



Adjusted EBITDA in 1Q14 grows 95.8% to R\$211.6 million

São Paulo, August 12, 2013 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03 BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the first quarter of 2013/2014 fiscal year (1Q14).

1Q14 HIGHLIGHTS

- ✓ Sugarcane crushing at the mills of the São Martinho Group amounted to 5.5 million tons as of June 2013, **growing 90% from the previous crop year. The result brings crushing volume to 36% of the guidance for the 2013/14 crop year;**
- ✓ **Adjusted EBITDA in 1Q14 was R\$211.6 million (Adjusted EBITDA margin of 42.8%), increasing 95.8% from 1Q13 (R\$108.1 million, Adjusted EBITDA margin 37.2%).** The main drivers of the improvement in EBITDA and EBITDA margin were i) the higher sales volume by all the Company's products due to the growth in crushing volume, and ii) the lower unit production cost of sugar and ethanol due to the higher utilization of installed capacity, which increased the dilution of fixed costs;
- ✓ **Net income in 1Q14 amounted to R\$34.7 million, compared to net income of R\$2.4 million in the same period last year.** The improvement reflects the EBITDA growth in the period driven by the abovementioned factors;
- ✓ On June 30, 2013, sugar prices for the 2013/14 crop year were locked in at an average price of USD 20.3 cents/pound for 528,400 tons, **with this volume representing 91.0% of our net exposure (total sugar production excluding our natural hedge with Consecana).** In addition to the sugar prices locked in, the Company held short dollar positions through NDFs amounting to US\$303.7 million for exports of the 2013/14 crop, with average BRL/USD parity prices of 2.14.



NEW ACCOUNTING STANDARD – CPC 19 AND IFRS 11

Given the adoption of the new accounting standard IFRS 11 (CPC 19) as of this fiscal year, São Martinho S.A. will no longer proportionally consolidate the results of its investees. In view of the materiality of the results of Nova Fronteira Bioenergia S.A. (50.95%) and Santa Cruz S.A. (32.18%) to the São Martinho Group, the Company decided to continue to present on a pro-forma basis its balance sheet, income statement and cash flow statement in the set of financial statements, following the same consolidation criteria adopted prior to the adoption of said standard.

The breakdown of this information will continue to be presented with the purpose of providing users with a comprehensive and comparative view of the Company's operations.

It is important to note that since the information in the set of financial statements is presented on a pro-forma basis, as mentioned above, some of the figures will not coincide with the Notes to the Financial Statements, which will adopt the new accounting effects mentioned above.

A summary of the results and the conciliation in accordance with CPC 19, including the breakdown of the main investees, is presented below:

	São Martinho S.A. (consolidated CPC 19)	UBV (50.25%)	USC (32.18%)	São Martinho S.A. (Pro forma)
R\$ Thousand				
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%
Biological Assets and Others	3.983	(2.630)	691	2.378
Equity Income	(11.769)	8	46	(1.079)
Financial Result	(1.787)	(8.024)	(6.672)	(16.748)
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
Cash	468.675	74.222	33.431	576.857
Gross Debt	1.461.252	362.250	248.938	1.823.699
Net Debt	992.577	288.028	215.507	1.495.780
EBITDA LTD	597.301	83.271	76.780	755.454
Net Debt / EBITDA	1,66 x	3,46 x	2,81 x	1,98 x



OVERVIEW - COMPANY

FINANCIAL HIGHLIGHTS (R\$ Thousand)	1Q14	1Q13	Chg. (%)
São Martinho - Consolidated			
Gross Revenue	512,277	307,872	66.4%
Net Revenue	494,261	290,313	70.3%
Adjusted EBITDA	211,615	108,076	95.8%
EBITDA Margin	42.8%	37.2%	5.6 p.p.
Consolidated Balance Sheet Indicators			
Total Assets	5,676,458	5,392,979	5.3%
Shareholders' Equity	2,038,631	1,987,692	2.6%
EBITDA (LTM)	755,454	490,791	53.9%
Net Debt	1,495,780	1,118,555	33.7%
Net Debt / EBITDA (LTM)	1.98 x	2.28 x	
Net Debt / Shareholders' Equity	73%	56%	
OPERATING DATA	1Q14	1Q13	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	5,543	2,918	90.0%
Own	4,271	2,159	97.8%
Third Parties	1,272	759	67.7%
Mechanized Harvest	94.5%	89.1%	539.6%
Estimated Total Harvest Area (hectares)	151,155	132,516	14.1%
Production			
Sugar ('000 tons)	318	190	67.4%
Anhydrous Ethanol ('000 m3)	132	50	161.2%
Hydrous Ethanol ('000 m3)	83	42	99.7%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	72	71	2.5%
Cogeneration ('000 MWh)	98	44	119.5%
TRS Produced	704	357	96.9%
Mix - Sugar - Ethanol	47% - 53%	56% - 44%	
Mix Anhydrous - Hydrous	62% - 38%	56% - 44%	

The volume of sugarcane processed in the first quarter of the 2013/14 crop year totaled **5.5 million tons**, representing growth of 90.0% on the same period of the previous crop year. The improvement in crushing volume was driven by (i) the recovery in yields and expansion in sugarcane fields; and (ii) the more favorable weather conditions compared to the same period last year.

This quarter, the São Martinho Group prioritized the production of sugar and anhydrous ethanol, which are products with higher contribution margins and more resilient demand compared to hydrous ethanol.

