



3Q11 Earnings Conference Call Portuguese

February 15, 2011
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Dial-in:

+55 (11) 2188-0155

Code: São Martinho

Replay: +55 (11) 2188-0155

Webcast with Slides:

www.saomartinho.ind.br/ri

English

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Dial-in:

+1 (412) 317-6776

Code: São Martinho

Replay: +1 (412) 317-0088

Code: 447797#

Webcast with Slides:

www.saomartinho.ind.br/ir



Investor Relations

João Carvalho do Val

CFO and IRO

Felipe Vicchiato

Alexandre Gorla

Aline Reigada

Phone: +55 (11) 2105-4100

Email: ri@saomartinho.ind.br

IR Website: www.saomartinho.ind.br/ir

SÃO MARTINHO'S NET INCOME GROWS 132.7% IN 3Q11 TO R\$ 53.8 MILLION

São Paulo, February 14, 2011 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03 BZ), one of the largest sugar and ethanol producers in Brazil, announces today its results for the third quarter of 2011 (3Q11) relative to the 2010/11 harvest year.

HIGHLIGHTS

- The São Martinho Group recorded Adjusted EBITDA of **R\$165.8 million in 3Q11 (adjusted EBITDA margin of 42.5%)**, representing a 35.1% increase from 3Q10. In 9M11, adjusted EBITDA increased **69.0% to R\$411.4 million (adjusted EBITDA margin of 40.6%)**, in relation with 9M10. The main drivers of EBITDA growth in 3Q11 were the higher sugar and ethanol prices and the 19.5% increase in sugar sales volume.
- As a result of the growth in EBITDA, **net income grew 132.7% in 3Q11** from 3Q10. In 9M11, net income was **R\$123.4 million, up 70.7%** on 9M10.
- As a result of the strong cash generation in the last 12 months and the conclusion of the capital injection of Petrobrás Biocombustível S.A. at Nova Fronteira Bioenergia S.A., net debt totaled **R\$578.9 million in December 2010, down 39.3% from December 2009**. After the second tranche of the injection by Petrobrás Biocombustível S.A. (totaling R\$163 million), which should be concluded by end-2011, the net debt of the São Martinho Group should decline by **approximately R\$120 million**.
- On December 31, 2010, we had sugar positions fixed for the **2011/12 harvest year totaling 295,600 metric tons** at a price of **USD 22.45 cents/pound**. This volume corresponds to **approximately 34% of our sugar production capacity** for the coming harvest year. In addition, on the same date, approximately 60% of our sugar inventory from 3Q11 was fixed at a price of USD 23.08 cents/pound, which will be exported in the following months.



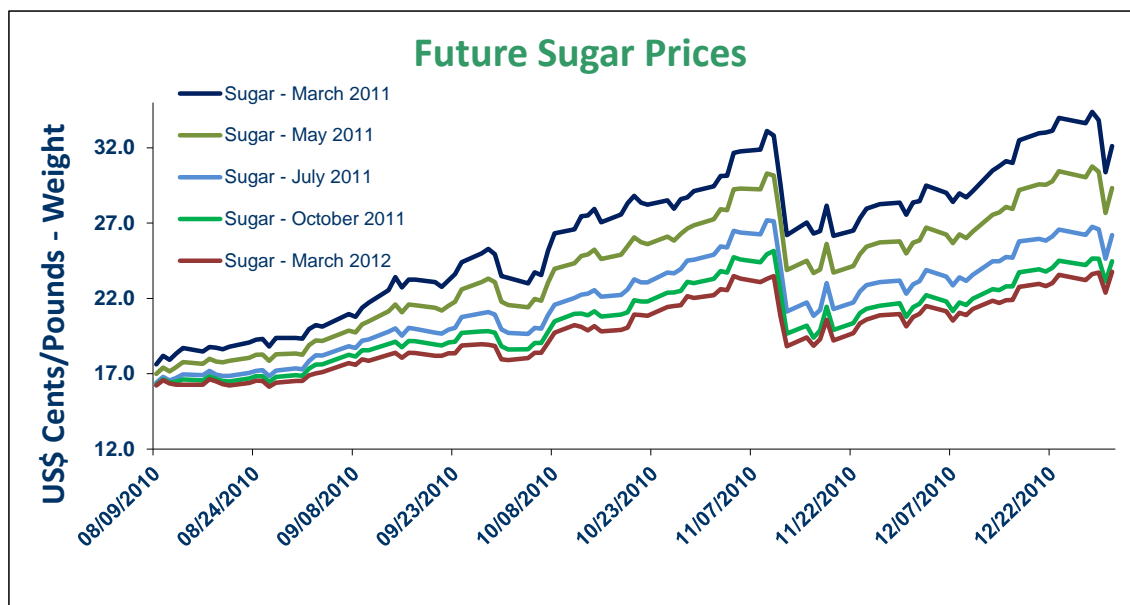
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R\$ Thousand)	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	417,645	353,399	18.2%	1,079,163	902,816	19.5%
Net Revenue	390,285	324,157	20.4%	1,014,488	827,909	22.5%
Adjusted EBITDA	165,838	122,787	35.1%	411,413	243,484	69.0%
EBITDA Margin	42.5%	37.9%	4.6 p.p.	40.6%	29.4%	11.1 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	3,285,080	3,416,373	-3.8%	3,285,080	3,416,373	-3.8%
Shareholders' Equity	1,699,951	1,629,165	4.3%	1,699,951	1,629,165	4.3%
EBITDA (LTM)	531,623	320,507	65.9%	531,623	320,507	65.9%
Net Debt	578,864	953,006	-39.3%	578,864	953,006	-39.3%
Net Debt / EBITDA (LTM)	1.09 x	2.97 x		1.09 x	2.97 x	
Net Debt / Shareholders' Equity	34%	58%		34%	58%	

OPERATING DATA	9M11	9M10	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	13,067	12,923	1.1%
Own	8,511	7,584	12.2%
Third Parties	4,556	5,339	-14.7%
Mechanized Harvest	85.3%	84.4%	0.8 p.p
Production			
Sugar ('000 tons)	873	702	24.4%
Anhydrous Ethanol ('000 m ³)	258	226	14.1%
Hydrous Ethanol ('000 m ³)	307	367	-16.4%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	218	231	-5.4%
Energy ('000 MWh)	163	159	2.7%



INDUSTRY OVERVIEW - SUGAR



In 3Q11, international sugar prices once again set new record highs, reaching USD 32 cents/pound for prices maturing in March 2011. The strong rally in sugar prices is due to the combination of the limited expansion in sugar supply and the continued growth in sugar demand of approximately 3 million metric tons/year.

