HISTORY OF ARAUCO: A CONTINUED EXPANSION

1996

Alto Parana in Argentina, one of the first strategic steps to expand our business

... Now

Today we are a world class player in the forestry products industry

<table>
<thead>
<tr>
<th>Country</th>
<th>Pulp Mills</th>
<th>Panel Mills</th>
<th>Sawmills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>2</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>1</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Brazil</td>
<td>4</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
<td></td>
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</tr>
<tr>
<td>Uruguay</td>
<td>5</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>4</td>
<td></td>
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<tr>
<td>South Africa</td>
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<td></td>
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<tr>
<td>USA</td>
<td>9</td>
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<td></td>
</tr>
<tr>
<td>Europe</td>
<td>8</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

| Revenues   | US$641 M   |
| Pulp Capacity | 1.1 M tons |
| Panel Capacity | 0 m³    |
| Sawn Timber Capacity | 1.9 M m³ |
| Number of Mills | 11        |
| Revenues³ | US$5.9 bn(3) |
| Pulp Capacity⁵ | 3.9 MM tons |
| Panel Capacity⁴ (5) | 10.8 MM m³ |
| Sawn Timber Capacity⁵ | 2.9 MM m³ |
| Number of Mills (4) | 46        |

Source: Arauco.
(1) Arauco owns 50% of European and South African mills through Sonae Arauco.
(2) Arauco owns 50% of Montes del Plata mill in Uruguay.
(3) Revenues figure corresponds to LTM Sept 2018.
(4) It includes mills in Mexico and Grayling.
(5) As of december 2018
Shareholder Structure (1)

Angelini Group 74,68%
AntarChile 60,82%
Empresas Copec 99,98%

ARAUCO AT A GLANCE

National rating (2)

FitchRatings
AA- (Stable)

AA (Stable)

Feller

International rating (2)

FitchRatings
BBB (Stable)

BBB- (Stable)

Moody’s
Baa3 (Stable)

Financial highlights Sept. 2018 LTM

US$ million

1,873 EBITDA
32% EBITDA Margin

4,167 Debt*

735 Cash

1.8x Net debt/EBITDA

57% Net Debt/Equity

740 Net income

812 CAPEX

* Does not include swaps and forwards

(1) As of September 2018
(2) As of February 2019
DIVERSIFIED SALES AROUND THE WORLD

Revenues
MUS$5,909

Sales by Division
- Wood Products 46%
- Forestry 2%
- Other 1%

Pulp 51%

Sales by Region
- North America 28%
- Central and South America 25%
- Asia and Oceania 36%
- Europe 7%
- Others 4%

Over 65%
Of our revenues are from exports

Pulp and Wood products include energy sale
Sept. 2018 LTM
<table>
<thead>
<tr>
<th>Forestry</th>
<th>Pulp</th>
<th>Wood products</th>
<th>Complementary energy operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>674,020 Ha&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>5 Mills 2,905 th. tons</td>
<td>4 Mills Plywood: 710 th. m³ MDF: 515 th. m³ HB: 60 th. m³ PB: 300 th. m³</td>
<td>7 Sawmills 4 Remanufacturing facilities 2,588 th. m³</td>
</tr>
<tr>
<td>132,617 Ha&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>1 Mill 350 th. tons</td>
<td>2 Mills MDF: 300 th. m³ PB: 260 th. m³</td>
<td>1 Sawmill 1 Remanufacturing facility 317 th. m³</td>
</tr>
<tr>
<td>134,331 Ha&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td></td>
<td>4 Mills MDF: 1,530 th. m³ PB: 720 th. m³</td>
<td></td>
</tr>
<tr>
<td>76,804 Ha&lt;sup&gt;(1)(2)&lt;/sup&gt;</td>
<td>1 Mill 700 th. tons&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>9 Mills MDF: 1,470 th. m³ PB: 2,320 th. m³</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>2 Mills MDF: 250 th. m³ PB: 300 th. m³</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Mills&lt;sup&gt;(1)&lt;/sup&gt; MDF: 741 th. m³ PB: 1,089 th. m³ OSB: 258 th. m³</td>
<td>1 Sawmill&lt;sup&gt;(3)&lt;/sup&gt; 25 th. m³</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.02 MM Ha</td>
<td>3.9 MM tons</td>
<td>10.8 MM m³</td>
<td>2.9 MM m³</td>
</tr>
<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

