



## 2nd Quarter 2014 Earnings Webcast

August 15, 2014

**AGRO**  
**LISTED**  
**NYSE**

*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) the implementation of our business strategy, including our development of the Ivinhema project; (iii) our plans relating to acquisitions, joint ventures, strategic alliances or divestitures; (iv) the implementation of our financing strategy and capital expenditure plan; (v) the maintenance of our relationships with customers; (vi) the competitive nature of the industries in which we operate; (vii) the cost and availability of financing; (viii) future demand for the commodities we produce; (ix) international prices for commodities; (x) the condition of our land holdings; (xi) the development of the logistics and infrastructure for transportation of our productions in the countries where we operate; (xii) the performance of the South American and world economies; (xiii) weather and other natural phenomena; (xiv) the relative value of the Brazilian Real, the Argentine Peso, and the Uruguayan Peso compared to other currencies; and (xv) developments in, or changes to, the laws, regulations and governmental policies governing our business, including environmental laws and regulations.*

*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.*

## Adjusted EBITDA Definition

- ✓ Under IFRS accounting, *the sale of a non-controlling interest in a subsidiary* is accounted for as an equity transaction, with no gain or loss recognized in the consolidated statement of income. Differences between the selling price and the book value are recognized in Shareholder's Equity.
- ✓ This type of transaction had not been contemplated when the Company originally defined its Adjusted EBITDA in 2010.
- ✓ Management believes that *the sale of a controlling or non-controlling interest in a subsidiary*, whose main underlying asset is farmland, is a key element in its Land Transformation business.
- ✓ These type of sales allow the company to monetize the capital gains generated by the transformation of undeveloped or underutilized farmland, thereby enhancing return on invested capital.
- ✓ We have decided to include the gains or losses from sales of non-controlling interests in subsidiaries in our Adjusted EBITDA definition.

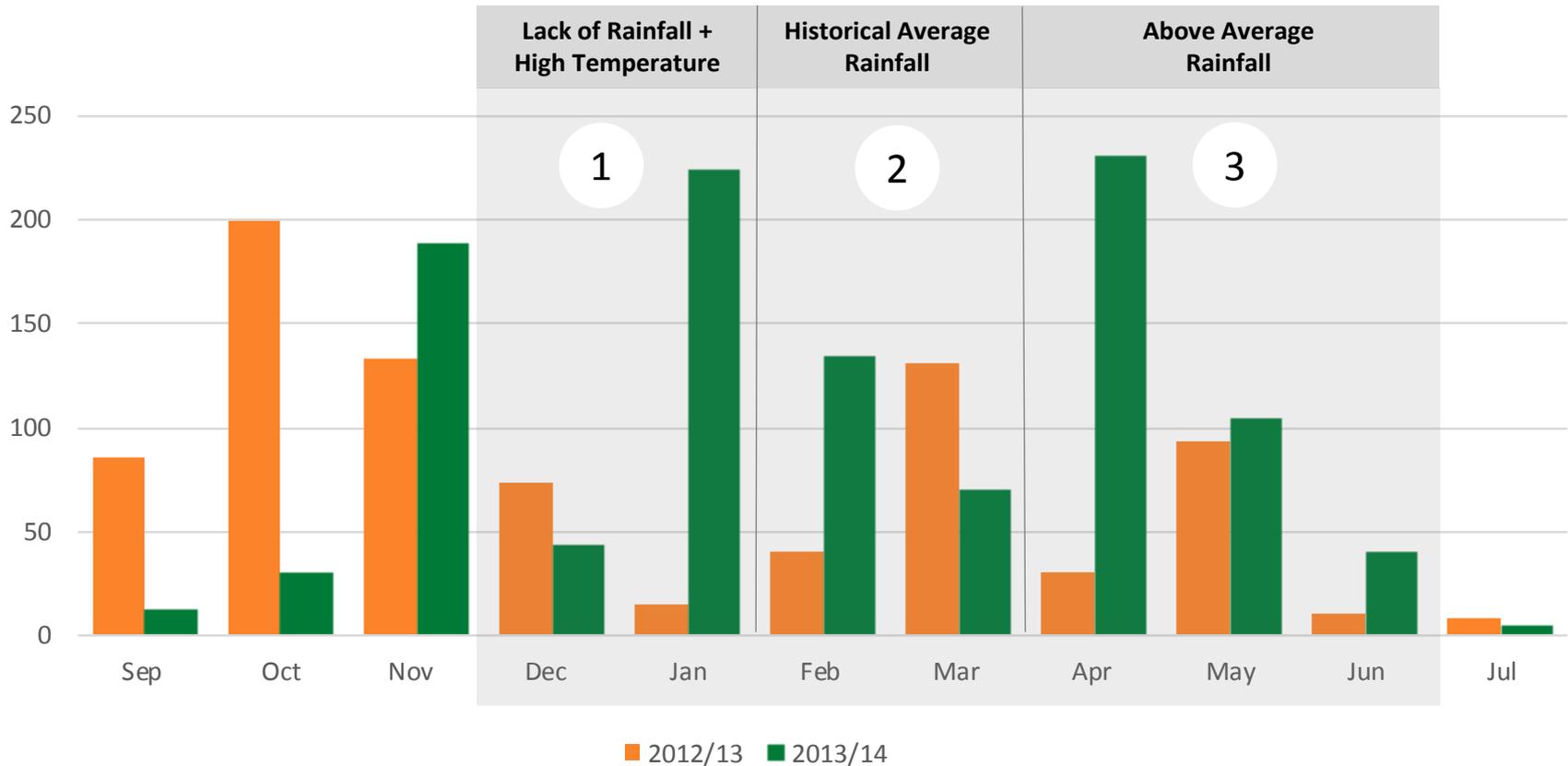
A large stream of golden-brown corn kernels is pouring from a red metal chute. The kernels are in motion, creating a blurred trail as they fall against a clear blue sky. The chute is on the left side of the frame, and the kernels are falling towards the bottom right.

