

COMMENTS ON THE COMPANY'S PERFORMANCE FOR 1Q16

The following information refers to the consolidated data. The amounts are presented in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of quarterly data, including CVM Instruction 469.

IRANI reports Net Revenue of R\$ 191 million in 1Q16, an increase of 4.7% in relation to 1Q15

KEY INDICATORS - CONSOLIDATED	1Q16	4Q15	1Q15	Var. 1Q16/4Q15	Var. 1Q16/1Q15	LTM16	LTM15	Var. LTM16/LTM15
Economic and Financial Indicators (R\$ thousand)								
Net Operating Income	191,407	193,930	182,771	-1.3%	4.7%	767,394	741,443	3.5%
Domestic Market	146,383	167,132	152,441	-12.4%	-4.0%	623,909	642,518	-2.9%
Foreign Market	45,024	26,798	30,330	68.0%	48.4%	143,485	98,925	45.0%
Gross Profit (including*)	54,319	41,450	55,348	31.0%	-1.9%	220,842	234,890	-6.0%
(* Change in the Fair Value of Biological Assets)	4,905	(14,372)	510	-	861.8%	(2,054)	28,301	-107.3%
Gross Margin	28.4%	21.4%	30.3%	7.0p.p.	-1.9p.p.	28.8%	31.7%	-2.9p.p.
Operating Result Before Taxes and Profit Sharing	(7,373)	(15,162)	894	-51.4%	-924.7%	(7,305)	33,669	-121.7%
Operating Margin	-3.9%	-7.8%	0.5%	3.9p.p.	-4.4p.p.	-1.0%	4.5%	-5.5p.p.
Net Result	(1,681)	(16,844)	3,130	-90.0%	-153.7%	(4,316)	62,953	-106.9%
Net Margin	-0.9%	-8.7%	1.7%	7.8p.p.	-2.6p.p.	-0.6%	8.5%	-9.1p.p.
Adjusted EBITDA ¹	35,051	43,279	43,676	-19.0%	-19.7%	172,583	165,778	4.1%
Adjusted EBITDA Margin	18.3%	22.3%	23.9%	-4.0p.p.	-5.6p.p.	22.5%	22.4%	0.1p.p.
Net Debt [R\$ million]	776.4	777.0	723.7	-0.1%	7.3%	776.4	723.7	7.3%
Adjusted Net Debt/EBITDA (x)	4.50	4.29	4.37	4.9%	3.0%	4.50	4.37	3.0%
Pro-forma Net Debt/ EBITDA (x) ²	3.49	3.08	n.a.	13.3%	n.a.	3.49	n.a.	n.a.
Operating Data (in metric tons)								
Corrugated Cardboard Packaging (PO)								
Production/Sales	44,179	52,306	49,062	-15.5%	-10.0%	193,492	199,685	-3.1%
Paper for Packaging								
Production	67,935	72,865	71,722	-6.8%	-5.3%	283,461	272,365	4.1%
Sales	20,421	21,432	17,710	-4.7%	15.3%	80,180	75,337	6.4%
RS Forest and Resins								
Production	3,350	1,677	2,897	99.8%	15.6%	10,423	9,079	14.8%
Sales	4,009	1,252	2,801	220.2%	43.1%	10,790	8,973	20.2%

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

² Excludes foreign exchange variation accounted for as hedge accounting from net debt.

- The sales volume for the Corrugated Cardboard Packaging segment decreased by 10.0% when compared to 1Q15, totaling 44.1 thousand metric tons in 1Q16. The Packaging Paper segment, with a total of 20.4 thousand metric tons, recorded an increase of 15.3% when compared to 1Q15. The Resins segment increased by 43.1%, reaching 4.0 thousand metric tons.
- The net revenue for 1Q16 was 4.7% higher than that recorded for 1Q15 and 1.3% lower than in 4Q15, positively impacted by the sales in foreign currency to the foreign market.

- The gross profit for 1Q16 decreased by 1.9% in comparison with 1Q15 and increased by 31.0% in comparison with 4Q15, mainly as an effect of the variation in the fair value of the biological assets, which had been negative in 4Q15.
- The Company reported a loss of R\$ 1.7 million for 1Q16, compared to profits of R\$ 3.1 million in 1Q15 and losses of R\$ 16.8 million in 4Q15. The impact caused by the finance result in 1Q16 was higher than in 1Q15.
- In 1Q16, the adjusted EBITDA amounted to R\$ 35.0 million, 19.7% below the R\$ 43.7 million computed for 1Q15, mainly as a result of the annual scheduled shutdown at the paper plant in Campina da Alegria and the increase in the cost of paper scrap.
- The EBITDA margin, of 18.3% in 1Q16, shows a decrease in relation to the 23.9% presented in 1Q15.
- The net debt/EBITDA ratio was 4.50 times in March 2016. Excluding from net debt the exchange variation recorded as hedge accounting, the net debt/EBITDA ratio would be 3.49 times.
- The cash position at the end of March 2016 was R\$ 67.5 million, with 76% of the debts maturing in the long term.
- Events after the reporting date: in April 2016, the Company sold 4,664 hectares of planted forests to Global Fund Reflorestamento e Exploração de Madeira Ltda., for R\$ 55.5 million. This transaction had the purpose of preserving the Company's liquidity and enabling to increase the planted areas in the Midwest region of the State of Santa Catarina, in partnership with Global Fund, aiming at future expansions.

