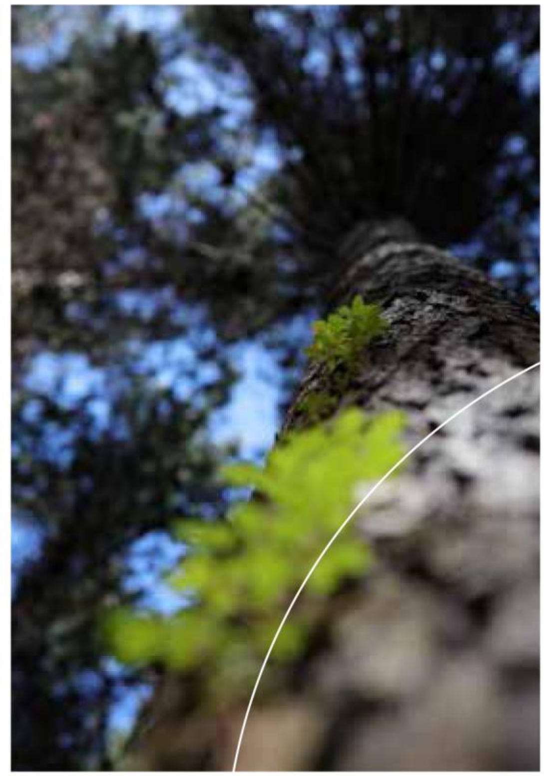
CELULOSA **ARAUCO**

Y CONSTITUCIÓN S.A.

First Quarter 2018 Results

May 18, 2018



renewables for a better life

REVENUES U.S.$ 1,464.7 MILLION
Arauco's revenues reached U.S.$ 1,464.7 million during the first quarter of 2018, a 10.0% increase compared to the U.S.$ 1,331.3 million obtained in the fourth quarter of 2017.

NET INCOME U.S.$ 197.7 MILLION
Net income reached U.S.$ 197.7 million, an increase of 137.8% or U.S.$ 114.6 million compared to the U.S.$ 83.2 million obtained in the fourth quarter of 2017.

ADJUSTED EBITDA U.S.$ 463.5 MILLION
Adjusted EBITDA reached U.S.$ 463.5 million, an increase of 37% or U.S.$ 125.3 million compared to the U.S.$ 338.2 million obtained during the fourth quarter of 2017.

NET FINANCIAL DEBT/ LTM ADJUSTED EBITDA 2.5x (THE LOWEST SINCE 2011)
Net Financial Debt / LTM Adjusted EBITDA ratio reached 2.5x in this quarter, a decrease compared to the 2.7x obtained in the fourth quarter of 2017.

CAPEX
CAPEX reached U.S.$ 183.2 million, a decrease of 21.3% compared to the U.S.$ 232.8 million during the fourth quarter of 2017.

Conference Call
Thursday, May 24th, 2018
12:00 Santiago Time
12:00 Eastern Time (New York)
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For more details on Arauco´s financial statements please refer to **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 first quarter net income was U.S.$ 197.7 million, an increase of 137.8% compared to last quarter, driven by an increase in revenues and lower financial costs, due to the impact of the repurchase of three of our outstanding bonds in November 2017. Our Adjusted EBITDA increased by 37.0% compared to last quarter, mainly due to higher pulp prices. Our Adjusted EBITDA Margin was 31.6%, an increase compared to the 25.4% obtained during the last quarter.

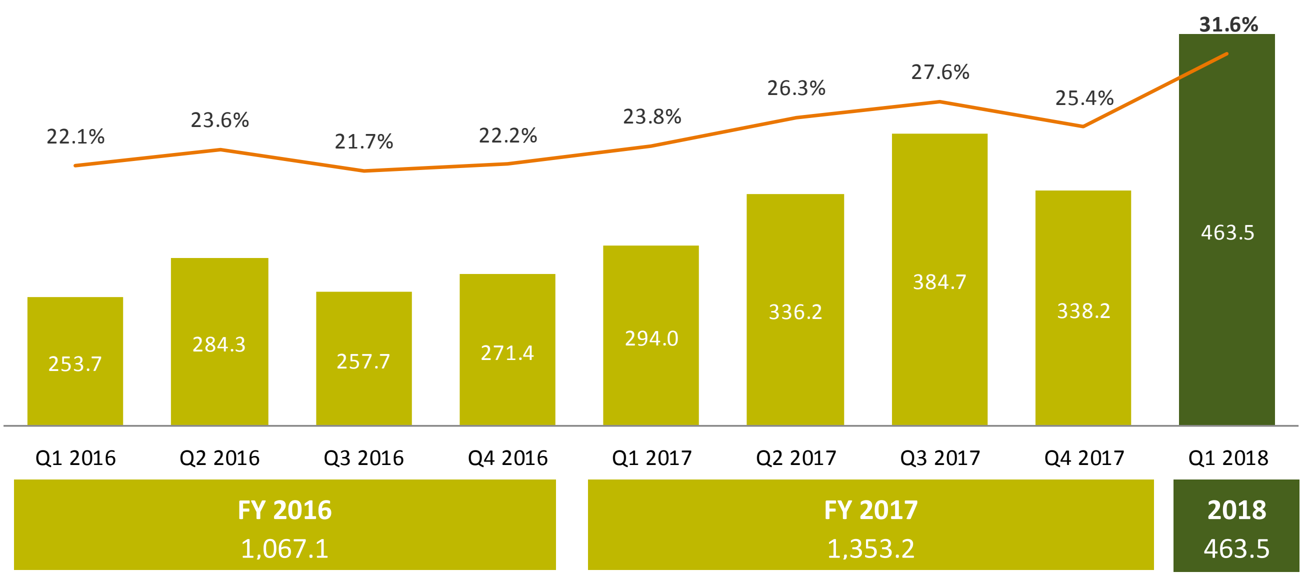
Pulp sales increased compared to last quarter primarily due to higher pulp prices and a slight increase in sales volume. Demand remained steady or growing in some countries. China was affected by restrictions which beneficiated pulp producers, and in Europe supply of raw materials was affected by a warm winter. Paper producers were able to continue transferring the higher costs to their customers.

Our wood products segment sales increased mainly due to higher sales volume in panels, sawn timber and plywood. Also, we reached higher prices in the sawn timber and plywood segments. In general, all markets showed good demand, with construction and economy improving.

Our Net Debt/LTM EBITDA ratio reached 2.5x, the lowest since 2011, compared to 2.7x in the previous quarter.

In U.S. Million	Q1 2018	Q4 2017	Q1 2017	QoQ	YoY	YTD 2018	YTD 2017	YoY Acum
Revenue	1,464.7	1,331.3	1,233.7	10.0%	18.7%	1,464.7	1,233.7	18.7%
Net income	197.7	83.2	-45.3	137.8%	-536.7%	197.7	-45.3	-536.7%
Adjusted EBITDA	463.5	338.2	294.0	37.0%	57.6%	463.5	294.0	57.6%
Adjusted EBITDA Margin	31.6%	25.4%	23.8%	24.6%	32.8%	31.6%	23.8%	32.8%
LTM Adj. EBITDA	1,522.6	1,353.2	1,107.5	12.5%	37.5%	1,522.6	1,107.5	37.5%
CAPEX	183.2	232.8	119.8	-21.3%	52.9%	183.2	119.8	52.9%
Net Financial Debt	3,808.5	3,683.6	3,821.0	3.4%	-0.3%	3,808.5	3,821.0	-0.3%
Net Financial Debt / LTM Adj. EBITDA	2.5x	2.7x	3.5x	-8.1%	-27.5%	2.5x	3.5x	-27.5%