(1) Considers hectares planted  
(2) Considers 50% of Montes del Plata  
(3) Considers 50% of Sonae Arauco  
As of December 2018, includes Mexico and Grayling
WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

#2 market pulp producer in the world

Market Pulp Capacity (thousand tons)

- Suzano
- Arauco*
- IP
- CMPC
- APRIL
- Metsa Group
- UPM-Kymmene
- Georgia Pacific
- Stora Enso
- APP

3,955 + 1,270 = 5,225 th. tons

#2 panels producer in the world

World Panels Capacity (thousand m³)

- Kronospan
- Arauco*
- Norbord
- Egger
- Georgia Pacific
- Kastamonu
- Swiss Krono
- Louisiana Pacific
- Duratex
- Pfeiderer

9,473 + 1,350 = 10,823 th. m³

*Market Pulp and World Panel Capacity as of December 2018. Arauco capacity includes 50% of Montes del Plata, 50% Sonae Arauco, Mexico, Grayling and MAPA Project
Source: Hawkins Wright, Public fillings, Arauco estimations and Company information and fillings
MAXIMIZING THE VALUE OF EVERY TREE

- Pine & Eucalyptus
- Chips
- Bark & Waste
- BSKP / UKP BHKP
- Pulp
- Black Liquor
- Pulp Mills
- Heat Production
- Energy & Steam
- MDF / HB / PBO
- plywood
- Sawn Timber
- Remanufactured Wood Products
- Wood Products Mills
- Wood Products
FOREST: THE BASE FOR GROWTH
FORESTRY: THE BASE FOR GROWTH

**Total Plantations**

- **In thousand hectares**
  - 2002: 1
  - 2004: 1
  - 2006: 1
  - 2008: 1
  - 2010: 1
  - 2012: 1
  - 2014: 1
  - 2016: 1
  - 2018: 1

**Planting and harvesting**

- **In thousand hectares**
  - 2002: 23 ha.
  - 2004: 85 ha.

**Includes plantations in Chile, Argentina, Brazil and Uruguay**

**Environmental Certifications**

Our forests plantations have international certification in Forestry Management and Chain of Custody.

For detailed information about each certification, you can visit our website www.arauco.cl
Bioforest research and development

Bioforest was formed in 1990 by Arauco and one of the achievements has been the increase in the plantations production by 40%.

51 researchers highly trained

Research and innovation in order to develop and apply the best technologies, maximizing the forestry and industrial resources.

• Bioforest has a wide participation in local and international organizations that are leaders in the forestry-industrial scientific knowledge.

• In addition, Bioforest aims to fulfill the environmental objectives for the protection and conservation of biodiversity present in our native forests.
PULP: ARAUCO’S MAIN INDUSTRIAL ACTIVITY
**PULP: ARAUCO’S MAIN INDUSTRIAL ACTIVITY**

### Pulp Sales

**MUS$2,910**

- **Sales volume:** 3.7 million tons
- **95%** Of pulp sales go to exports
- **Does not include energy sales**

### Pulp production

- **million tons**

<table>
<thead>
<tr>
<th>Year</th>
<th>BHKP (Eucalyptus)</th>
<th>BSKP (Pine)</th>
<th>UKP (Pine)</th>
<th>Fluff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1</td>
<td>1.1</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>2014</td>
<td>1.3</td>
<td>0.9</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>2015</td>
<td>1.5</td>
<td>0.7</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>2016</td>
<td>1.6</td>
<td>0.6</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>2017</td>
<td>1.7</td>
<td>0.5</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Sept-18 LTM</td>
<td>3.7</td>
<td>0.7</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

