



São Martinho reports an increase of 44.9% on 2Q13 Adjusted EBITDA totaling R\$236.3 million (Adjusted EBITDA margin of 43.2%)

São Paulo, November 7, 2012 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03:BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the second quarter of fiscal year 2013 (2Q13).

2Q13 HIGHLIGHTS

In 2Q13, the São Martinho Group recorded Adjusted EBITDA of R\$236.3 million (adjusted EBITDA margin of 43.2%), representing a 44.9% increase from 2Q12. The strong growth in this indicator was driven by the increases in the sugar sales price and in sugar sales volume of 7.3% and 39.2%, respectively. In the fiscal year to date (6M13), Adjusted EBITDA was R\$342.6 million (Adjusted EBITDA margin of 40.9%), increasing 11.8% from 6M12;

Supported by the growth in Adjusted EBITDA, net income in 2Q13 was R\$50.5 million, representing strong growth from the net income of R\$2.4 million registered in 1Q13. In the comparison of 2Q13 with 2Q12, net income grew by 3.8%, reflecting the marking to market of biological assets, which registered a noncash loss of R\$4.3 million in 2Q13 and a noncash gain of R\$28.3 million in 2Q12;

On September 30, 2012, sugar prices for the 2012/13 crop year were locked in for 260,000 tons at an average price of USD 22.30 cents/pound, with this volume representing 70% of the sugar available for sale for the next semester of the fiscal year. On the same date, 347,000 tons of production in the 2013/14 crop year was locked in at a price of USD 22.00 cents/pound;

The volume of sugarcane processed in the 2012/13 crop year to date totaled 8.9 million tons, representing growth of 3.1% from the same period of the previous crop year, with 6.0 million tons processed in 2Q13. Based on analysis of the volume of sugarcane available in our fields and the level of TRS per ton of sugarcane, we expect to reach our guidance for sugar and ethanol production by the end of the crop year of 900,000 tons of sugar and 470,000 m³ of ethanol.



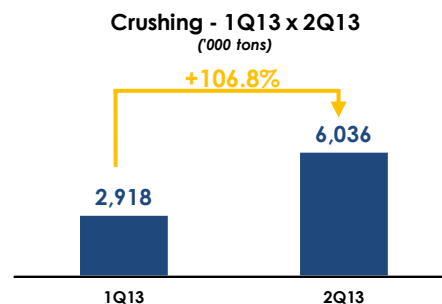
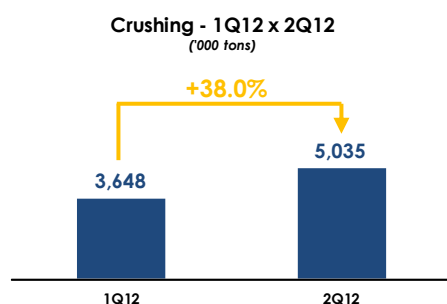
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R\$ Thousand)	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	564,054	416,739	35.3%	871,926	765,210	13.9%
Net Revenue	546,913	398,122	37.4%	837,226	727,070	15.2%
Adjusted EBITDA	236,340	163,075	44.9%	342,649	306,365	11.8%
EBITDA Margin	43.2%	41.0%	2.3 p.p.	40.9%	42.1%	-1.2 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	5,513,693	4,409,813	25.0%	5,513,693	4,409,813	25.0%
Shareholders' Equity	2,033,665	1,989,126	2.2%	2,033,665	1,989,126	2.2%
EBITDA (LTM)	566,549	632,345	-10.4%	566,549	632,345	-10.4%
Net Debt	1,213,822	666,241	82.2%	1,213,822	666,241	82.2%
Net Debt / EBITDA (LTM)	2.1 x	1.1 x		2.1 x	1.1 x	
Net Debt / Shareholders' Equity	60%	33%		60%	33%	

OPERATING DATA	6M13	6M12	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	8,954	8,683	3.1%
Own	5,510	5,266	4.6%
Third Parties	3,444	3,417	0.8%
Mechanized Harvest	89.2%	85.7%	3.5 p.p
Production			
Sugar ('000 tons)	659	628	4.9%
Anhydrous Ethanol ('000 m ³)	169	161	4.9%
Hydrous Ethanol ('000 m ³)	146	139	5.3%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	171	130	31.4%
Cogeneration ('000 MWh)	126	109	15.7%

The volume of sugarcane processed in the 2012/13 crop year to date totaled **8.9 million tons**, representing growth of 3.1% on the same period of the previous crop year, with 6.0 million tons processed in 2Q13. The improvement in our crushing volume was due to the low rainfall observed as from July 2012.

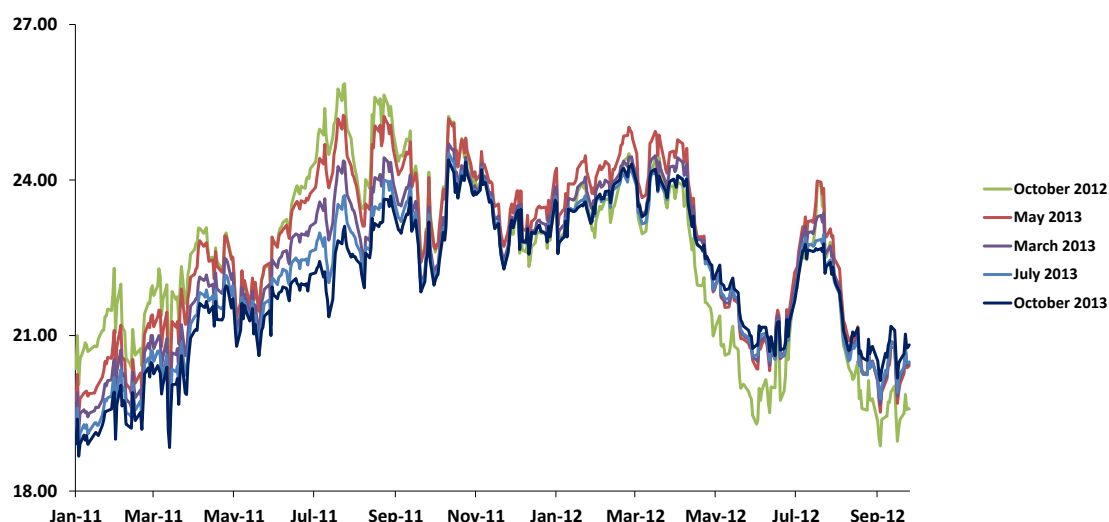
The following charts show the evolution in our quarterly crushing volume:





INDUSTRY OVERVIEW - SUGAR

Future Sugar Prices



2Q13 (Jul/12 to Set/12) was marked by high volatility in sugar prices, as the above chart shows. The high variation in prices was due to (i) the sharp improvement in sugarcane crushing volume in Brazil's center-south region in relation to 1Q13; and (ii) the expectation that the 12/13 crop year will end with a world sugar surplus of 5 million tons.

According to UNICA, in the 2012/13 crop year, the center-south region should crush 518.5 million tons of sugarcane (5% more than in the 2011/12 crop year), with estimated sugar production of 32.7 million tons, or 4% more than in the previous crop year.

