



**1Q16**  
**Earnings Presentation**

# Disclaimer

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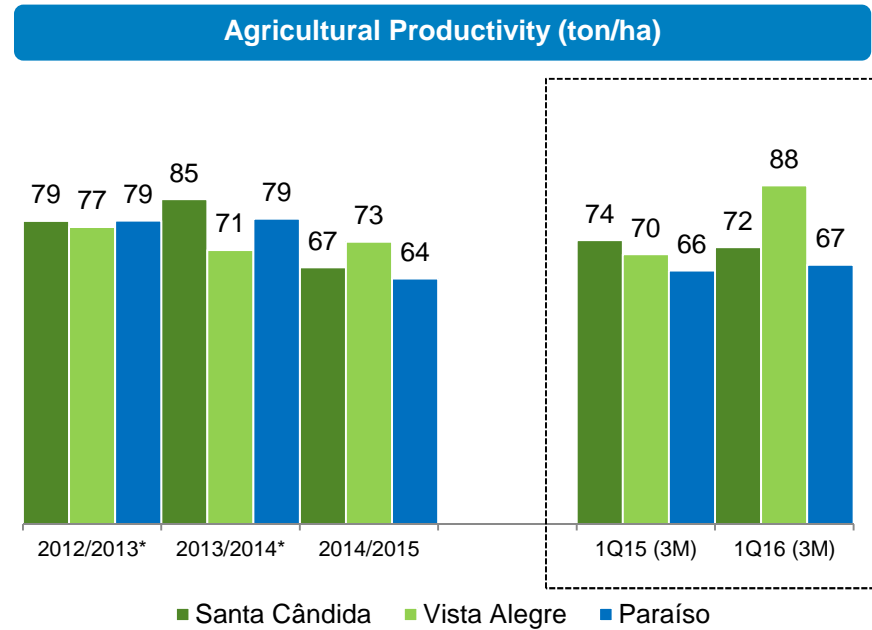
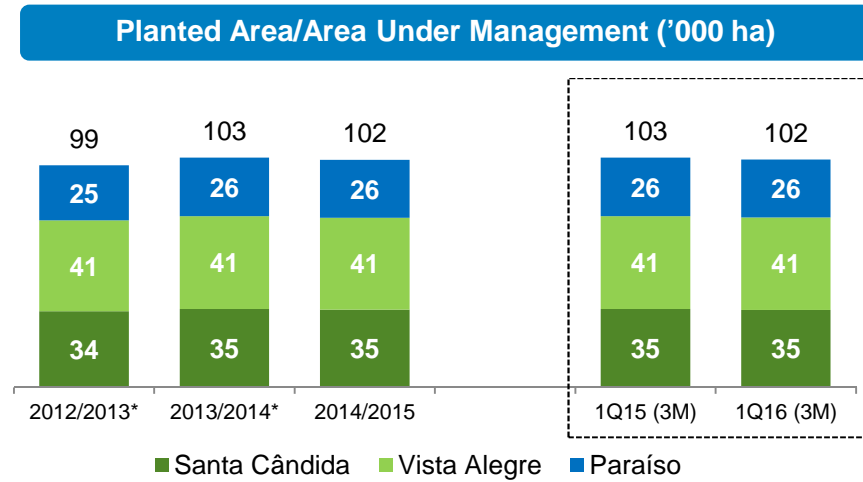
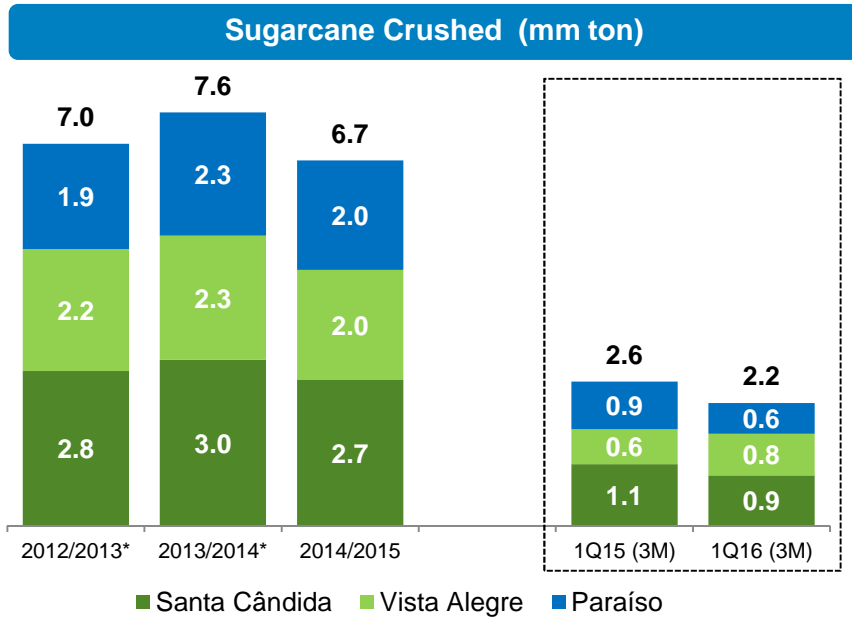
## Tonon is a unique company in the sugar and ethanol sector

- ✦ Execution of a new loan (up to US\$70 million) and the exchange of 96.4% of existing 2020 notes (US\$300 million)
- ✦ Strong EBITDA margins of 64.4% (R\$ 124.5 million – 1Q16)
- ✦ Current net debt / EBITDA of 4.5x, leverage would be 3.2x if we consider the Fx rate as of June, 2014
- ✦ Pro forma liquidity position after new debt issuance plus successful exchange offer would be above R\$300 million (being R\$23 million of cash and equivalent plus R\$185 million of Cash and equivalent from Credit Agreement plus finished goods inventory of R\$43 million plus accounts receivable of R\$50 million)
- ✦ Increase realized sugar prices from R\$854 / ton of sugar to R\$923 / ton of sugar an increase of 8% y.o.y.

