LINGUALIZE Business Cases



TEACHING NOTE

The AgroGalaxy Case

2021 – 2024

Brazilian farmers plant on credit. You run the company that sells them seed, fertilizer and crop chemicals, and waits until the harvest to be paid. You have just gone public, soy prices are high, and everyone wants you to grow. You are the CEO of AgroGalaxy.

NÍVEL	DURAÇÃO
B1 em diante	30, 45 ou 60 min + 15 min de jogo
FORMATO	**DECISÕES**
Individual, dupla ou turma	4, cada uma com desfecho em vídeo

lingualize.com.br/business-cases-em-ingles/agrogalaxy

ANTES DA AULA

O que este caso ensina

NEGÓCIO

Crescimento × disciplina de crédito; incentivos da força de vendas; integração depois de aquisições; capital de giro e covenants; o que fazer na virada do ciclo; recuperação judicial × recuperação extrajudicial.

LÍNGUA

Argumentar e discordar em inglês (I'd rather…, The risk is…, If we…, we'd…) e vocabulário de negócios em contexto.

O FIO DO CASO

Grow → Pay for sales → Hold the network → Court

Revenue almost tripled while the company's value fell by 90%. Each decision chose growth, or hope, over getting paid: more stores, commission on sales, a network kept through the downturn. In a business where 80% of sales are credit, the risk was decided by the people paid to sell.

Como conduzir

1. **Abra com o vídeo (5 min).** Mostre o vídeo de abertura. Pergunte: o que você faria nos primeiros cinco minutos nessa cadeira?
2. **Uma decisão por vez.** Leia o briefing em voz alta (ou deixe o aluno ler), faça a pergunta e peça um voto antes de qualquer debate. Registre o voto de cada um.
3. **Discuta com as perguntas-guia.** Uma por vez. Cobre: "Why?", "Give me a number.", "Defend the other option."
4. **Revele o desfecho só depois do voto.** Cada decisão tem um vídeo curto com o que a empresa fez e no que deu. Ele é o clímax: nunca antes do voto.
5. **Feche jogando.** Os alunos jogam o caso sozinhos (15 min) e comparam o resultado deles com o real (R$249M).

> **Correção de inglês.** Não interrompa o aluno no meio da frase. Anote os erros e corrija no fim de cada decisão, em bloco. O caso funciona porque o aluno se arrisca a argumentar.

VERSÕES DE TEMPO

30 min

Abertura + decisões 1 e 2. Prós e contras só da opção escolhida pela turma.

45 min

Abertura + as 4 decisões, 2 perguntas-guia em cada. Debate final com 1 pergunta.

60 min

Abertura + as 4 decisões completas, com todas as opções e o cenário alternativo. Debate final com 3 perguntas.

DECISION 1 · JULY 2021

What do you do with the R$350 million?



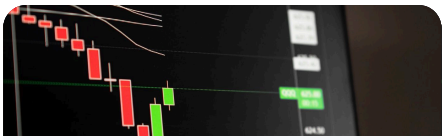
THE PLATFORM

Since 2016, a private equity fund has bought regional farm-input retailers, one by one. In October 2020, it joined them into one company, AgroGalaxy. Today it has 104 stores in 9 states and sells seed, fertilizer and crop chemicals to 18,000 farmers.



THE MODEL

A farmer needs inputs months before he has any grain to sell. So you deliver now, and he pays at harvest. About 80% of your sales are made this way. You are a store, and you are also the farmer's lender.



THE STOCK EXCHANGE

Your first attempt to go public was cancelled in March. The second one raised 350 million reais, at the bottom of the price range. On the first day of trading, the stock fell 22.5%. You are the CEO.

R$350M Raised in the IPO

−22.5% Stock price, first day

~80% Sales made on credit

R$787M Net debt, June 2021

THE OPTIONS

STRONG MOVE

One company

Spend on integration: one credit file per farmer, one rating, one collection team. Buy later.

+ You know what each farmer owes across all your stores
+ The next retailer you buy plugs into a machine that works
− No new stores, no headlines, a stock price that goes nowhere
− Competitors are buying the retailers you wanted

IF CHOSEN

Revenue grows more slowly, and for a year analysts call you timid. When prices turn, you see the same farmer borrowing in three of your stores before he stops paying, not after.

