

São Martinho reports Net Income of R\$68.9 million in 2Q17, 184% higher than in 2Q16

São Paulo, November 9, 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 second quarter of the 2016/17 crop year (2Q17).

2Q17 HIGHLIGHTS

- ✓ Adjusted EBITDA amounted to R\$368.7 million in 2Q17 (Adjusted EBITDA margin of 47.3%), advancing 15.6% from 2Q16. In 6M17, Adjusted EBITDA advanced 29.1% to R\$702.5 million (EBITDA margin of 47.2%). Adjusted EBITDA growth in the period was supported by higher sales volumes of sugar and hydrous ethanol and by better sales prices;
- ✓ Adjusted EBIT in 2Q17 came to R\$192.4 million (EBIT margin of 24.7%), increasing 25.6% from 2Q16. In 6M17, EBIT increased 45.2% compared to 6M16, to R\$369.1 million (EBIT margin of 24.8%), due to the same factors that impacted Adjusted EBITDA in the period;
- ✓ Net income in the year to date was R\$108.6 million, increasing 95.1% from 6M16, supported by higher sales volumes and better sales prices for our products;
- ✓ On September 30, 2016, sugar prices for the 2016/17 crop year were hedged for 415,500 tons at US\$16.95 ¢/lb, which represents the hedging of approximately 85.2% of own sugarcane and 78.7% of total sugarcane. In addition to the hedging of sugar prices, the Company also held U.S. dollar NDFs in the amount of US\$54.9 million with an average exchange rate of R\$3.84/US\$ for sugar exports in the 2016/17 crop year;
- ✓ On the same date, our sugar prices for the 2017/18 crop year were hedged for 350,100 tons at an average price of US\$20.06 ¢/lb. This volume represents approximately 32.5% of own cane and 26% of total sugarcane, considering the sugar production projected for this season of 1,350,000 tons. On the same date, we held US\$150.0 million in NDFs at R\$3.62/US\$, representing 26% of the total volume.

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.

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.

Since the first quarter, 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) will be measured at fair value and remain under the scope of IAS 41.

Accordingly, the results for 2Q16 were restated to maintain comparability between periods, as required under IAS 8 (CPC 23).

The following table presents a summary of the results:

São Martinho S.A. (Pro forma)		
	2Q17	2Q16
R\$ '000		
Net Revenue*	779,327	683,600
Adjusted EBITDA	368,704	318,903
Adjusted EBITDA Margin	47.3%	46.7%
Adjusted EBIT	192,422	153,151
Adjusted EBIT Margin	24.7%	22.4%
Biological Assets and Other	3,114	7,200
Equity Income	329	166
Financial Result	(57,443)	(119,414)
Adjustment to Maturity of Hedge /USC PPA	(54,880)	(22,844)
Income (Loss) Before taxes	83,542	18,259
Taxes	(14,629)	5,947
Net Income	68,913	24,206

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



São Martinho S.A. (Pro forma)		
	6M17	6M16
R\$ '000		
Net Revenue*	1,488,754	1,160,306
Adjusted EBITDA	702,454	544,006
Adjusted EBITDA Margin	47.2%	46.9%
Adjusted EBIT	369,124	254,160
Adjusted EBIT Margin	24.8%	21.9%
Chg. in Biological Assets & Others	14,950	3,812
Equity Income	503	190
Financial Result	(131,615)	(177,984)
Maturity of Debt (Hedge) / PPA	(122,869)	(48,430)
Income (Loss) Before taxes	130,094	31,749
Taxes	(21,512)	23,905
Net Income	108,582	55,654
Cash	928,749	925,382
Gross Debt	3,770,482	4,157,526
Net Debt	2,841,733	3,232,144
EBITDA YTD	1,460,660	1,151,567
Net Debt / EBITDA	1.95 x	2.81 x

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



OVERVIEW - COMPANY

OPERATING DATA	6M17	6M16	Chg.(%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	16,532	15,037	9.9%
Own	10,842	9,253	17.2%
Third Parties	5,690	5,784	-1.6%
Mechanized Harvest	99.0%	97.1%	1.91 p.p.
Agricultural Yield (ton/ha)	80.9	84.2	-4.0%
Average TRS (kg/ton)	129.1	130.1	-0.8%
Production			
Sugar ('000 tons)	1,093	952	14.8%
Anhydrous Ethanol ('000 m ³)	323	318	1.4%
Hydrous Ethanol ('000 m ³)	253	239	5.7%
Cogeneration ('000 MWh)	516	536	-3.7%
TRS Produced	2,135	1,957	9.1%
Mix - Sugar - Ethanol	54% - 46%	51% - 49%	
Mix Anhydrous - Hydrous	57% - 43%	58% - 42%	

New Guidance

Production	Guidance Safrá 16/17	New Guidance Safrá 16/17	Var. (%)
Crushing ('000 tons)	20,553	19,266	-6.3%
Suagr ('000 tons)	1,356	1,297	-4.3%
Anhydrous ('000 m ³)	455	400	-12.1%
Hydrous ('000 m ³)	340	269	-21.0%
Cogeneration ('000 MWh)	753	736	-2.3%
Average TRS (Kgs/Ton)	135.7	130.4	-3.9%
Total TRS produced	2,789	2,511	-9.9%
Mix Sugar/Ethanol	51% - 49%	54% - 46%	

Agricultural Impacts:

The sugarcane plantations of the São Martinho Group were affected by three severe frosts in July, on an area of 39,237 hectares. The harvest of most of the hectares affected, which was scheduled for the end of the crop year, was brought forward to avoid losing the raw material.

The frosts and anticipation of the harvest altered the natural cycle of the cane, reducing both its yields (TCH) and quality (TRS). These impacts were recently assessed after concluding the processing of all the cane directly and indirectly affected.

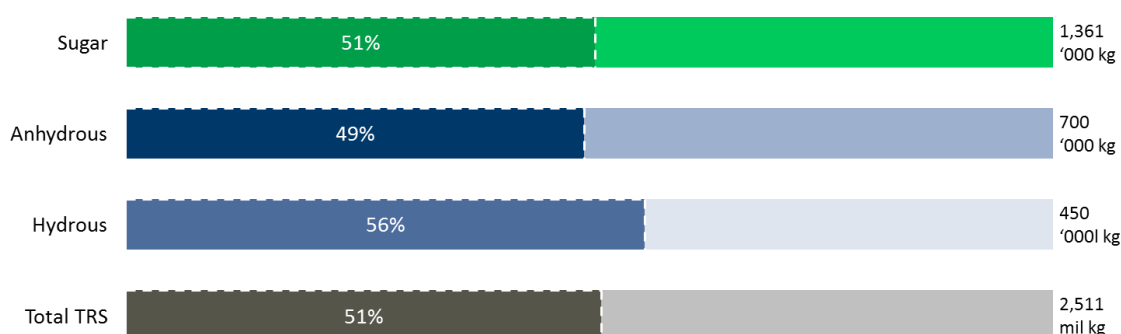
For the next crop year, assuming that the summer precipitation is in line with historical levels, we will resume the Group's crushing volume of over 20 million tons.

Financial Impacts

As detailed in the above table, the revised Guidance changes the production mix by increasing the share of sugar at the expense of hydrous ethanol in order to preserve higher-margin products. The strategy to shift the mix, combined with the improvement in sugar and ethanol prices, should offset a large part of the production shortfall. Therefore, we believe that our Adjusted EBITDA for the 2016/17 crop year will amount to between R\$1.4 and 1.5 billion and Operating Cash Generation (Adjusted EBITDA less Maintenance CAPEX) will amount to between R\$650 and R\$750 million.

The following chart provides details on sales volumes to September 2016, compared to the total volume to be produced in the 2016/17 crop year, after the revision of the guidance. The volume of products to be sold in the next six months, combined with the improvement in prices, should be sufficient to reach the level of the EBITDA and Cash Generation indicators described above.

Sales vs Revised Guidance (TRS)



The following table summarizes our main financial highlights for the second quarter and first six months of the crop year.

