

São Martinho Group reports Net Income of R\$68.9 million in 4Q16, 21.9% higher than in 4Q15

São Paulo, June 6, 2016 – SÃO MARTINHO S.A. (BM&FBovespa: SMT03; Reuters SMT03.SA and Bloomberg SMT03 BZ), one of Brazil's largest sugar and ethanol producers, announces today its results for the fourth quarter of the 2015/16 crop year (4Q16).

4Q16 HIGHLIGHTS

- ✓ In 4Q16, Adjusted EBITDA amounted to R\$346.3 million (Adjusted EBITDA margin of 42.3%), increasing 8.3% in relation to 4Q15. In the whole of the crop year (12M16), Adjusted EBITDA advanced 19.2% to R\$1.3 billion (EBITDA margin of 46%). EBITDA growth in the period was driven primarily by the growth in ethanol sales volume and the improvement in sugar and ethanol prices;
- ✓ Adjusted EBIT in 4Q16 came to R\$147.6 million (EBIT margin of 18.0%), increasing 5.9% from 4Q15. In the 12M16, EBIT increased 14.8% to R\$565.3 million (EBIT margin of 20%), with the improvement due to the same factors that impacted Adjusted EBITDA in the period;
- ✓ Net Income in 4Q16 was R\$68.9 million, up 21.9% on 4Q15. In 12M16, net income was R\$194.3 million, decreasing 32.1% from the previous crop year. The decline was mainly related to: i) the higher expenses with exchange variation in 12M16; and ii) the non-recurring gain of R\$79.9 million in the previous fiscal year from the sale of our ownership interest in Agropecuária Boa Vista, which distorts comparisons between the periods;
- ✓ On March 31, 2016, sugar prices for the 2016/17 crop year were hedged for 767,100 tons at US\$14.42 cents/lb, which represents the hedging of approximately 69% of own sugarcane and 54% of total sugarcane;
- ✓ On the same date, we held NDFs in U.S. dollar in the amount of US\$102.6 million with an average price of R\$4.09 for our sugar exports in the 2016/17 crop year. The volume of NDFs in U.S. dollar on this date represented approximately 32% of own sugarcane or 22% of the total.



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 decided to continue to present 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.**

The breakdown of this information will continue to be presented with the purpose of providing users with a comprehensive and comparative view of the Company's operations. Therefore, many of the figures will not coincide with details in the notes to the financial statements, which will adopt the new accounting effects mentioned above.

A summary of the results and the reconciliation in accordance with CPC 19, including the breakdown of the main investees, is presented below:

	QUARTER		
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	São Martinho S.A. (Pro forma)
R\$ '000			
Net Revenue*	693,860	124,273	818,146
Adjusted EBITDA	268,718	79,311	346,297
Adjusted EBITDA Margin	38.7%	63.8%	42.3%
Adjusted EBIT	101,414	48,035	147,613
Adjusted EBIT Margin	14.6%	38.7%	18.0%
Chg. in Biol. Assets & Others	4,275	284	6,071
Equity Income	33,794	13	437
Financial Result / PPE	(66,402)	(4,134)	(70,805)
Income (Loss) Before taxes	73,081	44,198	83,316
Taxes	(4,119)	(10,240)	(14,354)
Net Income	68,962	33,958	68,962

*Excludes the Hedge Accounting effect of foreign-denominated debt and USC PPA (R\$ 4.7 million).



YEAR TO DATE			
	São Martinho S.A. (consolidated CPC 19)	UBV (50.95%)	São Martinho S.A. (Pro forma)
R\$ '000			
Net Revenue*	2,442,436	388,295	2,831,124
Adjusted EBITDA	1,067,598	234,128	1,301,240
Adjusted EBITDA Margin	43.7%	60.3%	46.0%
Adjusted EBIT	457,872	108,324	565,284
Adjusted EBIT Margin	18.7%	27.9%	20.0%
Biological Assets and Other	38,366	6,551	44,916
Equity Income	74,887	13	456
Financial Result / PPE	(397,928)	(25,844)	(423,938)
Income (Loss) Before taxes	173,197	89,044	186,718
Taxes	21,134	(13,558)	7,613
Net Income	194,331	75,486	194,331
Cash	978,569	141,133	1,120,212
Gross Debt	3,586,874	318,065	3,905,167
Net Debt	2,608,305	176,932	2,784,955
EBITDA YTD	1,067,112	234,128	1,301,240
Net Debt / EBITDA	2.44 x	0.76 x	2.14 x

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



SUMMARY OF PERFORMANCE IN THE 2015/16 CROP YEAR

OPERATING DATA	15/16 Crop Year	14/15 Crop Year	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	20,024	18,718	7.0%
Own	12,985	12,326	5.3%
Third Parties	7,039	6,392	10.1%
Mechanized Harvest	97.4%	97.0%	0.43 p.p.
Agricultural Yield (ton/ha)	85.9	87.6	-1.9%
Average TRS (kg/ton)	128.9	141.6	-8.9%
Production			
Sugar ('000 tons)	1,230	1,231	-0.1%
Anhydrous Ethanol ('000 m ³)	445	438	1.5%
Hydrous Ethanol ('000 m ³)	306	353	-13.3%
Cogeneration ('000 MWh)	741	720	2.9%
TRS Produced	2,581	2,650	-2.6%
Mix - Sugar - Ethanol	50% - 50%	49% - 51%	
Mix Anhydrous - Hydrous	60% - 40%	56% - 44%	

The São Martinho Group processed 20.0 million tons in the 2015/16 crop year, 7.0% more than in the previous season. However, average TRS fell 8.9% due to the high rainfall in the Center-South region.

For the 2016/17 crop year, we expect growth of 8.1% in production volume (measured in TRS equivalent), as detailed below.

Production	Performed 15/16 Harvest	Guidance 16/17 Harvest	Chg. (%)
Crushing ('000 tons)	20,024	20,553	2.6%
Sugar ('000 tons)	1,230	1,356	10.2%
Anhydrous ('000 m ³)	445	455	2.2%
Hydrous ('000 m ³)	306	340	11.1%
Cogeneration ('000 MWh)	741	753	1.6%
Average TRS (Kgs/Ton)	128.9	135.7	5.3%
Total TRS produced	2,581	2,789	8.1%
Mix Sugar/Ethanol	50% - 50%	51% - 49%	



The following table shows our main financial highlights for the fourth quarter and for the twelve months of the crop year.

FINANCIAL HIGHLIGHTS (R\$ '000)	4Q16	4Q15	Chg. (%)	12M16	12M15	Var. (%)
São Martinho - Consolidated						
Net Revenue ¹	818,146	718,325	13.9%	2,831,124	2,349,764	20.5%
Adjusted EBITDA	346,297	319,878	8.3%	1,301,240	1,091,592	19.2%
Adjusted EBITDA Margin	42.3%	44.5%	-2.2 p.p.	46.0%	46.5%	-0.5 p.p.
Adjusted EBIT	147,613	139,365	5.9%	565,284	492,563	14.8%
Adjusted EBIT Margin	18.0%	19.4%	-1.4 p.p.	20.0%	21.0%	-1.0 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	7,758,269	7,619,032	1.8%	7,758,269	7,619,032	1.8%
Shareholders' Equity	2,648,365	2,616,085	1.2%	2,648,365	2,616,085	1.2%
EBITDA (LTM) ²	1,301,240	1,145,932	13.6%	1,301,240	1,145,932	13.6%
Net Debt	2,784,955	2,569,383	8.4%	2,784,955	2,569,383	8.4%
Net Debt / EBITDA (LTM)	2.14 x	2.24 x		2.14 x	2.24 x	
Net Debt / Shareholders' Equity	105%	98%		105%	98%	

1 - Excludes the effects from Hedge Accounting of foreign-denominated debt and USC PPA.

