



adecoagro

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Conference Call

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Adecoagro recorded Adjusted EBITDA of \$66.5 million in 4Q13, driving 2013 Adjusted EBITDA to \$180.7 million

Luxembourg, March 20, 2014 – 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 fourth quarter and twelve month period ended on December 31, 2013. The financial and operational information contained in this press release is based on audited consolidated financial statements presented in US dollars and prepared in accordance with International Financial Reporting Standards (IFRS).

Highlights

Financial & Operating Performance						
\$ thousands	2013	2012	Chg %	4Q13	4Q12	Chg %
Gross Sales	644,624	604,700	6.6%	169,776	171,484	(1.0%)
Net Sales ⁽¹⁾	624,427	591,719	5.5%	157,743	171,242	(7.9%)
Adjusted EBITDA ⁽²⁾						
Farming & Land Transformation	88,942	68,647	29.6%	38,472	32,728	17.6%
Sugar, Ethanol & Energy	115,239	97,505	18.2%	35,152	42,284	(16.9%)
Corporate Expenses	(23,478)	(25,442)	(7.7%)	(7,111)	(6,550)	8.6%
Total Adjusted EBITDA	180,703	140,710	28.4%	66,482	68,462	(2.9%)
Adjusted EBITDA Margin ⁽²⁾						
	28.9%	23.8%	21.7%	42.1%	40.0%	5.4%
Net Income	(25,830)	9,279	-	4,614	25,684	(82.0%)
Farming Planted Area (Hectares)	217,234	232,547	(6.6%)	217,234	232,547	(6.6%)
Sugarcane Plantation Area (Hectares)	99,409	85,663	16.0%	99,409	85,663	16.0%

- In the 2013 fiscal year, Adecoagro recorded an Adjusted EBITDA⁽¹⁾ of \$180.7 million, 28.4% higher than that of 2012. Adjusted EBITDA margin⁽¹⁾ in 2013 reached 28.9% compared to 23.8% in 2012.
- In 4Q13, Adjusted EBITDA was \$66.5 million with an Adjusted EBITDA margin of 42.1%, compared to \$68.5 million and 40.0% in 4Q12, respectively.
- Gross sales in 2013 reached \$644.6 million, 6.6% higher than 2012. Sales in 4Q13 reached \$169.8 million, slightly below 4Q12.

(1) Net Sales are calculated as Gross Sales net of sugar, ethanol and energy sales taxes.

(2) Please see "Reconciliation of Non-IFRS measures" starting on page 28 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.

Financial and Operational Performance

- The Farming and Land Transformation businesses' Adjusted EBITDA in 4Q13 was 38.5 million, 17.6% higher than 4Q12. This increase is mainly explained by: (i) higher rice yields and white rice prices; (ii) an increase in cow productivity coupled with higher milk prices in the dairy business; and (iii) the sale of the San Martin and San Agustin farms which generated a \$21.3 million gain in 4Q13 compared to a \$19.4 million gain in 4Q12.

On an annual basis, Adjusted EBITDA grew by 29.6%, from \$68.6 million in 2012 to \$88.9 million mainly driven by: (i) operational and financial performance in the dairy and rice businesses; (ii) gains generated from our commodity hedge position; and (iii) the sale of five developed farms generating \$28.2 million gains in 2013 compared to \$27.5 million the previous year.

- In the Sugar, Ethanol and Energy business, the fourth quarter of 2013 marked the conclusion of the 2013/14 sugarcane harvest. Favorable weather during the quarter allowed our mills to increase the pace of milling, which reached a total of 1.8 million tons, marking a 28.7% growth quarter-over-quarter. Adjusted EBITDA of our Sugar, Ethanol and Energy business during 4Q13 was \$35.2 million with an EBITDA margin of 33.9%, compared to \$42.3 million and 43.2% in 4Q12, respectively. This reduction was mainly driven by: (i) 9.2% lower TRS content as a result of the frost which impacted the Center-South region of Brazil in mid July 2013; (ii) lower sugar and ethanol prices; and (iii) the commercial strategy to carry sugar and ethanol inventories into the inter-harvest season to capture higher prices, postponing sales and margins to 1Q14.

On an annual basis, Adjusted EBITDA in 2013 totaled \$115.2 million, 18.2% above 2012. Adjusted EBITDA margin during the period expanded to 38.8% from 36.2%. The improvement in financial performance was primarily driven by a 43.0% increase in cane milling, resulting from (i) a 16.0% expansion of our sugarcane plantation, (ii) the ramp up of the Ivinhema mill which increased our nominal crushing capacity by 2.0 million tons, and (iii) a 4.6% increase in sugarcane yields. The growth in crushing and production was partially offset by: (i) a 5.4% reduction in TRS content; (ii) lower sugar and ethanol prices throughout the year; and (iii) our commercial strategy to increase year-end sugar and ethanol inventories by 58.6% and 45.5% respectively, as explained above.

- Consolidated Net Income in 2013 totaled a loss of \$25.8 million, compared to a \$9.3 million gain in 2012. Despite the 28.5% growth in Adjusted EBITDA, the net loss is mainly explained by: (i) a \$55.7 million non-cash loss generated by the mark-to-market of our long term biological assets (primarily sugarcane); (ii) a 19.0 million loss resulting from the mark-to-market of currency derivatives used to hedge future US dollar inflows generated by our forward sugar sales; (iii) a \$25.9 million increase in accrued interest expenses as a result of lower interest income, and higher interest expenses resulting from an increase in outstanding debt and lower capitalization of interests related to growth projects; and (iv) a \$23.6 million foreign exchange loss, generated by the impact of the depreciation of the Brazilian Reais and Argentine Peso on our outstanding dollar-denominated debt.

Strategy Execution

Sugar, Ethanol and Energy Expansion

- The construction of the first phase of the Ivinhema mill was completed during the beginning of 2013 on schedule and budget. Ivinhema's milling operations commenced on April 25, 2013, with 2.0 million tons of nominal crushing capacity, generating important synergies and efficiencies with the Angelica mill.



- We are currently commencing the construction of the second phase of Ivinhema, which will expand milling capacity to 5.0 million tons per year by 2015, rather than 4.0 million tons as originally planned. The enlargement of Phase 2 will allow Ivinhema to enhance operational efficiencies and economies of scale, improving operating margins and accelerating free cash flow generation.
- Phase 2 will consist of expanding the milling equipment, building a new fluidized bed boiler, 2 new electrical generators and expanding the sugar factory and ethanol distillery. Annual production is expected to increase to 300,000 tons of sugar, 240,000 cubic meters of ethanol and 360,000 MWh of energy exports. Total capital expenditure is estimated at BRL 583 million.

Land Transformation

- During 4Q13 we sold the San Martin and San Agustin farms generating \$21.3 million of Adjusted EBITDA:
 - ✓ In November 2013, we entered into an agreement to sell the San Agustin farm for \$17.5 million, equivalent to \$3,445 per hectare, representing a 19% premium over the Cushman & Wakefield independent appraisal dated September 30, 2013. San Agustin is a 5,066 hectare farm located in the province of Corrientes, Argentina, and was acquired by Adecoagro in 2004 for growing rice, grains and raising cattle. This transaction generated \$14.9 million of Adjusted EBITDA in the fourth quarter of 2013 and an internal rate of return of 20.3%.
 - ✓ In October, 2013, we completed the sale of the San Martin farm for a total price of \$7.8 million, equivalent to \$2,294 per hectare, representing a 15% premium over the Cushman & Wakefield independent appraisal dated September 30, 2012. San Martin is a 3,502 hectare farm located in the province of Corrientes, Argentina. The farm is used for cattle grazing activities and is a subdivision of the Ita Caabo farm acquired by Adecoagro in 2007. This transaction generated \$6.3 million of operating profit in the fourth quarter of 2013 and an IRR of 34%.
- During 2013 Adecoagro monetized five farms or 14.2 thousand hectares of its developed land portfolio: Santa Regina, San Martin, San Agustin and Lagoa de Oeste & Mimoso farms. All farms were sold at a premium to the Cushman & Wakefield independent appraisal dated September 30, 2013 ranging between 7% and 19%. The farms generated an aggregate operating profit of \$28.2 million which was used to pay down US\$ denominated debt and invested in existing operations.

Share Repurchase Program

- On September 23, 2013, Adecoagro announced that its Board of Directors had authorized the implementation of a share repurchase program for up to 5% of the outstanding shares over the next 12-months. As of the date of this report, Adecoagro repurchased a total of 2.3 million shares or 1.9% of shares outstanding.

Recent Developments:

- During January 2014, the Argentine peso experienced a 22% devaluation, from a 6.52 ARS/USD to 8.02 ARS/USD. Given that the majority of Adecoagro's agricultural production is destined to the export market, a significant portion of the Company's revenues in Argentina are US dollar-denominated. Meanwhile, with the exception of fertilizers, agrochemicals and seeds, production costs are mainly denominated in local currency pesos. The net effect of the devaluation of the Argentine peso is positive to our margins.



Market Overview

- During early 2014 corn prices fell to their lowest level since 2010, as a result of the global build of record North America harvest. Soybean prices have been reacting to two opposing forces: (i) a bullish influence seen through the tightening of the US balance sheet, and (ii) a bearish hedging pressure as a result of a large crop in South America. While demand has started to shift towards the South America crop relieving some pressure on the U.S, over the last four weeks, commodity prices have rallied as concern that tension between Ukraine and Russia will disrupt exports from the Black Sea region. In an attempt to hedge against inflation and possible devaluation; Ukrainian farmers are hoarding production and delaying grain shipments. The crisis in Ukraine, set to be the world's third-largest corn exporter and sixth-largest for wheat, has increased spot prices and market volatility for those commodities.
- Brazilian Center-South sugarcane harvest was near completion by year-end, reaching a total crushing volume of 596 million tons, 11.5% above the previous harvest year. Ethanol prices at the gas pump remained below the 70% parity to gasoline, boosting consumer demand and drawing prices 12% higher than 2012. Into the off-season, ethanol prices continued to appreciate, increasing from 1,281 BRL/m³ in December to 1,369 BRL/m³ in February marking a 6.85% increase in two months. Brazilian energy prices in the off-season have also rallied to over 800 BRL/MWh, driven by low water levels in hydroelectric reservoirs as a result of the summer drought.

VHP prices in 2013 remained under pressure, with prices closing at 14.75 USc/lb, 16% below 2012. However, at the end of January 2014, sugar prices bounced 8% as a result of a severe drought experienced in Brazil's Center-South region which is drawing concerns that the new cane crop may see yield losses and reduce sugarcane production. UNICA and industry associations have reduced their expectations for the Brazilian harvest to 570/580 million tons of cane from 600/610 million. Despite coming off of 3 consecutive surplus years, sugar supply and decrease looks continually constructive. Demand increases and limitations on production expansion in key producing countries make current prices attractive.

Operating Performance

Farming Business

Farming Production Data			
Planted Area (hectares)	2013/14 ⁽³⁾	2012/13	% Chg
Soybean	58,959	62,540	(6%)
Soybean 2 nd Crop	24,118	29,563	(18%)
Corn ⁽¹⁾	45,423	41,205	10%
Corn 2 nd Crop	5,106	4,528	13%
Wheat ⁽²⁾	29,289	28,574	3%
Sunflower	12,880	12,478	3%
Cotton	6,217	3,098	101%
Total Crops	181,992	181,985	0%
Rice	36,604	35,249	4%
Total Farming	218,596	217,234	1%
Owned Croppable Area	133,645	128,947	4%
Leased Area	55,728	54,197	3%
Second Crop Area	29,223	34,091	(14%)
Total Farming Area	218,596	217,235	1%

(1) Includes sorghum

(2) Includes barley

(3) As of March 20, 2014

2013/14 Harvest Year

During the second half of 2013, we began our planting activities for the 2013/14 harvest year. As of December 31, 2013, 198,915 hectares were successfully planted. Planting activities continued throughout early 2014, and as of the date of this report, planting for the 2013/14 harvest has been fully completed with a total of 218,719 hectares seeded (excluding sugarcane). Adecoagro's owned croppable area, which is the area that provides the highest EBITDA contribution, has increased by 3.6% as a result of land transformation net of farm sales. Leased area, (an opportunistic business driven by returns) has increased by 1,536 hectares. Second crop area was reduced by 4,867 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. In aggregate, total planted area has increased slightly.

