HISTORY OF ARAUCO: A CONTINUED EXPANSION

Back in 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

As of December 2018
(1) Arauco owns 50% of European and South African mills through Sanae Arauco. One South African P8 mill is currently shutdown.
(2) Arauco owns 50% of Montes del Plata mill in Uruguay.
(3) Includes mills acquired in Mexico and the Grayling project.
ARAUCO AT A GLANCE

Shareholder Structure (1)

Angelini Group

74.68%

antarchile

60.82%

EMPRESAS COPEC

99.98%

arauco

National rating (2)

FitchRatings

AA- (Stable)

Feller

AA (Stable)

International rating (2)

FitchRatings

BBB (Stable)

STANDARD &POOR'S

BBB- (Stable)

Moody's

Baa3 (Stable)

Financial highlights Dec. 2018

US$ million

1,851
EBITDA

31%
EBITDA Margin

4,510
Debt*

1,076
Cash

1.9x
Net debt/EBITDA

61%
Net Debt/Equity

740
Net income

920
CAPEX

* Does not include swaps and forwards

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

5,955
Revenues
US$ million

Sales by Division

- Forestry: 2%
- Other: 1%
- Wood: 46%
- Pulp: 51%

Sales by Region

- Others: 4%
- Europe: 8%
- Central and South America: 23%
- Asia and Oceania: 40%
- North America: 25%

Over 68%
Of our revenues are from exports

As of December 2018
Pulp and Wood products include energy sales
### FOUR STRATEGIC BUSINESS SEGMENTS IN A DIVERSIFIED OPERATIONAL FOOTPRINT

<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. t</td>
<td>4 Mills Plywood: 710 th. m³ MDF: 515 th. m³ HB&lt;sup&gt;(4)&lt;/sup&gt;: 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. t</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. t&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>9 Mills MDF: 1,470 th. m³ PB: 2,320 th. m³</td>
<td>1 Sawmill&lt;sup&gt;(3)&lt;/sup&gt; 25 th. m³</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Mills MDF: 220 th. m³ PB: 339 th. m³</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Mills&lt;sup&gt;(4)&lt;/sup&gt; MDF: 741 th. m³ PB: 1,165 th. m³ OSB: 258 th. m³</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 Sawmill&lt;sup&gt;(3)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

**As of December 2018**

(1) Considers hectares planted
(2) Considers 50% of Montes del Plata
(3) Considers 50% of Sonae Arauco. One PB mill in South Africa is currently shut down
(4) HB mill is shut down since April 2019

<table>
<thead>
<tr>
<th>1.0 million Ha</th>
<th>4.0 million t</th>
<th>10.9 million m³</th>
<th>2.9 million m³</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>10 Power Plants</th>
<th>606 MW Surplus: 219 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Power Plants</td>
<td>82 MW Surplus: 15 MW</td>
</tr>
<tr>
<td>1 Power Plant</td>
<td>91 MW&lt;sup&gt;(2)&lt;/sup&gt; Surplus: 50 MW</td>
</tr>
</tbody>
</table>

779 MW
WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

**Market Pulp Capacity (thousand tonnes)**

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

**Mapa**

3,955 + 1,270 = 5,225

**World Panels Capacity (thousand m³)**

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

**Grayling and Mexico**

9,549 + 1,359 = 10,908

(*World market pulp and panel capacity as of December 2018. Arauco capacity includes 50% of Montes del Plata, 50% Sonae Arauco, mills in Mexico, Grayling Project and MAPA Project. Source: Hawkins Wright, Public fillings, Wood Based Panels International, Composite Panels Association, European Panel Federation, Sonae-Arauco and Arauco estimates, as of December 2018.*

**#2 market pulp producer in the world**

**#2 panels producer in the world**
MAXIMIZING THE VALUE OF EVERY TREE

WOOD PRODUCTS

WOOD PRODUCTS MILLS

PULP

PULP MILLS

ENERGY & STEAM

HEAT PRODUCTION
Arauco Overview

Business Segments

Financial Highlights
Recent Events and Initiatives
Sustainability
FORESTRY: THE BASE FOR GROWTH
FOREST: THE BASE FOR GROWTH

Total Plantations

<table>
<thead>
<tr>
<th>Year</th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1,018</td>
</tr>
</tbody>
</table>

Includes plantations in Chile, Argentina, Brazil and Uruguay

1,769 th. hectares owned
1,018 th. hectares planted
659 th. has. of Pine
336 th. has. of Eucalyptus

Planting and harvesting

<table>
<thead>
<tr>
<th>Year</th>
<th>Planted hectares</th>
<th>Harvested hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>37 ha.</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>23 ha.</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>85 ha.</td>
<td>65 ha.</td>
</tr>
</tbody>
</table>

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

As of December 2018
Bioforest research and development

Bioforest was formed in 1990 by Arauco and one of its achievements has been the increase in the plantations production by 40% in order to develop and apply the best technologies, maximizing the forestry and industrial resources.

