Earnings Release
4Q19-2019

Net Revenue
R$ 898.8 million

Net Income
R$ 26.4 million

Adjusted EBITDA
continued operation
R$ 228.4 million

Net Debt/EBITDA
3.40x

Porto Alegre, March 13, 2020. Irani Papel e Embalagem (B3: RANI3 and RANI4), one of the major Brazilian companies in the packaging paper and corrugated cardboard packaging segments, announces today the consolidated results for the fourth quarter of 2019 (4Q19) and the year of 2019. The consolidated interim financial statements were prepared in accordance with CVM standards and CPCs, and comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial and operational information are presented based on consolidated figures and in Brazilian real. Non-financial data, such as volumes, quantity, average price and EBITDA, were not examined by our independent auditors.

Irani presents Net Revenue of R$ 898.8 million in 2019, a growth of 12.5% when compared to 2018

- On January 20, 2020, the Company announced through a Relevant Fact that it is studying the possibility of performing a possible public offering for a primary distribution of shares.

- On February 3, 2020, the Board of Directors authorized the beginning of the preparatory work for the Company's migration to B3 Novo Mercado.

- To better reflect the prevailing activities carried out by the Company (manufacture of packaging paper and paper packaging), the Extraordinary General Meeting held on February 19, 2020 approved the change of the company's name to “IRANI PAPEL E EMBALAGEM S.A.”.

- Net sales for 4Q19 grew by 10.9% when compared to 4Q18, and decreased 2.5% compared to 3Q19. In the annual comparison, net revenue increased 12.5% in 2019 in relation to 2018 and reached R$ 898.8 million, reflecting the best revenue in domestic market.

- The sales volume of the Corrugated Cardboard Packaging segment decreased 9.5% when compared to 2018, and totaled 165.1 thousand METRIC tons in 2019, specially due to the end of operations in the SP Vila Maria plant and consequent improvement of portfolio carried out in the segment. The Packaging Paper segment increased by 26.5% and totaled 121.3 thousand metric tons due to the higher availability of paper for sale due to the closure of activities at the SP Vila Maria Package. The Resins segment increased 2.6%, reaching 13.5 thousand metric tons, a growth due to a higher productivity in segment operation.

- The gross profit for 4Q19 increased by 23.9% compared to 4Q18, and decreased by 9.9% compared to 3Q19. Compared to 2018, it remained unchanged and reached R$ 268.4 million.

- Selling expenses in 2019 (including impairment losses in trade receivables) totaled R$ 83.9 million, a 15.2% increase in relation to 2018 and accounted for 9.3% of consolidated net sales, higher than 9.1% reached in 2018. Administrative expenses totaled R$ 61.9 million in 2019, 10.4% higher than in 2018 (R$ 56.1 million), accounting for 6.9% of consolidated net revenue, lower than in 2018 when presented 7.0%.

- The net income (loss) from continued operations was R$ 14.1 million in 4Q19, against R$ 11.9 million, negative in 4Q18 and R$ 15.3 million of income in 3Q19. In the annual comparison, the Company recorded profit (loss) of R$ 26.4 million in 2019, compared to an income of R$ 27.2 million in 2018. The result of continued operations excludes the result and impairment of the SP Vila Maria Package plant, which ended in the 3Q19 and had a performance lower than the other units. The 2019 result was also positively impacted: i) by the recognition of PIS and COFINS credits due to the court’s final and unappealable decision in favor of the Company in the amount of R$ 143.1 million, ii) by the sale of forest assets and non-strategic land in the amount of R$ 92.0 million, iii) by the recognition of IRPJ/CSLL on tax losses in the amount of R$ 34.5 million; and was negatively impacted by i) hedge accounting by virtue of the payment of a debt denominated in dollars in the amount of R$ 161.7 million and ii) prepayment costs of debt due to the restructuring of the Company's debts in the amount R$ 42.1 million. Considering the negative net result of the discontinued operation, the Company's net result in 2019 was negative by R$ 79.6 million.

- In 4Q19, adjusted EBITDA from continued operation amounted to R$ 80.6 million, with a 34.6% margin. In 2019, Adjusted EBITDA totaled R$ 228.2 million, a 2.9% decrease as compared to 2018, and with a 25.4% margin, 4.0 percentage points lower than in 2018, which was positively impacted by the recognition of sale of forests motivated by the restatement of that year's financial statements. EBITDA for 2019 was positively impacted by the sale of the Company's forests located in the state of Rio Grande do Sul, in the amount of R$ 39.0 million. Considering the negative EBITDA of the discontinued operation, the Company's Adjusted EBITDA in 2019 was R$ 214.5 million.

- The Net Debt/EBITDA ratio was 3.40 times in December 2019, against 3.12 times at the end of 2018. The variation is due to the reduction in Adjusted EBITDA as compared to the increase in net debt. EBITDA for 2018 was positively impacted by the recognition of the sale of forests motivated by the restatement of the financial statements for that year. Considering to exclude from the net debt the amounts that will be received in the coming months, related to: i) Pis and Cofins credits in the amount of R$ 143.1 million; ii) Sale of land and forests in the amount receivable of R$ 25.0 million; iii) Sale of the Package SP - Vila Maria property, with a balance receivable in the amount of R$ 40.2 million, would result in a Pro-forma Net Debt of R$ 520.0 million and considering the EBITDA of the Continued Operation of R$ 228.2 million, the pro-forma leverage would be 2.28 times.

- The cash position at the end of 2019 was R$ 110.0 million, with 68% of the debts maturing in the long term.

KEY INDICATORS - CONSOLIDATED	4Q19	3Q19	4Q18	Var. 4Q19/3Q19	Var. 4Q19/4Q18	2019	2018	Var. 2019/2018
Economic and Financial (R$ thousand)[1]								
Net operating revenue	232,972	238,913	210,116	-2.5%	10.9%	898,779	799,159	12.5%
Domestic market	203,866	193,295	165,196	5.5%	23.4%	730,046	629,048	16.1%
Foreign market	29,106	45,618	44,920	-36.2%	-35.2%	168,733	170,111	-0.8%
Gross profit (including *)	65,546	72,762	52,917	-9.9%	23.9%	268,400	266,646	0.7%
(*) Change in the Fair Value of Biological Assets	*676*	*5,956*	*(10,451)*	-88.7%	-	*7,970*	*1,244*	540.7%
Gross margin	***28.1%***	***30.5%***	***25.2%***	**-2.4 p.p.**	***2.9 p.p.***	***29.9%***	***33.4%***	***-3.5 p.p.***
Operating result before taxes and profit sharing	(48,028)	18,606	(11,295)	-358.1%	325.2%	(29,525)	38,048	-177.6%
Operating margin	***-20.6%***	***7.8%***	***-5.4%***	**-28.4 p.p.**	***15.2 p.p.***	***-3.3%***	***4.8%***	***-8.1 p.p.***
Profit (loss)	14,154	15,312	(11,906)	-7.6%	-	26,456	27,211	-2.8%
Net margin	***6.1%***	***6.4%***	***-5.7%***	**-0.3 p.p.**	**11.8 p.p.**	***2.9%***	***3.4%***	***-0.5 p.p.***
Adjusted EBITDA of continuing operation[2]	80,647	50,412	46,005	60.0%	75.3%	228,244	234,957	-2.9%
Adjusted EBITDA margin of continuing operation	***34.6%***	***21.1%***	***21.9%***	**13.5 p.p.**	***12.7 p.p.***	***25.4%***	***29.4%***	***-4.0 p.p.***
Net debt (R$ million)	728.3	771.6	692.7	-5.6%	5.1%	728.3	692.7	5.1%
Net debt/Adjusted EBITDA (x)	3.40	4.22	3.88	-19.4%	-12.4%	3.40	3.88	-12.4%
Net Debt/ pro forma Adjusted EBITDA (x)[3]	2.28	-	-	-	-	2.28	-	-
Operating Data (metric tons)								
Corrugated Cardboard Packaging (PO)								
Production/Sales	39,142	42,786	45,380	-8.5%	-13.7%	165,078	182,310	-9.5%
Packaging Paper								
Production	73,902	73,172	71,599	1.0%	3.2%	292,628	279,110	4.8%
Sales	32,979	32,057	26,451	2.9%	24.7%	121,351	95,959	26.5%
RS Forest and Resins								
Production	2,779	3,522	2,727	-21.1%	1.9%	13,680	13,472	1.5%
Sales	3,063	3,401	3,053	-9.9%	0.3%	13,503	13,155	2.6%

1 Excluding discontinued operation

2 EBITDA (earnings before interest, taxes, depreciation, amortization and depletion) - see the related section in this release.

3 Excluding from net debt the transactions carried out in the year which values will be received in the coming months: i) PIS and COFINS credit (Exclusion of ICMS on the Base) in the amount of R$ 143,157 thousand; ii) Sale of Rural Properties in the amount of R$ 24,975 thousand; iii) Decommissioning of Vila Maria - SP property in the amount of R$ 40,200 thousand.