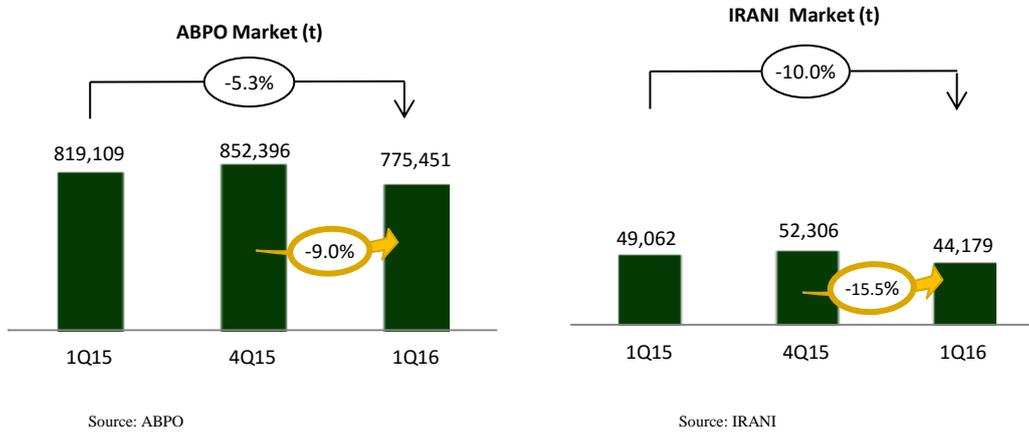
Highlights of 1Q16

In the first quarter of 2016, the main Brazilian economic and financial indicators continued to face strong deterioration. The Brazilian GDP shrank by 3.8% in 2015 when compared to 2014, recording the worst result in 25 years. The economic recession increases the unemployment rate and affects the income, and the political uncertainties continue to restrict the government's ability to formulate and implement policies.

In 1Q16, the Brazilian Corrugated Cardboard Association (ABPO) recorded a drop of 5.3% in the metric tons of corrugated cardboard shipped, in comparison with 1Q15. The sales volume of IRANI

Market, in metric tons, decreased by 10.0% in 1Q16. Compared to 4Q15, the ABPO Market decreased by 9.0%, and the IRANI Market decreased by 15.5%. The IRANI's market share in the Corrugated Cardboard Packaging segment, in metric tons, was 5.6% in 1Q16, 6.0% in 1Q15, and 6.1% in 4Q15.

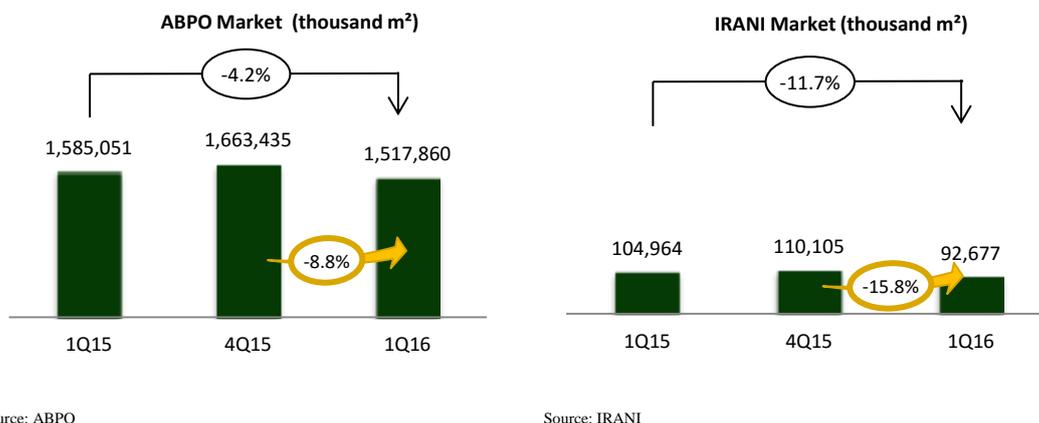
Sales Volume (in metric tons) - Corrugated Cardboard Packaging (PO) segment



The sales volume (in square meters) of corrugated cardboard packaging in the ABPO Market decreased by 4.2% in 1Q16 when compared to 1Q15, while the IRANI Market recorded a decrease of 11.7% in the period. When compared to 4Q15, the ABPO Market decreased by 8.8%, and the IRANI Market decreased by 15.8%. In square meters, IRANI's market share was 6.1% in 1Q16, and 6.6% in 1Q15 and 4Q15.

In 1Q16, the Corrugated Cardboard Packaging (PO) segment represented 60% of IRANI's net revenue, while the Packaging Paper segment represented 29%, and the Forest RS and Resins segment, 11%. In turn, the domestic market accounted for 76% of net revenue and the foreign market, for 24%. The growth of 6.9 p.p. in the revenue from the foreign market when compared to 1Q15 arises mainly from the appreciation of the U.S. dollar, which affects the revenues from this market.

Sales Volume (in m²) - Corrugated Cardboard Packaging (PO) segment

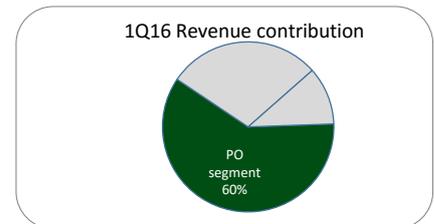


ABPO data for 1Q16 (in metric tons and square meters) refer to forecast for closing. Official data may present changes.

