adecoagro

1Q13

Adecoagro recorded 1Q13 Adjusted EBITDA of $29.0 million

Luxembourg, May 15, 2013 – Adecoagro S.A. (NYSE: AGRO, Bloomberg: AGRO US, Reuters: AGRO.K), one of the leading agricultural companies in South America, announced today its results for the first quarter ended on March 31, 2013. The financial and operational information contained in this press release is based on unaudited condensed consolidated financial statements presented in US dollars and prepared in accordance with International Financial Reporting Standards (IFRS).

1Q13
Earnings Release
Conference Call

English Conference Call
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9 a.m. (US EST)
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10 a.m. São Paolo time
3 p.m. Luxembourg time

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Highlights

Financial & Operating Performance			
$ thousands	**1Q13**	**1Q12**	**Chg %**
Gross Sales	105,713	106,324	(0.6%)
Adjusted EBITDA (1)			
Farming & Land Transformation	18,762	12,673	48.0%
Sugar, Ethanol & Energy	14,867	(4,746)	- %
Corporate Expenses	(4,616)	(6,113)	(24.5%)
Total Adjusted EBITDA	**29,013**	**1,814**	**1,499.4%**
Net Income	2,510	1,258	99.5%
Farming Planted Area (Hectares)	218,757	232,547	(5.9%)
Sugarcane Plantation Area (Hectares)	87,971	71,005	23.9%

- Adecoagro recorded Adjusted EBITDA(1) of $29.0 million in 1Q13, representing an $27.2 million increase compared to 1Q12.
- Adjusted EBITDA margin(1) during 1Q13 reached 28.3% in 1Q13, compared to 1.2% in 1Q12.
- Net income for 1Q13 was $2.5 million, $1.3 million higher than in 1Q12.

(1) Please see “Reconciliation of Non-IFRS measures” starting on page 24 for a reconciliation of Adjusted EBITDA and Adjusted EBIT to Profit/Loss. Adjusted EBITDA is defined as consolidated profit from operations before financing and taxation, depreciation, amortization and unrealized changes in fair value of long-term biological assets (sugarcane, coffee and cattle). Adjusted EBIT is defined as consolidated profit from operations before financing and taxation, and unrealized changes in fair value of long-term biological assets (sugarcane, coffee and cattle). Adjusted EBITDA margin and Adjusted EBIT margin are calculated as a percentage of net sales.

- The Farming and Land Transformation businesses' Adjusted EBITDA in 1Q13 was $18.8 million, $6.1 million higher than 1Q12. This improvement is primarily explained by: (i) an increase in rice yields, which drove the Adjusted EBITDA of our rice segment from $0.8 million in 1Q12 to $4.6 million in 1Q13, and; (ii) a $5.1 million increase in the result generated from the mark-to-market of our hedge positions.
- The Sugar, Ethanol and Energy business underwent the annual inter-harvest maintenance of the mills and equipment during the first quarter. Accordingly, 1Q13 Adjusted EBITDA reflects the sale of sugar and ethanol inventories, the expenses incurred in sugarcane maintenance and preparation for the next harvest season and hedging results. Adjusted EBITDA in 1Q13 was $14.9 million, $19.6 million higher than in 1Q12. This improvement is primarily explained by: (i) a $7.9 million higher gross margin in 1Q13 compared to 1Q12, primarily as a result of a lower cost of sugarcane for the production of sugar, ethanol and energy; and (ii) a $15.8 million higher gain resulting from the mark-to-market of our sugar and ethanol hedge position (247K tons of sugar hedged at 20.8 US cents/lb compared to current futures price of 17.7 US cents/lb).
- Net Income in 1Q13 totaled $2.5 million, $1.3 million higher than in 1Q12. During 1Q13, net income was negatively affected by (i) a $9.4 million non-cash loss resulting from the mark-to-market of our coffee plantation (biological asset), which was impacted by a 10% fall in coffee prices and (ii) a $2.5 million non-cash foreign exchange loss resulting from the impact of the depreciation of the Argentine peso on our dollar-denominated debt. We expect that the loss recognized in respect of our coffee plantation will be offset in part in the second quarter as a result of the sale of the Mimoso and Lagoa do Oeste coffee farms (see Recent Developments).

Market Outlook

- After trading most of the quarter in a supported tone, the USDA report published on March 28, 2013 eased pressure on old crop stocks of corn, soybean and wheat in US. In addition, demand was weaker than market expectations, adding additional downside pressure on corn and soybean prices. Despite South American estimated production volume is more predictable at this point, logistical constraints are delaying crops in reaching the market. Markets are trading the expectations of major production recoveries in the US and the Black Sea region. Weather will add volatility and will be the variable to follow in the next months.

  Brazilian, Argentine and Uruguayan rice prices have not softened despite the harvest period suggesting a higher regional price level for the next months.

  Strong rains during the first month of the sugarcane harvest and the announcement of the Brazilian government of PIS/COFINS ethanol tax waiver increased expectations for higher ethanol prices for the 2013/14 crop. Sugar prices are still being negatively impacted by the world sugar surplus, however, with prices in Brazil favoring ethanol, a production mix swing could alleviate the situation by turning more cane into ethanol rather than sugar.

Strategy Execution

Sugar, Ethanol and Energy Expansion

- On April 26, 2013, Adecoagro celebrated the inauguration of the Ivinhema mill located in Mato Grosso do Sul, Brazil. Ivinhema is a milestone event in our consolidation as a leading producer of food and renewable energy. The construction of the first phase of Ivinhema was completed on schedule and on budget.

  The Ivinhema mill currently has 2.0 million tons of crushing capacity and will expand to 4.0 million tons in 2015 and 6.3 million tons in 2017. Together with the Angelica mill, our first greenfield completed in 2010, it will form a 10.3 million ton cluster surrounded by over 120,000 hectares of sugarcane plantations, which we believe will allow us to be one of the most efficient and low cost producers of sugar, ethanol and electricity in Brazil.

  Ivinhema has successfully commenced the 2013/14 sugarcane harvest and is expected to crush approximately 1.5 million tons of sugarcane, producing sugar, ethanol and electricity for the local and international markets.

Recent Developments

Launch of 2013/14 Sugarcane Harvest

- Our sugar, ethanol and energy mills have begun the 2013/14 sugarcane harvest and milling operations. Maintenance of industrial equipment and sugarcane plantations was successfully performed during January-March. Angelica and UMA have sufficient cane and are expected to crush at full nominal capacity, while Ivinhema will operate at 75% capacity.The Angelica mill began crushing on March 26 to benefit from attractive inter-harvest ethanol and energy prices. UMA mill began crushing on April 9 as scheduled while Ivinhema started operating on April 26.

Sale of Coffee Farms

- On May 2, 2013, Adecoagro entered into an agreement to sell the Lagoa do Oeste and Mimoso farms located in Luis Eduardo Magalhaes, Bahia, Brazil. The farms have a total area of 3,834 hectares of which 904 hectares are planted with coffee trees. In addition, Adecoagro entered into an agreement whereby the buyer will operate and make use of 728 hectares of existing coffee trees in Adecoagro' Rio de Janeiro farm during an 8-year period. Adecoagro will receive a total of $20.8 million in cash proceeds for the farm sales and $3.8 million for the Rio de Janeiro farm agreement. The sale price represents a 7% premium to the aggregate value of the Cushman & Wakefield farm appraisal dated September 2012 and the fair value of the coffee plantation. We estimate this transaction will result in approximately $8.0 million of operating profit recorded in 2Q13.

Operating Performance

Farming Business

2012/13 Harvest Year

Farming Production Data

Planting & Production	*Planted Area (hectares)*			*2012/2013 Harvested Area*			*Yields (Tons per hectare)*		
	2012/2013	**2011/2012**	**Chg %**	**Hectares**	**% Harvested**	**Production**	**2012/2013**	**2011/2012**	**Chg %**
Soybean	62,226	50,720	22.7%	29,925	48.1%	84,102	2.8	2.5	13.6%
Soybean 2nd Crop	29,521	42,069	(29.8%)	6,055	20.5%	7,421	1.2	1.5	(18.9%)
Corn (1)	41,258	41,193	0.2%	11,688	28.3%	74,845	6.4	5.2	24.1%
Corn 2nd Crop	4,537	6,217	(27.0%)	-	- %	-	-	-	- %
Wheat (2)	28,574	43,235	(33.9%)	28,574	100.0%	52,219	1.8	2.6	(30.2%)
Sunflower	12,478	9,596	30.0%	12,478	100.0%	24,047	1.9	1.9	(0.9%)
Cotton lint	3,098	6,389	(51.5%)	-	- %	-	-	-	- %
Total Crops	**181,691**	**199,418**	**(8.9%)**	**88,720**	**48.8%**	**242,633**	-	-	- %
Rice	35,249	31,497	11.9%	35,165	99.8%	200,367	5.7	5.4	4.9%
Coffee (perennial)	1,632	1,632	- %	-	- %	-	-	-	
Total Farming	**218,572**	**232,547**	**(6.0%)**	**123,885**	**56.7%**		-	-	
Owned Croppable Area	130,165	122,998	5.8%	97,453	74.9%	-	-	-	
Leased Area	54,350	61,263	(11.3%)	20,377	37.5%	-	-	-	
Second Crop Area	34,057	48,286	(29.5%)	6,055	17.8%	-	-	-	
Total Farming Area	**218,572**	**232,547**	**(6.0%)**	**123,885**	**56.7%**	**-**	**-**	**-**	

	Milking Cows (Average Heads)			Milk Production (MM liters)			Productivity (Liters per cow per day)		
Dairy	**1Q13**	**1Q12**	**Chg %**	**1Q13**	**1Q12**	**Chg %**	**1Q13**	**1Q12**	**Chg %**
Milk Production	5,707	4,692	21.6%	15.6	12.8	21.7%	30.3	29.9	1.2%

	Processed Rice (thousand tons)		
Rice	**1Q13**	**1Q12**	**Chg %**
Processed Rice	64.2	49.5	29.7%

(1) Includes sorghum.
(2) Includes barley.
Note: Some planted areas may reflect immaterial adjustments compared to previous reports due to a more accurate area measurement, which occurred during the current period.

