

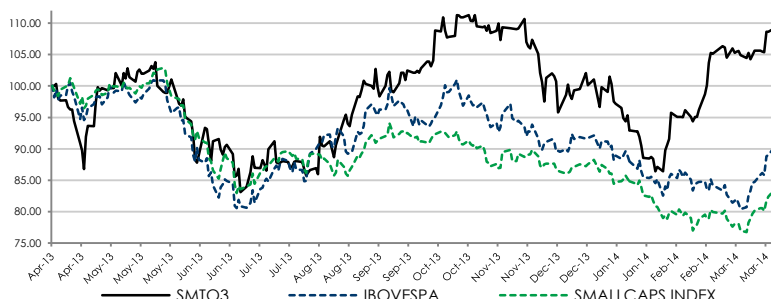
## São Martinho records net income of R\$135.0 million in 12M14, up 85.1%

**São Paulo, June 16<sup>th</sup>, 2014** – 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 fourth quarter of 2013/2014 (4Q14).

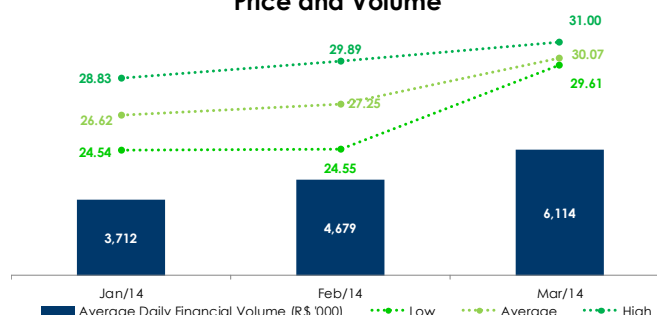
### 4Q14 HIGHLIGHTS

- ✓ In 4Q14, the Company's Adjusted EBITDA amounted to R\$147.5 million (Adjusted EBITDA margin of 33.7%), increasing 2.1% from 4Q13. In 12M14, Adjusted EBITDA was R\$766.6 million (with Adjusted EBITDA Margin of 38.9%), up 17.9% from 12M13. The main drivers of the EBITDA improvement were: i) higher sales of ethanol and cogeneration; and ii) higher ethanol prices.
- ✓ **Net income stood at R\$135 million for 12M14**, which represents an increase of 85.1% from 12M13. The higher net income is directly related to the growth of Adjusted EBITDA in the period;
- ✓ Net income in 4Q14 amounted to R\$6.4 million, compared to net income of R\$12.7 million in the same period last year. The decrease is explained by non-cash, non-recurring expenses in the quarter, such as: i) impairment of tax credits due to the spin-off at Santa Cruz S.A. (-R\$8.9 million); ii) higher financial expenses, due to mark to market adjustments of hedge instruments (-R\$10 million); and iii) expenses related to the derecognition of prepaid leasing agreement (-R\$4.8 million), due to the decision of streamlining and stabilizing the capacity at Usina Boa Vista at 4.2 million tons;
- ✓ On March 31<sup>st</sup>, 2014, we had sugar prices fixed for the **2014/15 crop year for 649,000 tons at an average price of USD 18.01 cents/pound**. This volume corresponds to around **48.0% of the expected volume of sugar production**. In addition to the hedging of sugar prices, we also held short dollar positions of **US\$120.2 million with an average price of R\$2.41/US\$** for sugar exports.

SMT03 vs. IBOV vs. SMLL



Price and Volume





The table below presents our estimated crushing and production for the 14/15 crop year:

Production	2013/2014	Guidance 2014/2015 (*)	Chg. (%)
<b>Crushing ('000 tons)</b>	15,6	19,6	26,0%
<b>Sugar ('000 tons)</b>	986,0	1.353,0	37,2%
<b>Ethanol ('000 m³)</b>	639,0	740,0	15,8%
<b>Cogeneration ('000 MWh)</b>	445,0	663,0	49,0%
<b>Mix Sugar/Ethanol</b>	48% - 52%	53% - 47%	
<b>Mix Anhydrous/Hydrous</b>	62% - 38%	61% - 39%	

(\*) Includes de interest of 50.95% in the capital of Nova Fronteira Bioenergia S.A. and of 100% in Santa Cruz S.A.

Estimates include (i) the development of sugarcane plants in our fields to date; ii) the volume of stand-over sugarcane from the 13/14 crop year (+1.4 million); iii) remaining unprocessed sugarcane from the acquisition of São Carlos in 13/14 (+1.0 million); and iv) the recent acquisition of Santa Cruz S.A.

## 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 (50.95%)	USC (32.18%)	São Martinho S.A. (Pro forma)
R\$ '000				
Net Revenue	320,348	68,824	48,785	438,123
Adjusted EBITDA	102,228	23,050	22,067	147,506
Adjusted EBITDA Margin	31.9%	33.5%	45.2%	33.7%
Adjusted EBIT	47,802	11,787	12,184	71,563
Adjusted EBIT Margin	14.9%	17.1%	25.0%	16.3%
Biological Assets and Other	(6,179)	(822)	(3,447)	(11,133)
Equity Income	(5,142)	(4)	7	56
Financial Result	(25,642)	(6,658)	(8,293)	(40,711)
Income (Loss) Before taxes	10,839	4,303	451	19,775
Taxes	(4,411)	(210)	(8,726)	(13,347)
Net Income	6,428	4,092	(8,275)	6,428



ACCUMULATED				
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	USC (32.18%)	São Martinho S.A. (Pro forma)
R\$ '000				
Net Revenue	1,533,675	275,158	161,589	1,971,177
Adjusted EBITDA	571,169	118,679	76,662	766,601
Adjusted EBITDA Margin	37.2%	43.1%	47.4%	38.9%
Adjusted EBIT	265,079	28,038	26,284	318,828
Adjusted EBIT Margin	17.3%	10.2%	16.3%	16.2%
Biological Assets and Other	(4,801)	(5,383)	(4,941)	(15,512)
Equity Income	(16,444)	(3)	53	(399)
Financial Result	(55,273)	(28,160)	(22,858)	(107,197)
Income (Loss) Before taxes	188,561	(5,508)	(1,461)	195,720
Taxes	(53,560)	(1,069)	(6,097)	(60,719)
Net Income	135,001	(6,577)	(7,558)	135,001
Cash	551,359	100,307	27,659	670,741
Gross Debt	1,590,821	375,141	243,034	2,219,947
Net Debt	1,039,462	274,834	215,375	1,549,206
EBITDA YTD	571,169	118,679	76,662	766,601
Net Debt / EBITDA	1.82 x	2.32 x	2.81 x	2.02 x

## OVERVIEW - COMPANY

FINANCIAL HIGHLIGHTS (R\$ Thousand)	4Q14	4Q13	Chg. (%)	12M14	12M13	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	459,194	420,289	9.3%	2,047,162	1,708,566	19.8%
Net Revenue	438,123	403,813	8.5%	1,971,177	1,635,955	20.5%
Adjusted EBITDA	147,506	144,420	2.1%	766,601	650,102	17.9%
EBITDA Margin	33.7%	35.8%	-2.1 p.p.	38.9%	39.7%	-0.8 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	5,825,951	5,633,110	3.4%	5,825,951	5,633,110	3.4%
Shareholders' Equity	2,075,952	2,100,617	-1.2%	2,075,952	2,100,617	-1.2%
EBITDA (LTM)	766,601	650,102	17.9%	766,601	650,102	17.9%
Net Debt	1,549,206	1,429,293	8.4%	1,549,206	1,429,293	8.4%
Net Debt / EBITDA (LTM)	2.02 x	2.20 x		2.02 x	2.20 x	
Net Debt / Shareholders' Equity	75%	68%		75%	68%	



OPERATING DATA	12M14	12M13	Chg.(%)
São Martinho - Consolidated			
<b>Crushed Sugarcane ('000 tons)</b>	<b>15,592</b>	<b>12,885</b>	<b>21.0%</b>
Own	10,315	8,206	25.7%
Third Parties	5,278	4,679	12.8%
Mechanized Harvest	93.9%	88.8%	5.08 p.p.
Agricultural Yield (ton/ha)	99.47	88.58	12.3%
Average TRS (kg/ton)	136.95	139.14	-1.6%
Production			
Sugar ('000 tons)	986	969	1.7%
Anhydrous Ethanol ('000 m <sup>3</sup> )	388	275	41.0%
Hydrous Ethanol ('000 m <sup>3</sup> )	252	176	43.3%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	284	280	1.4%
Cogeneration ('000 MWh)	445	176	153.3%
TRS Produced	2,135	1,793	19.1%
Mix - Sugar - Ethanol	48% - 52%	57% - 43%	
Mix Anhydrous - Hydrous	62% - 38%	62% - 38%	

The São Martinho Group crushed 15.6 million tons, increasing 21% from the previous crop year and surpassing the initial crushing guidance of 15.3 million tons. As mentioned above, 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.

