

PRESS RELEASE

ISAGRO BOD APPROVES HALF-YEAR RESULTS AS OF JUNE 30TH, 2017

- Consolidated revenues 86.9 Euro million (vs. 87.1 million of 1H 2016)
- Consolidated EBITDA 11.9 Euro million (vs. 11.5 million of 1H 2016)
- Net result 4.6 Euro million (vs. 4.5 million of 1H 2016)
- Net financial debt as of June 30th, 2017 equal to 45.7 Euro million (vs. 52.7 million as of December 31st, 2016 and vs. 42.1 million as of June 30th, 2016), with a debt/equity ratio of 0.43

Milan, September 5th, 2017 – The Board of Directors of Isagro S.p.A. approved today the Consolidated Interim Financial Statement as of June 30th, 2017, which will be made available to the public following the terms and the modalities of the applicable Laws.

2017 first half consolidated results

Consolidated Revenues of the first half of 2017, equal to 86.9 Euro million, are in line with those of the first six months of 2016, with higher sales in the United States which offset lower turnover in India and in Italy in the absence, in the first half of the current year, of initial revenues from *Licensing & other Business Agreements* with Third parties (equal to 1 Euro million in the first half of 2016).

The **consolidated EBITDA** was equal to 11.9 Euro million, in progress of 3% (+ 0.4 Euro million) compared to 1H 2016, as a result of the combined effect of:

- on one side, improved margins from sales which more than offset,
- on the other side, an increase of fixed costs and of the portion accrued to the Income Statement of the expensed research, innovation & development.

The **Net result** of the period was equal to 4.6 Euro million.

With reference to the **Balance Sheet** as of June 30th, 2017, Isagro showed consolidated Net financial debt equal to 45.7 Euro million (vs. 42.1 million as of June 30th, 2016 and vs. 52.7 million as of December 31st, 2016), with a debt/equity ratio of 0.43. Such Net financial debt, moreover, was entirely against Net working capital, with Equity that contributed to finance directly Net working capital itself for around 19 Euro million.

Lastly, the **Free cash flow**, excluding the Net working capital variations of the first six months, was positive for 5.5 Euro million, improving compared to 3.3 Euro million of 1H 2016.



Perspectives for the current year

The results of the second part of the year, will mostly depend upon:

1. the finalization by December 31st of new *Licensing & other Business Agreements*;
2. the evolution of the climatic conditions particularly in South Europe.

Moreover, for the mid-term (2020) 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 proprietary molecules mainly in cooperation with Third Parties;
3. *Licensing & other Business Agreements* to widen the commercial exploitation of our products;
4. growth in the *Biosolutions* business;
5. expansion of our 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 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 for agriculture, with global sales of around € 150 million and over 600 employees worldwide. Isagro Group is active in the innovative research, development, production and marketing, on a worldwide scale, with sales in 80 countries and direct distribution in some key markets. Isagro S.p.A., listed on the Italian Stock Exchange since 2003 and on the STAR segment since 2004, in 2014 has also issued Growth Shares, an innovative category of special shares tailored for companies having a controlling subject.

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CONSOLIDATED PROFIT & LOSS STATEMENT OF THE FIRST HALF 2017

(€ 000)	1st Half 2017	1st Half 2016	Differences		Year 2016
Revenues from sales and services	86,871	87,125	-254	-0.3%	149,717
Other operating revenues	1,859	1,994	-135		3,347
Consumption of materials and external services	(66,043)	(60,402)	-5,691		(105,051)
Variations in inventories of products	4,810	(2,628)	+7,488		(2,786)
Costs capitalized for internal work	1,198	1,456	-258		2,858
Allowances and provisions	(405)	(930)	+525		(2,560)
Labour costs	(15,684)	(14,453)	-1,231		(27,677)
Bonus accruals	(712)	(652)	-60		(1,631)
EBITDA	11,894	11,510	+384	+3.3%	16,217
<i>% on Revenues</i>	<i>13.7%</i>	<i>13.2%</i>			<i>10.8%</i>
Depreciation:					
- tangible assets	(1,939)	(1,896)	-43		(3,829)
- intangible assets	(2,584)	(2,606)	+22		(5,344)
- write-down of tangible and intangible assets	-	-	-		(174)
EBIT	7,371	7,008	+363	+5.2%	6,870
<i>% on Revenues</i>	<i>8.5%</i>	<i>8.0%</i>			<i>4.6%</i>
Interests, fees and financial discounts	(208)	(303)	+95		(747)
Exchange gains/(losses) and derivatives	(27)	1,066	-1,093		719
Write-ups of investments	83	11	+72		28
Result before taxes	7,219	7,782	-563	-7.2%	6,870
Current and deferred taxes	(2,641)	(3,309)	+668		(3,887)
Net result from continuing operations	4,578	4,473	+105	+2.3%	2,983
Net result of Discontinued operations	-	-	-		(250)
Net result	4,578	4,473	+105	+2.3	2,733



