arauco

Press Release

2Q 2019

Highlights

For more details on ARAUCO´s financial statements please visit www.cmfchile.cl or www.arauco.com

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REVENUES
US$1,351.6 million

ARAUCO's revenues reached US$1,351.6 million during the second quarter of 2019, a 2.6% decrease compared to the US$1,388.2 million obtained in the first quarter of 2019 and a 13.3% decrease compared to the same period of 2018.

NET INCOME
US$57.4 million

Net income reached US$57.4 million, a 54.5% or US$68.7 million decrease compared to the US$126.1 million obtained in the first quarter of 2019, and a 75.9% or US$180.8 million decrease compared to the same period of 2018.

ADJUSTED EBITDA
US$343.3 million

Adjusted EBITDA reached US$343.3 million, a 3.3% or US$11.6 million decrease compared to the US$354.9 million obtained during the first quarter of 2019, and a 36.2% or US$195.1 million decrease compared to the same period of 2018.

NET DEBT TO EBITDA
2.9x

Net Financial Debt / LTM Adjusted EBITDA ratio reached 2.9x in this quarter, an increase compared to 2.3x in the first quarter and to the 2.1x reached in the second quarter of 2018.

CAPEX
US$240.1 million

CAPEX reached US$240.1 million during this quarter, 39.2% lower than the previous quarter.

Overview

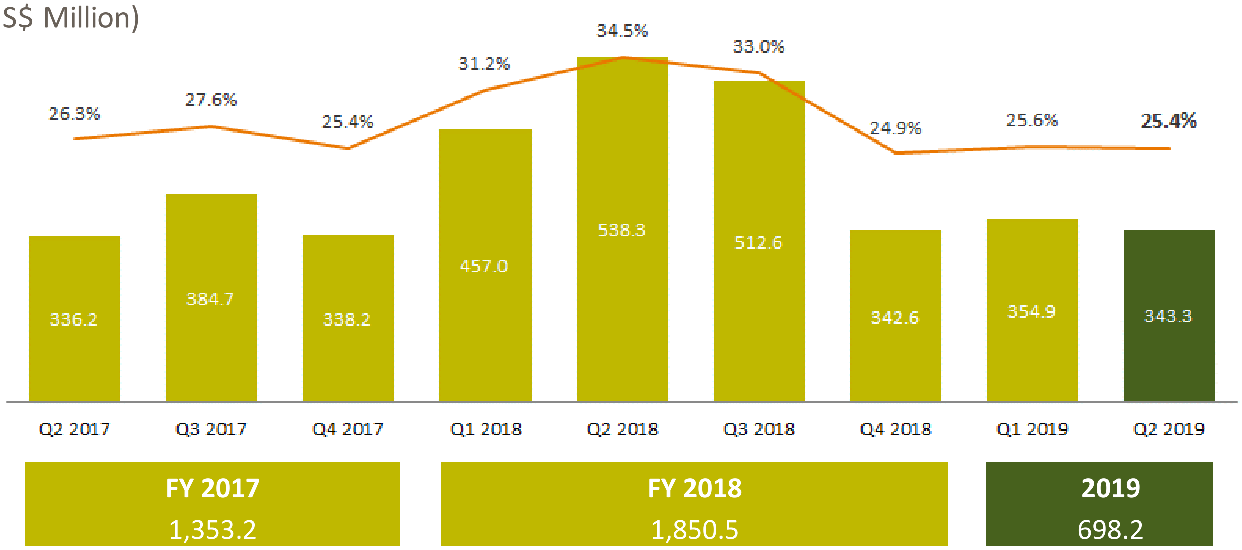
ARAUCO´s second quarter 2019 net income was US$57.4 million, which translates to a US$68.7 million decrease compared to the first quarter 2019, explained by the downward trend in pulp prices through the first half of the year in both hardwood and softwood pulp. Even though our net income decreased by 54.5%, our Adjusted EBITDA was only 3.3% lower than the first quarter, reaching US$343.3 million. Our Adjusted EBITDA margin was 25.4%, remaining almost the same compared to the first quarter.

During the second quarter, pulp market was affected by the consequences of the unresolved trade war between China and the US, lower demand and higher inventories levels. On the other hand, Wood products market was stable, even though the oversupply of some products resulted in lower prices.

Our Net Debt/LTM EBITDA ended up in 2.9x, higher than the 2.3x reached in the first quarter of 2019.

In US$ Million	Q2 2019	Q1 2019	Q2 2018	*QoQ*	YoY	YTD 2019	YTD 2018	YoY Acum
Revenue	1,351.6	1,388.2	1,559.3	***-2.6%***	*-13.3%*	2,739.8	3,024.0	*-9.4%*
Net income	57.4	126.1	238.2	***-54.5%***	*-75.9%*	183.5	435.9	*-57.9%*
Adjusted EBITDA (*)	343.3	354.9	538.3	***-3.3%***	*-36.2%*	698.2	995.3	*-29.9%*
Adjusted EBITDA Margin	25.4%	25.6%	34.5%	***-0.6%***	*-26.4%*	25.5%	32.9%	*-22.6%*
LTM Adj. EBITDA	1,553.4	1,748.4	1,718.2	***-11.2%***	*-9.6%*	1,553.4	1,718.2	*-9.6%*
CAPEX	240.1	394.6	202.2	***-39.2%***	*18.7%*	634.7	385.4	*64.7%*
Net Financial Debt	4,513.1	4,017.8	3,643.0	***12.3%***	*23.9%*	4,513.1	3,643.0	*23.9%*
Net Financial Debt / LTM Adj. EBITDA	2.9x	2.3x	2.1x	***26.4%***	*37.0%*	2.9x	2.1x	*37.0%*

Adjusted EBITDA and EBITDA Margin
(in US$ Million)



Income Statement

Net income decreased by 54.4% in the second quarter of 2019 reaching US$57.4 million. This was influenced by lower revenues from the pulp business and higher Cost of sales associated mainly to the start-up of Grayling and higher forestry labor costs. Additionally, we had higher Financial Costs and Exchange rate losses. This was partially offset by higher Other income during the second quarter, due to the sale of our shares in *Puertos y Logística S.A.*

