

## PRESS RELEASE

### ISAGRO BOD APPROVES DRAFTED FINANCIAL STATEMENTS AS OF DECEMBER 31<sup>ST</sup>, 2017

- **Consolidated revenues:** 149.6 Euro million, in line with 2016  
*(+4% sales from Agropharma against lower initial revenues from M/L Agreements)*
- **Consolidated EBITDA:** 12.6 Euro million versus the 16.2 million of 2016  
*(+7% EBITDA excluding M/L Agreements)*
- **Net Result:** 0.2 Euro million versus the 2.7 million of 2016  
*(improved versus 2016 excluding the lower initial revenues from M/L Agreements)*
- **Free cash flow:** 6.5 Euro million, with Net financial debt decreased from 52.7 to 46.2 Euro million, a debt/equity ratio of 0.47 (versus the 0.52 of Dec. 31<sup>st</sup>, 2016) and Net Working Capital financed for around 12 Euro million by Equity
- **New fungicide Fluindapyr (SDHi):** Registration dossier for Brazil submitted
- **New Nematicide:** Phase 1 completed (*pre-development*), starting Phase 2 (*early development*)

Milan, March 13<sup>th</sup>, 2018 – The Board of Directors of Isagro S.p.A. approved today the Drafted Financial Statements as of December 31<sup>st</sup>, 2017, which will be made available to the public following the terms and the modalities of the applicable Laws.

#### **2017 at a glance**

In 2017, a year that was affected by:

- unfavorable market conditions in some geographic segments important for Isagro (particularly India and Italy);
- only marginal presence of initial revenues from M/L Agreements;
- non recurring charges related to the exit of managers;
- higher expensed R,I&D costs,

Isagro registered:

- sales of Agropharma increasing versus 2016;
- a net result at break-even;
- a 6.5 Euro million positive free cash flow, with a corresponding reduction of the net financial debt.

#### **2017 consolidated financial results**

The total consolidated Revenues of 2017 were equal to 149.6 Euro million, in line with those of 2016 but with a different composition, with higher Agropharma sales (+5.3% vs. 2016, with an increase of around 4%, in a stable market context) which offset lower revenues from M/L Agreements (-4.4 Euro million vs. 2016) and from Services (-1.0 Euro million vs. 2016).



In 2017, moreover, the Isagro Group registered:

- an EBITDA equal to 12.6 Euro million, with a 3.6 million decrease versus the 16.2 Euro million of 2016 but with an improvement excluding the contribution from M/L Agreements;
- a Result before taxes of 2.3 Euro million, with a decrease of 4.6 million versus the 6.9 Euro million of 2016 but with an improvement excluding the contribution from M/L Agreements and the non recurring charges;
- a Net result of 0.2 Euro million, with a decrease of 2.5 million versus the 2.7 Euro million of 2016;
- a Net financial position at debt as at December 31<sup>st</sup>, 2017 equal to 46.2 Euro million, improving of 6.5 million versus the 52.7 Euro million as at December 31<sup>st</sup>, 2016, thanks to a positive *free cash flow* for the same amount and with a *debt/equity* ratio of 0.47 versus 0.52 as of December 31<sup>st</sup>, 2016.

### **Implementation of the growth Project**

In 2017 Isagro:

- continued the development activities of the new fungicide Fluindapyr (SDHi), completing the submission of the registration dossier in Brazil and expecting to submit the registration dossier also in Europe by 2018-end;
- continued the development activities of the new Biofumigant, with expected registration in California by 2018-end;
- completed “Phase 1” (pre-development) of a new “nematicide” molecule originated by the Research of Isagro. “Phase 2” (early development) will start in 2018;
- obtained 34 new registrations for the proprietary products worldwide;
- successfully finalized the start-up of direct sales in Brazil;
- started a growth project of the Indian subsidiary Isagro Asia.

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

2018 results are expected to improve versus 2017 thanks mostly to the growth of Isagro Asia and higher initial revenues from new M/L Agreements.

In 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 proprietary molecules through agreements with Third Parties;
3. M/L 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.



### **Other information**

- 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.
- Pursuant to the Legislative Decree no. 254/2016 relating to the publication of non-financial information, the Board of Directors of Isagro S.p.A. has approved the 2017 Consolidated non-financial report as a separate report with respect to the Consolidated Financial Statements.
- 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.

