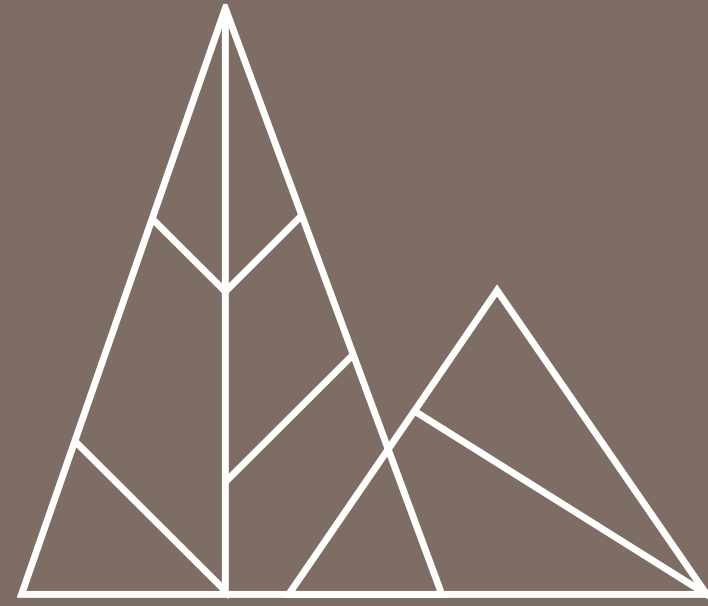


2nd QUARTER
2019

Financial Results
Conference Call Presentation
Aug. 27, 2019

Gianfranco Truffello
Chief Financial Officer



Disclaimer

This presentation contains forward-looking statements that are based on the beliefs, assumptions and expectations of the management of the Company based on currently available information.

They involve risks and uncertainties because they relate to future events or expectations and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Arauco and could cause results to differ materially from those expressed in such forward-looking statements. For further discussion of these risks and uncertainties, investors should refer to quarterly and annual Arauco filings with the Chilean CMF and US SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements due to new information or future developments.

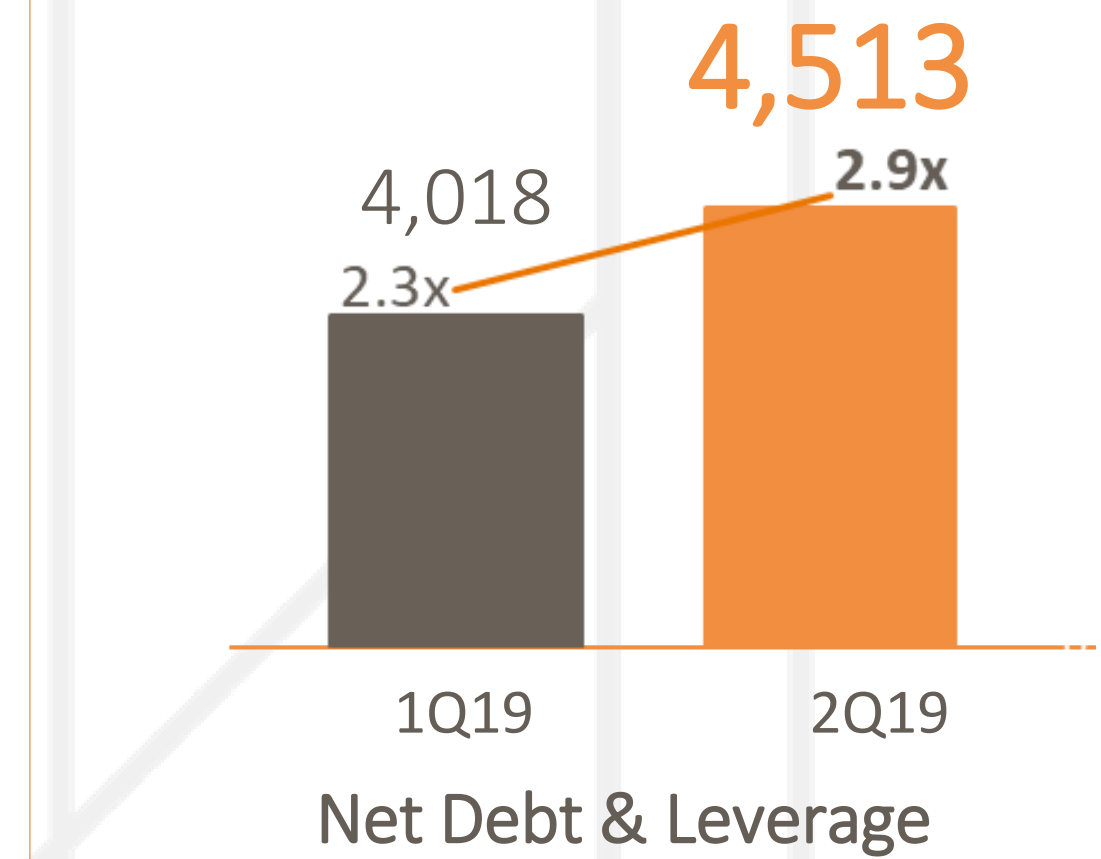
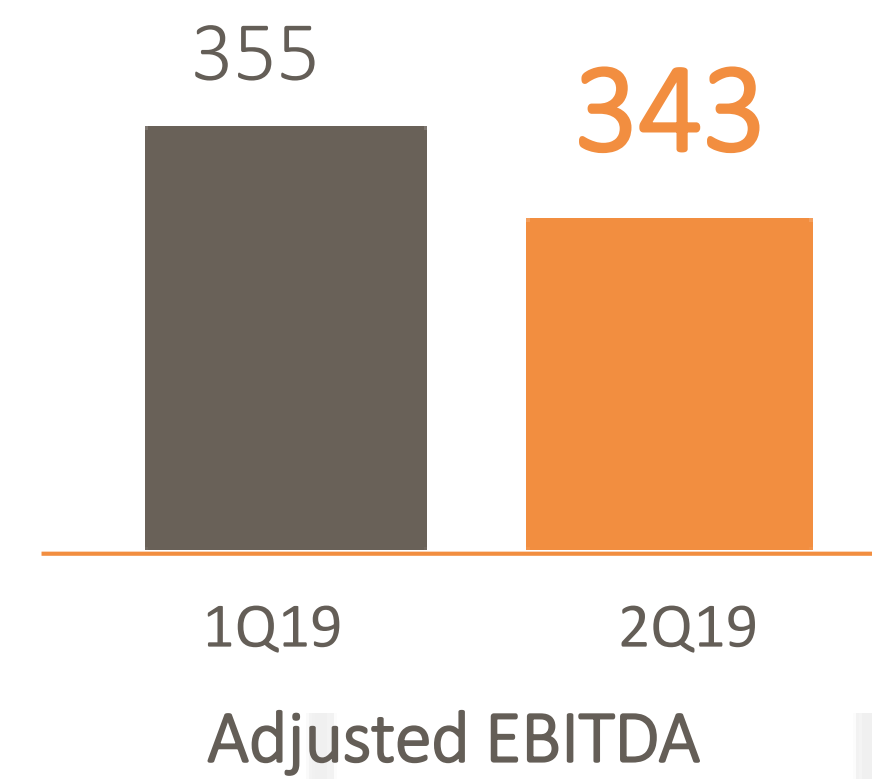
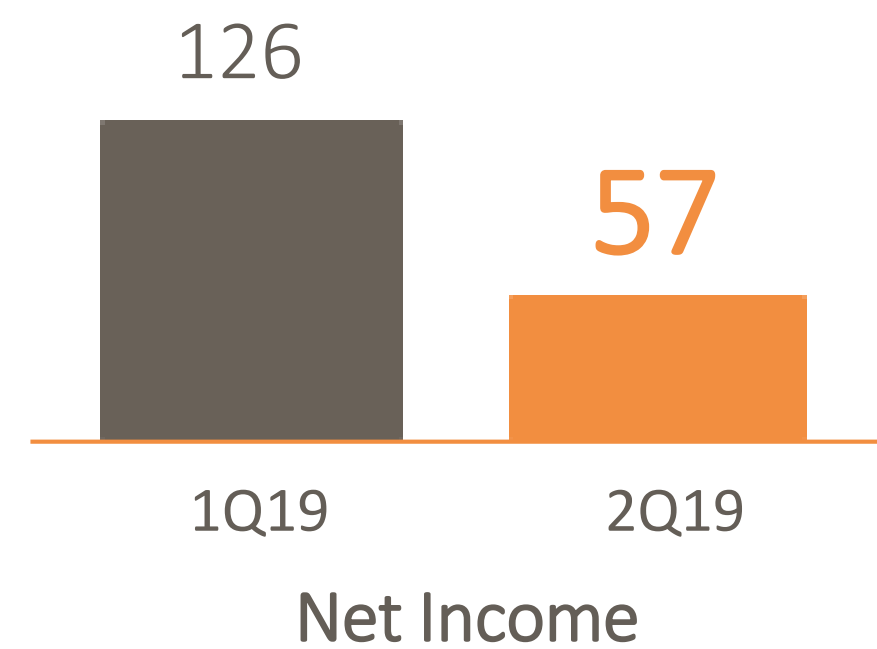
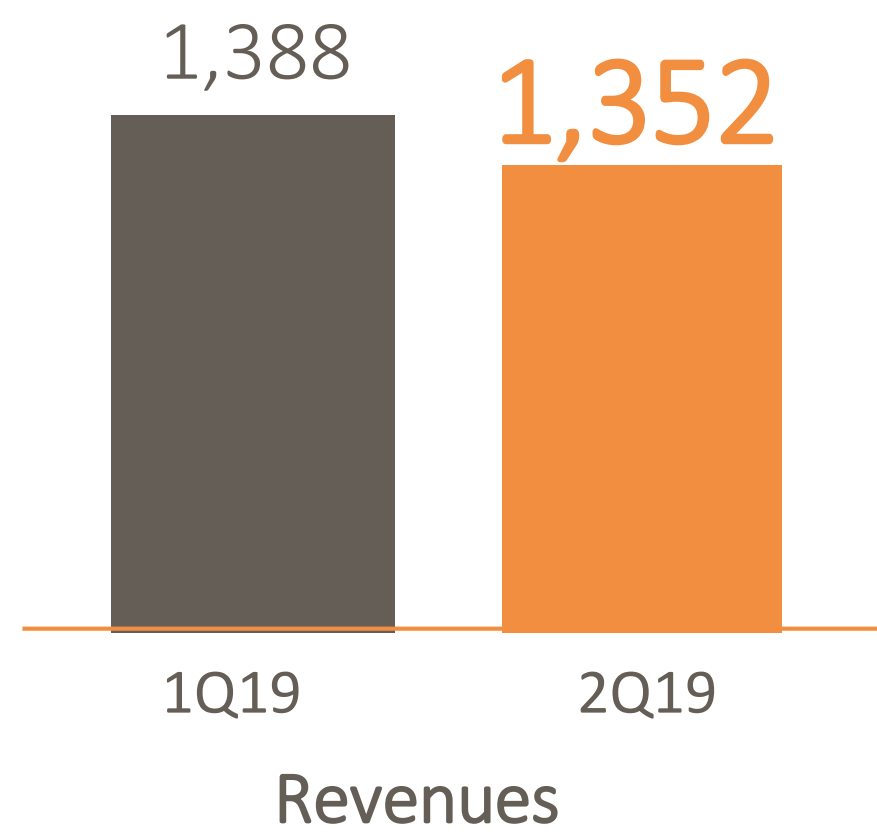
This presentation contains certain performance measures that do not represent IFRS definitions, as “EBITDA” and “Net financial debt”. These measures cannot be compared with the same previously used by Arauco and the same used by other companies.



