

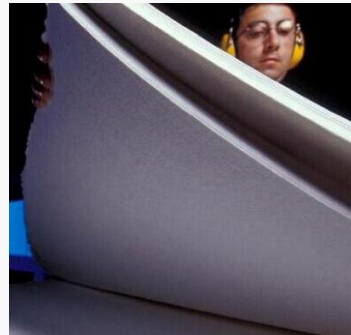


ARAUCO
Growing the Future

Conference Call Presentation

1st Quarter 2015 Financial Results

Celulosa Arauco y Constitución S.A.



Gianfranco Truffello, C.F.O

Santiago, May 29th, 2014

Disclaimer

Forward-looking statements are based on the beliefs and assumptions of Arauco's management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Arauco and could cause results to differ materially from those expressed in such forward-looking statements.

This presentation contains certain performance measures that do not represent IFRS definitions, as "EBITDA" and "Net financial debt". These measures cannot be compared with the same previously used by Arauco and the same used by other companies.

Agenda

- **Financial Review 1st Quarter 2015**

- **Review by Business Segment & Outlook**

- **1st Quarter and Subsequent Events**

- **Q&A**

Financial Review > 1Q 2015 Highlights

Highlights

US\$ Million	Q1 2015	QoQ
Revenue	1,273.3	-7.8%
Adjusted EBITDA	325.4	-2.6%
Net income	85.7	-24.7%
Net Financial Debt	3,937.2	-4.1%
Net financial debt / LTM Adj. Ebitda	3.1x	-5.3%

Financial Review > Income Statement

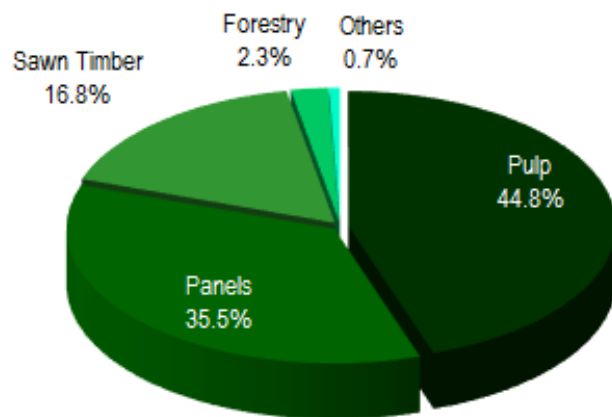
Income Statement

US\$ Million	Q1 2015	Q4 2014	QoQ
Revenue	1,273.3	1,380.8	-7.8%
Cost of sales	(858.5)	(987.4)	-13.1%
Gross Profit	414.8	393.4	5.5%
Other income	55.5	137.1	-59.5%
Distribution costs and Administrative expenses	(253.3)	(280.5)	-9.7%
Other operating gains (expenses)	(24.9)	(34.4)	-27.7%
Financial costs (Net)	(57.7)	(54.3)	6.3%
Exchange rate differences	(7.9)	(7.0)	12.2%
Income before income tax	126.6	154.3	-18.0%
Income tax	(40.9)	(40.5)	1.0%
Net Income	85.7	113.8	-24.7%

Comments

- **Revenue:** A decrease of 7.8%, mainly explained by the decrease in our Pulp and Sawn timber division's revenue. Both divisions sold less volume of 9.9% and 15.0%, respectively
- **Cost of Sales:** A decrease of 13.1% due to the decrease in pulp and sawn timber volume sales and a drop in fuel prices
- **Other income:** A decrease of US\$ 81.6 million, mainly explained by the gain of US\$ 46 million from the sale of 11,000 hectares of plantations obtained during the fourth quarter of 2014, and a decrease of US\$ 37 million in Gain from changes in fair value of biological assets
- **Distribution costs and administrative expenses:** A decrease of 9.7%, mainly due to a decrease in freight expenses, explained by lower sales volume and lower fuel price

