

# 3Q19 EARNINGS RELEASE

FEBRUARY 11<sup>th</sup>, 2019

## 3Q19 Adjusted EBITDA amounts to R\$417.3 million (-16.1%)

### 3Q19 and 9M19 Highlights

- ✓ Adjusted EBITDA totaled **R\$417.3 million** in 3Q19 (-16.1%), with **Adjusted EBITDA margin of 49.5%**. The nominal reduction in the quarter and in 9M19 mainly reflects:
  - lower sugar sales volume in the period, due to the shift in the production mix and the concentration of shipments in the following quarter;
  - lower dilution of production costs, mainly in 3Q19, reflecting the reduction in the crushing volume when compared to the same period last crop year - this effect is normalized in the year-to-date analysis.
- ✓ Adjusted EBIT amounted to **R\$157.8 million** in 3Q19, with **Adjusted EBIT margin of 18.7%**. The reduction in the quarter and in 9M19 occurs due to the same factors that affected EBITDA, combined with the higher expenses with depreciation and amortization, with no effect on cash flow in the fiscal year;
- ✓ Net Income was **R\$65.9 million** in 3Q19 (-60.9%);
- ✓ Operating Cash Flow (EBITDA – Maintenance Capex) summed **R\$479 million in 9M19**;
- ✓ On December 31, 2018, sugar prices for the 19/20 crop year were hedged for approximately **367.4 thousand tons** of sugar at an average price of **R\$1,200/ton**, which represents around 50% of exposure in own sugarcane.

Executive Summary	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
Net Revenue <sup>1</sup>	842,562	899,679	-6.3%	2,257,155	2,503,746	-9.8%
Adjusted EBITDA	417,320	497,440	-16.1%	1,134,948	1,364,365	-16.8%
Adjusted EBITDA Margin	49.5%	55.3%	-5.8 p.p.	50.3%	54.5%	-4.2 p.p.
Adjusted EBIT	157,751	277,821	-43.2%	478,710	758,134	-36.9%
Adjusted EBIT Margin	18.7%	30.9%	-12.2 p.p.	21.2%	30.3%	-9.1 p.p.
Net Income before taxes	78,838	216,454	-63.6%	291,595	430,439	-32.3%
Net Income	65,929	168,483	-60.9%	228,435	338,371	-32.5%
Cash Income	81,170	215,872	-62.4%	303,322	613,186	-50.5%
Net Debt / EBITDA	1.80 x	1.61 x	12.4%	1.80 x	1.61 x	12.4%

1- Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC

**December 28, 2018**

SMT03  
R\$18.19 per share

Market Cap:  
R\$6,621 million

### Earnings Conference Call

February 12, 2019 (Tuesday)

3:00 p.m., Brasília time + 55 11 3193-1001  
12:00 p.m., New York time +1 646 828-8246

Code: São Martinho  
[Click here](#) to access the webcast

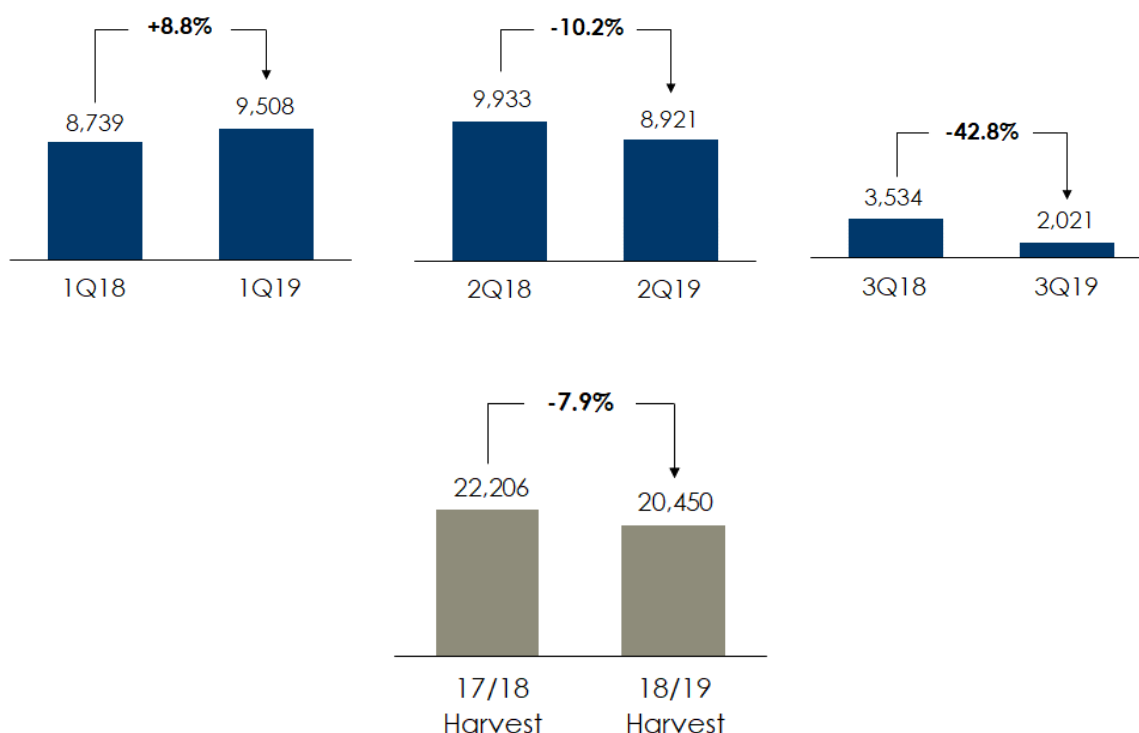
## COMPANY OVERVIEW

### Operational Highlights

OPERATING DATA	9M19	9M18	Chg.(%)
<b>Crushed Sugarcane ('000 tons)</b>	<b>20,450</b>	<b>22,206</b>	<b>-7.9%</b>
Own	13,692	15,191	-9.9%
Third Parties	6,758	7,015	-3.7%
Mechanized Harvest	99.9%	99.8%	0.13 p.p.
Agricultural Yield (ton/ha)	74.2	79.5	-6.7%
Average TRS (kg/ton)	142.2	139.8	1.7%
<b>Production</b>			
Sugar ('000 tons)	992	1,407	-29.5%
Ethanol ('000 m <sup>3</sup> )	1,097	953	15.1%
Cogeneration ('000 MWh)	819	897	-8.7%
TRS Produced	2,908	3,104	-6.3%
Mix Sugar - Ethanol	36% - 64%	47% - 53%	

During the 2018/19 crop year, the Company processed 20.5 million tons of sugarcane, 7.9% less than in the previous crop year. Despite the lower volume of processed cane, average TRS increased 1.7% (142.2 kg/ton), while total TRS produced was 6.3% lower than last crop year. The lower yield is explained by the severe drought observed during the entire crop year.

For a better understanding of this climatic impact, we detail below the crushing comparative per quarter:



## Financial Indicators

The following table presents São Martinho's financial highlights in the third quarter and first nine months of the crop year, which will be discussed in more detail throughout this earnings release.

	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
Net Revenue <sup>1</sup>	842,562	899,679	-6.3%	2,257,155	2,503,746	-9.8%
Adjusted EBITDA	417,320	497,440	-16.1%	1,134,948	1,364,365	-16.8%
Adjusted EBITDA Margin	49.5%	55.3%	-5.8 p.p.	50.3%	54.5%	-4.2 p.p.
Adjusted EBIT	157,751	277,821	-43.2%	478,710	758,134	-36.9%
Adjusted EBIT Margin	18.7%	30.9%	-12.2 p.p.	21.2%	30.3%	-9.1 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	9,467,258	9,286,464	1.9%	9,467,258	9,286,464	1.9%
Shareholders' Equity	3,344,615	3,375,083	-0.9%	3,344,615	3,375,083	-0.9%
EBITDA (LTM)	1,720,577	1,840,369	-6.5%	1,720,577	1,840,369	-6.5%
Net Debt	3,105,215	2,954,410	5.1%	3,105,215	2,954,410	5.1%
Net Debt / EBITDA (LTM)	1.80 x	1.61 x	12.4%	1.80 x	1.61 x	12.4%
Net Debt / Shareholders' Equity	93%	88%		93%	88%	

<sup>1</sup> - Excludes the Hedge Accounting effect of foreign-denominated debt and PPAUSC

## INDUSTRY OVERVIEW

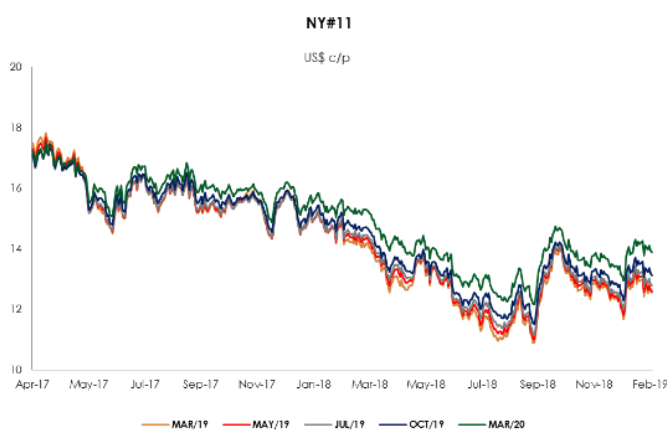
According to the report issued by the Sugarcane Industry Association (UNICA), since the start of the crop year until January 16, 2019, the Center-South region processed 562.7 million tons of sugarcane, 3.6% less than in the same period of the previous crop year, mainly reflecting the drier weather observed in the crop year. Consequently, average TRS ended the period at 138.61 kg/ton, 0.9% higher than in the same period of the previous crop year, of which 35.5% was allocated to sugar production and 64.5% to ethanol production.

