









4Q09 Results 2008 / 09 Harvest



SÃO MARTINHO REPORTS ADJUSTED EBITDA OF R\$189.8 MILLION IN FY09, WITH MARGIN OF 24.5%

São Paulo, June 29, 2009 – SÃO MARTINHO S.A. (Bovespa: SMT03; Reuters SMT03.SA and Bloomberg: SMT03 BZ), one of the largest sugar and ethanol producers in Brazil, announces today its results for the fourth quarter of fiscal 2009 (4Q09) relative to the 2008/09 harvest year. The 4Q09 results are presented on a consolidated basis, in accordance with Brazilian Corporate Law, including the partial consolidation of 41.67% of Usina Santa Luiza.

4Q09 Highlights

-  The São Martinho Group recorded adjusted EBITDA in fiscal 4Q09 of R\$77.0 million (with adjusted EBITDA margin of 28.8%), a 40.7% increase on 4Q08, driven by better sugar and ethanol prices.
-  In fiscal 2009, adjusted EBITDA was R\$189.8 million (with adjusted EBITDA margin of 24.5%), for growth of 42.9% over the previous fiscal year, mainly due to higher product prices and the rationalization of operating costs.
-  We ended 4Q09 with 141,240 tons of sugar in inventory, compared with 4,860 tons at the close of 4Q08. Based on our sugar production estimate for the 2009/10 harvest of approximately 680,000 tons, sugar sales volume in fiscal 2010 could reach 821,200 tons, representing a 96.6% increase in sugar sales volume over the 2008/09 harvest.
-  On March 31, 2009, the Company held debt denominated in U.S. dollar and short positions in Non-Deliverable Forward (NDFs) of approximately US\$248.8 million. Based on the current exchange rate (US\$1.00 = R\$1.95), approximately 97% of expenses with foreign exchange losses (R\$90.2 million) incurred in fiscal 2009 will be reversed next quarter.
-  Net debt stood at R\$941.5 million in 4Q09, up R\$375 million in relation to 4Q08. The increase was fueled primarily by the combination of investments to expand capacity at the Boa Vista Mill and the impacts from currency depreciation (with no impact on cash flow) on our dollar-denominated debt.
-  Given the current scenario for sugar and ethanol prices, in the 2009/10 harvest, the São Martinho Group will produce approximately 690,000 cubic meters (m³) of ethanol and 680,000 tons of sugar. As a result, approximately 62% of the sugarcane crushed will be allocated to ethanol production and 38% to sugar production. This level of production will come from projected sugarcane crushing at the Group's mills in the 2009/10 harvest of 13.0 million tons.



4Q09 Results – 2008/09 Harvest

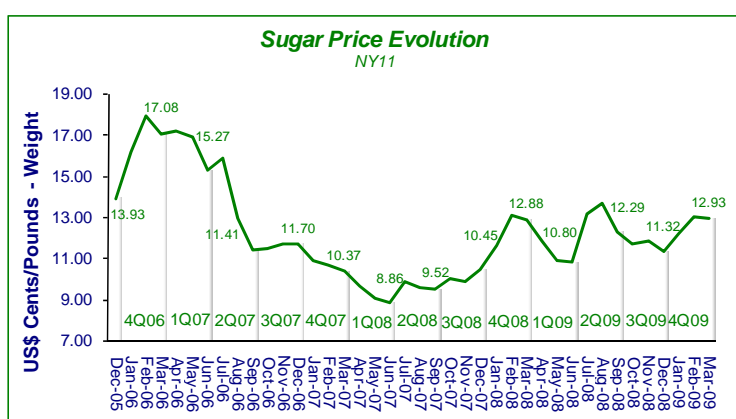
Industry Overview

Sugar

Average Sugar Prices	4Q09	3Q09	4Q08	Chg.% 4Q09 x 4Q08	Chg.% 4Q09 x 3Q09	12M09	12M08	Chg.% 12M09 x 12M08
US\$/R\$ Exchange rate	2.31	2.28	1.74	33.0%	1.5%	1.98	1.86	6.4%
NY11 US\$ cents/pound	12.73	11.61	12.55	1.4%	9.7%	12.14	10.38	17.0%
NY11 R\$ / Ton	648.78	582.62	481.03	34.9%	11.4%	528.87	425.09	24.4%
Sugar ESALQ Net R\$/50-kilogram sack	36.26	26.13	21.96	65.1%	38.8%	27.33	21.74	25.7%

During fiscal 4Q09, international sugar prices continued their upward trend begun in December 2008, mainly due to the prospects of lower sugar production in India.

During fiscal 2009, the average sugar price in Brazilian real was 24.4% higher than in fiscal 2008, due to the combined impacts from the local currency depreciation of 6.4% and the sugar price increase (NY11) of 17.0%.



At the start of the 2008/09 harvest year, expectations called for Indian sugar production of between 20 and 22 million tons. However, the latest data for Indian sugar supplies indicate that production was some 15 million tons, which contributed significantly to the recovery in international sugar prices.

In Brazil, the harvest in the Center-South region, which ended in March 2009, confirmed the initial expectations of a more ethanol-oriented harvest, with only 39.5% of the total volume of crushed sugarcane allocated to sugar production. This percentage represented production of approximately 27 million tons of sugar in this harvest, with estimated exports of 18 million tons.

Note that this improvement in prices observed mainly at the close of the 2008/09 harvest has continued through the start of the 2009/10 harvest year, given the latest projections for the sugar supply and demand balance in the coming months.

The estimated shortfall in world sugar production for the 2009/10 harvest could reach 4.7 million tons, even after considering the increase in Indian sugar production of some 20% from 15 million to 18 million tons. In our view, this deficit will be sufficient to keep the average sugar price (NY11) above US\$15.00 cents/pound during the entire 2009/10 harvest year, providing Brazilian producers with profitability significantly higher than in the last two harvest years (2007/08 and 2008/09).

In Brazil, sugar production in the Center-South region should grow by 16% to 31.2 million tons, fueled by the change in the production mix to prioritize sugar production at the expense of ethanol production, since in the current price scenario sugar is 50% more profitable than ethanol.



4Q09 Results – 2008/09 Harvest

Ethanol

Average Ethanol Prices	4Q09	3Q09	4Q08	Chg.% 4Q09 x 4Q08	Chg.% 4Q09 x 3Q09	12M09	12M08	Chg.% 12M09 x 12M08
Anhydrous ESALQ, Net DM R\$ / M3	825.15	895.50	806.39	2.3%	-7.9%	849.41	780.55	8.8%
Hydrous ESALQ, Net DM - R\$ / M3	735.50	733.08	721.48	1.9%	0.3%	721.94	682.37	5.8%
Anhydrous ESALQ EM R\$ / M3	894.10	969.30	749.37	19.3%	-7.8%	855.37	724.20	18.1%
Hydrous ESALQ EM - R\$ / M3	907.30	940.34	704.74	28.7%	-3.5%	814.97	699.91	16.4%
Oil NY	43.31	59.08	97.82	-55.7%	-26.7%	86.61	82.03	5.6%

In 4Q09, domestic prices for anhydrous and hydrous ethanol increased by 2.3% and 1.9%, respectively, versus 4Q08.