# Farming Business

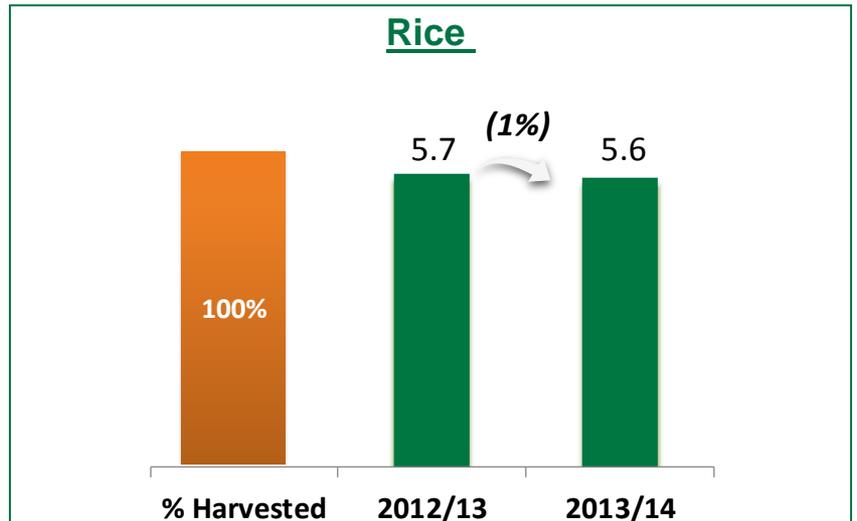
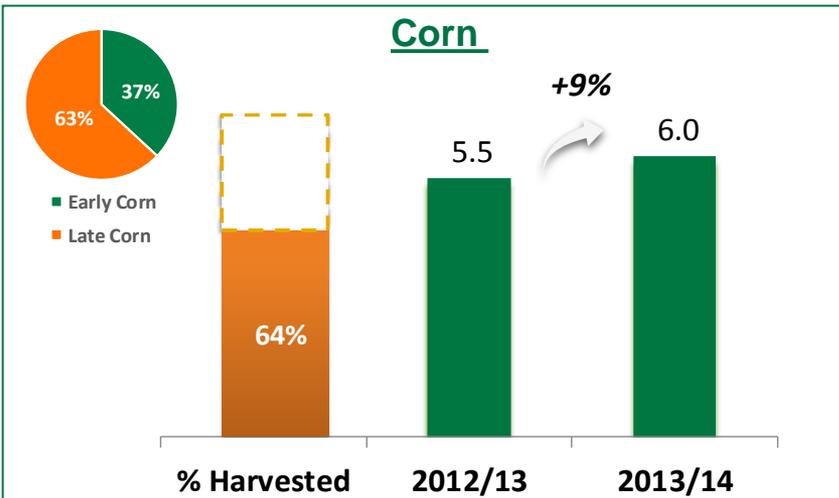
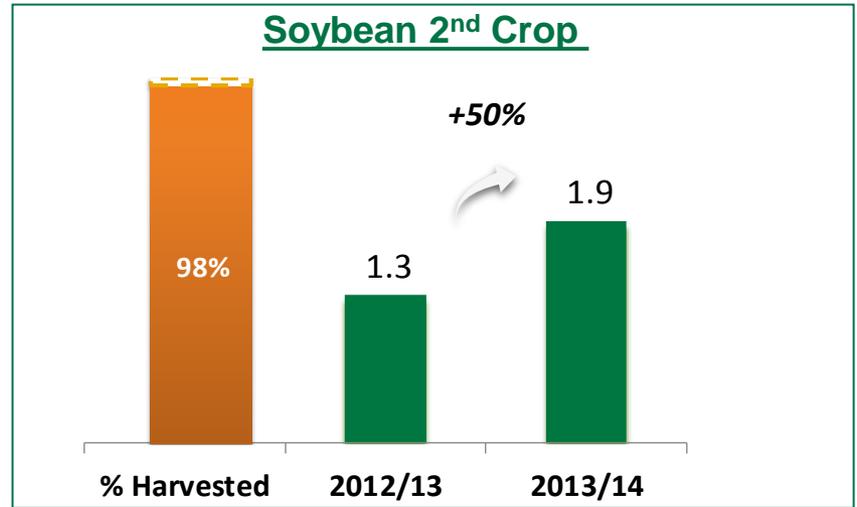
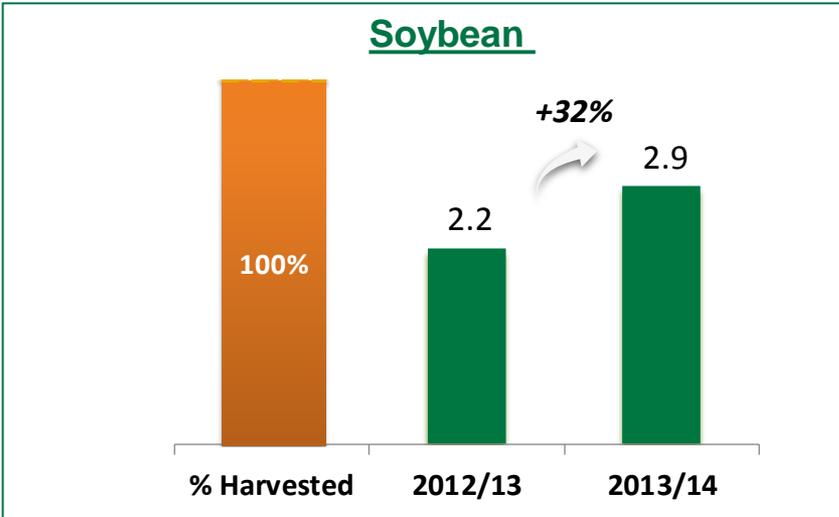


Weather conditions during the 2013/14 harvest have improved versus the previous year and returned to their historical average.

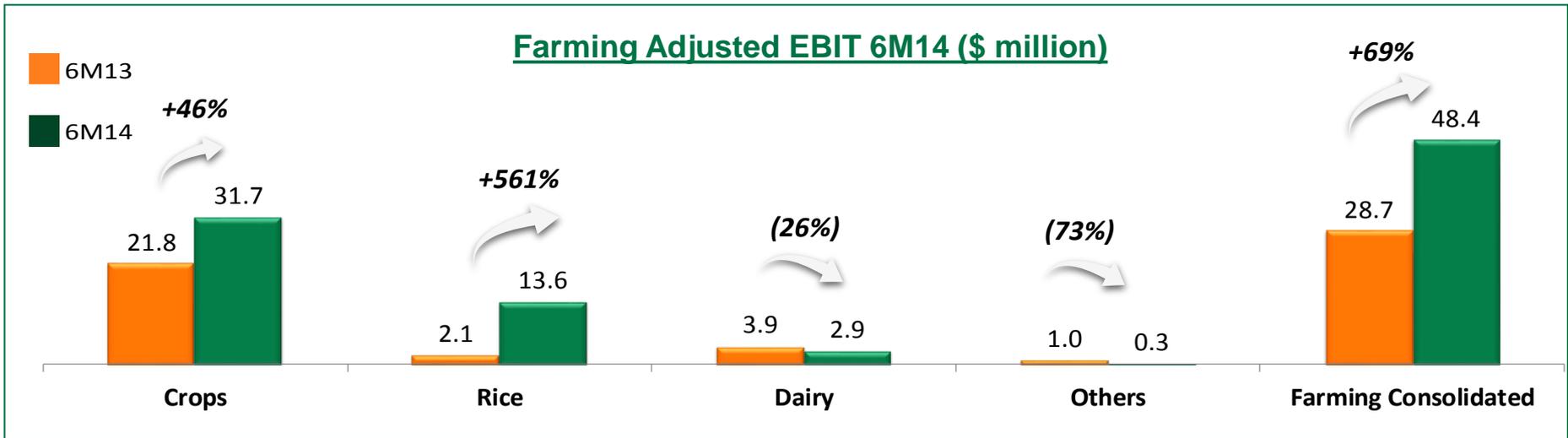
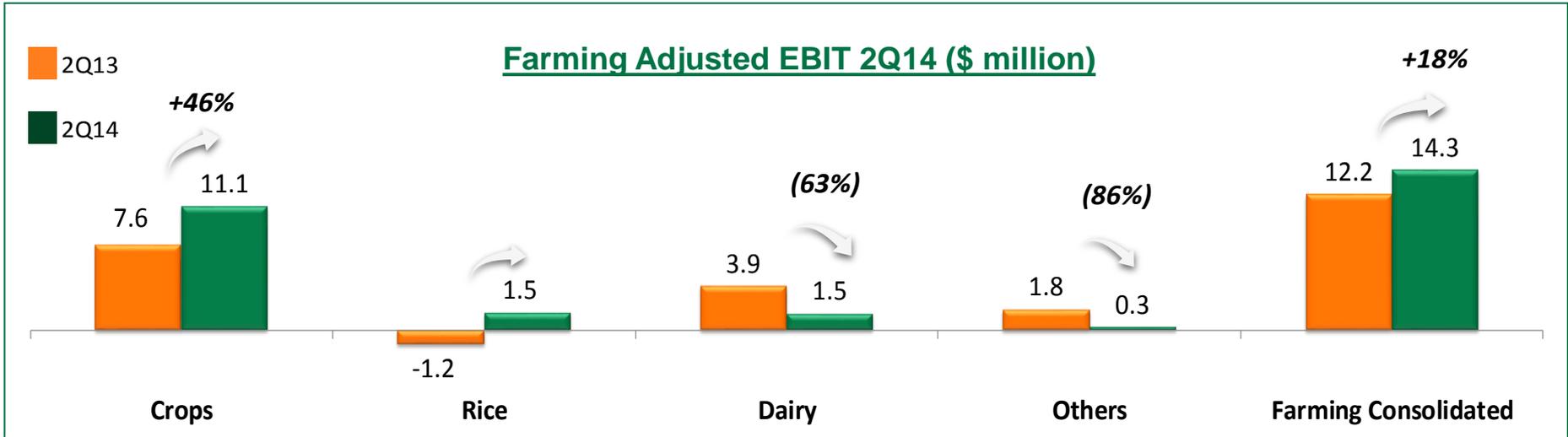
2012/13 vs 2013/14 Monthly Rainfall Evolution in Argentina’s Humid Pampas (1)



Favorable weather during the 2013/14 season have allowed our crops to develop normally increasing yields and margins compared to the previous crop.



