

Earnings Release Conference Call

2nd Quarter Harvest 2018/2019



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

4. Indebtedness

2. Financial Highlights

5. Hedge Position

3. Inventories

6. Sugar and Ethanol Scenario

Operational Highlights

OPERATIONAL DATA	6M19	6M18	Chg.(%)
Crushed Sugarcane ('000 tons)	18,429	18,672	-1.3%
Own	12,153	12,158	0.0%
Third Parties	6,276	6,514	-3.6%
Mechanized Harvest	99.9%	99.8%	0.07 p.p.
Agricultural Yield (ton/ha)	75.3	82.3	-8.5%
Average TRS (kg/ton)	142.1	137.9	3.1%
Production			
Sugar ('000 tons)	902	1,214	-25.7%
Ethanol ('000 m ³)	983	762	29.0%
Cogeneration ('000 MWh)	649	642	1.0%
TRS Produced	2,620	2,574	1.8%
Mix - Sugar - Ethanol	36% - 64%	50% - 50%	

Financial Highlights

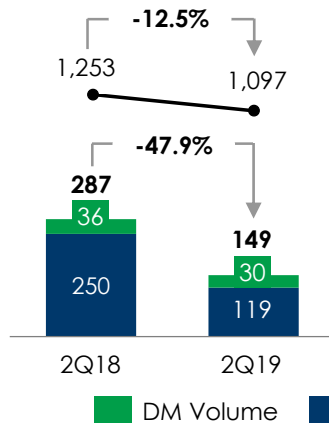
Table 1
R\$ '000

Executive Summary	2Q19	2Q18	Chg. (%)	6M19	6M18	Chg. (%)
Net Revenue ¹	643,427	736,302	-12.6%	1,414,593	1,604,158	-11.8%
Adjusted EBITDA	316,238	390,843	-19.1%	717,628	866,183	-17.2%
Adjusted EBITDA Margin	49.1%	53.1%	-3.9 p.p.	50.7%	54.0%	-3.3 p.p.
Adjusted EBIT	122,835	206,193	-40.4%	320,959	479,386	-33.0%
Adjusted EBIT Margin	19.1%	28.0%	-8.9 p.p.	22.7%	29.9%	-7.2 p.p.
Adjustment to Maturity of Hedge Accounting	(1,050)	(122,267)	-99.1%	(11,355)	(177,776)	-93.6%
Financial Result/Debt Hedge	(58,654)	(160,165) ²	-63.4%	(107,535)	(255,292) ²	-57.9%
Net Income before taxes	58,932	53,058	11.1%	212,757	213,937	-0.6%
Net Income	58,547	53,015	10.4%	162,506	169,888	-4.3%
Cash Income	64,325	167,070	-61.5%	222,152	397,266	-44.1%
Net Debt / EBITDA	1.72 x	1.60 x	7.0%	1.72 x	1.60 x	7.0%

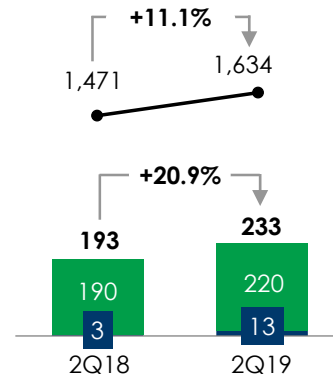
1- Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC

2- Includes the PPA USC effect

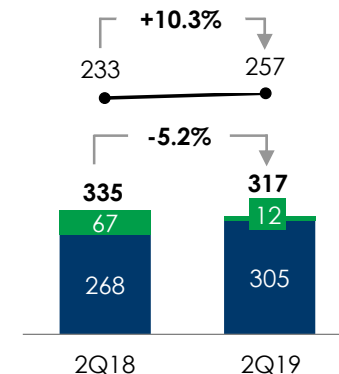
Graph 1 **SUGAR**
(^{'000} tons - R\$/ton)



Graph 2 **ETHANOL**
(^{'000} m³ - R\$/m³)



Graph 3 **COGEN**
(^{'000} MWh - R\$/MWh)



DM Volume

EM Volume

Average Price

Spot

Contracted

Average Price

Inventories

INVENTORIES	2Q19	2Q18	Chg. (%)	
Sugar (tons)	514,448	565,886	-9.1%	➔ 61% of the available volume for sale in the 2 nd semester
Ethanol (m ³)	610,635	453,070	34.8%	➔ 66% of the available volume for sale in the 2 nd semester

