

# 4Q17 QUARTERLY EARNINGS

JUNE 26, 2017

## São Martinho posts Net Income of R\$ 119.4 million in 4Q17, up 65.6% from 4Q16

- ✓ São Martinho posted Adjusted EBITDA of R\$401 million in 4Q17 (+15.8%) and R\$1.44 billion (+11.1%) in the crop year. Net income came to R\$283.9 million (+37.2%) in 12M17, with R\$119.4 million (+65.6%) in 4Q17;
- ✓ Adjusted EBIT reached R\$ 182.2 million (+59.2%) in the quarter and R\$ 707.2 million (+24.2%) in 12M17. The leverage ratio (Net Debt/Adjusted EBITDA) fell to 1.55 times, following conclusion of the merger of Nova Fronteira in February 2017;
- ✓ At Mar. 31, 2017, our hedging for sugar prices and the U.S. dollar for the 2017/18 crop year amounted to 697,600 tons and US\$295.5 million, respectively, with 68% of own cane by volume hedged at R\$71.3 cents/lb.
- ✓ In the 2016/17 crop year, we invested approximately R\$600 million to expand our sugarcane processing capacity. Starting in the 2017/18 crop year, our industrial capacity will reach 24 million tons, due to the conclusion of the investments at Santa Cruz and the recent merger of Nova Fronteira;
- ✓ São Martinho's pro-forma balance sheet, considering 100% consolidation of Boa Vista in 12M17, recorded Adjusted EBITDA of R\$ 1.66 billion (margin of 47.6%), Adjusted EBIT of R\$ 827.2 million (margin of 23.6%) and Net Income of R\$ 336.1 million.

Sumário Executivo	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
Net Revenue	894,270	818,146	9.3%	3,122,348	2,831,124	10.3%
Adjusted EBITDA	400,991	346,297	15.8%	1,445,083	1,301,240	11.1%
Adjusted EBITDA Margin	44.8%	42.3%	2.5 p.p.	46.3%	46.0%	0.3 p.p.
Adjusted EBIT	182,232	114,444	59.2%	707,172	569,254	24.2%
Adjusted EBIT Margin	20.4%	14.0%	6.4 p.p.	22.6%	20.1%	2.5 p.p.
Net Income	119,441	72,116	65.6%	283,867	206,946	37.2%
Net Debt / EBITDA	1.55 x	2.14 x		1.55 x	2.14 x	

### March 31, 2017

SMT03  
R\$ 17.28 per share

Market Capitalization  
R\$ 6,290 million

### Earnings Conference Call

June 27, 2017 (Tuesday)

3:00 p.m. Brasília +55 11 3193-1001  
2:00 p.m. New York +1 786 924-6977

Access code: São Martinho

## MESSAGE FROM THE CEO

Dear all,

In the 2016/17 crop year, São Martinho concluded yet another important step by acquiring the remaining interest in Boa Vista, a mill created as a greenfield project in 2005 that reached crushing capacity of five million tons in the 2016/17 crop year. The full consolidation of Boa Vista as of 2017 will help São Martinho reach industrial production capacity of 1 billion liters of ethanol and nearly 1GW of surplus cogeneration.

Furthermore, as the market already knows, during this crop year we concluded an important operating and strategic step at the Santa Cruz Mill, which reached crushing capacity of 5.6 million tons of cane, combined with the expansion in sugar production, which will help reduce the plant's operating costs as from the next crop year.

I always say that every season is unique. However, the 2016/17 crop year was severely affected by frost on some 40,000 hectares of our sugarcane fields, which resulted in a 10% shortfall in relation to our estimates made at the start of the season. Converted into cash generation, this loss in raw material represents a negative impact of approximately R\$200 million.

Despite the impact from the frost, we posted record-high cash generation in the crop year, as reported in the Earnings Release and, combined with the strategy to acquire Boa Vista via a share exchange transaction, we ended the crop year with a comfortable leverage ratio (Net Debt/EBITDA) of 1.55 times.

In addition to better financial indicators, this crop year we tapped a new source of capital with the issue of Certificates of Agribusiness Receivables (CRAs), which diversified our sources of capital at very competitive costs.

We are confident on the 2017/18 crop year. Despite the pressure on sugar prices in recent months, we believe futures prices should return a level more conducive to the true fair scenario for global sugar supply and demand. Note that the recent decline in sugar prices has little impact on our results, since some 70% of our sugar volume (own cane equivalent) is hedged at R\$ 71.3 cents/lb.

For ethanol, the short-term scenario remains challenging, but we expect a recovery in the share of ethanol in the Otto cycle supported by the gradual recovery in domestic consumption. Looking ahead to the medium and long term, the RenovaBio program, if approved by Congress, would enable renewable fuels to play a more relevant role in Brazil's energy profile, which would represent an important step forward for the sustainability of the industry and society.

In technology and innovation, we are concentrated on concluding the Agricultural Operations Center (COA) project, which will streamline São Martinho's management of agricultural assets and make it more efficient, with positive and material impacts on operating costs once the project reaches maturity.

For our pre-sprouted seedlings (PSS) project, we conducted a series of analyses and projects over the 2016/17 crop year that have generated highly positive responses. PSS technology, combined with other planting techniques used by the Company, could lead to significant savings in agricultural costs and boost the supply of sugarcane over the coming crop years: a combination of a higher supply of end products and greater cost dilution that consequently would create additional value for shareholders.

Thank you all for your trust.

**Fabio Venturelli**

Chief Executive Officer

## NEW ACCOUNTING STANDARD – IFRS 11 (CPC 19)

With the adoption of the new accounting standard IFRS 11 (CPC 19) as of the 2013/14 fiscal year, São Martinho S.A. no longer proportionally consolidates the results of its investees. In view of the materiality of the results of Nova Fronteira Bioenergia S.A. (50.95%) to the São Martinho Group, the Company opted to continue presenting on a pro-forma basis its balance sheet, income statement and cash flow statement in the set of financial statements following the same consolidation criteria used prior to the adoption of said standard.

**As announced in the Material Fact notice dated February 23, 2017, São Martinho merged Nova Fronteira Bioenergia through the issue of 24,023,708 shares. Therefore, the figures in this report consider 50.95% consolidation of the results of the Boa Vista Mill between April 2016 and February 2017, and 100% consolidation of the results for March 2017, for which reason some of the information herein will not coincide with that presented in the notes to the financial statements.**

Since, as of 1Q18, we will consolidate 100% of Boa Vista, the accounting effects on the financial statements will be the same as those presented in the earnings release.

Furthermore, as mentioned in previous quarters, since the first quarter of this crop year, we have adopted the changes in accounting practices introduced by IAS 16 and IAS 41. Bearer biological assets are now recognized under property, plant and equipment. Consumable biological assets (standing cane) are measured at fair value and remain under the scope of IAS 41.

Accordingly, the results for 4Q16 were restated to maintain comparability between periods, as required under IAS 8 (CPC 23).

The following table presents a summary of the results:

QUARTER		
	São Martinho S.A. (consolidated CPC 19) <sup>1</sup>	São Martinho S.A. (Pro forma) <sup>2</sup>
R\$ '000		
Net Revenue <sup>3</sup>	839,875	894,270
Adjusted EBITDA	372,650	400,991
Adjusted EBITDA Margin	44.4%	44.8%
Adjusted EBIT	169,563	182,232
Adjusted EBIT Margin	20.2%	20.4%
Biological Assets	(17.647)	(17.647)
Non Recurring Operating Revenues (Expenses)	140,490	140,609
Equity Income (Loss)	9,699	(343)
Financial Result / Exchange Variation	(62.646)	(61.970)
Debt Maturity (Hedge) / PPA	5,802	5,802
Income (Loss) Before taxes	245,261	248,683
Taxes	(125.820)	(129.242)
Net Income	119,441	119,441

1 - Considers 100% of the results of UBV in March/17.

2 - Considers 50.95% of the results of UBV in January and February and 100% in March/17.

3 - Excludes the Hedge Accounting effect of foreign-denominated debt and PPA.

YEAR TO DATE		
	São Martinho S.A. (consolidado CPC 19) <sup>1</sup>	São Martinho S.A. (Pro forma) <sup>2</sup>
R\$ '000		
Net Revenue <sup>3</sup>	2,728,986	3,122,348
Adjusted EBITDA	1,216,166	1,445,083
Adjusted EBITDA Margin	44.6%	46.3%
Adjusted EBIT	584,296	707,172
Adjusted EBIT Margin	21.4%	22.6%
Biological Assets	(25.456)	(24.207)
Non Recurring Operating Revenues (Expenses)	142,144	142,362
Equity Income (Loss)	87,365	606
Financial Result / Exchange Variation	(255.238)	(260.914)
Debt Maturity (Hedge) / PPA	(119.467)	(119.467)
Income (Loss) Before taxes	413,645	445,552
Taxes	(129.778)	(161.685)
Net Income	283,867	283,867
Information Consider 100% of Boa Vista Mill		
Cash		1,196,782
Gross Debt		3,781,331
Net Debt		2,584,549
EBITDA YTD		1,666,784
Net Debt / EBITDA		1.55 x

1 - Considers 100% of the results of UBV in March/17.

2 - Considers 50.95% of the results of UBV from April 2016 to February 2017 and 100% in March 2017.

3 - Excludes the Hedge Accounting effect of foreign-denominated debt and PPA.

## MERGER OF USINA BOA VISTA

To enable a better understanding of the merger of Usina Boa Vista and improve comparisons with the Company's future results, the following table presents the main highlights of the 2016/17 crop year already considering consolidation of 100% of UBV.

YEAR TO DATE			
	12M16 (50.95% UBV)	12M17 (100% da UBV)	Chg.(%)
R\$ '000			
Net Revenue*	2,831,124	3,499,437	23.6%
Adjusted EBITDA	1,301,240	1,666,784	28.1%
Adjusted EBITDA Margin	46.0%	47.6%	1.7 p.p.
Adjusted EBIT	569,254	827,190	45.3%
Adjusted EBIT Margin	20.1%	23.6%	3.5 p.p.
Financial Result	(320.232)	(264.947)	-17.3%
Biological Assets	55,960	(23.004)	n.m.
Non Recurring	4,555	593	n.m.
Adjustment to Maturity of Hedge	(103.706)	(119.467)	15.2%
Income (Loss) Before taxes	205,831	420,365	n.m.
Taxes	1,115	(84.314)	n.m.
Net Income	206,946	336,052	62.4%
Cash	1,120,212	1,196,782	6.8%
Gross Debt	3,905,167	3,781,331	-3.2%
Net Debt	2,784,955	2,584,549	-7.2%
EBITDA YTD	1,301,241	1,666,784	28.1%
Net Debt / EBITDA	2.14 x	1.55 x	

\* Excludes the Hedge Accounting effect of foreign-denominated debt and PPA.