Production in India, the world's second largest producer, is expected to end March 2013 with production of approximately 23 million tons, and since this represents a reduction on the previous year, India could resume imports next year.

Furthermore, countries such as Australia and China are expected to increase their production volume, contributing to another year with a surplus.

In this scenario of strong supply and expectations of international sugar prices remaining between USD 20.00 – 22.00 cents/pound through the price for March 2013 screen, the São Martinho Group anticipated its hedging and locked in 70% of its volume available for sale in the 2012/13 crop year (260,000 tons) at the price of USD 22.30 cents/pound, as described in more detail on page 16.

The group has also already locked in its sugar prices for the 2013/14 crop year. As of September 30, 2012, we had already hedged approximately 347,000 tons of sugar at USD 22.03 cents/pound. The decision to anticipate hedging for the next crop year was due to the combination of (i) average sales prices in BRL/ton higher than in the current crop year; (ii) the expectation that sugarcane crushing in the center-south will reach 560 million tons, preventing any rally in sugar prices above USD 22.00 cents/pound.

INDUSTRY OVERVIEW - ETHANOL

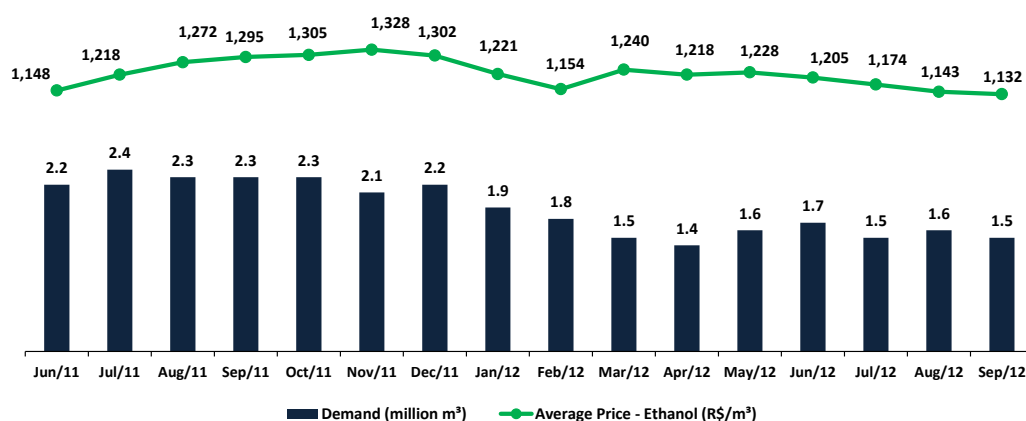
AVERAGE PRICES - ETHANOL	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m ³	1,243.22	1,346.41	-7.7%	1,272.31	1,518.75	-16.2%
Hydrous ESALQ, Net DM - R\$ / m ³	1,055.24	1,176.04	-10.3%	1,093.60	1,182.11	-7.5%

In 6M13 (12/13 crop year), prices for both anhydrous ethanol and hydrous ethanol were lower than in the previous crop year, and in 2Q13 prices declined 7.7% and 10.3%, respectively.

This negative impact on ethanol prices was due to the weaker demand for the biofuel, as the following chart shows.

In 2Q12, ethanol demand was 7.0 million m³, while 2Q13 registered sales of just 4.6 million m³, or 34.3% lower.

We believe that ethanol demand will recover when (i) gasoline prices at the pump rise to levels practiced in international markets; and (ii) the addition of anhydrous ethanol to the type A gasoline blend returns to the percentage of 25%, with this decision, which is expected for the start of the next crop year, potentially adding up to 2 billion liters in annual demand.





FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
R\$ Thousand						
Domestic Market	129,416	127,419	1.6%	266,132	263,625	1.0%
Sugar	15,770	12,744	23.7%	26,567	24,417	8.8%
Hydrous Ethanol	31,688	39,862	-20.5%	68,679	89,985	-23.7%
Anhydrous Ethanol	52,739	41,736	26.4%	107,276	100,563	6.7%
Energy	12,995	10,236	27.0%	19,971	14,246	40.2%
Other	16,224	22,840	-29.0%	43,638	34,408	26.8%
Export Market	417,497	270,704	54.2%	571,094	463,452	23.2%
Sugar	391,633	260,029	50.6%	526,619	445,601	18.2%
Hydrous Ethanol	13,269	6,901	92.3%	20,528	8,678	136.5%
Anhydrous Ethanol	6,321	0	n.m.	14,532	0	n.m.
RNA	5,998	3,689	62.6%	9,139	8,947	2.1%
Other	277	84	230.7%	277	225	22.8%
Net Revenue	546,913	398,122	37.4%	837,226	727,070	15.2%
Sugar	407,403	272,773	49.4%	553,187	470,017	17.7%
Hydrous Ethanol	44,957	46,764	-3.9%	89,207	98,663	-9.6%
Anhydrous Ethanol	59,060	41,736	41.5%	121,808	100,563	21.1%
Energy	12,995	10,236	27.0%	19,971	14,246	40.2%
RNA	5,998	3,689	62.6%	9,139	8,947	2.1%
Other	16,500	22,924	-28.0%	43,915	34,633	26.8%

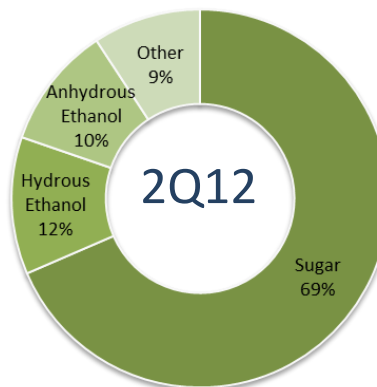
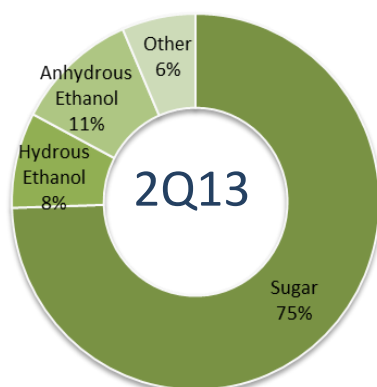
Net Revenue

The Net Revenue of the São Martinho Group grew 37.4% in 2Q13 compared to 2Q12, driven by the increases in the sugar sales price and in sugar sales volume of 7.3% and 39.2%, respectively. In 2Q13, sugar sales accounted for 75% of net revenue, up 6 percentage points from 2Q12.