### Sugar

According to data from UNICA, since the start of the crop year, Brazil's Center-South region produced around 26.3 million tons of sugar, 26.5% less than in the prior-year period, mainly due to the shift in the production mix to prioritize ethanol, given the product's higher profitability compared to sugar in the period.

However, as already mentioned last quarter, in September 2018, international sugar prices started to recover, supported by factors such as: (i) lower sugar production in India; and (ii) poorer weather conditions in Europe, with a high probability of El Niño occurring in the first half of 2019.

In view of this scenario and as detailed in the "Hedge" section of this release, we evolved in sugar hedged position for the 19/20 crop, totaling 367.4 thousand tons of sugar, which represents approximately 50% of own cane (based on the same production mix of the current crop year), at an average price of approximately R\$1,195/ton - which is similar to current prices when combined with dollar futures.



## Ethanol

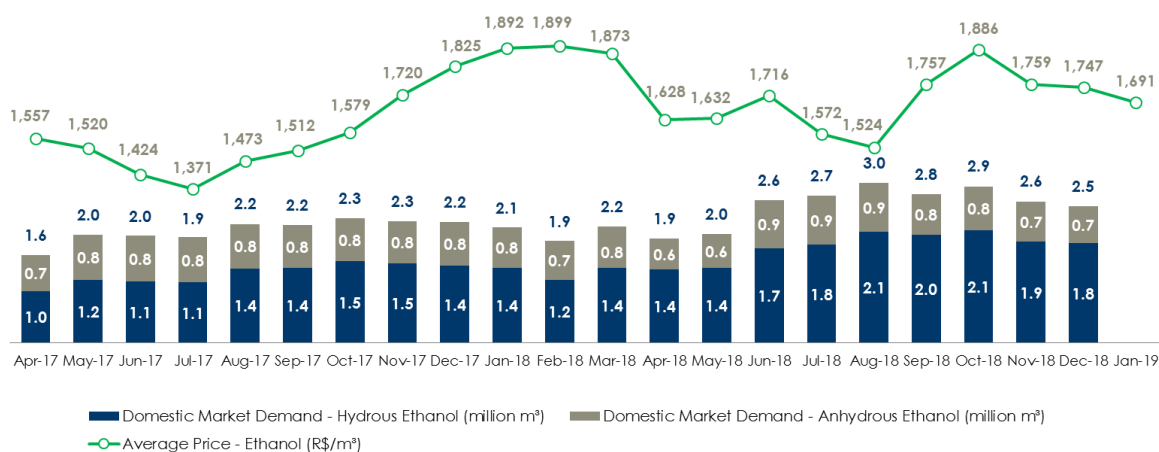
According to data from UNICA, since the start of crop year until January 16, 2019, ethanol production in Brazil's Center-South region increased 19.5% from the same period last crop year, most of which was destined for hydrous ethanol production (69.7%), given the product's higher profitability during the crop year.

As mentioned in prior quarters, according to data from ANP, the share of hydrous ethanol consumption at the pump surged to 43% between January and December 2018, compared to 30% in the same period last crop year, when taking into account the consumption of C gasoline in key consumer states, such as São Paulo, Minas Gerais and Goiás. The significant increase in consumption in the period reflected the advantageous parity with C gasoline at the pump of below 70% in these states, which leveraged hydrous ethanol sales.

Note that, in September and October 2018, ethanol prices staged an important recovery, which allowed us to allocate a significant portion of ethanol sales in 3Q19 - see more details in the section 'Net Revenue – Ethanol'.

However, despite the important growth observed in hydrous ethanol consumption, the significant fluctuation since then in the international oil price, combined with exchange parity (R\$/USD), weighed on expectations of higher ethanol prices, common to the intercrop period.

The following chart shows monthly hydrous and anhydrous ethanol consumption and the average prices practiced, based on data from ESALQ.



Source: Unica and CEPEA/ESALQ

## FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
<b>Domestic Market</b>	<b>567,167</b>	<b>545,472</b>	<b>4.0%</b>	<b>1,539,424</b>	<b>1,297,831</b>	<b>18.6%</b>
Sugar	34,439	56,997	-39.6%	109,128	137,867	-20.8%
Ethanol	480,059	418,694	14.7%	1,187,822	918,187	29.4%
Energy	40,219	56,971	-29.4%	197,490	201,195	-1.8%
Real Estate Development	457	2,224	-79.5%	2,723	4,526	-39.8%
Others	11,993	10,586	13.3%	42,261	36,056	17.2%
<b>Export Market</b>	<b>275,395</b>	<b>354,207</b>	<b>-22.3%</b>	<b>717,731</b>	<b>1,205,915</b>	<b>-40.5%</b>
Sugar	235,497	353,488	-33.4%	632,088	1,184,442	-46.6%
Ethanol	39,898	-	n.m.	85,643	16,646	414.5%
Others	-	719	n.m.	-	4,827	n.m.
<b>Net Revenue<sup>1</sup></b>	<b>842,562</b>	<b>899,679</b>	<b>-6.3%</b>	<b>2,257,155</b>	<b>2,503,746</b>	<b>-9.8%</b>
Sugar	269,936	410,485	-34.2%	741,216	1,322,309	-43.9%
Ethanol	519,957	418,694	24.2%	1,273,465	934,833	36.2%
Energy	40,219	56,971	-29.4%	197,490	201,195	-1.8%
Real Estate Development	457	2,224	-79.5%	2,723	4,526	-39.8%
Others	11,993	11,305	6.1%	42,261	40,883	3.4%

<sup>1</sup> - Excludes the Hedge Accounting effect of foreign-denominated debt and PPA USC

## Net Revenue

In the third quarter of the 2018/19 crop year, the Company's net revenue amounted to R\$842.6 million, decreasing 6.3% from the same period last crop year. The reduction is mainly due to (i) the lower sugar sales volume in the period, due to the shift in the production mix and the concentration of shipments in the following quarter, which was partially offset by the higher average price and sales volume for ethanol; and (ii) the lower cogeneration volume. In 9M19, revenue fell 9.8%, due to the same reasons that affected the result for the quarter.

### Main Adjustments in Net Revenue for 3Q19 and 9M19

#### 1) Debt maturity (Hedge Accounting)

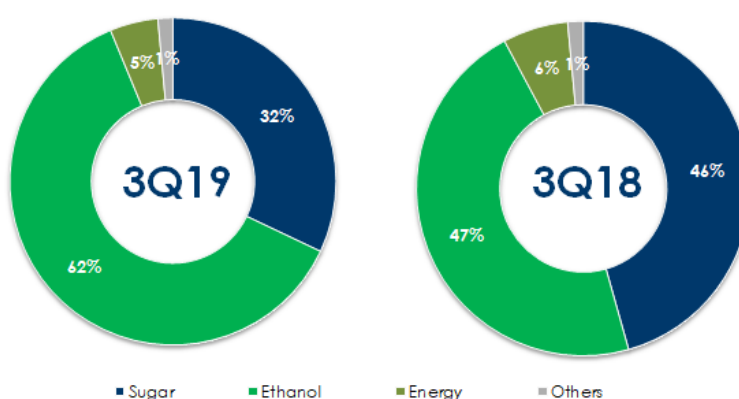
Debt maturity (Hedge accounting): Expense related to exchange variation on debt settled in 3Q19 that was previously designated as Hedge accounting at a BRL/USD exchange rate of R\$3.3. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.9/USD, we adjusted the amount of R\$1.0 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period. In 9M19, we adjusted the amount of R\$12.3 million.

#### 2) PPA

Price Purchase Allocation (PPA): Non-cash expense of R\$0.8 million in 3Q19, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of the Santa Cruz Mill. In 9M19, we adjusted R\$8.2 million in net revenue.