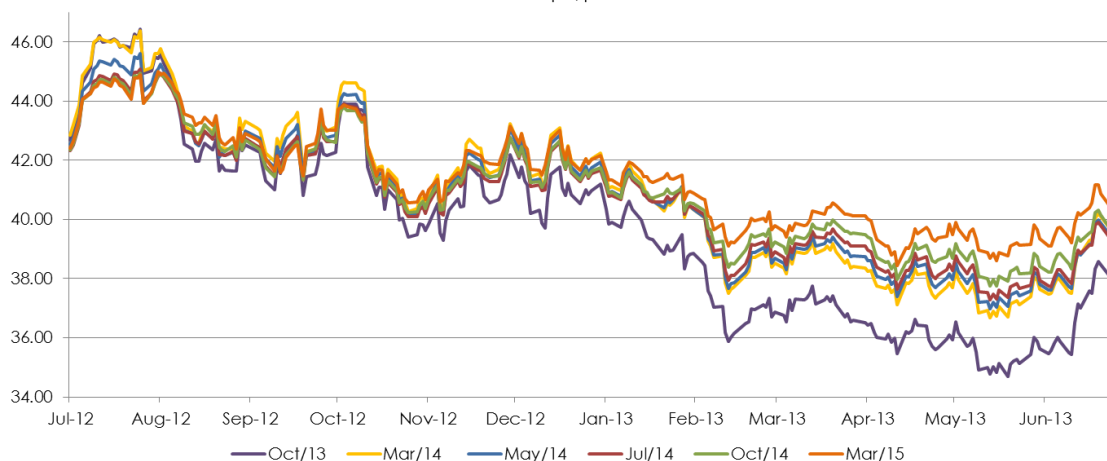
Note that the information in the above table already considers our proportional interests in Nova Fronteira (51.0%) and Santa Cruz (32.18%).



INDUSTRY OVERVIEW – SUGAR

NY#11 Prices

R\$ c/p



The downward trend in prices observed in the previous quarter continued in 1Q14 (i.e., Apr-Jun 2013). The decline reflects the higher supply of sugar in the global market due to the start of the harvest in Brazil in April, which enjoyed weather that was favorable for crushing and consequently for sugar production. Despite the drop in sugar prices, the depreciation in the Brazilian real served to mitigate the decline in prices in local currency. Despite the current price pressures, market consensus points to a surplus for the 2014/15 crop of approximately 3.5 million tons, or approximately 2% of world consumption.

According to the Sugarcane Industry Association (UNICA), Brazil's Center-South region should process 589.6 million tons of sugarcane in the 2013/14 crop year, or 10.7% more than in the 2012/13 crop year, with sugar production totaling 35.5 million tons, or 4% more than in 2012/13. By the close of June, the Center-South region had already processed 224 million tons of cane (+31.22% from the year-ago period), with total sugar production of 11.3 million tons, increasing 21.23% on a year earlier.

On June 30, 2013, the São Martinho Group had sugar prices locked-in for 91% of its net exposure (total sugar production in the 13/14 crop year, excluding our natural hedge with Consecana). As a result, the impact from lower sugar prices (as the above chart shows) should barely have any impact on the group's results for the current fiscal year.

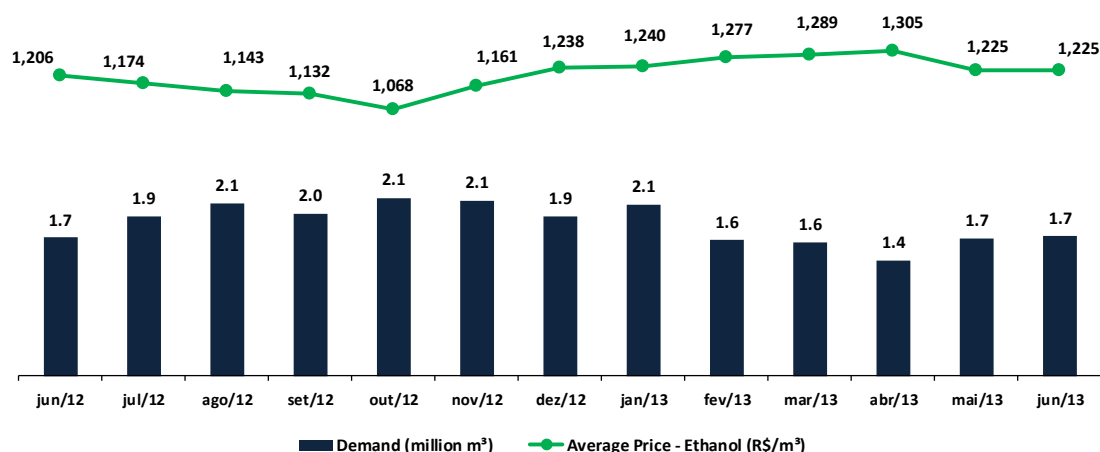


INDUSTRY OVERVIEW - ETHANOL

AVERAGE PRICES - ETHANOL	1Q14	1Q13	Chg. (%)
Market Prices			
Anhydrous ESALQ, Net DM R\$ / m3	1,335.09	1,301.39	2.6%
Hydrous ESALQ, Net DM - R\$ / m3	1,163.96	1,131.97	2.8%

In the first quarter of the 2013/14 crop year, prices for both anhydrous and hydrous ethanol were higher than a year earlier (+2.6% and +2.8%, respectively), but lower than in the last quarter of the previous crop year. We believe this reduction in prices in recent months reflects the higher supply of ethanol in the market, due to higher crushing volume and greater share of ethanol in the production mix.

As mentioned last quarter, the increase from 20% to 25% in the addition of anhydrous ethanol to the Type-A gasoline blend (adding some 2 billion liters per year) and the cuts in the PIS/Cofins tax rates on ethanol production and sale should serve as key drivers of ethanol demand. As shown below, in the last two months, we have already observed some firming of demand and, despite the high supply of ethanol this season, prices are stable compared to the same period last year.





FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	1Q14	1Q13	Chg. (%)
R\$ Thousand			
Domestic Market	203.416	136.716	48,8%
Sugar	13.021	10.797	20,6%
Hydrous Ethanol	54.715	36.990	47,9%
Anhydrous Ethanol	93.855	54.537	72,1%
Energy	9.381	6.976	34,5%
Others	32.444	27.415	18,3%
Export Market	290.846	153.598	89,4%
Sugar	216.070	134.986	60,1%
Hydrous Ethanol	3.298	7.259	-54,6%
Anhydrous Ethanol	68.614	8.211	735,6%
Others	2.863	3.141	-8,8%
Net Revenue	494.261	290.313	70,3%
Sugar	229.092	145.784	57,1%
Hydrous Ethanol	58.014	44.250	31,1%
Anhydrous Ethanol	162.469	62.748	158,9%
Energy	9.381	6.976	34,5%
Others	35.307	30.556	15,6%

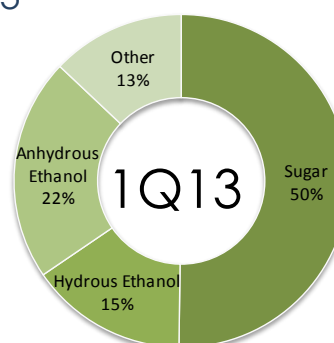
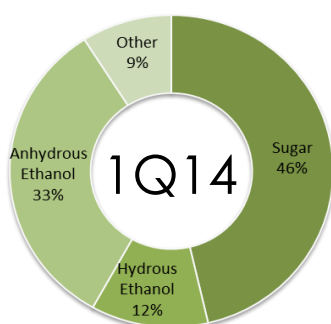
Net Revenue

In the first quarter of the 2013/14 crop year (1Q14), the Company's net revenue amounted to R\$494.3 million, increasing 70.3% from the same period of the previous crop year. This improvement was mainly driven by (i) the 88.8% increase in sugar sales volume, and (ii) the 94.8% increase in ethanol sales volume. The strong growth in sales volume is explained by the higher production in the current crop year, in line with the production guidance announced at the end of the last fiscal year.

The following charts provide a breakdown of the Company's net revenue by product in the quarters:

Distribution – Net Revenues

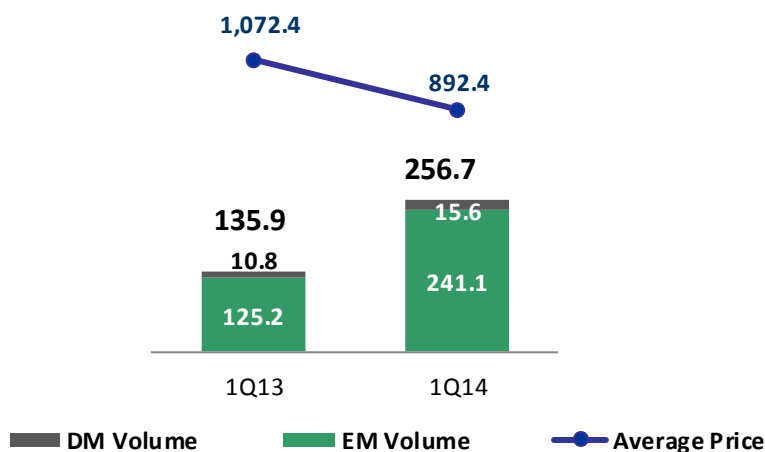
1Q14 x 1Q13



Sugar

Sugar

Volume ('000 tons) and Average Price (R\$/Ton)

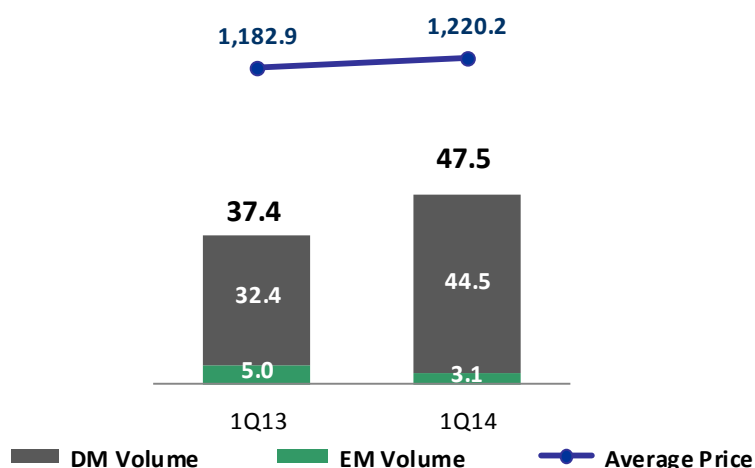


Net revenue from sugar sales was R\$229.1 million in 1Q14, increasing 57.1% from the same quarter of the previous crop year. This substantial improvement in net revenue is explained by the 88.8% increase in sugar sales volume in the period, which more than offset the 16.8% drop in the average sales price in the period.

Ethanol

Hydrous Ethanol

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

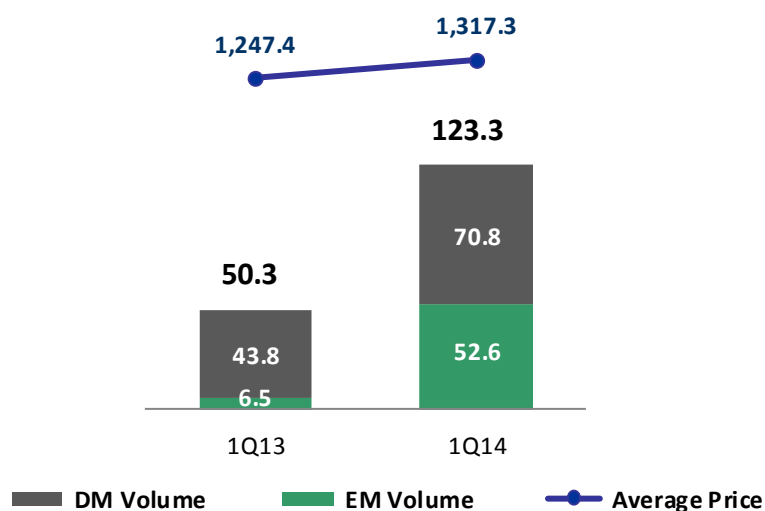


Net revenue from hydrous ethanol sales amounted to R\$58.0 million in 1Q14, increasing 31.1% from the same quarter of the previous crop year. The improvement was due to the 27.1% growth in hydrous ethanol sales volume, combined with the 3.2% increase in the average sales price.