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

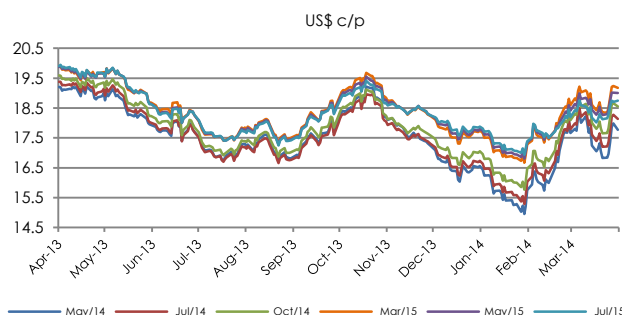


## INDUSTRY OVERVIEW

### Sugar

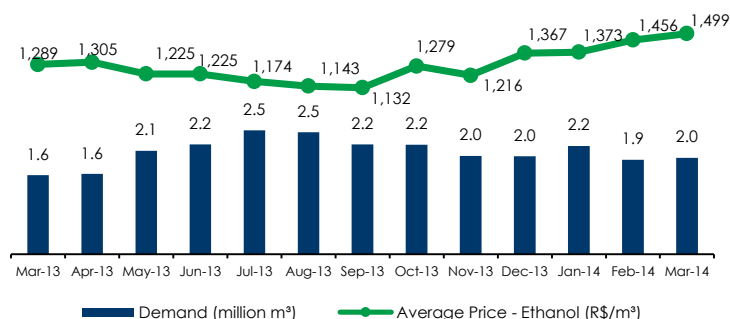
In the fourth quarter of the 13/14 crop year, sugar prices (US\$ cents/pound) recovered as a result of (i) the lower estimated crushing for the Brazil's Center-South, due to the drought over the off-season (adverse weather could impact agricultural yield (Ton/ha)); (ii) the possible occurrence of the El Niño, which could increase rainfall in Brazil's Center-South (hindering crushing), and cause drought in the northern hemisphere (impacting India and Thailand), which could have a negative impact on global sugar balances already in the second half of 2014.

Prices NY#11



On April 23, 2014, the Sugarcane Industry Association (UNICA) published its forecasts for the 2014/15 crop year. According to the forecast, Brazil's Center-South region is expected to process 580.0 million tons of sugarcane in the 2014/15 crop year, or 2.8% less than in the 2013/14 crop year, with sugar production totaling 32.5 million tons, or 5.2% less than in 2013/14.

### Ethanol



In the fourth quarter of the 2013/14 crop year, prices for both anhydrous and hydrous ethanol were higher than a year earlier (+13.2% and +13.3%, respectively). The improvement in net prices is due to the reduction in the rate of PIS/Cofins taxes implemented in May 2013 and to higher demand for fuels in the country.

The chart on the left shows domestic ethanol consumption remained steady despite the price increase, which evidences the high demand for the product.

AVERAGE PRICES - ETHANOL	4Q14	4Q13	Chg. (%)	12M14	12M13	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m3	1,515.81	1,338.60	13.2%	1,373.63	1,279.19	7.4%
Hydrous ESALQ, Net DM - R\$ / m3	1,358.62	1,199.09	13.3%	1,214.15	1,116.26	8.8%



## FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	4Q14	4Q13	Chg. (%)	12M14	12M13	Chg. (%)
R\$ '000						
<b>Domestic Market</b>	<b>247,652</b>	<b>149,837</b>	<b>65.3%</b>	<b>893,128</b>	<b>597,880</b>	<b>49.4%</b>
Sugar	17,835	17,618	1.2%	64,595	61,810	4.5%
Hydrous Ethanol	83,047	48,438	71.5%	235,097	165,423	42.1%
Anhydrous Ethanol	132,652	73,234	81.1%	380,248	261,671	45.3%
Cogeneration	2,389	5,232	-54.3%	77,273	44,408	74.0%
Others	11,729	5,315	120.7%	135,915	64,568	110.5%
<b>Export Market</b>	<b>190,471</b>	<b>253,976</b>	<b>-25.0%</b>	<b>1,078,049</b>	<b>1,038,075</b>	<b>3.9%</b>
Sugar	171,901	214,734	-19.9%	819,679	888,516	-7.7%
Hydrous Ethanol	8,775	14,387	-39.0%	76,412	37,262	105.1%
Anhydrous Ethanol	0	16,151	-100.0%	149,376	81,810	82.6%
Others	9,795	8,705	12.5%	32,582	30,487	6.9%
<b>Net Revenue</b>	<b>438,123</b>	<b>403,813</b>	<b>8.5%</b>	<b>1,971,177</b>	<b>1,635,955</b>	<b>20.5%</b>
Sugar	189,736	232,352	-18.3%	884,274	950,326	-7.0%
Hydrous Ethanol	91,822	62,825	46.2%	311,509	202,685	53.7%
Anhydrous Ethanol	132,652	89,385	48.4%	529,624	343,481	54.2%
Cogeneration	2,389	5,232	-54.3%	77,273	44,408	74.0%
Others	21,524	14,020	53.5%	168,497	95,055	77.3%

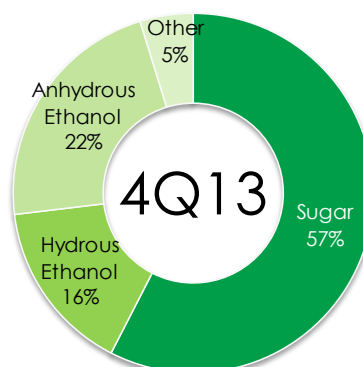
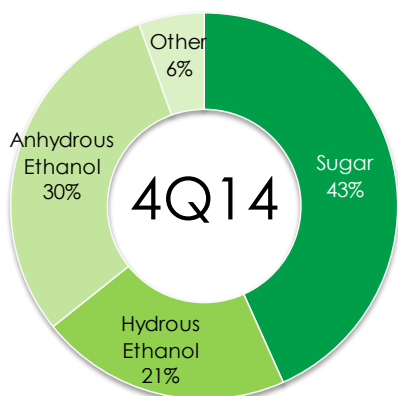
### Net Revenue

In the fourth quarter of the 2013/14 crop year (4Q14), the Company's net revenue amounted to R\$438.1 million, increasing 8.5% from the same period of the previous crop year. This improvement was mainly driven by (i) the 28.9% increase in hydrous ethanol sales volume; ii) the 31.7% increase in anhydrous ethanol sales; and iii) higher ethanol sales prices (+13.0% in average).

