São Martinho

4Q12

Results

2011/2012 Crop Year

São Martinho reports Net Income of R$126.6 million in 12M12

São Paulo, June 25, 2012 – SÃO MARTINHO S.A. (BM&FBovespa: SMTO3; Reuters SMTO3.SA and Bloomberg SMTO3 BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the fourth quarter of 2012 (4Q12).

12M12 and 4Q12 HIGHLIGHTS

- The São Martinho Group recorded Adjusted EBITDA of **R$530.0 million (Adjusted EBITDA margin of 38.8%)**, down 13.5% from 12M11. The main drivers of the EBITDA reduction were: i) the lower ethanol and sugar sales volume due to the shortfall in the sugarcane harvest throughout the entire center-south region of Brazil, which led to the lower availability of cane at the mills of the São Martinho Group, and ii) the partial consolidation of the results of Usina Boa Vista (51%) due to the sale of the equity interest to Petrobrás Biocombustível;

- **Net Income was R$126.6 million in 12M12,** which represents a reduction of 11.0% from 12M11. The lower profitability in 12M12 is directly related to the reduction in EBITDA detailed above.

- The São Martinho Group recorded Adjusted EBITDA of **R$65.4 million in 4Q12 (Adjusted EBITDA margin of 25.2%)**, down 49.9% from 4Q11. The main drivers of EBITDA reduction were: i) the lower sales volumes of sugar and anhydrous ethanol (higher-margin products whose sales were anticipated in previous quarters) and ii) the 77.0% increase in administrative expenses, due to the nonrecurring concentration of these items in 4Q12;

- Based on an analysis of i) the development of sugarcane in our fields to date, combined with ii) the investments made in planting and iii) the partial consolidation of the crushing activities of Santa Cruz S.A., we project growth in crushing volume in the 2012/13 crop year of 13.2% from the 2011/12 crop year. This growth should also be accompanied by higher sugar levels in the cane (as measured by kg of TRS/ton). The following table provides details of our estimates:

Proportional Grupo São Martinho S.A. (*)	2011/2012 Crop Year	2012/2013 Crop Year	Chg. %
Crushing ('000 tons)	**10.6**	**12.0**	**13.2%**
Sugar ('000 tons)	774.0	900.0	16.3%
Ethanol ('000 m^3)	377.0	470.0	24.7%

(*) Includes the interest of 50.95% in the capital of Nova Fronteira Bioenergia S.A. and of 32.18% in Santa Cruz S.A.

- On March 31, 2012, we had sugar prices fixed for the **2012/13 crop year for 473,303 tons at an average price close to USD 25.00 cents/pound.** This volume corresponds to around **53% of the potential volume of sugar production in the next crop year**;

- On March 31, 2012, our net debt stood at R$935.3 million, increasing R$446.0 million from March 31, 2011. Approximately 85% of this debt increase is related to the partial acquisition of Santa Cruz S.A. and Agropecuária Boa Vista, as announced in October 2011.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ Thousand)	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	279.701	305.224	-8,4%	1.447.266	1.384.387	4,5%
Net Revenue	259.472	280.558	-7,5%	1.366.990	1.295.046	5,6%
Adjusted EBITDA	65.437	130.655	-49,9%	529.993	612.585	-13,5%
EBITDA Margin	25,2%	46,6%	-21,4 p.p.	38,8%	47,3%	-8,5 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	4.787.167	3.941.658	21,5%	4.787.167	3.941.658	21,5%
Shareholders' Equity	2.024.678	1.953.486	3,6%	2.024.678	1.953.486	3,6%
EBITDA (LTM)	529.993	612.585	-13,5%	529.993	612.585	-13,5%
Net Debt	935.277	489.474	91,1%	935.277	489.474	91,1%
Net Debt / EBITDA (LTM)	1,6 x (*)	0,8 x		1,6 x (*)	0,8 x	
Net Debt / Shareholders' Equity	46%	25%		46%	25%	

(*) Considering Santa Cruz´s EBITDA LTM (32.18%)

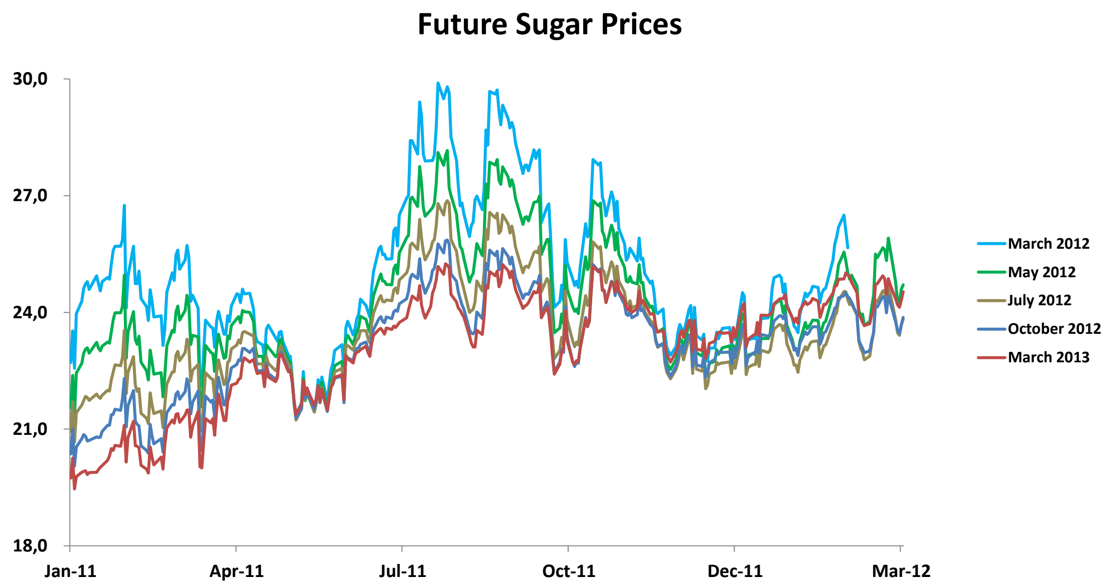
OPERATING DATA	12M12	12M11	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	11,412	13,067	-12.7%
Own	7,461	8,511	-12.3%
Third Parties	3,951	4,556	-13.3%
Mechanized Harvest	85.7%	85.3%	0.4 p.p
Production			
Sugar ('000 tons)	774	873	-11.3%
Anhydrous Ethanol ('000 m^3)	222	258	-13.9%
Hydrous Ethanol ('000 m^3)	226	307	-26.5%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	226	264	-14.6%
Cogeneration ('000 MWh)	213	163	30.5%

In the 2011/12 crop year, crushing by the São Martinho Group declined by 12.7% compared to the 2010/11 crop year, reflecting the shortfall in the sugarcane harvest in the entire center-south region of Brazil, which led to the lower availability of cane at the mills of the São Martinho Group.

To improve comparisons, the above table shows total crushing for all three mills controlled by the São Martinho Group, except for the Santa Cruz Mill (acquired in November 2011).

Given that as of the 2011/12 crop year, we began to consolidate 50.95% of the results of Nova Fronteira S.A. due to the sale of an interest to Petrobrás Biocombustível, **our proportional sugarcane crushing volume** in the 2011/12 crop year was **10.6 million tons, down 18.9% from the previous crop year.**

INDUSTRY OVERVIEW - SUGAR



During the 2011/12 crop year, the main sugar producers in the northern hemisphere, such as India, Thailand and Russia, registered higher production due to the better weather conditions in these regions and the expansion in planted area. Despite the higher supply by these countries, sugar prices remained high throughout the crop year. The combination of the shortfall in the sugarcane harvest in Brazil (the world's largest producer, responsible for nearly 50% of global sugar sales) and the even lower level of global inventories led sugar prices to remain above USD 22 cents/pound throughout the entire crop year.

During the peak period of production in Brazil, from May to September, international sugar prices were at their highest level, surpassing USD 27.00 cents/pound, driven by the lower production in Brazil and the possibility of a significant reduction in the supply of brazilian sugar during the off-season, since the center-south region of Brazil produced only 31.3 million tons of sugar this crop year, down 6.6% from the previous year, due to the adverse weather conditions mentioned above.

At the start of the 2012/13 crop year, however, in April and May, macroeconomic factors, combined with the end of the season and the higher supply of sugar from countries in the northern hemisphere, adversely affected international sugar prices, with prices declining to an average of USD 19-20 cents/pound.

Taking advantage of this scenario of high prices and consistent with our hedging policy, on March 31, 2012, the São Martinho Group held hedge positions for the 2012/13 crop year for 473,303 tons, especially for May/12, July/12 and October/12 screens, at the average price close to USD 25.00 cents/pound. These prices, combined with the recent depreciation in the brazilian Real against the U.S. dollar, should increase the average sugar sales price in brazilian Real for São Martinho S.A. in the next fiscal year.

Expectations for the 2012/13 crop year in the center-south region of Brazil are calling for stable sugar production, with production in India, Thailand and Russia also expected to remain stable. This expectation, combined with the consistent growth in global demand, should reduce the surplus in sugar production from the current 8.0 million tons to 4.0 million tons.