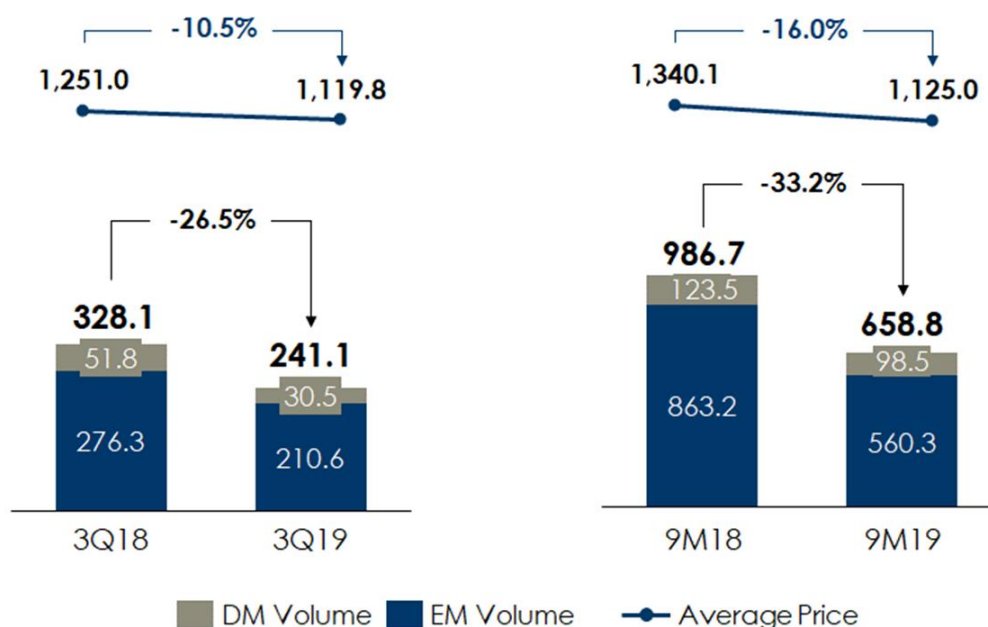
The following charts present a breakdown of the Company's net revenue by product:

### Distribution – Net Revenue



## Sugar

Volume ('000 tons) and Average Price (R\$/ton)



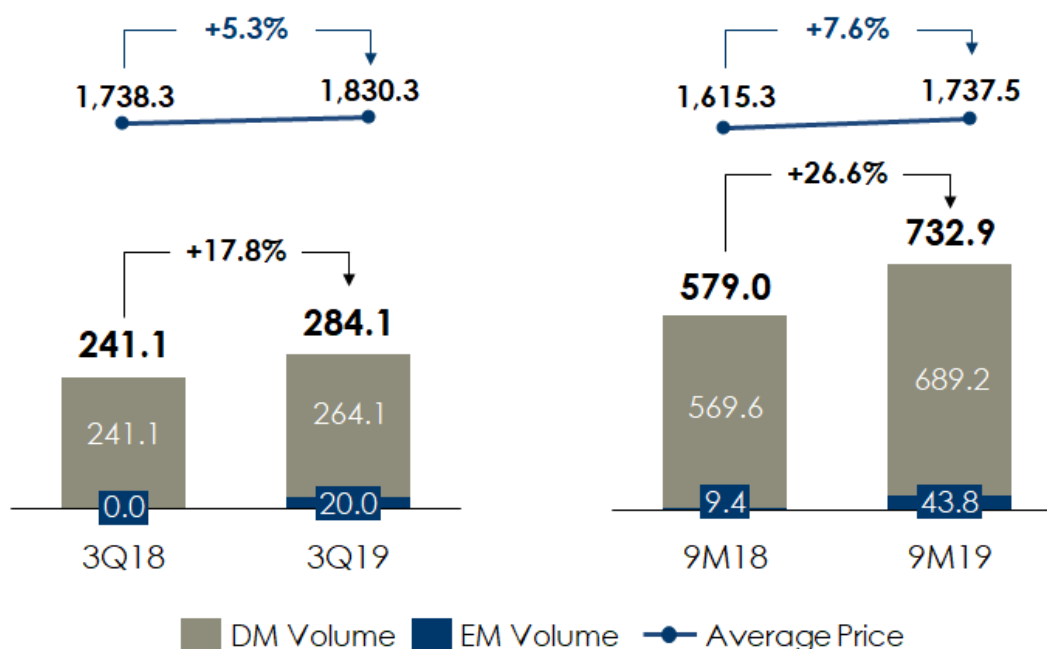
Net revenue from sugar sales amounted to R\$269.9 million in 3Q19, down 34.2% compared to the same period last crop year. The reduction is mainly due to (i) the 26.5% decline in sugar sales volume, in line with the strategy to direct a higher share of the production mix to ethanol this crop year; (ii) the 10.5% reduction in the average sugar sale price in the quarter, caused by the decrease of the commodity's price; and (iii) the Company's strategy to concentrate shipments in the following quarter.

In the first nine months of the crop year (9M19), net revenue from sugar sales amounted to R\$741.2 million, decreasing 43.9% compared to 9M18, explained by the 16.0% decrease in the average sales price and the 33.2% lower sugar sales volume.



## Ethanol

Volume ('000 m³) and Average Price (R\$/m³)

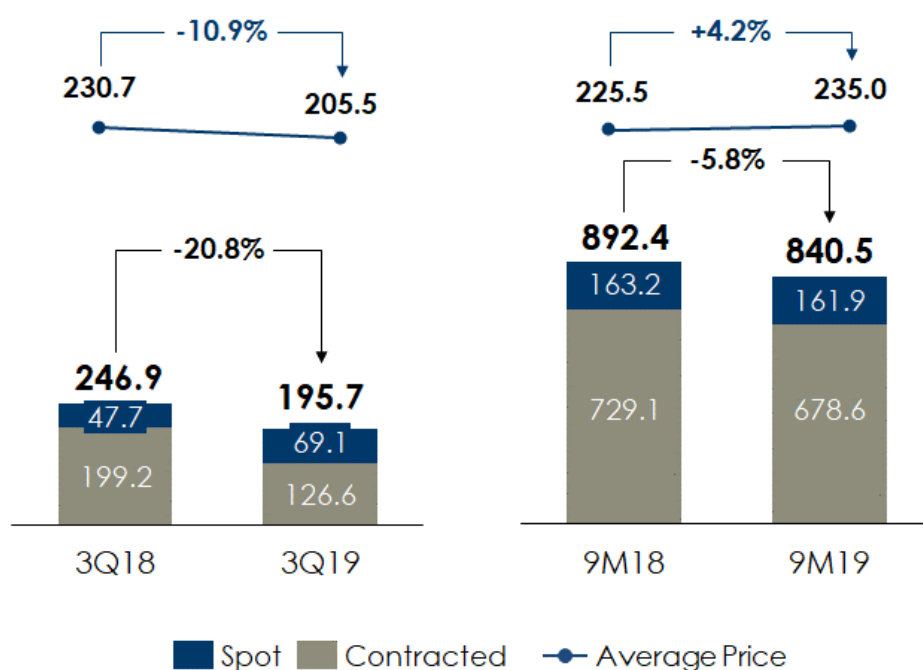


Net revenue from ethanol sales amounted to R\$520.0 million in 3Q19, up 24.2% from 3Q18, mainly due to the higher ethanol sales volume in the period (+17.8%), reflecting the increased production in the crop year.

In the first nine months of the crop year, net revenue from ethanol sales grew 36.2% compared to the same period last crop year, as a result of the shift in the crop mix.

## Cogeneration

Volume ('000 MWh) and Average Price (R\$/MWh)



Net revenue from cogeneration sales amounted to R\$40.2 million in 3Q19, down 29.4% from the same period last crop year, reflecting the reduction in the average sales price in the period (-10.9%), which was affected by the lower spot price and lower sales volume (-20.8%), due to the lower crushing volume in the 18/19 crop.

In the first nine months of the crop year, net revenue from cogeneration sales fell 1.8%, to R\$197.5 million, reflecting the lower sales volume (-5.8%), which was partially offset by the 4.2% higher average sales price, of R\$235/MWh.

## Real Estate Development

The following table presents an overview of these projects and their percentage of completion (POC) and sales since their launch until December 2018.

Real Estate Development	Type	City	Area (m²)	Launched date	Total lots sold	POC Position
Recanto das Paineiras	Residence	Iracemápolis	376,567	June-14	99.4%	100.0%
Park Empresarial - I	Industrial	Iracemápolis	182,684	September-14	76.1%	100.0%
Park Empresarial - II	Industrial	Iracemápolis	133,794	October-17	27.1%	94.2%
Nova Pradópolis - Phase I	Residence	Pradópolis	246,937	December-15	95.8%	100.0%
Nova Pradópolis - Phase II	Residence	Pradópolis	255,750	July-17	53.5%	100.0%

In 9M19, the Company recognized net revenue of R\$2.7 million and cash generation of R\$7.9 million.