Planting conditions for the 2013/14 harvest year have been adequate. On average, planting was done in a timely manner, and conditions for the initial growth phase of the crops were good. From December 2013 through mid-January 2014, the main productive regions of Argentina suffered lack of rains together with high temperatures, which negatively affected the normal development of early planted corn. Nevertheless, rains in mid-January 2014 and early February have allowed the crops to develop normally.

Soybean: 58,959 hectares were successfully planted, 5.7% below the previous harvest season as a result of crop rotation. The Soybean crop was planted in mid-October according to schedule and began its growth cycle favored by heavy rainfalls in October and November 2013. In addition, good climatic conditions experienced mid-way through January have allowed the crop to develop normally.

Soybean 2nd crop: While 6,500 hectares could not be seeded as a result of lack of rains, 24,118 hectares were successfully planted on schedule. Favorable weather experienced mid-way through January and early February have allowed the crop to develop normally.

Corn: As of December 31, 2013, most of our corn crop had been planted. Seeking to diversify our crop risk and water requirements approximately 20% early corn was planted in September and 80% late corn



was planted during the end of November and December of 2013. The early corn grew under good conditions, but was marginally affected by the lack of rainfall and high temperatures during December and early January which occurred during the plant flowering or critical growth stage. The late corn areas have received an adequate amount of rainfall and are expected to offset the yield damage caused by the early corn crop.

Wheat: As of December 31, 2013, 29,289 planted hectares were harvested, accounting for 99% of total planted area. Average yield for the wheat crop was 2.6 tons per hectare, 44% higher than the previous harvest. Yields were above those of the 2012/13 harvest year due to: (i) a higher proportion of area being planted in the main productive wheat region of Argentina, and (ii) climatic conditions in line with historical averages as opposed to last year's severe drought.

Sunflower: During the end of the fourth quarter of 2013, we began the harvest of the 12,880 hectares of sunflower. As of December 31, 2013, 2,059 hectares of our farms located in northeast Argentina were harvested with an average yield of 1.4 tons per hectare, below the historical average. This was primarily a consequence of unfavorable climatic conditions. As we begin to harvest the sunflower in our farms located in the Humid Pampas region, we expect average yields to improve.

Rice: Our rice planting plan was completed as of December 31, 2013. Planted area totaled 36,604 hectares, 3.8% above that of the 2012/13 harvest year. Supply of water in dams and rivers was sufficient to flood the rice fields throughout the growth cycle and sunshine radiation throughout the crop's cycle has been favorable.

Cotton: 6,217 hectares of cotton were planted as of December 31, 2013. The crop is now going through its initial growth phase and is developing as expected.

Sugar, Ethanol & Energy Business

Sugar, Ethanol & Energy - Selected Production Data							
	metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Crushed Cane	tons	6,417,951	4,488,935	43.0%	1,755,182	1,363,632	28.7%
Own Cane	tons	5,560,352	4,304,038	29.2%	1,473,993	1,349,278	9.2%
Third Party Cane	tons	857,599	184,897	363.8%	281,189	14,355	1,858.9%
Sugar Produced	tons	335,643	281,622	19.2%	98,642	80,377	22.7%
Ethanol Produced	M3	268,053	183,713	45.9%	69,899	61,128	14.3%
Hydrous Ethanol	M3	139,725	58,720	138.0%	52,992	23,821	122.5%
Anhydrous Ethanol	M3	128,327	124,993	2.7%	16,907	37,307	(54.7%)
Exported Energy	MWh	300,208	238,540	25.9%	89,390	77,474	15.4%
Expansion & Renewal Area	hectares	25,764	23,391	10.1%	7,397	6,011	23.1%
Harvested Area	hectares	77,442	57,236	35.3%	22,427	20,210	11.0%
Sugarcane Plantation	hectares	99,409	85,663	16.0%	99,409	85,663	16.0%

Adecoagro's sugarcane crushing during 2013 reached 6.4 million tons, 43.0% higher than in 2012. This increase was driven primarily by the ramp up of the Ivinhema mill, the utilization of full nominal crushing capacity at the Angelica mill and the expansion of our sugarcane plantation. In addition, during 2013 we opportunistically acquired 857 thousand tons of sugarcane from other mills and farmers to process at our mill.

As a result of the increase in sugarcane milling, sugar and ethanol production during 2013 was 19.2% and 45.9% higher than in 2012, respectively. Exported energy (MWh) increased by 25.9% year-over-year as a result of the ramp up in sugarcane crushing capacity of the Ivinhema mill.

Sugarcane planting continues to be a key strategy to supply our mills with quality raw material at lower costs. As a result, adecoagro has become an efficient low cost producer. During 2013, we planted 25,764 hectares, reaching a total plantation size of 99,409 hectares, 16.0% larger than in 2012.

Financial Performance

Farming & Land Transformation Businesses

Farming & Land transformation business - Financial highlights						
\$ thousands	2013	2012	Chg %	4Q13	4Q12	Chg %
Gross Sales						
Farming	327,163	322,368	1.5%	53,629	73,354	(26.9%)
Total Sales	327,163	322,368	1.5%	53,629	73,354	(26.9%)
Adjusted EBITDA⁽¹⁾						
Farming	60,770	41,134	47.7%	17,219	13,310	29.4%
Land Transformation	28,172	27,513	2.4%	21,253	19,418	9.4%
Total Adjusted EBITDA⁽¹⁾	88,942	68,647	29.6%	38,472	32,728	17.6%
Adjusted EBIT⁽¹⁾						
Farming	52,318	33,566	55.9%	15,192	11,275	34.7%
Land Transformation	28,172	27,513	2.4%	21,253	19,418	9.4%
Total Adjusted EBIT⁽¹⁾	80,490	61,079	31.8%	36,445	30,693	18.7%

Adjusted EBIT for the Farming and Land Transformation business in 4Q13 was \$36.4 million, 18.7% higher than 4Q12. This increase is primarily explained by: (i) higher yields and white rice prices in our rice business; (ii) increased productivity per cow, a larger herd and higher milk prices in our dairy business; and (iii) greater profit generated by farm sales.

On a cumulative basis, Adjusted EBIT in 2013 was \$80.5 million, 31.8% higher year-over-year. The performance was driven by: (i) operational and financial performance in the dairy and rice business; (ii) profit generated from our corn derivatives hedge position; and (iii) higher profit from farm sales.

(1) Please see "Reconciliation of Non-IFRS measures" starting on page 28 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 sales.

Crops

Crops - Highlights							
	metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Gross Sales	\$ thousands	185,117	196,206	(5.7%)	16,093	39,329	(59.1%)
	thousand tons	641.5	684	(6.2%)	57.6	120	(51.9%)
	\$ per ton	288.6	287	0.6%	279.6	329	(15.0%)
Adjusted EBITDA	\$ thousands	36,720	34,313	7.0%	8,193	9,541	(14.1%)
Adjusted EBIT	\$ thousands	34,549	32,240	7.2%	7,641	8,834	(13.5%)
Area under production ⁽¹⁾	hectares	147,895	151,132	(2.1%)	147,895	151,132	(2.1%)

(1) Does not include second crop planted area. Areas correspond to 2012/13 and 2011/12 harvest years.

Adjusted EBIT of our Crops segment increased from \$32.2 million in 2012 to \$34.6 million in 2013, mainly as a result of our commodity hedge position. During 2013, our hedge position generated gains of \$7.6 million, mainly in corn. These derivative gains more than offset the lower crop yields and margins.

Crops - Gross Sales Breakdown									
Crop	Amount (\$ '000)			Volume			\$ per unit		
	2013	2012	Chg %	2013	2012	Chg %	2013	2012	Chg %
Soybean	68,850	66,721	3.2%	190,705	191,595	(0.5%)	361	348	3.7%
Corn ⁽¹⁾	79,423	68,790	15.5%	353,333	313,501	12.7%	225	219	2.4%
Wheat ⁽²⁾	21,798	34,831	(37.4%)	75,347	150,274	(49.9%)	289	232	24.8%
Sunflower	8,030	7,887	1.8%	19,571	19,734	(0.8%)	410	400	2.7%
Cotton lint	5,215	15,297	(65.9%)	2,545	8,705	(70.8%)	2,049	1,757	16.6%
Others	1,801	2,680	(32.8%)	-	-	-	-	-	-
Total	185,117	196,206	(5.7%)	641,501	683,809	(6.2%)	-	-	-

Crop	Amount (\$ '000)			Volume			\$ per unit		
	4Q13	4Q12	Chg %	4Q13	4Q12	Chg %	4Q13	4Q12	Chg %
Soybean	2,622	7,660	(65.8%)	8,499	21,720	(60.9%)	308	353	(12.5%)
Corn ⁽¹⁾	2,316	18,887	(87.7%)	17,545	74,421	(76.4%)	132	254	(48.0%)
Wheat ⁽²⁾	9,830	3,074	219.8%	30,422	15,570	95.4%	323	197	63.7%
Sunflower	9	1,221	(99.3%)	121	2,928	(95.9%)	73	417	(82.6%)
Cotton lint	2,206	8,318	(73.5%)	964	4,947	(80.5%)	2,289	1,681	36.1%
Others	(889)	170	(623.2%)	-	-	-%	-	-	-
Total	16,093	39,329	(59.1%)	57,552	119,587	(51.9%)	-	-	-

(1) Includes sorghum.

(2) Includes barley.

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

Sales in 2013 were 5.7% lower than in 2012, primarily driven by lower sales volumes for cotton and wheat as a result of a 51.5% and a 33.9% respective decrease in planted areas. Lower volumes were partially offset by higher commodity price for most crops.

Crop sales during 4Q13 reached \$16.1 million, 59.1% lower than 4Q12, primarily on account of lower sales volumes of corn, soybean, cotton and sunflower as well as lower prices.

Crops - Changes in Fair Value Breakdown

As of December 31, 2013	metric	Soy	Soy 2nd Crop	Corn	Corn 2nd Crop	Wheat	Sunflower	Cotton	Total
2012/13 harvest year									
Total harvested Area 2012/2013	Hectares	62,199	29,616	52,442	8,180	28,574	12,478	3,246	196,735
Changes in Fair Value in 2013 from harvested area 2012/13 (i)	\$ thousands	9,940	1,463	3,861	299	46	1,445	290	17,345
2013/14 Harvest Year									
Total planted Area Plan	Hectares	59,421	28,694	45,178	5,118	29,411	12,887	6,430	187,139
Area to be planted (a)	Hectares	3,583	9,345	9,130	1,048	-	1,435	-	24,540
Planted area in initial growing stages (b)	Hectares	55,838	19,349	36,047	4,070	-	11,453	6,430	133,188
Planted area with significant biological growth (c)	Hectares	2,144	-	15,028	-	2,127	8,136	674	28,109
Changes in Fair Value in 2013 from planted area 2013/2014 with significant biological growth (ii)	\$ thousands	462	-	(159)	-	211	364	17	895
Area harvested in current periods (d)	Hectares	-	-	-	-	27,284	2,059	-	29,343
Changes in Fair Value in 2013 from harvested area 2013/14 (iii)	\$ thousands	-	-	-	-	5,896	220	-	6,116
Total Changes in Fair Value in 2013 (i+ii+iii)	\$ thousands	10,402	1,463	3,702	299	6,154	2,029	307	24,356

The table above shows the gains or losses from crop production generated in 2013. Our crop operations related to the 2012/13 harvest year generated Changes in Fair Value of \$17.3 million. Regarding the 2013/14 harvest year, as of December 31, 2013, the harvest of winter crops (wheat, barley and sunflower) was mostly complete, generating Changes in Fair Value of \$6.1 million. In addition, 4,271 hectares of summer crops, mainly soy and corn, had attained significant biological growth as of December 31, 2013, and generated Changes in Fair Value of \$0.9 million. As a result, total Changes in Fair Value of Biological Assets and Agricultural Produce reached \$24.4 million.

