

1Q09 Conference Call

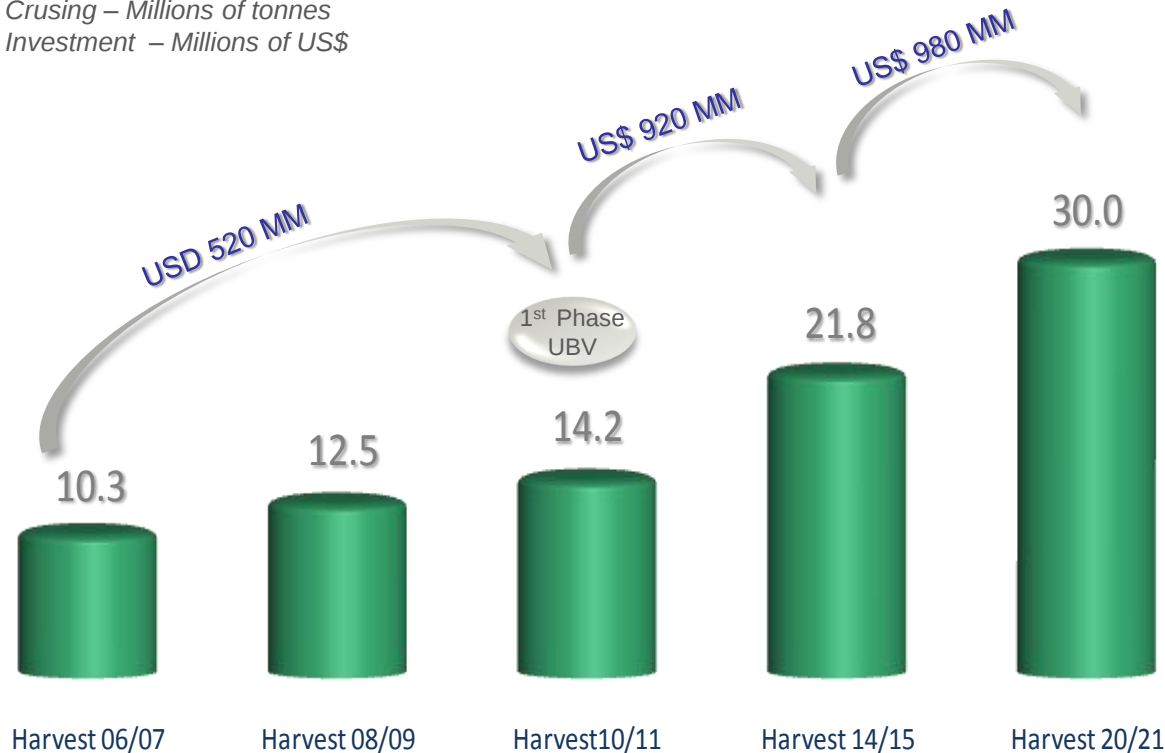
2008/2009 Harvest



Strategic Plan through 20/21 Harvest

Evolution of Crushing Capacity

Crushing – Millions of tonnes
Investment – Millions of US\$



- Focus on expansion via greenfield project
- Tripling of crushing capacity by 2020
- Strategy targeting of higher value-added markets
- Growth financed through cash and increase in long term debt

