

QUARTERLY EARNINGS 3Q18

FEBRUARY 8, 2018

Cash Net Income of R\$215.9 million in 3Q18, growing 150.9% on 3Q17

3Q18 Highlights

- ✓ Financial indicators improve in the quarter, driven by: (i) the growth in sugar and ethanol sales volume; ii) the reduction in production cash cost, mainly due to the improvement in operating leverage in the 2017/18 crop year; and iii) the strong growth in energy cogeneration sales volume and prices.
- ✓ A summary of key indicators follows:
 - ✓ Adj. EBITDA was R\$497.4 million in 3Q18 (+45.6%), with Adj. EBITDA margin of 55.3% (+9.1 p.p.);
 - ✓ Adjusted EBIT was R\$277.8 million in 3Q18 (+78.3%), with Adjusted EBIT margin of 30.9% (+9.8 p.p.);
 - ✓ Cash Net Income reached R\$215.9 million (+150.9%);
 - ✓ Net income came to R\$168.5 million (+201.7%).

9M18 Highlights

- ✓ Adj. EBITDA was R\$1,364.4 million in 9M18 (+30.7%), with Adj. EBITDA margin of 54.5% (+7.6 p.p.);
- ✓ Adjusted EBIT was R\$758.1 million in 9M18 (+44.4%), with Adjusted EBIT margin of 30.3% (+6.7 p.p.);
- ✓ Cash Net Income came to R\$613.2 million (+89.1%);
- ✓ Net income amounted to R\$338.3 million (+105.8%).

Executive Summary	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
Net Revenue*	899,679	739,325	21.7%	2,503,746	2,228,079	12.4%
Adjusted EBITDA	497,440	341,638	45.6%	1,364,365	1,044,092	30.7%
Adjusted EBITDA Margin	55.3%	46.2%	9.1 p.p.	54.5%	46.9%	7.6 p.p.
Adjusted EBIT	277,821	155,816	78.3%	758,134	524,940	44.4%
Adjusted EBIT Margin	30.9%	21.1%	9.8 p.p.	30.3%	23.6%	6.7 p.p.
Maturity of Debt (Hedge)	(4,612)	(2,400)	92.2%	(182,388)	(125,269)	45.6%
Net Income before taxes	216,454	66,775	224.2%	430,439	196,869	118.6%
Net Income	168,483	55,844	201.7%	338,371	164,426	105.8%
Cash Net Income	215,872	86,032	150.9%	613,186	324,214	89.1%
Net Debt / EBITDA	1.61 x	2.09 x		1.61 x	2.09 x	

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

December 28, 2017

SMT03
R\$ 19.30 per share
Market capitalization:
R\$ 7.025 million

Earnings Conference Call

February 9, 2018 (Friday)
3:00 p.m. (Brasília) +55 11 3193-1001
12:00 p.m. (New York) +1 646 828-8246
Code: São Martinho

OVERVIEW - COMPANY

Operating Highlights

	9M18	9M17	Chg.(%)
Crushed Sugarcane ('000 tons)	22,206	19,281	15.2%
Own	15,191	13,398	13.4%
Third Parties	7,015	5,883	19.2%
Mechanized Harvest	99.8%	98.9%	0.87 p.p.
Agricultural Yield (ton/ha)	79.5	78.7	1.1%
Average TRS (kg/ton)	139.8	130.3	7.3%
Production			
Sugar ('000 tons)	1,407	1,301	8.2%
Anhydrous Ethanol ('000 m ³)	487	398	22.4%
Hydrous Ethanol ('000 m ³)	466	269	73.1%
Cogeneration ('000 MWh)	897	686	30.7%
<i>TRS Produced</i>	<i>3,104</i>	<i>2,512</i>	<i>23.6%</i>
<i>Mix - Sugar - Ethanol</i>	<i>47% - 53%</i>	<i>54% - 46%</i>	
<i>Mix Anhydrous - Hydrous</i>	<i>52% - 48%</i>	<i>61% - 39%</i>	

As previously announced to the market, the Company processed 22.2 million tons of sugarcane in the 2017/18 crop year, 15.2% more than in the previous crop year. The volume of TRS produced advanced 23.6%, due to: i) the higher yields of sugarcane plantations; ii) the 7.3% growth in average cane TRS; and iii) the full consolidation of Usina Boa Vista.

The 2017/18 crop year also was marked by the setting of new operational records, such as 5 million tons of sugarcane processed at the Santa Cruz Mill and 439 million liters of ethanol produced at the Boa Vista Mill, equivalent to 89 liters per ton of crushed sugarcane.

Financial Highlights

The following table presents São Martinho's financial highlights in the quarter and first nine months of the crop year:

	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
Net Revenue ¹	899,679	739,325	21.7%	2,503,746	2,228,079	12.4%
Adjusted EBITDA	497,440	341,638	45.6%	1,364,365	1,044,092	30.7%
Adjusted EBITDA Margin	55.3%	46.2%	9.1 p.p.	54.5%	46.9%	7.6 p.p.
Adjusted EBIT	277,821	155,816	78.3%	758,134	524,940	44.4%
Adjusted EBIT Margin	30.9%	21.1%	9.8 p.p.	30.3%	23.6%	6.7 p.p.
Consolidated Balance Sheet Indicators						
Total Assets	9,286,464	8,031,844	15.6%	9,286,464	8,031,844	15.6%
Shareholders' Equity	3,375,083	3,020,877	11.7%	3,375,083	3,020,877	11.7%
EBITDA (LTM) ²	1,838,897	1,390,389	32.3%	1,838,897	1,390,389	32.3%
Net Debt	2,954,410	2,903,027	1.8%	2,954,410	2,903,027	1.8%
Net Debt / EBITDA (LTM) ²	1.61 x	2.09 x		1.61 x	2.09 x	
Net Debt / Shareholders' Equity	88%	96%		88%	96%	

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

² - Information considers 100% of UBV in the LTM EBITDA in 3Q18.

INDUSTRY OVERVIEW

According to the Sugarcane Industry Association (UNICA), as of January 1, 2018, the Center-South region had processed 583.4 million tons of sugarcane, 1.46% less than in the same period of the previous crop year.

Average cane TRS grew 2.59% from the same period of the previous crop year, to 137.3 kg/ton, which offset the reduction in crushing volume in the period.

Sugar

According to data from UNICA, sugar production in Brazil's Center-South region increased 1.74% from the same period of the previous crop year.

As we discussed last quarter, the sharp drop in sugar prices in 2017 (see chart on the right) will impact São Martinho's results only marginally in the 2017/18 crop year, given our strategy of advancing hedge positions.

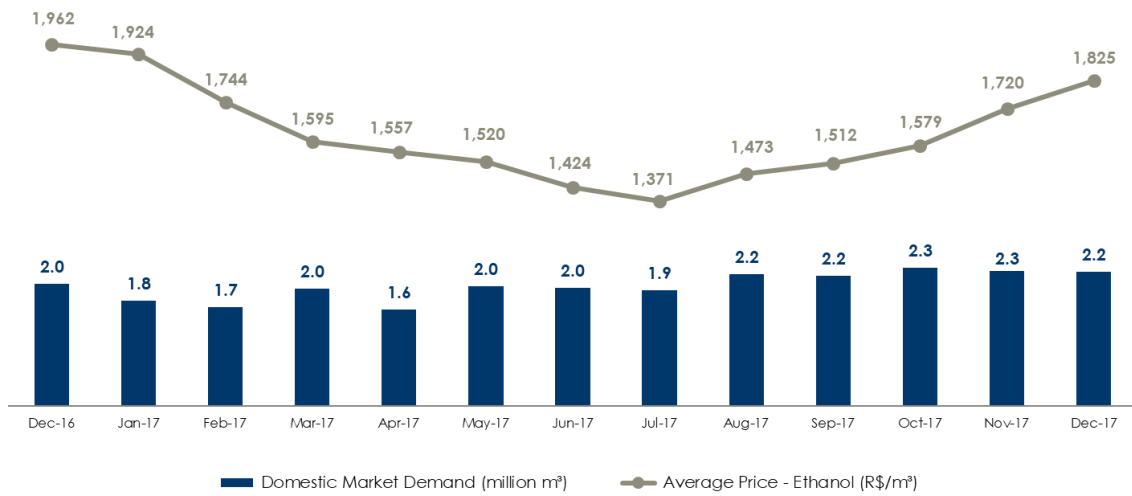


For the 2018/19 crop year, the market consensus is for a surplus of 5-6 million tons, driven by production in the northern hemisphere, especially by India, Thailand and the European Union. We believe the crop year starting in April 2018 in the Center-South region of Brazil may shift the consensus to a lower surplus, since a large portion of the production mix may be allocated to ethanol production.

