









***3Q09 Earnings  
Conference Call  
2008/2009 Harvest***

This presentation contains forward-looking statements relating to the business outlook, operating and financial projections, and the growth prospects of São Martinho S.A. These statements merely represent projections and as such are based exclusively on management's expectations about the future of the business.

Forward-looking statements are no guarantee of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results and could cause results to differ materially from those expressed in such forward-looking statements.

-  The São Martinho Group closed the 2008/09 harvest year with a 17.4% increase in total sugarcane crushing capacity to a record 12 million tons;
-  We produced 674,000 m3 of ethanol and 555,000 tons of sugar, for a mix of 67% ethanol and 33% sugar;
-  Net revenue in 3Q09 grew by 73.5% versus 3Q08, driven by both higher prices for both sugar and ethanol and higher sales volume (up 37.8% in TRS equivalent);
-  Adjusted EBITDA of R\$64.4 (margin of 29.2%), up 182% on 3Q08;
-  Sugar and ethanol inventories stood at R\$400 million in 3Q09, with the majority of inventories already contracted with clients;
-  The main negative impact in 3Q09 was the foreign-exchange losses with no cash impact (expense of R\$67.8 million), due to FX impacts on our debt and hedge positions.

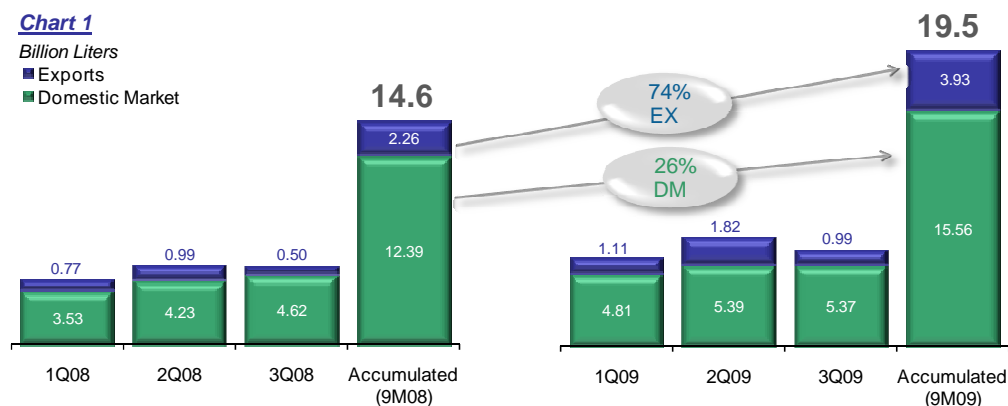
# ETHANOL MARKET



**Chart 1**

Billion Liters

■ Exports  
■ Domestic Market



Center-South region should close harvest with production of 25 billion liters of ethanol;

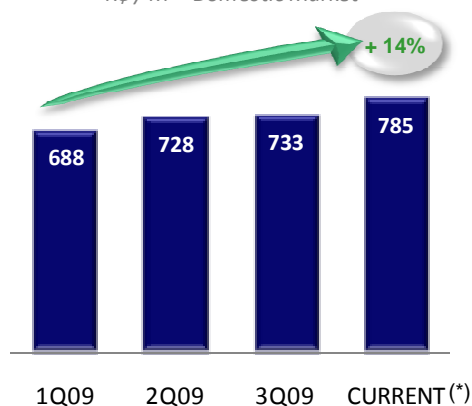
Growth in ethanol demand remains robust, despite the slowdown in sales of flex-fuel vehicles;

Companies with ethanol inventories should be benefitted by better prices in the inter-harvest period.

**Chart 2**

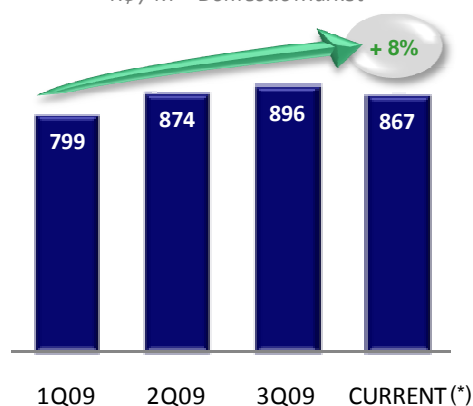
## Price - Hydrous

R\$/M³ - Domestic Market



## Price - Anhydrous

R\$/M³ - Domestic Market



(\*) Based on weekly ethanol price released by CEPEA / ESALQ – São Paulo, from 02/09/2009 to 02/13/2009

