



arauco



2019

**Corporate
Presentation**



Overview

ARAUCO at a glance

Shareholder Structure



Credit Ratings

International Scale

Fitch Ratings

BBB
(Negative)

S&P

BBB-
(Negative)

Moody's

Baa3
(Stable)

National Scale

Fitch Ratings

AA-
(Negative)

Feller Rate

AA
(Stable)

Financial highlights 2019

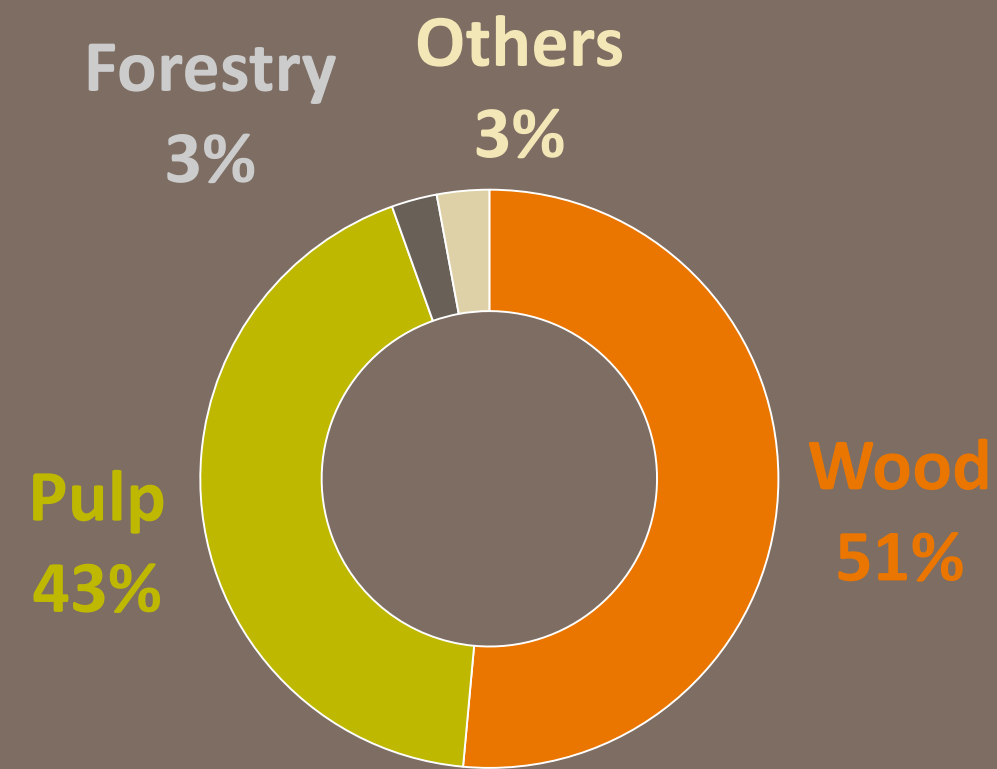
In US\$ million

EBITDA	1,147	Net Debt/EBITDA	3.9x
EBITDA Margin	22%	Net Debt/Equity	82%
Debt	6,050	Net Income	62
Cash	1,560	CAPEX	1,350

