

Barueri, February 29 2016 – A Smiles S.A. (BM&FBOVESPA: SMLE3), one of the largest loyalty programs in Brazil with over 11 million members, announces today its 4Q15 results. The financial and operational information in this report refers to the consolidated results of Smiles S.A and is presented in accordance with IFRS and in Brazilian Reals (R\$), except when indicated otherwise. Percentage variations may use more decimal places for the calculations than shown in the document.

## Smiles S.A.

BM&FBOVESPA: SMLE3  
 Novo Mercado  
 Price: R\$ 27.42  
 No. of shares: 123,205,877  
 Market Value: R\$3.4 bln  
 (Close: 02/26/2016)

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[www.smiles.com.br/ri](http://www.smiles.com.br/ri)

## 4Q15 Conference Call

March 01 2016

In Portuguese and English:  
 (Simultaneous Translation)  
 11:00 a.m. (Brasilia time)  
 9:00 a.m. (US EST)  
 Telephone: +55 (11) 3193-1001  
 or +1 (786) 924-6977  
 Password: Smiles  
[webcast \(Portuguese\)](#)  
[webcast \(English\)](#)

## IR CONTACTS

### Flavio Vargas

Chief Financial and Investor  
 Relations Officer

### Marcos Pinheiro

Finance and IR Director

### Bruno Fregonezi and

### Nicholas Baines

Investor Relations

## Net income of R\$369.9 million in 2015 30.3% up over 2014

### HIGHLIGHTS

- ✓ 4Q15 Net income increased 37.2% compared to 4Q14, reaching R\$ 112.3 mln
- ✓ 4Q15 Gross Billings<sup>1</sup> ex-Gol up 41.7% over 4Q14
- ✓ 4Q15 Miles Accrual (ex-Gol) 26.8% superior than 4Q14
- ✓ 4Q15 Miles Redemption<sup>2</sup> increased in 18.2% compared to 4Q14
- ✓ 4Q15 Net revenues up 43.1% over 4Q14 and reached R \$ 349.0 mln
- ✓ Smiles & Money mode implemented to 100% of redemptions
- ✓ Approval was granted for the advanced purchase of tickets up to the amount of R\$ 1.0 bln by the Board of Directors, also unanimously approved by Smiles' Independent Committee
- ✓ Improvement in conversion rate in the transfer of Itaú points to Smiles

Smiles posted an annual double-digit growth both in its quarterly and annual net income, reflecting the evolution of operating results and maintenance of financial results. Company's strategy remains focused on customers' engagement initiatives and good relationship with key commercial partners. In 4Q15, Smiles presented the highest historical ex-Gol miles accrual and gross billings, reaching 11.7 bln miles and R\$321.6 mln, respectively.

Main Highlights	Unit	4Q15	3Q15	4Q14	4Q15 vs. 3Q15 (%)	4Q15 vs. 4Q14 (%)	2015	2014	2015 vs. 2014 (%)
Miles Accrual	bln	13.5	13.3	11.1	1.8%	21.6%	52.3	41.7	25.5%
GOL	bln	1.8	1.7	1.9	6.9%	(3.5%)	7.4	7.8	(5.4%)
Ex-GOL (Banks, etc)	bln	11.7	11.5	9.2	1.0%	26.8%	45.0	33.9	32.6%
Miles Redeemed <sup>2</sup>	bln	10.0	10.8	8.5	(6.8%)	18.2%	39.2	33.6	16.6%
Gross Billings <sup>1</sup>	R\$ mln	445.3	445.8	343.7	(0.1%)	29.6%	1.654.5	1.151.0	43.7%
Net Revenues	R\$ mln	349.0	349.1	243.8	(0.0%)	43.1%	1.219.5	808.1	50.9%
Operating Income	R\$ mln	109.2	122.7	88.5	(11.0%)	23.4%	409.9	273.5	49.9%
<i>operating margin</i>	%	31.3%	35.2%	36.3%	(3.9 p.p.)	(5.0 p.p.)	33.6%	33.8%	(0.2 p.p.)
Net Income	R\$ mln	112.3	98.6	81.9	14.0%	37.2%	369.9	283.9	30.3%
<i>net margin</i>	%	32.2%	28.2%	33.6%	4.0 p.p.	(1.4 p.p.)	30.3%	35.1%	(4.8 p.p.)

1. Gross Billings is not an accounting measurement and corresponds to total billings from the sale of miles and the cash portion of Smiles & Money, gross of taxes. These revenues may have affected the current period or will be recognized as revenue in future periods, depending on the time of redemption.

1. 2. Corresponds to the miles redeemed in the program (new miles and legacy miles).

## Message from Management

In 4Q15 and 2015, Smiles posted an annual double-digit growth in all major operating and financial indicators, including accrued and redeemed miles, operating profit and net income, with a virtually unchanged operating margin. Smiles' value proposition allowed the Company to have a higher growth when compared to the industry's average, signaling expressive share gains. The Company's activities generated an operating income of R\$409.9 mln in 2015, up 49.9% over 2014, and R\$109.2 mln in 4Q15, up 37.2% over 4Q14.

We remain focused in our strategy of innovative products and initiatives to improve the Program's attractiveness to its members, with the mission to turn our customers' miles into smiles. Since the 3Q15 results, there were four main announcements: (i) the Smiles & Money product was implemented for the entire portfolio of redemptions, (ii) the implementation of a new reservation system for international tickets that offers customers a more efficient combination of flights, and virtually doubles international seat availability (iii) the favorable change in the conversion rate of Itaú's 'Sempre Presente' points into Smiles miles and (iv) the advanced purchase of GOL tickets.

**Expansion of Smiles & Money to 100% of the redemption portfolio.** Smiles completed the implementation of Smiles & Money feature for redemptions in all products offered on the platform. Smiles is the only loyalty program that allows its customers to redeem for international partner seats on this fare type. Smiles customers are now able to redeem their prizes/products with a mix of cash and miles on a 100% of the current portfolio, significantly expanding its redemption options. With this latest news, Smiles seeks to make the program more attractive and accessible to its members.

**Increased availability of international seats.** Smiles virtually doubled its international seat availability to its customers, offering more than 700,000 tickets of its partner airlines in first, business and economy classes. The new reservation platform implemented in October enables customers to combine different types of classes and multiple connections, while it also allows customers to issue flight tickets for all international airlines via smartphone - previously available only for GOL flights. Smiles remains focused on its strategy of being a seamless customer experience program and the best option for travelers. In 2015, even though expenditures of Brazilian tourists abroad decreased 32%, international partners' redemptions increased 60.9% in miles.

