

**ARAUCO**

**Press Release**  
**4Q 2020**



# Highlights

For more details on ARAUCO's financial statements please visit [www.cmfchile.cl](http://www.cmfchile.cl) or [www.arauco.com](http://www.arauco.com)

*Readers are referred to the documents filed by ARAUCO with the United States Securities and Exchange Commission, specifically the most recent filing on Form 20-F that identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to ARAUCO on the date hereof and ARAUCO does not assume any obligation to update such statements. References herein to "U.S.\$" are to United States dollars. Discrepancies in any table between totals and sums of the amounts listed are due to rounding. This report is unaudited.*

## REVENUES

**US\$1,352.9 million**

ARAUCO's revenues reached US\$1,352.9 million during the fourth quarter of 2020, a 12.5% increase compared to the US\$1,202.0 million obtained during the third quarter of 2020 and a 12.5% increase compared to the fourth quarter of 2019.

## NET INCOME

**US\$74.9 million**

ARAUCO's net income was US\$74.9 million, equivalent to a US\$38.9 million increase when compared to the US\$36.0 million obtained during the third quarter of 2020, and a US\$166.9 million increase compared to the fourth quarter of 2019.

## ADJUSTED EBITDA

**US\$380.8 million**

Adjusted EBITDA reached US\$380.8 million, a 31.0% or US\$90.1 million increase compared to the US\$290.7 million obtained during the third quarter of 2020, and a 80.5% or US\$169.8 million increase compared to the same period of 2019.

## NET DEBT TO EBITDA

**4.8x**

Net Financial Debt increased by US\$227.5 million or 4.6% compared to the last quarter.

Net Financial Debt / LTM Adjusted EBITDA ratio reached 4.8x in this quarter, a decrease compared to 5.4x in the third quarter of 2020 and an increase compared to the 3.9x reached during the fourth quarter of 2019.

## CAPEX

**US\$456.9 million**

CAPEX reached US\$456.9 million during this quarter, stable when compared to the US\$453.9 million from the third quarter of 2020.

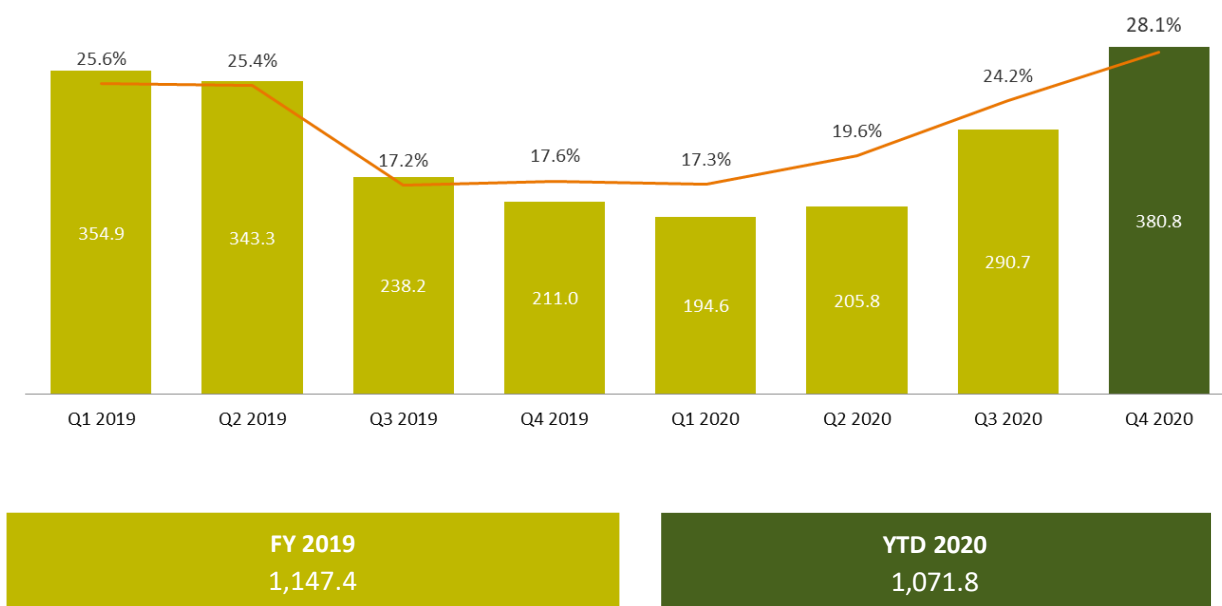
ARAUCO's net income for the fourth quarter 2020 was US\$74.9 million, an increase of US\$38.9 million compared to the third quarter of 2020. This is mainly explained by a significant 23.3% increase in revenues in our pulp segment, and also due to an increase in revenues coming from our wood products segment. Our Adjusted EBITDA was 31.0% higher than that of the third quarter, reaching US\$380.8 million. The Adjusted EBITDA margin increased from 24.2% to 28.1% on a quarterly basis.

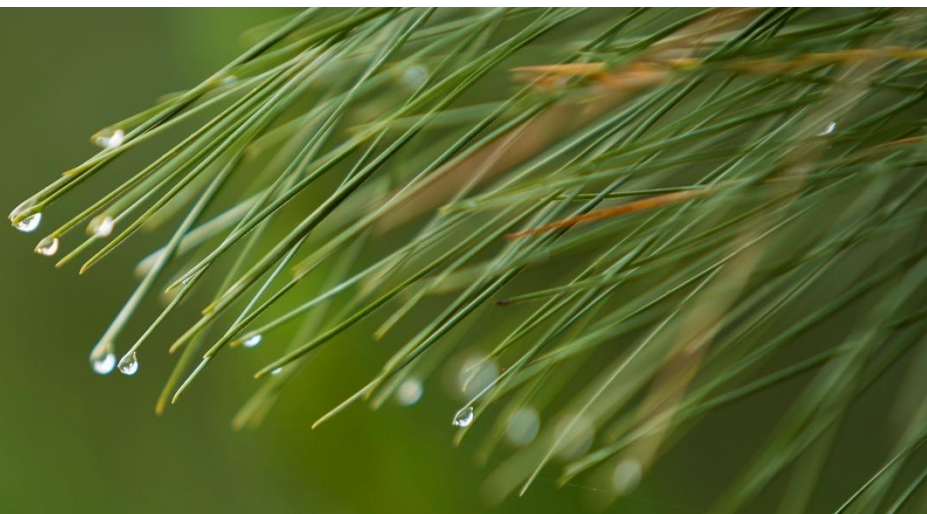
## Overview

Net Financial Debt increased by US\$227.5 million or 4.6% compared to the last quarter. Our Net Debt/LTM EBITDA ended up in 4.8x, a decrease when compared to the 5.4x reached during the third quarter of 2020.

