

**ARAUCO**

**Press Release**  
**1Q 2021**





# Pulp and Forestry Business

Starting on January 1, 2021, our forestry business segment became part of our pulp business segment. This implies that we will no longer report figures pertaining to the former forestry business segment, and such figures will be merged with those of our pulp business segment.

The objective of this change is to have a more integrated perspective regarding our industrial and forestry assets, aimed at enhancing operational efficiencies. This will allow us to analyze costs from the perspective of our pulp and wood products business segments, which are in charge of managing production and sales of our products.

In this Press Release, and particularly when it comes to past comparative figures, we have restated such figures by adding those pertaining to the former forestry business segment with those of the pulp business segment. The wood products segment remains as is, for present and past figures.

You will find more information regarding these changes in Note 2 and Note 24 to our Financial Statements as of March 2021.

# Highlights

For more details on ARAUCO's financial statements please visit [www.cmfchile.cl](http://www.cmfchile.cl) or [www.arauco.com](http://www.arauco.com)

*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 that 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 does not assume any obligation to update such statements. References herein to "U.S.\$" are to United States dollars. Discrepancies in any table between totals and sums of the amounts listed are due to rounding. This report is unaudited.*

## REVENUES

**US\$1,346.7 million**

ARAUCO's revenues reached US\$1,346.7 million during the first quarter of 2021, a 0.5% decrease compared to the US\$1,352.9 million obtained during the fourth quarter of 2020 and a 19.5% increase compared to the first quarter of 2020.

## NET INCOME

**US\$102.4 million**

ARAUCO's net income was US\$102.4 million, equivalent to a US\$27.5 million increase when compared to the US\$74.9 million obtained during the fourth quarter of 2020, and a US\$132.1 million increase compared to the first quarter of 2020.

## ADJUSTED EBITDA

**US\$384.7 million**

Adjusted EBITDA reached US\$384.7 million, a 1.0% or US\$3.9 million increase compared to the US\$380.8 million obtained during the fourth quarter of 2020, and a 97.7% or US\$190.2 million increase compared to the same period of 2020.

## NET DEBT TO EBITDA

**3.98x**

Net Financial Debt decreased by US\$103.8 million or 16.8% compared to the last quarter.

Net Financial Debt / LTM Adjusted EBITDA ratio reached 3.98x in this quarter, a decrease compared to 4.79x in the fourth quarter of 2020 and the 4.88x reached during the first quarter of 2020.

## CAPEX

**US\$291.9 million**

CAPEX reached US\$291.9 million during this quarter, a US\$165.0 decrease when compared to the US\$456.9 million from the fourth quarter of 2020.

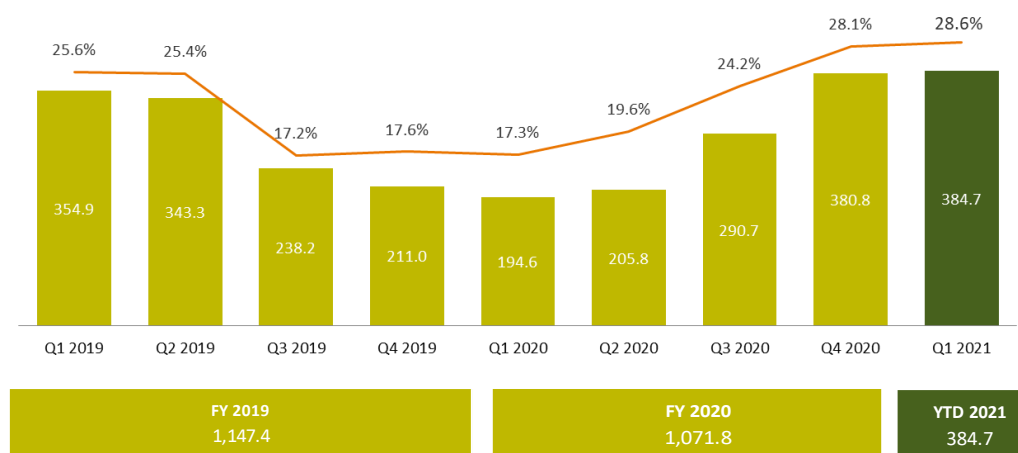
ARAUCO's net income for the first quarter of 2021 was US\$102.9 million, an increase of US\$27.5 million compared to the fourth quarter of 2020. This is mainly explained by higher operational results due to lower cost of sales, as well as, lower losses arising from exchange rate differences, compensated by a decrease in other operating income. Our Adjusted EBITDA was 1.0% higher than that of the fourth quarter, reaching US\$384.7 million. The *Adjusted EBITDA margin* increased from 28.1% to 28.6% on a quarterly basis.

## Overview

*Net Financial Debt* decreased by US\$103.7 million or 2.0% compared to the last quarter. Our *Net Debt/LTM EBITDA* ended up in 3.98x, a decrease when compared to the 4.79x reached during the fourth quarter of 2020.

In US\$ Million Acum	Q1 2021	Q4 2020	Q1 2020	QoQ	YoY	YTD 2021	YTD 2020	YoY
Revenue	1,346.7	1,352.9	1,127.2	-0.5%	19.5%	1,346.7	1,127.2	19.5%
Net income	102.4	74.9	(29.7)	36.7%	444.6%	102.4	(29.7)	-444.6%
Adjusted EBITDA	384.7	380.8	194.6	1.0%	97.7%	384.7	194.6	97.7%
Adjusted EBITDA Margin	28.6%	28.1%	17.3%	1.5%	65.5%	28.6%	17.3%	65.5%
LTM Adj. EBITDA	1,262.0	1,071.8	987.1	17.7%	27.9%	1,262.0	987.1	27.9%
CAPEX	291.9	456.9	445.5	-36.1%	-34.5%	291.9	445.5	-34.5%
Net Financial Debt	5,025.5	5,129.2	4,817.2	-2.0%	4.3%	5,025.5	4,817.2	4.3%
Net Financial Debt / LTM Adj. EBITDA	3.98x	4.79x	4.88x	-16.8%	-18.4%	3.98x	4.88x	-18.4%