Real Estate Development	Net Revenue 9M19	Cash Generation 9M19	Portfolio December/18
Current Projects	2,723	7,922	92,668
Land Monetization	0	0	9,212
<b>Total</b>	<b>2,723</b>	<b>7,922</b>	<b>101,880</b>

## INVENTORIES

The following table presents the inventory position at the end of 3Q19:

INVENTORIES	3Q19	3Q18	Chg. (%)
Sugar (tons)	363,451	430,321	-15.5%
Ethanol (m³)	439,758	408,708	7.6%

## EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 3Q19	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue <sup>1</sup>	269,936	519,957	40,219	457	11,993	842,562
COGS (Cash)	(123,683)	(220,881)	(9,207)	(17)	(6,964)	(360,752)
Gross Profit (Cash)	146,253	299,076	31,012	440	5,029	481,810
Gross Margin (Cash)	54.2%	57.5%	77.1%	96.3%	41.9%	57.2%
Selling Expenses	(17,210)	(4,804)	(1,546)	-	(425)	(23,985)
G&A Expenses (Cash)	(12,811)	(24,891)	(2,410)	(797)	-	(40,908)
Other Income (Expenses)	-	-	-	-	402	402
<b>Adjusted EBITDA</b>	<b>116,232</b>	<b>269,382</b>	<b>27,056</b>	<b>(357)</b>	<b>5,006</b>	<b>417,320</b>
Adjusted EBITDA Margin	43.1%	51.8%	67.3%	-78.1%	41.7%	49.5%
EBITDA Cost <sup>2</sup>	(637.6)	(882.0)	(67.3)			

1- Excludes Hedge Accounting effects of foreign-denominated debt and PPA (- R\$ 1.0 million)

2 - Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 3Q18	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue <sup>1</sup>	410,485	418,694	56,971	2,224	11,305	899,679
COGS (Cash)	(145,600)	(168,230)	(8,253)	(166)	(7,179)	(329,427)
Gross Profit (Cash)	264,885	250,464	48,718	2,058	4,126	570,252
Gross Margin (Cash)	64.5%	59.8%	85.5%	92.6%	36.5%	63.4%
Selling Expenses	(24,934)	(1,148)	(2,437)	-	(92)	(28,611)
G&A Expenses (Cash)	(20,046)	(19,781)	(3,385)	(1,036)	-	(44,248)
Other Income (Expenses)	-	-	-	-	47	47
<b>Adjusted EBITDA</b>	<b>219,906</b>	<b>229,535</b>	<b>42,896</b>	<b>1,022</b>	<b>4,081</b>	<b>497,440</b>
Adjusted EBITDA Margin	53.6%	54.8%	75.3%	46.0%	36.1%	55.3%
EBITDA Cost <sup>2</sup>	(580.8)	(784.6)	(57.0)			

1- Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R\$ 4.6 million)

2 - Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 9M19	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue <sup>1</sup>	741,216	1,273,465	197,490	2,723	42,261	2,257,155
COGS (Cash)	(325,329)	(560,419)	(25,382)	(199)	(19,362)	(930,691)
Gross Profit (Cash)	415,887	713,046	172,108	2,524	22,899	1,326,464
Gross Margin (Cash)	56.1%	56.0%	87.1%	92.7%	54.2%	58.8%
Selling Expenses	(45,563)	(12,623)	(7,583)	-	(802)	(66,571)
G&A Expenses (Cash)	(44,225)	(73,234)	(13,860)	(2,876)	-	(134,195)
Other Income (Expenses)	-	-	-	-	9,248	9,248
<b>Adjusted EBITDA</b>	<b>326,099</b>	<b>627,189</b>	<b>150,665</b>	<b>(352)</b>	<b>31,345</b>	<b>1,134,948</b>
Adjusted EBITDA Margin	44.0%	49.3%	76.3%	-12.9%	74.2%	50.3%
EBITDA Cost <sup>2</sup>	(630.1)	(881.8)	(55.7)			

1- Excludes Hedge Accounting effects of foreign-denominated debt and PPA (- R\$ 12.3 million)

2 - Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 9M18	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue <sup>1</sup>	1,322,309	934,833	201,195	4,526	40,883	2,503,746
COGS (Cash)	(467,517)	(409,999)	(25,290)	(425)	(23,533)	(926,764)
Gross Profit (Cash)	854,792	524,834	175,905	4,101	17,350	1,576,982
Gross Margin (Cash)	64.6%	56.1%	87.4%	90.6%	42.4%	63.0%
Selling Expenses	(71,322)	(6,364)	(7,355)	-	(502)	(85,543)
G&A Expenses (Cash)	(63,506)	(49,484)	(13,299)	(2,651)	-	(128,941)
Other Income (Expenses)	-	-	-	-	1,869	1,869
<b>Adjusted EBITDA</b>	<b>719,963</b>	<b>468,985</b>	<b>155,251</b>	<b>1,450</b>	<b>18,718</b>	<b>1,364,369</b>
Adjusted EBITDA Margin	54.4%	50.2%	77.2%	32.0%	45.8%	54.5%
EBITDA Cost <sup>2</sup>	(610.5)	(804.6)	(51.5)			

1- Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R\$ 182.4 million)

2 - Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

In 3Q19, sugar accounted for 27.9% of the Company's Adjusted EBITDA, while ethanol accounted for 64.6% and cogeneration for 6.5%. Sugar EBITDA margin contracted 10.5 p.p. compared to the same period last crop year, mainly due to the lower average sales price, as well as the reduction in tax credits under the Reintegra program in 3Q19 compared to 3Q18, due to the incentive's lower rate.

Ethanol margin contracted 3.0 p.p., which mainly reflects the concentration of ethanol sales at the mills in São Paulo state, which have higher production costs compared to the mill in Goiás state, which is an effect that should be normalized by the end of the crop year.

In 9M19, sugar accounted for 28.7% of the Company's Adjusted EBITDA, while ethanol accounted for 55.3% and cogeneration for 13.3%. The lower sugar and ethanol EBITDA margins reflect the same factors that affected the quarter.

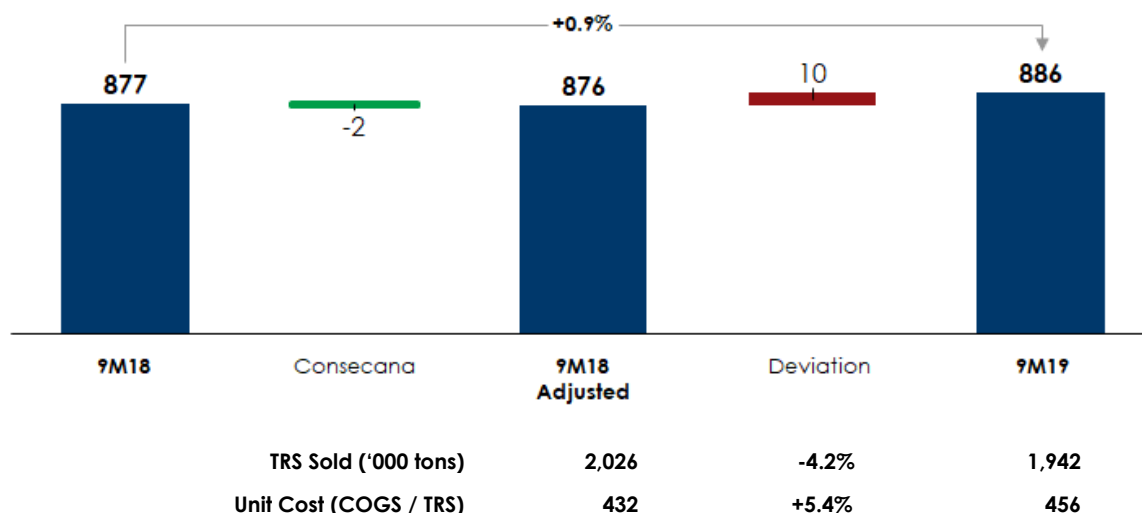
## CASH COGS

CASH COGS	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
<b>Agricultural Costs</b>	<b>296,709</b>	<b>270,819</b>	<b>9.6%</b>	<b>765,927</b>	<b>775,660</b>	<b>-1.3%</b>
Suppliers	156,713	131,142	19.5%	417,945	415,594	0.6%
Partnerships	66,186	65,218	1.5%	170,252	175,878	-3.2%
Own Sugarcane	73,811	74,459	-0.9%	177,731	184,188	-3.5%
Industrial	47,482	48,853	-2.8%	122,135	121,225	0.8%
Other Products	16,806	15,604	7.7%	46,102	49,388	-6.7%
Reintegra	(245)	(5,850)	-95.8%	(3,474)	(19,510)	-82.2%
<b>Total COGS</b>	<b>360,752</b>	<b>329,427</b>	<b>9.5%</b>	<b>930,691</b>	<b>926,764</b>	<b>0.4%</b>
TRS Sold (000 Tons)	736	755	-2.6%	1,942	2,026	-4.2%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	467	415	12.5%	456	433	5.2%

Cash COGS in 3Q19 was R\$360.8 million, up 9.5% from the same period last crop year, mainly due to the lower dilution of fixed costs, given the reduction in crushing volume in the quarter compared to the same period of last crop year - as highlighted in the "Operational Highlights" section - 43% lower than 3Q18.

In the first nine months, cash COGS amounted to R\$930.7 million, in line with the same period of the previous crop year.

The following chart shows the variation in costs, considering only sugar and ethanol, in 9M19 compared to 9M18, excluding the impact from Consecana in the period.



The following table presents details on the variation in average unit cash COGS for both sugar and ethanol compared to the same period last crop year.

AVERAGE CASH COST PER UNIT	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
<b>COGS (Cash)</b>	<b>344,564</b>	<b>313,829</b>	<b>9.8%</b>	<b>885,748</b>	<b>877,516</b>	<b>0.9%</b>
Sugar	123,683	145,600	-15.1%	325,329	467,517	-30.4%
Ethanol	220,881	168,230	31.3%	560,419	409,999	36.7%
<b>Average Cash Cost Per Unit<sup>1</sup></b>						
Sugar Cash Cost	513.1	443.7	15.6%	493.8	473.8	4.2%
Ethanol Cash Cost	777.5	697.8	11.4%	764.6	708.1	8.0%

1 - Sugar in R\$/Ton

Ethanol in R\$/m<sup>3</sup>

For a better understanding of average production cost, the following tables present a breakdown of cost in 9M19 and in 9M18 taking into account: (i) maintenance capex, (ii) selling expenses, and (iii) administrative expenses.