CONSOLIDATED BALANCE SHEET AS OF JUNE 30TH, 2017

(€ 000)	30.06.2017	31.12.2016	Differences		30.06.2016
<u>Net fixed assets</u>					
Goodwill	3,431	3,599	-168		3,549
Intangible assets	50,113	48,209	+1,904		48,145
Tangible assets	20,963	22,620	-1,657		22,848
Financial assets	396	313	+83		307
Other medium/long term assets and liabilities	13,205	14,941	-1,736		11,419
Total net fixed assets	88,108	89,682	-1,574	-1.8%	86,268
<u>Net current assets</u>					
Inventories	52,142	46,971	+5,171		46,061
Trade receivables	49,689	50,597	-908		48,755
Trade payables	(37,426)	(31,663)	-5,763		(33,287)
Subtotal Net working capital	64,405	65,905	-1,500		61,529
Risk funds	(996)	(1,991)	+995		(890)
Other current assets and liabilities	1,897	3,954	-2,057		349
Subtotal Other assets and liabilities	901	1,963	-1,062		(541)
Total net current assets	65,306	67,868	-2,562	-3.8%	60,988
Invested capital	153,414	157,550	-4,136	-2.6%	147,256
Severance Indemnity Fund (S.I.F.)	(2,520)	(2,747)	+227	-8.3%	(2,867)
Net invested capital	150,894	154,803	-3,909	-2.5%	144,389
Net financial assets and liabilities of discontinued operation	-	-	-		-
Total	150,894	154,803	-3,909	-2.5%	144,389
<i>financed by:</i>					
<u>Equity</u>					
Capital stock	24,961	24,961	-		24,961
Reserves and earnings brought forward	82,959	80,213	+2,746		80,240
Translation reserve	(7,278)	(5,822)	-1,456		(7,406)
Net profit of the Group	4,578	2,733	+1,845		4,473
Total equity	105,220	102,085	+3,135	+3.1%	102,268
<u>Net financial position</u>					
<i>Medium/long term debts:</i>					
- toward banks	38,320	37,929	+391		34,451
- toward other financiers	1,757	1,932	-175		2,128
- other financial liabilities (assets) and derivatives	22	-	+22		-
Total medium/long term financial debts	40,099	39,861	+238	+0.6%	36,579
<i>Short term debts:</i>					
- toward banks	31,483	28,259	+3,224		25,152
- toward other financiers	349	987	-638		3,925
- other financial liabilities (assets) and derivatives	(1,257)	70	-1,327		(173)
Total short term financial debts	30,575	29,316	+1,259	+4.3%	28,904
Cash and cash equivalents	(25,000)	(16,459)	-8,541	+51.9%	(23,362)
Total net financial position	45,674	52,718	-7,044	-13.4%	42,121
Total	150,894	154,803	-3,909	-2.5%	144,389



CONSOLIDATED CASH-FLOW STATEMENT OF JANUARY-JUNE 2017

(€ 000)	1st Half 2017	1st Half 2016
Cash and cash equivalents (as of January 1st)	16,459	16,714
<i>Operating activities</i>		
Net result of Continuing operation	4,578	4,473
- Depreciation of tangible assets	1,939	1,896
- Depreciation of intangible assets	2,584	2,606
- Provisions to reserves (including employee indemnity)	824	825
- Losses from disposal of tangible and intangible assets	-	2
- Interests from held for trading assets	(107)	(71)
- Net interest expenses paid to financial institutions and leasing companies	497	655
- Net income on derivative instruments	(1,016)	(952)
- Result on investments valued with the equity method	(83)	(11)
- Income taxes	2,641	3,309
Cash flow from current operations	11,857	12,732
- Decrease in trade receivables	204	2,684
- (Increase)/decrease in inventories	(6,303)	2,606
- Increase/(decrease) in trade payables	6,215	(4,088)
- Net change in other assets/liabilities	2,489	2,072
- Use of funds (including employee indemnity)	(1,977)	(1,787)
- Net interest expenses paid to financial institutions and leasing companies	(437)	(690)
- Financial flow from derivative instruments	(312)	877
- Income taxes paid	(1,471)	(1,714)
Cash flow from operating activities	10,265	12,692
<i>Investment activities</i>		
- Investments in intangible assets	(4,520)	(5,438)
- Investments in tangible assets	(414)	(1,055)
- Net sale price from disposal of tangible/intangible assets	31	1
- Cash flow from assets held for trading	107	71
Cash flow for investment activities	(4,796)	(6,421)
<i>Financing activities</i>		
- Contracting of non-current financial debts	12,951	21,182
- Repayment of non-current financial debts	(9,168)	(7,364)
- Repayment of current financial debts	(656)	(11,969)
- Dividend distribution	-	(1,038)
Cash flow from financing activities	3,127	811
Translation adjustment changes	(55)	(434)
Cash flow of the period	8,541	6,648
Cash-closing balance (as of June 30th)	25,000	23,362