In US$ Million	Q2 2019	Q1 2019	*QoQ*
Revenues	1,351.6	1,388.2	*-2.6%*
Cost of sales	(966.0)	(939.9)	*2.8%*
Distribution costs	(143.3)	(144.9)	*-1.1%*
Administrative expenses	(146.2)	(141.3)	*3.5%*
Other income	86.4	45.5	*89.8%*
Other expenses	(27.7)	(22.3)	*24.1%*
Financial income	8.1	6.7	*20.1%*
Financial costs	(69.5)	(57.4)	*21.2%*
Share of profit (loss) of associates and joint ventures accounted for using equity method	5.3	4.4	*21.3%*
Exchange rate differences	(9.3)	2.1	*-539.4%*
Income before income tax	**89.3**	**141.2**	***-36.8%***
Income tax	(31.9)	(15.1)	*111.0%*
Net income	**57.4**	**126.1**	***-54.4%***

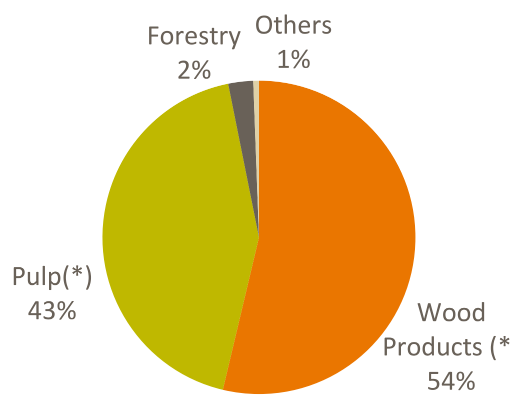
Revenues

Reached US$1,351.6 million in the second quarter, remaining more or less stable when compare to the previous quarter (2.6% lower). This slight decrease was mainly explained by lower pulp prices, which was offset by higher wood products sales that showed a 4% increase compared to the first quarter.

The following table shows a revenue's breakdown by business segment:

In US$ Million	Q2 2019	Q1 2019	*QoQ*
Pulp(*)	583.0	652.2	*-10.6%*
Wood Products(*)	725.9	697.8	*4.0%*
Forestry	34.7	30.7	*12.9%*
Others	7.9	7.4	*6.4%*
Total	**1,351.6**	**1,388.2**	***-2.6%***

2Q 2019 Revenue's breakdown



(*) Pulp and Wood division sales include energy

Cost of sales

Increased by 2.8% or US$26.1 million compared to the previous quarter, which is mainly explained by (i) higher Timber costs associated to Grayling start-up and higher pulp production; and (ii) higher Forestry Labor Costs including mainly roads investments and transportation costs. This was offset by lower Maintenance costs.

In US$ Million	Q2 2019	Q1 2019	*QoQ*
Timber	211.2	184.2	*14.7%*
Forestry labor costs	147.5	133.0	*10.9%*
Depreciation and amortization	101.5	96.6	*5.0%*
Depreciation for right of use	17.9	18.5	*-3.2%*
Maintenance costs	65.4	74.0	*-11.7%*
Chemical costs	137.6	141.2	*-2.6%*
Sawmill services	39.7	36.5	*8.7%*
Other raw materials and indirect costs	89.4	99.2	*-7.9%*
Energy and fuel	51.2	54.5	*-6.1%*
Cost of electricity	9.5	8.8	*8.3%*
Wage, salaries and severance indemnities	95.1	95.2	*-0.1%*
Cost of Sales	**966.0**	**941.9**	***2.8%***

Administrative expenses

Increased by 3.5% or US$4.9 million compared to the previous quarter, mainly due to higher Computer services expenses associated to software licenses, and higher Wages, salaries and severance indemnities. This was offset by Lease rentals decrease, explained by lower payments during this quarter (associated to IFRS 16).

In US$ Million	Q2 2019	Q1 2019	*QoQ*
Wages, salaries and severance indemnities	62.6	59.3	*5.5%*
Marketing, advertising, promotion and publications expenses	4.7	6.6	*-29.3%*
Insurance	4.6	4.9	*-6.5%*
Depreciation and amortization	6.7	7.0	*-4.2%*
Depreciation for the right of use	1.2	2.1	*-45.8%*
Computer services	11.6	8.0	*45.1%*
Lease rentals (offices, warehouses and machinery)	0.8	3.8	*-79.0%*
Donations, contributions, scholarships	2.5	3.4	*-27.5%*
Fees (legal and technical advisories)	12.5	10.8	*15.5%*
Property taxes, patents and municipality rights	5.0	4.0	*25.3%*
Other administration expenses	34.0	31.2	*9.1%*
Administrative Expenses	**146.2**	**141.3**	***3.5%***

Distribution costs

Decreased marginally by 1.1% or US$1.6 million compared to the last quarter, explained by a decrease in Freight costs because of lower pulp export volumes and lower average freight rates. All this was offset by a slight increase in Port services.

In US$ Million	Q2 2019	Q1 2019	*QoQ*
Commissions	3.2	3.4	*-4.7%*
Insurance	1.3	0.9	*44.5%*
Other selling costs	5.9	5.4	*9.8%*
Port services	8.6	7.7	*12.0%*
Freights	114.6	119.2	*-3.9%*
Depreciation for the right of use	0.9	-	
Other shipping and freight costs	8.7	8.3	*4.6%*
Distribution Costs	**143.3**	**144.9**	***-1.1%***

Other income

Rose by 89.9% or US$40.9 million this quarter, explained by the sale of *Puertos y Logística S.A.* shares in the first quarter.

In US$ Million	Q2 2019	Q1 2019	*QoQ*
Gain from changes in fair value of biological assets	37.4	37.0	*1.2%*
Net income from insurance compensation	0.4	0.7	*-37.0%*
Leases received	0.7	0.6	*11.9%*
Gains on sales of assets	5.1	4.2	*19.2%*
Gain on sales of associates	40.8	-	
Other operating results	1.9	3.0	*-35.3%*
Other Income	**86.4**	**45.5**	***89.8%***

Other expenses

Increased by US$5.4 million, mainly due to higher Provision for Forestry fire losses associated to the 2019 forest fires season and higher Impairment provision for property, plant and equipment in the Constitución, Valdivia and Licancel mill. This was offset by a decrease in Project expenses associated to the Grayling mill start-up.

In US$ Million	Q2 2019	Q1 2019	*QoQ*
Legal payments	1.9	1.3	*41.0%*
Impairment provision property, plant and equipment and others	6.2	2.6	*135.0%*
Plant stoppage operating expenses	0.6	3.7	*-83.5%*
Project expenses	1.7	7.3	*-76.2%*
Loss (gain) from asset sales	3.0	1.4	*111.3%*
Provision for forestry fire losses	6.2	-	
Other taxes	4.1	3.7	*8.4%*
Research and development expenses	1.1	0.6	*82.6%*
Other expenses (donations, repayments insurance)	3.0	1.6	*88.1%*
Other expenses	**27.7**	**22.3**	***24.1%***

Foreign exchange differences

Showed a loss of US$9.3 million, a US$11.5 million difference when compared to the first quarter that ended at US$2.1 million gain.