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

### Distribution – Net Revenues

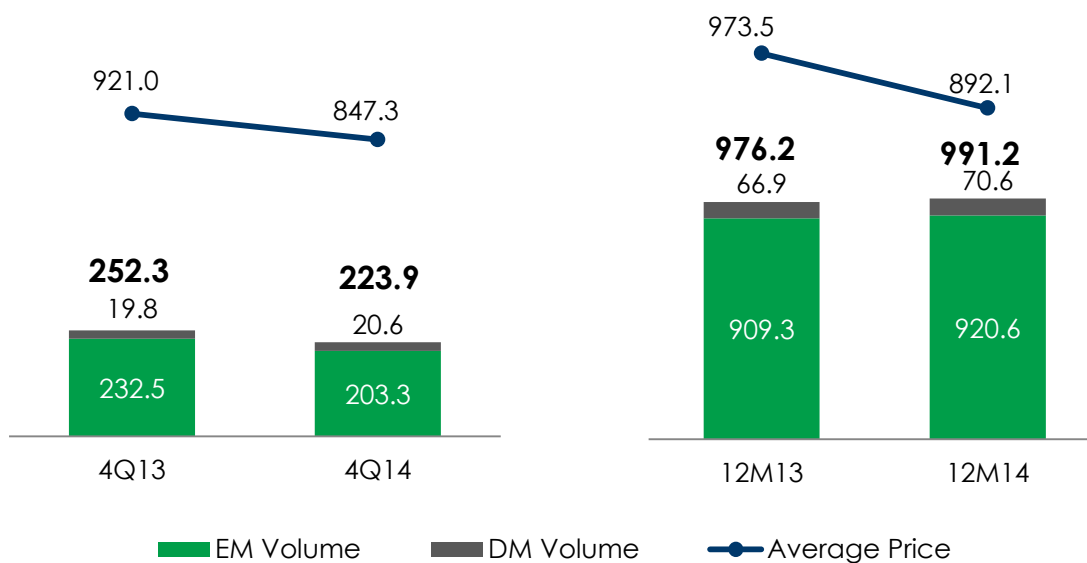
4Q14 x 4Q13



## Sugar

## Sugar

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



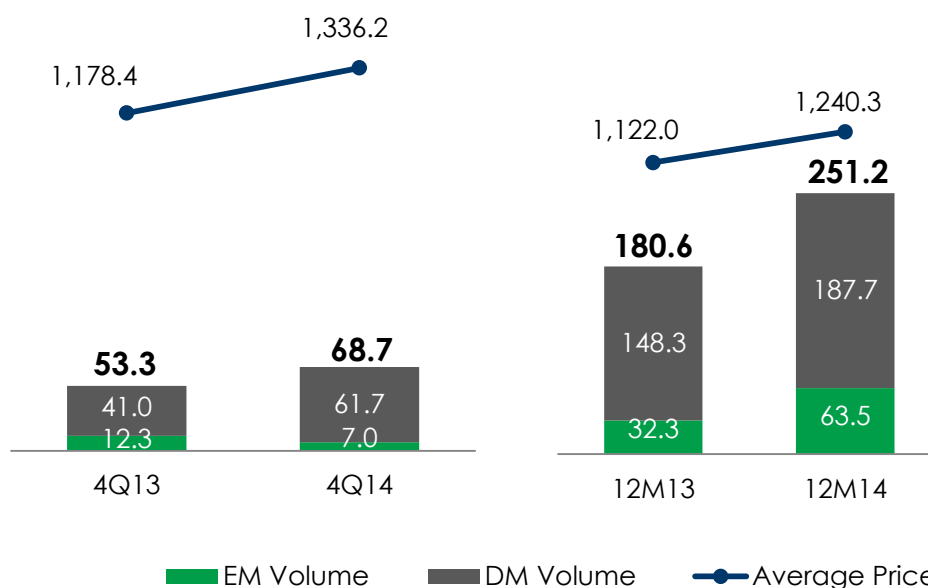
Net revenue from sugar sales amounted to R\$189.7 million in 4Q14, down 18.3% from the same period of the previous crop year. The decline in sales is directly related to the anticipated shipments of the product in the last two quarters. In 12M14, sugar sales registered net revenue of R\$884.3 million, down 7% from the revenue recorded in 12M13 due to the reduction in the average sales prices in the period.



## Ethanol

### Hydrous Ethanol

Volume ('000 m<sup>3</sup>) and Average Price (R\$/m<sup>3</sup>)

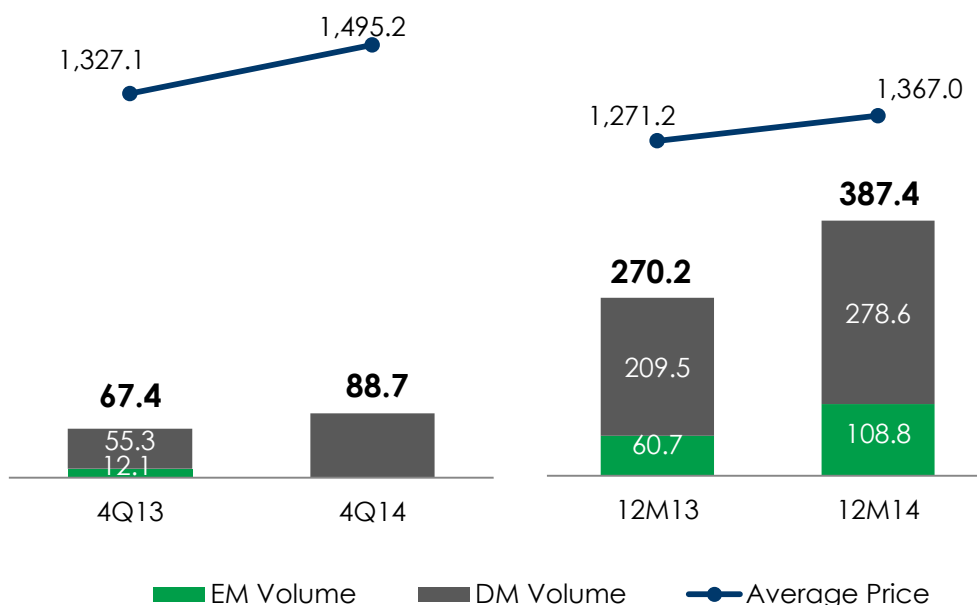


Net revenue from hydrous ethanol sales amounted to R\$91.8 million in 4Q14, increasing 46.2% from the same quarter of the previous crop year. The improvement was due to the 28.9% growth in hydrous ethanol sales volume, combined with the 13.4% increase in the average sales price. The improvement in the average sales price was driven by i) the reduction in PIS/Cofins tax rates implemented in May/2013; and ii) the stronger demand for hydrous ethanol, as mentioned in the section "Industry Overview – Ethanol." In 12M14, revenue from hydrous ethanol sales reached R\$311.5 million, up 53.7% from the 12/13 crop year. The improvement is due to higher volumes sold (+39.0%) and improved average prices in the period (+10.5%).



## Anhydrous Ethanol

Volume ('000 m<sup>3</sup>) and Average Price (R\$/m<sup>3</sup>)



In 4Q14, net revenue from anhydrous ethanol sales increased 48.4% from 4Q13 to reach R\$132.6 million. The improvement was due to the 31.7% growth in anhydrous ethanol sales volume, and the 12.7% increase in the average sales price.

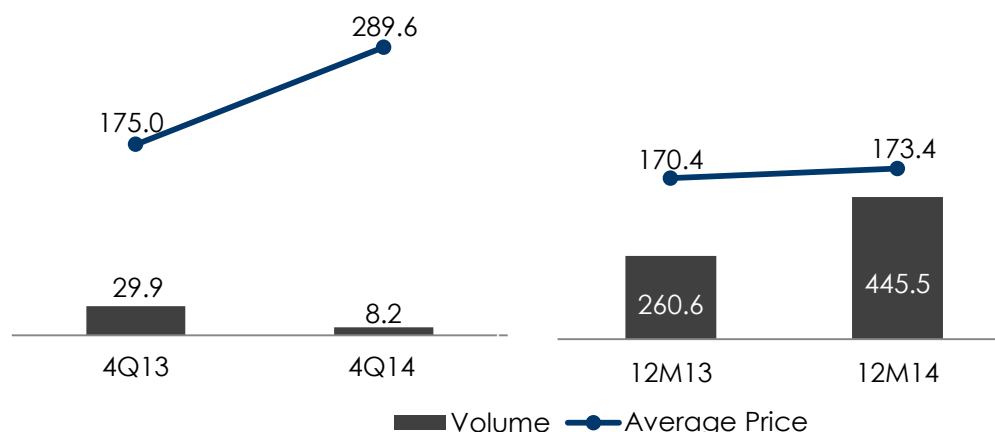
In 1214, revenue from anhydrous ethanol sales amounted to R\$529.6 million, 54.2% higher than in the same period of the previous crop year.

Considering the decline in sugar prices for the 13/14 crop year, virtually all growth in crushing was allocated to increasing anhydrous and hydrous ethanol production. The strategy enabled to Company to capture the improved prices for the product throughout the crop year, actively participating in the domestic market and of some export windows.

## Cogen

### Cogeneration

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



Net revenue from cogeneration sales in 4Q14 amounted to R\$2.4 million, down 54.3% from the same quarter of the previous crop year. The reduction is explained by the recording in 3Q14 of some of the cogeneration volume of 4Q14, in line with the costs to produce energy, which were also recorded in December/13. In 12M14, net revenues from cogeneration sales amounted to R\$77.3 million, increasing 74.0% from the same period of the previous crop year. The improvement is explained by the increase of 71.0% in cogeneration sales volume in the quarter, which basically reflects the output from the cogeneration operation at Usina São Martinho that was launched this crop year.

