



2nd Quarter 2016 Earnings Webcast

August 12, 2016

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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.

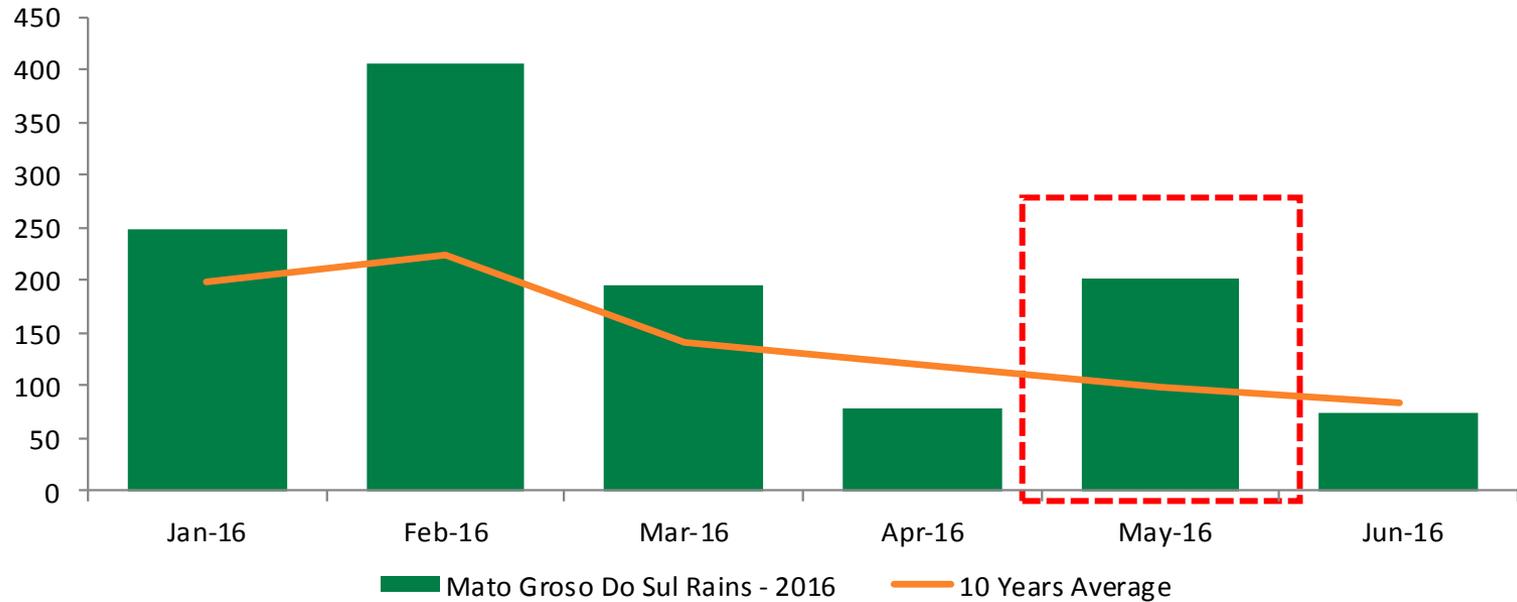
The forward-looking statements made in this press release related only to events or information as of the date on which the statements are made in this press release. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements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

Sugar, Ethanol & Energy Business



Rainfalls in Mato Grosso do Sul during May were significantly higher than the historical average

2016 Rainfalls in Angelica/Ivinhema Cluster - Mato Gross do Sul





Crushing in 2Q16 was delayed by excess rains. However, year-to-date, milling is 24% higher than last year driven by “continuous harvest”

Operational Metrics - 2Q16 vs. 2Q15

Operational Metrics	2Q16	2Q15	% Change
Effective Milling Days	57	65	(13%)
Total Crushing (k tons)	2,695	2,921	(8%)
Milling per Day (k tons)	48	45	6%

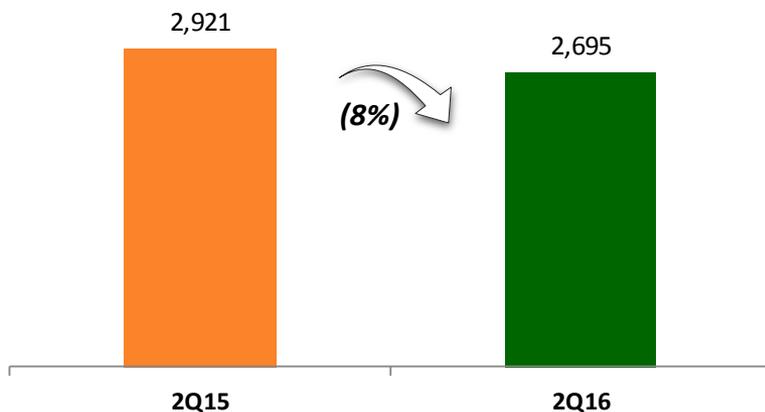
Operational Metrics - 6M16 vs. 6M15

Operational Metrics	6M16	6M15	% Change
Effective Milling Days	87	74	18%
Total Crushing (k tons)	4,199	3,381	24%
Milling per Day (k tons)	48	46	5%



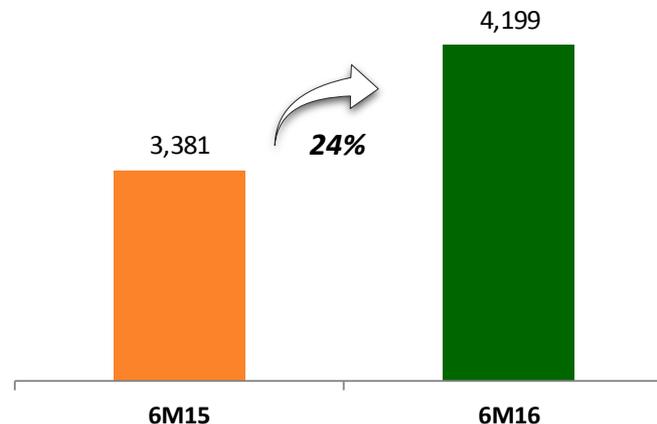
Sugarcane crushing

(In Thousands Tons)



