



COMMENTS ON THE COMPANY'S PERFORMANCE IN THE THIRD QUARTER OF 2018

The following information is presented on a consolidated basis. The amounts are presented in compliance with the standards issued by the Securities and Exchange Commission (CVM) applicable to the preparation of quarterly information, including CVM Instruction CVM 469.

Irani presents adjusted EBITDA of R\$ 52.4 million in 3Q18 with margin of 21.1% and growth of 30.5% in relation to 3Q17

MAIN INDICATORS - CONSOLIDATED	3Q18	2Q18	3Q17	Change 3Q18/2Q18	Change 3Q18/3Q17	9M18	9M17	Change 9M18/9M17	UDM18	UDM17	Change UDM18/UDM17
Economic and Financial (R\$ thousand)											
Net operating income	248,019	218,835	224,355	13.3%	10.5%	692,211	628,551	10.1%	922,829	822,141	12.2%
Domestic market	194,653	182,740	197,317	6.5%	-1.4%	567,020	536,116	5.8%	764,035	700,021	9.1%
Foreign market	53,366	36,095	27,038	47.8%	97.4%	125,191	92,435	35.4%	158,794	122,120	30.0%
Gross Profit (including *)	79,378	65,809	72,491	20.6%	9.5%	210,644	187,166	12.5%	249,375	237,186	5.1%
(*) Change in fair value of biological assets	4,960	3,306	5,849	50.0%	-15.2%	9,083	11,165	-18.6%	(12,929)	23,243	-155.6%
Gross margin	32.0%	30.1%	32.3%	1.9p.p.	-0.3p.p.	30.4%	29.8%	0.6p.p.	27.0%	28.8%	-1.8p.p.
Operating Income (loss) before Taxes and Interest	24,476	7,326	2,904	234.1%	742.8%	34,047	(17,844)	-	(48,680)	(36,191)	34.5%
Operating margin	9.9%	3.3%	1.3%	6.6p.p.	8.6p.p.	4.9%	-2.8%	7.7p.p.	-5.3%	-4.4%	0.9p.p.
Net Income (Loss)	22,020	5,278	3,180	317.2%	592.5%	22,042	(9,752)	-	(76,379)	(14,807)	415.8%
Net margin	8.9%	2.4%	1.4%	6.5p.p.	7.5p.p.	3.2%	-1.6%	4.7p.p.	-8.3%	-1.8%	6.5p.p.
Adjusted EBITDA ¹	52,415	40,281	40,176	30.1%	30.5%	135,037	102,985	31.1%	186,582	122,349	52.5%
Adjusted EBITDA Margin	21.1%	18.4%	17.9%	2.7p.p.	3.2p.p.	19.5%	16.4%	3.1p.p.	20.2%	14.9%	5.3p.p.
Net debt (R\$ million)	724.6	745.3	779.3	-2.8%	-7.0%	724.6	779.3	-7.0%	724.6	779.3	-7.0%
Net Debt/Adjusted EBITDA(x)	3.88	4.27	5.88	-9.1%	-34.0%	3.88	5.88	-34.0%	3.88	5.88	-34.0%
Net Debt/pro-forma Adjusted EBITDA (x) ²	2.90	3.30	5.02	-12.1%	-42.2%	2.90	5.02	-42.2%	2.90	5.02	-42.2%
Operating Data (t)											
Corrugated Cardboard Packaging (PO)											
Production/Sales	46,528	43,644	51,711	6.6%	-10.0%	136,929	144,028	-4.9%	186,157	187,415	-0.7%
Paper for Packaging											
Production	71,443	66,590	72,690	7.3%	-1.7%	207,511	215,916	-3.9%	280,614	278,311	0.8%
Sales	26,021	21,273	23,093	22.3%	12.7%	69,507	66,838	4.0%	91,741	90,751	1.1%
Forestry RS and Resins											
Production	3,731	3,268	2,736	14.2%	36.4%	10,744	9,109	17.9%	13,476	11,784	14.4%
Sales	3,690	2,745	1,645	34.4%	124.3%	10,102	7,833	29.0%	14,269	10,298	38.6%

¹ EBITDA (income before interest, taxes, depreciation, amortization and depletion) see the chapter in this release.

² Excluding from the Net Debt exchange-rate change recorded as *hedge accounting*.

- Net income in 3Q18 recorded increase of 10.5% when compared to 3Q17 and of 13.3% in relation to 2Q18, reflecting mainly the increase of volume and prices in Packaging Paper and Corrugated Cardboard Packaging Segments specially when compared to 2Q18.
- The sales volume of the Corrugated Cardboard Packaging Segment decreased 10.0%, when compared to 3Q17, and totaled 46.5 thousand tons in 3Q18. When compared to the 2Q18, the sales volume increased 6.6%. The Packaging Paper Segment totaled 26.0 thousand tons, recording an increase of 12.7% when compared to 3Q17 and 22.3% in relation to 2Q18. The RS Forest and Resins segment had an increase of 124.3% as compared to the 3Q17 and 34.4% in relation to 2Q18, reaching 3.7 thousand tons.
- The gross income for 3Q18 had an increase of 9.5% as compared to the 3Q17 and 20.6% as compared to 2Q18, mainly reflecting the growth in net income for the period in relation to the



other quarters used for comparison purposes. In the 2Q18, it should be mentioned the impact of the trucker's strike.

- The net income was R\$ 22.0 million of income in 3Q18, against R\$ 3.2 million of income in 3Q17 and R\$ 5.3 million of income in 3Q18. The main factors which affected the net income, when compared to 2Q18, were the improvement of margins in view of higher prices in the period, combined with stable costs, result of management programs implemented by the Company.
- The adjusted EBITDA in 3Q18 was R\$ 52.4 million, 30.5% higher than in 3Q17, which was R\$ 40.2 million, mainly due to the better performance of margins in the period. As compared to the 2Q18, it was 30.1% higher, mainly due to the increase in volume, better margins realized in the period, and the impact of the trucker's strike in the 2Q18.
- The Net Debt/EBITDA ratio was 3.88 times in September 2018. Excluding from the Net Debt the exchange-rate change recorded as hedge accounting, the Net Debt/EBITDA ratio would be 2.90x.
- The cash position at the end of September 2018 was R\$ 127.2 million and 70% of the debt is in the long term.