During the second quarter, the average Chilean peso against the US dollar depreciated by 2.4% compared to the previous quarter. Additionally, the average of the Argentine peso depreciated by 12.4% against the US dollar compared to the last quarter.

These currency variations affected our cash and cash equivalents as measured in US dollar.

Income tax expenses

For the second quarter, income tax expenses reached US$31.9 million, US$16.8 million higher than the US$15.5 million paid in the first quarter, mainly due to the tax associated to *Puertos y Logística S.A.* shares sale.

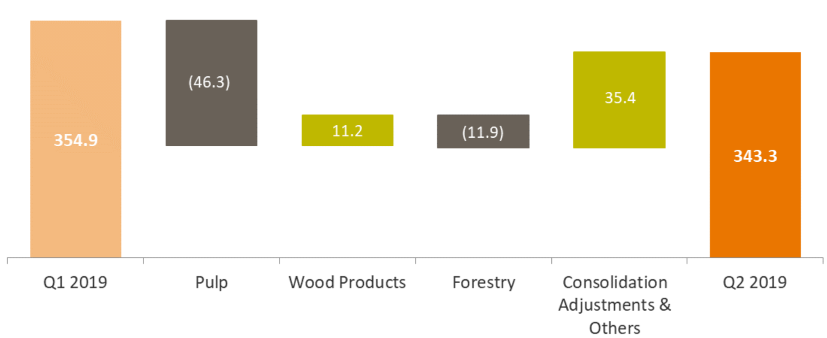
Adjusted Ebitda

Adjusted EBITDA for the second quarter of 2019 was US$343.3 million. In terms of Adjusted EBITDA by business, the most significant variation was in our Pulp division, with a 18.8% decrease compared to the first quarter. This was offset by an increase in our Wood Products division, associated to better sales volume. Additionally, Consolidation Adjustments and Other's Adjusted EBITDA increased by US$35.4 million mainly due to accounting gain in the *Puertos y Logística S.A.* transaction in the second quarter.

In US$ Million	Q2 2019	Q1 2019	Q2 2018	QoQ	YoY
Net Income	57.4	126.1	238.2	*-54.5%*	*-75.9%*
Financial costs	69.5	57.4	51.4	*21.2%*	*35.3%*
Financial income	(8.1)	(6.7)	(2.6)	*20.1%*	*216.0%*
Income tax	31.9	15.1	72.9	*111.0%*	*-56.3%*
EBIT	**150.7**	**191.8**	**359.9**	***-21.4%***	***-58.1%***
Depreciation & amortization	128.7	124.7	104.4	*3.2%*	*23.2%*
EBITDA	**279.4**	**316.5**	**464.4**	***-11.7%***	***-39.8%***
Fair value cost of timber harvested	79.6	74.8	77.0	*6.3%*	*3.4%*
Gain from changes in fair value of biological assets	(37.4)	(37.0)	(22.3)	*1.2%*	*67.8%*
Exchange rate differences	9.3	(2.1)	17.3	*-539.4%*	*-45.9%*
Others (*)	12.4	2.6	2.0	*371.4%*	*511.9%*
Adjusted EBITDA	**343.3**	**354.9**	**538.3**	***-3.3%***	***-36.2%***

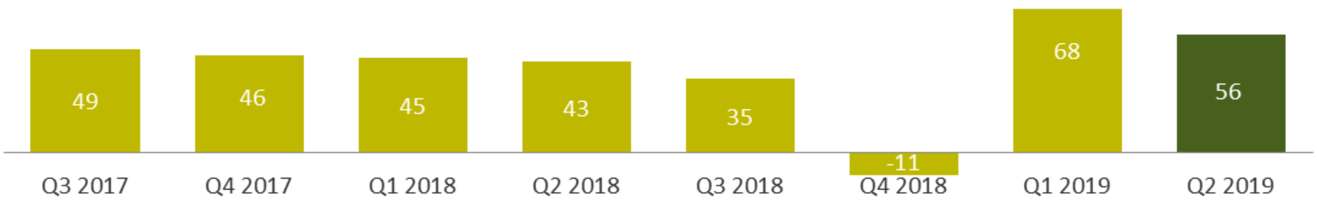
(*) Includes provision from property, plants and equipment, and others

Adjusted EBITDA variation by business segment (in US$ million)



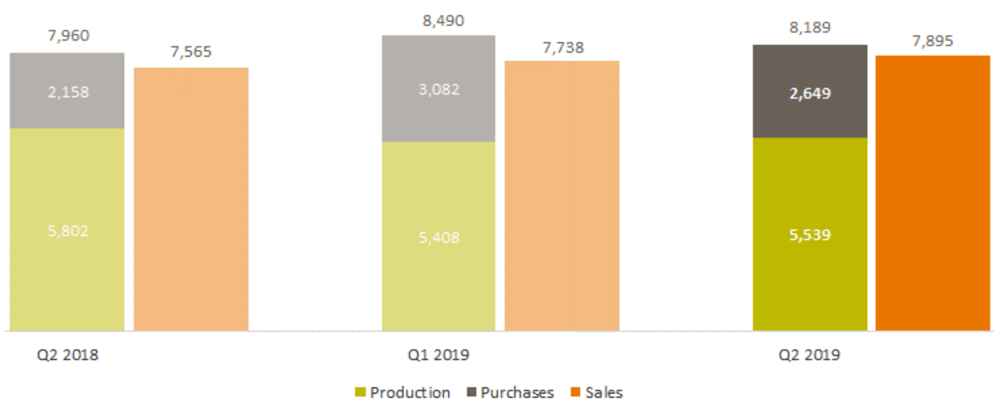
Forestry Business

The Adjusted EBITDA for our forestry business was US$56.2 million for the second quarter, which translates to a US$12.0 million decrease compared to the previous quarter.



The production during the second quarter was 5.5 million m^3, 2.4% up compared to the first quarter. On the other hand, sales volume reached 7.9 million m^3, reflecting no significant variation compared to the last quarter.

Production, purchase and sales volume (in thousand m^3)



Pulp Business

In the second quarter of the 2019, pulp revenues were 11% lower, explained by decreases of 9% in volumes and 2% in prices.

