

PRESS RELEASE

ISAGRO BOD APPROVES HALF-YEAR RESULTS AS OF JUNE 30TH, 2018

- Consolidated revenues: 89.0 Euro million (vs. 86.9 million of 1H 2017)
- Consolidated EBITDA: 13.3 Euro million (vs. 11.9 million of 1H 2017)
- Net result: 5.4 Euro million (vs. 4.6 million of 1H 2017)
- Free cash flow (excluding Net working capital variations): 6.2 Euro million (vs. 5.5 million of 1H 2017)
- Net financial debt as of June 30th, 2018: 47.3 Euro million (vs. 46.2 as of December 31st, 2017 and vs. 45.7 as of June 30th, 2017), lower than Net working capital and with a *debt/equity* ratio of 0.47

CONTINUES THE STRATEGIC DEVELOPMENT PATH OF ISAGRO

- New fungicide Fluindapyr: demand for registration deposited in Brazil and distribution Agreement for Brazil with Arysta LifeScience
- New Nematicide: start of “Phase 2” of pre-development

Milan, September 5th, 2018 – The Board of Directors of Isagro S.p.A. approved today the Consolidated Interim Financial Statement as of June 30th, 2018, which will be made available to the public following the terms and the modalities of the applicable Laws.

1H 2018 consolidated financial results

Isagro’s financial results of the first half of 2018, a period still affected by unfavorable market conditions especially in South Europe and Brazil and by the strengthening of Euro vs. main other currencies, show at a consolidated level:

- Revenues of 89.0 Euro million, increasing by 2.1 million versus the 86.9 million of 2017;
- an EBITDA equal to 13.3 Euro million, increasing by 1.4 million versus the 11.9 million of 2017;
- a Net result before taxes of 8.4 Euro million, increasing by 1.2 million versus the 7,2 million of 2017;
- a Net result of 5.4 Euro million, increasing by 0.8 million versus the 4.6 million of 2017;



- a Free cash flow excluding the Net working capital variations of 6.2 Euro million, in progress of 0.7 million versus 2017;
- a Net financial position as of June 30th, 2018 at debt for 47.3 Euro million, versus the values of 46.2 million and 45.7 million as of December 31st, 2017 and as of June 30th, 2017 respectively and a *debt/equity* ratio of 0.47.

The first half 2018 financial results:

- are negatively affected by the strengthening of the Euro in particular versus the USA Dollar, Indian Rupee, Brazilian Real and Colombian Peso, with Revenues and EBITDA which, at same exchange rates of 2017 first semester, would have been respectively 4.6 Euro million and for 1.9 Euro million higher than the actual values;
- reflect (i) lower sales mainly towards Italian and South-European distributors, (ii) higher allowances for around one Euro million and (iii) higher R,I&D costs expensed at P&L for around half a million Euro;
- incorporate, at Income Statement level, initial Revenues from the distribution Agreement for Fluindapyr in Brazil signed with Arysta at 2017-end and effective from June 28th, 2018 for 7.5 Euro million; these Revenues has been cashed-in in the first days of July and are therefore not yet reflected in the Net financial position as of June 30th, 2018.

With reference to the Balance Sheet, the net financial debts as of June 30th, 2018 are entirely against Net working capital, with Equity directly backing Net working capital itself for around 15 Euro million.

Actions for the strategic development of Isagro

During the first semester of 2018, Isagro:

- completed the registration dossier for the new broad spectrum fungicide Fluindapyr in Brazil and deposited in this Country the relevant registration demand for the active ingredient and formulations;
- saw the distribution Agreement for Fluindapyr in Brazil with the North American company Arysta LifeScience becoming effective. Such Agreement which is expected to lead to the best value extraction from said molecule in that important market ;
- started the so called "Phase 2", associated to the pre-development, of the new Nematicide originated by Isagro's Innovative Research.

Perspectives for the current year

The 2018 full-year results are expected to improve versus 2017 thanks mostly to growth of Isagro Asia (still not reflected in the first half financial results) and higher initial revenues from new M/L Agreements (incorporated in the first half financial results in the Income Statement but still not reflected in the Net financial position).



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 itself;
2. development of proprietary molecules through agreements with Third Parties;
3. M/L Agreements to widen the commercial exploitation of its own products;
4. growth in the *Biosolutions* business;
5. expansion of its own global commercial organization;
6. selective actions of growth through acquisitions.

