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CONFIDENCIAL

SCALING UP SUSTAINABLE COMMODITY SUPPLY CHAIN

KATOOMBA XIX IGUAZU FALLS, Brazil, March 2014.

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Content

Mercosur as a big supplier

Argentina: Soybean

Argentina: Milk

Argentina: Beef

Conclusion

The growth rates of the uses of the grain is significantly higher than the production

Crecimiento anual promedio 2013 - 2022.

PBI/Cápita

7,9%

Meat

3,5%

Bio-fuels

5,1%



Soybean

2,5%

Corn

2,6%

It is projected that 48% of the growth in production of vegetable protein in the world will take place in the MERCOSUR

Percentage growth of vegetable protein production 2013-2022

Projected growth



Only 3% of the world is suitable for agriculture without irrigation

Increasing urbanization

Water Scarcity

Desertification and land degradation

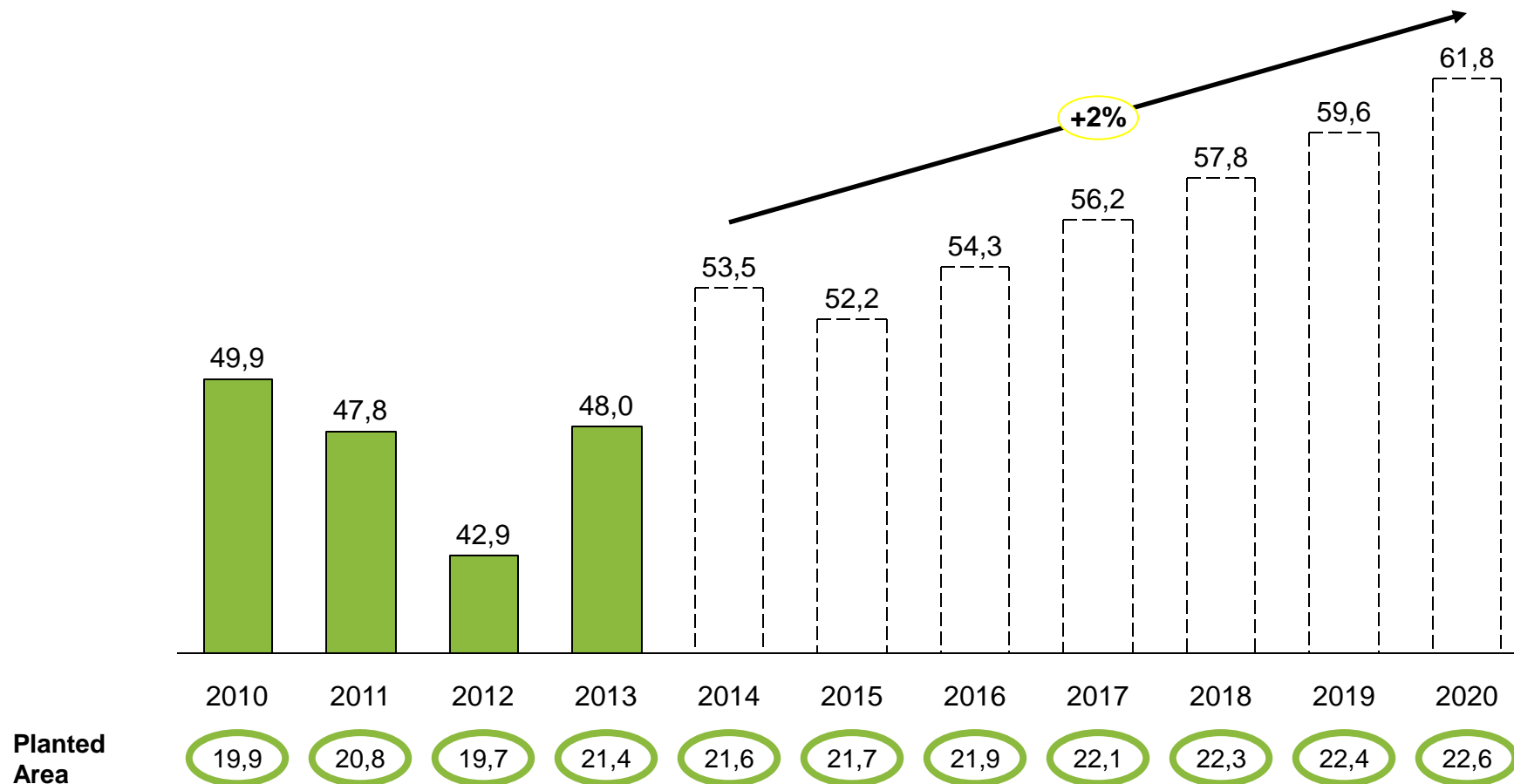
Stable institutional framework for generating rules