51 researchers highly trained work 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**

**2,955**

**Revenues**
US$ million

Does not include energy sales

95%
Of pulp sales go to exports

**Pulp production**

<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>0.3</td>
<td>0.5</td>
<td>1.3</td>
<td>0.1</td>
</tr>
<tr>
<td>2014</td>
<td>0.3</td>
<td>0.5</td>
<td>1.3</td>
<td>0.1</td>
</tr>
<tr>
<td>2015</td>
<td>0.3</td>
<td>0.5</td>
<td>1.3</td>
<td>0.1</td>
</tr>
<tr>
<td>2016</td>
<td>0.3</td>
<td>0.5</td>
<td>1.3</td>
<td>0.1</td>
</tr>
<tr>
<td>2017</td>
<td>0.3</td>
<td>0.5</td>
<td>1.3</td>
<td>0.1</td>
</tr>
<tr>
<td>2018</td>
<td>0.3</td>
<td>0.5</td>
<td>1.3</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**Sales volume:** 3.7 million tonnes

- **China**: 59%
- **Europe**: 16%
- **Rest of Asia & Others**: 9%
- **America**: 10%
- **Korea**: 6%

**Revenues**

US$ million

2,955

**As of December 2018**
PULP: OUR MILLS

- Licancel 160 th. t UKP
- Constitucion 355 th. t UKP
- Arauco Mill Line 1 & Line 2 290 th. t BHKP, 510 th. t BSKP
- Nueva Aldea 520 th. t BHKP, 520 th. t BSKP
- Valdivia 550 th. t Bleached pulp Swing mill
- Alto Parana 350 th. t BSKP & Fluff Swing mill
- Montes del Plata 1,400 th. t BHKP Arauco owns 50%

As of December 2018
**PULP: COMPETITIVE ADVANTAGES TO EFFICIENTLY SUPPLY THE MARKETS**

**Balance between short and long fiber**

- **SOFTWOOD** (55%)
  - BSKP 33%
  - UKP 13%
  - Fluff 9%

- **HARDWOOD** (45%)
  - BHKP 45%
  - BHKP* 53%
  - DP 10%

- Total Capacity: 3,955 th. ADt

As of December 2018

**With MAPA’s new capacity and Dissolving Pulp Project (DP)**

- **SOFTWOOD** (37%)
  - BSKP 20%
  - UKP 10%

- **HARDWOOD** (63%)
  - BHKP 53%
  - Fluff 7%

- Total Capacity: 5,225 th. ADt

**Cost advantage**

Source: Hawkins Wright report, 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(1): 35 km
- Valdivia: 301 km
- Alto Paraná: 1,200 km
- Montes del Plata: 0 km

220 km. (weighted average*)

(1) MAPA Project location
(*): Weighted average distance between our pulp mills located in Chile, Uruguay & Argentina.
No new significant capacity scheduled to enter the market in the next 4 years

Price gap between NBSK and BHKP

- December 2018: US$ 174 / ton

Source: Hawkins Wright and Pulp industry Companies Reports

(1) Bleached Chemical Pulp
PULP MARKET SCENARIO: BCP DEMAND FORECAST

Source: Hawkins Wright, forecast 2018; RISI.
(1) Bleached Chemical Pulp
(*) Others: Include Nordic, East Europe, Latinamerica, Oceania, Japan, Asia/Africa.
WOOD PRODUCTS: WIDE VARIETY OF APPLICATIONS
WOOD PRODUCTS: WIDE VARIETY OF APPLICATIONS

