

Strong EBITDA margin of 48.9%, lower crushing levels (down 7.4%) mainly due to heavy rains in the State of São Paulo

Bocaina, December 01, 2015– Tonon Bioenergia S/A announces today the results for the 2nd quarter 2016 (2Q16). The results are in accordance with the accounting practices adopted in Brazil (IFRS).

2Q16 Highlights

- ✔ Strong EBITDA margins of 48.9% (R\$ 246.9 million – 2Q16)
- ✔ Current net debt / EBITDA of 6.6x, leverage would be 3.9x if we consider the Fx rate as of September, 2014
- ✔ Liquidity position of R\$223 million being R\$110 million of cash and equivalent plus finished goods inventory of R\$50 million plus accounts receivable of R\$63 million
- ✔ Increase realized sugar prices from R\$886.9 / ton of sugar to R\$993.4 / ton of sugar an increase of 12% y.o.y.

| Summary of Financial Information - Tonon Bioenergia | | | |
|---|----------------|----------------|---------------|
| Amounts in R\$ MM | 2Q16 | 2Q15 | Chg. % |
| Net Revenue | 504.9 | 540.3 | -6.6% |
| Gross Profit | 96.5 | 79.9 | 20.8% |
| Gross Margin | 19.1% | 14.8% | 4.3% p.p |
| EBITDA | 246.9 | 271.7 | -9.1% |
| EBITDA Margin | 48.9% | 50.3% | -1.4% p.p |
| | 2Q16 | 2Q15 | Chg. % |
| Net Debt | 2,639.1 | 1,401.7 | 88.3% |
| Net Debt/EBITDA | 6.6x | 3.2x | |

Below are the results for Tonon Bioenergia, a company that focuses on the production and sale of products derived from sugarcane, such as granulated refined sugar, VHP sugar, anhydrous and hydrous ethanol.

Production Figures

In 2Q16, Tonon Bioenergia operated 3 mills with a crushing capacity of 9.4 million tons of sugarcane per crop year.

| Operational Figures | | | |
|-----------------------------|----------------|----------------|---------------|
| | 2Q16 | 2Q15 | Chg. % |
| Crushed sugarcane | 4,939.1 | 5,333.5 | -7.4% |
| Own ('000 tons) | 3,761.1 | 3,576.6 | 5.2% |
| Suppliers ('000 tons) | 1,178.0 | 1,756.9 | -32.9% |
| Own sugarcane (%) | 76.1% | 67.1% | 9% p.p |
| Mechanization (%) | 93.1% | 90.7% | 2% p.p |
| Production | | | |
| Sugar ('000 tons) | 300.5 | 318.3 | -5.6% |
| Ethanol | 173.0 | 203.3 | -14.9% |
| Anhydrous Ethanol ('000 m3) | 58.8 | 97.2 | -39.5% |
| Hydrous Ethanol ('000 m3) | 114.2 | 106.1 | 7.6% |

Tonon's crushing reached 4.9 million tons of sugarcane in the 2Q16, representing a 7.4% decrease compared to 2Q15, mainly due to the heavy rain in the region of São Paulo (Santa Cândida and Paraíso units), which represented a reduction of approximately 800 thousand tons of sugarcane in the region of São Paulo in the 2Q16 compared to the 2Q15.

The 5% increase in own sugarcane came mainly due to the increase in agricultural yield of Vista Alegre unit that presented in the 2Q16 compared to the 2Q15 an increase of 14% from 75 tons of sugarcane per hectare to 86 tons of sugarcane per hectare. The region of São Paulo presented a very similar agricultural in the 2Q16 compared to the 2Q15.

Tonon's mechanization level is already above 93%, very close to our goal of 95%.

Net Revenue

| Net Revenue | | | |
|------------------------------------|--------------|--------------|---------------|
| Amounts in R\$ MM | 2Q16 | 2Q15 | Chg. % |
| Net Revenue | 504.9 | 540.3 | -6.6% |
| Sugar sales | 275.1 | 275.3 | -0.1% |
| Domestic | 25.1 | 2.1 | 1108.3% |
| Export | 249.9 | 273.3 | -8.5% |
| Ethanol sales | 211.8 | 239.6 | -11.6% |
| Domestic | 197.8 | 215.0 | -8.0% |
| Export | 14.0 | 24.6 | -43.1% |
| Other Products and Services | 18.1 | 25.4 | -28.8% |

In the 2Q16, Tonon Bioenergia had net revenue of R\$504.9 million, 6.6% lower than the R\$540.3 million in 2Q15, this decrease was mainly due to 7.4% lower crushing y.o.y. This decrease was partially offset by better prices of sugar, 12.0% higher in 2Q16 compared to the 2Q15.

Sugar sales

Net revenue from sugar in the 2Q16 was slightly lower than in the 2Q15, with R\$275.1 million, representing 54.5% of total net revenue, this decrease was mainly due to the lower crushing of 7.4% y.o.y. the decrease was partially offset by higher prices of sugar in 2Q16 compared to 2Q15. The average price for sugar was R\$993.4/ton of sugar in the 2Q16, up 12.0% over the 2Q15 average price of R\$886.9/ton of sugar.