Ethanol

According to data from UNICA, as of January 1, 2018, ethanol production in Brazil's Center-South region increased 1.23% from the same period of the previous crop year.

In terms of demand, consumption reached a new level as of August 2017, right after the changes introduced by the federal government to taxes levied on fuels. Additionally, Petrobras's new gasoline pricing policy, have helped ethanol recover market share from gasoline with improved prices to producers.



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
R\$ '000						
Domestic Market	545,472	411,817	32.5%	1,297,831	1,113,978	16.5%
Sugar	56,997	41,638	36.9%	137,867	101,278	36.1%
Hydrous Ethanol	223,285	122,670	82.0%	429,582	318,440	34.9%
Anhydrous Ethanol	195,409	197,618	-1.1%	488,605	495,893	-1.5%
Energy	56,971	30,548	86.5%	201,195	122,967	63.6%
Real Estate Development	2,224	2,858	-22.2%	4,526	20,971	-78.4%
Others	10,586	16,485	-35.8%	36,056	54,428	-33.8%
Export Market	354,207	327,508	8.2%	1,205,915	1,114,101	8.2%
Sugar	353,488	306,291	15.4%	1,184,442	1,020,732	16.0%
Hydrous Ethanol	-	21,217	n.a.	15,953	67,115	-76.2%
Anhydrous Ethanol	-	-	n.a.	693	26,255	-97.4%
Others	719	-	n.a.	4,827	-	n.a.
Net Revenue*	899,679	739,325	21.7%	2,503,746	2,228,079	12.4%
Sugar	410,485	347,929	18.0%	1,322,309	1,122,010	17.9%
Hydrous Ethanol	223,285	143,887	55.2%	445,535	385,555	15.6%
Anhydrous Ethanol	195,409	197,618	-1.1%	489,298	522,148	-6.3%
Energy	56,971	30,548	86.5%	201,195	122,967	63.6%
Hydrous Ethanol	2,224	2,858	-22.2%	4,526	20,971	-78.4%
Others	11,305	16,485	-31.4%	40,883	54,428	-24.9%

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

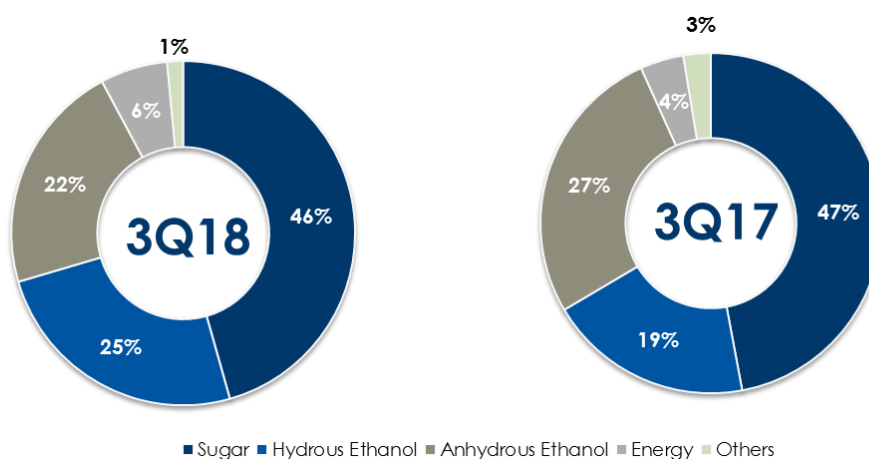
Net Revenue

In the third quarter of the 2017/18 crop year (3Q18), the Company's net revenue amounted to R\$899.7 million, increasing 21.7% from the same period of the previous crop year. Net revenue growth was mainly driven by: i) the growth in sugar sales volume (+15.8%), with prices higher than in the prior-year period; ii) the growth in ethanol sales volume, due to the incorporation of Usina Boa Vista; and iii) the growth in cogeneration sales volume (+33.1%) coupled with the increase in sales price (+40.1%).

In the first nine months of the crop year, net revenue advanced 12.4%, driven by: i) the growth in sugar sales volume (+5.0%) coupled with the increase in sales price (+12.3%); ii) the growth in cogeneration sales volume (+19.5%) coupled with the increase in average price (+36.9%); and iii) the growth in hydrous ethanol sales volume (+26.8%).

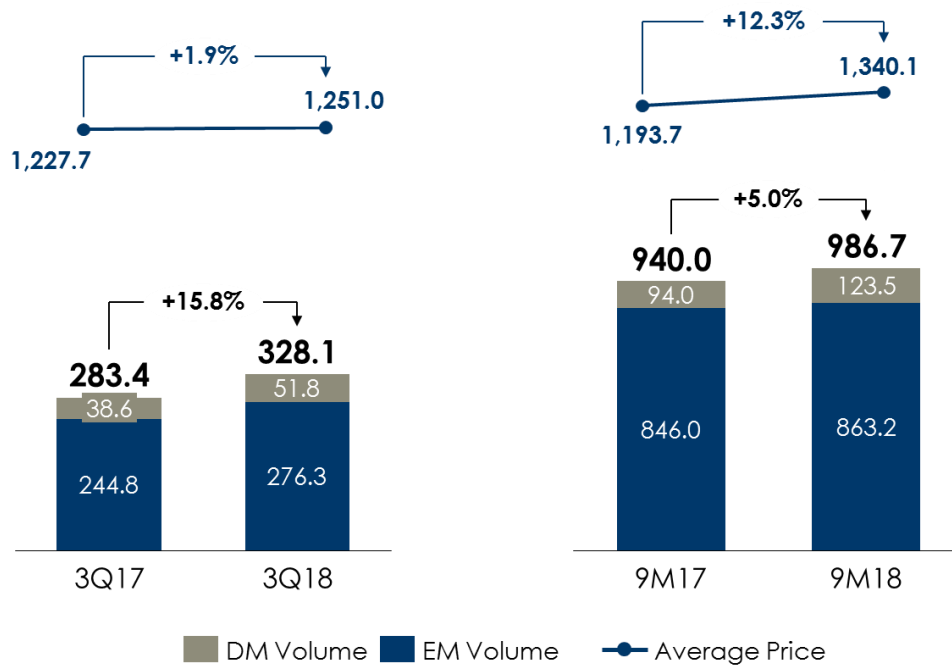
The following charts present a breakdown of the Company's net revenue by product:

Net Revenue Breakdown 3Q18 x 3Q17



Sugar

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

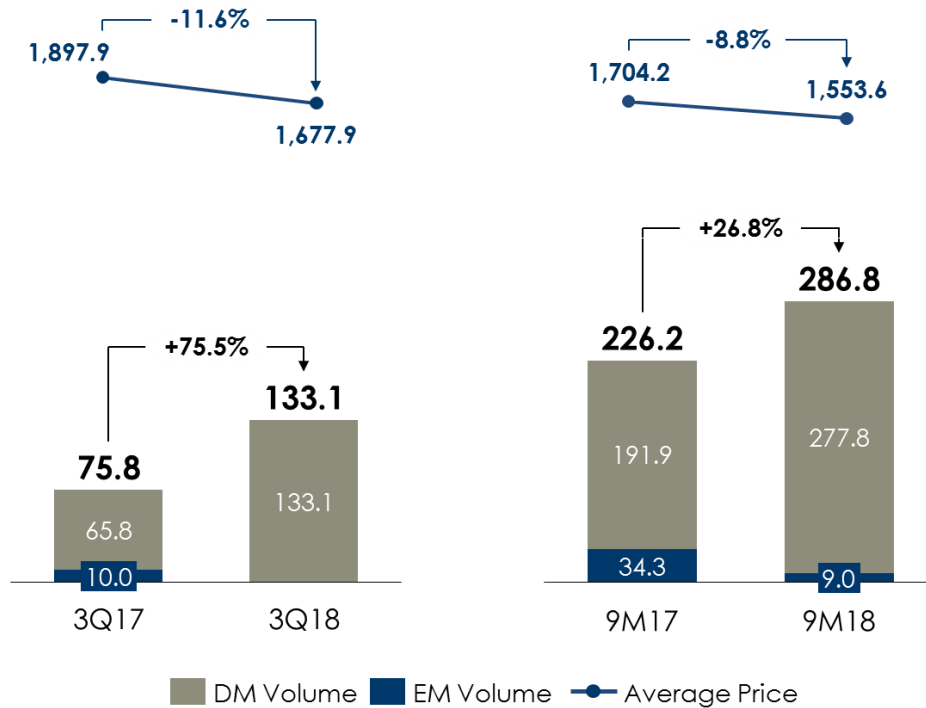


Net revenue from sugar sales amounted to R\$410.5 million in 3Q18, increasing 18.0% on the same period of the previous crop year, reflecting the 15.8% growth in sales volume due to the higher volume produced this crop year.

In the first nine months of the crop year (9M18), net revenue from sugar sales amounted to R\$1,322.3 million, advancing 17.9% compared to 9M17, supported by the 12.3% increase in the average sales price to R\$1,340.1/ton, due to the Company's hedging strategy, and by the 5% growth in sales volume.

Hydrous Ethanol

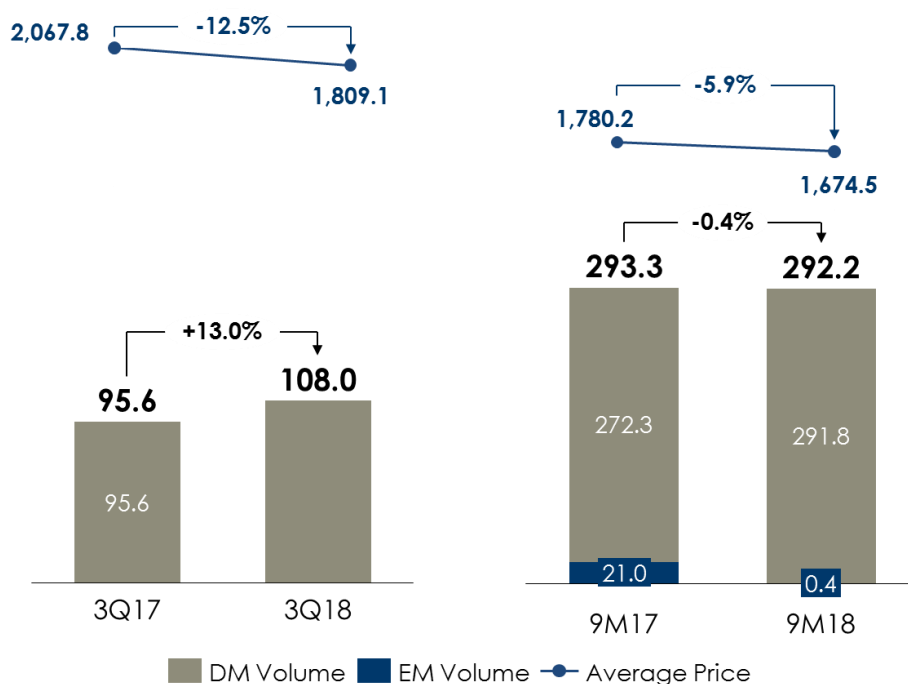
Volume ('000 m³) and Average Price (R\$/m³)



Net revenue from hydrous ethanol sales amounted to R\$223.3 million in 3Q18, increasing 55.2% from 3Q17, explained by the sales volume growth of 75.6% in the period, due to the full consolidation of Boa Vista Mill. In 9M18, net revenue from hydrous ethanol sales grew 15.6% compared to 9M17. The lower hydrous ethanol price in the quarter and year-to-date mainly reflect the higher rate of PIS and Cofins taxes on ethanol sales as of January 2017.

Anhydrous Ethanol

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

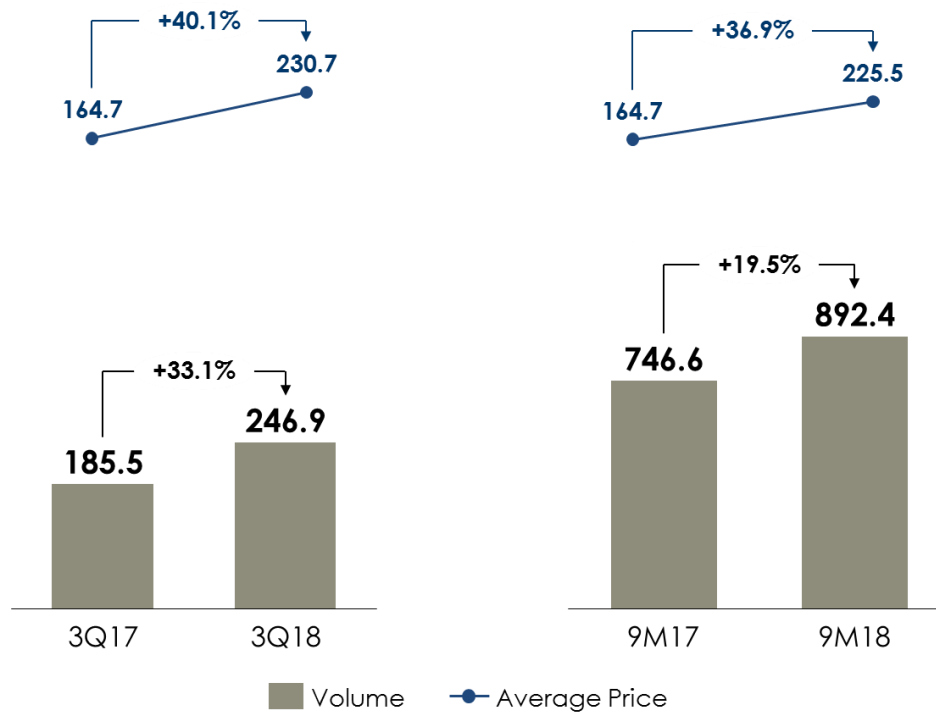


Net revenue from anhydrous ethanol sales amounted to R\$195.4 million in 3Q18, down 1.1% from the same quarter of the previous crop year, reflecting the 12.5% decline in the average sales price. In the first nine months of the crop year, net revenue from anhydrous ethanol sales fell 6.3%, due to the same factor impacting performance in the quarter.

The lower anhydrous ethanol price in the quarter and year-to-date mainly reflect the higher rate of PIS and Cofins taxes on ethanol sales as of January 2017.

Cogeneration

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



Net revenue from cogeneration sales in 3Q18 amounted to R\$57.0 million, increasing 86.5% from the same period of the previous crop year. The improvement reflects the higher volume of energy sold in the period (+33.1%), due to the full consolidation of Usina Boa Vista, coupled with the higher average sales price (+40.1%) in the period, mainly reflecting the higher spot market energy prices. In the first nine months of the crop year, net revenue from cogeneration sales increased 63.6%, to R\$201.2 million, explained by the same factors that influenced performance in the quarter.

