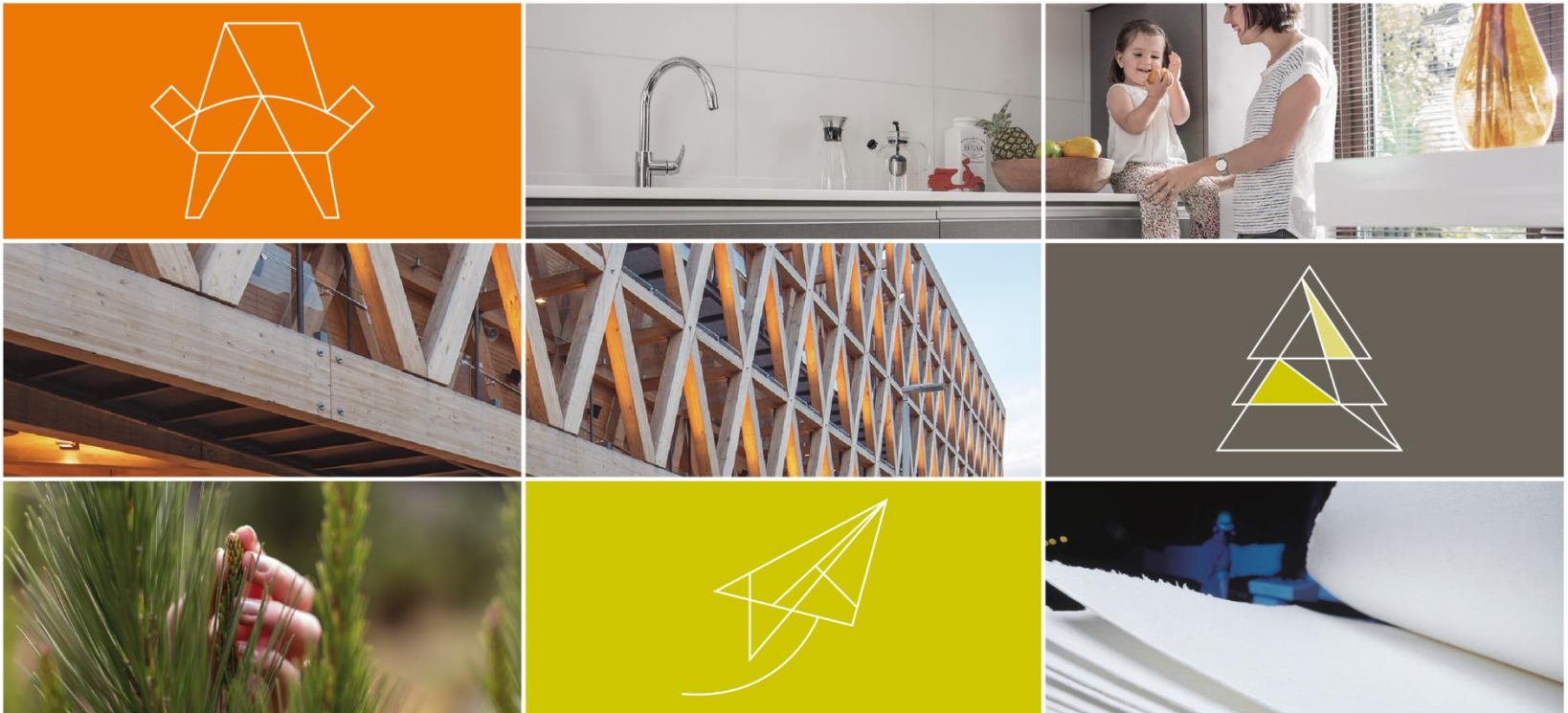


3rd Quarter 2017

Financial Results Conference Call
Presentation
November 20, 2017

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 SVS and US SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements due to new information or future developments.

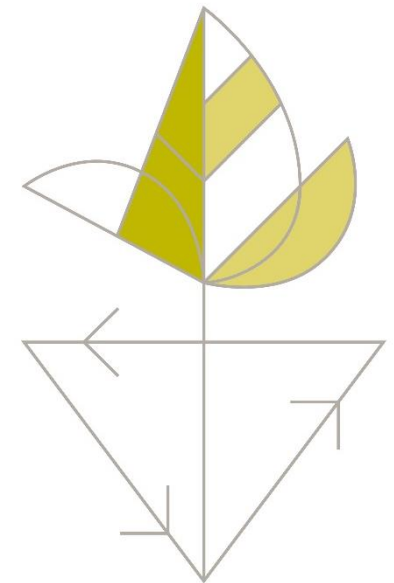
This presentation contains certain performance measures that do not represent IFRS definitions, as “EBITDA” and “Net financial debt”. These measures cannot be compared with the same previously used by Arauco and the same used by other companies.

Financial Review

Review by Business Segment & Outlook

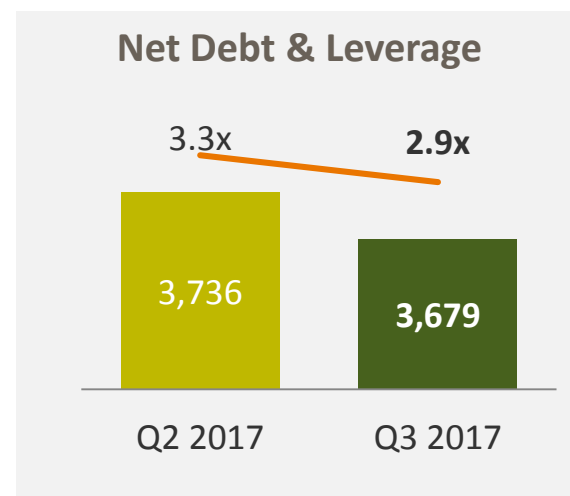
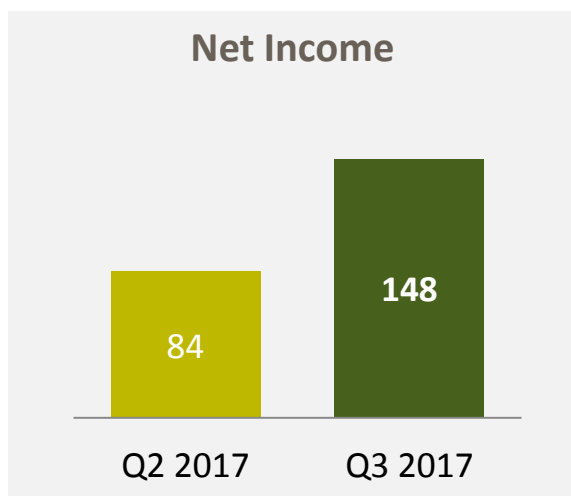
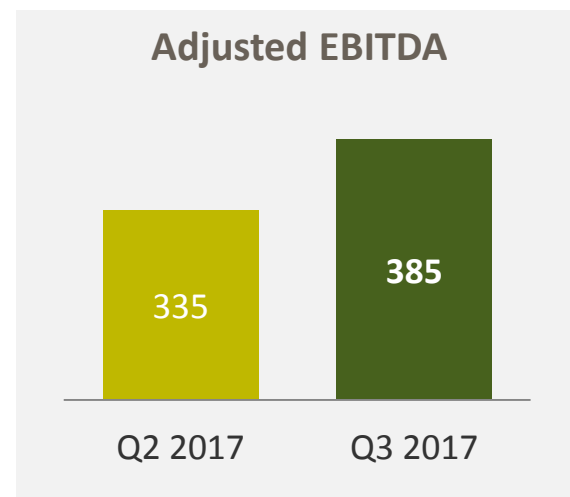
Material Facts and News