FINANCIAL HIGHLIGHTS (R\$ '000)	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
São Martinho - Consolidated						
Net Revenue ¹	779,327	683,600	14.0%	1,488,754	1,160,306	28.3%
Adjusted EBITDA	368,704	318,903	15.6%	702,454	544,006	29.1%
Adjusted EBITDA Margin	47.3%	46.7%	0.7 p.p.	47.2%	46.9%	0.3 p.p.
Adjusted EBIT	192,422	153,151	25.6%	369,124	254,160	45.2%
Adjusted EBIT Margin	24.7%	22.4%	2.3 p.p.	24.8%	21.9%	2.9 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	7,925,486	7,796,812	1.7%	7,925,486	7,796,812	1.7%
Shareholders' Equity	2,857,696	2,445,148	16.9%	2,857,696	2,445,148	16.9%
EBITDA (LTM)	1,460,660	1,151,567	26.8%	1,460,660	1,151,567	26.8%
Net Debt	2,841,733	3,232,144	-12.1%	2,841,733	3,232,144	-12.1%
Net Debt / EBITDA (LTM)	1.95 x	2.81 x		1.95 x	2.81 x	
Net Debt / Shareholders' Equity	99%	132%		99%	132%	

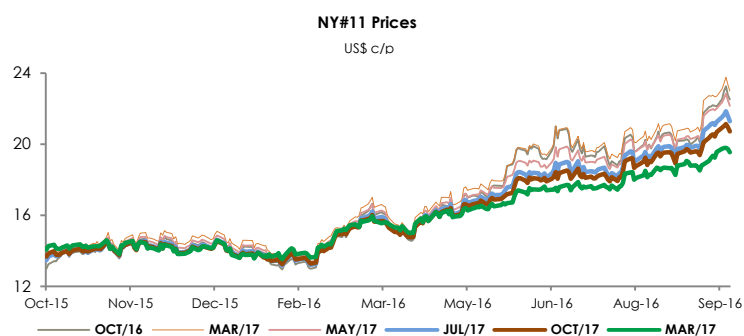
¹ - Excludes the effects from Hedge Accounting of foreign-denominated debt and USC PPA.



INDUSTRY OVERVIEW

Sugar

According to the data from the Sugarcane Industry Association (UNICA) for Brazil's Center-South, the region's sugar production through the first half of October increased by 18.6% on the year-ago period. As mentioned in the previous quarter, the higher production volume reflects the acceleration of crushing in the first few months of the crop year and the higher allocation of sucrose to sugar production, reflecting the recovery in the product's international prices.



Despite the higher production in the comparison to October, the 2016/17 crop year will be shorter, with crushing activities ending in November 2016 for most of the industry. Therefore, we expect total production in the crop year to amount to around 34 million tons, or 9% more than in the 2015/16 crop year.



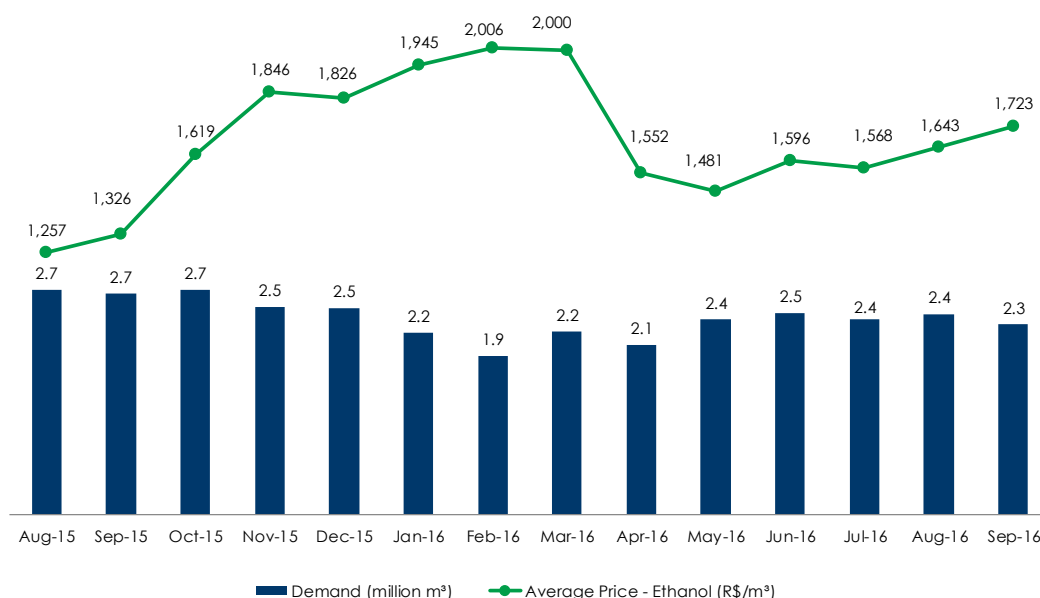
Ethanol

According to the latest UNICA report, ethanol production through the first half of October was flat compared to the same period last crop year.

As mentioned in "Industry Overview – Sugar," we expect the 2016/17 crop year to end in November. Consequently, ethanol production in the whole of the crop year should be lower than in the previous crop year.

As we announced in the Material Fact notice dated November 9, 2016, the São Martinho Group will reduce ethanol production by 10.9% due to adverse weather conditions. We believe said impact will extend to include most producers in the industry to a greater or lesser extent depending on the region, leading to the lower availability of the product in the inter-crop period.

AVERAGE PRICES - ETHANOL	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R\$ / m ³	1,724.85	1,365.09	26.4%	1,685.54	1,369.63	23.1%
Hydrous ESALQ, Net DM - R\$ / m ³	1,564.62	1,210.48	29.3%	1,506.56	1,223.64	23.1%





FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
R\$ '000						
Domestic Market	370,014	279,124	32.6%	702,161	575,224	22.1%
Sugar	32,141	22,883	40.5%	59,640	45,844	30.1%
Hydrous Ethanol	105,647	35,873	194.5%	195,770	95,590	104.8%
Anhydrous Ethanol	146,988	131,726	11.6%	298,275	251,399	18.6%
Energy	48,709	65,805	-26.0%	92,419	133,617	-30.8%
Real Estate Development	13,036	5,336	144.3%	18,113	19,278	-6.0%
Others	23,493	17,501	34.2%	37,944	29,496	28.6%
Export Market	409,313	404,476	1.2%	786,593	585,082	34.4%
Sugar	354,530	267,172	32.7%	714,441	439,347	62.6%
Hydrous Ethanol	28,528	44,651	-36.1%	45,898	44,651	2.8%
Anhydrous Ethanol	26,255	-	-70.9%	26,255	90,199	-70.9%
Others	-	2,454	n.m.	-	10,885	n.m.
Net Revenue*	779,327	683,600	14.0%	1,488,754	1,160,306	28.3%
Sugar	386,671	290,055	33.3%	774,081	485,191	59.5%
Hydrous Ethanol	134,175	80,524	66.6%	241,668	140,241	72.3%
Anhydrous Ethanol	173,243	221,925	-21.9%	324,529	341,598	-5.0%
Energy	48,709	65,805	-26.0%	92,419	133,617	-30.8%
Hydrous Ethanol	13,036	5,336	144.3%	18,113	19,278	-6.0%
Others	23,493	19,955	17.7%	37,944	40,381	-6.0%

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

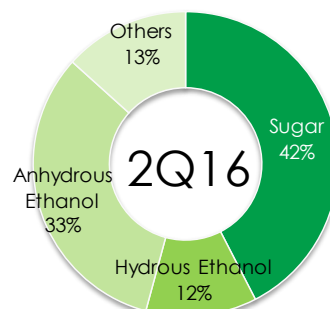
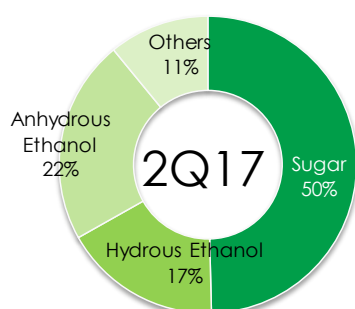
Net revenue

In the second quarter of the 2016/17 crop year (2Q17), the Company's net revenue amounted to R\$779.3 million, increasing 14.0% from the same period of the previous crop year. The increase mainly reflects the growth in sugar and hydrous ethanol sales volume combined with the improvement in prices. In the first six months of the crop year, net revenue increased 28.3% to R\$1,488.7 million. The improvement is explained by the same positive factors that impacted 2Q17.