Real Estate Development

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

Real Estate Development	Type	City	Area (m ²)	Launch date	Total lots Sold	POC
Recanto das Paineiras	Residential	Iracemápolis	376,567	June-14	99.8%	100.0%
Park Empresarial	Industrial	Iracemápolis	182,684	September-14	77.0%	100.0%
Nova Pradópolis - Fase I	Residential	Pradópolis	257,750	December-15	87.8%	100.0%
Nova Pradópolis - Fase II	Residential	Pradópolis	255,750	July-17	40.3%	53.4%

In 9M18, the Company recognized net revenue of R\$4.5 million and cash generation of R\$8.8 million.

Real Estate Development	Net Revenue 9M18	Cash Generation 9M18	Portfolio December/17	Nominal Portfolio December/17
Current Projects	4,324	7,163	85,532	132,903
Land Monetization	202	1,637	9,113	9,113
Total	4,526	8,800	94,645	142,016

INVENTORIES

	3Q18	3Q17	Chg. (%)
Sugar (tons)	430,321	390,015	10.3%
Hydrous Ethanol (m ³)	172,860	50,134	244.8%
Anhydrous Ethanol (m ³)	235,848	144,631	63.1%

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 3Q18	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	410,485	418,694	56,971	2,224	11,305	899,679
COGS (Cash)	(141,293)	(172,537)	(8,253)	(166)	(7,179)	(329,427)
Gross Profit (Cash)	269,192	246,157	48,718	2,058	4,126	570,252
Gross Margin (Cash)	65.6%	58.8%	85.5%	92.6%	36.5%	63.4%
Sales Expenses	(24,934)	(1,148)	(2,437)	-	(92)	(28,611)
G&A Expenses (Cash)	(17,961)	(21,595)	(3,656)	(1,036)	-	(44,248)
Other Revenues (Expenses)					47	47
Adjusted EBITDA	226,297	223,415	42,625	1,022	4,081	497,440
Adjusted EBITDA Margin	55.1%	53.4%	74.8%	46.0%	36.1%	55.3%
EBITDA Cost**	(561.4)	(810.0)	(58.1)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 4.6 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 3Q17	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	347,929	341,505	30,548	2,858	16,485	739,325
COGS (Cash)	(162,621)	(159,733)	(5,786)	(132)	(9,799)	(338,072)
Gross Profit (Cash)	185,308	181,772	24,762	2,726	6,685	401,253
Gross Margin (Cash)	53.3%	53.2%	81.1%	95.4%	40.6%	54.3%
Sales Expenses	(17,508)	(1,578)	(1,898)	-	(96)	(21,079)
G&A Expenses (Cash)	(17,393)	(17,289)	(3,079)	(1,010)	-	(38,770)
Other Revenues (Expenses)					235	235
Adjusted EBITDA	150,407	162,906	19,785	1,716	6,824	341,638
Adjusted EBITDA Margin	43.2%	47.7%	64.8%	60.0%	41.4%	46.2%
EBITDA Cost**	(697.0)	(1,042.1)	(58.0)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA USC (R\$ 2.4 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 9M18	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	1,322,309	934,833	201,195	4,526	40,883	2,503,746
COGS (Cash)	(447,176)	(430,340)	(25,290)	(425)	(23,533)	(926,764)
Gross Profit (Cash)	875,133	504,493	175,905	4,101	17,350	1,576,982
Gross Margin (Cash)	66.2%	54.0%	87.4%	90.6%	42.4%	63.0%
Sales Expenses	(71,322)	(6,364)	(7,355)	-	(502)	(85,543)
G&A Expenses (Cash)	(57,305)	(54,875)	(14,110)	(2,651)	-	(128,941)
Other Revenues (Expenses)	-	-	-	-	1,867	1,867
Adjusted EBITDA	746,505	443,254	154,440	1,450	18,716	1,364,365
Adjusted EBITDA Margin	56.5%	47.4%	76.8%	32.0%	45.8%	54.5%
EBITDA Cost**	(583.6)	(849.0)	(52.4)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R\$ 182.4 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

EBITDA BY PRODUCT - 9M17	SUGAR	ETHANOL	COGEN	REAL ESTATE	OTHERS	TOTAL
R\$ '000						
Net Revenues*	1,122,010	907,702	122,967	20,971	544,428	2,718,079
COGS (Cash)	(487,361)	(442,904)	(19,578)	(3,374)	(31,999)	(985,217)
Gross Profit (Cash)	634,649	464,798	103,389	17,597	22,428	1,242,860
Gross Margin (Cash)	56.6%	51.2%	84.1%	83.9%	41.2%	55.8%
Sales Expenses	(62,896)	(10,330)	(4,740)	-	(96)	(78,062)
G&A Expenses (Cash)	(56,058)	(50,992)	(12,016)	(2,398)	-	(121,464)
Other Revenues (Expenses)	-	-	-	-	759	759
Adjusted EBITDA	515,695	403,476	86,632	15,198	23,091	1,044,092
Adjusted EBITDA Margin	46.0%	44.5%	70.5%	72.5%	42.4%	46.9%
EBITDA Cost**	(645.0)	(970.5)	(48.7)			

*Excludes Hedge Accounting effects of foreign-denominated debt and PPA (R\$ 125.3 million).

** Sugar in R\$/Ton

Ethanol in R\$/m³

Cogeneration in R\$/MWh

In 3Q18, sugar accounted for 45.5% of the Company's consolidated Adjusted EBITDA, while ethanol accounted for 44.9% and cogeneration for 8.6%. Sugar EBITDA margin expanded 11.9 p.p. on the same period of the previous crop year, supported mainly by the lower production cost (see details in the section "Cash COGS"), which also explains the 5.7 p.p. expansion in ethanol EBITDA margin.

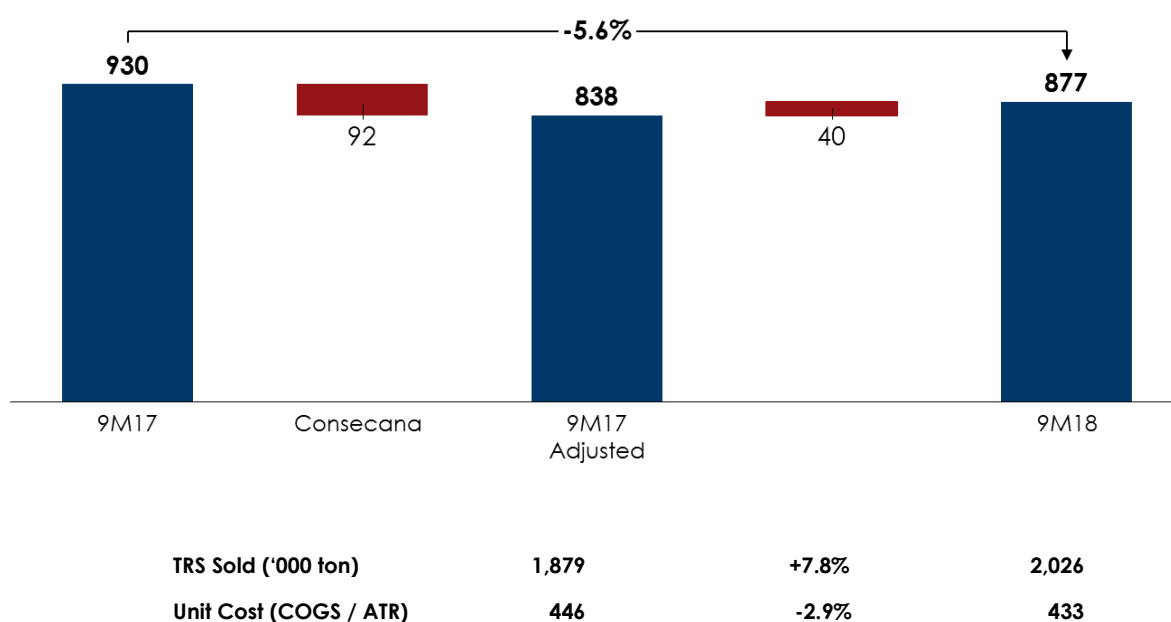
In 9M17, sugar accounted for 54.7% of the Group's consolidated Adjusted EBITDA, while ethanol accounted for 32.5% and cogeneration for 11.3%. Sugar EBITDA margin expanded 10.5 p.p. on the same period of the previous crop year, explained by the net revenue growth and lower production cash cost. Ethanol margin expanded 2.9 p.p. in the period, reflecting the growth in hydrous sales volume and the lower production cash cost, as mentioned above.

