

QUARTERLY EARNINGS 1Q18

AUGUST 14, 2017

São Martinho reports net income of R\$116.9 million in 1Q18, 194.6% higher than in 1Q17

- ✓ Higher sugar prices (due to our hedging positions), combined with higher volume and prices of energy were the main drivers of the improvement in financial indicators in the quarter, as detailed below:
 - ✓ Adjusted EBITDA amounted to R\$475.3 million in 1Q18, up 42.4% from the previous quarter;
 - ✓ Adjusted EBIT reached R\$273.2 million in 1Q18, increasing 54.6% on the previous quarter;
 - ✓ Net Income came to R\$116.9 million in 1Q18, advancing 194.6% on the previous quarter;
 - ✓ Cash Net Income was R\$230.2 million in the period, increasing 125% from the previous quarter.
- ✓ At June 30, 2017, our hedging for sugar prices and exchange variation for the 2017/18 crop year amounted to 502,563 tons and US\$224.6 million, respectively, with 77% of own cane by volume hedged at R\$67.3 ¢/lb.
- ✓ Sugarcane crushing came to 8.7 million tons as of June 30, 2017, corresponding to 39% of the volume expected for the crop year, despite the high volume of precipitation at the start of the crop year.

Sumário Executivo	1Q18	1Q17	Chg. (%)
Net Revenue	867,856	709,426	22.3%
Adjusted EBITDA	475,340	333,750	42.4%
Adjusted EBITDA Margin	54.8%	47.0%	7.7 p.p.
Adjusted EBIT	273,193	176,702	54.6%
Adjusted EBIT Margin	31.5%	24.9%	6.6 p.p.
Net Income before taxes	160,879	46,552	245.6%
Net Income	116,873	39,669	194.6%
Net Debt / EBITDA	1.52 x	1.95 x	

June 30, 2017

SMT03
R\$ 17.20 per share

Market Capitalization:
R\$ 6,261 million

Earnings Conference Call

August 15, 2017 (Tuesday)

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

Code: São Martinho

OVERVIEW - COMPANY

Operating Highlights

	1Q18	1Q17	Chg.(%)
Crushed Sugarcane ('000 tons)	8,739	8,186	6.8%
Own	5,966	5,644	5.7%
Third Parties	2,773	2,542	9.1%
Mechanized Harvest	99.8%	99.3%	0.54 p.p.
Agricultural Yield (ton/ha)	86.0	85.4	0.6%
Average TRS (kg/ton)	125.0	122.4	2.2%
Production			
Sugar ('000 tons)	504	480	5.1%
Anhydrous Ethanol ('000 m ³)	159	154	3.2%
Hydrous Ethanol ('000 m ³)	170	136	24.7%
Cogeneration ('000 MWh)	300	241	24.5%
TRS Produced	1,092	1,002	9.0%
Mix - Sugar - Ethanol	48% - 52%	50% - 50%	
Mix Anhydrous - Hydrous	50% - 50%	54% - 46%	

The Company processed 8.7 million tons of sugarcane in the first quarter of the 2017/18 crop year, representing growth of 6.8% on the same period last crop year. As shown in the opening highlights, the volume of cane processed in 1Q18 represents 39.2% of the production guidance for the crop year.

The combination of higher crushing volume in the quarter with the 2.2% increase in average TRS (kg/ton) supported an increase of 9.0% in the total volume of TRS produced in the quarter. This positive effect on our production reflects the better weather conditions in the period and the 100% consolidation of Boa Vista in our results.

Financial Indicators 1Q18

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

	1Q18	1Q17	Chg. (%)
Net Revenue ¹	867,856	709,426	22.3%
Adjusted EBITDA	475,340	333,750	42.4%
Adjusted EBITDA Margin	54.8%	47.0%	7.7 p.p.
Adjusted EBIT	273,193	176,702	54.6%
Adjusted EBIT Margin	31.5%	24.9%	6.6 p.p.
Consolidated Balance Sheet Indicators			
Total Assets	9,175,562	7,553,915	21.5%
Shareholders' Equity	3,214,610	2,802,798	14.7%
EBITDA (LTM) ²	1,763,462	1,410,859	25.0%
Net Debt	2,684,594	2,746,061	-2.2%
Net Debt / EBITDA (LTM) ²	1.52 x	1.95 x	
Net Debt / Shareholders' Equity	84%	98%	

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

2 - Information considers 100% of UBV on the EBITDA LTM in 1Q18.

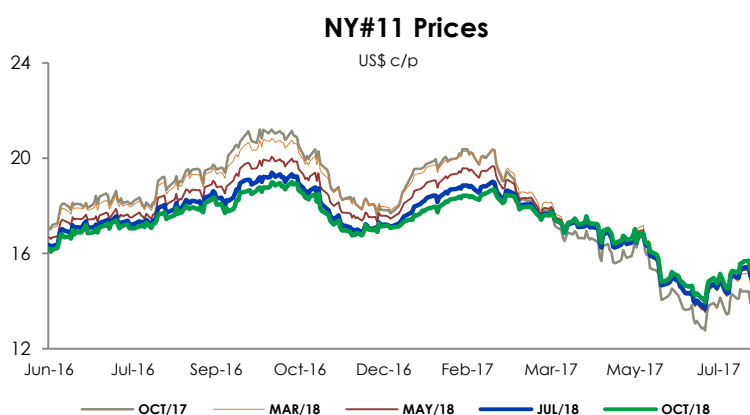
INDUSTRY OVERVIEW

According to the Sugarcane Industry Association (UNICA), as of August 1st, 2017, the Center-South region had processed 297.3 million tons of sugarcane, 4.74% lower than in the same period of the previous crop year.

Average TRS was stable in relation to the year-ago period, at 128.0 kg/ton of cane, while the average yield of plantations, according to CTC, was 82.44 tons/hectare, down 2.9% from the year-ago period, though that was not the case on our plantations.

Sugar

According to data from the UNICA, sugar production in Brazil's Center-South region increased 3.5% from the same period of the previous crop year. Notably, production growth was due to certain investments in crystallization made in the previous crop year, which increased the share of sugar in the production mix.



Despite the downward trend in prices in recent months, price quotes for sugar futures rose during the quarter. We believe this appreciation in recent weeks reflects: (i) the change in the rate of PIS/COFINS taxes on fuels in Brazil, which encouraged a shift in the production mix from sugar towards ethanol by some Brazilian producers; (ii) rumors of potential sugar imports by India in the short term; and (iii) the possibility of the European Union marginally reducing its sugar export capacity this crop year.

Given this scenario for expectations and our outlook for sugar price appreciation in the coming months, we made little progress in our hedging of sugar prices for the 2017/18 crop year in relation to our hedge position at March 2017, as discussed in the Hedging section later in this earnings release.