Mr. João Guilherme Ometto

• **Chairman of the Board of Directors**

Mr. Fábio Venturelli

• **CEO**

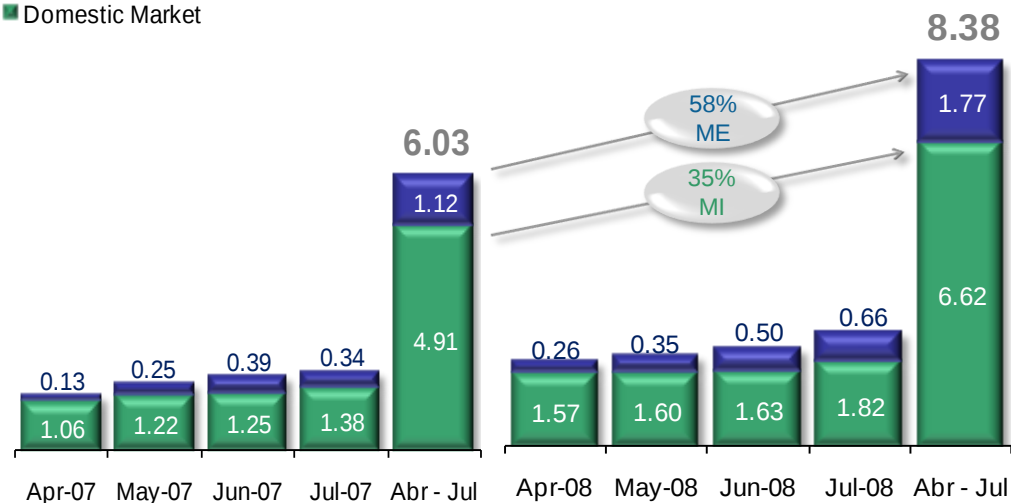


Ethanol

Ethanol of Consumption– Center South

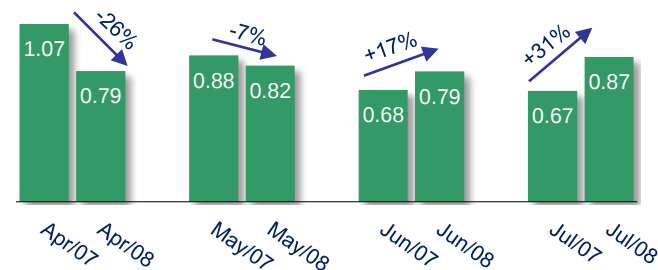
Billions of Liters

■ Export
■ Domestic Market



Price Comparison- Anhydrous

R\$ / Liter



Price Comparison- Hydrous

R\$ / Liter



Inventory Evolution

Harvest 08/09 – Brasil (Center-South Region)

Billion of Liters	Anhydrous	Hidrated	Total
Inventory 01/04/08	0.6	0.9	1.5
Production	3.2	6.6	9.8
MI Consumption	2.0	4.6	6.6
ME Consumption	0.9	0.8	1.7
Inventory 01/08/08	0.9	2.1	3.0

- Anhydrous and hydrous prices recovering since June-08
- Higher exports through July-08
- Domestic ethanol consumption remains robust
- Ethanol stocks on August 1 at 3 billion liters, sufficient for only some 40 consumption-days



Sugar Contracts NY11 - ICE

US\$ - Cents / Pound

Sugar

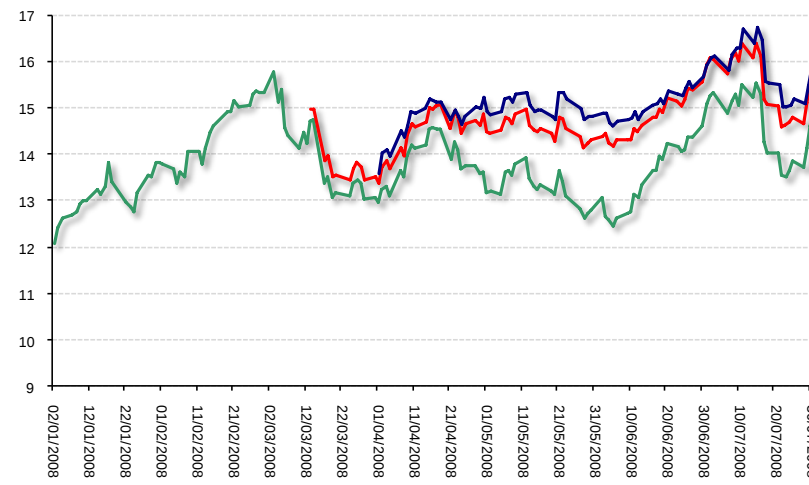
NY11



Chart 1

Source: Bloomberg

— Sugar #11 (March 09) - harvest 08/08
 — Sugar #11 (March 10) - harvest 09/9
 — Sugar #11 (March 11) - harvest 10/10





Financial Highlights

	1Q09	1Q08	Change %
Net Revenue	92,056	174,563	-47.3
COGS (Cash Cost)	(57,491)	(109,573)	-47.5
Gross Profit	(1,336)	16,137	<i>n.m.</i>
(Adjusted) EBITDA	13,383	31,251	-57.2
EBITDA Margin	14.5%	17.9%	-3.4 p.p
Net Income	(26.2)	(11.6)	126.3
TRS Equivalent	200	375	-46.7
Average Prices			
Sugar	400.9	467.8	-14.3
Hydrous	656.1	679.2	-3.4
Anhydrous	791.1	827.9	-4.5

- 4Q08 inventory sales compromised our 1Q09 results
- Adjusted EBITDA margin of 14.5%, despite low sales volume
- Lower average prices followed market prices



EBITDA Adjustments

1Q09 EBITDA Reconciliation

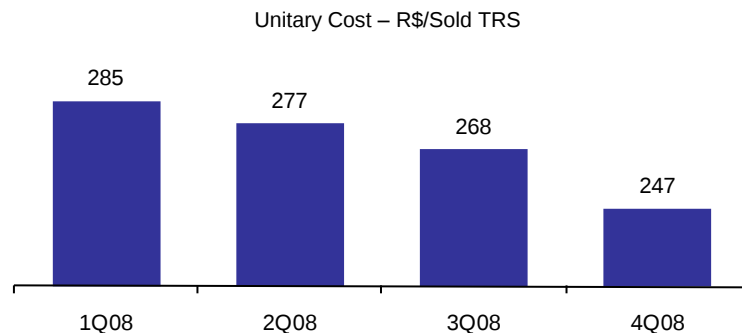
Thousands of Reais

Adjusted EBITDA	13,383
<i>Adjusted EBITDA Margin</i>	<i>14.5%</i>
Ajuste Precificação Despesas com Vendas	-
Operating Expenses (Revenues) -Not current	1,700
Non-cash itens launched on CPV	10,897
EBITDA	786
<i>EBITDA Margin</i>	<i>0.9%</i>
(-) Depreciation and Amortization	(30,928)
(-) Financing Net Expense	(11,151)
(=) Operating Profit (Loss)	(41.293)

