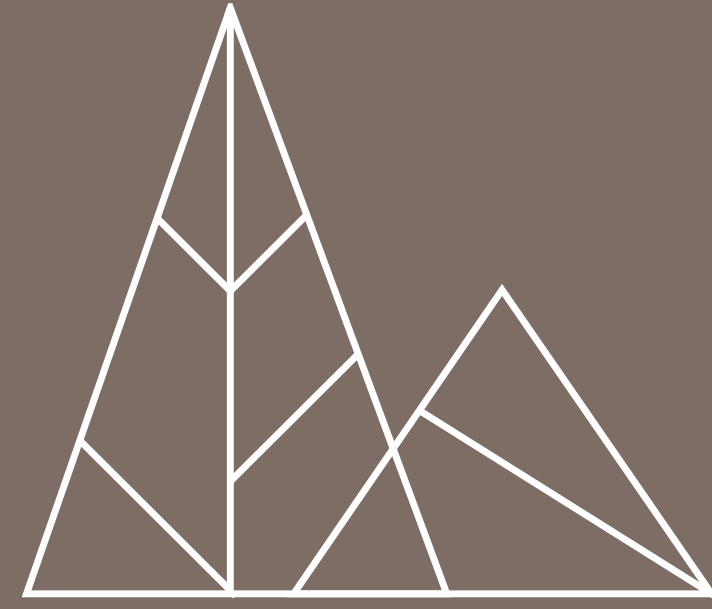


4th QUARTER
2019

Financial Results
Conference Call Presentation
March 11, 2020

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.

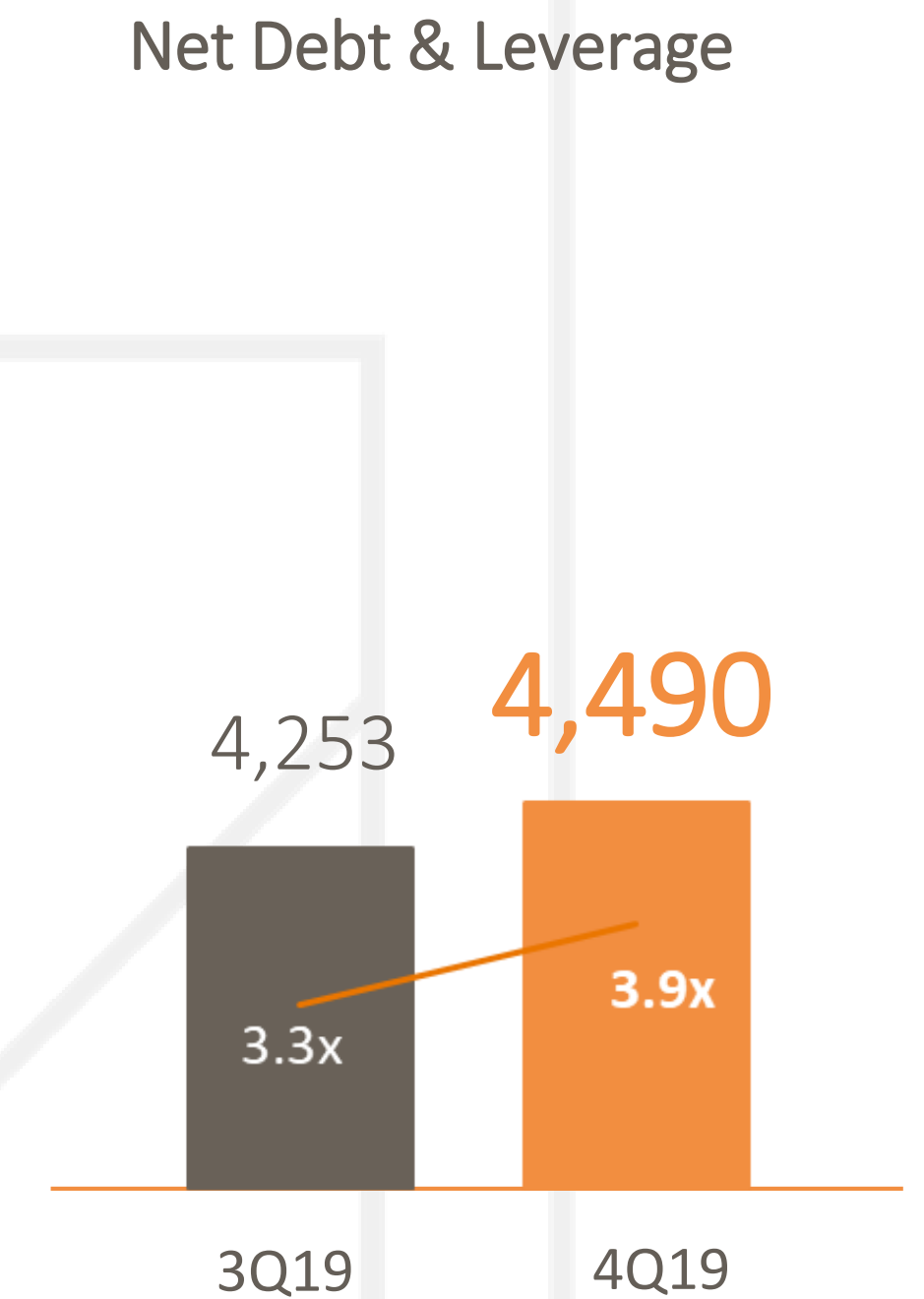
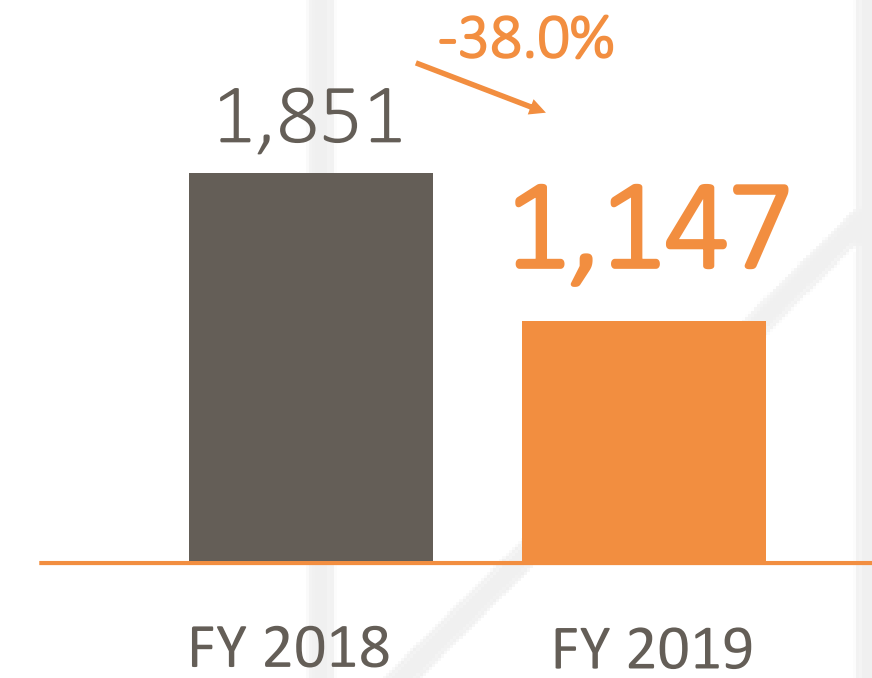
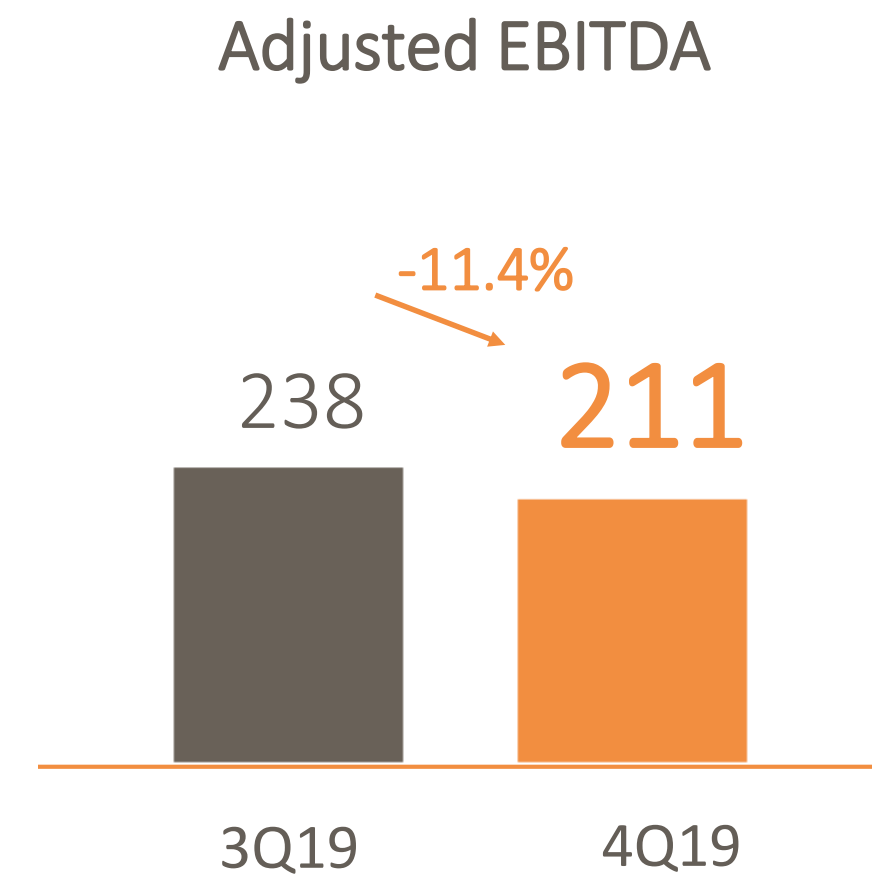
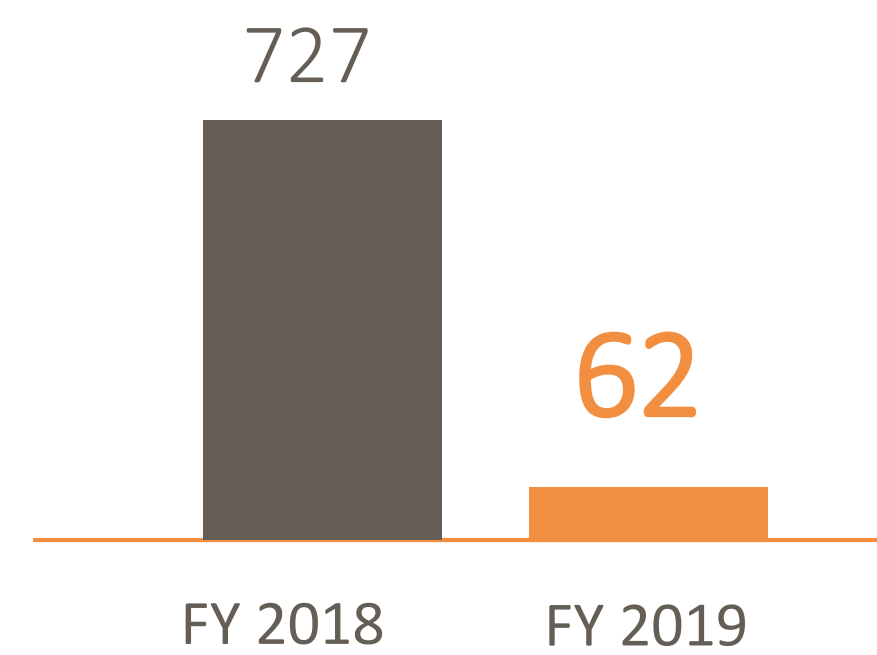
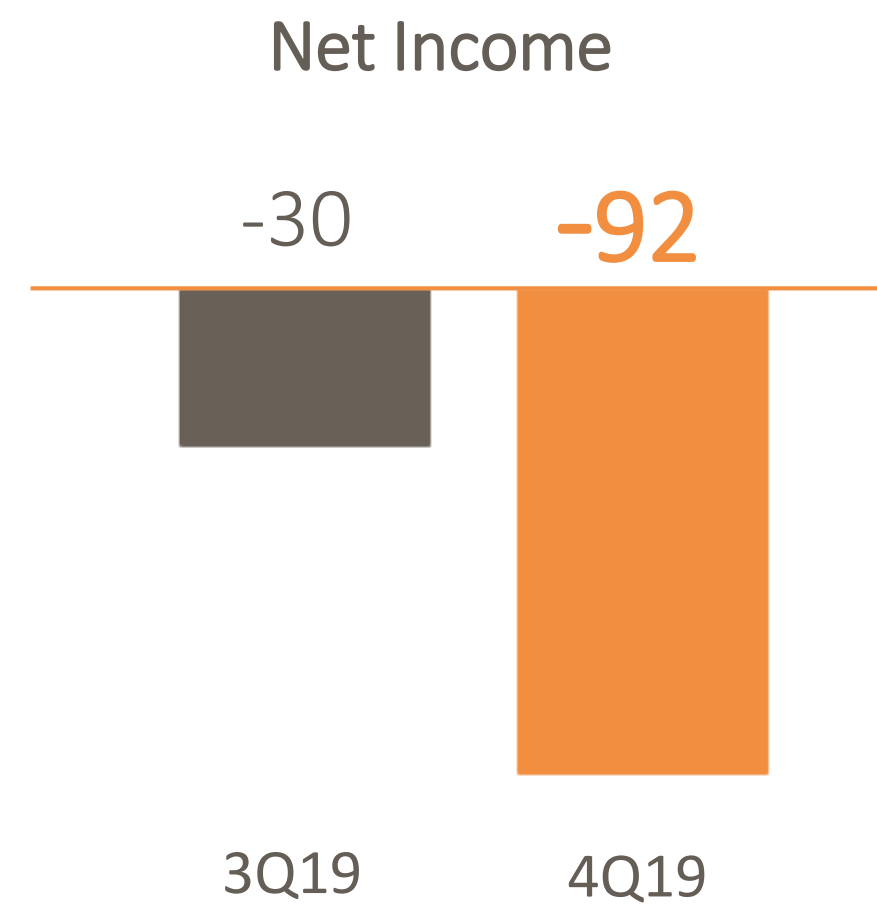
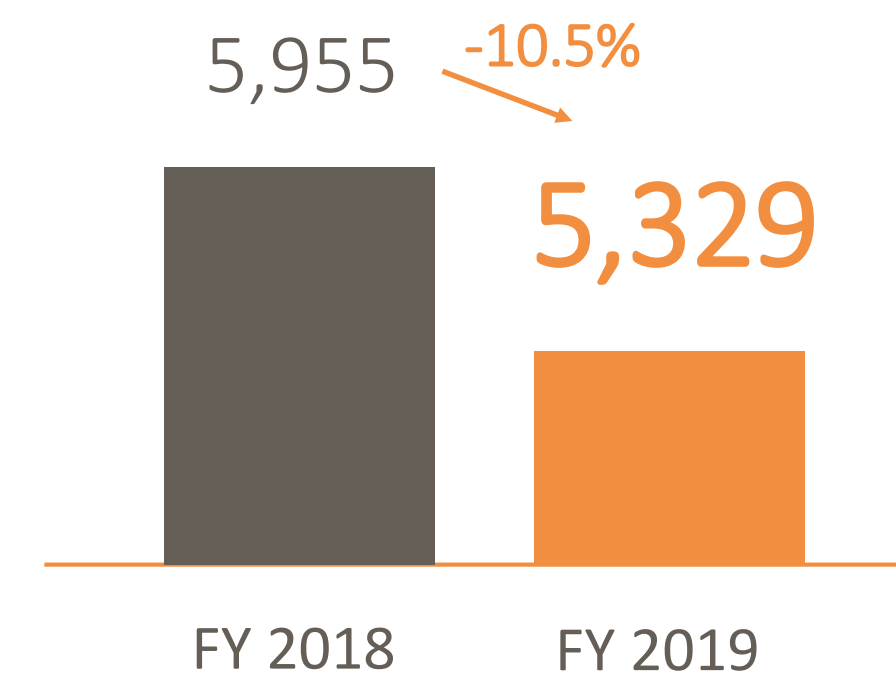
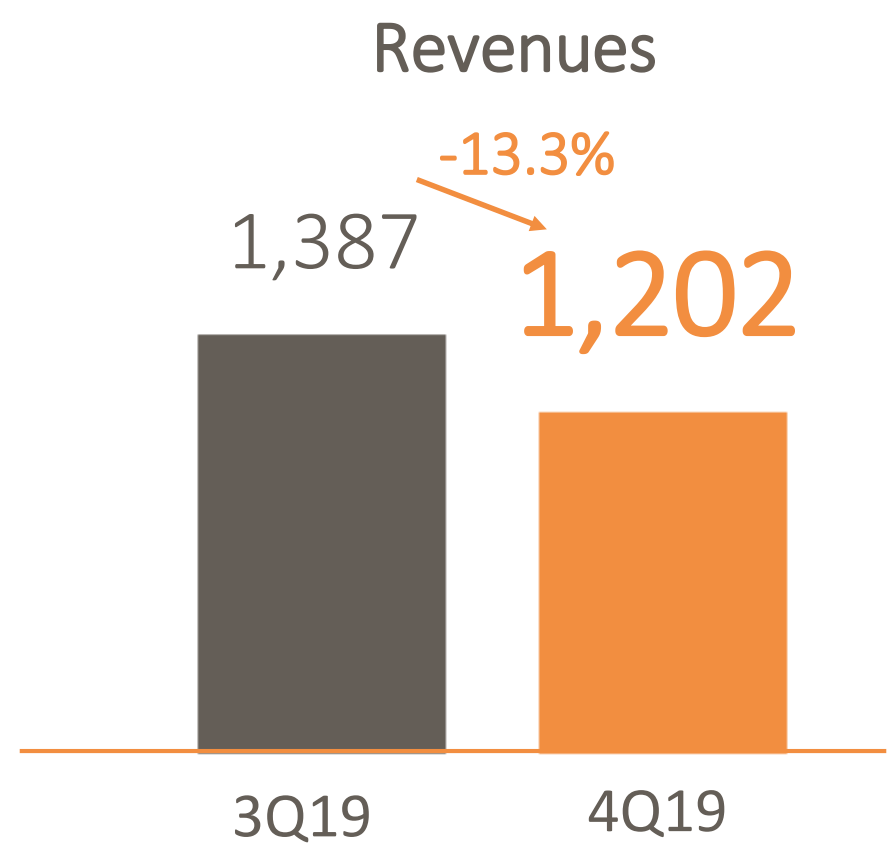
They involve risks and uncertainties because they relate to future events or expectations and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the 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

