



São Martinho Reports Net Income of R\$ 131.5 million in 9M12

São Paulo, February 14, 2012 – 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 third quarter of 2012 (3Q12).

3Q12 HIGHLIGHTS

Net income in 9M12 was R\$ 131.5 million, up to 1% from the same period in the previous harvest. Net income was R\$ 44.9 million in 3Q12, down 35.6% from 3Q11, reflecting (i) the lower Adjusted EBITDA in the period due to the lower sales volume and (ii) the higher financial expenses from currency translation losses (non-cash) due to the devaluation of the Brazilian real against the U.S. dollar in the period;

The São Martinho Group recorded Adjusted EBITDA of R\$ 154.2 million (adjusted EBITDA margin of 40.5%), for a decline of 19.5% from 3Q11. **In the year to date (9M12), Adjusted EBITDA was R\$ 464.4 million, down 3.6% from 9M11 (adjusted EBITDA margin of 41.9%).** The main reason for the reduction in EBITDA in 3Q12 and 9M12 was the lower production volume and subsequent drop in sugar and ethanol sales volumes in the 2011/12 crop year. The drop in production was due to the shortfall in the sugarcane harvest in the entire Center-South region of Brazil, and consequently at the mills of the São Martinho Group;

With the end of crushing activities by the São Martinho Group for the 2011/12 crop year, output came to 10.6 million tons (already adjusted proportionally for our interest in Nova Fronteira). **Ethanol production volume totaled 377,000 m³ (of which 50% was anhydrous ethanol) while sugar production volume came to 774,000 tons;**

Based on analyses made to date of the development of the sugarcane in our fields, **in the next crop year we expect our ethanol and sugar volume (measured in TRS equivalent) to be at least 10% higher than in the current crop year;**

The increases in sugar and ethanol production costs in 3Q12 versus 3Q11 and in 9M12 versus 9M11 were due to: (i) the increase in the Consecana price of around 35% in the periods, which impacted costs with suppliers and leasing and (ii) the increase in unit production costs caused by the lower capacity utilization, since the quality and volume of crushed sugarcane were lower than previous harvest;

On December 31, 2011, we had sugar prices fixed for the **2012/13 crop year for 295,000 tons at an average price of USD 24.68 cents/pound.** This volume corresponds to around **42% of the potential volume of sugar exports in the next crop year.** On the same date, over 83% of the inventory available for sale in 4Q12 was **hedged at USD 25.30 cents/pound.**



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R\$ Thousand)	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	402,356	417,645	-3.7%	1,167,566	1,079,163	8.2%
Net Revenue	380,448	390,285	-2.5%	1,107,518	1,014,488	9.2%
Adjusted EBITDA	154,203	191,522	-19.5%	464,371	481,926	-3.6%
EBITDA Margin	40.5%	49.1%	-8.5 p.p.	41.9%	47.5%	-5.6 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	4,834,415	3,941,658	22.6%	4,834,415	3,941,658	22.6%
Shareholders' Equity	2,056,686	1,953,486	5.3%	2,056,686	1,953,486	5.3%
EBITDA (LTM)	595,026	622,317	-4.4%	595,026	622,317	-4.4%
Net Debt	912,814	486,626	87.6%	912,814	486,626	87.6%
Net Debt / EBITDA (LTM)	1.53 x	0.78 x		1.53 x	0.78 x	
Net Debt / Shareholders' Equity	44%	25%		44%	25%	

OPERATING DATA	9M12	9M11	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)	215	218	-1.3%
Energy ('000 MWh)	213	163	30.5%

To date in this crop year (9M12), crushing by the São Martinho Group declined by 12.7%, reflecting the shortfall in the sugarcane harvest in the entire Center-South region of Brazil, and consequently at the mills of the São Martinho Group.

The production data for the São Martinho Group (see the above table) includes 100.0% of the company's production, not considering partnerships. Given our interest of 50.95% in the production of Nova Fronteira Bioenergia S.A., these figures do not consolidate 32,300 m³ of anhydrous ethanol and 38,900 m³ of hydrous ethanol.

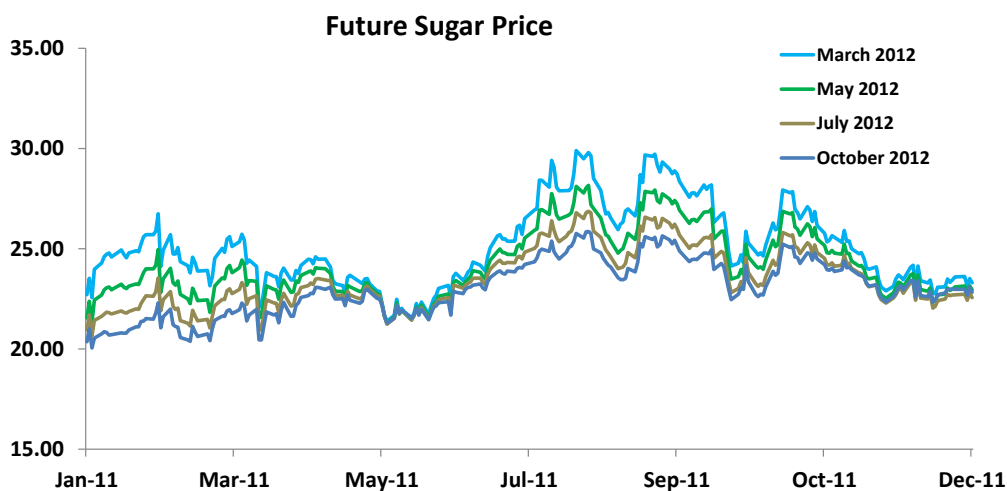


CONSOLIDATED FINANCIAL HIGHLIGHTS - 3Q12	SMT0	SANTA CRUZ + AGROPECUARIA BOA VISTA	CONSOLIDATED
R\$ Thousand			
Net Revenues	371,064	9,384	380,448
COGS (Cash)	183,072	3,812	186,884
Selling Expenses	13,710	409	14,119
G&A Expenses (Cash)	26,155	603	26,758
Adjusted EBITDA	150,106	4,097	154,203
Adjusted EBITDA Margin	40.4%	43.7%	40.5%
Net Financial Result	(11,060)	(5,377)	(16,437)
Net Income	48,620	(3,742)	44,878

As shown in the table above, it follows the disclosure of the 3Q12 results of São Martinho and Santa Cruz separately. It is important to note that the consolidation of 32.18% of Santa Cruz S.A. (Santa Cruz) and Agropecuaria Boa Vista (ABV) reflects only one month of operation (dec/11), since the acquisition occurred in mid November 2011.



INDUSTRY OVERVIEW - SUGAR



As a result of the start of the crop year in the northern hemisphere, which includes production from countries such as India, Thailand and Russia, expectations are calling for a world sugar surplus in the 2011/12 crop year of approximately 8 million tons. Despite the higher production in these countries, we expect prices to remain above USD 22.00 cents/pound, given the low level of world sugar stocks.

During 3Q12, sugar prices registered a downward trend through mid-November, after which prices remained practically stable (at between USD 22.00 and 24.00 cents/pound).

