





**2Q09 Earnings
Conference Call**
2008/2009 Harvest

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.

-  Adjusted EBITDA in 2Q09 was R\$ 34.9 million (EBITDA margin of 18%), increasing by 47% in relation to 2Q08;
-  We raised R\$ 330 million in long-term debt;
-  Stock Buyback Program;
-  Creation of the “ALLICOM” consortium with the groups São João and Santa Cruz, aimed at gaining scale in sugar and ethanol sales.

■ Exports
■ Domestic Market

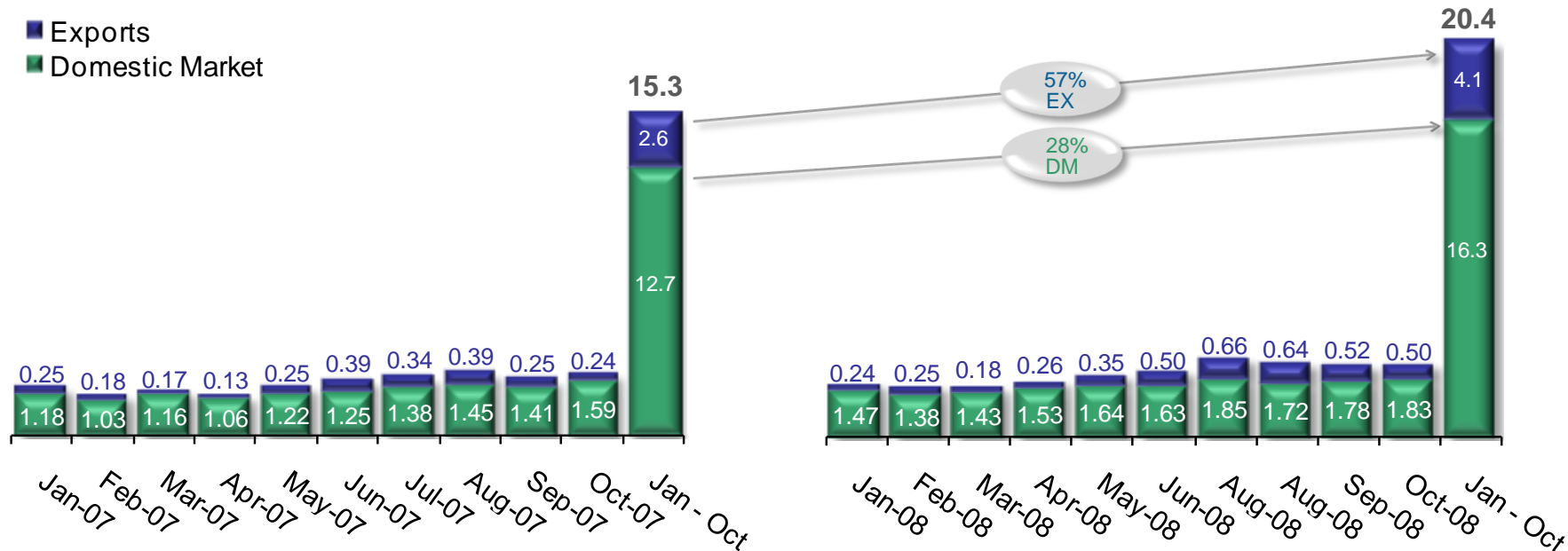


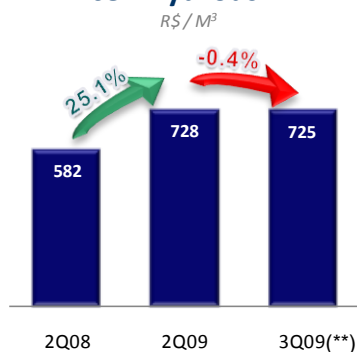
Table 1

Ethanol – Billion of Liters

Inventories (04/01/2008)	1.5
Production (until 10/31/2008)	20.2
Consumption (until 10/31/2008)	15.4
Inventories (11/01/2008)	6.3
Production through end of harvest	3.6
Total Balance – 5 months	10.0
(*) Consumption Months	5.0

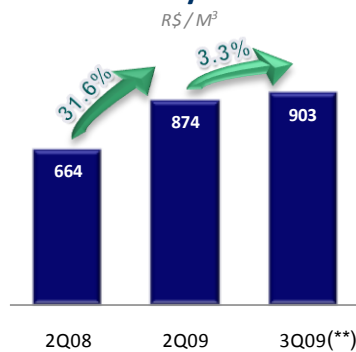
(*) Based on consumption registered within the period from January to October 2008

