



arauco

**Corporate
Presentation
Q1 2020**

Overview

ARAUCO at a glance

As of March 2020 LTM

Shareholder Structure

Angelini Group

74.30%

Antar Chile

60.82%

Empresas Copec

99.98%

arauco

Credit Ratings

International Scale

Fitch Ratings	BBB (Negative)
S&P	BBB- (Negative)
Moody's	Baa3 (Stable)

National Scale

Fitch Ratings	AA- (Negative)
Feller Rate	AA (Stable)

Financial highlights

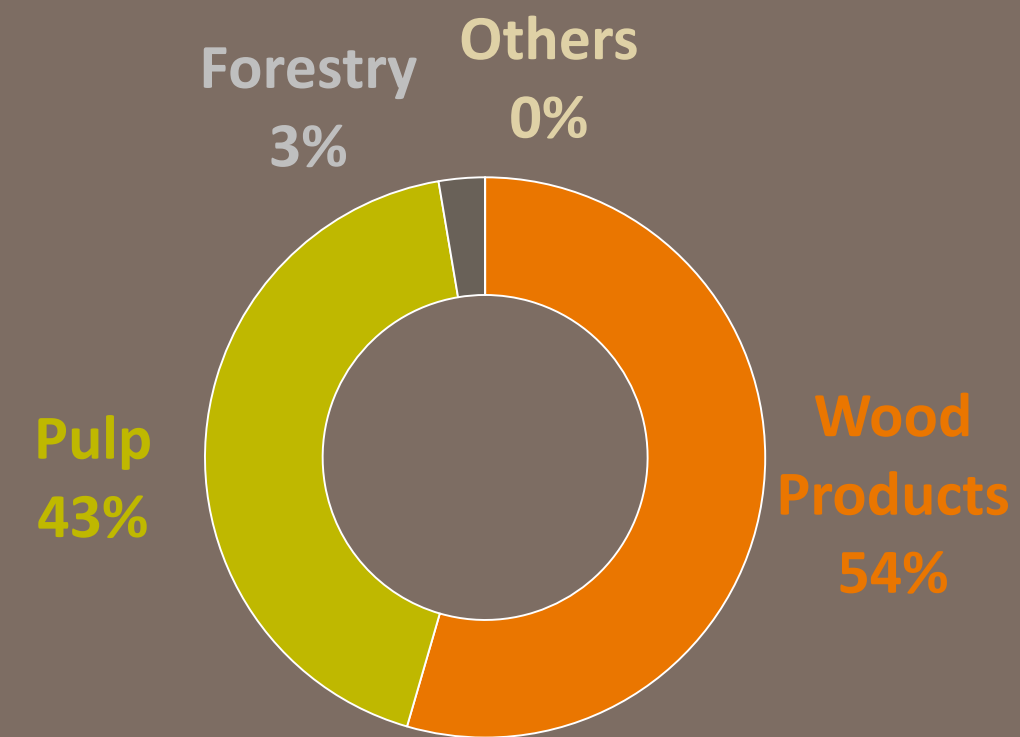
In US\$million

EBITDA	987	Net Income	-94
EBITDA Margin	19%	CAPEX	1,401
Net Debt/EBITDA	4.9x	Revenues	5,068

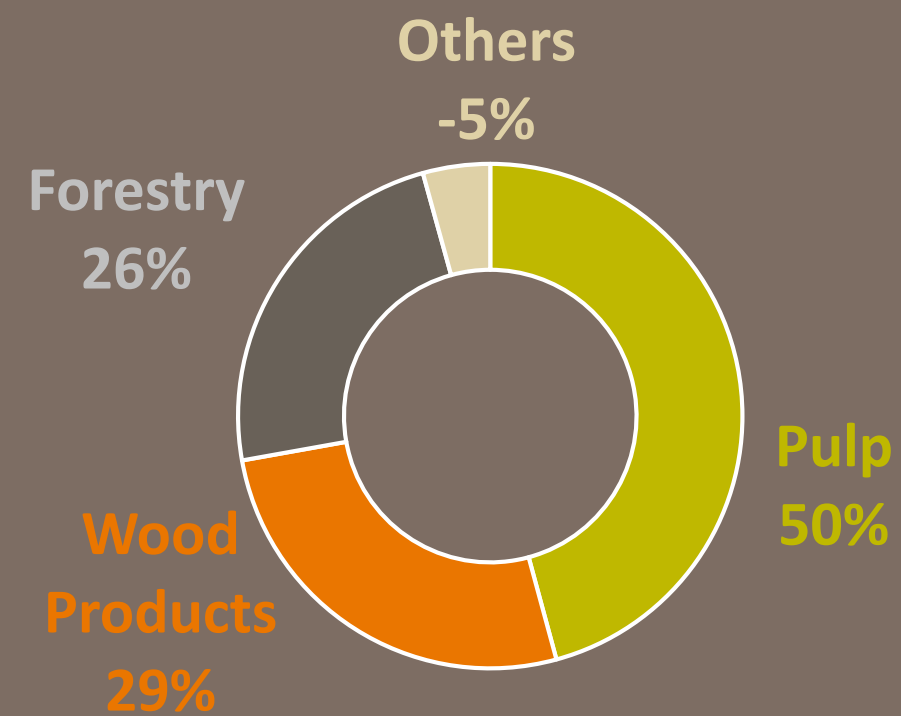
arauco

DIVERSIFIED SALES AROUND THE WORLD

Revenues
MUS\$5,068

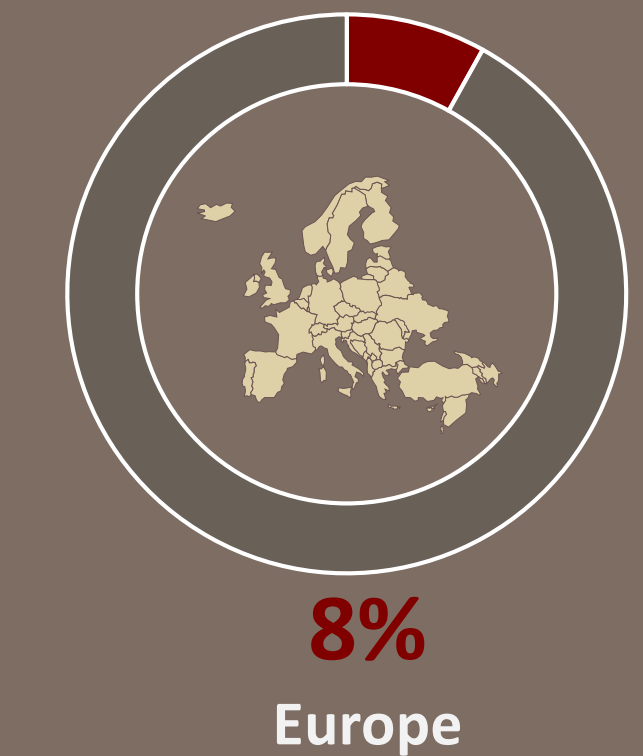
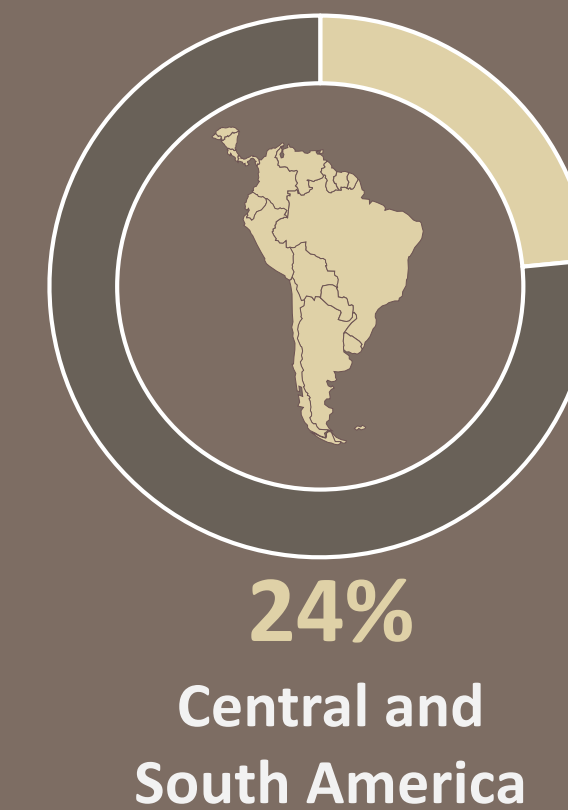
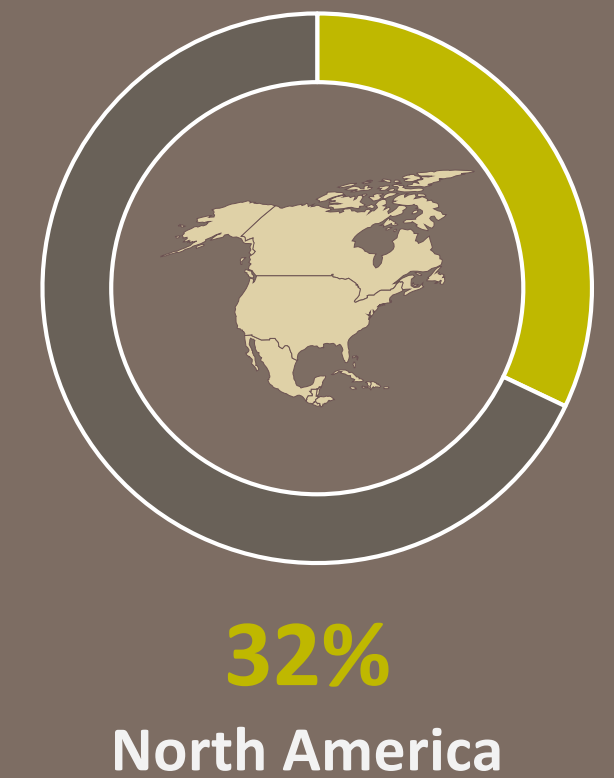
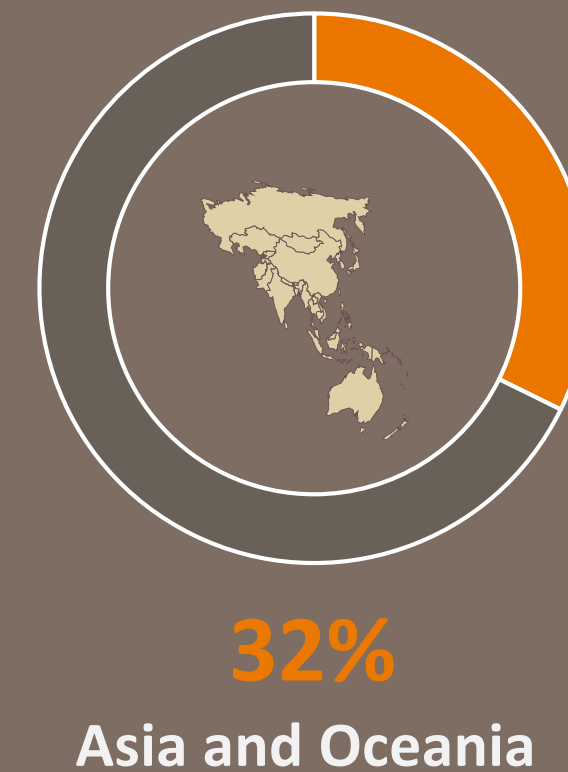


Adjusted EBITDA
MUS\$987



REVENUE BY REGION

As of December 2019



As of March 2020 LTM

Revenues of Pulp and Wood Products divisions include sales of energy

THREE STRATEGIC BUSINESS SEGMENTS

	Forestry	Pulp	Wood products		Complementary energy operations
			Panels	Solid Wood	
	697 th. Ha ⁽¹⁾	5 Mills 2,905 th. t	2 Mills MDF: 515 th. m ³ PB: 340 th. m ³	7 Sawmills: 2,646 th. m ³ Plywood ⁽⁵⁾ : 710 th. M ³ 4 Rem. Facilities	10 Power Plants 606 MW Surplus: 219 MW
	133 th. Ha ⁽¹⁾	1 Mill 350 th. t	2 Mills MDF: 300 th. m ³ PB: 260 th. m ³	1 Sawmill: 318 th. m ³ 1 Rem. Facility	2 Power Plants 82 MW Surplus: 8 MW
	130 th. Ha ⁽¹⁾		4 Mills MDF: 1,530 th. m ³ PB: 720 th. m ³		
	79 th. Ha ⁽¹⁾⁽²⁾	1 Mill 710 th. t ⁽²⁾			1 Power Plant 91 MW ⁽²⁾ Surplus: 50 MW
			10 Mills ⁽⁶⁾ MDF: 1,470 th. m ³ PB: 2,104 th. m ³		
			2 Mills MDF: 250 th. m ³ PB: 339 th. m ³		
			10 Mills ⁽³⁾⁽⁴⁾ PB: 1,165 th. m ³ MDF: 741 th. m ³ OSB: 258 th. m ³	1 Sawmill ⁽³⁾ : 25 th. m ³	
Total	1.0 million ha	4.0 million t	10.0 million m³	3.7 million m³	779 MW

As of December 2019

(1) Considers hectares planted, in thousands

(2) Considers 50% of Montes del Plata

(3) Considers 50% of Sonae Arauco

(4) One PB mill in South Africa is currently shut down

(5) Considers 2 plywood mills.

