

# Results

3<sup>rd</sup> 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

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**1. Operational Highlights**

**4. Indebtedness**

**2. Financial Highlights**

**5. Hedge Position**

**3. Margin by Product**

**6. Sugar and Ethanol Market**

# Operational Highlights – 19/20 Harvest Conclusion

OPERATIONAL DATA	12M19	12M20	Chg.(%)
<b>Crushed Sugarcane ('000 tons)</b>	<b>20,450</b>	<b>22,640</b>	<b>10.7%</b>
Own	13,692	15,740	15.0%
Third Parties	6,758	6,900	2.1%
Mechanized Harvest	100%	100%	0.0 p.p.
Agricultural Yield (ton/ha)	74.2	82.9	11.7%
Average TRS (kg/ton)	142.2	139.4	-2.0%
<b>Production</b>			
Sugar ('000 tons)	992	1,106	11.4%
Ethanol ('000 m³)	1,097	1,172	6.9%
Cogeneration ('000 MWh) <sup>1</sup>	829	910	9.8%
TRS Produced	2,908	3,155	8.5%
Mix Sugar - Ethanol	36% - 64%	37% - 63%	

1 - Estimated volume as cogen will continue until March 2020



# Financial Highlights

R\$ '000

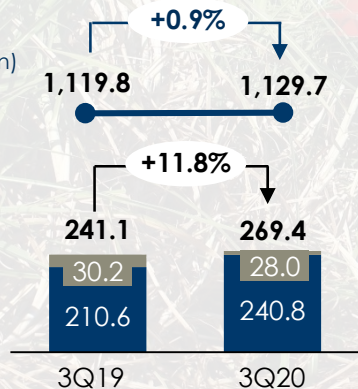
Executive Summary	3Q19	3Q20	Chg. (%)
Net Revenue <sup>1</sup>	842,562	1,029,978	22.2%
Adjusted EBITDA	417,320	541,440	29.7%
Adjusted EBITDA Margin	49.5%	52.6%	3.0 p.p.
Adjusted EBIT	157,751	237,686	50.7%
Adjusted EBIT Margin	18.7%	23.1%	4.4 p.p.
IAA (Copersucar)	-	349,056	n.m.
Net Income before taxes	78,838	419,193	431.7%
Net Income without IFRS 16 effects	65,929	355,095	438.6%
Non-cash effect of IFRS 16 on Net Income	-	(12,175)	n.m.
Net Income	65,929	342,920	420.1%
Cash Income	80,194	366,499	357.0%
Net Debt / EBITDA	1.80 x	1.65 x	-8.5%
TRS Sold ('000 Tons)	736	845	14.8%

<sup>1</sup>- Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC  
Data do not include the IFRS 16 impacts, except net income

## SUGAR

('000 tons - R\$/ton)

Graph 2



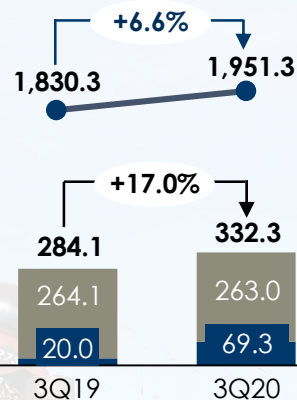
Shipments concentrated in the end of the crop year

DM Volume EM Volume Average Price

## ETHANOL

('000 m<sup>3</sup> - R\$/m<sup>3</sup>)

Graph 1



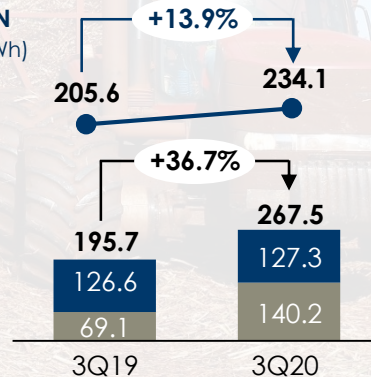
- Higher export volume  
- Higher prices in the intercrop