FINANCIAL REVIEW

QUARTER MAIN FIGURES

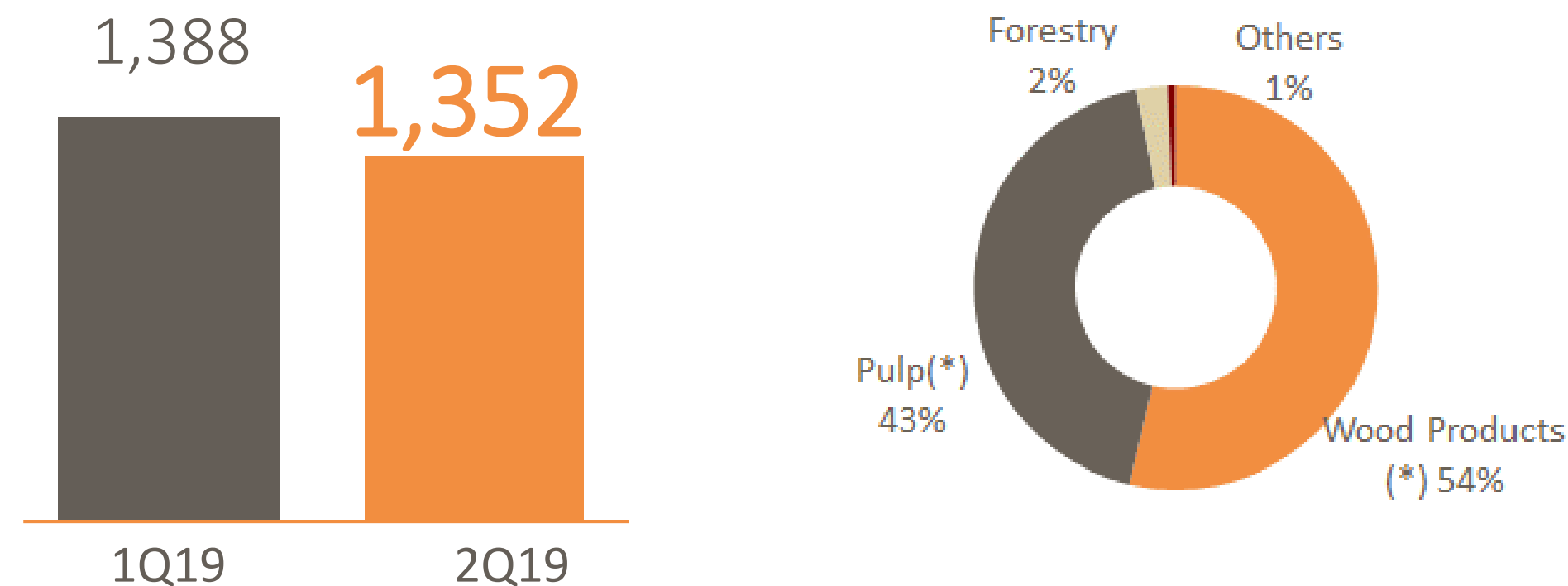
► In US\$ million



► In US\$ million

Revenues remained similar to the first quarter, decreasing by 2.6% QoQ

- Pulp business revenues were US\$69.2 million lower, driven by sales volume decrease and slightly lower prices
- Wood products revenues were US\$28.2 million higher than the previous quarter, explained by higher Panels and Sawn Timber sales volume, offset by a slight decrease in both average prices



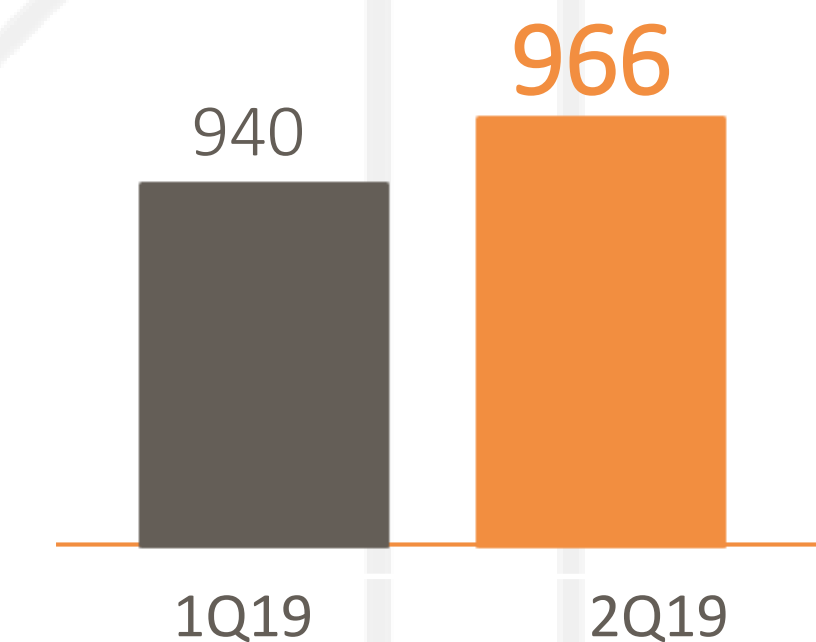
(*) Pulp and Wood division sales include energy

Cost of sales increased by 2.8% or US\$26.1 million QoQ

- Timber costs increased by US\$27.0 million, mainly due to Grayling start-up
- Forestry Labor costs increased due to road investments and transportation expenses
- This situation was compensated by lower Maintenance costs

