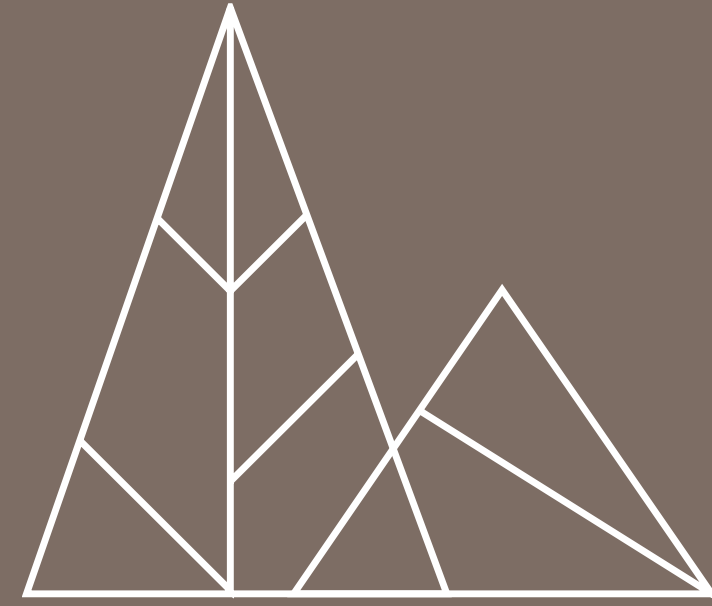


3rd QUARTER
2019

Financial Results
Conference Call Presentation
Nov 19, 2019

Gianfranco Truffello
Chief Financial Officer



Disclaimer

This presentation contains forward-looking statements that are based on the beliefs, assumptions and expectations of the management of the Company based on currently available information.

They involve risks and uncertainties because they relate to future events or expectations 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. For further discussion of these risks and uncertainties, investors should refer to quarterly and annual Arauco filings with the Chilean CMF and US SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements due to new information or future developments.

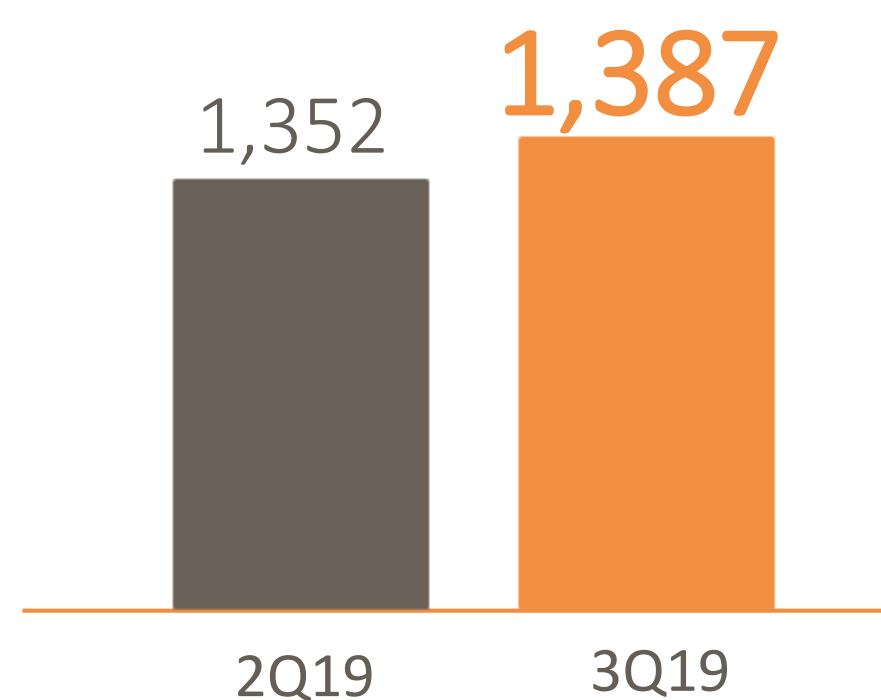
This presentation contains certain performance measures that do not represent IFRS definitions, as “EBITDA” and “Net financial debt”. These measures cannot be compared with the same previously used by Arauco and the same used by other companies.



