



**ARAUCO**<sup>®</sup>  
Growing the Future

Celulosa Arauco y Constitución S.A.  
Fourth Quarter 2014 Results  
March 6<sup>th</sup>, 2015



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To be a global leader in sustainable forestry and forest product development is the vision that has driven ARAUCO for more than 40 years. As a result of this clear focus, the company today is one of the major forestry businesses in Latin America in terms of forest ownership, plantations performance and manufacture of market woodpulp, sawn timber and panels.



## CONFERENCE CALL

Friday, March 13<sup>th</sup>, 2015

10:00 Santiago time

09:00 Eastern time (New York)

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## HIGHLIGHTS

- Arauco's revenues reached US\$ 1,380.8 million during the fourth quarter of 2014, a 2.4% increase compared to the US\$ 1,348.6 million obtained in the third quarter of 2014
- During the fourth quarter of 2014, Adjusted EBITDA reached US\$ 334.1 million, an increase of 6.9% compared to the US\$ 312.4 million obtained during the third quarter of 2014
- Arauco's net income for the fourth quarter of 2014 reached US\$ 113.8 million, an increase of 25.8% or US\$ 23.4 million compared to the US\$ 90.4 million obtained in the third quarter of 2014
- For the year 2014 CAPEX reached US\$ 612.0 million, a decrease of 29.2% or US\$ 252.5 million compared to the US\$ 864.5 million during the year 2013
- Net Financial Debt / LTM<sup>(1)</sup> Adjusted EBITDA ratio decreased from 3.6x in the third quarter of 2014 to 3.2x in this quarter

## KEY FIGURES

In U.S. Million	Q4 2014	Q3 2014	Q4 2013	QoQ	YoY	FY 2014	FY 2013	YoY Acum
Revenues	1,380.8	1,348.6	1,260.3	2.4%	9.6%	5,328.7	5,145.5	3.6%
Cost of Sales	(987.4)	(940.5)	(873.4)	5.0%	13.1%	(3,654.1)	(3,557.2)	2.7%
Gross Margin	393.4	408.2	387.0	-3.6%	1.7%	1,674.5	1,588.3	5.4%
Operating Income <sup>(2)</sup>	112.9	129.8	112.0	-13.0%	0.8%	580.9	520.0	11.7%
Net income	113.8	90.4	42.7	25.8%	166.7%	436.9	418.6	4.4%
Adjusted EBITDA	334.1	312.4	232.1	6.9%	43.9%	1,272.2	1,143.4	11.3%
Adjusted EBITDA Margin	24.2%	23.2%	18.4%	4.4%	31.4%	23.9%	22.2%	7.4%
LTM <sup>(1)</sup> Adj. EBITDA	1,272.2	1,170.2	1,143.4	8.7%	11.3%	1,272.2	1,143.4	11.3%
LTM Adj. EBITDA Mg	23.9%	22.5%	22.2%	6.3%	7.4%	23.9%	22.2%	7.4%
CAPEX	134.0	107.6	209.5	24.5%	-36.1%	612.0	864.5	-29.2%
Net Financial Debt	4,107.3	4,182.4	4,359.3	-1.8%	-5.8%	4,107.3	4,359.3	-5.8%
Net Financial Debt / LTM Adj. EBITDA	3.2x	3.6x	3.8x	-9.7%	-15.3%	3.2x	3.8x	-15.3%

(1) LTM = Last Twelve Months

(2) Operating income = Gross margin – Distribution costs – Administrative expenses

## INCOME STATEMENT ANALYSIS

### Revenues

Arauco's revenues for the fourth quarter of 2014 reached US\$ 1,380.8 million, 2.4% higher than the US\$ 1,348.6 million obtained during the third quarter of 2014. Compared to the US\$ 1,260.3 million obtained in the fourth quarter of 2013, sales were 9.6% higher, mainly explained by a 20.6% increase in total sales of our pulp business, 16.9% increase in sales of our sawn timber business, and partially offset by a 3.2% decrease in our panels sales.

The main change during this quarter was in our Pulp division due to an improvement of volume sales (a 14% increase QoQ) after a weak third quarter that included the summer season in Europe and an increase in sales from Montes del Plata.

On the other hand, the decrease in prices is explained by long fiber pulp, where Arauco has approximately 60% of its installed capacity. Some producers took advantage of the depreciation of their local currency to offer important discounts. Such was the case of the Russian Ruble. Producers from that country sold their long fiber production to Chinese buyers with strong price cuts. This situation affected market prices, including those of Arauco. On the contrary, in short fiber we had price increases both in Europe and Asia.

Our Panels division's revenues fell 6.1% explained by lower average prices and volumes. The main markets that explain these drops during the fourth quarter are Brazil and North America. In Brazil, there were lower prices and less sales of MDF and PBO by around 9.5% in the fourth quarter, after of the recovery during the third quarter. In North America, that had a good performance during the third quarter, we adjusted volumes in order to avoid an oversupply of MDF given that supply increased from competitors.