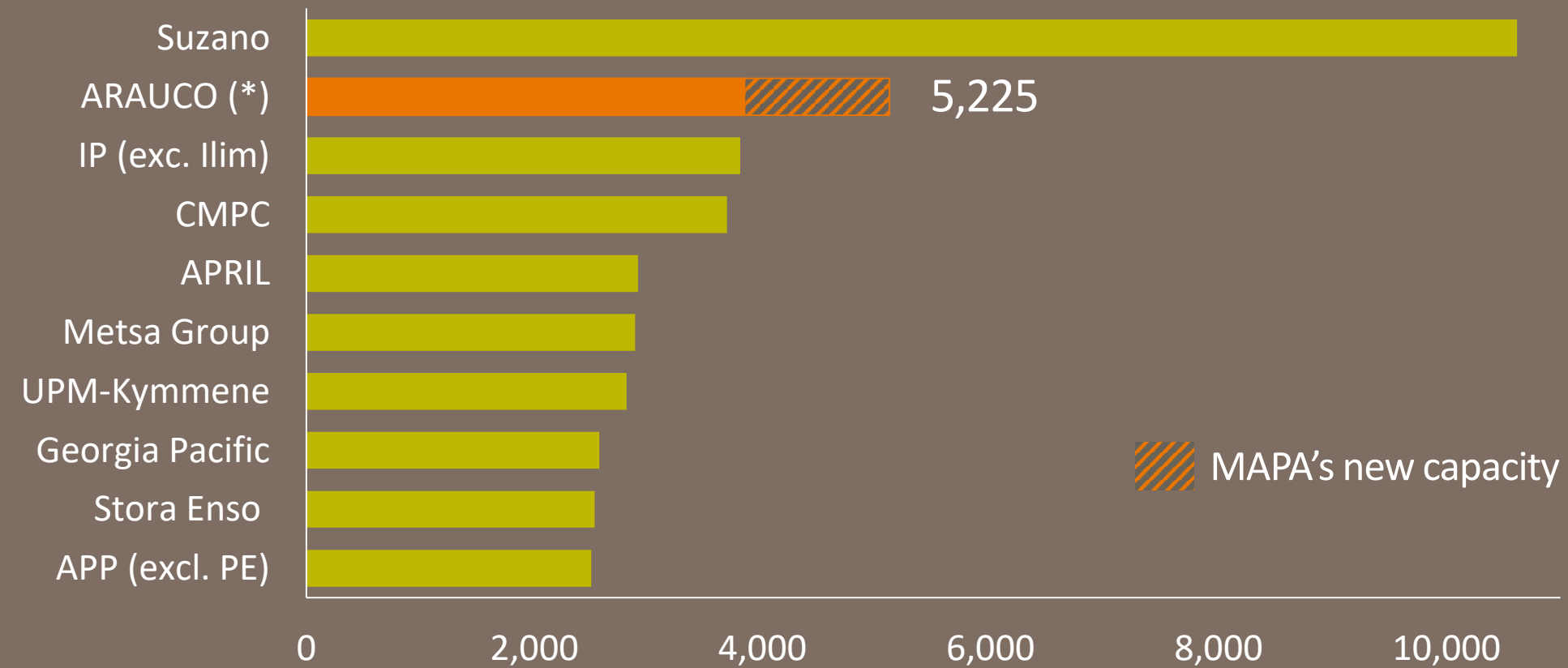
(6) As of the date of publication of this report, 2 MDF mills are shut down. Also, the PB lines of two different mills are also shut down.

WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

#2

In market pulp capacity in the world

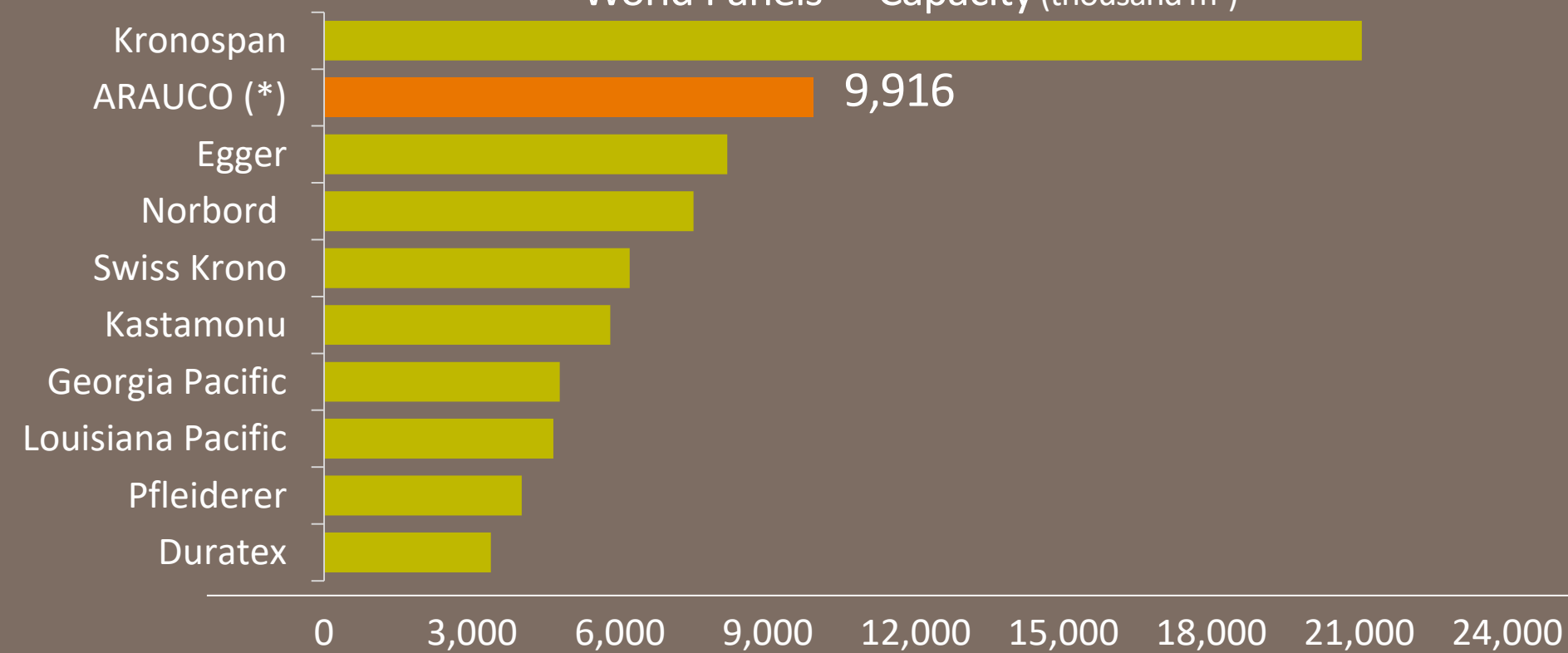
Market Pulp Capacity (thousand tonnes)



#2

In Panels capacity in the world

World Panels** Capacity (thousand m³)



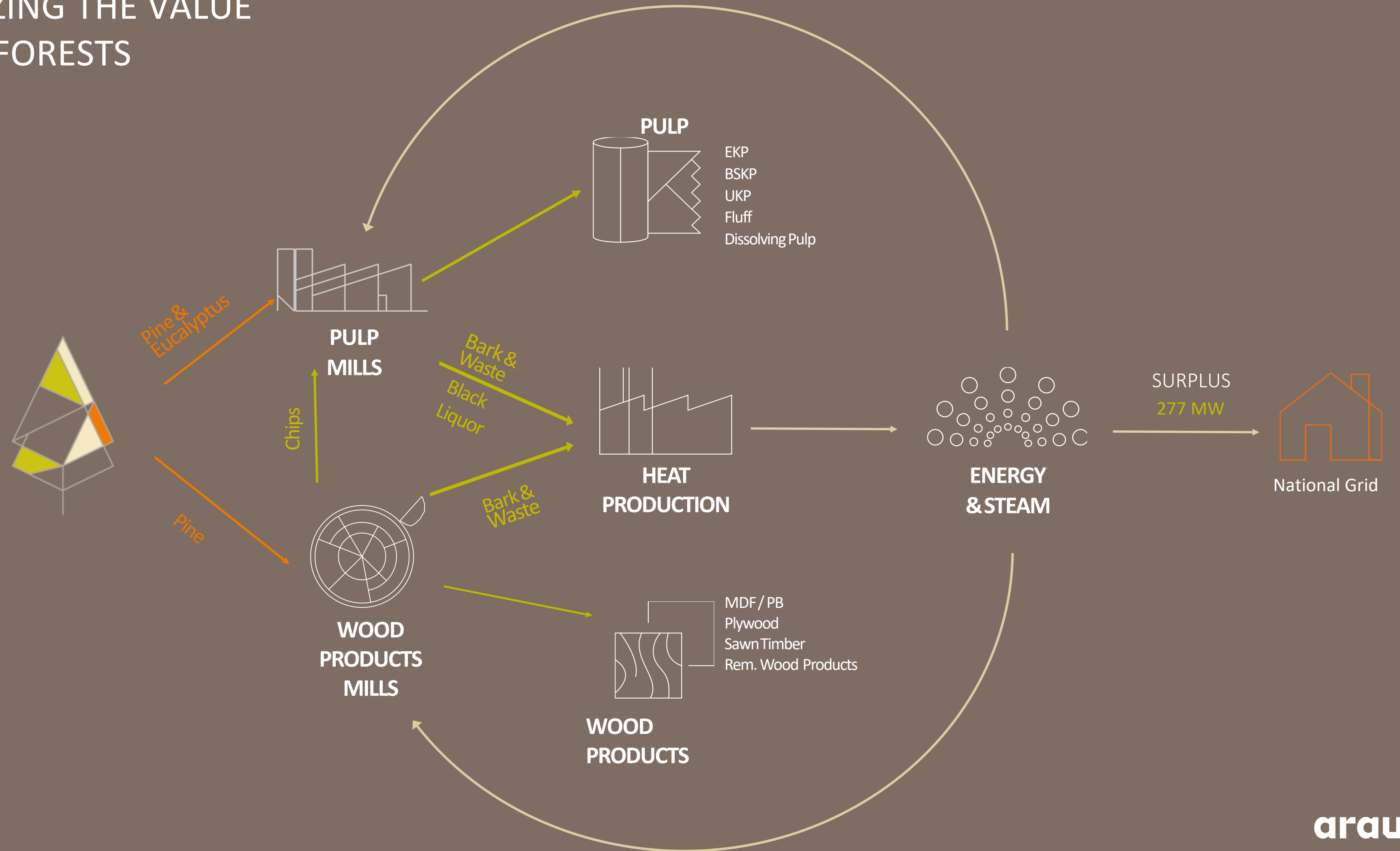
World market pulp and panel competitors capacity as of December 2019

