

Earnings Release Conference Call

1Q19



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, climate 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.

Agenda

1. Operational Highlights

2. Financial Highlights

3. Indebtedness

4. Hedge

5. Ethanol

Operational Highlights

Table 1

OPERATIONAL DATA	1Q19	1Q18	Chg.(%)
Crushed Sugarcane ('000 tons)	9,508	8,739	8.8%
Own	6,527	5,966	9.4%
Third Parties	2,981	2,773	7.5%
Mechanized Harvest	100.0%	99.8%	0.12 p.p.
Agricultural Yield (ton/ha)	79.6	86.0	-7.4%
Average TRS (kg/ton)	131.9	125.0	5.5%
Production			
Sugar ('000 tons)	406	504	-19.4%
Ethanol ('000 m ³)	486	329	47.8%
Cogeneration ('000 MWh)	327	300	9.1%
TRS Produced	1,254	1,092	14.8%
Mix Sugar - Ethanol	34% - 66%	48% - 52%	

Table 2

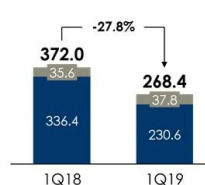
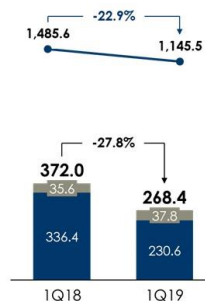
PRODUCTION	Guidance 18/19 Crop Year	1Q19	1Q19/Guidance 18/19
Cane Crushed ('000 tons)	20.570	9.508	46,2%
Sugar ('000 tons)	980	406	41,5%
Ethanol ('000 m ³)	1.119	486	43,5%
Energy Exported ('000 MWh)	850	327	38,4%
TRS Produced	2.933	1.254	42,7%

Financial Highlights

Table 1
R\$ '000

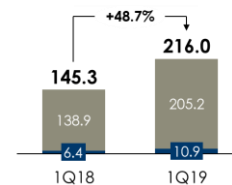
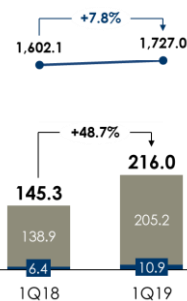
	1Q19	1Q18	Chg. (%)
Net Revenue ¹	771,166	867,856	-11.1%
Adjusted EBITDA	401,390	475,340	-15.6%
Adjusted EBITDA Margin	52.0%	54.8%	-2.7 p.p.
Adjusted EBIT	198,124	273,193	-27.5%
Adjusted EBIT Margin	25.7%	31.5%	-5.8 p.p.
Adjustment to Maturity of Hedge Account	(10,305)	(55,509)	-81.4%
Biological Assets/Others	(5,431)	17,281	n.m.
Net Income before taxes	153,825	160,879	-4.4%
Net Income	103,959	116,873	-11.0%
Cash Income	157,827	230,196	-31.4%
Net Debt / EBITDA	1,41 x	1,52 x	-7.1%

Graph 1 **SUGAR**
('000 tons-R\$/ton)

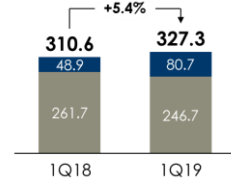
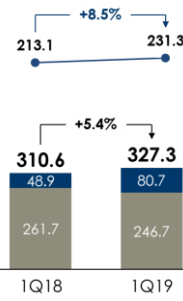


DM Volume EM Volume Average Price

Graph 2 **ETHANOL**
('000 m³-R\$/m³)



Graph 3 **COGEN**
('000 MWh-R\$/MWh)



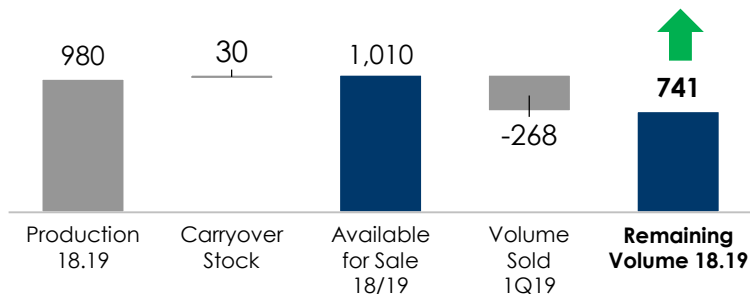
Spot Contracted Average Price

Inventories

Graph 4

Sugar ('000 tons)