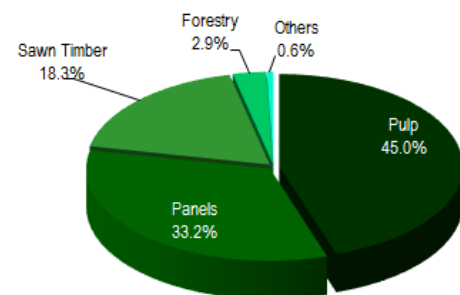
Sales by Business Segment Q4 2014						
In U.S. Million	Q4 2014		Q3 2014		Q4 2013	
Pulp (*)	621.0	45.0%	565.3	41.9%	514.7	40.8%
Panels (*)	458.9	33.2%	488.8	36.2%	474.0	37.6%
Sawn Timber (*)	252.3	18.3%	255.1	18.9%	215.8	17.1%
Forestry	40.3	2.9%	31.6	2.3%	46.8	3.7%
Others	8.2	0.6%	7.9	0.6%	9.0	0.7%
<b>Total</b>	<b>1,380.8</b>	<b>100.0%</b>	<b>1,348.6</b>	<b>100.0%</b>	<b>1,260.3</b>	<b>100.0%</b>

(\*) Pulp, Panels and Sawn Timber division sales include energy

The main variances by business segment during this quarter were:

QoQ	Net Sales	Price	Volume
Pulp	9.9%	-2.5%	14.1%
Panels	-6.1%	-2.8%	-4.5%
Sawn Timber	-1.1%	-3.3%	2.3%

Sales by Business Segment Q4 2014



Total: US\$ 1,380.8 million

(\*) Pulp, Panels and Sawn Timber division sales include energy

## Cost of Sales

For the fourth quarter of 2014 Cost of Sales reached US\$ 987.4 million, 5.0% higher than the US\$ 940.5 million obtained during the third quarter of 2014. Compared to the US\$ 873.4 million obtained in the fourth quarter of 2013, Cost of sales were 13.1% higher. As the Montes del Plata pulp mill continued its ramp up, accordingly we have registered additional costs of sale. Also, other factors that explain the increase in costs of sale are the 14.1% increase in our pulp volume sales.

In terms of costs by concept, our main increase was in Raw Materials and Indirect Costs, with a US\$ 49.3 million increase, followed by Depreciation & Amortization (+ US\$ 24.3 million) and Chemicals (+ US\$ 10.7 million). These increases were partially offset by lower costs of wood and forestry services (- US\$ 41.2 million).

During the fourth quarter the maintenance stoppage at Constitución, Valdivia and Alto Paraná mills had a negative effect in costs of bleached softwood pulp division. We had an increase in unitary cost of sales for bleached softwood pulp and a decrease for bleached hardwood pulp of 1.7% and 4.0% respectively, when compared to the third quarter of 2014.

## Other Relevant Items:

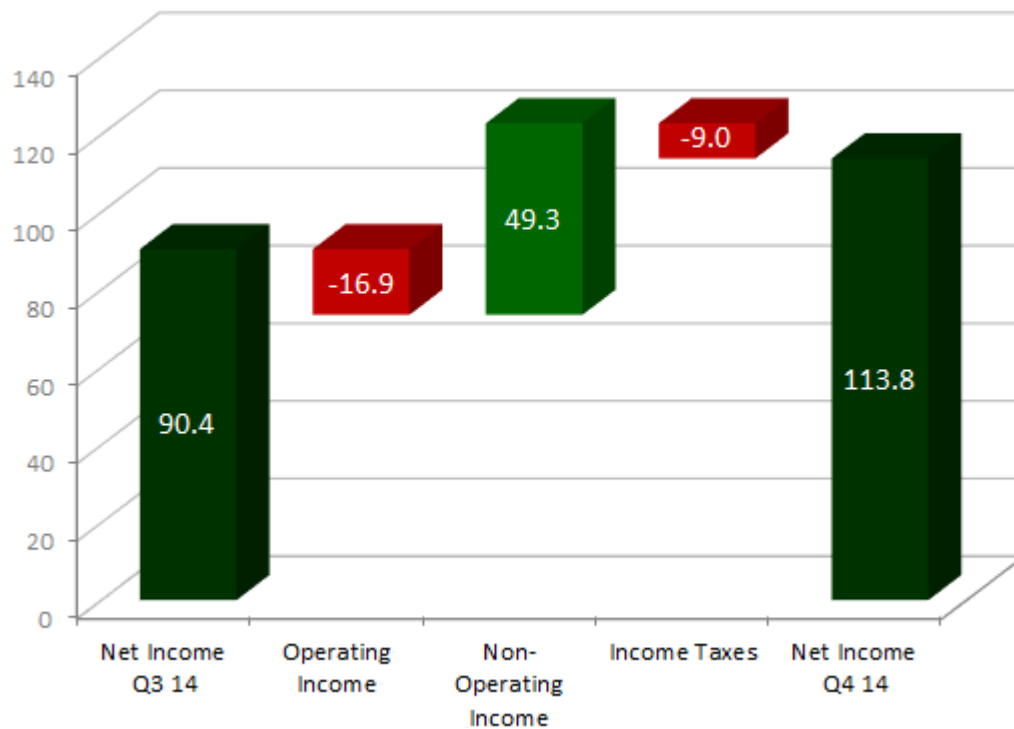
- **Other operating income:** An increase of US\$ 59.4 million QoQ mainly explained by the gain from the sale of 11,000 hectares of plantations in Chile
- **Distribution Costs and Administrative Expenses:** Stood relatively stable. Distribution costs and administrative expenses increased in 2.2% (US\$ 3.1 million) and decreased 0.7% (US\$ 1.0 million) respectively. As a percentage of revenues, both items combined were 20.3%, also similar to the 20.6% in the third quarter

## Net Income

Net income for the fourth quarter of 2014 was US\$ 113.8 million, an increase of 25.8% or US\$23.4 million compared to the US\$ 90.4 million obtained in the third quarter of the year.