Argentina: The most optimistic projections indicate that annual soybean crop will not exceed 61 million tons in 2020

Millions of tons. Millions of hectares

CAGR*

Proyección de producción de soja a 2020

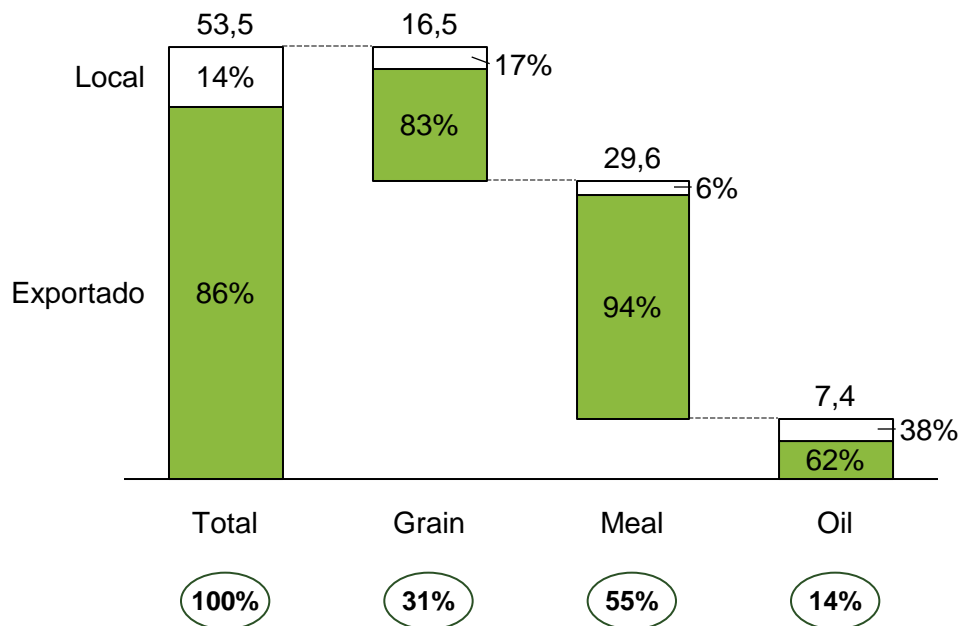


Argentina tends to export most of its production of soybeans, while Brazil consumes a large part of it

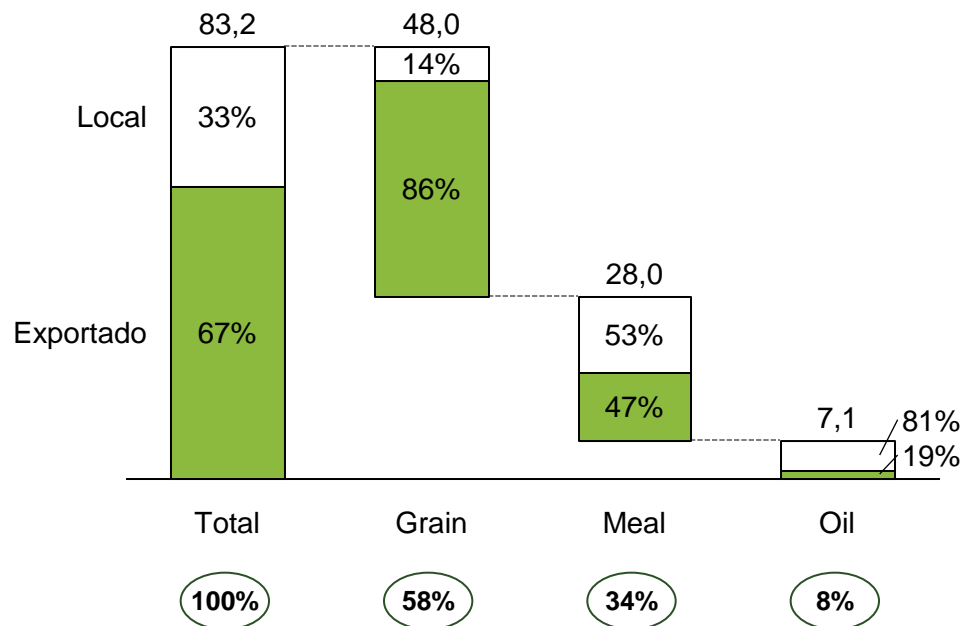
2014^e, Millions of tons, Soybean and Subproducts inclustocks.

