cosan

# 3Q14 Results Presentation

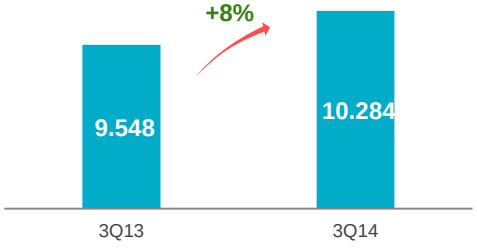
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This presentation contains estimates and forward-looking statements regarding our strategy and opportunities for future growth. Such information is mainly based on our current expectations and estimates or projections of future events and trends, which 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 Pro forma | Highlights 3Q14

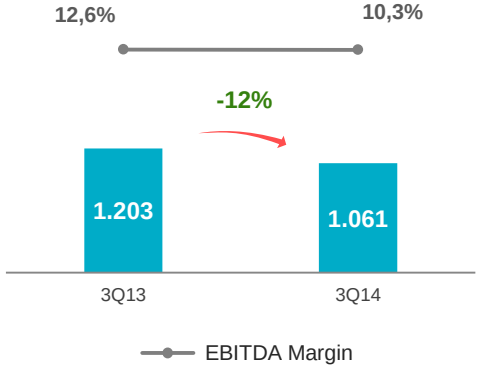
## Net Revenue | (R$ MM)




**R$ 10.3 billion,** increase of 8% compared to 3Q13

- Comparable quarters in all business lines
- Consolidation of 50% of Raizen and 100% of other business units

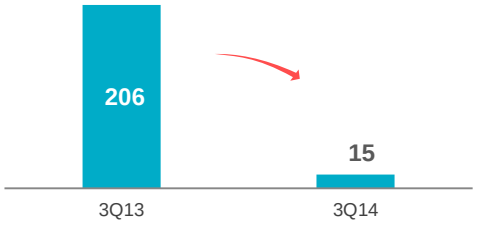
## EBITDA and EBITDA Margin | (R$ MM)




**R$ 1.1 billion,** 12% lower than the 3Q13

- Strategy of postponement of shipments of sugar and ethanol in Raízen
- Lower transportation revenue in Rumo

## Net Income (Loss) | (R$ MM)

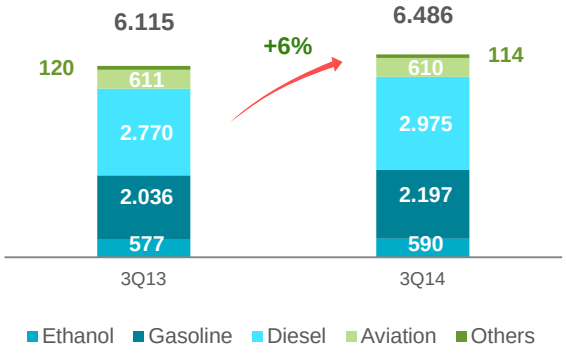



**R$ 15 million,** mainly due to:

- Negative impact of R$ 115 million from Raízen equity income which was affected by exchange rate variation on debt
- Higher financial expenses of R$ 167 million also related to exchange rate variation and other effects between periods

# Raízen Combustíveis

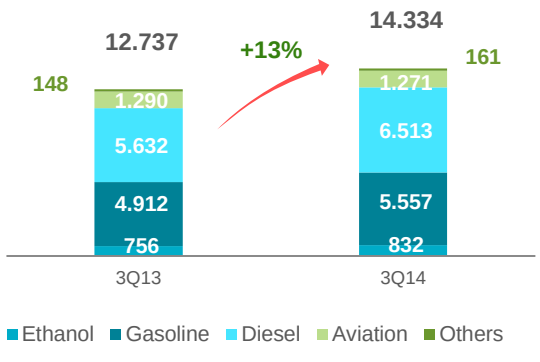
## Volume Sold | (MM liters)




**6.5 billion** liters sold, 6% higher than 3Q13

- Growth in line with the fuels market (ANP: +5.9%) and higher than the fleet growth (ANFAVEA: +4.7%)
- Volume sales increase of 6.6% in the Otto Cycle and 7.4% in Diesel