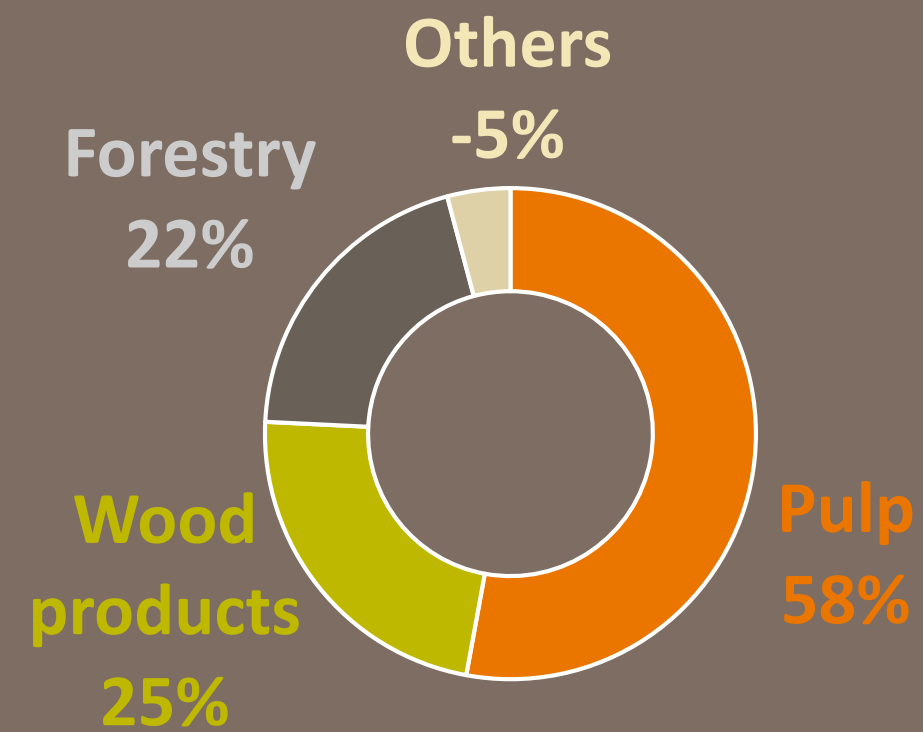
As of December 2019

DIVERSIFIED SALES AROUND THE WORLD

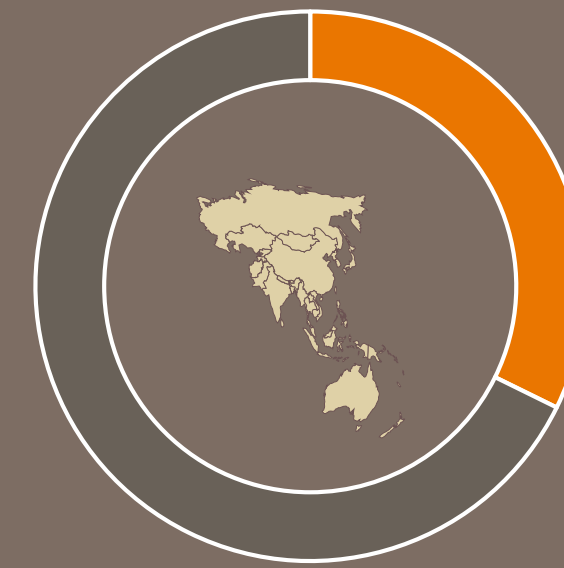
Revenues
MUS\$5,329



Adjusted EBITDA
MUS\$1,147



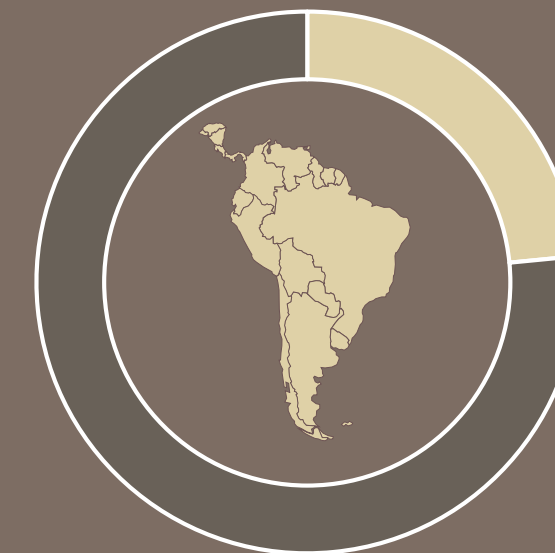
REVENUE BY REGION



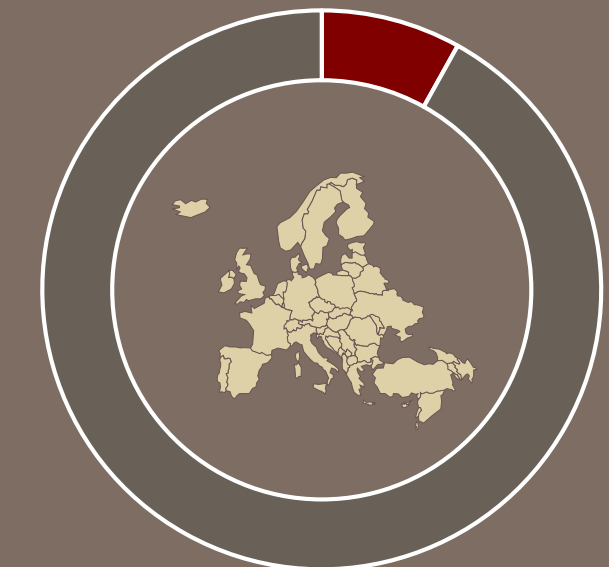
Asia and Oceania



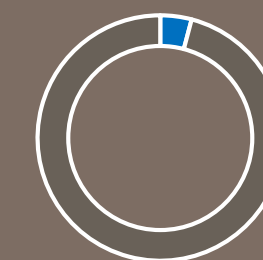
North America



Central and South America






Europe



Others

As of December 2019 LTM
(1) Pulp and Wood products include energy sales

THREE STRATEGIC BUSINESS SEGMENTS

	Forestry	Pulp	Wood products		Complementary energy operations
			Panels	Solid Wood	
	697 th. Ha ⁽¹⁾	5 Mills 2,905 th. t	2 Mills MDF: 515 th. m ³ PB: 340 th. m ³	7 Sawmills: 2,646 th. m ³ Plywood ⁽⁵⁾ : 710 th. M ³ 4 Rem. Facilities	10 Power Plants 606 MW Surplus: 219 MW
	133 th. Ha ⁽¹⁾	1 Mill 350 th. t	2 Mills MDF: 300 th. m ³ PB: 260 th. m ³	1 Sawmill: 318 th. m ³ 1 Rem. Facility	2 Power Plants 82 MW Surplus: 8 MW
	130 th. Ha ⁽¹⁾		4 Mills MDF: 1,530 th. m ³ PB: 720 th. m ³		
	79 th. Ha ⁽¹⁾⁽²⁾	1 Mill 710 th. t ⁽²⁾			1 Power Plant 91 MW ⁽²⁾ Surplus: 50 MW
			10 Mills MDF: 1,470 th. m ³ PB: 2,104 th. m ³		
			2 Mills MDF: 250 th. m ³ PB: 339 th. m ³		
			10 Mills ⁽³⁾⁽⁴⁾ PB: 1,165 th. m ³ MDF: 741 th. m ³ OSB: 258 th. m ³	1 Sawmill ⁽³⁾ : 25 th. m ³	
Total	1.0 million ha	4.0 million t	10.1 million m³	3.7 million m³	779 MW

As of December 2019

(1) Considers hectares planted, in thousands

(2) Considers 50% of Montes del Plata

(3) Considers 50% of Sonae Arauco

(4) One PB mill in South Africa is currently shut down

(5) Considers 2 plywood mills.

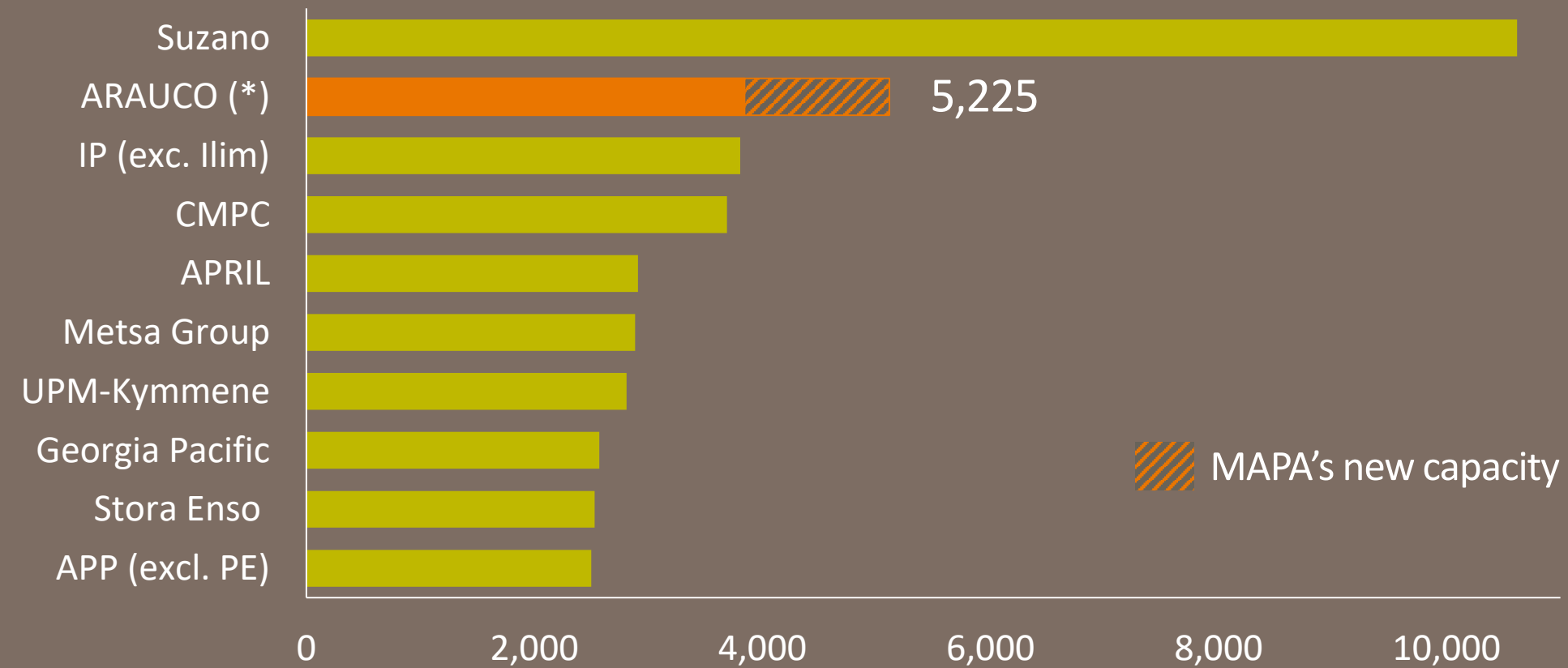
(6) As of the date of publication of this report, 2 MDF mills are shut down. Also, the PB lines of two different mills are also shut down.

WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

#2

In market pulp capacity in the world

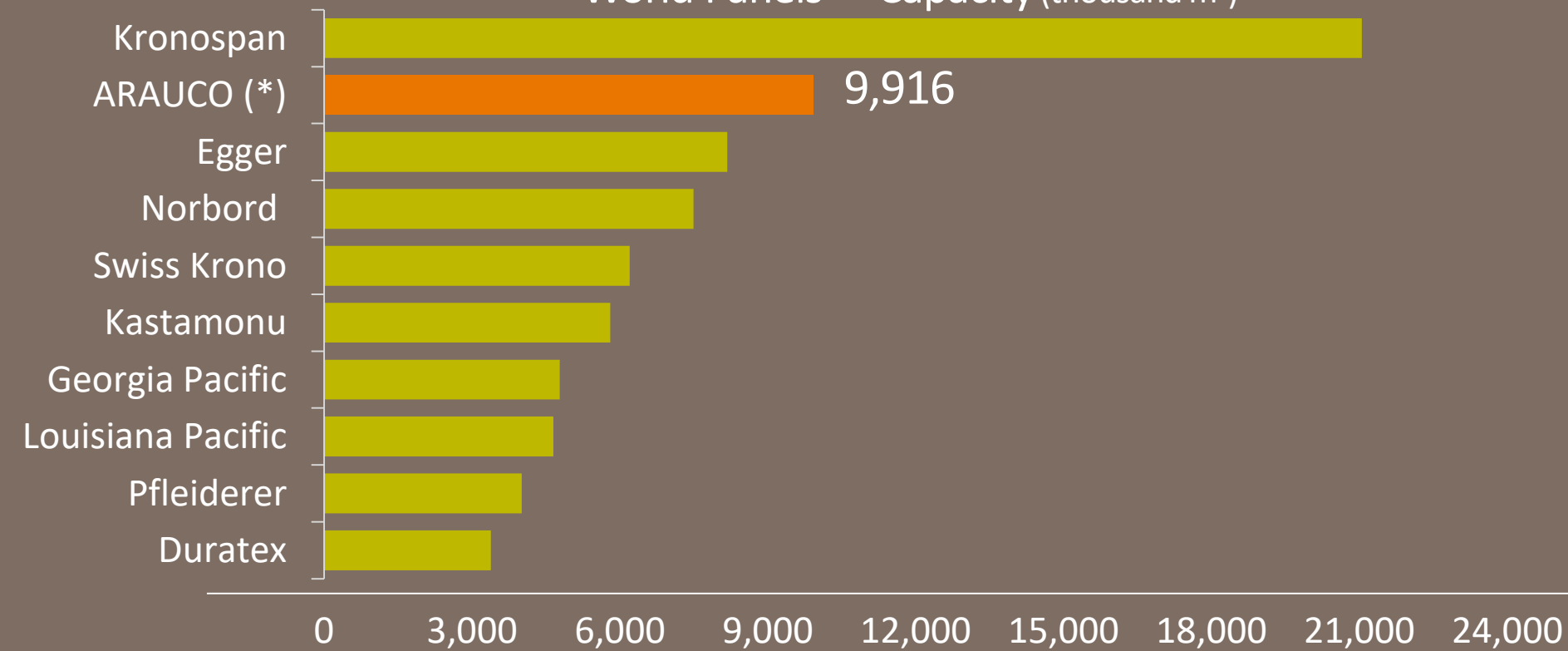
Market Pulp Capacity (thousand tonnes)



