

## Material Fact

### São Martinho announces its production guidance for 2018/19 crop year

**São Paulo, June 25, 2018** – São Martinho S.A. (B3: SMTO3; Reuters: SMTO3 SA and Bloomberg: SMTO3 BZ), one of Brazil's largest sugar and ethanol producers, in compliance with CVM Instruction 358/02 and in accordance with the best practice of corporate governance, announces to its shareholders and the general market its crushing and production guidance for the 2018/19 crop year, as per the following table.

Production	Actual 17/18 Crop Year	Guidance 18/19 Crop Year	Chg. (%)
<b>Crushing ('000 tons)</b>	<b>22,206</b>	<b>20,570</b>	<b>-7.4%</b>
Sugar ('000 tons)	1,407	980	-30.4%
Anhydrous ('000 m <sup>3</sup> )	487	456	-6.4%
Hydrous ('000 m <sup>3</sup> )	466	663	42.4%
Cogeneration ('000MWh)	913	850	-6.9%
Average TRS (Kg/Ton)	139.8	142.6	2.0%
<b>Total TRS Produced</b>	<b>3,104</b>	<b>2,933</b>	<b>-5.5%</b>
<i>Mix Sugar/Ethanol</i>	<i>47% - 53%</i>	<i>35% - 65%</i>	

The guidance for sugarcane crushing volume in the 2018/19 crop year is approximately 20.6 million tons, which would represent a reduction of 7.4% from the previous crop year, partially offset by a 2.0% increase in average Total Recoverable Sugar (TRS) compared to the 2017/18 crop year. **As a result, the estimated decrease in total Product TRS is approximately 5.5%.**

The lower guidance for sugarcane crushing volume is explained by the dry weather observed since the start of 2018 (precipitation in the January-June period down 41% from historical levels) and by the increase in plantation renewal to support the acceleration in our plans to reach sugarcane crushing volume of 24 million tons in the coming years.

Unlike what occurred in the previous crop year, the production mix for the 2018/19 crop year should have 65% of the sugarcane crushed allocated to ethanol production, which would reduce the share allocated to sugar production.

Note that forward-looking statements are not guarantees of future performance, since they involve risks, uncertainties and assumptions and therefore depend on circumstances that may or may not occur. Readers are cautioned that industry conditions and other operational and weather conditions could affect the Company's future results, leading them to differ materially from those expressed in such forward-looking statements.

Sincerely,

**Felipe Vicchiato**

Chief Financial and Investor Relations Officer

**Aline Reigada**

Investor Relations Manager