In our Farming Business, Adjusted EBIT in 2Q14 increased by 18% to \$14.3 million. Adjusted EBIT in 6M14 increased by 69% to \$48.4 million.



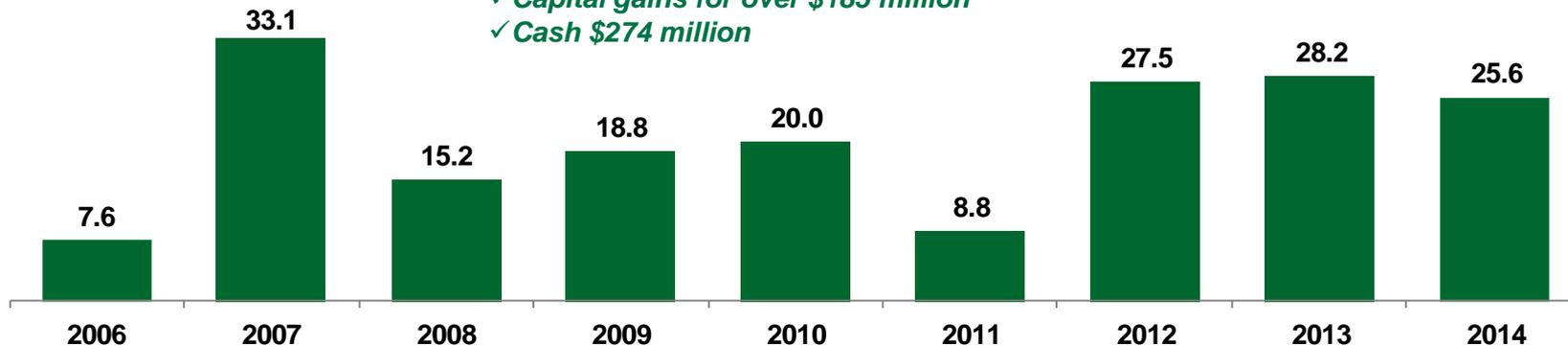
# Land Transformation Business



Land Transformation is a key element of our business and a driver of value creation.

- ✓ On June 17, 2014, Adecoagro completed the sale of a 49.0% interest in Global Anceo S.L.U. and Global Hisingen S.L.U, two Spanish subsidiaries, for a total price of \$50.6 million which has been paid in full at closing.
- ✓ The main underlying assets of Global Anceo S.L.U. and Global Hisingen S.L.U are La Guarida and Los Guayacanes, two farms located in the Argentine provinces of Salta and Santiago del Estero, respectively.
- ✓ This transaction generated \$25.6 million of Adjusted EBITDA in 2Q14, representing a 28.0% premium over the Cushman & Wakefield independent appraisal dated September 2013.

✓ 63K hectares  
 ✓ Capital gains for over \$185 million  
 ✓ Cash \$274 million



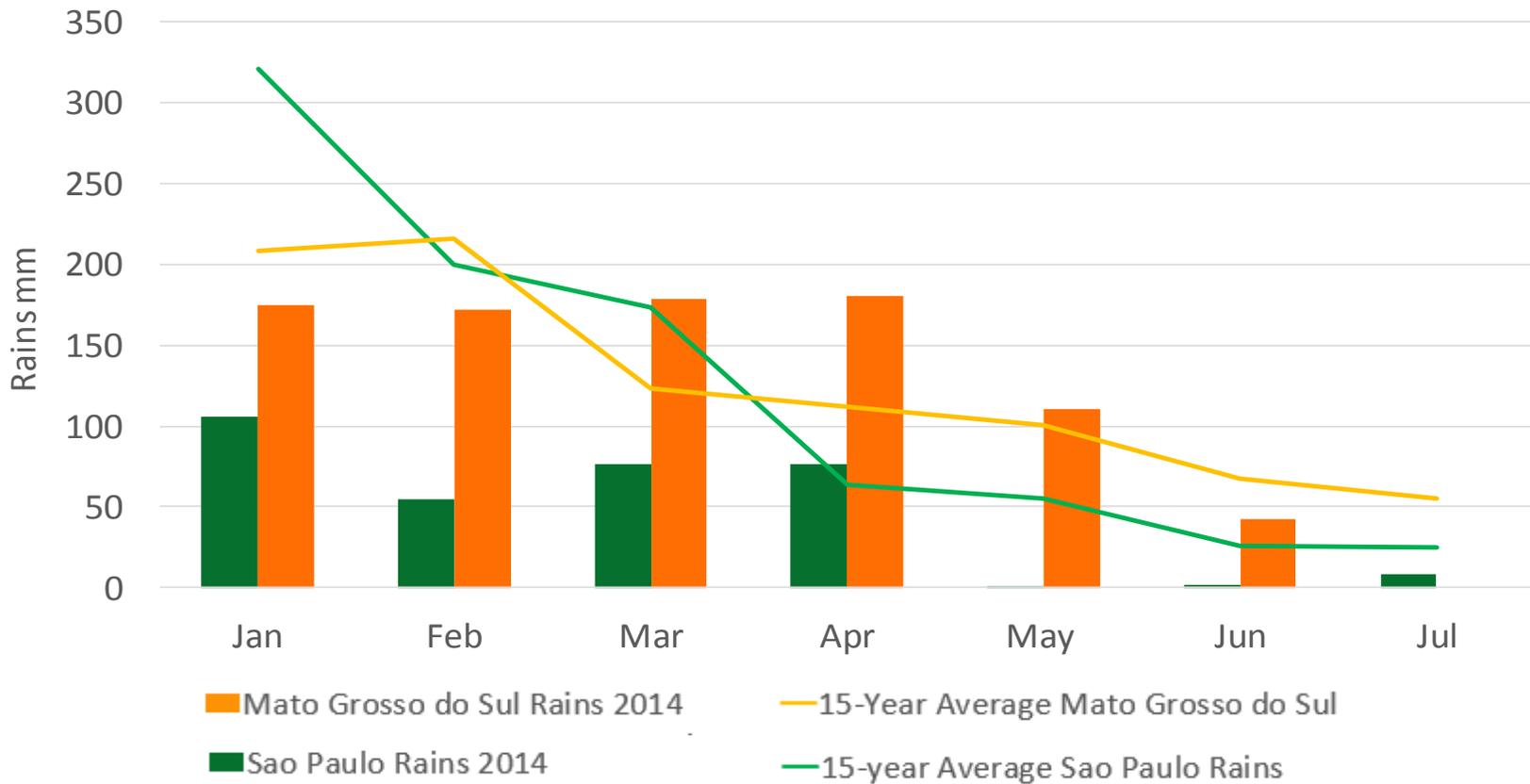
<b>Sold ha</b>	3,507	8,714	4,857	5,005	5,086	2,439	7,680	14,176	12,887
<b>% Over Appraisal</b>	N.A	N.A	33%	20%	19%	23%	23%	17%	28%