Q&A



QUARTER MAIN FIGURES

In U.S.\$ million



REVENUES, COSTS AND NON-OPERATIONAL RESULTS

In U.S.\$ million

Revenues increased U.S.\$ 113.4 million or 8.9%:

- Pulp business revenues were 12.9% or U.S.\$ 75.5 million higher, driven by higher average prices and sales volume
- Wood products revenues were 5.2% or U.S.\$ 34.2 million above the previous quarter due to higher sales volume



Cost of sales increased U.S.\$ 62.7 million or 7.1%:

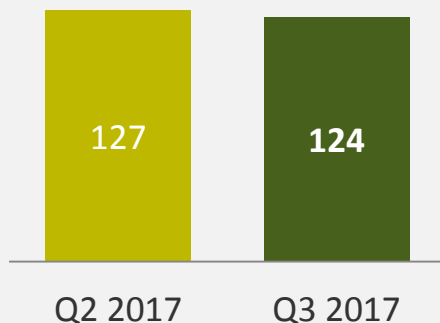
- Higher sales volumen from both Pulp and Wood products segment
- Forestry costs increased with the winter months where more gravel and asphalt roads are used to harvest, an increase in the harvest of burnt forests, and an increase in the average distance between forests and mills
- Unitary costs QoQ:
 - ▶ Softwood bleached pulp: ↑ 2.4%
 - ▶ Hardwood bleached pulp: ↑ 1.7%
 - ▶ Unbleached softwood pulp: ↑ 0.6%



REVENUES, COSTS AND NON-OPERATIONAL RESULTS

In U.S.\$ million

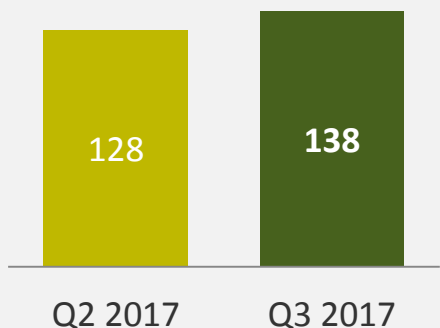
Administrative expenses



Administrative expenses decreased by 2.8% or U.S.\$ 3.5 million:

- Computer services decreased 30.9% after many software licensing expenses were paid during the second quarter of the year
- Other items remained fairly stable

Distribution costs



Distribution costs increased by 7.9% or U.S.\$ 10.2 million:

- In general, all variations in line with the increase in sales volume from our pulp and wood products segment

REVENUES, COSTS AND NON-OPERATIONAL RESULTS

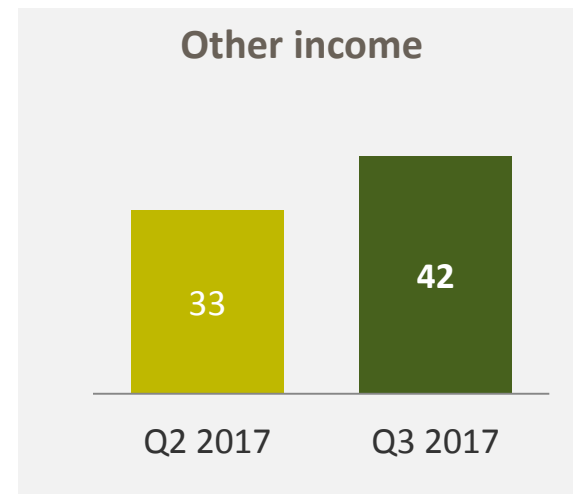
In U.S.\$ million

Other income increased by 29.5% or U.S.\$ 9.6 million:

- Gain from changes in fair value of biological assets increased due to adjustments to made during the second quarter
- Other items did not suffer any major fluctuations

Other expenses decreased by 201.2% or U.S.\$ 16.2 million:

- Provision of forestry fire decreased by U.S.\$ 34.5 million due to provision of insurance claim. Payment finally received in October and November