Sugarcane crushing

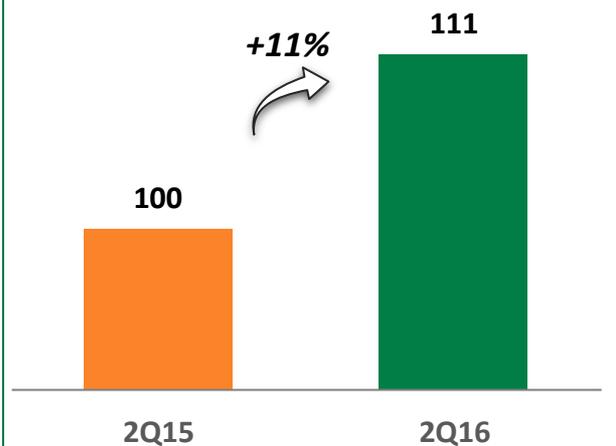
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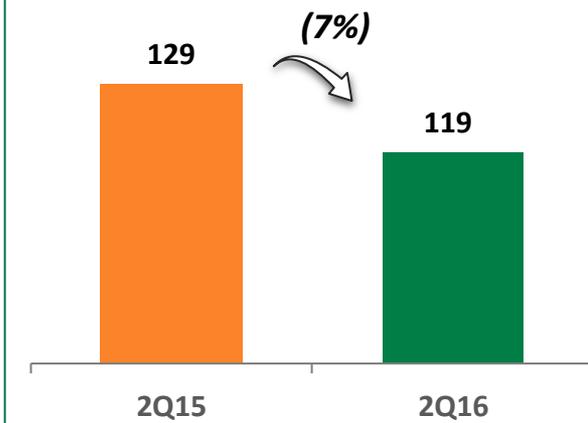


Sugarcane productivity has been enhanced by improvements in agricultural management

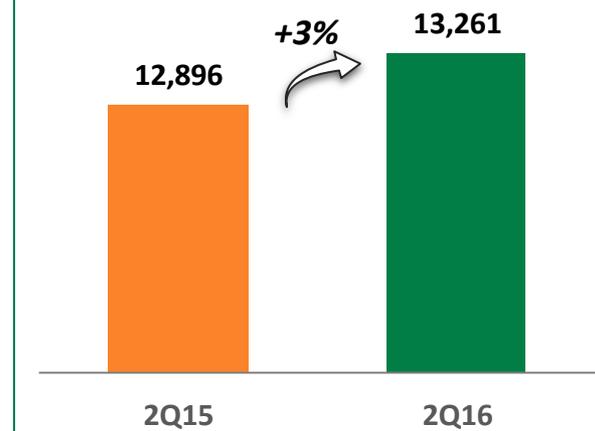
Yield per Hectare



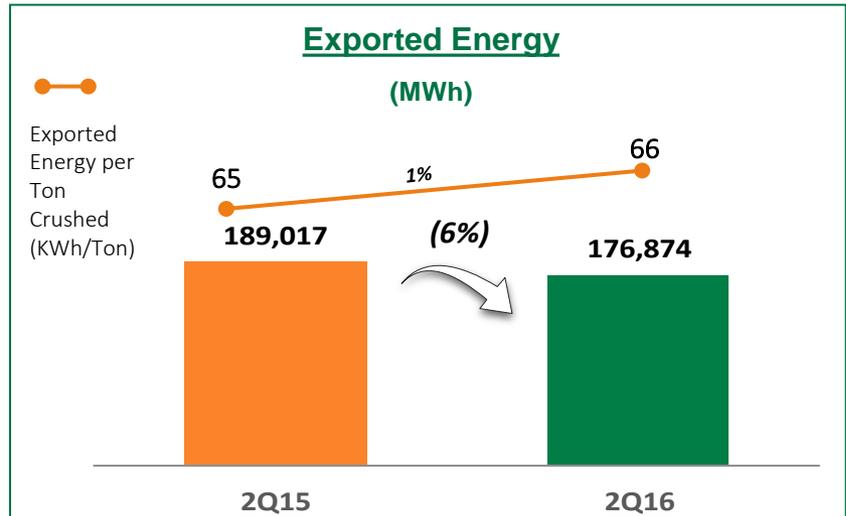
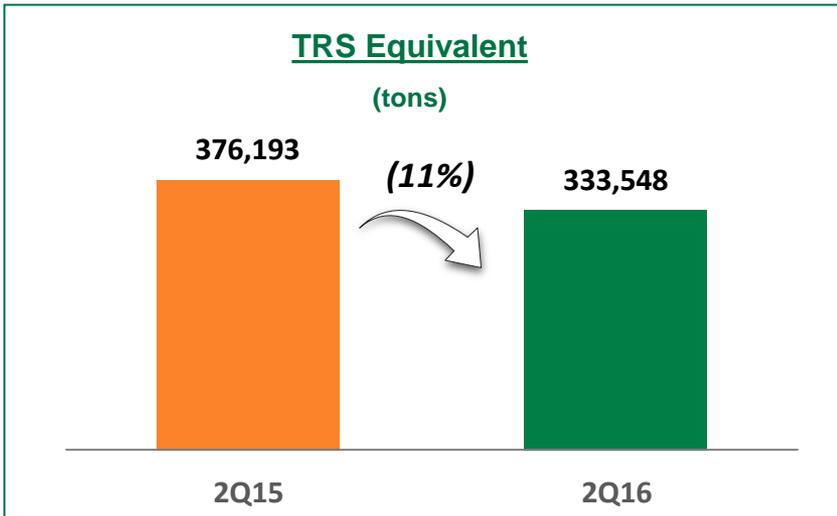
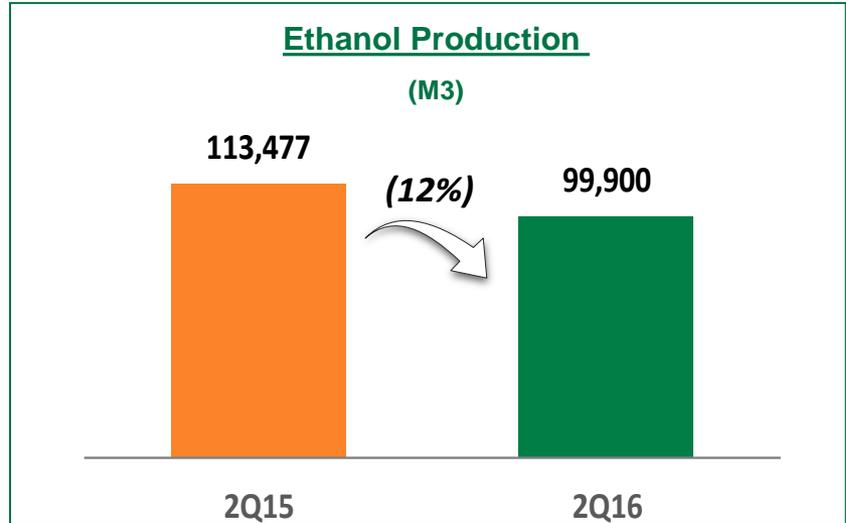
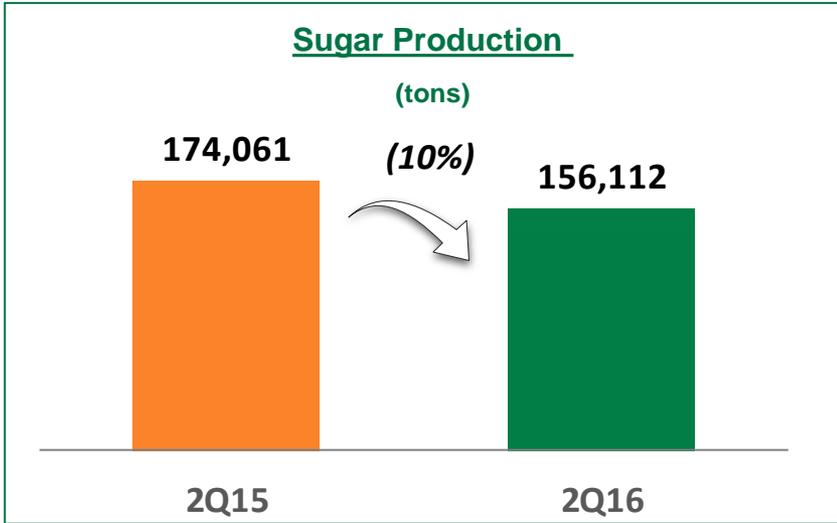
TRS per Ton



