

# Cosan

## 2Q13 Results Presentation

# Disclaimer

## Forward Looking Statements



This presentation contains estimates and forward-looking statements regarding our strategy and opportunities for future growth. Such information is mainly based on our current expectations and estimates or projections of future events and trends, which affect or may affect our business and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others: (1) general economic, political, demographic and business conditions in Brazil and particularly in the geographic markets we serve; (2) inflation, depreciation and devaluation of the real; (3) competitive developments in the ethanol and sugar industries; (4) our ability to implement our capital expenditure plan, including our ability to arrange financing when required and on reasonable terms; (5) our ability to compete and conduct our businesses in the future; (6) changes in customer demand; (7) changes in our businesses; (8) government interventions resulting in changes in the economy, taxes, rates or regulatory environment; and (9) other factors that may affect our financial condition, liquidity and results of our operations.

The words “believe”, “may”, “will”, “estimate”, “continue”, “anticipate”, “intend”, “expect” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above the estimates and forward-looking statements discussed in this presentation might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, inclusive, but not limited to the factors mentioned above. Because of these uncertainties you should not make any investment decision based on these estimates and forward-looking statements.

# Cosan Consolidated

## Business Units



○ Raízen Combustíveis

Fuels Distribution

○ Raízen Energia

Sugar, Ethanol and Cogeneration

○ Rumo

Sugar Logistics

○ Radar

Investments in Agricultural Land

○ Other Business

Lubricants and Specialties

Corporate Structure

# Cosan Consolidated

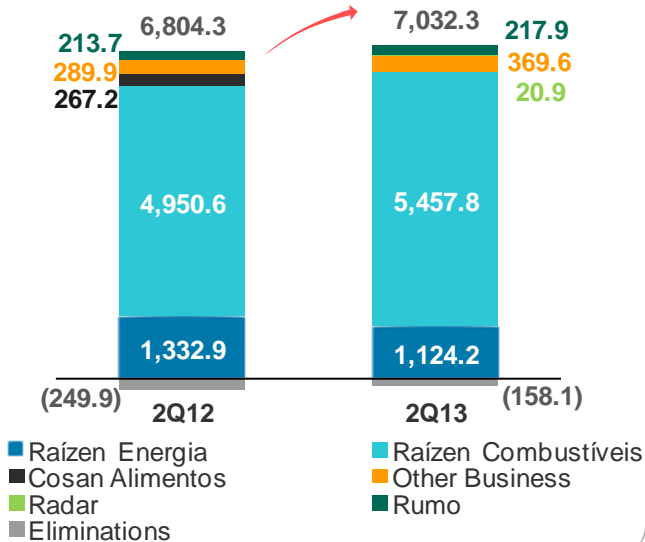
## Highlights 2Q13 x 2Q12



### Net Revenue

(R\$MM)

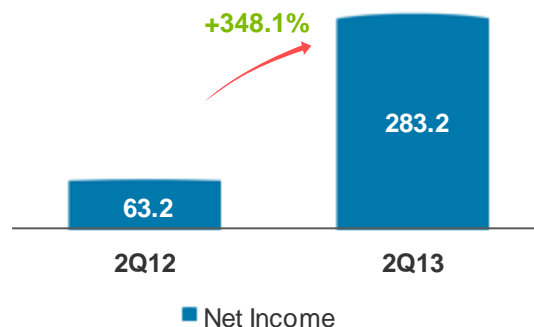
+3.4%



### Net Income

(R\$MM)

+348.1%



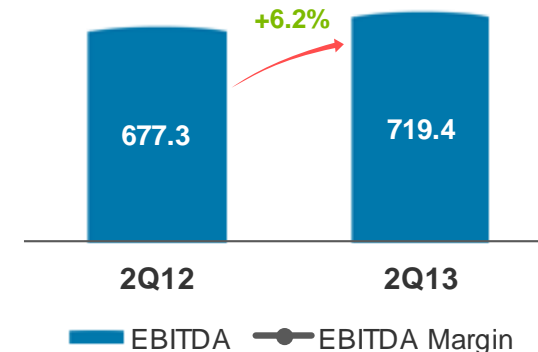
### EBITDA & EBITDA Margin

(R\$MM)

10.0%

10.2%

+6.2%



**Net Revenue:** Growth of 3.4% compared to 2Q12 totaling R\$ 7.0 billion

#### Consolidation:

- 50% Raízen Combustíveis
- 50% Raízen Energia
- 100% Rumo
- 100% Radar
- 100% Other Business

