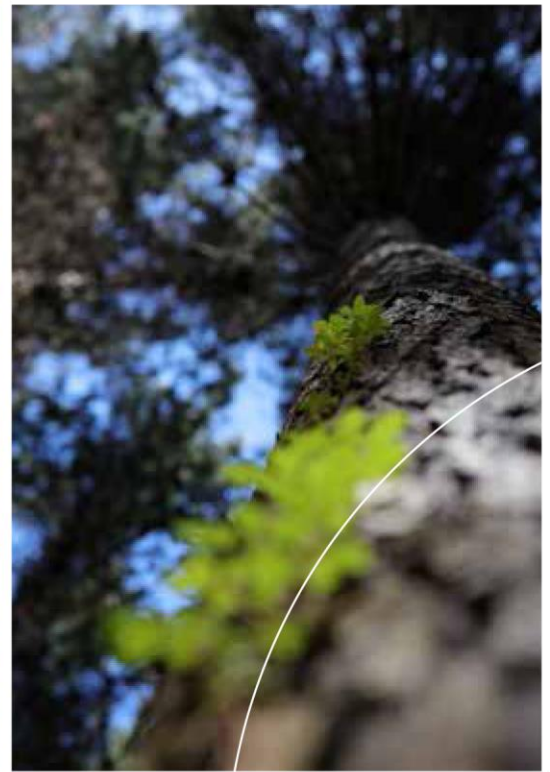
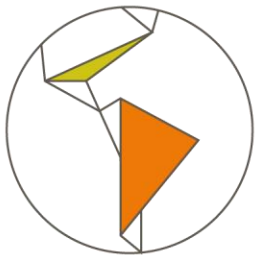


CELULOSA **ARAUCO**
Y CONSTITUCIÓN S.A.

Third Quarter
2018 Results

November 15, 2018



HIGHLIGHTS

REVENUES US\$1,553.3 MILLION

Arauco's revenues reached US\$1,553.3 million during the third quarter of 2018, a 0.4% decrease compared to the US\$1,559.3 million obtained in the second quarter of 2018, and a 11.5% or US\$159.9 million increase compared to the third quarter of 2017.

NET INCOME US\$220.7 MILLION

Net income reached US\$220.7 million, a 7.4% or US\$17.5 million decrease compared to the US\$238.2 million obtained in the second quarter of 2018, and a 48.7% or US\$72.3 million increase compared to the third quarter of 2017.

ADJUSTED EBITDA US\$524.9 MILLION

Adjusted EBITDA reached US\$524.9 million, a 3.9% or US\$21.4 million decrease compared to the US\$546.3 million obtained during the second quarter of 2018, and a 36.4% or US\$ 140.2 million increase compared to the third quarter of 2017.

NET FINANCIAL DEBT/ LTM ADJUSTED EBITDA 1.8x (THE LOWEST SINCE 2010)

Net Financial Debt / LTM Adjusted EBITDA ratio reached 1.8x in this quarter, a decrease compared to the 2.1x obtained in the second quarter of 2018.

CAPEX

CAPEX reached US\$193.7 million, a of 4.2% or US\$8.5 million decrease compared to the US\$202.2 million during the second quarter of 2018.

Conference Call

Friday, November 23rd, 2018

10:30 Santiago Time

08:30 Eastern Time (New York)

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For more details on Arauco's financial statements please visit www.cmfchile.cl or www.arauco.cl

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.

OVERVIEW

Arauco's third quarter net income was US\$220.7 million, a decrease of 7.4% compared to the last quarter, driven by higher distribution costs and lower Shares in Associates and Joint Ventures. This lower income explains the decrease in our Adjusted EBITDA by 3.9% compared to last quarter, reaching US\$524.9 million. Our Adjusted EBITDA margin was 33.8%, down from 35.0% in the previous quarter.

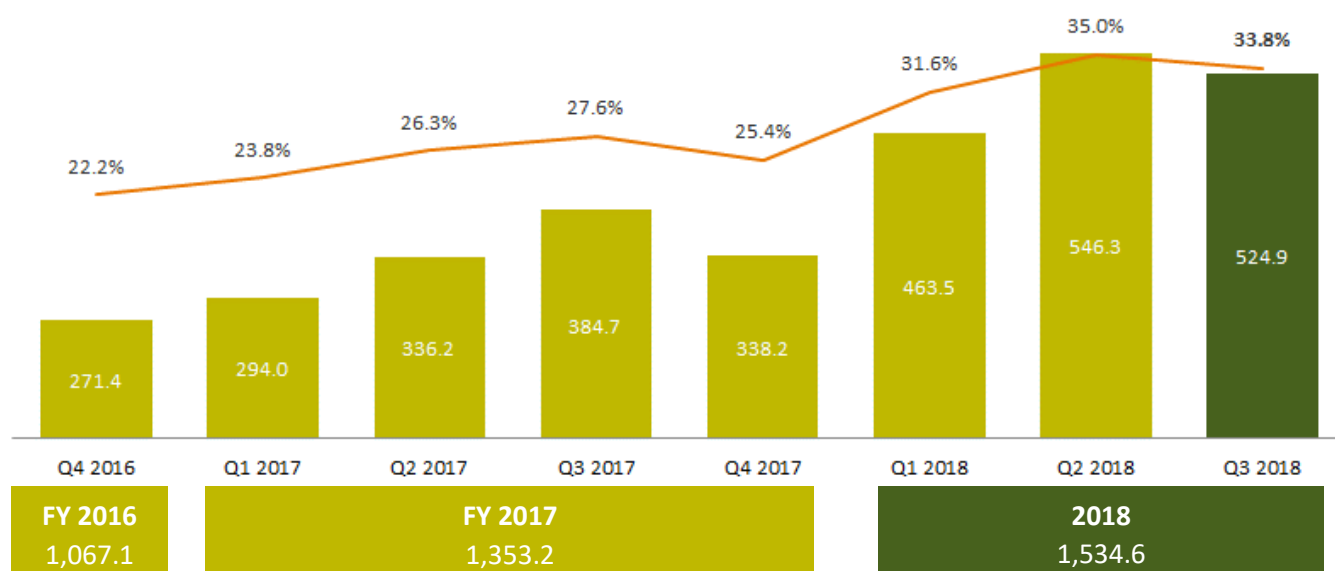
Our wood product sales increased due to higher sales volume in panels and sawn timber products, partially offset by lower prices in both industries. In general, all markets showed healthy demand, besides the high uncertainty generated by the commercial and political issues among United States and China.

Pulp division sales were stable compared to the last quarter and demand remained active, despite the seasonal impact of summer in the Northern Hemisphere, when demand for pulp tends to be lower.

Our Net Debt/LTM EBITDA ratio reached 1.8x, the lowest since 2010 and down from 2.1x in the previous quarter.