DM Volume EM Volume Average Price

## COGENERATION

('000 MWh - R\$/MWh)

Graph 3

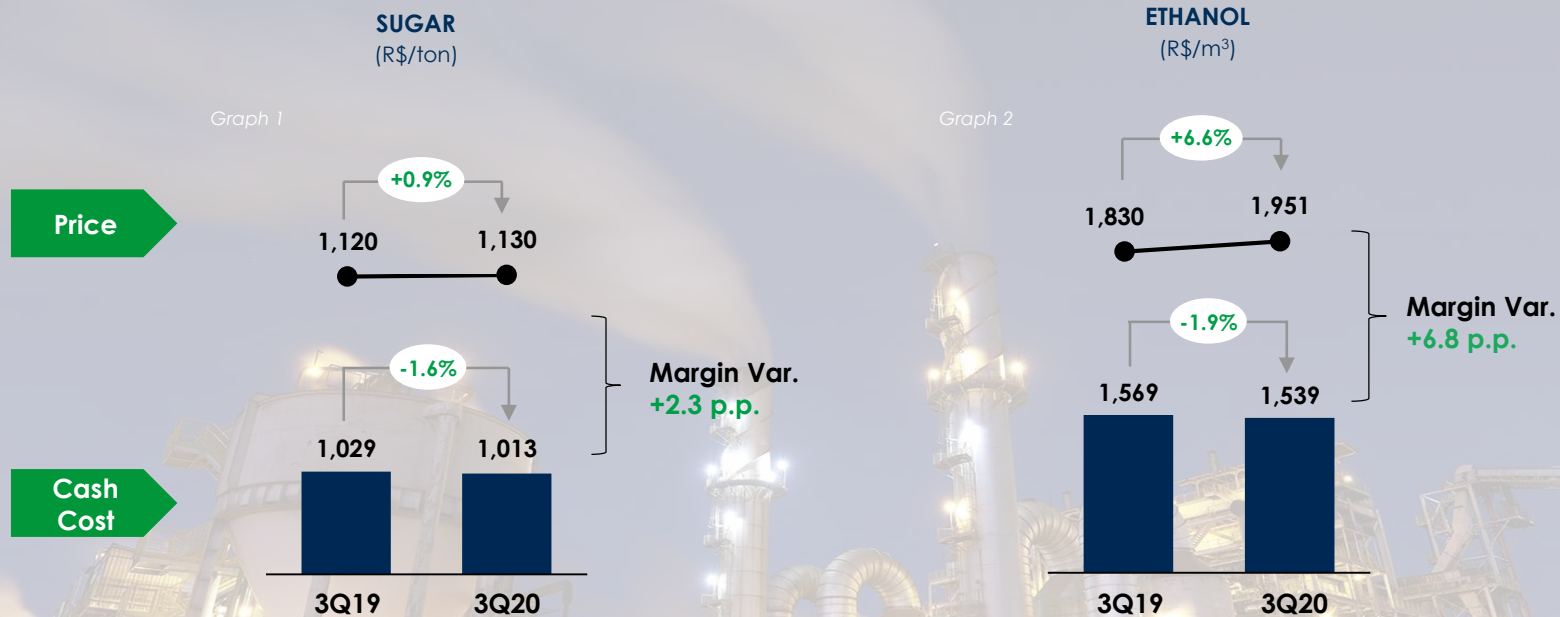


- Higher spot price  
- Higher crushing volume

Spot Contracted Average Price



# Margin by Product – 3Q19 x 3Q20



- ✓ Better sugar and ethanol prices
- ✓ Higher cost dilution due to increased crushing volume in the 19/20 harvest – despite the Consecana increase