**Improvement of the conversion rate from Itaú points to Smiles.** As result of Smiles' commercial efforts to improve its relationship with Itaú, the conversion rate in the transfer from Itaú's 'Sempre Presente' program to Smiles changed favorably for Smiles' customers. From January 2016 on, Smiles' customers convert 1 point from 'Sempre Presente' into 1 mile - previously the conversion rate was 1.25 to 1, since April 2013. This change is a sign our commercial partner trusts Smiles' value proposition.

**Advanced purchase of GOL tickets.** Smiles announced the execution of an agreement to purchase up to R\$ 1.0 bln worth of GOL tickets in advance, with the first tranche payment of R\$ 376.0 mln. The approval process followed all of Smiles' Corporate Governance mechanisms, with the unanimous approval of the Independent Committee and of the Board of Directors, including its independent members.

The Company's net income in 4Q15 reached R\$112.3 mln, 37.2% higher than 4Q14, mainly due to operating income growth, which rose 23.4% on an annual basis, and also to financial result growth. Smiles had 94 employees by the end of 2015. We continue to be enthusiastic regarding the opportunities in loyalty's industry and engaged to maintain Smiles Program as an innovative business platform, focused on travelers.

## Operating Performance

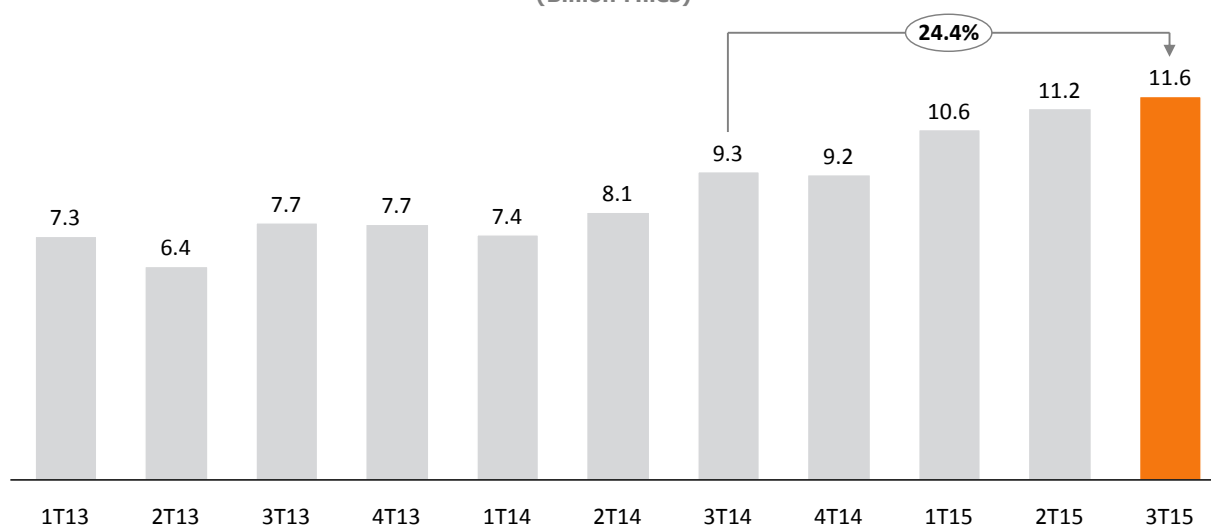
Operating Data <sup>1</sup>	Unit	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Members</b>	mIn	<b>11.2</b>	<b>11.0</b>	<b>10.3</b>	<b>1.9%</b>	<b>8.7%</b>	<b>11.2</b>	<b>10.3</b>	<b>8.7%</b>
<b>Miles Accrual</b>	mIn	<b>13,494</b>	<b>13,260</b>	<b>11,093</b>	<b>1.8%</b>	<b>21.6%</b>	<b>52,340</b>	<b>41,703</b>	<b>25.5%</b>
GOL	mIn	1,827	1,710	1,894	6.9%	(3.5%)	7,360	7,779	(5.4%)
Ex-GOL (Banks and others)	mIn	11,666	11,550	9,199	1.0%	26.8%	44,979	33,925	32.6%
<b>Miles Redemption (Program)<sup>2</sup></b>	mIn	<b>10,032</b>	<b>10,760</b>	<b>8,484</b>	<b>(6.8%)</b>	<b>18.2%</b>	<b>39,197</b>	<b>33,622</b>	<b>16.6%</b>
Air redemption	mIn	9,108	9,898	8,255	(8.0%)	10.3%	36,351	32,870	10.6%
Non-air redemption	mIn	924	862	230	7.2%	302.4%	2,846	752	278.5%
<b>Program's Burn/Earn</b>	%	<b>74.3%</b>	<b>81.1%</b>	<b>76.5%</b>	<b>(6.8 p.p.)</b>	<b>(2.2 p.p.)</b>	<b>74.9%</b>	<b>80.6%</b>	<b>(5.7 p.p.)</b>
<b>Breakage Rate</b>	%	<b>16.1%</b>	<b>16.2%</b>	<b>16.5%</b>	<b>(0.1 p.p.)</b>	<b>(0.4 p.p.)</b>	<b>16.1%</b>	<b>16.5%</b>	<b>(0.4 p.p.)</b>
<b>% New Miles</b>	%	<b>95.7%</b>	<b>93.2%</b>	<b>84.7%</b>	<b>2.5 p.p.</b>	<b>11.0 p.p.</b>	<b>91.9%</b>	<b>77.2%</b>	<b>14.7 p.p.</b>

<sup>1</sup> All relevant miles amounts are net of reimbursement. The data in this table do not reflect financial information.

<sup>2</sup> The rescue miles corresponds to Miles redeemed under the Smiles Program, including new miles and miles of legacy.

**Participants and Partners:** The program reached 11.2 mi customers in 4Q15, a growth of 8.7% compared to 4Q14. In 4Q15, there was an expansion of the Smiles & Money fare for 100% of the redemption portfolio (GOL's air tickets, international partners' air tickets, retail products, cruises, etc.), previously only offered in GOL's air tickets.

### Ex-Gol Miles Accrued<sup>1</sup> (Billion Miles)



<sup>1</sup>Chart's figures consider redeemed miles net of reimbursement

**Mileage Accrual:** The Program's miles accrual grew 21.6% in the 4Q15 compared to 4Q14, chiefly explained by the 26.8% growth in ex-Gol accruals. In 2015, Smiles reached its highest historical level of 52.3 billion accrued miles, 25.5% higher than in 2014. When considering only ex-Gol miles, the program reached 45.0 billion miles accrued, representing an annual growth of 32.6%.