### Adjusted EBITDA and EBITDA Margin (in US\$ Million)



# Income Statement

In US\$ Million	Q1 2021	Q4 2020	QoQ
Revenues	1,346.7	1,352.9	-0.5%
Cost of sales	(897.8)	(933.8)	-3.9%
Distribution costs	(144.8)	(145.9)	-0.7%
Administrative expenses	(136.5)	(133.7)	2.1%
Other income	75.0	108.2	-30.7%
Other expenses	(37.5)	(41.5)	-9.6%
Financial income	6.8	5.8	18.5%
Financial costs	(61.0)	(66.1)	-7.7%
Share of profit (loss) of associates and joint ventures accounted for using equity method	2.5	1.5	66.6%
Exchange rate differences	(8.5)	(22.9)	-63.0%
<b>Income before income tax</b>	<b>145.0</b>	<b>124.5</b>	<b>16.5%</b>
Income tax	(42.6)	(49.6)	-14.0%
Net income	102.4	74.9	36.7%



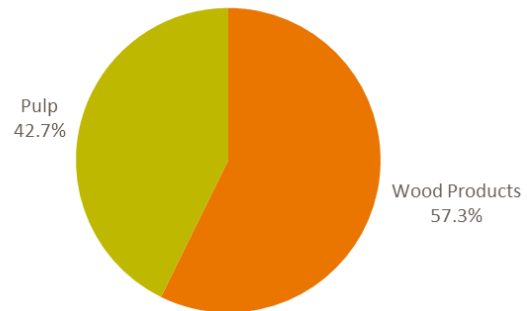
## Revenues

ARAUCO's revenues reached US\$1,346.7 million in the first quarter of 2021, a decrease of 0.5% when compared to the previous quarter. This variation is mostly explained by lower revenues in our pulp division, due to a sales volume decrease of 17.9% while average prices increased by 14.8%. Additionally, revenues for our wood products division increased by 1.8% or US\$13.9 million.

The following table shows a breakdown of our revenues by business segment:

In US\$ Million	Q1 2021	Q4 2020	QoQ
Pulp	575.3	595.4	-3.4%
Wood Products	771.4	757.5	1.8%
<b>Total</b>	<b>1,346.7</b>	<b>1,352.9</b>	<b>-0.5%</b>

1Q 2021 Revenue's breakdown



## Cost of sales

Decreased by 3.9% or US\$36.7 million compared to the fourth quarter of 2020. This is mostly explained by lower costs associated to *timber* and *forestry labor costs* related to lower sales volume in our pulp and wood products divisions.

In US\$ Million	Q1 2021	Q4 2020	QoQ
Timber	229.0	237.6	-3.6%
Forestry labor costs	119.6	129.2	-7.4%
Depreciation and amortization	104.0	112.4	-7.5%
Depreciation for right of use	11.7	13.8	-15.1%
Maintenance costs	64.5	58.3	10.6%
Chemical costs	115.0	116.3	-1.1%
Sawmill services	25.5	30.4	-15.9%
Other raw materials and indirect costs	81.5	86.2	-5.5%
Energy and fuel	42.9	41.5	3.2%
Cost of electricity	9.6	7.7	24.6%
Wage, salaries and severance indemnities	94.5	100.5	-5.9%
<b>Cost of Sales</b>	<b>897.8</b>	<b>933.8</b>	<b>-3.9%</b>

## Administrative expenses

Increased by 2.1% or US\$2.8 million, when compared to the previous quarter, mainly due to an increase in *salaries and severance indemnities*, partially offset by a decrease in *donations*.

In US\$ Million	Q1 2021	Q4 2020	QoQ
Wages, salaries and severance indemnities	60.2	53.5	12.5%
Marketing, advertising, promotion and publications expenses	2.6	3.3	-20.0%
Insurance	5.8	5.4	7.4%
Depreciation and amortization	8.6	8.8	-1.8%
Depreciation for the right of use	1.8	1.8	-1.8%
Computer services	8.7	8.3	4.2%
Lease rentals (offices, warehouses and machinery)	1.6	1.4	18.7%
Donations, contributions, scholarships	1.9	5.2	-63.9%
Fees (legal and technical advisories)	8.9	11.4	-22.1%
Property taxes, patents and municipality rights	4.5	4.8	-5.8%
Other administration expenses	31.9	29.9	6.9%
<b>Administrative Expenses</b>	<b>136.5</b>	<b>133.7</b>	<b>2.1%</b>

## Distribution costs

Distribution costs remained stable with a slight decrease of 0.7%, or US\$1.1 million.

In US\$ Million	Q1 2021	Q4 2020	QoQ
Commissions	3.6	3.8	-6.5%
Insurance	1.1	0.7	66.5%
Other selling costs	4.0	3.7	8.8%
Port services	11.7	12.1	-2.9%
Freight	113.1	115.6	-2.1%
Depreciation for the right of use	0.6	0.4	34.3%
Other shipping and freight costs	10.7	9.6	11.1%
<b>Distribution Costs</b>	<b>144.8</b>	<b>145.9</b>	<b>-0.7%</b>

## Other income

Decreased by 30.7% or US\$33.2 million, mainly as a result of a decrease in *gains on sales of assets* due to the sale of some land assets in our Brazilian operation during the previous quarter. The decrease in Other Income was partially offset by *profits on sales of permanent investments* arising from the sale of Forestal Los Lagos SpA.

In US\$ Million	Q1 2021	Q4 2020	QoQ
Gain from changes in fair value of biological assets	41.3	52.9	-22.0%
Net income from insurance compensation	0.0	0.63	-98.7%
Leases received	0.5	0.2	133.2%
Gains on sales of assets	2.0	25.3	-92.2%
Tax recovery	-	2.2	-100%
Severance, payments	7.0	-	N/A
Profit on sales of permanent investments	20.4	-	N/A
Other operating results	10.8	22.7	-52.3%
Government Subsidies	-	4.2	-100%
<b>Other Income</b>	<b>75.0</b>	<b>108.2</b>	<b>-30.7%</b>



## Other expenses

Decreased by 9.6% or US\$4.0 million when compared to the fourth quarter of 2020. This is mostly explained by a decrease in *impairment provision property, plant and equipment and others* due to adjustments regarding Line 1. This was partially offset by an increase in *loss of forests* due to adjustments related to the forest fire in Matto Grosso, Brazil in 2020.

