



PRESS RELEASE

ISAGRO BOD APPROVES THE QUARTERLY RESULTS AS OF MARCH 31ST, 2020

- Consolidated revenues: 35.9 Euro million (vs. 33.5 million of 1Q2019 re-stated to consider also in that period the economic results of Isagro Asia Private Limited, divested on December 27th, 2019, within the discontinued operations), out of which:
 - ✓ **Revenues from Agropharma and Services of 35.9 Euro million (+16% vs. 1Q2019 re-stated)**
 - ✓ Absence of Revenues from M/L Agreements (vs. the value of 2.5 Euro million of 1Q2019)
- Consolidated EBITDA: positive for 4.3 Euro million (vs. the value of 3.0 million of 1Q2019 re-stated)
- Net result of continuing operations: 0.6 Euro million profit (vs. the breakeven result of 1Q2019 re-stated)
- Net result: 0.6 Euro million profit (vs. 0.7 million profit of 1Q2019 re-stated, which included for the same amount the Net result of Isagro Asia)
- Net financial debt as of March 31st, 2020: 39.4 Euro million, out of which 4.5 Euro million due to the effect of accounting principle IFRS 16 (vs. the 34.4 million as of December 31st, 2019 and the 59.3 million as of March 31st, 2019), with a debt/equity ratio of 0.44 (equal to 0.39 excluding the effect of the principle IFRS 16)

Milan, May 21st, 2020 – The Board of Directors of Isagro S.p.A. approved today the Consolidated Interim Result Report as of March 31st, 2020, which will be made available to the public following the terms and the modalities of the applicable Laws.

Redefinition of business model of Isagro

Isagro, after having already communicated in the past its strategic decision to no longer invest in the research and development of new molecules of organic origin, is actively working at a new strategic model which will have a specific focus on the development of market positions and products/formulations related to “**Bio-Copper**” (i.e. products of biological/natural origin and copper-based products, the latter ones belonging to inorganic chemicals), also through operations of external growth. Such redefinition of business model will be financed by extraordinary operations aiming at better valorizing, through the divestment of selected assets related to organic chemicals, corporate assets the value of which is deemed currently not adequately expressed and will be accompanied by the necessary measures of organizational/structural redefinition.

The experience of the last years, in fact, proved that Isagro has the capability to invent new products/molecules of organic chemical origin with high market potential but does not have the scale capacity to adequately extract value from them, within an external context showing increasing costs/timing for the development of new organic chemical products/molecules and a parallel strong concentration in the Industry among discovery-based players for this type of active ingredients.

In such frame, Isagro believes that it will be possible to create value for its Stakeholders in a more effective way by concentrating its strategic development in the products of **biologic origin** (growing sector with an average size of players largely smaller than the organic chemicals’ one) and **copper-based products** (where Isagro can already rely on solid market positions, with a project of growth already underway), with the possibility for Isagro to develop its already existing product portfolio and to proceed with selected acquisition(s). Moreover, specific organic chemical products will be kept in portfolio based on a rationale of integrated crop management and/or with a cash-cow logic.

In coherence with the above-said redefinition of the business model:

ISO 9001:2015



CERTIFIED QUALITY
MANAGEMENT SYSTEM

ISAGRO S.p.A. - company subject to the direction and coordination of Holdisa S.r.l.

Registered office: Caldera Park - Via Caldera, 21 - 20153 Milan - Italy

Corporate Capital Euro 24,961,207.65 - R.E.A. Milan I300947 - Fiscal Code & VAT n. 09497920158



1. in December 2019 the sale of the fully controlled company Isagro Asia was completed, at the price of 52.1 Euro million already net of the withholding tax, out of which 46.2 million cashed-in at Closing date and further 2.7 Euro million during the month of April 2020;
2. as an event subsequent to March 31st, 2020 the Board of Directors of Isagro approved the acceptance of a binding offer from the North American company FMC Corporation – which became effective on the evening of May 5th after the communication of the approval by FMC Board – for the purchase of Fluindapyr by FMC itself at the price of 55 Euro million, against a consolidated book value for Isagro as at December 31st, 2019, of 25.2 Euro million. The Closing, with the simultaneous payment of the above-mentioned price, is expected to take place by September 30th and is subject, in particular, to the authorization by the European Antitrust and to the signing of specific commercial agreements.

1Q2020 consolidated data

In 1Q2020, Isagro registered:

- **Revenues** equal to 35.9 Euro million versus the 33.5 million of 1Q2019 re-stated;
- an **EBITDA** positive for 4.3 Euro million versus the value of 3.0 million of 1Q2019 re-stated;
- a **Net result before taxes** of 1.2 Euro million versus the value of 0.3 million of 1Q2019 re-stated;
- a **Net result of continuing operations** equal to 0.6 Euro million vs. the breakeven result of 1Q2019 re-stated;
- a **Net result** in profit for 0.6 Euro million versus the profit of 0.7 million of 1Q2019 re-stated, which included for the same amount the Net result of Isagro Asia;
- a **Net financial position** at debt of 39.4 Euro million (of which 4.5 Euro million due to the adoption of the new accounting principle IFRS 16-Leases) increasing by 5.0 million versus the 34.4 Euro million as of December 31st, 2019 for usual seasonal variations and decreasing by 19.9 million versus the 59.3 Euro million as of March 31st, 2019 mainly as an effect of the sale of Isagro Asia.