1. OPERATING PERFORMANCE (not reviewed by the independent auditor)

1.1 Corrugated Cardboard Packaging (PO) Segment

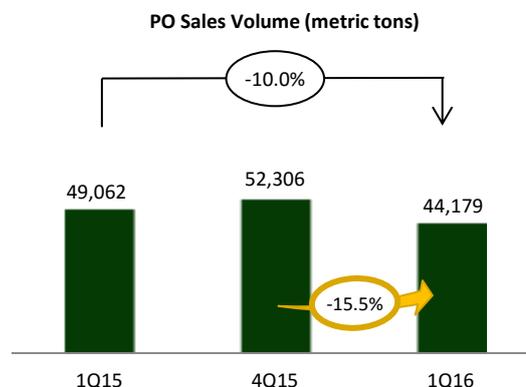
The sales volume of corrugated cardboard boxes and sheets totaled 44,179 metric tons, a decrease of 10.0% in relation to 1Q15 and of 15.5% in relation to 4Q15. The sales performance of boxes presented a reduction of 5.7% when compared to 1Q15 and the sales of sheets decreased by 19.6% in the comparison between the quarters. The Indaiatuba (SP), Campina da Alegria (SC) and Vila Maria (SP) Packaging plants accounted for 39%, 30% and 31%, respectively, of the total sold in 1Q16, and their entire production was allocated to the domestic market.



The sales volume of the SP Indaiatuba Packaging plant totaled 12,250 metric tons of boxes and 4,697 metric tons of sheets in 1Q16 (compared to 12,563 metric tons of boxes and 5,848 metric tons of sheets in 1Q15).

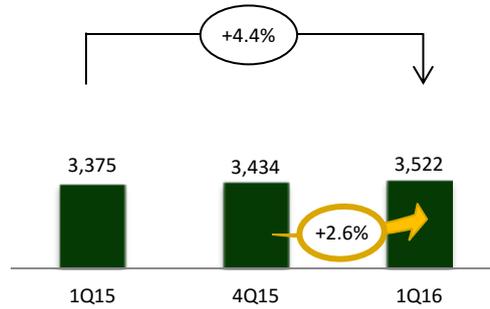
The sales volume of the SC Campina da Alegria Packaging plant totaled 10,263 metric tons of boxes and 3,103 metric tons of sheets in 1Q16 (compared to 11,163 metric tons of boxes and 3,551 metric tons of sheets in 1Q15).

The sales volume of the SP Vila Maria Packaging plant totaled 9,527 metric tons of boxes and 4,340 metric tons of sheets in 1Q16 (compared to 10,233 metric tons of boxes and 5,704 metric tons of sheets in 1Q15).



Average IRANI prices (CIF) per metric ton increased by 4.4% in 1Q16 when compared to 1Q15, and by 2.6% in relation to 4Q15, as shown below:

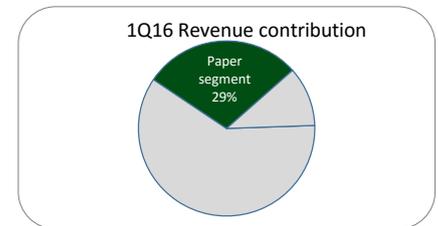
IRANI Average Prices (R\$/metric tons)



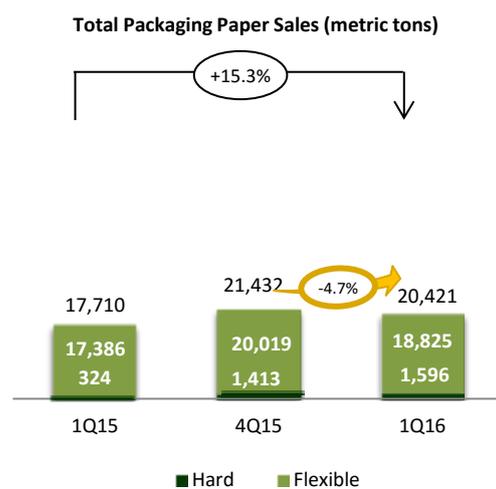
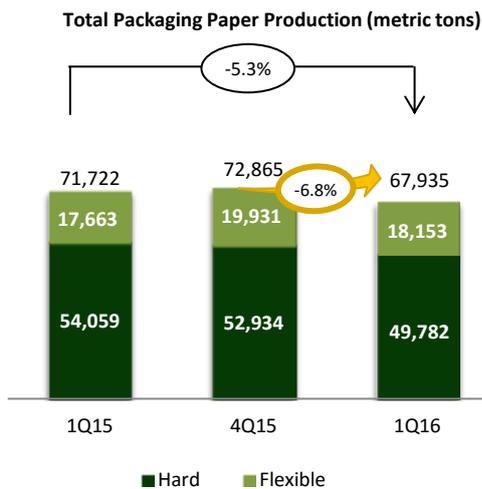
Note on methodology: IRANI prices exclude Excise Tax (IPI), but include Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Value-added Tax on Sales and Services (ICMS), and are adjusted in accordance with the market mix of boxes and sheets.