## OVERVIEW – COMPANY

### Operating Data

	16/17 Crop Year	15/16 Crop Year	Chg. (%)
São Martinho - Consolidated			
<b>Crushed Sugarcane ('000 tons)</b>	<b>19,281</b>	<b>20,024</b>	<b>-3.7%</b>
Own	13,398	12,985	3.2%
Third Parties	5,883	7,039	-16.4%
Mechanized Harvest	98.9%	97.4%	1.50 p.p.
Agricultural Yield (ton/ha)	78.7	85.9	-8.4%
Average TRS (kg/ton)	130.3	128.9	1.1%
Production			
Sugar ('000 tons)	1,301	1,230	5.8%
Anhydrous Ethanol ('000 m <sup>3</sup> )	398	445	-10.5%
Hydrous Ethanol ('000 m <sup>3</sup> )	269	306	-12.1%
Cogeneration ('000 MWh)	720	741	-2.8%
TRS Produced	2,512	2,581	-2.7%
Mix - Sugar - Ethanol	54% - 46%	50% - 50%	
Mix Anhydrous - Hydrous	61% - 39%	60% - 40%	

As announced in the Material Fact notice, São Martinho's plantations were affected by three severe frosts during the 2016/17 crop year, which reduced yields (TCH) and cane sugar content (TRS). As a result, cane processing volume fell 3.7% compared to the 2015/16 crop year, to 19.3 million tons, with priority given to the production of sugar, given its better sales price.

It is important to note, however, that the frosts did not affect the development of sugarcane for the 2017/18 crop year. Accordingly, we present below the guidance of production for the upcoming crop year.

### Production Guidance – 2017/18 Crop Year

	Actual 16/17 Crop Year*	Guidance 17/18 Crop Year	Chg. (%)
<b>Crushing ('000 tons)</b>	<b>19,281</b>	<b>22,300</b>	<b>15.7%</b>
Sugar ('000 tons)	1,301	1,400	7.6%
Anhydrous ('000 m <sup>3</sup> )	398	450	13.1%
Hydrous ('000 m <sup>3</sup> )	269	430	59.8%
Cogeneration ('000 MWh)	720	900	25.0%
Average TRS (Kg/Ton)	130.3	133.5	2.5%
<b>Total TRS produced</b>	<b>2,512</b>	<b>2,977</b>	<b>18.5%</b>
Mix Sugar/Ethanol - SP Mills	63% - 37%	62% - 38%	
Mix Sugar/Ethanol - Group	54% - 46%	49% - 51%	

\* Considers 50.95% of Boa Vista Mill

For the 2017/18 crop year, we expect to crush 22.3 million tons of cane, representing growth of 15.7% from the 2016/17 crop year, with average total recoverable sugar (TRS) increasing 2.5% per ton. This

growth reflects the expectation of better weather conditions at our fields throughout the season, as well as the full consolidation of Boa Vista.

Our production mix will continue to have a higher share of sugar, with total sugar production volume of 1.4 million tons, or 7.6% more than in 2016/17 crop year.

With the full consolidation of Boa Vista, a mill 100% dedicated to ethanol, our ethanol production volume for the 2017/18 crop year is estimated to reach 450,000 m<sup>3</sup> of anhydrous ethanol and 430,000 m<sup>3</sup> of hydrous ethanol, while energy cogeneration should reach approximately 900,000 MWh in the period.

### Financial Highlights of the 2016/17 Crop Year

The following table presents São Martinho's financial highlights in 4Q17 and in the 2016/17 crop year, which will be discussed in more detail throughout this earnings release.

	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
Net Revenue <sup>1</sup>	894,270	818,146	9.3%	3,122,348	2,831,124	10.3%
Adjusted EBITDA	400,991	346,297	15.8%	1,445,083	1,301,240	11.1%
Adjusted EBITDA Margin	44.8%	42.3%	2.5 p.p.	46.3%	46.0%	0.3 p.p.
Adjusted EBIT	182,232	114,444	59.2%	707,172	569,254	24.2%
Adjusted EBIT Margin	20.4%	14.0%	6.4 p.p.	22.6%	20.1%	2.5 p.p.
<b>Consolidated Balance Sheet Indicators <sup>2</sup></b>						
Total Assets	8,691,525	7,755,590	12.1%	8,691,525	7,755,590	12.1%
Shareholders' Equity	3,403,320	2,646,597	28.6%	3,403,320	2,646,597	28.6%
EBITDA (LTM)	1,666,784	1,301,240	28.1%	1,666,784	1,301,240	28.1%
Net Debt	2,584,549	2,784,955	-7.2%	2,584,549	2,784,955	-7.2%
Net Debt / EBITDA (LTM)	1.55 x	2.14 x		1.55 x	2.14 x	
Net Debt / Shareholders' Equity	76%	105%		76%	105%	

<sup>1</sup> - Excludes the effects from Hedge Accounting of foreign-denominated debt and PPA.

<sup>2</sup> - Information considers 100% of UBV on the 4Q17 and 12M17.

## INDUSTRY OVERVIEW

On April 12, 2017, the Sugarcane Industry Association (UNICA) released closing data for the 2016/17 crop year in the Center-South region, which registered sugarcane crushing volume of 607.1 million tons, down 1.7% on the previous season. Cane TRS averaged 133.0 Kg/ton, of which 46.3% was allocated to sugar production and 53.7% to ethanol production.

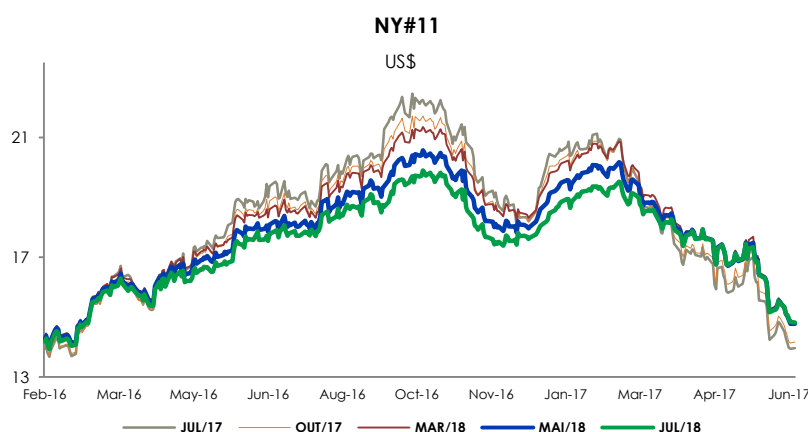
For the 2017/18 crop year, UNICA estimates crushing volume of 585 million, down 3.7% from the 2016/17 crop year. The reduction reflects the smaller area available for harvest due to the renewal of sugarcane fields with planting every 18 months. The association also expects a decline in agricultural yield (TRS) of 2.7% from the previous crop year, reflecting the lower amount of stand-over cane and aging of fields. Note, however, that this combination of factors will not affect São Martinho, as already explained in the section “Operating Data.”

### Sugar

According to UNICA, sugar production amounted to 35.6 million tons in Brazil's Center-South in the 2016/17 crop year, or 14.1% more than in the previous season. This growth is explained by producers' decisions to prioritize sugar production, since international prices for sugar offered higher margins than for ethanol.

For the 2017/18 crop year, the expectation is for sugar production in the Center-South of 35.2 million tons, down 1.2% from the 2016/17 season. The projected drop in production mainly reflects the decline in international prices for the product, which, coupled with the stronger Brazilian real, reduced expectations for higher prices at the end of 2016. We are still at the start of the season, but given the magnitude of the drop in sugar prices observed recently, there is a strong likelihood that producers will migrate part of their sugar production to ethanol, given the very similar profitability and the much shorter ethanol cash conversion cycle.

Although in the near term the sugar market is being pressured by: (i) apparent weaker sugar consumption in India; (ii) the higher duties on sugar imports imposed by China; and (iii) lower oil prices, we are very optimistic on the supply and demand scenario for sugar in the medium and long term, given that the main producing regions are not expected to make new investments and consumption should continue to grow at an average rate of 2% p.a.



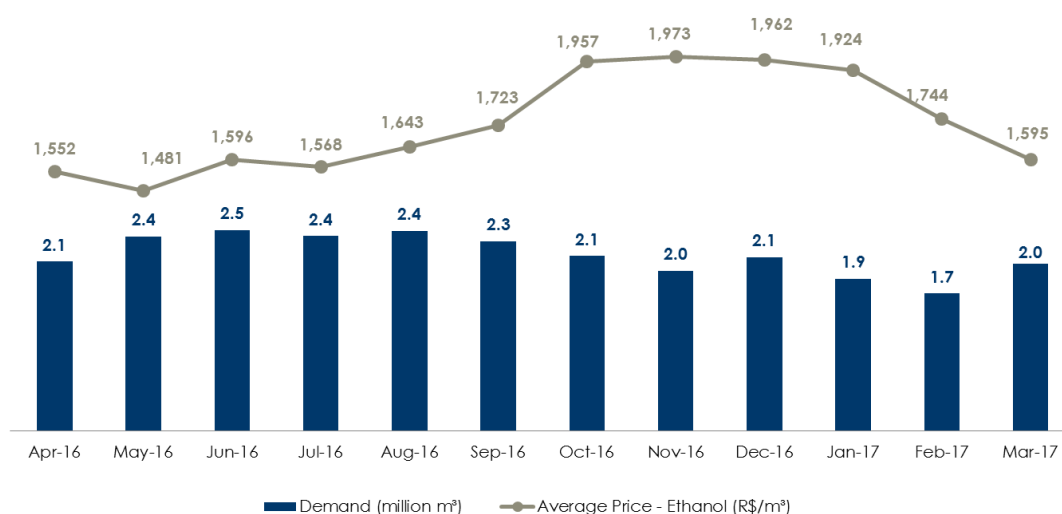


Ethanol

AVERAGE PRICES - ETHANOL	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m <sup>3</sup>	1,821.24	2,077.19	-12.3%	1,810.79	1,666.31	8.7%
Hydrous ESALQ, Net DM - R\$ / m <sup>3</sup>	1,663.34	1,890.58	-12.0%	1,633.57	1,492.52	9.5%

In 4Q17, ethanol prices fell by approximately 12.0%, reflecting a combination of: (i) the hikes in the rates of ethanol sales taxes (PIS/COFINS) of 120/m<sup>3</sup> as of January 2017; (ii) the growth in imports of U.S. anhydrous ethanol; and (iii) lower oil prices.

The following chart shows monthly ethanol consumption and the average prices practiced, based on data from Cepea Esalq for the 2016/17 crop year.



## FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
R\$ '000						
<b>Domestic Market</b>	<b>407,339</b>	<b>438,791</b>	<b>-7.2%</b>	<b>1,521,316</b>	<b>1,443,122</b>	<b>5.4%</b>
Sugar	60,535	29,786	103.2%	161,813	102,226	58.3%
Hydrous Ethanol	82,181	161,231	-49.0%	400,621	415,915	-3.7%
Anhydrous Ethanol	224,531	237,587	-5.5%	720,424	665,196	8.3%
Energy	29,122	2,923	n.m.	152,089	185,573	-18.0%
Real Estate Development	320	333	-3.9%	21,289	23,210	-8.3%
Other	10,650	6,931	53.7%	65,079	51,002	27.6%
<b>Export Market</b>	<b>486,931</b>	<b>379,355</b>	<b>28.4%</b>	<b>1,601,032</b>	<b>1,388,002</b>	<b>15.3%</b>
Sugar	462,085	362,404	27.5%	1,482,817	1,156,501	28.2%
Hydrous Ethanol	7,709	16,951	-54.5%	74,824	85,972	-13.0%
Anhydrous Ethanol	16,753	-	n.m.	43,008	134,579	-68.0%
Other	384	-	n.m.	384	10,950	-96.5%
<b>Net Revenue*</b>	<b>894,270</b>	<b>818,146</b>	<b>9.3%</b>	<b>3,122,348</b>	<b>2,831,124</b>	<b>10.3%</b>
Sugar	522,620	392,190	33.3%	1,644,630	1,258,727	30.7%
Hydrous Ethanol	89,890	178,182	-49.6%	475,445	501,887	-5.3%
Anhydrous Ethanol	241,284	237,587	1.6%	763,431	799,775	-4.5%
Energy	29,122	2,923	n.m.	152,089	185,573	-18.0%
Hydrous Ethanol	320	333	-3.9%	21,289	23,210	-8.3%
Other	11,034	6,931	59.2%	65,463	61,952	5.7%

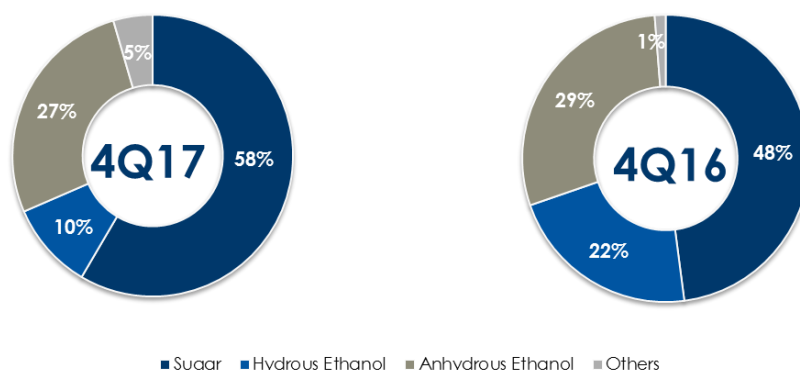
\*Excludes the effects from Hedge Accounting of foreign-denominated debt and PPA.

### Net Revenue

In the fourth quarter of the 2016/17 crop year (4Q17), the Company's net revenue amounted to R\$894.3 million, increasing 9.3% from the same period of the previous crop year. This improvement basically reflects the 29.3% increase in the average sugar sales price combined with the 3.1% growth in sugar sales volume. For the 2016/17 crop year, net revenue grew 10.3% to R\$3,122.3 million, due to the same reasons positive factors cited for 4Q17.

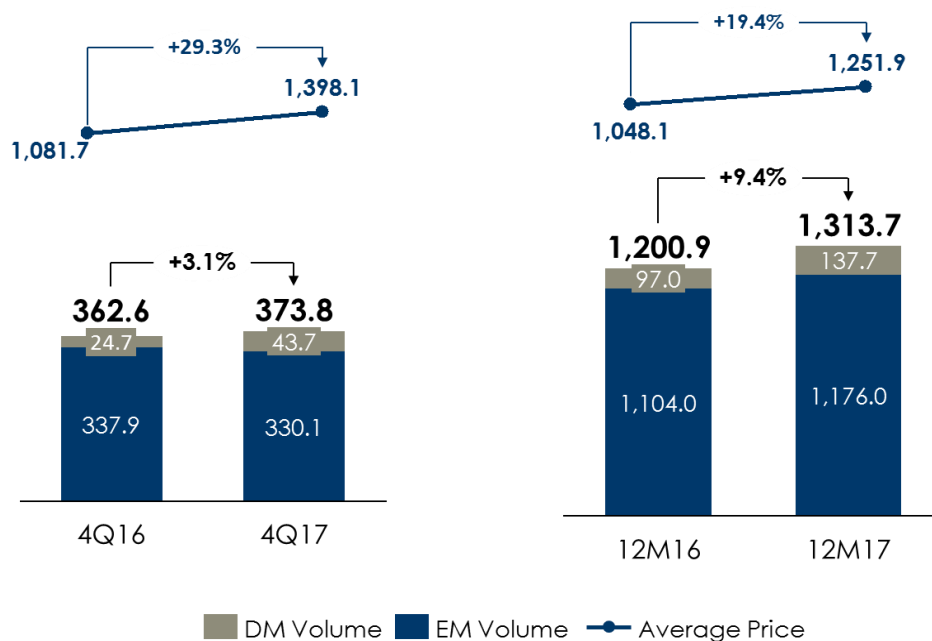
The following charts present a breakdown of the Company's net revenue by product:

### Net Revenue Breakdown 4Q17 x 4Q16



## Sugar

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

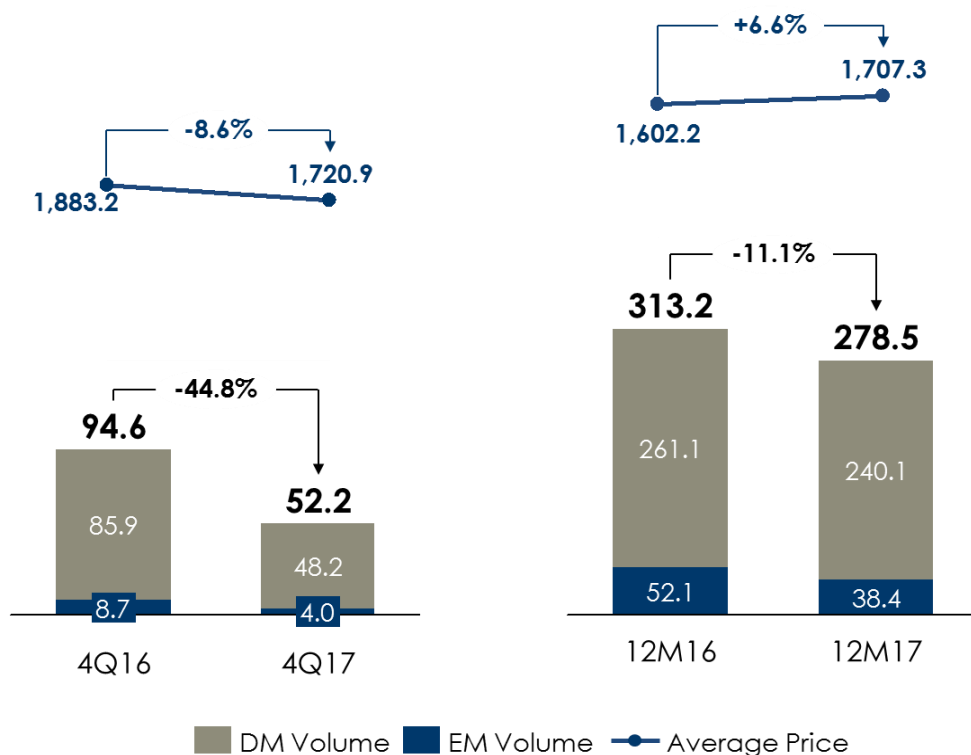


Net revenue from sugar sales amounted to R\$522.6 million in 4Q17, increasing 33.3% on the same period of the previous crop year. As discussed previously, this improvement basically reflects the 29.3% increase in the average sugar sales price in the quarter (R\$1,398.1/ton) and the 3.1% growth in sugar sales volume (373,800 tons).

In full crop year, net revenue from sugar sales amounted to R\$1,644.6 million, increasing 30.7% compared to 12M16, reflecting the 9.4% growth in sales volume (1,313.7 thousand tons) and the 19.4% increase in the average sales price in the period (R\$ 1,251.9/ton).

## Hydrous Ethanol

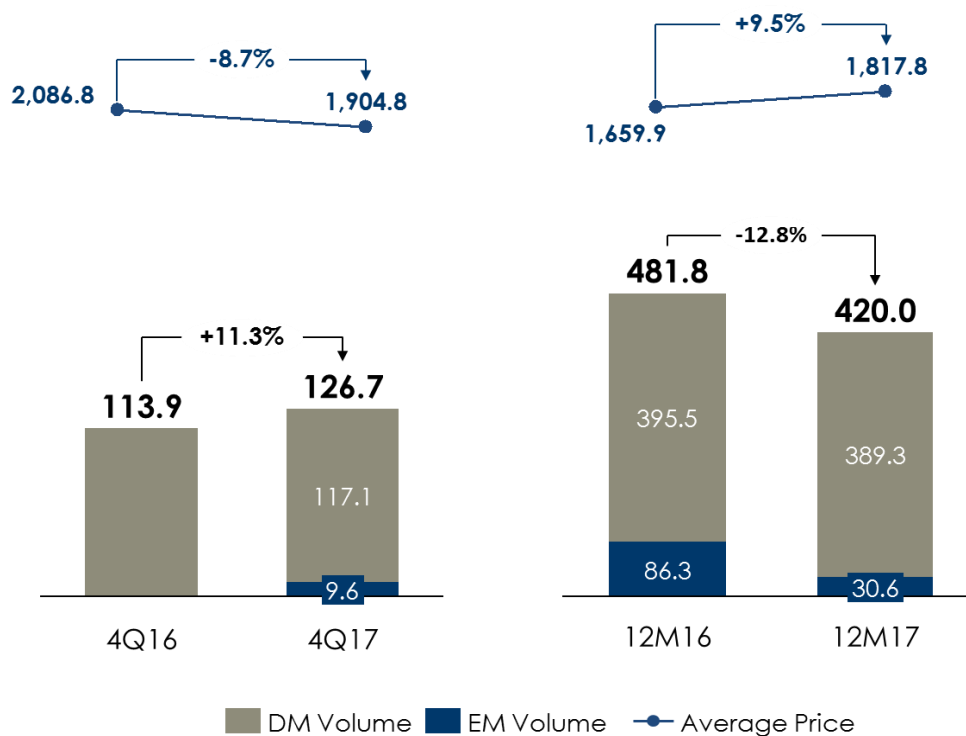
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from hydrous ethanol sales amounted to R\$89.9 million in 4Q17, down 49.6% from 4Q16. The lower revenue reflects the 44.8% drop in sales volume in the quarter, which is mainly due to the crop shortfall, as detailed in the Material Fact notice of November 2016. There was also significant growth in ethanol imports in early 2017, which affected domestic prices and led to an 8.6% decrease in prices. In the 2016/17 crop year, net revenue from hydrous ethanol sales fell 5.3% from 12M16, to R\$475.4 million, which reflects the 11.1% decrease in sales volume due to the crop shortfall.