Pulp unitary sale costs QoQ

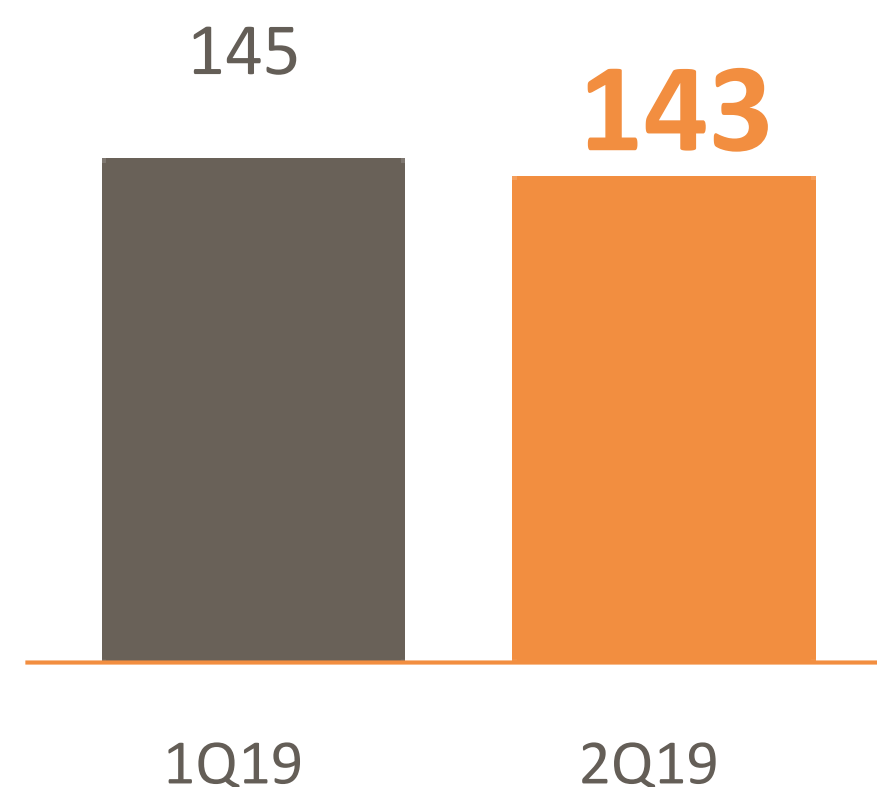
- Softwood bleached pulp ▼ 1.0%
- Hardwood bleached pulp ▼ 1.0%
- Unbleached softwood pulp ▲ 2.1%



► In US\$ million

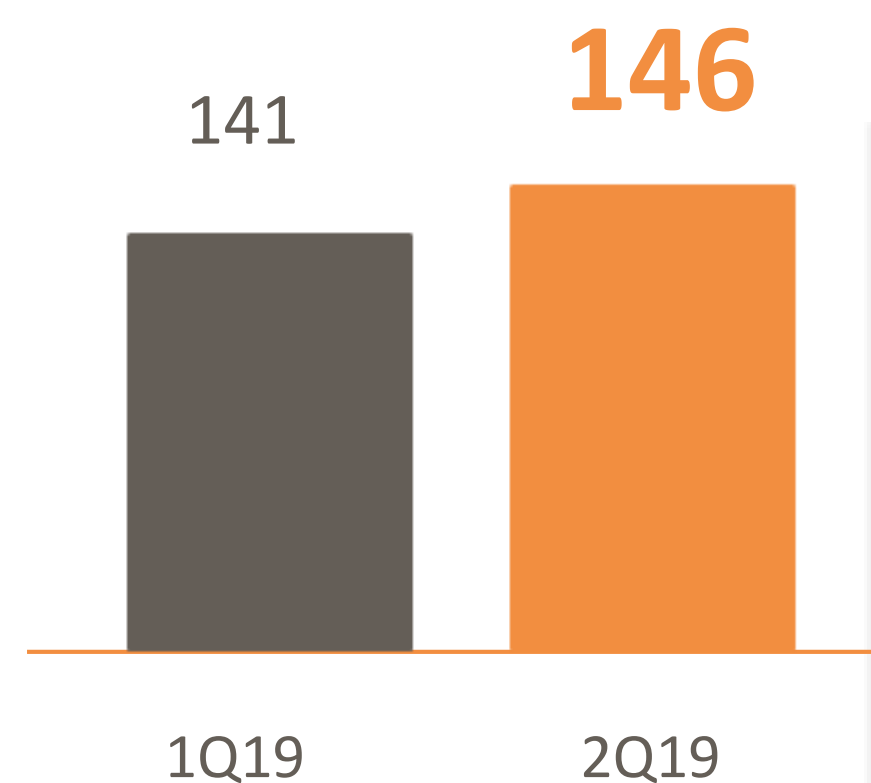
Distribution costs remained similar QoQ, decreasing only by 1.1% or US\$1.6 million

- Freight costs decreased by US\$4.6 million due to lower export sales volume and freight rates



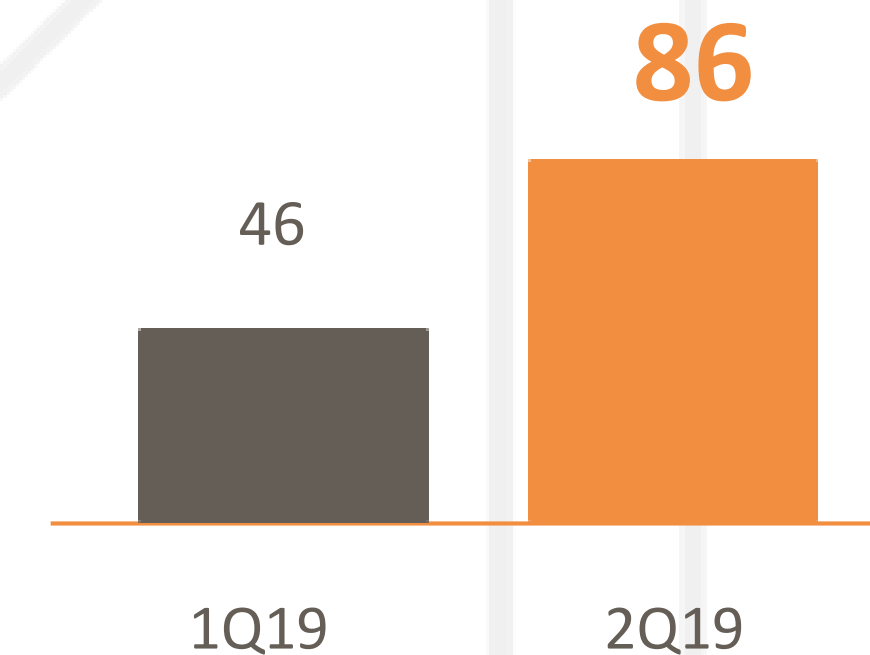
Administrative expenses increased by 3.5% or US\$4.9 million QoQ

- Computer services expenses increased by US\$3.6 million explained by software licenses
- Wages, salaries and indemnities increased by US\$3.3 million
- This was offset by a 5.5% Lease rentals decrease



Other income increased by 89.8% or US\$40.9 million QoQ

- Gain on sales of associates increased due to *Puertos y Logística S.A.* shares sale

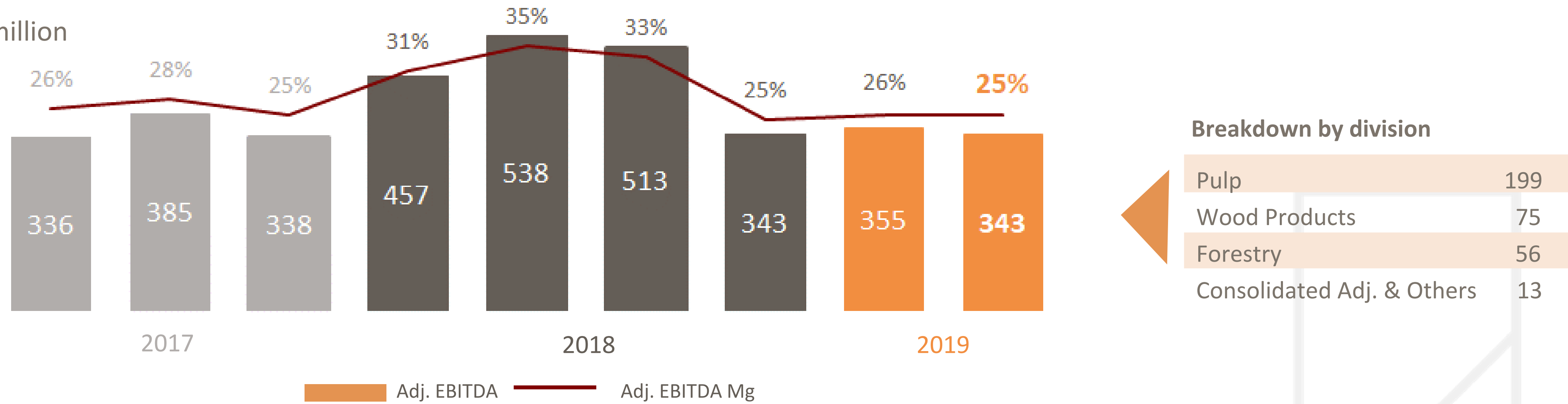


► In US\$ million

	2Q19	1Q19	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%
Participation in (loss) profit in associates and joint ventures accounted through 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	-54.5%