2,721
Revenues
US$ million

As of December 2018
Does not include energy sales

Main applications

• Furniture
• Construction
• Mouldings
• Packaging

Sales evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Panels</th>
<th>Solid Wood</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.8</td>
<td>0.8</td>
</tr>
<tr>
<td>2014</td>
<td>2.9</td>
<td>0.9</td>
</tr>
<tr>
<td>2015</td>
<td>1.6</td>
<td>1.0</td>
</tr>
<tr>
<td>2016</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2017</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2018</td>
<td>1.7</td>
<td>1.0</td>
</tr>
</tbody>
</table>

+4.0%
PANELS: EXPANSION OF THE PRODUCT MIX

1,725
Revenues
US$ million

Panels production
In million cubic meters

Sales volume: 5.4 million m³

As of December 2018
Does not include Sanea Arauco production and sales volume as we have a joint arrangement
As of February 2019
In thousand cubic meters
(*) Arauco owns 50% of Sonae Arauco.
(**) One PB mill in South Africa is currently shut down
**SOLID WOOD: HIGH QUALITY PRODUCTION STANDARDS**

**996**
Revenues
US$ million

**Sales volume**: 2.8 million m³

**Solid Wood production**

In million cubic meters

- **2014**: 2.9 m³
- **2015**: 3.0 m³
- **2016**: 3.0 m³
- **2017**: 3.0 m³
- **2018**: 3.2 m³

(As of December 2018)

(*)Does not include Sonae Arauco production and volume sales, as we have a joint arrangement
**SOLID WOOD: OUR MILLS**

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

In Chile, Argentina and Uruguay, we are self-sufficient in net electricity consumption and we sell the surplus to the local grid.

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

Highlights

- 87 Revenues
  US$ million

779 MW Installed capacity

284 MW Sold to National Grid in Chile, Argentina and Uruguay

The surplus energy injected in Chile is equivalent to providing energy to 550,000 houses.

As of December 2018
Arauco Overview
Business Segments

Financial Highlights
Recent Events and Initiatives
Sustainability
SOLID CAPITAL STRUCTURE

**Adjusted EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ million</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>862</td>
<td>20%</td>
</tr>
<tr>
<td>2013</td>
<td>1,153</td>
<td>22%</td>
</tr>
<tr>
<td>2014</td>
<td>1,280</td>
<td>24%</td>
</tr>
<tr>
<td>2015</td>
<td>1,290</td>
<td>25%</td>
</tr>
<tr>
<td>2016</td>
<td>1,067</td>
<td>22%</td>
</tr>
<tr>
<td>2017</td>
<td>1,353</td>
<td>26%</td>
</tr>
<tr>
<td>2018</td>
<td>1,851</td>
<td>31%</td>
</tr>
</tbody>
</table>

**CAPEX**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,369</td>
</tr>
<tr>
<td>2013</td>
<td>865</td>
</tr>
<tr>
<td>2014</td>
<td>614</td>
</tr>
<tr>
<td>2015</td>
<td>469</td>
</tr>
<tr>
<td>2016</td>
<td>665</td>
</tr>
<tr>
<td>2017</td>
<td>654</td>
</tr>
<tr>
<td>2018</td>
<td>920</td>
</tr>
</tbody>
</table>

**Net Debt**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4,474</td>
</tr>
<tr>
<td>2013</td>
<td>4,359</td>
</tr>
<tr>
<td>2014</td>
<td>4,107</td>
</tr>
<tr>
<td>2015</td>
<td>3,805</td>
</tr>
<tr>
<td>2016</td>
<td>3,889</td>
</tr>
<tr>
<td>2017</td>
<td>3,684</td>
</tr>
<tr>
<td>2018</td>
<td>3,434</td>
</tr>
</tbody>
</table>

As of December 2018

**EBITDA by Division**

- Pulp: 77%
- Wood products: 21%
- Forestry: 6%
- Other: -4%

The lowest since 2010

1.9x

CAPEX

Adjusted EBITDA Margin
MAPA Project consists in the construction of a third pulp line of 1.56 million Adt (short fiber), increasing Arauco’s total pulp capacity to over 5 million Adt.

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

- It also considers the 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.
MAPA: WHERE WE STAND TODAY

- **July 2018**: The Board of Directors approved the 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.
- **February 2019**: Earth-moving works start.
- **April 2019**: On April 1st, 2019, Arauco signed an ECA* credit agreement for a total of Eur 555 million. This financing is mainly associated with the suppliers contracts signed on October 2018.
- **October 2019**: Assembly equipment starts.
- **2021**: The new Line 3 is expected to start operating in 2021, while Line 1 is shutdown.