## Anhydrous Ethanol

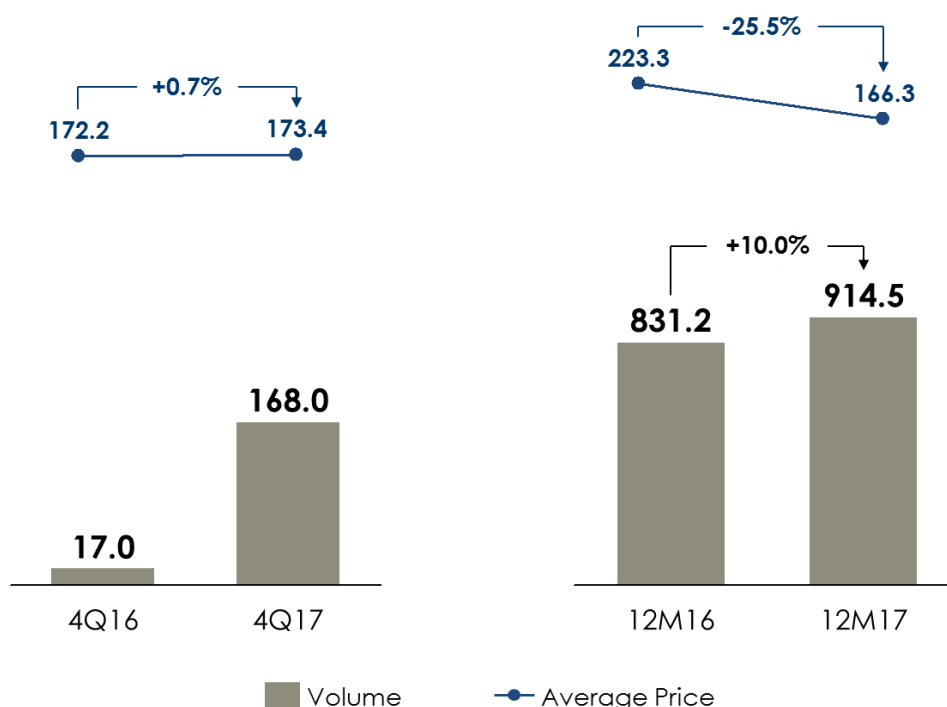
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from anhydrous ethanol sales amounted to R\$241.3 million in 4Q17, in line with 4Q16. In the full crop year, net revenue from anhydrous ethanol sales decreased 4.5% compared to 12M16, to R\$763.4 million, reflecting the 12.8% lower sales volume, despite the 9.5% higher average sales price (R\$ 1,817.8/m³).

## Cogen

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



Net revenue from cogeneration sales amounted to R\$29.1 million in 4Q17, reflecting the higher cogeneration sales volume in the period. In 12M17, net revenue from cogeneration sales amounted to R\$152.1 million, down 18.0% from the previous crop year. The lower revenue reflects the decline in the average sales price, due to the lower electricity price (PLD) in the period.

## Real Estate Development

Since the 2014/15 crop year, three real estate projects have been launched: Recanto das Paineiras, Park Empresarial (in the region of Limeira, SP) and Nova Pradópolis (in the region of Ribeirão Preto, SP).

The following table presents an overview of these projects and their percentage of completion (POC) and sales since their launch as of March 2017.

Real Estate Development	Type	Town	Area (m²)	Launched date	Total lots Sold	POC Position
Recanto das Paineiras	Residential	Iracemápolis	376,567	June-14	99.6%	100.0%
Park Empresarial	Industrial	Iracemápolis	182,684	September-14	75.2%	100.0%
Nova Pradópolis	Residential	Pradópolis	257,750	December-15	76.0%	100.0%

In the 2016/17 crop year, the Company recognized net revenue of R\$21.3 million and cash generation of R\$17.2 million.

Real Estate Development	Net Revenue 12M17	Cash Generation 12M17	Portfolio March/17	Nominal Portfolio March/17
Current Projects	9,296	7,488	30,089	45,838
Land Monetization	11,993	9,718	4,515	4,515
<b>Total</b>	<b>21,289</b>	<b>17,206</b>	<b>34,604</b>	<b>50,353</b>

## INVENTORIES

	4Q17	4Q16	Chg. (%)
Sugar (tons)	10,141	33,450	-69.7%
Hydrous (m³)	7,634	12,733	-40.0%
Anhydrous (m³)	34,829	25,116	38.7%

## EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 12M17	SUGAR	ETHANOL	ETHANOL IMPORTED	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000							
Net Revenues*	1,644,630	1,213,363	25,513	152,089	21,289	65,463	3,122,348
COGS (Cash)	(703,122)	(602,211)	(26,870)	(46,043)	(3,473)	(41,549)	(1,423,269)
Gross Profit (Cash)	941,508	611,152	(1,357)	106,046	17,816	23,914	1,699,078
Gross Margin (Cash)	57.2%	50.4%	-5.3%	69.7%	83.7%	36.5%	54.4%
Sales Expenses	(86,766)	(10,672)	(2,160)	(6,978)	-	(244)	(106,820)
G&A Expenses (Cash)	(72,630)	(62,586)	-	(14,110)	(3,560)	-	(152,886)
Other Revenues (Expenses)	-	-	-	-	-	5,710	5,710
<b>Adjusted EBITDA</b>	<b>782,112</b>	<b>537,894</b>	<b>(3,517)</b>	<b>84,958</b>	<b>14,256</b>	<b>29,381</b>	<b>1,445,083</b>
Adjusted EBITDA Margin	47.6%	44.3%	-13.8%	55.9%	67.0%	44.9%	46.3%
EBITDA Cost**	(656.5)	(988.1)	(1,952.8)	(73.4)			

\*Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R\$ 119.5 million).

\*\* Sugar in R\$/Ton

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

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 12M16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	1,258,727	1,301,662	185,573	23,210	61,952	2,831,124
COGS (Cash)	(571,720)	(626,083)	(44,833)	(6,581)	(32,572)	(1,281,788)
Gross Profit (Cash)	687,007	675,579	140,740	16,629	29,380	1,549,335
Gross Margin (Cash)	54.7%	52.2%	75.8%	71.6%	43.0%	54.7%
Sales Expenses	(78,984)	(24,277)	(5,806)	-	(77)	(109,145)
G&A Expenses (Cash)	(61,604)	(66,912)	(11,673)	(5,026)	-	(145,214)
Other Revenues (Expenses)	-	-	-	-	6,263	6,263
<b>Adjusted EBITDA</b>	<b>546,419</b>	<b>584,390</b>	<b>123,262</b>	<b>11,604</b>	<b>35,566</b>	<b>1,301,240</b>
Adjusted EBITDA Margin	43.5%	45.2%	66.4%	50.0%	53.0%	46.0%
EBITDA Cost**	(593.1)	(902.2)	(75.0)			

\*Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R\$ 103.7 million).

\*\* Sugar in R\$/Ton

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

Cogeneration in R\$/MWh

In the 2016/17 crop year, sugar accounted for 54.1% of the Group's consolidated Adjusted EBITDA, while ethanol accounted for 37.2% and cogeneration for 5.9%. Sugar EBITDA margin expanded 4.1 p.p. on the same period of the previous crop year, supported mainly by the higher average sales price. Ethanol EBITDA margin, however, contracted 0.9 p.p., mainly due to the lower production and consequently lower cost dilution.

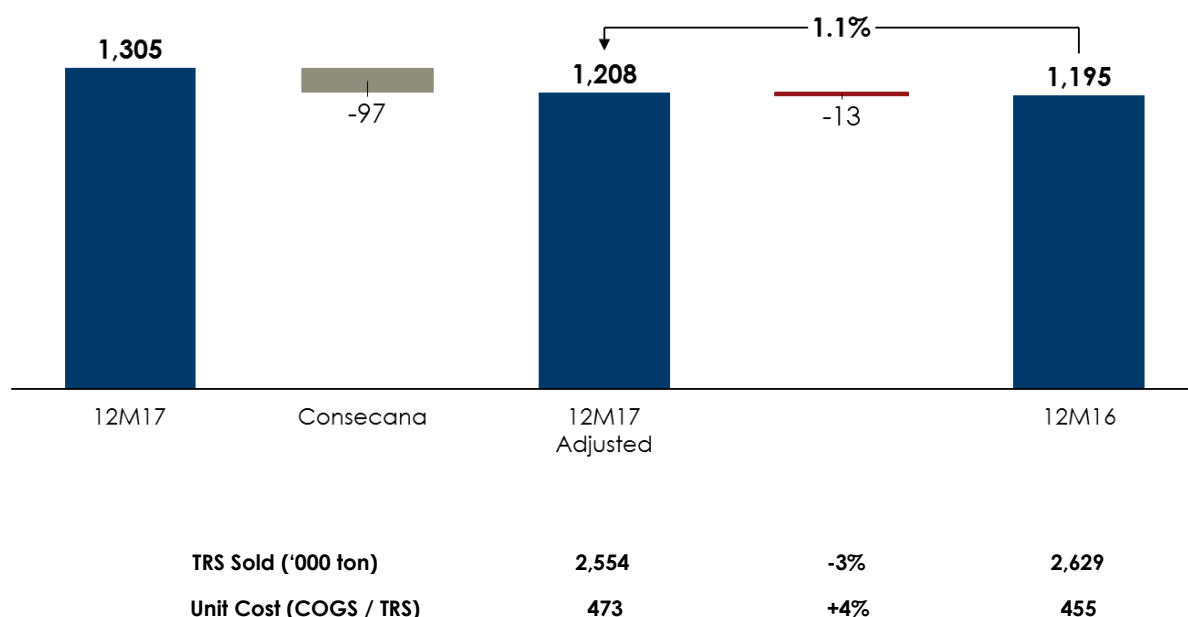


## COST OF GOODS SOLD

R\$ '000	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
Agricultural Costs	350,870	335,727	4.5%	1,140,635	1,025,588	11.2%
Suppliers	159,019	162,037	-1.9%	575,336	541,378	6.3%
Partnerships	96,033	65,975	45.6%	271,144	194,256	39.6%
Own Sugarcane	95,818	107,714	-11.0%	294,155	289,953	1.4%
Industrial	60,877	57,039	6.7%	175,283	168,322	4.1%
Other Products	36,153	9,478	n.m.	91,467	96,350	-5.1%
Ethanol Imported	-	-	-	26,870	-	-
Reintegra	(9,848)	(423)	n.m.	(10,985)	(8,471)	29.7%
<b>Total COGS</b>	<b>438,052</b>	<b>401,820</b>	<b>9.0%</b>	<b>1,423,269</b>	<b>1,281,788</b>	<b>11.0%</b>
TRS Sold (000 Tons)	701	739	-5.1%	2,580	2,629	-1.9%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	573	532	7.7%	516	454	13.7%
<b>Total COGS ex-Importation</b>				<b>1,396,399</b>	<b>1,281,788</b>	<b>8.9%</b>
TRS Sold (000 Tons) ex-Importation				2,554	2,629	-2.9%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold) ex-Importation				511	454	12.5%

In 4Q17, Cash COGS came to R\$438.1 million, increasing 9.0% from the previous crop year. The main factor contributing to the higher Cash COGS in the quarter was the growth in cogeneration sales, as discussed previously in the section "Net Revenue." Sugar and ethanol unit COGS increased 7.7% in the period, reflecting the higher Consecana prices and lower TRS sales volume.