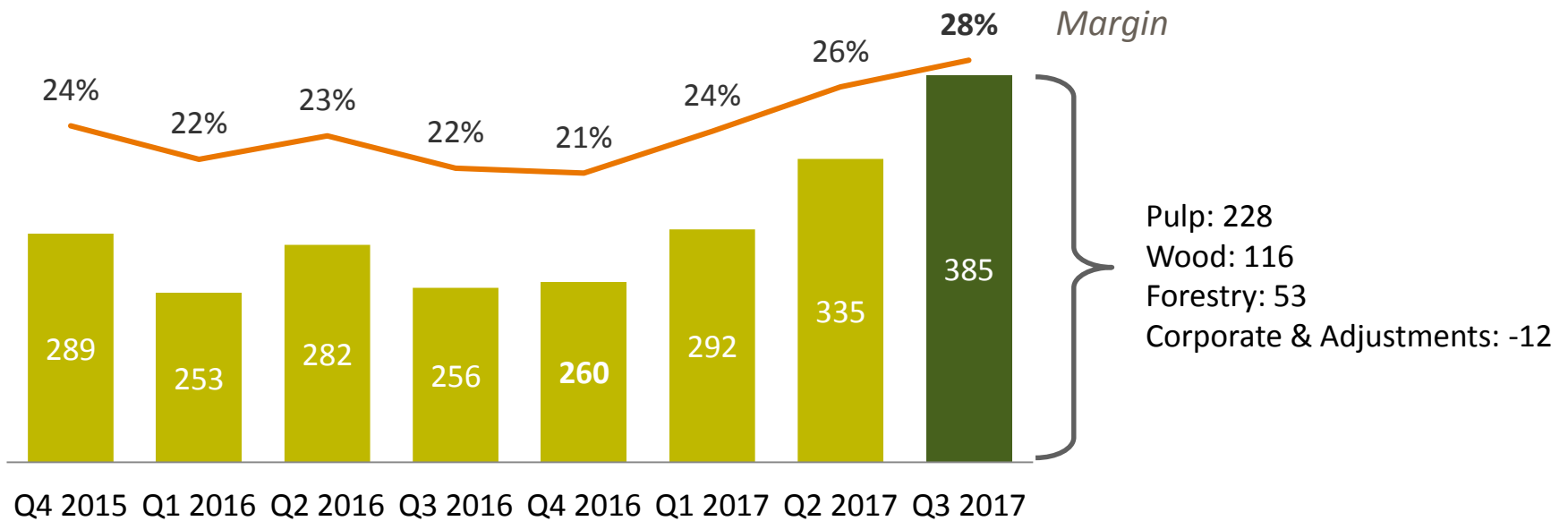
NET INCOME

In U.S.\$ million

In U.S.\$ Million	Q3 2017	Q2 2017	QoQ
Revenues	1,393.4	1,279.9	8.9%
Cost of sales	(940.3)	(877.7)	7.1%
Distribution costs	(138.3)	(128.1)	7.9%
Administrative expenses	(123.7)	(127.2)	-2.8%
Other income	42.2	32.6	29.5%
Other expenses	8.2	(8.1)	-201.2%
Financial income	3.3	5.9	-43.5%
Financial costs	(54.1)	(57.7)	-6.2%
Participation in (loss) profit in associates and joint ventures accounted through equity method	7.0	3.4	103.8%
Exchange rate differences	2.9	(1.6)	-277.0%
Income before income tax	200.6	121.5	65.1%
Income tax	(52.2)	(37.4)	39.4%
Net income	148.4	84.1	76.5%

ADJUSTED EBITDA

In U.S.\$ million



- ▶ Adjusted EBITDA rose 15.2% compared to the previous quarter and increased 50.4% compared to the third quarter of 2016
- ▶ Pulp division EBITDA continued its positive trend, increasing 11.5% Q-o-Q. Pulp EBITDA margin reached 34%
- ▶ Wood division EBITDA increased 22.6% compared to last quarter after increase in sales volume in panels, sawn timber, and plywood

Financial Review

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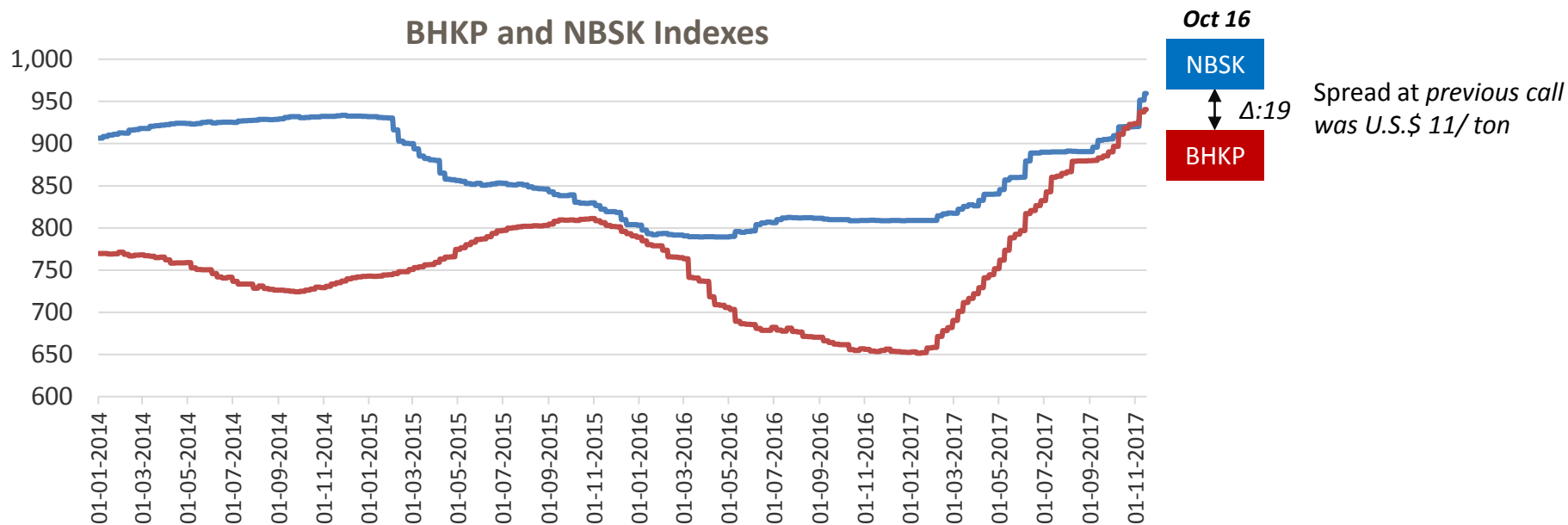
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PULP BUSINESS

BHKP and NBSK Indexes



Demand for bleached chemical pulp September 2017 vs September 2016 (YTD)

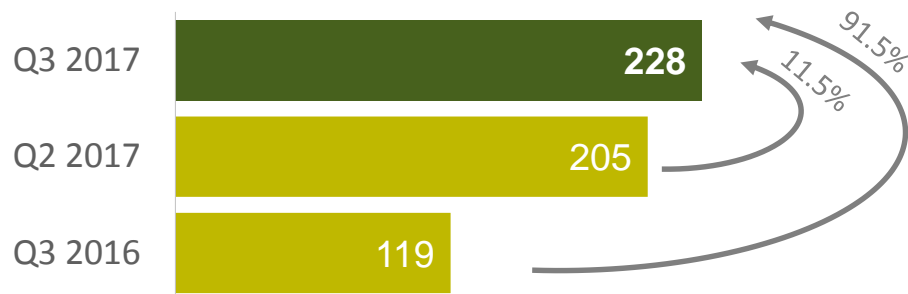
In thousand tonnes

Destination	September 2016	September 2017	Δ	%
North America	5,565	5,755	190 ▲	3.4%
West Europe	10,530	10,360	-170 ▾	-1.6%
East Europe	980	1,020	40 ▲	4.1%
Latin America	2,440	2,430	-10 ▾	-0.4%
Japan	1,330	1,410	80 ▲	6.0%
China	9,670	10,415	745 ▲	7.7%
Other Asia/Africa	4,225	4,665	440 ▲	10.4%
Oceania	210	225	15 ▲	7.1%
W-20 Total BCP	34,950	36,280	1,330 ▲	3.8%