Adjusted EBITDA and EBITDA Margin
(In U.S.$ Million)



INCOME STATEMENT

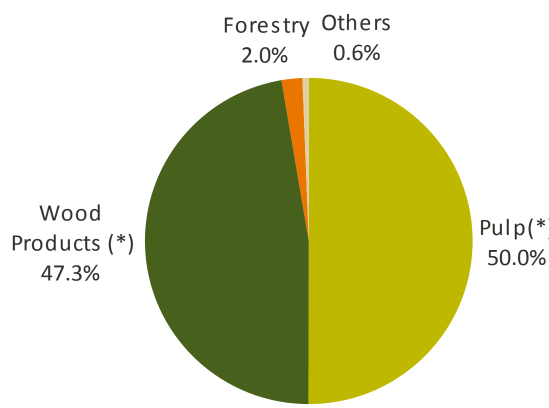
Net income for the first quarter of 2018 was U.S.$ 197.7 million, an increase of 137.8% or U.S.$ 114.6 million compared to the U.S.$ 83.2 million obtained in the fourth quarter of last year. The increase is mainly explained by an increase in revenues, lower financial costs, a gain in other income, and a decrease in other expenses, compensated by an increase in income tax.

In U.S.$ Million	Q1 2018	Q4 2017	QoQ
Revenues	1,464.7	1,331.3	*10.0%*
Cost of sales	(921.6)	(884.9)	*4.1%*
Distribution costs	(132.4)	(132.9)	*-0.4%*
Administrative expenses	(141.5)	(150.1)	*-5.7%*
Other income	37.2	(11.7)	*-418.8%*
Other expenses	(16.8)	(47.1)	*-64.3%*
Financial income	4.8	4.0	*19.9%*
Financial costs	(51.7)	(116.2)	*-55.5%*
Participation in (loss) profit in associates and joint ventures accounted through equity method	5.8	(1.6)	*-474.2%*
Exchange rate differences	1.0	(2.6)	*-140.0%*
Income before income tax	**249.6**	**(11.8)**	***-2207.2%***
Income tax	(51.8)	95.0	*-154.6%*
Net income	**197.7**	**83.2**	***137.8%***

Revenues reached U.S.$ 1,464.7 million during the first quarter of 2018 compared with the U.S.$ 1,331.3 million in the previous quarter, as a result of an increase in sales from our pulp and wood products segment. Pulp revenues increased 15.1% or U.S.$ 96.0 million compared to the previous quarter as prices continue in a positive trend. On the other hand, our wood products revenues increased the first quarter of 2018 compared to the fourth quarter of 2017 due to higher sales volume. The following table shows a breakdown of the revenue sales distributed by business segment:

In U.S.$ Million	Q1 2018	Q4 2017	QoQ
Pulp(*)	732.9	636.9	*15.1%*
Wood Products(*)	692.7	645.5	*7.3%*
Forestry	30.0	30.3	*-1.0%*
Others	9.1	18.6	*-51.2%*
Total	**1,464.7**	**1,331.3**	***10.0%***

Sales by Business Segment 1Q 2018



(*) Pulp and Wood division sales include energy

Cost of sales for the first quarter of the year reached U.S.$ 921.6 million, U.S.$ 36.7 million or 4.1% higher than the U.S.$ 884.9 million obtained in the fourth quarter of 2017. Forestry cost had an increase of 5.0% due to higher costs of turning and processing, added to an increase in freight due to higher average distances of forest harvested. Sawmill services cost increased by 54.7% mainly due to changes in the costing method, that mainly implies the reassignment of some labor costs of third parties.

In U.S.$ Million	Q1 2018	Q4 2017	QoQ
Timber	178.4	169.7	*5.1%*
Forestry costs	158.6	151.1	*5.0%*
Depreciation and amortization	95.0	101.4	*-6.3%*
Maintenance costs	65.1	63.7	*2.2%*
Chemical costs	132.0	131.1	*0.6%*
Sawmill services	38.4	24.9	*54.7%*
Other raw materials and indirect costs	105.5	93.7	*12.5%*
Energy and fuel	48.7	46.9	*4.0%*
Cost of electricity	11.1	9.1	*21.8%*
Wage, salaries and severance indemnities	88.7	93.3	*-4.9%*
Cost of Sales	**921.6**	**884.9**	***4.1%***

Administrative expenses overall decreased by 5.7% or U.S.$ 8.6 million compared to the fourth quarter of 2017. Other administration expenses decreased by a 18.2% due to lower expenses in projects and studies. Additionally, in the fourth quarter 2017 Other Administrative Expenses were higher because of non-current expenses of third party services in Uruguay. There was also an increase of U.S.$ 5.5 million in wage, salaries and severance indemnities, primarily due to a change in the calculation of the compensation for years of service.

In U.S.$ Million	Q1 2018	Q4 2017	QoQ
Wage, salaries and severance indemnities	65.2	59.6	*9.3%*
Marketing, advertising, promotion and publications expenses	2.7	2.9	*-7.2%*
Insurance	3.6	4.0	*-8.6%*
Depreciation and amortization	6.9	7.0	*-0.5%*
Computer services	4.0	6.7	*-40.2%*
Lease rentals (offices, warehouses and machinery)	4.1	2.9	*43.0%*
Donations, contributions, scholarships	3.3	7.1	*-54.3%*
Fees (legal and technical advisories)	13.5	15.2	*-11.6%*
Property taxes, patents and municipality rights	4.5	3.5	*29.9%*
Other administration expenses	33.7	41.3	*-18.2%*
Administrative Expenses	**141.5**	**150.1**	***-5.7%***

Distribution costs decreased 0.4% or U.S.$ 0.5 million. Each item in terms of absolute change fluctuated at most U.S.$ 2.4 million. The increase of 2.5% in freights is due to higher sales volume and an increase in freight prices.

In U.S.$ Million	Q1 2018	Q4 2017	QoQ
Commissions	3.7	4.2	*-12.6%*
Insurance	1.0	1.3	*-25.1%*
Other selling costs	3.1	5.0	*-38.1%*
Port services	7.9	8.2	*-3.9%*
Freights	97.1	94.7	*2.5%*
Other shipping and freight costs	19.6	19.4	*1.2%*
Distribution Costs	**132.4**	**132.9**	***-0.4%***

As a percentage, administrative expenses and distribution costs combined were 18.7% of sales, showing a downward trend compared to the 21.3% in the previous quarter.

Other income rose 418.8% or U.S.$ 48.9 million this quarter compared to the last quarter. Gain from changes in fair value of biological assets increased compared to last quarter due to the adjustment of inventory in our forest done in the fourth quarter of 2017. The rest of the items did not suffer any major fluctuations.

In U.S.$ Million	Q1 2018	Q4 2017	QoQ
Gain from changes in fair value of biological assets	29.6	(18.1)	*-263.1%*
Net income from insurance compensation	0.0	(0.1)	*-129.5%*
Leases received	0.7	(0.1)	*-1196.9%*
Gains on sales of assets	4.8	3.7	*28.1%*
Access easement	0.1	0.1	*-31.5%*
Other operating results	2.0	2.8	*-26.2%*
Other Income	**37.2**	**(11.7)**	***-418.8%***

Other expenses fell overall 64.3% or U.S.$ 30.3 million compared to last quarter. The decrease is mainly due to the impairment provision of property, plant and equipment done in the fourth quarter of 2017. Other taxes decreased U.S.$ 6.0 million compared to last quarter, because during the last quarter there were bond tax expenses and other tax provisions.