### Other Products and Services

Net revenue from the line "Other Products and Services" was R\$21.5 million in 4Q14, increasing 53.5% from the same quarter of the previous crop year. In 12M14, net revenue amounted to R\$168.5 million, increasing 77.3% from 12M13. 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 Usina São Carlos. As of the 14/15 crop year, the São Martinho Group will fully crush the sugarcane from São Carlos, thus eliminating this impact from our results.



## INVENTORIES

INVENTORIES	4Q14	4Q13	Chg. (%)
Sugar (tons)	7,225	9,718	-25.7%
Hydrous (m <sup>3</sup> )	5,473	6,223	-12.0%
Anhydrous (m <sup>3</sup> )	21,751	21,212	2.5%

## EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 12M14	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenues	884,277	841,136	245,764	1,971,177
COGS (Cash)	(414,015)	(433,111)	(149,578)	(996,704)
Gross Profit (Cash)	470,262	408,025	96,186	974,473
Gross Margin (Cash)	53.2%	48.5%	39.1%	49.4%
Selling Expenses	(62,015)	(22,943)	(5,371)	(90,329)
G&A Expenses (Cash)	(56,418)	(59,624)	(12,894)	(128,936)
Other Revenues (Expenses)	-	-	11,393	11,393
<b>Adjusted EBITDA</b>	<b>351,829</b>	<b>325,457</b>	<b>89,315</b>	<b>766,601</b>
<b>Adjusted EBITDA Margin</b>	<b>39.8%</b>	<b>38.7%</b>	<b>36.3%</b>	<b>38.9%</b>
<b>EBITDA Cost (*)</b>	<b>(537.2)</b>	<b>(807.5)</b>	-	-

(\*) Sugar in R\$/Ton

Ethanol in R\$/m<sup>3</sup>

EBITDA BY PRODUCT - 12M13	SUGAR	ETHANOL	OTHER	TOTAL
R\$ '000				
Net Revenues	949,800	545,852	140,303	1,635,955
COGS (Cash)	(392,182)	(311,949)	(91,042)	(795,173)
Gross Profit (Cash)	557,618	233,903	49,261	840,782
Gross Margin (Cash)	58.7%	42.9%	35.1%	51.4%
Selling Expenses	(57,265)	(11,924)	(3,277)	(72,466)
G&A Expenses (Cash)	(60,676)	(45,956)	(11,848)	(118,480)
Other Revenues (Expenses)	-	-	265	265
<b>Adjusted EBITDA</b>	<b>439,677</b>	<b>176,023</b>	<b>34,402</b>	<b>650,102</b>
<b>Adjusted EBITDA Margin</b>	<b>46.3%</b>	<b>32.2%</b>	<b>24.5%</b>	<b>39.7%</b>
<b>EBITDA Cost (*)</b>	<b>(522.5)</b>	<b>(820.3)</b>	-	-

(\*) Sugar in R\$/Ton

Ethanol in R\$/m<sup>3</sup>

In 12M14, sugar accounted for 45.9% of the Group's consolidated Adjusted EBITDA, while ethanol and other products accounted for 42.5% and 11.7%, respectively. Sugar EBITDA margin decreased 6.5 p.p. from 12M13, reflecting the lower sugar prices and higher freight expenses (higher logistics costs due to strong competition for freight from other commodities).



In the case of ethanol, in 12M14, Adjusted EBITDA margin expanded 6.4 p.p. from 12M13, reflecting the higher utilization of installed capacity (sharp increase in the share of ethanol in the production mix, which reduced ethanol EBITDA cost by 1.6%) and the higher average price, as detailed in the item "Net Revenue".

AVERAGE CASH COST PER UNIT	4Q14	4Q13	Chg.%	12M14	12M13	Chg.%
R\$ '000						
<b>COGS</b>	<b>(244,943)</b>	<b>(209,871)</b>	<b>16.7%</b>	<b>(996,704)</b>	<b>(795,173)</b>	<b>25.3%</b>
Sugar	(105,554)	(105,162)	0.4%	(414,015)	(392,182)	5.6%
Ethanol	(127,887)	(86,432)	48.0%	(433,111)	(311,949)	38.8%
Other Products	(11,502)	(18,277)	-37.1%	(149,577)	(91,042)	64.3%
<b>Average Cash Cost Per Unit (*)</b>						
Sugar Cash Cost	(471.4)	(416.9)	13.1%	(417.7)	(401.7)	4.0%
Ethanol Cash Cost	(812.3)	(716.3)	13.4%	(678.2)	(691.9)	-2.0%

(\*) Sugar in R\$/Ton

Ethanol in R\$/m<sup>3</sup>

The higher unit cost of goods sold in 4Q14 vs. 4Q13 is explained by expenses with i) higher stand-over cane; and ii) derecognition of advances from partners at Usina Boa Vista. These effects are further detailed in the following item "Cost of Goods Sold".

## COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	4Q14	4Q13	Chg.%	12M14	12M13	Chg.%
R\$ '000						
<b>Agricultural Costs</b>	<b>190,078</b>	<b>148,935</b>	<b>27.6%</b>	<b>683,724</b>	<b>564,715</b>	<b>21.1%</b>
Suppliers	90,102	75,163	19.9%	366,878	335,164	9.5%
Partnerships	41,499	24,921	66.5%	121,731	81,751	48.9%
Own Sugarcane	58,477	48,851	19.7%	195,115	147,799	32.0%
Industrial	34,000	30,634	11.0%	123,235	95,179	29.5%
Other Products	20,865	30,302	-31.1%	189,745	135,279	40.3%
<b>Total COGS</b>	<b>244,943</b>	<b>209,871</b>	<b>16.7%</b>	<b>996,704</b>	<b>795,173</b>	<b>25.3%</b>
TRS Sold ('000 Tons)	506	472	7.1%	2,140	1,801	18.8%
Unit Cost (Sugar and Ethanol COGS/TRS)	443	380	16.5%	377	366	2.9%

In 4Q14, Cash COGS was R\$244.9 million, increasing 16.7% from the same quarter of the previous crop year. The main impact was in agricultural partnerships, up 66.5%.

The last quarter of 2014 was strongly impacted by non-recurring expenses, such as: i) the derecognition of prepaid leasing agreement (R\$4.8 million), due to the decision to stabilize the capacity at Usina Boa Vista at 4.2 million tons; and ii) the leasing cost associated with the strategy to keep 1.4 million tons of stand-over cane from the previous crop (R\$13.2 million), the revenue from which will be recorded only in the next crop year, when the product from the crush of this sugarcane will be sold.

The table below shows the reconciliation of these non-recurring effects in order to enable a better analysis of the effects exclusively related to production in the 13/14 crop year:



COGS Analysis (cash)		
	4Q14	12M14
R\$ million		
COGS (cash)	244.9	996.7
Stand-over cane	13.2	19.7
UBV (derecognition of leasing agreements)	4.8	4.8
Sugarcane Sale (Biosev agreement)	-	80.6
Sale of property	-	13.2
<b>Adjusted COGS (cash)</b>	<b>226.9</b>	<b>878.3</b>

Excluding the non-recurring effects in the quarter, we have an Adjusted Cash COGS of R\$226.9 million, up 8.1% from 4Q13, in line with the growth in sales. In 12M14 – excluding the costs that are unrelated to sugar, ethanol and energy sales – , we have an Adjusted Cash COGS of R\$878.3 million, or 10.5% higher than in the 12/13 crop year, which is lower than the growth of TRS volume sold (+18.8%), thus evidencing a greater dilution of costs due to the higher crushing volume.

## SELLING EXPENSES

SELLING EXPENSES	4Q14	4Q13	Chg.%	12M14	12M13	Chg.%
R\$ '000						
Port / Freight Costs	14,139	17,134	-17.5%	85,104	68,619	24.0%
Sales Commission	-	-	n.m.	78	77	0.8%
Other - non-recurring	2,605	814	220.2%	5,147	3,769	36.6%
<b>Selling Expenses</b>	<b>16,744</b>	<b>17,948</b>	<b>-6.7%</b>	<b>90,329</b>	<b>72,466</b>	<b>24.7%</b>
TRS Sold ('000 Tons)	506	472	7.1%	2,140	1,801	18.8%
% of Net Revenue	3.8%	4.4%	-0.7 p.p.	4.6%	4.4%	0.3 p.p.