In the crop year, cash COGS amounted to R\$1,423.3 million, up 11.0% on the previous crop year. Excluding the ethanol imports made in early 2016/17, cash COGS increased 8.9%, mainly reflecting the higher Consecana prices combined with the 2.9% decrease in TRS sales volume. The following chart details the variation in Sugar and Ethanol Unit Costs in the full crop year:



The following table presents more details on average unit cash cost for both sugar and ethanol.

AVERAGE CASH COST PER UNIT	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
R\$ '000						
<b>COGS</b>	<b>401,938</b>	<b>395,597</b>	<b>1.6%</b>	<b>1,305,333</b>	<b>1,195,073</b>	<b>9.2%</b>
Sugar	223,183	200,441	11.3%	703,122	571,720	23.0%
Ethanol	178,755	195,156	-8.4%	602,211	623,353	-3.4%
<b>Average Cash Cost Per Unit (*)</b>						
Sugar Cash Cost	597.1	552.8	8.0%	535.2	476.1	12.4%
Ethanol Cash Cost	999.2	936.1	6.7%	880.9	784.0	12.4%

(\*) Sugar in R\$/Ton  
Ethanol in R\$/m<sup>3</sup>

## SELLING EXPENSES

	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
R\$ Thousand						
Port Costs / Freight	25,996	31,735	-18.1%	95,139	99,516	-4.4%
Ethanol Imported	-	-	-	2,160	-	n.m.
Other	2,762	1,931	43.0%	9,521	9,629	21.3%
<b>Selling Expenses</b>	<b>28,758</b>	<b>33,666</b>	<b>-14.6%</b>	<b>106,820</b>	<b>109,145</b>	<b>-2.1%</b>
TRS Sold ('000 Tons)	701	738	-5.0%	2,580	2,628	-1.8%
% of Net Revenues	3.2%	4.1%	-0.9 p.p.	3.4%	3.9%	-0.4 p.p.

In 4Q17, selling expenses amounted to R\$28.8 million, down 14.6% from 4Q16. The reduction in expenses is mainly due to the higher volume of sugar transported via rail, which consequently reduced our exposure to road freight.

In the crop year, selling expenses amounted to R\$106.8 million, down 2.1% from the previous crop year, basically reflecting the positive effect from the higher sugar volumes transported by rail.

## GENERAL AND ADMINISTRATIVE EXPENSES

	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
R\$ Thousand						
Personnel and Management Fee	25,840	24,008	7.6%	102,869	95,210	8.0%
Taxes, Fees, Contributions and Contingencies	4,445	7,102	-37.4%	16,150	18,172	-11.1%
General Expenses and Third-Party Services	9,697	8,963	8.2%	32,263	28,707	12.4%
Stock Options Expenses	1,112	988	12.6%	4,076	3,125	30.4%
<b>Total recurring General and Administrative Expenses</b>	<b>41,094</b>	<b>41,061</b>	<b>0.1%</b>	<b>155,358</b>	<b>145,214</b>	<b>7.0%</b>
Non-recurring items	(9,672)	-	-	(2,472)	-	-
<b>Total General and Administrative Expenses</b>	<b>31,422</b>	<b>41,061</b>	<b>-23.5%</b>	<b>152,886</b>	<b>145,214</b>	<b>5.3%</b>

General and administrative expenses amounted to R\$41.1 million in 4Q17, in line with 4Q16. Excluding the expenses with the merger of Nova Fronteira and considering the reversal of a labor contingency in the period, G&A expenses fell 23.5% from the same period of the previous crop year.

In the full crop year, general and administrative expenses, excluding non-recurring items, came to R\$152.9 million.

## EBITDA

Pro-Forma EBITDA RECONCILIATION	4Q17	4Q16	Chg. (%)	12M17	12M16	Chg. (%)
R\$ '000						
<b>Adjusted EBITDA</b>	<b>400,991</b>	<b>346,297</b>	<b>15.8%</b>	<b>1,445,083</b>	<b>1,301,240</b>	<b>11.1%</b>
Adjusted EBITDA Margin	44.8%	42.3%	2.5 p.p.	46.3%	46.0%	0.3 p.p.
Adjustment to Maturity of Hedge / PPA	(5,802)	4,661	n.m.	119,467	103,706	15.2%
Equity Income	343	(437)	-178.5%	(606)	(456)	32.9%
Non Recurring Operating Revenues (Expenses)	(140,609)	(786)	n.m.	(142,362)	(4,100)	n.m.
Biological Assets	17,647	(43,231)	n.m.	24,207	(55,960)	n.m.
<b>Book EBITDA</b>	<b>529,412</b>	<b>386,090</b>	<b>37.1%</b>	<b>1,444,377</b>	<b>1,258,050</b>	<b>14.8%</b>
EBITDA Margin	58.8%	47.5%	11.4 p.p.	48.1%	46.1%	2.0 p.p.
(-) Depreciation and Amortization	(218,759)	(231,852)	-5.6%	(737,911)	(731,987)	0.8%
(-) Financial Revenue (Expense), net	(61,970)	(66,144)	-6.3%	(260,914)	(320,232)	-18.5%
(=) Operating Income	248,683	88,094	182.3%	445,552	205,831	116.5%

### Adjusted EBITDA

Adjusted EBITDA amounted to R\$401.0 million in 4Q17 (Adjusted EBITDA margin of 44.8%), increasing 15.8% from 4Q16. In the full crop year, Adjusted EBITDA advanced 11.1% to R\$1,445.1 million (EBITDA margin of 46.3%). The improvement in the periods basically reflected a higher average sugar sales price combined with higher sugar sales volume.

### Main Adjustments to EBITDA in 4Q17 and 12M17

#### 1) Adjustment of Debt Maturity (Hedge Accounting / PPA)

- Debt maturity (Hedge Accounting): Income related to exchange variation on debt settled in 4Q17 that was previously designated as Hedge Accounting. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.3/US\$1.00, we adjusted the amount of R\$4.3 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period. In 12M17, we adjusted an expense in the amount of R\$112.2 million.
- Price Purchase Allocation (PPA): Noncash income of R\$1.5 million, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of the Santa Cruz Mill and Boa Vista Mill in 4Q17. In the full crop year, the expense came to R\$7.3 million.

#### 2) Biological Assets

- Expense related to the noncash accrual of a provision for the fair value adjustment of biological assets in the amount of R\$17.6 million in 4Q17, which mainly reflects the drop in sugar prices at the close of contracts for March 2017 compared to at the close of contracts for December 2016. In the full crop year, the expense came to R\$24.2 million.

#### 3) Non-recurring Operating Income/Expenses

- Non-recurring income of R\$142.6 million recognized in 4Q17 and 12M17 from the merger of Nova Fronteira. Simultaneously with the recognition of this non-recurring income, the Company derecognized the balance of tax losses at Boa Vista, as

presented in the line Deferred Income and Social Contribution Taxes in the financial statements herein.

## Operating Cash Generation (Adjusted EBIT)

EBIT in 4Q17 came to R\$182.2 million (EBIT margin of 20.4%), increasing 59.2% from 4Q16. In 12M17, EBIT grew 24.2% compared to 12M16, to R\$707.2 million (EBIT margin of 22.6%), explained by the same factors that benefitted Adjusted EBITDA.

	4Q17	4Q16	Chg.%	12M17	12M16	Chg.%
R\$ '000						
<b>Adjusted EBIT</b>	<b>182,232</b>	<b>114,444</b>	<b>59.2%</b>	<b>707,172</b>	<b>569,254</b>	<b>24.2%</b>
Adjusted EBIT Margin	20.4%	14.0%	6.4 p.p.	22.6%	20.1%	2.5 p.p.
(-) Depreciation and Amortization	(218,759)	(231,852)	-5.6%	(737,911)	(731,987)	0.8%
<b>Adjusted EBITDA</b>	<b>400,991</b>	<b>346,297</b>	<b>15.8%</b>	<b>1,445,083</b>	<b>1,301,240</b>	<b>11.1%</b>
Adjusted EBITDA Margin	44.8%	42.3%	2.5 p.p.	46.3%	46.0%	0.3 p.p.
Adjustment to Maturity of Hedge / PPA	(5,802)	4,661	-224.5%	119,467	103,706	15.2%
Equity Income	343	(437)	-178.5%	(606)	(456)	32.9%
Non Recurring Operating Revenues (Expenses)	(140,609)	(786)	n.m.	(142,362)	(4,100)	n.m.
Biological Assets	17,647	(43,231)	-140.8%	24,207	(55,960)	-143.3%
<b>Book EBITDA</b>	<b>529,412</b>	<b>386,090</b>	<b>37.1%</b>	<b>1,444,377</b>	<b>1,258,050</b>	<b>14.8%</b>
EBITDA Margin	58.8%	47.5%	11.4 p.p.	48.1%	46.1%	2.0 p.p.

## HEDGING

A summary of our sugar and U.S. dollar hedge positions on March 31, 2017 follows.

### Sugar

	Volume Hedged ('000 tons)	Avg. Price (US\$ c/p)	Avg. Dollar (R\$ /USD)	Avg. Price (R\$ /ton)
<b>Sugar</b>				
Mai/17 (K17)	211,299	20.67	3.48	1,586
Jul/17 (N17)	209,713	20.04	3.56	1,574
Out/17 (V17)	179,028	19.91	3.55	1,558
Mar/18 (H18)	97,592	19.64	3.55	1,538
<b>Safra 2017/2018</b>	<b>697,632</b>	<b>20.14</b>	<b>3.53</b>	<b>1,568</b>

\* The exchange rate of R\$/USD 3.25 was considered for the 5% that is not hedged.

On Mar. 31, 2017, sugar prices for the 2017/18 crop year were hedged for 697,600 tons at US\$20.14 ¢/lb, which represents the hedging of approximately 68% of own cane and 50% of total sugar.

On said date, we did not have sugar hedging positions for the 2018/19 crop year.