INDUSTRY OVERVIEW - ETHANOL

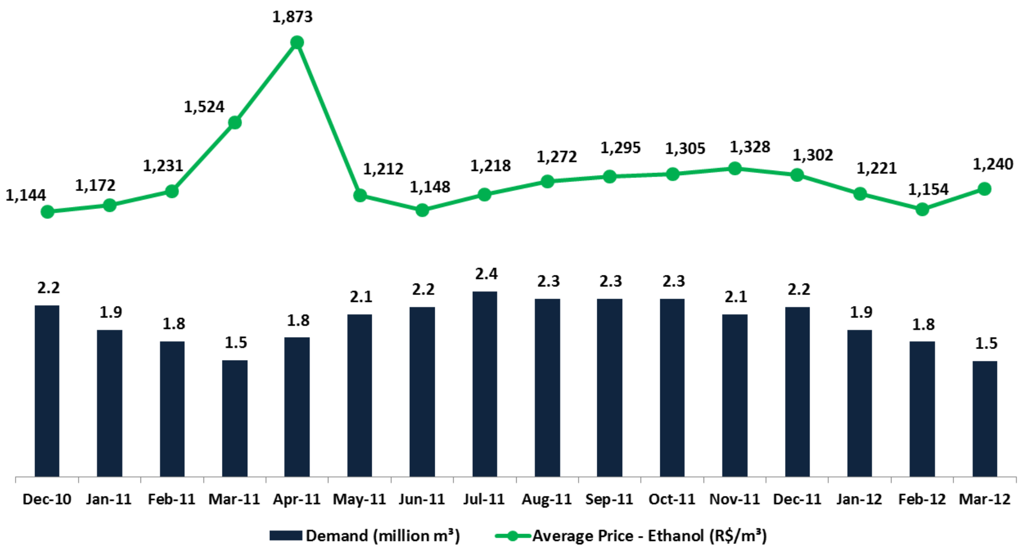
AVERAGE PRICES - ETHANOL	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R$ / m^3	1,248.33	1,371.43	-9.0%	1,416.07	1,094.58	29.4%
Hydrous ESALQ, Net DM - R$ / m^3	1,167.68	1,247.78	-6.4%	1,195.62	958.88	24.7%

In contrast to the trend in the first nine months of the 2011/12 crop year, ethanol prices declined in 4Q12. Anhydrous ethanol prices decreased by 9.0% from the same period in the prior crop year, while hydrous ethanol prices decreased 6.4%.

However, analyzing the full-year results in 12M12, prices increased 29.4% and 24.7% for anhydrous and hydrous ethanol, respectively. The improvement in prices during 2012 was driven by the lower supply of the product and subsequent adjustment in prices, which remained close to parity with gasoline prices at the pump.

The decline in ethanol production in Brazil impacted prices throughout 12M12, and in 9M12 the lower production drove prices higher. However, in 4Q12, the price scenario was negatively impacted by the need of certain producers (during 3Q12) to import ethanol in order to compensate the decline in brazilian production, which increased supply in 4Q12 and drove prices lower. In addition, this year, due to the lower production, the brazilian government reduced the blend of anhydrous ethanol added to gasoline from 25% to 20%, which reduced potential demand.

For the 2012/13 crop year, we see improvement in export markets for ethanol, with the elimination of ethanol import tariffs and subsidies to producers in the United States. Therefore, the U.S. ethanol market could become competitive for brazilian producers in the near future, especially if the U.S. dollar remains at its current strong levels.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Domestic Market	**140,439**	**180,086**	**-22.0%**	**576,850**	**582,819**	**-1.0%**
Sugar	15,884	20,625	-23.0%	60,246	53,675	12.2%
Hydrous Ethanol	62,379	64,254	-2.9%	207,556	236,850	-12.4%
Anhydrous Ethanol	52,088	91,473	-43.1%	231,631	233,197	-0.7%
Energy	4,626	765	505.0%	27,593	23,946	15.2%
Other	5,462	2,969	84.0%	49,823	35,151	41.7%
Export Market	**119,033**	**100,472**	**18.5%**	**790,140**	**712,227**	**10.9%**
Sugar	90,062	93,861	-4.0%	706,441	648,500	8.9%
Hydrous Ethanol	17,110	4,607	271.4%	47,291	25,551	85.1%
Anhydrous Ethanol	8,138	0	n.m.	18,592	25,361	-26.7%
RNA	3,724	2,004	85.8%	17,817	12,814	39.0%
Net Revenue	**259,472**	**280,558**	**-7.5%**	**1,366,990**	**1,295,046**	**5.6%**
Sugar	105,945	114,487	-7.5%	766,687	702,175	9.2%
Hydrous Ethanol	79,489	68,861	15.4%	254,847	262,400	-2.9%
Anhydrous Ethanol	60,226	91,473	-34.2%	250,223	258,558	-3.2%
Energy	4,626	765	505.0%	27,593	23,946	15.2%
Other	9,186	4,973	84.7%	67,640	47,965	41.0%

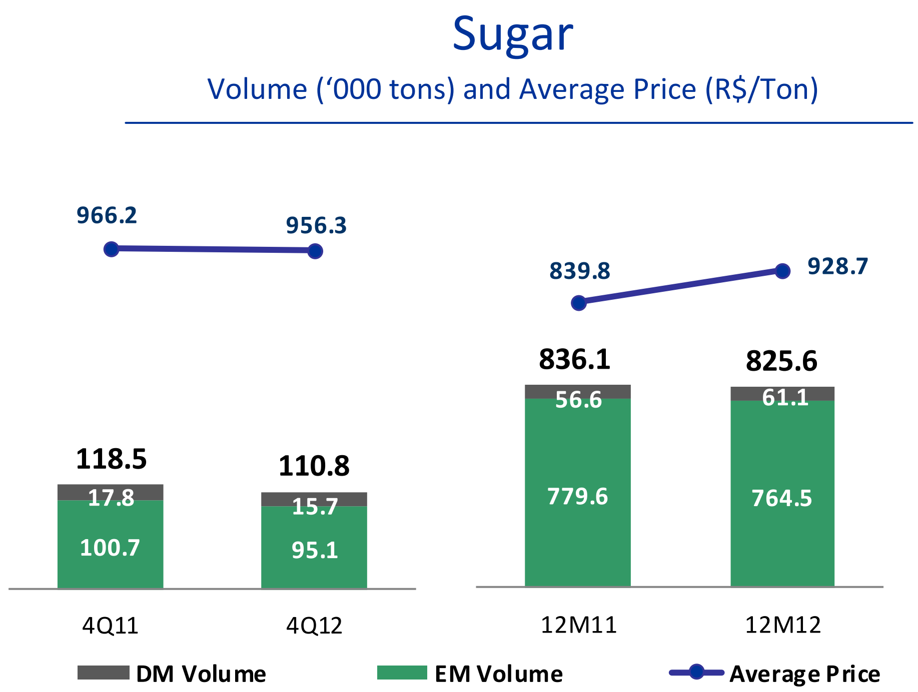
Net Revenue

The net revenue of the São Martinho Group decreased by 7.5% in 4Q12 compared to 4Q11, driven mainly by the decreases in sales volumes of anhydrous ethanol (-32.2%) and sugar (-6.5%).

The lower sales volume in 4Q12 was due to our commercial strategy to anticipate sales in previous quarters, when prices were higher.

In 12M12 compared to 12M11, the net revenue of the São Martinho Group increased by 5.6%, driven mainly by the higher average prices for sugar (+10.6%) and ethanol (+26.0%), which offset the lower sales volume in the year due to the crop shortfall.

Sugar

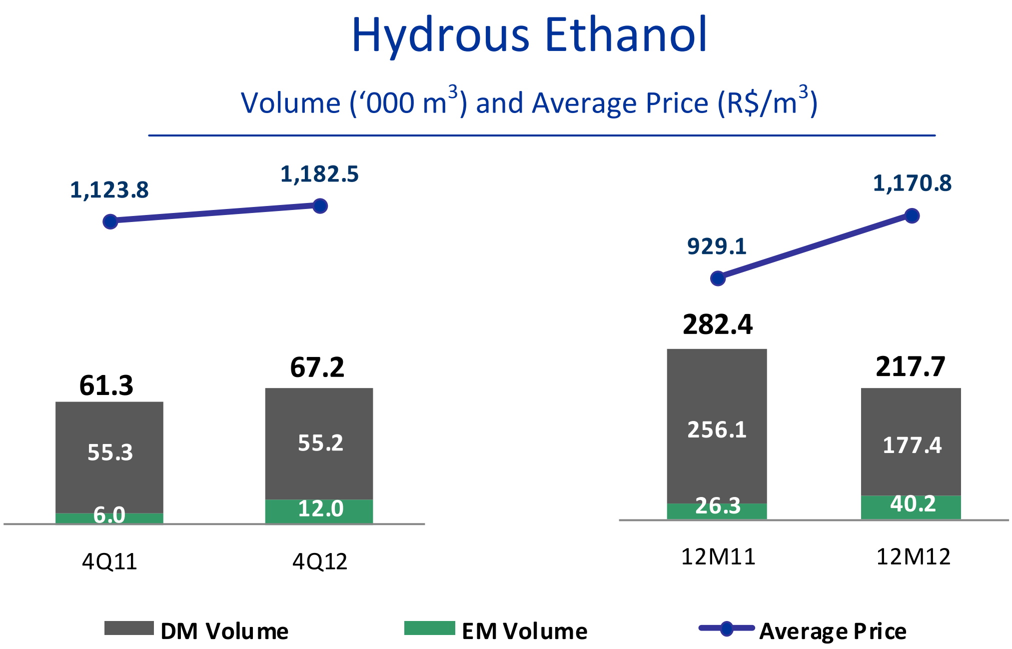


Net revenue from sugar sales came to R$105.9 million in 4Q12, for a reduction of 7.5% from the same period of the previous crop year, driven mainly by the decrease of 6.5% in sugar sales in 4Q12.

