

Crescendo com valor



(A free translation of the original in Portuguese)

Porto Alegre, april 28, 2017. Celulose Irani (BM&FBovespa: 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 first quarter of 2017 (1Q17). 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 Standard 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's Net Revenue for 1Q17, of R\$ 195 million, is 2.1% higher than in 1T16***

- In 1Q17, net revenue increased by 2.1% when compared to 1Q16, and remained stable in the comparison with 4Q16, reflecting mainly the better performance of prices and volumes of domestic sales and the reduction in revenues from the foreign market, due to the depreciation of the U.S. dollar.
- The sales volume for the Corrugated Cardboard Packaging segment increased by 4.2% when compared to 1Q16, totaling 45.3 thousand metric tons in 1Q17. The sales volume for the Packaging Paper segment totaled 21.4 thousand metric tons, recording an increase of 6.3% in the comparison with 1Q16. The RS Forest and Resins segment reached 3.5 metric tons, recording a decrease of 13.7%.
- The gross profit in 1Q17 decreased by 21.3% and 14.6% in the comparison with 1Q16 and 4Q16, respectively, reflecting mainly the negative change in the fair value of biological assets, as a result of the fire that hit the forests of the subsidiary Forest Habitasul S.A. in February, and which was positive in relation to 1Q16 e 4Q16.
- Administrative expenses in 1Q17 were 11.2% lower in relation to the 1Q16, totaling R\$ 12.8 million (R\$ 14.4 million in 1Q16) and accounted for 6.6% of the net consolidated revenue, against 7.5% in 1Q16. This decrease is due to the success of the programs to reduce costs implemented by the Company during 2016, which generated effects from 2017.
- The Company reported losses of R\$ 14.1 million for 1Q17, compared to losses of R\$ 1.7 million in 1Q16 and losses of R\$ 5.0 million in 4Q16. The main factors that impacted the net result were the changes in the fair value of biological assets, already evidenced in the decrease in gross profit and the increase in finance costs.
- Adjusted EBITDA in 1Q17 was computed at R\$29.3 million, 16.4% below that computed for 1Q16, of R\$ 35.0 million. When compared to 4Q16, adjusted EBITDA was 51.3% higher, mainly influenced by the cost of corrugated cardboard trimmings, which reduced to historical averages in relation to the higher market prices at the end of 2016, and by the higher volume of sales in the domestic market.
- Net debt/EBITDA ratio was 4.46 times in March 2017. Excluding from net debt the foreign exchange variation recorded as hedge accounting, the net debt/EBITDA ratio would be 3.83 times.
- The cash position at the end of March 2017 was R\$ 116.2 million, with 65% of the debts maturing in the long term.

KEY INDICATORS - CONSOLIDATED	1Q17	4Q16	1Q16	Var. 1Q17/4Q16	Var. 1Q17/1Q16	LTM17	LTM16	Var. LTM17/LTM16
<b>Economic and Financial Indicators (R\$ thousand)</b>								
Net operating revenue	195,337	193,590	191,407	0.9%	2.1%	780,725	767,394	1.7%
Domestic market	160,261	163,905	146,383	-2.2%	9.5%	649,311	623,909	4.1%
Foreign market	35,076	29,685	45,024	18.2%	-22.1%	131,414	143,485	-8.4%
Gross profit (including*)	42,735	50,020	54,319	-14.6%	-21.3%	199,183	220,842	-9.8%
(*) Change in fair value of biological assets	(5,164)	12,078	4,905	-142.8%	-205.3%	17,325	(2,054)	-943.5%
<b>Gross margin</b>	<b>21.9%</b>	<b>25.8%</b>	<b>28.4%</b>	<b>-3.9p.p.</b>	<b>-6.5p.p.</b>	<b>25.5%</b>	<b>28.8%</b>	<b>-3.3p.p.</b>
Operating result before taxes and profit sharing	(18,432)	(18,347)	(7,373)	0.5%	150.0%	(46,172)	(7,305)	532.1%
<b>Operating margin</b>	<b>-9.4%</b>	<b>-9.5%</b>	<b>-3.9%</b>	<b>-0.1p.p.</b>	<b>5.5p.p.</b>	<b>-5.9%</b>	<b>-1.0%</b>	<b>4.9p.p.</b>
Net result	(14,135)	(5,055)	(1,681)	179.6%	740.9%	(23,238)	(4,316)	438.4%
<b>Net margin</b>	<b>-7.2%</b>	<b>-2.6%</b>	<b>-0.9%</b>	<b>4.6p.p.</b>	<b>6.3p.p.</b>	<b>-3.0%</b>	<b>-0.6%</b>	<b>2.4p.p.</b>
Adjusted EBITDA <sup>1</sup>	29,296	19,364	35,051	51.3%	-16.4%	169,559	172,583	-1.8%
<b>Adjusted EBITDA Margin</b>	<b>15.0%</b>	<b>10.0%</b>	<b>18.3%</b>	<b>5.0p.p.</b>	<b>-3.3p.p.</b>	<b>21.7%</b>	<b>22.5%</b>	<b>-0.8p.p.</b>
Net debt [R\$ million]	756.4	719.3	776.4	5.2%	-2.6%	756.4	776.4	-2.6%
Net debt / Adjusted EBITDA (x)	4.46	4.10	4.50	8.8%	-0.9%	4.46	4.50	-0.9%
Net debt / Proforma adjusted EBITDA (x) <sup>2</sup>	3.83	3.40	3.49	12.6%	9.7%	3.83	3.49	9.7%
<b>Operating data (metric tons) <sup>3</sup></b>								
<b>Corrugated Cardboard Packaging (PO)</b>								
Production/Sales	45,337	43,387	43,518	4.5%	4.2%	179,987	191,430	-6.0%
<b>Packaging Paper</b>								
Production	70,741	62,395	67,935	13.4%	4.1%	278,252	283,461	-1.8%
Sales	21,435	23,913	20,160	-10.4%	6.3%	89,222	79,495	12.2%
<b>RS Forest and Resins</b>								
Production	3,610	2,675	3,350	35.0%	7.8%	12,186	10,423	16.9%
Sales	3,460	2,465	4,009	40.4%	-13.7%	11,663	10,788	8.1%

<sup>1</sup> EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) - see the related section in this release.

<sup>2</sup> Excluding from net debt the foreign exchange variation accounted for as hedge accounting.

