



ISAGRO: THE “SMALL GLOBAL PLAYER” OF AGROPHARMA

Corporate Profile
Milan, March 2012





WHO IS ISAGRO

THE MARKET OF AGROPHARMA

MISSION AND OBJECTIVES

Attachment: Our history



Who is Isagro

ISAGRO GROUP: KEY-DATA

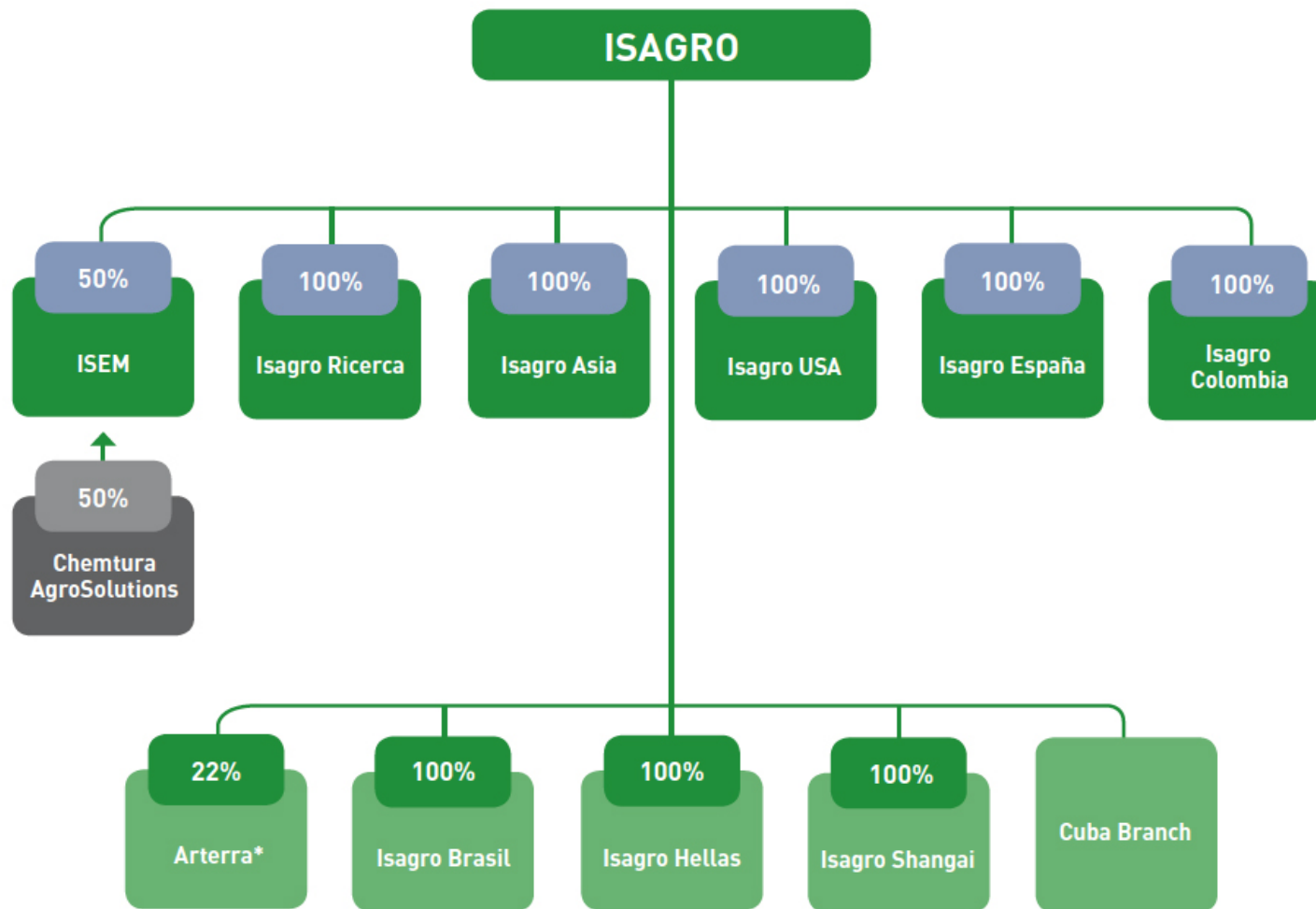
€million	2010	2011	2012E
Revenues	134	144	165
<i>of which: 3rd parties' products</i>	20	15	18
EBITDA	19	13	21
<i>% on Revenues</i>	14	9	13
Result from cont. operations	2.1	2.1	1.4
<i>Result from disposed activities</i>	(6.4)	8.2	-
Net Result	(4.3)	10.3	1.4
Net Financial Position	148	57	70
<i>Debt/Equity</i>	1.88	0.74	0.90
N. Employees	618	619	620



Who is Isagro

GROUP STRUCTURE

AS OF DECEMBER 2011



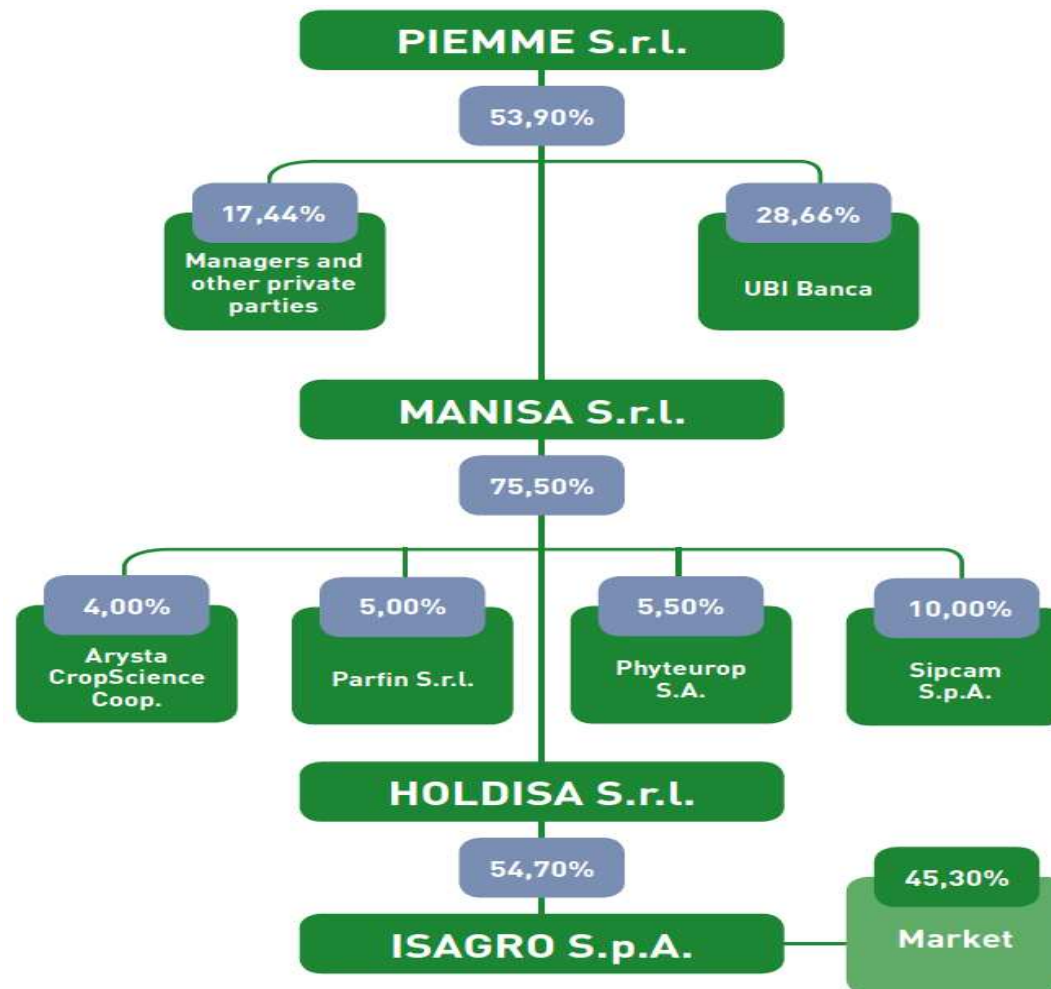
* Company operating in the R&D of biology and molecular genetics



Who is Isagro

CONTROLLING STRUCTURE

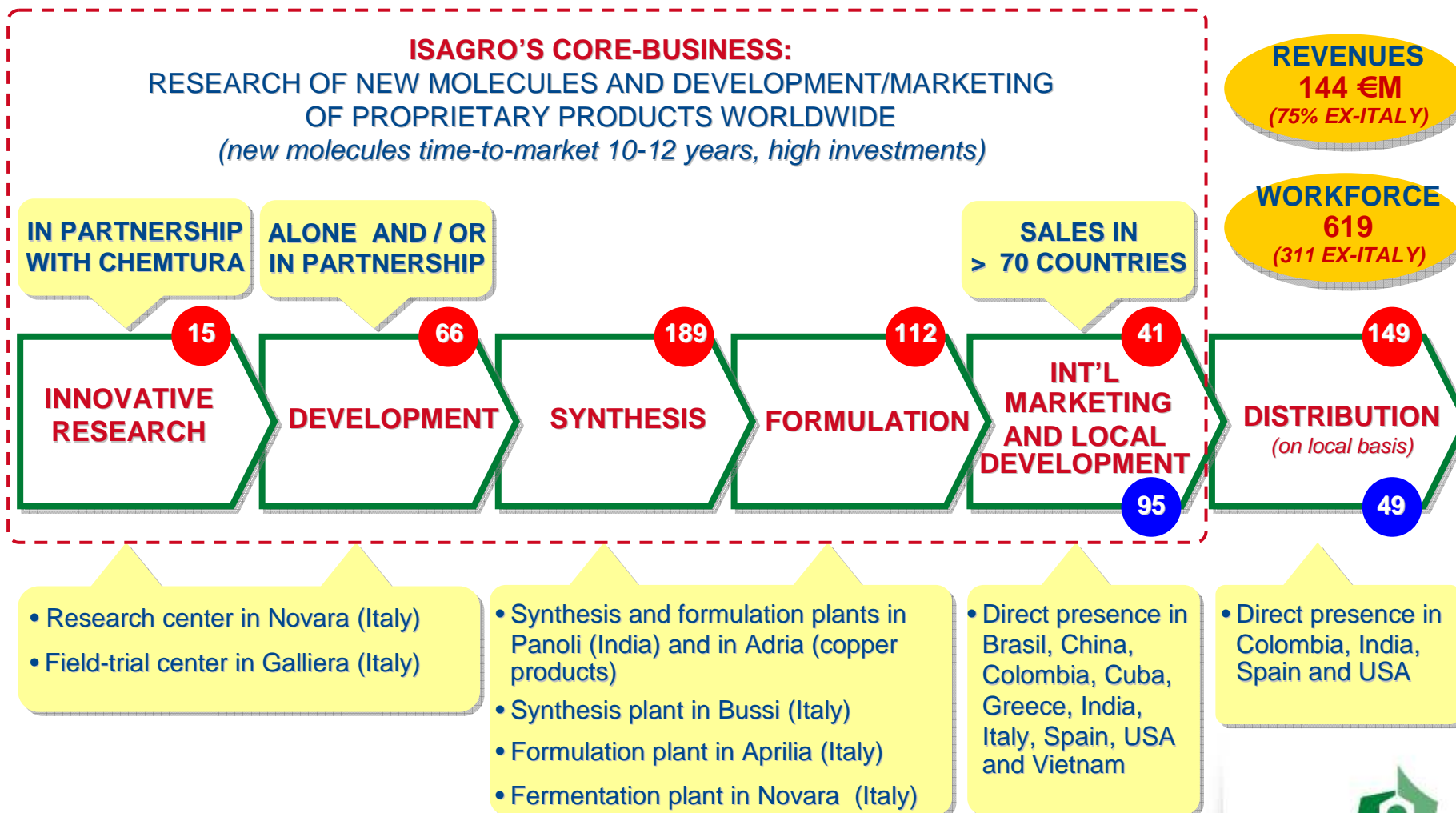
AS OF DECEMBER 2011



Who is Isagro

ISAGRO: THE “SMALL GLOBAL PLAYER”...

“SMALL” FOR ITS SIZE, “GLOBAL” FOR BEING BASED ON INNOVATION



619

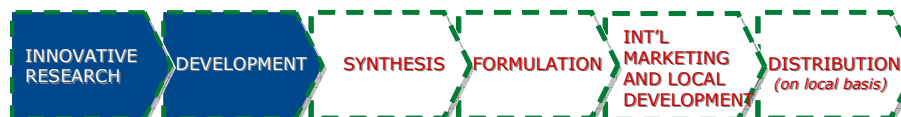
N° Employees
(47 staff + 572 operations)

144

Consolidated Revenues
2011 (€ million)



Who is Isagro



... BASED ON INNOVATION, ...