In US\$ Million	Q1 2021	Q4 2020	QoQ
Legal payments	1.5	2.1	-31.2%
Impairment provision property, plant and equipment and others	4.0	13.5	-70.6%
Operating expenses related to plant stoppages	1.5	2.4	-36.6%
Project expenses	5.3	5.0	4.4%
Loss (gain) from asset sales	2.0	2.5	-17.2%
Loss and repair of assets	0.3	-0.9	-137%
Loss of forests	16.9	2.3	620.0%
Other taxes	3.3	4.5	-27.4%
Research and development expenses	0.3	0.9	-64.2%
Other expenses (donations, repayments insurance)	2.4	9.1	-73.3%
<b>Other expenses</b>	<b>37.48</b>	<b>41.46</b>	<b>-9.6%</b>

## Foreign exchange differences

Showed a net loss of US\$8.5 million, a US\$14.4 million decrease when compared to the fourth quarter that ended with a US\$22.9 million loss.

The main significant effects are given by the variation of local currencies in the countries where we have industrial operations.

## Income tax

For the first quarter, income tax reached US\$42.6 million, US\$6.9 million lower than the US\$49.6 million of the previous quarter.

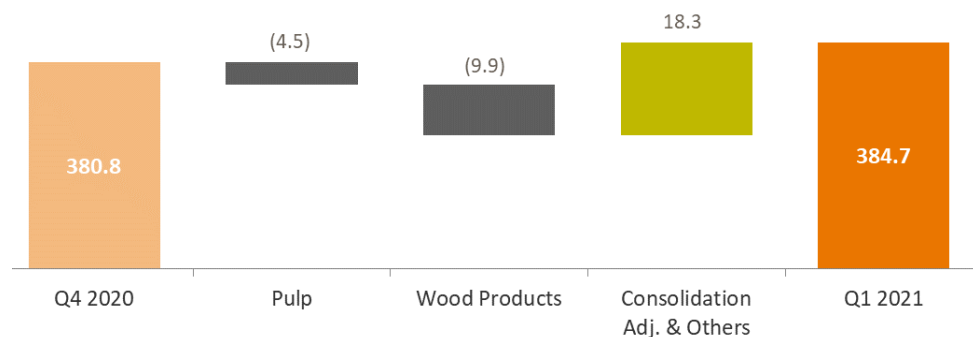
# Adjusted EBITDA

Adjusted EBITDA for the first quarter of 2021 was US\$384.7 million, a 1.0% or US\$3.9 million increase when compared to the previous quarter. This is mainly explained by an US\$18.3 million increase in consolidation adjustments, mostly due to gains of approximately US\$20.5 million arising from the sale of our shares in Forestal Los Lagos SpA, compensated by a decrease in the Adjusted EBITDA of our pulp and wood products business segments.

In US\$ Million	Q1 2021	Q4 2020	Q1 2020	QoQ	YoY
Net Income	102.4	74.9	(29.7)	36.7%	444.6%
Financial costs	61.0	66.1	71.8	-7.7%	-15.0%
Financial income	(6.8)	(5.8)	(7.2)	18.5%	-5.2%
Income tax	42.6	49.6	9.8	-14.0%	536.9%
<b>EBIT</b>	<b>199.2</b>	<b>184.8</b>	<b>25.1</b>	<b>7.8%</b>	<b>693.3%</b>
Depreciation & amortization	126.7	137.4	125.4	-7.7%	1.1%
<b>EBITDA</b>	<b>325.9</b>	<b>322.2</b>	<b>150.5</b>	<b>1.2%</b>	<b>116.5%</b>
Fair value cost of timber harvested	70.8	74.4	67.0	-4.8%	5.7%
Gain from changes in fair value of biological assets	(41.3)	(52.9)	(52.0)	-22.0%	-20.6%
Exchange rate differences	8.5	22.9	3.4	-63.0%	147.4%
Others (*)	20.9	14.2	25.6	46.6%	-18.6%
<b>Adjusted EBITDA</b>	<b>384.7</b>	<b>380.8</b>	<b>194.6</b>	<b>1.0%</b>	<b>97.7%</b>

(\*) ((\*) Includes provision from forestry fires and provisions from property, plants and equipment, and others.

Adjusted EBITDA variation by business segment (in US\$ million)



# Pulp Business

During the first quarter of 2021 we saw good pulp demand in all markets, which drove price increases in every fiber and market. The specialty and P&W industries have been the strongest ones, especially in Europe. This is due to two main reasons, the closure of some paper mills in Europe, and less imported papers in Europe, US and Middle East due to logistical problems from Asian paper producers. The tissue industry remained stable but at good level, some producers haven't been able to transfer the rapid pulp increases to their final products. The inventories of long and short fiber slightly increased between February 2021 and December 2020.

Global BCP Shipments Change		
China	▼	-2.0%
Europe	▼	-6.0%
Other Asia	▼	-11.5%
USA	▲	8.6%
Rest of the World	▼	-6.7%
Total	▼	-4.0%

*Last 2 months, Jan-Feb 2020 and 2021.  
BCP stands for Bleached Chemical Pulp  
Source: Hawkins Wright.*

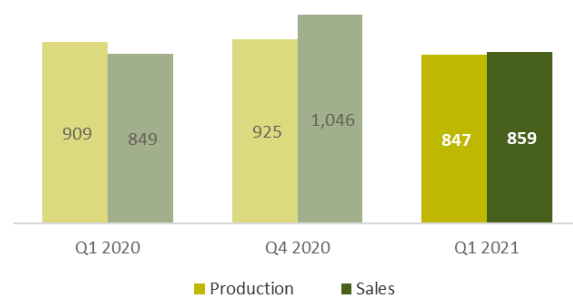
In China, pulp demand from the different industries remained at high levels, and customers have been able to increase prices of their products. In this market, during the first quarter there was a price differential between imported and local pulp, with the latter been higher than the former. This affected the competitiveness of some small and medium tissue producers that bought pulp in the local market. Prices for the long and short fiber increased consistently throughout the quarter.

