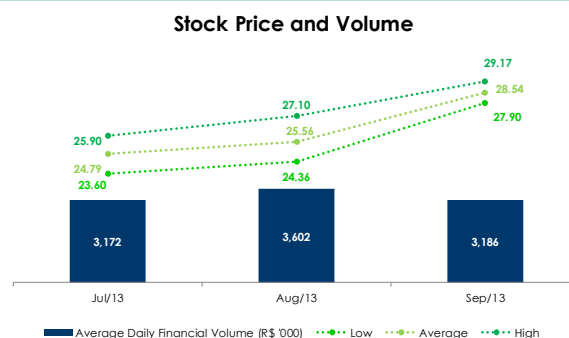
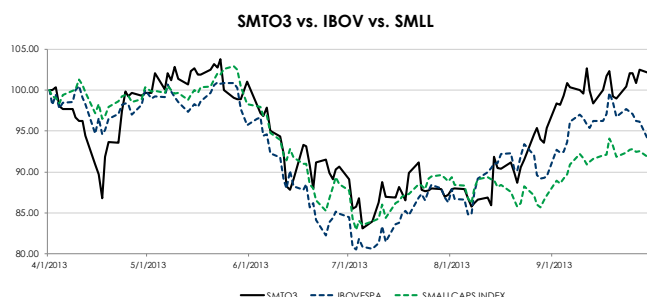


Net Income in 2Q14 grows 20.5% to R\$60.9 million

São Paulo, November 11, 2013 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03:BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the second quarter of fiscal year 2014 (2Q14).

2Q14 HIGHLIGHTS

- ✓ The São Martinho Group crushed 11.6 million tons in 6M14, or 30% more than in the previous crop year, **with the amount already representing 75.8% of our guidance for the entire 2013/14 crop year**. The strong growth in the period is explained by the higher yields registered at our sugarcane fields (approximately 100 tons per hectare) and by the expansion in the area under our management due to the acquisition of sugarcane fields from São Carlos in December 2012;
- ✓ In 2Q14, Adjusted EBITDA amounted to R\$239.9 million (Adjusted EBITDA margin of 39.1%), in line with the second quarter of last year. **Net income in 2Q14 was R\$60.9 million, growing by 20.5% from R\$50.5 million in the same quarter last year**. The net income growth in the period is mainly explained by the reduction in depreciation in the period to more accurately reflect the lifespan of our assets and the average age of our sugarcane fields;
- ✓ In 6M14, Adjusted EBITDA amounted to R\$451.1 million (Adjusted EBITDA margin of 40.7%), **increasing 30.2% from 6M13 (R\$346.3 million with Adjusted EBITDA margin 41.4%)**. The main drivers of EBITDA growth in the period were (i) the higher sales volume by all the Company's products due to the growth in crushing volume; and (ii) the lower unit production cost of sugar and ethanol due to the higher utilization of installed capacity, which increased the dilution of fixed costs;
- ✓ On September 30, 2013, sugar prices for the 2013/14 crop year were locked in at an average price of USD 19.4 cents/pound for 384,800 tons, **with this volume representing 92.7% of our net exposure (total sugar production excluding our natural hedge with Consecana)**. In addition to the sugar prices locked in, we also held short dollar positions amounting to **US\$202.8 million with an average price of R\$2.15/US\$** for sugar exports. In addition, in 2Q14, we began to lock in sugar prices and U.S. dollar for the **2014/15 crop year, with 238,900 tons at a price of USD 18 cents/pound and US\$79.50 million at an exchange rate of R\$2.33/US\$**.





NEW ACCOUNTING STANDARD – IFRS 11 (CPC 19)

Given the adoption of the new accounting standard IFRS 11 (CPC 19) as of this fiscal year, São Martinho S.A. will no longer proportionally consolidate the results of its investees. In view of the materiality of the results of Nova Fronteira Bioenergia S.A. (50.95%) and Santa Cruz S.A. (32.18%) to the São Martinho Group, **the Company decided to continue to present on a pro-forma basis its balance sheet, income statement and cash flow statement in the set of financial statements following the same consolidation criteria used prior to the adoption of said standard.**

The breakdown of this information will continue to be presented with the purpose of providing users with a comprehensive and comparative view of the Company's operations. However, many of the figures will not coincide with details in the notes to the financial statements, which will adopt the new accounting effects mentioned above.

A summary of the results and the conciliation in accordance with CPC 19, including the breakdown of the main investees, is presented below:

	QUARTER			
	São Martinho S.A. (consolidated CPC 19)	UBV (50.25%)	USC (32.18%)	São Martinho S.A. (Pro forma)
R\$ '000				
Net Revenue	504,257	64,685	45,421	614,494
Adjusted EBITDA	189,812	28,370	21,171	239,987
Adjusted EBITDA Margin	37.6%	43.9%	46.6%	39.1%
Adjusted EBIT	106,945	2,857	6,457	116,777
Adjusted EBIT Margin	21.2%	4.4%	14.2%	19.0%
Biological Assets and Other	(1,043)	(692)	505	(2,145)
Equity Income	(5,434)	(12)	-	654
Financial Result	(16,496)	(5,917)	(5,149)	(27,650)
Income (Loss) Before Taxes	83,972	(3,764)	1,813	87,636
Taxes	(23,085)	(4,110)	445	(26,749)
Net Income	60,887	(7,874)	2,258	60,887



YEAR TO DATE				
	São Martinho S.A. (consolidated CPC 19)	UBV (50.25%)	USC (32.18%)	São Martinho S.A. (Pro forma)
R\$ '000				
Net Revenue	900,499	127,393	80,074	1,108,242
Adjusted EBITDA	354,024	51,208	40,529	451,089
Adjusted EBITDA Margin	39.3%	40.2%	50.6%	40.7%
Adjusted EBIT	169,365	(5,514)	12,346	181,293
Adjusted EBIT Margin	18.8%	-4.3%	15.4%	16.4%
Biological Assets and Others	2,899	3,057	(187)	234
Equity Income	(17,203)	(4)	46	(425)
Financial Result	(18,283)	(13,941)	(11,820)	(44,398)
Income (Loss) Before taxes	136,778	(16,402)	385	136,704
Taxes	(41,163)	(638)	707	(41,089)
Net Income	95,615	(17,040)	1,092	95,615
Cash	490,698	57,259	30,914	578,923
Gross Debt	1,475,802	367,143	243,683	2,086,831
Net Debt	985,104	309,884	212,769	1,507,908
EBITDA YTD	755,732	97,006	70,064	757,169
Net Debt / EBITDA	1.30 x	3.19 x	3.04 x	1.99 x

OVERVIEW - COMPANY

DESTAQUES FINANCEIROS (milhares de R\$)	2T14	2T13	Var. (%)	6M14	6M13	Var. (%)
São Martinho - Consolidado						
Receita Bruta	631.759	564.054	12,0%	1.143.523	871.926	31,1%
Receita Líquida	614.494	546.913	12,4%	1.108.242	837.226	32,4%
EBITDA (Ajustado)	239.987	238.271	0,7%	451.089	346.348	30,2%
Margem EBITDA	39,1%	43,6%	-4,5 p.p.	40,7%	41,4%	-0,7 p.p.
Indicadores de Balanço Consolidados						
Ativo Total	5.751.857	5.513.693	4,3%	5.751.857	5.513.693	4,3%
Patrimônio Líquido	2.075.419	2.033.665	2,1%	2.075.419	2.033.665	2,1%
EBITDA (acumulado dos últimos 12 meses)	757.169	565.988	33,8%	757.169	565.988	33,8%
Dívida Líquida	1.507.908	1.213.822	24,2%	1.507.908	1.213.822	24,2%
Dívida Líquida / (EBITDA dos últimos 12 meses)	1,99 x	2,14 x		1,99 x	2,14 x	
Dívida Líquida / Patrimônio Líquido	73%	60%		73%	60%	