### U.S. Dollar

On Mar. 31, 2017, the Company held open positions through Non-Deliverable Forwards (NDFs) and derivative instruments, which are used to hedge its exports, with maturities in the 2017/18 crop years, as follows:

TOTAL			SUGAR	
Dólar	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2017/2018 crop year	295,527	3.54	295,527	3.54

The volume of NDFs in U.S. dollar on this date represented approximately 95% of the total hedged sugar volume.

## Hedge Accounting

### Effect on Shareholders' Equity

In March 2010, inclusive, 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 2016 to March 2017, we recorded a gain in shareholders' equity of R\$136.5 million.

### Effect on Income Statement

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

In 4Q17, a total of US\$41.3 million in debt was recognized, with the exchange rate of R\$3.3/US\$1.00 adopted for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.2/US\$1.00, we adjusted the amount of R\$4.3 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period.

In 12M17, a total of US\$132.2 million in debt was recognized, with the exchange rate of R\$2.4/US\$1.00 adopted for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.2/US\$1.00, we adjusted the amount of R\$112.2 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period.

For the 2017/18 crop year, we will have a debt maturity schedule that will impact our results, as detailed in the following table:

	US\$ '000	Average Price (R\$/US\$)
1 <sup>st</sup> Half 17/18	139.360	2,07
2 <sup>nd</sup> Half 17/18	8.131	2,14
<b>12M18</b>	<b>147.491</b>	<b>2,07</b>

## NET FINANCIAL RESULT

FINANCIAL RESULT	4Q17	4Q16	Chg.%	12M17	12M16	Var.%
R\$ '000						
Financial Income	30,981	30,235	2.5%	132,553	120,225	10.3%
Financial Expenses	(85,853)	(73,388)	17.0%	(323,830)	(301,290)	7.5%
<b>Net Financial Result before FX and Hedging</b>	<b>(54,872)</b>	<b>(43,153)</b>	<b>27.2%</b>	<b>(191,277)</b>	<b>(181,065)</b>	<b>5.6%</b>
Hedge Result/Exchange Variation	(5,129)	(18,053)	-71.6%	(49,899)	(129,185)	-61.4%
COPERSUCAR	(1,970)	(4,938)	-60.1%	(19,739)	(9,982)	n.m.
<b>Net Financial Result</b>	<b>(61,970)</b>	<b>(66,144)</b>	<b>-6.3%</b>	<b>(260,914)</b>	<b>(320,232)</b>	<b>-18.5%</b>

The net financial result in 4Q17 was an expense of R\$62.0 million, which represents a 6.3% reduction compared to 4Q16. In the full crop year, the financial result decreased 18.5%, to R\$260.9 million. The improvement of the Company's financial result is mainly due to the lower exchange rate volatility in the fiscal year.

## DEBT WITH COPERSUCAR

On March 31, 2017, the São Martinho Group recognized on its Balance Sheet debt of R\$257.4 million with Copersucar. 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\$221.4 million on a consolidated basis.

## INDEBTEDNESS

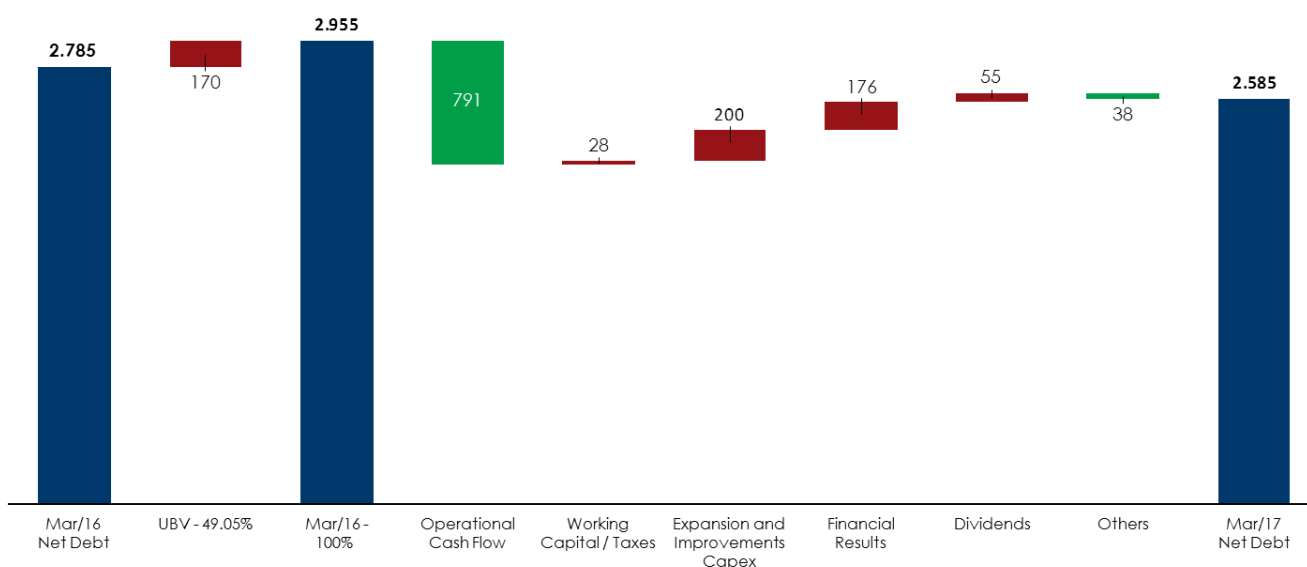
	Mar/17	Mar/16	Chg. %
R\$ '000			
PESA	42,009	51,757	-18.8%
Rural Credit	505,640	147,229	243.4%
BNDES / FINAME	842,630	734,472	14.7%
Working Capital	761,944	990,353	-23.1%
ACC (Advances on Foreign Exchange Contracts)	-	142,520	n.m.
PPE (Export prepayment)	633,070	1,024,853	-38.2%
NCE (Export Credit Note)	584,487	734,296	-20.4%
Agribusiness Certificate of Receivables (CRA)	349,462	-	-
Obligations from Acquisitions - LOP	62,088	73,794	-15.9%
Obligations from Acquisitions - Other	-	5,893	-
<b>Gross Debt</b>	<b>3,781,331</b>	<b>3,905,167</b>	<b>-3.2%</b>
Cash and Cash Equivalents	1,196,782	1,120,212	6.8%
<b>Consolidated Net Debt</b>	<b>2,584,549</b>	<b>2,784,955</b>	<b>-7.2%</b>
<b>Net Debt / Cum. EBITDA</b>	1.55 x	2.14 x	
<b>Net Debt / Cum. EBITDA - USD*</b>	1.61 x	2.16 x	

\* Net Debt PTAX:  
 March/16: R\$ 3.56  
 March/17: R\$ 3.17

Cumulative EBITDA Avg. daily PTAX 12 months:  
 March/16: R\$ 3.58  
 March/17: R\$ 3.30

In the 2016/17 crop year, the net debt of the São Martinho Group decreased 7.2% to R\$2.58 billion to end the period with a ratio of Net Debt to EBITDA of 1.55 times. The improvement in the indicator reflects the strong operating cash generation in the crop year and the merger of Nova Fronteira.

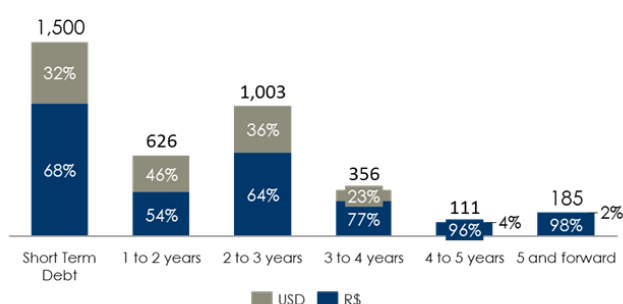
The following chart presents a breakdown of net debt in 12M17:





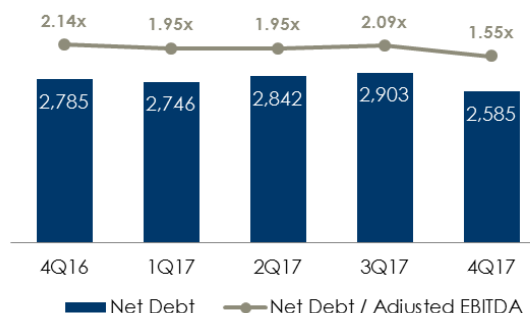
## Debt Amortization Schedule

R\$ million



## Net Debt / EBITDA LTM

Evolution



## Subsequent Events

In the period from April to June 2017, the Company concluded transactions to raise an aggregate R\$805 million, of which R\$505 million was through the issue of Certificates of Agribusiness Receivables (CRAs) with an average term of 4.5 years, and R\$ 297 million was through loans from the IFC with terms of up to 8 years, which effectively eliminated our exposure to short-term foreign-denominated liabilities.

## CAPEX

(Maintenance)	4Q17	4Q16	Chg.%	12M17	12M16	Chg.%
R\$ '000						
Sugarcane Planting	76,001	74,936	1.4%	217,141	207,443	4.7%
Off-Season Maintenance / Industrial / Agricultural	143,545	132,779	8.1%	207,754	158,149	31.4%
Crop Treatment	77,791	66,525	16.9%	367,217	311,004	18.1%
<b>Total</b>	<b>297,337</b>	<b>274,240</b>	<b>8.4%</b>	<b>792,113</b>	<b>676,596</b>	<b>17.1%</b>
(Operational Improvements)	4Q17	4Q16	Chg.%	12M17	12M16	Chg.%
R\$ '000						
Equipment/Projects/Replacements	22,068	19,273	14.5%	76,972	74,545	3.3%
<b>Total</b>	<b>22,068</b>	<b>19,273</b>	<b>14.5%</b>	<b>76,972</b>	<b>74,545</b>	<b>3.3%</b>
(Upgrading/Expansion)	4Q17	4Q16	Chg.%	12M17	12M16	Chg.%
R\$ '000						
Industrial/Agricultural	26,761	25,195	6.2%	107,826	89,675	20.2%
<b>Total</b>	<b>26,761</b>	<b>25,195</b>	<b>6.2%</b>	<b>107,826</b>	<b>89,675</b>	<b>20.2%</b>
<b>Total</b>	<b>346,166</b>	<b>318,709</b>	<b>8.6%</b>	<b>976,911</b>	<b>840,816</b>	<b>16.2%</b>

The Company's maintenance CAPEX amounted to R\$297.3 million in 4Q17, increasing 8.4% from the previous crop year. In the crop year, maintenance CAPEX amounted to R\$792.1 million, increasing 17.1% from the previous crop year. The growth in maintenance Capex basically reflects: (i) the increase in inter-crop maintenance due to the crop year ending schedule, since in the 2016/17 crop year crushing activities ended 1 month earlier than in the 2015/16 crop year; (ii) the increase in crop treatments, reflecting the larger area treated as well as the additional investments made because of the frosts; (iii) the increase in inflation-related costs, such as labor and diesel; and (iv) the consolidation of 100% of Boa Vista in March 2017.

Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$22.1 million in 4Q17, increasing 14.5% and reflecting the crop year schedule, since in the 2016/17 crop year investments came to R\$77.0 million, in line with expenditures in the previous crop year.

The Company's expansion CAPEX came to R\$107.8 million in the 2016/17 crop year, up 20.2% on the previous crop year. The increase is mainly explained by the expansion in processing capacity at the Santa Cruz Mill to 5.6 million tons, as well as the carryover effect of previous projects.

## FREE CASH FLOW

The following table presents the Company's free cash flow in the crop year, considering 100% consolidation of the results of the Boa Vista Mill, since the acquisition of Nova Fronteira occurred in February 2017, incorporating 100% of the cash generation of Boa Vista to the shareholders of São Martinho after the share issue.

	12M16	12M17*	Chg. (%)
Adjusted EBITDA	1,301,241	1,666,784	
(-) Maintenance Capex	(678,900)	(874,935)	
<b>Operating Cash Generation</b>	<b>622,341</b>	<b>791,850</b>	<b>27.2%</b>
(-) Income and social contribution taxes paid	(7,032)	(9,259)	
(-) Financial	(179,912)	(172,368)	
(+/-) Working Capital Variation / Other	(117,796)	(18,429)	
<b>Cash flow before expansion/improvement Capex</b>	<b>317,602</b>	<b>591,794</b>	<b>86.3%</b>
(-) Improvement Capex	(74,545)	(82,488)	
(-) Expansion Capex	(89,675)	(117,016)	
<b>Cash Flow for Shareholders</b>	<b>153,381</b>	<b>392,290</b>	<b>155.8%</b>
(-) Dividends	(67,938)	(55,384)	
(-) Stock repurchase	(21,277)	(66,542)	
<b>Free Cash Flow</b>	<b>64,166</b>	<b>270,364</b>	<b>321.3%</b>

\* Considers 100% of UBV

## ROIC

### With lands

	12M16	12M17 <sup>1</sup>
<b>Operating Cash Generation after tax (cash)</b>	<b>615</b>	<b>783</b>
Permanent Assets*	5,657	6,189
Short-Term Assets - Short-Term Liabilities**	204	197
<b>Average Invested Capital</b>	<b>5,861</b>	<b>6,386</b>
<b>ROIC<sup>2</sup></b>	<b>10.5%</b>	<b>12.3%</b>

### Without lands

	12M16	12M17 <sup>1</sup>
<b>Operating Cash Generation after tax (cash)</b>	<b>564</b>	<b>724</b>
Permanent Assets*	3,906	4,410
Short-Term Assets - Short-Term Liabilities**	204	197
<b>Average Invested Capital</b>	<b>4,110</b>	<b>4,607</b>
<b>ROIC<sup>2</sup></b>	<b>13.7%</b>	<b>15.7%</b>

1 - Considers 100% of UBV.

2 - Considers the average invested capital between the current crop year and the year before.

\* Long-Term Assets + Biological Assets (short-term)

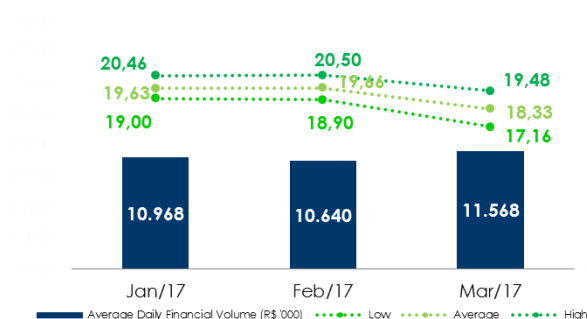
\*\* Current Working Assets - Current Working Liabilities

## CAPITAL MARKETS AND INVESTOR RELATIONS

### Performance SMT03 – 12 months



### Price and Volume



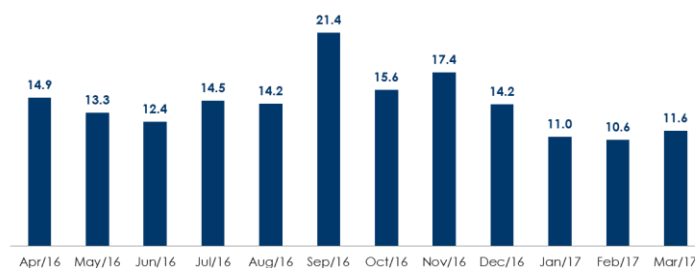
### SMT03 vs. Stock Indexes

Base 100



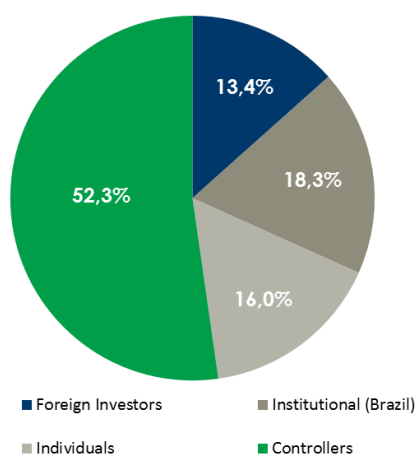
### Average Daily Trading Volume

R\$ million

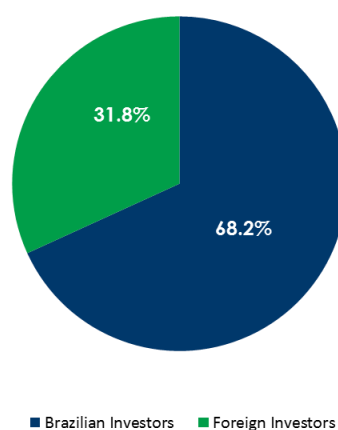


### Ownership Structure

Base: March 31, 2017



### Free-Float Composition



## **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

### Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	4Q17	4Q16	Chg. (%)	4Q17	4Q16	Chg. (%)
R\$ '000						
Gross Revenue	882,155	714,426	23.5%	941,067	844,089	11.5%
Deductions from Gross Revenue	(36,478)	(25,227)	44.6%	(40,995)	(30,604)	34.0%
<b>Net Revenue</b>	<b>845,677</b>	<b>689,199</b>	<b>22.7%</b>	<b>900,072</b>	<b>813,485</b>	<b>10.6%</b>
Cost of Goods Sold (COGS)	(633,939)	(517,902)	22.4%	(671,703)	(587,855)	14.3%
<b>Gross Profit</b>	<b>211,738</b>	<b>171,297</b>	<b>23.6%</b>	<b>228,369</b>	<b>225,630</b>	<b>1.2%</b>
Gross Margin (%)	25.0%	24.9%	0.2 p.p	25.4%	27.7%	-2.4 p.p
<b>Operating Expenses</b>	<b>96,169</b>	<b>(31,615)</b>	<b>n.m.</b>	<b>82,284</b>	<b>(71,392)</b>	<b>n.m.</b>
Selling Expenses	(27,910)	(32,722)	-14.7%	(28,758)	(33,666)	-14.6%
General and Administrative Expenses	(31,105)	(37,299)	-16.6%	(34,176)	(43,647)	-21.7%
Equity Income	9,699	33,634	-71.2%	(343)	437	n.m.
Other Operating Expenses, Net	145,485	4,772	n.m.	145,561	5,484	n.m.
<b>Operating Profit, Before Financial Effects</b>	<b>307,907</b>	<b>139,682</b>	<b>120.4%</b>	<b>310,653</b>	<b>154,238</b>	<b>101.4%</b>
<b>Financial Result, Net</b>	<b>(62,646)</b>	<b>(61,741)</b>	<b>1.5%</b>	<b>(61,970)</b>	<b>(66,144)</b>	<b>-6.3%</b>
Financial Income	27,430	25,843	6.1%	30,981	30,235	2.5%
Financial Expenses	(83,668)	(68,177)	22.7%	(87,823)	(78,326)	12.1%
Monetary and Exchange Variations - Net	4,080	22,030	-81.5%	5,360	30,407	-82.4%
Derivative Income (Loss)	(10,488)	(41,437)	-74.7%	(10,488)	(48,460)	-78.4%
<b>Income (Loss) Before Income and Social Contribution Taxes</b>	<b>245,261</b>	<b>77,941</b>	<b>214.7%</b>	<b>248,683</b>	<b>88,094</b>	<b>182.3%</b>
Income Tax and Social Contribution - Current	(1,633)	(7,150)	-77.2%	(2,085)	(13,823)	-84.9%
Income Tax and Social Contribution - Deferred	(124,187)	1,325	n.m.	(127,157)	(2,155)	n.m.
<b>Net Income</b>	<b>119,441</b>	<b>72,116</b>	<b>65.6%</b>	<b>119,441</b>	<b>72,116</b>	<b>65.6%</b>
Net Margin (%)	14.1%	10.5%	3.7 p.p	13.3%	8.9%	4.4 p.p

## Full Year

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	12M17	12M16	Chg. (%)	12M17	12M16	Chg. (%)
R\$ '000						
Gross Revenue	2,713,613	2,424,838	11.9%	3,130,157	2,837,663	10.3%
Deductions from Gross Revenue	(104,094)	(86,108)	20.9%	(127,276)	(110,245)	15.4%
<b>Net Revenue</b>	<b>2,609,519</b>	<b>2,338,730</b>	<b>11.6%</b>	<b>3,002,881</b>	<b>2,727,418</b>	<b>10.1%</b>
Cost of Goods Sold (COGS)	(1,926,210)	(1,694,804)	13.7%	(2,174,033)	(1,947,046)	11.7%
<b>Gross Profit</b>	<b>683,309</b>	<b>643,926</b>	<b>6.1%</b>	<b>828,848</b>	<b>780,372</b>	<b>6.2%</b>
Gross Margin (%)	26.2%	27.5%	-1.3 p.p	27.6%	28.6%	-1.0 p.p
<b>Operating Expenses</b>	<b>(14,426)</b>	<b>(157,066)</b>	<b>-90.8%</b>	<b>(122,382)</b>	<b>(254,309)</b>	<b>-51.9%</b>
Selling Expenses	(101,941)	(103,601)	-1.6%	(106,820)	(109,145)	-2.1%
General and Administrative Expenses	(147,813)	(136,687)	8.1%	(164,239)	(155,983)	5.3%
Equity Income	87,365	74,250	17.7%	606	456	32.9%
Other Operating Expenses, Net	147,963	8,972	n.m.	148,071	10,363	n.m.
<b>Operating Profit, Before Financial Effects</b>	<b>668,883</b>	<b>486,860</b>	<b>37.4%</b>	<b>706,466</b>	<b>526,063</b>	<b>34.3%</b>
<b>Financial Result, Net</b>	<b>(255,238)</b>	<b>(294,222)</b>	<b>-13.2%</b>	<b>(260,914)</b>	<b>(320,232)</b>	<b>-18.5%</b>
Financial Income	114,055	105,139	8.5%	132,553	120,225	10.3%
Financial Expenses	(317,180)	(278,432)	13.9%	(343,569)	(311,272)	10.4%
Monetary and Exchange Variations - Net	2,901	(73,473)	n.m.	9,312	(78,264)	n.m.
Derivative Income (Loss)	(55,014)	(47,456)	15.9%	(59,210)	(50,921)	16.3%
<b>Income (Loss) Before Income and Social Contribution Taxes</b>	<b>413,645</b>	<b>192,638</b>	<b>114.7%</b>	<b>445,552</b>	<b>205,831</b>	<b>116.5%</b>
Income Tax and Social Contribution - Current	(14,148)	(26,130)	-45.9%	(29,393)	(35,385)	-16.9%
Income Tax and Social Contribution - Deferred	(115,630)	40,438	n.m.	(132,292)	36,500	n.m.
<b>Net Income</b>	<b>283,867</b>	<b>206,946</b>	<b>37.2%</b>	<b>283,867</b>	<b>206,946</b>	<b>37.2%</b>
Net Margin (%)	10.9%	8.8%	2.0 p.p	9.5%	7.6%	1.9 p.p

## BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	CPC 19		Pro-forma	
R\$ Thousand				
ASSETS	mar/17	mar/16	mar/17	mar/16
<b>SHORT-TERM ASSETS</b>				
Cash and Cash Equivalents	142,454	266,659	143,002	267,315
Marketable Securities	1,029,113	706,487	1,029,113	839,127
Trade Receivables	168,868	86,419	169,129	116,965
Derivative Financial Instruments	172,917	145,701	172,917	145,701
Inventories	256,574	229,250	256,574	270,352
Biological Assets	586,362	470,241	586,362	554,186
Taxes Recoverable	102,310	58,423	102,325	64,274
Income Tax and Social Contribution	11,159	113,758	11,232	119,781
Other Assets	12,293	15,548	12,342	17,066
<b>TOTAL SHORT-TERM ASSETS</b>	<b>2,482,050</b>	<b>2,092,486</b>	<b>2,482,996</b>	<b>2,394,767</b>
<b>LONG-TERM ASSETS</b>				
<b>Long-term Receivables</b>				
Marketable Securities	24,667	5,423	24,667	13,770
Inventories	88,766	62,309	88,766	71,030
Related Parties	3,867	1,000	111	-
Deferred Income Tax and Social Contribution	-	-	-	43,752
Derivative Financial Instruments	27	43,243	27	43,243
Trade Receivables	25,810	21,855	26,062	22,246
Trade Receivables from Copersucar	9,355	6,324	10,017	6,772
Taxes Recoverable	106,518	110,195	106,518	119,525
Income Tax and Social Contribution	124,285	-	124,285	-
Judicial Deposits	32,423	30,300	32,617	32,257
Other Assets	439	498	439	498
	<b>416,157</b>	<b>281,147</b>	<b>413,509</b>	<b>353,093</b>
<b>Investments</b>	31,184	513,233	31,184	25,629
<b>Property, plant and equipment</b>	5,288,550	4,004,469	5,289,894	4,492,462
<b>Intangible Assets</b>	473,942	489,557	473,942	489,639
<b>TOTAL LONG-TERM ASSETS</b>	<b>6,209,833</b>	<b>5,288,406</b>	<b>6,208,529</b>	<b>5,360,823</b>
<b>TOTAL ASSETS</b>	<b>8,691,883</b>	<b>7,380,892</b>	<b>8,691,525</b>	<b>7,755,590</b>

## BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES	CPC 19		Pro-forma	
R\$ Thousand				
LIABILITIES AND SHAREHOLDERS' EQUITY	mar/17	mar/16	mar/17	mar/16
<b>SHORT-TERM LIABILITIES</b>				
Borrowings	1,499,583	670,559	1,499,649	776,532
Derivative Financial Instruments	76,097	196,664	76,097	197,238
Trade Payables	138,923	113,907	138,939	137,711
Payables to Copersucar	8,583	21,875	9,094	23,188
Salaries and Social Contributions	121,664	98,231	121,776	110,252
Taxes Payable	20,478	15,570	20,481	19,615
Income Tax and Social Contribution	4,471	916	4,471	916
Dividends Payable	74,243	53,164	74,243	53,164
Advances from Customers	4,174	1,298	4,174	1,606
Aquisition of Investment	11,958	17,937	11,958	17,937
Other Liabilities	28,659	26,591	28,751	32,099
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>1,988,833</b>	<b>1,216,712</b>	<b>1,989,633</b>	<b>1,370,258</b>
<b>LONG-TERM LIABILITIES</b>				
Borrowings	2,219,477	2,836,628	2,219,594	3,048,948
Derivative Financial Instruments	5	65,625	5	65,625
Payables to Copersucar	237,602	237,166	248,360	247,862
Taxes Payable in Installments	14,614	15,419	14,614	17,878
Deferred Income Tax and Social Contribution	663,143	230,173	663,337	232,104
Provision for Contingencies	101,715	60,643	102,532	64,383
Aquisition of Investment	50,130	61,750	50,130	61,750
Other Liabilities	13,044	10,179	-	185
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>3,299,730</b>	<b>3,517,583</b>	<b>3,298,572</b>	<b>3,738,735</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share Capital	1,494,334	931,340	1,494,334	931,340
Reducing Capital	(55,662)	-	(55,662)	-
Capital Reserves	10,057	10,531	10,057	10,531
Treasury Shares	(92,134)	(26,613)	(92,134)	(26,613)
Stock options granted	8,284	4,753	8,284	4,753
Adjustments to Book Value	1,432,243	1,295,698	1,432,243	1,295,698
Profit Reserves	606,198	432,656	606,198	432,656
Retained Earnings	-	(1,768)	-	(1,768)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,403,320</b>	<b>2,646,597</b>	<b>3,403,320</b>	<b>2,646,597</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,691,883</b>	<b>7,380,892</b>	<b>8,691,525</b>	<b>7,755,590</b>



## CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ Thousand	12M17	12M16	12M17	12M16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net Income in the period</b>	<b>283,867</b>	<b>206,946</b>	<b>283,867</b>	<b>206,946</b>
<b>Adjustments</b>				
Depreciation and amortization	230,736	224,429	266,148	260,328
Harvested biological assets (depreciation)	401,134	381,517	471,763	471,659
Variation in fair value of biological assets	25,456	(49,248)	24,207	(55,960)
Amortization of intangible assets	8,311	9,937	8,311	9,937
Equity Income	(87,365)	(74,250)	(606)	(456)
Interest, monetary and foreign exchange variations, net	(3,241)	(3,531)	(3,454)	(3,531)
Negative goodwill in investment in joint venture	(142,582)	-	(142,582)	-
Result of investment and property, plant and equipment disposals	2,825	1,455	3,084	1,595
Interest, monetary and foreign exchange variations, net	176,716	318,273	177,175	349,280
Derivatives Financial Instruments	230,637	144,307	234,834	151,328
Constitution of provision for contingencies, net	(2,871)	12,796	(525)	16,469
Deferred income tax and social contribution	129,778	(40,438)	161,685	(36,500)
Adjustments to present value and others	9,530	3,758	9,265	3,217
Income (loss) from ownership divestment	-	(2,027)	-	(2,027)
	<b>1,262,931</b>	<b>1,133,924</b>	<b>1,493,172</b>	<b>1,372,285</b>
<b>Changes in asset and liabilities</b>				
Trade receivables	(4,957)	37,820	(23,927)	15,475
Inventories	62,229	(82,737)	55,935	(80,263)
Taxes recoverable	(32,615)	(30,245)	(20,567)	(23,312)
Derivatives Financial Instruments	(61,845)	(82,586)	(66,616)	(85,048)
Marketable Securities	-	963	(21)	1,948
Other assets	(16,938)	(9,152)	(17,241)	(9,694)
Trade payables	(27,755)	18,913	(26,050)	24,085
Salaries and social charges	147	13,858	101	14,300
Taxes payable	(6,953)	3,332	(21,382)	5,407
Obligations with Copersucar	(23,088)	(36,302)	(24,811)	(38,962)
Taxes payable in installments	(1,169)	(2,012)	(3,629)	(1,579)
Provision for contingencies - settlements	(9,010)	(17,595)	(11,757)	(21,270)
Other liabilities	22,380	(2,931)	21,011	(2,836)
<b>Cash provided by operations</b>	<b>1,163,357</b>	<b>945,250</b>	<b>1,354,218</b>	<b>1,170,536</b>
Interest paid	(208,335)	(188,616)	(227,845)	(213,279)
Income tax and social contribution paid	(5,700)	(6,991)	(7,513)	(7,032)
<b>Net cash provided by operating activities</b>	<b>949,322</b>	<b>749,643</b>	<b>1,118,860</b>	<b>950,225</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Financial resources used in investments	(27,646)	(28,449)	(27,648)	(28,467)
Increased acquisition in ownership	-	-	-	(78)
Additions to property and intangible assets	(357,067)	(279,483)	(391,654)	(324,675)
Additions to biological assets (planting and crop treatment)	(516,704)	(449,437)	(584,356)	(518,445)
Marketable Securities	82,068	(706,487)	54,318	(839,128)
Proceeds from sale of property, plant and equipment	4,269	12,333	4,641	12,771
Cash and cash equivalents acquired from subsidiary	1,362	-	668	-
Gain in cash and cash equivalents due to change in ownership interest in investee	53	-	26	-
Advance for future capital increase	(2,867)	(1,000)	-	-
<b>Net cash used in investing activities</b>	<b>(816,532)</b>	<b>(1,452,523)</b>	<b>(944,005)</b>	<b>(1,698,022)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
New borrowing - third parties	768,924	1,023,010	825,506	1,064,514
Repayment of borrowing - third parties	(903,992)	(984,368)	(1,002,636)	(1,086,920)
Advance for future capital increase	-	-	(111)	216
Purchase of treasury shares	(68,232)	(31,904)	(68,232)	(31,904)
Sale of treasury shares	1,689	10,627	1,689	10,627
Payment of dividends	(55,384)	(67,938)	(55,384)	(67,938)
<b>Net cash provided by financing activities</b>	<b>(256,995)</b>	<b>(50,573)</b>	<b>(299,168)</b>	<b>(111,405)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(124,205)</b>	<b>(753,453)</b>	<b>(124,313)</b>	<b>(859,202)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>266,659</b>	<b>1,020,112</b>	<b>267,315</b>	<b>1,126,517</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>142,454</b>	<b>266,659</b>	<b>143,002</b>	<b>267,315</b>