**Net Income:** R\$ 283.2 million in 2Q13. Growth of 348.1% due to:

- Increase of gross profit by operational efficiency
- Positive effect of exchange rate variation

**EBITDA:** R\$ 719.4 million, an increase of 6.2% compared to 2Q12. Growth of EBITDA Margin, reaching 10.2%, due to:

- Increase in Raízen Combustíveis EBITDA
- Recovery of 2012/13 harvest season

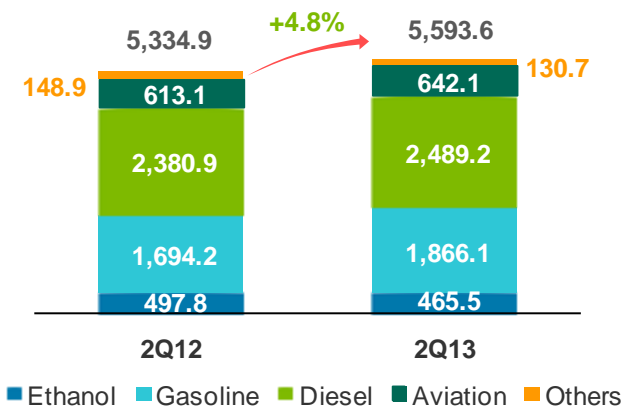
# Raízen Combustíveis

Financial performance 2Q13 vs 2Q12



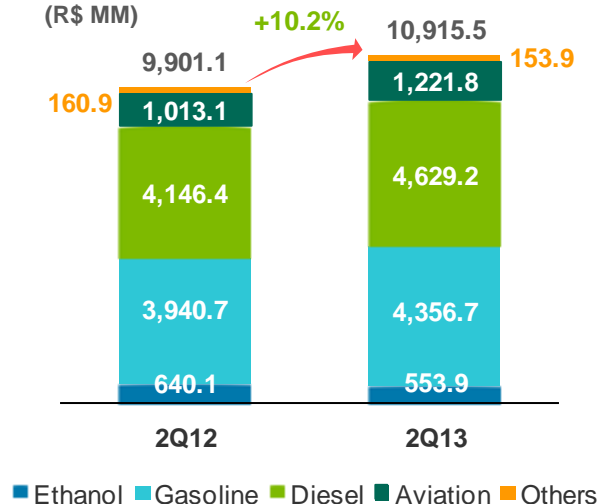
## Volume

(Million liters)



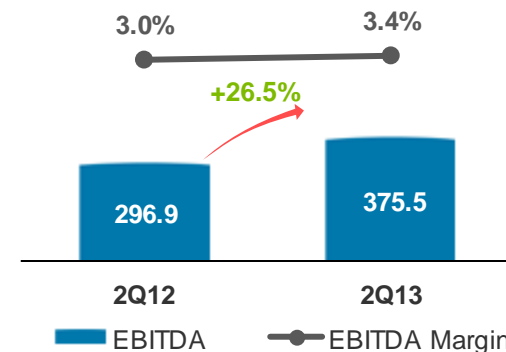
## Net Revenue

(R\$ MM)



## EBITDA and EBITDA Margin

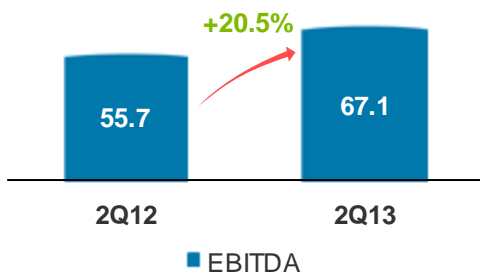
(R\$ MM)



## EBITDA

(R\$/cbm)

(1) 2Q13 Adjusted: R\$ 71/m<sup>3</sup>



Note: (1) Excluding non-recurring effects

**Net Revenue:** R\$ 10.9 billion in 2Q13, due to:

- Increase in volume of 4.8% specially:
  - 4.5% in Diesel volume
  - 10.2% in Gasoline volume
  - 4.7% in Aviation volume

**EBITDA:** In 2Q13 Raízen Combustíveis's EBITDA totaled R\$ 375.5 million

- 26.5% increase of the EBITDA due to:
  - better mix of products
  - higher volume due to larger penetration of Shell brand on the conversion process
  - Better integration of highway stations