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

Net Revenue Breakdown

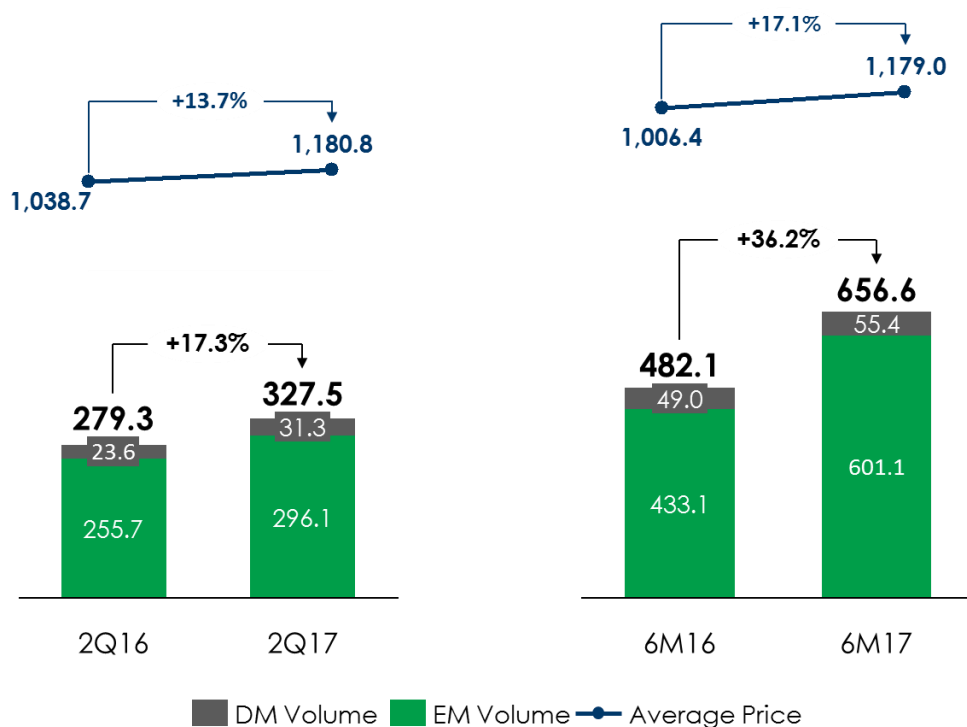
2Q17 x 2Q16





Sugar

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

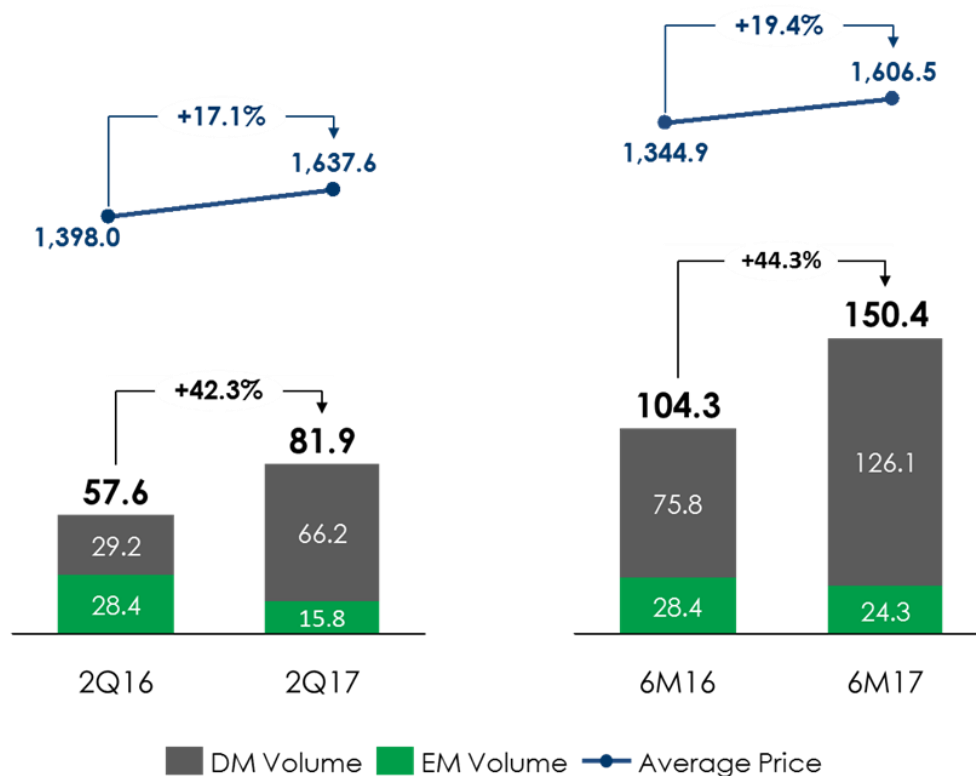


Net revenue from sugar sales amounted to R\$386.7 million in 2Q17, increasing 33.3% on the same period of the previous crop year. The improvement reflects the 17.3% growth in sales volume and the 13.7% increase in the average sugar sales price in the quarter.

In the first six months of the crop year, net revenue from sugar sales amounted to R\$774.1 million, up 59.5% compared to 6M16.

Hydrous Ethanol

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



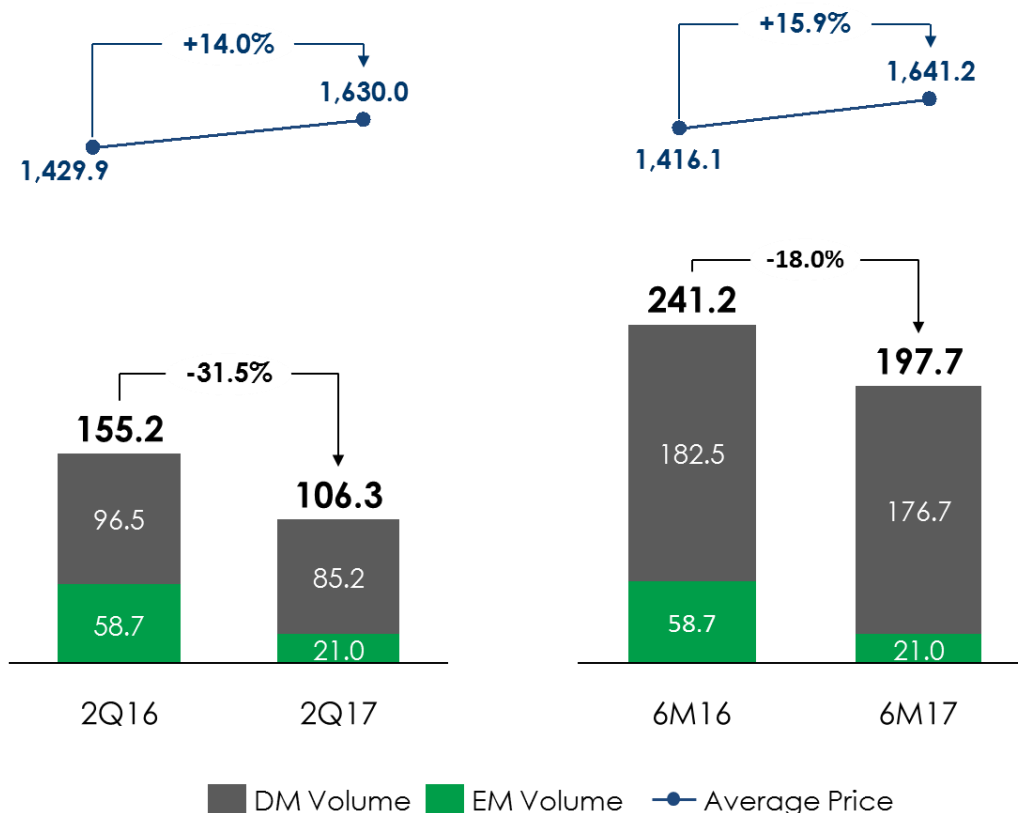
Net revenue from hydrous ethanol sales amounted to R\$134.2 million in 2Q17, increasing 66.6% from 2Q16. The improvement reflects the 42.3% growth in sales volume in the period and the 17.1% higher average sales price.

In 6M17, net revenue from hydrous ethanol sales grew 72.3% compared to 6M16, reflecting the 19.4% higher average sales price and the higher sales volumes.



Anhydrous Ethanol

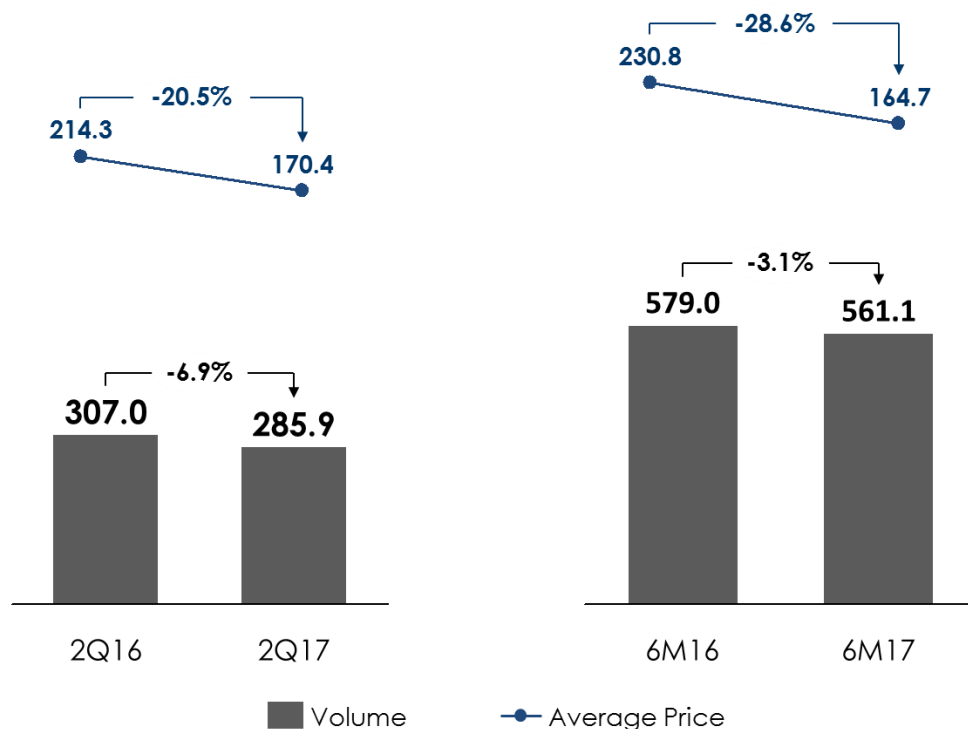
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from anhydrous ethanol sales amounted to R\$173.2 million in 2Q17, down 21.9% from the same quarter of the previous season. The lower revenue reflects the 31.5% decrease in sales volume in the period. In the six-month period, net revenue from anhydrous ethanol sales decreased 5.0% compared to 6M16, reflecting the lower sales volume.