WITH BACKGROUND IN MONTEDISON'S R&D

- Only Italian company running Innovative Research
- ~ 100 people employed in R&D (including Registrations staff)

INVESTMENTS (€MILLION)



DISCOVERED MOLECULES

- Tetraconazole
- Kiralaxyl
- Orthosulfamuron
- Valifenalate
- Bio-stimulators/Pheromones
- Benalaxyl
- Novaluron



Who is Isagro

INNOVATIVE
RESEARCH

DEVELOPMENT

SYNTHESIS

FORMULATION

INT'L
MARKETING
AND LOCAL
DEVELOPMENT

DISTRIBUTION
(on local basis)

... INTEGRATED IN MANUFACTURING, ...

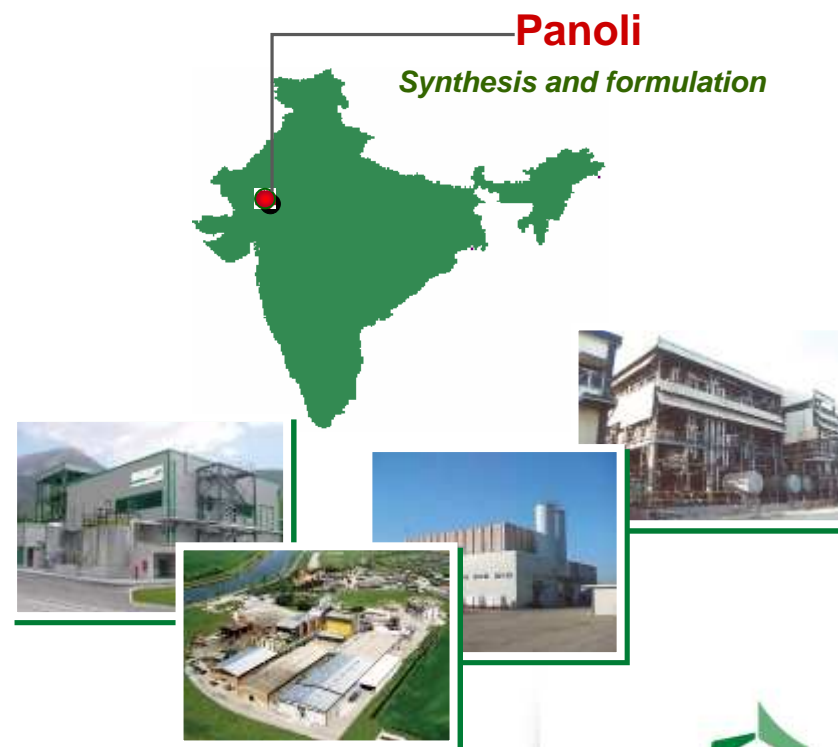
IN PARTICULAR IN THE CHEMICAL SYNTHESIS OF PROPRIETARY PRODUCTS

- 5 plants in Italy and India
- Panoli (India): strategic site for the synthesis of proprietary A.I.

IN ITALY



IN INDIA



Who is Isagro

INNOVATIVE
RESEARCH

DEVELOPMENT

SYNTHESIS

FORMULATION

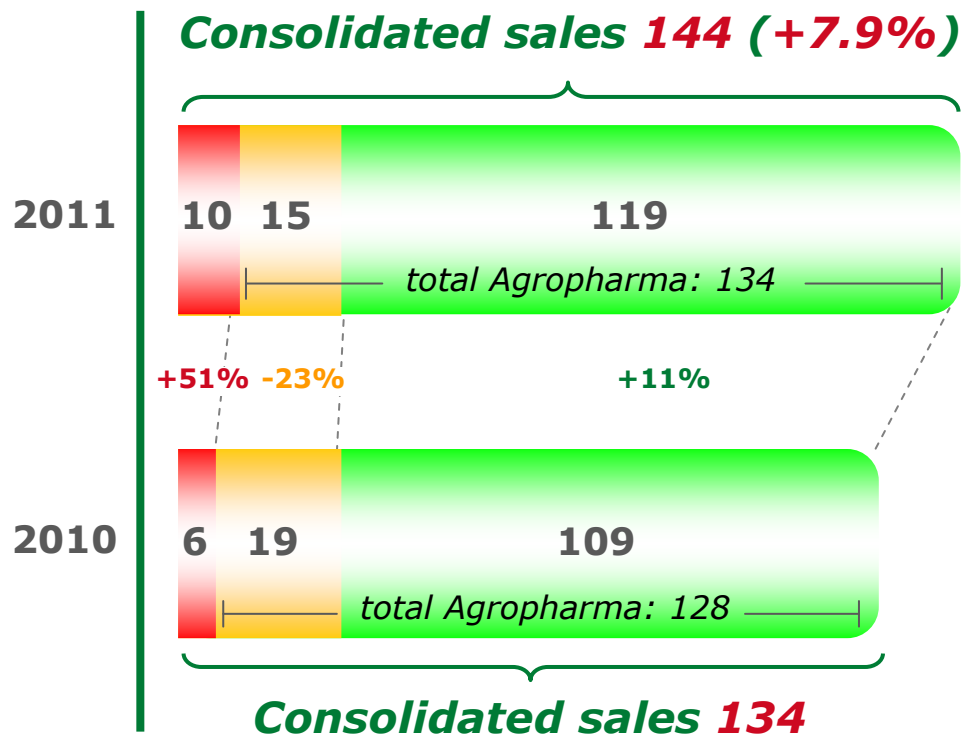
INT'L
MARKETING
AND LOCAL
DEVELOPMENT

DISTRIBUTION
(on local basis)

... WITH A PORTFOLIO BASED ON PROPRIETARY PRODUCTS ...

(Total revenues)

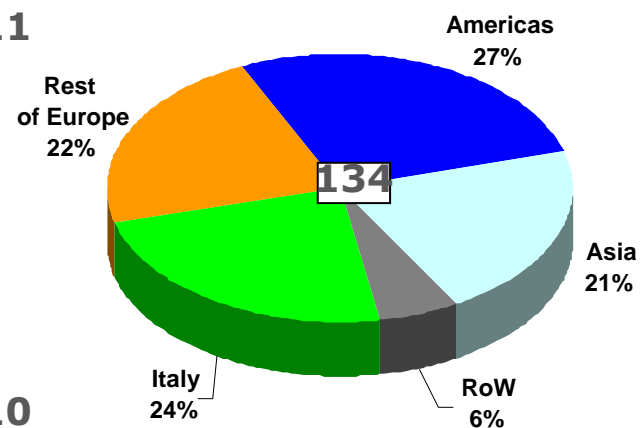
€ million



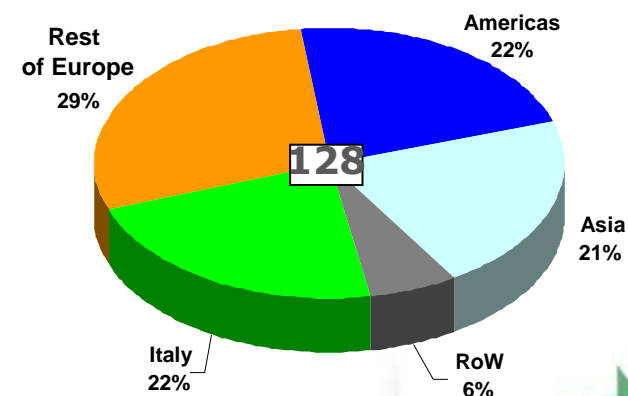
 Other products/services
  Third Parties' Agropharma
  Proprietary Agropharma

(Agropharma only)

2011



2010



Who is Isagro

INNOVATIVE
RESEARCH

DEVELOPMENT

SYNTHESIS

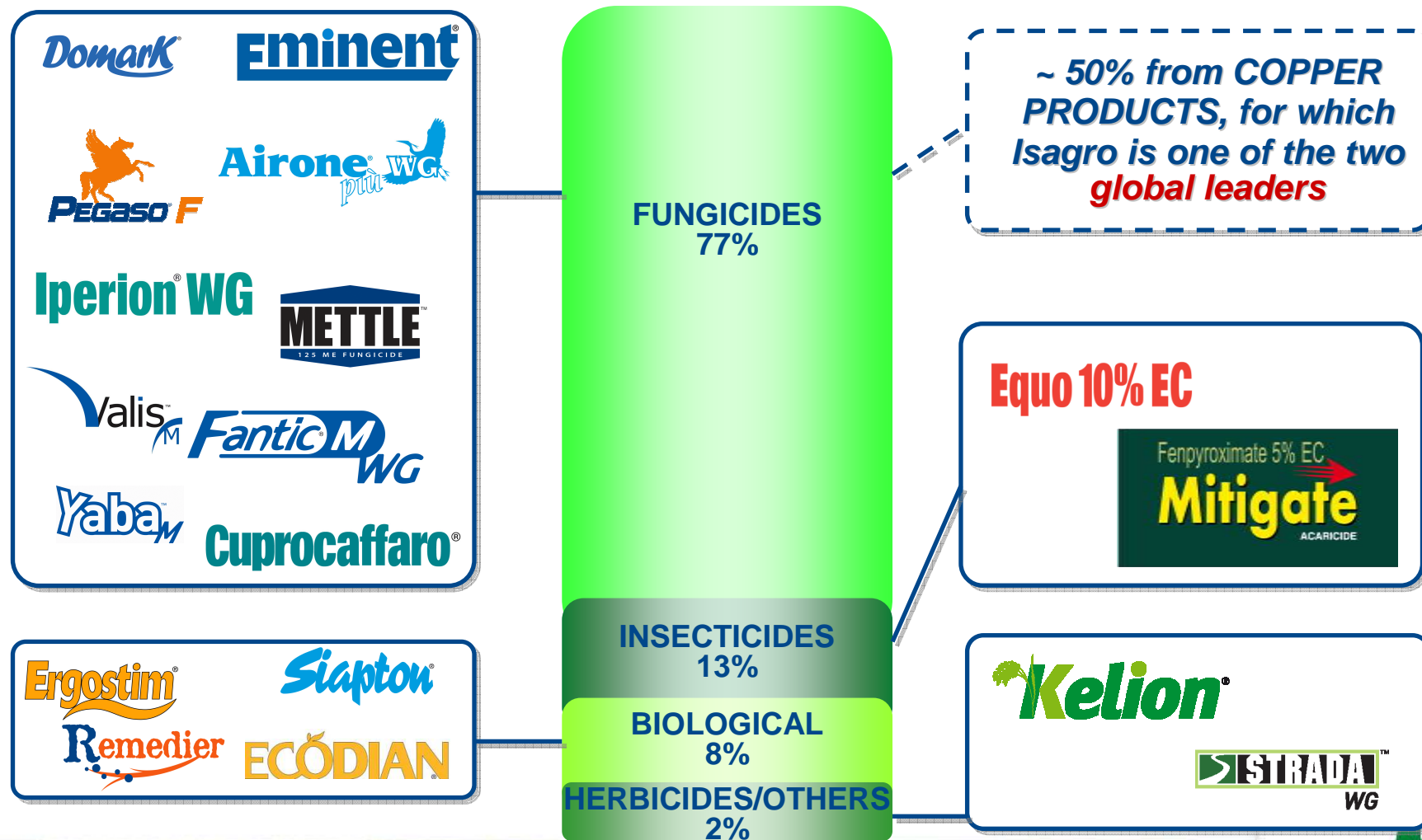
FORMULATION

INT'L
MARKETING
AND LOCAL
DEVELOPMENT

DISTRIBUTION
(on local basis)

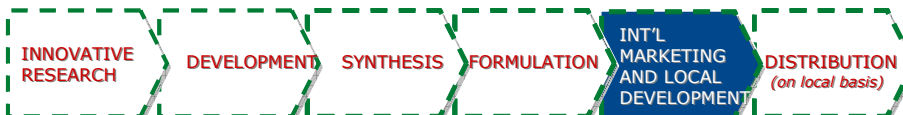
... AND FOCUSED ON FUNGICIDES, ...

PROPRIETARY AGROPHARMA €119 MILLION (83% OF TOTAL REVENUES)



ISAGRO

Who is Isagro

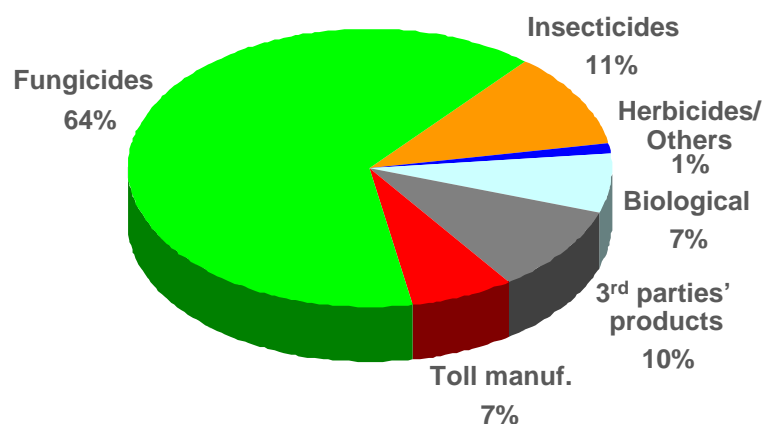


... WITH SALES IN MORE THAN 70 COUNTRIES, ...