#2

In Panels capacity in the world

World Panels** Capacity (thousand m³)



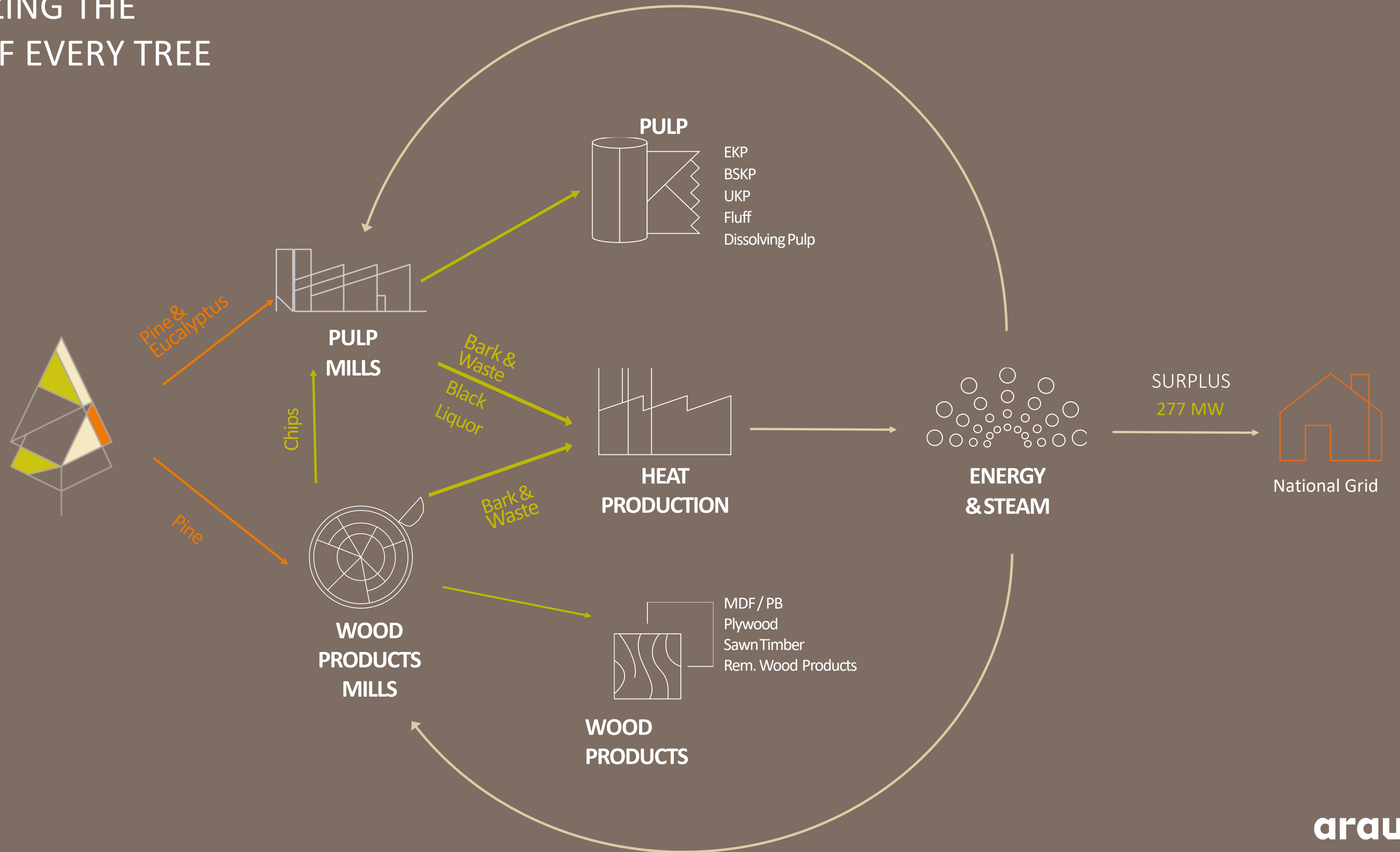
World market pulp and panel competitors capacity as of December 2019

*Arauco capacity includes 50% of Montes del Plata, 50% Sonae Arauco, and MAPA Project, as of December 2019

**Panels refers to Composite Panels, which corresponds to MDF, PB and OSB.

Source: Hawkins Wright, Public fillings, Arauco estimations and Company information and fillings

