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Adecoagro posts strong 1Q26 performance driven by fertilizers surge and record industrial efficiency

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Adecoagro S.A. reported a robust start to FY26, with Adjusted EBITDA rising to $85.8 million in the first quarter ended March 31, 2026, driven by record industrial performance in its Sugar, Ethanol & Energy operations and a significant earnings uplift from its newly integrated Fertilizers segment. The results reflect a marked improvement in operational efficiency, favorable pricing dynamics across key commodities, and a strategic portfolio shift following the full integration of Profertil S.A.

The company noted that higher urea, ethanol, and energy prices more than offset softness across sugar, rice, and peanut markets, underscoring the resilience of its diversified production platform under volatile global agri-commodity conditions.

Sugar, Ethanol & Energy delivers record crushing and near-complete ethanol optimization

The Sugar, Ethanol & Energy segment posted Adjusted EBITDA of $40.6 million, a 36 per cent year-over-year increase, supported by a first-quarter crushing record of 2.2 million tons, representing a 49.1 per cent increase versus the prior year period. Operational performance was further strengthened by a sharp 79.5 per cent rise in TRS per hectare, reflecting productivity gains across the cane cycle.

A key driver of profitability was the near-full ethanol allocation strategy, with ethanol representing 96 per cent of production mix, enabling the group to capture stronger margins relative to sugar. However, profitability was partially offset by lower sugar sales volumes, weaker realized sugar prices, and elevated production costs, which rose to 12.9 cts/lb versus 11.1 cts/lb a year earlier due to Brazilian Real appreciation, early agricultural cost recognition, and lower TRS dilution benefits.

Looking ahead, the company indicated that crushing operations remain aligned with full-year targets, with expected low double-digit volume growth in 2026 under normal weather conditions. Approximately 65 per cent of sugar output has already been hedged at an average price of 15.7 cts/lb, providing partial revenue visibility.

Fertilizers segment emerges as key growth engine with EBITDA multiplying over fourfold

The Fertilizers segment delivered a standout performance, generating Adjusted EBITDA of $52.5 million in 1Q26. On a pro forma basis, this represents a 4.3x increase compared with the prior year, highlighting the transformational impact of the Profertil acquisition.

Performance was driven by a 9.6 per cent increase in urea production supported by higher plant availability, alongside a 67.8 per cent surge in sales volumes and pricing strength, with average urea prices rising to $517 per ton from $444 per ton a year earlier. Additional upside came from lower production costs, supported by higher output dilution benefits and favorable gas procurement strategies.

The segment also benefited from a sharply tightening global urea market, with international prices rising approximately 55 per cent following geopolitical disruptions in the Middle East. CFR Brazil prices are currently averaging around $725 per ton, reinforcing strong near-term margin momentum. Given the largely fixed cost structure, particularly in natural gas, the company expects incremental revenues to translate directly into EBITDA expansion, supporting materially stronger-than-anticipated performance in 2026.

Food & Agriculture reflects transitional softness amid price pressure and stock dynamics

The Food & Agriculture segment recorded Adjusted EBITDA of $1.4 million, compared with $16.6 million in the prior-year period, reflecting broad-based commodity price declines ranging between 4 per cent and 46 per cent, as well as higher USD-denominated costs linked to carry-over inventories from the previous cycle.

Despite near-term pressure, harvesting operations are progressing, with approximately 55 per cent completion achieved, alongside rising milk processing volumes across industrial facilities. The company expects margin recovery over the course of the year as new crop cycles are harvested and commercialized under improved pricing conditions.

Strategic outlook points to sustained EBITDA expansion and deleveraging trajectory

Adecoagro reaffirmed its medium-term trajectory of EBITDA expansion, supported by strong fertilizer market fundamentals, operational efficiency gains in sugar-ethanol operations, and gradual recovery in agricultural margins. The company also highlighted its ongoing deleveraging strategy, noting that net debt-to-LTM Adjusted EBITDA stood at 3.2x on a pro forma basis following the Profertil acquisition.

Management indicated that future growth will be increasingly driven by the Fertilizers segment, which is expected to remain a primary contributor to earnings momentum amid structurally higher global nitrogen prices and constrained supply conditions.

In its outlook, Adecoagro emphasized that the combination of record industrial execution, favorable commodity cycles in fertilizers, and disciplined capital allocation positions the group for sustained earnings growth and continued balance sheet strengthening through FY26.