<sup>3</sup> The assumptions used for measuring the volumes of the Corrugated Cardboard Packaging (PO) and Packaging Paper segments were reviewed and changed in relation to the previous year.

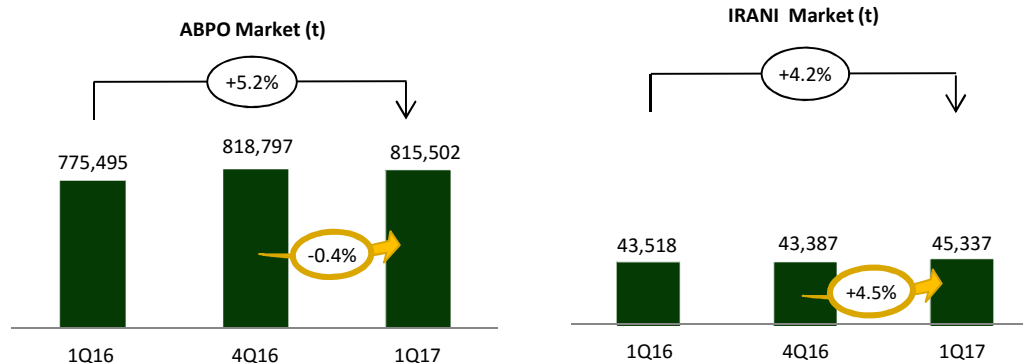
## 1Q17 Highlights

The Brazilian economy showed some positive signs in the first quarter of 2017. The country's GDP grew 1.3% in February in relation to January, according to preliminary data released by the Brazilian Central Bank. In the international scenario, the developed markets such as the United States and Europe entered the growth path, which has excited the global markets. China, albeit with less intensity, continues to grow vigorously, thanks to policies that stimulate its economy.

In 1Q17, the Brazilian Corrugated Cardboard Association (ABPO) recorded an increase of 5.2% in the amount of metric

tons of corrugated cardboard shipped, in comparison with 1Q16. The sales volume of IRANI Market, in metric tons, increased by 4.2% in 1Q17. In comparison with the previous quarter, the ABPO Market remained stable and the IRANI Market recorded an increase of 4.5%. In metric tons, IRANI's market share in the segment of Corrugated Cardboard Packaging corresponded to 5.6% in 1Q17, the same as in 1Q16, and to 5.3% in 4Q16.

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



Source: ABPO

The sales volume of corrugated cardboard packaging in the ABPO Market, in square meters, increased by 5.0% in 1Q17

Source: IRANI

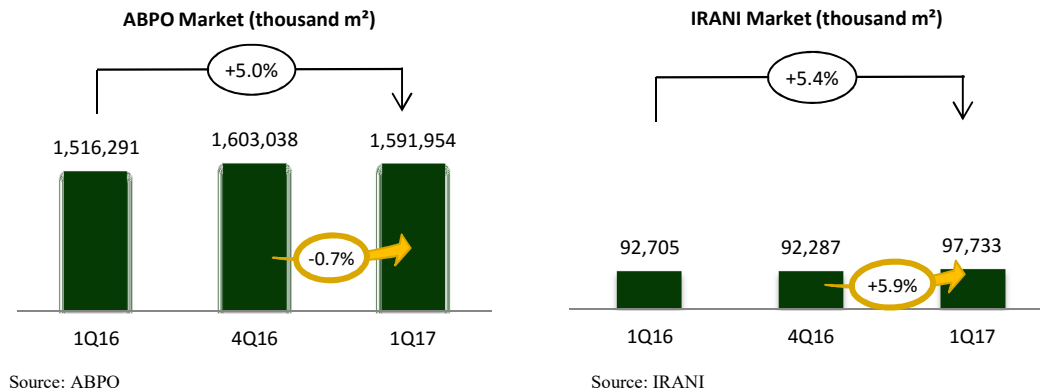
when compared to 1Q16, while the IRANI Market recorded an increase of 5.4% in the period. When compared to 4Q16,

the ABPO Market remained stable, while the IRANI Market increased by 5.9%. IRANI's market share in square meters was 6.1% in 1Q17 and 1Q16, and 5.8% in 4Q16.

In 1Q17, the Corrugated Cardboard Packaging segment represented 65% of IRANI's net revenue, while the Packaging Paper and the RS Forest and Resins segments represented 27% and 8%, respectively. The domestic

market accounted for 82% of net revenue and the foreign market, for 18%. The growth of 5.5 p.p. in the revenue from the domestic market when compared to 1Q16 arises mainly from the increase in the sales volume of the Corrugated Cardboard Packaging segment, which is entirely intended for the domestic market.

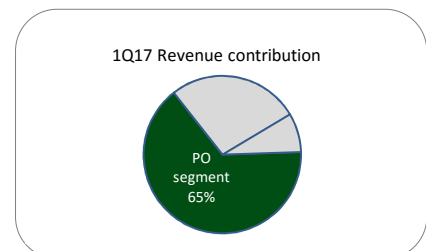
**Sales Volume (in square meters) - Corrugated Cardboard Packaging Segment (PO)**



**OPERATING PERFORMANCE**

**Corrugated Cardboard Packaging Segment (PO)**

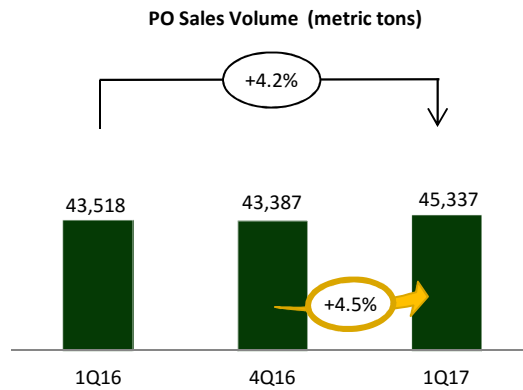
The sales volume of corrugated cardboard boxes and sheets totaled 45,337 metric tons, with an increase of 4.2% in relation to 1Q16, and 4.5% in relation to 4Q16. The sales performance of boxes increased by 2.0% when compared to 1Q16, and the sales of sheets increased by 9.8% in the comparison between the quarters. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants accounted for 38%, 30% and 32%, respectively, of the total sales in 1Q17, with their entire production allocated to the domestic market.