Source: Hawkins Wright

PULP BUSINESS

Pulp Adjusted EBITDA In U.S.\$ million



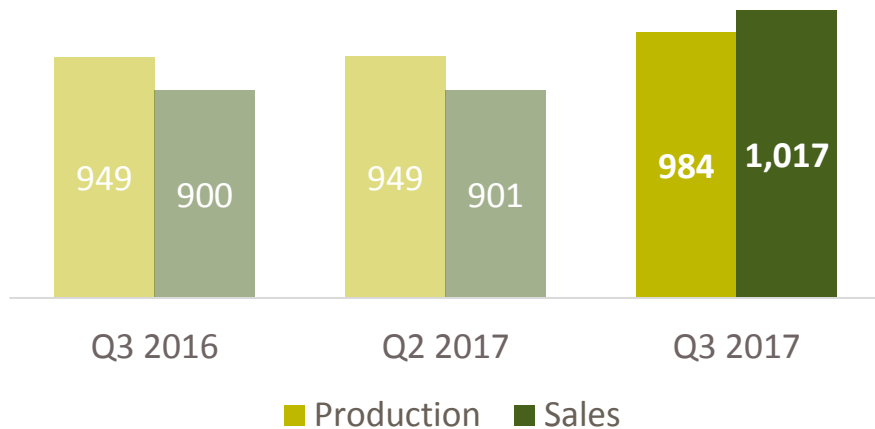
	Price	Volume	Sales
QoQ	2.0%	12.9%	12.9%
YoY	15.0%	13.0%	27.2%

Q3 2017:

- ▶ During July and August pulp prices remained stable despite usual seasonal downturn in demand, picking up again in September
- ▶ Expectations of annual production of OKI Mill does not exceed 2.0 million tons for next 3 to 4 years
- ▶ Asian paper producers were able to pass along higher costs to final consumers. Ban on unsorted paper waste in China has limited raw material for paper and packaging producers. Ban on old corrugated containers also has positive effect in unbleached pulp prices.
- ▶ European demand picks up , with paper producers working at higher capacity than is seasonally normal
- ▶ Annual maintenance stoppage of our Licancel Mill in July

PULP BUSINESS

Production and Sales Volume
In Thousand ADT



Q1 – Q3 2017 Scheduled Pulp Mill Maintenance Stoppages

Date	Pulp Mill	Annual Capacity (thousand Adt)	Days of Stoppage
Mar	Constitución	355	15 ✓
Apr	Arauco Line 1	290	12 ✓
May	Montes del Plata	1,300	11 ✓
July	Licancel	155	11 ✓

Global Producers Inventory Levels

<i>In days</i>	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016	Mar 2017	June 2017	Sept 2017
BSKP	29	30	28	30	32	29	31	30
BHKP	39	46	41	47	37	38	37	43

PULP BUSINESS

OUTLOOK

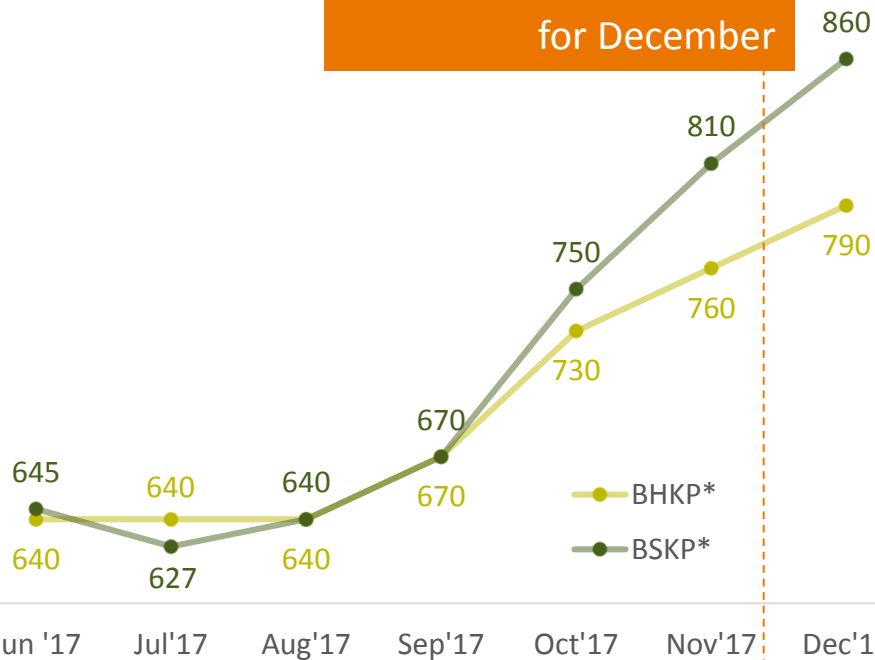
Long Fiber

- ▶ Price expected to rally upwards, increasing gap between long and short fibers closer to historical averages

Short Fiber

- ▶ Price increases will continue at a steady pace of approximately U.S.\$ 30 each month until year-end

Price hikes announced for December



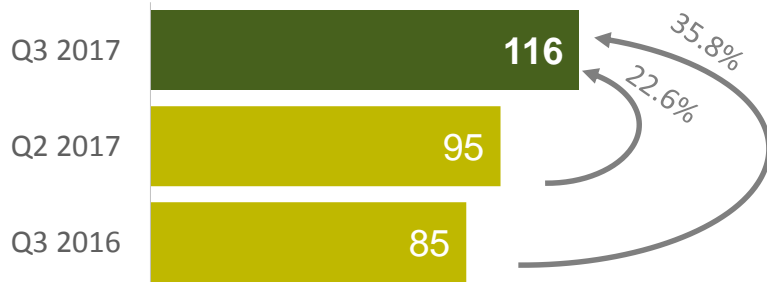
Q4 2017 – Q1 2018 Scheduled Pulp Mill Maintenance Stoppages

Date	Pulp Mill	Annual Capacity (thousand Adt)	Days of Stoppage
Oct'17	Arauco, Line 2	510	13 days
Nov'17	Nueva Aldea	1,027	10 days
Nov'17	Argentina	350	25 days
Feb'18	Licancel	155	7 days
Feb'18	Constitución	355	10 days
Mar'18	Valdivia	550	12 days

* Net prices in China

WOOD PRODUCTS BUSINESS

Adjusted EBITDA (In U.S.\$ millions)



	Price	Volume	
QoQ	-1.4%	4.2%	Panels*
YoY	1.0%	2.8%	

	Price	Volume	
QoQ	1.1%	7.9%	Sawn Timber**
YoY	7.6%	1.4%	

Q3 2017:

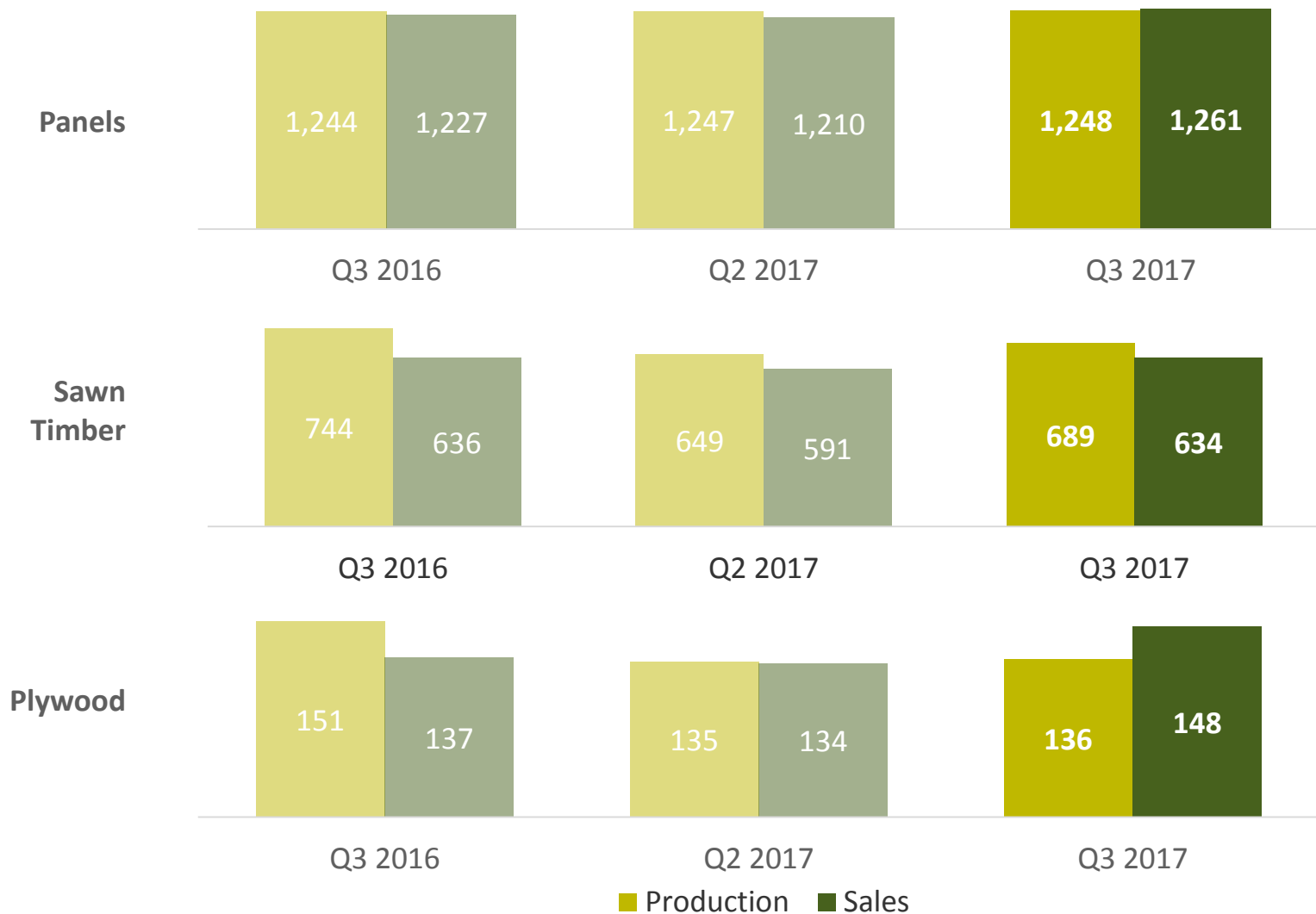
- ▶ Composite panels increased sales volume in detriment of prices. PBO sales restrained in all markets. OSB gained strength as production from Sonae Arauco was sold through market trading in Chile
- ▶ Sales in Latin America overall stable due to our diversified product mix
- ▶ Sawn timber sales volume increased 7.9% and average prices increased 1.1% compared to last quarter, thanks to pickup in Asian and Middle Eastern markets
- ▶ Plywood prices increased 4.4% and sales volume increased 10.6%. High demand in retail, distribution and industrial chain customers in North America boosted revenues, while sales in Europe benefitted from the appreciation of the euro

*MDF, PBO, HB

**sawn timber, remanufactured solid wood, plywood

WOOD PRODUCTS BUSINESS

Production and Sales Volume
In Thousand m³



OUTLOOK

Housing Starts Index at 1.3 million units per year, showing fluctuation between 1.1 and 1.3 million throughout this year

MDF: No major fluctuations in sales foreseen until year-end

MDF moldings: Overall stable, with increased demand in West Coast

Remanufactured products: expected to reach projected sales, although market is perceived as sluggish for the next months. Competition from Chinese manufacturers increases, slowing down sales growth

Plywood: Demand is strong and helps reach higher prices. We continue to innovate in value added products

North
America
47%

U.S. Housing Starts Index
(Thousand units per year)



OUTLOOK

Central and
South
America
32%

Brazil: We continue to export to other markets to decrease local market pressures (approximately 2% up to September).

Argentina: Supply and demand in balance, with the market growing at a steady pace. Slight recovery in MDF sales

Chile: Somewhat stagnant market. Demand for plywood in other markets has increased, constricting supply in local market, in turn increasing prices

Asia and
Oceania
15%

Asia: In Japan, demand remains stable and prices ascend. Korea maintains stable prices and sales volume. In China, prices and sales volume of sawn timber balanced. Sales volume is projected to remain strong despite price increases