# Sugar, Ethanol & Energy Business



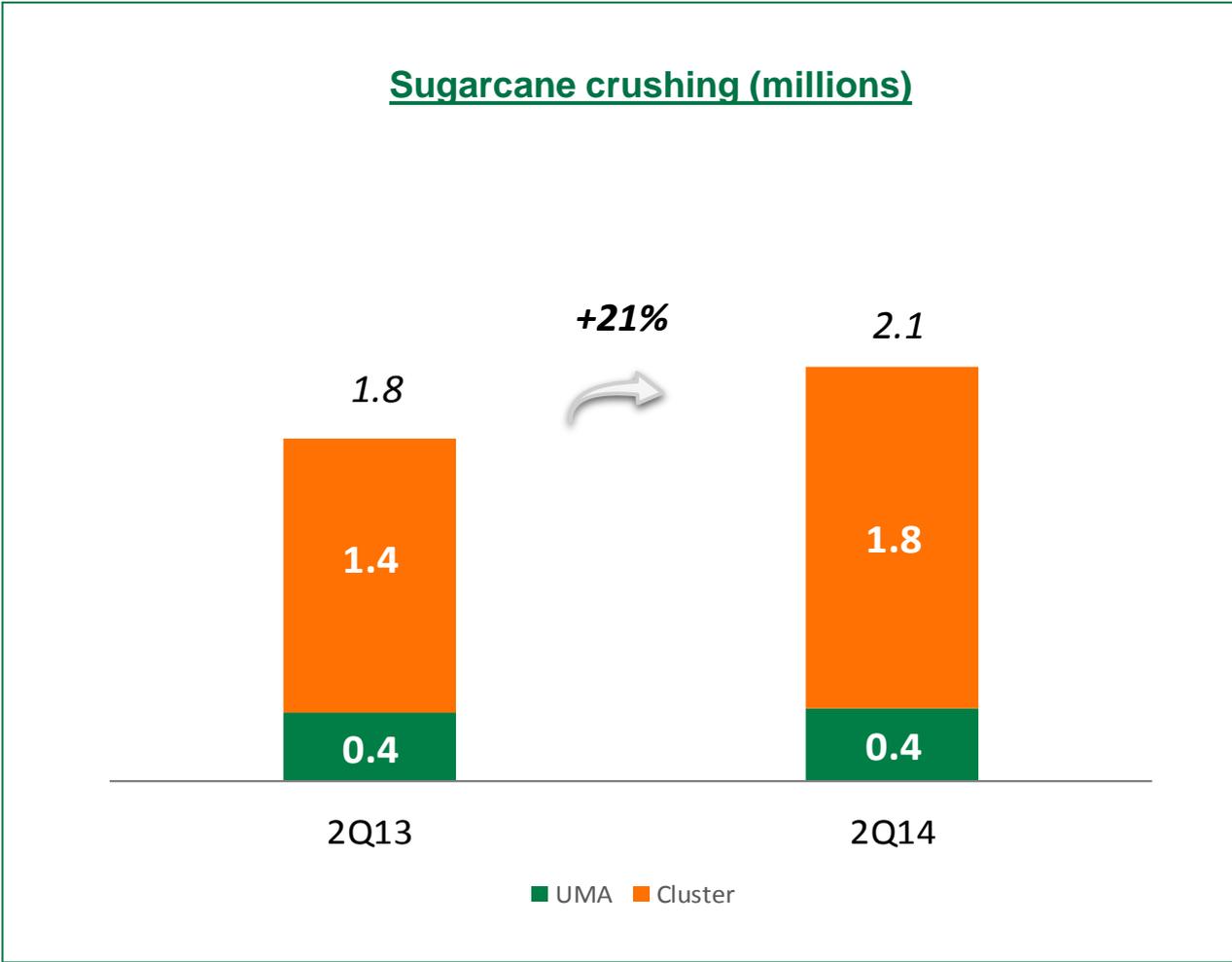
Our mills in Mato Grosso do Sul were benefited by rains 3% above the historical average.

Mato Grosso do Sul vs Sao Paulo Rainfall 2014 (1)



(1) Data has been obtained from Ribeirão Preto, Sao Paulo and Angelica, Mato Grosso do Sul.

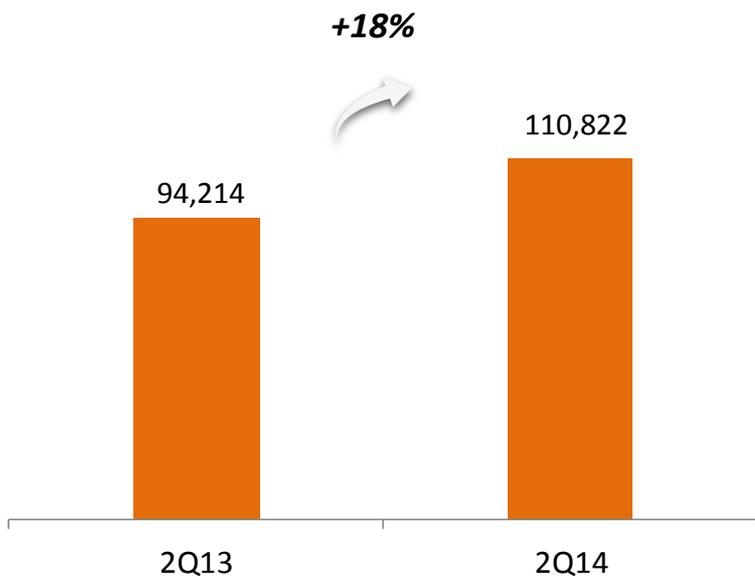
**Our mills crushed a total of 2.1 million tons of sugarcane in 2Q14, marking a 21% increase over the previous year.**



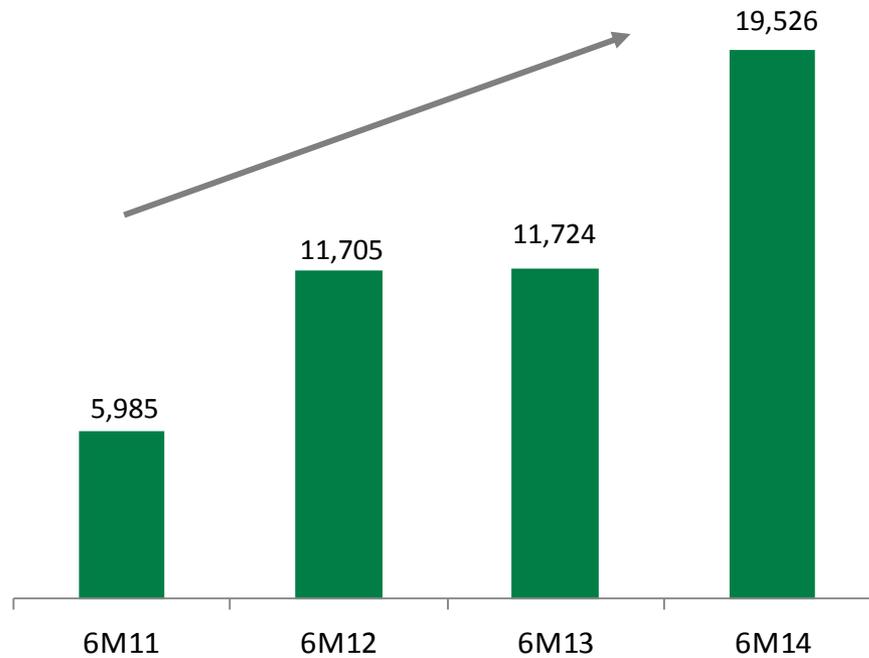


Sugarcane planting is a key strategy to supply our mills with quality raw material at low cost