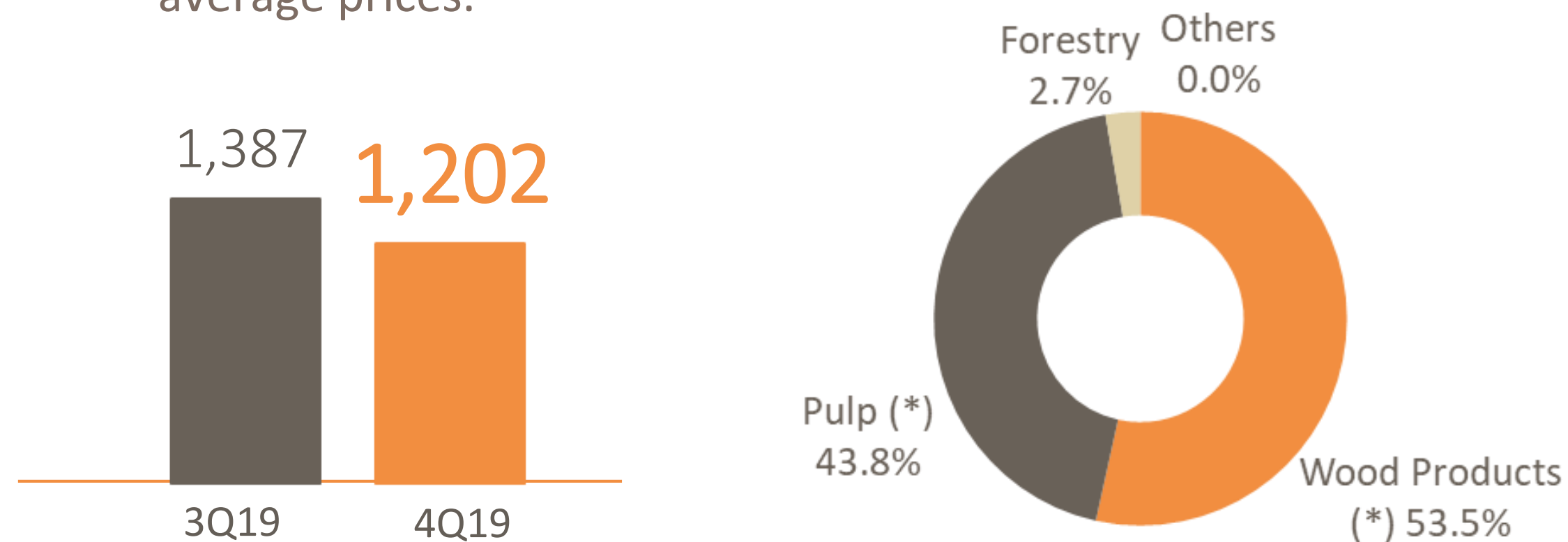
► In US\$ million



► In US\$ million

Revenues decreased by 13.3% compared to the third quarter.