TRS per Hectare



Production in 2Q16 was lower as a result of the delay in crushing volumes and lower TRS





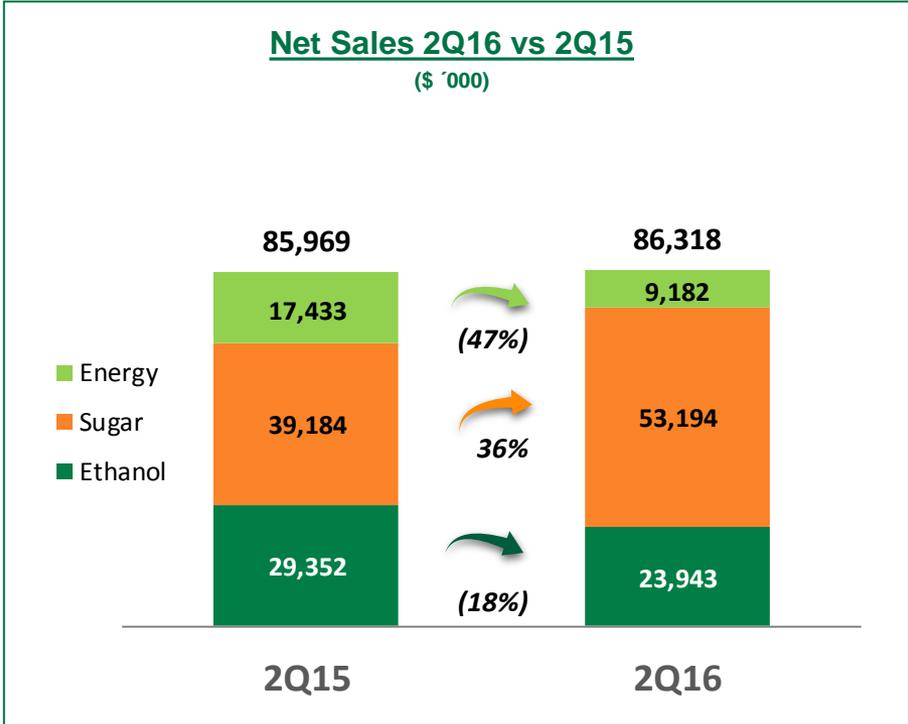
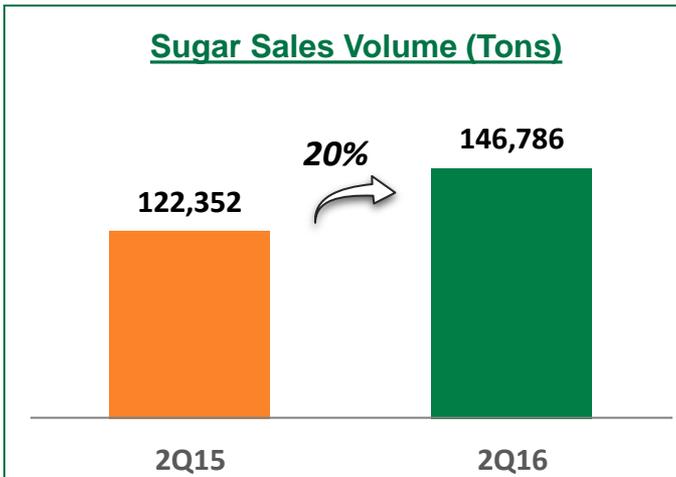
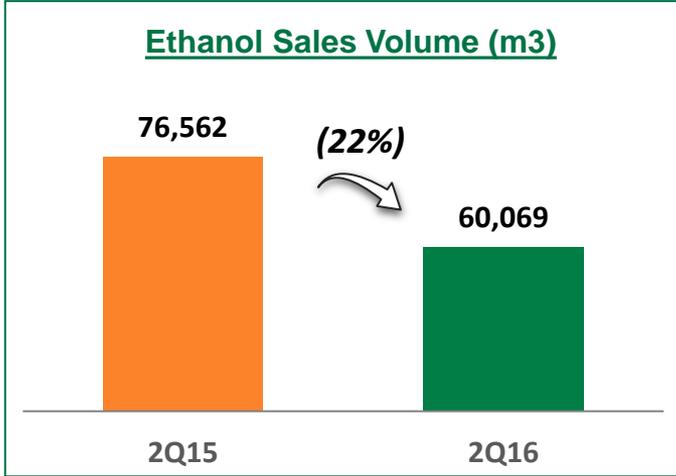
Production cost dilution driven by cluster ramp-up, operational enhancements and BRL devaluation