In US\$ Million	Q3 2018	Q2 2018	Q3 2017	QoQ	YoY	YTD 2018	YTD 2017	YoY Acum
Revenue	1,553.3	1,559.3	1,393.4	-0.4%	11.5%	4,577.3	3,907.0	17.2%
Net income	220.7	238.2	148.4	-7.4%	48.7%	656.6	187.2	250.8%
Adjusted EBITDA	524.9	546.3	384.7	-3.9%	36.4%	1,534.6	1,014.9	51.2%
Adjusted EBITDA Margin	33.8%	35.0%	27.6%	-3.5%	22.4%	33.5%	26.0%	29.1%
LTM Adj. EBITDA	1,872.8	1,732.6	1,286.3	8.1%	45.6%	1,872.8	1,286.3	45.6%
CAPEX	193.7	202.2	169.0	-4.2%	14.6%	579.1	421.1	37.5%
Net Financial Debt	3,431.7	3,643.0	3,679.2	-5.8%	-6.7%	3,431.7	3,679.2	-6.7%
Net Financial Debt / LTM Adj. EBITDA	1.8x	2.1x	2.9x	-12.9%	-35.9%	1.8x	2.9x	-35.9%

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



INCOME STATEMENT

Net income for the third quarter of 2018 was US\$220.7 million, a decrease of 7.4% or US\$17.5 million compared to US\$238.2 million in the second quarter of 2018. This was mainly due to higher distribution costs and lower Shares in Associates and Joint Ventures, which was compensated by a lower negative effect from Exchange Rate Differences.

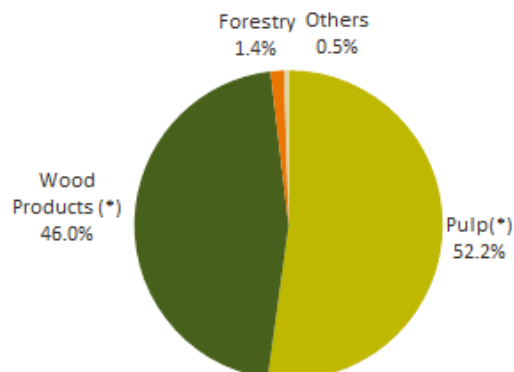
In US\$ Million	Q3 2018	Q2 2018	QoQ
Revenues	1,553.3	1,559.3	-0.4%
Cost of sales	(937.6)	(936.5)	0.1%
Distribution costs	(147.1)	(135.3)	8.7%
Administrative expenses	(140.7)	(140.9)	-0.1%
Other income	35.2	29.2	20.5%
Other expenses	(17.7)	(16.8)	5.6%
Financial income	4.8	2.6	85.7%
Financial costs	(52.8)	(51.4)	2.7%
Share of profit (loss) of associates and joint ventures accounted for using equity method	4.7	18.2	-74.2%
Exchange rate differences	(6.0)	(17.3)	-65.1%
Income before income tax	295.9	311.1	-4.9%
Income tax	(75.2)	(72.9)	3.3%
Net income	220.7	238.2	-7.4%

Revenues reached US\$1,553.3 million during the third quarter of 2018, a decrease of 0.4% compared to the US\$1,559.3 million in the previous quarter. This was a result of a decrease in sales of our pulp and forestry segment, which was partly offset by an increase in sales of our wood products. Pulp revenues decreased by 1.7% compared to the previous quarter, resulting from a decrease in sales volume of 1.4%, slightly offset by an increase in average prices of 0.5%. Meanwhile, wood products sales rose by 2.9% compared to the second quarter, due to higher sales volume.

The following table shows a breakdown of the revenue sales distributed by business segment:

Sales by Business Segment 3Q 2018

In US\$ Million	Q3 2018	Q2 2018	QoQ
Pulp(*)	810.2	824.1	-1.7%
Wood Products(*)	713.9	693.9	2.9%
Forestry	22.0	31.9	-30.9%
Others	7.1	9.5	-25.4%
Total	1,553.3	1,559.3	-0.4%



(*) Pulp and Wood division sales include energy

Cost of sales for the third quarter of the year increased slightly by 0.1% or US\$1.1 compared to the second quarter. Energy and fuel had the biggest increase of 18.5% or US\$9.0 million, resulting from higher consumption in our pulp mills and higher fuel prices. There was also an increase in maintenance costs due to a higher provision for future programmed maintenance stoppages in our pulp mills. These increases were offset by lower timber costs of 8.0%, mainly associated with lower production volume in the Montes del Plata mill, Uruguay.

In US\$ Million	Q3 2018	Q2 2018	QoQ
Timber	163.3	177.4	-8.0%
Forestry costs	178.2	173.4	2.7%
Depreciation and amortization	96.4	97.3	-1.0%
Maintenance costs	74.1	65.5	13.1%
Chemical costs	148.5	144.2	3.0%
Sawmill services	35.2	38.9	-9.4%
Other raw materials and indirect costs	88.3	95.2	-7.3%
Energy and fuel	57.4	48.5	18.5%
Cost of electricity	8.6	9.8	-11.8%
Wage, salaries and severance indemnities	87.6	86.2	1.6%
Cost of Sales	937.6	936.5	0.1%

Administrative expenses remained steady, decreasing by 0.1% or US\$0.2 million. Wages and salaries expenses increased compared to the second quarter because of higher provisions for benefits to employees (annual bonus). On the other hand, computer services expenses decreased by US\$5.5 million compared to the previous quarter, period when software licenses expenses were higher.

In US\$ Million	Q3 2018	Q2 2018	QoQ
Wages, salaries and severance indemnities	65.5	57.3	14.3%
Marketing, advertising, promotion and publications expenses	3.2	3.1	3.0%
Insurance	4.3	3.8	12.6%
Depreciation and amortization	6.9	6.8	2.0%
Computer services	5.5	11.3	-51.0%
Lease rentals (offices, warehouses and machinery)	3.8	3.2	19.2%
Donations, contributions, scholarships	2.5	2.6	-3.2%
Fees (legal and technical advisories)	11.6	13.4	-13.5%
Property taxes, patents and municipality rights	4.4	5.3	-17.8%
Other administration expenses	33.2	34.2	-3.1%
Administrative Expenses	140.7	140.9	-0.1%

Distribution costs increased by 8.7% or US\$11.7 million, due to an increase in freight costs by 9.0 % or US\$9.9 million. This was mainly because of an increase in wood sales volume and sawn timber exports to the Middle East, which implied higher unit freight cost.

In US\$ Million	Q3 2018	Q2 2018	QoQ
Commissions	3.6	3.9	-6.9%
Insurance	0.9	1.2	-23.5%
Other selling costs	5.1	2.9	74.5%
Port services	7.4	6.0	24.1%
Freights	119.3	109.4	9.0%
Other shipping and freight costs	10.8	12.0	-10.1%
Distribution Costs	147.1	135.4	8.7%

As a percentage, administrative expenses and distribution costs combined were 18.5% of sales, showing an increase compared to the 17.7% in the previous quarter, and a downward trend compared to 18.7% in the quarter before that.

