Earnings Release 4Q19

SLC Agrícola

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Porto Alegre, March 11, 2020 - SLC AGRÍCOLA S.A. (Bovespa: SLCE3; ADR: SLCJY; Bloomberg: SLCE3BZ; Reuters: SLCE3.SA), one of world's largest producers of grains and fibers, announces today its results for the fourth quarter of 2019. The following financial and operating information is presented in accordance with International Financial Reporting Standards (IFRS). The information was prepared on a consolidated basis and is presented in thousands of Brazilian Real, except where stated otherwise.

NOTE: 4Q18 and 4Q19 refer to the cumulative three-month periods from October to December of fiscal years 2018 and 2019. 2018 and 2019 refer to the cumulative 12-month periods from January to December of fiscal years 2018 and 2019. HA refers to the horizontal percentage variation between two periods and VA refers to the percentage representativeness of the account over a given total.

4Q19 Conference Call
Date: 12/03/2020
Thursday

Portuguese
10:00 a.m. (Brasília)
9:00 a.m. (New York)
1:00 p.m. (London)
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English
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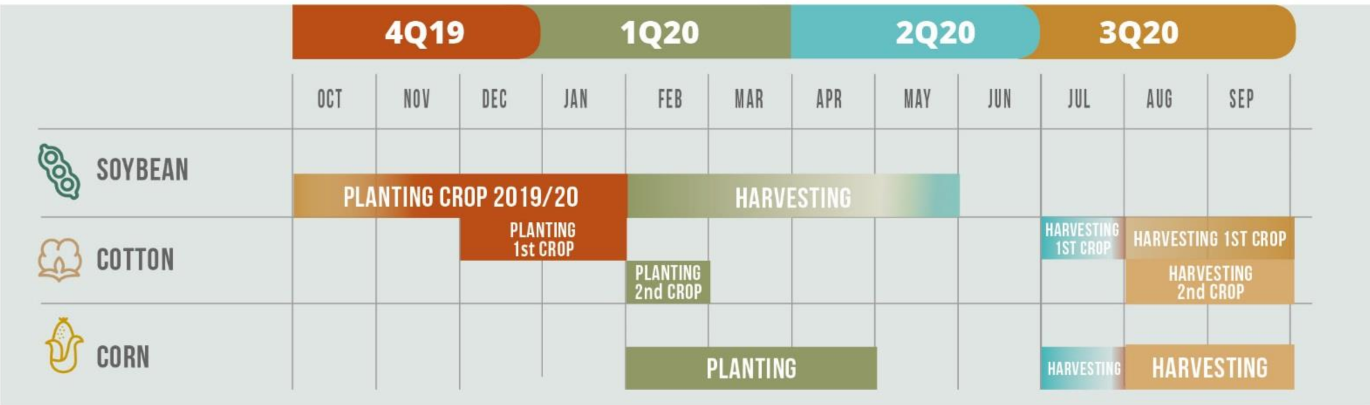
DASHBOARD

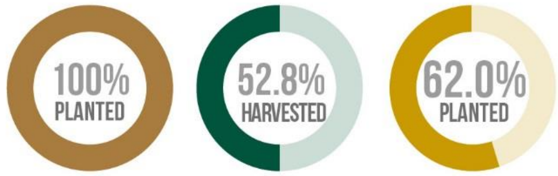
WHERE WE ARE IN THE CYCLE



MAIN OPERATING INDICATORS

YIELD (KG/ HA)	CROP 2018/19	CROP 2019/20	CROP 2019/20	Δ%	Δ%
	ACHIEVED (A)	BUDGET (B)	FORECAST (C)	(B) X ((A)	(C) X ((B)
COTTON LINT 1ST CROP	1,685	1,858	1,858	10.3%	-
COTTON LINT 2ND CROP	1,611	1,731	1,731	7.4%	-
COTTON SEED	2,090	2,262	2,262	8.2%	-
SOYBEAN	3,739	3,607	3,840	-3.5%	6.1%
CORN 2ND CROP	7,095	7,220	7,324	1.8%	1.4%

HARVESTING AND PLANTING STATUS CROP 2019/20

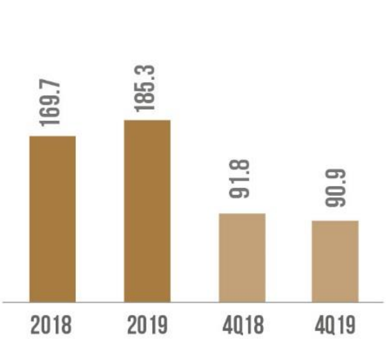


COTTON	SOYBEAN	CORN
126,099 ha	235,470 ha	83,239 ha
Δ 1.9%	Δ-3.2%	Δ -6.8%

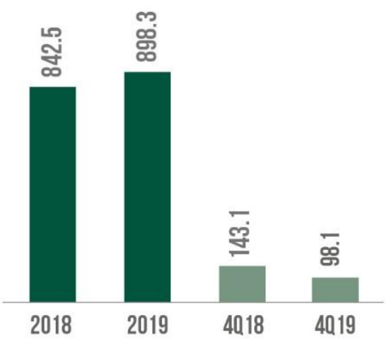
VARIATION (Δ) AGAINST PREVIOUS CROP

VOLUME INVOICED (Thd Tons)

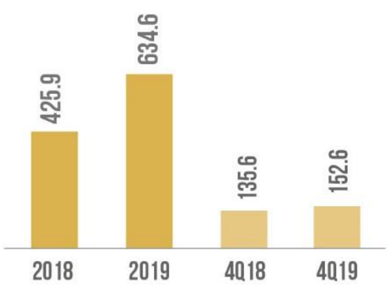
COTTON



SOYBEAN

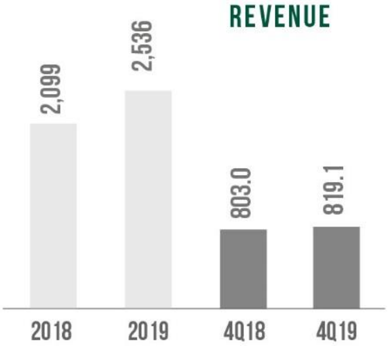


CORN

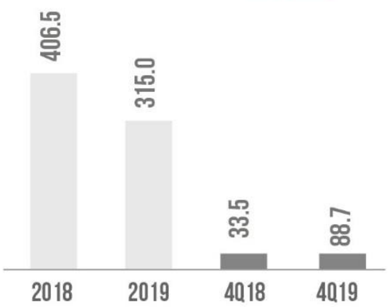


FINANCIALS (R$ MM)

NET REVENUE



NET INCOME



ADJUSTED EBITDA

Message from Management

Strategic Alignment

2019 was again a year to be celebrated at SLC Agrícola. Once more, we had the validation that we are pursuing strategic initiatives that capture value for the business and are based on our competitive advantages.

These are the pillars of our current strategy, and the main deliverables we are having on these fronts:

High Efficiency: we see a huge gain opportunity via the expansion of use of new technologies, mainly for our type of business, which is large-scale agriculture. In recent years, we have been preparing the company for this, and now the results are already showing. We reached unprecedented productivity in soybean and corn crops in the 2018/2019 harvest, increasing our distance in relation to the average global productivity. Moreover, we have obtained increasing gains with the adoption of new technologies that enable cost reduction

Higher value-added crops: cotton and soy seed continue to be prioritized in growth, as they are initiatives that maximize the return per planted hectare and enable differentiation in terms of prices. The planted area in the 2018/2019 harvest was of 458 thousand hectares, with emphasis on cotton, whose cultivation was expanded by 30.1% in relation to the previous harvest. In October 2019, planting for the soybean and cotton crops for the 2019/2020 season began – and we expect to reach a total of 449.4 thousand hectares of planted area.

Asset Light business model: in November last year, we announced another land sale, with leaseback, a type of transaction in which it is possible to monetize the relevant real estate gains obtained in the business over the years

Consolidation of Certifications and Traceability: in 2019, we reached 8 units certified by ISO 14001 (environmental management), OHSAS 18001 (occupational health and safety), NBR 16001 (social responsibility) and ISO 9001 (quality) standards, within the Integrated Management System (SGI). The project also started in two more units. We have also advanced in the number of units certified by the Better Cotton Initiative. In addition to contributing to the efficiency gains that were obtained, and reducing risks on several fronts, certifications and traceability are an important market trend and also offer the possibility of increasing gains in the business, in addition to consolidating sustainable production

Financial results

The financial results for the year reflected these improvements. Net Revenue in 2019 reached a record of R$ 2.5 billion. The growth, of 20.8% in relation to the previous year, was provided by a combination of factors: the larger planted area and the increase in soybean and corn yields, in addition to the higher sale prices in all crops.

Adjusted EBITDA, which incorporates gains from land sales in November, was of R$795.5 million, whereas Net Profit reached R$315 million, with margin of 12.4%. 2019 marked another consecutive year of positive free cash generation, of R$ 213 million, which enabled the maintenance of low financial leverage, at 1.22 Net Debt/Adjusted EBITDA.

In summary, we maintained excellent levels of profitability, and delivered robust free cash generation, which allowed the payment of dividends and the maintenance of leverage at a very comfortable level, which guarantees us the ability to grow with financial strength.

The past few years have been quite volatile, with events such as the Trade War, the African Swine Fever and, more recently, the coronavirus. However, our business shows its resilience through consistent results, despite short-term fluctuations in commodity prices. The business was built to deal with this volatility.

Perspectives for 2020 and 2021

The 2019/2020 harvest brings great prospects. With more than 50% of soybeans already harvested, yields are once again record-breaking – we are increasing our expectation from 3,607 kg/ha to 3,840 kg/ha, that is, an increase of 6.5% in relation to the initial project. The other crops also show excellent productive potential. As usual, we have a large portion of the harvest already sold, at prices higher than those obtained in 2019. Thus, we expect another year of good results.

Looking further ahead, we have already started to design the 2020/2021 crop, with the purchase of inputs – in which we have obtained significant reductions in dollar prices against those realized on the previous crop – and the consequent future sale of commodities, following our hedge policy.

People

It is very important to highlight the work that we have been doing with our teams. We are in a phase of consolidating the use of technologies that have been tested in recent years and we believe that the biggest gains are yet to come. We created a specific program for training in digital agriculture and redesigned the roles and controls, so as today we can see more and more details of the operation. Our employees are very engaged and, with satisfaction, we celebrate the important recognitions of this work: we were chosen the Best Company in Brazilian Agribusiness by the *Globo Rural Magazine* and we were among the best companies in the country in people management, according to the *Valor Carreiras* survey, and among the 150 Best Companies to Work For, as per the *Você S.A. Magazine*.

We believe that this alignment between People, Technology and Processes provides very favorable conditions for the successful execution of our strategy, which aims to capture value in the main opportunities that are designed for the Brazilian agriculture. The creation of a healthy, inspiring and cooperative work environment is reflected in the better preparation of professionals and in the growth of productivity in the field. This human aspect and the implementation of systems for digital agriculture generate competitiveness gains and differentiate the company in agribusiness.

Our gratitude to all our employees and other stakeholders for yet another successful year.

The management

IFRS 16 - Impacts

Leasing

IFRS 16 came into force on January 1, 2019, standardizing all forms of leasing under a single accounting treatment based on IAS 17.

By adopting said standard, the Company now recognized **Lease Liabilities** and **Right-of-use Assets** on the date of first-time adoption in the case of leases previously classified as operational. The company's main operational leases are related to land lease agreements.

Right-of-use Assets

On **Assets**, the value of **Right-of-use Assets**, on the date of first-time adoption, represented the present value of all operational lease agreements entered into by the Company. The balance of this account is **moved monthly to Cost of Production**, in accordance with the respective fraction of each agreement, which is called **Amortization of Right-of-use Asset.**

Right-of-use Assets are subject to re-measurement for variations in the price of the soybean bag in Brazilian real (the adjustment index in agreements) and also may vary with the addition of new agreements.

Lease Liabilities

In **Liabilities**, transfers occur upon **effective payment or fixing of the lease**, as well as upon periodic adjustment based on the variation in the soybean bag price and upon adjustment to present value. The impacts of adjustment to present value are recognized in **Financial Income (Expense)**.

Table 1 Summary of effects on Financial Statements – Land leases

	Effect ↑ (increase) ↓ (reduction)		
Balance Sheet	Income Statement	Cash Flow Statement	Adjusted EBITDA
↑ Right-of-use Assets	↓ Production Costs	Leasing payment is now accounted for under "Financing Activities" rather than "Operational Activities"	↑ the amount related to the Amortization of Right-of-Use Asset on the Production Cost was excluded
↑ Third party lease liability	↑ Financial Expenses APV IFRS 16		

Land sales and leaseback

For sale and leaseback transactions, IFRS 16 requires that the seller-leaser recognizes the **Right-of-use Assets in proportion to the book value of said Asset.** Moreover, in the event the Asset sale is made in an amount above Fair Value, the excess should be accounted as "Additional Financing."

With regard to the profit earned on the transaction, the seller-lesser **only recognizes the amount that refers to the rights transferred to the buyer-lessee.** Further explanations will be provided when we clarify the recognition of the leaseback transaction carried out by the Company in November 2019.