Sugar, Ethanol & Energy - Total Production Costs						
<i>\$ thousands</i>	2Q16	2Q15	Chg %	6M16	6M15	Chg %
Industrial costs	17,693	20,911	(15.4%)	26,229	23,594	11.2%
Agricultural costs	62,691	78,499	(20.1%)	86,150	90,017	(4.3%)
<i>Harvest costs</i>	37,771	49,119	(23.1%)	53,358	54,671	(2.4%)
<i>Cane from 3rd parties</i>	4,387	7,573	(42.1%)	5,483	7,688	(28.7%)
<i>Leasing costs</i>	11,529	10,247	12.5%	15,666	14,279	9.7%
<i>Maintenance costs</i>	9,004	11,559	(22.1%)	11,643	13,378	(13.0%)
Total Production Costs	80,384	99,409	(19.1%)	112,379	113,610	(1.1%)
<i>Total production costs per ton of sugarcane crushed</i>	30	34	(12.4%)	27	34	(20.4%)
<i>Total production costs per ton of TRS produced</i>	241	264	(8.8%)	225	266	(15.4%)

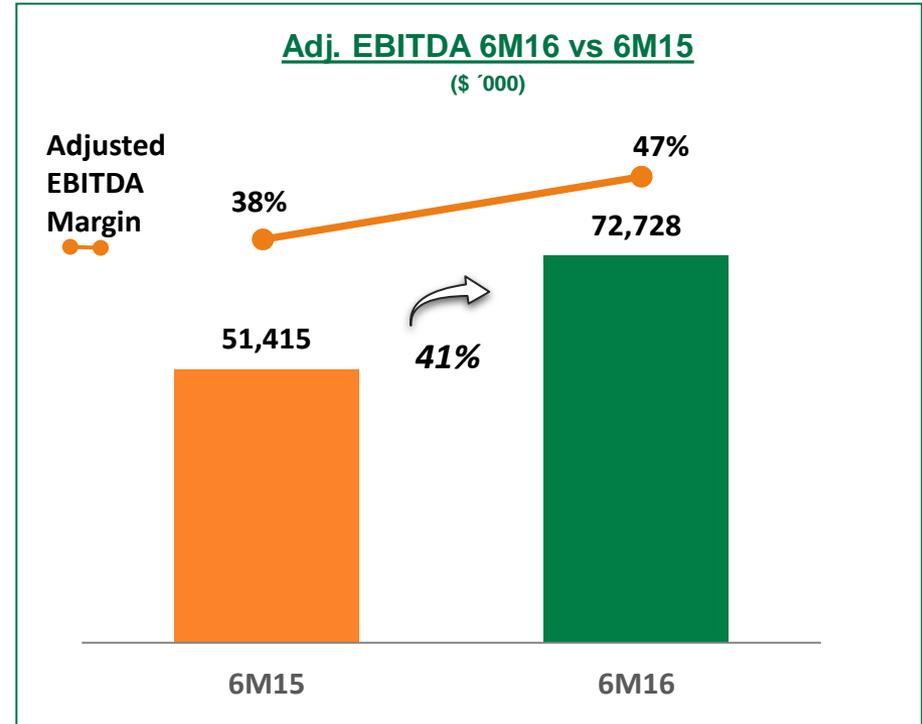
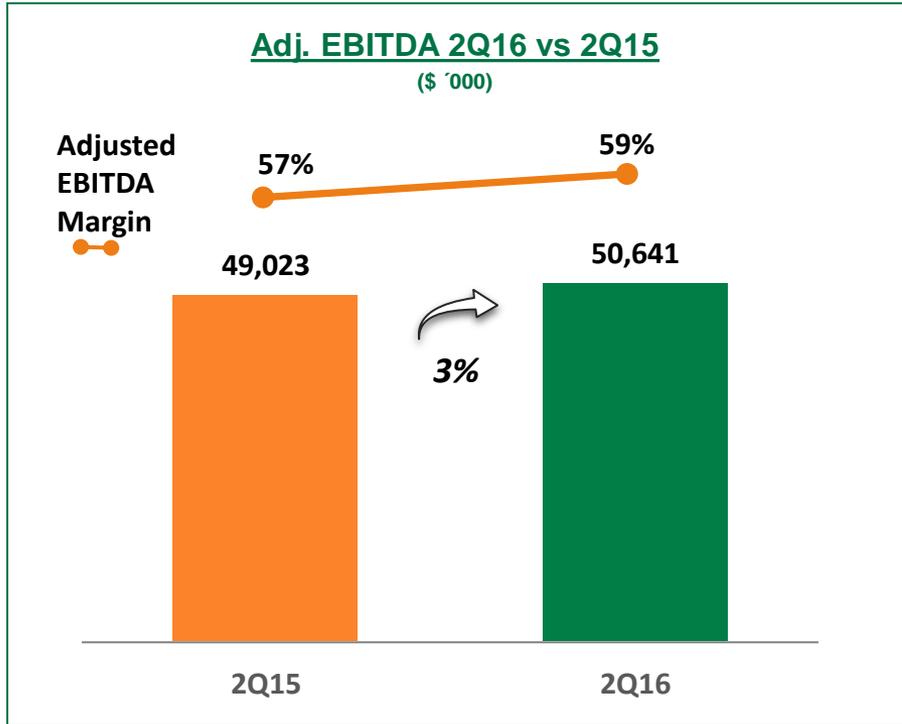
Main Drivers for Cost Dilution

- ▶ Despite lower sugarcane milling, we managed to lower our unitary cost of production measured as both per ton of sugarcane crushed and per ton of TRS produced by 12.4% and 8.8%, respectively.
- ▶ This was mainly accomplished by:
 - Efficiency enhancements at industry and agricultural operations
 - BRL devaluation