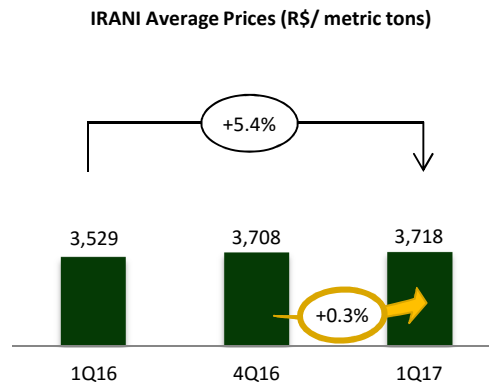
The sales volume of the SP Indaiatuba Packaging plant totaled 12,395 metric tons of boxes and 5,064 metric tons of sheets in 1Q17 (compared to 11,940 metric tons of boxes and 4,618 metric tons of sheets in 1Q16).

The sales volume of the SC Campina da Alegria Packaging plant totaled 10,399 metric tons of boxes and 3,121 metric tons of sheets in 1Q17 (compared to 10,163 metric tons of boxes and 3,099 metric tons of sheets in 1Q16).

The sales volume of the SP Vila Maria Packaging plant totaled 9,327 metric tons of boxes and 5,031 metric tons of sheets in 1Q17 (compared to 9,375 metric tons of boxes and 4,324 metric tons of sheets in 1Q16).



Average IRANI prices (CIF) per metric ton increased by 5.4% in 1Q17 when compared to 1Q16, and remained stable in relation to 4Q16, as shown below:

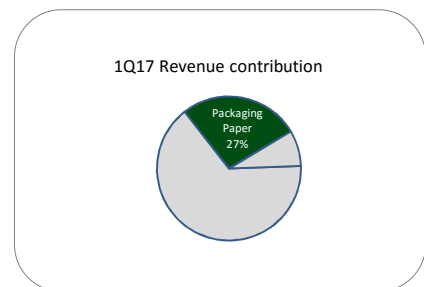


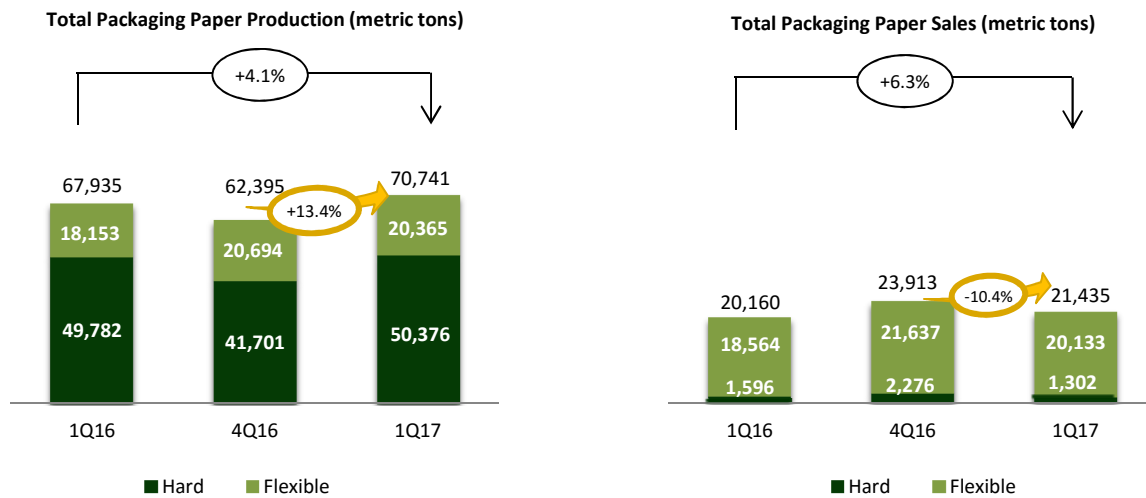
*Note on methodology:* IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS) and are adjusted in accordance with the market mix of boxes and sheets.

**Packaging Paper segment**

IRANI operates in the Packaging Paper segment, both in the markets of hard packaging (corrugated cardboard) and flexible packaging (sack kraft paper).

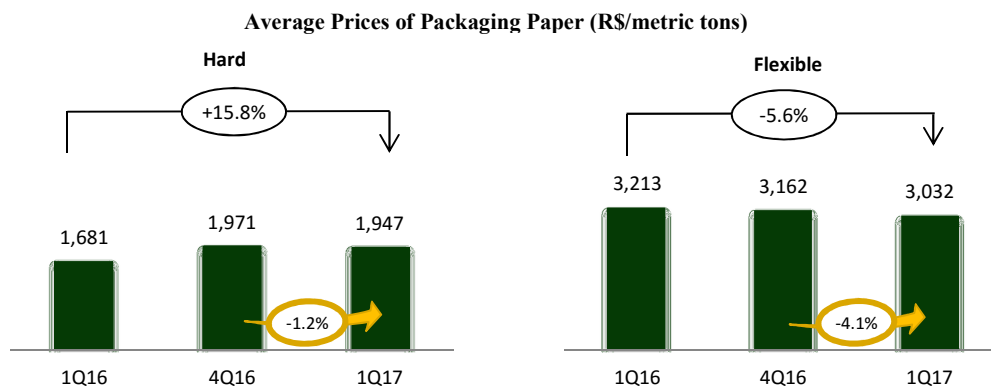
The Company's total production of packaging paper in the quarter grew by 4.1% in relation to 1Q16, and by 13.4% in relation to 4Q16. The sales volume increased by 6.3% in comparison with 1Q16, and decreased by 10.4% when compared to 4Q16.





In 1Q17, internal transfers of hard packaging paper (PO segment) totaled 48,100 metric tons (46,828 metric tons in 1Q16 and 43,911 metric tons in 4Q16), allocated as follows: 17,900 metric tons to the SP Indaiatuba Packaging plant (17,656 metric tons in 1Q16 and 17,199 metric tons in 4Q16); 15,557 metric tons to the SP Vila Maria plant (14,836 metric tons in 1Q16 and 13,953 metric tons in 4Q16); and 14,643 metric tons to the SC Campina da Alegria plant (14,336 metric tons in 1Q16 and 12,759 metric tons in 4Q16). Therefore, of the total internal transfers made in the quarter, 37% were to SP Indaiatuba plant, 31% to SC Campina da Alegria plant and 32% to SP Vila Maria plant.