MAXIMIZING THE VALUE OF EVERY TREE



BUSINESS SEGMENTS

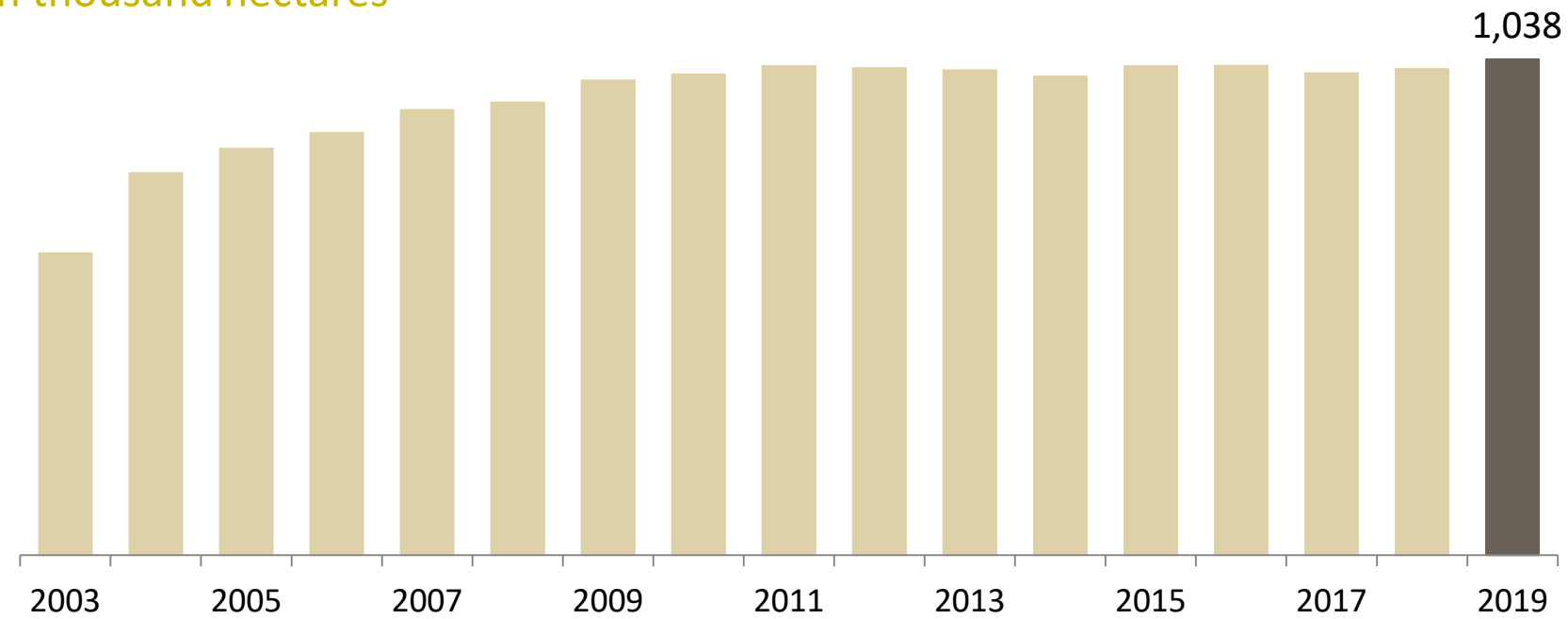


FORESTRY BUSINESS

Total Plantations

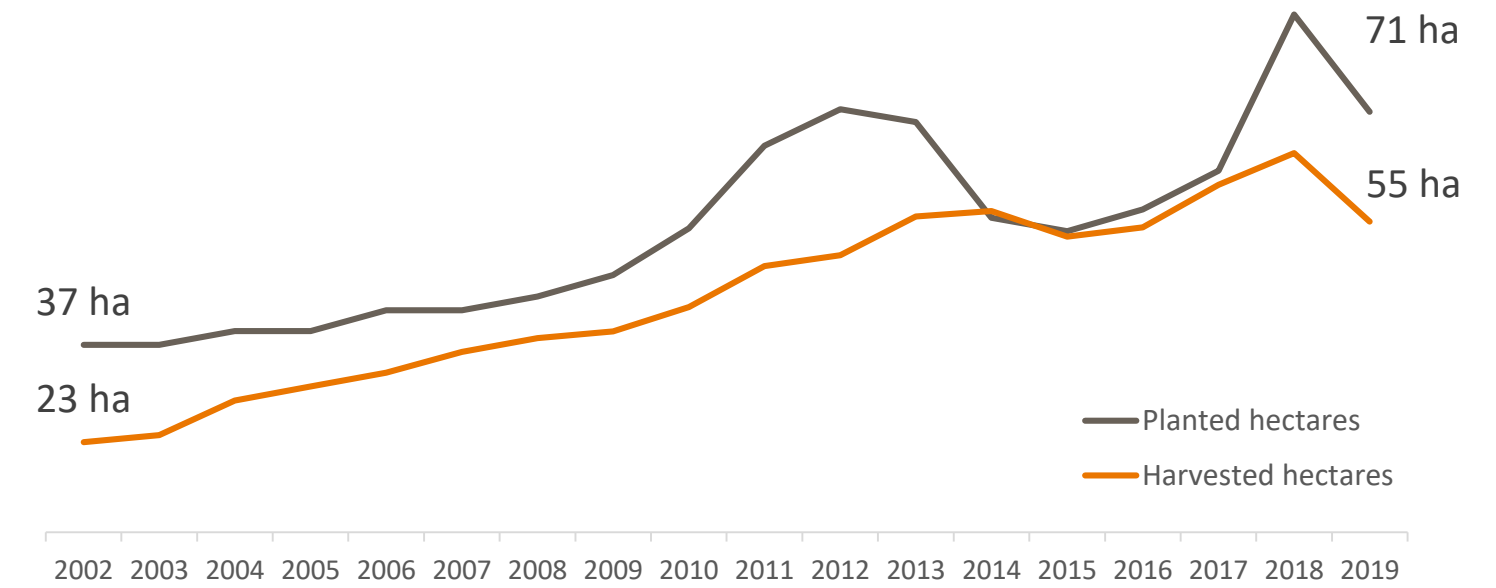
Includes plantations in Chile, Argentina, Brazil and Uruguay

In thousand hectares



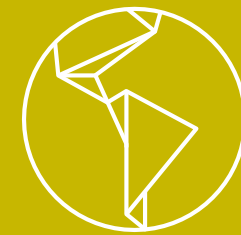
Planting and harvesting

In thousand hectares



1.8 million (*)

hectares owned



1.0 million

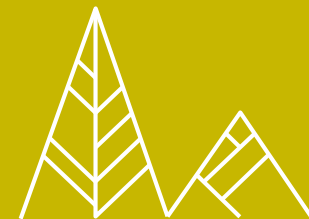
hectares planted



667 th. of Pine

349 th. of Euca

22 th. Others



Hectares Planted



Pine : **503 th.**
 Euca: **192 th.**
 Others: **2 th.**
697 th.



Pine : **70 th.**
 Euca: **60 th.**
 Others: **0.2 th.**
130 th.



Euca: **78 th.**
 Pine: **0.1 th.**
 Others: **0.4 th.**
79 th.



Pine : **94 th.**
 Euca: **19 th.**
 Others: **20 th.**
133 th.

Environmental Certifications

Our forests plantations have international certification in Forestry Management and Chain of Custody

For detailed information about each certification, you can visit our web site www.arauco.com

(*) includes 515 th. hectares of native forest plantations.
 As of December 2019

FORESTRY BUSINESS

Bioforest research and development

Bioforest was formed in 1990 by Arauco and one of the achievements has been the increase in the plantation yields by 40%

59 Highly trained researchers

work in order to develop and apply the best technologies, maximizing the forestry and industrial resources.



- Bioforest has a wide participation in local and international organizations that are leaders in the forestry-industrial scientific knowledge
- In addition, Bioforest aims to fulfill the environmental objectives for the protection and conservation of biodiversity present in our native forests
- During October 2019 and after 3 years of work, Bioforest discovered a species of fungus that is affecting more than 80% of the chilean Araucaria. This fungus has already killed 10% of that protected native tree species.

PULP BUSINESS

Pulp Sales
MUS
\$2,296

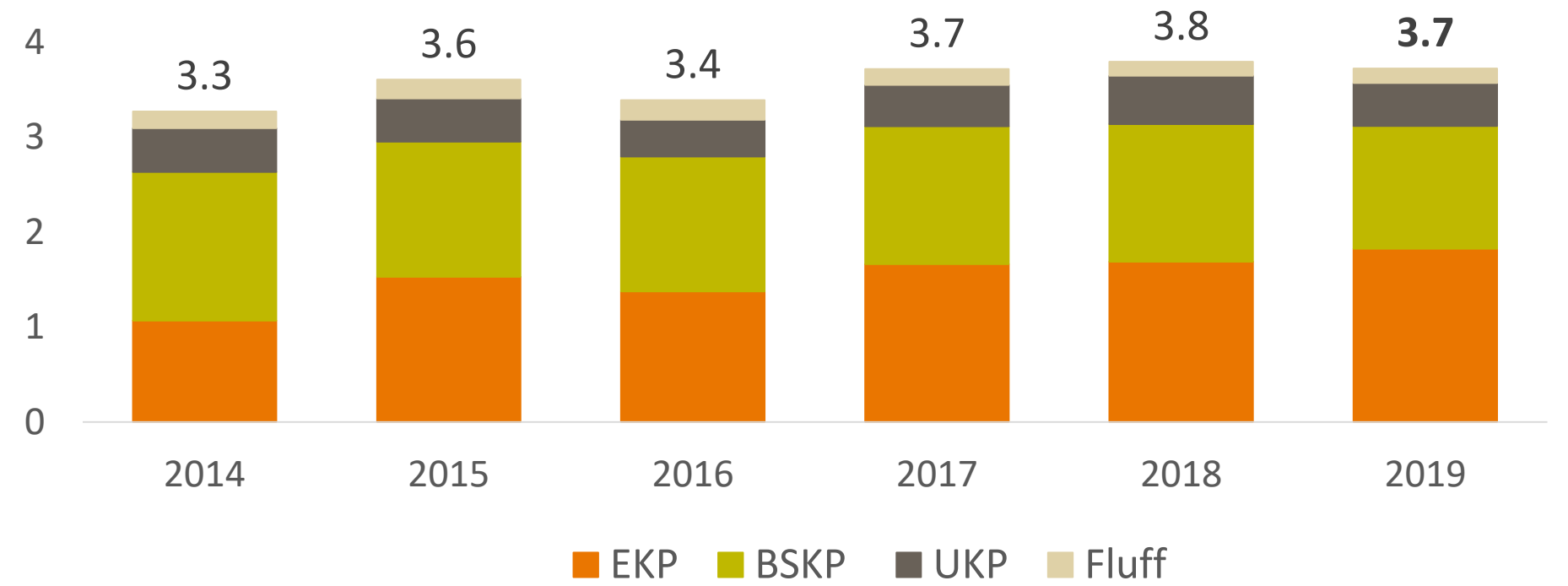
Does not include energy sales
As of December 2019 LTM