The increase of Revenues from Agropharma and Services in the first three months of 2020 vs. the same period of 2019 is mainly attributable to the positive performance of copper-based products (Airone formulations) in the important markets of United States and Europe. Such a positive performance reflects the positive effect of the new registrations obtained in 2019 worldwide. Such new registrations allowed the launch of new copper formulations as well as the scale-up of formulations launched in 2019, thus confirming the solidity of the business development of copper-based products and contributing to offset, together with higher sales of Tetraconazole-based products, the phase-out of Tetraconazole formulations containing Chlorothalonil in the first quarter of 2020.

The positive performance of Revenues is partially attributable (i) to the shifting to the beginning of 2020 of some 2019-end orders by the customer Gowan USA, as well as (ii) to the tendency by some clients to anticipate orders, based on fears about a possible block of the global supply chain due to the effects of Covid-19 pandemic.

The positive variation of EBITDA of 1Q2020 vs. 1Q2019 re-stated, equal to 1.3 Euro million is attributable, on one side, to higher margins related to higher Agropharma and Services sales and, on the other side, to lower labor costs and overheads, which have more than offset the lower revenues from M/L Agreements.

Perspectives

With reference to the current year Isagro has prudentially forecasted, before the possible effects deriving from the recent global sanitary crisis, a level of sales of Agropharma and Services substantially in line with 2019. Moreover, it appears encouraging that the first quarter 2020 data are indicating a growth of sales of Agropharma and Services of 16% versus the first quarter of 2019.

The Net result expected in 2020 will depend in a decisive way upon extraordinary operations consistent with the redefinition of the business model.



Other information

- 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.

About Isagro

Isagro S.p.A., an independent company born in 1993 with Montecatini/Montedison origin, is listed on the Milan Stock Exchange since 2003. Initially based on the discovery and development of new chemical molecules, the last one being Fluindapyr, the Company leads today a Group offering agricultural solutions at low environmental impact, with a growth project focused on biorationals as part of its new business model aimed also at capitalizing on the current product portfolio qualified for an integrated crop management.

In 2014 Isagro issued Growth Shares, an innovative category of special shares specifically conceived for companies having a Controlling Subject. Main characteristics of Growth Shares 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 by the Controlling Subject and/or of Compulsory Public Offer.

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CONSOLIDATED PROFIT & LOSS STATEMENT AS OF MARCH 31ST, 2020

(€ 000)	1 st Quarter 2020	1 st Quarter 2019 re-stated	Differences		Year 2019
Revenues from sales and services	35,869	33,512	+2,357	+7.0%	105,369
Other revenues and income	310	155	+155		2,151
Consumption of materials and external services	(26,572)	(24,673)	-1,899		(86,661)
Variations in inventories of products	553	367	+186		3,338
Costs capitalized for internal works	265	499	-234		1,192
Allowances and provisions	(349)	(36)	-313		(2,272)
Labour costs	(5,625)	(6,410)	+785		(24,942)
Bonus accruals	(158)	(380)	+222		(793)
EBITDA	4,293	3,034	+1,259	N/S	(2,618)
<i>% on Revenues</i>	<i>12.0%</i>	<i>9.1%</i>			<i>-2.5%</i>
Depreciation and amortisation:					
- tangible assets	(615)	(640)	+25		(2,622)
- intangible assets	(1,621)	(1,601)	-20		(6,552)
- right-of-use asset IFRS 16	(197)	(297)	+100		(910)
- write-down of tangible and intangible assets	(3)	(448)	+445		(1,034)
EBIT	1,857	48	+1,809	N/S	(13,736)
<i>% on Revenues</i>	<i>5.2%</i>	<i>0.1%</i>			<i>-13.0%</i>
Interests, fees and financial discounts	(284)	(351)	+67		632
Exchange profits/(losses) and derivatives	(360)	443	-803		(569)
Revaluation of equity investments	-	149	-149		191
Result before taxes	1,213	289	+924	N/S	(13,482)
Current and deferred taxes	(619)	(294)	-325		(1,568)
Net result of continuing operations	594	(5)	+599	N/S	(15,050)
Net result of discontinued operations	-	724	-724		1,143
Net result	594	719	-125	N/S	(13,907)