The hard packaging paper segment, which has low sales volume (only 1,302 metric tons in 1Q17, as shown in the chart above) and prices lower than those of the other papers sold by the Company, presented an increase of 15.8% in the prices for 1Q17 when compared to those practiced in 1Q16, and a decrease of 1.2% when compared to 4Q16. On the other hand, the prices of flexible packaging papers decreased by 5.6% in relation to 1Q16 and 4.1% in relation to 4Q16.



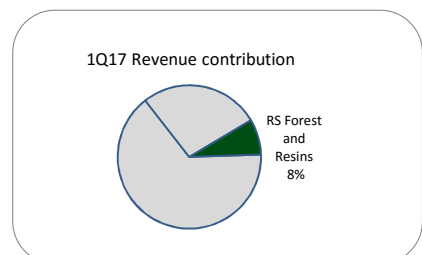
**RS Forest and Resins Segment**

In 1Q17, the RS Forest segment produced and sold 22 thousand cubic meters of pine logs in the domestic market (15 thousand cubic meters in 1Q16) and supplied 1,000 metric tons of natural resins to be utilized in the industrial production of tar and turpentine.

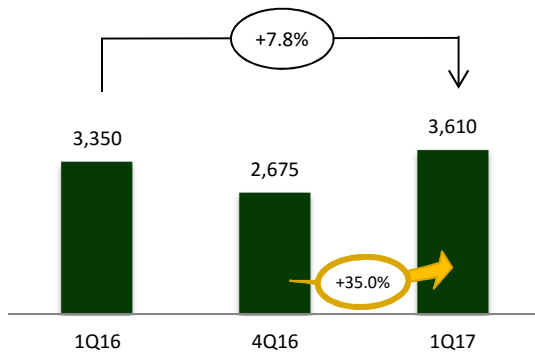
The production volume of the unit RS Resin Balneário Pinhal increased by 7.8% during the quarter, when compared to 1Q16, and 35.0% when compared to 4Q16. On the other hand, the sales volume decreased by 13.7% in relation to 1Q16 and increased by 40.4% in relation to 4Q16.

The increase in the production volume is mainly related to the mid-crop season in 4Q16, while the variation in the sales volume is directly related to the volume produced and availability of inventories to the market.

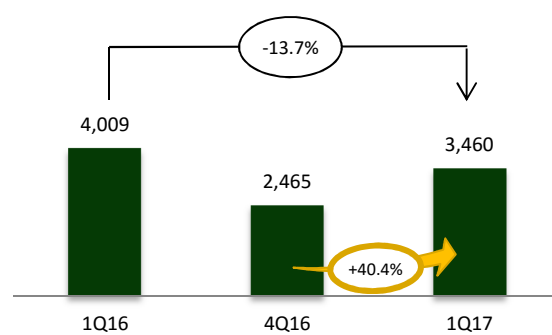
On days 5 to 10 of February 2017, a fire broke out in 1,255 hectares of forests of the subsidiary Habitasul Florestal S.A., located in the State of Rio Grande do Sul, affecting negatively the result for the period, due to the write-off of biological assets amounting to R\$ 5.4 million.



Production of Tar and Turpentine (metric tons)

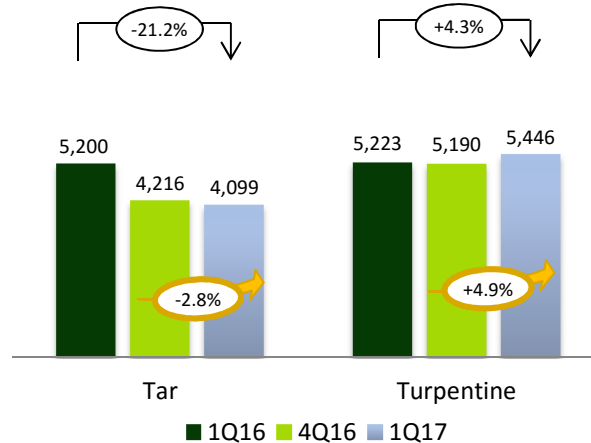


Sale of Tar and Turpentine (metric tons)



In 1Q17, the average gross price of tar was 21.2% and 2.8% below that of 1Q16 and 4Q16, respectively. The turpentine increased by 4.3% when compared to 1Q16 and 4.9% in relation to 4Q16. The reduction was mainly due to the devaluation of the U.S. dollar during the period, which impacted negatively the average prices of these products, since almost all of them are exported.

Average Prices (R\$/metric tons)



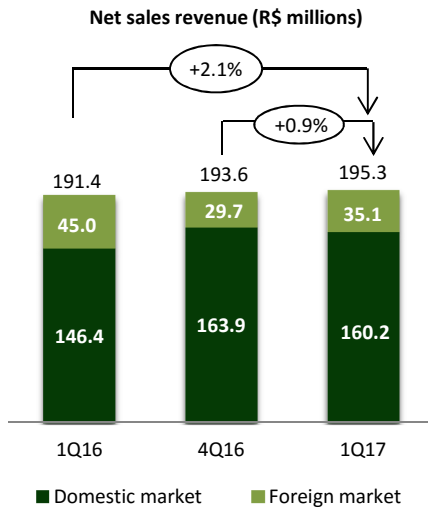
## ECONOMIC AND FINANCIAL PERFORMANCE

### Net operating revenue

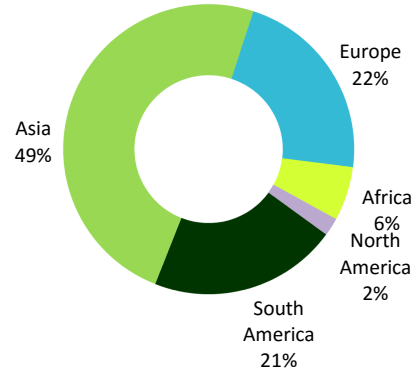
Net operating revenue for 1Q17, of R\$195,337 thousand, increased by 2.1% when compared to 1Q16, reflecting mainly the better performance of prices and volumes of domestic sales and the reduction in revenue from the foreign market, due to the depreciation of the U.S. dollar.

In the domestic market, net operating revenue amounted to R\$ 160,261 thousand in the quarter, an increase of 9.5% against 1Q16 and a decrease of 2.2% against 4Q16, and represented 82% of the Company's total revenue.