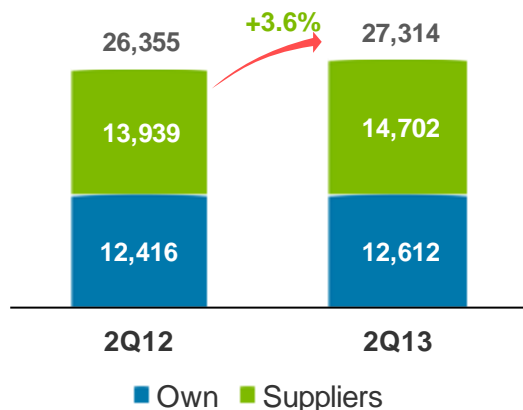
# Raízen Energia

## Operational performance



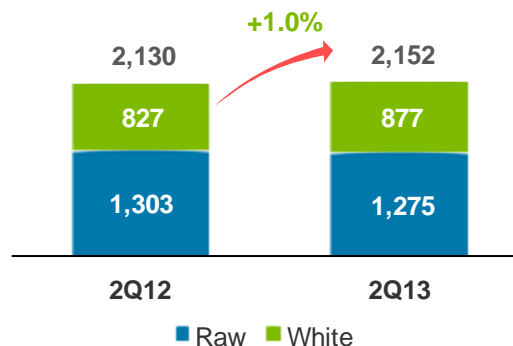
### Sugarcane Crushed

('000 tonnes)



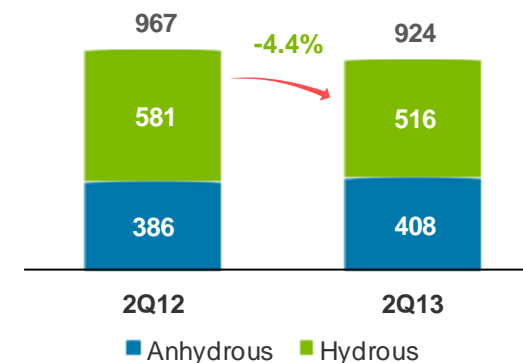
### Sugar Production

('000 tonnes)



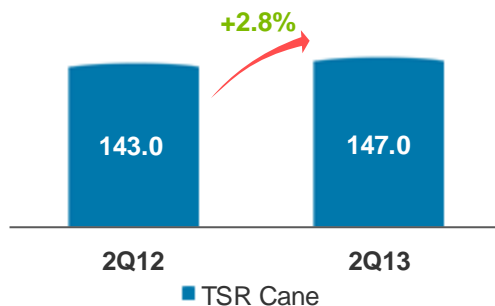
### Ethanol Production

('000 cbm)



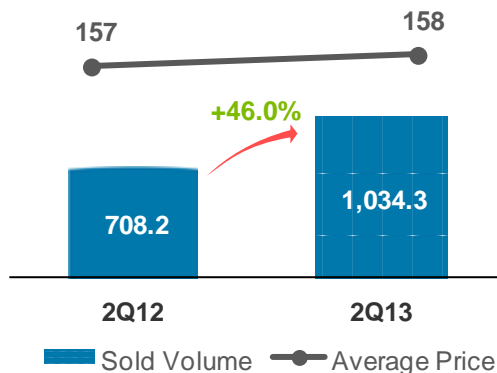
### TSR Cane

(kg/tonnes)



### Sold Volume - Cogen

('000 MWh and R\$/MWh)



- **Sugarcane Crushing:** Increase of 3.6% compared to 2Q12, reflecting the recovery of the crop, which started approximately 12 days late.
- **TSR:** 147.0 kg/ton, an increase of 2.8% compared to 2Q12 (143.0 kg/tonnes).
- **Cogeneration:** Increase of 46% in volume sold, at R\$158/MWh.

