

## PRESS RELEASE

### ISAGRO BOD APPROVES HALF YEAR RESULTS AS OF JUNE 30<sup>TH</sup>, 2016

- Consolidated revenues 87.1 Euro million (+6% vs. 1H 2015)
- Consolidated EBITDA 11.5 Euro million (+53% vs. 1H 2015)
- Net result 4.5 Euro million (vs. 0.02 million of 1H 2015)
- Net financial debt as at June 30<sup>th</sup>, 2016 equal to 42.1 Euro million (vs. 47.2 Euro million as of December 31<sup>st</sup>, 2015 and vs. 43.4 Euro million as of June 30<sup>th</sup>, 2015), with debt/equity ratio of 0.41

Milan, August 4<sup>th</sup>, 2016 – The Board of Directors of Isagro S.p.A. approved today the Consolidated Interim Financial Statements as of June 30<sup>th</sup>, 2016, which will be made available to the public following the terms and the modalities of the applicable Laws.

#### **2016 first half consolidated results**

**Revenues** of first half 2016 were equal to 87.1 Euro million (+6.2% vs. first half 2015), with an **EBITDA** of 11.5 million (vs. 7.5 million of the first six months of 2015) and a **Net profit** of 4.5 million (vs. the net profit of 21 Euro thousand of first half 2015).

The above mentioned increase in sales in the first six months of 2016 compared to the same period of the previous year was the result of higher sales of Tetraconazole, Biostimolants and Pyrethroids which, together with proceeds from Licensing agreements for 1 Euro million (absent in the first half 2015), have more than offset lower sale revenues of copper-based products, following the decrease of copper commodity prices (however, without negative effects on margins).

With reference to the Balance Sheet as of June 30<sup>th</sup>, 2016, the Group shows Net financial debt equal to 42.1 Euro million (vs. 43.4 million as of June 30<sup>th</sup>, 2015 and vs. 47.2 million as of December 31<sup>st</sup>, 2015), with a debt/equity ratio of 0.41; Net financial debt, moreover, is entirely against Net working capital, with Equity (increased from 97.7 Euro million as of December 31<sup>st</sup>, 2015 to 102.3 Euro million as of June 30<sup>th</sup>, 2016) contributing to finance Net working capital itself for around 19 Euro million.



### **Perspectives for the current year**

With reference to the whole 2016, it is highlighted that:

- the first half 2016 results are encouraging, also vis-à-vis the implementation of Isagro's Strategic Guidelines;
- the second half 2016 is expected to be negatively influenced by weaker sales in the important Brazilian market, with higher fixed cost versus 2015 for the development of commercial structure.

In any case, we confirm that 2016 represents a year of consolidation of 2015 results.

For the medium term (2020), Isagro confirms the target of around 200 Euro million revenues at a consolidated level, based on the implementation of our Strategic Guidelines:

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

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*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 € 160 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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**CONSOLIDATED PROFIT & LOSS STATEMENT AS OF JUNE 30<sup>TH</sup>, 2016**