Price - Hydrous DM



(**) Until 11/14/2008

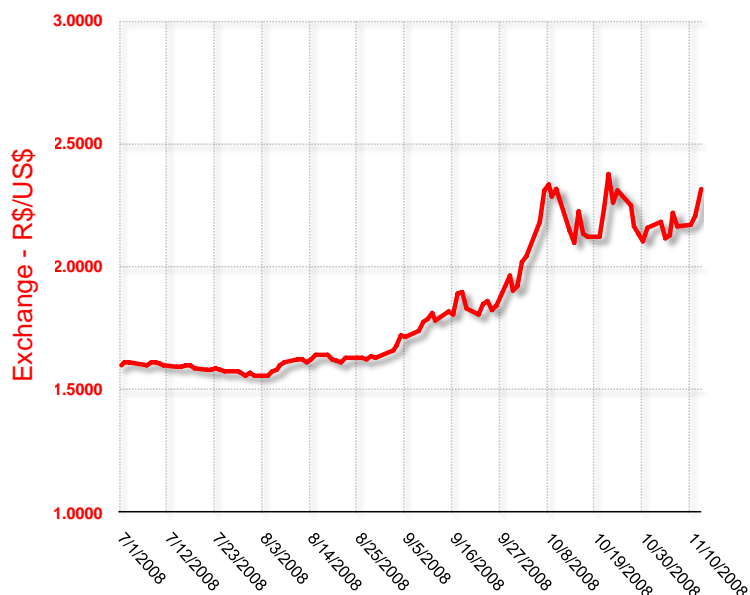
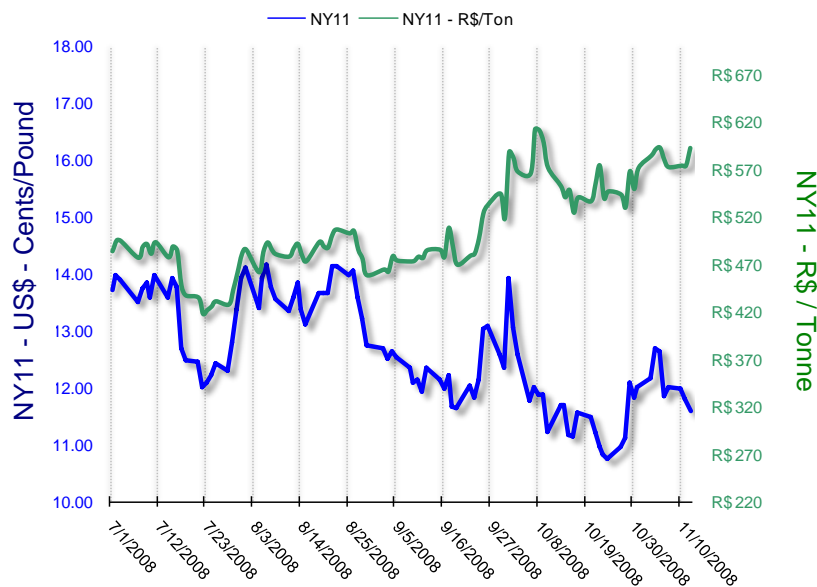
Price - Anhydrous DM



Supply and demand in equilibrium until the end of the harvest;

Credit crunch should lower ethanol supply next harvest since several projects may be postponed;

Anhydrous and hydrous ethanol already posted substantial price increases last week.

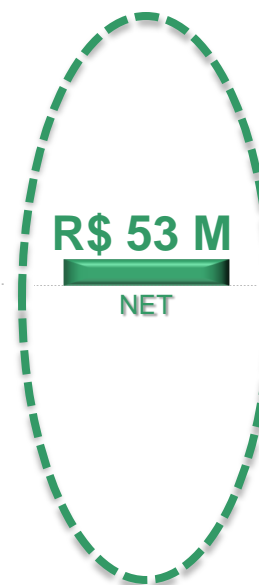
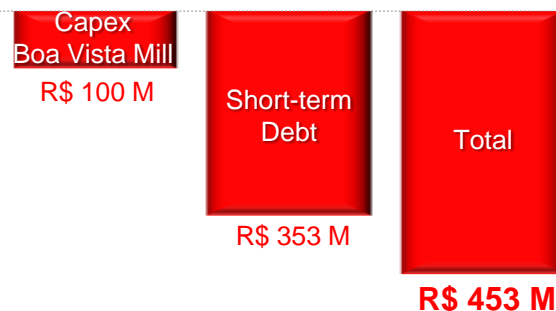
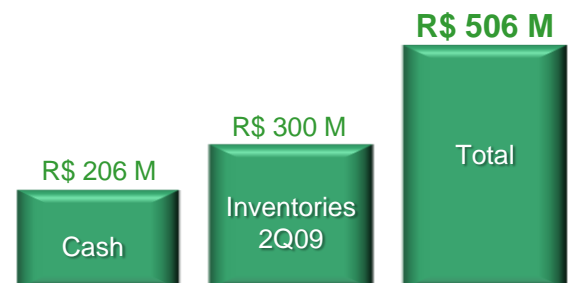


- New U.S. dollar exchange rate offsets the decline in sugar prices in recent months;
- Business model focused on own sugarcane supply – leveraged on sugar and ethanol prices;
- Current harvest in India points to a drop of 6 million tons in sugar production.