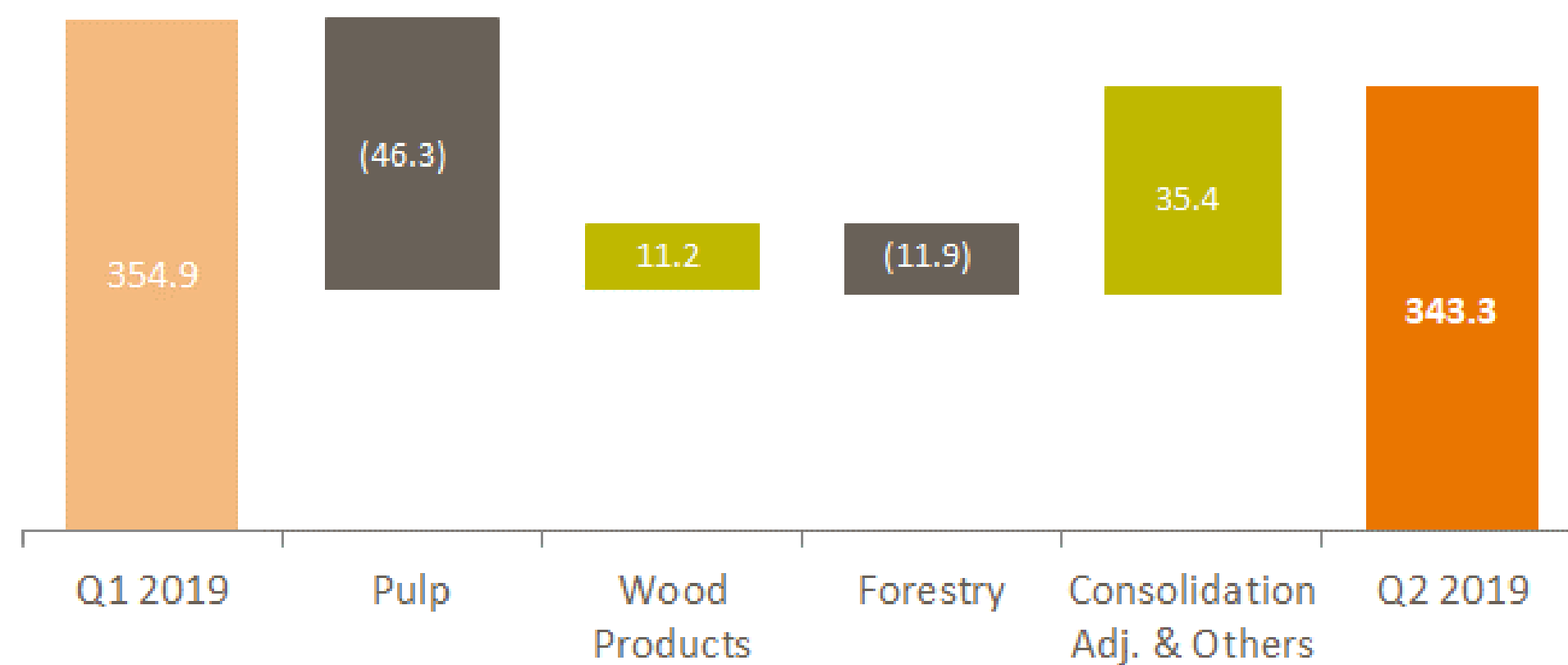
ADJUSTED EBITDA

► In US\$ million

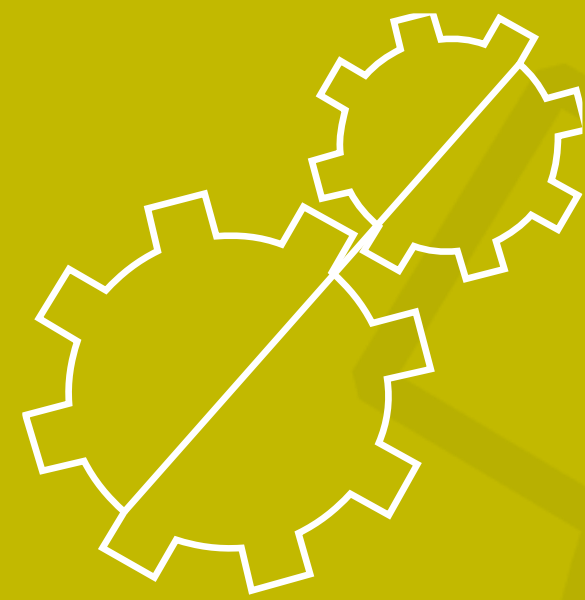


Breakdown by division

Pulp	199
Wood Products	75
Forestry	56
Consolidated Adj. & Others	13

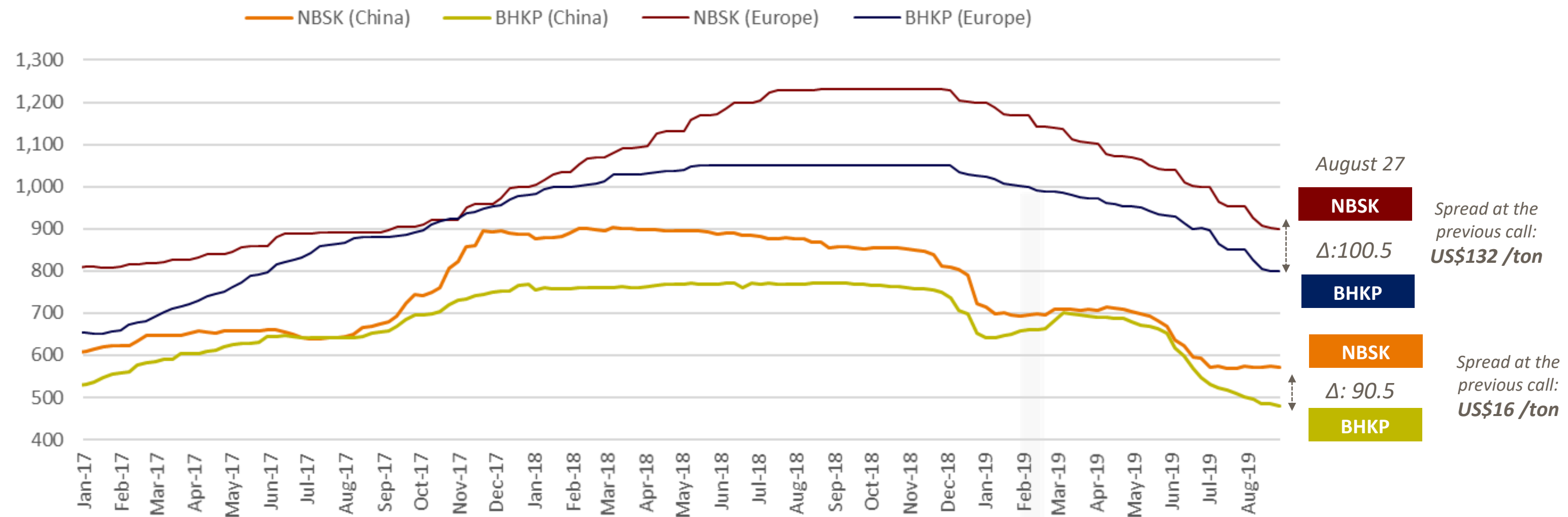


► Adjusted EBITDA fell by 3.3% QoQ, mainly explained by a US\$46.3 million decrease in our Pulp division, offset by *Puertos y Logística S.A.* shares sale gain (included in Consolidation Adj. and Others).



REVIEW BY
BUSINESS SEGMENT
& OUTLOOK

PIX Pulp Net Indexes (in US\$)



Source: RISI

Global Pulp Demand variation - YTD Last 5 months

In '000 tonnes

Destination	Jan-May 2019	Jan-May 2018		%
North America	3,165	2,850	▲	11.1%
West Europe	5,245	5,930	▼	-11.6%
China	5,715	5,955	▼	-4.0%
Others	5,255	5,370	▼	-2.1%
W-20 Total BCP	19,380	20,105	▼	-3.6%