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*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.*

### **For more information:**

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*Attachment 1*  
**RECLASSIFIED CONSOLIDATED PROFIT & LOSS STATEMENT**

(€ 000)	Year 2017	Year 2016	Differences	
<b>Revenues from sales and services</b>	<b>149,580</b>	<b>149,717</b>	<b>-137</b>	<b>-0.1%</b>
Other revenues and income	3,299	3,347	-48	
Consumption of materials and external services	(107,953)	(105,051)	-2,902	
Variations in inventories of products	(2,316)	(2,786)	+470	
Costs capitalized for internal works	2,204	2,858	-654	
Allowances and provisions	(1,000)	(2,560)	+1,560	
Labor costs	(29,427)	(27,677)	-1,750	
Bonus accruals	(1,830)	(1,631)	-199	
<b>EBITDA</b>	<b>12,557</b>	<b>16,217</b>	<b>-3,660</b>	<b>-22.6%</b>
<i>% on Revenues</i>	<i>8.4%</i>	<i>10.8%</i>		
Depreciation and amortisation:				
- tangible assets	(3,882)	(3,829)	-53	
- intangible assets	(5,316)	(5,344)	+28	
- write-down of tangible and intangible assets	(490)	(174)	-316	
<b>EBIT</b>	<b>2,869</b>	<b>6,870</b>	<b>-4,001</b>	<b>-58.2%</b>
<i>% on Revenues</i>	<i>1.9%</i>	<i>4.6%</i>		
Interest, fees and financial discounts	(863)	(747)	-116	
Exchange gain and derivatives	154	719	-565	
Revaluations of equity investments	135	28	+107	
<b>Result before taxes</b>	<b>2,295</b>	<b>6,870</b>	<b>-4,575</b>	<b>N/S</b>
Current and deferred taxes	(1,882)	(3,887)	+2,005	
<b>Net result from continuing operations</b>	<b>413</b>	<b>2,983</b>	<b>-2,570</b>	<b>N/S</b>
Net result of discontinued operations	(200)	(250)	+50	
<b>Net result</b>	<b>213</b>	<b>2,733</b>	<b>-2,520</b>	<b>N/S</b>

Attachment 2

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ 000)	Dec. 31, 2017	Dec. 31, 2016	Differences	
<b>Net fixed assets</b>				
Goodwill	3,377	3,599	-222	
Other intangible assets	49,774	48,209	+1,565	
Tangible assets	20,553	22,620	-2,067	
Financial assets	437	313	+124	
Other medium/long term assets and liabilities	12,693	14,941	-2,248	
<b>Total net fixed assets</b>	<b>86,834</b>	<b>89,682</b>	<b>-2,848</b>	<b>-3.2%</b>
<b>Net current assets</b>				
Inventories	45,040	46,971	-1,931	
Trade receivables	44,502	50,597	-6,095	
Trade payables	(30,998)	(31,663)	+665	
<b>Subtotal Net working capital</b>	<b>58,544</b>	<b>65,905</b>	<b>-7,361</b>	
Risk funds	(2,055)	(1,991)	-64	
Other current assets and liabilities	4,795	3,954	+841	
<b>Subtotal Other assets and liabilities</b>	<b>2,740</b>	<b>1,963</b>	<b>+777</b>	
<b>Total net current assets</b>	<b>61,284</b>	<b>67,868</b>	<b>-6,584</b>	<b>-9.7%</b>
<b>Invested capital</b>	<b>148,118</b>	<b>157,550</b>	<b>-9,432</b>	<b>-6.0%</b>
<b>Severance Indemnity Fund (S.I.F)</b>	<b>(2,591)</b>	<b>(2,747)</b>	<b>+156</b>	
<b>Net invested capital</b>	<b>145,527</b>	<b>154,803</b>	<b>-9,276</b>	<b>-6.0%</b>
<b>Held for sale non-financial assets and liabilities</b>	-	-	-	
<b>Total</b>	<b>145,527</b>	<b>154,803</b>	<b>-9,276</b>	<b>-6.0%</b>
<i>financed by:</i>				
<b>Equity</b>				
Capital stock	24,961	24,961	-	
Reserves and earnings brought forward	82,901	80,213	+2,688	
Translation reserve	(8,769)	(5,822)	-2,947	
Net profit of the Group	213	2,733	-2,520	
<b>Total equity</b>	<b>99,306</b>	<b>102,085</b>	<b>-2,779</b>	<b>-2.7%</b>
<b>Net financial position</b>				
<i>Medium/long term debts:</i>				
- due to banks	43,728	37,929	+5,799	
- due to other lenders	1,581	1,932	-351	
- other financial liabilities (assets) and derivatives	26	-	+26	
<b>Total medium/long term financial debts</b>	<b>45,335</b>	<b>39,861</b>	<b>+5,474</b>	<b>+13.7%</b>
<i>Short-term debts:</i>				
- due to banks	32,541	28,259	+4,282	
- due to other lenders	348	987	-639	
- other financial liabilities (assets) and derivatives	(302)	70	-372	
<b>Total short-term financial debts</b>	<b>32,587</b>	<b>29,316</b>	<b>+3,271</b>	<b>+11.2%</b>
<b>Cash and cash equivalents</b>	<b>(31,701)</b>	<b>(16,459)</b>	<b>-15,242</b>	<b>N/S</b>
<b>Total net financial position</b>	<b>46,221</b>	<b>52,718</b>	<b>-6,497</b>	<b>-12.3%</b>
<b>Total</b>	<b>145,527</b>	<b>154,803</b>	<b>-9,276</b>	<b>-6.0%</b>