Table 2 Summary of effects on Financial Statements – Sales & Leasebacks

	Effect ↑ (increase) ↓ (reduction)		
Balance Sheet	Income Statement	Cash Flow Statement	Adjusted EBITDA
↑ Accounts Receivable	↓ Revenue from land sales in proportion of the leasing to be paid at present value	The impacts on the Income Statement are eliminated on the Cash Generated in Operations section	↑ The impact reflects the sale value minus PIS/COFINS taxes (similar impact to the previous methodology)
↓ Property, plant and equipment (sale of land costs) ↑ Right of use asset	↓ Cost of land sale in proportion of right of use asset retained by the Company		

Adjusted EBITDA

For purposes of calculating the Adjusted EBITDA, the criteria used by the Company was to exclude the Amortization of Right-of-use Asset (recognized in Production Cost), since it only reflects part of the outlays with leasings for the year (the other portion being recognized as Adjustment to Present Value [APV], in Financial Expenses). As a result, the comparison with 4Q18 and 2018 is distorted given that the two periods are governed by different accounting standards. Therefore, from 2019 onwards, it is **important to note that Adjusted EBITDA will not include amortizations/appropriations related to land leases.**

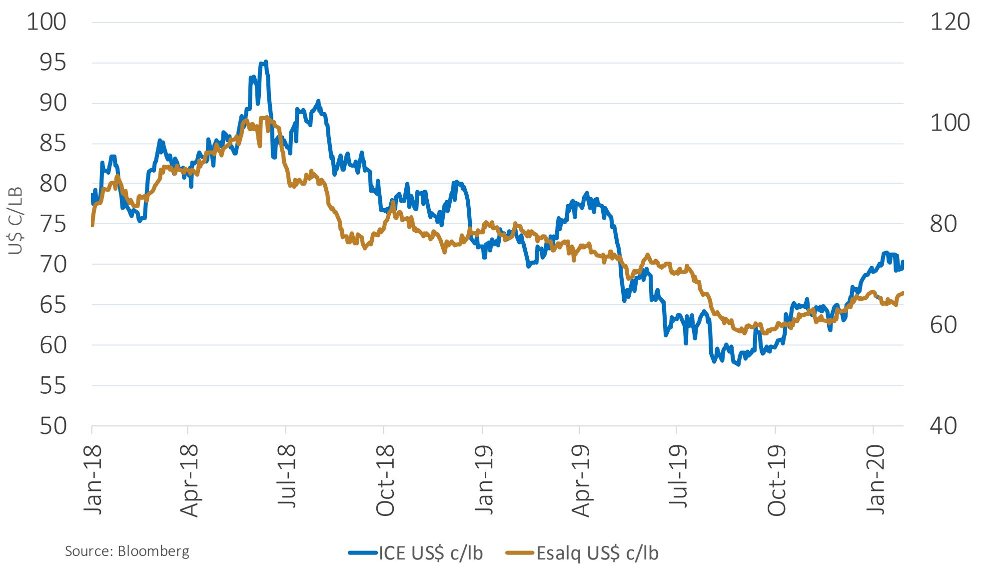
Market Overview

Commodities

Figure 1 Price Variations, Selected Commodities, Jan/2019 to Jan/2020

Cotton

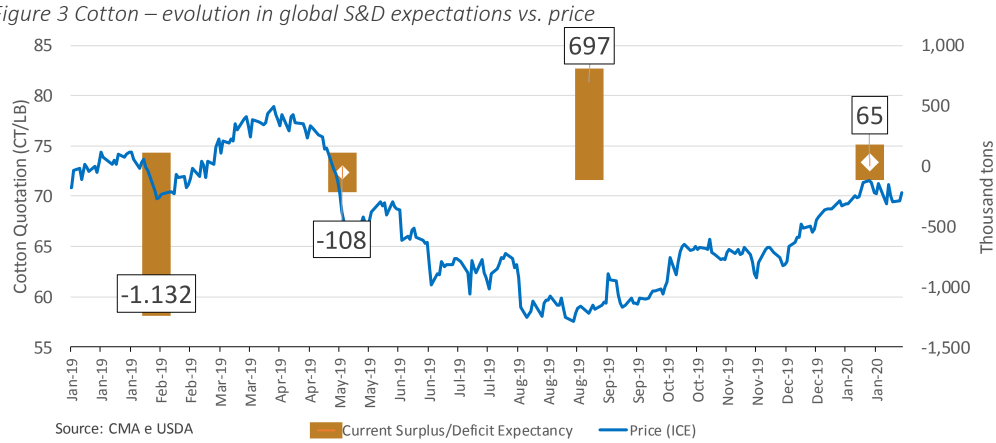
Figure 2 Cotton Prices in International Markets vs. Brazil.



Cotton prices in the first three quarters of 2019 reflected the risk-averse positioning of agents in the textile chain in response to the uncertainties caused by the U.S.-China Trade War which, among other developments, caused expectations of weaker economic growth. Another factor was the inventory rebuilding trend on the supply side, given the better cotton crops, especially in the United States and India.

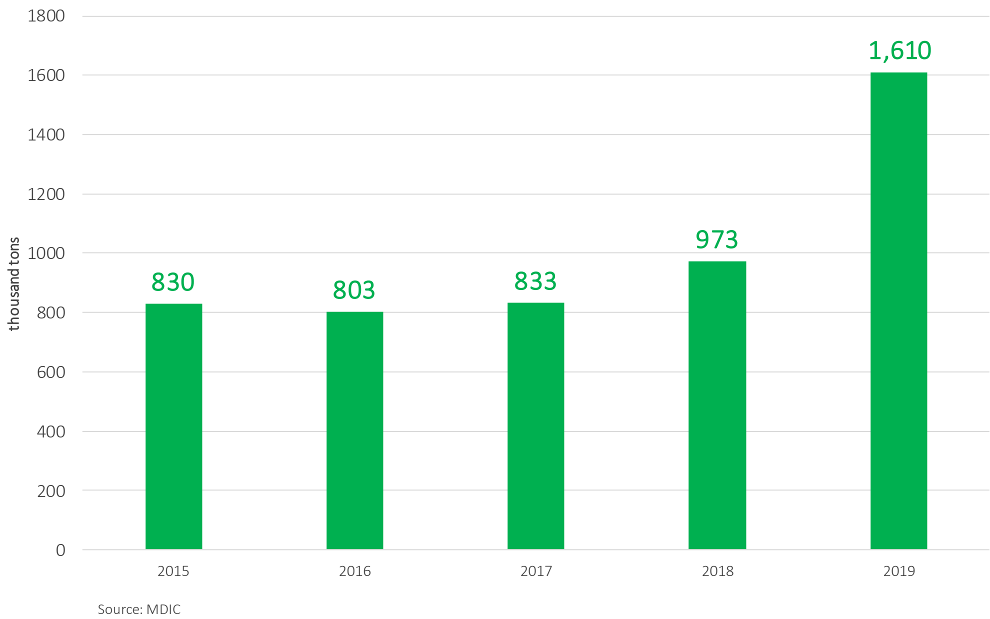
However, over the fourth quarter of 2019, some of the uncertainties that had negatively affected markets ended up mitigated. The signing of the “Phase One”deal of the trade agreement between China and the United States – in which the Asian country undertook a commitment to buy, over two years, nearly 32 billion dollars in agricultural commodities from the U.S. in relation to the volumes traded in 2017 – and the successive revisions in global cotton production expectations (mainly due to the downward revisions in forecasts for the United States and Pakistan) worked to reduce risk perceptions of an oversupply of the commodity.

Figure 3 Cotton – evolution in global S&D expectations vs. price



The context of recovery in demand, as measured through Brazilian and U.S. exports, which in both countries currently are at levels higher than in same period last year, should remain important market drivers in 2020.

Figure 4 Brazilian cotton exports

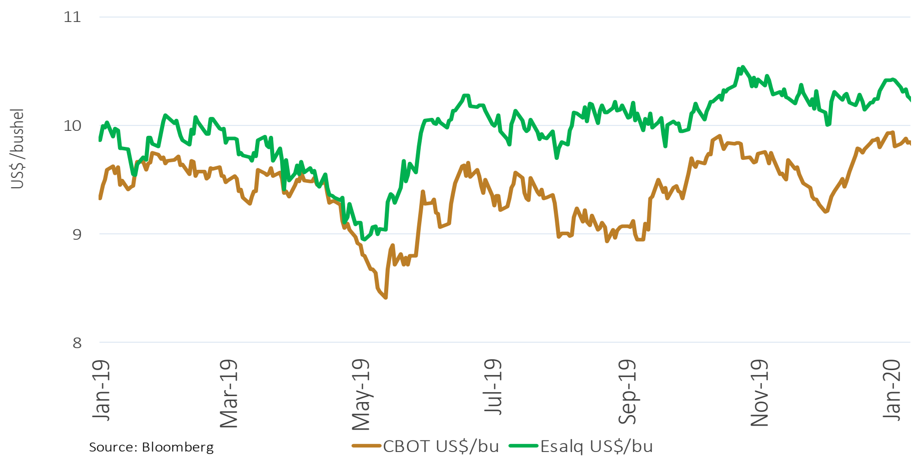


Soybean

"In soybean, after several years of global supply and demand surpluses, 2019/20 should register a deficit of at least 13 million tons"

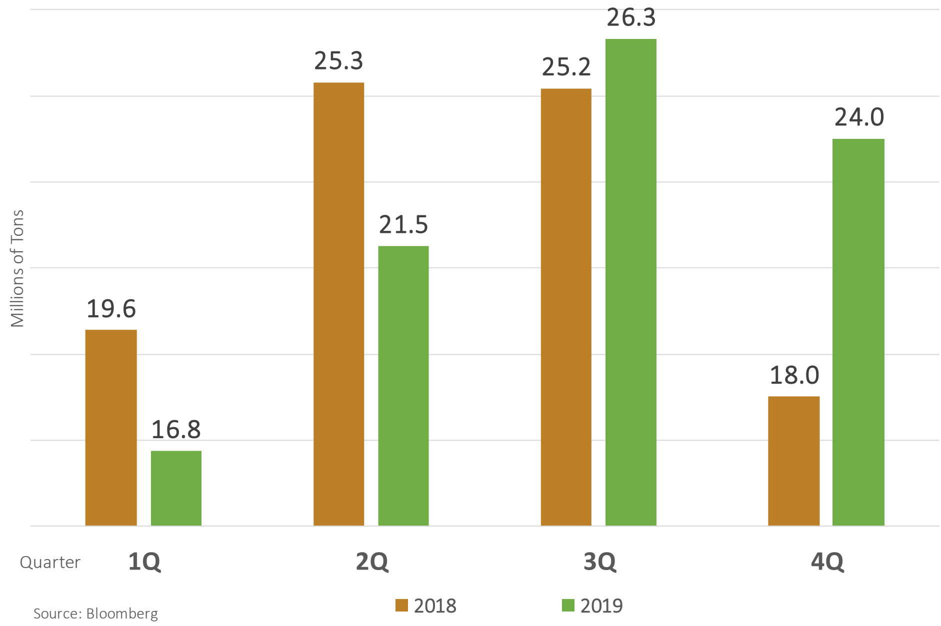
The spot contract for soybean price on the Chicago Board of Trade (CBOT) throughout 2019 was adversely affected by the spread of African Swine Fever in China, which reduced global growth in demand for grains, but also positively affected by the shortfall that occurred in the United States in the 2019/20 crop.

Figure 5 Soybean Price in International Market vs. Brazil



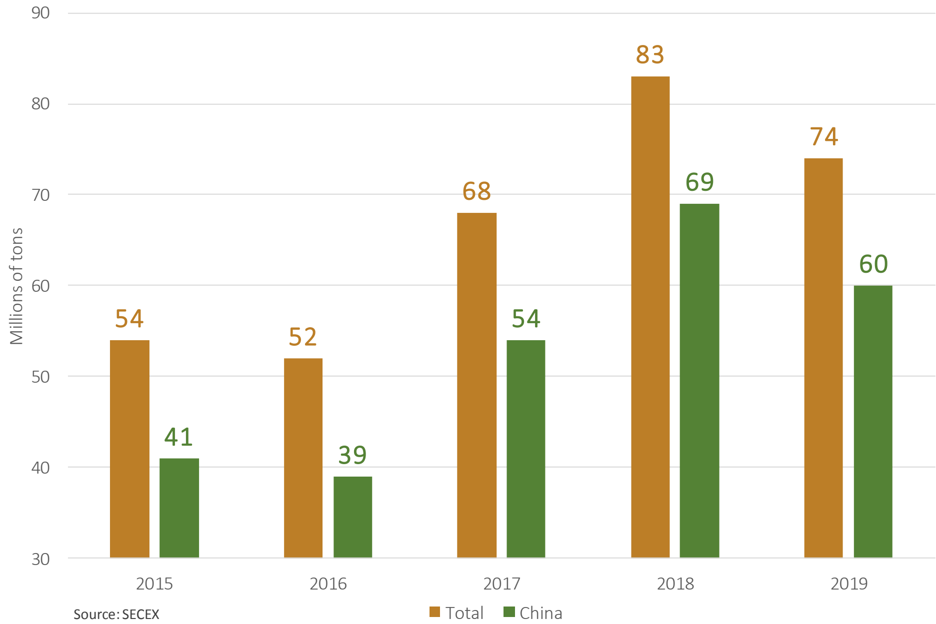
In the United States, where production was adversely affected by heavy rains during planting, production volume was approximately 15% lower than initial forecasts. In addition, there was a clear recovery in Chinese soybean imports in the last two quarters of the year.

Figure 6 Soybean – China's Quarterly Soybean Imports



The recovery in Chinese imports, due to the recovery of its pig herd and the higher production of other animal proteins, is favorable news for the market after a year in which the trade war and negative expectations regarding consumption contributed to the decline in commodity prices in international markets.

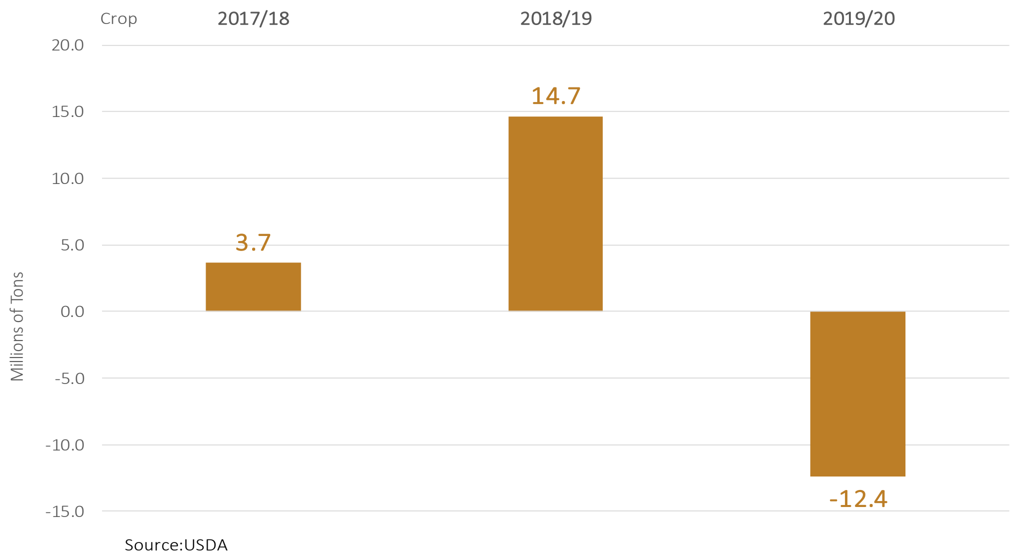
Figure 7 Soybeans - Brazilian Exports



The volume and share of the Chinese market have been dominant in Brazil's export program over the last two years, which resulted in premiums on soybean at Brazilian ports.

For the current crop (2019/20), which is being harvested in Brazil, the supply and demand balance is estimated at a deficit of 12.4 million tons by the USDA, which should provide support for soybean prices.

Figure 8 Soybean - World Supply and Demand



Corn

The spot corn price on the Chicago Board of Trade (CBOT) was only slightly influenced by the trade war (since China is not a corn importer), but responded to the crop loss in the United States in the 2019/20 crop. In addition, over the fourth quarter, price trends diverged in the international and domestic markets.