In Brazil, according to the Sugarcane Industry Association (UNICA), sugar production in the Center-South region in the 2011/12 crop year was 31.2 million tons, contracting by 6.9% from the previous crop year. Meanwhile, ethanol production came to 20.6 billion liters, or 18.7% less than in the 2010/11 crop year. This crop year, the sugar and ethanol production units that enjoy flexibility in terms of controlling their production mix will opt to direct their production to sugar, given the higher prices for this product.

Based on the current scenario, the São Martinho Group formed its sugar hedge positions for the 2012/13 crop year. In December 2011, our hedge positions already covered 294,300 tons of sugar at a price of USD 24.68 cents/pound. This volume represents approximately 42% of our sugar exports in the next fiscal year and approximately 60% of our exposure from sugar produced on an integrated basis, i.e., in our own fields.



INDUSTRY OVERVIEW - ETHANOL

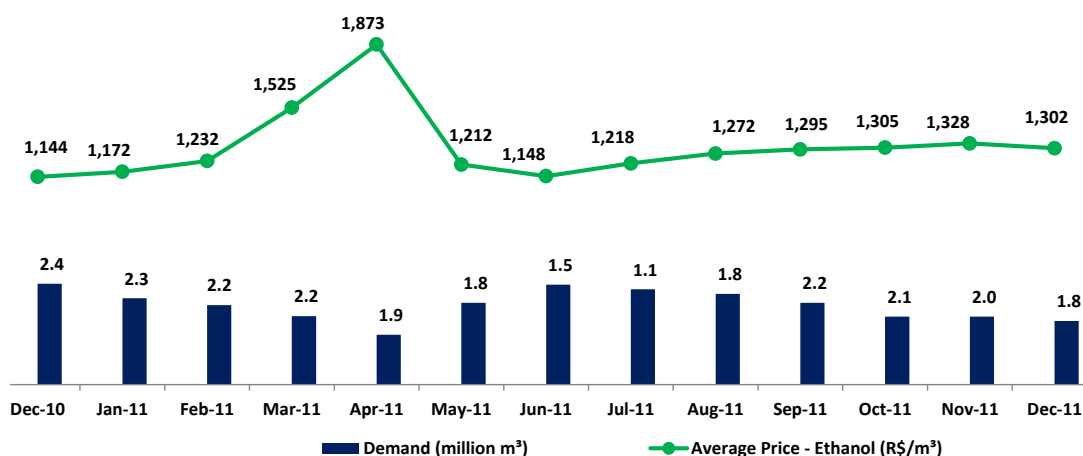
AVERAGE PRICES - ETHANOL	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM - R\$ / m ³	1,370.53	1,190.93	15.1%	1,470.58	1,011.53	45.4%
Hydrous ESALQ, Net DM - R\$ / m ³	1,251.62	1,021.71	22.5%	1,204.71	872.21	38.1%

Ethanol prices moved higher during 3Q12, in line with the increases observed during the entire 2011/12 crop year in the Center-South region of Brazil. Hydrous ethanol price rose by 22.5%, while anhydrous ethanol price increased by 15.1%. The higher prices reflected the lower supply of ethanol as a result of the crop shortfall.

Regarding the Brazilian harvest, according to the latest figures from UNICA, hydrous ethanol production in the quarter contracted sharply by 29.3% in relation to the same period of the previous crop year. However, anhydrous ethanol production expanded by 6.3% in relation to the same period of the previous crop year. Bear in mind that even with the growth in anhydrous ethanol production, there was a shortage of ethanol during the 2011/12 crop year, which pressured ethanol prices over the entire period and forced some producers to import the product.

The ethanol imports were made primarily during 3Q12 in order to (i) supply domestic demand for the product and (ii) stabilize ethanol prices.

As for the international scenario for ethanol, with the expiration and failure to renew of import tariff on ethanol and of subsidies for U.S. producers, Brazilian producers are envisaging a very promising scenario for the near future. We believe that with oil prices hovering around USD 100/barrel and the USD/BRL exchange rate above R\$ 1.80, Brazil's ethanol exports become competitive.





FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
R\$ Thousand						
Domestic Market	172,933	182,806	-5.4%	436,783	403,605	8.2%
Sugar	19,946	13,687	45.7%	44,363	33,050	34.2%
Hydrous Ethanol	55,192	80,762	-31.7%	145,177	172,596	-15.9%
Anhydrous Ethanol	78,980	73,124	8.0%	179,543	141,724	26.7%
Energy	8,722	6,916	26.1%	22,967	23,182	-0.9%
Other	10,094	8,317	21.4%	44,733	33,055	35.3%
Export Market	207,515	207,479	0.0%	670,734	610,882	9.8%
Sugar	170,779	183,216	-6.8%	616,379	554,639	11.1%
Hydrous Ethanol	21,503	10,611	102.7%	30,181	20,944	44.1%
Anhydrous Ethanol	10,454	8,456	23.6%	10,454	25,361	-58.8%
RNA	4,780	5,197	-8.0%	13,720	9,937	38.1%
Net Revenue	380,448	390,285	-2.5%	1,107,518	1,014,488	9.2%
Sugar	190,724	196,902	-3.1%	660,742	587,689	12.4%
Hydrous Ethanol	76,695	91,373	-16.1%	175,358	193,539	-9.4%
Anhydrous Ethanol	89,434	81,580	9.6%	189,997	167,085	13.7%
Energy	8,722	6,916	26.1%	22,967	23,182	-0.9%
Other	14,874	13,514	10.1%	58,454	42,992	36.0%

Net Revenue

The Net Revenue of the São Martinho Group in the quarter declined by 2.5% in relation to 3Q11, reflecting the reduction of 33.7% in hydrous ethanol sales volume in the period, despite the increase of 26.5% in the product's average sales price.

In the year to date in relation to 9M11, Net Revenue grew by 9.2%, driven by higher sugar and ethanol prices, which offset the 12.8% drop in sales volume in the period (based on TRS volume sold).

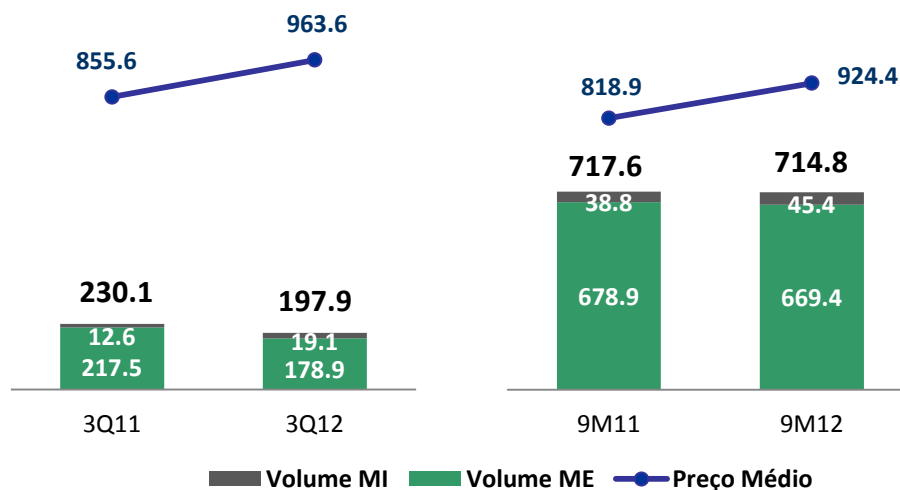
It is important to note that the composition of Net Revenue includes the consolidated data for the São Martinho Group. The partial consolidation of Santa Cruz increased by R\$ 9.0 million the Net Revenue result for 3Q12 and consequently also for the year-to-date period (9M12).