Adecoagro's planting activities for the 2012/13 harvest year were completed reaching a total planted area of 218,757 hectares, 5.9% below the 2011/12 harvest year. Adecoagro's owned croppable area, which is the area that provides the highest EBITDA contribution, has increased by 6.0% as a result of land transformation activities. Leased area has been reduced by 6,913 hectares, as it is an opportunistic business driven by return on invested capital. Second crop area was reduced by 14,228 hectares as a result of higher expected margins for planting soybean first crop compared to the expected margin of planting wheat followed by soybean second crop.

As of the end of April 2013, harvest operations began for most of our crops and are well in progress, with 56.7% of total planted area already harvested, as further described below:

Wheat: The wheat harvest was successfully completed during the beginning of the first quarter. Above average humidity conditions entailed the outbreak of a grain disease known as “fussarium” across the main productive regions of Uruguay and Argentina. This prevented the normal development of the wheat grain, and therefore, negatively affected yields. Average yield for the wheat crop was 1.8 tons per hectare, considerably below the historical average.

Sunflower: The sunflower harvest was successfully completed during the first quarter of 2013. The crop had an average development. The average yield was 1.9 tons per hectare, in line with 2011/2012 yields.

Soybean: As of the end of April of 2013, we harvested 48.1% of the soybean crop. The harvest of the crop began in our highest quality farms, and as a result, partial yields were higher than last year. We expect final yields to be slightly below the 2011/12 harvest year as a result of the drought experienced during the period between January and mid February 2013.

Soybean Second Crop: The harvest of second crop soybean started during the last days of March 2013. Total area harvested as of the end of April of 2013 was of 6,055 hectares or 20.5% of the total planted area. We do not consider the yields observed over this small harvested area a representative sample for the entire crop. Due to the drought mentioned above, the lack of moisture prevented the normal development of the entire crop. Accordingly, we expect final yields to be slightly below the previous harvest year.

Corn: As of the end of April of 2013, the harvested area for corn totaled 11,688 hectares or 28.3% of the total planted area. Early corn planted in September grew under good conditions, since the flowering period of this crop is in mid December, where rainfall and soil humidity were adequate. Seeking to diversify crop risk and water requirement, approximately one third of our corn was planted during the end of November and beginning of December of 2012. These late planted corn areas had good humidity conditions during their initial growth stages. However, plant flowering took place between early and mid February, and was negatively impacted by the lack of rains in Argentina. In aggregate, we expect final yields to be approximately 15% above the previous harvest year.

Rice: As of the end of April of 2013 the rice harvest was almost completed, reaching 99.8% of total planted area. Harvested yields were 5.7 tons per hectare, 4.9% higher than the previous harvest year. Supply of water in dams and rivers was sufficient to flood the rice fields and sunshine radiation throughout the crop's cycle has been adequate. During mid February through March 2013, a higher than normal amount of cloudy days had a negative impact on yields at some of our farms. Going forward, we expect yields to improve in the upcoming harvest years as we continue with the transformation process and zero-leveling of our rice farms.

Sugar, Ethanol & Energy Business

Sugarcane Planting			
Hectares	**1Q13**	**1Q12**	**Chg %**
Renewal Area	3,931	773	408.5%
Expansion Area	2,440	5,697	(57.2%)
Total Planted Area	**6,371**	**6,470**	**(1.5%)**
Sugacane Plantation Size	87,971	71,005	23.9%

In the Sugar, Ethanol & Energy business, the first three months of the year are commonly known as the inter-harvest season. During this rainy season, sugarcane plant growth is stimulated and less energy is stored in the form of sugar. As a result, mills suspend their crushing activities while equipment undergoes maintenance in preparation for the upcoming harvest year. During the first quarter, mills also focus on the renewal and expansion of their sugarcane plantations.

During 1Q13, we planted a total of 6,371 hectares of sugarcane, slightly below the hectares planted in 1Q12. Of this total area, 2,440 hectares consisted of new planted areas to supply sugarcane to the Ivinhema mill, which began its crushing activities in April 2013. Additionally, 3,931 hectares consisted of sugarcane replanting, to replace old sugarcane with new high-yielding sugarcane and maintain the productivity of our plantation. Compared to 1Q12, sugarcane renewal increased by 3,158 hectares, while expansion hectares decreased by 3,257 hectares. The higher focus in plantation renewal results from the aging of our sugarcane plantation. As the average age of our sugarcane plantation increased from 1Q12 to 1Q13, more sugarcane hectares need to be renewed.

As of March 31, 2013, our sugarcane plantation consisted of 87,971 hectares, representing a 23.9% growth year-over-year.

Financial Performance

Farming & Land Transformation Businesses

Farming & Land transformation business - Financial highlights			
$ thousands	**1Q13**	**1Q12**	**Chg %**
Gross Sales			
Farming	63,270	62,678	0.9%
Total Sales	**63,270**	**62,678**	**0.9%**
Adjusted EBITDA (1)			
Farming	18,762	12,673	48.0%
Land Transformation	-	-	- %
Total Adjusted EBITDA(1)	**18,762**	**12,673**	**48.0%**
Adjusted EBIT (1)			
Farming	16,499	10,837	52.2%
Land Transformation	-	-	- %
Total Adjusted EBIT(1)	**16,499**	**10,837**	**52.2%**

Adjusted EBIT for the Farming and Land Transformation businesses was $16.5 million in 1Q13, $5.7 million above 1Q12. Adjusted EBITDA margin improved from 20.1% to 29.6% quarter-over-quarter. This increase is primarily explained by higher rice yields compared to the previous harvest year and a $2.6 million gain related to the mark-to-market of our crops and coffee hedge positions, compared to a $2.5 million loss in 1Q12.

There were no results generated by our Land Transformation business in 1Q13 and 1Q12 because no farm sales were completed during these periods.

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Crops

Crops - Highlights	metric	1Q13	1Q12	Chg %
Gross Sales	*$ thousands*	27,743	35,994	(22.9%)
	thousand tons	97.5	142.6	(31.6%)
	$ per ton	284	252	12.7%
Adjusted EBITDA	*$ thousands*	14,686	11,957	22.8%
Adjusted EBIT	***$ thousands***	**14,134**	**11,523**	**22.7%**
Planted Area	*hectares*	181,876	199,418	(8.8%)

Adjusted EBIT of our Crops segment increased from $11.5 million in 1Q12 to $14.1 million in 1Q13. The increase is primarily explained by a $2.4 million gain derived from the mark-to-market of our crops hedge positions, compared to a $4.4 million loss in 1Q12. The higher gains generated by hedge instruments were partially offset by lower initial recognition and changes in fair value of biological assets and agricultural produce ("Changes in Fair Value"), which is the margin recognized throughout the biological growth and the harvest of our crops, which totaled $12.1 million in 1Q13, compared to $14.8 million in 1Q12. The lower margin recognition is primarily related to an 8.8% reduction in planted area compared to the previous harvest year.

Crops - Gross Sales Breakdown	1Q13	1Q12	Chg %	1Q13	1Q12	Chg %	1Q13	1Q12	Chg %
Crop		***thousand $***			***tons***			***$ per unit***	
Soybean	6,228	4,129	50.9%	16,793	11,359	47.8%	371	363	2.0%
Corn [(1)]	8,121	11,847	(31.4%)	37,054	56,395	(34.3%)	219	210	4.3%
Wheat [(2)]	8,156	14,022	(41.8%)	33,371	65,065	(48.7%)	244	216	13.4%
Sunflower	4,133	3,426	20.6%	9,909	8,676	14.2%	417	395	5.6%
Cotton lint	658	2,314	(71.6%)	391	1,122	(65.2%)	1,683	2,063	(18.4%)
Others	447	257	73.7%	-	-	- %			
Total	**27,743**	**35,994**	**(22.9%)**	**97,518**	**142,617**	**(31.6%)**			

(1) Includes sorghum

(2) Includes barley

Note: Prices per unit are a result of the averaging of different local market prices such as FAS Rosario (Arg), FOB Nueva Palmira (Uru) and FOT Luis Eduardo Magalhaes (BR)

Sales in 1Q13 were 36.8% lower than those in 1Q12. The decrease is primarily driven by lower physical sales volumes of wheat, as a result of the 53.9% decrease in wheat production compared to the previous harvest year. The lower amount of wheat harvested resulted from the combination of a 32.3% decrease in planted area coupled with a 30.2% decrease in wheat yields, as a result of the outbreak of the grain disease known as "fussarium", as already mentioned above. Tons of wheat sold during 1Q13 totaled 33,371 tons, compared to 65,065 tons sold in 1Q12.