In 4Q14, selling expenses amounted to R\$16.7 million, decreasing 6.7% from 4Q13. The reduction was led by Port/Freight Costs, due chiefly to the lower volume of sugar and ethanol exports in the period.

In 12M14, selling expenses grew 24.7%, due mainly to higher ethanol exports, in addition to freight costs in the period, mainly on higher diesel prices and toll fees.



## GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	4Q13	4Q12	Chg. (%)	12M14	12M13	Chg. (%)
R\$ '000						
Payroll and Related Charges	19,696	23,401	-15.8%	77,290	68,521	12.8%
Taxes, Fees, Contributions and Contingencies	6,002	1,973	204.2%	27,203	23,344	16.5%
General Expenses and Third-Party Services	4,989	6,991	-28.6%	22,145	24,739	-10.5%
Stock Options Expenses	710	615	15.4%	2,297	1,876	22.4%
<b>Total General and Administrative Expenses</b>	<b>31,397</b>	<b>32,980</b>	<b>-4.8%</b>	<b>128,936</b>	<b>118,480</b>	<b>8.8%</b>

G&A expenses were R\$31.4 million in 4Q14, decreasing 4.8% from the same quarter of the previous crop year. The main impact in the period was related to the expenses with payroll and related charges, due to the provision for variable compensation and the wage increases under the collective bargaining agreement allocated 100% in the last quarter in the previous crop year, which were allocated proportionally over the four quarters of the 13/14 crop year. In 12M14, general and administrative expenses amounted to R\$128.9 million, increasing 8.8% from the 12/13 crop year. The main impact in the period was in Payroll and Related Charges (up 12.8%), due mainly to the annual wage increase under the collective bargaining agreement and variable compensation.

## EBITDA

EBITDA RECONCILIATION	Pro-Forma 4Q14	4Q13	Chg. (%)	12M14	12M13	Chg. (%)
R\$ '000						
<b>Adjusted EBITDA</b>	<b>147,506</b>	<b>144,420</b>	<b>2.1%</b>	<b>766,601</b>	<b>650,102</b>	<b>17.9%</b>
Adjusted EBITDA Margin	33.7%	35.8%	-2.1 p.p.	38.9%	39.7%	-0.8 p.p.
Equity Income	(56)	(1,579)	-96.5%	399	3,615	-89.0%
Non Recurring Operating Income (Expenses)	10,900	2,252	384.0%	10,144	(193)	n.m.
Biological Assets	233	2,068	-88.7%	5,368	(4,753)	n.m.
Non Cash Items Recorded as COGS	-	(1,405)	n.m.	-	(327)	n.m.
<b>Book EBITDA</b>	<b>136,429</b>	<b>143,084</b>	<b>-4.7%</b>	<b>750,690</b>	<b>651,760</b>	<b>15.2%</b>
EBITDA Margin	31.1%	35.4%	-4.3 p.p.	38.1%	39.8%	-1.8 p.p.
(-) Depreciation and Amortization	(75,943)	(108,890)	-30.3%	(447,773)	(452,950)	-1.1%
(-) Financial Income (Expense), net	(40,711)	(14,461)	181.5%	(107,197)	(100,651)	6.5%
(=) Operating Income	19,775	19,733	0.2%	195,720	98,159	99.4%

### Adjusted EBITDA

In 4Q14, the São Martinho Group recorded adjusted EBITDA of R\$147.5 million (Adjusted EBITDA Margin of 33.7%), increasing 2.1%, with margin contraction of 2.1 .p. from 4Q13. The margin reduction is explained mainly by the increase in non-recurring agricultural costs, as already explained in item Cost of Goods Sold.

In 12M14, adjusted EBITDA was R\$766.6 million (with adjusted EBITDA margin of 38.9%), for growth of 17.9% over the previous crop year. The result was positively affected mainly by i) the higher ethanol sales and sales prices; and ii) higher cogeneration volume in the period.





### Other Operating Income (Expenses) - Non-recurring

The increase in "Non-recurring Other Operating Income and Expenses" of R\$6.2 million in the quarter is explained by the recording of provisions for judicial contingencies regarding ICMS tax at Copersucar.

A breakdown by business line of Adjusted EBITDA follows:

12M14					
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Others	Consolidated - ex others
R\$ '000					
Net Revenue	1,971,177	1,725,413	77,273	168,491	1,802,686
Adjusted EBITDA	766,601	677,286	65,593	23,722	742,879
<b>Adjusted EBITDA Margin</b>	<b>38.9%</b>	<b>39.3%</b>	<b>84.9%</b>	<b>14.1%</b>	<b>41.2%</b>

12M13					
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Others	Consolidated - ex others
R\$ '000					
Net Revenue	1,635,955	1,495,652	44,408	95,895	1,540,060
Adjusted EBITDA	650,102	615,700	26,980	7,422	642,679
<b>Adjusted EBITDA Margin</b>	<b>39.7%</b>	<b>41.2%</b>	<b>60.8%</b>	<b>7.7%</b>	<b>41.7%</b>

CPC 19						
EBITDA RECONCILIATION	4Q14	4Q13	Chg. (%)	12M14	12M13	Chg. (%)
R\$ '000						
<b>Book EBITDA</b>	<b>90,907</b>	<b>113,345</b>	<b>-19.8%</b>	<b>549,923</b>	<b>508,194</b>	<b>8.2%</b>
EBITDA Margin	28.4%	36.4%	-8.1 p.p.	35.9%	39.3%	-3.5 p.p.
(-) Depreciation and Amortization	(54,426)	(76,830)	-29.2%	(306,089)	(329,261)	-7.0%
(-) Net Financial Expense	(25,642)	(14,903)	72.1%	(55,273)	(63,515)	-13.0%
(=) Operating Income (Loss)	10,839	21,612	-49.8%	188,561	115,418	63.4%

*Includes the impacts from Nova Fronteira (50.95%) and Santa Cruz (32.18%) only through equity accounting\**



## HEDGING

A summary of our sugar and U.S. dollar hedge positions on March 31, 2014 follows.

### Sugar

	Total Sugarcane (mil tons)	Volume Hedged (mil tons)	Avg. Price (US\$ c/p)	Percentage of Own Sugarcane	Percentage of Total Sugarcane
<b>Sugar - 2014/2015 Crop Year</b>					
May/14 (K14)	293,601	168,258	18.11	86%	57%
Jul/14 (N14)	446,490	305,221	18.05	100%	68%
Oct/14 (V14)	357,192	130,918	17.80	55%	37%
Mar/15 (H15)	255,717	44,452	17.93	26%	17%
2014/2015 Crop Year	1,353,000	648,848	18.01	72%	48%

Note: The abovementioned sugar volumes already include 100% consolidation of the sugar produced at Santa Cruz S.A.

Our sugar prices for the 2014/15 crop year were locked in at an average price of USD 18.01 cents/pound for 648,848 tons, with this volume representing 48% of our sugar exposure in the crop year.

Our price hedging strategy for the 14/15 crop year focuses on hedging prices for the period from May/14 to July/14, when sugar output is under the most pressure in Brazil's Center-South, while maintaining lower hedge over prices for the Oct/14-Mar/15 period. We believe there are still uncertainties regarding the sugar production in Brazil's Center-South, in addition to the impact of the El Niño in sugar producing countries in the northern hemisphere, especially India and Thailand.

### U.S. Dollar

On March 31, 2014, the São Martinho Group held open positions 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\$ thousand	Average Price (R\$/US\$)	US\$ thousand	Average Price (R\$/US\$)	US\$ thousand	Average Price (R\$/US\$)
2014/2015 Crop Year	149,796	2.37	120,154	2.41	29,642	2.22
2015/2016 Crop Year	15,114	2.30	-	-	15,114	2.30



#### 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\$116.6 million in March 2014).

It is worth noting that as of the 14/15 crop year, certain borrowings denominated in foreign currencies start to mature, which will be repaid with the dollar-denominated revenue of the Company received over the course of the crop year and in line with the maturities below. As a result, net revenue will represent an average U.S. dollar for sale, considering the average price of the currency at the moment the borrowing was contracted and not the current exchange rate. We will detail on a timely manner this impact on our financial letters over the course of the 14/15 crop year.