We believe the limited expansion in sugar supply in the coming years Brazil and India (the world's largest producers) will keep prices above USD 20 cents/pound in the coming seasons, especially in the 2011/12 harvest year.

The indian harvest, which is slated to end in March 2011, has been affected by weather problems in the Uttar Pradesh region, which led mills to operate at between 70% and 80% of their crushing capacity. According to analysts' best estimates, the indian harvest should reach 25 million metric tons, which is very close to the country's level of consumption.

In Brazil, sugar production in the 2011/12 harvest year should register low growth, with crushing volume very similar to the level in the previous harvest year. The key factors impacting the increase in sugar production in Brazil are: 1) the production mix is already focused on maximizing sugar production; 2) an increase in the sugarcane field renewal rate, resulting in a smaller area for harvest and; 3) the impact of the severe drought on the 2010/11 harvest year should adversely affect yields in the 2011/12 harvest year.



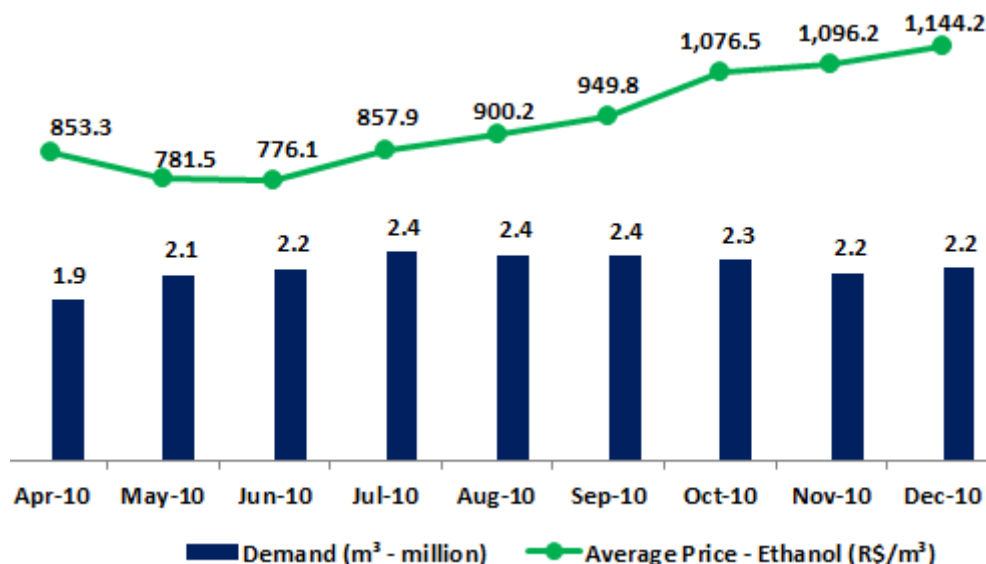
INDUSTRY OVERVIEW - ETHANOL

AVERAGE PRICES - ETHANOL	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m ³	1,190.93	1,107.49	7.5%	1,011.53	886.18	14.1%
Hydrous ESALQ, Net DM - R\$ / m ³	1,021.71	966.66	5.7%	872.21	775.54	12.5%

Ethanol prices maintained their upward trend in 3Q11, with anhydrous and hydrous ethanol prices increasing by 7.5% and 5.7%, respectively, in comparison with the same quarter last year. In 9M11, anhydrous and hydrous ethanol prices increased by 14.1% and 12.5%, respectively.

The recovery in ethanol prices was driven by the continuous growth in ethanol demand in the domestic market, reflecting the sales of flex-fuel vehicles. Brazil's fleet of flex-fuel vehicles has grown from approximately 1.3 million in 2005 to some 13 million vehicles today, for an average annual growth rate of 58.4%. Note that despite this strong growth, the flex-fuel fleet in Brazil represents only 50% of the overall vehicle fleet. Considering that 85% of new cars sold are flex-fuel, we expect potential ethanol demand to continue growing in the coming years.

Assuming that 70% of the fleet with the potential for hydrous ethanol consumption will use the fuel in 2011, we estimate potential consumption of approximately 30 billion liters for 2011, reinforcing the trend of supply and demand remaining well balanced in the coming harvest year. As shown below, despite the higher ethanol prices, demand should remain solid during all months of the 2010/11 harvest year. We expect this trend to remain in place in the coming season, though with a lower variation from month to month in ethanol prices.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
R\$ Thousand						
Domestic Market	182,806	184,238	-0.8%	403,604	408,749	-1.3%
Sugar	13,687	11,847	15.5%	33,050	33,833	-2.3%
Hydrous Ethanol	80,762	95,506	-15.4%	172,596	202,467	-14.8%
Anhydrous Ethanol	73,124	59,770	22.3%	141,724	119,533	18.6%
Energy	6,916	7,862	-12.0%	23,182	22,301	3.9%
Other	8,317	9,253	-10.1%	33,054	30,615	8.0%
Export Market	207,479	139,920	48.3%	610,882	419,160	45.7%
Sugar	183,216	129,007	42.0%	554,639	349,152	58.9%
Hydrous Ethanol	10,611	4,642	128.6%	20,944	36,675	-42.9%
Anhydrous Ethanol	8,456	1,699	397.7%	25,361	21,423	18.4%
RNA	5,197	4,571	13.7%	9,937	11,910	-16.6%
Net Revenue	390,285	324,157	20.4%	1,014,488	827,909	22.5%
Sugar	196,902	140,854	39.8%	587,689	382,985	53.4%
Hydrous Ethanol	91,373	100,148	-8.8%	193,539	239,141	-19.1%
Anhydrous Ethanol	81,580	61,469	32.7%	167,085	140,957	18.5%
RNA	5,197	4,571	13.7%	9,937	11,910	-16.6%
Energy	6,916	7,862	-12.0%	23,182	22,301	3.9%
Other	8,317	9,253	-10.1%	33,054	30,615	8.0%

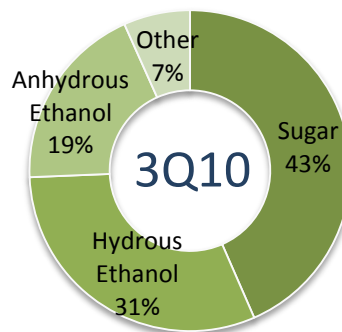
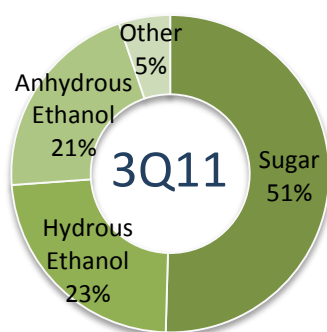
Net Revenue

In 3Q11, the São Martinho Group recorded Net Revenue growth of 20.4% from 3Q10, driven by the 19.5% increase in sugar sales volume and the 17.0% increase in sugar sales prices. Revenue from ethanol sales increased 7.0% from 3Q10, driven mainly by the 11.6% increase in the average ethanol price.

