

## Investment in Sugar Cane planting ensures Higher EBITDA for the 3Q13 results

**Bocaina, February 14, 2013** – Tonon Bioenergia S/A announces today the results for the third quarter of fiscal year 2013 (3Q13), ended December 31, 2012. The results are in accordance with the accounting practices adopted in Brazil (IFRS).

### 3Q13 Highlights

- ✦ Net Revenue up 16.8% to R\$523.9 million
- ✦ Adjusted EBITDA reaches R\$216.5 million
- ✦ EBITDA margin of 41.3%

Summary of Financial Information - Tonon Bioenergia			
Amounts in R\$ MM	3Q13	3Q12	Chg. %
<b>Net Revenue</b>	<b>523.9</b>	<b>448.6</b>	<b>16.8%</b>
<b>Gross Profit</b>	<b>101.2</b>	<b>63.2</b>	<b>60.1%</b>
Gross Margin	19.3%	14.1%	5.2% p.p
<b>Adjusted EBITDA</b>	<b>216.5</b>	<b>199.5</b>	<b>8.5%</b>
Adjusted EBITDA Margin	41.3%	44.5%	-3.1% p.p
<b>Net Debt</b>	<b>560.1</b>	<b>535.8</b>	<b>4.5%</b>
Net Debt/Adj. EBITDA (LTM)	2.5x	2.7x	

## Earnings Release

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Below are the results for Tonon Bioenergia, a company focus on the production and sale of products derived from sugarcane, such as VHP sugar, anhydrous and hydrous ethanol.

### Production Figures

In 3Q13, Tonon Bioenergia operated 2 mills with a crushing capacity of 5.7 million tons of sugarcane per crop year.

<b>Operational Figures</b>			
	<b>3Q13</b>	<b>3Q12</b>	<b>Chg. %</b>
<b>Crushed sugarcane</b>	<b>4,855.2</b>	<b>4,154.0</b>	<b>16.9%</b>
Own ('000 tons)	3,822.5	2,836.5	34.8%
Suppliers ('000 tons)	1,032.7	1,317.6	-21.6%
<b>Mechanization (%)</b>	<b>80.8%</b>	<b>78.1%</b>	<b>2.7% p.p</b>
<b>Production</b>			
<b>VHP Sugar ('000 tons)</b>	<b>353.6</b>	<b>298.1</b>	<b>18.6%</b>
<b>Ethanol</b>	<b>168.5</b>	<b>148.6</b>	<b>13.4%</b>
Anhydrous Ethanol ('000 m3)	144.5	110.9	30.4%
Hydrous Ethanol ('000 m3)	24.0	37.7	-36.5%

The 2012/2013 crop faced a delay on the sugarcane crushing mainly due to the rains concentrated in June, 2012. Due to the heavy rain experienced throughout Brazil's South Central region many mills delayed their crushing compared to the same period in 2011/2012. The higher levels of rain during June, 2012 will benefit the sugarcane growth by the end of the crop-year, we can expect to have higher productivity throughout the crop of 2013/2014.

The 3Q13 crushing volume was 4.9 million tons, up 16.9% over the same period of the previous year, with 78.7% being own sugarcane. The increase in crushing was due to the higher investment made in the Tonon crop area, allowing the company to increase its crushing despite the postponement of the start of 2012/2013 crop due to the higher levels of rain.

In 3Q13, 80.8% of Tonon's sugarcane was harvested mechanically, 2.7 p.p. higher over the same period of the previous year.

The average age of the plantation is currently 3.0 years due to the high renewal in the inter harvest season for the past 2 years. Tonon`s production mix in 3Q13 was more concentrated in sugar, which accounted for approximately 58.6% of sugarcane in the period.

### Net Revenue

Net Revenue			
Amounts in R\$ MM	3Q13	3Q12	Chg. %
<b>Net Revenue</b>	<b>523.9</b>	<b>448.6</b>	<b>16.8%</b>
<b>Sugar sales</b>	<b>317.2</b>	<b>289.7</b>	<b>9.5%</b>
Domestic	14.0	0.1	13,745.3%
Export	303.2	289.6	4.7%
<b>Ethanol sales</b>	<b>185.8</b>	<b>149.4</b>	<b>24.3%</b>
Domestic	126.1	149.4	-15.6%
Export	59.7	0.0	n/d
<b>Other Products and Services</b>	<b>20.9</b>	<b>9.5</b>	<b>121.1%</b>

In 3Q13, Tonon Bioenergia had net revenue of R\$523.9 million, 16.8% higher over the R\$448.6 million in 3Q12. The increase was a result of a higher production and sale of sugar and ethanol in the 3Q13 compared to 3Q12.

#### Sugar sales

Net revenue from sugar sales in 3Q13 was 9.5% higher than in 3Q12, with R\$317.2 million, representing 60.5% of total net revenue. The average price for sugar was R\$1,017.6/ton of sugar in 3Q13, up 6.8% over the 3Q12 average price of R\$952.5/ton of sugar.

