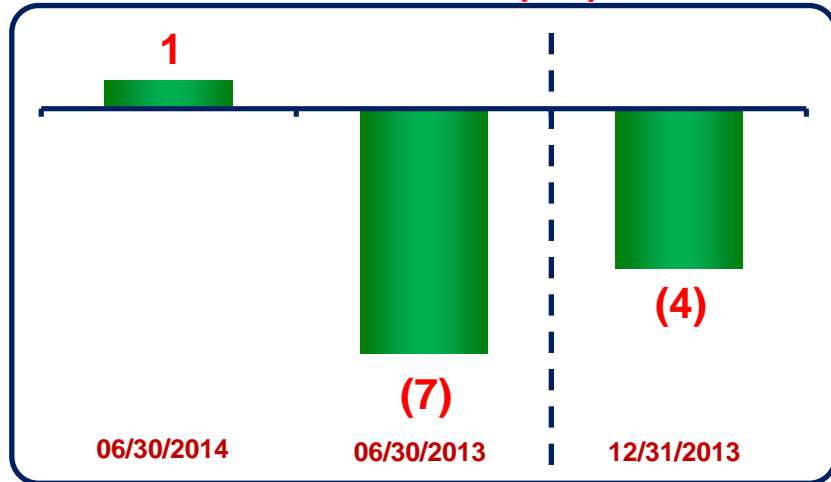
## REVENUES (€M)



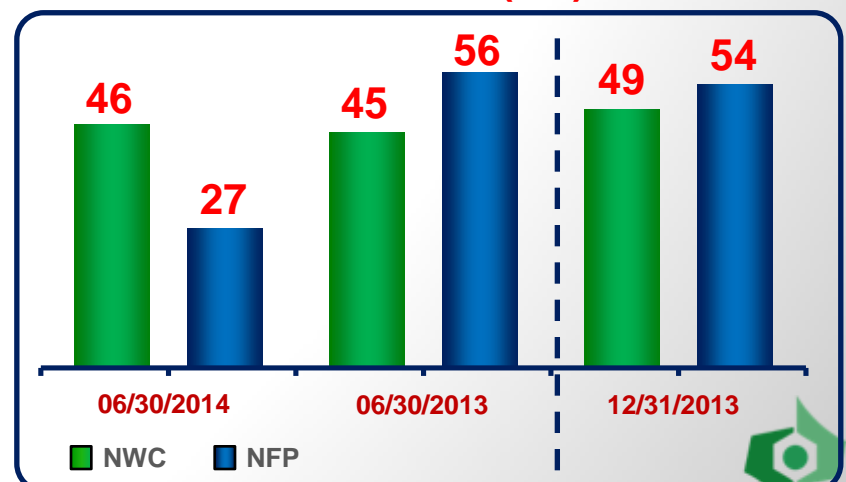
## EBITDA (€M)