The following charts provide a breakdown of the Company's net revenue by product:

Distribution – Net Revenue

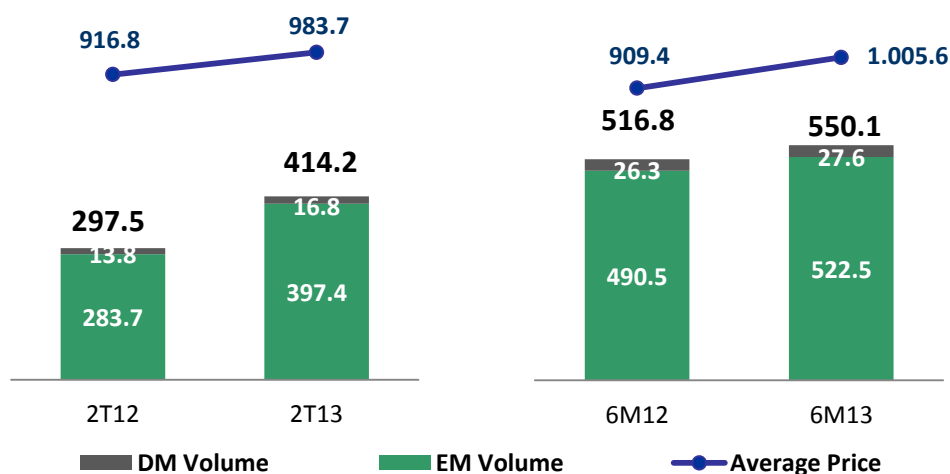
2Q13 x 2Q12



Sugar

Sugar

Volume ('000 tons) and Average Price (R\$/Ton)



Net revenue from sugar sales came to R\$407.4 million in 2Q13, improving by 49.4% from the same quarter of the previous crop year.

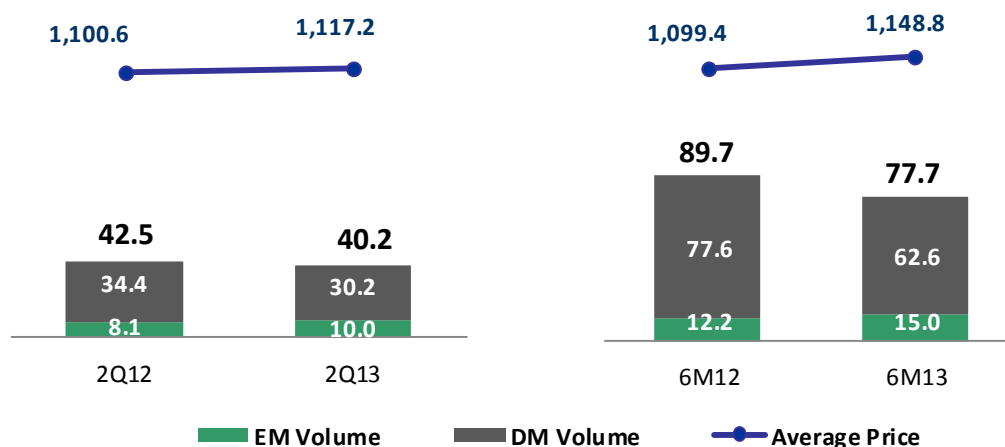
This result was due to the 39.2% growth in sugar sales volume (414.2 thousand tons) combined with the 7.3% increase in the average sugar sales price (R\$983.7/ton). The strong growth in sugar sales volume was due to (i) the higher production volume in the crop year, and (ii) the shipments that were scheduled to occur in 1Q13 and were invoiced only in 2Q13.



Ethanol

Hydrous Ethanol

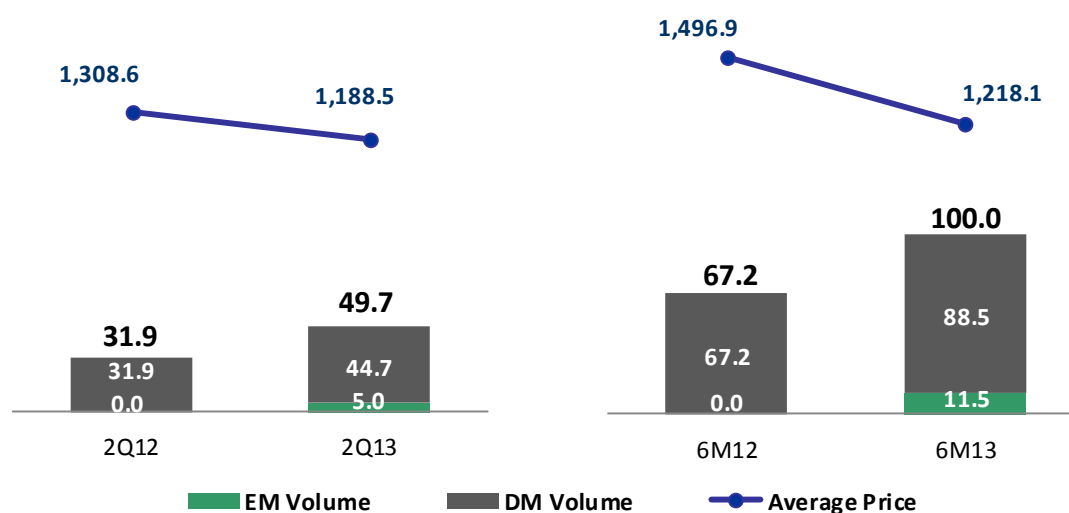
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from hydrous ethanol sales was R\$45.0 million in 2Q13, decreasing 3.9% from the same quarter of the previous crop year. The decrease was due to the 5.3% drop in sales volume in the period, reflecting the weak demand for hydrous ethanol in the domestic market, as detailed in the section "Industry Overview - Ethanol".

Anhydrous Ethanol

Volume ('000 m³) and Average Price (R\$/m³)



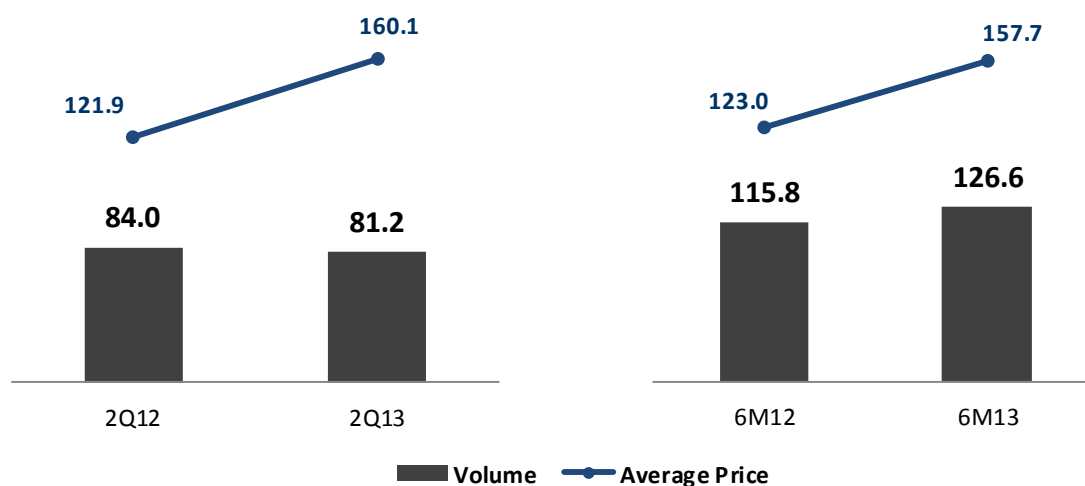
In 2Q13, net revenue from anhydrous ethanol sales increased 41.5% compared to 2Q12 to reach R\$59.1 million. This net revenue growth was driven by the 55.8% increase in sales volume in the period, which was offset by the 9.2% drop in the average sales price (R\$1,188.5 m³).