- Wood products revenues were US\$95.9 million or 13.0% lower than the previous quarter, explained by a decrease of 7.7% and 2.0% in sales volume and average prices, respectively.
- Pulp revenues decreased in US\$83.8 million or 13.7%, driven by a decrease of 15.2% in sales volume and 3.0% in average prices.



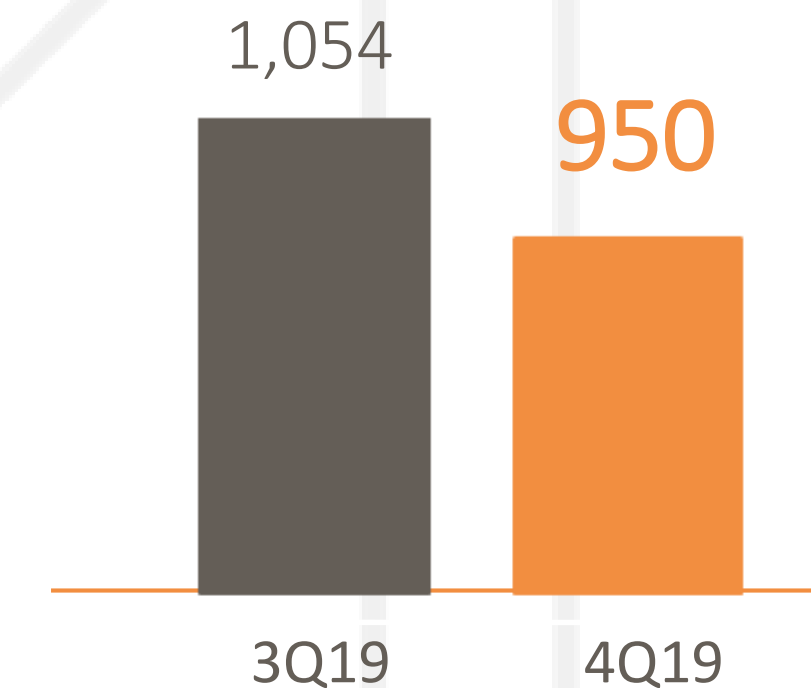
(*) Pulp and Wood division sales include energy.

Cost of sales decreased by 9.9% or US\$104.1 million QoQ

- Forestry works and others costs decreased, mainly associated to lower sales volume, and because of lower road costs. Roads used during summer are cheaper to build and maintain than those used during winter.
- Chemical costs and energy and fuel costs decreased mainly because of lower sales volume in the pulp division.

Pulp unitary sale costs QoQ

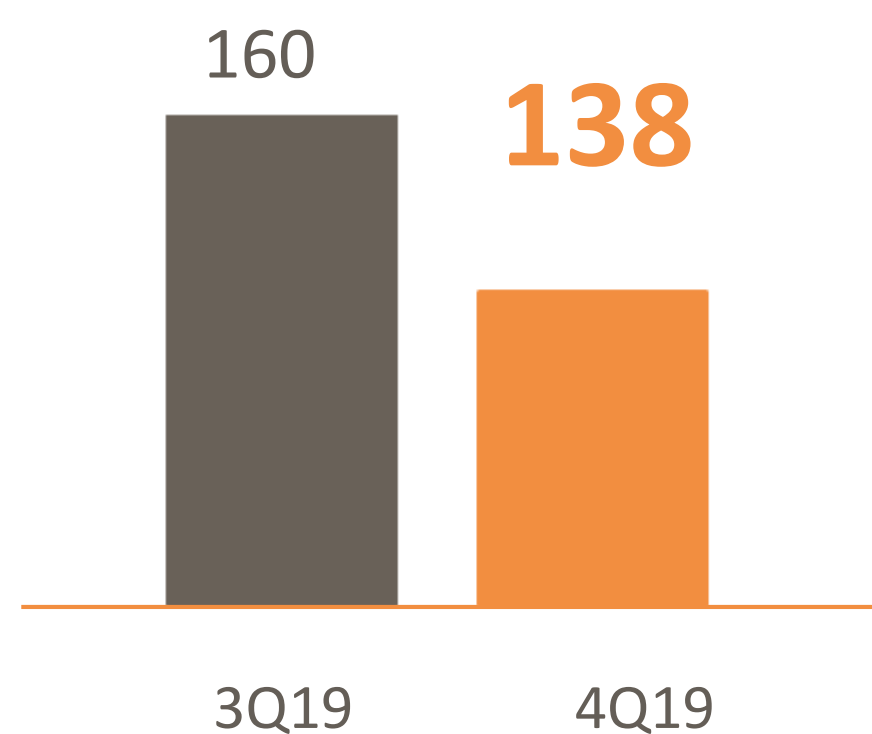
- Softwood bleached pulp ▼ 5.7%
- Hardwood bleached pulp ▲ 9.6%
- Unbleached softwood pulp ▲ 3.4%



► In US\$ million

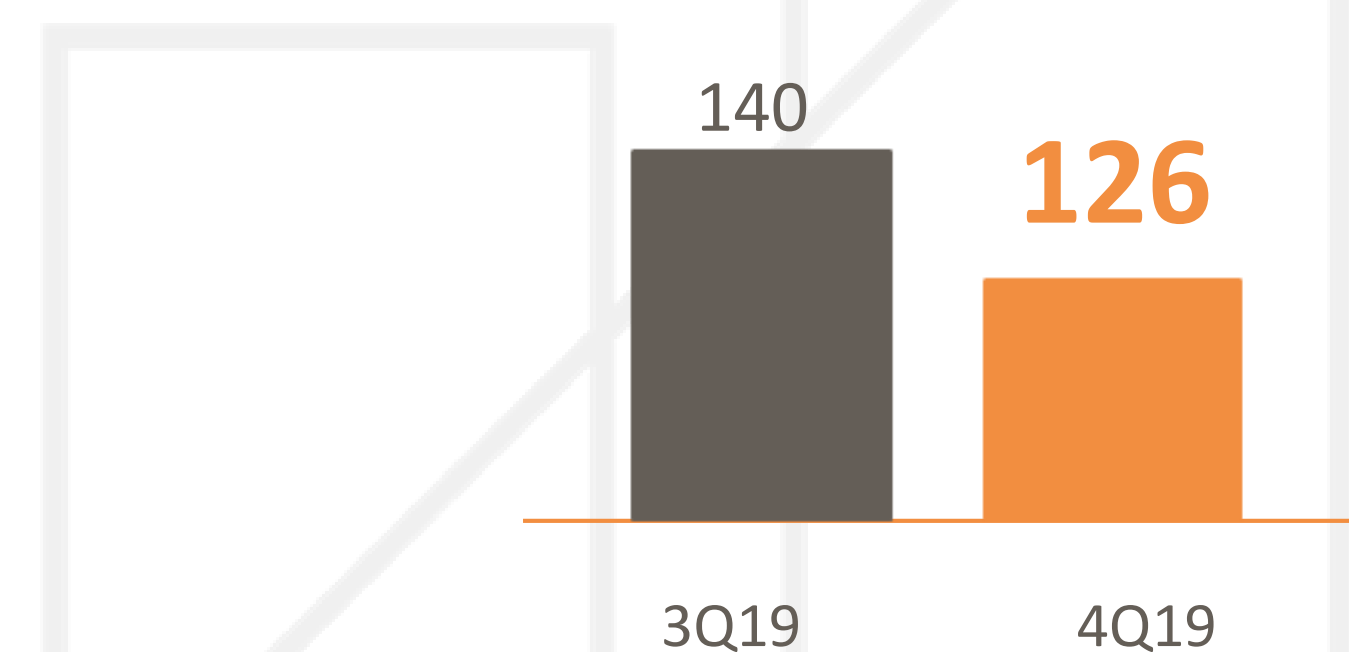
Distribution costs decreased by US\$22.1 million or 13.8% QoQ.

- Freights costs decreased by US\$17.8 million or 13.9%, mainly due to a decrease in sales volume in the wood products and pulp division.
- Commissions decreased due to lower sales volume.

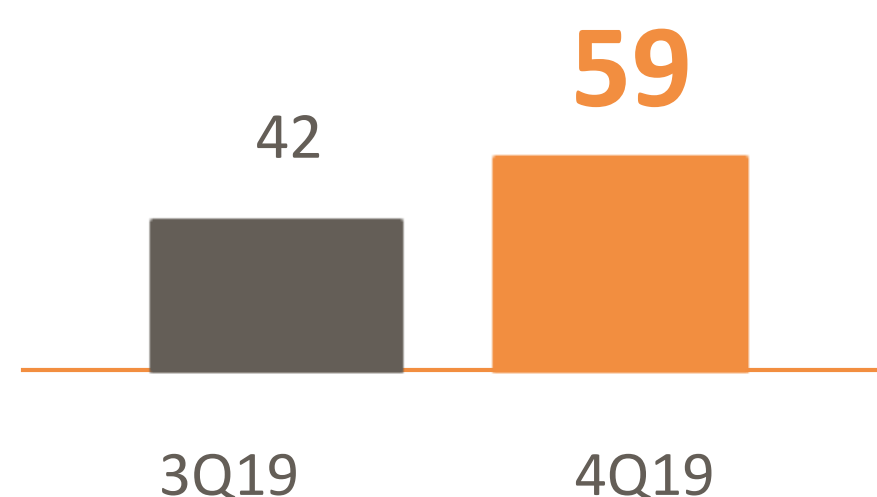


Administrative expenses decreased by US\$14.3 million or 10.2% QoQ.

