

PRESS RELEASE

ISAGRO BOD APPROVES THE RESULTS OF FIRST NINE MONTHS OF 2018

- Consolidated revenues: 115.2 Euro million (vs. 112.1 million of 9M 2017)
- Consolidated EBITDA: 12.7 Euro million (vs. 10.5 million of 9M 2017)
- Net result: 2.6 Euro million (vs. 1.5 million of 9M 2017)
- Net financial debt as of September 30th, 2018: 52.3 Euro million (vs. 46.2 as of December 31st, 2017 and vs. 52.1 as of September 30th, 2017), lower than Net working capital and with a *debt/equity* ratio of 0.55

CONTINUES THE STRATEGIC DEVELOPMENT PATH OF ISAGRO

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

Milan, November 14th, 2018 – The Board of Directors of Isagro S.p.A. approved today the Consolidated Interim Result Report as of September 30th, 2018, which will be made available to the public following the terms and the modalities of the applicable Laws.

9M 2018 consolidated financial results

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

- Revenues of 115.2 Euro million, increasing by 3.1 million versus the 112.1 million of the first nine months of 2017;
- an EBITDA equal to 12.7 Euro million, increasing by 2.2 million versus the 10.5 million of the first nine months of 2017;
- a Net result before taxes of 4.6 Euro million, increasing by 1.2 million versus the 3,4 million of the first nine months of 2017;

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



- a Net result of 2.6 Euro million, increasing by 1.1 million versus the 1.5 million of the first nine months of 2017;
- a Net financial position as of September 30th, 2018 at debt for 52.3 Euro million, versus the values of 46.2 million and 52.1 million as of December 31st, 2017 and as of September 30th, 2017 respectively and a *debt/equity* ratio of 0.55.

With reference to the results reported above, it is noted that, at parity of exchange rates with 2017:

- the consolidated Revenues of the first nine months of 2018 would have been equal to 121.1 Euro million, in progress of 8% versus the value of 2017;
- the consolidated EBITDA of the first nine months of 2018 would have been equal to 15.3 Euro million, with an improvement versus the previous year of 4.8 Euro million (+46%).

With reference to the Balance Sheet, the Net financial debts as of September 30th, 2018 were entirely against Net working capital, with Equity directly backing Net working capital itself for around 8 Euro million. Moreover, in the first nine months of the current year a negative free cash flow of 6.1 Euro million was generated, deriving for 4.7 million from the increase of Net working capital and for 1.4 million from a negative operating cash flow.

Perspectives for the current year

In the current year, 4Q sales are estimated to increase compared to those of the same period of 2017, with the Agropharma & Services revenues “gap” as at September 30th expected to be recovered at year-end and a 2018 full year Net result slightly improving versus 2017.

For 2019-2020, Isagro forecasts a sales growth in Asia and South America, with improvements of margins and a P&L situation in line with the one of the last few years. Therefore, such a two-year period has to be considered as transitional towards 2021: from the second half of this latter year, Isagro expects to start the sales of the new Fluindapyr broad spectrum fungicide, included in the balance sheet at its historical cost, from which the Company expects an important contribution in terms of sales and margins.

As for 2021, Isagro confirms its target of around 200 Euro million revenues at a consolidated level through organic growth and acquisitions, based on the implementation of its Strategic Guidelines, here below summarized:

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.

For more information:

Ruggero Gambini
Chief Financial Officer
Tel. +39(0)240901.280

Erjola Alushaj
IR Manager & Financial Planner
Tel. +39(0)240901.340

ir@isagro.com

www.isagro.com



CONSOLIDATED PROFIT & LOSS OF THE FIRST NINE MONTHS OF 2018

(€ 000)	Jan.-Sep. 2018	Jan.-Sep. 2017	Differences		Year 2017
Revenues from sales and services	115,209	112,130	+3,079	+2.7%	149,580
Other revenues and income	3,366	2,601	+765		3,299
Consumption of materials and external services	(88,774)	(83,560)	-5,214		(107,953)
Variations in inventories of products	4,834	1,016	+3,818		(2,316)
Costs capitalized for internal works	1,406	1,672	-266		2,204
Allowances and provisions	(903)	(578)	-325		(1,000)
Labour costs	(21,643)	(21,753)	+110		(29,427)
Bonus accruals	(812)	(1,060)	+248		(1,830)
EBITDA	12,683	10,468	+2,215	+21.2%	12,557
<i>% on Revenues</i>	<i>11.0%</i>	<i>9.3%</i>			<i>8.4%</i>
Depreciation and amortisation:					
- tangible assets	(2,609)	(2,910)	+301		(3,882)
- intangible assets	(4,352)	(3,960)	-392		(5,316)
- write-down of tangible and intangible assets	(165)	(87)	-78		(490)
EBIT	5,557	3,511	+2,046	+58.3%	2,869
<i>% on Revenues</i>	<i>4.8%</i>	<i>3.1%</i>			<i>1.9%</i>
Interests, fees and financial discounts	(161)	(369)	+208		(863)
Exchange gains/(losses) and derivatives	(883)	165	-1,048		154
Revaluations of equity investments	111	111	-		135
Result before taxes	4,624	3,418	+1,206	+35.3%	2,295
Current and deferred taxes	(1,981)	(1,958)	-23		(1,882)
Net result from continuing operations	2,643	1,460	+1,183	N/S	413
Net result of discontinued operations	-	-	-		(200)
Net result	2,643	1,460	+1,183	N/S	213



CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30TH, 2018

(€ 000)	30.09.2018	01.01.2018 as per IFRS 9	Differences		30.09.2017	31.12.2017
Net fixed assets						
Goodwill	3,419	3,377	+42		3,428	3,377
Other intangible assets	50,323	49,774	+549		50,643	49,774
Tangible assets	19,645	20,553	-908		20,744	20,553
Financial assets	504	437	+67		413	437
Other medium/long terms assets and liabilities	13,647	13,478	+169		14,395	12,693
Total net fixed assets	87,538	87,619	-81	-0.1%	89,623	86,834
Net current assets						
Inventories	52,012	45,040	+6,972		47,434	45,040
Trade receivables	35,994	41,480	-5,486		41,951	44,502
Trade payables	(27,807)	(30,998)	+3,191		(25,160)	(30,998)
Subtotal Net working capital	60,199	55,522	+4,677		64,225	58,544
Current provisions	(1,071)	(2,055)	+984		(1,248)	(2,055)
Other current assets and liabilities	3,939	4,795	-856		2,534	4,795
Subtotal Other assets and liabilities	2,868	2,740	+128		1,286	2,740
Total net current assets	63,067	58,262	+4,805	+8.2%	65,511	61,284
Invested capital	150,605	145,881	+4,724	+3.2%	155,134	148,118
Severance Indemnity Fund (S.I.F.)	(2,447)	(2,591)	+144	-5.6%	(2,545)	(2,591)
Net invested capital	148,158	143,290	+4,868	+3.4%	152,589	145,527
Held for sale non-financial assets and liabilities	-	-	-		-	-
Total	148,158	143,290	+4,868	+3.4%	152,589	145,527
<i>financed by:</i>						
Equity						
Capital stock	24,961	24,961	-		24,961	24,961
Reserves and retained earnings	80,241	80,877	-636		82,940	82,901
Translation difference	(11,997)	(8,769)	-3,228		(8,848)	(8,769)
Profit of the Group	2,643	-	+2,643		1,460	213
Total equity	95,848	97,069	-1,221	-1.3%	100,513	99,306
Net financial position						
<i>Medium/long term debts:</i>						
- due to banks	42,478	43,728	-1,250		41,204	43,728
- due to other lenders and leasing companies	1,397	1,581	-184		1,741	1,581
- other financial liabilities/(assets), IRS and trading derivatives	(2,495)	26	-2,521		38	26
Total medium/long term financial debts	41,380	45,335	-3,955	-8.7%	42,983	45,335
<i>Short-term debts:</i>						
- due to banks	32,946	32,541	+405		34,759	32,541
- due to other lenders and leasing companies	1,911	348	+1,563		349	348
- other financial liabilities/(assets), IRS and trading derivatives	46	(302)	+348		149	(302)
Total short-term financial debts	34,903	32,587	+2,316	+7.1%	35,257	32,587
Cash and cash equivalents	(23,973)	(31,701)	+7,728	-24.4%	(26,164)	(31,701)
Total net financial position	52,310	46,221	+6,089	+13.2%	52,076	46,221
Total	148,158	143,290	+4,868	+3.4%	152,589	145,527

CONSOLIDATED CASH-FLOW STATEMENT OF JANUARY-SEPTEMBER 2018

(€ 000)	30.09.2018*	30.09.2017
Cash and cash equivalents (as of January 1st)	31,701	16,459
<i>Operating activities</i>		
Net profit of Continuing operation	2,643	1,460
- Depreciation and amortization of tangible and intangible assets	6,961	6,870
- Losses in value of tangible and intangible assets	165	87
- Provisions to reserves (including employee indemnity)	977	1,256
- Provision to incentive and retention plan	117	-
Subtotal Cash Flow	10,863	9,673
- (Gains)/losses from disposal of tangible assets, intangible assets and company branches	(32)	2
- Result on investments valued with the equity method	(111)	(111)
- Net change in net current assets	(6,512)	(821)
- Net change in other assets/liabilities	254	1,783
- Use of funds (including employee indemnity)	(2,081)	(2,126)
Cash flow from operating activities	2,381	8,400
<i>Investment activities</i>		
- Investments in intangible assets	(5,067)	(6,514)
- Investments in tangible assets	(1,991)	(1,324)
- Dividends from affiliated companies	44	11
- Net sale price from disposal of tangible/intangible assets/company branches	33	30
Cash flow for investment activities	(6,981)	(7,797)
<i>Financing activities</i>		
- Increase in financial debts (current and non-current)	549	9,575
- (Increase)/decrease in financial receivables, derivatives and other financial assets (current and non-current)	(2,165)	80
- Purchase of Growth Shares	(716)	-
- Sale of Ordinary Treasury Shares	78	-
Cash flow from/(for) financing activities	(2,254)	9,655
Change in translation difference	(874)	(553)
Cash Flow of the period	(7,728)	9,705
Cash-closing balance (as of September 30th)	23,973	26,164

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