*Attachment 3*  
**CONSOLIDATED CASH-FLOW STATEMENT**

(€ 000)	2017	2016
<b>Cash and cash equivalents (as of January 1<sup>st</sup>)</b>	<b>16,459</b>	<b>16,714</b>
<i>Operating activities</i>		
<b>Net result of continuing operation</b>	<b>413</b>	<b>2,983</b>
<b>Net result of discontinued operation</b>	<b>(200)</b>	<b>(250)</b>
- Depreciation of tangible assets	3,882	3,829
- Amortisation of intangible assets	5,316	5,344
- Losses in value of tangible and intangible assets	490	174
- Provisions to reserves (including employee indemnity)	2,174	2,002
- Gains from disposal of tangible and intangible assets	(32)	-
- Interests from held for trading assets	(162)	(123)
- Net interest expenses paid to financial institutions and leasing companies	1,182	1,173
- Net loss/(income) on derivative instruments	(1,722)	176
- Result on investments valued with the equity method	(135)	(28)
- Income taxes	1,882	3,887
<i>Cash-flow from current operations</i>	<i>13,088</i>	<i>19,167</i>
- Decrease in trade receivables	4,428	1,733
- Decrease in inventories	534	2,403
- Increase/(decrease) in trade payables	19	(6,166)
- Net change in other assets/liabilities	1,976	(2,031)
- Use of funds (including employee indemnity)	(2,257)	(2,046)
- Net interest expenses paid to financial institutions and leasing companies	(1,104)	(1,175)
- Financial flow from derivative instruments	1,356	(2)
- Income taxes paid	(2,481)	(3,907)
<b>Cash-flow from operating activities</b>	<b>15,559</b>	<b>7,976</b>
<i>Investment activities</i>		
- Investments in intangible assets	(7,658)	(9,706)
- Investments in tangible assets	(2,157)	(2,555)
- Net sale price from disposal of tangible/intangible assets	129	6
- Dividends from affiliated companies	11	11
- Cash-flow from assets held for trading	162	123
<b>Cash-flow for investment activities</b>	<b>(9,513)</b>	<b>(12,121)</b>
<i>Financing activities</i>		
- Contracting of non-current financial debts	34,017	37,182
- Repayment of non-current financial debts	(23,815)	(15,066)
- Repayment of current financial debts	(679)	(17,077)
- Dividend distribution	-	(1,038)
<b>Cash-flow from financing activities</b>	<b>9,523</b>	<b>4,001</b>
<b>Changes from exchange differences</b>	<b>(327)</b>	<b>(111)</b>
<b>Cash-flow of the period</b>	<b>15,242</b>	<b>(255)</b>
<b>Cash and cash equivalents at the end of the period (as of December 31<sup>st</sup>)</b>	<b>31,701</b>	<b>16,459</b>