In US\$ Million	Q4 2020	Q3 2020	Q4 2019	QoQ	YoY	YTD 2020	YTD 2019	YoY Acum
Revenue	1,352.9	1,202.9	1,202.3	<b>12.5%</b>	12.5%	4,732.9	5,329.2	-11.2%
Net income	74.9	36.0	-92.0	<b>107.8%</b>	181.4%	25.3	62.0	-59.2%
Adjusted EBITDA	380.8	290.7	211.0	<b>31.0%</b>	80.4%	1,071.8	1,147.4	-6.6%
Adjusted EBITDA Margin	28.1%	24.2%	17.6%	<b>16.5%</b>	60.4%	22.6%	21.5%	5.2%
LTM Adj. EBITDA	1,071.8	902.1	1,147.4	<b>18.8%</b>	-6.6%	1,071.8	1,147.4	-6.6%
CAPEX	456.9	453.9	431.9	<b>0.7%</b>	5.8%	1,740.5	1,347.6	29.1%
Net Financial Debt	5,129.2	4,901.7	4,489.8	<b>4.6%</b>	14.2%	5,129.2	4,489.8	14.2%
Net Financial Debt / LTM Adj. EBITDA	4.8x	5.4x	3.9x	<b>-11.9%</b>	22.3%	4.8x	3.9x	22.3%

Adjusted EBITDA and EBITDA Margin  
(in US\$ Million)





# Income Statement

In US\$ Million	Q4 2020	Q3 2020	QoQ
Revenues	1,352.9	1,202.9	12.5%
Cost of sales	(933.8)	(867.9)	7.6%
Distribution costs	(145.9)	(129.6)	12.6%
Administrative expenses	(133.7)	(122.7)	9.0%
Other income	108.2	52.8	105.0%
Other expenses	(41.5)	(33.1)	25.1%
Financial income	5.8	4.2	38.5%
Financial costs	(66.1)	(64.4)	2.6%
Share of profit (loss) of associates and joint ventures accounted for using equity method	1.5	1.3	14.8%
Exchange rate differences	(22.9)	13.9	265.0%
<b>Income before income tax</b>	<b>124.5</b>	<b>57.4</b>	<b>116.7%</b>
Income tax	(49.6)	(21.4)	131.8%
<b>Net income</b>	<b>74.9</b>	<b>36.0</b>	<b>107.8%</b>

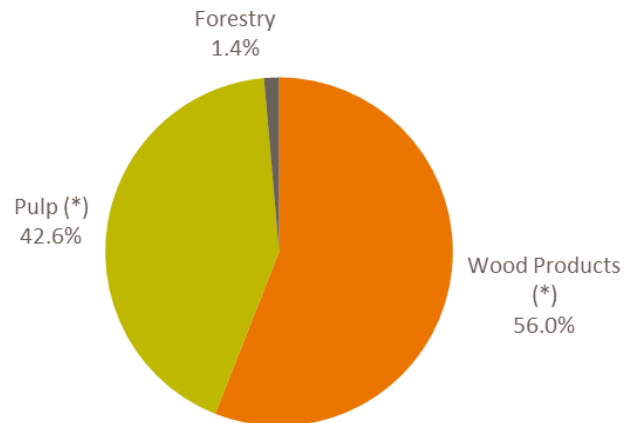
## Revenues

ARAUCO's revenues reached US\$1,352.9 million in the fourth quarter, an increase of 23.3% when compared to the previous quarter. This variation is mostly explained by higher revenues in our pulp division, due to a sales volume increase of 17.8% while average prices increased by 5.4%. Additionally, revenues for our wood products division increased by 8.3% or US\$58.2 million.

The following table shows a breakdown of our revenues by business segment:

In US\$ Million	Q4 2020	Q3 2020	QoQ
Pulp(*)	576.7	467.5	23.3%
Wood Products(*)	757.5	699.3	8.3%
Forestry	18.7	36.1	-48.1%
<b>Total</b>	<b>1,352.9</b>	<b>1,202.9</b>	<b>12.5%</b>

4Q 2020 Revenue's breakdown



(\*) Pulp and Wood products division sales include energy.

## Cost of sales

Increased by 7.6% or US\$66.0 million compared to the third quarter of 2020. This is mostly explained by higher costs associated to timber and also depreciation and amortization. The increases in costs associated to timber, sawmill services and forestry labor are mostly associated to the sales volume increases both in our pulp and wood products divisions.

In US\$ Million	Q4 2020	Q3 2020	QoQ
Timber	237.5	216.0	10.0%
Forestry labor costs	129.1	122.5	5.4%
Depreciation and amortization	112.4	102.4	9.7%
Depreciation for right of use	13.8	13.9	-1.2%
Maintenance costs	57.9	55.2	5.0%
Chemical costs	105.6	114.9	-8.1%
Sawmill services	30.4	22.9	32.8%
Other raw materials and indirect costs	90.8	87.1	4.3%
Energy and fuel	48.2	41.4	16.3%
Cost of electricity	7.7	7.3	5.3%
Wage, salaries and severance indemnities	100.5	84.2	19.3%
<b>Cost of Sales</b>	<b>933.8</b>	<b>867.9</b>	<b>7.6%</b>

## Administrative expenses

Increased by 9.0% or US\$11.1 million, when compared to the previous quarter, mainly due to an increase in donations partially offset by a decrease in insurance-related expenses.

In US\$ Million	Q4 2020	Q3 2020	QoQ
Wages, salaries and severance indemnities	53.5	53.0	1.0%
Marketing, advertising, promotion and publications expenses	3.3	1.8	84.8%
Insurance	5.4	7.1	-23.6%
Depreciation and amortization	8.8	8.8	0.2%
Depreciation for the right of use	1.8	2.0	-7.4%
Computer services	8.3	7.3	14.5%
Lease rentals (offices, warehouses and machinery)	1.4	0.8	63.5%
Donations, contributions, scholarships	5.2	0.9	483.9%
Fees (legal and technical advisories)	11.4	9.1	25.6%
Property taxes, patents and municipality rights	4.8	5.0	-4.4%
Other administration expenses	29.9	27.0	10.5%
<b>Administrative Expenses</b>	<b>133.7</b>	<b>122.7</b>	<b>9.0%</b>

## Distribution costs

Distribution costs increased by 12.6%, or US\$16.3 million. This was primarily because of higher freight costs associated to sales volume increase in our pulp and wood products divisions, as well as higher freight prices.

In US\$ Million	Q4 2020	Q3 2020	QoQ
Commissions	3.8	3.6	6.5%
Insurance	0.7	0,6	4.5%
Other selling costs	3.7	5.0	-25.6%
Port services	12.1	11.1	8.2%
Freight	115.6	97.1	19.0%
Depreciation for the right of use	0.4	0.4	3.1%
Other shipping and freight costs	9.6	11.7	-17.9%
<b>Distribution Costs</b>	<b>145.9</b>	<b>129.6</b>	<b>12.6%</b>

## Other income

Increased by 105.0% or US\$55.4 million, mainly as a result of the sale of some land assets in our Brazilian operations. It is also partly explained by an increase in other operating results and an increase in gains from changes in fair value of biological assets.