# Tonon Pro-Forma Figures

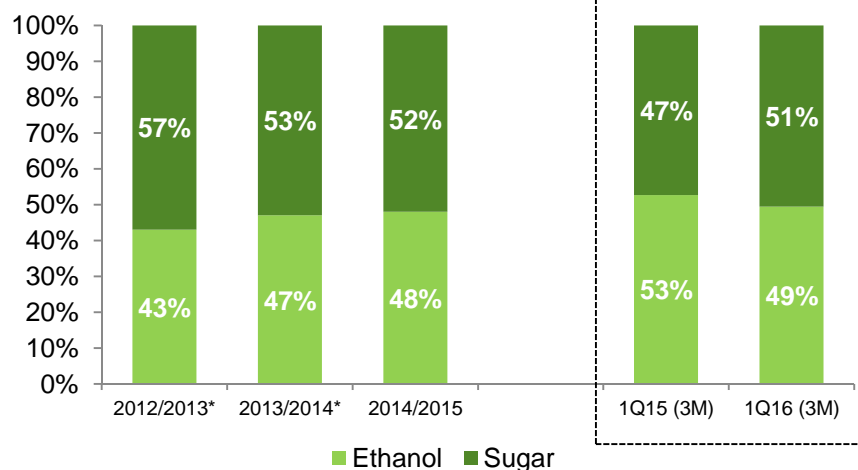


# 1 Agricultural & Industrial Performance

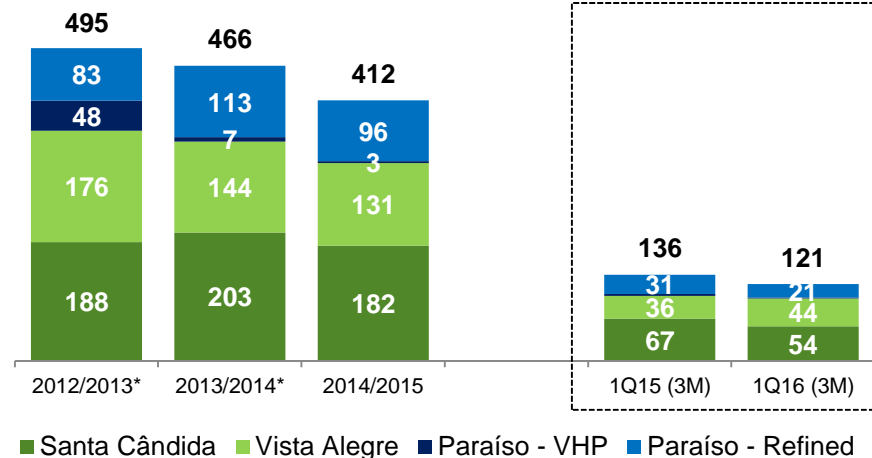


## 2 Production Mix

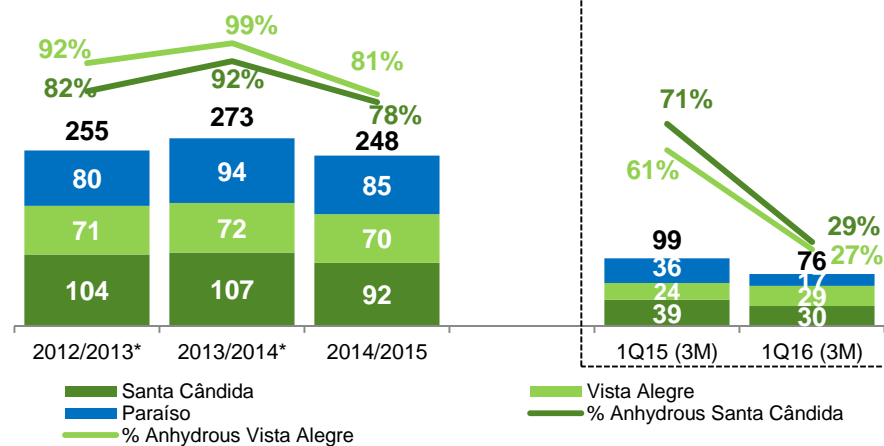
Production Mix as % of Total Sugarcane Crushed



Sugar Production (000` tons)

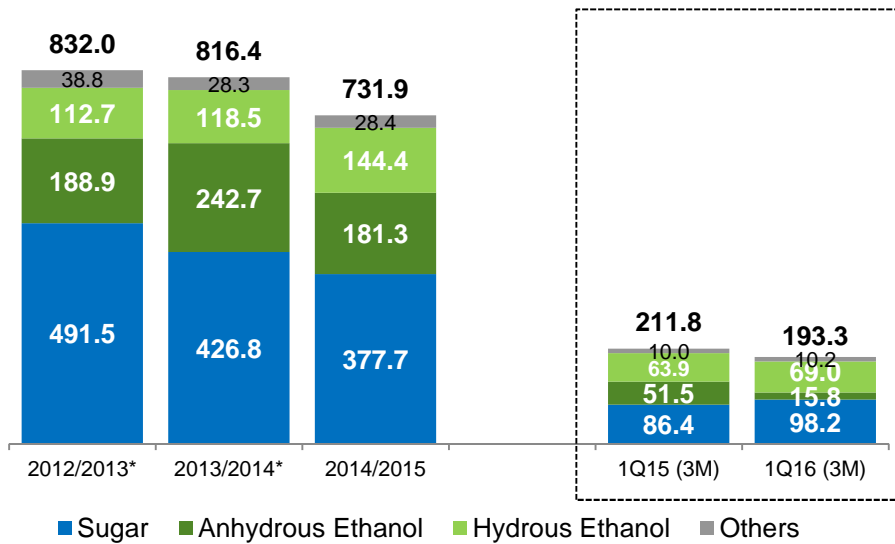


Ethanol Production (000` m3)