Sales evolution during the quarter respond to our strategy of maximizing margins through ethanol carry



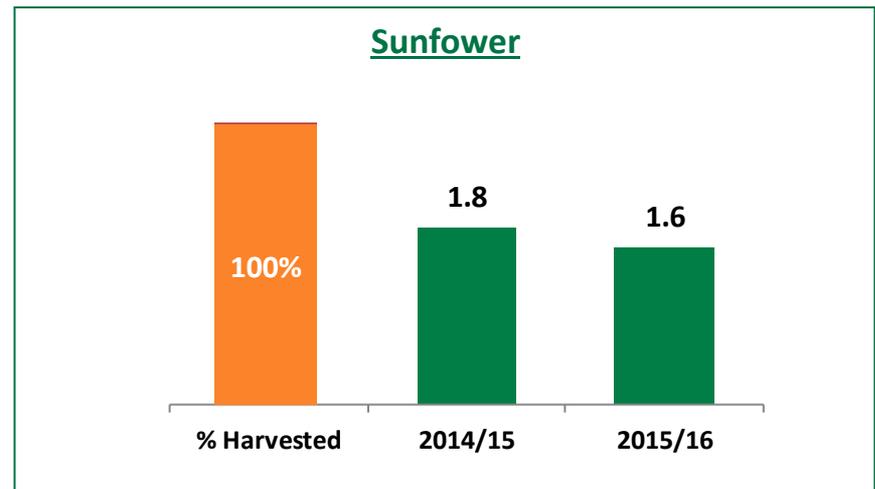
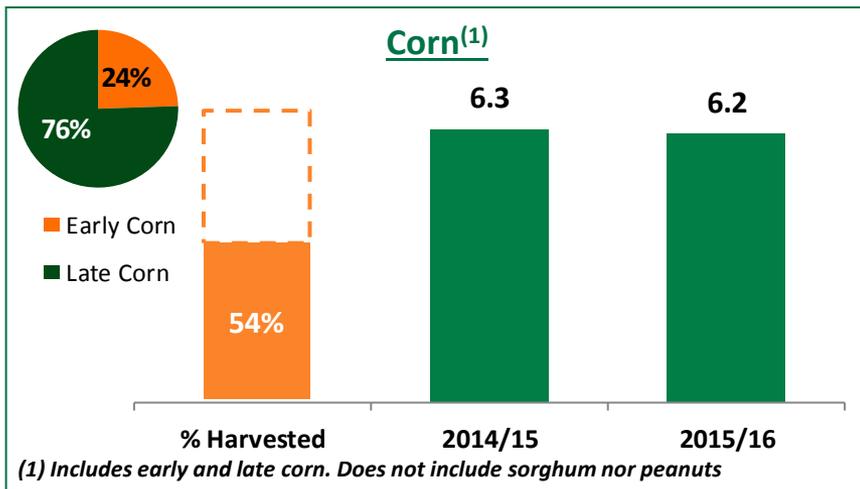
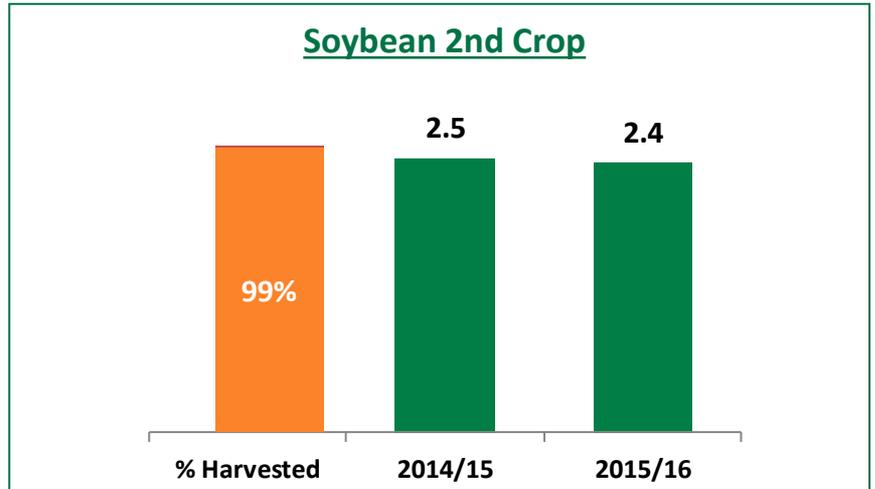
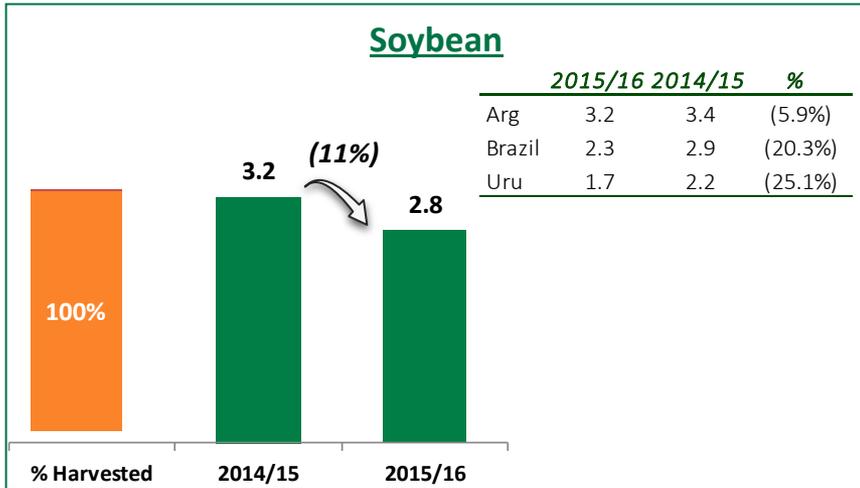
Increased profitability was primarily driven by agricultural productivity enhancements, higher sugar prices and cost dilution



