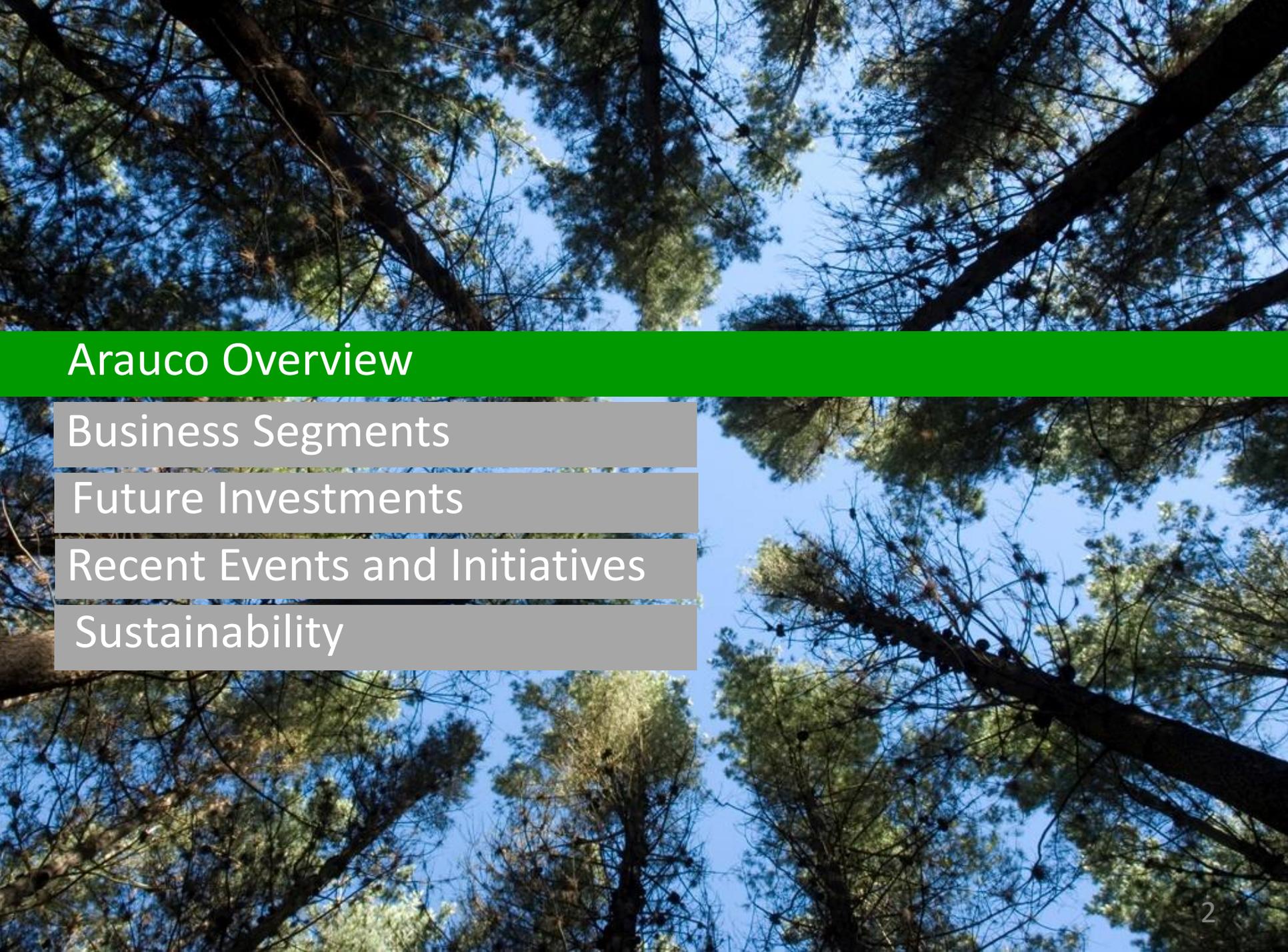


ARAUCO

Corporate Presentation

Renewables for
a better life





Arauco Overview

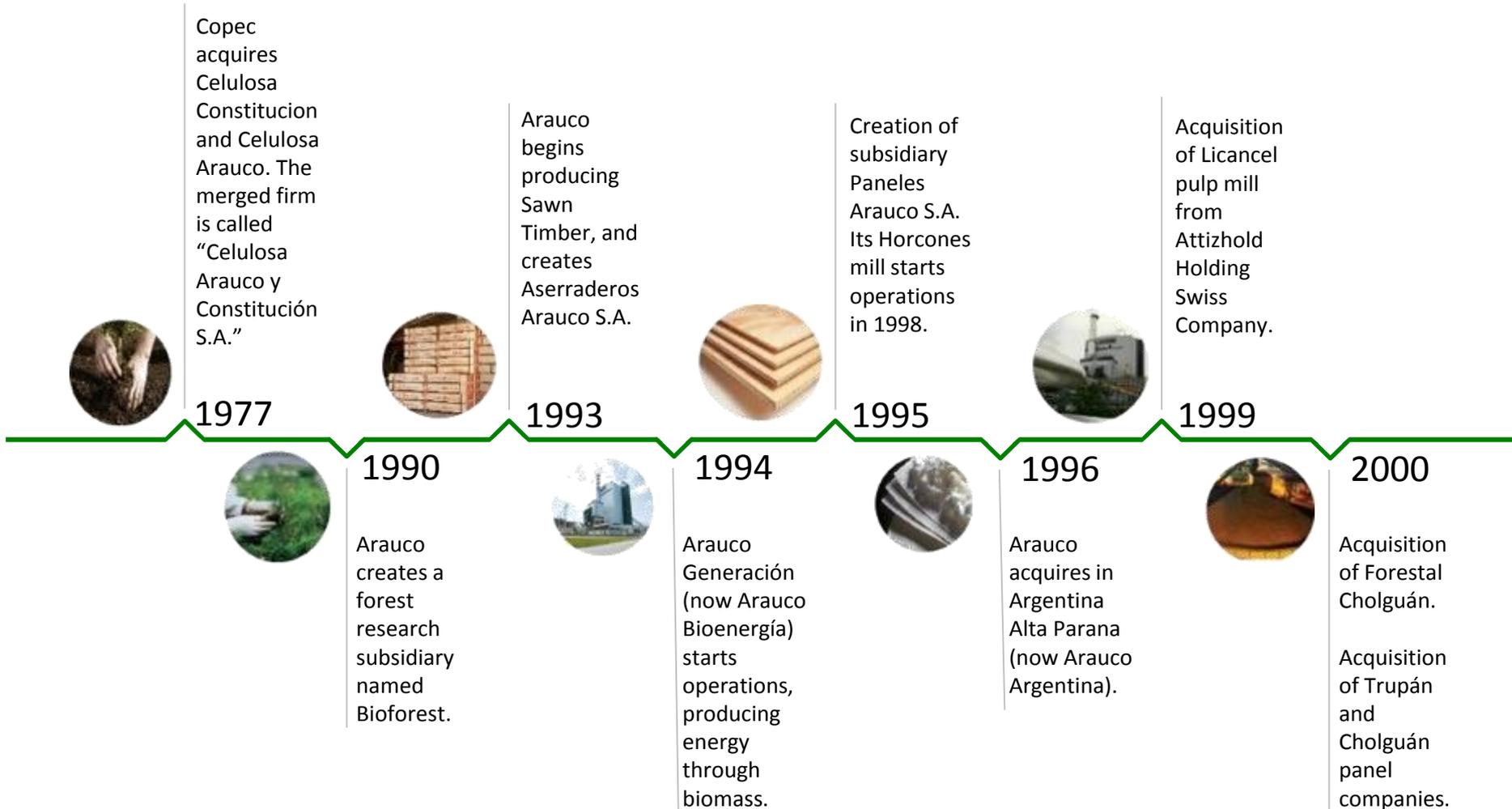
Business Segments

Future Investments

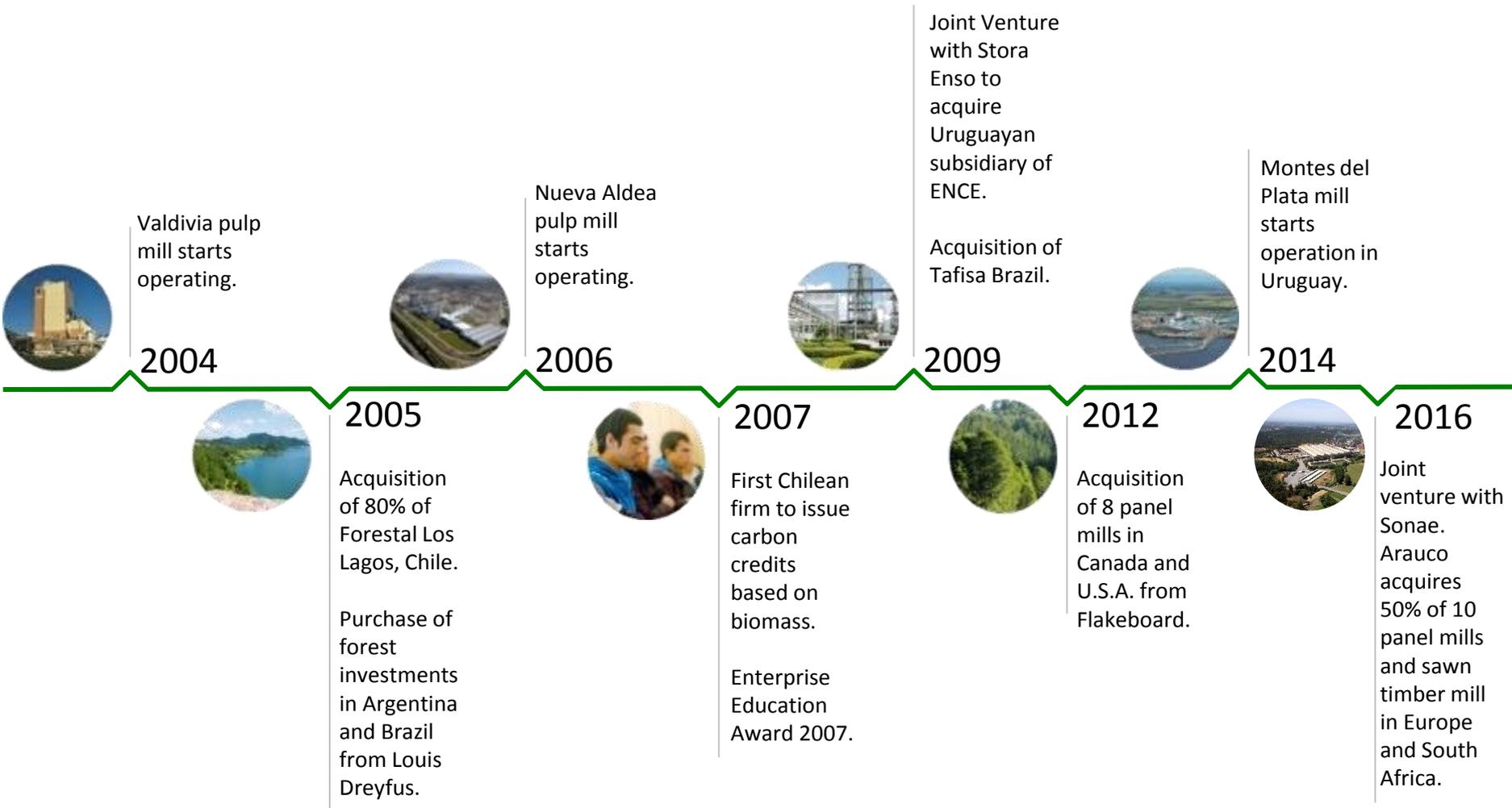
Recent Events and Initiatives

Sustainability

ARAUCO STARTED AS A CHILEAN FORESTRY AND PULP FIRM...



... AND TODAY IS A WORLD-CLASS PLAYER IN FORESTRY PRODUCTS INDUSTRY



ARAUCO AT A GLANCE

	Sales	Assets	Consolidated Debt	Market Cap	
	<i>In US\$ millions</i>				
Angelini Family					
74.36% AntarChile SA.	16,699	21,919	6,868	4,562	