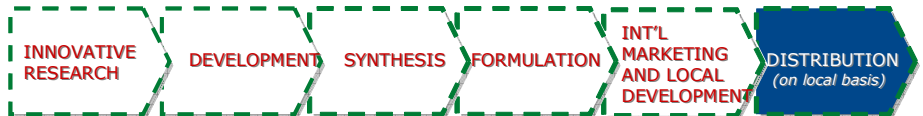
- Important market shares in selected segments
- Business-development presences in key markets to support the commercial penetration of existing proprietary products and the development of new ones

REVENUES BY PRODUCT FAMILY





REVENUES 2011: 144 €M



Who is Isagro



... A FEW TARGETED DIRECT PRESENCES IN DISTRIBUTION ...

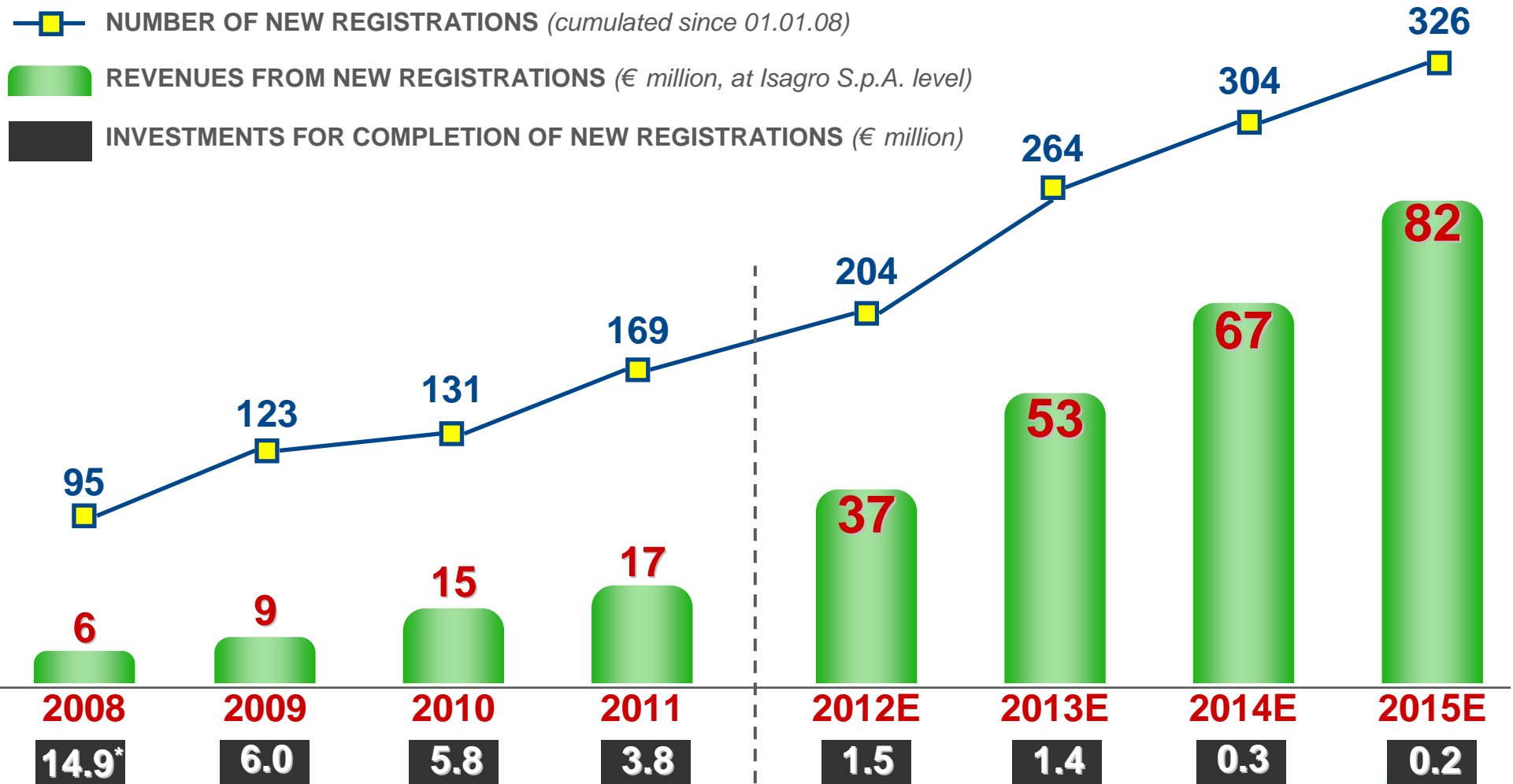
INDIA	COLOMBIA	SPAIN	USA
			
REVENUES (2011)			
€36.8M	€4.4M	€8.1M	€10.4M
N. OF EMPLOYEES (2011)			
257*	40	11	10
STAKE			
100%	100%	100%	100%

* Includes employees working in production



Chi è Isagro

... AND A GROWTH PROJECT FROM NEW REGISTRATIONS OF PROPRIETARY PRODUCTS



* Including 2007 investments



WHO IS ISAGRO

THE MARKET OF AGROPHARMA

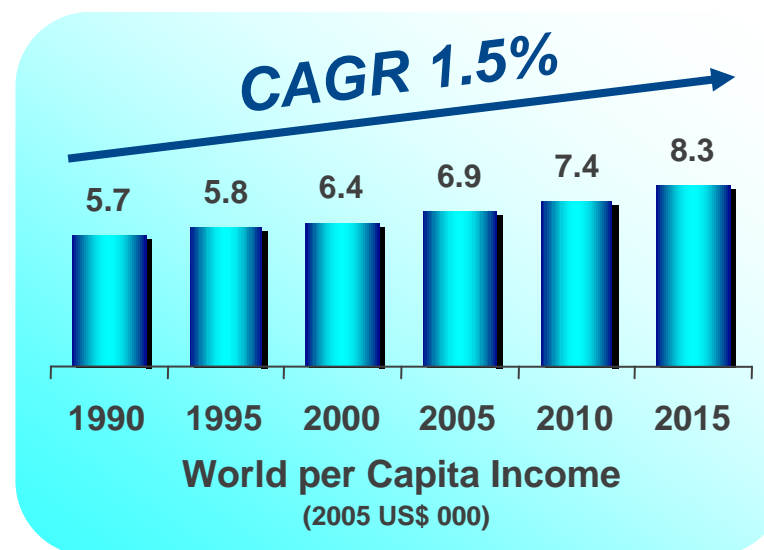
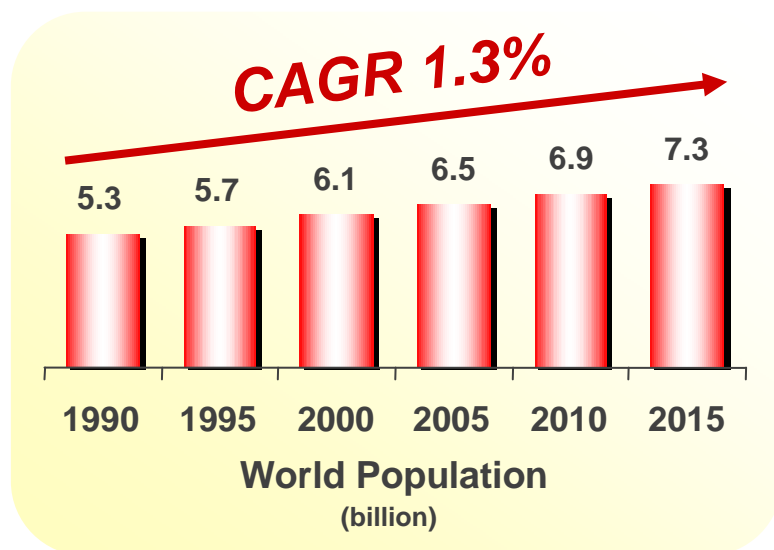
MISSION AND OBJECTIVES

Attachment: Our history



THE INCREASE OF THE DEMAND FOR FOOD ...

“There will be more people in the world tomorrow than today, they will earn more, they will eat better diets than in the past”



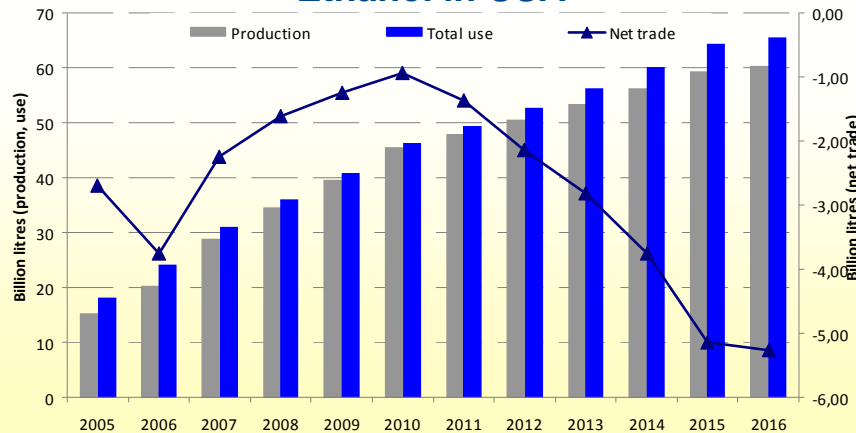
The increase of per-capita income in developing countries (mainly China and India) is to be spent largely to buy food

Source: USDA

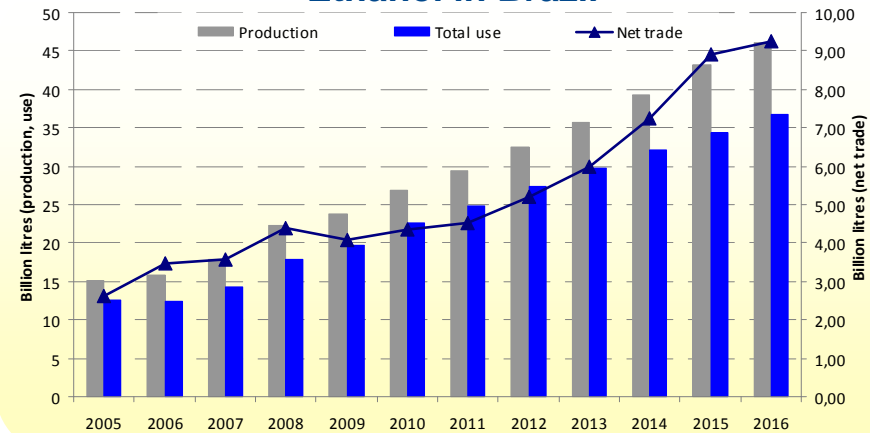


... AND THE GROWTH OF BIOFUELS ...

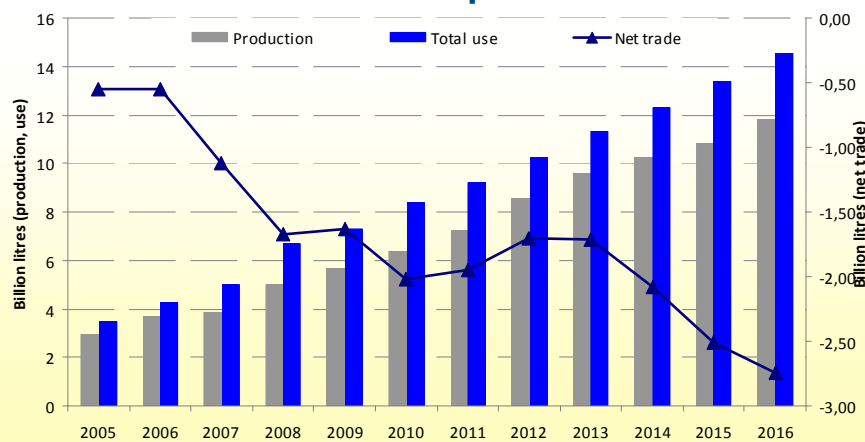
Ethanol in USA



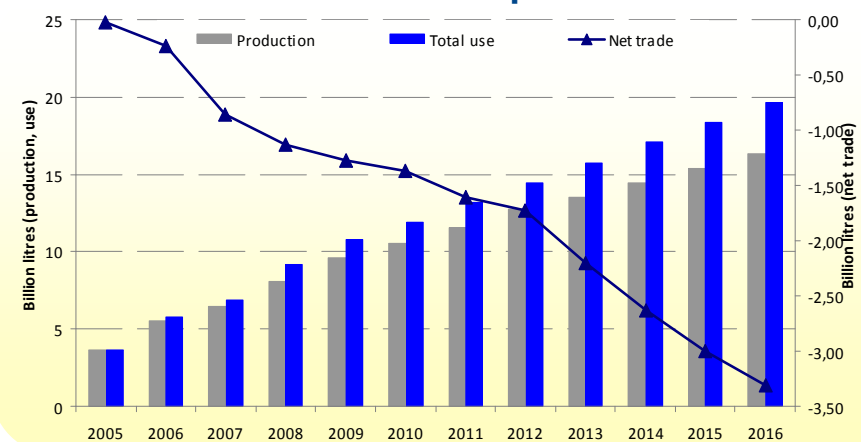
Ethanol in Brazil



Ethanol in European Union



Bio-diesel in European Union



Source: FAO Agricultural outlook 2009



... IMPLY FOR AGRICULTURE TO INCREASE PRODUCTIVITY

“LIMITATIONS”