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The Manager charged with preparing the company's financial reports, Ruggero Gambini, hereby certifies, pursuant to Article 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., an independent company from 1993 with Montecatini/Montedison origin, today leads a Group operating in research, development, production and distribution of agropharmaceuticals (the products for the protection and development of crops) with sales in 80 countries amounting around € 150 million (of which 4/5 outside Italy) and 600 employees worldwide. Isagro is based on the Innovative Research of new molecules, carried out in its Research Center of Novara, and invests in R,I&D activities around 10% of annual turnover. The Group has 5 manufacturing sites (4 in Italy and 1 in India) and distributes directly its products in some selected markets, developing at the same time local presences for marketing and regulatory support.

Isagro operates with a unique business model in the agrochemical Industry, proposing itself as a supplier of innovative products originated by its own Research. Isagro, in fact, associates to the direct exploitation of its Intellectual Property also an indirect exploitation, through agreements with Third Parties attributing to them rights on a territorial basis and/or for mixtures with their active ingredients.

Isagro S.p.A., listed on the Milan Stock Exchange since 2003 and on the STAR – High Requirements Stock Segment – since 2004, in 2014 has issued Growth Shares, an innovative category of special shares specifically conceived for companies having a Controlling Subject. Their main characteristics are the absence of voting rights, an extra-dividend vs. Ordinary Shares (20% in the case of Isagro) and the automatic conversion into Ordinary Shares in the ratio 1:1 in any case of loss of controlling stake and/or of Compulsory Public Offer.

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CONSOLIDATED PROFIT & LOSS OF THE FIRST HALF OF 2018

(€ 000)	1 st half 2018	1 st half 2017	Differences		Year 2017
Revenues from sales and services	89,045	86,871	+2,174	+2.5%	149,580
Other revenues and income	2,144	1,859	+285		3,299
Consumption of materials and external services	(67,691)	(66,043)	-1,648		(107,953)
Variations in inventories of products	5,784	4,810	+974		(2,316)
Costs capitalized for internal works	1,025	1,198	-173		2,204
Allowances and provisions	(1,186)	(405)	-781		(1,000)
Labor costs	(14,959)	(15,684)	+725		(29,427)
Bonus accruals	(814)	(712)	-102		(1,830)
EBITDA	13,348	11,894	+1,454	+12.2%	12,557
<i>% on Revenues</i>	<i>15.0%</i>	<i>13.7%</i>			<i>8.4%</i>
Depreciation and amortisation:					
- tangible assets	(1,792)	(1,939)	+147		(3,882)
- intangible assets	(2,794)	(2,584)	-210		(5,316)
- write-down of tangible and intangible assets	(7)	-	-7		(490)
EBIT	8,755	7,371	+1,384	+18.8%	2,869
<i>% on Revenues</i>	<i>9.8%</i>	<i>8.5%</i>			<i>1.9%</i>
Interest, fees and financial discounts	(109)	(208)	+99		(863)
Exchange gains/(losses) and derivatives	(378)	(27)	-351		154
Revaluations of equity investments	109	83	+26		135
Result before taxes	8,377	7,219	+1,158	+16.0%	2,295
Current and deferred taxes	(2,946)	(2,641)	-305		(1,882)
Net result from continuing operations	5,431	4,578	+853	+18.6%	413
Net result of discontinued operations	-	-	-		(200)
Net result	5,431	4,578	+853	+18.6%	213