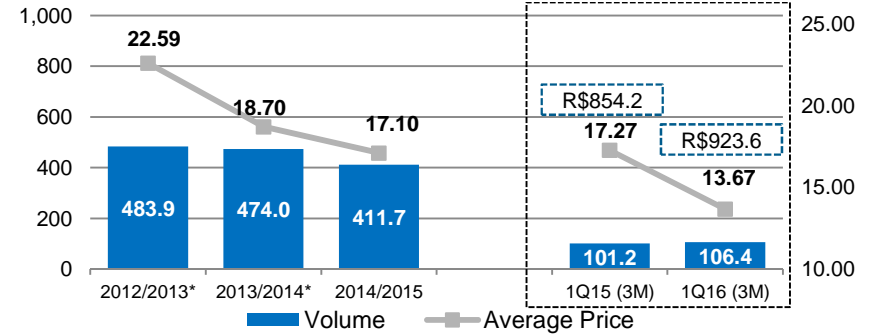


# 3 Tonon Price Performance

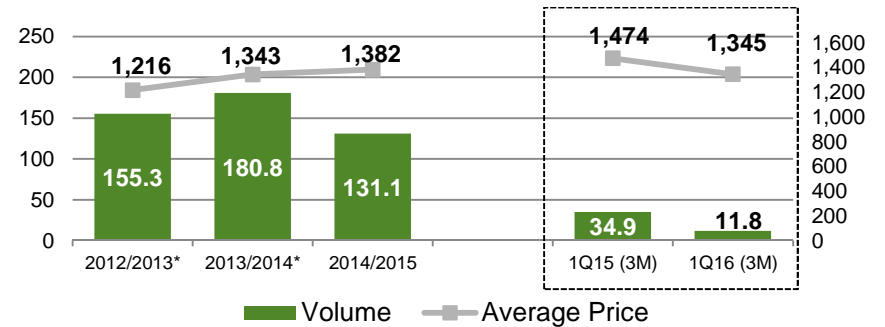
**Tonon Net Revenues (BRL million)**



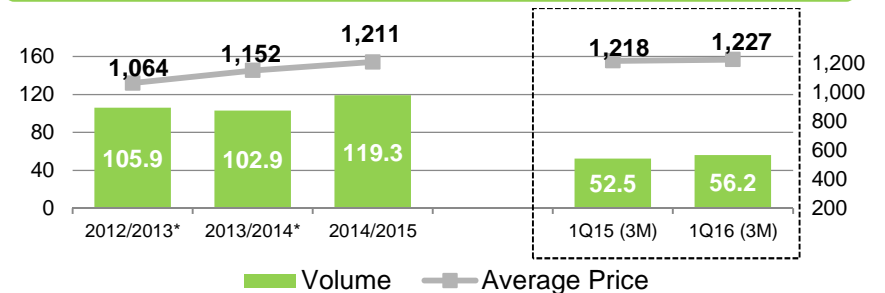
**Sugar sale (thousand tons) and average price (US\$/lb)**



**Anhydrous Ethanol Sale ('000 m³) and Avg. Price (R\$/m³)**

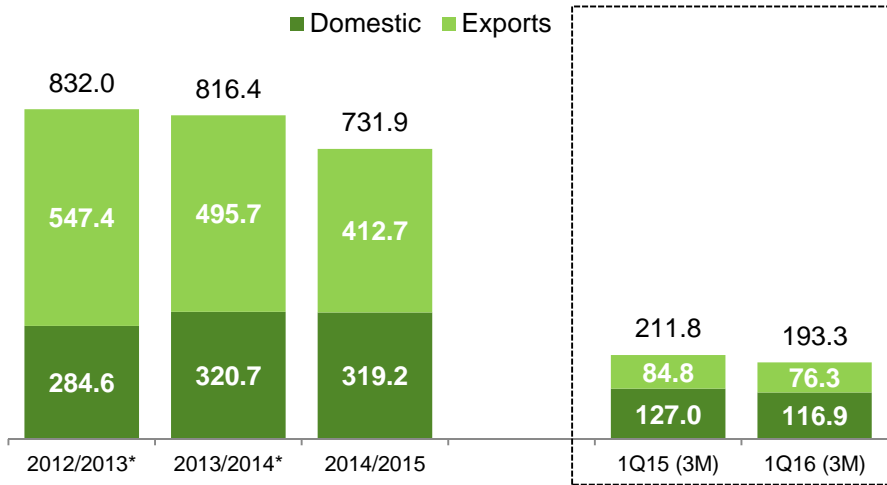


**Hydrous Ethanol Sale ('000 m³) and Avg. Price (R\$/m³)**

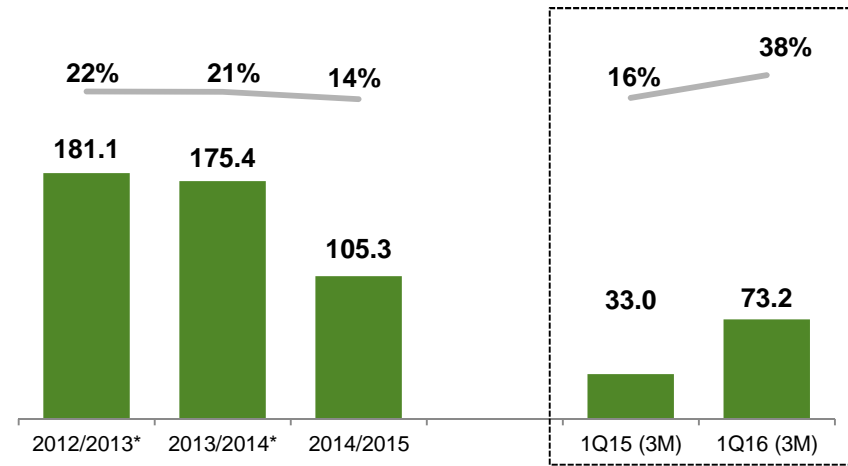


# 4 Financial Highlights

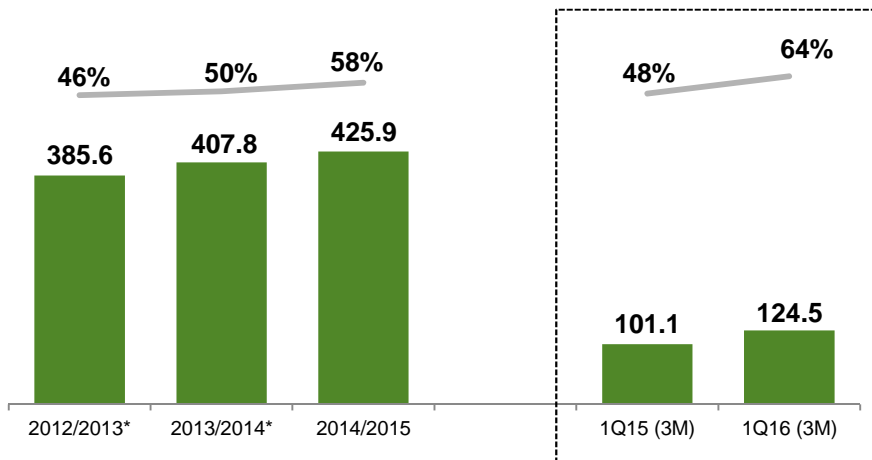
### Net Revenues (R\$ mm)



