

Results

1st QUARTER
2019/2020 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, 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. IFRS 16 Adoption and Impacts

5. Indebtedness

2. Operational Highlights

6. Hedge Position

3. Financial Highlights

7. Ethanol Market

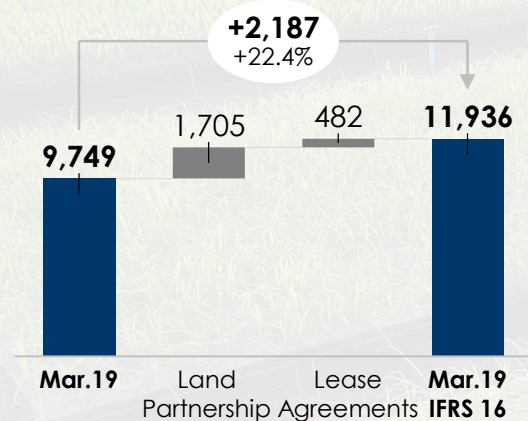
4. Costs

IFRS 16 Adoption – Assets and Liabilities

Total Assets

(R\$ million in 03.31.2019)

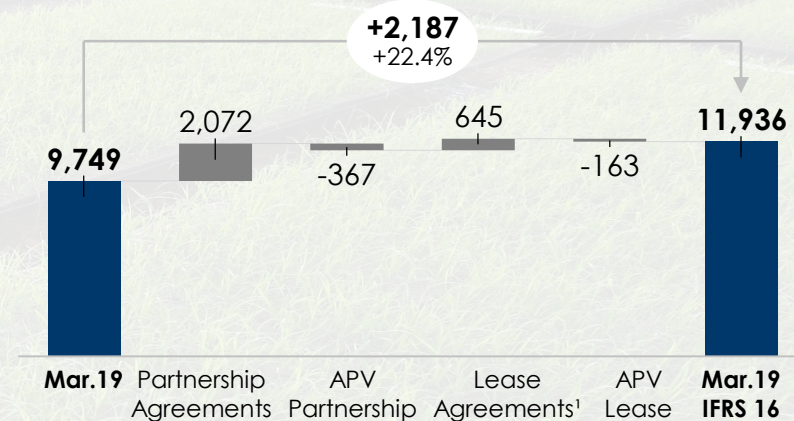
Recognition of the right-of-use for lease agreements and land partnerships (considered as lease by accounting standard)



Total Liabilities

(R\$ million in 03.31.2019)

Accounting for future payment obligations of these contracts



¹Lease agreements booked net of PIS / Cofins - 9.25%

IFRS 16 Adoption – P&L Impacts

As of April 1st, 2019, the Company adopted IFRS 16 – Leasing Operations, which introduces a single accounting model for leased fields and agricultural partnerships. As of the adoption, we recognized the payment obligation at present value as a Liability and the right-of-use as an Asset in an amount equivalent to the Liability.

1Q20 Results	Before IFRS 16	Impacts	After IFRS 16
Net Revenue¹	754,934	-	754,934
COGS	(557,867)	4,836	(553,031)
(-) Partnership and Lease Expenses		56,195	
(+) Amortization of the Right-of-Use		(51,359)	
Gross Income	197,067	4,836	201,903
Selling/General/Adm. Expenses	(69,059)		(69,059)
Op. Income Before Financial Result	128,008	4,836	132,844
Financial Result/Debt Hedge	(51,767)	(12,191)	(63,958)
APV Partnership and Lease		(12,191)	
Income before Taxes	76,241	(7,355)	68,885
Income tax	20,120	2,458	22,578
Net Income	96,361	(4,897)	91,463

We no longer account for cash cost of agrarian contracts

We now account for contract amortization

Adjustment to Present Value (APV) of agrarian contracts is accounted for as net financial result

Book EBITDA	357,623	56,195	413,818
Adjustment to Maturity of Hedge	442		442
Biological Assets	(9,274)		(9,274)
Equity Income (Loss)	(408)		(408)
IFRS 16 Partnership and Lease Payment	-	(56,195)	(56,195)
Adjusted EBITDA	348,383	-	348,383

