

# Earnings Release Conference Call

2Q18



***São Martinho***

17/18 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



**1. Operational Highlights**

**2. New Guidance**

**3. Financial Highlights**

**4. Inventories**

**5. Cash COGS**

**6. Indebtedness**

**7. Hedge**



Table 1

OPERATING DATA			
	6M17	6M18	YoY (%)
São Martinho - Consolidated			
<b>Crushing ('000 tons)</b>	<b>16,532</b>	<b>18,672</b>	<b>12.9%</b>
Own	10,842	12,158	12.1%
Third Parties	5,690	6,514	14.5%
Production			
Sugar ('000 tons)	1,093	1,214	11.1%
Anhydrous ('000 m3)	323	375	16.2%
Hydrous ('000 m3)	253	387	53.1%
Cogeneration ('000 MWh)	516	642	24.5%
Average TRS (Kg/Ton)	129.1	137.9	6.8%
Total TRS Produced ('000 tons)	2,135	2,574	20.6%
Mix Sugar - Ethanol	54% - 46%	50% - 51%	

# New Guidance



	Initial Guidance 17/18 Crop Year	New Guidance 17/18 Crop Year	Chg. (%)	Production Capacity	% ut. Os New Guidance Capacity
<b>Crushing ('000 tons)</b>	<b>22,300</b>	<b>22,194</b>	<b>-0.5%</b>	<b>24,000</b>	<b>92.5%</b>
Suagr ('000 tons)	1,400	1,407	0.5%		
Anhydrous ('000 m <sup>3</sup> )	450	481	6.8%		
Hydrous ('000 m <sup>3</sup> )	430	466	8.3%		
Cogeneration ('000 MWh)	900	909	1.0%		
Average TRS (Kgs/Ton)	133.5	139.3	4.4%	136.0	
<b>Total TRS produced</b>	<b>2,977</b>	<b>3,092</b>	<b>3.9%</b>	<b>3,264</b>	<b>94.7%</b>
<i>Mix Sugar/Ethanol - Consolidated</i>	<i>49% - 51%</i>	<i>48% - 52%</i>			

# Financial Highlights



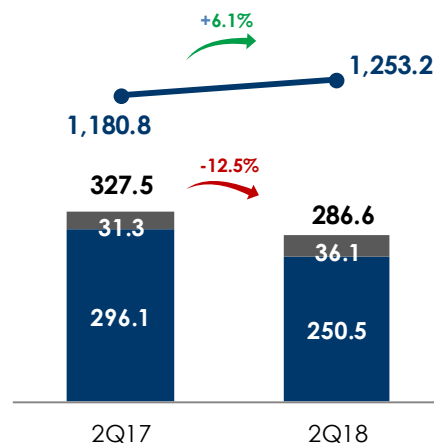
Table 1  
R\$ '000

Highlights	2Q17	2Q18	Chg. (%)
Net Revenue	779,327	736,302	-36.5%
Adjusted EBITDA	368,704	390,843	6.0%
Adjusted EBITDA Margin	47.3%	53.1%	5.8 p.p.
Adjusted EBIT	192,422	206,193	7.2%
Adjusted EBIT Margin	24.7%	28.0%	3.3 p.p.
Adjustment to Maturity of Hedge Acc.	(50,965)	(118,783)	n.m.
Net Income before taxes	83,542	53,058	-36.5%
Net Income	68,913	53,015	-23.1%
Net Debt / EBITDA	1.95 x	1.60 x	