- Wages, salaries and severance indemnities decreased by US\$13.8 million or 22.7% mainly due to a provision reversal.
- Since a big portion of our administrative expenses are denominated in Chilean pesos, they also decreased due to currency depreciation (2.8% QoQ).

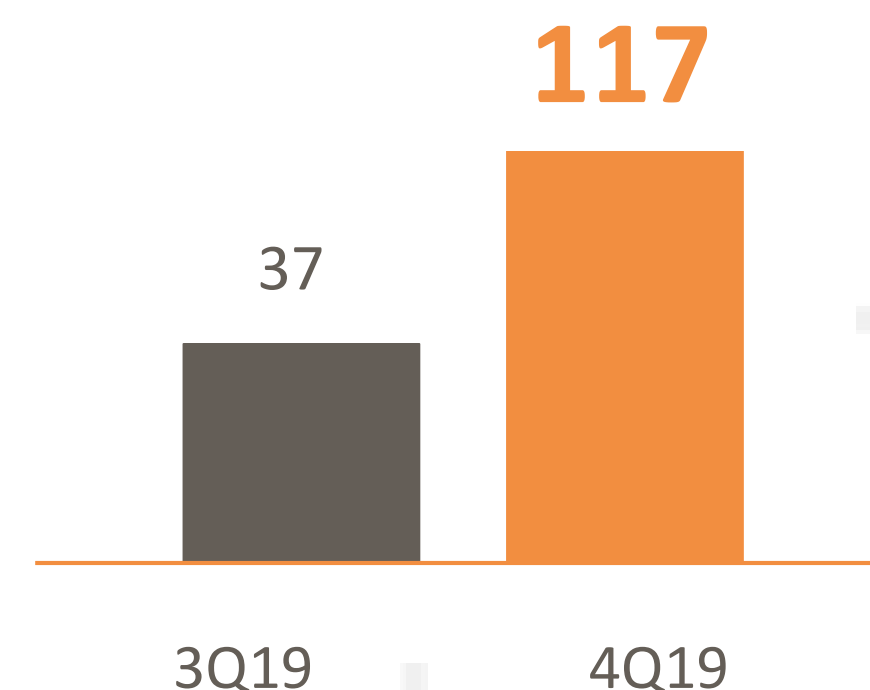


► In US\$ million



Other income increased by US\$17.2 million or 41.4% QoQ.

- Gains from changes in fair value of biological assets increased by US\$8.1 million or 22.5%.
- Other operating results increased by US\$6.6 million mainly due to a provision reversal



Other expenses increased by US\$79.3 million or 213.4%.

- Mainly due to an increase in impairment provisions of PP&E associated with the upcoming closure of the Eugene mill, and spare parts related provisions in other mills.
- The impairment provisions related to Arauco Line 1 during this quarter (which will permanently shut down once MAPA's Line 3 is in operation) are equivalent to approximately US\$16.8 million, similar to the third quarter.
- Operational expenses related to plant stoppages increased mainly due to the programmed maintenance stoppage of the Valdivia mill.

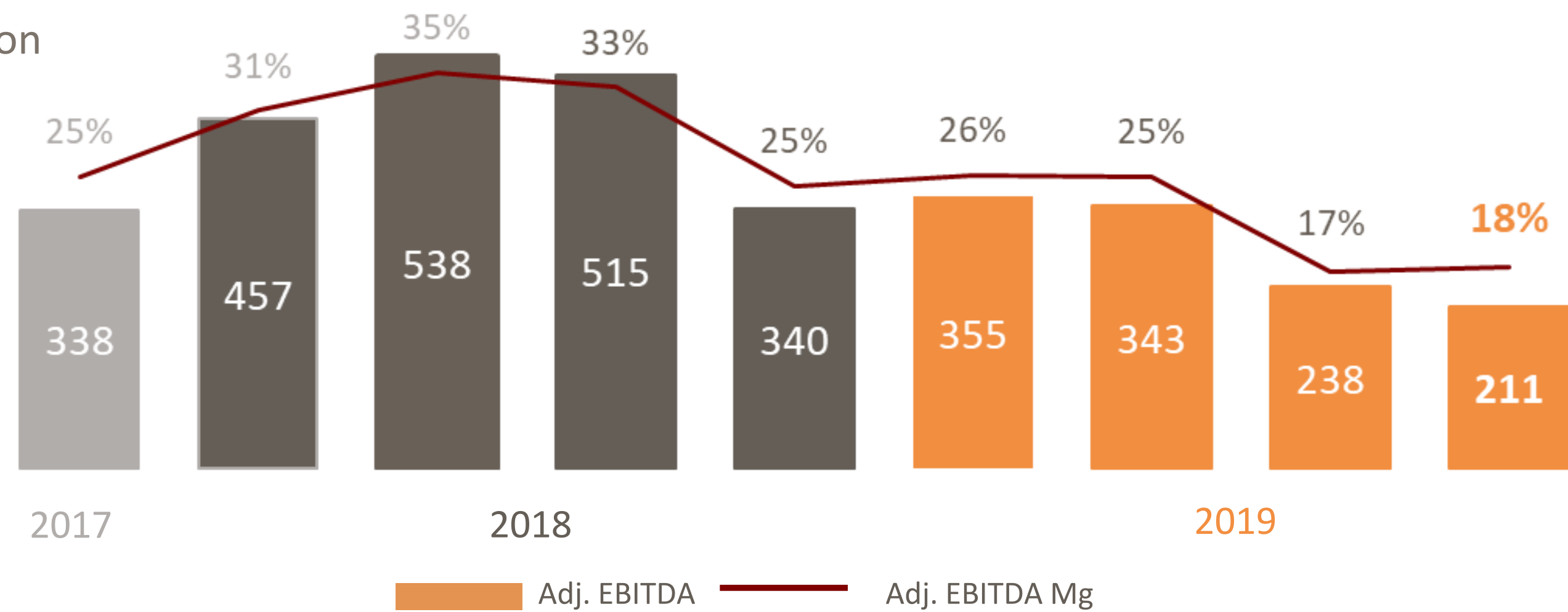
INCOME STATEMENT

FINANCIAL REVIEW

► In US\$ million

	4Q19	3Q19	QoQ
Revenues	1,202.3	1,387.2	-13.3%
Cost of sales	(950.2)	(1,054.3)	-9.9%
Gross Profit	252.1	332.9	-24.3%
Other income	58.8	41.6	41.4%
Distribution costs	(138.3)	(160.4)	-13.8%
Administrative expenses	(126.1)	(140.4)	-10.2%
Other expenses	(116.5)	(37.2)	213.4%
Financial income	10.3	7.5	37.0%
Financial costs	(80.9)	(65.8)	23.0%
Share of profit (loss) of associates and joint ventures accounted for using the equity method	3.9	(5.8)	-167.4%
Other Income (loss)	21.7	0.0	-
Exchange rate differences	(13.0)	(12.3)	5.8%
Income before income tax	(128.1)	(39.9)	220.8%
Income tax	36.1	10.3	249.5%
Net income	(92.0)	(29.6)	210.7%

► In US\$ million

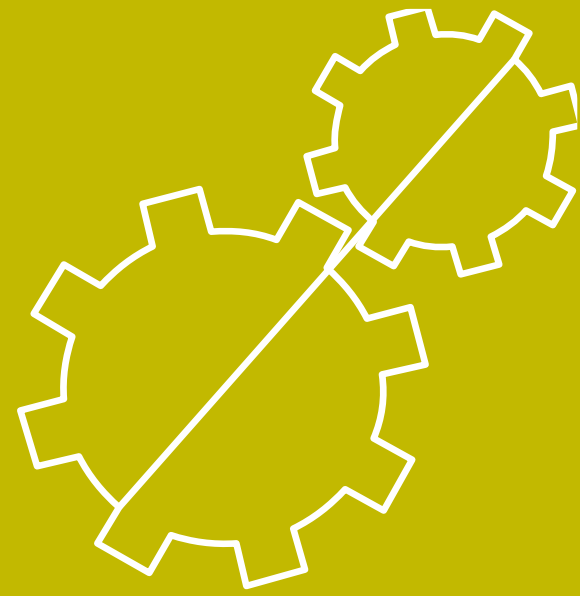


Breakdown by division

Pulp	68
Wood Products	73
Forestry	72
Consolidated Adj. & Others	-2

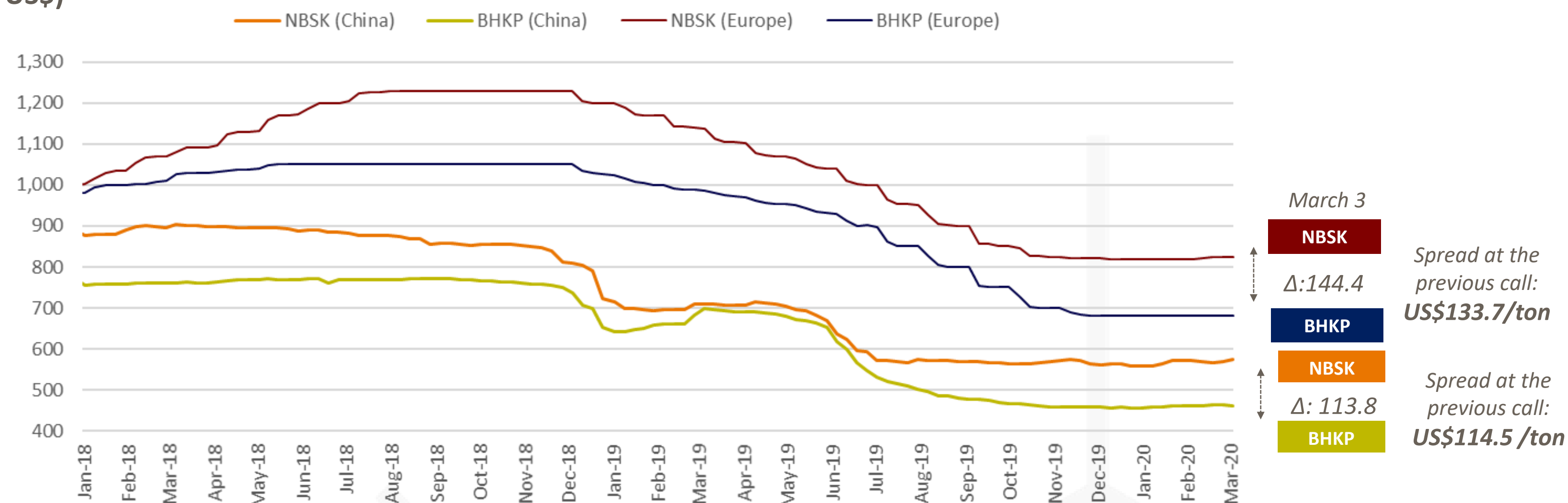


- Adjusted EBITDA fell by 11.4% QoQ, mainly explained by a US\$80.0 million decrease in our pulp division. This was partially offset by increases of US\$10.7 and US\$16.8 million in our wood products and forestry divisions, respectively.
- Adjusted EBITDA was lower in our pulp division mainly because of a decrease in sales volume and average prices.