60.82% EMPRESAS COPEC	16,699	21,447	6,649	12,448	#2 in market cap in Chile 60% of Empresa Copec's EBITDA
99.98% ARAUCO. Growing the Future	4,761	14,006	4,568	-	

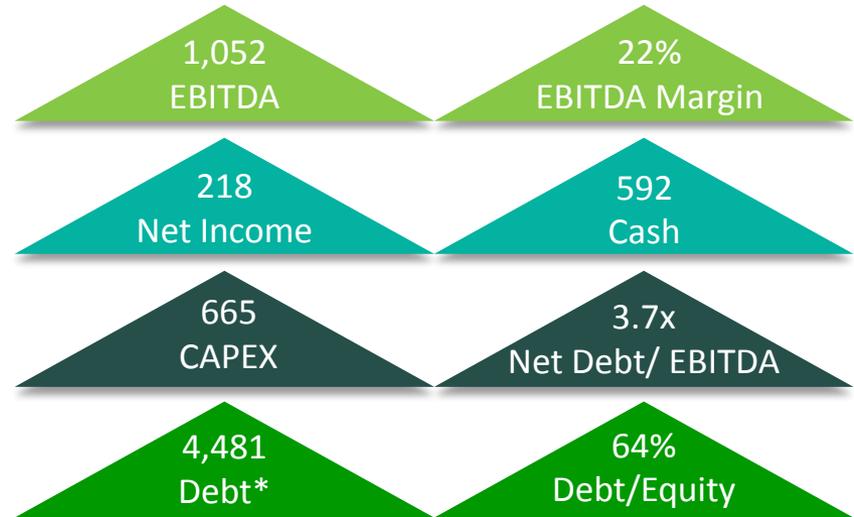
Dec. 2016

- ▶ SEC-registered
- ▶ In the US bond market since 1995

FitchRatings	BBB (Negative)
STANDARD & POOR'S	BBB- (Stable)
MOODY'S	Baa3 (Stable)

Financial Highlights December 2016

In US\$ millions



* Does not include swaps & forwards

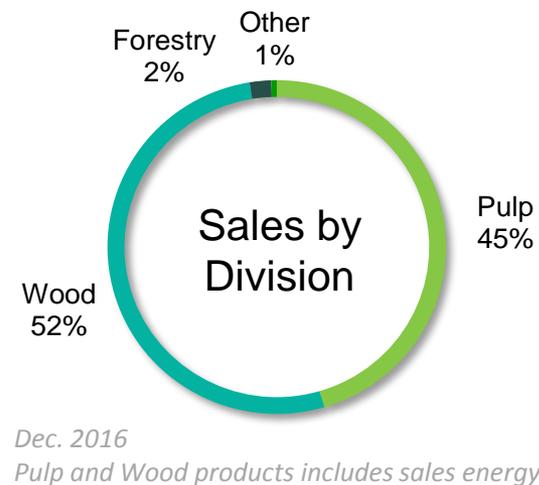
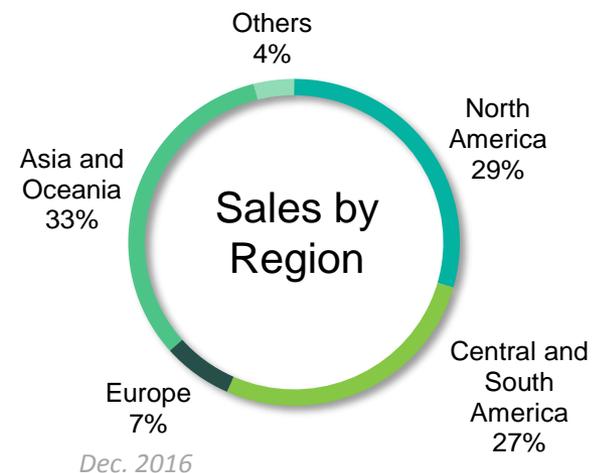
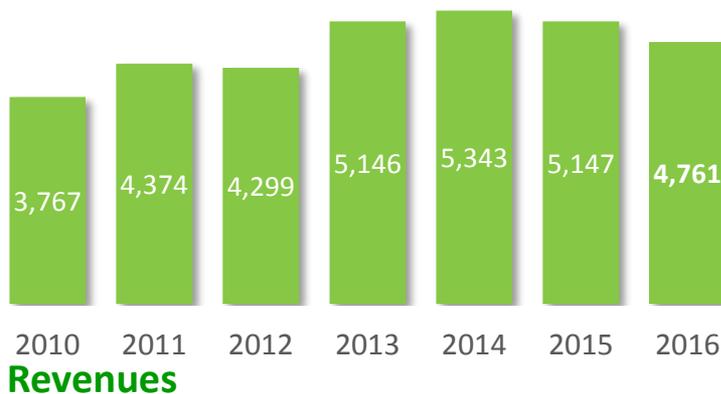
DIVERSIFIED SALES AROUND THE WORLD