○ Share of total production

Argentina



Brasil

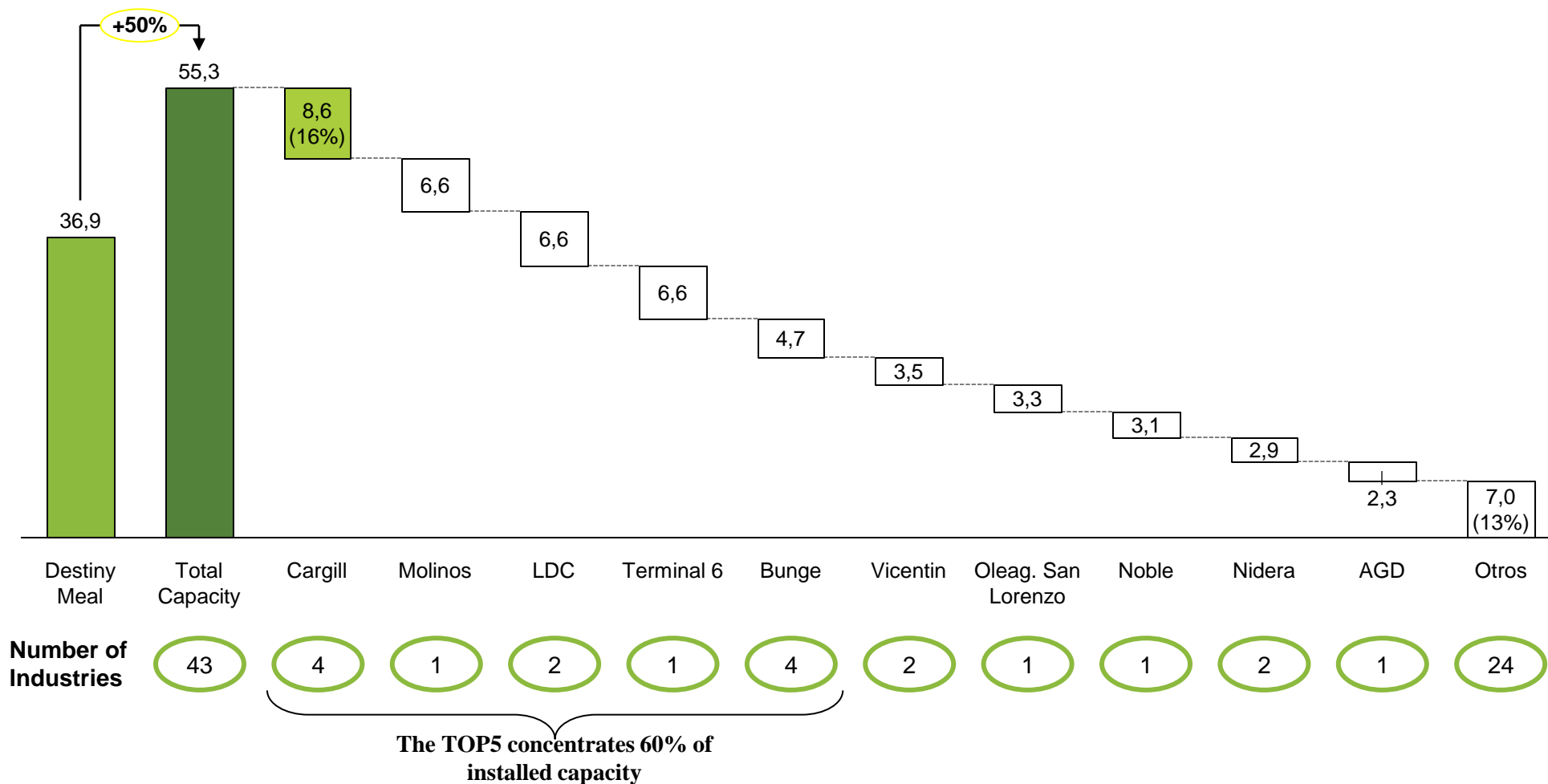


- Argentina exports most of its processed into meal and oil production, however ...
- Brazil ... tend to consume more of, such as grain and soybean exports and consume processed either as flour or oil
- The role of biodiesel is crucial to raise domestic oil consumption

In a scenario with idle capacity bargaining power of the oil industry, there will be a strong tension between actors.