Crops - Changes in Fair Value Breakdown										
As of March 31st, 2013	metric	Soy	Soy 2nd Crop	Corn	Corn 2nd Crop	Wheat	Sunflower	Cotton	Total
2012/13 harvest year									
Planting plan (a+b+c+d+e)	*Hectares*	62,226	29,521	41,443	4,537	28,574	12,478	3,098	181,876
Area remaining to be planted (a)	*Hectares*	-	-	-	-	-	-	-	-
Planted area in initial growing stages (b)	*Hectares*	-	-	-	871	-	-	-	871
Planted area with significant biological growth (c)	*Hectares*	55,165	29,315	31,493	3,666	-	118	3,098	122,854
Changes in Fair Value 1Q13 from planted area 2012/2013 with significant biological growth (i)	***$ thousands***	**4,164**	**685**	**1,804**	**258**	**-**	**51**	**983**	**7,947**
Area harvested in previous period (d)	*Hectares*	-	-	-	-	28,136	2,766	-	30,902
Area harvested in current period (e)	*Hectares*	7,061	206	11,688	-	438	9,594	-	28,987
Changes in Fair Value 1Q13 from harvested area 2012/13 (ii)	***$ thousands***	**1,006**	**48**	**1,582**	**-**	**46**	**1,423**	**-**	**4,104**
Total Changes in Fair Value in 1Q13 (i+ii)	***$ thousands***	**5,171**	**733**	**3,386**	**258**	**46**	**1,474**	**983**	**12,051**

The table above shows the gains or losses from crop production generated during the 1Q13 period. Biological growth of the 2012/13 corn, soybean and sunflower crops that had not been harvested as of March 31, 2013, generated Changes in Fair Value of $7.9 million in 1Q13. Crops harvested during 1Q13, including a small portion of the wheat and barley crops, a large portion of the sunflower crop and 26,515 hectares of summer crops generated Changes in Fair Value of $4.1 million. As a result, total Changes in Fair Value were $12.1 million for 1Q13. In 1Q12, total Changes in Fair Value were $14.8 million, $2.7 million above 1Q13. The lower Changes in Fair Value year-over-year are primarily due to lower expected yields and prices for our soybean crop compared to the previous harvest year, partially offset by higher Changes in Fair Value from the biological growth and harvest of our corn crop.

Rice

Rice - Highlights				
	metric	**1Q13**	**1Q12**	**Chg %**
Gross Sales	*$ thousands*	27,533	20,257	35.9%
	thousand tons [(1)]	55.4	52.3	5.8%
	$ per ton	497	387	28.5%
Adjusted EBITDA	*$ thousands*	4,567	835	446.9%
Adjusted EBIT	***$ thousands***	**3,273**	**(140)**	**- %**
Area under production	*hectares*	35,249	31,497	11.9%
Rice Mills				
Sales of Processed Rice	thousand tons[(1)]	55.4	52.3	5.8%
Ending stock	thousand tons[(1)]	142.4	170.0	(16.2%)

(1) Of rough rice equivalent.

Adjusted EBIT of our rice segment totaled $3.3 million in 1Q13, $3.4 million higher than in 1Q12. The improvement in performance compared to the previous harvest year resulted from: (i) a 11.9% increase in planted area; and (ii) higher yields as a result of better weather conditions compared to the previous harvest year.

Rice - Changes in Fair Value Breakdown		
As of March 31st, 2013	**metric**	**Rice**
2012/13 harvest year		
Planting plan (a+b+c+d+e)	*Hectares*	35,249
Area remaining to be planted (a)	*Hectares*	-
Planted area in initial growing stages (b)	*Hectares*	-
Planted area with significant biological growth (c)	*Hectares*	10,228
Changes in Fair Value 1Q13 from planted area 2012/2013 with significant biological growth (i)	***$ thousands***	**176**
Area harvested in previous period (d)	*Hectares*	-
Area harvested in current period (e)	*Hectares*	25,022
Changes in Fair Value 1Q13 from harvested area 2012/13 (ii)	***$ thousands***	**5,541**
Total Changes in Fair Value in 1Q13 (i+ii)	***$ thousands***	**5,717**

Regarding the 2012/13 harvest year, rice harvested between February and March 2013 generated Changes in Fair Value of $5.5 million in 1Q13. The biological growth of un-harvested rice, which attained significant biological growth as of March 31, 2013, generated Changes in Fair Value of $0.2 million in 1Q13. As a result, total Changes in Fair Value for rice reached $ 5.7 million during 1Q13.

Dairy

Dairy - Highlights				
	metric	**1Q13**	**1Q12**	**Chg %**
Gross Sales	*$ thousands*	6,384	4,715	35.4%
	million liters	15.6	12.8	21.7%
	$ per liter	0.41	0.37	11.2%
Adjusted EBITDA	*$ thousands*	230	212	8.5%
Adjusted EBIT	***$ thousands***	**(44)**	**0**	**- %**
Milking Cows	*Average Heads*	5,707	4,692	21.6%

Milk sales volume reached 15.6 million liters in 1Q13, 21.7% higher than 1Q12. This increase in production is attributable to a 21.6% increase in our milking cow herd, driven by the ramp up of the second free stall dairy, and enhanced by a 1.2% increase in cow productivity. Average cow production per day increased from 29.9 liters per day in 1Q12 to 30.3 liters per day in 1Q13. In addition, average milk prices during 1Q13 were 11.2% higher than those in 1Q12. Despite these positive impacts, Adjusted EBIT in 1Q13 was slightly negative and below 1Q12 driven by an increase in labor, feed and energy costs.

Coffee

Coffee - Highlights				
	metric	**1Q13**	**1Q12**	**Chg %**
Gross Sales	*$ thousands*	439	461	(4.8%)
	tons	199	122	62.9%
	$ per ton	2,210	3,782	(41.6%)
Adjusted EBITDA	*$ thousands*	(1,562)	(1,407)	11.0%
Adjusted EBIT	***$ thousands***	**(1,680)**	**(1,563)**	**7.5%**
Harvested Area	*hectares*	-	-	- %

During the first and fourth quarter of each year, Adjusted EBIT for coffee mostly reflects the expenses incurred in connection with the maintenance of coffee trees and preparations for the coffee bean harvest. Accordingly, in an average year, Adjusted EBIT for the second and third quarter of the year would reflect gains from the harvest. Adjusted EBIT in 1Q13 was slightly lower than in 1Q12.

Cattle

Cattle - Highlights				
	metric	**1Q13**	**1Q12**	**Chg %**
Gross Sales	*$ thousands*	1,171	1,251	(6.4%)
Adjusted EBITDA	*$ thousands*	841	1,076	(21.8%)
Adjusted EBIT	***$ thousands***	**816**	**1,017**	**(19.8%)**
Area under production	*hectares*	69,253	77,654	(10.8%)

Our cattle business consists mainly of the leasing of the Company's productive land that is not suitable for crop production to a third party for cattle grazing activities. The payments received under this 10-year lease agreement are fixed in kilograms of beef per hectare and tied to the market price of beef. The decrease in Adjusted EBIT is primarily related to a lower amount of area leased to the third party, which is primarily the result of the sale of the San Jose farm in June 2012, which included over 7,000 hectares previously leased.

Land transformation business

There were no farm sales during 1Q13 and 1Q12. However, land transformation is an ongoing process in our farms, which consists of transforming undervalued and undermanaged land into its highest production capabilities. Adecoagro is currently engaged in the transformation of several farms, especially in the northeastern region of Argentina, where farms formerly used for cattle grazing are being successfully transformed into high yielding crop and rice farms.

The company is continuously seeking to recycle its capital by disposing of a portion of its developed farms and by acquiring farms with higher potential for transformation. This allows the company to monetize the capital gains generated by its transformed farms and allocate its capital to acquire land with higher transformation potential, thereby enhancing the return on invested capital.

Sugar, Ethanol & Energy business

Sugar, Ethanol & Energy - Highlights			
$ thousands	**1Q13**	**1Q12**	**Chg %**
Net Sales Cluster [1]	32,045	28,539	12.3%
Net Sales UMA [1]	7,625	12,103	(37.0%)
Total Net Sales	**39,670**	**40,643**	**(2.4%)**
Gross Profit Manufacturing Activities - Cluster	13,606	4,581	197.0%
Gross Profit Manufacturing Activities - UMA	3,003	4,099	(26.7%)
Gross Profit Manufacturing Activities	**16,609**	**8,680**	**91.3%**
Adjusted EBITDA Cluster	14,220	(5,218)	(372.5%)
Adjusted EBITDA UMA	647	472	36.9%
Total Adjusted EBITDA	**14,867**	**(4,746)**	**(413.3%)**
Adjusted EBITDA Margin Cluster	44.4%	(18.3%)	- %
Adjusted EBITDA Margin UMA	8.5%	3.9%	117.3%
Adjusted EBITDA Margin Total	**37.5%**	**(11.7%)**	**- %**

1) Net Sales are calculated as Gross Sales net of ICMS, PIS, CONFINS, INSS and IPI taxes.

In the Sugar, Ethanol & Energy business, the first three months of the year are commonly known as the inter-harvest season. During these summer months, due to very favorable growth conditions, sugarcane plant growth is stimulated and less energy is stored in the form of sugar. As a result, mills suspend their crushing activities and undergo a strict industrial maintenance program in preparation for the upcoming harvest year. During this period, mills also focus on the renewal and expansion of their sugarcane plantations. Therefore, Adjusted EBITDA in the first quarter only reflects the sales of sugar and ethanol inventories, the expenses incurred in sugarcane maintenance, hedging results and overhead expenses, among others.

As shown in the table above, net sales for 1Q13 were in line with 1Q12. Nevertheless, gross profit increased from $8.7 million to $16.6 million. The improvement in gross profit is primarily the result of a lower cost for the sugarcane used as raw material to produce the sugar and ethanol inventories that were sold during 1Q13 compared to 1Q12. The cost of sugarcane transferred to the mill for processing is directly related to the price of sugar. Sugar and ethanol inventories sold in 1Q12 (produced with cane crushed in 2011) were produced with a higher cost sugarcane, since sugar prices during 2011 were considerably higher than in 2012, while sugar and ethanol inventories sold in 1Q13 (produced with cane crushed in 2012) were produced with lower cost sugarcane, since sugar prices during 2012 were considerably lower than in 2011.