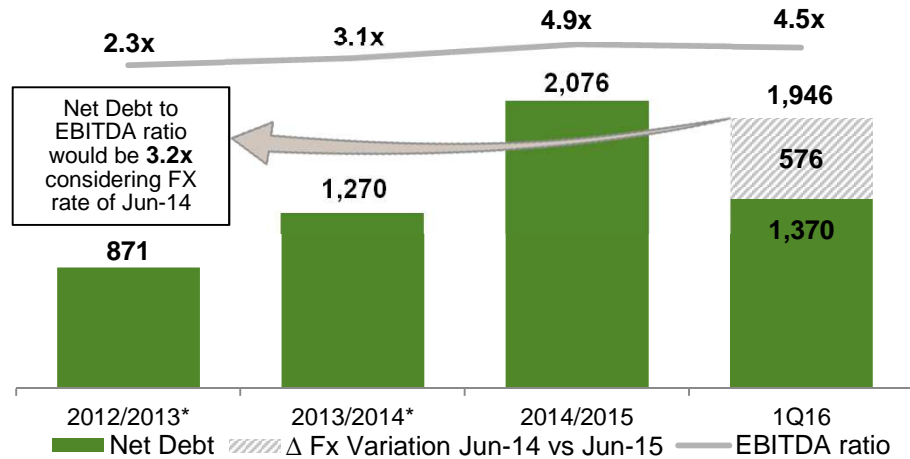
### Gross Profit and Gross Margin (R\$ mm)



### EBITDA and EBITDA Margin (R\$ mm)



### Net Debt and Net Debt/ EBITDA LTM (R\$ mm)

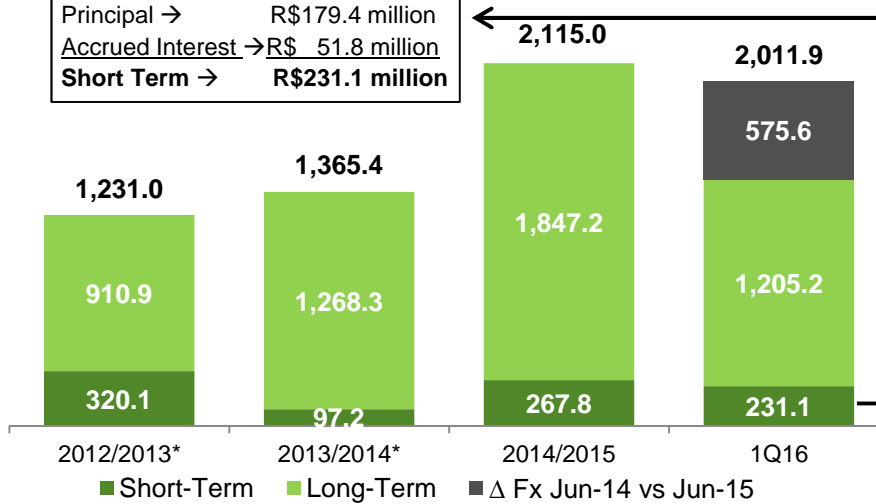




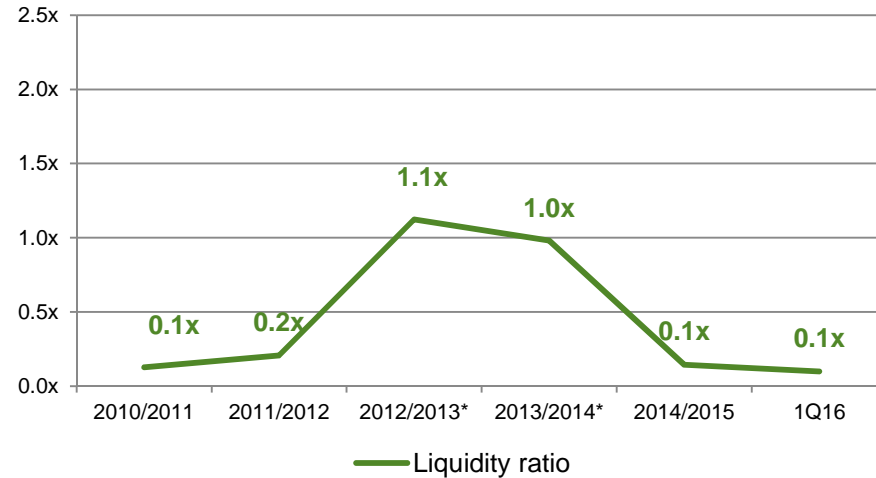
# 5 Indebtedness & Liquidity

Short Term vs. Long Term Debt (R\$ million)

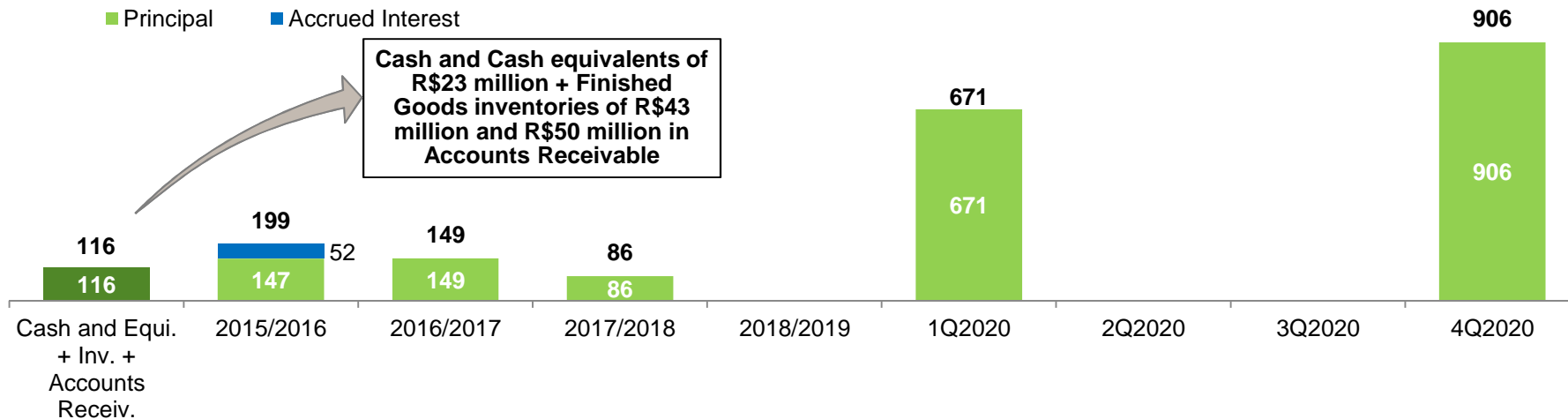
Principal → R\$179.4 million  
 Accrued Interest → R\$ 51.8 million  
 Short Term → R\$231.1 million