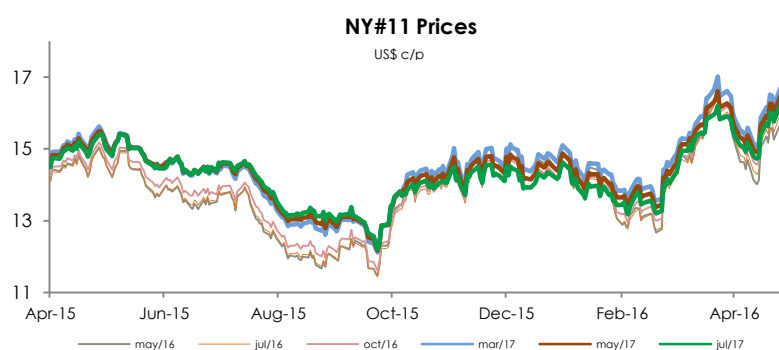
2 - Considers 100% of Adjusted EBITDA of USC in the 4T15 and 12M15

INDUSTRY OVERVIEW

On April 27, 2016, the Sugarcane Industry Association (UNICA) released closing data for the 2015/16 crop year in the Center-South region, which registered the processing of 617.7 million tons of sugarcane, up 7.8% on the previous season, but with a 4.4% decrease in TRS/ton.

The UNICA figures also show that sugar production amounted to 31.2 million tons, down 2.5% from the same period of the 2014/15 crop year. As mentioned in previous quarters, the lower production volume reflects: i) the high rainfall throughout the season, primarily in the state of São Paulo, which adversely affected sugar production; and ii) the higher allocation of sucrose to the production of ethanol, whose sale price improved sharply.

Sugar



According to UNICA, however, given the expectation of more favorable weather in the 2016/17 crop year, with the expectation of an average increase of 4.5% in TRS, production growth in the region should be more concentrated in sugar, due to higher international prices compared to the previous crop year.

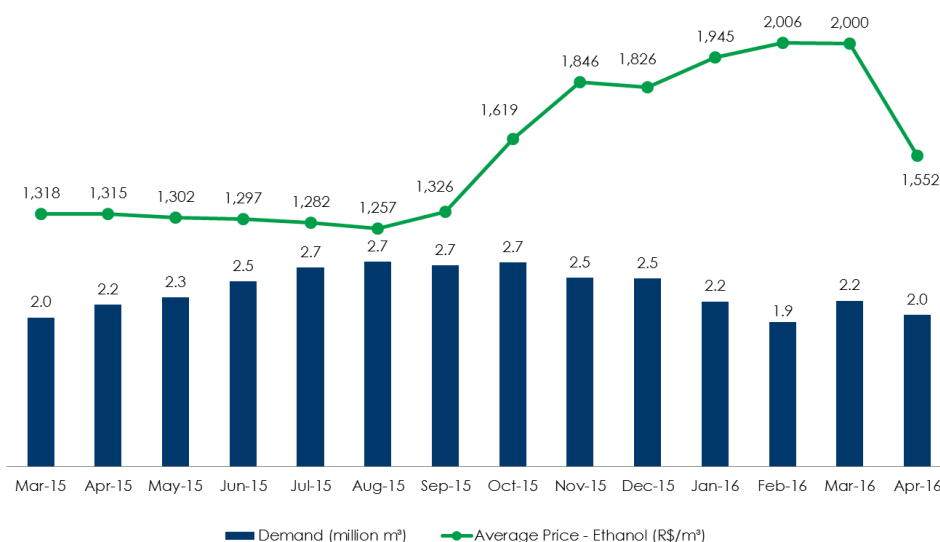
Already considering this scenario of higher sugar production in Brazil, the global scenario points to a sugar deficit of approximately 6.1 million tons, reinforcing the positive scenario for international sugar prices in the short and medium term.



AVERAGE PRICES - ETHANOL	4Q16	4Q15	Chg. (%)	12M16	12M15	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m ³	2,077.19	1,437.85	44.5%	1,666.31	1,385.98	20.2%
Hydrous ESALQ, Net DM - R\$ / m ³	1,890.58	1,319.05	43.3%	1,492.52	1,247.45	19.6%

Ethanol

According to UNICA, ethanol production in the 2015/16 crop year grew 7.6% to 28.2 billion liters. Production increased mainly in response to the stronger demand for hydrous ethanol in the 2015/16 crop year, given the increased competitiveness of ethanol in relation to gasoline at the pump.



For the 2016/17 crop year, UNICA expects ethanol production to remain stable in relation to production in the 2015/16 crop year. Unlike what happened at the start of the previous crop year, when the ethanol industry started the crushing period with a high level of ending stocks, in the 2016/17 crop year ending stocks were significantly lower. Considering this scenario, we expect the average price of ethanol in the 2016/17 crop year to be higher than in the previous season.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	4Q16	4Q15	Chg. (%)	12M16	12M15	Chg. (%)
R\$ '000						
Domestic Market	438,791	355,919	23.3%	1,443,123	1,181,087	22.2%
Sugar	29,786	23,689	25.7%	102,230	79,237	29.0%
Hydrous Ethanol	161,231	182,616	-11.7%	415,915	371,444	12.0%
Anhydrous Ethanol	237,587	137,548	72.7%	665,196	464,956	43.1%
Energy	2,923	653	347.6%	185,573	189,114	-1.9%
Real Estate Development	333	5,555	-94.0%	23,210	31,177	-25.6%
Others	6,931	5,858	18.3%	50,999	45,159	12.9%
Export Market	379,355	362,406	4.7%	1,388,001	1,168,676	18.8%
Sugar	362,404	322,752	12.3%	1,156,500	1,009,910	14.5%
Hydrous Ethanol	16,951	30,206	-43.9%	85,972	59,288	45.0%
Anhydrous Ethanol	0	-	n.m.	134,579	66,765	101.6%
Others	0	9,448	n.m.	10,950	32,713	-66.5%
Net Revenue*	818,146	718,325	13.9%	2,831,124	2,349,764	20.5%
Sugar	392,190	346,441	13.2%	1,258,730	1,089,147	15.6%
Hydrous Ethanol	178,182	212,822	-16.3%	501,887	430,732	16.5%
Anhydrous Ethanol	237,587	137,548	72.7%	799,775	531,721	50.4%
Energy	2,923	653	347.6%	185,573	189,114	-1.9%
Real Estate Development	333	5,555	-94.0%	23,210	31,177	-25.6%
Others	6,931	15,306	-54.7%	61,949	77,872	-20.4%

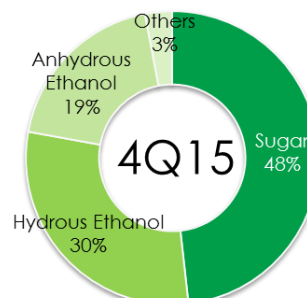
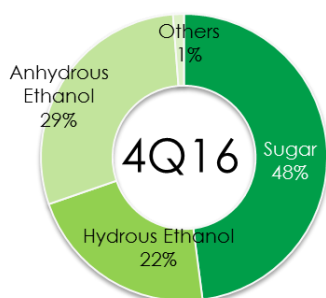
*Excludes the effects from Hedge Accounting of foreign-denominated debt and USC PPA.

Net Revenue

In the fourth quarter of the 2015/16 crop year (4Q16), the Company's net revenue amounted to R\$818.1 million, increasing 13.9% from the same period of the previous crop year. The increase mainly reflects the growth in sugar and anhydrous ethanol sales volume and the higher prices for both products compared to the year-ago period. In 12M16, net revenue amounted to R\$2,831.1 million, advancing 20.5% from the previous crop year, mainly due to: i) the better sugar prices; and ii) the higher sales volume and average sales price of anhydrous ethanol.