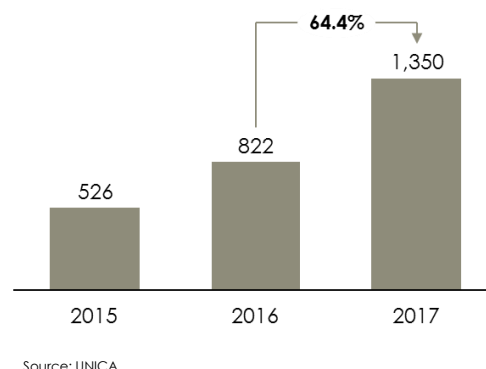
Ethanol

According to UNICA, as of August 1st, 2017, ethanol production in Brazil's Center-South region was 10.15% lower than in the same period last crop year, led by the reduction in hydrous ethanol production (see following chart).

The decline in ethanol prices observed since the start of the year reflects the substantial increase in ethanol imports from the United States. According to UNICA, ethanol imports amounted to 1.35 billion liters since beginning of 2017, an increase of 64.4% of the total volume imported in the whole year of 2016.

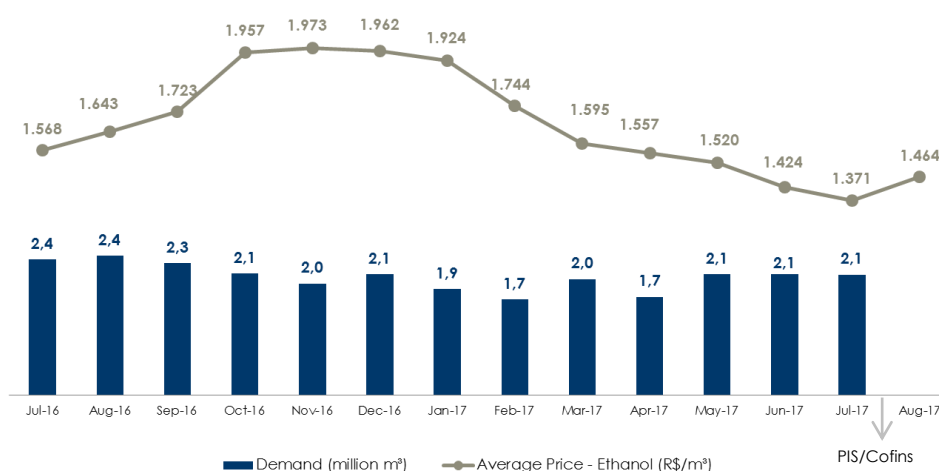
The chart on the right shows the growth in ethanol imports by Brazil in millions of liters, to better illustrate the impact of the recent imports on domestic ethanol prices.

On July 20, 2017, the Brazilian government announced an increase in the rate of PIS and Cofins taxes applied on fuels. The rate was hiked to the legal limit for both gasoline and diesel, of R\$0.7925/liter and R\$0.4615/liter, respectively. In the case of ethanol, the rate increased from R\$0.120 to R\$0.1309 for producers and from zero to R\$0.11091/liter for distributors.



Accordingly, the price of ethanol at the pump became more competitive in relation to parity with the gasoline price, improving the profitability of producers and encouraging a recovery in hydrous ethanol consumption.

The following chart shows monthly ethanol consumption and the average prices practiced, based on data from Cepea Esalq in the last year.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	1Q18	1Q17	Chg. (%)
R\$ '000			
Domestic Market	342,452	332,146	3.1%
Sugar	42,118	27,500	53.2%
Hydrous Ethanol	65,694	90,122	-27.1%
Anhydrous Ethanol	155,024	151,287	2.5%
Energy	66,212	43,710	51.5%
Real Estate Development	1,106	5,077	-78.2%
Others	12,298	14,450	-14.9%
Export Market	525,404	377,280	39.3%
Sugar	510,535	359,910	41.9%
Hydrous Ethanol	11,305	17,370	-34.9%
Anhydrous Ethanol	693	-	n.m.
Others	2,871	-	n.m.
Net Revenue*	867,856	709,426	22.3%
Sugar	552,653	387,410	42.7%
Hydrous Ethanol	76,999	107,492	-28.4%
Anhydrous Ethanol	155,717	151,287	2.9%
Energy	66,212	43,710	51.5%
Hydrous Ethanol	1,106	5,077	-78.2%
Others	15,169	14,450	5.0%

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

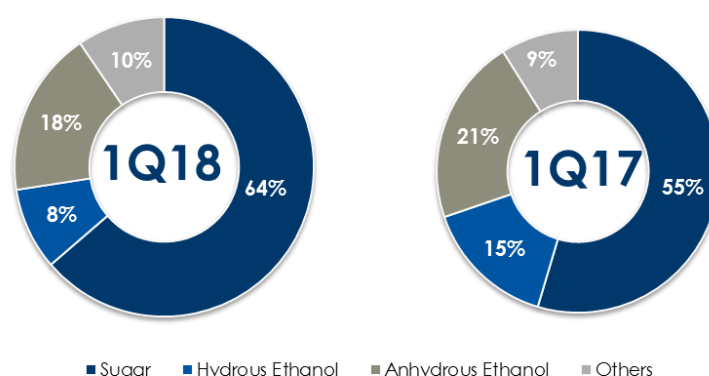
Net Revenue

In the first quarter of the 2017/18 crop year (1Q18), the Company's net revenue amounted to R\$867.9 million, increasing 22.3% from the same period of the previous crop year. The improvement is mainly due to i) the growth in sugar sales volume (+13.0%), coupled with the increase in sales price (+26.2%); and ii) the higher cogeneration sales (+12.9%) following the full consolidation of Boa Vista Mill, coupled with the higher average sales prices (+34.2%).