2014^e, Millones de Toneladas.

Cosecha disponible para molienda vs. capacidad instalada y utilización aparente de la industria aceitera



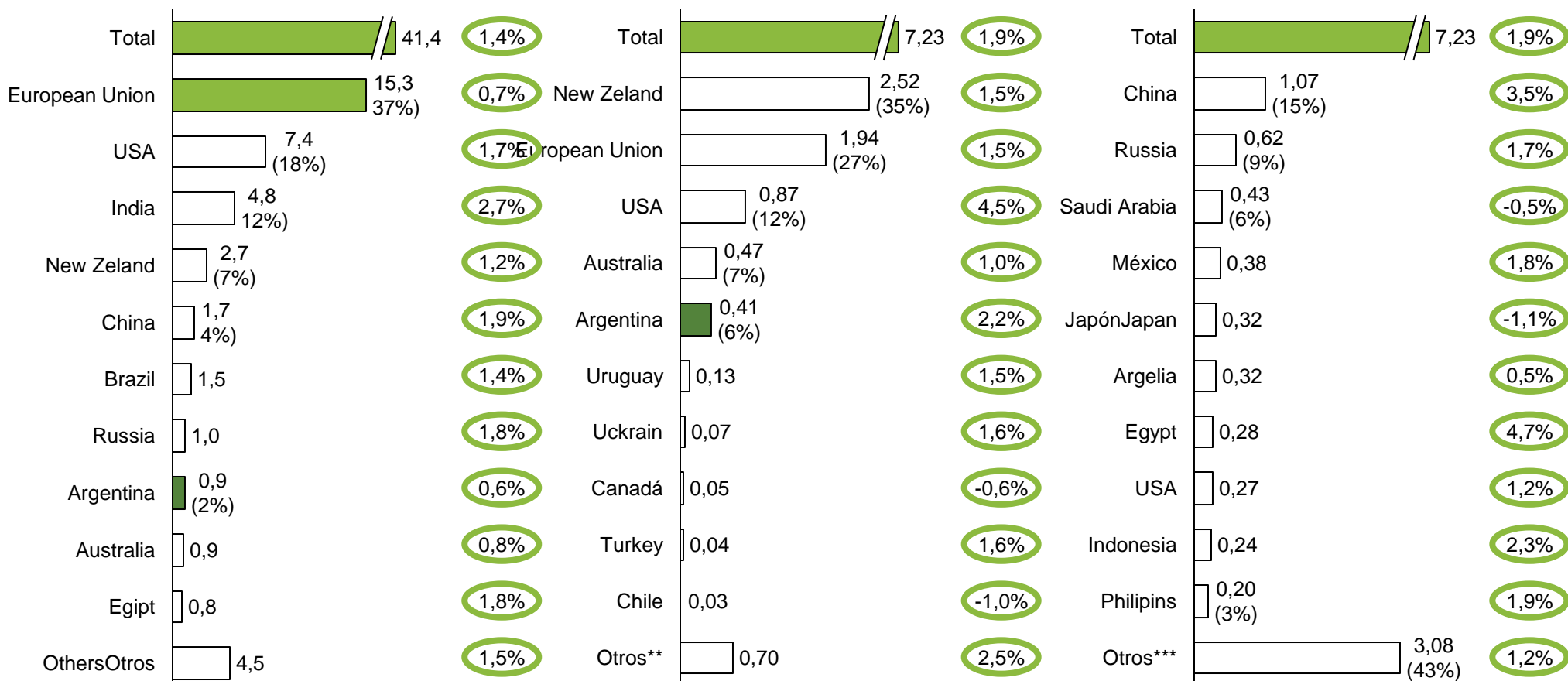
Fuente: Programa de Agronegocios de la Universidad de Buenos Aires (PAA-UBA)

The bulk of potentially exportable products are consumed domestically (83%) and import targets are atomized

2013, Millons tons.