More than 95% of the sugar sales were concentrated in exports due to better prices on the foreign market.

#### Ethanol sales

Net revenue from ethanol sales in 3Q13 reached R\$185.8 million, up 24.3% over 3Q12's R\$149.4 million. The average price decreased 8.9% from R\$1,297.7/m<sup>3</sup> in 3Q12 to R\$1,182.6/m<sup>3</sup> in 3Q13.

## Cost of Goods Sold

COGS			
Amounts in R\$ MM	3Q13	3Q12	Chg. %
<b>Cost of Goods Sold</b>	<b>(432.1)</b>	<b>(385.4)</b>	<b>12.1%</b>
Sugar	(221.9)	(273.6)	-18.9%
Ethanol	(176.6)	(106.6)	65.7%
Other	(33.5)	(5.2)	545.3%
Average Unitary Costs			
<b>Cash cost of sugar (R\$/ton)</b>	<b>(414.6)</b>	<b>(600.0)</b>	<b>-30.9%</b>
<b>Cash cost of ethanol (R\$/m3)</b>	<b>(654.6)</b>	<b>(617.1)</b>	<b>6.1%</b>

The table above shows the cost of goods sold of sugar, ethanol and other, as well as the average unit cash costs (excluding depreciation and amortization) for sugar and ethanol.

The 12.1% increase in 3Q13 cost of goods sold compared to the 3Q12 is mainly due to a higher volume of ethanol sold up 36.4% (157.1 thousand cubic meters) in 3Q13 from 115.1 thousand cubic meters in 3Q12.

## Gross Profit

Gross Profit			
Amounts in R\$ MM	3Q13	3Q12	Chg. %
<b>Gross Profit</b>	<b>101.2</b>	<b>63.2</b>	<b>60.1%</b>
<b>Sugar</b>	<b>100.1</b>	<b>16.1</b>	<b>523.2%</b>
Sugar gross margin (%)	32.1%	5.3%	26.8% p.p
Sugar cash gross margin (%)	50.6%	33.6%	17.0% p.p
<b>Ethanol</b>	<b>13.0</b>	<b>42.9</b>	<b>-69.7%</b>
Ethanol gross margin (%)	8.3%	37.2%	-28.9% p.p
Ethanol cash gross margin (%)	33.0%	49.9%	-17.0% p.p
<b>Other</b>	<b>(11.9)</b>	<b>3.9</b>	<b>-405.1%</b>

Tonon's gross profit reached R\$101.2 million in 3Q13, up 60.1% over the same quarter of the previous year.

Mainly due to a decrease in the cost of goods sold in 3Q13 that had a higher percentage of own sugarcane 79% compared to the same quarter of the previous year 68%, we also had a

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higher crushing this quarter of 4.9 million tons of sugarcane up 16.8% compared to the 3Q12 (4.2 million tons of sugarcane crushed).

### Selling, General & Administrative Expenses

Selling, General & Administrative Expenses			
Amounts in R\$ MM	3Q13	3Q12	Chg. %
<b>Selling Expenses</b>	<b>(38.3)</b>	<b>(2.7)</b>	<b>1,318.4%</b>
<b>General and Administrative Expenses</b>	<b>(14.9)</b>	<b>(11.2)</b>	<b>32.3%</b>

In 3Q13, Tonon Bioenergia's selling expenses totaled R\$38.3 million, up R\$36.2 million over the 3Q12. This increase was mainly due to the allocation of sugar freight in the cost of goods sold in the 3Q12, in 3Q13 the sugar freight cost is allocated on the Selling Expenses. To a lesser extent this increase was due to higher cost of freight for both sugar and ethanol of the foreign market combined with an increase of 50.8 thousand cubic meters in the quantity of ethanol exported in 3Q13 compared to 3Q12.

General and Administrative Expenses totaled R\$14.9 million in 3Q13, up 32.3% over the same quarter of the previous year.

### Adjusted EBITDA

Adjusted EBITDA			
Amounts in R\$ MM	3Q13	3Q12	Chg. %
<b>Adjusted EBITDA</b>	<b>216.5</b>	<b>199.5</b>	<b>8.5%</b>
Adj. EBITDA margin (%)	41.3%	44.5%	-3.1% p.p

In 3Q13, Tonon Bioenergia's Adjusted EBITDA increased 8.5% from R\$199.5 million in 3Q12 to R\$216.5 million.

## Hedge

Volume positions and fixed sugar prices agreed with traders or through derivative financial instruments as of June 30, 2012, and foreign exchange derivatives contracted by Raízen Energia to hedge future cash flows, are as follows:

Summary of Hedge Operations at December 31, 2012		
Sugar	2012/2013	2013/2014
<b>NY11</b>		
Volume ('000 tons)	341.5	75.6
Average Price (cents US\$/lb)	22.14	20.5
Exchange rate	2012/2013	2013/2014
<b>US\$</b>		
Volume (US\$ million)	79.5	31.5
Average Price (R\$/US\$)	1.93	2.13