Source: PPPC, June 2019

Global Producers Inventory Levels

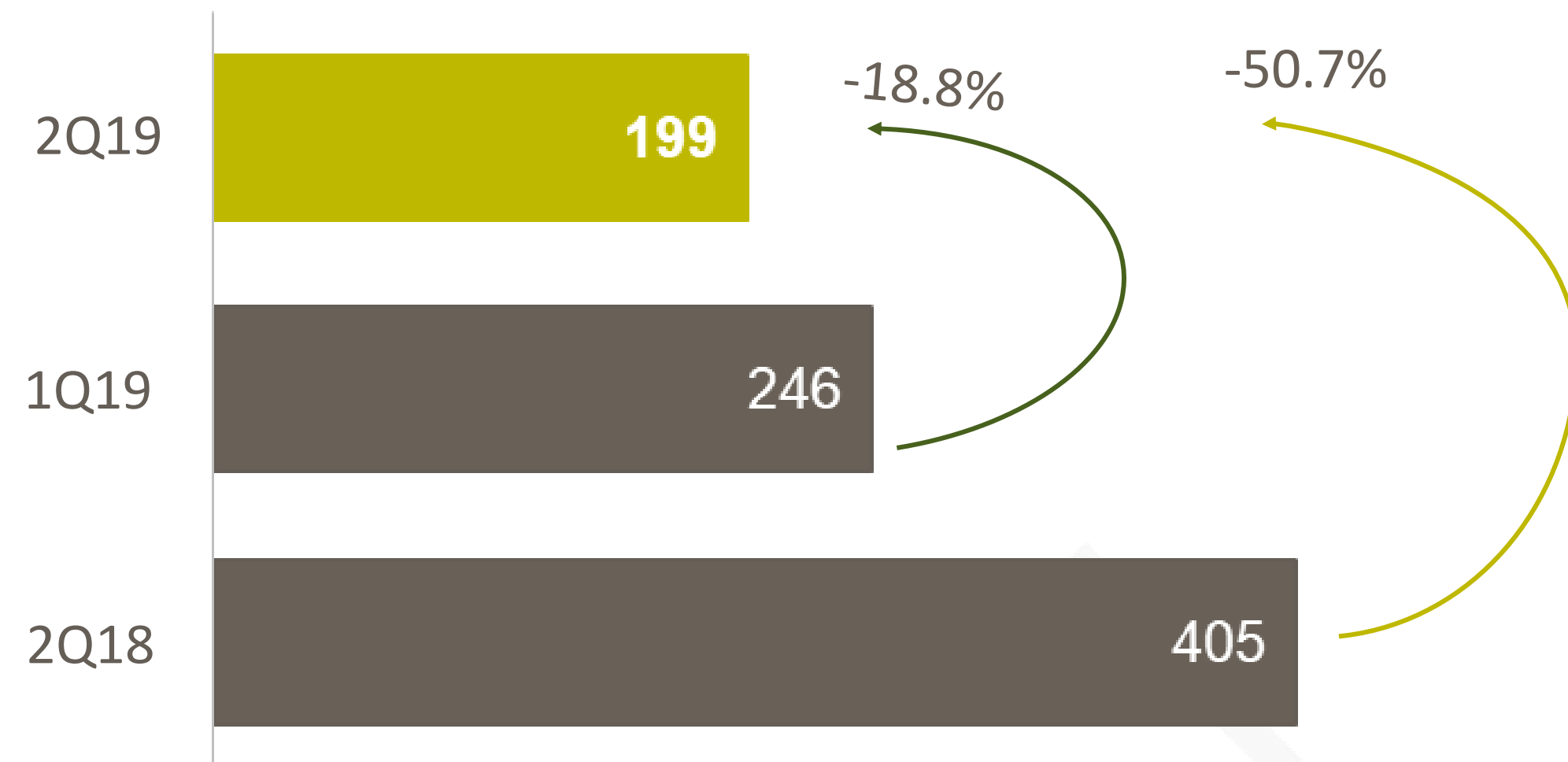
In days Supply

	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
	2017			2018				2019	
BSPK	31	30	29	31	30	33	41	37	43
BHKP	37	43	38	45	45	41	57	67	64

Source: PPPC, June 2019

► In US\$ million

Adjusted EBITDA

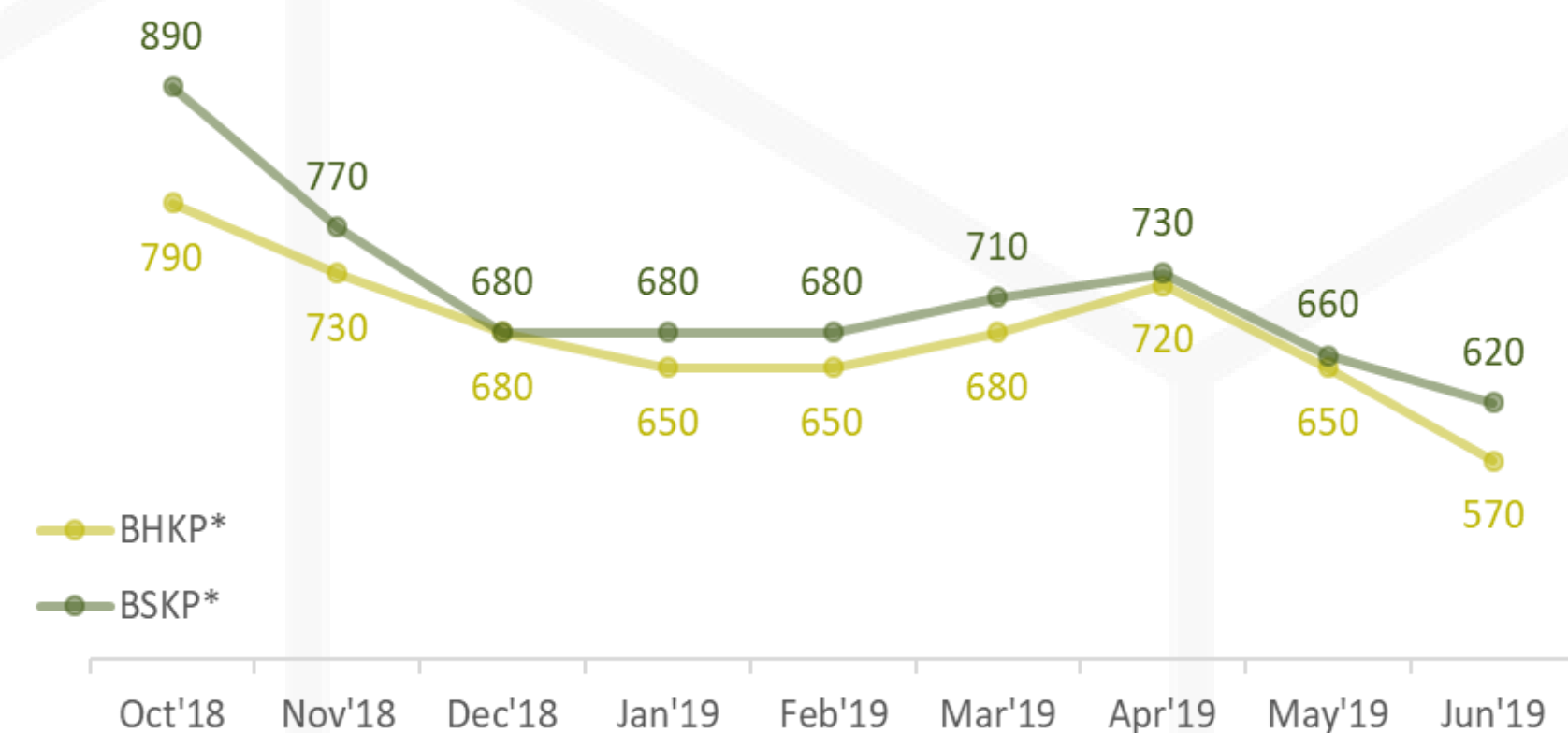


	Price	Volume	
QoQ	-2.3%	-8.9%	
YoY	-16.3%	-13.0%	

2Q 2019

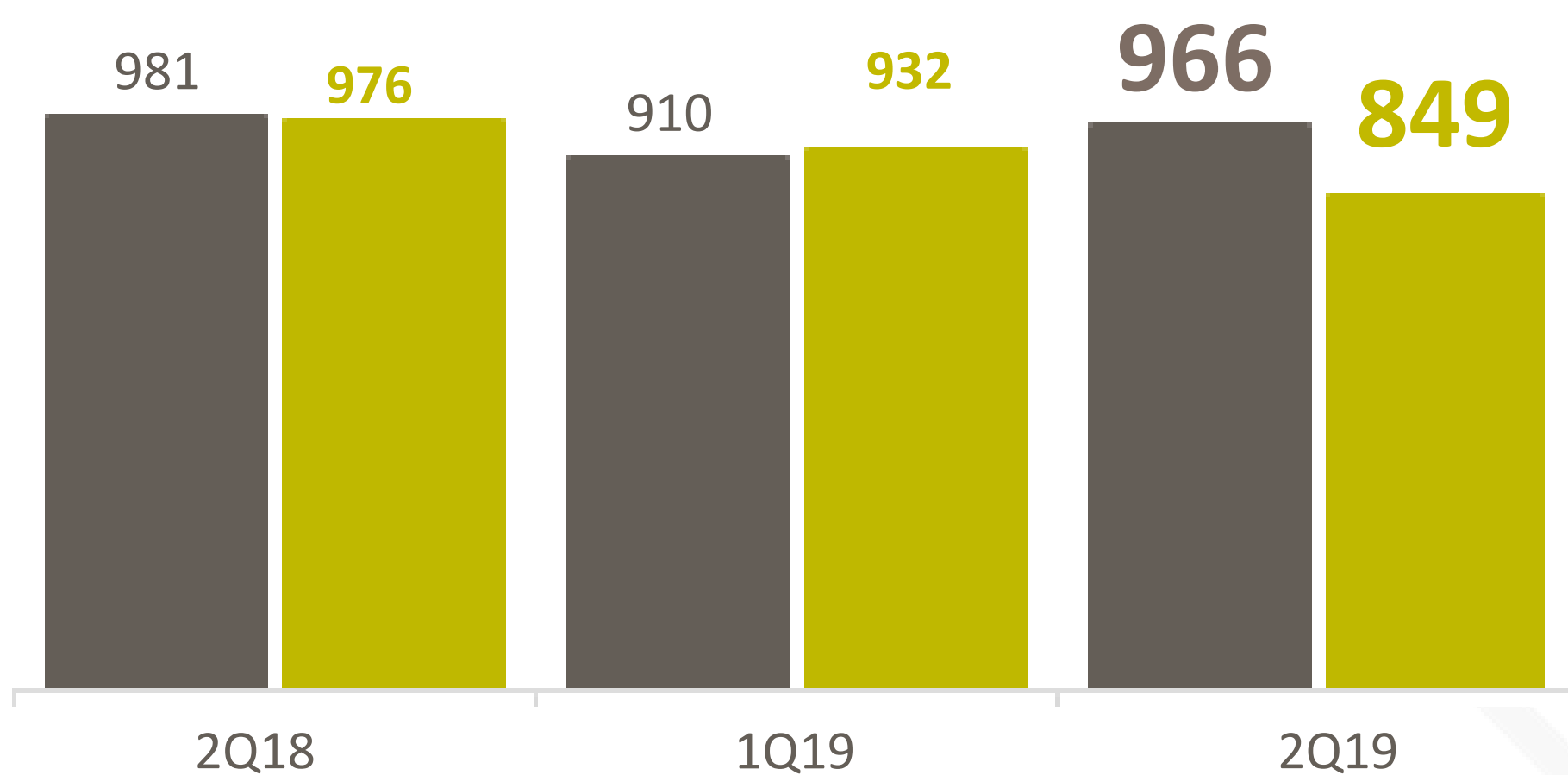
- The market scenario continued deteriorating due to a lower demand and high inventory levels, deepening the downward trend in pulp prices.
- Asian markets, especially China, had the most relevant prices decreases because of historically high inventory levels concentrated in some producers
- In Europe, prices were also down compared to the first quarter, even though in lesser magnitude than in Asia