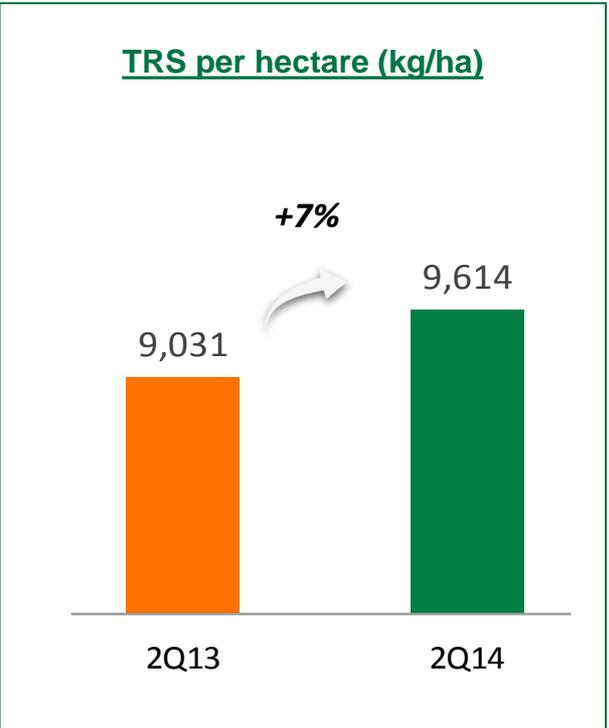
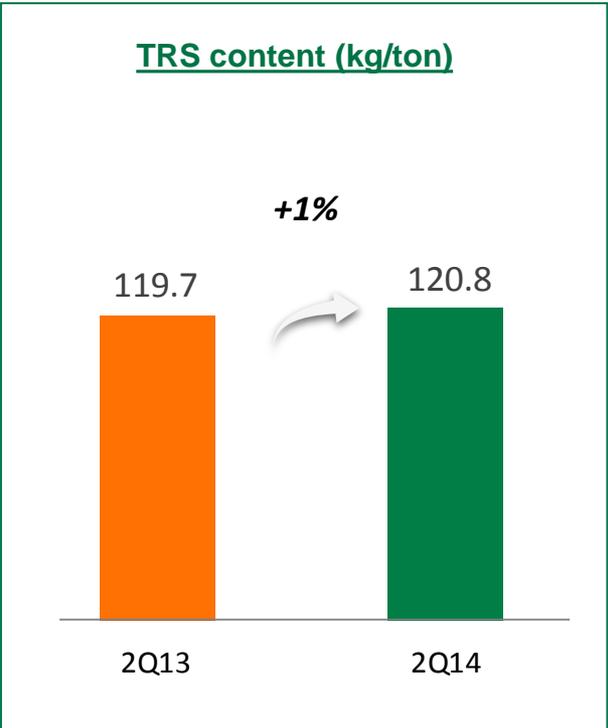
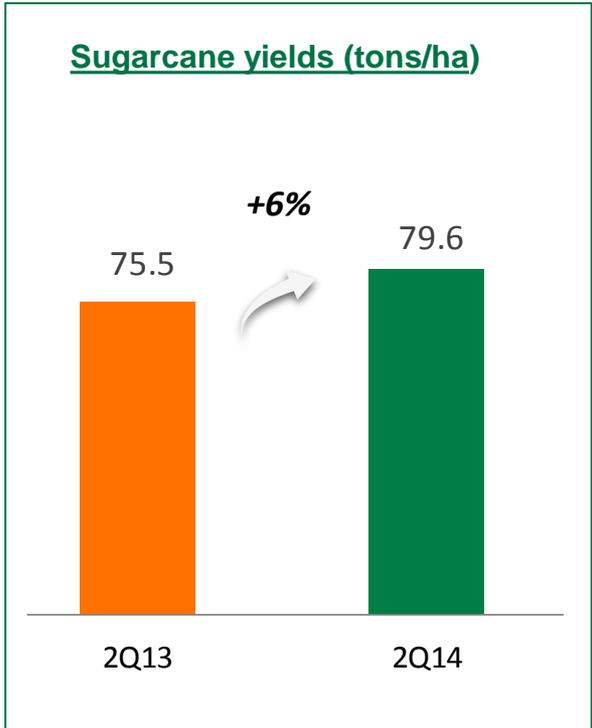
Sugarcane Plantation Size (hectares)



Sugarcane Planting (hectares)



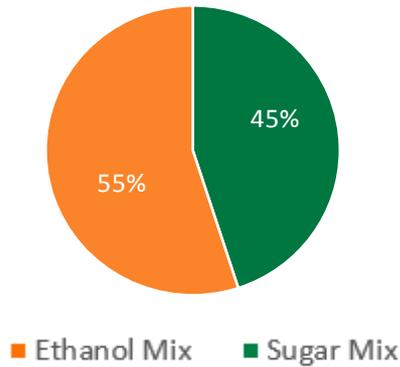
**Operational efficiencies together with adequate rainfalls has resulted in increased productivity indicators.**



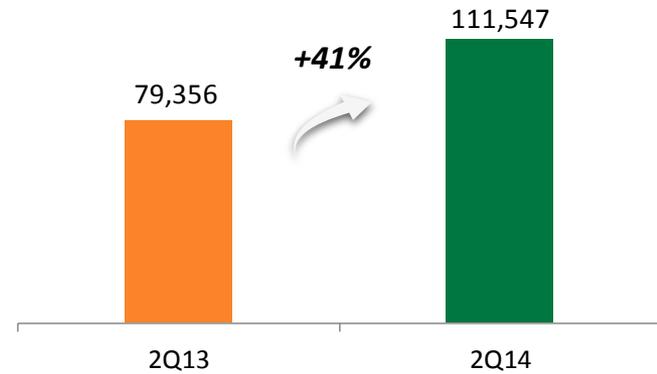


Higher crushing and enhancements in our cluster have allowed us to increase total production volumes for sugar, ethanol and energy.

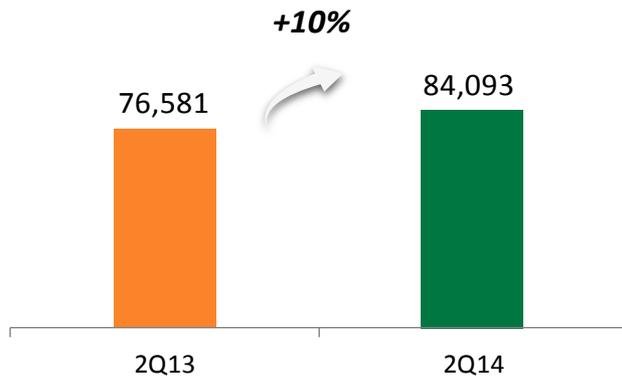
Sugar and Ethanol Mix in Production



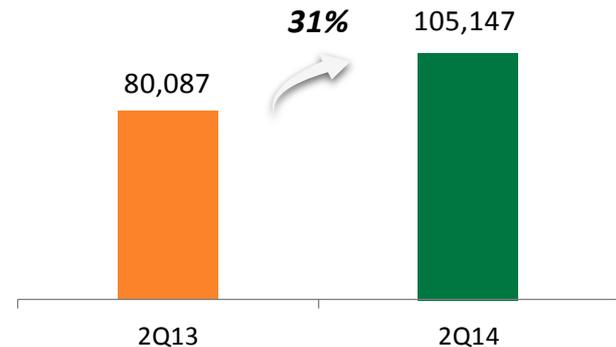
Sugar Production (tons)