Sales by Business Segment Q1 2015



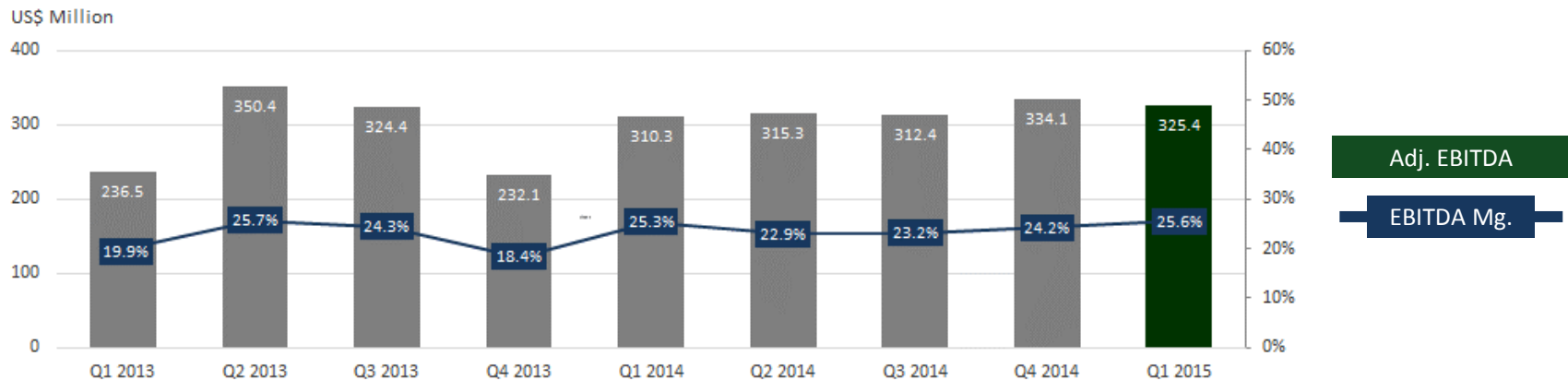
Financial Review > Adjusted EBITDA

Comments

Adjusted EBITDA				
In U.S. Million	Q1 2015	Q4 2014	QoQ	
Net Income	85.7	113.8	-24.7%	
Financial costs	68.2	69.0	-1.1%	
Financial income	-10.5	-14.7	-28.8%	
Income tax	40.9	40.5	1.0%	
EBIT	184.3	208.6	-11.6%	
Depreciation & amortization	94.7	111.1	-14.7%	
EBITDA	279.0	319.6	-12.7%	
Fair value cost of timber harvested	73.9	93.3	-20.8%	
Gain from changes in fair value of biological assets	-46.8	-84.0	-44.3%	
Exchange rate differences	7.9	7.0	12.2%	
Others (*)	11.4	-1.8		
Adjusted EBITDA	325.4	334.1	-2.6%	

- The fourth quarter of 2014 included a gain of US\$ 46 million from the sale of forest plantations
- Adjusted EBITDA of our Panels division increased US\$ +19.4 million
- Adjusted EBITDA of our Sawn Timber division dropped US\$ -15.3 million
- EBITDA Margin improvement reflects the impact of lower unitary cost of BKP, CLP devaluation and lower fuel costs