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

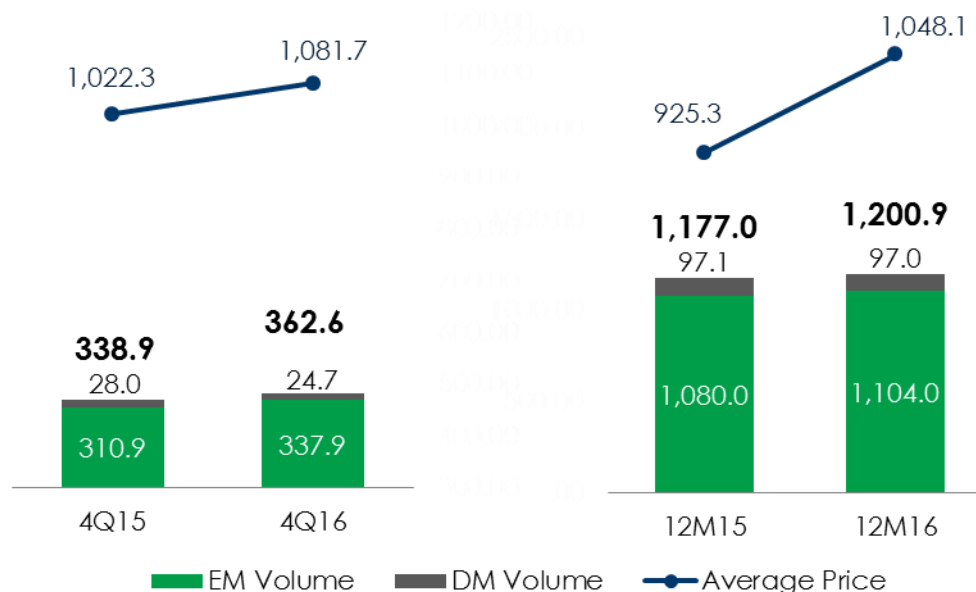
Net Revenue Breakdown 4Q16 vs. 4Q15





Sugar

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

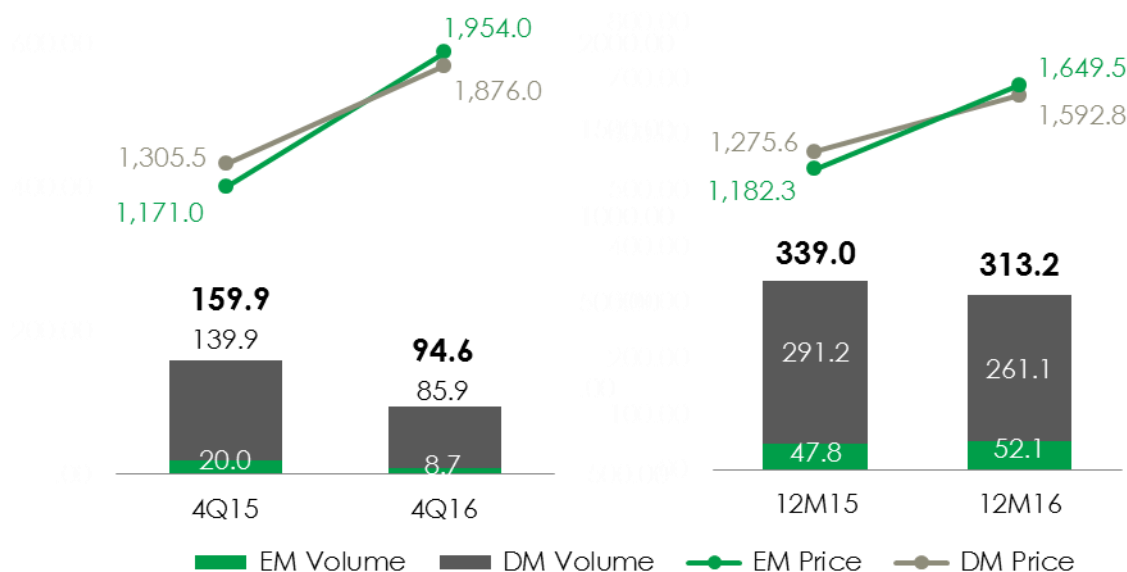


Net revenue from sugar sales amounted to R\$392.2 million in 4Q16, increasing 13.2% on the same period of the previous crop year. The improvement reflects the increases: i) in sales volume of 7.0%; and ii) in the average sugar sales price in the quarter of 5.8%, mainly due to the BRL depreciation in the period.

In 12M16, net revenue from sugar sales amounted to R\$1,258.7 million, increasing 15.6% compared to 12M15, supported by the 13.3% increase in the average sales price.

Hydrous Ethanol

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

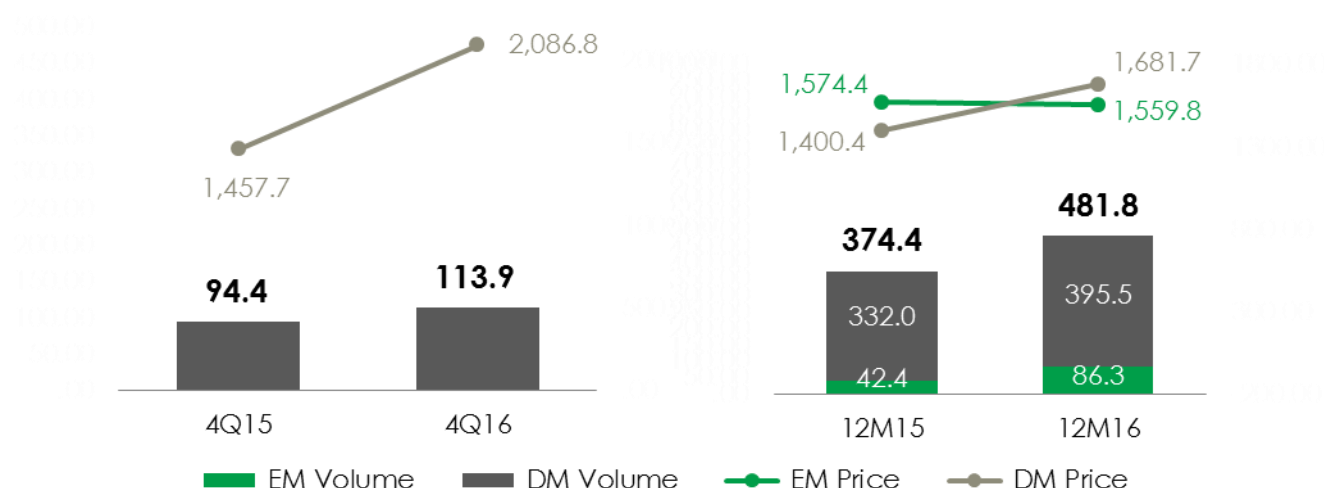


Net revenue from hydrous ethanol sales amounted to R\$178.2 million in 4Q16, decreasing 16.3% from the same period of the previous crop year. The decrease reflects the 40.8% reduction in sales volume compared to 4Q15, due to the Company's strategy to concentrate most of its sales in the third quarter of the crop year.

In 12M16, net revenue from hydrous ethanol sales came to R\$501.9 million, up 16.5% from the previous crop year, supported by the better sales prices in the period, especially after the increase in gasoline prices in September 2015.

Anhydrous Ethanol

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



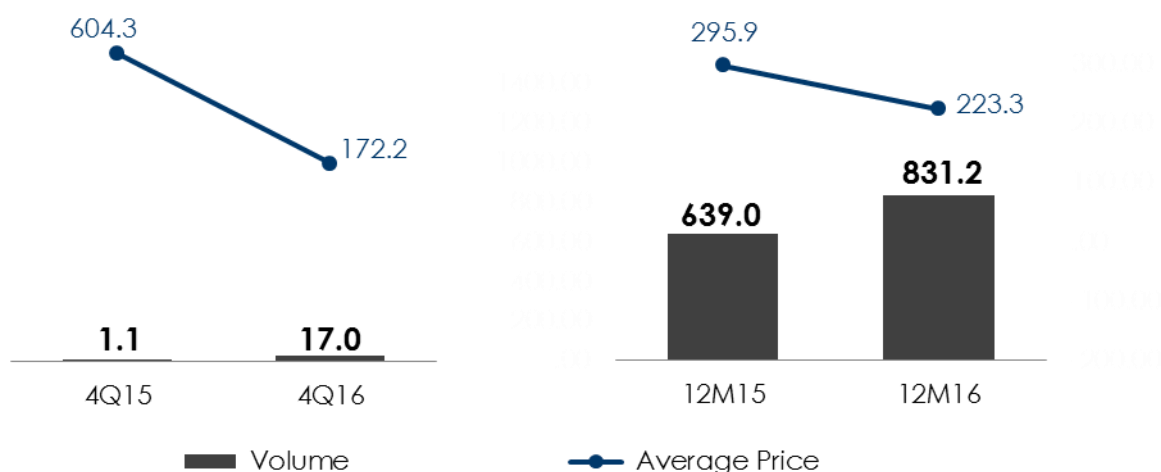
Net revenue from anhydrous ethanol sales amounted to R\$237.6 million in 4Q16, increasing 72.7% from the same quarter of the previous season. The improvement was due to the 20.7% growth in sales volume in the period, combined with the 43.2% increase in the average sales price.