Liquidity – Cash Position / Short Term Debt

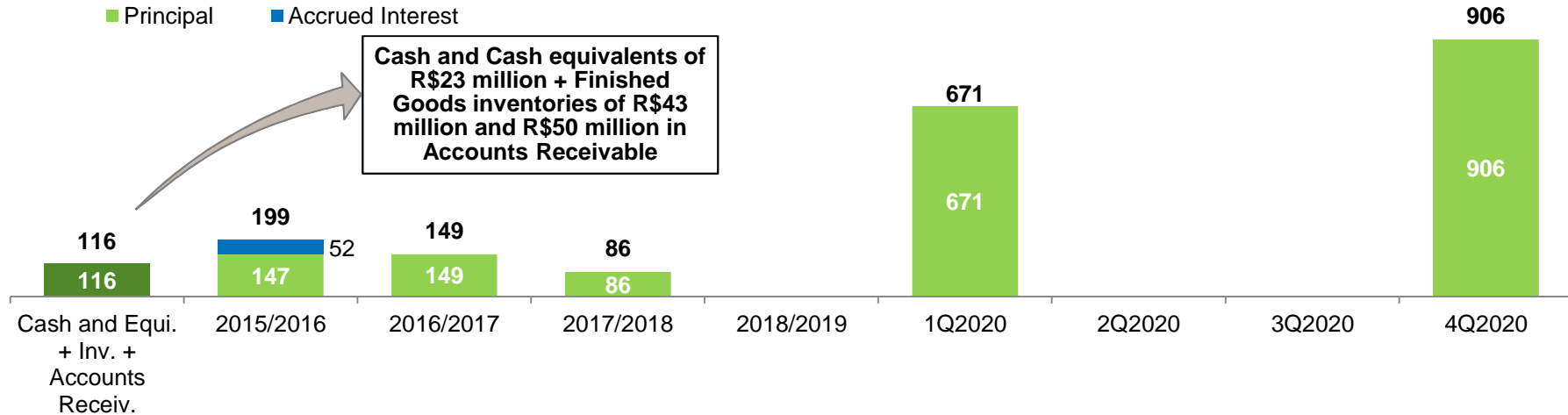


Debt Amortization Schedule (R\$ million)

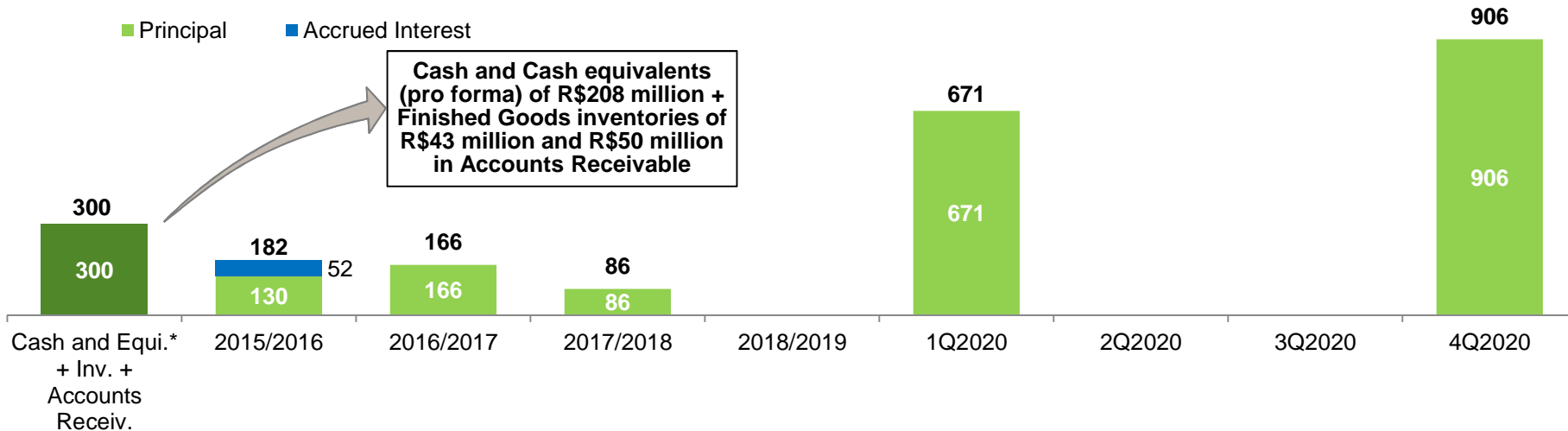


# 5 Indebtedness & Liquidity – Pro Forma

## Debt Amortization Schedule (R\$ million)



## Debt Amortization Schedule (R\$ million) – Pro forma (New Credit Agreement)



## 5 Indebtedness & Liquidity – Fx rate impact

	1Q15	1Q16	Δ
<b>Debt in US\$000</b>	<b>660,236</b>	<b>648,454</b>	<b>-2%</b>
FX rate (BRL/US\$)	2.2025	3.1026	
<b>Debt in BRL000</b>	<b>1,454,170</b>	<b>2,011,893</b>	<b>38%</b>

- As showed in the table above, Tonon was able to deleverage its indebtedness from the 1Q15 to the 1Q16 in US\$ by 2%. The increase in leverage came mainly due to the fx rate depreciation from R\$/US\$2.2025 to R\$/US\$3.1026
- The business fundamentals have not gotten worse it is essentially the negative impact of fx rate depreciation over the last two years. So far we have a passive exchange variation of more than R\$779 million over the last two years. Just the accumulated passive exchange variation represents more than 38% of Tonon's current indebtedness