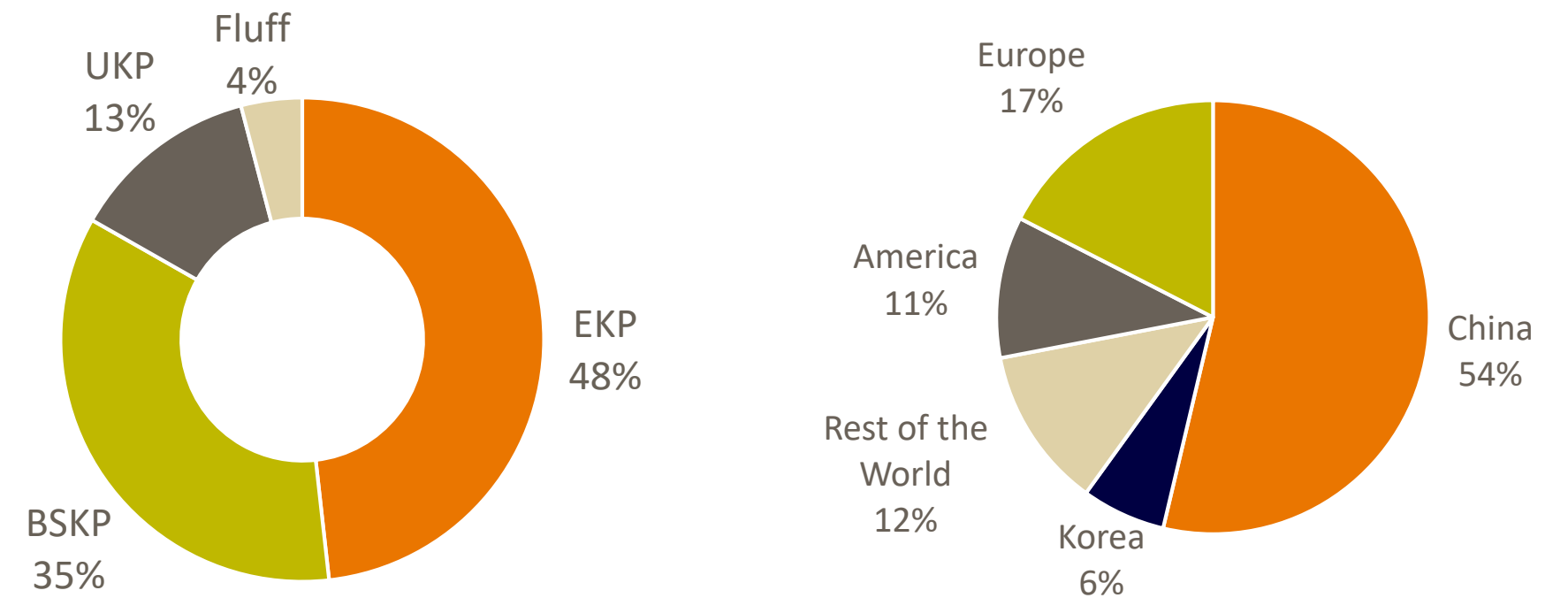
- (1) Eucalyptus Kraft Pulp
- (2) Bleached Softwood Kraft Pulp
- (3) Unbleached Kraft Pulp
- (4) Dissolving Pulp

Production

million tonnes



Sales volume: 3.7 million tonnes

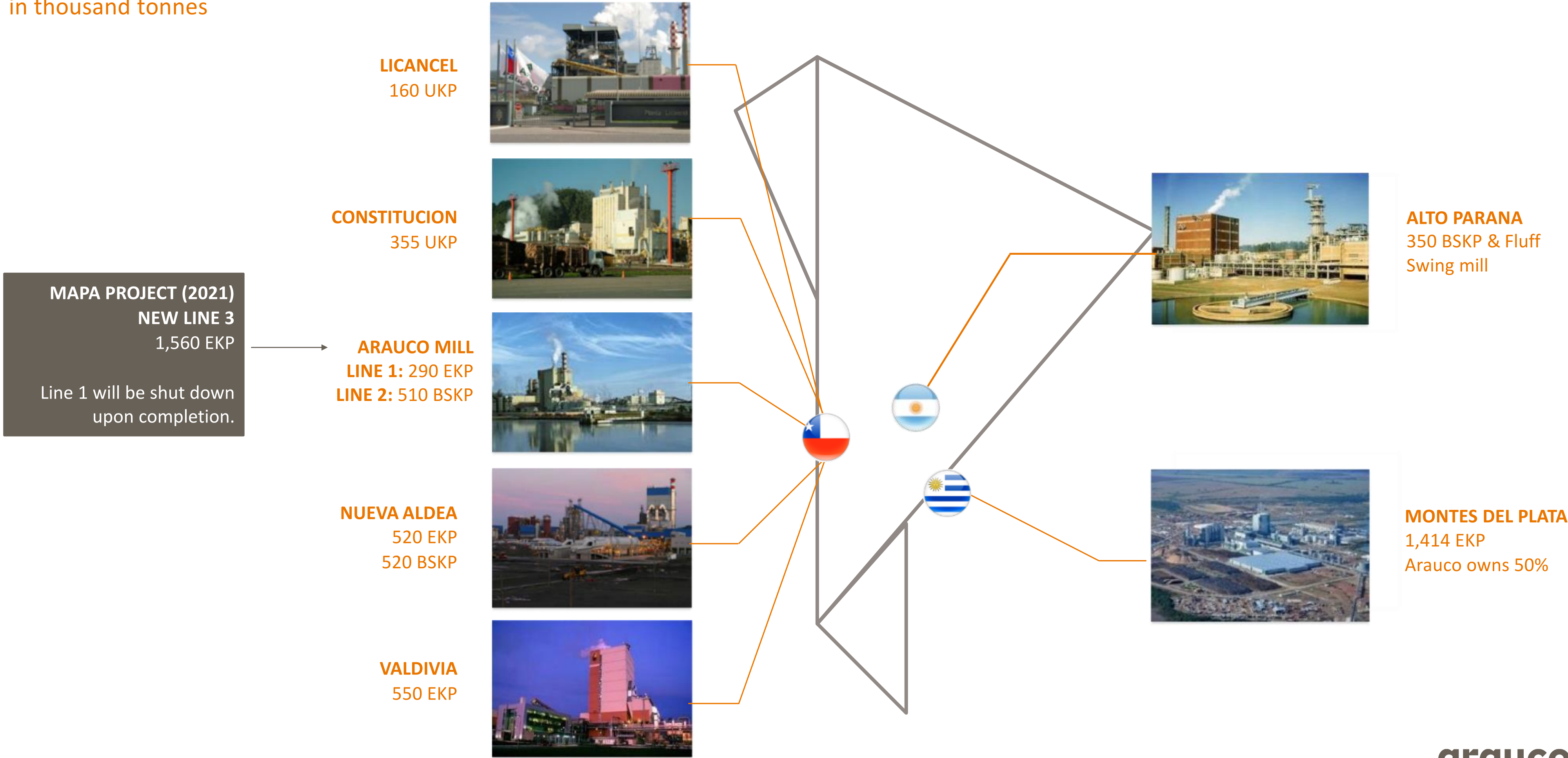


As of December 2019 LTM

PULP BUSINESS

OUR MILLS

in thousand tonnes



As of December 2019

PULP BUSINESS COMPETITIVE ADVANTAGES

1. Logistic Efficiency



Average distances from
Forests to Mills

Chile	85
Argentina	80
Uruguay	282

Average distances from
Mills to Ports

	Km
Licancel	420
Constitucion	316
Nueva Aldea	63
Arauco	35
Valdivia	301
Alto Paraná	1,200
Montes del plata	0
Weighted Avg.	205⁽¹⁾

