

# Earnings Release Conference Call

3Q16



***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

**2** Financial Highlights

**3** Cost Production Analysis

**4** Indebtedness

**5** Inventories

**6** Hedging

# Operational Highlights



OPERATING DATA	14/15 Crop Year	15/16 Crop Year	Chg.(%)
São Martinho - Consolidated			
<b>Crushed Sugarcane ('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%
Mechanized Harvest	97.0%	97.4%	0.43 p.p.
Agricultural Yield (ton/ha)	87.6	85.9	-1.9%
Average TRS (kg/ton)	141.6	128.9	-8.9%
Production			
Sugar ('000 tons)	1,231	1,230	-0.1%
Ethanol ('000 m <sup>3</sup> )	791	751	-5.1%
Cogeneration ('000 MWh)	720	741	2.9%
TRS Produced	2,650	2,581	-2.6%
Mix - Sugar - Ethanol	49% - 51%	50% - 50%	

# Financial Highlights

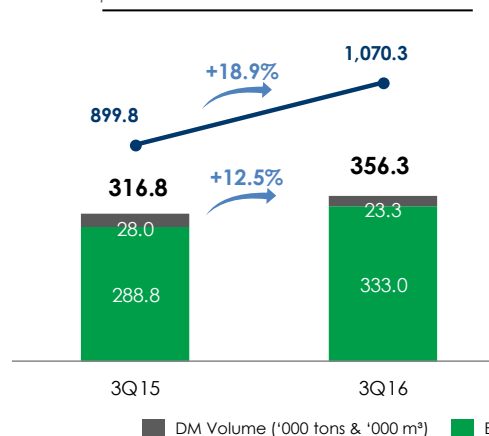


Table 1

	3Q15	3Q16	Chg. %
Net Revenue	594,188	852,673	43.5%
COGS (cash)	(243,133)	(373,424)	53.6%
Selling Expenses	(23,195)	(32,923)	41.9%
G&A Expenses	(45,429)	(34,947)	-23.1%
Adjusted EBITDA	287,612	411,909	43.2%
Adj. EBITDA Margin	48.4%	48.3%	-0.1 p.p.
Adjusted EBIT	125,851	201,620	60.2%
Adj. EBIT Margin	21.2%	23.6%	2.5 p.p.
Net Financial Results and Hedge Accounting	(76,594)	(126,721)	65.4%
Net Income	53,540	76,020	42.0%
TRS Sold ('000 tons)	599	788	31.5%