Indebtedness

Table 1

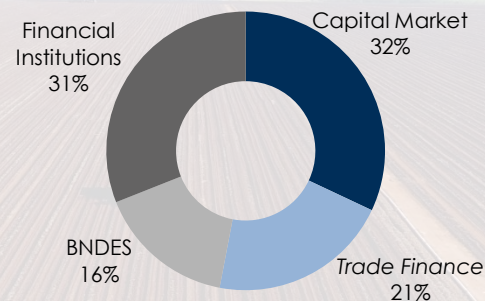
	Sep/18	Mar/18	Chg.%
R\$ '000			
Gross Debt	4,433,692	3,975,153	11.5%
Cash and Cash Equivalents	1,343,136	1,512,385	-11.2%
Net Debt	3,090,556	2,462,768	25.5%
Net Debt / LTM EBITDA - R\$	1.72 x	1.26 x	35.9%
Net Debt / LTM EBITDA - USD ¹	1.51 x	1.22 x	23.4%
Adjusted EBITDA LTM	1,800,556	1,949,994	-7.7%

1 - Net Debt PTAX:
March/18: R\$ 3.32
September/18: R\$ 4.00

LTM EBITDA Daily Average PTAX:
March/18: R\$ 3.22
September/18: R\$ 3.52

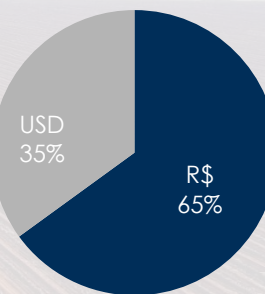
Debt Profile

Graph 2



Currency - Net

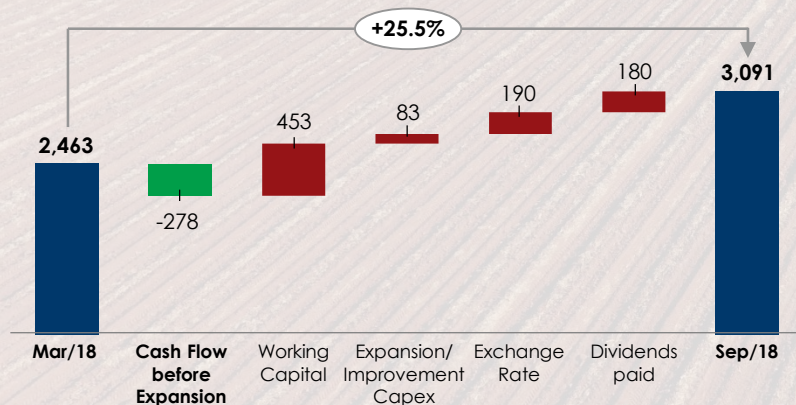
Graph 3



Debt Evolution

R\$ - '000 000

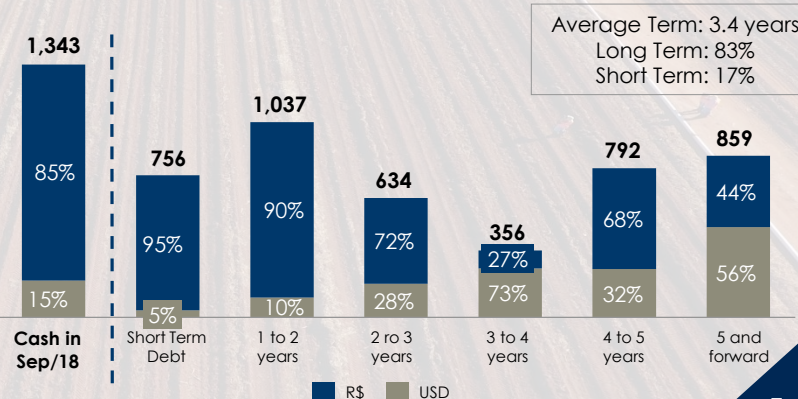
Graph 1



Debt Schedule

R\$ - '000

Graph 4



Hedge Position

SUGAR	Volume Hedged (ton)	Average Price (US\$ c/p)	Average Price ¹ (R\$/ton)	Own Cane Hedged
Crop Year 2018/2019	515,087	13.85	1,116	97%
Crop Year 2019/2020	299,990	13.17	1,186	44%