*Arauco capacity includes 50% of Montes del Plata, 50% Sonae Arauco, and MAPA Project, as of December 2019

**Panels refers to Composite Panels, which corresponds to MDF, PB and OSB.

Source: Hawkins Wright, Public fillings, Arauco estimations and Company information and fillings

MAXIMIZING THE VALUE OF OUR FORESTS



BUSINESS SEGMENTS

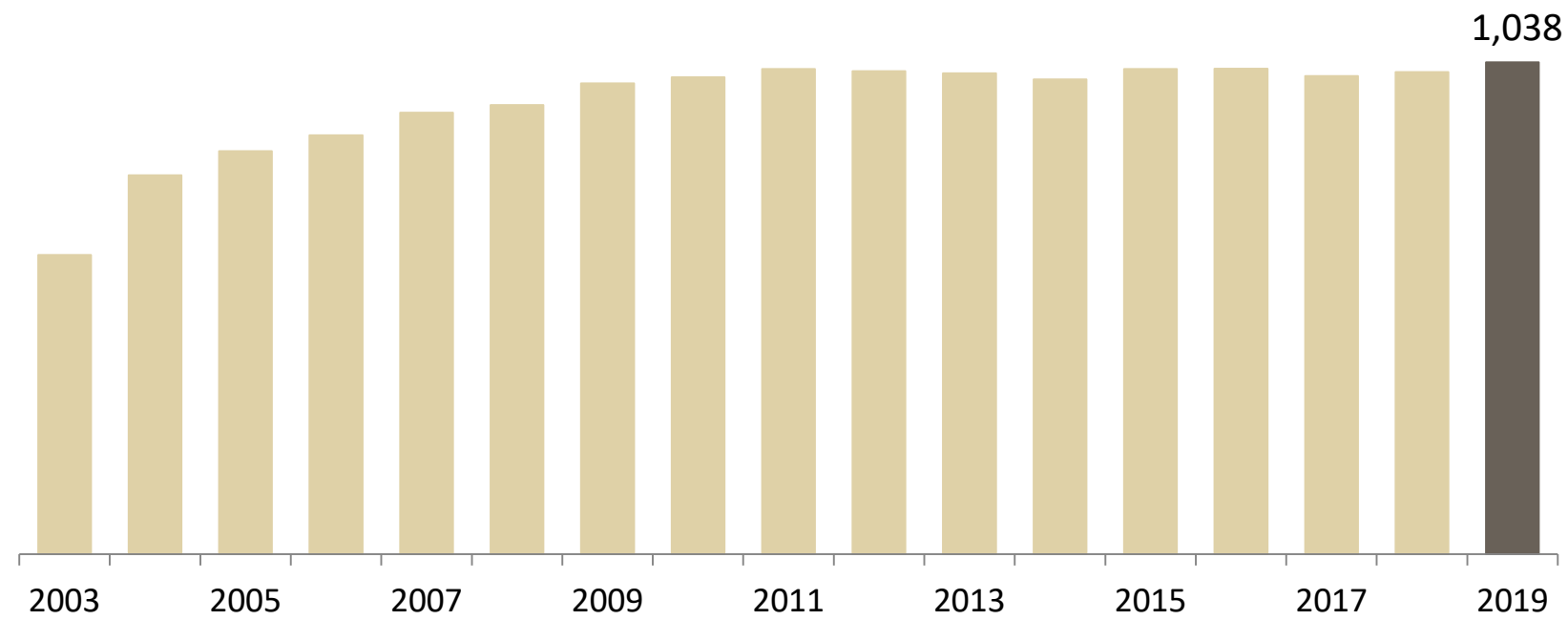


FORESTRY BUSINESS

Total Plantations

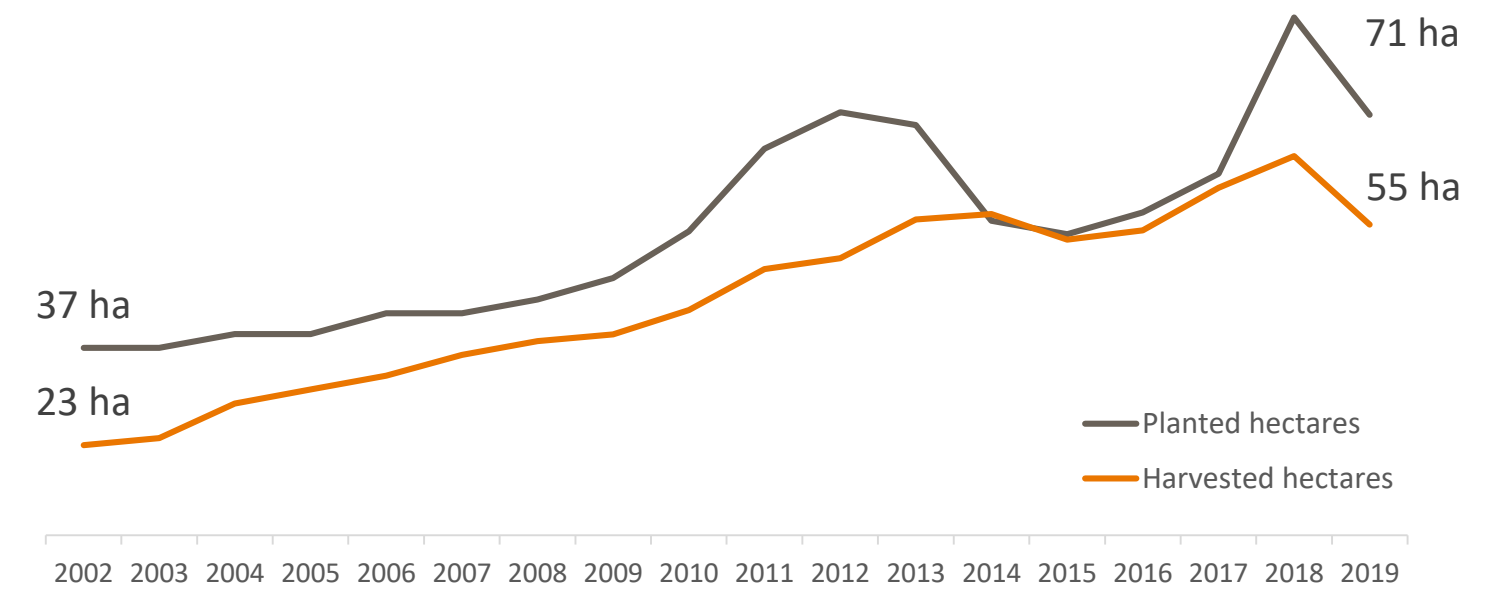
Includes plantations in Chile, Argentina, Brazil and Uruguay

In thousand hectares



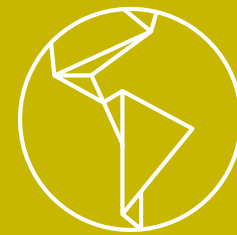
Planting and harvesting

In thousand hectares



1.8 million (*)

hectares owned



1.0 million

hectares planted



667 th. of Pine

349 th. of Euca

22 th. Others



Hectares Planted



Pine : **503 th.**
 Euca: **192 th.**
 Others: **2 th.**
697 th.



Pine : **70 th.**
 Euca: **60 th.**
 Others: **0.2 th.**
130 th.



Euca: **78 th.**
 Pine: **0.1 th.**
 Others: **0.4 th.**
79 th.



Pine : **94 th.**
 Euca: **19 th.**
 Others: **20 th.**
133 th.

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 web site www.arauco.com

(*) includes 515 th. hectares of native forest plantations.
 As of December 2019

FORESTRY BUSINESS

Bioforest research and development

Bioforest was formed in 1990 by Arauco and one of the achievements has been the increase in the plantation yields by 40%

59 Highly trained researchers

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 BUSINESS

Pulp Sales
MUS
\$2,171

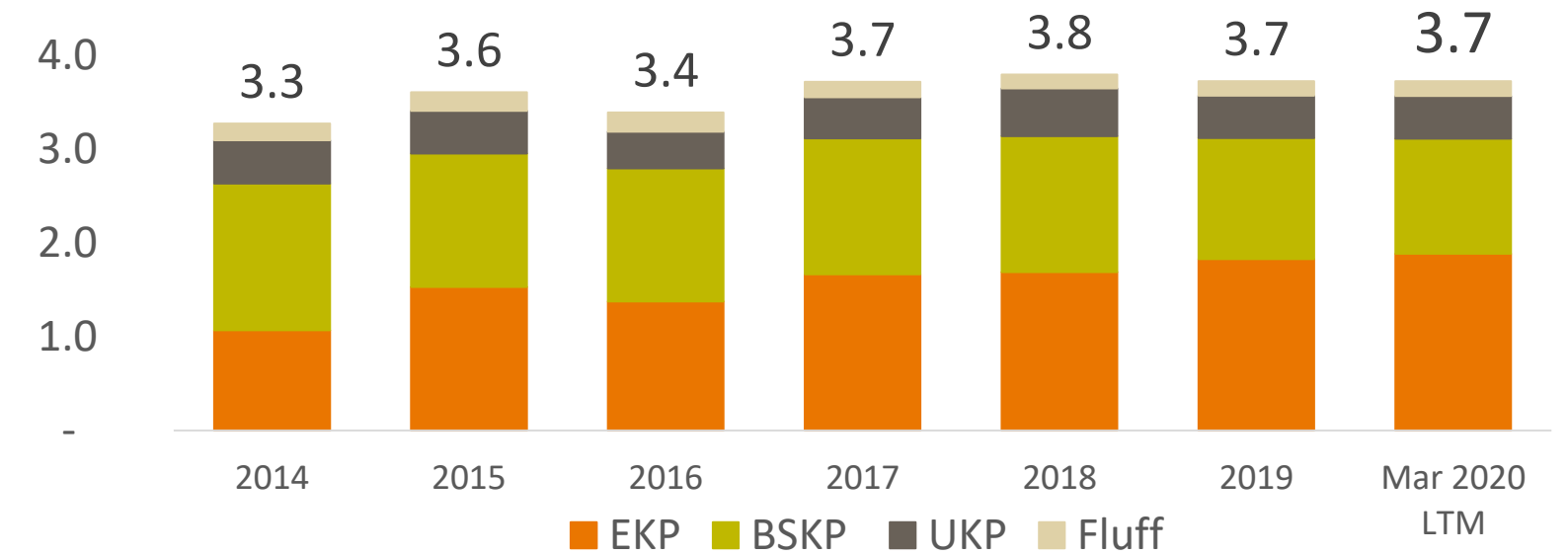
Does not include energy sales
As of March 2020 LTM