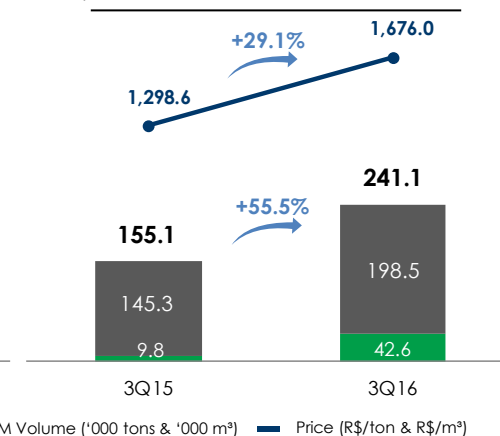
Graph 1

## SUGAR



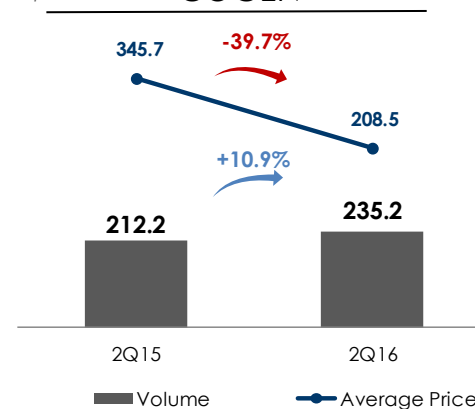
Graph 2

## ETHANOL



Graph 3

## COGEN

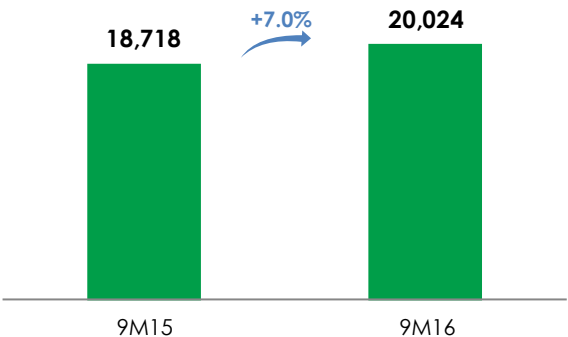


# Cost Production Analysis



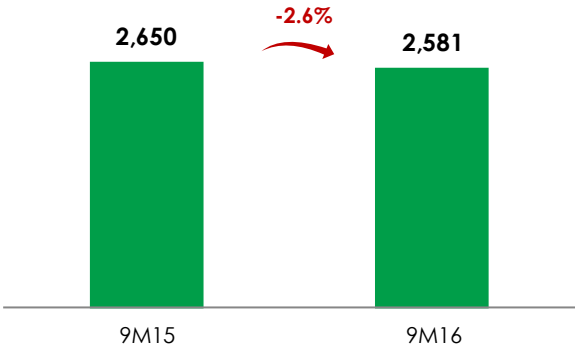
## Effective crushing (thous. tons)

Graph 1



## Average TRS (kg/ton) (thous.)

Graph 2

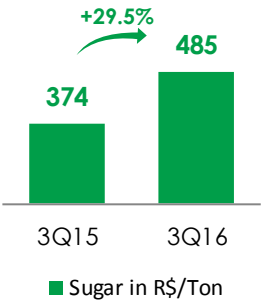


Decrease of 9.0% on  
Average TRS (kg/ton)

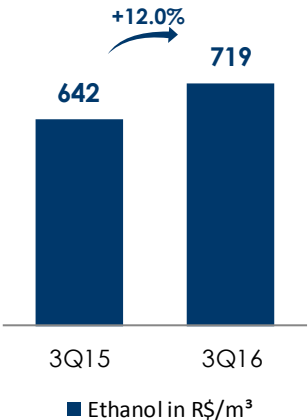


## Average Cash Cost Per Unit

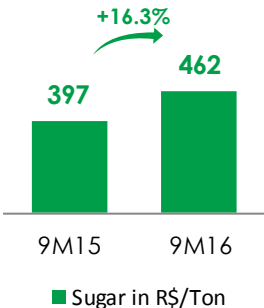
Graph 3



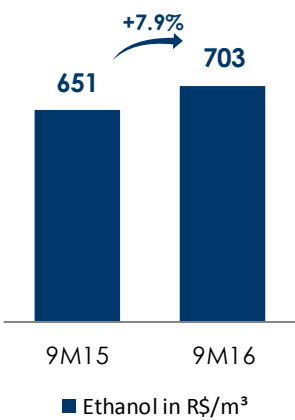
Graph 4



Graph 5



Graph 6



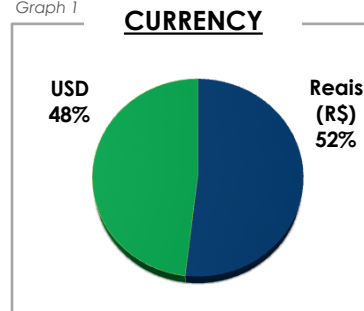
# Indebtedness



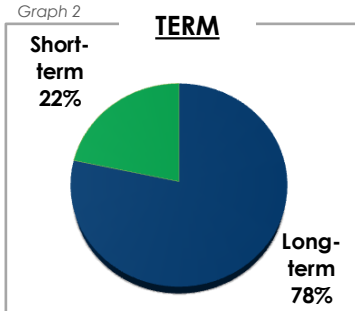
Table 1

INDEBTEDNESS	Mar/15	Dec/15	Chg%.
R\$ '000			
Indebtedness in foreign exchange	1,819,988	1,943,924	6.8%
BNDES / Rural Credit	941,657	767,070	-18.5%
Working Capital	794,201	1,186,578	49.4%
Obligations from acquisitions	96,323	91,261	-5.3%
PESA	57,756	50,101	-13.3%
<b>Gross Debt</b>	<b>3,709,925</b>	<b>4,038,934</b>	<b>8.9%</b>
Cash and Cash Equivalents	1,140,538	769,229	-32.6%
<b>Net Debt</b>	<b>2,569,387</b>	<b>3,269,705</b>	<b>27.3%</b>
<b>Net Debt / EBITDA LTM</b>	2.2 x	2.6 x	
<b>Net Debt / EBITDA LTM - USD *</b>	1.7 x	2.2 x	