Over the same period, international prices for anhydrous and hydrous ethanol registered increases of 19.3% and 28.7%, respectively. The main factor in the increase in ethanol export prices was the 33% local currency depreciation registered in the period.

In fiscal 2009, anhydrous and hydrous ethanol prices increased by 8.8% and 5.8% in relation to the previous fiscal year, with the latter increase supported by strong growth (+16% y/y) in domestic sales of flex-fuel vehicles. In the export market, the depreciation in the Brazilian real against the U.S. dollar combined with certain export windows to the United States at the start of the 2008/09 harvest positively impacted prices for Brazilian producers, with anhydrous and hydrous ethanol export prices increasing by 18.1% and 16.4%, respectively.

As detailed in our 3Q09 Earnings Release, we expected a stronger recovery in ethanol prices after November 2008, a period that historically has been marked by better prices due to the conclusion of the harvest.

However, the delicate financial situation faced by many companies in the sugar and ethanol industry, combined with the international crisis, led to a credit freeze for most companies in the industry. In this scenario, cash requirements have been forcing companies to sell ethanol at below production costs, despite the growing demand for ethanol in the domestic market.

Brazilian ethanol production should grow by only 1.1 billion liters to 28.3 billion liters in the 2009/10 harvest year. On the demand side, we expect growth in the domestic market of approximately 3 billion liters, due to the combination of: 1) stable flex-fuel vehicle sales volume in relation to 2008 (approximately 2.3 million units); and 2) higher ethanol consumption driven by the growing share of flex-fuel vehicles in the domestic fleet, which grew from 400,000 vehicles in 2004 to 7.1 million in December 2008. As a result, we expect domestic ethanol consumption of approximately 25 billion liters in 2009/10, with only 3 billion liters directed to exports. Note that this forecast volume of ethanol exports represents a historical low for the industry.

Chart 1

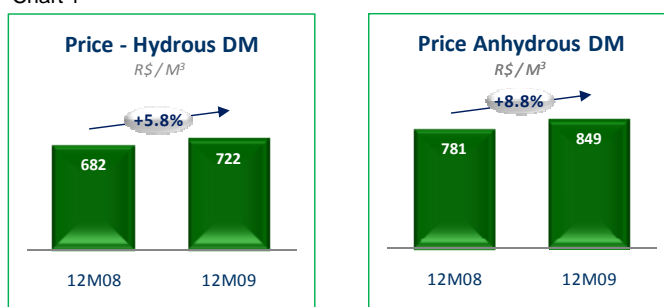
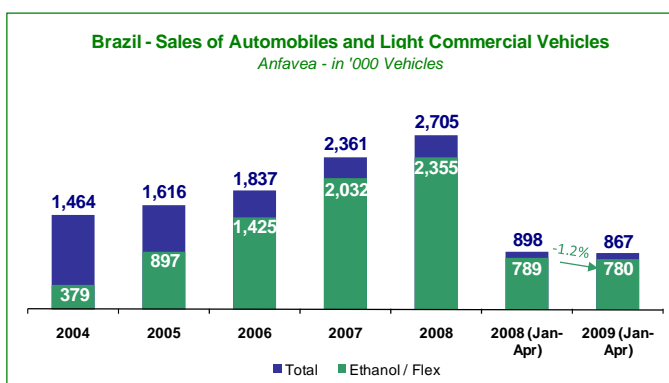


Chart 2





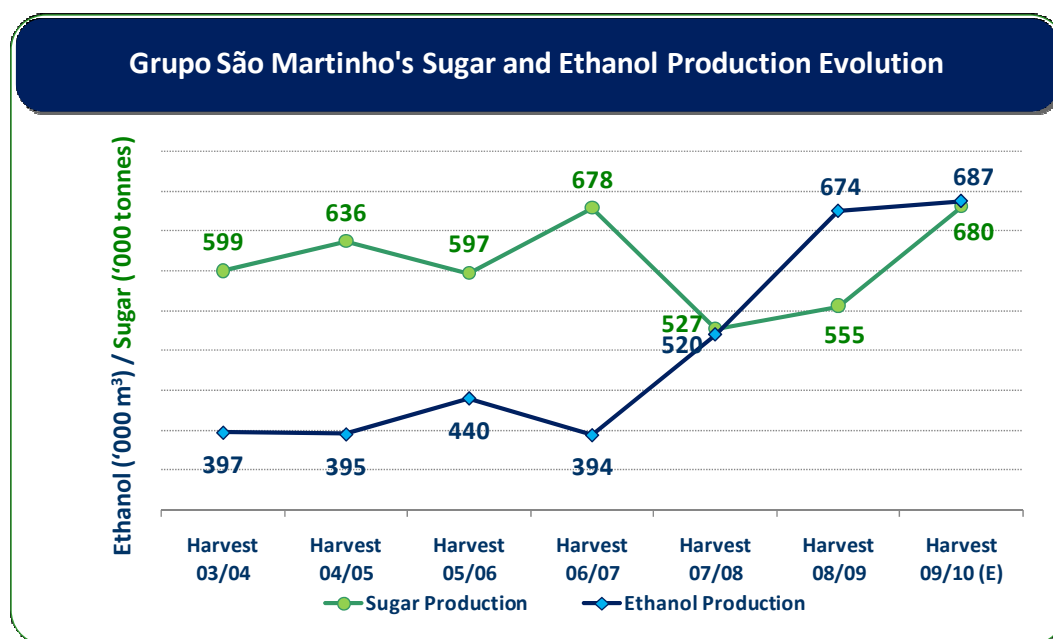
Operating Performance

Operating Highlights

Operating Data	12M09	12M08	Chg. %
Crushed Sugarcane ('000 tonnes)	12,001	10,218	17.4%
Own	7,212	6,673	8.1%
Third Parties	4,789	3,545	35.1%
Mechanized Harvest (%)	81.4%	75.0%	6.4 p.p
Production			
Sugar ('000 tonnes)	555	527	5.4%
Anhydrous Ethanol ('000 m ³)	287	306	-6.1%
Hydrous Ethanol ('000 m ³)	387	214	80.8%
RNA - Ribonucleic Acid	274	391	-54.5%
Energy ('000 MWh)	89.4	-	n.m.