In 9M11, net revenue increased by 22.5% in relation to 9M10 to surpass the mark of R\$ 1 billion, driven primarily by the increases in the sugar price and in sales volume of 26.8% and 21.0%, respectively.

Breakdown – Net Revenue

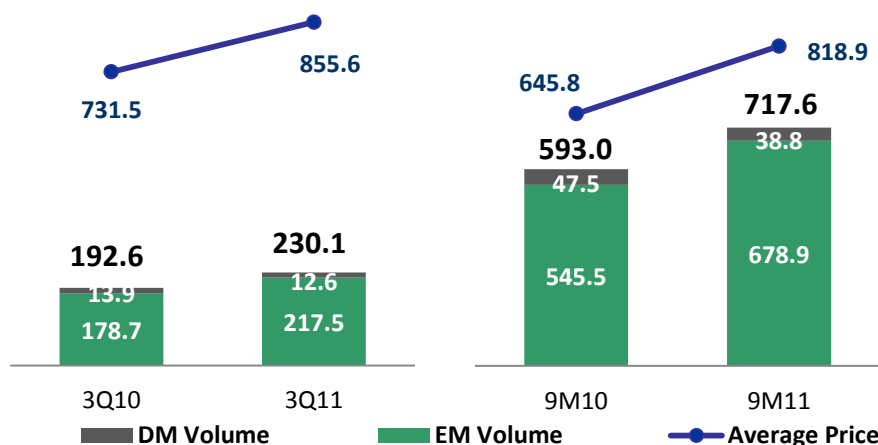
3Q11 x 3Q10



Sugar

Sugar

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



Net revenue from sugar sales totaled R\$196.9 million in 3Q11, an increase of 39.8% from R\$140.9 million in 3Q10. The increases of 19.5% in sugar sales volume and 17% in sugar prices were the key drivers of the strong growth in net revenue.

In 9M11 versus 9M10, net revenue from sugar sales climbed by 53.4%, due to the same reasons mentioned earlier.

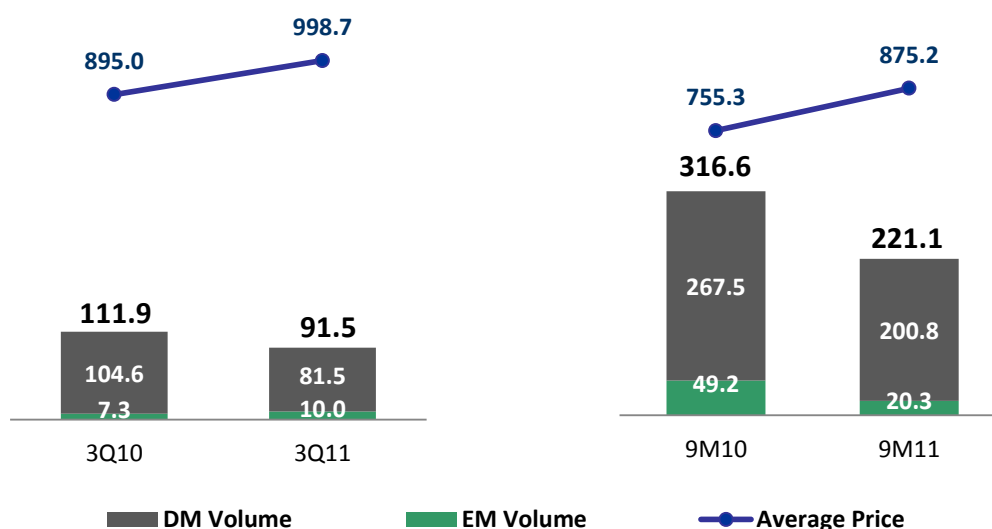
The average international sugar price stood at USD 22.52 cents/pound in 3Q11, an increase of 19.6% from the price of USD cents/pound in 3Q10.

In 9M11, the average sugar price was US\$ 21.22 cents/pound, 38.3% higher than the average US\$ 15.35 cents/pound recorded in 9M10.

Ethanol

Hydrous Ethanol

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



Net revenue from hydrous ethanol sales was R\$91.4 million in 3Q11, down 8.8% from 3Q10. This result reflects the 18.2% drop in hydrous ethanol sales volume, which ended up being partially offset by the 11.6% increase in the average ethanol sales price.

Net revenue also fell in 9M11, by 19.1%, basically due to the 30.2% reduction in ethanol sales volume, which was partially offset by the 15.9% increase in the ethanol price in relation to the same period a year earlier.