The exports in 1Q17 totaled R\$ 35,076 thousand, a decrease of 22.1% in comparison with 1Q16, and an increase of 18.2% in comparison with 4Q16, and represented 18% of the Company's total net operating revenue. Asia was the main destination of the exports, with 49% of the export revenue concentrated in that region. Other destinations were: Europe (22%), South America (21%), Africa (6%), and North America (2%).

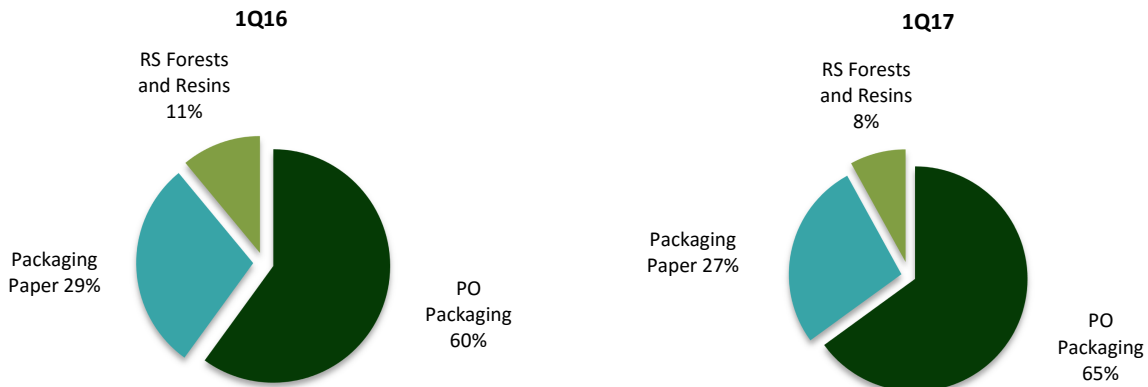


**Foreign market - Net sales revenue per region 1Q17**



IRANI's main operating segment is the Corrugated Cardboard Packaging, responsible for 65% of the consolidated net revenue for 1Q17, followed by the segments of Packaging Paper with 27%, and RS Forest and Resins with 8%.

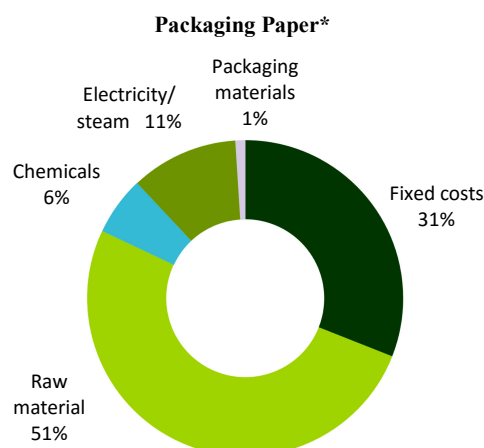
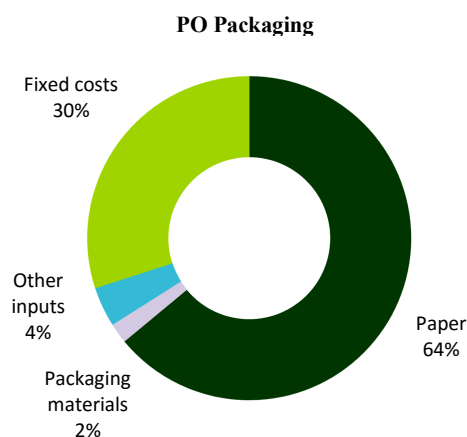
**Net Revenue by Segment**



**Cost of Sales**

The cost of sales in 1Q17 amounted to R\$ 147,438 thousand, and was 3.8% higher than that of 1Q16, when compared in absolute numbers. The changes in the fair value of biological assets were not considered in the cost of products sold.

The analysis of cost by business segment in 1Q17 is shown below:



\*The changes in the fair value of biological assets were not considered in the cost of the Packaging Paper segment.

### Operating income and expenses

Selling expenses in 1Q17 totaled R\$ 20,113 thousand, representing 10.3% of the consolidated net revenue, against 10.6% in 1Q16.

Administrative expenses in 1Q17 were 11.2% lower than those recorded in 1Q16, totaling R\$ 12,806 thousand (R\$ 14,426 thousand in 1Q16) and accounted for 6.6% of the net consolidated revenue, against 7.5% in 1Q16. This decrease is due to the success of the cost reduction programs implemented by the Company during 2016, which generated effects from 2017.

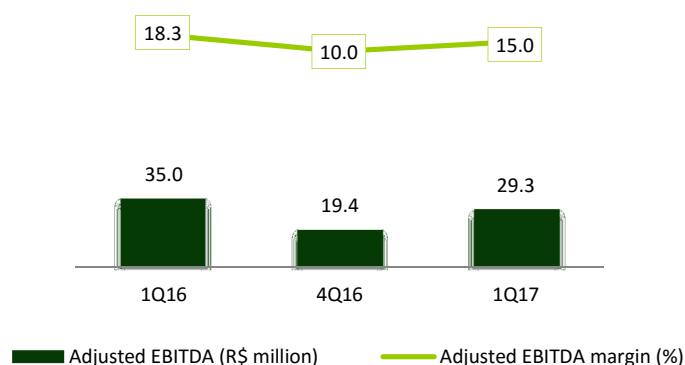
Other operating income (expenses) corresponded to an income of R\$ 655 thousand in 1Q17, against an expense of R\$ 982 thousand in 1Q16.