CONSOLIDATED BALANCE SHEET AS OF JUNE 30TH, 2018

(€ 000)	30.06.2018	Jan. 1, 2018 as per IFRS 9	Differences		30.06.2017	31.12.2017
Net fixed assets						
Goodwill	3,437	3,377	+60		3,431	3,377
Other intangible assets	50,540	49,774	+766		50,113	49,774
Tangible assets	19,572	20,553	-981		20,963	20,553
Financial assets	502	437	+65		396	437
Other medium/long term assets and liabilities	12,483	13,478	-995		13,205	12,693
Total net fixed assets	86,534	87,619	-1,085	-1.2%	88,108	86,834
Net current assets						
Inventories	52,014	45,040	+6,974		52,142	45,040
Trade receivables	50,133	41,480	+8,653		49,689	44,502
Trade payables	(39,420)	(30,998)	-8,422		(37,426)	(30,998)
Subtotal Net working capital	62,727	55,522	+7,205		64,405	58,544
Risk funds	(1,162)	(2,055)	+893		(996)	(2,055)
Other current assets and liabilities	2,191	4,795	-2,604		1,897	4,795
Subtotal Other current assets and liabilities	1,029	2,740	-1,711		901	2,740
Total net current assets	63,756	58,262	+5,494	+9.4%	65,306	61,284
Invested capital	150,290	145,881	+4,409	+3.0%	153,414	148,118
Severance Indemnity Fund (S.I.F)	(2,428)	(2,591)	+163	-6.3%	(2,520)	(2,591)
Net invested capital	147,862	143,290	+4,572	+3.2%	150,894	145,527
Held for sale non-financial assets and liabilities						
Total	147,862	143,290	+4,572	+3.2%	150,894	145,527
<i>financed by:</i>						
Equity						
Capital stock	24,961	24,961	-		24,961	24,961
Reserves and retained earnings	80,411	80,877	-466		82,959	82,901
Translation reserve	(10,198)	(8,769)	-1,429		(7,278)	(8,769)
Net profit of the Group	5,431	-	+5,431		4,578	213
Total equity	100,605	97,069	+3,536	+3.6%	105,220	99,306
Net financial position						
<i>Medium/long term debts:</i>						
- due to banks	43,290	43,728	-438		38,320	43,728
- due to other lenders	1,411	1,581	-170		1,757	1,581
- other financial liabilities/(assets), IRS and trading derivatives	(2,495)	26	-2,521		22	26
Total medium/long term financial debts	42,206	45,335	-3,129	-6.9%	40,099	45,335
<i>Short-term debts:</i>						
- due to banks	45,283	32,541	+12,742		31,483	32,541
- due to other lenders	2,956	348	+2,608		349	348
- other financial liabilities/(assets), IRS and trading derivatives	45	(302)	+347		(1,257)	(302)
Total short-term financial debts	48,284	32,587	+15,697	+48.2%	30,575	32,587
Cash and cash equivalents	(43,233)	(31,701)	-11,532	+36.4%	(25,000)	(31,701)
Total net financial position	47,257	46,221	+1,036	+2.2%	45,674	46,221
Total	147,862	143,290	+4,572	+3.2%	150,894	145,527



CONSOLIDATED CASH-FLOW STATEMENT OF JANUARY-JUNE 2018

(€ 000)	1 st half 2018*	1 st half 2017
Cash and cash equivalents (as of January 1st)	31,701	16,459
<i>Operating activities</i>		
Net profit	5,431	4,578
- Depreciation of tangible assets	1,792	1,939
- Depreciation of intangible assets	2,794	2,584
- Losses in value of tangible and intangible assets	7	-
- Provisions to reserves (including employee indemnity)	989	824
- Provisions to incentive and retention plan	19	-
- Gains from disposal of tangible and intangible assets	(26)	-
- Interests from held for trading assets	(384)	(107)
- Net interest expenses paid to financial institutions and leasing companies	779	497
- Net charges/(incomes) on derivative instruments	747	(1,016)
- Result on investments valued with the equity method	(109)	(83)
- Income taxes	2,946	2,641
Cash flow from current operations	14,985	11,857
- (Increase)/decrease in trade receivables	(9,372)	204
- Increase in inventories	(7,277)	(6,303)
- Increase in trade payables	8,661	6,215
- Net change in other assets/liabilities	889	2,489
- Use of funds (including employee indemnity)	(2,007)	(1,977)
- Net interest expenses paid to financial institutions and leasing companies	(795)	(437)
- Financial flow from derivative instruments	(609)	(312)
- Income taxes paid	(422)	(1,471)
Cash flow from operating activities	4,053	10,265
<i>Investment activities</i>		
- Investments in intangible assets	(3,565)	(4,520)
- Investments in tangible assets	(947)	(414)
- Net sale price from disposal of tangible/intangible assets	27	31
- Cash flow from assets held for trading	384	107
Cash flow for investment activities	(4,101)	(4,796)
<i>Financing activities</i>		
- Contracting of non-current financial debts	16,000	12,951
- Contracting of non-current financial debts	(15,225)	(9,168)
- Contracting/(repayment) of current financial debts	13,912	(656)
- Increase in financial receivables	(2,503)	-
- Purchase Growth Shares	(295)	-
- Sale Ordinary treasury Shares	78	-
Cash flow from financing activities	11,967	3,127
Translation adjustment changes	(387)	(55)
Cash flow of the period	11,532	8,541
Cash-closing balance (as of June 30th)	43,233	25,000

*Cash-flow calculated as a variation between data as of June 30th, 2018 and as of December 31st, 2017