REVIEW BY BUSINESS SEGMENT & OUTLOOK

PIX Pulp Indexes (in US\$)



Source: RISI

Global Bleached Chemical Pulp Demand variation – (2018 – 2019)

In '000 tonnes

Destination	Jan-Dec 2018	Jan-Dec 2019		%
North America	7,200	7,125	▼	-1.0%
West Europe	14,185	13,130	▼	-7.4%
China	14,100	16,670	▲	18.2%
Others	13,215	13,305	▲	0.7%
W-20 Total BCP	48,700	50,230	▲	3.1%

Source: PPPC World-20

Global Producers Inventory Levels

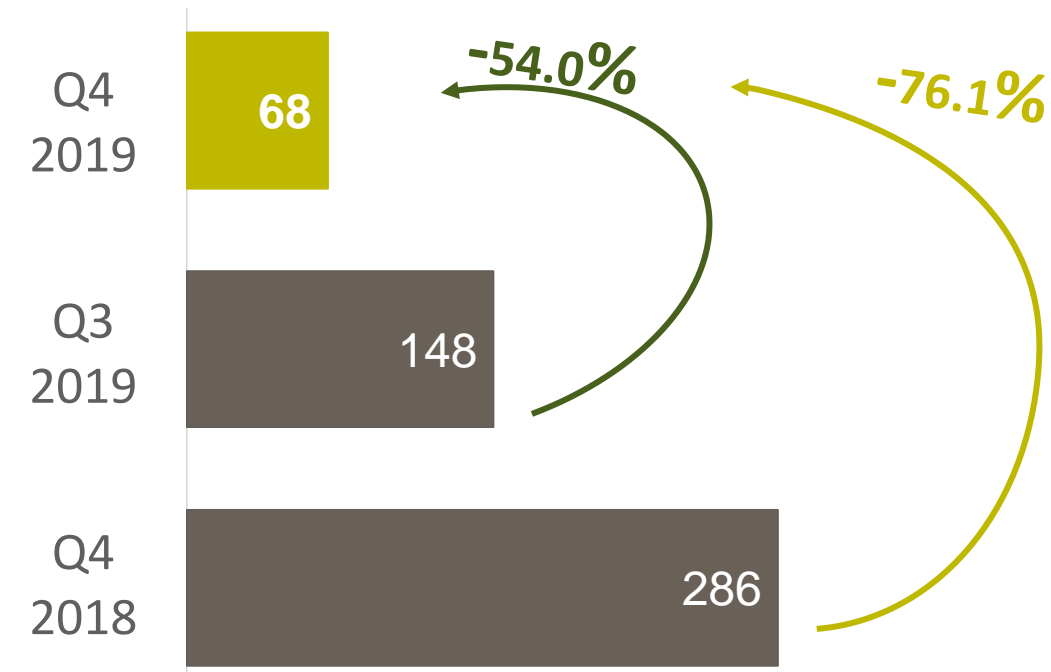
In days of supply, seasonally adjusted

	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
	2018				2019			
BSKP	31	30	33	41	37	46	36	35
BHKP	45	45	41	57	59	68	53	39

Source: PPPC, January 2020

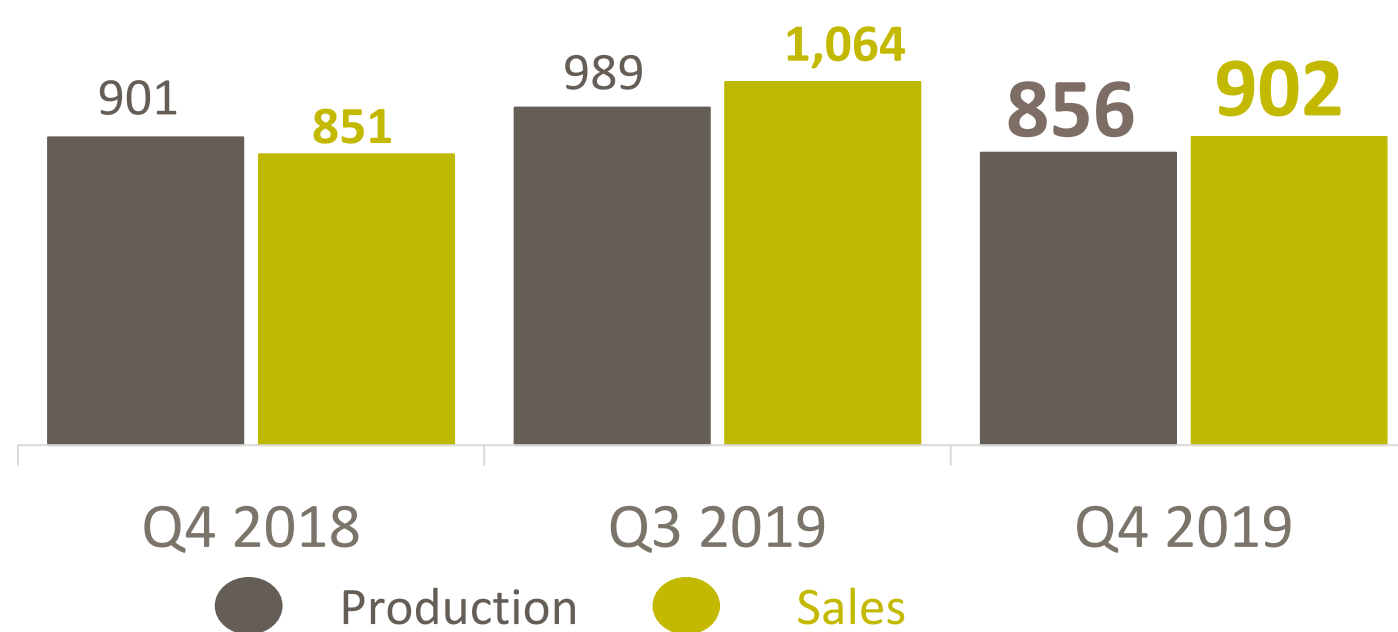
Adjusted EBITDA

▶ In US\$ million



	Price	Volume
QoQ	-3.0%	-15.2%
YoY	-31.7%	6.0%

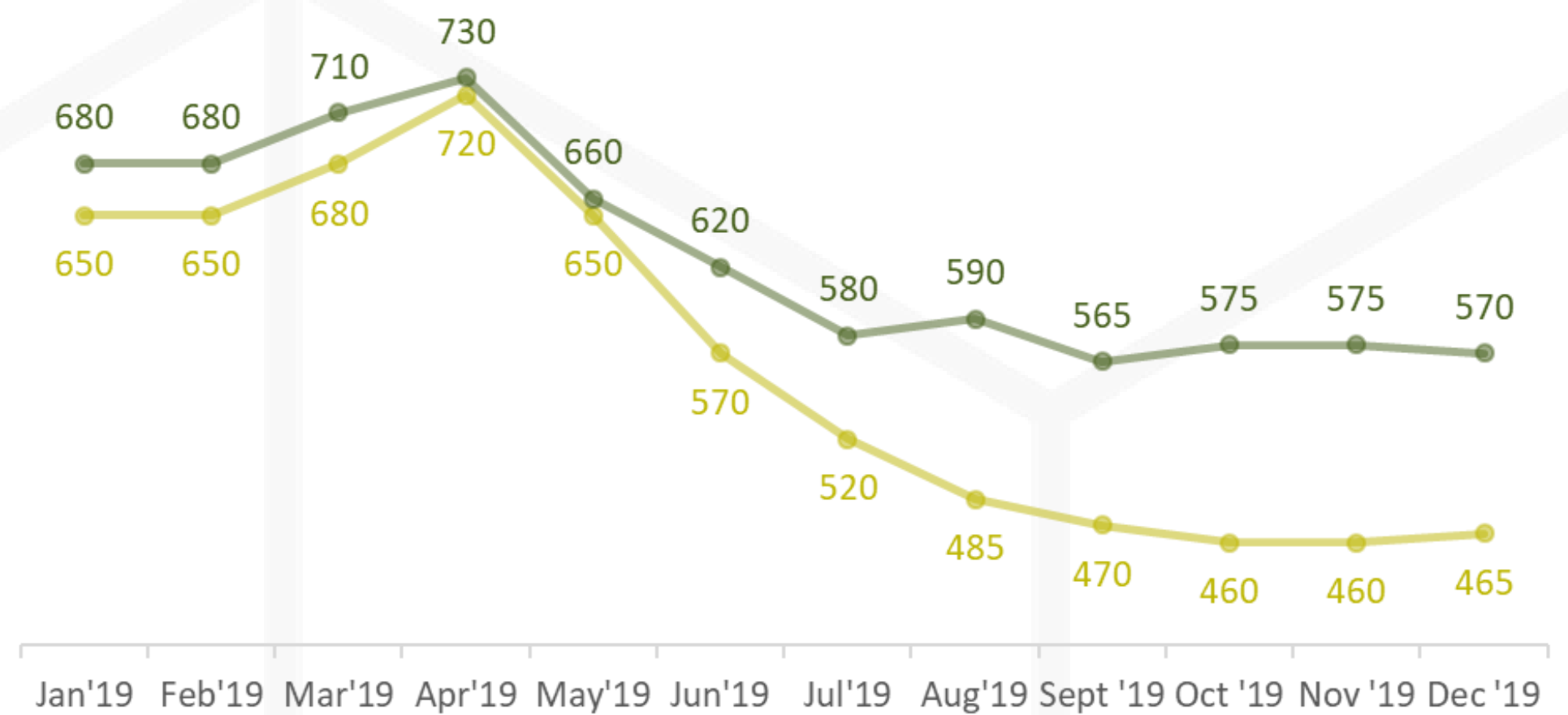
Production and Sales Volume In thousand tonnes



4Q 2019

- Market situation was affected by trade conflicts between China and the US.
- At the end of 2019, the phase one of the trade deal between China and the US diminished the uncertainties in the market. Chinese paper producers faced good margins due to higher demand and low raw material costs.
- In Europe, paper demand started to recover at the end of the fourth quarter. Paper producers margins remained low, as the increase in paper demand was not enough to lead to price increases.