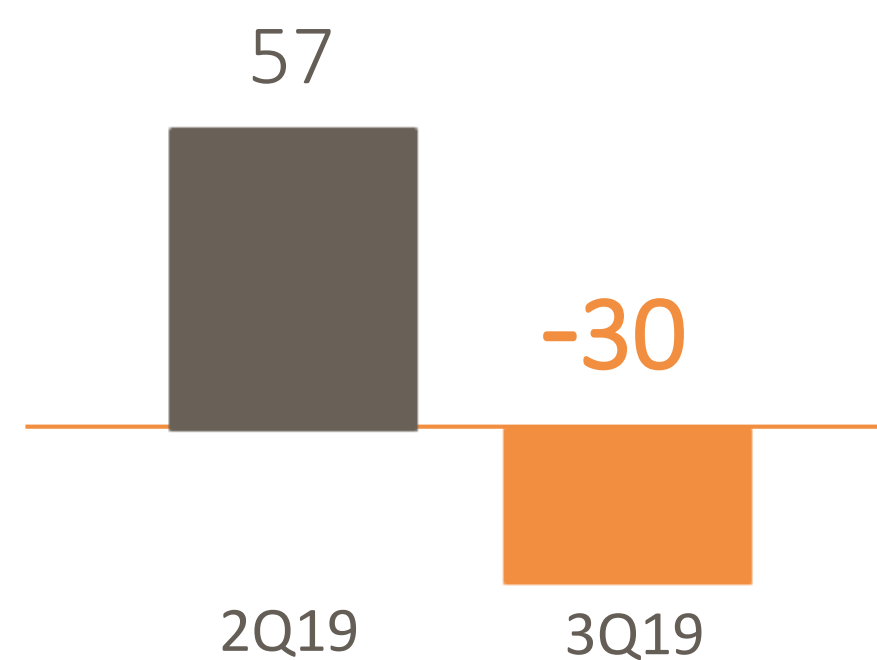
FINANCIAL REVIEW

QUARTER MAIN FIGURES

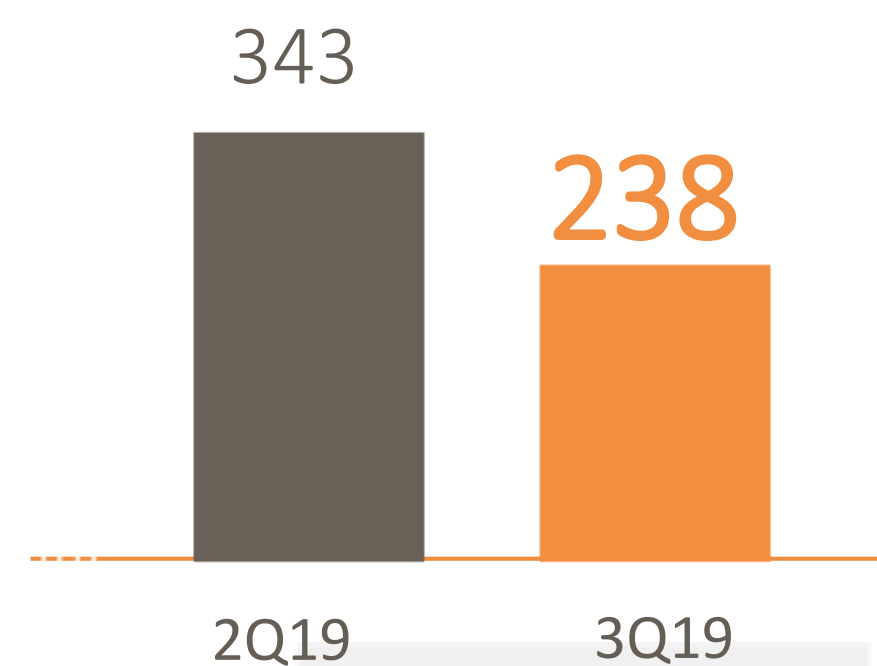
► In US\$ million



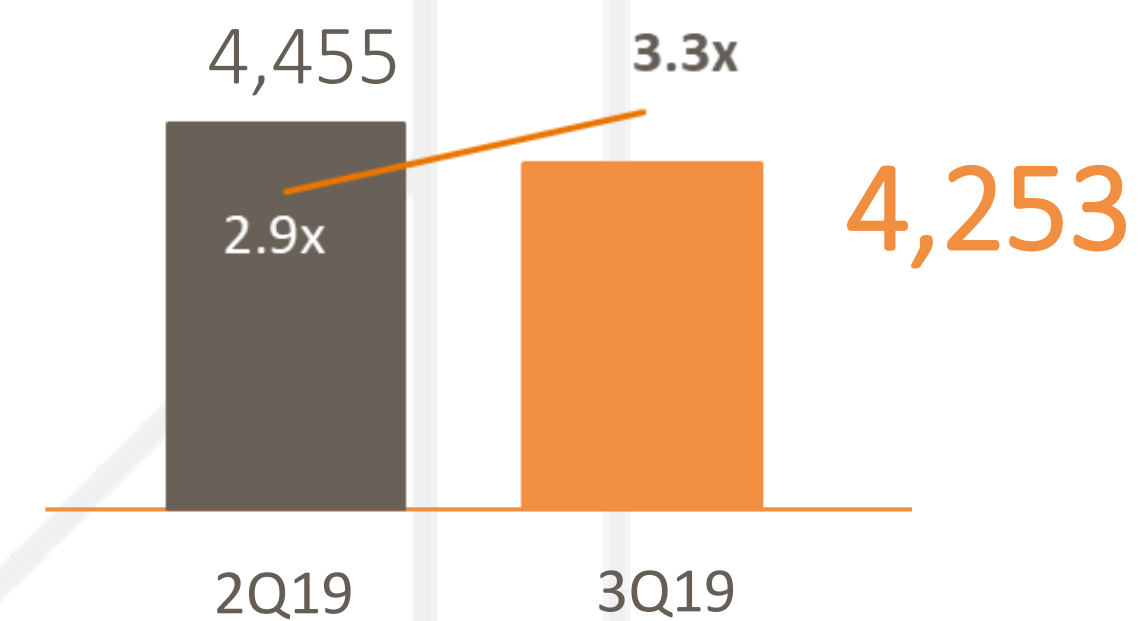
Revenues



Net Income



Adjusted EBITDA

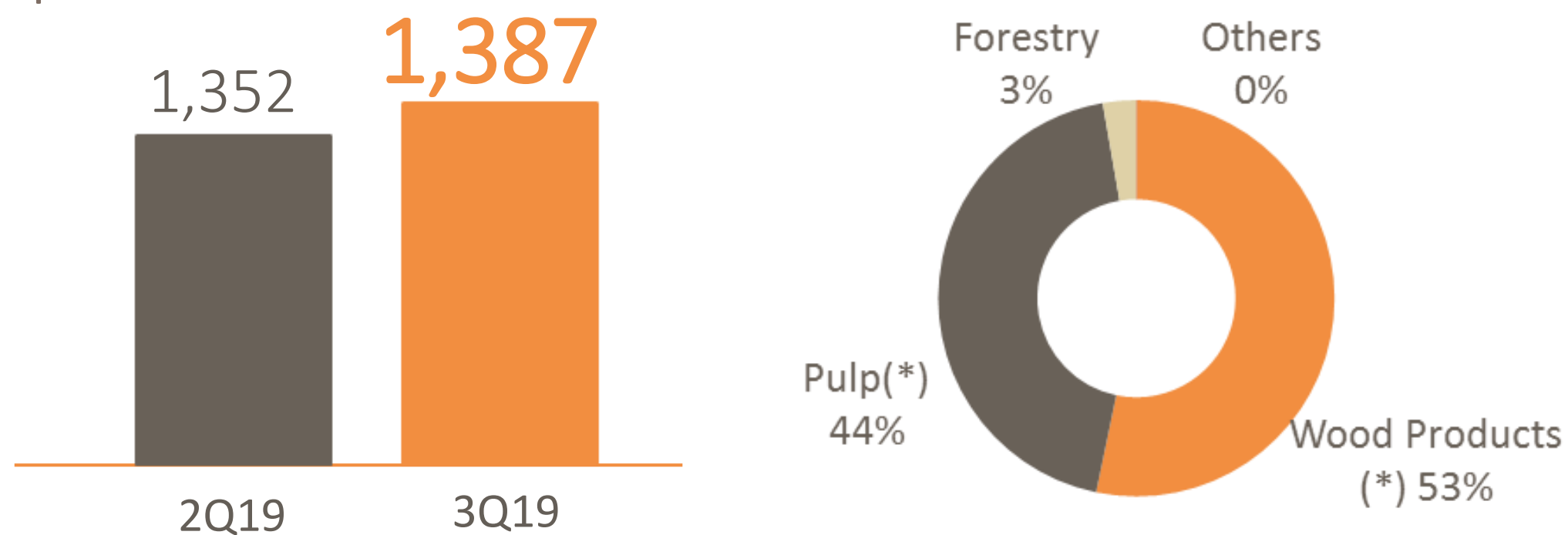


Net Debt & Leverage

► In US\$ million

Revenues remained similar to the second quarter.

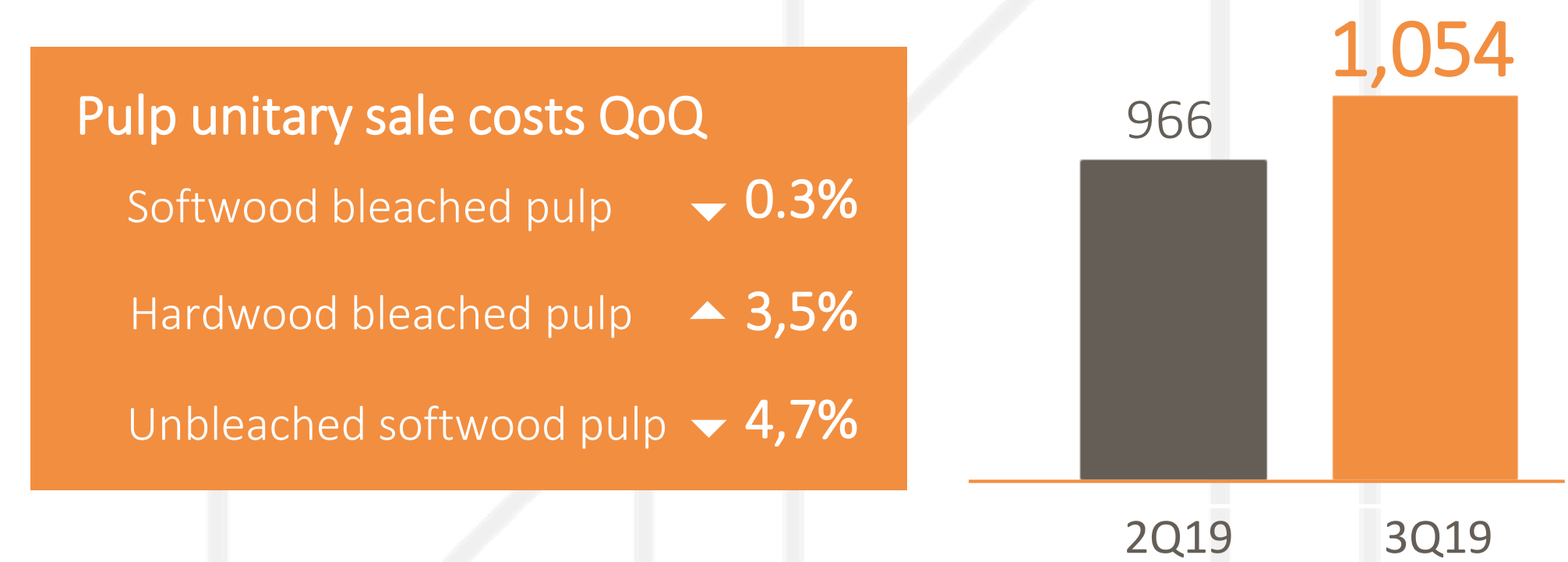
- Pulp business revenues increased in US\$27.6 million or 4.7%, driven by an increase in sales volume of 25.3% partially offset by lower average prices of 19.0%.
- Wood products revenues were US\$5.0 million or 0.7% higher than the previous quarter, explained by higher Panels and Plywood sales volume, offset by a decrease in average prices



(*) Pulp and Wood division sales include energy.

Cost of sales increased by 9.1% or US\$88.3 million QoQ

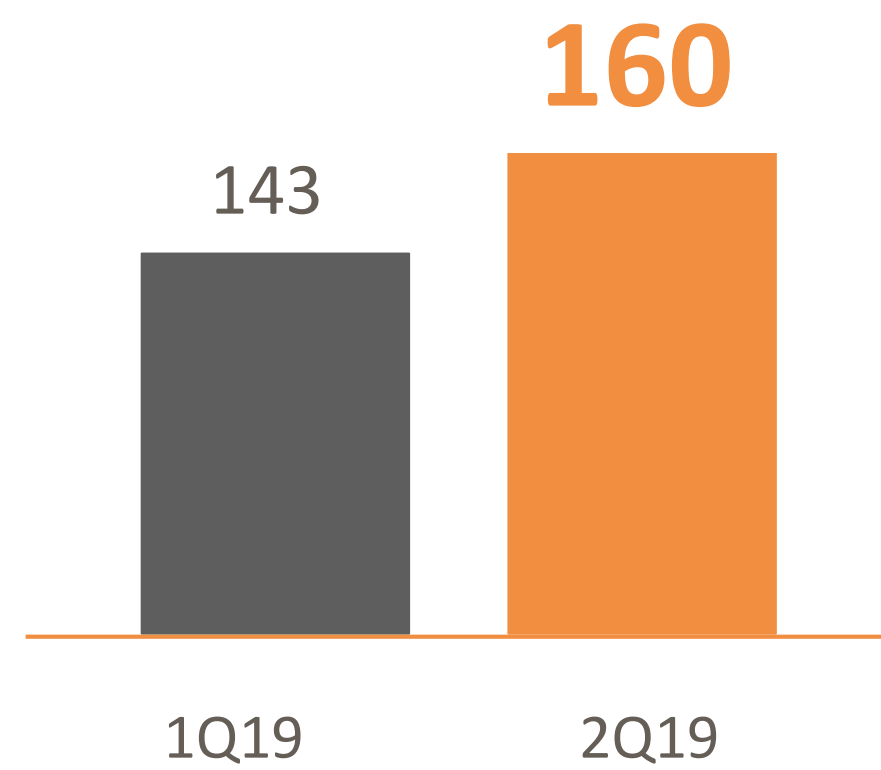
- Timber and Maintenance costs increased mainly by higher sales volume in our pulp and wood products divisions.
- This was offset by the decrease of the Depreciation for right of use due to a reversal of provisions on some lease contracts.