*Attachment 4*  
**RECLASSIFIED PROFIT & LOSS STATEMENT OF ISAGRO SPA**

(€ 000)	Year 2017	Year 2016	Differences	
<b>Revenues from sales and services</b>	<b>106,795</b>	<b>102,954</b>	<b>+3,841</b>	<b>+3.7%</b>
Other revenues and income	2,319	2,813	-494	
Consumption of materials and external services	(80,072)	(72,267)	-7,805	
Variations in inventories of products	(1,361)	(2,457)	+1,096	
Costs capitalized for internal works	1,922	2,477	-555	
Allowances and provisions	(674)	(2,326)	+1,652	
Labor costs	(20,809)	(19,993)	-816	
Bonus accruals	(1,446)	(1,377)	-69	
<b>EBITDA</b>	<b>6,674</b>	<b>9,824</b>	<b>-3,150</b>	<b>-32.1%</b>
<i>% on Revenues</i>	<i>6.2%</i>	<i>9.5%</i>		
Depreciation and amortisation:				
- tangible assets	(3,174)	(3,131)	-43	
- intangible assets	(5,421)	(5,523)	+102	
- write-down of tangible and intangible assets	(543)	(181)	-362	
<b>EBIT</b>	<b>(2,464)</b>	<b>989</b>	<b>-3,453</b>	<b>N/S</b>
<i>% on Revenues</i>	<i>-2.3%</i>	<i>1.0%</i>		
Dividends from equity investments	711	1,697	-986	
Financial charges	(881)	(823)	-58	
Exchange gain and derivatives	446	256	+190	
Losses from equity investments	(21)	(2,198)	+2,177	
<b>Result before taxes</b>	<b>(2,209)</b>	<b>(79)</b>	<b>-2,130</b>	<b>N/S</b>
Current and deferred taxes	(50)	(654)	+604	
<b>Net result</b>	<b>(2,259)</b>	<b>(733)</b>	<b>-1,526</b>	<b>N/S</b>

Attachment 5

RECLASSIFIED BALANCE SHEET OF ISAGRO SPA

(€ 000)	Dec. 31 <sup>st</sup> , 2017	Dec. 31 <sup>st</sup> , 2016	Differences	
<b>Net fixed assets</b>				
Goodwill	1,631	1,631	-	
Other intangible assets	52,323	50,761	+1,562	
Tangible assets and investment property	17,118	18,914	-1,796	
Financial assets	22,566	20,892	+1,674	
Other medium/long term assets and liabilities	9,107	11,233	-2,126	
<b>Total net fixed assets</b>	<b>102,745</b>	<b>103,431</b>	<b>-686</b>	<b>-0.7%</b>
<b>Net current assets</b>				
Inventories	34,860	35,401	-541	
Trade receivables	29,050	31,068	-2,018	
Trade payables	(25,417)	(22,938)	-2,479	
<b>Subtotal Net working capital</b>	<b>38,493</b>	<b>43,531</b>	<b>-5,038</b>	
Risk funds	(1,674)	(1,662)	-12	
Other current assets and liabilities	2,181	3,118	-937	
<b>Subtotal Other assets and liabilities</b>	<b>507</b>	<b>1,456</b>	<b>-949</b>	
<b>Total net current assets</b>	<b>39,000</b>	<b>44,987</b>	<b>-5,987</b>	<b>-13.3%</b>
<b>Invested capital</b>	<b>141,745</b>	<b>148,418</b>	<b>-6,673</b>	<b>-4.5%</b>
<b>Severance Indemnity Fund (S.I.F)</b>	<b>(2,351)</b>	<b>(2,588)</b>	<b>+237</b>	
<b>Net invested capital</b>	<b>139,394</b>	<b>145,830</b>	<b>-6,436</b>	<b>-4.4%</b>
<b>Held for sale non-financial assets and liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>139,394</b>	<b>145,830</b>	<b>-6,436</b>	<b>-4.4%</b>
<i>financed by:</i>				
<b>Equity</b>				
Capital stock	24,961	24,961	-	
Reserves and earnings brought forward	61,958	62,735	-777	
Loss of the period	(2,259)	(733)	-1,526	
<b>Total equity</b>	<b>84,660</b>	<b>86,963</b>	<b>-2,303</b>	<b>-2.6%</b>
<b>Net financial position</b>				
<i>Medium/long term debts:</i>				
- due to banks	43,720	37,929	+5,791	
- due to other lenders	1,581	1,929	-348	
- other financial liabilities (assets) and derivatives	26	-	+26	
<b>Total medium/long term financial debts</b>	<b>45,327</b>	<b>39,858</b>	<b>+5,469</b>	<b>N/S</b>
<i>Short-term debts:</i>				
- due to banks	27,706	24,928	+2,778	
- due to other lenders	348	983	-635	
- due to subsidiaries, associates, parent companies	(528)	(1,520)	+992	
- other financial liabilities (assets) and derivatives	(292)	20	-312	
<b>Total short-term financial debts</b>	<b>27,234</b>	<b>24,411</b>	<b>+2,823</b>	<b>+11.6%</b>
<b>Cash and cash equivalents</b>	<b>(17,827)</b>	<b>(5,402)</b>	<b>-12,425</b>	<b>N/S</b>
<b>Total net financial position</b>	<b>54,734</b>	<b>58,867</b>	<b>-4,133</b>	<b>-7.0%</b>
<b>Total</b>	<b>139,394</b>	<b>145,830</b>	<b>-6,436</b>	<b>-4.4%</b>