BHKP and BSKP Net prices - China



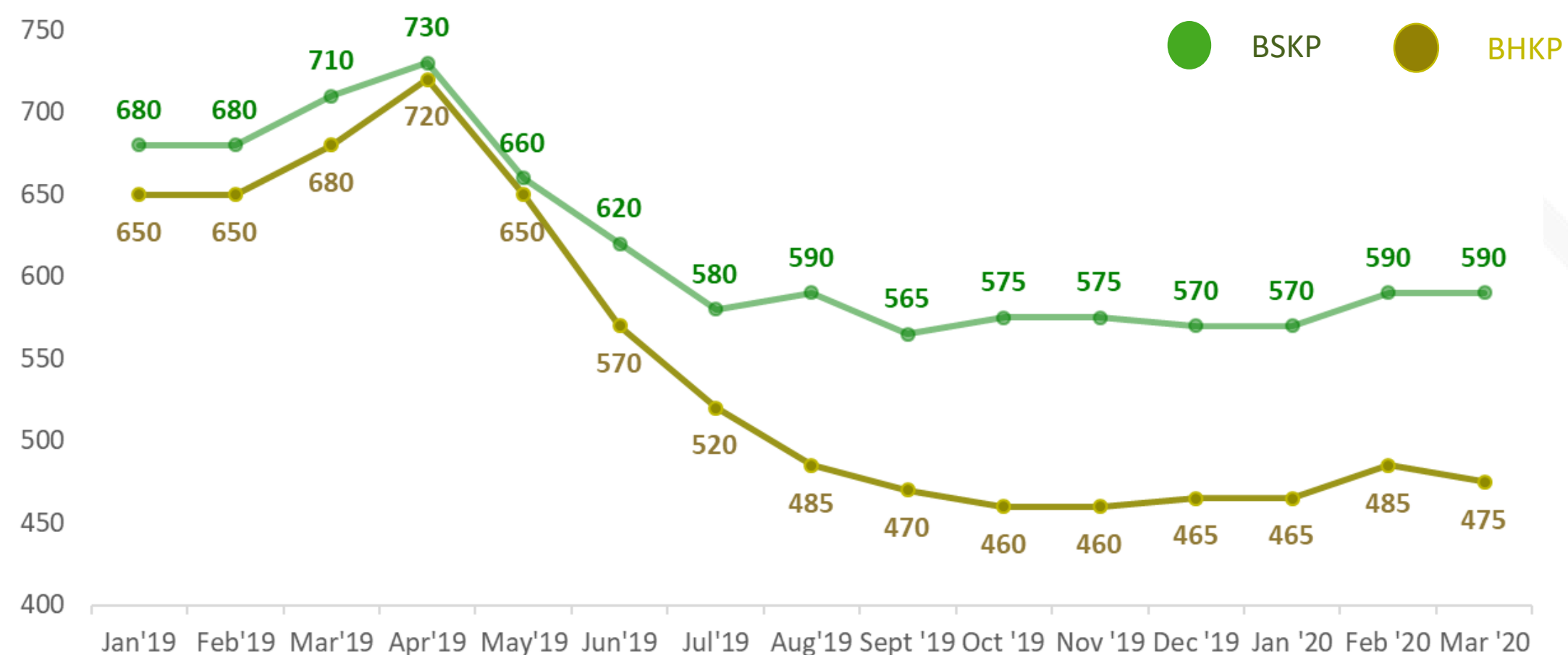
Source: ARAUCO

● BSKP ● BHKP

For the first quarter of 2020,

- Better demand during the first two months of the year, especially in China and Europe
- Recently the effects of COVID-19 changed the positive feelings about the market.
- Our sales were not materially affected (March and even April)
- We are seeing normalization in activity and logistics in China
- Europe more of a concern

BSKP and BHKP Net Prices - China



Source: ARAUCO

2019-2020

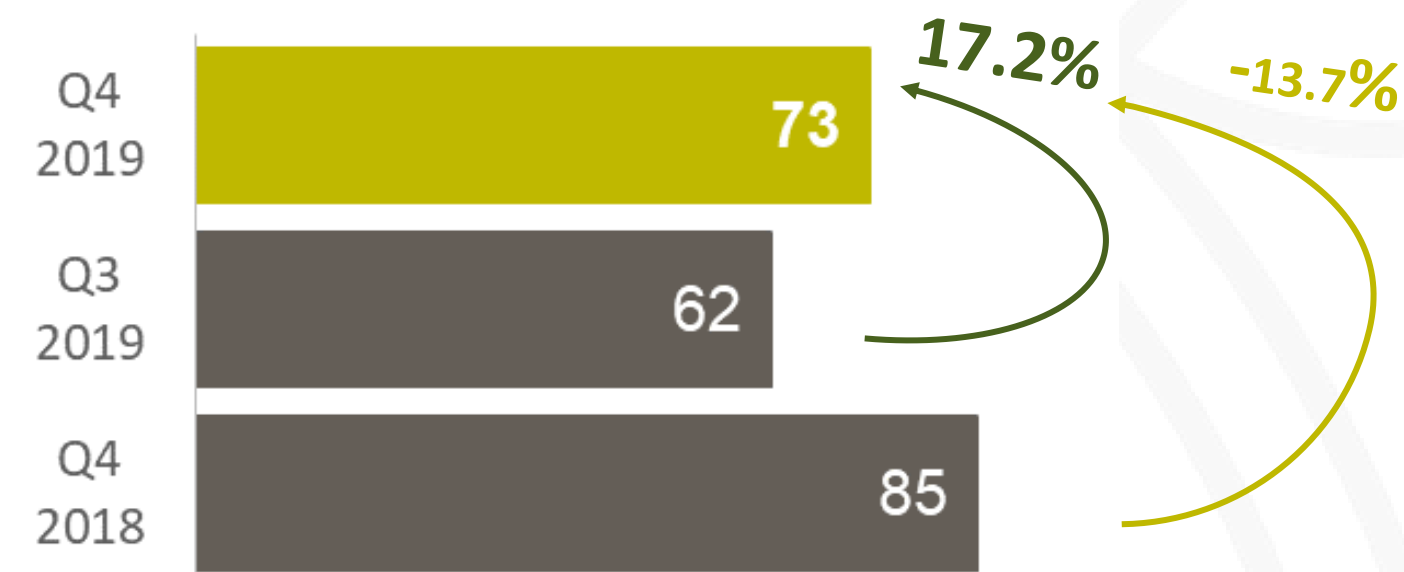
Pulp Mills Maintenance Stoppages

Mill	2019		2020			
	3Q	4Q	1Q	2Q	3Q	4Q
Arauco - Line 1				8		
Arauco - Line 2			12			
Constitución			8			
Licancel (*)			10			
Nueva Aldea				16		
Valdivia		59				10
Alto Paraná					23	
Montes del Plata		10				10

* Since the end of December 2019, and as of the date of this call, the Licancel mill is not in operation.