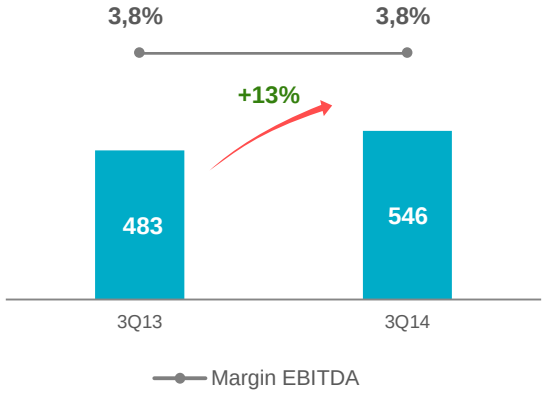
## Net Revenue| (R$ MM)




**R$ 14.3 billion,** increase of 13% due to:

- Retail network (5,285 stations) and C-Stores (930 stores) growth following the strategy of white flags conversion
- 6% growth in both sales volume and average price

## EBITDA and EBITDA Margin | (R$ MM)

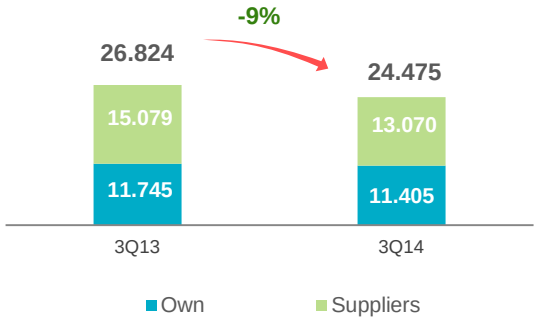



**R$ 546 million,** increase of 13%

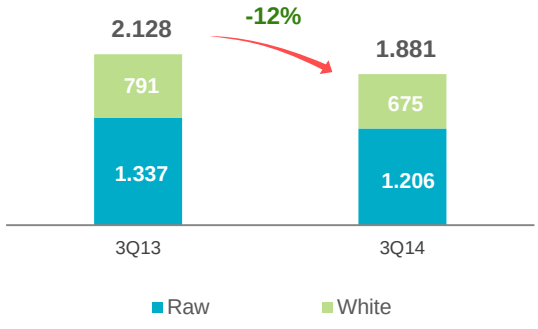
- Better product mix including V-Power
- **Rebates to retailers related to volume KPIs** of R$ 33 million, reducing EBITDA

# Raízen Energia

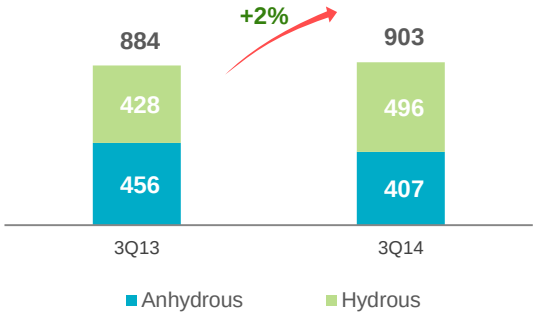
## Sugarcane Crushed | (MM tons)