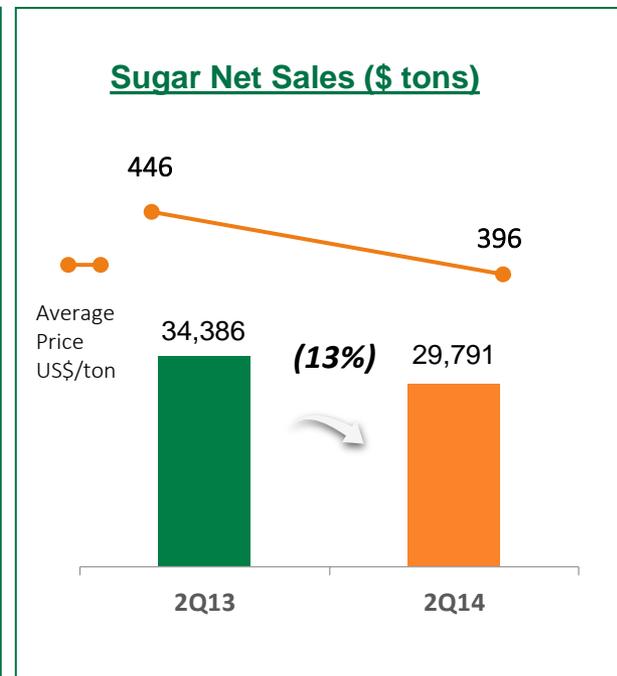
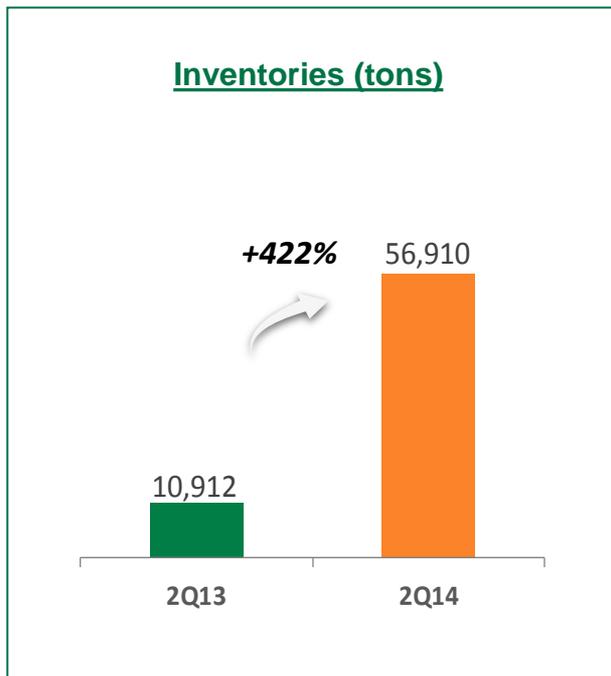
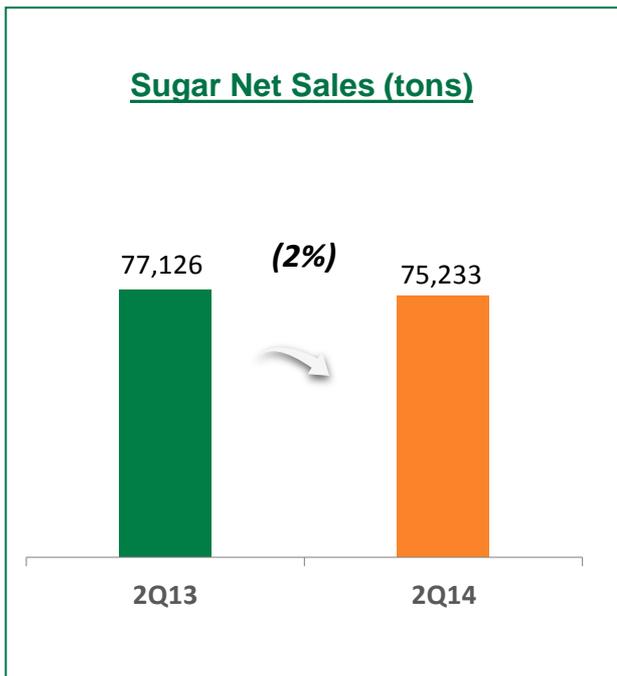
Ethanol Production (m3)



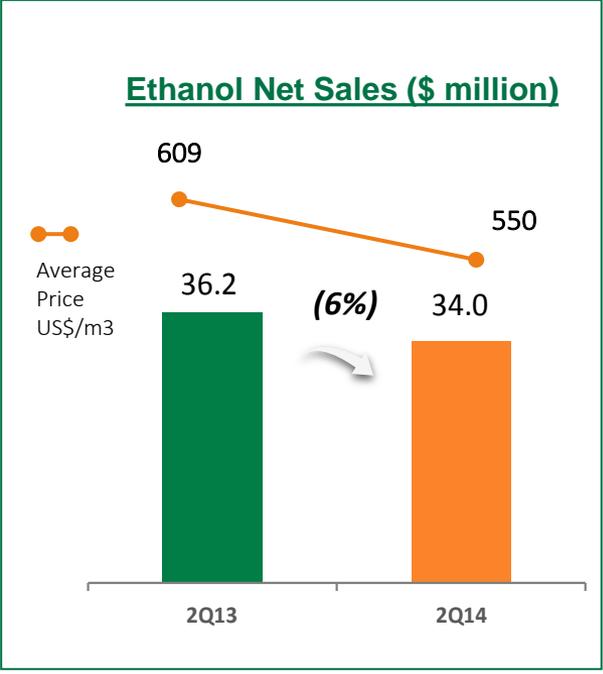
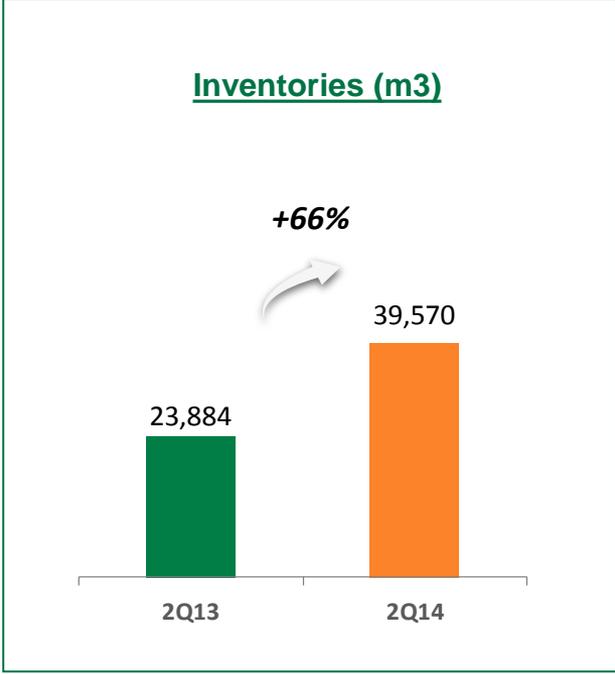
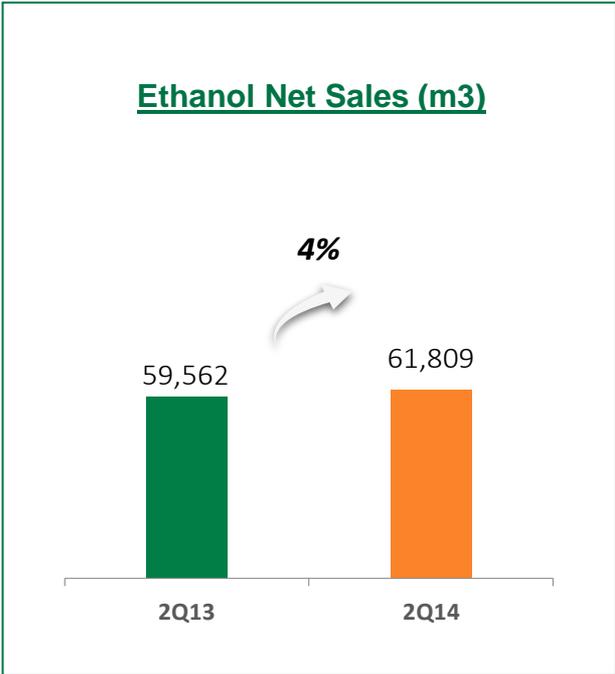
Energy Exported (MWh)



Sugar sales will be enhanced in the following quarter as we deliver committed volumes from our inventory.