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

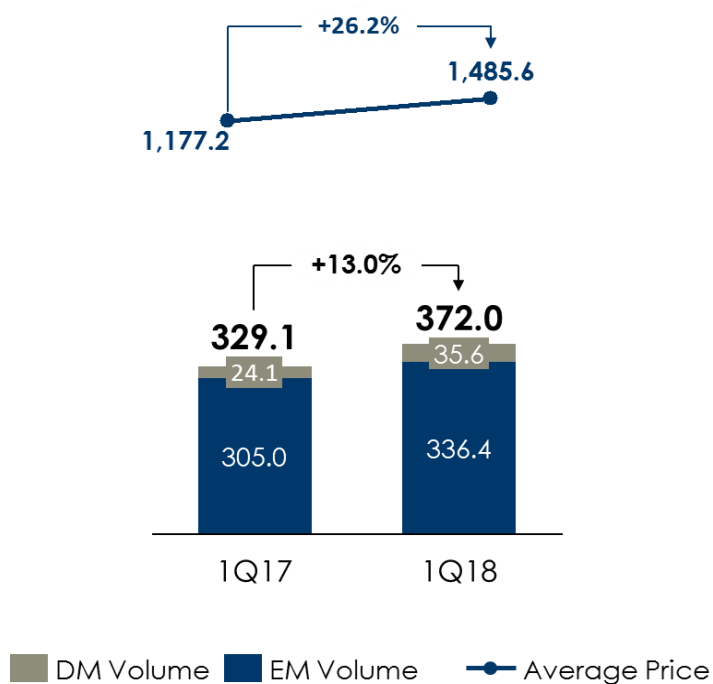
Net Revenue Breakdown

1Q18 x 1Q17



Sugar

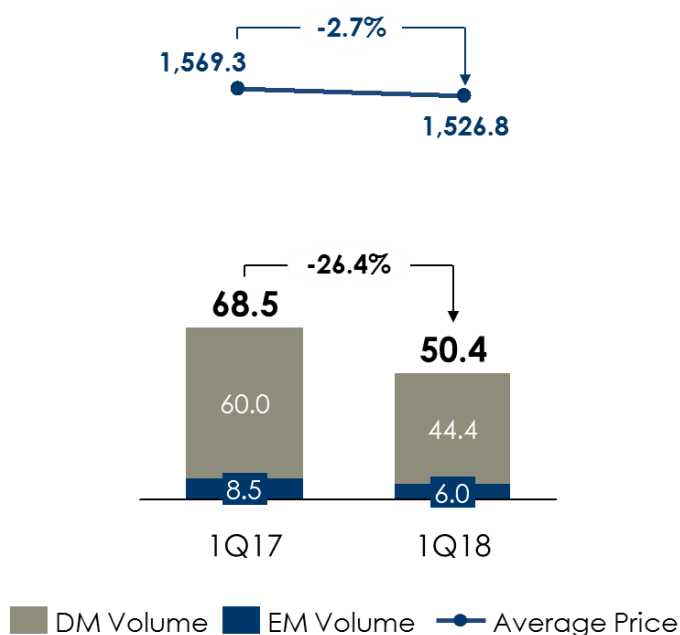
Volume ('000 tons) and Average Price (R\$/ton)



Net revenue from sugar sales amounted to R\$552.7 million in 1Q18, increasing 42.7% on the same period of the previous crop year. As explained earlier, this improvement basically reflects the 26.2% increase in average price in the quarter (R\$1,485.6/ton) and the 13% growth in sales volume (372,000 tons).

Hydrous Ethanol

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

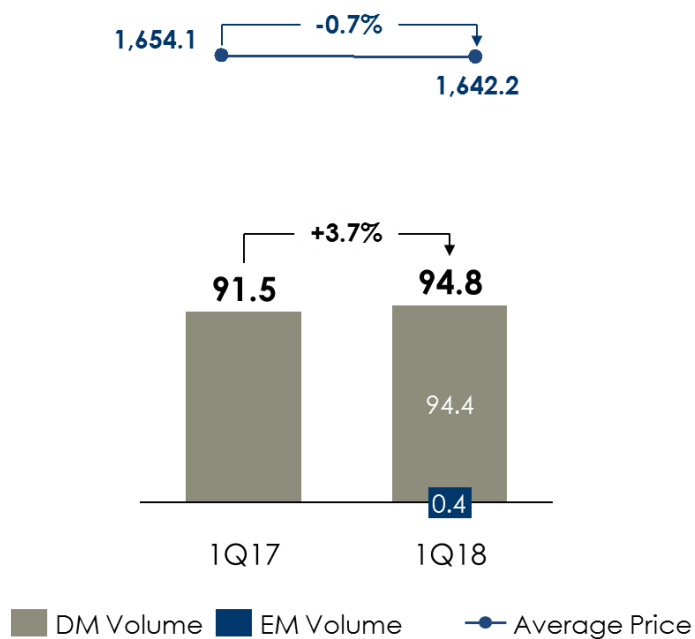


Net revenue from hydrous ethanol sales amounted to R\$77.0 million in 1Q18, down 28.4% from 1Q17, mainly due to the lower sales volume in the period and the 2.7% decrease in the average sales price compared to 1Q17.

The lower sales volume in the quarter reflects the Company's strategy to build inventories to sell over the coming months, when we expect sales prices to become more attractive. As discussed later in the section "Inventories," hydrous ethanol inventories stood at approximately 116,804 m³, increasing 53% on the same period of the previous crop year.

Anhydrous Ethanol

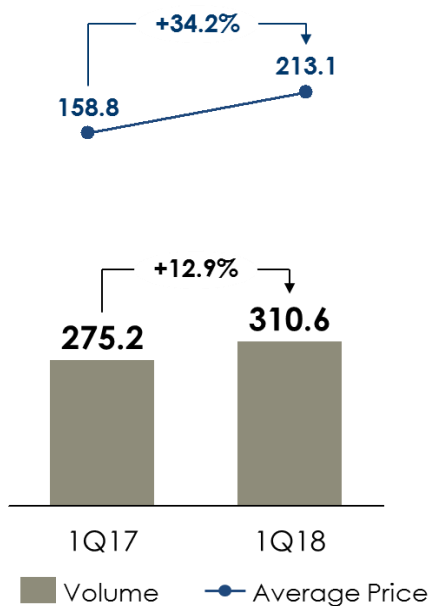
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from anhydrous ethanol sales amounted to R\$155.7 million in 1Q18, up 2.9% from the same period of the previous crop year, explained by the 3.7% higher sales volumes and 0.7% lower average sales prices.

Cogen

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



Net revenue from cogeneration sales in 1Q18 amounted to R\$66.2 million, increasing 51.5% from the same period of the previous crop year. The improvement reflects the higher volume of energy sold in the period (+12.9%), due to the full consolidation of Usina Boa Vista, coupled with higher average sales price (+34.2%) in the period.

Real Estate Development

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

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

Real Estate Development	Type	Town	Area (m²)	Launched date	Total lots Sold	POC Position
Recanto das Paineiras	Residence	Iracemópolis	376,567	June-14	99.6%	100.0%
Park Empresarial	Industrial	Iracemópolis	182,684	September-14	76.1%	100.0%
Nova Pradópolis	Residence	Pradópolis	257,750	December-15	83.6%	100.0%

In 1Q18, the Company recognized net revenue of R\$1.1 million and cash generation of R\$3.6 million.