In US\$ Million	Q4 2020	Q3 2020	QoQ
Gain from changes in fair value of biological assets	52.9	41.9	26.5%
Net income from insurance compensation	0.6	0.3	131.3%
Leases received	0.2	0.6	62.2%
Gains on sales of assets	25.3	0.8	3,064.5%
Tax recovery	2.2	-	N/A
Other operating results	22.6	9.2	145.2%
Government Subsidies	4.2	-	N/A
<b>Other Income</b>	<b>108.2</b>	<b>52.8</b>	<b>105.0%</b>

## Other expenses

Increased by 25.1% or US\$8.3 million when compared to the third quarter of 2020. This is mostly explained by a decrease during the past quarter in impairment provisions of property, plant and equipment and other expenses associated with the Line 1 of our Arauco mill, which will cease its operations once the MAPA project is completed. This was partially offset by a decrease in loss and repair of assets.

In US\$ Million	Q4 2020	Q3 2020	QoQ
Legal payments	2.1	1.0	123.9%
Impairment provision property, plant and equipment and others	13.5	0.8	1,500.1%
Operating expenses related to plant stoppages	2.4	2.7	-10.5%
Project expenses	5.0	4.0	26.5%
Loss (gain) from asset sales	2.5	4.0	-38.8%
Loss and repair of assets	(0.9)	1.1	-182%
Loss of forests	2.3	14.0	-83.2%
Other taxes	4.5	3.6	24.3%
Research and development expenses	0.9	0.8	12.8%
Other expenses (donations, repayments insurance)	9.1	1.2	678.1%
<b>Other expenses</b>	<b>41.5</b>	<b>33.1</b>	<b>25.1%</b>

## Foreign exchange differences

Showed a net loss of US\$22.9 million, a US\$36.8 million decrease when compared to the third quarter that ended with a US\$13.9 million gain.

The main significant effects are given by the variation of the currencies of the countries where we have industrial operations. We also had during the past quarter some accounting reclassifications which improved the results during such quarter.

## Income tax

For the fourth quarter, income tax reached US\$49.6 million, US\$70.9 million higher than the US\$21.4 million gain of the previous quarter. This is mainly explained by this quarter's positive income before tax.



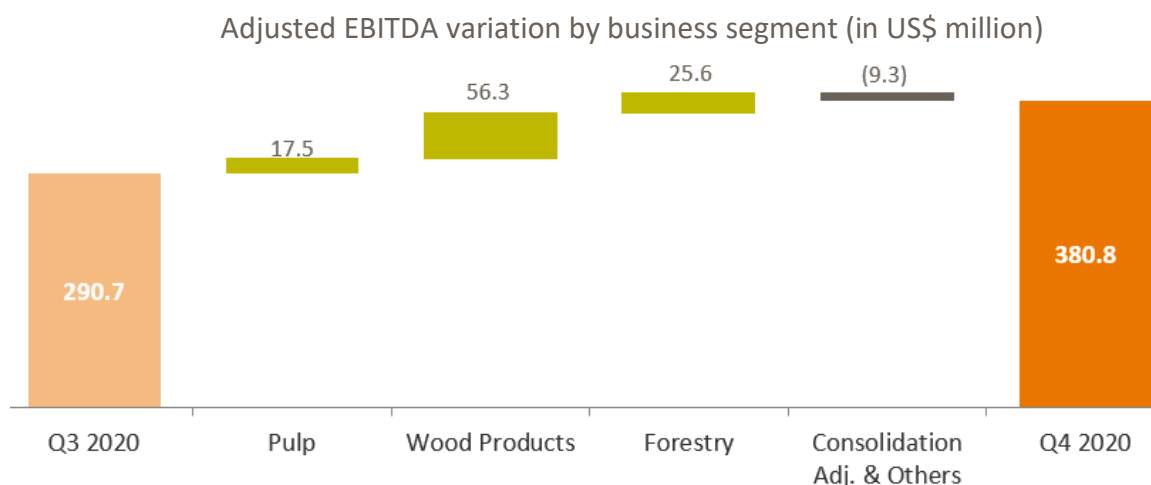
# Adjusted EBITDA

Adjusted EBITDA for the fourth quarter of 2020 was US\$380.8 million, a 31.0% or US\$90.1 million increase when compared to the previous quarter. In terms of Adjusted EBITDA by business segment, the most significant variation was given by our wood products division with a 39.9% or US\$56.3 million increase QoQ, mainly explained by an increase in sales volume.

The Adjusted EBITDA of our pulp division increased by 16.9%, while that of our forestry division increased by 37.8%.

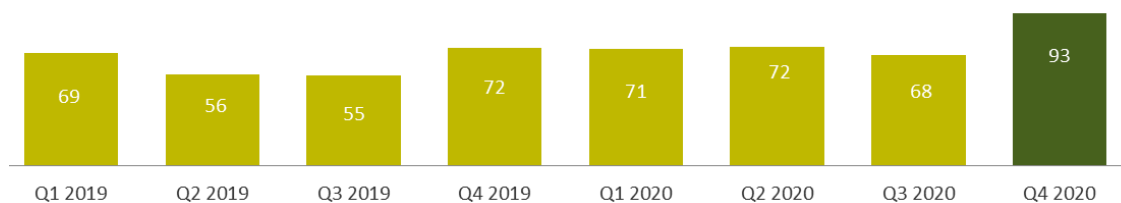
In US\$ Million	Q4 2020	Q3 2020	Q4 2019	QoQ	YoY
Net Income	74.9	36.0	(92.0)	107.8%	181.4%
Financial costs	66.1	64.4	80.9	2.6%	-18.3%
Financial income	(5.8)	(4.2)	(10.3)	38.5%	-43.8%
Income tax	49.6	21.4	(36.1)	131.8%	237.3%
<b>EBIT</b>	<b>184.8</b>	<b>117.7</b>	<b>(57.4)</b>	<b>57.0%</b>	<b>422.0%</b>
Depreciation & amortization	137.4	127.8	132.5	7.5%	3.7%
<b>EBITDA</b>	<b>322.2</b>	<b>245.5</b>	<b>75.1</b>	<b>31.2%</b>	<b>329.2%</b>
Fair value cost of timber harvested	74.4	85.8	78.7	-13.3%	-5.4%
Gain from changes in fair value of biological assets	(52.9)	(41.9)	(44.2)	26.5%	19.8%
Exchange rate differences	22.9	(13.9)	13.0	265.0%	76.4%
Others (*)	14.2	15.2	88.5	-6.5%	-83.9%
<b>Adjusted EBITDA</b>	<b>380.8</b>	<b>290.7</b>	<b>211.0</b>	<b>31.0%</b>	<b>80.4%</b>

(\*) Includes provision from forestry fires and provisions from property, plants and equipment, and others.



