

São Martinho

2014



1Q14- Earnings Release

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.

Initial Considerations



- Adoption of IFRS 11 (CPC 19);
- São Martinho will no longer proportionally consolidate 2 relevant assets – Santa Cruz S.A. e Nova Fronteira S.A. – on its Balance Sheet, Income Statement and Cash Flow Statement, going to present the results of these investees through Equity Income;
- Given the importance of these assets, and with the purpose of providing users with a comparative view of the presented information, the company will continue to present its financial statements on a pro-forma basis in its earnings releases, following the same consolidation criteria adopted prior to the adoption of said standard.

Some Numbers – IFRS11 (CPC 19) Effects



1Q14

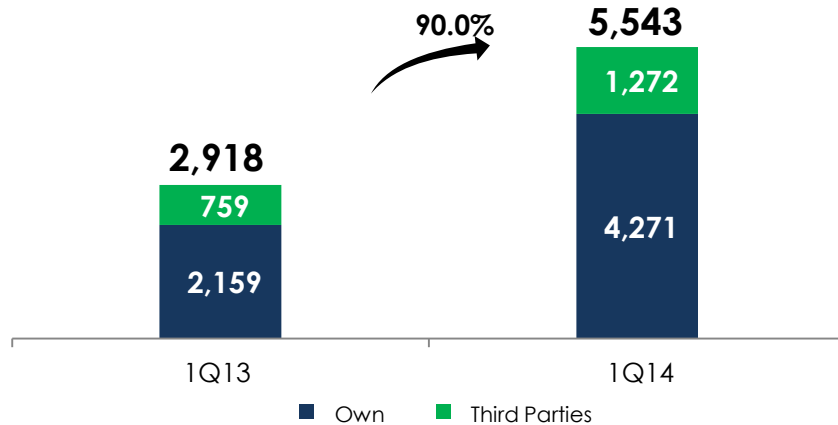
	São Martinho S.A. (consolidated IFRS11)	UBV (50,25%)	USC (32,18%)	São Martinho S.A. (Pro forma)
Net Revenue	396,242	62,708	35,166	494,261
Adjusted EBITDA	164,171	29,217	18,487	211,615
Adjusted EBITDA Margin	41.4%	46.6%	52.6%	42.8%
Adjusted EBIT	62,379	(1,992)	4,505	64,517
Adjusted EBIT Margin	15.7%	-3.2%	12.8%	13.1%
Equity Income	(11,769)	8	46	(1,079)
Income (Loss) Before Taxes	52,806	(12,638)	(1,430)	49,068
Taxes	(18,078)	3,472	263	(14,340)
Net Income	34,728	(9,166)	(1,167)	34,728

Net Debt	992,577	288,028	215,507	1,495,780
EBITDA (LTM)	597,301	83,271	76,780	755,454
Net Debt / EBITDA	1.66 x	3.46 x	2.81 x	1.98 x