Rice

Rice - Highlights

	metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Gross Sales	\$ thousands	107,093	93,904	14.0%	28,827	24,534	17.5%
	thousand tons ⁽¹⁾	254.1	230.4	10.3%	55.1	63.6	(13.4%)
	\$ per ton	421	408	3.4%	523	386	35.7%
Adjusted EBITDA	\$ thousands	12,902	4,943	161.0%	5,949	5,312	12.0%
Adjusted EBIT	\$ thousands	8,171	1,120	629.6%	4,893	4,390	11.5%
Area under production ⁽²⁾	hectares	35,249	31,497	11.9%	35,249	31,497	11.9%
Rice Mills							
Total Rice Produced	thousand tons ⁽¹⁾	202.6	171.1	18.4%	-	-	-
Own rough rice transferred to mills ⁽³⁾	thousand tons ⁽¹⁾	189.5	163.1	16.2%	75.6	4.0	1,791.0%
Third party rough rice purchases	thousand tons ⁽¹⁾	45.9	70.9	(35.2%)	3.0	5.9	(49.7%)
Sales of Processed Rice	thousand tons ⁽¹⁾	254.1	230.4	10.3%	55.1	63.6	(13.4%)
Ending stock	thousand tons ⁽¹⁾	22.1	20.8	6.3%	22.1	20.8	6.3%

(1) Of rough rice equivalent.

(2) Areas under production correspond to the 2012/13 and 2011/12 harvest years

(3) Rice transferred to the mill is lower than rice production on the farm because a portion of the production is stored to be used as seed.

Adjusted EBIT corresponding to Adecoagro's 2013 rice segment is primarily explained by the harvest of the 2012/13 crop during 1Q13 and 2Q13, and the biological growth of the 2013/14 crop at year end.

From an operational perspective, 2013 was a favorable year for our rice operation. During the 2012/13 crop year, we expanded our planted area by 11.9% to 35,249 hectares compared to the 2011/12 crop. In addition, rice yields improved 5.8% driven by favorable weather and the implementation of zero-level technology across 22% of our rice fields. As a result, production in 2012/13 increased 18.4% compared to 2011/12. As shown in the table below, rice generated Changes in Fair Value of \$5.9 million.

Regarding the 2013/14 rice crop, during 3Q13 36,331 hectares were successfully planted and growing on the fields, 3.1% higher than the previous crop. Climate conditions, including rain, temperature and solar radiation, have been favorable for the proper development of the crop. As shown in the table below, this crop generated Changes in Fair Value of \$2.4 million.

Average white rice prices during 2013, net of selling expenses, increased by 6.1% compared to 2012. As a result of the operational improvements and higher prices, Adjusted EBIT for the rice segment in 2013 was \$8.2 million, 629.6% or \$7.1 million higher than 2012. We expect operational and financial performance to continue improving over the next 3 years as we complete the implementation of zero-level technology over most of our planted area and stabilize the recently transformed areas of San Joaquin and Doña Marina.

Rice - Changes in Fair Value Breakdown		
As of December 31, 2013	metric	Rice
2012/13 harvest year		
Total harvested area in 2012/2013	<i>Hectares</i>	35,249
Changes in Fair Value from harvested area 2012/13 (i)	<i>\$ thousands</i>	5,911
2013/14 harvest year		
Total Planted Area Plan	<i>Hectares</i>	36,331
Planted area in initial growing stages (a)	<i>Hectares</i>	646
Planted area with significant biological growth (b)	<i>Hectares</i>	35,347
Area to be planted (c)	<i>Hectares</i>	36,331
Changes in Fair Value from planted area 2013/2014 with significant biological growth (ii)	<i>\$ thousands</i>	2,211
Area harvested in current period (d)	<i>Hectares</i>	337
Changes in Fair Value from harvested area in 2013 (iii)	<i>\$ thousands</i>	217
Total Changes in Fair Value in 2013 (i+ii+iii)	<i>\$ thousands</i>	8,339

Dairy

Dairy - Highlights							
	metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Gross Sales	\$ thousands	30,661	18,868	62.5%	8,186	4,616	77.3%
	million liters	73.0	54.95	32.8%	20.6	16.1	28.1%
	\$ per liter	0.42	0.34	22.4%	0.40	0.29	38.5%
Adjusted EBITDA	\$ thousands	9,801	(2,402)	- %	2,992	(1,405)	- %
Adjusted EBIT	\$ thousands	8,715	(3,298)	- %	2,682	(1,635)	- %
Milking Cows	Average Heads	6,092	5,025	21.2%	6,394	5,694	12.3%
Cow Productivity	Liter/cow/day	32.8	30.0	9.5%			

Milk production reached 73.0 million liters in 2013, 32.8% higher than 2012. This increase in production is attributable to a 21.2% increase in our milking cow herd, coupled with improved cow productivity. Average productivity during 2013 reached 32.8 liters per cow per day, compared to 30.0 liters during 2012. We expect cow productivity to gradually increase to an average of 35 liters per cow per day as new cows adapt to our second free stall dairy, which started operating during the end of 2012 and will be fully populated with 3,500 milking cows by mid-2014.

Milk prices have also been favorable during 2013 driven by international whole milk prices. Local raw milk prices averaged \$0.42 cents, 22.4% above the previous year.

As a result of the improved operational performance described above, coupled with the sale of "La Lacteo" milk processing facility in 2Q13, Adjusted EBIT for 2013 totaled \$8.7 million, \$12.0 million higher than in 2012.

Cattle

Cattle - Highlights							
	metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Gross Sales	\$ thousands	3,853	5,027	(23.4%)	523	1,155	(54.7%)
Adjusted EBITDA	\$ thousands	2,894	4,119	(29.7%)	333	994	(66.5%)
Adjusted EBIT	\$ thousands	2,805	3,930	(28.6%)	313	957	(67.3%)
Area under production	hectares	63,513	74,017	(14.2%)	42,367	70,178	(39.6%)

Our cattle business consists mainly of leasing land not suitable for crop production to third parties for cattle grazing activities. Leasing fees per hectare are fixed in kilograms of beef per hectare and tied to the market price of beef. Adjusted EBIT in 2013 reached \$2.8 million, 28.6% below 2012. The decrease in Adjusted EBIT is primarily related to a 12.5% decrease in meat prices as compared to 2012 and a 14.2% decrease in leased area resulting from the sale of farms during the year and the conversion of cattle land into rice land.

Land Transformation business

Land Transformation - Highlights							
	metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Adjusted EBITDA	\$ thousands	28,172	27,513	2.4%	21,253	19,418	9.4%
Adjusted EBIT	\$ thousands	28,172	27,513	2.4%	21,253	19,418	9.4%
Land Sold	Hectares	14,176	9,475	49.6%	8,569	1,845	364.4%

During 4Q13, Adecoagro completed the sale of the San Agustin and San Martin farms, generating a total of \$21.3 million of Adjusted EBIT for our Land Transformation business, 9.4% higher than the previous year. (See transaction details below)

Considering the sales in 4Q13, farm sales during 2013 totaled five farms or 14,176 hectares, which generated an Adjusted EBIT of \$28.2 million. Each of these farms were sold at premiums to the Cushman & Wakefield independent farmland appraisal dated September 30, 2013 ranging between 7% and 19%. These farm sales reflect Adecoagro's strategy of monetizing its fully developed land portfolio to reallocate its capital efficiently and generate attractive return on invested capital for its shareholders.

San Agustín Farm Sale

In November, 2013, we entered into an agreement to sell the San Agustin farm for \$17.5 million, equivalent to \$3,445 per hectare, representing a 19% premium over the Cushman & Wakefield independent appraisal dated September 30, 2013. San Agustin is a 5,066 hectare farm located in the province of Corrientes, Argentina and was acquired by Adecoagro in 2004 for growing rice, grains and raising cattle. This transaction generated \$14.9 million of operating profit in the fourth quarter of 2013.

San Martin Farm Sale

In October, 2013, we completed the sale of the San Martin farm for a total price of \$ 8.0 million, equivalent to \$2,294 per hectare, representing a 15% premium over the Cushman & Wakefield independent appraisal dated September 30, 2012. San Martin is a 3,502 hectare farm located in the province of Corrientes, Argentina. The farm is used for cattle grazing activities and is a subdivision of the Ita Caabo farm acquired by Adecoagro in 2007. This transaction generated \$6.3 million of operating profit in the fourth quarter of 2013.

Santa Regina Farm Sale

Santa Regina is a 3,618 hectare farm that was purchased by Adecoagro in 2002 for a total of \$2.3 million, or \$625 per hectare. The farm has 3,200 hectares of croppable land that have been transformed and are currently used to produce corn, soybean and wheat. During the last ten years, we have operated Santa Regina under a sustainable production model focused on no-till farming, crop rotation, balanced fertilization and other best practices, which have enhanced productivity and soil quality. Considering the purchase price, transformation capital expenditures, operating cash flows and exit price, this investment generated an internal rate of return of 34.2%. The book value of Santa Regina in our balance sheet was \$3.1 million. We recorded a \$19.4 million gain in the fourth quarter of 2012 in connection with the sale of 51% stake of Santa Regina S.A. (\$10.4 million of such gain corresponds to the fair value of the remaining 49% interest). We also recorded a \$1.2 million gain in the second quarter of 2013 in connection with the sale of the 49%

interest. On June 14, 2013, Adecoagro sold its remaining 49% interest in Santa Regina S.A., a company whose sole asset is the Santa Regina farm located in Buenos Aires, Argentina. The farm was sold for \$13.1 million (equivalent to \$7,370 per hectare), 16% above Cushman and Wakefield's independent appraisal dated September 2012.

Sale of Mimoso and Lagoa de Oeste Coffee Farms

During May 2013, Adecoagro entered into an agreement to sell the Mimoso farm and Lagoa do Oeste farm 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. Coffee business divestiture resulted in a total of \$20.8 million in cash proceeds representing a 7% premium to the Cushman & Wakefield farm appraisal.

Land transformation is an ongoing process, which consists of transforming undervalued or undermanaged land into its highest production capabilities. All our farmland is managed under a sustainable production model that is focused on cutting edge technologies, such as no-till farming, crop rotations, balanced fertilization and integrated pest management, among other practices, which enhances soil productivity and reduces the use of fertilizers and agrochemicals year after year.

Sugar, Ethanol & Energy business

Sugar, Ethanol & Energy - Highlights

\$ thousands	2013	2012	Chg %	4Q13	4Q12	Chg %
Net Sales ⁽¹⁾	297,265	269,351	10.4%	104,113	97,888	6.4%
Gross Profit Manufacturing Activities	129,466	96,978	33.5%	46,399	40,092	15.7%
Adjusted EBITDA	115,239	97,505	18.2%	35,152	42,284	(16.9%)
Adjusted EBITDA Margin	38.8%	36.2%	7.1%	33.8%	43.2%	(21.8%)

(1) Net Sales are calculated as Gross Sales net of sales taxes.