OPERATING DATA	6M14	6M13	Var.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	11,640	8,954	30.0%
Own	7,484	5,510	35.8%
Third Parties	4,156	3,444	20.7%
Mechanized Harvest	93.9%	89.2%	4.74 p.p.
Yield in the Period (ton/ha)	100.00	90.20	10.9%
Average TRS (kg/ton)	137.01	137.65	-0.5%
Production			
Sugar ('000 tons)	763	659	15.7%
Anhydrous Ethanol ('000 m3)	283	169	67.6%
Hydrous Ethanol ('000 m3)	179	146	22.0%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	164	171	-4.1%
Cogeneration ('000 MWh)	281	126	123.0%
TRS Produced	1,595	1,232	29.4%
Mix - Sugar - Ethanol	50% - 50%	56% - 44%	
Mix Anhydrous - Hydrous	62% - 38%	55% - 45%	

The São Martinho Group crushed 11.6 million tons in 6M14, or 30% more than in the previous crop year, with the amount already representing 75.8% of our guidance for the entire 2013/14 crop year. The strong growth in the period is explained by the higher yields registered at our sugarcane fields (approximately 100 tons per hectare) and by the expansion in the area under our management due to the acquisition of sugarcane fields from São Carlos in December 2012.

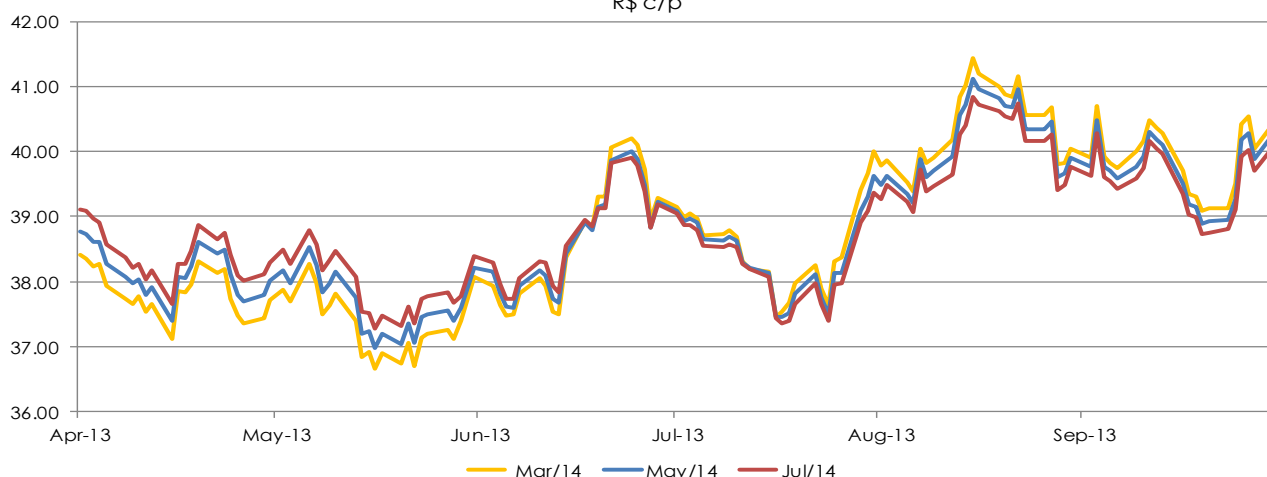
In 2Q14, the São Martinho Group prioritized the production of anhydrous ethanol and sugar, which are products with higher contribution margins and more resilient demand compared to hydrous ethanol.

Note that the information in the above table already considers our proportional interests in Nova Fronteira (50.95%) and Santa Cruz (32.18%).



INDUSTRY OVERVIEW - SUGAR

NY#11 Prices
R\$ c/p



Average sugar prices in R\$ cents/pound posted a recovery in all quotes during 2Q14 (see the above chart). The improvement in prices is due to: (i) the downward revision in the projected oversupply for the 2013/14 crop year (from a surplus of 5 million tons to approximately 4 million tons); (ii) the increase in sugar consumption in the Asian market; and (iii) the higher rainfall in late 2Q14 and early 3Q14 that could delay crushing in Brazil's Center-South region and most importantly reduce the level of TRS, directly impacting yields.

On Oct. 1, 2013, the Sugarcane Industry Association (UNICA) revised its forecasts for the 2013/14 crop year. According to the revision, Brazil's Center-South region should process 587.0 million tons of sugarcane in the 2013/14 crop year, or 10.7% more than in the 2012/13 crop year, with sugar production amounting to 34.2 million tons, in line with the 2012/13 crop year. By the close of September, the Center-South region had already processed 440.2 million tons of cane (+15% from the year-ago period), with total sugar production of 25.2 million tons, or 5% more than last year.

On September 30, 2013, the São Martinho Group had sugar prices locked-in for 92.7% of its net exposure (total sugar production in the 2013/14 crop year, excluding our natural hedge with Consecana). We also began to lock-in prices for the 2014/15 crop year, with 238,900 tons at a price of R\$0.42 cents/pound, which represents approximately 20% of production in the period.

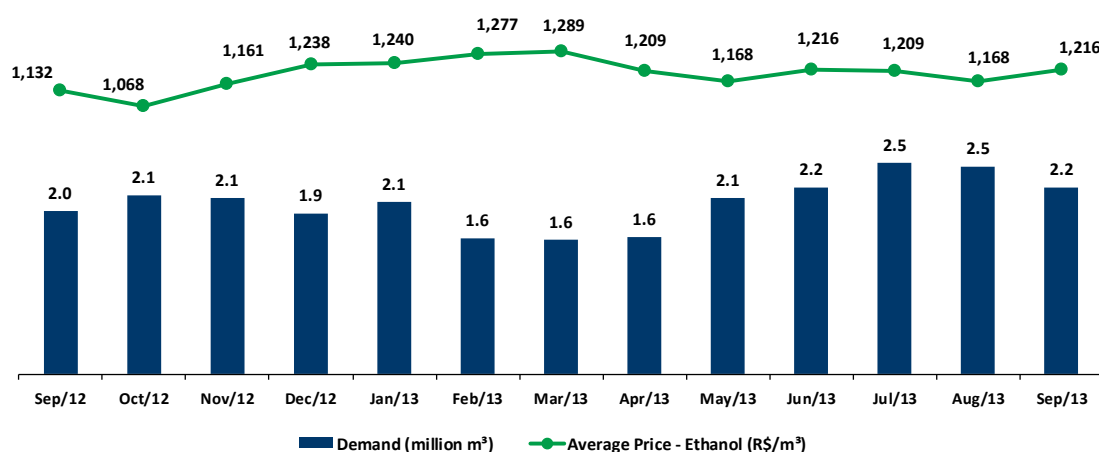


INDUSTRY OVERVIEW - ETHANOL

AVERAGE PRICES - ETHANOL	2Q14	2Q13	Chg. (%)	6M14	6M13	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m3	1,273.55	1,243.22	2.4%	1,304.32	1,272.31	2.5%
Hydrous ESALQ, Net DM - R\$ / m3	1,116.92	1,055.24	5.8%	1,140.44	1,093.60	4.3%

In the second quarter of the 2013/14 crop year, prices for both anhydrous and hydrous ethanol were higher than a year earlier (+2.4% and +5.8%, respectively). The improvement in net prices is exclusively due to the reduction in the rate of PIS/Cofins taxes implemented in May 2013, given that gross prices were down from a year earlier.