Anhydrous Ethanol

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



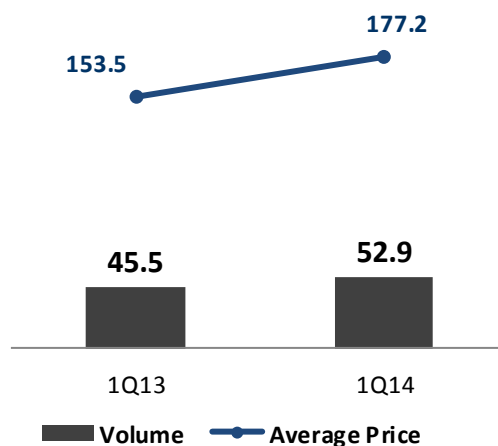
In 1Q14, net revenue from anhydrous ethanol sales increased 158.9% from 1Q13 to reach R\$162.5 million. Net revenue growth in the period was driven by the 145.2% increase in anhydrous ethanol sales volume in the period combined with the 5.6% increase in the average sales price.

This material improvement in sales volume reflects the Company's strategy to allocate a higher share of the production mix to anhydrous ethanol, since this type of ethanol offers more resilient pricing in the domestic market as well as opportunities for exports, especially in light of the depreciation in the Brazilian real against the U.S. dollar in the period.

Cogen

Cogen

Volume ('000 MWh) and Average Price (R\$/MWh)



Net revenue from electricity sales in 1Q14 amounted to R\$9.4 million, increasing 34.5% from the same quarter of the previous crop year. The improvement was driven by the 16.5% increase in cogen sales volume in the period combined with the 15.5% increase in the average sales price in the period.

Other Products and Services

Net revenue from the line "Other Products and Services" was R\$35.3 million in 1Q14, increasing 15.6% from the same quarter of the previous crop year. The higher revenue is mainly explained by the sale of sugarcane to Biosev through the agreement signed with the São Martinho Group for the sale of 1,000,000 tons of sugarcane during the 2013/14 crop year, related to the São Carlos mill.



INVENTORIES

INVENTORIES	1Q14	1Q13	Chg. (%)
Sugar (tons)	71,753	73,984	-3.0%
Hydrous (m3)	41,385	14,010	195.4%
Anhydrous (m3)	29,628	19,025	55.7%

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 1Q14	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	229,090	220,482	44,689	494,261
COGS (Cash)	(97,160)	(101,106)	(30,858)	(229,124)
Gross Profit (Cash)	131,930	119,376	13,831	265,137
Gross Margin (Cash)	57.6%	54.1%	30.9%	53.6%
Sales Expenses	(15,343)	(6,615)	(925)	(22,882)
G&A Expenses (Cash)	(13,018)	(14,281)	(3,033)	(30,332)
Other Revenues (Expenses)	-	-	(306)	(306)
Adjusted EBITDA	103,569	98,480	9,567	211,615
Adjusted EBITDA Margin	45.2%	44.7%	21.4%	42.8%
EBITDA Cost (*)	(488.9)	(714.0)	-	-

(*) Sugar in R\$/Ton
Ethanol in R\$/m³

EBITDA BY PRODUCT - 1Q13	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	145,782	106,998	37,533	290,313
COGS (Cash)	(55,467)	(63,500)	(27,489)	(146,456)
Gross Profit (Cash)	90,315	43,498	10,044	143,857
Gross Margin (Cash)	62.0%	40.7%	26.8%	49.6%
Sales Expenses	(7,008)	(1,190)	(781)	(8,978)
G&A Expenses (Cash)	(12,373)	(13,078)	(2,828)	(28,280)
Other Revenues (Expenses)	-	-	1,479	1,479
Adjusted EBITDA	70,933	29,229	7,914	108,076
Adjusted EBITDA Margin	48.7%	27.3%	21.1%	37.2%
EBITDA Cost (*)	(550.6)	(886.6)	-	-

(*) Sugar in R\$/Ton
Ethanol in R\$/m³



AVERAGE CASH COST PER UNIT	1Q14	1Q13	Var.%
R\$ Thousand			
COGS	(229,124)	(146,456)	56.4%
Sugar	(97,160)	(55,467)	75.2%
Ethanol	(101,106)	(63,500)	59.2%
Other Products	(30,858)	(27,489)	12.3%
Average Cash Cost Per Unit (*)			
Sugar Cash Cost	(378.5)	(408.0)	-7.2%
Ethanol Cash Cost	(591.7)	(724.0)	-18.3%

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

In 1Q14, sugar accounted for 48.9% of the Group's consolidated EBITDA, while ethanol and other products accounted for 46.5% and 4.6%, respectively. Sugar EBITDA margin decreased 3.5 p.p. from 1Q13, reflecting the lower sugar prices and higher freight expenses (higher logistics costs due to strong competition for freight from other commodities, such as corn and soybean, for example). However, due to the higher utilization of installed capacity, the sugar EBITDA cost decreased by 11.2%, reflecting the higher dilution of fixed costs.

Ethanol EBITDA margin expanded 17.4 p.p. in the quarter, reflecting the higher utilization of installed capacity (i.e., sharp increase in the share of ethanol in the mix) and the higher average price (which reduced the ethanol EBITDA cost by 19.5%).

COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	1Q14	1Q13	Chg.%
R\$ thousand			
Agricultural Costs	154,390	91,216	69.3%
Suppliers	64,061	44,631	43.5%
Partnerships	34,603	17,429	98.5%
Own Sugarcane	55,726	29,156	91.1%
Industrial	35,623	20,511	73.7%
Other Products	39,111	34,729	12.6%
Total COGS	229,124	146,456	56.4%
TRS Sold ('000 Tons)	565	293	92.5%
Unit Cost (Sugar and Ethanol Cash COGS/TRS Sold)	336	381	-11.7%

In 1Q14, cash COGS was R\$229.1 million, increasing 56.4% from the same quarter of the previous crop year, mainly due to the strong sales volume growth of 92.5% measured in TRS equivalent.