Adjusted EBITDA was positively impacted by the mark-to-market of our sugar and ethanol hedge position. Our sugar and ethanol futures and options contracts generated a $9.6 million gain in 1Q13, which was mostly unrealized, compared to a $5.3 million unrealized loss in 1Q12. This gain is the result of a decrease in sugar and ethanol market prices between December 31, 2012, and March 31, 2013. The Sugar #11 Nearby contract traded at 19.51 cents per pound on December 31, 2012, and dropped to 17.66 cents per pound on March 31, 2013. The opposite happened in 1Q12: Sugar #11 Nearby contract traded at 23.3 cents per pound on December 31, 2011, and increased to 24.71 cents per pound in March 31, 2012.

As a result of the above, Adjusted EBITDA of our Sugar, Ethanol and Energy business in 1Q13 was $15.0 $19.7 million higher than 1Q12, while Adjusted EBITDA margin reached 37.7%.

Sugar, Ethanol & Energy - Net Sales Breakdown [1]									
	$ thousands			Units			($/ unit)		
	1Q13	1Q12	Chg %	1Q13	1Q12	Chg %	1Q13	1Q12	Chg %
Sugar (tons)	9,909	11,442	(13.4%)	23,296	17,508	33.1%	425	654	(34.9%)
Ethanol (cubic meters)	29,507	27,996	5.4%	46,831	40,991	14.2%	630	683	(7.7%)
Energy (Mwh)	255	1,205	(78.9%)	2,127	42,102	(94.9%)	120	29	318.5%
TOTAL	**39,670**	**40,643**	**(2.4%)**	-	-	- %			- %

1) Net Sales are calculated as Gross Sales net of ICMS, PIS, CONFINS, INSS and IPI taxes.

Net sales during 1Q13 reached $39.7 million, 2.4% below 1Q12. The 33.1% and 14.2% increase in sugar and ethanol sales volumes, respectively, were offset by lower selling prices. Taking into account the current price scenario, Adecoagro expects to take advantage of its flexibility to maximize anhydrous ethanol production, since it is offering the highest margins at the moment. Moreover, the company has the ability to sell ethanol both in the domestic or the export market. The company is constantly tracking sugar/ethanol price parities, and our mills have the flexibility to quickly respond to price fluctuations by diverting sugarcane towards the most profitable product.

Sugar, Ethanol & Energy - Changes in Fair Value						
	1Q13			1Q12		
Biological Asset						
	$	*Hectares*	*$/hectare*	*$*	*Hectares*	*$/hectare*
(+) Sugarcane plantations at end of period	223,784	87,971	2,544	204,519	71,005	2,880
(-) Sugarcane plantations at begining of period	(195,869)	85,531	2,290	(158,925)	65,308	2,433
(-) Planting Investments	(24,836)	6,371	3,898	(26,702)	6,470	4,127
(-) Leasing Cost of Planting Area	-	-	-	(2,769)		-
(-) Exchange difference	(2,586)	-	-	(3,630)	-	-
Changes in Fair Value of Biological Assets	**492**		**-**	**12,494**	**-**	**-**
Agricultural produce						
	$	*Tons*	*$/ton*	*$*	*Tons*	*$/ton*
(+) Value of sugarcane transferred to mill	4,522	65,779	69	2,990	-	-
(-) Harvest costs - sugarcane for milling	(1,280)	-	-	-		
(-) Harvest costs - sugarcane for planting	(2,715)			-		
(-) Costs incurred in sugarcane maintenance	(6,718)	-	-	(2,778)	-	-
Changes in Fair Value of Agricultural Produce	**(6,190)**		**-**	**212**	**-**	**-**
Total Changes in Fair Value	**(5,698)**		**-**	**12,706**	**-**	**-**

In 1Q13, Total Changes in Fair Value of the Sugar, Ethanol and Energy business reached $(5.7) million, primarily as a result of higher sugarcane maintenance expenses, mainly explained by (i) the deferral of sugarcane maintenance expenses to 1Q13 as a result of last year's extended harvest until mid December; and (ii) the growth of our sugarcane plantation. This loss was partially offset by the increase in the fair value of our sugarcane plantations, from an average of $2,290 as of 2012 year end, to 2,544 as of March 31, 2013. In 1Q12, Total Changes in Fair Value of the Sugar, Ethanol and Energy business reached $12.7 million, primarily as a result of an increase in the fair value of our sugarcane plantations, from an average of $2,433 per hectare as of 2011 year end, to $2,880 per hectares as of March 31, 2012, generating unrealized Changes in Fair Value of Biological Assets of $12.5 million. The $447 increase in valuation per hectare primarily corresponded to higher sugar prices used in the discounted cash flow model utilized to estimate the value of our sugarcane plantations.

Corporate Expenses

Corporate Expenses			
$ thousands	**1Q13**	**1Q12**	**Chg %**
Corporate Expenses	(4,616)	(6,113)	(24.5%)

Adecoagro's Corporate expenses include items that have not been allocated to a specific business segment, such as executive officers and headquarters staff, certain professional fees, travel expenses, and office lease expenses, among others.

The table above shows that corporate expenses for 1Q13 were $4.6 million, $1.5 million lower than 1Q12. This difference is primarily explained by a reduction in total variable compensation.

Other Operating Income

Other Operating Income			
Concept	**1Q13**	**1Q12**	**Chg %**
Gain/(Loss) from commodity derivative financial instruments	12,447	(6,195)	- %
Loss from forward contracts	(228)	(1,571)	(85.5%)
Gain/(Loss) from disposal of other property items	368	561	(34.4%)
Others	530	(490)	- %
Total	**13,117**	**(7,695)**	**- %**

Other Operating Income for 1Q13 was $13.1 million, $20.8 million above 1Q12. This gain is primarily explained by a $12.4 million gain resulting from the mark-to-market of our commodity hedge positions. The fall in sugar and corn prices during the first quarter of 2013 generated gains of $9.6 million and $2.4 million, respectively. In 1Q12, a general rise in commodity prices generated a $6.2 million loss. Please see "Commodity Hedging" chart on page 16 of this release.

Financial Results

Financial Results			
Concept	**1Q13**	**1Q12**	**Chg %**
Interest Income/(Expense), net	(6,815)	(1,508)	352.0%
FX Gains/(Losses)	(4,233)	(1,753)	141.4%
Gain/(Loss) from derivative financial Instruments	1,985	653	204.0%
Taxes	(650)	(614)	5.9%
Other Income/(Expenses)	(825)	(997)	(17.3%)
Total Financial Results	**(10,538)**	**(4,219)**	**149.8%**

Our net financial results in 1Q13 show a loss of $10.5 million, compared to a loss of $4.2 million in 1Q12. This loss is primarily explained by:

(i) a $4.7 million increase in net interest expense in 1Q13 compared to 1Q12. This is the result of a $2.7 million lower interest income driven by a lower cash balance as a result of our capital expenditures program, and a $2.6 million higher interest expense generated by the increase in outstanding debt.

(ii) a $2.5 million increase in foreign exchange losses in 1Q13 compared to 1Q12. This non-cash loss is primarily explained by the impact of the depreciation of the Argentine peso on the dollar-denominated debt of our Argentine subsidiaries. During 1Q13 the Argentine peso depreciated 4.1% from 4.92 ARS/USD to 5.12 ARS/USD, compared to a 1.7% depreciation in 1Q12. This impact was partially offset by a 1.5% appreciation of the Brazilian Real during 1Q13, from 2.04 BRL/USD to 2.01 BRL/USD.

Commodity Hedging

Adecoagro's performance is affected by the volatile price environment inherent to agricultural commodities. The company uses both forward contracts and derivative markets to mitigate swings in commodity prices by locking-in margins and stabilizing profits.

The table below shows the average selling prices for Adecoagro's physical sales (i.e., volumes and average prices including both past sales invoiced/delivered and fixed-price forward and futures contracts).

Total Volume and Average Prices

Farming	Country	Volume (thousand tons)	Local Sale price FAS $/ton	Local Sale price FOB cts/bushel (1)
2012/13 Harvest Year				
Soybean	Argentina	94.9	319	1,381
	Uruguay	8.5	499	1,408
	Brazil	14.6	447	1,462
Corn	Argentina	117.2	172	567
	Uruguay	1.7	257	698
Wheat	Argentina	27.9	244	884
	Uruguay	4.7	244	712
Cotton	Brazil	1.6	1,787	89
Coffee	Brazil	0.2	3,782	172
2013/14 Harvest Year				
Soybean	Argentina	16.0	304	1,320
Corn	Argentina	101.8	204	667
Wheat	Argentina	6.1	216	785
Sugar, Ethanol & Energy	**Country**	**Volume (thousands)**	**Local Sale price FCA $/unit**	**Local Sale price FOB cts/lb (1)**
2012/13 Harvest Year				
VHP Sugar (tons)	Brazil	233.5	509	22.7
Ethanol (m3)	Brazil	179.8	617	-
2013/14 Harvest Year				
VHP Sugar (tons)	Brazil	247.0	465	20.8
Ethanol (m3)	Brazil	20.0	715	-
Energy (MWh)(2)	Brazil	314.0	90	-

1) Equivalent FOB price - includes freight, export taxes and fobbing costs (elevation, surveyor, quality certifications and customs costs).
Cotton and Coffee prices are expresed in cents per pound (cts/lb).
In order to compare with CBOT or ICE prices, the respective basis (premium or discount) should be considered.
2) Considers exchange rate of 2.00 R$/US$

The table below summarizes the results generated by Adecoagro's derivative positions in 1Q13 and in previous periods. Realized gains and losses correspond to results generated by derivative contracts which were closed in 1Q13 or in previous quarters. Unrealized gains and losses correspond to results generated by derivative positions which were still open at the end of the period, and therefore, may generate additional gains or losses in future periods.