(*) Includes provision for forest fire losses



Note: Numbers may not add up due to rounding

Financial Review > Debt

Financial Debt

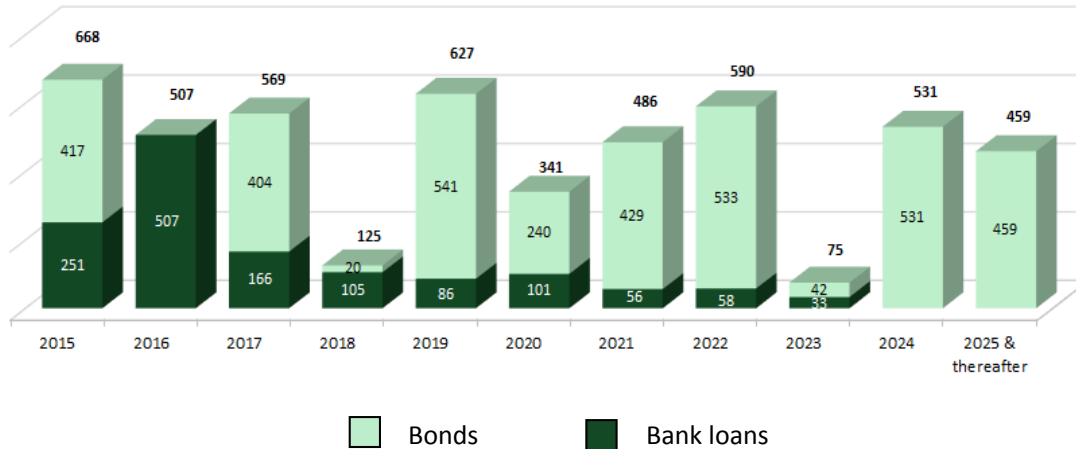
US\$ million	March 2015	December 2014	March 2014
Short term financial debt	752.2	739.5	849.7
Long term financial debt	4,225.9	4,338.9	4,070.8
TOTAL FINANCIAL DEBT	4,978.1	5,078.4	4,920.6
Cash and cash equivalents	1,040.9	971.2	505.5
NET FINANCIAL DEBT	3,937.2	4,107.3	4,415.1

Comments

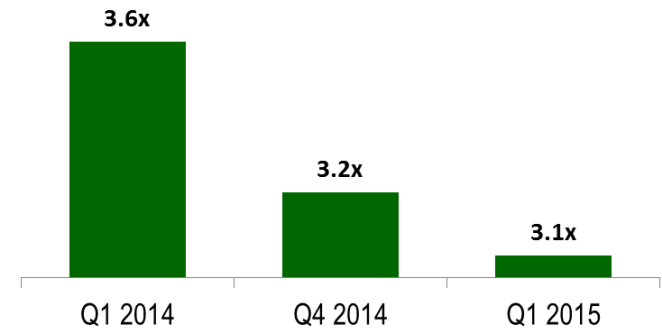
- Net Debt down 170 million QoQ and 478 million YoY
- In one year our net leverage has improved from 3.6x to 3.1x
- In April we paid in full a US\$ 370 million Yankee bond
- In May we prepaid US\$ 48 million in long-term bank loans

Financial Debt Profile as of March 31, 2015

In US\$ Million



Net Debt/LTM Adj. EBITDA



Financial Review > Cash Flow

Cash Flow

US\$ Million	Q1 2015	Q4 2014	QoQ
Collection of accounts receivables	1,398.0	1,523.3	-8.2%
Collection from insurance claims	3.0	5.1	-41.5%
Other cash receipts (payments)	113.3	94.1	20.4%
Payments of suppliers and personnel (less)	(1,221.7)	(1,357.7)	-10.0%
Interest paid and received	(72.5)	(11.3)	542.6%
Income tax paid	(13.6)	(16.6)	-18.1%
Other (outflows) inflows of cash, net	4.6	(2.6)	-273.5%
Net Cash Provided by (Used in) Operating Activities	211.1	234.3	-9.9%
Capital Expenditures	(94.8)	(134.0)	-29.2%
Other investment cash flows	(0.6)	73.5	-100.9%
Net Cash Provided by (Used in) Investing Activities	(95.4)	(60.4)	57.9%
Proceeds from borrowings	26.3	56.8	-53.6%
Repayments of borrowings	(67.7)	(159.2)	-57.4%
Dividends paid	0.0	(62.9)	-100.0%
Other inflows of cash, net	(0.4)	(0.1)	262.4%
Net Cash Provided by (Used in) Financing Activities	(41.8)	(165.4)	-74.7%
Total Cash Inflow (Outflow) of the Period	73.8	8.4	776.4%
Effect of exchange rate changes on cash and cash equivalents	(4.1)	(9.5)	-56.6%
Cash and Cash equivalents, at beginning of the period	971.2	972.2	-0.1%
Cash and Cash Equivalents at end of the Period	1,040.9	971.2	7.2%

Comments

- Drop of 29.2% in Capex reflects a smaller project pipeline and no significant expansion projects under construction
- Net cash using in financing activities decreased US\$ 123.6 million due to the payment of provisory dividend of US\$ 62.9 million and the payment of a pre-export finance loan of US\$100 million during the last quarter of 2014
- In the second quarter we will include the remainder of 2014's dividend payment