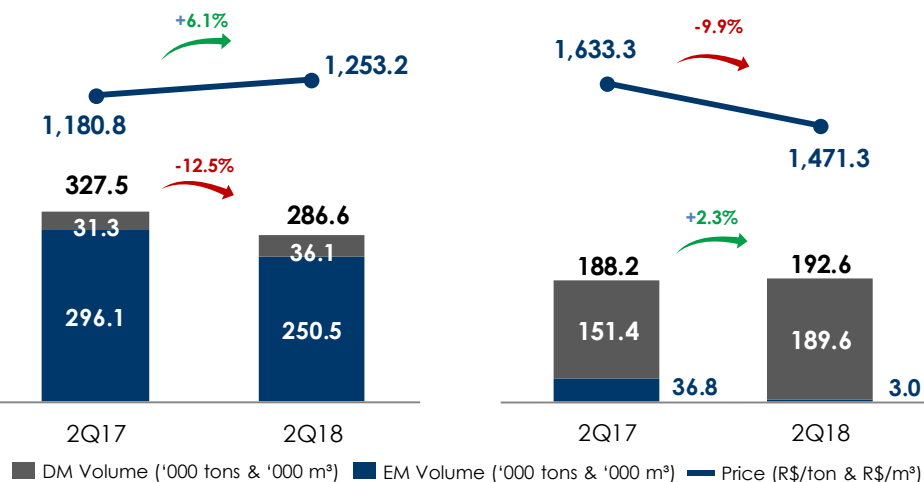
Table 2  
R\$ '000

Cash Income	2Q17	2Q18	Chg. (%)
Net Income	68,913	53,015	-23.1%
Taxes	14,629	43	
Income Tax paid	(739)	(2,053)	
Biological Asset	(1,566)	(6,202)	
Maturity of Hedge / PPA	54,880	122,267	122.8%
<b>Cash Income</b>	<b>136,117</b>	<b>167,070</b>	<b>22.7%</b>
<b>Total shares ex- treasury (in thousands)</b>	<b>337,252</b>	<b>358,580</b>	
<b>Cash Income per share</b>	<b>0.40</b>	<b>0.47</b>	<b>15.4%</b>