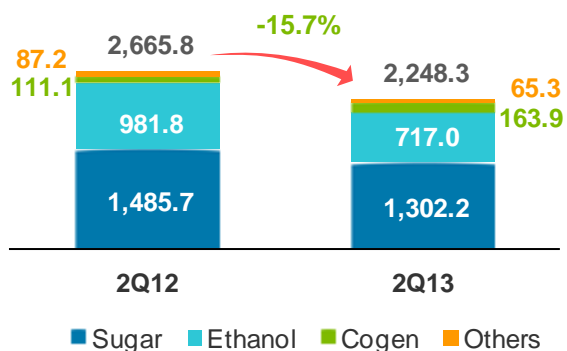
# Raízen Energia

## Financial performance



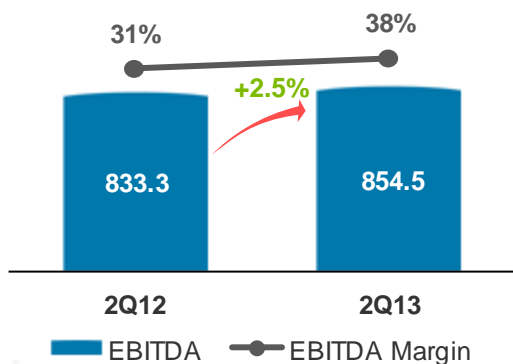
### Net Revenue

(R\$ MM)



### EBITDA and EBITDA Margin

(R\$ MM)



### Summary of hedge Operations at September 30th , 2012

2012 / 2013 2013 / 2014

#### Sugar

##### NY #11

|                          |         |       |
|--------------------------|---------|-------|
| Volume ('000 tonnes)     | 2,611.1 | 665.9 |
| Average Price (¢US\$/lb) | 22.61   | 22.00 |

##### London #5

|                         |   |   |
|-------------------------|---|---|
| Volume ('000 tonnes)    | - | - |
| Average Price (US\$/lb) | - | - |

#### Exchange rate

##### US\$

|                          |        |        |
|--------------------------|--------|--------|
| Volume (US\$ million)    | 1351.4 | 339.1  |
| Average Price (R\$/US\$) | 1.9546 | 2.1662 |

**Volume to be sold / Hedged ('000 tonnes)**

**3,072.6 3,072.6**

**% Sale Protected Sugar / Fixed**

**85.0% 21.7%**

**Net Revenue:** R\$ 2.2 billion in 2Q13

Decrease of 15.7% due to:

- Lower volumes of sugar and ethanol sold
- Lower ethanol prices in the domestic market

**EBITDA:** R\$ 854.5 million. Increase of 2.5%

compared to 2Q12. EBITDA Margin of 38%:

- Better fixing of sugar prices
- Gains in operational efficiency

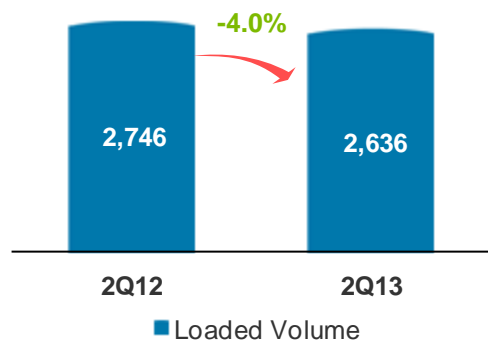
# Rumo

## Operational and financial performance



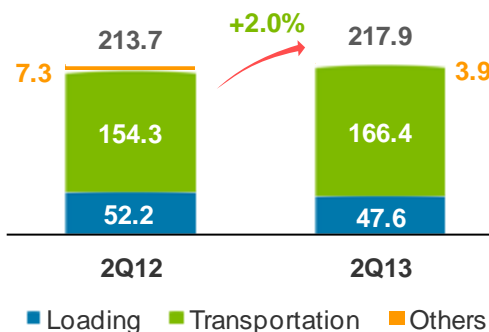
### Volume

('000 tonnes – R\$ / ton Loaded)



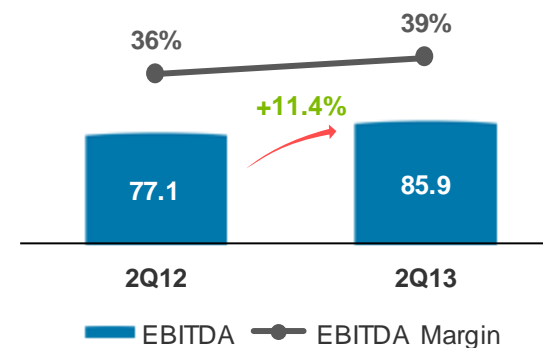
### Net Revenue

(R\$ MM)



### EBITDA and EBITDA Margin

(R\$ MM)