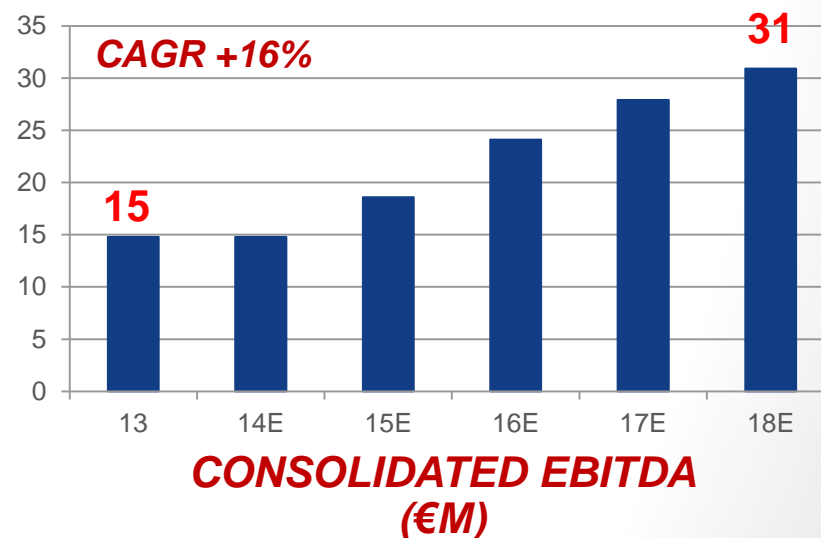
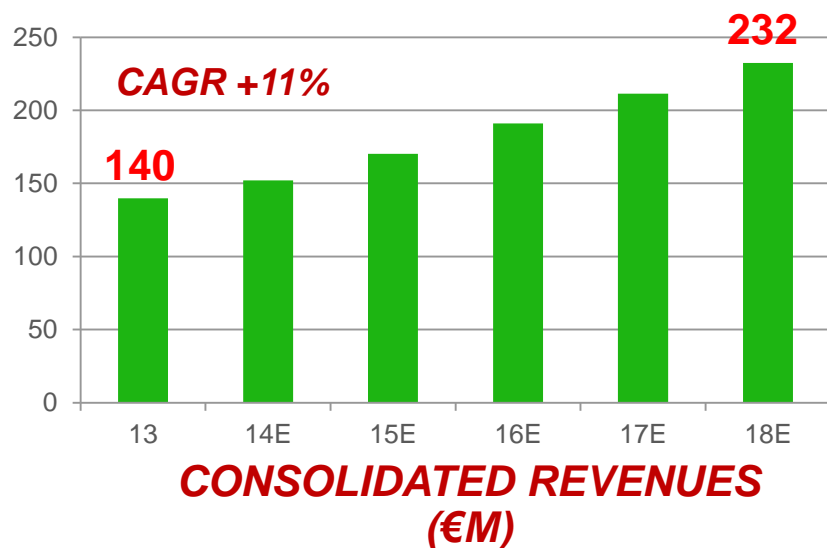
## NET RESULT (€M)



## NWC & NFP (€M)



# 2014-2018 BUSINESS PLAN: REVENUES AND EBITDA



**Assumed upfront payments from Licensing Agreements  
(included in the above data)**

- 2013: 10.0 €M
- 2014E: 8.0 €M
- 2015E: 3.0 €M
- 2016E AND 2017E: 1.0 €M PER YEAR

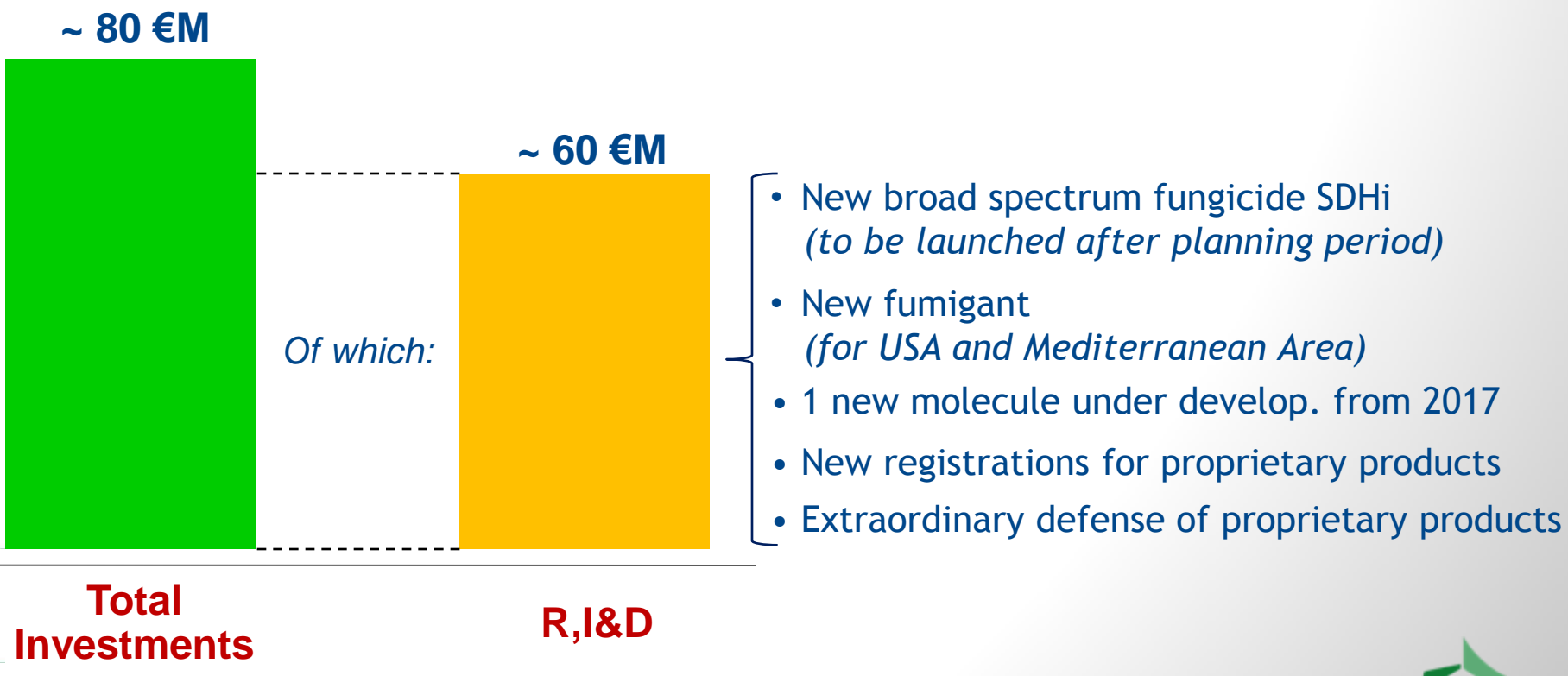
# 2014-2018 BUSINESS PLAN: GROWTH DRIVERS