GUIDANCE 2009/10 HARVEST YEAR

Product	Production Volume	4Q09 Inventories	Availability for Sale in 2010
Sugar ('000 tonnes)	680	141	821
Ethanol ('000 m ³)	687	53	740





Financial Performance

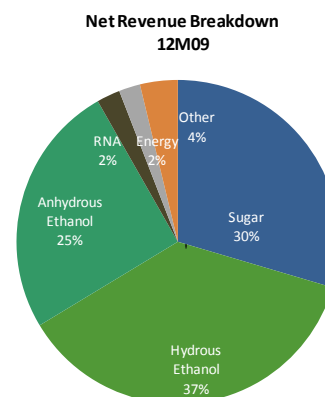
Operating Revenue

Net Revenues Breakdown						
R\$ Thousand	4Q09	4Q08	Chg.% 4Q09 x 4Q08	12M09	12M08	Chg.% 12M09 x 12M08
Domestic Market	164,556	133,649	23.1%	498,360	394,164	26.4%
Sugar	7,965	23,330	-65.9%	23,386	85,234	-72.6%
Hydrous Ethanol	106,159	34,846	204.7%	261,576	117,349	122.9%
Anhydrous Ethanol	44,657	72,887	-38.7%	167,767	167,610	0.1%
Energy	893	-	n.m.	16,445	-	n.m.
Other	4,883	2,586	88.8%	29,186	23,970	21.8%
Export Market	102,701	97,851	5.0%	276,083	318,255	-13.3%
Sugar	80,725	51,268	57.5%	205,716	188,615	9.1%
Hydrous Ethanol	14,462	8,269	74.9%	23,083	27,679	-16.6%
Anhydrous Ethanol	-	34,214	n.m.	29,098	90,375	-67.8%
RNA	7,515	4,099	83.3%	18,186	11,587	57.0%
Net Revenue	267,258	231,500	15.4%	774,443	712,420	8.7%
Sugar	88,690	74,598	18.9%	229,102	273,849	-16.3%
Hydrous Ethanol	120,620	43,116	179.8%	284,658	145,028	96.3%
Anhydrous Ethanol	44,657	107,101	-58.3%	196,864	257,985	-23.7%
RNA	7,515	4,099	83.3%	18,186	11,587	57.0%
Energy	893	-	n.m.	16,445	-	n.m.
Other	4,883	2,586	88.8%	29,186	23,970	21.8%

Net Revenue

São Martinho's net revenue in 4Q09 grew by 15.4% over 4Q08, reflecting the improvement in sugar and ethanol prices, since sales volumes (in TRS equivalent) remained stable between the two quarters.

In fiscal 2009, the Group's net revenue grew by 8.7% to R\$774.4 million on the previous fiscal year, mainly reflecting the price improvement in all products, led by sugar, for which prices increased 21.3%.





4Q09 Results – 2008/09 Harvest

Sales Performance						
Products	4Q09	4Q08	Chg.% 4Q09 x 4Q08	12M09	12M08	Chg.% 12M09 x 12M08
Domestic Market						
Sugar (tonnes)	12,519	53,438	-76.6%	46,970	200,201	-76.5%
Hydrous Ethanol (m ³)	142,283	49,420	187.9%	368,530	179,409	105.4%
Anhydrous Ethanol (m ³)	54,314	92,577	-41.3%	201,040	216,443	-7.1%
Energy (MWh)	10,061	-	n.m.	105,564	-	n.m.
Export Market						
Sugar (tonnes)	120,780	105,705	14.3%	370,665	405,546	-8.6%
Hydrous Ethanol (m ³)	11,958	10,044	19.1%	20,909	35,269	-40.7%
Anhydrous Ethanol (m ³)	-	37,210	n.m.	35,302	106,726	-66.9%
RNA (Kg)	96,200	117,000	-17.8%	313,790	312,000	0.6%
Consolidated						
Sugar (tonnes)	133,299	159,143	-16.2%	417,635	605,746	-31.1%
Hydrous Ethanol (m ³)	154,241	59,465	159.4%	389,439	214,678	81.4%
Anhydrous Ethanol (m ³)	54,314	129,787	-58.2%	236,342	323,169	-26.9%
Energy (MWh)	10,061	-	n.m.	105,564	-	n.m.
RNA (Kg)	96,200	117,000	-17.8%	313,790	312,000	0.6%

Average Prices						
	4Q09	4Q08	Chg.% 4Q09 x 4Q08	12M09	12M08	Chg.% 12M09 x 12M08
Domestic Market						
Sugar (R\$/tonnes)	636.24	436.58	45.7%	497.89	425.74	16.9%
Hydrous Ethanol (R\$/m ³)	746.11	705.09	5.8%	709.78	654.09	8.5%
Anhydrous Ethanol (R\$/m ³)	822.21	787.31	4.4%	834.49	774.39	7.8%
Energy (R\$/MWh)	88.77	-	n.m.	155.79	-	n.m.
Export Market						
Sugar (R\$/tonnes)	668.36	485.01	37.8%	554.99	465.09	19.3%
Hydrous Ethanol (R\$/m ³)	1,209.38	705.30	71.5%	1,103.96	751.19	47.0%
Anhydrous Ethanol (R\$/m ³)	-	750.49	n.m.	824.26	787.87	4.6%
RNA (R\$/Kg)	78.12	35.04	123.0%	57.96	37.14	56.1%
Consolidated						
Sugar (R\$/tonnes)	665.35	468.75	41.9%	548.57	452.09	21.3%
Hydrous Ethanol (m ³)	782.02	705.12	10.9%	730.94	670.04	9.1%
Anhydrous Ethanol (m ³)	822.21	776.75	5.9%	832.96	778.84	6.9%
Energy (R\$/MWh)	88.77	-	n.m.	155.79	-	n.m.
RNA (R\$/Kg)	78.12	35.04	123.0%	57.99	37.14	56.1%

Sugar

Net revenue from sugar sales increased by 18.9% to R\$88.7 million in 4Q09, compared with R\$74.6 million in 4Q08. The increase primarily reflects the increases in both domestic and export prices, which partially offset the 16.2% drop in sales volumes. The main factor driving the price increases was the 33% depreciation in the Brazilian real against the dollar between the two quarters.

In fiscal 2009, the Group's revenue from sugar sales fell by 16.3% on the previous fiscal year to R\$229.1 million, impacted by the 31.1% drop in sales volumes. The lower sugar revenue reflects our decision to terminate our membership at Copersucar at the close of the 2007/08 harvest. As part of the termination agreement, we sold all our sugar and ethanol inventories to the cooperative, which led to higher sales volume in 4Q08. In 4Q09, during which we sold



approximately 25% of our sugar production, sales advanced normally, with no extraordinary events.

Ethanol

Hydrous

Net revenue from hydrous ethanol sales totaled R\$120.6 million in 4Q09, up 179.8% on the R\$43.1 million recorded in 4Q08, fueled chiefly by the year-on-year increase of 187.9% in domestic ethanol sales volume. This variation was due to the combination of higher hydrous ethanol production (startup of Boa Vista Mill) and the growing demand driven by the expansion in the flex-fuel fleet.

In fiscal 2009, hydrous ethanol net revenue climbed 96.3% against the previous fiscal year, due to the same reasons described above.

Anhydrous

Net revenue from anhydrous ethanol sales in the quarter totaled R\$44.6 million, down 58.3% in relation to 4Q08, impacted primarily by the 58.2% reduction in sales volume.