Real Estate Development	Net Revenue 1Q18	Cash Generation 1Q18	Portfolio June/17	Nominal Portfolio June/17
Current Projects	904	2,000	28,800	3,122
Land Monetization	202	1,637	3,122	44,213
Total	1,106	3,637	31,922	47,335

INVENTORIES

	1Q18	1Q17	Chg. (%)
Sugar (tons)	142,337	180,164	-21.0%
Hydrous (m³)	116,804	76,335	53.0%
Anhydrous (m³)	96,994	102,899	-5.7%

With regard to finished product inventories as of June 2017, sugar volumes declined 21.0% in 1Q18, reflecting the decision to increase sales of the product in the quarter given the higher prices, as discussed above. The inventory of hydrous ethanol as of June 2017 reflects the Company's sales strategy for the product as well as the 100% consolidation of Usina Boa Vista.

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 1Q17	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	387,410	258,779	43,710	5,077	14,450	709,426
COGS (Cash)	(163,063)	(130,349)	(7,289)	(285)	(7,452)	(308,438)
Gross Profit (Cash)	224,347	128,430	36,421	4,792	6,998	400,988
Gross Margin (Cash)	57.9%	49.6%	83.3%	94.4%	48.4%	56.5%
Sales Expenses	(21,581)	(4,121)	(1,429)	-	-	(27,132)
G&A Expenses (Cash)	(19,466)	(15,561)	(4,404)	(778)	-	(40,208)
Other Revenues (Expenses)					102	102
Adjusted EBITDA	183,300	108,748	30,588	4,014	7,100	333,750
Adjusted EBITDA Margin	47.3%	42.0%	70.0%	79.1%	49.1%	47.0%
EBITDA Cost**	(620.2)	(937.9)	(47.7)			

*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 - 1Q18	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	552,653	232,716	66,212	1,106	15,169	867,856
COGS (Cash)	(186,545)	(120,190)	(8,058)	(163)	(7,569)	(322,524)
Gross Profit (Cash)	366,108	112,526	58,154	943	7,600	545,332
Gross Margin (Cash)	66.2%	48.4%	87.8%	85.2%	50.1%	62.8%
Sales Expenses	(24,760)	(1,502)	(2,372)	-	(380)	(29,014)
G&A Expenses (Cash)	(22,274)	(14,351)	(5,031)	(704)	-	(42,360)
Other Revenues (Expenses)					1,383	1,383
Adjusted EBITDA	319,075	96,673	50,751	239	8,604	475,340
Adjusted EBITDA Margin	57.7%	41.5%	76.6%	21.6%	56.7%	54.8%
EBITDA Cost**	(627.9)	(936.6)	(49.8)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ - 55.5 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

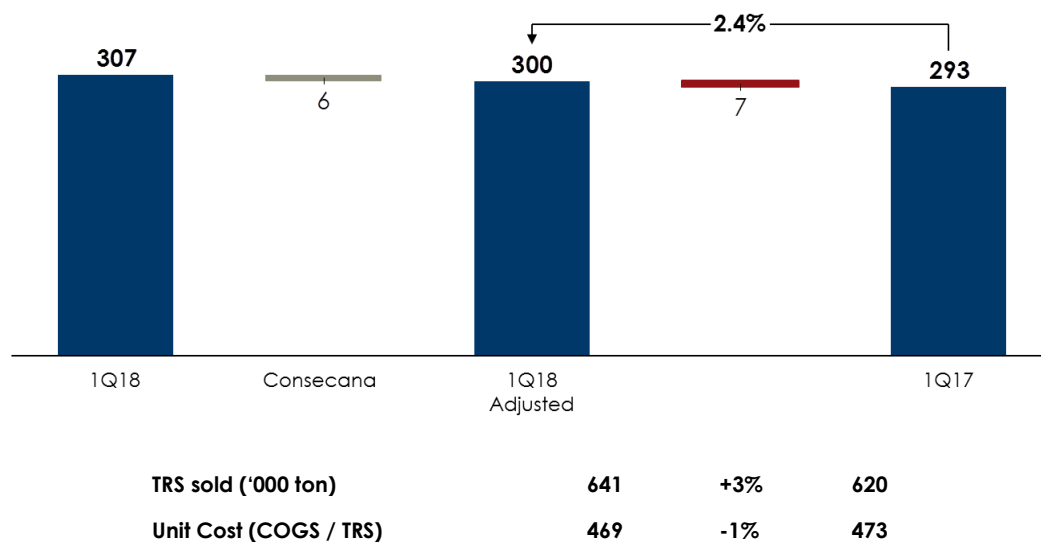
In 1Q18, sugar accounted for 67.1% of the Company's consolidated Adjusted EBITDA, while ethanol accounted for 20.3% and cogeneration for 10.7%. Sugar EBITDA margin expanded 10.4 p.p. on the same period of the previous crop year, supported mainly by the higher average sales price. Ethanol margins fell 0.5 p.p., reflecting mainly the reduction in sales volume and lower average price in the quarter.

CASH COGS

	1Q18	1Q17	Chg. (%)
R\$ '000			
Agricultural Costs	277,909	238,784	16.4%
Suppliers	148,126	118,919	24.6%
Partnerships	64,364	53,137	21.1%
Own Sugarcane	65,419	66,728	-2.0%
Industrial	37,338	54,892	-32.0%
Other Products	15,915	15,132	5.2%
Reintegra	(8,638)	(369)	n.m.
Total COGS	322,524	308,438	4.6%
TRS Sold (000 Tons)	641	620	3.3%
Unit Cost (Sugar and Ethanol COGS / TRS)	478	473	1.2%

In 1Q18, Cash COGS came to R\$322.5 million, increasing 4.6% from the same period of the previous crop year, mainly due to: (i) the 100% consolidation of Usina Boa Vista; (ii) the one-off increase in the volume of outside cane processed in the quarter; and (iii) the higher Consecana price in the period.

The following chart shows the effective change in sugar and ethanol costs in 1Q18 compared to 1Q17, excluding the effects from Consecana in the period.



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

AVERAGE UNIT CASH COST	1Q18	1Q17	Chg. (%)
R\$ '000			
COGS	306,734	293,412	4.5%
Sugar	186,545	163,063	14.4%
Ethanol	120,190	130,349	-7.8%
Average Cash Cost Per Unit (*)			
Sugar Cash Cost	501.5	495.5	1.2%
Ethanol Cash Cost	827.4	814.9	1.5%

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

SELLING EXPENSES

	1Q18	1Q17	Chg. (%)
R\$ '000			
Port Costs / Freight	25,638	23,141	10.8%
Other - Non-recurring	3,376	3,990	-15.4%
Selling Expenses	29,014	27,132	6.9%
TRS Sold ('000 Tons)	641	620	3.3%
% of Net Revenue	3.3%	3.8%	-0.5 p.p.