The market scenario continued deteriorating due to a lower demand and high inventory levels, deepening the downward trend in pulp prices. The stability that was seen by the end of the first quarter, did not remain in this period. The uncertainty on the macro economic situation, largely because of the China-US trade war, impacted negatively on the paper and packaging demand and therefore on pulp demand.

Global Pulp Demand variation YTD Last 5 months		
North America	△	11.1%
West Europe	▽	-11.6%
China	▽	-4.0%
Others	▽	-2.1%
Total	▽	**-3.6%**

Source: World-20 Bleached Chemical Pulp Demand. Hawkins Wright Report

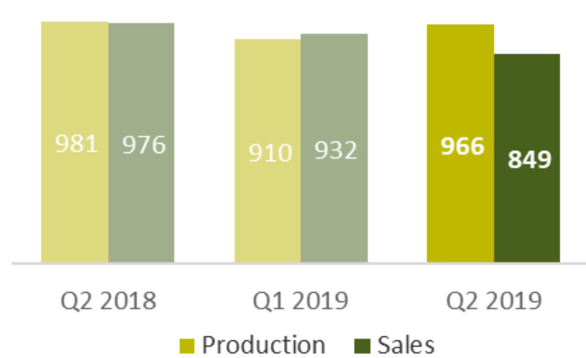
Asian markets, especially China, had the most relevant prices decreases because of historically high inventory levels concentrated in some producers.

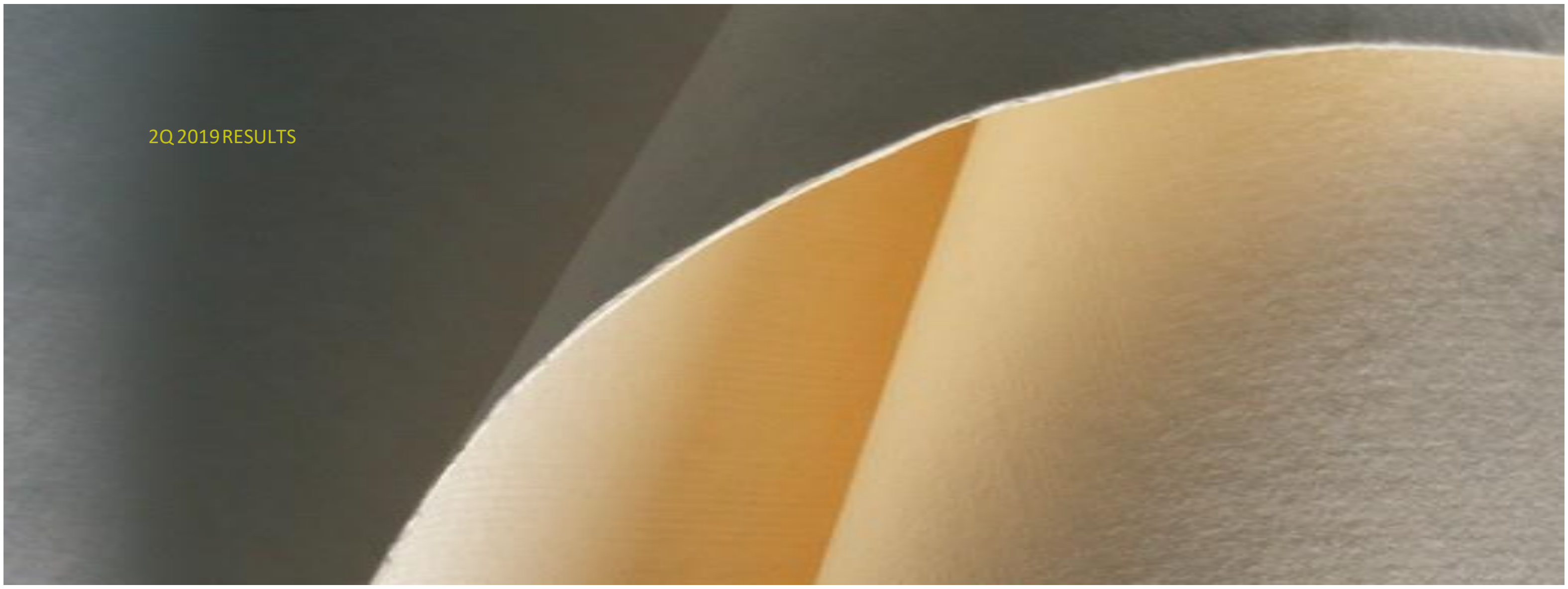
In Europe, prices were also down compared to the first quarter, even though in lesser magnitude than the deterioration in Asia, but still significant and coupled with a slow demand in many regions.

On the supply side, as happened in the first quarter, we didn't have unexpected events that could limit pulp production, such us weather problems, strikes or unexpected plant stoppages.

Our production, during the second quarter, was higher than the last quarter by 6.1% and slightly lower when compared to the same period of 2018 due to some programmed maintenance stoppages in this quarter.

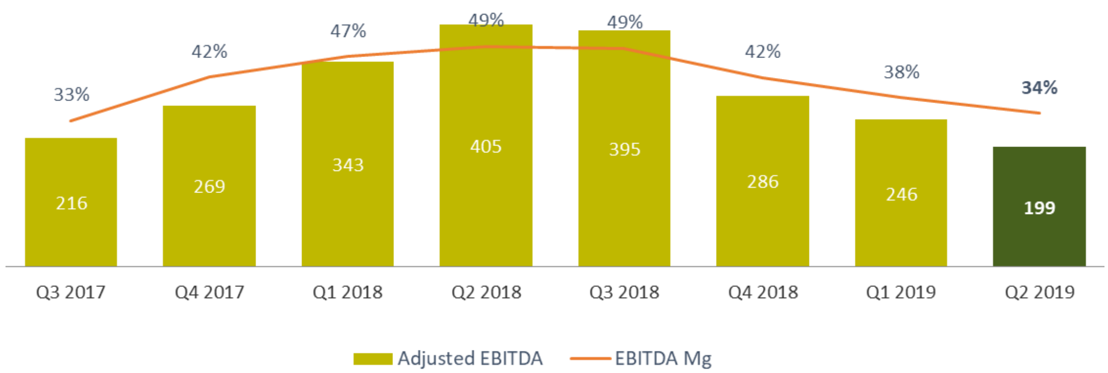
Production and Sales Volume (In thousand AdT.)





The Adjusted EBITDA for our pulp business reached US$199.5 million during this quarter, which translates to a 18.8% or US$46.3 million decrease compared to the first quarter 2019.

Pulp EBITDA Mg reached 34%, 4% down the last quarter.