NOTE: The Economic and Financial information from previous periods presented for comparative purposes has been adjusted to reflect the exclusion of the discontinued operation and differs from the information previously disclosed.

2019 Highlights

The world economy followed its growth path, although at a more moderate pace, characteristic of a more advanced stage of the economic cycle. The longest cycle of economic expansion in the USA in the modern era creates natural uncertainty about the time of a trend reversal. Inflation remains low in developed countries and central banks continue stimulating the economic activity with low interest rates. The trade war uncertainties were dissipating during the year and the trend is for continued moderate economic growth.

Brazil, which is in the initial phase of a new economic cycle, made important structural advances in 2019. The main and most emblematic advance was the approval of the social security reform, an unequivocal sign of the government's commitment to tax responsibility. The edition of the “Declaration of the Rights of Economic Freedom” was also an evidence of the Country’s commitment to liberals in the economy. Other important movements towards a more liberal economy have also been implemented, such as privatizations and the numberless microeconomic measures aimed at improving the business environment. Inflation continued low, like in the rest of the world, which enabled the Central Bank of Brazil to end 2019 with the lowest interest rates in history, at 4.50% p.a. Interest at such low levels make feasible projects in the real economy and the consequent generation of jobs and income. Brazil ended 2019 at threshold of the runway to take off.

According to the Brazilian Association of Corrugated Board (ABPO), the shipment in metric tons of corrugated board increased by 1.6% in 2019, when compared to 2018 and achieved a new record, 3,602 million metric tons.

Irani's net sale in 2019 posted a 12.5% growth as compared to 2018, reflecting the better performance in sales in the domestic market in the Packaging paper and Corrugated Packaging segments. The share of sales to the domestic market represented 81% of the Company's sales, while the sales to the foreign market reached 19%.

In 2019, the Corrugated Cardboard Packaging segment represented 53% of IRANI's net sale, while the Packaging Paper represented 38% and the RS Forests and Resins segments represented 9%.

In 2019, several measures were adopted to improve the debt profile and accelerate the company's financial deleveraging, such as the issuance of green debentures in the amount of R$ 505 million, the closure of the SP - Vila Maria Package plant – SP and the sale of non-strategic assets. Irani closed the year with 3.40x financial leverage, with R$ 110 million in cash and 68% of long-term debt.

BUSINESS OVERVIEW

The businesses of Irani Papel e Embalagem S.A. comprise three segments and are organized in accordance with the markets in which the Company operates. The segments are independent in their operations, but are integrated in a balanced way, seeking to optimize the use of planted pine forests, through multiple uses, paper recycling and vertical integration of the businesses.

The **Corrugated Cardboard Packaging (PO) Division** manufactures boxes and light and heavy corrugated cardboard sheets, and has two plants: Embalagem SC - Campina da Alegria e Embalagem SP - Indaiatuba.

Packaging Paper: this segment produces low and high-weight Kraft paper and recycled paper for the domestic and foreign markets. In addition, part of its production is sent to the Corrugated Cardboard Packaging segment. Its plant located in Vargem Bonita - SC (Campina da Alegria Paper Plant) has four paper machines, and the plant in Santa Luzia - MG (Santa Luzia Paper Plant) has one paper machine.

The **RS Forest and Resins Division** sells wood, tar and turpentine. It manufactures forest-based products in the State of Rio Grande do Sul, from the forest assets owned by the Company and located in the region and third parties purchases. The business unit called RS Balneário Pinhal - Resins, with an industrial plant located in Balneário Pinhal, State of Rio Grande do Sul (RS), produces tar and turpentine, from the natural resin of the pine forest, which are used in the preparation of varnishes, paints, soaps, glues, adhesives etc. The tar and the turpentine produced are destined mainly to the foreign market.

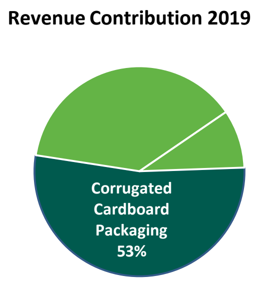
Subsidiaries

Irani Papel e Embalagem S.A. has the following wholly-owned subsidiaries:

- Habitasul Florestal S.A., with a forest base of 6.0 thousand hectares, of which 4.0 thousand hectares are planted with pine trees in the State of Rio Grande do Sul, which supplies resin to Resinas da Irani Papel e Embalagem S.A. and timber to customers in the region.
- HGE - Geração de Energia Sustentável Ltda. and Irani Geração de Energia Sustentável Ltda., which operate in the generation, transmission and distribution of power sourced from wind energy, and are currently in pre-operational stage, assessment of wind projects.
- Iraflor Comércio de Madeiras Ltda., which carries out activities related to the management and sale of timber and forests for the parent company Irani Papel e Embalagem S.A. and the market.

OPERATING PERFORMANCE

Corrugated Cardboard Packaging Segment (PO)



As shown in the charts below, the sales volume in metric tons of corrugated cardboard packaging in the ABPO Market increased by 4.6% in 4Q19 in comparison with 4Q18, and decreased by 13.7% in Irani Market, totaling 39,142 metric tons. In the comparison with 3Q19, the ABPO Market presented an increase of 1.0%, while the Irani Market decreased by 8.5%. In 2019, the ABPO market increased by 1.6% and achieved a record, and the Irani market decreased by 9.5% in relation to 2018. The reduction of sales volume in metric tons was due to the closure of the activities of the Package Unit SP Vila Maria, which had inefficient operating performance and deficit balance, and consequent debugging of the portfolio carried out in the segment.

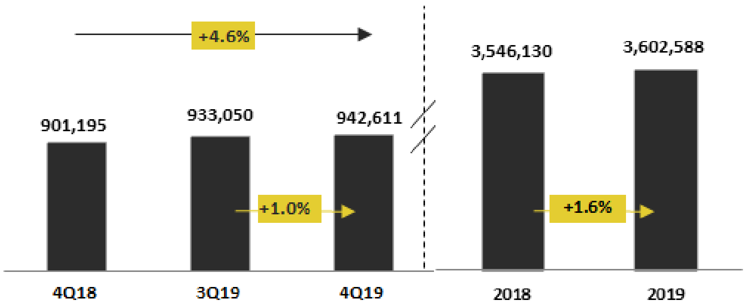
In metric tons, Irani's market share in this quarter was 4.1% lower in relation to the 5.0% recorded for 4Q18 and the 4.6% for 3Q19. In 2019, IRANI's market share was 4.6%, compared to 5.1% in 2018.

The sales performance of boxes in 2019 decreased by 5.2% in the IRANI Market, and increased by 1.9% in the ABPO market. The sales of sheets in IRANI Market decreased by 19.9%, against an stable scenario in the ABPO market The reduction of the Irani’s Market compared to the ABPO Market for Boxes and Sheets is mainly due to the end of operations in the SP Vila Maria plant and the consequent review in the portfolio of customers and products in the search for better margins and performance in the segment.

The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants accounted for 50%, 37% and 13%, respectively, of the total corrugated cardboard sold in 2019, and all their sale was allocated to the domestic market.

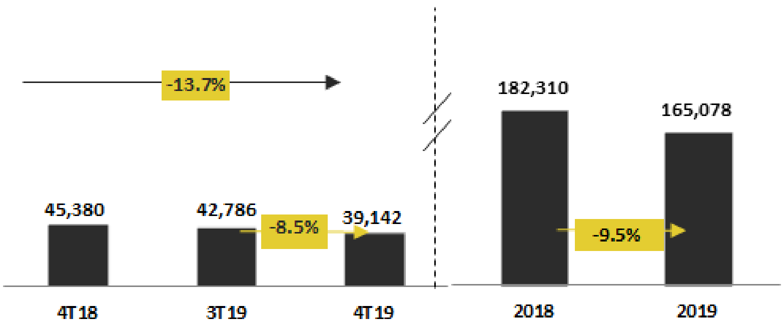
Sales Volume (in metric tons) - Corrugated Cardboard Packaging Segment (PO)

ABPO Market (t)



Source: ABPO

IRANI Market (t)



Source: Irani

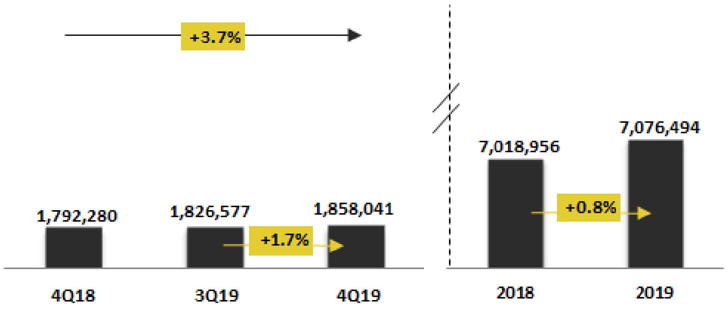
The volume of corrugated cardboard packaging sales in square meters (m²) grew 3.7% in 4Q19 in the ABPO market compared to 4Q18, and increased by 1.7% compared to 3Q19. In the comparison between 2019 and 2018, a stability was recorded. In Irani market, in 4Q19, compared to 4Q18, decreased by 17.2%. As compared to 3Q19, Mercado Irani decreased 8.4%. In 2019 Irani recorded a decrease of 11.4% compared to 2018. Thus, the reduction in the sales volume in square meters was caused by the end of operations in the SP Vila Maria plant occurred in the second semester of 2019.