Compared to the same quarter in 2013, Net income was 166.7% or US\$ 71.1 million higher. This is mainly explained by an increase of 48.2% or US\$ 44.6 million in other income and the decrease of other operating expenses of 44.6% or US\$ 28.5 million.

**Net Income Variation by Item 3Q14 – 4Q14**  
(In US\$ Million)

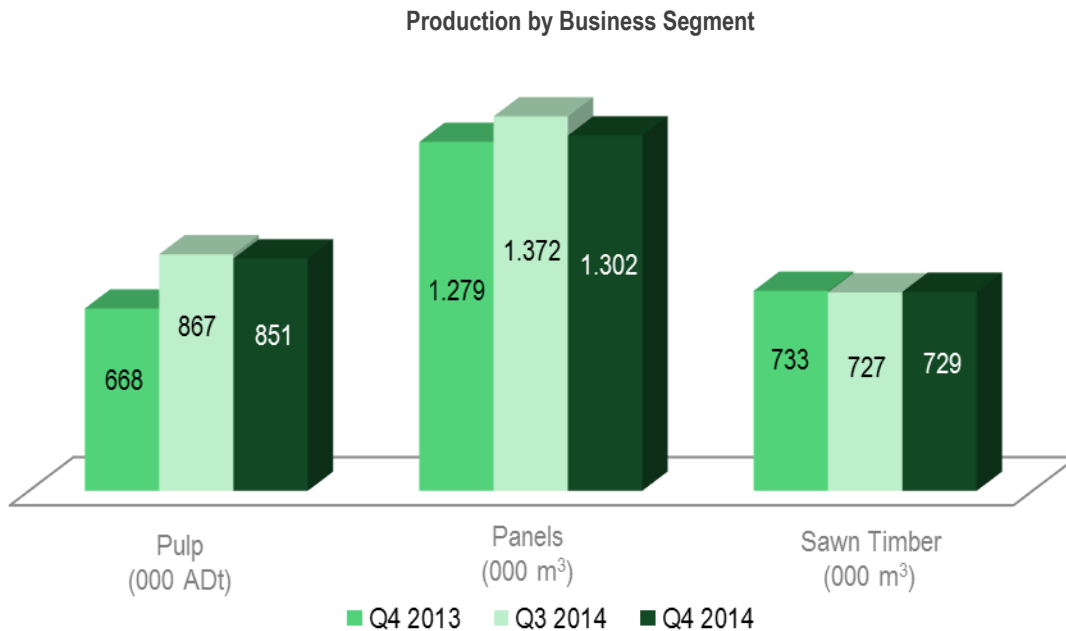


## Production

During the fourth quarter of 2014, our Pulp production was 851 thousand Adt, a 1.8% decrease compared to the 867 thousand Adt produced in the previous quarter. This was mainly due to a programmed maintenance stoppage at Constitución, Valdivia and Alto Paraná mills, partially offset by an increase of our 50% of Montes del Plata's production by 31 thousand Adt, during its ramp up stage. Compared to the fourth quarter of 2013, production volume increased 27.4% in our pulp division mainly explained by the new production of Montes del Plata and lower production during the fourth quarter of 2013 due to a longer than expected maintenance Stoppage of Nueva Aldea mill.

Production volume in our Panels division was 1,302 thousand m<sup>3</sup>, 5.1% or 70 thousand m<sup>3</sup> lower than the previous quarter, mainly due to production adjustments in North America. The main reason behind this production adjustment was to mitigate an oversupply, given an increase in supply from competitors. Compared to the same period last year, our panel's production increased 1.8%.

The production volume from our Sawn timber division remained stable, with a 0.3% increase or 2 thousand m<sup>3</sup>, compared to the 727 thousand m<sup>3</sup> in the previous quarter. Compared to the last quarter of 2013, production decreased 0.5%.



## Adjusted EBITDA

Adjusted EBITDA for the fourth quarter of 2014 was US\$ 334.1 million, 6.9% or US\$ 21.7 million higher than the US\$ 312.4 million reached during the previous quarter. In terms of Adjusted EBITDA by business, during the fourth quarter of the year we had an increase in our Pulp and Forestry divisions of 17.1% and 18.0% respectively, partially offset by a 39.1% and 0.3% decrease in our Panels and Sawn Timber division respectively. The increase in EBITDA of our Pulp division is mainly due to higher sales, while the decrease in our Panel's division is mainly explained by lower revenues of US\$ 29.9 million. Another reason for this increase is explained by the gain from the sale of 11,000 hectares of plantations in Chile in December.