1.2 Packaging Paper segment

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



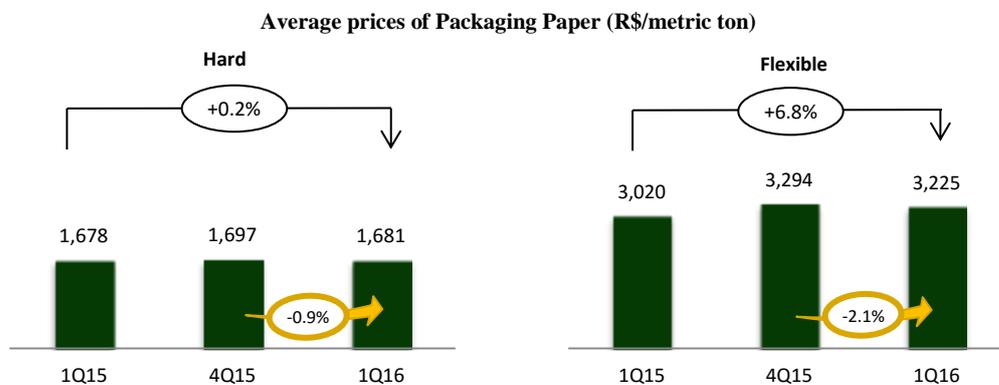
The Company's total production of packaging paper in the quarter was below that recorded for 1Q15 and 4Q15, by 5.3% and 6.8%, respectively, due to the annual scheduled shutdown at the paper plant in Campina da Alegria. The sales volume increased by 15.3% in comparison with 1Q15, and decreased by 4.7% in relation to 4Q15.



In 1Q16, internal transfers of paper for rigid packages (PO) totaled 46,828 metric tons (51,638t in 1Q15 and 52,819t in 4Q15), distributed as follows: 17,656 metric tons (19,150t in 1Q15 and 20,549t in 4Q15) to the SP Indaiatuba plant; 14,836 metric tons (17,273t in 1Q15 and 16,428t in 4Q15) to the

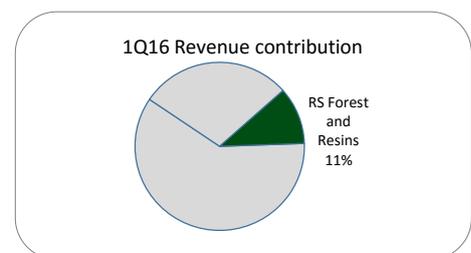
SP Vila Maria plant; and 14,336 metric tons (15,215t in 1Q15 and 15,842t in 4Q15) to the SC Campina da Alegria plant. Therefore, of the total internal transfers carried out in the quarter, 38% were to SP Indaiatuba plant, 30% to SC Campina da Alegria plant and 32% to SP Vila Maria plant.

The prices practiced by the hard packaging paper segment, which accounts for a small share of the sales volume (only 1,596 metric tons in 1Q16, as shown in the chart above), and that are lower than those of the other types of paper sold by the Company, remained stable during 1Q16, when compared to 1Q15 and 4Q15. On the other hand, the prices of flexible packaging papers increased by 6.8% when compared to 1Q15 and decreased by 2.1% when compared to 4Q15. The average prices of the Company followed the market trend and were positively impacted by the higher exchange rates practiced on exports.



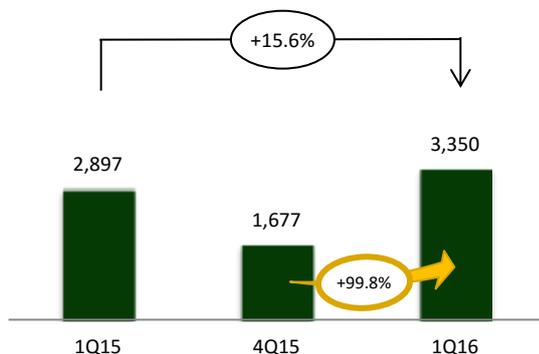
1.3 RS Forest and Resins Segments

In 1Q16, the Forest segment of Rio Grande do Sul produced and sold 15 thousand cubic meters of pine logs in the domestic market (11 thousand cubic meters in 1Q15) and supplied 1,339 thousand metric tons of natural resins to the parent company Celulose Irani S.A., to be utilized in the industrial production of tar and turpentine.

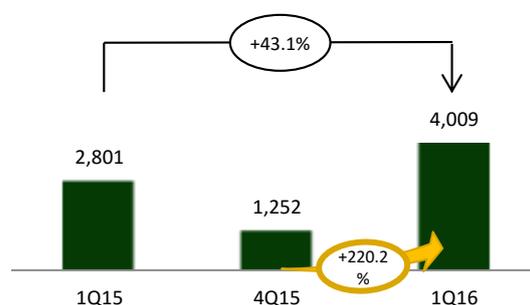


The production volume of the unit RS Resin Balneário Pinhal increased by 15.6% in 1Q16, when compared to 1Q15, and by 99.8% when compared to 4Q15. Likewise, the sales volume increased by 43.1% in relation to 1Q15 and 220.2% in relation to 4Q15. This increase was due to the greater availability of raw material, mainly in relation to the 4Q15, the off-season period.