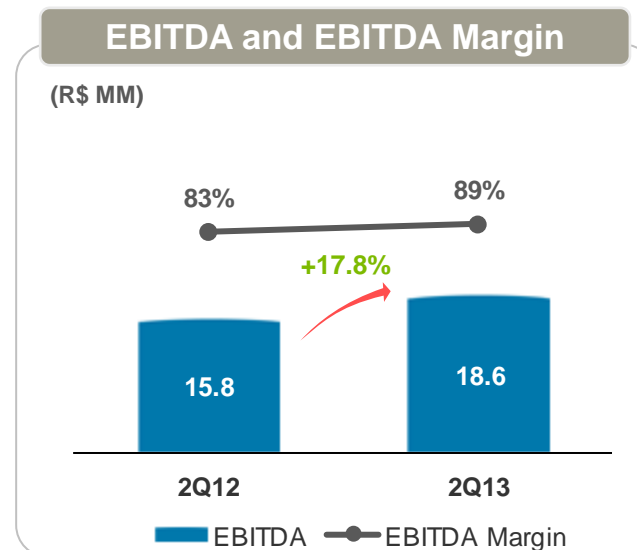
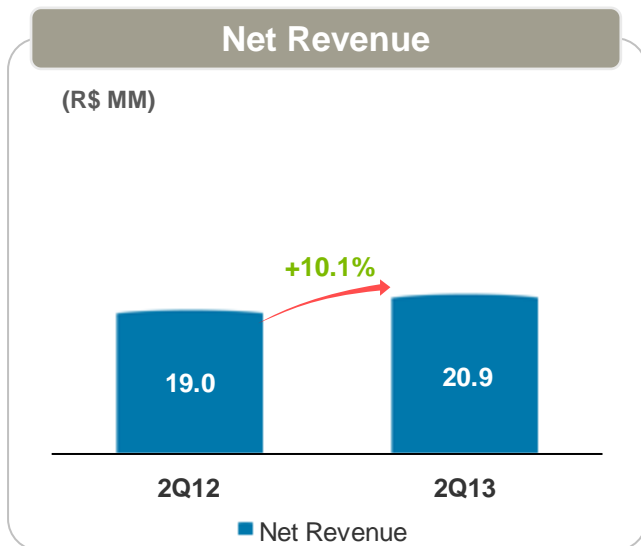


**Net Revenue:** Increase of 2.0% compared to 2Q12.

- Increased volumes of sugar transported
- Reivement of logistics service contract values

**EBITDA:** Increase of 11.4% compared to 2Q12, reaching R\$ 85.9 million and EBITDA Margin of 39.4%





### Consolidation Accounting:

- Change in the Bylaws and Shareholders Agreement
- Increase of Cosan's stake in Radar from 18.9% to 37.7%, due to contribution of 23,100 hectares of agricultural land, valued at R\$ 551.4 million.

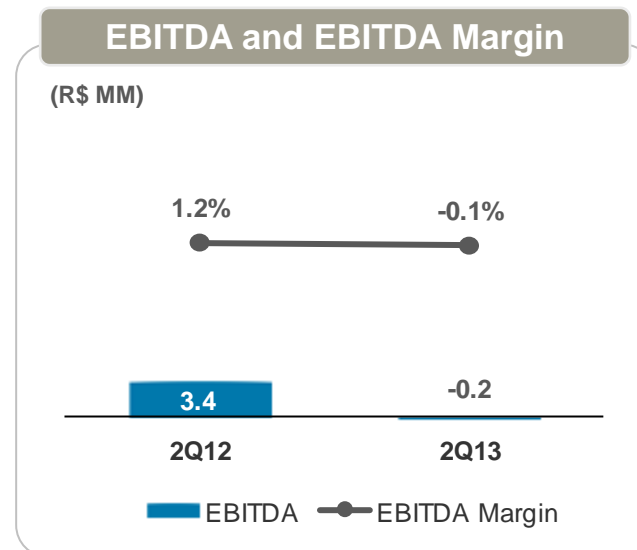
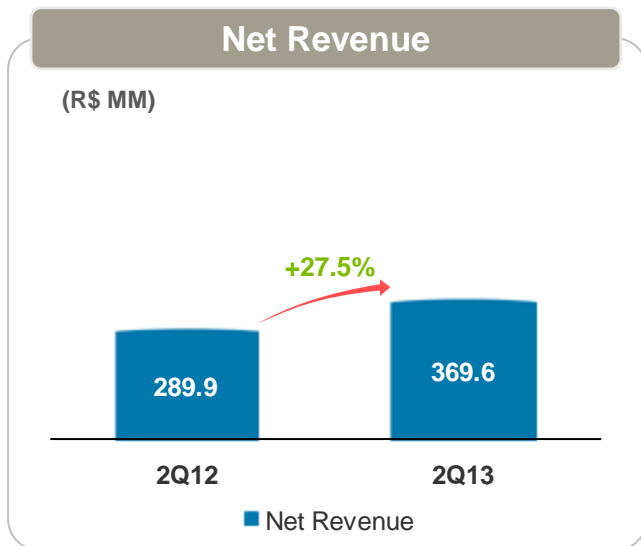
**Net Revenue:** Increase of 10.1% compared to 2Q12