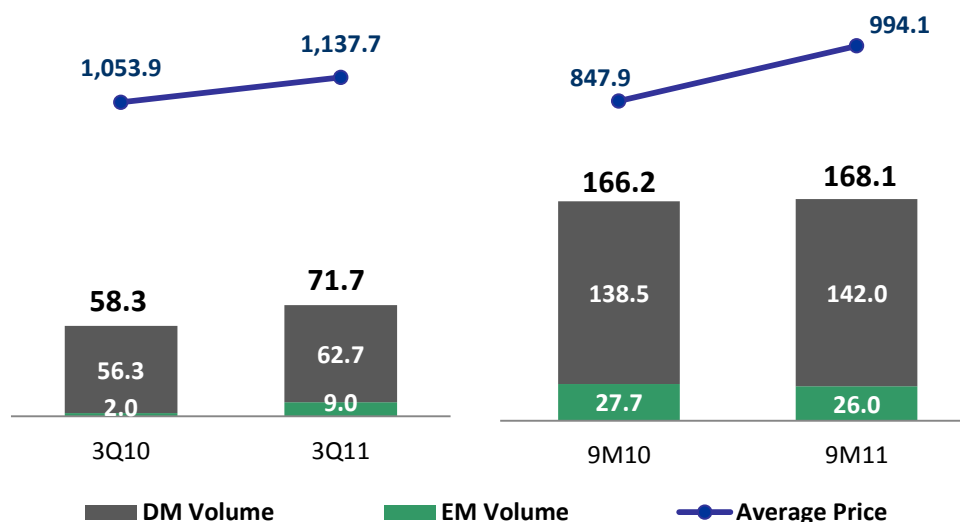
The lower ethanol sales volume in 3Q11 and 9M11 was mainly due to the Group's strategy to increase the volume of anhydrous ethanol and at the expense of hydrous ethanol production. In addition, with the conclusion of the operation with Petrobrás, we began to consolidate 62.89% of the revenue from Usina Boa Vista, which led to a drop proportional to 8,600 m³ in the reported volume of hydrous ethanol sales in 3Q11.

Considering the hydrous ethanol volume in inventory of 84,998 m³ at the close of 3Q11, approximately 29% of the total production in this 2010/11 harvest year will be available for sale in 4Q11, already adjusted for the partial consolidation of the Boa Vista Mill.



Anhydrous Ethanol

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



Net revenue from anhydrous ethanol sales in the quarter was R\$81.6 million, up 32.7% from 3Q10. The increases of 22.9% in sales volume and 7.9% in the sales price boosted revenue from anhydrous ethanol sales in 3Q11 in comparison with 3Q10.

In 9M11, revenue from the sale of anhydrous ethanol increased 18.5%, mainly driven by the 17.2% increase in the average anhydrous ethanol price, while sales volume of the product remained virtually unchanged, increasing a slight 1.1%.

With the partial consolidation of the operation with Petrobrás, we began to consolidate 62.89% of the revenue from Usina Boa Vista, which led to a proportional reduction of 3,600 m³ in the reported sales volume of anhydrous ethanol in 3Q11.

Considering the volume of anhydrous ethanol in inventory of 91,989 m³ at the close of 3Q11, approximately 37% of total production in this 2010/11 harvest year will be available for sale in 4Q11, already adjusted for the partial consolidation of Usina Boa Vista.



Ribonucleic Acid (RNA) Sodium Salt

Net revenue from RNA sodium salt amounted to R\$5.2 million in 3Q11, for growth of 13.7% from 3Q10, driven by the 16.7% increase in sales volume and the 2.7% reduction in the BRL sales price, in line with the foreign exchange variation of 2.4% in the comparison period.

The 16.7% increase in sales volume is due to the concentration of RNA deliveries in the last two quarters of the harvest year, since production volume should remain in line with the previous harvest year.

In 9M11, revenue from RNA sales fell 16.6%, due to the reductions of 7.5% in sales volume and 8.9% in the average BRL sales price in relation to the previous harvest year, reflecting the appreciation in the local currency of 7.7% in the period.

Electricity

In 3Q11, net revenue from electricity sales decreased 12.0% from 3Q10, basically reflecting the 12.3% reduction in sales volume in the comparison period.

With the partial consolidation of the operation with Petrobrás, we began to consolidate 62.89% of the revenue from Usina Boa Vista, which led to a proportional reduction of 9,008 MWh in reported electricity sales volume, which fully explains the reduction in sales volume observed in 3Q11.

In 9M11, net revenue from electricity sales grew 3.9% to R\$23.2 million, fueled by the increases of 2.1% in sales volume and 1.8% in the average sales price, in comparison with 9M10.

Other Products and Services

Net revenue from the "Other Products and Services" line totaled R\$8.3 million in 3Q11, down 10.1% in relation to the same period of the previous year. In 9M11 versus 9M10, net revenue from the "Other Products and Services" increased 8.0%. In line with its policy of maintaining long-term relationships with its suppliers, the São Martinho Group occasionally buys high quantities of inputs and resells them to sugarcane suppliers at cost.



INVENTORIES / PRODUCT AVAILABILITY

INVENTORIES	3Q11	3Q10	Chg. (%)
Sugar (tons)	177,515	250,102	-29.0%
Hydrous (m ³)	84,998	82,472	3.1%
Anhydrous (m ³)	91,989	80,040	14.9%

Sugar inventories declined by 29.0% in relation to 3Q10, reflecting the 21% growth in sales volume in 9M11 versus 9M10.

The volume of hydrous and anhydrous ethanol inventories already reflects the partial consolidation of Nova Fronteira Bioenergia S.A. in accordance with our interest of 62.89%, which reduced our inventories of hydrous ethanol by 10,051 m³ and of anhydrous ethanol by 10,510 m³. Note that even after considering this effect, the São Martinho Group still has, approximately, 32% of this harvest's production available for sale in 4Q11.

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 3Q11	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	196,902	172,953	20,430	390,285
COGS (Cash)	(83,383)	(86,187)	(13,806)	(183,376)
Gross Profit (Cash)	113,519	86,766	6,624	206,909
Gross Margin (Cash)	57.7%	50.2%	32.4%	53.0%
Sales Expenses	(14,920)	(3,149)	(3)	(18,072)
G&A Expenses	(9,794)	(11,406)	(2,356)	(23,555)
Other Revenues (Expenses)	-	-	556	556
EBITDA	88,806	72,210	4,822	165,838
EBITDA Margin	45.1%	41.8%	23.6%	42.5%
EBITDA Cost (*)	469.7	617.3	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³



EBITDA BY PRODUCT - 3Q10	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	140,854	161,617	21,686	324,157
COGS (Cash)	(63,482)	(93,657)	(15,011)	(172,150)
Gross Profit (Cash)	77,372	67,960	6,675	152,007
Gross Margin (Cash)	54.9%	42.1%	30.8%	46.9%
Sales Expenses	(10,421)	(2,646)	(130)	(13,196)
G&A Expenses	(6,663)	(9,634)	(1,811)	(18,107)
Other Revenues (Expenses)	-	-	2,084	2,084
EBITDA	60,288	55,681	6,818	122,787
EBITDA Margin	42.8%	34.5%	31.4%	37.9%
EBITDA Cost (*)	418.4	622.3	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