Highlights of the 3Q18

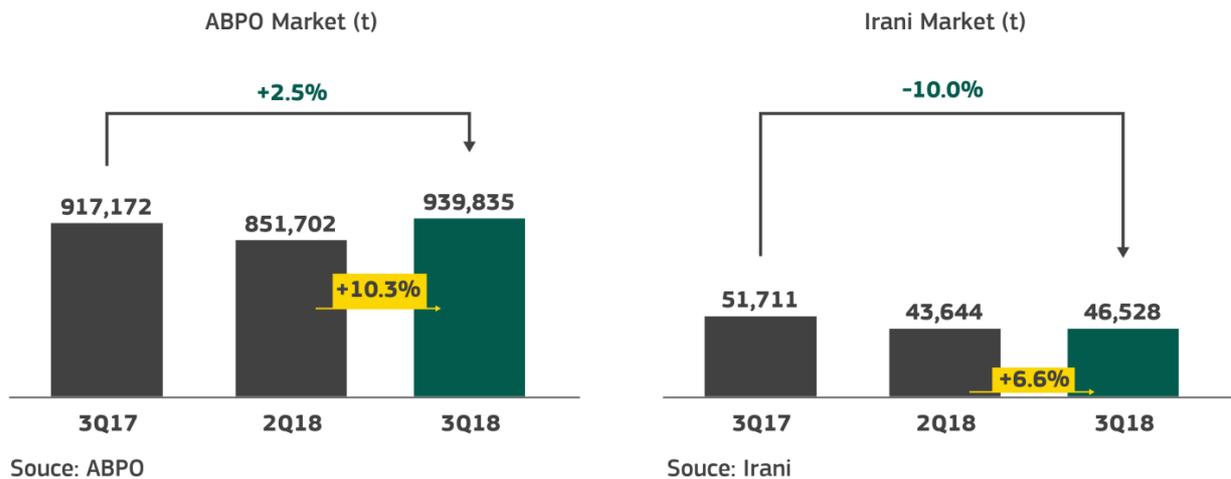
In Brazil, the scenario is characterized by an expectation related to the new administration which will start a new political cycle in Brazil. The market is waiting for clear signals that indicate the composition of the new administration and the first measures aimed at achieving fiscal balance and economy recovery. The Brazilian Geographic and Statistics Institute (IBGE) informed that the Brazilian GDP grew 0.2% in the second quarter in relation to the first quarter of the year. Regarding the international economy, it continues booming in the United States, but in China there is indication of slowdown, mainly in investments. The normalization of interests in the US and the progress of trade wars started to give rise to greater uncertainties in the external/international front, causing market instabilities.

The Brazilian Association of Corrugated Cardboard (ABPO) recorded a 2.5% increase in the shipment in tons of corrugated cardboard in 3Q18, compared to 3Q17. The sales volume of Irani Market, in tons, presented decrease of 10.0% in 3Q18. Compared to 2Q18, ABPO Market increased 10.3% and Irani Market recorded an increase of 6.6%. In tons, Irani's market share in the Corrugated



Cardboard Packaging Segment was 4.9% in 3Q18, 5.6% in 3Q17 and 5.1% in 2Q18. The reduction in the sales volume in the 3Q18 in relation to the 3Q17 was caused by the end of a production shift in the SP Vila Maria Packaging unit.

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

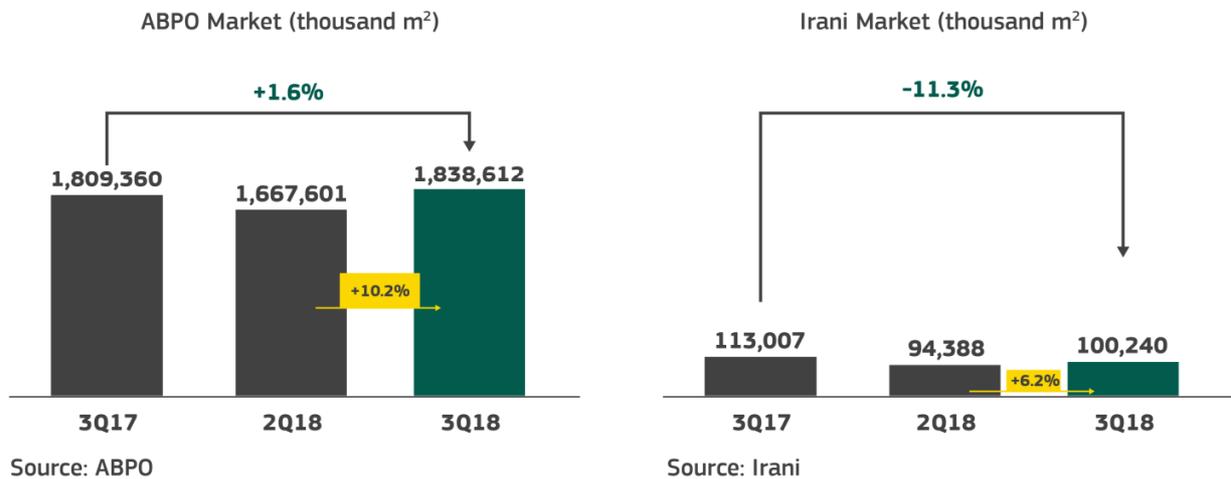


In square meters (m²) the sales volume of corrugated cardboard packaging of the ABPO Market presented an increase of 1.6% in 3Q18 when compared to 3Q17, when Irani Market recorded decrease of 11.3%. Compared to 2Q18, ABPO Market presented an increase of 10.2% whereas Irani Market recorded an increase of 6.2%. In square meters, Irani's market share was 5.4% in 3Q18, 6.2% in 3Q17 and 5.7% in 2Q18.

The Corrugated Cardboard Packaging Segment (PO) represented in 3Q18 57% of Irani's net income, the Packaging Paper Segment represented 32% and the Forestry RS and Resins Segment, 11%. In turn, the domestic market corresponded to 78% of net income and the foreign market 22%, the growth of 9.5 percentage points in the domestic market's income when compared to 3Q17 is mainly due to the increase in sales volume to foreign market concerning Packaging Paper and Forestry RS and Resins segment and also, increase in Dollar and Euro quotation which contributed to the growth of prices from exports in Reais.