The lower sales in the period reflect the strategy adopted in prior quarters to anticipate sugar shipments.

In 12M12, net revenue from sugar sales was R$766.7 million, up 9.2% in relation to the same period of the previous crop year, reflecting the increase of 10.6% in the sugar sales price. The average price of the sugar exported in the period was USD 24.67 cents/pound, which represents an increase of 12.9% from the average export sales price of USD 21.86 cents/pound in 12M11.

Ethanol



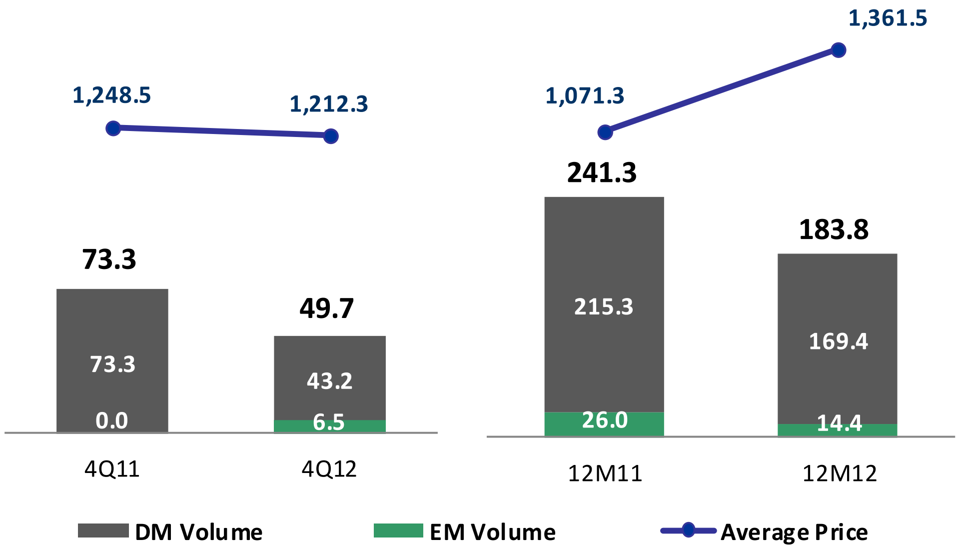
Net revenue from hydrous ethanol sales came to R$79.5 million in 4Q12, up 15.4% from the same period of the previous crop year. The growth in net revenue from hydrous ethanol was mainly driven by (i) the 9.6% increase in sales volume and (ii) the 5.2% increase in the average sale price.

In the crop year (12M12), net revenue from hydrous ethanol sales was R$254.8 million, down 2.9% from the same period of the previous crop year. This reduction was due to the 22.9% drop in sales volume, which was partially offset by the 26.0% increase in the average sales price in the period to R$1,170.8/m³.

The lower sales volume of hydrous ethanol reflects the crop shortfall caused by the adverse weather conditions mentioned earlier.

Anhydrous Ethanol

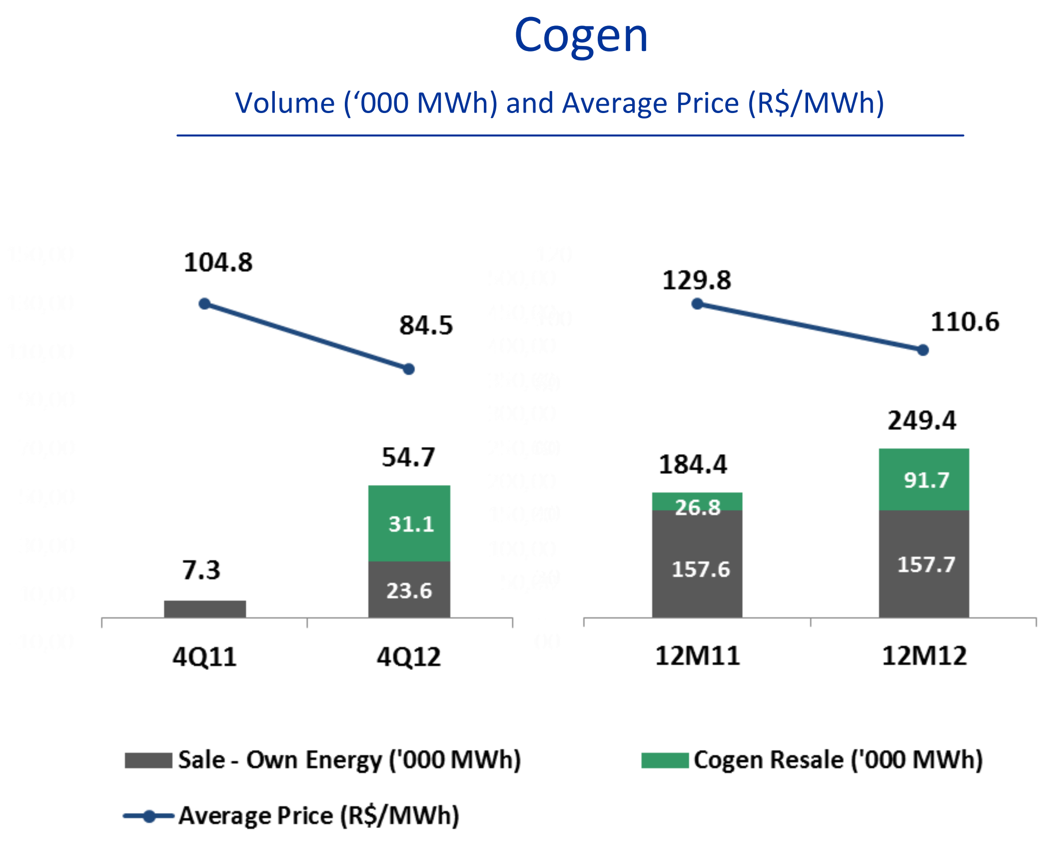
Volume ('000 m³) and Average Price (R$/m³)



In 4Q12, net revenue from anhydrous ethanol sales decreased 34.2% to R$60.2 million, driven by the reduction in sales of the product (-32.2%). This lower sales volume reflects the commercial strategy adopted in prior quarters to anticipate sales.

In the full crop year (12M12), net revenue from anhydrous ethanol sales totaled R$250.2 million, down 3.2% from 12M11. Despite the 27.1% increase in the sales price in the period, sales volume decreased by 23.8%, reflecting the lower supply of the product caused by the factors cited above.

Cogen



Net revenue from cogeneration sales increased sharply by 505.0% (+R$4.6 million) in 4Q12 in relation to the year-ago period, driven by the higher sales volume. Sales volume growth was driven by the sale of the guaranteed supply generated by Usina Boa Vista S.A.

In 12M12, net revenue from cogen sales was R$27.6 million, up 15.2% from the same period of the previous crop year. Although the average sales price of cogen decreased by 14.8% to R$110.6/MWh in 12M12, sales volume grew by 35.3% to 249,400 MWh. The higher volume was due to i) the partial consolidation of Santa Cruz, and ii) the increase in cogeneration at Usina Boa Vista.

Other Products and Services

Net revenue from "Other Products and Services" totaled R$67.6 million in 12M12, increasing by 41.0% from the year-ago period. The increase was driven by the higher sales volumes of RNA. We expect this level of revenue to be maintained in the next fiscal year.

INVENTORIES

INVENTORIES	4Q12	4Q11	Chg. (%)
Sugar (tons)	19,957	58,968	-66.2%
Hydrous (m^3)	10,547	24,127	-56.3%
Anhydrous (m^3)	22,079	17,451	26.5%

The reduction in inventories in 4Q12 is related to the strategy to anticipate ethanol and sugar sales in 2Q12 and 3Q12, and also to the lower production volume in the 2011/12 crop year, as commented earlier. We expect inventories to end the next fiscal year (March 2013) at levels similar to those in 4Q12.

