ISAGRO: GROWTH AND VALUE EXTRACTION, BASED ON OUR INNOVATION

Isagro SpA
STAR Conference

London, October 6th, 2015
Today: imbalance between Demand and Supply of food ...

... because, in spite of an important increase of the Supply, ...

... the Demand has grown more than proportionally (for human and animal feeding and for industrial/energy use)

800 million people with inadequate access to food

Sources: ONU, FAO, elaboration of ONU and FAO data
Over the next 35 years the world population is expected to reach over 9 billion people...

With an unavoidable reduction of «farming land» per capita...

It is necessary to further (and significantly) increase yield per hectare.

Sources: ONU, FAO, World Bank
CROP PROTECTION PLAYS A KEY ROLE IN AGRICULTURE ...

Unavoidable losses ~ 40%

Losses avoided thanks to Crop Protection ~ 30%

Production without Crop Protection ~ 30%

Actual production (60%)

Potential production (100%)

Source: Agrofarma
... AND REPRESENTS A GLOBAL MARKET...

US$ 57 Billion
(2014)
Estimated CAGR (EC) to 2019: +2.6%

Breakdown by region:

- NAFTA: 17.3% EC +1.1%
- Europe: 24.5% EC +2.4%
- Central and South America: 28.5% EC +2.3%
- Africa and Middle East: 3.8% EC +3.3%
- Asia and Oceania: 25.9% EC +4.0%

...and by product category:

- Herbicides 43%
- Insecticides 28%
- Fungicides 26%
- Others 3%

... BASED ON INNOVATION ...

- **Time to Market:** 10-12 years
- **Development cost for a new molecule:** 100 to 200 USD million

**Crop Protection market: total “Originators” 41%**

In spite of “Genericists”, “Originators” still retain a strategic advantage

2013 data

(higher margins for Originators)

18% Traded by “Originators”

59% Traded by new “Genericists”
Thus concentrated, yet with room for a player like ISAGRO

7 «BIG PLAYERS»

- Completely integrated
  - Originate and develop new molecules autonomously and sell through their own distribution networks

Total Crop Protection market

- ~ 80% (46 $B)
- ~ 20% (11 $B)

OTHER OPERATORS

- Generally not integrated and without discovery, but with development capabilities
  - With the strategic need to gain access to new molecules / innovative products

ISAGRO

- “Independent Global Originator”
  - Agreements on a selective basis
  - New molecules / innovative products
ISAGRO’S KEY FACTS & FIGURES

1993
Start-up of Isagro project, with a turnover below €50 M

1956
When our Innovation was founded (Montecatini/Montedison origin)

2003
IPO on the Milan Stock Exchange

Today
Turnover ≈ €150M
(80% of which outside Italy)

2018
Turnover > €200M
(based on projects underway)
OUR BUSINESS MODEL:
GLOBAL INDEPENDENT ORIGINATOR
of molecules/solutions for Crop Protection

We are an integrated player based on Discovery, originating new molecules / solutions for Crop Protection worldwide.

INNOVATIVE
RESEARCH

CO-DEVELOPMENT
AND/OR LICENSING
RIGHTS

ALONE

DEVELOPMENT

CHEMICAL
SYNTHESIS
(active ingredients)

5 MANUFACTURING PLANTS
(4 IN ITALY AND 1 IN INDIA)

5 R&D CENTER AND
1 FIELD TRIAL CENTER (ITALY),
1 PILOT PLANT (INDIA)

FORMULATION
(finished products)

DIRECT
PRESENCES IN:

DISTRIBUTION

INT’L
MARKETING
AND LOCAL
DEVELOPMENT

DIRECT
PRESENCES IN:
COLOMBIA, INDIA,
SPAIN AND USA

ALSO THROUGH
PARTNERSHIPS/
AGREEMENTS

MOSTLY
THROUGH
PARTNERS

(Companies in South-East Asia and in Turkey under incorporation)
OUR STRATEGY IS BASED ON OUR CAPABILITY TO INVENT AND TO BUILD ALLIANCES ...