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

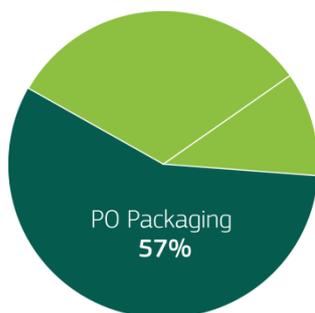


3Q18 ABPO (in ton and m²) are closing previews. There may be changes in the official data.

1. OPERATIONAL PERFORMANCE (not reviewed by independent auditor)

1.1 Corrugated Cardboard Packaging Segment (PO)

Contribution in income 3Q18



The sales volume of boxes and plates of corrugated cardboard totaled 46,528 tons, 10.0% lower when compared to 3Q17 and 6.6% higher when compared to 2Q18. The reduction in volume in relation to the 3Q17 was caused by the end of a production shift in the SP Vila Maria Packaging unit. The sales of boxes presented decrease of 8.7% when compared to 3Q17 as well as the sales of plates, which recorded decrease of 13.2% in the comparison of the quarters. SP Indaiatuba, SC Campina da

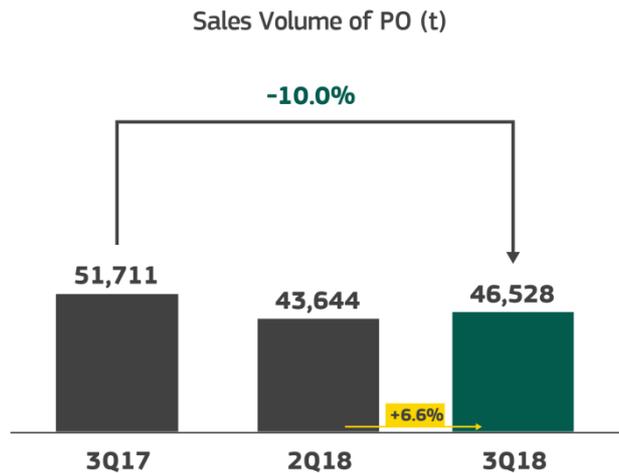
Alegria and SP Vila Maria Packaging units account for respectively 43%, 33% and 24% of the total sold in the third quarter of 2018, whose production is entirely destined to the domestic market.

The volume of SP Indaiatuba Packaging plant reached 14,310 tons of boxes and 5,950 tons of plates in 3Q18 (against 13,934 tons of boxes and 5,872 tons of plates in 3Q17).



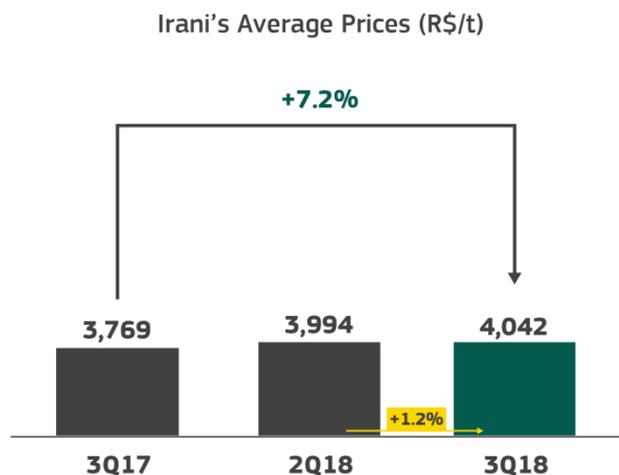
SC Campina da Alegria Packaging plant recorded sales volume of 12,190 tons of boxes and 3,034 tons of plates in 3Q18 (against 12,860 tons of boxes and 3,277 tons of plates in 3Q17).

SP Vila Maria Packaging plant recorded sales volume of 7,020 tons of boxes and 4,024 tons of plates in 3Q18 (against 9,927 tons of boxes and 5,841 tons of plates in 3Q17).



Source: Irani

Irani's average price (CIF) per ton recorded increase of 7.2% in 3Q18 when compared to 3Q17 and of 1.2% in relation to the second quarter of 2018, as shown below:



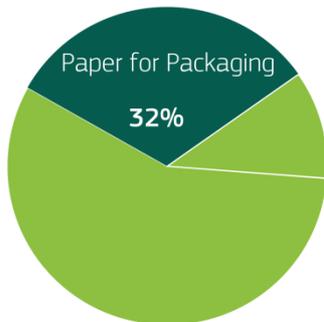
Source: Irani

Methodological Note: Irani's prices exclude IPI, but include PIS, COFINS and ICMS and are adjusted according to the mix of market boxes and plates.



1.2 Segment of Paper for Packaging

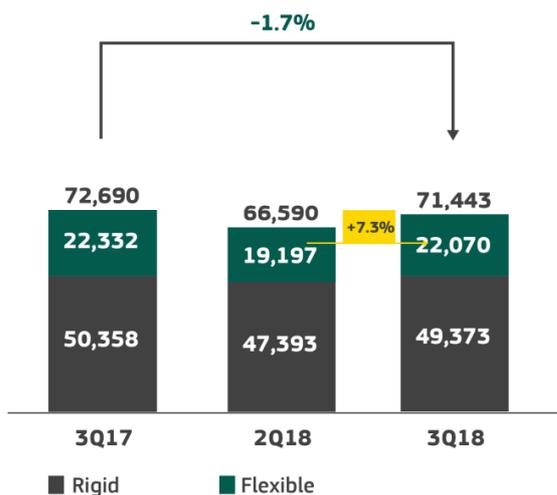
Contribution in income 3Q18



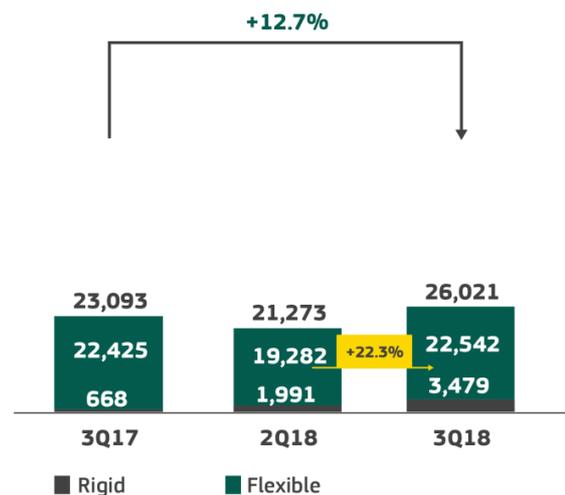
Irani operates in the Packaging Paper Segment, in the markets of papers for rigid packaging (Corrugated Cardboard) as well as for flexible packaging (bagging).