In 12M16, net revenue from anhydrous ethanol sales increased 50.4% from the 2014/15 crop year, to R\$799.8 million, reflecting the higher sales volume and better sales prices in the domestic market.



Cogeneration

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



In 12M16, net revenue from cogeneration sales was R\$185.6 million, in line with the previous crop year, given the combination of the higher cogeneration sales volume and the lower average sales price, due to lower energy prices (PLD) in 2015 than in the previous year.

Real Estate Development

As reported previously, in the 2014/15 crop year we launched two real estate projects: Recanto das Paineiras and Park Empresarial de Iracemópolis, which are located in the Limeira region of the interior of São Paulo state.

The following table shows the evolution in terms of construction and sales of the projects launched so far this crop year.

Real Estate Development 12M16 Project Evolution	Recanto das Paineiras	Park Empresarial de Iracemópolis
POC (percentage-of-completion) position	99.8%	99.8%
Total lots sold (%)	99.8%	73.5%

In 12M16, we recognized revenue of R\$25.8 million (based on the percentage of completion method), as shown in the following table.

Real Estate Development in progress	Revenue Recognized in the Quarter 4Q16	Revenue Recognized in the Period 12M16
	R\$ '000	R\$ '000
Property sales	236	4,407
Projects already lauched in partnership	97	18,803
Recanto das Paineiras	0	13,980
Park Empresarial de Iracemópolis	97	4,823
Total revenue	333	23,210

INVENTORIES

INVENTORIES	4Q16	4Q15	Chg. (%)
Sugar (tons)	33,450	6,659	402.3%
Hydrous (m³)	12,733	21,442	-40.6%
Anhydrous (m³)	25,116	60,539	-58.5%



EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 12M16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	1,258,730	1,301,662	185,573	23,210	61,949	2,831,124
COGS (Cash)	(598,045)	(597,029)	(44,832)	(6,581)	(35,301)	(1,281,788)
Gross Profit (Cash)	660,685	704,633	140,741	16,629	26,648	1,549,336
Gross Margin (Cash)	52.5%	54.1%	75.8%	71.6%	43.0%	54.7%
Sales Expenses	(78,984)	(24,277)	(5,806)	-	(77)	(109,145)
G&A Expenses (Cash)	(61,481)	(67,033)	(11,510)	(5,189)	-	(145,214)
Other Revenues (Expenses)	-	-	-	-	6,263	6,263
Adjusted EBITDA	520,219	613,322	123,425	11,440	32,834	1,301,240
Adjusted EBITDA Margin	41.3%	47.1%	66.5%	49.3%	53.0%	46.0%
EBITDA Cost**	(614.9)	(865.8)	(74.8)			

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

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 12M15	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	1,091,922	959,677	189,114	31,176	77,875	2,349,764
COGS (Cash)	(467,787)	(484,749)	(14,163)	(5,467)	(51,079)	(1,023,245)
Gross Profit (Cash)	624,135	474,928	174,951	25,709	26,796	1,326,519
Gross Margin (Cash)	57.2%	49.5%	92.5%	82.5%	34.4%	56.5%
Sales Expenses	(76,154)	(12,298)	(5,504)	-	(262)	(94,218)
G&A Expenses (Cash)	(68,334)	(68,233)	(10,789)	(2,439)	-	(149,794)
Other Revenues (Expenses)	-	-	-	-	9,089	9,089
Adjusted EBITDA	479,647	394,398	158,659	23,270	35,619	1,091,592
Adjusted EBITDA Margin	43.9%	41.1%	83.9%	74.6%	45.7%	46.5%
EBITDA Cost**	(520.2)	(792.4)	(47.7)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 55.8 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

In 12M16, sugar accounted for 40.0% of the Group's consolidated Adjusted EBITDA, while ethanol accounted for 47.1% and cogeneration for 9.5%. Sugar EBITDA margin decreased 2.6 percentage points from the previous crop year, due to the lower dilution of fixed costs, while ethanol EBITDA margin increased 6 percentage points from 12M15, due to better product prices.

EBITDA cost in 12M16 increased i) by 18.2% for sugar and ii) by 9.3% for ethanol, due to the lower dilution of fixed costs, since in the 2015/16 crop year, the Company processed an additional 7.0% of sugarcane, but with an average TRS 8.9% lower, which resulted in higher unit costs for the products in the crop year.



COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	4Q16	4Q15	Chg. (%)	12M16	12M15	Chg. (%)
R\$ '000						
Agricultural Costs	335,726	264,756	26.8%	1,025,587	802,774	27.8%
Suppliers	162,037	144,902	11.8%	541,378	445,923	21.4%
Partnerships	65,975	42,788	54.2%	194,256	144,224	34.7%
Own Sugarcane	107,713	77,066	39.8%	289,953	212,627	36.4%
Industrial	57,039	48,094	18.6%	168,322	134,323	25.3%
Other Products	9,478	25,495	-62.8%	96,350	101,125	-4.7%
Reintegra	(423)	(7,112)	-94.0%	(8,470)	(14,977)	-43.4%
Total COGS	401,820	331,233	21.3%	1,281,788	1,023,245	25.3%
TRS Sold ('000 Tons)	739	789	-6.4%	2,629	2,459	6.9%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	532	396	34.2%	454	381	19.2%

In 4Q16, Cash COGS came to R\$401.8 million, increasing 21.3% from the previous crop year. As in previous quarters, the increase in COGS was mainly due to: i) the lower dilution of the Company's fixed costs given the lower TRS content in the quarter compared to 4Q15; and ii) the higher Consecana price, which impacted sugarcane costs.

In 12M16, Cash COGS amounted to R\$1,281.8 million, increasing 25.3% from the previous crop year, with costs impacted by the same factors that affected costs in the quarter, as well as by the increase of 6.9% in sales volume (in TRS) compared to the previous crop year.

Considering the expected increase in TRS mentioned in our guidance for the 2016/17 crop year, we expect costs to normalize in the next crop year to levels around those of the 2014/15 crop year (adjusted for inflation).

The following table presents more details on this impact on costs for both sugar and ethanol.

AVERAGE CASH COST PER UNIT	4Q16	4Q15	Chg. (%)	12M16	12M15	Chg. (%)
R\$ Thousand						
COGS	(395,596)	(320,732)	23.3%	(1,195,075)	(952,536)	25.5%
Sugar	(210,762)	(134,990)	56.1%	(598,045)	(467,787)	27.8%
Ethanol	(184,834)	(185,742)	-0.5%	(597,029)	(484,749)	23.2%
Average Cash Cost Per Unit (*)						
Sugar Cash Cost	(581.3)	(398.3)	45.9%	(498.0)	(397.4)	25.3%
Ethanol Cash Cost	(886.6)	(730.6)	21.4%	(750.9)	(679.5)	10.5%

(*) Sugar in R\$/Ton
Ethanol in R\$/m³



SELLING EXPENSES

SELLING EXPENSES	4Q16	4Q15	Chg. (%)	12M16	12M15	Chg. (%)
R\$ '000						
Port Costs / Freight	31,734	27,289	16.3%	99,516	88,828	12.0%
Other	1,932	761	153.9%	9,629	5,390	78.6%
Selling Expenses	33,666	28,050	20.0%	109,145	94,218	15.8%
TRS Sold ('000 Tons)	739	789	-6.4%	2,629	2,459	6.9%
% of Net Revenue*	4.1%	4.0%	0.1 p.p.	4.0%	4.1%	-0.1 p.p.

In 4Q16, selling expenses amounted to R\$33.7 million, increasing 20.0% from 4Q15, basically reflecting the higher freight expenses and port costs due to the growth in sugar export volumes in the period.