Europe and
Middle East
5%

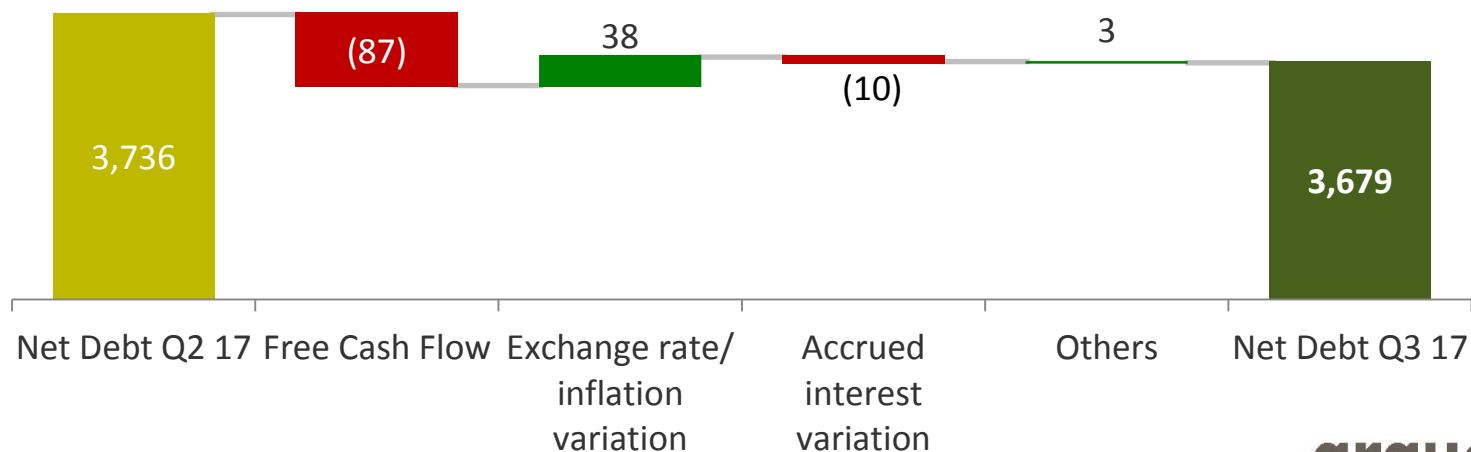
Europe: Demand for plywood strong, with local producers working at full capacity. Small increases in prices foreseen for the rest of the year, placing emphasis in value added products

Middle East: Supply from Europe begins to normalize, bringing forth stable prices

FREE CASH FLOW

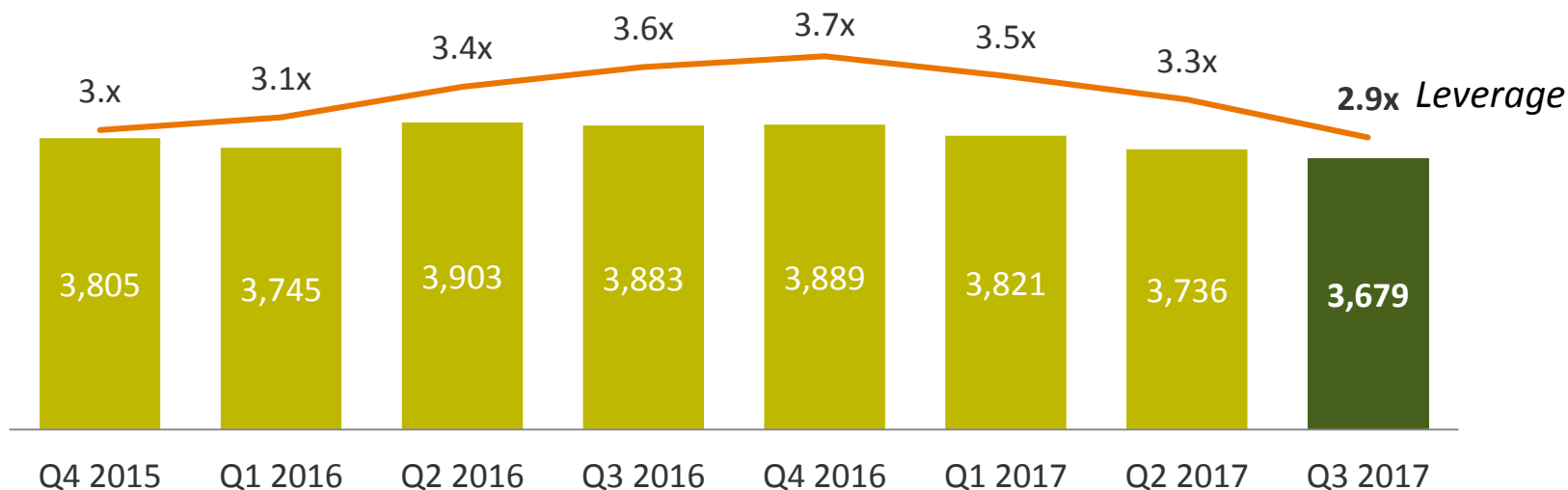
In U.S.\$ million

	Q3 2017	Q2 2017
<i>Adjusted EBITDA</i>	385	335
<i>Working Capital Variation</i>	(14)	5
<i>Interest paid and received</i>	(70)	(34)
<i>Income tax paid</i>	(12)	(1)
<i>Others</i>	(43)	0
Cash from Operations	246	305
<i>Capex</i>	(169)	(132)
<i>Others</i>	8	7
Cash from Investment Activities	(161)	(125)
Cash from Financing activities (net of debt)	1	(60)
Effect of exchange rate changes	1	(4)
Free Cash Flow	87	116



NET FINANCIAL DEBT

In U.S.\$ million



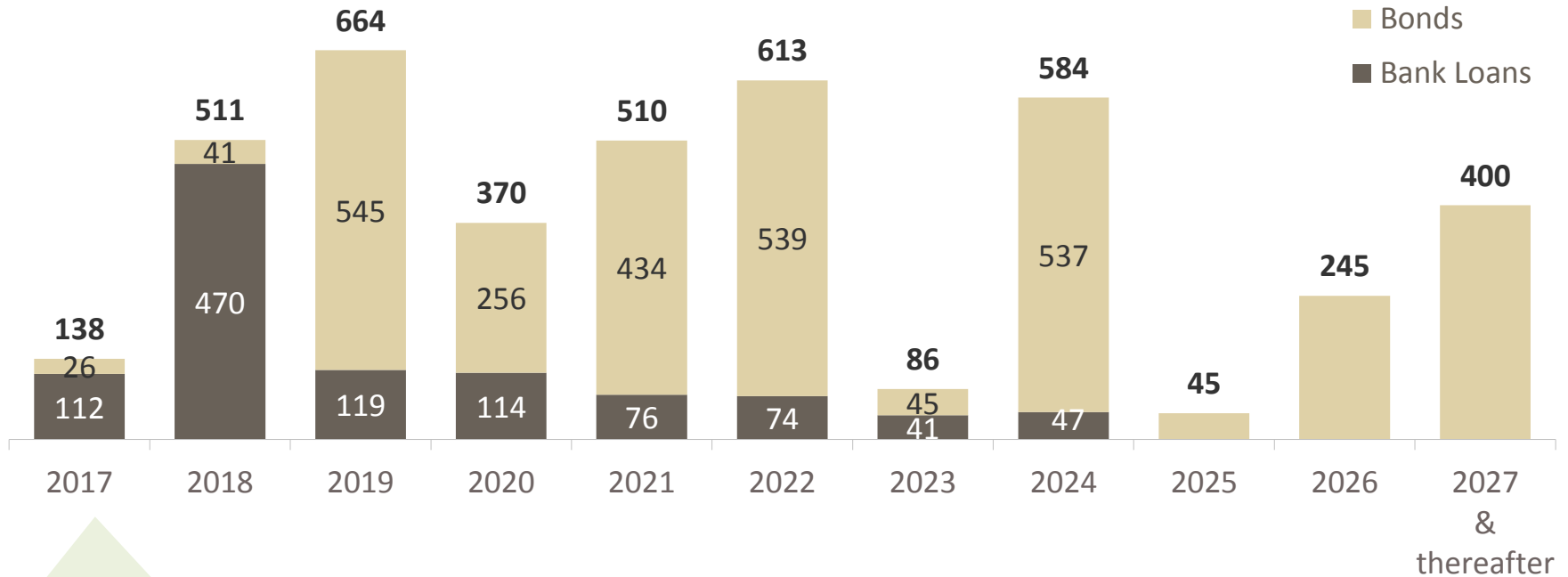
- ▶ **Total financial debt** decreased 1.5% QoQ, mainly led by the payment of a U.S.\$ 125 million Yankee bond in Q3
- ▶ **Cash and cash equivalents** decreased 5.3% QoQ
- ▶ **LTM Adjusted EBITDA** increased 11.3% QoQ
- ▶ **QoQ Net Leverage** decreased from 3.3x to 2.9x