Production of Tar and Turpentine (metric tons)

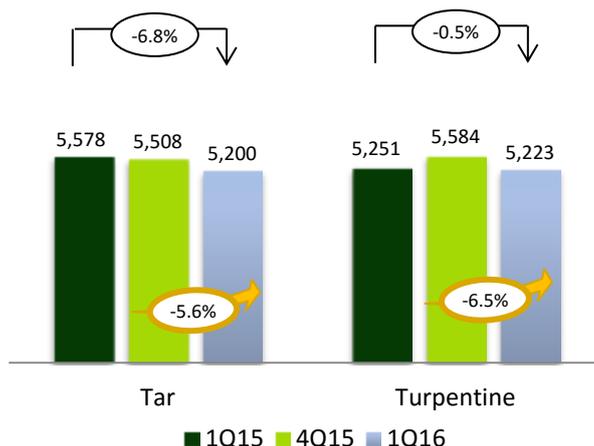


Sale of Tar and Turpentine (metric tons)



The average gross price of tar in 1Q16 was 6.8% and 5.6% below that of 1Q15 and 4Q15, respectively. The price of turpentine remained stable when compared to 1Q15 and decreased by 6.5% in relation to 4Q15.

Average Prices (R\$/metric tons)



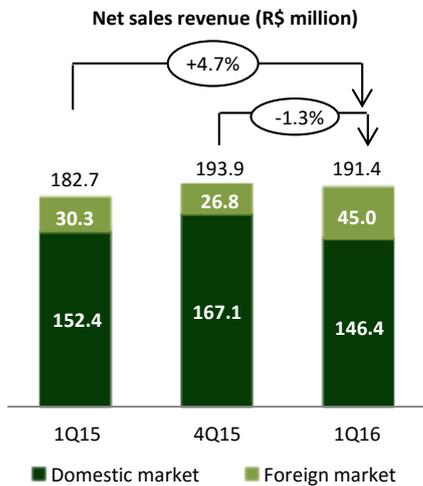
2. ECONOMIC AND FINANCIAL PERFORMANCE

2.1 Net operating revenue

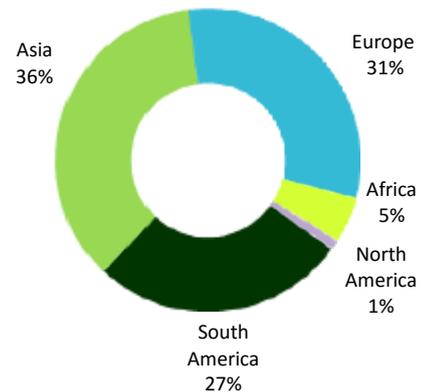
Net operating revenue for 1Q16 totaled R\$ 191,407 thousand, 4.7% above that for 1Q15 and 1.3% below that for 4Q15. The positive variation reflects the appreciation of the US dollar on transactions in the foreign market and the weaker performance of the domestic market, mainly in the PO segment.

In the domestic market, net operating revenue amounted to R\$ 146,383 thousand in the quarter, a decrease of 4.0% over 1Q15 and of 12.4% over 4Q15, and represented 76% of the Company's total revenue.

Exports in 1Q16 totaled R\$ 45,024 thousand, a growth of 48.4% when compared to 1Q15 and of 68.0% in relation to 4Q15, and represented 24% of total net operating revenue. Asia was the main destination of the exports, with 36% of the export revenue concentrated in that region. Other markets include Europe (31%), South America (27%), Africa (5%) and North America (1%).

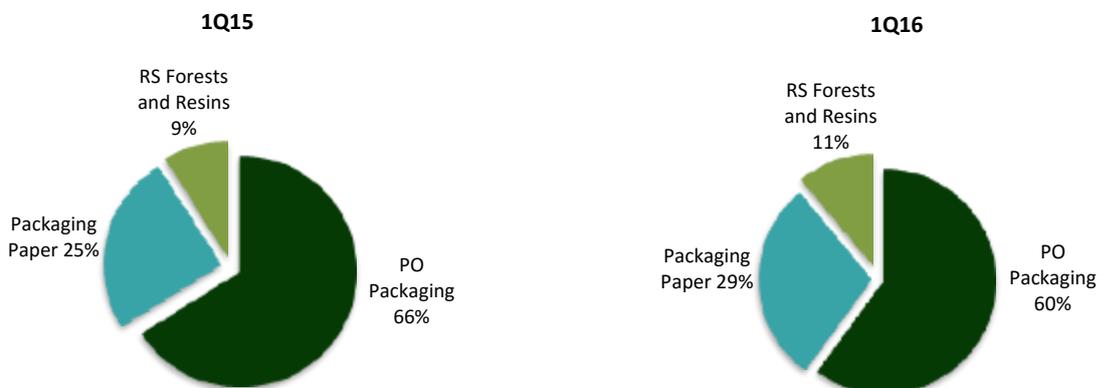


Foreign market - Net sales revenue per region 1Q16



The Company's main operating segment is the Corrugated Cardboard Packaging segment, responsible for 60% of the consolidated net revenue in 1Q16, followed by the segments of Packaging Paper with 29%, and RS Forest and Resins with 11%. The growth of four percentage points in the representativeness of the Packaging Paper segment, as well as the growth of two percentage points in the RS Forest and Resins segment in relation to 1Q15 was mainly due to the higher exchange rates practiced on sales to the foreign market and the weaker performance of the domestic market in the PO segment.