# Appendix: EBITDA Reconciliation

## Adjusted EBITDA Reconciliation

Amounts in R\$ MM

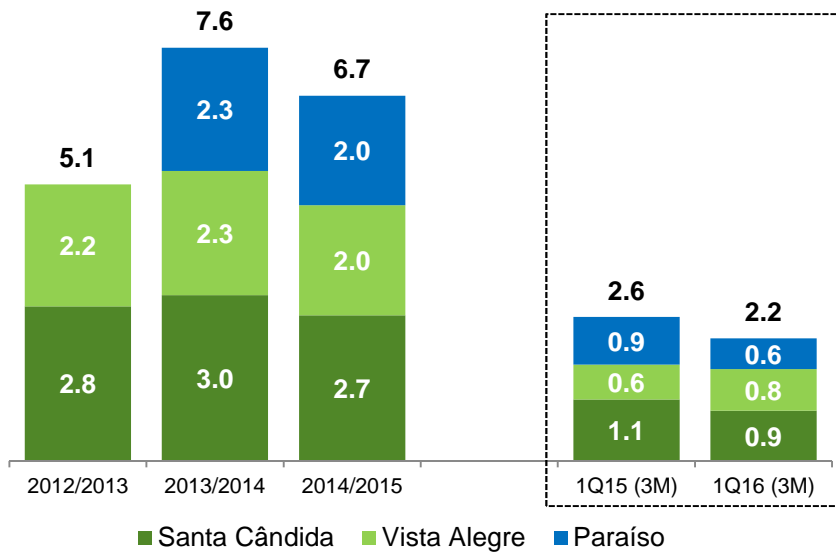
	1Q16	1Q15
<b>Net profit (loss) from continuing operations</b>	<b>(24.9)</b>	<b>(29.6)</b>
(+) Net financial income (expenses)	(5.8)	30.6
(+) Depreciation of property, plant and equipment	10.3	10.0
(+) Amortization of intangible assets	0.6	0.6
(+) Amortization of inter-harvest maintenance carried out	18.5	34.4
(+) Amortization of Crops and Handling	46.7	66.0
(+/-) Income and social contribution taxes	53.0	(12.1)
(+/-) Equity accounting income	0.0	1.3
(+) Losses from partnership agreements and contingencies (non cash)	26.1	14.3
	+8%	
<b>EBITDA</b>	<b>124.5</b>	<b>115.4</b>

**Tonon Figures combined  
with Paraíso starting May,  
2013**

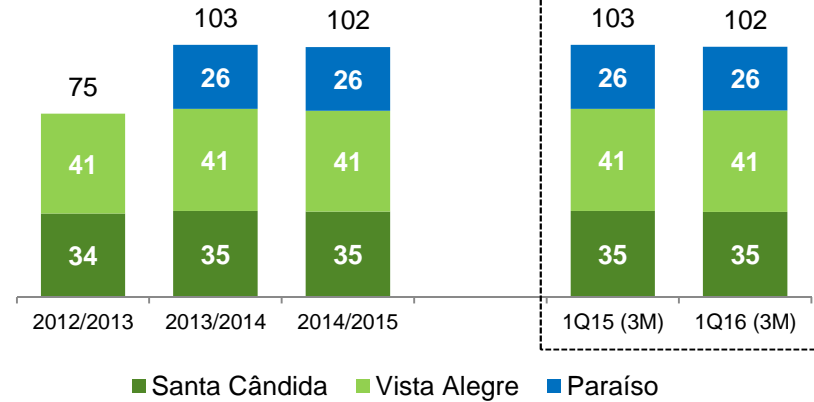


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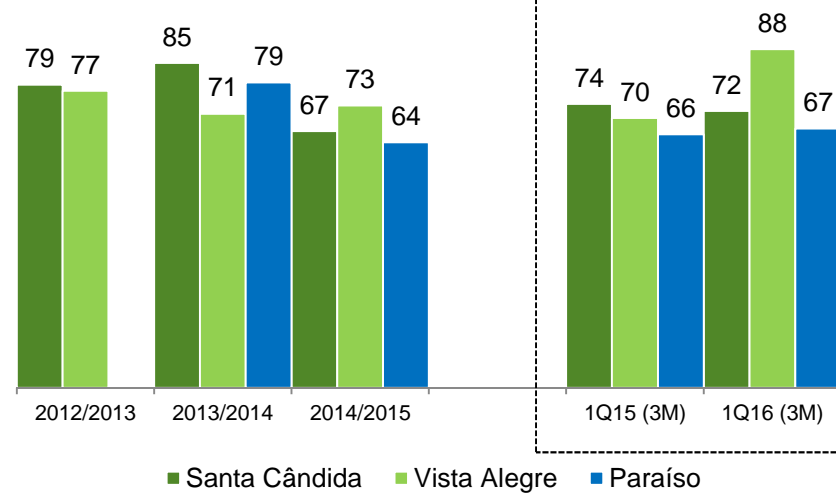
Sugarcane Crushed (mm ton)



Planted Area/Area Under Management ('000 ha)



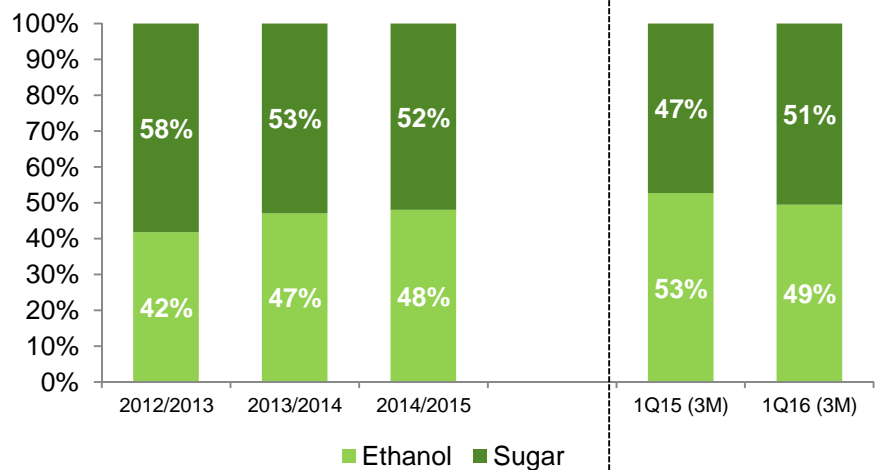
Agricultural Productivity (ton/ha)