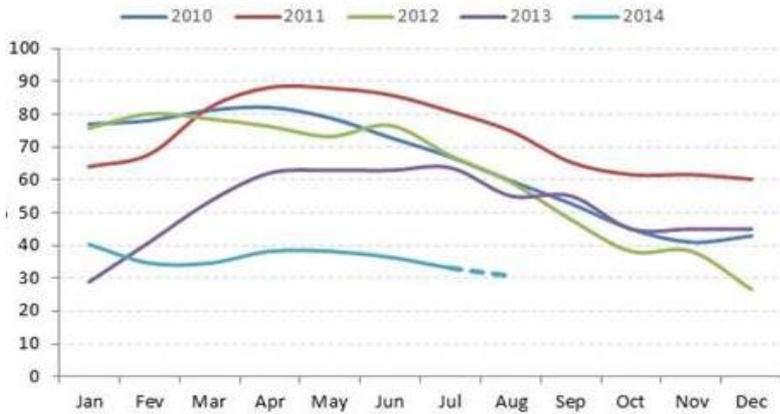


We have implemented an ethanol carry strategy, which should allow us to capture higher prices in the upcoming quarters

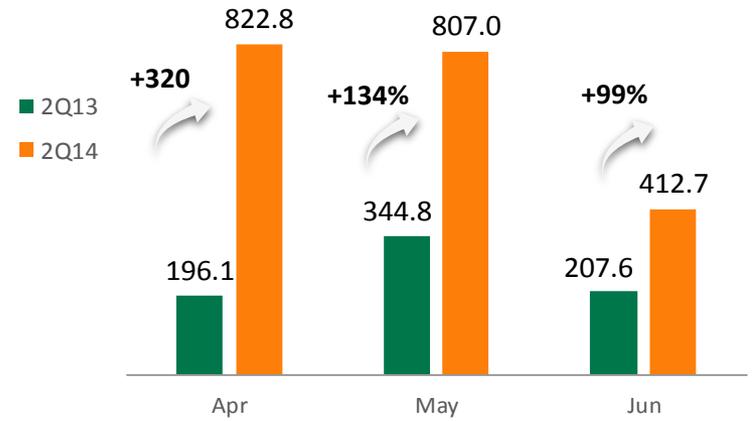


**Our full cogeneration capacity has allowed us to capture the high spot energy prices in the market and increase our margins.**

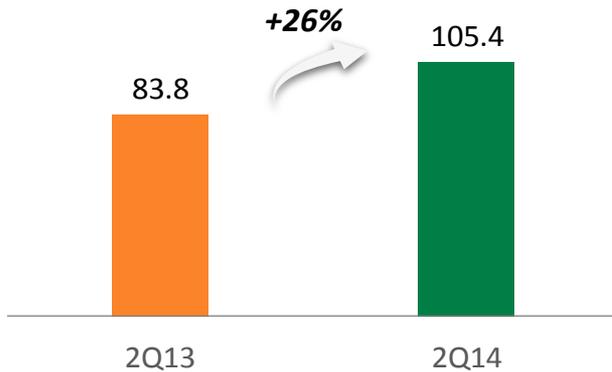
**Percentage of Water Stored in Reservoirs**



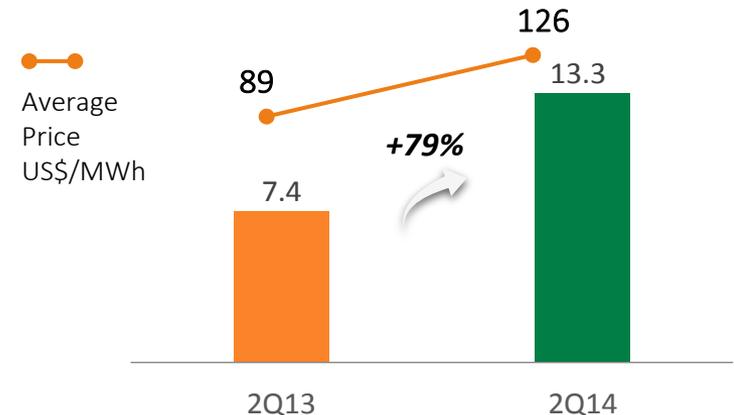
**Brazilian Energy Spot Prices 1Q13 vs 1Q14**



**Total Net Sales (thousands MWh)**



**Total Net Sales (\$ million)**

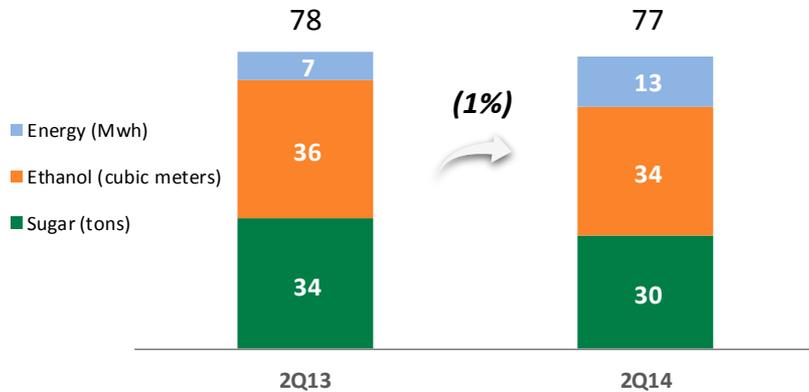




In spite of flat sales, our EBITDA Margins have strengthened driven by operational enhancements and cost efficiencies.

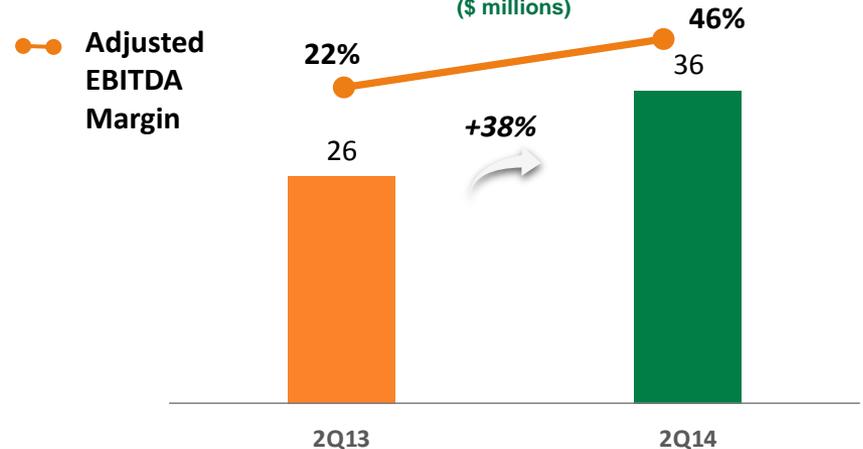
Net Sales 2Q14

(\$ millions)



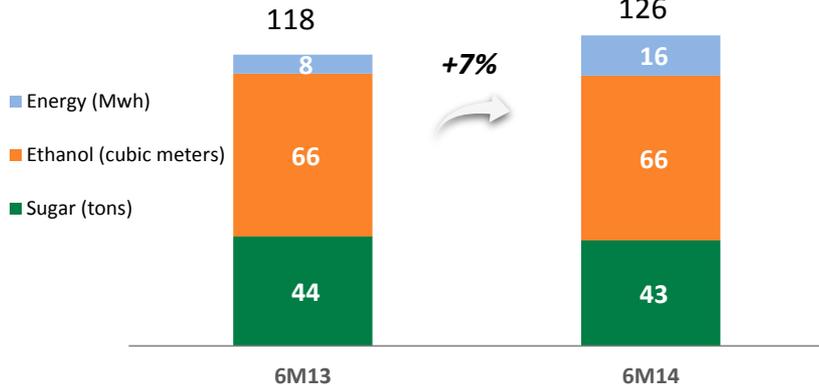
Adjusted EBITDA & EBITDA Margin 2Q14

(\$ millions)