1. TO ORIGINATE AND PRE-DEVELOP NEW MOLECULES, ALONE
   (Based on our Discovery)

2. TO ASSURE A PROPER EXPLOITATION OF OUR INNOVATIONS ON A GLOBAL BASIS ALSO BY ATTRIBUTING RIGHTS TO THIRD PARTIES
   (Thus overcoming our limited size vs. large Originators)

3. TO GROW IN THE BIOSOLUTIONS BUSINESS
   (Leveraging on our existing portfolio and innovation capability)

4. TO EXPAND OUR DIRECT PRESENCE ON KEY-MARKETS
   (For local marketing & sales activities)
... on which our business plan leverages.

**Memo: First Half 2015 Results (€M)**

**Revenues**
- 2014: 73
- 2015: 82

**EBITDA**
- 2014: 7
- 2015: 8

**NWC & NFP**
- June 30, 2014: 46 (NWC) 27 (NFP)
- June 30, 2015: 59 (NWC) 43 (NFP)
ISAGRO INTRODUCED “GROWTH SHARES”, A NEW CATEGORY OF SHARES FOR COMPANIES ALREADY HAVING A «CONTROLLING SUBJECT» …

Equity strengthening, without losing control

- Extra dividend
- Automatic conversion into Ord. Shares
- No voting rights
- Not significant for a minority shareholder

20% vs. Ordinary Shares in the case of Isagro

In any case the Controlling Subject loses control and/or in case of Compulsory Public Offer (OPA)
... SUFFERING AN “UNJUSTIFIED” SPREAD VS. ORDINARY SHARES ...

In the 12-month period: ~11.7 million Ordinary Shares and ~5.9 million Growth Shares traded
(versus floating ~11.4 million Ordinary Shares and ~13.7 million Growth Shares)

*Growth Shares* are a new category of special shares, issuable by companies having a Controlling Subject, which against the absence of voting right:

- grant an extra-dividend vs. Ordinary Shares (20% in the case of Isagro);
- are automatically converted into Ordinary shares if the controlling Subject loses control and/or in any case of Compulsory Public Offer.
... IN A SITUATION OF TOTAL MARKET CAPITALIZATION LOWER THAN BOOK VALUE

<table>
<thead>
<tr>
<th></th>
<th>Price as of Oct. 2nd, 2015 (€)</th>
<th>Market Capitalization (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORDINARY SHARES</td>
<td>1.46</td>
<td>35.8</td>
</tr>
<tr>
<td>GROWTH SHARES</td>
<td>1.15</td>
<td>16.3</td>
</tr>
<tr>
<td>MARKET CAP.</td>
<td></td>
<td>52.1</td>
</tr>
<tr>
<td>EQUITY BOOK VALUE*</td>
<td></td>
<td>97.7**</td>
</tr>
</tbody>
</table>

Market capitalization < Book Value

* As of June 30th, 2015
** Significantly lower than Net Assets Value
ATTACHMENT: OUR CORPORATE PROFILE
ISAGRO: ITALIAN, INDEPENDENT...
Listed on the Italian Stock Exchange (STAR* segment)

Piemme
Italian holding company indirectly controlling Isagro

Gowan
industrial partner with a minority stake

2/3 of total shares (Ordinary + Growth) floating in the marketplace

Controlling structure

* High Requirements Stock Segment of the Italian Stock Exchange (part of the LSE Group)
Isagro is the only non-large Crop Protection company operating globally based on its own Innovative Research.

- Research Center in Novara (Italy)
- Pilot plant in Panoli (India)
- Field-trial station in Galliera (Italy)

DISCOVERED MOLECULES:
- Benalaxyl
- Biofungicide
- Biostimulants/Pheromones
- Kiralaxyxl
- Novaluron
- Orthosulfamuron
- SDHi class fungicide *
- Tetraconazole
- Valifenalate

*under co-development

€ ~15 M annual expenditure in R,I&D
~100 People working in R,I&D
OUR DISCOVERY CAPABILITY ORIGINATES IN 1956 …

Montecatini Agropharma Research Center (Milano Linate)
Bioscience Department G. Donegani Institute
Establishment of Montedison

Our Discoveries


Tiocarbazil
Ergostim
Pheromones traps
Novaluron
Tetraconazole
Orthosulfamuron
Pheromones
Ecodian
Remedier
SDHi