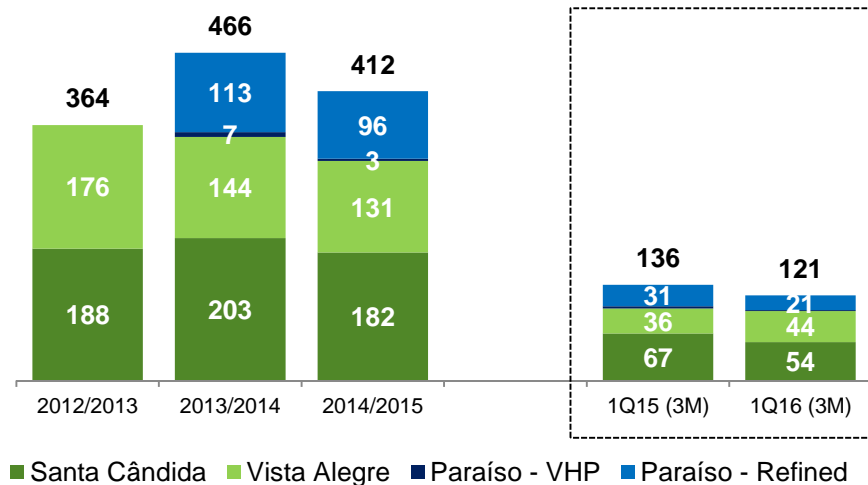
## 2

# Production Mix – Weighed towards higher value-added products more Sugar & more Anhydrous Ethanol

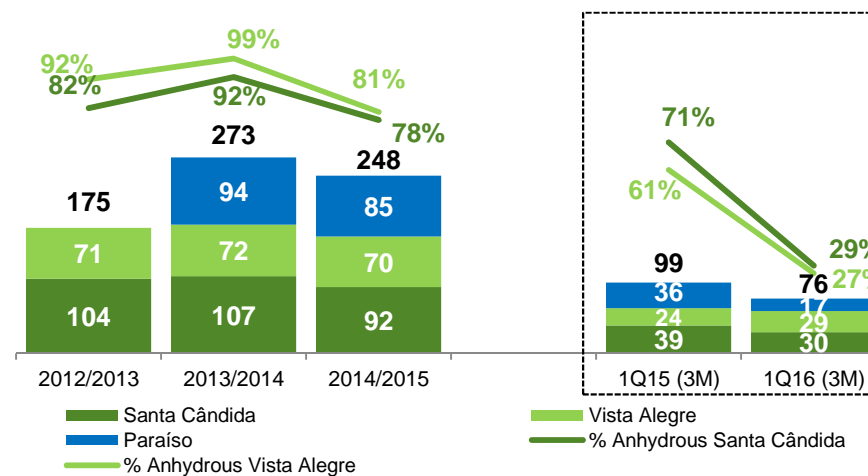
### Production Mix as % of Total Sugarcane Crushed



### Sugar Production (000` tons)

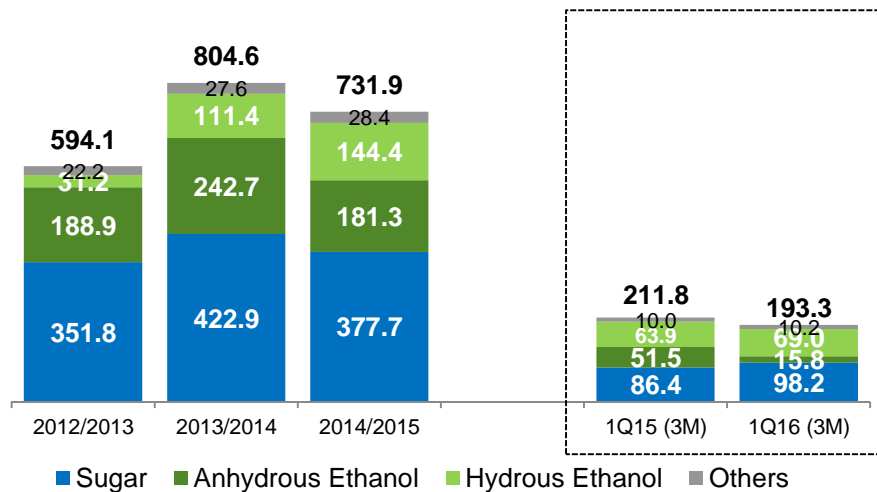


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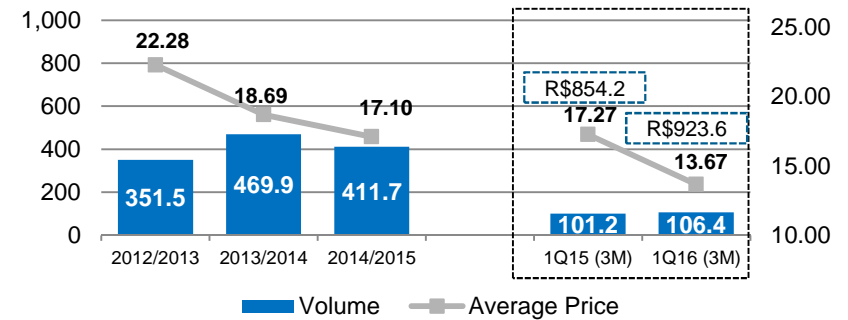