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Review by Business Segment > Pulp

Pulp Revenues (in US\$ million)



Note: pulp sales include energy

	Net Sales	Price	Volume
QoQ	-8.1%	-1.2%	-9.9%
YoY	4.1%	-7.6%	14.3%

Pulp Production (in 000' ADt)

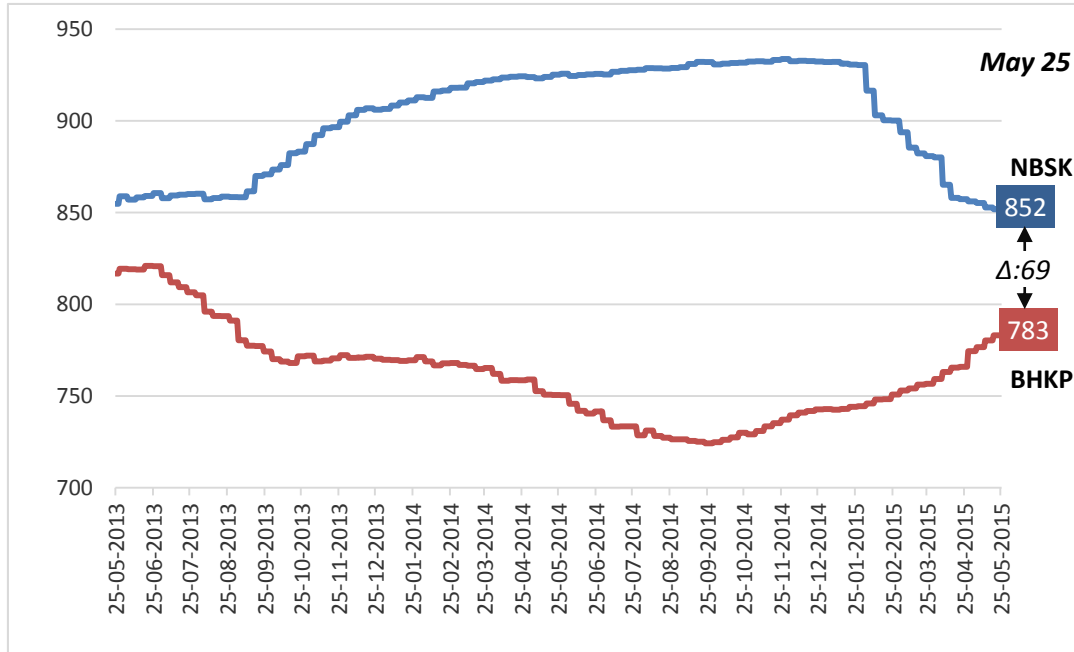
000' Adt	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Pulp production	782	769	867	851	894



- Decrease in revenues is mainly explained by lower sales volume due to a seasonality effect of more shipments during the last quarter of 2014
- Despite the lower average price, all markets ended this quarter with price increases of both short and long fiber. In long fiber the quarter started with prices falling and at the end of the quarter prices bottomed, stabilized and ended with a positive outlook
- Our Pulp production was 5.0% higher mainly explained by the annual maintenance stoppages that our Valdivia, Constitución and Alto Paraná mills had in the fourth quarter of 2014
- Before the annual maintenance stoppage of the Montes del Plata mill, the nominal capacity production reached app. 92%. In April the mill produced 4% above target

Review by Business Segment > Pulp > Outlook

BHKP and NBSK Indexes



Comments

- The 2nd quarter shows good prices and an upward trend in long (bleached and unbleached) and short fiber. The most significant increase is in short fiber
- Asia with increases in demand and imports. We expect the positive trend to continue in the next months, however, as an effect of the summer season in the Northern Hemisphere demand could drop. This effect has not been noticed yet
- In Europe, paper remains weak, especially with the price increase of short fiber in US Dollars
- Spread between NBSK and BHKP at US\$ 69/ton (*previous call was at US\$ 131/ton*)