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 12M12	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	766,687	505,070	95,233	1,366,990
COGS (Cash)	(326,223)	(279,995)	(70,243)	(676,461)
Gross Profit (Cash)	440,464	225,075	24,990	690,529
Gross Margin (Cash)	57.5%	44.6%	26.2%	50.5%
Sales Expenses	(43,995)	(6,730)	(3,023)	(53,748)
G&A Expenses (Cash)	(57,504)	(45,591)	(11,455)	(114,550)
Other Revenues (Expenses)	-	-	7,762	7,762
Adjusted EBITDA	**338,966**	**172,753**	**18,274**	**529,993**
Adjusted EBITDA Margin	**44.2%**	**34.2%**	**19.2%**	**38.8%**
EBITDA Cost (*)	**(518.1)**	**(827.8)**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/$m^3$

EBITDA BY PRODUCT - 12M11	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	702,175	520,958	71,913	1,295,046
COGS (Cash)	(256,968)	(227,815)	(49,156)	(533,940)
Gross Profit (Cash)	445,207	293,143	22,757	761,106
Gross Margin (Cash)	63.4%	56.3%	31.6%	58.8%
Sales Expenses	(47,274)	(10,777)	(154)	(58,205)
G&A Expenses (Cash)	(41,966)	(42,867)	(9,426)	(94,259)
Other Revenues (Expenses)	-	-	3,943	3,943
Adjusted EBITDA	**355,966**	**239,498**	**17,121**	**612,585**
Adjusted EBITDA Margin	**50.7%**	**46.0%**	**23.8%**	**47.3%**
EBITDA Cost (*)	**(414.1)**	**(537.4)**	**-**	**-**

(*) Sugar in R$/Ton
Ethanol in R$/$m^3$

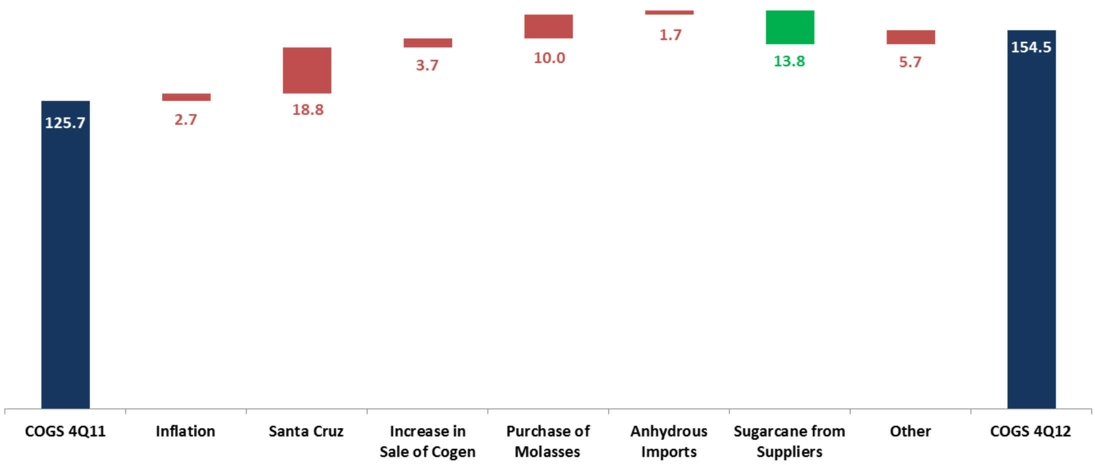
In 12M12, sugar accounted for 64.0% of the Group's consolidated EBITDA, while ethanol and other products accounted for 32.6% and 3.4%, respectively. Sugar EBITDA margin compressed by 6.5 p.p. in relation to 12M11, due to the 25.1% increase in the sugar EBITDA cost. In the case of ethanol, the EBITDA cost was R$827.8/m³ in 12M12, or 54.0% higher than in 12M11.

In 12M12, the increases in the EBITDA costs of both sugar and ethanol were due to (i) the increase of some 24.8% in the Consecana price from 12M11, which impacted costs with suppliers and leasing; and (ii) the higher unit production costs caused by the lower capacity utilization, since the volume of sugarcane processed was 12.7% lower than in the previous crop year **(see more details in "Cost of Goods Sold" and "General and Administrative Expenses")**.

COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Agricultural Costs	93.098	105.089	-11,4%	473.723	430.436	10,1%
Suppliers	42.148	56.034	-24,8%	247.273	234.708	5,4%
Partnerships	16.072	16.461	-2,4%	69.696	61.237	13,8%
Own Sugarcane	34.879	32.594	7,0%	156.754	134.491	16,6%
Industrial	21.282	14.771	44,1%	81.881	61.876	32,3%
Other Products	21.338	5.831	265,9%	99.081	41.627	138,0%
Total COGS - Santa Cruz	**18.831**	**-**	**n.m.**	**21.776**	**-**	**n.m.**
Total COGS - Consolidated	**154.549**	**125.690**	**23,0%**	**676.461**	**533.940**	**26,7%**
TRS Sold (000 Tons)	316	355	-11,1%	1.553	1.774	-12,4%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	421	337	24,9%	372	278	34,0%

In 4Q12, Cash COGS was R$154.5 million, increasing 23.0% in relation to 4Q11. The following chart presents a breakdown of these costs in 4Q12 compared to 4Q11:



The main drivers of the variation in COGS in 4Q12 were:

(i) Higher cogen sales (+R$3.7 million): Reflects the increased costs related to the higher volume of energy sold. As cited earlier, trading "guaranteed supply" means purchasing energy at spot prices (PLD) in the market and selling it at PLD + premium. The cost of acquiring power is booked under COGS;

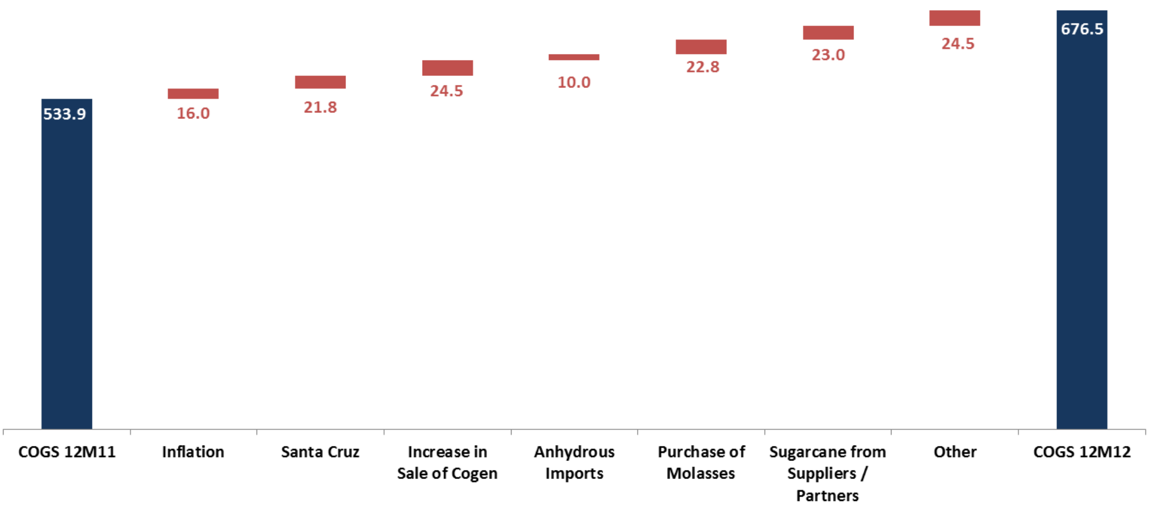
(ii) Purchase of molasses (+R$10.0 million): To increase capacity utilization at our units, we purchased molasses to make ethanol. This item did not exist in the 2010/11 crop year, since we had sufficient sugarcane to utilize our sugar and ethanol production capacity;

(iii) Anhydrous Importation (+R$1.7 million): Mainly due to guarantee the minimum supply of the product in the domestic market;

(iv) Agricultural costs (-R$13.8 million): Reflects the lower volume of sugarcane acquired from suppliers;

(v) Santa Cruz (+R$18.8 million): With the acquisition in November 2011 of a 32.18% interest in Santa Cruz, we began to partially consolidate its results as of December 2011.

The main drivers of the variation in COGS in 12M12 were:



(i) Higher cogen sales (+R$24.5 million): Reflects the increased costs related to the higher volume of energy sold. As cited earlier, trading "guaranteed supply" means purchasing electricity at spot prices (PLD) in the market and selling it at PLD + premium. The cost of acquiring power is booked under COGS;

(ii) Purchase of molasses (+R$22.8 million): To increase capacity utilization at our units, we purchased molasses to make ethanol. This cost did not exist during the 2010/11 crop year, since we had enough sugarcane to use our sugar and ethanol production capacity;

(iii) Anhydrous Imports (+R$10.0 million): Mainly due to guarantee the minimum supply of the product in the domestic market;

(iv) Agricultural costs (+R$23.0 million): Mainly reflects the 24.8% increase in the Consecana price in the period;

(v) Santa Cruz (+R$21.8 million): With the acquisition in November 2011 of a 32.18% interest in Santa Cruz, we began to partially consolidate its results as of December 2011.