**Mileage Redemption:** The redemption of miles from the 3Q15 program was 18.2% higher compared to 4Q14, reflecting the growing engagement of our participants. The burn/earn ratio of the program was reduced by 2.2 p.p. when compared to 4Q14, chiefly explained by the accelerated growth of accruals, compared to the growth pace of the Program's redemptions. When considering the 2015 full year's burn/earn ratio effect regarding faster accrual growth is observed, resulting in a reduction of around 5.7 p.p.

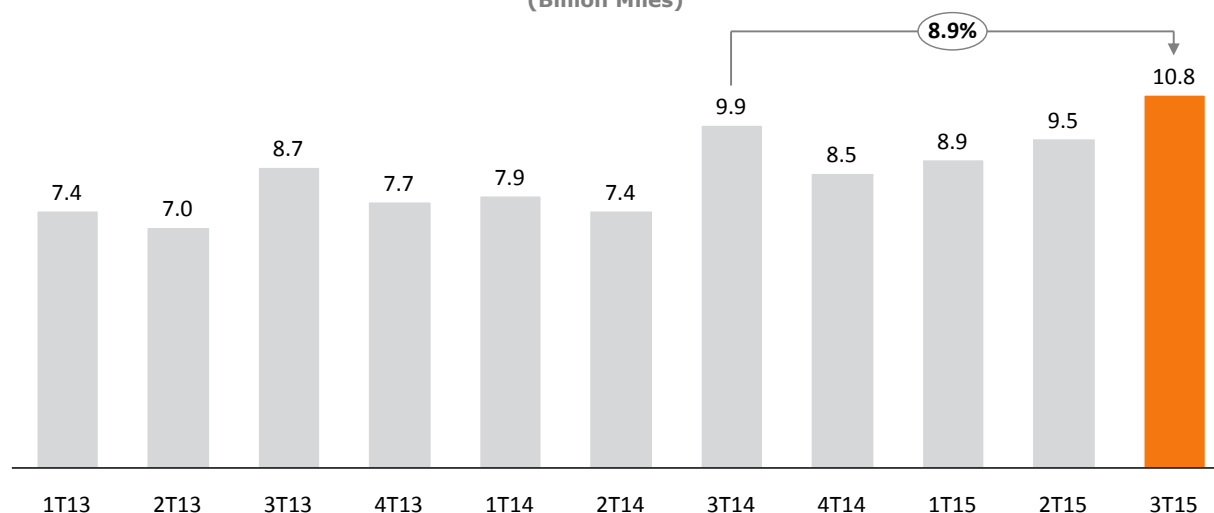
Dados Operacionais <sup>1</sup>	Unit	4Q15	3Q15	4Q14	4Q15 vs. 3Q15 (%)	4Q15 vs. 4Q14 (%)	2015	2014	2015 vs. 2014 (%)
<b>Miles Redeemed (Program) <sup>2</sup></b>	<b>mi</b>	<b>10,032</b>	<b>10,760</b>	<b>8,484</b>	<b>(6.8%)</b>	<b>18.2%</b>	<b>39,197</b>	<b>33,622</b>	<b>16.6%</b>
Gol tickets	mi	7,339	8,071	7,101	(9.1%)	3.4%	28,872	28,223	2.3%
International Partner tickets	mi	1,769	1,827	1,154	(3.2%)	53.3%	7,479	4,648	60.9%
Other redemptions	mi	924	862	230	7.2%	302.4%	2,846	752	278.5%
<b>% of miles redeemed</b>									
Gol tickets	%	73.2%	75.0%	83.7%	(1.8 p.p.)	(10.5 p.p.)	73.7%	83.9%	(10.2 p.p.)
International Partner tickets	%	17.6%	17.0%	13.6%	0.6 p.p.	4.0 p.p.	19.1%	13.8%	5.3 p.p.
Other redemptions	%	9.2%	8.0%	2.7%	1.2 p.p.	6.5 p.p.	7.3%	2.2%	5.1 p.p.

<sup>1</sup> All values corresponding to miles are net of reimbursement. Segregation among redemption types were not reviewed by auditors

<sup>2</sup> Redemption miles values represent redemptions of new and legacy miles.

Miles redemption with international partners reached 1.8 bln miles in 4Q15, 53.3% up over 4Q14 and represented 17.6% of the redemptions – 4.0 p.p. higher than the previous year. In 2015, the international partners' reached 19.1% of the total redemptions, 5.3 p.p. higher than the previous year.

### Program Miles Redemption<sup>1</sup> (Billion Miles)



<sup>1</sup>Chart's figures consider redeemed miles net of reimbursement

**Breakage:** The breakage rate posted a decrease of 0.4 pp when compared to 4Q14, which resulted in a 16.1% rate.

## Financial Performance

Financial Information Summary	Unit	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Gross Billings</b> <sup>1</sup>	R\$ mln	<b>445.3</b>	<b>445.8</b>	<b>343.7</b>	<b>(0.1%)</b>	<b>29.6%</b>	<b>1,654.5</b>	<b>1,151.0</b>	<b>43.7%</b>
Ex-GOL Partners	R\$ mln	321.6	316.4	226.9	1.6%	41.7%	1,197.4	792.0	51.2%
Smiles & Money	R\$ mln	95.1	102.2	92.8	(7.0%)	2.5%	348.9	263.2	32.6%
GOL (miles + admin. fee)	R\$ mln	28.6	27.2	23.9	5.3%	19.5%	108.2	95.8	13.0%
<b>Net Revenues</b>	<b>R\$ mln</b>	<b>349.0</b>	<b>349.1</b>	<b>243.8</b>	<b>(0,0%)</b>	<b>43,1%</b>	<b>1.219.5</b>	<b>808.1</b>	<b>50,9%</b>
<b>Gross Profit</b>	<b>R\$ mln</b>	<b>148.6</b>	<b>158.0</b>	<b>121.5</b>	<b>(5.9%)</b>	<b>22.4%</b>	<b>543.0</b>	<b>377.1</b>	<b>44.0%</b>
<i>Gross Margin</i>	%	42.6%	45.3%	49.8%	(2.7 p.p.)	(7.2 p.p.)	44.5%	46.7%	(2.2 p.p.)
<b>Operating Income</b>	<b>R\$ mln</b>	<b>109.2</b>	<b>122.7</b>	<b>88.5</b>	<b>(11.0%)</b>	<b>23.4%</b>	<b>409.9</b>	<b>273.5</b>	<b>49.9%</b>
<i>Operating Margin</i>	%	31.3%	35.2%	36.3%	(3.9 p.p.)	(5.0 p.p.)	33.6%	33.8%	(0.2 p.p.)
<b>Net Income</b>	<b>R\$ mln</b>	<b>112.3</b>	<b>98.6</b>	<b>81.9</b>	<b>14.0%</b>	<b>37.2%</b>	<b>369.9</b>	<b>283.9</b>	<b>30.3%</b>
<i>Net Margin</i>	%	32.2%	28.2%	33.6%	4.0 p.p.	(1.4 p.p.)	30.3%	35.1%	(4.8 p.p.)