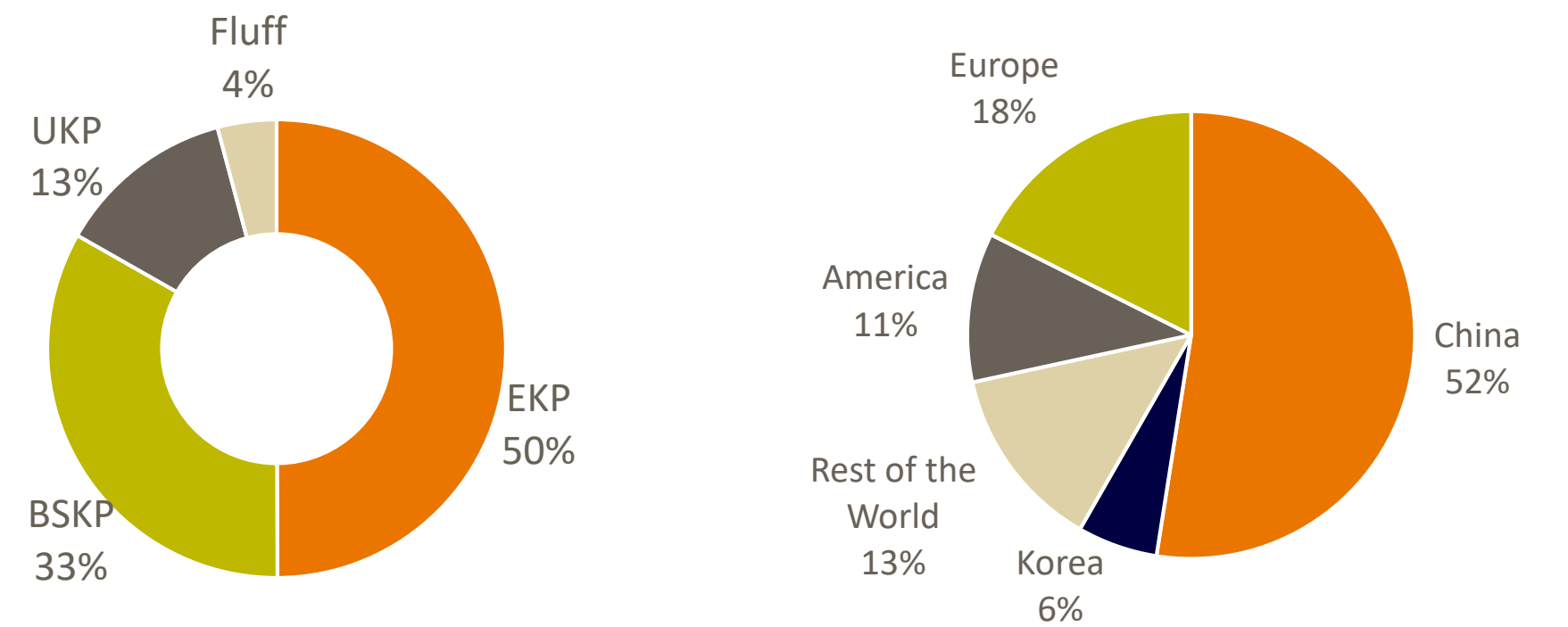
- (1) Eucalyptus Kraft Pulp
- (2) Bleached Softwood Kraft Pulp
- (3) Unbleached Kraft Pulp
- (4) Dissolving Pulp

Production

million tonnes



Sales volume: 3.7 million tonnes

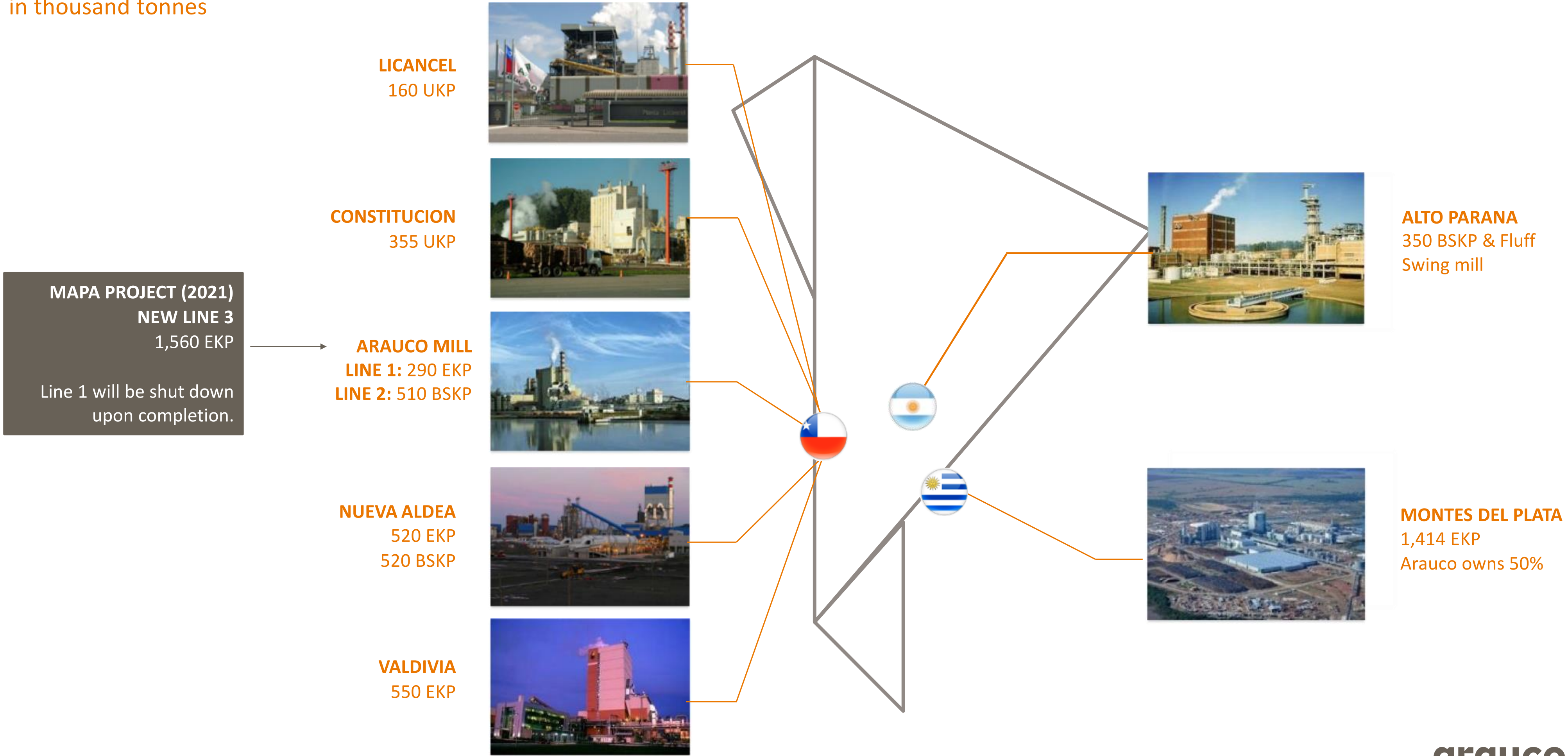


As of March 2020 LTM

PULP BUSINESS

OUR MILLS

in thousand tonnes



PULP BUSINESS COMPETITIVE ADVANTAGES

1. Logistic Efficiency



Average distances from
Forests to Mills

Chile	85
Argentina	80
Uruguay	282



Average distances from
Mills to Ports

	Km
Licancel	420
Constitucion	316
Nueva Aldea	63
Arauco	35
Valdivia	301
Alto Paraná	1,200
Montes del plata	0
Weighted Avg.	205⁽¹⁾

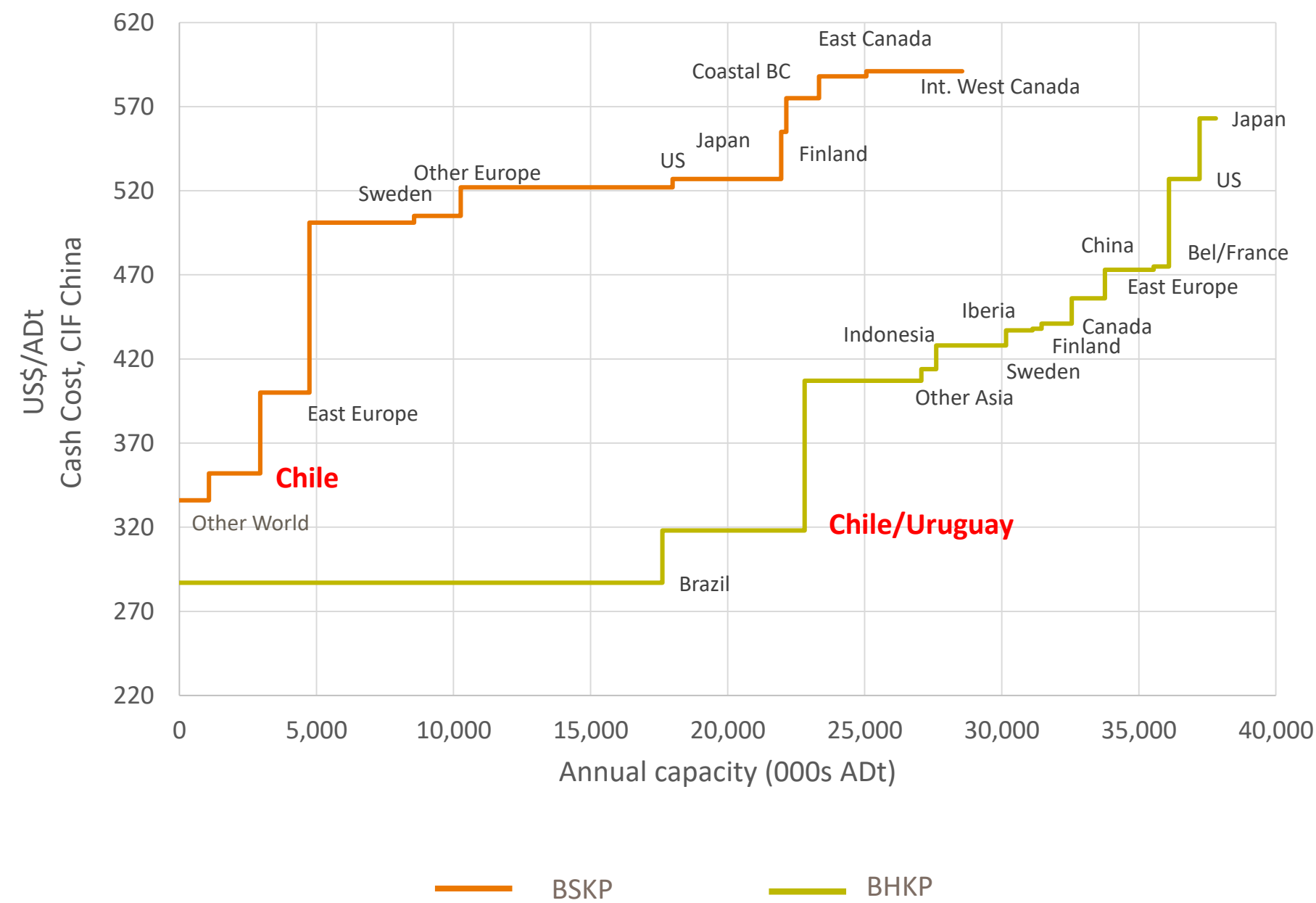
with MAPA

Source: ARAUCO, as of December 2019

(1) Calculated using sales volume for 2019

(2) Calculated including sales volume from ARAUCO's Line 3 expected capacity and assuming Line 1's shutdown