HALF RIGHT

WHAT AGROGALAXY DID

More stores

Buy more retailers and open new stores. Growth is what you promised.

+ It is the plan investors bought: consolidate a market of small retailers
+ Scale gives you better prices from suppliers
− Every company you buy brings its own clients, habits and credit history
− More stores means more credit, and you borrow to fund it

WHAT HAPPENED

This is what AgroGalaxy did. It completed two acquisitions and added 55 stores by the end of 2022, 23 of them newly opened. Revenue went from 4.1 billion reais in 2020 to 11.6 billion in 2022.

COSTLY MOVE

More credit

Use the cash to give farmers longer terms and win clients from competitors.

+ The fastest way to win a client is to finance him
+ No stores to buy, no companies to integrate
− The farmer who changes supplier for credit is often the one nobody else will finance
− You are funding long loans with expensive money

IF CHOSEN

Sales grow quickly, and you attract exactly the farmers other retailers had stopped financing. You carry a bigger loan book, funded with borrowed money. The first bad harvest hits you before anyone else.

GUIDING QUESTIONS

1. Investors paid for growth. Is a CEO free to choose something slower? What does it cost him?
2. "You are a store, and you are also the farmer's lender." Which of the two businesses is harder to run?
3. The fund bought the retailers one by one. What must be integrated first: brands, systems, people or credit?
4. In your company, what grew faster than your ability to control it?

to go public abrir capital: vender ações da empresa na bolsa pela primeira vez

inputs insumos: semente, fertilizante e defensivo

WHAT REALLY HAPPENED (REVEAL VIDEO)

AgroGalaxy used the money to grow. It completed two acquisitions and added 55 stores by the end of 2022. Revenue almost tripled in two years, from 4.1 billion reais to 11.6 billion. Net debt went from 654 million reais at the end of 2021 to 1.5 billion.

THE LESSON

When 80% of your sales are credit, every new store is also a new loan.

DECISION 2 · MARCH 2022

How do you pay your sales force?



THE BOOM

On March 10, 2022, soy reaches 207 reais a bag at the port of Paranaguá, the highest price ever recorded. The war in Ukraine has pushed fertilizer prices up too. Farmers want more of everything, and they want it on credit.



THE CONSULTANTS

You have about 500 sales consultants, and you are hiring more. They visit the farms, recommend the products and close the sale. Their commission is a percentage for reaching the sales target.



THE MONEY

Your customers owe you 2.7 billion reais. Bad debt costs you about 1% of input sales a year, which looks small. The Selic, Brazil's benchmark interest rate, has gone from 2% to more than 10% in one year, and you borrow to finance your clients.

R$207 Soy at Paranaguá, record

~500 Sales consultants

R$2.7B Owed by customers

~1% Bad debt, share of input sales

THE OPTIONS

COSTLY MOVE

WHAT AGROGALAXY DID

On sales

Commission for reaching the sales target, as today.

+ Simple, and everybody in the industry does it
+ In a boom, your best sellers earn a lot and stay
− The person closest to the farmer gains nothing by saying no
− Risk shows up in your numbers a year after the commission is paid

WHAT HAPPENED

This is what AgroGalaxy's reports describe: a commission for reaching sales targets, and revenue per consultant as a measure of productivity. Nothing in them links pay to collection. In 2022, revenue grew 76%, and what customers owed grew from 2.7 billion reais to 4.7 billion.

HALF RIGHT

On salary

Fixed pay for consultants. A separate credit team approves every sale.

+ Nobody earns more by selling to a farmer who cannot pay
+ Credit is decided by people trained to decide it
− Top consultants leave, and their farmers follow them
− Sales and credit become two teams that blame each other

IF CHOSEN

Your loan book stays clean. In the best year the industry has ever seen, your consultants watch rivals earn double, and many leave with their clients. You are safer and much smaller.

STRONG MOVE

On cash collected

Commission is paid when the farmer pays. Sales targets depend on each client's credit rating.