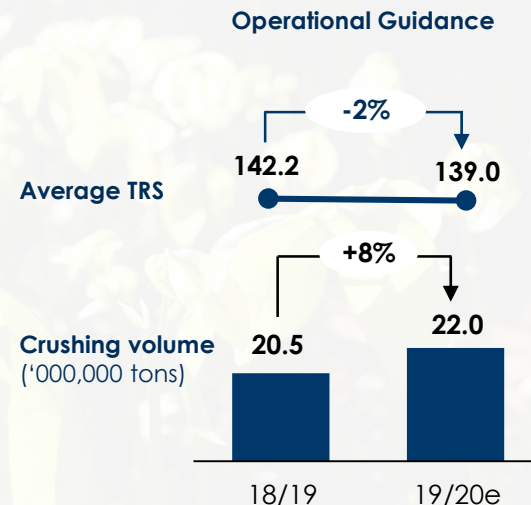
As we no longer account for cash cost of agrarian contracts, Book EBITDA increased, which effect has been adjusted for the Adjusted EBITDA

1- Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC

The data analyzed throughout this presentation do not consider the IFRS 16 adoption impacts

Operational Highlights

OPERATIONAL DATA	1Q19	1Q20	Chg.(%)
Crushed Sugarcane ('000 tons)	9,508	9,042	-4.9%
Own	6,527	6,246	-4.3%
Third Parties	2,981	2,796	-6.2%
Agricultural Yield (ton/ha)	79.6	89.1	11.9%
Average TRS (kg/ton)	131.9	122.7	-7.0%
Production			
Sugar ('000 tons)	406	436	7.3%
Ethanol ('000 m³)	486	382	-21.5%
Cogeneration ('000 MWh)	327	295	-9.6%
TRS Produced	1,254	1,109	-11.5%
Mix Sugar - Ethanol	34% - 66%	41% - 59%	