1. Gross Billings is not an accounting measurement and corresponds to total billings from the sale of miles and the cash portion of Smiles & Money, gross of taxes. These revenues may have affected the current period or will be recognized as revenue in future periods, depending on the time of redemption.

**Gross Billings:** Gross billings were up 29.6% over 4Q14, mainly due to the 41.7% growth ex-Gol miles billings and 19.5% growth of Gol miles billings. Compared to 3Q15, gross billings were stable. The annual gross reached R\$ 1.2 billion, chiefly due to double-digit growth in all its components, especially the 51.2% growth in ex-Gol miles gross billings.

Revenues (R\$ thousands)	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Gross Revenues</b>	<b>384,586</b>	<b>384,679</b>	<b>268,714</b>	<b>(0.0%)</b>	<b>43.1%</b>	<b>1,344,116</b>	<b>890,705</b>	<b>50.9%</b>
Miles Redemption Revenue	228,107	230,883	151,151	(1.2%)	50.9%	823,367	540,721	52.3%
Money Revenue	95,136	102,199	92,776	(6.9%)	2.5%	348,955	263,189	32.6%
Breakage Revenue	48,957	48,103	10,557	1.8%	363.7%	150,908	68,848	119.2%
Other Revenues	12,386	3,494	14,230	254.5%	(13.0%)	20,886	17,947	16.4%
Direct Taxes	(35,625)	(35,614)	(24,883)	0.0%	43.2%	(124,595)	(82,647)	50.8%
<b>Net Revenues</b>	<b>348,961</b>	<b>349,065</b>	<b>243,831</b>	<b>(0.0%)</b>	<b>43.1%</b>	<b>1,219,521</b>	<b>808,058</b>	<b>50.9%</b>

**Miles Redemption Revenue:** Gross revenues from miles redemption posted a 50.9% growth compared to 4Q14, mainly due to the reflection of the annual growth of 18.2% in miles redeemed, and also the higher share of new miles compared to the total miles redeemed in the program (84.7% in 4Q14 to 95.7% in 4Q15). Regarding the year of 2015, redemption revenues posted an annual growth of 52.3%, explained by a 16.6% increase in the number of miles redeemed and also the increased participation of new miles on the total miles redeemed in program (77.2% in 2014 to 91.9% in 2015).

**Smiles & Money Revenue:** Gross revenue for the portion of 'Money' Smiles & Money Product grew by 2.5% compared to 4Q14, mainly driven by the unit value of the 'money' portion of the redemptions. In 2015, Smiles & Money revenues grew 32.6%, driven mainly by the number of tickets issued in this fare type.

**Breakage and Expiration Revenue:** In 4Q15, revenues from Breakage and expiration together increased by 363.7% compared to 4Q14, as illustrated by the following table:

Summary (R\$ Million)	4Q15	3Q15	4Q14
<b>Breakage Revenues</b>	<b>49.0</b>	<b>48.1</b>	<b>10.6</b>
Real Expiration	8.1	4.6	1.2
Change in the Breakage Balance	40.9	43.5	9.4
<b>EoP Breakage Balance<sup>1</sup></b>	<b>257.5</b>	<b>216.7</b>	<b>129.9</b>
Average Breakage Rate (LTM)	16.1%	16.2%	16.5%

<sup>1</sup> The Breakage of balance is a liability reduction account, based on the estimated average breakage rate applied to mileage accrual and recognized in income as the achievement of redemptions.

**Other Revenues:** Other revenues decreased 13.0% when compared to 4Q14 reaching R\$ 12.4 mi, mainly composed of R\$ 1.7 mi worth of program's management fees charged from Gol and other revenues are mainly related to commission fees of the co-branded credit card. In 2015, other revenues reached R\$ 20.9 mi, 16.4% up over 2014.

**Direct Redemption Margins:** For the calculation of the redemptions margin, only the revenues and costs directly related to the redemptions are considered, as calculated in the chart below:

Redemption P&L	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Gross Redemption Revenues</b>	<b>323,243</b>	<b>333,082</b>	<b>243,927</b>	<b>(3.0%)</b>	<b>32.5%</b>	<b>1,172,322</b>	<b>803,910</b>	<b>45.8%</b>
Miles Redemption Revenue	228,107	230,883	151,151	(1.2%)	50.9%	823,367	540,721	52.3%
Money Revenue	95,136	102,199	92,776	(6.9%)	2.5%	348,955	263,189	32.6%
(-) Direct taxes	(29,900)	(30,810)	(22,563)	(3.0%)	32.5%	(108,440)	(74,362)	45.8%
<b>(=) Net Redemption Revenues (a)</b>	<b>293,343</b>	<b>302,272</b>	<b>221,364</b>	<b>(3.0%)</b>	<b>32.5%</b>	<b>1,063,882</b>	<b>729,548</b>	<b>45.8%</b>
(-) Direct Redemption Costs	(186,539)	(181,274)	(116,456)	2.9%	60.2%	(637,986)	(412,062)	54.8%
<b>(=) Redemption Direct Result (b)</b>	<b>106,804</b>	<b>120,998</b>	<b>104,908</b>	<b>(11.7%)</b>	<b>1.8%</b>	<b>425,896</b>	<b>317,486</b>	<b>34.1%</b>
<i>% Direct Redemption Margin</i>	<i>36.4%</i>	<i>40.0%</i>	<i>47.4%</i>	<i>(3.6 p.p.)</i>	<i>(11.0 p.p.)</i>	<i>40.0%</i>	<i>43.5%</i>	<i>(3.5 p.p.)</i>
<b>(+) Other Revenues (c)</b>	<b>55,618</b>	<b>46,793</b>	<b>22,467</b>	<b>18.9%</b>	<b>147.6%</b>	<b>155,639</b>	<b>78,510</b>	<b>98.2%</b>
Breakage Revenues	48,957	48,103	10,557	1.8%	363.7%	150,908	68,848	119.2%
Other Revenues	12,386	3,494	14,230	254.5%	(13.0%)	20,886	17,947	16.4%
(-) Sales Taxes	(5,725)	(4,804)	(2,320)	19.2%	146.8%	(16,155)	(8,285)	95.0%
(-) Indirect Redemption Costs	(13,789)	(9,824)	(5,925)	40.4%	132.7%	(38,520)	(18,887)	103.9%
<b>(=) Non-redemption results (d)</b>	<b>41,829</b>	<b>36,969</b>	<b>16,542</b>	<b>13.1%</b>	<b>152.9%</b>	<b>117,119</b>	<b>59,623</b>	<b>96.4%</b>
<b>Gross Profit [e = b + d]</b>	<b>148,633</b>	<b>157,967</b>	<b>121,450</b>	<b>(5.9%)</b>	<b>22.4%</b>	<b>543,015</b>	<b>377,109</b>	<b>44.0%</b>
<i>% Gross Margin [e / (a + c)]</i>	<i>42.6%</i>	<i>45.3%</i>	<i>49.8%</i>	<i>(2.7 p.p.)</i>	<i>(7.2 p.p.)</i>	<i>44.5%</i>	<i>46.7%</i>	<i>(2.2 p.p.)</i>