The fourth quarter of 2013 marked the conclusion of the 2013/14 sugarcane harvest. Favorable weather during the quarter allowed our mills to increase the pace of milling, which reached a total of 1.8 million tons, marking a 28.7% growth quarter-over-quarter. Adjusted EBITDA of our Sugar, Ethanol and Energy business during 4Q13 was \$35.3 million with an EBITDA margin of 33.9%, compared to \$42.3 million and 43.2% in 4Q12, respectively. This reduction is mainly driven by: (i) 9.2% lower TRS content as a result of the frost which impacted the Center-South region of Brazil in mid July 2013; (ii) lower sugar and ethanol prices and (iii) the commercial strategy to carry ethanol inventories into the inter-harvest season.

On an annual basis, Adjusted EBITDA in 2013 totaled \$115.2 million, 18.2% above 2012. Adjusted EBITDA margin during the period expanded to 38.8% from 36.2%. The improvement in financial performance was primarily driven by: (i) a 43.0% increase in cane milling, resulting from a 16.0% expansion of our sugarcane plantation, the ramp up of the Ivinhema mill which increased our nominal crushing capacity by 2.0 million tons, and a 4.6% increase in sugarcane yields. The growth in crushing and production was partially offset by: (ii) a 5.4% reduction in TRS content as previously explained above; (iii) lower sugar and ethanol prices throughout the year; and (iv) higher year-end sugar and ethanol inventories, 36.9% and 31.3% respectively.

Sugar, Ethanol & Energy - Net Sales Breakdown

metric	Amount (\$ '000)			Volume			\$ per unit		
	2013	2012	Chg %	2013	2012	Chg %	2013	2012	Chg %
Sugar	132,542	132,732	(0.1%)	325,067	272,936	19.1%	408	486	(16.2%)
Ethanol	135,644	116,019	16.9%	243,405	177,963	36.8%	557	652	(14.5%)
Energy	28,535	22,545	26.6%	354,040	317,211	11.6%	81	71	13.4%
Other	544	150	263.6%	-	-	-	-	-	-
TOTAL	297,265	271,447	9.5%	-	-	-	-	-	-

metric	Amount (\$ '000)			Volume			\$ per unit		
	4Q13	4Q12	Chg %	4Q13	4Q12	Chg %	4Q13	4Q12	Chg %
Sugar	49,914	51,904	(3.8%)	127,720	119,046	7.3%	389	436	(10.8%)
Ethanol	48,511	39,630	22.4%	95,620	65,903	45.1%	507	601	(15.6%)
Energy	9,770	6,480	50.8%	115,511	75,533	52.9%	85	86	(1.4%)
Other	297	147	102.0%	-	-	-	-	-	-
TOTAL	108,491	98,161	10.5%	-	-	-	-	-	-

Net Sales during 2013 reached \$297.3 million, 9.5% above 2012. Despite lower sugar and ethanol prices, sales increased driven by the strong growth in sales volumes. Sugar, ethanol and energy volumes sold increased by 19.1%, 36.8% and 11.6%, respectively, as a result of a 43.0% year-over-year increase in sugarcane crushing. The increase in sales volumes was offset by: (i) lower sugar prices year-over-year; and (ii) the depreciation of the Brazilian Reais, which resulted in lower ethanol prices in dollar terms.

During 4Q13, total sales for sugar, ethanol and energy were 10.5% higher than in 4Q12. The growth in sales volumes resulting from the growth in sugarcane crushed was largely offset by lower sugar and ethanol market prices in dollar terms.

Sugar, Ethanol & Energy - Industrial indicators

metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Milling Cluster	5,344	3,503	52.5%	1,485	1,077	37.9%
Milling UMA	1,074	986	9.0%	270	287	(5.8%)
Milling Total	6,418	4,489	43.0%	1,755	1,364	28.7%
Own sugarcane	86.6%	95.9%	(9.6%)	84.0%	98.9%	(15.1%)
Sugar mix in production	46.6%	51.4%	(9.4%)	50.0%	40.7%	23.0%
Ethanol mix in production	53.4%	48.6%	9.9%	50.0%	59.3%	(15.8%)
Exported energy per ton crushed	47	53	(12.0%)	51	57	(10.4%)

Despite challenging weather during the year, which included a drought during January, excess rains at the start of the harvest and frost in July, our mills crushed a total of 6.4 million tons compared to 4.5 million the previous year. This 43.0% growth year-over-year was driven by the expansion of our sugarcane plantation and the completion and start of operations of the Ivinhema mill, which increased our nominal crushing capacity to 7.2 million tons from 5.2 million tons.

In line with our strategy of being a low-cost producer of sugar, ethanol and electricity, the supply of our own sugarcane, which we plant, grow and harvest, as a percentage of total sugarcane crushed, remains at very high levels relative to the industry average. During the last harvest year, 86.6% of our total crushed cane was grown and harvested by Adecoagro. The supply of owned sugarcane allows us to control the flow and quality of the sugarcane delivered at the mill, and leverages our agricultural expertise to maximize

sugarcane yields and sugar content. Considering our sugarcane planting efforts during 2013, we expect that our own cane production in 2014 will be sufficient to supply our mills at near full nominal capacity.

Our production mix during 2013 was slanted towards maximizing ethanol production. On average, during 2013 53.4% of the sugar content (TRS) was used to produce anhydrous and hydrous ethanol and 46.6% was used to produce sugar. Market prices and relative margins, including Mato Grosso do Sul tax incentives for ethanol, favored ethanol production most of the year.

Regarding the Energy business, although cogeneration exports to the grid increased 25.9% year-over-year and 15.4% quarter-over-quarter as a result of higher volume of cane crushed, cogeneration per ton of cane crushed decreased from 53 KWh/ton in 2012 to 47 KWh/ton in 2013. The decrease in exported energy year-over-year is explained by postponed bagasse burning at Ivinhema as a result of the Ivinhema mill start-up. Our stockpile of bagasse will be burned during March 2014 in order to capture current high energy prices which increased as a result of low water levels in the Brazilian hydroelectric reservoirs.

Sugar, Ethanol & Energy - Changes in Fair Value						
	2013			2012		
<u>Biological Asset</u>	\$	Hectares	\$/hectare	\$	Hectares	\$/hectare
(+) Sugarcane plantations at end of period	213,783	99,409	2,151	195,870	85,663	2,287
(-) Sugarcane plantations at beginning of period	(195,870)	85,663	2,287	(158,925)	65,308	2,433
(-) Planting Investments ⁽¹⁾	(95,538)	31,764	3,008	(80,754)	23,391	3,452
(-) Exchange difference	30,284			19,026	-	-
Changes in Fair Value of Biological Assets	(47,341)			(24,783)	-	-
<u>Agricultural Produce</u>	\$	Tons	\$/ton	\$	Tons	\$/ton
(+) Harvested own sugarcane transferred to mill	154,186	5,560	28	149,569	4,304	35
(-) Costs incurred in maintenance	(48,434)			(33,428)	-	-
(-) Leasing Costs	(31,236)			(28,695)	-	-
(-) Harvest Costs	(98,155)			(85,687)		
Changes in Fair Value of Agricultural Produce	(23,639)			1,760	-	-
Total Changes in Fair Value	(70,980)			(23,024)	-	-

(1) Planting Investments includes 25,764 hectares of sugarcane planted and 6,100 hectares of soil preparation in advance of planting.

In 2013, Total Changes in Fair Value of the Sugar, Ethanol and Energy business was negative \$71.0 million, primarily as a result of a decrease in the fair value of our sugarcane plantations, from an average of \$ 2.287 per hectare as of 2012 year end, to \$ 2.151 per hectare as of 2013 year end, generating unrealized Changes in Fair Value of Biological Assets of negative \$47.3 million. The decrease in valuation per hectare corresponds to lower sugar prices included in the DCF model used to estimate the fair value of our sugarcane plantations. This unrealized non-cash gain was further decreased by a \$23.6 million loss in current cane production ("agricultural produce"). Changes in Fair Value of Agricultural produce were almost completely driven by a decrease in the price used to value the cane transferred from our fields to the mills.

Agricultural Produce - Productive Indicators

	metric	2013	2012	Chg %	4Q13	4Q12	Chg %
Harvested own sugarcane	thousand tons	5,560	4,304	29.2%	1,473	1,349	9.2%
Harvested area	Hectares	77,442	62,717	23.5%	22,427	20,210	11.0%
Yield	tons/hectare	71.8	68.6	4.6%	65.7	66.8	(1.6%)
TRS content	kg/ton	126.5	133.8	(5.4%)	126.6	139.5	(9.2%)
TRS per hectare	kg/hectare	9,085	9,184	(1.1%)	8,317	9,313	(10.7%)
Mechanized harvest	%	94.2%	89.9%	4.8%	95.4%	86.9%	9.7%

The table above shows productive indicators related to our owned sugarcane production (“Agricultural Produce”) which is planted, harvested and then transferred to our mills for processing. Sugarcane yields and sugar content in cane (TRS) in 2013 were 4.6% above and 5.4% below 2012 levels, respectively. Sugarcane growth was negatively affected by dryer than normal weather conditions during January and February and TRS levels were affected by a frost that hit the Brazilian Center-South region in mid-July. We expect sugarcane yields and TRS to continue increasing as our cluster in Mato Grosso do Sul is stabilized and sugarcane plantations enter the second growth cycle.

Corporate Expenses

Corporate Expenses							
<i>\$ thousands</i>	2013	2012	Chg %	4Q13	4Q12	Chg %	
Corporate Expenses	(23,478)	(25,442)	(7.7%)	(7,111)	(6,550)	8.6%	

Adecoagro’s corporate expenses include items that have not been allocated to a specific business segment, such as executive officers and headquarters staff, and certain professional fees, travel expenses, and office lease expenses, among others. As shown on the table above, corporate expenses during 2013 were 7.7% below the previous year. This reduction is the result of our cost savings plan coupled with the devaluation of the Brazilian Reais and the Argentine Peso.

Other Operating Income

Other Operating Income							
	2013	2012	Chg %	4Q13	4Q12	Chg %	
Gain/(Loss) from commodity derivative financial instruments	19,586	1,821	975.6%	1,690	3,398	(50.3%)	
Loss from forward contracts	(292)	(2,302)	(87.3%)	(242)	(277)	(12.6%)	
Gain/(Loss) from sale of subsidiary	779	27,513	(97.2%)	779	19,418	(96.0%)	
Gain from disposal of farmland and other assets	26,434	-	- %	21,352	-	- %	
Gain/(Loss) from disposal of other property items	670	882	(24.0%)	(82)	253	- %	
Gain from disposal of financial assets	1,188	-	- %	1,188	-	- %	
Other	1,285	3,183	(59.6%)	97	2,672	(96.4%)	
Total	49,650	31,097	59.7%	24,781	25,464	(2.7%)	

Other Operating Income in 4Q13 was enhanced mainly by the sale of the San Martin and San Agustin farms and to a lesser extent by our commodity hedge position.

Other Operating Income in 2013 was \$49.7 million, compared to \$ 31.1 million in 2012, marking a 59.7% increase. This increase is explained by: (i) a \$28.2 million gain related to the sale of farms, (including the Santa Regina farm, San Martin farm, Lagoa de Oeste, Mimoso and San Agustin farm, and La Lacteo); and (ii) a \$19.6 million gain related to our commodity hedge position, of which \$16.7 million is realized and \$2.6 million unrealized or subject to change according to commodity price changes (see page 19).