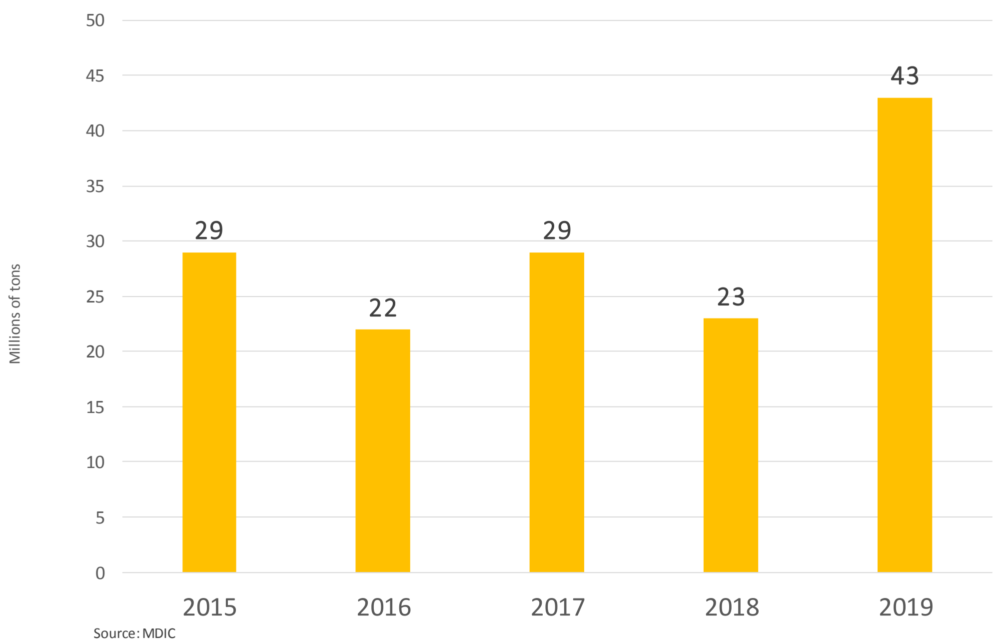
Figure 9 Corn Prices in International Market vs. Brazil

In Chicago, corn prices retreated around 15% from the highs recorded in the first and second quarter of 2019, as data on U.S. production volume indicated lower losses than initially estimated.

On the other hand, in Brazil, spot prices on the B3 reached record levels, given the combination of the stronger domestic animal protein industry (to fill the production gap created in China due to ASF) and robust export demand, given the lower supply in the United States due to the crop shortfall.

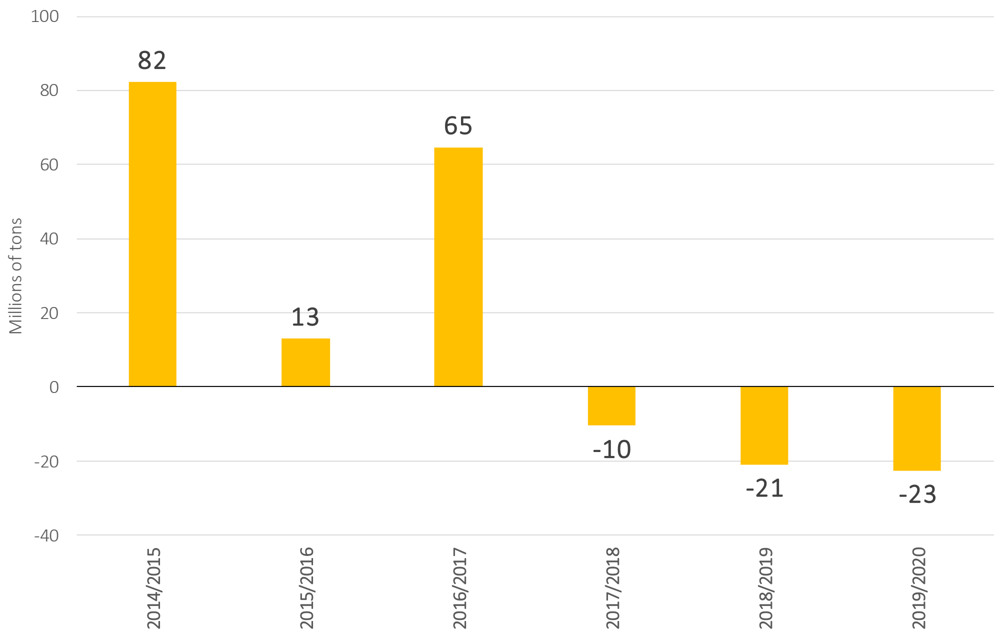
Brazil also set new records for corn exports, shipping 43 million tons, 88% higher than the volume registered in 2018, according to the MDIC.

Figure 10 Corn – Brazilian Exports



In the global scenario, for the third straight year, the supply-demand balance should present a deficit in volume of around 23 million tons. And in the domestic scenario, the 2019/20 crop year started with losses in the main region producing first-crop corn (Rio Grande do Sul State), which should remain a factor sustaining prices.

Figure 11 Corn – World Production and Consumption



2018/19 Crop Year

The following table presents the final data on planted area for the 2018/19 crop year and a comparison with the previous crop year. For more details, see the Additional Information section of this document.

Table 3 Planted Area by Crop, 2017/18 vs. 2018/19

Crop Mix	Planted Area 2017/18	Planted Area 2018/19	Share 2018/19	Δ%
	------------------ ha	------------------	%	
Cotton	95,124	123,727	27.0	30.1
Cotton 1st crop	57,832	72,852	15.9	26.0
Cotton 2nd crop	37,292	50,875	11.1	36.4
Soybean (Commercial + Seed)	230,164	243,149	53.1	5.6
Corn 2nd crop	76,931	89,311	19.5	16.1
Other Crops(1)	2,227	1,912	0.4	-14.2
Total Area	404,446	458,099	100.0	13.3

(1) *Wheat, Corn 1st Crop, corn seed.*

Table 4 Actual Yields, 2017/18 vs. 2018/19

Yield (kg/ha)	(a)Crop 2017/18 Achieved	(c) Crop 2018/19 Achieved	Δ% cxa
Cotton lint 1st crop	1,929	1,685	-12.6%
Cotton lint 2nd crop	1,622	1,611	-0.7%
Cotton seed	2,351	2,090	-11.1%
Soybean	3,692	3,739	1.3%
Corn 2nd crop	5,715	7,099	24.2%

Regarding the 2018/19 crop year, 4Q19 was marked by the conclusion of shipping in the case of grains and by the shipment of 91,000 tons and conclusion of processing in the case of cotton.

Soybean

The total soybean planted area was of 243,149 hectares in the crop year, while the final soybean yield was 3,739 kg/ha, setting a new record, 6.1% above the initial projection and 1.3% higher than in the previous crop year. The number also was 16.6% above the national average in the 2018/19 crop year, based on CONAB data.

The result also maintained the trend of efficiency gains pursued by the Company, as shown by the growing distance in relation to the national average.

Cotton (1st and 2nd crop)

After completing the harvest of 123,727 ha of first- and second-crop cotton and with processing completed, the yield stood at 1,655 kg/ha of cotton lint and 2.090 Kg/ha of cotton seed.

The yield was 2.4% below the initial target. As detailed in the earning releases published throughout the year, until May the crop presented excellent potential; however, once the lint began to develop, late rains in the state of Maranhão caused boll to rot on the lower third of plants, which led to a downward revision in the estimate.

Second-crop corn

The harvest of the 89,311 hectares was completed on September 3, with a yield of 7,099 kg/ha, up 24.2% from the previous crop year, 4.1% above the initial projection and 21.2% higher than the national average, according to CONAB figures for second-crop corn.

Production Cost 2018/19 Crop Year

Table 5 Production Cost per Hectare 2018/19 Crop Year

Total (R$/ha)	Budget 2018/19	Achieved 2018/19	Δ%
Cotton 1st crop	8,187	8,304	1.4%
Cotton 2nd crop	7,475	7,385	-1.2%
Soybean	2,697	2,643	-2.0%
Corn 2nd crop	2,119	2,102	-0.8%
Total average cost	**4,139**	**4,130**	**-0.2%**

With regard to production costs per hectare, with the crop year cycle nearly ended, a highlight was that we achieved savings if compared to budgeted figures for second-crop cotton, soybean and second-crop corn.

2019/20 Crop Year

The fourth quarter of the year was marked by the conclusion of planting of soybean and first-crop cotton. In the first half of January, the harvest of early soybean varieties began, which was followed by the planting of second-crop cotton and second-crop corn.

Planted Area

The following table presents the latest data on planted area for the 2019/20 crop year and a comparison with the previous crop year. For more details, see the Additional Information section of this document.

Table 6 Planted Area by Crop, 2018/19 vs. 2019/20

Crop Mix	Planted Area 2018/19	Planted Area 2019/20[1]	Share 2019/20	Δ%
	------------------ ha	------------------	%	
Cotton	123,727	125,470	27.9	1.4
Cotton 1st crop	72,852	74,099	16.5	1.7
Cotton 2nd crop	50,875	51,371	11.4	1.0
Soybean (Commercial + Seeds)	243,149	235,438	52.4	-3.2
Corn 2nd crop	89,311	83,043	18.5	-7.0
Other crops[2]	1,912	5,211	1.2	172.5
Total Area	458,099	449,162	100.0	-2.0

[1] Weather factors may affect the planted area forecast.
[2] Wheat, Corn 1st Crop, corn seed and Bachiaria.

The planted area contracted by 2.0% from the previous crop year, due to the delay in the start of rains in the state of Maranhão, which postponed the planting of soybean, thereby reducing the planting potential of second-crop corn.

Table 7 Yields in 2019/20 Crop Year

Yield (kg/ha)	Crop 2018/19 Achieved (a)	Crop 2019/20 Budget (b)	Crop 2019/20 Forecast (c)	Δ% (b) x ((a)	Δ% (c) x ((b)
Cotton lint 1st crop	1,685	1,858	1,858	10.3%	-
Cotton lint 2nd crop	1,611	1,731	1,731	7.4%	-
Cotton seed	2,090	2,262	2,262	8.2%	-
Soybean and soybean seed	3,739	3,607	3,840	-3.5%	6.5%
Corn 2nd crop	7,095	7,220	7,324	1.8%	1.4%

Soybean and Soybean Seed

The total planted area of Commercial Soybean and Soybean Seed amounted to 235,438 hectares in the current crop year. Until February, 21, we had 124,300 hectares already harvested, corresponding to 52.8% of the total planted area. We are increasing our yield estimate for this crop from 3,607 Kg/ha to 3,840 Kg/ha, which is 6.5% above the initial projection.

First-crop cotton

We concluded the planting of 74,099 hectares of first-crop cotton, representing an expansion in planted area of 1.9% from the previous crop year and 16.5% of the company's total planted area. All areas are in the flowering phase and presenting high production potential.

Second-crop cotton

The planting of 51,371 hectares of second-crop cotton began after the harvest of early soybean varietals in the first half of January 2019, which also was concluded. The crop is in full vegetative development and presents high production potential.

Second-crop corn

The planting of second-crop corn began in the second half of January 2020, accompanying the progress in harvesting early soybean varieties and the conclusion of planting of second-crop cotton.

Production Cost

Table 8 Breakdown of Production Costs by Crop (R$/ha)

%	Cotton	Soybean	Corn	Average 2019/20	Average 2018/19
Variable Costs	**80.8**	**74.6**	**79.0**	**78.6**	**79.5**
Seeds	8.7	16.0	16.2	11.9	11.6
Fertilizers	22.7	20.1	35.8	23.4	21.6
Chemicals	25.4	21.1	12.9	22.6	24.3
Air Spraying	1.8	1.1	1.6	1.5	1.6
Fuels and Lubricants	3.8	4.2	4.1	4.0	4.1
Labor	1.0	0.7	0.6	0.8	0.9
Ginning	8.3	2.3	2.6	5.7	6.3
Maintenance	3.8	4.9	3.8	4.2	4.6
Others	5.3	4.2	1.4	4.5	4.5
Fixed Costs	**19.1**	**25.5**	**21.0**	**21.5**	**20.6**
Labor	8.0	10.0	8.2	8.7	8.8
Depreciation and amortizations	4.6	6.6	4.5	5.3	4.6
Right-of-Use Amortization - Leasing	4.5	6.4	6.2	5.3	4.7
Others	2.0	2.5	2.1	2.2	2.5

Table 9 Production Cost in R$/hectare, 2019/20 Crop Year

Total (R$/ha)	Budget 2018/19	Achieved 2018/19[1]	Budget 2019/20	Δ%
Cotton 1st crop	8,187	8,304	8,397	1.1%
Cotton 2nd crop	7,475	7,385	7,727	4.6%
Soybean	2,697	2,643	2,901	9.8%
Corn 2nd crop	2,119	2,152	2,410	12.0%
Total average cost	**4,139**	**4,130[2]**	**4,368**	**5.8%**

[1] Figures may suffer changes by the end of cotton processing and the sale of grains.
[2] Weighted by areas in the 2019/20 crop year to avoid impacts from changes in the product mix.

The costs per hectare estimated for the 2019/20 crop year registered an average increase in Brazilian Real of 5.8% compared to the actual costs in 2018/19 crop year, basically due to the currency's depreciation against the U.S. dollar in the period, since approximately 63.2% of costs are denominated in dollar.

Financial Performance

Income Statement Analysis

Adjusted EBITDA

Adjusted EBITDA (Farming Operation + Land Sales)

In 4Q19, we registered Adjusted EBITDA of R$277.4 million, with margin of 33.9%. Of this amount, R$80.2 million is associated with the land sale made in November 2019.

In 2019, Adjusted EBITDA was R$795.5 million with Adjusted EBITDA Margin of 31.4%.

The comparison with EBITDA from 4Q18 and 2018 is distorted given that, as explained above, in the section "Impacts from IFRS 16," Adjusted EBITDA for 2019 was recognized based on the new criteria. Note, however, that in 2018 there was an appropriation of leases in the amount of R$82.8 million in production costs, while in 2019 there are no impacts of leasing payments on Adjusted EBITDA.

The following table presents detailed explanations of Adjusted EBITDA from the Farming Operation and Adjusted EBITDA from Land Sales to support a better understanding of the factors that affected Consolidated Adjusted EBITDA.

"In 4Q19, the Adjusted EBITDA was R$277.4 millions, with 33.9% of Adjusted EBITDA margin."