Operating Expenses (R\$ thousand)	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
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<b>Operating Expenses</b>	<b>(37,811)</b>	<b>(34,108)</b>	<b>(31,300)</b>	<b>10.9%</b>	<b>20.8%</b>	<b>(127,160)</b>	<b>(99,834)</b>	<b>27.4%</b>
Commercial expenses	(25,682)	(23,600)	(20,415)	8.8%	25.8%	(87,207)	(65,062)	34.0%
Administrative expenses	(12,129)	(10,508)	(11,251)	15.4%	7.8%	(39,953)	(35,138)	13.7%
Other expenses/revenues	-	-	366	n/a	n/a	-	366	n/a

**Operating Expenses:** Operating expenses increased by R\$ 6.5 mi compared to 4Q14, mainly related to (i) the increase of R\$ 3.2 million in selling and advertising expenses (comprised in selling expenses), (ii) the increase of R\$ 1.9 million in personnel expenses (consolidated between selling and administrative expenses), (iii) the increase of R\$ 1.0 million in expenses with call center (comprised in selling expenses) and (iv) the R\$ 0.4 mi increase in other expenses.

Other Information (R\$ mil)	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Equity Method Result</b>	<b>(1,620)</b>	<b>(1,110)</b>	<b>(1,621)</b>	<b>46.0%</b>	<b>(0.0%)</b>	<b>(5,932)</b>	<b>(3,791)</b>	<b>n/a</b>
<b>Net Financial Result</b>	<b>49,189</b>	<b>28,241</b>	<b>20,258</b>	<b>74.2%</b>	<b>142.8%</b>	<b>138,690</b>	<b>143,007</b>	<b>(3.0%)</b>
Financial Expenses	(178)	(94)	(15,522)	89.4%	(98.9%)	(15,104)	(32,032)	(52.8%)
Financial Income	40,178	39,095	36,975	2.8%	8.7%	156,042	177,414	(12.0%)
Net Exchange Variation	9,189	(10,760)	(1,195)	(185.4%)	(869.0%)	(2,248)	(2,375)	(5.3%)
<b>Income Taxes</b>	<b>(46,069)</b>	<b>(52,431)</b>	<b>(26,912)</b>	<b>(12.1%)</b>	<b>71.2%</b>	<b>(178,691)</b>	<b>(132,551)</b>	<b>34.8%</b>

**Operating Profit:** Smiles posted an operating profit of R\$ 109.2 mi, 23.4% up over 4Q14, representing an operating margin of 31.3%. Operating profit growth may be mainly attributed to the increase in net revenue of 43.1% compared to 4Q14. In 2015 the company posted operating income of R\$ 409.9 million, 49.9% more than in 2014, with operating margin stable in the average level of 33.7%.

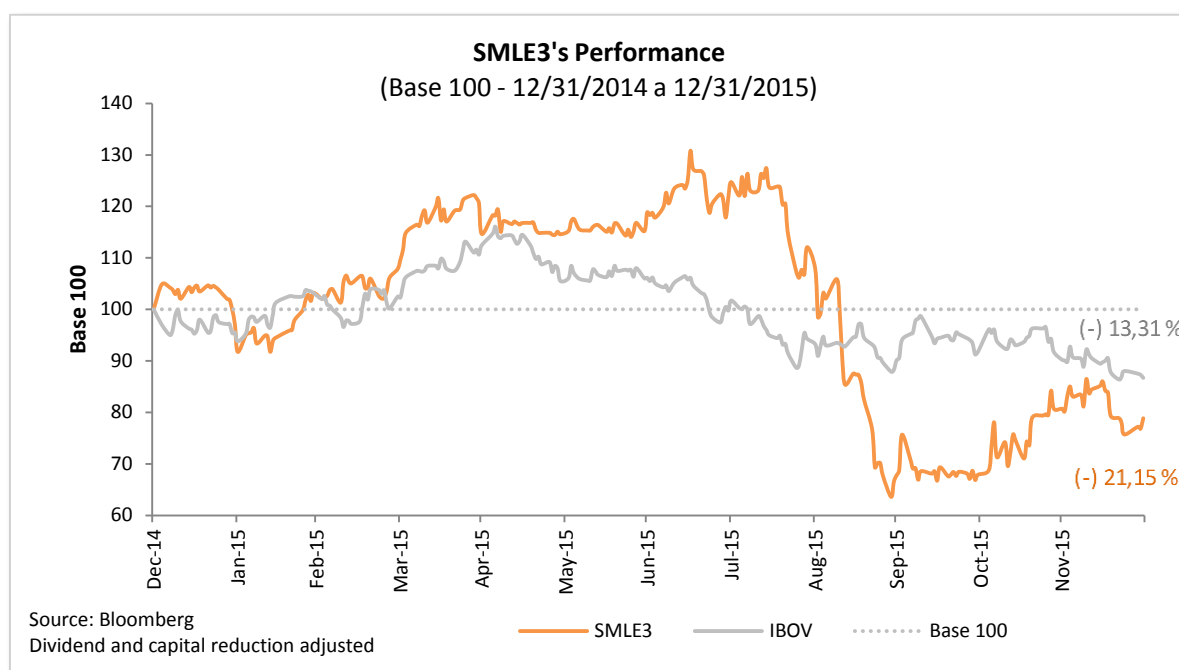
**Financial Income:** The financial result increased by 142.8% compared to 4Q14, mainly due to the end of the debenture's amortization and the evolution of the cash position, in addition to the increase in average interest over financial investments.