Sales Offices

63%
Of our revenues come from exports

Dec. 2016



FOUR STRATEGIC BUSINESS SEGMENTS IN A DIVERSIFIED OPERATIONAL FOOTPRINT

FORESTRY

PULP

WOOD PRODUCTS

ENERGY



718,460 Ha

5 Mills
2.887,000 tons

5 Mills
Plywood: 710,000 m³
MDF: 515,000 m³
HB: 60,000 m³
PB: 300,000 m³

8 Sawmills
4 Remanufacturing facilities
2,704,190 m³

10 Power Plants
606 MW
Surplus: 209 MW



132,333 Ha

1 Mill
350,000 tons

2 Mills
MDF: 300,000 m³
PB: 260,000 m³

1 Sawmill
1 Remanufacturing facility
317,982 m³

2 Power Plants
78 MW
Surplus: 8 MW



100,468 Ha



2 Mills
MDF: 1,255,000 m³
PB: 310,000 m³



73,696 Ha⁽¹⁾

1 Mill
650,000 tons⁽¹⁾



1 Power Plant
82 MW⁽¹⁾
Surplus : 36 MW



8 Mills
MDF: 1,470,000 m³
PB: 1,520,000 m³



10 Mills⁽²⁾
MDF: 739,064 m³
PB: 1,164,138 m³
OSB: 257,783 m³

1 Sawmill⁽²⁾
32,850 m³



TOTAL

1,024,957 Ha

3.9 MM tons

8.9 MM m³

3.1 MM m³

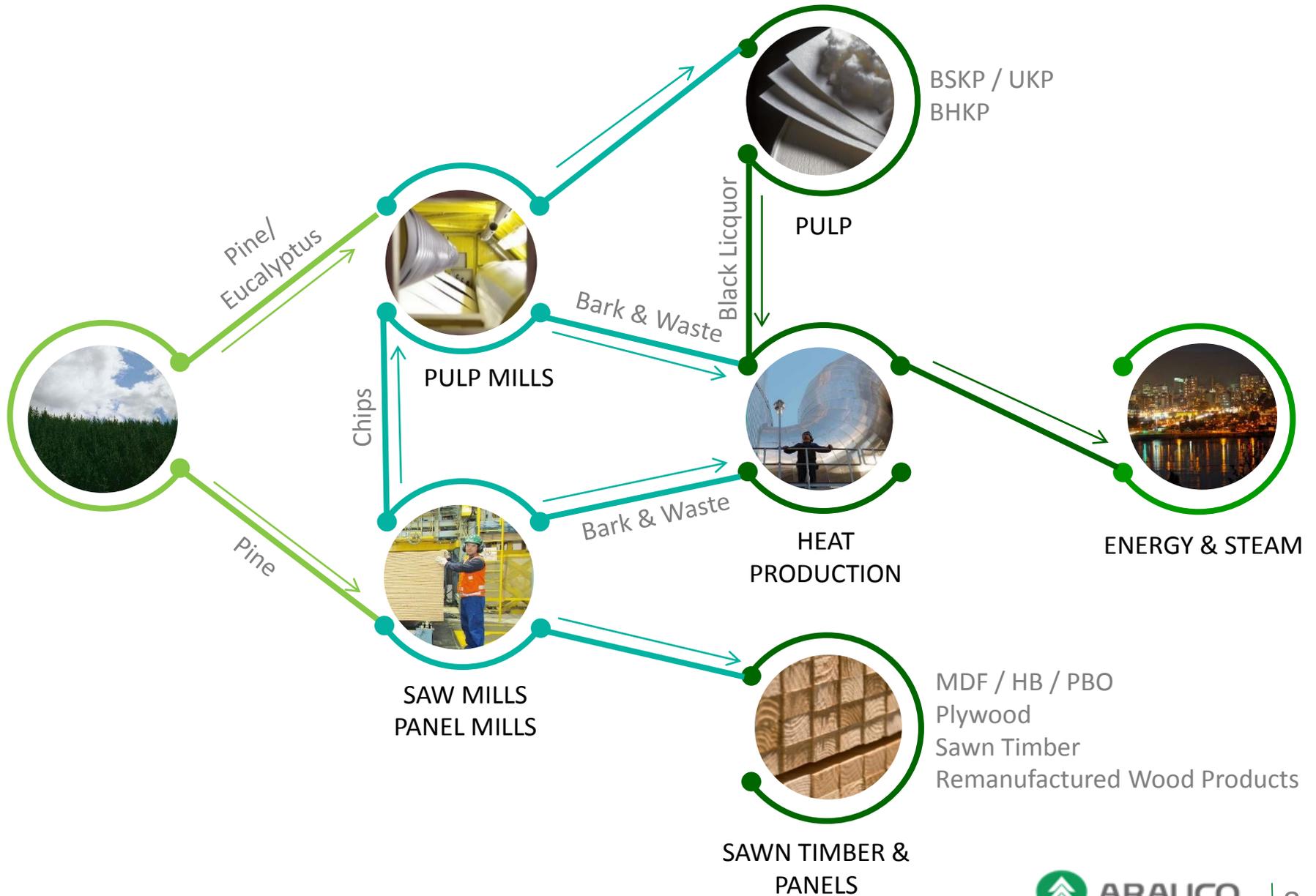
766 MW

(1) Corresponds to 50% of Montes del Plata

(2) Corresponds to 50% of Sonae Arauco

Dec. 2016

MAXIMIZING THE VALUE OF EVERY TREE



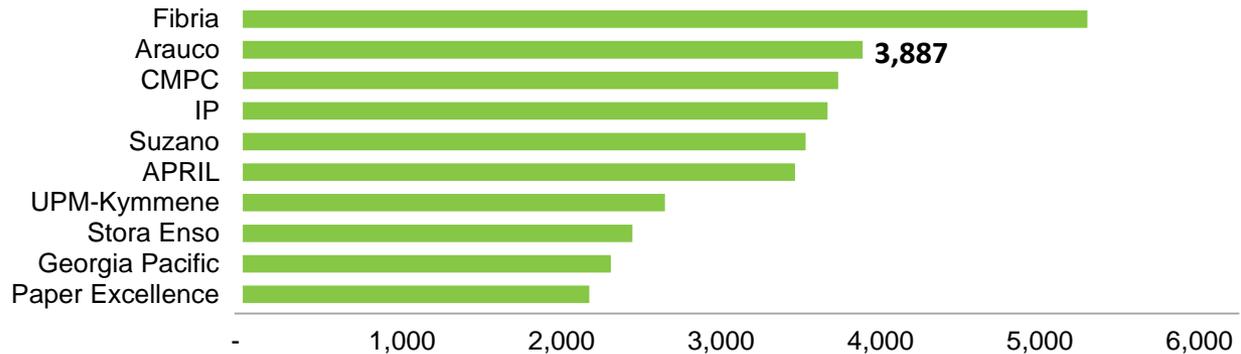
WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

#2

market pulp producer
in the world

Market Pulp Capacity

(in thousand of tons)

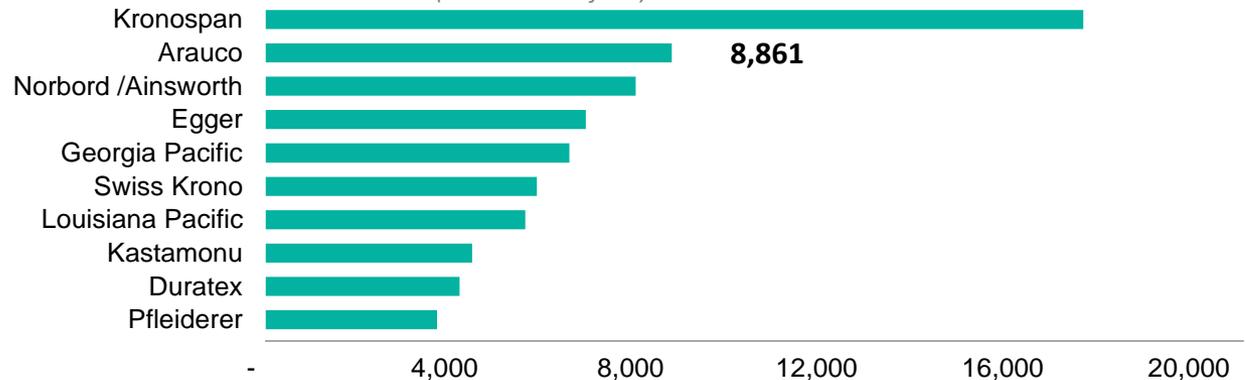


#2

panel producer in the
world

World Panels Capacity

(in thousand of m3)



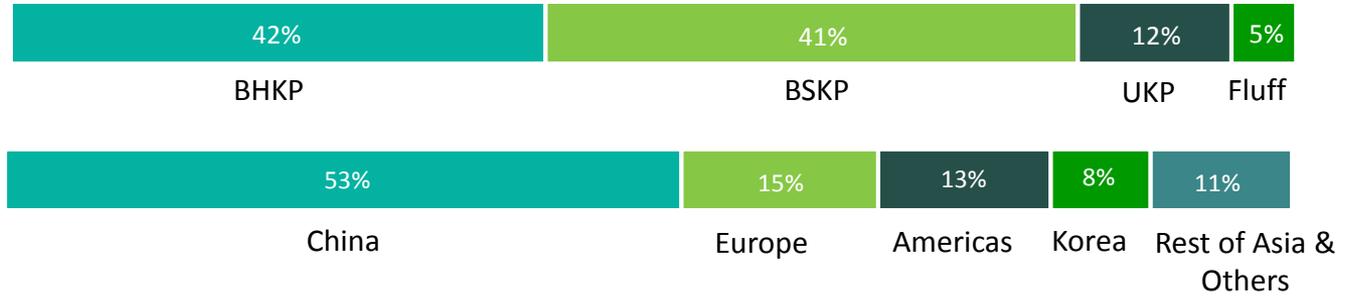
Market Pulp Capacity, December 2016. Arauco capacity includes 50% of Montes del Plata
World Panels Capacity, January 2016. Arauco capacity includes 50% Sonae Arauco at Dec. 2016
Source: RISI and Arauco estimations
Company information and filings