As the above chart shows, ethanol consumption in the domestic market has improved in recent months. However, most of the growth has been driven by the increase from 20% to 25% in the amount of anhydrous ethanol added to the gasoline blend as of May this year.





FINANCIAL PERFORMANCE

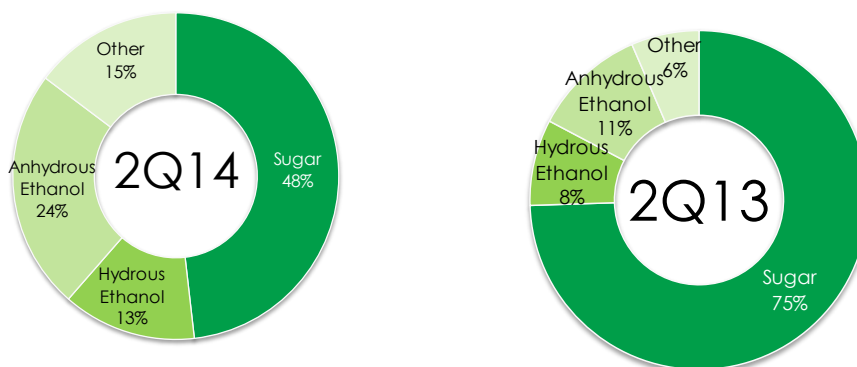
NET REVENUE BREAKDOWN	2Q14	2Q13	Chg. (%)	6M13	6M12	Chg. (%)
R\$ '000						
Domestic Market	208,593	129,416	61.2%	411,496	266,132	54.6%
Sugar	19,308	15,770	22.4%	32,329	26,567	21.7%
Hydrous Ethanol	36,205	31,688	14.3%	90,920	68,679	32.4%
Anhydrous Ethanol	68,448	52,739	29.8%	162,303	107,276	51.3%
Cogeneration	25,503	12,995	96.2%	34,371	19,971	72.1%
Other	59,130	16,224	264.5%	91,574	43,638	109.8%
Export Market	405,900	417,497	-2.8%	696,746	571,094	22.0%
Sugar	276,754	391,633	-29.3%	492,824	526,619	-6.4%
Hydrous Ethanol	45,301	13,269	241.4%	48,599	20,528	136.7%
Anhydrous Ethanol	77,831	6,321	1131.3%	146,444	14,532	907.7%
Others	6,015	6,275	-4.1%	8,878	9,415	-5.7%
Net Revenue	614,494	546,913	12.4%	1,108,242	837,226	32.4%
Sugar	296,062	407,403	-27.3%	525,153	553,187	-5.1%
Hydrous Ethanol	81,506	44,957	81.3%	139,519	89,207	56.4%
Anhydrous Ethanol	146,278	59,060	147.7%	308,747	121,808	153.5%
Cogeneration	25,503	12,995	96.2%	34,371	19,971	72.1%
Other	65,145	22,498	189.6%	100,452	53,054	89.3%

Net Revenue

In the second quarter of the 2013/14 crop year (2Q14), the Company's net revenue amounted to R\$614.5 million, increasing 12.4% from the same period of the previous crop year. This improvement was mainly driven by (i) the 120.4% increase in anhydrous ethanol sales volume, and (ii) the 67.5% increase in hydrous ethanol sales volume. The strong growth in sales volume is explained by the higher production in the current crop year, in line with the production guidance announced at the end of the last fiscal year.

The following charts provide a breakdown of the Company's net revenue by product in the quarters:

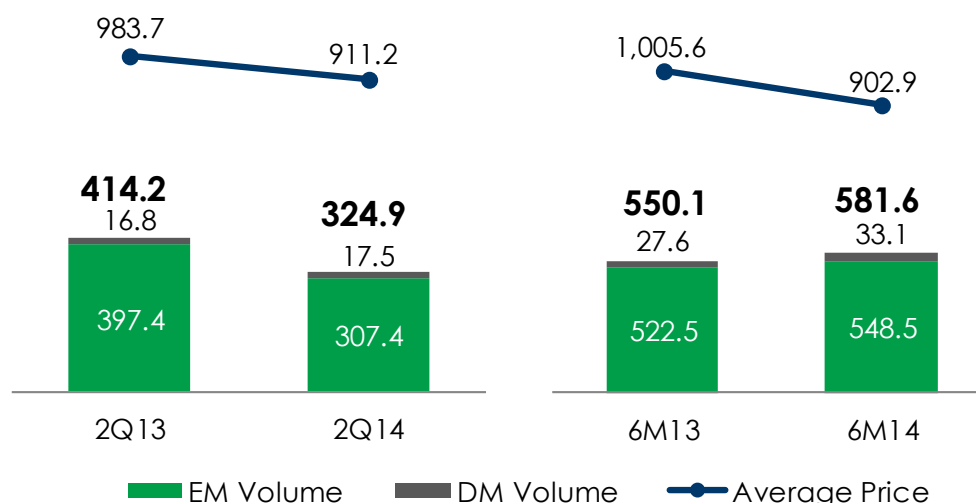
Net Revenue Distribution 2Q14 vs. 2Q13



Sugar

Sugar

Volume ('000 tons) and Average Price (R\$/Ton)



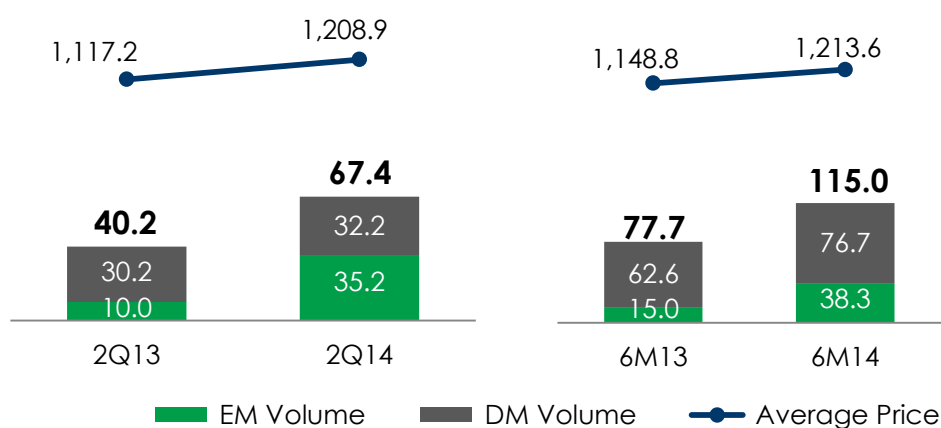
Net revenue from sugar sales amounted to R\$296.1 million in 2Q14, for a reduction of 27.3% from the same period of the previous crop year. The main reason for the lower net revenue was the reduction in sugar sales volume due to the difference in the timetable of sugar shipments, since this crop year we were able to anticipate a portion of sales to 1Q14. In the comparison of 6M14 with 6M13, sugar net revenue decreased 5.1%, which is explained exclusively by the lower sugar price.