Cogeneration

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



Net revenue from cogeneration sales in 2Q17 amounted to R\$48.7 million, down 26.0% from the same period of the previous crop year. In the six-month period, net revenue from cogeneration sales amounted to R\$92.4 million, down 30.8% from the same period of the previous crop year. The decline reflects the lower average price and lower volume traded in the period due to the decline in spot market prices.

Real Estate Development

As disclosed in our previous earnings releases, three real estate projects were launched in the 2014/15 crop year: Recanto das Paineiras, Park Empresarial de Iracemópolis (in the Limeira region of São Paulo state) and Residencial Pradópolis.

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

Real Estate Development 6M17 Project Evolution	Recanto das Paineiras	Park Empresarial de Iracemópolis	Residencial Pradópolis
POC (percentage-of-completion) position	100.0%	100.0%	99.4%
Total lots sold (%)	99.8%	73.5%	57.2%

In 6M17, we recognized revenue of R\$18.1 million (based on the percentage of completion method), as shown in the following table.

Real Estate Development in progress	Revenue Recognized 2Q17	Revenue Recognized 6M17
	R\$ '000	R\$ '000
Property sales	11,196	11,422
Projects already launched in partnership	1,838	6,689
Total revenue	13,034	18,111

INVENTORIES

INVENTORIES	2Q17	2Q16	Chg. (%)
Sugar (tons)	465,416	476,321	-2.3%
Hydrous (m³)	106,947	155,850	-31.4%
Anhydrous (m³)	168,119	136,501	23.2%



EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 2Q17	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue*	386,671	307,418	48,709	13,036	23,493	779,327
COGS (Cash)	(162,122)	(152,291)	(6,503)	(2,957)	(14,748)	(338,705)
Gross Profit (Cash)	224,549	155,127	42,206	10,080	8,745	440,622
Gross Margin (Cash)	58.1%	50.5%	86.6%	77.3%	37.2%	56.5%
Selling Expenses	(23,808)	(4,631)	(1,413)	-	-	(29,852)
G&A Expenses (Cash)	(19,199)	(18,142)	(4,534)	(611)	-	(42,486)
Other Revenues (Expenses)	-	-	-	-	421	421
Adjusted EBITDA	181,542	132,269	36,259	9,468	9,166	368,704
Adjusted EBITDA Margin	46.9%	43.0%	74.4%	72.6%	39.0%	47.3%
EBITDA Cost**	(626.4)	(930.1)	(43.5)	-	-	-

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 54.9 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 2Q16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenue*	290,055	302,449	65,805	5,336	19,955	683,600
COGS (Cash)	(118,836)	(150,136)	(18,005)	(710)	(11,194)	(298,881)
Gross Profit (Cash)	171,218	152,313	47,800	4,626	8,761	384,719
Gross Margin (Cash)	59.0%	50.4%	72.6%	86.7%	43.9%	56.3%
Selling Expenses	(16,081)	(10,310)	(1,465)	-	(44)	(27,900)
G&A Expenses (Cash)	(14,535)	(18,333)	(4,322)	(1,194)	-	(38,384)
Other Revenues (Expenses)	-	-	-	-	468	468
Adjusted EBITDA	140,602	123,670	42,013	3,433	9,185	318,903
Adjusted EBITDA Margin	48.5%	40.9%	63.8%	64.3%	46.0%	46.7%
EBITDA Cost**	(535.2)	(840.1)	(77.5)	-	-	-

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 22.8 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh



EBITDA BY PRODUCT - 6M17	SUGAR	ETHANOL	ETHANOL IMPORTED	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000							
Net Revenues*	774,081	540,684	25,513	92,419	18,113	37,943	1,488,754
COGS (Cash)	(316,798)	(264,242)	(26,870)	(13,792)	(3,242)	(22,200)	(647,144)
Gross Profit (Cash)	457,283	276,442	(1,357)	78,627	14,871	15,743	841,610
Gross Margin (Cash)	59.1%	51.1%	-5.3%	85.1%	82.1%	41.5%	56.5%
Sales Expenses	(45,389)	(6,592)	(2,160)	(2,843)	-	0	(56,983)
G&A Expenses (Cash)	(39,420)	(32,778)	-	(9,108)	(1,389)	-	(82,694)
Other Revenues (Expenses)	-	-	-	-	-	521	521
Adjusted EBITDA	372,475	237,073	(3,517)	66,676	13,483	16,264	702,454
Adjusted EBITDA Margin	48.1%	43.8%	-13.8%	72.1%	74.4%	42.9%	47.2%
EBITDA Cost**	(611.7)	(910.9)	(1,952.8)	(45.9)	-	-	-

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 68.0 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 6M16	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	485,191	481,839	133,617	19,278	40,381	1,160,306
COGS (Cash)	(207,484)	(245,822)	(30,360)	(3,488)	(19,391)	(506,545)
Gross Profit (Cash)	(456)	(456)	(456)	(456)	(456)	(456)
Gross Margin (Cash)	57.2%	49.0%	77.3%	81.9%	52.0%	56.3%
Sales Expenses	(27,733)	(11,701)	(3,054)	-	(69)	(42,556)
G&A Expenses (Cash)	(26,799)	(31,571)	(8,771)	(2,064)	-	(69,206)
Other Revenues (Expenses)	-	-	-	-	2,007	2,007
Adjusted EBITDA	223,174	192,745	91,433	13,726	22,928	544,006
Adjusted EBITDA Margin	46.0%	40.0%	68.4%	71.2%	56.8%	46.9%
EBITDA Cost**	(543.5)	(836.7)	(72.9)	-	-	-

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 25.6 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

Sugar EBITDA margin expanded 2.1 p.p. from 6M16, while ethanol, excluding anhydrous ethanol imports, registered EBITDA margin expansion of 3.8 p.p., supported by better product prices and sales volume growth. The increase in the EBITDA cost of sugar and ethanol production is mainly due to the increase in the Consecana price in the period – see details in “Cost of Goods Sold.”

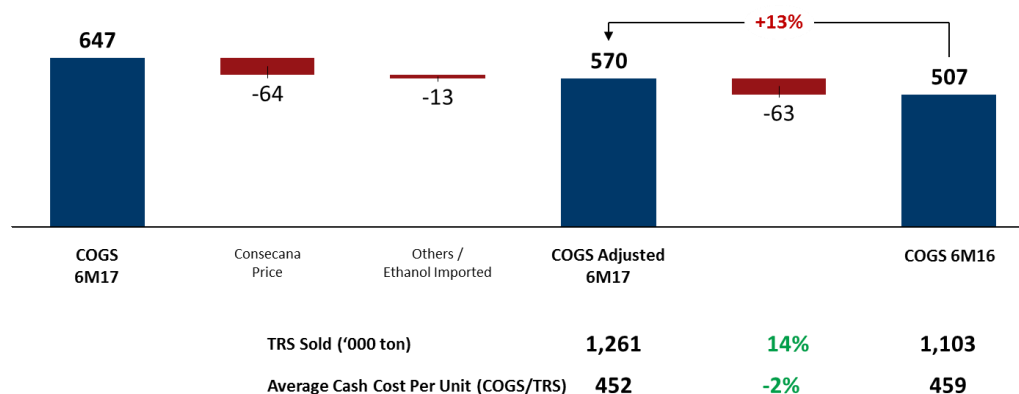


COST OF GOODS SOLD

BREAKDOWN OF COGS - CASH	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
R\$ '000						
Agricultural Costs	276,417	232,422	18.9%	509,869	391,239	30.3%
Suppliers	159,182	135,450	17.5%	278,101	221,644	25.5%
Partnerships	55,837	41,665	34.0%	108,974	73,759	47.7%
Own Sugarcane	61,398	55,307	11.0%	122,794	95,835	28.1%
Industrial	38,232	36,621	4.4%	71,670	62,692	14.3%
Other Products	24,449	33,723	-27.5%	39,496	58,028	-31.9%
Ethanol Imported	-	-	-	26,870	-	-
Reintegra	(392)	(3,885)	-89.9%	(762)	(5,413)	-85.9%
Total COGS	338,705	298,881	13.3%	647,144	506,545	27.8%
TRS Sold (000 Tons)	667	661	0.9%	1,287	1,103	16.7%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	471	401	17.5%	472	407	16.1%
Total COGS ex-Importation				620,273	506,545	22.5%
TRS Sold (000 Tons) ex-Importation				1,261	1,103	14.4%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold) ex-Importation				461	407	13.2%

In 2Q17, "Cash COGS" came to R\$338.7 million, increasing 13.3% from the previous crop year, due to the 31% increase in the Consecana price in the period.