CONSOLIDATED BALANCE SHEET AS OF MARCH 31ST, 2020

(€ 000)	March 31, 2020	December 31, 2019	Differences		March 31, 2019 re-stated	March 31, 2019
Net fixed assets						
Goodwill	2,879	3,148	-269		3,201	3,379
Other intangible assets	46,477	47,387	-910		49,773	49,801
Tangible assets	15,213	15,585	-372		15,684	18,655
Right-of-use asset IFRS 16	4,367	4,421	-54		4,990	6,210
Investments valued with equity method	-	-	-		676	676
Investments in other companies	2,611	4,176	-1,565		-	-
Other medium/long terms assets and liabilities	6,983	7,228	-245		9,760	10,760
Total net fixed assets	78,530	81,945	-3,415	-4.2%	84,084	89,481
Net current assets						
Inventories	40,171	40,853	-682		38,973	50,347
Trade receivables	36,624	27,227	+9,397		39,364	50,370
Trade payables	(29,012)	(26,143)	-2,869		(27,885)	(35,938)
Subtotal Net working capital	47,783	41,937	+5,846		50,452	64,779
Current provisions	(1,721)	(1,781)	+60		(1,524)	(1,556)
Other current assets and liabilities	5,646	5,190	+456		896	4,998
Subtotal Other assets and liabilities	3,925	3,409	+516		(628)	3,442
Total net current assets	51,708	45,346	+6,362	+14.0%	49,824	68,221
Invested capital	130,238	127,291	+2,947	+2.3%	133,908	157,702
Severance Indemnity Fund (S.I.F)	(1,730)	(1,877)	+147	-7.8%	(1,993)	(2,339)
Net invested capital	128,508	125,414	+3,094	+2.5%	131,915	155,363
Held for sale non-financial assets and liabilities	-	-	-		23,448	-
Total	128,508	125,414	+3,094	+2.5%	155,363	155,363
<i>financed by:</i>						
Equity						
Capital stock	24,961	24,961	-		24,961	24,961
Reserves and retained earnings	65,375	81,084	-15,709		79,554	79,554
Translation difference	(1,776)	(1,118)	-658		(998)	(9,200)
Translation difference of discontinued operations	-	-	-		(8,202)	-
Profit/(Loss) of the Group	594	(13,907)	+14,501		719	719
Total equity	89,154	91,020	-1,866	-2.1%	96,034	96,034
Net financial position						
<i>Medium/long term debts:</i>						
- due to banks	25,942	28,615	-2,673		39,533	39,533
- due to other lenders	1,135	1,133	+2		1,452	1,452
- financial liabilities ex IFRS 16	3,606	3,709	-103		4,025	4,568
- other financial liabilities/(assets), IRS and trading derivatives	(2,467)	(2,473)	+6		(2,496)	(2,496)
Total medium/long term financial debts	28,216	30,984	-2,768	-8.9%	42,514	43,057
<i>Short term-debts:</i>						
- due to banks	26,834	47,328	-20,494		35,650	35,717
- due to other lenders	319	1,793	-1,474		2,569	2,569
- financial liabilities ex IFRS 16	865	813	+52		941	1,168
- other financial liabilities/(assets), IRS and trading derivatives	(85)	57	-142		98	(14,089)
Total short-term financial debts	27,933	49,991	-22,058	-44.1%	39,258	25,365
Cash and cash equivalents	(16,795)	(46,581)	+29,786	-63.9%	(8,231)	(9,093)
Net financial position of discontinued operation	-	-	-		(14,212)	-
Total net financial position	39,354	34,394	+4,960	+14.4%	59,329	59,329
Total	128,508	125,414	+3,094	+2.5%	155,363	155,363

CONSOLIDATED CASH-FLOW STATEMENT OF JANUARY-MARCH 2020

(€ 000)	March 31, 2020	March 31, 2019
Cash and cash equivalent (as of January 1st)*	46,581	17,919
<i>Operating activities</i>		
Net profit of continuing activities	594	(5)
Net profit of discontinued operations	-	724
- Depreciation of tangible, intangible assets and right of use IFRS 16	2,493	2,715
- Losses in value of tangible and intangible assets	3	448
- Provisions to reserves (including employee indemnity)	160	453
- Provisions to incentive and retention plan	38	96
Subtotal Cash - Flow	3,288	4,431
- Net losses from disposal of tangible and intangible assets	-	5
- Result on investments valued with the equity method	-	(149)
- Net change in net current assets	(7,318)	(9,007)
- Net change in other assets/liabilities	480	205
- Use of funds (including employee indemnity)	(356)	(105)
Cash flow for operating activities	(3,906)	(4,620)
<i>Investment activities</i>		
- Investments in intangible assets	(720)	(2,340)
- Investments in tangible assets	(256)	(109)
- Net sale price from disposal of tangible/intangible assets	-	10
Cash flow for investment activities	(976)	(2,439)
<i>Financing activities</i>		
- Decrease in financial debts (current and non-current)	(24,976)	(1,032)
- Increase in financial receivables, derivatives and other financial liabilities (current and non-current)	(1,178)	(517)
- Purchase Growth Shares	-	(261)
Cash flow for financing activities	(26,154)	(1,810)
Translation adjustments changes	1,250	43
Cash flow of the period	(29,786)	(8,826)
Cash-closing balance (as of March 31st)	16,795	9,093
of which relating to:		
Continuing operations	16,795	8,231
Discontinued operations	-	862

*including cash and cash equivalents of discontinued operations