CASH COGS

	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
R\$ '000						
Agricultural Costs	270,819	279,896	-3.2%	775,660	789,765	-1.8%
Suppliers	131,142	138,216	-5.1%	415,594	416,317	-0.2%
Partnerships	65,218	66,138	-1.4%	175,878	175,111	0.4%
Own Sugarcane	74,459	75,542	-1.4%	184,188	198,336	-7.1%
Industrial	48,853	42,736	14.3%	121,225	141,191	-14.1%
Other Products	15,604	15,816	-1.3%	49,388	55,399	-10.8%
Reintegra	(5,850)	(376)	n.m.	(19,510)	(1,137)	n.m.
Total COGS	329,427	338,072	-2.6%	926,764	985,217	-5.9%
TRS Sold (000 Tons)	755	592	27.6%	2,026	1,879	7.8%
Unit Cost (Sugar and Ethanol Cash)	416	545	-23.7%	433	495	-12.5%

In 3Q18, Cash COGS came to R\$329.4 million, down 2.6% from the same period of the previous crop year, mainly due to: i) the lower cost of own cane, given the higher yields of our sugarcane fields (TRS/Ton); and ii) the lower Consecana price in the period, reflecting the declines in sugar and ethanol prices. In the nine-month period, Cash COGS was R\$926.8 million, down 5.9%, reflecting the same factors that impacted performance in the quarter.

The following chart shows the effective change in sugar and ethanol costs in 9M18 compared to 9M17, excluding the effects from the Consecana price in the period.



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

AVERAGE CASH COST PER UNIT	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
R\$ '000						
COGS	313,829	322,354	-2.6%	877,516	930,266	-5.7%
Sugar	141,293	162,621	-13.1%	447,176	487,361	-8.2%
Ethanol	172,537	159,733	8.0%	430,340	442,904	-2.8%
Average Cash Cost Per Unit (*)						
Sugar Cash Cost	430.6	573.8	-25.0%	453.2	518.5	-12.6%
Ethanol Cash Cost	715.6	932.0	-23.2%	743.3	852.5	-12.8%

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

SELLING EXPENSES

	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
R\$ Thousand						
Port Costs / Freight	24,703	18,807	31.3%	74,437	69,143	7.7%
Other	3,908	2,272	72.0%	11,106	8,919	24.5%
Selling Expenses	28,611	21,079	35.7%	85,543	78,062	9.6%
TRS Sold ('000 Tons)	755	592	27.6%	2,026	1,879	7.8%
% of Net Revenues	3.2%	2.9%	0.3 p.p.	3.4%	3.5%	-0.1 p.p.

In 3Q18, selling expenses amounted to R\$28.6 million, increasing 35.7% from 3Q17, mainly due to the growth in sugar sales volume, which accounted for a 9.6% increase in selling expenses in 9M18.

CASH GENERAL AND ADMINISTRATIVE EXPENSES

	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
R\$ '000						
Personnel and Management Fee	25,347	24,754	2.4%	78,497	77,029	1.9%
Taxes, Fees, Contributions and Contingencies	5,479	3,311	65.5%	14,542	11,237	29.4%
General Expenses and Third-Party Services	12,310	9,717	26.7%	32,566	23,034	41.4%
Stock Option Expenses	1,112	988	12.6%	3,336	2,964	12.6%
Total recurring General & Administrative Expenses	44,248	38,770	14.1%	128,941	114,264	12.8%
Non-recurring items	-	-	-	-	7,200	-
Total General and Administrative Expenses	44,248	38,770	14.1%	128,941	121,464	6.2%

In 3Q18, cash G&A expenses amounted to R\$44.2 million, increasing 14.1% from the same period of the prior crop year, mainly due to the effects from the Boa Vista incorporation, as well as the one-off increase in expenses related to provisions with labor contingencies in the quarter. In the first nine months of the crop year, G&A expenses increased 6.2%.

EBITDA

Pro-Forma EBITDA RECONCILIATION	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
R\$ '000						
Adjusted EBITDA	497,440	341,638	45.6%	1,364,365	1,044,092	30.7%
Adjusted EBITDA Margin	55.3%	46.2%	9.1 p.p.	54.5%	46.9%	7.6 p.p.
Adjustment to Maturity of Hedge Accounting / PPA	4,612	2,400	92.2%	182,388	125,269	45.6%
Equity Income	207	(446)	n.m.	2,002	(949)	n.m.
Non Recurring Operating Income (Expense)	(26)	310	n.m.	553	(1,752)	n.m.
Biological Assets	3,651	19,448	-81.2%	12,988	6,560	n.m.
Book EBITDA	488,996	319,926	52.8%	1,166,435	914,965	27.5%
EBITDA Margin	54.6%	43.4%	11.2 p.p.	50.2%	43.5%	6.7 p.p.
(-) Depreciation and Amortization	(219,619)	(185,822)	18.2%	(606,231)	(519,152)	16.8%
(-) Financial Revenue (Expense), net	(52,923)	(67,329)	-21.4%	(129,765)	(198,944)	-34.8%
(=) Operating Income (Loss)	216,454	66,775	224.2%	430,439	196,869	118.6%

Adjusted EBITDA

Adjusted EBITDA amounted to R\$497.4 million in 3Q18 (Adjusted EBITDA margin of 55.3%), growing 45.6% on 3Q17, mainly due to: (i) the growth in sugar and ethanol sales volume; ii) the reduction in production cash cost, mainly due to the improvement in operating leverage in the 2017/18 crop year; and iii) the strong growth in energy cogeneration sales volume and prices.

In 9M18, Adjusted EBITDA advanced 30.7% to R\$1,364.4 million (EBITDA margin of 54.5%), explained by the same factors that affected performance in the quarter.

Main Adjustments to EBITDA in 3Q18 and 9M18

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

- Debt maturity (Hedge Accounting): Expense related to exchange variation on debt settled in 3Q18 that was previously designated as Hedge Accounting at a USD/BRL exchange rate of R\$2.2/USD. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.2/USD, we adjusted the amount of R\$3.2 million in net revenue and EBITDA to provide a better understanding of the Company's cash generation in the period. In 9M18, the adjustment amounted to R\$174.2 million.
- Price Purchase Allocation (PPA): Noncash expense of R\$1.4 million, reflecting the amortization of goodwill paid for the future profitability of the cogeneration volume of the Santa Cruz Mill in 3Q18. In the nine-month period, the expense came to R\$8.2 million.

2) Biological Assets

- Noncash increase of R\$3.6 million in accounting costs (COGS) in 3Q18, reflecting the write-off of the Price Purchase Allocation of biological assets from the acquisition of Boa Vista Mill.

Operating Cash Generation (Adjusted EBIT)

EBIT in 3Q18 came to R\$277.8 million (EBIT margin of 30.9%), increasing 78.3% from 3Q17. In the nine-month period, EBIT advanced 44.4% to R\$758.1 million (EBIT margin of 30.3%), explained by the same factors that benefitted Adjusted EBITDA.