Irani's market share in square meters reached 4.4% in 4Q19, a decrease in relation to the 5.6% recorded for 4Q18, and when compared to the 4.9% recorded for 3Q19. The sales volume in 2019 totaled 351,991 thousand m², with a market share of 5.0% in the year.

In square meters, the sales performance of boxes in 2019 decreased by 7.6% in the IRANI market, and increased by 1.1% in the ABPO market. The sales of sheets decreased by 21.3% in the IRANI market, and remained stable in the ABPO market.

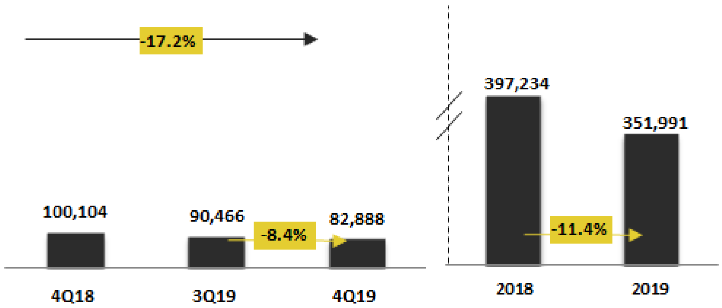
Sales Volume (in square meters) – Corrugated Cardboard Packaging Segment (PO)

ABPO Market (thousand m²)



Source: ABPO

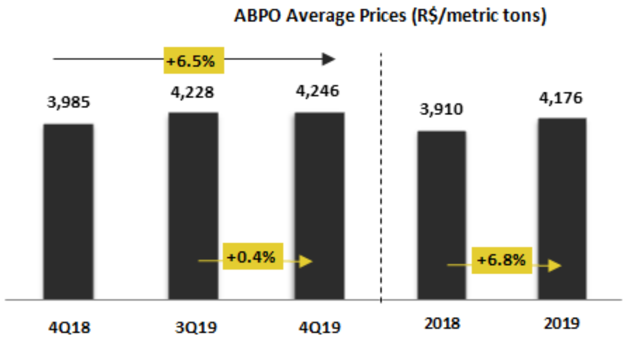
Irani Market (thousand m²)

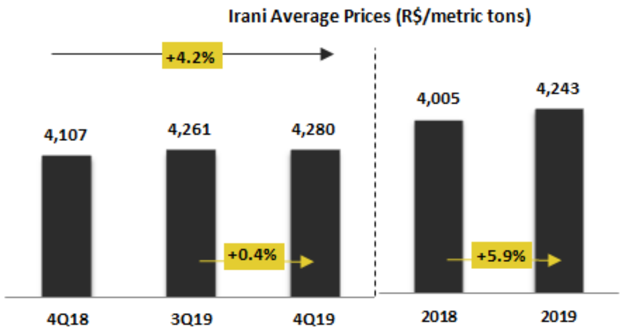


Source: IRANI

The production in the Indaiatuba SP Packaging Plant totaled 61,731 metric tons of boxes and 20,592 metric tons of sheets in 2019 (against 53,698 metric tons of boxes and 22,040 metric tons of sheets in 2018). The production in the Campina da Alegria SC Packaging Plant totaled 50,369 metric tons of boxes and 10,570 metric tons of sheets in 2019 (against 46,853 metric tons of boxes and 11,568 metric tons of sheets in 2018). The production in the Vila Maria SP Packaging Plant totaled 11,029 metric tons of boxes and 10,787 metric tons of sheets in 2019 (against 29,295 metric tons of boxes and 18,857 metric tons of sheets in 2018).

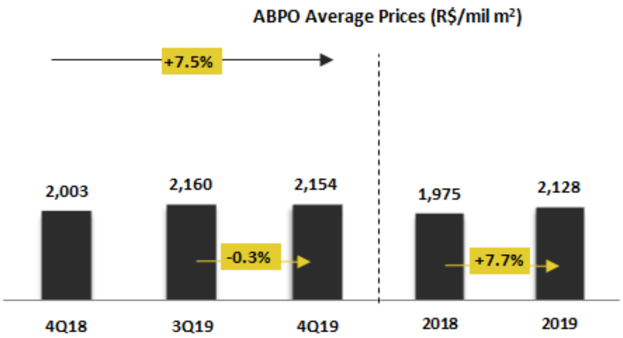
The average ABPO price per metric ton in 4Q19 was 6.5% higher than that of 4Q18, while the average Irani (CIF) average price recorded an increase of 4.2% in 4Q19. In the comparison with 3Q19, the ABPO market remained stable as well as the IRANI market. During the year, prices in the ABPO market was 6.8% higher, while the IRANI market recorded an increase of 5.9%.

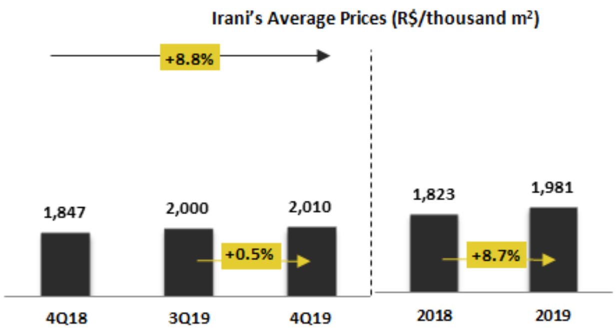




Note on methodology: IRANI prices exclude Excise Tax (IPI), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

The average ABPO price per m^2 in 4Q19 was 7.5% higher than that of 4Q18, while the average Irani (CIF) average price recorded an increase of 8.8% in 4Q19. In the comparison with 3Q19, the ABPO market remained stable as well as the IRANI market. During the year, prices in the ABPO market was 7.7% higher, while the IRANI market recorded an increase of 8.7%.

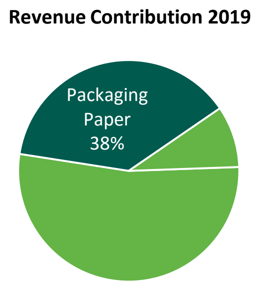




Note on methodology: IRANI prices exclude Excise Tax (IPI), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

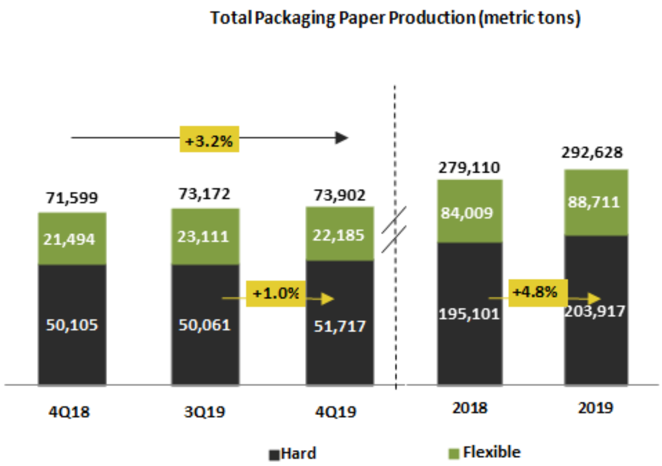
Prices per m^2 reflect better the market dynamics as they do not consider possible changes in the grammage of the papers used to manufacture boxes and sheets.

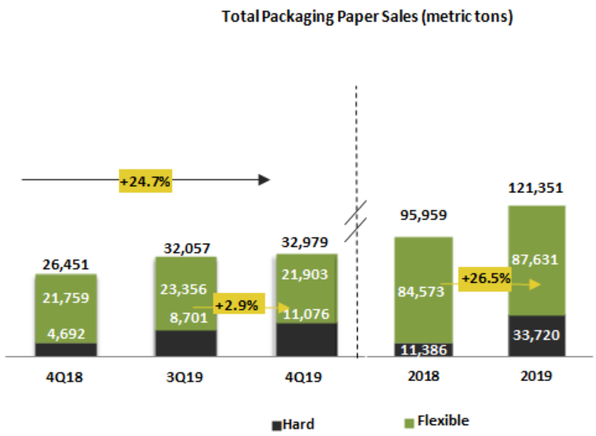
Packaging Paper Segment

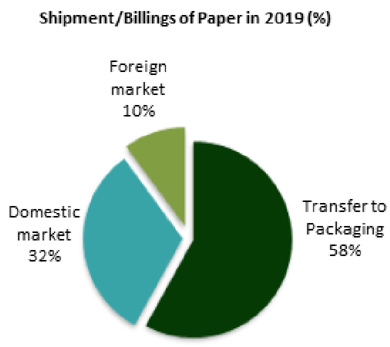


IRANI operates in the Packaging Paper Segment, with activities both in the hard packaging paper market (paper for corrugated cardboard) and the flexible packaging paper market (paper for sacks).

