

Earnings Release Conference Call

2Q16



São Martinho
15/16 Harvest

DISCLAIMER

- This presentation contains forward-looking statements relating to the business outlook, operating and financial projections, and the growth prospects of São Martinho S.A. These statements merely represent projections and as such are based exclusively on management's expectations about the future of the business.
- Forward-looking statements are no guarantee of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.
- Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results and could cause results to differ materially from those expressed in such forward-looking statements.

AGENDA

1 Operational Highlights

2 Financial Highlights

3 Cost Production Analysis

4 Indebtedness

5 Inventories

6 Hedging

Operational Highlights



OPERATING DATA	6M15	6M16	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	15,158	15,037	-0.8%
Own	9,629	9,253	-3.9%
Third Parties	5,529	5,784	4.6%
Mechanized Harvest	94.8%	97.1%	2.31 p.p.
Agricultural Yield (ton/ha)	87.6	84.2	-3.8%
Average TRS (kg/ton)	141.0	130.1	-7.8%
Production			
Sugar ('000 tons)	987	952	-3.5%
Ethanol ('000 m ³)	642	557	-13.2%
Cogeneration ('000 MWh)	507	536	5.7%
TRS Produced	2,138	1,957	-8.5%
Mix - Sugar - Ethanol	48% - 52%	51% - 49%	

Financial Highlights

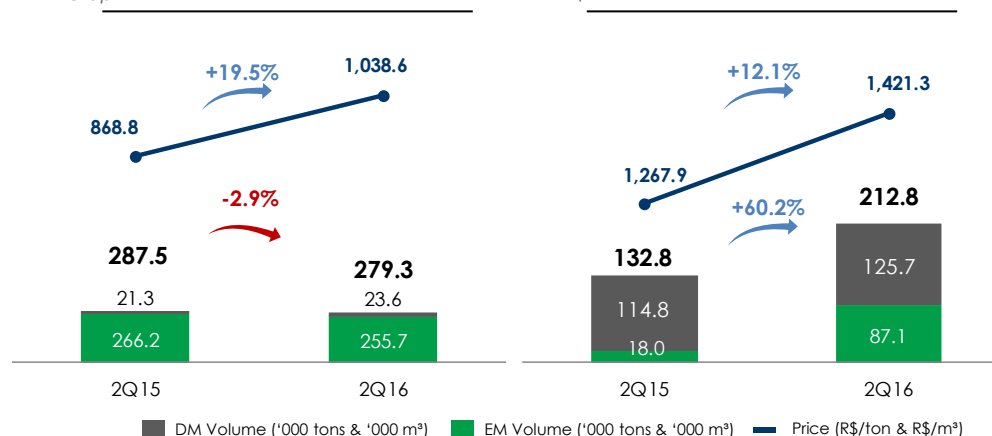


Table 1

	2Q15	2Q16	Chg. %
Net Revenue	526,227	683,599	29.9%
COGS (cash)	(216,132)	(298,880)	38.3%
Selling Expenses	(23,203)	(27,900)	20.2%
G&A Expenses	(33,772)	(38,385)	13.7%
Adjusted EBITDA	256,918	318,903	24.1%
Adj. EBITDA Margin	48.8%	46.7%	-2.2 p.p.
Adjusted EBIT	130,639	153,150	17.2%
Adj. EBIT Margin	24.8%	22.4%	-2.4 p.p.
Net Financial Results and Hedge Accounting	(59,031)	(142,257)	141.0%
Net Income	115,222	21,054	-81.7%
TRS Sold ('000 tons)	529	661	24.9%