In 12M16, selling expenses amounted to R\$109.1 million (+15.8%), primarily reflecting the increase in freight expenses given the higher ethanol export volumes in the period.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	4Q16	4Q15	Chg. (%)	12M16	12M15	Chg. (%)
R\$ '000						
Personnel and Management Fee	24,008	22,874	5.0%	95,210	87,678	8.6%
Taxes, Fees, Contributions and Contingencies	7,102	8,528	-16.7%	18,172	28,356	-35.9%
General Expenses and Third-Party Services	8,963	10,605	-15.5%	28,707	35,964	-20.2%
Stock Options Expenses	988	866	14.1%	3,125	2,996	4.3%
Total recurring General and Administrative Expenses	41,061	42,873	-4.2%	145,214	154,994	-6.3%
Non-recurring items		-			(5,200)	
Total General and Administrative Expenses	41,061	42,873	-4.2%	145,214	149,794	-3.1%

G&A expenses amounted to R\$41.1 million in 4Q16, decreasing 4.2% from the same period of the previous crop year, mainly due to the lower expenses with the provision for labor contingencies.

In 12M16, G&A expenses amounted to R\$145.2 million, decreasing 3.1% in relation to 12M15.



EBITDA

Pro-Forma EBITDA RECONCILIATION	4Q16	4Q15	Chg. (%)	12M16	12M15	Chg. (%)
R\$ '000						
Adjusted EBITDA	346,297	319,878	8.3%	1,301,240	1,091,592	19.2%
Adjusted EBITDA Margin	42.3%	44.5%	-2.2 p.p.	46.0%	46.5%	-0.5 p.p.
Adjustment to Maturity of Hedge /USC PPA	4,661	21,470	-78.3%	103,706	55,781	85.9%
Equity Income (Loss)	(437)	46	n.m.	(456)	(545)	-16.3%
Non Recurring Operating Income (Expenses)	(786)	(19,751)	-96.0%	(4,100)	(93,705)	-95.6%
Biological Assets	(5,285)	29,343	n.m.	(40,816)	29,526	n.m.
Book EBITDA	348,144	288,769	20.6%	1,242,906	1,100,535	12.9%
EBITDA Margin	42.8%	41.4%	1.4 p.p.	45.6%	48.0%	-2.4 p.p.
(-) Depreciation and Amortization	(198,684)	(180,513)	10.1%	(735,956)	(599,029)	22.9%
(-) Financial Income (Expense), net	(66,144)	(46,948)	40.9%	(320,232)	(181,121)	76.8%
(=) Net Operating Income (Loss)	83,316	61,308	35.9%	186,718	320,385	-41.7%

Adjusted EBITDA

Adjusted EBITDA amounted to R\$346.3 million in 4Q16 (Adjusted EBITDA margin of 42.3%), increasing 8.3% from 4Q15. In 12M16, Adjusted EBITDA advanced 19.2% to R\$1.3 billion (EBITDA margin of 46%). EBITDA growth in the period was mainly driven by the growth in ethanol sales volume and the improvement in sugar and ethanol prices.

Main Adjustments to EBITDA in 4Q16 and 12M16

4Q16

1) Adjustment of Debt Maturity in Hedge Accounting: R\$4.7 million

Expense related to exchange variation on debt settled in 4Q16 that was previously designated as Hedge Accounting. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.1/US\$1.00, we adjusted the amount of R\$4.7 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period;

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\$5.3 million, which mainly reflects the increase in ethanol and sugar prices in the period compared to the same period of the previous crop year.

12M16

1) Adjustment of Debt Maturity in Hedge Accounting: R\$ 94.3 million

Expense related to exchange variation on debt settled in 12M16 that was previously designated as Hedge Accounting. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.1/US\$1.00, we adjusted the amount of R\$ 94.3 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period;



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\$40.8 million, which mainly reflects the increase in ethanol and sugar prices in the period compared to the previous crop year.

The following tables provide a breakdown of Adjusted EBITDA by business:

12M16						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenue*	2,831,124	2,560,392	185,573	23,210	61,949	2,769,175
Adjusted EBITDA	1,301,240	1,133,542	123,425	11,440	32,834	1,268,406
Adjusted EBITDA Margin	46.0%	44.3%	66.5%	49.3%	53.0%	45.8%

*Excludes hedge accounting effect of foreign denominated debt.

12M15						
EBITDA BY SEGMENT	Consolidated	S&E	Cogen	Real Estate	Others	Consolidated - ex others
R\$ '000						
Net Revenue*	2,349,763	2,051,599	189,114	31,176	77,874	2,271,889
Adjusted EBITDA	1,091,592	874,046	158,659	23,270	35,618	1,055,974
Adjusted EBITDA Margin	46.5%	42.6%	83.9%	74.6%	45.7%	46.5%

*Excludes hedge accounting effect of foreign denominated debt.

CPC 19						
EBITDA RECONCILIATION	4Q16	4Q15	Chg.%	12M16	12M15	Chg.%
R\$ '000						
Book EBITDA	302,126	258,910	16.7%	1,077,145	930,247	15.8%
EBITDA Margin	43.8%	40.3%	3.6 p.p.	46.1%	48.6%	-2.5 p.p.
(-) Depreciation and Amortization	(167,304)	(164,465)	1.7%	(609,726)	(474,847)	28.4%
(-) Net Financial Expense	(61,741)	(33,352)	85.1%	(294,222)	(141,562)	107.8%
(=) Net Operating Income (Loss)	73,081	61,093	19.6%	173,197	313,838	-44.8%

With the adoption of the new accounting standard IFRS 11 (CPC 19) as of fiscal year 2013/14, São Martinho S.A. no longer proportionately consolidates the results of its investees. Adjusted by IFRS 11, the table above includes only the EBITDA of São Martinho S.A., excluding the proportional consolidation of Nova Fronteira Bioenergia S.A. (50.95%).



Operating Cash Generation (Adjusted EBIT)

Adjusted EBIT in 4Q16 came to R\$147.6 million (EBIT margin of 18.0%), increasing 5.9% from 4Q15. In 12M16, EBIT increased 14.8% to R\$565.3 million (EBIT margin of 20.0%), with the improvement due to the same factors that impacted Adjusted EBITDA in the period.

R\$ '000	4Q16	4Q15	Chg.%	12M16	12M15	Chg.%
Adjusted EBIT	147,613	139,365	5.9%	565,284	492,563	14.8%
Adjusted EBIT Margin	18.0%	19.4%	-1.4 p.p.	20.0%	21.0%	-1.0 p.p.
(-) Depreciation and Amortization	(198,684)	(180,513)	10.1%	(735,956)	(599,029)	22.9%
Adjusted EBITDA	346,297	319,878	8.3%	1,301,240	1,091,592	19.2%
Adjusted EBITDA Margin	42.3%	44.5%	-2.2 p.p.	46.0%	46.5%	-0.5 p.p.
Adjustment to Maturity of Hedge /USC PPA	4,661	21,470	-78.3%	103,706	55,781	85.9%
Equity Income (Loss)	(437)	46	n.m.	(456)	(545)	-16.3%
Non Recurring Operating Income (Expenses)	(786)	(19,751)	-96.0%	(4,100)	(93,705)	-95.6%
Biological Assets	(5,285)	29,343	n.m.	(40,816)	29,526	n.m.
Book EBITDA	348,144	288,769	20.6%	1,242,906	1,100,535	12.9%
EBITDA Margin	42.8%	41.4%	1.4 p.p.	45.6%	48.0%	-2.4 p.p.

HEDGING

A summary of our sugar and U.S. dollar hedge positions on March 31, 2016 follows.

Sugar

	Volume Hedged (^{'000} tons)	Avg. Price (US\$ c/p)
Sugar		
May/16 (K16)	231,050	14.61
Jul/16 (N16)	239,635	13.91
Oct/16 (V16)	214,082	14.59
Mar/17 (H17)	82,300	14.88
Total Fixed	767,067	14.42
(-) Consecana	34,851	
Own Sugarcane	732,216	14.42

On March 31, 2016, our hedge position for the 2016/17 crop year amounted to 767,067 tons at an average price of US\$14.42 cents/pound, which corresponds to approximately 69% of own sugarcane and 54% of total sugarcane.

