



ARAUCO Corporate Presentation

renewables for a **better life**



Arauco Overview

- Business Segments
- Future Investments
- Recent Events and Initiatives
- Sustainability

HISTORY OF ARAUCO

2003

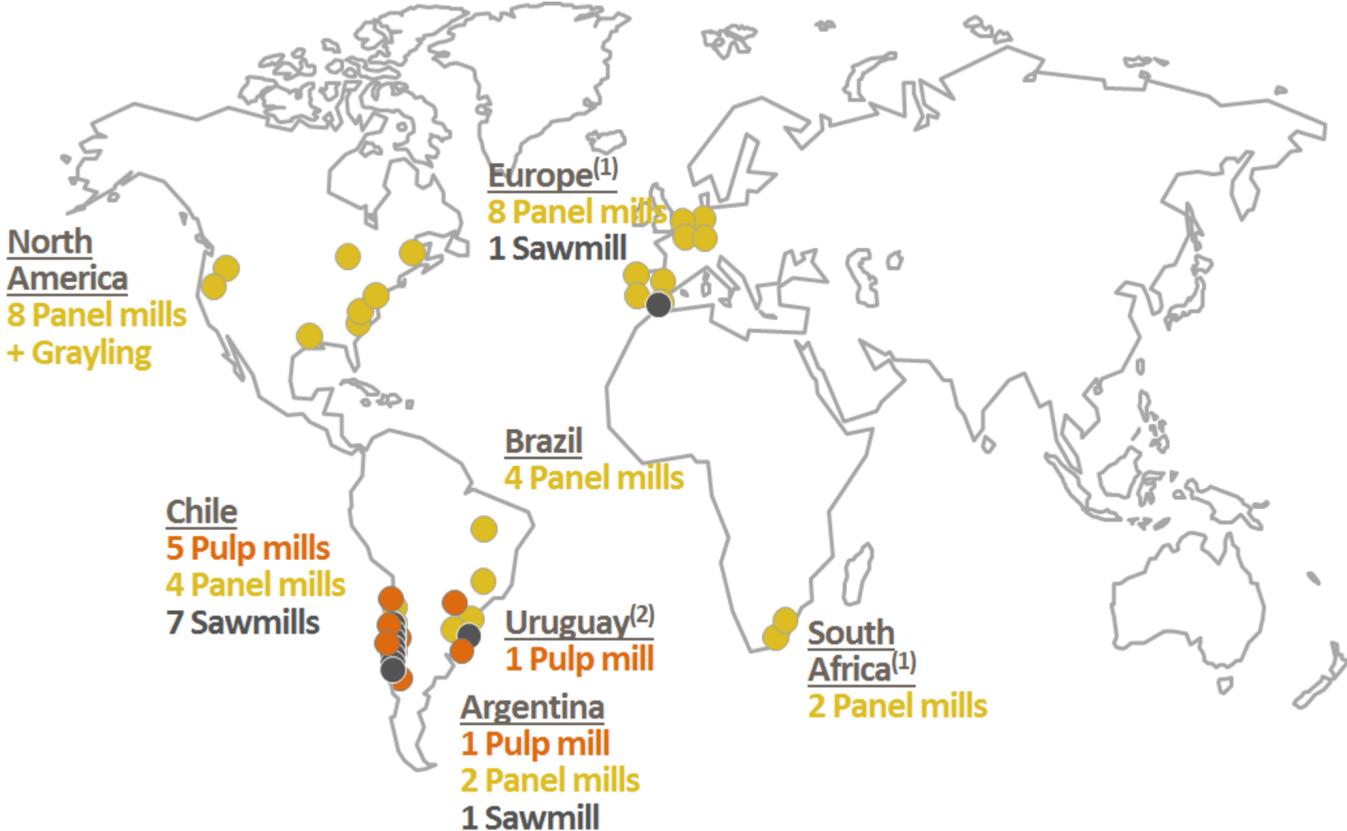
15 years ago, we were a Chilean based forestry and pulp firm...



Revenues	US\$1.5bn
Pulp Capacity	1.6 mm AdT
Panel Capacity	1.0 mm m ³
Sawn Timber Capacity	2.7 mm m ³
Number of Mills	21

March 2018

...and today we are a world class player in the forestry products Industry



Revenues	US\$5.5bn ⁽³⁾
Pulp Capacity	3.9 mm AdT
Panel Capacity	9.4 mm m ³
Sawn Timber Capacity	2.9 mm m ³
Number of Mills	44

Source: Arauco.
 (1) Arauco owns 50% of Europe and South Africa mills through Sonae Arauco.
 (2) Arauco owns 50% of Montes del Plata mill in Uruguay.
 (3) Revenues figure corresponds to LTM March 2018.

ARAUCO AT A GLANCE

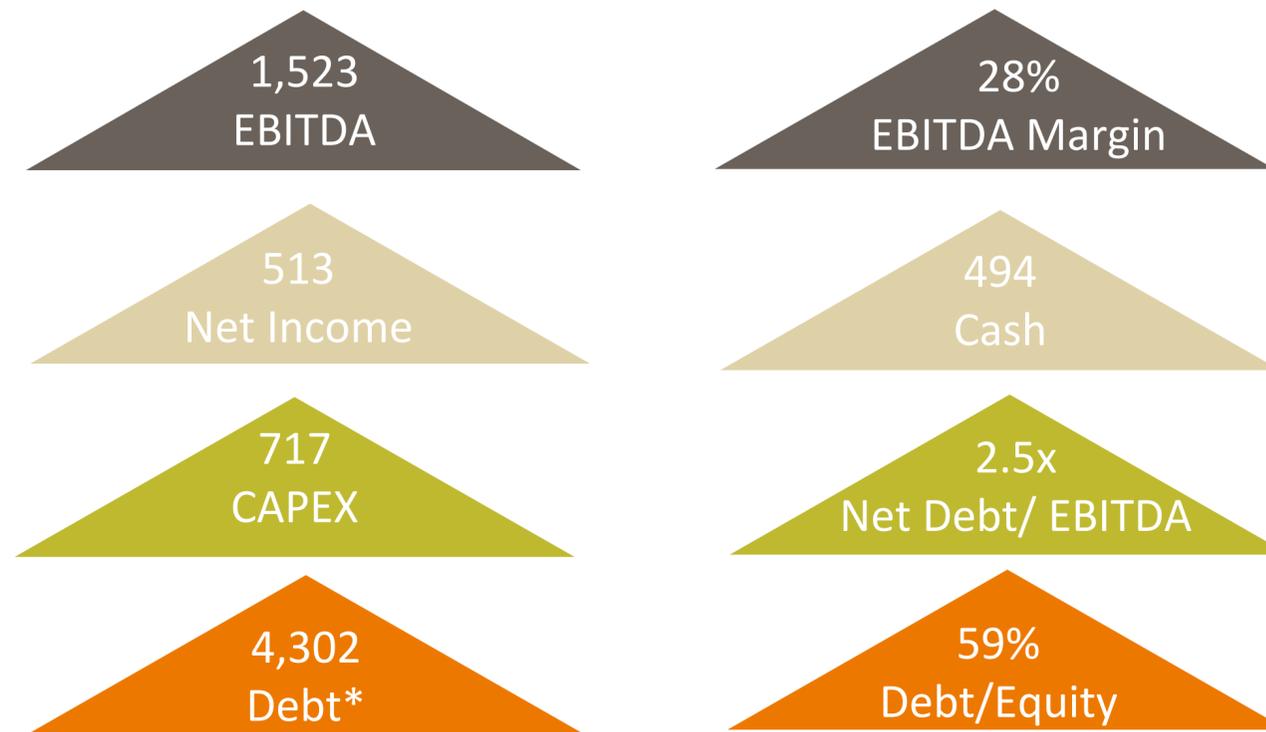
	Angelini Family	Sales	Assets	Consolidated Debt	Market Cap	
74.0%	 antar chile	20,353	22,728	6,794	8,075	
60.82%	 EMPRESAS COPEC	20,353	21,174	6,595	20,521	#2 in market cap in Chile
99.98%	 arauco	5,238	13,995	4,279	-	61% of Empresas Copec's EBITDA

Dic 2017

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

Financial Highlights March 2018 LTM

In US\$ millions



* Does not include swaps & forwards

FitchRatings

Outlook
BBB (Negative)

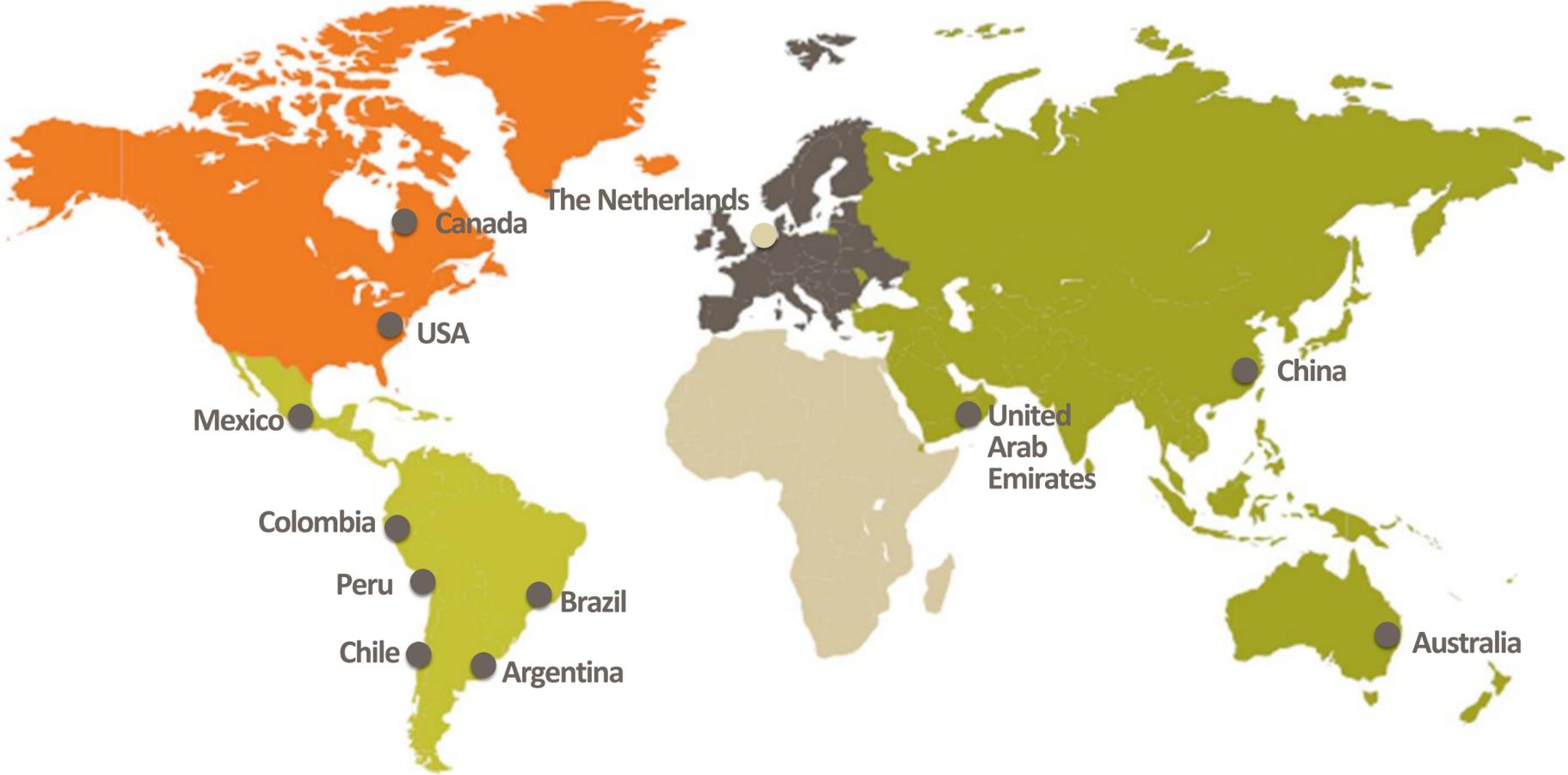
**STANDARD
& POOR'S**

BBB- (Stable)

MOODY'S

Baa3 (Stable)