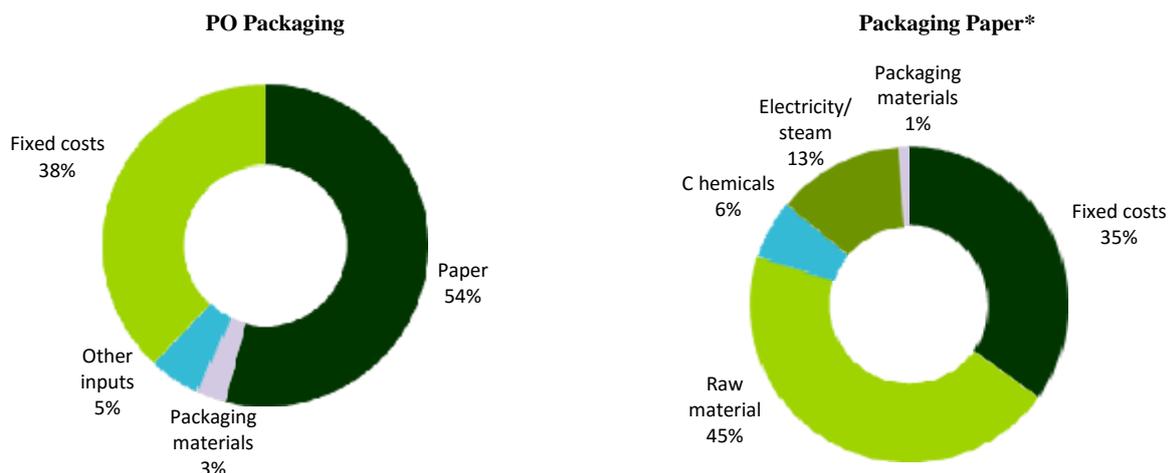
Net revenue by segment



2.2 Cost of Sales

The cost of sales in 1Q16 amounted to R\$ 141,993 thousand, 11.0% higher than that of 1Q15, when compared in absolute numbers. The positive variation in the fair value of biological assets was not considered in the cost of products sold.

The composition of cost by IRANI's operation segment in 1Q16 is shown in the charts below.



*the cost of the Packaging Paper Segment does not include the positive change in the fair value of biological assets.

2.3 Operating income and expenses

Selling expenses in 1Q16 totaled R\$ 20,209 thousand and represented 10.6% of the consolidated net revenue, compared to 10.1% in 1Q15.

Administrative expenses in 1Q16 were 25.5% higher, in relation to the 1Q15, totaling R\$ 14,426 thousand and represented 7,5% of the consolidated net revenue for 1Q16, mainly due to the reinstatement of the INSS on the payroll, and represented 6.3% of the consolidated net revenues for 1Q15.

Other operating income/expenses resulted in an expense of R\$ 982 thousand in 1Q16, against an expense of R\$ 13 thousand in 1Q15.

3. CASH PROVIDED BY OPERATING ACTIVITIES (ADJUSTED EBITDA)

Consolidated (R\$ thousand)	1Q16	4Q15	1Q15	Var. 1Q16/4Q15	Var. 1Q16/1Q15	LTM16	LTM15	Var. LTM16/LTM15
Operating Result Before Taxes and Profit Sharing	(7,373)	(15,162)	894	-51.4%	-924.7%	(7,305)	33,669	-121.7%
Depletion	3,994	5,164	4,422	-22.7%	-9.7%	20,151	20,577	-2.1%
Depreciation and Amortization	15,272	15,259	14,435	0.1%	5.8%	59,954	53,275	12.5%
Finance Result	26,075	22,118	24,435	17.9%	6.7%	94,213	75,546	24.7%
EBITDA	37,968	27,379	44,186	38.7%	-14.1%	167,013	183,067	-8.8%
Margem EBITDA	19.8%	14.1%	24.2%	5.7p.p.	-4.4p.p.	21.8%	24.7%	-2.9p.p.
Adjustments pursuant to CVM Instruction 527/12								
Change in the Fair Value of Biological Assets ⁽¹⁾	(4,905)	14,372	(510)	-134.1%	861.8%	2,054	(28,301)	-
Management Profit Sharing ⁽²⁾	-	55	-	-	-	55	6,287	-99.1%
Non-recurring Events ⁽³⁾	1,988	1,473	-	35.0%	-	3,461	4,725	-26.8%
Adjusted EBITDA	35,051	43,279	43,676	-19.0%	-19.7%	172,583	165,778	4.1%
Adjusted EBITDA Margin	18.3%	22.3%	23.9%	-4.0p.p.	-5.6p.p.	22.5%	22.4%	0.1p.p.

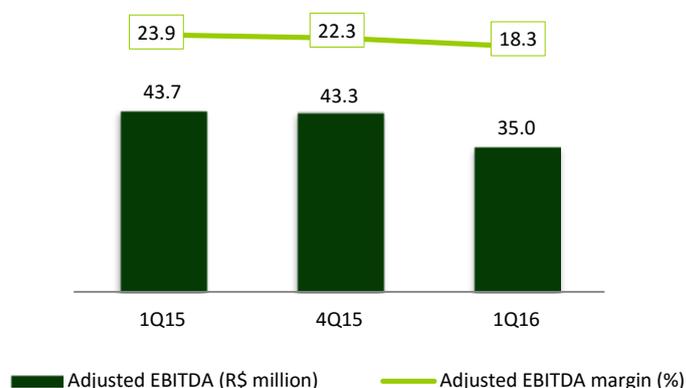
¹ The change in the fair value of biological assets does not represent a cash reduction in the period.