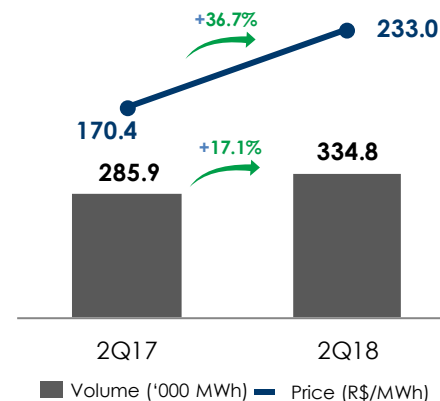
Graph 1 SUGAR



Graph 2 ETHANOL



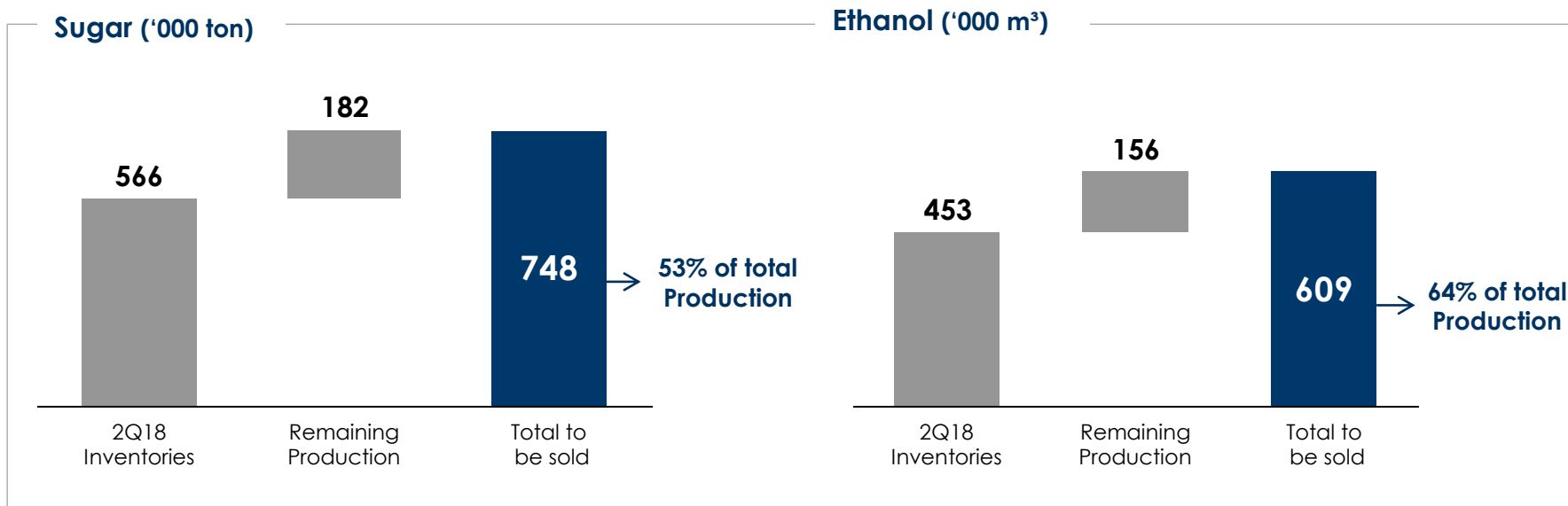
Graph 3 COGEN



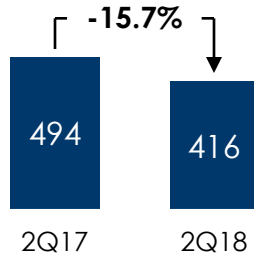
# Inventories



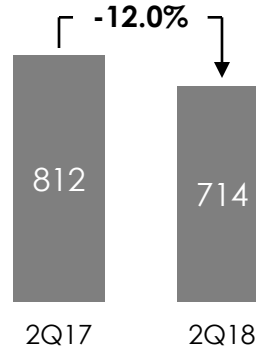
Inventories	2Q17	2Q18	Chg. (%)
Sugar (tons)	465,416	565,886	21.6%
Hydrous (m <sup>3</sup> )	106,947	227,052	112.3%
Anhydrous (m <sup>3</sup> )	168,119	226,018	34.4%



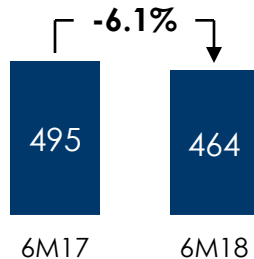
### Sugar (R\$/ton)



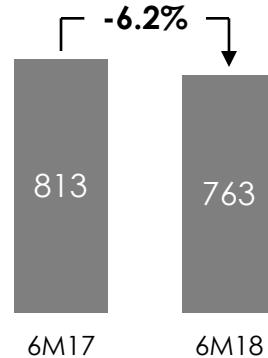
### Ethanol (R\$/m³)



### Sugar (R\$/ton)



### Ethanol (R\$/m³)



- ✓ Better efficiency on agricultural operation – due to TRS increase;
- ✓ Consecana reduction;
- ✓ The improvement on cost should continue on the next quarters.



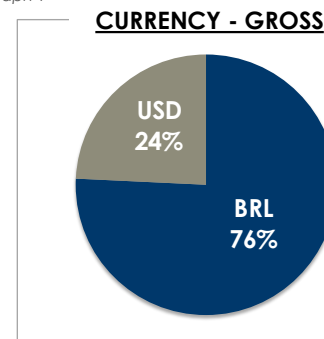
# Indebtedness



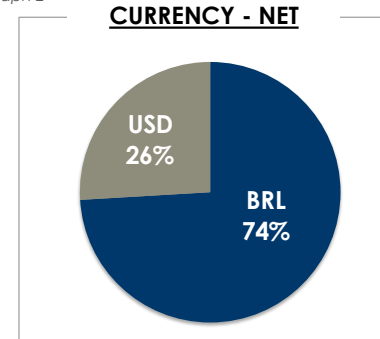
Table 1

INDEBTEDNESS	Mar/17	Sep/17	Chg%.
R\$ '000			
Indebtedness in foreign exchange	1,217,557	1,021,892	-16.1%
BND&S	842,630	772,678	-8.3%
Working Capital and Others	1,371,682	1,554,996	13.4%
Agribusiness Certificate of Receivables (CRA)	349,462	864,807	147.5%
<b>Gross Debt</b>	<b>3,781,331</b>	<b>4,214,372</b>	<b>11.5%</b>
Cash and Cash Equivalents	1,196,782	1,413,469	18.1%
<b>Net Debt</b>	<b>2,584,549</b>	<b>2,800,903</b>	<b>8.4%</b>
<b>Net Debt / EBITDA LTM</b>	1.55 x	1.60 x	