The lower sales volume is related to the excess production of anhydrous ethanol in the 2008/09 harvest year (15.5% increase), which was not accompanied proportionally by demand growth. As a result, the solution found by most mills was to transform the anhydrous ethanol into hydrous ethanol in order to meet the growing demand for hydrous ethanol.

In fiscal 2009, anhydrous ethanol net revenue recorded a 23.7% drop on the previous fiscal year to R\$196.8 million, mainly impacted by the reduction in export volumes from 106,700 m³ in fiscal 2008 to 35,300 m³ this harvest year. Domestic sales volumes remained slightly below the previous harvest year at 201,000 m³, down 7.1% on the previous harvest year.

The lower anhydrous ethanol exports in fiscal 2009 is related to the higher ethanol supplies in the U.S. market in the period, which reduced the need for Brazilian ethanol imports.

Ribonucleic Acid (RNA) Sodium Salt

RNA net revenue totaled R\$7.5 million in 4Q09, up by 83.3% on the same period in 2008. The main factors for this strong increase were: 1) the increase in RNA prices in U.S. dollar terms (40%, taking effect as of the 2008/09 harvest); and 2) the devaluation in the Brazilian real in the period, since all RNA production is exported.

In fiscal 2009, RNA net revenue grew by 57.0% year on year, also impacted by the higher prices in U.S. dollar as of the 2008/09 harvest. Meanwhile, RNA sales volume remained virtually stable, increasing a slight 0.6%.

Electric Power

Following the startup of crushing at our greenfield project (the Boa Vista Mill) and certain investments made at the São Martinho Mill, starting in fiscal 2009, we substantially increased our sales of electricity.

In 4Q09, electricity net revenue totaled R\$893,000, generated by the delivery of 10,061 MWh at an average price of R\$88.77/MWh. Note that this is only a residual result, since most electricity generation occurs during the crushing months (from April to December).



4Q09 Results – 2008/09 Harvest

In fiscal 2009, electric power net revenue reached R\$16.4 million, generated by the sale of 105,564 MWh at an average price of R\$155.79/MWh.

Other Products and Services

Net revenue from the “Other Products and Services” line totaled R\$4.9 million in 4Q09, an increase of 88.8% year on year. This increase was led by higher sales of inputs to sugarcane suppliers. In line with its policy of maintaining long-term relationships with its suppliers, the São Martinho Group occasionally buys high quantities of inputs and sells them to suppliers at cost. This practice is possible due to the large scale of the Group, which currently manages approximately 115,000 hectares of land.

Inventories

Inventories	4Q09	4Q08	Chg.% 4Q09 x 4Q08
Sugar (Tonnes)	141,240	4,860	n.m.
Hydrous (m ³)	31,299	-	n.m.
Anhydrous (m ³)	22,043	4,643	374.8%

The substantial build in inventories in 4Q09 versus 4Q08 is mainly due to the Company’s decision to terminate its membership at Copersucar in March 2008. As part of the termination agreement, we sold to the cooperative our entire sugar and ethanol inventories at the companies Usina São Martinho and Usina Itacema to, ending fiscal 2008 with virtually zero volume in our inventories.

In 4Q09, we adopted the strategy of selling a large portion of our ethanol inventories, given the strong downward trend in ethanol prices (as commented in the section “Ethanol Industry Overview”). As a result, we maintained only 8% of our production in inventory to satisfy our contracts in April 2009, since crushing began only after April 20, 2009.

As for sugar, the increase in inventories is related to our commercial strategy to concentrate sales in prices quoted for October 2008 and March 2009, due to the higher prices. As a result, a portion of shipments occurred only in April 2009, with the respective revenue to be recognized only in the 1Q10 financial statements.

Cost of Goods Sold

The composition of our Cost of Goods Sold (Cash Cost) is shown below:

Breakdown of Cost of Goods Sold (COGS) - Cash						
R\$ Thousand	4Q09	4Q08	Chg.%	12M09	12M08	Chg.%
Agricultural Costs	125,588	105,622	18.9%	356,158	333,699	6.7%
Suppliers	57,687	46,101	25.1%	151,987	144,211	5.4%
Partnerships	12,286	7,088	73.3%	31,821	28,648	11.1%
Own Sugarcane	55,615	52,433	6.1%	172,351	160,840	7.2%
Industrial	20,944	16,378	27.9%	57,510	52,256	10.1%
Other Products	10,309	7,292	41.4%	47,762	30,361	57.3%
Total COGS (*)	156,840	129,292	21.3%	461,431	416,316	10.8%
Santa Luiza e Aquidaban Reconciliation	-	8,353	n.m.	-	33,949	n.m.
Total COGS	156,840	137,645	13.9%	461,431	450,264	2.5%
TRS Sold (000 Tonnes)	497	497	0.0%	1,514	1,569	-3.5%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	295	262	12.4%	273	268	2.1%

(*) Excludes the partial consolidation of Usina Santa Luiza and Agropecuária Aquidaban.



As shown above, Cash COGS in 4Q09 was 13.9% higher year on year, at R\$19.2 million. The main impacts are concentrated in the higher costs with suppliers and partners due to the 30.2% increase in the Consecana price in the period, reflecting the strong variation in sugar prices.

In fiscal 2009, our Cash COGS increased by only 2.5% in relation to fiscal 2008, despite the increase of 13.9% in the Consecana price and the inflation of 7% measured in the period. Following the termination of operations at the Santa Luíza Mill, our agricultural and industrial costs fell due to scale gains at the São Martinho Mill, which absorbed the sugarcane previously crushed at the Santa Luíza Mill.

In addition, the higher costs in the “Other Products” line are directly related to the revenue line “Other Products and Services”. The São Martinho Group purchases high quantities of inputs and resells them to suppliers at cost. This practice is sporadic and is part of the group's policy to maintain long-term relationships with its sugarcane suppliers.

Note: The comparison in the table above (line-by-line) is compromised by the fact that the costs of Santa Luíza and Agropecuária Aquidaban were not broken down by type in fiscal 2008.

Selling Expenses

Selling Expenses Breakdown						
R\$ Thousand	4Q09	4Q08	Chg.%	12M09	12M08	Chg.%
Port Costs	1,023	2,828	-63.8%	3,968	11,818	-66.4%
Packaging	-	306	n.m.	-	1,506	n.m.
Freight	7,916	7,837	1.0%	28,373	25,928	9.4%
Sales Comission	1,055	-	n.m.	2,637	-	n.m.
Other - non recurring	-	-	n.m.	-	698	n.m.
Salling Expenses (*)	9,994	10,971	-8.9%	34,979	39,950	-12.4%
TRS Sold ('000 Tonnes)	497	467	6.4%	1,501	1,466	2.4%
Santa Luíza e Aquidaban reconciliation	-	511	n.m.	-	2,674	n.m.
Selling Expenses	9,994	11,482	-13.0%	34,979	42,624	-17.9%
TRS Sold ('000 Tonnes)	497	497	0.0%	1,514	1,569	-3.5%
% of Net Revenues	3.7%	5.0%	-1.2 p.p.	4.5%	6.0%	-1.5 p.p.