Other income rose 20.5% or US\$6.0 million this quarter compared to last quarter. The increase during the third quarter was mainly due to a higher gain from changes in the fair value of biological assets compared to the second quarter.

In US\$ Million	Q3 2018	Q2 2018	QoQ
Gain from changes in fair value of biological assets	26.4	22.3	18.5%
Net income from insurance compensation	0.3	1.2	-77.4%
Leases received	0.5	0.3	72.6%
Gains on sales of assets	2.7	1.8	52.2%
Other operating results	5.3	3.6	46.4%
Other Income	35.2	29.2	20.5%

Other expenses overall rose 5.6% or US\$0.9 million compared to the last quarter, mainly explained by an increase in Project expenses of US\$2.2 million associated to the Grayling and MAPA Project. This was offset by a decrease in other taxes expenses because during the second quarter of this year we paid higher green tax, which are related to gas emissions.

In US\$ Million	Q3 2018	Q2 2018	QoQ
Depreciation	0.1	0.1	22.4%
Legal payments	0.8	0.8	5.7%
Impairment provision property, plant and equipment and others	2.7	1.4	93.0%
Project expenses	5.1	2.9	74.7%
Loss (gain) from asset sales	2.3	2.9	58.9%
Loss and repair of assets	0.2	1.4	1.0%
Provision for forestry fire losses	(0.6)	0.6	-193.1%
Other taxes	3.3	5.0	-33.1%
Other expenses (donations, repayments insurance)	3.7	4.4	-14.4%
Other expenses	17.7	16.8	5.6%

Foreign exchange differences showed a loss of US\$6.0 million, a US\$11.2 million of difference when compared to the previous quarter that ended at a US\$17.3 million loss, which was explained by a higher balance of Chilean Pesos in the second quarter in anticipation to the dividends paid. The average of the Chilean peso against the US dollar during the third quarter depreciated by 6.4% compared to the previous quarter. On the other hand, the average of the Argentine peso depreciated by 35.5% against the US dollar compared to the second quarter, and 39.9% compared to the exchange rate at the end of the last quarter. These currency variations affected our cash and cash equivalents in comparison to the US dollar exchange.

Income tax expense for the third quarter reached US\$75.2 million, an increase of US\$2.4 million compared to the US\$72.9 million of the second quarter.

ADJUSTED EBITDA

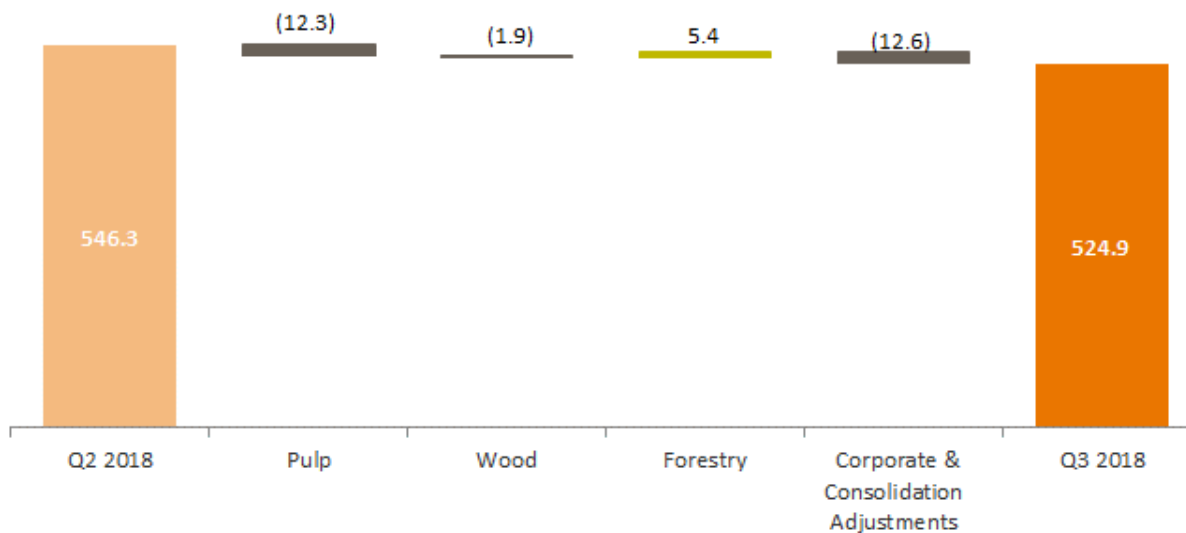
Adjusted EBITDA for the third quarter of 2018 was US\$524.9 million, 3.9% or US\$21.4 million lower than the US\$ 546.3 million reached during the previous quarter, mainly due to a decreased in sales volume in our pulp division. In terms of Adjusted EBITDA by business, during the third quarter of the year we had an increase in our forestry division Adjusted EBITDA of 11.0% and a decrease in our wood and pulp products Adjusted EBITDA of 1.8% and 3.0%, respectively, compared to the previous quarter.

Comparing with the same quarter of 2017, the Adjusted EBITDA increased by 36.4% or US\$140.2 million.

In US\$ Million	Q3 2018	Q2 2018	Q3 2017	QoQ	YoY
Net Income	220.7	238.2	148.4	-7.4%	48.7%
Financial costs	52.8	51.4	54.1	2.7%	-2.5%
Financial income	(4.8)	(2.6)	(3.3)	85.7%	42.7%
Income tax	75.2	72.9	52.2	3.3%	44.2%
EBIT	344.0	359.9	251.4	-4.4%	36.8%
Depreciation & amortization	103.7	104.4	110.5	-0.7%	-6.1%
EBITDA	447.7	464.4	361.9	-3.6%	23.7%
Fair value cost of timber harvested	95.4	84.9	94.0	12.4%	1.5%
Gain from changes in fair value of biological assets	(26.4)	(22.3)	(33.9)	18.5%	-22.0%
Exchange rate differences	6.0	17.3	(2.9)	-65.1%	-308.5%
Others (*)	2.1	2.0	(34.4)	5.3%	-106.2%
Adjusted EBITDA	524.9	546.3	384.7	-3.9%	36.4%

(*) Includes provision from forestry fire losses and provision from fixed assets and others.