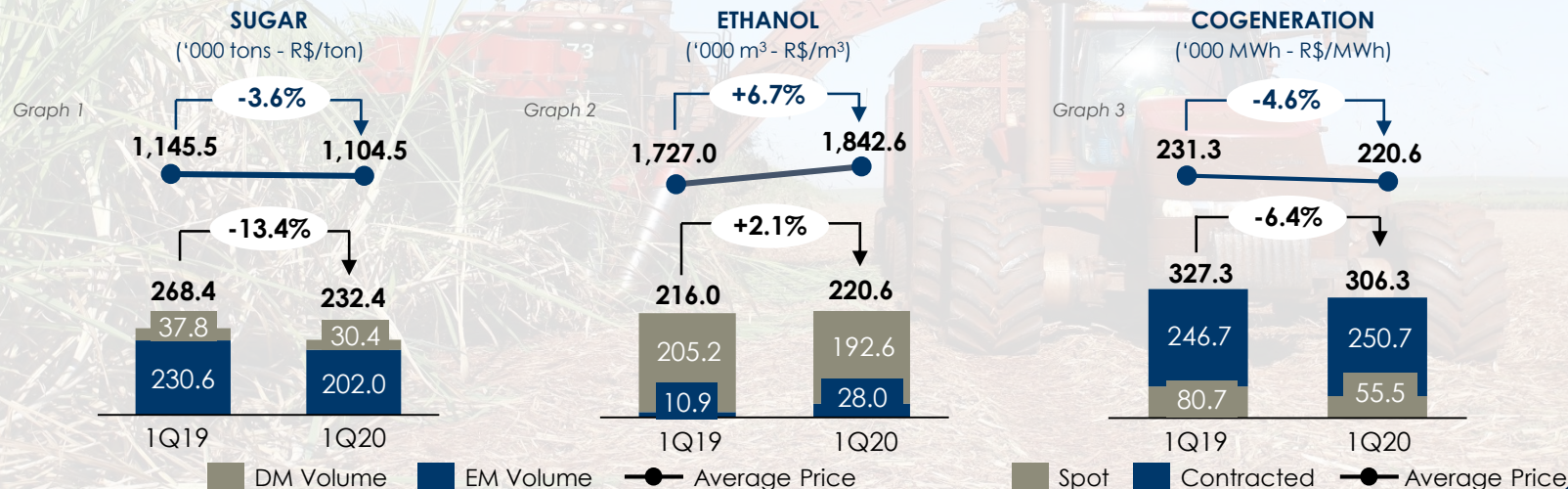
Financial Highlights

R\$ '000

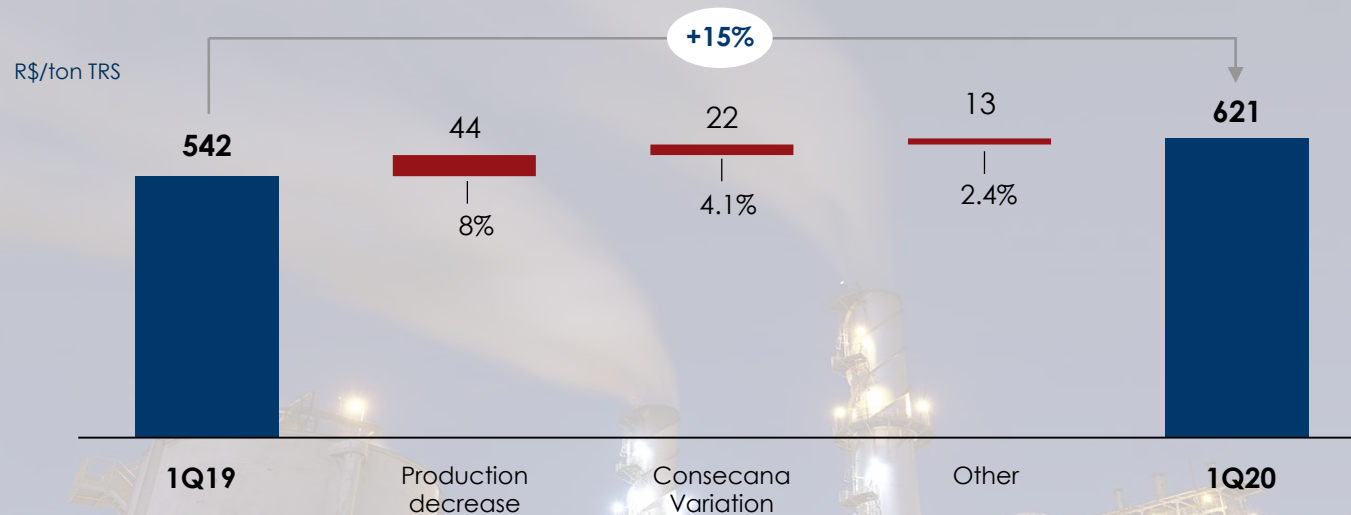
Executive Summary	1Q19	1Q20	Chg. (%)
Net Revenue ¹	771,166	754,934	-2.1%
Adjusted EBITDA	401,390	348,383	-13.2%
Adjusted EBITDA Margin	52.0%	46.1%	-5.9 p.p.
Adjusted EBIT	198,124	118,326	-40.3%
Adjusted EBIT Margin	25.7%	15.7%	-10.0 p.p.
Net Income before taxes	153,825	76,241	-50.4%
Non-cash effect from IFRS16 adoption on Net Income	-	(4,897)	n.m.
Net Income	103,959	91,463	-12.0%
Cash Income	157,827	66,529	-57.8%
Net Debt / EBITDA	1.41 x	1.61 x	13.6%

1- Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC

Data do not include the IFRS 16 impacts - Agrarian Contracts, except net income



EBITDA Cost by TRS – 1Q20 x 1Q19



- ✓ 1Q20 Cash COGS was impacted by: (i) **the seasonal effect from the lower dilution of costs**, given the reduction in production volume in 1Q20 versus 1Q19 and (ii) **the increase in Consecana (+8%)**
- ✓ **Sugar and ethanol cash cost** (excluding Consecana effect) **in the 19/20 crop year to be in line with the previous crop year**, since the improvement in yield should offset inflation