BHKP and BSKP Net prices - China



► In US\$ million

Production and Sales Volume
In Thousand ADT



● Production ● Sales

1Q 2019 – 2Q 2019

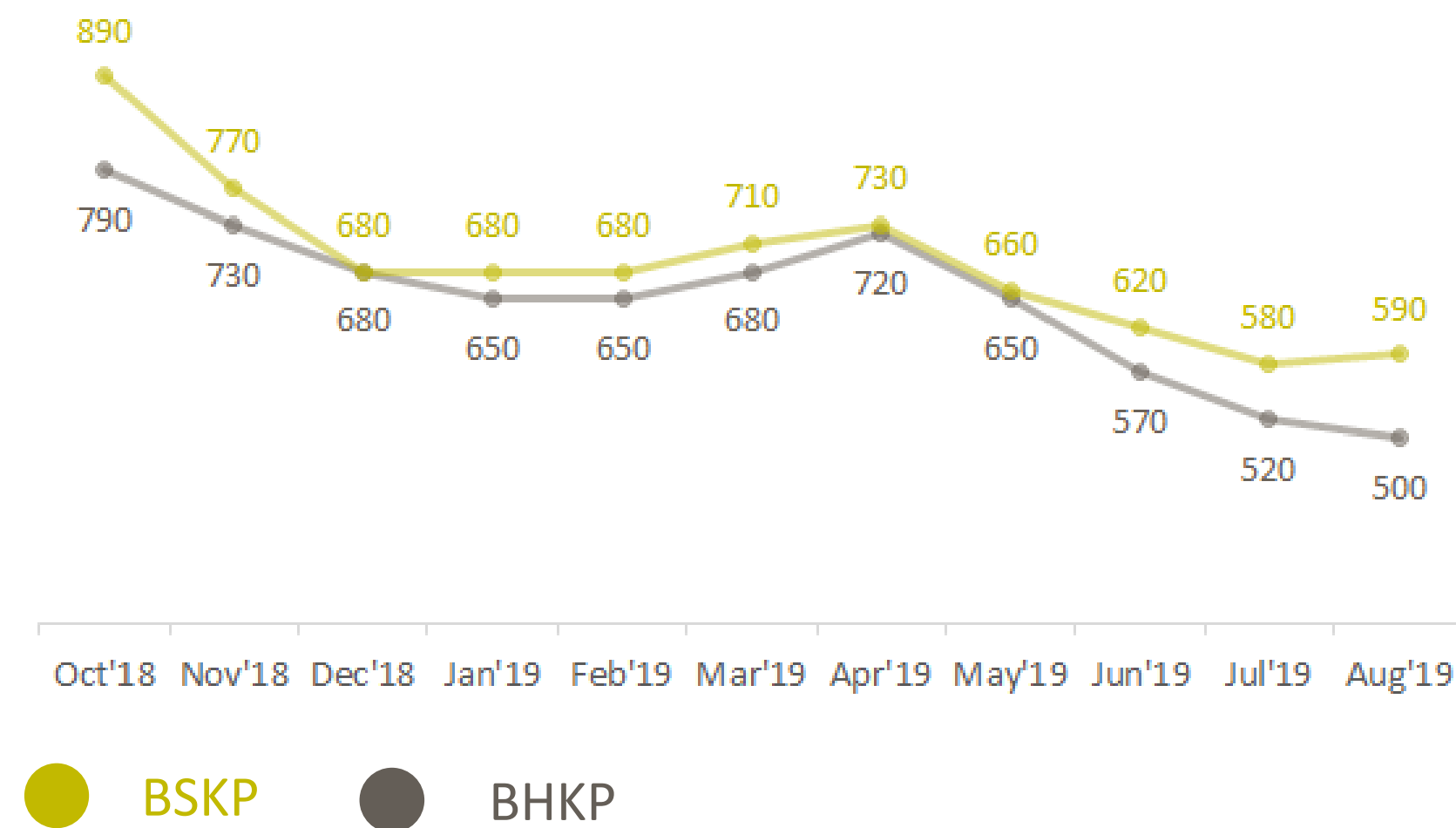
Pulp Mill Maintenance Stoppages

Date	Pulp Mill	Annual Capacity ('000 Adt)	Days of Stoppage
Jan	Nueva Aldea	1,040	11 ✓
Feb	Licancel	160	11 ✓
Mar	Alto Paraná	350	22 ✓
Apr	Constitución	355	18 ✓
May	Arauco – Line 1	290	10 ✓

For the third quarter, the scenario is seen with uncertainty and volatility in most of the pulp markets, because of:

- Low demand season (summer in the Northern Hemisphere)
- China-US trade war is still without a final agreement
- High inventory levels
- Low paper demand

BSKP and BHKP Net Prices - China

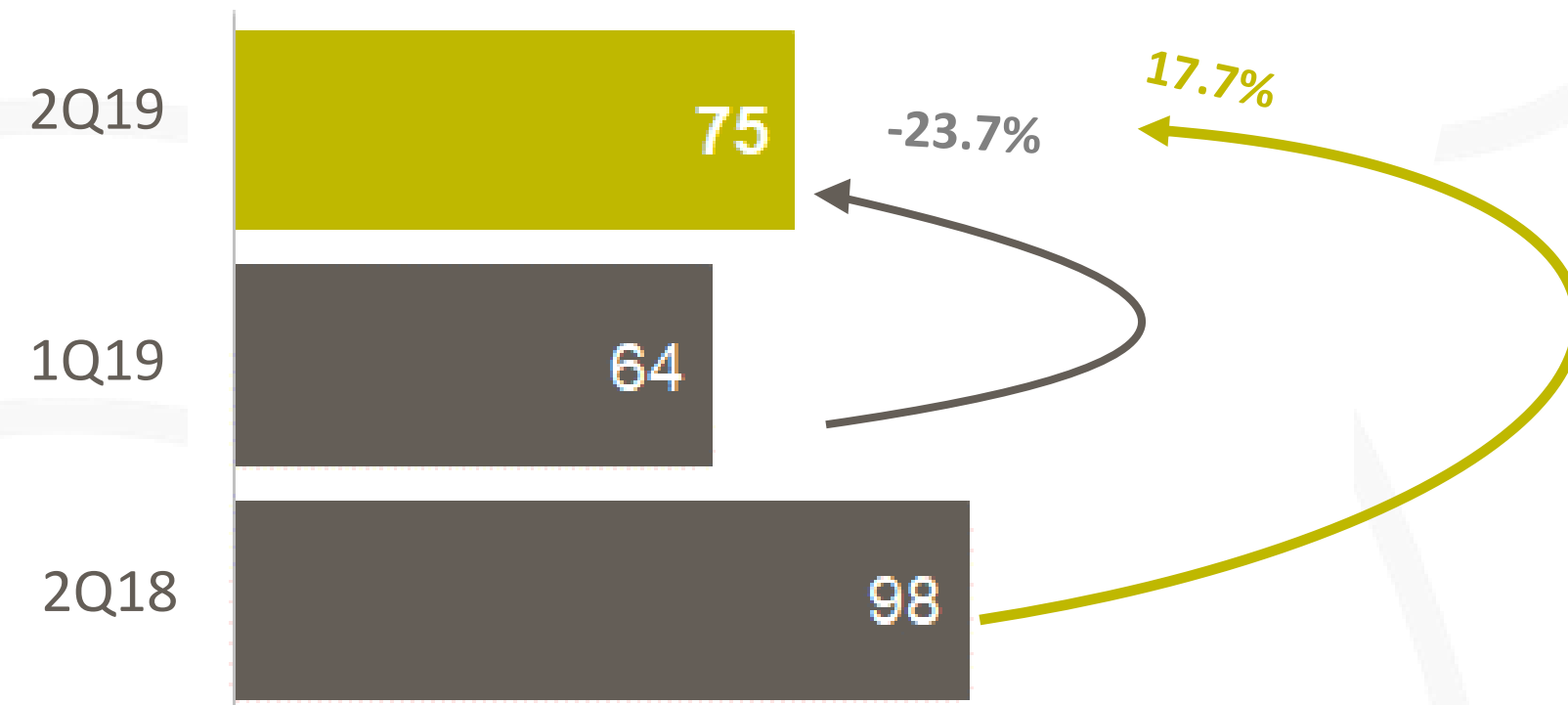


Source: Arauco

3Q 2019 – 4Q 2019 Scheduled
Pulp Mill Maintenance Stoppages

Date	Pulp Mill	Annual Capacity ('000 Adt)	Days of Stoppage
Sept-Nov	Valdivia	550	48
Oct	Arauco – Line 2	510	15
Nov	Montes del Plata	708	10