**INCREASE IN
FOOD/BIOFUELS
DEMAND**

**LIMITED
CULTIVATED
AREAS**



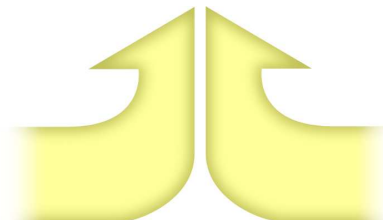
“CHALLENGE”

**NEED TO
INCREASE PRODUCTIVITY
PER HECTARE**

“MEANS”

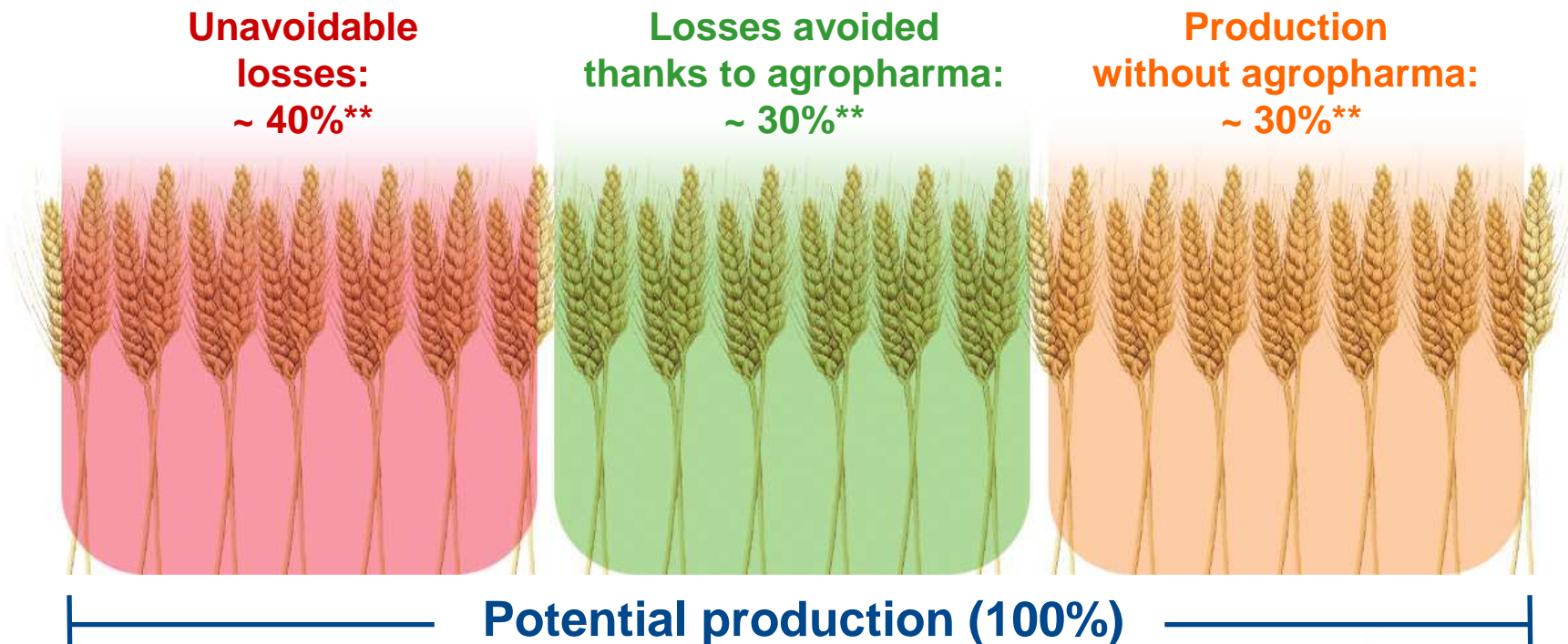
AGROPHARMA
(innovative, low dosage)

G.M.O.
and other technologies



AGROPHARMA: A KEY ROLE IN AGRICULTURE

- ✓ The “Pharmaceuticals” for crop health and yield
- ✓ 2011 world market value: US\$ 45.2 bln*



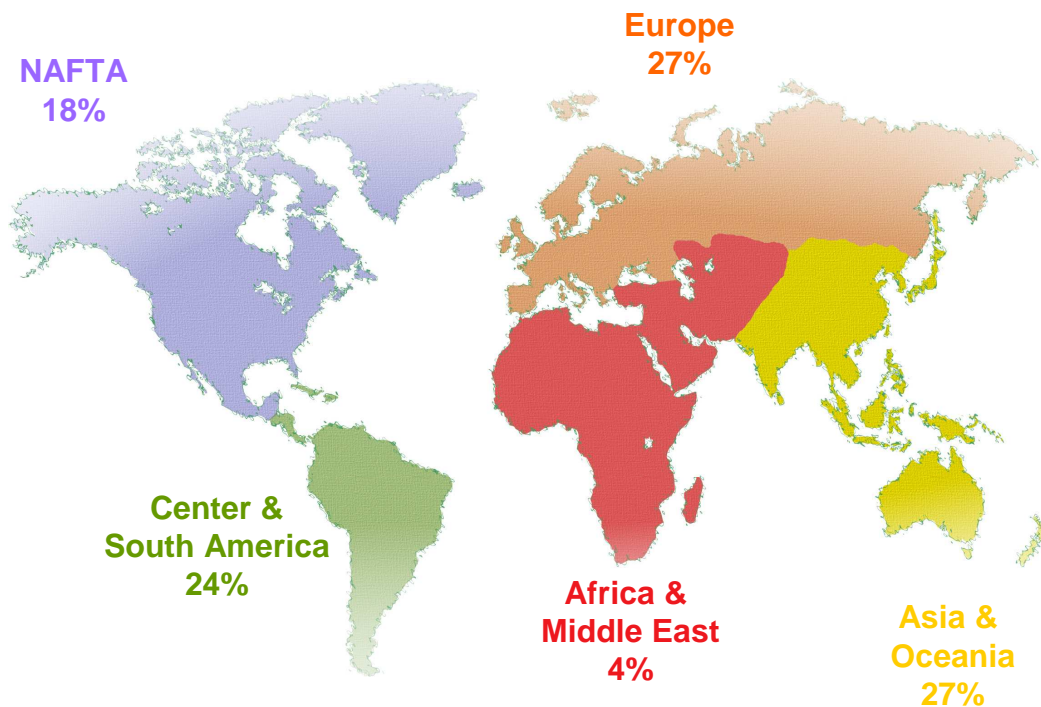
* Source: Phillips McDougall

** Source: Agrofarma

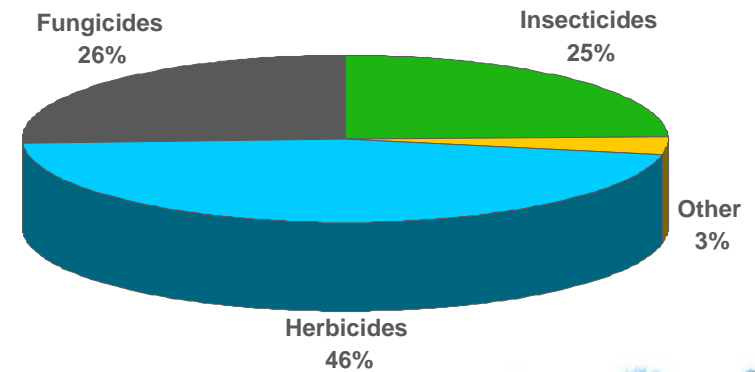


The market of Agropharma

A “GLOBAL” MARKET ...



US\$ 45.2 billion in 2011



Source: Phillips McDougall



... WHICH EVOLVED IN THE LAST 20 YEARS ...

CONTEXT

■ DEMAND FOR NEW PRODUCTS

- ▶ New parameters of environmental compatibility
- ▶ Low dosage, targeted action
- ▶ New products substituting existing ones

■ A NUMBER OF PATENTS ABOUT TO EXPIRE

2ND EFFECT

■ CONCENTRATION

- ▶ First six players (all with innovative research) represent ~ 70% of the world market in 2010

COMPANIES

■ TECHNOLOGICAL INNOVATION

- ▶ Players with innovative research: 7-10% of revenues invested in R&D
- ▶ “Time-to-market” for a new molecule: 10-12 years

■ DEVELOPMENT OF GENERICS

1ST EFFECT

■ GLOBALIZATION

- ▶ Extraction of value on a global basis for both Innovators and Generics players required

**COMPETITION
SEGMENT
BY SEGMENT**
(country/crop/disease)



The market of Agropharma

... WITH “INNOVATIVE” AND “GENERIC” PLAYERS...



With “Innovative Research”

(based on Specialties)

	Market share %
✓ Bayer ✓ Syngenta	> 15
✓ BASF ✓ Monsanto ✓ Dow AgroSciences ✓ DuPont	5-15
✓ Sumitomo Chemical*	2-5
✓ Nippon Soda ✓ Mitsui ✓ Nihon Nohyaku	0,8-2
✓ ISAGRO	0,5

Without “Innovative Research”

(based on Generics)

	Market share %
✓ Maktheshim-Agan ✓ Nufarm	5-15
✓ Arysta ✓ FMC ✓ Cheminova ✓ UPL	2-5
✓ Chemtura ✓ Sipcam-Oxon	0,8-2

* Holds 20% stake in Nufarm

Source: Phillips McDougall



(2010 DATA)



... .. WHERE ISAGRO, BASED ON INNOVATIVE RESEARCH, CAN COMPETE

"THESIS"

THE MARKET OFFERS "SPACE" TO A "SMALL INNOVATOR", BECAUSE:

- It is strongly "segmented" (country/crop/disease combinations)
- Local/multi-local players *without* innovative research but *with* distribution network have a strategic interest for innovative products, substitution of products in phase-out, portfolio enhancing, fixed cost efficiency

"EVIDENCES"

ISAGRO HAS SALES IN MORE THAN 70 COUNTRIES WITH IMPORTANT MARKET SHARES IN SELECTED SEGMENTS

COMPETITION OCCURS ON A WORLD-WIDE BASIS, SEGMENT BY SEGMENT

(Isagro's market shares for country/crop/disease combination)

	Brazil/Cotton/Ramularia	48%
	Japan/Sugar beet/Cercospora leafspot	40%
	Italy/Olive/Various fungus diseases	54%
	Italy/Grape/Downy mildew	12%
	USA/Sugar beet/Cercospora leafspot	20%
	USA/Soybean/Various diseases	12%
	Spain/Olive/Various fungus diseases	10%
	Brazil/Soybean/Asian rust	4%



(2010 DATA)





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ISAGRO IS, ALTHOUGH “SMALL”, A “GLOBAL” COMPANY ...

“GLOBAL”
because ...

... based
on R&D

HUMAN RESOURCES

~ 100 people, mostly headquartered at the R&D center in Novara (Italy), engaged on a world-wide basis in the discovery of new molecules and in the obtaining of new registrations for all targeted countries

PROPRIETARY PRODUCTS (SOLD IN MORE THAN 70 COUNTRIES)

Consolidated:

- ✓ Tetraconazole
- ✓ Airone®
- ✓ Remedier®

- ✓ Ergostim® XL
- ✓ Siapton® X
- ✓ Ecodian

Recent:

- ✓ Kiralaxyl®
- ✓ Orthosulfamuron
- ✓ Valifenalate



... integrated

PRODUCTION, COMMERCIALIZATION AND DISTRIBUTION

- ✓ 2 plants for organic synthesis (Bussi - Italy and Panoli - India)
- ✓ 1 plant for inorganic synthesis (Adria - Italia)
- ✓ 3 plants for formulation (Adria, Aprilia – Italy; Panoli – India)
- ✓ 4 companies for local market development (Brazil, China, Cuba and Greece)
- ✓ 4 direct distribution presences (Colombia, India, Spain and USA)



... INCREASING THE REGISTRATION ASSETS OF PROPRIETARY PRODUCTS ...

... thanks to investments already largely sustained, ...
(with a growing cash generation)

Fixed assets financed by Equity
(which underestimates the market value of Isagro's proprietary products)

Net working capital financed by debt

Investments in R&D for a new growth phase

Development and commercialization of proprietary products on a global basis



... OPENING A NEW DEVELOPMENT CYCLE ...