 Average annual growth projected for 2022

Production of exportables* Exports Volume Imports Volume



* Leche en polvo entera y descremada, queso, manteca y suero en polvo.

** En orden de importancia: Turquía, Rusia, Filipinas, Malasia e India y más de 20 países.

*** En orden de importancia: Brasil, Unión Europea, Tailandia, Australia y más de 26 países.

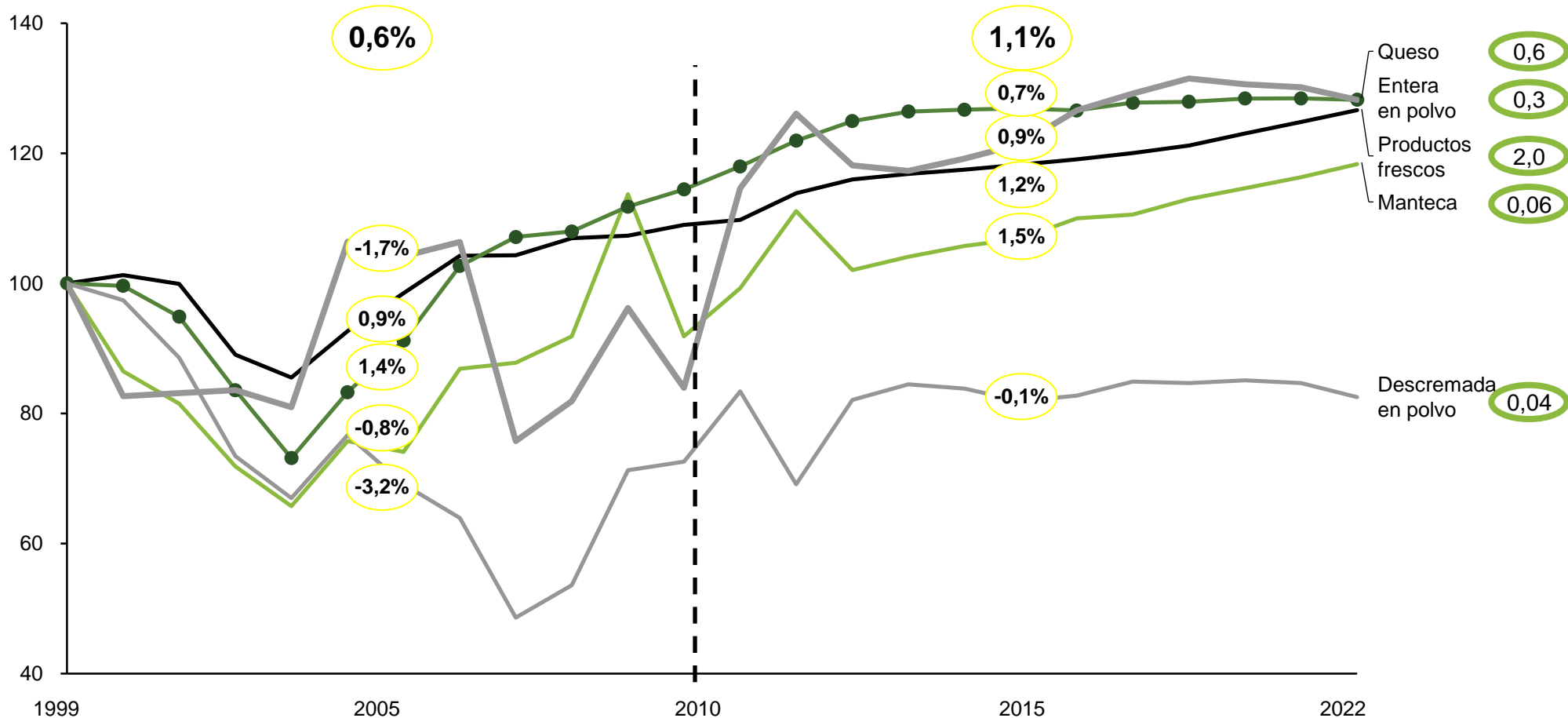
Fuente: United States Department of Agriculture (USDA) y Organization for Economic Co-operation and Development (OECD) – Food and Agriculture Organization (FAO) Outlook.

Argentina: The main growth of dairy fresh products will outpace and globally in the past decade, but low global impact

Índice base 1999, Millones de toneladas.