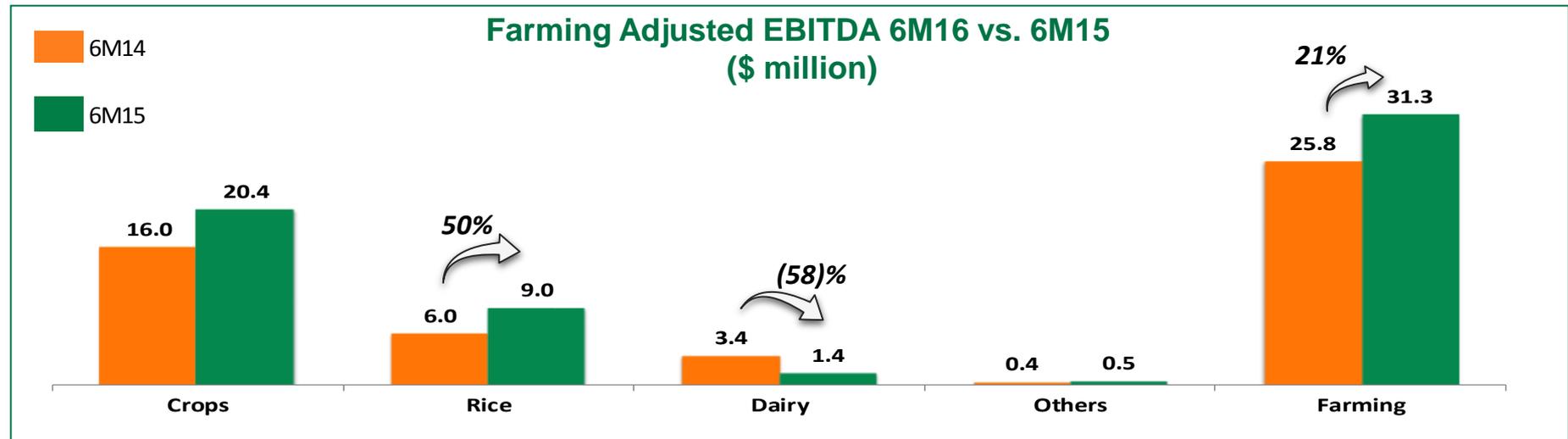
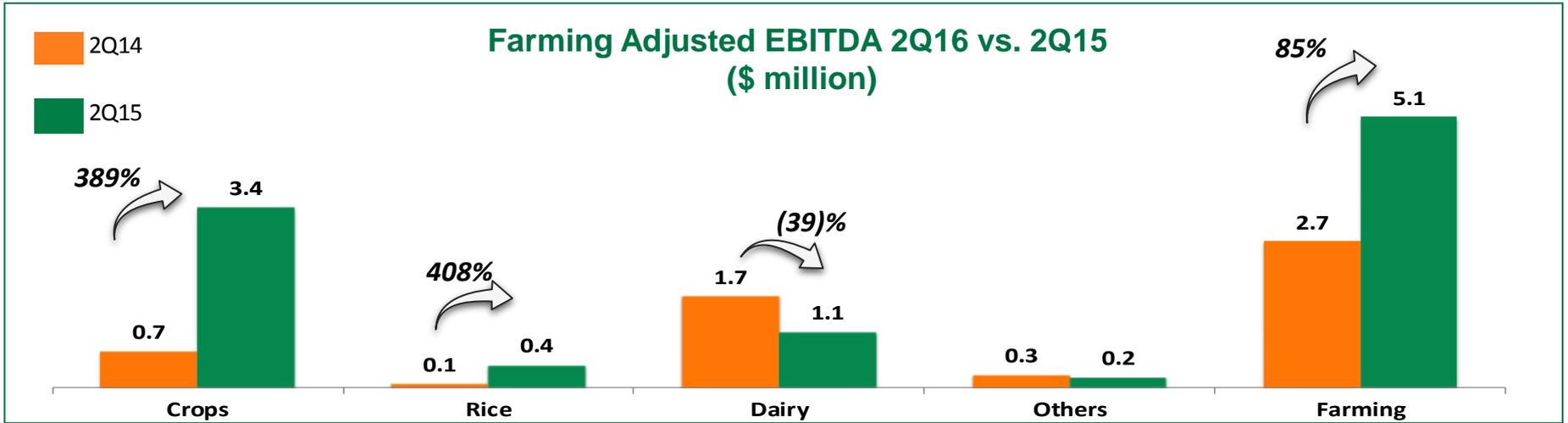
A large stream of golden-brown corn kernels is pouring from a red metal chute. The kernels are captured in mid-air, creating a dense, diagonal flow against a clear blue sky. The background is filled with a fine mist of smaller kernels, suggesting a large-scale agricultural operation.

Farming Business

Enhanced efficiencies and good practices resulted in yields in line with previous harvest year, even though weather conditions were not as favorable



Adjusted EBITDA has been positively impacted by higher prices and the depreciation of the Argentine Peso





Financial Performance





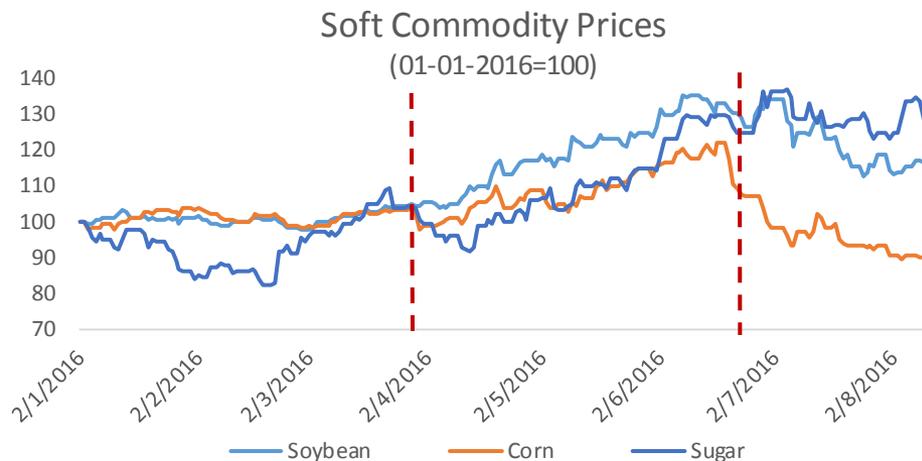
The following table presents our hedging position for the current and for the next harvest season

Commodity Hedge Position			
Farming	Consolidated Hedge Position		
		Avg. FAS Price	CBOT FOB
	Volume ⁽¹⁾	USD/Ton	USD/Bu
2015/2016 Harvest season			
Soybeans	196,206	262.6	1,011.3
Corn	251,854	161.8	400.7
2016/2017 Harvest season			
Soybeans	115,427	212.0	829.6
Corn	176,285	167.8	428.0

Commodity Hedge Position			
Sugar, Ethanol & Energy	Consolidated Hedge Position		
		Avg. FOB Price	ICE FOB
	Volume ⁽¹⁾	USD/Unit	Cents/Lb
2016/2017 Harvest season			
Sugar (tons)	499,618	316.8	14.4
Ethanol (m3)	108,352	421.6	n.a
Energy (MW/h) ⁽²⁾	549,639	59.2	n.a
2017/2018 Harvest season			
Sugar (tons)	125,578	384.7	17.4
Ethanol (m3)	-	0	-
Energy (MW/h) ⁽²⁾	387,855	60.7	n.a

(1) Includes volumes delivered/invoiced, forward contracts and derivatives futures and options).