**Net Exchange Variation:** The result due to exchange rate variation is mainly the effect of the local currency fluctuation over the accounts payable in dollars, related to the cost of ticket redemptions with international partners.

**Income Tax and Social Contribution:** The effective rate of income tax and social contribution in 4Q15 was 29.1%, 4.9 p.p. lower than the fiscal tax rate of 34.0%, as a result of: (I) R\$ 7.8 mi tax shield concerning the payment of interest on capital ("IOC") and R\$ 2.2m related to benefits from tax incentives, partially offset by R\$ 2.2m related to non-deductible expenses, including equity method result. Additionally, R\$ 2.7 mi income tax expenses in the quarter are related to the amortization of tax benefits from the incorporation of goodwill, with no negative cash effect.

**Net Profit:** Smiles posted a quarterly net income of R\$ 112.3 mi, representing a net margin of 37.2%, 4.0 p.p. higher than 3Q15 and 1.4 p.p. lower than 4Q14. Compared to 2015, Smiles recorded a net income of R\$ 369.9 mi, 30.3% up over 2014.

**Management Proposal for dividends distribution and increase in the pay-out:** The Board of Directors has approved the management proposal to distribute dividends that would result in a pay-out equivalent to 98.7%, with the retention of mandatory legal reserves only.



**Share Performance:** Smiles shares (SMLE3) are listed on the Novo Mercado (New Market), which represents the BM&FBOVESPA's highest level of Corporate Governance. On December 31, 2015, the Company's shares were quoted at R\$ 34.80, representing a market value of R\$ 4.3 billion. Throughout the year, these shares posted a negative return of 21.15%. For the same period, Bovespa' Index - Ibovespa (the most important indicator of average share prices of stocks traded on the São Paulo Stock Exchange – posted a negative return of 13.31%.



## Income Statement

Income Statement (R\$ thousand)	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Gross Revenue</b>	<b>384,586</b>	<b>384,679</b>	<b>268,714</b>	<b>(0.0%)</b>	<b>43.1%</b>	<b>1,344,116</b>	<b>890,705</b>	<b>50.9%</b>
Miles Redemption Revenue	228,107	230,883	151,151	(1.2%)	50.9%	823,367	540,721	52.3%
Money Revenue	95,136	102,199	92,776	(6.9%)	2.5%	348,955	263,189	32.6%
Breakage Revenue	48,957	48,103	10,557	1.8%	363.7%	150,908	68,848	119.2%
Other Revenues	12,386	3,494	14,230	254.5%	(13.0%)	20,886	17,947	16.4%
Direct Taxes	(35,625)	(35,614)	(24,883)	0.0%	43.2%	(124,595)	(82,647)	50.8%
<b>Net Revenue</b>	<b>348,961</b>	<b>349,065</b>	<b>243,831</b>	<b>(0.0%)</b>	<b>43.1%</b>	<b>1,219,521</b>	<b>808,058</b>	<b>50.9%</b>
<b>Miles Redemption Cost</b>	<b>(200,328)</b>	<b>(191,098)</b>	<b>(122,381)</b>	<b>4.8%</b>	<b>63.7%</b>	<b>(676,506)</b>	<b>(430,949)</b>	<b>57.0%</b>
Cost of Ticket Purchase	(171,690)	(168,858)	(114,071)	1.7%	50.5%	(601,562)	(405,882)	48.2%
Product Purchase	(14,849)	(12,416)	(2,385)	19.6%	522.6%	(36,424)	(6,180)	489.4%
Other Costs	(13,789)	(9,824)	(5,925)	40.4%	132.7%	(38,520)	(18,887)	103.9%
<b>Gross Profit</b>	<b>148,633</b>	<b>157,967</b>	<b>121,450</b>	<b>(5.9%)</b>	<b>22.4%</b>	<b>543,015</b>	<b>377,109</b>	<b>44.0%</b>
<i>Gross margin</i>	42.6%	45.3%	49.8%	(2.7 p.p.)	(7.2 p.p.)	44.5%	46.7%	(2.2 p.p.)
<b>Operating Expenses</b>	<b>(37,811)</b>	<b>(34,108)</b>	<b>(31,300)</b>	<b>10.9%</b>	<b>20.8%</b>	<b>(127,160)</b>	<b>(99,834)</b>	<b>27.4%</b>
Selling	(25,682)	(23,600)	(20,415)	8.8%	25.8%	(87,207)	(65,062)	34.0%
General & Administrative	(12,129)	(10,508)	(11,251)	15.4%	7.8%	(39,953)	(35,138)	13.7%
Other expenses/revenues	-	-	366	n/a	n/a	-	366	(100.0%)
Equity in subsidiaries	(1,620)	(1,110)	(1,621)	46.0%	(0.0%)	(5,932)	(3,791)	56.5%
<b>Operating Profit</b>	<b>109,201</b>	<b>122,749</b>	<b>88,529</b>	<b>(11.0%)</b>	<b>23.4%</b>	<b>409,923</b>	<b>273,484</b>	<b>49.9%</b>
<i>Operating margin</i>	31.3%	35.2%	36.3%	(3.9 p.p.)	(5.0 p.p.)	33.6%	33.8%	(0.2 p.p.)
Net Financial Result	49,189	28,241	20,258	74.2%	142.8%	138,690	143,007	(3.0%)
Financial Expenses	(178)	(94)	(15,522)	89.4%	(98.9%)	(15,104)	(32,032)	(52.8%)
Financial Revenues	40,178	39,095	36,975	2.8%	8.7%	156,042	177,414	(12.0%)
Net Exchange Variation	9,189	(10,760)	(1,195)	(185.4%)	(869.0%)	(2,248)	(2,375)	(5.3%)
<b>EBT</b>	<b>158,390</b>	<b>150,990</b>	<b>108,787</b>	<b>4.9%</b>	<b>45.6%</b>	<b>548,613</b>	<b>416,491</b>	<b>31.7%</b>
Income Taxes	(46,069)	(52,431)	(26,912)	(12.1%)	71.2%	(178,691)	(132,551)	34.8%
<b>Net Income</b>	<b>112,321</b>	<b>98,559</b>	<b>81,875</b>	<b>14.0%</b>	<b>37.2%</b>	<b>369,922</b>	<b>283,940</b>	<b>30.3%</b>
<i>Net margin</i>	32.2%	28.2%	33.6%	4.0 p.p.	(1.4 p.p.)	30.3%	35.1%	(4.8 p.p.)