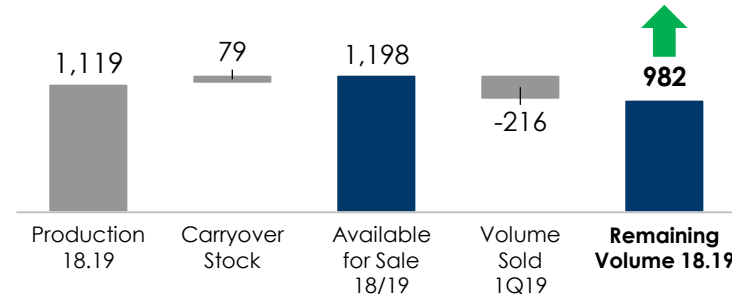
75.6% of the available volume for sale in the next quarters



Graph 5

Ethanol ('000 m³)

87.8% of the available volume for sale in the next quarters



Indebtedness

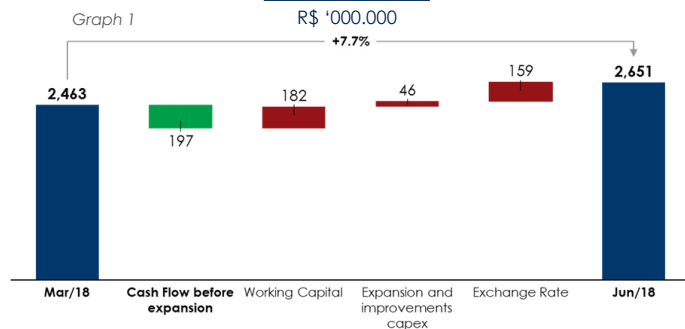
Table 1

	Jun/18	Mar/18	Chg.%
R\$ '000			
PESA	23,974	29,225	-18.0%
Rural Credit	760,449	509,214	49.3%
BNDES / FINAME	551,262	582,203	-5.3%
Working Capital	293,177	397,336	-26.2%
International Finance Corporation (IFC)	348,493	303,797	14.7%
PPE (Export prepayment)	871,352	734,471	18.6%
NCE (Export Credit Note)	2,349	8,101	-71.0%
Agribusiness Certificate of Receivables (CRA)	1,365,774	1,360,550	0.4%
Obligations from Acquisitions - LOP	50,253	50,256	0.0%
Gross Debt	4,267,083	3,975,153	7.3%
Cash and Cash Equivalents	1,615,625	1,512,385	6.8%
Net Debt	2,651,458	2,462,768	7.7%
Net Debt / LTM EBITDA - R\$	1,41 x	1,26 x	12.0%
Net Debt / LTM EBITDA - USD¹	1,22 x	1,22 x	-0.5%
Adjusted EBITDA LTM	1,875,161	1,949,994	-3.8%

1 - Net Debt PTAX:
March/18: R\$ 3.32
June/18: R\$ 3.86

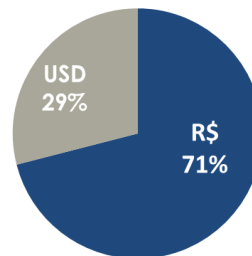
LTM EBITDA Daily Average PTAX:
March/18: R\$ 3.22
June/18: R\$ 3.32