DIVERSIFIED SALES AROUND THE WORLD

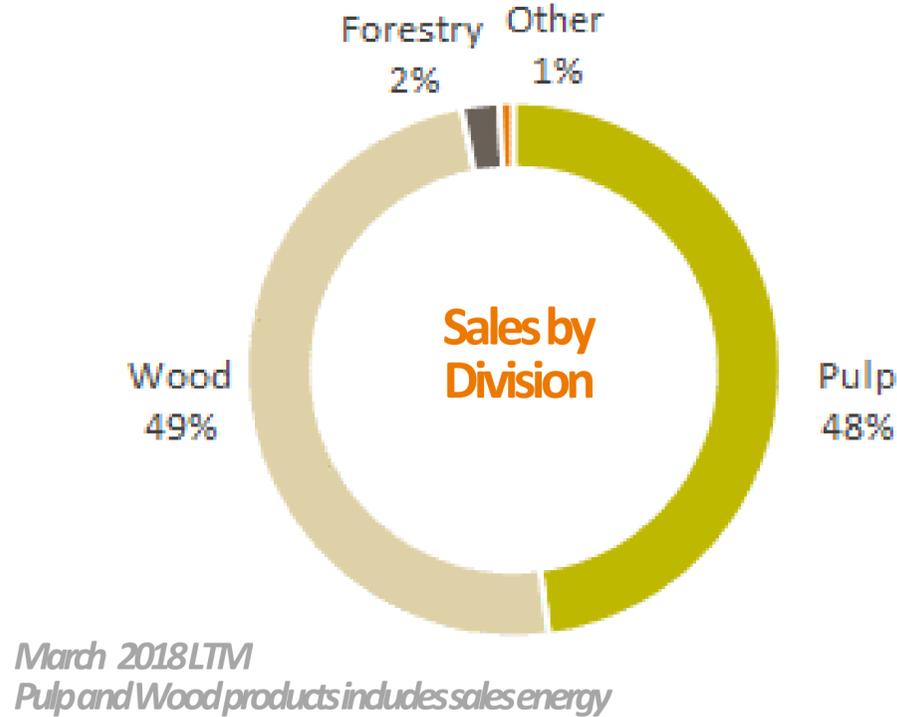
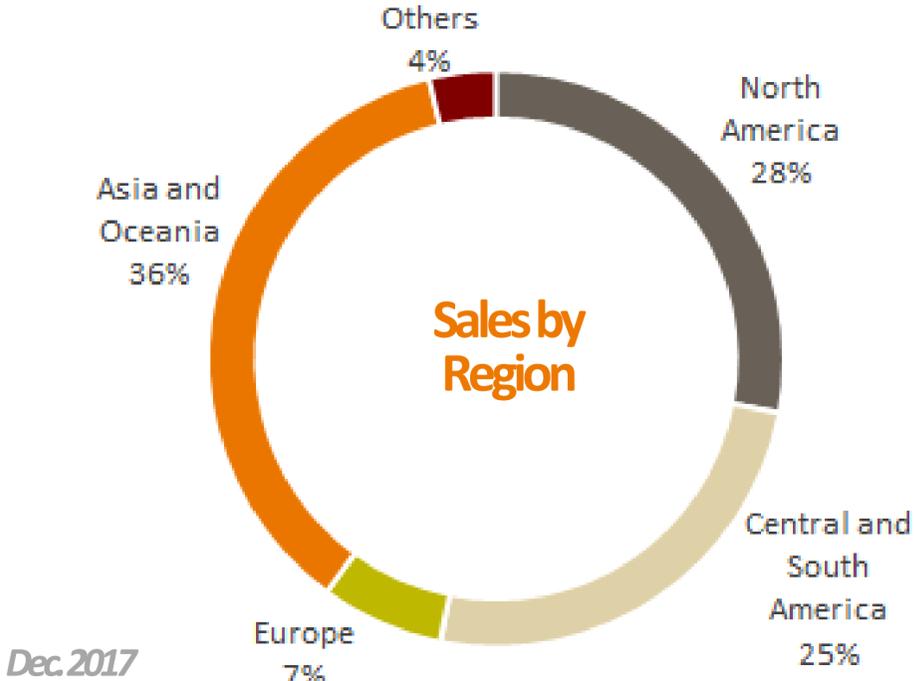
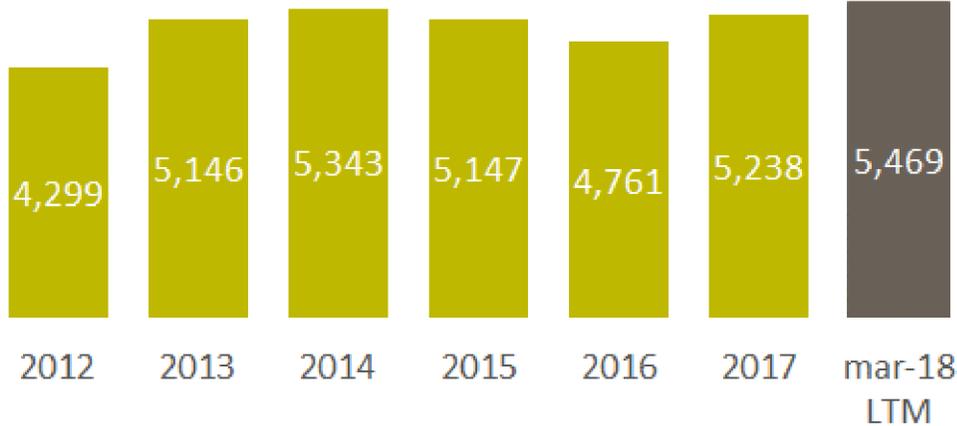


● Arauco Offices

Over 65%
Of our revenues come from exports

Dic 2017

Revenues

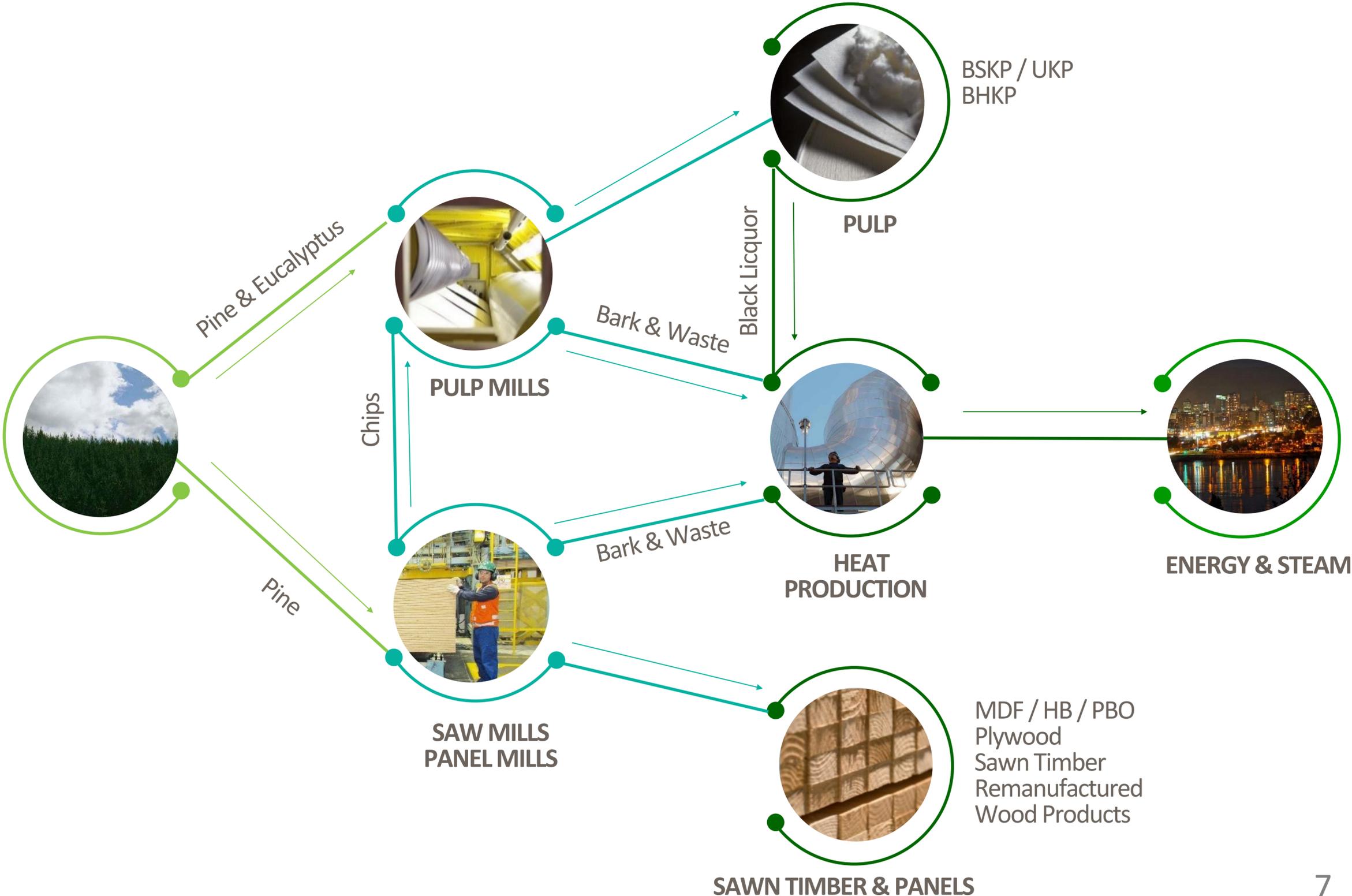


FOUR STRATEGIC BUSINESS SEGMENTS IN A DIVERSIFIED OPERATIONAL FOOTPRINT

	FORESTRY	PULP	WOOD PRODUCTS		COMPLEMENTARY POWER OPERATIONS
	666,360 Ha ⁽¹⁾	5 Mills 2.887,000 tons	4 Mills Plywood: 710,000 m ³ MDF: 515,000 m ³ HB: 60,000 m ³ PB: 300,000 m ³	7 Sawmills 4 Remanufacturing facilities 2,588,309 m ³	10 Power Plants 606 MW Surplus: 209 MW
	130,867 Ha ⁽¹⁾	1 Mill 350,000 tons	2 Mills MDF: 300,000 m ³ PB: 260,000 m ³	1 Sawmill 1 Remanufacturing facility 317,982 m ³	2 Power Plants 78 MW Surplus: 8 MW
	128,254 Ha ⁽¹⁾		4 Mills MDF: 1,530,000 m ³ PB: 720,000 m ³		
	73,370 Ha ⁽¹⁾⁽²⁾	1 Mill 700,000 tons ⁽²⁾			1 Power Plant 90 MW ⁽¹⁾ Surplus : 45 MW
			8 Mills MDF: 1,470,000 m ³ PB: 1,520,000 m ³		
			10 Mills ⁽³⁾ MDF: 722,000 m ³ PB: 1,091,000 m ³ OSB: 243,000 m ³	1 Sawmill ⁽³⁾ 25,185 m ³	
TOTAL	998,851 Ha	3.9 MM tons	9.4 MM m³	2.9 MM m³	774 MW

(1) Considers hectares planted
 (2) Considers 50% of Montes del Plata
 (3) Considers 50% of Sonae Arauco
 As of March 2018