+ The person who knows the farm best now cares whether the farm can pay
+ A sale to a weak client stops counting as a good sale
− You sell less in the boom, and your rivals take the difference
− Consultants wait months for their money, and some will leave

IF CHOSEN

You miss part of the boom. When prices fall, your consultants are already your collection team. In 2025, another retailer, Agro Amazônia, set sales targets by client rating and cancelled 750 million reais in orders. The share of soy payments it received by the due date rose from 76% in 2024 to 91% in 2026. Its revenue fell from 5.2 billion reais to about 4 billion.

GUIDING QUESTIONS

1. Who knows better whether a farmer will pay: the consultant who visits him or the analyst in the office? Who decides in your company?
2. Bad debt was about 1% of input sales for three years. Why is a number like this dangerous in a boom?
3. "People do what you pay them to do." Give one example from your own career.
4. If commission depends on collection, what new problems do you create?

receivables contas a receber: o que os clientes devem à empresa

bad debt dívida que o cliente não vai pagar; a perda com calote

WHAT REALLY HAPPENED (REVEAL VIDEO)

AgroGalaxy's reports describe commissions as a percentage for reaching sales targets. Nothing in them links pay to collection. In 2022, revenue grew 76%, to 11.6 billion reais, and commissions grew with it. The amount customers owed the company went from 2.7 billion reais to 4.7 billion.

THE LESSON

People do what you pay them to do. Pay for sales and you get sales; pay for cash and you get paid.

DECISION 3 · 2023

The cycle has turned. What do you do?



THE INVENTORY

Fertilizer now costs almost half of what it cost at last year's peak. You ended 2022 with 1.7 billion reais of products in your warehouses, much of it bought at the top. Every week, they are worth less.



THE FARMERS

Soy is falling too. Many farmers planted with inputs bought at record prices. Some ask for one more season to pay. Your consultants say that a farmer you help now will be your client for life.



THE LENDERS

The Selic rate is 13.75%. Your contracts with lenders set a limit: net debt of at most three times your yearly operating profit. Profit is falling, and you are moving above that limit.

≈ −50% Fertilizer, against the 2022 peak

R$1.7B Inventory, end of 2022

13.75% Selic interest rate

3× EBITDA Debt limit in your contracts

THE OPTIONS

HALF RIGHT

WHAT AGROGALAXY DID

Keep the network

Collect hard, cut inventory and buy no more companies. Keep the stores and wait for prices to recover.

+ You keep the stores and the people for when the cycle turns
+ Cutting inventory frees cash quickly
− More than 160 stores still need credit to sell
− If prices take two years to recover, you do not have two years

WHAT HAPPENED

This is what AgroGalaxy did in 2023. It reported more than 600 clients to credit bureaus, cut inventory and made no new acquisitions. It was still opening stores early in the year, and closed none until February 2024, when it closed 19. The company later told a court that in March 2024 late payments reached 60% of what it billed.

STRONG MOVE

Shrink by choice

Close weak stores, cancel orders from poorly rated farmers and sell only with grain or guarantees behind the sale.

+ Every sale you keep is a sale you will be paid for
+ You choose which stores to close, and when
− You fire people and leave towns where you are the main supplier
− A listed company that shrinks loses the investors who came for growth

IF CHOSEN

You give up sales on purpose and are called a failure in 2023. One year later, AgroGalaxy closed about half of its stores in one month, because it had to. You did it earlier, in an orderly way, and with your suppliers still on your side.

COSTLY MOVE

One more season

Give farmers more time to pay, and keep selling to them. Loyalty is built in bad years.

+ Farmers remember who stood by them
+ Sales hold up while rivals pull back
− You lend new money to recover old money
− Your lenders are counting, and you are above the limit

IF CHOSEN

The farmers are grateful, and they still cannot pay. Next season you finance them again, with money that costs you almost 14% a year. When the lenders call, your largest asset is a pile of old promises.

GUIDING QUESTIONS

1. Why is it so hard for a listed company to say "we are going to be smaller"?
2. A farmer has bought from you for twenty years and cannot pay this season. What do you do?
3. The company did many right things in 2023. Why was it not enough?
4. What is the difference between shrinking by choice and shrinking by force? Who pays in each case?

covenant cláusula do contrato de dívida que impõe um limite (por exemplo, de endividamento)

to roll over a debt rolar a dívida: dar novo prazo em vez de receber

WHAT REALLY HAPPENED (REVEAL VIDEO)

AgroGalaxy collected hard, cut inventory and made no new acquisitions, but kept its network. Revenue fell 19% in 2023 and the company lost about 335 million reais. It closed 19 stores in February 2024. The company later told a court that in March 2024 late payments reached 60% of its billings.