Sugar

Sugar

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



Net Revenue from sugar sales came to R\$ 190.7 million in 3Q12, for a reduction of 3.1% from the same period of the previous crop year. This result is basically explained by the reduction of 14.0% in sugar sales volume in the period, despite the increase of 12.6% in the average sugar sales price.

The average price of the sugar exported stood at 24.07 cents/pound in the quarter, which represents an increase of 6.8% from the sales price of USD 22.53 cents/pound in 3Q11. The lower sales volume was directly linked to the lower production as a result of the crop shortfall.

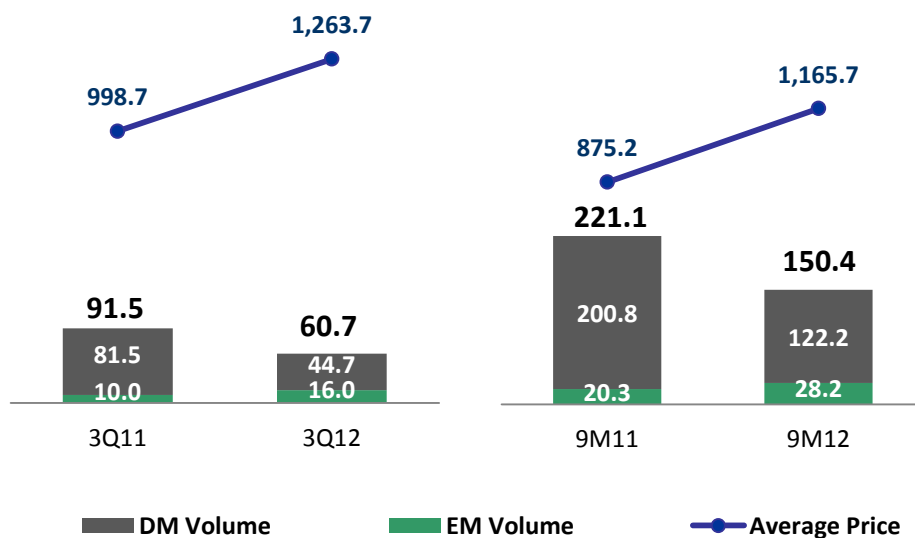
In 9M12, net revenue from sugar sales came to R\$ 660.7 million, up 12.4% in relation to the same period of the previous crop year, reflecting the increase of 12.9% in the sugar sales price.



Ethanol

Hydrous Ethanol

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



Net Revenue from hydrous ethanol sales came to R\$ 76.7 million in 3Q12, down 16.1% from the same period of the previous crop year. The main impact came from the 33.7% drop in sales volume to 60,700 m³, which was not offset by the increase in the average sales price of 26.5% to R\$ 1,263.7/m³.

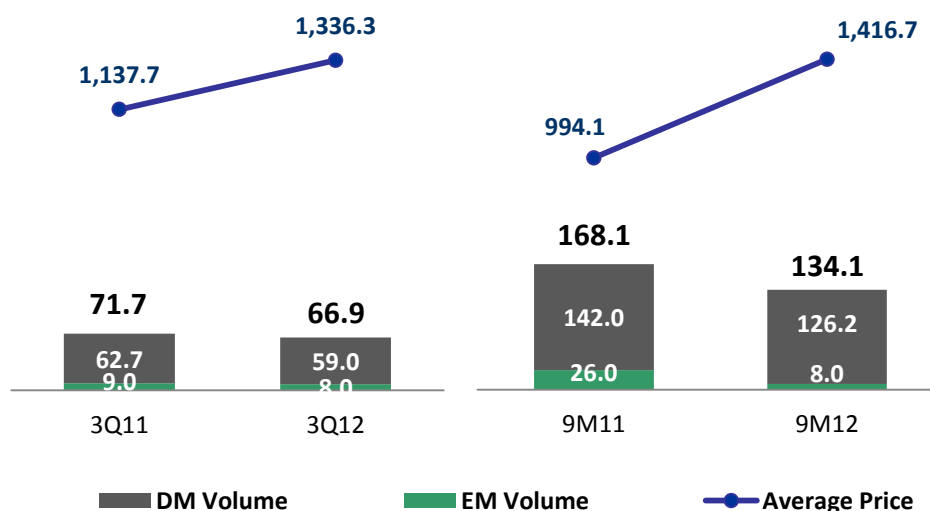
The lower volume of hydrous ethanol sales in 3Q12 is related to the lower production this crop year (as described earlier). In addition, with the conclusion of the operation with Petrobrás Biocombustível S.A., we began to consolidate 50.95% of the revenue from Usina Boa Vista S.A. (Usina Boa Vista), which represented a proportional drop of 15,600 m³ in the reported volume of hydrous ethanol sales in 3Q12.

To date in the crop year (9M12), net revenue from hydrous ethanol sales came to R\$ 175.4 million in 3Q12, or 9.4% lower than in the same period of the previous crop year. This reduction was due to the 32.0% drop in sales volume, which was partially offset by the increase of 33.2% in the average sales price in the period to R\$ 1,165.7/m³.



Anhydrous Ethanol

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



Net revenue from anhydrous ethanol sales in 3Q12 increased by 9.6% to R\$ 89.4 million. In spite of the reduction of 6.7% in sales volume in the quarter to R\$ 66.9 million, the average sales price in the period increased by 17.5% to R\$ 1,336.3.

The lower anhydrous ethanol sales were due to the same reasons described in the "Hydrous Ethanol" section.

In addition, due to the partial consolidation of 50.95% of the revenue from Usina Boa Vista, the volume of anhydrous ethanol sales reported in 3Q12 registered a proportional drop of 12,400 m³.

In 9M12, net revenue from anhydrous ethanol sales totaled R\$ 190.0 million, for a reduction of 13.7% from 9M11. Despite the drop of 20.2% in anhydrous ethanol sales volume in 9M12, the average sales price registered a sharp increase of 42.5% to R\$ 1,416.7 in the period.



Electricity

Net revenue from electricity sales increased by 26.1% (R\$ 8.7 million) in 3Q12 in relation to the year-ago period. Even though the average sales price decreased by 20.1% in the quarter, electricity sales volume grew by 57.8% in the quarter to 78,900 MWh, which more than offset the lower price. The growth in the volume of cogen exports was basically due to the cogeneration at Usina Boa Vista, in line with the plant's expansion project detailed earlier.

In 9M12, net revenue from power sales was R\$ 23.0 million in 3Q12, for a reduction of 0.9% from the same period of the previous crop year. Despite the reduction of 9.9% in the average electricity sales price (R\$ 118.0/MWh) in 9M12, sales volume grew by 9.9% to 194,700 MWh.