## Balance Sheet

Balance Sheet (R\$ thousand)	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Assets</b>	<b>1,665,268</b>	<b>1,586,610</b>	<b>1,567,203</b>	<b>5.0%</b>	<b>6.3%</b>	<b>1,665,268</b>	<b>1,567,203</b>	<b>6.3%</b>
Current	1,447,318	1,204,420	734,355	20.2%	97.1%	1,447,318	734,355	97.1%
Cash and Cash Equivalents	334,989	291,737	102,168	14.8%	227.9%	334,989	102,168	227.9%
Short-term Investments	264,092	129,490	9,676	103.9%	n/a	264,092	9,676	n/a
Restricted cash	-	-	58,303	n/a	(100.0%)	-	58,303	(100.0%)
Accounts Receivable	192,422	175,452	104,771	9.7%	83.7%	192,422	104,771	83.7%
Advances to suppliers	601,359	562,087	396,981	7.0%	51.5%	601,359	396,981	51.5%
Related-party transactions	50,545	43,548	61,419	16.1%	(17.7%)	50,545	61,419	(17.7%)
Other Credits	3,911	2,106	1,037	85.7%	277.1%	3,911	1,039	276.4%
Non-current	217,950	382,190	832,848	(43.0%)	(73.8%)	217,950	832,848	(73.8%)
Deferred Taxes	73,718	76,086	68,694	(3.1%)	7.3%	73,718	68,694	7.3%
Advances to suppliers	113,052	273,377	726,354	(58.6%)	(84.4%)	113,052	726,354	(84.4%)
Investments	15,643	17,264	21,575	(9.4%)	(27.5%)	15,643	21,575	(27.5%)
Property, Plant and Equipment	1,625	1,819	1,597	(10.7%)	1.8%	1,625	1,597	1.8%
Intangible	13,912	13,644	14,628	2.0%	(4.9%)	13,912	14,628	(4.9%)
<b>Liability</b>	<b>1,665,268</b>	<b>1,586,610</b>	<b>1,567,203</b>	<b>5.0%</b>	<b>6.3%</b>	<b>1,665,268</b>	<b>1,567,203</b>	<b>6.3%</b>
Current	954,746	495,134	708,292	92.8%	34.8%	954,746	708,292	34.8%
Suppliers	84,032	101,649	40,001	(17.3%)	110.1%	84,032	40,001	110.1%
Short-term Debt	-	-	351,379	n/a	(100.0%)	-	351,379	(100.0%)
Salaries, Wages and Benefits	12,964	9,762	9,339	32.8%	38.8%	12,964	9,339	38.8%
Compulsory dividend payable	65,769	-	63,107	n/a	4.2%	65,769	63,107	4.2%
Taxes payable	12,257	30,960	20,280	(60.4%)	(39.6%)	12,257	20,280	(39.6%)
Advances from Customers	13,459	60,270	3,176	(77.7%)	323.8%	13,459	3,176	323.8%
Deferred revenue	766,265	292,493	221,010	162.0%	246.7%	766,265	221,010	246.7%
Liabilities with related parties	-	-	-	n/a	n/a	-	-	n/a
Non-current	222,582	627,628	452,874	(64.5%)	(50.9%)	222,582	452,874	(50.9%)
Advances from Customers	-	-	-	n/a	n/a	-	-	n/a
Provisions tax soc. security labor and civil	1,340	1,064	464	25.9%	188.8%	1,340	464	188.8%
Deferred revenue	221,242	626,564	452,410	(64.7%)	(51.1%)	221,242	452,410	(51.1%)
Shareholder's Equity	487,940	463,848	406,037	5.2%	20.2%	487,940	406,037	20.2%
Issued capital	146,164	146,164	137,996	0.0%	5.9%	146,164	137,996	5.9%
Cost of issued shares	(36,402)	(36,402)	(36,402)	0.0%	0.0%	(36,402)	(36,402)	0.0%
Capital Reserves	72,942	72,942	72,942	0.0%	0.0%	72,942	72,942	0.0%
Profit Reserves	29,233	24,589	24,589	18.9%	18.9%	29,233	24,589	18.9%
Additional proposed dividend	269,574	-	202,307	n/a	33.2%	269,574	202,307	33.2%
Share-based Payments	6,429	6,021	4,605	6.8%	39.6%	6,429	4,605	39.6%
Retained Earnings	-	250,534	-	(100.0%)	n/a	-	-	n/a