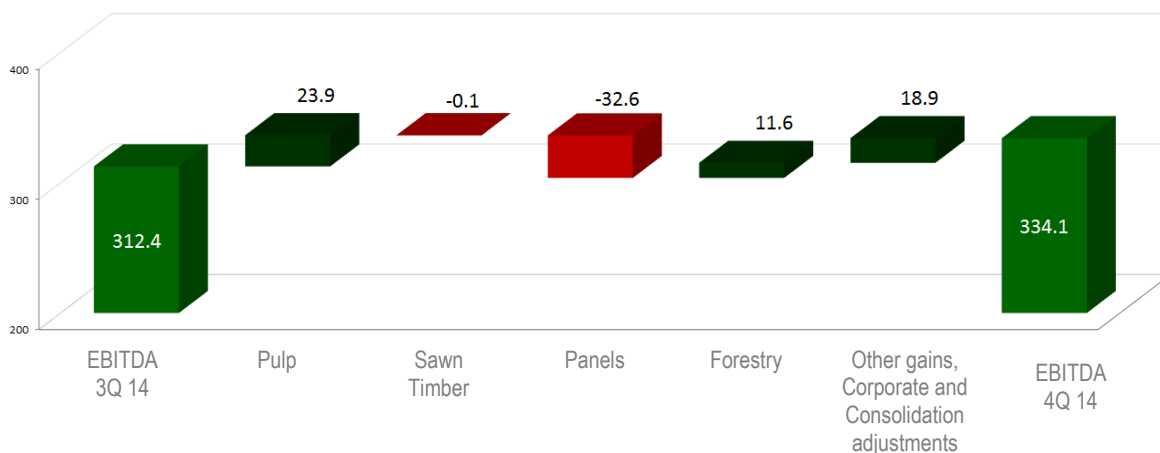
Adjusted EBITDA for the fourth quarter of 2014 was higher by 43.9% or US\$ 102.0 million when compared with the US\$ 232.1 million reached in the same period of 2013.

## Adjusted EBITDA

In U.S. Million	Q4 2014	Q3 2014	Q4 2013	QoQ	YoY	FY 2014	FY 2013	YoY Acum
Net Income	113.8	90.4	42.7	25.8%	166.7%	436.9	418.6	4.4%
Financial costs	69.0	67.4	56.1	2.3%	22.9%	246.5	232.8	5.9%
Financial income	-14.7	-8.6	-4.2	72.0%	247.6%	-30.8	-19.1	61.4%
Income tax	40.5	31.4	45.3	28.8%	-10.7%	155.9	130.4	19.6%
<b>EBIT</b>	<b>208.6</b>	<b>180.7</b>	<b>139.9</b>	<b>15.4%</b>	<b>49.1%</b>	<b>808.5</b>	<b>762.7</b>	<b>6.0%</b>
Depreciation & amortization, others (*)	109.3	87.7	77.8	24.6%	40.5%	384.9	317.6	21.2%
<b>EBITDA</b>	<b>317.8</b>	<b>268.5</b>	<b>217.7</b>	<b>18.4%</b>	<b>46.0%</b>	<b>1,193.5</b>	<b>1,080.4</b>	<b>10.5%</b>
Fair value cost of timber harvested	93.3	97.7	78.6	-4.5%	18.7%	353.3	320.9	10.1%
Gain from changes in fair value of biological assets	-84.0	-66.8	-67.1	25.7%	25.3%	-284.5	-269.7	5.5%
Exchange rate differences	7.0	13.1	3.0	-46.4%	135.2%	10.0	11.8	-15.6%
<b>Adjusted EBITDA</b>	<b>334.1</b>	<b>312.4</b>	<b>232.1</b>	<b>6.9%</b>	<b>43.9%</b>	<b>1,272.2</b>	<b>1,143.4</b>	<b>11.3%</b>

(\*) FY 2014 includes a provision for forestry losses due to fire of US\$ 31.5 million, and FY 2013 includes US\$ 19.0 million in amortization of Investment in temporary forestry roads.

### Adjusted EBITDA Variation by Business Segment 3Q14 - 4Q14 (In US\$ Million)





## REVIEW BY BUSINESS SEGMENT

### 1- Pulp Division

Market trends we were viewing during the third quarter began to change during the fourth quarter, with less demand for long fiber and a more balanced market in short fiber –despite the extra supply that came with the start up the Montes del Plata mill in Uruguay. This situation is in line with changes in inventory levels worldwide. In long fiber there was a four day increase respect to the previous quarter and a four day increase compared to one year ago, standing at 31 days. In short fiber inventory levels stood at 36 days, a drop by two days respect to the third quarter and two days compared to December 2013. Supply and demand balance in short fiber is explained by mill shutdowns in Europe and North America. The aggregate capacity of these mills were partially offset by that of new mills such as Montes del Plata. Furthermore, the price differential we have seen during several months between long fiber and short fiber has continuously triggered substitution of long fiber with short fiber at levels that will vary depending on the type of paper produced and the technology used. Another factor that may be affecting demand for short fiber is substitution of recycled fiber. In mature markets there is less supply of recycled fiber or substitution has reached maximum levels. In part this happens because certain electronic devices replace the use of printing and writing paper, which are in general the main source of high quality recycled fiber. Recycled paper prices have reached levels that are inconvenient, and are substituted by virgin fibers, especially short fiber, for example in tissue paper.