The average sugar and ethanol cost in R\$/unit increased in the comparison period, which, in addition to the aforementioned factors, occurred due to the increase in maintenance capex, explained by the schedule for the end of the crop year. Ethanol in particular was additionally affected by the concentration of sales at the São Paulo mills, whose production cost is higher than that of the Goiás mill. By the end of period, in March 2019, these effects should be normalized.

9M19	Sugar	Ethanol	Energy	Others	Total
R\$ '000.000					
Cost of Goods Sold	543	966	36	27	1,572
Selling Expenses	46	13	8	1	67
General and Administrative Expenses	48	79	15	3	144
(-) Depreciation/Amortization	(220)	(410)	(11)	(7)	(648)
Biological Assets	(2)	(2)	-	-	(4)
<b>Cash costs and expenses</b>	<b>415</b>	<b>646</b>	<b>47</b>	<b>23</b>	<b>1,131</b>
(+) Maintenance CAPEX	205	425			631
<b>Total</b>	<b>621</b>	<b>1,072</b>	<b>47</b>	<b>23</b>	<b>1,762</b>
<b>Average Price (in R\$/unit<sup>1</sup>.)</b>	<b>1,125</b>	<b>1,737</b>	<b>235</b>		
<b>Average Cost (in R\$/unit<sup>1</sup>.)</b>	<b>942</b>	<b>1,462</b>	<b>56</b>		
Operating Margin (%)	16%	16%	76%		

<b>Sold Volumes ('000 unit<sup>1</sup>)</b>	<b>659</b>	<b>733</b>	<b>840</b>
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1 - Unit: Sugar: tons, Ethanol: m<sup>3</sup>, Energy: MWh

9M18	Sugar	Ethanol	Cogen	Others	Total
R\$ '000.000					
COGS	767	702	35	32	1,537
Selling Expenses	71	6	7	1	86
General and Administrative Expenses	68	53	14	3	138
(-) Depreciation/Amortization	(286)	(301)	(11)	(8)	(606)
Biological Assets	(18)	5	-	-	(13)
<b>Cash Costs and Expenses</b>	<b>602</b>	<b>466</b>	<b>46</b>	<b>27</b>	<b>1,141</b>
(+) Maintenance CAPEX	282	294			576
<b>Total</b>	<b>884</b>	<b>760</b>	<b>46</b>	<b>27</b>	<b>1,718</b>
<b>Average Price (in R\$/unit<sup>1</sup>.)</b>	<b>1,340</b>	<b>1,615</b>	<b>225</b>		
<b>Average Cost (in R\$/unit<sup>1</sup>.)</b>	<b>896</b>	<b>1,313</b>	<b>51</b>		
Operating Margin (%)	33%	19%	77%		

<b>Sold Volumes ('000 unit<sup>1</sup>)</b>	<b>987</b>	<b>579</b>	<b>892</b>
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1 - Unit: Sugar: tons, Ethanol: m<sup>3</sup>, Cogeneration: MWh

## SELLING EXPENSES

	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
Port Costs / Freight	22,009	24,703	-10.9%	54,020	74,437	-27.4%
Other - Non-recurring Costs	1,976	3,908	-49.4%	12,551	11,106	13.0%
<b>Selling Expenses</b>	<b>23,985</b>	<b>28,611</b>	<b>-16.2%</b>	<b>66,571</b>	<b>85,543</b>	<b>-22.2%</b>
TRS Sold ('000 Tons)	736	755	-2.6%	1,942	2,026	-4.2%
% of Net revenue	2.8%	3.2%	-0.3 p.p.	2.9%	3.4%	-0.5 p.p.

In 3Q19, selling expenses amounted to R\$24.0 million, down 16.2% from the same period last crop year, mainly due to the lower sugar sales volume in the period. In the nine-month period, selling expenses were 22.2% lower than in 9M18, due to the same reason that affected performance in the quarter.

## CASH GENERAL & ADMINISTRATIVE EXPENSES

	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
Personnel and Management Fee	27,433	26,459	3.7%	86,675	81,833	5.9%
Taxes, Fees, Contributions and Contingencies	2,118	5,479	-61.3%	14,639	14,542	0.7%
General Expenses and Third-Party Services	11,357	12,310	-7.7%	32,881	32,566	1.0%
<b>Total General and Administrative Expenses</b>	<b>40,908</b>	<b>44,248</b>	<b>-7.5%</b>	<b>134,195</b>	<b>128,941</b>	<b>4.1%</b>

In 3Q19, general and administrative expenses totaled R\$40.9 million, decreasing 7.5% from the same period last crop year. The reduction is mainly due to the schedule effect and the higher provisioning for labor lawsuits in 3Q18 (an effect already normalized this crop year), which affected comparisons between periods. In the nine-month period of the crop year, expenses increased 4.1% compared to 9M18, in line with inflation in the period.

## EBITDA

EBITDA RECONCILIATION	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
<b>Adjusted EBITDA</b>	<b>417,320</b>	<b>497,440</b>	<b>-16.1%</b>	<b>1,134,948</b>	<b>1,364,365</b>	<b>-16.8%</b>
Adjusted EBITDA Margin	49.5%	55.3%	-5.8 p.p.	50.3%	54.5%	-4.2 p.p.
Debt Maturity (Hedge Accounting)	976	4,612	-78.8%	12,331	182,388	-93.2%
Equity Income	(517)	207	n.m.	(262)	2,002	n.m.
Non-recurring Operating Income (Expenses)	-	(26)	n.m.	-	552	n.m.
Biological Assets	3,428	3,651	-6.1%	3,840	12,988	-70.4%
<b>Book EBITDA</b>	<b>413,433</b>	<b>488,996</b>	<b>-15.5%</b>	<b>1,119,039</b>	<b>1,166,435</b>	<b>-4.1%</b>
EBITDA Margin	49.2%	54.6%	-5.5 p.p.	50.0%	50.2%	-0.2 p.p.
(-) Depreciation and Amortization	(259,569)	(219,619)	18.2%	(656,238)	(606,231)	8.2%
(-) Financial Income (Expense), net	(75,026)	(52,923)	41.8%	(171,206)	(129,765)	31.9%
(=) Operating Income	78,838	216,454	-63.6%	291,595	430,439	-32.3%

### Adjusted EBITDA

Adjusted EBITDA in 3Q19 was R\$417.3 million (Adjusted EBITDA margin of 49.5%), down 16.1% from 3Q18, mainly due to: (i) the lower sugar sales volume in the period, due to the shift in the production mix and the concentration of shipments in the following quarter; and (ii) the lower dilution of production costs, mainly in 3Q19, reflecting the lower crushing volume compared to the same period last crop year, with this effect normalized in the year-to-date analysis. In 9M19, Adjusted EBITDA decreased 16.8% to R\$1,135 million (Adjusted EBITDA margin of 50.3%), which is explained by the same factors that affected performance in the quarter.

### Main Adjustments to EBITDA in 3Q19 and 9M19

#### 1) Debt maturity (Hedge Accounting)

Debt maturity (Hedge accounting): Expense related to exchange variation on debt settled in 3Q19 that was previously designated as Hedge accounting at a BRL/USD exchange rate of R\$3.3. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.9/USD, we adjusted the amount of R\$1.0 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period. In 9M19, we adjusted the amount of R\$12.3 million.

#### 2) Biological Assets

Positive non-cash effect of R\$3.4 million on accounting costs (COGS) in 3Q19 from the mark-to-market adjustment of biological assets. In 9M19, this effect was positive in R\$3.8 million.



## Operating Cash Generation (Adjusted EBIT)

	3Q19	3Q18	Chg.%	9M19	9M18	Chg.%
R\$ '000						
<b>Adjusted EBIT</b>	<b>157,751</b>	<b>277,821</b>	<b>-43.2%</b>	<b>478,710</b>	<b>758,134</b>	<b>-36.9%</b>
Adjusted EBIT Margin	18.7%	30.9%	-12.2 p.p.	21.2%	30.3%	-9.1 p.p.
(-) Depreciation and Amortization	(259,569)	(219,619)	18.2%	(656,238)	(606,231)	8.2%
<b>Adjusted EBITDA</b>	<b>417,320</b>	<b>497,440</b>	<b>-16.1%</b>	<b>1,134,948</b>	<b>1,364,365</b>	<b>-16.8%</b>
Adjusted EBITDA Margin	49.5%	55.3%	-5.8 p.p.	50.3%	54.5%	-4.2 p.p.
Maturity Debt (Hedge Accounting)	976	4,612	-78.8%	12,331	182,388	-93.2%
Equity Income	(517)	207	n.m.	(262)	2,002	n.m.
Non-recurring Operating Income (Expenses)	-	(26)	n.m.	-	552	n.m.
Biological Assets	3,428	3,651	-6.1%	3,840	12,988	-70.4%
<b>Book EBITDA</b>	<b>413,433</b>	<b>488,996</b>	<b>-15.5%</b>	<b>1,119,039</b>	<b>1,166,435</b>	<b>-4.1%</b>
EBITDA Margin	49.2%	54.6%	-5.5 p.p.	50.0%	50.2%	-0.2 p.p.

