

Earnings Release Conference Call

1Q15



São Martinho

14/15 Season

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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Closing – Santa Cruz

Operational Highlights



Table 1

	1Q14 Production	1Q15 Production*	Chg.%	12M15 Guidance*	Percentage Achieved
Sugarcane Crushed ('000 tons)	5.543	7.637	37,8%	19.640	38,9%
Agricultural Yield (ton/ha)	81,79	90,88	11,1%	-	-
Average TRS (kg/ton)	126,98	129,76	2,2%	-	-
Production					
Sugar ('000 tons)	318	460	44,6%	1.353	34,0%
Ethanol ('000 m³)	215	295	37,2%	740	39,9%
Cogeneration ('000 MWh)	98	251	157,5%	663	37,9%

*Consolidation of 50.95% at Nova Fronteira Bioenergia S.A. and 100% at Usina Santa Cruz S.A.

In line with our guidance for production volume in 2014/15 that was published in the earnings release at the close of the previous crop year, if we consider 100% of the sugarcane crushed at Usina Santa Cruz in 1Q15, the São Martinho Group processed 7.6 million tons, which represents 38.9% of the total crushing volume expected for 2014/15.

Financial Highlights

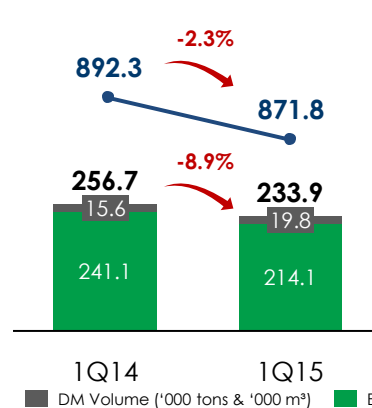


Table 1

	1Q14	1Q15	Variation
Net Revenues	493,748	511,021	+3.5%
COGS (cash)	(229,124)	(232,749)	+1.6%
Adjusted EBITDA	211,639	227,046	+7.3%
Adj. EBITDA Margin	42.9%	44.4%	+1.5 p.p.
Financial Result	(16,747)	(26,470)	+58.1%
Income before taxes	49,068	71,881	+46.5%
Taxes	(14,340)	(11,155)	-22.2%
Net Income	34,728	60,726	+74.9%
TRS Sold ('000 tons)	565	542	-4.1%