2. Cost Advantages



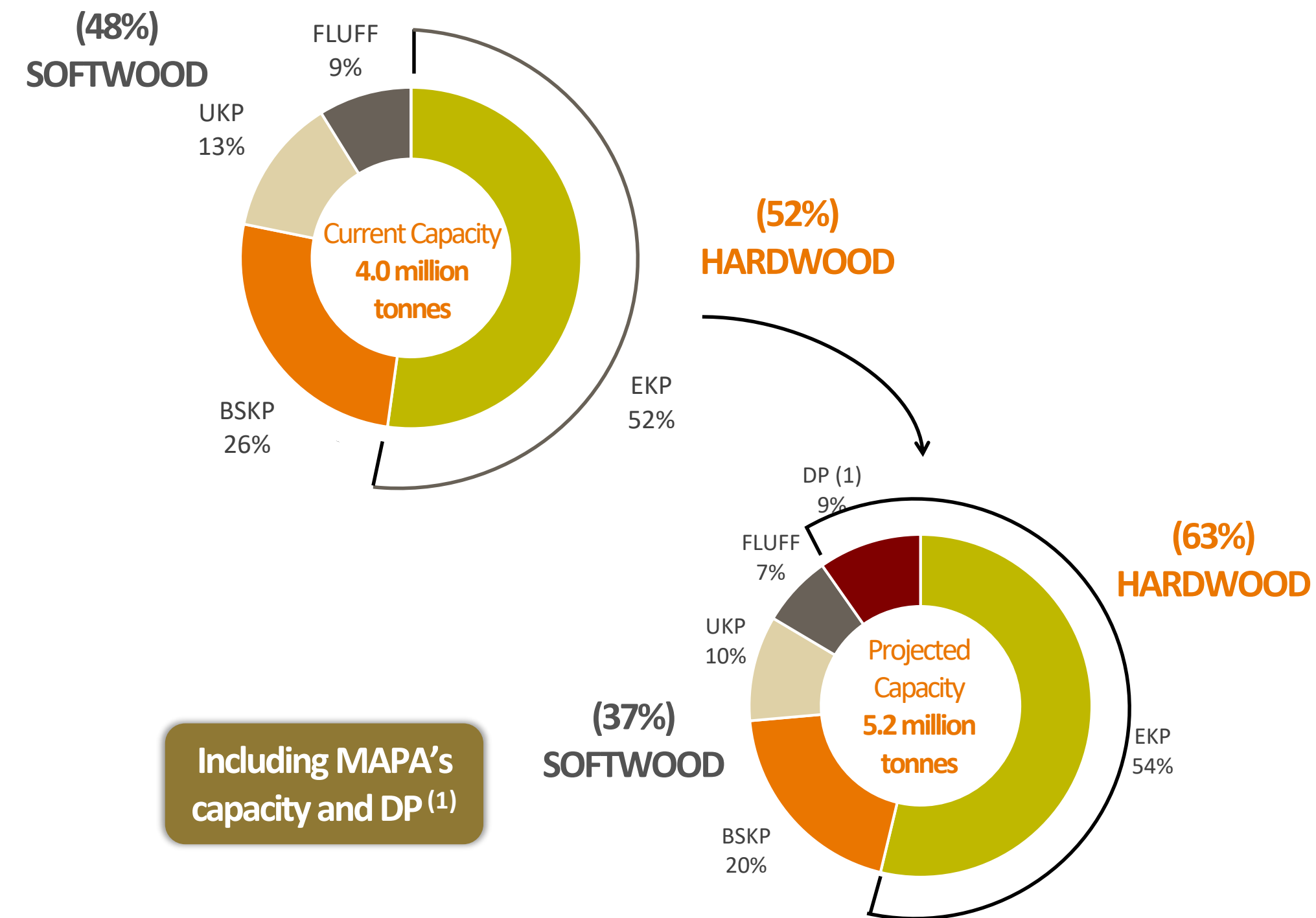
Source: Hawkins Wright, as of December 2019

Other world includes Argentina, China and Oceania.

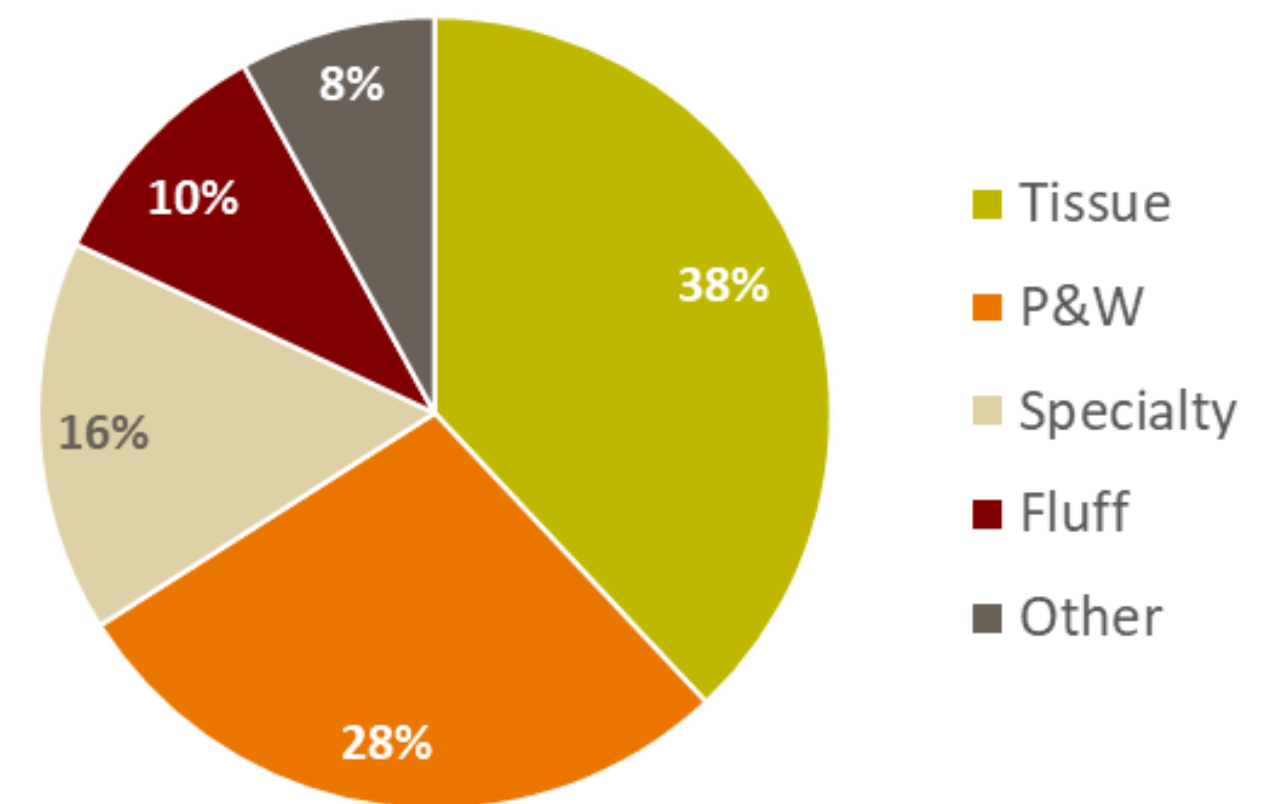
PULP BUSINESS

COMPETITIVE ADVANTAGES

3. Product Diversification



BCP world industry demand by End-use, 2018⁽²⁾



Source: ARAUCO, as of March 2020

(1) Dissolving Pulp

The Valdivia mill will keep the ability to switch from producing dissolving pulp to paper grade (EKP).

(2) Source: Hawkins Wright, as of December 2019

BCP: Bleached Chemical Pulp, which includes all bleached kraft pulp (and not unbleached) and sulphite pulp