# Indebtedness

Table 1

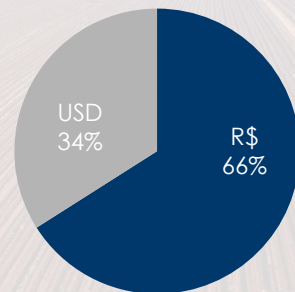
	Mar/19	Dec/19	Chg.%
R\$ '000			
<b>Gross Debt</b>	<b>4,491,205</b>	<b>4,343,431</b>	<b>-3.3%</b>
Cash and Cash Equivalents	2,089,213	1,392,858	-33.3%
<b>Net Debt</b>	<b>2,401,992</b>	<b>2,950,573</b>	<b>22.8%</b>
Net Debt / LTM EBITDA - R\$	1.46 x	1.65 x	13.0%
Net Debt / LTM EBITDA - USD <sup>1</sup>	1.32 x	1.58 x	20.2%
<b>LTM Adjusted EBITDA</b>	<b>1,644,534</b>	<b>1,787,266</b>	<b>8.7%</b>

1 - Net Debt PTAX:  
March/19: R\$ 3.90  
December/19: R\$ 4.03

LTM EBITDA Daily Average PTAX:  
March/19: R\$ 3.78  
December/19: R\$ 3.95

## Currency - Gross

Graph 2



**S&P Global**

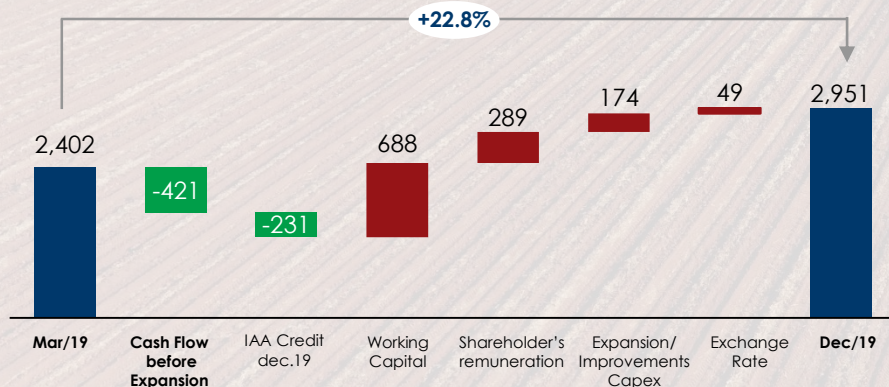
**BBB-**  
**Investment Grade**  
Global Scale

**BrAAA**  
National Scale

## Debt Evolution

R\$ - '000 000

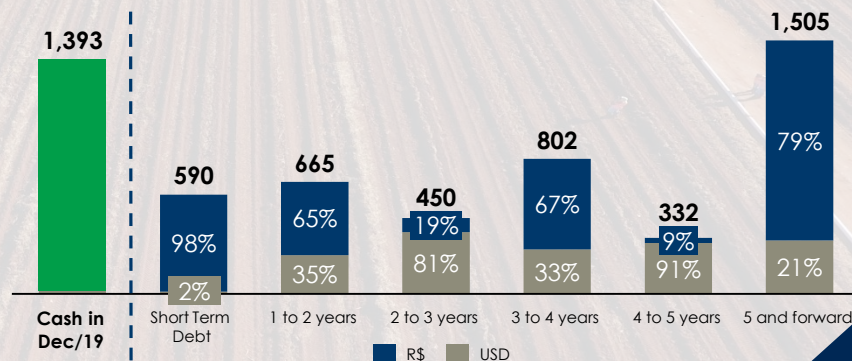
Graph 1



## Debt Schedule

R\$ - '000

Graph 3



Average Term: 4.0 years  
Short term: 14%  
Long Term: 86%



# Hedge Position

SUGAR	Volume Hedged (ton)	Average Price (US\$ c/p)	Average Price <sup>1</sup> (R\$/ton)	
2019/2020 Harvest	373,794	13.75	~1,232	~100% of own sugarcane hedged
2020/2021 Harvest	512,852	13.65	~1,263	~60% of own sugarcane hedged <sup>2</sup>

1 - For the sugar volume hedged but not denominated in U.S. dollar, the spot exchange rate of R\$4.15/US\$ was adopted; 2 - Considering 19/20 Harvest production