(2) Energy prices were converted to USD @ an Fx of R/USD 3.59



Natural Offset

- ✓ Biological assets (crops growing on the fields) and grain inventories are measured at fair value.
- ✓ Hedging results are “naturally offset” by the gain or loss reflected in “Changes in Fair Value of Biological Assets” and/or in “Changes in Net Realizable Value” (mark-to-market of inventory)
- ✓ This “natural offset” is almost immediate for **Current Crop** hedges and delayed for **New Crop**
- ✓ In 6M16, the mark-to-market of our hedging position generated a \$34.1 million loss, which was mostly offset by the gains generated from the Fair Value of Biological assets and grain inventory.



Financial Performance has been driven by higher selling prices and cost dilution, partially offset by the mark-to-market of our derivatives position

Area & Production	2010	2011	2012	2013	2014	2Q15	2Q16	Chg%	6M15	6M16	Chg%
Farming Planted Area (hect.) ⁽¹⁾	183,454	192,207	232,547	219,305	210,660	224,343	210,660	(6.1%)	224,343	210,660	(6.1%)
Sugarcane Planted Area (hect.)	53,799	65,308	85,663	99,409	124,412	127,688	132,854	4.0%	127,688	132,854	4.0%
Farming Production (tons) ⁽²⁾	618,834	666,589	738,847	699,179	848,843	721,473	750,608	4.0%	721,473	750,608	4.0%
Sugarcane Crushing (tons)	4,066,115	4,168,082	4,488,935	6,417,951	7,232,827	2,920,887	2,695,340	(8%)	3,381,011	4,199,392	24%
Net Sales	2010	2011	2012	2013	2014	2Q15	2Q16	Chg%	6M15	6M16	Chg%
Farming & Land Transformation	197,741	270,766	322,368	327,163	315,837	78,529	53,527	(31.8%)	137,216	126,227	(8.0%)
Sugar, Ethanol & Energy	204,256	258,939	271,447	297,265	378,633	85,969	86,318	0.4%	136,667	155,614	13.9%
Total	401,997	529,705	593,815	624,428	694,470	164,498	139,845	(15.0%)	273,883	281,841	2.9%
Adjusted EBITDA	2010	2011	2012	2013	2014	2Q15	2Q16	Chg%	6M15	6M16	Chg%
Farming & Land Transformation	65,735	67,444	68,647	88,942	85,234	2,745	5,075	84.9%	25,836	31,279	21.1%
Sugar, Ethanol & Energy	51,735	109,507	97,505	115,239	153,503	49,023	50,640	3.3%	51,415	72,728	41.5%
Corporate	(22,353)	(26,885)	(25,442)	(23,478)	(23,233)	(4,242)	(4,558)	7.4%	(9,439)	(9,637)	2.1%
Total	95,117	150,066	140,710	180,704	215,504	47,526	51,157	7.6%	67,812	94,370	39.2%
Adjusted EBITDA Margin	2010	2011	2012	2013	2014	2Q15	2Q16	Chg%	6M15	6M16	Chg%
Farming & Land Transformation ⁽¹⁾	27.6%	19.9%	17.3%	23.6%	23.3%	0.8%	5.2%	557.4%	15.4%	21.0%	36.2%
Sugar, Ethanol & Energy ⁽¹⁾⁽²⁾	19.9%	37.1%	31.2%	34.8%	37.5%	54.6%	56.0%	2.7%	34.2%	43.6%	27.7%
Total	23.7%	28.3%	23.7%	28.9%	31.0%	28.9%	36.6%	26.6%	24.8%	33.5%	35.2%