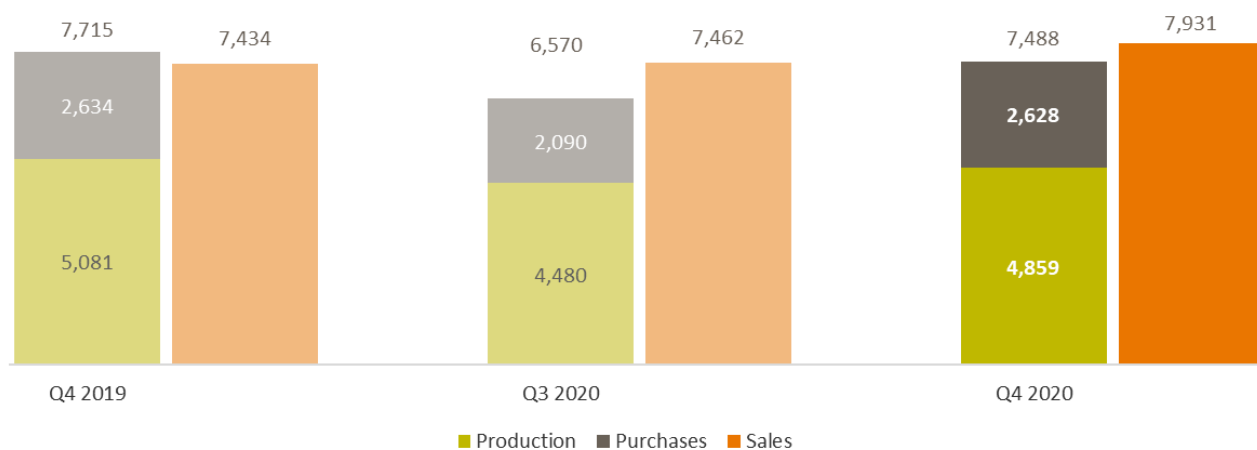
# Forestry Business

The Adjusted EBITDA for our forestry business was US\$93.2 million for the fourth quarter, which translates to a US\$25.6 million increase compared to the previous quarter.



The production during the fourth quarter was 5.1 million m<sup>3</sup>, 8.5% higher compared to the previous quarter. Sales volume increased slightly reaching 7.9 million m<sup>3</sup>.

Production, Purchase and Sales Volume (in thousand m<sup>3</sup>)



# Pulp Business

The fourth quarter of 2020 was the best of the year in terms of price and sales volume. During this quarter there was a recovery in the P&W industry despite mobility restrictions implemented in some countries as a result of the COVID-19 pandemic. The tissue market remained relatively stable, with no increases in consumption of household tissue products such as those seen during the first half of the year. The decrease in supply coming from other pulp producers due to maintenance stoppages and COVID-19 also reflected positively in the market. Pulp inventories for short and long fiber decreased -between September and November- by 4 and 6 days respectively. Additionally, delays in pulp shipments and container shortages implied an increase in the logistic costs for some pulp producers.

Global Pulp Demand Change		
North America	▲	6.6%
West Europe	▼	-6.7%
China	▲	5.4%
Others	▲	6.0%
<b>Total</b>	▲	<b>2.6%</b>

*Last 10 months, Apr-Jan 2020 and 2021*

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

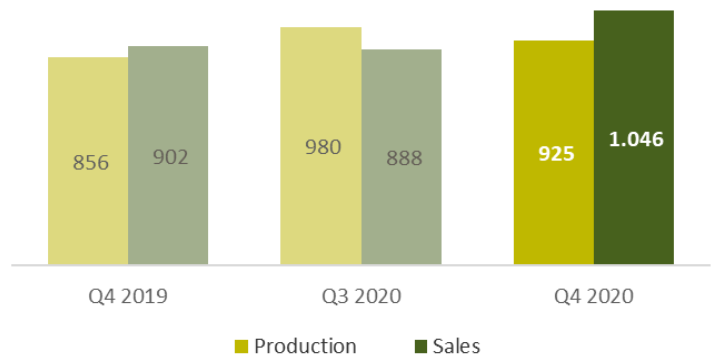
In China, while the tissue market was relatively stable, the P&W industry saw an increase in demand during the last quarter and producers in this market have managed to increase prices. The demand for packaging paper products was strong, which has led to price increases for our long fiber pulp. Long fiber pulp prices increased during the quarter by approximately 10%. Short fiber pulp price increases compensated the decreases seen during the third quarter. The spread between long and short fiber continued to widen, ending the year slightly over US \$ 150.

In Europe, mobility restrictions reappeared in some countries due to an increase in COVID-19 cases. In spite of that, the P&W and packaging industries improved as a result of lower stocks in supply chains and lower imports of paper products from other regions. Pulp prices remained stable during the quarter.

Regarding dissolving pulp, sales and tests with clients began during the third quarter. During this quarter, we have been qualifying it at an industrial level, sales normalized, and we managed to reach market prices and implement price increases equivalent to the rest of the market. Prices increased by 21%.

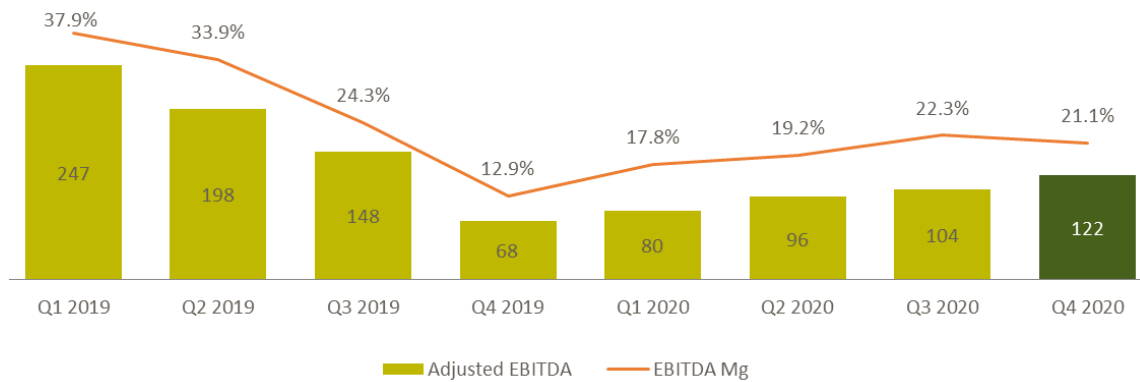
Production in the fourth quarter of 2020 increased by 8% compared to the same period of the previous year but decreased on a quarterly basis.

Production and Sales Volume (In thousand tonnes)



The Adjusted EBITDA for our pulp business reached US\$121.6 million during this quarter, which translates to a 16.9% or US\$17.5 million decrease compared to the third quarter of 2020.

Pulp EBITDA Mg reached 21.1%, 1.2% lower than the previous quarter.



Days of Stoppages

Mill	2020		2021			
	4Q		1Q	2Q	3Q	4Q
Arauco - Line 1			11			
Arauco - Line 2				20		
Constitución	22					35
Licancel				10		
Nueva Aldea			15			
Valdivia				9		
Alto Paraná	12			24		
Montes del Plata		15				

Maintenance Stoppages:  
 Finished  
 Planned

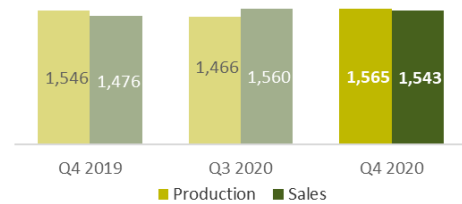
# Wood Products Business

## Panels

Revenues increased when compared to the third quarter, mainly as a result of a 3.8% increase in average prices, partially offset by a 1.1% decrease in sales volume.