In U.S.$ Million	Q1 2018	Q4 2017	QoQ
Depreciation	0.3	(0.1)	*-428.0%*
Legal payments	0.8	1.4	*-45.1%*
Impairment provision property, plant and equipment and others	7.0	29.0	-75.8%
Plants stoppage operating expenses	1.0	2.7	-63.8%
Project expenses	1.0	1.4	-29.8%
Gain (loss) from asset sales	0.5	0.2	140.6%
Loss of assets	0.0	-	100.0%
Provision for forestry fire losses	0.0	(1.2)	-100.7%
Other taxes	3.3	9.4	-64.3%
Research and development expenses	0.3	0.5	-45.0%
Fines, readjustments and interest	0.2	1.6	-88.5%
Other expenses (donations, repayments insurance)	2.4	2.3	2.0%
Other expenses	**16.8**	**47.1**	***-64.3%***

Foreign exchange differences showed a gain of U.S.$ 1.0 million, a U.S.$ 3.7 million difference when compared to the previous quarter that ended at U.S.$ -2.6 million. The Chilean peso appreciated by 1.8% against the U.S. dollar which increased our cash and cash equivalents and outstanding debt in this currency. The average of the Chilean peso during the quarter also appreciated by 4.9% against the U.S. dollar, which increased our revenues and costs in Chilean pesos when converted to U.S. dollar. On the other hand, the Argentine peso depreciated by 8.4% against the U.S. dollar compared to last quarter, decreasing our cash and cash equivalents and outstanding debt. The average of the Argentine peso depreciated by 12.3% against the U.S. dollar throughout the quarter, which decreased our revenues and costs in Argentine pesos when converted to U.S. dollar.

Income tax for the first quarter was an expense of U.S.$ 51.8 million compared to a gain of U.S.$ 95.0 in the fourth quarter. The main reason for this expense was a higher Income before tax of U.S.$ 261.4 million compared to the previous quarter, during the previous quarter we had a one time gain for the reduction of the tax rate in Argentina.

ADJUSTED EBITDA

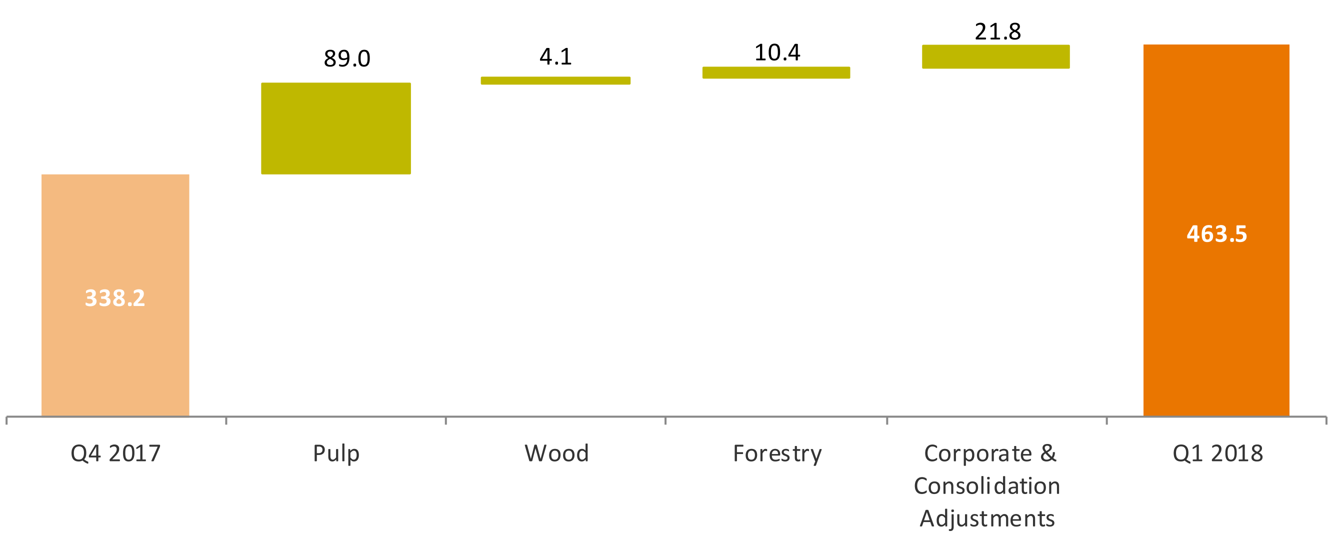
Adjusted EBITDA for the first quarter of 2018 was U.S.$ 463.5 million, 37.0% or U.S.$ 125.3 million higher than the US$ 338.2 million reached during the previous quarter. In terms of Adjusted EBITDA by business, during the first quarter of the year we had an increase in our pulp, wood products and forestry divisions of 35.0%, 4.7% and 24.9% respectively. The main increased in Adjusted EBITDA was in our pulp division, this was due to higher revenues explained by higher pulp prices during the first quarter of 2018.

Adjusted EBITDA for the first quarter of 2018 was higher by 57.6% or U.S.$ 169.4 million when compared with the U.S.$ 294 million reached in the same period of 2017, mainly explained by higher average pulp prices of 42.7%.

In U.S.$ Million	**Q1 2018**	**Q4 2017**	**Q1 2017**	***QoQ***	***YoY***
Net Income	197.7	83.2	(45.3)	*137.8%*	*-536.7%*
Financial costs	51.7	116.2	59.9	*-55.5%*	*-13.7%*
Financial income	(4.8)	(4.0)	(6.4)	*19.9%*	*-25.4%*
Income tax	51.8	(95.0)	(25.6)	*-154.6%*	*-302.3%*
EBIT	**296.4**	**100.4**	**(17.4)**	***195.4%***	***-1800.2%***
Depreciation & amortization	102.3	109.3	105.0	*-6.4%*	*-2.5%*
EBITDA	**398.8**	**209.6**	**87.5**	***90.2%***	***355.6%***
Fair value cost of timber harvested	88.3	78.4	70.5	*12.7%*	*25.3%*
Gain from changes in fair value of biological assets	(29.6)	18.1	(43.3)	*-263.1%*	*-31.6%*
Exchange rate differences	(1.0)	2.6	(1.5)	*-140.0%*	*-28.2%*
Others (*)	7.0	29.4	180.7	*-76.1%*	*-96.1%*
Adjusted EBITDA	**463.5**	**338.2**	**294.0**	***37.0%***	***57.6%***

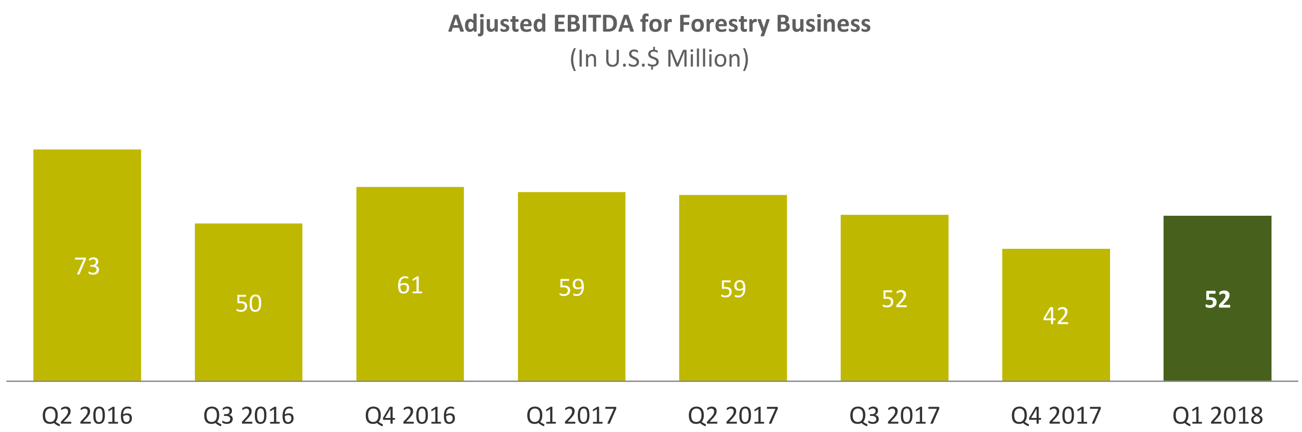
(*) Includes provision from forestry fire losses and provision from fixed assets and others.