U.S. Dollar

On March 31, 2016, the São Martinho Group held open positions through Non-Deliverable Forwards (NDFs) and derivative instruments, which are used to hedge its exports, with maturities in the 2016/17 crop year as follows:

TOTAL			SUGAR	
Dollar	US '000	Average Price (R\$/US\$)	US '000	Average Price (R\$/US\$)
2016/2017 crop year	102,630	4.09	102,630	4.09

The volume of NDFs in U.S. dollar on this date represented approximately 32% of own sugarcane or 22% of the total.

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. Between April 2015 and March 2016, we recorded a decline in shareholders' equity of R\$84.8 million.

Impact 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 4Q16, a total of US\$5.0 million in debt matured, with the exchange rate of R\$2.2/US\$1.00 adopted for the translation of net revenue. Considering that the rate considered for the purposes of cash flow in the period was R\$3.1/US\$1.00, we adjusted the amount of R\$4.7 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation.

In 12M16, a total of US\$88,5 million in debt matured, with the exchange rate of R\$2.0/US\$1.00 adopted for the translation of net revenue. Considering that the rate considered for the purposes of cash flow in the period was R\$3.1/US\$1.00, we adjusted the amount of R\$94.3 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation.



For the 2016/17 crop year, we will have a debt maturity schedule, which will impact our results, as detailed in the following table:

	US\$ thousand	Average Price (R\$/US\$)
1 st Semester 16/17	78,631	2.00
2 nd Semester 16/17	8,131	2.09
12M17	86,762	2.01

NET FINANCIAL RESULT

FINANCIAL RESULT	4Q16	4Q15	Chg.%	12M16	12M15	Var.%
R\$ '000						
Financial Income	30,235	27,805	8.7%	120,225	97,546	23.2%
Financial Expense	(78,326)	(72,495)	8.0%	(311,272)	(266,105)	17.0%
Hedge Result/Exchange Variation	(18,053)	(2,257)	n.m.	(129,185)	(12,562)	n.m.
Net Financial Result	(66,144)	(46,948)	40.9%	(320,232)	(181,121)	76.8%

The São Martinho Group registered a net financial expense of R\$66.1 million in 4Q16, which represents an increase of 40.9% from 4Q15. The decrease is directly related to the impact from the depreciation in the BRL against the USD on our foreign-denominated cash.

In 12M16, the financial result increased 76.8%, mainly due to the depreciation in the BRL in against the USD in the period.

NET INCOME

Net Income in 4Q16 amounted to R\$68.2 million, advancing 21.9% compared to 4Q15. In 12M16, net income came to R\$194.3 million, decreasing 32.1% from the previous crop year. The decrease is mainly related to: i) the higher expenses with exchange variation in 12M16; and ii) the non-recurring gain of R\$79.9 million in the previous fiscal year from the sale of our ownership interest in Agropecuária Boa Vista, which distorts comparisons between the periods.

DEBT WITH COPERSUCAR

On March 31, 2016, the São Martinho Group recognized on its Balance Sheet debt of R\$271.1 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 the legal counsels at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$220.5 million on a consolidated basis.



INDEBTEDNESS

DEBT	mar/16	mar/15	Chg.%
R\$ Thousand			
PESA	51,757	57,755	-10.4%
Rural Credit	147,229	163,907	-10.2%
BNDES / FINAME	734,472	877,296	-16.3%
Working Capital	990,353	533,283	85.7%
ACC (Advances on Foreign Exchange Contracts)	142,520	160,475	-11.2%
PPE (Export prepayment)	1,024,853	981,525	4.4%
NCE (Export Credit Note)	734,296	838,463	-12.4%
Others	-	897	n.m.
Obligations from Acquisitions - LOP	73,794	85,432	-13.6%
Obligations from Acquisitions - Other	5,893	10,891	-45.9%
Gross Debt	3,905,167	3,709,921	5.3%
Cash and Cash Equivalents	1,120,212	1,140,538	-1.8%
Consolidated Net Debt	2,784,955	2,569,383	8.4%
Net Debt / Acum. EBITDA	2.14 x	2.24 x	
Net Debt / Acum. EBITDA - USD*	2.16 x	1.74 x	

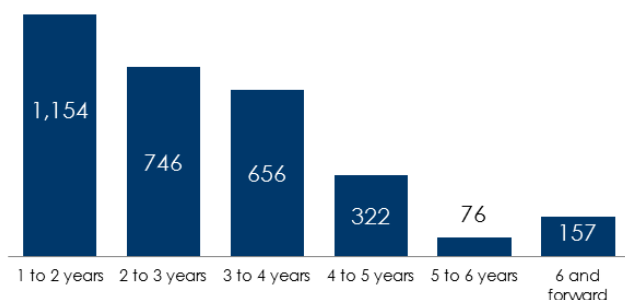
* Net Debt PTAX:
March/15: R\$3.20
March/16: R\$3.56

EBITDA LTM based on average PTAX in period:
March/15: R\$2.48
March/16: R\$3.58

In 2015/2016, the net debt of the São Martinho Group increased 8.4% to approximately R\$2.8 billion, to end the period with a ratio of Net Debt to EBITDA of 2.14 times. The main factors affecting indebtedness were: i) the effect from long-term foreign exchange variation on foreign-denominated debt (R\$170 million); and ii) the working capital required to cover our sugar hedge positions (R\$+ 85 million). These impacts will be fully reversed when we begin to export sugar in the coming crop years.

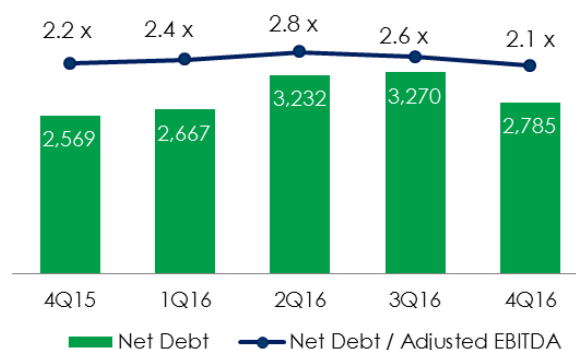
Debt Amortization Schedule

R\$- Million



Net Debt / EBITDA LTM

Evolution





CAPEX

(Maintenance)	4Q16	4Q15	Chg.%	12M16	12M15	Chg.%
R\$ '000						
Sugarcane Planting	74,936	76,925	-2.6%	207,443	186,321	11.3%
Off-Season Maintenance / Industrial / Agricultural	132,779	99,035	34.1%	158,149	150,586	5.0%
Crop Treatment	66,525	78,133	-14.9%	311,004	289,895	7.3%
Total	274,240	254,094	7.9%	676,596	626,802	7.9%

(Operational Improvements)	4Q16	4Q15	Chg.%	12M16	12M15	Chg.%
R\$ '000						
Equipment/Projects/Replacements	19,273	18,188	6.0%	74,545	60,195	23.8%
Total	19,273	18,188	6.0%	74,545	60,195	23.8%

(Upgrading/Expansion)	4Q16	4Q15	Chg.%	12M16	12M15	Chg.%
R\$ '000						
Industrial/Agricultural	25,195	51,271	-50.9%	89,675	125,029	-28.3%
Total	25,195	51,271	-50.9%	89,675	125,029	-28.3%

Total	318,709	323,553	-1.5%	840,816	812,026	3.5%
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The maintenance CAPEX of the São Martinho Group amounted to R\$676.6 million in 12M16, increasing 7.9% from the previous crop year. The higher maintenance CAPEX mainly reflects the increase in costs pegged to inflation, such as labor and diesel.

Operational improvement CAPEX (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$74.5 million in the 2015/16 crop year, increasing 23.8% from the previous crop year. These investments reflect the carryover of the improvements we began implementing in the previous crop year.

The Company's expansion CAPEX came to R\$89.7 million, down 28.3% on the previous crop year. The reduction in investment reflects the process of concluding the various projects the Company had begun in previous years, as widely disclosed to the market, combined with the new investments in expanding crushing capacity at the Santa Cruz mill, which should be completed as of 2017/18.