During the fourth quarter we saw an increase in demand, continuing the trend seen during the previous quarter. This is mainly due to a decrease in mobility restrictive measures related to the pandemic. Additionally, there have been consumption-encouraging measures by the governments of some of the countries where we conduct our business activities.

**Production and Sales Volume: Panels <sup>(1)</sup>**  
(In thousand m<sup>3</sup>)

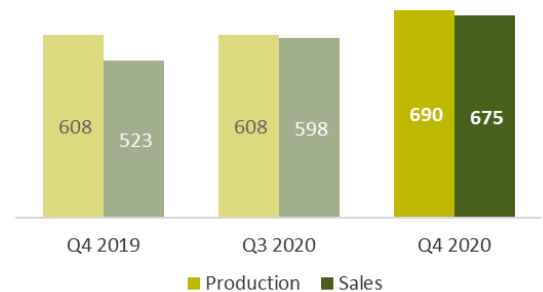


## Sawn timber

During the fourth quarter sales volume increased by 11.9%. Average prices also increased by 4.5%.

The demand for sawn timber and remanufactured wood products increased during the quarter. For the latter and in the US market, the results have been positive, especially due to a strong retail channel and to the recovery of construction, repair and remodeling sectors. On the supply side, some of our competitors in the US were suffering from tariff issues. This supply deficit allowed us to continue observing market improvements.

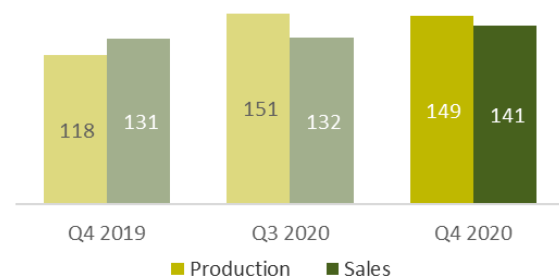
**Production and Sales Volume: Sawn Timber <sup>(2)</sup>**  
(In thousand m<sup>3</sup>)



## Plywood

Sales volume increased by 7.3% during the fourth quarter. This is mainly explained by an increase in demand in markets such as the US, Europe and Oceania, and logistic complications of our competitors due to the pandemic. Average prices increased by 9.0% on a quarterly basis.

**Production and Sales Volume: Plywood**  
(In thousand m<sup>3</sup>)



(1) Includes PB, MDF, OSB, HB, Composite Panels and Retail Panels.

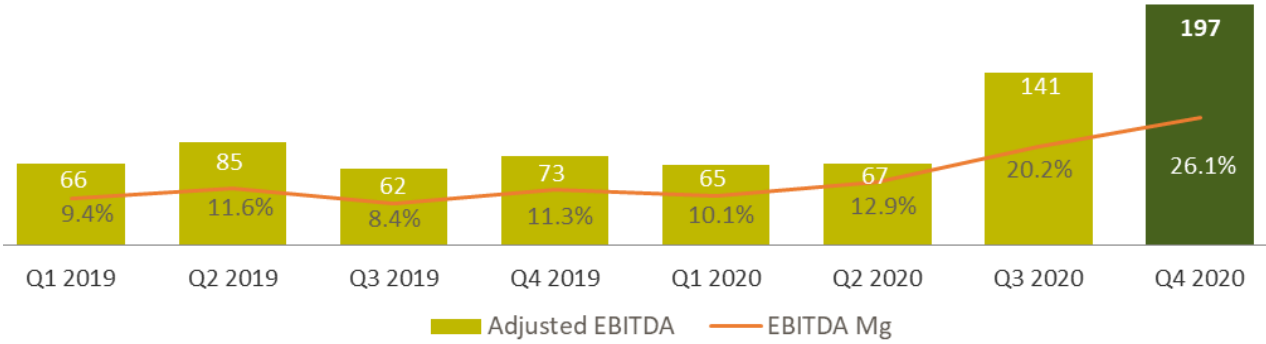
(2) Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets.

Note: Sales include trading



Adjusted EBITDA for our wood products business reached US\$197.4 million during the fourth quarter of 2020, which translates to a 39.9% or US\$56.3 million increase, compared to the previous quarter.

Wood products EBITDA Mg was 26.1%, significantly higher than the 20.2% reached during the third quarter.



# Capital Expenditures

During this quarter, capital expenditures(\*) reached US\$456.9 million, US\$3.0 million higher than the previous quarter.

The biggest single item in CAPEX-related expenditures during the quarter were those related to the MAPA project. These expenditures reached approximately US\$262.9 million.

US\$ Million	Q4 2020	Q3 2020	Q4 2019	YTD 2020	YTD 2019
Cash flow used to obtain control of subsidiaries or other businesses	4.1	-	101.5	4.1	171.2
Cash flow used to purchase in associates	0.1	0.0	(0.4)	15.4	0.1
Purchase and sale of property, plant and equipment	400.8	417.6	347.9	1,501.3	1,000.4
Purchase and sale of intangible assets	(2.3)	3.1	16.8	12.4	32.0
Purchase of other long-term assets	54.2	33.2	70.1	207.4	247.8
<b>Total CAPEX (*)</b>	<b>456.9</b>	<b>453.9</b>	<b>431.9</b>	<b>1,740.5</b>	<b>1,347.6</b>

(\*) On a cash basis.

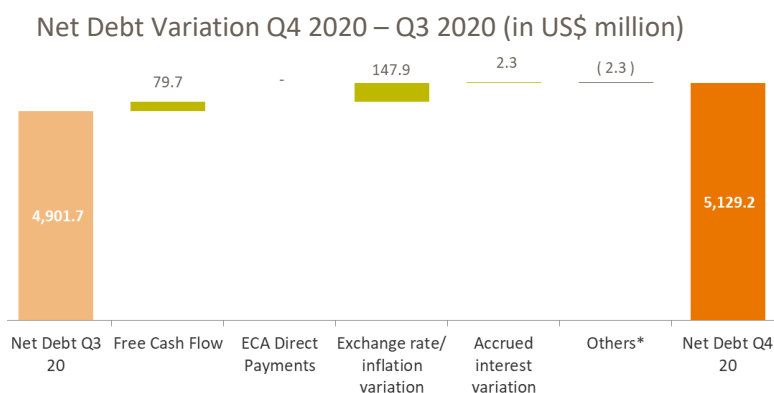
# Free Cash Flow

During the fourth quarter, free cash flow decreased by US\$415.4 million compared to the previous quarter, ending with a deficit of US\$79.7 million. Cash provided by operating activities decreased by US\$212.3 million mainly due to a decrease in other cash inflows and working capital variation. Cash used in investment activities decreased by US\$37.7 million. Cash from financing activities decreased by US\$266.3 million mainly due to last quarter's capital injection of US\$250.0 million.