The Company's total packaging paper production in 4Q19 was 3.2% higher than that recorded for 4Q18, and 1.0% in relation to 3Q19. Sales increased by 24.7% and 2.9%, respectively, compared to 4Q18 and 3Q19. In the year to date, production totaled 292,628 metric tons, recording an increase of 4.8% in relation to 2018, and sales totaled 121,351 metric tons, increasing by 26.5% in relation to 2018.



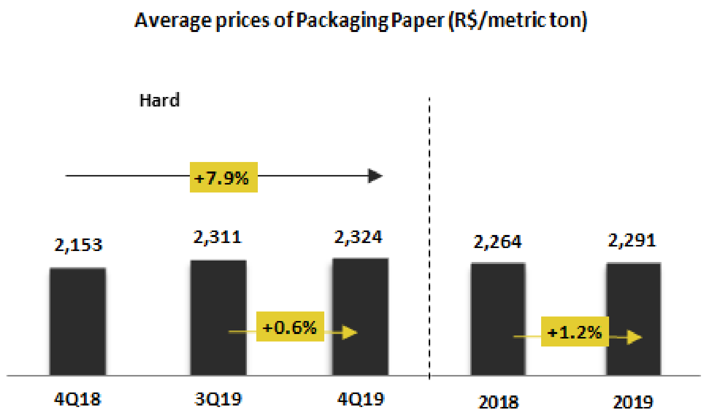


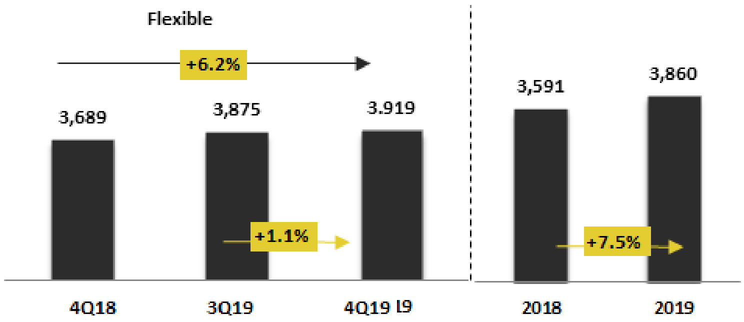


In 4Q19, internal transfers of paper for rigid packages (OP) totaled 40,106 metric tons (43,482t in 4Q18 and 41,187t in 3Q19), with 20,778 metric tons for the SP Indaiatuba Package plant (17,378t in 4Q18 and 22,217t in the 3Q19); for the SP Vila Maria Package plant, there was no transfer, as according to the announcement in 3Q19, the Company closed the unit's activities (11,021t in 4Q18 and 2,881t in 3Q19); and 19,328 metric tons were transferred to the SC Campina da Alegria Package plant in 4Q19 (15,083t in 4Q18 and 16,089t in 3Q19). In 2019, transfers amounted to 169,872 metric tons (182,153 metric tons in 2018), distributed as follows: 80,343 metric tons to the SP Indaiatuba plant in 2019 (69,692 metric tons in 2018), 21,724 metric tons to the SP Vila Maria plant (50,741 metric tons in 2018) and 67,805 metric tons to the SC Campina da Alegria Plant (61,720 metric tons in 2018).

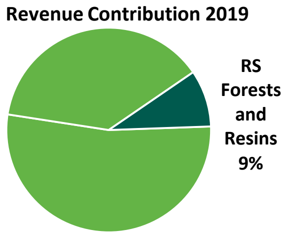
Of the total internal transfers in 2019, 47% were allocated to the SP Indaiatuba plant, 13% to the SP Vila Maria plant, and 40% to the SC Campina da Alegria plant (in 2018 - 38%, 28% and 34%, respectively).

Paper for rigid package posted a 7.9% price increase in 4Q19 when compared to prices in 4Q18 and was unchanged when compared to 3Q19. In 2019, in the comparison with 2018, the price increased by 1.2% and followed the increase trend verified in the market for the period. On the other hand, the prices of flexible packaging papers increased by 6.2% in comparison with 4Q18 and 1.1% in relation to 3Q19. In the comparison between 2019 and 2018, an increase of 7.5% was recorded. Papers for flexible package are used in the manufacture of bags and sacks for stores, food and tele-delivery, and have had a very positive dynamic in recent years due to the increased use of paper.





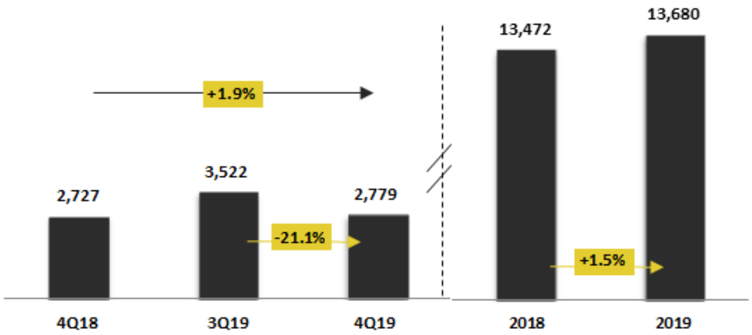
RS Forest and Resins Segment

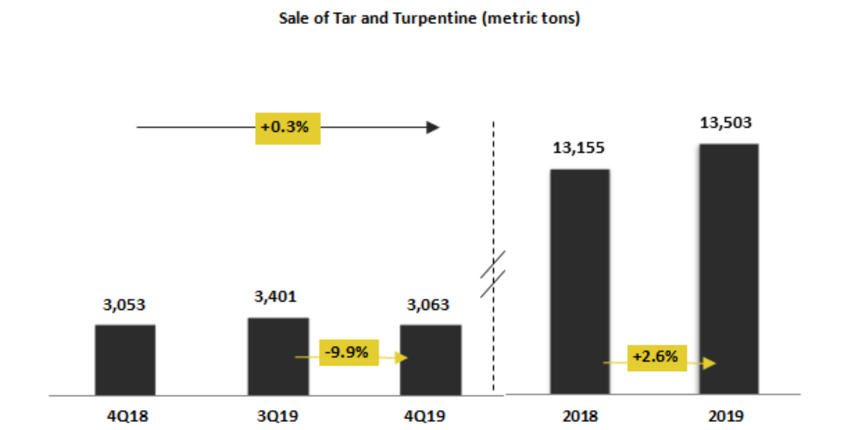


In 2019, the Forest segment of Rio Grande do Sul, through its subsidiary Habitasul Florestal S.A., produced and sold 76 thousand cubic meters of pine logs to the domestic market (110 thousand cubic meters in 2018) and supplied 4,223 metric tons of natural resins to the parent company Irani Papel e Embalagem S.A. (3,391 metric tons in 2018), to be used in the industrial production of tar and turpentine.

In 4Q19, the production volumes and Sale of Tar and Turpentine (metric tons) of the RS Resin Balneário Pinhal plant increased 1.9% in the production and stability in sales in 4Q19 when compared to 4Q18. In relation to 3Q19, this plant's production and sales performance decreased by 21.1% and 9.9%, respectively. In the year-to-date, production and sales volume totaled 13,680 and 13,503 metric tons, respectively, an increase of 1.5% and 2.6% when compared to 2018.

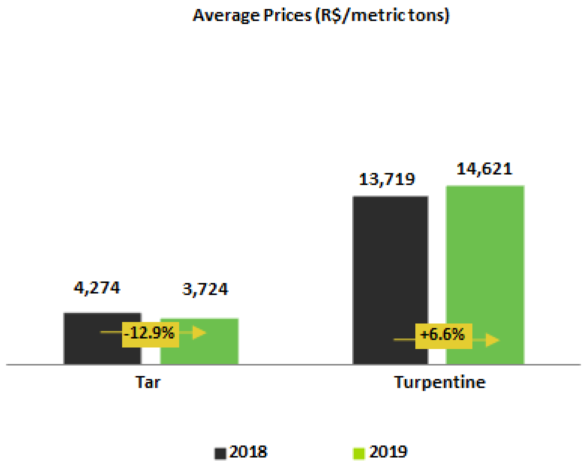
Production of Tar and Turpentine (metric tons)





In 2019, in the comparison with 2018, the average gross selling price of tar decreased by 12.9%, while the average price of turpentine increased by 6.6% in relation to 2018. The prices of these products follow the international market and foreign exchange trend, which led to the changes in the period.