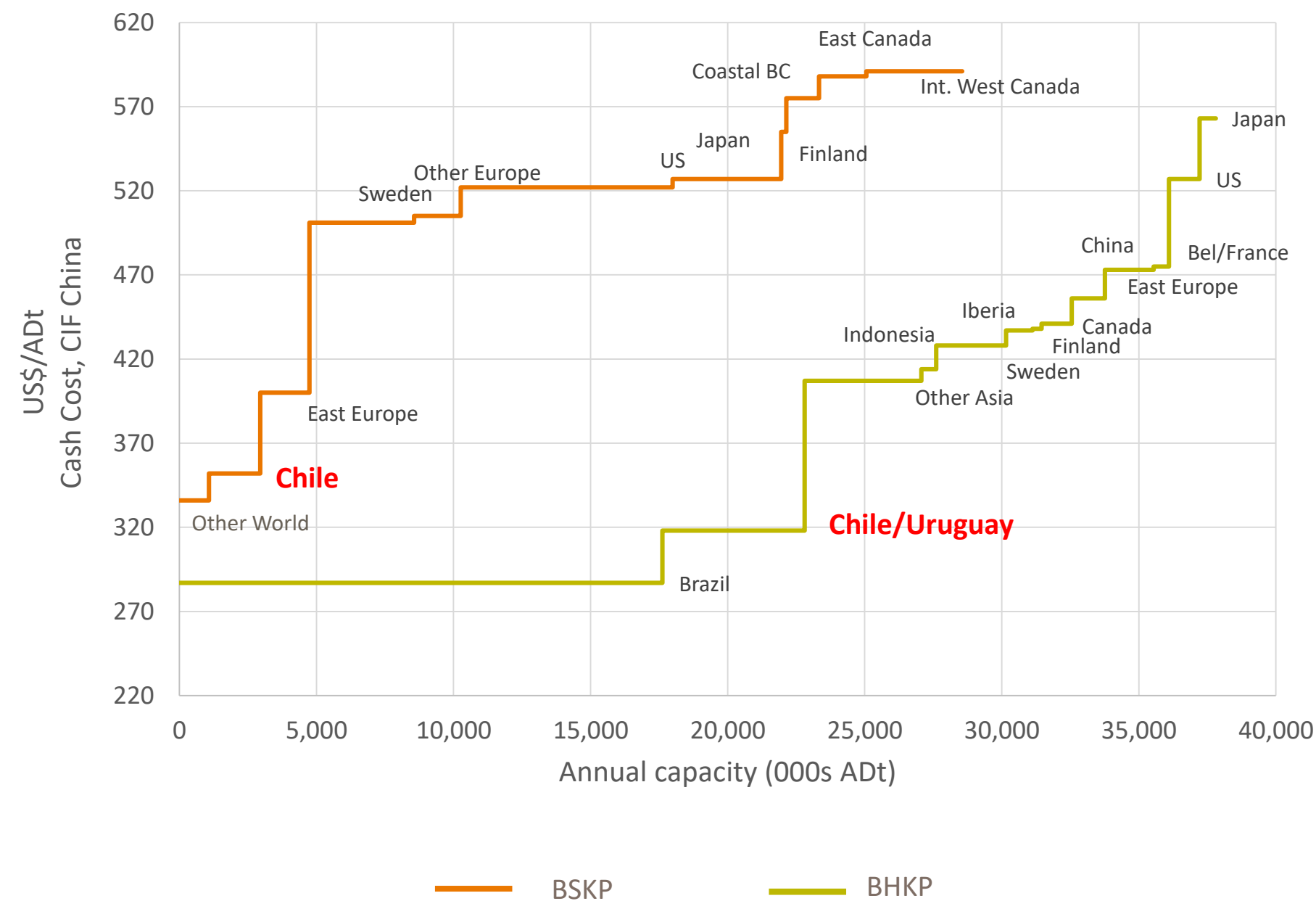
with MAPA

Source: ARAUCO, as of December 2019

(1) Calculated using sales volume for 2019

(2) Calculated including sales volume from ARAUCO's Line 3 expected capacity and assuming Line 1's shutdown

2. Cost Advantages



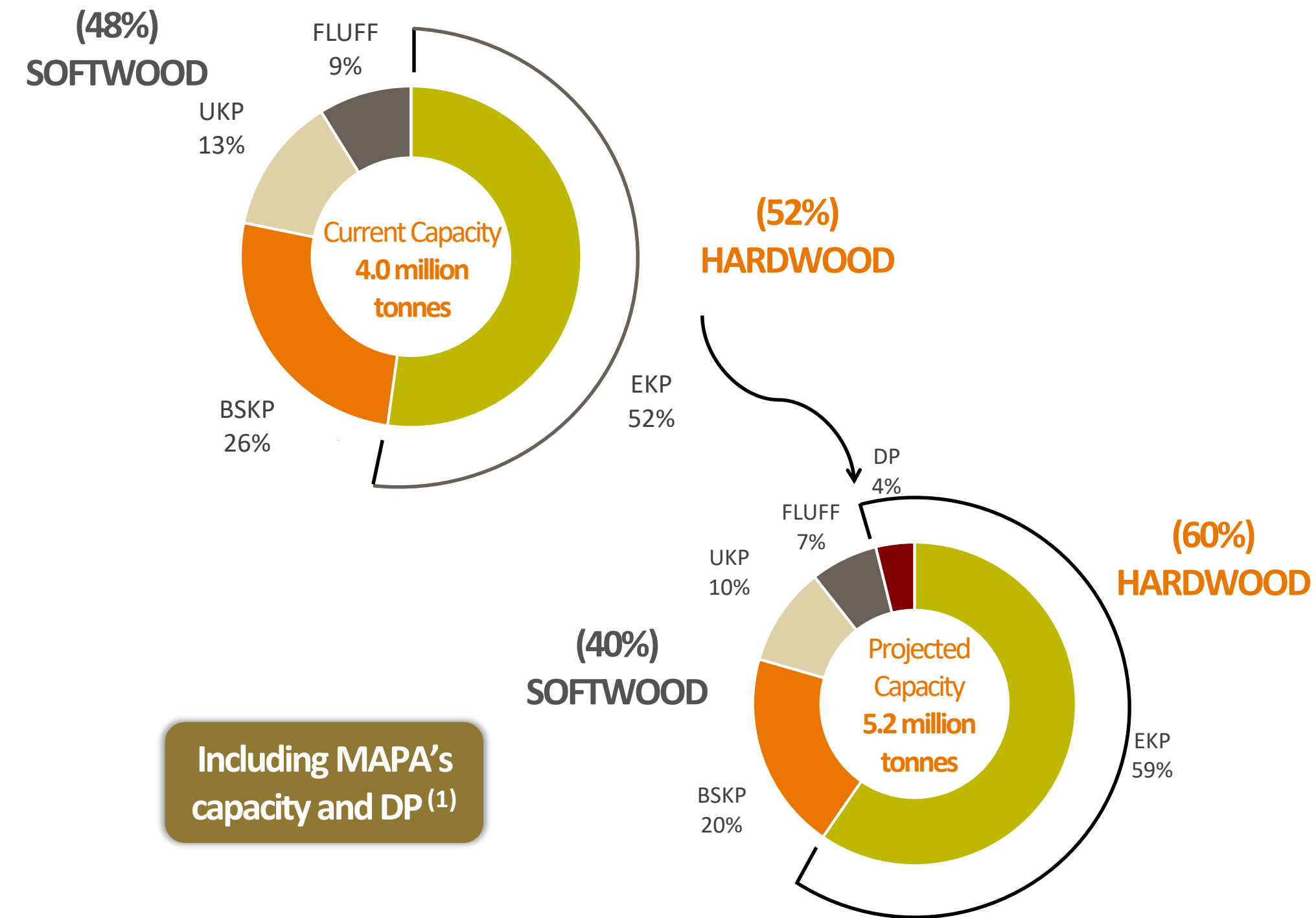
Source: Hawkins Wright, as of December 2019

Other world includes Argentina, China and Oceania.

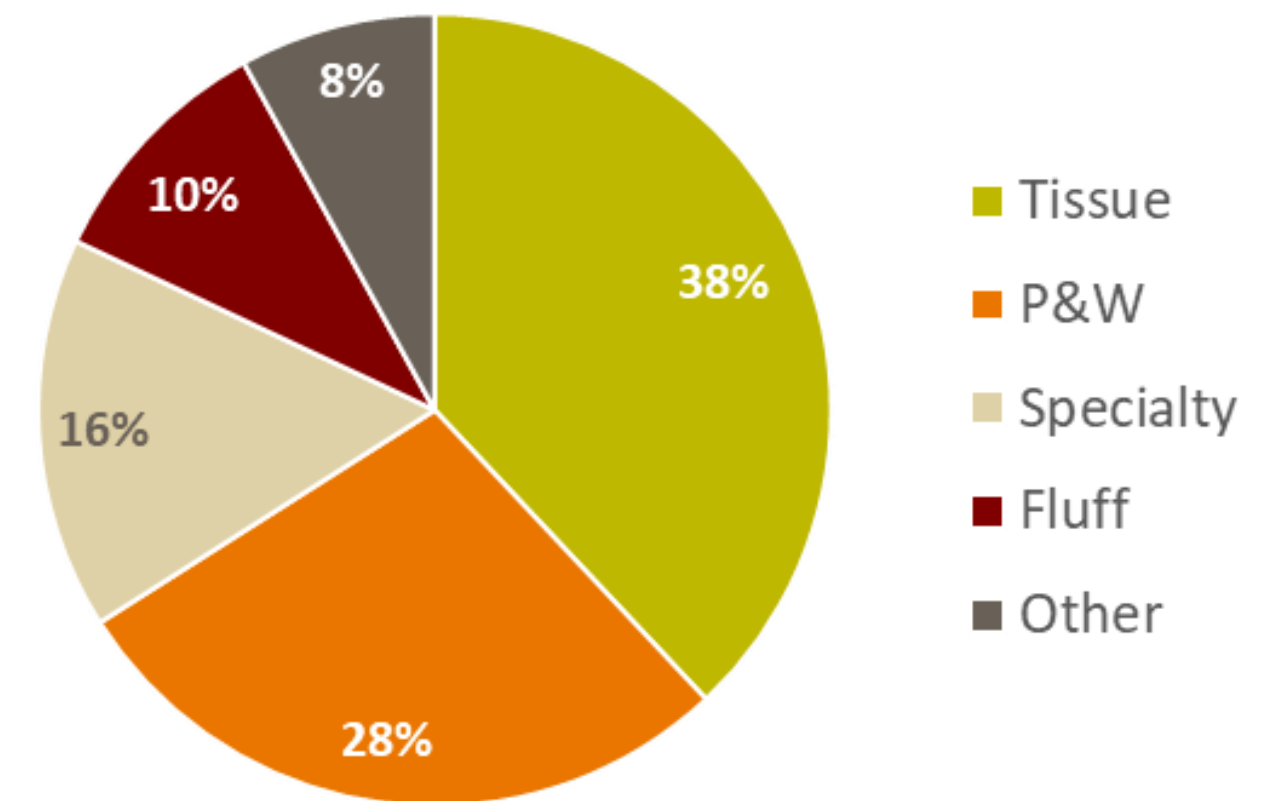
PULP BUSINESS

COMPETITIVE ADVANTAGES

3. Product Diversification



BCP world industry demand by End-use, 2018⁽²⁾



Source: ARAUCO, as of December 2019
(1) Dissolving Pulp

(2) Source: Hawkins Wright, as of December 2019
BCP: Bleached Chemical Pulp, which includes all bleached kraft pulp (and not unbleached) and sulphite pulp