Adjusted earnings before taxes (EBIT) in 3Q19 came to R\$157.8 million (adjusted EBIT margin of 18.7%), down 43.2% from 3Q18. In 9M19, Adjusted EBIT decreased 36.9% to R\$478.7 million (EBIT margin of 21.2%). The reduction in Adjusted EBIT in the periods is due to the same factors that adversely affected EBITDA.

## HEDGE

The tables below summarize our sugar and U.S. dollar hedge positions as of Dec/31/2018.

### Sugar

	Volume Hedged (tons)	Avg. Price (US\$ c/p)	Avg. Price (R\$/Ton)
<b>Sugar</b>			
<b>2018/2019 crop year</b>	<b>307,413</b>	<b>13.61</b>	<b>1,107.6</b>
<b>2019/2020 crop year</b>	<b>367,352</b>	<b>13.34</b>	<b>1,194.7</b>

On December 31, 2018, sugar prices for the 2018/19 crop year were hedged for 307.4 thousand tons at USD13.61 ¢/lb, **which represents the hedging of approximately 94% of own cane and 87% of total sugar**, considering the remaining sugar volume to be sold until the end of the crop year.

**Sugar prices for the 2019/20 crop year were hedged** for 367.4 thousand tons at USD13.34 ¢/lb, or approximately R\$ 1,195/ton, which represents the hedging of approximately 50% of own cane (based on production mix of the current crop year).

### U.S. Dollar

On December 31, 2018, the Company held open positions through Non-Deliverable Forwards (NDFs) and derivative instruments, which are used to hedge its exports, for the 2018/19 and 2019/20 crop years, as follows:

TOTAL			SUGAR		ETHANOL	
Dólar	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2018/2019 crop year	30,109	3.46	30,109	3.46	-	-
2018/2019 crop year	139,765	4.01	103,525	4.06	36,240	3.88

The volume of NDFs in U.S. dollar on said date represented approximately 39% of own cane or 29% of total cane hedged for the 2018/19 crop year. For the 2019/20 crop year, the volume of NDFs in U.S. dollar represented 48% of own cane.

## Hedge accounting

### Effect on Shareholders' Equity

In March 2010, included, the Company began to adopt hedge accounting for derivatives classified as hedge instruments, as well as debt denominated in foreign currency.

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income and social contribution taxes. In the period from April to December 2018, we recorded a reduction in shareholders' equity of R\$129.7 million.

### Effect on Income Statement

As previously mentioned, certain foreign-denominated liabilities that had been designated to Hedge Accounting will mature in the future, which will impact our net revenue.

In 3Q19, a total of US\$1.8 million in debt was recognized, with the exchange rate of R\$3.3/US\$ adopted for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.9/US\$, we made an adjustment of R\$1.0 million in net revenue and EBITDA to provide a better understanding of the Company's operating cash generation in the period.

In 9M19, a total of US\$13.2 million in debt was recognized at the exchange rate of R\$2.7/US\$ used for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.6/US\$, we made an adjustment of R\$12.3 million in net revenue and EBITDA to provide a better understanding of the Company's operating cash generation in the period.

## NET FINANCIAL RESULT

FINANCIAL RESULTS	3Q19	3Q18	Chg.%	9M19	9M18	Chg.%
R\$ '000						
Financial Income	21,681	24,835	-12.7%	79,139	100,931	-21.6%
Financial Expenses	(77,126)	(80,619)	-4.3%	(230,489)	(250,545)	-8.0%
<b>Financial Result before Exchange Var. and Hedge</b>	<b>(55,445)</b>	<b>(55,784)</b>	<b>-0.6%</b>	<b>(151,350)</b>	<b>(149,614)</b>	<b>1.2%</b>
Hedge Result/Exchange Variation/Others	(19,581)	2,861	n.m.	(19,857)	19,849	n.m.
<b>Net Financial Result</b>	<b>(75,026)</b>	<b>(52,923)</b>	<b>41.8%</b>	<b>(171,207)</b>	<b>(129,765)</b>	<b>31.9%</b>

Net financial result in 3Q19 totaled an expense of R\$75.0 million, which represents an increase of 41.8% from 3Q18. In the first nine months of the crop year, the net financial result increased by 31.9% to R\$171.2 million. The deterioration in the Company's financial result mainly reflects the higher impact from exchange variation in the periods.

## COPERSUCAR

### Obligations

On December 31, 2018, São Martinho recognized the amount of R\$202.4 million in obligations payable to Copersucar under Liabilities on its balance sheet. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations - Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$202.4 million on a consolidated basis.

### Rights

Copersucar also figures as plaintiff in legal proceedings challenging the refund/overpayment of various taxes or indemnities. São Martinho, in the condition of former cooperative member, will be entitled proportionally to these credits, if any, and will inform the market when such rights become good and marketable on behalf of the Company.

As reported by Copersucar in its Financial Statements at March 31, 2018, the Judiciary condemned the Union to indemnify the cooperative for damages caused to its members resulting from the fixing of lagged prices, in sales of sugar and ethanol made in the 1980s. In June 2017 there was a request for payment in the order of R\$ 5.6 billion (R\$ 730.5 million in proportion to the Company). The payment of a supplementary balance in the order of R\$ 12.8 billion (R\$ 1.7 billion proportional) is requested, with the Federal Government claiming an excess of R\$ 2.2 billion (R\$ 286.3 million proportional). A second supplementary balance in the order of R\$ 10.6 billion (R\$ 1.4 billion proportional) was requested in June 2018, but it is found blocked and subject to Federal Government interpositions.

Issued precatories follow judicial rites, but Management maintains their classifications as probable but not under the entity's total control. Therefore, the credit right has not yet been registered.

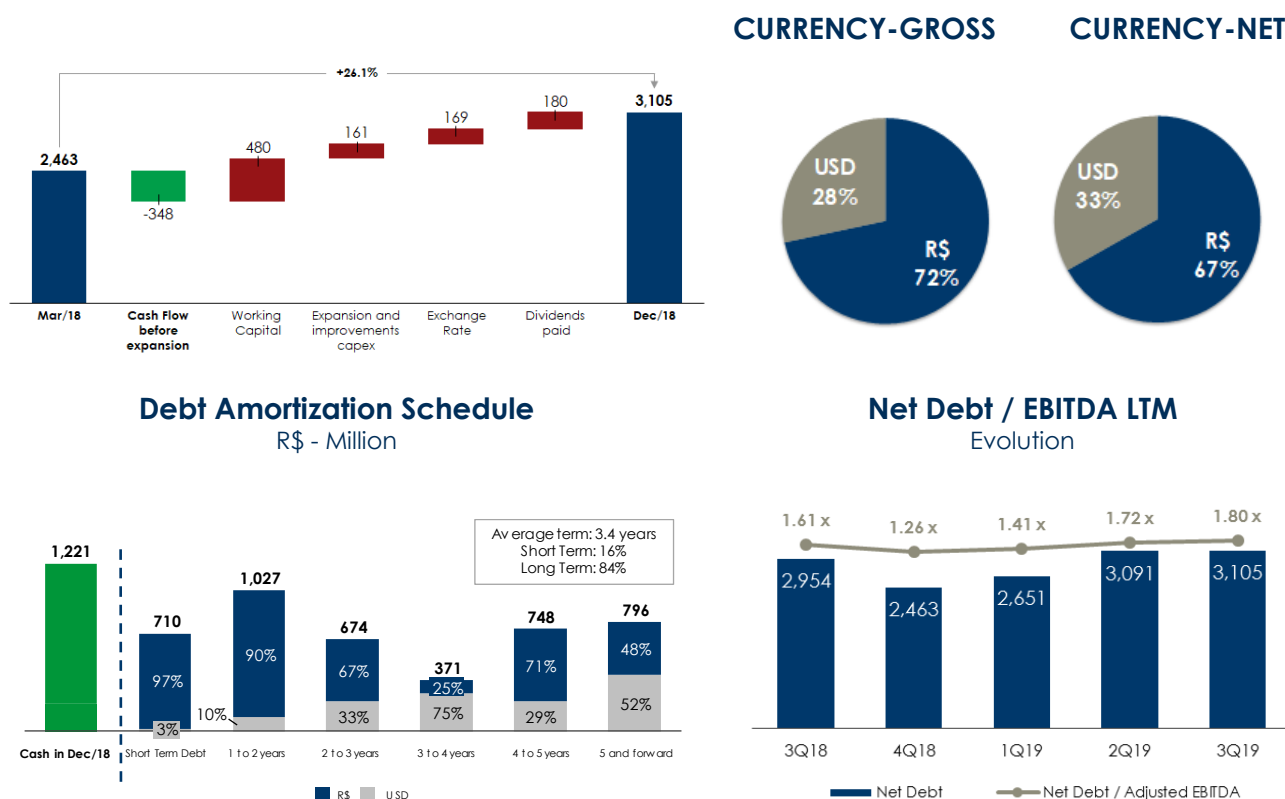
## DEBT

INDEBTEDNESS	Dec/18	Mar/18	Chg.%
R\$ '000			
PESA	16,001	29,225	-45.2%
Rural Credit	712,520	509,214	39.9%
BNDES / FINAME	639,474	582,203	9.8%
Working Capital	293,280	397,336	-26.2%
International Finance Corporation (IFC)	350,762	303,797	15.5%
PPE (Export prepayment)	876,119	734,471	19.3%
NCE (Export Credit Note)	-	8,101	n.m.
Agribusiness Certificate of Receivables (CRA)	1,387,949	1,360,550	2.0%
Obligations from Acquisitions - LOP	50,244	50,256	0.0%
<b>Gross Debt</b>	<b>4,326,349</b>	<b>3,975,153</b>	<b>8.8%</b>
Cash and Cash Equivalents	1,221,133	1,512,385	-19.3%
<b>Net Debt</b>	<b>3,105,216</b>	<b>2,462,768</b>	<b>26.1%</b>
Net Debt / LTM EBITDA - R\$	1.80 x	1.26 x	42.9%
Net Debt / LTM EBITDA - USD <sup>1</sup>	1.64 x	1.22 x	34.0%
<b>Adjusted EBITDA LTM</b>	<b>1,720,577</b>	<b>1,949,994</b>	<b>-11.8%</b>