- Due to a property sale in 2Q13

**EBITDA:** R\$ 18.6 million in 2Q13, an increase of 17.8% compared to 2Q12

# Other Business

Operational and financial performance



**Net Revenue:** Increase of 27.5% compared to 2Q12

- Consolidation of Comma Oil and Chemicals results (since July 1<sup>st</sup>, 2012)
- Growth of lubricants and base oil volume sold
- Increase in volume sold due to distribution operations in Bolivia, Uruguay and Paraguay

**EBITDA:** Negative in R\$ 0.2 million due to the allocation of Cosan's corporate expenses

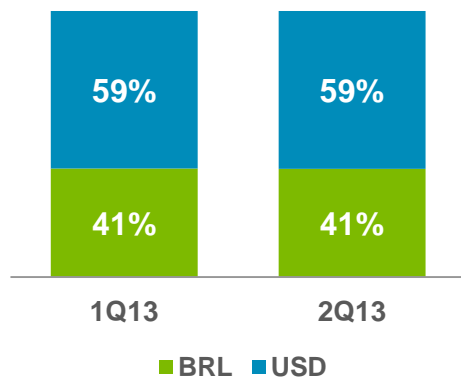
# Net Debt



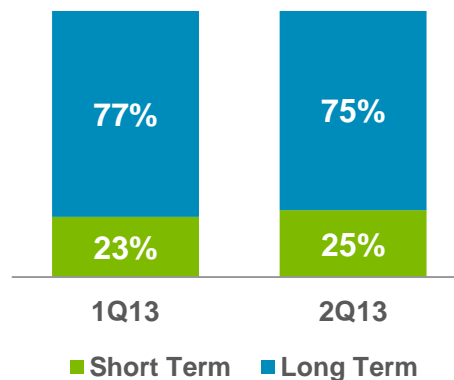
| Debt Structure                                                    |                |                |            |                |
|-------------------------------------------------------------------|----------------|----------------|------------|----------------|
| Amounts in R\$ MM                                                 | 2Q13           | 1Q13           | % ST       | Chg. %         |
| <b>Raizen (100%)</b>                                              | <b>6,284.1</b> | <b>6,339.2</b> | <b>37%</b> | <b>-0.9%</b>   |
| <b>Cosan Stake (50%)</b>                                          | <b>3,142.0</b> | <b>3,169.6</b> | <b>37%</b> | <b>-0.9%</b>   |
| <b>Rumo</b>                                                       | <b>654.2</b>   | <b>649.4</b>   |            |                |
| <b>Other Business</b>                                             | <b>179.0</b>   | <b>171.2</b>   |            |                |
| <b>Corporate</b>                                                  | <b>1,380.6</b> | <b>1,368.2</b> |            |                |
| <b>Cosan - Controlled Business</b>                                | <b>2,213.8</b> | <b>2,188.8</b> |            |                |
| <b>Cosan Consolidated</b>                                         | <b>5,355.9</b> | <b>5,358.4</b> | <b>23%</b> | <b>0.0%</b>    |
| <b>Cash and Cash Equivalents</b>                                  | <b>1,892.2</b> | <b>1,407.2</b> | <b>-</b>   | <b>34.5%</b>   |
| <b>Net Debt</b>                                                   | <b>3,463.7</b> | <b>3,951.2</b> | <b>-</b>   | <b>-12.3%</b>  |
| <b>Capital Subscription to be Paid from Shell to Raizen (50%)</b> | <b>-</b>       | <b>489.9</b>   | <b>-</b>   | <b>-100.0%</b> |
| <b>Adjusted Net Debt</b>                                          | <b>3,463.7</b> | <b>3,461.3</b> | <b>-</b>   | <b>0.1%</b>    |