# SUGAR MARKET



Chart 1

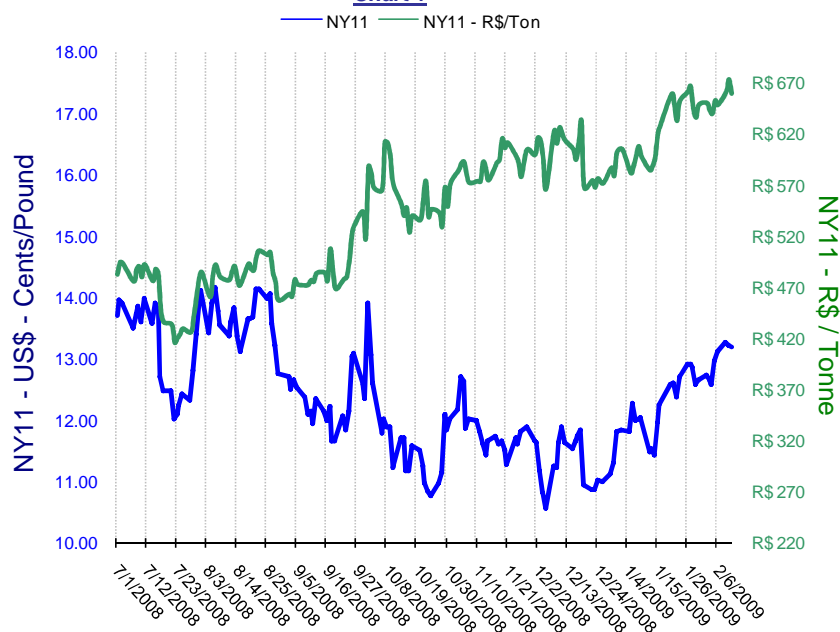
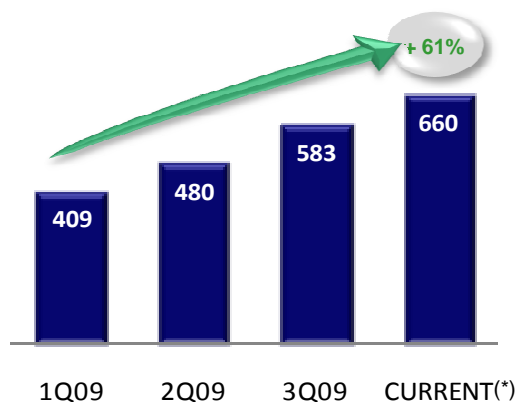


Chart 2

## Price - Sugar NY11

R\$/Tonne



(\*) As of February 11, 2009



Price per ton of sugar in local currency rose sharply due to the weaker BRL and the improvement in international commodity prices;



If sugar prices remain above R\$600, mills in the Center-South region should increase their sugar output by 4 million tons in the 2009/10 harvest year;



The São Martinho Group should produce 650,000 tons of sugar in 2009/10, an increase of 17% over 2008/09.