EBITDA BY PRODUCT - 9M11	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	587,689	360,624	66,175	1,014,488
COGS (Cash)	(243,524)	(191,753)	(43,324)	(478,601)
Gross Profit (Cash)	344,165	168,871	22,851	535,887
Gross Margin (Cash)	58.6%	46.8%	34.5%	52.8%
Sales Expenses	(41,826)	(8,894)	(107)	(50,826)
G&A Expenses	(36,101)	(32,147)	(7,583)	(75,831)
Other Revenues (Expenses)	-	-	2,183	2,183
EBITDA	266,239	127,830	17,345	411,413
EBITDA Margin	45.3%	35.4%	26.2%	40.6%
EBITDA Cost (*)	447.9	598.1	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

EBITDA BY PRODUCT - 9M10	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	382,986	380,098	64,825	827,909
COGS (Cash)	(189,674)	(242,150)	(47,170)	(478,994)
Gross Profit (Cash)	193,312	137,948	17,655	348,914
Gross Margin (Cash)	50.5%	36.3%	27.2%	42.1%
Sales Expenses	(33,720)	(13,174)	(261)	(47,155)
G&A Expenses	(23,560)	(31,380)	(6,105)	(61,045)
Other Revenues (Expenses)	-	-	2,769	2,769
EBITDA	136,032	93,394	14,059	243,484
EBITDA Margin	35.5%	24.6%	21.7%	29.4%
EBITDA Cost (*)	416.4	593.8	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

In 3Q11, sugar accounted for 54% of the Group's consolidated EBITDA, while ethanol and other products accounted for 43% and 3%, respectively. Sugar EBITDA margin was 45.1% in 3Q11, 2.3 p.p. higher than in 3Q10 (42.8%). The margin improvement reflects the 17% increase in the sugar sales price, which was partially offset by the 12% increase in sugar EBITDA cost in the comparison period basically due to the impact of CONSECANA, mainly in the sugar product.



The ethanol EBITDA margin stood at 41.8% in 3Q11, improving substantially from 34.5% in 3Q10. The main factor explaining the margin gain for ethanol was the 11.6% increase in prices from the same period last year.

In 9M11, sugar accounted for 65% of the Group's consolidated EBITDA, while ethanol and other products accounted for 31% and 4%, respectively. In terms of the profitability of each product, sugar and ethanol presented EBITDA margins of 45.3% and 35.4%, respectively, impacted mainly by the higher prices in relation to the previous harvest year.

COST OF GOODS SOLD (COGS)

BREAKDOWN OF COGS - CASH	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
R\$ Thousand						
Agricultural Costs	154,953	141,820	9.3%	395,702	387,186	2.2%
Suppliers	69,861	71,427	-2.2%	178,676	179,472	-0.4%
Partnerships	19,707	14,209	38.7%	44,778	37,964	17.9%
Own Sugarcane	65,385	56,183	16.4%	172,248	169,750	1.5%
Industrial	17,460	16,929	3.1%	47,104	50,267	-6.3%
Other Products	10,962	13,401	-18.2%	35,796	41,541	-13.8%
Total COGS	183,376	172,150	6.5%	478,602	478,994	-0.1%
TRS Sold ('000 Tons)	523	494	5.8%	1,424	1,451	-1.9%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	330	321	2.7%	311	301	3.2%

As the table above shows, Cash COGS in 3Q11 increased 6.5% from 3Q10, in line with the growth in sales volume (in TRS equivalent) of 5.8% in the same period.

Despite the 15.3% increase in the CONSECANA price in the period, there was no significant impact on the supplier costs line, since the volume of third-party sugarcane crushed this harvest year was 14.7% lower than in the previous year.

Note that despite the lower volume of suppliers sugarcane crushed, the total volume of sugarcane crushed increased slightly from the previous harvest year (+1.1%), due to the higher volume of own sugarcane crushed in this harvest year (+12.2%).

In 9M11, total cash COGS declined by 0.1%, basically reflecting the 1.9% drop in TRS sales volume in the comparison period.

SELLING EXPENSES

SELLING EXPENSES	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
R\$ Thousand						
Port Costs	2,918	1,170	149.5%	5,992	6,054	-1.0%
Freight	14,997	10,933	37.2%	43,439	38,587	12.6%
Sales Commission	156	1,093	-85.7%	1,395	2,514	-44.5%
Selling Expenses	18,072	13,196	37.0%	50,826	47,155	7.8%
TRS Sold ('000 Tons)	523	494	5.8%	1,424	1,451	-1.9%
% of Net Revenues	4.6%	4.1%	0.6 p.p.	5.0%	5.7%	-0.7 p.p.

When comparing with 3Q10, the selling expenses increased 37.0% in 3Q11, mainly due to the increase of 21.7% in sugar export volume.



In 9M11, selling expenses increased by 7.8% to R\$50.8 million, despite the 24.5% growth in sugar export volume, when in comparison with the same period of the previous year.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
R\$ Thousand						
Personnel	10,429	7,510	38.9%	27,321	21,259	28.5%
Taxes, Fees and Contributions	4,434	2,872	54.4%	10,187	9,929	2.6%
Provisions for Contingencies	(1,312)	10	n.m.	7,912	8,967	-11.8%
General Expenses and Third-Party Services	5,882	5,812	1.2%	16,170	15,215	6.3%
Management Fee	4,122	1,903	116.6%	8,341	5,675	47.0%
Total recorrente das Despesas Gerais e Administrativas	23,555	18,107	30.1%	69,931	61,045	14.6%
Itens não-recorrentes	-	-	n.m.	5,900	-	n.m.
Total General and Administrative Expenses	23,555	18,107	30.1%	75,831	61,045	24.2%

In 3Q11, general and administrative expenses increased by 30.1% or R\$5.4 million from 3Q10, mainly reflecting the provision for the variable compensation of the executive board and employees this harvest year. Note that in the previous harvest year this impact was concentrated entirely in the fourth quarter, given that no provision was made in the third quarter of the 2009/10 harvest year.

In 9M11, in addition to the reasons mentioned above, G&A expenses were impacted by non-recurring expenses of R\$5.9 million that were basically related to the sale of part of the Group's interest in Usina Boa Vista S.A. to Petrobrás Biocombustível S.A. Excluding the impacts from the non-recurring items, G&A expenses came to R\$69.9 million, 14.6% more than in the previous year.