The Company's total production of Packaging Paper in the quarter was 1.7% lower when compared to 3Q17, and 7.3% in relation to 2Q18. Sales increased 12.7% when compared to 3Q17, and 22.3% higher in relation to 2Q18.

Total Production of Packaging Paper (t)



Total Sales of Packaging Paper (t)

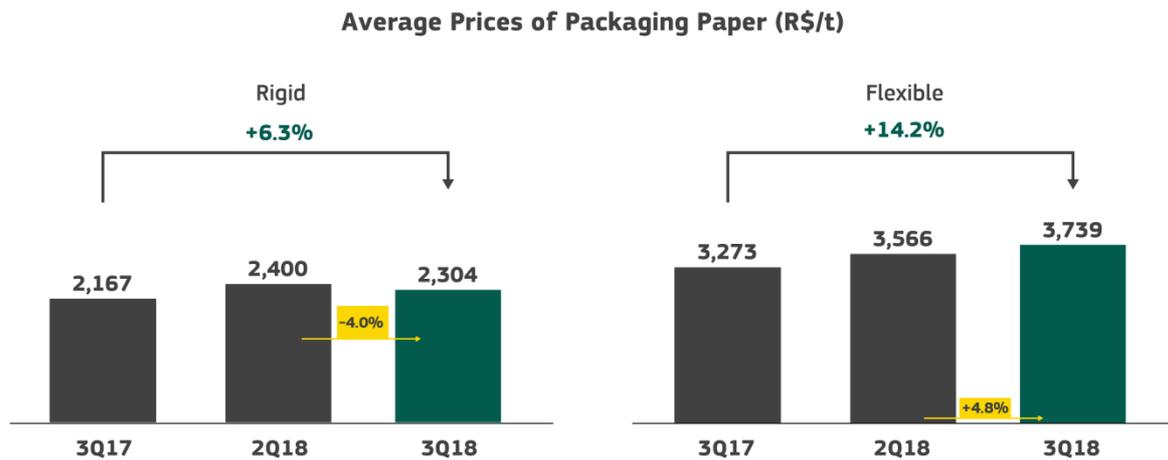


In 3Q18, internal transfers of paper for rigid packaging (Corrugated Cardboard) totaled 46,657 tons (50,995 tons in 3Q17 and 43,539 tons in 2Q18), to SP Indaiatuba Packaging plant, 18,456 tons (18,289 tons in 3Q17 and 16,443 tons in 2Q18) to SP Vila Maria Packaging plant, 11,898 tons (16,644 tons in 3Q17 and 12,674 tons in 2Q18) and to SC Campina da Alegria Packaging Plant, 16,303 tons in 3Q18 (16,062 tons in 3Q17 and 14,422 tons in 2Q18). Of total internal transfers, 40% were made to SP Indaiatuba Packaging plant, 35% to SC Campina da Alegria Packaging plant and 25% to SP Vila Maria Packaging plant.

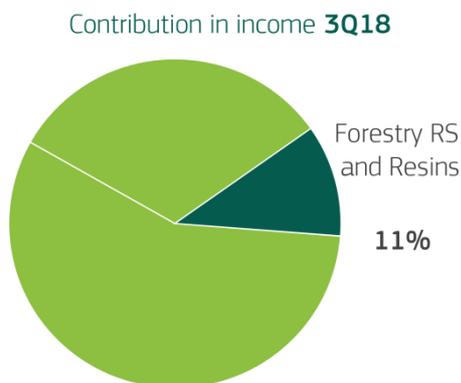
Papers for rigid packaging, whose sales volume is not significant (only 3,479 tons in 3Q18, as shown in the graph above) and whose price is lower than the price of other papers traded by the Company,



recorded a price increase of 6.3% in 3Q18 when compared to those practiced in 3Q17, and a decrease of 4% when compared to 2Q18. Papers for flexible packaging increased 14.2% when compared to 3Q17 and 4.8% in 2Q18 due to foreign exchange rate and implementation of price readjustment.