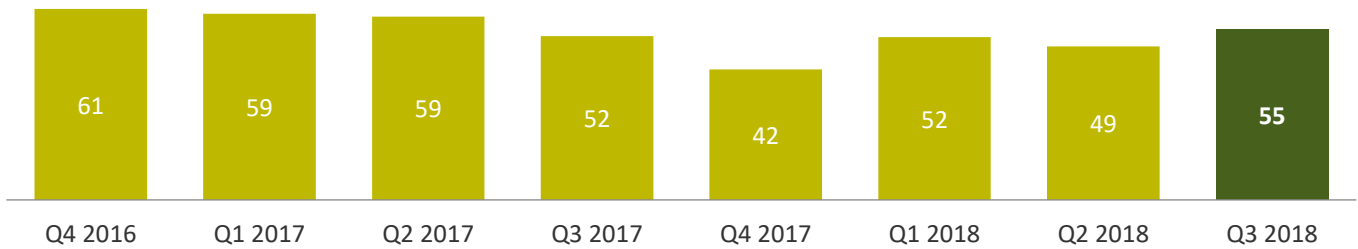
Adjusted EBITDA Variation by Business Segment Q2 2018 – Q3 2018 (In US\$ Million)



FORESTRY BUSINESS

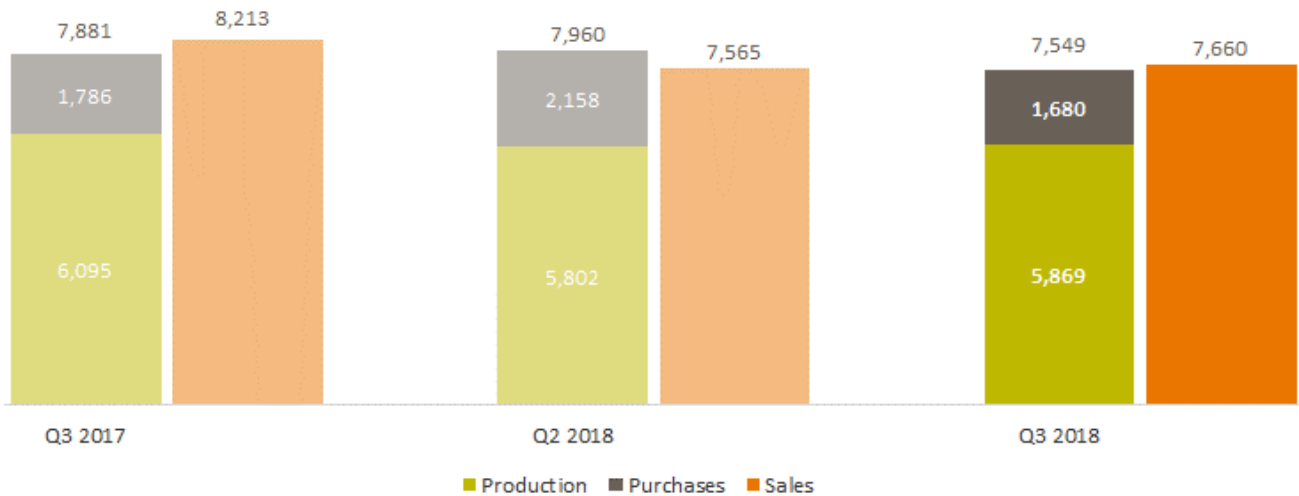
The Adjusted EBITDA for our forestry business reached US\$54.6 million during this quarter, which translates to 11.0% or US\$5.4 million of increase compared to the previous quarter.

Adjusted EBITDA for Forestry Business
(In US\$ Million)



During the third quarter, our forestry production was 5.9 million m³, a 1.1% increase compared to the 5.8 million m³ produced in the previous quarter. Sales volume increased by 1.2% from 7.6 million m³ to 7.7 million m³.

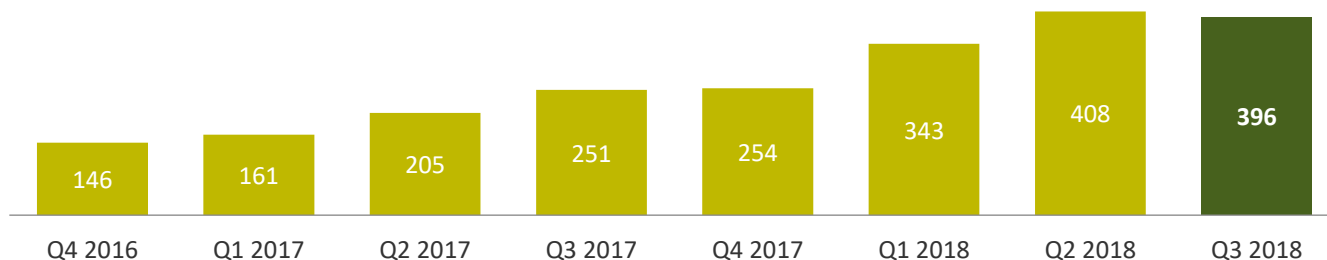
Production, Purchases and Sales Volume
(In Thousand m³)



PULP BUSINESS

The Adjusted EBITDA for our pulp business reached US\$396.0 million during this quarter, representing a 3.0% decrease or US\$12.3 million compared to the previous quarter.

Adjusted EBITDA for Pulp Business
(In US\$ Million)



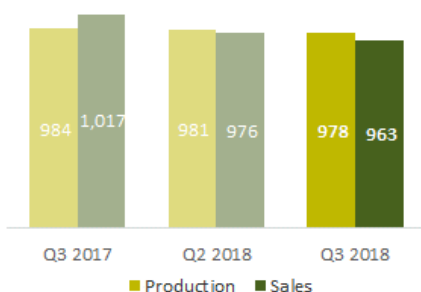
Global Pulp Demand Change Q2 2018 – Q3 2018

Global Pulp Demand Change

North America	1.9%
West Europe	3.4%
China	3.8%
Others	-0.9%
Total	2.1%

Source: Hawkins Wright

Production and Sales Volume (In Thousand AdT)



Pulp sales volume in the northern hemisphere was stable during the three months ended September 30 2018. Considering the usual downward in the demand during the summer season, we had a decrease of 1.4% compared to the second quarter. Also, global inventories remained stable around 37-38 days, 1 or 2 days higher than the previous quarter. This was because during the first and second quarter of the year, there were relevant restrictions of raw materials affecting the Nordic countries pulp producers, forcing them to reduce their production, which was a positive scenario for the market. During the first half of the year, buyers tried to ensure inventories because prices were increasing.

The Asian market, specially China, operated with more uncertainty, because of the economic situation. However, during the third quarter, demand remained stable with a perception of prudential behavior. The tariffs imposed by the United States targeting products from China started during the third quarter and they affect products that use pulp as a raw material, such as packaging papers; specialties used in the electronic industry; paper used in the production of furniture, among others. On the other hand, China applied tariffs of 5% on pulp products coming from the US, being fluff the most affected one. It is likely that US pulp producers will have to absorb the 5% in their prices, because it is not easy to find alternative markets to this kind of pulp and, if the pulp is diverted to other markets, the price drop could be more significant. Korean producers were going through an adverse scenario with low margins in their results, high levels of competition within the industry of commodity papers and a devaluation of the local currency.

Even though the third quarter coincided with the summer holidays, the market in Europe was solid and active and the pulp demand remained stable. Pulp prices stabilized at high levels during this quarter, with no signs of deterioration. The most relevant European producers with a regional and global presence are adopting strategies to ensure their supply for 2019. This is due to a possible shortage of pulp capacity impacting the market in the next 2 to 3 years, and because of the effects of the takeover of Fibria by Suzano, (approximately 30% of short fiber pulp).