US\$ Million	Q4 2020	Q3 2020	Q4 2019
Adjusted EBITDA	380.8	290.7	211.0
Working Capital Variation	(14.7)	76.7	121.4
Interest paid and received	(80.4)	(44.9)	(95.7)
Income tax received (paid)	(17.6)	8.7	(56.4)
Other cash inflows (outflows)	72.2	221.4	(11.0)
<b>Cash from Operations</b>	<b>340.3</b>	<b>552.6</b>	<b>169.4</b>
Capex (*)	(456.9)	(453.9)	(431.9)
Proceeds from investment activities	42.6	2.4	5.3
Other inflows of cash, net	2.1	1.6	0.1
<b>Cash from (used in) Investment Activities</b>	<b>(412.2)</b>	<b>(449.9)</b>	<b>(426.5)</b>
Dividends paid	(0.6)	(0.3)	-
Other inflows of cash, net (**)	(22.6)	234.4	(23.9)
<b>Cash from (used in) Financing Activities - Net of Proceeds and Repayments</b>	<b>(23.2)</b>	<b>234.1</b>	<b>(23.9)</b>
Effect of exchange rate changes on cash and cash equivalents	15.4	(1.0)	(4.9)
<b>Free Cash Flow</b>	<b>(79.7)</b>	<b>335.8</b>	<b>(286.0)</b>

(\*) On a cash basis.

(\*\*) Includes capital injection of US\$250.0 million.



(\*) The total amount corresponds to leasing variation.



# Financial Debt and Cash

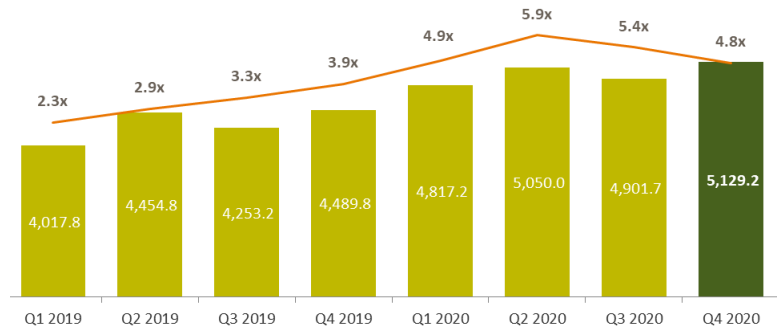
ARAUCO's total financial debt as of December 31, 2020 reached US\$6,194.0 million, an increase of 2.1% or US\$129.6 million when compared to September 30, 2020.

Our consolidated net financial debt increased 4.6% or US\$227.5 million when compared with September 2020, while cash and cash equivalents decreased by US\$97.9 million.

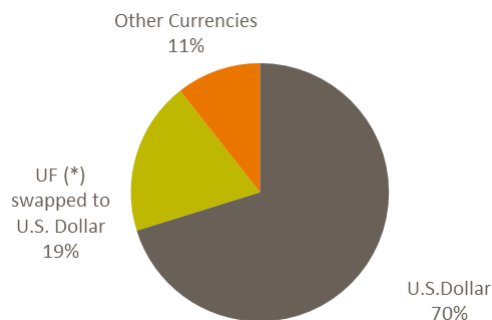
Our leverage, measured as Net Financial Debt/LTM Adjusted EBITDA was 4.8x, which compares to the 5.4x in the last quarter.

In US\$ Million	Dec 2020	Sep 2020	Dec 2019
Short term financial debt	370.0	335.5	529.2
Long term financial debt	5,824.0	5,728.8	5,520.6
<b>TOTAL FINANCIAL DEBT</b>	<b>6,194.0</b>	<b>6,064.4</b>	<b>6,049.8</b>
Cash and cash equivalents	1,064.7	1,162.7	1,562.4
<b>NET FINANCIAL DEBT</b>	<b>5,129.2</b>	<b>4,901.7</b>	<b>4,487.4</b>
<b>LTM Adjusted EBITDA</b>	<b>1,071.8</b>	<b>902.1</b>	<b>1,147.4</b>

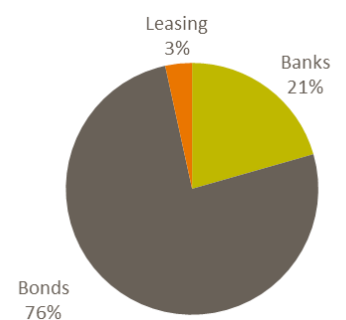
Net Financial Debt and Leverage (In US\$ Million)



Debt by Currency



Debt by Instrument



(\*) UF is a Chilean monetary unit indexed to inflation.

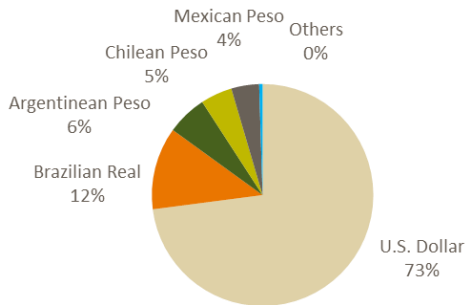


## Cash

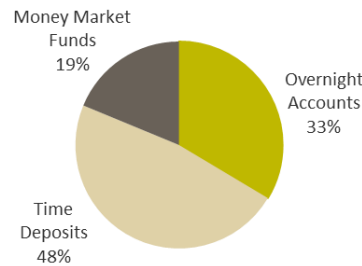
Our cash position was US\$1,064.7 million at the end of the fourth quarter, which translates to a 8.5% decrease equivalent to US\$98.6 million when compared to the end of the third quarter of 2020. Cash provided by operational activities decreased by US\$212.3 million, mainly due to an increase in payments of suppliers and personnel, yet partially offset by an increase in cash receipts from sales. Cash provided in investment activities decreased US\$37.7 million. Cash provided by financing activities increased by US\$127.5 mainly due to lower repayment of borrowings, because of the amortization of a local bond during the past quarter.

In terms of liquidity, and additionally to our cash position, the Company has a committed credit facility for a total amount of US\$375 million, which as of the date of this report hasn't been withdrawn. This facility is due in February 2025.