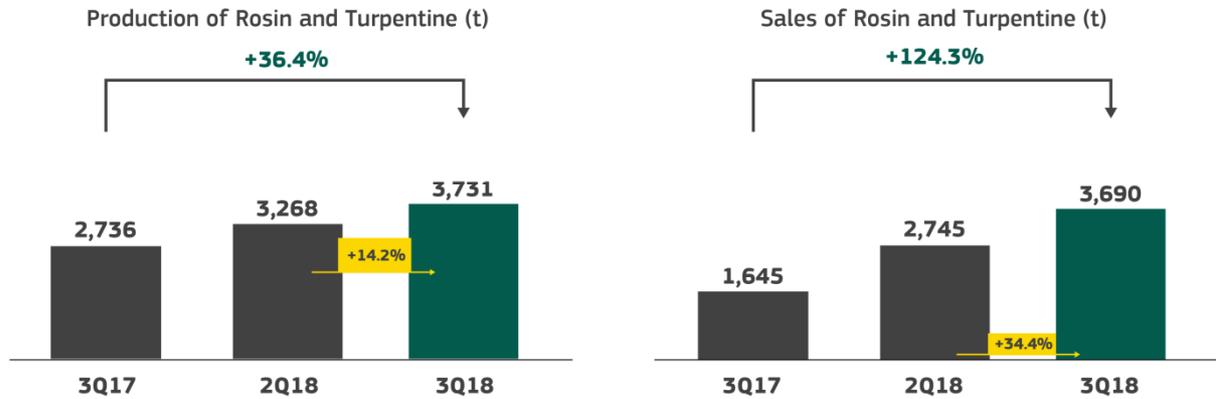
1.3 Forestry RS and Resins Segment



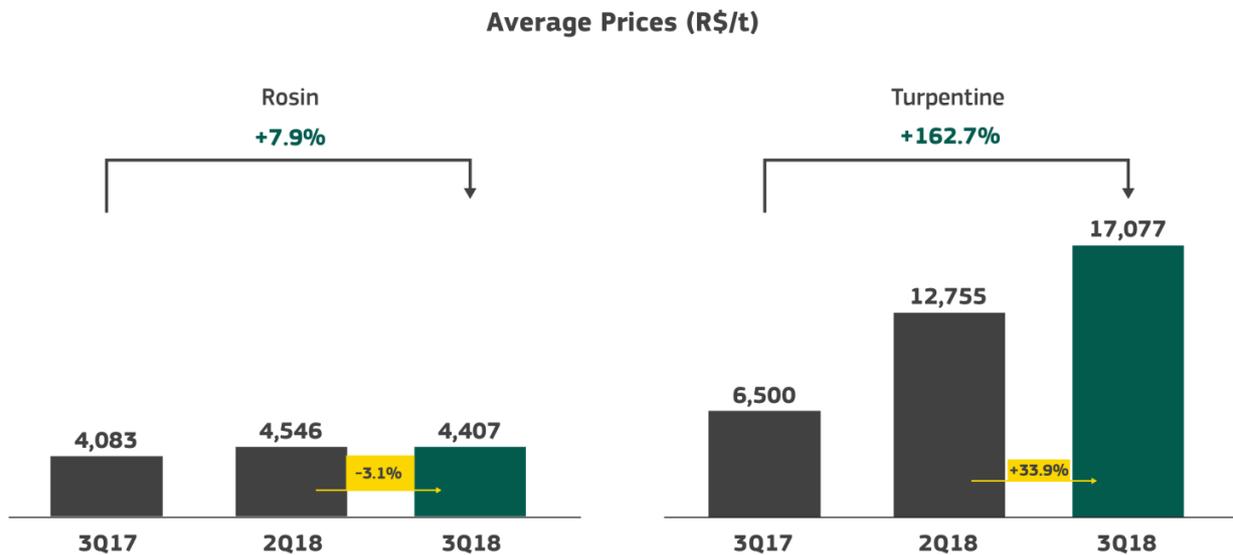
The Forestry segment of Rio Grande do Sul produced and sold in 3Q18 27 thousand cubic meters of pine logs to the domestic market (31 thousand cubic meters in 3Q17) and provided 750 tons of resins *in natura* to be used in the industrial process of production of rosin and turpentine.

The production volume in the RS Balneário Pinhal Resin unit in 3Q18 presented increase of 36.4% when compared to 3Q17, and a 14.2% increase when compared to 2Q18.

The sales volume presented a 124.3% increase when compared to 3Q17, and 34.4% in relation to 2Q18.



In 2Q18, the average gross price of Rosin was 7.9% higher than in 3Q17 and 3.1% lower when compared to 2Q18. Turpentine increased 162.7% when compared to 3Q17 and 33.9% in relation to 2Q18. The price of these products changes according to the foreign market and exchange rate.





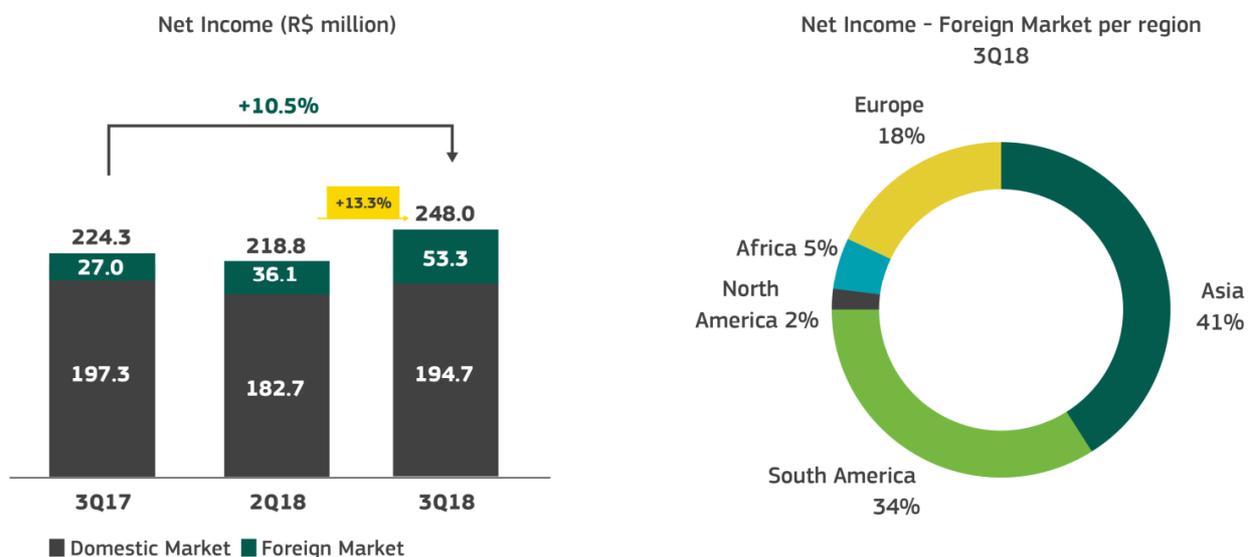
2. ECONOMIC AND FINANCIAL PERFORMANCE

2.1 Net operating income

The net operating income for 3Q18 was R\$ 248,019 thousand, a growth of 10.5% when compared to 3Q17 and 13.3% when compared to 2Q18, mainly due to increase in the volume of the Packaging Paper and Corrugated Cardboard Packaging segments, specially when compared to 2Q18.

In the domestic market, net operating income was R\$ 194,653 thousand in the quarter and had a 1.4% decrease when compared to 3Q17 and an increase of 6.5% in relation to 2Q18. Income in the domestic market accounted for 78% of Irani's total income.