In Europe, despite the mobility restrictions imposed by governments, the P&W, deco paper, and specialty industries, all found themselves with very good demand for their products, which translated into good pulp demand. The tissue industry remained stable, with demand for their products stabilizing. As in China, prices increased significantly.

The dissolving pulp market remained strong with price increases during the whole quarter. The supply of dissolving pulp increased due to swing mills that stopped producing paper grade pulp and started producing dissolving pulp. The viscose market remained strong, stabilizing at the end of the quarter.

Production during the first quarter decreased by 7% compared to the same quarter on previous year. This is mainly due to planned maintenance stoppages that took place during the quarter in our Nueva Aldea, Valdivia and Arauco (Line 1) mills.

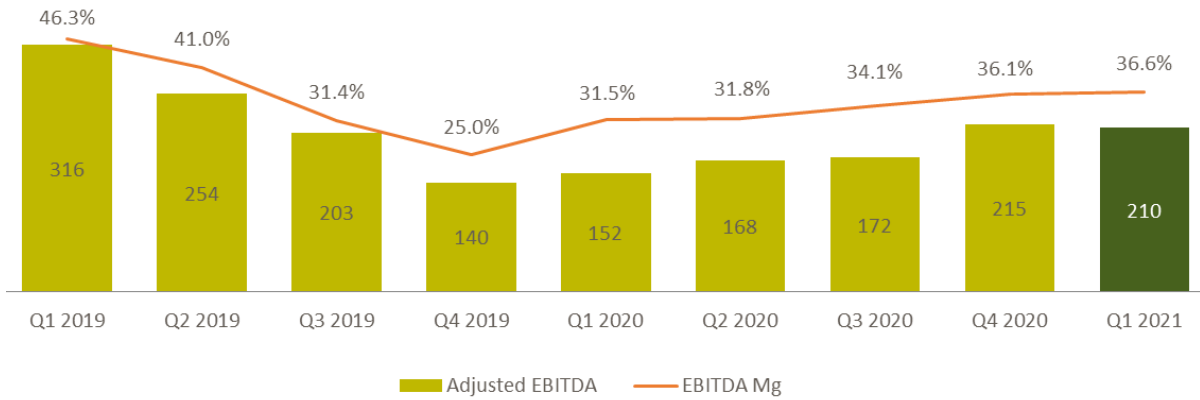
Production and Sales Volume (In thousand tonnes)





The Adjusted EBITDA for our pulp business segment reached US\$210.3 million during this quarter, which translates to a 2.1% or US\$4.46 million decrease compared to the fourth quarter of 2020.

Pulp EBITDA Mg reached 36.6%, 0.5% higher than the previous quarter.



Days of Stoppages

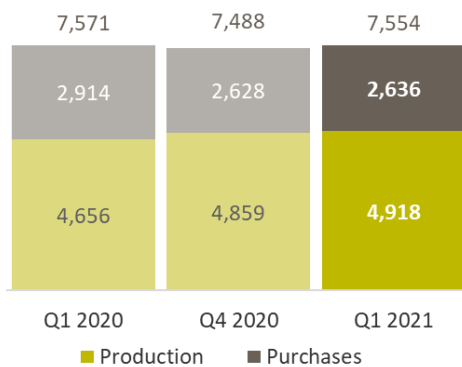
Mill	2021			
	1Q	2Q	3Q	4Q
Arauco - Line 1	11			
Arauco - Line 2		20		
Constitución				
Licancel			10	
Nueva Aldea	15			
Valdivia	11			
Alto Paraná		24		
Montes del Plata				

Maintenance Stoppages:



Production and Purchase of forestry products (in thousand m<sup>3</sup>)

The production of forestry products during the first quarter was 4.9 million m<sup>3</sup>, 1.2% higher compared to the previous quarter.



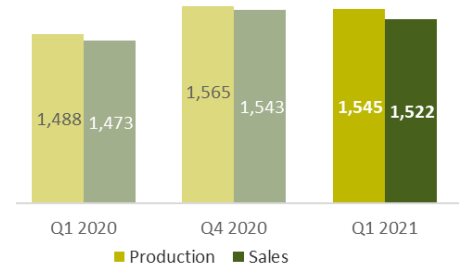
# Wood Products Business

## Panels

Revenues decreased slightly when compared to the fourth quarter, mainly as a result of a 1.4% decrease in sales volume. Average prices increased 2.3%.

During the first quarter we saw an increase in prices with a very active market. This is mainly due to higher demand in construction, especially in the US, and also in home improvement and remodeling. Additionally, lower supply caused by logistic problems.

**Production and Sales Volume: Panels <sup>(1)</sup>**  
(In thousand m<sup>3</sup>)

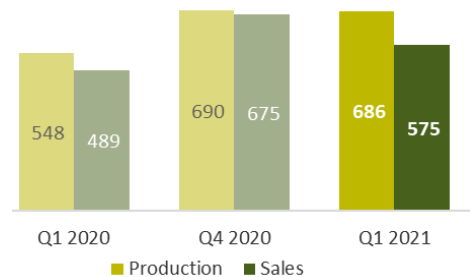


## Sawn timber

During the first quarter sales volume decreased by 9.8%. Average prices increased by 25.5%.

The prices for sawn timber and remanufactured wood products continued to increase to historic levels due to higher levels of consumption in the construction, repair and remodeling sectors. This was accompanied by a strong retail channel and some supply issues.