Debt Evolution



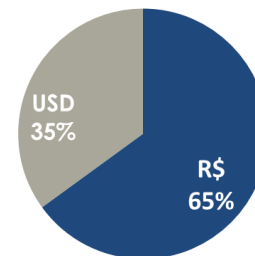
CURRENCY - GROSS

Graph 2



CURRENCY - NET

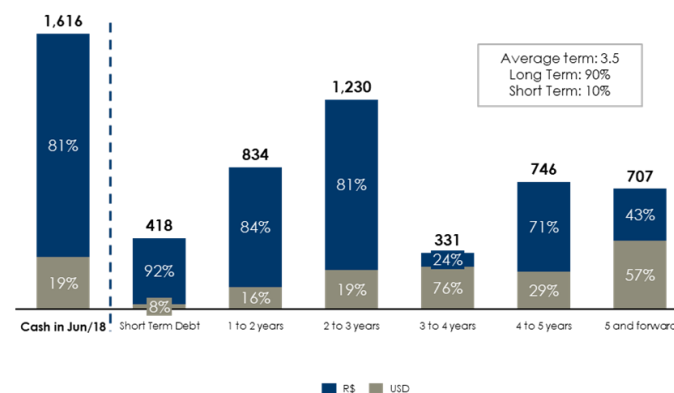
Graph 3



Debt Schedule

R\$ '000,000

Graph 4



Hedge

Table 1

	Volume Hedged ('000 tons)	Avg. Price (US\$ c/p)	Avg. Price (R\$/Ton)
Sugar			
2018/2019 crop year	504,519	14.49	1,126¹
2019/2020 crop year	110,038	13.93	1,187¹

1 - Considering the hedged volume in sugar and MTM of volume to hedge



87% of own cane hedged

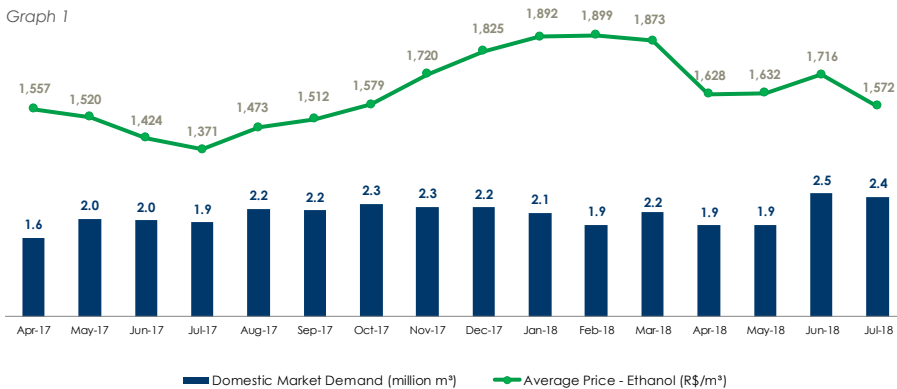


16% of own cane hedged

Ethanol

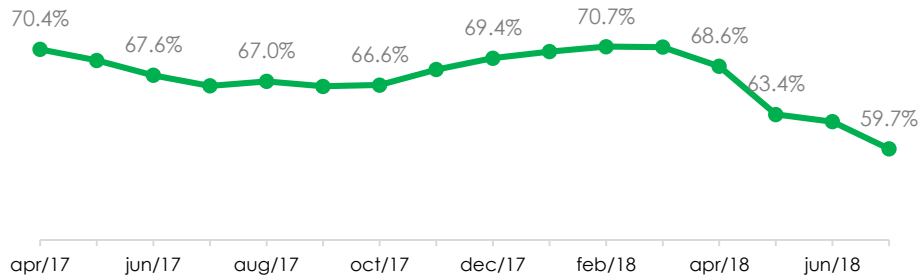
Consumption

Graph 1



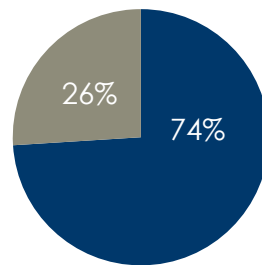
Parity Hydrous / Gasoline C - Southeast

Graph 2



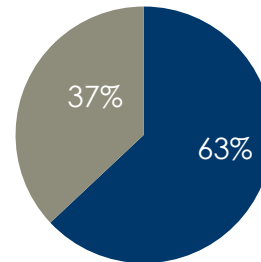
Market share¹

Graph 3



jan-jul/2017

Graph 4



jan-jul/2018

+11 p.p.

■ Gasoline C ■ Hydrous

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