**FULL
COMPETITIVENESS
OF “BLOCKBUSTERS”**
*(Tetraconazole and
Copper Products)*

**GROWING
CONTRIBUTION FROM
NEW REGISTRATIONS**

“HARVEST” OF RESULTS IN THE MID TERM

In a market situation

- ✓ climatically “regular”
- ✓ with production increase due to growing demand for agricultural products



... AND EXPLOITING OPPORTUNITIES IN TERMS OF DISTRIBUTION AND “TARGETED” ALLIANCES

DISTRIBUTION

Presence, through controlled companies, in markets of strategic interest for proprietary products, respecting, however, the commitment of not employing huge financial resources to finance the distribution of third parties' products

“TARGETED” ALLIANCES

Partnership, in coherence with our “mission”, in single markets and/or single levels of the value-chain, aimed at better exploiting the potential of commercial development of proprietary products





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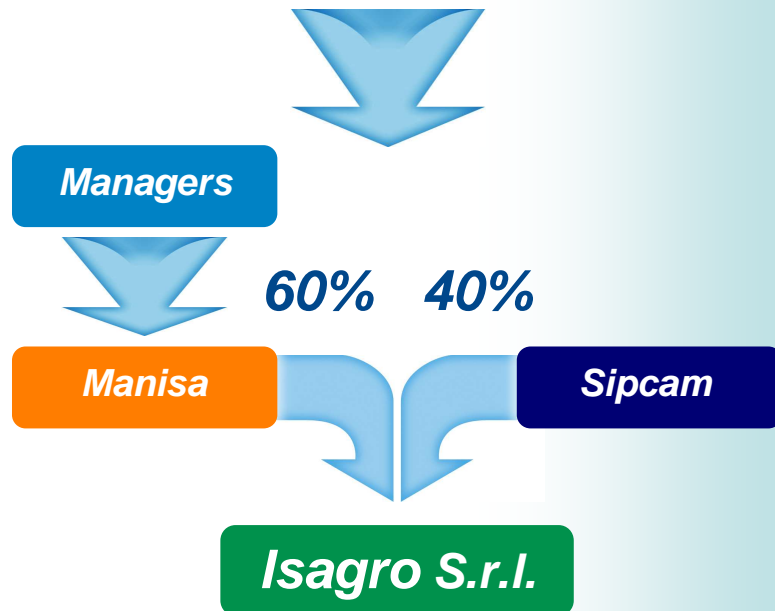
COMPARING TWO MOMENTS

CONTROLLING STRUCTURE

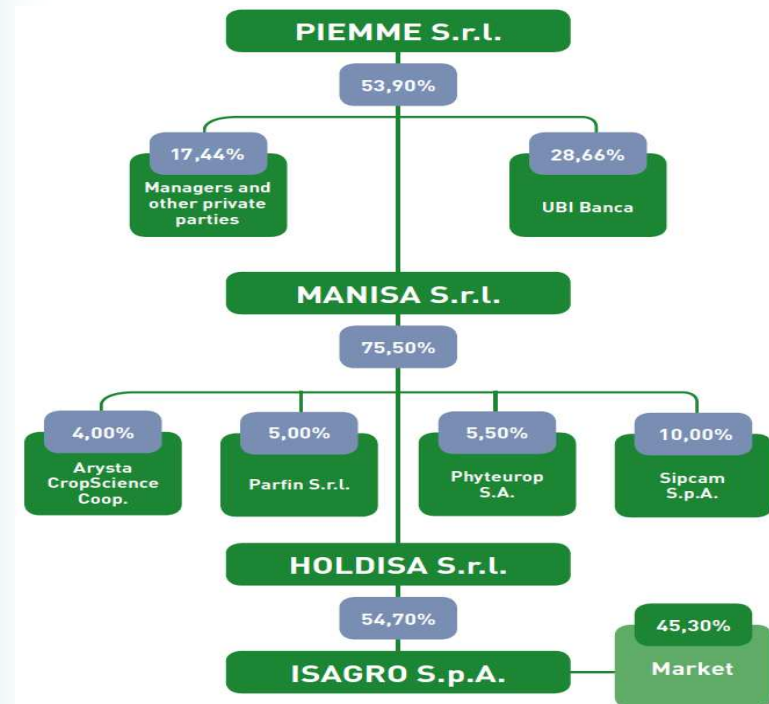
1993

(Management Buy Out)

*After 40 years of
Montedison history*



Today



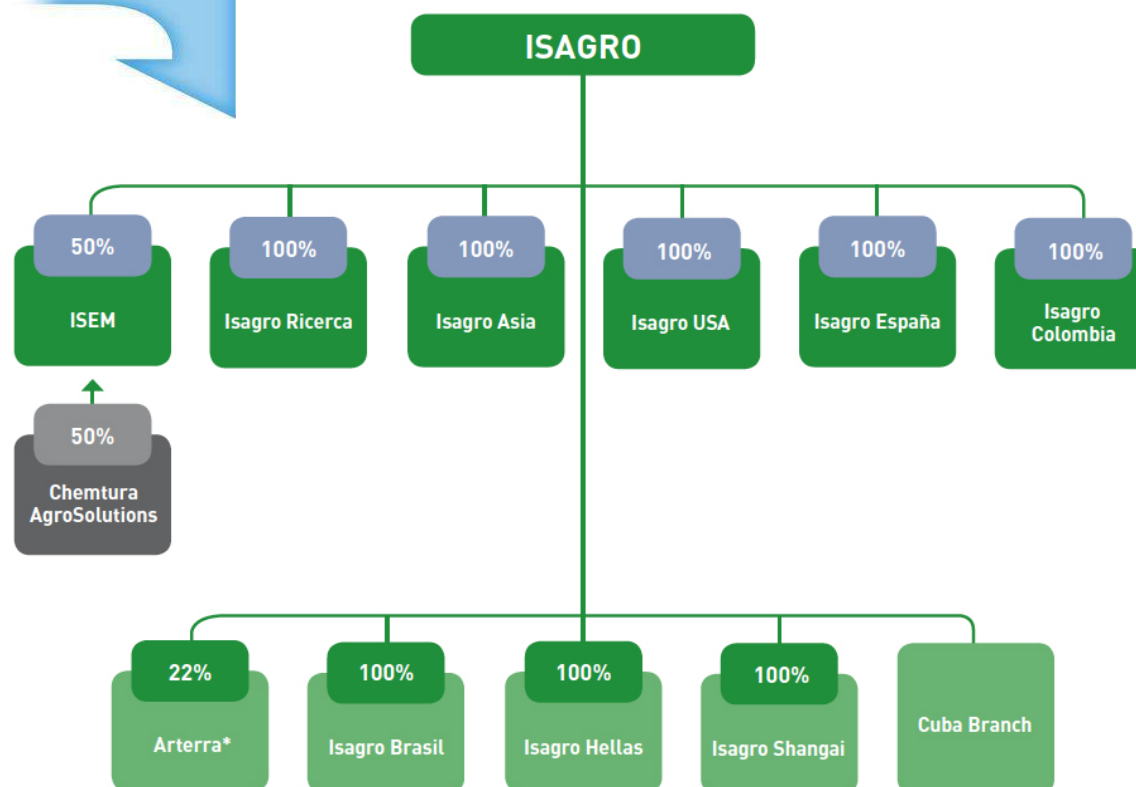
COMPARING TWO MOMENTS

GROUP STRUCTURE (AFTER STRATEGIC OPERATIONS OF 2011)

From 1993...

ISAGRO S.R.L.

... to today



* Company operating in the R&D of biology and molecular genetics



COMPARING TWO MOMENTS

KEY DATA

€ million

1993

2011

Revenues

53

144

of which: outside Italy

38%

76%

EBITDA

5

13

Net result

0,5

10.3

Equity

21

77

Net financial position

9

57

Memo: Net working capital

19

49

Employees (number)

116

619

of which: outside Italy

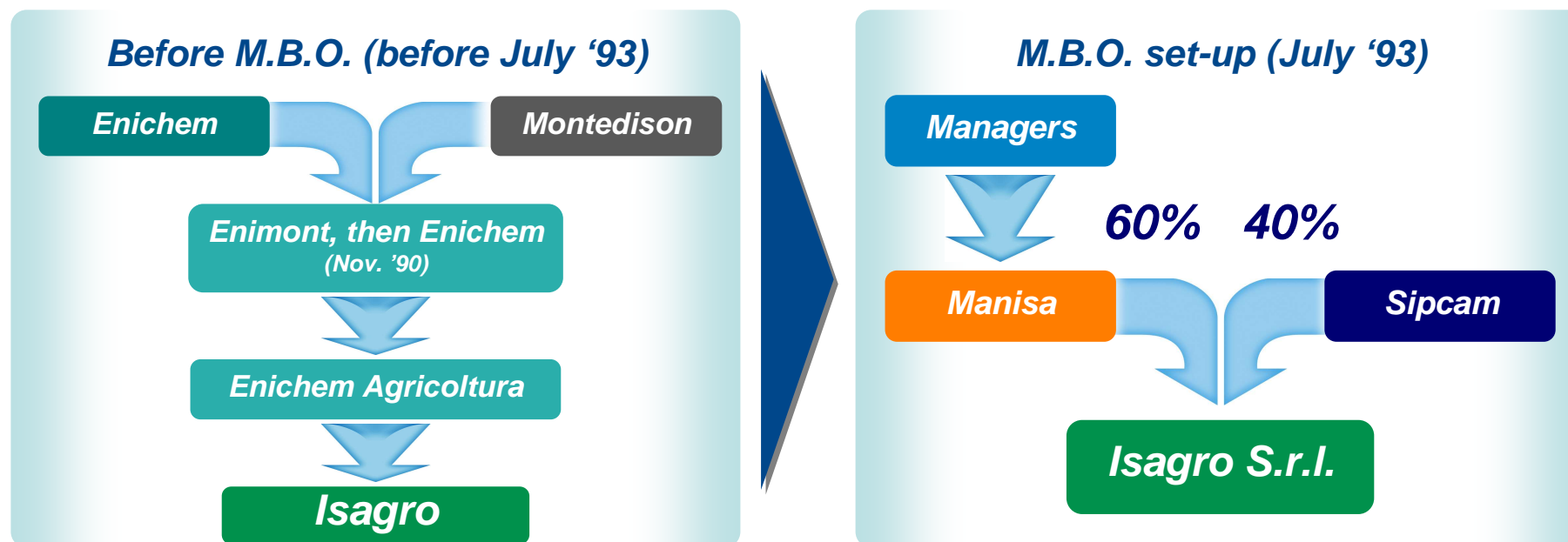
2

311



PHASE 1: 1993 - 2000

THE MANAGEMENT BUY OUT



PHASE 1: 1993 - 2000

THROUGH MANAGERIAL ACTIONS ...

1992 - Before the M.B.O.

1993 - 2000

R&D

Oversized if compared with
commercial capacity ...

... but with high innovation power

*Partners without
R&D but with
distribution
capacity*

Proprietary
products

Commercialized mostly in Italy ...

... but with a global potential

*Development of
registrations
on a world-wide
basis*

Distribution

Not adequately fed
by Innovative Research ...

... but well positioned in Italy

*Partners without
distribution in
Italy but with
R&D*



PHASE 1: 1993 - 2000

... AND A "STRATEGIC ALLIANCE SYSTEM" ...