Financial Results

Financial Results						
	2013	2012	Chg %	4Q13	4Q12	Chg %
Interest Income/(Expense), net	(42,367)	(16,423)	158.0%	(11,051)	(6,025)	83.4%
Cash Flow Hedge - Reclassified from Equity	(2,560)	-	- %	(2,826)	-	- %
FX Gains/(Losses)	(21,087)	(26,080)	(19.1%)	(4,620)	(6,904)	(33.1%)
Gain/(Loss) from derivative financial Instruments	(19,028)	(5,823)	226.8%	(479)	(59)	711.9%
Taxes	(3,815)	(4,265)	(10.6%)	(904)	(1,035)	(12.7%)
Other Income/(Expenses)	(2,825)	(2,525)	11.9%	(755)	(1,221)	(38.2%)
Total Financial Results	(91,682)	(55,116)	66.3%	(20,635)	(15,244)	35.4%

Net Financial Results in 2013 totaled a loss of \$91.7 million, compared to a loss of \$55.1 million in 2012.

The \$36.6 million year-over-year increase in financial losses is primarily explained by:

- a \$25.9 million increase in interest expenses related to our financial debt. This increase year-over-year is explained by: (a) a \$4.4 million lower interest income as a result of less cash invested in interest-bearing fixed term deposits; (b) \$16.8 million increase in interest expenses as a result of the increase in outstanding debt mainly related to the construction of the Ivinhema mill; and (c) \$14.7 million of interests related to growth projects which were capitalized in 2012 but expensed in 2013 as the projects became operational; and
- a \$13.2 million greater loss resulting from the mark-to-market of our currency derivatives used to hedge future US dollar inflows generated by our forward sugar sales. The majority of our derivative currency contracts were closed at a loss during the period as a result of the steep depreciation of the Brazilian Reais.

(1) Effective July 1, 2013, Adecoagro formally documented and designated cash flow hedging relationships to hedge the foreign exchange rate risk of a portion of its highly probable future sales in US dollars using a portion of its borrowings denominated in US dollars and foreign currency forward contracts. Cash flow hedge accounting permits that gains and losses arising from the effect of changes in foreign currency exchange rates on derivative and non-derivative hedging instruments not be immediately recognized in profit or loss, but be reclassified from equity to profit or loss in the same periods during which the future sales occur, thus allowing for a more appropriate presentation of the results for the period reflecting Adecoagro's Risk Management Policy.

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

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

Total Volume and Average Prices				
Farming	Country	Volume (thousand tons)	Local Sale price FAS \$/ton	Local Sale price FOB cts/bushel ⁽¹⁾
2013/14 Harvest Year				
Soybean	Argentina	111.1	297	1,293
	Uruguay	4.0	441	1,268
	Brazil	10.0	392	1,325
Corn	Argentina	200.4	215	720
Wheat	Argentina	32.7	311	1,143
	Uruguay	7.8	292	849
Cotton	Brazil	2.6	1,706	85
2014/15 Harvest Year				
Soybean	Argentina	10.2	132	605
Corn	Argentina	-	-	-
Sugar, Ethanol & Energy	Country	Volume (thousands)	Local Sale price FCA \$/unit	Local Sale price FOB cts/lb ⁽¹⁾
2013/14 Harvest Year				
VHP Sugar (tons)	Brazil	251.8	434	20.0
Ethanol (m3)	Brazil	190.1	542	-
Energy (MWh) ⁽²⁾	Brazil	351.9	80	-
2014/15 Harvest Year				
VHP Sugar (tons)	Brazil	138.3	403	18.1
Ethanol (m3)	Brazil	-	-	-
Energy (MWh) ⁽²⁾	Brazil	265.0	85	-

(1) Equivalent FOB price - includes freight, export taxes and fobbing costs (elevation, surveyor, quality certifications and customs costs).

In order to compare with CBOT or ICE prices, the respective basis (premium or discount) must be considered.

Cotton prices are expressed in cents per pound (cts/lb).

(2) Considers exchange rate of 2.34 R\$/US\$

The table below summarizes the results generated by Adecoagro's derivative positions in 2013 and in previous periods divided by crop year. Realized gains and losses correspond to results generated by derivative contracts that were closed. Unrealized gains and losses correspond to results generated by derivative positions that 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)	2013 Gains/(Losses) (thousands \$)			Gains/(Losses) Booked in 2012 (thousands \$)	Harvest Year Gains/Losses (thousands \$)
		Unrealized	Realized	Total 2013		
2012/13 Total	-	-	(536)	(536)	(7,099)	(7,635)
2013/14 Harvest Year						
Soybean	89	368	(373)	(5)	-	(5)
Corn	123	(44)	8,218	8,174	1,082	9,255
Wheat	-	-	(247)	(247)	-	(247)
Cotton	-	-	(111)	(111)	1,316	1,205
Coffee	-	-	203	203	4,345	4,548
2013/14 Total	212	324	7,487	8,014	1,082	14,757
2014/15 Harvest Year						
Soybean	10	132	0.39	132	-	132
Corn	-	-	38	38	-	38
Wheat	-	-	-	-	-	-
Cotton	-	-	-	-	-	-
2014/15 Total	10	132	38	170	-	170
Subtotal Farming	222	456	6,989	7,648	(6,017)	7,292
Sugar, Ethanol & Energy	Open hedge positions ⁽¹⁾ (thousand tons)	2013 Gains/(Losses) (thousands \$)			Gains/(Losses) Booked in 2012 (thousands \$)	Harvest Year Gains/Losses (thousands \$)
		Unrealized	Realized	Total 12M13		
2013/14 Harvest Year						
Sugar	-	-	7,422	7,422	33	7,454
Ethanol	-	-	77	77	1,009	1,086
2013/14 Total	-	-	7,499	7,499	1,042	8,541
2014/15 Harvest Year						
Sugar	138	2,187	2,256	4,443	6,837	11,280
Ethanol	-	-	-	-	(40)	(40)
2014/15 Total	138	2,187	2,256	4,443	6,796	11,239
Subtotal Sugar, Ethanol and Energy	138	2,187	9,755	11,942	7,838	19,780
Total Hedge Position	361	2,643	16,744	19,590	1,821	27,072

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 for the spanish initials). Sugar and cotton futures contracts are traded on the Intercontinental Exchange (ICE).

Indebtedness

Net Debt Breakdown			
\$ thousands	4Q13	3Q13	Chg %
Farming	121,269	141,980	(14.6%)
Short term Debt	61,942	66,091	(6.3%)
Long term Debt	59,327	75,889	(21.8%)
Sugar, Ethanol & Energy	538,862	539,004	(0.0%)
Short term Debt	86,025	95,956	(10.3%)
Long term Debt	452,837	443,048	2.2%
Total Short term Debt	147,967	162,047	(8.7%)
Total Long term Debt	512,164	518,937	(1.3%)
Gross Debt	660,131	680,983	(3.1%)
Cash & Equivalents	232,147	260,529	(10.9%)
Net Debt	427,984	420,454	1.8%

Adecoagro's gross indebtedness as of the end of 2013 was \$660.1 million, 3.1% lower compared to September 30, 2013.

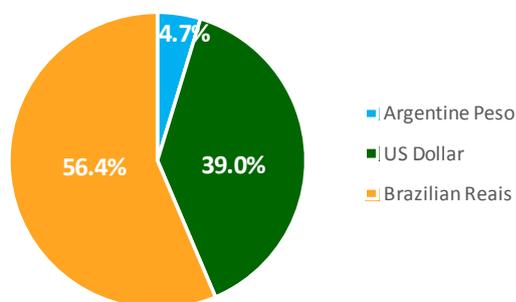
Short and long term debt corresponding to the Farming business was reduced by a total of \$20.7 million or 14.6% as loans matured following the end of the harvest year.

In the Sugar and Ethanol business, debt remained practically unchanged during 4Q13. Nevertheless we shifted a portion of our short term debt to long term debt primarily to finance the construction of the second phase of Ivinhema mill, which is expected to be fully operational for the start of the 2015 harvest season.

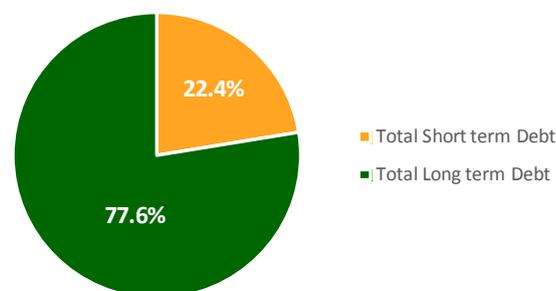
Total cash as of December 31, 2013 was \$232.1 million, 10.9% below September 30, 2013.

As a result of the decrease in outstanding debt and reduction in cash, Net Debt as of 2013 year end was \$428.0 million, 1.8% higher than the previous quarter.

Debt Currency Breakdown



Short and Long Term Debt



Capital Expenditures & Investments

Capital Expenditures & Investments						
<i>\$ thousands</i>	2013	2012	Chg %	4Q13	4Q12	Chg %
Farming & Land Transformation	9,835	29,988	(67.2%)	2,602	6,177	(57.9%)
Land Acquisitions	-	-	-	-	-	-
Land Transformation	2,289	7,977	(71.3%)	572	1,172	(51.2%)
Rice Mill Construction	1,162	7,765	(85.0%)	260	1,586	(83.6%)
Dairy Free Stall Unit	5,045	10,354	(51.3%)	1,398	2,010	(30.4%)
Others	1,338	3,891	(65.6%)	371	1,409	(73.7%)
Sugar, Ethanol & Energy	227,106	295,193	(23.1%)	58,682	71,587	(18.0%)
Sugar & Ethanol Mills	131,567	214,438	(38.6%)	32,087	50,793	(36.8%)
Sugarcane Planting	95,539	80,754	18.3%	26,595	20,794	27.9%
Total	236,940	325,181	(27.1%)	61,284	77,764	(21.2%)

Adecoagro's capital expenditures during 2013 totaled \$236.9 million, 27.1% lower than 2012. The Sugar, Ethanol and Energy business accounted for 95.8% or \$227.1 million of total CAPEX, as a result of the construction of the Ivinhema mill and the expansion of our sugarcane plantation in order to fully supply our mills with owned cane. Adecoagro has completed the construction of the first phase of the Ivinhema mill, and is currently commencing the construction of the second phase of the mill.

Farming and Land transformation expenditures accounted for 4.2% or \$9.83 million of total CAPEX in 2013. The main capital expenditures were concentrated in building the Franck rice mill, the second free-stall dairy, and to continue transforming the portion of undeveloped land Adecoagro holds in its land portfolio.

Inventories

End of Period Inventories							
Product	Metric	Volume			thousand \$		
		2013	2012	% Chg	2013	2012	% Chg
Soybean	tons	3,593	10,175	(64.7%)	1,086	3,705	(70.7%)
Corn ⁽¹⁾	tons	14,029	18,829	(25.5%)	858	2,911	(70.5%)
Wheat ⁽²⁾	tons	41,752	42,502	(1.8%)	9,360	8,561	9.3%
Sunflower	tons	2,770	484	472.4%	946	194	386.5%
Cotton lint	tons	189	447	(57.7%)	283	698	(59.4%)
Rough Rice ⁽³⁾	tons	22,116	20,815	6.3%	5,937	5,416	9.6%
Sugar	tons	47,096	29,702	58.6%	11,075	6,630	67.0%
Ethanol	m3	74,264	51,042	45.5%	39,149	26,322	48.7%

(1) Includes sorghum.

(2) Includes barley.

(3) Expressed in rough rice equivalent

Variations in inventory levels between 2012 and 2013 are attributable to (i) changes in production volumes resulting from changes in planted area, the production mix between different crops and in yields obtained, (ii) a different percentage of area being harvested during the period, and (iii) changes in the commercial and selling strategy 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 Reais, 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.