Cash by Currency



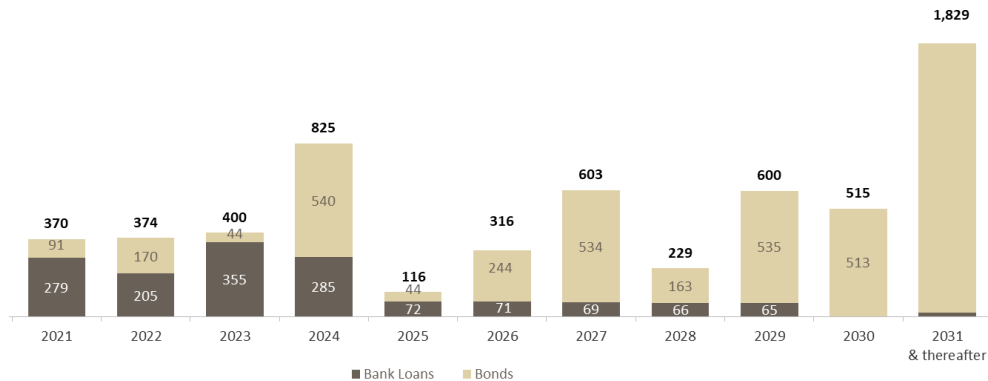
Cash by Instrument



## Financial Debt Profile

For 2021 bank and bond obligations (which includes accrued interest) sum up US\$370.0 million. Bank obligations include the following maturities: US\$215.4 million in bank loans and US\$63.6 million in leasing. Bond obligations for the remainder of the year sum up US\$90.9 million. These obligations include amortizations of local bonds, and interest payments of our USD-denominated bonds.

Debt Amortization Profile as of December 31, 2020 (In US\$ Million)



# Fourth Quarter

## Subsequent Events and News

### THE WORLD'S FIRST CERTIFIED CARBON NEUTRAL FORESTRY COMPANY

During September 2020, Deloitte officially validated our carbon neutrality for 2018 by using Deloitte Neutrality Protocol guidelines. Our carbon footprint emission is captured by our native forests, our forest plantations and carbon stored in products. A significant and real contribution to fight the climate crisis.

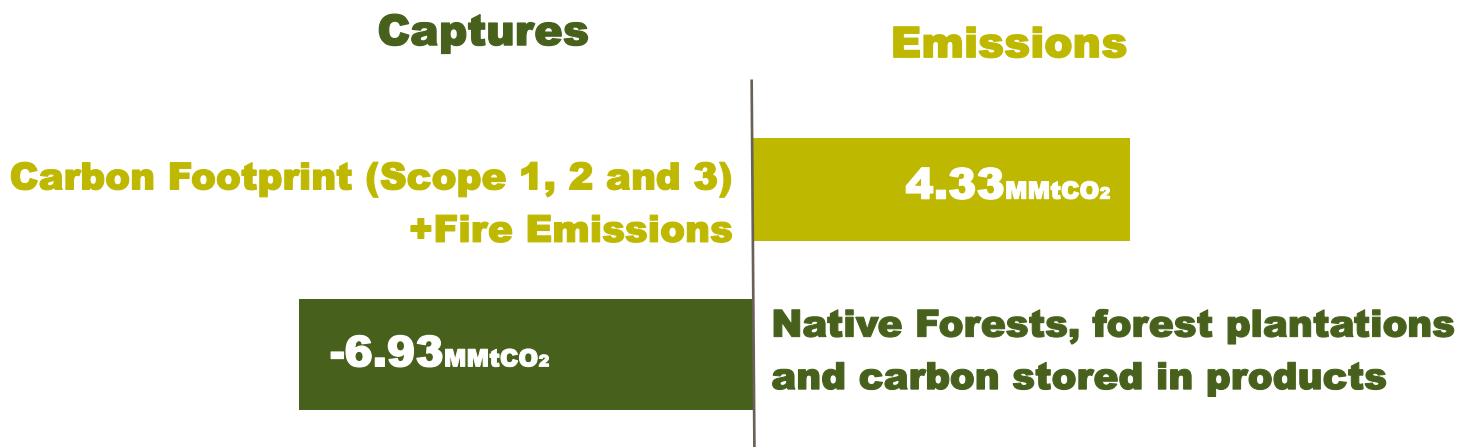


Price Waterhouse Coopers audited the entire estimation process of captures and storage in forestry products. ARAUCO is the first company to successfully apply this protocol.



### NET EMISSIONS -2.59 MMTCO<sub>2</sub>

ARAUCO achieved neutrality in 2018, generating a surplus of 2,599,753 tons of CO<sub>2</sub>e.



# Fourth Quarter

## Subsequent Events and News

### COVID-19 *update*

During March 2020, our industrial activities were declared as essential businesses by the authorities in most of the countries where we have operations.

Our strategy strictly follows the guidelines issued by the health authorities, and is based on three basic principles: testing, tracking and isolating. We have implemented enhanced health and safety protocols in all our facilities in order to prevent COVID-19 contagions. These include social distancing, body temperature measurement, home office policies, limiting the number of people in meetings, preventive testing, increasing workplace sanitation frequency, suspending domestic and international travels, among others. We have also requested our contractors, including those of the MAPA project, to take similar measures. These efforts have been further extended to support local communities and hospitals with medical devices and a wide range of sanitary and health related actions.

### Capital Increase *update*

On May 19, 2020, ARAUCO's Shareholders' Meeting approved the proposal of the Board of Directors to increase the capital of ARAUCO, up to a maximum amount of US\$700 million. Of the total amount approved, US\$250 million were paid during September 2020, while the remaining US\$450 million could be paid during the course of 2021, depending on the resources required in that year.

The capital increase would aim to strengthen ARAUCO's financial position which has been affected by ongoing and past projects, trade tensions between China and the US, and the decrease in the demand of products that has been observed worldwide as a result of the COVID-19 pandemic.

### MAPA Project *update*

MAPA Project progress as of the end of January 2021 was 74.6%. We have already received the main equipment and parts to complete the project, and the construction and assembly of equipment continues.

In July 2020 we started to implement a strategy of active search of COVID-19 contagions. There are 5 test centers on site with a capacity of performing up to 2,000 PCR exams per day, and with the ability of delivering test results in a matter of hours. This new system was inspected by local health authorities. To date, more than 170,000 PCR tests have been applied to workers of the project, with a positivity rate significantly lower than the national average informed by the Health Ministry in the daily COVID-19 report.

The government has authorized construction projects -such as MAPA- to continue even in quarantined zones, using defined procedures and notifications including complying with robust and strict sanitary standards (most of which have been in place in the Project since March 2020).

Building on the COVID-19 pandemic conditions has meant a great challenge. In coordination with our contractors and subcontractors, we have taken action and enacted measures by generating protocols and reorganizing MAPA Project work systems.

We estimate that the startup will take place at the beginning of the fourth quarter of 2021. At that point the existing eucalyptus line (Line 1) will be permanently shut down in accordance with the environmental permit.

### Forest Fires

During this season, and as of the 26<sup>th</sup> of February, there have been 483 hectares affected in 1,524 fires. This compares to the 2,035 hectares affected in 1,562 fires that, as of the same date, we had during the past season. During this season we have dropped more than 12,300 loads of water over fires occurring both within our forestry assets and on land owned by third parties.