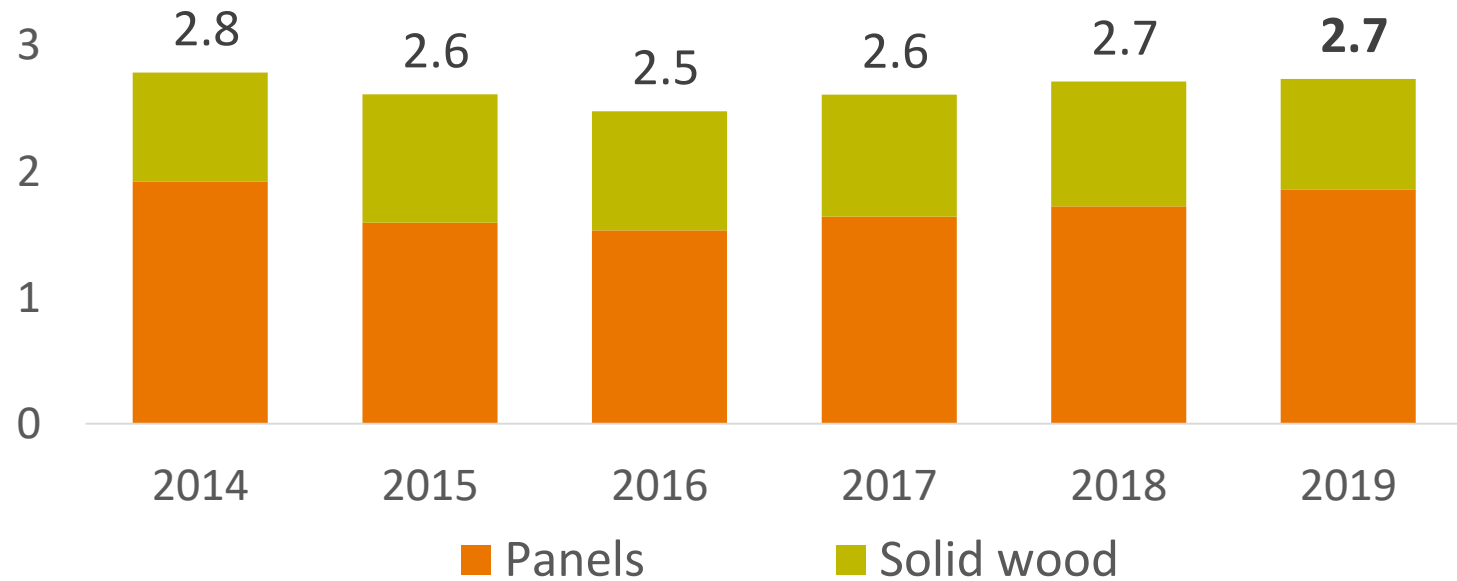
WOOD PRODUCTS BUSINESS

Revenues
MUS
\$2,742

Does not include energy sales
As of December 2019 LTM

Sales evolution

US\$ billion



Subdivisions

PANELS



SOLID WOOD

arauco

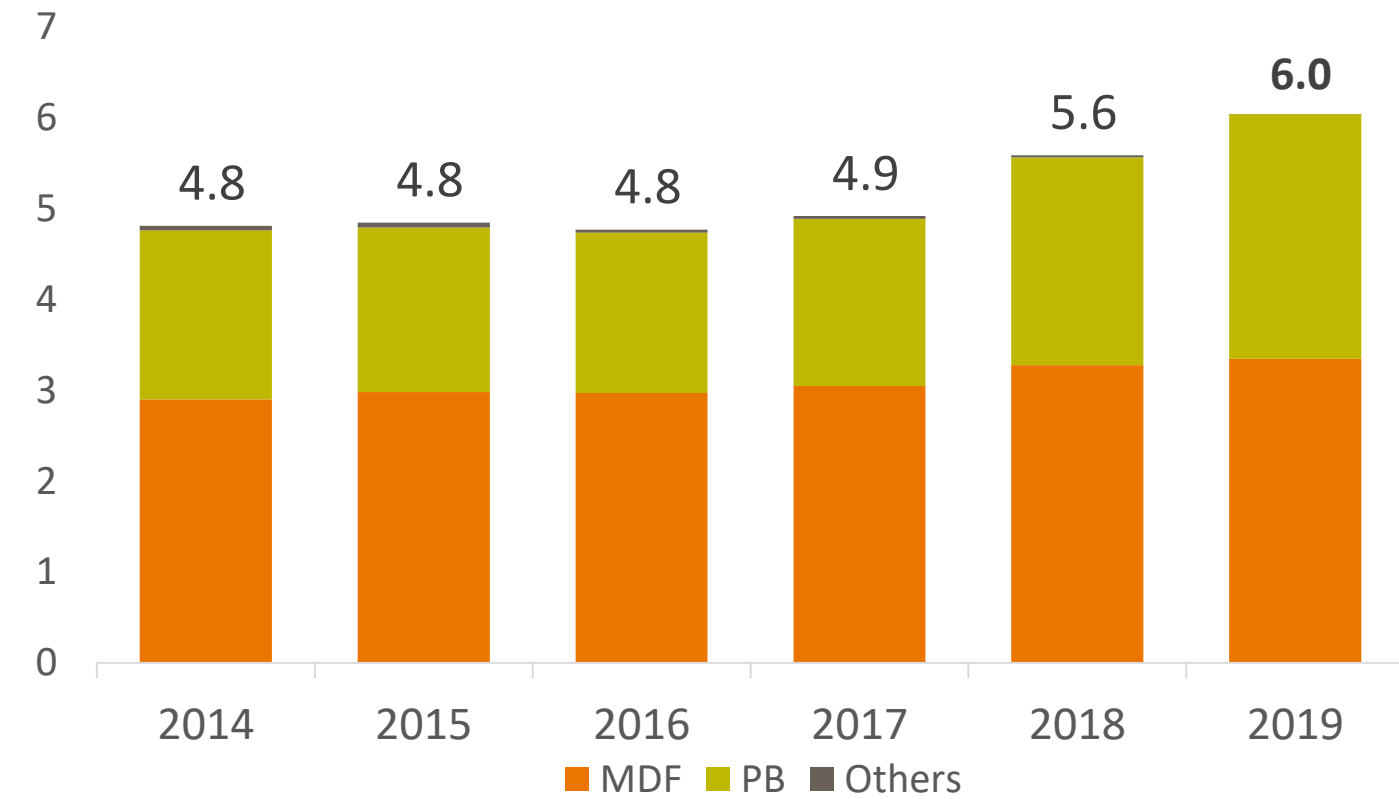
WOOD PRODUCTS BUSINESS: PANELS

Panels Sales
MUS
\$1,859

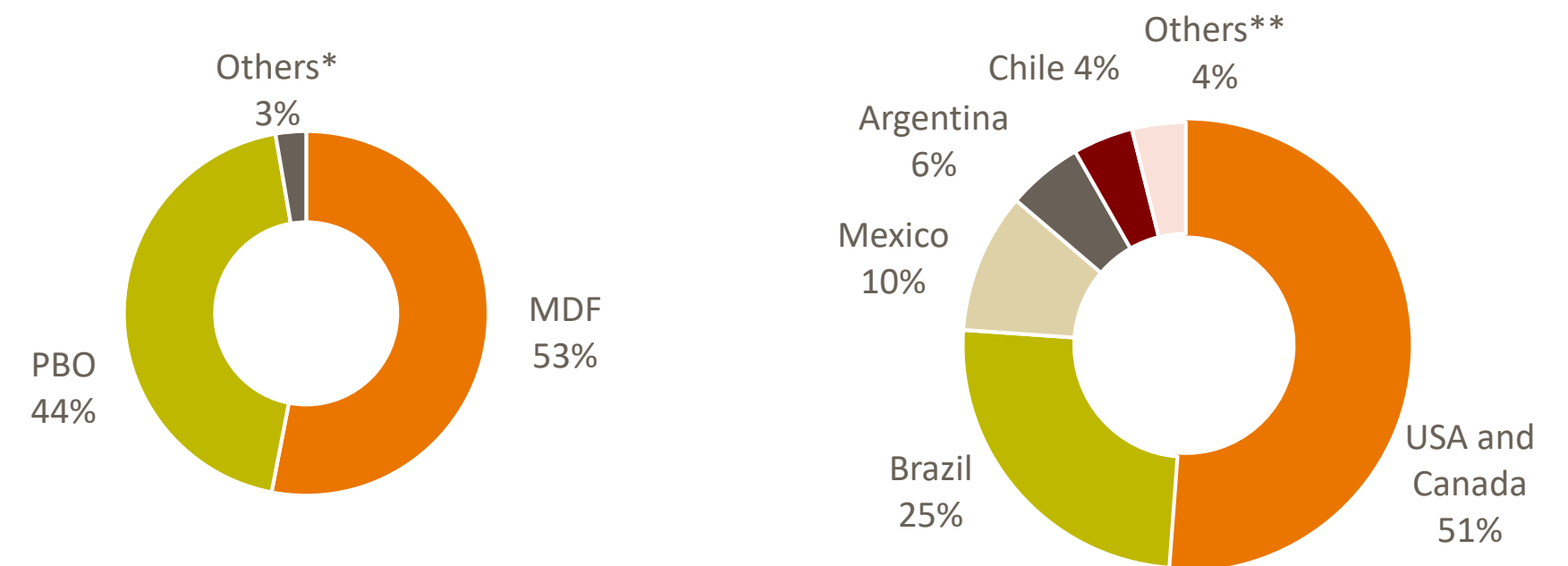
Does not include energy sales
As of December 2019 LTM

Production

million m³



Sales volume: 5.9 million m³



As of December 2019 LTM

Does not include Sonae Arauco volumes

*OSB, HB, Retail and Composite panels

** EMEA, Asia, Oceania and Rest of Latam

arauco

PANELS

OUR MILLS

in thousands



Legend

MDF: Medium Density Fiberboard
 PB: Particle Board
 OSB: Oriented Strand Board

As of December 2019

*Arauco owns 50% of Sonae Arauco