In 2019, around 10,300 ha. of land and 4,300 ha. of forests on this segment were sold, following the strategy of selling non-strategic assets and accelerating the Company's financial deleveraging.



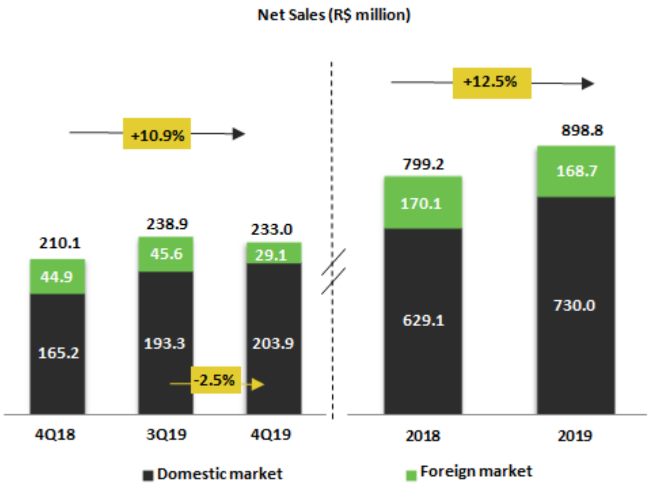
ECONOMIC AND FINANCIAL PERFORMANCE

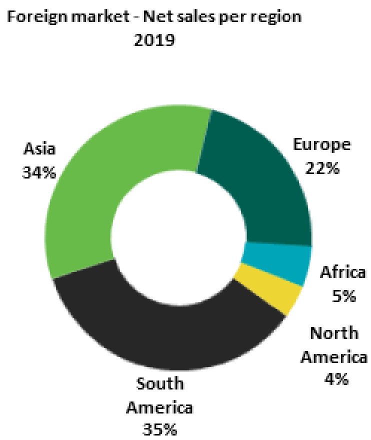
Net operating profit revenue from continuing operations

Net operating revenue for 4Q19 totaled R$ 232,972 thousand, a growth of 10.9% in relation to 4Q18, and a decrease of 2.5% in relation to 3Q19. In the year to date, net operating revenue totaled R$ 898,779 thousand, recording an increase of 12.5% in the comparison with the same period of previous year.

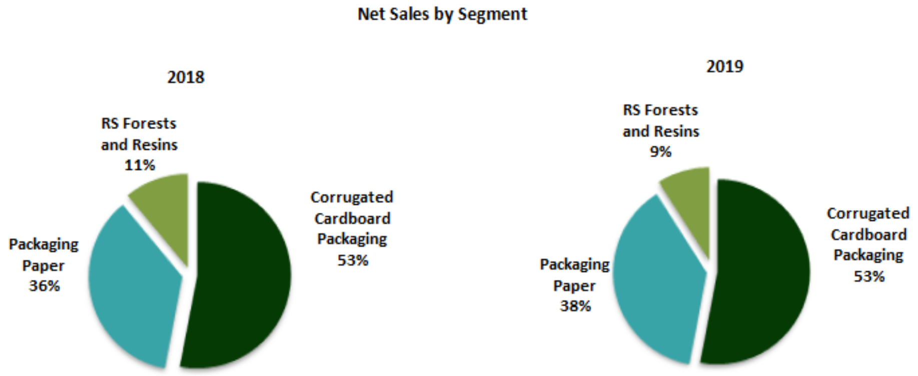
In the domestic market, net operating revenue was R$ 203,866 thousand in the 4Q19, a 23.4% decrease when compared to 4Q18 and 5.5% in relation to 3Q19. Total net operating revenue in the domestic market totaled R$ 730,046 thousand in 2019, increasing by 16.1% in relation to 2018. Revenue from the domestic market accounted for 81% of IRANI's total revenue in 2019

Exports in 4Q19 reached R$ 29,106 thousand, 35.2% lower than in 4Q18 and a reduction of 36.2% as compared to 3Q19, mainly due to lower prices and exports of tar and turpentine. In 2019, exports totaled R$ 168,733 thousand, stable when compared to 2018, representing 19% of total net operating revenue, South America was the main destination of exports, concentrating 35% of foreign market revenue, followed by Asia with 34%. The other markets are: Europe (22%), Africa (5%) and North America (4%).





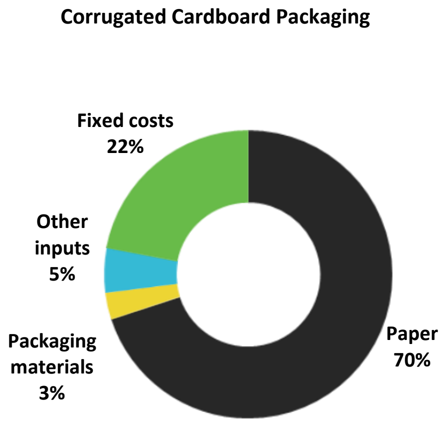
IRANI's main operating segment is the Corrugated Cardboard (PO) Packaging Segment, which was responsible for 53% of the consolidated net revenue in 2019, followed by the Packaging Paper (38%) and RS Forest and Resins (9%) segments.

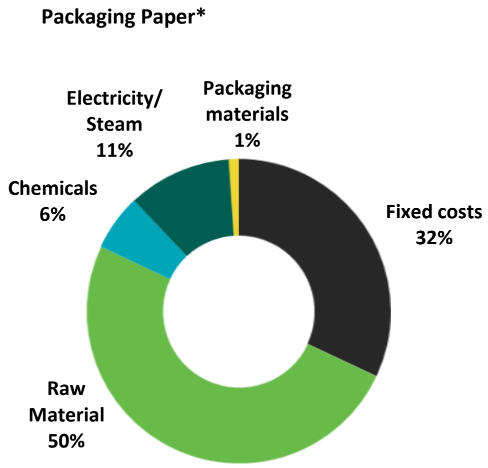


Cost of products sold from continued operations

In 2019, cost of sales totaled R$ 638,349 thousand, or 19.6% higher than in 2018 due to a greater volume in production and sale. The change in the fair value of biological assets is not being considered in the cost of sales for any of the periods.

The analysis of cost by business segment in 2019 is shown below:





* changes in the fair value of biological assets are not included in the cost of the Packaging Paper segment.

Operating revenues and expenses from continued operations

Selling expenses in 2019 (including impairment losses in trade receivables) totaled R$ 83,865 thousand, a 15.2% higher in relation to 2018 and accounted for 9.3% of consolidated net revenue, higher than 9.1% reached in 2018.

Administrative expenses in 2019 were 10.4% higher than in 2018, and totaled R$ 61,905 thousand, representing 6.9% of the consolidated net revenue, lower when compared to 2018, when it accounted for 7.0%, mainly due to cost management programs applied by the Company.

Other operating revenues/expenses resulted in an income of R$ 82,492 thousand in 2019 against an expense of R$ 7,305 thousand in 2018. Growth in other revenues was mainly due to the recognition of PIS and COFINS credits as a result of a court final and unappealable decision that was rendered in favor of the Company, and the sale of forest assets and land in the state of Rio Grande do Sul made by the Company in the period.

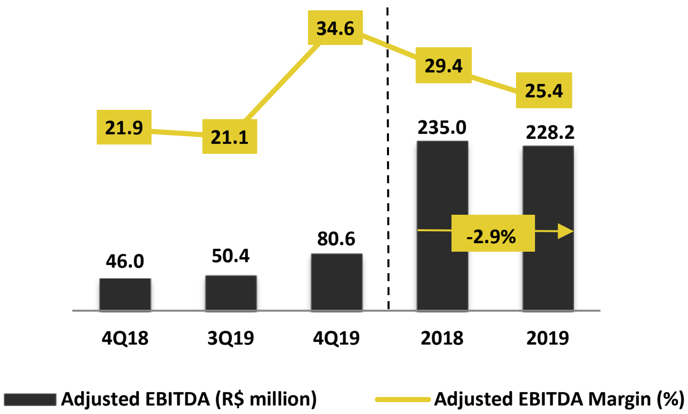
CASH PROVIDED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