In Asia, short fiber prices grew by approximately 5% and bleached long fiber dropped by 3.5%. This situation stretched the price differential down to nearly US\$100 from a peak of US\$150-160. In the Asian markets the increased supply of long fiber from Russian producers is what most affected prices. This is the only market where Russian producers are competitive, especially in China where almost all of its long fiber is sold. Ilim is Russia´s most important producer, and is under substantial pressure to sell its production from its new line which has been operational for over a year.

In Europe we saw the same trend but smoother in both fiber grades. Short fiber increased by approximately 2.7% and long fiber dropped roughly 2.5%. In this case the main driver of this trend is the shift of short fiber volume to other more profitable markets, in particular, Asia and North America in the case of Brazilian producers. In long fiber it is the opposite situation: Asian markets are less profitable hence European long fiber producers export less. European paper producers continue with very low margins or no margin at all, which makes difficult to raise prices.

In the Middle East short fiber prices increased and the market began to show more activity in order to accumulate inventory at low price levels. This brings a positive effect on prices but not necessarily adds more effective shipping volumes given that producer's inventory levels seem to be low. The North American market was very active in short fiber imports, especially because of high demand in the tissue paper market. The rest of America was stable, with good demand but with increasingly more import options from different origins which is reflected with more competitive prices.

During this quarter production was normal and there were only programmed maintenance stoppages in our Valdivia and Constitucion mills. Our Montes del Plata mill in Uruguay is reaching designed capacity levels with production rates near 90%.

## 2- Sawn Timber Division

Markets where Arauco participates with solid Wood products had a positive behavior during year 2014, with a healthy demand that permitted to improve the sales mix and prices, as compared to year 2013. Asian markets, in particular, Japan, South Korea and China followed this positive behavior. During the fourth quarter there were some small adjustments given higher inventory levels in New Zealand logs particularly in China, however, demand kept strong.

Respect to the North American market, despite the Housing Starts index (a relevant index in our industry) did not show a significant improvement compared to year 2013, our solid wood moldings business grew both in volume and prices, giving evidence of a stable market environment.

The Middle East was another market that had a positive quarter, maintaining good sales volume levels during the year with small price increases.

Finally, Chile and the rest of Latin America had a good demand, which allowed an increase in market share and to achieve sales mix targets.

## 3- Panels Division

During 2014 our plywood business had an increase in sales. Our Nueva Aldea plywood mill increased its production volume, and despite the entrance of new capacity such as Nueva Aldea among other mills, there was a stable price scenario in all of our export markets, particularly USA, Mexico and Oceania.

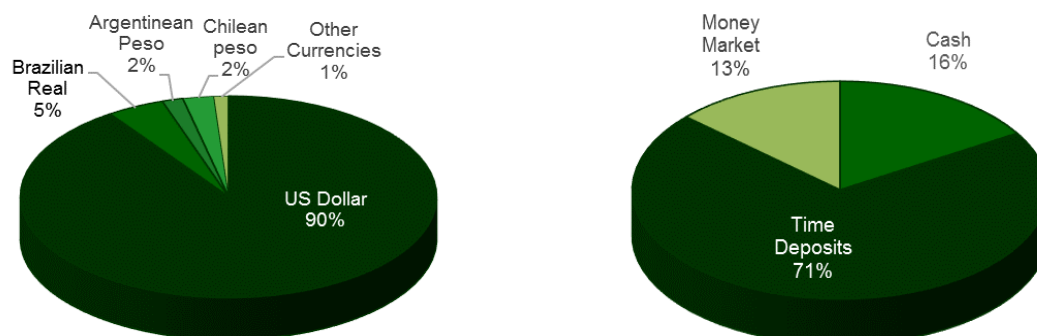
Also, we had good sales levels in particleboard from our Teno mill, which reached its design production capacity. We achieved an increase in sales of value-added products in Chile and in the rest of Latin America. Overall in 2014 we had strong demand of particleboard and melamine products in Arauco North America.

The main reason for the drop in sales of Panels for year 2014 was weak sales of MDF in all markets during the first half of the year. This drop was stronger in the Brazilian market, where we had to decrease production and prices on average were lower. But during the second half of the year the Brazilian market improved. In order to mitigate an oversupply in the North American market, we had to adjust production. Exports from Argentina decreased mainly because of more competition.

## BALANCE SHEET ANALYSIS

### Cash

Our cash position stood at US\$ 971.2 million at the end of this fourth quarter. Main movements during this quarter was the payment in December of a pre-export financing loan of US\$ 100 million, and dividends for US\$ 62.9 million. Also, we received US\$ 91 million from the sale of non-core land and plantations in the same month. Our operating activities provided US\$ 234.3 million in cash.