### CASH PROVIDED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

Consolidated (R\$ thousand)	1Q17	4Q16	1Q16	Var. 1Q17/4Q16	Var. 1Q17/1Q16	LTM17	LTM16	Var. LTM17/LTM16
Operating result before taxes and profit sharing	(18,432)	(18,347)	(7,373)	0.5%	150.0%	(46,172)	(7,305)	532.1%
Depletion	1,119	885	3,994	26.4%	-72.0%	58,041	20,151	188.0%
Depreciation and amortization	12,542	16,565	15,272	-24.3%	-17.9%	61,156	59,954	2.0%
Finance result	28,903	28,355	26,075	1.9%	10.8%	109,875	94,213	16.6%
<b>EBITDA</b>	<b>24,132</b>	<b>27,458</b>	<b>37,968</b>	<b>-12.1%</b>	<b>-36.4%</b>	<b>182,900</b>	<b>167,013</b>	<b>9.5%</b>
<b>EBITDA margin</b>	<b>12.4%</b>	<b>14.2%</b>	<b>19.8%</b>	<b>-1.8p.p.</b>	<b>-7.4p.p.</b>	<b>23.4%</b>	<b>21.8%</b>	<b>1.6p.p.</b>
<b>Adjustments pursuant to CVM Instruction 527/12</b>								
Change in the fair value of biological assets <sup>(1)</sup>	5,164	(12,078)	(4,905)	-142.8%	-205.3%	(17,325)	2,054	-943.5%
Management profit sharing	-	-	-	-	-	-	55	-
Non-recurring events	-	3,984	1,988	-	-	3,984	3,461	15.1%
<b>Adjusted EBITDA</b>	<b>29,296</b>	<b>19,364</b>	<b>35,051</b>	<b>51.3%</b>	<b>-16.4%</b>	<b>169,559</b>	<b>172,583</b>	<b>-1.8%</b>
<b>Adjusted EBITDA Margin</b>	<b>15.0%</b>	<b>10.0%</b>	<b>18.3%</b>	<b>5.0p.p.</b>	<b>-3.3p.p.</b>	<b>21.7%</b>	<b>22.5%</b>	<b>-0.8p.p.</b>

<sup>1</sup> The change in the fair value of biological assets did not represent a cash reduction in the period.

Cash provided by operating activities, measured by adjusted EBITDA, totaled R\$ 29,296 thousand in 1Q17, a decrease of 16.4% in relation to 1Q16, and an increase of 51.3% in relation to 4Q16. In 1Q17, the adjusted EBITDA margin reached 15.0%, a decrease of 3.3 p.p. in relation to 1Q16. When compared to 4Q16, this margin increased by 5.0 p.p. in 1Q17, due to the reduction in the raw material cost, mainly corrugated cardboard trimming, and the higher sales volume in the domestic market.

**Adjusted EBITDA (Million R\$) and Adjusted EBITDA Margin (%)**


## **FINANCE RESULT AND INDEBTEDNESS**

Finance result was negative by R\$ 28,903 thousand in 1Q17, increasing by 10.8% in comparison to 1Q16, positively influenced by the effects of the appreciation of the real against the U.S. dollar, and negatively affected by the higher interest rates and the realization of hedge accounting. An increase of 1.9% was recorded, when compared to 4Q16, impacted by the realization of the hedge accounting. Finance costs in 1Q17 totaled R\$ 37,259 thousand, against R\$ 36,827 thousand in 1Q16 and R\$ 40,436 thousand in 4Q16. Finance income reached R\$ 8,356 thousand in the quarter, compared to R\$ 10,752 thousand in the same period of the previous year and R\$ 12,081 thousand in 4Q16.

Finance result is broken down as follows:

R\$ thousand	1Q17	4Q16	1Q16	LTM17 <sup>1</sup>	LTM16 <sup>1</sup>
Finance income	8,356	12,081	10,752	37,534	37,763
Finance costs	(37,259)	(40,436)	(36,827)	(147,409)	(131,976)
Finance result	(28,903)	(28,355)	(26,075)	(109,875)	(94,213)

<sup>1</sup>Accumulated in the last twelve months.

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

R\$ thousand	1Q17	4Q16	1Q16	LTM17 <sup>1</sup>	LTM16 <sup>1</sup>
Foreign exchange gains	3,658	5,879	7,187	21,235	23,205
Foreign exchange losses	(9,217)	(9,876)	(11,683)	(41,759)	(37,579)
Foreign exchange variation, net	(5,559)	(3,997)	(4,496)	(20,524)	(14,374)

<sup>1</sup>Accumulated in the last twelve months.

Finance result net of foreign exchange variation was as follows:

R\$ thousand	1Q17	4Q16	1Q16	LTM17 <sup>1</sup>	LTM16 <sup>1</sup>
Finance result net of foreign exchange variation	(23,344)	(24,358)	(21,579)	(89,351)	(79,839)

<sup>1</sup>Accumulated in the last twelve months.

For the purpose of hedging its exports in the coming years, the Company maintains the maturity flow of its commitments in foreign currency (U.S. dollars) aligned with the estimated receivables in the same currency. Foreign exchange variations on these transactions are accounted for monthly in Equity and recognized in the statement of profit and loss as finance costs at the realization (hedge accounting). In 1Q17, the Company recognized hedge accounting gains of R\$ 15,831 thousand (R\$ 10,448 thousand net of taxes) in Equity, and finance costs of R\$ 5,954 thousand in the statement of profit and loss. In the year-to-date, the Company maintains the amount of R\$ 107,757 thousand

recorded as exchange rate variation on transactions allocated to hedge accounting, to be recognized in the results on realization, over the coming years. The amount of R\$ 71,120 thousand is recognized in Equity (net of taxes).

Foreign exchange rate

The exchange rate computed as R\$ 3.56/US\$ at March 31, 2016, decreased by 10.96% at the end of March 2017, reaching R\$ 3.17/US\$. The average exchange rate for the quarter was R\$ 3.14/US\$, or 4.85% lower than in 4Q16 and 19.49% lower than in 1Q16.

	1Q17	4Q16	1Q16	Δ1Q17/4Q16	Δ1Q17/1Q16
Average U.S. dollar	3.14	3.30	3.90	-4.85%	-19.49%
Final U.S. dollar	3.17	3.26	3.56	-2.76%	-10.96%