(€ 000)	1st Half 2016	1st Half 2015	Variation		Year 2015
<b>Revenues from sales and services</b>	<b>87,125</b>	<b>82,068</b>	<b>+5,057</b>	<b>+6.2%</b>	<b>156,048</b>
Other operating revenues	1,994	1,370	+624		2,895
Consumption of materials and external services	(60,402)	(67,875)	+7,474		(117,822)
Variations in inventories of products	(2,628)	(5,512)	-8,140		5,028
Increases in assets through internal works	1,456	1,852	-396		3,507
Allowances and provisions	(930)	(561)	-369		(1,367)
Labor costs	(14,453)	(14,317)	-136		(27,240)
Bonus accruals	(652)	(523)	-129		(1,592)
<b>EBITDA</b>	<b>11,510</b>	<b>7,526</b>	<b>+3,984</b>	<b>+52.9%</b>	<b>19,457</b>
<i>% on Revenues</i>	<i>13.2%</i>	<i>9.2%</i>			<i>12.5%</i>
Depreciation:					
- tangible assets	(1,896)	(1,850)	-46		(3,748)
- intangible assests	(2,606)	(2,386)	-220		(5,146)
- write-off of tangible and intangible assets and assets revaluation (IFRS 10)	-	(44)	+44		(776)
<b>EBIT</b>	<b>7,008</b>	<b>3,246</b>	<b>+3,762</b>	<b>N/S</b>	<b>9,787</b>
<i>% on Revenues</i>	<i>8.0%</i>	<i>4.0%</i>			<i>6.3%</i>
Financial Charges	(303)	(663)	+360		(1,127)
Exchange gain/losses and derivatives	1,066	(1,250)	+2,316		(1,296)
Profits from associated companies	11	32	-21		54
<b>Result before taxes</b>	<b>7,782</b>	<b>1,365</b>	<b>+6,417</b>	<b>N/S</b>	<b>7,418</b>
Current and deferred taxes	(3,309)	(1,344)	-1,965		(4,036)
<b>Net result from continuing operations</b>	<b>4,473</b>	<b>21</b>	<b>+4,452</b>	<b>N/S</b>	<b>3,382</b>
Net result of discontinued operations	-	-	-		(250)
<b>Net result</b>	<b>4,473</b>	<b>21</b>	<b>+4,452</b>	<b>N/S</b>	<b>3,132</b>

## CONSOLIDATED BALANCE SHEET AS OF JUNE 30<sup>TH</sup>, 2016

(€ 000)	30.06.2016	30.06.2015	Variation	31.12.2015
<b><u>Net fixed assets</u></b>				
Goodwill	3,549	3,773	-224	3,447
Other intangible assets	48,145	43,199	+4,946	45,282
Tangible assets	22,848	24,587	-1,739	23,850
Financial assets	307	274	+33	296
Other medium/long term assets and liabilities	11,419	13,468	-2,049	12,683
<b>Total net fixed assets</b>	<b>86,268</b>	<b>85,301</b>	<b>+967</b>	<b>+1.1%</b>
<b><u>Net current assets</u></b>				
Inventories	46,061	49,400	-3,339	49,010
Trade receivables	48,755	48,129	+626	52,000
Trade payables	(33,287)	(39,211)	+5,924	(37,689)
<b>Subtotal Net Working Capital</b>	<b>61,529</b>	<b>58,318</b>	<b>+3,211</b>	<b>63,321</b>
Risk funds	(890)	(865)	-25	(1,746)
Other current assets and liabilities	349	1,255	-906	2,774
<b>Subtotal Other assets and liabilities</b>	<b>(541)</b>	<b>390</b>	<b>-931</b>	<b>1,028</b>
<b>Total net current assets</b>	<b>60,988</b>	<b>58,708</b>	<b>+2,280</b>	<b>+3.9%</b>
<b>Invested capital</b>	<b>147,256</b>	<b>144,009</b>	<b>+3,247</b>	<b>+2.3%</b>
<b>Severance Indemnity Fund (S.I.F)</b>	<b>(2,867)</b>	<b>(2,843)</b>	<b>-24</b>	<b>+0.8%</b>
<b>Net invested capital</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>
<b>Net financial assets and liabilities of discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>
<i>financed by:</i>				
<b><u>Equity</u></b>				
Capital stock	24,961	24,961	-	24,961
Reserves and earnings brought forward	80,240	78,303	+1,937	78,227
Translation adjustment reserve continuing	(7,406)	(5,547)	-1,859	(6,462)
Net profit of the Group	4,473	21	+4,452	3,132
<b>Total equity</b>	<b>102,268</b>	<b>97,738</b>	<b>+4,530</b>	<b>+4.6%</b>
<b><u>Net financial position</u></b>				
<i>Medium/long term debts:</i>				
- towards banks	34,451	26,554	+7,897	25,457
- towards other financiers and leasing companies	2,128	227	+1,901	191
<b>Total medium/long term financial debts</b>	<b>36,579</b>	<b>26,781</b>	<b>+9,798</b>	<b>+36.6%</b>
<i>Short term debts:</i>				
- towards banks	25,152	34,830	-9,678	35,947
- towards other financiers and leasing companies	3,925	256	+3,669	2,395
- others financial liabilities (assets) and derivatives	(173)	488	-661	(99)
<b>Total short term financial debts</b>	<b>28,904</b>	<b>35,574</b>	<b>-6,670</b>	<b>-18.7%</b>
<b>Cash and cash equivalents</b>	<b>(23,362)</b>	<b>(18,927)</b>	<b>-4,435</b>	<b>+23.4%</b>
<b>Total net financial position</b>	<b>42,121</b>	<b>43,428</b>	<b>-1,307</b>	<b>-3.0%</b>
<b>Total</b>	<b>144,389</b>	<b>141,166</b>	<b>+3,223</b>	<b>+2.3%</b>