► In US\$ million

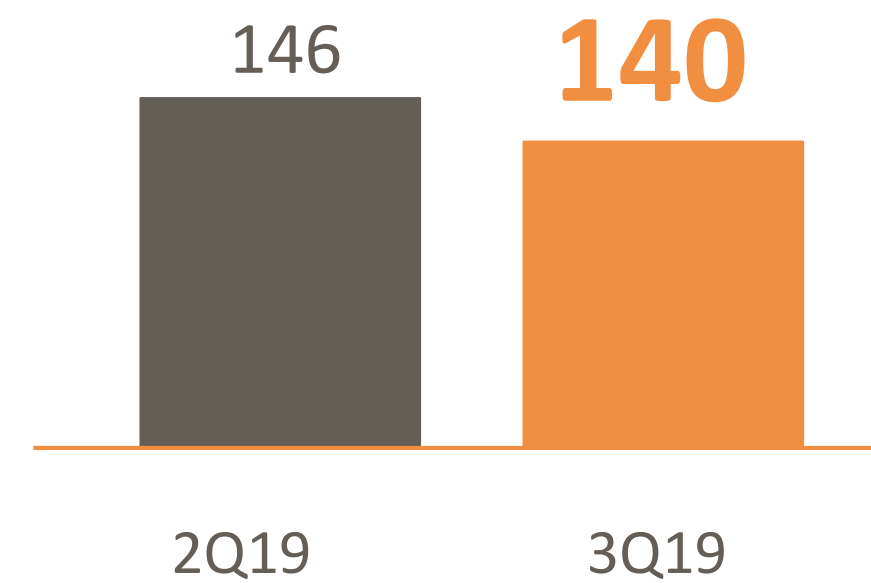
Distribution costs increased by US\$17.1 million or 12.0% QoQ

- Freight costs increased by US\$13.6 million or by 11.9% due to higher sales volume



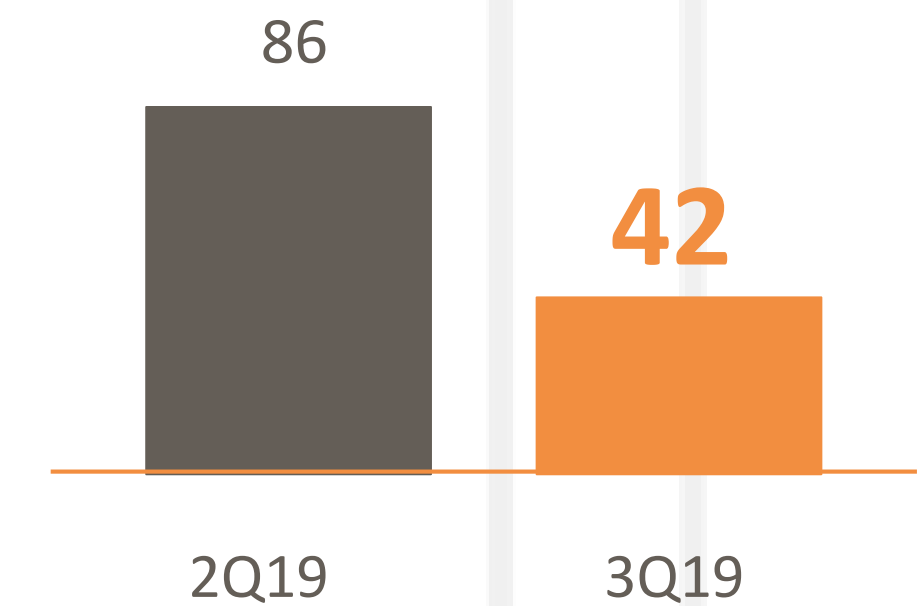
Administrative expenses decreased by US\$5.8 million or 4.0% QoQ

- Computer services expenses decreased by US\$5.2 million mainly due to licenses paid during the 2Q
- This was partially offset by a US\$3.0 million increase in depreciation for the right of use



Other income decreased by 51.9% or US\$44.8 million QoQ

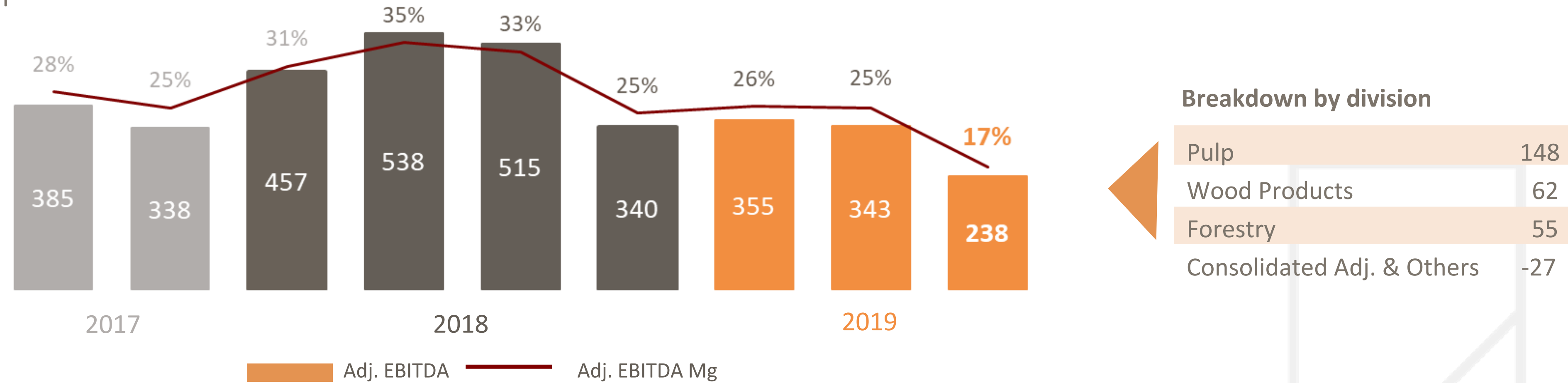
- Gain on sales of associates decreased due to *Puertos y Logística S.A.* shares sale during the 2Q



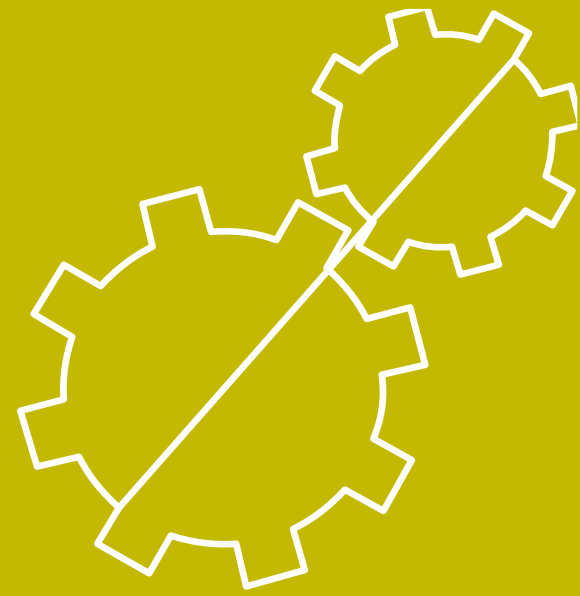
► In US\$ million

	3Q19	2Q19	QoQ
Revenues	1,387.2	1,351.6	2.6%
Cost of sales	(1,054.3)	(966.0)	9.1%
Distribution costs	(160.4)	(143.3)	12.0%
Administrative expenses	(140.4)	(146.2)	-4.0%
Other income	41.6	86.4	-51.9%
Other expenses	(37.2)	(27.7)	34.3%
Financial income	7.5	8.1	-7.6%
Financial costs	(65.8)	(69.5)	-5.4%
Participation in (loss) profit in associates and joint ventures accounted through equity method	(5.8)	5.3	-209.1%
Exchange rate differences	(12.3)	(9.3)	31.5%
Income before income tax	(39.9)	89.3	-144.7%
Income tax	10.3	(31.9)	-132.4%
Net income	(29.6)	57.4	-151.5%