MAXIMIZING THE VALUE OF EVERY TREE

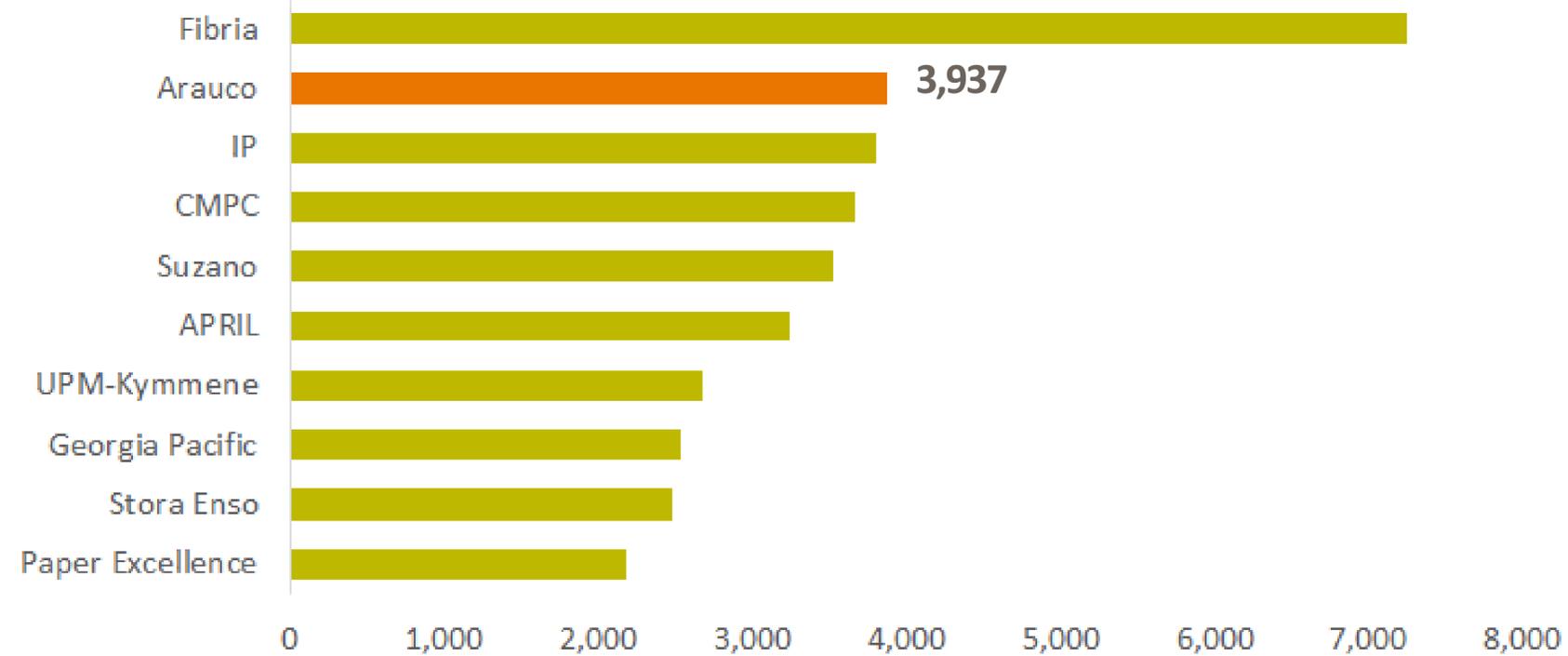


WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

#2

market pulp producer
in the world

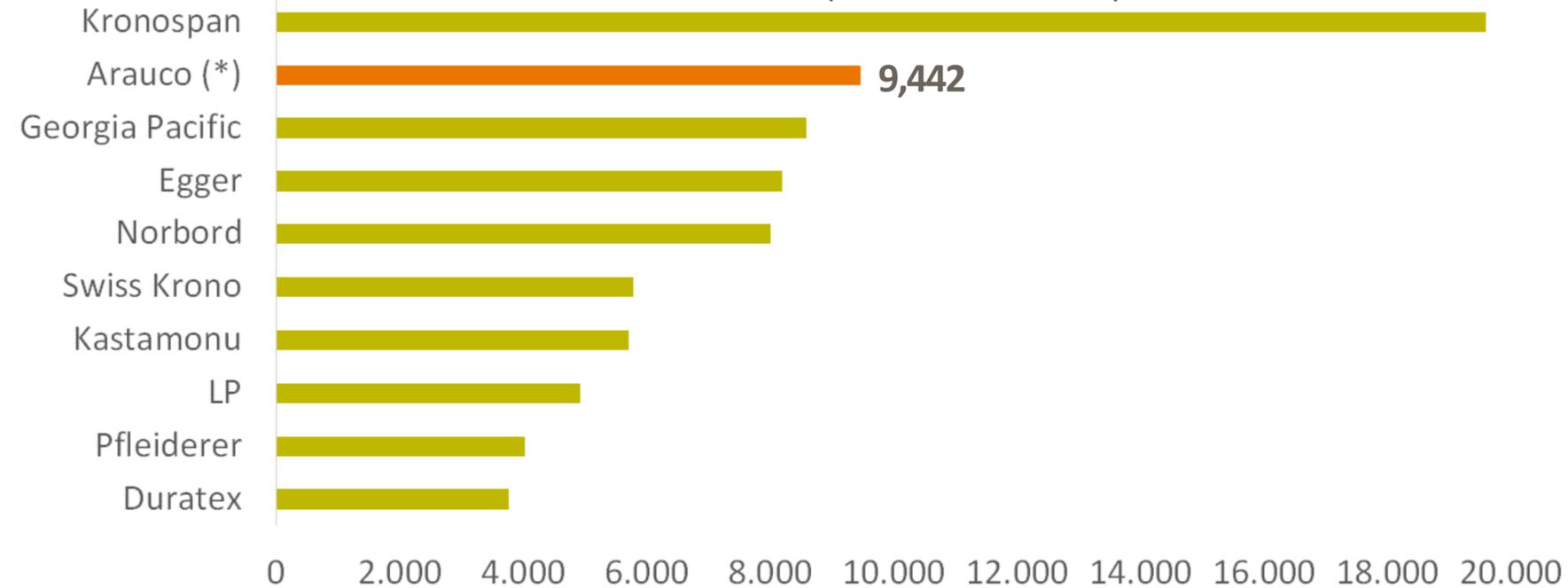
Market Pulp Capacity (in thousand of tons)



#2

panel producer in
the world

World Panels Capacity (in thousand of m3)



Market Pulp Capacity, December 2017. Arauco capacity includes 50% of Montes del Plata
World Panels Capacity, December 2017. Arauco capacity includes 50% Sonae Arauco at Dec. 2017
Source: Hawkins Wright, Arauco estimations and Company information and filings

OUR MAIN PRODUCTS



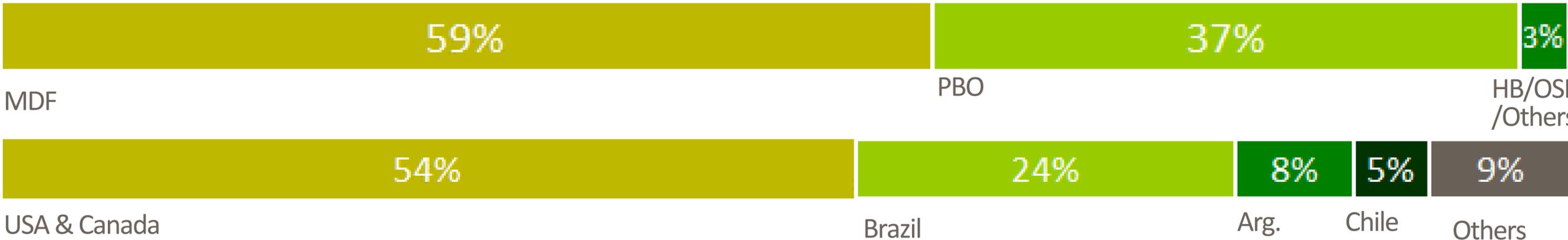
Pulp

Sales Volume: 3,697 Th. AdT



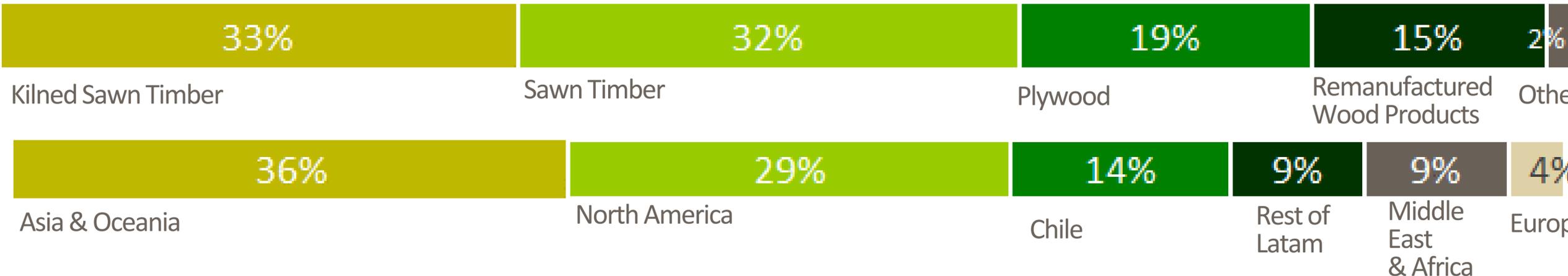
Panels*

Sales Volume: 4,954 Th. m3



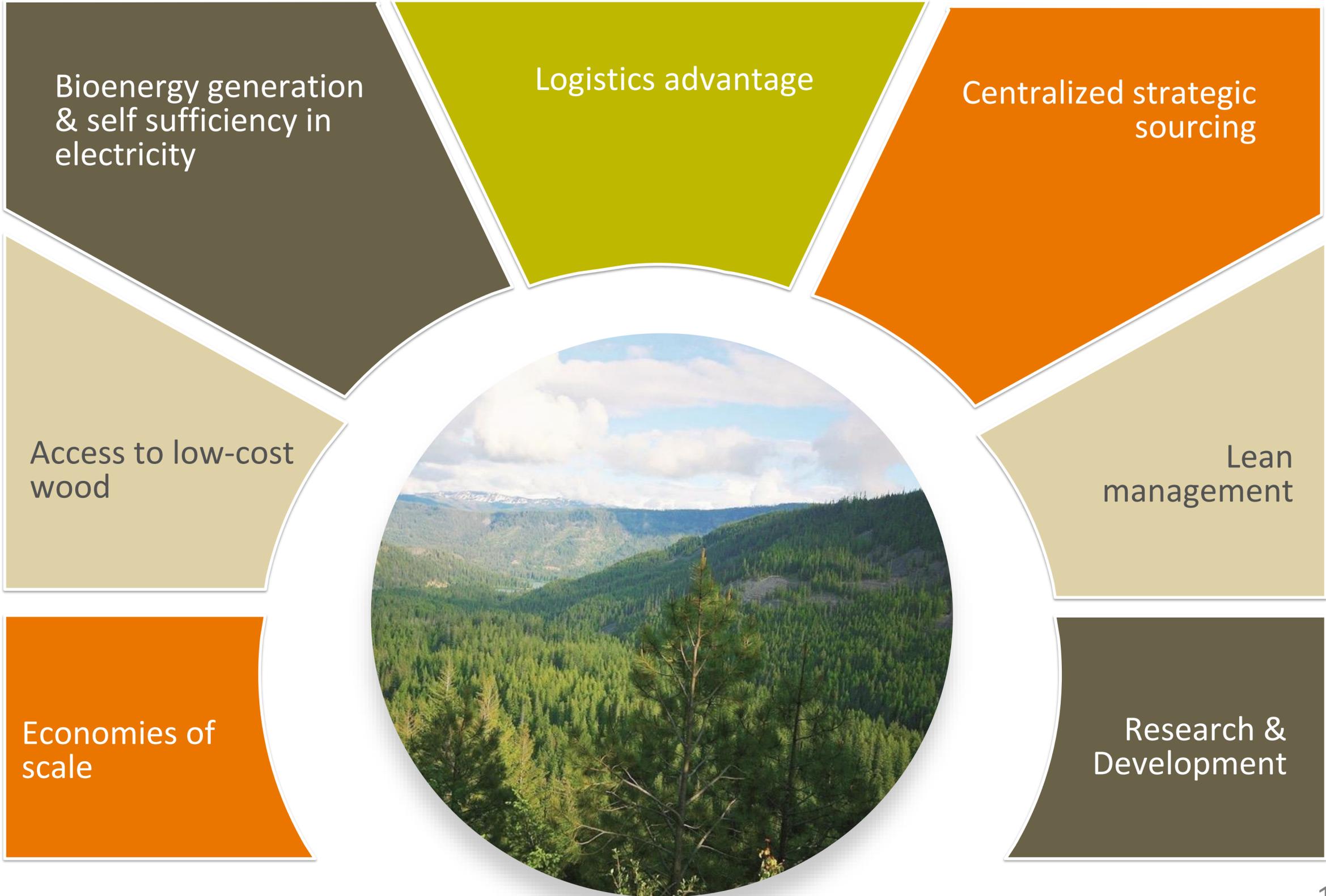
Sawn Timber

Sales Volume: 2,935 Th. m3



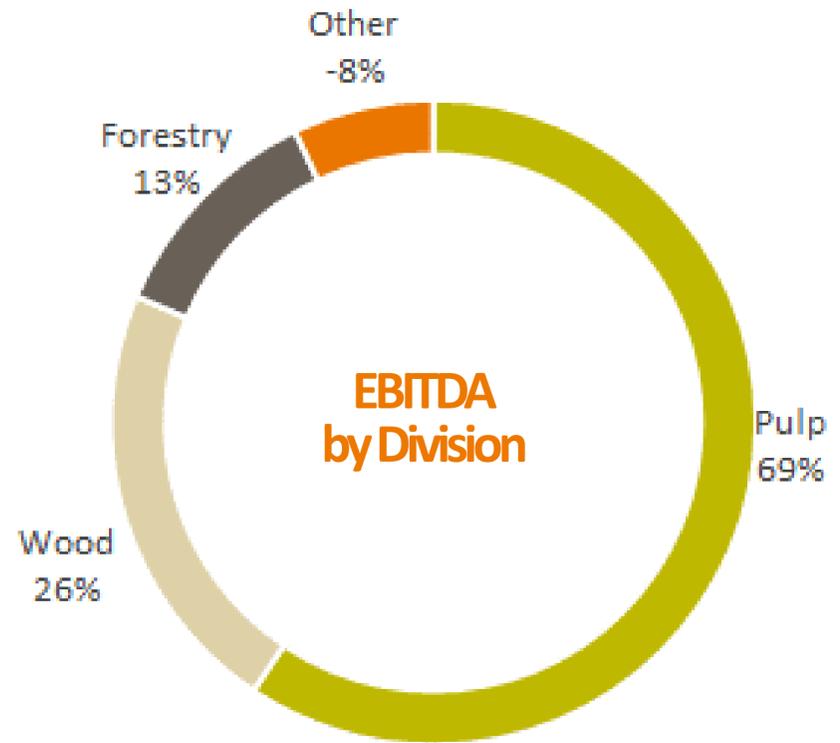
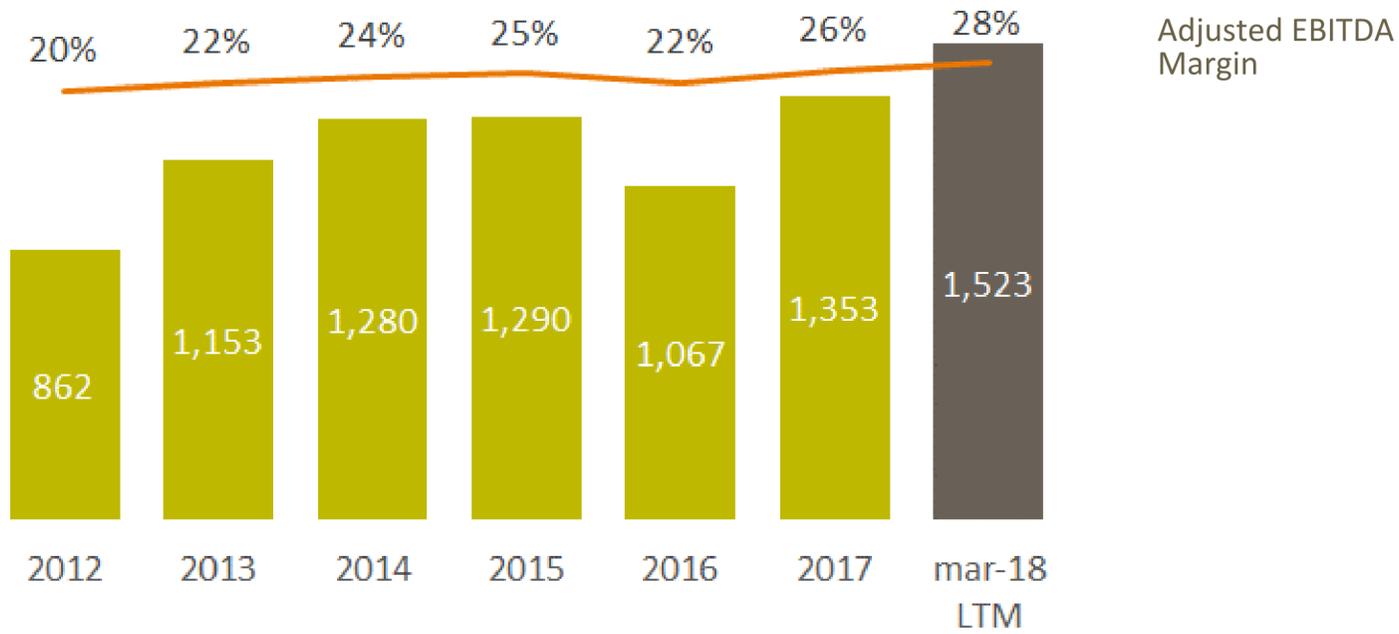
March 2018 LTM
 *Does not include sales volume of Sonae Arauco as it does not consolidate