Gain/Loss from derivative instruments						
Farming	**Open hedge positions [1]** (thousand tons)	**1Q13 Gains/(Losses) (thousands $)** Unrealized	Realized	Total 1Q13	**Gains/(Losses) Booked in 2012 (thousands $)**	**Harvest Year Gains/Losses (thousands $)**
2012/13 Harvest Year						
Soybean	25.4	62	(170)	(108)	(1,540)	(1,649)
Corn	-	-	230	230	(4,182)	(3,952)
Wheat	4.9	(16)	152	136	(1,376)	(1,240)
Cotton	0.6	(131)	-	(131)	-	(131)
Coffee	0.2	17	151	168	-	168
2012/13 Total	-	**(67)**	**363**	**295**	**(7,099)**	**(6,803)**
2013/14 Harvest Year						
Soybean	11.0	(6)	(1)	(7)	-	(7)
Corn	101.8	2,392	-	2,392	1,082	3,474
Wheat	6.1	160	(1)	159	-	159
2013/14 Total	-	**2,546**	**(2)**	**2,544**	**1,082**	**3,626**
Subtotal Farming	-	**2,479**	**361**	**2,839**	**(6,017)**	**(3,178)**
Sugar, Ethanol & Energy	**Open hedge positions [1]** (thousand tons)	**1Q13 Gains/(Losses) (thousands $)** Unrealized	Realized	Total 1Q13	**Gains/(Losses) Booked in 2012 (thousands $)**	**Harvest Year Gains/Losses (thousands $)**
2012/13 Harvest Year						
Sugar	-	-	-	-	6,287	6,287
Ethanol	-	-	-	-	1,041	1,041
2012/13 Total	-	-	-	-	**7,328**	**7,328**
2013/14 Harvest Year						
Sugar	247.0	9,405	11	9,416	6,837	16,253
Ethanol	5.0	66	126	192	(40)	152
2013/14 Total	-	**9,471**	**137**	**9,608**	**6,796**	**16,404**
Subtotal Sugar, Ethanol and Energy	-	**9,471**	**137**	**9,608**	**14,124**	**23,732**
Total	-	**11,950**	**498**	**12,447**	**8,108**	**20,555**

Note: soybean, corn and wheat futures are traded on the Chicago Board of Trade (CBOT) and on the "Mercado a Término de Buenos Aires" (MATBA).
Sugar, coffee and cotton futures contracts are traded on the Intercontinental Exchange (ICE).

1) Tons hedged by options contacts are determined by the ratio that compares the change in the price of the underlying asset to the corresponding change in the price of the derivate (delta).

Indebtedness

Net Debt Breakdown			
$ thousands	**1Q13**	**4Q12**	**Chg %**
Short Term Debt	**201,296**	**184,884**	**8.9%**
Farming	85,465	72,496	17.9%
Sugar, Ethanol & Energy	115,831	112,388	3.1%
Long Term Debt	**391,864**	**354,249**	**10.6%**
Farming	86,731	86,718	0.0%
Sugar, Ethanol & Energy	305,133	267,530	14.1%
Total Debt	**593,160**	**539,133**	**10.0%**
Cash & Equivalents	210,437	218,809	(3.8%)
Net Debt	**382,723**	**320,324**	**19.5%**

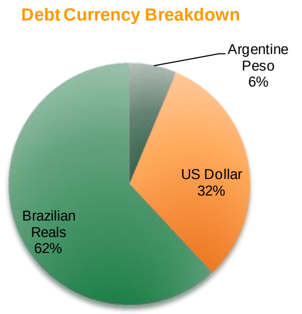
Adecoagro's gross indebtedness as of 1Q13 was $593.2 million, 10.0% higher than the previous quarter.

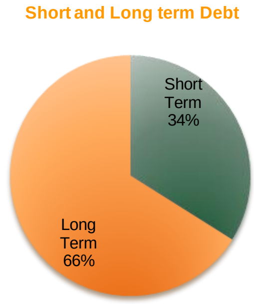
The most significant change in our debt structure since December 31, 2012 was a 17.9% increase in short term debt related to the Farming business and a 14.1% increase in our long term debt related to our Sugar, Ethanol and Energy business.

The increase in Farming's short term debt was primarily related to working capital needs. From a seasonality point of view, the first quarter is the one that requires the highest working capital investment, since all of our crops are planted, and only a minimal portion was harvested and sold as of March 31, 2013. As we continue harvesting our farms throughout the second and third quarters we expect to reduce the working capital invested.

The $37.6 million increase in the Sugar, Ethanol and Energy long term debt is directly related to the construction of Ivinhema. As of the date of this report, we have already completed the construction of the first phase of the mill, which has commenced milling operations during the end of April 2013 with a nominal crushing capacity of 2.0 million tons of sugarcane per year. During 1Q13, we continued deploying capital in order to expand our sugarcane plantation and for the construction of the second phase of the mill, which will be completed in 2015, when the Ivinhema mill is expected to reach a nominal crushing capacity of 4.0 million tons of sugarcane per year. We expect to complete the third and final phase of the Ivinhema mill in 2017, when the mill is expected to reach its total crushing capacity of 6.3 million tons of sugarcane per year.

As of 1Q13 Adecoagro's cash balance stands at $210.4 million, $8.4 million below 4Q12. As a result of the increase in outstanding debt and reduction in cash, net debt as of March 31, 2012, was $382.7 million.





Capital Expenditures & Investments

Capital Expenditures & Investments			
$ thousands	**1Q13**	**1Q12**	**Chg %**
Farming & Land Transformation	**2,320**	**9,384**	**(75.3%)**
Land Acquisitions	-	-	- %
Land Transformation	440	2,037	(78.4%)
Rice Mill Construction	407	1,958	(79.2%)
Dairy Free Stall Unit	1,204	2,150	(44.0%)
Others	269	3,239	(91.7%)
Sugar, Ethanol & Energy	**86,051**	**85,365**	**0.8%**
Sugar & Ethanol Mills	61,215	58,663	4.4%
Sugarcane Planting	24,836	26,702	(7.0%)
Total	**88,371**	**94,749**	**(6.7%)**

Adecoagro's capital expenditures during 1Q13 totaled $88.4 million, 6.7% lower than 1Q12. The majority of our capex were destined to the construction of the Ivinhema mill and the consolidation of our sugarcane cluster in Mato Grosso do Sul. A total of $61.2 million were invested in the acquisition and assembly of mill equipment and $24.8 million were invested in expanding our sugarcane plantations.

In the Farming and Land Transformation businesses, total capex during 1Q13 reached $2.3 million, $7.1 million lower than in 1Q12. This capex was mainly deployed in the completion of the second free stall dairy, transformation of rice farms and maintenance of rice mills.

Inventories

End of Period Inventories						
Product	***Metric***	**1Q13**	**thousands $**	**1Q12**	**thousands $**	**Chg %**
Soybean	*tons*	17,514	5,494	8,763	2,028	99.9%
Corn [1]	*tons*	40,143	8,211	20,486	3,107	96.0%
Wheat [2]	*tons*	20,355	4,033	39,545	6,183	(48.5%)
Sunflower	*tons*	9,474	4,014	7,888	3,084	20.1%
Cotton lint	*tons*	57	106	778	2,068	(92.7%)
Rough Rice	*tons*	142,372	34,885	169,987	33,610	(16.2%)
Coffee	*tons*	-	-	-	-	- %
Sugar	*tons*	9,677	1,986	3,892	1,384	148.6%
Ethanol	*m3*	6,508	3,419	7,758	5,438	(16.1%)

(1) Includes sorghum.

(2) Includes barley.

Variations in inventory levels between 1Q12 and 1Q13 are attributable to (i) changes in production volumes resulting from changes in planted area, in production mix between different crops and in yields obtained, (ii) different percentage of area harvested during the period, and (iii) changes in commercial strategy or sales for each product.

Forward-looking Statements

This press release contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about us and our industry. These forward-looking statements can be identified by words or phrases such as "anticipate," "forecast", "believe," "continue," "estimate," "expect," "intend," "is/are likely to," "may," "plan," "should," "would," or other similar expressions.