² Management profit sharing: The amount of R\$ 55 thousand (UDM16) refers to the distribution of the Company's results and does not represent a cash disbursement in the period.

³ Non-recurring events refer to the write-off of an intangible asset (São Roberto trademark), totaling R\$ 1,473 thousand (4Q15), and an accrued social security contribution on the provision for vacation pay for prior periods, due to a change in the taxation regime (reinstatement of ICMS), totaling R\$ 1,988 thousand (1Q16), and do not represent a cash reduction/disbursement in the period.

The operating cash generation, measured using the adjusted EBITDA, totaled R\$ 35,501 thousand in 1Q16, with a decrease of 19.7% in relation to 1Q15 and 19.0% in relation to 4Q15. The adjusted EBITDA margin decreased by 5.6 percentage points in 1Q16, reaching 18.3%, which was mainly due to the annual scheduled shutdown at the paper plant in Campina da Alegria and the increase in the cost of paper scrap in the period.

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



4. FINANCE RESULT AND INDEBTEDNESS

The finance result was negative by R\$ 26,075 thousand in 1Q16, representing an increase of 6.7% in comparison to 1Q15 and of 17.9% when compared to 4Q15, mainly influenced by the effects of the appreciation of the US dollar against the real, the realization of hedge accounting and the increase in interest rates. In 1Q16, finance costs totaled R\$ 36,827 thousand, compared to R\$ 32,652 thousand

in 1Q15, and R\$ 30,895 thousand in 4Q15. Finance income amounted to R\$ 10,752 thousand in 1Q16, against R\$ 8,217 thousand recorded in 1Q15, and R\$ 8,777 thousand in 4Q15.

Finance result is broken down as follows:

R\$ thousand	1Q16	4Q15	1Q15	LTM16 ¹	LTM15 ¹
Finance income	10,752	8,777	8,217	37,763	27,823
Finance costs	(36,827)	(30,895)	(32,652)	(131,976)	(103,369)
Finance result	(26,075)	(22,118)	(24,435)	(94,213)	(75,546)

¹ Accumulated in the last twelve months.

The table below presents the foreign exchange gains and losses on the Company's finance income and costs:

R\$ thousand	1Q16	4Q15	1Q15	LTM16 ¹	LTM15 ¹
Foreign exchange gains	7,187	4,265	3,867	23,205	10,235
Foreign exchange losses	(11,683)	(5,385)	(11,062)	(37,579)	(19,815)
Foreign exchange variation, net	(4,496)	(1,120)	(7,195)	(14,374)	(9,580)

¹ Accumulated in the last twelve months.

Finance result net of foreign exchange variation was as follows:

R\$ thousand	1Q16	4Q15	1Q15	LTM16 ¹	LTM15 ¹
Finance Result Net of Foreign Exchange Variation	(21,579)	(20,998)	(17,240)	(79,839)	(65,966)

¹ 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 U.S. dollars. Foreign exchange variations on these transactions are accounted for monthly in Equity and recognized in the statement of operations, as finance costs, when realized (hedge accounting). In 1Q16, the Company recognized hedge accounting gains of R\$ 45,757 thousand (R\$ 30,199 thousand net of the taxes recorded in equity), and the amount recognized in the statement of operations, as finance costs, was R\$ 3,823 thousand. In the year-to-date, the Company maintains the amount of R\$ 173,929 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\$ 114,794 thousand is recognized in Equity (net of taxes).

Foreign exchange rate

The exchange rate that was R\$ 3.21/US\$ at March 31, 2015, increased by 10.90% at the end of March 2016, reaching R\$ 3.56/US\$. The average exchange rate for the quarter was R\$ 3.90/US\$, or 1.56% higher than in 4Q15 and 35.89% higher than in 1Q15.

	1Q16	4Q15	1Q15	Δ 1Q16/4Q15	Δ 1Q16/1Q15
Average U.S. dollar	3.90	3.84	2.87	+1.56%	+35.89%
Final U.S. dollar	3.56	3.90	3.21	-8.72%	+10.90%