Source: Brazilian Central Bank

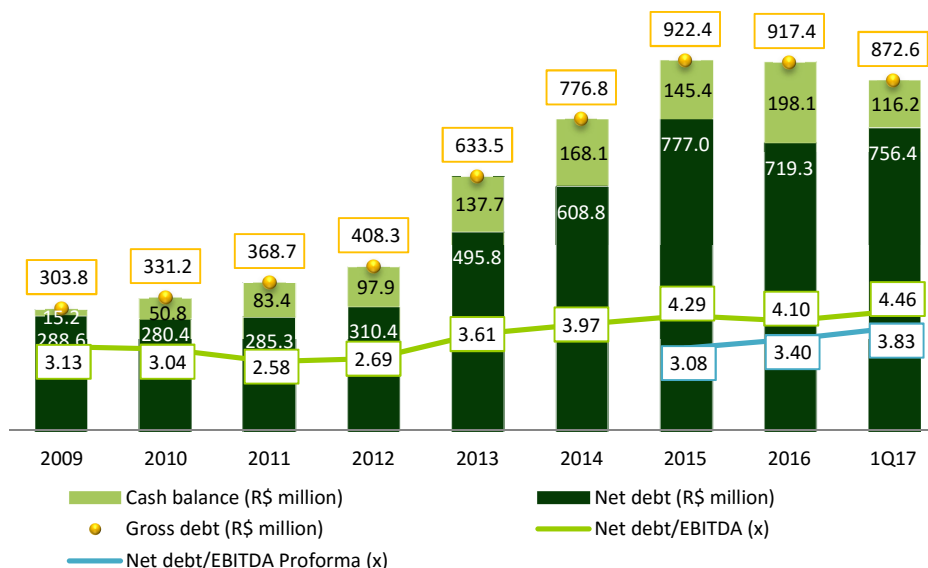
Indebtedness

At March 31, 2017, consolidated gross indebtedness totaled R\$ 872.6 million, compared to R\$ 917.4 million at December 31, 2016. The change in this indicator was influenced by the devaluation of the U.S. dollar and the payments made in the period. At March 31, 2017, the Company's gross debt profile presented 35% of debts maturing in the short term and 65% in the long term.

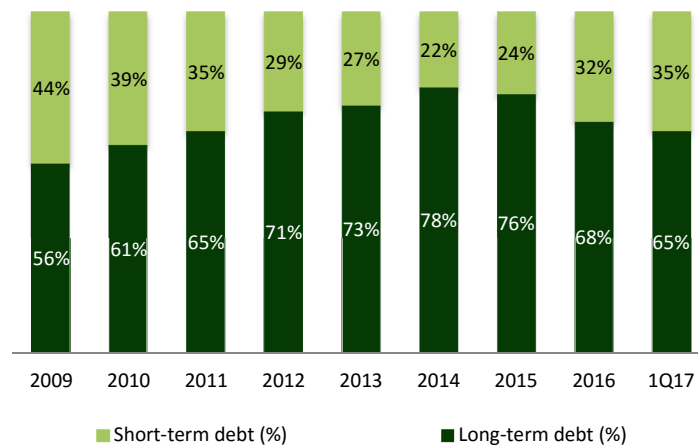
At March 31, 2017, consolidated cash balance totaled R\$ 116.2 million, compared to R\$ 198.1 million at December 31, 2016. Cash was mainly impacted in the quarter by the payments for financial operations and the increased need for working capital.

At March 31, 2017, consolidated net indebtedness totaled R\$ 756.4 million, compared to R\$ 719.3 million at December 31, 2016. The net debt/EBITDA ratio increased from 4.10 times at the end of 4Q16 to 4.46 times at the end of 1Q17. Excluding from the net debt the exchange variation recorded as hedge accounting (Note 29 - Cash flow hedges), the pro forma net debt/EBITDA ratio would be 3.83 at the end of 1Q17.

Indebtedness and Net Debt/EBITDA



Gross Debt Profile



### PROFIT/LOSS

In 1Q17, net result was negative by R\$ 14,135 thousand, compared to negative results of R\$ 1,681 thousand in 1Q16 and R\$ 5.055 thousand in 4Q16. Over the last 12 months, losses of R\$ 23,238 thousand were recorded, compared to losses of R\$ 4,316 thousand recorded for the same period of the previous year. The net result was mainly impacted by the negative change in the fair value of biological assets in the quarter, while this change was positive in 1Q16 and 4Q16.

The negative change in the fair value of biological assets resulted mainly from the mentioned fire that affected the RS Forest and Resins segment.

### INVESTMENTS

The Company maintains its strategy of investing in the modernization and automation of its production processes.

The investments in 1Q17 totaled R\$ 11,125 thousand and were basically intended for reforestation, and maintenance and improvement of the Company's facilities, software, and machinery and equipment.

R\$ thousand	1Q17
Equipment	8,363
Assets under lease	866
Intangible assets	61
Reforestation	1,835
<b>Total</b>	<b>11,125</b>

### SHARE CAPITAL

At March 31, 2017, 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%) are preferred shares. At March 31, 2017, the Company held in treasury 2,376,100 shares, of which 24,000 are common shares and 2,352,100 are preferred shares. In the same period, common shares were traded at R\$ 2.86 and preferred shares, at R\$ 2.81.



For additional information, access our website – [www.irani.com.br/ri](http://www.irani.com.br/ri), or contact our Investors Relations area:

**Odivan Carlos Cargnin** – [odivancargnin@irani.com.br](mailto:odivancargnin@irani.com.br)

Tel.: (51) 3220 3542 Fax.: (51) 3220 3757

**Evandro Zabott** – [evandrozabott@irani.com.br](mailto:evandrozabott@irani.com.br)

Tel.: (49) 3527 5192 Fax.: (49) 3527 5185

**Mariciane Brugneroto** – [maricianebrugneroto@irani.com.br](mailto:maricianebrugneroto@irani.com.br)

Tel.: (49) 3527 5194 Fax.: (49) 3527 5185

Address: Rua Francisco Lindner, 477 Joaçaba/SC 89.600-000

E-mail: [ri@irani.com.br](mailto:ri@irani.com.br)

*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)