SELLING EXPENSES

SELLING EXPENSES	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Port Costs / Freight	5,723	6,651	-13.9%	48,575	55,844	-13.0%
Sales Commission	25	670	-96.2%	870	2,056	-57.7%
Other - non-recurring	765	58	n.m.	2,896	305	849.3%
Selling Expenses - Santa Cruz	**998**	**-**	**n.m.**	**1,407**	**-**	**n.m.**
Selling Expenses - Consolidated	**7,512**	**7,379**	**1.8%**	**53,748**	**58,205**	**-7.7%**
TRS Sold ('000 Tons)	316	355	-11.1%	1,553	1,774	-12.4%
% of Net Revenues	2.9%	2.6%	0.3 p.p.	3.9%	4.5%	-0.6 p.p.

In 4Q12, selling expenses came to R$7.5 million, increasing slightly in relation to 4Q11 (+1.8%). The increase was due to the higher port costs stemming from the stronger U.S. dollar, since port handling costs are denominated in dollar.

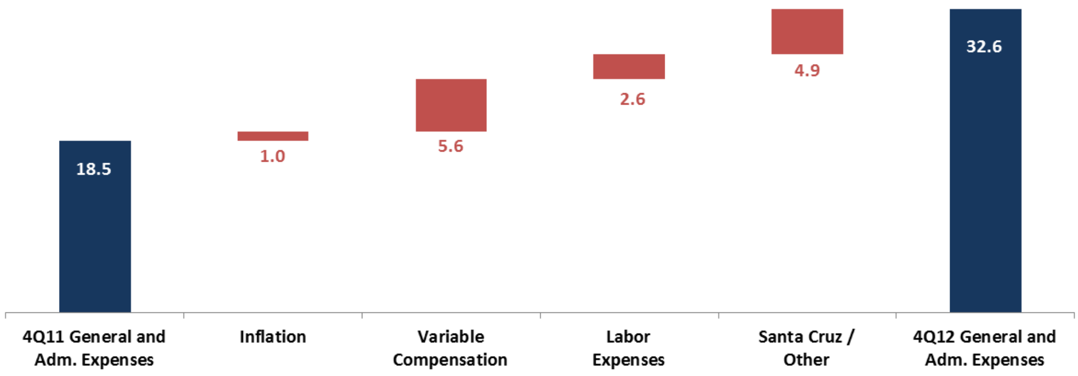
In 12M12, selling expenses came to R$53.7 million, or 7.7% lower than in 12M11. The reduction in selling expenses mainly reflects the lower costs of freight due to the agreement announced between São Martinho and Rumo Logística.

GENERAL AND ADMINISTRATIVE EXPENSES

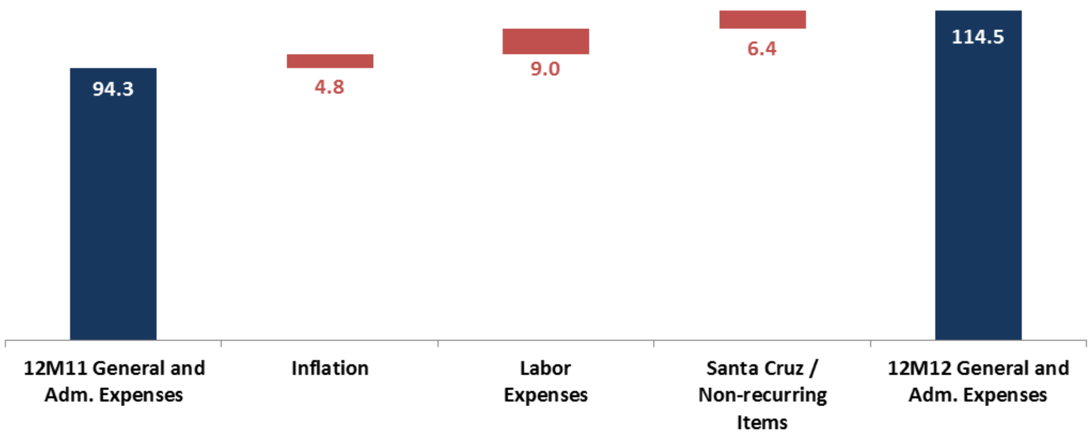
G&A EXPENSES - (CASH)	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Personnel	12,400	9,191	34.9%	42,196	36,534	15.5%
Taxes, Fees and Contributions	811	(669)	-221.3%	8,854	9,487	-6.7%
Provisions for Contingencies	5,856	3,270	79.1%	20,128	11,193	79.8%
General Expenses and Third-Party Services	5,470	4,223	29.5%	24,280	20,402	19.0%
Management Fee	5,634	2,401	134.6%	12,700	10,742	18.2%
Total General and Administrative Expenses - Santa Cruz	**2,409**	**-**	**n.m.**	**3,070**	**-**	**n.m.**
Total Recurring General and Administrative Expenses	**32,580**	**18,416**	**76.9%**	**111,228**	**88,359**	**25.9%**
Non-recurring items	-	-	n.m.	3,322	5,900	-43.7%
Total General and Administrative Expenses - Consolidated	**32,580**	**18,416**	**76.9%**	**114,550**	**94,259**	**21.5%**

G&A expenses totaled R$32.6 million in 4Q12, increasing 76.9% in relation to 4Q11. The main driver of this increase was the higher personnel expenses due to the provision for variable compensation. **This fiscal year we opted to record 100% of this provision in 4Q12, while in previous years this expense was booked on a quarterly basis.**

The following chart shows the main impacts in 4Q12:



In 12M12, G&A expenses totaled R$114.5 million, representing an increase of 21.5% in relation to 12M11. The main impact came from the provision with labor expenses, which increased by R$9.0 million to R$20.0 million. Based on the opinion of our legal counsel, we expect these expenses to total around R$15.0 million in the 2012/13 crop year. The other variations (as detailed below) are related to i) the partial consolidation of Santa Cruz as of this fiscal year, and ii) the impact from the wage increase under the collective bargaining agreement granted in May 2011, which increased salaries by around 8.0%.



EBITDA

EBITDA RECONCILIATION	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Adjusted EBITDA	**65,437**	**130,655**	**-49.9%**	**529,993**	**612,585**	**-13.5%**
Adjusted EBITDA Margin	25.2%	46.6%	-21.4 p.p.	38.8%	47.3%	-8.5 p.p.
Non Recurring Operating Revenues (Expenses)	(10,167)	22,729	n.m.	(20,375)	8,358	n.m.
Biological Assets	(3,746)	6,946	n.m.	(31,979)	34,298	n.m.
Non Cash Items Launched in the COGS	835	1,603	-47.9%	1,254	3,804	-67.0%
EBITDA	**78,516**	**99,377**	**-21.0%**	**581,094**	**566,125**	**2.6%**
EBITDA Margin	30.3%	35.4%	-5.2 p.p.	42.5%	43.7%	-1.2 p.p.
(-) Depreciation and Amortization	(80,693)	(71,585)	12.7%	(351,802)	(330,361)	6.5%
(-) Financial Revenue (Expense), net	(11,581)	(6,162)	87.9%	(62,638)	(38,669)	62.0%
(-) Equity Income	(33)	-	n.m.	(451)	-	n.m.
(=) Operating Income	(13,791)	21,630	n.m.	166,203	197,096	-15.7%

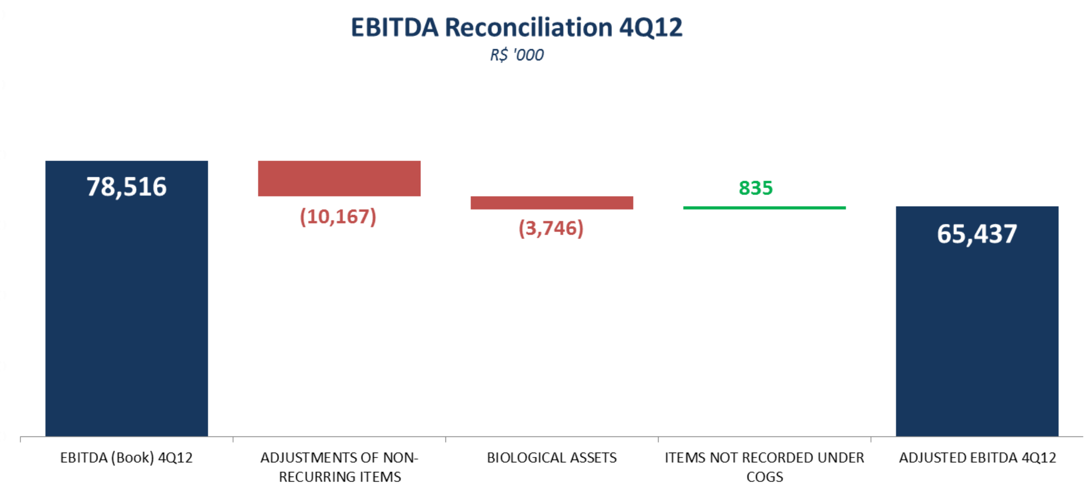
Adjusted EBITDA

In 4Q12, the São Martinho Group recorded Adjusted EBITDA of R$65.4 million (Adjusted EBITDA margin of 25.2%), down 49.9% from 4Q11.