Source: Bacen

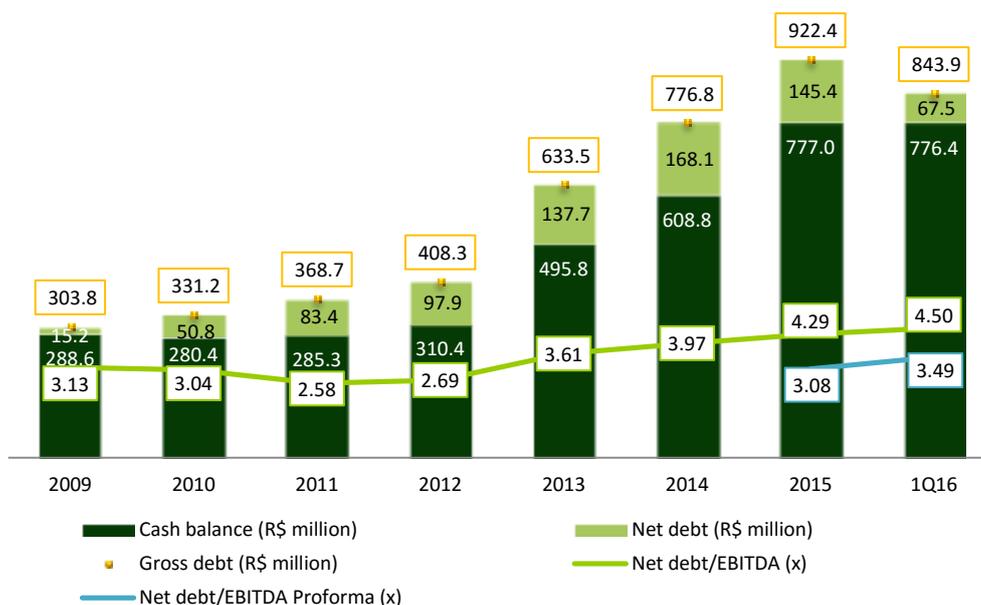
Indebtedness

At March 31, 2016, the consolidated gross indebtedness totaled R\$ 843.9 million, compared to R\$ 922.4 million at December 31, 2015. The variation in this indicator was influenced by the payments for financial operations in the period and the decrease in the R\$/US\$ exchange rate. At March 31, 2016, the Company's gross debt profile presented 24% of debts maturing in the short term and 76% in the long term.

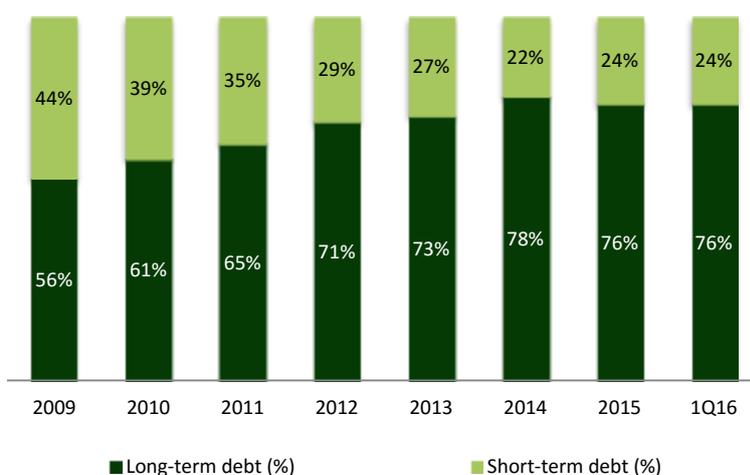
At March 31, 2016, the consolidated cash balance totaled R\$ 67.5 million, compared to R\$ 145.4 million at December 31, 2015. The cash balance was mainly affected by the payments for financial operations and other obligations, and by the increased need for working capital.

Consequently, the consolidated net indebtedness at March 31, 2016 totaled R\$ 776.4 million, compared to R\$ 777.0 million at December 31, 2015. The net debt/EBITDA ratio changed from 4.29 times at the end of 2015 to 4.50 times at the end of 1Q16. Excluding the exchange variation recorded as hedge accounting from the net debt (Note 30 - Cash flow hedge), the pro forma net debt/EBITDA ratio would be 3.49 at the end of 1Q16.

Indebtedness and Net Debt/EBITDA



Gross Indebtedness Profile



5. NET RESULT

In 1Q16, the Company reported losses of R\$ 1,681 thousand, compared to profits of R\$ 3,130 thousand in 1Q15 and losses of R\$ 16,844 thousand in 4Q15. Over the last 12 months, net result was represented by losses of R\$ 4,316 thousand, compared to profits of R\$ 62,953 thousand recorded for the same period of the previous year. The main factor in the comparison between the quarters was the higher negative impact caused by the finance result in 1Q16.

6. INVESTMENTS

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

R\$ thousand	1Q16
Equipment	14,061
Intangible assets	15
Reforestation	1,754
Total	15,830

The investments in the quarter totaled R\$ 15,830 thousand and were primarily intended for the maintenance and improvement of facilities, computer software, machinery and equipment.

7. SHARE CAPITAL

At March 31, 2016, IRANI's 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 March 31, 2016, 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\$ 2.46, and preferred shares, at R\$ 3.11.

Events after the reporting period

On April 11, 2016, after the approval at the Board of Directors' Meeting held on April 8, 2016, the Company and its subsidiary Iraflor Comércio de Madeiras Ltda. entered into a Contract for Purchase and Sale of Standing Timber with Global Fund Reflorestamento e Exploração de Madeiras Ltda. ("Global"), through which the Company sold approximately 4,644 hectares of standing timber to Global, for the amount of R\$ 55.5 million. Pursuant to the Contract, Global acquired the right to explore the Forests for 11 years. As a result of the transaction, Global and the Company also entered into a Service Agreement, through which the Company, in view of its extensive experience in this field, undertakes to provide to Global forest stewardship services related to the Forests. Global granted purchase options to Irani Participações S.A., the Company's parent, for acquisition of plots of the Forests. These options may be exercised annually over the next 11 (eleven) years, and plots of forests may be acquired during this period, directly by Irani Participações S.A. or through an associate, including the Company.