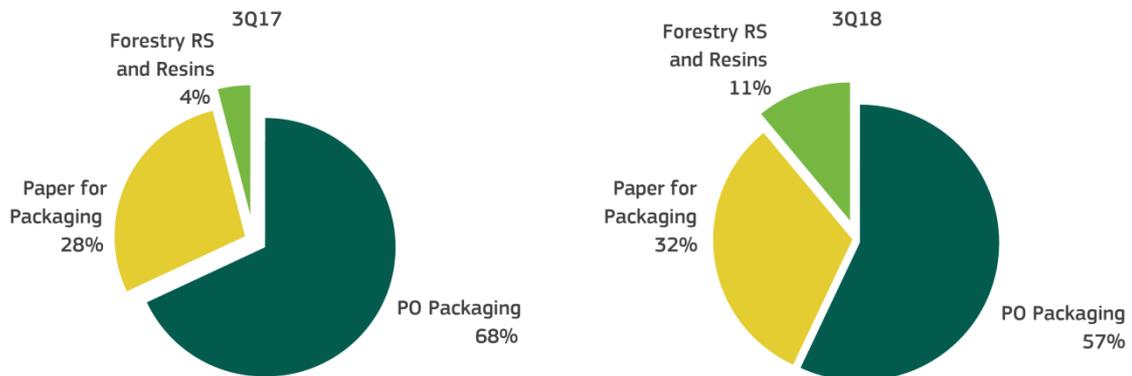
Exports in 3Q18 reached R\$ 53,366 thousand, 97.4% higher than in 3Q17 and 47.8% in relation to 2Q18, representing 22% of total net operating income. Asia was the principal destination of exports, concentrating 41% of export income. The other markets are: South America (34%), Europe (18%), Africa (5%) and North America (2%).



Irani's principal segment of operation is the Corrugated Cardboard Packaging, which accounts for 57% of consolidated net income in 3Q18, followed by the segments of Packaging Paper with 32%, and Forestry RS and Resins, with 11%.



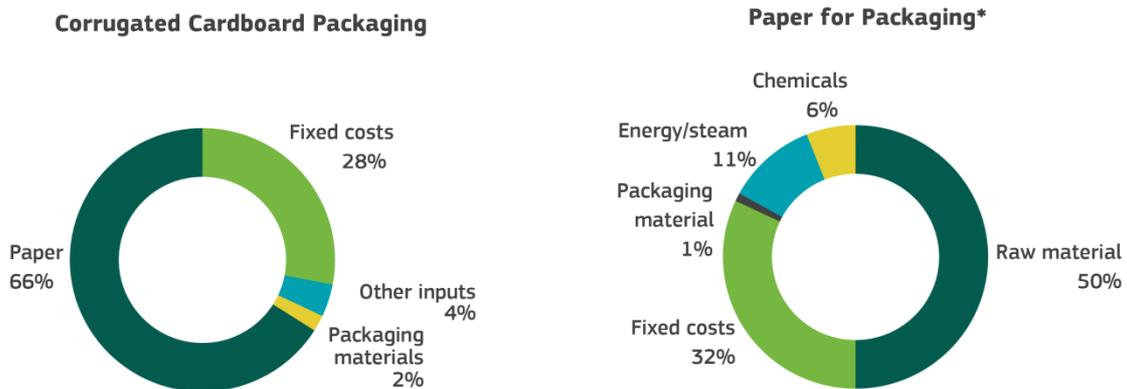
Net income by segment



2.2 Cost of goods sold

The cost of products sold in 3Q18 was R\$ 173,601 thousand, 10.1% higher than in 3Q17 in absolute numbers. Change in fair value of biological assets is not considered in the cost value of sold products.

The formation of the cost per Irani's segment of operation in 3Q18 is shown in the graphs below.



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



2.3 Operating income and expenses

Sales expenses in 3Q18 totaled R\$ 23,241 thousand, representing 9.4% of consolidated net income against 9.7% in 3Q17.

Administrative expenses in 3Q18 were 10.4% higher in relation to 3Q17, totaling R\$ 14,337 thousand (R\$ 12,992 thousand in 3Q17) and represented 5.8% of consolidated net income, as well as in 3Q17.

Other operating income/expenses resulted in an income of R\$ 9,434 thousand in 3Q18 against an expense of R\$ 10,587 thousand in 3Q17.

3. OPERATING CASH (ADJUSTED EBITDA)

Consolidated (R\$ thous.)	3Q18	2Q18	3Q17	Change 3Q18/2Q18	Change 3Q18/3Q17	9M18	9M17	Change 9M18/9M17	UDM18	UDM17	Change UDM18/UDM17
Operating Income (loss) before Taxes and Interest	24,476	7,326	2,904	234.1%	742.8%	34,047	(17,844)	-	(48,680)	(36,191)	34.5%
Depletion	2,215	4,189	3,685	-47.1%	-39.9%	11,606	6,346	82.9%	47,021	7,231	550.3%
Depreciation and amortization	13,608	12,293	13,796	10.7%	-1.4%	38,530	39,777	-3.1%	52,568	56,342	-6.7%
Financial income (loss)	26,758	23,824	24,324	12.3%	10.0%	72,147	79,555	-9.3%	98,898	107,910	-8.4%
EBITDA	67,057	47,632	44,709	40.8%	50.0%	156,330	107,834	45.0%	149,807	135,292	10.7%
EBITDA margin	27.0%	21.8%	19.9%	5.2p.p.	7.1p.p.	22.6%	17.2%	5.4p.p.	16.2%	16.5%	-0.3p.p.
Adjustments according to CVM Instruction 527/12											
Change in fair value of biological assets ⁽¹⁾	(4,960)	(3,306)	(5,849)	50.0%	-15.2%	(9,083)	(11,165)	-18.6%	12,929	(23,243)	-
Non-recurring events ⁽²⁾	(9,682)	(4,045)	1,316	139.4%	-835.7%	(12,210)	6,316	-293.3%	23,846	10,300	131.5%
Adjusted EBITDA	52,415	40,281	40,176	30.1%	30.5%	135,037	102,985	31.1%	186,582	122,349	52.5%
Adjusted EBITDA Margin	21.1%	18.4%	17.9%	2.7p.p.	3.2p.p.	19.5%	16.4%	3.1p.p.	20.2%	14.9%	5.3p.p.