- ✓ *Strategic alliances granted a contribution to R&D expenses and the access to the distribution networks of the partners on a world-wide basis*

R&D +
Distribution



Distribution



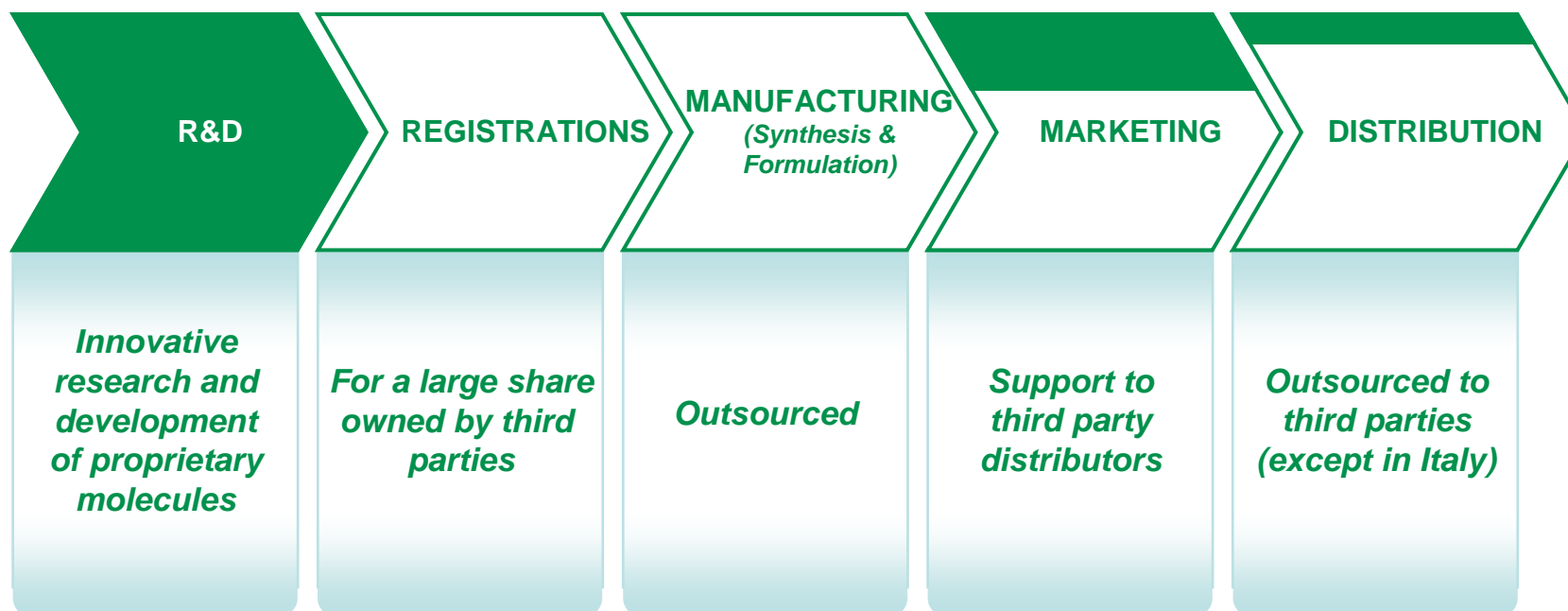
Manufacturing



PHASE 1: 1993 - 2000

... ESTABLISHMENT OF A R&D “INTANGIBLE COMPANY” BUSINESS MODEL

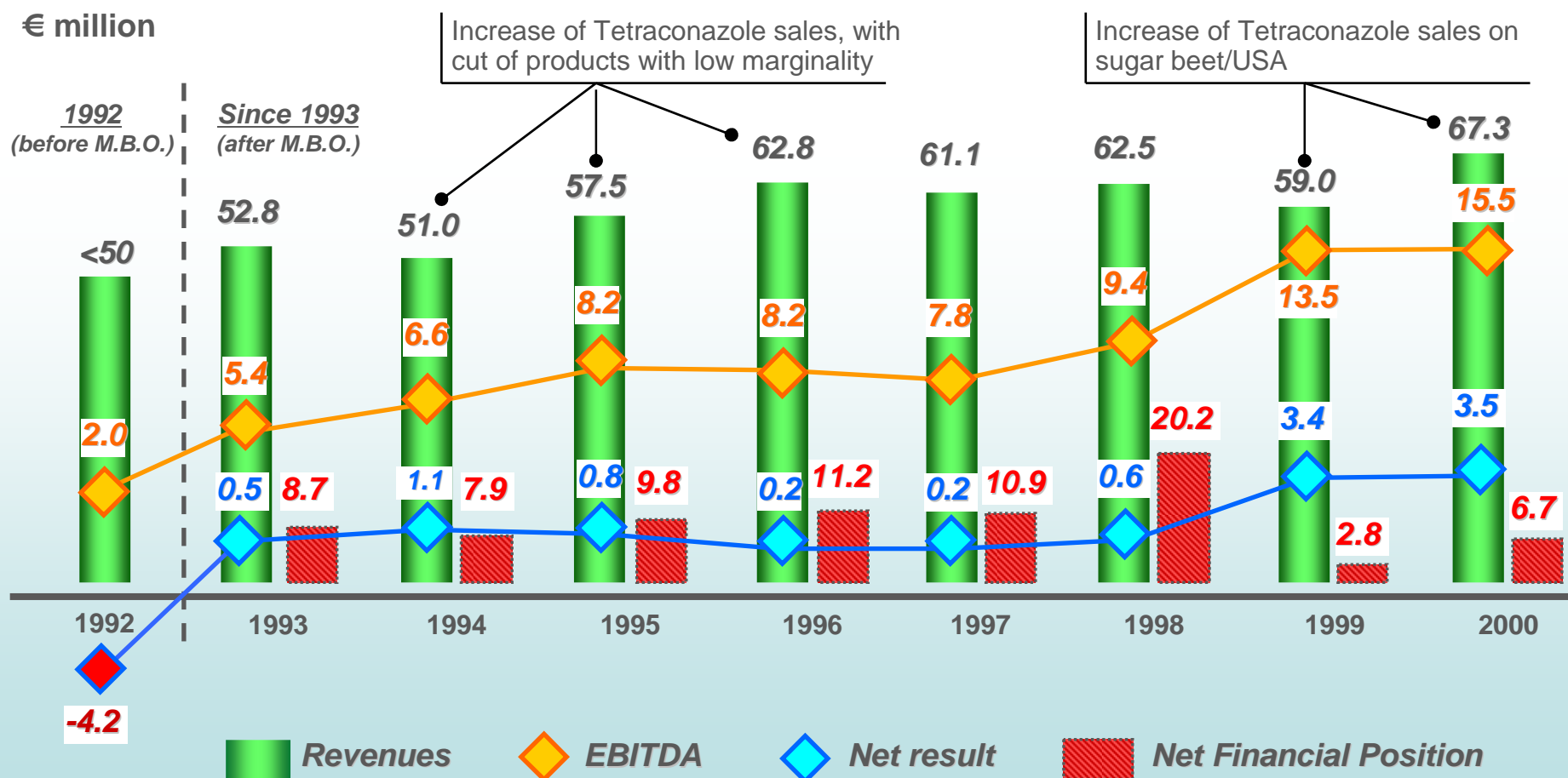
2000-END



Attachment: Our history

PHASE 1: 1993 - 2000

... WITH GROWING PROFITS AND MINIMUM DEBT



PHASE 2: 2001 - 2010

THE “QUESTION” IN 2001

What to do?



*To remain
small*



*To grow
and become
more integrated*

*(exploiting the possibility of
leveraging on debt to
finance growth)*



PHASE 2: 2001 - 2010

OUR CHOICE: TO BECOME INTEGRATED ...

ACQUISITIONS

In 2001:

- Italy: synthesis and formulation of copper products (from Caffaro)
- India: synthesis and distribution (from RPG LifeScience)

In 2006 (taking advantage of low valuations due to market crisis):

- Brazil: 50% stake in Sipcam Isagro Brasil (distribution)
- Argentina/Colombia: JV 50/50 with Sipcam-Oxon (distribution)



NEW INVESTMENTS IN PRODUCTION

- Adria (Italy): WG line – 2003
- Bussi (Italy): plant for synthesis of Tetraconazole - 2006
- Novara (Italy): plant for fermentation of biological products - 2006
- Panoli (India):
 - ▶ Line for the synthesis of intermediate material of Tetraconazole - 2004
 - ▶ Line for the synthesis of new molecules - 2006/2007
 - ▶ Pilot plant - 2007

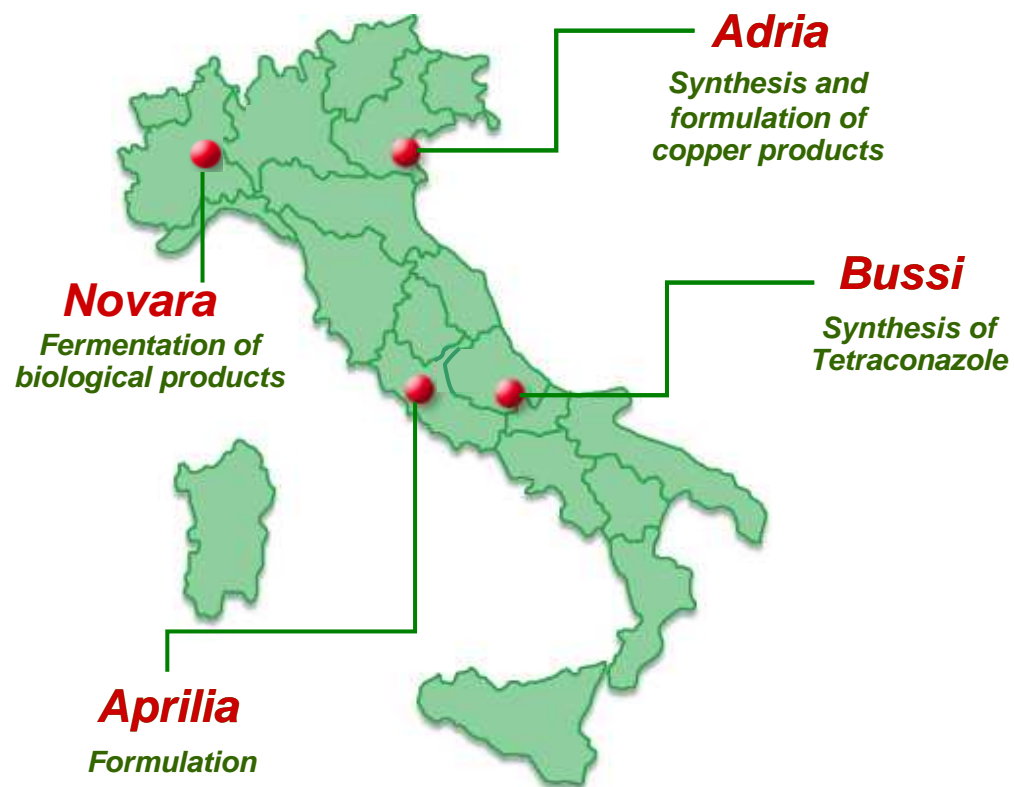


Attachment: Our history

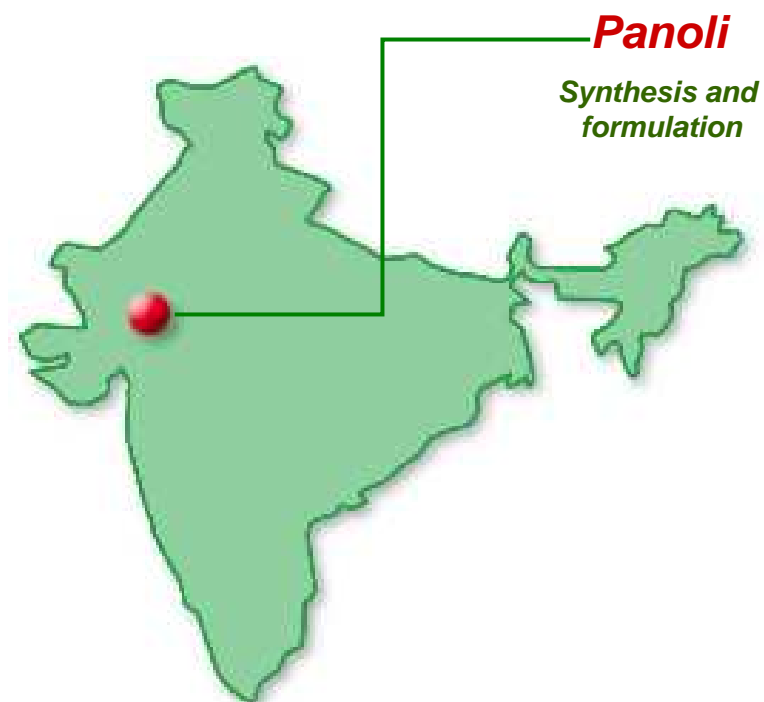
PHASE 2: 2001 - 2010

... SECURING THE PRODUCTION OF PROPRIETARY PRODUCTS

IN ITALY



IN INDIA

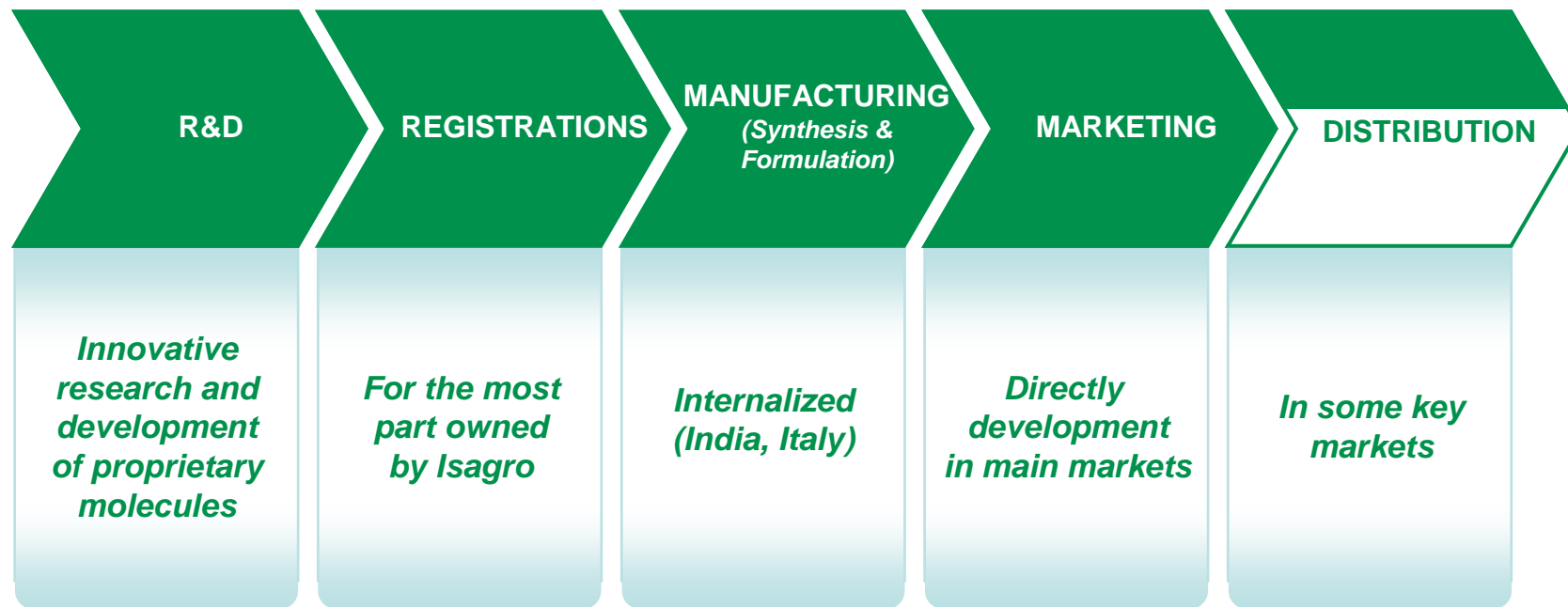


Attachment: Our history

PHASE 2: 2001 - 2010

... **THUS LEADING TO A STRENGTHENING OF VALUE EXTRACTION CAPABILITIES IN THE LONG TERM ...**

2010-END



Attachment: Our history

PHASE 2: 2001 - 2010

... ALSO OBTAINING IMPORTANT AWARDS ...