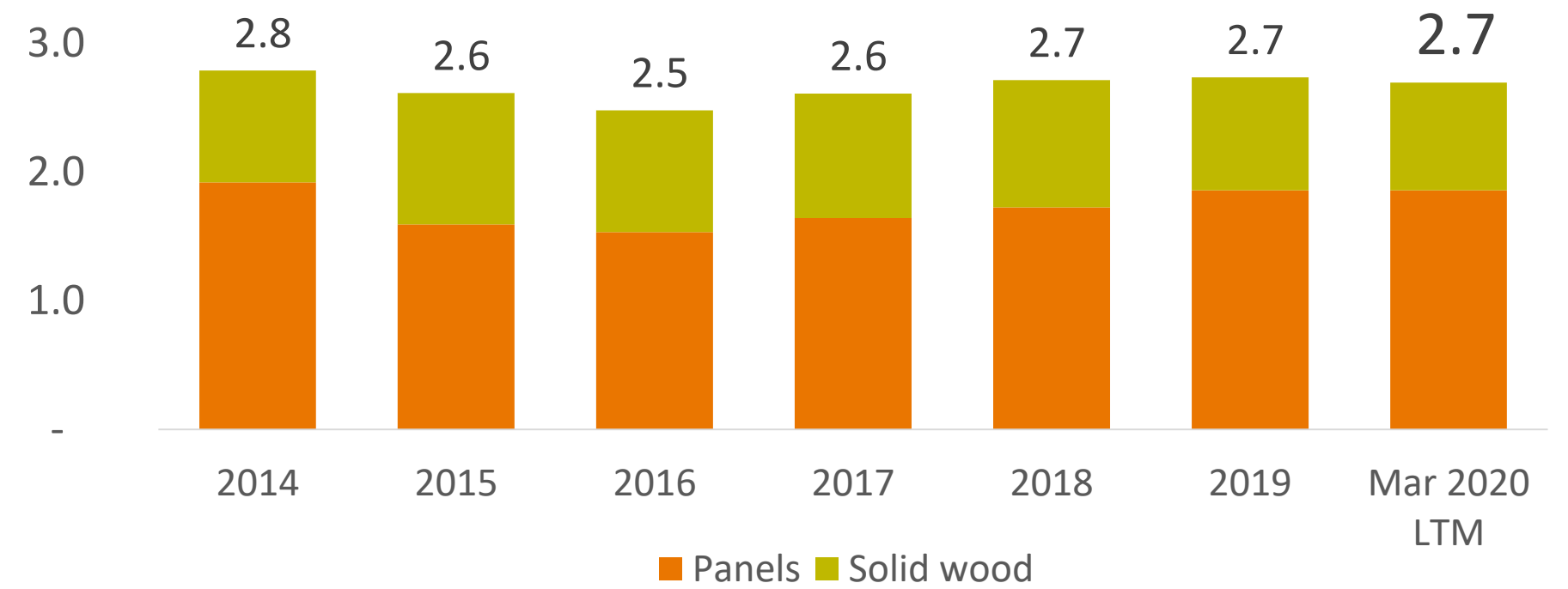
WOOD PRODUCTS BUSINESS

Revenues
MUS
\$2,702

Does not include energy sales
As of March 2020 LTM

Sales evolution

US\$ billion



Subdivisions

PANELS



SOLID WOOD

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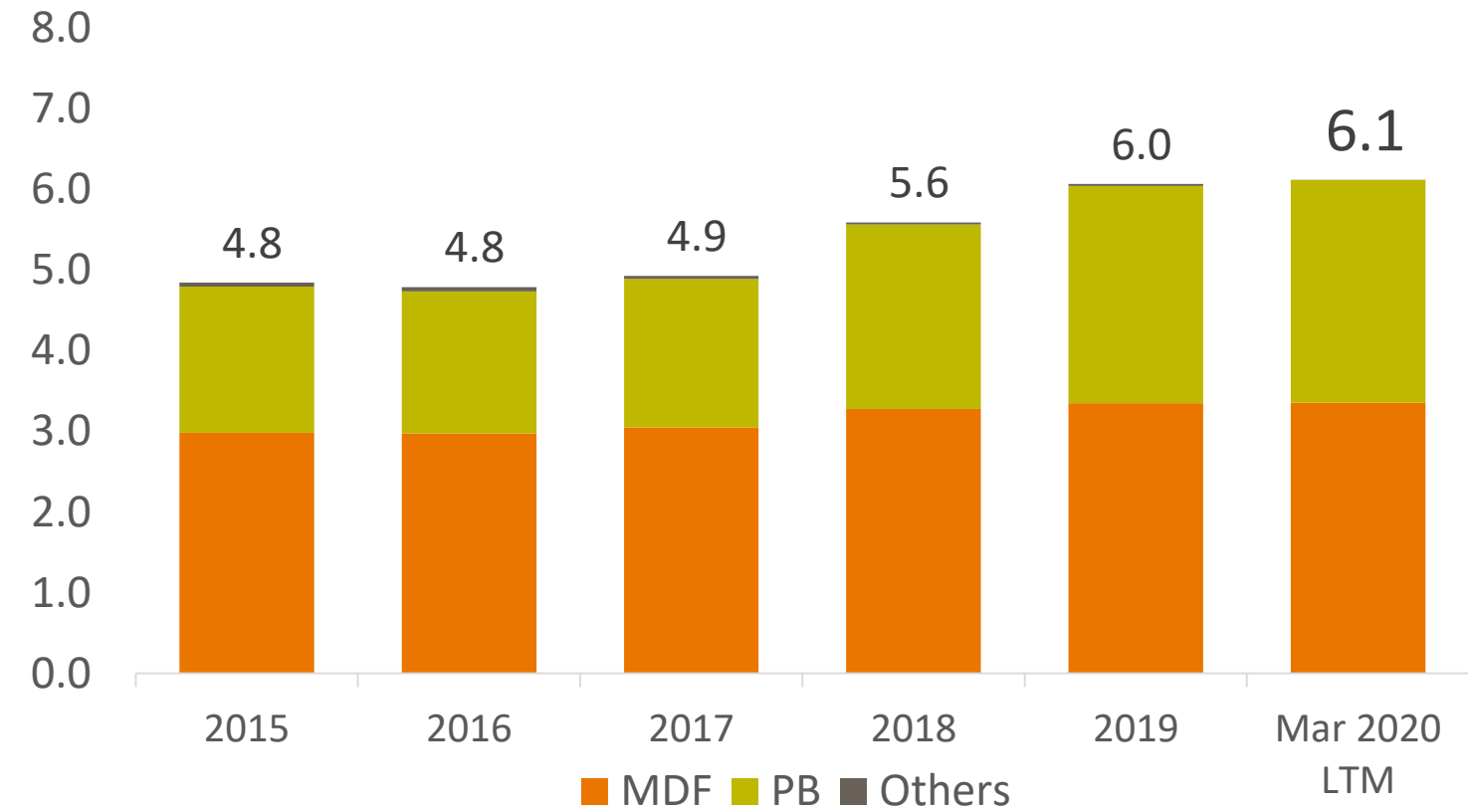
WOOD PRODUCTS BUSINESS: PANELS

Panels Sales
MUS
\$1,858

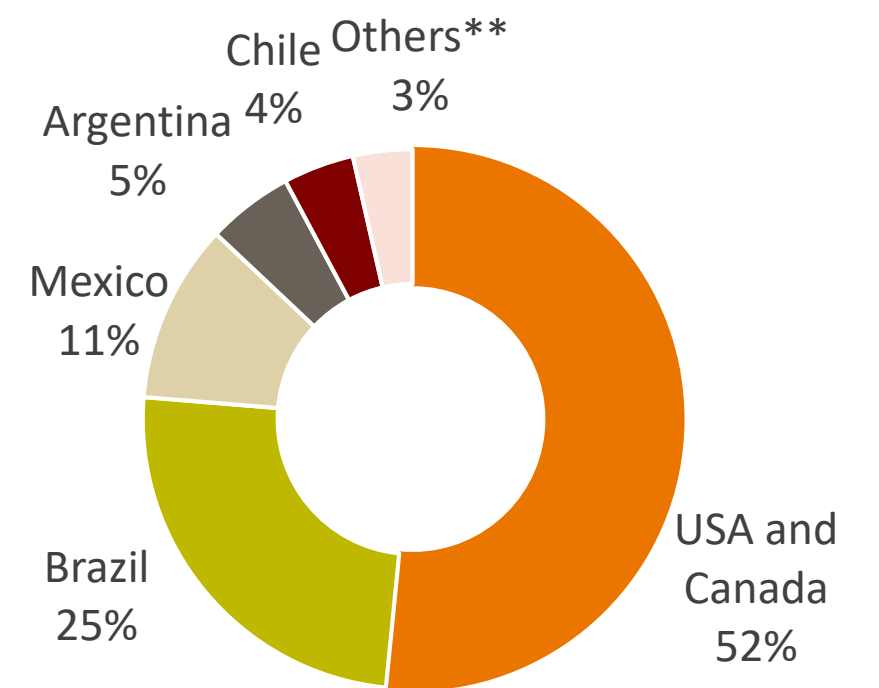
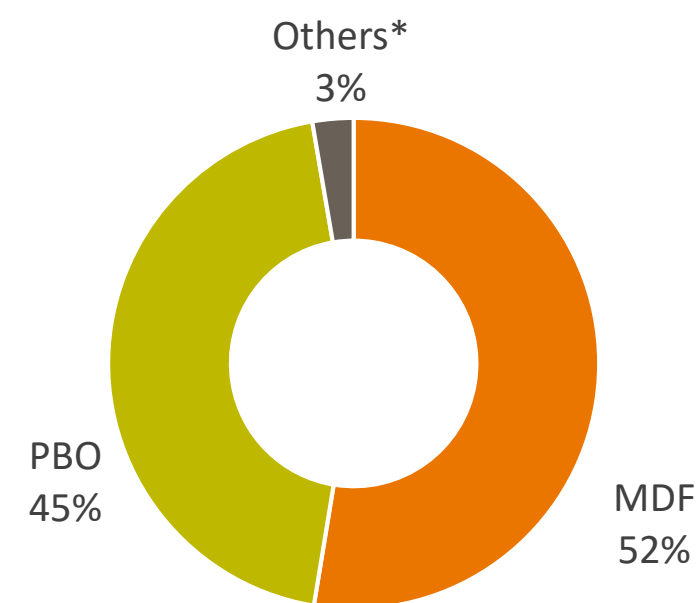
Does not include energy sales
As of March 2020 LTM

Production

million m³



Sales volume: 6.0 million m³



As of March 2020 LTM

Does not include Sonae Arauco volumes

*OSB, HB, Retail and Composite panels

** EMEA, Asia, Oceania and Rest of Latam

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PANELS

OUR MILLS

in thousands



Legend
MDF: Medium Density Fiberboard
PB: Particle Board
OSB: Oriented Strand Board

As of December 2019
* Arauco owns 50% of Sonae Arauco
** As of the date of publication of this report, 2 MDF mills are shut down. Also, the PB lines of two different mills are also shut down.
*** One PB mill in South Africa is currently shut down