Consolidated (R$ thousand)	4Q19	3Q19	4Q18	Var. 4Q19/3Q19	Var. 4Q19/4Q18	2019	2018	Var. 2019/2018
Operating Result before taxes and profit sharing	(48,028)	18,606	(11,295)	-358.1%	325.2%	(29,525)	38,048	-177.6%
Depletion	45,614	4,126	4,981	1005.5%	815.8%	56,789	65,431	-13.2%
Depreciation and amortization	14,651	14,326	12,344	2.3%	18.7%	60,520	46,624	29.8%
Finance result	85,179	89,434	26,994	-4.8%	215.5%	234,647	92,392	154.0%
EBITDA of continuing operation	**97,416**	**126,492**	**33,024**	-23.0%	195.0%	**322,431**	**242,495**	**33.0%**
EBITDA margin of continuing operation	***41.8%***	***52.9%***	***15.7%***	***-11.1 p.p.***	***26.1 p.p.***	***35.9%***	***30.3%***	***5.6 p.p***
Adjustments pursuant to CVM Instruction 527/12								
Change in the fair value of biological assets (1)	(676)	(5,956)	10,451	-88.7%	-106.5%	(7,970)	(1,244)	540.7%
Non-recurring events(2)	(16,093)	(70,124)	2,530	-77.1%	-736.1%	(86,217)	(6,294)	1269.8%
Adjusted EBITDA of continuing operation	***80,647***	***50,412***	***46,005***	*60.0%*	*75.3%*	***228,244***	***234,957***	*-2.9%*
Adjusted EBITDA margin of continuing operation	***34.6%***	***21.1%***	***21.9%***	***13.5 p.p.***	***12.7 p.p.***	***25.4%***	***29.4%***	***-4.0 p.p.***
Adjusted EBITDA of discontinued operation	**(5,072)**	**(3,175)**	**(2,686)**	**59.7%**	**88.8%**	**(13,760)**	**(12,745)**	**8.0%**
Adjusted EBITDA	**75,575**	**47,237**	**43,319**	**60.0%**	**74.5%**	**214,484**	**222,212**	**-3.5%**

1 Change in the fair value of biological assets, since it does not mean cash reduction in the period.
2 Non-recurring events: The amount of (R$ 86,217 thousand) (2019) refers to the non-recurring provision related to the PIS and COFINS credit in the amount of (R$ 74,124 thousand), provision for non-recurring contingencies in the amount of R$ 4,000 thousand, and proceedings of sales of land in the amount of (R$ 16,093 thousand).

Cash provided by operating activities, as measured by adjusted EBITDA from continuing operation, totaled R$ 228,244 thousand in 2019, with a margin of 25.4% and 2.9% lower than that computed for 2018, which totaled R$ 234,957 thousand. The decrease of 4.0 percentage points in the margin is mainly due to the recognition of the sale of forests motivated by the restatement of the financial statements in 2018. 2019 EBITDA, in turn, had a positive impact by: i) exclusion of negative EBITDA from the discontinued operation; ii) better revenue and cost performance in the period, and iii) EBITDA generated by the sale of the Company's forests in the State of Rio Grande do Sul.

Adjusted EBITDA (R$ million) and Adjusted EBITDA Margin (%) (continued operation)



Considering EBITDA of the discontinued operation, the Company's Adjusted EBITDA in 2019 was R$ 214,484 thousand.

FINANCE RESULT AND INDEBTEDNESS

Finance result is broken down as follows:

R$ thousand	4Q19	3Q19	4Q18	2019	2018
Finance income	5,977	61,814	5,898	77,285	25,482
Finance costs	(91,156)	(151,248)	(32,892)	(311,932)	(117,874)
Finance result	(85,179)	(89,434)	(26,994)	(234,647)	(92,392)

The finance result for 2019 was impacted by various financial restructuring measures, such as write-off of hedge accounting and prepayment expenses of operations.

Finance result was negative by R$ 85,179 thousand in 4Q19, representing an increase of 215.5% in the comparison with 4Q18 and 4.8% decrease when compared to 3Q19, due to the realization of exchange-rate change in hedge accounting for settlement of financial operations in Dollar. In 2019, the finance result was negative by R$ 234,647 thousand, representing an increase of 154.0% compared to 2018, which totaled a result negative by R$ 92,392 thousand.

Finance income and costs disclosed above include foreign exchange gains and losses, as follows:

R$ thousand	4Q19	3Q19	4Q18	2019	2018
Foreign-exchange income	3,713	4,224	3,845	15,245	19,272
Foreign exchange losses	(57,740)	(92,554)	(8,788)	(174,716)	(22,948)
Exchange-rate change, net	(54,027)	(88,330)	(4,943)	(159,471)	(3,676)

The exchange-rate change negatively impacted the Company's results by R$ 54,027 thousand in 4Q19 and R$ 159,471 thousand in 2019, mainly explained by the recognition of hedge accounting in the result in the amount of R$ 54,843 thousand in 4Q19 and R$ 161,757 in 2019, due to the settlement of financial transactions denominated in dollars for which the Company adopted this recognition procedure.

Exchange-rate change on operations in foreign currency (Dollar) related to exports was accounted for monthly in Equity and recognized in the statement of profit and loss as finance costs, at realization (hedge accounting). Due to the settlement of commitments in foreign currency, there are no hedge accounting balances as of December 31, 2019.

As of December 31, 2019, the Company maintained only 2.8% of its debt denominated in dollar in working capital transactions, thus eliminating the volatility that mark-to-market of this type of debt caused in results.

Finance result net of exchange-rate change was as follows:

R$ thousand	4Q19	3Q18	4Q18	2019	2018
Finance income net of exchange-rate change	2,264	57,590	2,053	62,040	6,210
Finance costs net of exchange-rate change	(33,416)	(58,694)	(24,104)	(137,216)	(94,926)
Finance result net of exchange-rate change	(31,152)	(1,104)	(22,051)	(75,176)	(88,716)

The finance result, excluding the effects of exchange variation, was negative by R$ 31,152 thousand in 4Q19 compared to negative R$ 22,051 thousand in 4Q18. In 2019, excluding the exchange variation, the finance result was negative by R$ 75,176 thousand compared to negative R$ 88,716 thousand in 2018, a 15.3% improvement. In 2019, the finance result without exchange variation had a positive impact of R$ 61,875 thousand related to the restatement of PIS and COFINS credits, and a negative impact of R$ 42,151 thousand related to prepayment expenses of certain financial transactions carried out in that year.

Foreign exchange rate

The exchange rate computed as R$ 3.87/US$ at December 31, 2018, increased by 4.13% at the end of December 2019, reaching R$ 4.03/US$. The average exchange rate for 4Q19 was R$ 4.11/US$, or 3.53% higher than in 3Q19 and 7.87% higher than in the same period of 2018. In 2019, the average exchange rate increased by 8.22%, reaching R$ 3.95/US$.

R$ thousand	4Q19	3Q19	4Q18	Δ4Q19/3Q19	Δ4Q19/4Q18	2019	2018	Δ2019/2018
Average U.S. dollar	4.11	3.97	3.81	+3.53%	+7.87%	3.95	3.65	+8.22%
Final U.S. dollar	4.03	4.16	3.87	-3.13%	+4.13%	4.03	3.87	+4.13%

Source: Brazilian Central Bank

Indebtedness

Over 2019, several actions were taken to extend the debt profile and to reduce financial leverage, adapting the Company's capital structure to generate returns to stockholders above the cost of capital and preparing it for a new cycle of economic expansion in the country. The main actions were the issue of green debentures with a 6-year final term and a 4-year grace period, the sale of non-strategic assets and the closure of the SP Vila Maria Package unit, which had inadequate profitability levels. In addition, the Company had a final and unappealable decision in its favor for the PIS and COFINS lawsuit in the amount of R$ 143.1 million. The majority of proceeds from these lawsuits will be allocated to cash over 2020.

At December 31, 2019, consolidated gross indebtedness totaled R$ 838.3 million, compared to R$ 825.0 million at December 31, 2018. The change in this indicator was influenced by funding and settlements during the year, particularly the funding of the 3rd public issue of green debentures in the amount of R$ 505 million. At December 31, 2019, the Company's gross debt profile presented 32% of debts maturing in the short term and 68% in the long term.