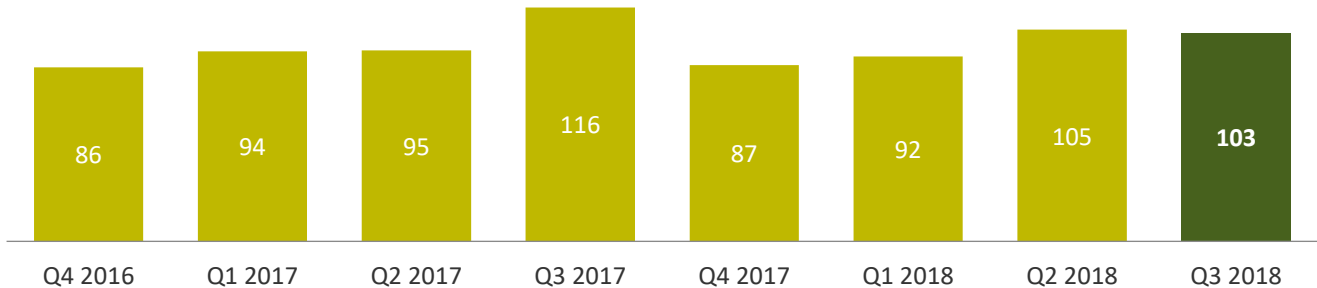
In the Middle East, where Turkey is an important market for the company, demand was stable during the quarter, regardless of the devaluation of the Turkish lira. Payment conditions of some Turkish costumers were changed in order to mitigate the risk in times of instability.

Pulp production during the third quarter compared to the second quarter was almost the same, decreasing only by 0.3%. There was no maintenance in our pulp mills during this quarter, but there were some production losses in our Montes del Plata mill that affected the quarter results.

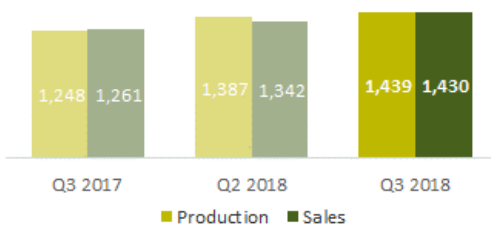
WOOD PRODUCTS BUSINESS

The Adjusted EBITDA for our wood products business reached US\$103.1 million during this quarter, which translates to a 1.8% decrease or US\$1.9 million compared to the previous quarter.

Adjusted EBITDA for Wood Product Business
(In US\$ Million)



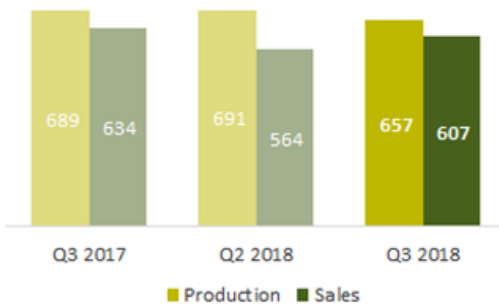
Production and Sales Volume: Panels⁽¹⁾
(In Thousand m³)



Composite panel segment remained stable with sales volume increasing by 6.5% compared to the previous quarter (including both MDF and PBO products) and average price decreasing by 3.9%.

The Latin American market maintained stable levels of demand and sales kept growing along the Pacific Coast with positive perspectives for the next months. During the quarter, Brazil was affected by different events: Brazilian Real devaluation, logistic restrictions and the increase in freight costs, which limited the exports. Nevertheless, local market keeps growing and there is a good economic sentiment after the results of the presidential elections. On the other hand, Argentina was affected by the Argentinean peso devaluation. Taken together with economic difficulties, the result was a lower local consumption and higher levels of exports.

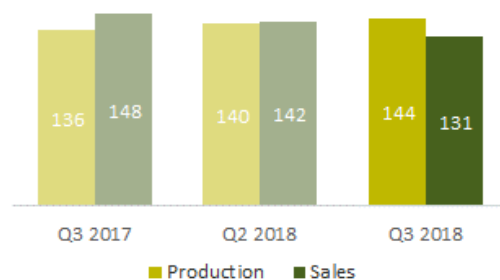
Production and Sales Volume: Sawn Timber⁽²⁾
(In Thousand m³)



In the third quarter, sales in the United States and Canada were steady and we expect to increase sales for the coming months, due to seasonality. In Mexico the exchange rate was highly fluctuating and, as a result, there was a wide difference between the imported and local product prices during the first part of the third quarter.

Sawn timber sales volume increased 4.5% during the third quarter, which was offset by a decrease of 1.9% in average prices. In Japan, sales remained in a good level, although a common concern was the commercial conflict between US and China that could affect the packaging products. In Korea, sales volume increased due to new business opportunities. In China, the uncertainty of the duties definition in the US, de Renmibi (RMB) devaluation and the high levels of wood stocks, resulted in lower sales. The demand in the Middle East was also stable during the third quarter with higher supplies from Europe. Remanufactured wood products performance in the US improved towards the end of the third quarter due to the effects of the trade war between the US and China, logistics restrictions and exchange rates in Brazil.

Production and Sales Volume: Plywood
(In Thousand m³)



Plywood demand remained stable in our main markets. In the United States and Canada, the demand remained positive, despite a slight decrease of prices due to higher local supply from Brazil and Chile. During the third quarter, local demand in Chile decreased because of the seasonality of winter.

(1) Includes HB, MDF, OSB, PB

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

Note: Sales include trading

CAPITAL EXPENDITURES

US\$ Million	Q3 2018	Q2 2018	Q3 2017	YTD 2018	YTD 2017
Cash flow used to obtain control of subsidiaries or other businesses	0.0	0.6	-	16.6	-
Cash flow used to purchase in associates	0.2	0.7	-	1.0	-
Purchase and sale of property, plant and equipment	143.5	152.4	132.4	392.7	289.7
Purchase and sale of intangible assets	0.3	0.2	2.1	0.8	9.9
Purchase of other long-term assets	49.6	48.2	34.5	168.1	121.5
Total CAPEX	193.7	202.2	169.0	579.1	421.1

During this quarter, capital expenditures decreased by US\$8.5 million or 4.2% compared to the second quarter of 2018, totaling US\$193.7 million. The Grayling Project had capital expenditures of US\$71.6 million during the quarter and the Dissolving Pulp Project disbursed US\$11.2 million. In addition, the acquisition of Panolam's assets located in Abany, Oregon, included a transaction of US\$12.2 million. During the quarter, plantation capex amounted a total of US\$49.6 million, an increase compared to the previous quarter, due to more plantations in Chile. The remaining capex pertains to sustaining business operations.