OUR MAIN PRODUCTS



Pulp

Sales Volume: 3,680 Th. AdT



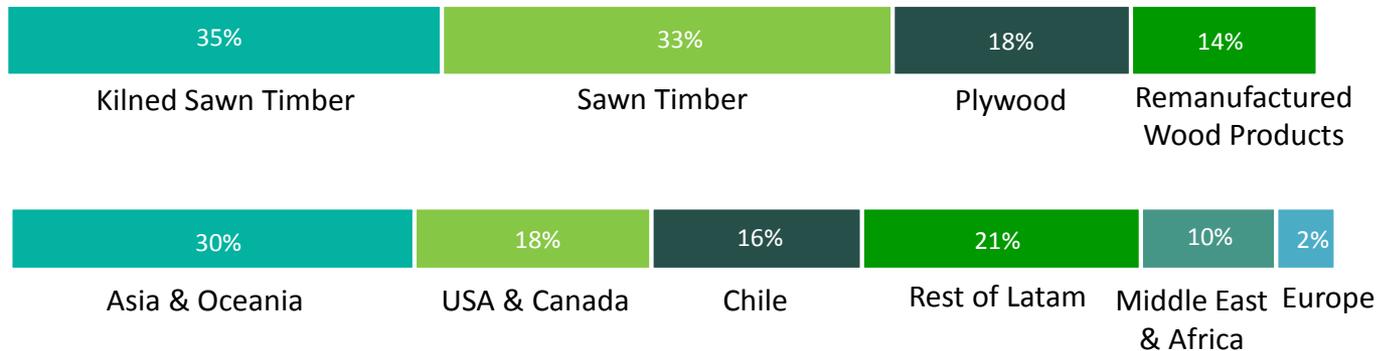
Panels*

Sales Volume: 4,754 Th. m3



Sawn Timber

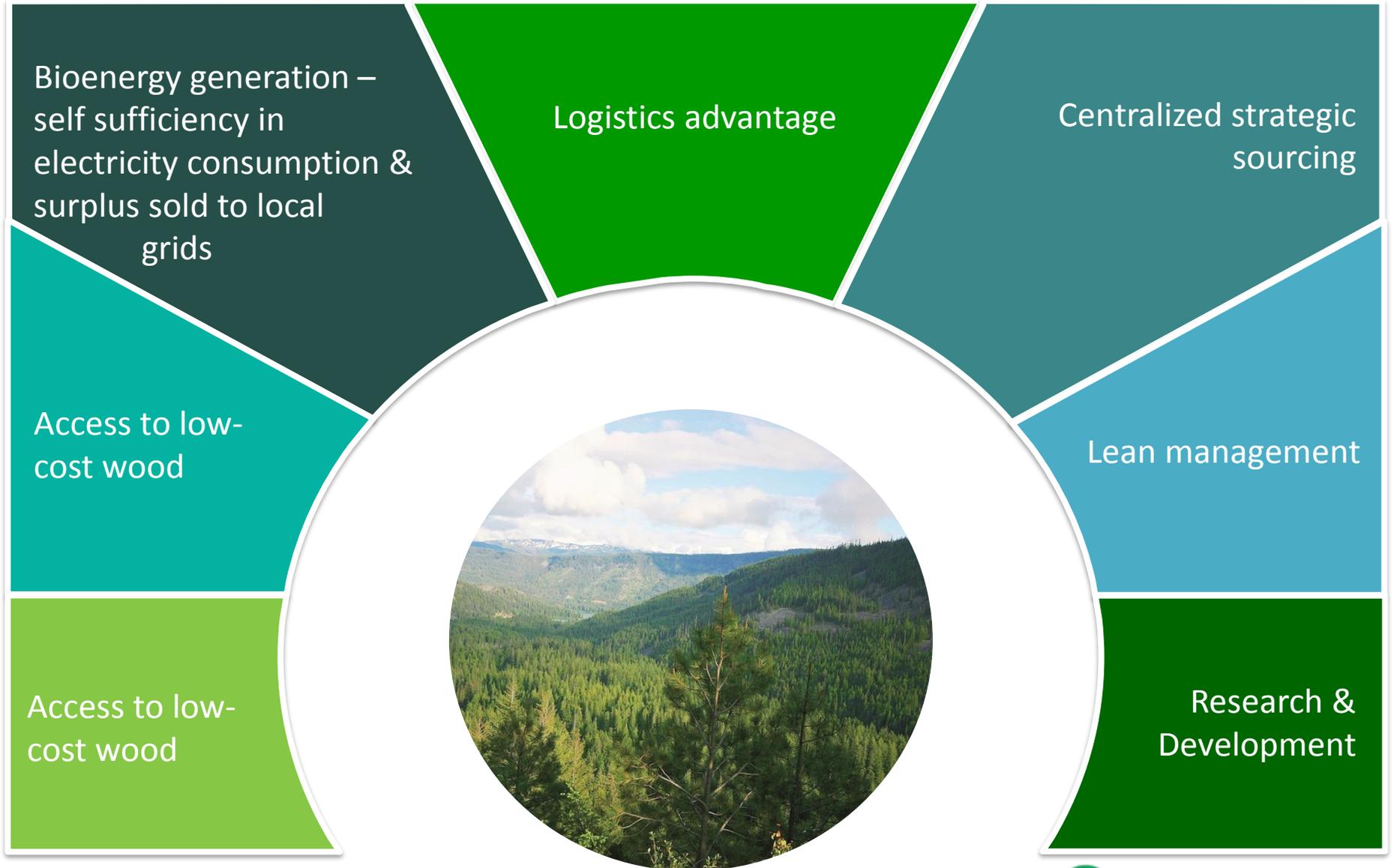
Sales Volume: 3,102 Th. m3



Dec. 2016

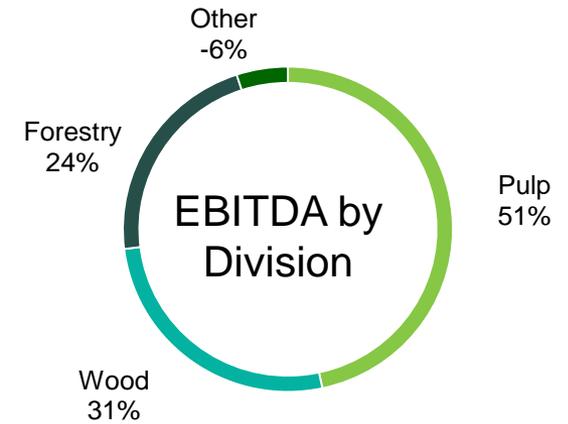
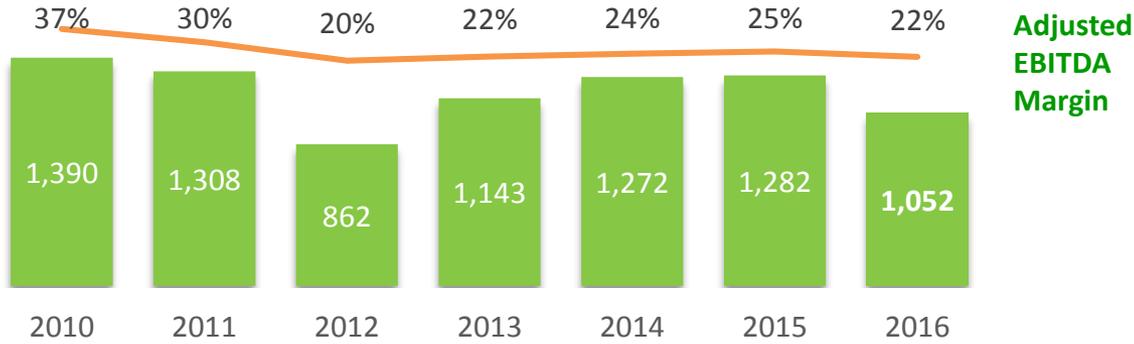
*Does not include sales volume of Sonae Arauco as it does not consolidate

OPERATIONAL EFFICIENCY

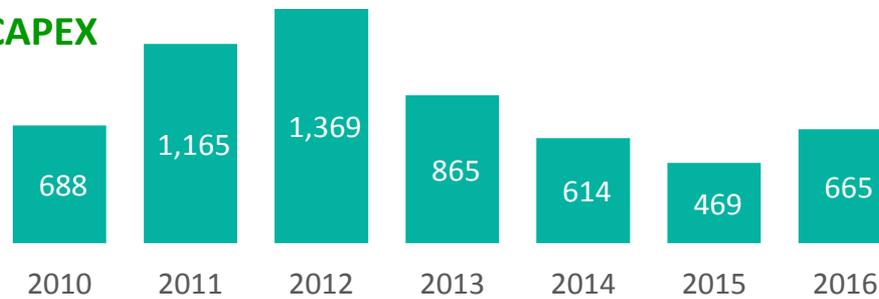


SOLID CAPITAL STRUCTURE

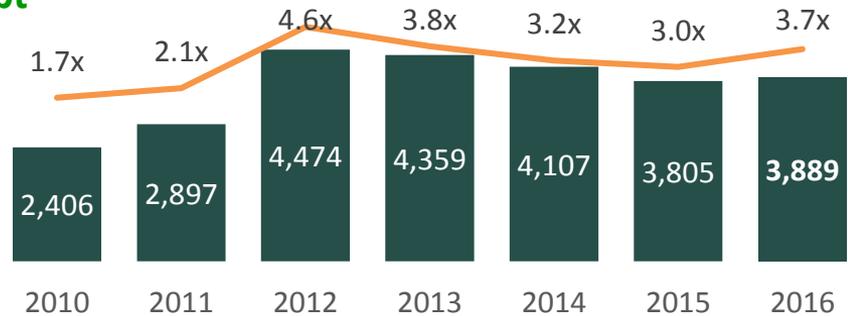
Adjusted EBITDA



CAPEX



Net Debt





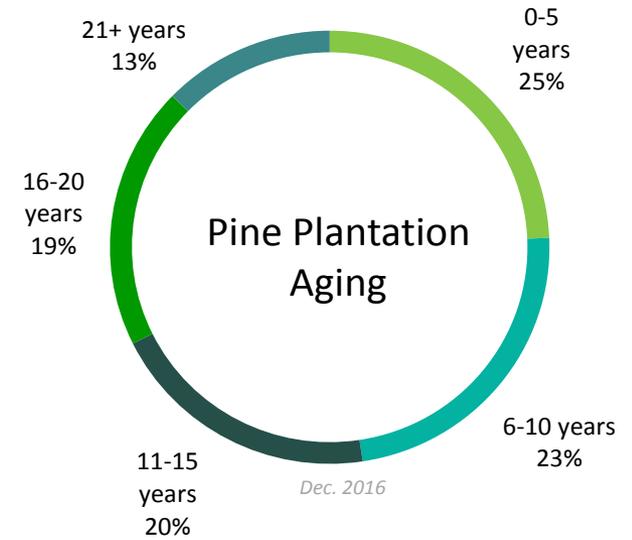
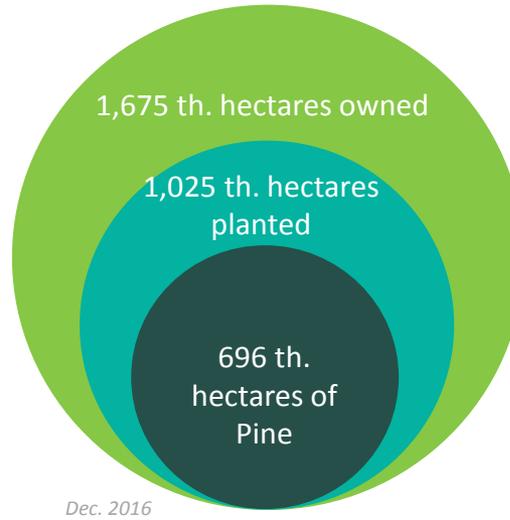
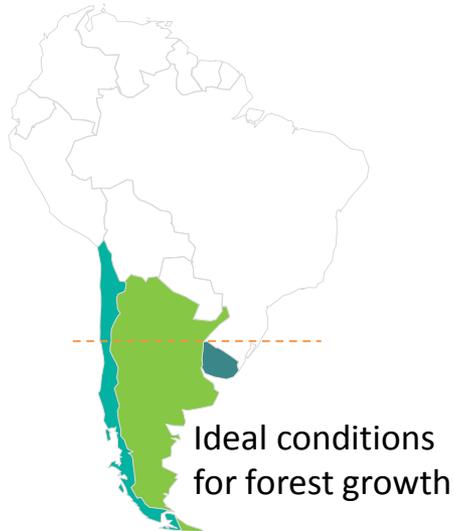
Arauco Overview