Unit cost fell 11.7%, reflecting the higher capacity utilization rate, which helped dilute industrial and agricultural costs.



SELLING EXPENSES

SELLING EXPENSES	1Q14	1Q13	Chg.%
R\$ thousand			
Port / Freight Costs	22,112	8,088	173.4%
Sales Commission	40	32	22.5%
Other - non-recurring	730	857	-14.8%
Selling Expenses	22,882	8,978	154.9%
TRS Sold ('000 Tons)	565	293	92.5%
% of Net Revenues	4.6%	3.1%	1.5 p.p.

In 1Q14, selling expenses amounted to R\$22.9 million, increasing 154.9% from 1Q13. The line making the biggest contribution to these expenses was "Port/Freight Costs", which were impacted by the higher volume of ethanol and sugar exports in the period, as commented in the section "Financial Performance – Sugar/Ethanol".

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	1Q14	1Q13	Chg. (%)
R\$ Thousand			
Personnel and Management Fee	18,287	14,314	27.8%
Taxes, Fees, Contributions and Contingencies	6,437	7,775	-17.2%
General Expenses and Third-Party Services	5,079	5,560	-8.7%
Stock Options Expenses	529	631	-16.1%
Total General and Administrative Expenses	30,332	28,280	7.3%

G&A expenses amounted to R\$30.3 million in 1Q14, increasing 7.3% from the same quarter of the previous crop year. The increase in the period was led by expenses with personnel and fees, due to the 25% provision for variable compensation and wage increases under the collective bargaining agreement, which had not been provisioned for in the same period last year.



EBITDA

BOOK EBITDA	CPC 19			Pro-Forma		
	1Q14	1Q13	Chg.%	1Q14	1Q13	Chg.%
R\$ thousand						
Book EBITDA	156,385	78,268	99.8%	212,914	119,393	78.3%
EBITDA Margin	39.5%	35.7%	3.8 p.p.	43.1%	41.1%	2.0 p.p.
(-) Depreciation and Amortization	(101,792)	(59,707)	70.5%	(147,098)	(87,414)	68.3%
(-) Net Financial Expense	(1,787)	(7,017)	-74.5%	(16,748)	(29,030)	-42.3%
(=) Operating Profit (Loss)	52,806	11,544	357.4%	49,068	2,949	1563.9%

EBITDA RECONCILIATION	Pro-Forma		
	1Q14	1Q13	Chg.%
R\$ thousand			
Book EBITDA	212,914	119,393	78.3%
Non-cash Items Recorded in COGS	-	(246)	n.m.
Biological Assets	(1,864)	(13,458)	-86.1%
Operating Income (Expenses) - Non-recurring	(514)	438	n.m.
Equity Income	1,079	1,949	-44.6%
Adjusted EBITDA	211,615	108,076	95.8%
Adjusted EBITDA Margin	42.8%	37.2%	5.6 p.p.

Adjusted EBITDA

The São Martinho Group recorded EBITDA of **R\$211.6 million in 1Q14 (Adjusted EBITDA Margin of 42.8%), increasing 95.8% from 1Q13**. As mentioned earlier, EBITDA growth was mainly driven by (i) the higher sales volumes of sugar, ethanol and electricity resulting from the higher volume of sugarcane crushed in the period; and (ii) the lower sugar and ethanol unit production costs due to the higher utilization of installed capacity, which helped dilute fixed costs.

HEDGING

U.S. Dollar

On June 30, 2013, the São Martinho Group held a short position in USD currency futures through non-deliverable forwards (NDFs), which are used to hedge its sugar and ethanol exports, with maturities through the 2015/16 crop year as follows:

Maturity	US\$ thousand	Average Price (R\$/US\$)
US Dollar		
2013/2014 Crop Year	356,590	2.14
2014/2015 Crop Year	59,330	2.22
2015/2016 Crop Year	15,114	2.30
	431,034	2.16



From the number of US\$ 356.6 million of NDFs in the 2013/2014 Crop Year, US\$ 303.7 million refers to sugar hedge. The difference comes from NDFs designed to Anhydrous Ethanol, RNA and other products hedges.

Sugar

On June 30, 2013, we had sugar prices locked-in for the **2013/14 crop year for 528,300 tons at an average price of USD 20.27 cents/pound.**

	Volume (Tons)	Average Price (US\$ c/p)	USD - Average Price (R\$/US\$)
Sugar			
2013/2014 Harvest	528.355	20,27	2,14
	528.355	20,27	

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\$80.6 million in June 2013).

NET FINANCIAL RESULT

FINANCIAL RESULT	1Q14	1Q13	Chg. (%)
R\$ Thousand			
Financial Income	9,817	13,008	-24.5%
Financial Expenses	(34,011)	(25,100)	35.5%
Hedge Result	(77)	3,481	n.m.
Exchange Variation	9,505	(17,842)	-153.3%
Copersucar Monetary Variation	(1,983)	(2,577)	-23.0%
Net Financial Result	(16,748)	(29,030)	-42.3%

The net financial result in 1Q14 was an expense of R\$16.7 million, which represents a 42.3% reduction from the net financial expense in 1Q13. The result was mainly impacted by the R\$9.5 million exchange variation gain resulting from the net exposure to the USD in the quarter (balance denominated in foreign currency, excluding the hedge for exports already executed).

NET INCOME

Net income in 1Q14 amounted to R\$34.7 million, compared to net income of R\$2.4 million in the same period last year. The improvement was driven by the EBITDA growth in the period, as mentioned in the section "EBITDA".