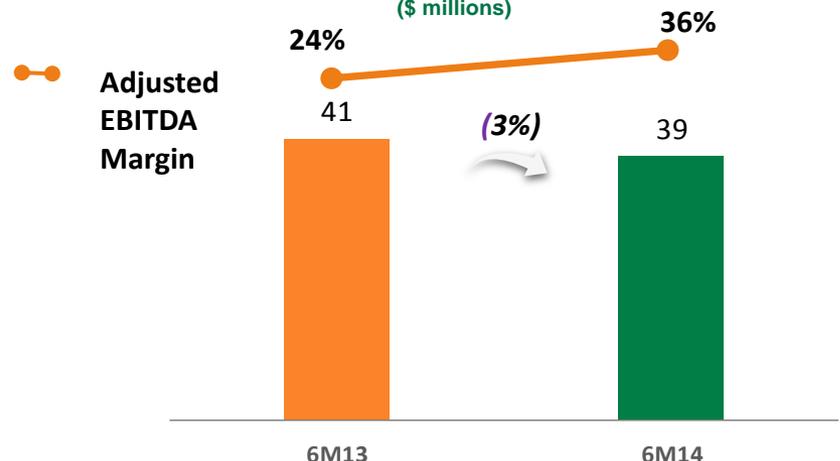
Net Sales 6M14

(\$ millions)



Adjusted EBITDA & EBITDA Margin 6M14

(\$ millions)



**Construction for the second and final phase of Ivinhema is progressing on schedule and capital expenditures are on budget.**



<b>Ivinhema Mill Capex</b>	<b>Phase I</b>	<b>Phase II</b>
Crushing Capacity	2.0	3.0
<b>Capex (BRL Million)</b>		
Agriculture Equipment	78	174
Industrial Equipment	388	282
Sugarcane Planting Costs	92	127
<b>Total</b>	<b>559</b>	<b>583</b>
<i>BRL per Ton</i>	<i>279</i>	<i>194</i>

**Highlights**

**CONSTRUCTION UPDATE**

- ✓Phase II will expand to milling capacity to 5.0 million tons per year by 2015, rather than 4.0 million tons as originally planned.
- ✓Annual production capacity is expected to increase to 300,000 tons of sugar, 240,000 cubic meters of ethanol and 360,000 MWh of energy exports.
- ✓Construction is progressing slightly ahead of schedule and on budget regarding CAPEX
- ✓We are currently in the process of assembling the second boiler, the ethanol distillery and the power substation, and are closely monitoring the manufacture and delivery of key equipment parts. We expect phase II to be ready to start milling by March 2015, at the start of the 2015/16 sugarcane harvest.

**CAPEX**

- ✓ Total capital expenditure is estimated at BRL 583 million.



# Financial Performance





Financial Performance is increasing year by year as we improve efficiencies in each one of our businesses and become the lowest cost producers of our commodities.

Area & Production	2010	2011	2012	2013	2Q13	2Q14	Chg%	6M13	6M14	Chg%
Farming Planted Area (hect.)	183,454	192,207	232,547	217,234	218,572	219,416	0.4%	218,572	219,416	0.4%
Sugarcane Planted Area (hect.)	53,799	65,308	85,663	99,409	94,214	110,822	17.6%	94,214	110,822	17.6%
Sugarcane Crushing (tons)	4,066,115	4,168,082	4,488,935	6,417,951	1,775,827	2,149,829	21.1%	1,841,198	2,192,092	19.1%
Net Sales	2010	2011	2012	2013	2Q13	2Q14	Chg%	6M13	6M14	Chg%
Farming & Land Transformation	197,741	270,766	322,368	327,163	110,041	120,448	9.5%	173,311	166,532	(3.9%)
Sugar, Ethanol & Energy	204,256	258,939	271,447	297,265	78,059	77,090	(1.2%)	117,730	125,543	6.6%
<b>Total</b>	<b>401,997</b>	<b>529,705</b>	<b>593,815</b>	<b>624,428</b>	<b>188,100</b>	<b>197,538</b>	<b>5.0%</b>	<b>291,041</b>	<b>292,075</b>	<b>0.4%</b>
Adjusted EBITDA	2010	2011	2012	2013	2Q13	2Q14	Chg%	6M13	6M14	Chg%
Farming & Land Transformation	65,735	67,444	68,647	88,942	21,209	41,770	96.9%	39,971	77,658	94.3%
Sugar, Ethanol & Energy	51,735	109,507	97,505	115,239	25,841	35,611	37.8%	40,708	39,422	(3.2%)
Corporate	(22,353)	(26,885)	(25,442)	(23,478)	(5,601)	(4,579)	(18.2%)	(10,217)	(9,547)	(6.6%)
<b>Total</b>	<b>95,117</b>	<b>150,066</b>	<b>140,710</b>	<b>180,704</b>	<b>41,449</b>	<b>72,802</b>	<b>75.6%</b>	<b>70,462</b>	<b>107,533</b>	<b>52.6%</b>
<b>Adjusted EBITDA Margin</b>	<b>23.7%</b>	<b>28.3%</b>	<b>23.7%</b>	<b>28.9%</b>	<b>22.0%</b>	<b>36.9%</b>	<b>67.3%</b>	<b>24.2%</b>	<b>36.8%</b>	<b>52.1%</b>

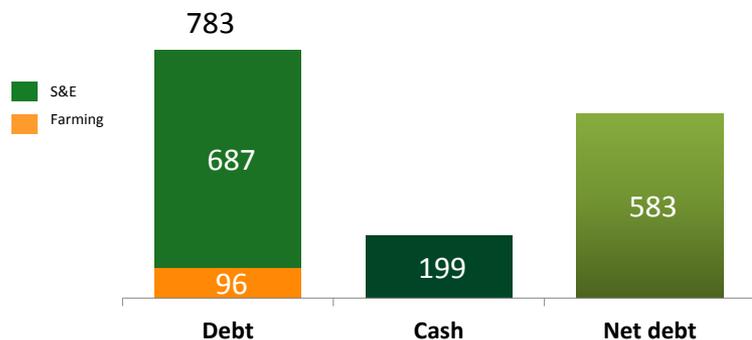
(1) Corporate expenses allocated 50% to Farming & Land Transformation and 50% to Sugar, Ethanol & Energy

(2) Calculated over Net Sales. Net Sales is calculated as Sales less sugar and ethanol sales taxes.

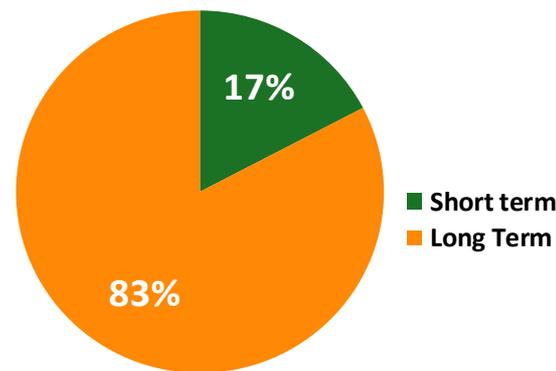


As of June 30, 2014 Adecoagro's gross indebtedness was \$783 million, 1.0% lower than the previous quarter.

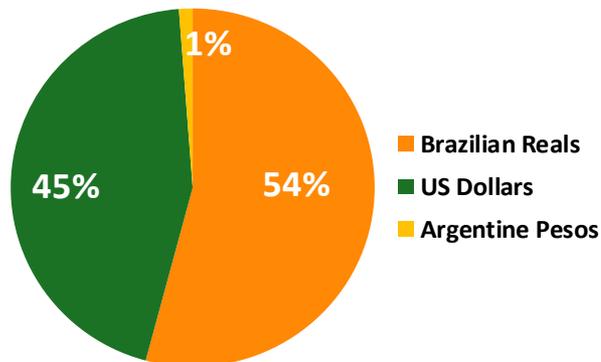
2Q14 Net debt (\$ millions)



2Q14 Debt Term Structure



2Q14 Debt Currency Structure



- Total debt as of June 30, 2014, was of \$782,3 million
- While debt was decreased using the proceeds from our Land Transformation transaction, debt increased driven by the construction of the Ivinhema mill.
- Net debt as of June 30, 2014, was of \$583 million

# Thank you!



[www.ir.adecoagro.com](http://www.ir.adecoagro.com)

## **Investor Relations**

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