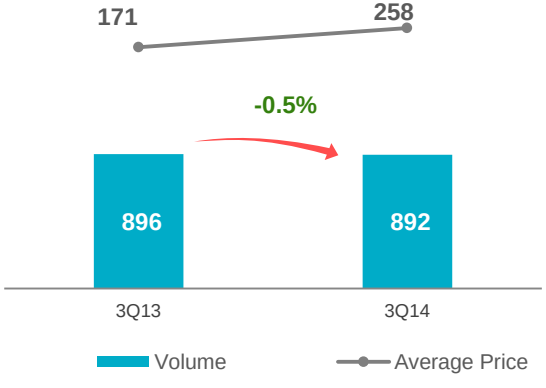

## Sugar Production | (MM tons)




## Ethanol Production | (‘000 cbm)

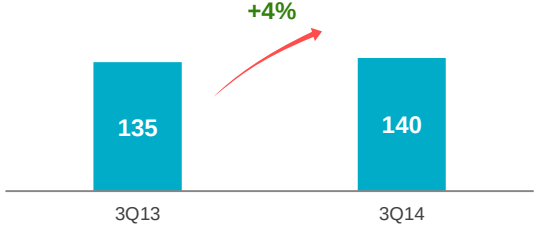



## Energy Sold Volume | (‘000 MWh & R$/MWh)



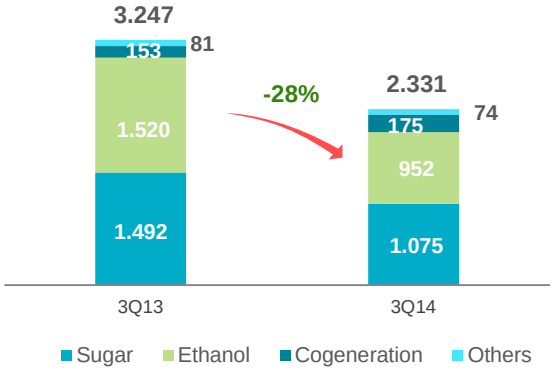

- **Sugarcane Crushed**: 24.5 million tons, 9% lower than 3Q13 due to dry weather, damaging the sugarcane planting and reducing the crushing level as a result
- **TSR:** 4% higher than the 3T13 due to the drier climate that provided higher total sugar cane in the period
- **Energy (Cogeneration)**: volume sales in line with the 3T13 and 51% growth in average prices

## TSR Cane | (kg/ton)



# Raízen Energia

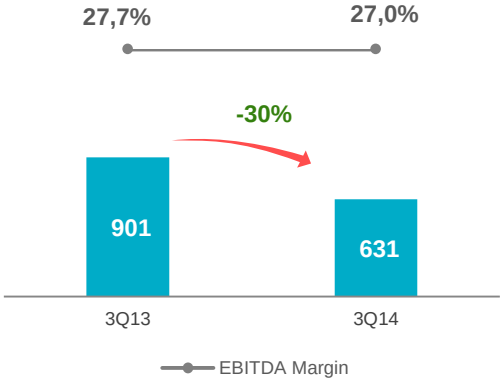
## Net Revenue | (R$ MM)




**R$ 2.3 billion,** 28% lower than the 3Q13

- Lower sales volumes of sugar (-23%) and ethanol (-39%)
- Drop of 6.5% in average sugar prices
- Reduction in ethanol trading activity on the foreign market

## EBITDA and EBITDA Margin | (R$ MM)




**R$ 631 million** EBITDA, reduction of 30%

- Strategy of postponement of shipments of sugar and ethanol for the end of the 2014/15 harvest
- Inventories increase as a result

## Summary of *Hedge* Operations in 09/30/2014

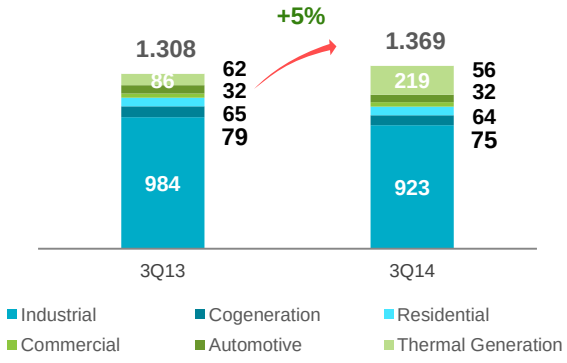
| Sugar \| NY11 | 2014/15 | 2015/16 |
|---|---|---|
| Volume (thousand tons) | 2,613.8 | 565.8 |
| Average Price (¢US$/lb) | 17.94 | 17.44 |
| **Exchange rate** | | |
| Volume (US$ mm) | 1,075.7 | 226.3 |
| Average Price (R$/US$) | 2.38 | 2.66 |

The table above demonstrates the hedged taking into account the crop year and ending on 03/31/2015 and 03/31/2016 respectively.