## UPCOMING EVENTS

### 4Q 2020 RESULTS CONFERENCE CALL

Thursday, March 11, 2021

10:00 Santiago Time

8:00 Eastern Time (New York)

Dial in:

+1 (844) 450 3845 from the US

+56 (44) 208 1274 from Chile

+55 (11) 3181 8565 from Brazil

+1 (412) 317 6368 from other countries

Conference ID: Arauco

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# Financial Statements

## Income Statement

In US\$ Million	Q4 2020	Q3 2020	Q4 2020	YTD 2020	YTD 2019
Revenues	1,352.9	1,202.9	1,202.3	4,732.9	5,329.2
Cost of sales	(933.8)	(867.9)	(950.2)	(3,445.3)	(3,910.4)
<b>Gross profit</b>	<b>419.1</b>	<b>335.1</b>	<b>252.1</b>	<b>1,287.6</b>	<b>1,418.8</b>
Other income	108.2	52.8	58.8	283.8	232.4
Distribution costs	(145.9)	(129.6)	(138.3)	(535.7)	(586.9)
Administrative expenses	(133.7)	(122.7)	(126.1)	(510.1)	(554.0)
Other expenses	(41.5)	(33.1)	(116.5)	(182.9)	(203.7)
Financial income	5.8	4.2	10.3	29.4	32.6
Financial costs	(66.1)	(64.4)	(80.9)	(268.2)	(273.6)
Share of profit (loss) of associates and joint ventures accounted for using equity method	1.5	1.3	3.9	2.3	7.8
Other income (loss)	0.0	0.0	21.7	0.0	21.7
Exchange rate differences	(22.9)	13.9	(13.0)	(39.1)	(32.5)
<b>Income before income tax</b>	<b>124.5</b>	<b>57.4</b>	<b>(128.1)</b>	<b>67.2</b>	<b>62.5</b>
Income tax	(49.6)	(21.4)	36.1	(41.8)	(0.5)
<b>Net income</b>	<b>74.9</b>	<b>36.0</b>	<b>(92.0)</b>	<b>25.3</b>	<b>62.0</b>
Profit attributable to parent company	75.2	36.2	(91.9)	25.8	61.8
Profit attributable to non-parent company	(0.3)	(0.1)	(0.1)	(0.5)	0.2

## Balance Sheet

In US\$ Million	31-12-2020	30-09-2020	31-12-2019
Cash and cash equivalents	1,064.7	1,162.7	1,560.0
Other financial current assets	1.8	12.7	3.4
Other current non-financial assets	168.6	153.2	174.1
Trade and other receivables-net	737.4	629.8	642.3
Related party receivables	6.3	8.1	17.5
Inventories	938.3	998.7	1,053.9
Biological assets, current	302.7	270.3	275.8
Tax assets	320.7	149.2	200.0
Non-Current Assets classified as held for sale	3.9	3.9	4.4
<b>Total Current Assets</b>	<b>3,544.3</b>	<b>3,388.6</b>	<b>3,931.4</b>
Other non-current financial assets	29.0	1.0	9.4
Other non-current and non-financial assets	113.2	122.3	112.4
Non-current receivables	16.6	6.7	9.5
Investments accounted through equity method	316.9	298.4	293.1
Intangible assets	102.1	97.9	106.3
Goodwill	59.6	58.1	65.8
Property, plant and equipment	8,544.4	8,314.7	7,932.6
Biological assets, non-current	3,296.1	3,300.2	3,393.6
Deferred tax assets	6.0	7.0	6.1
<b>Total Non-Current Assets</b>	<b>12,484.0</b>	<b>12,206.2</b>	<b>11,928.6</b>
<b>TOTAL ASSETS</b>	<b>16,028.3</b>	<b>15,594.8</b>	<b>15,860.0</b>
Other financial liabilities, current	370.8	338.0	530.1
Trade and other payables	626.5	596.4	673.1
Related party payables	3.7	3.2	8.9
Other provisions, current	0.4	0.3	1.3
Tax liabilities	44.7	23.5	2.2
Current provision for employee benefits	6.8	5.9	6.0
Other non-financial liabilities, current	44.7	39.3	40.1
<b>Total Current Liabilities</b>	<b>1,097.6</b>	<b>1,006.6</b>	<b>1,261.5</b>
Other non-current financial liabilities	5,862.8	5,914.2	5,654.0
Trade and Other payables non-current	0.0	0.0	2.2
Other provisions, non-current	30.5	30.1	31.8
Deferred tax liabilities	1,463.9	1,270.9	1,360.2
Non-current provision for employee benefits	74.6	68.5	69.5
Other non-financial liabilities, non-current	83.3	76.3	111.4
<b>Total Non-Current Liabilities</b>	<b>7,515.1</b>	<b>7,359.9</b>	<b>7,229.1</b>
Non-parent participation	30.9	29.6	35.0
<b>Net equity attributable to parent company</b>	<b>7,384.7</b>	<b>7,198.7</b>	<b>7,334.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16,028.3</b>	<b>15,594.8</b>	<b>15,860.0</b>

## Cash Flow Statement

US\$ Million	Q4 2020	Q3 2020	Q4 2019	YTD 2020	YTD 2019
Receipts from sales of goods and rendering of services	1,370.9	1,242.0	1,450.8	4,899.0	5,944.3
Other cash receipts (payments)	125.8	145.6	78.2	467.2	288.6
Payments of suppliers and personnel (less)	(1,061.4)	(799.2)	(1,206.1)	(3,996.4)	(4,986.8)
Interest paid and received	(80.4)	(44.9)	(95.7)	(247.6)	(234.7)
Income tax paid	(17.6)	8.7	(56.4)	18.7	(329.9)
Other (outflows) inflows of cash, net	3.1	0.4	(1.4)	1.3	(6.2)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>340.3</b>	<b>552.6</b>	<b>169.4</b>	<b>1,142.1</b>	<b>675.2</b>
Capital Expenditures	(456.9)	(453.9)	(431.9)	(1,740.5)	(1,347.6)
Other investment cash flows	44.7	4.0	5.4	61.6	29.9
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(412.2)</b>	<b>(449.9)</b>	<b>(426.5)</b>	<b>(1,678.9)</b>	<b>(1,317.7)</b>
Proceeds from borrowings	22.3	11.0	996.2	412.1	2,142.4
Repayments of borrowings	(40.5)	(414.1)	(292.5)	(520.5)	(723.7)
Dividends paid	(0.6)	(0.3)	0.0	(1.0)	(182.1)
Other inflows of cash, net	(22.6)	234.4	(23.9)	165.6	(91.7)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(41.5)</b>	<b>(169.0)</b>	<b>679.8</b>	<b>56.2</b>	<b>1,145.0</b>
<b>Total Cash Inflow (Outflow) of the Period</b>	<b>(113.4)</b>	<b>(66.3)</b>	<b>422.6</b>	<b>(480.5)</b>	<b>502.5</b>
Effect of exchange rate changes on cash and cash equivalents	15.4	(1.0)	(4.9)	(14.8)	(18.5)
Cash and Cash equivalents at beginning of the period	1,162.7	1,230.0	1,142.2	1,560.0	1,075.9
<b>Cash and Cash Equivalents at end of the Period</b>	<b>1,064.7</b>	<b>1,162.7</b>	<b>1,560.0</b>	<b>1,064.7</b>	<b>1,560.0</b>