Ethanol

Hydrous Ethanol

Volume ('000 m³) and Average Price (R\$/m³)

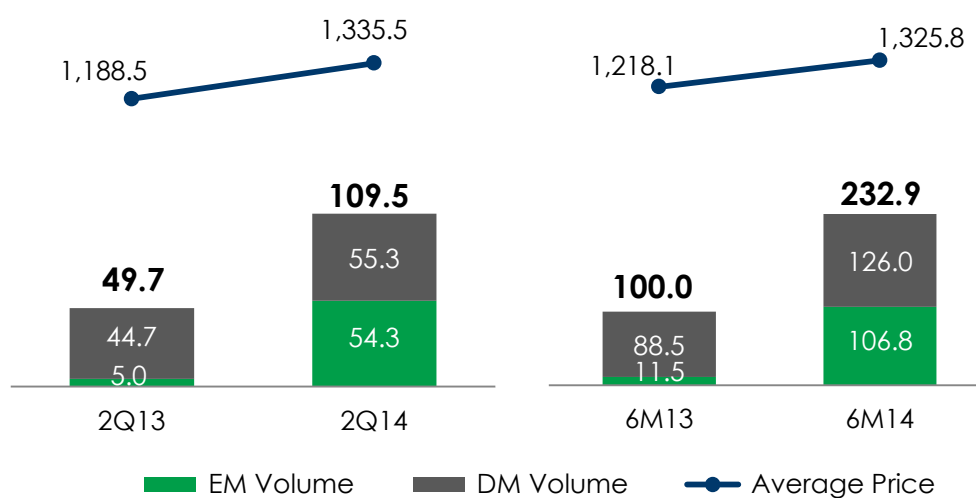


Net revenue from hydrous ethanol sales amounted to R\$81.5 million in 2Q14, increasing 81.3% from the same quarter of the previous crop year. The improvement was due to the 67.5% growth in hydrous ethanol sales volume, driven by the higher hydrous ethanol exports for industrial uses in the period (+252%).



Anhydrous Ethanol

Volume ('000 m³) and Average Price (R\$/m³)

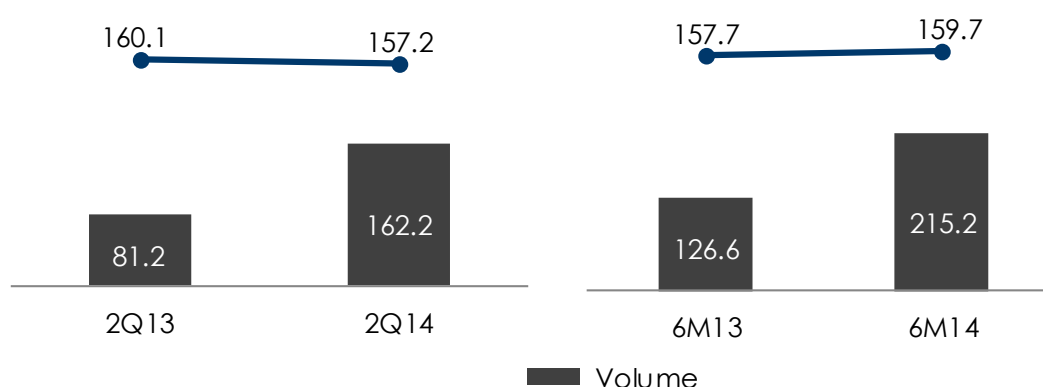


In 2Q14, net revenue from anhydrous ethanol sales increased 147.7% from 2Q13 to reach R\$146.3 million. The strong growth was driven by (i) the 67.6% increase in anhydrous ethanol production in 6M14 in relation to the prior-year period; and (ii) the higher export volume in the period to take advantage of the window for exports to the United States and Europe that opened in April 2013.

Cogen

Cogen

Volume ('000 MWh) and Average Price (R\$/MWh)



Net revenue from electricity sales in 2Q14 amounted to R\$25.5 million, increasing 96.2% from the same quarter of the previous crop year. In 6M14, net revenue from electricity sales amounted to R\$34.4 million, increasing 72.1% from the same period of the previous crop year. The improvement is explained by the increase of 99.9% in electricity sales volume in the quarter (+69.9% in 6M14), which basically reflects the cogeneration from Usina São Martinho that started operations this crop year.

Other Products and Services

Net revenue from the line "Other Products and Services" was R\$65.1 million in 2Q14, increasing 189.6% from the same quarter of the previous crop year. In 6M14, net revenue amounted to R\$100.5 million, increasing 89.3% from the same period of the previous crop year. The higher revenue is mainly explained by the sale of sugarcane to Biosev under the agreement for the sale of 1,000,000 tons of sugarcane during the 2013/14 crop year related to the São Carlos mill.



INVENTORIES

INVENTORIES	2Q14	2Q13	Chg. (%)
Sugar (tons)	195,881	128,722	52.2%
Hydrous (m³)	68,764	78,177	-12.0%
Anhydrous (m³)	71,054	87,904	-19.2%

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 6M14	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenues	525,151	448,266	134,825	1,108,242
COGS (Cash)	(228,357)	(213,688)	(95,103)	(537,148)
Gross Profit (Cash)	296,794	234,578	39,722	571,094
Gross Margin (Cash)	56.5%	52.3%	29.5%	51.5%
Sales Expenses	(36,471)	(17,788)	(1,848)	(56,107)
G&A Expenses (Cash)	(31,393)	(30,877)	(6,919)	(69,189)
Other Revenues (Expenses)	-	-	5,291	5,291
Adjusted EBITDA	228,929	185,913	36,247	451,089
Adjusted EBITDA Margin	43.6%	41.5%	26.9%	40.7%
EBITDA Cost (*)	(509.3)	(754.2)	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

EBITDA BY PRODUCT - 6M13	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenues	553,185	211,015	73,026	837,226
COGS (Cash)	(223,213)	(122,238)	(48,465)	(393,916)
Gross Profit (Cash)	329,972	88,777	24,561	443,310
Gross Margin (Cash)	59.6%	42.1%	33.6%	52.9%
Sales Expenses	(32,655)	(2,922)	(1,595)	(37,173)
G&A Expenses (Cash)	(36,364)	(19,229)	(6,177)	(61,770)
Other Revenues (Expenses)	-	-	1,982	1,982
Adjusted EBITDA	260,953	66,625	18,770	346,348
Adjusted EBITDA Margin	47.2%	31.6%	25.7%	41.4%
EBITDA Cost (*)	(531.2)	(812.8)	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

In 6M14, sugar accounted for 50.8% of the Group's consolidated Adjusted EBITDA, while ethanol and other products accounted for 41.2% and 8.0%, respectively. Sugar EBITDA margin decreased 3.6 p.p. from 6M13, reflecting the lower sugar prices and higher freight expenses (higher logistics costs due to strong competition for freight from other commodities, such as corn and soybean, for



example). On the other hand, sugar EBITDA cost decreased by 4.1%, reflecting the dilution of fixed costs resulting from the higher crushing volume.

