

# Earnings Release Conference Call

4Q16



***São Martinho***  
15/16 Harvest

# DISCLAIMER

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- 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, climate 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.

# AGENDA

**1** Operational Highlights

**5** Indebtedness

**2** Financial Highlights

**6** Hedging

**3** Cost of Production Analysis

**7** Guidance

**4** 15/16 Capex

# Operational Highlights



OPERATING DATA			
	14/15	15/16	YoY (%)
São Martinho - Consolidated			
<b>Crushing ('000 tons)</b>	<b>18,718</b>	<b>20,024</b>	<b>7.0%</b>
Own	12,326	12,985	5.3%
Third Parties	6,392	7,039	10.1%
Production			
Sugar ('000 tons)	1,231	1,230	-0.1%
Anhydrous ('000 m3)	438	445	1.5%
Hydrous ('000 m3)	353	306	-13.3%
Cogeneration ('000 MWh)	720	741	2.9%
Average TRS (Kg/Ton)	142	129	-9.0%
Total TRS Produced ('000 tons)	2,650	2,581	-2.6%
Mix Sugar - Ethanol	49% - 51%	50% - 50%	

**Reduction of 9% in TRS is equivalent of 250,000 tons of sugar or 150,000 m³ of ethanol**



If we consider the 15/16 SMTO's prices:

Equivalent of R\$ 175 mm of cash generation

# Financial Highlights

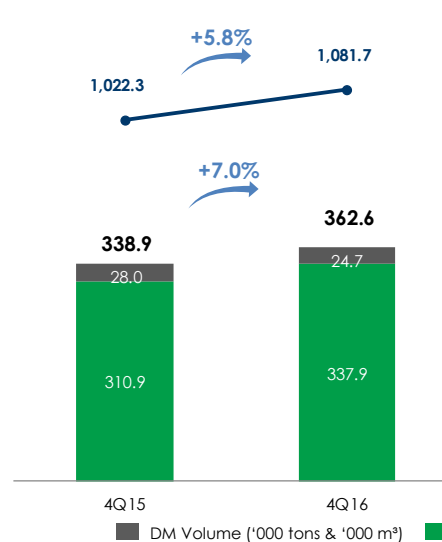


Table 1

	4Q15	4Q16	Chg. %
Net Revenue	718,325	818,146	13.9%
COGS (cash)	331,233	401,820	21.3%
Selling Expenses	28,050	33,666	20.0%
G&A Expenses	42,873	41,061	-4.2%
Adjusted EBITDA	319,878	346,297	8.3%
Adj. EBITDA Margin	44.5%	42.3%	-2.2 p.p.
Adjusted EBIT	139,365	147,613	5.9%
Adj. EBIT Margin	19.4%	18.0%	-1.4 p.p.
Net Financial Results and Hedge Accounting	(46,948)	(66,144)	40.9%
Net Income before Taxes	61,308	83,316	35.9%
Net Income	56,570	68,962	21.9%

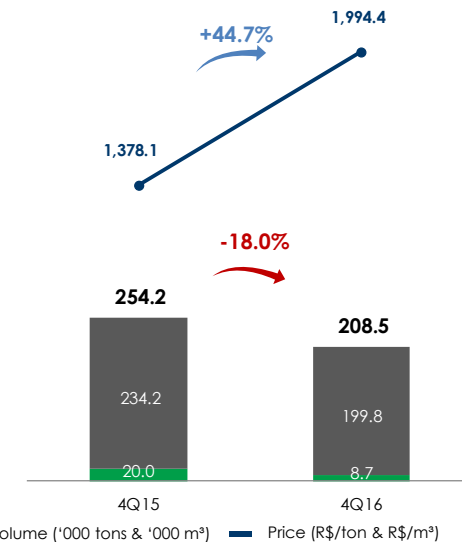
Graph 1

## SUGAR



Graph 2

## ETHANOL



✓ Increase in COGS due to i) lower TRS and ii) higher Consecana

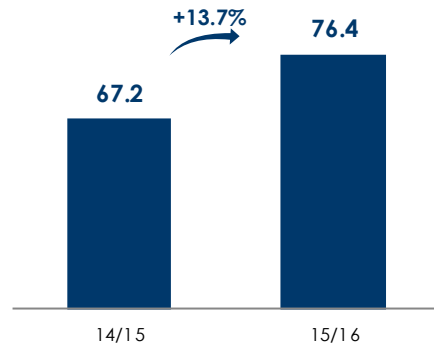
# Cost of Production Analysis – 15/16 Harvest



	14/15	15/16	Chg. %	
Net Revenue	2,349,764	2,831,124	20.5%	(A)
COGS (cash)	1,023,245	1,281,788	25.3%	
Selling Expenses	94,218	109,145	15.8%	
G&A Expenses	149,794	145,214	-3.1%	
Adjusted EBITDA	1,091,592	1,301,240	19.2%	(B)
EBITDA Cost	1,258,171	1,529,884	21.6%	A-B

## EBITDA cost/ ton

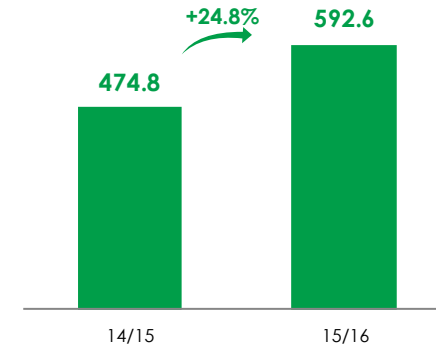
Graph 2



- ✓ Inflation
- ✓ Consecana

## EBITDA cost/ TRS Produced

Graph 3



- ✓ Inflation
- ✓ Consecana
- ✓ Lower cost dilution

# CAPEX



	14/15	15/16	Chg. %	
Maintenance	626,802	676,596	7.9%	✓ Inflation
Operational Improvements	60,195	74,545	23.8%	✓ Agricultural equipment's adequation at Santa Cruz mill
Expansion	125,029	89,675	-28.3%	✓ Sugar storage capacity ✓ Expansion at Santa Cruz
Capex Total	812,026	840,816	3.5%	