In the first six months of the crop year, COGS came to R\$647.1 million, up 27.8% from the same period of the prior season, due to i) higher sales volume; ii) higher CONSECANA price in the period; and iii) impact of anhydrous ethanol imports, as cited last quarter. In the following chart, we broke down these impacts to provide a better understanding of the dynamics of the Company's costs:



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

AVERAGE CASH COST PER UNIT	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
R\$ '000						
COGS	(314,413)	(268,972)	16.9%	(581,040)	(453,306)	28.2%
Sugar	(162,122)	(118,836)	36.4%	(316,798)	(207,484)	52.7%
Ethanol	(152,291)	(150,136)	1.4%	(264,242)	(245,822)	7.5%
Average Cash Cost Per Unit (*)						
Sugar Cash Cost	(495.1)	(425.5)	16.3%	(482.5)	(430.4)	12.1%
Ethanol Cash Cost	(809.1)	(705.5)	14.7%	(792.8)	(711.5)	11.4%

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



SELLING EXPENSES

SELLING EXPENSES	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
R\$ Thousand						
Port Costs / Freight	27,195	26,341	3.2%	50,336	39,424	27.7%
Ethanol Imported			0.0%	2,160		n.m.
Other	2,657	1,559	70.5%	4,487	3,132	43.3%
Selling Expenses	29,852	27,900	7.0%	56,983	42,556	33.9%
TRS Sold ('000 Tons)	667	661	0.9%	1,261	1,103	14.4%
% of Net Revenues	3.8%	4.1%	-0.3 p.p.	3.8%	3.7%	0.2 p.p.

In 2Q17, selling expenses amounted to R\$29.9 million, increasing 7.0% from the same period of the previous crop year (2Q16). In 6M17, the 33.9% increase reflects the higher sugar and ethanol sales volume, as described above.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH)	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
R\$ Thousand						
Personnel and Management Fee	28,172	25,384	11.0%	53,089	48,316	9.9%
Taxes, Fees, Contributions and Contingencies	6,555	6,277	4.4%	7,926	7,363	7.6%
General Expenses and Third-Party Services	6,771	5,857	15.6%	12,503	11,795	6.0%
Stock Options Expenses	988	866	14.1%	1,976	1,732	14.1%
Total recurring General and Administrative Expenses	42,486	38,384	10.7%	75,494	69,206	9.1%
Non-recurring items	-	-		7,200	-	
Total General and Administrative Expenses	42,486	38,384	10.7%	82,694	69,206	19.5%

G&A expenses amounted to R\$42.5 million in 2Q17, increasing 10.7% from the same period of the previous crop year. The increase mainly reflects the increase in Personnel expenses arising from the collective bargaining agreement approved with the union in July 2016, and the reclassification of expenses previously recorded as COGS, in the amount of R\$4 million.

In the six-month period, excluding the non-recurring item discussed last quarter, G&A expenses came to R\$75.5 million, increasing 9.1% from 6M16.



EBITDA

Pro-Forma EBITDA RECONCILIATION	2Q17	2Q16	Chg. (%)	6M17	6M16	Chg. (%)
R\$ '000						
Adjusted EBITDA	368,704	318,903	15.6%	702,454	544,006	29.1%
Adjusted EBITDA Margin	47.3%	46.7%	0.7 p.p.	47.2%	46.9%	0.3 p.p.
Adjustment to Maturity of Hedge /USC PPA	54,880	22,843	140.2%	122,869	48,429	153.7%
Equity Income (loss)	(329)	(166)	98.2%	(503)	(190)	164.7%
Non Recurring Operating Income (Expenses)	(1,548)	(2,561)	-39.6%	(2,062)	(2,572)	-19.8%
Biological Assets	(1,566)	(4,639)	-66.2%	(12,888)	(1,240)	n.m.
Book EBITDA	317,267	303,426	4.6%	595,039	499,580	19.1%
EBITDA Margin	43.8%	45.9%	-2.1 p.p.	43.6%	43.8%	-0.2 p.p.
(-) Depreciation and Amortization	(176,282)	(165,752)	6.4%	(333,330)	(289,846)	15.0%
(-) Financial Income (Expense), net	(57,443)	(119,414)	-51.9%	(131,615)	(177,984)	-26.1%
(=) Operating Income (Loss)	83,542	18,260	357.5%	130,094	31,750	309.7%

Adjusted EBITDA

In 2Q17, the São Martinho Group recorded Adjusted EBITDA of R\$368.7 million (Adjusted EBITDA Margin of 47.3%), which represents an increase of 15.6% from 2Q16. In 6M17, Adjusted EBITDA advanced 29.1% to R\$702.5 billion (EBITDA margin of 47.2%). EBITDA growth in the period was mainly supported by the higher sugar and hydrous ethanol sales volumes and better sales prices.

Main Adjustments to EBITDA in 2Q17 and 6M17

1) Adjustment of Debt Maturity in Hedge Accounting / PPA Santa Cruz:

- Expense related to the exchange variation on debt settled in 2Q17 and 6M17 that was previously designated as Hedge Accounting, as shown below:

	2Q17	6M17
Debt Recognized (USD million)	36.5	81.8
Debt Exchange Rate (R\$)	1.88	2.00
Taxa Cambial Realizada (R\$)	3.27	3.41
Debt Maturity Adjustment (R\$ million)	50.9	115.3

- Noncash expense of R\$3.9 million, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of Santa Cruz Mill (purchase price allocation - PPA) in 2Q17. In the six-month period, the expense came to R\$7.6 million.



Biological Assets

Non-cash provision at market value of biological assets in the amount of R\$1.6 million in 2Q17 and R\$12.9 million in 6M17, which mainly reflects the increase in ethanol and sugar prices in the period.

Operating Cash Generation and Adjusted EBIT

Adjusted EBIT

EBIT in 2Q17 came to R\$192.4 million (EBIT margin of 24.7%), increasing 25.6% from 2Q16. In 6M17, EBIT increased 45.2% to R\$369.1 million (Adjusted EBIT margin of 24.8%), with the improvement due to the same factors that impacted Adjusted EBITDA in the period.

R\$ '000	2Q17	2Q16	Chg.%	6M17	6M16	Chg.%
Adjusted EBIT	192,422	153,151	25.6%	369,124	254,160	45.2%
Adjusted EBIT Margin	24.7%	22.4%	2.3 p.p.	24.8%	21.9%	2.9 p.p.
(-) Depreciation and Amortization	(176,282)	(165,752)	6.4%	(333,330)	(289,846)	15.0%
Adjusted EBITDA	368,704	318,903	15.6%	702,454	544,006	29.1%
Adjusted EBITDA Margin	47.3%	46.7%	0.7 p.p.	47.2%	46.9%	0.3 p.p.
Adjustment to Maturity of Hedge /USC PPA	54,880	22,843	140.2%	122,869	48,429	153.7%
Equity Income (Loss)	(329)	(166)	98.2%	(503)	(190)	164.7%
Non Recurring Operating Income (Expenses)	(1,548)	(2,561)	-39.6%	(2,062)	(2,572)	-19.8%
Biological Assets	(1,566)	(4,639)	-66.2%	(12,888)	(1,240)	939.2%
Book EBITDA	317,267	303,426	4.6%	595,039	499,580	19.1%
EBITDA Margin	43.8%	45.9%	-2.1 p.p.	43.6%	43.8%	-0.2 p.p.

Operating Cash Generation

R\$ '000	2Q17	2Q16	Chg.%	6M17	6M16	Chg.%
Adjusted EBITDA	368,704	318,903	15.6%	702,454	544,006	29.1%
Maintenance Capex	145,372	124,654	16.6%	276,553	248,453	11.3%
Operational Cash Flow	223,332	194,249	15.0%	425,901	295,554	44.1%
Cash Flow Margin	28.7%	28.4%	0.2 p.p.	28.6%	25.5%	3.1 p.p.

HEDGING

A summary of our sugar and U.S. dollar hedge positions on September 30, 2016 follows.

Sugar

	Volume Hedged (^{'000} tons)	Avg. Price (US\$ c/p)
Sugar		
Oct/16 (V16)	272,802	17.00
Mar/17 (H17)	142,704	16.86
2016/2017 Crop Year	415,506	16.95
Mai/17 (K17)	121,774	20.63
Jul/17 (N17)	143,974	19.74
Oct/17 (V17)	84,383	19.80
2017/2018 Crop Year	350,131	20.06

On September 30, 2016, sugar prices for the 2016/17 crop year were hedged for 415,500 tons at US\$16.95 ¢/lb, which represents the hedging of approximately 85.2% of own sugarcane and 78.7% of total sugarcane.