### Financial Debt

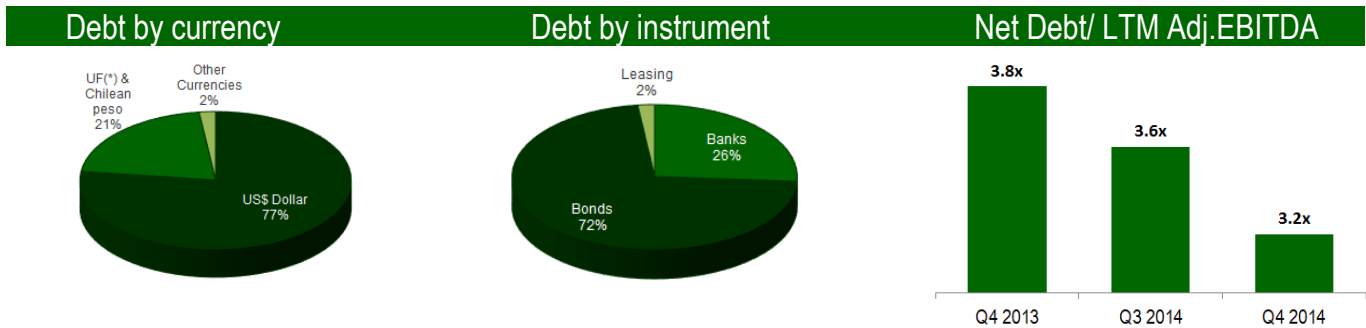
Arauco's financial debt as of December 31, 2014 reached US\$ 5,078.4 million, a decrease of 1.5% or US\$ 76.2 million when compared to September 30, 2014. During this quarter we paid a Pre export financing loan due in December for US\$ 100 million.

Our net financial debt decreased 1.8% or US\$ 75.1 million when compared with September 2014.

#### FINANCIAL DEBT

US\$ million	December 2014	September 2014	December 2013
Short term financial debt	739.5	796.1	893.5
Long term financial debt	4,338.9	4,358.5	4,133.0
<b>TOTAL FINANCIAL DEBT</b>	<b>5,078.4</b>	<b>5,154.6</b>	<b>5,026.5</b>
Cash and cash equivalents	971.2	972.2	667.2
<b>NET FINANCIAL DEBT</b>	<b>4,107.3</b>	<b>4,182.4</b>	<b>4,359.3</b>

Our Leverage, measured as Net Debt/ LTM Adj. EBITDA, had an important decrease this quarter and stood at 3.2 times. This reflects both a decrease in Net debt and an improvement of Adj. EBITDA.

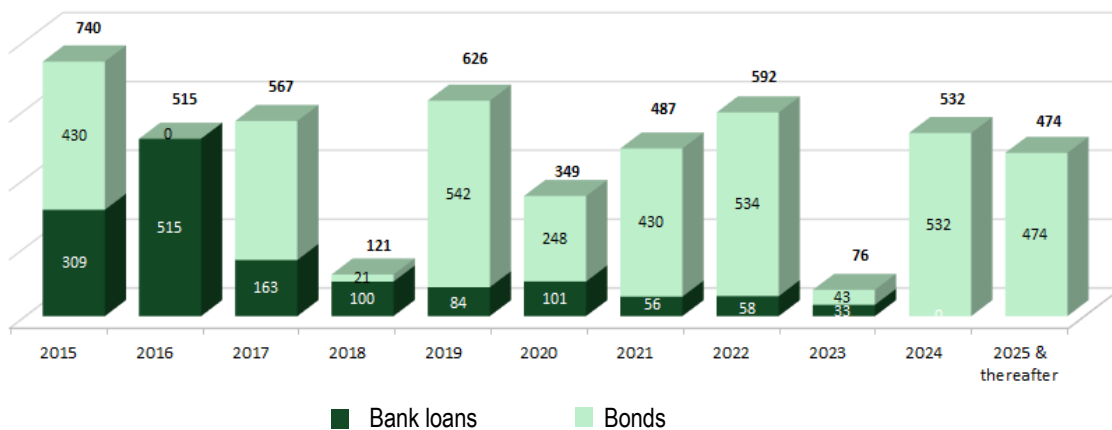


(\*) UF is a Chilean monetary unit indexed to inflation. This portion does not consider the effect of debt in UF swapped to US Dollars

### Financial Debt Profile

In 2015 we have US\$ 370 million due in a Yankee bond, and US\$ 309 million in bank loans (including accrued interests) and leasing. The US\$ 309 million include US\$ 140 million from Montes del Plata, US\$ 54 million from Arauco do Brasil, US\$ 48 million from a bilateral loan in Chile and US\$ 30 million from a portion of Flakeboard's long term debt.