► In US\$ million

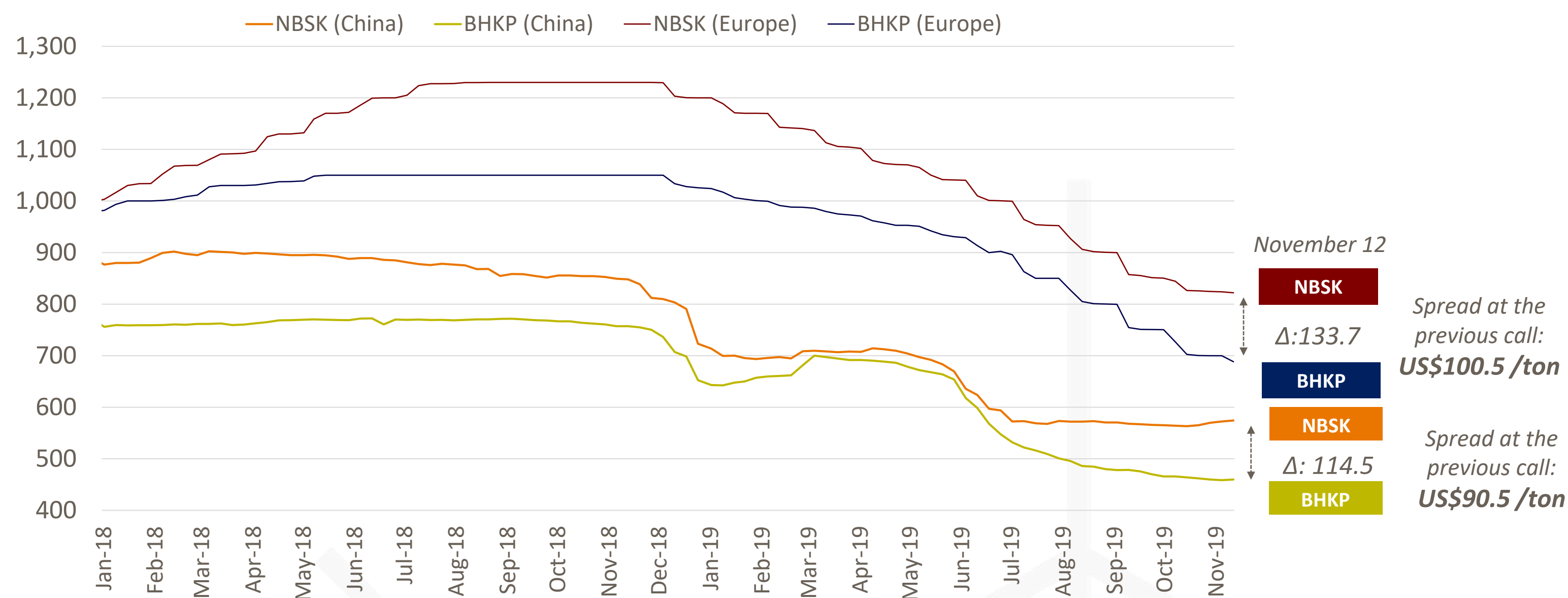


- Adjusted EBITDA fell by 30.6% QoQ, mainly explained by a US\$49.6 million and a US\$22.6 million decrease in our pulp and wood products divisions respectively
- Adjusted EBITDA was lower both in our pulp and wood products divisions due to a decrease in average prices, partially offset by higher sales volume
- Consolidated adjustments and others decrease mainly due to the sale of our shares of *Puertos y Logística S.A.* during the second quarter



REVIEW BY BUSINESS SEGMENT & OUTLOOK

PIX Pulp Indexes (in US\$)



Source: RISI

Global Pulp Demand variation - YTD Last 8 months

In '000 tonnes

Destination	Jan-Aug 2019	Jan-Aug 2018		%
North America	4,820	4,720	▲	2.1%
West Europe	8,540	9,539	▼	-10.5%
China	10,290	9,670	▲	6.4%
Others	8,690	8,735	▼	-0.5%
W-20 Total BCP	32,340	32,664	▼	-1.0%

Source: PPPC, October 2019

Global Producers Inventory Levels

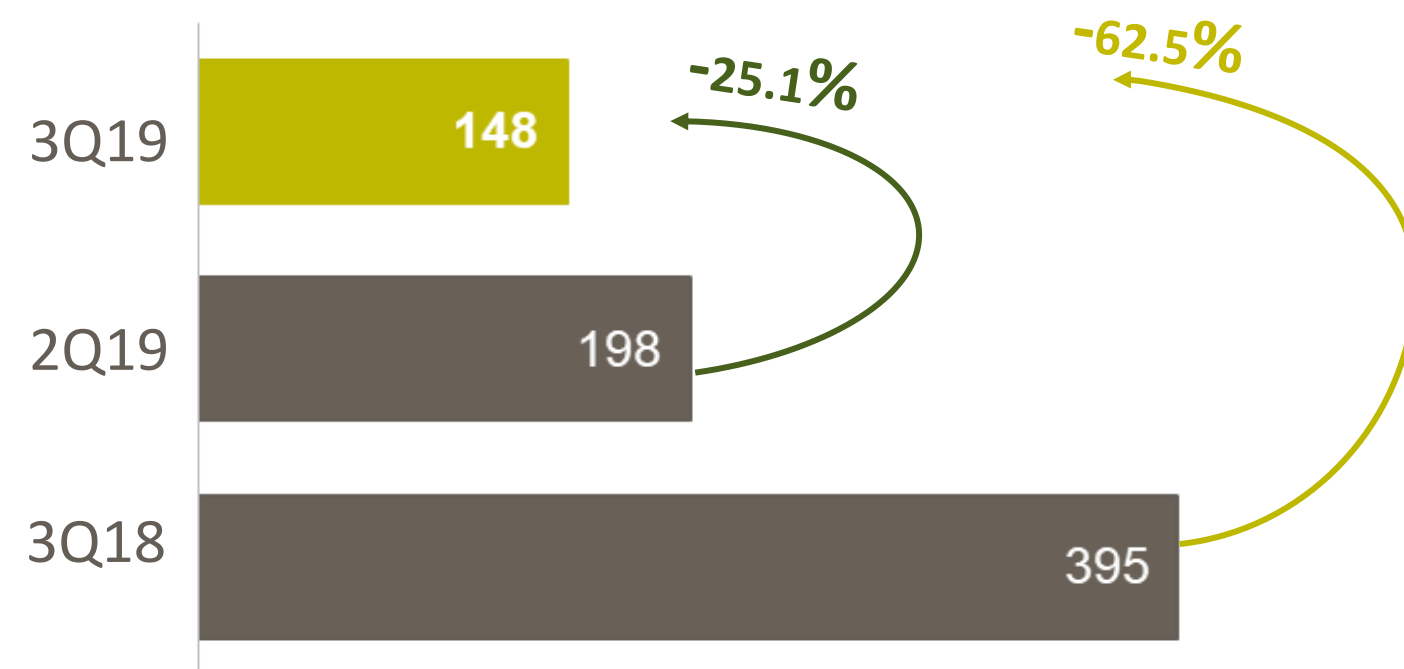
In days of supply, seasonally adjusted

	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
	2017			2018				2019		
BSKP	31	30	29	31	30	33	41	37	46	36
BHKP	37	43	38	45	45	41	57	59	68	52