- **Sept 2018 LTM**

**Sales volume:** 3.7 million tons

- **China:** 58%
- **Europe:** 16%
- **Korea:** 6%
- **America:** 10%
- **Others:** 9%
- **Fluff:** 4%
- **BSKP:** 38%
- **BHKP:** 45%
- **UKP:** 13%

**Does not include energy sales**
PULP: OUR MILLS

Licancel
160,000 tons UKP

Constitución
355,000 tons UKP

Arauco Mill Line 1 & Line 2
290,000 tons BHKP
510,000 tons BSKP

Nueva Aldea
520,000 tons BHKP
520,000 tons BSKP

Valdivia
550,000 tons
Bleached pulp
Swing mill

Alto Parana
350,000 tons BSKP & Fluff
Swing mill

Montes del Plata
1,400,000 tons BHKP
Arauco owns 50%
Balance between short and long fiber

- **HARDWOOD** (45%)
  - BHKP 45%
  - BSKF 33%
- **SOFTWOOD** (55%)
  - Fluff 9%
  - UKP 13%

**Capacity by Grade**
- 3,937 Th. ADt

Cost advantage

**Source:** Hawkins Wright, December 2018
**PULP: COMPETITIVE ADVANTAGES TO EFFICIENTLY SUPPLY THE MARKETS**

- **Average Distance Forest to Mill**
  - Chile: 85 km
  - Argentina: 80 km
  - Uruguay: 282 km

- **Average Distance Mill to Port**
  - Licancel: 420 km
  - Constitucion: 316 km
  - Nueva Aldea: 63 km
  - Arauco: 35 km
  - Valdivia: 301 km
  - Alto Paraná: 1,200 km
  - Montes del Plata: 0 km

*Weighted average distance between our pulp mills located in Chile, Uruguay & Argentina. November 2015*
PULP MARKET SCENARIO

BHKP and NBSK Indexes and BCP capacity growth forecast

- Price gap between NBSK and BHKP
  - September 2018: US$ 180 / ton
  - December 2018: US$ 174 / ton

BCP demand forecast

- 2018-2022 +5.0 Mt

Source: Hawkins Wright, forecast 2018; RISI
Note: BCP: Bleached Chemical Pulp
* Includes Nordic, East Europe, Latinamerica, Oceania, Japan, Asia/Africa
PANELS: EXPANSION OF THE PRODUCT MIX
Panel Sales
MUS$ 1,721

Panels production
In million cubic meters

Sales volume: 5.3 million m$^3$

Sept 2018 LTM
Does not include Sonae Arauco production and sales volume as it does not consolidate
In thousand m³
As of February 2018
*Arauco owns 50% of Sonae Arauco

MDF: Medium Density Fiberboard
MDP: Medium Density Particle board
PB: Particleboard
OSB: Oriented Strand Board
Solid Wood Sales
MUS$997

Solid Wood production
In thousand cubic meters

2014 2015 2016 2017 sept-18 LTM
2.7 2.7 2.7 3.2

Sawn Timber Kilned Sawn Timber Plywood Remanufactured

Sales volume: 2.9 million m³

Plywood 19%
Sawn Timber 31%
Kiln-dried lumber 33%
Remanufactured Products 15%
Others 2%

Sept 2018 LTM
Does not include Sonae Arauco production and volume sales as it does not consolidate
SOLID WOOD: OUR MILLS

ST: Sawn Timber
Rem: Remanufactured Wood Products

In thousand m³
A of December 2018
*Arauco owns 50% of Sanae Arauco
ENERGY: KEY PART OF OUR VALUE CHAIN
Electricity generation from renewable energies is part of our production process.

Arauco is self-sufficient in net electricity consumption and injects the excedent into the local grid in Chile, Argentina and Uruguay.

5 cogeneration plants in Chile and 1 plant in Uruguay are registered under the Kyoto Protocol Clean Development Mechanism (CDM).

Revenues

**MUS$113**

- 774 MW Installed capacity
- 262 MW Sold to National Grid in Chile, Argentina and Uruguay

The surplus energy injected is equivalent to provide energy to 550,000 houses.