○ CAGR* ○ Millions ton projected a 2022

Growth projected milk products 2022



* CAGR: Compound Average Growth Rate, muestra el crecimiento promedio anual punta a punta para un período.

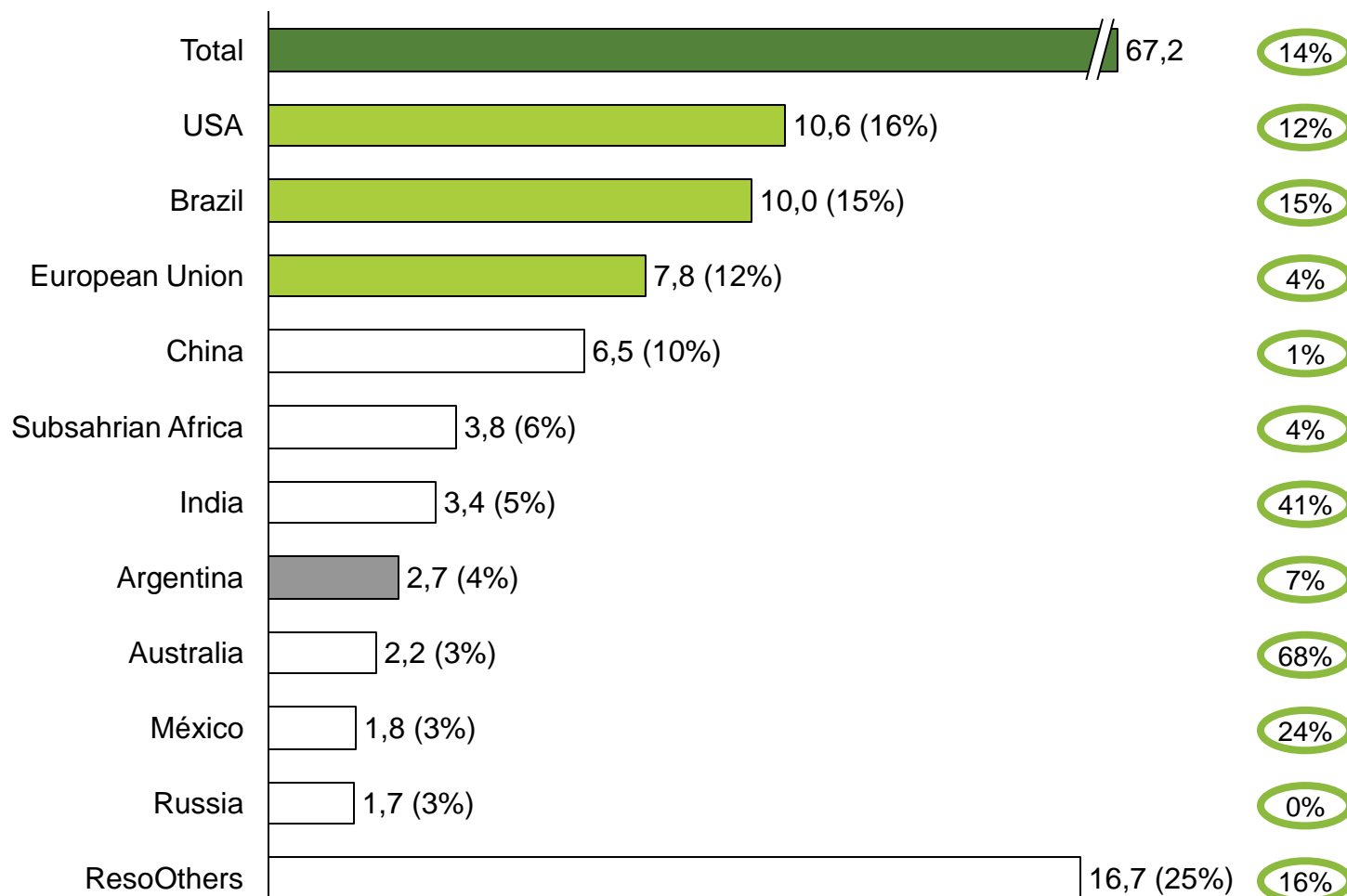
Fuente: United States Department of Agriculture (USDA) y Organization for Economic Co-operation and Development (OECD) – Food and Agriculture Organization (FAO) Outlook.

Argentina's participation in the world market for beef is not relevant, if the Brazilian

2013; Millons tons..