Source: PPPC, September 2019

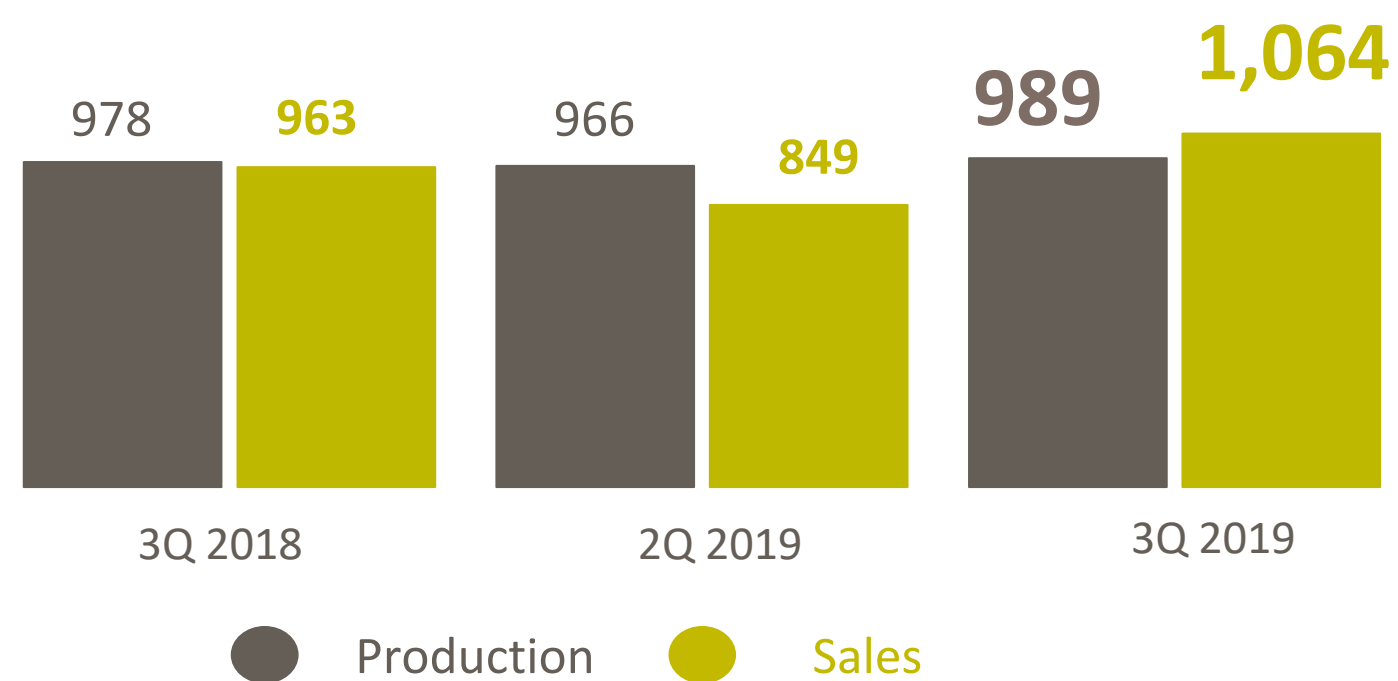
► In US\$ million

► Adjusted EBITDA



	Price	Volume
QoQ	-19.0%	25.3%
YoY	-32.5%	10.5%

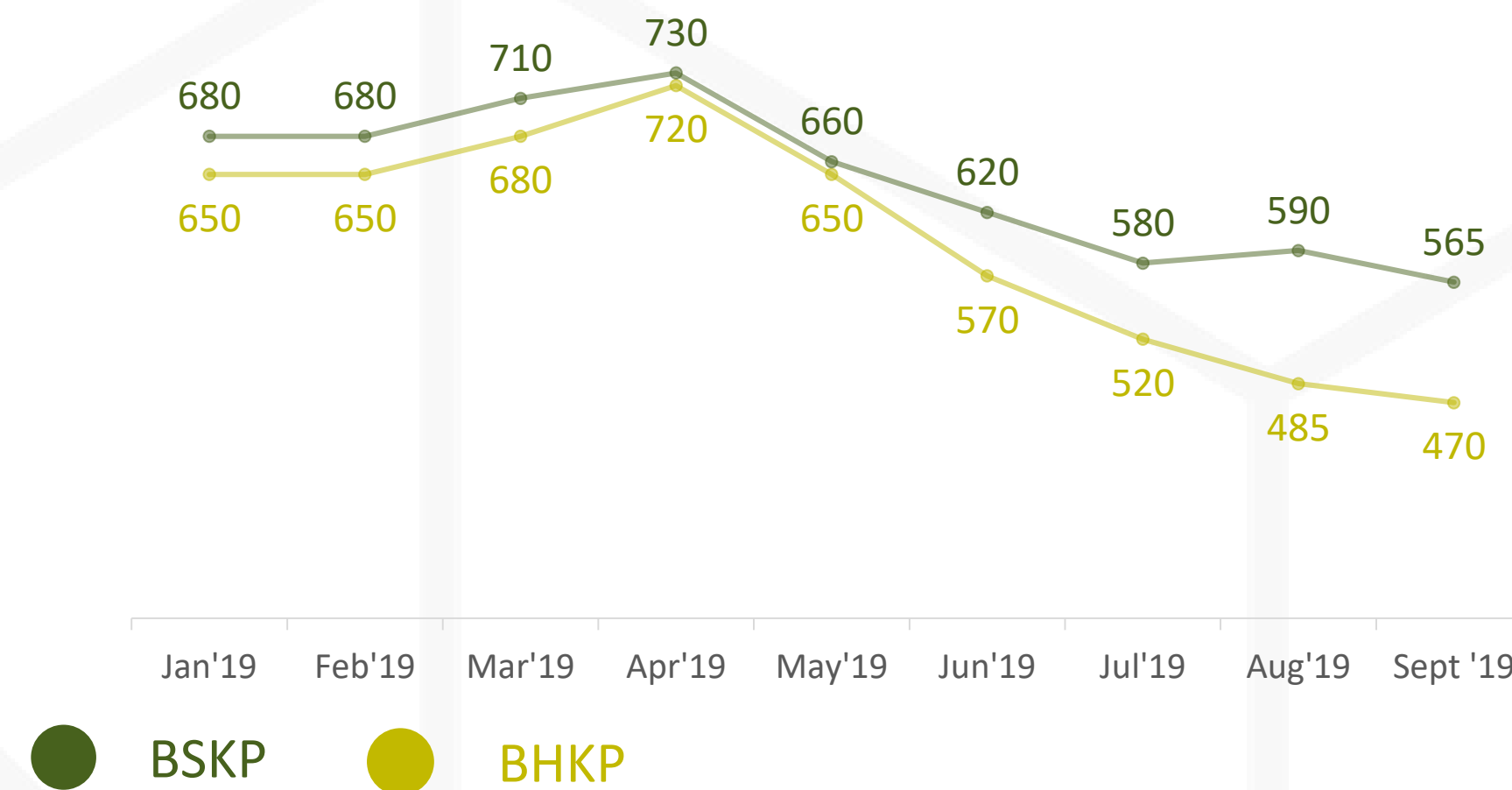
► Production and Sales Volume In thousand tonnes



3Q 2019

- Asian markets, especially China, saw a minor recovery in demand in part due to seasonality. Prices for softwood stabilized, but for hardwood they continued falling
- In Europe, paper market situation was characterized by lower consumption and low economic activity. All these pushed some paper companies to reduced production and the shutdown of some lines

BHKP and BSKP Net prices - China

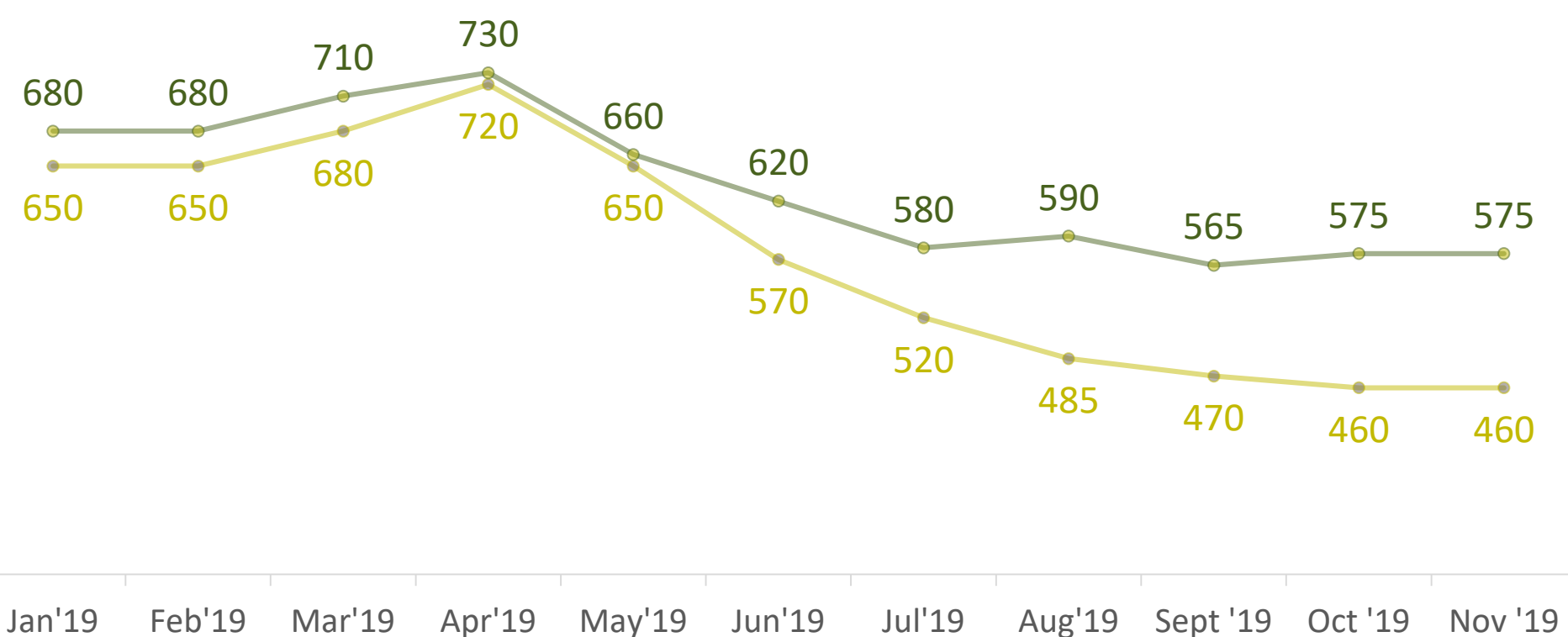


Source: ARAUCO

For the fourth quarter, inventories are starting to normalize.

