



CELULOSE IRANI S.A.

CORPORATE TAXPAYERS' ID Nr 92.791.243/0001-03
PUBLICLY-TRADED COMPANY

NIRE Nº 43300002799

COMMUNICATION TO THE MARKET

We communicate to shareholders that, at this date, news was published at newspaper Valor PRO with the following content:

“Celulose Irani: Sale of corrugated cardboard was a surprise in August and it is still going strong, says the CEO

By Stella Fontes | From São Paulo

The sales of corrugated cardboard in August were better than expected and the rhythm of the first days of September is still strong, according to Celulose Irani's CEO, Sérgio Ribas. Earlier, the Brazilian Association of Corrugated Cardboard (ABPO) divulged the forecast for August, showing an increase of 8.05% in dispatches in an annual comparison.

“June was very good, July too, and August was a positive surprise”, asserts the business executive. “September is following the same rhythm of August's daily dispatches, but since the number of business days is reduced, this shall affect the total dispatch.”

Currently, the production capacity of Celulose Irani, which is among the largest Brazilian manufacturers of cardboard packages, is completely taken, which was expected due to the positive seasonality, and the expectation is that the scenario will be kept for the next semester.

Traditionally, the months of August and October are the strongest of the industry, after two consecutive years of fall superior to 2% in the dispatches. The weak comparison base of the last year, especially in the fourth quarter, shall also help with the 2017 performance.

For the aggregate of the year, ABPO projects an increase of 2.7% in the sales. However, Irani is working with a more optimistic estimation for the market, of a 3% to 3.5% growth.

For its dispatches in volume, the company expects expansion of 10% for the year, with recovery of the market share lost in 2016.

With the improvement of the demand, the challenge will be recomposing the margins, says Ribas. In the last two years, the increase of the costs with workforce, power and waste paper (which is the main raw material of the biggest part of the Brazilian manufacturers), pressured the profitability of the industry.

According to the business executive, Irani started to apply an average readjust of 7%, two months ago. “The industry shall seek margins recomposition, using the market improvement”, he asserts.”

Porto Alegre, September 12th, 2017.

Odivan Carlos Cargnin
Directors of Administration, Finances and Relations with Investors