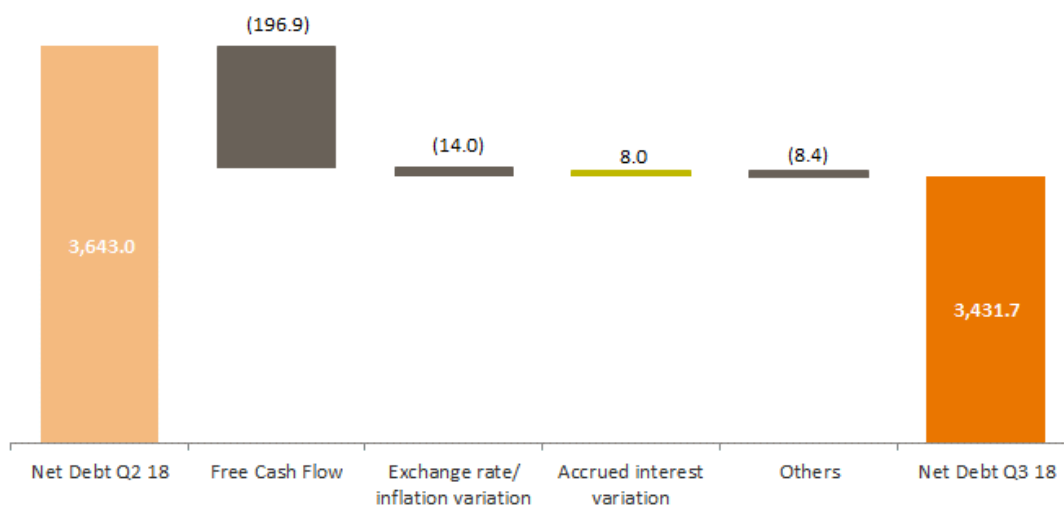
FREE CASH FLOW

During the third quarter, Free Cash Flow increased significantly by US\$135.3 million compared to the previous quarter. The main reason was the absence of dividend payments this quarter compared to the US\$113.8 million paid in the second quarter.

Cash provided by operating activities decreased by US\$12.9 million, mainly due to a higher working capital variation and a lower Adjusted EBITDA, which was compensated by a decrease in other cash outflows. Cash used by investment activities decreased slightly to US\$182.5 million compared to US\$198.0 million in the previous quarter. This is mainly explained by lower CAPEX and higher income from other cash inflows. In addition, cash used by financing activities during this quarter was US\$0.2 million compared to US\$114.6 million for the last quarter, when dividends were paid.

US\$ Million	Q3 2018	Q2 2018	Q3 2017
Adjusted EBITDA	524.9	546.3	384.7
Working Capital Variation	(74.5)	(15.5)	(13.9)
Interest paid and received	(39.4)	(40.8)	(50.7)
Income tax paid	(19.4)	5.8	(12.3)
Other cash inflows (outflows)	(8.8)	(100.1)	(61.7)
Cash from Operations	382.7	395.7	246.1
Capex	(193.7)	(202.2)	(169.0)
Proceeds from investment activities	3.4	3.6	1.8
Other inflows of cash, net	7.8	0.6	6.1
Cash from (used in) Investment Activities	(182.5)	(198.0)	(161.1)
Dividends paid	(0.2)	(113.8)	(0.6)
Other inflows of cash, net	(0.0)	0.8	1.2
Cash from (used in) Financing Activities - Net of Proceeds and Repayments	(0.2)	(114.6)	(0.6)
Effect of exchange rate changes on cash and cash equivalents	(3.1)	(21.4)	(1.3)
Free Cash Flow	196.9	61.6	86.9

Net Debt Variation Q2 2018 – Q3 2018
(In US\$ Million)

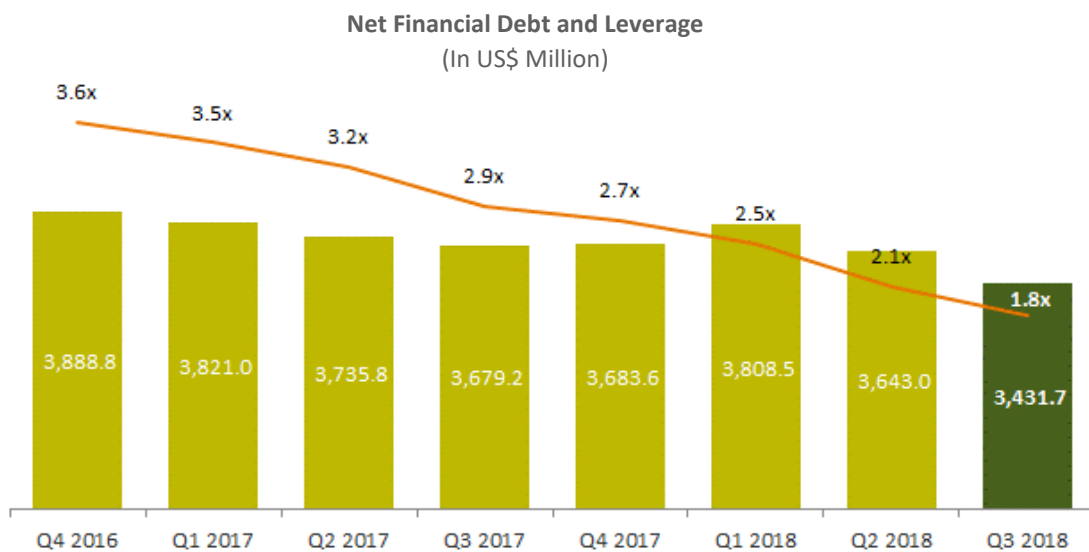


FINANCIAL DEBT AND CASH

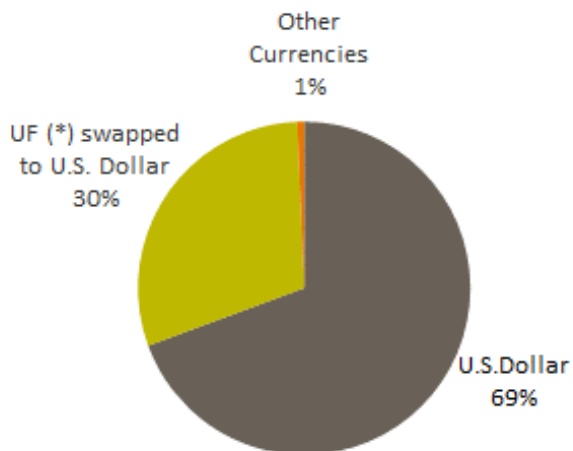
Arauco's total financial debt as of September 30, 2018 reached US\$4,166.5 million, a decrease of 1.1% or US\$48.3 million when compared to June 30, 2018. Our consolidated net financial debt decreased 5.8% or US\$211.3 million when compared with June 30 2018, while cash and cash equivalents increased by US\$163.0 million.

Our leverage, measured as Net Financial Debt/LTM Adjusted EBITDA, decreased compared to last quarter from 2.1x to 1.8x times, reaching the lowest since 2010.