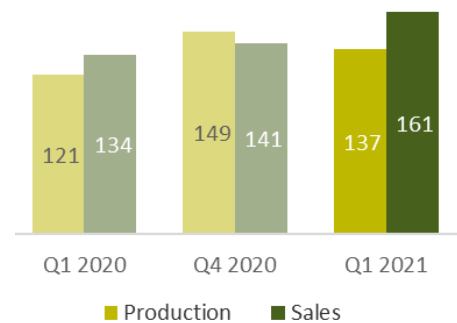
**Production and Sales Volume: Sawn Timber <sup>(2)</sup>**  
(In thousand m<sup>3</sup>)



## Plywood

Sales volume increased by 13.8% during the first quarter while average prices increased by 9.1% on a quarterly basis. This is mainly explained by an increase in demand in markets such as the US, Europe and Oceania, and logistic complications causing a shortage in supply.

**Production and Sales Volume: Plywood**  
(In thousand m<sup>3</sup>)



(1) Includes PB, MDF, OSB, HB, Composite Panels and Retail Panels.

(2) Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets.

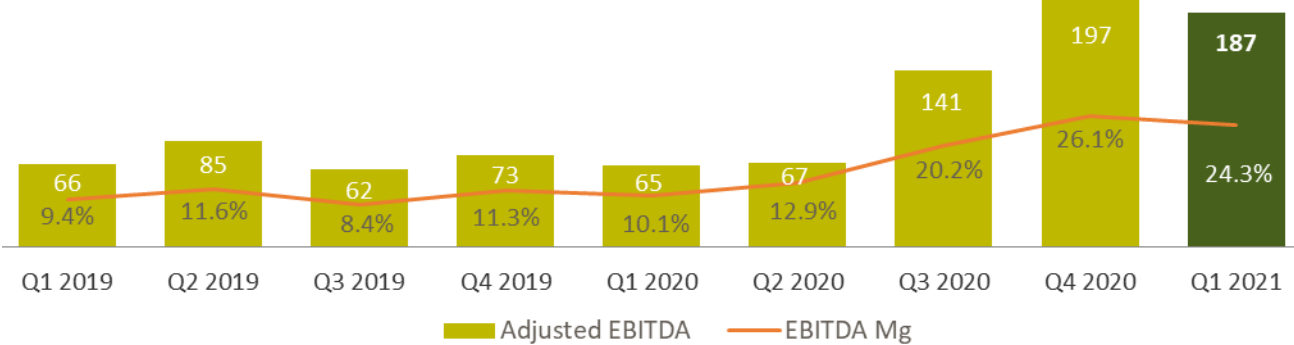
Note: Sales include trading





Adjusted EBITDA for our wood products business was US\$187.5 million during the first quarter of 2021, which translates to a 24.3% or US\$9.9 million decrease, compared to the previous quarter.

Wood products EBITDA Mg was 24.3%, lower than the 26.1% reached during the fourth quarter.



# Capital Expenditures

During this quarter, capital expenditures(\*) reached US\$291.9 million, US\$165.0 million lower than the previous quarter. This is mainly due to reductions in expenditures associated with the MAPA project. There were also effects in *Cash flow used to obtain control of subsidiaries or other businesses* associated to the sale of our shares in Forestal Los Lagos SpA.

The biggest single item in CAPEX-related expenditures during the quarter were those related to the MAPA project. These expenditures reached approximately US\$160.8 million.

US\$ Million	Q1 2021	Q4 2020	Q1 2020	YTD 2021	YTD 2020
Cash flow used to obtain control of subsidiaries or other businesses	(48.0)	4.1	-	(48.0)	-
Cash flow used to purchase in associates	2.3	0.1	15.1	2.3	15.1
Purchase and sale of property, plant and equipment	256.9	400.8	356.8	256.9	356.8
Purchase and sale of intangible assets	2.8	(2.3)	6.1	2.8	6.1
Purchase of other long-term assets	78.0	54.2	67.5	78.0	67.5
<b>Total CAPEX (*)</b>	<b>291.9</b>	<b>456.9</b>	<b>445.5</b>	<b>291.9</b>	<b>445.5</b>

(\*) On a cash basis.

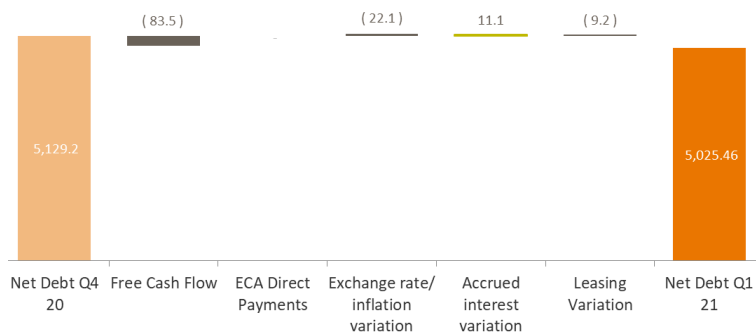
## Free Cash Flow

During the first quarter, free cash flow increased by US\$163.2 million compared to the previous quarter, ending with inflows of US\$83.5 million. Cash provided by operating activities increased by US\$64.4 million mainly due to income tax refunds and lower payment of interest. Cash used in investment activities decreased by US\$129.8 million. Cash from financing activities increased by US\$4.9 million.

US\$ Million	Q1 2021	Q4 2020	Q1 2020
Adjusted EBITDA	384.7	380.8	194.6
Working Capital Variation	16.0	(14.7)	(87.7)
Interest paid and received	(38.7)	(80.4)	(35.3)
Income tax received (paid/refunded)	49.0	(17.6)	(55.5)
Other cash inflows (outflows)	(6.4)	72.2	(31.8)
<b>Cash from Operations</b>	<b>404.7</b>	<b>340.3</b>	<b>(15.7)</b>
Capex (*)	(291.9)	(456.9)	(445.5)
Proceeds from investment activities	8.7	42.6	5.7
Other inflows of cash, net	0.9	2.1	2.9
<b>Cash from (used in) Investment Activities</b>	<b>(282.4)</b>	<b>(412.2)</b>	<b>(436.9)</b>
Dividends paid	-	(0.6)	-
Other inflows of cash, net	(18.3)	(22.6)	(21.2)
<b>Cash from (used in) Financing Activities - Net of Proceeds and Repayments</b>	<b>(18.3)</b>	<b>(23.2)</b>	<b>(21.2)</b>
Effect of exchange rate changes on cash and cash equivalents	(20.5)	15.4	(25.9)
<b>Free Cash Flow</b>	<b>83.5</b>	<b>(79.7)</b>	<b>(499.6)</b>

(\*) On a cash basis.