Other Products and Services

Net revenue from the "Other Products and Services" line totaled R\$ 14.9 million in 3Q12, increasing by 10.1% from the year-ago period. Although RNA sales volume contracted by 14.4% in 3Q12, the product's average sales price increased by 7.5%.

INVENTORIES

INVENTORIES	3Q12	3Q11	Chg. (%)
Sugar (tons)	134,419	177,515	-24.3%
Hydrous (m ³)	57,546	84,998	-32.3%
Anhydrous (m ³)	89,025	91,989	-3.2%

Sugar and ethanol inventories declined in the quarter, reflecting the lower volume of sugarcane processed and the subsequent drop in production. As mentioned earlier, this reduction is explained by the crop shortfall in Brazil's Center-South region, which was caused by atypical weather factors.

In the case of ethanol, the reduction was sharper in the level of hydrous inventories, given the strategy of the São Martinho Group of prioritizing sugar and anhydrous ethanol in its production mix, which are products with higher profit margins.

In addition, due to the consolidation of 50.95% of Usina Boa Vista in the results, hydrous and anhydrous inventories were reduced in the period by 14,000 m³ and 19,100 m³, respectively.

With the partial consolidation of Santa Cruz (32.18%), our inventories increased by 16,300 tons of sugar, 3,400 m³ of hydrous ethanol and 8,200 m³ of anhydrous ethanol.



EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 3Q12	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	190,724	166,128	23,596	380,448
COGS (Cash)	(74,041)	(96,680)	(16,160)	(186,884)
Gross Profit (Cash)	116,683	69,448	7,436	193,567
Gross Margin (Cash)	61.2%	41.8%	31.5%	50.9%
Sales Expenses	(10,641)	(2,504)	(974)	(14,119)
G&A Expenses (Cash)	(11,674)	(12,408)	(2,676)	(26,758)
Other Revenues (Expenses)	-	-	1,514	1,514
Adjusted EBITDA	94,367	54,536	5,300	154,203
Adjusted EBITDA Margin	49.5%	32.8%	22.5%	40.5%
EBITDA Cost (*)	486.8	874.4	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

EBITDA BY PRODUCT - 3Q11	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	196,902	172,954	20,429	390,285
COGS (Cash)	(72,419)	(71,762)	(13,806)	(157,986)
Gross Profit (Cash)	124,483	101,192	6,623	232,299
Gross Margin (Cash)	63.2%	58.5%	32.4%	59.5%
Sales Expenses	(14,920)	(3,149)	(3)	(18,072)
G&A Expenses (Cash)	(9,795)	(11,408)	(2,356)	(23,558)
Other Revenues (Expenses)	-	-	853	853
Adjusted EBITDA	99,769	86,635	5,118	191,522
Adjusted EBITDA Margin	50.7%	50.1%	25.1%	49.1%
EBITDA Cost (*)	422.1	528.9	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

EBITDA BY PRODUCT - 9M12	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	660,742	365,355	81,421	1,107,518
COGS (Cash)	(275,028)	(188,402)	(60,038)	(523,467)
Gross Profit (Cash)	385,714	176,953	21,383	584,051
Gross Margin (Cash)	58.4%	48.4%	26.3%	52.7%
Sales Expenses	(39,185)	(4,836)	(2,215)	(46,236)
G&A Expenses (Cash)	(44,583)	(29,190)	(8,197)	(81,970)
Other Revenues (Expenses)	-	-	8,526	8,526
Adjusted EBITDA	301,946	142,927	19,497	464,371
Adjusted EBITDA Margin	45.7%	39.1%	23.9%	41.9%
EBITDA Cost (*)	502.0	781.7	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³



EBITDA BY PRODUCT - 9M11	SUGAR	ETHANOL	OTHER	TOTAL
R\$ Thousand				
Net Revenues	587,689	360,624	66,175	1,014,488
COGS (Cash)	(207,795)	(157,132)	(43,323)	(408,250)
Gross Profit (Cash)	379,894	203,492	22,852	606,238
Gross Margin (Cash)	64.6%	56.4%	34.5%	59.8%
Sales Expenses	(41,826)	(8,894)	(107)	(50,826)
G&A Expenses (Cash)	(36,106)	(32,152)	(7,584)	(75,842)
Other Revenues (Expenses)	-	-	2,355	2,355
Adjusted EBITDA	301,962	162,446	17,517	481,926
Adjusted EBITDA Margin	51.4%	45.0%	26.5%	47.5%
EBITDA Cost (*)	398.1	509.2	-	-

(*) Sugar in R\$/Ton

Ethanol in R\$/m³

In 3Q12, sugar accounted for 61.2% of the São Martinho Group's consolidated EBITDA, while ethanol and other products accounted for 35.4% and 3.4%, respectively. Sugar EBITDA margin stood at 49.5% in the quarter, compressing 1.2 percentage points from 3Q11, which is explained by the increase of 15.3% in sugar EBITDA costs as a result of the lower utilization of crushing capacity and the consequent lower dilution of fixed costs.

In the case of ethanol, the EBITDA cost was R\$ 874.4/m³ in 3Q12, or 65.3% higher than in 3Q11, due to the drop of 21% in ethanol production, which adversely affected the dilution of the product's fixed costs (the same effect described above regarding the variation in sugar cost).

In 9M12, sugar accounted for 65.0% of the São Martinho Group's consolidated EBITDA, while ethanol and other products accounted for 30.8% and 4.2%, respectively. Sugar EBITDA margin compressed by 5.7 p.p. in relation to 9M11, due to the 26.1% increase in the sugar EBITDA cost.

In the case of ethanol, the EBITDA cost was R\$ 781.7/m³ in 9M12, or 53.5% higher than in 9M11.

In 9M11, the increases in the EBITDA costs of both sugar and ethanol were due to (i) the increase of some 33.8% in the Consecana price, which impacted costs with suppliers and leasing; and (ii) the higher unit production costs caused by the lower capacity utilization, since the volume and quality of the sugarcane processed was 12.7% lower than in the previous harvest.

Note that the São Martinho Group's EBITDA cost already excludes the depreciation (COGS/G&A) and adjustments to biological assets in the period.



COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
R\$ '000						
Agricultural Costs	126,280	129,562	-2.5%	383,876	325,348	18.0%
Suppliers	63,273	69,860	-9.4%	206,077	178,675	15.3%
Partnerships	18,239	19,705	-7.4%	54,360	44,776	21.4%
Own Sugarcane	44,768	39,997	11.9%	123,440	101,897	21.1%
Industrial	24,843	17,462	42.3%	61,494	47,106	30.5%
Other Products	35,761	10,962	226.2%	78,097	35,796	118.2%
Total COGS	186,884	157,986	18.3%	523,467	408,250	28.2%
TRS Sold ('000 Tons)	429	523	-18.0%	1,241	1,424	-12.8%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	353	281	25.4%	359	262	37.2%

In 3Q12, Cash COGS was R\$ 186.9 million, for growth of 18.3% in relation to 3Q11.