Short term financial debt	629
Long term financial debt	3,535
TOTAL FINANCIAL DEBT	4,165
Cash and cash equivalents	486
NET FINANCIAL DEBT	3,679

DEBT

In U.S.\$ million

As of September 2017



Bank obligations for the remainder of 2017 include:

- ▶ U.S.\$ 54.0 million in Montes del Plata
- ▶ U.S.\$ 15.1 million in Arauco Argentina
- ▶ U.S.\$ 30.0 million of a pre-export loan
- ▶ U.S.\$ 10.1 million of guaranteed leaseings
- ▶ U.S.\$ 2.1 million in Brazilian subsidiaries

Bond obligations for the remainder of 2017 include:

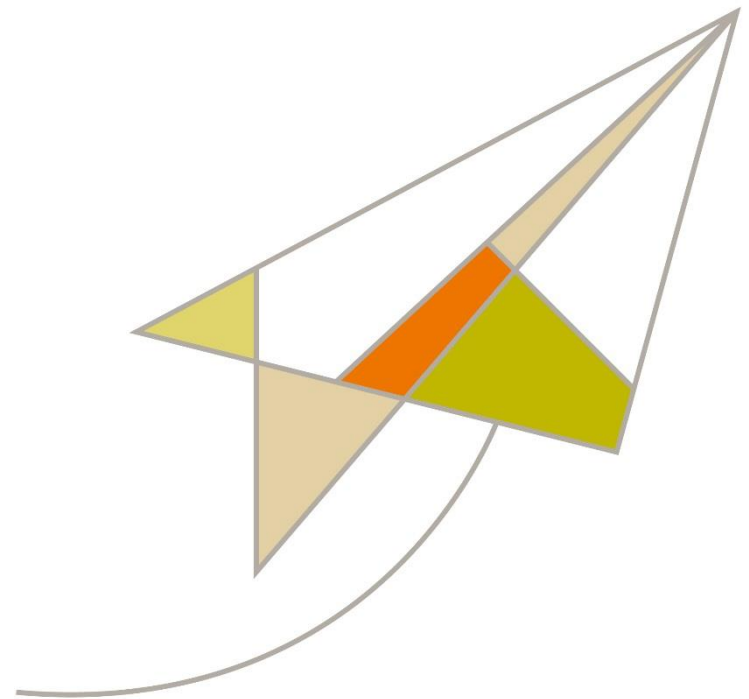
- ▶ U.S.\$ 10.5 million in amortization of local bond

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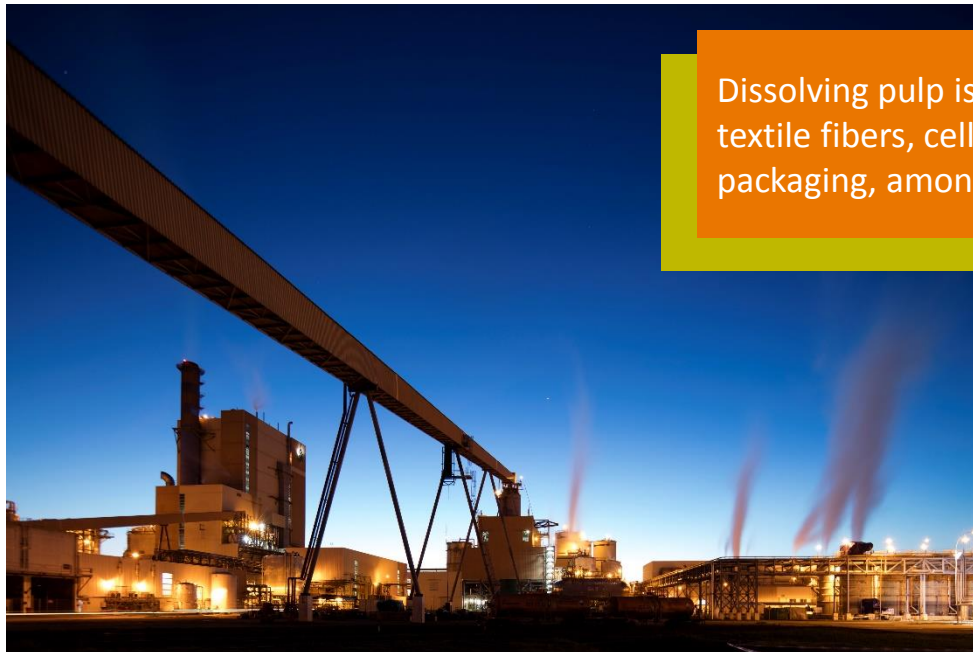
arauco



- ▶ On August 31, Arauco changed its corporate image
- ▶ Visual images expresses greater closeness and differentiation in a simple and global language
- ▶ New image aims to express the evolution we've experienced in over 40 years in Chile and the world, by means of the concept "Renewables for a better life"

Dissolving Pulp Project approved by Board of Directors

- ▶ In September 2017, the Board of Directors approved the Dissolving Pulp Project
- ▶ Total estimated CAPEX approximately U.S.\$ 185 million, and start-up expected during latter of 2019
- ▶ New equipment includes two new digesters with the purpose of optimizing the pulp production level, a new discharge pond for the pulp, among others
- ▶ Project allows Arauco to continue diversifying its product portfolio
- ▶ Valdivia Mill will be able to switch from paper grade to dissolving pulp



Dissolving pulp is used to produce rayon, textile fibers, cellophane, and flexible packaging, among others.