	1Q17	4Q16	1Q16	Variation 1Q17/4Q16	Variation 1Q17/1Q16	LTM17	LTM16	Variation LTM17/LTM16
<b>Net Revenue from sales</b>	<b>195,337</b>	<b>193,590</b>	<b>191,407</b>	<b>0.9%</b>	<b>2.1%</b>	<b>780,725</b>	<b>767,394</b>	<b>1.7%</b>
Fair value variation biological assets	(5,164)	12,078	4,905	-142.8%	-205.3%	17,325	(2,054)	-
Cost of products sold	(147,438)	(155,647)	(141,993)	-5.3%	3.8%	(598.866)	(544,498)	10.0%
<b>Gross Profit</b>	<b>42,735</b>	<b>50,020</b>	<b>54,319</b>	<b>-14.6%</b>	<b>-21.3%</b>	<b>199,183</b>	<b>220,842</b>	<b>-9.8%</b>
<b>Operating Income (Expenses)</b>	<b>(32,264)</b>	<b>(40,013)</b>	<b>(35,617)</b>	<b>-19.4%</b>	<b>-9.4%</b>	<b>(135,481)</b>	<b>(133,934)</b>	<b>1.2%</b>
Selling Expenses	(20,113)	(21,818)	(20,209)	-7.8%	-0.5%	(83,607)	(82,827)	0.9%
General and administrative	(12,806)	(11,897)	(14,426)	7.6%	-11.2%	(51,021)	(49,349)	3.4%
Other operating income	1,228	1,106	2,126	11.0%	-42.2%	60,637	6,545	826.5%
Other operating expenses	(573)	(7,404)	(3,108)	-92.3%	-81.6%	(61,490)	(8,248)	645.5%
Management participation	-	-	-	-	-	-	(55)	-
<b>Profit before financial result and taxes</b>	<b>10,471</b>	<b>10,008</b>	<b>18,702</b>	<b>4.6%</b>	<b>-44.0%</b>	<b>63,702</b>	<b>86,908</b>	<b>-26.7%</b>
<b>Net financial income (expenses)</b>	<b>(28,903)</b>	<b>(28,355)</b>	<b>(26,075)</b>	<b>1.9%</b>	<b>10.8%</b>	<b>(109,875)</b>	<b>(94,213)</b>	<b>16.6%</b>
Financial income	8,356	12,081	10,752	-30.8%	-22.3%	37,534	37,763	-0.6%
Financial expenses	(37,259)	(40,436)	(36,827)	-7.9%	1.2%	(147,409)	(131,976)	11.7%
<b>Income (loss) before taxes</b>	<b>(18,432)</b>	<b>(18,347)</b>	<b>(7,373)</b>	<b>0.5%</b>	<b>150.0%</b>	<b>(46,172)</b>	<b>(7,305)</b>	<b>532.1%</b>
Income tax and social contribution current	(252)	(256)	(526)	-1.6%	-52.1%	(1,075)	(1,701)	-36.8%
Income tax and social contribution deferred	4,549	13,548	6,218	-66.4%	-26.8%	24,009	4,690	411.9%
<b>Consolidated profit (loss) for the period</b>	<b>(14,135)</b>	<b>(5,055)</b>	<b>(1,681)</b>	<b>179.6%</b>	<b>740.9%</b>	<b>(23,238)</b>	<b>(4,316)</b>	<b>438.4%</b>



Annex II – Consolidated Balance Sheet (R\$ thousand)

ASSETS	03/31/17	12/31/16	LIABILITIES AND SHAREHOLDERS' EQUITY	03/31/17	12/31/16
<b>CURRENT ITEM</b>	<b>380,343</b>	<b>444,287</b>	<b>CURRENT ITEM</b>	<b>423,179</b>	<b>445,377</b>
Cash and cash equivalents	46,942	103,885	Funding	284,650	266,926
Trade accounts receivable	172,671	154,227	Debentures	17,249	31,114
Inventories	64,977	67,051	Trade accounts payable	63,327	79,849
Recoverable taxes	6,695	5,297	Payroll and related charges	20,499	24,719
Banks restricted account	69,275	94,198	Taxes payable	19,672	18,106
Other assets	19,783	19,629	IR and CSLL payable	309	344
			Tax in installments	1,758	2,011
			Advances from customers	1,727	1,373
<b>NONCURRENT ITEM</b>	<b>1,225,811</b>	<b>1,235,664</b>	Dividends payable	114	4,234
Recoverable taxes	2,138	2,392	Other payables	13,874	16,701
Escrow deposits	2,156	1,947			
Other assets	13,514	15,248	<b>NONCURRENT ITEM</b>	<b>741,461</b>	<b>789,373</b>
Biological assets	230,959	235,407	Funding	547,209	609,983
Property for investment	18,518	18,644	Debentures	23,467	9,352
Property, plant and equipment	846,031	849,124	Taxes payable	11,045	10,538
Intangible	112,495	112,902	Income tax and social contribution deferred	154,026	153,192
			Reserve for civil, labor and tax risks	5,714	6,104
			Tax in installments	-	204
			<b>SHAREHOLDERS' EQUITY</b>	<b>441,514</b>	<b>445,201</b>
			Capital	161,895	161,895
			Capital reserves	960	960
			Revenue reserves	142,930	154,829
			Carrying value adjustments	135,719	127,507
			Shareholders equity assigned to the participation of controlling shareholders	441,504	445,191
			Non-controlling shareholders	10	10
<b>TOTAL ASSETS</b>	<b>1,606,154</b>	<b>1,679,951</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,606,154</b>	<b>1,679,951</b>

**Annex III – Consolidated Statement of Cash Flows (R\$ thousand)**

	1Q17	1Q16
<b>Net cash provided by operating activities</b>	<b>(36,292)</b>	<b>(25,152)</b>
<b>Cash from operations</b>	<b>34,230</b>	<b>31,045</b>
Profit (loss) before income tax and social contribution	(18,432)	(7,373)
Changes in the fair value of biological assets	5,164	(4,905)
Depreciation, amortization and depletion	13,661	19,266
Result on sale of permanent assets	959	(1,173)
Provision for civil, labor and tax risks	(182)	(3,705)
Provision for impairment of trade receivables	195	125
Monetary variations and charges	32,865	28,810
<b>Changes in assets and liabilities</b>	<b>(70,522)</b>	<b>(56,197)</b>
Accounts receivable	(18,639)	(11,829)
Inventories	2,074	39
Taxes recoverable	(1,144)	1,954
Other assets	1,371	(3,148)
Trade payables	(18,375)	(4,851)
Social security obligations	(4,220)	(12,651)
Advances from customers	354	3,027
Taxes payable	1,330	(2,815)
Other payables	(3,035)	(6,926)
Payment of interest on borrowings	(29,105)	(18,997)
Payment of interest on debentures	(1,133)	-
<b>Net cash used in investing activities</b>	<b>14,766</b>	<b>(19,831)</b>
Purchase of property, plant and equipment	(7,296)	(11,324)
Purchase of biological assets	(1,914)	(1,833)
Acquisition of intangible assets	(61)	(15)
Capital reduction of non-controlling	-	(3)
Receipt on alienation of assets	(586)	2,946
Banks linked account	24,623	(9,602)
<b>Net cash used in financing activities</b>	<b>(35,417)</b>	<b>(39,998)</b>
Payment of dividends	(4,120)	-
Loans raised	16,460	13,116
Loans paid	(47,757)	(53,114)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(56,943)</b>	<b>(84,981)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>103,885</b>	<b>125,732</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>46,942</b>	<b>40,751</b>