On the same date, our sugar prices for the 2017/18 crop year were hedged for 350,100 tons at an average price of US\$20.06 ¢/lb. This volume represents approximately 35% of own cane and 26% of total sugarcane, considering the estimated production of 1,350,000 tons of sugar this season.

U.S. Dollar

On September 30, 2016, the São Martinho Group held outstanding positions through Non-Deliverable Forwards (NDFs) and derivative instruments, which are used to hedge its exports, with maturities in the 2016/17 and 2017/18 crop years, as follows:

TOTAL			SUGAR	
USD	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2016/2017 crop year	54,900	3.84	54,900	3.84
2017/2018 crop year	150,020	3.62	150,020	3.62

The volume of NDFs in U.S. dollar related to the 2016/17 crop year represented approximately 61.5% of the total for the crop year. For the 2017/18 crop year, the amount of NDF hedge corresponds to approximately 26% of the total.



Net Exposure to the Dollar

The following table presents the Company's exposure to the U.S. dollar over the next 18 months, considering its dollar-denominated obligations (debt, Consecana and inputs). In this period – considering sugar market prices and realized hedge – we have only 25% of U.S. dollar exposure to sell. Note that, due to the concentration of foreign-denominated debt maturing in the first months of the 2017/18 crop year, the volume of long exposure to the USD is not proportional in the periods analyzed.

	16/17 Crop Year	17/18 Crop year	Acumulated		
	6M	12M	18M		
Estimated sugar sales ('000 ton)	670,021	1,350,000	2,020,021		
CONSECANA ('000 ton)	157,673	300,000	457,673		
Exposure('000 ton)	512,348	1,050,000	1,562,348		
Hedged Volume ('000 ton)	415,506	350,131	765,637		
Volume to Hedge ('000 ton)	96,842	699,869	796,711		
Average Price(Fixed + market) US\$ c/p	17.91	20.69	19.78		
Exposure to USD (US\$ '000)	202,261	478,880	681,141	25.1%	B/A
Hedged USD (US\$ '000)	(54.900)	(150.020)	(204.920)		
Debt in USD (US\$ '000)	(53.000)	(202.000)	(255.000)		
Supplies (US\$ '000)	-	(50.000)	(50.000)		
USD Committed (US\$ '000)	(107.900)	-402,020	(509.920)		
Net exposure to USD (US\$ '000)	94,361	76,860	171,220		

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 to September 2016, we recorded a gain in shareholders' equity of R\$119.4 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 2Q17, a total of US\$36.5 million in debt was recognized, with the exchange rate of R\$1.88/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\$3.27/US\$1.00, we adjusted the amount of R\$50.9 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period.



In 6M17, a total of US\$81.8 million in debt was recognized, with the exchange rate of R\$2.0/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\$3.4/US\$1.00, we adjusted the amount of R\$115.3 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period.

NET FINANCIAL RESULT

FINANCIAL RESULT	2Q17	2Q16	Chg.%	6M17	6M16	Var.%
R\$ '000						
Financial Revenues	33,873	26,434	28.1%	70,763	62,904	12.5%
Financial Expenses	(80,668)	(76,417)	5.6%	(151,929)	(147,035)	3.3%
Net Financial before Exchange Var. and Hedge	(46,795)	(49,983)	-6.4%	(81,166)	(84,131)	-3.5%
Hedge Result /Exchange Variation	(4,344)	(73,495)	-94.1%	(38,559)	(93,262)	-58.7%
Copersucar Monetary Variation	(6,304)	4,064	n.m.	(11,890)	(591)	n.m.
Net Financial Result	(57,443)	(119,414)	-51.9%	(131,615)	(177,984)	-26.1%

The better net financial result in 2Q17 and 6M17 reflects the lower currency volatility compared to the prior year. During the first six months of 2016, the U.S. dollar reached R\$4.2/US\$, which impacted our debt and NDF positions not designated as hedge accounting.

NET INCOME (LOSS)

Net income in the first six months of the year came to R\$108.6 million, increasing 95.1% from 6M16, supported by higher sales volume and better sales prices for our products.

DEBT WITH COPERSUCAR

On September 30, 2016, the São Martinho Group recognized under Liabilities on its Balance Sheet R\$259.9 million in obligations 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\$208.1 million on a consolidated basis.



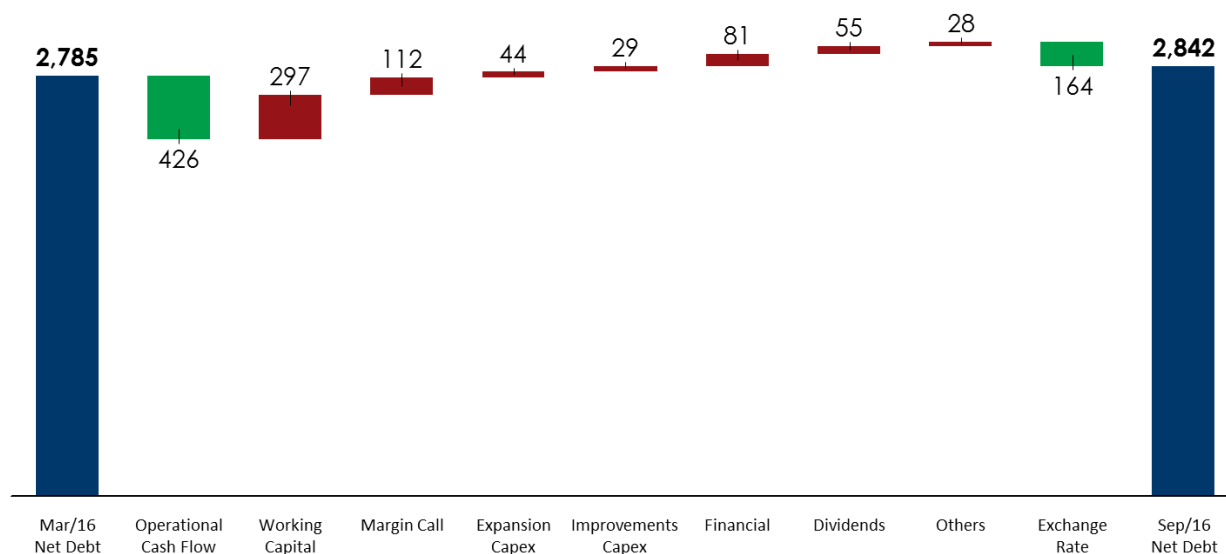
INDEBTEDNESS

DEBT	sep/16	mar/16	Chg. %
R\$ Thousand			
PESA	41,736	51,757	-19.4%
Rural Credit	429,059	147,229	191.4%
BNDES / FINAME	703,169	734,472	-4.3%
Working Capital	764,385	990,353	-22.8%
ACC (Advances on Foreign Exchange Contracts)	32,943	142,520	-76.9%
PPE (Export prepayment)	766,285	1,024,853	-25.2%
NCE (Export Credit Note)	609,109	734,296	-17.0%
Agribusiness Certificate of Receivables (CRA)	350,001	-	-
Obligations from Acquisitions - LOP	73,795	73,794	0.0%
Obligations from Acquisitions - Other	-	5,893	-
Gross Debt	3,770,482	3,905,167	-3.4%
Cash and Cash Equivalents	928,749	1,120,212	-17.1%
Consolidated Net Debt	2,841,733	2,784,955	2.0%
Net Debt / Acum. EBITDA	1.95 x	2.14 x	
Net Debt / Acum. EBITDA - USD*	2.17 x	2.16 x	

* Net Debt PTAX:
March/16: R\$ 3.56
September/16: R\$ 3.25

Cum. EBITDA based on average daily PTAX in the last 12 months:
March/16: R\$ 3.58
September/16: R\$ 3.62

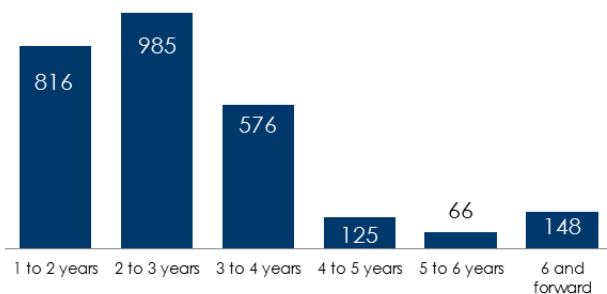
In 2Q17, the net debt of the São Martinho Group was stable in relation to 4Q16, amounting to approximately R\$2.8 billion and ending the period with a Net Debt/EBITDA ratio of 1.95 times. The following chart shows the breakdown of net debt in 6M17:





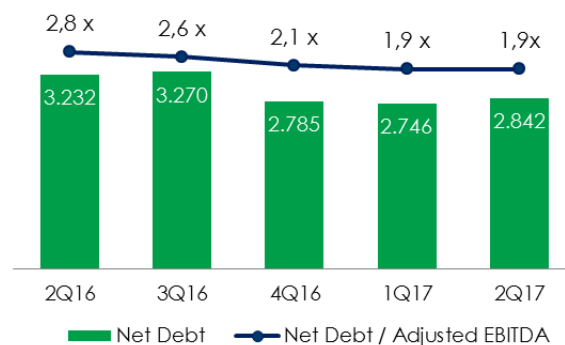
Debt Amortization Schedule

R\$ - million



Net Debt / EBITDA LTM

Evolution



CAPEX

(Maintenance)	2Q17	2Q16	Chg.%	6M17	6M16	Var%.
R\$ '000						
Sugarcane Planting	45,540	42,158	8.0%	88,003	85,427	3.0%
Off-Season Maintenance / Industrial / Agricultural	-	-		391	5,719	-93.2%
Crop Treatment	99,832	82,496	21.0%	188,159	157,306	19.6%
Total	145,372	124,654	16.6%	276,553	248,453	11.3%

(Operational Improvements)	2Q17	2Q16	Chg.%	6M17	6M16	Chg.%
R\$ '000						
Equipment/Projects/Replacements	14,231	11,207	27.0%	28,749	29,689	-3.2%
Total	14,231	11,207	27.0%	28,749	29,689	-3.2%

(Upgrading/Expansion)	2Q17	2Q16	Chg.%	6M17	6M16	Chg.%
R\$ '000						
Industrial/Agricultural	26,604	16,879	57.6%	44,476	34,411	29.3%
Total	26,604	16,879	57.6%	44,476	34,411	29.3%

Total	186,207	152,740	21.9%	349,778	312,553	11.9%
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The maintenance CAPEX of the São Martinho Group amounted to R\$145.4 million in 2Q17, increasing 16.6% from the year-ago period. The increase is mainly explained by an increase in the number of hectares subjected to crop treatments in the quarter and the higher costs with diesel and labor.

Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$14.2 million in 2Q17, increasing 27.0% from 2Q16, due to the schedule of machinery deliveries. In 6M17, the amount invested was practically flat.

In terms of expansion CAPEX, the Company invested a total of R\$44.5 million in 6M17, or 29.3% more than in the same period of the previous season, mainly due to the expansion project at Santa Cruz to increase capacity to 5.6 million tons.

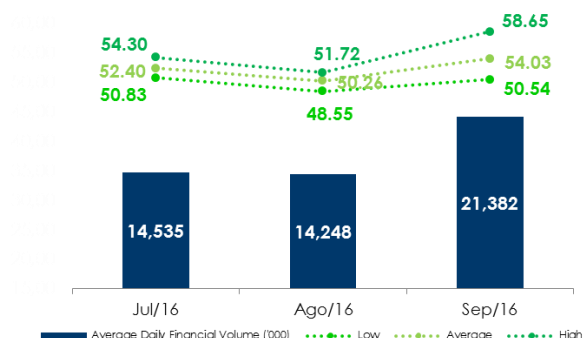


CAPITAL MARKETS AND INVESTOR RELATIONS

Performance SMT03 – 12 months



Price and Volume



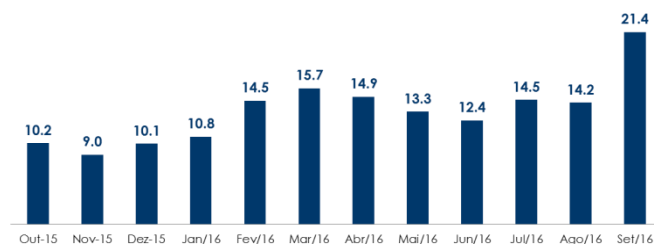
SMT03 vs. Stock Indexes

Base=100



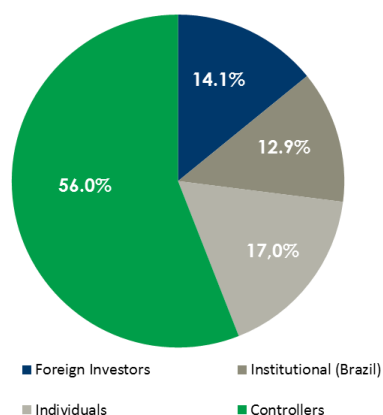
Average Daily Trading Volume

R\$ million

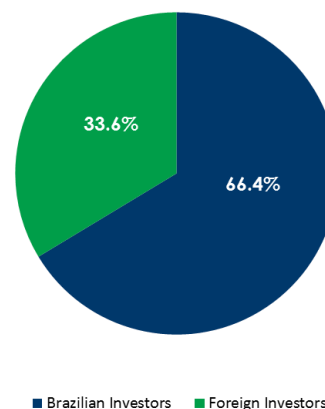


Ownership Structure

Base: Sept. 30, 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		
	2Q17	2Q16	Chg. (%)	2Q17	2Q16	Chg. (%)
R\$ '000						
Gross Revenue	626,769	603,359	3.9%	754,538	680,534	10.9%
Deductions from Gross Revenue	(23,095)	(15,695)	47.1%	(30,091)	(19,778)	52.1%
Net Revenue	603,674	587,664	2.7%	724,447	660,756	9.6%
Cost of Goods Sold (COGS)	(435,662)	(404,491)	7.7%	(510,431)	(457,166)	11.7%
Gross Profit	168,012	183,173	-8.3%	214,016	203,590	5.1%
Gross Margin (%)	27.8%	31.2%	-3.3 p.p	29.5%	30.8%	-1.3 p.p
Operating Expenses	(39,867)	(63,140)	-36.9%	(73,031)	(65,916)	10.8%
Selling Expenses	(28,024)	(26,756)	4.7%	(29,851)	(27,900)	7.0%
General and Administrative Expenses	(41,010)	(36,561)	12.2%	(45,479)	(41,211)	10.4%
Equity Income	27,097	(2,600)	n.m.	329	166	n.m.
Other Operating Expenses, Net	2,070	2,777	-25.5%	1,970	3,029	-35.0%
Operating Profit, Before Financial Effects	128,145	120,033	6.8%	140,985	137,674	2.4%
Financial Result, Net	(54,607)	(101,918)	-46.4%	(57,443)	(119,414)	-51.9%
Financial Income	29,102	23,577	23.4%	33,873	26,434	28.1%
Financial Expenses	(79,734)	(65,442)	21.8%	(86,972)	(72,353)	20.2%
Monetary and Exchange Variations - Net	(4,984)	(102,598)	n.m.	(5,233)	(121,985)	n.m.
Derivative Income (Loss)	1,009	42,545	n.m.	889	48,490	-98.2%
Income (Loss) Before Income and Social Contribution Taxes	73,538	18,115	306.0%	83,542	18,260	357.5%
Income Tax and Social Contribution - Current	(2,954)	(399)	n.m.	(8,734)	(391)	n.m.
Income Tax and Social Contribution - Deferred	(1,671)	6,491	-125.7%	(5,895)	6,338	-193.0%
Net Income (Loss) Before Minority Interest	68,913	24,207	184.7%	68,913	24,207	184.7%
Net Income	68,913	24,207	184.7%	68,913	24,207	184.7%
Net Margin (%)	11.4%	4.1%	7.3 p.p	9.5%	3.7%	5.8 p.p



Year to date

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	6M17	6M16	Chg. (%)	6M17	6M16	Chg. (%)
R\$ '000						
Gross Revenue	1,201,802	984,387	22.1%	1,422,427	1,152,578	23.4%
Deductions from Gross Revenue	(43,382)	(29,543)	46.8%	(56,542)	(40,702)	38.9%
Net Revenue	1,158,420	954,844	21.3%	1,365,885	1,111,876	22.8%
Cost of Goods Sold (COGS)	(833,429)	(673,573)	23.7%	(961,860)	(789,719)	21.8%
Gross Profit	324,991	281,271	15.5%	404,025	322,157	25.4%
Gross Margin (%)	28.1%	29.5%	-1.4 p.p	29.6%	29.0%	0.6 p.p
Operating Expenses	(84,547)	(91,883)	-8.0%	(142,316)	(112,423)	26.6%
Selling Expenses	(54,180)	(39,619)	36.8%	(56,983)	(42,556)	33.9%
General and Administrative Expenses	(79,365)	(65,883)	20.5%	(88,422)	(74,637)	18.5%
Equity Income	46,339	9,693	378.1%	503	190	164.7%
Other Operating Expenses, Net	2,659	3,926	-32.3%	2,586	4,580	-43.5%
Operating Profit, Before Financial Effects	240,444	189,388	27.0%	261,709	209,734	24.8%
Financial Result, Net	(127,623)	(157,949)	-19.2%	(131,615)	(177,984)	-26.1%
Financial Income	61,950	56,767	9.1%	70,763	62,904	12.5%
Financial Expenses	(149,739)	(133,721)	12.0%	(163,819)	(147,626)	11.0%
Monetary and Exchange Variations - Net	5,747	(96,368)	-106.0%	11,219	(113,087)	n.m.
Derivative Income (Loss)	(45,581)	15,373	-396.5%	(49,778)	19,825	n.m.
Income (Loss) Before Income and Social Contribution Taxes	112,821	31,439	258.9%	130,094	31,750	309.7%
Income Tax and Social Contribution - Current	(5,580)	7,886	-170.8%	(16,650)	7,880	-311.3%
Income Tax and Social Contribution - Deferred	1,341	16,330	-91.8%	(4,862)	16,025	n.m.
Net Income (Loss) Before Minority Interest	108,582	55,655	95.1%	108,582	55,655	95.1%
Net Income	108,582	55,655	95.1%	108,582	55,655	95.1%
Net Margin (%)	9.4%	5.8%	3.5 p.p	7.9%	5.0%	2.9 p.p