	3Q18	3Q17	Chg.%	9M18	9M17	Chg.%
R\$ '000						
Adjusted EBIT	277,821	155,816	78.3%	758,134	524,940	44.4%
Adjusted EBIT Margin	30.9%	21.1%	9.8 p.p.	30.3%	23.6%	6.7 p.p.
(-) Depreciation and Amortization	(219,619)	(185,822)	18.2%	(606,231)	(519,152)	16.8%
Adjusted EBITDA	497,440	341,638	45.6%	1,364,365	1,044,092	30.7%
Adjusted EBITDA Margin	55.3%	46.2%	9.1 p.p.	54.5%	46.9%	7.6 p.p.
Adjustment to Maturity of Hedge / PPA	4,612	2,400	92.2%	182,388	125,269	45.6%
Equity Income (Loss)	207	(446)	-146.4%	2,002	(949)	-311.0%
Non Recurring Operating Income (Expense)	(26)	310	-108.3%	553	(1,752)	-131.5%
Biological Assets	3,651	19,448	-81.2%	12,988	6,560	98.0%
Book EBITDA	488,996	319,926	52.8%	1,166,435	914,965	27.5%
EBITDA Margin	54.6%	43.4%	11.2 p.p.	50.2%	43.5%	6.7 p.p.

HEDGE

A summary of our sugar and U.S. dollar hedge positions as of December 29, 2017 follows.

Sugar

	Volume Hedged (‘000 tons)	Avg. Price (US\$ c/p)	Avg. Price (R\$ /Ton)
Sugar			
2017/2018 crop year	346,727	17.29	1,273.4
2018/2019 crop year	404,693	15.80	1,163.9

On December 29, 2017, we had 346,727 tons of sugar to be shipped in the 2017/18 crop year hedged at an average price of 17.29 ¢/lb, or R\$1,273.4/ton, considering realized dollar-denominated NDFs, which corresponds to around 88% of own sugarcane volume and 80% of total open position.

On the same date, our sugar price hedge for the 2018/19 crop year corresponded to approximately 50% of the volume of own sugarcane, considering the minimum sugar production for the crop year, at the price of R\$1,163.9/ton.

U.S. dollar

On December 29, 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 and 2018/19 crop years, as follows:

	TOTAL		SUGAR		ETHANOL	
	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)	US\$ '000	Average Price (R\$/US\$)
2017/2018 crop year	197,834	3.34	184,873	3.34	12,961	3.33
2018/2019 crop year	103,743	3.36	103,743	3.36	-	-

Hedge Accounting

Effect on Shareholders' Equity

Moreover, in March 2010, 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 December 2017, we recorded a reduction in shareholders' equity of R\$337.6 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 3Q18, a total of US\$3.1 million in debt was recognized at the exchange rate of R\$2.2/US\$ used for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.2/US\$, we made an adjustment of R\$3.2 million in net revenue and EBITDA to provide a better understanding of the Company's operating cash generation in the period.

In 9M18, a total of US\$142.5 million in debt was recognized at the exchange rate of R\$2.1/US\$ used for the translation of net revenue. Considering that the exchange rate used for the purposes of cash flow in the period was R\$3.3/USD, we made an adjustment of R\$174.2 million in net revenue and EBITDA.

NET FINANCIAL RESULT

	3Q18	3Q17	Chg.%	9M18	9M17	Var.%
R\$ '000						
Financial Income	24,835	30,809	-19.4%	100,931	101,572	-0.6%
Financial Expense	(80,619)	(86,048)	-6.3%	(250,545)	(237,977)	5.3%
Net Financial Result before FX Var. and Hedge	(55,784)	(55,239)	1.0%	(149,614)	(136,405)	9.7%
Hedge Result /Exchange Variation	9,759	(6,211)	n.m.	33,816	(44,770)	n.m.
Copersucar Monetary Variation	(6,898)	(5,879)	17.3%	(13,967)	(17,769)	-21.4%
Net Financial Result	(52,923)	(67,329)	-21.4%	(129,765)	(198,944)	-34.8%

The net financial result in 3Q18 was an expense of R\$52.9 million, which represents a 21.4% reduction compared to 3Q17. In the first nine months of the crop year, the net financial expense decreased by 34.8% to R\$129.8 million. The improvement in the financial result mainly reflects the lower impact from exchange variation in the periods.

DEBT WITH COPERSUCAR

On December 29, 2017, the São Martinho Group recognized the amount of R\$230.8 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\$206.6 million on a consolidated basis.

INDEBTEDNESS

	Dec/17	Mar/17	Chg.%
R\$ Thousand			
PESA	28,560	42,009	-32.0%
Rural Credit	837,775	505,640	65.7%
BNDES / FINAME	693,665	842,630	-17.7%
Working Capital	615,756	761,944	-19.2%
International Finance Corporation (IFC)	299,287	-	n.m.
PPE (Export prepayment)	544,723	633,070	-14.0%
NCE (Export Credit Note)	205,059	584,487	-64.9%
Agribusiness Certificate of Receivables (CRA)	866,428	349,462	147.9%
Obligations from Acquisitions - LOP	61,897	62,088	-0.3%
Gross Debt	4,153,151	3,781,331	9.8%
Cash and Cash Equivalents	1,198,741	1,196,782	0.2%
Consolidated Net Debt	2,954,410	2,584,549	14.3%
Net Debt / Acum. EBITDA ¹	1.61 x	1.55 x	
Net Debt / Acum. EBITDA - USD ²	1.55 x	1.61 x	

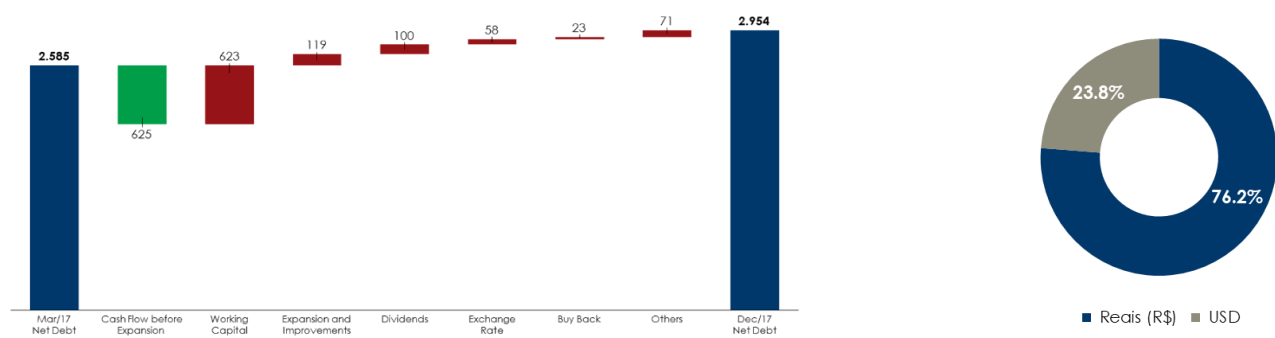
1 - Cumulative EBITDA considers 100% of UBV;

2 - Net Debt PTAX: Cumulative EBITDA average daily PTAX LTM:

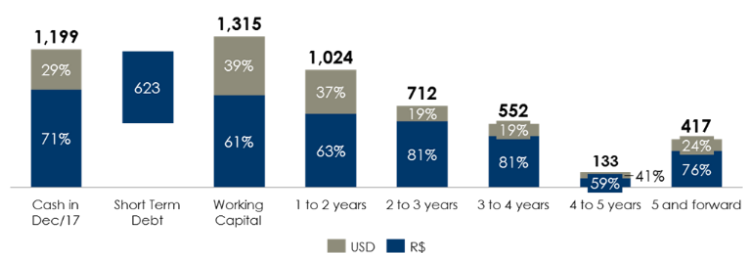
Mar/17: R\$ 3.17 Mar/17: R\$ 3.30

Dec/17: R\$ 3.31 Dec/17: R\$ 3.19

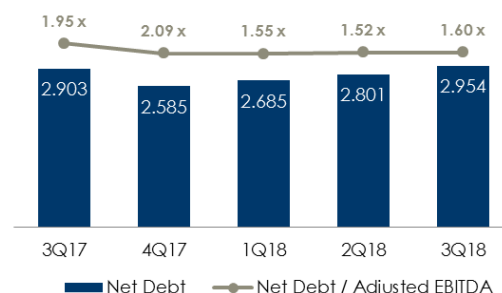
As of December 2017, the Company's net debt stood at R\$2.9 billion, which represents an increase of 14.3% compared to March 2017. The growth in the debt balance mainly reflects the higher working capital needs in the period, due to the higher inventory of finished goods, which should be converted into cash by the end of the crop year. The main changes in net debt and a breakdown by currency are shown below:



Debt Amortization Schedule R\$ million



Net Debt / LTM EBITDA Evolution



CAPEX

(Maintenance)	3Q18	3Q17	Chg.%	9M18	9M17	Var%.
R\$ '000						
Sugarcane Planting	70,975	53,137	33.6%	174,606	141,140	23.7%
Off-Season Maintenance	82,769	63,818	29.7%	85,786	64,209	33.6%
Crop Treatment	116,994	101,267	15.5%	332,055	289,427	14.7%
Total	270,738	218,223	24.1%	592,447	494,776	19.7%
(Operational Improvements)	3Q18	3Q17	Chg.%	9M18	9M17	Chg.%
R\$ '000						
Equipment/Projects/Replacements	37,724	26,155	44.2%	79,646	54,903	45.1%
Total	37,724	26,155	44.2%	79,646	54,903	45.1%
(Upgrading/Expansion)	3Q18	3Q17	Chg.%	9M18	9M17	Chg.%
R\$ '000						
Industrial/Agricultural	24,205	36,589	-33.8%	51,195	81,066	-36.8%
Total	24,205	36,589	-33.8%	51,195	81,066	-36.8%
Total	332,667	280,967	18.4%	723,288	630,745	14.7%

The Company's maintenance CAPEX amounted to R\$270.7 million in 3Q18, increasing 24.1% from the previous crop year, mainly due to the effects from the 100% consolidation of Usina Boa Vista on our results as of this crop year, which also explains the increase of 19.7% in sustaining CAPEX for the first nine months of this crop year.

Operational improvement CAPEX (investments in replacing agricultural and industrial equipment to boost yields) amounted to R\$37.7 million (+44.2%) in 3Q18 and 79.7 million (+45.1%) in the year-to-date. The increase reflects not only the effects from the consolidation of Boa Vista Mill, but also the replacement of part of the unit's agricultural fleet, a disbursement that already was provided for in the Company's investment plan due to the growth in crushing volume in recent years.

Expansion CAPEX amounted to R\$24.2 million in 3Q18, or 33.8% lower than in the year-ago period. This quarter, investments were made mainly in the carryover of projects started in the previous crop year.

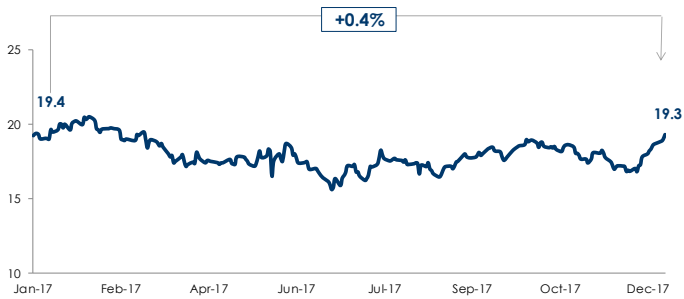
CASH NET INCOME

São Martinho's cash net income in 3Q18 amounted to R\$215.9 million, increasing 150.9% from 3Q17. In the nine-month period, cash net income advanced 89.1% to R\$613.2 million. The improvement is mainly explained by the growth in Adjusted EBITDA in the period.

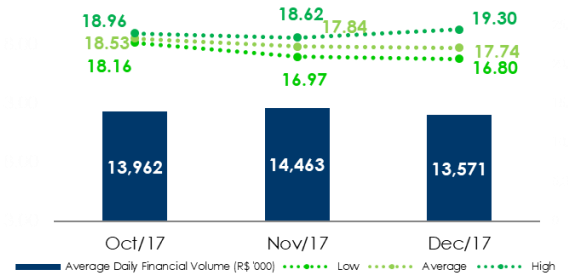
	3Q18	3Q17	Chg.%	9M18	9M17	Chg.%
R\$ '000						
Net Income	168,483	55,844	201.7%	338,371	164,426	105.8%
Taxes	47,971	10,931		92,068	32,443	
Income Tax paid	(8,845)	(2,591)		(12,629)	(4,484)	
Biological Asset	3,651	19,448		12,988	6,560	
Maturity of Hedge / PPA	4,612	2,400		182,388	125,269	
Cash Income	215,872	86,032	150.9%	613,186	324,214	89.1%
Total shares ex- treasury (in thousands)	357,222	337,318		357,222	337,318	
Cash Income per share	0.60	0.26	136.9%	1.72	0.96	78.6%