**Highlights**

- Electricity generation from renewable energies is part of our production process.
- Arauco is self-sufficient in net electricity consumption and injects the excedent into the local grid in Chile, Argentina and Uruguay.
- 5 cogeneration plants in Chile and 1 plant in Uruguay are registered under the Kyoto Protocol Clean Development Mechanism (CDM).
Arauco Overview

Business Segments

Financial Highlights

Future Investments

Recent Events and Initiatives

Sustainability
SOLID CAPITAL STRUCTURE

**Adjusted EBITDA**

- **US$ million**
  - 2012: 862
  - 2013: 1,153
  - 2014: 1,280
  - 2015: 1,290
  - 2016: 1,067
  - 2017: 1,355
  - Sept-18 LTM: 1,873

- **Adjusted EBITDA Margin**
  - 2012: 20%
  - 2013: 22%
  - 2014: 24%
  - 2015: 25%
  - 2016: 22%
  - 2017: 26%

**CAPEX**

- **US$ million**
  - 2012: 1,369
  - 2013: 865
  - 2014: 614
  - 2015: 469
  - 2016: 665
  - 2017: 654
  - Sept-18 LTM: 812

**Net Debt**

- **US$ million**
  - 2012: 4,474
  - 2013: 4,359
  - 2014: 4,107
  - 2015: 3,805
  - 2016: 3,889
  - 2017: 3,684
  - Sept-18 LTM: 3,432

- **The lowest since 2010**

**EBITDA by Division**

- Wood Products: 21%
- Forestry: 11%
- Pulp: 75%
- Other: -6%

As of September 2018
Modernization and Expansion of the Arauco Mill Project (MAPA) consists in the construction of a third pulp line of 1.56 million Adt (short fiber), increasing the Arauco’s total pulp capacity to approximately 5 million Adt.

The project considers the shut down of Arauco’s line 1 of 290,000 Adt of short fiber pulp once the new line (line 3) is operating.

Construction of a 132 MW cogeneration plant.

The investment for this project is approximately US$ 2,350 million.

It is expected that the mill will start its operations during the second quarter of 2021.
The Board of Directors approved the MAPA project in July 2018.

Arauco signed main equipment contracts with Andritz and Valmet in October 2018. Valmet will supply the recovery boiler, power boilers, dryer and bale handler.

In February 2019, earth-moving works start.

April 2011: Arauco’s first environmental studies for MAPA Project.

October 2018: Arauco signed main equipment contracts with Andritz and Valmet. Valmet will supply the recovery boiler, power boilers, dryer and bale handler.

2021: The new Line 3 is expected to start operating on 2021, while Line1 is shutdown.

MAPA: WHERE WE STAND TODAY
ACQUISITION OF MASISA ASSETS IN BRAZIL AND MEXICO

Brazil

- In September 2017, Arauco subsidiary, Arauco do Brasil, agreed to acquire Masisa do Brasil Ltda.

- Transaction was completed on December 6, 2017 for U.S.$ 102.8 million, with final disbursement amounting to U.S.$ 58.1 million

- Main assets consist of two industrial complexes located in Ponta Grossa (Paraná) and Montenegro (Rio Grande do Sul) in Brazil

- Total installed capacity of:
  - 300 th. m³ of MDF
  - 500 th. m³ of MDP

Mexico

- In December 2017, Arauco agreed to acquire Masisa’s Mexican subsidiaries

- The transaction was completed on January 31, 2019 for US$160 million

- Main assets consist of two industrial complexes located in Durango and Zitácuaro in Mexico

- Total installed capacity of:
  - 250 th. m³ of MDF
  - 300 th. m³ of PB
As of January 2019, the construction phase is going as planned with 65% of construction completed.

Valdivia mill will be able to switch from paper grade to dissolving pulp.

Total estimated CAPEX is US$190 million and the start-up is expected to be by the end of 2019.