# Indebtedness



Table 1

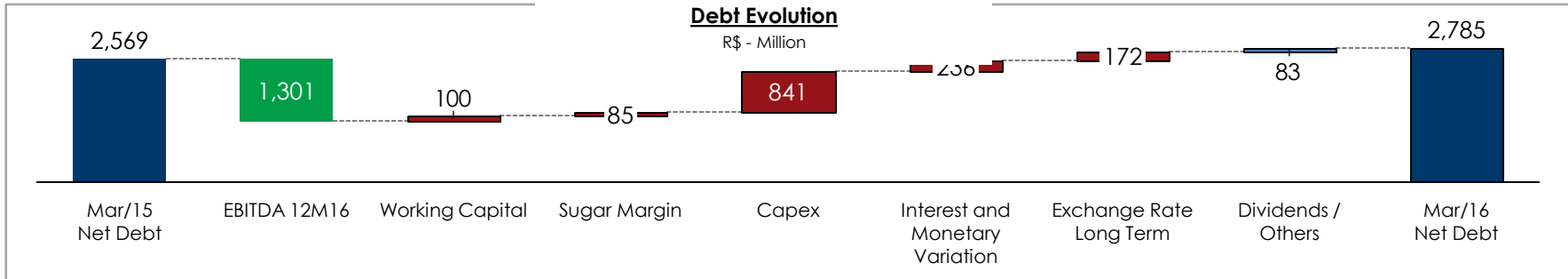
INDEBTEDNESS	Mar/16	Mar/15	Chg%.
R\$ '000			
Indebtedness in foreign exchange	1,819,988	1,759,149	-3.3%
BNDES / Rural Credit	909,947	799,041	-12.2%
Working Capital	825,910	1,215,533	47.2%
Obligations from acquisitions	96,323	79,687	-17.3%
PESA	57,755	51,757	-10.4%
<b>Gross Debt</b>	<b>3,709,923</b>	<b>3,905,167</b>	<b>5.3%</b>
Cash and Cash Equivalents	1,140,538	1,120,212	-1.8%
<b>Net Debt</b>	<b>2,569,385</b>	<b>2,784,955</b>	<b>8.4%</b>
<b>Net Debt / EBITDA LTM</b>	2.1 x	2.2 x	
<b>Net Debt / EBITDA LTM - USD *</b>	2.2 x	1.7 x	

Adj. EBITDA LTM

1,145,934

1,301,214

Graph 4

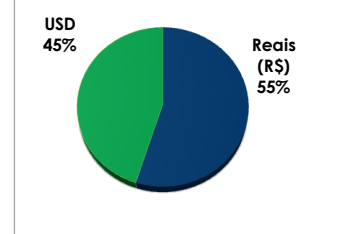


\* Net Debt PTAX:  
March/15: R\$3.20  
March/16: R\$ 3.56

EBITDA LTM Average daily PTAX 12 months:  
March/15: R\$2.48  
March/16: R\$3.58

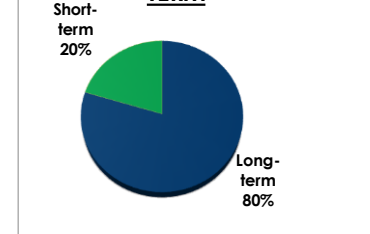
Graph 1

## CURRENCY



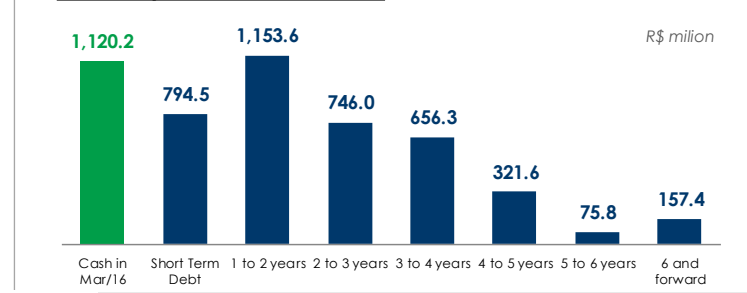
Graph 2

## TERM



Graph 3

## Debt Depreciation Schedule







	Sugar Volume (mil tons)	Average Price (US\$ c/p)	Percentage		Exposure in USD	NDFs in USD	Debt in USD	Inputs in USD	Net Exposure
Guidance of Production 16/17	1,356,000								
Consecana fixed	34,851								
Fixed volume - Own Cane	732,216	14.42	69%	Equivalent in USD →	232 mm	102 mm (ou 44%)	88 mm	25 mm	93%

OPERATING DATA	Performed 15/16 Harvest	Guidance 16/17	YoY (%)
São Martinho - Consolidated			
<b>Crushing ('000 tons)</b>	<b>20,024</b>	<b>20,553</b>	<b>2.6%</b>
Production			
Sugar ('000 tons)	1,230	1,356	10.3%
Anhydrous ('000 m3)	445	455	2.2%
Hydrous ('000 m3)	306	340	11.1%
Cogeneration ('000 MWh)	741	753	1.6%
Average TRS (Kg/Ton)	129	136	5.3%
Total TRS Produced ('000 tons)	2,581	2,789	8.1%
Mix Sugar - Ethanol	50% - 50%	51% - 49%	

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