The growth in anhydrous ethanol sales volume was due to the product's higher production in the current crop year, since a large part of our growth in ethanol production in the 2012/13 crop year will be via anhydrous ethanol.

Cogen

Cogen

Volume ('000 MWh) and Average Price (R\$/MWh)



Net revenue from electricity sales increased by 27.0% to R\$13.0 million in 2Q13 compared to the same quarter of the previous crop year. The improvement is explained by the 31.3% increase in the average sales price due to the incorporation of energy contracts with average prices above R\$170 MW/h from Usina Santa Cruz as from December 2011.

Other Products and Services

Net revenue from the line "Other Products and Services" was R\$22.5 million in 2Q13, decreasing 15.5% from the same quarter of the previous crop year. Despite the 62.6% growth in net revenue from RNA in 2Q13, which is explained by the product's better sales price, revenue from other products decreased 28.0% due to the lower volume of outsourced services rendered in the period.



INVENTORIES

INVENTORIES	2Q13	2Q12	Chg. (%)
Sugar (tons)	128,722	169,584	-24.1%
Hydrous (m ³)	78,177	72,432	7.9%
Anhydrous (m ³)	87,904	111,103	-20.9%

A comparison of the variation in inventories in 2Q13 in relation to 2Q12 showed a reduction in sugar and anhydrous ethanol volumes. The lower anhydrous ethanol volume reflects the strong sales volume growth of 48.8% in 6M13, despite the production growth of 4.9%.

The reduction in sugar inventories is explained by the high ending inventories in March 2011 (59,000 tons), which adversely affected the comparison of 2Q13 with 2Q12.

PRODUCT AVAILABILITY

	Inventories 2Q13	Remaining Production 2012/13 (*)	Volume Available for Sale
Hydrous (m ³)	78,177	62,000	140,177
Anhydrous (m ³)	87,904	93,000	180,904
Total Ethanol (m³)	166,081	155,000	321,081
Sugar (tons)	128,722	241,000	369,722

(*) Estimated production until the end of the 2012/13 crop year



EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 6M13	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	553,185	211,015	73,026	837,226
COGS (Cash)	(223,212)	(118,786)	(51,919)	(393,916)
Gross Profit (Cash)	329,973	92,229	21,107	443,310
Gross Margin (Cash)	59.6%	43.7%	28.9%	52.9%
Sales Expenses	(32,656)	(2,922)	(1,595)	(37,173)
G&A Expenses (Cash)	(37,788)	(21,135)	(6,547)	(65,469)
Other Revenues (Expenses)	-	-	1,982	1,982
Adjusted EBITDA	259,529	68,172	14,947	342,649
Adjusted EBITDA Margin	46.9%	32.3%	20.5%	40.9%
EBITDA Cost (*)	(564.6)	(804.1)	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

EBITDA BY PRODUCT - 6M12	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	470,018	199,226	57,826	727,070
COGS (Cash)	(200,986)	(91,723)	(43,874)	(336,583)
Gross Profit (Cash)	269,032	107,503	13,952	390,487
Gross Margin (Cash)	57.2%	54.0%	24.1%	53.7%
Sales Expenses	(28,544)	(2,332)	(1,242)	(32,117)
G&A Expenses (Cash)	(33,250)	(16,440)	(5,521)	(55,212)
Other Revenues (Expenses)	-	-	3,207	3,207
Adjusted EBITDA	207,238	88,731	10,396	306,365
Adjusted EBITDA Margin	44.1%	44.5%	18.0%	42.1%
EBITDA Cost (*)	(508.4)	(704.1)	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

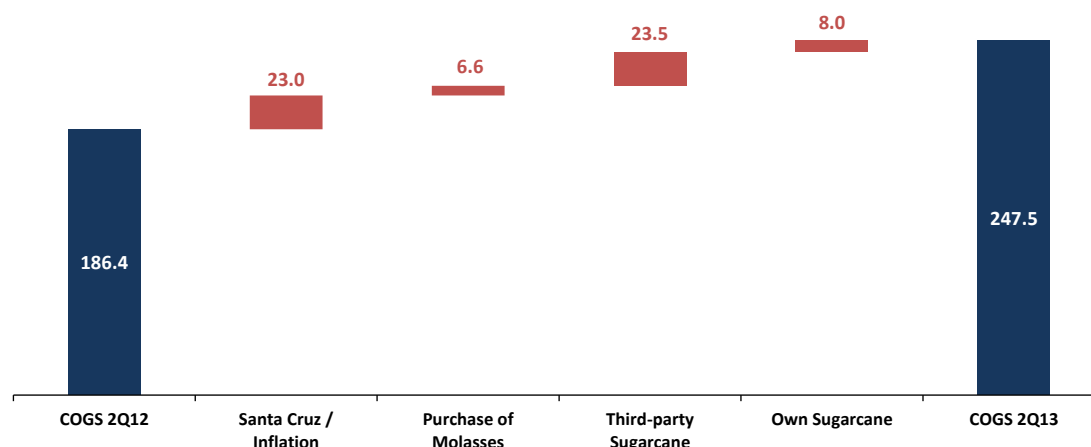
In 6M13, sugar accounted for 75.7% of the Group's consolidated EBITDA, while ethanol and other products accounted for 19.9% and 4.4%, respectively. Sugar EBITDA margin expanded by 2.8 p.p. in relation to 6M12, due to the higher product price. Meanwhile, ethanol EBITDA margin in 6M13 compressed by 10.3 p.p. due to the product's lower price and higher production costs. The increase in production costs is directly related to the purchases of molasses for the production of hydrous ethanol (Type H2), which is explained in greater detail in the section "Costs of Goods Sold".



COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
R\$ Thousand						
Agricultural Costs	179,540	144,697	24.1%	264,652	257,611	2.7%
Suppliers	111,819	88,257	26.7%	149,071	142,817	4.4%
Partnerships	19,571	17,106	14.4%	35,516	36,122	-1.7%
Own Sugarcane	48,150	39,335	22.4%	80,065	78,671	1.8%
Industrial	18,706	18,707	0.0%	36,324	36,647	-0.9%
Other Products	30,914	22,950	34.7%	65,330	42,325	54.4%
Total COGS - Santa Cruz	18,300	-	n.m.	27,609	-	n.m.
Total COGS - Consolidated	247,461	186,354	32.8%	393,916	336,583	17.0%
TRS Sold (000 Tons)	558	439	26.9%	851	811	5.0%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	388	372	4.2%	385	363	6.1%

In 2Q13, cash COGS was R\$247.5 million, increasing 32.8% from the same quarter of the previous crop year. The following chart presents a breakdown of these costs in 2Q13 compared to 2Q12:



The main drivers of the variation in COGS in 2Q13 were:

- Santa Cruz (+ R\$23.0 million): the acquisition of a 32.18% interest in Santa Cruz occurred in November 2011, and, as a result, we began to partially consolidate its results as of December 2011;
- Third-party Cane (+ R\$23.5 million): due to the sales volume growth of 26.9% in the period;
- Own Cane (+ R\$8.0 million): due to the sales volume growth of 26.9% in the period;
- Other Products - Molasses Purchases (+ R\$6.6 million): to increase capacity utilization at our units, we purchased molasses to produce ethanol, while in the 2011/12 crop year, molasses purchases occurred only in the second semester of the year, and thus did not impact 2Q12.