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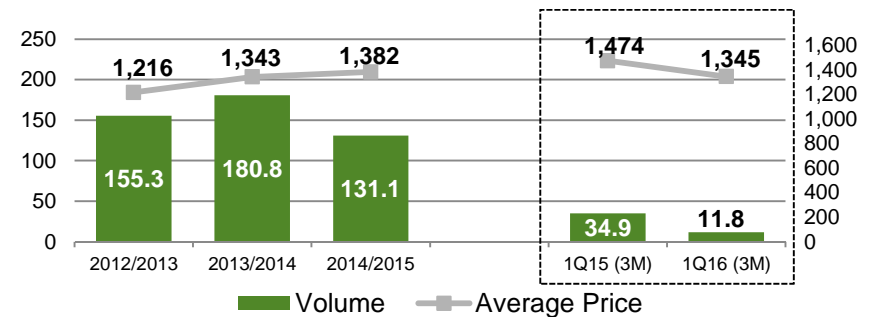
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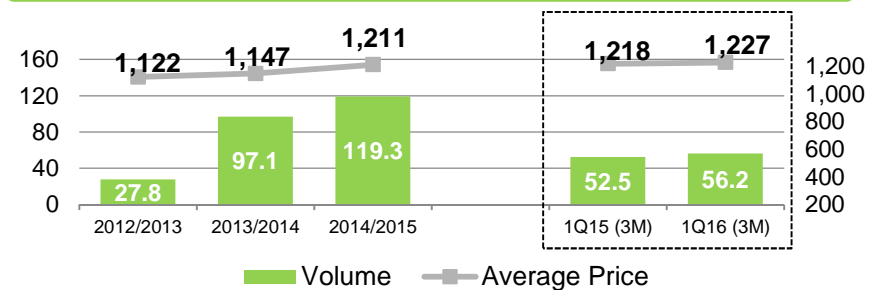
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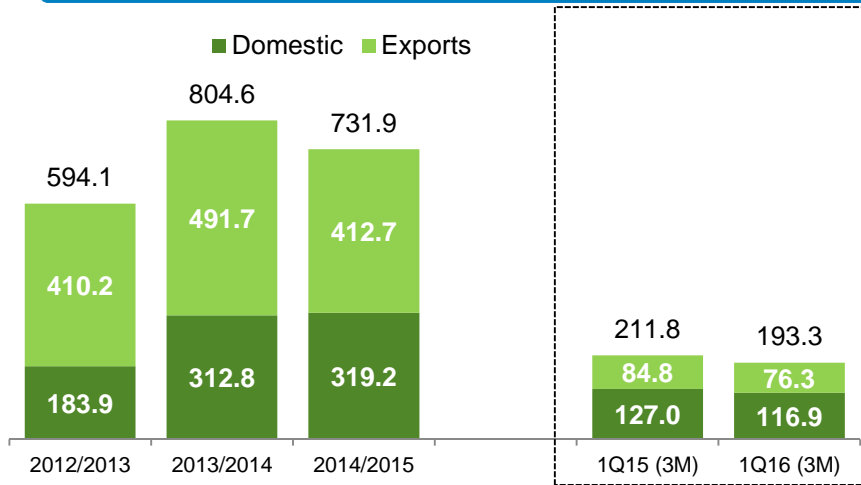
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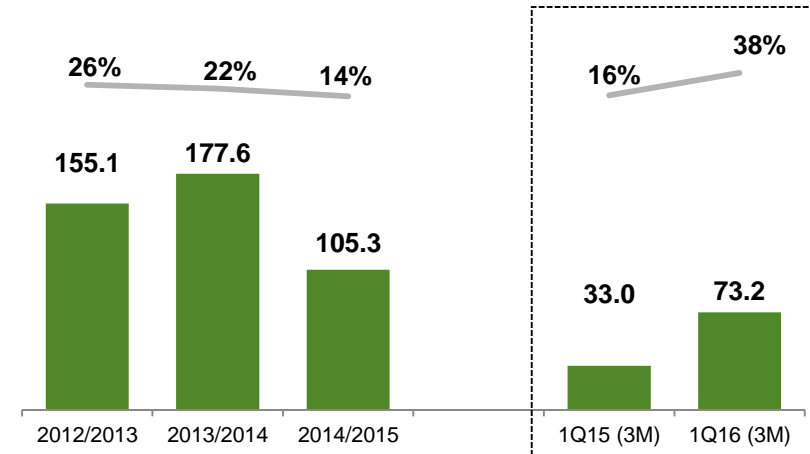


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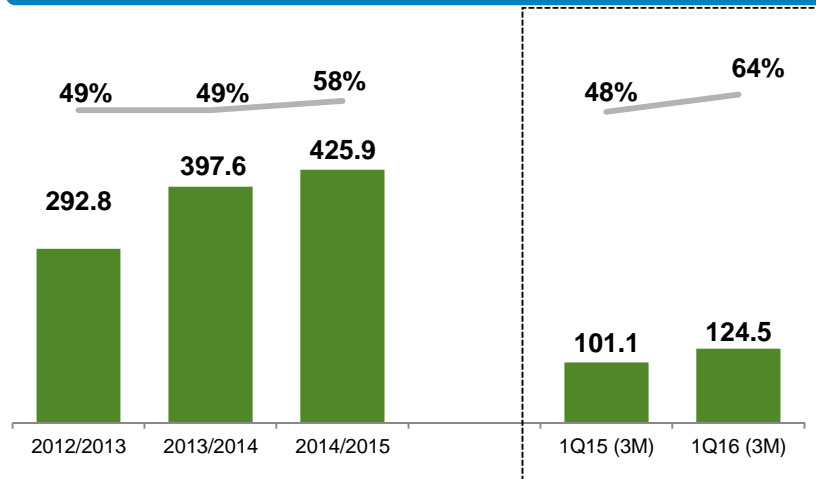
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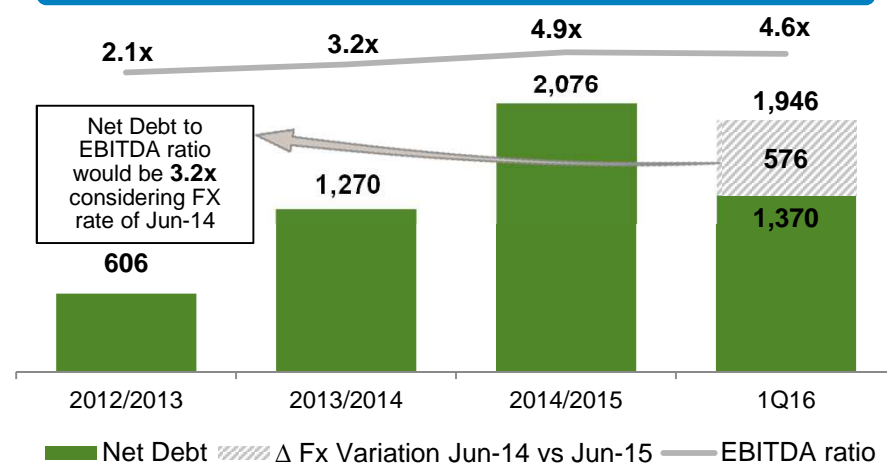
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### EBITDA and EBITDA Margin (R\$ mm)



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