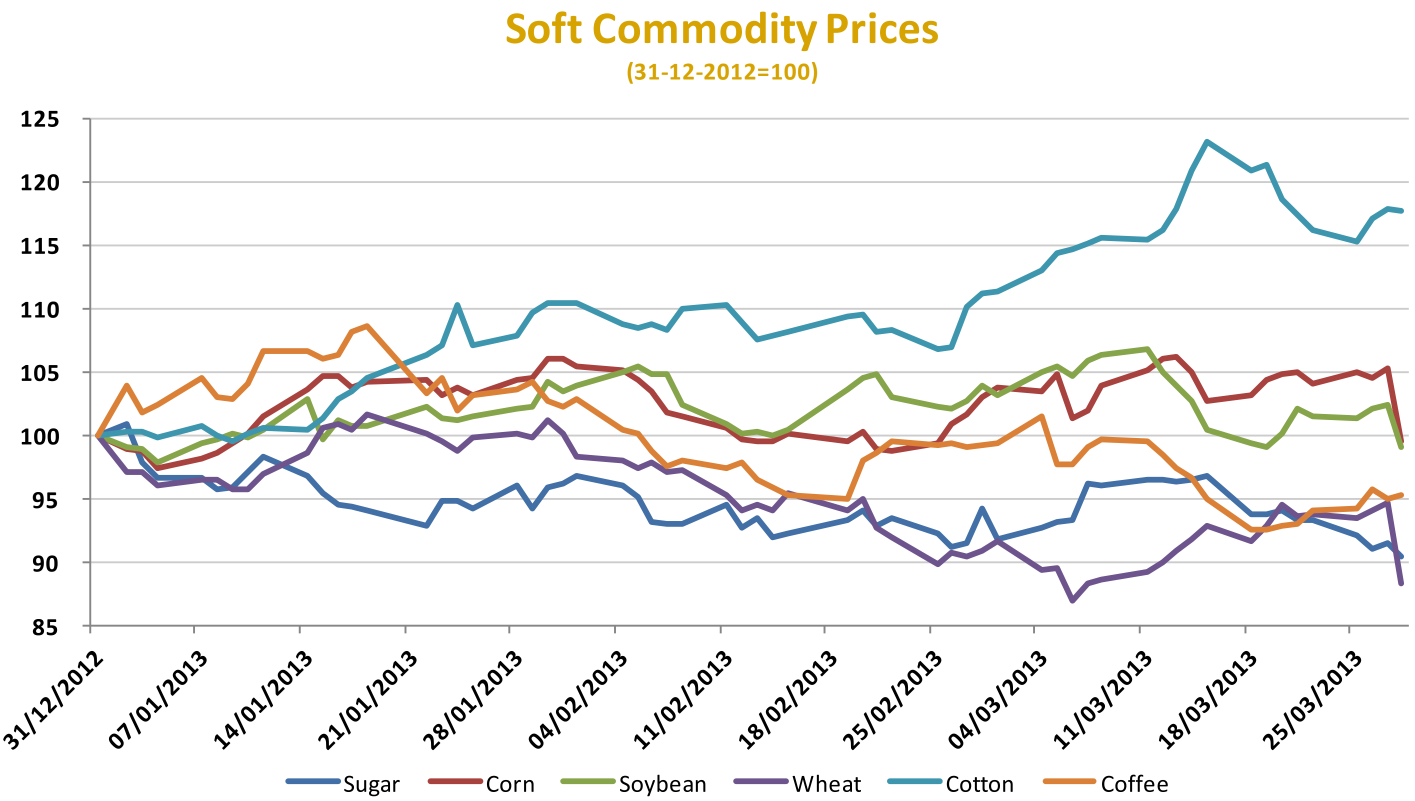
The forward-looking statements included in this press release relate to, among others: (i) our business prospects and future results of operations; (ii) weather and other natural phenomena; (iii) developments in, or changes to, the laws, regulations and governmental policies governing our business, including limitations on ownership of farmland by foreign entities in certain jurisdictions in which we operate, environmental laws and regulations; (iv) the implementation of our business strategy, including our development of the Ivinhema mill and other current projects; (v) our plans relating to acquisitions, joint ventures, strategic alliances or divestitures; (vi) the implementation of our financing strategy and capital expenditure plan; (vii) the maintenance of our relationships with customers; (viii) the competitive nature of the industries in which we operate; (ix) the cost and availability of financing; (x) future demand for the commodities we produce; (xi) international prices for commodities; (xii) the condition of our land holdings; (xiii) the development of the logistics and infrastructure for transportation of our products in the countries where we operate; (xiv) the performance of the South American and world economies; and (xv) the relative value of the Brazilian Real, the Argentine Peso, and the Uruguayan Peso compared to other currencies; as well as other risks included in the registrant's other filings and submissions with the United States Securities and Exchange Commission.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may turn out to be incorrect. Our actual results could be materially different from our expectations. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this press release might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, inclusive, but not limited to, the factors mentioned above. Because of these uncertainties, you should not make any investment decision based on these estimates and forward-looking statements.

The forward-looking statements made in this press release related only to events or information as of the date on which the statements are made in this press release. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Appendix

Market Outlook



Source: Thomson Reuthers

Corn:

The closing price of corn nearby futures traded on the Chicago Board of Trade (CBOT) averaged US$/bu 7.16 in 1Q13, 11.7% higher than 1Q12, when the closing price averaged US$/bu 6.41.

Despite the 5.3% expected increase in production of Argentina and Brazil in the 2012/13 crop year, we expect total world production to decrease 3.2% from the prior year to 854 million tons, mainly as a result of the decrease in production of the United States, which represents 32% of the world production. In South America, even though harvested area is expected to decrease 2.8%, we expect total production to increase 27%, as a result of an increase in yields. In Brazil, we expect harvested area to increase 2% but total production to decrease 0.6%, due to weather conditions and as a result of the delay in the planting of the safrinha crop.

Based on the USDA report published on March 28th, 2013, total corn stored as of March 1, 2013, totaled 5.4 billion bushels, 400 million bushels above trade expectations 27% below corn stocks as of March 1, 2012. On-farm stocks were at 2.67 billion bushels, down 16% compared to the same date of the previous year, while off-farm stocks were at 2.73 billion bushels, down 4% compared to the same date of the previous year. The indicated 2Q (Dec/Feb) disappearance at 2.63 billion bushels was 1 billion bushels less than the same period last year. Ethanol use is likely to be the main beneficiary of the bearish news published by the USDA. Low corn prices plus high Renewable Identification Numbers (RINs) increased the net profit margins to USD 0.20/gal, the highest level for the 2012/13 marketing year.

Corn growers intend to plant 97.3 million acres of corn for all purposes in 2013, up slightly from last year and 6% higher than in 2011. With a yield estimated at 158 bushels per acre, stock to use ratio will be 15.5%. If realized, this will represent the highest planted acreage in the United States since 1936 when an estimated 102 million acres were planted.

Soybean:

The closing price of soybean nearby futures traded on the Chicago Board of Trade (CBOT) averaged US$/bu 14.50 in 1Q13, 13.8% higher than 1Q12, when the closing price averaged US$/bu 12.74.

Despite the 10% expected increase in soybean harvested area for Argentina and Brazil in the 2012/13 crop year, we expect total production to increase 27% and 24% from the prior year to 51.0 and 83.5 million tons, reflecting an increase in yields due to better weather conditions. Considering these production volumes, stock to use ratio would increase only 7%, primarily as a result of: (i) An estimated 6.6% increase in demand from China; and (ii) A 2.5% decrease in the production of United States due to drought conditions.

Based on the USDA report published on March 28th, 2013, soybeans stored as of March 1, 2013 totaled 1 billion bushels, down 27% year-over-year. On-farm stocks were 457 million bushels, down 18% year-over-year while off-farm stocks were down 34%, at 543 million bushels.

United States soybean planted area for 2013 is estimated at 77.1 million acres, slightly below the previous year but the fourth highest in history, if realized. With an estimated yield of 44.5 bushels per acre, stock to use ratio will be 7%. Compared with 2012, expected planted area is down across the Great Plains with the exception of North Dakota. Nebraska and Minnesota are expecting the largest declines compared with last year, while Illinois and North Dakota are expecting the largest increases.

For the upcoming months we believe spot prices will be affected primarily by two factors. The first one comes from the demand side. Bird Flu concerns will impact on Chinese imports, providing a bearish scenario. Despite China's slower demand, sales of soybeans and soymeal from the US continue to track higher than last year as the South American harvest is delayed in reaching the market. The other factor which we believe will affect prices is exports from Brazil and Argentina. Logistical constraints in Brazil imply that the record soybean crop will generate bottlenecks in roads and ports, delaying exports out of the country. In addition, farmer selling pace in Argentina continues delayed as farmers prefer to stock their production and use it as a protection to currency devaluation.

Wheat:

The closing price of wheat nearby futures traded on the Chicago Board of Trade (CBOT) averaged US$/bu 7.39 in 1Q13, 14.9% higher than 1Q12, when the closing price averaged US$/bu 6.43.

Speculators have continued to reduce their net short position in CBOT wheat contracts by nearly 20 thousand contracts to 107 thousand contracts, since the beginning of February, as frost concerns and large US sales to

China supported prices. During the same period, long positions have remained roughly flat. Due to frost and likely planting delays in spring, US wheat production forecast for 2013/14 was reduced by 50 million bushels to 2,050 million bushels. However, the longer term significance of frost damage in the US is likely to be limited, as a result of the large wheat crops expected in the Black Sea region and India, which would increase world wheat supplies un 2013/14.

Based on the USDA report published on March 28th, 2013, wheat stored as of March 1, 2013 totaled 1,234 billion bushels, slightly below year-over-year (3% lower year-over-year). On-farm stocks stood at 236.8 million bushels, 20 million bushels above last year while off-farm stocks totaled 997.3 million bushels, 15 million bushels above last year.

Wheat planted area for 2013 is estimated at 56.4 million acres, up 1% from 2012. The 2013 winter wheat planted area is estimated at 42.0 million acres, 2% above last year and slightly above the previous estimate. Of this total, about 28.9 million acres are Hard Red Winter, 9.67 million acres are Soft Red Winter, and 3.39 million acres are White Winter. Planted area of spring wheat for 2013 is expected to total 12.7 million acres, up 3% compared to 2012. Of this total, about 12.1 million acres are Hard Red Spring wheat. The intended Durum planted area for 2013 is estimated at 1.75 million acres, down 18% from the previous year.

Cotton:

The closing price of cotton nearby futures traded on the Chicago Board of Trade (CBOT) averaged US$/bu 0.83 in 1Q13, 10.9% lower than 1Q12, when the closing price averaged US$/bu 0.93.

An expected small South Hemisphere crops are should keep demand for US cotton strong until the North Hemisphere crop is available next fall.

China has stockpiled a total of 6.5 million tonnes of cotton from the 2012 harvest in a program which finished March 29th, according to data issued by the China Cotton Association. Chinese ending stocks are expected to be 22% higher than Chinese annual consumption.

The USDA's cotton plantings number for 2013/2014 season of 10m acres was in line with expectations, representing a 2.3m acre loss (-19%) from last season, which was the smallest US cotton crop in four years.

Farmers are likely to grow 4.67 million hectares, 6.8% fewer year-over-year, with the sowing area expected to fall below its lowest since 2002 due to lower returns compared to grains.

Rice:

The FOB average price for high-quality milled rice in the South American market was $600 per ton during 1Q13, compared to an average of $520 in 1Q12 and $600 in 4Q12.