OPERATIONAL EFFICIENCY

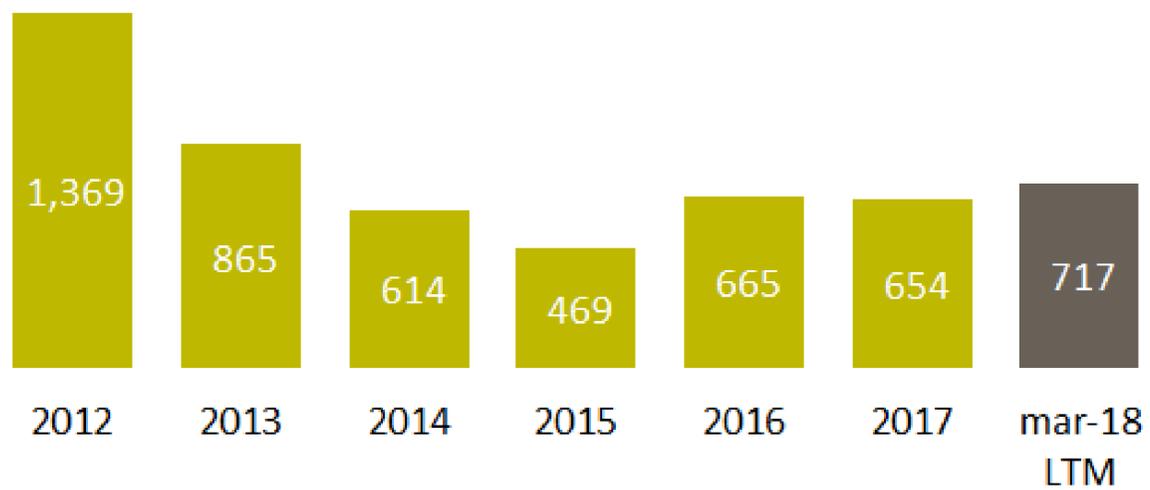


SOLID CAPITAL STRUCTURE

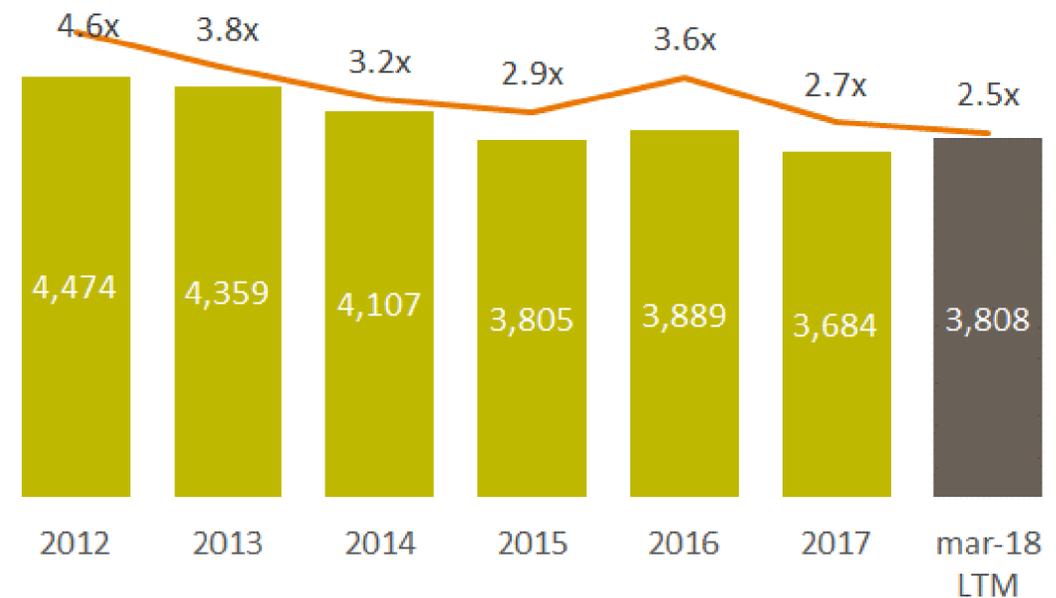
Adjusted EBITDA



CAPEX



Net Debt



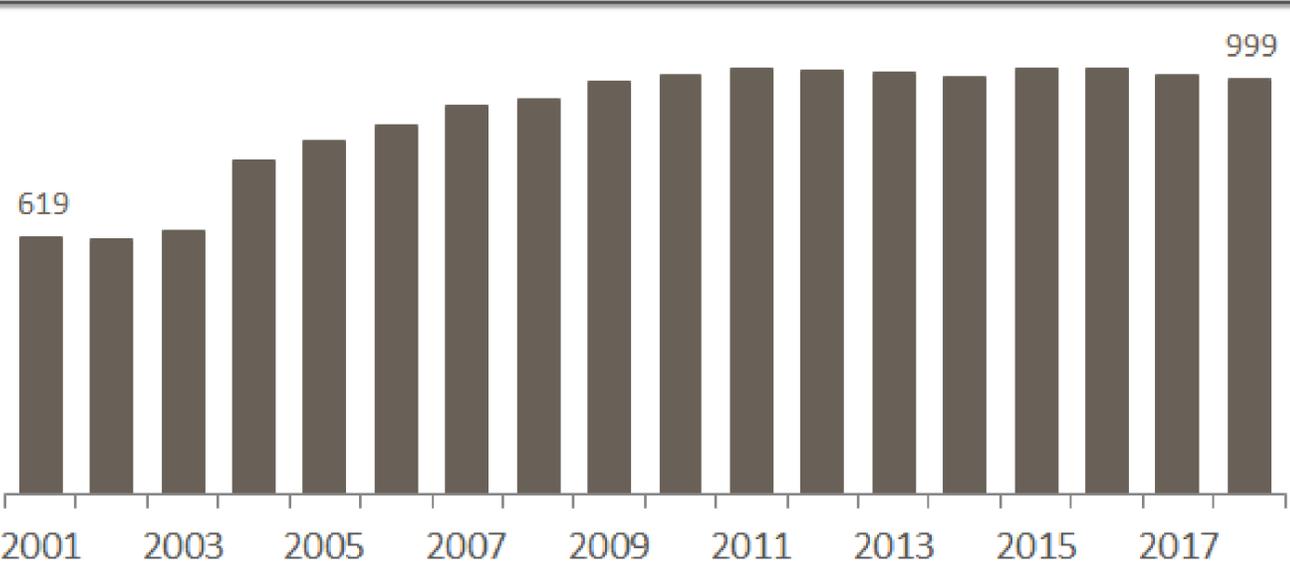


Arauco Overview
Business Segments

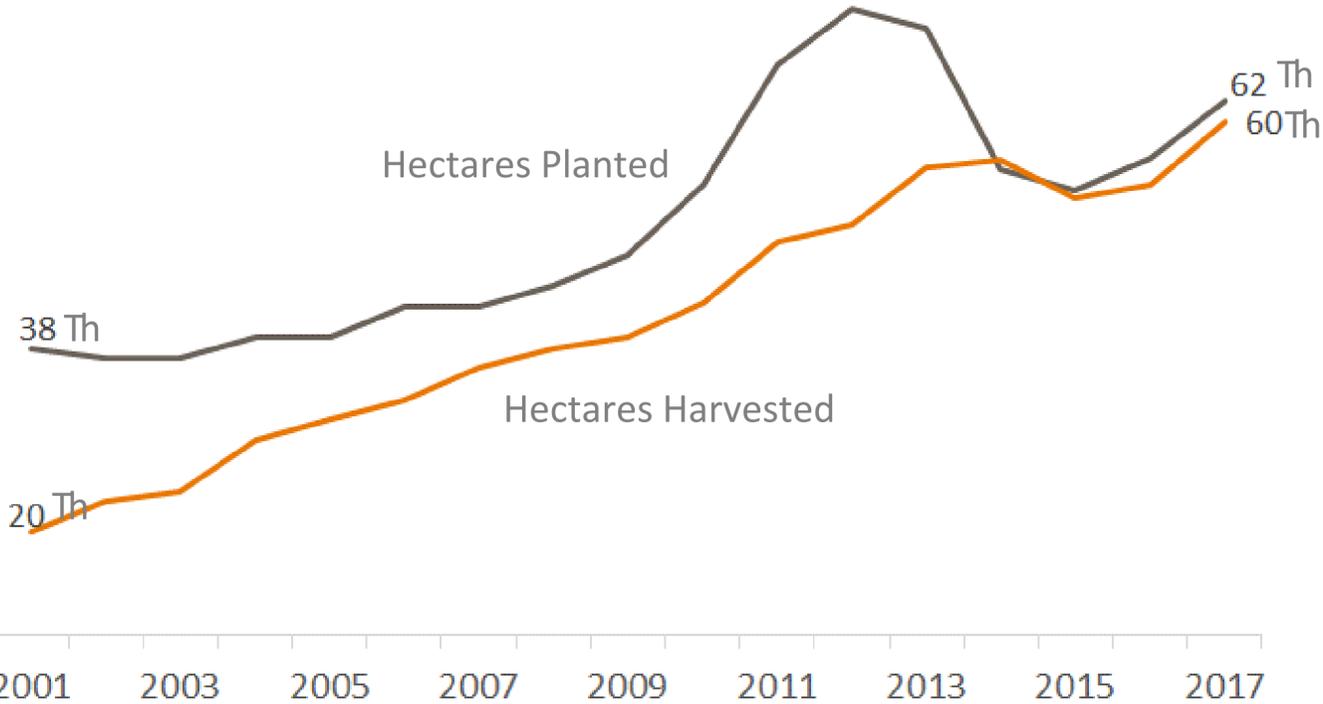
Future Investments
Recent Events and Initiatives
Sustainability

FORESTRY: THE BASE FOR GROWTH

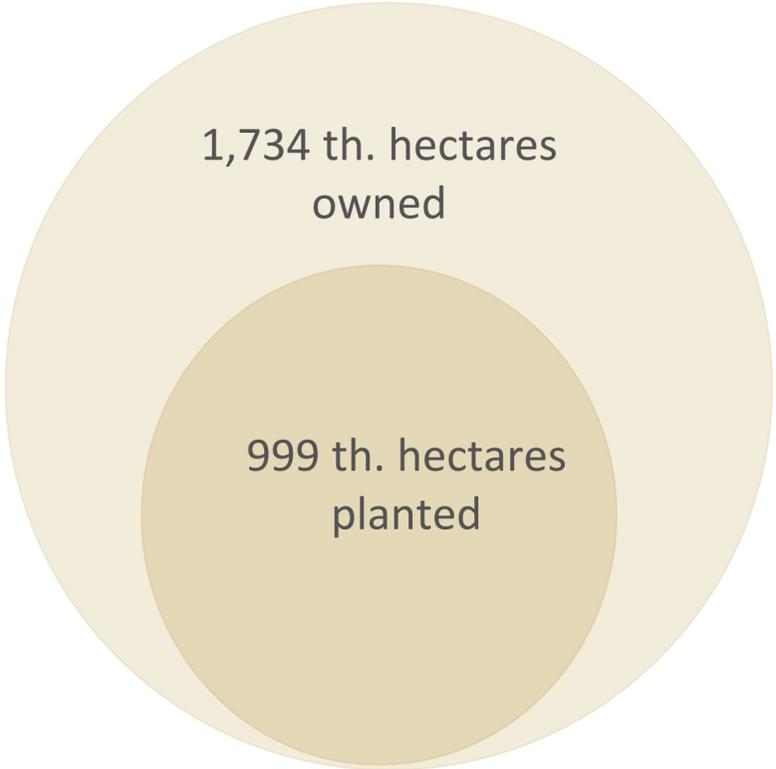
Total Plantations



Mar. 2018 In thousands ha.
Includes plantations in Chile, Argentina, Brazil and Uruguay