Table 1

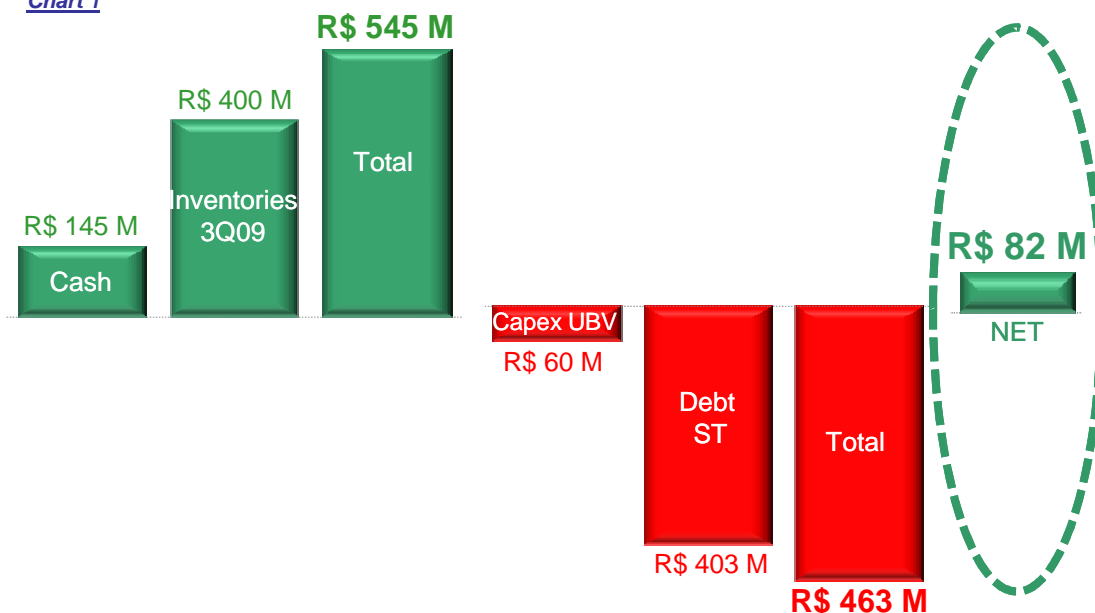
## NY11 – R\$ / Tonne

		Sugar NY11 - US\$ ¢ / Pound			
		12.00	13.00	14.00	15.00
Exchange - R\$/US\$	2.00	R\$ 529	R\$ 573	R\$ 617	R\$ 661
	2.10	R\$ 556	R\$ 602	R\$ 648	R\$ 694
	2.20	R\$ 582	R\$ 631	R\$ 679	R\$ 728
	2.30	R\$ 608	R\$ 659	R\$ 710	R\$ 761
	2.40	R\$ 635	R\$ 688	R\$ 741	R\$ 794
	2.50	R\$ 661	R\$ 717	R\$ 772	R\$ 827

# INDEBTEDNESS



Chart 1



- Short-term debt and investments were addressed;
- Boa Vista Mill is ready to crush 2.2 million tons of sugarcane in the 2009/10 harvest year;
- Greater allocation of funds to working capital was driven by the expectation of higher ethanol and sugar prices in the inter-harvest period;
- Investments in the Boa Vista Mill to increase crushing capacity from 2.2 to 3.4 million tons by 2010/11 may be postponed if long-term credit lines remain scarce.

Table 1

<b>WORKING CAPITAL</b> <i>R\$ - Thousand</i>	<b>3Q08</b>	<b>2Q09</b>	<b>3Q09</b>	<b>Chg.</b> <b>3Q09 x 2Q09</b>	<b>Chg.</b> <b>3Q09 x 3Q08</b>
<b>ASSETS</b>	<b>377,546</b>	<b>504,032</b>	<b>552,405</b>	<b>(48,373)</b>	<b>(174,859)</b>
Accounts Receivable	26,902	48,983	35,476	13,507	(8,574)
Inventories	313,151	405,112	467,776	(62,664)	(154,625)
Tax Receivable	37,493	49,937	49,153	784	(11,660)
<b>LIABILITIES</b>	<b>86,212</b>	<b>147,349</b>	<b>123,950</b>	<b>(23,399)</b>	<b>37,738</b>
Suppliers	58,615	97,386	88,341	(9,045)	29,726
Payroll and Social Contribution	21,074	40,334	26,506	(13,828)	5,432
Tax Payable	6,523	9,629	9,103	(526)	2,580
<b>WORKING CAPITAL</b>	<b>291,334</b>	<b>356,683</b>	<b>428,455</b>	<b>(71,772)</b>	<b>(137,121)</b>



# OPERATING RESULTS



Table 1

	3Q09	3Q08	Change
<b>Net Revenue</b>	220,816	127,286	+73.5
<b>CPV (Cash Cost)</b>	(127,638)	(82,313)	+55.1
<b>Gross Profit</b>	52,174	12,835	+306.5
<b>EBITDA (Adjusted)</b>	64,412	22,843	+182.0
<b>EBITDA Margin</b>	29.2%	17.9%	+11.2 p.p
<b>Financial Result</b>	(90,793)	(1,336)	n.m.
<b>Net Income (Loss)</b>	(36,361)	(5,777)	+529.4
<b>TRS Sold ('000 Tons)</b>	407	296	+37.8

■ Growth in Net Revenue and EBITDA driven by higher sales volume and better prices;

■ Financial Expenses increased due to the BRL devaluation of 22% in 3Q09;

■ FX losses of R\$67.8 million (with no cash impact) will be fully reversed once exports are settled.

Table 2

3Q09 – Financial Result Breakdown	
<i>R\$ - Thousand</i>	
Financial Revenue	5,354
Financial Expense	(32,569)
Hedge Result - Sugar	6,884
Exchange Variation	(67,833)
Copers. Mon. Variation	(2,629)

- FX in BRL of 22.1%
- FX losses on debt positions of **R\$ 47,475**
- USD hedge result of **R\$ 20,357** (NDFs)



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