Adjusted EBITDA Variation by Business Segment Q4 2017 – Q1 2018
(In U.S.$ Million)

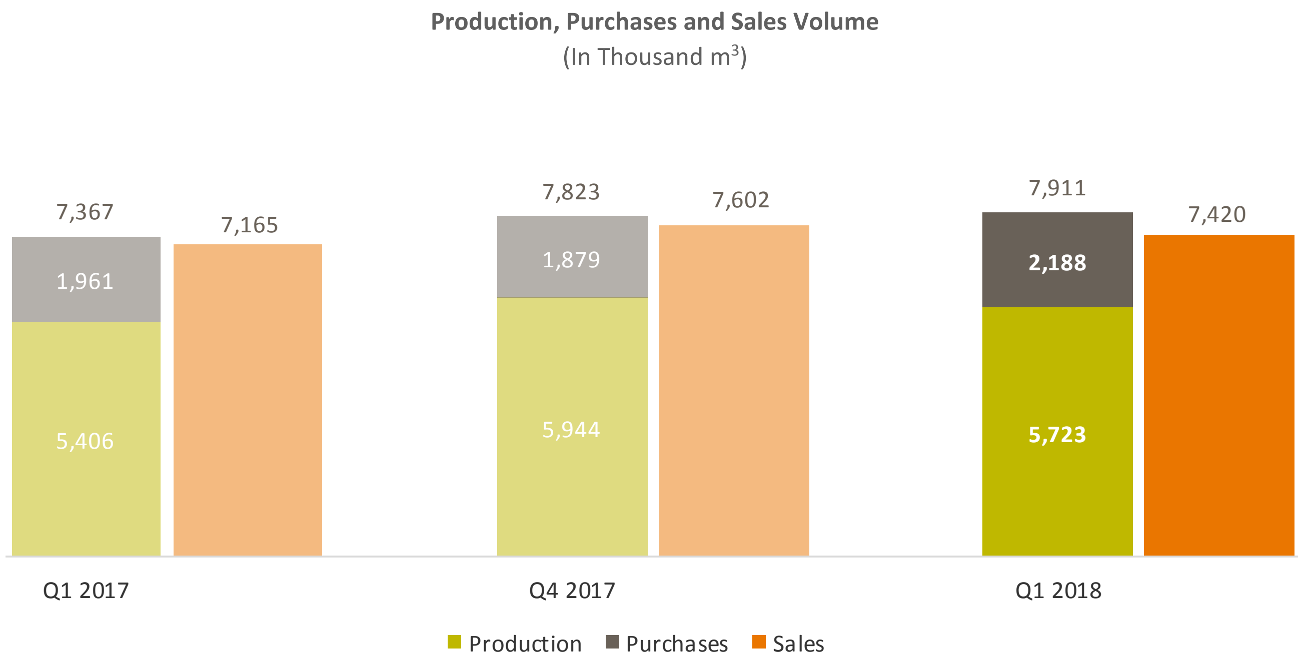


FORESTRY BUSINESS

The Adjusted EBITDA for our forestry business reached U.S.$ 52.1 million during this quarter, which translates to a 24.9% or U.S.$ 10.4 million increase compared to the previous quarter.



During the first quarter, our forestry production was 5.7 million m3, a 3.9% decrease compared to the 5.9 million m3 produced in the previous quarter. Sales volume decreased by 2.4% from 7.6 million m3 to 7.4 million m3.

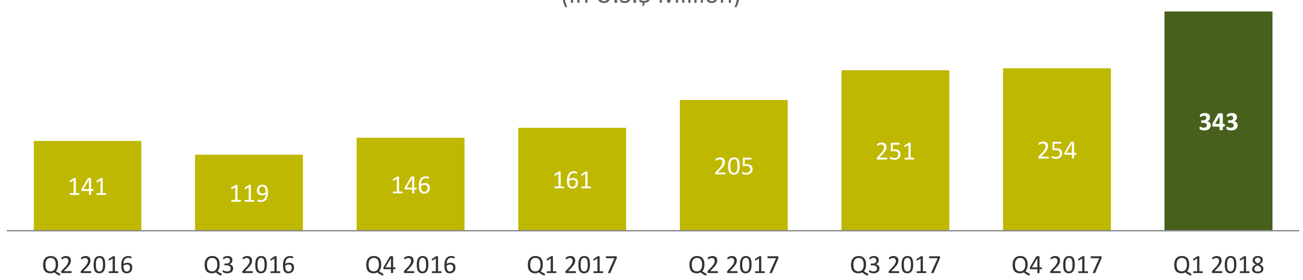


PULP BUSINESS

The Adjusted EBITDA for our pulp business reached U.S.$ 343.3 million during this quarter, which translates to a 35.0% increase or U.S.$ 89.0 million compared to the previous quarter.

Adjusted EBITDA for Pulp Business

(In U.S.$ Million)



Pulp sales during the first quarter of 2018 increased by 15.1% compared to the fourth quarter of 2017, this is mainly due to higher prices. Pulp prices during the quarter increased by 13.3% compared to last quarter, and sales volume increased by 0.7%. During this quarter demand remained stable or rising depending on the market, and the spreads in returns between markets decreased. Worldwide inventories remained at normal levels, a rise of 2 days during the quarter and a rise of 4 days over the same period of 2017.

In Asia, the Chinese New Year period that generally marks the end of the period of high demand has not been noticed, demand was active and prices were stable. This relative stability specially in short fiber, gave time to paper producers to pass the higher costs to their customers with enough success and allowing them to maintain their margins. In long fiber the increases were higher, due to import restrictions on recycled papers. As of January 1, new regulations began to apply: the prohibition of importing unsorted waste paper and a more restrictive level of impurities in the selected grade. This has not only restricted the granting of import permits, it also has created uncertainty in how, how efficient and how accurate customs control is at imports.

Europe experienced a very special situation and that was not seen for several years. A very active demand, paper producers operating at full capacity which allowed them to pass costs to their customers. The most significant increase in long fiber grades was not only due to demand, but also to certain supply restrictions due to the harvest problems experienced by Scandinavian pulp producers, restrictions resulting from a mild winter that does not allow to enter the forest to harvest raw materials, this meant a drop in the supply of over 10%. The constant rise in process of raw materials, pulp prices and chemical products for paper producers, has not given time to paper producers to benefit from the increases in paper prices that they have been able to implement by eroding their margins.