EBITDA

EBITDA RECONCILIATION	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
R\$ Thousand						
Adjusted EBITDA	165,838	122,787	35.1%	411,413	243,484	69.0%
Adjusted EBITDA Margin	42.5%	37.9%	4.6 p.p.	40.6%	29.4%	11.1 p.p.
Non Recurring Operating Revenues (Expenses)	7,566	(1,993)	n.m.	6,743	(2,743)	n.m.
Non Cash Items Launched in the COGS	1,009	-	n.m.	2,201	(6,313)	n.m.
EBITDA	157,263	124,780	26.0%	402,469	252,540	59.4%
EBITDA Margin	40.3%	38.5%	1.8 p.p.	39.7%	30.5%	9.2 p.p.
(-) Depreciation and Amortization	(73,332)	(72,046)	1.8%	(194,018)	(192,481)	0.8%
(-) Financial Revenue (Expense), net	(11,411)	(34,736)	-67.1%	(32,507)	35,360	n.m.
(=) Operating Income	72,520	17,998	302.9%	175,944	95,419	84.4%

Adjusted EBITDA

In 3Q11, the São Martinho Group recorded adjusted EBITDA of R\$165.8 million, up 35.1% from 3Q10. In 9M11, adjusted EBITDA totaled R\$411.4 million, 69.0% higher than in 9M10.

Reconciliation of EBITDA to adjusted EBITDA

The main adjustments made to EBITDA are detailed below:

3Q11 - Positive adjustment to EBITDA:



- 1) "Operating Revenue (Expenses)– non-recurring: + R\$7.5 million, composing the following items: 1) + R\$10.3 million related to the non-recurring expense from the conclusion of the operation with Petrobrás Biocombustível S.A. S.A. to inject capital at Nova Fronteira S.A.; 2) + R\$1.0 million from expenses with the project for the Corporate Reorganization of the Group; 3) – R\$3.1 million from the reversal of the gain obtained from the change in the interest held in Usina Boa Vista S.A.; and 4) – R\$0.6 million from the reversal of the gain from the net sale of assets booked under the line other operating revenues and expenses.

HEDGE

U.S. Dollar

On December 31, 2010, the São Martinho Group held a US\$26.7 million short position in USD currency futures through non-deliverable forwards (NDFs) at an average price of R\$1.8893/US\$, with maturities through December 2011.

Sugar

On December 31, 2010, the São Martinho Group held positions in derivatives and prices fixed with clients and in the futures market in the following amounts:

2010/11 Harvest Year – 108,475 metric tons of sugar hedged at an average price of US\$23.08 cents/pound, corresponding to approximately 61% of the sugar volume available for sale from the 2010/11 harvest.

2011/12 Harvest Year – 295,558 metric tons of sugar hedged at an average price of US\$22.45 cents/pound, corresponding to approximately 34% of the sugar production volume estimated for the 2011/12 harvest year (900,000 metric tons).

Hedge Accounting - As of March 10, inclusive, the Company and its subsidiaries began adopting hedge accounting for these derivatives, with their potential results recorded under the specific balance sheet line ("Adjustments to book value"), net of deferred income tax and social contribution tax (potential loss of R\$38.6 million in December 2010).

NET FINANCIAL RESULT

FINANCIAL RESULT	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
R\$ Thousand						
Financial Revenues	7,631	994	667.5%	17,493	4,709	271.5%
Financial Expenses	(15,981)	(17,089)	-6.5%	(56,376)	(43,865)	28.5%
Hedge Result - Sugar	(5,097)	(27,645)	-81.6%	(11,023)	(48,339)	-77.2%
Exchange Variation	3,584	10,387	-65.5%	21,935	127,471	-82.8%
Copersucar Monetary Variation	(1,548)	(1,383)	12.0%	(4,537)	(4,615)	-1.7%
Net Financial Result	(11,411)	(34,736)	-67.1%	(32,507)	35,360	n.m.



The net financial result in 3Q11 was an expense of R\$11.4 million, which represents a reduction of R\$23.3 million from the financial expense of R\$34.7 million registered in 3Q10.

The main impact was the reduction in the line Hedge Result – Sugar, since in 3Q10 hedge accounting had not been adopted yet, and consequently all variations in sugar and currency hedge positions were booked under the net financial result in the period.

As the above table shows, the 3Q11 financial result was impacted by the financial expense of R\$5.1 million booked under the line Hedge Result – Sugar, reflecting the marking to market of operations in sugar options that do not fall under the scope of hedge accounting.

OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	3Q10	2Q11	3Q11	3Q11 x 2Q10	3Q11 x 3Q10
R\$ Thousand					
ASSETS	585,327	664,749	577,831	86,918	7,496
Accounts Receivable	62,804	72,236	77,082	(4,846)	(14,278)
Inventories	447,581	510,657	456,434	54,223	(8,853)
Tax receivable	74,942	81,856	44,315	(37,541)	(30,627)
LIABILITIES	157,390	210,644	188,987	(21,657)	31,597
Suppliers	109,211	135,874	131,681	(4,193)	22,470
Payroll and social contribution	35,815	47,209	37,654	(9,555)	1,839
Tax payable	12,364	27,561	19,652	(7,909)	7,288
WORKING CAPITAL	427,937	454,105	388,844	65,261	39,093

As the above table shows, in 3Q11 the São Martinho Group invested R\$388.8 million in working capital in its operations, for a decrease of nearly R\$39.0 million from the total invested in 3Q10. In comparison with 2Q11, there was a reduction of R\$65.2 million in working capital invested, due to the allocation of working capital that typically occurs in the second half of the harvest year.

NET INCOME

Net income was R\$53.8 million in 3Q11, R\$30.7 million higher than the R\$23.1 million recorded in the same quarter last year. In 9M11, consolidated net income was R\$123.4 million, growing by 70.7% from 9M10.

DEBT WITH COPERSUCAR

On December 31, 2010, the São Martinho Group recognized on its balance sheet debt of R\$196.6 million 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\$152.8 million on a consolidated basis.