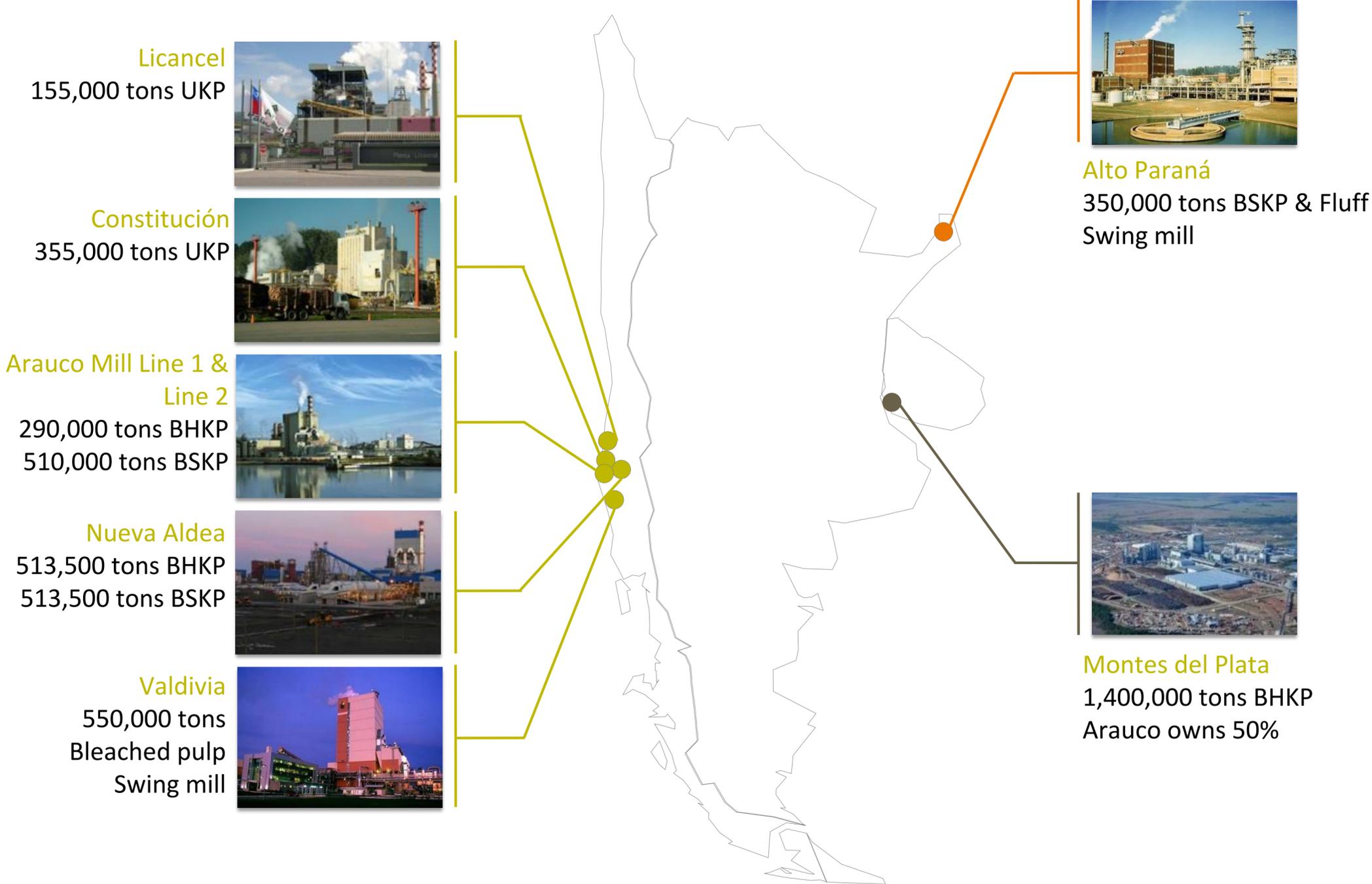


Dic.2017



Mar.2018

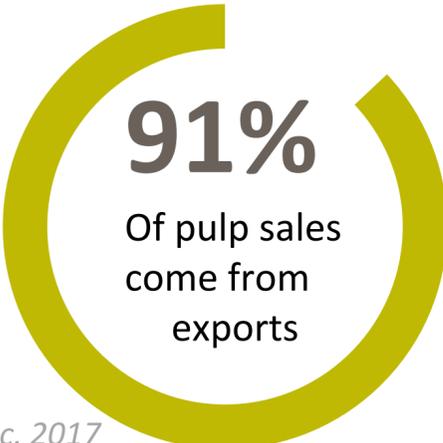
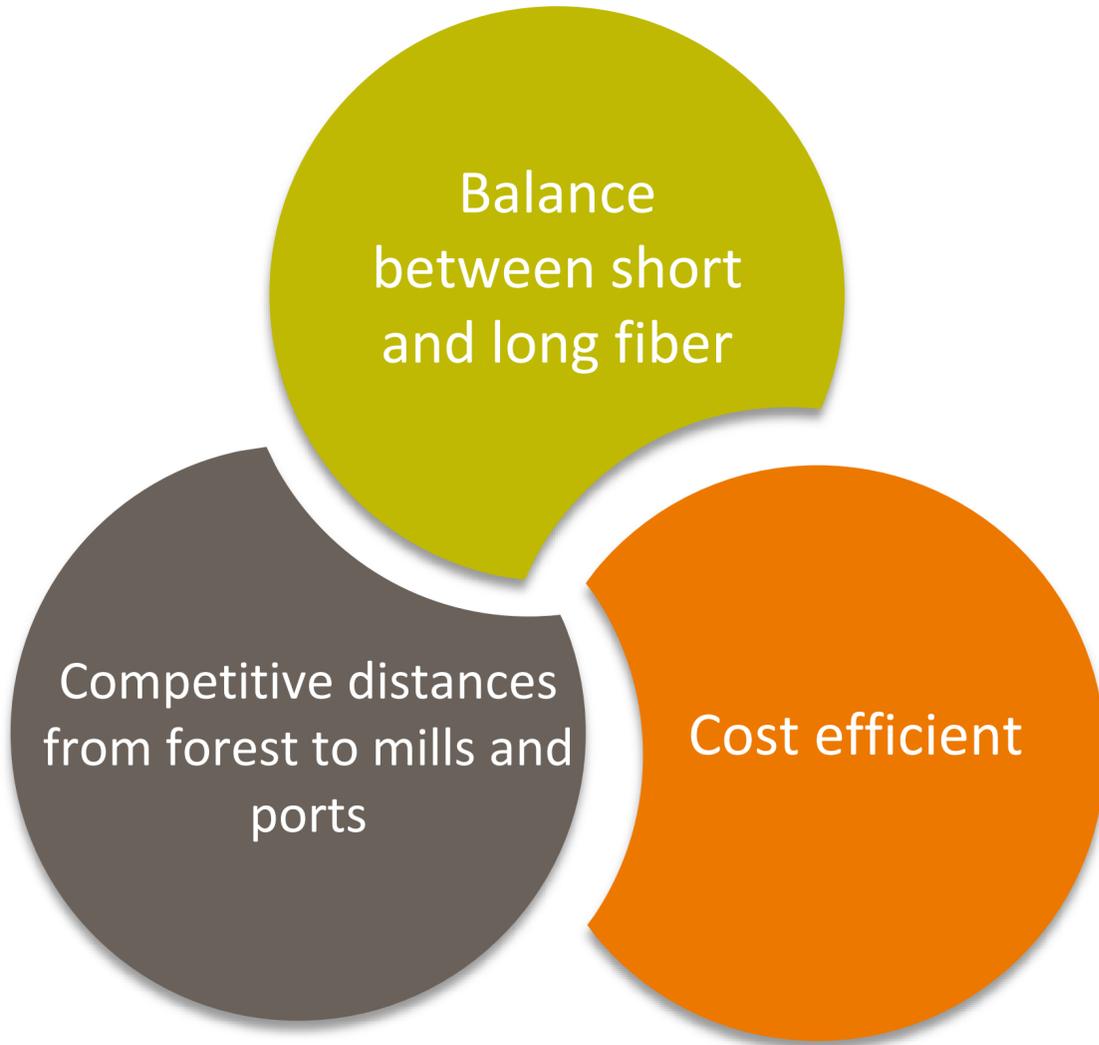
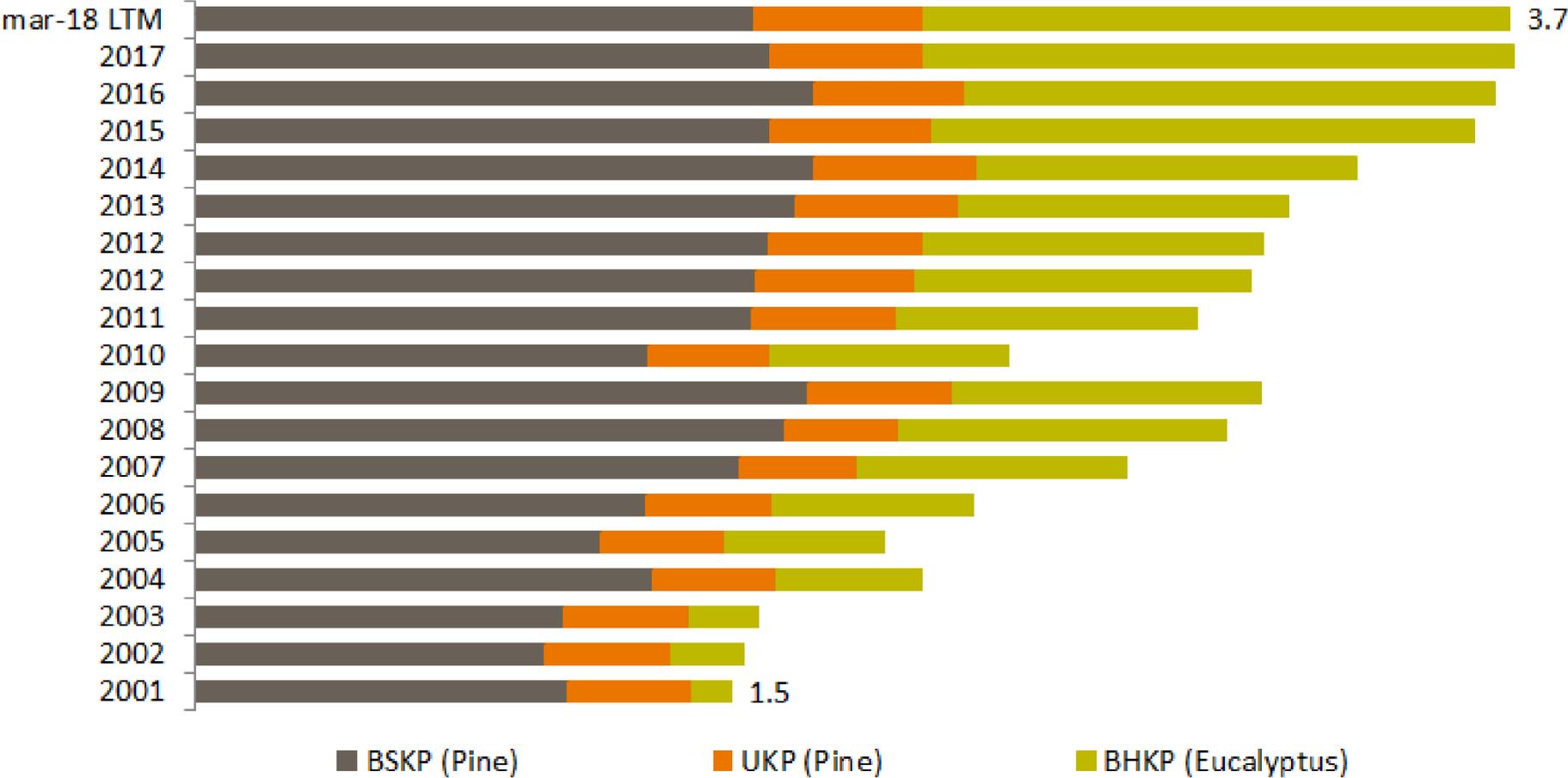
PULP: OUR PULP MILLS