## CONSOLIDATED CASH-FLOW STATEMENT OF JANUARY-JUNE 2016

(€ 000)	1st Half 2016	1st Half 2015
<b>Cash and cash equivalents (as of January 1st)</b>	<b>16,714</b>	<b>17,149</b>
<i>Operating activities</i>		
<b>Net result of continuing operation</b>	<b>4,473</b>	<b>21</b>
<b>Net result of discontinued operation</b>	<b>-</b>	<b>-</b>
- Depreciation of tangible assets	1,896	1,850
- Amortization of intangible assets	2,606	2,386
- Losses in value of fixed assets	-	44
- Provisions to reserves (including employee indemnity)	825	636
- Losses from disposal of tangible and intangible assets	2	-
- Interests from held for trading assets	(71)	(126)
- Net interest expenses paid to financial institutions and leasing companies	655	834
- Net income/(charges) on derivative instruments	(952)	2,491
- Result on investments valued with the equity method	(11)	(32)
- Income taxes	3,309	1,344
<b>Cash flow from current operations</b>	<b>12,732</b>	<b>9,448</b>
- Decreases in trade receivables	2,684	2,791
- (Increases)/decreases in inventories	2,606	(8,088)
- Decreases in trade payables	(4,088)	(6,925)
- Net change in other assets/liabilities	2,072	462
- Use of funds (including employee indemnity)	(1,787)	(1,647)
- Net interest expenses paid to financial institutions and leasing companies	(690)	(994)
- Financial flow from derivative instruments	877	(2,621)
- Income taxes paid	(1,714)	(478)
<b>Cash flow from/(for) operating activities</b>	<b>12,692</b>	<b>(8,052)</b>
<i>Investment activities</i>		
- Investments in intangible assets	(5,438)	(5,073)
- Investments in tangible assets	(1,055)	(2,022)
- Net sale price of from disposal of tangible/intangible assets of Disc. operations	1	-
- Dividends from affiliated companies	-	11
- Cash flow from held for trading assets	71	126
<b>Cash flow for investment activities</b>	<b>(6,421)</b>	<b>(6,958)</b>
<i>Financing activities</i>		
- Obtainment of non-current financial debts	21,182	18,000
- Repayment of non-current financial debts	(7,364)	(9,873)
- Obtainment/(repayment) of current financial debts	(11,969)	4,625
- Decrease in financial receivables and secured deposits	-	2,875
- Distribution of dividends	(1,038)	-
<b>Cash flow from financing activities</b>	<b>811</b>	<b>15,627</b>
<b>Changes from exchange differences</b>	<b>(434)</b>	<b>1,161</b>
<b>Cash flow of the period</b>	<b>6,648</b>	<b>1,778</b>
<b>Cash and cash equivalents at end of period (as of June 30th)</b>	<b>23,362</b>	<b>18,927</b>