



 **São Martinho**

Conference Call
2Q14/6M14



- 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



Harvest Update ●

Financial Highlights ●

Adjusted EBITDA Analysis ●

Indebtedness ●

Capex /
Hedge ●



Crushing and Production



Table 1

OPERATIONAL DATA	6M13	6M14	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	8,954	11,640	30.0%
Own	5,510	7,484	35.8%
Third Parties	3,444	4,156	20.7%
Yield in the Period (ton/ha)	90.20	100.00	10.9%
Average TRS (kg/ton)	137.65	137.01	-0.5%
Production			
Sugar ('000 toneladas)	659	763	15.7%
Anhydrous Ethanol ('000 m3)	169	283	67.6%
Hydrous Ethanol ('000 m3)	146	179	22.0%
Cogeneration ('000 MWh)	126	281	123.0%
<i>TRS Produced</i>	<i>1,232</i>	<i>1,595</i>	<i>29.4%</i>
<i>Mix Sugar- Ethanol</i>	<i>56% - 44%</i>	<i>50% - 50%</i>	

Table 2

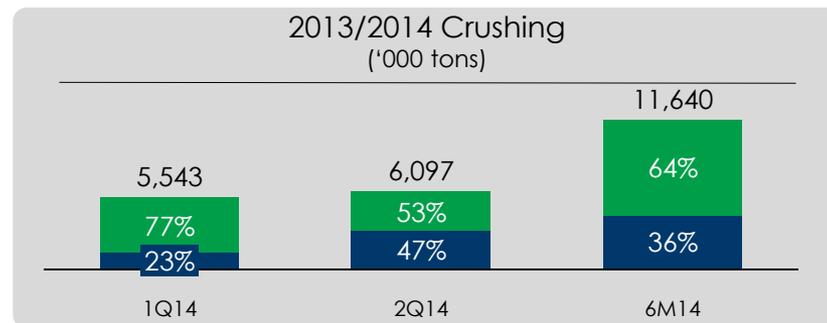
GUIDANCE – 2013/2014 SEASON

Crushing (million tons)	15.3
Sugar ('000 tons)	996.0
Ethanol ('000 m ³)	644.0
Mix	Anhydrous 65.0%
	Hydrous 35.0%
Mix	Sugar 48.0%
	Ethanol 52.0%

Graph 1



Graph 2



Own Sugarcane
Third Parties

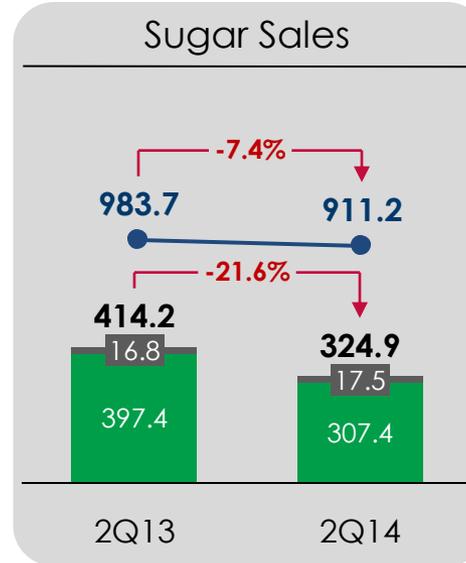
Financial Highlights



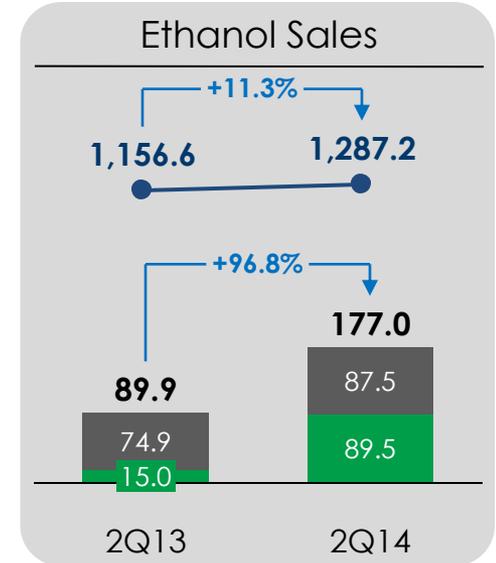
Table 1

	2Q13	2Q14	Chg. (%)
Net Revenue	546,913	614,494	+12.4%
Adjusted EBITDA	238,271	239,987	+0.7%
Adjusted EBITDA Margin	43.6%	39.1%	-4.5 p.p
Depreciação e Amortização	(137,92)	(123,210)	-10.5%
Income before taxes	71,873	87,636	21.9%
Net Income	50,523	60,887	+20.5%
TRS Sold ('000 tons)	589	646	+9.7%

Graph 1



Graph 2



—●— Avg. Price (R\$/ton)