Graph 1



Graph 2

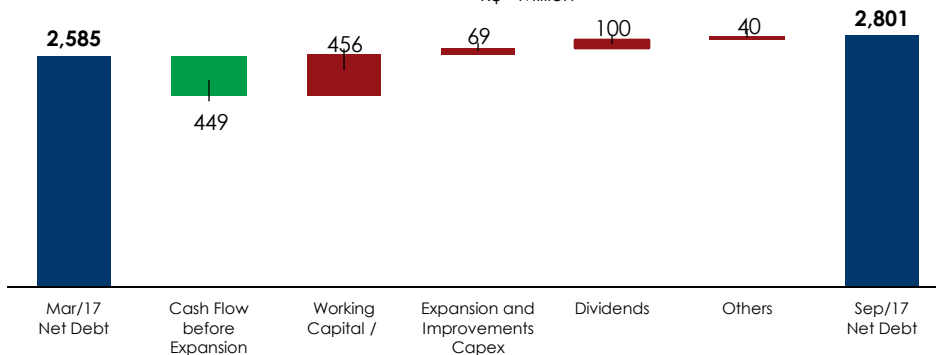


**Adj. EBITDA LTM\***      **1,666.784**      **1,746.640**

Graph 3

## Debt Evolution

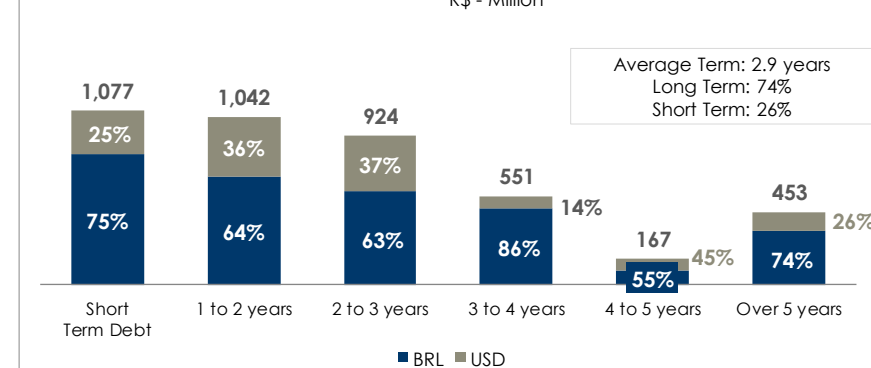
R\$ - Million



Graph 4

## Debt Schedule

R\$ - Million



\* EBITDA considers 100% of UBV Results.

Table 1

	Volume Hedged ('000 tons)	Avg. Price (US\$ c/p)	Avg. Price (R\$ /ton)
<b>Sugar</b>			
Oct/17 (V17)	264,680	16.14	
Mar/18 (H18)	211,491	18.13	
<b>Crop year 2017/2018</b>	<b>476,171</b>	<b>17.02</b>	<b>1,280.0</b>
Jul/18 (N18)	42,166	15.87	
Oct/18 (V18)	47,500	16.18	
<b>Crop Year 2018/2019</b>	<b>89,666</b>	<b>16.04</b>	<b>1,156.3</b>

- ✓ Our sugar prices hedged represents, approximately 70% of own cane for 2017/2018 crop year.

Table 2

	TOTAL		SUGAR		ETHANOL	
Dollar	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2016/2017 crop year	246,655	3.34	233,693	3.34	12,961	3.25
2017/2018 crop year	30,222	3.27	30,222	3.27		

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