(*) Excludes the partial consolidation of Usina Santa Luíza and Agropecuária Aquidaban.

Selling expenses in the quarter fell by 13.0% on 4Q08, mainly reflecting the lower ethanol export volume in the period.

In fiscal 2009, selling expenses fell by 17.9% in relation to fiscal 2008, impacted by declines in sugar and ethanol export volumes of 8.6% and 60.4%, respectively.



General and Administrative Expenses

General and Administrative Expenses Breakdown (Excluding Depreciation)						
In R\$ Thousand	4Q09	4Q08	Chg.%	12M09	12M08	Chg.%
Personnel	9,653	4,947	95.1%	31,127	21,886	42.2%
Taxes, Fees and Contributions	1,998	1,806	10.6%	11,716	8,017	46.1%
Provisions for Contingencies	4,196	3,775	11.2%	17,539	11,523	52.2%
General Expenses and Third-Party Services	7,352	3,625	102.8%	24,457	13,334	83.4%
Copersucar Share	-	1,821	n.m	-	10,911	n.m
Management Fee	1,794	1,795	-0.1%	8,472	8,172	3.7%
Total General and Administrative Expenses (*)	24,993	17,769	40.7%	93,311	73,844	26.4%
Santa Luiza e Aquidaban Reconciliation	-	4,783	n.m	-	12,056	n.m
Total General and Administrative Expenses	24,993	22,551	10.8%	93,311	85,899	8.6%

(*)Excludes the partial consolidation of Usina Santa Luiza and Agropecuária Aquidaban.

G&A expenses totaled R\$24.9 million in 4Q09, up 10.8% on 4Q08. This result was positively impacted by lower costs with the administrative structures of Copersucar and the Santa Luiza Mill. The main negative impact was the increase in personnel expenses, which primarily reflected the higher number of employees due to the startup of the Boa Vista Mill in Goiás state and the R\$3.7 million in expenses with third-party services related to non-recurring expenses with consulting services.

G&A expenses in fiscal 2009 increased by 8.6% in relation to fiscal 2008, impacted by labor liabilities involving former employees of the Santa Luiza Mill and the higher expenses with third-party services involving the non-recurring expenses with consulting services.

Other Operational Revenue (Expenses)

Other Operating Revenues (Expenses) Reconciliation						
In R\$ Thousand	4Q09	4Q08	Chg.%	12M09	12M08	Chg.%
Provision Reversal (Copersucar)	-	-	n.m.	-	7,389	n.m.
Dividends (Coffee Sale)	27,310	-	n.m.	27,310	-	n.m.
Sale of Real State (Copersucar)	-	-	n.m.	-	1,813	n.m.
Provision Reversal of PIS/COFINS (Copersucar)	-	-	n.m.	23,771	-	n.m.
ICMS Installment	-	-	n.m.	-	(17,607)	n.m.
IPO Expenses	-	-	n.m.	-	(206)	n.m.
Goodwill Amortization	(1,844)	(1,555)	18.5%	(7,884)	(2,607)	202.4%
Others	1,591	175	808.3%	3,699	2,077	78.1%
Other Operating Revenues (Expenses)	27,059	(1,380)	n.m.	46,898	(9,141)	n.m.

The main impact in the line "Other Operating Revenue (Expenses)" versus 4Q08 was due to the transfer of R\$27.3 million as dividends by Copersucar as a result of the sale of the asset Café Pilão. The effects of these funds on our cash flow have already occurred, and represent non-recurring revenue with no cash flow effect in the fiscal year.

In fiscal 2009, in addition to the impact described above, we effected a reversal of the provision for contingencies made by Copersucar, which were transferred to São Martinho and subsidiaries, and of the PIS and Cofins taxes levied on financial revenue generated at the time when the São Martinho Group mills were members of Copersucar (with no cash impact, since it will be offset in the future by previously booked liabilities).

The reversal was made by Copersucar and passed on to cooperative members due to the high probability of favorable rulings in higher courts, given the precedent in similar cases, according to the legal counsel for the proceedings.



EBITDA

EBITDA Reconciliation						
R\$ Thousand	4Q09	4Q08	Chg.%	12M09	12M08	Chg.%
Adjusted EBITDA	77,023	54,726	40.7%	189,792	132,813	42.9%
<i>Adjusted EBITDA Margin</i>	<i>28.8%</i>	<i>24.4%</i>	<i>4.4 p.p.</i>	<i>24.5%</i>	<i>18.8%</i>	<i>5.7 p.p.</i>
Pricing Adjustment Net Revenue	-	(7,473)	n.m.	-	(7,473)	n.m.
Pricing Adjustment Sales Expenses	-	-	n.m.	-	698	n.m.
Non Recurring Operating Revenues (Expenses)	(27,310)	1,069	n.m.	(58,238)	11,358	n.m.
Non Cash Items Launched in the COGS	3,033	(7,886)	n.m.	4,851	(661)	n.m.
EBITDA	101,300	69,016	46.8%	243,179	128,892	88.7%
<i>EBITDA Margin</i>	<i>37.9%</i>	<i>29.8%</i>	<i>8.1 p.p.</i>	<i>31.4%</i>	<i>18.1%</i>	<i>13.3 p.p.</i>
(-) Depreciation and Amortization	(64,221)	(59,965)	7.1%	(202,506)	(191,215)	5.9%
(-) Financial Revenue (Expense), net	(11,845)	(7,848)	50.9%	(172,489)	(8,948)	n.m.
(=) Operating Income	25,234	1,203	n.m.	(131,816)	(71,271)	85.0%

Adjusted EBITDA

The São Martinho Group recorded adjusted EBITDA in 4Q09 of R\$77.0 million, up 40.7% in relation to 4Q08. The main factors for this increase were: 1) the 41.9% increase in sugar prices fueled by the combination of better international prices and the depreciation in the Brazilian real against the dollar; and 2) the 10.2% increase in ethanol sales volume.

In fiscal 2009, adjusted EBITDA posted a year-on-year increase of 42.9%, due to: 1) the increase of 21.3% in the average sugar sales price; 2) the increase of 16.3% in ethanol sales volume due to the startup of the Boa Vista Mill; and 3) the sale of 105,564 MW/h of energy, which provided additional revenue of R\$16.4 million.

EBITDA (Adjustment for Non-Cash Items)

The main adjustments made to EBITDA in 4Q09 and fiscal 2009 are detailed below:

- 1) Positive adjustment to EBITDA – “Non-cash items booked in COGS”: 4Q09: R\$3.0 million and fiscal 2009: R\$4.8 million.

Reversal of provisions with no-cash effect related to the valuation of ethanol inventories at market value. Due to the sharp fall in prices of anhydrous and hydrous ethanol, our unit production costs (including depreciation) exceeded market prices. Therefore, in accordance with the accounting standards, we constituted a provision for the loss.