Financial Obligation by Year (In U.S. Million)



\*Short term debt Includes accrued interest

## FINANCIAL RATIOS

### FINANCIAL RATIOS

	Q4 2014	Q3 2014	Q4 2013	FY 2014	FY 2013
<b>Profitability</b>					
Gross margin	28.5%	30.3%	30.7%	31.4%	30.9%
Operating margin	8.2%	9.6%	8.9%	10.9%	10.1%
LTM <sup>(1)</sup> Adjusted EBITDA margin	23.9%	22.5%	22.2%	23.9%	22.2%
ROA (EBIT / Total Assets)	5.6%	4.9%	4.0%	5.4%	5.4%
ROE (Net Income / Equity)	6.7%	5.1%	2.4%	6.4%	5.9%
<b>Leverage</b>					
LTM Interest Coverage Ratio (EBITDA / Financial Costs)	5.2x	5.0x	4.9x	5.2x	4.9x
Net Financial Debt / LTM EBITDA	3.2x	3.6x	3.8x	3.2x	3.8x
Total Financial Debt / Total Capitalization <sup>(2)</sup>	42.7%	42.9%	41.6%	42.7%	41.6%
Net Financial Debt / Total Capitalization	34.5%	34.8%	36.1%	34.5%	36.1%
Total Financial Debt / Shareholders' Equity	75.0%	75.6%	71.9%	75.0%	71.9%
Net Financial Debt / Shareholders' Equity	60.7%	61.3%	62.3%	60.7%	62.3%

(1) LTM = Last Twelve Months

(2) Capitalization = Total financial debt + Equity

## **FOURTH QUARTER AND SUBSEQUENT EVENTS**

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### **Environmental Impact Statement for Arauco's dissolving pulp project was approved**

The Environmental Assessment Service (SEA) unanimously approved the Environmental Impact Statement submitted by Arauco, in order to convert the Valdivia mill in a dissolving pulp producer. This initiative will allow Arauco to be the first company in Chile to produce this kind of pulp.

The investment for this project is approximately US\$ 185 million. The project will provide the flexibility to produce either dissolving pulp or bleached kraft pulp. In addition will increase the power generation approximately in 15 MW.

Dissolving pulp is mainly used in the manufacturing of viscose, which is used in the production of fabric items and personal care items, specially clothing.

### **Sale of non-core forestry land and plantations**

Forestal Arauco, our main forestry subsidiary, sold in December nearly 11,000 hectares of productive land and plantations in Chile, which are located in areas farther away from the Arauco's production facilities.

The total surface represents approximately 1% of the total plantations, and the transaction was for US\$ 91 million.

### **Arauco will invest US\$ 30 million in expansion of a particleboard mill in the United States**

The project was approved to expand particleboard and melamine capacity in one of Flakeboard's mill in South Carolina.

The investment will be US\$ 30 million and will increase production by 100,000 cubic meters annually through increased dryer capacity. The estimated start-up of this expansion is during the 4Q of 2015.

## FINANCIAL STATEMENTS

## INCOME STATEMENT

US\$ Million	Q4 2014	Q3 2014	Q4 2013	FY 2014	FY 2013
Revenue	1,380.8	1,348.6	1,260.3	5,328.7	5,145.5
Cost of sales	(987.4)	(940.5)	(873.4)	(3,654.1)	(3,557.2)
<b>Gross Profit</b>	<b>393.4</b>	<b>408.2</b>	<b>387.0</b>	<b>1,674.5</b>	<b>1,588.3</b>
Other operating income	137.1	77.7	92.5	368.9	385.1
Distribution costs	(144.9)	(141.8)	(132.9)	(542.9)	(523.6)
Administrative expenses	(135.5)	(136.5)	(142.0)	(550.8)	(544.7)
Other operating expenses	(35.3)	(20.4)	(63.8)	(138.8)	(136.8)
Financial income	14.7	8.6	4.2	30.8	19.1
Financial costs	(69.0)	(67.4)	(56.1)	(246.5)	(232.8)
Participation in (loss) profit in associates and joint ventures accounted through equity method	0.9	6.7	2.1	7.5	6.3
Exchange rate differences	(7.0)	(13.1)	(3.0)	(10.0)	(11.8)
<b>Income before income tax</b>	<b>154.3</b>	<b>121.9</b>	<b>88.0</b>	<b>592.8</b>	<b>548.9</b>
Income tax	(40.5)	(31.4)	(45.3)	(155.9)	(130.4)
<b>Net Income</b>	<b>113.8</b>	<b>90.4</b>	<b>42.7</b>	<b>436.9</b>	<b>418.6</b>
Profit attributable to parent company	112.5	89.3	41.0	432.0	385.7
Profit attributable to non-parent company	1.3	1.1	1.7	4.9	32.9