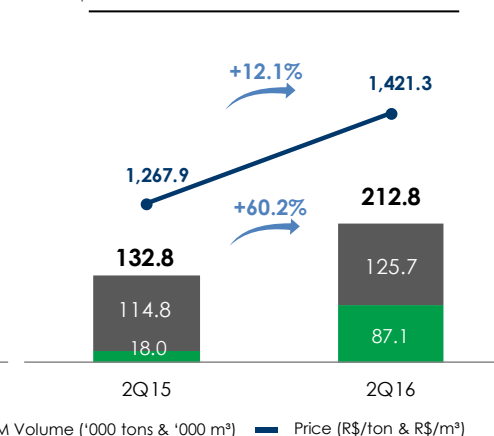
Graph 1

SUGAR



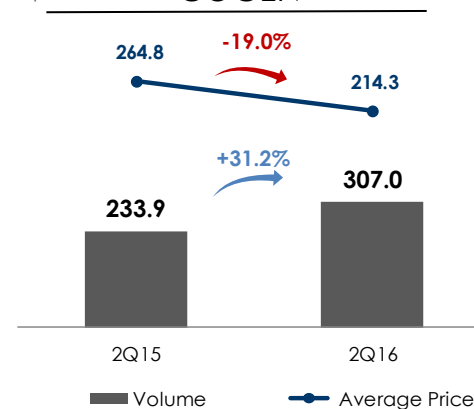
Graph 2

ETHANOL



Graph 3

COGEN

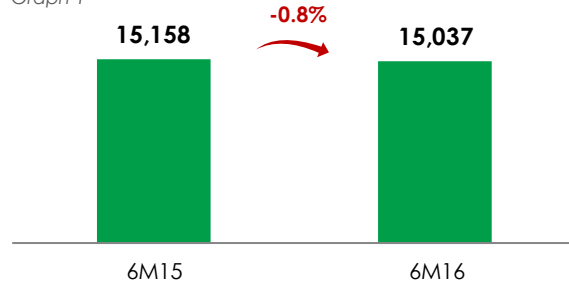


Cost Production Analysis



Effective crushing (thous. tons)

Graph 1

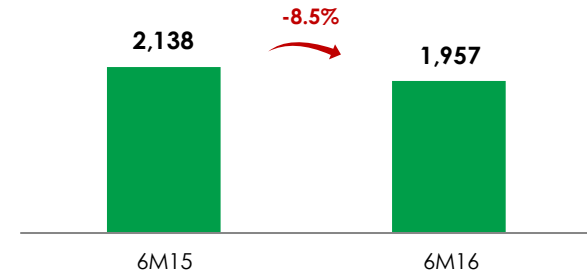


Decrease of 7.8% on
Average TRS (kg/ton)



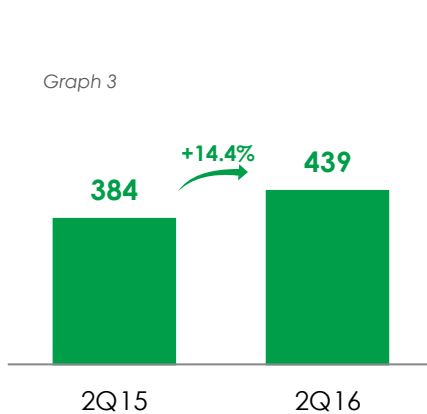
Average TRS (kg/ton) (thous.)

Graph 2



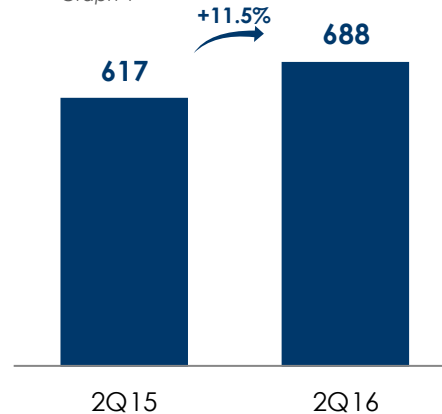
Average Cash Cost Per Unit

Graph 3



■ Sugar in R\$/Ton

Graph 4



■ Ethanol in R\$/m³

- ✓ Decrease on the TRS volume produced, had a direct impact on the cash cost composition of the product sold – R\$/ton or R\$/m³.
- ✓ The sugarcane with less TRS, explains the increase on cash cost per unit of sugar and ethanol.
- ✓ Since the Company will produce the same amount of TRS that last crop year (as released on the guidance), the impact of this increase will be partially compensated until March-17.

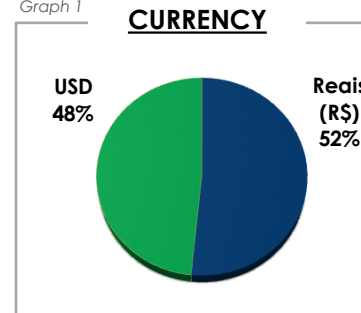
Indebtedness



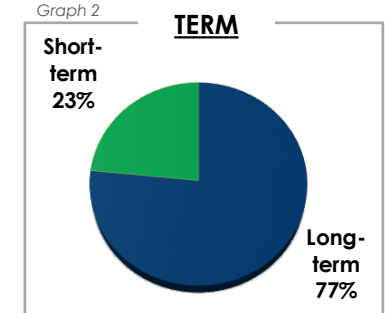
Table 1

INDEBTEDNESS	Mar/15	Sep/15	Chg%.
R\$ '000			
Indebtedness in foreign exchange	1,819,988	2,012,342	10.6%
BNDES	877,296	749,210	-14.6%
Working Capital	858,562	1,255,193	46.2%
Obligations from acquisitions	96,323	91,146	-5.4%
PESA	57,756	49,635	-14.1%
Gross Debt	3,709,925	4,157,526	12.1%
Cash and Cash Equivalents	1,140,538	925,382	-18.9%
Net Debt	2,569,387	3,232,144	25.8%
Net Debt / EBITDA LTM	2.2 x	2.8 x	
Net Debt / EBITDA LTM - USD *	1.7 x	2.1 x	