Table 10 Adjusted EBITDA Reconciliation

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Net revenue	2,099,177	2,535,905	20.8%	803,021	819,109	2.0%
Change in Fair Value of Biological Assets	724,291	504,751	-30.3%	67,492	86,308	27.9%
(-) Cost of Goods and/or Services Sold	(1,977,510)	(2,257,472)	14.2%	(754,940)	(706,336)	-6.4%
Cost of Goods	(1,358,234)	(1,733,206)	27.6%	(520,295)	(581,307)	11.7%
Realiz. of the Fair Value of Bio. Assets	(619,276)	(524,266)	-15.3%	(234,645)	(125,029)	-46.7%
Gross Income	845,958	783,184	-7.4%	115,573	199,081	72.3%
(-) Sales Expenses	(118,674)	(152,972)	28.9%	(55,228)	(63,473)	14.9%
(-) General and administrative expenses	(87,533)	(89,324)	2.0%	(27,542)	(23,005)	-16.5%
General and administrative	(51,573)	(63,236)	22.6%	(14,142)	(16,183)	14.4%
Participations Results	(35,960)	(26,088)	-27.5%	(13,400)	(6,822)	-49.1%
(-) Administrative Fees	(13,981)	(13,827)	-1.1%	(2,486)	(3,056)	22.9%
(-) Other operating revenues (loss)	31,987	31,651	-1.1%	26,661	24,345	-8.7%
Land Sale Revenue	1,165	24,712	n.m.	1,165	24,712	n.m.
Other revenue	30,822	6,939	-77.5%	25,496	(367)	n.m.
(=) Income from Activity	657,757	558,712	-15.1%	56,978	133,892	135.0%
(+) Depreciation and amortization	111,231	105,810	-4.9%	47,260	29,994	-36.5%
EBITDA	768,988	664,522	-13.6%	104,238	163,886	57.2%
(-) Biological Assets on revenue [3]	(724,291)	(504,751)	-30.3%	(67,492)	(86,308)	27.9%
(+) Biological Assets on costs [4]	619,276	524,266	-15.3%	234,645	125,029	-46.7%
(+) Low Fixed Assets	5,783	12,228	111.4%	777	3,573	359.8%
(+) Other Trans. – Prop., Plant and Equip.	-	425	100.0%	-	90	100.0%
(+) Land sale cost	-	36,029	100.0%	-	36,029	100.0%
(+) Adjust. IFRS 16 | Retained earnings [5]	-	19,466	100.0%	-	19,466	100.0%
(+) Amortization adjustment - IFRS 16 [5]	-	43,336	100%	-	15,648	100%
Adjusted EBITDA [1] [2] (farming operation + sale of land)	669,756	795,521	18.8%	272,168	277,413	1.9%
Adjusted EBITDA Margin (farming operation + sale of land)	31.9%	31.4%	-0.5p.p	33.9%	33.9%	-
Adjusted EBITDA (farming operation)	668,591	715,314	7.0%	271,003	197,206	-27.2%
Adjusted EBITDA Margin (farming operation)	31.9%	28.2%	-3.7p.p	33.7%	24.1%	-9.6p.p.
Adjusted EBITDA (sale of land)	1,165	80,207	n.m.	1,165	80,207	n.m.

[1] Excludes the effects from Biological Assets, since they are noncash
[2] Excluding Write-offs of Property, Plant and Equipment and IFRS 16 adjustments
[3] Change in fair value of Biological Assets (Note 29 of the financial statements)
[4] Realization of the fair value of Biological Assets (Note 28 of the financial statements)
[5] Adjustments stemming from the sale leaseback transaction that reflect the Right-of-use assets retained by the Company (equivalent to withheld profit) and Right-of-use amortization – Leasing.

Adjusted EBITDA – Farming Operation

Adjusted EBITDA from the Farming Operation was R$197.2 million in 4Q19, with margin at 24.1%.

In addition to the differences in the EBITDA composition criteria between 2019 and 2018, as mentioned above, Adjusted EBITDA in 4Q18 also included the non-recurring amount of R$25.5 million associated with the recovery of PIS/COFINS tax credits. Note also that in 4Q19 there was a decline in Gross Income from cotton due to the lower yield in the 2018/19 crop year compared to the 2017/18 crop year (the cotton invoiced in 4Q19 is from the 2018/19 crop year) and to the increase in production cost per hectare between crop years. The decline in the contribution from cotton to EBITDA in the quarter was partially offset by the increases in Adjusted EBITDA from soybean and corn.

In 2019, adjusted EBITDA from Farming Operations reached R$715.3 million, reflecting the combination of the expansion in planted area, the higher sales prices for all crops and, in the case of soybean and corn, the higher yields compared to the 2017/18 crop year. These factors offset the increases in costs per hectare and the lower cotton yield in the comparison of the 2018/19 crop year with the 2017/18 crop year.

Adjusted EBITDA – Land Sales

"In 4Q19, we sold 5,205 hectares for a cash payment of R$83.2 million or R$20,000 per arable hectare."

In line with our property monetization strategy, on November 13 we announced the signing of the Private Purchase and Sale Agreement through which we sold 5,205 hectares (of which 4,162 hectares are arable) for cash payment of R$83.2 million, or R$20,000 per arable hectare. The Company continues to conduct operations on the area sold at the same unit (Parnaíba Farm/MA) under a lease agreement with payment at market prices.

Considering the historical land acquisition price of the area, the investments in land development and the sale price, net of taxes, the Company calculates that the transaction resulted in an annualized Internal Rate of Return (IRR) of 14.1% in U.S. dollar, without considering the gains from farming operations.

The Company already received 50% of the sale price (R$41,622 thousand), on November 28. The balance was deposited in an escrow account and will remain invested in securities backed by interbank certificates of deposit (CDI) and released when all transfers and formalizations are fully met.

Below, we present the impact of this sale on Adjusted EBITDA, in light of IFRS 16 standards, as already explained in the section "Impacts from IFRS 16" (Table 2).

Table 11 Adjusted EBITDA from land sale

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Land Sale Revenue	1,209	83,245	n.m.	1,209	83,245	n.m.
(-) Taxes (PIS and COFINS) on sale value	(44)	(3,038)	n.m.	(44)	(3,038)	n.m.
Adjusted EBITDA from land sale	**1,165**	**80,207**	**n.m.**	**1,165**	**80,207**	**n.m.**

Net Revenue

Table 12 Net Revenue

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Net Revenue	**2,099,177**	**2,535,905**	**20.8%**	**803,021**	**819,109**	**2.0%**
Cotton lint	1,088,621	1,212,573	11.4%	607,477	593,350	-2.3%
Cotton seed	80,496	77,154	-4.2%	34,654	24,489	-29.3%
Soybean	875,235	1,036,218	18.4%	165,063	119,286	-27.7%
Corn	146,151	253,376	73.4%	50,395	67,308	33.6%
Others	39,483	72,874	84.6%	19,332	35,128	81.7%
Hedge income	(130,809)	(116,290)	-11.1%	(73,900)	(20,452)	-72.3%

Table 13 Volume Invoiced (tons)

(tons)	2018	2019	AH	4Q18	4Q19	AH
Volume Invoiced	**1,741,441**	**2,004,703**	**15.1%**	**484,059**	**430,377**	**-11.1%**
Cotton lint	169,673	185,374	9.3%	91,808	90,930	-1.0%
Cotton seed	218,186	234,986	7.7%	95,696	75,020	-21.6%
Soybean	842,481	898,368	6.6%	143,150	98,121	-31.5%
Corn	425,900	634,644	49.0%	135,583	152,650	12.6%
Others	85,201	51,331	-39.8%	17,822	13,656	-23.4%

The quarter registered a decline of 11.1% in invoiced volume, led by soybean, whose shipment volume was higher in the first quarter of the year, reflecting operating efficiency gains in planting and harvesting (we planted and harvested earlier), which enabled good opportunities for managing our sales policy, which included anticipating shipments and consequently taking advantage of the logistics period for grain shipments.

In 4Q19, net revenue rose by 2%, despite the lower volume, due to the increases in invoiced unit price (already considering currency hedge) in all crops.

The Net Revenue for 2019, of R$2.5 billion, set a new record, with growth of 20.8% over 2018. This growth was driven by the expansion in planted area and the improvement in yields (in soybean and corn) compared to the 2017/18 crop year, and by the higher sales prices in all crops.

It is important to highlight that our commodities and currency hedge strategy, guided by our Risk Management Policy, once again is proving effective, securing good price levels despite the short-term fluctuations in the prices of our products.

Table 14 Variation in Fair Value of Biological Assets

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Effect of Biol. Asset on Net Revenue	**724,291**	**504,751**	**-30.3%**	**67,492**	**86,308**	**27.9%**
Cotton lint	346,989	224,433	-35.3%	-	-	-
Cotton seed	23,563	15,411	-34.6%	-	-	-
Soybean	345,625	229,668	-33.5%	66,891	83,856	25.4%
Corn	216	17,933	n.m.	-	-	-
Others	7,898	17,306	119.1%	601	2,452	308.0%

The calculation of Variation in Fair Value of Biological Assets reflects the estimated gross margin (sale price at farm less unit costs incurred) of crops presenting significant biological transformation in the calculation period.

Given that the soybean harvest of the 2019/20 crop year began in January, in December we calculated the Variation in Fair Value for 66,000 hectares that were experiencing significant biological transformation. The amount of R$86.3 million was R$16.9 million higher than in 4Q18, reflecting a higher estimate for prices and yield compared to the 2018/19 crop year.

In the year, the Variation in Fair Value of Biological Assets was 30.3% lower than 2018, given the expectations of lower margins in 2018/19 crop year compared to the 2017/18 crop year. However, except for cotton - where margins in 2019 were in fact lower than in 2018 - margins expanded for the soybean and corn crops, as detailed in the section "Analysis of Gross Income by Crop", below. The reason for this difference is the fact that the sales price assumption used when calculating Variation in Fair Value (in the first half of the year) was lower than the invoice prices practiced by the Company.

Cost of Goods Sold

Table 15 Cost of Goods Sold

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Cost of Goods Sold	(1,358,234)	(1,733,206)	27.6%	(520,295)	(581,307)	11.7%
Cotton lint	(567,966)	(762,874)	34.3%	(326,487)	(424,403)	30.0%
Cotton seed	(52,980)	(61,257)	15.6%	(21,663)	(18,400)	-15.1%
Soybean	(567,844)	(644,331)	13.5%	(109,607)	(64,931)	-40.8%
Corn	(133,109)	(198,182)	48.9%	(40,966)	(45,321)	10.6%
Others	(36,335)	(66,562)	83.2%	(21,572)	(28,252)	31.0%

Cost of goods sold in 4Q19 increased 11.7% from 4Q18, led by the cotton crop, reflecting the combination of the lower yield and the higher production cost per hectare in the comparison of the 2018/19 crop year with the 2017/18 crop year. Soybean and cotton seed registered a decline in cost due to the lower volume invoiced in the quarter. Meanwhile, the corn cost increased due to the higher volume invoiced between periods.

In the year, production cost increased by 27.6%, driven by the 15% growth in volumes invoiced and the higher production costs per hectare in the 2018/19 crop year compared to the 2017/18 crop year.

Table 16 Realization of Fair Value of Biological Assets

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Realization of the Fair Value of Biological Assets	(619,276)	(524,266)	-15.3%	(234,645)	(125,029)	-46.7%
Cotton lint	(293,885)	(254,413)	-13.4%	(168,161)	(93,016)	-44.7%
Cotton seed	(24,428)	(15,898)	-34.9%	(9,935)	(4,832)	-51.4%
Soybean	(296,085)	(217,389)	-26.6%	(57,928)	(20,991)	-63.8%
Corn	1,971	(19,593)	n.m.	2,224	(5,762)	n.m.
Others	(6,849)	(16,973)	147.8%	(845)	(428)	-49.3%

The Realization of Fair Value of Biological Assets is the corresponding entry to Variation in Fair Value (calculated upon harvest) and is recognized as the products are invoiced.

In the quarter, the Realization of Fair Value of Biological Assets was down 46.7% from 4Q18, due to the lower invoiced volume in the period and the expectation of margins below that estimated in the calculation of Variation in Fair Value, as explained above. In 2019, the Realization of Fair Value of Biological Assets posted a decline of 15.3% compared to 2018, reflecting the lower margins than those projected for calculating Variation of Fair Value.

Gross Income by Crop

To contribute to a better understanding of margins by crop, in this section, the gain (loss) from currency hedge is allocated among cotton, soybean and corn.

Cotton Lint and Cotton Seed

Table 17 Gross Income - Cotton Lint

Cotton Lint		2018	2019	AH	4Q18	4Q19	AH
Volume Invoiced	Ton	169,673	185,374	9.3%	91,808	90,930	-1.0%
Net Revenue	R$/thd	1,088,621	1,212,573	11.4%	607,477	593,350	-2.3%
Result of currency hedge	R$/thd	(111,011)	(61,699)	-44.4%	(64,636)	(16,468)	-74.5%
Net inc. adj. for the result of cur. hedging	R$/thd	977,610	1,150,874	17.7%	542,841	576,882	6.3%
Unit Price	R$/ton	5,762	6,208	7.7%	5,913	6,344	7.3%
Cost Total	R$/thd	(567,966)	(762,874)	34.3%	(326,487)	(424,403)	30.0%
Unit Cost	R$/ton	(3,347)	(4,115)	22.9%	(3,560)	(4,667)	31.1%
Unitary Gross Income	R$/ton	2,415	2,093	-13.3%	2,353	1,677	-28.7%

100% of the cotton invoiced in 4Q19 was produced in the 2018/19 crop year. Cotton unitary gross Income fell 28.7% compared to 4Q18, mainly due to the 31.1% increase in unit cost, due to the lower yield and the higher production cost per hectare in the 2018/19 crop year compared to the 2017/18 crop year.

In 2019, unitary gross Income from cotton fell 13.3% from 2018 despite the 7.7% increase in unit price. Unitary cost increased by 22.9%, due to the lower yield and higher production cost per hectare in relation to the previous crop year.

Table 18 Gross Income - Cotton Seed

Cotton Seed		2018	2019	AH	4Q18	4Q19	AH
Volume Invoiced	Ton	218,186	234,986	7.7%	95,696	75,020	-21.6%
Net Revenue	R$/thd	80,496	77,154	-4.2%	34,654	24,489	-29.3%
Unit Price	R$/ton	369	328	-11.1%	362	326	-9.9%
Cost Total	R$/thd	(52,980)	(61,257)	15.6%	(21,663)	(18,400)	-15.1%
Unit Cost	R$/ton	(243)	(261)	7.4%	(226)	(245)	8.4%
Unitary Gross Income	R$/ton	126	67	-46.8%	136	81	-40.4%

Cotton seed reported a decline in unitary gross Income in both 4Q19 and 2019 compared to the same periods of 2018, due to the combination of a decline in unit price and an increase in unitary cost (higher per-hectare production cost and lower yield in 2018/19 vs. 2017/18 crops).

Soybean

Table 19 Gross Income - Soybean

Soybean		2018	2019	AH	4Q18	4Q19	AH
Volume Invoiced	Ton	842,481	898,368	6.6%	143,150	98,121	-31.5%
Net Revenue	R$/thd	875,235	1,036,218	18.4%	165,063	119,286	-27.7%
Result of currency hedge	R$/thd	(11,041)	(46,758)	323.5%	(7,046)	(1,490)	-78.9%
Net inc. adj. for the result of cur. hedging	R$/thd	864,194	989,460	14.5%	158,017	117,796	-25.5%
Unit Price	R$/ton	1,026	1,101	7.3%	1,104	1,201	8.8%
Cost Total	R$/thd	(567,844)	(644,331)	13.5%	(109,607)	(64,931)	-40.8%
Unit Cost	R$/ton	(674)	(717)	6.4%	(766)	(662)	-13.6%
Unitary Gross Income	R$/ton	352	384	9.1%	338	539	59.5%

In the quarter, unitary gross income grew 59.3% compared to the same period of 2018, reflecting the combination of the 8.8% increase in unit price and 13.6% decrease in unit cost. The decrease in unit cost was due to the higher invoiced volume from the Northeast region in the period, which registered a yield above the company's average in the 2018/19 crop year.

Soybean unit gross income in 2019 increased 9.1% due to the 7.3% increase in unit price, which was partially offset by the 6.4% increase in unit cost. The higher yield in the 2018/19 crop year compared to 2017/18 crop year partially offset the increase in per-hectare costs.