In the case of ethanol, in 6M14, Ethanol Adjusted EBITDA margin expanded 9.9 p.p. from 6M13, reflecting the higher utilization of installed capacity (sharp increase in the share of ethanol in the production mix) and the higher average price (which reduced ethanol EBITDA cost by 7.2%).

AVERAGE CASH COST PER UNIT	2Q14	2Q13	Var.%	6M14	6M13	Var.%
R\$ '000						
COGS	(308,024)	(247,461)	24.5%	(537,148)	(393,916)	36.4%
Sugar	(131,196)	(167,742)	-21.8%	(228,357)	(223,213)	2.3%
Ethanol	(112,583)	(58,738)	91.7%	(213,688)	(122,238)	74.8%
Other Products	(64,246)	(20,980)	206.2%	(95,102)	(48,465)	96.2%
Average Cash Cost Per Unit (*)						
Sugar Cash Cost	(403.8)	(405.0)	-0.3%	(392.6)	(405.8)	-3.2%
Ethanol Cash Cost	(636.2)	(653.1)	-2.6%	(614.3)	(688.1)	-10.7%

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH - CAIXA	2Q14	2Q13	Var.%	6M14	6M13	Var.%
R\$ '000						
Agricultural Costs	200,565	193,724	3.5%	354,955	284,938	24.6%
Suppliers	133,854	133,879	0.0%	197,917	178,507	10.9%
Partnerships	25,164	23,089	9.0%	59,766	40,518	47.5%
Own Sugarcane	41,547	36,756	13.0%	97,272	65,913	47.6%
Industrial	29,891	22,479	33.0%	65,514	42,991	52.4%
Other Products	77,568	31,257	148.2%	116,680	65,988	76.8%
Total COGS	308,024	247,461	24.5%	537,148	393,916	36.4%
TRS Sold ('000 Tons)	646	589	9.6%	1,211	883	37.2%
Unit Cost (Sugar and Ethanol COGS/TRS)	357	367	-2.8%	347	372	-6.5%

In 2Q14, cash COGS was R\$308.0 million, increasing 24.5% from the same quarter of the previous crop year. The main driver of the COGS increase was the line "Other Products," which reflects the cane sales to Biosev, as described in the item "Financial Performance – Other products."

Note that because it involves the sale of sugarcane, this sales volume is not recorded under "TRS Sold," which distorts the results in lines under COGS in relation to the amount of cane we effectively crushed.

Excluding the cost of other products, Cash COGS in 2Q14 was R\$230.5, or 6.6% higher than a year earlier, lagging the growth in sales volume in TRS equivalent (+9.6%), due to the reduction in unit costs.



SELLING EXPENSES

SELLING EXPENSES	2Q14	2Q13	Var.%	6M14	6M13	Var.%
R\$ '000						
Port / Freight Costs	32,513	27,260	19.3%	54,626	35,324	54.6%
Sales Commission	38	23	67.6%	78	55	41.5%
Other - non-recurring	674	912	-26.1%	1,403	1,794	-21.8%
Selling Expenses	33,225	28,195	17.8%	56,107	37,173	50.9%
TRS Sold ('000 Tons)	646	589	9.6%	1,211	883	37.2%
% of Net Revenues	5.4%	5.2%	0.2 p.p.	5.1%	4.4%	0.7 p.p.

In 2Q14, selling expenses amounted to R\$33.2 million, increasing 17.8% from 2Q13. The line making the biggest contribution to these expenses was "Port/Freight Costs," which were impacted by the higher volume of ethanol exports in the period, as commented in the section "Financial Performance – Sugar/Ethanol."

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	2Q14	2Q13	Chg. (%)	6M14	6M13	Chg. (%)
R\$ '000						
Personnel and Management Fee	17,035	14,753	15.5%	33,486	28,727	16.6%
Taxes, Fees, Contributions and Contingencies	11,487	10,669	7.7%	17,907	18,330	-2.3%
General Expenses and Third-Party Services	9,806	7,122	37.7%	16,738	13,767	21.6%
Stock Options Expenses	529	946	-44.1%	1,058	946	11.9%
Total General and Administrative Expenses	38,857	33,490	16.0%	69,189	61,770	12.0%

G&A expenses amounted to R\$38.9 million in 2Q14, increasing 16.0% from the same quarter of the previous crop year. The main impact in the period was related to the expenses with personnel and fees, due to the 25% provision for variable compensation and the wage increases under the collective bargaining agreement, which last year were allocated in the fourth quarter.



EBITDA

	Pro-Forma					
EBITDA RECONCILIATION	2Q14	2Q13	Chg. (%)	6M14	6M13	Chg. (%)
R\$ '000						
Adjusted EBITDA	239,987	238,271	0.7%	451,089	346,348	30.2%
Adjusted EBITDA Margin	39.1%	43.6%	-4.5 p.p.	40.7%	41.4%	-0.7 p.p.
Equity Income	(654)	1,230	n.m.	425	3,179	-86.6%
Non Recurring Operating Income (Expenses)	(1,105)	63	n.m.	(1,618)	501	n.m.
Biological Assets	3,249	4,272	-23.9%	1,385	(9,186)	n.m.
Non Cash Items Recorded in COGS	-	(81)	n.m.	-	(327)	n.m.
Book EBITDA	238,496	232,788	2.5%	450,898	352,181	28.0%
EBITDA Margin	38.8%	42.6%	-3.8 p.p.	40.7%	42.1%	-1.4 p.p.
(-) Depreciation and Amortization	(123,210)	(137,592)	-10.5%	(269,796)	(225,006)	19.9%
(-) Financial Income (Expense), net	(27,650)	(23,323)	18.6%	(44,398)	(52,353)	-15.2%
(=) Operating Income	87,636	71,873	21.9%	136,704	74,822	82.7%

Adjusted EBITDA

In 2Q14, the São Martinho Group recorded EBITDA of R\$239.9 million (Adjusted EBITDA Margin of 39.1%), increasing 0.7% from 2Q13. Adjusted EBITDA margin contracted by 4.5 p.p. The main factor in this EBITDA margin compression was the increase in the share of other nonrecurring revenue related to the sale of sugarcane to Biosev, as per the Material Fact notice published in December 2012.

The following table below shows the composition of Adjusted EBITDA by business:

EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Other	Consolidated - ex other
R\$ '000					
Net Revenues	614,494	523,844	25,503	65,147	549,347
Adjusted EBITDA	239,987	212,792	20,851	6,344	233,643
Adjusted EBITDA Margin	39.1%	40.6%	81.7%	9.7%	42.5%

In 6M14, Adjusted EBITDA amounted to R\$451.1 million (Adjusted EBITDA margin of 40.7%), increasing 30.2% from 6M13 (R\$346.3 million with Adjusted EBITDA margin 41.4%). The main drivers of EBITDA growth in the period were (i) the higher sales volume by all the Company's products due to the growth in crushing volume, and (ii) the lower unit production cost of sugar and ethanol due to the higher utilization of installed capacity, which increased the dilution of fixed costs.