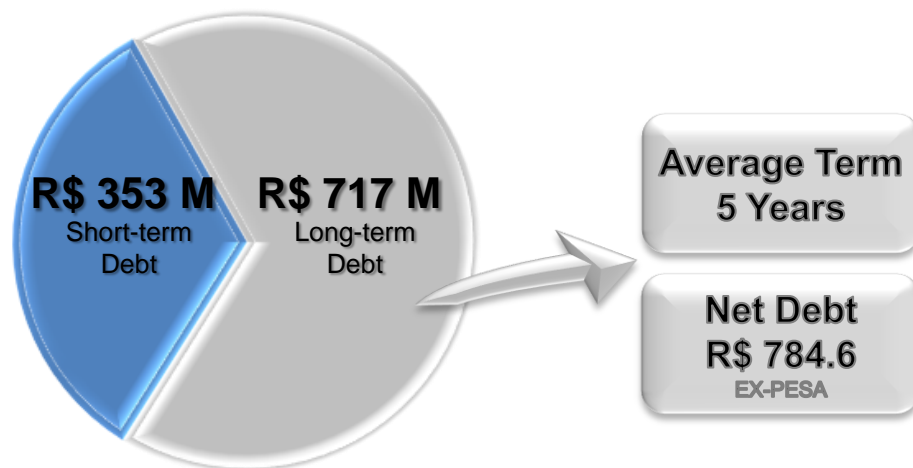
Table 1

NY11 – R\$ / Tonne


	Sugar NY11 - US\$ ¢ / Pound - Weight							
	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00
1.60	R\$ 317	R\$ 353	R\$ 388	R\$ 423	R\$ 459	R\$ 494	R\$ 529	R\$ 564
1.70	R\$ 337	R\$ 375	R\$ 412	R\$ 450	R\$ 487	R\$ 525	R\$ 562	R\$ 600
1.80	R\$ 357	R\$ 397	R\$ 437	R\$ 476	R\$ 516	R\$ 556	R\$ 595	R\$ 635
1.90	R\$ 377	R\$ 419	R\$ 461	R\$ 503	R\$ 545	R\$ 586	R\$ 628	R\$ 670
2.00	R\$ 397	R\$ 441	R\$ 485	R\$ 529	R\$ 573	R\$ 617	R\$ 661	R\$ 705
2.10	R\$ 417	R\$ 463	R\$ 509	R\$ 556	R\$ 602	R\$ 648	R\$ 694	R\$ 741
2.20	R\$ 437	R\$ 485	R\$ 534	R\$ 582	R\$ 631	R\$ 679	R\$ 728	R\$ 776
2.30	R\$ 456	R\$ 507	R\$ 558	R\$ 608	R\$ 659	R\$ 710	R\$ 761	R\$ 811
2.40	R\$ 476	R\$ 529	R\$ 582	R\$ 635	R\$ 688	R\$ 741	R\$ 794	R\$ 847
2.50	R\$ 496	R\$ 551	R\$ 606	R\$ 661	R\$ 717	R\$ 772	R\$ 827	R\$ 882




- ✓ Enough resources to cover short-term obligations
- ✓ High level of inventories for 2H09
- ✓ Funding via export prepayment facility and BNDES' Finem line strengthened cash position for 2H09



Net Debt
R\$ 784.6
EX-PESA

 Our cash position combined with our finished products inventory in 2Q09 are sufficient to service 100% of our short-term debt + CAPEX for the Boa Vista Mill through the end of the 2008-09 harvest;

 Average term of long-term debt is 5 years.

	2Q09	2Q08	Chg.%
Net Revenue	194,313	179,071	+8.5
COGS (Cash Cost)	(119,461)	(120,733)	-1.1
Gross Profit	39,111	13,679	+185.9
EBITDA (Adjusted)	34,974	23,787	+47.0
EBITDA Margin	18.0%	13.3%	+4.7 p.p
Net Loss	(40,401)	(32,140)	+25.7
TRS Sold	410	402	+2.1
Average Prices			
Sugar	404.6	453.4	-10.8
Hydrous	708.9	613.8	+15.5
Anhydrous	818.3	728.8	+12.3


2Q09 sales volume in virtually in line with 2Q08;


Better anhydrous and hydrous ethanol prices;

Foreign-exchange loss (non-cash) had an accounting impact on net income of R\$ 27 million in 2Q09.

	Inventories 2Q09	Production 2H09 (*)	Balance 2H09		Sales 1H09
Sugar Tonnes	290,868	121,965	412,833	+ 284%	145,375
Hydrous M ³	133,455	109,295	242,750	+ 166%	145,889
Anhydrous M ³	68,095	69,785	137,879	+ 115%	119,439
Total Ethanol M ³	201,550	179,080	380,539	+ 143%	265,328

(*) Estimated production from October through end of 2008/09 harvest.

 2Q09 inventories combined with our production until the end of the 2008-09 harvest represent almost 2/3 of total production this harvest;

 High inventories will be sold in a pricing scenario much higher than in the first half of 2009.

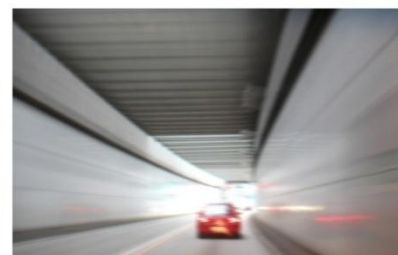
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