Corn

Table 20 Gross Income - Corn

Corn		2018	2019	AH	4Q18	4Q19	AH
Volume Invoiced	Ton	425,900	634,644	49.0%	135,583	152,650	12.6%
Net Revenue	R$ thd	146,151	253,376	73.4%	50,395	67,308	33.6%
Result of currency hedge	R$ thd	(8,757)	(7,833)	-10.6%	(2,218)	(2,494)	12.4%
Net inc. adj. for the result of cur. hedging	R$ thd	137,394	245,543	78.7%	48,177	64,814	34.5%
Unit Price	R$ / Ton	323	387	19.8%	355	425	19.7%
Cost Total	R$ thd	(133,109)	(198,182)	48.9%	(40,966)	(45,321)	10.6%
Unit Cost	R$ / Ton	(313)	(312)	-0.1%	(300)	(297)	-1.0%
Unitary Gross Income	R$ / Ton	10	75	650%	55	128	132.7%

In the quarter and 2019, corn unitary gross income expanded due to the higher unit price and better yields in 2018/19 compared to 2017/18 crop. Note that the corn yield increased by 24.1% from the previous crop year, to 7,095 kg per hectare.

Gross Income

Table 21 Gross Income

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Gross Profit	845,958	783,184	-7.4%	115,573	199,081	72.3%
Cotton lint	409,644	388,000	-5.3%	216,354	152,479	-29.5%
Cotton seed	27,516	15,897	-42.2%	12,991	6,089	-53.1%
Soybean	296,350	345,129	16.5%	48,410	52,865	9.2%
Corn	4,285	47,361	n.m.	7,211	19,493	170.3%
Others	3,148	6,312	100.5%	(2,240)	6,876	n.m.
Biological Assets	105,015	(19,515)	n.m.	(167,153)	(38,721)	-76.8%

Excluding the effects from Biological Assets (Variation and Realization of Fair Value) indicates the actual margins of products invoiced in the period. On this basis, Gross Income in the quarter decreased 15.9% from 4Q18, reflecting the period's lower volume invoiced and the lower margins in the cotton crop. In 2019, we registered an 8.3% increase in the Gross Income of our crops (excluding the effects from Biological Assets), with the highlight being the soybean and corn crops, which registered margin expansion. In the case of cotton, the contribution for Gross Income was lower than 2018, affected by the lower yield and higher costs per hectare.

Selling Expenses

Selling expenses in the quarter increased 14.9% from 4Q18. The main accounts registering increases were "Other Expenses" and "Export Expenses." The line Other Expenses was affected by the recognition of royalty payments related to sales of soybean seeds. Meanwhile, Export Expenses increased mainly due to the depreciation in the Brazilian real against the U.S. dollar in the period, since the amounts are pegged to the dollar.

In 2019, Selling Expenses increased by 28.9% or R$34.2 million compared to 2018. This variation also is significantly linked to the lines under Other Expenses (where expenses with royalties related to sales of soybean seeds were recognized) and Commission Expenses and Export Expenses (which are contracted in U.S. dollar and therefore were affected by the depreciation in the Brazilian real against the U.S. dollar in 2019). Note, however, that as ratio of Net Revenue, Selling Expenses remained virtually stable compared to 2018.

Table 22 Selling Expenses

R$ thd	2018	2019	AH	4Q18	4Q19	AH
Freight	52,561	58,191	10.7%	29,044	28,754	-1.0%
Storage	25,862	32,458	25.5%	5,571	6,291	12.9%
Commissions	9,358	13,359	42.8%	2,092	3,102	48.3%
Classification of Goods	1,950	2,070	6.2%	994	1,078	8.5%
Export Expenses	22,098	28,535	29.1%	11,280	13,223	17.2%
Others	6,845	18,359	168.2%	6,247	11,025	76.5%
Total	**118,674**	**152,972**	**28.9%**	**55,228**	**63,473**	**14.9%**
% Net Revenue	5.7%	6.0%	0.3%	6.9%	7.7%	0.8%

Administrative Expenses

Administrative Expenses (excluding amounts related to the Profit Share Program) increased 14.4% in 4Q19 compared to 4Q18. As a ratio of Net Revenue, these expenses were virtually stable, increasing a slight 0.2 p.p. The main variations are explained below:

(i) Increase in Personnel Expenses due to recognition of the new stock option and restricted shares programs granted in November to the Company's executives;

(ii) Higher expenses with Advertising and Publicity in 4Q19, given that part of these expenses in 2018 were recognized in January 2019, distorting the comparison of periods;

(iii) Increase in Other Expenses, reflecting costs with georeferencing and expenses with consulting firms that were recognized in other quarters of the prior year;

(iv) Lower expenses with contributions and donations in the quarter due to the change in the tax calculation criteria: in 2019, we began to book theses expenses on a quarterly basis.

Administrative Expenses (excluding amounts related to the Profit Share Program) increased 22.6% in 2019 compared to 2018. As a ratio of Net Revenue, Administrative Expenses remained stable, at 2.5%. The main variations are explained below:

(i) Increase in Personnel Expenses, due to the adjustments in headcount, the annual salary increases and the recognition of the new stock option and restricted share programs granted in November to the Company's executives;

(ii) Increase in Contingencies, due to the reversal of provision for lawsuits that were reclassified from "probable" to "possible" risk;

(iii) Increase in Software Maintenance Expenses, due to the contracting of application virtualization services to facilitate access with security, while also increasing the number of licenses available;

(iv) Increase in Other Expenses, reflecting costs with georeferencing.

Table 23 Administrative Expenses

R$ thd	2018	2019	AH	4Q18	4Q19	AH
Expenses with personnel	26,580	31,952	20.2%	6,855	8,412	22.7%
Fees	4,623	5,058	9.4%	1,106	1,081	-2.3%
Depreciations and amortizations	1,631	1,897	16.3%	597	492	-17.6%
Expenses with travels	2,103	2,694	28.1%	488	823	68.6%
Software maintenance	4,756	6,161	29.5%	1,378	1,614	17.1%
Marketing/Advertisement	2,046	2,674	30.7%	569	958	68.4%
Expenses with Communications	2,414	2,707	12.1%	654	851	30.1%
Rentals	816	904	10.8%	207	191	-7.7%
Labor, Tax and Environmental Contingencies	(51)	1,734	n.m.	(6)	71	n.m.
Electricity	169	193	14.2%	42	47	11.9%
Taxes and other fees	786	1,275	62.2%	173	198	14.5%
Contributions and donations	2,448	2,322	-5.1%	1,756	783	-55.4%
Other	3,252	3,665	12.7%	323	662	105.0%
Subtotal	**51,573**	**63,236**	**22.6%**	**14,142**	**16,183**	**14.4%**
% Net Revenue	2.50%	2.50%	0.0%	1.80%	2.00%	0.2%
Provision for profit share program	35,960	26,088	-27.5%	13,400	6,822	-49.1%
Total	**87,533**	**89,324**	**2.0%**	**27,542**	**23,005**	**-16.5%**

Net Financial Income (Expense)

Since the Company's debt in USD is swapped to BRL (in line with the Risk Management Policy), the effects from exchange variation on dollar-denominated liabilities do not affect Financial Income (Loss) when we analyze aggregate figures, since any gains and losses in said liabilities from exchange variation are offset by gains/losses in an equal proportion to the respective swap.

Table 24 Adjusted Net Financial Income (Expense)

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Interest	(77,661)	(101,197)	30.3%	(24,470)	(28,715)	17.3%
FX Variation	9,810	5,940	-39.4%	8,593	(632)	n.m.
Monetary Variation	(14)	139	n.m.	(14)	-	100.0%
Ad. to pres. value of leas. contracts (IFRS16)	-	(47,607)	100.0%	-	(14,183)	100.0%
Other financial revenues (expenses)	(4,811)	(1,325)	-72.4%	(1,604)	(1,793)	11.7%
Total	**(72,676)**	**(144,050)**	**98.2%**	**(17,495)**	**(45,323)**	**159.1%**
% Net Revenue	**3.5%**	**5.5%**	**2.0p.p.**	**2.1%**	**5.4%**	**-3.3p.p**

In the quarter and the year, the Adjusted Net Financial Expense increased in relation to the same period last year. However, the main variation was due to the adoption of IFRS 16, which included in this account the line "Adjustment to Present Value of Leasing Contracts." In addition, net debt grew throughout the year in relation to 2018, reflecting the higher working capital needs generated by the expansion in planted area in the 2018/19 crop year compared to the 2017/18 crop year, which increased the apportionment of interest expenses.

Net Income (Loss)

Table 25 Net Income

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Income before taxes on profit	585,081	414,662	-29.1%	39,483	88,568	124.3%
Income Tax and Social Contrib. on Profit	(178,580)	(99,621)	-44.2%	(6,024)	(98)	n.m.
Consolidated Net Income for the Period	406,501	315,041	-22.5%	33,459	88,666	165.0%
Assigned to parent company	381,250	311,514	-18.3%	34,088	84,554	148.0%
Assigned to non-controlling comp. members	25,251	3,527	-86.0%	(629)	4,112	n.m.
% Net Revenue	*19.4%*	*12.4%*	*-7.0p.p.*	*4.2%*	*10.8%*	*6.6p.p.*
Net Income Farming Operation	405,373	292,893	-27.7%	32,331	66,518	105.7%
Net Margin Farming Operation	*19.3%*	*11.5%*	*-7.8p.p*	*4.0%*	*8.1%*	*4.1p.p.*
Net Profit Sale of Land	1,128	22,148	n.m.	1,128	22,148	n.m.

In the quarter, Consolidated Net Income grew 165.0% from 4Q18, while net margin expanded 6.6 p.p. In 2019, Consolidated Net Income (farming operation + land sales) amounted to R$315.0 million, with net margin contracting 7.0 p.p. from 2018, to 12.4%.

The following table presents detailed explanations of Net Income from the Farming Operation and Net Income from Land Sales to support a better understanding of the factors that affected Consolidated Net Income.

Consolidated Net Income – Farming Operation – 4Q19

In 4Q19, Consolidated Net Income from farming operations was R$66.5 million, increasing 105.7% from 4Q18, with margin of 8.1%. The most relevant changes were the increase in Gross Income from invoiced crops (ex-Biological Assets), of R$34.9 million, and the higher apportionment of Variation in Fair Value of Biological Assets related to 66,000 hectares in the 2019/20 crop year that were already in significant biological transformation in December.

Consolidated Net Income – Farming Operation – 2019

In 2019, Consolidated Net Income from farming operation was R$292.8 million, decreasing 27.7% from 2018, with margin of 11.5%. The main impact stems from the calculation of the Variation of the Fair Value of Biological Assets for the cotton crop (variation of R$122.6 million between periods), which reflected the expectation of lower margins for the cotton crop in the 2018/19 crop year compared to the 2017/18 crop year, due to the decline in yield.

Consolidated Net Income – Land Sales

The sale of 5,205 hectares (4,162 arable) for R$83.2 million produced an impact of R$22.1 million on net income, considering that:

(i) The booking cost of the area sold was R$36 million (Property, Plant and Equipment Write-off), and;

(ii) IFRS 16 accounting standards for sale transactions with leaseback require an additional adjustment of R$19.5 million (this calculation is represented by the item "IFRS 16 Adjustments – Retained Earnings"). The calculation reflects the present value of the lease to be paid for use of the asset for the duration the contract and also the Right-of-use asset retained by the Company.

Table 26 Reconciliation of Net Income from Land Sale

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Land sale	1,209	83,245	n.m.	1,209	83,245	n.m.
(-) Adjustment IFRS 16 | Retained earnings	-	(19,466)	n.m.	-	(19,466)	n.m.
(-) Write off Assets Fixed Assets	-	(36,029)	n.m.	-	(36,029)	n.m.
(-) PIS and COFINS on sale value	(44)	(3,038)	n.m.	(44)	(3,038)	n.m.
(-) IRPJ and CSLL on sale value	(37)	(2,564)	n.m.	(37)	(2,564)	n.m.
Net Income from Land Sale	**1,128**	**22,148**	**n.m.**	**1,128**	**22,148**	**n.m.**

Statement of Cash Flow Analysis

Free Cash Flow was positive in 4Q19, mainly due to the lower Working Capital Needs (Changes in Assets and Liabilities). In the last quarter of the year, both the lines Inventory and Biological Assets declined significantly due to the high volume of cotton invoiced; the period also was marked by the receipt of inputs for the next crop year, which increases the balance of the line Suppliers. Moreover, in 4Q19, we received part of the amount related to the land sale, with a positive impact of R$41.6 million in the quarter.

Table 27 Summarized Cash Flow

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Cash generated in operations	787,403	**778,746**	-1.1%	277,194	**178,039**	-35.8%
Changes in assets and liabilities	(379,894)	**(246,585)**	-35.1%	(73,155)	**285,474**	n.m.
Net cash used in investment activities	(191,781)	**(160,300)**	-16.4%	(16,368)	**6,340**	n.m.
In Fixed assets	*(248,166)*	***(235,175)***	*5.2%*	*(77,836)*	***(33,808)***	*-56.6%*
In Intangible assets	*(7,404)*	***(5,746)***	*-22.4%*	*(2,321)*	***(1,474)***	*-36.5%*
Receipt from sale of land	*63,789*	***80,621***	*26.4%*	*63,789*	***41,622***	*-34.8%*
Net cash bef. cash used in inv. act.	215,728	**371.861**	72.4%	187,671	**469,853**	150.4%
Net cash gen./(cons.) in fin. act. (1)	(7,361)	**(74,436)**	n.m.	(79,323)	**(42,827)**	n.m.
Paid leases(2)	-	(78,929)	100.0%	-	(17,788)	100.0%
Payment of CRA Costs	-	(5,423)	100.0%	-	-	-
Adjusted Free Cash	208,367	**213,073**	2.3%	266,994	**409,238**	53.3%

(1) Variations on this account are non-cash.
(2) Due to the adoption of IFRS 16, the payment of leases is now accounted in the Statement of Cash Flows under Financing Activities. However, it should be considered as operating cash disbursement.

Balance Sheet Analysis (main items)

Working Capital Needs

Working capital needs historically decline over the last quarter of the year due to the invoicing of significant volumes of cotton, which can be verified by the reduction in the "Inventory" line. The quarter also was marked by increases in the balance of the line "Suppliers", which is related to the receipt of inputs for the new crop. The payment for such inputs occurs mostly in the first few months of the following year.

In 2019, working capital needs were higher than at the end of 2018, mainly due to the increase in "Inventories" and "Biological Assets", given the expansion in cotton planted area and the higher costs per hectare in the comparison of the 2018/19 crop year with the 2017/18 crop year.