EBITDA RECONCILIATION	2Q14	2Q13	CPC 19			
			Chg. (%)	6M14	6M13	Chg. (%)
R\$ '000						
Book EBITDA	183,334	196,595	-6.7%	339,719	274,863	23.6%
EBITDA Margin	36.4%	43.0%	-6.7 p.p.	37.7%	40.6%	-2.9 p.p.
(-) Depreciation and Amortization	(82,866)	(108,470)	-23.6%	(184,658)	(168,177)	9.8%
(-) Financial Expense, net	(16,496)	(16,108)	2.4%	(18,283)	(23,125)	-20.9%
(=) Operating Income (Loss)	83,972	72,017	16.6%	136,778	83,561	63.7%

*Considers the impacts from Nova Fronteira (50.95%) and Santa Cruz (32.19%) only on Equity Income**

HEDGE

Sugar

The following table presents a summary of our sugar and USD hedge positions at September 30, 2013.

	Volume (Tons)	Average Price (US\$ c/p)	USD - Average Price (R\$/US\$)
Sugar			
2013/2014 Harvest	384,846	19.37	2.15
2014/2015 Harvest	238,903	17.97	2.33

U.S. Dollar

On September 30, 2013, the São Martinho Group held outstanding USD currency futures through non-deliverable forwards (NDFs), which are used to hedge its exports, with maturities through the 2015/16 crop year as follows:

Maturity	TOTAL		SUGAR		OTHERS	
USD	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2013/2014 Crop Year	212,284	2.16	202,783	2.15	9,502	2.38
2014/2015 Crop Year	97,250	2.30	79,557	2.33	17,693	2.19
2015/2016 Crop Year	15,114	2.30	-	-	15,114	2.30

On the same date, the São Martinho Group held US\$84.4 million in cash, which means that **our net exposure in U.S. dollar for the 2013/14 crop year was US\$118.4 million.**

Hedge Accounting – In March 2010, inclusive, the Company began to adopt hedge accounting for derivatives classified as hedge instruments, as well as debt denominated in foreign currency, with their potential results recorded under equity ("Adjustments to book value"), net of deferred income tax and social contribution tax (potential loss of R\$92.6 million in September 2012).



NET FINANCIAL RESULT

FINANCIAL RESULT	2Q14	2Q13	Chg. (%)	6M14	6M13	Chg. (%)
R\$ '000						
Financial Revenues	21,496	17,064	26.0%	31,313	30,071	4.1%
Financial Expenses	(51,543)	(36,162)	42.5%	(85,555)	(61,261)	39.7%
Hedge Result	1,298	(70)	n.m.	(7,186)	2,808	n.m.
Exchange Variation	3,069	(2,298)	n.m.	20,981	(19,537)	n.m.
Copersucar Monetary Variation	(1,969)	(1,856)	6.1%	(3,952)	(4,433)	-10.8%
Net Financial Result	(27,650)	(23,323)	18.6%	(44,398)	(52,353)	-15.2%

The São Martinho Group registered a net financial expense of R\$27.6 million in 2Q14, which represents an increase in the expense of 18.6% from 2Q13. The main impact was caused by financial expenses, which is explained by the increase in net debt in relation to the same quarter last year.

NET INCOME

Net income in 2Q14 amounted to R\$60.9 million, compared to net income of R\$50.5 million in the same period last year. The net income growth in the period is mainly explained by the reduction in depreciation in the period to more accurately reflect the lifespan of our assets and the average age of our sugarcane fields.

DEBT WITH COPERSUCAR

On September 30, 2013, the São Martinho Group recognized under Liabilities on its Balance Sheet R\$217.3 million in obligations with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$171.2 million on a consolidated basis.



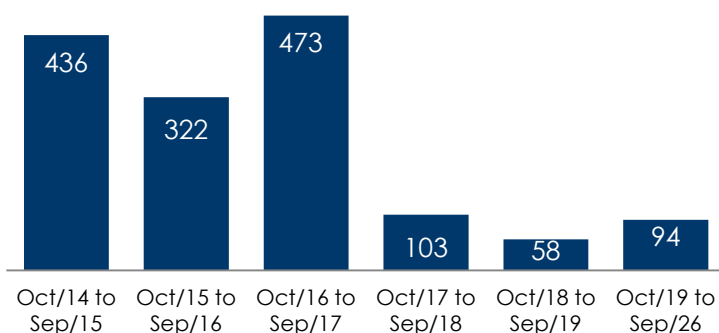
INDEBTEDNESS

DEBT	Sep/13	Mar/13	Chg. (%)
R\$ '000			
PESA	62,338	69,599	-10.4%
Rural Credit	174,207	161,662	7.8%
BNDES / FINAME	552,796	546,570	1.1%
Working Capital	102,731	144,896	-29.1%
ACC (Advances on Foreign Exchange Contracts)	-	40,662	n.m.
PPE (Export prepayment)	410,204	429,611	-4.5%
NCE (Export Credit Note)	452,405	378,905	19.4%
Other	2,558	3,108	-17.7%
Obligations from Acquisitions	85,909	81,657	5.2%
Gross Debt	1,843,148	1,856,670	-0.7%
Cash and Cash Equivalents	578,923	634,290	-8.7%
Net Debt	1,264,225	1,222,380	3.4%
(+) Proportional Gross Debt at Santa Cruz	243,683	206,913	17.8%
Consolidated Net Debt	1,507,908	1,429,293	5.5%
Net Debt / YTD EBITDA	1.99 x	2.22 x	

In 6M14, the net debt of the São Martinho Group increased by 5.5% (R\$1.5 billion) to close the period with a Net Debt/EBITDA ratio of 1.99 times. The main driver of the net debt increase was the local-currency depreciation in the period, which increased our dollar-denominated debt by approximately R\$100 million. Considering that all dollar-denominated debt is linked to the Company's future exports, these losses will be fully reversed once the exports are realized.

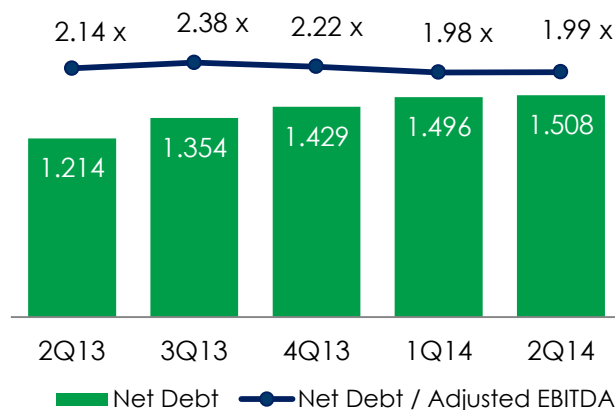
Amortization Schedule – Long-term Debt

R\$ - Million



Net Debt/ LTM EBITDA

Evolution





CAPITAL EXPENDITURE

SÃO MARTINHO - CONSOLIDATED	2Q14	2Q13	Chg. (%)	6M14	6M13	Chg. (%)
Maintenance Capex						
Sugarcane Planting	31,006	29,542	5.0%	58,426	53,653	8.9%
Off Season / Industrial / Agricultural	7,353	4,324	70.1%	10,392	25,551	-59.3%
Crop Tretament	51,504	49,038	5.0%	98,129	83,251	17.9%
Sub Total	89,863	82,904	8.4%	166,947	162,455	2.8%

Upgrading / Expansion Capex

São Martinho Mill

Industrial / Agricultural	22,405	42,307	-47.0%	51,547	75,387	-31.6%
Sub Total	22,405	42,307	-47.0%	51,547	75,387	-31.6%

Boa Vista Mill (50.95%)

Sugarcane Planting	1,648	13,331	-87.6%	7,455	24,041	-69.0%
Industrial / Agricultural	3,513	9,305	-62.2%	4,964	12,003	-58.6%
Crop Tretament	937	767	22.2%	2,121	5,171	-59.0%
Sub Total	6,098	23,402	-73.9%	14,540	41,215	-64.7%

Santa Cruz Mill (32.18%)

Industrial / Agricultural	1,327	596	122.7%	2,072	1,911	8.4%
Sub Total	1,327	596	122.7%	2,072	1,911	8.4%

TOTAL GERAL	119,693	149,209	-19.8%	235,107	280,969	-16.3%
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The maintenance CAPEX of the São Martinho Group amounted to R\$89.9 million in 2Q14, up 8.4% from 2Q13, and already includes the maintenance for all of our mills: Usina São Martinho, Usina Iracema, Usina Boa Vista (50.95%) and Usina Santa Cruz (32.18%).