Net Debt Variation Q1 2021 – Q4 2020 (in US\$ million)



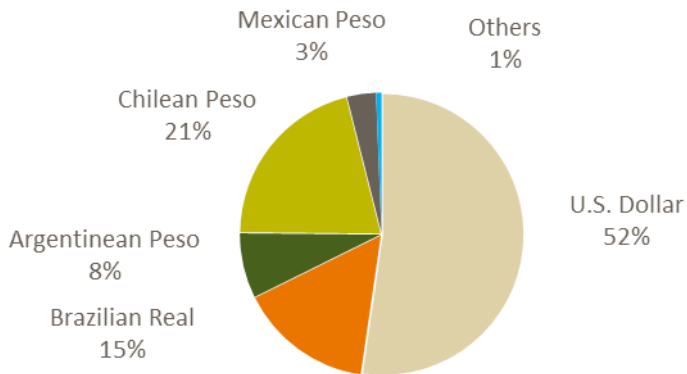


## Cash

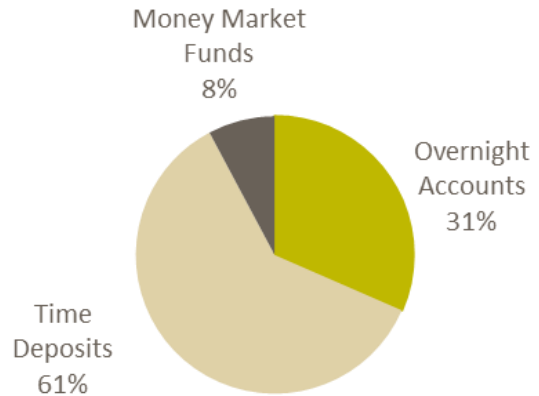
Our cash position was US\$924.1 million at the end of the first quarter, which translates to a 13.2% decrease equivalent to US\$140.6 million when compared to the end of the fourth quarter of 2020. Cash provided by operational activities increased by US\$64.4 million. Cash provided in investment activities increased US\$129.8 million mainly due to a decrease in capital expenditures. Cash provided by financing activities decreased by US\$201.0 million mainly due to higher repayment of borrowings, associated with the prepayment in full of US\$200 million bank loan.

In terms of liquidity, and additionally to our cash position, the Company has a committed revolving credit facility for a total amount of US\$375 million, which as of the date of this report hasn't been withdrawn. This facility is due in February 2025.

Cash by Currency



Cash by Instrument





# Financial Debt

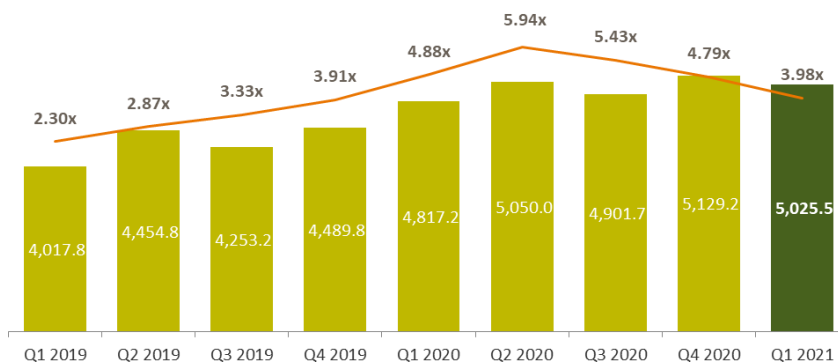
ARAUCO's total financial debt as of March 31, 2021 reached US\$5,949.5 million, a decrease of 4.0% or US\$244.4 million when compared to December 31, 2020.

Our consolidated net financial debt decreased 2.0% or US\$103.8 million when compared with December 2020.

Our leverage, measured as Net Financial Debt/LTM Adjusted EBITDA was 3.98x, which compares to the 4.79x in the last quarter.

In US\$ Million	Mar 2021	Dec 2020	Mar 2020
Short term financial debt	510.9	370.0	639.6
Long term financial debt	5,438.7	5,824.0	5,333.1
<b>TOTAL FINANCIAL DEBT</b>	<b>5,949.5</b>	<b>6,194.0</b>	<b>5,972.7</b>
Cash and cash equivalents	924.1	1,064.7	1,155.5
<b>NET FINANCIAL DEBT</b>	<b>5,025.5</b>	<b>5,129.2</b>	<b>4,817.2</b>
<b>LTM Adjusted EBITDA</b>	<b>1,262.0</b>	<b>1,071.8</b>	<b>987.1</b>

Net Financial Debt and Leverage (In US\$ Million)



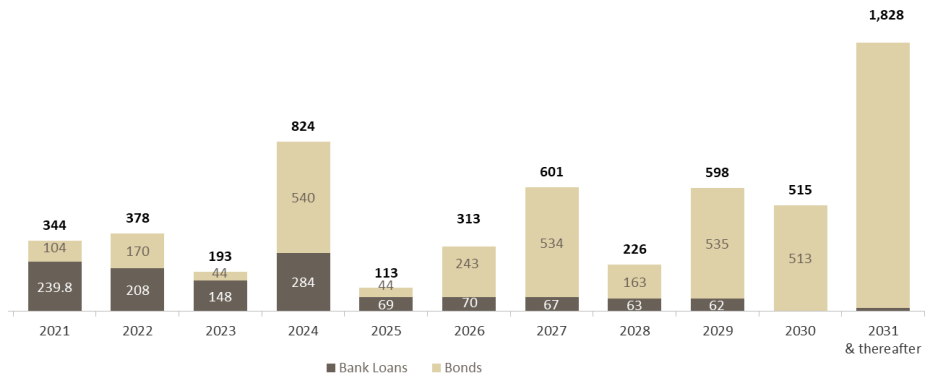


# Debt Profile and Structure

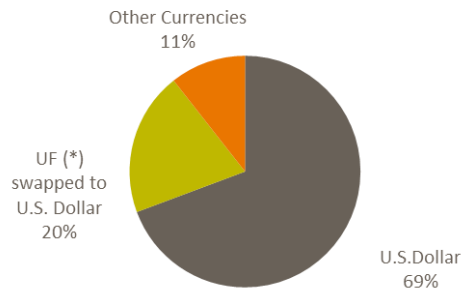
## Financial Debt Profile

For 2021 short term bank and bond obligations (which includes accrued interest) sum up US\$344.0 million. Bank obligations include the following maturities: US\$191.6 million in bank loans and US\$48.2 million in leasing. Bond obligations for the remainder of the year sum up US\$104.1 million. These obligations include amortizations of local bonds, and interest payments of our USD-denominated bonds.