Table 28 Changes in Working Capital Needs

Working Capital Variation			
ASSETS	**2018**	**9M19**	**2019**
Accounts receivable	131,546	236,009	178,405
Advances to suppliers	8,520	41,404	32,684
Inventories	868,522	1,619,988	1,071,354
Right of use amortization (inventories)	-	(34,400)	(42,494)
Depreciation (inventories)	-	(10,014)	(11,769)
(-) Biological Assets + Inventories Adjustment (non cash)	(136,829)	(221,302)	(97,039)
Recoverable Taxes	86,943	158,315	164,412
Biological assets	705,390	206,437	779,885
(-) Biological Assets (non cash)	(65,977)	-	(86,282)
Operations with derivatives	-	115,253	45,336
Other accounts receivable (Expenses incurred in advance + Others)	5,060	64,719	33,810
Subtotal	**1,603,175**	**2,176,409**	**2,068,302**

LIABILITIES	2018	9M19	2019
Suppliers	703,564	544,440	921,999
Taxes, rates and sundry contributions	24,656	15,097	57,510
Social charges and labor legislation obligations	63,007	53,759	54,572
Operations with derivatives	-	158,932	60,873
Others	**100,905**	**175,326**	**60,860**
Advances from clients	42,163	123,969	33,289
Leases payable	58,742	22,682	225
Debts with related parties	-	270	125
Securities payable	-	13,685	13,685
Others accounts payables	-	14,720	13,536
Subtotal	**892,132**	**947,554**	**1,155,814**
Working Capital	**711,043**	**1,228,855**	**912,488**
Change in 4Q19			**-316,367**

Property, Plant and Equipment / CAPEX

Table 29 Capital Expenditure (R$ '000)

(R$ thd)	2018	AV	2019	AV	4Q19	AV
Machinery, implements and equipment	98,514	38.4%	109,101	39.5%	10,564	29.6%
Land acquisition	2,005	0.8%	3,072	1.1%	18	0.1%
Soil correction	42,030	16.4%	42,772	15.5%	6,267	17.6%
Buildings and facilities	29,803	11.6%	49,575	17.9%	7,753	21.8%
Cotton ginning plant	33,675	13.1%	33,710	12.2%	1,655	4.6%
Grains storage	10,323	4.0%	1,763	0.6%	260	0.7%
Soil cleaning	4,819	1.9%	3,630	1.3%	897	2.5%
Vehicles	9,232	3.6%	4,029	1.5%	234	0.7%
Aircraft	10,234	4.0%	7,542	2.7%	-	0.0%
Software	7,710	3.0%	9,798	3.5%	5,521	15.5%
Improvements in own properties	416	0.2%	2	0.0%	-	0.0%
Improvements in Third Party Real Estate	-	0.0%	1,917	0.7%	195	0.5%
Others	7,559	2.9%	9,620	3.5%	2,268	6.4%
Total	**256,320**	100.0%	**276,531**	100.0%	**35,632**	100.0%

The main investments in 4Q19 were in:

- Machinery and equipment, especially in Planeste, Parnaíba, Planorte and Pantanal farms;
- Soil correction carried out mainly at the Perdizes, Parnaguá, Parceiro, Parnaíba, Pantanal and Pioneira farms; and
- Buildings and facilities at the Paiaguás, Parnaguá, Parceiro and Pantanal farms.

In 2019, the main investments (R$109.1 million) were also in "Machinery, Implements and Equipment", with the focus on acquiring new equipment for fleet renewal. Note that the Company has been reducing the need for investments of this kind due to the increased outsourcing of soybean harvesting. In the 2018/19 crop year, 42% of the soybean harvested area was outsourced, up 62.1% from the 2017/18 crop year.

Investments in soil correction, whose amount of R$42.7 million in 2019 was virtually stable from 2018, are made to maintain the productive capacity of the soil.

Regarding buildings and facilities, the highlights were:

- Perdizes Farm: R$18 million invested in the construction of the machine room, chemicals deposit, lint storage and briquetting and boiler shelters; in addition, R$4.7 million was allocated to the construction of cotton seed storage, with capacity for storing 11,000 tons, with a shipment area, cottonseed press, restrooms, press operating room and waiting room for drivers;

- Parnaíba Farm: R$5.2 million for building the cottonseed warehouse with capacity for storing 11,000 tons, which has a shipment area, seed press, restrooms, press operating room and waiting room for drivers;

- Pamplona Farm: R$1.6 million used to build the Biochemicals Production Unit, the first biofactory built in in masonry. It has a laboratory, processing room (for bacteria) and inventory and shipment areas, as well as a reception area and administrative office;

- Pantanal Farm: R$2,2 million invested in the cotton processing unit renovation - operational improvements such as expansion of seed storage and construction of the boiler, briquette and scales shelter.

Debt

The Company's adjusted net debt ended 2019 at R$973.8 million, virtually stable from the end of 2018, since the positive Free Cash Flow of R$213.0 million in 2019 was used for Dividend Payments (for fiscal year 2018), in the amount of R$186 million, effected in May, and to conclude the Share Repurchase Program in the first quarter of the year, in which R$42 million was invested.

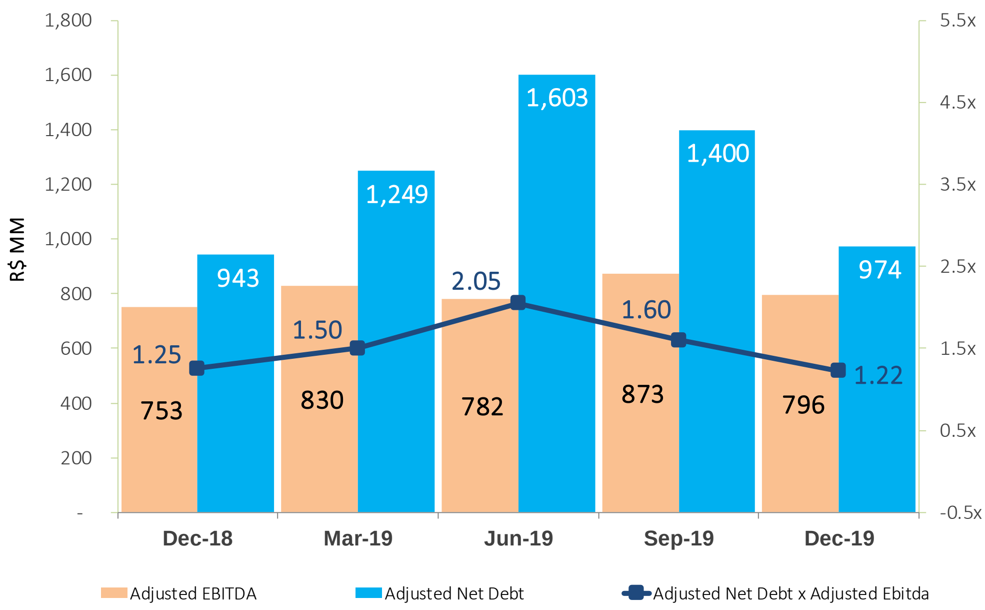
Note that, in 2019, the Company successfully raised R$360 million by placing CRA bonds with interest of 99% of the CDI rate and amortization in the 3rd and 4th year, which lengthened the debt profile at an attractive cost.

Table 30 Financial Net Debt

Credit Line	Average Rate (%)			Consolidated	
(R$ thd)	Index	2018[1]	2019[1]	2018	2019
Applied in Fixed Assets					
Finame – BNDES	Pref, Bask. of Curr.	5.45%	5.38%	91,762	73,235
				91,762	73,235
Applied in Working Capital					
Rural Credit	Prefixed	6.08%	6.00%	144,855	108,483
Constitutional Funds²	Prefixed	5.91%	0.00%	234,150	-
CRA	CDI	6.56%	4.41%	201,063	561,447
Working Capital	CDI	7.43%	5.08%	100,863	413,490
Export Loans	Prefixed	6.50%	6.50%	208,275	111,422
Export Loans	CDI	7.29%	5.12%	627,290	597,789
				1,516,496	1,792,631
Total Indebtedness		6.69%	5.04%	1,608,258	1,865,866
(+/-) Gains and losses with deriv. connected with applications and debts[3]				22,483	6,691
(=) Adjusted Debt				1,585,775	1,859,175
(-) Cash				642,736	885,418
(=) Adjusted Net Debt				943,039	973,757
Adjusted EBITDA (Last 12 months)				752,602	795,521
Adjusted Net Debt/EBITDA				1.25x	1.22x

[1] Final interest rate, including swap [2] For the calculation of interest on Constitutional Funds we consider the 15% discount relative to the" timely payment" bonus [3] Gains and losses with Derivatives (Note nº 23 to Financial Statements);

Figure 12 Changes in Net Debt/EBITDA Ratio



Hedge Position

Currency and agricultural commodity hedge

The Company's sales revenues are generated mainly by the trading of agricultural commodities such as cotton, soybean and corn, which are quoted in U.S. dollar on international exchanges, such as the Chicago Board of Trade (CBOT) and the Intercontinental Exchange Futures US (ICE). Therefore, we are actively exposed to variations in foreign exchange rates and in the prices of these commodities. To protect from currency variation we use derivative instruments, with the portfolio of these instruments basically comprising non-deliverable forwards (NDFs). In line with the Company's Risk Management Policy, whose purpose is to obtain a pre-established Adjusted EBITDA margin with a combination of factors such as Price, Foreign Exchange and Cost, most of the instruments for protecting against commodity price variation are accomplished through advanced sales directly with our clients (forward contracts). We also use futures and options contracts negotiated on the exchange and swap and option transactions contracted with financial institutions. The mark-to-market adjustments of future, swap and option transactions are recorded under financial income (expense). The hedge position on November 4, 2019 for commodities (in relation to the estimated total volume invoiced) and currency (in relation to the total estimated revenue in U.S. dollar) is shown below, broken down by commercial hedge and financial hedge – on March 2nd, 2020:

Table 31 Hedge Position

FX Hedge – Soybean			
Crop	2018/19	2019/20	2020/21
%	99.8%	73.4%	19.6%
R$/USD	3.7834	4.1352	4.3836
Commitments (1)	-	5.4%	42.9%

Commercial Hedge - Soybean			
Crop	2018/19	2019/20	2020/21
%	100%	66.1%	30.2%
USD/bu (2)	10.06	9.79	10.20
Commitments (1)	-	4.5%	14.7%

FX Hedge – Cotton			
Crop	2018/19	2019/20	2020/21
%	97.5%	74.2%	8.8%
R$/USD	3.7956	4.2387	4.3504
Commitments (1)	-	1.5%	40.5%

Commercial Hedge - Cotton			
Crop	2018/19	2019/20	2020/21
%	98.1%	68.7%	27.3%
US¢/lb (2)	73.59	72.01	70.25
Commitments (1)	-	-	-

FX Hedge – Corn			
Crop	2018/19	2019/20	2020/21
%	99.8%	70.5%	0.2%
R$/USD	3.8539	4.1107	4.4465
Commitments (1)	-	0.2%	33.4%

Commercial Hedge - Corn			
Crop	2018/19	2019/20	2020/21
%	99.6%	57.4%	-
R$/bag(3)	25.17	26.9	-
Commitments (1)	-	-	-

(1) Commitments with payables denominated in U.S. dollar, natural hedge with payments related to land acquisitions and leasing agreements in soybean bags
(2) FOB Port - prices at our production units are also influenced by transport expenses and possible quality discounts. (3) Farm price.

Return Indicators

The Company believes that the calculation of Return on Equity, Return on Net Assets and Return on Invested Capital should consider, in addition to operating income in the period, also the net annual appreciation (based on independent land appraisals conducted every year) in the value of its land.

Table 32 Return on Equity

(R$ million)	2013	2014	2015	2016	2017	2018	2019
Net Profit(1)	97	70	121	16	289	405	**293**
Net Land Appreciation(2)	374	428	140	199	19	110	**142**
Subtotal	**471**	**498**	**261**	**215**	**308**	**515**	**435**
Shareholder's Equity(3)	3,087	3,771	3,911	4,346	4,438	4,641	**4,973**
Return	**15.3%**	**13.2%**	**6.7%**	**4.9%**	**6.9%**	**11.1%**	**8.7%**

(1) Even in periods that encompass net income from the land sales, in this analysis only the profit of the "agricultural operation" is considered, since the gains from appreciation of land are being considered in a specific line.
(2) Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2019.
(3) Adjusted for land appreciation.

Table 33 Return on Net Assets

(R$ million)	2013	2014	2015	2016	2017	2018	2019
Net Profit(1)	97	70	121	16	289	405	**293**
Net Land Appreciation(2)	374	428	140	199	19	110	**142**
Subtotal	**471**	**498**	**261**	**215**	**308**	**515**	**435**
Net Assets	**4,276**	**4,859**	**5,005**	**5,026**	**5,097**	**5,443**	**6,551**
Working Capital	641	733	739	561	613	603	**912**
Fixed Assets(3)	3,635	4,126	4,266	4,465	4,484	4,840	**5,639**
Return	**11.0%**	**10.2%**	**5.2%**	**4.3%**	**6.0%**	**9.5%**	**6.6%**

(1) Even in periods that encompass net income from the land sales, in this analysis only the profit of the "agricultural operation" is considered, since the gains from appreciation of land are being considered in a specific item
(2) Based on the independent appraisal report (Deloitte), net of taxes, updated in July 2019.
(3) Adjusted by land price appreciation.

Table 34 Return on Invested Capital

(R$ million)	2013	2014	2015	2016	2017	2018	2019
Operating Income(1)	150	190	285	110	513	657	**536**
IRPJ Rate	23.1%	21.3%	27.3%	0.0%	26.3%	30.5%	**24.0%**
Adjusted IR	(35)	(40)	(78)	20	(135)	(200)	**(129)**
Adjusted Operating Income	116	150	207	130	378	457	**407**
Net Land Appreciation(2)	374	428	140	199	19	110	**142**
Operating results w/ land	**490**	**578**	**347**	**329**	**397**	**567**	**549**
Invested Capital	**3,864**	**4,731**	**5,005**	**5,255**	**5,104**	**5,584**	**5,947**
Gross Debt (CP and LP)	*1,170*	*1,332*	*1,795*	*1,974*	*1,578*	*1,586*	***1,859***
Cash	*393*	*372*	*701*	*1,065*	*749*	*643*	***885***
Net Debt	*777*	*960*	*1,094*	*909*	*829*	*943*	***974***
Shareholder's Equity(3)	*3,087*	*3,771*	*3,911*	*4,346*	*4,275*	*4,641*	***4,973***
Return on Working Capital	**12.7%**	**12.2%**	**6.9%**	**6.3%**	**7.8%**	**10.2%**	**9.2%**

(1) Even in periods that encompass operational results from the land sales, in this analysis only the results of the "agricultural operation" is considered, since the gains from appreciation of land are being considered in a specific item.
(2) Based on the independent appraisal report (Deloitte), updated as of July 2019, net of taxes.
(3) Adjusted by land appreciation.