Global Producers Inventory Levels

In days	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Sept 2014	Dec 2014	Mar 2015
BSPK	28	27	27	28	25	27	31	33
BHKP	41	42	38	47	40	38	36	38

Source: Bloomberg; Hawkins Wright

Review by Business Segment > Panels

Panels Revenues (in US\$ million)



Note: Panels sales include energy

	Net Sales	Price	Volume
QoQ	-1.6%	0.1%	-0.6%
YoY	2.3%	-5.7%	8.2%

Panels Production (in 000' m3)

000' Adt	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Panels production	1,261	1,232	1,372	1,302	1,277



- Revenues remained stable with a slight decrease of 1.6% explained by lower volume sales
- Plywood sales increased due to Nueva Aldea mill's higher production and stable price levels in all of our export markets, particularly USA, Mexico and Oceania
- We had good sales levels of our particleboard products from our Teno mill, which reached its full production capacity
- Particleboard had strong demand In North America. On the other hand, the demand for our MDF products was weak across all the markets we sell. However, this first quarter ended with better perspectives for Brazil

Review by Business Segment > Panels > Outlook



We expect a good demand in the next months and a stable market respect to prices and volumes. Prospects for MDF and PBO are positive for the balance of the year, MDF somewhat weaker in the South East due to local competition and imports. Emphasis is on more value-added products.



The outlook for the next months is good for MDF and PBO. In plywood we have been able to sell more volume due to higher production from our Nueva Aldea mill. The strategy is to improve the mix towards higher value-added products. Plywood prices are projected to be stable



Sales volume is slightly above what was budgeted. Prices have been affected by a general oversupply situation and the depreciation of the Brazilian real. As a consequence of the latter export volumes have grown. Positive outlook for the next three months



MDF and PBO sales are stable but current order levels do not permit Piray and Zarate mills to operate at full capacity

Review by Business Segment > Sawn Timber

Sawn Timber Revenues (in US\$ million)



Note: Sawn Timber sales include energy

	Net Sales	Price	Volume
QoQ	-15.3%	-0.4%	-15.0%
YoY	12.3%	7.4%	4.5%

Sawn Timber Production (in 000' m3)

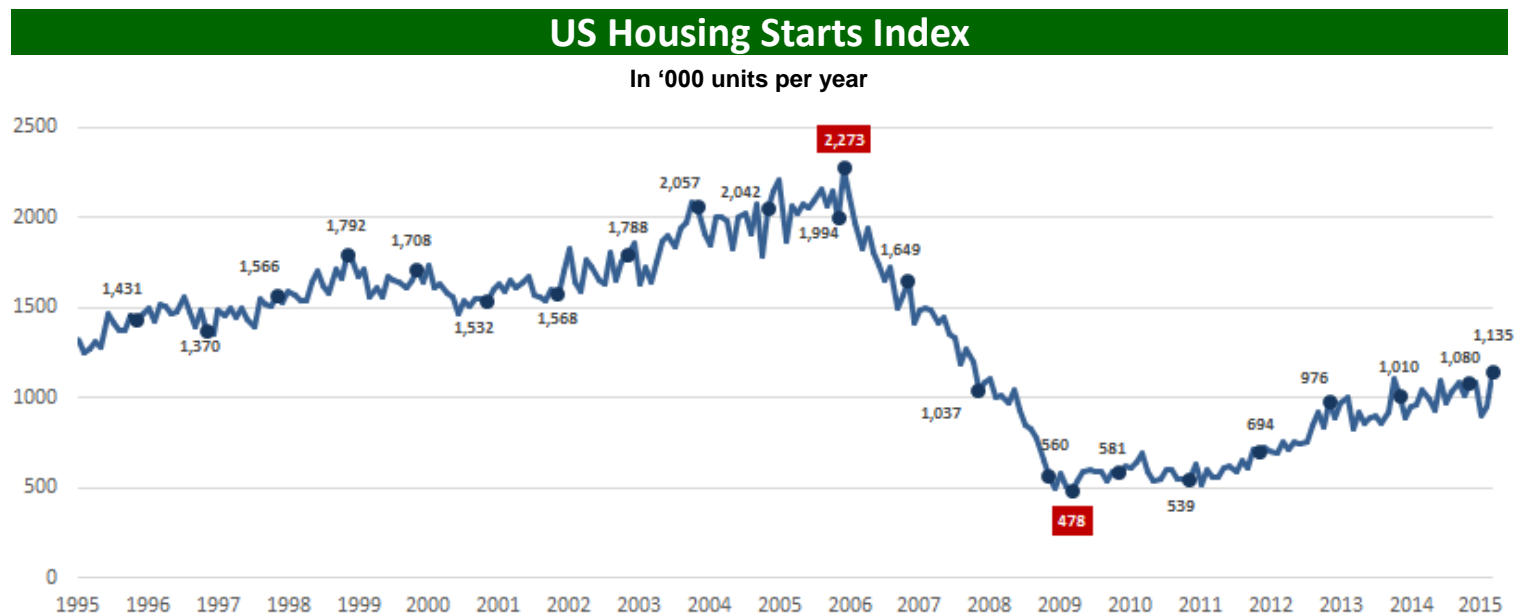
000' Adt	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Sawn Timber production	741	725	727	729	694