Adjusted EBITDA In US\$ million



Panels*

Price	Volume	
-0.3%	6.0%	QoQ
-1.2%	8.1%	YoY

Solid Wood**

Price	Volume	
-2.2%	2.2%	QoQ
-8.1%	0.2%	YoY

*MDF, PBO, HB

**Sawn Timber, Remanufactured Wood products and Plywood

2Q 2019

- Panels sales volume increased by 6.0% QoQ, partially offset by a decrease in average prices. Latin American market were stable in the second quarter, considering a difficult economic scenario and some oversupply coming mainly from Brazil. MDF supply remained at high levels, which affected the Brazilian market. Argentine market showed a slight recovery considering a more stable exchange rate.
- Lower dynamism in the markets and higher sawn timber supply, especially from Brazil, Canada and Europe are affecting demand, prices and volumes. Sawn timber results still don't reflect the China-US trade war impact in prices and volumes.
- The Plywood market followed the same trend as Sawn timber, showing a lower demand in most of the markets. This, added to the oversupply from Brazil, China and Chile and the competition of substitute products, impacted Plywood's volumes and prices.

WOOD PRODUCTS BUSINESS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In '000 m³



(1) Sales and production include new Mexican mills

(2) Includes PB, MDF, HB and OSB

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

Note: Sales include trading

● Production ● Sales

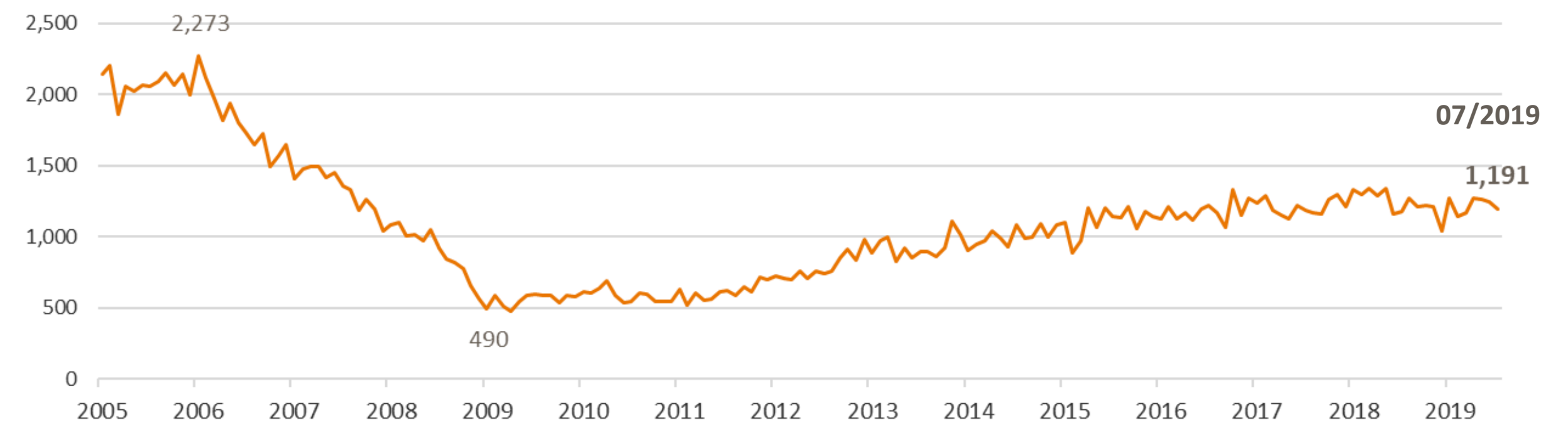
56%
North
America

PB/MDF: The demand is expected to remain positive over the next quarter for both products, specially for PB due to lower supply from competitors. Seasonality in the Northern hemisphere is expected to be a positive factor

REMANUFACTURED PRODUCTS: Demand over the next quarter will remain good, due to seasonality and less supply from China because of imposed duties

PLYWOOD: Sales volume are expected to remain healthy over the coming months, however, the oversupply from Brazil, Chile and others, is expected to keep affecting prices

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



Source: Bloomberg

29%
Central and
South America

12%
Asia and Oceania

3%
Europe and
Middle East

BRAZIL: the scenario looks challenging over the coming months, due to a slow economy, sluggish consumption of panels and more production capacity of other Brazilian competitors on MDF. In spite of that, second half of 2019 is expected to be better, forecasting some price recovery.

CHILE: For panels, the outlook remains positive, expecting steady sales volume. Plywood will remain a challenge, due to local oversupply and a slightly lower growth expected for the construction industry. Same situation is expected for lumber.

ASIA: this market is facing the biggest uncertainty as the trade war between China and US remains unresolved. We do not see an improvement on demand, until the global trade issue is clearer.

EUROPE: Plywood market is expected to be very sluggish the rest of the year, due to lower economic activity, BREXIT and global situation.

ARGENTINA: political primaries brought uncertainty to the domestic panel market and local currency depreciation decreases USD margins. Additionally, customers are more conservative, resulting in sales decrease. Elections on October will bring more volatility to this market.

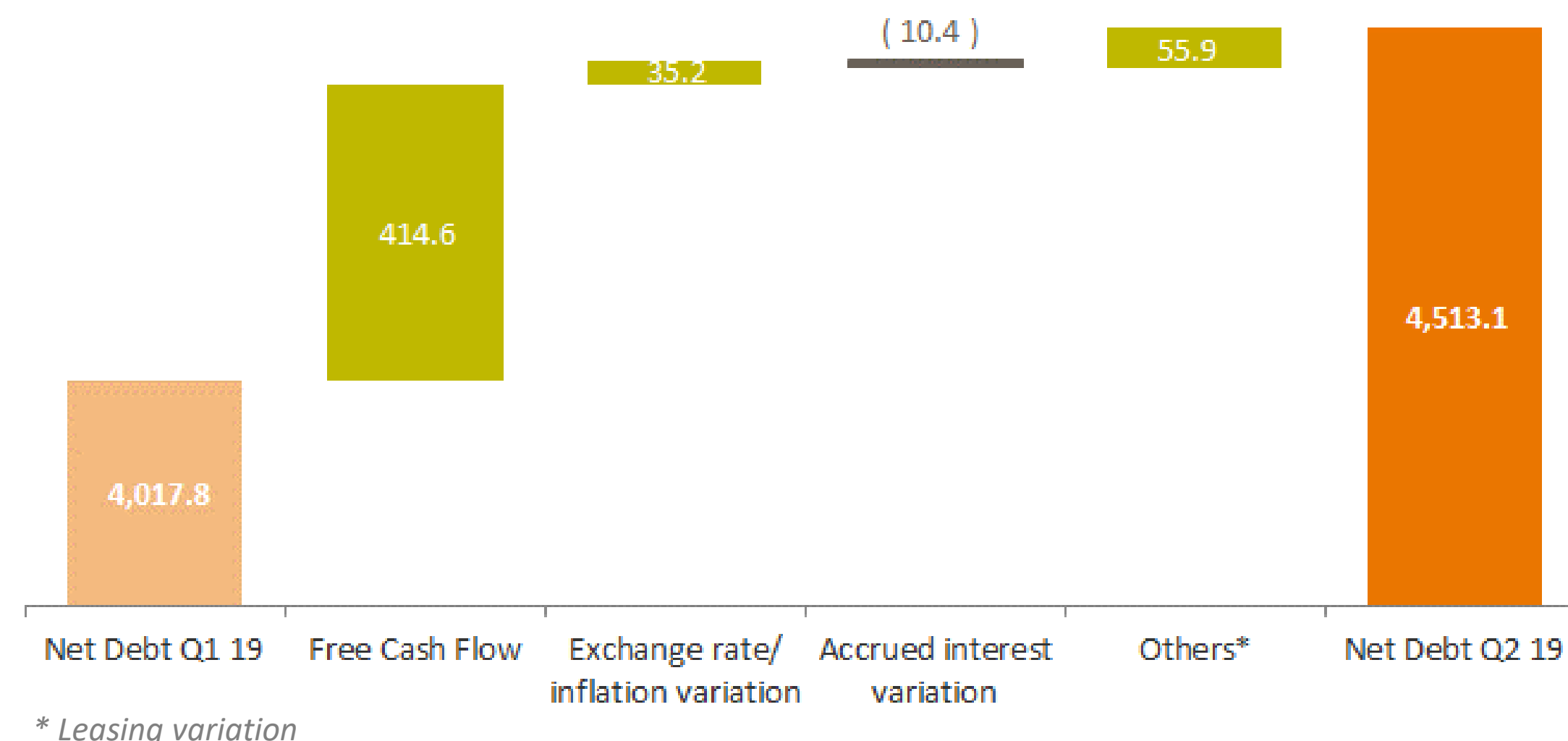
On the supply side, we should expect a better scenario as many competitors have announced some shut downs.