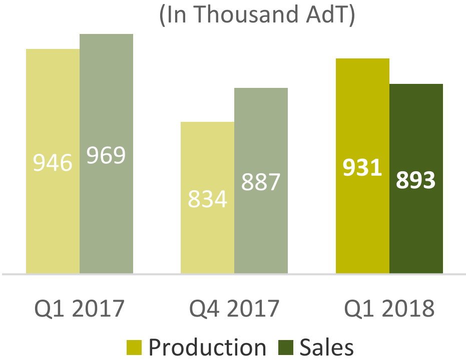
Global Pulp Demand Change
Q4 2017 – Q1 2018

Global Pulp Demand Change	
North America	-9.8%
West Europe	1.5%
China	-9.2%
Others	-1.1%
Total	-4.2%

Source: Hawkins Wright

Production and Sales Volume

(In Thousand AdT)

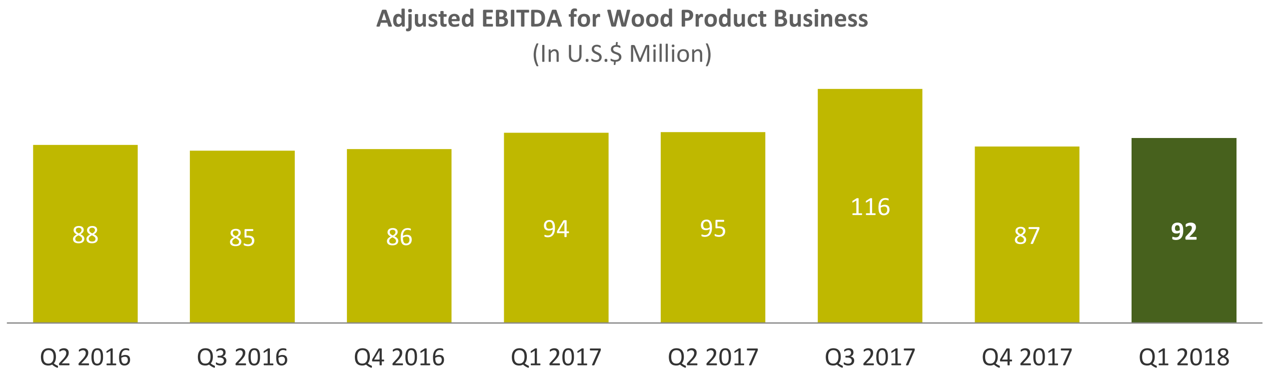


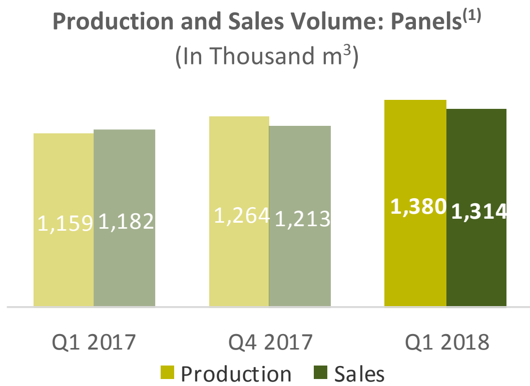
In the Middle East markets prices were stable, but following the same tendencies that the rest of the world. Korea kept the tendency of China, during the first quarter negotiations were completed. In Latin America prices increases were delayed, because many contracts are indexed.

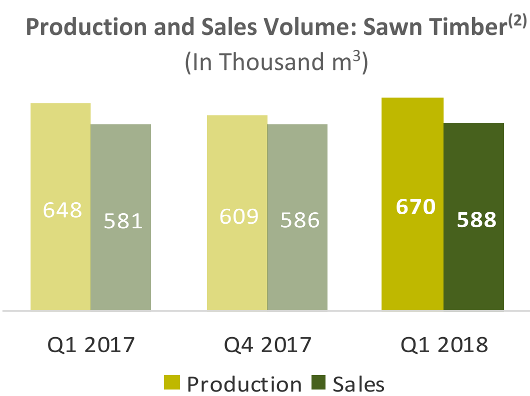
Production during the first quarter increased by 11.6% compared to last quarter. The higher production is explained by less programmed maintenance stoppages during this quarter and because during the fourth quarter of 2017 we had certain production losses in Argentina and the blockade of the Constitución mill by an association of truck owners.

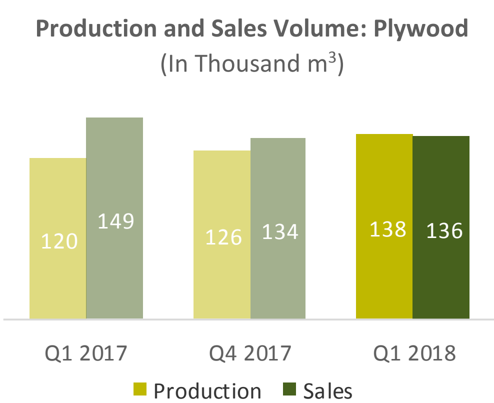
WOOD PRODUCTS BUSINESS

The Adjusted EBITDA for our wood products business reached U.S.$ 91.6 million during this quarter, which translates to a 4.7% increase or U.S.$ 4.1 million compared to the previous quarter.









Composite panel sales increased in the first quarter of 2018 compared to the previous quarter due to higher sales volume, slightly offset by a decrease in prices. Both PBO and MDF, had higher sales volume in our major markets, North and South America.

Sales in United States and Canada continued to show stable prices level and an increase in sales volume. Meanwhile in Mexico, sales volume decreased due to difficulties in transferring higher prices of MDF to customers. The new Duraplay plant maintains a constant supply specially in the north of the country.

Brazil started the year in good shape, and we expect good demand despite the new capacity that will enter the market in the second semester. This new capacity will come from three new plants (Asperbras, Floraplac and Placas do Brasil) and from the restart of one plant (Duratex). The market shows higher consumption rates, that were reflected in stable sales but with better price levels. The Argentine market remained stable without any big changes. In Chile, a higher dynamism allowed a growth in sales. The rest of Latin America kept their demand and improved in prices.

Sawn timber markets showed a positive trend compared to last quarter, increasing prices and sales volume by 4.5% and 0.5% respectively. Demand remained solid, pushing prices even further, especially in China and the rest of Asia, where sawn timber consumption remained strong. Sales in the Middle East remained more stable, and prices continued to rise. Remanufactured sales have not recovered to normal levels for this period of high seasonality in the United States. This market maintains a good level of consumption thanks to the increased activity in the construction industry, however the increased supply from producers in China and Brazil have affected prices.

Plywood production and sales volume increased compared to the fourth quarter by 9.5% and 1.1% respectively. Prices increased by 5.5% compared to last quarter. Plywood is experiencing a situation of high demand in markets whose activity in the construction sector is very dynamic. We are optimistic for the next months due to a strong demand for products of higher value, in United States, Europe, Mexico, Chile and Oceania.

(1) Includes HB, MDF, OSB, PB
(2) Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets
Note: Sales include trading

CAPITAL EXPENDITURES

U.S.$ Million	Q1 2018	Q4 2017	Q1 2017	YTD 2018	YTD 2017
Cash flow used to obtain control of subsidiaries or other businesses	15.9	15.9	-	15.9	-
Cash flow used to purchase in associates	-	-	(0.0)	-	(0.0)
Purchase and sale of property, plant and equipment	96.7	158.6	69.0	96.7	69.0
Purchase and sale of intangible assets	0.3	0.6	4.6	0.3	4.6
Purchase of other long-term assets	70.3	57.6	46.1	70.3	46.1
Total CAPEX	**183.2**	**232.8**	**119.8**	**183.2**	**119.8**