Note 1: Excluding PESA'S debt

## Currency exposure



## Maturity



- Using the EBITDA for the exercise ended September 30, 2012, **Net Debt/ EBITDA (LTM) of 1.4x**

## Debt

- Cosan's consolidated gross debt (excluding PESA) reached R\$ 5.4 billion, aligned with what was reported in 1Q13.
- During the quarter, the following movements of principal and interest were made by Raizen:
  - Amortization of R\$ 529.1 million (R\$ 344.5 related to advances in exchange contracts, prepayments, credit notes and working capital)
  - R\$323.2 million raised, primarily through foreign exchange contract advances and working capital
  - Increase of R\$150.8 million related to monetary variation, interest and exchange variation

## Cash Equivalents

- R\$1.9 billion of cash and financial investments

# Guidance

1<sup>st</sup> Revision FY13



|                     |                                                       | FY11   | FY12   | FY13                | 1a Revision FY13    |
|---------------------|-------------------------------------------------------|--------|--------|---------------------|---------------------|
| Cosan Consolidated  | Net Revenue (R\$MM)                                   | 18,063 | 24,097 | 26.000 ≤ Δ ≤ 29.000 | 26,000 ≤ Δ ≤ 29,000 |
|                     | EBITDA (R\$MM)                                        | 2,671  | 2,142  | 2.200 ≤ Δ ≤ 2.500   | 2,200 ≤ Δ ≤ 2,500   |
|                     | Net income (R\$MM)                                    | 772    | 2,606  | -                   | -                   |
|                     | CAPEX (R\$MM)                                         | 2,500  | 2,137  | 2.100 ≤ Δ ≤ 2.400   | 2,100 ≤ Δ ≤ 2,400   |
| Raízen Energia      | Volume of crushed sugarcane ('000 tons)               | 54,238 | 52,958 | 52.000 ≤ Δ ≤ 55.000 | 54,000 ≤ Δ ≤ 56,000 |
|                     | Volume of sugar sold ('000 tons)                      | 4,291  | 3,969  | 3.900 ≤ Δ ≤ 4.200   | 3,900 ≤ Δ ≤ 4,200   |
|                     | Volume of ethanol sold (millions of liters)           | 2,247  | 1,921  | 1.850 ≤ Δ ≤ 2.050   | 1,850 ≤ Δ ≤ 2,050   |
|                     | Volume of energy sold ('000 MWh)                      | 1,254  | 1,233  | 1.650 ≤ Δ ≤ 1.850   | 1,650 ≤ Δ ≤ 1,850   |
|                     | EBITDA (R\$MM)                                        | 2,130  | 2,235  | 2.200 ≤ Δ ≤ 2.500   | 2,200 ≤ Δ ≤ 2,500   |
| Raízen Combustíveis | Volume of fuel sold (millions of liters)              | -      | 20,914 | 21.000 ≤ Δ ≤ 23.000 | 21,000 ≤ Δ ≤ 23,000 |
|                     | EBITDA (R\$MM)                                        | -      | 1,305  | 1.300 ≤ Δ ≤ 1.500   | 1,300 ≤ Δ ≤ 1,500   |
| Rumo                | Volume of loading ('000 tons)                         | 7,841  | 7,759  | 8.000 ≤ Δ ≤ 10.000  | 8,000 ≤ Δ ≤ 10,000  |
|                     | EBITDA (R\$MM)                                        | 197    | 211    | 260 ≤ Δ ≤ 300       | 250 ≤ Δ ≤ 280       |
| Radar               | EBITDA (R\$MM)                                        | -      | -      | -                   | 120 ≤ Δ ≤ 140       |
| Outros Negócios     | Volume of Lubricants and Base Oil (million of liters) | 166    | 205    | 220 ≤ Δ ≤ 260       | 220 ≤ Δ ≤ 260       |

# Subsequent Events – 2Q13



## Concluded:

- Acquisition of BG group's 60.1% stake in Comgás. Concluded in November 5th, 2012.
- Amount: **R\$ 3.4 billion**



## Concluded:

- Sale of the sugar operation in the retail market of Cosan Alimentos to Camil, concluded in October 24, 2012.
- Amount: **R\$ 454 million**



## Overview:

- Agreement to acquire 5.7% of ALL (49% of controlling group)
- Amount: **R\$ 897 million**

## Next Steps:

- Approval of the other party to the shareholders agreement of ALL
- Redefinition of the shareholders agreement

# Contacts



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