1 - Net Debt PTAX:  
 March/18: R\$ 3,32  
 December/18: R\$3.87

Average Daily EBITDA PTAX (LTM):  
 March/18: R\$3.22  
 December/18: R\$3.66

In December 2018, the Company's net debt totaled R\$3.1 billion, 26.1% higher than at the start of the crop year. The increase mainly reflects the higher working capital needs in the period, due to the higher inventory of finished products, which will be converted into cash by the end of the crop year. The following chart presents more details of our debt in December 2018.



## CAPEX

(Maintenance)	3Q19	3Q18	Chg.%	9M19	9M18	Var%.
R\$ '000						
Sugarcane Planting - Renovation	70,591	69,852	1.1%	186,337	158,448	17.6%
Off-Season Maintenance (Industrial/Agricultural)	96,342	82,769	16.4%	97,880	85,786	14.1%
Crop Treatment	122,489	116,994	4.7%	346,631	332,055	4.4%
<b>Total</b>	<b>289,422</b>	<b>269,615</b>	<b>7.3%</b>	<b>630,848</b>	<b>576,289</b>	<b>9.5%</b>
<b>(Operational Improvements)</b>						
Equipment/Replacements	22,130	37,724	-41.3%	50,183	79,646	-37.0%
<b>Total</b>	<b>22,130</b>	<b>37,724</b>	<b>-41.3%</b>	<b>50,183</b>	<b>79,646</b>	<b>-37.0%</b>
<b>(Upgrading/Expansion)</b>						
R\$ '000						
Sugarcane Planting - Expansion / Biological Assets	40,447	1,123	n.m.	50,942	16,158	215.3%
Projects (Industrial/Agricultural)	32,345	24,205	33.6%	70,734	51,195	38.2%
<b>Total</b>	<b>72,792</b>	<b>25,328</b>	<b>187.4%</b>	<b>121,676</b>	<b>67,353</b>	<b>80.7%</b>
<b>Grand Total</b>	<b>384,345</b>	<b>332,667</b>	<b>15.5%</b>	<b>802,708</b>	<b>723,288</b>	<b>11.0%</b>

The Company's maintenance capex amounted to R\$289.4 million in 3Q19, increasing 7.3% from the previous crop year, mainly due to the higher investments in off-season period and crop treatments. This increase is mainly due to a calendar effect, given that we anticipated the end of crop year, as already mentioned before. In the nine-month period of crop year, maintenance capex increased 9.5%, mainly due to the same factors affecting the quarter.

Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$22.1 million in 3Q19, down 41.3% compared to the same period last crop year. The reduction reflects the investments made last crop year related to the replacement of a portion of the agricultural fleet at the Boa Vista Unit and the São Martinho Unit, as mentioned in the previous quarter. In the nine-month period of crop year, operational improvement capex decreased 37.0% due to the same reason.

As for expansion capex, the Company's investments amounted to R\$72.8 million in 3Q19, mainly related to the acquisition of the biological assets from the Furlan Mill and the expansion in sugarcane crushing capacity at the Iracema Mill from 3 million to 3.5 million tons, besides carryover of projects started last season, such as COA (digital transformation of the agricultural operation) and PSS (pre-sprouted seedling) + Meiosi. In the first nine months of the crop year, the increase was due to the same reasons that affected the quarter.

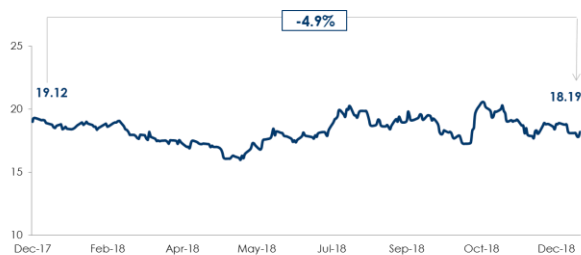
## CASH NET INCOME

São Martinho's cash net income in 3Q19 amounted to R\$81.2 million, decreasing 62.4% from 3Q18. In the nine-month period, cash net income decreased 50.5% to R\$303.3 million. The reduction is mainly explained by the lower adjusted EBITDA in the period.

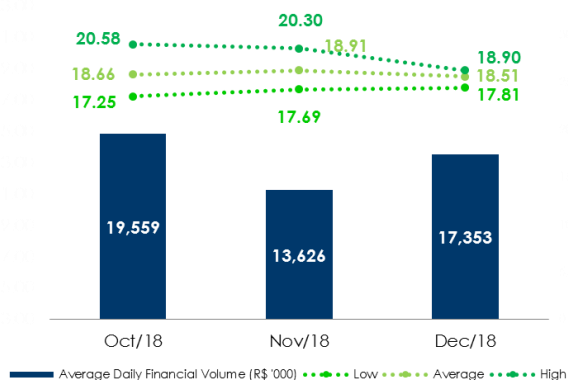
Cash Income	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
Net Income	65,929	168,483	-60.9%	228,435	338,371	-32.5%
Income Tax	12,909	47,971	-73.1%	63,160	92,068	-31.4%
Income Tax Paid	(2,072)	(8,845)	-76.6%	(4,444)	(12,629)	-64.8%
Biological Asset	3,428	3,651	-6.1%	3,840	12,988	-70.4%
Maturity of Hedge	976	4,612	-78.8%	12,331	182,388	-93.2%
<b>Cash Income</b>	<b>81,170</b>	<b>215,872</b>	<b>-62.4%</b>	<b>303,322</b>	<b>613,186</b>	<b>-50.5%</b>
<b>Total Shares ex-Treasury (in thousand)</b>	<b>350,803</b>	<b>357,222</b>	<b>-1.8%</b>	<b>350,803</b>	<b>357,222</b>	<b>-1.8%</b>
<b>Cash Income per Share</b>	<b>0.23</b>	<b>0.60</b>	<b>-61.7%</b>	<b>0.86</b>	<b>1.72</b>	<b>-49.6%</b>

## CAPITAL MARKET

### SMTO3 Performance – 12 months R\$



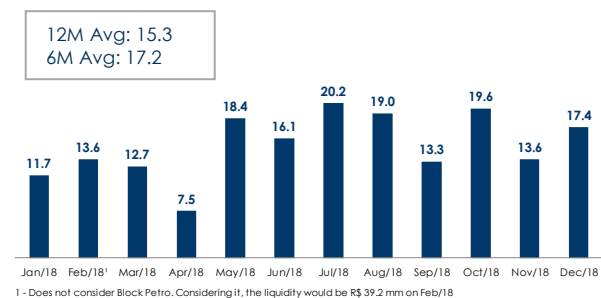
### Price and Volume R\$



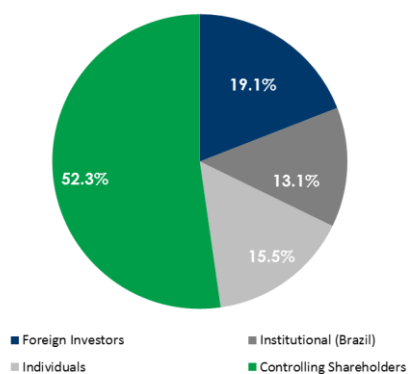
### SMTO3 Performance vs. Stock Indexes Base 100



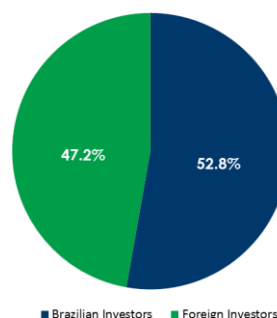
### Average Daily Trading Volume R\$ million



### Ownership Structure Base: Dec. 31, 2018



### Free-Float Composition





## **INVESTOR RELATIONS TEAM**

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## **DISCLAIMER**

This document contains forward-looking statements related to the business outlook, operating and financial projections and growth prospects of São Martinho. These statements are merely projections and as such are based exclusively on Management's expectations for the future of the business. These forward-looking statements depend materially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets, and therefore are subject to change without prior notice.

## INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	3Q19	3Q18	Chg. (%)	9M19	9M18	Chg. (%)
R\$ '000						
Gross Revenue	928,677	970,323	-4.3%	2,469,512	2,571,484	-4.0%
Deductions from Gross Revenue	(87,899)	(75,256)	16.8%	(232,841)	(250,126)	-6.9%
<b>Net Revenue</b>	<b>840,778</b>	<b>895,067</b>	<b>-6.1%</b>	<b>2,236,671</b>	<b>2,321,358</b>	<b>-3.6%</b>
Cost of Goods Sold (COGS)	(619,815)	(549,944)	12.7%	(1,572,484)	(1,536,869)	2.3%
<b>Gross Profit</b>	<b>220,963</b>	<b>345,123</b>	<b>-36.0%</b>	<b>664,187</b>	<b>784,489</b>	<b>-15.3%</b>
Gross Margin (%)	26.3%	38.6%	-12.3 p.p	29.7%	33.8%	-4.1 p.p
<b>Operating Expenses</b>	<b>(67,099)</b>	<b>(75,746)</b>	<b>-11.4%</b>	<b>(201,386)</b>	<b>(224,285)</b>	<b>-10.2%</b>
Selling Expenses	(23,985)	(28,611)	-16.2%	(66,571)	(85,543)	-22.2%
General and Administrative Expenses	(44,033)	(47,002)	-6.3%	(144,324)	(138,057)	4.5%
Equity Income	517	(207)	n.m.	262	(2,002)	n.m.
Other Operating Expenses, Net	402	74	443.2%	9,247	1,317	602.1%
<b>Operating Profit, Before Financial Effects</b>	<b>153,864</b>	<b>269,377</b>	<b>-42.9%</b>	<b>462,801</b>	<b>560,204</b>	<b>-17.4%</b>
<b>Financial Result, Net</b>	<b>(75,026)</b>	<b>(52,923)</b>	<b>41.8%</b>	<b>(171,206)</b>	<b>(129,765)</b>	<b>31.9%</b>
Financial Income	21,682	24,835	-12.7%	79,140	100,931	-21.6%
Financial Expenses	(78,476)	(87,517)	-10.3%	(237,036)	(264,512)	-10.4%
Monetary and Exchange Variations - Net	(8,302)	2,173	n.m.	35,451	27,327	29.7%
Derivatives Results	(9,930)	7,586	n.m.	(48,761)	6,489	n.m.
<b>Income (Loss) Before Income and Social Contribution Taxes</b>	<b>78,838</b>	<b>216,454</b>	<b>-63.6%</b>	<b>291,595</b>	<b>430,439</b>	<b>-32.3%</b>
Income Tax and Social Contribution - Current	(22,197)	(29,768)	-25.4%	(7,349)	(56,816)	-87.1%
Income Tax and Social Contribution - Deferred	9,288	(18,203)	n.m.	(55,811)	(35,252)	58.3%
<b>Net Income</b>	<b>65,929</b>	<b>168,483</b>	<b>-60.9%</b>	<b>228,435</b>	<b>338,371</b>	<b>-32.5%</b>
Net Margin (%)	7.8%	18.8%	-11.0 p.p	10.2%	14.6%	-4.4 p.p

**BALANCE SHEET (ASSETS)**

<b>SÃO MARTINHO S.A. CONSOLIDATED - ASSETS</b>		
R\$ '000		
<b>ASSETS</b>	<b>Dec/18</b>	<b>Mar/18</b>
<b>SHORT-TERM ASSETS</b>		
Cash and Cash Equivalents	152,618	140,865
Marketable Securities	1,011,196	1,320,851
Trade Receivables	292,387	177,893
Derivative Financial Instruments	70,686	69,173
Inventories	1,131,236	334,654
Biological Assets	571,543	581,725
Taxes Recoverable	26,945	36,093
Income Tax and Social Contribution	101,340	9,687
Other Assets	20,703	16,917
<b>TOTAL SHORT-TERM ASSETS</b>	<b>3,378,654</b>	<b>2,687,858</b>
<b>LONG-TERM ASSETS</b>		
<b>Long-term Receivables</b>		
Marketable Securities	57,319	50,669
Inventories	115,324	111,135
Related Parties	3,000	5,834
Derivative Financial Instruments	9,000	3,617
Trade Receivables	23,650	24,869
Receivables from Copersucar	9,355	9,355
Taxes Recoverable	70,203	122,200
Income Tax and Social Contribution	-	117,442
Judicial Deposits	26,301	28,673
Other Assets	439	439
	<b>314,591</b>	<b>474,233</b>
<b>Investments</b>	33,648	32,552
<b>Property, Plant and Equipment</b>	5,261,507	5,449,912
<b>Intangible Assets</b>	478,858	470,157
<b>TOTAL LONG-TERM ASSETS</b>	<b>6,088,604</b>	<b>6,426,854</b>
<b>TOTAL ASSETS</b>	<b>9,467,258</b>	<b>9,114,712</b>

## BALANCE SHEET (LIABILITIES)

<b>SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES</b>		
R\$ '000		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Dec/18</b>	<b>Mar/18</b>
<b>SHORT-TERM LIABILITIES</b>		
Borrowings	698,297	686,630
Derivative Financial Instruments	47,181	8,862
Trade Payables	212,265	154,146
Payables to Copersucar	8,583	8,583
Salaries and Social Contributions	125,906	137,155
Taxes Payable	44,853	16,877
Income Tax and Social Contribution	5,474	4,167
Dividends Payable	-	148,341
Advances from Customers	14,200	16,406
Aquisition of Investment	11,734	11,746
Other Liabilities	27,621	28,287
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>1,196,114</b>	<b>1,221,200</b>
<b>LONG-TERM LIABILITIES</b>		
Borrowings	3,577,807	3,238,267
Derivative Financial Instruments	9,415	930
Payables to Copersucar	193,785	201,787
Taxes Payable in Installments	2,448	2,656
Deferred Income Tax and Social Contribution	992,647	1,007,923
Provision for Contingencies	100,206	99,122
Aquisition of Investment	38,510	38,510
Other Liabilities	11,711	14,542
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>4,926,529</b>	<b>4,603,737</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital	1,696,652	1,549,302
Capital Reserve	9,418	9,418
Treasury Shares	(234,100)	(234,100)
Stock Options Granted	-	11,578
Adjustments to Book Value	981,502	1,120,319
Profit Reserve	704,979	833,258
Retained Earnings	186,164	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,344,615</b>	<b>3,289,775</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>9,467,258</b>	<b>9,114,712</b>

## CONSOLIDATED CASH FLOW

<b>SÃO MARTINHO S.A.</b>	<b>9M19</b>	<b>9M18</b>
R\$ '000		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Income in the period</b>	<b>228,435</b>	<b>338,371</b>
<b>Adjustments</b>		
Depreciation and amortization	268,018	246,924
Harvested biological assets (depreciation)	380,067	359,307
Variation in fair value of biological assets	3,840	12,988
Amortization of energy contracts	8,153	8,210
Equity Income	(262)	2,002
Gain (loss) on investment and PPE disposed of	6,521	1,049
Interest, monetary and foreign exchange variations, net	144,263	132,408
Derivatives Financial Instruments	2,417	(56,122)
Constitution of provision for contingencies, net	7,650	10,264
Deferred income tax and social contribution	63,160	92,068
Adjustments to present value and others	5,279	2,926
	<b>1,117,541</b>	<b>1,150,395</b>
<b>Changes in asset and liabilities</b>		
Trade receivables	(104,890)	(161,206)
Inventories	(458,683)	(447,938)
Taxes recoverable	95,001	25,153
Derivatives Financial Instruments	13,429	143,269
Marketable Securities	-	36
Other assets	4,948	(1,692)
Trade payables	59,652	30,576
Salaries and social charges	(29,101)	(7,478)
Taxes payable	26,371	(33,821)
Obligations with Copersucar	(9,989)	(23,230)
Taxes payable in installments	(223)	(1,522)
Provision for contingencies - settlements	(17,226)	(21,633)
Other liabilities	(13,716)	27,836
	<b>683,114</b>	<b>678,745</b>
<b>Cash provided by operations</b>	<b>683,114</b>	<b>678,745</b>
Interest paid	(176,388)	(182,847)
Income tax and social contribution paid	(4,444)	(12,629)
<b>Net cash provided by operating activities</b>	<b>502,282</b>	<b>483,269</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Financial resources used in investments	(18,335)	(4,919)
Additions to property and intangible assets	(242,454)	(210,865)
Additions to biological assets (planting and crop treatment)	(562,926)	(506,660)
Marketable Securities	354,421	307,132
Proceeds from sale of property, plant and equipment	4,309	5,681
Advance for future capital increase	(833)	(2,667)
Dividends received	-	4
<b>Net cash used in investing activities</b>	<b>(465,818)</b>	<b>(412,294)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
New borrowing - third parties	1,153,510	1,155,785
Repayment of borrowing - third parties	(998,221)	(873,086)
Advance for future capital increase	(180,000)	(99,999)
Purchase of treasury shares	-	(23,044)
<b>Net cash provided by financing activities</b>	<b>(24,711)</b>	<b>159,656</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>11,753</b>	<b>230,631</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>140,865</b>	<b>142,454</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>152,618</b>	<b>373,085</b>