Dimethoate - Phenthoate
Clozolate
Benalaxyl
Valifenalate
Kiralaxyl

Acquisition of the branches of activities of Caffaro (Italy) including Galliera Research Center and of RPG (India) including laboratories and pilot plant in Panoli
IPO
Alliance with Gowan
Start-up of «Licensing»
Partnership with FMC to co-develop SDHi
Capital increase and Controlling Structure simplification

Acquisition of 22% of Arterra Bioscience
Admission to STAR
Partnership with FMC to co-develop SDHi

Our Story
Our Business Model experienced three “Phases”...

1st phase: 1993-2005
“Alliances to compete”

2nd phase: 2006-2012
“Developing by ourselves, for ourselves”

3rd phase: since 2013
“Assuring a proper exploitation of our discoveries also by attributing rights to third parties”

... always with a common basis:
our Discovery capability
1st PHASE OF ISAGRO: 1993-2005

System of Strategic Alliances also for Discovery

Commercial development of Tetraconazole fungicide
2nd PHASE OF ISAGRO: 2006-2012
«Developing by ourselves, for ourselves only»

Development of two new molecules «by ourselves»
Exploitation of our intellectual property (existing products) «for ourselves only»
Acquisition and then divestment of distribution participations

**LESSON**: we are good at inventing but, if we develop alone, we under-exploit the potential of our inventions
3rd PHASE OF ISAGRO: SINCE 2013

«Assuring a proper exploitation of our discoveries also by attributing rights to third parties»

- **Discovery and Pre-Development of new molecules alone**
- **Development of new molecules by attributing rights to third parties for those products/markets/segments where Isagro alone could not extract an adequate value**

Thus overcoming the constraint of our size vis-à-vis the global market potential of our inventions.
OUR PORTFOLIO IS LARGELY REPRESENTED BY PROPRIETARY PRODUCTS ...

2014 revenues breakdown

By product category

TOTAL REVENUES = 146 €M (+4.4% vs. 2013)

Crop Protection: 136
(+10.5% vs. 2013)

By region (Crop Protection only)

- Americas: 32%
- Asia: 23%
- Italy: 18%
- Rest of Europe: 23%
- RoW: 4%

€ million

Licensing Services Third-party Crop Protection Proprietary Crop Protection
... MAINLY FOCUSED ON FUNGICIDES

FUNGICIDES

BIOSOLUTIONS

INSECTICIDES
WE ARE INTEGRATED IN MANUFACTURING ...

- 5 plants (4 in Italy and 1 in India)
- Panoli (India) - strategic site for the synthesis of proprietary active ingredients

IN ITALY

Novara
- Research Center
- Fermentation of Biological products

Galliera
Field-trial station

Aprilia
Formulation

Bussi
Synthesis of Tetraconazole

Adria
Synthesis and Formulation of Copper products

IN INDIA

Panoli
- Synthesis and Formulation
- Process development
- Pilot plant
... AND WE HAVE A GLOBAL PRESENCE

- € ~150 M turnover
- Sales in over 70 countries
- Direct distribution in Colombia, India, Spain and USA
- Over 600 employees

Isagro is also present in Argentina, Australia, Chile and South Africa with companies established to register products of the Group. (Companies in South-East Asia and in Turkey are under incorporation)
AWARDS

2002

“Bocconi University centenary”
Promoted by AT Kearney and Confindustria
Isagro presented as case of success

2004

“Best Innovator” (Italy)
Promoted by Ernst & Young

2005

“Entrepreneur of the year”
Category “Finance” (Italy)
Promoted by Confindustria, Cerved, McKinsey and Bocconi University

2006

“Confindustria Awards for Excellence”
Category “Made in Italy in the world”

2007

“Champion of growth” (Italy)
Promoted by Confindustria, Cerved, McKinsey and Bocconi University

2013

“Lorenzetti prize” (Italy)
Promoted by CG Consulting for corporate governance - category “Presidents”

2013

“Assiteca prize” (Italia)
In co-operation with Il Sole 24 Ore - for companies investing in risk management - Category «Large Enterprises»
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