(1) Planted Area for 2014/15 season

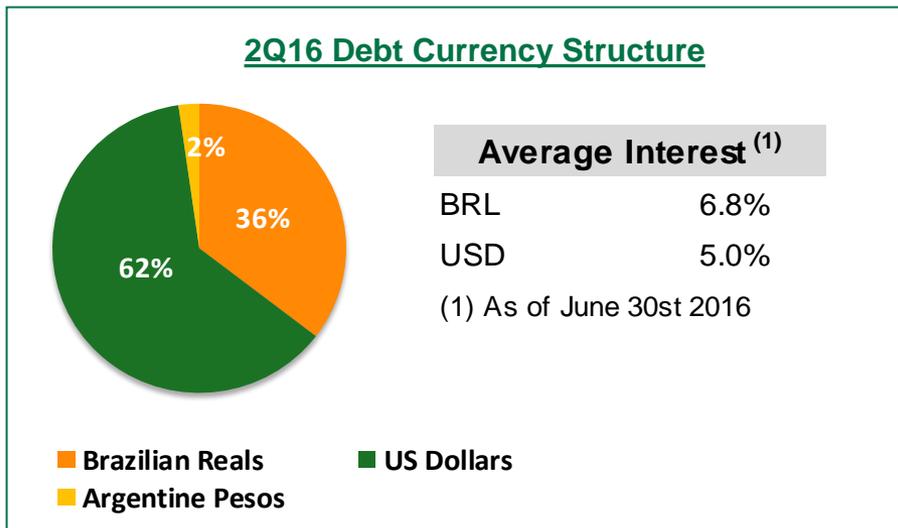
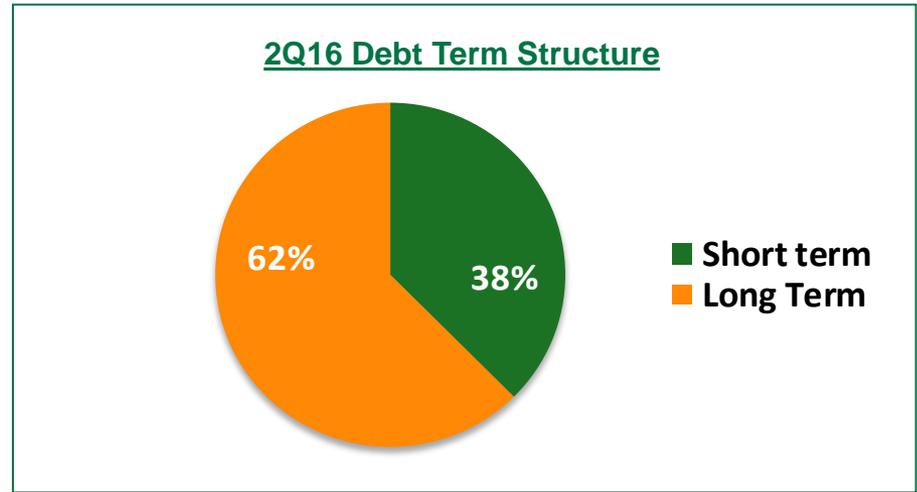
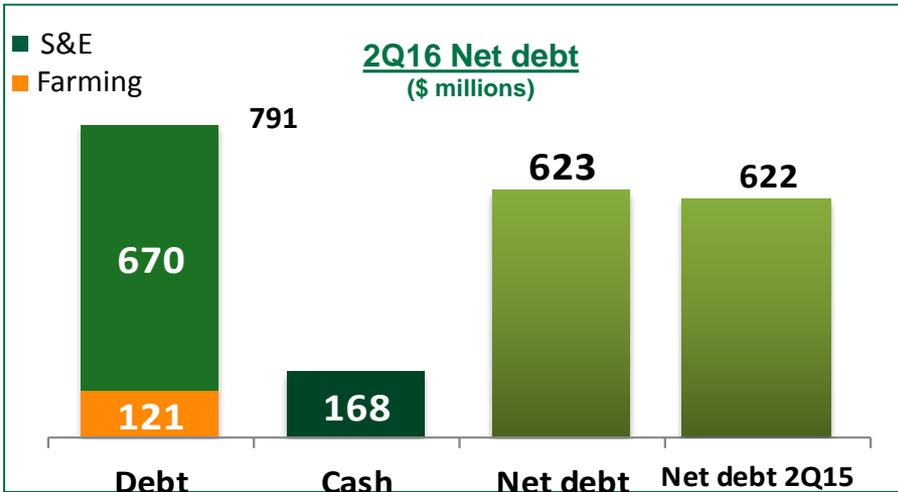
(2) Total Production for the 2014/15 season

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

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



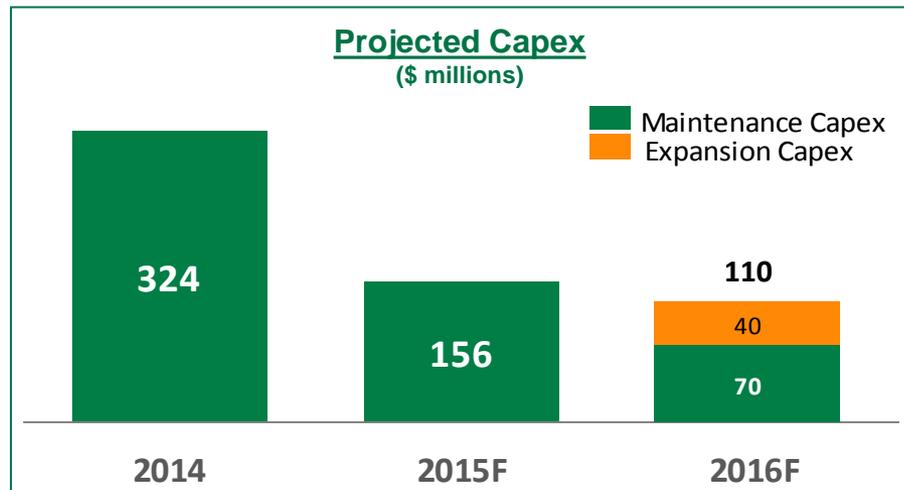
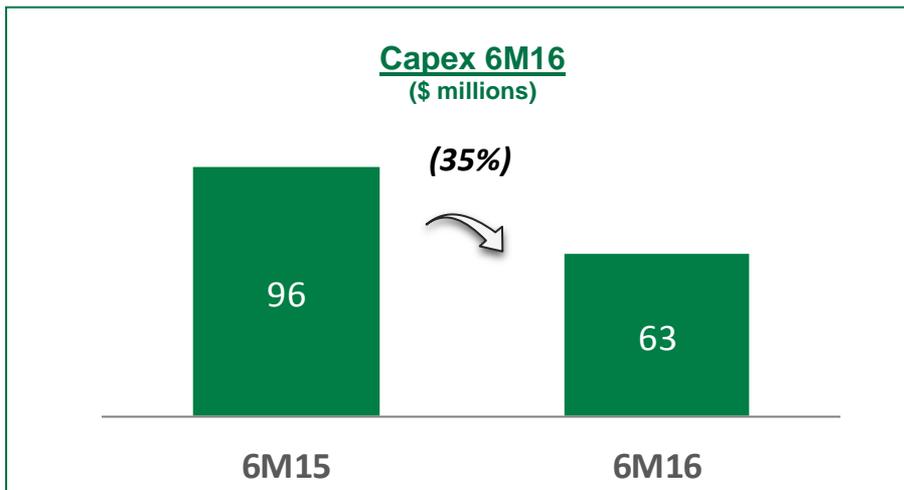
Net debt stands at \$623 million as of June 30, 2016



- Total debt as of June 30, 2016 was of \$791 million.
- 62% of our debt is in the long term, composed mainly of loans from multilateral banks
- Net debt as of June 30, 2016 was of \$623 million

Year-to-date, Capex decreased 35%, reflecting the end of the Capex cycle

- As previously anticipated, Capex is expected to slow down in the coming years after the completion of the Ivinhema mill



Thank you!



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