

PRESS RELEASE

ISAGRO BOD APPROVES DRAFTED FINANCIAL STATEMENTS AS OF DECEMBER 31ST, 2016

- Consolidated revenues 150 Euro million (-4.1% vs. the same period of 2015)
- Consolidated EBITDA 16.2 Euro million (-16.7% vs. 2015)
- Result before taxes 6.9 Euro million (vs. 7.4 million of 2015)
- Net result 2.7 Euro million (vs. the profit of 3.1 million of 2015)
- Net financial debt as at December 31st, 2016 equal to 52.7 Euro million (vs. 47.2 Euro million as of December 31st, 2015), with a debt/equity ratio of 0.52, vs. a net working capital of 65.9 Euro million

Milan, March 14th, 2017 – The Board of Directors of Isagro S.p.A. approved today the drafted financial statements as of December 31st, 2016, which will be made available to the public following the terms and the modalities of the applicable Laws.

2016 consolidated financial results

The financial year of 2016 represented for Isagro, in line with what anticipated in the previous communications to the market, a “year of consolidation” of 2015 results, with lower sales for the Brazilian market but with a better result from the financial activities.

The 2016 financial statements of Isagro show, at a consolidated level:

- Revenues equal to 149.7 Euro million (-4.1% vs. 2015);
- an EBITDA of 16.2 Euro million (vs. 19.5 million of 2015);
- a Net result positive for 2.7 Euro million (vs. the profit of 3.1 Euro million of 2015).

The above mentioned decrease in Revenues vs. 2015 was due to lower sales in South America (in particular in Brazil) for around 6 Euro million and in North America (in particular in the United States) for around 3 Euro million, as well as to lower revenues from agreements with Third Parties for the exploitation of the Intellectual Property of Isagro for around 1 Euro million, with such items only partially offset by higher sales in Europe, East Med and Asia.



With reference to the Balance Sheet, Isagro closed 2016 with a consolidated Net financial position at debt equal to 57.2 Euro million (vs. 47.2 million as of December 31st, 2015), with a debt/equity ratio of 0.52; Net financial debt, moreover, is lower than the Net working capital, the latter equal to 65.9 Euro million.

From a strategic point of view, 2016 was characterized by the continuation of the Isagro's strategic guidelines implementation, through:

- the continuation of the investment programs for new registrations of existing active ingredients and for the development of new products/molecules. With reference to the latter point, it is worth to highlight the prosecution, in line with programs, of the co-development with FMC Corporation of Fluindapyr (new broad spectrum fungicides belonging to the "SDHi" class), for which the registration is expected in Europe in 2021, and the development of Dominus (new proprietary Biofumigant), the sales of which, already started in the USA, are estimated to increase significantly in the next years, once obtained the registration in California, expected by the first part of 2018;
- the development of the global commercial organization, with the hiring of new resources in the parent company Isagro S.p.A., the strengthening of the local companies Isagro Argentina, Isagro Brasil, Isagro Shanghai, Isagro USA and the establishment of Isagro Mexicana, Isagro Poland, Isagro Vietnam.

Perspectives for the current year

2017 results:

- will depend, at revenues level, upon the normalization of market/climatic conditions, mainly in the Americas, and the realization of revenues from new agreements with Third Parties for the exploitation of Intellectual Property;
- will reflect, at cost/capex level, the full year impact of 2016 newly hired resources, the continuation of the strengthening of the global commercial organization and the continuation of the investment programs for new products / molecules.

Moreover, for the mid-term (2020-2021) Isagro confirms the target of around 200 Euro million revenues at a consolidated level, based on the implementation of its Strategic Guidelines:

1. *discovery* of new molecules by ourselves;
2. development of new molecules mostly through attribution of rights to "main developer(s)" while retaining rights for Isagro on selected segments/markets;
3. value extraction from our Intellectual Property also through Licensing;
4. growth in the Biosolutions business;
5. opportunistic development of off-patented products;
6. expansion of our global commercial organization.



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Isagro S.p.A. informs that the Board of Directors carried out the periodic assessment of the independence of the Directors Enrica Maria Ghia, Adriana Silvia Sartor and Stavros Sionis, according to the criteria set by article 3 of the Company's Corporate Governance Code.

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The Manager charged with preparing the company's financial reports, Ruggero Gambini, hereby certifies, pursuant to Article art. 154-bis, paragraph 2 of the Consolidated Law on Finance, that the financial information in this press release is consistent with the entries in the accounting books and records.

Isagro S.p.A. is the holding company of a group which, in twenty years, has become a qualified operator in the crop protection business, with global sales of around € 150 million and over 600 employees worldwide. Listed on the Italian Stock Exchange since 2003, Isagro is active in the innovative research, development, production and marketing, on a worldwide scale, of proprietary crop protection products, as well as in their distribution in some key markets.