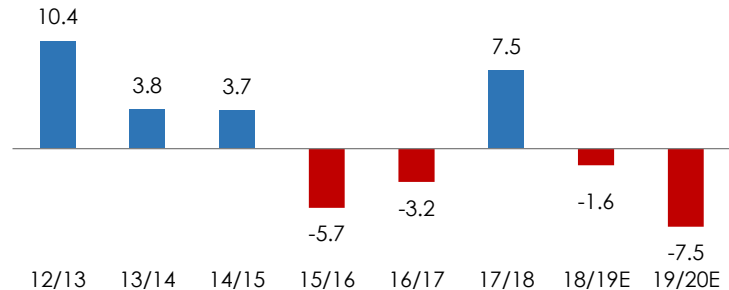
1 - Considering the hedged volume in sugar and MTM of dollar volume to be hedged

Sugar and Ethanol Scenario

Global Supply/Demand for Sugar

Million tons

Graph 1

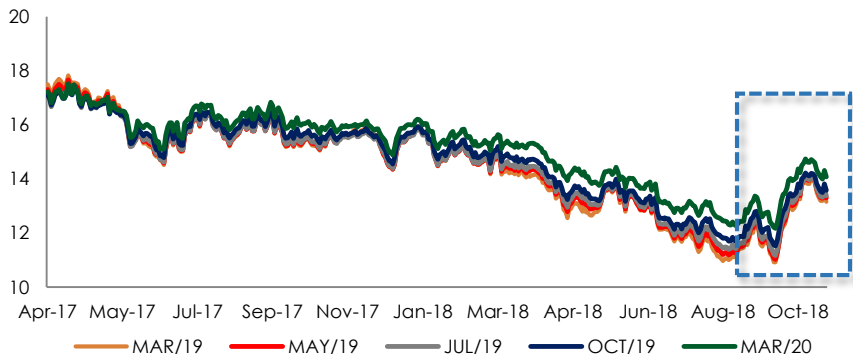


Source: Datagro

NY#11

US\$ c/p

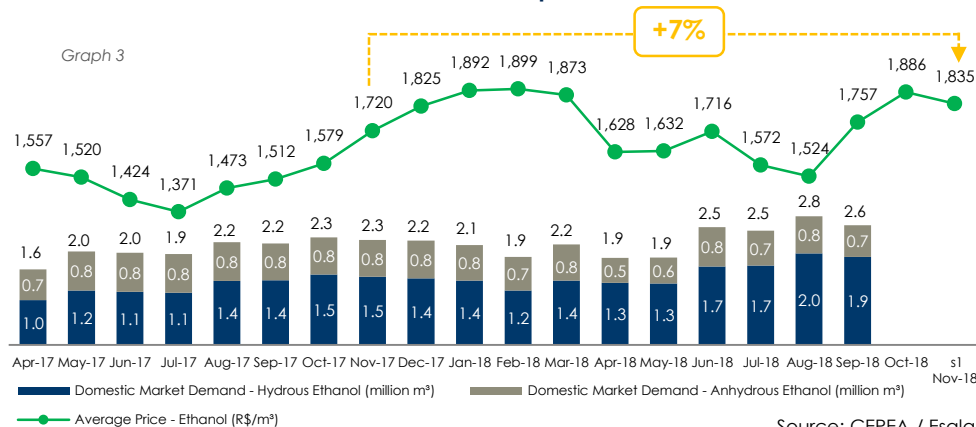
Graph 2



Source: Bloomberg

Ethanol Consumption

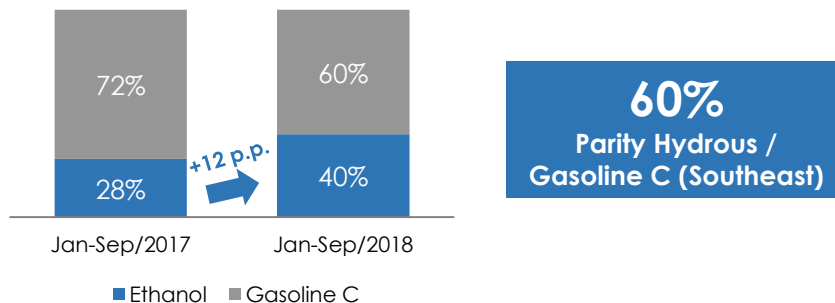
Graph 3



Source: CEPEA / Esalq

Market share¹

Graph 4



1 - Considering São Paulo, Minas Gerais e Goiás

Source: ANP



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