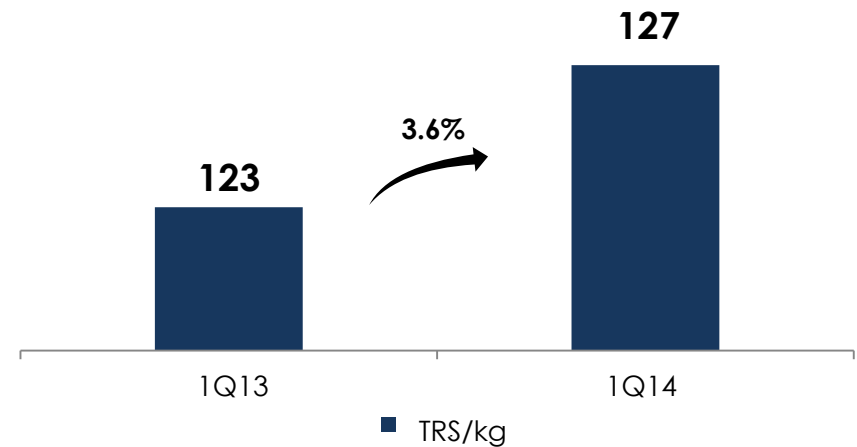
Operational Highlights– 1Q14



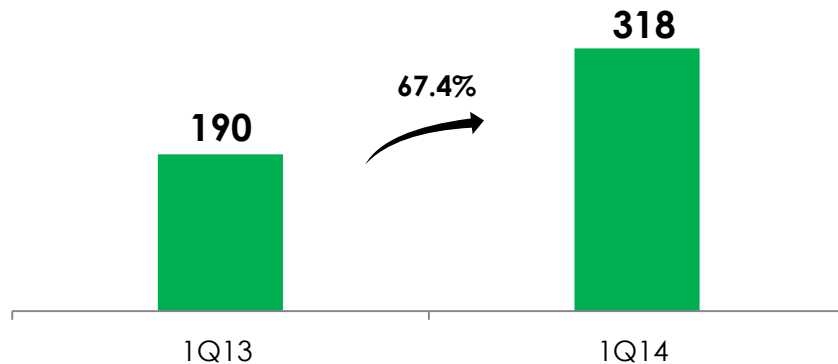
Crushed Sugarcane
(‘000 tons)



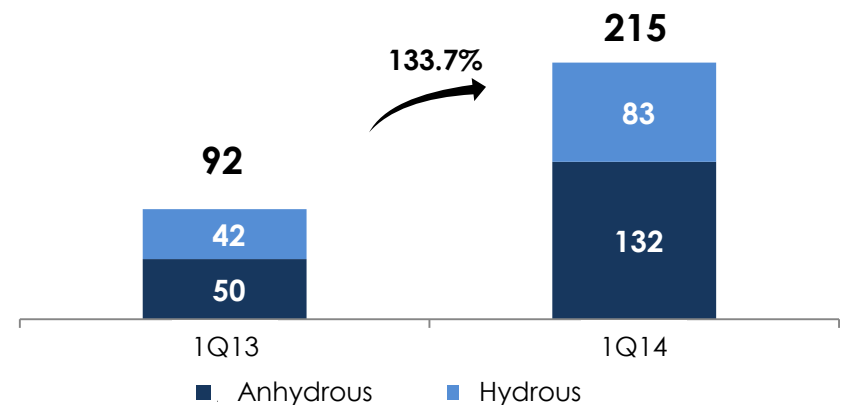
TRS
(Kg/ton)



Sugar
(‘000 tons)



Ethanol
(‘000 m³)