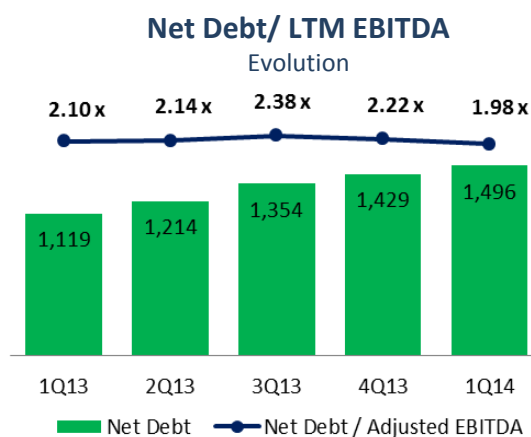
DEBT WITH COPERSUCAR

On June 30, 2013, the São Martinho Group recognized the amount of R\$217.4 million in obligations payable to Copersucar under Liabilities on its balance sheet. 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\$169.7 million on a consolidated basis.

INDEBTEDNESS

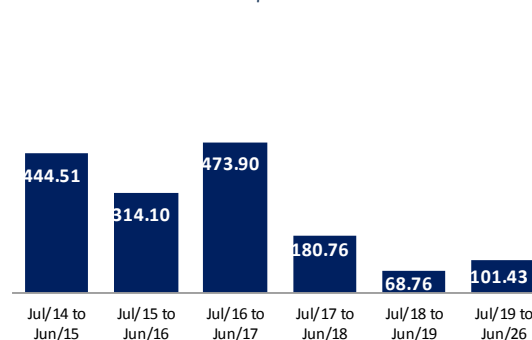
DEBT	sep/12	mar/12	Chg. (%)
R\$ Thousand			
PESA	66,215	69,599	-4.9%
Rural Credit	162,003	161,662	0.2%
BNDES / FINAME	557,177	546,570	1.9%
Working Capital	100,488	144,896	-30.6%
ACC (Advances on Foreign Exchange Contracts)	-	40,662	n.m.
PPE (Export prepayment)	408,000	429,611	-5.0%
NCE (Export Credit Note)	443,256	378,905	n.m.
Others	2,852	3,108	-8.2%
Obligations from Acquisitions	83,708	81,657	2.5%
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 / Acum. EBITDA	1.98 x	2.22 x	

In 1Q14, the net debt of the São Martinho Group increased by 4.7% (R\$1.5 billion), closing the period with a Net Debt/EBITDA ratio of 1.98 times. The main factor in the debt increase was the depreciation in the local currency in the period, which increased our USD-denominated debt by approximately R\$100 million.



Amortization Schedule – Long-term Debt

R\$ - Million





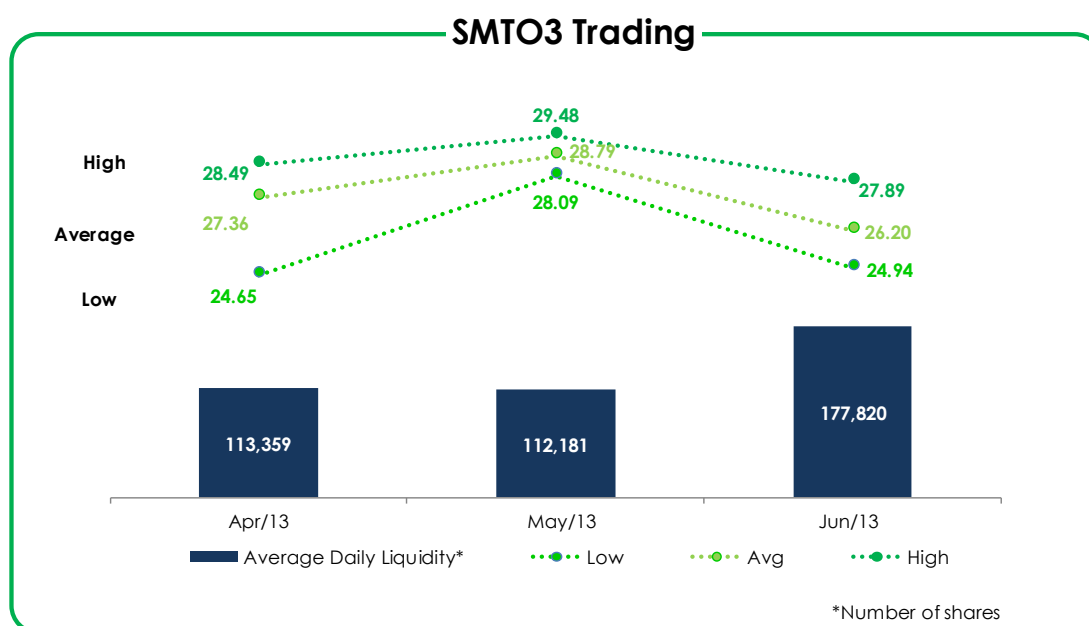
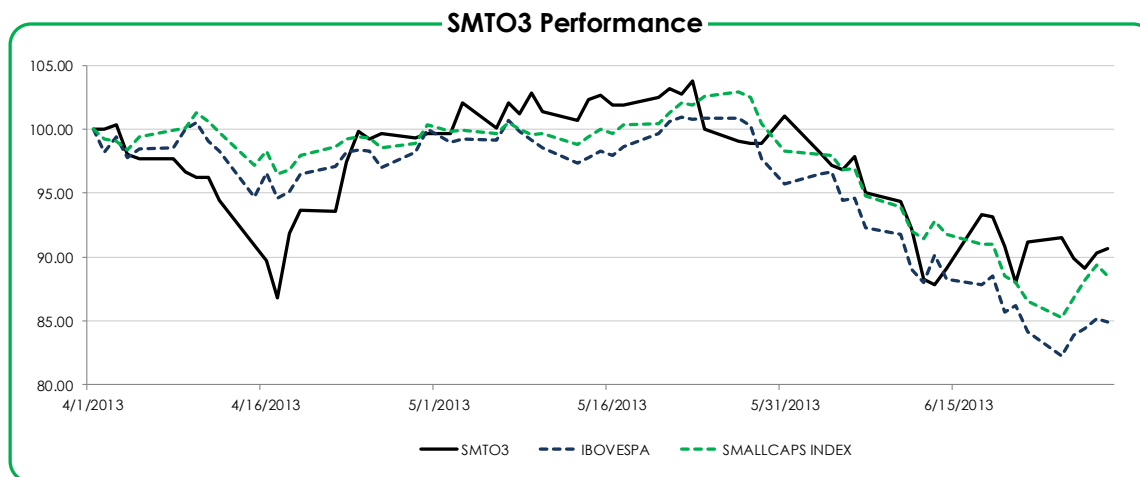
CAPITAL EXPENDITURE