THE LESSON

Shrink by choice while you can, or the market will shrink you by force.

DECISION 4 · SEPTEMBER 2024

The payment is due. What do you do?



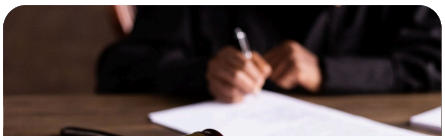
THE HARVEST

The soy harvest in Mato Grosso, the largest producer in Brazil, was about 16% smaller this year. In January, soy at the port averaged 127 reais a bag. In March, late payments reached 60% of everything you billed.



THE BALANCE

Customers owe you 1.6 billion reais that is already overdue. You owe your suppliers about 1.1 billion that is overdue too. Your controlling shareholder has put in more than 300 million since December. The stock trades at about one real.



THIS WEEK

This week you owe investors 70 million reais. If you miss it, a debt of 500 million becomes due at once. If you pay it, you have no cash to buy inputs, and the planting season is starting now.

60% of billings Late payments, March 2024

R$1.6B Owed by customers, overdue

R$70M Due this week

149 Stores

THE OPTIONS

COSTLY MOVE

Pay

Pay the 70 million. A company that pays its investors keeps its good name.

+ No default, no headlines, no court
+ You buy time to keep negotiating
− The cash you need to buy products for the season is gone
− The next payment comes in a few months, and you will not have it

IF CHOSEN

You pay, and you start the planting season with nothing to sell. Suppliers ask for cash in advance. Three months later the next payment arrives, and you file anyway, smaller and with less cash than today.

HALF RIGHT

A private deal

Negotiate a restructuring directly with suppliers and banks, without a full court process.

+ Suppliers keep delivering while you talk
+ Farmers do not read in the newspaper that you are in court
− One creditor who refuses can take your cash while the others wait
− You have days, and a deal like this takes months

IF CHOSEN

A larger rival, Lavoro, took this road in 2025: an out-of-court restructuring of 2.5 billion reais with its suppliers. One year later, it filed for judicial reorganization too.

STRONG MOVE

WHAT AGROGALAXY DID

Court protection

File for judicial reorganization. Debts are frozen while you present a plan.

+ No creditor can take your cash or your stock while the plan is voted
+ You keep the money you have to operate this season
− Suppliers who are not paid stop delivering on credit
− Farmers hesitate to deliver grain to a company in court

WHAT HAPPENED

This is what AgroGalaxy did, on September 18, 2024. The CEO and five board members resigned the same day. In one month, the company closed about half of its stores. Creditors approved its plan in April 2025.

GUIDING QUESTIONS

1. Was there a good option in September 2024? When was the last moment with a good option?
2. Judicial reorganization protects cash and destroys trust. Which one does a retailer need more?
3. The CEO and five board members left on the day of the filing. What does that tell creditors? And employees?
4. Explain the difference between a liquidity problem and a solvency problem, using this case.

judicial reorganization recuperação judicial: a empresa suspende as dívidas e negocia um plano com os credores, sob um juiz

to default deixar de pagar uma dívida no vencimento

WHAT REALLY HAPPENED (REVEAL VIDEO)

On September 18, 2024, AgroGalaxy filed for judicial reorganization, with debts of about 4.6 billion reais. Its CEO and five board members resigned that day. By April 2025, it had gone from 149 stores to 65. The stock, sold at 13.75 reais in 2021, closed that day at 98 cents.

THE LESSON

A sale is only finished when it is paid.

DEPOIS DAS 4 DECISÕES

Final debate

1. AgroGalaxy had data: in 2021 it announced that satellite monitoring had cut defaults by up to 60% at some of its companies. In March 2024, by its own account, late payments reached 60% of billings. What does data not solve?

2. Revenue almost tripled while the value of the company fell. Which numbers should the board have been watching?

3. Was this a failure of the CEO, of the fund that backed the growth plan, of the sales force or of the market? Divide the blame into percentages and defend your numbers.

4. “Credit is a business of saying no.” Who in your company is paid to say no?