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Attachment 1
RECLASSIFIED CONSOLIDATED PROFIT & LOSS STATEMENT

(€ 000)	Year 2016	Year 2015	Variation	
Revenues from sales and services	149,717	156,048	-6,331	-4.1%
Other operating revenues	3,347	2,895	+452	
Consumption of materials and external services	(105,051)	(117,822)	+12,771	
Variations in inventories of products	(2,786)	5,028	-7,814	
Costs capitalized for other works	2,858	3,507	-649	
Allowances and provisions	(2,560)	(1,367)	-1,193	
Labor costs	(27,677)	(27,240)	-437	
Bonus accruals	(1,631)	(1,592)	-39	
EBITDA	16,217	19,457	-3,240	-16.7%
<i>% on Revenues</i>	<i>10.8%</i>	<i>12.5%</i>		
Depreciation:				
- tangible assets	(3,829)	(3,748)	-81	
- intangible assets	(5,344)	(5,146)	-198	
- write-down of tangible and intangible assets	(174)	(776)	+602	
EBIT	6,870	9,787	-2,917	N/S
<i>% on Revenues</i>	<i>4.6%</i>	<i>6.3%</i>		
Interest, fees and financial discounts	(747)	(1,127)	+380	
Exchange gain/(losses) and derivatives	719	(1,296)	+2,015	
Profits from associated companies	28	54	-26	
Result before taxes	6,870	7,418	-548	N/S
Current and deferred taxes	(3,887)	(4,036)	+149	
Net result from continuing operations	2,983	3,382	-399	N/S
Net result of discontinued operations	(250)	(250)	-	
Net result	2,733	3,132	-399	N/S

Attachment 2
RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ 000)	Dec. 31, 2016	Dec. 31, 2015	Variation	
<u>Net fixed assets</u>				
Goodwill	3,599	3,447	+152	
Other intangible assets	48,209	45,282	+2,927	
Tangible assets	22,620	23,850	-1,230	
Investments valued with the equity method	313	296	+17	
Other medium/long term assets and liabilities	14,941	12,683	+2,258	
Total net fixed assets	89,682	85,558	+4,124	+4.8%
<u>Net current assets</u>				
Inventories	46,971	49,010	-2,039	
Trade receivables	50,597	52,000	-1,403	
Trade payables	(31,663)	(37,689)	+6,026	
Subtotal Net Working Capital	65,905	63,321	+2,584	
Risk funds	(1,991)	(1,746)	-245	
Other current assets and liabilities	3,954	2,774	+1,180	
Subtotal Other assets and liabilities	1,963	1,028	+935	
Total net current assets	67,868	64,349	+3,519	+5.5%
Invested capital	157,550	149,907	+7,643	+5.1%
Severance Indemnity Fund (S.I.F)	(2,747)	(2,872)	+125	
Net invested capital	154,803	147,035	+7,768	+5.3%
Held for sale non-financial assets and liabilities	-	-	-	
Total	154,803	147,035	+7,768	+5.3%
<i>financed by:</i>				
<u>Equity</u>				
Capital stock	24,961	24,961	-	
Reserves and earnings brought forward	80,213	78,227	+1,986	
Translation reserve	(5,822)	(6,462)	+640	
Net profit of the Group	2,733	3,132	-399	
Total equity	102,085	99,858	+2,227	+2.2%
<u>Net financial position</u>				
<i>Medium/long term debts:</i>				
- towards banks	37,929	25,457	+12,472	
- towards other financiers	1,932	191	+1,741	
Total medium/long term financial debts	39,861	25,648	+14,213	+55.4%
<i>Short term debts:</i>				
- towards banks	28,259	35,947	-7,688	
- towards other financiers	987	2,395	-1,408	
- others financial liabilities (assets) and derivatives	70	(99)	+169	
Total short term financial debts	29,316	38,243	-8,927	-23.3%
Cash and cash equivalents	(16,459)	(16,714)	+255	-1.5%
Total net financial position	52,718	47,177	+5,541	+11.7%
Total	154,803	147,035	+7,768	+5.3%

Attachment 3
CONSOLIDATED CASH-FLOW STATEMENT

(€ 000)	2016	2015
Cash and cash equivalents (as of January 1st)	16,714	17,149
<i>Operating activities</i>		
Net result of continuing operation	2,983	3,382
Net result of discontinued operation	(250)	(250)
- Depreciation of tangible assets	3,829	3,748
- Amortization of intangible assets	5,344	5,146
- Losses in value of tangible and intangible assets	174	776
- Provisions to reserves (including employee indemnity)	2,002	1,775
- Losses from disposal of tangible and intangible assets	-	174
- Interests from held for trading assets	(123)	(134)
- Net interest expenses paid to financial institutions and leasing companies	1,173	1,077
- Net income on derivative instruments	176	3,065
- Result on investments valued with the equity method	(28)	(54)
- Income taxes	3,887	4,036
<i>Cash flow from current operations</i>	<i>19,167</i>	<i>22,741</i>
- (Increases)/decreases in trade receivables	1,733	(1,335)
- (Increases)/decrease in inventories	2,403	(7,684)
- Decreases in trade payables	(6,166)	(8,338)
- Net change in other assets/liabilities	(2,031)	(772)
- Use of funds (including employee indemnity)	(2,046)	(1,970)
- Net interest expenses paid to financial institutions and leasing companies	(1,175)	(1,205)
- Financial flow from derivative instruments	(2)	(3,793)
- Income taxes paid	(3,907)	(1,915)
Cash flow from/for operating activities	7,976	(4,271)
<i>Investment activities</i>		
- Investments in intangible assets	(9,706)	(11,398)
- Investments in tangible assets	(2,555)	(3,415)
- Net sale price from disposal of tangible/intangible assets	6	1
- Dividends from affiliated companies	11	11
- Cash flow from assets held for trading	123	134
Cash flow for investment activities	(12,121)	(14,667)
<i>Financing activities</i>		
- Contracting of non-current financial debts	37,182	27,500
- Repayment of non-current financial debts	(15,066)	(17,256)
- Contracting/(repayment) in current financial debts	(17,077)	7,671
- Dividend distribution	(1,038)	-
Cash flow from financing activities	4,001	17,915
Changes from exchange differences	(111)	588
Cash flow of the period	(255)	(435)
Cash and cash equivalents at end of period (as of December 31st)	16,459	16,714