These borrowing contracts mature over the year in accordance with the following schedule:

	US\$ thousand	Average Price (R\$/US\$)
1Q15	18,468	1.90
2Q15	23,907	1.86
3Q15	52,743	1.83
4Q15	27,389	2.01
<b>12M15</b>	<b>122,507</b>	<b>1.89</b>

#### NET FINANCIAL RESULT

FINANCIAL RESULT	4Q14	4Q13	Chg.%	12M14	12M13	Chg.%
R\$ '000						
Financial Income	14,985	8,405	78.3%	43,764	44,093	-0.7%
Financial Expenses	(39,808)	(27,379)	45.4%	(149,984)	(116,472)	28.8%
Hedge Result	(9,834)	9,165	n.m.	(26,738)	(24,389)	9.6%
Exchange Variation	(3,768)	(3,189)	18.2%	34,227	3,656	836.1%
Copersucar Monetary Variation	(2,286)	(1,463)	56.3%	(8,466)	(7,539)	12.3%
<b>Net Financial Income (Loss)</b>	<b>(40,711)</b>	<b>(14,461)</b>	<b>181.5%</b>	<b>(107,197)</b>	<b>(100,651)</b>	<b>6.5%</b>

The São Martinho Group registered a net financial expense of R\$40.7 million in 4Q14, which represents an increase in the expense of 181.5% from 4Q13. The result was impacted mainly by i) higher financial expenses; ii) mark to market adjustments to sugar hedging positions – as a result of the rapid increase in sugar prices in March 2014.

In 12M14, the net financial expense was R\$107.2 million, or 6.5% higher than in the previous crop year. The result was adversely impacted mainly by higher financial expenses, due to an increase in debt over the last two years to support the investment cycle. It is worth noting that the Company



recorded exchange variation gains of R\$34.2 million over the balance of accounts receivable and cash denominated in foreign currencies, which virtually offset the increase in financial expenses.

## NET INCOME

Net income in 4Q14 amounted to R\$6.4 million, compared to net income of R\$12.7 million in the same period last year. The decrease is explained by non-cash, non-recurring expenses in the quarter, such as: i) impairment of tax credits due to the spin-off at Santa Cruz S.A. (-R\$8.9 million); ii) higher financial expenses, due to mark to market adjustments of hedge instruments (R\$-10 million); and iii) expenses related to the derecognition of prepaid leasing agreement, due to the decision to postpone the expansion of Usina Boa Vista (-R\$4.8 million).

## DEBT WITH COPERSUCAR

On March 31, 2014, the São Martinho Group recognized under Liabilities on its Balance Sheet obligations with Copersucar of R\$232.5 million. 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\$169.5 million on a consolidated basis.



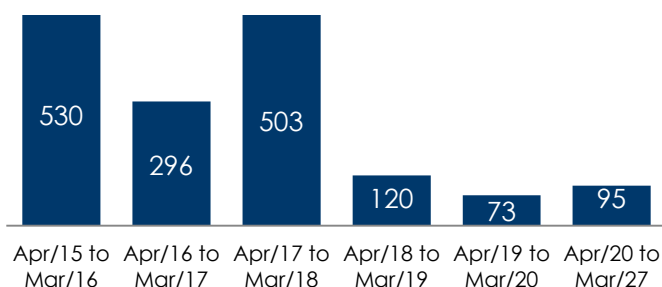
## INDEBTEDNESS

DEBT	Mar/14	Mar/13	Chg. (%)
R\$ '000			
PESA	65,083	69,599	-6.5%
Rural Credit	164,074	161,662	1.5%
BNDES / FINAME	649,618	546,570	18.9%
Working Capital	145,286	144,896	0.3%
ACC (Advances on Foreign Exchange Contracts)	93,404	40,662	129.7%
PPE (Export prepayment)	387,846	429,611	-9.7%
NCE (Export Credit Note)	458,846	378,905	21.1%
Others	2,031	3,108	-34.7%
Obligations from Acquisitions	10,725	81,657	-86.9%
<b>Gross Debt</b>	<b>1,976,913</b>	<b>1,856,670</b>	<b>6.5%</b>
Cash and Cash Equivalents	670,741	634,290	5.7%
<b>Net Debt</b>	<b>1,306,172</b>	<b>1,222,380</b>	<b>6.9%</b>
(+) Proportional Gross Debt at Santa Cruz	243,034	206,913	17.5%
<b>Consolidated Net Debt</b>	<b>1,549,206</b>	<b>1,429,293</b>	<b>8.4%</b>
Net Debt / YTD EBITDA	2.02 x	2.20 x	

In 12M14, the net debt of the São Martinho Group increased by 8.4% to R\$1.5 billion, ending the period with a Net Debt/EBITDA ratio of 2.02 times. The main factors in the debt increase were i) the local currency depreciation in the period, which increased our dollar-denominated debt by approximately R\$90 million; and ii) investments in upgrading and expansion, as mentioned earlier. Considering that all dollar-denominated debt is linked to the Company's future export volumes, these losses will be fully offset once the exports are realized.

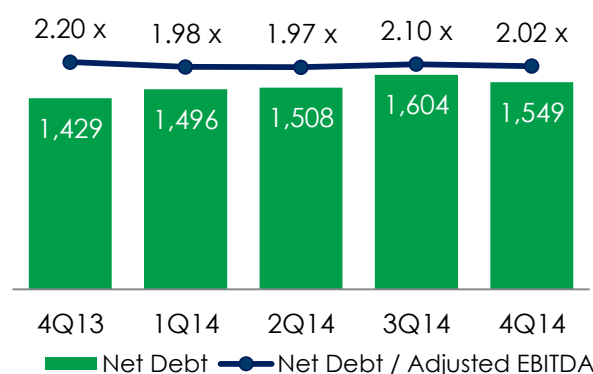
### Amortization Schedule – Long-term Debt

R\$ - Million



### Net Debt/ LTM EBITDA

Evolution





## CAPITAL EXPENDITURE

(Maintenance)	4Q14	4Q13	Chg.%	12M14	12M13	Chg.%
R\$ million						
Sugarcane Planting	54,045	56,763	-4.8%	145,476	140,764	3.3%
Off-Season Maintenance / Industrial / Agricultural	88,042	78,054	12.8%	96,738	107,224	-9.8%
Crop Treatment	48,004	42,298	13.5%	199,896	172,790	15.7%
<b>Total</b>	<b>190,091</b>	<b>177,116</b>	<b>7.3%</b>	<b>442,110</b>	<b>420,779</b>	<b>5.1%</b>

(Operational Improvements)	4Q14	4Q13	Chg.%	12M14	12M13	Chg.%
R\$ million						
Equipment/Projects/Replacements	13,032	9,840	32.4%	44,298	32,943	34.5%
<b>Total</b>	<b>13,032</b>	<b>9,840</b>	<b>32.4%</b>	<b>44,298</b>	<b>32,943</b>	<b>34.5%</b>

(Upgrading/Expansion)	4Q14	4Q13	Chg.%	12M14	12M13	Chg.%
R\$ million						
Sugarcane Planting	-	3,219	n.m.	7,455	36,917	-79.8%
Industrial / Agricultural	53,283	68,157	-21.8%	162,505	177,906	-8.7%
Crop Treatment	-	3,006	n.m.	2,121	11,298	-81.2%
<b>TOTAL</b>	<b>53,283</b>	<b>74,382</b>	<b>-28.4%</b>	<b>172,081</b>	<b>226,120</b>	<b>-23.9%</b>

The maintenance CAPEX of the São Martinho Group amounted to R\$442.1 million in 12M14, up 5.1% from 12M13. Investments in crop treatment increased 15.7% to R\$200 million, due to the higher crop area after the acquisition of cane fields from São Carlos (ex-Biosev).

Operational improvement capex – investments in replacement of agricultural and industrial equipment aiming to increase the yield – amounted to R\$44.3 million in 12M14, up 34% from 12M13. The increase is related mainly to investments made by the company in agricultural mechanization.

Regarding capex used in upgrading/expansion, in the 2013/14 crop year, the São Martinho Group started a series of key investments to drive both the Company's long-term growth, as well as to reduce production costs. Note that these investments are made through long-term funding and taking advantage of the current rates of PSI (federal government program to foster investments).