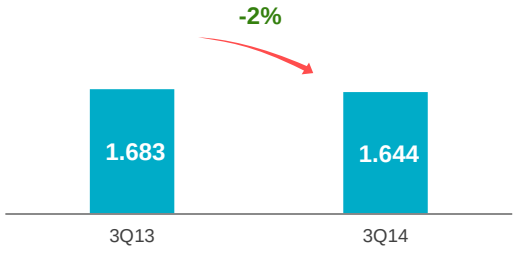
| EBITDA Ex-Biological Asset (R$ MM) | 3Q13 (jul - sep) | 3Q14 (jul - sep) | Chg.% |
|---|---|---|---|
| **EBITDA** | **900.5** | **630.5** | **-30.0%** |
| (+) Biological Asset Variation | 6.4 | 64.6 | n/a |
| **EBITDA Ex-Biological Asset** | **906.9** | **695.1** | **-23.4%** |

# Comgás

## Volume | (‘000 cbm)



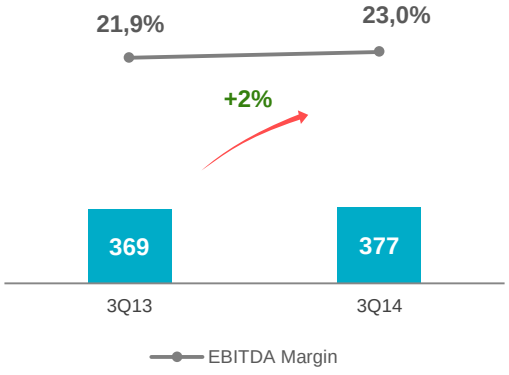

## Net Revenue (R$ MM)




**R$ 1.64 billion,** 2% reduction compared to 3Q13

- Reduction on construction revenue due to lower levels of investment in the 3Q14
- Offset by sales tariff increase deliberated by ARSESP

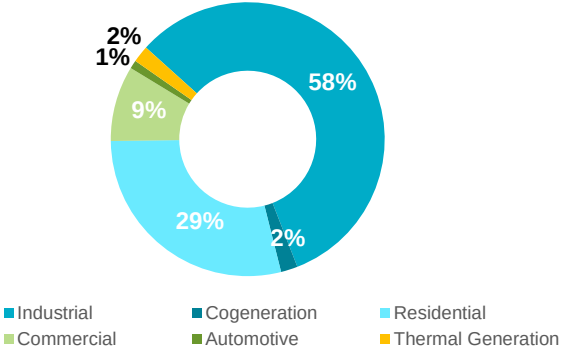
## EBITDA and EBITDA Margin | (R$ MM)




**R$ 377 million** and margin of 23%

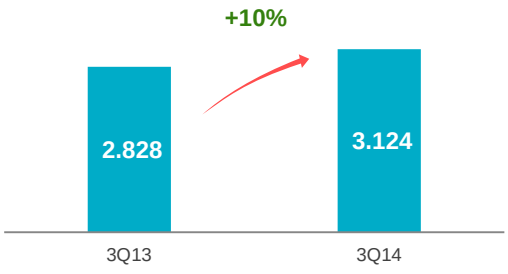
- Recovery of R$ 14 million from regulatory account, reducing the balance to R$ 209 million in the 3Q14
- **EBITDA normalized** by the regulatory account of **R$ 358 million**, 3% above the same period of 2013

## Contribution Margin 3Q14



# Rumo

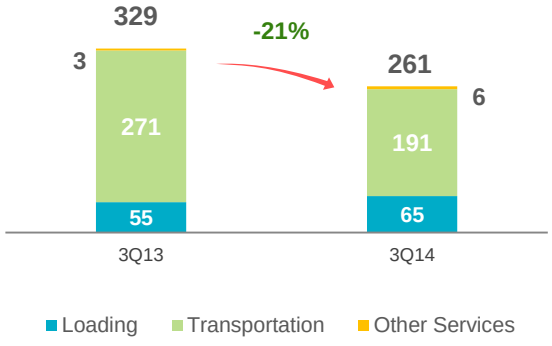
## Volume Loaded at the Port | ('000 tons)