In 1Q18, selling expenses amounted to R\$29.0 million, increasing 6.9% from the same period of the previous crop year (1Q17), mainly due to the higher sugar sales volume in the period, as already discussed.

CASH GENERAL AND ADMINISTRATIVE EXPENSES

	1Q18	1Q17	Chg. (%)
R\$ '000			
Personnel and Management Fee	27,276	24,917	9.5%
Taxes, Fees, Contributions and Contingencies	4,348	1,371	n.m
General Expenses and Third-Party Services	7,954	5,732	38.8%
Stock Option Expenses	1,112	988	12.6%
Total recurring General and Administrative Expenses	40,690	33,008	23.3%
Non-recurring items	1,670	7,200	
Total General and Administrative Expenses	42,360	40,208	5.4%

Cash G&A expenses amounted to R\$42.4 million in 1Q18, increasing 5.4% from the same period of the prior crop year. Excluding the nonrecurring items from 1Q18, G&A expenses came to R\$40.7 million, increasing 23.3% in the quarter. The increase is mainly due to the effects from the 100% consolidation of Boa Vista, as well as from the higher provisioning for labor contingencies in the quarter. Note that the variation in contingencies does not reflect an increase in claims, but merely a difference in the schedule from the previous crop year, with expenses returning to normal levels and in line with expectations over the coming quarters.

EBITDA

Pro-Forma			
EBITDA RECONCILIATION	1Q18	1Q17	Chg. (%)
R\$ '000			
Adjusted EBITDA	475,340	333,750	42.4%
Adjusted EBITDA Margin	54.8%	47.0%	7.7 p.p.
Adjustment to Maturity of Hedge Accounting / PPA	55,509	67,989	-18.4%
Equity Income	(94)	(174)	-46.0%
Non Recurring Operating Revenues (Expenses)	1,742	(514)	n.m.
Biological Assets	15,539	(11,322)	n.m.
Book EBITDA	402,644	277,772	45.0%
EBITDA Margin	49.6%	43.3%	6.3 p.p.
(-) Depreciation and Amortization	(202,147)	(157,048)	28.7%
(-) Financial Revenue (Expense), net	(39,618)	(74,172)	-46.6%
(=) Operating Income	160,879	46,552	245.6%

Adjusted EBITDA

Adjusted EBITDA amounted to R\$475.3 million in 1Q18 (Adjusted EBITDA margin of 54.8%), increasing 42.4% from 1Q17. The improvement in the comparison period basically reflects the higher average sales prices for sugar and energy combined with the higher sales volumes of both products.

Main Adjustments to EBITDA in 1Q18

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

- Debt maturity (Hedge Accounting): Expense related to exchange variation on debt settled in 1Q18 that was previously designated as Hedge Accounting at a USD/BRL exchange rate of R\$2.10. Considering that the exchange rate used for the purposes of cash flow in the period was BRL/USD 3.3, we adjusted the amount of R\$52.2 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period.
- Price Purchase Allocation (PPA): Noncash expense of R\$3.3 million, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of the Santa Cruz Mill in 1Q18.

2) Biological Assets

- Noncash increase of R\$15.5 million in accounting cost (COGS) in 1Q18, reflecting the mark-to-market adjustment of the provision for biological assets, mainly due to the higher Consecana price in the quarter and higher yields of sugarcane fields in the period.

Operating Cash Generation (Adjusted EBIT)

EBIT in 1Q18 came to R\$273.2 million (EBIT margin of 31.5%), increasing 54.6% from 1Q17, explained by the same factors that benefitted Adjusted EBITDA.

	1Q18	1Q17	Chg.%
R\$ '000			
Adjusted EBIT	273,193	176,702	54.6%
Adjusted EBIT Margin	31.5%	24.9%	6.6 p.p.
(-) Depreciation and Amortization	(202,147)	(157,048)	28.7%
Adjusted EBITDA	475,340	333,750	42.4%
Adjusted EBITDA Margin	54.8%	47.0%	7.7 p.p.
Adjustment to Maturity of Hedge / PPA	55,509	67,989	-18.4%
Equity Income (loss)	(94)	(174)	-46.0%
Non Recurring Operating Income (Expenses)	1,742	(514)	-438.8%
Biological Assets	15,539	(11,322)	-237.2%
Book EBITDA	402,644	277,772	45.0%
EBITDA Margin	49.6%	43.3%	6.3 p.p.

HEDGING

A summary of our sugar and U.S. dollar hedge positions as of June 30, 2017 follows.

Sugar

	Volume Hedged ('000 tons)	Avg. Price (US\$ c/p)
Sugar		
Jul/17 (N17)	167,823	18.78
Out/17 (V17)	185,939	19.73
Mar/18 (H18)	148,801	19.11
2017/2018 crop year	502,563	19.23

On June 30, 2017, sugar prices for the 2017/18 crop year were hedged for 502,600 tons at USD19.23 ¢/lb, which represents the hedging of approximately 77% of own cane and 62% of total sugar.

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

U.S. Dollar

On June 30, 2017, the Company held open positions through Non-Deliverable Forwards (NDFs) and derivative instruments, which are used to hedge its exports, with maturities in the 2017/18 crop years, as follows:

TOTAL			SUGAR		OTHERS	
U.S. dollar	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2017/18 crop year	231,435	3.50	224,630	3.50	6,804	3.37

The volume of NDFs in U.S. dollar on this date represented approximately 105% of the total hedged sugar volume.

Hedge Accounting

Effect on Shareholders' Equity

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

The quarterly results are recorded in shareholders' equity ("Adjustments to Book Value"), net of deferred income and social contribution taxes. In the period from April to June 2017, we recorded a reduction in shareholders' equity of R\$20.4 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 1Q18, a total of US\$44.4 million in debt was recognized, at an exchange rate of BRL/USD 2.1 for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was BRL/USD 3.3, we adjusted the amount of R\$52.2 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	1Q18	1Q17	Chg.%
R\$ '000			
Financial Income	44,817	36,890	21.5%
Financial Expenses	(92,132)	(71,261)	29.3%
Net Financial Result before Exch. Var. and Hedging	(47,315)	(34,371)	37.7%
Hedge Result/Exchange Variation	10,861	(34,215)	n.m.
Copersucar Monetary Variation	(3,164)	(5,586)	-43.4%
Net Financial Result	(39,618)	(74,172)	-46.6%

The net financial result in 1Q18 was an expense of R\$39.6 million, which represents a 46.6% reduction compared to 1Q17. The Company's better financial result mainly reflects the lower impact from exchange variation in the quarter.

DEBT WITH COPERSUCAR

On June 30, 2017, the São Martinho recognized the amount of R\$255.8 million in obligations payable to Copersucar under Liabilities on its balance sheet. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under "Obligations - Copersucar" all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R\$168.4 million on a consolidated basis.