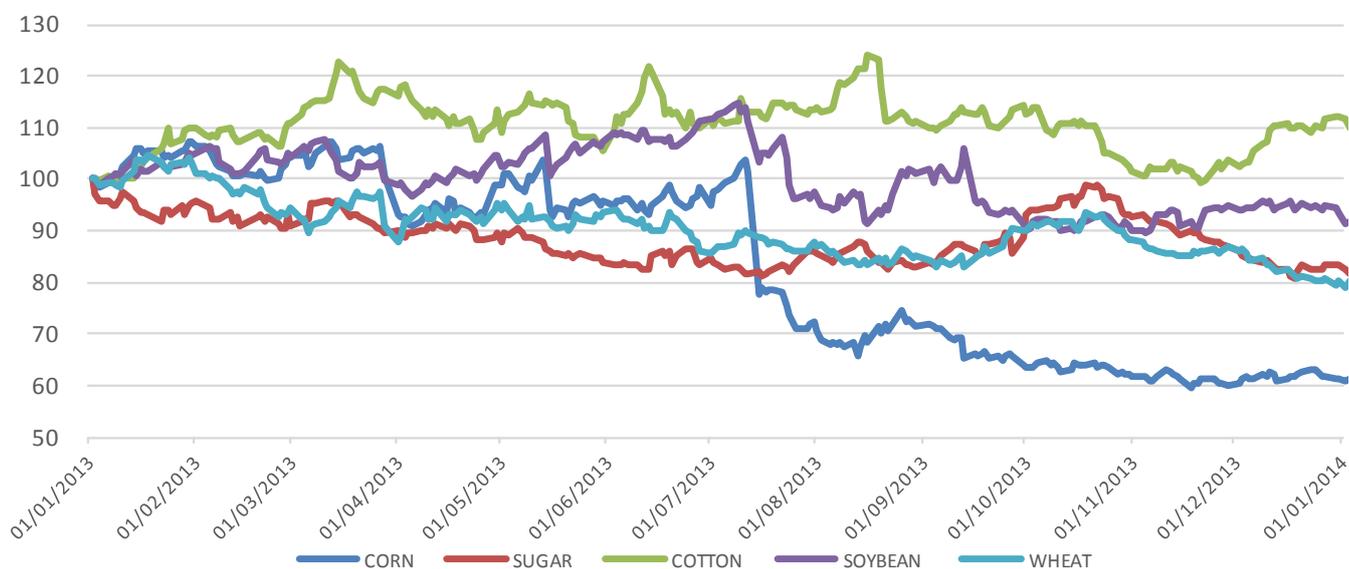
These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may turn out to be incorrect. Our actual results could be materially different from our expectations. In light 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

2013 Soft Commodity Prices



Corn:

- The average price of the nearby corn future contract on the Chicago Board of Trade (CBOT) was \$4.38 per bushel in 4Q13, representing a 24% decrease compared to the average price of 3Q13 futures contract and a 41% decrease compared to the average price of 4Q12. The average price in 2013 was \$5.79 per bushel, representing a 17% decrease compared to the average price in 2012.
- Based on the USDA report published on February 10, 2014, US ending stocks were at 1.481 billion bushels, 150 million bushels below the previous report, 523 million bushels below the first estimations published in May 2013 and 660 million bushels above the previous harvest year. Total estimated production stands at 13.925 billion bushels, -215 million bushels below the first estimations published in May 2013 and 3.145 billion bushels above the previous harvest year.
- There have been strong export sales in the last month. As of February 20, 2014, shipped exports stood at 15.3 million tons of which 33.7 million tons have been committed for sale (38% and 83% of total estimated exports of 40.6 million tons).
- According to USDA estimates, as of February 10, 2014 Brazil was expected to harvest 70 million tons and Argentina 24 million tons, 14% and 9% below the previous harvest year, respectively.



- Argentina has struggled with a delayed planting window along with a hot and dry growth cycle. While weather conditions have improved recently providing some relief to the late-planted corn, the weather still remains one of the major risks. In contrast, weather conditions in Brazil have been near perfect up to mid-January. Safrinha corn is near 60% of total production and will be planted after soybean harvest.
- The Soy-to-corn ratio will be a key driver for switching between beans and corn. Price ratio has been trading near its highest levels in the past 20 years. Planted area will be determined during February (the critical period for insurance revenue protection). We forecast planted area at 93.9 m/aces (-1.4 million acres). Forecasting production using trend yields, results in an estimated stock-to-use of 13%, higher than the current 11%.

Soybean:

- The average price of the nearby soybeans future contract on the Chicago Board of Trade (CBOT) was \$13.18 per bushel in 4Q13, representing a 9.5% decrease compared to the average price in 3Q13 futures contract and a 14% decrease compared to the average price of 4Q12. The average price of 2013 was \$14.07 per bushel, representing a 4% decrease compared to the average price in 2012.
- Based on the USDA report published on February 10, 2014, US ending stocks are at 150 million bushels. This value stands at the same level as the previous report, 115 million bushels below first estimations published in May 2013 and 9 million bushels above the previous harvest year. Total estimated production is at 3.289 billion bushels, -101 million bushels below first estimations published in May 2013 and 255 million bushels above the previous harvest year.
- According to USDA estimates as of February 10, 2014, Brazil was expected to harvest 90 million tons and Argentina 54 million tons, 10% and 8% above the previous harvest year, respectively.
- The main driver in Argentina that will determine the selling pace will be the devaluation of the Peso and whether or not Argentineans decide to hoard soybeans as a form of currency hedge. Liabilities and inflation rate will also affect selling pace. Until February, farmers had sold 6% of their estimated production. Last season at this point 11% of new crop production had been sold.
- The market is expecting a new record high in production from South America, reaching a total of 157-158 million tons or 8% increase year-over-year. Infrastructure improvements in Brazil will be another driver to follow.

Wheat:

- The average price of the nearby wheat future contract on the Chicago Board of Trade (CBOT) was \$6.52 per bushel in 4Q13, representing a 2.0% decrease compared to the average price of 3Q13 futures contract and a 23.0% decrease compared to the average price of 4Q12. The average price in 2013 was \$6.84 per bushel, representing a 9.0% decrease compared to the average price in 2012.
- Based on the USDA report published on February 10, 2014, US ending stocks are at 558 million bushels, 50 million bushels below the previous report, 112 million bushels below the first estimates published in May 2013 and 160 million bushels below the previous harvest year.
- Global wheat production for 2013/14 projected by USDA are at 712.66 million tons, 8.0% above last year.
- South America drops in production and quality. US balance sheet remains far tighter than last year and strong demand from Brazil is expected in the coming months.



Cotton:

- The average price of the nearby Cotton future contract on ICE was \$0.81 per pound in 4Q13, representing a 5.0% decrease compared to the average price of 3Q13 futures contract and an 11.0% increase compared to the average price of 4Q12. The average price in 2013 was \$0.83 per pound, representing a 5.0% increase compared to the average price in 2012.
- Global ending stocks are expected to set another record of over 21.251 million tons in 2013/14, and the stock-to-use ratio at 89.1% or over 10.6 months of consumption. However, only 40.0% is located outside of China and exportable cotton remains low, a limit to downward price momentum.
- While world inventories are expected to hit a record, U.S. output has fallen to a four-year low this season at 650k tons. Export pace is good and is supporting spot prices vs December 2014 position
- US yield estimated by USDA stands at 826 plants per acre, production at 13.19 million pound bales and ending stocks at 3.0 million pound bales
- USDA pegs Chinese mill demand for cotton fiber at 36.0 million bales (7.8 million tons), unchanged from the previous marketing year. China stocks were reduced to 12.5 million tons, due to a 1.0 million bales reduction in production figure. As a result, stock-to-use ration stands at 159.0%.
- Brazils planted area is estimated to have increased up to 1.0 million hectares, 110 hectares higher than last year's area. Total estimated production stands at 1.6 million tons. The biggest area is expected to be in Mato Grosso with a total area of 600 thousand hectares, where 65.0% will be safrinha or second crop. Weather development for soybean is very important for the crop as any delay in harvest will not guarantee that cotton will be planted in the optimal planting window.

Rice:

- The FOB average price for high-quality milled rice in the South American market was USD 590 per ton during 4Q13, compared to an average of USD 600 in 4Q12 and USD 600 in 3Q13.
- Thai price stands at USD 440/ton FOB 5.0% broken. Thailand's National Rice Policy Committee has decided to terminate the government rice mortgage program, which is due to expire at the end of February 2014. The Thai government is already under pressure to clear delayed payments for purchase of paddy from farmers under the rice mortgage program. The political crisis in the country remains acute and the future of the large accumulated stockpiles is not clear. According to USDA estimates, Thailand rice exports have declined for the second consecutive year, reaching 6.6 million tons in the calendar year 2013, down 5.0% from an estimated 6.9 million tons exported in 2012, and down 17.0% from the government target of 8.0 million tons. Meanwhile, the Thai Rice Exporters Association (TREA) expects that Thailand could export about 7.5 million tons rice in 2014.
- India 5.0% broken rice ended the month at USD415/ ton. According to the USDA, India is expected to be the world's largest paddy rice exporter for the third consecutive year, with approximately 10.5 million tons of rice exports in 2013, followed by Vietnam with 7.2 million tons of exported rice and Thailand, which exported 6.6 million tons rice in 2013. Meanwhile, India's basmati rice exports are forecast to reach 4.0 million tons in the 2013/14 harvest year (April – March), the highest annual basmati rice exports on record and up 12.5% from about 3.5 million tons in the 2013/14 harvest year, due to firm demand, especially from the Middle East countries including Saudi Arabia, Kuwait and Iran. According to

the USDA, India's rice production is expected to decline to 103 million tons in 2013-14, down 2.0% from 105.3 million tons in 2011/12.

- In Vietnam price stands at USD 405/ton FOB 5.0% broken. The Vietnam Food Association (VFA) expects Vietnam rice exporters will face stiff competition in 2014 due to reduced prices and higher supplies in the global rice market. Separately, the Vietnamese government is planning to shift about 130,000 hectares of rice area to other crops such as soybeans and corn as part of the changes in agriculture and rural development in 2014. However, production is estimated to remain at 43.4 million tons of paddy as higher yields are expected.
- Pakistan 5% broken rice ended the month at USD395 /ton. Pakistan is trying to increase its rice exports to China, now the world's largest rice importer. Rice Exporters Association of Pakistan (REAP) senior vice-chairman says Pakistan rice exports to China are expected to grow to about 0.7 – 1.0 million tons in the 2013/14 harvest year (July – June).
- U.S. price stands at USD 615/ton bagged FOB 4.0% broken. According to USDA, total rice production in the U.S. has reached 6.6 million tons in calendar year 2013, down 8.3% from last year, partly due to farmers switching crops in hopes of higher profits. Average paddy rice prices in 2013 increased by 6.2% to USD 340/ton from the previous year, USDA said.
- Uruguayan and Argentine prices stand at USD 590/ton bagged FOB 5.0% broken. Export prices remain stable. The rice is being harvest in Mercosur region and prospects are good, especially in Brazil where production should increase in 4.0%. Meanwhile the indicative price for paddy rice in Brazil declined marking USD 300/ton in late January.