Additional Information

Planted Area – 2018/19 Crop Year

Planted area by Property

Table 35 Planted area by type (own, leased, joint ventures and partnerships)

Area Mix	Planted Area 2017/18	Planted Area 2018/19[1]	Share 2018/19	Δ%
	------------------ ha	------------------	%	
1st crop Area	**288,607**	**316,159**	**69.0**	**9.5**
Owned Area	108,516	110,338	24.1	1.7
Leased Area	106,540	131,607	28.7	23.5
Joint Ventures Areas[2]	38,879	39,552	8.6	1.7
SLC LandCo Areas [3]	34,672	34,662	7.6	0.0
2nd crop Area	**115,839**	**141,940**	**31.0**	**22.5**
Owned Area	60,659	62,000	13.5	2.2
Leased Area	36,235	56,611	12.4	56.2
Joint Ventures Areas[2]	7,035	8,516	1.9	21.0
SLC LandCo Areas[3]	11,910	14,813	3.2	24.4
Total Area	**404,446**	**458,099**	**100.0**	**13.3**

[1] Weather factors may affect the planted area forecast.
[2] Areas owned by Grupo Roncador and Mitsui.
[3] SLC Agrícola holds an 81.23% interest in SLC LandCo.

Planted Area – 2019/20 Crop Year

Table 36 Planted area by type (own, leased, joint ventures and partnerships)

Area Mix	Planted Area 2018/19	Planted Area 2019/20[1]	Share 2019/20	Δ%
	------------------ ha	------------------	%	
1st crop Area	**316,159**	**313,487**	**69.8**	**-0.8**
Owned Area	111,279	111,064	24.7	-0.2
Leased Area	130,669	130,000	28.9	-0.5
Joint Ventures Area[2]	39,551	40,158	8.9	1.5
LandCo Area [3]	34,660	32,265	7.2	-6.9
2nd crop Area	**141,940**	**135,675**	**30.2**	**-4.4**
Owned Area	62,000	53,617	11.9	-13.5
Leased Area	56,611	54,245	12.1	-4.2
Joint Ventures Area[2]	8,516	10,389	2.3	22.0
LandCo Area [3]	14,813	17,424	3.9	17.6
Total Area	**458,099**	**449,162**	**100.0**	**-2.0%**

[1] Weather factors may affect the planted area forecast.
[2] Areas owned by Grupo Roncador and Mitsui.
[3] SLC Agrícola holds an 81.23% interest in SLC LandCo.

Property Appraisal

In 2019, a new independent appraisal of SLC Agrícola's property portfolio was concluded by the firm Deloitte Touche Tohmatsu, the result of which indicated a total value of R$3.8 billion, representing appreciation of 3.4% in relation to 2018. The average price per arable hectare of the Company's properties is currently R$18,415.

Property portfolio

The portfolio of properties under our management on **March 11, 2020** is presented below:

Table 37 Property Portfolio

Crop 2019/20 (ha) Farm	State	Owned[1]	SLC LandCo[2]	Leased	Joint Ventures	Under Control	Total Planted[3]
		ha					
Pamplona	GO	17,994		3,857		21,851	20,034
Pantanal	MS			25,726		25,726	42,883
Planalto	MS	15,006		1,635		16,641	22,154
Planorte	MT	23,454				23,454	30,912
Paiaguás	MT	28,129		16,502		44,631	63,403
Perdizes[5]	MT	28,893	13,288			42,181	26,295
Pioneira[4]	MT				19,485	19,485	29,874
Panorama	BA		10,373	14,253		24,626	21,753
Paladino[5]	BA				20,673	20,673	20,673
Piratini	BA		25,356			25,356	5,499
Palmares	BA	16,195	831	14,816		31,842	23,139
Parnaíba	MA	26,193		11,270		37,463	37,750
Palmeira	MA		10,200	14,480		24,680	21,094
Planeste	MA		22,785	16,631		39,416	59,089
Parceiro	BA	27,564	3,680	10,830		42,075	14,360
Paineira[6]	PI	12,892				12,892	-
Parnaguá	PI	21,932				21,932	10,250
Total	-	**218,252**	**86,513**	**130,000**	**40,158**	**474,924**	**449,162**

[1] Own property, includes Legal Reserve. [2] SLC Agrícola currently holds an 81.23% interest in SLC LandCo, while the Valiance fund holds 18.77%. [3] Including the second crop. Weather factors could affect the planted area forecast. [4] The Pioneira Farm is part of the joint arrangement with Grupo Roncador. [5] The Perdizes and Paladino Farms are part of the joint arrangements with Mitsui in SLC-Mit. [6] Farm leased to third parties.

Landbank

The current position of our landbank is presented below:

Table 38 Landbank

Hectares	Under Transformation	Under Licensing
SLC Agrícola		
Palmares	-	601
Parnaíba	-	1,464
Parnaguá	-	3,426
Parceiro	6,698	-
Subtotal	**6,698**	**5,491**
SLC LandCo		
Palmeira [1]	4,749	-
Piratini	9,993	-
Parceiro [1]	-	-
Subtotal	**14,742**	**-**
Total	**21,440**	**5,491**

[1] Areas acquired by SLC LandCo to be operated jointly with these farms.

Machinery base and Storage capacity

Table 39 Machinery Base and Storage Capacity

	2018	2019
Machinery (quantity)	867	**873**
Tractors	216	**212**
Grains Combiners	209	**206**
Cotton Pickers	76	**85**
Planters	212	**209**
Self propelled sprayers	154	**161**
Storage capacity (tons)		
Grains	764,000	**764,000**
% Production[1]	52%	**87%**
Cotton	125,148	**125,148**
% Production[1]	60%	**56%**

(1) Estimate based on the forecasted planted area and yield for 2019/20 crop year.

Net Asset Value

Table 40 Net Asset Value – NAV

(R$ million)	4Q19
SLC Agrícola Farms[1]	2,604
SLC LandCo Farms[1]	754
Infrastructure (excl. land)	1,045
Accounts Receivable (excl. derivatives)	168
Inventories	1,004
Biological Assets	757
Cash	846
Subtotal	7,178
Suppliers	849
Gross debt adjusted by results of operations with derivates	1,708
Outstanding debt related to land acquisition	-
Subtotal	*2,557*
Net asset value	4,621
Net Asset value per share (190,595,000 shares)	24.2

(1) Based on the independent appraisal report (Deloitte, 2019), net of taxes.
NOTE: All accounts are adjusted by SLC Agrícola's interests in subsidiaries/joint ventures

Debt

Figure 13 Change in Adjusted Gross Debt (R$ '000)

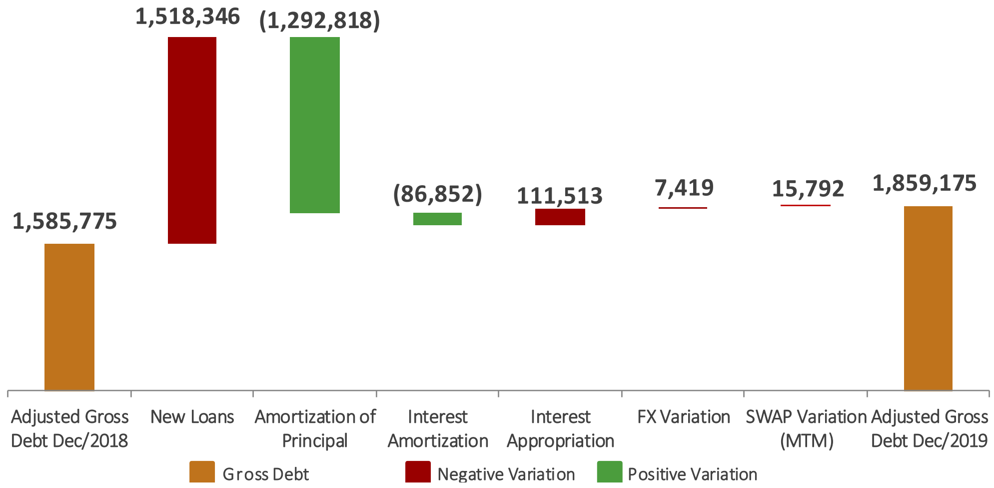


Figure 14 Gross Debt Amortization Schedule (R$ '000)

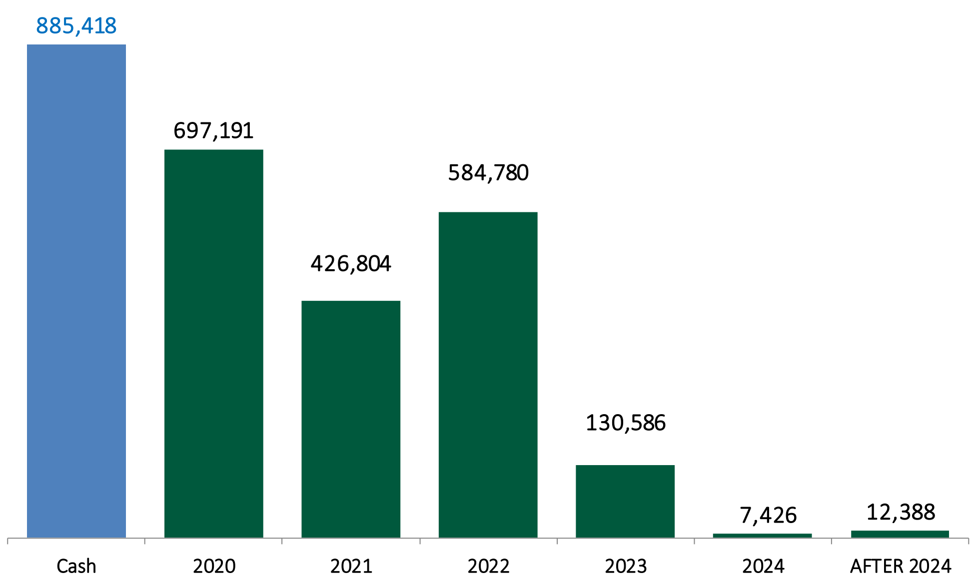


Figure 15 Gross Debt Profile

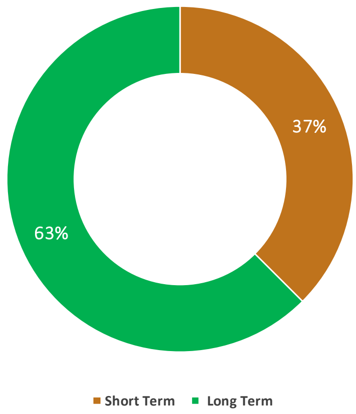
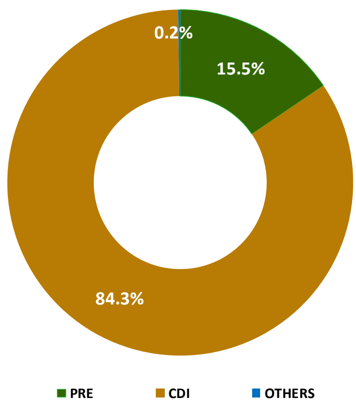
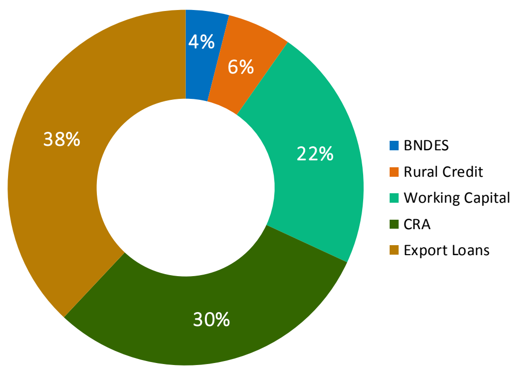
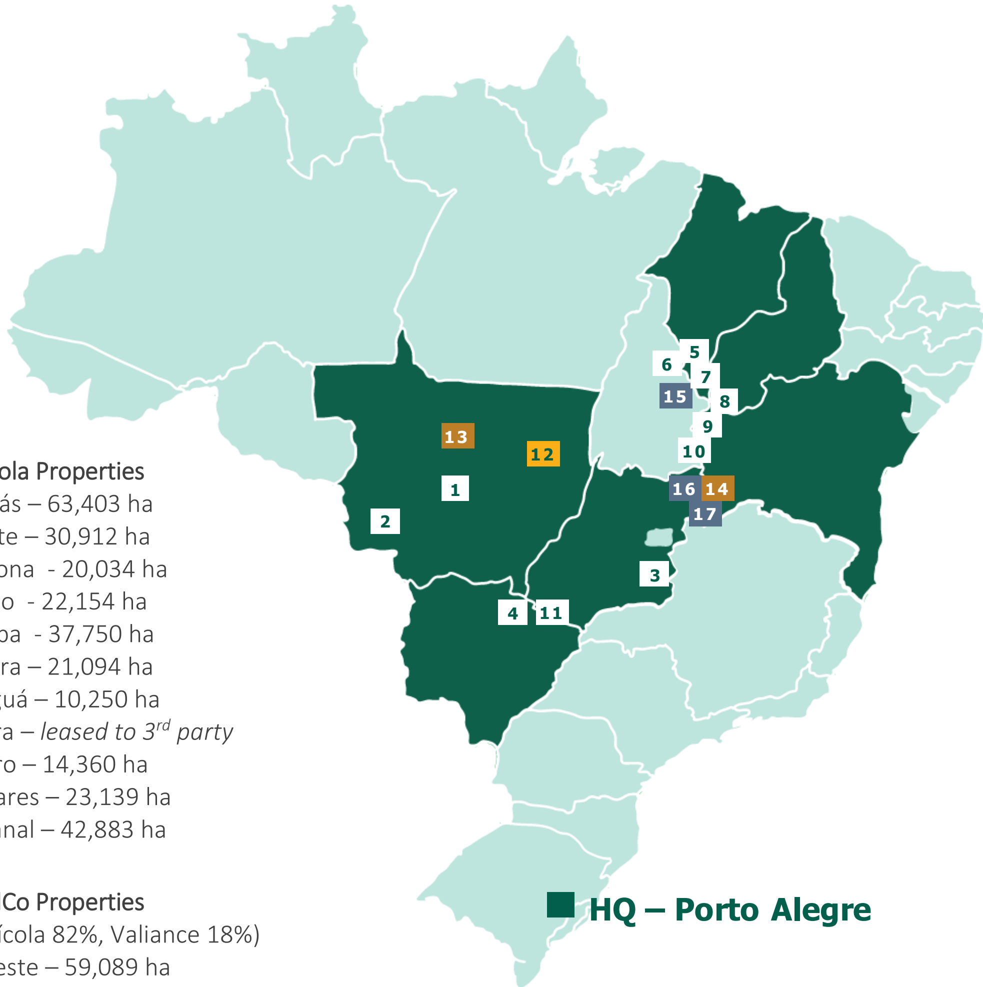


Figure 16 Gross Debt by Index and Instrument





Location of Production Units and Headquarters



SLC Agrícola Properties
1. Paiaguás – 63,403 ha
2. Planorte – 30,912 ha
3. Pamplona - 20,034 ha
4. Planalto - 22,154 ha
5. Parnaíba - 37,750 ha
6. Palmeira – 21,094 ha
7. Parnaguá – 10,250 ha
8. Paineira – *leased to 3rd party*
9. Parceiro – 14,360 ha
10. Palmares – 23,139 ha
11. Pantanal – 42,883 ha

SLC LandCo Properties
(SLC Agrícola 82%, Valiance 18%)
15. Planeste – 59,089 ha
16. Panorama – 21,753 ha
17. Piratini – 5,499 ha

Joint Venture with Grupo Roncador
12. Pioneira – 29,874 ha

Joint Venture with Mitsui Co.
13. Perdizes – 26,295 ha
14. Paladino – 20,673 ha

Disclaimer

This release makes statements concerning future events that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our Management and on the information currently available to the Company. Forward-looking statements include information on our current plans, beliefs or expectations, as well as those of the Company's directors and officers. Forward-looking statements include information on potential or assumed operating results as well as statements that are preceded, followed by or include the words "believe," "may," "will," "continue," "expect," "project," "intend," "plan," "estimate" or similar expressions. Forward-looking statements and information provide no guarantee of performance. Because they refer to future events, they involve risks, uncertainties and assumptions and as such depend on circumstances that may or may not occur. The Company's future results and creation of value for shareholders may differ significantly from the figures expressed or suggested in the forward-looking statements. Many factors that will determine these results and values are beyond our capacity to control or predict.