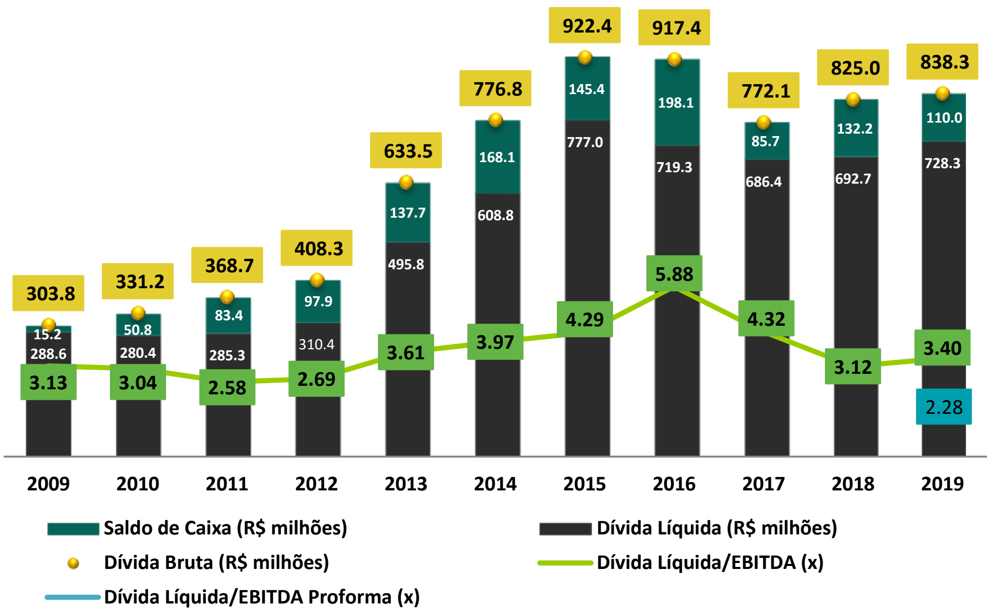
Consolidated cash balance totaled R$ 110.0 million at December 31, 2019, compared to R$ 132.2 million on December 31, 2018 (including the balance of bank's restricted accounts in both year's ended). Cash was mainly impacted by the payments of financial transactions, which exceeded the proceeds from new borrowings, and investments made versus cash generation and sale of assets.

The consolidated net indebtedness on December 31, 2019 totaled R$ 728.3 million against R$ 692.7 million on December 31, 2018.

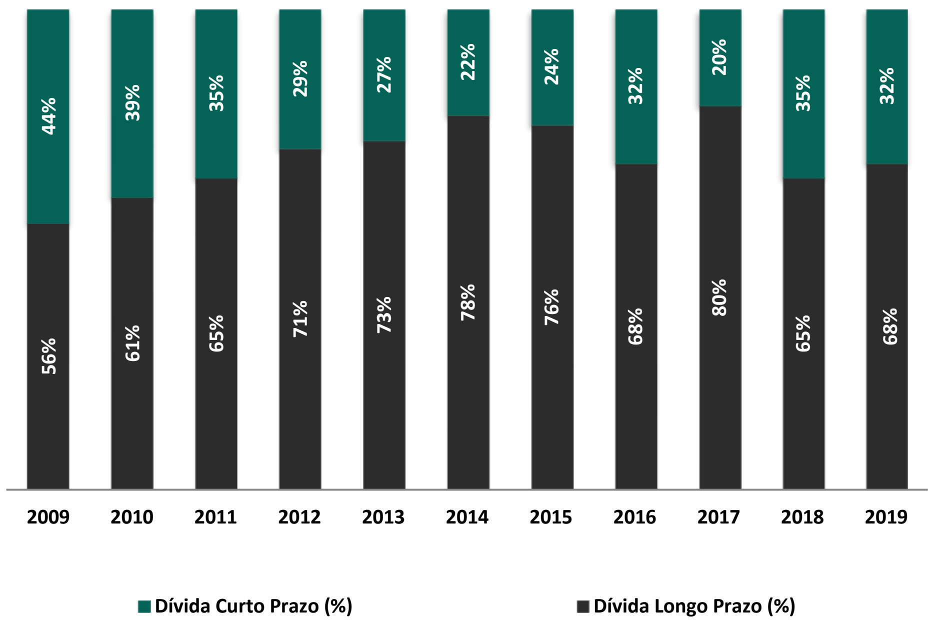
The Net Debt/EBITDA ratio was 3.40 times in December 2019, against 3.12 times at the end of 2018. The variation is due to the reduction in Adjusted EBITDA as compared to the increase in net debt. EBITDA for 2018 was positively impacted by the recognition of the sale of forests motivated by the restatement of the financial statements for that year.

Considering to exclude from the net debt the amounts that will be received in the coming months, related to: i) PIS and COFINS credits in the amount of R$ 143.1 million; ii) Sale of land and forests in the amount receivable of R$ 25.0 million; and iii) Sale of the property of Package SP - Vila Maria, with balance receivable in the amount of R$ 40.2 million, would result in the pro-forma Net Debt of R$ 520.0 million and considering the EBITDA of the Continued Operation of R$ 228.2 million, the pro-forma leverage would be 2.28 times.

Indebtedness and Net Debt/EBITDA



Gross Debt Profile



MEASUREMENT OF BIOLOGICAL ASSETS (FORESTS) AT FAIR VALUE

As from 2010, the Company started to measure its biological assets (forests) at fair value periodically, as determined by CPC 29/IAS 41. The change in fair value of biological assets produced the following effects in the Company's results for 2019:

Changes in the fair value of biological assets

R$ thousand	2019	2018
Change in the fair value of biological assets	7,970	1,244
Depletion of the fair value of biological assets	(12,252)	(15,314)

The change in the fair value of biological assets was positive in 2019, mainly due to the increase in prices of wood and resin posted in the period.

Changes in the fair value of biological assets, as well as their depletion, is recognized in Cost of Goods Sold (COGS). This accounting practice allows a more precise determination of the market value of the Company's forests, providing the financial statements with more accurate information.

OPERATING PROFIT (LOSS) BEFORE TAXES AND PROFIT SHARING FROM COTINUING OPERATIONS

In 4Q19, operating loss before taxes and profit sharing amounted to R$ 48,028 thousand, negative, against R$ 11,295, negative, in 4Q18 and R$ 18,606 thousand positive in 3Q19. In 2019, operating profit before taxes and profit sharing for the year totaled R$ 29,525 thousand negative, lower than 2018, recorded by R$ 38,048 thousand of income.

PROFIT (LOSS) FROM CONTINUED OPERATIONS

In 4Q19, the net income (loss) was R$ 14,154 thousand of income against R$ 11,906 thousand, negative in 4Q18 and R$ 15,312 thousand of income in 3Q19. In the year to date comparison, the Company recorded profit of R$ 26,456 thousand against income of R$ 27,211 thousand computed for 2018. The main factors were the revenue increase in the comparative period to 2018 and the better performance in costs and expenses. Also, as noted, the result was negatively impacted by the realization of the Exchange Variation of hedge accounting of transactions settled in the period, and positively by the recognition of PIS and COFINS credits due to a final and unappealable court decision favorable to the Company, by the sale of the Company’s forest assets and land in the state of Rio Grande do Sul and, also, due to the recognition of taxes and contribution gains on tax loss for the period and accumulated from previous periods. Considering the negative net result of the discontinued operation, the Company's net result in 2019 was negative by R$ 79,592 thousand.

INVESTMENTS

The Company maintains its strategy of investing in the modernization and automation of its production processes. The investments in 2019 totaled R$ 85,053 thousand and were basically directed to the maintenance and improvement of machinery and equipment, facilities, and reforestation.

Also, in 2019, an investment was made in the second wave of implementation of the SAP S/4HANA system, when supplementary solutions were implemented aiming at qualifying the Company for the journey of digital transformation.

R$ thousand	4Q19	2019
Land	-	2,456
Buildings	118	127
Equipment	14,811	48,501
Intangible assets	3,700	17,232
Reforesting	5,585	16,737
Total	**24,214**	**85,053**

SHARE CAPITAL

At December 31, 2019, IRANI's share capital was represented by 166,720,235 shares, of which 153,909,975 (92%) are common shares and 12,810,260 (8%), preferred shares. At December 31, 2019, the Company held in treasury 2,376,100 shares, of which 24,000 are common shares and 2,352,100, preferred shares. In the same period, common shares were traded at R$ 4.00 and preferred shares, at R$ 4.30.

SUBSEQUENT EVENTS

On January 20, 2020, the Company announced through a Material Event that it was studying the possibility of performing a possible public offering for a primary distribution of shares. To do so, the Company engaged Banco BTG Pactual S.A., Banco de Investimentos Credit Suisse (Brasil) S.A. and XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. for the provision of coordination services.

According to the Board of Directors' meeting held on February 3, 2020, the initial preparatory work for the Company's migration to the Novo Mercado of B3, which will include the conversion of the Company’s preferred shares into common shares was authorized, in addition to the preparation and implementation of the policies, codes and internal regulations required by B3 to join the segment, and a new meeting of the Board of Directors should be called in due time for the effective approval of the migration proposal, which will also depend on approval by the stockholders at the Annual General Meeting and by B3. The beginning of the Company's preparation work to Novo Mercado of B3 was also approved by the Extraordinary General Meeting held on February 19, 2020.

On February 19, 2020, the Extraordinary General Meeting approved the change in the company's name to "IRANI PAPEL E EMBALAGEM S.A.", and the respective amendment to Article 1 of the Bylaws. The purpose of the change is to better reflect the predominant activities carried out by the Company: the manufacture of packaging paper and paper packages.

PROSPECTS

The international scenario for 2020 brings uncertainties about the advanced stage of the economic cycle in which most developed countries are and the consequent reduction in the growth rate. The typical volatility of an election year in the United States is also a factor to be observed. Inflation remains low and controlled worldwide, which allows the interest rates charged by Central Banks to also be maintained at low levels.