- In Asia:
 - Paper producers with high margins
 - Historically the fourth quarter is very active, but Chinese New Year is starting earlier (end of January 2020). We expect lower demand by the end of the quarter.
 - During October there was a small price increase in softwood
 - We expect pulp prices to remain stable.
- In Europe:
 - Low internal consumption in P&W
 - Paper producers with better margins, specially Tissue
 - Paper exporters competing with Chinese/Indonesian

BSKP and BHKP Net Prices - China



● BSKP ● BHKP

Source: ARAUCO

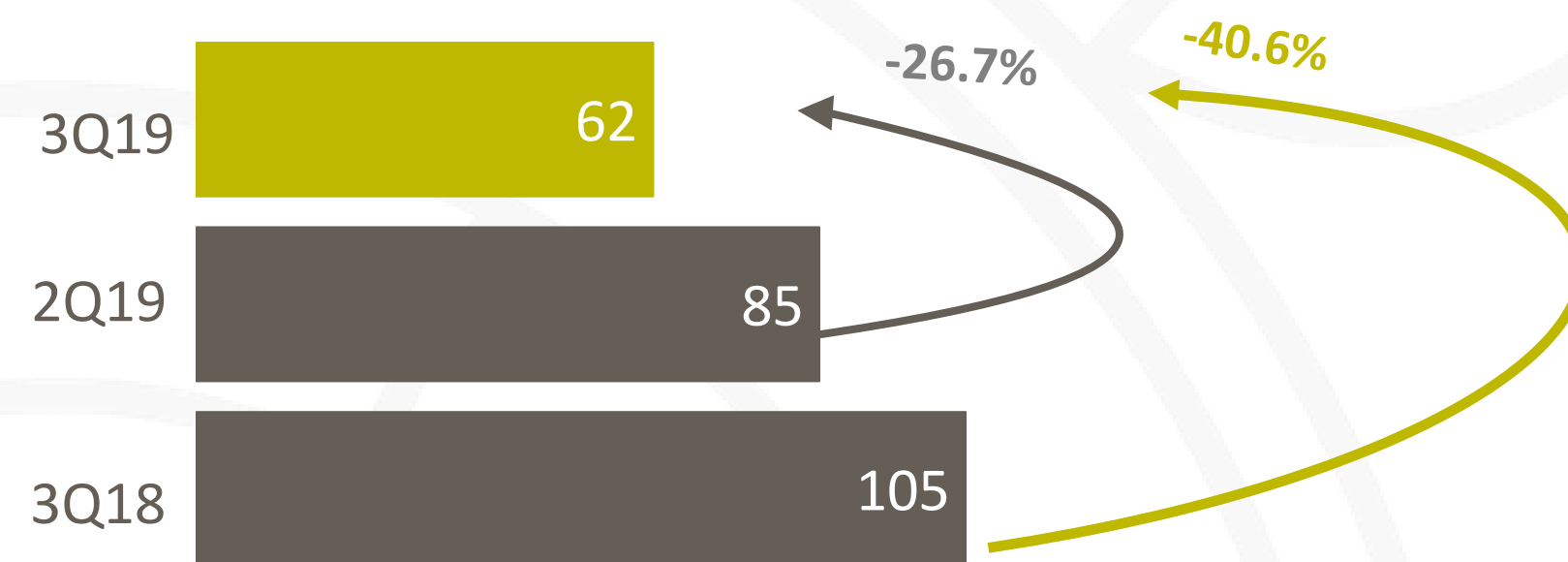
1Q 2019 – 1Q 2020

Pulp Mills Maintenance Stoppages

Mill	2019				2020
	1Q	2Q	3Q	4Q	1Q
Arauco - Line 1		10			
Arauco - Line 2					13
Constitución		18			7
Licancel	11				10
Nueva Aldea	11				
Valdivia			5	43	
Alto Paraná	22				
Montes del Plata				10	

■ Finished
■ In progress
■ Planned

Adjusted EBITDA In US\$ million



Panels*

	Price	Volume
QoQ	-3.8%	11.0%
YoY	-1.1%	12.7%

Solid Wood**

	Price	Volume
QoQ	-0.9%	-1.8%
YoY	-7.1%	-5.8%

*MDF, PBO, HB

**Sawn Timber, Remanufactured Wood products and Plywood

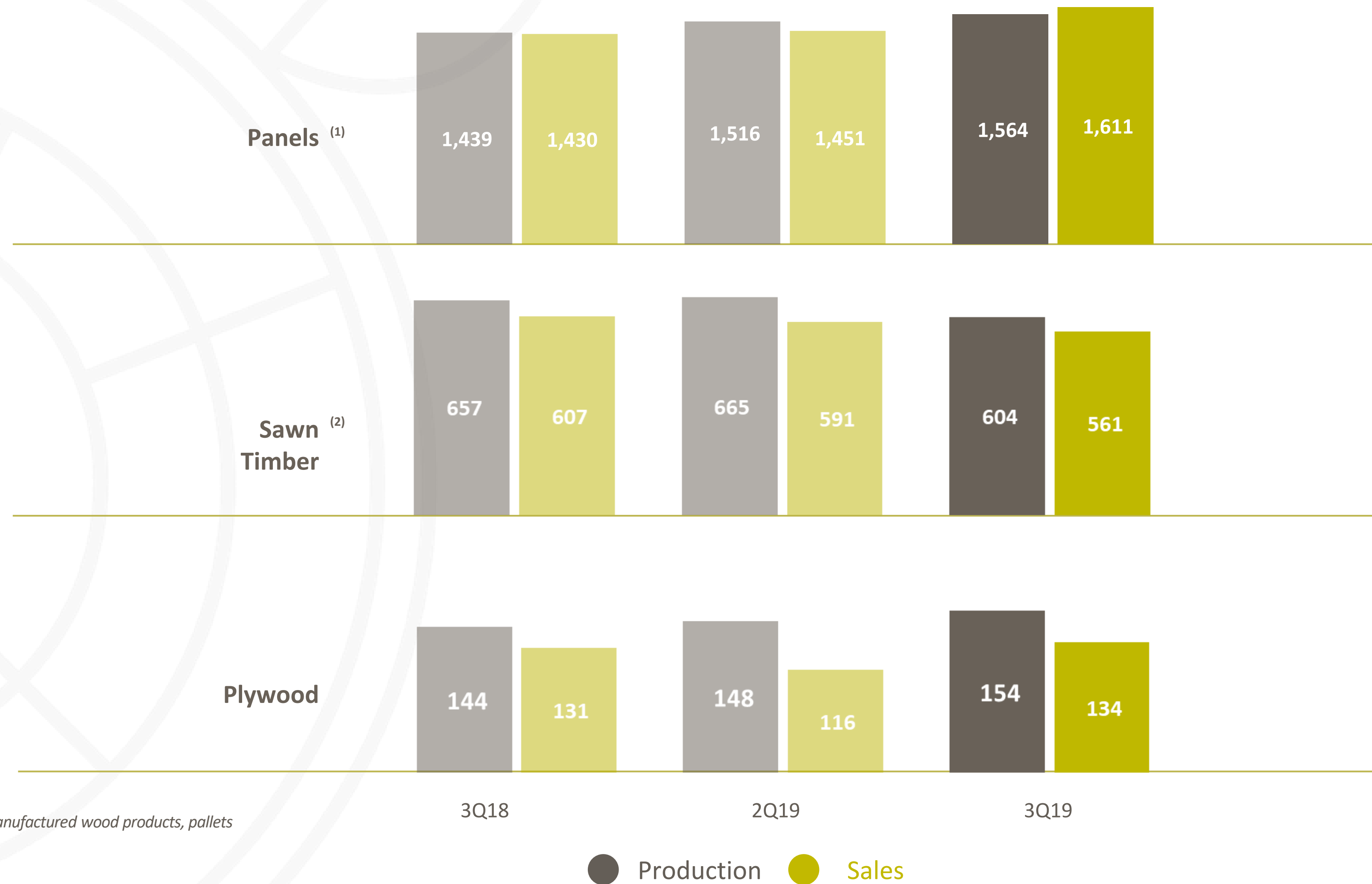
3Q 2019

- Panels sales volume increased by 11.0% QoQ, but revenues were affected by a decrease in average prices. The Latin American market remained stable, except in Brazil and Argentina. Brazil didn't show any significant improvement, mainly due to a weak economy and oversupply, particularly in MDF. In contrast, the Argentine market showed signs of improvement. In North America sales increased mainly due to higher sales from our Grayling mill.
- During the third quarter, the demand for sawn timber was affected mainly by the ongoing trade war and the oversupply, particularly in Asia and Oceania, which are one of our main markets.
- Plywood sales volume increased 15.1%, with the US demand remaining positive. The oversupply from Brazil, Chile and China and a generalized low global demand led to some price decreases.