Scheduled maintenance stoppages for 2019

	2019			
Mill	1Q	2Q	3Q	4Q
Arauco mill – Line 1				
Arauco mill – Line 2				
Constitución mill				
Licancel mill				
Nueva Aldea mill				
Valdivia mill				
Alto Paraná mill				
Montes del Plata mill				

Wood Product Business

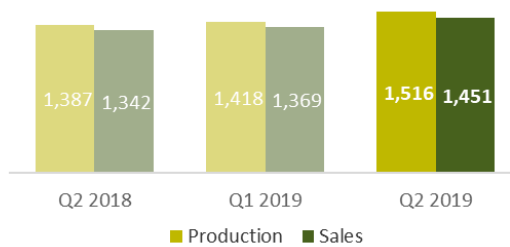
Composite panels

Sales increased compared to the previous quarter, with sales volume going up 6.0% (including MDF and PBO), which was slightly offset by a 0.3% average price decrease.

The Latin American market remained balanced, even though it was affected by a slow economic growth and in a lower level, by some oversupply coming from Brazil. In this country, markets were complicated during the second quarter of the year due to MDF supply growth and a sluggish local economy. In Argentina, we had a more stable quarter compared to the beginning of the year, with less fluctuations in the exchange rate. However, political uncertainties may affect the whole market down the road.

In the US and Canada, the shutdown of three plants of a relevant competitor resulted in better sales conditions for PB during the second quarter. Regarding MDF, supply and demand were balanced, and market outlook will depend on the general economy.

Production and Sales Volume: Panels (1) (2)
(In thousand m^3)

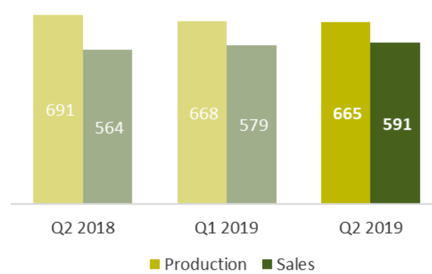


Sawn timber

Second quarter results still don't reflect the effects of the US-China trade war in prices and volumes. Lower dynamism in the markets and higher sawn timber supply, especially from Brazil, Canada and Europe are affecting demand, prices and volumes.

In remanufacturing wood products, we had higher demand than supply in some products, resulting in better prices. In general, sales were very stable, driven by a healthy demand in the US and lower supply from foreign competitors (higher duties to Chinese imports).

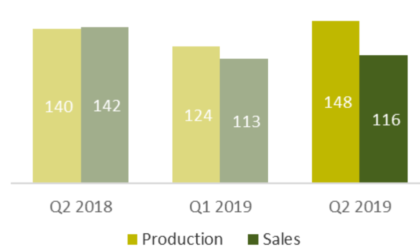
Production and Sales Volume: Sawn Timber (3)
(In thousand m^3)



Plywood

Plywood market faced the same challenging scenario as Sawn timber, with most of the markets showing a lower demand, except North America. This demand situation, the oversupply coming from Brazil, Chile and China and the strong competition of substitute products such as MDF and OSB (Oriented Stranded Boards), affected volumes and prices.

Production and Sales Volume: Plywood
(In thousand m^3)



(1) From the first quarter 2019 on, we have included our new Mexican mills panels production and sales, which consider PB and MDF products.

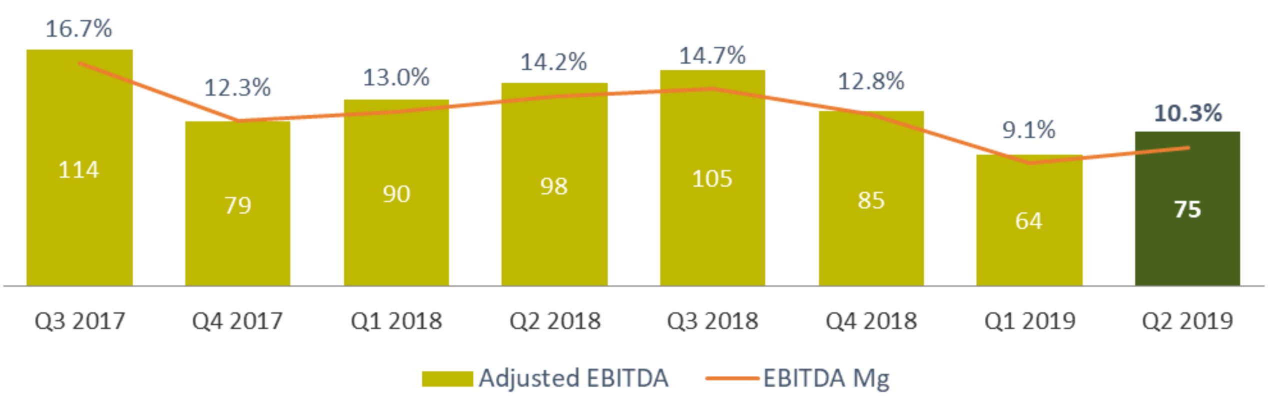
(2) It also includes HB and OSB.

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

Note: Sales include trading

Adjusted EBITDA for our wood products business reached US$74.9 million during the second quarter of 2019, which means a 17.7% or US$11.2 million increase, compared to the first quarter.

Wood products EBITDA Mg was 10.3%, higher than the 9.1% reached in the first quarter.



Capital Expenditures

During the second quarter, capital expenditures reached US$240.1 million, 39.2% lower than the last quarter. This is explained by a significant positive Cash flow associated to the *Puertos y Logística S.A.* shares sale for US$102.0 million (Cash flow used to obtain control of subsidiaries or other businesses).This same line was 151 million negative last quarter due to the Masisa Mexico acquisition. This was offset by higher Purchase and sale of property, plant and equipment explained mainly by MAPA project investments.