In the year (12M12), Adjusted EBITDA was R$530.0 million, down 13.5% from 12M11 (adjusted EBITDA margin of 38.8%). The main drivers of this reduction in 4Q12 and in 12M12 were i) the lower ethanol and sugar sales volumes due to the shortfall in the sugarcane harvest in the center-south region of Brazil, which reduced the supply of sugarcane at the mills of the São Martinho Group, and ii) the partial consolidation of the results of Usina Boa Vista (51.0%) resulting from the sale of the interest to Petrobrás Biocombustível.

Reconciliation of EBITDA to Adjusted EBITDA

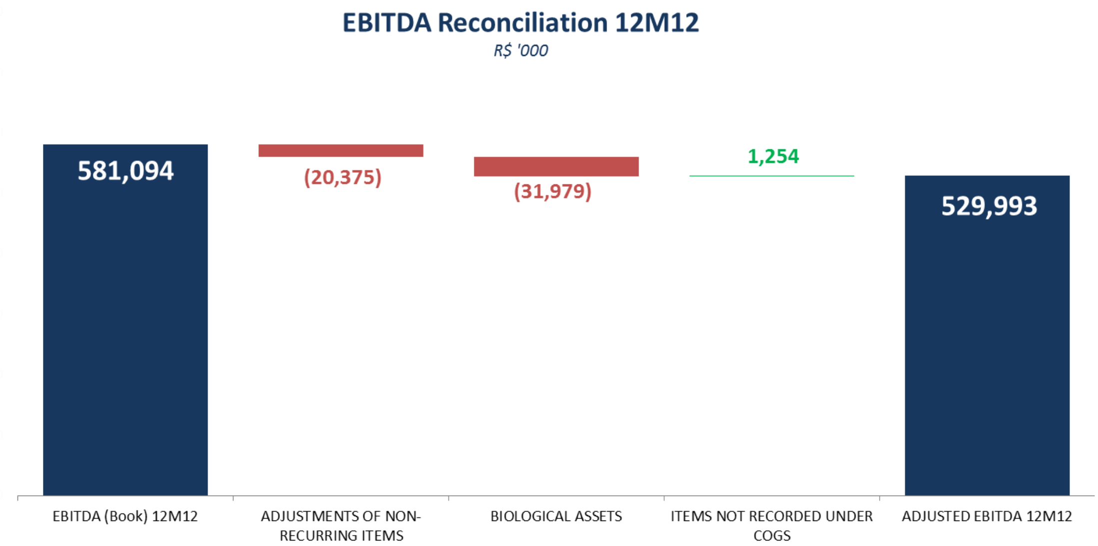
Composition of Adjustments in 4Q12



The main adjustments impacting the EBITDA calculation in 4Q12 are detailed below:

1) **Adjustments for non-recurring items (-R$10.2 million):** the main item comprising this adjustment is related to the negative goodwill from the acquisitions of Usina Santa Cruz and Agropecuária Boa Vista S.A. Considering that this is an accounting adjustment and therefore does not impact our cash flow, we opted to exclude it to provide a better measure of our adjusted EBITDA.

Composition of Adjustments in 12M12



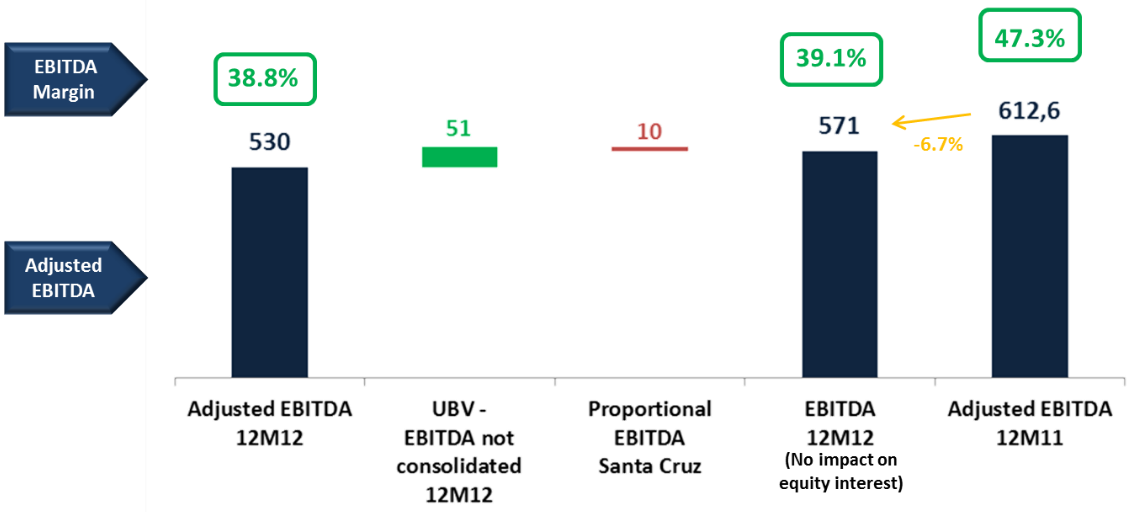
The main adjustments impacting the EBITDA calculation in 12M12 are detailed below:

2) **Adjustments for non-recurring items (-R$20.4 million):** the main items comprising this adjustment are related to i) the gains from the change in the controlling interest of Usina Boa Vista, since the share price paid by Petrobras Biocombustível in the 2nd tranche of the investment was above book price; and ii) the negative goodwill from the acquisitions of Usina Santa Cruz and Agropecuária Boa Vista S.A. Considering that this is an accounting adjustment and therefore does not impact our cash flow, we opted to exclude it to provide a better measure of our adjusted EBITDA;

3) **Adjustments to Biological Assets (-R$32.0 million):** The Company's biological assets are now measured at fair value using the discounted cash flow method. Considering that this is an accounting adjustment and therefore does not impact our cash flow, we opted to exclude it to provide a better measure of our adjusted EBITDA. In 12M12 and in 4Q12 we had gains of R$32 million and R$3.7 million, respectively.

Note that because during fiscal year 2012, the São Martinho Group concluded the sale of the interest in Usina Boa Vista to Petrobras Biocombustível and acquired 32.18% of Santa Cruz S.A., any comparison of Adjusted EBITDA between 12M12 and 12M11 was adversely affected.

For analysis purposes and to improve comparisons with prior year results, if we had excluded the impacts from the partial consolidation of Boa Vista S.A. and Santa Cruz S.A., our Adjusted EBITDA would indicate R$571.0 million (Adjusted EBITDA Margin of 39.1%), down just 6.7% from the previous crop year.



HEDGING

U.S. Dollar

On March 31, 2012, the São Martinho Group held a short position in USD currency futures through non-deliverable forwards (NDFs) with maturities through the 2015/16 crop year, as follows:

Maturity	US$ '000	Average Price (R$/USD)
US Dollar		
2012/2013 Crop Year	290,247	1.8449
2013/2014 Crop Year	22,380	2.0004
2014/2015 Crop Year	14,880	2.1608
2015/2016 Crop Year	14,880	2.2955
	342,387	**1.8884**

Sugar

On March 31, 2012, the São Martinho Group held positions in derivatives and prices fixed with clients and in the futures market in the following amounts:

Maturity	Volume (Tons)	Average Price (USD c/p)
Sugar - São Martinho		
2012/2013 Crop Year	473,303	24.93
	473,303	**24.93**

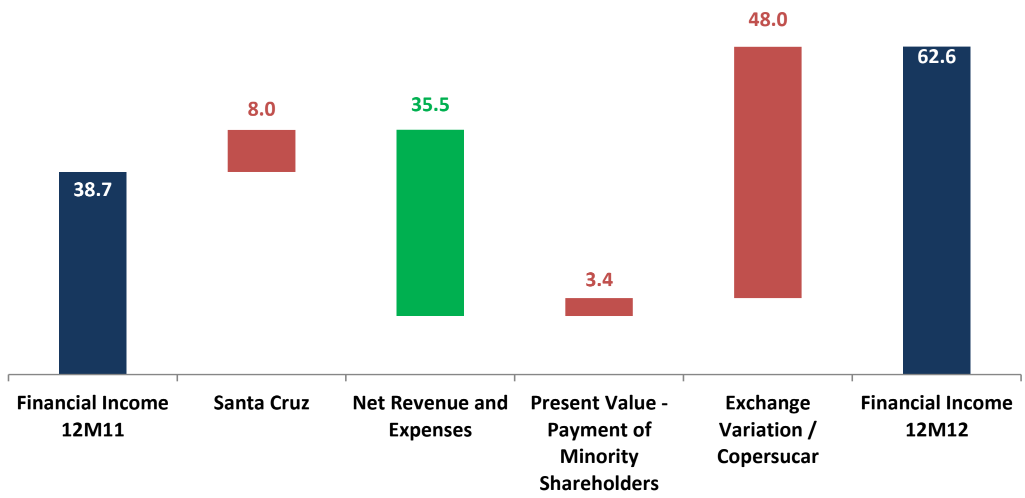
Hedge Accounting - In March 2010, inclusive, the Company began adopting hedge accounting for derivatives designated as hedge instruments, with their potential results recorded in equity (“Adjustments to book value”), net of deferred income tax and social contribution tax (potential loss of R$8.8 million in March 2012).