 Percentage of meat for export

Producción global



Fuente: Elaboración propia en base a Organization for Economic Co-operation and Development (OECD) – Food and Agriculture Organization (FAO) Outlook.

Argentina: The beef production levels will be similar to last years, mainly by institutional arrangements

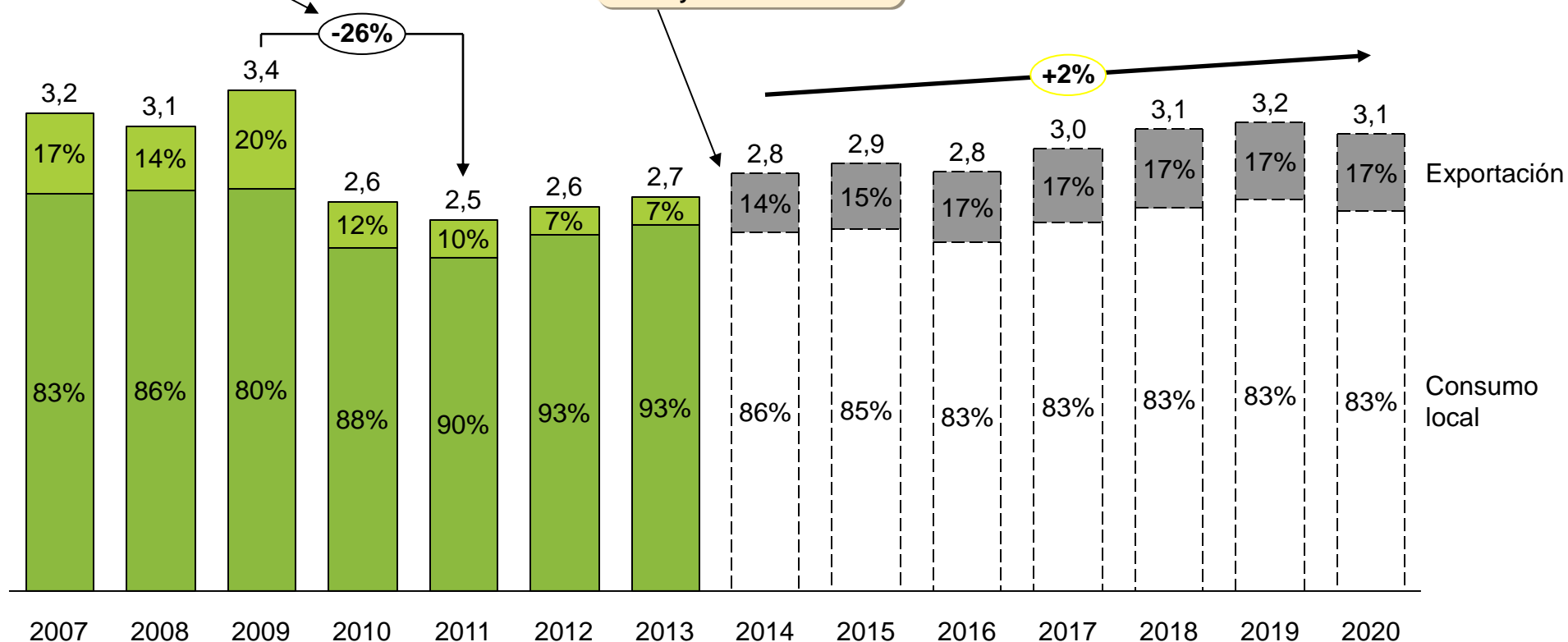
Millones de toneladas.

CAGR*

Projection to 2020 beef production

Massive liquidation of stocks due to drought and price controls

Increased export volumes due to lower economic activity



Fuente: Elaboración propia en base a Organization for Economic Co-operation and Development (OECD) – Food and Agriculture Organization (FAO) Outlook.

Conclusions

Una visión
desde
Argentina

Argentina will remain a major player as a producer of vegetable proteins. The increase in volume is going to be mainly generated by productivity.

However, the increase of 1 million hectares of soybeans will be on new areas, which must comply with the relevant laws.

The pressure to produce more milk and beef will be global and not local.

Argentina is one of the few countries in the world able to provide acceptable foods in quantity and quality. This tradition has a strong predisposition towards technological innovation, and also availability of large areas of arable land that can be incorporated.

The challenge is to use this opportunity available, without generating social and environmental drama.