Graph 1



Graph 2



Adj. EBITDA LTM

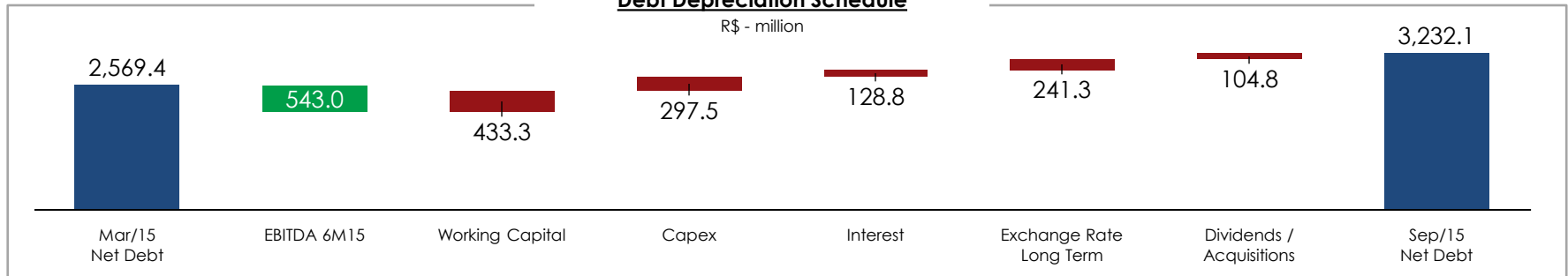
1,145,934

1,151,568

Graph 3

Debt Depreciation Schedule

R\$ - million



* Net Debt PTAX:
March/15: R\$3.20
September/15: R\$ 3.9722

EBITDA LTM Average daily PTAX 12 months:
March/15: R\$2.48
September/15: R\$3.01

Inventories



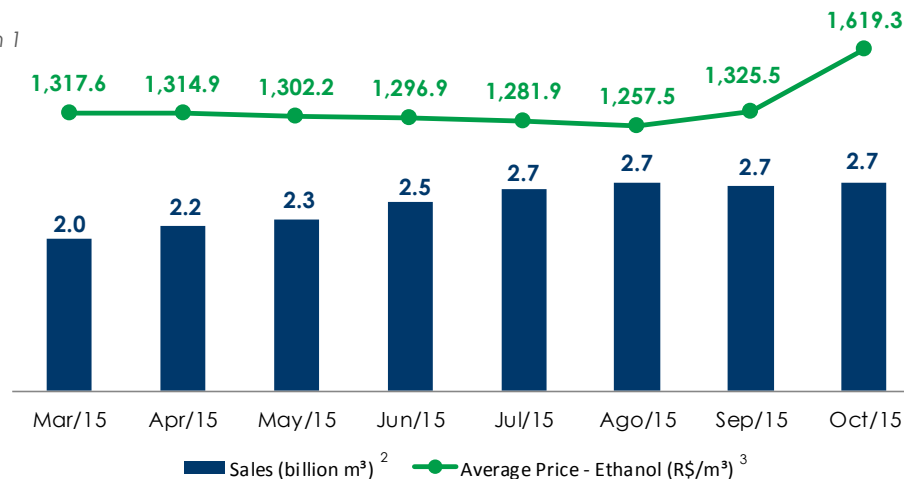
Table 1

INVENTORIES	2Q16	Oct-Dec/15 Production	Volume available for sale	% of Guidance
Sugar (tons)	476,321	342,863	819,184	63%
Hydrous (m³)	155,850	65,218	221,068	73%
Anhydrous (m³)	136,501	104,830	241,331	57%

Market Value R\$ ¹

912,472

Graph 1



1 - CEPEA/ESALQ Price as of end of September

2 - Source: Única

3 - Average Price Anhydrous and Hydrous CEPEA/ESALQ

Sugar

	Volume Hedged (^{'000} tons)	Avg. Price (US\$ c/p)	% of own sugarcane	% of the total
2015/2016 crop year	695,642	15.61	97%	86%
2016/2017 crop year	340,528	13.52	38%	26%

US\$

SUGAR			
	US\$ '000	Average Price (R\$/US\$)	% as sugar equivalent
2015/2016 crop year	194,053	3.15	81.0%
2016/2017 crop year	10,000	3.67	9.9%

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