*Attachment 6*  
**CASH-FLOW STATEMENT OF ISAGRO SPA**

(€ 000)	2017	2016
<b>Cash and cash equivalents (as of January 1<sup>st</sup>)</b>	<b>5,402</b>	<b>6,106</b>
<i>Operating activities</i>		
<b>Net result of continuing operation</b>	<b>(2,259)</b>	<b>(733)</b>
- Depreciation of tangible assets	3,174	3,131
- Amortisation of intangible assets	5,420	5,523
- Losses in value of tangible and intangible assets	543	181
- Losses in value of equity investments	21	2,198
- Provisions to reserves (including employee indemnity)	1,663	1,778
- (Gains)/losses from disposal of tangible and intangible assets	(86)	2
- Dividends from subsidiaries, joint ventures and associates	(711)	(1,697)
- Net interest expenses paid to financial institutions and leasing companies	1,099	1,292
- Gains on derivatives	(1,808)	(50)
- Income taxes	50	654
<i>Cash-flow from current operations</i>	<i>7,106</i>	<i>12,279</i>
- Decrease in trade receivables	1,268	1,571
- Decrease in inventories	541	2,567
- Increase/(decrease) in trade payables	2,479	(8,334)
- Net change in other assets/liabilities	3,287	(1,468)
- Use of funds (including employee indemnity)	(1,888)	(1,694)
- Net interest expenses paid to financial institutions and leasing companies	(1,114)	(1,247)
- Financial flow from derivative instruments	1,496	77
- Collection of dividends from subsidiaries and affiliates	711	1,697
- Income taxes paid	(42)	(197)
<b>Cash-flow from operating activities</b>	<b>13,844</b>	<b>5,251</b>
<i>Investment activities</i>		
- Investments in intangible assets	(7,774)	(9,902)
- Investments in tangible assets	(1,382)	(2,314)
- Net sale price from disposal of tangible/intangible assets	88	1
- Investment in equity investments	(27)	(415)
<b>Cash-flow for investment activities</b>	<b>(9,095)</b>	<b>(12,630)</b>
<i>Financing activities</i>		
- Contracting of non-current financial debts	34,000	37,182
- Repayment of non-current financial debts	(23,737)	(15,066)
- Other changes in financial debts (current and non current)	(2,670)	(14,416)
- Decrease in financial receivables	83	13
- Dividend distribution	-	(1,038)
<b>Cash-flow from financing activities</b>	<b>7,676</b>	<b>6,675</b>
<b>Cash-flow of the period</b>	<b>12,425</b>	<b>(704)</b>
<b>Cash and cash equivalents at the end of the period (as of December 31<sup>st</sup>)</b>	<b>17,827</b>	<b>5,402</b>