INDEBTEDNESS

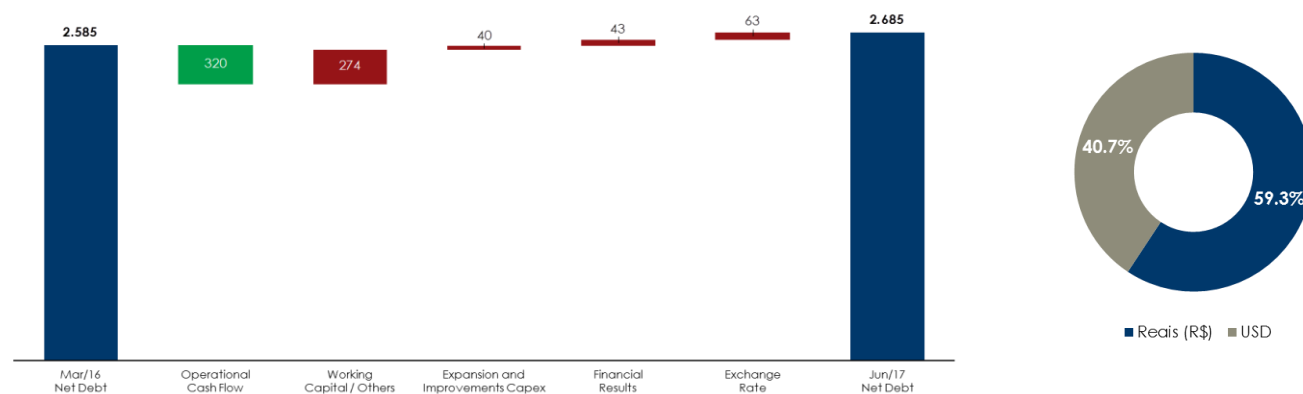
	Jun/17	Mar/17	Chg.%
R\$ Thousand			
PESA	35,489	42,009	-15.5%
Rural Credit	372,693	505,640	-26.3%
BNDES / FINAME	808,198	842,630	-4.1%
Working Capital	794,378	761,944	4.3%
International Finance Corporation (IFC)	298,522	-	n.m.
PPE (Export prepayment)	545,200	633,070	-13.9%
NCE (Export Credit Note)	270,012	584,487	-53.8%
Agribusiness Certificate of Receivables (CRA)	864,149	349,462	n.m.
Obligations from Acquisitions - LOP	61,987	62,088	-0.2%
Gross Debt	4,050,628	3,781,331	7.1%
Cash and Cash Equivalents	1,366,034	1,196,782	14.1%
Consolidated Net Debt	2,684,594	2,584,549	3.9%
Net Debt / Acum. EBITDA ¹	1.52 x	1.55 x	
Net Debt / Acum. EBITDA - USD ²	1.48 x	1.61 x	

1 - Cumulative EBITDA includes 100% of UBV;

2 - Net Debt PTAX: Cumulative EBITDA average LTM PTAX:
 March/17: R\$ 3.17 March/17: R\$ 3.30
 June/17: R\$ 3.31 June/17: R\$ 3.23

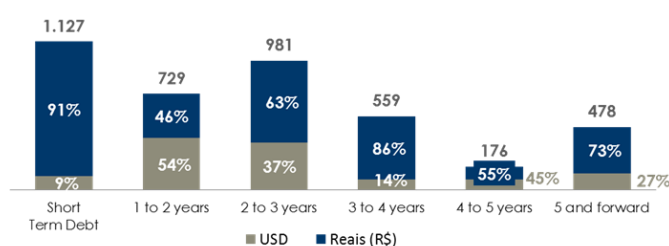
On June 30, 2017, the Company's net debt stood at R\$2.7 billion, increasing 3.9% from the end of the previous quarter. The increase reflects the higher working capital needs in the quarter, mainly due to the inventory of finished products, which should be converted into cash by the end of the crop year. At the end of the quarter, the Net Debt/EBITDA ratio stood at 1.52 x.

The main changes in net debt and breakdown by currency are shown below:



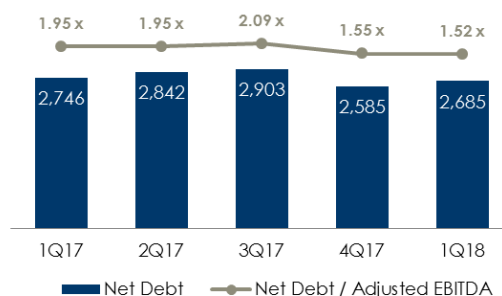
Debt Amortization Schedule

R\$ million



Net Debt / LTM EBITDA

Evolution



CAPEX

(Maintenance)	1Q18	1Q17	Chg.%
R\$ '000			
Sugarcane Planting	48,865	42,463	15.1%
Off-Season Maintenance / Industrial / Agricultural	3,016	391	n.m.
Crop Treatment	103,392	88,327	17.1%
Total	155,274	131,181	18.4%

(Operational Improvements)	1Q18	1Q17	Chg.%
R\$ '000			
Equipment/Projects/Replacements	30,585	14,517	110.7%
Total	30,585	14,517	110.7%

(Upgrading/Expansion)	1Q18	1Q17	Chg.%
R\$ '000			
Industrial/Agricultural	10,202	17,873	-42.9%
Total	10,202	17,873	-42.9%

Total	196,061	163,571	19.9%
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The Company's maintenance capex amounted to R\$155.3 million in 1Q18, increasing 18.4% from the previous crop year, mainly due to the effects from the 100% consolidation of Boa Vista Mill in our results as of this crop year.

Operational improvement capex (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$30.6 million in 1Q18. The increase reflects, in addition to the effects from the 100% consolidation of Usina Boa Vista, the replacement of tractors in the quarter.

Expansion capex amounted to R\$10.2 million in 1Q18, or 42.9% lower than in the year-ago period. The investments in the quarter were mainly due to the carryover of projects started last crop year, such as the expansion of the sugar mill at Santa Cruz, as well as the expansion in ethanol tankage at the Boa Vista Mill, which naturally reflects the 100% consolidation of this effect as of this quarter.

CASH INCOME

The net income of São Martinho in 1Q18 totaled R\$230.2 millions, 125.5% higher than in the 1Q17. The improvement is mainly due to the Adjusted EBITDA growth in the period and the reduction in financial expenses, reflecting lower exchange variation.