WOOD PRODUCTS BUSINESS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In '000 m³



⁽¹⁾ Includes PB, MDF, HB and OSB

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

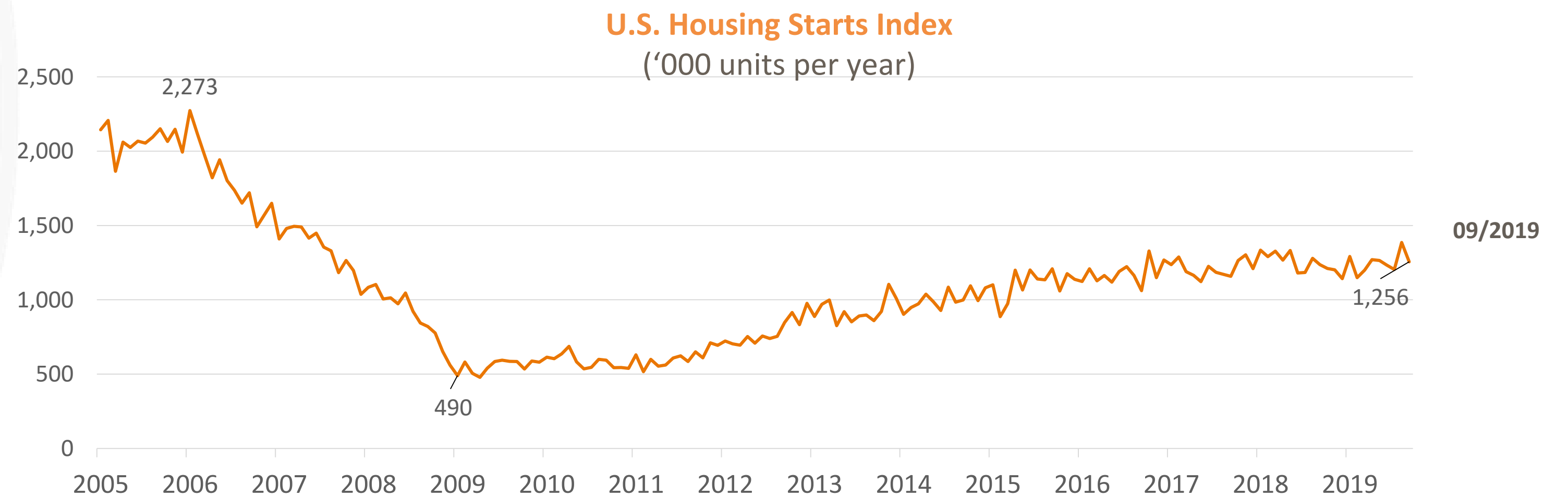
Note: Sales include trading

57%
North
America

PB/MDF: the PB market is expected to continue strong in the US, despite being affected by seasonality. Supply and demand should remain balanced. The MDF market situation varies by region, some of them are affected by oversupply and are expected to remain so during the 4Q, which is usually slower in terms of sales. Good results in Mexico.

REMANUFACTURED PRODUCTS: seasonality will affect sales until the first months of 2020. There after, market is expected to be positive. The Mouldings market is also affected by oversupply from Brazil.

PLYWOOD: sales volume should continue in an upward trend. No significant price increases should be seen during the rest of 2019. We should end the 4Q with balanced supply and demand.



Source: Bloomberg

30%
Central and
South America

11%
Asia and Oceania

2%
Europe and
Middle East

BRAZIL:

- Market scenario remains difficult.
- There is still some oversupply
- Seasonality will affect sales

CHILE:

- Sales affected by the social protests
- Some of our clients suffered the effects of the riots
- We expect sales to recover now that the situation is more stable

ASIA:

- Signs of an increase in demand, improving situation due to a possible end to the trade war
- Prices haven't improved much yet, but market appears have reached the bottom
- Gap between supply and demand seems to be

EUROPE:

- Seasonality will affect results
- Low economic growth
- No signs pointing to an increase in prices or demand
- We expect a 4Q marginally better than 3Q

ARGENTINA:

- Sales should continue increasing, same as prices on local currency
- Despite that, the current political situation poses some risks in terms of exchange rates, affecting US\$ margins

- closing
- Market experiences low demand around the Chinese New Year (January 2020)

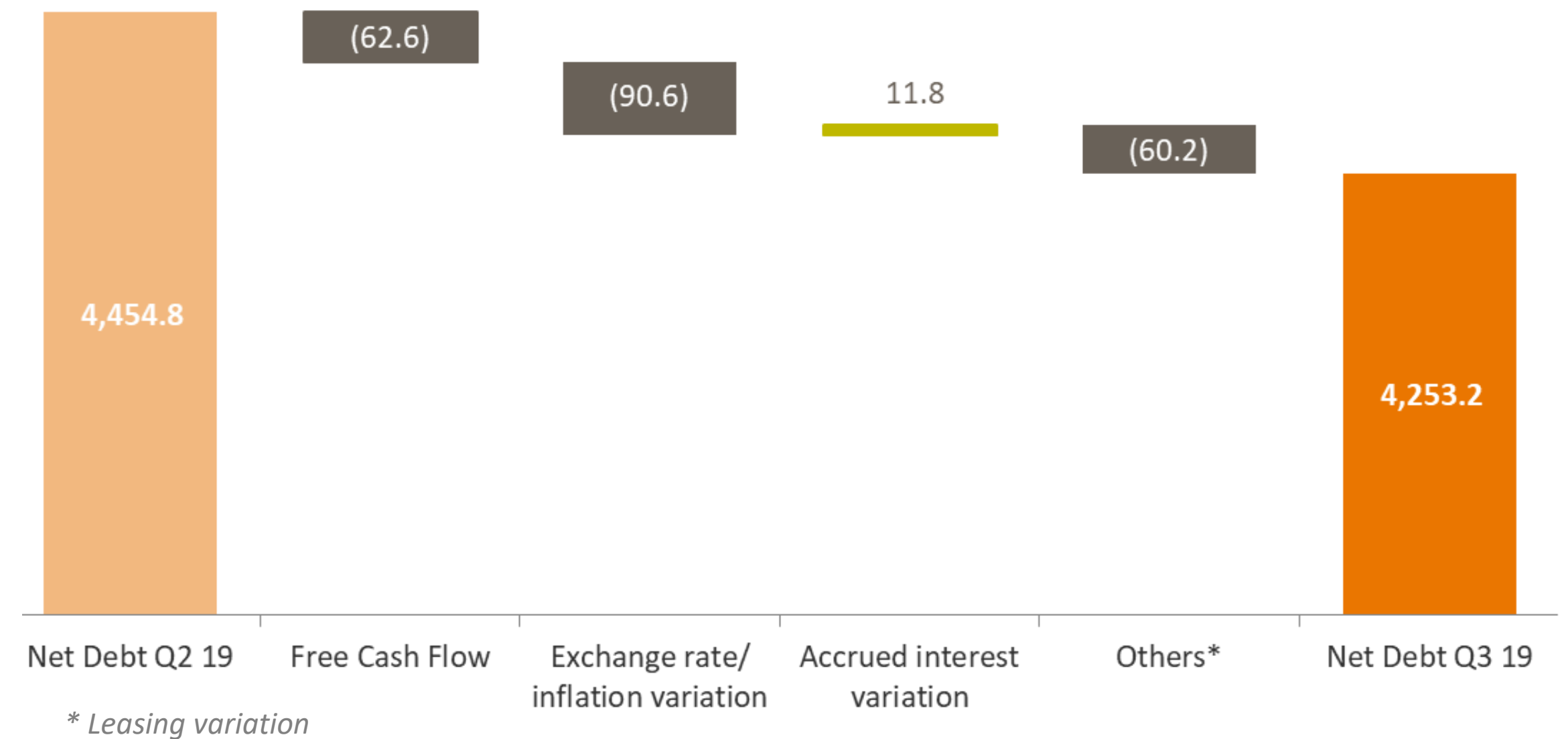
MIDDLE EAST:

- Demand and prices are expected to remain stable.

FREE CASH FLOW

► In US\$ million

	3Q19	2Q19
Adjusted EBITDA	238.2	343.3
Working Capital Variation	152.2	(27.6)
Interest paid and received	(39.8)	(55.9)
Income tax paid	(50.9)	(210.0)
Others	74.1	(47.9)
Cash from Operations	373.8	1.8
Capex	(281.0)	(240.1)
Others	9.0	3.8
Cash from Investment Activities	(272.0)	(236.3)
Cash from Financing activities (net of debt)	(19.1)	(209.4)
Effect of exchange rate changes	(20.1)	7.3
Free Cash Flow	62.6	(436.7)



Cash flow from operating activities increased, mainly due to working capital variation and less income tax paid.