(*) Export Credit Agency
As of January 2019, the construction phase was going as planned, with 65% of construction completed.

Dissolving pulp is used to produce viscose, an alternative material for cotton.

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.
Located in Grayling, Michigan, US

Investment was approximately US$450 million

The capacity is 800,000 m³ per year

On February 2019, we had the first panel’s rollout as part of the first tests
MEXICO: ARAUCO ACQUIRED MAIN MASISA’S ASSETS

On December 2017, Arauco agreed to acquire Masisa’s main Mexican subsidiaries

On January 31, 2019, the Company materialized the acquisition of all of the shares of Masisa S.A.’s Mexican subsidiaries for US$160 million

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

Total installed capacity of:
- 220 th. m³ of MDF
- 339 th. m³ of PB

Durango Plant

Biomass Plant, Durango

Zitácuaro Plant
From early January until mid-March 2019, the plantations affected by forest fires are estimated in 1,579 hectares.

- Coordinated efforts with communities, authorities and fire brigades.
- Implementation of early warning plans to detect fire outbreaks and to prevent fire bursts.
- As of March 2019, fire prevention and combat were managed with our resources, which include:

  **Brigades**
  - 129 (1,594 members)

  **Aerial firefighting**
  - 2 S64 AIRCRANE helicopters
  - 13 KOALA helicopters
  - 13 heliports
  - 13 AT-802 airplanes
  - 23 airport runways
  - 1 coordination and monitoring airplane
On March 2019, Arauco presented the Environmental Impact Study of the “Viento Sur” Wind Farm Project to the Chilean environmental authorities.

The investment is estimated in approximately US$250 million.

The Project is still subject to technical and economical feasibility studies, and the board of director’s approval.

The project includes 42 wind turbines, which together will generate 215 MW.

Arauco Mill

Bio Bio Region, Chile

Project Location
Arauco Overview
Business Segments
Financial Highlights
Recent Events and Initiatives
Sustainability
Arauco is committed to the occupational health and SAFETY of its workers, to the ENVIRONMENT and to the welfare of the neighbouring COMMUNITIES, addressing their social and economic interests.
All our business units are certified as compliant with the **OHSAS 18001 EHS** standard
Our forest plantations are CERTIFIED to INTERNATIONALLY RECOGNIZED STANDARDS.

We PROTECT more than 440,000 HECTARES (~1,000,000 acres) of native forest in permanent conservation set-asides.

During 2018 we invested US$ 94,7 MILLION in environmental improvements.

We apply widely accepted INTERNATIONAL SCIENTIFIC STANDARDS to our silviculture.

We DO NOT use genetically modified plants.
ARAUCO decided over twenty years ago to produce CLEAN ENERGY from forestry biomass arising from nature’s virtuous cycles.

ARAUCO can provide up to 219 MW of surplus POWER to the SEN (National Electrical System) in Chile.

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.
After the 2017-2018 forest fires, Arauco signed an agreement with the government to reconstruct the places affected by the fires, providing water supplies, new facilities and firewalls.

**Housing Plan for Workers (HPW)**
- 9,000 houses have been built between 2013 and 2017 for Arauco’s employees and subconstructors.

**“Santa Olga” Re-Construction Plan**
- After the 2017-2018 forest fires, Arauco signed an agreement with the government to reconstruct the places affected by the fires, providing water supplies, new facilities and firewalls.

**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.
COMMUNITY, PARTICIPATION AND DIALOGUE: EDUCATION

Arauco Campus

- Former center that connects the professional education with practical experiences at the workplace. During 2018, we had the first graduation ceremony with 83 graduates.

Arauco Educational Foundation

- The purpose is to DESIGN, IMPLEMENT AND ASSESS teacher-improvement programs. We had worked with 34 communities, through 575 schools and 5,120 teachers and assistants.

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.

COMMUNITY, PARTICIPATION AND DIALOGUE: EDUCATION
FOR FURTHER INFORMATION, PLEASE CONTACT:

Marcelo Bennett, Treasurer
marcelo.bennett@arauco.cl
Phone: (562) 2461 7309

María José Ulloa, Investor Relations
maria.ulloa@arauco.cl
Phone: (562) 2461 7494

investor_relations@arauco.cl

Visit www.arauco.cl for more information