Exhibit 1 – Balance Sheet – Assets

(R$ thd)	*2018*	*AV*	*2019*	*AV*	*AH*
Assets	2,582,026	44.9%	3,090,810	44.4%	19.7%
Cash and cash equivalents	512,308	8.9%	829,427	11.9%	61.9%
Short-term interest earnings bank deposits	130,428	2.3%	55,342	0.8%	-57.6%
Accounts receivable	131,546	2.3%	178,405	2.6%	35.6%
Advances to suppliers	8,520	0.1%	2,443	0.0%	-71.3%
Inventories	868,522	15.1%	1,071,354	15.4%	23.4%
Biological assets	705,390	12.3%	780,589	11.2%	10.7%
Recoverable taxes	86,943	1.5%	41,943	0.6%	-51.8%
Securities and credits receivable	66,342	1.2%	71,657	1.0%	8.0%
Operations with derivatives	60,222	1.0%	34,008	0.5%	-43.5%
Intercompany transactions	6	0.0%	11	0.0%	83.3%
Other accouns receivable	5,290	0.1%	11,412	0.2%	115.7%
Prepaid expenses	5,060	0.1%	14,030	0.2%	177.3%
Assets held for sale	1,449	0.0%	189	0.0%	-87.0%
Non-current assets	3.173,511	55.1%	3,867,319	55.6%	21.9%
Financial investments at fair value	-	0.0%	650	0.0%	n.m.
Recoverable taxes	82,895	1.4%	122,469	1.8%	47.7%
Deferred income and social contribution taxes	17,168	0.3%	22,517	0.3%	31.2%
Operations with derivatives	8,770	0.2%	11,328	0.2%	29.2%
Accounts receivable	-	0.0%	5,248	0.1%	n.m.
Advances to suppliers	46,176	0.8%	30,241	0.4%	-34.5%
Prepaid expenses	2,659	0.0%	528	0.0%	-80.1%
Other credits	15,643	0.3%	7,945	0.1%	-49.2%
	173,311	3.0%	200,926	2.9%	15.9%
Property, plant and equipment	209,082	3.6%	217,010	3.1%	3.8%
Right of use asset	-	0.0%	555,031	8.0%	n.m.
Property, plant and equipment	2,784,265	48.4%	2,878,989	41.4%	3.4%
Intangible	6,853	0.1%	15,363	0.2%	124.2%
	3,000,200	52.1%	3,666,393	52.7%	22.2%
TOTAL ASSETS	5,755,537	100.0%	6,958,129	100.0%	20.9%

Exhibit 2 – Balance Sheet – Liabilities

(R$ thd)	*2018*	*AV*	*2019*	*AV*	*AH*
Liabilities	1,890,191	32.8%	2,043,561	29.4%	8.1%
Suppliers	703,564	12.2%	922,000	13.3%	31.0%
Loans and financing	738,712	12.8%	699,515	10.1%	-5.3%
Taxes, rates and sundry contributions	24,656	0.4%	57,510	0.8%	133.2%
Social charges and labor legislation obligations	63,007	1.1%	54,572	0.8%	-13.4%
Advances from clients	42,163	0.7%	33,289	0.5%	-21.0%
Debts with realted parties	153	0.0%	125	0.0%	-18.3%
Operations with derivatives	139,866	2.4%	55,230	0.8%	-60.5%
Securities payable	11,567	0.2%	12,273	0.2%	6.1%
Provisions for tax, environmental and labor risks	2,397	0.0%	4,121	0.1%	72.0%
Dividends payable	91,804	1.6%	73,759	1.1%	-19.7%
Leases payable	58,742	1.0%	225	0.0%	-99.6%
Third party lease liability	-	0.0%	114,567	1.6%	n.m.
Others accounts payables	13,560	0.2%	16,375	0.2%	20.8%
Non-current liabilities	1,070,593	18.6%	1,930,147	27.7%	80.3%
Loans and financing	866,359	15.1%	1,160,251	16.7%	33.9%
Deferred taxes	196,247	3.4%	247,531	3.6%	26.1%
Operations with derivatives	7,932	0.1%	5,643	0.1%	-28.9%
Securities payable	-	0.0%	1,412	0.0%	n.m.
Other debits	55	0.0%	161	0.0%	192.7%
Third party lease liability	-	0.0%	515,149	7.4%	n.m.
Shareholder's Equity	2,794,753	48.6%	2,984,421	42.9%	6.8%
Capital	947,522	16.5%	947,522	13.6%	0.0%
Capital Reserves	102,704	1.8%	97,760	1.4%	-4.8%
(-) Treasury shares	(36,816)	-0.6%	(64,321)	-0.9%	74.7%
Profit reserves	496,797	8.6%	621,831	8.9%	25.2%
Other comprehensive income	1,087,961	18.9%	1,181,885	17.0%	8.6%
Non-controlling shareholders in subsidiaries	196,585	3.4%	199,744	2.9%	1.6%
TOTAL LIABILITIES	5,755,537	100.0%	6,958,129	100.0%	20.9%

Exhibit 3 – Income Statement for The Fiscal Year

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Net Operating Revenue	**2,099,177**	**2,535,905**	**20.8%**	**803,021**	**819,109**	**2.0%**
Cotton lint	1,088,621	1,212,573	11.4%	607,477	593,350	-2.3%
Cotton seed	80,496	77,154	-4.2%	34,654	24,489	-29.3%
Soybean	875,235	1,036,218	18.4%	165,063	119,286	-27.7%
Corn	146,151	253,376	73.4%	50,395	67,308	33.6%
Others	39,483	72,874	84.6%	19,332	35,128	81.7%
Hedge Income/Loss	(130,809)	(116,290)	-11.1%	(73,900)	(20,452)	-72.3%
Change of the Fair Value of Biological Assets	**724,291**	**504,751**	**-30.3%**	**67,492**	**86,308**	**27.9%**
Cost of goods sold	**(1,358,234)**	**(1,733,206)**	**27.6%**	**(520,295)**	**(581,307)**	**11.7%**
Cotton lint	(567,966)	(762,874)	34.3%	(326,487)	(424,403)	30.0%
Cotton seed	(52,980)	(61,257)	15.6%	(21,663)	(18,400)	-15.1%
Soybean	(567,844)	(644,331)	13.5%	(109,607)	(64,931)	-40.8%
Corn	(133,109)	(198,182)	48.9%	(40,966)	(45,321)	10.6%
Others	(36,335)	(66,562)	83.2%	(21,572)	(28,252)	31.0%
Realization of the Fair Value of Biological Assets	**(619,276)**	**(524,266)**	**-15.3%**	**(234,645)**	**(125,029)**	**-46.7%**
Gross Income	**845,958**	**783,184**	**-7.4%**	**115,573**	**199,081**	**72.3%**
Operating expenses/income	(188,201)	(224,472)	19.3%	(58,595)	(65,189)	11.3%
Sales expenses	(118,674)	(152,972)	28.9%	(55,228)	(63,473)	14.9%
General and administrative expenses	(87,533)	(89,324)	2.0%	(27,542)	(23,005)	-16.5%
General and administrative	(51,573)	(63,236)	22.6%	(14,142)	(16,183)	14.4%
Provision for profit share program	(35,960)	(26,088)	-27.5%	(13,400)	(6,822)	-49.1%
Management compensation	(13,981)	(13,827)	-1.1%	(2,486)	(3,056)	22.9%
Other operating income (expenses)	31,987	31,651	-1.1%	26,661	24,345	-8.7%
Income (loss) before financial income (loss) and taxes	**657,757**	**558,712**	**-15.1%**	**56,978**	**133,892**	**135.0%**
Financial income	286,606	203,659	-28.9%	108,642	88,010	-19.0%
Financial expenses	(359,282)	(347,709)	-3.2%	(126,137)	(133,334)	5.7%
Income (loss) before income tax	**585,081**	**414,662**	**-29.1%**	**39,483**	**88,568**	**124.3%**
Income and social contribution taxes	(178,580)	(99,621)	-44.2%	(6,024)	98	n.m.
Current	(97,023)	(90,856)	-6.4%	(59,253)	(56,069)	-5.4%
Deffered	(81,557)	(8,765)	-89.3%	53,229	56,167	5.5%
Net Income (loss) for the period	**406,501**	**315,041**	**-22.5%**	**33,459**	**88,666**	**165.0%**
Assigned to Members of the Parent Company	381,250	311,514	-18.3%	34,088	84,554	148.0%
Attributed to Non-Controlling Partners	25,251	3,527	-86.0%	(629)	4,112	n.m.

Exhibit 4 – Statement of Cash Flows

(R$ thd)	2018	2019	AH	4Q18	4Q19	AH
Net cash from operational activities	**407,509**	**532,161**	**30.6%**	**204,039**	**463,513**	**127.2%**
Cash generated in operations	**787,403**	**778,746**	**(1.1%)**	**277,194**	**178,039**	**(35.8%)**
Net income (loss) before income and social contribution taxes	585,081	414,662	(29.1%)	39,483	88,570	124.3%
Depreciation and amortization	111,231	105,810	(4.9%)	47,260	29,994	(36.5%)
Income from write-off of permanent assets	5,783	(17,811)	n.m.	(5,006)	(26,465)	428.7%
Interest, foreign exchange variation and price-level restatement	147,944	143,595	(2.9%)	12,686	16,244	28.0%
Share-based compensation	4,442	5,386	21.3%	1,162	1,426	22.7%
Variation in biological assets	(105,015)	19,515	n.m.	167,153	38,720	(76.8%)
Inventory adjustment provision at market value	-	14	100%	-	14	100.0%
Provision (reversal) of profit sharing and labor contingencies	35,910	26,088	(27.4%)	13,394	7,228	(46.0%)
Fair Value of Investment Properties	(7,051)	(7,928)	12.4%	(7,051)	(7,928)	12.4%
Other ajusts	9,078	(1,528)	n.m.	8,113	405	(95.0%)
Avp - Lease Liability (IFRS 16)	-	47,607	100%	-	14,183	100.0%
Amortization of right of use (IFRS 16)	-	43,336	100%	-	15,648	100.0%
Changes in assets and liabilities	**(379,894)**	**(246,585)**	**(35.1%)**	**(73,155)**	**285,474**	**n.m.**
Trade accounts receivable	36,582	(46,859)	n.m.	(37,750)	57,604	n.m.
Inventories and biological assets	(369,341)	(242,579)	(34.3%)	(218,052)	(53,686)	(75.4%)
Recoverable taxes	(61,085)	5,426	n.m.	(30,146)	(6,097)	(79.8%)
Accounts receivable	-	-	-	80	-	(100.0%)
Interest earnings bank deposits-pledged	7,361	74,436	911.2%	(79,323)	42,827	n.m.
Other accounts receivable	4,135	(3,898)	n.m.	1,521	30,804	n.m.
Advances to suppliers	12,085	22,012	82.1%	(4,924)	8,720	n.m.
Suppliers	267,231	187,492	(29.8%)	399,363	376,918	(5.6%)
Taxes and social payables	(68,710)	(52,826)	(21.9%)	(24,925)	(6,712)	(73.1%)
Debts with related parties	147	(33)	n.m.	(731)	(156)	(78.7%)
Operations with derivatives	(10,275)	(1,087)	(89.4%)	63,682	2,993	(95.3%)
Securities payable	(5,975)	(705)	(88.2%)	(1,566)	(2,823)	80.3%
Advances from clients	(56,488)	(8,874)	(84.3%)	(81,010)	(90,680)	11.9%
Lease	21,254	(58,517)	n.m.	13,881	(22,457)	n.m.
Other accounts payable	22,273	(1,882)	n.m.	1,350	869	n.m.
Income tax and social contribution paid	(80,106)	(31,839)	(60.3%)	(33,964)	(11,454)	(66.3%)
Interest paid	(98,982)	(86,852)	(12.3%)	(40,641)	(41,196)	1.4%
Net cash used in investment activities	**(191,781)**	**(160,300)**	**(16.4%)**	**(16,368)**	**6,340**	**n.m.**
In Fixed assets	(248,166)	(235,175)	(5.2%)	(77,836)	(33,808)	(56.6%)
In Intangible assets	(7,404)	(5,746)	(22.4%)	(2,321)	(1,474)	(36.5%)
Receipt from sale of land	63,789	80,621	26.4%	63,789	41,622	(34.8%)
Net cash before cash used in investment activities	**215,728**	**371,863**	**72.4%**	**187,671**	**469,853**	**150.4%**
Net cash generated/(consumed) in financing activities	**(314,959)**	**(54,742)**	**(82.6%)**	**(69,098)**	**(244,356)**	**253.6%**
Sale (repurchase) of shares	(75,391)	(37,835)	(49.8%)	362	3,910	980.1%
Loans and financing obtained	1,037,225	1,512,923	45.9%	541,119	403,655	(25.4%)
Loans and financing paid	(1,065,697)	(1,269,658)	19.1%	(599,475)	(634,133)	5.8%
Dividends paid	(211,096)	(181,243)	(14.1%)	(11,104)	-	(100.0%)
Payd leases	-	(78,929)	100.0%	-	(17,788)	100.0%
Increase (decrease) in cash and cash equivalents	**(99,231)**	**317,119**	**n.m.**	**118,573**	**225,497**	**90.2%**
Opening balance of cash and cash equivalents	**611,539**	**512,308**	**(16.2%)**	**393,735**	**603,930**	**53.4%**
Closing balance of cash and cash equivalents	**512,308**	**829,427**	**61.9%**	**512,308**	**829,427**	**61.9%**

Presented Free Cash	215,728	371,861	72.4%	187,671	469,853	150.4%
Change in financial investments account[1]	7,361	74,436	911.2%	(79,323)	42,827	n.m.
Paid Leases[2]	-	(78,929)	100.0%	-	(17,788)	100.0%
(-) Payment of CRA Costs	-	(5,423)	100.0%	-	-	n.m.
Adjusted Free Cash	**208,367**	**213,073**	**2.3%**	**266,994**	**409,238**	**53.3%**

[1] The variations of said account are non-cash.

[2] Due to the adoption of IFRS 16, the payment of leases is now accounted in the Statement of Cash Flows under Financing Activities. However, it should be considered as operating cash disbursement.

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