CAPITAL MARKETS AND INVESTOR RELATIONS

Performance SMTO3 – 12 months

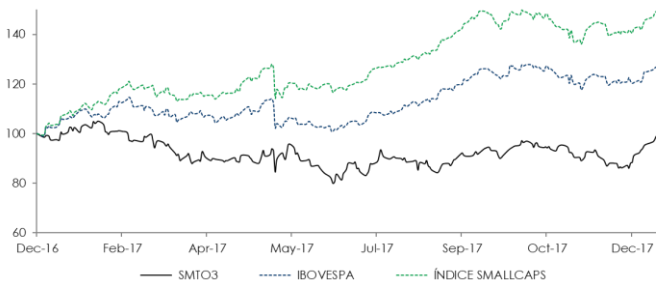


Price and Volume



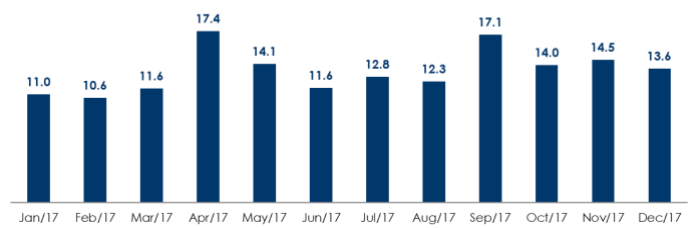
SMTO3 vs. Stock Indexes

Base 100



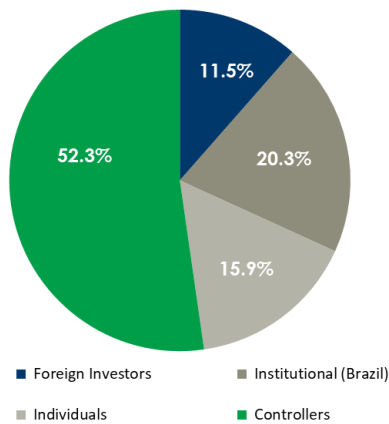
Average Daily Trading Volume

R\$ million

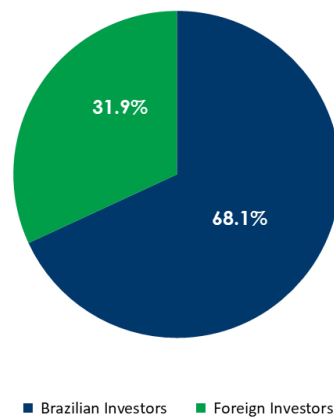


Ownership Structure

Base: Dec. 28, 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

SÃO MARTINHO S.A. - CONSOLIDATED	3Q18	3Q17	Chg. (%)	9M18	9M17	Chg. (%)
R\$ Thousand						
Gross Revenue	970,323	766,663	26.6%	2,571,484	2,189,090	17.5%
Deductions from Gross Revenue	(75,256)	(29,739)	153.1%	(250,126)	(86,281)	189.9%
Net Revenue	895,067	736,924	21.5%	2,321,358	2,102,809	10.4%
Cost of Goods Sold (COGS)	(549,944)	(540,470)	1.8%	(1,536,869)	(1,502,330)	2.3%
Gross Profit	345,123	196,454	75.7%	784,489	600,479	30.6%
Gross Margin (%)	38.6%	26.7%	11.9 p.p	33.8%	28.6%	5.2 p.p
Operating Expenses	(75,746)	(62,350)	21.5%	(224,285)	(204,666)	9.6%
Selling Expenses	(28,611)	(21,079)	35.7%	(85,543)	(78,062)	9.6%
General and Administrative Expenses	(47,002)	(41,641)	12.9%	(138,057)	(130,063)	6.1%
Equity Income	(207)	446	n.m.	(2,002)	949	n.m.
Other Operating Expenses, Net	74	(76)	n.m.	1,317	2,510	-47.5%
Operating Profit, Before Financial Effects	269,377	134,104	100.9%	560,204	395,813	41.5%
Financial Result, Net	(52,923)	(67,329)	-21.4%	(129,765)	(198,944)	-34.8%
Financial Revenues	24,835	30,809	-19.4%	100,931	101,572	-0.6%
Financial Expenses	(87,517)	(91,927)	-4.8%	(264,512)	(255,746)	3.4%
Monetary and Exchange Variations - Net	2,173	(7,267)	n.m.	27,327	3,952	n.m.
Derivatives Results	7,586	1,056	n.m.	6,489	(48,722)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	216,454	66,775	224.2%	430,439	196,869	118.6%
Income Tax and Social Contribution - Current	(29,768)	(10,658)	179.3%	(56,816)	(27,308)	108.1%
Income Tax and Social Contribution - Deferred	(18,203)	(273)	n.m.	(35,252)	(5,135)	n.m.
Net Income	168,483	55,844	201.7%	338,371	164,426	105.8%
Net Margin (%)	8.6%	7.6%	1.1 p.p	14.6%	7.8%	6.8 p.p

BALANCE SHEET (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED - ASSETS			
R\$ '000			
ASSETS		Dec/17	Mar/17
SHORT-TERM ASSETS			
Cash and Cash Equivalents		373,085	142,454
Marketable Securities		795,337	1,029,113
Trade Receivables		331,448	168,868
Derivative Financial Instruments		75,290	172,917
Inventories and advances to suppliers		1,022,083	256,574
Biological Assets		558,465	586,362
Taxes Recoverable		80,704	102,310
Income and Social Contribution Taxes		-	11,159
Other Assets		26,277	12,293
TOTAL		3,262,689	2,482,050
LONG-TERM ASSETS			
Long-term Receivables			
Marketable Securities		30,319	24,667
Inventories and advances to suppliers		87,112	88,766
Related Parties		3,667	3,867
Derivative Financial Instruments		1,175	27
Accounts receivable		22,933	25,810
Receivables - Copersucar		9,355	9,355
Taxes Recoverable		115,962	106,518
Income and Social Contribution Taxes		130,586	124,285
Judicial Deposits		27,252	32,423
Other Assets		439	439
		428,800	416,157
Investments		32,393	31,184
Property, plant and equipment		5,100,886	5,288,550
Intangible Assets		461,696	473,942
TOTAL		6,023,775	6,209,833
TOTAL ASSETS		9,286,464	8,691,883

BALANCE SHEET (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES			
R\$ '000			
LIABILITIES AND SHAREHOLDERS' EQUITY		Dec/17	Mar/17
SHORT-TERM ASSETS			
Borrowings		1,303,222	1,499,583
Derivative Financial Instruments		44,109	76,097
Trade Payables		173,396	138,923
Payables to Copersucar		25,418	8,583
Payroll and Social Contributions		114,186	121,664
Taxes Payable		22,386	20,478
Income and Social Contribution Taxes		13,358	4,471
Dividends Payable		-	74,243
Advances from Customers		34,234	4,174
Acquisition of Investment		11,767	11,958
Other Liabilities		30,661	28,659
TOTAL		1,772,737	1,988,833
LONG-TERM ASSETS			
Borrowings		2,788,032	2,219,477
Derivative Financial Instruments		6,263	5
Payables to Copersucar		205,419	237,602
Taxes Payable in Installments		13,492	14,614
Deferred Income and Social Contribution Taxes		962,505	663,143
Provision for Contingencies		99,411	101,715
Acquisition of Investment		50,130	50,130
Other Liabilities		13,392	13,044
TOTAL		4,138,644	3,299,730
SHAREHOLDERS' EQUITY			
Share Capital		1,549,302	1,494,334
Capital reduction account		-	(55,662)
Capital reserves		10,057	10,057
Treasury Shares		(115,178)	(92,134)
Stock options granted		11,620	8,284
Adjustments to Book Value		1,094,658	1,432,243
Profits Reserves		469,810	606,198
Retained earnings		354,814	-
TOTAL		3,375,083	3,403,320
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,286,464	8,691,883

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	9M18	9M17
R\$ '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	338,371	164,426
Adjustments		
Depreciation and amortization	246,924	190,168
Harvested biological assets (depreciation)	359,307	328,984
Change in fair value of biological assets	12,988	6,560
Amortization of intangible assets	10,209	9,596
Equity Income	2,002	(949)
Capital gain in investment in joint venture	-	(91)
Result of investment and property, plant and equipment disposals	1,049	1,228
Interest, monetary and foreign exchange variations, net	132,408	133,007
Derivative Financial Instruments	(56,122)	229,716
Accrual (reversal) of provision for contingencies, net	10,264	6,089
Deferred Income and Social Contribution Taxes	92,068	32,443
Adjustments to present value and others	2,926	2,888
	1,152,394	1,104,065
Changes in assets and liabilities		
Trade Receivables	(161,206)	(146,252)
Inventories	(449,937)	(305,367)
Taxes Recoverable	25,153	(8,466)
Derivative Financial Instruments	143,269	(91,377)
Marketable Securities	36	(58)
Other Assets	(1,692)	(8,189)
Trade Payables	30,576	68,272
Payroll and Social Contributions	(7,478)	(12,837)
Taxes Payable	(33,821)	(21,685)
Payables to Copersucar	(23,230)	(21,456)
Taxes paid in installments	(1,522)	(3,470)
Provision for contingencies - settlements	(21,633)	(9,165)
Other Liabilities	27,836	6,688
	678,745	550,703
Cash provided by operations	678,745	550,703
Interest paid	(182,847)	(172,861)
Income tax and social contribution paid	(12,629)	(4,484)
Net cash provided by operating activities	483,269	373,358
CASH FLOW FROM INVESTING ACTIVITIES		
Financial resources used in investments	(4,919)	(13,256)
Additions to property, plant and equipment and intangible assets	(210,865)	(200,486)
Additions to biological assets (planting and crop treatment)	(506,660)	(430,565)
Marketable Securities	307,132	247,660
Proceeds from sale of property, plant and equipment	5,681	1,889
Advances for future capital increase	(2,667)	-
Dividends received	4	-
Net cash used in investing activities	(412,294)	(394,758)
CASH FLOW FROM FINANCING ACTIVITIES		
New borrowings - third parties	1,155,785	779,876
Repayment of borrowings - third parties	(873,086)	(724,410)
Acquisition of treasury shares	(23,044)	(15,577)
Sale of treasury shares	-	757
Payment of dividends	(99,999)	(55,384)
Net cash provided by (used in) financing activities	159,656	(14,738)
Increase (decrease) in cash and cash equivalents, net	230,631	(36,138)
Cash and cash equivalents at the beginning of the period	142,454	267,315
Cash and cash equivalents at the end of the period	373,085	231,177