US$ Million	Q2 2019	Q1 2019	Q2 2018	YTD 2019	YTD 2018
Cash flow used to obtain control of subsidiaries or other businesses	(102.5)	150.8	0.6	48.8	16.6
Cash flow used to purchase in associates	-	0.5	0.7	0.5	0.7
Purchase and sale of property, plant and equipment	277.8	165.9	152.4	443.6	249.2
Purchase and sale of intangible assets	5.2	3.6	0.2	8.8	0.5
Purchase of other long-term assets	59.2	73.9	48.2	133.1	118.5
Total CAPEX	**240.1**	**394.6**	**202.2**	**634.7**	**385.4**

The main expenditures during the quarter are detailed below:

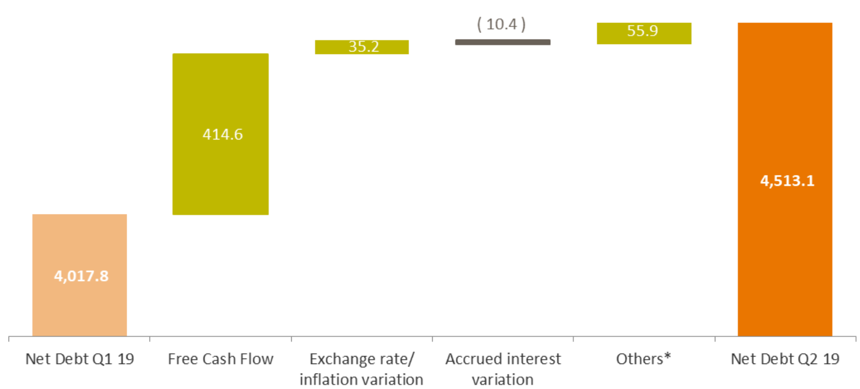
- MAPA Project: US$146.1 million
- Dissolving Pulp Project: US$ 30.5 million

Free Cash Flow

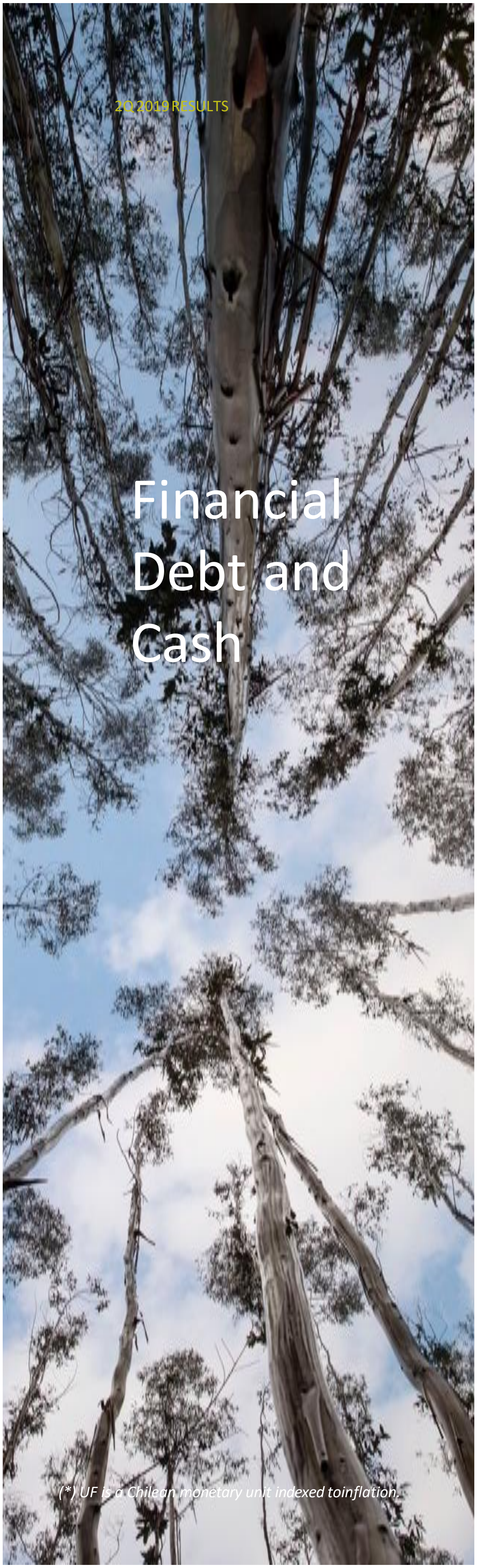
During the second quarter, Free Cash Flow decreased by US$160.9 million compared to the first quarter of 2019, ending up in a deficit of US$414.6 million. Cash provided by operating activities fell by US$128.5 million mainly due to the annual tax payment. Cash used by investment activities decreased significantly by US$146.6 million compared to the last quarter, which is mainly explained by lower capex. On the other hand, cash used by financing activities during this quarter reached US$187.3 million, associated to the dividends paid in May 2019.

US$ Million	Q2 2019	Q1 2019	Q2 2018
Adjusted EBITDA	343.3	354.9	538.3
Working Capital Variation	(27.6)	(70.9)	(15.5)
Interest paid and received	(55.9)	(43.3)	(40.8)
Income tax paid	(210.0)	(12.6)	5.8
Other cash inflows (outflows)	(47.9)	(97.9)	(92.2)
Cash from Operations	**1.8**	**130.3**	**395.7**
Capex	(240.1)	(394.6)	(202.2)
Proceeds from investment activities	3.2	5.5	3.6
Other inflows of cash, net	0.7	6.2	0.6
Cash from (used in) Investment Activities	**(236.3)**	**(382.9)**	**(198.0)**
Dividends paid	(182.1)	-	(113.8)
Other inflows of cash, net	(5.2)	(0.3)	(0.8)
Cash from (used in) Financing Activities - Net of Proceeds and Repayments	**(187.3)**	**(0.3)**	**(114.6)**
Effect of exchange rate changes on cash and cash equivalents	7.3	(0.7)	(21.4)
Free Cash Flow	**(414.6)**	**(253.7)**	**61.6**

Net Debt Variation Q2 2019 - Q1 2019 (in US$ million)



(*) The total amount corresponds to leasing variation.



Financial Debt and Cash

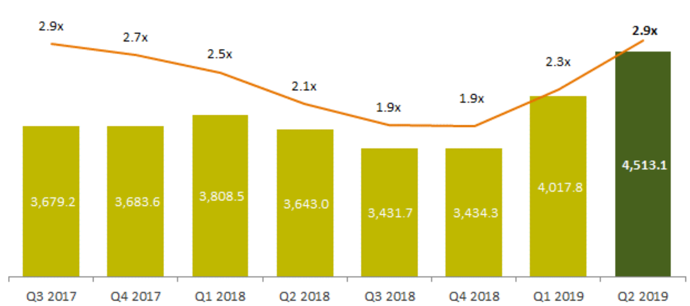
ARAUCO 's total financial debt as of June 30, 2019 reached US$5,764.0 million, an increase of 21.0% or US$998.4 million compared to the end of March 2019.

Our consolidated net financial debt increased 12.3% or US$495.3 million when compared with March 2019, the increase in the long-term debt was mainly the net effect between the issuance of two new bonds in April 2019 of US$500 million each and the repurchase of two bonds (US$ 98.4 million in total). Cash and cash equivalents increased by US$503.1 million.