Despite the increase of approximately 23.8% in the Consecana price in 3Q12, our costs with "Suppliers" and "Partners" declined, given the lower volume of sugarcane processed and consequently the lower amounts of sugar and ethanol available for sale in the period in relation to 3Q11. The lower exposure to the Consecana price offset the lower dilution of costs in the quarter.

On the other hand, our industrial costs increased by 42.3%, due to the lower dilution of costs in the quarter as a result of the factors cited above. As for the line "Other Products", the sharp increase of 226.2% in these costs were driven by the imports of anhydrous ethanol in the quarter.

In 9M12, Cash COGS increased by 28.2% in relation to 9M11, to R\$ 523.5 million. The main reason for the higher costs were (i) the increase in the Consecana price of 33.8% in the period in relation to 9M11 (ii) the lower volume of sugar and ethanol sales, which led to the lower dilution of costs and (iii) the imports of anhydrous ethanol in 3Q12.

The partial consolidation of Santa Cruz led to an increase of R\$ 3.8 million in COGS in 3Q12 and consequently in the year-to-date period (9M12) as well.

SELLING EXPENSES

SELLING EXPENSES	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
R\$ '000						
Port Costs	1,841	2,915	-36.8%	5,874	5,756	2.1%
Freight	10,695	15,001	-28.7%	37,385	43,437	-13.9%
Sales Commission	652	156	316.9%	845	1,386	-39.0%
Other	931	-	n.m.	2,131	247	761.6%
Selling Expenses	14,119	18,072	-21.9%	46,236	50,826	-9.0%
TRS Sold ('000 Tons)	429	523	-18.0%	1,241	1,424	-12.8%
% of Net Revenues	3.7%	4.6%	-0.9 p.p.	4.2%	5.0%	-0.8 p.p.

In 3Q12, selling expenses came to R\$ 14.1 million, or 21.9% lower than in 3Q11. This reduction in expenses was driven by (i) the 36.8% drop in port costs due to the lower volume of sugar exports, and (ii) the 28.7% decline in expenses related with freight due to the lower volume of sugar and ethanol sales in the period.



In 9M12, selling expenses totaled R\$ 46.2 million, for a reduction of 9.0% in the period, impacted primarily by the reduction of 13.9% in freight expenses due to the lower sales volume in relation to 9M11.

The partial consolidation of Santa Cruz led to an increase of R\$ 409,000 in selling expenses in 3Q12 and consequently in 9M12 as well.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES (CASH)	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
R\$ '000						
Personnel	8,749	10,428	-16.1%	28,784	27,321	5.4%
Taxes, Fees and Contributions	2,139	4,433	-51.7%	8,132	10,186	-20.2%
Provisions for Contingencies	4,349	(1,312)	n.m.	14,299	7,912	80.7%
General Expenses and Third-Party Services	9,080	5,886	54.3%	19,057	16,183	17.8%
Management Fee	2,440	4,122	-40.8%	8,375	8,341	0.4%
Total Recurring General and Administrative Expenses	26,758	23,558	13.6%	78,648	69,942	12.4%
Non-recurring Items	-	-	n.m.	3,322	5,900	-43.7%
Total General and Administrative Expenses	26,758	23,558	13.6%	81,970	75,842	8.1%

G&A expenses totaled R\$ 26.8 million in the quarter, for an increase of 13.6% in relation to 3Q11. The higher G&A expenses were due to (i) the increase in the line expenses with "Provisions for Contingencies", due to the higher volume of labor lawsuits; and (ii) the increase of 54.3% in the line "General Expenses and Third-Party Services".

In 9M12, G&A expenses totaled R\$ 78.6 million, representing an increase of 12.4% in relation to 9M11. The increase was due to the same reasons cited above.

In addition, in 9M12, G&A expenses suffered impacts from non-recurring items of some R\$ 3.3 million related to the provision for labor contingencies due to the winding up of Usina Santa Luiza (which was acquired by the São Martinho Group in 2007). Since the company's operations are now terminated, we expect these labor claims to diminish considerably in the coming quarters.

In 9M11, G&A expenses were impacted by non-recurring expenses of approximately R\$ 5.9 million related to the disposal of a portion of Usina Boa Vista to Petrobrás Biocombustível S.A.

The consolidation of Santa Cruz led to an increase of R\$ 603,000 in G&A expenses in 3Q12 and consequently in 9M12 as well.



EBITDA

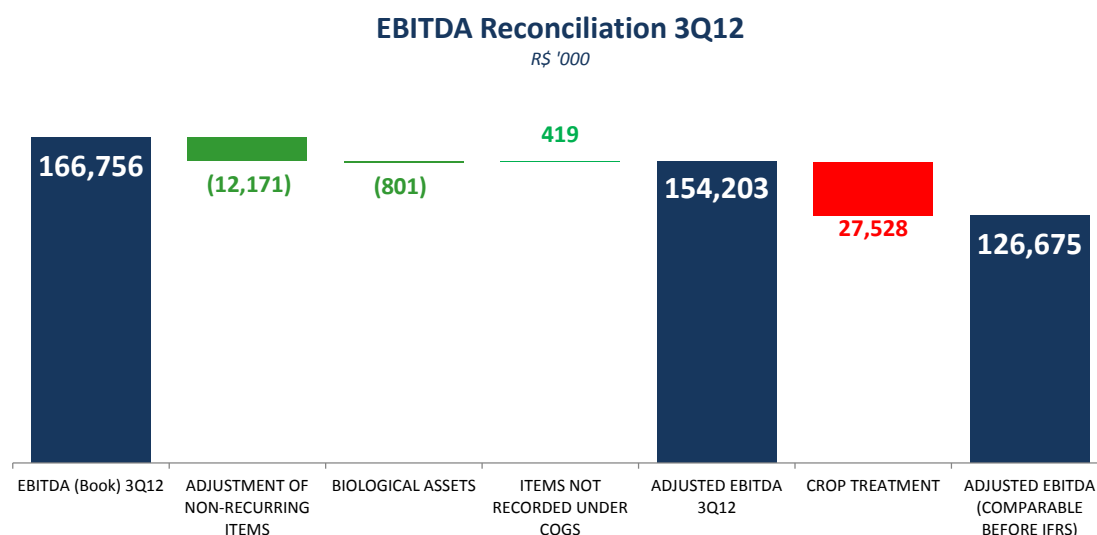
EBITDA RECONCILIATION	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
R\$ Thousand						
Adjusted EBITDA	154,203	191,522	-19.5%	464,371	481,926	-3.6%
Adjusted EBITDA Margin	40.5%	49.1%	-8.5 p.p.	41.9%	47.5%	-5.6 p.p.
Non Recurring Operating Revenues (Expenses)	(12,171)	(13,552)	-10.2%	(10,217)	(14,374)	-28.9%
Biological Assets	(801)	10,248	n.m.	(28,232)	27,352	n.m.
Non Cash Items Launched in the COGS	419	1,009	-58.5%	419	2,201	-81.0%
EBITDA	166,756	193,817	-14.0%	502,402	466,748	7.6%
EBITDA Margin	43.8%	49.7%	-5.8 p.p.	45.4%	46.0%	-0.6 p.p.
(-) Depreciation and Amortization	(96,820)	(97,027)	-0.2%	(270,934)	(258,776)	4.7%
(-) Financial Revenue (Expense), net	(16,437)	(11,411)	44.0%	(51,056)	(32,507)	57.1%
(-) Equity Income	2,365	-	n.m.	(418)	-	n.m.
(=) Operating Income	55,864	85,379	-34.6%	179,994	175,466	2.6%

Adjusted EBITDA

The São Martinho Group recorded Adjusted EBITDA of R\$ 154.2 million (adjusted EBITDA margin of 40.5%), down 19.5% from 3Q11. In the year to date (9M12), Adjusted EBITDA was R\$ 464.4 million, down 3.6% from 9M11 (adjusted EBITDA margin of 41.9%). The main reason for the reduction in EBITDA in 3Q12 and 9M12 was the lower production volume and subsequent drop in sugar and ethanol sales volumes in the 2011/12 crop year. The drop in production was due to the shortfall in the sugarcane harvest in the entire Center-South region of Brazil, and consequently at the mills of the São Martinho Group.