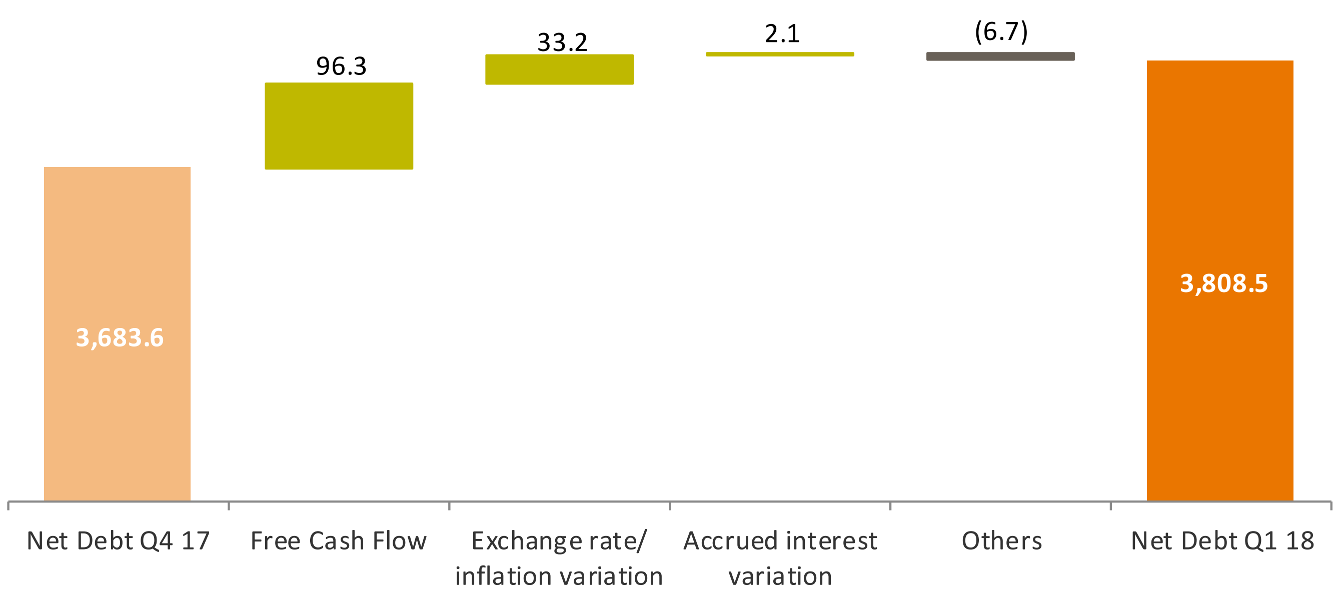
During this quarter, capital expenditures decreased by U.S.$ 49.6 million or 21.3% compared to the fourth quarter of 2017. The Grayling Project had capital expenditures of U.S.$ 33.3 million during the quarter and the Dissolving Pulp Project disbursed U.S.$ 11.3 million. The water treatment plant in Arauco disbursed U.S.$ 4.6 million during the quarter. During the quarter, plantation capex amounted a total of U.S.$ 70.3 million, an increased compared to the previous quarter due to more plantations in Chile. The remaining capex pertains to sustaining business investments.

FREE CASH FLOW

During this quarter, cash provided by operating activities decreased U.S.$ 256.9 million, mainly due to a working capital variation. The increase in working capital was due to: (i) higher Trade and Other Receivables due to an increase in sales, explained by higher pulp prices, (ii) an increase in Inventories due to a higher production during the first quarter compared with the fourth quarter of 2017, and (iii) a decrease in Trade and Other Payables, mainly because during the first quarter we paid the intercompany debt that our subsidiary Masisa Brasil had with Masisa Chile (U.S.$ 41.8 million). Cash used by investment activities fell due to lower capex in the first quarter of 2018 compared to the fourth quarter of 2017. In addition, cash used by financing activities during this quarter was U.S.$ 0.6 million, as compared to U.S.$ 64.1 million from last quarter. This difference is primarily because during December 2017 we paid dividends.

U.S.$ Million	Q1 2018	Q4 2017	Q1 2017
Adjusted EBITDA	463.5	338.2	294.0
Working Capital Variation	(300.8)	96.6	(20.6)
Interest paid and received	(41.1)	(87.1)	(66.1)
Income tax paid	21.8	(12.1)	(12.8)
Other cash inflows (outflows)	(59.9)	4.8	(13.8)
Cash from Operations	**83.4**	**340.4**	**180.8**
Capex	(183.2)	(232.8)	(119.8)
Proceeds from investment activities	2.8	3.5	0.7
Other inflows of cash, net	2.2	1.2	(0.0)
Cash from (used in) Investment Activities	**(178.2)**	**(228.1)**	**(119.1)**
Dividends paid	(0.6)	(60.5)	(0.8)
Other inflows of cash, net	0.0	(3.6)	0.0
Cash from (used in) Financing Activities - Net of Proceeds and Repayments	**(0.6)**	**(64.1)**	**(0.8)**
Effect of exchange rate changes on cash and cash equivalents	(0.9)	(1.5)	2.0
Free Cash Flow	**(96.3)**	**46.7**	**62.9**

Net Debt Variation Q4 2017 – Q1 2018
(In U.S.$ Million)



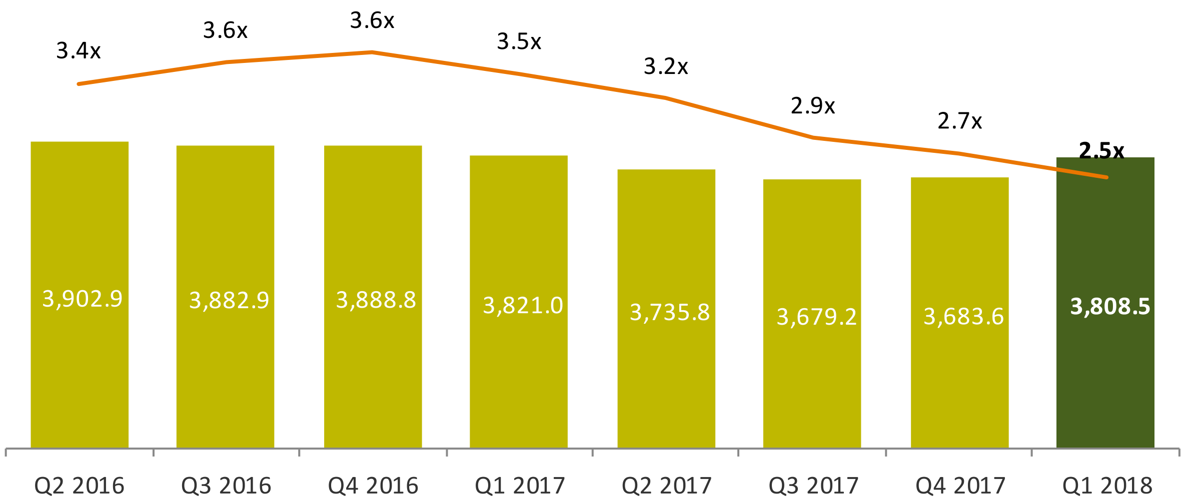
FINANCIAL DEBT AND CASH

Arauco's financial debt as of March 31, 2018 reached U.S.$ 4,302.1 million, an increase of 0.7% or U.S.$ 28.6 million when compared to December 31, 2017. Our consolidated net financial debt increased 3.4% or U.S.$ 124.9 million when compared with December 2017, this increase is mainly explained by the decreased of U.S.$ 96.2 million in cash and cash equivalents.