Adjusted EBITDA In US\$ million



Panels*

	Price	Volume
QoQ	-0.7%	-8.4%
YoY	-3.4%	11.1%

Solid Wood**

	Price	Volume
QoQ	-4.9%	-6.0%
YoY	-11.8%	-3.6%

*MDF, PBO, HB

**Sawn Timber, Remanufactured Wood products and Plywood

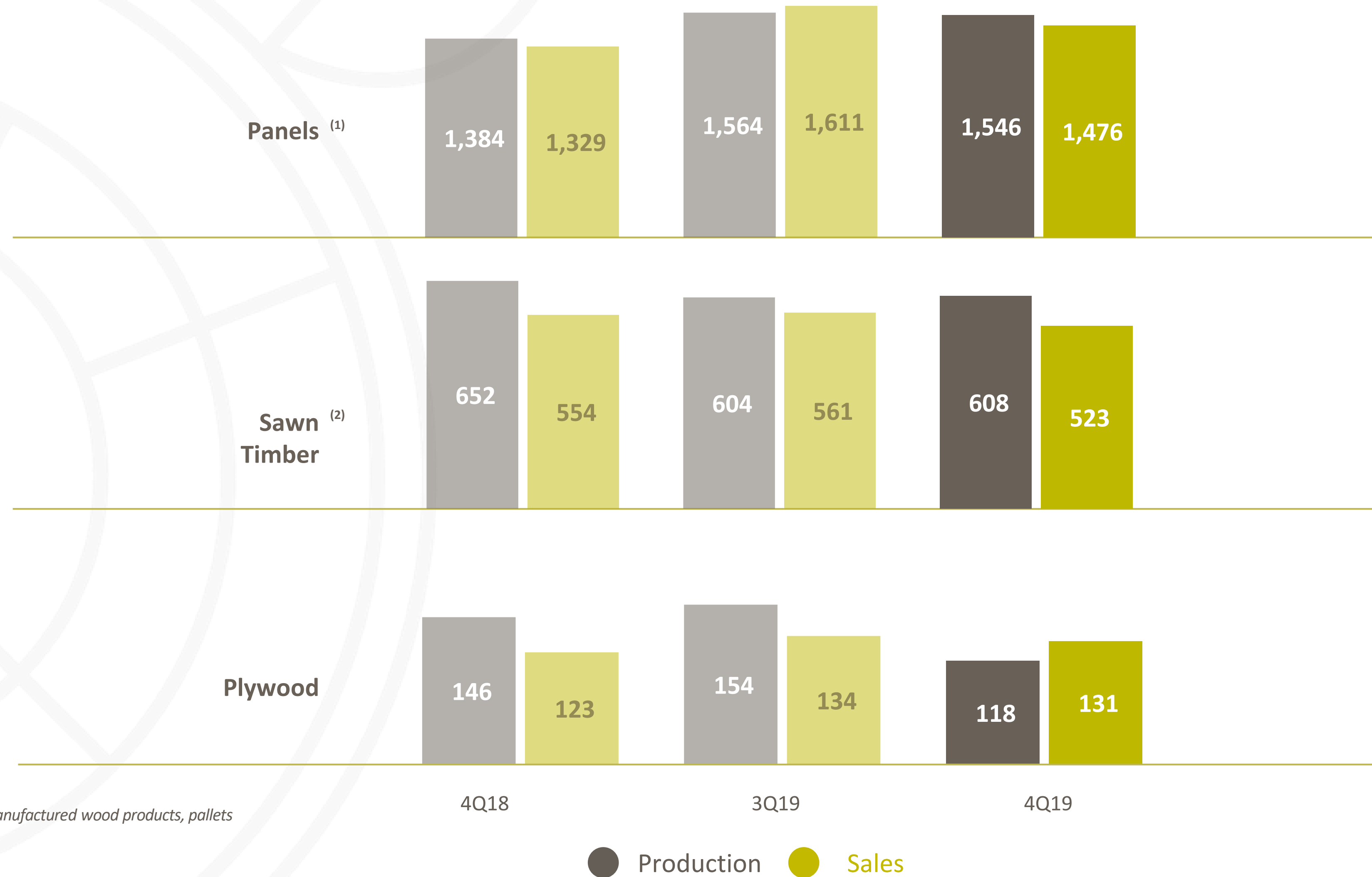
4Q 2019

- Panels revenues decreased due to lower sales volume and average prices. The Latin American market was more complex than during the third quarter. Brazil was affected by low economic growth and a higher MDF supply. In the US and Canada prices remained stable, despite seasonality. Nevertheless, we experienced some oversupply due to more imports from Brazil and China.
- During the fourth quarter, prices and sales volume of sawn timber were affected by the trade war and greater supply from Europe, Brazil, Russia, and others. Results from remanufactured wood products remained positive mainly because of a stable American market and less competition from Chinese producers.
- In general, plywood markets were affected by oversupply. Despite that, sales in the North American market remained stable.

WOOD PRODUCTS 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

● Production ● Sales

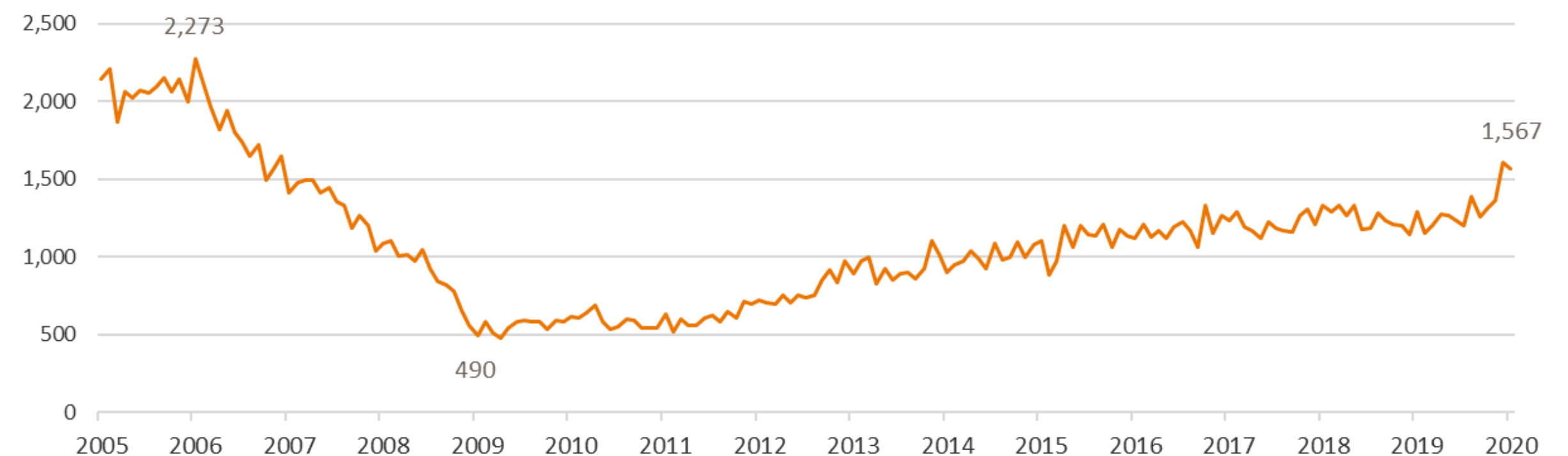
58%
North
America

PB/MDF: In the US and Canada the PB market is expected to remain stable. Seasonality and better housing numbers may lead to better results in the PB and MDF markets. The MDF market is being affected by oversupply. In Mexico domestic and imports business remain balanced in terms of supply and demand. Slight improvements in markets keep us positive in the short term.

REMANUFACTURED PRODUCTS: expectations are positive, mainly because of (i) better housing numbers, (ii) seasonality, and (iii) a request for antidumping duties against Chinese and Brazilian producers

PLYWOOD: we are seeing better prices due to higher demand and low stocks

U.S. Housing Starts Index
(‘000 units per year)



Source: Bloomberg

30%
Central and
South America

8%
Asia and Oceania

4%
Europe and
Middle East

BRAZIL:

- Market scenario remains complex
- Oversupply in MDF and PB
- Optimism due to economic recovery
- Devaluation of local currency may affect our US\$ margins

CHILE:

- Sales better than expected during local summer
- From March onwards, market will react depending on social developments.

ASIA:

- COVID-19 adding uncertainties to markets
- Signs of an increase in demand on some countries for lumber

EUROPE:

- Positive price movements in plywood as well as sales
- Low economic growth and COVID-19 are concerns for our customers

ARGENTINA:

- Panels sales should increase.
- Sales of sawn timber is looking more complex
- Political situation presents some risks in terms of exchange rates that could affect our US\$ margins

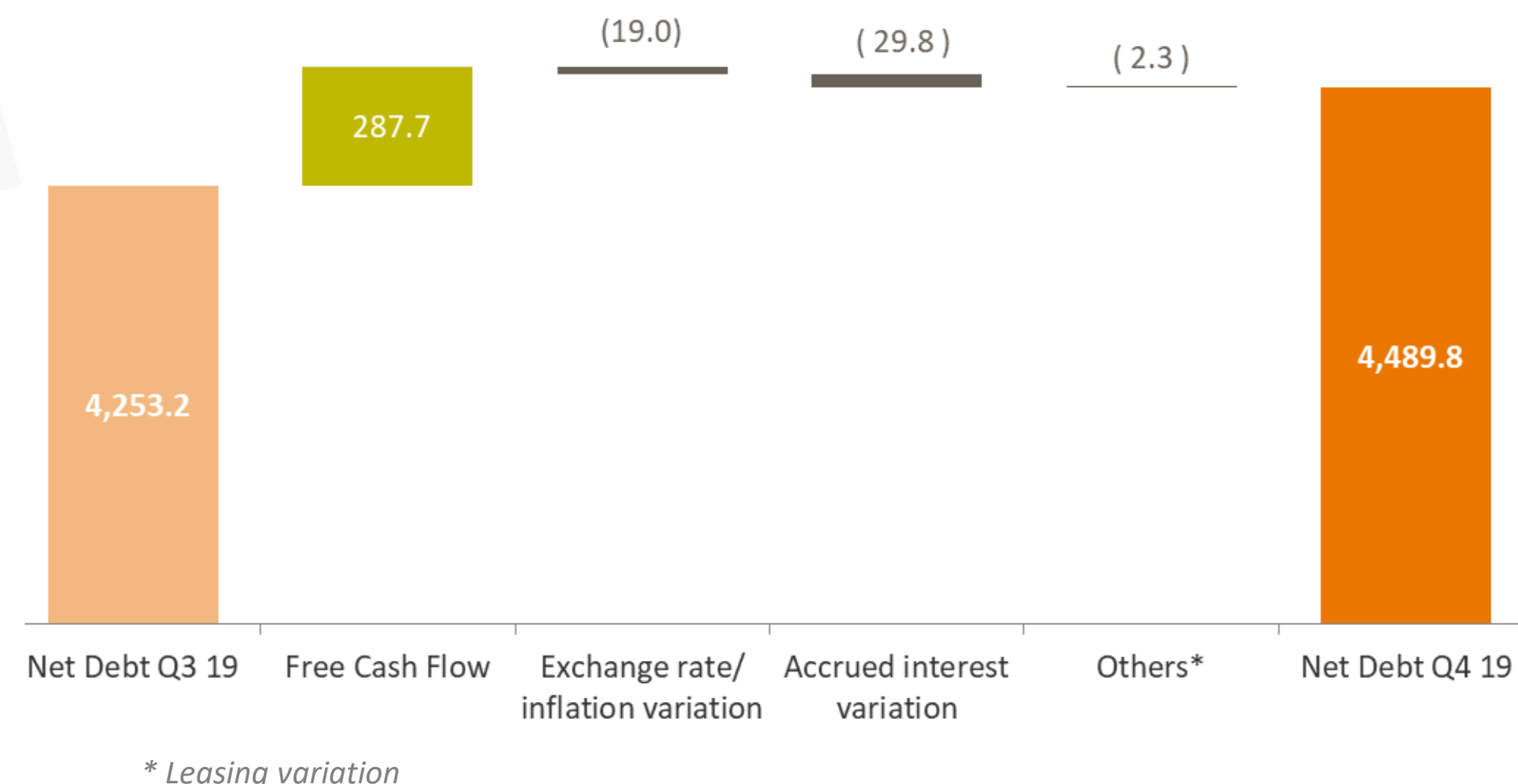
MIDDLE EAST:

- Demand and prices expected to remain stable
- COVID-19, oil market situation and GDP for the area translate to uncertainty

FREE CASH FLOW

► In US\$ million

	4Q19	3Q19
Adjusted EBITDA	211.0	238.2
Working Capital Variation	121.4	152.2
Interest paid and received	(97.4)	(39.8)
Income tax paid	(56.4)	(50.9)
Others	(11.7)	74.1
Cash from Operations	167.0	373.8
Capex	(434.3)	(281.0)
Others	7.7	9.0
Cash from Investment Activities	(426.5)	(272.0)
Cash from Financing activities (net of debt)	(23.2)	(19.1)
Effect of exchange rate changes	(4.9)	(20.1)
Free Cash Flow	(287.7)	62.6



Cash flow from operating activities decreased, mainly due to an increase in interest paid and received, due to interest related to prepayment of bonds, a decrease in working capital variation and lower Adjusted EBITDA.