Business Segments

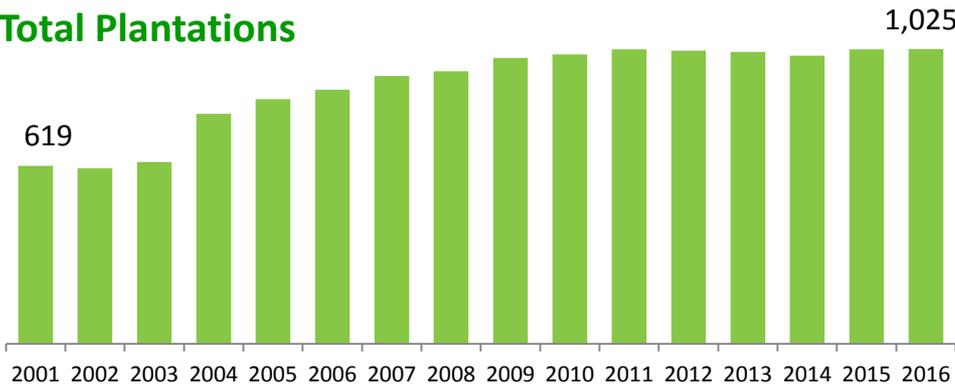
Future Investments

Recent Events and Initiatives

Sustainability

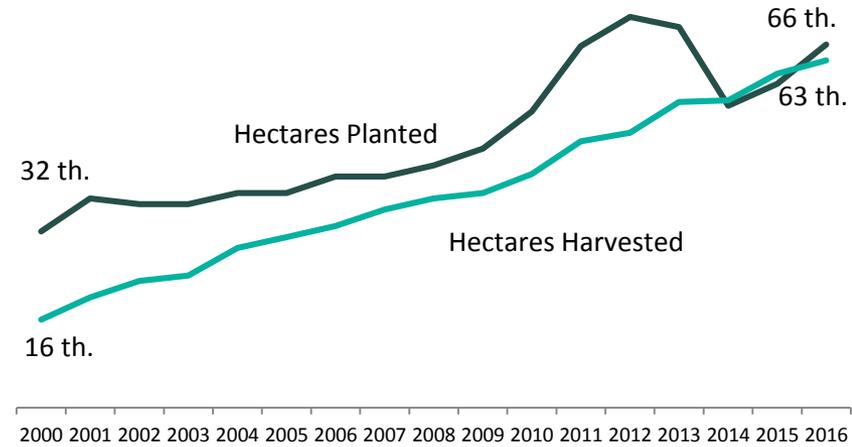


Total Plantations



Dec. 2016
In thousands ha.

Includes plantations in Chile, Argentina, Brazil and Uruguay



Licancel
150,000 tons UKP



Constitución
355,000 tons UKP



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



Nueva Aldea
513,500 tons BHKP
513,500 tons BSKP



Valdivia
550,000 tons
bleached pulp
Swing mill



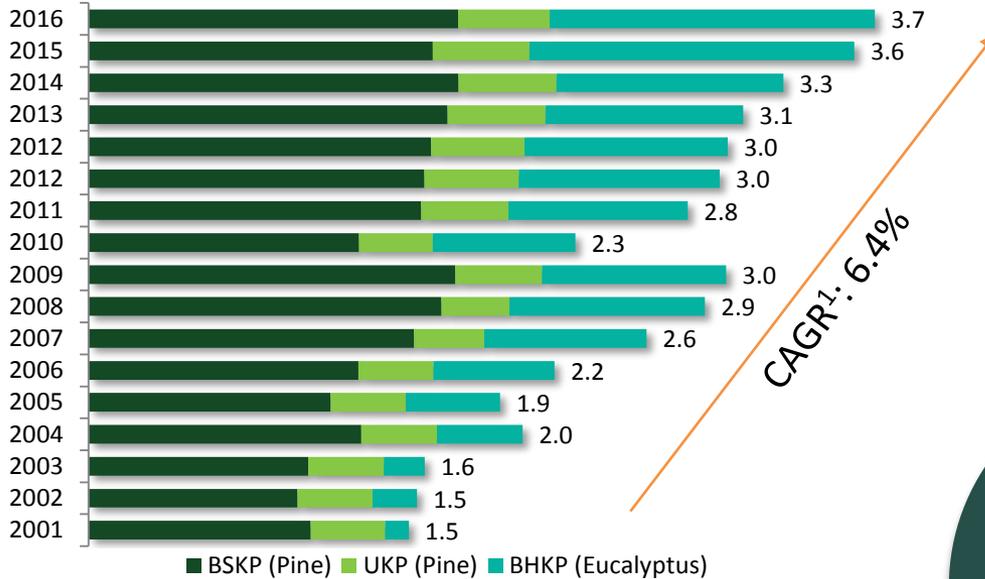
Alto Paraná
350,000 tons BSKP & Fluff
Swing mill