AVERAGE CASH COST PER UNIT	6M13	6M12	Var.%
R\$ Thousand			
COGS	(393,916)	(336,583)	17.0%
Sugar	(223,212)	(200,986)	11.1%
Ethanol	(118,786)	(91,723)	29.5%
Other Products	(51,919)	(43,874)	18.3%
Average Cash Cost Per Unit (*)			
Sugar Cash Cost	(429.2)	(388.9)	10.4%
Ethanol Cash Cost	(668.7)	(584.5)	14.4%

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

SELLING EXPENSES

SELLING EXPENSES	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
R\$ Thousand						
Port Costs / Freight	24,480	17,954	36.3%	31,474	30,723	2.4%
Sales Commission	23	36	-36.4%	55	194	-71.6%
Other	764	721	6.1%	1,497	1,200	24.8%
Selling Expenses - Santa Cruz	2,927	-	n.m.	4,147	-	n.m.
Selling Expenses - Consolidated	28,195	18,711	50.7%	37,173	32,117	15.7%
TRS Sold ('000 Tons)	558	439	26.9%	851	811	5.0%
% of Net Revenues	5.2%	4.7%	0.5 p.p.	4.4%	4.4%	0.0 p.p.

In 2Q13, selling expenses were R\$28.2 million, increasing 50.7% from 2Q12. The increase was due to (i) the higher freight expenses given the higher volume of sugar exports in the quarter – due to the increase in road freight; and (ii) the proportional consolidation in our results of Usina Santa Cruz.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
R\$ Thousand						
Personnel	12,123	11,035	9.9%	23,681	20,947	13.1%
Taxes, Fees and Contributions	4,948	5,049	-2.0%	5,835	6,004	-2.8%
Provisions for Contingencies	8,428	6,219	35.5%	16,622	9,957	66.9%
General Expenses and Third-Party Services	4,654	3,542	31.4%	9,605	8,766	9.6%
Management Fee	3,527	3,934	-10.3%	5,891	6,215	-5.2%
Total General and Administrative Expenses - Santa Cruz	1,742	-	n.m.	3,835	-	n.m.
Total recurring General and Administrative Expenses - Consolidated	35,421	29,779	18.9%	65,469	51,890	26.2%
Non-recurring items	-	3,322	n.m.	-	3,322	n.m.
Total non-recurring General and Administrative Expenses - Consolidated	35,421	33,101	7.0%	65,469	55,212	18.6%

G&A expenses were R\$35.4 million in 2Q13, increasing 7.0% from the same quarter of the previous crop year. The main factor impacting the results was the higher expenses with the provision for labor contingencies.

As disclosed in our 4Q12 Earnings Release, for the whole of the 2012/13 crop year, we expect labor contingencies of around R\$15.0 million.



EBITDA

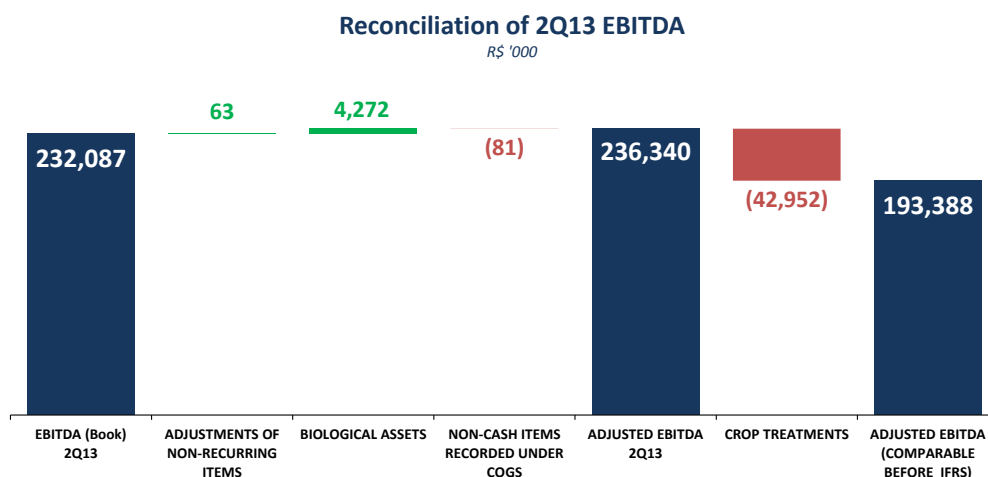
EBITDA RECONCILIATION	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
R\$ Thousand						
Adjusted EBITDA	236,340	163,075	44.9%	342,649	306,365	11.8%
Adjusted EBITDA Margin	43.2%	41.0%	2.3 p.p.	40.9%	42.1%	-1.2 p.p.
Non Recurring Operating Revenues (Expenses)	63	2,763	-97.7%	501	1,954	-74.4%
Biological Assets	4,272	(28,226)	n.m.	(9,186)	(27,431)	-66.5%
Non Cash Items Launched in the COGS	(81)	-	n.m.	(327)	(3,804)	-91.4%
EBITDA	232,087	188,537	23.1%	351,661	335,646	4.8%
EBITDA Margin	42.4%	47.4%	-4.9 p.p.	42.0%	46.2%	-4.2 p.p.
(-) Depreciation and Amortization	(137,592)	(87,845)	56.6%	(225,006)	(174,114)	29.2%
(-) Financial Revenue (Expense), net	(21,392)	(25,479)	-16.0%	(48,654)	(34,619)	40.5%
(-) Equity Income	(1,230)	(2,783)	-55.8%	(3,179)	(2,783)	14.2%
(=) Operating Income	71,873	72,430	-0.8%	74,822	124,130	-39.7%

Adjusted EBITDA

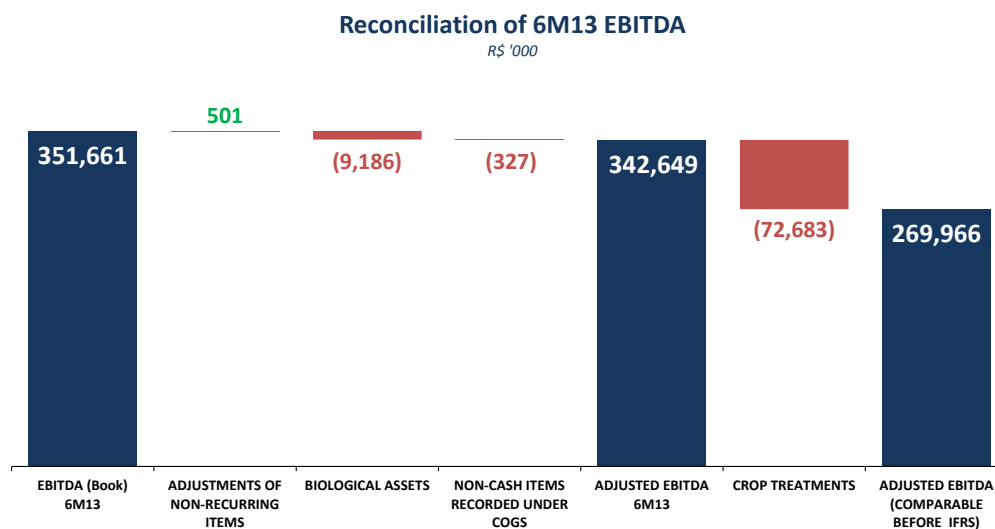
The São Martinho Group recorded Adjusted EBITDA of R\$236.3 million in 2Q13 (Adjusted EBITDA Margin of 43.2%), increasing 44.9% from 2Q12. The strong growth in this indicator was driven by the increases in sugar sales volume and in sugar export prices of 39.2% and 7.3%, respectively.