Indebtedness

Table 1

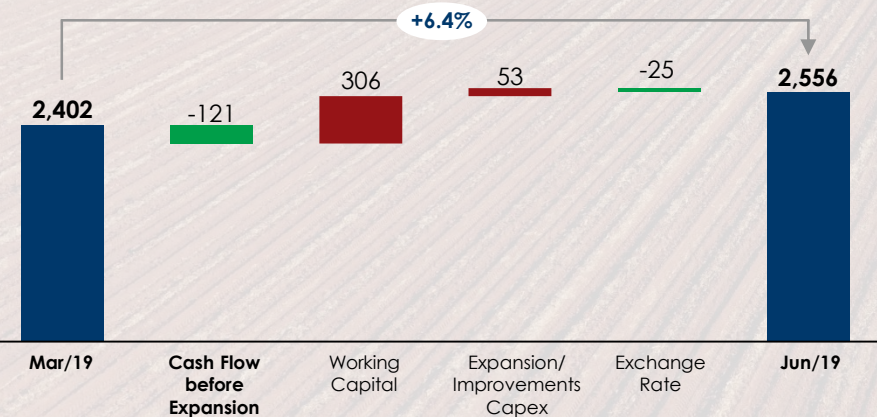
	Mar/19	Jun/19	Chg.%
R\$ '000			
Gross Debt	4,491,205	4,752,246	5.8%
Cash and Cash Equivalents	2,089,213	2,195,865	5.1%
Net Debt	2,401,992	2,556,381	6.4%
Net Debt / LTM EBITDA - R\$	1.46 x	1.61 x	10.0%
Net Debt / LTM EBITDA - USD ¹	1.32 x	1.62 x	22.8%
LTM Adjusted EBITDA	1,644,534	1,591,527	-3.2%