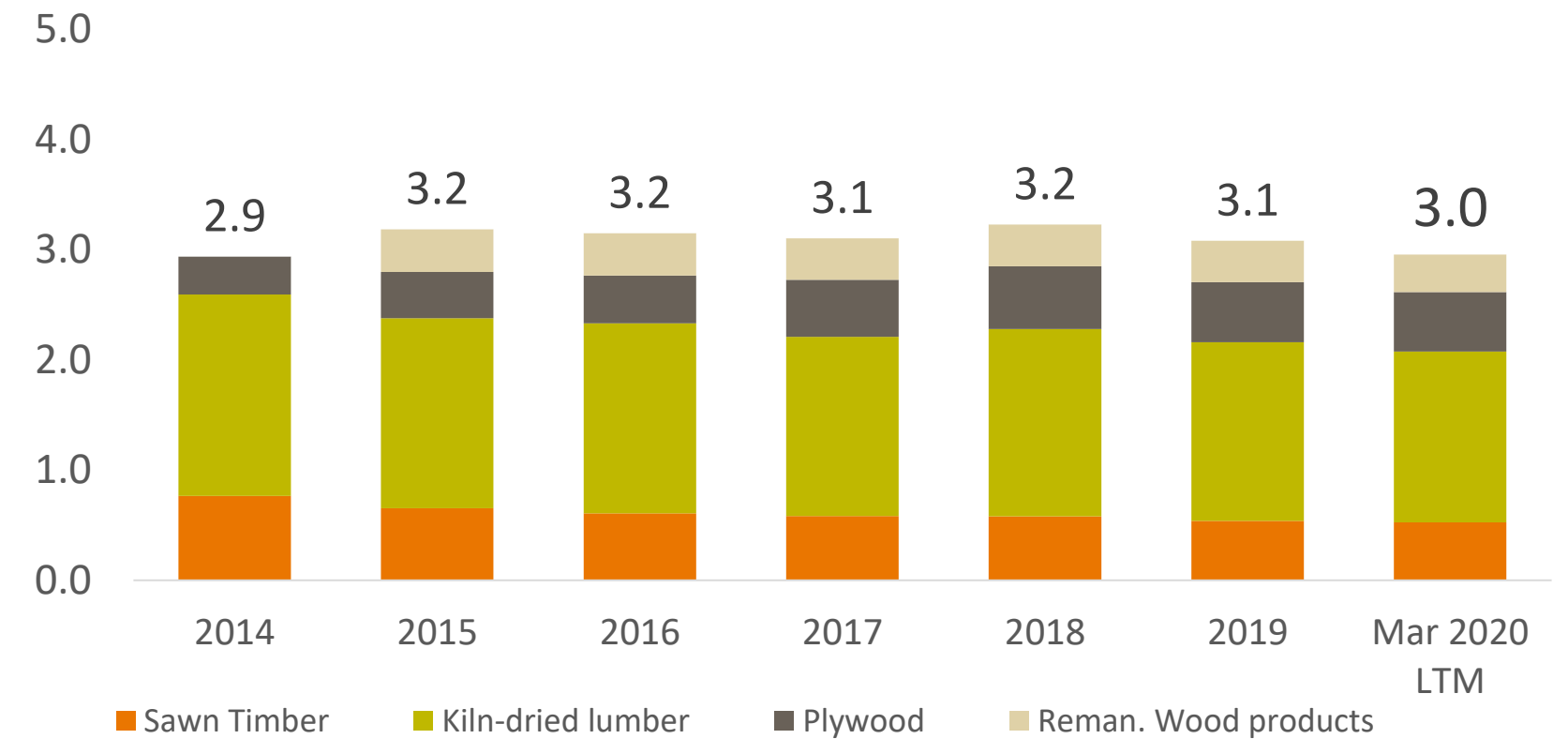
WOOD PRODUCTS BUSINESS: SOLID WOOD

Solid Wood Sales
MUS
\$844

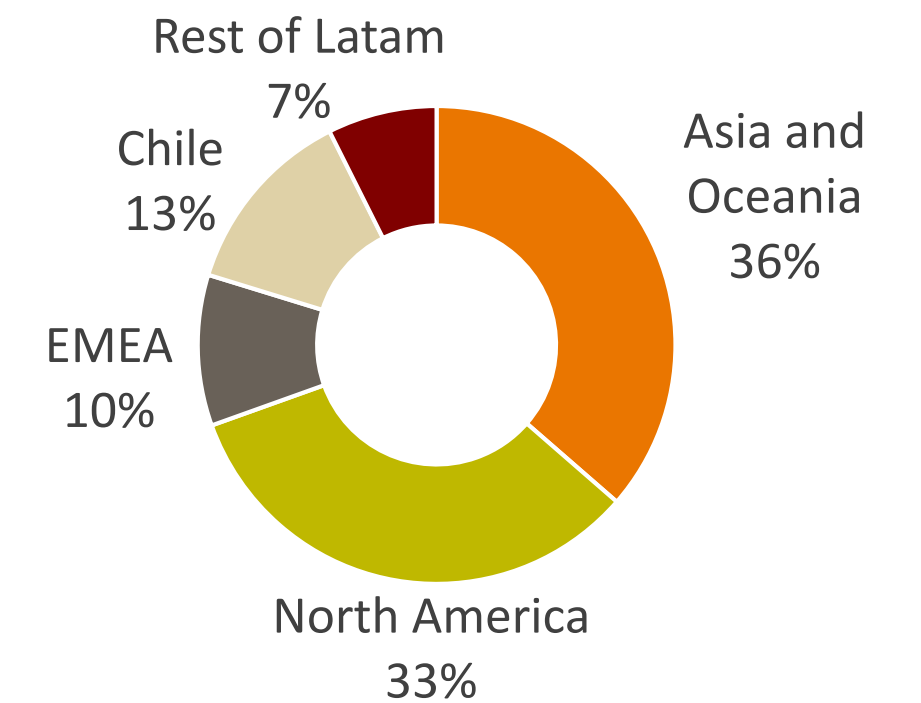
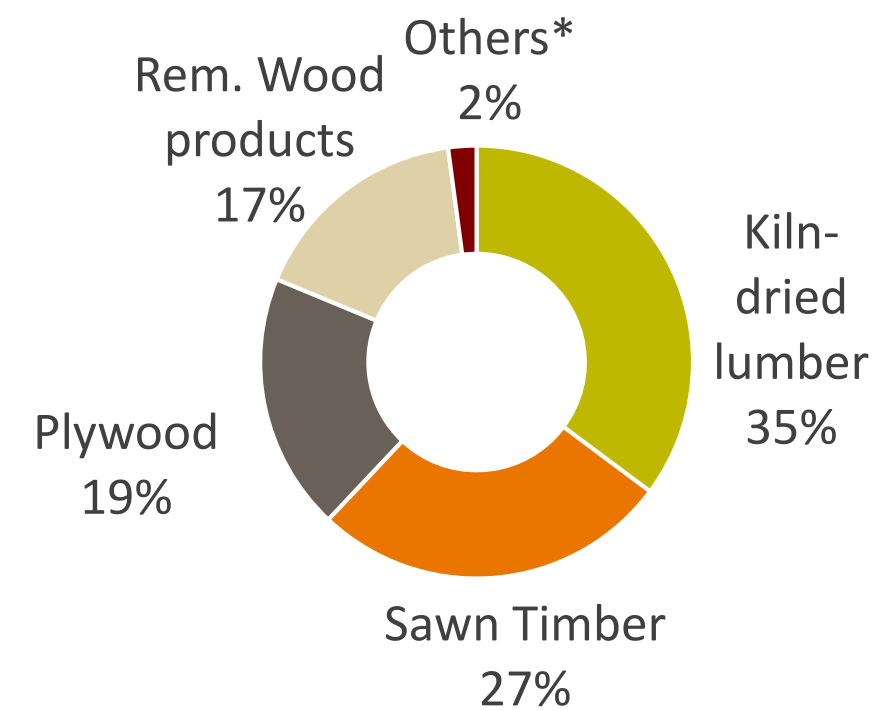
Does not include energy sales
As of March 2020 LTM

Production

million m³



Sales volume: 2.7 million m³



As of March 2020 LTM
Does not include Sonae Arauco volumes
* Pallets

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SOLID WOOD

OUR MILLS

in thousands



Legend
ST: Sawn Timber
Rem: Remanufactured Wood Products

As of December 2019
*Arauco owns 50% of Sonae Arauco

ENERGY BUSINESS

Revenues
MUS
\$78

As of March 2020 LTM

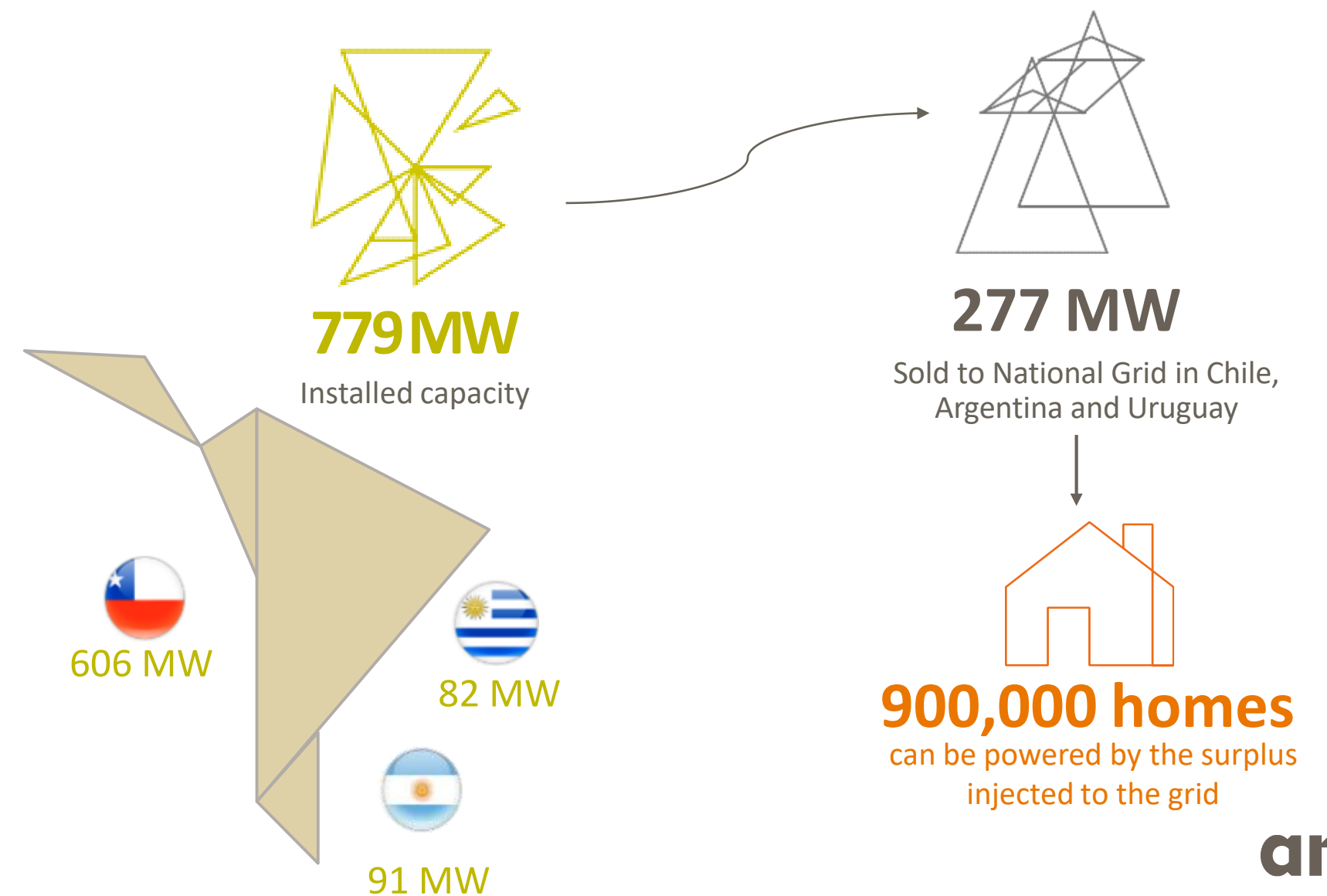
Highlights

Arauco generates renewable energy from forestry biomass and uses it in the production processes.

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).

We expect MAPA will generate an additional surplus of 142MW available for the national grid.