INDEBTEDNESS

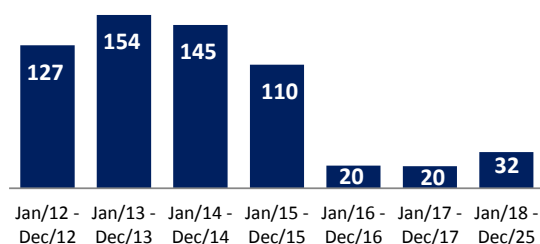
DEBT	Dec/10	Dec/09	Chg. (%)
R\$ Thousand			
PESA	73,756	73,200	0.8%
Rural Credit	38,102	36,537	4.3%
BNDES / FINAME	372,439	475,677	-21.7%
Working Capital	-	128,796	-100.0%
ACC (Advances on Foreign Exchange Contracts)	92,308	200,989	-54.1%
PPE (Export prepayment)	251,378	175,667	43.1%
Others	536	750	-28.5%
Gross Debt	828,519	1,091,616	-24.1%
Cash and Cash Equivalents	249,655	138,610	80.1%
Net Debt	578,864	953,006	-39.3%

The Group's net debt stood at R\$578.9 million in December 2010, which represents a reduction of 39.3% from 3Q10. The group's lower consolidated net debt reflects the conclusion of the operation with Petrobrás Biocombustível S.A. to form Nova Fronteira Bioenergia S.A. When the operation was announced, we informed that Petrobrás would make a R\$420 million capital injection at Nova Fronteira and would assume 49% of its debt, which corresponds to its interest in the capital of Nova Fronteira Bioenergia S.A.

As a result, even considering just the partial capital injection from Petrobras of R\$ 257 million in December 2010, the Net Debt/EBITDA ratio stood at 1.1x, down significantly from 3.0x in December 2009.

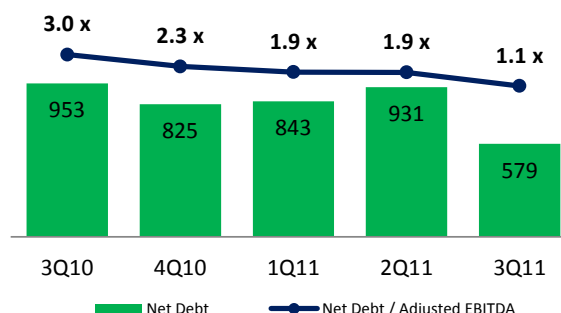
Amortization Schedule

R\$ - Million

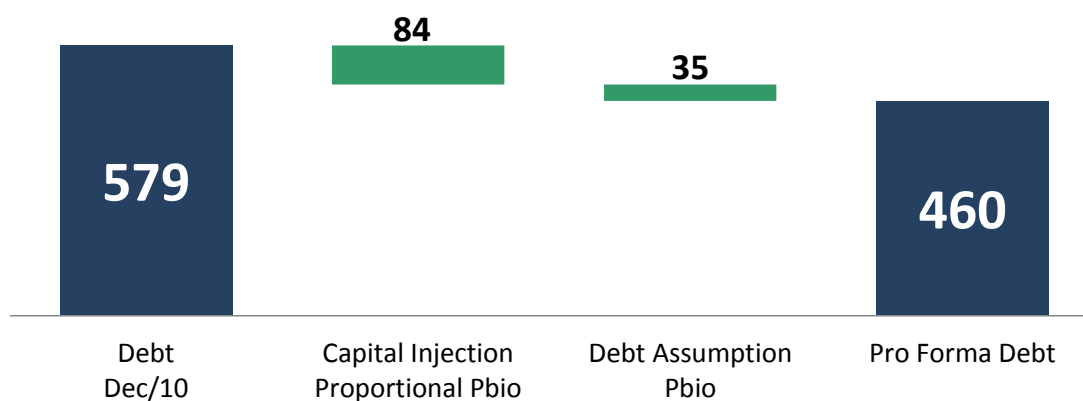


Net Debt / EBITDA LTM

Evolution



After the second tranche (R\$163 million) of the injection by Petrobrás Biocombustível S.A., which should be concluded by end-2011, the net debt of the São Martinho group should decline by approximately R\$120 million.



CAPEX

SÃO MARTINHO - CONSOLIDATED	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
Capex (Maintenance)						
Sugarcane Planting	19,447	19,577	-0.7%	48,354	62,840	-23.1%
Industrial / Agricultural	30,711	16,481	86.3%	47,670	35,573	34.0%
Sub Total	50,158	36,058	39.1%	96,024	98,413	-2.4%
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	11,084	2,079	433.2%	19,247	2,575	647.3%
Other	-	-	n.m.	787	306	156.9%
Sub Total	11,084	2,079	433.2%	20,034	2,882	595.2%
Boa Vista Mill (Greenfield)						
Sugarcane Planting	11,632	10,341	12.5%	38,408	44,610	-13.9%
Industrial / Agricultural	23,598	4,163	466.9%	56,323	33,696	67.2%
Sub Total	35,230	14,503	142.9%	94,732	78,306	21.0%
Total	96,472	52,640	83.3%	210,790	179,601	17.4%

As the above table shows, Capex in 3Q11 increased by 83.3% from 3Q10. The main impacts came from maintenance capex, which this harvest year is more concentrated in the second half of the harvest year, and from the higher investments to expand crushing capacity at the Boa Vista Mill.

In 9M11, capex increased 17.4%, reflecting the higher investments made in the Boa Vista Mill and to modernize mills in order to optimize certain production processes and provide greater flexibility for sugar production.



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

The São Martinho Group is one of the largest groups in Brazil's sugar and ethanol sector, 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 (300 km from Goiânia in Goiás state), as well as a unit producing a ribonucleic acid known as Omtex (also in Iracemápolis). For more information, please visit the website at www.saomartinho.ind.br.



INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	3Q11	3Q10	Chg. (%)	9M11	9M10	Chg. (%)
R\$ Thousand						
Gross Revenue	417,645	353,399	18.2%	1,079,163	902,816	19.5%
Deductions from Gross Revenue	(27,360)	(29,242)	-6.4%	(64,675)	(74,907)	-13.7%
Net Revenue	390,285	324,157	20.4%	1,014,488	827,909	22.5%
Cost of Goods Sold (COGS)	(254,994)	(240,779)	5.9%	(665,926)	(655,454)	1.6%
Gross Profit	135,291	83,378	62.3%	348,562	172,455	102.1%
Gross Margin (%)	34.7%	25.7%	8.9 p.p	34.4%	20.8%	13.5 p.p
Operating Expenses	(51,360)	(30,644)	67.6%	(140,111)	(112,396)	24.7%
Selling Expenses	(18,072)	(13,196)	37.0%	(50,826)	(47,155)	7.8%
General and Administrative Expenses	(22,357)	(18,723)	19.4%	(76,561)	(64,088)	19.5%
Management Fees	(4,122)	(1,903)	116.6%	(8,341)	(5,675)	47.0%
Other Operating Expenses, Net	(6,809)	3,178	n.m.	(4,383)	4,522	n.m.
Operating Profit, Before Financial Effects	83,931	52,734	59.2%	208,451	60,059	247.1%
Financial Result, Net	(11,411)	(34,736)	-67.1%	(32,507)	35,360	n.m.
Financial Revenues	11,030	12,111	-8.9%	22,417	52,796	-57.5%
Financial Expenses	(26,020)	(53,325)	-51.2%	(76,825)	(110,020)	-30.2%
Monetary and Exchange Variations - Net	3,579	6,478	-44.8%	21,901	92,584	-76.3%
Income Before Income and Social Contribution Taxes	72,520	17,998	302.9%	175,944	95,419	84.4%
Income Tax and Social Contribution - Current	(18,211)	(260)	6904.2%	(51,986)	(8,691)	498.2%
Income Tax and Social Contribution - Deferred	(461)	5,718	n.m.	(564)	(11,346)	-95.0%
Net Income Before Minority Interest	53,848	23,456	129.6%	123,394	75,382	63.7%
Minority Interest	-	(316)	n.m.	-	(3,086)	n.m.
Net Income	53,848	23,140	132.7%	123,394	72,296	70.7%
Net Margin (%)	13.8%	7.1%	6.7 p.p	12.2%	8.7%	3.4 p.p



BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED- ASSETS

R\$ Thousand

ASSETS	Dec/10	Sep/10
SHORT-TERM ASSETS		
Cash and Cash Equivalents	249,655	216,386
Accounts Receivable	77,082	72,236
Derivatives Financial Instruments	-	16,562
Inventories	456,434	510,657
Recoverable Taxes	44,315	81,856
Other Assets	8,287	13,789
TOTAL SHORT-TERM ASSETS	835,773	911,486
LONG-TERM ASSETS		
Long-term Receivables		
Related Parties	554	391
Deferred Income Tax and Social Contribution	112,159	112,254
Accounts Receivable - Copersucar	4,149	4,104
Recoverable Taxes	34,132	35,471
Other Assets	1,614	196
	152,608	152,416
Investments	3,540	3,540
Fixed Assets	2,234,628	2,473,913
Intangible	36,138	36,806
Deferred	22,393	37,848
TOTAL LONG-TERM ASSETS	2,449,307	2,704,523
TOTAL ASSETS	3,285,080	3,616,009



BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES

R\$ Thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	Dec/10	Sep/10
SHORT-TERM LIABILITIES		
Loans and Financing	219,435	419,192
Derivatives Financial Instruments	51,389	12,766
Suppliers	131,681	135,874
Accounts Payable - Copersucar	2,203	2,203
Payroll and Social Contribution	37,654	47,209
Tax Payable	19,652	27,561
Related Companies	199	89
Other Liabilities	29,023	42,113
TOTAL SHORT-TERM LIABILITIES	491,236	687,007
LONG-TERM LIABILITIES		
Loans and Financing	609,084	727,877
Accounts Payable - Copersucar	194,394	194,205
Tax Installments	52,779	48,261
Deferred Income Tax and Social Contribution	196,230	202,526
Provision for Contingencies	30,357	34,949
Other Liabilities	11,049	14,754
TOTAL LONG-TERM LIABILITIES	1,093,893	1,222,572
SHAREHOLDERS' EQUITY		
Capital Stock	455,900	455,900
Capital Reserve	1,038,030	1,049,197
Adjustments to Book Value	(38,644)	2,125
Capital Budget Reserve	112,556	112,556
Treasury Shares	(1,899)	(1,899)
Accumulated Profit	134,008	88,551
TOTAL SHAREHOLDERS' EQUITY	1,699,951	1,706,430
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,285,080	3,616,009



CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	3Q11	9M11
R\$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	53,848	123,394
Adjustments		
Depreciation and amortization	73,332	194,018
Residual cost of investment and property, plant and equipment disposals	634	4,273
Interest, monetary and foreign exchange variations, net	22,528	49,383
Constitution of provision for contingencies, net	(3,406)	1,331
Deferred income tax and social contribution on net income	461	564
Constitution (reversal) of provision for inventory losses	1,009	2,200
Adjustments to present value and others	(740)	(1,493)
	147,666	373,670
Changes in assets and liabilities		
Trade accounts receivable	(10,873)	(41,482)
Inventories	3,904	(218,166)
Taxes recoverable	22,465	26,926
Related parties - assets	(163)	(343)
Derivative financial instruments	64,243	103,006
Other assets	(14,073)	(21,870)
Suppliers	6,314	68,015
Salaries and social charges	(6,088)	(425)
Taxes payable	(2,024)	11,221
Related parties - liabilities	328	294
Taxes payable in installments	4,373	5,080
Provision for contingencies	(2,381)	(14,375)
Other liabilities	(77,202)	(115,892)
Cash provided by operations	136,489	175,659
Interest paid	(10,857)	(38,095)
Income tax and social contribution on net income paid	(7,833)	(14,859)
Net cash provided by operating activities	117,799	122,705
CASH FLOW FROM INVESTMENT ACTIVITIES		
Additions to property, plant and equipments, intangible assets and deferred charges	(98,389)	(217,110)
Net cash used in investing activities	(98,389)	(217,110)
CASH FLOW FROM FINANCING ACTIVITIES		
Financing - third parties	95,358	532,999
Repayment of financing - Copersucar	(806)	(3,760)
Repayment of financing - third parties	(196,334)	(416,147)
Payment of dividends and interest on own equity	(19,558)	(34,865)
Net cash provided by (used in) financing activities	(121,340)	78,227
Increase (decrease) in cash and cash equivalents	(101,930)	(16,178)
Increase in cash and cash equivalents to decrease in holding - NF	135,199	135,199
Cash and cash equivalents at the beginning of the period	216,386	130,634
Cash and cash equivalents at the end of the period	249,655	249,655
ADDITIONAL INFORMATION		
Payables to suppliers for purchases of property, plant and equipment	13,863	13,863