Arauco to acquire Masisa's subsidiary in Brazil

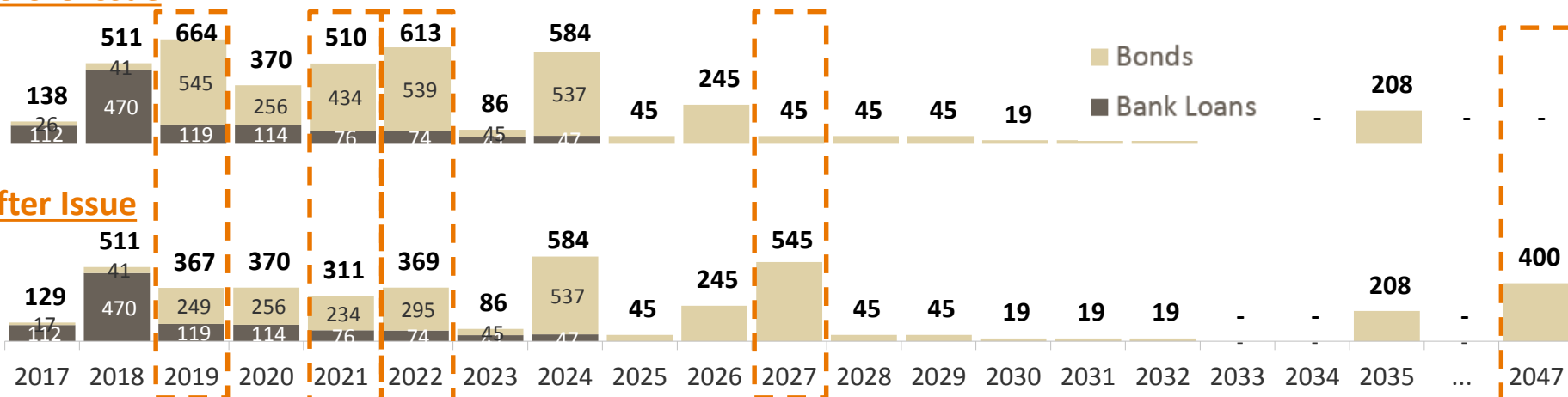
- ▶ In September 2017, Arauco's subsidiary Arauco do Brasil agreed to acquire Masisa do Brasil Ltda.
- ▶ Transaction price for approximately U.S.\$ 102.8 million, with final disbursement amounting to U.S.\$ 58.1 million
- ▶ Main assets consist of two industrial complexes located in Ponta Grossa (Paraná) and Montenegro (Rio Grande do Sul) in Brazil
- ▶ Total installed capacity of 300,000 m³ of MDF, 500,000 m³ of MDP and 660,000 m³ of melamine capacity
- ▶ Once transaction is finalized, Arauco will have consolidated its position as the second largest player of panels in the world



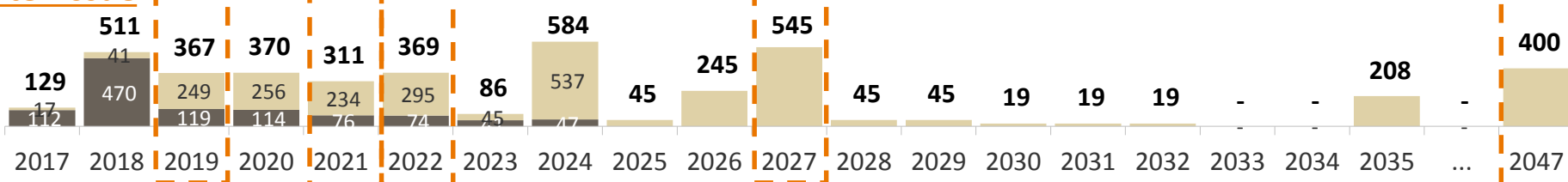
Arauco performed liability management in November 2017

- ▶ On November 2, Arauco issued two bonds for a total of U.S.\$ 900.0 million with the main purpose of partially repurchasing three of our outstanding Yankee bonds
- ▶ Total amount repurchased was U.S.\$ 741.1 million
- ▶ With this liability management, Arauco was able to extend the average life of its total debt from 4.9 years to 8.3 years

Before Issue



After Issue



-US\$297.2 MM

-US\$199.7 MM

-US\$244.1 MM

+US\$500.0 MM
Tenor 10Y
Coupon Rate 3.875%
YTM 4.063%

+US\$400.0 MM
Tenor 30Y
Coupon Rate 5.500%
YTM 5.520%

Total Tendered: US\$741.1 million

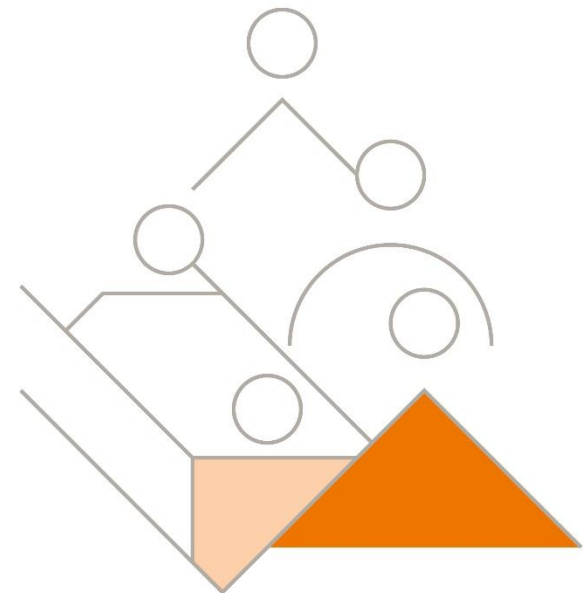
Total Issued: U.S.\$ 900.0 million

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INVESTOR RELATIONS

A replay of this conference call will be available in our web site and available for 7 days through the following numbers:

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Conference ID	10114351

FOR FURTHER INFORMATION, PLEASE CONTACT:

Marcelo Bennett

marcelo.bennett@arauco.cl

Phone: (562) 2461 7309

Fernanda Paz Vásquez

fernanda.vasquez@arauco.cl

Phone: (562) 2461 7494

investor_relations@arauco.cl

arauco

Visit www.arauco.cl for more information