Reconciliation of EBITDA to Adjusted EBITDA

Composition of Adjustments in 3Q12



The main adjustments impacting the EBITDA calculation in 3Q12 are detailed below:

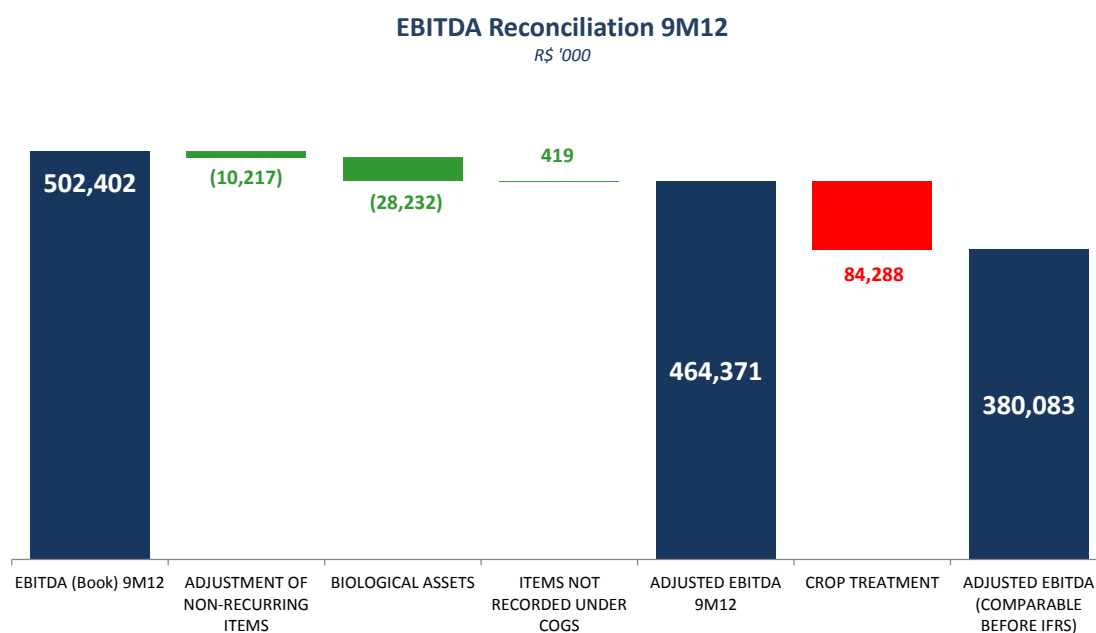
- 1) Adjustments for non-recurring items (- R\$ 12.2 million):** The main impact is related to the gain from the change in the percentage of the controlling interest in Usina Boa Vista, which was due to the fact that with the second



injection made in November 11 by Petrobras Biocombustível (Pbio) at Nova Fronteira, the issue price of the shares exceeded their book value on December 31, 2011.

- 2) Adjustments to Biological Assets (- R\$ 801,000):** 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. Despite the better sugar and ethanol prices in the period, ethanol and sugar production costs were higher than in 3Q11, which resulted in a negative impact of R\$ 801,000 on our net income.

Composition of Adjustments in 9M12





HEDGING

U.S. Dollar

On December 31, 2011, 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\$ thousand	Average price (R\$/USD)
US Dollar		
2011/2012 Crop Year	75,325	1.7061
2012/2013 Crop Year	150,881	1.8501
2013/2014 Crop Year	14,880	2.0296
2014/2015 Crop Year	14,880	2.1608
2015/2016 Crop Year	14,880	2.2955
	270,846	1.8615

Sugar

On December 31, 2011, 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 (R\$/USD)
Sugar		
2011/2012 Harvest	97,900	25.30
2012/2013 Harvest	294,300	24.68
	392,200	24.83

The volume of sugar with prices hedged related to the 2011/2012 crop year corresponds to approximately 83.0% of the sugar available for sale in the crop year (118,000 tons).

The volume hedged related to the 2012/13 crop year corresponds to approximately 42.0% of the potential volume of sugar exports in that crop year.

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\$ 18.4 million in December 2011).



NET FINANCIAL RESULT

FINANCIAL RESULT	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
R\$ Thousand						
Financial Revenues	7,988	7,005	14.0%	33,913	15,002	126.1%
Financial Expenses	(12,317)	(15,354)	-19.8%	(45,485)	(53,884)	-15.6%
Hedge Result	1,327	(5,097)	-126.0%	(7,216)	(11,023)	-34.5%
Exchange Variation	(5,268)	3,532	n.m.	(17,911)	21,686	n.m.
Copersucar Monetary Variation	(2,791)	(1,496)	86.6%	(8,982)	(4,288)	109.5%
Net Financial Result - SMTO	(11,060)	(11,411)	-3.1%	(45,680)	(32,507)	40.5%
Financial Result - Santa Cruz	(5,376)	-	n.m.	(5,376)	-	n.m.
Net Financial Result - CONSOLIDATED	(16,437)	(11,411)	44.0%	(51,056)	(32,507)	57.1%

The São Martinho Group registered a net financial expense of R\$ 16.4 million in 3Q12, which represents an increase of 44.0% from 3Q11.

The main negative impact came from the partial consolidation of Santa Cruz due to increases in currency translation losses and financial expenses, which led to an increase in expenses of R\$ 5.4 million in the consolidated net financial result.

Note that we began consolidating the balance sheet of Santa Cruz in December 2011 (a month in which the BRL devalued by 8% against the USD). As a result, the negative variation arising from our foreign-denominated debt was recorded in our results. Considering the current parity of the USD/BRL, we expect to reverse a portion of this variation in the coming quarter. It is important to note that Santa Cruz doesn't adopt hedge accounting.

In the year to date (9M12), our net financial expense increased by 57.1% to R\$ 51.1 million. The main impact in the period came from the currency translation line, which was impacted by the devaluation of the BRL against the USD and by the consolidation of Santa Cruz, as described in the impacts in 3Q12.

OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	3Q11	2Q12	3Q12	3Q12 x 2Q12	3Q12 x 3Q11
R\$ Thousand					
ASSETS	577,831	547,542	486,200	61,342	91,631
Accounts Receivable	77,082	62,490	63,686	(1,196)	13,396
Inventories	456,434	443,851	384,006	59,845	72,428
Tax receivable	44,315	41,201	38,508	2,693	5,807
LIABILITIES	188,987	237,227	177,612	(59,615)	(11,375)
Suppliers	131,681	168,054	122,309	(45,745)	(9,372)
Payroll and social contribution	37,654	53,698	41,228	(12,470)	3,574
Tax payable	19,652	15,475	14,075	(1,400)	(5,577)
WORKING CAPITAL	388,844	310,315	308,588	1,727	80,256

In 3Q12, the São Martinho Group invested working capital of R\$ 308.6 million in its operations, which represents a reduction of approximately R\$ 80.3 million from 3Q11, which is basically due to the lower inventories of finished products in the period.



NET INCOME

In 3Q12, net income was R\$ 44.9 million, which represents a decrease of 35.6% from the same quarter of the previous crop year. The main reason was the lower production volume and resulting drop in sugar and ethanol sales volumes in 3Q12. The drop in production was due to the shortfall in the sugarcane harvest in the entire Center-South region of Brazil, and consequently at the mills of the São Martinho Group.

In 9M12, net income was R\$ 131.5 million, which represents an increase of 0.8% from 9M11. Despite the lower sales volume in the period due to the crop shortfall, the sharp increase in the average sales prices of both sugar and ethanol made a positive contribution to our results.

DEBT WITH COPERSUCAR

On December 31, 2011, the São Martinho Group recognized on its balance sheet debt of R\$ 226.7 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\$ 187.5 million on a consolidated basis.

INDEBTEDNESS

DEBT	Dec-11	Mar-11	Chg. (%)
R\$ Thousand			
PESA	71,008	76,438	-7.1%
Rural Credit	23,049	25,721	-10.4%
BNDES / FINAME	347,693	358,540	-3.0%
Working Capital	106,792	-	n.m.
ACC (Advances on Foreign Exchange Contracts)	56,484	4,983	1033.5%
PPE (Export prepayment)	471,817	245,527	92.2%
Others	314	484	-35.1%
Obligations from Santa Cruz	110,437		
Gross Debt	1,187,594	711,693	66.9%
Cash and Cash Equivalents	454,536	225,067	102.0%
Net Debt	733,058	486,626	50.6%
(+) Proportional Net Debt at Santa Cruz	179,756		
Consolidated Net Debt	912,814		
Net Debt / Acum. EBITDA	1.5 x	0.8 x	

The São Martinho Group's debt stood at R\$ 912.8 million in December 2011, which represents an increase of 87.6% (R\$ 486.6 million) from March 2011. The main factor contributing to the increase in the group's debt in the period was the partial acquisition (32.18% interest) of Santa Cruz S.A. In addition to the R\$ 170.0 million used for the partial

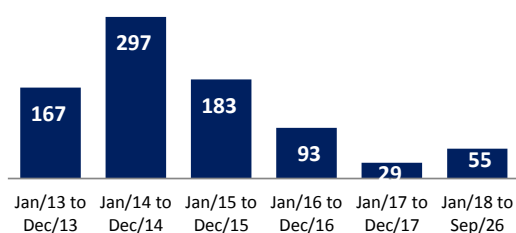


acquisition of Santa Cruz, we assumed our interest of the debt held by Santa Cruz, whose net debt totaled R\$179.8 million.

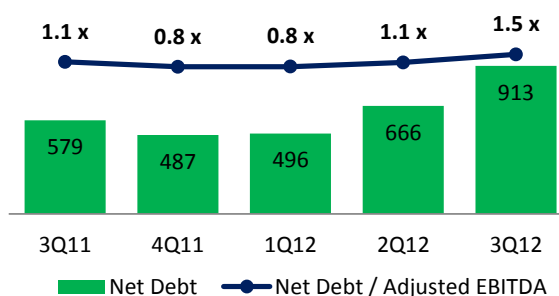
Furthermore, as announced in the previous quarter, on Nov. 11, 2011, Petrobrás Biocombustível S.A. effected the second portion of its injection at Nova Fronteira Bioenergia S.A. in the amount of R\$ 163 million plus the inflation accrued in the last 12 months. As a result, this quarter the consolidated financial statements of São Martinho S.A. already consolidate 50.95% of Nova Fronteira Bioenergia S.A. (62.89% in October 2011 and 50.95% in November 2011 and December 2011).

Amortization Schedule

R\$ million



Net Debt / EBITDA LTM



CAPEX

SÃO MARTINHO - CONSOLIDATED	3Q12	3Q11	Chg. (%)	9M12	9M11	Chg. (%)
Capex (maintenance)						
Sugarcane Planting	24,747	19,447	27.3%	56,615	48,354	17.1%
Industrial / Agricultural	31,998	28,738	11.3%	52,319	44,221	18.3%
Crop Treatment	50,641	30,626	65.4%	123,906	89,523	38.4%
Sub Total	107,385	78,811	36.3%	232,840	182,098	27.9%
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	49,465	12,909	283.2%	121,797	22,945	430.8%
Other	-	-	n.m.	-	387	n.m.
Sub Total	49,465	12,909	283.2%	121,797	23,332	422.0%
Boa Vista Mill (Greenfield)						
Sugarcane Planting	13,819	13,693	0.9%	43,172	40,470	6.7%
Industrial / Agricultural	6,388	29,208	-78.1%	18,663	61,934	-69.9%
Sub Total	20,208	42,901	-52.9%	61,835	102,403	-39.6%
Total	177,058	134,622	31.5%	416,472	307,833	35.3%

In 3Q12, investments grew by 31.5% in relation to 3Q11, mainly due to the increase of R\$ 49.5 million in investments in modernization. This increase reflects the investments in



(i) the cogeneration project at the São Martinho Mill and (ii) expansion of the sugar distribution terminal at the São Martinho Mill (Rumo Agreement).

In addition, investments in crop treatment increased 65.4% in the quarter to R\$ 50.6 million, due to (i) the expansion of planted areas and (ii) the higher prices of the agricultural products used for crop treatment.

The partial consolidation of Santa Cruz led to an increase of R\$ 7.5 million in our capex in 3Q12 and consequently in 9M12 as well.

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 state), and Boa Vista (in Quirinópolis, Goiás). For more information please go to www.saomartinho.ind.br.



INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	3Q12	3Q11	Chg. (%)	9M12	9M10	Chg. (%)
R\$ Thousand						
Gross Revenue	402,356	417,645	-3.7%	1,167,566	1,079,163	8.2%
Deductions from Gross Revenue	(21,908)	(27,360)	-19.9%	(60,048)	(64,675)	-7.2%
Net Revenue	380,448	390,285	-2.5%	1,107,518	1,014,488	9.2%
Cost of Goods Sold (COGS)	(281,794)	(264,580)	6.5%	(758,453)	(691,389)	9.7%
Gross Profit	98,654	125,705	-21.5%	349,065	323,099	8.0%
Gross Margin (%)	25.9%	32.2%	-6.3 p.p	31.5%	31.8%	-0.3 p.p
Operating Expenses	(26,353)	(28,915)	-8.9%	(118,015)	(115,126)	2.5%
Selling Expenses	(14,119)	(18,072)	-21.9%	(46,236)	(50,826)	-9.0%
General and Administrative Expenses	(28,278)	(25,449)	11.1%	(86,281)	(81,208)	6.2%
Equity Income	2,365	-	n.m.	(418)	-	n.m.
Other Operating Expenses, Net	13,679	14,606	-6.3%	14,920	16,908	-11.8%
Operating Profit, Before Financial Effects	72,301	96,790	-25.3%	231,050	207,973	11.1%
Financial Result, Net	(16,437)	(11,411)	44.0%	(51,056)	(32,507)	57.1%
Financial Revenues	18,166	11,030	64.7%	58,619	22,417	161.5%
Financial Expenses	(21,980)	(26,020)	-15.5%	(85,597)	(76,825)	11.4%
Monetary and Exchange Variations - Net	(12,623)	3,579	n.m.	(24,078)	21,901	n.m.
Income (Loss) Before Income and Social Contribution Taxes	55,864	85,379	-34.6%	179,994	175,466	2.6%
Income Tax and Social Contribution - Current	626	(18,211)	-103.4%	(16,192)	(51,986)	-68.9%
Income Tax and Social Contribution - Deferred	(11,612)	2,497	n.m.	(32,293)	6,933	n.m.
Net Income (Loss) Before Minority Interest	44,878	69,665	-35.6%	131,509	130,413	0.8%
Minority Interest	-	-	n.m.	-	-	n.m.
Net Income	44,878	69,665	-35.6%	131,509	130,413	0.8%
Net Margin (%)	11.8%	17.8%	-6.1 p.p	11.9%	12.9%	-1.0 p.p



BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS

R\$ Thousand

ASSETS	Dec-11	Mar-11
SHORT-TERM ASSETS		
Cash and Cash Equivalents	464,102	225,067
Accounts Receivable	63,686	59,673
Derivatives Financial Instruments	31,444	5,967
Inventories	384,006	139,106
Recoverable Taxes	38,508	33,520
Income Tax and Social Contribution	18,833	5,037
Other Assets	12,993	5,692
TOTAL SHORT-TERM ASSETS	1,013,572	474,062
LONG-TERM ASSETS		
Long-term Receivables		
Related Parties	2,539	33
Deferred Income Tax and Social Contribution	35,105	43,917
Accounts Receivable - Copersucar	8,154	9,939
Recoverable Taxes	38,744	37,220
Judicial Deposits	42,954	32,367
Other Assets	5,236	7,101
	132,732	130,577
Investments	2,873	-
Biological Assets	548,623	435,532
Fixed Assets	3,052,817	2,864,761
Intangible	83,798	36,726
TOTAL LONG-TERM ASSETS	3,820,843	3,467,596
TOTAL ASSETS	4,834,415	3,941,658



BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES

R\$ Thousand

LIABILITIES AND SHAREHOLDERS' EQUITY	Dec-11	Mar-11
SHORT-TERM LIABILITIES		
Loans and Financing	308,460	140,982
Derivatives Financial Instruments	32,730	25,910
Suppliers	122,309	61,096
Accounts Payable - Copersucar	2,420	2,203
Payroll and Social Contribution	41,228	44,000
Tax Payable	14,075	20,343
Income Tax and Social Contribution	636	829
Related Companies	20,078	705
Dividends Payable	-	9,180
Advances from Customers	11,050	14,475
Aquisition of Interest	56,356	-
Other Liabilities	18,549	21,137
TOTAL SHORT-TERM LIABILITIES	627,891	340,860
LONG-TERM LIABILITIES		
Loans and Financing	958,019	570,711
Accounts Payable - Copersucar	224,241	207,645
Tax Installments	63,061	55,833
Deferred Income Tax and Social Contribution	768,452	728,368
Provision for Contingencies	74,644	74,284
Aquisition of Interest	54,081	-
Other Liabilities	7,340	10,471
TOTAL LONG-TERM LIABILITIES	2,149,838	1,647,312
SHAREHOLDERS' EQUITY		
Capital Stock	455,900	455,900
Adjustments to Book Value	1,271,437	1,304,969
Capital Budget Reserve	173,454	194,516
Treasury Shares	(6,088)	(1,899)
Accumulated Profit	161,983	-
TOTAL SHAREHOLDERS' EQUITY	2,056,686	1,953,486
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,834,415	3,941,658



CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	9M12	9M11
R\$ Thousand		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income in the period	131,509	130,413
Adjustments		
Depreciation and amortization	138,919	112,570
Biological assets harvested (depreciation)	132,015	146,205
Variation in fair value of biological assets	(28,232)	27,352
Residual cost of investment and property, plant and equipment disposals	418	-
Capital gain from the change in equity interest	(13,720)	(24,666)
Residual cost of fixed assets - write off	1,432	4,390
Interest, monetary and foreign exchange variations, net	101,313	50,096
Constitution of provision for contingencies, net	7,165	1,511
Deferred income tax and social contribution on net income	32,293	(6,933)
Constitution (reversal) of provision for inventory losses	(3,137)	2,201
Adjustments to present value and others	875	(1,238)
	500,850	441,901
Changes in assets and liabilities		
Trade accounts receivable	(5,168)	(42,483)
Inventories	(146,324)	(196,871)
Taxes recoverable	(15,294)	26,429
Related parties	283	(688)
Other assets	(8,437)	(6,717)
Suppliers	39,311	57,596
Salaries and social charges	(6,266)	502
Taxes payable	3,030	14,010
Taxes payable in installments	(4,348)	1,740
Provision for contingencies	(14,297)	(14,554)
Other liabilities	(12,709)	11,831
	330,631	292,696
Cash provided by (used in) operations	330,631	292,696
Interest paid	(26,305)	(39,528)
Income tax and social contribution on net income paid	(12,893)	(14,859)
Net cash provided by (used in) operating activities	291,433	238,309
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments	(59,010)	410
Additions to property, plant and equipments, intangible assets and deferred charges	(184,848)	(130,180)
Additions to biological assets (planting and treatment)	(223,693)	(171,583)
Increase in cash and cash equivalents to decrease in holding - NF	99,963	143,165
Advance on future capital increase	(4,340)	-
Net cash used in investing activities	(371,928)	(158,188)
CASH FLOW FROM FINANCING ACTIVITIES		
Derivatives Financial Instruments	1,099	(42,206)
Financing - third parties	569,521	565,492
Repayment of financing - Copersucar	(3,708)	(4,287)
Repayment of financing - third parties	(230,430)	(445,579)
Reception (payment) of funds from (to) related parties - intercompany loans	17,480	(103)
Advance on future capital increase	-	448
Acquisition of treasury stock	(4,189)	-
Payment of dividends and interest on own equity	(30,243)	(34,865)
	319,530	38,900
Net cash provided by (used in) financing activities	319,530	38,900
Increase (decrease) in cash and cash equivalents	239,035	119,021
Cash and cash equivalents at the beginning of the period	225,067	130,634
Cash and cash equivalents at the end of the period	464,102	249,655