- 2) Negative adjustment to EBITDA – “Non-recurring Operating Income”: 4Q09: R\$27.3 million and fiscal 2009: R\$58.2 million.

In 4Q09, we received from Copersucar R\$27.3 million as “dividends” from the sale of the asset Café Pilão. The effects of these funds on our cash flow have already occurred, and represent non-recurring revenue with no cash flow effect in the fiscal year.

In fiscal year 2009, in addition to the effect described above, the main adjustment to our EBITDA occurred in 3Q09 with the R\$27.3 million reversal of the provision for PIS and Cofins tax contingencies, which was performed by Copersucar and transferred to São Martinho and subsidiaries (with no cash impact, since it will be offset in the future by previously booked liabilities).



Exposure to Currency and Sugar Derivatives

On March 31, 2009, the São Martinho Group held the following positions in the derivative market to hedge the cash flow from fluctuations in the U.S. dollar and international sugar prices.

U.S. Dollar

On March 31, 2009, the São Martinho Group held a US\$53.6 million short position in US\$ currency futures through non-deliverable forwards (NDFs) at an average price of R\$2.2986/US\$, with maturities through March 2010.

Sugar

On December 31, 2009, the São Martinho Group held positions in derivatives and prices fixed with clients and in the futures market in the following volumes:

- 1) Purchase of puts for 118,110 tons of sugar at an average price of US\$ 12.60 cents/pound, combined with the same amount in the sale of calls, at an average price of US\$14.00 cents/pounds, both maturing between May and July 2009.
- 2) Approximately 19,863 tons of sugar was hedged through sales contracts for future delivery between May and July 2009, with prices fixed with clients at an average price of US\$13.42 cents/pound.
- 3) Acquisition of sugar futures contracts equivalent to 7,061 tons at an average price of US\$12.42 cents/pound, with maturity in May 2009.
- 4) In addition, 192,993 tons of sugar was priced through sale contracts for delivery between April and August 2009, at an average price of US\$12.88 cents/pound on the New York Stock Exchange (ICE Futures US).

Net Financial Result

Net Financial Result Breakdown						
R\$ Thousand	4Q09	4Q08	Chg.%	12M09	12M08	Chg.%
Financial Revenue	3,820	7,940	-51.9%	14,811	42,380	-65.1%
Financial Expense	(21,882)	(21,125)	3.6%	(97,077)	(74,794)	29.8%
Hedge Result - Sugar	(1,385)	-	n.m.	9,579	-	n.m.
Exchange Variation	9,465	7,236	n.m.	(90,241)	31,675	n.m.
Copersucar Monetary Variation	(1,863)	(1,548)	20.4%	(9,561)	(7,241)	32.0%
Net Financial Result (*)	(11,845)	(7,497)	58.0%	(172,489)	(7,980)	n.m.
Santa Luiza e Aquidaban Reconciliation	-	(350)	n.m.	-	(967)	n.m.
Net Financial Result	(11,845)	(7,848)	50.9%	(172,489)	(8,948)	n.m.

(*) Excludes the partial consolidation of Usina Santa Luiza and Agropecuária Aquidaban.

São Martinho's net financial expenses increased by 50.9% in 4Q09 in relation to 4Q08. The main factor behind the higher expenses was the increase of R\$378.4 million in net debt in the period.

In fiscal 2009, net financial expenses totaled R\$172.5 million, heavily impacted by the foreign exchange loss of R\$90.2 million resulting from the Company's dollar-denominated debt and short positions in NDFs.



On March 31, 2009, the Company's dollar-denominated debt and short positions in NDFs stood at approximately US\$248.8 million. Given the current exchange rate (US\$1.00 = R\$1.95), approximately R\$87.1 million should already be reversed, which represents 97% of the accounting loss incurred in fiscal 2009.

In addition, the item "Copersucar Monetary Restatement" refers exclusively to the monetary restatement with no cash effect of the liabilities related to the contingencies currently involved in legal disputes filed by legal counsel at Copersucar.

Note: Due to the adoption of the criteria determined by CPC 14, the São Martinho Group adjusted on September 30, 2008 the opening balances of its assets and liabilities involving derivative financial instruments to provide better comparability with the quarter ended March 31, 2009. Prior to September 30, 2008, the Company adopted the procedure of booking the effects of derivative financial instruments at the time of their respective maturity.

Working Capital

Working Capital			Chg.		Chg.
R\$ - Million	4Q08	3Q09	4Q09	4Q09 x 3Q09	4Q09 x 4Q08
ASSETS	309,856	552,405	394,920	157,485	-85,064
Accounts Receivable	94,225	35,476	45,544	-10,068	48,681
Inventories	173,625	467,776	296,404	171,372	-122,779
Tax Receivable	42,006	49,153	52,972	-3,819	-10,966
LIABILITIES	88,833	123,950	120,786	-3,164	31,953
Suppliers	55,705	88,341	76,150	-12,191	20,445
Payroll and Social Contribution	23,158	26,506	34,932	8,426	11,774
Tax Payable	9,970	9,103	9,704	601	-266
WORKING CAPITAL	221,023	428,455	274,134	154,321	-53,111

As shown above, the São Martinho Group invested working capital of R\$274.1 million in its operations in 4Q09, for an increase of R\$53.1 million in relation to 4Q08.

This increase in working capital is basically due to the build in inventories, since in 4Q08, as part of the termination agreement with Copersucar, we sold our entire inventory to the cooperative.

Note that the build in finished-product inventories in 4Q09 is concentrated in sugar. Considering that the products have already been sold and will be entirely shipped between April 2009 and June 2009, next quarter we expect to post stronger sales in relation to the 35,570 tons of sugar sold in 1Q09.

Net Income (Loss)

The São Martinho Group posted net income of R\$33.1 million in 4Q09, compared to R\$0.7 million in 4Q08. The main reasons for this improvement were: 1) the increase of 41.9% in sugar prices in local currency terms, given the combination of better export prices and the depreciation in the Brazilian real versus the U.S. dollar; and 2) the increase of 10.2% in ethanol sales volume.

In fiscal 2009, São Martinho posted a net loss of R\$71.9 million, primarily impacted by the net financial expenses in the period of R\$172.5 million, as detailed in the section "Net Financial Result".



Debt with Copersucar

On March 31, 2009, the Company recognized debt of R\$218.5 million with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under long-term liabilities in the line "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 sureties in the amount of R\$140.2 million on a consolidated basis.