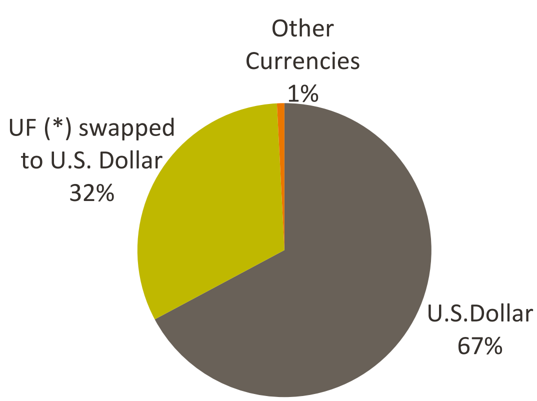
Our leverage, measured as Net Financial Debt/LTM Adjusted EBITDA, decreased compared to last quarter from 2.7 times to 2.5 times, the lowest since 2011.

In U.S.$ Million	March 2018	December 2017	March 2017
Short term financial debt	499.6	500.2	673.7
Long term financial debt	3,802.5	3,773.3	3,755.8
TOTAL FINANCIAL DEBT	**4,302.1**	**4,273.5**	**4,429.5**
Cash and cash equivalents	493.7	589.9	608.5
NET FINANCIAL DEBT	**3,808.5**	**3,683.6**	**3,821.0**
LTM Adjusted EBITDA	**1,522.6**	**1,353.2**	**1,107.5**

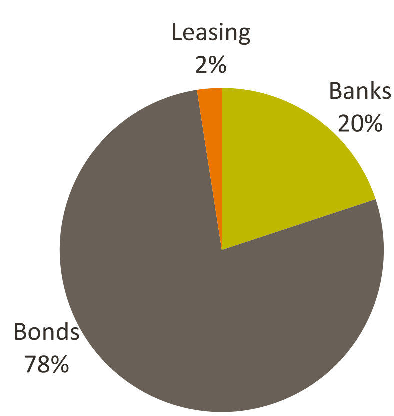
Net Financial Debt and Leverage
(In U.S.$ Million)



Debt by Currency



Debt by Instrument

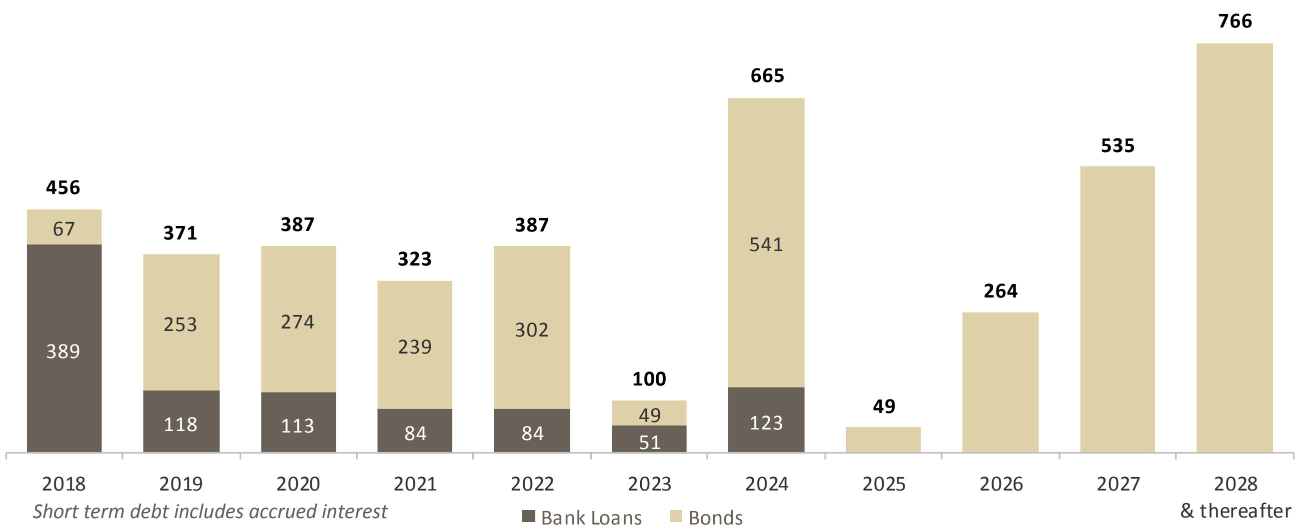


(*) UF is a Chilean monetary unit indexed to inflation.

Financial Debt Profile

For the remainder of the year, bank obligations (which include accrued interest) sum up a total of U.S.$ 389.4 million, which include the following maturities: U.S.$ 199.7 million of a credit loan in Chile, U.S.$ 137.2 million of loans in Montes del Plata, U.S.$ 42.5 million from leasing and U.S.$ 7.9 million in our Brazilian subsidiaries. Bond amortizations include the second and third amortization of a local bond BARAU-Q of U.S.$ 11.2 million that will be paid in April and October. Of our committed facility line for the Grayling Project, a total of U.S.$ 46.0 million was disbursed during the quarter, amounting to a total of U.S.$ 177.0 million of the line used.

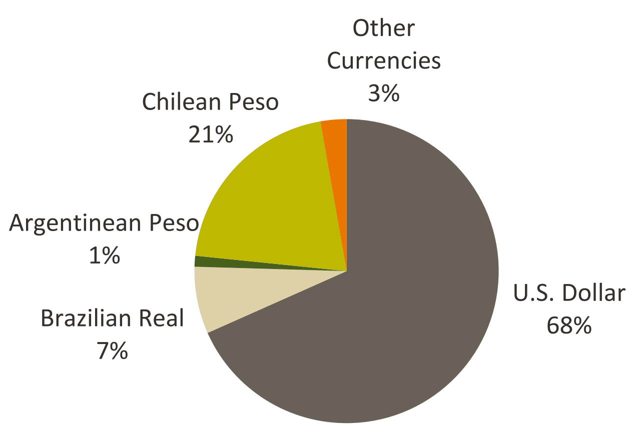
Financial Obligation by Year as of March 31, 2017
(In U.S.$ Million)



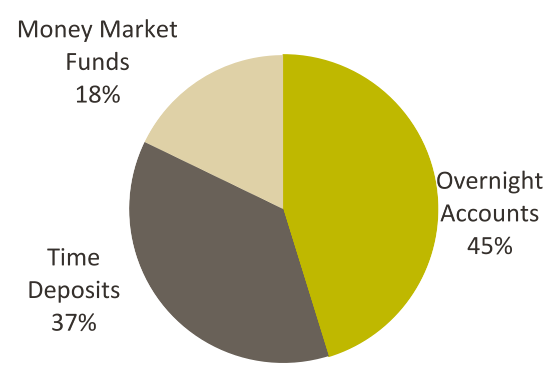
Cash

Our cash position was U.S.$ 493.7 million at the end of the first quarter, which is a U.S.$ 96.2 million or 16.3% decrease compared to the end of the fourth quarter of 2017. Cash provided from operating activities decreased U.S.$ 256.9 million, as receipts from sales decreased U.S.$ 164.4 million and payment to suppliers and personnel increased by U.S.$ 127.9 million. This was offset by lower capital expenditures of U.S.$ 49.6 million. Cash provided by financing activities remained stable in the first quarter of 2018 compared to the fourth quarter of 2017

Cash by Currency



Cash by Instrument



Grayling Project

The Grayling Project continues its course. As of May, 2018, the progress was 60%. The particleboard mill located in Grayling, Michigan, U.S.A., will cost approximately U.S.$ 400.0 million and will have a capacity of 800,000 m3 per year. Rollout of the first panel is estimated to occur during the latter part of 2018.

Dissolving Pulp

The Dissolving Pulp Project continues its course, as of May, 2018 the progress was 20%. The estimate investment for the project is approximately U.S.$ 185 million. This project should take about two years of construction, with the ramp-up scheduled to occur during the end of 2019.