In 2004

“Best Innovator” (Italy)

Promoted by AT Kearney and Confindustria

In 2005

“Entrepreneur Of The Year” – Category Finance (Italy)

Promoted by Ernst&Young

In 2006

“Confindustria Awards For Excellence” – Category “Made in Italy in the world”

In 2007

“Champion of growth” (Italy)

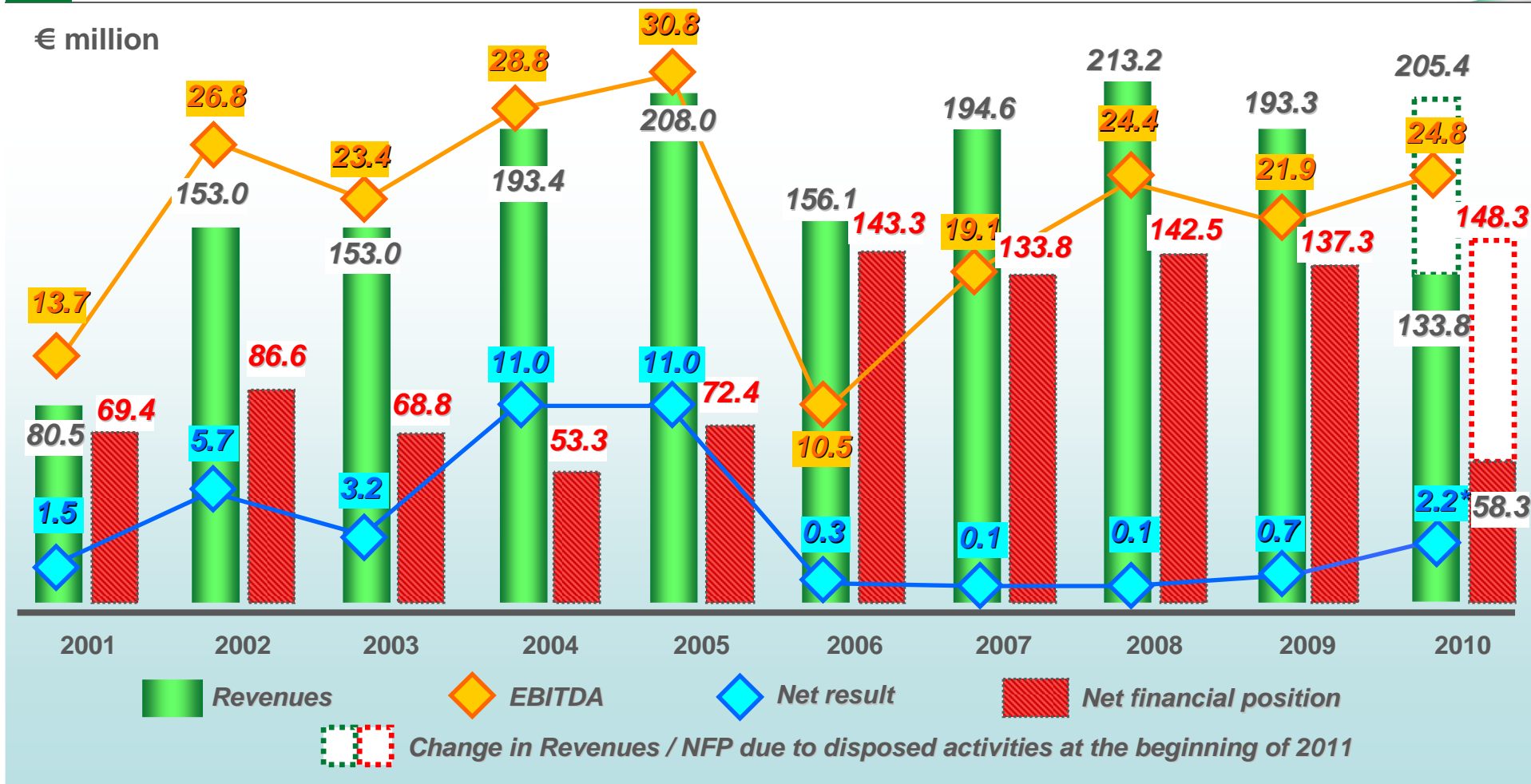
Promoted by Confindustria in co-operation with Cerved, McKinsey and Università Bocconi



Attachment: Our history

PHASE 2: 2001 - 2010

... BUT WITH UNSATISFACTORY RESULTS IN THE LAST FEW YEARS ...

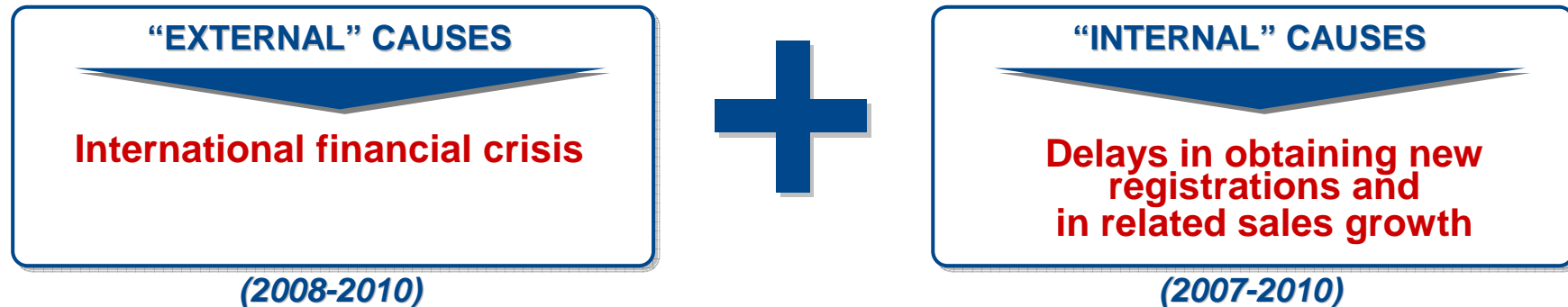


* Excluding the net result from disposed activities at the beginning of 2011



PHASE 2: 2001 - 2010

... BECAUSE OF EXTERNAL AS WELL AS INTERNAL CAUSES ...



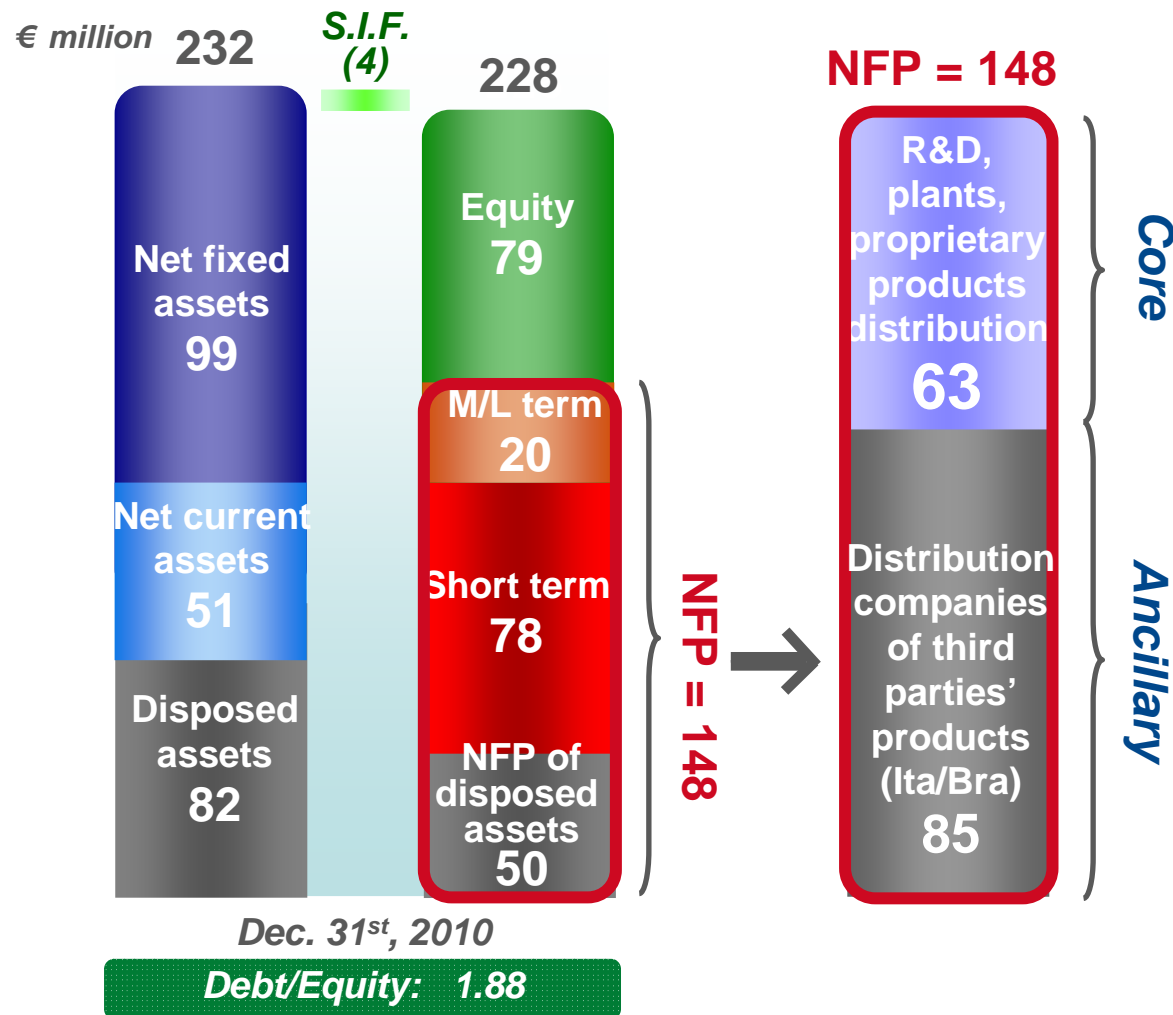
EFFECTS

- 1 CASH GENERATION LOWER THAN EXPECTED WITH CREDIT-CRUNCH / INCREASE OF SPREADS**
(IN A SITUATION OF HIGH CORPORATE DEBT, CREATED MAINLY TO FINANCE THE ACQUISITIONS)
- 2 IN DISTRIBUTION 50/50 JVs IN BRAZIL AND ITALY, STRONG INCREASE IN DEBT TO FINANCE THE WORKING CAPITAL FOR THIRD PARTIES' PRODUCTS**
(IN BRAZIL, ALSO IMPORTANT INCREASE IN THE COST OF DEBT)
- 3 DIFFICULTIES IN CONTINUING TO FINANCE BOTH R&D AND DIRECT DISTRIBUTION IN CAPITAL INTENSIVE MARKETS**
(THE LATTER IMPLYING DEBTS LARGELY TO FINANCE THIRD PARTIES' PRODUCTS)



PHASE 2: 2001 - 2010

... AND AN UNBALANCED FINANCIAL STRUCTURE



Focus on debt for ancillary business

- a 60% of Group's debt used to finance non-core activities...
- ... in non-controlled companies ...
- ... with high financial expenses

In a situation of
**INTERNATIONAL
FINANCIAL CRISIS**



2011 TURNAROUND

STARTING FROM 2010, ACTIONS TAKEN TO COPE WITH EMERGED CRITICALITIES
2006-2009 ...