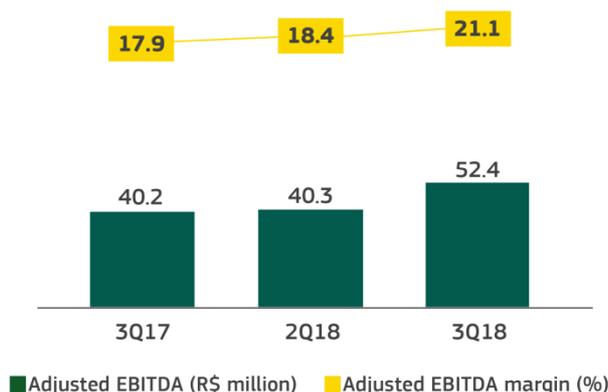
¹ Change in the fair value of biological assets, since it does not mean cash reduction in the period.

² Non-recurring events: The amount of (R\$ 9,682 thousand) in (3T18) refers to the reversal of non-recurring tax provisions.

The operating cash generation, measured by the Adjusted EBITDA, totaled R\$ 52,415 thousand in 3Q18, an increase of 30.5% in relation to 3Q17 mainly due to the better performance of margins in the period, and 30.1% in relation to 2Q18 mainly due to the increase in volume and better margins realized in the period. The adjusted EBITDA margin in 3Q18 reached 21.1%, an increase of 3.2 percentage points in relation to 3Q17 and when compared to 2Q18, 2.7%.



Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin (%)



4. FINANCIAL INCOME (LOSS) AND INDEBTEDNESS

The financial income (loss) was R\$ 26,758 thousand negative in 3Q18, representing a 10.0% increase when compared to 3Q17, negatively affected by the depreciation of the Brazilian real against the dollar. In relation to 2Q18 it recorded an increase of 12.3% negatively affected by a higher hedge accounting realization and depreciation of the Brazilian real against the dollar. In 3Q18, financial expenses totaled R\$ 35,504 thousand against R\$ 31,173 thousand in 3Q17, and R\$ 30,348 thousand in 2Q18. Financial income reached R\$ 8,746 thousand in 3Q18 against R\$ 6,849 thousand in the same period last year and R\$ 6,524 thousand in 2Q18.

The financial result is distributed as follows:

R\$ thousand	3Q18	2Q18	3Q17	9M18	9M17	UDM18 ¹	UDM17 ¹
Financial income	8,746	6,524	6,849	20,213	20,890	21,265	32,971
Financial expenses	(35,504)	(30,348)	(31,173)	(92,360)	(100,445)	(120,163)	(140,881)
Financial income (loss)	(26,758)	(23,824)	(24,324)	(72,147)	(79,555)	(98,898)	(107,910)

¹Accumulated in the past twelve months.

Financial income and expenses include asset and liability exchange-rate changes, as follows:

R\$ thousand	3Q18	2Q18	3Q17	9M18	9M17	UDM18 ¹	UDM17 ¹
Foreign-exchange income	7,074	4,854	4,972	15,749	11,466	17,945	17,345
Foreign exchange costs	(8,624)	(4,035)	(4,978)	(15,762)	(20,199)	(18,022)	(30,075)
Net exchange rate change	(1,550)	819	(6)	(13)	(8,733)	(77)	(12,730)

¹Accumulated in the past twelve months.



The financial income (loss) without exchange-rate change is as follows:

R\$ thousand	3Q18	2Q18	3Q17	9M18	9M17	UDM18 ¹	UDM17 ¹
Financial income (loss) without exchange-rate change	(25,208)	(24,643)	(24,318)	(72,134)	(70,822)	(98,821)	(95,180)

¹Accumulated in the past twelve months.

In order to hedge exports in the coming years, the Company maintains the flow of maturity of commitments denominated in foreign currency (dollar) in line with the forecasts of receipt in the same currency. The exchange-rate change of these operations is being recorded on monthly basis in the Shareholders' Equity and is recognized in the income (loss) as financial expense upon realization (hedge accounting). In 3Q18, the negative amount of R\$ 12,186 thousand (R\$ 8,043 thousand net of taxes in the shareholders' equity) was recognized as hedge accounting, and the amount recognized in the income (loss) as financial expense was R\$ 2,237 thousand. In the accumulated, the Company maintains R\$ 182,860 thousand of exchange-rate change of hedge accounting, to be recognized in the income (loss) upon realization over the coming years, of which R\$ 120,688 thousand are recognized in the Shareholders' Equity (net of taxes).

Foreign exchange

The exchange rate which was R\$ 3.17/US\$ on September 30, 2017, was 26.2% higher at the end of September 2018, and reached R\$ 4.00/US\$. The average exchange rate for this quarter was R\$ 3.96/US\$, 9.7% higher than in 2Q18 and 25.3% higher in relation to the same period of 2017.

	3Q18	2Q18	3Q17	Δ 3Q18/2Q18	Δ 3Q18/3Q17
Average foreign exchange rate - Dollar	3.96	3.61	3.16	+9.7%	+25.3%
Final foreign exchange rate - Dollar	4.00	3.86	3.17	+3.6%	+26.2%