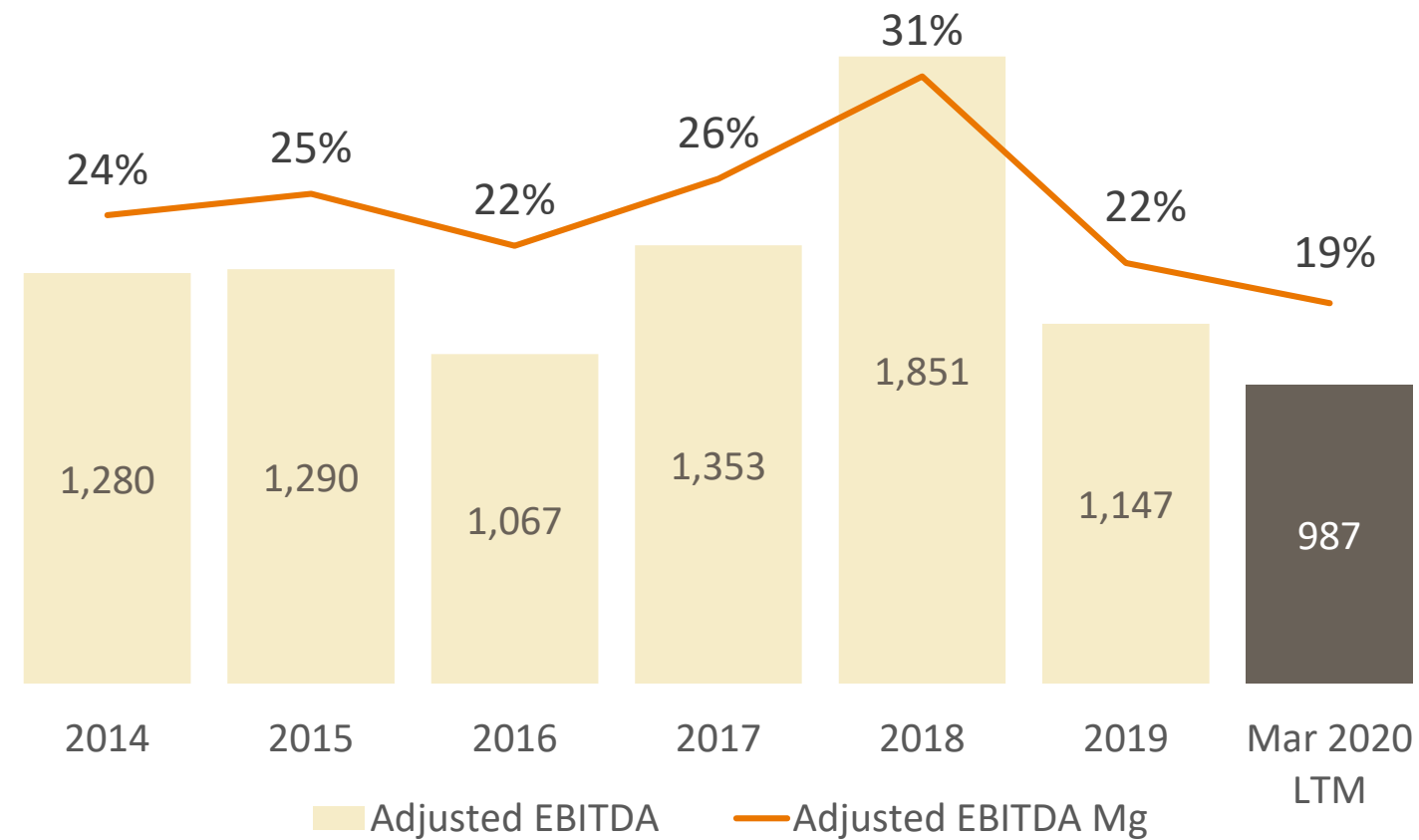


FINANCIAL HIGHLIGHTS

MAIN FIGURES

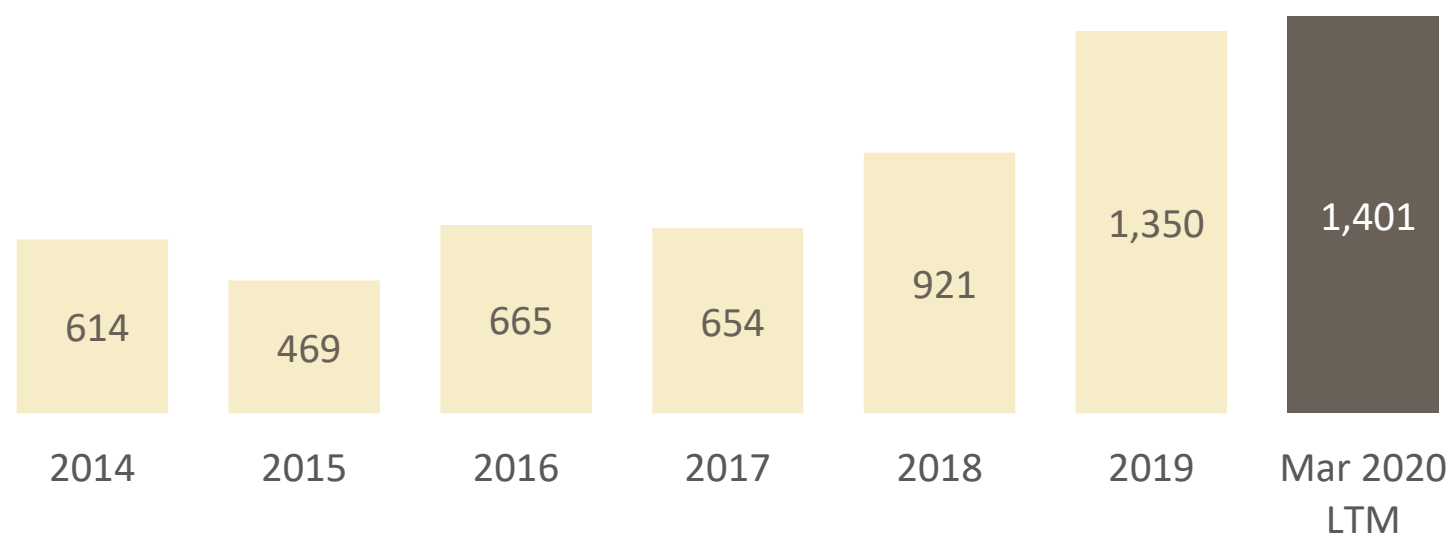
Adjusted EBITDA

US\$ million



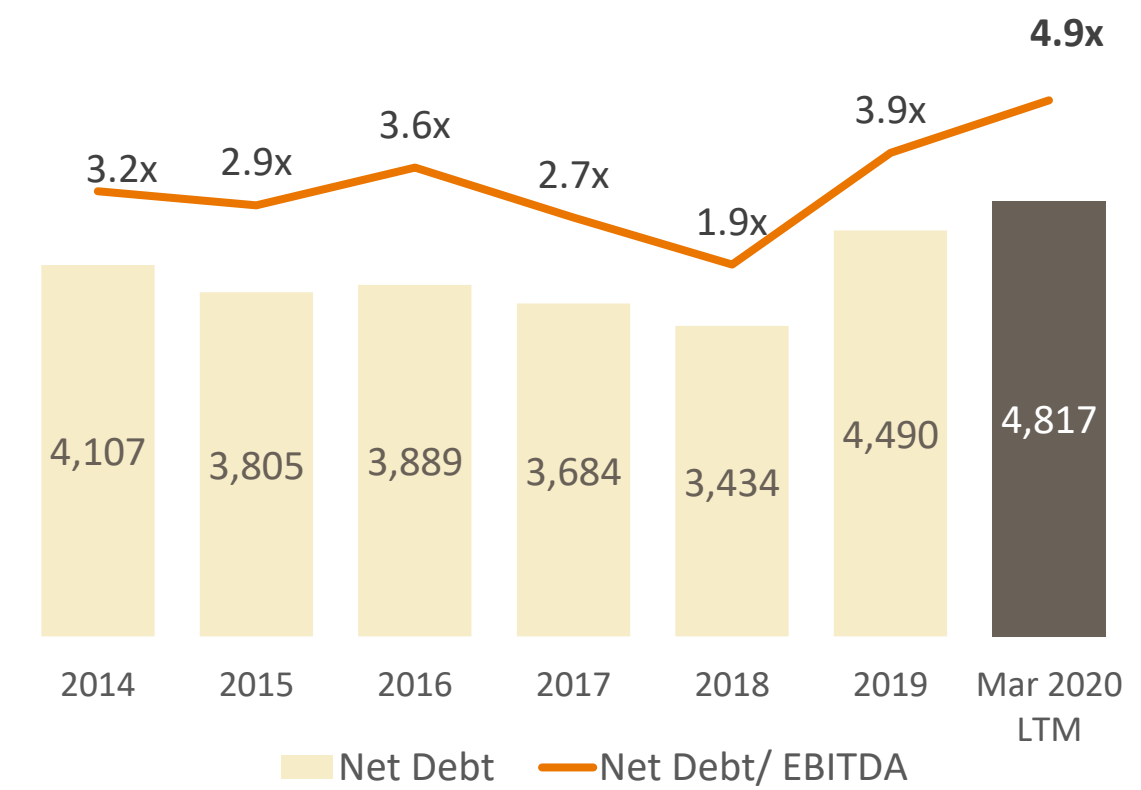
CAPEX

US\$ million



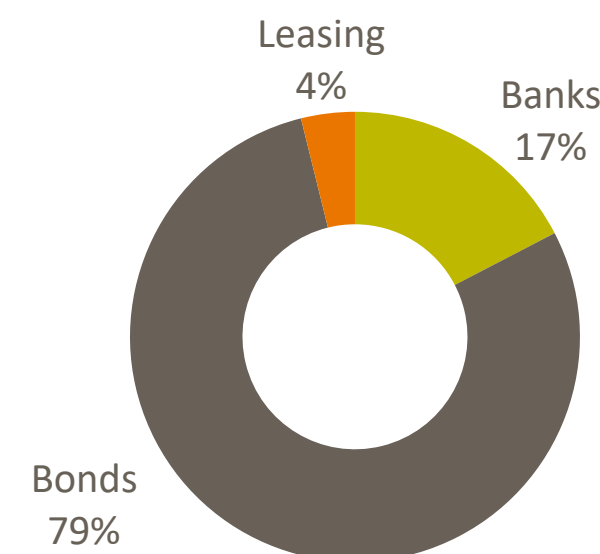
Net Debt

US\$ million

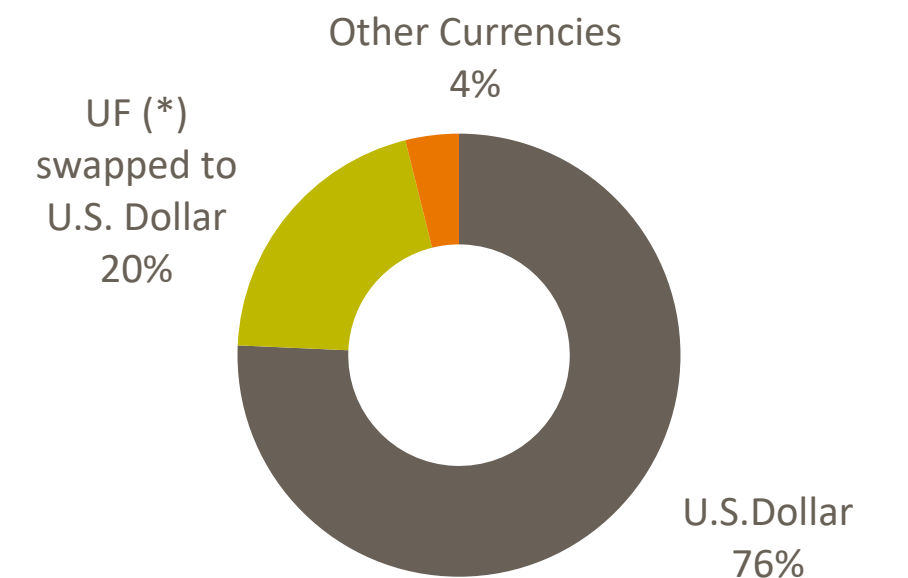


Debt Breakdown

by Instrument



by Currency



As of March 2020

(*) UF or "Unidad de Fomento" is a Chilean inflation-indexed currency

A low-angle, upward-looking photograph of an industrial facility. The image shows a complex network of pipes, metal beams, and machinery. A large, dark, cylindrical pipe runs diagonally across the frame. In the background, there are more pipes and structural elements, some illuminated by overhead lights. The overall atmosphere is industrial and modern.

FUTURE INVESTMENTS

MAPA NEW PULP LINE AT ARAUCO MILL & COGENERATION PLANT

Modernization and Expansion of the Arauco Mill (MAPA) consists in the construction of a **third pulp line of 1.56 million tonnes of short fiber production capacity.**



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

The Project also considers the shut down of Arauco's line 1 of **290 th. tonnes** of short fiber pulp once the new line (line 3) is operating, and the construction of a cogeneration plant that we expect will generate a surplus of 142 MW to be made available for the national grid.

It is expected that the new line will start its operations during the second quarter of 2021, increasing ARAUCO's total pulp production capacity to more than **5 million tonnes.**

MAPA PROJECT TIMELINE



July 2018

The Board of Directors approved the MAPA Project.

February 2019

Earth-moving works start.

May 2019

Contracts awarded for construction companies, totaling approximately US\$ 680 million.

End of May 2020: 52% advance

Most of the critical equipment is on-site and construction continues.

April 2011

Arauco's first environmental studies for MAPA Project.

October 2018

Arauco signed main equipment contracts with Andritz and Valmet

April 2019

On April 1st, 2019, Arauco signed an ECA* agreement for a total of Eur 555 million. This financing is mainly associated with the suppliers contracts signed on October 2018.

2021

The new Line 3 is expected to start operating on Q2 2021, while Line 1 is shutdown.



(*) Export Credit Agency

DISSOLVING PULP PROJECT



CREATE
Sustainable Fiber

- Dissolving Pulp Project is a brownfield project, located in the Valdivia mill and approved by ARAUCO's Board of Directors on September 2017.
 - This US\$ 200 million investment consisted in the mill's adaptation to produce dissolving pulp, with the option to switch back to paper pulp production. This project allows Arauco to continue diversifying its product portfolio and reaching new costumers
 - Dissolving pulp is used to produce viscose, an alternative material for cotton. It is used to soften, shine, and purify fibers.
-
- At the beginning of June, the first dissolving pulp bales started coming out of our Valdivia mill, thus marking the completion of the Dissolving Pulp Project. Our dissolving pulp will be marketed under the brand name ARAUCO Create.
 - This constitutes a highlight in the history of our Company, having brought together innovation in sustainable fibers and diversification of our product portfolio.

SUSTAINABILITY



SUSTAINABILITY STRATEGY

Combining science, innovation and technology

with the goal of unlocking the full potential of our plantations.



Developing high standard, quality-oriented products

that always aim to be the superior choice for our customers.



Responsibly managing our operations using **best-in-class environmental practices** and promoting the safety of ARAUCO's workers.



Being a **virtuous actor** in the areas where we maintain operations to become an active agent for their social and economic development.



Towards a Bioeconomy

With products that come from responsible management of natural and renewable resources

SUSTAINABILITY STRATEGY

Global Change

Our commitment to sustainable development is a response to the challenges posed by climate change and population growth.

COMMITMENT

Capture more greenhouse gas emissions than it emits globally



RENEWABLE RESOURCE

Solutions to fulfill the world's demand, while keeping our planet in balance

ARAUCO also announced its intention to align with the
“Science Based Targets”

CARBON NEUTRAL 2020

ARAUCO anticipates it will be the first company in our industry to certify achieving this important goal

SUSTAINABILITY STRATEGY



Engagement with

220

communes

over

50

programs with communities



Around

US\$56 million

Invested during 2019
in environmental projects

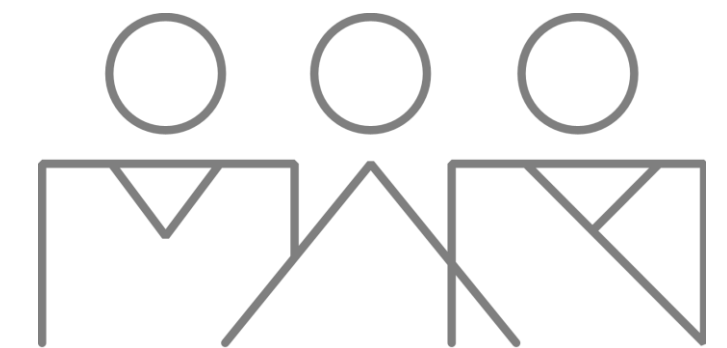
We maintain and protect,

63

Areas of High Biological
Conservation Value

128

Areas of High Social,
Cultural or Religious
Conservation Value



more than 70,000

direct beneficiaries

In alignment with the UN



**FOR FURTHER INFORMATION,
PLEASE CONTACT:**

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