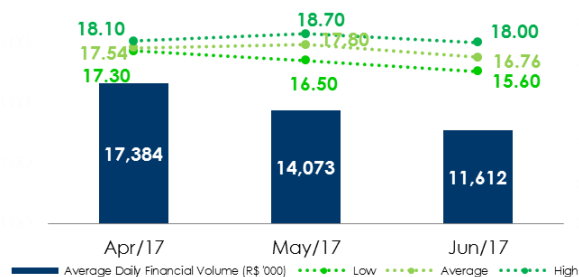
	1Q18	1Q17	Chg.%
R\$ '000			
Net Income	116,873	39,669	194.6%
Taxes	44,006	6,883	
Income Tax paid	(1,731)	(1,154)	
Biological Asset	15,539	(11,322)	
Maturity of Hedge / PPA	55,509	67,989	-18.4%
Cash Income	230,196	102,065	125.5%
Total shares ex- treasury (in thousands)	358,580	337,738	
Cash Income per share	0.64	0.30	112.4%

CAPITAL MARKETS AND INVESTOR RELATIONS

Performance SMT03 – 12 months



Price and Volume



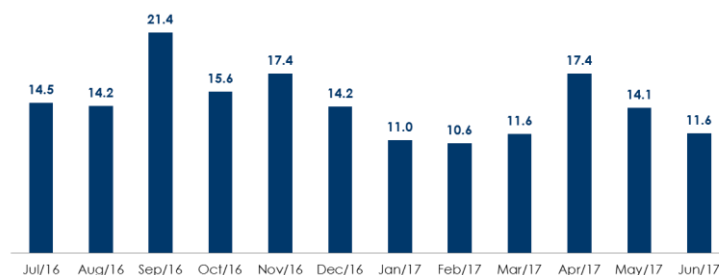
SMT03 vs. Stock Indexes

Base=100



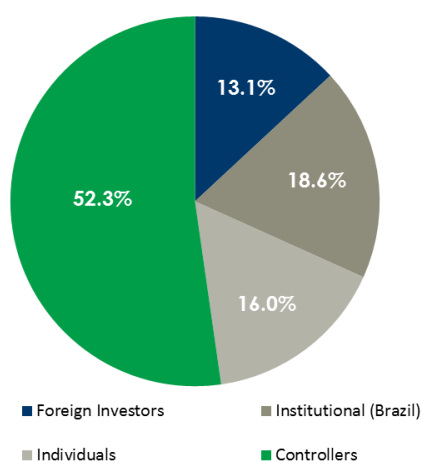
Average Daily Trading Volume

R\$ million

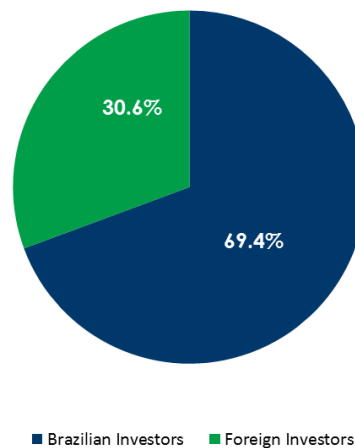


Ownership Structure

Base: June 30, 2017



Free-Float Composition



DISCLAIMER

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

INCOME STATEMENT

Quarter

SÃO MARTINHO S.A. - CONSOLIDATED	CPC 19			Pro-forma		
	1Q18	1Q17	Chg. (%)	1Q18	1Q17	Chg. (%)
R\$ Thousand						
Gross Revenue	932,439	575,033	62.2%	932,529	667,889	39.6%
Deductions from Gross Revenue	(120,173)	(20,287)	492.4%	(120,182)	(26,451)	354.4%
Net Revenue	812,266	554,746	46.4%	812,347	641,438	26.6%
Cost of Goods Sold (COGS)	(536,880)	(397,767)	35.0%	(536,997)	(451,429)	19.0%
Gross Profit	275,386	156,979	75.4%	275,350	190,009	44.9%
Gross Margin (%)	33.9%	28.3%	5.6 p.p	33.9%	29.6%	4.3 p.p
Operating Expenses	(75,188)	(44,680)	68.3%	(74,853)	(69,285)	8.0%
Selling Expenses	(29,014)	(26,156)	10.9%	(29,014)	(27,132)	6.9%
General and Administrative Expenses	(44,966)	(38,355)	17.2%	(45,574)	(42,943)	6.1%
Equity Income	(1,892)	19,242	-109.8%	94	174	-46.0%
Other Operating Expenses, Net	684	589	16.1%	(359)	616	-158.3%
Operating Profit, Before Financial Effects	200,198	112,299	78.3%	200,497	120,724	66.1%
Financial Result, Net	(39,287)	(73,016)	-46.2%	(39,618)	(74,172)	-46.6%
Financial Revenues	44,794	32,848	36.4%	44,817	36,890	21.5%
Financial Expenses	(94,940)	(70,005)	35.6%	(95,294)	(76,847)	24.0%
Monetary and Exchange Variations - Net	2,519	10,731	-76.5%	2,519	16,452	-84.7%
Derivatives Results	8,340	(46,590)	-117.9%	8,340	(50,667)	-116.5%
Income (Loss) Before Income and Social Contribution Taxes	160,911	39,283	309.6%	160,879	46,552	245.6%
Income Tax and Social Contribution - Current	(20,905)	(2,626)	n.m.	(20,905)	(7,916)	n.m.
Income Tax and Social Contribution - Deferred	(23,133)	3,012	n.m.	(23,101)	1,033	n.m.
Net Income	116,873	39,669	194.6%	116,873	39,669	194.6%
Net Margin (%)	14.4%	7.2%	7.2 p.p	14.4%	6.2%	8.2 p.p

BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS	CPC 19		Pro-forma	
R\$ Thousand				
ASSETS	Jun/17	Mar/17	Jun/17	Mar/17
SHORT-TERM ASSETS				
Cash and Cash Equivalents	79,786	142,454	80,526	143,002
Marketable Securities	1,259,991	1,029,113	1,260,263	1,029,113
Trade Receivables	303,495	168,868	303,723	169,129
Derivative Financial Instruments	151,448	172,917	151,448	172,917
Inventories and advances to suppliers	590,604	256,574	590,604	256,574
Biological Assets	578,954	586,362	578,954	586,362
Taxes Recoverable	105,559	102,310	105,575	102,325
Income Tax and Social Contribution	4,812	11,159	4,885	11,232
Other Assets	22,752	12,293	22,902	12,342
TOTAL SHORT-TERM ASSETS	3,097,401	2,482,050	3,098,880	2,482,996
LONG-TERM ASSETS				
Long-term Receivables				
Marketable Securities	25,245	24,667	25,245	24,667
Inventories	101,981	88,766	101,981	88,766
Related Parties	2,000	3,867	3,334	111
Derivative Financial Instruments	1	27	1	27
Trade Receivables	23,069	25,810	23,291	26,062
Receivables from Copersucar	9,355	9,355	10,017	10,017
Taxes Recoverable	116,267	106,518	116,267	106,518
Income Tax and Social Contribution	123,672	124,285	123,672	124,285
Judicial Deposits	28,822	32,423	28,982	32,617
Other Assets	439	439	439	439
	430,851	416,157	433,229	413,509
Investments	31,278	31,184	31,278	31,184
Property, plant and equipment	5,142,518	5,288,550	5,143,769	5,289,894
Intangible Assets	468,406	473,942	468,406	473,942
TOTAL LONG-TERM ASSETS	6,073,053	6,209,833	6,076,682	6,208,529
TOTAL ASSETS	9,170,454	8,691,883	9,175,562	8,691,525

BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES	CPC 19		Pro-forma	
R\$ Thousand				
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Jun/17</u>	<u>Mar/17</u>	<u>Jun/17</u>	<u>Mar/17</u>
SHORT-TERM LIABILITIES				
Borrowings	1,115,477	1,499,583	1,115,540	1,499,649
Derivative Financial Instruments	56,942	76,097	56,942	76,097
Trade Payables	224,495	138,923	224,498	138,939
Payables to Copersucar	8,583	8,583	9,094	9,094
Salaries and Social Contributions	160,993	121,664	162,064	121,776
Taxes Payable	20,393	20,478	20,404	20,481
Income Tax and Social Contribution	4,553	4,471	4,553	4,471
Dividends Payable	74,243	74,243	74,243	74,243
Advances from Customers	2,906	4,174	2,914	4,174
Aquisition of Investment	11,857	11,958	11,857	11,958
Other Liabilities	31,488	28,659	31,489	28,751
TOTAL SHORT-TERM LIABILITIES	1,711,930	1,988,833	1,713,598	1,989,633
LONG-TERM LIABILITIES				
Borrowings	2,873,043	2,219,477	2,873,101	2,219,594
Derivative Financial Instruments	-	5	-	5
Payables to Copersucar	236,028	237,602	246,737	248,360
Taxes Payable in Installments	14,123	14,614	14,123	14,614
Deferred Income Tax and Social Contribution	960,396	663,143	960,558	663,337
Provision for Contingencies	98,030	101,715	99,371	102,532
Aquisition of Investment	50,130	50,130	50,130	50,130
Other Liabilities	12,164	13,044	-	-
TOTAL LONG-TERM LIABILITIES	4,243,914	3,299,730	4,247,354	3,298,572
SHAREHOLDERS' EQUITY				
Share Capital	1,494,334	1,494,334	1,494,334	1,494,334
Reducing Capital	(55,662)	(55,662)	(55,662)	(55,662)
Capital Reserves	10,057	10,057	10,057	10,057
Treasury Shares	(92,134)	(92,134)	(92,134)	(92,134)
Stock options granted	9,396	8,284	9,396	8,284
Adjustments to Book Value	1,122,123	1,432,243	1,122,123	1,432,243
Profit Reserves	606,198	606,198	606,198	606,198
Retained Earnings	120,298	-	120,298	-
TOTAL SHAREHOLDERS' EQUITY	3,214,610	3,403,320	3,214,610	3,403,320
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,170,454	8,691,883	9,175,562	8,691,525

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	CPC 19		Pro Forma	
R\$ Thousand	1T18	1T17	1T18	1T17
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income in the period	116,873	39,669	116,873	39,669
Adjustments				
Depreciation and amortization	80,341	47,395	80,433	56,061
Harvested biological assets (depreciation)	121,714	84,040	121,714	100,987
Variation in fair value of biological assets	15,539	(7,943)	15,539	(11,322)
Amortization of intangible assets	3,509	3,694	3,509	3,694
Equity Income	1,892	(19,242)	(94)	(174)
Gain (loss) on investment and PPE disposed of	141	(76)	141	66
Interest, monetary and foreign exchange variations, net	47,407	23,374	47,543	20,121
Derivatives Financial Instruments	(45,464)	102,540	(45,464)	106,617
Constitution of provision for contingencies, net	2,992	(37)	3,465	924
Deferred income tax and social contribution	44,038	(3,012)	44,007	(1,033)
Adjustments to present value and others	1,373	1,183	1,380	1,097
	390,355	271,585	389,046	316,707
Changes in asset and liabilities				
Trade receivables	(130,671)	(69,556)	(130,607)	(57,506)
Inventories	(215,604)	(143,028)	(215,604)	(173,254)
Taxes recoverable	(2,972)	(18,145)	(2,970)	(13,778)
Derivatives Financial Instruments	71,244	(92,618)	71,244	(90,178)
Other assets	(6,699)	3,370	(6,763)	2,569
Trade payables	88,079	48,225	88,181	48,495
Salaries and social charges	39,329	27,003	40,289	30,430
Taxes payable	(19,531)	2,089	(19,523)	1,208
Obligations with Copersucar	(3,163)	(9,527)	(3,409)	(10,225)
Taxes payable in installments	(606)	(613)	(606)	(718)
Provision for contingencies - settlements	(8,256)	(2,820)	(8,270)	(3,837)
Other liabilities	1,557	4,637	1,471	3,555
Cash provided by operations	203,062	20,602	202,479	53,468
Interest paid	(76,224)	(74,386)	(76,224)	(86,643)
Income tax and social contribution paid	(1,731)	(1,154)	(1,731)	(1,154)
Net cash provided by operating activities	125,107	(54,938)	124,524	(34,329)
CASH FLOW FROM FINANCING ACTIVITIES				
Financial resources used in investments	(2,361)	(8,372)	(2,361)	(8,372)
Additions to property and intangible assets	(44,244)	(29,690)	(44,244)	(33,589)
Additions to biological assets (planting and crop treatment)	(152,257)	(113,607)	(152,257)	(130,789)
Marketable Securities	(195,944)	376,621	(196,215)	414,698
Proceeds from sale of property, plant and equipment	1,058	64	1,058	166
Dividends received	(1,000)	(1,000)	-	-
Net cash used in investing activities	(394,748)	224,016	(394,019)	242,114
CASH FLOW FROM FINANCING ACTIVITIES				
New borrowing - third parties	825,461	16,284	825,461	24,292
Repayment of borrowing - third parties	(618,488)	(274,919)	(618,552)	(318,902)
Advance for future capital increase	-	-	111	-
Purchase of treasury shares	-	(7,423)	-	(7,423)
Sale of treasury shares	-	518	-	518
Net cash provided by financing activities	206,973	(265,540)	207,020	(301,515)
Increase (decrease) in cash and cash equivalents	(62,668)	(96,462)	(62,475)	(93,730)
Cash and cash equivalents at the beginning of the period	142,454	266,659	143,002	267,315
Cash and cash equivalents at the end of the period	79,786	170,197	80,527	173,585