- Decrease in revenues of 15.3% is explained by lower volume sales mainly in Asia and Middle East, due to higher competition and lower demand in those markets
- Prices remained stable with only a 0.4% drop during this quarter
- Production volume had a 4.8% decrease with 694 thousand m3, compared to the 729 thousand m3 in the previous quarter as a result of lower orders during this quarter
- Compared to one year ago, sales volume is better due to a lower first quarter 2014, which was affected by port strikes

Review by Business Segment > Sawn Timber > Outlook

- April's Housing Starts index jumped 20% to 1.14 million units per year, the best number since the end of 2007
- Due to the increase in the economic activity in North America we have been able to sell all our production output of remanufactured products
- Asia and Middle East with low demand and high competition from countries with currency devaluation. These markets are expected to remain stable during the second quarter, showing signs of improvement in demand towards the third quarter



Source: Bloomberg

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1st Quarter and Subsequent Events

In January and March 2015, Arauco signed two committed credit facilities for a total of US\$ 320 million

- The facilities have a five year maturity and replace two that were due in October 2015
- One facility was signed in January, in Unidades de Fomento (UF) for an amount equivalent to US\$ 120 million, and was contracted with a local bank
- The other facility was signed in March, in US Dollars for US\$ 200 million and was contracted with a club deal of three foreign Banks
- Our intention is to keep them only for liquidity purposes; we do not intend to draw these lines for operational needs

1st Quarter and Subsequent Events

Arbitration case in Montes del Plata settled

- In 2014, Celulosa y Energía Punta Pereira S.A. (“CEPP”), a company of Montes del Plata, was notified of certain arbitration proceedings initiated against it by Andritz AG, claiming EUR 200 million.
- The claims related to contracts for major equipment that Andritz delivered to the Montes del Plata pulp mill project. CEPP disputed the claims brought by Andritz and also actively pursued claims of its own against Andritz for breach by Andritz of its obligations under the contracts
- On April 28 2015, the parties signed a settlement agreement. The settlement agreement establishes how the pending obligations of the parties will be fulfilled and a settlement payment to Andritz for US\$ 44 million
- As a result of the implementation of this agreement, all remaining issues between the parties related with the arbitration process will be settled and the arbitration proceedings will be terminated

1st Quarter and Subsequent Events

In April we initiated the construction of Campus Arauco

- Campus Arauco is a technical education institute and training center
- It will be built in Arauco commune and will be open in 2016
- It will offer four technical careers and training programs for company and contract workers, and will have capacity for more than 660 people
- The 2,500 m² building will be built with an innovated design, using wood from Arauco



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Arauco - Investor Relations contact info

José Luis Rosso

Corporate Finance Director

jose.rosso@arauco.cl

Phone: (56-2) 2461 72 21

María José Calleja

Investor Relations

maria.calleja@arauco.cl

Phone: (56-2) 2461 72 50

investor_relations@arauco.cl

www.arauco.cl



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