R&D

Still oversized compared to the
distribution strength ...

*... and needing a partner culturally, geographically and product
portfolio-wise complementary*

Third parties' products

Functional to the sales of proprietary products and
distributed mainly in Italy and Brazil ...

*... but with too high requirements of financial resources and
subsequent high financial expenses*

Distribution

Still not adequately fed
by Innovative Research ...

*... and to be pursued in market with a strategic
interest for proprietary products*



2011 TURNAROUND

... WHICH TURNED OUT INTO FOUR AGREEMENTS FINALIZED IN 2011 ...

**Partnership
with Chemtura
AgroSolutions**

*Sharing of the budget of innovative research and of costs
for the development of discovered active ingredients*

*Cash available to finance the core-business,
thanks to € 20 million chasing*

*Strengthening of value extraction from products in
partnership, on an incremental basis*

**Divestment of 50%
stake in Isagro Italia**

*Strong reduction of financial debt linked to the distribution
of third parties' products*

**Divestment of 50%
stake in
Sipcam Isagro Brasil**

*Additional cash resources to finance the
core-business thanks to € 35 million cashing*

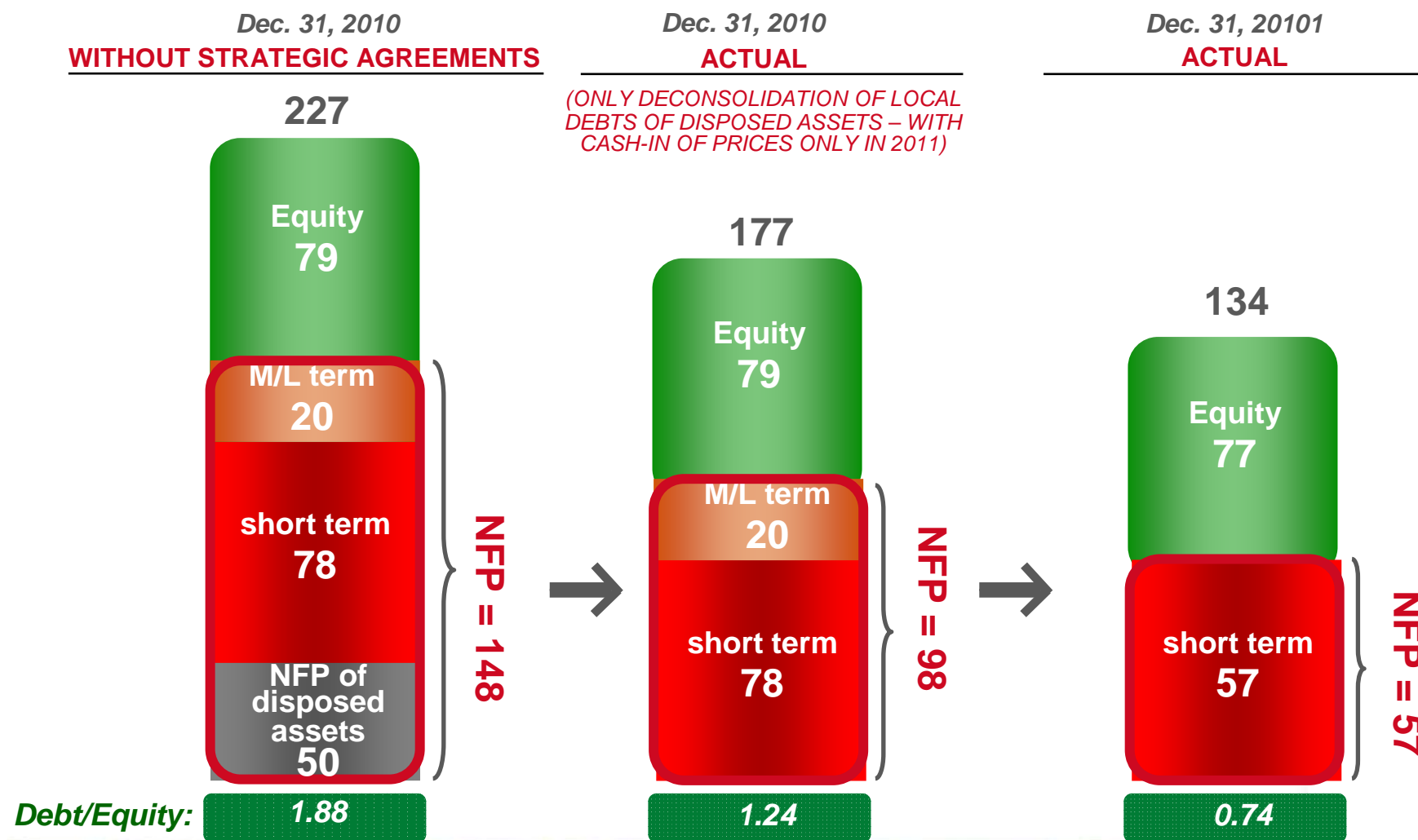
**Termination of
ISI 50/50 JV**

With acquisition of 100% of Barpen



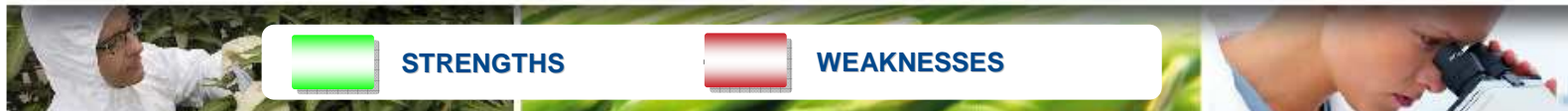
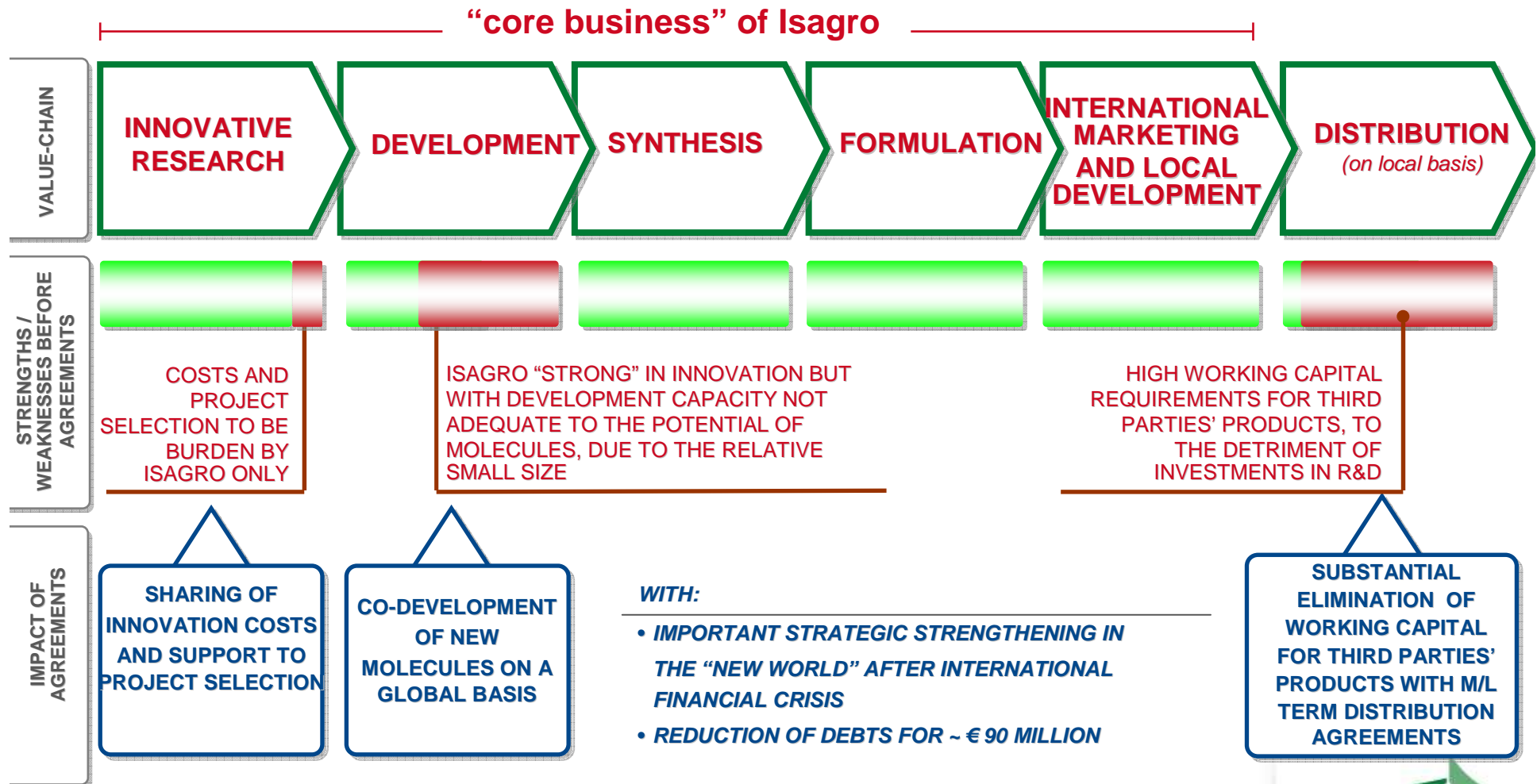
2011 TURNAROUND

... WHICH LED TO A STRONG REDUCTION OF DEBT ...



2011 TURNAROUND

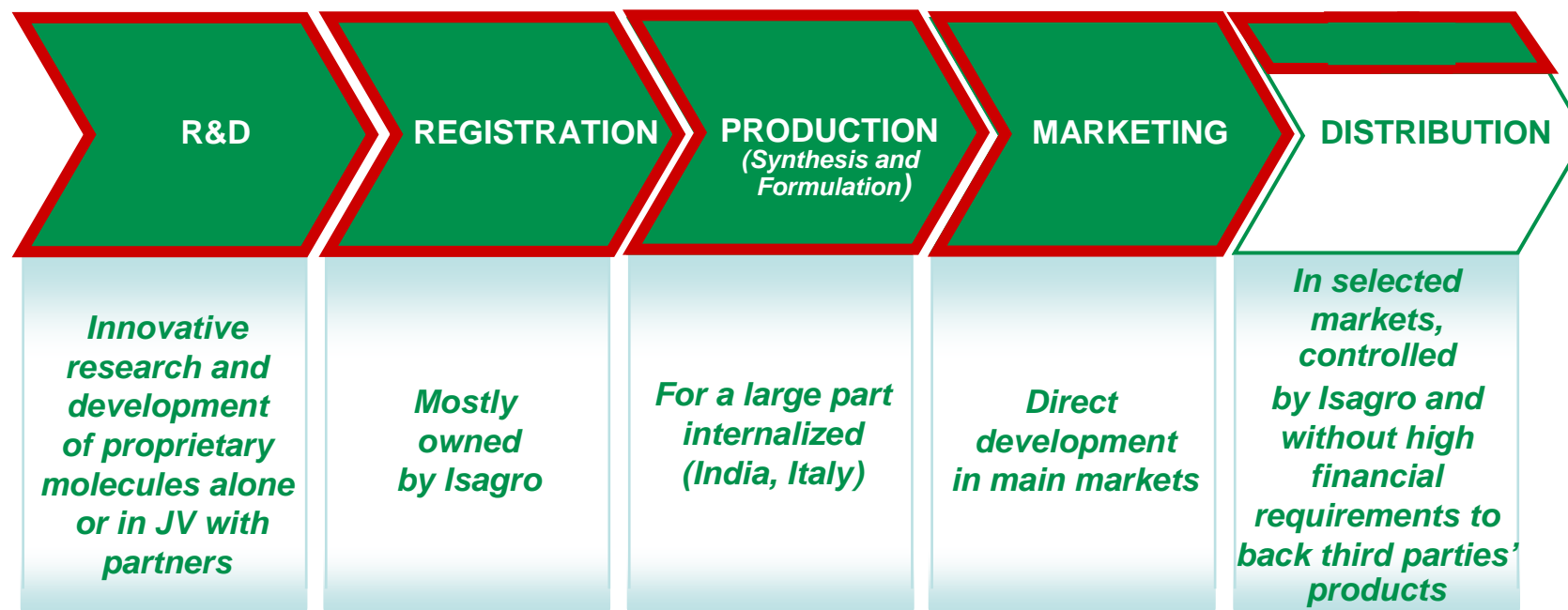
... MAKING US STRONGER ...



2011 TURNAROUND

... AND MORE FOCUSED

2011



Core-business



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CONTACTS

For information:

ISAGRO S.p.A.

Ruggero Gambini

*Corporate Director Finance,
Control & IR*

Alessandro Zacchera

*Assistant to IR Manager &
Junior Strategic Planner*

tel. (+39) 02.40901.443

email: ir@isagro.it

www.isagro.com