In 6M14, maintenance capex was R\$166.9 million, increasing by less than 3.0% from the same period of the previous crop year. **In the last two quarters of this fiscal year, we plan to invest approximately R\$150 million in cane planting and off-season maintenance**, which would bring our maintenance capex in the whole of the year to approximately R\$380 million.

Investments in modernization and expansion amounted to R\$51.5 million in 6M14, of which 70% was allocated to increasing crushing capacity at Usina São Martinho to approximately 50,000 tons of sugarcane/day. By March 2014, another R\$75 million is expected to be invested to conclude the project.



DISCLAIMER

This document contains forward-looking statements related to the business outlook, operating and financial projections and growth prospects of São Martinho. These statements are merely projections and as such are based exclusively on Management's expectations for the future of the business. These forward-looking statements depend materially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets, and therefore are subject to change without prior notice.

ABOUT SÃO MARTINHO GROUP

The São Martinho Group is one of the largest groups in Brazil's sugar and ethanol industry, with three mills in operation: São Martinho in Pradópolis (in the Ribeirão Preto region of São Paulo state), Iracema in Iracemápolis (in the Limeira region of São Paulo) and Boa Vista (in Quirinópolis, Goiás). In addition to these mills, we also consolidated 32.18% of the Santa Cruz mill located in Américo Brasiliense (in the Ribeirão Preto region). For more information please go to www.saomartinho.com.br.



INCOME STATEMENT

Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	2Q14	2Q13	Var %	2Q14	2Q13	Chg. (%)
R\$ '000						
Gross Revenue	515,529	469,615	9.8%	631,759	564,054	12.0%
Deductions from Gross Revenue	(11,272)	(12,665)	-11.0%	(17,265)	(17,141)	0.7%
Net Revenue	504,257	456,950	10.4%	614,494	546,913	12.4%
Cost of Goods Sold (COGS)	(343,597)	(319,611)	7.5%	(432,900)	(387,046)	11.8%
Gross Profit	160,660	137,339	17.0%	181,594	159,867	13.6%
Gross Margin (%)	31.9%	30.1%	1.8 p.p	29.6%	29.2%	0.3 p.p
Operating Expenses	(60,192)	(49,214)	22.3%	(66,308)	(64,671)	2.5%
Selling Expenses	(27,543)	(23,855)	15.5%	(33,225)	(28,195)	17.8%
General and Administrative Expenses	(33,723)	(29,856)	13.0%	(40,420)	(35,684)	13.3%
Equity Income	(5,434)	2,942	n.m.	654	(1,230)	n.m.
Other Operating Expenses, Net	6,508	1,555	318.5%	6,683	438	1425.8%
Operating Profit, Before Financial Effects	100,468	88,125	14.0%	115,286	95,196	21.1%
Financial Result, Net	(16,496)	(16,108)	2.4%	(27,650)	(23,323)	18.6%
Financial Income	39,297	23,758	65.4%	45,357	29,583	53.3%
Financial Expenses	(59,209)	(38,402)	54.2%	(76,076)	(50,608)	50.3%
Monetary and Exchange Variations, Net	3,416	(1,464)	n.m.	3,069	(2,298)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	83,972	72,017	16.6%	87,636	71,873	21.9%
Income Tax and Social Contribution - Current	(14,720)	(11,104)	32.6%	(14,657)	(11,600)	26.4%
Income Tax and Social Contribution - Deferred	(8,365)	(10,390)	-19.5%	(12,092)	(9,750)	24.0%
Net Income	60,887	50,523	20.5%	60,887	50,523	20.5%
Net Margin (%)	12.1%	11.1%	1.0 p.p	9.9%	9.2%	0.7 p.p



Year to Date

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	6M14	6M13	Var %	6M14	6M13	Chg. (%)
R\$ '000						
Gross Revenue	922,831	700,494	31.7%	1,143,523	871,926	31.1%
Deductions from Gross Revenue	(22,332)	(24,055)	-7.2%	(35,281)	(34,700)	1.7%
Net Revenue	900,499	676,439	33.1%	1,108,242	837,226	32.4%
Cost of Goods Sold (COGS)	(626,816)	(470,738)	33.2%	(804,629)	(605,215)	32.9%
Gross Profit	273,683	205,701	33.0%	303,613	232,011	30.9%
Gross Margin (%)	30.4%	30.4%	0.0 p.p	27.4%	27.7%	-0.3 p.p
Operating Expenses	(118,622)	(99,015)	19.8%	(122,511)	(104,836)	16.9%
Selling Expenses	(47,396)	(30,733)	54.2%	(56,107)	(37,173)	50.9%
General and Administrative Expenses	(61,104)	(54,408)	12.3%	(72,842)	(65,703)	10.9%
Equity Income	(17,203)	(16,275)	5.7%	(425)	(3,179)	-86.6%
Other Operating Expenses, Net	7,081	2,401	194.9%	6,863	1,219	463.0%
Operating Profit, Before Financial Effects	155,061	106,686	45.3%	181,102	127,175	42.4%
Financial Result, Net	(18,283)	(23,125)	-20.9%	(44,398)	(52,353)	-15.2%
Financial Income	55,388	42,333	30.8%	68,164	54,718	24.6%
Financial Expenses	(100,270)	(66,317)	51.2%	(133,542)	(87,535)	52.6%
Monetary and Exchange Variations, Net	26,599	859	n.m.	20,980	(19,536)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	136,778	83,561	63.7%	136,704	74,822	82.7%
Income Tax and Social Contribution - Current	(17,019)	(11,541)	47.5%	(17,397)	(12,089)	43.9%
Income Tax and Social Contribution - Deferred	(24,144)	(19,119)	26.3%	(23,692)	(9,832)	141.0%
Net Income	95,615	52,901	80.7%	95,615	52,901	80.7%
Net Margin (%)	10.6%	7.8%	2.8 p.p	8.6%	6.3%	2.3 p.p



BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	CPC 19		Pro-forma	
R\$ Thousand				
ASSETS	Sep/13	Mar/13	Sep/13	Mar/13
SHORT-TERM ASSETS				
Cash and Cash Equivalents	490,698	531,142	578,923	634,290
Trade Receivables	140,519	51,739	163,821	62,667
Derivative Financial Instruments	20,677	79,232	21,673	84,998
Inventories	249,795	101,503	374,174	148,661
Taxes Recoverable	73,682	43,313	88,958	57,085
Income Tax and Social Contribution	22,617	33,370	25,666	36,655
	-	353	102	-
Other Assets	8,533	6,422	14,083	7,610
TOTAL SHORT-TERM ASSETS	1,006,521	847,074	1,267,400	1,031,966
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	-	-	10,235	9,037
Inventories	15,353	13,196	43,992	35,592
Related Parties	1,488	2,013	11	10
Deferred Income Tax and Social Contribution	-	6,968	49,242	56,785
Trade Receivables from Copersucar	1,228	1,228	1,404	1,398
Taxes Recoverable	50,218	47,834	71,381	67,438
Judicial Deposits	30,944	35,654	33,750	38,769
Other Assets	253	250	463	395
	99,484	107,143	210,478	209,424
Investments	575,159	600,280	10,564	11,488
Biological Assets	516,414	544,167	754,920	797,400
Property, plant and equipment	2,587,013	2,627,129	3,268,490	3,339,886
Intangible Assets	178,389	179,119	240,005	242,946
TOTAL LONG-TERM ASSETS	3,956,459	4,057,838	4,484,457	4,601,144
TOTAL ASSETS	4,962,980	4,904,912	5,751,857	5,633,110



BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES	CPC 19		Pro-forma	
R\$ '000				
LIABILITIES AND SHAREHOLDERS' EQUITY	Sep/13	Mar/13	Sep/13	Mar/13
SHORT-TERM LIABILITIES				
Borrowings	375,370	240,405	515,295	363,529
Derivative Financial Instruments	65,991	14,297	67,953	15,149
Trade Payables	147,662	77,059	187,704	98,235
Payables to Copersucar	2,040	2,040	2,234	2,263
Salaries and Social Contributions	65,893	50,153	85,067	66,523
Taxes Payable	11,710	10,225	14,691	12,485
Income Tax and Social Contribution	10,708	314	10,888	484
Related Parties	-	-	-	398
Dividends Payable	-	17,326	-	17,326
Advances from Customers	1,082	957	1,920	3,341
Acquisition of Investment	75,672	71,808	75,672	71,808
Other Liabilities	28,286	16,393	23,603	12,405
TOTAL SHORT-TERM LIABILITIES	784,414	500,977	985,027	663,946
LONG-TERM LIABILITIES				
Borrowings	1,014,523	1,176,045	1,485,627	1,618,397
Payables to Copersucar	194,075	194,440	215,021	215,478
Taxes Payable in Installments	47,199	48,436	54,152	55,758
Deferred Income Tax and Social Contribution	774,958	810,465	827,730	867,891
Provision for Contingencies	57,303	60,171	62,694	66,331
Acquisition of Investment	10,237	9,849	10,237	9,849
Advances for future capital increase	-	-	31,096	30,931
Other Liabilities	4,852	3,912	4,854	3,912
TOTAL LONG-TERM LIABILITIES	2,103,147	2,303,318	2,691,411	2,868,547
SHAREHOLDERS' EQUITY				
Share Capital	737,200	614,150	737,200	614,150
Adjustments to Book Value	1,134,570	1,265,869	1,134,570	1,265,869
Profits Reserves	96,832	232,556	96,832	232,556
Treasury Shares	(13,811)	(13,811)	(13,811)	(13,811)
Stock options granted	2,911	1,853	2,911	1,853
Retained Earnings	117,717	-	117,717	-
TOTAL SHAREHOLDERS' EQUITY	2,075,419	2,100,617	2,075,419	2,100,617
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,962,980	4,904,912	5,751,857	5,633,110



CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ Thousand	6M14	6M13	6M14	6M13
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	95,615	52,901	95,615	52,901
Adjustments				
Depreciation and amortization	70,690	77,435	95,966	104,035
Harvested biological assets (depreciation)	113,968	90,742	173,830	120,971
Variation in fair value of biological assets	(1,281)	(10,493)	1,385	(9,186)
Amortization of intangible assets	-	-	1,464	-
Residual cost of investments and property, plant and equipment disposals	17,203	16,275	425	3,179
Result of investment and property, plant and equipment disposals	(1,731)	(88)	(1,783)	(116)
Interest, monetary and foreign exchange variations, net	33,538	38,109	64,889	76,267
Constitution of provision for contingencies, net	11,844	12,238	12,431	12,339
Deferred income tax and social contribution	24,144	19,119	23,692	9,832
Constitution of provision for inventory losses	-	(526)	-	(527)
Adjustments to present value and others	5,553	7,963	6,261	7,765
	369,543	303,675	474,175	377,460
Changes in assets and liabilities				
Trade receivables	(77,687)	(76,158)	(90,066)	(88,885)
Inventories	(111,920)	(140,070)	(171,150)	(197,511)
Taxes recoverable	(20,008)	(27,152)	(22,390)	(26,375)
Financial Investments	-	-	(817)	(71)
Related parties	-	-	-	(2)
Other assets	2,599	(4,750)	(837)	(5,994)
Trade payables	92,419	69,163	116,049	75,038
Salaries and social charges	15,740	4,467	18,679	8,119
Taxes payable	13,021	11,240	13,561	11,642
Taxes payable in installments	(2,663)	(3,511)	(3,026)	(3,834)
Provision for contingencies - settlements	(17,383)	(10,929)	(19,023)	(12,462)
Other liabilities	12,717	21,589	9,231	22,221
Cash provided by operations	276,378	147,564	324,386	159,346
Interest paid	(37,935)	(13,143)	(58,706)	(27,721)
Income tax and social contribution paid	(1,144)	(541)	(1,211)	(602)
Net cash provided by operating activities	237,299	133,880	264,469	131,023
CASH FLOW FROM INVESTMENT ACTIVITIES				
Financial resources used in investments	-	(2,612)	-	(2,679)
Additions to property, plant and equipments, intangible assets and deferred charges	(83,252)	(95,142)	(95,535)	(116,495)
Additions to biological assets (planting and crop treatment)	(107,340)	(95,035)	(166,131)	(166,116)
Proceeds from sale of property, plant and equipment	8,083	252	8,383	477
Cash and cash equivalents acquired from subsidiary	1	-	1	-
Advance for future capital increase	(976)	(2,330)	-	(1,193)
Dividends and interest on own capital	1,330	1,216	-	-
Net cash used in investing activities	(182,154)	(193,651)	(253,282)	(286,006)
CASH FLOW FROM FINANCING ACTIVITIES				
Derivatives Financial Instruments	32,816	15,192	37,311	13,195
New borrowing - third parties	83,225	515,283	160,271	614,650
Repayment of borrowing- Copersucar	(3,936)	(8,340)	(4,597)	(9,629)
Repayment of borrowing - third parties	(177,694)	(73,371)	(229,705)	(131,455)
Advance for future capital increase	-	-	166	6,860
Payment of dividends and interest on capital	(30,000)	(36,084)	(30,000)	(36,084)
Payment of dividends and interest on capital	-	(1,785)	-	(1,785)
Net cash provided by financing activities	(95,589)	410,895	(66,554)	455,752
Increase (decrease) in cash and cash equivalents	(40,444)	351,124	(55,367)	300,769
Cash and cash equivalents at the beginning of the period	531,142	295,776	634,290	410,567
Cash and cash equivalents at the end of the period	490,698	646,900	578,923	711,336