PULP: COMPETITIVE ADVANTAGES TO EFFICIENTLY SUPPLY THE MARKETS

Pulp Production CAGR¹: 5.4%

in million of AdT

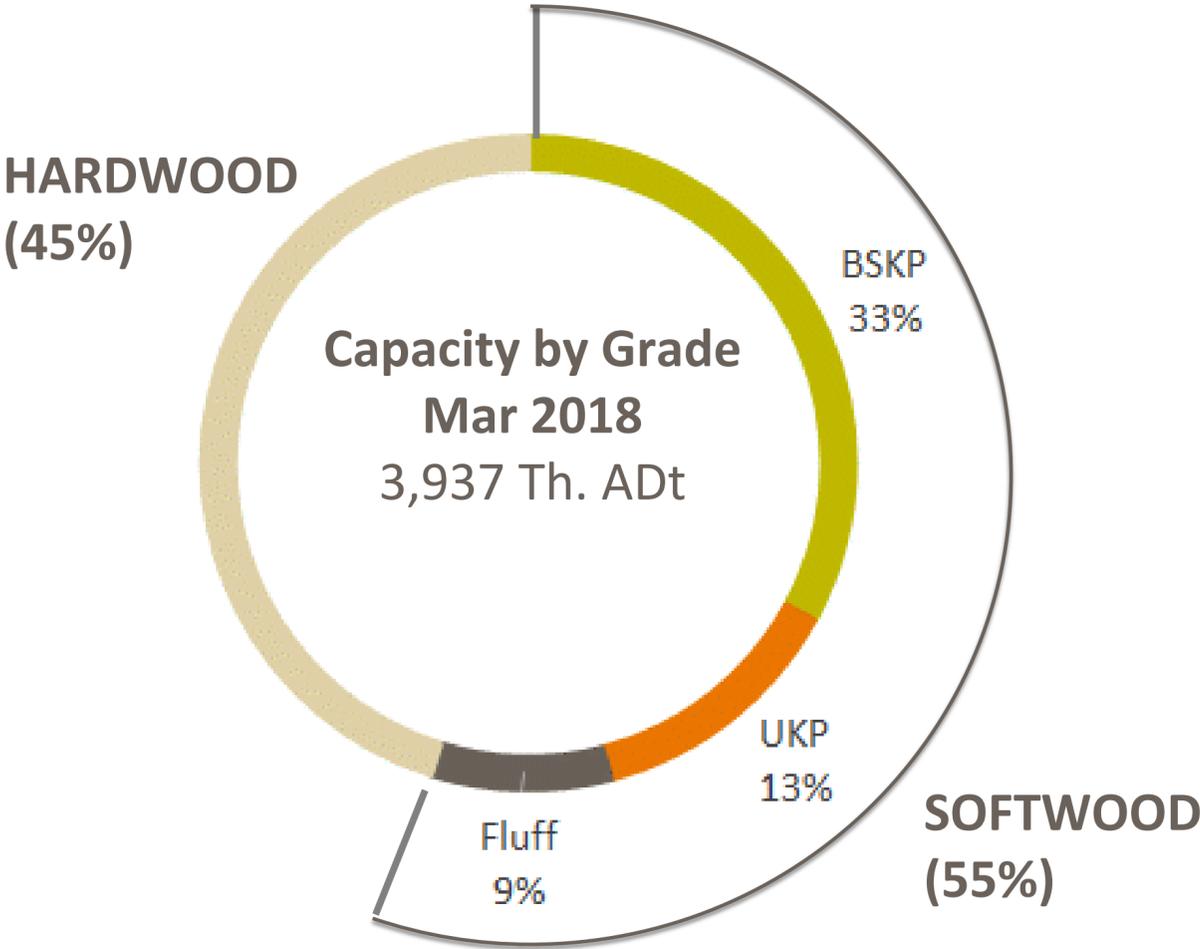


Dec. 2017

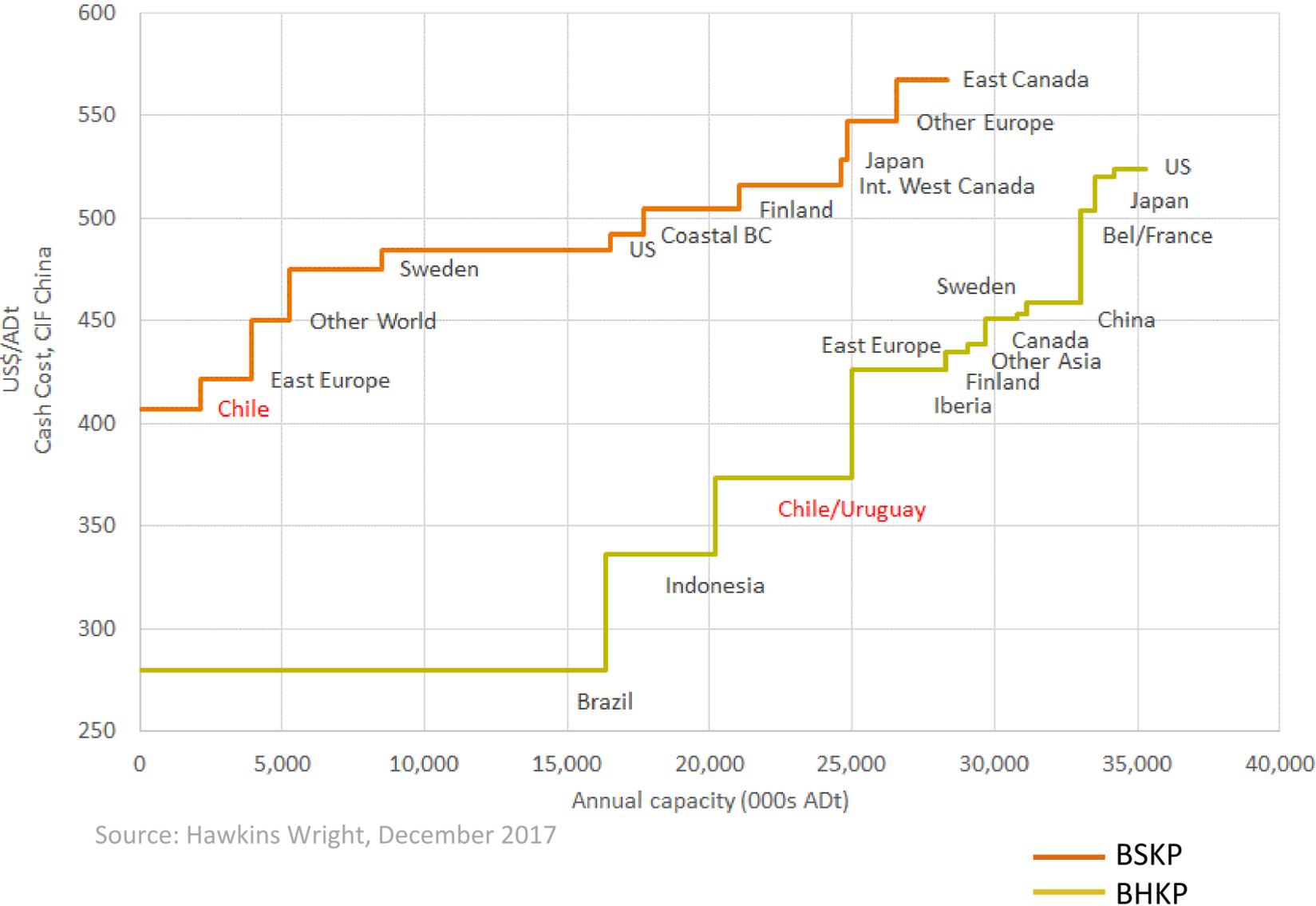
(1) Compounded Annual Growth rate

PULP: COMPETITIVE ADVANTAGES

Balance between short and long fiber



Cost efficient



Competitive distances from forest to mills and ports



Average Distance Forest to Mill



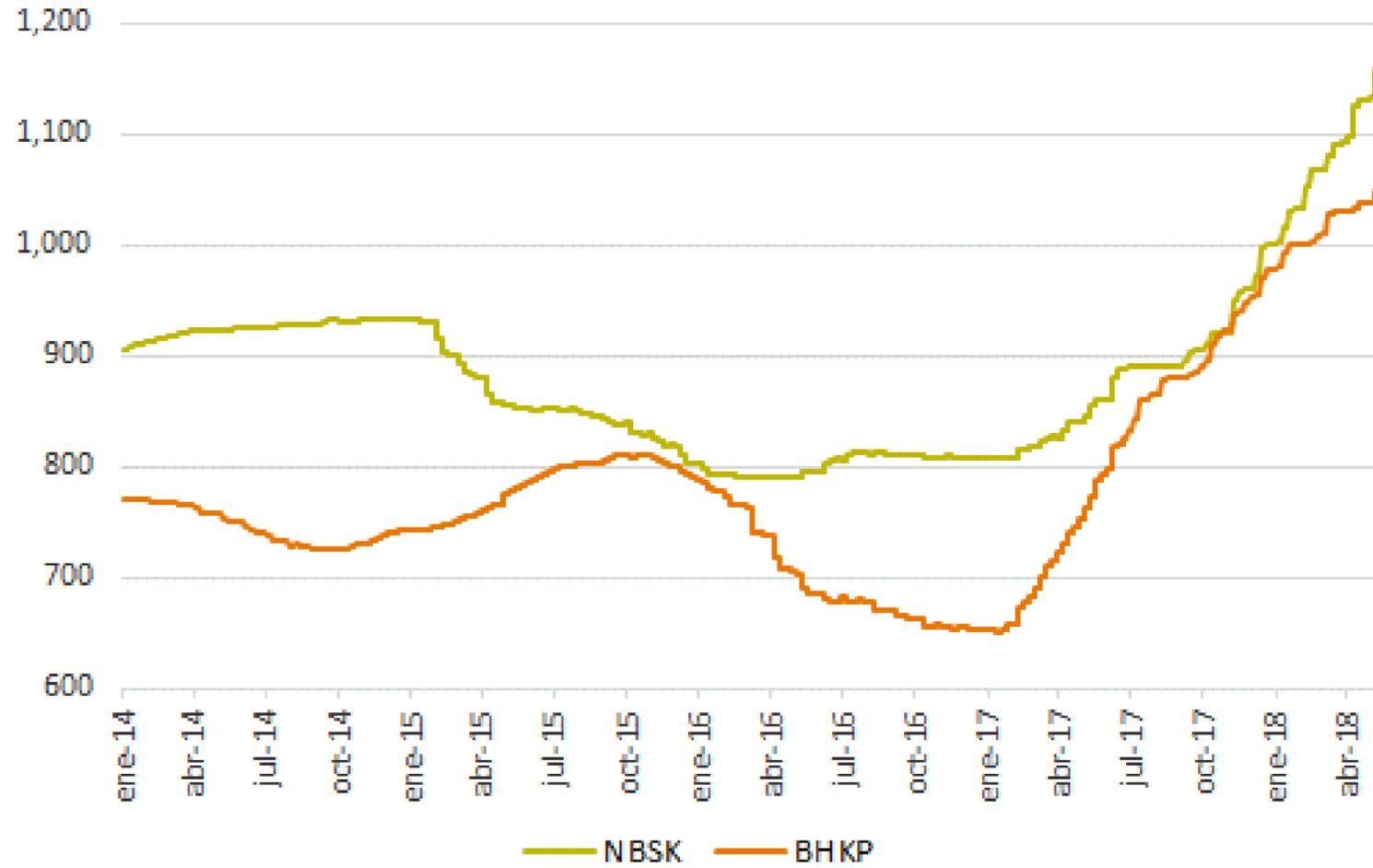
Average Distance Mill to Port*



*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

PULP: PRICES AND DEMAND

BHKP and NBSK Indexes



Global Demand

Demand for bleached chemical pulp March 2018 vs March 2017 (YTD)
In thousand tonnes

Destination	March 2017	March 2018	Δ	%
North America	1,815	1,750	- 65	▼ -3.6%
West Europe	3,460	3,605	145	▲ 4.2%
China	3,685	3,595	- 90	■ -2.4%
Other	3,170	3,200	30	■ 0.9%
W-20 Total BCP	12,130	12,150	20	■ 0.2%