Renewing our commitment to FSC® Certification

Our first FSC® re-certification assessment process was carried out during the last two weeks of April. Our company completed a new and demanding process of auditing our forest management in all our heritage in Chile. The Forest Stewardship Council® (FSC®) is an international certification that seeks to promote environmentally appropriate, socially beneficial and economically viable forest management. FSC® has become an indispensable requirement for the participation of Arauco in global markets and has caused profound changes in the way we work, transforming us into a company that is more connected to its environment. (Forestal Arauco FSC License Code: FSC – C108276)

Exchange Offer of Notes due in 2027 and 2047 issued on November 2nd, 2017

On November 2nd, 2017, we completed the private offering of the Notes due in 2027 and in 2047. In the private offering, we agreed to use our reasonable best efforts to complete the exchange offer within 360 days after the date of original issuance of the outstanding notes. The exchange offer began on May 7th, 2018 and will end on June 4th, 2018. We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradeable.

Update in the capacity of our Montes del Plata mill

On December 28th, 2017 our Montes del Plata mill in Uruguay, renewed its Operational Environmental Permit for three years, which considers an increase of the annual production limit from 1.45 million tons to 1.52 million tons. The expected annual production of the mill was originally 1.3 million tons, during 2017 we made some operational improvements that led to an increase in the annual capacity of the mill, reaching approximately 1.4 million tons. Of the total annual capacity of the mill we own the 50% due to the joint operation we have with Stora Enso, which correspond approximately to 700 thousand tons of annual capacity. During 2017 the mill reached a production record of approximately 1.38 million tons.

Income Statement

In U.S.$ Million	Q1 2018	Q4 2017	Q1 2017	01-03-2018	01-03-2017
Revenues	1,464.7	1,331.3	1,233.7	1,464.7	1,233.7
Cost of sales	(921.6)	(884.9)	(871.6)	(921.6)	(871.6)
Gross profit	**543.1**	**446.4**	**362.1**	**543.1**	**362.1**
Other income	37.2	(11.7)	48.3	37.2	48.3
Distribution costs	(132.4)	(132.9)	(124.0)	(132.4)	(124.0)
Administrative expenses	(141.5)	(150.1)	(120.4)	(141.5)	(120.4)
Other expenses	(16.8)	(47.1)	(193.1)	(16.8)	(193.1)
Financial income	4.8	4.0	6.4	4.8	6.4
Financial costs	(51.7)	(116.2)	(59.9)	(51.7)	(59.9)
Participation in (loss) profit in associates and joint ventures accounted through equity method	5.8	(1.6)	8.1	5.8	8.1
Exchange rate differences	1.0	(2.6)	1.5	1.0	1.5
Income before income tax	**249.6**	**(11.8)**	**(70.9)**	**249.6**	**(70.9)**
Income tax	(51.8)	95.0	25.6	(51.8)	25.6
Net income	**197.7**	**83.2**	**(45.3)**	**197.7**	**(45.3)**
Profit attributable to parent company	197.8	82.9	(45.6)	197.8	(45.6)
Profit attributable to non-parent company	(0.1)	0.2	0.3	(0.1)	0.3

Balance Sheet

In U.S.$ Million	Q1 2018	Q4 2017	Q1 2017
Cash and cash equivalents	493.7	589.9	608.5
Other financial current assets	3.0	3.5	4.2
Other current non-financial assets	184.5	129.8	170.6
Trade and other receivables-net	939.5	814.4	724.0
Related party receivables	8.5	3.5	10.0
Inventories	905.4	868.5	825.6
Biological assets, current	305.2	307.8	299.9
Tax assets	22.8	49.5	103.3
Non-Current Assets classified as held for sale	3.3	3.5	2.9
Total Current Assets	**2,865.8**	**2,770.4**	**2,749.0**
Other non-current financial assets	106.0	56.6	15.9
Other non-current and non-financial assets	121.3	121.5	109.1
Non-current receivables	18.8	17.1	17.3
Investments accounted through equity method	377.4	368.8	461.2
Intangible assets	89.5	88.6	90.8
Goodwill	69.7	69.9	75.8
Property, plant and equipment	7,015.2	7,034.3	6,898.1
Biological assets, non-current	3,472.9	3,459.1	3,446.6
Deferred tax assets	9.3	8.3	6.7
Total Non-Current Assets	**11,280.3**	**11,224.2**	**11,121.4**
TOTAL ASSETS	**14,146.1**	**13,994.6**	**13,870.4**
Other financial liabilities, current	501.0	500.3	674.3
Trade and other payables	585.4	717.3	506.5
Related party payables	9.3	11.2	7.4
Other provisions, current	2.6	2.7	0.4
Tax liabilities	39.1	8.1	2.7
Current provision for employee benefits	6.3	5.7	5.3
Other non-financial liabilities, current	245.7	154.0	109.4
Total Current Liabilities	**1,389.5**	**1,399.4**	**1,306.1**
Other non-current financial liabilities	3,802.5	3,778.6	3,821.4
Other provisions, non-current	35.6	36.0	38.8
Deferred tax liabilities	1,488.7	1,485.4	1,591.0
Non-current provision for employee benefits	72.9	66.0	61.1
Other non-financial liabilities, non-current	115.5	112.3	62.8
Total Non-Current Liabilities	**5,515.2**	**5,478.3**	**5,575.1**
Non-parent participation	41.5	41.9	45.2
Net equity attributable to parent company	**7,199.9**	**7,075.0**	**6,944.0**
TOTAL LIABILITIES AND EQUITY	**14,146.1**	**13,994.6**	**13,870.4**

Cash Flow Statement

U.S.$ Million	Q1 2018	Q4 2017	Q1 2017	FY 2018	FY 2017
Receipts from sales of goods and rendering of services	1,307.7	1,472.1	1,321.7	1,307.7	1,321.7
Other cash receipts (payments)	70.2	74.0	59.7	70.2	59.7
Payments of suppliers and personnel (less)	(1,232.7)	(1,104.8)	(1,119.8)	(1,232.7)	(1,119.8)
Interest paid and received	(41.1)	(87.1)	(66.1)	(41.1)	(66.1)
Income tax paid	21.8	(12.1)	(12.8)	21.8	(12.8)
Other (outflows) inflows of cash, net	(42.4)	(1.7)	(1.8)	(42.4)	(1.8)
Net Cash Provided by (Used in) Operating Activities	**83.4**	**340.4**	**180.8**	**83.4**	**180.8**
Capital Expenditures	(183.2)	(232.8)	(119.8)	(183.2)	(119.8)
Other investment cash flows	5.0	4.7	0.7	5.0	0.7
Net Cash Provided by (Used in) Investing Activities	**(178.2)**	**(228.1)**	**(119.1)**	**(178.2)**	**(119.1)**
Proceeds from borrowings	96.5	1,015.9	5.0	96.5	5.0
Repayments of borrowings	(96.4)	(958.3)	(51.6)	(96.4)	(51.6)
Dividends paid	(0.6)	(60.5)	(0.8)	(0.6)	(0.8)
Other inflows of cash, net	0.0	(3.6)	0.0	0.0	0.0
Net Cash Provided by (Used in) Financing Activities	**(0.5)**	**(6.5)**	**(47.4)**	**(0.5)**	**(47.4)**
Total Cash Inflow (Outflow) of the Period	**(95.3)**	**105.8**	**14.3**	**(95.3)**	**14.3**
Effect of exchange rate changes on cash and cash equivalents	(0.9)	(1.5)	2.0	(0.9)	2.0
Cash and Cash equivalents at beginning of the period	589.9	485.6	592.3	589.9	592.3
Cash and Cash Equivalents at end of the Period	**493.7**	**589.9**	**608.5**	**493.7**	**608.5**