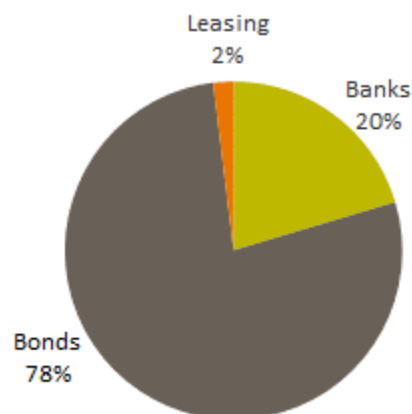
In US\$ Million	September 2018	June 2018	September 2017
Short term financial debt	502.2	496.2	629.5
Long term financial debt	3,664.3	3,718.6	3,535.3
TOTAL FINANCIAL DEBT	4,166.5	4,214.9	4,164.8
Cash and cash equivalents	734.8	571.8	485.6
NET FINANCIAL DEBT	3,431.7	3,643.0	3,679.2
LTM Adjusted EBITDA	1,872.8	1,732.6	1,286.3



Debt by Currency



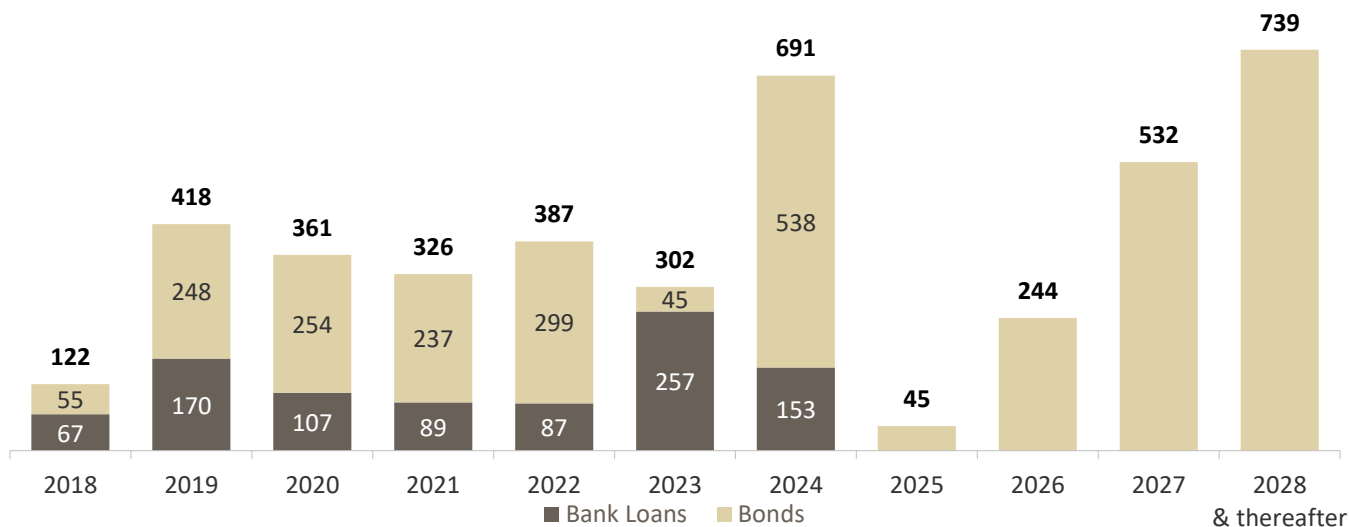
Debt by Instrument



Financial Debt Profile

For the last quarter of the year, bank obligations (which include accrued interest) totaled to US\$122 million, which include the following maturities: US\$53.0 million loans in Montes del Plata, US\$7.9 million of leasing, US\$3.9 million from our United States subsidiaries, US\$2.2 million in our Brazilian subsidiaries and US\$13.0 thousand of credit loans in Argentina. Bond amortizations include the third amortization of the local bond BARAU-Q of US\$10.4 million. Of our committed facility line for the Grayling Project, a total of US\$6.0 million was disbursed during the quarter, amounting a total of US\$221.0 million of the line used. During the third quarter, we refinanced the bank loan of US\$200.0 million with a new final maturity in September 2023.

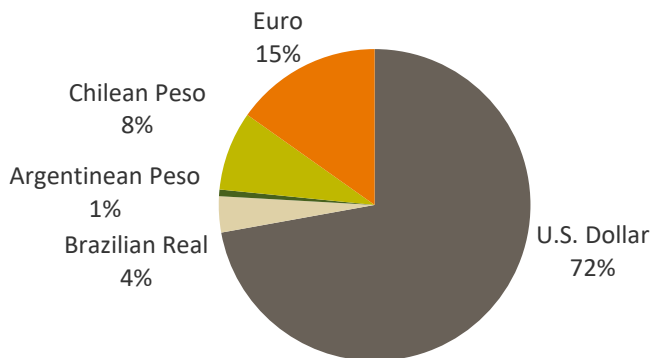
Financial Obligation by Year as of September 30, 2018
(In US\$ Million)



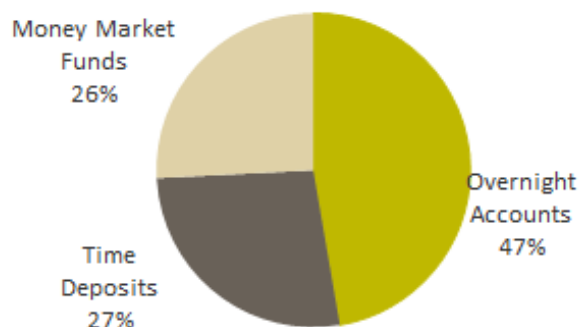
Cash

Our cash position was US\$734.8 million at the end of the third quarter, which was a US\$163.0 million or 28.5% increase compared to the end of the second quarter of 2018. Cash provided from operating activities decreased by US\$12.9 million, mainly due to lower receipts from sales by US\$98.7 million and other cash receipts of US\$46.1 million, offset by lower payments to suppliers and personnel. Cash provided by investing activities remained steady and cash provided by financing activities reached US\$34.1 million. This was because dividends were paid during the second quarter.

Cash by Currency



Cash by Instrument



THIRD QUARTER, SUBSEQUENT EVENTS AND NEWS

Grayling Project

The Grayling Project has a 93% advance so far. The particleboard mill located in Grayling, Michigan, U.S.A., considers an investment of approximately US\$450.0 million and will have a capacity of 800,000 m3 per year. The rollout of the first panel is estimated to occur during the end of 2018.

Dissolving Pulp

The Dissolving Pulp Project had a 48% advance as of the end of October 2018. The investment for the project is approximately US\$185 million. This project started at the end of 2017, with the ramp-up scheduled to occur at the end of 2019.

Bank loan Refinancing

The bank loan of US\$ 200 million with maturity in September 2018 was refinanced to September 2023. Arauco extended the final maturity to a year with low financial amortizations, enabling the debt schedule to remain stable throughout the coming years.

Local Bonds Issuance

On October 26, 2018, Arauco issued two bonds in the local market for a total of UF 8.5 million, or approximately US\$340 million. One of the bonds has a tenor of 10 years, with a yield of 2.38%. The second bond has a tenor of 25 years, with a yield of 2.88%. The purpose of these bonds is to finance part of the MAPA Project.