¹ - Net Debt PTAX:
March/19: R\$ 3.90
June/19: R\$ 3.83

LTM EBITDA Daily Average PTAX:
March/19: R\$ 3.78
June/19: R\$ 3.86

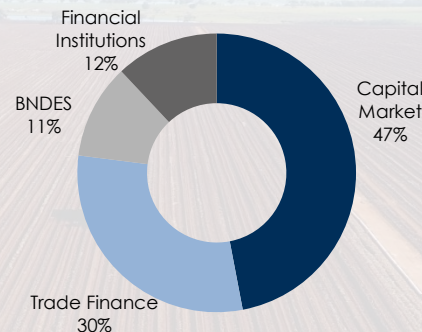
Debt Evolution

R\$ - '000 000



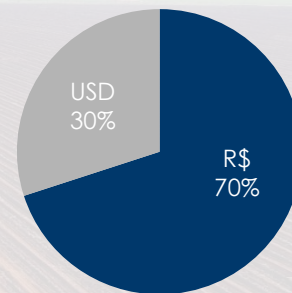
Debt Profile

Graph 2



Currency - Gross

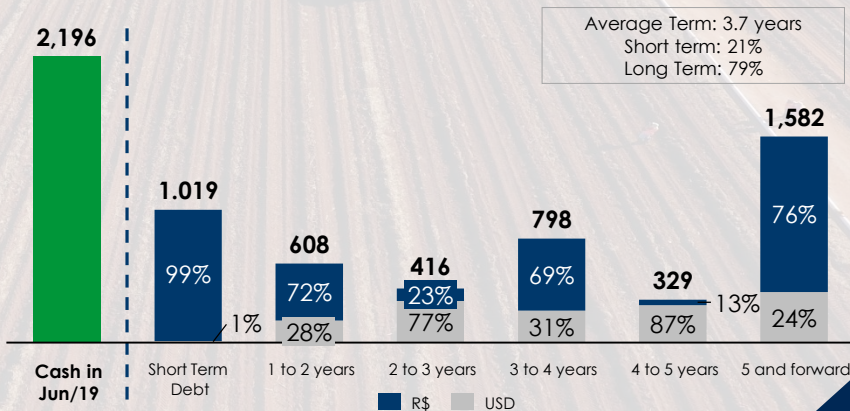
Graph 3



Debt Schedule

R\$ - '000

Graph 4



Hedge Position

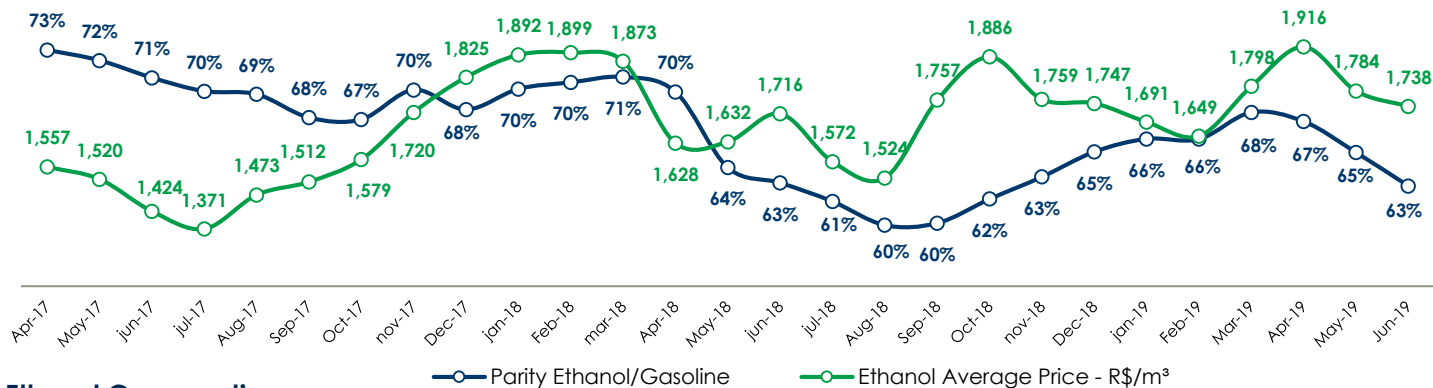
SUGAR	Volume Hedged (ton)	Average Price (US\$ c/p)	Average Price (R\$/ton)	
2019/2020 Harvest	555,118	13.65	~1,184	~78% of own sugarcane hedged ¹
2020/2021 Harvest	32,615	14.44	~1,269	
DOLLAR	Volume Hedged (US\$ '000)	Average Price (R\$/US\$)		
2019/2020 Harvest	134,415	3.97		~77% of own sugarcane hedged ¹
2020/2021 Harvest	10,008	3.99		

1- Considering the minimum range for the sugar production, according to Material Fact about the harvest guidance

Ethanol Market

Ethanol Average Price and Ethanol/Gasoline Parity (SP/MG/Goiás)

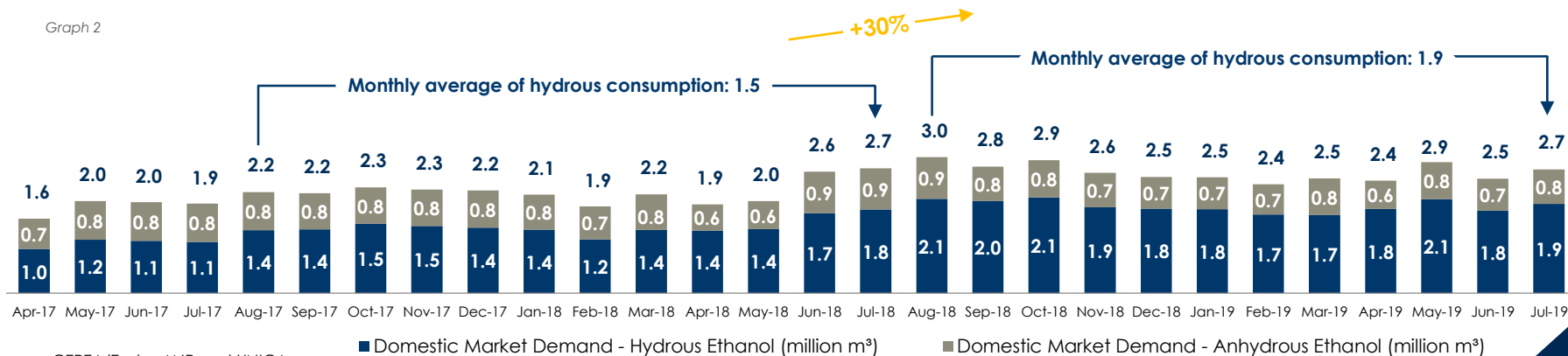
Graph 1



Hydrous ethanol inventory 30% lower on average than previous Center-South crop

Ethanol Consumption

Graph 2



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