Montes del Plata
1,300,000 tons BHKP
Arauco owns 50%

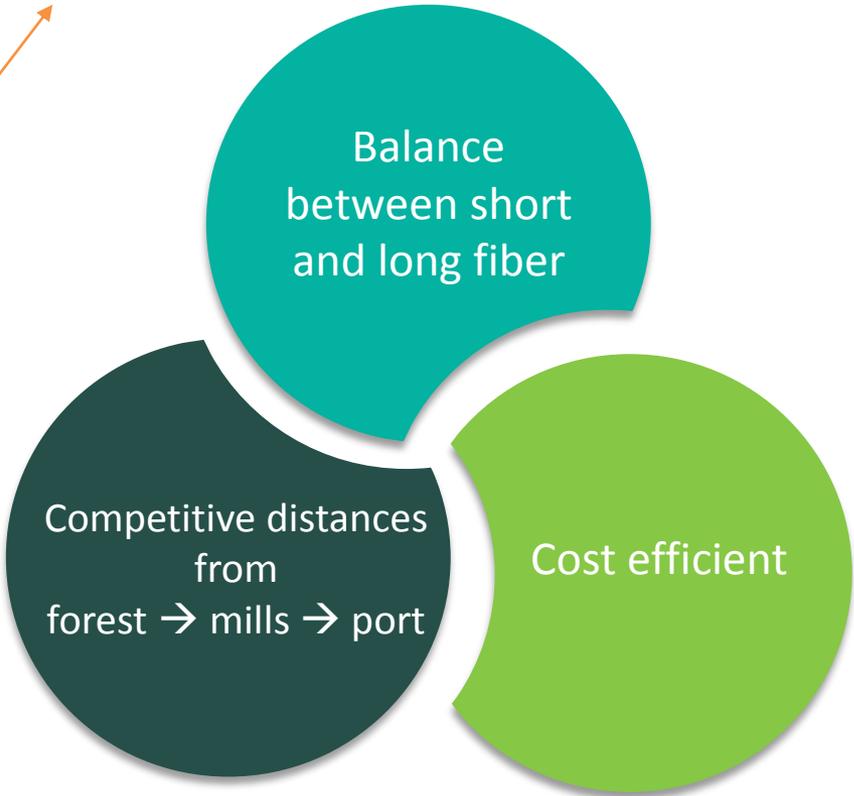
Pulp Production

in million of AdT



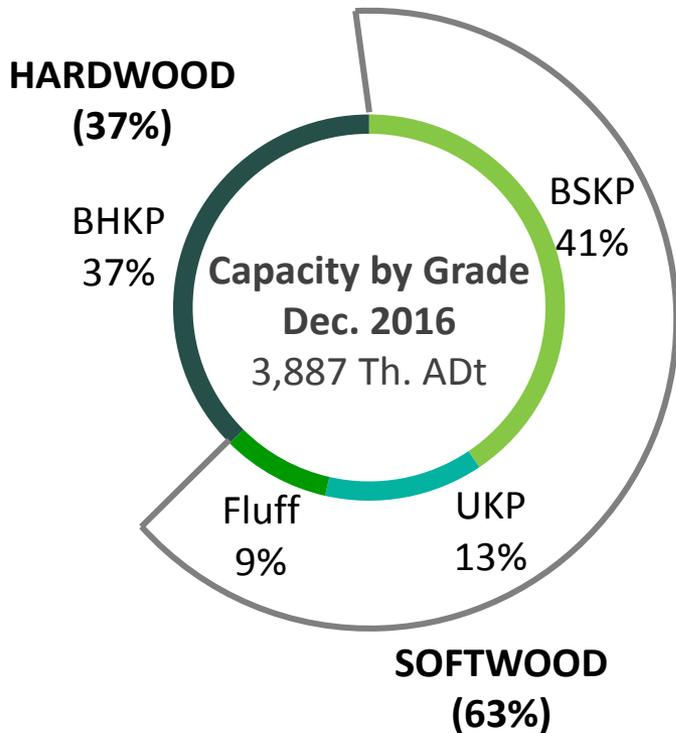
92%
Of pulp sales
come from
exports

Dec. 2016

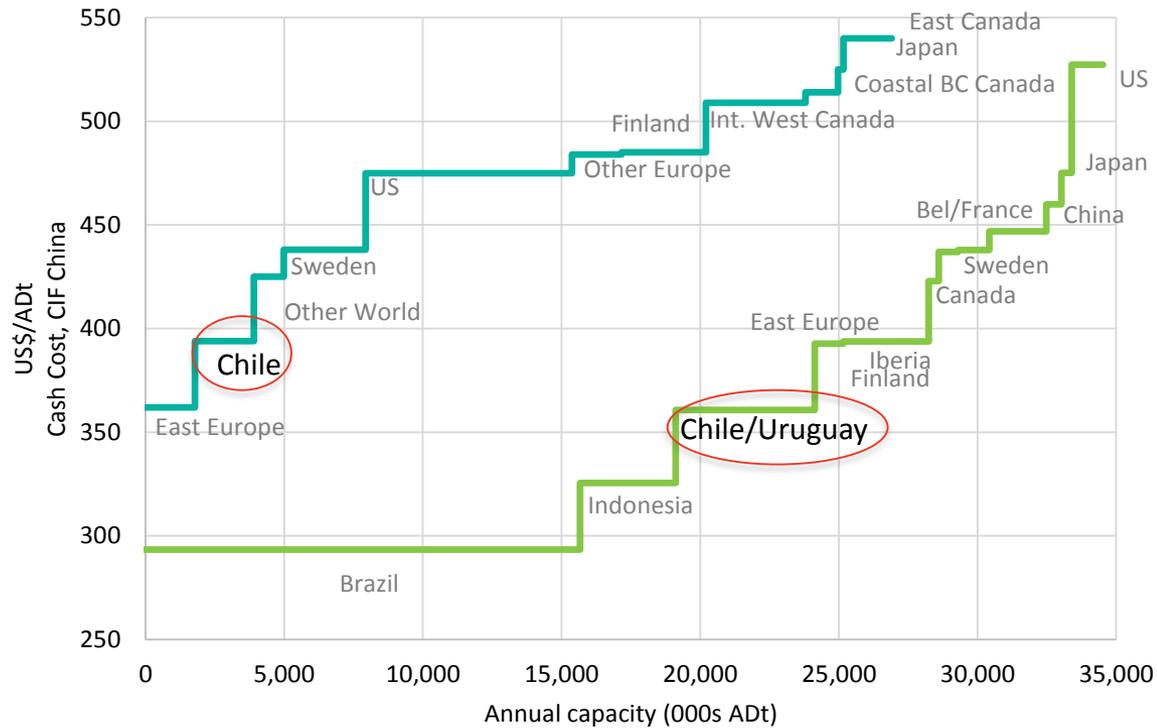


(1) Compounded Annual Growth rate

Balance between short and long fiber



Cost efficient



Source: Hawkins Wright, December 2016

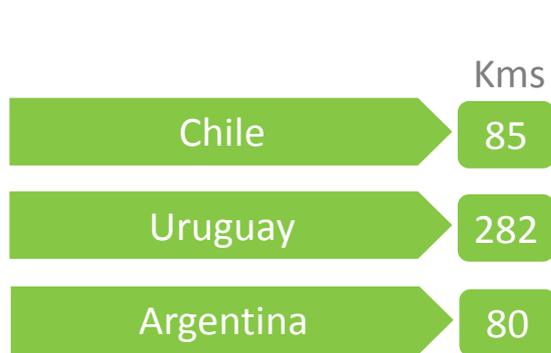
— BSKP
— BHKP

Competitive distances from forest → mills → port



Average Distance Forest to Mill

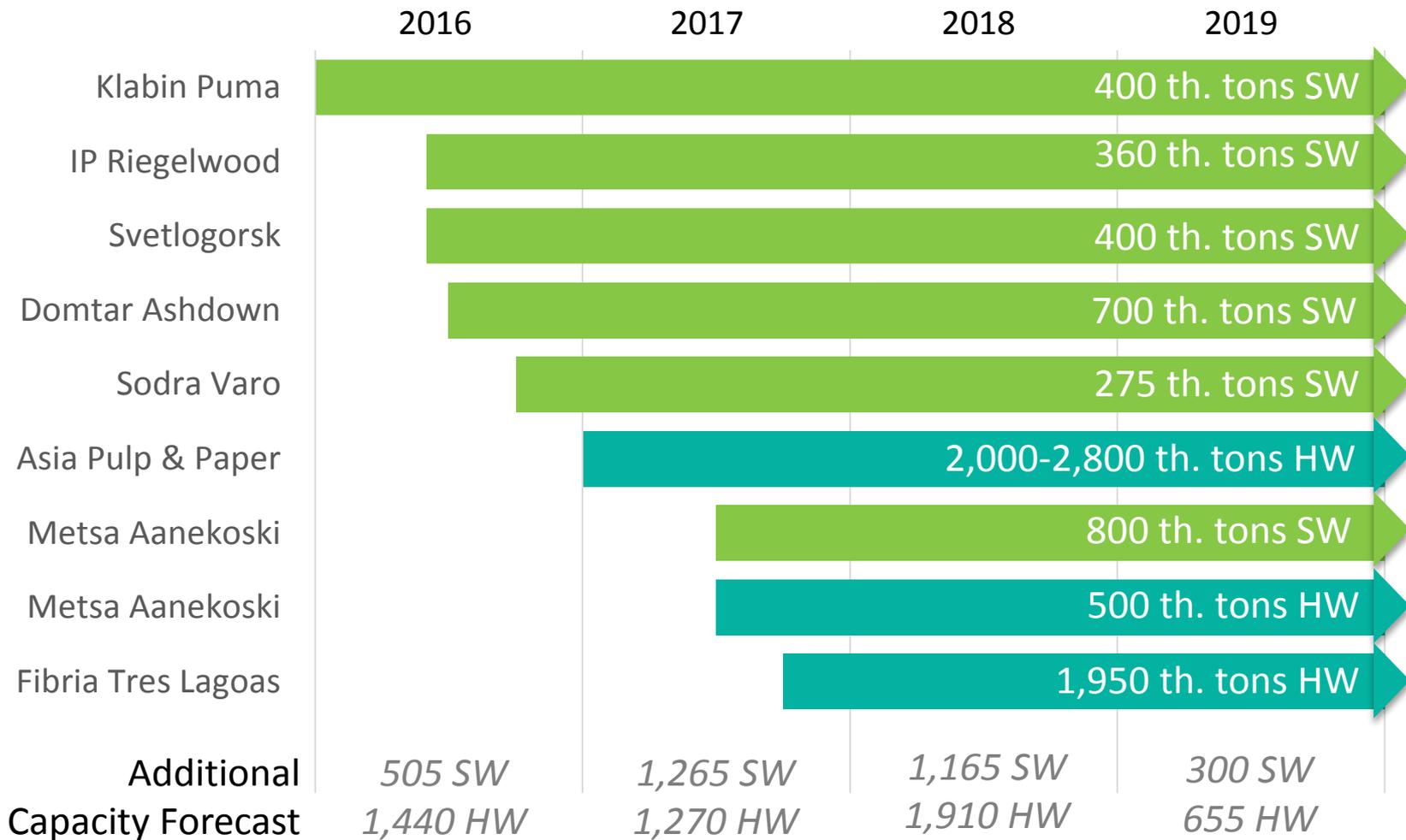
Average Distance Mill to Port*



123 km.
(weighted average)

*Does not include distance in Argentina since pulp sales are mainly inland.
Weighted average distance between our pulp mills located in Chile, Uruguay & Argentina.
November 2015

NEW MARKET SUPPLY TO REACH MARKET



Source: RISI, December 2016
 Additional Capacity Forecast takes into account additions and closings of mills