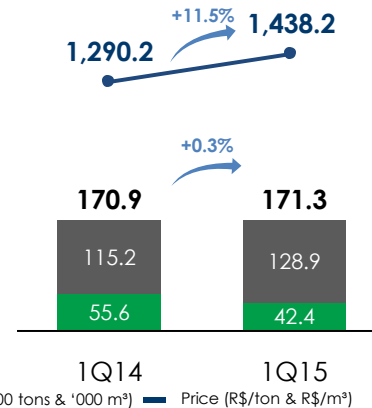
Graph 1

SUGAR



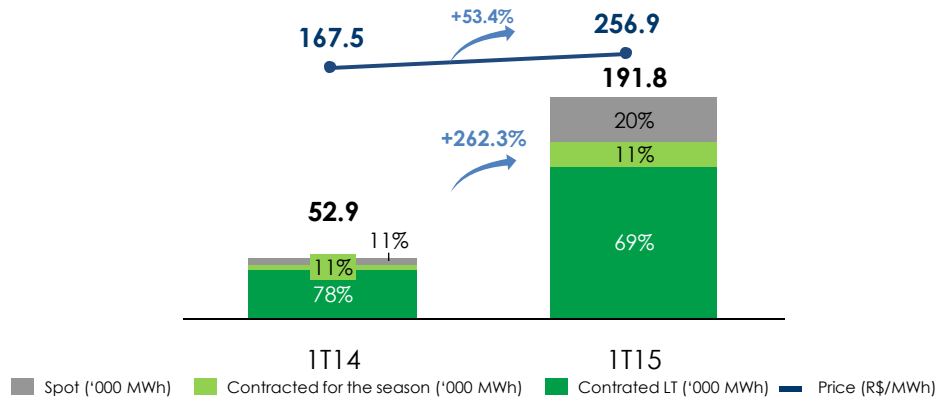
Graph 2

ETHANOL



Graph 3

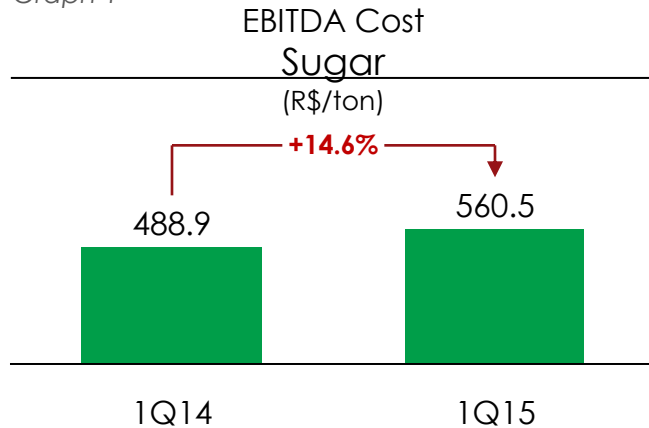
ENERGY



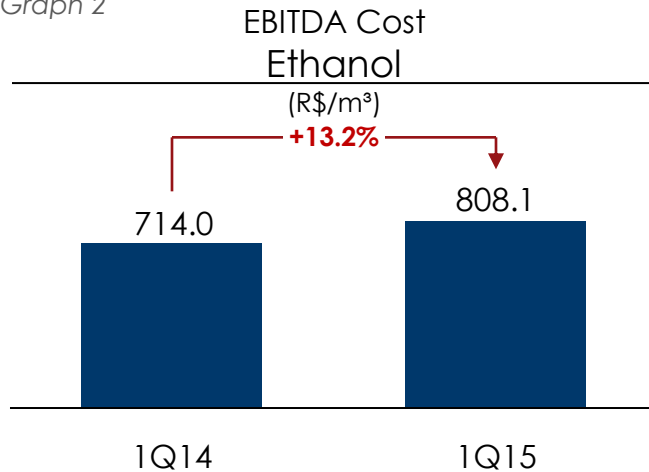
EBITDA Cost



Graph 1

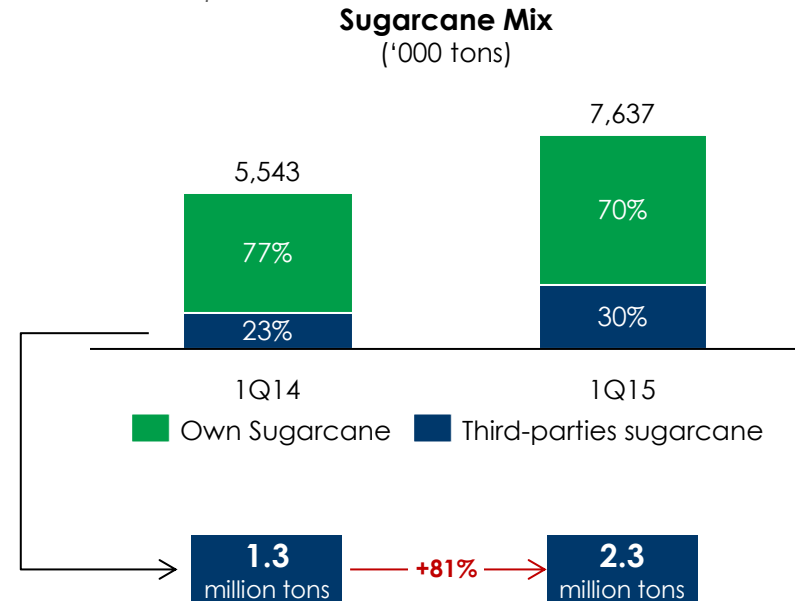


Graph 2



Increase in the purchase of third-parties sugarcane in 1Q15 – adoption of “Relative TRS” at São Martinho Mill.

Graph 3



Indebtedness



Table 1

INDEBTEDNESS	Mar/14	Jun/14	Chg%.
R\$ '000			
PESA	65.083	60.722	-6,7%
BNDES	649.618	654.239	0,7%
Debt in foreign exchange	940.096	845.510	-10,1%
Obligations from acquisitions	10.725	21.338	99,0%
Working Capital	311.391	607.840	95,2%
Gross Debt	1.976.913	2.189.648	10,8%
Cash and availabilities	679.928	883.017	29,9%
Net Debt	1.296.985	1.306.631	0,7%
(+) Proportional Gross Debt at Santa Cruz	243.034	273.361	12,5%
Consolidated Net Debt	1.540.019	1.579.992	2,6%
Net Debt/ EBITDA LTM.	2,01 x	2,02 x	

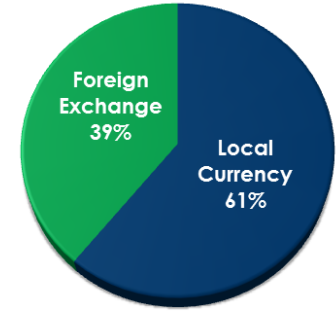
Adjusted EBITDA LTM

766,601

782,965

Graph 1

CURRENCY



Graph 2

TERM

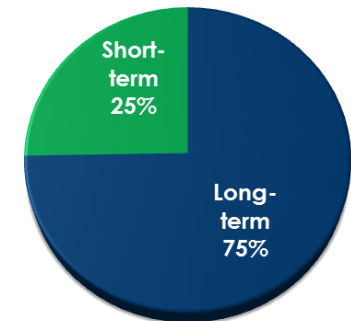


Table 1

	Hedge Volume ('000 tons)	Average Price (US\$ c/p)	Own Sugarcane
Sugar - 2014/2015 Season			
Jul/14 (N14)	262,496	18.15	100.0%
Oct/14 (V14)	100,487	18.52	45.6%
Mar/15 (H15)	30,481	18.80	7.8%
2014/2015 Crop Year	393,464	18.30	47.3%

→ **51%** of the sugar hedge already contracted
– (US\$ 83 million at 2,43 BRL/USD).

On August 8th, 2014, we announced:

- i) The acquisition of Santa Cruz S.A.;
- ii) The sale of Agro Pecuária Boa Vista S.A.(APBV);
- iii) the execution of a sugarcane lease agreement between Santa Cruz and APBV for a period of 20 years.

FINANCIAL HIGHLIGHTS (São Martinho S.A. + 100% Santa Cruz mill)		
	1Q14	1Q15
R\$ '000		
Net Revenues	568,093	592,068
Adjs. EBTIDA	247,250	264,665
Adjs. EBTIDA Margin	43.5%	44.7%
Adjs. EBIT	72,155	111,745
Adjs. EBIT Margin	12.7%	18.9%
Chg. In Biological Assets and Other	(4,500)	2,953
Equity income (loss)	-	-
Financial income (loss)	(30,088)	(29,419)
EBT	46,567	79,373
Cash	659,987	927,293
Gross Debt	2,577,588	2,909,328
Net Debt	1,917,601	1,982,035
EBTIDA LTM	915,524	925,766
Net Debt / EBITDA	2.09 x	2.14 x

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