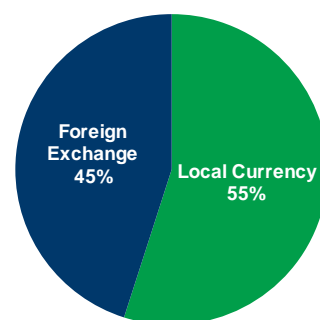
Indebtedness

Indebtedness R\$ Thousand	Mar/09	Mar/08	Chg. %
PESA	79,858	82,818	-3.6%
Rural Credit	42,809	62,174	-31.1%
BNDES / FINAME	523,396	371,925	40.7%
Working Capital	32,671	36,361	-10.1%
ACC (Advances on Foreign Exchange Contracts)	214,280	-	n.m.
PPE (Export prepayment)	237,706	-	n.m.
Others	881	1,120	-21.3%
Total Gross Debt (Market)	1,131,601	554,398	104.1%
Other Financial Liabilities - Copersucar			
Copersucar's Financial Indebtedness	-	84,169	n.m.
Total Copersucar's Debt	-	84,169	n.m.
Gross Debt	1,131,601	638,567	77.2%
Cash and Cash Equivalents	190,063	72,534	162.0%
Net Debt	941,538	566,033	66.3%
Net Debt ex. PESA	861,680	483,215	78.3%

On March 31, 2009, São Martinho's consolidated gross debt stood at R\$1,131 million, an increase of 77.2% from a year earlier.

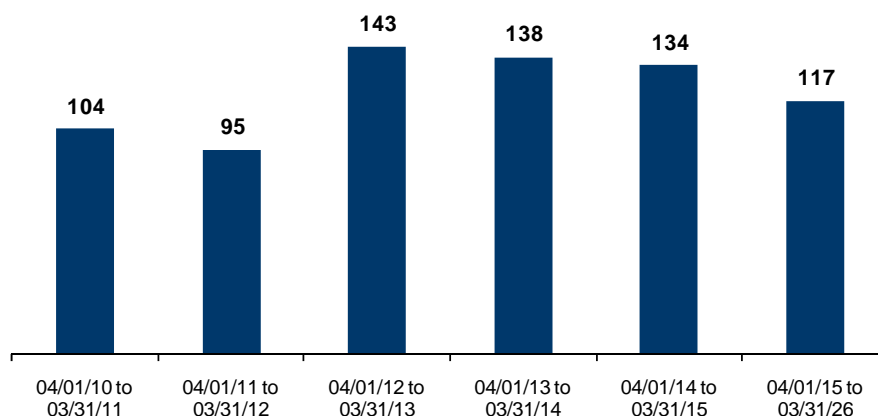
On the same date, cash and cash equivalents amounted to R\$190.0 million, increasing by 162% from the balance of R\$72.5 million recorded on March 31, 2008. The main reasons for this R\$378.5 million increase in net debt (excluding loans restructured under the PESA program) were: 1) the total investment of R\$258.8 million in the Boa Vista Mill over the last 12 months; and 2) the accounting impact (with no cash effect) resulting from the foreign exchange loss of R\$114.8 million.

4Q09 Debt Breakdown





Long Term Debt Repayment Schedule - R\$ MM



The above schedule includes all our PESA bank Debt

CAPEX

In R\$ Thousand						
Capex (Maintenance)	4Q09	4Q08	Chg.%	12M09	12M08	Chg.%
Sugarcane Planting	30,347	23,654	28.3%	81,967	62,429	31.3%
Industrial / Agricultural	63,079	45,758	37.9%	102,158	91,467	11.7%
Sub Total	93,426	69,412	34.6%	184,125	153,896	19.6%
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	-	9,673	n.m.	3,374	20,463	-83.5%
Other	123	251	-51.2%	11,120	1,114	898.2%
Sub Total	123	9,924	-98.8%	14,494	21,577	-32.8%
Boa Vista Mill (Greenfield)						
Sugarcane Planting	13,099	18,913	-30.7%	63,159	64,355	-1.9%
Industrial / Agricultural	28,447	74,271	-61.7%	195,655	279,373	-30.0%
Sub Total	41,546	93,184	-55.4%	258,814	343,728	-24.7%
Total	135,095	172,519	-21.7%	457,433	519,201	-11.9%

The investments of the São Martinho Group in fiscal 2009 were mainly allocated to the expansion of crushing capacity at the Boa Vista Mill, which in the 2009/10 harvest will crush around 2.2 million tons.

Maintenance Capex in fiscal 2009 totaled R\$184.1 million, up 19.6% over 2008. The main Capex increase was in planting, since we expanded the number of hectares rehabilitated in the period. For the coming fiscal year, we expect to invest approximately R\$160 million in maintenance Capex, returning to the historical level of expenses.



Upcoming Events

4Q09 Earnings Conference Call

Portuguese

Date: 07/01/2009

Time: 2:00 pm (Brasília)/ 1:00 p.m. (US EST)

Telephone: +55 (11) 2188-0188

Replay: +55 (11) 2188-0188

Code: São Martinho

Webcast with Slides: www.saomartinho.ind.br/ri

English

Date: 07/01/2009

Time: 3:30 pm (Brasília)/ 2:30 p.m. (US EST)

Telephone: +1 (973) 935-8893

Replay: +1 (706) 645-9291

Code: 14050139

Webcast with Slides: www.saomartinho.ind.br/ir

Investor Relations Contacts

João Carvalho do Val

Chief Financial and Investor Relations Officer

Felipe Vicchiato

Investor Relations Manager

Alexandre Gorla

Investor Relations Analyst

Telephone: +55 11 2105-4100

E-mail: ri@saomartinho.ind.br

IR Website: www.saomartinho.ind.br/ir

Disclaimer

This presentation 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 about 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 notice.

About São Martinho

São Martinho S.A. is one of the largest sugar and ethanol producers in Brazil. The group has annual crushing capacity of approximately 13.2 million tons. São Martinho produces sugar and ethanol at three mills: Iracema, São Martinho and Boa Vista. www.saomartinho.ind.br/ir