Sugar and Ethanol:

- During the fourth quarter of 2013 the Brazilian Center-South Region crushed 2.6% more sugarcane than the previous year, as dry weather conditions allowed many mills to crush through to the third week of December. However, the TRS in this period was lower than the last crop (132.7 kg/ton vs. 136.0 kg/ton).
- Brazils 2013/14's harvest crushed 11.5% more sugarcane YoY (594.1 million tons in 2013/14 vs. 533.75 million tons in 2012/2013), according to UNICA. However, final production increased less due to lower TRS, 133.4 kg/ton (1.65 kg/ton lower than 2012/13). The additional cane crushed (61.34 million tons) was mostly diverted to produce more ethanol (25.3 million m³ against 21.2 million m³ of 2012, sugar production remained around 34 million tons). NY#11 contract decreased 16.66% during the year, and the local sugar market followed (decreasing 14.8% according to ESALQ-CEPEA). On the other hand, hydrous and anhydrous ethanol average prices in 2013 were respectively 2.9% and 5.9% higher than 2012 (in local currency). This can be explained by the increase in gasoline prices (6.6% in January and 4.0% in November), increase in flex-fuel vehicles, and more competitive hydrous pricing at the pumps. According to BACEN (Brazilian Central Bank), even though the domestic gasoline prices are still below the international price, they do not expect a fuel price adjustment in 2014.
- In India, the second largest sugar producer in the world, the 2013/14 crop start was delayed as a result of an impasse between millers and farmers. Farmers wanted higher prices for the sugarcane (at least 3,000 Rs/ton against the current price 2,800 Rs/ton), millers alleged that they could not afford to pay more than 2,250 Rs/ton. This delay caused Indian sugar production to decrease by 29.0% in the first



three months of harvesting (5.74 million tons). Despite this number the Indian Sugar Mills Association (ISMA) estimates sugar production for this crop at 25 million tons.

- The 2014/15 Brazilian crop is estimated at 605 million tons of crushed cane for the Center-South region, a 2.0% increase compared to the current crop. The TRS is expect to recover to 136 kg/ton but have a lower sugar mix (from 45.6% to 44.0%) which would result in an ethanol production of 27.1 million m³ and a sugar production of 34.6. These expectations are based on current relative price expectations for the harvest. However, recent drought in Brazils Center-South region is starting to cause concern about cane development in Sao Paulo which would reduce the world sugar surplus.



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 Adecoagro 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 - 2013

\$ thousands								Sugar, Ethanol & Land Transformation		Corporate	Total
	Crops	Rice	Dairy	Coffee	Cattle	Farming	Energy	Land Transformation			
Sales of manufactured products and services rendered	510	104,576	-	-	3,237	108,323	316,984	-	-	425,307	
Cost of manufactured products sold and services rendered	-	(84,654)	-	-	(89)	(84,743)	(187,518)	-	-	(272,260)	
Gross Profit from Manufacturing Activities	510	19,922	-	-	3,148	23,581	129,466	-	-	153,047	
Sales of agricultural produce and biological assets	184,607	2,517	30,661	439	616	218,840	477	-	-	219,317	
Cost of agricultural produce and biological assets	(184,607)	(2,517)	(30,661)	(439)	(616)	(218,840)	(477)	-	-	(219,317)	
Initial recog. and changes in FV of BA and agricultural produce	24,356	8,339	7,761	(8,332)	(267)	31,857	(70,980)	-	-	(39,123)	
Gain from changes in NRV of agricultural produce after harvest	12,607	-	-	121	-	12,728	147	-	-	12,875	
Gross Profit from Agricultural Activities	36,963	8,339	7,761	(8,211)	(267)	44,585	(70,833)	-	-	(26,248)	
Margin Before Operating Expenses	37,473	28,261	7,761	(8,211)	2,881	68,165	58,633	-	-	126,798	
General and administrative expenses	(4,101)	(4,424)	(1,087)	(1,119)	-	(10,731)	(19,434)	-	(23,187)	(53,352)	
Selling expenses	(6,236)	(16,104)	(454)	(422)	(75)	(23,291)	(44,571)	-	(207)	(68,069)	
Other operating income, net	7,632	438	494	(291)	(1)	8,272	13,290	28,172	(84)	49,650	
Share of gain/(loss) of joint ventures	(219)	-	-	-	-	(219)	-	-	-	(219)	
Profit from Operations Before Financing and Taxation	34,549	8,171	6,714	(10,043)	2,805	42,196	7,918	28,172	(23,478)	54,808	
Profit From Discontinued Operations	-	-	1,767	-	-	1,767	-	-	-	1,767	
(-) Initial recog. and changes in F.V. of long term BA (unrealized)	-	-	234	8,121	-	8,355	47,341	-	-	55,696	
Adjusted EBIT	34,549	8,171	8,715	(1,922)	2,805	52,318	55,259	28,172	(23,478)	112,271	
(-) Depreciation PPE	2,171	4,731	1,086	375	89	8,452	59,980	-	-	68,432	
Adjusted EBITDA	36,720	12,902	9,801	(1,547)	2,894	60,770	115,239	28,172	(23,478)	180,703	
Reconciliation to Profit/(Loss)											
Adjusted EBITDA										180,703	
(+) Initial recog. and changes in F.V. of BA (unrealized)										(55,696)	
(+) Depreciation PPE										(68,432)	
(+) Financial result, net										(91,682)	
(+) Income Tax (Charge)/Benefit										9,277	
Profit/(Loss) for the Period										(25,830)	

Adjusted EBIT & Adjusted EBITDA Reconciliation to Profit/Loss - 2012

\$ thousands								Sugar, Ethanol & Land Transformation		Corporate	Total
	Crops	Rice	Dairy	Coffee	Cattle	Farming	Energy	Land Transformation			
Sales of manufactured products and services rendered	589	92,438	-	-	4,390	97,417	282,109	-	-	379,526	
Cost of manufactured products sold and services rendered	-	(78,617)	-	-	(230)	(78,847)	(185,131)	-	-	(263,978)	
Gross Profit from Manufacturing Activities	589	13,821	-	-	4,160	18,570	96,978	-	-	115,548	
Sales of agricultural produce and biological assets	195,617	1,466	18,868	8,363	637	224,951	223	-	-	225,174	
Cost of agricultural produce and biological assets	(195,617)	(1,466)	(18,868)	(8,363)	(637)	(224,951)	(223)	-	-	(225,174)	
Initial recog. and changes in FV of BA and agricultural produce	35,471	6,463	2,060	(4,196)	(131)	39,667	(23,024)	-	-	16,643	
Gain from changes in NRV of agricultural produce after harvest	15,850	-	-	154	-	16,004	-	-	-	16,004	
Gross Profit from Agricultural Activities	51,321	6,463	2,060	(4,042)	(131)	55,671	(23,024)	-	-	32,647	
Margin Before Operating Expenses	51,910	20,284	2,060	(4,042)	4,029	74,241	73,954	-	-	148,195	
General and administrative expenses	(4,436)	(4,072)	(906)	(1,082)	(23)	(10,519)	(22,239)	-	(24,933)	(57,691)	
Selling expenses	(5,904)	(16,157)	(319)	(304)	(60)	(22,744)	(35,690)	-	(168)	(58,602)	
Other operating income, net	(9,330)	1,065	22	2,387	(16)	(5,872)	9,797	27,513	(341)	31,097	
Share of gain/(loss) of joint ventures	-	-	-	-	-	-	-	-	-	-	
Profit from Operations Before Financing and Taxation	32,240	1,120	857	(3,041)	3,930	35,106	25,822	27,513	(25,442)	62,999	
Profit From Discontinued Operations	-	-	(4,040)	-	-	(4,040)	-	-	-	(4,040)	
(-) Initial recog. and changes in F.V. of long term BA (unrealized)	-	-	(115)	2,615	-	2,500	24,783	-	-	27,283	
Adjusted EBIT	32,240	1,120	(3,298)	(426)	3,930	33,566	50,605	27,513	(25,442)	86,242	
(-) Depreciation PPE	2,073	3,823	896	587	189	7,568	46,900	-	-	54,468	
Adjusted EBITDA	34,313	4,943	(2,402)	161	4,119	41,134	97,505	27,513	(25,442)	140,710	
Reconciliation to Profit/(Loss)											
Adjusted EBITDA										140,710	
(+) Initial recog. and changes in F.V. of BA (unrealized)										(27,283)	
(+) Depreciation PPE										(54,468)	
(+) Financial result, net										(55,116)	
(+) Income Tax (Charge)/Benefit										5,436	
Profit/(Loss) for the Period										9,279	



adecoagro

4Q13

Adjusted EBIT & Adjusted EBITDA Reconciliation to Profit/Loss - 4Q13

\$ thousands	Crops	Rice	Dairy	Coffee	Cattle	Farming	Sugar, Ethanol & Land Transformation		Corporate	Total
							Energy			
Sales of Manufactured Products and Services Rendered	138	28,380	-	-	522	29,040	115,671	-	-	144,711
Cost of Manufactured Products Sold and Services Rendered	-	(20,750)	-	-	(20)	(20,771)	(69,239)	-	-	(90,008)
Gross Profit from Manufacturing Activities	138	7,630	-	-	502	8,270	46,433	-	-	54,702
Sales of Agricultural Produce (AP) and Biological Assets (BA)	15,955	447	8,186	0	0	24,589	477	-	-	25,065
Cost of Agricultural Produce (AP) and Biological Assets (BA)	(15,955)	(447)	(8,186)	(0)	(0)	(24,589)	(477)	-	-	(25,065)
Initial Recognition and Changes in Fair Value of BA and AP	5,806	2,354	2,637	(789)	(182)	9,826	(28,142)	-	-	(18,316)
Gain From Changes in NRV of Agricultural Produce After Harvest	2,863	-	-	(0)	-	2,863	-	-	-	3,010
Gross Profit From Agricultural Activities	8,669	2,354	2,637	(789)	(182)	12,689	(28,142)	-	-	(15,306)
Margin Before Operating Expenses	8,807	9,984	2,637	(789)	321	20,959	18,291	-	-	39,396
General and Administrative Expenses	(964)	(963)	(311)	(253)	-	(2,492)	(4,886)	-	(6,925)	(14,302)
Selling Expenses	(1,092)	(4,175)	(118)	(3)	(6)	(5,394)	(16,878)	-	(46)	(22,318)
Other Operating Income, net	890	48	474	7	(2)	1,417	5,604	21,253	(140)	28,134
Share of Gain/(Loss) of Joint Ventures	-	-	-	-	-	-	-	-	-	(178)
Profit From Operations Before Financing and Taxation	7,641	4,893	2,682	(1,039)	313	14,490	2,131	21,253	(7,111)	30,732
Profit From Discontinued Operations	-	-	-	-	-	-	-	-	-	-
(-) Initial Recognition and Changes in FV of Long Term BA	-	-	-	702	-	702	17,632	-	-	18,334
Adjusted EBIT	7,641	4,893	2,682	(337)	313	15,192	19,763	21,253	(7,111)	49,066
(-) Depreciation and Amortization	553	1,056	310	89	20	2,027	15,389	-	-	17,417
Adjusted EBITDA	8,193	5,949	2,992	(248)	333	17,219	35,152	21,253	(7,111)	66,483
Reconciliation to Profit/(Loss)										
Adjusted EBITDA										66,483
(+) Initial Recognition and Changes in FV of Long Term BA										(18,334)
(+) Depreciation and Amortization										(17,417)
(+) Financial Results, net										(20,634)
(+) Income Tax (Charge)/Benefit										(5,483)
Profit/(Loss) for the Period										4,615