MIDDLE EAST: demand is stable, however, prices will continue to deteriorate due to over supply of lumber.

FREE CASH FLOW

► In US\$ million

	2Q19	1Q19
Adjusted EBITDA	343.3	354.9
Working Capital Variation	(27.6)	(70.9)
Interest paid and received	(55.9)	(43.3)
Income tax paid	(210.0)	(12.6)
Others	(47.9)	(97.9)
Cash from operations	1.8	130.3
Capex	(240.1)	(394.6)
Others	3.8	11.7
Cash from investment Activities	(236.3)	382.9
Cash from Financing activities (net of debt)	(187.3)	(0.3)
Effect of exchange rate changes	7.3	(0.7)
Free Cash Flow	(414.6)	(253.7)



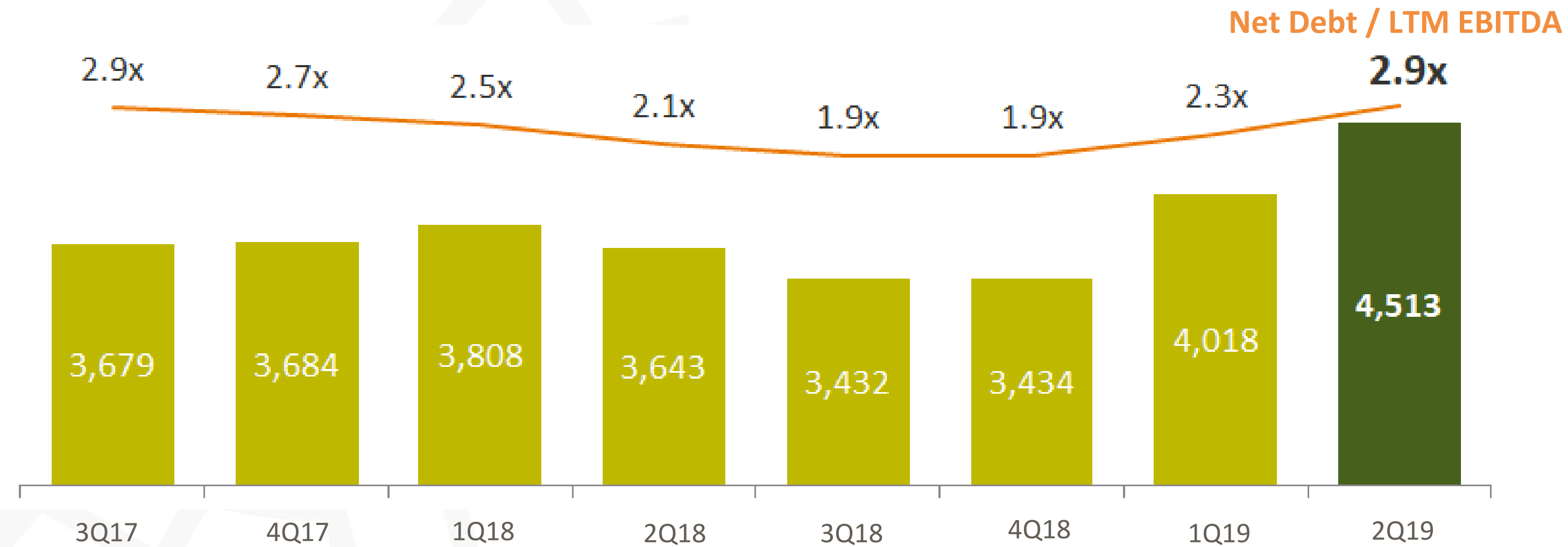
Cash flow from operating activities decreased mainly due to the annual income tax payment.

Cash flow from investment activities decreased by US\$146.6 million due to lower capex, mainly explained by *Puertos y Logística S.A.* sale.

Cash used in financing activities increased by US\$187.0 million, mainly due to dividends paid in May.

NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents increased by 67.3% or US\$503.1 million QoQ

Long Term Debt increased by 1.0 Billion due to the bond Issuance in April

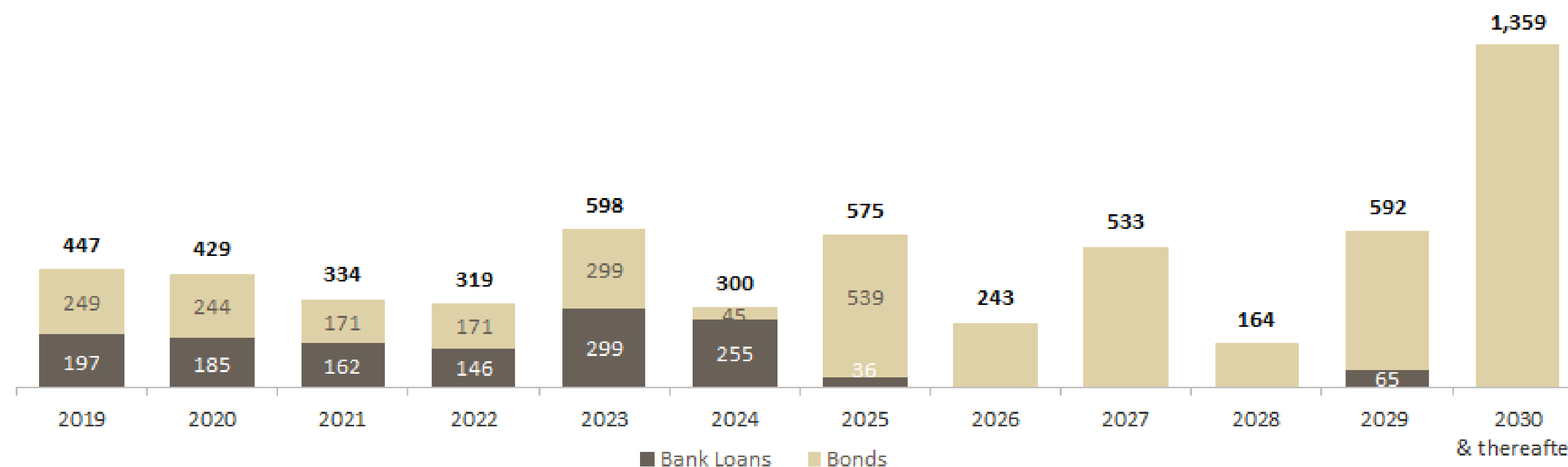
LTM Adjusted EBITDA decreased by 11.2% QoQ, mainly due to pulp prices decrease through the last periods

QoQ Net Leverage increased from 2.3x to 2.9x

	30-06-2019	30-03-2019
Short term debt	560	576
Long term debt	5,204	4,189
TOTAL DEBT	5,764	4,766
Cash	1,251	748
Net DEBT	4,513	4,018

DEBT

► In US\$ million



AS OF JUNE 2019

BANK OBLIGATIONS FOR THE 2H 2019 INCLUDE:

- US\$136.2 million in Montes del Plata
- US\$ 43.8 million from leasing
- US\$ 10.1 million in Argentina
- US\$ 6.9 million in other subsidiaries

BOND OBLIGATIONS FOR THE 2H 2019 INCLUDE:

- US\$169.6 million in USD bonds with maturity in 2019*
- US\$ 23.2 million in amortization of local bonds
- US\$ 48.2 million in interests of local and USD bonds

* We repurchased US\$33.2 million on April 2019. As a result, the 2019 Yankee Notes outstanding reached US\$169.6 million. They were paid in full at the end of July



MATERIAL FACTS AND NEWS

DISSOLVING PULP PROJECT UPDATE

MATERIAL FACTS AND NEWS



- As of July 2019, the project is going as planned with 85% of construction completed
- The start-up is expected to be by the end of 2019
- The mill will keep the flexibility to switch from paper grade to dissolving pulp



- MAPA Project progress goes as expected with a 13% accumulated advance as of July 2019
- Earthmoving works continue on schedule (60% completed)
- In July 2019, civil and electromechanical works started

- MAPA Project has 1,350 people employed as of June 2019. The peak is expected to be in August 2020, providing jobs for 8,000 people
- 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.



Q&A

INVESTOR RELATIONS

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

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Conference ID	10134448

FOR FURTHER INFORMATION

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