More than 90% of the sugar sales were concentrated in exports due to better prices on the foreign market.

Ethanol sales

Net revenue from ethanol in the 2Q16 reached R\$211.8 million, down 11.6% over the 2Q15 net ethanol revenue of R\$239.6 million, this decrease mainly occur due to a decrease of 8.4% in the quantity of ethanol sold in 2Q16 compared to the 2Q15. The average price decreased 3.5% from R\$1,297.5 /m³ in the 2Q15 to R\$1,252.7 /m³ in the 2Q16.

Cost of Goods Sold

| COGS | | | |
|--------------------------------------|----------------|----------------|--------------|
| Amounts in R\$ MM | 2Q16 | 2Q15 | Chg. % |
| Cost of Goods Sold | (459.4) | (491.0) | -6.4% |
| Sugar | (215.5) | (241.3) | -10.7% |
| Ethanol | (229.3) | (235.5) | -2.6% |
| Other | (14.5) | (14.3) | 1.8% |
| Average Unitary Costs | | | |
| Cash cost of sugar (R\$/ton) | (427.1) | (387.1) | 10.3% |
| Cash cost of ethanol (R\$/m3) | (744.5) | (635.3) | 17.2% |

The table above shows the cost of goods sold of sugar, ethanol and other, as well as the average unit cash costs (excluding depreciation and amortization) for sugar and ethanol.

The increase in unitary cash cost of sugar in the 2Q16 compared to the 2Q15 mainly occur due to the heavy rains in São Paulo and Mato Grosso do Sul states that reduced Tonon's crushing by 7.4% y.o.y.

Gross Profit

| Gross Profit | | | |
|-------------------------------|-------------|-------------|---------------|
| Amounts in R\$ MM | 2Q16 | 2Q15 | Chg. % |
| Gross Profit | 96.5 | 79.9 | 20.8% |
| Sugar | 83.5 | 49.1 | 70.0% |
| Sugar gross margin (%) | 30.2% | 15.8% | 14% p.p |
| Sugar cash gross margin (%) | 57.0% | 56.4% | 1% p.p |
| Ethanol | 7.9 | 18.8 | -58.0% |
| Ethanol gross margin (%) | 4.7% | 10.2% | -5% p.p |
| Ethanol cash gross margin (%) | 40.6% | 51.0% | -10% p.p |
| Other | 5.2 | 12.0 | |

Tonon's gross profit reached R\$96.5 million in the 2Q16, up 20.8% over the same period of the previous year.

EBITDA

| EBITDA | | | |
|-------------------|--------------|--------------|--------------|
| Amounts in R\$ MM | 2Q16 | 2Q15 | Chg. % |
| EBITDA | 246.9 | 271.7 | -9.1% |
| EBITDA margin (%) | 48.9% | 50.3% | -1% p.p |

| EBITDA | | | |
|----------------------------|----------------|----------------|--------------|
| Amounts in R\$ MM | 2Q16 | 2Q15 | Chg. % |
| EBITDA | 246.9 | 271.7 | -9.1% |
| EBITDA margin (%) | 48.9% | 50.3% | -1.4% p.p |
| | 2Q16 | 2Q15 | Chg. % |
| Net Debt | 2,639.1 | 1,401.7 | 88.3% |
| Net Debt/EBITDA (LTM) | 6.6x | 3.2x | |
| Adj. Net Debt* | 1,576.9 | 1,401.7 | 12.5% |
| Adj. Net Debt/EBITDA (LTM) | 3.9x | 3.2x | |

The Net Debt to EBITDA ratio had an increase to 6.6x in 2Q16 compared to 2Q15, if we consider the fx rate of 2Q15 in 2Q16 the Adj. Net Debt to EBITDA ratio would be 3.9x.

Hedge

Volume positions and fixed sugar prices agreed with traders or through derivative financial instruments as of September 30, 2015, and foreign exchange derivatives contracted by Tonon Bioenergia to hedge future cash flows, are as follows:

| Summary of Hedge Operations at September 30, 2015 | |
|---|-----------|
| Sugar | 2015/2016 |
| NY11 | |
| Volume ('000 tons) | 470.8 |
| Average Price (cents US\$/lb) | 13.1 |



Earnings Release

2nd Quarter 2016 – April 2015 to September 2015

Recent Development

On November, 2015, Rodrigo Aguiar stepped down from his position as Chief Executive Officer of Tonon. He was replaced by Rafael Tonon, Chairman of the Board and one of the company's shareholders. Mr. Aguiar will continue to work with Tonon focused on financial matters. We believe that this transition will enhance the company's operations in light of Mr. Tonon's expertise in agriculture. Prior to joining Tonon, he spent many years at his own business cultivating and operating at high yields. Since April, 2015, Mr. Tonon has served as Chairman of the Board of the company. Tonon will continue to benefit from the financial expertise of Mr. Aguiar. The company does not intend to make any other significant changes to the existing management and operational team.