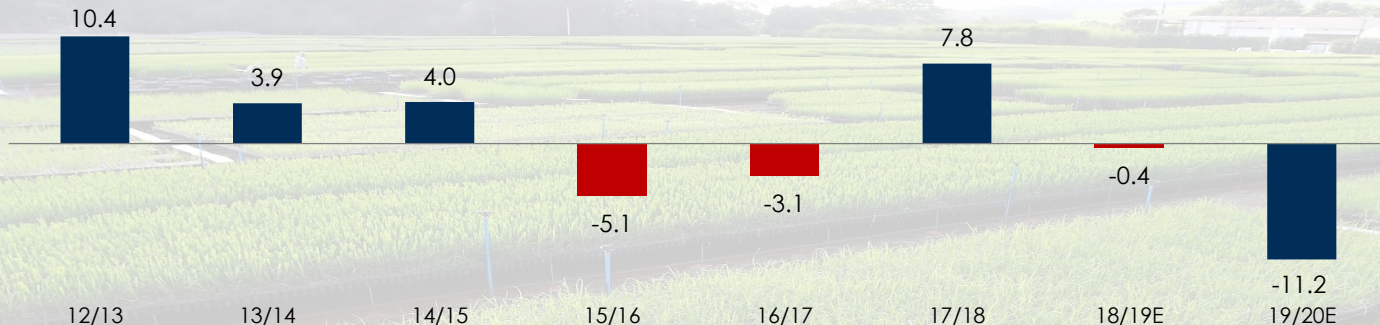


# Sugar and Ethanol Market

## Global Supply/Demand of Sugar

'000,000 tons

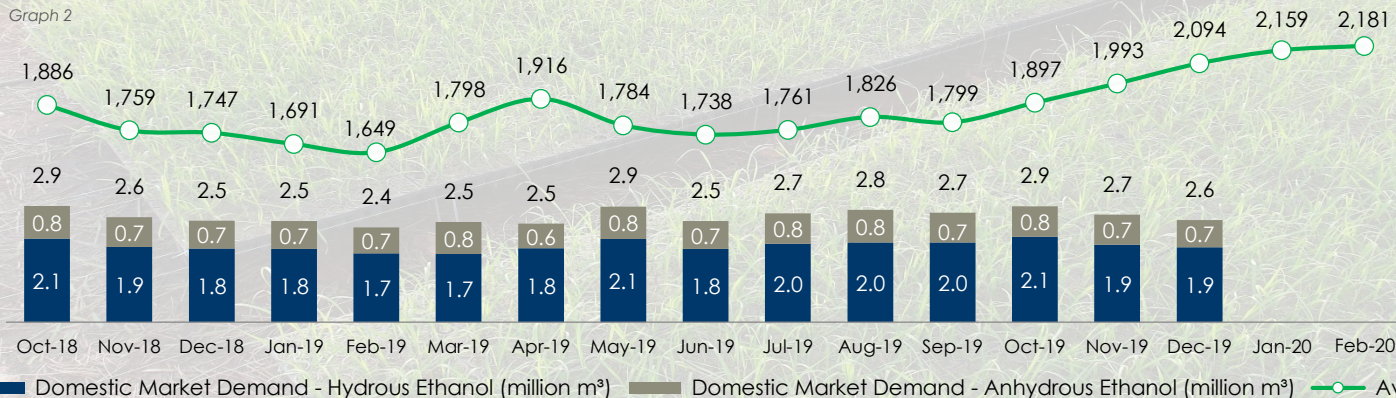
Graph 1



The sugar deficit, due to climate conditions, notably in India and Thailand, should be higher than expected by the market, leading to an important price recovery

## Ethanol Consumption

Graph 2



Consumption + Increased gasoline parity to ~ 70%

Domestic Market Demand - Hydrous Ethanol (million m³) Domestic Market Demand - Anhydrous Ethanol (million m³) Average Price - Ethanol (R\$/m³)





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