NET FINANCIAL RESULT

FINANCIAL RESULT	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Financial Revenues	9,505	5,785	64.3%	43,418	20,787	108.9%
Financial Expenses	(13,023)	(12,319)	5.7%	(58,079)	(66,204)	-12.3%
Hedge Result	(1,659)	383	-532.9%	(9,306)	(10,639)	-12.5%
Exchange Variation	(1,537)	1,493	n.m.	(19,448)	23,179	n.m.
Copersucar Monetary Variation	(2,189)	(1,505)	45.4%	(11,171)	(5,793)	92.8%
Net Financial Result - Santa Cruz	**(2,678)**	**-**	n.m.	**(8,052)**	**-**	n.m.
Net Financial Result - Consolidated	**(11,581)**	**(6,162)**	87.9%	**(62,638)**	**(38,669)**	62.0%

The São Martinho Group registered a net financial expense of R$11.6 million in 4Q12, which represents an increase of 87.9% from 4Q11. The main impacts were the partial consolidation of Santa Cruz (R$2.7 million) and the increase of approximately R$3 million in sugar hedging expenses as a result of the marking to market of hedge structures that are not recorded under Hedge Accounting.

In the year (12M12), our net financial expense increased by 62.0% to R$62.6 million.



The main drivers of the increase in the financial expense in 12M12 were:

(i) As a result of the reduction in average financial debt in the 2011/12 crop year compared to the previous crop year, combined with the lower borrowing costs, **we decreased our financial expenses net of investment returns by R$35.5 million.**

(ii) Increase of **R$48.0 million in exchange variation** due to the foreign exchange impact on the dollar-denominated portion of the debt. In 12M12, the Brazilian real depreciated 11.7% against the U.S. dollar, compared to appreciation of 8% in 12M11. These changes do not have any impact on our cash flow, since all dollar-denominated debt is pegged to exports, i.e. once the product is exported, the change is offset.

OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	4Q11	3Q12	4Q12	4Q12 x 3Q12	4Q12 x 4Q11
R$ Thousand					
ASSETS	**232,299**	**486,200**	**215,475**	**270,725**	**16,824**
Accounts Receivable	59,673	63,686	38,399	25,287	21,274
Inventories	139,106	384,006	137,375	246,631	1,731
Tax receivable	33,520	38,508	39,701	-1,193	-6,181
LIABILITIES	**125,439**	**177,612**	**146,151**	**-31,461**	**20,712**
Suppliers	61,096	122,309	76,655	-45,654	15,559
Payroll and social contribution	44,000	41,228	57,297	16,069	13,297
Tax payable	20,343	14,075	12,199	-1,876	-8,144
WORKING CAPITAL	**106,860**	**308,588**	**69,324**	**239,264**	**37,536**

In 4Q12, the São Martinho Group invested working capital of R$69.3 million in its operations, which represents a reduction of R$37.5 million from 4Q11, which is due to the lower inventories of finished products in the period, as mentioned under "Inventories".

NET LOSS

In 4Q12, the Company posted a net loss of R$4.9 million, compared to net income of R$11.9 million in the previous year. This result was driven by i) the lower sales volumes of sugar and anhydrous ethanol (higher-margin products whose sales were anticipated in previous quarters) and ii) the 76.9% increase in administrative expenses due to the nonrecurring concentration of these items in 4Q12.

In 12M12, net income was R$126.6 million, which represents a reduction of 11.0% from 12M11. The lower profitability in 12M12 is directly related to i) the lower ethanol and sugar sales volume due to the shortfall in the sugarcane harvest throughout the entire center-south region of Brazil, which led to the lower availability of cane at the mills of the São Martinho Group, and ii) the partial consolidation of the results of Usina Boa Vista (51.0%) due to the sale of the equity interest to Petrobrás Biocombustível.

DEBT WITH COPERSUCAR

On March 31, 2012, the São Martinho Group recognized on its balance sheet debt of R$224.4 million with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "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 suretyships in the amount of R$189.9 million on a consolidated basis.

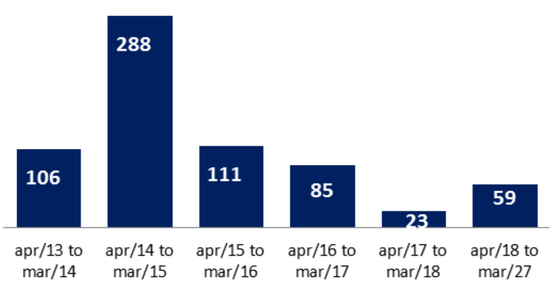
INDEBTEDNESS

DEBT	mar/12	mar/11	Chg. (%)
R$ Thousand			
PESA	72,509	76,438	-5.1%
Rural Credit	20,139	25,721	-21.7%
BNDES / FINAME	388,726	358,540	8.4%
Working Capital	109,392	-	n.m.
ACC (Advances on Foreign Exchange Contracts)	-	4,983	-100.0%
PPE (Export prepayment)	437,376	245,527	78.1%
Others	733	484	51.4%
Obligations from Santa Cruz	113,475		
Gross Debt	**1,142,350**	**711,693**	**60.5%**
Cash and Cash Equivalents	410,567	222,219	84.8%
Net Debt	**731,783**	**489,474**	**49.5%**
(+) Proportional Debt at Santa Cruz	203,494	**-**	**n.m.**
Consolidated Net Debt	**935,277**	**489,474**	**91.1%**
Net Debt / Acum. EBITDA	1,6 x (*)	0.8 x	

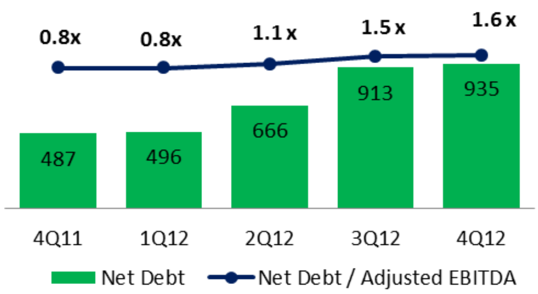
(*) Considering Santa Cruz´s EBITDA LTM in the last 12 months in the proportion of 32.18%

The São Martinho Group's debt stood at R$935.3 million at March 2012, which represents an increase of 91.1% from March 2011. This increase was due mainly to the partial acquisition (32.18% interest) of Santa Cruz S.A. and Agropecuária Boa Vista. Adding the amounts paid to the selling shareholders (R$170.0 million) and the partial consolidation of the net debt of Santa Cruz (R$203.5 million) explains approximately 85.0% of the debt increase.

Amortization Schedule
R$- Million



Net Debt / EBITDA LTM
Evolution



CAPITAL EXPENDITURE

SÃO MARTINHO - CONSOLIDATED	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
Capex (maintenance)						
Sugarcane Planting	41,551	25,669	61.9%	96,824	74,023	30.8%
Industrial / Agricultural	55,198	52,868	4.4%	106,315	100,493	5.8%
Crop Tretament	25,419	24,015	5.8%	116,543	87,835	32.7%
Sub Total	**122,169**	**102,551**	**19.1%**	**319,682**	**262,351**	**21.9%**
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	45,447	12,975	250.3%	164,397	32,518	405.6%
Other	-	-	n.m.	-	387	n.m.
Sub Total	**45,447**	**12,975**	**250.3%**	**164,397**	**32,905**	**399.6%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	1,053	12,467	-91.6%	44,225	52,936	-16.5%
Industrial / Agricultural	22,130	13,777	60.6%	40,794	75,649	-46.1%
Crop Tretament	5,967	4,566	30.7%	36,709	30,268	21.3%
Sub Total	**29,151**	**30,809**	**-5.4%**	**121,728**	**158,854**	**-23.4%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	7,076	-	n.m.	8,418	-	n.m.
Industrial / Agricultural	7,474	-	n.m.	11,523	-	n.m.
Crop Tretament	3,281	-	n.m.	5,321	-	n.m.
Sub Total	**17,831**	**-**	**n.m.**	**25,263**	**-**	**n.m.**
Total	**214,598**	**146,335**	**46.6%**	**631,070**	**454,110**	**39.0%**

The São Martinho Group's maintenance CAPEX came to R$319.7 million, up 21.9% (R$57.3 million) from the previous year. This increase was due to (i) the expansion of treated areas by 8,600 hectares, and (ii) the expansion in field renovation by 9,000 hectares.

Investments in expansion and modernization came to R$164.4 million in 12M12. The main investments were: (i) the cogeneration project at Usina São Martinho (R$70.0 million); (ii) the investments to expand the sugar distribution terminal at Usina São Martinho (R$30.0 million); and (iii) the construction of the Amyris plant (approximately R$20.5 million).

The funds used to start construction of the specialty chemicals plant at SMA (joint venture between São Martinho and Amyris) are being financed exclusively by Amyris Inc. As soon as the plant is completed and operating within the production levels required under contract, São Martinho will begin to invest funds.

We expect our maintenance investments for the 2012/13 crop year to remain in line with those made during the 2011/12 crop year, at around R$300.0 million. We will invest some R$100.0 million at Usina Boa Vista, mainly in sugarcane planting. With these investments, the plant should crush 4.0 million tons in the 2013/14 crop year.

DISCLAIMER

This document 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 for 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 prior notice.