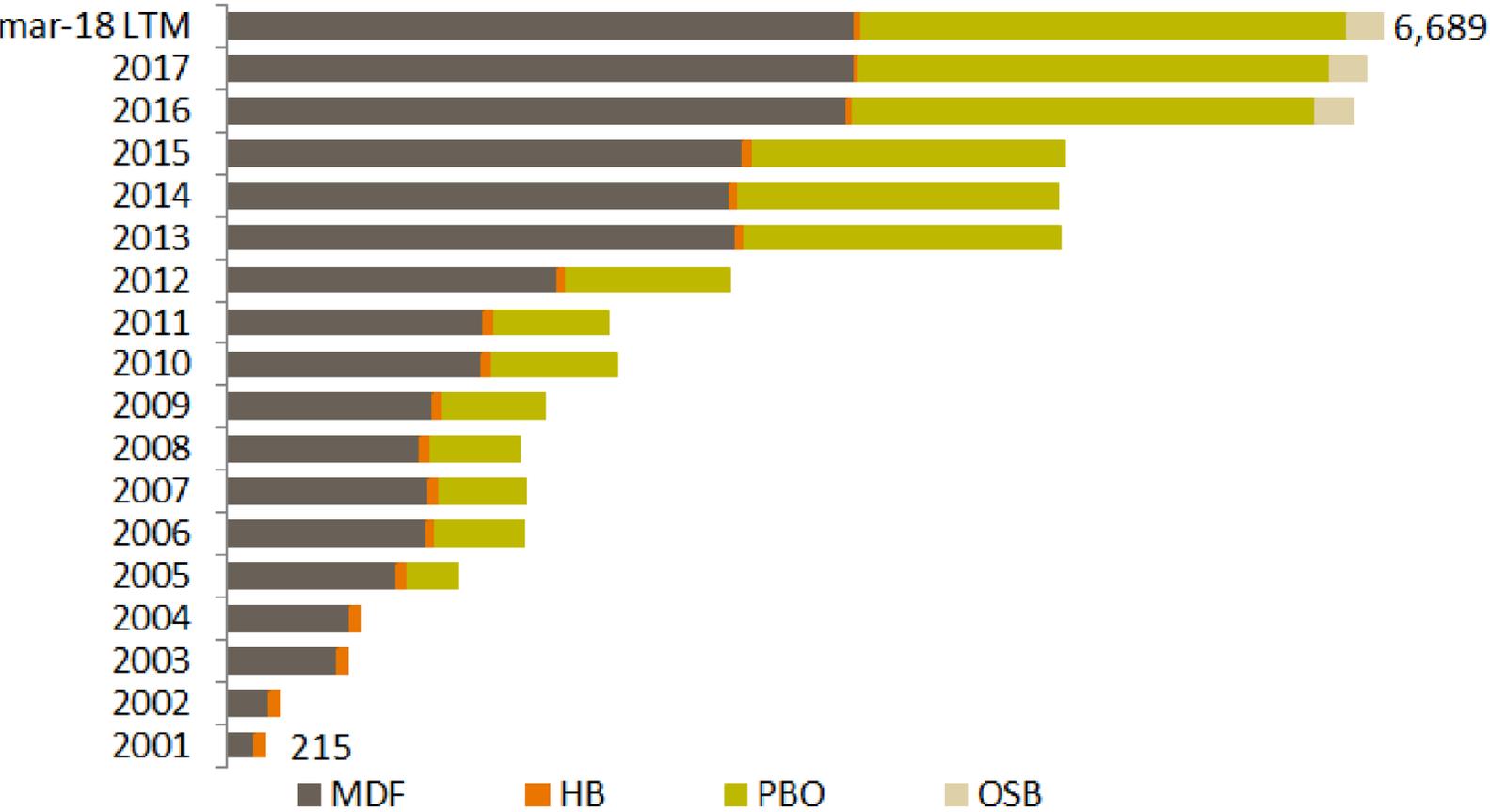
Source: Hawkins Wright

WOOD PRODUCTS: EXPANSIVE OF DIVERSIFIED PRODUCT MIX

Panels Production

CAGR¹: 22.4%

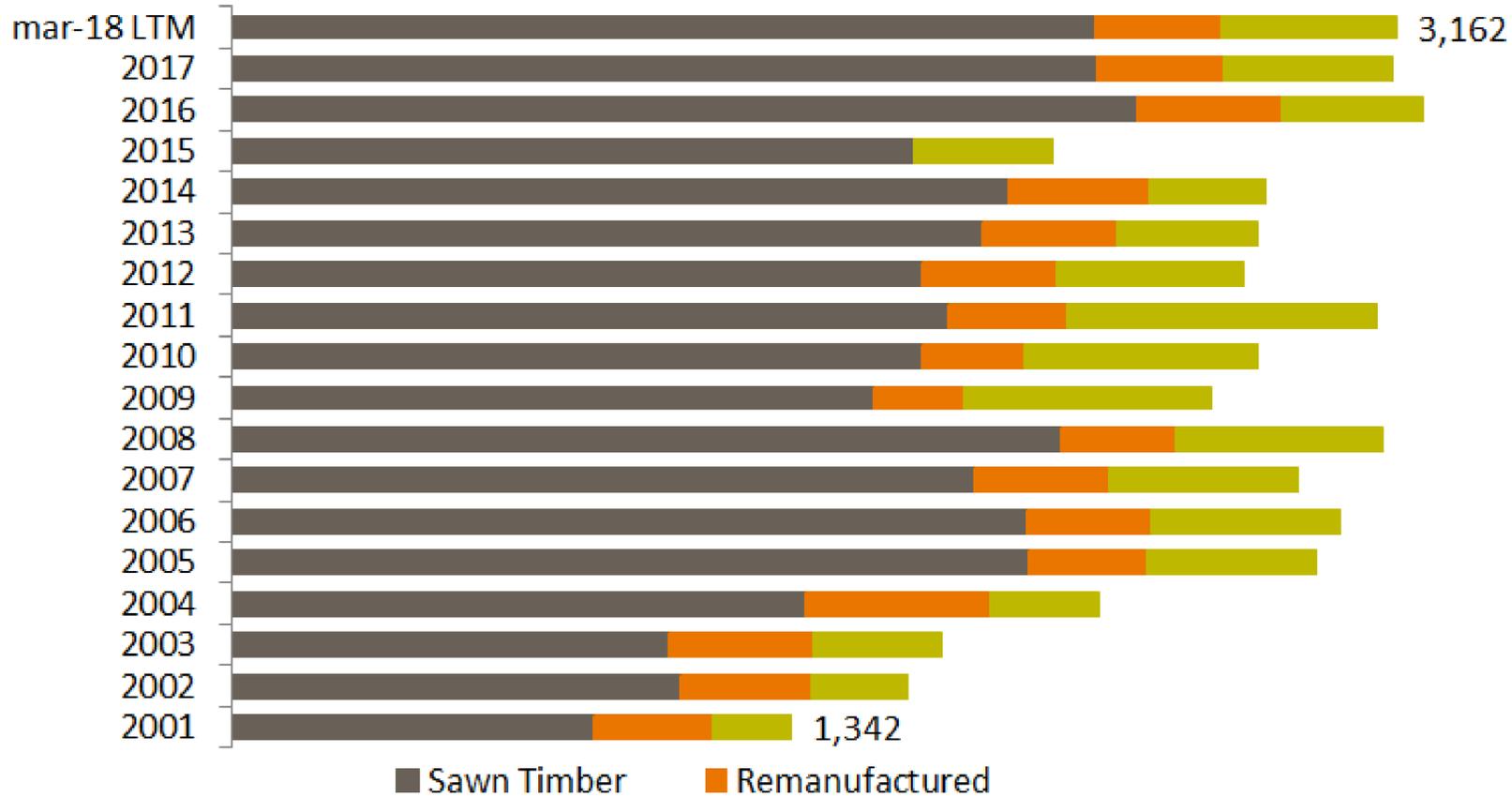
In thousands cubic meters



Sawn Timber Production

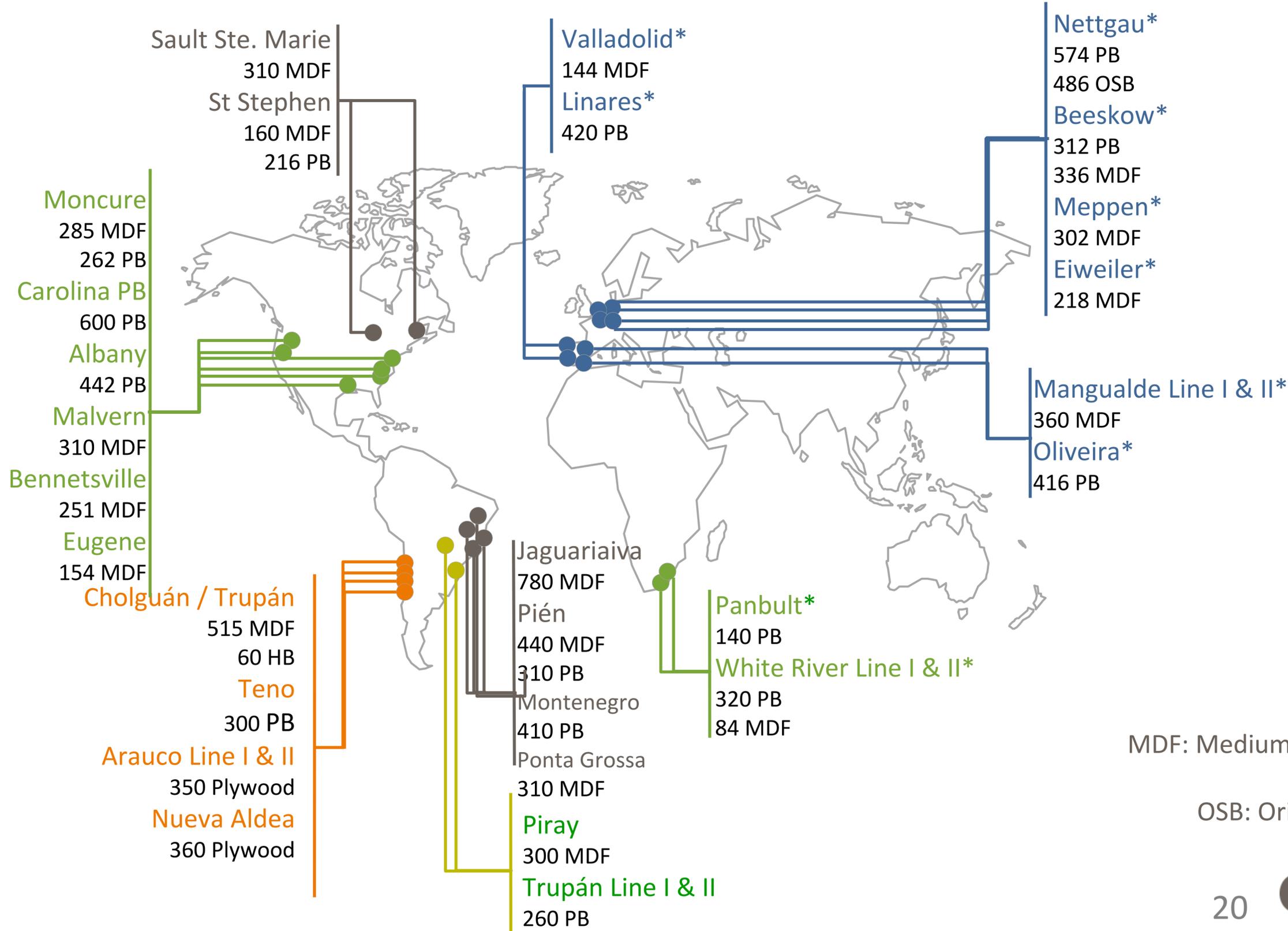
CAGR¹: 5.2%

In thousands cubic meters



Mar 2018 LTM
Includes 50% of Sonae Arauco
(1) Compounded Annual Growth rate

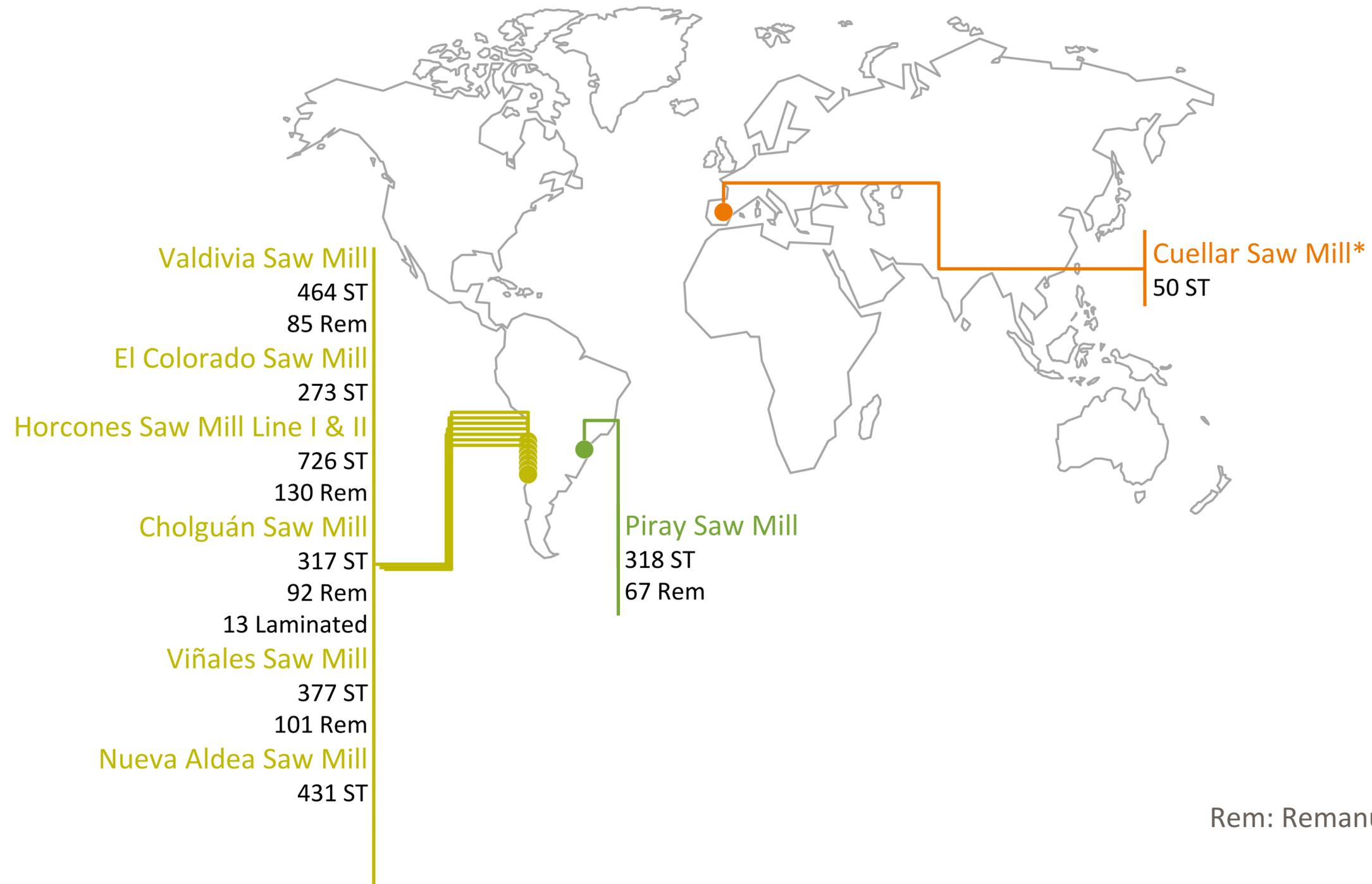
WOOD PRODUCTS: OUR PANEL MILLS



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

In thousand m3
 Mar. 2018
 *Arauco owns 50% of Sonae Arauco

WOOD PRODUCTS: OUR SAWN TIMBER MILLS



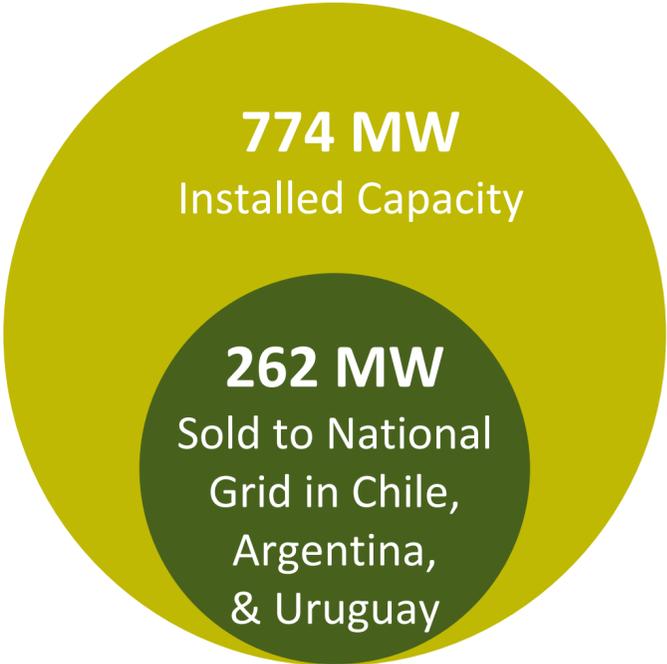
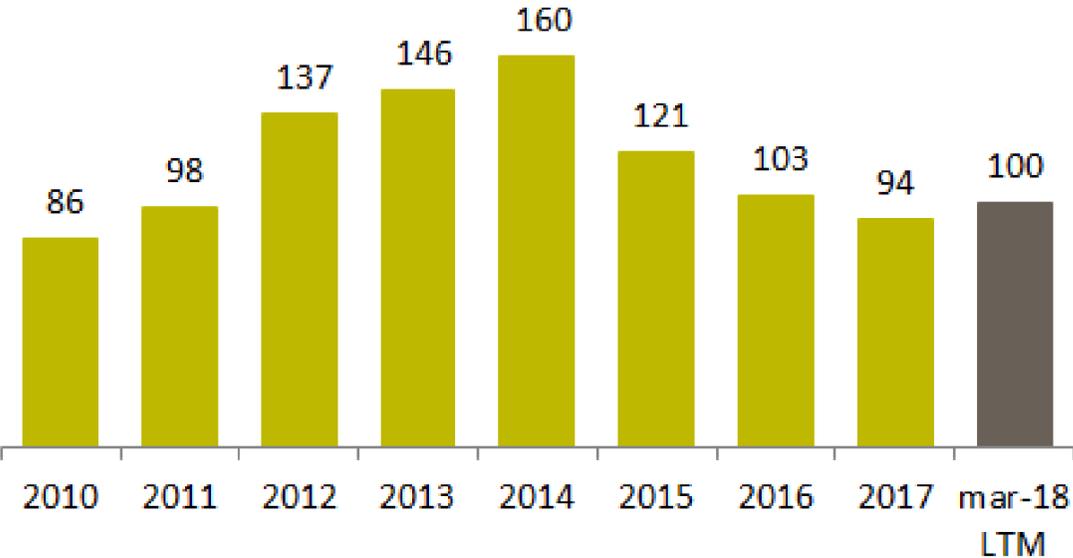
ST: Sawn Timber
Rem: Remanufactured Wood Products