Dissolving pulp is used to produce viscose, an alternative material for cotton.
NEW PARTICLE BOARD PLANT IN UNITED STATES

- It is located in Grayling, Michigan, US

- The capacity would be 800,000 m³ per year

- Investment in this mill is estimated to reach US$ 450 million

- On February 2019, we had the first panel’s rollout as part of the first tests

Investment in this mill is estimated to reach US$ 450 million.

The capacity would be 800,000 m³ per year.

On February 2019, we had the first panel’s rollout as part of the first tests.
**Bank Loan Refinancing**

- US$200 million bank loan with maturity in September 2018 was refinanced to September 2023
- Arauco extended the final maturity to a year with low financial amortizations

**Local Bond Issuance (October 2018)**

- Two local bonds (bullet) were issued for UF 3.0 and UF 5.5 million totaling approximately US$340 million, the biggest local issuance of the year in Chile
- The first one has a 10 years tenor with a yield of 2.38% and the other one has a 25 years tenor with a yield of 2.88%
- Proceeds will be used as part of MAPA Project financing
Arauco Overview
Business Segments
Future Investments
Recent Events and Initiatives
Sustainability

Sustainability
Arauco is committed to the occupational health and **SAFETY** of its workers, to the **ENVIRONMENT** and to the welfare of the **COMMUNITIES** in which it operates.
All our business units are certified as compliant with the **OHSAS 18001 EHS** standard.
Our forest plantations are CERTIFIED to INTERNATIONALLY RECOGNIZED STANDARDS

We DO NOT source native forests or protected species

We PROTECT more than 431,000 HECTARES (1,000,000 acres) of native forest in permanent conservation set-asides

During 2017 we invested US$ 89 MILLION in environmental improvements

We apply widely accepted INTERNATIONAL SCIENTIFIC STANDARDS to our silviculture.

We DO NOT use genetically modified plants.
ENERGY

ARAUCO decided over twenty years ago to produce CLEAN ENERGY from forestry biomass arising from nature’s virtuous cycles.

ARAUCO can provide up to 262 MW SURPLUS ENERGY to the SIC.

The company has FIVE cogeneration power plants in Chile and ONE in Uruguay registered as greenhouse gas (GHG) emission-reduction projects with the Clean Development Mechanism (CDM) of the KYOTO PROTOCOL.

This allows ARAUCO to annually OFFSET 500,000 TONS of CO2.
ENVIRONMENT AND PREVENTION OF FOREST FIRES

**deRaiz**

#forestryrenovation

**REDUCE PROPAGATION & FACILITATE COMBAT**

► Structural protection network with fuel cutters and more roads

**PROTECT INHABITED AREAS & INDUSTRIES**

► Protection belt with buffer strips and firewalls near communities

**DECREASE FIRE OCCURRENCE**

► Local committees in 300 zones
► Work integrated with other companies and institutions

**STRUGGLE FIRES IN THE INITIAL PHASE**

► 2017-2018 total investment of US$41.9 million
► Increase of aerial and terrestrial resources
► “Never arrive after 20 minutes”
Plan for Constitución, a city that was affected by the earthquake and tsunami of February 27, 2010.

### Sustainable reconstruction Plan (PRES)
- Plan for Constitución, a city that was affected by the earthquake and tsunami of February 27, 2010.

### Housing plan for workers (HPW)
- 9,000 houses have been built between 2013 and 2017 for Arauco’s employees and subconstructors.

### Arauco Cultural Center
- The earthquake of 2010 affected the local theater and municipal library in Arauco, VIII Region. Arauco rebuilt both buildings and modernized the facilities.
Arauco Campus
- Campus Arauco offers 4 technical careers for more than 660 students, and over 200,000 training annual hours for Arauco’s employees and service-providing business employees.

Arauco Educational Foundation
- The purpose is to DESIGN, IMPLEMENT AND ASSESS teacher-improvement programs where Arauco is present.

Acerca Redes Foundation
- Acerca Redes operates based on hubs: a network of offices that ATTRACT, CONNECT and CENTRALIZE to promote the local development of locations far from urban centers.
FOR FURTHER INFORMATION, PLEASE CONTACT:

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