ABOUT SÃO MARTINHO GROUP

The São Martinho Group is one of the largest groups in Brazil's sugar and ethanol industry, with three mills in operation: São Martinho in Pradópolis (in the Ribeirão Preto region of São Paulo state), Iracema in Iracemápolis (in the Limeira region of São Paulo), and Boa Vista (in Quirinópolis, Goiás). In addition to these mills, we also consolidated 32.18% of Santa Cruz, a mill located in Américo Brasiliense (in the Ribeirão Preto region of São Paulo state). For more information please go to www.saomartinho.ind.br.

INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	4Q12	4Q11	Chg. (%)	12M12	12M11	Chg. (%)
R$ Thousand						
Gross Revenue	279,701	305,224	-8.4%	1,447,266	1,384,387	4.5%
Deductions from Gross Revenue	(20,229)	(24,666)	-18.0%	(80,276)	(89,341)	-10.1%
Net Revenue	**259,472**	**280,558**	**-7.5%**	**1,366,990**	**1,295,046**	**5.6%**
Cost of Goods Sold (COGS)	(231,985)	(204,313)	13.5%	(990,438)	(895,702)	10.6%
Gross Profit	**27,487**	**76,245**	**-63.9%**	**376,552**	**399,344**	**-5.7%**
Gross Margin (%)	*10.6%*	*27.2%*	-16.6 p.p	*27.5%*	*30.8%*	-3.3 p.p
Operating Expenses	**(29,697)**	**(48,453)**	**-38.7%**	**(147,711)**	**(163,579)**	**-9.7%**
Selling Expenses	(7,512)	(7,379)	1.8%	(53,748)	(58,205)	-7.7%
General and Administrative Expenses	(34,218)	(19,922)	71.8%	(120,499)	(101,130)	19.2%
Equity Income	(33)	-	n.m.	(451)	-	n.m.
Other Operating Expenses, Net	12,066	(21,152)	n.m.	26,987	(4,244)	n.m.
Operating Profit, Before Financial Effects	**(2,210)**	**27,792**	**n.m.**	**228,841**	**235,765**	**-2.9%**
Financial Result, Net	**(11,581)**	**(6,162)**	**87.9%**	**(62,638)**	**-38,669**	**62.0%**
Financial Revenues	17,073	17,056	0.1%	75,692	39,473	91.8%
Financial Expenses	(30,409)	(24,782)	22.7%	(116,006)	(101,607)	14.2%
Monetary and Exchange Variations - Net	1,755	1,564	12.2%	(22,324)	23,465	n.m.
Income (Loss) Before Income and Social Contribution Taxes	**(13,791)**	**21,630**	**n.m.**	**166,203**	**197,096**	**-15.7%**
Income Tax and Social Contribution - Current	(141)	(7,510)	-98.1%	(16,333)	(59,496)	-72.5%
Income Tax and Social Contribution - Deferred	9,034	(2,245)	n.m.	(23,259)	4,688	n.m.
Net Income (Loss) Before Minority Interest	**(4,898)**	**11,875**	**n.m.**	**126,611**	**142,288**	**-11.0%**
Minority Interest	-	-	n.m.	-	-	n.m.
Net Income	**(4,898)**	**11,875**	**n.m.**	**126,611**	**142,288**	**-11.0%**
Net Margin (%)	*-1.9%*	*4.2%*	-6.1 p.p	*9.3%*	*11.0%*	-1.7 p.p

BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS		
R$ Thousand		
ASSETS	**mar/12**	**mar/11**
SHORT-TERM ASSETS		
Cash and Cash Equivalents	410,567	222,219
Accounts Receivable	38,399	59,673
Derivatives Financial Instruments	11,063	5,967
Inventories	137,375	139,106
Recoverable Taxes	39,701	33,520
Income Tax and Social Contribution	20,550	5,037
Other Assets	5,551	5,692
TOTAL SHORT-TERM ASSETS	**663,206**	**471,214**
LONG-TERM ASSETS		
Long-term Receivables		
Financial Applications	6,541	2,848
Inventories	26,877	-
Related Parties	3,788	33
Deferred Income Tax and Social Contribution	38,227	43,917
Accounts Receivable - Copersucar	1,737	9,939
Recoverable Taxes	46,581	37,220
Judicial Deposits	44,972	32,367
Other Assets	395	7,101
	169,118	**133,425**
Investments	8,262	-
Biological Assets	632,904	435,532
Fixed Assets	3,244,267	2,864,761
Intangible	69,410	36,726
TOTAL LONG-TERM ASSETS	**4,123,961**	**3,470,444**
TOTAL ASSETS	**4,787,167**	**3,941,658**

BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES

R$ Thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	mar/12	mar/11
SHORT-TERM LIABILITIES		
Loans and Financing	247,504	140,982
Derivatives Financial Instruments	14,269	25,910
Suppliers	76,655	61,096
Accounts Payable - Copersucar	2,356	2,203
Payroll and Social Contribution	57,297	44,000
Tax Payable	12,199	20,343
Income Tax and Social Contribution	240	829
Related Companies	224	705
Dividends Payable	30,070	9,180
Advances from Customers	8,418	14,475
Aquisition of Interest	57,906	-
Other Liabilities	10,215	21,137
TOTAL SHORT-TERM LIABILITIES	**517,353**	**340,860**
LONG-TERM LIABILITIES		
Loans and Financing	984,865	570,711
Accounts Payable - Copersucar	222,007	207,645
Tax Installments	57,873	55,833
Deferred Income Tax and Social Contribution	820,201	728,368
Provision for Contingencies	74,259	74,284
Aquisition of Interest	55,569	-
Advance for future capital increase	23,543	-
Other Liabilities	6,819	10,471
TOTAL LONG-TERM LIABILITIES	**2,245,136**	**1,647,312**
SHAREHOLDERS' EQUITY		
Capital Stock	455,900	455,900
Adjustments to Book Value	1,272,558	1,304,969
Capital Budget Reserve	308,867	194,516
Treasury Shares	(12,753)	(1,899)
Number of shares granted	106	-
TOTAL SHAREHOLDERS' EQUITY	**2,024,678**	**1,953,486**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,787,167**	**3,941,658**

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	12M12	12M11
R$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	**126,611**	**142,288**
Adjustments		
Depreciation and amortization	184,963	143,587
Biological assets harvested (depreciation)	166,910	186,773
Variation in fair value of biological assets	(31,978)	34,298
Residual cost of investment and property, plant and equipment disposals	451	-
Capital gain from the change in equity interest	(13,720)	(24,666)
Negative goodwill on acquisition of investment	(11,259)	-
Residual cost of fixed assets - write off	1,178	(2,102)
Interest, monetary and foreign exchange variations, net	121,705	56,243
Constitution of provision for contingencies, net	5,832	22,394
Deferred income tax and social contribution on net income	23,259	(4,688)
Constitution (reversal) of provision for inventory losses	(3,282)	3,799
Adjustments to present value and others	5,091	(1,743)
	575,761	**556,183**
Changes in assets and liabilities		
Trade accounts receivable	26,578	(25,068)
Inventories	11,561	(41,955)
Taxes recoverable	(23,566)	28,636
Financial investments	(3,933)	(2,812)
Related parties	(1,623)	340
Other assets	(9,992)	(6,129)
Suppliers	(14,223)	(4,927)
Salaries and social charges	9,803	6,269
Taxes payable	1,868	26,649
Taxes payable in installments	(10,707)	3,467
Provision for contingencies	(16,767)	(18,033)
Other liabilities	(24,464)	17,707
Cash provided by (used in) operations	**520,296**	**540,327**
Interest paid	(37,708)	(50,594)
Income tax and social contribution on net income paid	(14,322)	(23,878)
Net cash provided by (used in) operating activities	**468,266**	**465,855**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments	(59,010)	410
Additions to property, plant and equipments, intangible assets and deferred charges	(308,318)	(223,103)
Additions to biological assets (planting and treatment)	(308,041)	(235,828)
Proceeds from sale of property, plant and equipment	3,649	7,302
Proceeds from sale of investment Uniduto	6,782	-
Increase in cash and cash equivalents to decrease in holding - NF	100,588	143,165
Advance on future capital increase	(5,364)	153
Dividends and interest on equity received	-	-
Net cash used in investing activities	**(569,714)**	**(307,901)**
CASH FLOW FROM FINANCING ACTIVITIES		
Derivatives Financial Instruments	(533)	(34,789)
Financing - third parties	696,997	571,483
Repayment of financing - Copersucar	(8,460)	(5,807)
Repayment of financing - third parties	(379,962)	(562,583)
Reception (payment) of funds from (to) related parties – intercompany loans	-	(103)
Advance on future capital increase	22,851	295
Acquisition of treasury stock	(10,854)	-
Payment of dividends and interest on own equity	(30,243)	(34,865)
Net cash provided by (used in) financing activities	**289,796**	**(66,369)**
Increase (decrease) in cash and cash equivalents	**188,348**	**91,585**
Cash and cash equivalents at the beginning of the period	**222,219**	**130,634**
Cash and cash equivalents at the end of the period	**410,567**	**222,219**