Reconciliation of EBITDA to Adjusted EBITDA

Composition of Adjustments in 2Q13



Composition of Adjustments in 6M13



HEDGING

U.S. Dollar

On September 30, 2012, the São Martinho Group held a short position in USD currency futures through non-deliverable forwards (NDFs) with maturities through the 2015/16 crop year, as follows:

Maturity	US\$ thousand	Average Price (R\$/US\$)
US Dollar		
2012/2013 Crop Year	215,723	1.9008
2013/2014 Crop Year	209,594	2.1275
2014/2015 Crop Year	14,880	2.1608
2015/2016 Crop Year	14,880	2.2955
	455,077	2.0266



Sugar

On September 30, 2012, the São Martinho Group held positions in derivatives and prices locked in with clients and in the futures market in the following amounts:

	Volume (Tons)	Average Price (US\$ c/p)
Sugar		
2012/2013 Crop Year	259,646	22.29
2013/2014 Crop Year	346,997	22.03
	606,644	22.14

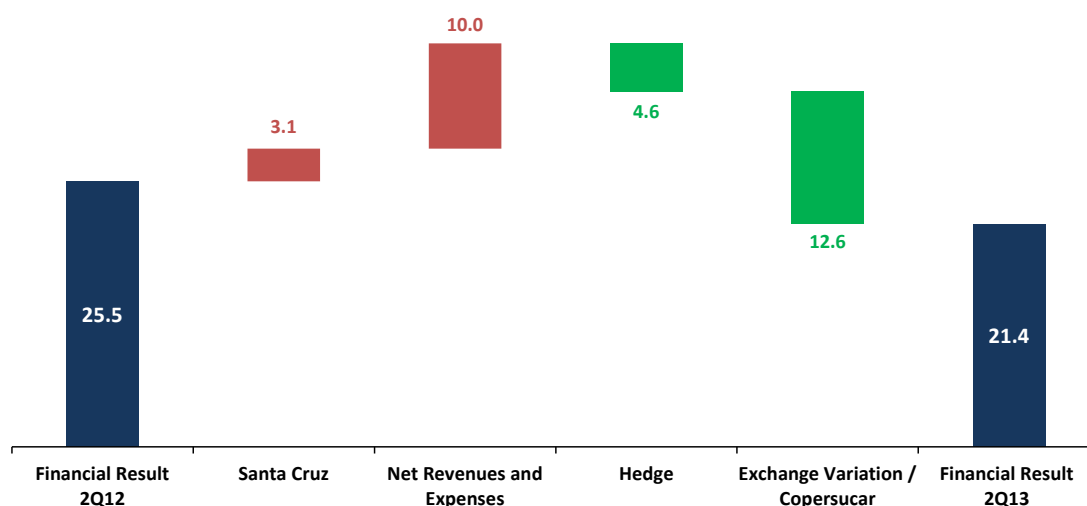
Hedge Accounting - In March 2010, inclusive, the Company began adopting hedge accounting for derivatives classified as hedge instruments, with their potential results recorded under equity ("Adjustments to book value"), net of deferred income tax and social contribution tax (potential loss of R\$45.9 million in September 2012).

NET FINANCIAL RESULT

FINANCIAL RESULT	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
R\$ Thousand						
Financial Income	16,894	18,897	-10.6%	29,789	25,614	16.3%
Financial Expenses	(30,251)	(22,179)	36.4%	(50,081)	(32,425)	54.5%
Hedge Result	(224)	(4,878)	-95.4%	(963)	(8,974)	-89.3%
Exchange Variation	(2,629)	(14,117)	-81.4%	(4,295)	(12,643)	-66.0%
Copersucar Monetary Variation	(2,044)	(3,202)	-36.2%	(4,744)	(6,191)	-23.4%
Net Financial Result - Santa Cruz	(3,136)	-	n.m.	(18,360)	-	n.m.
Net Financial Result - Consolidated	(21,392)	(25,479)	-16.0%	(48,654)	(34,619)	40.5%

The net financial result in 2Q13 was an expense of R\$21.4 million, which represents a 16.0% reduction from the net financial expense in 2Q12.

The following chart shows the composition of the increase in these costs in 2Q13 compared to 2Q12:



- (i) Santa Cruz (+ R\$3.1 million): the acquisition of a 32.18% interest in Santa Cruz occurred in November 2011, and, as a result, we began to partially consolidate its results as of December 2011;
- (ii) Increase in the Net Financial Expense (+ R\$ 10.0 million): due to the higher net debt, as a result of the group's expansion projects implemented over the last 12 months;
- (iii) Hedging and Currency Variation Gains/Losses (-R\$ 17.2 million): nonrecurring expenses (noncash) occurred only in 2Q12 and did not repeat in 2Q13.



OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	2Q12	4Q12	2Q13	2Q13 x 1Q13	2Q13 x 2Q12
R\$ Thousand					
ASSETS	547,542	248,768	628,460	-379,692	-80,918
Accounts Receivable	62,490	38,399	128,899	-90,500	-66,409
Inventories - Short Term	443,851	137,375	390,802	-253,427	53,049
Inventories - Long Term	-	26,877	57,012	-30,135	-57,012
Tax receivable	41,201	39,701	51,747	-12,046	-10,546
Other	-	6,416	-	6,416	-
LIABILITIES	237,227	146,151	251,595	105,444	-14,368
Suppliers	168,054	76,655	170,808	94,153	-2,754
Payroll and social contribution	53,698	57,297	65,417	8,120	-11,719
Tax payable	15,475	12,199	15,370	3,171	105
WORKING CAPITAL	310,315	102,617	376,865	-274,248	-66,550

In 2Q13, the São Martinho Group invested R\$376.9 million in working capital in its operations, an increase of R\$66.6 million from the total invested in 2Q12. This increase is basically explained by (i) the increase in the line "Accounts Receivable" due to the amounts outstanding that remained at the close of the quarter.

NET INCOME

Supported by the growth in Adjusted EBITDA, net income in 2Q13 was R\$50.5 million, representing strong growth from the net income of R\$2.4 million registered in 1Q13. In the comparison of 2Q13 with 2Q12, net income grew by 3.8%, reflecting the marking to market of biological assets, which registered a noncash loss of R\$4.3 million in 2Q13 and a noncash gain of R\$28.3 million in 2Q12.