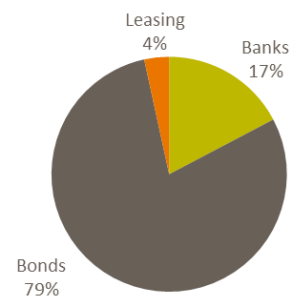
Debt Amortization Profile as of March 31, 2021 (In US\$ Million)



## Debt by Currency



## Debt by Instrument



(\*) UF is a Chilean monetary unit indexed to inflation.

# First Quarter

## Subsequent Events and News

### Agreement for Selling Forestry Assets

On May 13, 2021, Forestal Arauco S.A., a subsidiary of the Company, executed a master agreement, by means of which it agreed to sell to a third party, 461 forest properties that include a total of 80,489 hectares, of which 61,742 are productive hectares, for a total price of US\$385,500,000, plus the corresponding Value Added Tax. At the closing of the transaction, the price corresponding to 431 properties will be paid, while the price of the remaining 30 properties will be paid subject to satisfaction, for each such property, of certain specific conditions within the months following the closing; all of the above according to the procedure established in the Master Agreement.

The closing of the transaction is subject to compliance with conditions precedent that are customary for this type of transactions, including the authorization by the antitrust authorities.

Once all the conditions have been met, the parties will proceed to execute the sale and deed for each property and, additionally, timber supply and preferential right purchase agreements, a firefighting services agreement and an agreement for transitional services for the management of operational tasks, among other documents.

It has been preliminarily estimated that, should closing of the transaction occur, it will have generated a gain for 2021 or 2022, depending on the closing date, of approximately US\$192,500,000 after taxes, as a result of the sale of all the properties.

### Capital Increase *update*

On May 19, 2020, ARAUCO's Shareholders' Meeting approved the proposal of the Board of Directors to increase the capital of ARAUCO, up to a maximum amount of US\$700 million. Of the total amount approved, US\$250 million were paid during September 2020, and an additional US\$200 million were paid during May 2021, while the remaining US\$250 million could be paid during the course of 2021, depending on the resources required in this year.

The capital increase would aim to strengthen ARAUCO's financial position which has been affected by ongoing and past projects, trade tensions between China and the US, and the decrease in the demand of products that has been observed worldwide as a result of the COVID-19 pandemic.

# First Quarter

## Subsequent Events and News

### **MAPA Project** *update*

MAPA Project overall progress as of the end of April 2021 was 83.0%. Work on the marine outfall was recently completed, as well as on the high voltage transmission line. Hydraulic test of the power boiler was completed, and the construction works continue.

To date, more than 289,000 PCR tests have been applied to workers of the project, with a positivity rate significantly lower than the national average informed by the Health Ministry in the daily COVID-19 report. Only during April, more than 48 thousand PCR tests were applied by test centers located within the project site.

We estimate that the startup will take place during the fourth quarter of 2021. At that point the existing eucalyptus line (Line 1) will be permanently shut down in accordance with the environmental permit.

### **Prepayment of 200MM Bank Loan**

On March 29, 2021, we prepaid the entire outstanding amount of a U.S.\$200.0 million club deal bank loan that we maintained with The Bank of Nova Scotia, Banco del Estado de Chile, Export Development Canada and Sumitomo Mitsui Banking Corporation. This loan originally had a maturity date on September 2023.

There were some interest rate swap agreements associated with this loan, which we unwound following such prepayment. Our rationale for this prepayment reflects the current positive market development in our pulp and wood products divisions, which allowed us to use higher than expected operating cashflows to reduce our debt.

## UPCOMING EVENTS

### 1Q 2021 RESULTS CONFERENCE CALL

Tuesday, June 1, 2021

11:00 Santiago Time

11:00 Eastern Time (New York)

Dial in:

+1 (844) 450 3845 from the US

+56 (44) 208 1274 from Chile

+55 (11) 3181 8565 from Brazil

+1 (412) 317 6368 from other countries

Conference ID: Arauco

For further information, please contact:

**Marcelo Bennett**

**Treasurer**

marcelo.bennett@arauco.com

Phone: +56 2 2461 7309

**Marcelo Reyes Intveen**

**Investor Relations**

marcelo.reyes@arauco.com

Phone: +56 2 2461 7434

investor\_relations@arauco.cl

# Financial Statements

## Income Statement

In US\$ Million	Q1 2021	Q4 2020	Q1 2020	YTD 2021	YTD 2021
Revenues	1,346.7	1,352.9	1,127.2	1,346.7	1,127.2
Cost of sales	(897.8)	(933.8)	(843.6)	(897.8)	(843.6)
<b>Gross profit</b>	<b>448.9</b>	<b>419.1</b>	<b>283.6</b>	<b>448.9</b>	<b>283.6</b>
Other income	75.0	108.2	55.2	75.0	55.2
Distribution costs	(144.8)	(145.9)	(137.4)	(144.8)	(137.4)
Administrative expenses	(136.5)	(133.7)	(123.5)	(136.5)	(123.5)
Other expenses	(37.5)	(41.5)	(50.9)	(37.5)	(50.9)
Financial income	6.8	5.8	7.2	6.8	7.2
Financial costs	(61.0)	(66.1)	(71.8)	(61.0)	(71.8)
Share of profit (loss) of associates and joint ventures accounted for using equity method	2.5	1.5	1.6	2.5	1.6
Other income (loss)	0.0	0.0	0.0	0.0	0.0
Exchange rate differences	(8.5)	(22.9)	(3.4)	(8.5)	(3.4)
<b>Income before income tax</b>	<b>145.0</b>	<b>124.5</b>	<b>(39.5)</b>	<b>145.0</b>	<b>(39.5)</b>
Income tax	(42.6)	(49.6)	9.8	(42.6)	9.8
<b>Net income</b>	<b>102.4</b>	<b>74.9</b>	<b>(29.7)</b>	<b>102.4</b>	<b>(29.7)</b>
Profit attributable to parent company	101.9	75.2	(29.5)	101.9	(29.5)
Profit attributable to non-parent company	0.5	(0.3)	(0.2)	0.5	(0.2)



## Balance Sheet

In US\$ Million	31-03-2021	31-12-2020	31-03-2020
Cash and cash equivalents	924.1	1,064.7	1,155.5
Other financial current assets	1.9	1.8	52.6
Other current non-financial assets	197.1	168.6	174.9
Trade and other receivables-net	755.1	737.4	667.4
Related party receivables	5.6	6.3	15.2
Inventories	904.1	938.3	1,055.2
Biological assets, current	296.1	302.7	260.7
Tax assets	249.3	320.7	247.2
Non-Current Assets classified as held for sale	125.6	3.9	4.3
<b>Total Current Assets</b>	<b>3,458.7</b>	<b>3,544.3</b>	<b>3,633.1</b>
Other non-current financial assets	36.4	29.0	0.1
Other non-current and non-financial assets	124.2	113.2	126.9
Non-current receivables	16.2	16.6	8.6
Investments accounted through equity method	307.9	316.9	288.1
Intangible assets	100.3	102.1	104.1
Goodwill	57.4	59.6	59.3
Property, plant and equipment	8,574.1	8,544.4	7,943.2
Biological assets, non-current	3,166.5	3,296.1	3,347.8
Deferred tax assets	5.3	6.0	6.4
<b>Total Non-Current Assets</b>	<b>12,388.3</b>	<b>12,484.0</b>	<b>11,884.5</b>
<b>TOTAL ASSETS</b>	<b>15,847.1</b>	<b>16,028.3</b>	<b>15,517.6</b>
Other financial liabilities, current	510.4	370.8	647.2
Trade and other payables	624.4	626.5	614.5
Related party payables	4.6	3.7	4.0
Other provisions, current	0.4	0.4	1.2
Tax liabilities	60.8	44.7	2.6
Current provision for employee benefits	6.2	6.8	5.3
Other non-financial liabilities, current	48.7	44.7	34.8
<b>Total Current Liabilities</b>	<b>1,255.5</b>	<b>1,097.6</b>	<b>1,309.5</b>
Other non-current financial liabilities	5,486.6	5,862.8	5,716.3
Trade and Other payables non-current	0.0	0.0	2.2
Other provisions, non-current	30.3	30.5	31.1
Deferred tax liabilities	1,461.9	1,463.9	1,316.3
Non-current provision for employee benefits	72.3	74.6	62.1
Other non-financial liabilities, non-current	75.8	83.3	88.0
<b>Total Non-Current Liabilities</b>	<b>7,126.9</b>	<b>7,515.1</b>	<b>7,216.0</b>
Non-parent participation	24.3	30.9	30.1
<b>Net equity attributable to parent company</b>	<b>7,440.3</b>	<b>7,384.7</b>	<b>6,962.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>15,847.1</b>	<b>16,028.3</b>	<b>15,517.6</b>

## Cash Flow Statement

US\$ Million	Q1 2021	Q4 2020	Q1 2020	YTD 2021	YTD 2020
Receipts from sales of goods and rendering of services	1,359.0	1,370.9	1,122.8	1,359.0	1,122.8
Other cash receipts (payments)	104.0	125.8	75.1	104.0	75.1
Payments of suppliers and personnel (less)	(1,067.6)	(1,061.4)	(1,121.8)	(1,067.6)	(1,121.8)
Interest paid and received	(38.7)	(80.4)	(35.3)	(38.7)	(35.3)
Income tax paid	49.0	(17.6)	(55.5)	49.0	(55.5)
Other (outflows) inflows of cash, net	(1.1)	3.1	(1.1)	(1.1)	(1.1)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>404.7</b>	<b>340.3</b>	<b>(15.7)</b>	<b>404.7</b>	<b>(15.7)</b>
Capital Expenditures	(291.9)	(456.9)	(445.5)	(291.9)	(445.5)
Other investment cash flows	9.5	44.7	8.6	9.5	8.6
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(282.4)</b>	<b>(412.2)</b>	<b>(436.9)</b>	<b>(282.4)</b>	<b>(436.9)</b>
Proceeds from borrowings	5.000	22.3	140.0	5.0	140.0
Repayments of borrowings	(229.2)	(40.5)	(44.9)	(229.2)	(44.9)
Dividends paid	0.00	(0.6)	0.0	0.0	0.0
Other inflows of cash, net	(18.3)	(22.6)	(21.2)	(18.3)	(21.2)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(242.5)</b>	<b>(41.5)</b>	<b>73.9</b>	<b>(242.5)</b>	<b>73.9</b>
<b>Total Cash Inflow (Outflow) of the Period</b>	<b>(120.1)</b>	<b>(113.4)</b>	<b>(378.7)</b>	<b>(120.1)</b>	<b>(378.7)</b>
Effect of exchange rate changes on cash and cash equivalents	(20.5)	15.4	(25.9)	(20.5)	(25.9)
Cash and Cash equivalents at beginning of the period	1,064.7	1,162.7	1,560.0	1,064.7	1,560.0
<b>Cash and Cash Equivalents at end of the Period</b>	<b>924.1</b>	<b>1,064.7</b>	<b>1,155.5</b>	<b>924.1</b>	<b>1,155.5</b>