SÃO MARTINHO - CONSOLIDATED	1Q14	1Q13	Var%.
Maintenance Capex			
Sugarcane Planting	27,420	24,111	13.7%
Industrial / Agricultural	3,039	21,228	-85.7%
Crop Treatment	46,625	34,213	36.3%
Sub Total	77,084	79,552	-3.1%
Upgrading / Expansion Capex			
São Martinho Mill			
Industrial / Agricultural	29,142	33,079	-11.9%
Sub Total	29,142	33,079	-11.9%
Boa Vista Mill (50,95%)			
Sugarcane Planting	5,807	10,710	n.m.
Industrial / Agricultural	1,451	2,699	-46.2%
Crop Treatment	1,185	4,404	n.m.
Sub Total	8,442	17,813	-52.6%
Santa Cruz Mill (32,18%)			
Industrial / Agricultural	745	1,315	-43.3%
Sub Total	745	1,315	-43.3%
TOTAL GERAL	115,413	131,759	-12.4%

The maintenance CAPEX of the São Martinho Group amounted to R\$77.1 million in 1Q14, or 3.1% lower than in 1Q13. Investments related to expansion and modernization amounted to R\$38.3 million in the period and were composed of (i) the remaining investment in the cogeneration project at Usina São Martinho, and (ii) the investments in Usina Boa Vista.



SMT03 STOCK PERFORMANCE





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 the Santa Cruz mill located in Américo Brasiliense (in the Ribeirão Preto region). For more information please go to www.saomartinho.com.br.



INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	1Q14	1Q13	Var %	1Q14	1Q13	Chg. (%)
R\$ Thousand						
Gross Revenue	407,302	230,879	76.4%	512,277	307,872	66.4%
Deductions from Gross Revenue	(11,060)	(11,390)	-2.9%	(18,016)	(17,559)	2.6%
Net Revenue	396,242	219,489	80.5%	494,261	290,313	70.3%
Cost of Goods Sold (COGS)	(283,219)	(151,127)	87.4%	(372,242)	(218,169)	70.6%
Gross Profit	113,023	68,362	65.3%	122,019	72,144	69.1%
Gross Margin (%)	28.5%	31.1%	-2.6 p.p	24.7%	24.9%	-0.2 p.p
Operating Expenses	(58,430)	(49,801)	17.3%	(56,203)	(40,165)	39.9%
Selling Expenses	(19,853)	(6,878)	188.6%	(22,882)	(8,978)	154.9%
General and Administrative Expenses	(27,381)	(24,552)	11.5%	(32,422)	(30,019)	8.0%
Equity Income	(11,769)	(19,217)	-38.8%	(1,079)	(1,949)	-44.6%
Other Operating Expenses, Net	573	846	-32.3%	180	781	-77.0%
Operating Profit, Before Financial Effects	54,593	18,561	194.1%	65,816	31,979	105.8%
Financial Result, Net	(1,787)	(7,017)	-74.5%	(16,748)	(29,030)	-42.3%
Financial Revenues	16,091	18,575	-13.4%	22,807	25,135	-9.3%
Financial Expenses	(41,061)	(27,915)	47.1%	(57,466)	(36,927)	55.6%
Monetary and Exchange Variations - Net	23,183	2,323	898.0%	17,911	(17,238)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	52,806	11,544	357.4%	49,068	2,949	1563.9%
Income Tax and Social Contribution - Current	(2,299)	(437)	426.1%	(2,740)	(489)	n.m.
Income Tax and Social Contribution - Deferred	(15,779)	(8,729)	80.8%	(11,600)	(82)	n.m.
Net Income	34,728	2,378	1360.4%	34,728	2,378	1360.4%
Net Margin (%)	8.8%	1.1%	7.7 p.p	7.0%	0.8%	6.2 p.p



BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	CPC 19		Pro-forma	
R\$ Thousand				
ASSETS	jun/13	mar/13	Jun/13	Mar/13
SHORT-TERM ASSETS				
Cash and Cash Equivalents	468,675	531,142	576,857	634,290
Trade Receivables	91,096	51,739	115,603	62,667
Derivative Financial Instruments	80,181	79,232	85,874	84,998
Inventories	142,702	101,503	205,247	148,661
Taxes Recoverable	57,067	43,313	71,538	57,085
Income Tax and Social Contribution	30,261	33,370	33,093	36,655
	353	353		
Other Assets	9,929	6,422	12,495	7,610
TOTAL SHORT-TERM ASSETS	880,264	847,074	1,100,707	1,031,966
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	-	-	9,554	9,037
Inventories	31,314	13,196	73,445	35,592
Related Parties	1,025	2,013	11	10
Deferred Income Tax and Social Contribution	-	6,968	53,323	56,785
Trade Receivables from Copersucar	1,228	1,228	1,398	1,398
Taxes Recoverable	50,314	47,834	70,444	67,438
Judicial Deposits	33,595	35,654	36,411	38,769
Other Assets	253	250	463	395
	117,729	107,143	245,049	209,424
Investments	580,420	600,280	10,409	11,488
Biological Assets	525,012	544,167	767,176	797,400
Property, plant and equipment	2,615,250	2,627,129	3,311,624	3,339,886
Intangible Assets	178,861	179,119	241,493	242,946
TOTAL LONG-TERM ASSETS	4,017,272	4,057,838	4,575,751	4,601,144
TOTAL ASSETS	4,897,536	4,904,912	5,676,458	5,633,110



BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES	CPC 19		Pro-forma	
R\$ Thousand				
LIABILITIES AND SHAREHOLDERS' EQUITY	Jun/13	mar/13	Jun/13	Mar/13
SHORT-TERM LIABILITIES				
Borrowings	288,303	240,405	405,468	363,529
Derivative Financial Instruments	89,340	14,297	92,259	15,149
Trade Payables	104,829	77,059	130,571	98,235
Payables to Copersucar	2,040	2,040	2,234	2,263
Salaries and Social Contributions	69,452	50,153	86,614	66,523
Taxes Payable	10,124	10,225	12,908	12,485
Income Tax and Social Contribution	863	314	1,270	484
Related Parties	-	-	398	398
Dividends Payable	17,326	17,326	17,326	17,326
Advances from Customers	4,695	957	7,700	3,341
Aquisition of Investment	73,686	71,808	73,686	71,808
Other Liabilities	20,006	16,393	17,516	12,405
TOTAL SHORT-TERM LIABILITIES	680,664	500,977	847,950	663,946
LONG-TERM LIABILITIES				
Borrowings	1,089,241	1,176,045	1,583,461	1,618,397
Payables to Copersucar	194,155	194,440	215,127	215,478
Taxes Payable in Installments	47,952	48,436	55,073	55,758
Deferred Income Tax and Social Contribution	773,499	810,465	826,242	867,891
Provision for Contingencies	58,972	60,171	64,556	66,331
Aquisition of Investment	10,022	9,849	10,022	9,849
Advances for future capital increase	-	-	30,996	30,931
Other Liabilities	4,400	3,912	4,400	3,912
TOTAL LONG-TERM LIABILITIES	2,178,241	2,303,318	2,789,877	2,868,547
SHAREHOLDERS' EQUITY				
Share Capital	614,150	614,150	614,150	614,150
Adjustments to Book Value	1,160,934	1,265,869	1,160,934	1,265,869
Revenues Reserves	232,556	232,556	232,556	232,556
Treasury Shares	(13,811)	(13,811)	(13,811)	(13,811)
Stock options granted	2,382	1,853	2,382	1,853
Retained Earnings	42,420	-	42,420	-
TOTAL SHAREHOLDERS' EQUITY	2,038,631	2,100,617	2,038,631	2,100,617
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,897,536	4,904,912	5,676,458	5,633,110



CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ Thousand	1Q14	1Q13	1Q14	1Q13
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	34.728	2.378	34.728	2.378
Adjustments				
Depreciation and amortization	35.368	26.238	48.780	37.394
Harvested biological assets (depreciation)	66.424	33.469	98.318	50.020
Variation in fair value of biological assets	(3.429)	(13.988)	(1.864)	(13.458)
Residual cost of investments and property, plant and equipment disposals	11.769	19.217	1.079	1.949
Result of investment and property, plant and equipment disposals	(69)	15	(94)	(34)
Interest, monetary and foreign exchange variations, net	28.442	10.952	45.252	38.405
Constitution of provision for contingencies, net	5.333	7.015	5.469	6.890
Deferred income tax and social contribution	15.779	8.729	11.600	82
Constitution of provision for inventory losses	-	(445)	-	(446)
Adjustments to present value and others	3.028	3.731	3.843	3.681
	197.373	97.311	247.111	126.861
Changes in assets and liabilities				
Trade receivables	(39.357)	(16.820)	(52.935)	(24.505)
Inventories	(41.457)	(51.687)	(63.921)	(79.804)
Taxes recoverable	(12.269)	(8.788)	(12.822)	(7.034)
Financial Investments	-	-	(347)	-
Other assets	(1.449)	(5.403)	(1.824)	(6.617)
Trade payables	53.679	16.466	63.320	17.385
Salaries and social charges	19.299	10.728	20.225	12.738
Taxes payable	727	544	1.415	627
Taxes payable in installments	(1.211)	(1.534)	(1.449)	(1.802)
Provision for contingencies - settlements	(7.819)	(7.852)	(8.664)	(8.459)
Other liabilities	8.174	(3.225)	8.532	(2.458)
Cash provided by operations	175.690	29.740	198.641	26.932
Interest paid	(29.290)	(8.032)	(43.721)	(14.492)
Income tax and social contribution paid	(281)	(115)	(317)	(129)
Net cash provided by operating activities	146.119	21.593	154.603	12.311
CASH FLOW FROM INVESTMENT ACTIVITIES				
Financial resources used in investments	-	(1.041)	-	(1.068)
Additions to property, plant and equipments, intangible assets and deferred charges	(57.685)	(40.139)	(65.339)	(53.262)
Additions to biological assets (planting and crop treatment)	(51.829)	(42.691)	(81.037)	(73.439)
Proceeds from sale of property, plant and equipment	419	130	552	220
Cash and cash equivalents acquired from subsidiary	1	-	1	-
Advance for future capital increase	(513)	(1.830)	-	(1.193)
Net cash used in investing activities	(109.607)	(85.571)	(145.823)	(128.742)
CASH FLOW FROM FINANCING ACTIVITIES				
Derivatives Financial Instruments	(5.596)	8.966	(3.618)	7.578
New borrowing - third parties	53.227	461.178	100.561	542.334
Repayment of borrowing- Copersucar	(2.086)	(2.461)	(2.436)	(2.874)
Repayment of borrowing - third parties	(144.524)	(31.504)	(160.786)	(51.812)
Advance for future capital increase	-	-	66	5.519
Payment of dividends and interest on capital	-	(1.817)	-	(1.817)
Net cash provided by financing activities	(98.979)	434.362	(66.213)	498.928
Increase (decrease) in cash and cash equivalents	(62.467)	370.384	(57.433)	382.497
Cash and cash equivalents at the beginning of the period	531.142	295.776	634.290	410.567
Cash and cash equivalents at the end of the period	468.675	666.160	576.857	793.064