**3.1 million** of tons of sugar loaded in 3Q14, growth of 10%

- New contracts signed throughout 2014

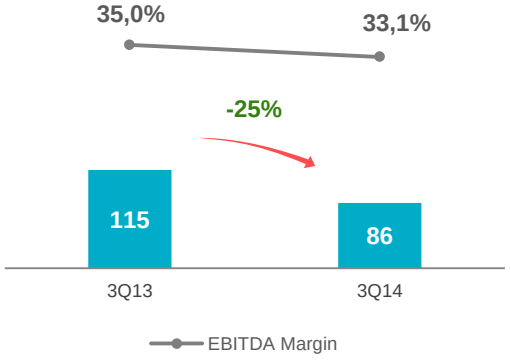
## Net Revenue | (R$ MM)




**R$ 261 million**, drop of 21% compared to 3Q13

- Lower transportation revenue partially offset by increased revenue from port operations and other services

## EBITDA and EBITDA Margin | (R$ MM)

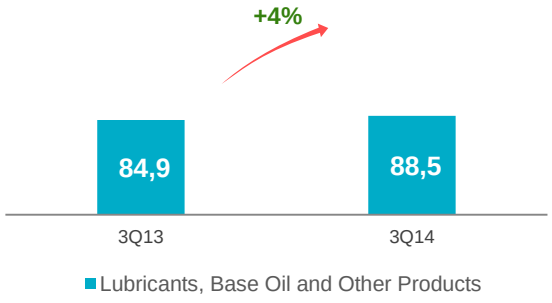



**R$ 86 million** in 3Q14, 25% bellow 3Q13

- Due to lower revenue from transporting

# Cosan Lubricants

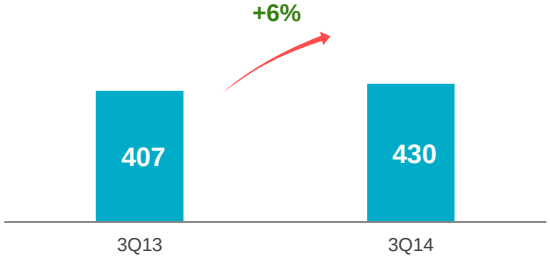
## Total Volume Sold | (million liters)




**88.5 millions** of liters sold at 3Q14**,** growth of 4%

- 29.7% volume growth on base oil which offset the sales drop of finished lubricants

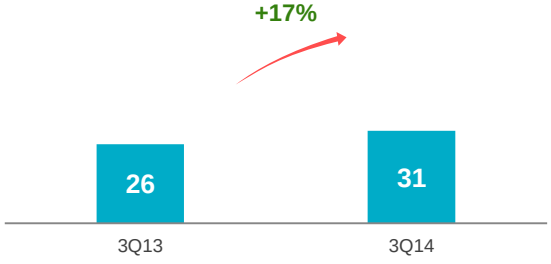
## Net Revenue | (R$ MM)




**R$ 430 million**, increase of 6%

- Better prices for finish lubes in the quarter
- 4% increase in total sales volume

## EBITDA (R$ MM)

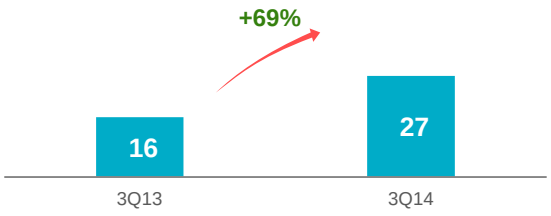



**R$ 31 million,** growth of 17% compared to 3Q13

- Reduction on SG&A expenses
- Increase in average prices

# Radar

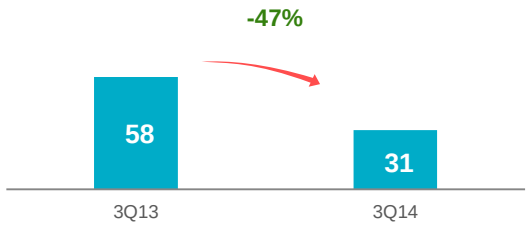
## Net Revenue | (R$ MM)