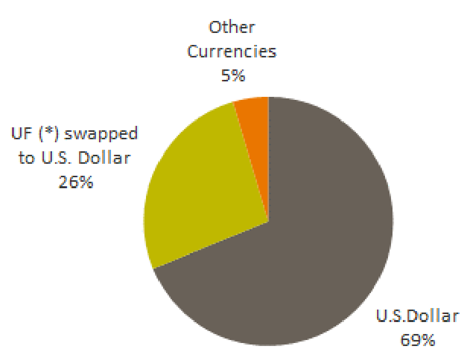
Our leverage, measured as Net Financial Debt/LTM Adjusted EBITDA was 2.9x, an increase compared to the 2.3x in the last quarter.

In US$ Million	June 2019	March 2019	June 2018
Short term financial debt	560.2	576.2	496.2
Long term financial debt	5,203.8	4,189.3	3,718.6
TOTAL FINANCIAL DEBT	**5,764.0**	**4,765.5**	**4,214.9**
Cash and cash equivalents	1,250.9	747.8	571.8
NET FINANCIAL DEBT	**4,513.1**	**4,017.8**	**3,643.0**
LTM Adjusted EBITDA	**1,553.4**	**1,748.2**	**1,718.2**

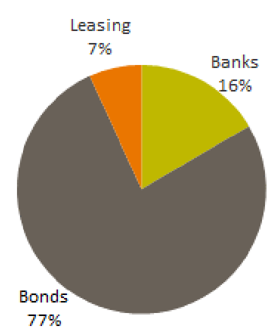
Net Financial Debt and Leverage (In US$ Million)



Debt by Currency



Debt by Instrument

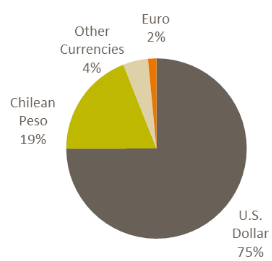


(*) UF is a Chilean monetary unit indexed toinflation.

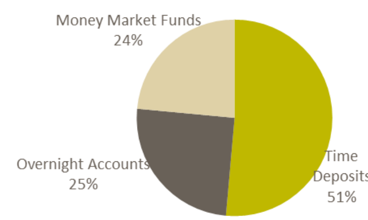
Cash

Our cash position was US$1,250.9 million at the end of the second quarter, which translates to US$503.1 million or 67.3% higher compared to the end of the last quarter. Cash provided from operating activities decreased by US128.5 million, mainly due to the Income tax payments for US$210.0 million and higher payments to suppliers, offset by an increase in Receipts from sales of goods. Cash used in investing activities decreased by 38.3% explained by lower capital expenditures incurred during the second quarter. On the other hand, cash used by financing activities reached US$730.4 million because of the Proceeds from borrowings, partially offset by Dividends paid.

Cash by Currency



Cash by Instrument

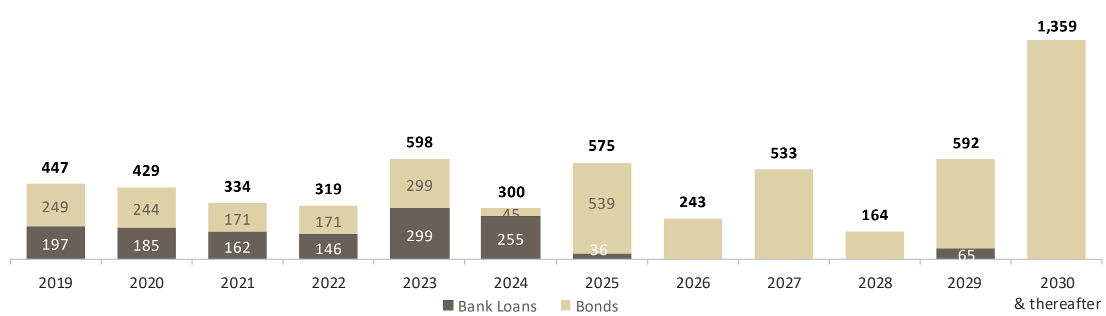


Financial Debt Profile

For the second half of 2019, bank and bonds obligations (which include accrued interest) sum up US$446.5 million. Bank obligations include the following maturities: US$136.2 million loans in Montes del Plata, US$43.8 million of leasing, US$10.1 million of credit loans in Argentina, US$2.6 million in our Brazilian subsidiaries, US$2.3 million from our United States subsidiaries and US$2.0 million in Chile. Bond obligations include the maturity of US$169.6 million Yankee Bond in July 2019. Additionally, 2019 bond obligations include the amortizations of two local bonds BARAU-F and BARAU-Q by US$13.0 million and MUS$10.2 million, respectively.

Regarding new debt, on April 30 we issued 2 bonds in the international market: (i) US$500 million principal amount of 4.25% Notes due 2029 and (ii) US$500 million principal amount of 5.5% Notes due 2049. The use of proceeds of these issuances were for (i) part of MAPA financing, (ii) liability management and (iii) other general corporate purposes.

Debt Amortization Profile as of June 30, 2019 (In US$ Million)



Short term debt includes accrued interests

Dissolving Pulp Project *update*

The Dissolving Pulp Project had a 85% advance as of July 2019.

The start-up is expected by the end of 2019. The investment for this brownfield project is approximately US$195 million.

MAPA project *update*

MAPA Project progress goes as expected with a 13% accumulated advance.

The earthmoving works continue on schedule and in July 2019 civil and electromechanical works started.

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 shutdown.

UPCOMING EVENTS

CONFERENCE CALL

Aug. 27, 2019
10:00 Santiago Time
10:00 Eastern Time (New York)

Dial in:
+1 (844) 450 3845 from USA
+1 (412) 317 6368 from other countries
Conference ID: Arauco

For further information, please contact:

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María José Ulloa, Investor Relations
maria.ulloa@arauco.cl
Phone: (562) 2461 7494
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Financial Statements