4Q09 Results – 2008/09 Harvest

Income Statement

São Martinho S.A. - Income Statement						
In R\$ Thousand	4Q09	4Q08	Chg. %	12M09	12M08	Chg. %
	Jan/09 - Mar/09	Jan/08 - Mar/08		Apr/08 - Mar/09	Apr/07 - Mar/08	
Gross Revenue	300,185	257,236	16.7%	867,629	787,424	10.2%
Deductions from Gross Revenue	(32,927)	(25,736)	27.9%	(93,186)	(75,004)	24.2%
Net Revenue	267,258	231,500	15.4%	774,443	712,420	8.7%
Cost of Goods Sold (COGS)	(219,805)	(185,314)	18.6%	(637,041)	(623,583)	2.2%
Gross Profit	47,453	46,186	2.7%	137,402	88,837	54.7%
<i>Gross Margin (%)</i>	<i>17.8%</i>	<i>20.0%</i>	<i>-2.2 p.p</i>	<i>17.7%</i>	<i>12.5%</i>	<i>5.3 p.p</i>
Operating Expenses	(10,374)	(37,135)	-72.1%	(96,729)	(151,160)	-36.0%
Sales Expenses	(9,994)	(11,482)	-13.0%	(34,979)	(42,624)	-17.9%
General and Administrative Expenses	(25,645)	(22,478)	14.1%	(100,176)	(91,223)	9.8%
Management Fees	(1,794)	(1,795)	-0.1%	(8,472)	(8,172)	3.7%
Other Operating Expenses, Net	27,059	(1,380)	n.m.	46,898	(9,141)	n.m.
Operating Profit, before financial effects	37,079	9,051	309.7%	40,673	(62,323)	n.m.
Financial Result, Net	(11,845)	(7,848)	50.9%	(172,489)	(8,948)	n.m.
Financial Revenue	16,976	16,279	4.3%	52,431	78,677	-33.4%
Financial Expenses	(32,048)	(24,280)	32.0%	(154,748)	(88,084)	75.7%
Monetary and Exchange Variation - Assets	19,327	1,214	n.m.	44,653	9,374	376.3%
Monetary and Exchange Variation - Liabilities	(16,100)	(1,061)	n.m.	(114,825)	(8,915)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	25,234	1,203	n.m.	(131,816)	(71,271)	85.0%
Income Tax and Social Contribution - Current	-	(913)	n.m.	(954)	(2,601)	-63.3%
Income Tax and Social Contribution - Deferred	7,316	425	n.m.	54,510	25,078	117.4%
Net Income (Loss) Before Minority Interest	32,550	715	n.m.	(78,260)	(48,794)	60.4%
Minority Interest	604	-	n.m.	6,395	-	n.m.
Net Income	33,154	715	n.m.	(71,865)	(48,794)	47.3%
<i>Net Margin (%)</i>	<i>12.4%</i>	<i>0.3%</i>	<i>12.1 p.p</i>	<i>-9.3%</i>	<i>-6.8%</i>	<i>-2.4 p.p</i>
Net Income (Loss) per Share (in R\$)	0.29	0.01	n.m.	(0.64)	(0.43)	47.3%



Balance Statement (Assets)

São Martinho S.A. - Consolidated Balance Sheet - ASSETS

R\$ Thousand

ASSETS	Mar/09	Mar/08
SHORT-TERM ASSETS		
Cash and Cash Equivalents	190,063	72,534
Accounts Receivable	45,544	-
Accounts Receivable - Copersucar	-	94,225
Derivatives Financial Instruments	6,110	-
Inventories	296,404	173,625
Tax Receivable	52,972	42,006
Other Assets	10,900	15,350
TOTAL SHORT-TERM ASSETS	601,993	397,740
LONG-TERM ASSETS		
Related Parties	3,424	208
Fixed Assets Destined for Sale	520	31,649
Deferred Income Tax and Social Contribution	130,973	95,397
Accounts Receivable - Copersucar	24,092	-
Recoverable Taxes	67,578	17,986
Other Assets	354	8,228
Property Plant and Equipment		
Investments	3,482	167
Fixed Assets	2,481,605	2,292,158
Intangible	40,887	39,006
Deferred	39,784	34,084
TOTAL LONG-TERM ASSETS	2,792,699	2,518,883
TOTAL ASSETS	3,394,692	2,916,623



Balance Statement (Liabilities)

São Martinho S.A. - Consolidated Balance Sheet - LIABILITIES		
R\$ Thousand		
LIABILITIES	Mar/09	Mar/08
SHORT TERM		
Loans and Financing	401,115	144,761
Derivatives Financial Instruments	6,269	-
Suppliers	76,150	55,705
Accounts Payable - Copersucar	2,203	77,446
Payroll and Social Contribution	34,932	23,158
Tax Payable	9,704	9,970
Related Companies	3,277	153
Other Liabilities	25,858	1,620
TOTAL	559,508	312,813
LONG TERM LIABILITIES		
Loans and Financing	730,486	409,637
Accounts Payable - Copersucar	216,369	232,056
Tax Installments	8,963	9,136
Income Tax and Social Contribution	208,477	224,683
Provision for Contingencies	74,127	70,165
Other Liabilities	3,318	1,557
TOTAL	1,241,740	947,234
MINORITY SHAREHOLDERS	18,243	7,611
SHAREHOLDERS' EQUITY		
Capital Stock	360,000	360,000
Capital Reserve	1,117,599	1,161,846
Legal Reserve	5,079	5,079
Capital Budget Reserve	94,422	97,656
Treasury Shares	(1,899)	-
Accumulated Profit (Losses)	-	24,384
TOTAL	1,575,201	1,648,965
TOTAL LIABILITIES	3,394,692	2,916,623



4Q09 Results – 2008/09 Harvest

Cash Flow

São Martinho S.A. - Statement of Cash Flows		
In R\$ Thousand	4Q09	12M09
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	33,154	(71,865)
Adjustments to reconcile net income to the cash generated on operating activities:		
Depreciation and amortization	64,221	202,506
Residual cost of investment written off	4,684	4,684
Residual cost of fixed assets - write off	2,629	9,691
Financial expenses and exchange variation - related parties, loans and financing and tax payable	19,495	205,924
Provision for contingencies	2,068	12,252
Reversion of the provision for investment losses	(4,684)	-
Write-off (provision) for deferred income tax and social contribution	(6,997)	(54,191)
Adjustment to present value	1,471	4,544
Minority interest	(604)	(6,395)
(Increase) decrease in operating assets:		
Accounts receivable - Copersucar	(8,809)	46,432
Inventories	118,692	(86,019)
Tax receivable	(5,107)	(60,558)
Related parties	(3,165)	(3,216)
Goods for sale	15,764	15,764
Derivative financial instrument	(312)	(6,110)
Other short term assets	(1,984)	4,450
Other non-current assets	5,479	(17,235)
Increase (decrease) in operating liabilities:		
Suppliers	(12,191)	20,422
Wages and social contribution	8,426	11,774
Tax payable	(16)	(4,243)
Tax Installments	(634)	(2,555)
Related parties	2,978	2,825
Other short term liabilities	(2,542)	(15,468)
Provision for contingencies	(10,925)	6,269
Derivative financial instruments	17,549	24,238
Other liabilities	(317)	1,761
Cash flows from operating activities	238,323	245,681
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Investments	65	(3,315)
Fixed assets and deferred acquisition	(137,012)	(431,960)
Cash flows from investment activities	(136,947)	(435,275)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing - third parties	23,166	774,480
Financing (payments) - Copersucar	(28,733)	(102,615)
Financing (payments) - third parties	(50,448)	(379,870)
Acquisition of own stock for holding in treasury	(78)	(1,899)
Minority interest	-	17,027
Cash flows from financing activities	(56,093)	307,123
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	45,283	117,529
CASH AND CASH EQUIVALENTS		
Initial balance	144,780	72,534
Final balance	190,063	190,063
INCREASE IN CASH AND CASH EQUIVALENTS BALANCE	45,283	117,529
ADDITIONAL INFORMATION		
Interest paid during the quarter	10,970	48,259
	20,331	20,331
Suppliers payable related to fixed assets acquisition	727	4,658