## Cash Flow Statements

Cash Flow Statements (R\$ thousands)	4Q15	3Q15	4Q14	4Q15 vs, 3Q15 (%)	4Q15 vs, 4Q14 (%)	2015	2014	2015 vs, 2014 (%)
<b>Net Income</b>	<b>112,322</b>	<b>98,559</b>	<b>81,876</b>	<b>14.0%</b>	<b>37.2%</b>	<b>369,922</b>	<b>283,940</b>	<b>30.3%</b>
Share-based Payments	367	369	718	(0.5%)	(48.9%)	1,662	2,436	(31.8%)
Deferred taxes	2,368	(4,767)	5,138	(149.7%)	(53.9%)	(5,024)	8,614	(158.3%)
Provisions for lawsuits	644	507	69	27.0%	833.3%	1,900	360	427.8%
Depreciation and amortization	1,052	966	1,135	8.9%	(7.3%)	2,835	3,224	(12.1%)
Obtained discounts	(23,390)	(26,709)	(33,508)	(12.4%)	(30.2%)	(110,534)	(146,865)	(24.7%)
Exchange and monetary variations, net	(9,245)	10,813	1,177	(185.5%)	(885.5%)	4,057	2,305	76.0%
Interest on loans	-	-	13,599	n/a	(100.0%)	11,263	27,716	(59.4%)
Effect of trans. between shareholders	-	-	(366)	n/a	(100.0%)	-	(366)	(100.0%)
Allowance for doubtful accounts	141	216	299	(34.7%)	(52.8%)	697	738	(5.6%)
Provision for profit sharing and results	4,067	3,319	3,818	22.5%	6.5%	9,992	6,988	43.0%
Equity in subsidiaries	1,621	1,110	1,621	46.0%	0.0%	5,932	3,791	56.5%
Accounts receivable	(17,111)	3,104	(17,143)	(651.3%)	(0.2%)	(88,348)	(55,872)	58.1%
Advances to suppliers	144,443	149,927	111,483	(3.7%)	29.6%	519,458	406,356	27.8%
Other Credits	(1,805)	4,405	76	(141.0%)	n/a	(2,874)	574	(600.7%)
Suppliers	(8,372)	27,789	(437)	(130.1%)	n/a	39,974	21,603	85.0%
Salaries, Wages and Benefits	(865)	602	(574)	(243.7%)	50.7%	(6,367)	(12,498)	(49.1%)
Advances from Customers	(46,811)	(14,478)	(16,436)	223.3%	184.8%	10,283	(168,228)	(106.1%)
Deferred revenue	68,450	59,955	83,238	14.2%	(17.8%)	314,087	286,526	9.6%
Taxes payable	31,290	52,075	33,376	(39.9%)	(6.3%)	149,080	126,165	18.2%
Lawsuits	(368)	(299)	-	23.1%	n/a	(1,024)	-	n/a
Related-party transactions	(6,956)	32,521	(11,344)	(121.4%)	(38.7%)	11,036	(12,108)	(191.1%)
<b>Operating activities cash flow</b>	<b>251,842</b>	<b>399,984</b>	<b>258,619</b>	<b>(37.0%)</b>	<b>(2.6%)</b>	<b>1,238,007</b>	<b>785,141</b>	<b>57.7%</b>
Income tax and social contribut. paid	(54,377)	(44,303)	(32,792)	22.7%	65.8%	(161,487)	(123,716)	30.5%
<b>Net operating cash flow</b>	<b>197,465</b>	<b>355,681</b>	<b>225,827</b>	<b>(44.5%)</b>	<b>(12.6%)</b>	<b>1,076,520</b>	<b>661,425</b>	<b>62.8%</b>
Acquisition of fixed assets	(1,126)	(128)	(15,118)	779.7%	(92.6%)	(2,147)	(18,145)	(88.2%)
Financial investments	(134,602)	(39,502)	(9,297)	240.7%	n/a	(254,416)	217,235	(217.1%)
Restricted Cash	-	58,303	-	(100.0%)	n/a	58,303	-	n/a
Advance for future capital increase	-	-	(6,250)	n/a	(100.0%)	-	(25,000)	(100.0%)
<b>Investing activities cash flow</b>	<b>(135,728)</b>	<b>18,673</b>	<b>(30,665)</b>	<b>(826.9%)</b>	<b>342.6%</b>	<b>(198,260)</b>	<b>117,365</b>	<b>(268.9%)</b>
Capital increase - stock option	-	2	-	(100.0%)	n/a	8,168	5,822	40.3%
Capital Reduction	-	-	-	n/a	n/a	-	(1,000,000)	(100.0%)
Loans Funding	-	-	-	n/a	n/a	-	600,000	(100.0%)
Cost of shares/debentures issuance	-	-	(586)	n/a	(100.0%)	-	(7,023)	(100.0%)
Interest on loans	-	(643)	(13,915)	(100.0%)	(100.0%)	(15,158)	(23,822)	(36.4%)
Distributed dividends/IOC	(18,485)	(244,580)	(1)	(92.4%)	n/a	(290,965)	(160,350)	81.5%
Loan payment	-	(52,200)	(147,056)	(100.0%)	(100.0%)	(347,484)	(245,492)	41.5%
Incorporated net assets	-	-	-	n/a	n/a	-	-	n/a
<b>Financing activities cash flow</b>	<b>(18,485)</b>	<b>(297,421)</b>	<b>(161,558)</b>	<b>(93.8%)</b>	<b>(88.6%)</b>	<b>(645,439)</b>	<b>(830,865)</b>	<b>(22.3%)</b>
<b>Net cash flow</b>	<b>43,252</b>	<b>76,933</b>	<b>33,604</b>	<b>(43.8%)</b>	<b>28.7%</b>	<b>232,821</b>	<b>(52,075)</b>	<b>(547.1%)</b>
Begin of period cash position	291,737	214,804	68,564	35.8%	325.5%	102,168	154,243	(33.8%)
<b>End of period cash position</b>	<b>334,989</b>	<b>291,737</b>	<b>102,168</b>	<b>14.8%</b>	<b>227.9%</b>	<b>334,989</b>	<b>102,168</b>	<b>227.9%</b>

## Business Model

Smiles started as a single loyalty program, but has evolved into its current, coalition model, which features several unique characteristics that allow for the accrual and redemption of Miles from GOL flights and its international partner airlines, as well as Brazil's main commercial banks, including co-branded cards issued by Bradesco and Banco do Brasil, and a wide network of retail partners. The current model works through (i) the accrual of Miles by Participants when they purchase airline tickets with GOL or other partner airlines, or products and services from Business and Financial Partners; Smiles Miles being acquired through the loyalty of these customers to those businesses, and (ii) Awards redemptions by Participants when they exchange their Miles for flights on GOL and other partner airlines, or for products and services offered by Commercial and Financial Partners.

The main sources of our revenues come from (i) redeemed miles revenues, represented by tickets and awards in its network of airline, commercial and financial partners, (ii) Smiles&Money revenues, and (iii) Breakage revenues if issued miles expire without being redeemed.

## Glossary

**Awards:** Products or services delivered to Participants from business partners, as result of mileage customers exercising their rights as members of customer loyalty programs.

**Breakage Estimate:** Estimate of miles to expire without being redeemed, it may be expressed as a number of miles, in Brazilian Reals or as a percentage of miles issued, as appropriate to a given context.

**Burn/Earn Ratio:** The ratio between the number of miles redeemed and the number of miles accrued in a given period.

**Free Float:** Shares belonging to non-controlling shareholders.

**Legacy Miles:** Miles earned before the launch of the spin-off program.

**Miles:** The right of redemption of Smiles Program participants traded with Business Partners.

**New Miles:** Miles earned after the launch of the spin-off program.

**Product Awards:** Products or services, other than airline tickets, delivered to Participants from business partners, as result of mileage customers exercising their rights as members of customer loyalty programs.

**Smiles & Money:** A manner by which airline tickets can be issued through the use of a combination of cash and miles.

**Smiles Program:** A multi-brand loyalty program that features several companies, including GOL Linhas Aéreas Inteligentes S.A.

This release may contain forward-looking statements concerning business prospects, estimates of operating and financial results, and growth prospects for Smiles. These are merely projections and, as such, are based exclusively on management's expectations for Smiles. Such forward-looking statements depend, substantially, on external factors and risks presented in the disclosure documents filed by Smiles, and are, therefore, subject to change without notice. Independent auditors did not review the Company's non-financial information.