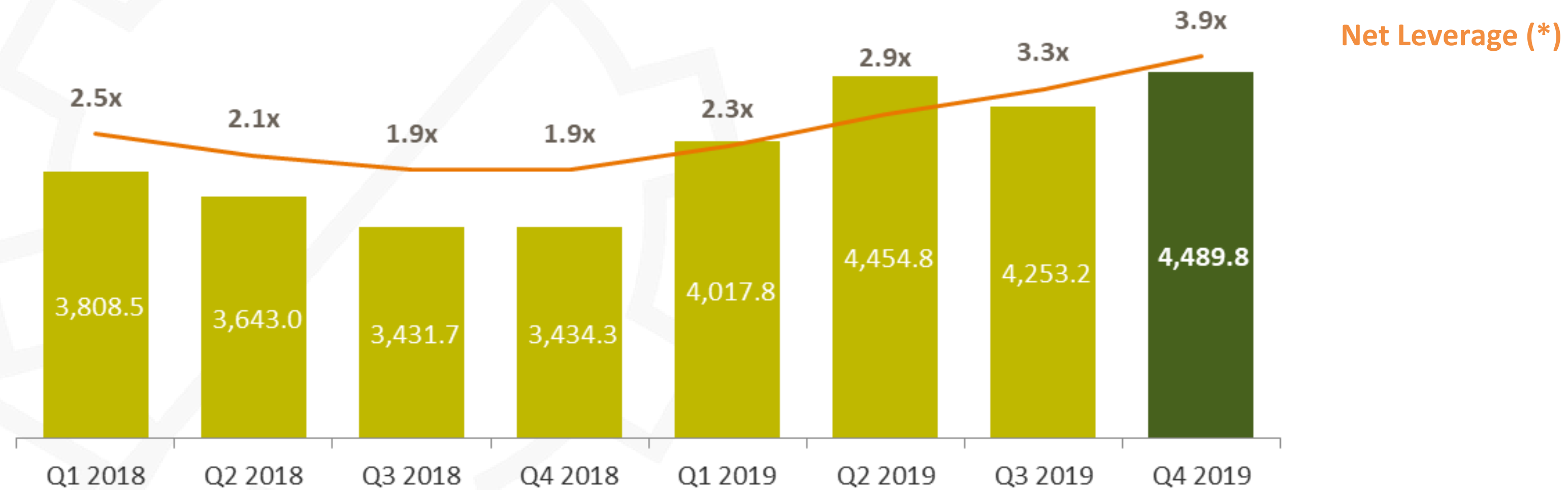
Cash flow used in investment activities increased, mainly because of higher CAPEX due to the MAPA project.

Cash flow used in financing activities remained stable mainly due to ARAUCO's decision to suspend dividend payments.

► Net Debt increased by US\$236.6 million or by 5.6% QoQ, mainly due to the negative free cash flow.

NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents increased by 36.6% or US\$417.8 million QoQ.

Total Debt increased by 12.1% or US\$654.4 million QoQ, mainly due to the issuance of two sustainable bonds.

LTM Adjusted EBITDA reached US\$1,147 million, 10.1% lower QoQ.

Net Leverage (*) increased from 3.3x to 3.9x QoQ, mainly due to the decrease of LTM Adjusted EBITDA.

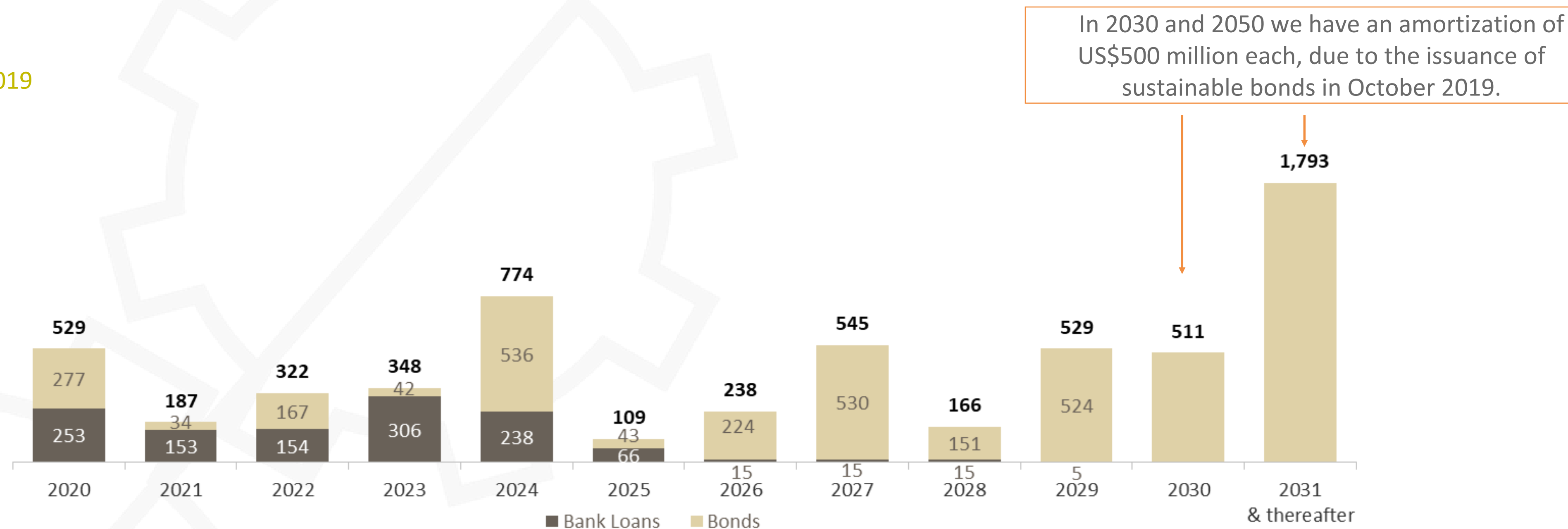
	31-12-2019	30-09-2019
Short term debt	529	558
Long term debt	5,521	4,840
TOTAL DEBT	6,050	5,395
Cash	1,560	1,142
Net DEBT	4,490	4,253

(*) Net Debt / LTM Adjusted EBITDA

DEBT

► In US\$ million

AS OF DECEMBER 2019



BANK OBLIGATIONS FOR 2020 INCLUDE:

- US\$ 172.9 million in Montes del Plata
- US\$ 69.2 million from leasing
- US\$ 6.1 million in ARAUCO Brazil
- US\$ 2.6 million in ARAUCO North America
- US\$ 1.7 million in Chile

BOND OBLIGATIONS FOR 2020 INCLUDE:

- US\$ 44.7 million in interest payments
- US\$ 232.0 million in amortization of local bonds, including US\$189.0 million of the BARAU-J with final amortization in September 2020.



MATERIAL FACTS AND NEWS



- The Dissolving Pulp project was completed as of February 2020.
- The start-up is expected by April 6, 2020. Originally it was programmed for January 2020, but it was delayed as a precaution due to lower water flow in the Cruces River during the summer.
- The mill will keep the flexibility to switch from paper grade to dissolving pulp



- MAPA Project progresses as expected with a 39% accumulated advance, as of February 2020
- Engineering and purchasing of equipment and materials is on schedule.
- During the first months of 2020 equipment such as the boiler, digester, boiler feed water tank, evaporators, and others have been arriving on-site.

- 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 be permanently shut down.



MILL RESTRUCTURINGS:

Mill	Location	MDF	PB	Date of Closure	Update
St. Stephen	New Brunswick, Canada	-	216,000 m3	4Q 2019	MDF operations will continue.
Moncure	North Carolina, USA	-	262,000 m3	May 1, 2020	MDF operations will continue. ARAUCO will invest in a new MDF moulding line
Eugene	Oregon, USA	154,000 m3	-	May 1, 2020	This mill will permanently shut down.
Total		154,000 m3	478,000 m3		

- These closures represent 3.2% and 9.3% of our aggregate MDF and PB capacity, respectively.

GRAYLING:

- On January 30 our Grayling mill experienced a fire incident.
- This led to an unplanned maintenance stoppage. No injuries or deaths occurred.
- As of the date of this conference call, Grayling is back in operation.

- During the first quarter of 2020, ARAUCO signed an agreement for a new Committed Credit Facility.
- We previously had two committed lines for a total of approximately US\$320 million (one US\$-denominated of US\$200 million, and a UF-denominated equivalent to approximately US\$120 million). The US\$-denominated line was terminated in advance, and the UF-denominated line was not renewed. Neither of these lines were ever used by ARAUCO.
- This new facility was signed with 5 banks on February 20, 2020 for a total amount of US\$375 million, and is due in February 2025.





- As of the end of February 2020, there have been approximately 1,600 fires in our forest plantations.
- The area affected reached 2,200 hectares.
- The burned surface has an approximate fair value of US\$5 million.
- ARAUCO has made significant investments regarding fire prevention and control. During this quarter we have leased the services of several helicopters including two S-64 Aircranes, the most efficient fire-fighting helicopter in the world with a capacity of unloading 10,000 lts. of water in a single discharge, as well as a Blackhawk with fire-fighting capabilities.



Q&A

INVESTOR RELATIONS

A replay of this conference call will be available at our web site
and through the following numbers until March 23, 2020

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Replay Access Code	10140016

FOR FURTHER INFORMATION

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