5. Farming is cyclical. What should a company do in the best year of the cycle to survive the worst one?

> **Antes da primeira turma.** Jogue o caso sozinho, fazendo as decisões de formas diferentes, para conhecer os cenários alternativos que os alunos vão encontrar.

PARA IR ALÉM DO JOGO

A literatura por trás do caso

O que os autores de gestão dizem sobre cada decisão. Use uma ideia por decisão, depois do desfecho, como fecho da discussão.

Kerr, S. (1975). On the folly of rewarding A, while hoping for B. Academy of Management Journal, 18(4), 769–783.

As empresas pagam por um comportamento e esperam outro. As pessoas fazem o que é recompensado, não o que é desejado.

NO CASO Decisão 2. A comissão pagava a venda; a empresa esperava receber.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(4), 305–360.

Quem decide (o agente) e quem arca com o risco (o principal) têm interesses diferentes; o contrato de remuneração é o que os alinha ou os separa.

NO CASO Decisões 1 e 2. O consultor decide o crédito e não arca com o calote; o fundo pede crescimento e o banco carrega a dívida.

Churchill, N. C., & Mullins, J. W. (2001). How fast can your company afford to grow? Harvard Business Review, 79(5), 135–143.

Toda empresa tem uma taxa de crescimento que o próprio caixa sustenta. Crescer acima dela exige dinheiro de fora, e o ciclo de caixa decide qual é essa taxa.

NO CASO Decisão 1. Vender a prazo até a colheita alonga o ciclo de caixa; triplicar a receita foi financiado com dívida.

Haspeslagh, P. C., & Jemison, D. B. (1991). Managing Acquisitions: Creating Value Through Corporate Renewal. Free Press.

O valor de uma aquisição se cria (ou se perde) na integração, não na compra.

NO CASO Decisão 1. Revendas compradas uma a uma, cada uma com os seus clientes e a sua história de crédito.

Minsky, H. P. (1986). Stabilizing an Unstable Economy. Yale University Press.

Na bonança, o crédito fica cada vez mais frouxo e a estabilidade gera a instabilidade: quem empresta acaba financiando quem só paga se os preços continuarem subindo.

NO CASO Decisões 2 e 3. Soja recorde em 2022, plantio caro a prazo e preços em queda na colheita.

Sull, D. N. (1999). Why good companies go bad. Harvard Business Review, 77(4), 42–52.

Inércia ativa: diante de uma mudança, a empresa acelera o que deu certo no passado em vez de mudar.

NO CASO Decisão 3. Cobrar com força e manter a rede inteira, esperando o ciclo voltar.

Gilson, S. C. (2010). Creating Value Through Corporate Restructuring: Case Studies in Bankruptcies, Buyouts, and Breakups (2nd ed.). Wiley.

Reestruturar dentro ou fora do tribunal: custos, tempo e o problema do credor que não assina.

NO CASO Decisão 4. Recuperação judicial × acordo extrajudicial (o caminho da Lavoro).

Fontes dos fatos. Documentos da AgroGalaxy Participações (ri.agrogalaxy.com.br): Formulário de Referência 2021 (itens 4.1, 6.3, 7.1 e 14.3), Fatos Relevantes de 19 e 22/7/2021 (oferta de ações), releases de resultado de 2021, 2022, 1T23, 2023, 2T24 e 2024, Fato Relevante de 19/3/2024 (covenants), petição inicial da recuperação judicial e Fato Relevante de 18/9/2024, Comunicado de 16/10/2024 e Fatos Relevantes de 10/4 e 27/5/2025 (plano). Cepea/Esalq (indicador da soja em Paranaguá), Conab (safra 2023/24), Serasa Experian (recuperações judiciais no agro, 2023 e 2024). Imprensa: TheAgriBiz (21/8 e 13/11/2023, 16/10/2024, 18/11/2026), Brazil Journal (18/9/2024), AgFeed (27/3 e 19/9/2024), Exame (6/2/2024), InfoMoney/Estadão (20/9/2024), Bloomberg Línea (27/7/2021), Revista Cultivar (28/7/2021), Forbes/Reuters. Valor de mercado: ações em circulação × cotação de fechamento (B3, via Yahoo Finance, ajustada pelo grupamento de 2025). Os números do caminho do aluno são simulação.