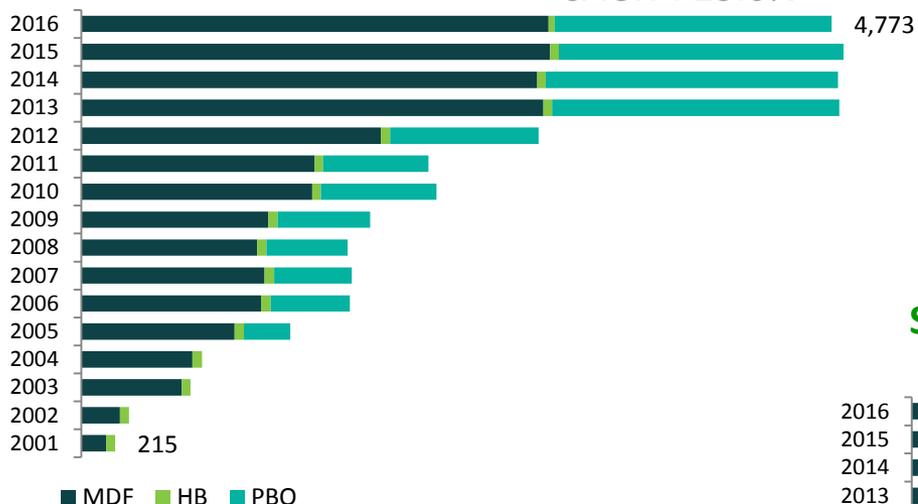
Wood Products

EXPANSION OF DIVERSIFIED PRODUCT MIX

Panels Production

In thousands cubic meters

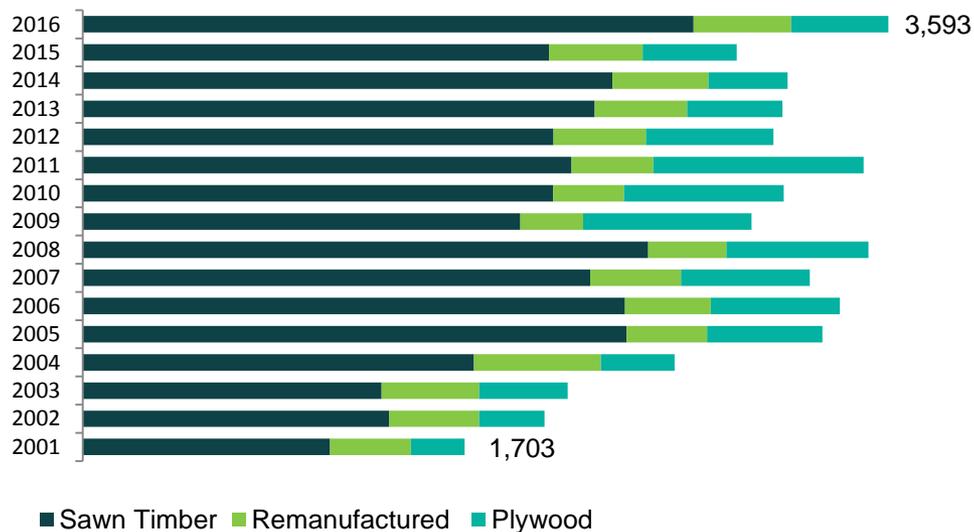
CAGR¹: 23.0%



Sawn Timber Production

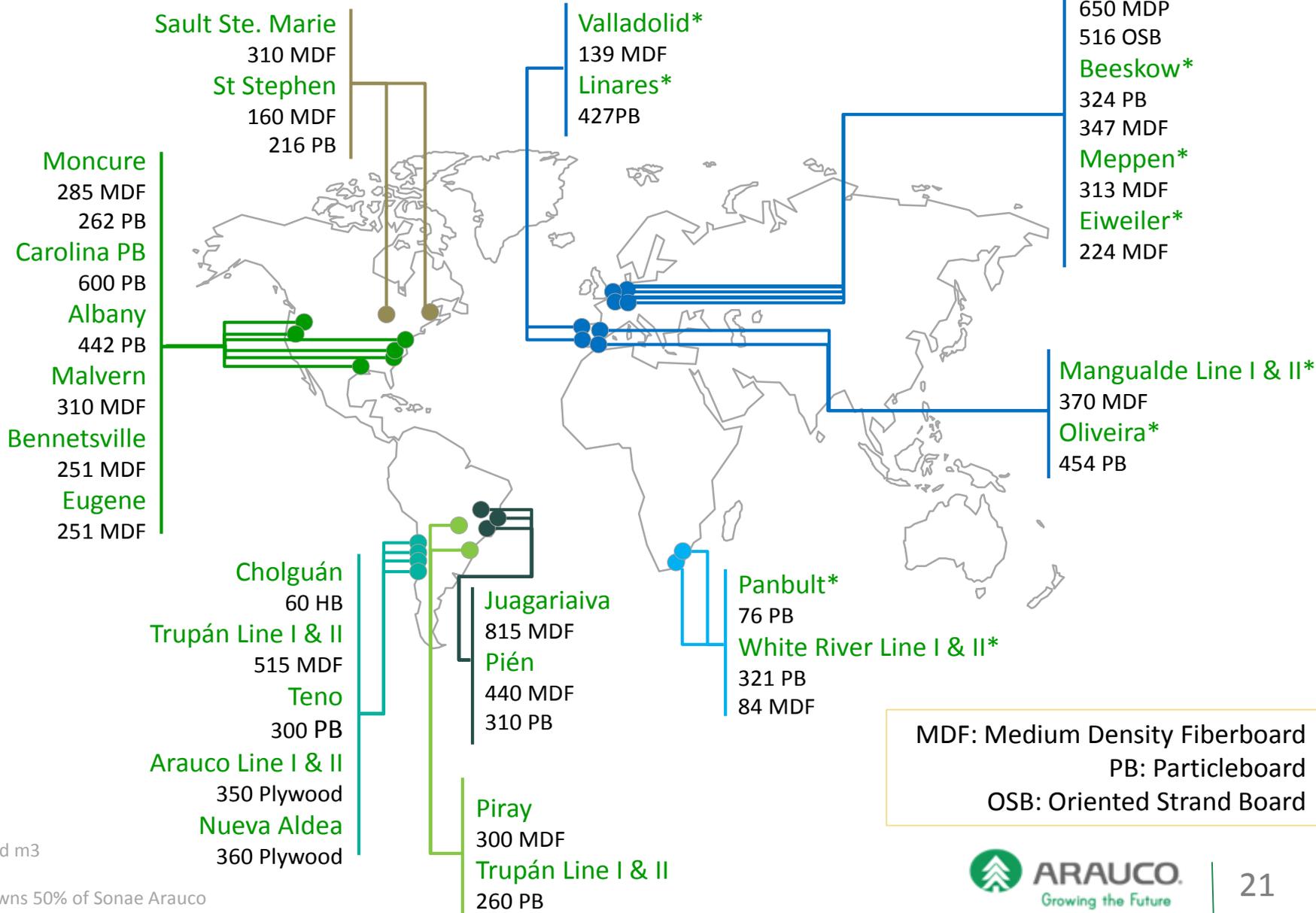
In thousands cubic meters

CAGR¹: 5.1%



Wood Products

OUR PANEL MILLS

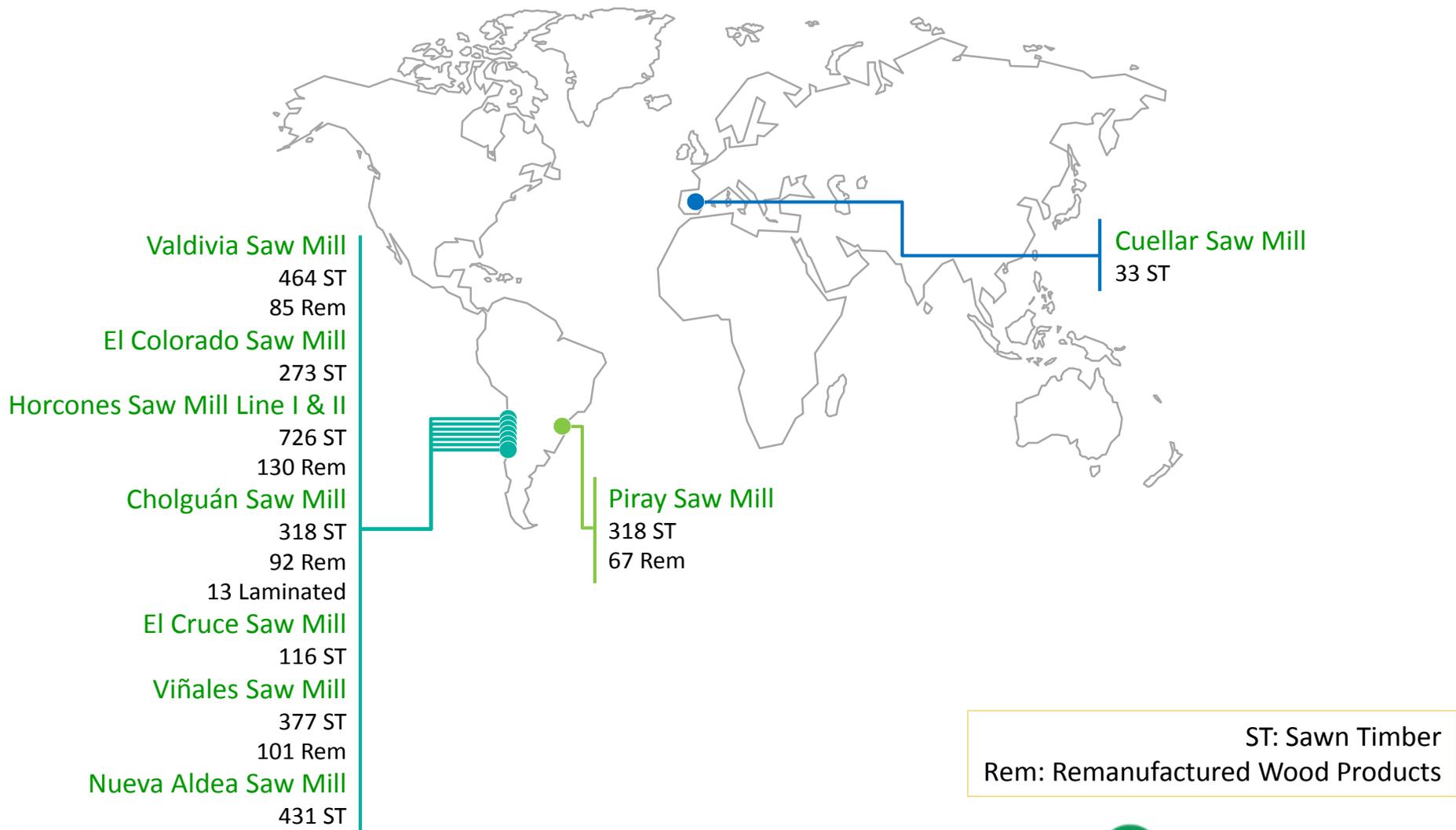


MDF: Medium Density Fiberboard
 PB: Particleboard
 OSB: Oriented Strand Board

In thousand m3
 Dec. 2016
 *Arauco owns 50% of Sonae Arauco

Wood Products

OUR SAWN TIMBER MILLS

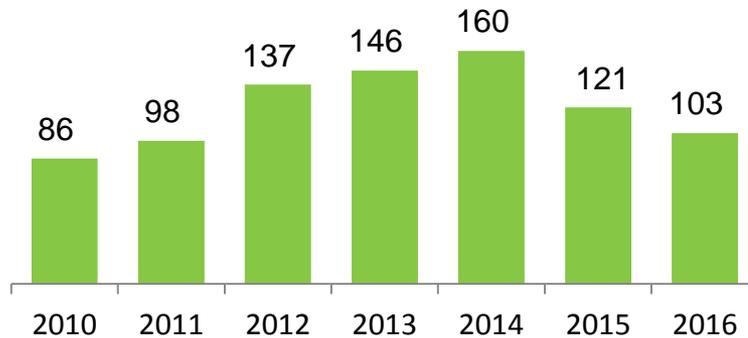


ST: Sawn Timber
Rem: Remanufactured Wood Products

In thousands m3
Dec. 2016
Includes 50% of Sonae Arauco

Energy Revenues

in US\$ million



- Renewable, environmental friendly energy
- Part of our production process
- Arauco is self-sufficient in net electricity consumption
- All cogeneration plants registered under Kyoto Protocol



Arauco Overview

Business Segments

Future Investments

Recent Events and Initiatives

Sustainability

DISSOLVING PULP PROJECT

Located at the Valdivia mill,
which currently produces
550,000 AdT of pulp

Dissolving pulp is a product
used in the textile industry
as an alternative of cotton

Arauco would be the first
company to produce this
pulp in Chile



US\$185 million in estimated
investment for brownfield
project

It will provide flexibility to
produce either dissolving or
paper grade

DISSOLVING PULP PROJECT: WHERE WE STAND TODAY

March 2015

SEA unanimously approves Environmental Impact Statement

Jan 2016

A group of communities files request for invalidation of approval to environmental commission in the region

Sep 2016

A group of communities files request for invalidation of approval to local Environmental Court of Justice

July 2014

Arauco files request for industrial modifications with Environmental Assessment Service (SEA in Spanish)

Nov 2015

A group of communities files constitutional act (recurso de protección) against the SEA. Supreme Cour votes against constitutional act.