Graph 1



Graph 2



**Adj. EBITDA LTM**

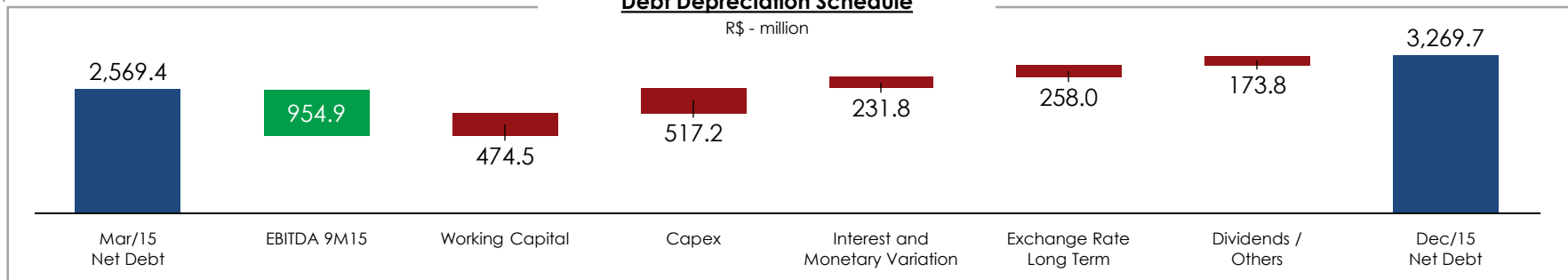
**1,145,934**

**1,275,794**

Graph 3

## Debt Depreciation Schedule

R\$ - million



\* Net Debt PTAX:  
March/15: R\$3.20  
December/15: R\$ 3.90

EBITDA LTM Average daily PTAX 12 months:  
March/15: R\$2.48  
December/15: R\$3.34

# Inventories



Table 1

INVENTORIES	3Q15	3Q16	Chg%.
Sugar (tons)	350,410	397,699	13.5%
Hydrous (m³)	180,860	94,854	-47.6%
Anhydrous (m³)	154,985	148,643	-4.1%

Average Price 9M15

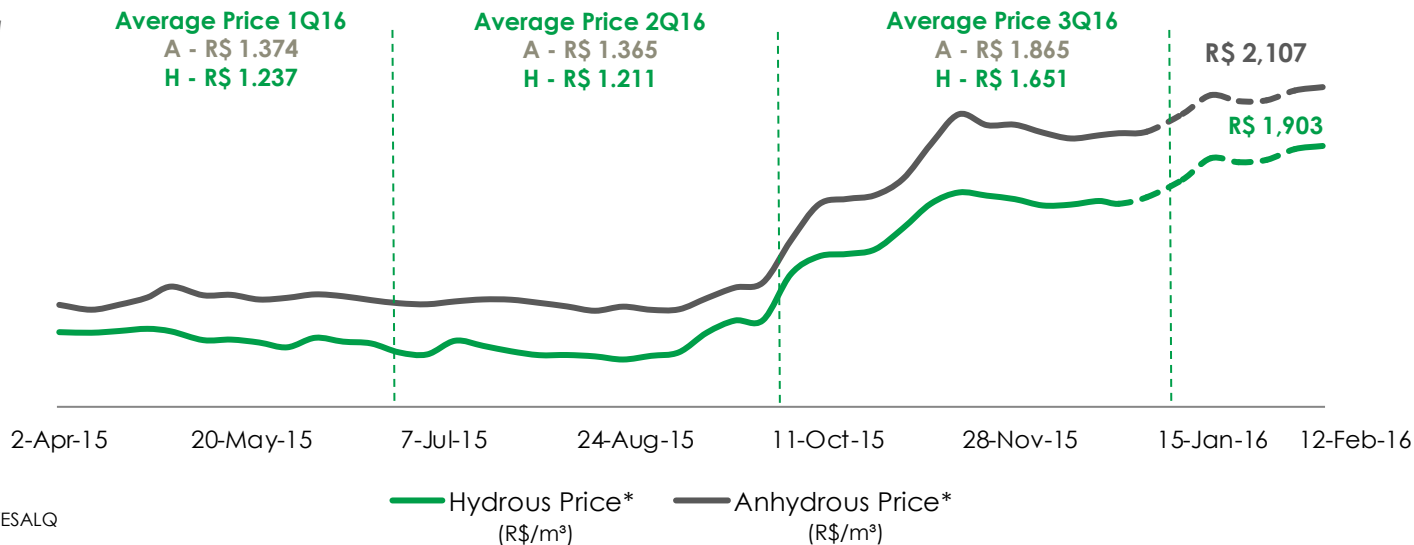
A - R\$ 1.543

H - R\$ 1.373

A: +36.5%

H: +38.6%

Graph 1



\* Source: CEPEA/ESALQ

A: Anhydrous

H: Hydrous



## Sugar

	Volume Hedged (‘000 tons)	Avg. Price (US\$ c/p)	% of own sugarcane	% of the total	R\$ / ton
2015/2016 crop year	418,584	15.74	100%	100%	1,235
2016/2017 crop year	433,497	13.96	50%	35%	1,265

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