Adjusted EBIT & Adjusted EBITDA Reconciliation to Profit/Loss - 4Q12

\$ thousands	Crops	Rice	Dairy	Coffee	Cattle	Farming	Sugar, Ethanol & Land Transformation		Corporate	Total
							Energy			
Sales of Manufactured Products and Services Rendered	97	24,247	-	-	935	25,279	98,096	-	-	123,375
Cost of Manufactured Products Sold and Services Rendered	-	(20,862)	-	-	(45)	(20,907)	(58,004)	-	-	(78,911)
Gross Profit from Manufacturing Activities	97	3,385	-	-	890	4,372	40,092	-	-	44,464
Sales of Agricultural Produce (AP) and Biological Assets (BA)	39,232	287	4,616	3,720	220	48,075	34	-	-	48,109
Cost of Agricultural Produce (AP) and Biological Assets (BA)	(39,232)	(287)	(4,616)	(3,720)	(220)	(48,075)	(34)	-	-	(48,109)
Initial Recognition and Changes in Fair Value of BA and AP	8,500	4,929	2,062	(1,073)	86	14,504	(16,357)	-	-	(1,853)
Gain From Changes in NRV of Agricultural Produce After Harvest	1,923	-	-	(349)	-	1,574	-	-	-	1,574
Gross Profit From Agricultural Activities	10,423	4,929	2,062	(1,422)	86	16,078	(16,357)	-	-	(279)
Margin Before Operating Expenses	10,520	8,314	2,062	(1,422)	976	20,450	23,735	-	-	44,185
General and Administrative Expenses	(1,242)	(1,010)	(232)	(268)	8	(2,744)	(5,487)	-	(6,308)	(14,539)
Selling Expenses	(1,524)	(3,342)	(137)	(68)	(22)	(5,093)	(8,160)	-	(105)	(13,358)
Other Operating Income, net	1,080	428	(1,280)	178	(5)	401	4,503	19,418	(137)	24,185
Share of Gain/(Loss) of Joint Ventures	-	-	-	-	-	-	-	-	-	-
Profit From Operations Before Financing and Taxation	8,834	4,390	413	(1,580)	957	13,014	14,591	19,418	(6,550)	40,473
Profit From Discontinued Operations	-	-	(858)	-	-	(858)	-	-	-	(858)
(-) Initial Recognition and Changes in FV of Long Term BA	-	-	(1,190)	309	-	(881)	15,156	-	-	14,275
Adjusted EBIT	8,834	4,390	(1,635)	(1,271)	957	11,275	29,747	19,418	(6,550)	53,890
(-) Depreciation and Amortization	707	922	230	139	37	2,035	12,537	-	-	14,572
Adjusted EBITDA	9,541	5,312	(1,405)	(1,132)	994	13,310	42,284	19,418	(6,550)	68,462
Reconciliation to Profit/(Loss)										
Adjusted EBITDA										68,462
(+) Initial Recognition and Changes in FV of Long Term BA										(14,275)
(+) Depreciation and Amortization										(14,572)
(+) Financial Results, net										(15,244)
(+) Income Tax (Charge)/Benefit										1,313
Profit/(Loss) for the Period										25,684

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Income

Statement of Income						
\$ thousands	2013	2012	Chg %	4Q13	4Q12	Chg %
Sales of manufactured products and services rendered	425,307	379,526	12.1%	144,711	123,375	17.3%
Cost of manufactured products sold and services rendered	(272,261)	(263,978)	3.1%	(90,009)	(78,911)	14.1%
Gross Profit from Manufacturing Activities	153,046	115,548	32.5%	54,702	44,464	23.0%
Sales of agricultural produce and biological assets	219,317	225,174	(2.6%)	25,065	48,109	(47.9%)
Cost of agricultural produce sold and direct agricultural selling expenses	(219,317)	(225,174)	(2.6%)	(25,065)	(48,109)	(47.9%)
Initial recognition and changes in fair value of biological assets and agricultural produce	(39,123)	16,643	-	(18,316)	(1,853)	-
Changes in net realizable value of agricultural produce after harvest	12,875	16,004	(19.6%)	3,010	1,574	-
Gross Profit/(Loss) from Agricultural Activities	(26,248)	32,647	-	(15,306)	(279)	-
Margin on Manufacturing and Agricultural Activities Before Operating Expenses	126,798	148,195	(14.4%)	39,396	44,185	(10.8%)
General and administrative expenses	(53,352)	(57,691)	(7.5%)	(14,302)	(14,539)	(1.6%)
Selling expenses	(68,069)	(58,602)	16.2%	(22,318)	(13,358)	67.1%
Other operating income/(loss), net	49,650	31,097	59.7%	28,175	25,464	10.6%
Share of (loss)/benefit of joint ventures	(219)	-	-	(219)	-	-
Profit/(Loss) from Operations Before Financing and Taxation	54,808	62,999	(13.0%)	30,732	41,752	(26.4%)
Finance income	7,234	11,538	(37.3%)	1,909	2,302	(17.1%)
Finance costs	(98,916)	(66,654)	48.4%	(22,543)	(17,546)	28.5%
Financial results, net	(91,682)	(55,116)	66.3%	(20,634)	(15,244)	35.4%
Profit/(Loss) Before Income Tax	(36,874)	7,883	-	10,098	26,508	(61.9%)
Income tax (charge)/benefit	9,277	5,436	70.7%	(5,483)	1,313	-
Profit / (Loss) from Continued Operation	(27,597)	13,319	-	4,615	27,821	-
Profit / (Loss) from Discontinued Operation	1,767	(4,040)	-	-	(2,137)	-
Profit / (Loss) for the Period	(25,830)	9,279	-	4,615	25,684	(82.0%)

Condensed Consolidated Statement of Cash Flow

Statement of Cash Flows			
\$ thousands	2013	2012	Chg %
Cash flows from operating activities:			
Profit / (Loss) for the year	(25,830)	9,279	-
<i>Adjustments for:</i>			
Income tax (benefit) / expense	(9,277)	(5,436)	70.7%
Depreciation	68,934	54,117	27.4%
Amortization	468	351	33.3%
Gain from disposal of farmlands and other assets	(26,434)	-	-
Gain from the disposal of other property items	(670)	(882)	(24.0%)
Gain from the sale of subsidiaries	(1,967)	(27,513)	(92.9%)
Equity settled share-based compensation granted	3,803	4,138	(8.1%)
Loss / gain from derivative financial instruments and forwards	(266)	6,304	-
Interest and other financial expense, net	45,192	18,948	138.5%
Initial recognition and changes in fair value of non harvested biological assets (unrealized)	53,456	13,335	300.9%
Changes in net realizable value of agricultural produce after harvest (unrealized)	292	(2,024)	-
Provision and allowances	768	(2,020)	-
Share of loss from joint venture	(219)	-	-
Foreign exchange losses, net	21,087	24,801	(15.0%)
Cash flow hedge – transfer from equity	2,560	-	-
Discontinued operations	(1,767)	4,040	-
Subtotal	130,130	97,438	33.6%
Changes in operating assets and liabilities:			
Increase in trade and other receivables	(35,464)	(39,163)	(9.4%)
Increase in inventories	(27,624)	(3,794)	628.1%
(Increase) / decrease in biological assets	(347)	(5,830)	(94.0%)
Increase / (Decrease) in other assets	690	10	6,800.0%
Increase / (Decrease) in derivative financial instruments	8,123	(1,467)	-
Increase in trade and other payables	23,718	15,309	54.9%
Increase in payroll and social security liabilities	3,504	5,784	(39.4%)
(Decrease) / Increase in provisions for other liabilities	(233)	132	-
Net cash generated from operating activities before interest and taxes paid	102,497	68,419	49.8%
Income tax paid	(417)	(596)	(30.0%)
Net cash generated from operating activities	102,080	67,823	50.5%
Cash flows from investing activities:			
Purchases of property, plant and equipment	(128,726)	(218,770)	(41.2%)
Purchases of intangible assets	(1,376)	(359)	283.3%
Purchase of cattle and planting cost of non current biological assets	(96,487)	(82,612)	16.8%
Interest received	6,882	11,249	(38.8%)
Proceeds from sale of property, plant and equipment	2,594	851	204.8%
Proceeds from sale of farmland and other assets	31,052	15,703	97.7%
Proceeds from disposal of subsidiaries	12,078	10,208	18.3%
Investment in joint ventures	(4,164)	-	-
Payment of seller financing arising on subsidiaries acquired	(1,555)	(33,485)	(95.4%)
Proceeds from sales of financial assets	13,066	-	-
Discontinued operations	5,100	(3,000)	-
Net cash used in investing activities	(161,536)	(300,215)	(46.2%)
Cash flows from financing activities:			
Proceeds from equity settled shared-based compensation exercised	99	218	(54.6%)
Proceeds from long-term borrowings	322,763	230,601	40.0%
Payments of long-term borrowings	(113,750)	(79,781)	42.6%
Interest paid	(45,972)	(34,587)	32.9%
Net (decrease) / increase in short-term borrowings	(53,367)	17,057	(412.9%)
Purchase of own shares	(5,102)	-	-
Net cash generated from financing activities	104,671	133,508	(21.6%)
Net increase / (decrease) in cash and cash equivalents	45,215	(98,884)	-
Cash and cash equivalents at beginning of year	218,809	330,546	(33.8%)
Effect of exchange rate changes on cash and cash equivalents	(31,877)	(12,853)	148.0%
Cash and cash equivalents at end of year	232,147	218,809	6.1%

Condensed Consolidated Balance Sheet

Statement of Financial Position

<i>\$ thousands</i>	December 31, 2013	December 31, 2012	Chg %
ASSETS			
Non-Current Assets			
Property, plant and equipment, net	790,520	880,897	(10.3%)
Investment property	10,147	15,542	(34.7%)
Intangible assets, net	27,341	32,880	(16.8%)
Biological assets	225,203	224,966	0.1%
Investments in joint ventures	3,179	2,613	21.7%
Financial assets	-	11,878	-
Deferred income tax assets	48,368	35,391	36.7%
Trade and other receivables, net	53,252	44,030	20.9%
Other assets	707	1,398	(49.4%)
Total Non-Current Assets	1,158,717	1,249,595	(7.3%)
Current Assets			
Biological assets	66,941	73,170	(8.5%)
Inventories	108,389	95,321	13.7%
Trade and other receivables, net	141,180	135,848	3.9%
Derivative financial instruments	4,102	5,212	(21.3%)
Cash and cash equivalents	232,147	218,809	6.1%
Total Current Assets	552,759	528,360	4.6%
TOTAL ASSETS	1,711,476	1,777,955	(3.7%)
SHAREHOLDERS EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	183,573	183,331	0.1%
Share premium	939,072	940,332	(0.1%)
Cumulative translation adjustment	(311,807)	(182,929)	70.5%
Equity-settled compensation	17,352	17,952	(3.3%)
Cash flow hedge	(15,782)	-	-
Other reserves	(161)	(349)	(53.9%)
Treasury shares	(961)	(6)	15,916.7%
Retained earnings	43,018	67,647	(36.4%)
Equity attributable to equity holders of the parent	854,304	1,025,978	(16.7%)
Non controlling interest	45	65	(30.8%)
TOTAL SHAREHOLDERS EQUITY	854,349	1,026,043	(16.7%)
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	2,951	4,575	(35.5%)
Borrowings	512,164	354,249	44.6%
Deferred income tax liabilities	57,623	75,389	(23.6%)
Payroll and social liabilities	1,458	1,512	(3.6%)
Provisions for other liabilities	2,293	1,892	21.2%
Total Non-Current Liabilities	576,489	437,617	31.7%
Current Liabilities			
Trade and other payables	92,965	99,685	(6.7%)
Current income tax liabilities	310	187	65.8%
Payroll and social liabilities	26,139	22,948	13.9%
Borrowings	147,967	184,884	(20.0%)
Derivative financial instruments	12,600	5,751	119.1%
Provisions for other liabilities	657	840	(21.8%)
Total Current Liabilities	280,638	314,295	(10.7%)
TOTAL LIABILITIES	857,127	751,912	14.0%
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	1,711,476	1,777,955	(3.7%)