## BALANCE SHEET

US\$ Million	Q4 2014	Q3 2014	Q4 2013
Cash and cash equivalents	971.2	972.2	667.2
Other financial current assets	7.6	2.2	3.1
Other current non-financial assets	177.7	187.0	189.0
Trade and other receivables-net	731.9	746.3	711.7
Related party receivables	4.7	148.8	8.2
Inventories	893.6	930.8	900.6
Biological assets, current	307.6	300.8	257.0
Tax assets	38.5	45.0	61.2
Non-Current Assets classified as held for sale	8.0	9.8	10.4
<b>Total Current Assets</b>	<b>3,140.7</b>	<b>3,342.8</b>	<b>2,808.3</b>
Other non-current financial assets	5.0	13.6	48.8
Other non-current and non-financial assets	101.1	135.4	125.1
Non-current receivables	182.5	34.0	40.7
Investments accounted through equity method	326.0	340.6	349.4
Intangible assets	93.3	96.5	99.7
Goodwill	82.6	86.0	88.1
Property, plant and equipment	7,119.6	7,180.0	7,137.5
Biological assets, non-current	3,538.8	3,576.2	3,635.2
Deferred tax assets	157.8	157.6	160.6
<b>Total Non-Current Assets</b>	<b>11,606.7</b>	<b>11,619.9</b>	<b>11,685.1</b>
<b>TOTAL ASSETS</b>	<b>14,747.5</b>	<b>14,962.7</b>	<b>14,493.4</b>
Other financial liabilities, current	742.3	797.4	893.6
Trade and other payables	630.4	666.3	631.0
Related party payables	6.0	13.9	14.4
Other provisions, current	2.5	7.2	9.7
Tax liabilities	25.9	33.5	4.5
Current provision for employee benefits	3.6	3.5	3.8
Other non-financial liabilities, current	136.3	171.2	125.0
<b>Total Current Liabilities</b>	<b>1,547.1</b>	<b>1,693.1</b>	<b>1,682.0</b>
Other non-current financial liabilities	4,453.8	4,454.1	4,157.0
Trade and Other payables non-current	0.0	0.0	0.4
Other provisions, non-current	64.5	62.0	24.2
Deferred tax liabilities	1,756.7	1,767.8	1,462.3
Non-current provision for employee benefits	48.6	39.0	42.2
Other non-financial liabilities, non-current	62.0	73.0	80.9
<b>Total Non-Current Liabilities</b>	<b>6,385.6</b>	<b>6,396.0</b>	<b>5,766.8</b>
Non-parent participation	47.6	50.9	52.2
<b>Net equity attributable to parent company</b>	<b>6,767.1</b>	<b>6,822.8</b>	<b>6,992.3</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>14,747.5</b>	<b>14,962.7</b>	<b>14,493.4</b>



**CASH FLOW STATEMENT**

US\$ Million	Q4 2014	Q3 2014	Q4 2013	FY 2014	FY 2013
Collection of accounts receivables	1,523.3	1,580.6	1,422.0	5,629.2	5,609.1
Collection from insurance claims	5.1	0.0	0.0	5.1	29.8
Other cash receipts (payments)	94.1	82.1	(7.7)	359.5	408.3
Payments of suppliers and personnel (less)	(1,357.7)	(1,253.4)	(1,186.5)	(4,811.7)	(4,888.3)
Interest paid and received	(11.3)	(59.8)	(38.0)	(158.3)	(205.1)
Income tax paid	(16.6)	(15.8)	(9.1)	(37.3)	(55.3)
Other (outflows) inflows of cash, net	(2.6)	2.5	(0.9)	(1.4)	(0.8)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>234.3</b>	<b>336.3</b>	<b>179.9</b>	<b>985.2</b>	<b>897.7</b>
Capital Expenditures	(134.0)	(107.6)	(209.5)	(612.0)	(864.5)
Other investment cash flows	73.5	(135.8)	37.5	(43.1)	176.9
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(60.4)</b>	<b>(243.4)</b>	<b>(172.0)</b>	<b>(655.2)</b>	<b>(687.6)</b>
Proceeds from borrowings	56.8	515.2	325.5	1,035.6	1,351.7
Repayments of borrowings	(159.2)	(262.9)	(165.7)	(900.6)	(1,216.9)
Dividends paid	(62.9)	(0.4)	(64.0)	(141.1)	(140.1)
Other inflows of cash, net	(0.1)	(1.6)	0.0	(1.8)	(2.5)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(165.4)</b>	<b>250.2</b>	<b>95.9</b>	<b>(7.9)</b>	<b>(7.8)</b>
<b>Total Cash Inflow (Outflow) of the Period</b>	<b>8.4</b>	<b>343.1</b>	<b>103.7</b>	<b>322.1</b>	<b>202.3</b>
Effect of exchange rate changes on cash and cash equivalents	(9.5)	(11.6)	(7.9)	(18.2)	(23.6)
Cash and Cash equivalents at beginning of the period	972.2	640.7	571.4	667.2	488.5
<b>Cash and Cash Equivalents at end of the Period</b>	<b>971.2</b>	<b>972.2</b>	<b>667.2</b>	<b>971.2</b>	<b>667.2</b>

For more details on Arauco's financial statements please refer to [www.svs.cl](http://www.svs.cl) or [www.arauco.cl](http://www.arauco.cl)

**DISCLAIMER**

This news release may contain forward-looking statements concerning Arauco's future performance and should be considered as good faith estimates by Arauco. These forward looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Arauco's control and could materially impact Arauco's performance.

Readers are referred to the documents filed by Arauco with the United States Securities and Exchange Commission, specifically the most recent filing on Form 20-F which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to Arauco on the date hereof and Arauco assumes no obligation to update such statements. References herein to "U.S. \$" are to United States dollars. Discrepancies in any table between totals and the sums of the amounts listed are due to rounding. This report is unaudited.

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