For the first time, Brazil is in line with the low interest rates practiced worldwide and is in the beginning of a new economic cycle. The decrease in interest rates to 4.25% p.a., as recorded in the beginning of 2020, has a transformative potential for the real economy. Many projects with a rate of return above this level, added to the due risk premiums, become feasible, which should certainly boost the economy as a whole. It is already possible to verify signs of an economic upturn in the GDP data and the drop-in unemployment, which brings a very positive perception for the year.

For additional information, access our website – **www.irani.com.br/ri** or contact our Investors Relations area:

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The statements contained in this notice regarding the perspectives of businesses and the potential for the Company's growth are mere forecasts, based on the expectations of management regarding the future of the Company. These expectations are highly dependent on market changes, in Brazil's general economic performance and in the international markets, and therefore are subject to changes.

Annex I – Consolidated Statements of Income (R$ Thousand)

	4Q19	3Q19	4Q18	Var. 4Q19/3Q19	Var. 4Q19/4Q18	2019	2018 Restated	Var. 2019/2018
Net Revenue from sales	**232,972**	**238,913**	**210,116**	**-2.5%**	**10.9%**	**898,779**	**799,159**	**12.5%**
Fair value variation biological assets	676	5,956	(10,451)	-88.7%	-	7,970	1,244	540.7%
Cost of products sold	(168,102)	(172,107)	(146,748)	-2.3%	14.6%	(638,349)	(533,757)	19.6%
Gross Profit	**65,546**	**72,762**	**52,917**	**-9.9%**	**23.9%**	**268,400**	**266,646**	**0.7%**
Operating Income (Expenses)	**(28,393)**	**35,278**	**(37,218)**	**-180.5%**	**-23.7%**	**(63,278)**	**(136,206)**	**-53.5%**
Selling Expenses	(20,771)	(21,742)	(18,586)	-4.5%	11.8%	(83,270)	(71,495)	16.5%
Impairment loss on trade receivables	(39)	(480)	(989)	-91.9%	-96.1%	(595)	(1,316)	-54.8%
General and administrative	(20,344)	(13,103)	(16,475)	55.3%	23.5%	(61,905)	(56,090)	10.4%
Other net operating income (expenses)	12,761	70,603	(1,168)	-81.9%	-1,192.6%	82,492	(7,305)	-
Profit before financial result and taxes	**37,153**	**108,040**	**(15,699)**	**-65.6%**	**136.7%**	**205,122**	**130,440**	**57.3%**
Net financial income (expenses)	**(85,179)**	**(89,434)**	**(26,994)**	**-4.8%**	**215.5%**	**(234,647)**	**(92,392)**	**154.0%**
Financial income	5,977	61,814	5,898	-90.3%	1.3%	77,285	25,482	203.3%
Financial expenses	(91,156)	(151,248)	(32,892)	-39.7%	177.1%	(311,932)	(117,874)	164.6%
Income (loss) before taxes	**(48,028)**	**18,606**	**(11,295)**	**-358.1%**	**325.2%**	**(29,525)**	**38,048**	**-177.6%**
Income tax and social contribution current	(66)	(78)	(79)	-15.4%	-16.5%	(299)	(406)	-26.4%
Income tax and social contribution deferred	62,248	(3,216)	(532)	-	-	56,280	(10,431)	-

Net Income (loss) from continuing operations	**14,154**	**15,312**	**(11,906)**	**-7.6%**	**-**	**26,456**	**27,211**	**-2.8%**
(Loss) from discontinued operations	**(15,770)**	**(74,155)**	**(7,127)**	**-78.7%**	**121.3%**	**(106,048)**	**(27,434)**	**286.6%**
(Loss) for the year	**(1,616)**	**(58,843)**	**(19,033)**	**-97.3%**	**-91.5%**	**(79,592)**	**(223)**	**35,591.5%**

Annex II – Consolidated Balance Sheet (R$ Thousand)

Assets	12/31/19	12/31/18	Liabilities and shareholders' equity	12/31/19	12/31/18
		Restated			Restated
CURRENT ITEM	**503,864**	**386,646**	**CURRENT ITEM**	**430,506**	**453,941**
Cash and cash equivalents	80,822	132,219	Funding	247,316	287,378
Trade receivables	162,252	168,705	Trade accounts payable	89,820	95,085
Inventories	76,845	71,859	Payroll and related charges	29,649	30,583
Recoverable taxes	79,421	5,018	Taxes payable	15,004	16,000
Banks restricted account	29,165	-	IR and CSLL payable	274	399
Other assets	33,779	8,845	Tax in installments	6,877	6,493
Non-current assets held for sale	41,580	-	Advances from customers	4,860	1,399
			Dividends payable	1,818	5,543
NONCURRENT ITEM	**1,075,682**	**1,140,018**	Other payables	13,808	11,061
Trade receivables	1.576	2,168	Debentures	18,192	-
Recoverable taxes	76.911	3,793	Lease liabilities	2,888	-
Escrow deposits	952	1,253			
Other assets	1,951	2,727	**NONCURRENT ITEM**	**812,549**	**765,329**
Biological assets	154,518	186,600	Funding	78,467	537,588
Property for investment	5,575	3,398	Other payables	59	438
Property, plant and equipment	669,785	809,353	Taxes payable	8,087	10,731
Intangible	141,989	130,726	Income tax and social contribution deferred	170,253	170,541
Right to use assets	22,425	-	Reserve for civil, labor and tax risks	24,680	23,306
			Taxes in installments	17,159	22,725
			Debentures	494,335	-
			Lease liabilities	19,509	-
			SHAREHOLDERS' EQUITY	**336,491**	**307,394**
			Capital	161,895	161,895
			Capital reserves	960	960
			Revenue reserves	11,918	65,625
			Carrying value adjustments	163,704	78,906
			Accumulated losses	(1,992)	-
			Shareholders equity assigned to the participation of controlling	336,485	307,386
			Non-controlling shareholders	6	8

TOTAL ASSETS	**1,579,546**	**1,526,664**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**1,579,546**	**1,526,664**

Annex III – Consolidated Statement of Cash Flows (R$ Thousand)

	2019	2018
		Restated
Net cash provided by operating activities	**107,829**	**136,666**
Cash from operations	**132,922**	**208,811**
(Loss)/Income before income tax and social contribution (LAIR) – Continuing and discontinued operations	(135,573)	10,614
Changes in the fair value of biological assets	(7,970)	(1,244)
Depreciation, amortization and depletion	122,184	117,677
Revenue of biological assets sold	-	(37,329)
Impairment on property, plant and equipment	54,856	-
Income/ loss in the sale of property, plant and equipment	(16,211)	3,026
Provision/reversal for civil, labor and tax risks	9,165	13,620
Provision for impairment of trade receivables	5,398	1,613
Provision for losses others assets	2,131	-
Exchange-rate change and interest on loans, financing and debentures	268,957	100,870
Interest on lease liabilities	2,101	-
Interest on restricted account investment	(642)	-
Exclusion of ICMS from PIS and COFINS basis	(143,157)	-
Changes in assets and liabilities	**(25,093)**	**(72,145)**
Accounts receivable	(508)	(18,436)
Inventories	(7.394)	293
Taxes recoverable	(5,398)	(986)
Other assets	(224)	21,179
Trade payables	(5,265)	18,148
Social security obligations	(934)	1,688
Advances from customers	3,461	(67)
Taxes payable	(7,824)	(16,993)
Payment of interest on loans, financing and debentures	(21,582)	(70,740)
Payment of interest on lease liabilities	(2,089)	-
Other payables	(4,231)	(4,862)
Payment of taxes – income tax and social contribution (IR/CSLL)	(1,422)	(1,405)

Net cash used in investing activities	**(82,260)**	**(53,483)**
Acquisition of property, plant and equipment	(48,652)	(66,278)
Acquisition of biological assets	(16,587)	(10,440)
Acquisition of intangible assets	(17,232)	(16,359)
Capital decrease in subsidiaries	(2)	-
Receipt upon disposal of assets	28,736	13,119
Reimbursement of related parties	-	17,743
Banks - restricted account	(28,523)	8,732
Net cash used in financing activities	**(76,966)**	**(27,913)**
Payment of dividends and interest on shareholders' equity	(3,725)	(68)
Lease liability paid	(3,893)	-
Loans obtained	200,512	108,395
Issuance of debentures (Net of transaction cost)	493,609	-
Loans and debentures paid	(763,469)	(136,240)
Increase (decrease) in cash and cash equivalents	**(51,397)**	**55,270**
Cash and cash equivalents at the beginning of the period	**132,219**	**76,949**
Cash and cash equivalents at the end of the period	**80,822**	**132,219**