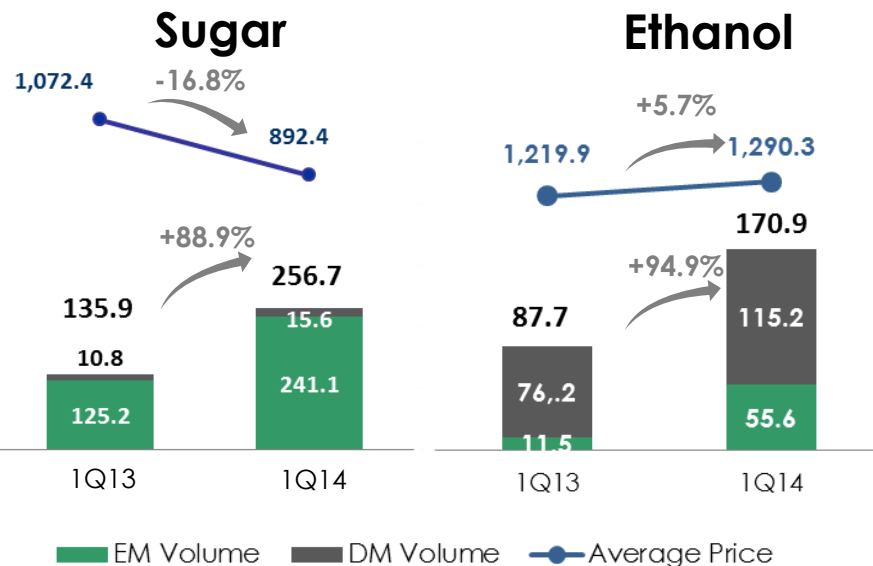
Financial Highlights– 1Q14



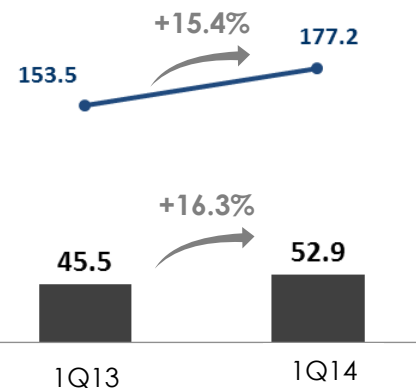
Table 1

	1Q13	1Q14	% Chg.
Net Revenue	290.3	494.3	+70.3%
COGS (cash)	(146.4)	(229.1)	+56.4%
Adjusted EBITDA	108.1	211.6	+95.8%
Adjusted EBITDA Margin	37.2%	42.8%	+5.6 p.p.
Income Before Taxes	2.9	49.1	n.m.
Net Income	2.4	34.7	n.m.
TRS Sold ('000 kg)	293	565	+92.5%

Graph 1



Cogen



EBITDA Cost – 1Q14



Graph 1

% of Net Revenue 1Q14

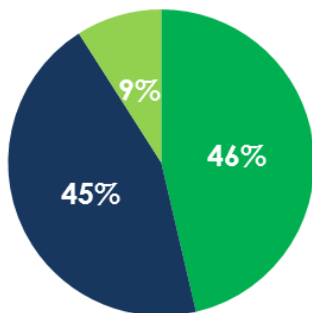


Table 1

1Q14	Sugar	Ethanol	Others	TOTAL
Net Revenue	229,090	220,482	44,689	494,261
Adj. EBITDA	103,569	98,480	9,567	211,615
Adj. EBITDA Margin	45.2%	44.7%	21.4%	42.8%

■ Sugar ■ Ethanol ■ Others

Table 2

EBITDA COST BY PRODUCT – 1Q14

	1Q13	1Q14	% Chg.
EBITDA Cost Sugar (R\$/ton)	(550.6)	(488.9)	-11.2%
EBITDA Cost Ethanol (R\$/m³)	(886.6)	(714.0)	-19.4%

Indebtedness



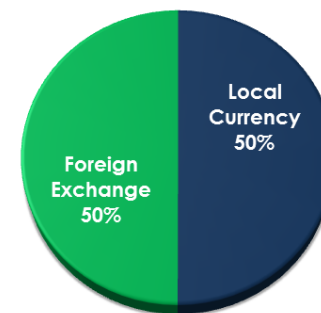
DEBT	jun/13	mar/13	Var%.
R\$ Thousand			
PESA	66,215	69,599	-4.9%
BNDES	557,177	546,570	1.9%
Indebtness in Foreign Exchange	851,256	808,516	5.3%
Obligations from Acquisitions	83,708	81,657	2.5%
Others	265,343	350,328	-24.3%
Gross Debt	1,823,699	1,856,670	-1.8%
Cash and Cash Equivalents	576,857	634,290	-9.1%
Net Debt	1,246,842	1,222,380	2.0%
(+) Proportional Gross Debt at Santa Cruz	248,938	206,913	20.3%
Consolidated Net Debt	1,495,780	1,429,293	4.7%
Net Debt / EBITDA LTM	1.98 x	2.22 x	

**Adjusted EBITDA
(LTM)**

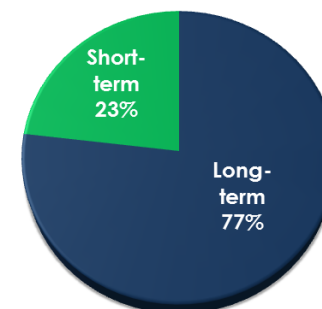
755,454

651,915

CURRENCY



TERM



Guidance – Crop Year 2013/2014



Table 1

Actual x Guidance			
Production	2012/2013	Guidance 2013/2014 (*)	Var. (%)
Crushing ('000 tons)	12.9	15.3	18.5%
Sugar ('000 tons)	970.4	996.0	2.6%
Ethanol ('000 m3)	451.4	644.0	42.7%
Mix Sugar/Ethanol	57% - 43%	48% - 52%	
Mix Anhydrous/Hydrous	62% - 38%	65% - 35%	

% Actual/Guidance

26% - Sugar
30% - Anhydrous
20% - Hydrous

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

Tabela 2

Hedge				
	Volume (Tons)	Avg Price (US\$ c/p)	Avg Price (R\$/US\$)	Preço Médio R\$/ton
	Sugar		Dolar	
Crop Year 2013/2014	528,355	20.3	2.14	957

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