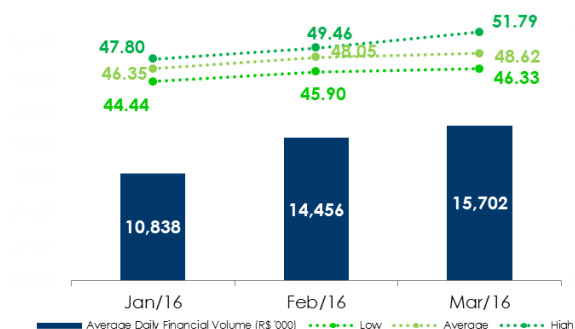


CAPITAL MARKETS AND INVESTOR RELATIONS

Performance SMT03 – 12 months



Price and Volume



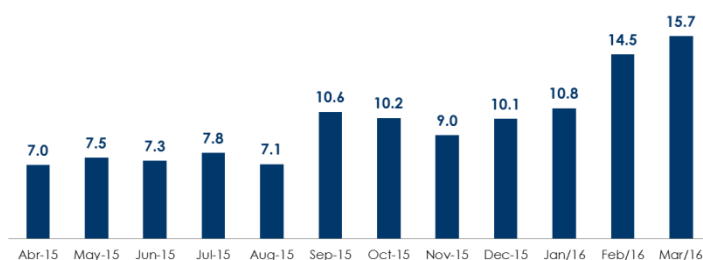
SMT03 x Stock Indexes

Base 100



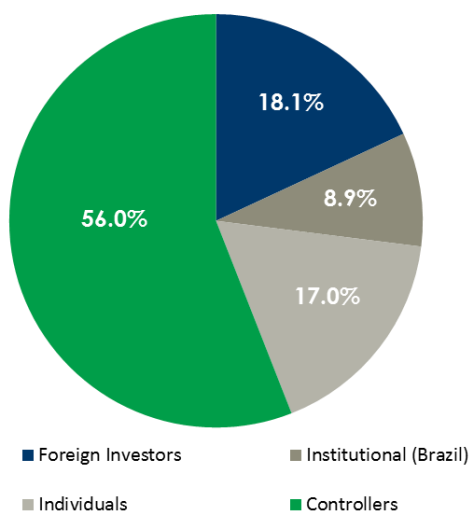
Average Daily Trading Volume

R\$ million

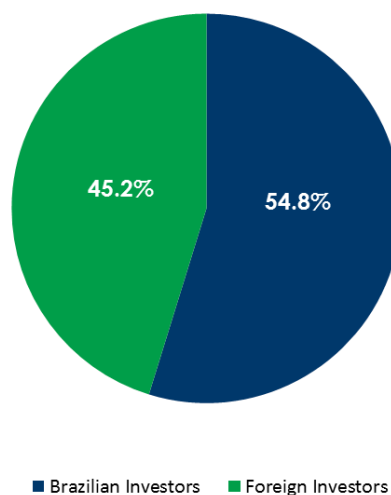


Ownership Structure

Base: Mar 31, 2016



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		
	4Q16	4Q15	Chg. %	4Q16	4Q15	Chg. %
R\$ '000						
Gross Revenue	714,426	682,952	4.6%	844,089	738,270	14.3%
Deductions from Gross Revenue	(25,227)	(39,740)	-36.5%	(30,604)	(41,416)	-26.1%
Net Revenue	689,199	643,212	7.1%	813,485	696,854	16.7%
Cost of Goods Sold (COGS)	(522,922)	(494,843)	5.7%	(592,633)	(538,930)	10.0%
Gross Profit	166,277	148,369	12.1%	220,852	157,924	39.8%
Gross Margin (%)	24.1%	23.1%	1.1 p.p	27.1%	22.7%	4.5 p.p
Operating Expenses	(31,455)	(53,924)	-41.7%	(71,392)	(49,668)	43.7%
Selling Expenses	(32,722)	(26,952)	21.4%	(33,666)	(28,050)	20.0%
General and Administrative Expenses	(37,299)	(41,036)	-9.1%	(43,647)	(45,032)	-3.1%
Equity Income	33,794	(7,369)	n.m.	437	(46)	n.m.
Other Operating Expenses, Net	4,772	21,433	-77.7%	5,484	23,460	-76.6%
Operating Profit, Before Financial Effects	134,822	94,445	42.8%	149,460	108,256	38.1%
Financial Result, Net	(61,741)	(33,352)	85.1%	(66,144)	(46,948)	40.9%
Financial Income	25,843	25,423	1.7%	30,235	27,804	8.7%
Financial Expenses	(68,177)	(65,752)	3.7%	(78,326)	(72,495)	8.0%
Monetary and Exchange Variations - Net	22,030	16,563	n.m.	30,407	5,082	n.m.
Derivative Income (Loss)	(41,437)	(9,586)	n.m.	(48,460)	(7,339)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	73,081	61,093	19.6%	83,316	61,308	35.9%
Income Tax and Social Contribution - Current	(7,150)	(13,274)	-46.1%	(13,823)	(13,283)	4.1%
Income Tax and Social Contribution - Deferred	3,031	8,751	-65.4%	(531)	8,545	n.m.
Net Income (Loss) Before Minority Interest	68,962	56,570	21.9%	68,962	56,570	21.9%
Net Income	68,962	56,570	21.9%	68,962	56,570	21.9%
Net Margin (%)	10.0%	8.8%	1.2 p.p	8.5%	8.1%	0.4 p.p



Year to date

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	12M16	12M15	Chg. (%)	12M16	12M15	Chg. (%)
R\$ '000						
Gross Revenue	2,424,838	1,998,603	21.3%	2,837,663	2,398,740	18.3%
Deductions from Gross Revenue	(86,108)	(82,559)	4.3%	(110,245)	(104,758)	5.2%
Net Revenue	2,338,730	1,916,044	22.1%	2,727,418	2,293,982	18.9%
Cost of Goods Sold (COGS)	(1,714,882)	(1,370,538)	25.1%	(1,966,159)	(1,643,056)	19.7%
Gross Profit	623,848	545,506	14.4%	761,259	650,926	17.0%
Gross Margin (%)	26.7%	28.5%	-1.8 p.p	27.9%	28.4%	-0.5 p.p
Operating Expenses	(156,429)	(90,106)	73.6%	(254,309)	(149,420)	70.2%
Selling Expenses	(103,601)	(85,749)	20.8%	(109,145)	(94,218)	15.8%
General and Administrative Expenses	(136,687)	(144,447)	-5.4%	(155,983)	(163,667)	-4.7%
Equity Income	74,887	32,085	133.4%	456	545	-16.3%
Other Operating Expenses, Net	8,972	108,005	-91.7%	10,363	107,920	-90.4%
Operating Profit, Before Financial Effects	467,419	455,400	2.6%	506,950	501,506	1.1%
Financial Result, Net	(294,222)	(141,562)	107.8%	(320,232)	(181,121)	76.8%
Financial Income	105,139	84,825	23.9%	120,225	97,546	23.2%
Financial Expenses	(278,432)	(227,139)	22.6%	(311,272)	(266,105)	17.0%
Monetary and Exchange Variations - Net	(73,473)	(5,420)	n.m.	(78,264)	(23,402)	n.m.
Derivative Income (Loss)	(47,456)	6,172	n.m.	(50,921)	10,840	n.m.
Income (Loss) Before Income and Social Contribution Taxes	173,197	313,838	-44.8%	186,718	320,385	-41.7%
Income Tax and Social Contribution - Current	(26,130)	(19,953)	31.0%	(35,385)	(24,387)	45.1%
Income Tax and Social Contribution - Deferred	47,264	(5,568)	n.m.	42,998	(7,681)	n.m.
Net Income (Loss) Before Minority Interest	194,331	288,317	-32.6%	194,331	288,317	-32.6%
Noncontrolling Interest	-	(2,259)	n.m.	-	(2,259)	n.m.
Net Income	194,331	286,058	-32.1%	194,331	286,058	-32.1%
Net Margin (%)	8.3%	14.9%	-6.6 p.p	7.1%	12.5%	-5.3 p.p



BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	CPC 19		Pro-forma	
R\$ '000				
ASSETS	Mar/16	Mar/15	Mar/16	Mar/15
SHORT-TERM ASSETS				
Cash and Cash Equivalents	266,659	1,020,112	267,315	1,126,517
Marketable Securities	706,487	-	839,127	-
Trade Receivables	86,419	156,317	116,965	168,031
Derivative Financial Instruments	145,701	221,797	145,701	222,226
Inventories	229,250	177,443	270,352	212,975
Taxes Recoverable	58,423	102,821	64,274	116,363
Income and Social Contribution Taxes	113,758	64,633	119,781	68,718
Other Assets	15,548	6,476	17,066	7,661
TOTAL SHORT-TERM ASSETS	1,622,245	1,749,599	1,840,581	1,922,491
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	5,423	5,723	13,770	14,021
Inventories and advances to suppliers	62,309	49,607	71,030	72,288
Related Parties	1,000	34	-	34
Deferred Income and Social Contribution Taxes	-	-	43,752	48,031
Derivative Financial Instruments	43,243	-	43,243	-
Accounts receivable	21,855	8,049	22,246	8,049
Trade Receivables from Copersucar	6,324	1,669	6,772	1,784
Taxes Recoverable	110,195	75,860	119,525	87,127
Judicial Deposits	30,300	27,927	32,257	29,553
Other Assets	498	518	498	518
	281,147	169,387	353,093	261,405
Investments	509,951	429,780	25,629	20,902
Biological Assets	1,072,806	936,241	1,248,209	1,116,783
Property, plant and equipment	3,409,555	3,383,376	3,801,118	3,796,775
Intangible Assets	489,557	500,541	489,639	500,676
TOTAL LONG-TERM ASSETS	5,763,016	5,419,325	5,917,688	5,696,541
TOTAL ASSETS	7,385,261	7,168,924	7,758,269	7,619,032



BALANCE SHEET (LIABILITIES)

São Martinho S.A. - LIABILITIES	CPC 19		Pro-forma	
R\$ '000				
LIABILITIES AND SHAREHOLDERS' EQUITY	Mar/16	Mar/15	Mar/16	Mar/15
SHORT-TERM ASSETS				
Borrowings	670,559	872,419	776,532	978,828
Derivative Financial Instruments	196,664	232,711	197,238	232,711
Trade Payables	113,907	95,476	137,711	115,727
Payables to Copersucar	21,875	2,040	23,188	2,300
Payroll and Social Contributions	98,231	84,373	110,252	95,953
Taxes Payable	15,570	13,235	19,615	14,531
Income and Social Contribution Taxes	916	1,511	916	1,540
Dividends Payable	53,164	67,939	53,164	67,939
Advances from Customers	1,298	3,197	1,606	4,321
Acquisition of Investment	17,937	17,507	17,937	17,507
Other Liabilities	26,591	29,484	32,099	34,079
TOTAL SHORT-TERM LIABILITIES	1,216,712	1,419,892	1,370,258	1,565,436
LONG-TERM ASSETS				
Borrowings	2,836,628	2,367,660	3,048,948	2,634,773
Derivative Financial Instruments	65,625	-	65,625	-
Payables to Copersucar	237,166	279,584	247,862	292,945
Taxes Payable in Installments	15,419	16,267	17,878	16,267
Deferred Income and Social Contribution Taxes	232,774	323,811	233,015	324,064
Provision for Contingencies	60,643	55,430	64,383	58,702
Acquisition of Investment	61,750	78,815	61,750	78,815
Advances for future capital increase	-	-	-	31,492
Other Liabilities	10,179	11,380	185	453
TOTAL LONG-TERM LIABILITIES	3,520,184	3,132,947	3,739,646	3,437,511
SHAREHOLDERS' EQUITY				
Share Capital	931,340	812,992	931,340	812,992
Capital reserves	10,531	9,119	10,531	9,119
Treasury Shares	(26,613)	(7,375)	(26,613)	(7,375)
Stock options granted	4,753	5,079	4,753	5,079
Adjustments to Book Value	1,295,698	1,405,708	1,295,698	1,405,708
Profits Reserves	432,656	390,562	432,656	390,562
TOTAL SHAREHOLDERS' EQUITY	2,648,365	2,616,085	2,648,365	2,616,085
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,385,261	7,168,924	7,758,269	7,619,032



CONSOLIDATED CASH FLOW STATEMENT

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ '000	12M16	12M15	12M16	12M15
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	194,331	288,317	194,331	288,317
Adjustments				
Depreciation and amortization	224,429	197,138	260,328	233,276
Harvested biological assets (depreciation)	385,297	277,709	475,628	365,684
Change in fair value of biological assets	(32,950)	31,029	(40,816)	29,520
Amortization of intangible assets	9,937	10,358	9,937	10,824
Equity income	(74,887)	(32,085)	(456)	(545)
Capital gain in investment in joint venture	(3,531)	(7,055)	(3,531)	(7,235)
Result of investment and property, plant and equipment disposals	1,455	162	1,595	(518)
Interest, monetary and foreign exchange variations, net	318,273	202,541	352,835	256,287
Derivative financial instruments	144,307	89,921	147,773	84,136
Accrual (reversal) of provision for contingencies, net	12,796	14,162	16,469	16,385
Deferred income tax and social contribution taxes	(47,264)	5,568	(42,998)	7,681
Adjustments to present value and others	3,758	(14,707)	3,217	(13,613)
Income (loss) from ownership divestment	(2,027)	(79,717)	(2,027)	(79,717)
	1,133,924	983,341	1,372,285	1,190,482
Changes in assets and liabilities				
Trade receivables	37,820	(72,927)	15,475	(68,256)
Inventories	(82,737)	44,780	(80,263)	26,178
Taxes recoverable	(30,245)	(38,226)	(23,312)	(36,751)
Derivative financial instruments	(82,586)	42,642	(85,048)	45,821
Marketable securities	963	118	1,948	181
Other assets	(9,152)	25,885	(9,694)	25,877
Trade payables	18,913	(12,411)	24,085	(1,804)
Salaries and social charges	13,858	1,945	14,300	4,412
Taxes payable	3,332	14,285	5,407	12,752
Payables to Copersucar	(36,302)	13,742	(38,962)	14,724
Taxes paid in installments	(2,012)	(30,179)	(1,579)	(30,151)
Provision for contingencies - settlements	(17,595)	(28,699)	(21,270)	(32,168)
Other liabilities	(2,931)	937	(2,836)	(1,047)
Cash provided by operations	945,250	945,233	1,170,536	1,150,250
Interest paid	(188,616)	(132,415)	(213,279)	(168,076)
Income tax and social contribution paid	(6,991)	(5,967)	(7,032)	(6,060)
Net cash provided by operating activities	749,643	806,851	950,225	976,114
CASH FLOW FROM INVESTING ACTIVITIES				
Financial resources used in investments	(28,449)	(71,363)	(28,467)	(71,363)
Change due to acquisition and sale of equity interest	-	44,860	(78)	25,273
Additions to property, plant and equipment and intangible assets	(279,483)	(285,323)	(324,675)	(342,124)
Additions to biological assets (planting and crop treatment)	(449,437)	(384,274)	(518,445)	(476,217)
Marketable securities	(706,487)	-	(839,128)	-
Proceeds from sale of property, plant and equipment	12,333	3,356	12,771	4,858
Advance for future capital increase	(1,000)	-	-	(32)
Dividends received	-	3,127	-	443
Net cash used in investing activities	(1,452,523)	(689,617)	(1,698,022)	(859,162)
CASH FLOW FROM FINANCING ACTIVITIES				
New borrowings - third parties	1,023,010	1,380,818	1,064,514	1,538,259
Repayment of borrowings - third parties	(984,368)	(991,355)	(1,086,920)	(1,164,864)
Advance for future capital increase	-	-	216	689
Acquisition of treasury shares	(31,904)	-	(31,904)	-
Sale of treasury shares	10,627	5,145	10,627	5,145
Payment of dividends	(67,938)	(43,089)	(67,938)	(40,405)
Net cash provided by (used in) financing activities	(50,573)	351,519	(111,405)	338,824
Increase (decrease) in cash and cash equivalents, net	(753,453)	468,753	(859,202)	455,776
Cash and cash equivalents at the beginning of the period	1,020,112	551,359	1,126,517	670,741
Cash and cash equivalents at the end of the period	266,659	1,020,112	267,315	1,126,517