The main objectives of upgrading and expanding in 2013/14 were i) brownfield investments in Usina São Martinho, to reach installed crushing capacity of 50,000 tons of cane per day; and ii) the verticalization of the truck fleet at the São Paulo and Goiás mills, which reduced sugarcane freight costs.



## 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 state) and Boa Vista (in Quirinópolis, Goiás state). In addition to these mills, we also consolidate 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](http://www.saomartinho.com.br).



## INCOME STATEMENT

### Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	4Q14	4Q13	Chg. (%)	4Q14	4Q13	Chg. (%)
R\$ '000						
Gross Revenue	337,152	321,831	4.8%	459,194	420,289	9.3%
Deductions from Gross Revenue	(16,804)	(10,781)	55.9%	(21,071)	(16,476)	27.9%
<b>Net Revenue</b>	<b>320,348</b>	<b>311,050</b>	<b>3.0%</b>	<b>438,123</b>	<b>403,813</b>	<b>8.5%</b>
Cost of Goods Sold (COGS)	(233,035)	(227,158)	2.6%	(318,986)	(315,598)	1.1%
<b>Gross Profit</b>	<b>87,313</b>	<b>83,892</b>	<b>4.1%</b>	<b>119,137</b>	<b>88,215</b>	<b>35.1%</b>
Gross Margin (%)	27.3%	27.0%	0.3 p.p	27.2%	21.8%	5.3 p.p
<b>Operating Expenses</b>	<b>(50,832)</b>	<b>(47,377)</b>	<b>7.3%</b>	<b>(58,651)</b>	<b>(54,021)</b>	<b>8.6%</b>
Selling Expenses	(11,685)	(15,303)	-23.6%	(16,744)	(17,948)	-6.7%
General and Administrative Expenses	(26,980)	(26,777)	0.8%	(33,530)	(35,400)	-5.3%
Equity Income	(5,142)	(3,527)	45.8%	56	1,579	-96.5%
Other Operating Expenses, Net	(7,025)	(1,770)	296.9%	(8,433)	(2,252)	274.5%
<b>Operating Profit, Before Financial Effects</b>	<b>36,481</b>	<b>36,515</b>	<b>-0.1%</b>	<b>60,486</b>	<b>34,194</b>	<b>76.9%</b>
<b>Financial Result, Net</b>	<b>(25,642)</b>	<b>(14,903)</b>	<b>72.1%</b>	<b>(40,711)</b>	<b>(14,461)</b>	<b>181.5%</b>
Financial Income	12,047	8,210	46.7%	14,985	8,405	78.3%
Financial Expenses	(28,778)	(20,163)	42.7%	(42,094)	(28,842)	45.9%
Monetary and Exchange Variations - Net	2,045	(559)	n.m.	3,187	2,526	26.2%
Derivative Income (Loss)	(10,956)	(2,391)	358.2%	(16,789)	3,450	n.m.
<b>Income (Loss) Before Income and Social Contribution Taxes</b>	<b>10,839</b>	<b>21,612</b>	<b>-49.8%</b>	<b>19,775</b>	<b>19,733</b>	<b>0.2%</b>
Income Tax and Social Contribution - Current	(3,371)	7,291	n.m.	(4,123)	7,382	n.m.
Income Tax and Social Contribution - Deferred	(1,040)	(16,164)	-93.6%	(9,224)	(14,376)	-35.8%
<b>Net Income</b>	<b>6,428</b>	<b>12,739</b>	<b>-49.5%</b>	<b>6,428</b>	<b>12,739</b>	<b>-49.5%</b>
Net Margin (%)	2.0%	4.1%	-2.1 p.p	1.5%	3.2%	-1.7 p.p



### Year to Date

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	12M14	12M13	Chg. (%)	12M14	12M13	Chg. (%)
R\$ '000						
Gross Revenue	1,583,863	1,340,047	18.2%	2,047,162	1,708,566	19.8%
Deductions from Gross Revenue	(50,188)	(48,557)	3.4%	(75,985)	(72,611)	4.6%
<b>Net Revenue</b>	<b>1,533,675</b>	<b>1,291,490</b>	<b>18.8%</b>	<b>1,971,177</b>	<b>1,635,955</b>	<b>20.5%</b>
Cost of Goods Sold (COGS)	(1,089,056)	(929,720)	17.1%	(1,440,705)	(1,233,695)	16.8%
<b>Gross Profit</b>	<b>444,619</b>	<b>361,770</b>	<b>22.9%</b>	<b>530,472</b>	<b>402,260</b>	<b>31.9%</b>
Gross Margin (%)	29.0%	28.0%	1.0 p.p	26.9%	24.6%	2.3 p.p
<b>Operating Expenses</b>	<b>(200,785)</b>	<b>(182,837)</b>	<b>9.8%</b>	<b>(227,555)</b>	<b>(203,450)</b>	<b>11.8%</b>
Selling Expenses	(73,893)	(59,779)	23.6%	(90,329)	(72,466)	24.7%
General and Administrative Expenses	(113,553)	(102,094)	11.2%	(138,050)	(127,561)	8.2%
Equity Income	(16,444)	(23,696)	-30.6%	(399)	(3,615)	-89.0%
Other Operating Expenses, Net	3,105	2,732	13.7%	1,223	192	537.0%
<b>Operating Profit, Before Financial Effects</b>	<b>243,834</b>	<b>178,933</b>	<b>36.3%</b>	<b>302,917</b>	<b>198,810</b>	<b>52.4%</b>
<b>Financial Result, Net</b>	<b>(55,273)</b>	<b>(63,515)</b>	<b>-13.0%</b>	<b>(107,197)</b>	<b>(100,651)</b>	<b>6.5%</b>
Financial Income	34,971	38,065	-8.1%	43,764	44,093	-0.7%
Financial Expenses	(110,081)	(87,781)	25.4%	(158,450)	(124,012)	27.8%
Monetary and Exchange Variations - Net	33,451	(544)	n.m.	27,021	(19,184)	n.m.
Derivatives Income (Loss)	(13,614)	(13,255)	2.7%	(19,532)	(1,548)	1161.8%
<b>Income (Loss) Before Income and Social Contribution Taxes</b>	<b>188,561</b>	<b>115,418</b>	<b>63.4%</b>	<b>195,720</b>	<b>98,159</b>	<b>99.4%</b>
Income Tax and Social Contribution - Current	(8,918)	(1,911)	366.7%	(10,287)	(2,226)	362.1%
Income Tax and Social Contribution - Deferred	(44,642)	(40,557)	10.1%	(50,432)	(22,983)	119.4%
<b>Net Income</b>	<b>135,001</b>	<b>72,950</b>	<b>85.1%</b>	<b>135,001</b>	<b>72,950</b>	<b>85.1%</b>
Net Margin (%)	8.8%	5.6%	3.2 p.p	6.8%	4.5%	2.4 p.p





## BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	CPC 19		Pro-forma	
R\$ '000				
ASSETS	Mar/14	Mar/14	Mar/14	Mar/14
<b>SHORT-TERM ASSETS</b>				
Cash and Cash Equivalents	551,359	531,141	670,741	634,290
Trade Receivables	72,106	51,739	95,051	62,667
Derivative Financial Instruments	33,553	79,232	37,467	84,998
Inventories	99,658	101,503	145,028	148,661
Taxes Recoverable	64,367	43,313	79,339	57,085
Income and Social Contribution Taxes	34,237	33,370	37,349	36,655
Dividends receivable	232	353	420	-
Other Assets	7,145	6,423	10,919	7,610
<b>TOTAL SHORT-TERM ASSETS</b>	<b>862,657</b>	<b>847,074</b>	<b>1,076,314</b>	<b>1,031,966</b>
<b>LONG-TERM ASSETS</b>				
<b>Long-term Receivables</b>				
Marketable Securities	-	-	9,187	9,037
Inventories	25,790	13,196	50,235	35,592
Related Parties	1,925	2,013	11	10
Deferred Income and Social Contribution Taxes	-	6,968	48,867	56,785
Trade Receivables	1,592	-	1,592	-
Trade Receivables from Copersucar	1,361	1,228	1,546	1,398
Taxes Recoverable	68,201	47,834	94,808	67,438
Judicial Deposits	31,969	35,654	34,479	38,769
Other Assets	120	250	321	395
	<b>130,958</b>	<b>107,143</b>	<b>241,046</b>	<b>209,424</b>
<b>Investments</b>	537,764	567,145	10,589	11,488
<b>Biological Assets</b>	596,309	544,167	863,368	797,400
<b>Property, plant and equipment</b>	2,717,791	2,627,129	3,432,148	3,339,886
<b>Intangible Assets</b>	192,917	230,657	202,486	242,946
<b>TOTAL LONG-TERM ASSETS</b>	<b>4,175,739</b>	<b>4,076,241</b>	<b>4,749,637</b>	<b>4,601,144</b>
<b>TOTAL ASSETS</b>	<b>5,038,396</b>	<b>4,923,315</b>	<b>5,825,951</b>	<b>5,633,110</b>



## BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES	CPC 19		Pro-forma	
R\$ '000				
LIABILITIES AND SHAREHOLDERS' EQUITY	Mar/14	Mar/14	Mar/14	Mar/14
<b>SHORT-TERM LIABILITIES</b>				
Borrowings	439,644	240,405	592,294	363,529
Derivative Financial Instruments	56,398	14,297	63,814	15,149
Trade Payables	64,429	77,059	90,602	98,235
Payables to Copersucar	2,040	2,040	2,234	2,263
Payroll and Social Contributions	58,847	50,153	75,720	66,523
Taxes Payable	11,040	10,225	13,749	12,485
Income and Social Contribution Taxes	611	314	891	484
Related Parties	-	-	-	398
Dividends Payable	32,063	17,326	32,483	17,326
Advances from Customers	883	957	3,143	3,341
Acquisition of Investment	10,725	71,808	10,725	71,808
Other Liabilities	17,290	16,393	15,676	12,405
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>693,970</b>	<b>500,977</b>	<b>901,331</b>	<b>663,946</b>
<b>LONG-TERM LIABILITIES</b>				
Borrowings	1,151,177	1,176,045	1,616,928	1,618,397
Payables to Copersucar	206,014	194,440	230,254	215,478
Taxes Payable in Installments	46,318	48,436	53,452	55,758
Deferred Income and Social Contribution Taxes	807,880	828,868	854,330	867,891
Provision for Contingencies	56,649	60,171	62,048	66,331
Acquisition of Investment	-	9,849	-	9,849
Advances for future capital increase	-	-	31,220	30,931
Other Liabilities	436	3,912	436	3,912
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>2,268,474</b>	<b>2,321,721</b>	<b>2,848,668</b>	<b>2,868,547</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	737,200	614,150	737,200	614,150
Adjustments to Book Value	1,116,709	1,265,869	1,116,709	1,265,869
Profits Reserves	230,277	232,556	230,277	232,556
Treasury Shares	(11,839)	(13,811)	(11,839)	(13,811)
Stock options granted	3,605	1,853	3,605	1,853
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,075,952</b>	<b>2,100,617</b>	<b>2,075,952</b>	<b>2,100,617</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5,038,396</b>	<b>4,923,315</b>	<b>5,825,951</b>	<b>5,633,110</b>



## CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ '000	12M14	12M13	12M14	12M13
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net Income in the period</b>	<b>135,001</b>	<b>72,950</b>	<b>135,001</b>	<b>72,950</b>
<b>Adjustments</b>				
Depreciation and amortization	126,217	151,902	173,715	209,505
Harvested biological assets (depreciation)	179,872	177,359	274,066	243,617
Variation in fair value of biological assets	(915)	(13,377)	5,379	(4,754)
Amortization of intangible assets	-	-	1,942	-
Residual cost of investments and property, plant and equipment disposals	16,444	23,696	399	3,615
Result of investment and property, plant and equipment disposals	(2,321)	770	(2,690)	825
Interest, monetary and foreign exchange variations, net	93,375	76,469	151,040	131,221
Derivatives Financial Instruments	(174)	14,063	5,141	9,201
Constitution of provision for contingencies, net	16,847	14,521	19,593	15,987
Deferred income tax and social contribution	44,642	40,557	50,432	22,983
Constitution of provision for inventory losses	-	(526)	-	(527)
Adjustments to present value and others	8,216	14,278	8,788	13,949
	<b>617,204</b>	<b>572,662</b>	<b>822,806</b>	<b>718,572</b>
<b>Changes in assets and liabilities</b>				
Trade receivables	(11,140)	(17,555)	(23,531)	(21,873)
Inventories	5,617	9,310	8,624	(8,731)
Taxes recoverable	(38,732)	(52,197)	(45,965)	(51,679)
Financial Investments	-	-	664	(1,999)
Related parties	-	-	-	(2)
Other assets	3,098	5,425	864	5,016
Trade payables	9,014	(28,104)	17,663	(36,947)
Salaries and social charges	8,693	5,362	9,331	9,225
Taxes payable	3,749	2,617	5,197	2,066
Obligations with Copersucar	4,084	(12,814)	6,102	(15,030)
Taxes payable in installments	(5,035)	(4,729)	(5,364)	(5,407)
Provision for contingencies - settlements	(27,619)	(28,928)	(31,735)	(31,142)
Other liabilities	(7,178)	(6,702)	(4,019)	(6,237)
	<b>561,755</b>	<b>444,347</b>	<b>760,637</b>	<b>555,832</b>
<b>Cash provided by operations</b>	<b>561,755</b>	<b>444,347</b>	<b>760,637</b>	<b>555,832</b>
Interest paid	(85,872)	(36,037)	(125,079)	(64,885)
Income tax and social contribution paid	(2,465)	(1,678)	(2,591)	(2,166)
<b>Net cash provided by operating activities</b>	<b>473,418</b>	<b>406,632</b>	<b>632,967</b>	<b>488,781</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Financial resources used in investments	(77,124)	(244,658)	(77,124)	(244,805)
Additions to property, plant and equipments, intangible assets and deferred charges	(271,482)	(221,698)	(329,657)	(288,090)
Additions to biological assets (planting and crop treatment)	(242,283)	(224,056)	(354,959)	(361,770)
Proceeds from sale of property, plant and equipment	12,783	1,746	13,566	2,090
Receivable from sale of property, biological assets and equipment	47,500	-	47,500	-
Cash and cash equivalents acquired from subsidiary	1	-	1	-
Advance for future capital increase	(1,414)	(3,176)	-	(1,202)
Dividends and interest on own capital	1,330	1,216	-	4,213
<b>Net cash used in investing activities</b>	<b>(530,689)</b>	<b>(690,626)</b>	<b>(700,673)</b>	<b>(889,564)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
New borrowing - third parties	520,705	733,999	668,872	954,342
Repayment of borrowing - third parties	(415,275)	(177,551)	(537,166)	(300,133)
Advance for future capital increase	-	-	290	7,386
Payment of dividends and interest on capital	(30,000)	(36,084)	(29,898)	(36,084)
Payment of dividends and interest on capital	-	(1,785)	-	(1,785)
Purchase of treasury shares	2,059	780	2,059	780
<b>Net cash provided by financing activities</b>	<b>77,489</b>	<b>519,359</b>	<b>104,157</b>	<b>624,506</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>20,218</b>	<b>235,365</b>	<b>36,451</b>	<b>223,723</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>531,141</b>	<b>295,776</b>	<b>634,290</b>	<b>410,567</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>551,359</b>	<b>531,141</b>	<b>670,741</b>	<b>634,290</b>



## FINANCIAL HIGHLIGHTS (100% SANTA CRUZ S.A.)

Considering the recent announcement of the MOU signing to acquire the remaining stake at Santa Cruz S.A., please see below the financial highlights of São Martinho and Santa Cruz combined of the last 2 fiscal years.

FINANCIAL HIGHLIGHTS (São Martinho S.A. + 100% Santa Cruz mill)		
	12M14	12M13
R\$ '000		
Net Revenues	2,316,680	1,958,433
Adjs. EBTIDA	910,708	779,931
Adjs. EBTIDA Margin	39.3%	39.8%
Adjs. EBIT	359,495	222,081
Adjs. EBIT Margin	15.5%	11.3%
Biological assets and other	(12,154)	(3,213)
Financial Result	(149,300)	(135,826)
EBT	198,040	83,043
Cash	737,452	666,436
Gross Debt	2,752,947	2,480,187
Net Debt	2,015,495	1,813,750
EBTIDA YTD	910,708	779,931
Net Debt / EBITDA	2.21 x	2.33 x