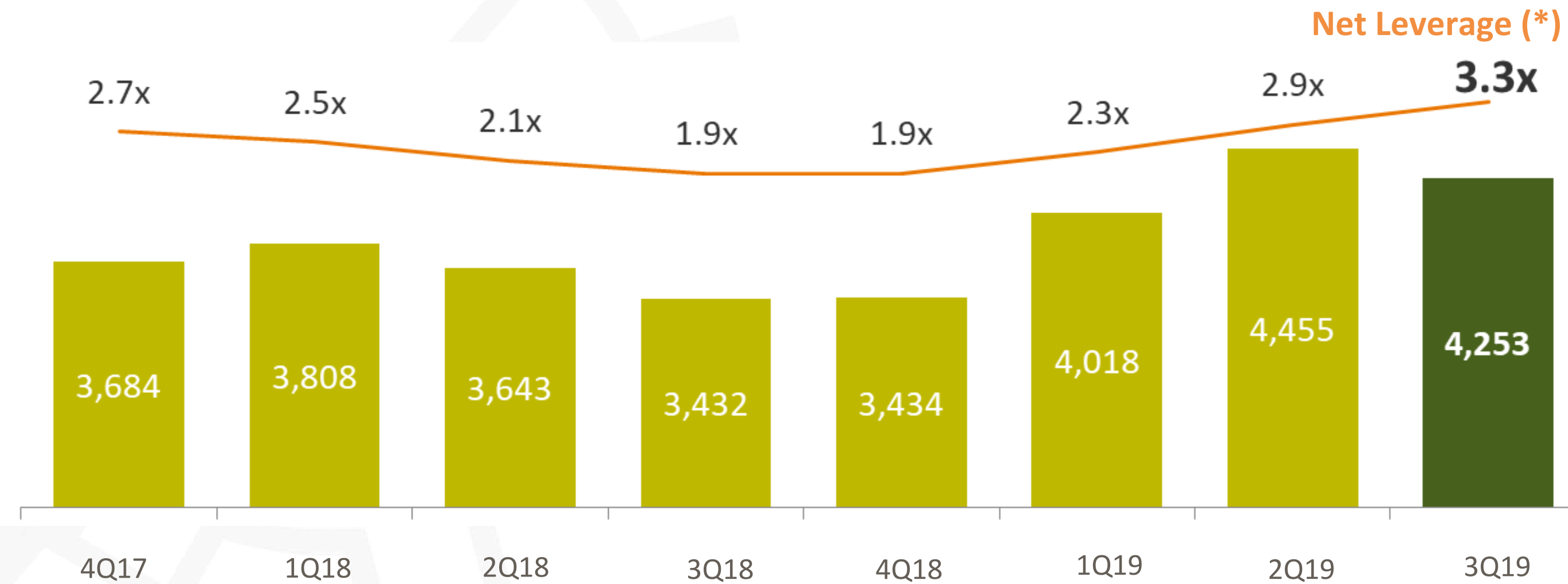
Cash flow used in investment activities increased, mainly explained by higher capital expenditures incurred during the third quarter.

Cash flow used in financing activities decreased, mainly due to dividends paid in the second quarter.

► Net Debt decreased by US\$201.6 million or 4.5%, reaching US\$4.25 billion at the end of the 3Q

NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents decreased by 4.5% or US\$108.6 million QoQ

Total Debt decreased by US\$310.3 million or 5.4% mainly due to a US bond maturity on July 2019

LTM Adjusted EBITDA reached US\$1,276 million, 17.8% lower QoQ, mainly due to pulp prices

Net Leverage (*) increased from 2.9x to 3.3x QoQ, mainly due to the decrease of LTM Adjusted EBITDA.

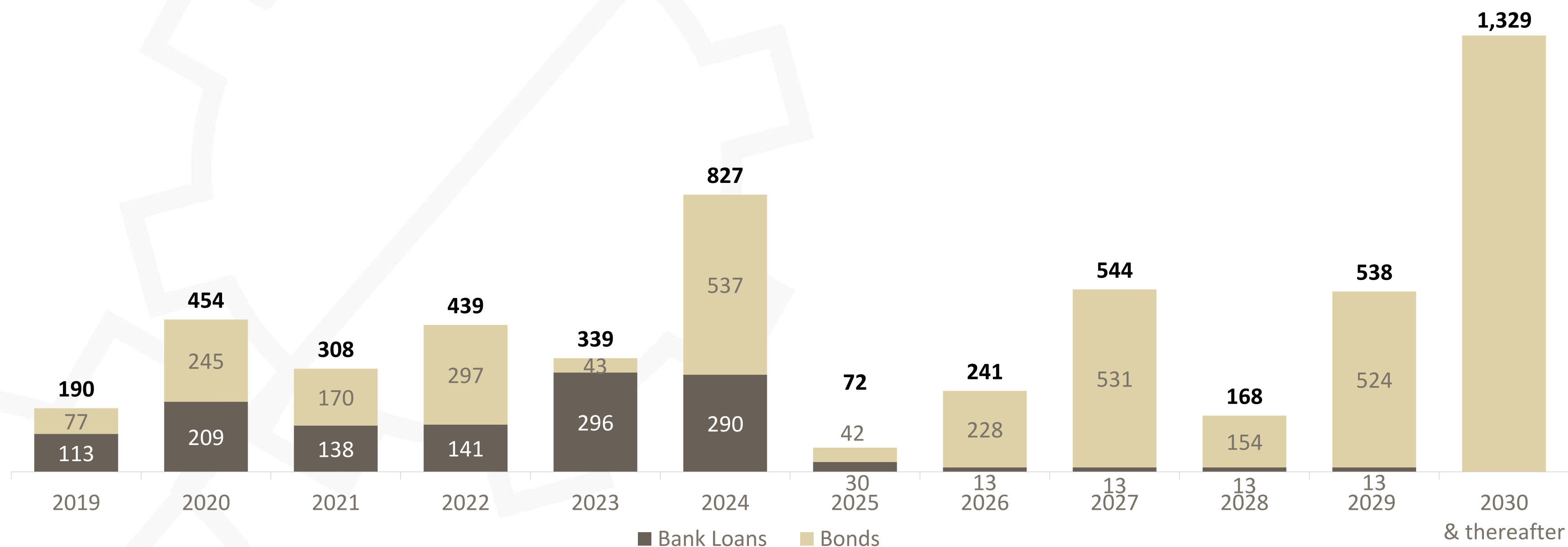
	30-09-2019	30-06-2019
Short term debt	556	543
Long term debt	4,839	5,162
TOTAL DEBT	5,395	5,705
Cash	1,142	1,250
Net DEBT	4,253	4,455

(*) Net Debt / LTM Adjusted EBITDA

DEBT

► In US\$ million

AS OF SEPTEMBER 2019



BANK OBLIGATIONS FOR 4Q 2019 INCLUDE:

- US\$ 67.6 million in Montes del Plata
- US\$ 37.7 million from leasing
- US\$ 5.5 million in ARAUCO North America
- US\$ 2.0 million in ARAUCO Brazil

BOND OBLIGATIONS FOR 4Q 2019 INCLUDE:

- US\$ 41.6 million in interest payments
- US\$ 21.8 million in amortization of local bonds



MATERIAL FACTS AND NEWS



- As of October 2019, the project is going as planned with 98% of construction completed
- The start-up is expected to be the beginning of 2020
- The mill will keep the flexibility to switch from paper grade to dissolving pulp



- MAPA Project progresses as expected with a 22% accumulated advance as of October 2019
- During the 3Q civil and electromechanical works started. Additionally, contracts for the construction of the administration building, and others were awarded

- The start-up of the new Line 3 is expected to take place in the second quarter of 2021, by that time Line 1 will shut down.

- On October 24, ARAUCO completed an offering of a US\$500 million 4.2% notes due 2030, and a US\$500 million 5.15% notes due 2050
- ARAUCO became the first forestry company in Latin America to issue sustainable bonds, which encompasses green and social projects
- Additionally, we did a tender offer for the notes due 2021 and 2022 with tendered amounts of approximately US\$43 and US\$130 million respectively
- We achieved the lowest coupon rate in ARAUCO's history for a 30-year bond

Sustainable Bond Eligible Categories

Green	Social
Sustainable Land Use and Forest Management	Affordable Housing
Sustainable Water Management	Access to Essential Services
Pollution Prevention and Control	Socioeconomic Advancement and Empowerment - Local Entrepreneurship
Preservation of Natural Resources and Biodiversity	
Renewable Energy	





Q&A

INVESTOR RELATIONS

A replay of this conference call will be available at our web site and through the following numbers until November 29

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Replay Access Code	10136883

FOR FURTHER INFORMATION

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