**R$ 27 million**, increase of 69% compared to 3Q13

- Impacted by the sale of properties in the quarter

## EBITDA | (R$ MM)



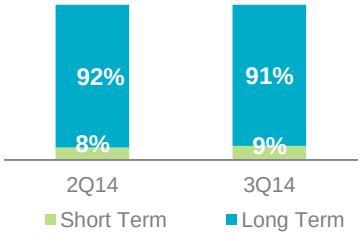

**EBITDA of R$ 31 million,** 47% lower than the 3Q13

- Due to the decrease in the relative land portfolio valuation that was R$ 45 million in 3Q13 compared to R$ 19 million in 3Q14

# Net Debt

| | 3Q14 (Jul-Sep) | 2Q14 (Apr-Jun) | Var. % |
|---|---|---|---|
| Comgás | 2,725 | 2,824 | -3.5% |
| Rumo | 716 | 664 | 7.7% |
| Cosan Lubricants | 245 | 204 | 20.0% |
| Other Business | 3,286 | 3,218 | 2.1% |
| **Total Debt - Cosan** | **6,971** | **6,910** | **0.9%** |
| **Cash and Cash Equivalents and Securities** | **(1,509)** | **(1,516)** | **-0.5%** |
| **Net Debt - Cosan** | **5,462** | **5,394** | **1.3%** |
| Debt - Raízen (50%) | 4,870 | 4,356 | 11.8% |
| Cash and Cash Equivalents and Securities - Raízen | (879) | (928) | -5.2% |
| Net Debt - Raízen | 3,991 | 3,428 | 16.4% |
| **Pro forma Total Debt (including Raízen)** | **11,841** | **11,266** | **5.1%** |
| **Cash and Cash Equivalents and Securities (including Raízen)** | **(2,388)** | **(2,444)** | **-2.3%** |
| **Pro forma Net Debt (including Raízen)** | **9,453** | **8,822** | **7.1%** |
| **Preferred non-controlling interests payable** | **2,036** | **2,002** | **1.7%** |
| **Pro forma Net Debt** | **11,489** | **10,824** | **6.1%** |

**Maturity[1]**




Note (1): Excluding Raízen

**Leverage**

Using the EBITDA Proforma (LTM) for the period ended September 30, 2014 (R$ 11.5 billion):

Net Debt / EBITDA = **2.9x**

## Net Debt

Cosan's Net Debt, totaled R$ 11.5 billion, mainly due to:

- R$ 486.5 million raised through ACC, BNDES, working capital and others
- R$ 520.6 million amortization of principal and interest mainly at debentures and Credit Notes using proceeds raised from transaction of preferred shares in subsidiary.

## Cash Equivalents

- All debts denominated in foreign currency hedged except for the main Perpetual (US$ 500 mm), issued by Cosan SA in 2010
- R$ 2.4 billion in Cash and Cash Equivalents and Marketable Securities