- **SYNERGIES FROM STRATEGIC ALLIANCE WITH GOWAN**
- **TETRACONAZOLE:** NEW MIXTURES AND LABEL EXTENSIONS IN AMERICAS
- **NEW FUMIGANT:** LAUNCH IN USA AND IN MEDITERRANEAN AREA
- **KIRALAXYL:** OBTAINMENT OF IMPORT TOLERANCE IN USA AND DEVELOPMENT OF NEW MIXTURES AND NEW REGISTRATIONS
- **NEW COPPER PRODUCT AIRONE** (LOW RATE FORMULATION), TO BE MARKETED ALSO IN AMERICAS AND IN FAR EAST
- **INCREASING PRESENCE IN KEY GEOGRAPHICAL AREAS** (e.g. FAR EAST)
- **BIO-STIMULATORS:** EXPANSION OF EXISTING PRODUCTS IN NEW MARKETS AND LAUNCH OF NEW PROPRIETARY PRODUCTS
- **NEW GENERIC PRODUCTS**, INITIALLY IN INDIA
- **LICENSING AGREEMENTS AGAINST DOWNPAYMENTS:** GRANTING RIGHTS ON PROPRIETARY PRODUCTS AND SECURING LONG TERM SUPPLY AGREEMENTS

# 2014-2018 BUSINESS PLAN: INVESTMENTS

■ INTANGIBLE ASSETS: R&D PROJECTS

■ TANGIBLE ASSETS: NEW BUILDING FOR R&D CENTER (NOVARA) AND ORDINARY MAINTENANCE FOR ALL MFG. PLANTS



**2014-2018 PERIOD**

# GROWTH SHARES, COMPARED TO ORDINARY SHARES, ...

Ordinary S. in Isagro		Growth S. in Isagro
11,4 million shares	<i>Floating shares</i>	13,7 million shares
Ordinary	<i>Dividend (when resolved by the Assembly)</i>	Ordinary + <b>extra-dividend</b> (20%)
Included	<i>In event of Compulsory Public Offer</i>	Included*
Present (but « <b>not significant</b> » for minority shareholders)	<i>Voting right</i>	Absent*

\* Growth Shares are **automatically converted** into Ordinary Shares, acquiring full voting rights, in any case of:

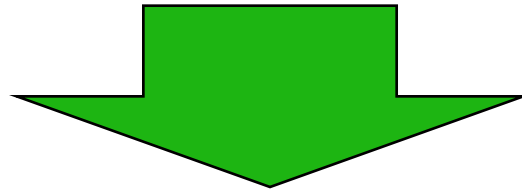
- **Loss of control** (the participation of the controlling subject goes below 50%)
- **Compulsory Public Offer**

(thus, **when** the distinction between Ordinary Shares and Growth Shares **becomes significant for the investor**)

# ... CANNOT HAVE A LOWER VALUE ...

Since Growth Shares:

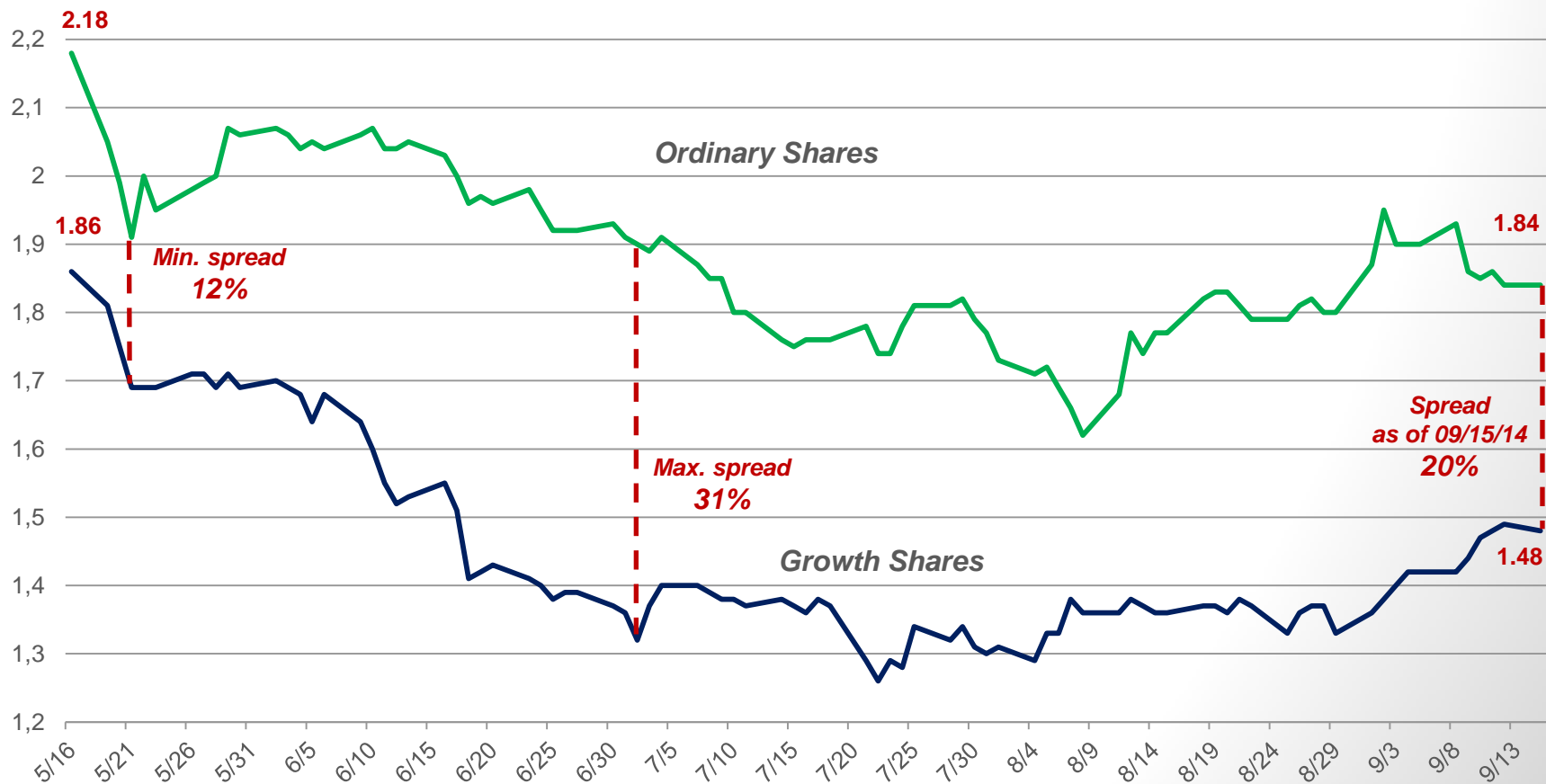
- **Grant an extra-dividend** when there is a dividend for Ordinary Shares;
- **Automatically become Ordinary**, pursuant to the company By-Laws, when holding Ordinary Shares is relevant for the investor (i.e.: in case of Compulsory Public Offer)



**there are no economic/rational reasons for Growth Shares being traded at a discount vs. Ordinary Shares**

For such reason **Ordinary Shares and Growth Shares** were issued at the **same price**

# ... WHILST THE MARKET IS STILL TRADING THEM AT DISCOUNT



After four month following their listing, Growth Shares registered, compared to Ordinary Shares, a spread between **12% and 31%**, with an average equal to **23%**



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