Income Statement

In US$ Million	Q2 2019	Q1 2019	Q2 2018	1H 2019	1H 2018
Revenues	1,351.6	1,388.2	1,559.3	2,739.8	3,024.0
Cost of sales	(966.0)	(939.9)	(936.5)	(1,905.9)	(1,858.1)
Gross profit	**385.6**	**448.3**	**622.9**	**833.9**	**1,165.9**
Other income	86.4	45.5	29.2	132.0	66.5
Distribution costs	(143.3)	(144.9)	(135.3)	(288.2)	(267.7)
Administrative expenses	(146.2)	(141.3)	(140.9)	(287.5)	(282.5)
Other expenses	(27.7)	(22.3)	(16.8)	(50.0)	(33.6)
Financial income	8.1	6.7	2.6	14.8	7.3
Financial costs	(69.5)	(57.4)	(51.4)	(126.9)	(103.1)
Share of profit (loss) of associates and joint ventures accounted for using equity method	5.3	4.4	18.2	9.7	24.0
Other income (loss)	0.0	0.0	0.0	0.0	0.0
Exchange rate differences	(9.3)	2.1	(17.3)	(7.2)	(16.2)
Income before income tax	**89.3**	**141.2**	**311.1**	**230.5**	**560.6**
Income tax	(31.9)	(15.1)	(72.9)	(47.0)	(124.7)
Net income	**57.4**	**126.1**	**238.2**	**183.5**	**435.9**
Profit attributable to parent company	57.3	125.8	238.4	183.2	436.2
Profit attributable to non-parent company	0.1	0.3	(0.2)	0.4	(0.3)

Balance Sheet

In US$ Million	30-06-2019	31-03-2019	30-06-2018
Cash and cash equivalents	1,250.9	747.8	571.8
Other financial current assets	1.0	1.3	2.4
Other current non-financial assets	192.9	223.1	182.2
Trade and other receivables-net	852.0	930.4	937.6
Related party receivables	4.4	5.0	6.3
Inventories	1,153.7	1,094.6	913.4
Biological assets, current	308.6	317.1	267.4
Tax assets	60.7	40.0	19.9
Non-Current Assets classified as held for sale	5.7	5.8	3.3
Total Current Assets	**3,829.9**	**3,365.0**	**2,904.3**
Other non-current financial assets	49.2	26.7	51.3
Other non-current and non-financial assets	114.2	88.5	141.3
Non-current receivables	11.3	12.0	18.3
Investments accounted through equity method	305.0	353.6	367.7
Intangible assets	96.7	95.1	86.8
Goodwill	66.3	65.8	65.9
Property, plant and equipment	7,810.2	7,651.3	6,950.7
Biological assets, non-current	3,374.6	3,366.2	3,422.5
Deferred tax assets	6.2	5.6	8.9
Total Non-Current Assets	**11,833.7**	**11,664.6**	**11,113.5**
TOTAL ASSETS	**15,663.6**	**15,029.6**	**14,017.8**
Other financial liabilities, current	544.4	577.0	497.7
Trade and other payables	696.7	741.0	572.4
Related party payables	8.1	11.3	10.8
Other provisions, current	1.3	1.3	2.0
Tax liabilities	7.2	162.3	80.9
Current provision for employee benefits	6.0	5.8	6.0
Other non-financial liabilities, current	118.3	279.8	222.3
Total Current Liabilities	**1,381.9**	**1,778.5**	**1,392.1**
Other non-current financial liabilities	5,191.2	4,244.6	3,729.7
Trade and Other payables non-current	2.6	2.2	0.0
Other provisions, non-current	34.1	33.7	32.9
Deferred tax liabilities	1,390.0	1,386.7	1,470.5
Non-current provision for employee benefits	69.0	67.5	69.1
Other non-financial liabilities, non-current	120.3	115.3	102.5
Total Non-Current Liabilities	**6,807.1**	**5,850.0**	**5,404.7**
Non-parent participation	37.7	37.3	37.4
Net equity attributable to parent company	**7,436.9**	**7,363.9**	**7,183.6**
TOTAL LIABILITIES AND EQUITY	**15,663.6**	**15,029.6**	**14,017.8**

Cash Flow Statement

US$ Million	Q2 2019	Q1 2019	Q2 2018	1H 2019	1H 2018
Receipts from sales of goods and rendering of services	1,549.4	1,377.2	1,616.6	2,926.5	2,924.2
Other cash receipts (payments)	52.0	64.4	54.5	116.4	82.9
Payments of suppliers and personnel (less)	(1,332.0)	(1,253.6)	(1,239.5)	(2,585.6)	(2,472.1)
Interest paid and received	(55.9)	(43.3)	(40.8)	(99.2)	(81.9)
Income tax paid	(210.0)	(12.6)	5.8	(222.7)	27.6
Other (outflows) inflows of cash, net	(1.7)	(1.8)	(0.9)	(3.5)	(1.5)
Net Cash Provided by (Used in) Operating Activities	**1.8**	**130.3**	**395.7**	**132.0**	**479.1**
Capital Expenditures	(240.1)	(394.6)	(202.2)	(634.7)	(385.4)
Other investment cash flows	3.8	11.7	4.2	15.5	9.2
Net Cash Provided by (Used in) Investing Activities	**(236.3)**	**(382.9)**	**(198.0)**	**(619.2)**	**(376.2)**
Proceeds from borrowings	1,058.9	(13.9)	188.0	1,045.0	284.5
Repayments of borrowings	(141.2)	(60.5)	(171.5)	(201.7)	(267.9)
Dividends paid	(182.1)	0.0	(113.8)	(182.1)	(114.4)
Other inflows of cash, net	(5.2)	(0.3)	(0.8)	(5.6)	(0.8)
Net Cash Provided by (Used in) Financing Activities	**730.4**	**(74.7)**	**(98.1)**	**655.6**	**(98.6)**
Total Cash Inflow (Outflow) of the Period	**495.8**	**(327.4)**	**99.6**	**168.4**	**4.3**
Effect of exchange rate changes on cash and cash equivalents	7.3	(0.7)	(21.4)	6.5	(22.3)
Cash and Cash equivalents at beginning of the period	747.8	1,075.9	493.7	1,075.9	589.9
Cash and Cash Equivalents at end of the Period	**1,250.9**	**747.8**	**571.8**	**1,250.9**	**571.8**

Accounting Policies: IFRS 16

IFRS 16 includes changes in ARAUCO's accounting as lessee, by requiring a similar treatment than that of financial leases for all the leases that are currently classified as operational with an effective term exceeding 12 months. This means, in general terms, that it will be necessary to acknowledge an asset that represents the right of use over the goods that are subject to operational leasing agreements as well as a liability, equal to the present value of the payments associated to the agreement. Regarding the effects over the results, the payment of monthly leases shall be replaced by the depreciation for the asset's right of use and the acknowledgement of a financial expense.

ARAUCO recognized leases retroactively with the cumulative effect of the initial application of the standard recognized as of January 1, 2019, consistently with all leases where it acts a lessee.

ARAUCO has chosen not to recognize a liability and an asset for right-of-use for low value leases or whose term of the contract is 12 months or less.