The Thai rice pledging scheme brought government stocks up to about 17 MMT milled basis. The only substantial white rice sales were to Iraq, which decreased storage pressure and generated some cash flow. Prices levels are $150 per MT over other Asian origins on average.

In Pakistan most of the export activity has been in border trade with China.

The Indian government has stored around 40 million tons of rice as a protection against disaster, as opposed to an artificial price support like the one implemented by the Thai government. This procurement has kept prices firm and exports are somewhat slow, but anyway expected sales would approach to 10 million tons, making India the largest exporter for the second year in a row.

Vietnam prices continue to soften despite the good pace of sales and exports. The reason is a global oversupply situation. The largest historical importer absent of the market is Indonesia.

China continues to take advantage of the situation, achieving their objective to opportunistically expand their stocks by acquiring rice at low prices. The Chinese have bought several million tons over the past 15 months; however, they have been rather shrewd in conducting their purchase program by strategically picking and choosing from several origins that have exportable surplus thereby not raising the market on themselves. USDA FAS numbers reflect a total of over 5 million tons of imports projected for 2012-2013 year.

US mills are fully committed due to the TRQ tenders with Colombia, 120,000 million tons of unexpected exports to Iran, and steady Haitian monthly shipments. Vietnamese rice would enter the US market because of shortage of rice and gap in prices.

Uruguayan, Argentinean and Brazilian prices have not softened despite the harvest period in the region. Sales to Iran & Iraq have set regional prices at high levels.

Coffee:

The closing price of coffee futures traded on the Chicago Board of Trade (CBOT) averaged US$/bu 0.143 in 1Q13, 30.1% lower than 1Q12, when the closing price averaged US$/bu 0.205.

Arabica price outlook has been adjusted lower to reflect an improving outlook for the 2013/14 off-season Brazilian crop, now forecast at a record 53 million bags, 10% higher than the previous off-season crop.

Robusta prices have eased over the past month as concerns about dry conditions recede, but given the tight fundamental outlook market continues to see price risk skewed to the upside.

Sugar and Ethanol:

The first quarter of the year is marked by the shift in focus from Brazil to the Northern Hemisphere cane crushing countries like India and Thailand. While sugar production in Center-South Brazil exceeded expectations and totaled 34.1 million tons by the end of the 2012/13 harvest year, by the end of the first quarter, Thailand reached 9.9 million tons of production, according to OCSB and India reached 24.1 million tons of sugar by April 15th, with 131 mills still crushing, according to ISMA. All of these facts have added to the downward trend in prices resulting from the bearish impact of three consecutive years of world sugar surpluses. The sugar nearby futures contract #11 traded at ICE decreased 9.5% during the first quarter 2013.

Ethanol followed the normal upward trend during the off-season, but was more accentuated due to several key government announcements. First, the Brazilian government formalized the increase of the anhydrous blend in gasoline from 20% to 25% starting May 1st, 2013. Second, gasoline prices increased at the refinery by 6.6% which raised the ceiling for the hydrous parity. And third, the expectation of a tax waiver for ethanol of 120 BRL/m³ was confirmed. This resulted in a 5.8% rise in hydrous prices during the quarter. Mills planned to begin the harvest almost 3 weeks earlier than last year on average in order to take advantage of higher prices and to ensure that all available cane would be crushed during the harvest which should have pressured prices downward in early April. However, the ESALQ index continued to rise throughout the first fortnight and reached 1.533 BRL/m³ (tax included) in mid-April. This was in response to a tight market caused from strong rainfall across the entire Center South Brazil. Anhydrous ethanol prices also increased, but not in the same proportion due to the governmental resolution which obligates mills and distributors to meet minimum stocking requirements. This squeezed the anhydrous/hydrous spread to the technical minimum of 5% giving even greater incentives to focus production on hydrous ethanol during the first month of the harvest. The market outlook will depend on rainfall and cane quality for the development of the Center-South Brazilian harvest as well as logistics bottlenecks reducing available volume at Brazilian ports. However, the sugar/ethanol parity will be the most important factor in altering expected trade flows by shifting production mix towards ethanol; having this trend confirmed will most likely reduce the quantity of sugar offered throughout the 2013/14 harvest and could revert the downward trend in sugar prices.

Reconciliation of Non-IFRS measures (Adjusted EBITDA & Adjusted EBIT) to Profit/(Loss)

We define Adjusted EBITDA for each of our operating segments as the segment's share of consolidated profit from operations before financing and taxation for the year or period, as applicable, before depreciation and amortization and unrealized changes in fair value of long-term biological assets.

We define Adjusted EBIT for each of our operating segments as the segment's share of consolidated profit from operations before financing and taxation for the year or period, as applicable, before unrealized changes in fair value of long-term biological assets.

We believe that Adjusted EBITDA and Adjusted EBIT are for Adeocoagro and each operating segment, respectively important measures of operating performance because they allow investors and others to evaluate and compare our consolidated operating results and to evaluate and compare the operating performance of our segments, respectively, including our return on capital and operating efficiencies, from period to period by removing the impact of our capital structure (interest expense from our outstanding debt), asset base (depreciation and amortization), tax consequences (income taxes), unrealized changes in fair value of long term biological assets (a significant non-cash gain or loss to our consolidated statements of income following IAS 41 accounting), foreign exchange gains or losses and other financial expenses. Other companies may calculate Adjusted EBITDA and Adjusted EBIT differently, and therefore Adjusted EBITDA and Adjusted EBIT may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA and Adjusted EBIT are not a measures of financial performance under IFRS, and should not be considered in isolation or as an alternative to consolidated net profit (loss), cash flows from operating activities, profit from operations before financing and taxation and other measures determined in accordance with IFRS.

Adjusted EBIT & Adjusted EBITDA Reconciliation to Profit/Loss - 1Q13

$ thousands	Crops	Rice	Dairy	Coffee	Cattle	**Farming**	**Sugar, Ethanol & Energy**	**Land Transformation**	**Corporate**	**Total**
Sales of manufactured products and services rendered	185	26,507	-	-	896	27,588	42,443	-	-	70,031
Cost of manufactured products sold and services rendered	-	(23,821)	-	-	(25)	(23,846)	(25,834)	-	-	(49,680)
Gross Profit from Manufacturing Activities	185	2,686	-	-	871	**3,742**	**16,609**	**-**	**-**	**20,351**
Sales of agricultural produce and biological assets	27,558	1,026	6,384	439	275	35,682	-	-	-	35,682
Cost of agricultural produce and biological assets	(27,558)	(1,026)	(6,384)	(439)	(275)	(35,682)	-	-	-	(35,682)
Initial recog. and changes in FV of BA and agricultural produce	12,051	5,717	958	(10,947)	(45)	7,734	(5,698)	-	-	2,036
Gain from changes in NRV of agricultural produce after harvest	1,380	-	-	19	-	1,399	-	-	-	1,399
Gross Profit from Agricultural Activities	13,431	5,717	958	(10,928)	(45)	**9,133**	**(5,698)**	**-**	**-**	**3,435**
Margin Before Operating Expenses	13,616	8,403	958	(10,928)	826	**12,875**	**10,911**	**-**	**-**	**23,786**
General and administrative expenses	(986)	(1,209)	(275)	(281)	-	(2,751)	(4,046)	-	(4,541)	(11,338)
Selling expenses	(1,092)	(4,099)	(82)	(45)	(10)	(5,328)	(5,097)	-	(18)	(10,443)
Other operating income, net	2,596	178	42	188	-	3,004	10,170	-	(57)	13,117
Share of gain/(loss) of joint ventures	-	-	(702)	-	-	(702)	-	-	-	(702)
Profit from Operations Before Financing and Taxation	14,134	3,273	(59)	(11,066)	816	**7,098**	**11,938**	**-**	**(4,616)**	**14,420**
(-) Initial recog. and changes in F.V. of long term BA (unrealized)	-	-	15	9,386	-	9,401	(492)	-	-	8,909
Adjusted EBIT	14,134	3,273	(44)	(1,680)	816	**16,499**	**11,446**	**-**	**(4,616)**	**23,329**
(-) Depreciation PPE	564	1,294	274	106	25	2,263	3,421	-	-	5,684
Adjusted EBITDA	14,698	4,567	230	(1,574)	841	**18,762**	**14,867**	-	**(4,616)**	**29,013**
Reconciliation to Profit/(Loss)										
Adjusted EBITDA										**29,013**
(+) Initial recog. and changes in F.V. of BA (unrealized)										(8,909)
(+) Depreciation PPE										(5,684)
(+) Financial result, net										(10,538)
(+) Income Tax (Charge)/Benefit										(1,372)
Profit/(Loss) for the Period										**2,510**

