

Earnings Release Conference Call

2013/2014 Crop Year



São Martinho

4Q14 – 12M14

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 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.

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Guidance 14/15 Season



	OPERATING DATA		
	12/13	13/14	YoY (%)
São Martinho - Consolidated			
Sugarcane Harvested ('000 tons)	12,885	15,592	21.0%
Production			
Sugar ('000 tons)	969	986	1.7%
Ethanol ('000 m ³)	451	639	41.7%
TRS Produced ('000 tons)	1,795	2,134	18.9%
Cogeneration ('000 MWh)	176	445	153.3%
Mix Sugar - Ethanol	57% - 43%	48% - 52%	0.0%
Mix Anhydrous - Hydrous	62% - 38%	62% - 38%	0.0%

Guidance*	
14/15	YoY (%)
19,640	26.0%
1,353	37.2%
740	15.8%
2,693	26.2%
663	49.0%
53% - 47%	
61% - 39%	

Already considers the 50.95% interest in Nova Fronteira Bioenergia S.A. and 100% in Usina Santa Cruz S.A. (*)

Financial Highligts



Table 1

	4Q13	4Q14	YoY (%)
Net Revenue	403,123	438,123	+8.5%
Cash COGS	(209,871)	(244,943)	+16.7%
Adjusted EBITDA	144,420	147,506	+2.1%
Adj. EBITDA Margin	35.8%	33.7%	-2.1 p.p.
Financial Result	(14,461)	(40,711)	+181.5%
Earnings before taxes	19,733	19,775	+0.2%
Income Taxes	(6,994)	(13,347)	+90.8%
Net Income	12,739	6,428	-49.5%
TRS Sold ('000 tons)	472	506	+7.1%

Table 2

COGS Analysis (cash)	
	4Q14
R\$ million	
COGS (cash)	244.9
Stand-over cane	13.2
UBV (derecognition of leasing agreements)	4.8
Adjusted COGS (cash)	226.9

8.1% Increase year-over-year excluding non-recurring effects.

Financial Result

- Mark to market adjustments to sugar hedging positions.

Income Taxes

- Impairment of tax credits due to the spin-off at Santa Cruz S.A.

Indebtedness



Table 1

INDEBTEDNESS	mar/13	mar/14	Chg%.
R\$ '000			
PESA	69,599	65,083	-6.5%
BNDDES	546,570	649,618	18.9%
Indebtedness in foreign exchange	849,178	940,096	10.7%
Obligations from acquisition	81,657	10,725	-86.9%
Others	309,666	311,391	0.6%
Gross Debt	1,856,670	1,976,913	6.5%
Cash and Cash Equivalents	634,290	670,741	5.7%
Net Debt	1,222,380	1,306,172	6.9%
(+) Proportional Gross Debt at Santa Cruz	206,913	243,034	17.5%
Consolidated Net Debt	1,429,293	1,549,206	8.4%
Net Debt / EBITDA LTM	2.20 x	2.02 x	

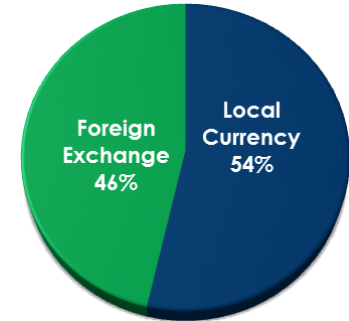
Adjusted EBITDA LTM

650,102

766,601

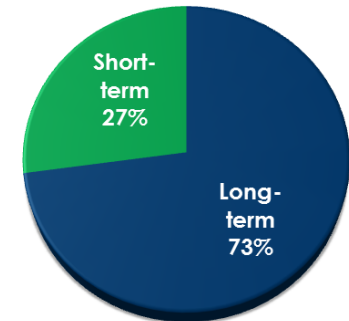
Graph 1

CURRENCY



Graph 2

TERM



Hedging



Table 1

	Total Sugarcane (mil tons)	Volume Hedged (mil tons)	Avg. Price (US\$ c/p)	Percentage of Own Sugarcane	Percentage of Total Sugarcane
Sugar - 2014/2015 Crop Year					
May/14 (K14)	293,601	168,258	18.11	86%	57%
Jul/14 (N14)	446,490	305,221	18.05	100%	68%
Oct/14 (V14)	357,192	130,918	17.80	55%	37%
Mar/15 (H15)	255,717	44,452	17.93	26%	17%
2014/2015 Crop Year	1,353,000	648,848	18.01	72%	48%

Table 2

Maturity	TOTAL		SUGAR		OTHERS	
Dólar	US\$ thousand	Average Price (R\$/US\$)	US\$ thousand	Average Price (R\$/US\$)	US\$ thousand	Average Price (R\$/US\$)
2014/2015 Crop Year	149,796	2.37	120,154	2.41	29,642	2.22
2015/2016 Crop Year	15,114	2.30	-	-	15,114	2.30

Hedge Accounting – Debt Maturity



Table 3

Foreign Exchange Debt Maturity in 14/15 Season		
	US\$ thousand	Average Price (R\$/US\$)
1T15	18,468	1.90
2T15	23,907	1.86
3T15	52,743	1.83
4T15	27,389	2.01
12M15	122,507	1.89

Accounting Effect

$$\text{US\$ 122,507 mil} \times 1.89 = \text{R\$ 231,538}$$

Cash Effect

$$\text{US\$ 122,507 mil} \times 2.25 = \text{R\$ 275,641}$$

Diference = R\$ 44,103 mil

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