DEBT WITH COPERSUCAR

On September 30, 2012, the São Martinho Group recognized under Liabilities on its Balance Sheet R\$219.4 million in obligations with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations – Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$177.7 million on a consolidated basis.



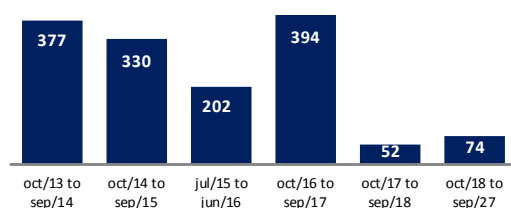
INDEBTEDNESS

DEBT	Sep/12	Mar/12	Chg. (%)
R\$ Thousand			
PESA	67,648	72,509	-6.7%
Rural Credit	109,330	20,139	442.9%
BNDES / FINAME	395,746	388,726	1.8%
Working Capital	101,208	109,392	-7.5%
ACC (Advances on Foreign Exchange Contracts)	81,548	-	n.m.
PPE (Export prepayment)	462,119	437,376	5.7%
NCE (Export Credit Note)	374,987	-	n.m.
Others	133	733	-81.9%
Obligations from Santa Cruz	119,840	113,475	5.6%
Gross Debt	1,712,559	1,142,350	49.9%
Cash and Cash Equivalents	711,336	410,567	73.3%
Net Debt	1,001,223	731,783	36.8%
(+) Proportional Gross Debt at Santa Cruz	212,599	203,494	4.5%
Consolidated Net Debt	1,213,822	935,277	29.8%
Net Debt / Accum. EBITDA	2.1 x	1.6 x	

The net debt of the São Martinho Group stood at R\$1.2 billion in September 2012, which represents an increase of 29.8% from March 2012. The main factors contributing to the increase in net debt were (i) the higher working capital used in the Company's operations (+ R\$274.2 million), especially in the items Accounts Receivable and Inventory, which will be reversed by the end of the fiscal year; (ii) investments in the cogeneration project at the São Martinho unit (+ R\$55.0 million) and in expanding the sugarcane planted area, especially at the Boa Vista unit, in the amount of R\$28.5 million.

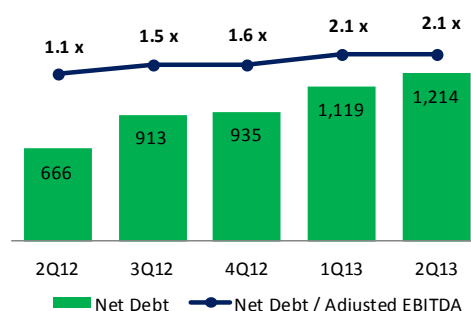
Amortization Schedule

R\$ - Million



Net Debt / LTM EBITDA

Evolution





CAPITAL EXPENDITURE

SÃO MARTINHO - CONSOLIDATED	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
Capex (maintenance)						
Sugarcane Planting	18,541	14,599	27.0%	35,767	31,868	12.2%
Industrial / Agricultural	3,972	7,315	-45.7%	20,673	21,767	-5.0%
Crop Treatment	30,633	31,118	-1.6%	56,098	54,749	2.5%
Sub Total	53,147	53,033	0.2%	112,538	108,384	3.8%
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	45,477	45,535	-0.1%	78,556	70,886	10.8%
Sub Total	45,477	45,535	-0.1%	78,556	70,886	10.8%
Boa Vista Mill (Greenfield)						
Sugarcane Planting	17,450	15,325	13.9%	28,511	29,353	-2.9%
Industrial / Agricultural	9,630	4,585	110.1%	14,672	12,275	19.5%
Crop Treatment	12,701	11,238	13.0%	21,846	18,516	18.0%
Sub Total	39,781	31,148	27.7%	65,028	60,144	8.1%
Capex - Santa Cruz						
Sugarcane Planting	3,712	-	n.m.	10,246	-	n.m.
Industrial / Agricultural	622	-	n.m.	4,121	-	n.m.
Crop Treatment	6,471	-	n.m.	10,479	-	n.m.
Sub Total	10,804	-	n.m.	24,845	-	n.m.
Total	149,209	129,716	15.0%	280,968	239,414	17.4%

The maintenance capex of the São Martinho Group totaled R\$53.1 million in 2Q13, which was similar to the amount in 2Q12. The line "Sugarcane Planting" increased 27.0% due to the expansion in planted area, which will benefit the group by increasing sugarcane crushing in the next crop year.

Investments in expansion and modernization totaled R\$45.5 million, remaining virtually unchanged from the same quarter of the previous crop year. As commented in prior quarters, our main projects are (i) the cogeneration project at the São Martinho unit (USM) and (ii) the expansion of the sugar distribution terminal at the USM.

Over the next semester, we expect to invest in the line Expansion/Modernization an additional R\$70.0 million, which will be used to conclude the cogeneration plant and to accelerate growth in mechanized harvesting at the Iracema unit.

In addition, the investments in expanding the Boa Vista unit totaled R\$39.8 million, increasing 27.7% from the same quarter of the previous crop year. The increase in these investments reflects (i) the expansion in planted area at the Boa Vista unit; (ii) the increase in industrial capacity to 4.0 million tons in the 2013/14 crop year; and (iii) the increase in crop treatments due to the larger area treated. Over the next semester, we expect to invest R\$50.0 million in maintenance capex and concluding the expansion capex to increase sugarcane crushing capacity to 4.0 million tons in the 2013/14 crop year.



DISCLAIMER

This document contains forward-looking statements related to the business outlook, operating and financial projections and growth prospects of São Martinho. These statements are merely projections and as such are based exclusively on Management's expectations for the future of the business. These forward-looking statements depend materially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets, and therefore are subject to change without prior notice.

ABOUT SÃO MARTINHO GROUP

The São Martinho Group is one of the largest groups in Brazil's sugar and ethanol industry, with three mills in operation: São Martinho in Pradópolis (in the Ribeirão Preto region of São Paulo state), Iracema in Iracemápolis (in the Limeira region of São Paulo) and Boa Vista (in Quirinópolis, Goiás). In addition to these mills, we also consolidated 32.18% of Santa Cruz, a mill located in Américo Brasiliense (in the Ribeirão Preto region of São Paulo state). For more information please go to www.saomartinho.ind.br.



INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	2Q13	2Q12	Chg. (%)	6M13	6M12	Chg. (%)
R\$ Thousand						
Gross Revenue	564,054	416,739	35.3%	871,926	765,210	13.9%
Deductions from Gross Revenue	(17,141)	(18,617)	-7.9%	(34,700)	(38,140)	-9.0%
Net Revenue	546,913	398,122	37.4%	837,226	727,070	15.2%
Cost of Goods Sold (COGS)	(387,046)	(244,650)	58.2%	(605,215)	(476,659)	27.0%
Gross Profit	159,867	153,472	4.2%	232,011	250,411	-7.3%
Gross Margin (%)	29.2%	38.5%	-9.3 p.p	27.7%	34.4%	-6.7 p.p
Operating Expenses	(66,602)	(55,563)	19.9%	(108,535)	(91,662)	18.4%
Selling Expenses	(28,195)	(18,711)	50.7%	(37,173)	(32,117)	15.7%
General and Administrative Expenses	(37,615)	(34,422)	9.3%	(69,402)	(58,003)	19.7%
Equity Income	(1,230)	(2,783)	-55.8%	(3,179)	(2,783)	14.2%
Other Operating Expenses, Net	438	353	24.1%	1,219	1,241	-1.8%
Operating Profit, Before Financial Effects	93,265	97,909	-4.7%	123,476	158,749	-22.2%
Financial Result, Net	(21,392)	(25,479)	-16.0%	(48,654)	(34,619)	40.5%
Financial Revenues	29,583	27,103	9.2%	54,718	40,453	35.3%
Financial Expenses	(48,677)	(39,553)	23.1%	(83,836)	(63,617)	31.8%
Monetary and Exchange Variations - Net	(2,298)	(13,029)	-82.4%	(19,536)	(11,455)	70.5%
Income (Loss) Before Income and Social Contribution Taxes	71,873	72,430	-0.8%	74,822	124,130	-39.7%
Income Tax and Social Contribution - Current	(11,600)	(4,846)	139.4%	(12,089)	(16,818)	-28.1%
Income Tax and Social Contribution - Deferred	(9,750)	(18,917)	-48.5%	(9,832)	(20,681)	-52.5%
Net Income	50,523	48,667	3.8%	52,901	86,631	-38.9%
Net Margin (%)	9.2%	12.2%	-3.0 p.p	6.3%	11.9%	-5.6 p.p



BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS

R\$ Thousand

ASSETS	Sep/12	Mar/12
SHORT-TERM ASSETS		
Cash and Cash Equivalents	711,336	410,567
Accounts Receivable	128,899	38,399
Derivatives Financial Instruments	22,952	11,063
Inventories	390,802	137,375
Recoverable Taxes	51,747	39,701
Income Tax and Social Contribution	19,727	20,550
Other Assets	9,593	5,551
TOTAL SHORT-TERM ASSETS	1,335,056	663,206
LONG-TERM ASSETS		
Long-term Receivables		
Financial Applications	6,879	6,541
Inventories	57,012	26,877
Related Parties	2	3,788
Deferred Income Tax and Social Contribution	44,137	38,227
Accounts Receivable - Copersucar	1,683	1,737
Recoverable Taxes	63,447	46,581
Judicial Deposits	47,748	44,972
Other Assets	395	395
	221,303	169,118
Investments	12,518	8,262
Biological Assets	650,849	632,904
Fixed Assets	3,206,017	3,244,267
Intangible Assets	87,950	69,410
TOTAL LONG-TERM ASSETS	4,178,637	4,123,961
TOTAL ASSETS	5,513,693	4,787,167



BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES

R\$ Thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	Sep/12	Mar/12
SHORT-TERM LIABILITIES		
Loans and Financing	375,341	247,504
Derivatives Financial Instruments	46,686	14,269
Suppliers	170,808	76,655
Accounts Payable - Copersucar	2,331	2,356
Payroll and Social Contribution	65,417	57,297
Tax Payable	15,370	12,199
Income Tax and Social Contribution	8,400	240
Related Companies	-	224
Dividends Payable	-	30,070
Advances from Customers	1,037	8,418
Aquisition of Interest	61,154	57,906
Other Liabilities	38,879	10,215
TOTAL SHORT-TERM LIABILITIES	785,423	517,353
LONG-TERM LIABILITIES		
Loans and Financing	1,429,977	984,865
Accounts Payable - Copersucar	217,052	222,007
Tax Installments	55,922	57,873
Deferred Income Tax and Social Contribution	816,851	820,201
Provision for Contingencies	77,835	74,259
Aquisition of Interest	58,686	55,569
Advance for future capital increase	30,404	23,543
Other Liabilities	7,878	6,819
TOTAL LONG-TERM LIABILITIES	2,694,605	2,245,136
SHAREHOLDERS' EQUITY		
Capital Stock	614,150	455,900
Adjustments to Book Value	1,218,529	1,272,558
Capital Budget Reserve	144,603	308,867
Treasury Shares	(14,538)	(12,753)
Number of shares granted	1,052	106
Retained Earnings	69,869	-
TOTAL SHAREHOLDERS' EQUITY	2,033,665	2,024,678
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,513,693	4,787,167



CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	6M13	6M12
R\$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	52,901	86,631
Adjustments		
Depreciation and amortization	104,035	85,779
Biological assets harvested (depreciation)	120,971	88,335
Variation in fair value of biological assets	(9,186)	(27,431)
Residual cost of investment and property, plant and equipment disposals	3,179	2,783
Capital gain from the change in equity interest	(116)	(354)
Interest, monetary and foreign exchange variations, net	76,267	74,757
Constitution of provision for contingencies, net	12,339	5,661
Deferred income tax and social contribution on net income	9,832	20,681
Constitution (reversal) of provision for inventory losses	(527)	(3,809)
Adjustments to present value and others	7,765	(553)
	377,460	332,480
Changes in assets and liabilities		
Trade accounts receivable	(88,885)	(4,120)
Inventories	(197,511)	(217,689)
Taxes recoverable	(26,375)	(7,857)
Financial Applications	(71)	(245)
Related parties	(2)	294
Other assets	(5,994)	(8,449)
Suppliers	75,038	100,285
Salaries and social charges	8,119	9,699
Taxes payable	11,642	7,359
Taxes payable in installments	(3,834)	(2,563)
Provision for contingencies	(12,462)	(12,682)
Other liabilities	22,221	(20,276)
Cash provided by (used in) operations	159,346	176,236
Interest paid	(27,721)	(17,219)
Income tax and social contribution on net income paid	(602)	(12,893)
Net cash provided by (used in) operating activities	131,023	146,124
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments	(2,679)	-
Additions to property, plant and equipments, intangible assets and deferred charges	(116,494)	(101,374)
Additions to biological assets (planting and treatment)	(166,117)	(134,487)
Proceeds from sale of property, plant and equipment	477	1,192
Advance on future capital increase	(1,193)	(3,342)
Net cash used in investing activities	(286,006)	(238,011)
CASH FLOW FROM FINANCING ACTIVITIES		
Derivatives Financial Instruments	13,195	(2,231)
Financing - third parties	614,650	359,443
Repayment of financing - Copersucar	(9,629)	(2,076)
Repayment of financing - third parties	(131,455)	(191,043)
Advance on future capital increase	6,860	7,177
Acquisition of treasury stock	(1,785)	-
Payment of dividends and interest on own equity	(36,084)	(30,242)
Net cash provided by (used in) financing activities	455,752	141,028
Increase (decrease) in cash and cash equivalents	300,769	49,141
Cash and cash equivalents at the beginning of the period	410,567	222,219
Cash and cash equivalents at the end of the period	711,336	271,360