Main contracts of the MAPA Project

In October 2018, Arauco signed the contracts to acquire the main equipment for the new line of production of the MAPA project. The equipment was acquired after negotiations with the world's two most important companies in the manufacture of equipment for the pulp sector, Andritz and Valmet, for a figure close to EUR\$ 600 million. Andritz will supply the equipment for wood preparation, digestors, fiberline, evaporators, recausticing and lime kiln. The contract with Valmet considers recovery boiler, power boilers, dryer and bale handler.

MIT Program Agreement

In October 2018, Arauco signed an agreement with the Massachusetts Institute of Technology (MIT), through the Industrial Liaison Program (ILP). The program, designed to strengthen the competitive position of companies using new technologies, will allow us to continue developing and enhancing our work in innovation. This, through participation in various activities, forums, access to research summaries, in addition to taking advantage of other MIT resources to address current challenges and anticipate future needs.

FINANCIAL STATEMENTS

Income Statement

In US\$ Million	Q3 2018	Q2 2018	Q3 2017	01-09-2018	01-09-2017
Revenues	1,553.3	1,559.3	1,393.4	4,577.3	3,907.0
Cost of sales	(937.6)	(936.5)	(940.3)	(2,795.6)	(2,689.6)
Gross profit	615.7	622.9	453.0	1,781.7	1,217.4
Other income	35.2	29.2	42.2	101.7	123.2
Distribution costs	(147.1)	(135.3)	(138.3)	(414.8)	(390.4)
Administrative expenses	(140.7)	(140.9)	(123.7)	(423.2)	(371.2)
Other expenses	(17.7)	(16.8)	8.2	(51.3)	(193.0)
Financial income	4.8	2.6	3.3	12.1	15.7
Financial costs	(52.8)	(51.4)	(54.1)	(155.9)	(171.8)
Share of profit (loss) of associates and joint ventures accounted for using equity method	4.7	18.2	7.0	28.7	18.6
Exchange rate differences	(6.0)	(17.3)	2.9	(22.3)	2.7
Income before income tax	295.9	311.1	200.6	856.6	251.2
Income tax	(75.2)	(72.9)	(52.2)	(199.9)	(64.0)
Net income	220.7	238.2	148.4	656.6	187.2
Profit attributable to parent company	220.8	238.4	148.4	657.1	186.8
Profit attributable to non-parent company	(0.1)	(0.2)	(0.0)	(0.4)	0.4

Balance Sheet

In US\$ Million	Q3 2018	Q2 2018	Q3 2017
Cash and cash equivalents	734.8	571.8	485.6
Other financial current assets	2.2	2.4	3.0
Other current non-financial assets	135.2	182.2	157.9
Trade and other receivables-net	989.8	937.6	888.3
Related party receivables	5.6	6.3	6.5
Inventories	948.5	913.4	775.1
Biological assets, current	296.1	267.4	312.3
Tax assets	20.7	19.9	41.1
Non-Current Assets classified as held for sale	5.7	3.3	2.9
Total Current Assets	3,138.5	2,904.3	2,672.7
Other non-current financial assets	52.6	51.3	27.8
Other non-current and non-financial assets	139.3	141.3	122.2
Non-current receivables	18.7	18.3	15.2
Investments accounted through equity method	369.0	367.7	361.7
Intangible assets	84.9	86.8	90.6
Goodwill	65.1	65.9	76.0
Property, plant and equipment	6,971.4	6,950.7	6,985.1
Biological assets, non-current	3,363.6	3,422.5	3,514.6
Deferred tax assets	8.5	8.9	7.6
Total Non-Current Assets	11,073.0	11,113.5	11,200.7
TOTAL ASSETS	14,211.5	14,017.8	13,873.4
Other financial liabilities, current	504.6	497.7	629.9
Trade and other payables	584.3	572.4	600.8
Related party payables	10.9	10.8	14.7
Other provisions, current	0.4	2.0	0.4
Tax liabilities	143.2	80.9	9.8
Current provision for employee benefits	6.1	6.0	5.5
Other non-financial liabilities, current	314.8	222.3	153.8
Total Current Liabilities	1,564.3	1,392.1	1,415.0
Other non-current financial liabilities	3,676.2	3,729.7	3,573.0
Other provisions, non-current	32.7	32.9	37.4
Deferred tax liabilities	1,443.4	1,470.5	1,604.4
Non-current provision for employee benefits	70.1	69.1	64.0
Other non-financial liabilities, non-current	106.2	102.5	64.2
Total Non-Current Liabilities	5,328.6	5,404.7	5,343.0
Non-parent participation	36.5	37.4	44.9
Net equity attributable to parent company	7,282.1	7,183.6	7,070.5
TOTAL LIABILITIES AND EQUITY	14,211.5	14,017.8	13,873.4

Cash Flow Statement

US\$ Million	Q3 2018	Q2 2018	Q3 2017	FY 2018	FY 2017
Receipts from sales of goods and rendering of services	1,517.8	1,616.6	1,347.6	4,442.1	4,036.6
Other cash receipts (payments)	8.5	54.5	42.5	133.1	162.9
Payments of suppliers and personnel (less)	(1,124.1)	(1,239.5)	(1,076.6)	(3,596.3)	(3,277.8)
Interest paid and received	(39.4)	(40.8)	(50.7)	(121.4)	(155.1)
Income tax paid	(19.4)	5.8	(12.3)	8.2	(25.8)
Other (outflows) inflows of cash, net	39.4	(0.9)	(4.5)	(3.9)	(8.7)
Net Cash Provided by (Used in) Operating Activities	382.7	395.7	246.1	861.9	732.1
Capital Expenditures	(193.7)	(202.2)	(169.0)	(579.1)	(421.1)
Other investment cash flows	11.2	4.2	7.9	20.4	15.8
Net Cash Provided by (Used in) Investing Activities	(182.5)	(198.0)	(161.1)	(558.8)	(405.3)
Proceeds from borrowings	161.0	188.0	218.9	445.5	296.6
Repayments of borrowings	(194.9)	(171.5)	(333.0)	(462.8)	(669.4)
Dividends paid	(0.2)	(113.8)	(0.6)	(114.7)	(61.1)
Other inflows of cash, net	0.0	(0.8)	1.2	(0.7)	1.3
Net Cash Provided by (Used in) Financing Activities	(34.1)	(98.1)	(113.5)	(132.7)	(432.6)
Total Cash Inflow (Outflow) of the Period	166.1	99.6	(28.5)	170.4	(105.8)
Effect of exchange rate changes on cash and cash equivalents	(3.1)	(21.4)	1.3	(25.5)	(0.8)
Cash and Cash equivalents at beginning of the period	571.8	493.7	512.7	589.9	592.3
Cash and Cash Equivalents at end of the Period	734.8	571.8	485.6	734.8	485.6