■ DM Volume ■ EM Volume

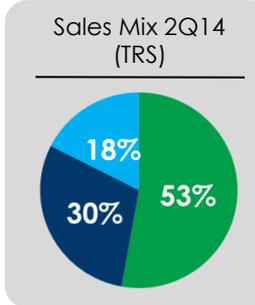
Adjusted EBITDA Analysis



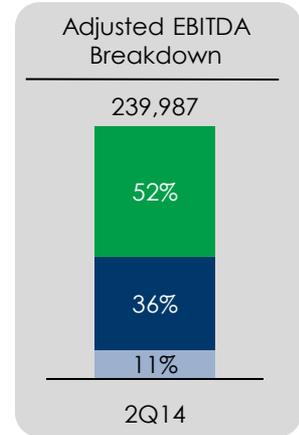
Table 1

	2Q14				
	Consolidated	S&E	Cogen	Others	Consolidated - Ex Others
R\$ '000					
Net Revenue	614,494	523,844	25,503	65,147	549,347
Adjusted EBITDA	239,987	212,792	20,851	6,344	233,643
Adjusted EBITDA Margin	39.1%	40.6%	81.7%	9.7%	42.5%

Graph 1



Graph 2



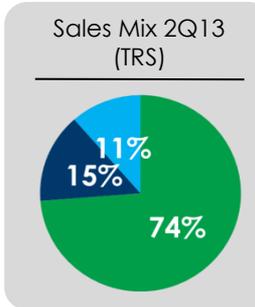
- Suaar TRS
- Anhydrous TRS
- Hydrous TRS

- Sugar
- Ethanol
- Others

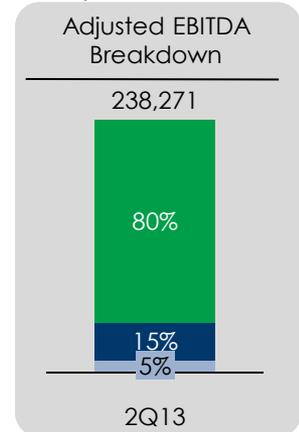
Table 2

	2Q13				
	Consolidated	S&E	Cogen	Others	Consolidated - Ex Others
R\$ '000					
Net Revenue	546,913	511,419	12,995	22,499	524,414
Adjusted EBITDA	238,271	227,416	9,073	1,782	236,489
Adjusted EBITDA Margin	43.6%	44.5%	69.7%	7.9%	45.1%

Graph 3



Graph 4



Indebtedness



Table 1

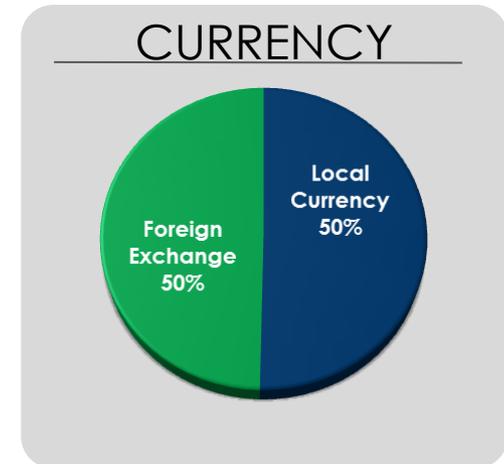
INDEBTEDNESS	Sep/13	Mar/13	Chg.(%)
R\$ '000			
PESA	69,599	62,338	-10.4%
BNDES	546,570	552,796	1.1%
Indebtedness in Foreign Exchange	808,516	862,609	6.7%
Obligations from Acquisitions	81,657	85,909	5.2%
Others	350,328	279,496	-20.2%
Gross Debt	1,856,670	1,843,148	-0.7%
Cash and Cash Equivalents	634,290	578,923	-8.7%
Net Debt	1,222,380	1,264,225	3.4%
(+) Proportional Gross Debt at Santa Cruz	206,913	243,683	17.8%
Consolidated Net Debt	1,429,293	1,507,908	5.5%
Net Debt / Adj. EBITDA LTM	2.22 x	1.99 x	

Adjusted EBITDA
LTM

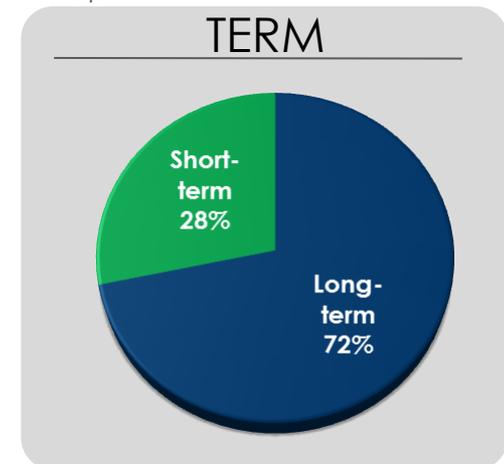
651,915

757,169

Graph 1



Graph 2





CAPEX

1H14

2H14

12M14

R\$ '000

Maintenance	166,947	213,053	380,000
Expansion	68,160	71,840	140,000
Total	235,107	284,893	520,000

SUGAR HEDGE – 2Q14

	Volume (Tons)	Avg. Price (US\$ cents/pound)	Avg. FX (R\$/US\$)	Avg. Price R\$/ton	Percentage of Net Exposure
Sugar					
2013/2014 Season	384,846	19.37	2.15	918	92.7%

2014/2015 Season:

FX Hedge: US\$ 79.5 million through NDFs related to sugar exports (**FX = 2.33 R\$/US\$**).

Sugar Hedge: 238,903 tons with an average price of **US\$ 17.97 c/p**.

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