Source: Bacen

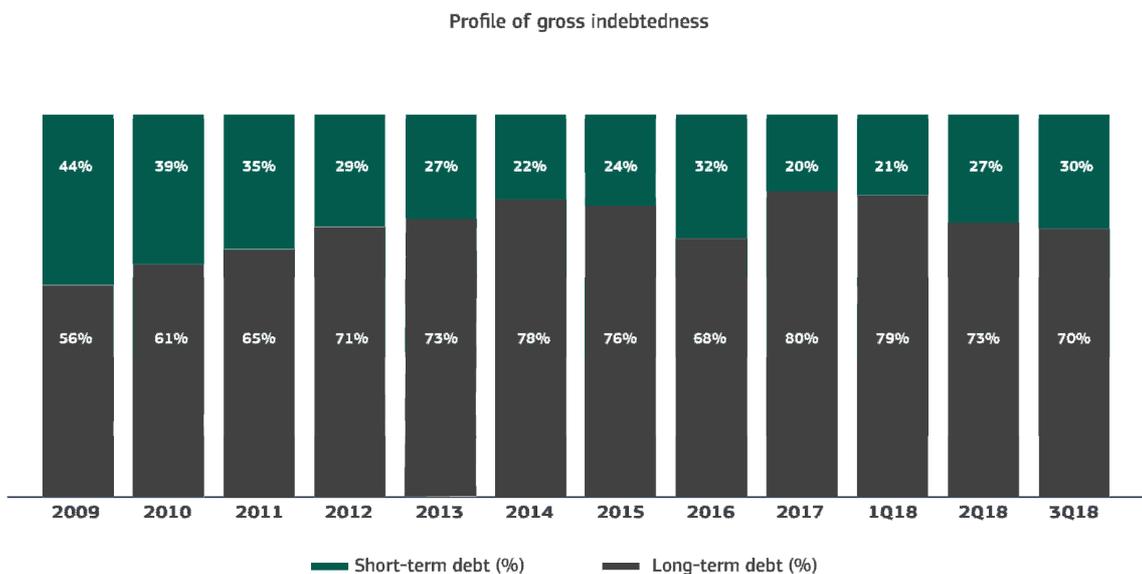
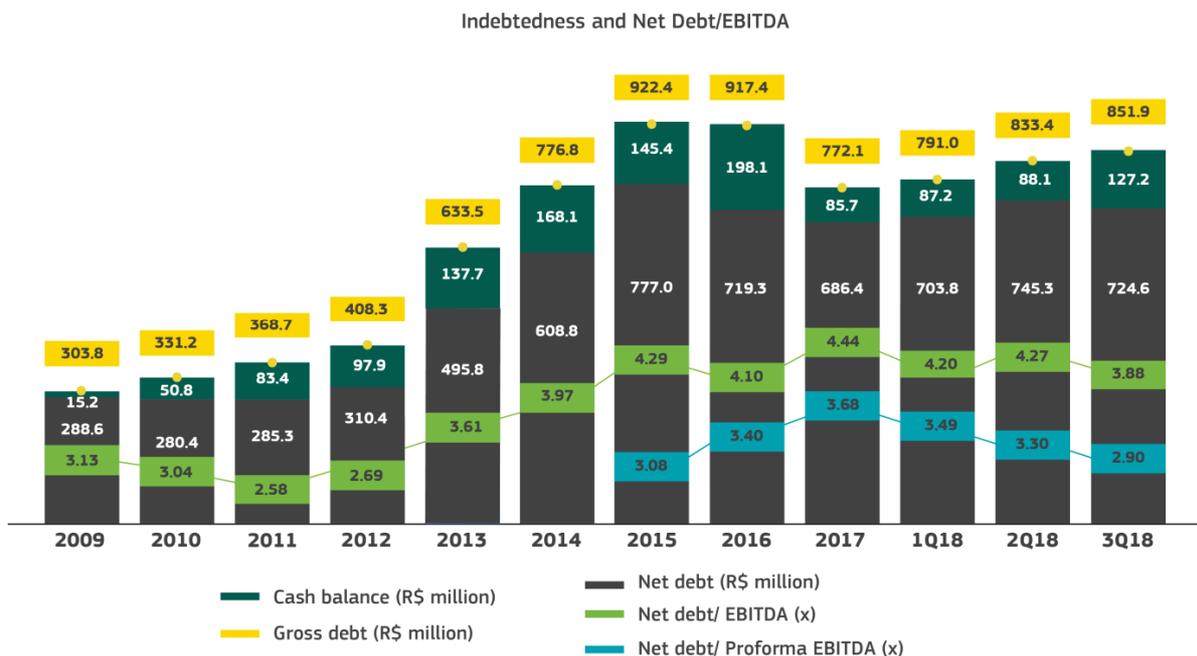
Indebtedness

The consolidated net indebtedness on September 30, 2018 totaled R\$ 851.9 million against R\$ 833.4 million on June 30, 2018. The change in this indicator was due to the depreciation of the Brazilian real against the dollar and the settlements for the period. The gross indebtedness profile as of September 30 was 30% maturing in the short-term and 70% maturing in the long term.



The consolidated cash balance on September 30, 2018 totaled R\$ 127.2 million against R\$ 88.1 million on June 30, 2018. Mainly impacted by funding of financial transactions and operating cash generation.

The consolidated net indebtedness on September 30, 2018 totaled R\$ 724.6 million against R\$ 745.3 million on June 30, 2018. The Net Debt/EBITDA indicator decreased from 4.27 times at the end of 2Q18 to 3.88 times in the end of 3Q18. Excluding from the Net Debt the exchange-rate change recorded as hedge accounting (Note 29 – Cash Flow Hedge), the Net Debt/Pro-forma EBITDA indicator would be 2.90 times at the end of 3Q18.





5. NET INCOME (LOSS)

In 3Q18, the net income (loss) was R\$ 22,020 thousand of income against R\$ 3,180 thousand of income in 3Q17, and R\$ 5,278 thousand of income in 2Q18. In the YTD, 9M18, the net income (loss) was R\$ 22,042 thousand of income compared to negative R\$ 9,752 thousand in the same period of the prior year. This change is mainly due to the improvement of margins in view of higher prices in the period, combined with stable costs, result of management programs implemented by the Company.

6. INVESTMENTS

The Company maintains its strategy to invest in the modernization and automation of its production processes on a cautious basis.

Investments in this quarter amounted to R\$ 21,037 thousand and were basically destined to reforestation, maintenance and improvement of physical structures, software, machinery and equipment of the Company.

In thousand of reais	3Q18	9M18
Land	-	21
Buildings	-	79
Equipment	11,817	36,423
Intangible assets	4,842	13,809
Reforestation	4,378	8,427
Total	21,037	58,759

7. CAPITAL MARKET

Irani's capital, on September 30, 2018, was composed of 166,720,235 shares, of which 153,909,975 (92%) are common shares and 12,810,260 (8%) are preferred shares. On September 30, 2018, the Company held 2,376,100 treasury 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\$ 2.15 whereas preferred shares were traded at R\$ 2.04.