In thousand m3
Mar. 2018
*Arauco owns 50% of Sonae Arauco

ENERGY: KEY PART OF OUR VALUE CHAIN

Energy Revenues

in US\$ million



Mar. 2018



- 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

arauco

PARTICLE BOARD IN MICHIGAN, USA

Located in Grayling, Michigan



Annual production of 800,000 m3 of MDP



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



As of March 31st, 2018 the construction phase goes as planned with 60%



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

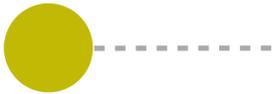


DISSOLVING PULP PROJECT

The Valdivia mill, currently produces 550,000 AdT of paper grade pulp



US\$185 million in estimated investment for brownfield Project, and the start-up is expected during the latter part of 2019



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



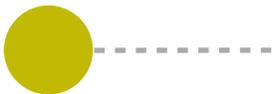
It will provide flexibility to produce either dissolving or paper grade



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



As of March 31st, 2018 the construction phase goes as planned with 20% with 97% of all equipment assigned



MAPA: NEW LINE AT ARAUCO MILL & COGENERATION PLANT

Construction of a third pulp line in the Arauco Mill of 1.56 million Adt



Construction of a 166 MW cogeneration plant



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



Meetings with equipment suppliers to define scope of the Project



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

Arauco Overview
Business Segments
Future Investments

Recent Events and Initiatives

Sustainability

ARAUCO

RENEWING OUR COMMITMENT TO FSC® CERTIFICATION

Our first FSC® re-certification assessment process was carried out during the last two weeks of April



FSC® has become an indispensable requirement for the participation of Arauco in global markets and has caused profound changes in the way we work, transforming us into a company that is more connected to its environment

Our company completed a new and demanding process of auditing our forest management in all our heritage in Chile



SIGNIFICANT DECREASE IN FORESTRY FIRES

During the first quarter of 2018 the plantations affected by fires had been 587 hectares, a decrease of 99.2% compared to the 72,500 hectares burned during the wildfires on 2017

Higher investment in fire combat and detection



Better weather conditions

Coordinated efforts with communities, other companies and government

ACQUISITION OF MASISA MEXICO

In December 2017, Arauco agreed to acquire Masisa's Mexican subsidiaries

Transaction price for approximately U.S.\$ 245 million

Main assets consist of three industrial complexes located in Chihuahua, Durango and Zitácuaro in Mexico



Total installed capacity of:

- 220,000 m3 of MDF
- 519,000 m3 of PB
- 426,000 m3 of melamine
- 66,000 tons of resins
- 60,600 tons of formaldehyde
- 22.8 million m2 of impregnation lines

The transaction is subject to a series of conditions precedent, customary in this type of operations, with the most relevant one being the approval by the Mexican antitrust authority.

Arauco estimates that the Transaction should be materialized during 2018.

EXCHANGE OFFER OF NOTES DUE IN 2027 AND 2047 ISSUED ON NOVEMBER 2ND, 2017

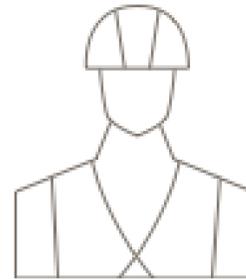
- ▶ On November 2nd, 2017, Arauco completed the private offering of the: U.S.\$ 500.0 million Notes due in 2027 with coupon rate of 3.875%; and U.S.\$ 400.0 million Notes due in 2047 with a coupon rate of 5.500%.
- ▶ In the private offering, we agreed to use our reasonable best efforts to complete the exchange offer within 360 days after the date of original issuance of the outstanding notes
- ▶ The exchange offer began on May 7th, 2018 and will end on June 4th, 2018
- ▶ We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradeable



Arauco Overview
Business Segments
Future Investments
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 **COMMUNITIES** in which it operates

SAFETY



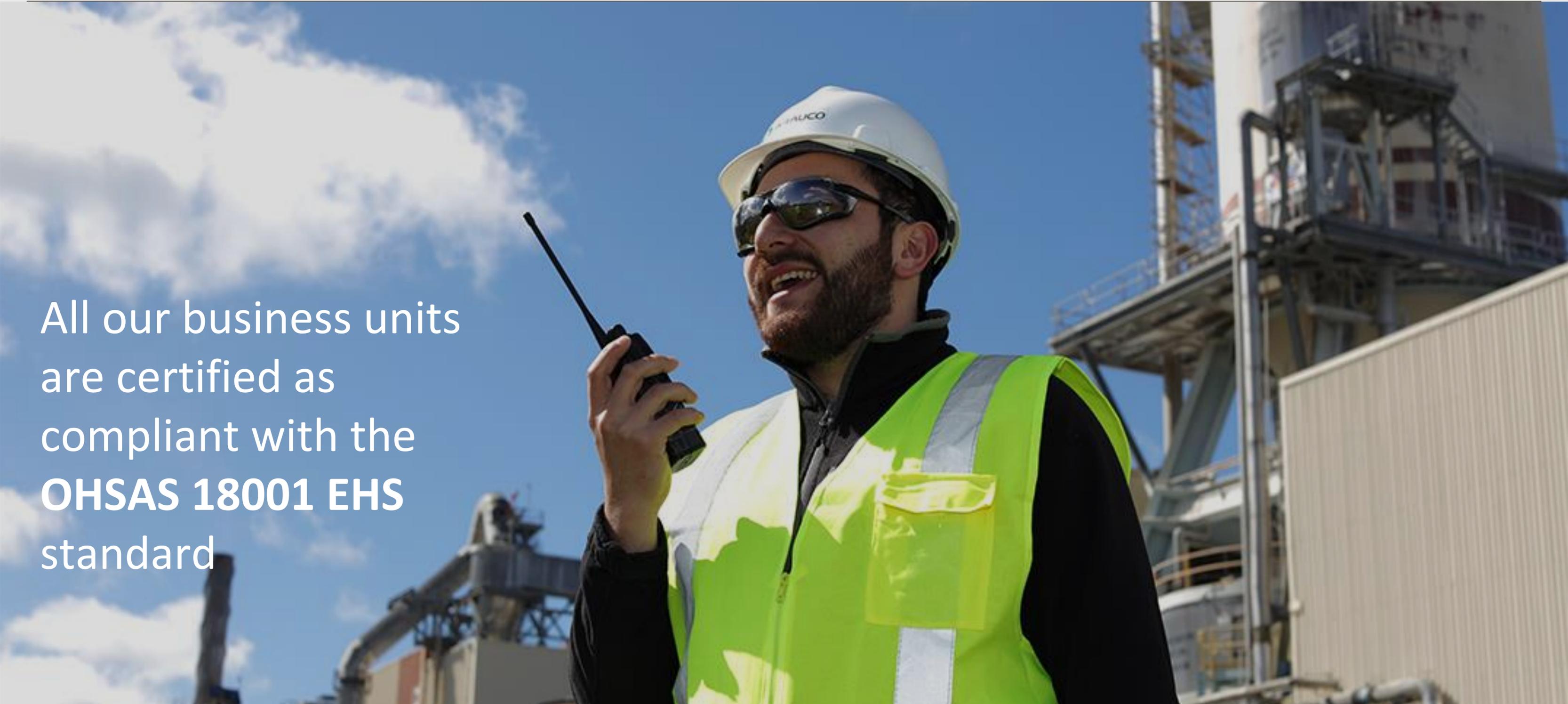
ENVIROMENT



COMMUNITY
PARTICIPATION &
DIALOGUE



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



- Our plantation forests are **CERTIFIED** to **INTERNATIONALLY RECOGNIZED STANDARDS**
- We **DO NOT** source native forests or protected species
- We **PROTECT** more than **431,000 HECTARES** (1,000,000 acres) of native forest in permanent conservation set-asides
- During 2017 we invested **US\$ 89 MILLION** in environmental improvements

.....

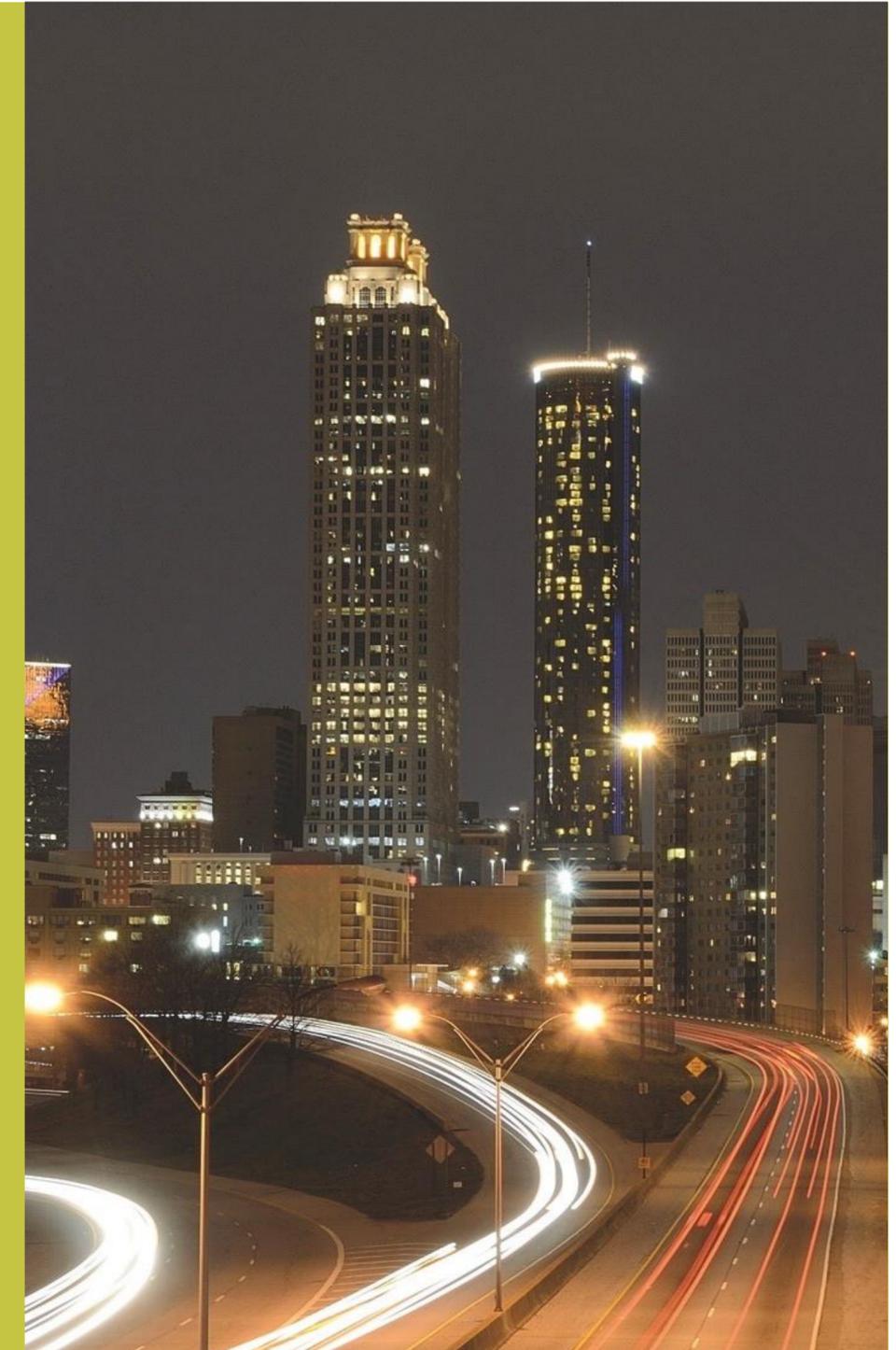
 We apply widely accepted **INTERNATIONAL SCIENTIFIC STANDARDS** to our silviculture.

 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 **262 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**



deRaíz

#renovaciónforestal



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.



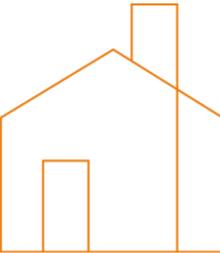
ARAUCO EDUCATIONAL FOUNDATION

- 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 (PRESS)

- 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





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