# Guidance 2014

| | | 2014 (jan/2014 - dec/2014) | 2014 (jan/2014 - dec/2014) REVIEW 2Q14 | 2014 (jan/2014 - dec/2014) REVIEW 3Q14 |
|---|---|---|---|---|
| Cosan Consolidado | Pro forma Net Revenue (R$MM) | 37,500 ≤ Δ ≤ 40,500 | 37,500 ≤ Δ ≤ 40,500 | 37,500 ≤ Δ ≤ 40,500 |
| | Pro forma EBITDA (R$MM) | 4,150 ≤ Δ ≤ 4,650 | 4,150 ≤ Δ ≤ 4,650 | 4,000 ≤ Δ ≤ 4,300 |
| | Pro forma CAPEX (R$MM) | 2,500 ≤ Δ ≤ 2,800 | 2,500 ≤ Δ ≤ 2,800 | 2,400 ≤ Δ ≤ 2,700 |
| | | | | |
| Raízen Combustíveis | Volume of Fuels Sold (million liters) | 22,500 ≤ Δ ≤ 24,000 | 22,500 ≤ Δ ≤ 24,000 | 22,500 ≤ Δ ≤ 24,000 |
| | EBITDA (R$MM) | 2,000 ≤ Δ ≤ 2,200 | 2,000 ≤ Δ ≤ 2,200 | 2,000 ≤ Δ ≤ 2,200 |
| | CAPEX (R$MM) | 750 ≤ Δ ≤ 850 | 750 ≤ Δ ≤ 850 | 750 ≤ Δ ≤ 850 |
| | | | | |
| Raízen Energia | Volume of Sugar Cane Crushed (thousand tonnes) | 61,000 ≤ Δ ≤ 63,000 | 58,000 ≤ Δ ≤ 60,000 | 57,000 ≤ Δ ≤ 58,000 |
| | Volume of Sugar Sold (thousand tonnes) | 4,400 ≤ Δ ≤ 4,700 | 4,200 ≤ Δ ≤ 4,500 | 4,100 ≤ Δ ≤ 4,300 |
| | Volume of Ethanol Sold (million liters) | 2,300 ≤ Δ ≤ 2,600 | 2,000 ≤ Δ ≤ 2,200 | 1,900 ≤ Δ ≤ 2,100 |
| | Volume of Energy Sold (thousand of MWh) | 2,000 ≤ Δ ≤ 2,200 | 1,950 ≤ Δ ≤ 2,150 | 1,950 ≤ Δ ≤ 2,150 |
| | EBITDA (R$MM) | 2,300 ≤ Δ ≤ 2,700 | 2,300 ≤ Δ ≤ 2,700 | 2,300 ≤ Δ ≤ 2,700 |
| | CAPEX (R$MM) | 2,000 ≤ Δ ≤ 2,200 | 2,000 ≤ Δ ≤ 2,200 | 2,000 ≤ Δ ≤ 2,200 |
| | | | | |
| Rumo | Volume of Loading (thousand tonnes) | 10,500 ≤ Δ ≤ 12,500 | 10,500 ≤ Δ ≤ 12,500 | 10,500 ≤ Δ ≤ 11,500 |
| | EBITDA (R$MM) | 400 ≤ Δ ≤ 450 | IN REVIEW | 290 ≤ Δ ≤ 310 |
| | CAPEX (R$MM) | 250 ≤ Δ ≤ 300 | 250 ≤ Δ ≤ 300 | 250 ≤ Δ ≤ 300 |
| | | | | |
| Radar | EBITDA (R$MM) | 170 ≤ Δ ≤ 200 | 170 ≤ Δ ≤ 200 | 140 ≤ Δ ≤ 150 |
| | | | | |
| Cosan Lubrificantes | Total Volume Sold (million Liters) | 270 ≤ Δ ≤ 310 | 270 ≤ Δ ≤ 310 | 265 ≤ Δ ≤ 285 |
| | EBITDA (R$MM) | 140 ≤ Δ ≤ 170 | 140 ≤ Δ ≤ 170 | 110 ≤ Δ ≤ 140 |
| | | 2014 (jan/2014 - dec/2014) | 2014 (jan/2014 - dec/2014) | 2014 (jan/2014 - dec/2014) |
| Comgás | Number of Clients (thousand) | 1,420 ≤ Δ ≤ 1,450 | 1,420 ≤ Δ ≤ 1,450 | 1,420 ≤ Δ ≤ 1,450 |
| | Total Volume of Gas Sold (thousand cbm) | 5,200 ≤ Δ ≤ 5,700 | 5,200 ≤ Δ ≤ 5,700 | 5,200 ≤ Δ ≤ 5,700 |
| | EBITDA IFRS (R$MM) | 1,300 ≤ Δ ≤ 1,550 | 1,300 ≤ Δ ≤ 1,550 | 1,300 ≤ Δ ≤ 1,550 |
| | CAPEX (R$MM) | 680 ≤ Δ ≤ 780 | 680 ≤ Δ ≤ 780 | 600 ≤ Δ ≤ 700 |

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