Adjusted EBIT & Adjusted EBITDA Reconciliation to Profit/Loss - 1Q12

$ thousands	Crops	Rice	Dairy	Coffee	Cattle	**Farming**	**Sugar, Ethanol & Energy**	**Land Transformation**	**Corporate**	**Total**
Sales of manufactured products and services rendered	240	20,252	-	-	1,171	21,663	43,457	-	-	65,120
Cost of manufactured products sold and services rendered	-	(18,983)	-	-	(42)	(19,025)	(34,777)	-	-	(53,802)
Gross Profit from Manufacturing Activities	240	1,269	-	-	1,129	**2,638**	**8,680**	**-**	**-**	**11,318**
Sales of agricultural produce and biological assets	35,754	5	4,715	461	80	41,015	189	-	-	41,204
Cost of agricultural produce and biological assets	(35,754)	(5)	(4,715)	(461)	(80)	(41,015)	(189)	-	-	(41,204)
Initial recog. and changes in FV of BA and agricultural produce	14,769	3,589	353	(4,234)	(74)	14,403	12,706	-	-	27,109
Gain from changes in NRV of agricultural produce after harvest	2,976	-	-	(27)	-	2,949	-	-	-	2,949
Gross Profit from Agricultural Activities	17,745	3,589	353	(4,261)	(74)	**17,352**	**12,706**	**-**	**-**	**30,058**
Margin Before Operating Expenses	17,985	4,858	353	(4,261)	1,055	**19,990**	**21,386**	**-**	**-**	**41,376**
General and administrative expenses	(1,083)	(1,032)	(215)	(231)	(17)	(2,578)	(4,660)	-	(5,968)	(13,206)
Selling expenses	(1,241)	(4,248)	(64)	(77)	(9)	(5,639)	(5,431)	-	(10)	(11,080)
Other operating income, net	(4,138)	282	-	1,918	(12)	(1,950)	(5,610)	-	(135)	(7,695)
Share of gain/(loss) of joint ventures	-	-	(233)	-	-	(233)	-	-	-	(233)
Profit from Operations Before Financing and Taxation	11,523	(140)	(159)	(2,651)	1,017	**9,590**	**5,685**	**-**	**(6,113)**	**9,162**
(-) Initial recog. and changes in F.V. of long term BA (unrealized)	-	-	159	1,088	-	1,247	(12,494)	-	-	(11,247)
Adjusted EBIT	11,523	(140)	-	(1,563)	1,017	**10,837**	**(6,809)**	**-**	**(6,113)**	**(2,085)**
(-) Depreciation PPE	434	975	212	156	59	1,836	2,063	-	-	3,899
Adjusted EBITDA	11,957	835	212	(1,407)	1,076	**12,673**	**(4,746)**	-	**(6,113)**	**1,814**
Reconciliation to Profit/(Loss)										
Adjusted EBITDA										**1,814**
(+) Initial recog. and changes in F.V. of BA (unrealized)										11,247
(+) Depreciation PPE										(3,899)
(+) Financial result, net										(4,219)
(+) Income Tax (Charge)/Benefit										(3,685)
Profit/(Loss) for the Period										**1,258**

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Income

Statement of Income			
$ thousands	**1Q13**	**1Q12**	**Chg %**
Sales of manufactured products and services rendered	70,031	65,120	7.5%
Cost of manufactured products sold and services rendered	(49,680)	(53,802)	(7.7%)
Gross Profit from Manufacturing Activities	**20,351**	**11,318**	**79.8%**
Sales of agricultural produce and biological assets	35,682	41,204	(13.4%)
Cost of agricultural produce sold and direct agricultural selling expenses	(35,682)	(41,204)	(13.4%)
Initial recognition and changes in fair value of biological assets and agricultural produce	2,036	27,109	(92.5%)
Changes in net realizable value of agricultural produce after harvest	1,399	2,949	(52.6%)
Gross Profit/(Loss) from Agricultural Activities	**3,435**	**30,058**	**(88.6%)**
Margin on Manufacturing and Agricultural Activities Before Operating Expenses	**23,786**	**41,376**	**(42.5%)**
General and administrative expenses	(11,338)	(13,206)	(14.1%)
Selling expenses	(10,443)	(11,080)	(5.7%)
Other operating income/(loss), net	13,117	(7,695)	- %
Share of (loss)/benefit of joint ventures	(702)	(233)	- %
Gain/(Loss) from Operations Before Financing and Taxation	**14,420**	**9,162**	**57.4%**
Finance income	3,848	5,580	(31.0%)
Finance costs	(14,386)	(9,799)	46.8%
Financial results, net	(10,538)	(4,219)	149.8%
Gain/(Loss) Before Income Tax	**3,882**	**4,943**	**(21.5%)**
Income tax (charge)/benefit	(1,372)	(3,685)	(62.8%)
Gain/(Loss) for the Period	**2,510**	**1,258**	**99.5%**

Condensed Consolidated Interim Statement of Cash Flow

Statement of Cash Flows			
$ thousands	1Q13	1Q12	Chg %
Cash flows from operating activities:			
Gain/(Loss) for the period	2,510	1,258	99.5%
Adjustments for:			
Income tax expense	1,372	3,685	(62.8%)
Depreciation	5,600	3,805	47.2%
Amortization	84	94	(10.6%)
Gain from disposal of other property items	(368)	(561)	(34.4%)
Equity settled shared-based compensation granted	1,015	720	41.0%
(Gain)/Loss from derivative financial instruments and forwards	(14,204)	7,113	- %
Interest and other expense, net	7,640	2,505	205.0%
Initial recognition and changes in fair value of non harvested biological assets (unrealized)	(2,005)	(23,497)	(91.5%)
Changes in net realizable value of agricultural produce after harvest (unrealized)	(415)	(793)	(47.7%)
Provision and allowances	378	1,878	(79.9%)
Share of loss from joint venture	702	233	
Foreign exchange gains, net	4,233	1,753	141.5%
Subtotal	**6,542**	**(1,807)**	**- %**
Changes in operating assets and liabilities:			
(Increase)/decrease in trade and other receivables	1,716	(13,527)	- %
(Increase)/decrease in inventories	(2,425)	12,397	- %
Decrease in biological assets	25,311	731	3,362.5%
(Increase)/Decrease in other assets	24	(99)	- %
(Decrease)/increase in derivative financial instruments	(2,411)	679	- %
Increase/(decrease) in trade and other payables	(12,480)	22,695	- %
Increase in payroll and social security liabilities	157	2,665	(94.1%)
Increase in provisions for other liabilities	(9)	-	- %
Net cash generated from operting activities before interest and taxes paid	**16,425**	**23,734**	**(30.8%)**
Income tax paid	-	(2,804)	(100.0%)
Net cash generated from/(used in) operating activities	**16,425**	**20,930**	**(21.5%)**
Cash flows from investing activities:			
Purchases of property, plant and equipment	(47,232)	(75,836)	(37.7%)
Purchases of intangible assets	(39)	(13)	200.0%
Purchase of cattle and planting cost of non current biological assets	(25,096)	(26,736)	(6.1%)
Interest received	1,761	4,466	(60.6%)
Payment of seller financing arising on subsidiares acquired	-	(6,807)	- %
Proceeds from sale of farmland	3,018	-	
Proceeds from sale of property, plant and equipment	1,220	836	45.9%
Proceeds from disposal of subsidiaries	6,717	-	- %
Net cash used in investing activities	**(59,651)**	**(104,090)**	**(42.7%)**
Cash flows from financing activities:			
Proceeds from equity settled share-based compensation exercised	-	218	- %
Proceeds from long-term borrowings	49,989	20,418	144.8%
Payment of long-term borrowings	(13,787)	(1,205)	1,044.1%
Net increase in short-term borrowings	3,340	18,134	(81.6%)
Interest Paid	(5,091)	(6,292)	(19.1%)
Net cash generated from financing activities	**34,451**	**31,273**	**10.2%**
Net decrease in cash and cash equivalents	**(8,775)**	**(51,887)**	**(83.1%)**
Cash and cash equivalents at beginning of year	218,809	330,546	(33.8%)
Effect of exchange rate changes on cash and cash equivalents	403	4,251	(90.5%)
Cash and cash equivalents at end of period	**210,437**	**282,910**	**(25.6%)**

Condensed Consolidated Interim Balance Sheet

Statement of Financial Position

$ thousands	March 31, 2013	December 31, 2012	Chg %
ASSETS			
Non-Current Assets			
Property, plant and equipment, net	937,499	880,897	6.4%
Investment property	14,923	15,542	(4.0%)
Intangible assets, net	32,236	32,880	(2.0%)
Biological assets	243,254	224,966	8.1%
Investments in joint ventures	1,818	2,613	(30.4%)
Financial assets	11,878	11,878	- %
Deferred income tax assets	35,553	35,391	0.5%
Trade and other receivables, net	50,748	44,030	15.3%
Other assets	1,375	1,398	(1.6%)
Total Non-Current Assets	**1,329,284**	**1,249,595**	**6.4%**
Current Assets			
Biological assets	58,731	73,170	(19.7%)
Inventories	96,614	95,321	1.4%
Trade and other receivables, net	116,129	135,848	(14.5%)
Derivative financial instruments	17,196	5,212	229.9%
Cash and cash equivalents	210,437	218,809	(3.8%)
Total Current Assets	**499,107**	**528,360**	**(5.5%)**
TOTAL ASSETS	**1,828,391**	**1,777,955**	**2.8%**
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	183,562	183,331	0.1%
Share premium	940,332	940,332	- %
Cumulative translation adjustment	(181,705)	(182,929)	(0.7%)
Equity-settled compensation	18,863	17,952	5.1%
Other reserves	(342)	(349)	(2.0%)
Treasury stock	(244)	(6)	3,966.7%
Retained earnings	70,265	67,647	**3.9%**
Equity attributable to equity holders of the parent	**1,030,731**	**1,025,978**	0.5%
Non controlling interest	61	65	**(6.2%)**
TOTAL SHAREHOLDERS' EQUITY	**1,030,792**	**1,026,043**	**0.5%**
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	4,601	4,575	0.6%
Borrowings	391,864	354,249	10.6%
Deferred income tax liabilities	73,190	75,389	(2.9%)
Payroll and social liabilities	1,555	1,512	2.8%
Provisions for other liabilities	2,162	1,892	**14.3%**
Total Non-Current Liabilities	**473,372**	**437,617**	**8.2%**
Current Liabilities			
Trade and other payables	97,511	99,685	(2.2%)
Current income tax liabilities	304	187	62.6%
Payroll and social liabilities	23,061	22,948	0.5%
Borrowings	201,296	184,884	8.9%
Derivative financial instruments	1,120	5,751	(80.5%)
Provisions for other liabilities	935	840	11.3%
Total Current Liabilities	**324,227**	**314,295**	**3.2%**
TOTAL LIABILITIES	**797,599**	**751,912**	**6.1%**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,828,391**	**1,777,955**	**2.8%**