Booking
adjustment
with no
cash effect

Unitary Cost Evolution in 2008

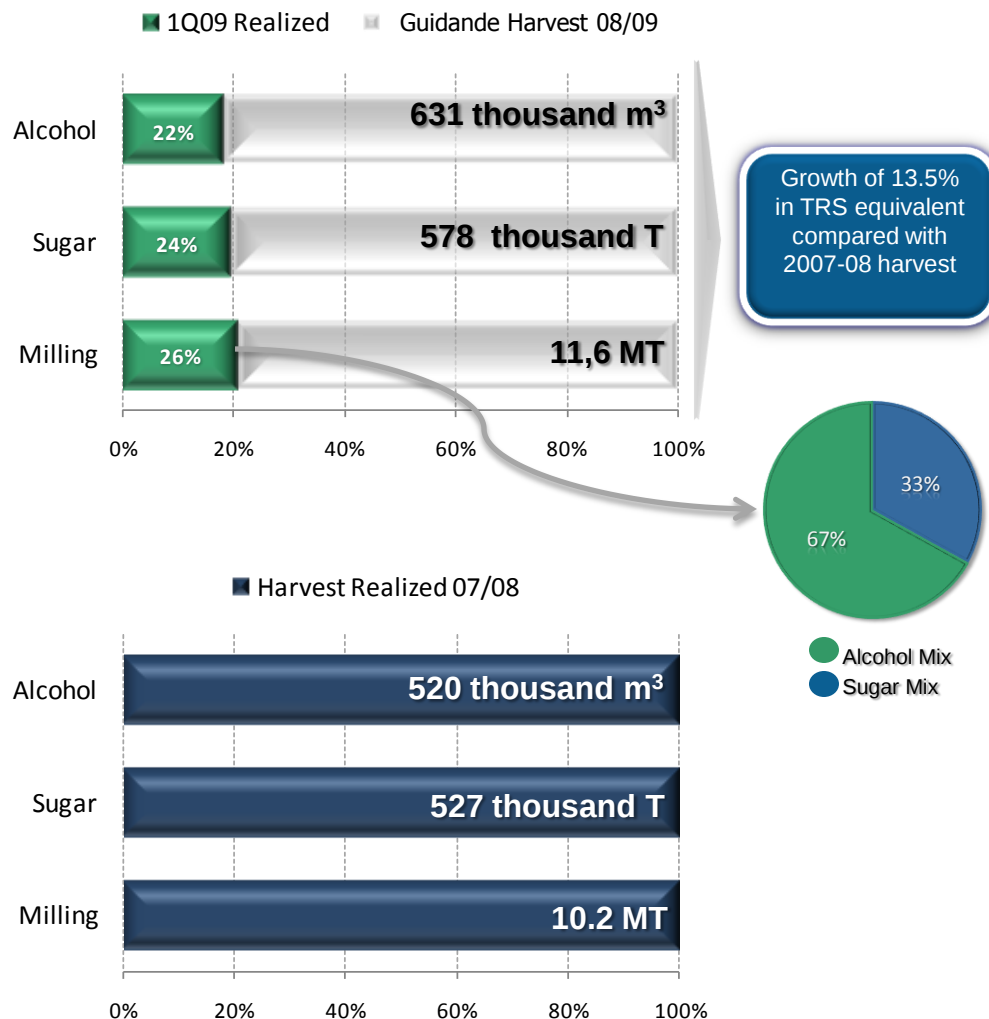
R\$ / Tonnes TRS



-  R\$10.9 million adjustment will have no cash effect and will be reversed in upcoming quarters
-  Fixed Costs impacted 1st quarter margins because production began in late April-08
-  We expect a decline in unit production costs similar to that observed in fiscal year 2008 (2007-08 harvest)



Update on harvest 08/09



■ Guidance given at start of 2008-09 harvest maintained

■ End of crop year mix maintained at 64% ethanol 36% sugar

■ Anhydrous ethanol is more profitable than hydrous ethanol

■ With the lower sales in 1Q09, we are well positioned to take advantage of price recovery by accelerating sales in the coming quarters

IR Contacts

João do Val
CFO and IRO

Felipe Vicchiato
Investor Relations

 **São Martinho**



Telephone: 55 11 2105-4100

Email: ri@saomartinho.ind.br

IR site: www.saomartinho.ind.br/ri