July 2016

SEA rejects request for invalidation. Dissolving Pulp Project's approval is returned

Jan 2017

To be decided by Environmental Court of Justice

MAPA: NEW LINE AT ARAUCO MILL & COGENERATION PLANT

Construction of a third pulp line in the Arauco Mill of 1.5 million Adt

Construction of a 166 MW cogeneration plant

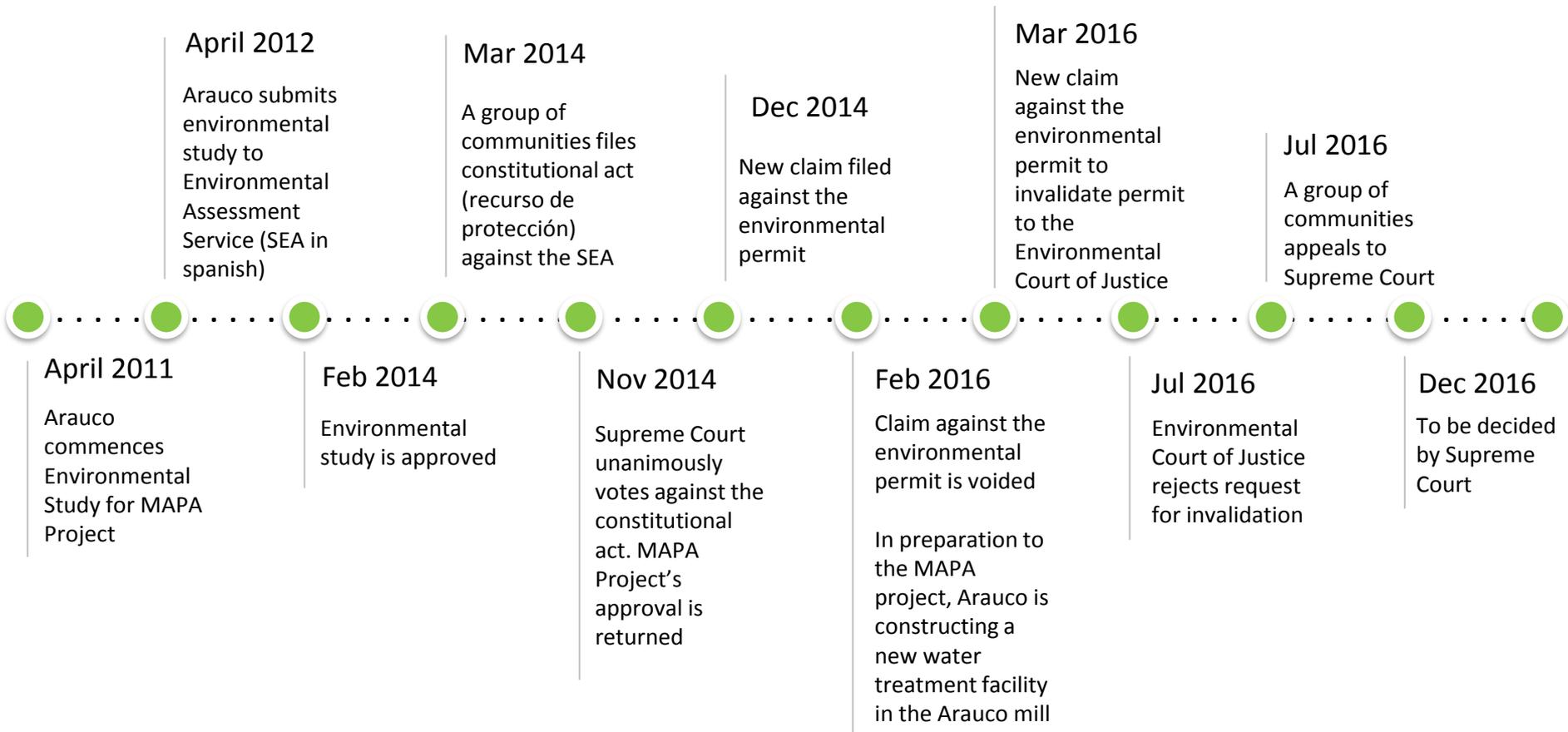
The project considers the closure of Arauco's line 1 of 290,000 Adt of short fiber pulp once the new line is operating



The investment for this project could be approximately US\$ 2,300 million

The MAPA project is still subject to technical and economical feasibility studies, and the board of director's approval

MAPA: WHERE WE STAND TODAY



NEW PARTICLEBOARD IN MICHIGAN, USA

Located in Grayling,
Michigan



Ground-breaking has
already commenced



Annual production of
800,000 m3 of MDP



Rollout of the first panel
expected during the latter
part of 2018



The investment of this mill
is estimated at US\$ 400
million





Arauco Overview

Business Segments

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Sustainability



Investment of € 137.5 million



10 mills located in Germany, Spain, Portugal and South Africa



Total aggregate capacity: 4.2 million m³/year



Production of MDF, PBO, OSB and sawn timber



Combined with the rest of our company's assets, Arauco positions itself as the second largest panel producer globally, reaching 9 million m³ of production capacity annually



Arauco Overview

Business Segments

Investments

Recent Events and Initiatives

Sustainability

SUSTAINABILITY

Arauco is committed to the occupational health and **SAFETY** of its workers, to the **ENVIRONMENT** and to the welfare of the **COMMUNITIES** in which it operates



Safety



Environment



**Community,
Participation &
Dialogue**

Safety

ALWAYS A PRIORITY



All our business units are certified as compliant with the **OHSAS 18001 EHS** standard

Environment

- ▶ Our plantation forests are **CERTIFIED** to **INTERNATIONALLY RECOGNIZED STANDARDS**
- ▶ We **DO NOT** source native forests or protected species
- ▶ We **PROTECT** more than **406,000 HECTARES** (1,000,000 acres) of native forest in permanent conservation set-asides
- ▶ During 2015 we invested **US\$ 52 MILLION** in environmental improvements
- ✓ We apply widely accepted **INTERNATIONAL SCIENTIFIC STANDARDS** to our silviculture.
- ✓ We **DO NOT** use genetically modified plants.



ENERGY

- ▶ ARAUCO decided over twenty years ago to produce **CLEAN ENERGY** from forestry biomass arising from nature's virtuous cycles
- ▶ In addition to substantially meeting the needs of its own industrial facilities, ARAUCO can provide a up to **253 MW OF SURPLUS ENERGY** to the SIC, Chile's national energy grid
- ▶ The company has six 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 **CO₂e**



CONTRIBUTING to communities

- ▶ Our operations directly benefit more than **14,000** workers and indirectly other **21,000** workers through our contractors.
- ▶ **WE RESPECT LOCAL COMMUNITIES** and **CONTRIBUTE TO THEIR DEVELOPMENT** through responsible management of our operations and the implementation of initiatives that generate value based on a method that fosters dialogue and participation.



ARAUCO EDUCATIONAL FOUNDATION

- ▶ **26 YEARS PRESENT** in communes where we operate in regions Maule, Bío Bío and Los Ríos
- ▶ The purpose is to **DESIGN, IMPLEMENT AND ASSESS** teacher-improvement programs



CAMPUS ARAUCO



- ▶ Center for Higher Education and Training for employees, based on an **INNOVATIVE ACADEMIC METHOD** that combines the educational process with on-the-job work experience
- ▶ Campus Arauco offers **4 TECHNICAL CAREERS** for more than **660 STUDENTS**, and over **200,000 ANNUAL HOURS** of training for ARAUCO employees and service-providing business employees

SUSTAINABLE RECONSTRUCTION PLAN (PRES)



- ▶ **SUSTAINABLE RECONSTRUCTION PLAN** for the city of Constitución, that was devastated by the earthquake and tsunami on February 27, 2010
- ▶ The PRES Plan encompasses **28 PROJECTS** that are in different stages of development

HOUSING PLAN FOR WORKERS (HPW)

- ▶ This program promotes the construction of houses and housing units with a **HIGH TECHNICAL** and **SOCIAL STANDARDS** for company employees and their neighbors
- ▶ **9,000** houses will be built between 2013 and 2017

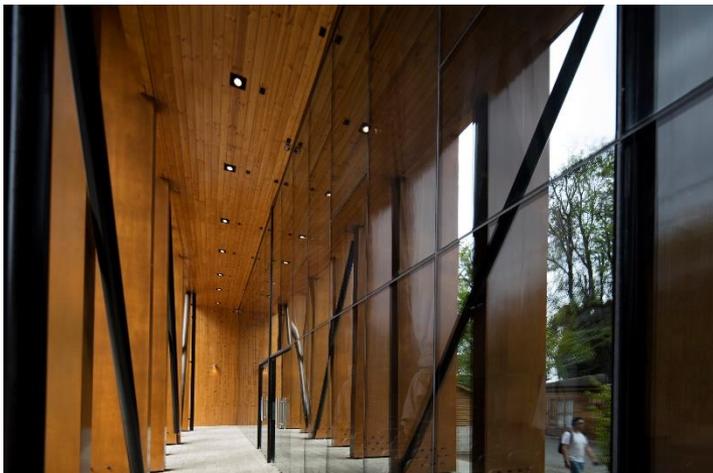


FOUNDATION ACERCAREDES

- ▶ **NON-PROFIT ORGANIZATION** established in 2011 under ARAUCO's innovation area
- ▶ AcercaRedes operates based on Hubs: a network of offices that **ATTRACT, CONNECT** and **CENTRALIZE** to promote the local development of areas located far from urban centers
- ▶ Today there are hubs operating in **MARIQUINA, CONSTITUCIÓN,** and **CURANILAHUE**



ARAUCO CULTURAL CENTER



- ▶ The **2010 EARTHQUAKE** caused structural damage to the local theater and the municipal library
- ▶ Arauco decided to build the cultural center to replace the damaged buildings
- ▶ The center is **1,400 SQUARE METERS**, which includes the library, theater, reading rooms and public spaces



Visit www.arauco.cl for more information