BALANCE SHEET (ASSETS)

São Martinho S.A. - ASSETS	CPC 19		Pro-forma	
R\$ '000				
ASSETS	Sep/16	Mar/16	Sep/16	Mar/16
SHORT-TERM ASSETS				
Cash and Cash Equivalents	212,833	266,659	215,148	267,315
Marketable Securities	571,848	706,487	698,938	839,127
Trade Receivables	108,331	86,419	144,909	116,965
Derivative Financial Instruments	106,528	145,701	106,528	145,701
Inventories	777,847	229,250	889,824	270,352
Biological Assets	398,803	470,241	469,797	554,186
Taxes Recoverable	68,994	58,423	76,788	64,274
Income and Social Contribution Taxes	123,674	113,758	123,762	119,781
Other Assets	13,879	15,548	15,600	17,066
TOTAL SHORT-TERM ASSETS	2,382,737	2,092,486	2,741,294	2,394,767
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	5,735	5,423	14,663	13,770
Inventories and advances to suppliers	48,844	62,309	56,551	71,030
Related Parties	2,600	1,000	-	-
Deferred Income and Social Contribution Taxes	-	-	35,837	43,752
Derivative Financial Instruments	17,858	43,243	17,858	43,243
Accounts receivable	26,610	21,855	26,940	22,246
Trade Receivables from Copersucar	9,488	6,324	10,235	6,772
Taxes Recoverable	119,280	110,195	123,753	119,525
Judicial Deposits	30,164	30,300	32,580	32,257
Other Assets	439	498	439	498
	261,018	281,147	318,856	353,093
Investments	561,053	513,233	26,223	25,629
Property, plant and equipment	3,904,279	4,004,469	4,362,678	4,492,462
Intangible Assets	476,375	489,557	476,435	489,639
TOTAL LONG-TERM ASSETS	5,202,725	5,288,406	5,184,192	5,360,823
TOTAL ASSETS	7,585,462	7,380,892	7,925,486	7,755,590



BALANCE SHEET (LIABILITIES)

São martinho S.A. - LIABILITIES	CPC 19		Pro-forma	
R\$ '000				
LIABILITIES AND SHAREHOLDERS' EQUITY	Sep/16	Mar/16	Sep/16	Mar/16
SHORT-TERM ASSETS				
Borrowings	925,990	670,559	1,053,971	776,532
Derivative Financial Instruments	191,758	196,664	191,758	197,238
Trade Payables	237,236	113,907	265,904	137,711
Payables to Copersucar	10,623	21,875	11,134	23,188
Payroll and Social Contributions	111,616	98,231	126,311	110,252
Taxes Payable	16,883	15,570	20,546	19,615
Income and Social Contribution Taxes	6,192	916	8,063	916
Dividends Payable	1	53,164	1	53,164
Advances from Customers	9,981	1,298	16,408	1,606
Acquisition of Investment	12,045	17,937	12,045	17,937
Other Liabilities	18,016	26,591	22,708	32,099
TOTAL SHORT-TERM LIABILITIES	1,540,341	1,216,712	1,728,849	1,370,258
LONG-TERM ASSETS				
Borrowings	2,496,886	2,836,628	2,642,716	3,048,948
Derivative Financial Instruments	12,297	65,625	12,297	65,625
Payables to Copersucar	237,970	237,166	248,812	247,862
Taxes Payable in Installments	14,924	15,419	17,174	17,878
Deferred Income and Social Contribution Taxes	287,714	230,173	287,935	232,104
Provision for Contingencies	64,127	60,643	67,972	64,383
Acquisition of Investment	61,750	61,750	61,750	61,750
Other Liabilities	11,757	10,179	285	185
TOTAL LONG-TERM LIABILITIES	3,187,425	3,517,583	3,338,941	3,738,735
SHAREHOLDERS' EQUITY				
Share Capital	1,064,972	931,340	1,064,972	931,340
Capital reserves	10,237	10,531	10,237	10,531
Treasury Shares	(41,202)	(26,613)	(41,202)	(26,613)
Stock options granted	6,555	4,753	6,555	4,753
Adjustments to Book Value	1,406,280	1,295,698	1,406,280	1,295,698
Profits Reserves	296,804	432,656	296,804	432,656
Retained earnings	114,050	(1,768)	114,050	(1,768)
TOTAL SHAREHOLDERS' EQUITY	2,857,696	2,646,597	2,857,696	2,646,597
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,585,462	7,380,892	7,925,486	7,755,590



CONSOLIDATED CASH FLOW STATEMENT

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ '000	6M17	6M16	6M17	6M16
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	108,582	55,655	108,582	55,655
Adjustments				
Depreciation and amortization	100,494	90,912	119,608	107,011
Harvested biological assets (depreciation)	176,654	142,677	213,722	182,835
Change in fair value of biological assets	(9,240)	(2,579)	(12,888)	(1,240)
Amortization of intangible assets	8,403	7,526	8,403	7,526
Equity income	(46,339)	(9,693)	(503)	(190)
Capital gain in investment in joint venture	-	-	(91)	-
Result of investment and property, plant and equipment disposals	(14)	1,993	245	2,006
Interest, monetary and foreign exchange variations, net	74,071	256,642	73,221	281,970
Derivative financial instruments	161,264	35,492	165,461	35,492
Accrual (reversal) of provision for contingencies, net	1,865	5,342	3,324	6,744
Deferred income tax and social contribution taxes	4,239	(16,330)	21,512	(16,025)
Adjustments to present value and others	2,390	2,281	2,215	1,995
Income (loss) from ownership divestment	-	-	-	-
	582,369	569,918	702,811	663,779
Changes in assets and liabilities				
Trade receivables	(35,320)	(59,507)	(42,274)	(76,458)
Inventories	(322,842)	(361,258)	(360,035)	(393,334)
Taxes recoverable	(24,949)	(50,681)	(15,667)	(50,712)
Derivative financial instruments	(124,210)	77,622	(128,981)	77,622
Marketable securities	(56)	920	(56)	1,905
Other assets	3,061	(9,170)	2,390	(9,618)
Trade payables	122,922	79,890	128,291	79,981
Salaries and social charges	13,385	20,251	16,058	22,880
Taxes payable	2,220	(206)	(7,362)	(218)
Payables to Copersucar	(16,918)	(19,779)	(18,162)	(21,281)
Taxes paid in installments	(686)	(821)	(896)	(821)
Provision for contingencies - settlements	(5,296)	(10,019)	(7,031)	(10,958)
Other liabilities	206	760	5,511	3,024
	193,886	237,920	274,597	285,791
Cash provided by operations	193,886	237,920	274,597	285,791
Interest paid	(102,069)	(102,814)	(117,085)	(116,829)
Income tax and social contribution paid	(1,893)	(785)	(1,893)	(826)
Net cash provided by operating activities	89,924	134,321	155,619	168,136
CASH FLOW FROM INVESTING ACTIVITIES				
Financial resources used in investments	(10,888)	(10,856)	(10,888)	(10,856)
Additions to property, plant and equipment and intangible assets	(68,022)	(63,864)	(75,792)	(73,083)
Additions to biological assets (planting and crop treatment)	(240,495)	(210,212)	(276,161)	(242,733)
Marketable securities	164,645	(222,251)	177,172	(284,449)
Proceeds from sale of property, plant and equipment	543	11,111	783	11,143
Advance for future capital increase	(1,600)	-	-	-
Net cash used in investing activities	(155,817)	(496,072)	(184,886)	(599,978)
CASH FLOW FROM FINANCING ACTIVITIES				
New borrowings - third parties	645,810	581,540	687,086	609,725
Repayment of borrowings - third parties	(563,300)	(580,745)	(639,543)	(610,375)
Advance for future capital increase	-	-	-	137
Acquisition of treasury shares	(15,577)	-	(15,577)	-
Sale of treasury shares	518	1,730	518	1,730
Payment of dividends	(55,384)	(67,938)	(55,384)	(67,938)
Net cash provided by (used in) financing activities	12,067	(65,413)	(22,900)	(66,721)
Increase (decrease) in cash and cash equivalents, net	(53,826)	(427,164)	(52,167)	(498,563)
Cash and cash equivalents at the beginning of the period	266,659	1,020,112	267,315	1,126,517
Cash and cash equivalents at the end of the period	212,833	592,948	215,148	627,954