**As of the date of publication of this report, 2 MDF mills are shut down. Also, the PB lines of two different mills are also shut down.

***One PB mill in South Africa is currently shut down

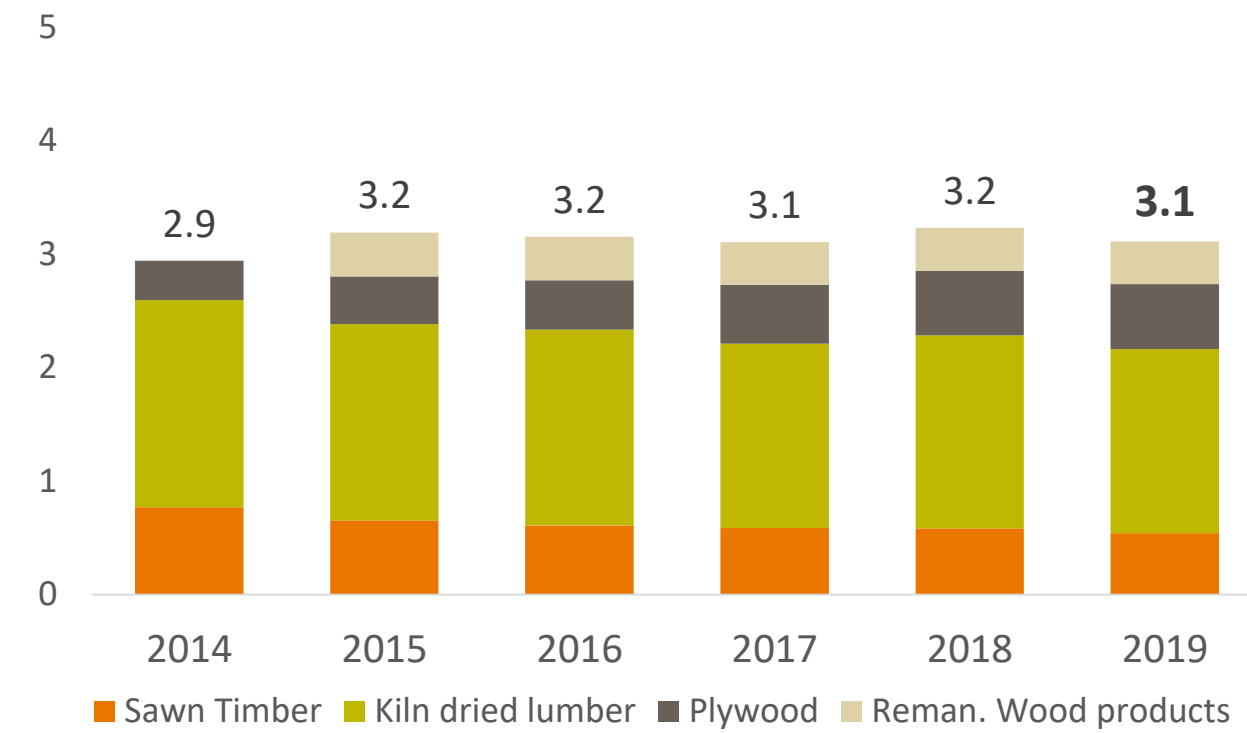
WOOD PRODUCTS BUSINESS: SOLID WOOD

Solid Wood Sales
MUS
\$883

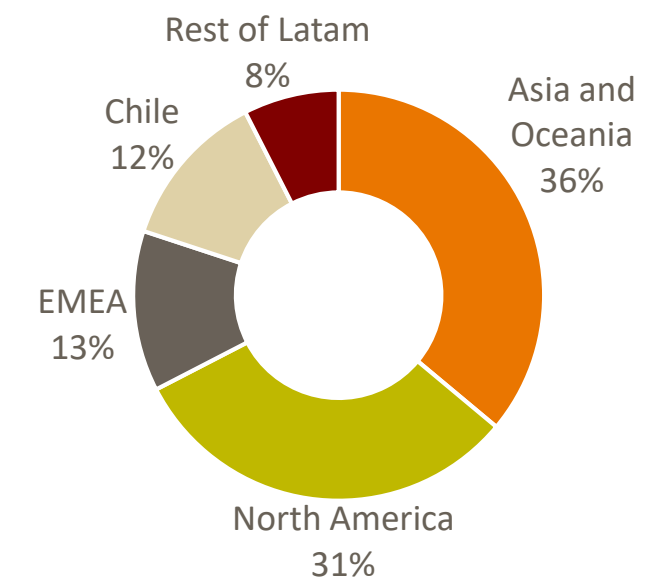
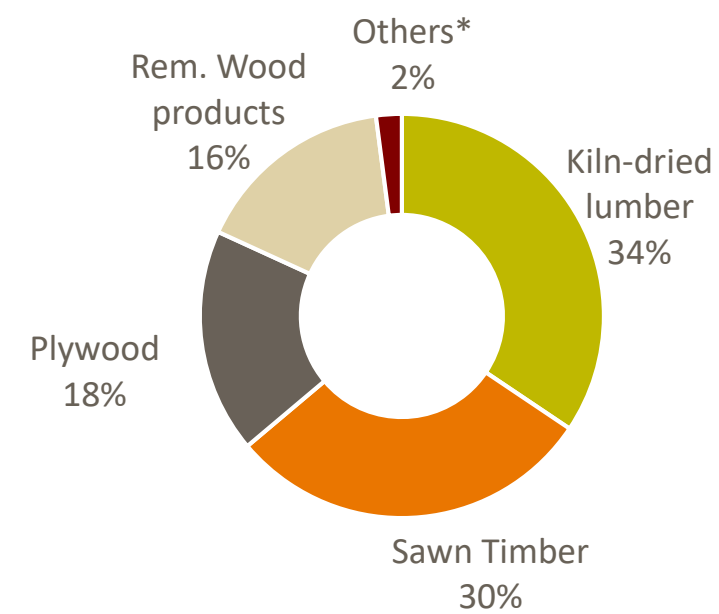
Does not include energy sales
As of December 2019 LTM

Production

million m³



Sales volume: 2.7 million m³



As of December 2019 LTM
Does not include Sonae Arauco volumes
* Pallets

SOLID WOOD
OUR MILLS
 in thousands



Legend
 ST: Sawn Timber
 Rem: Remanufactured Wood Products

As of December 2019
 *Arauco owns 50% of Sonae Arauco

ENERGY BUSINESS

Revenues MUS \$74

As of December 2019 LTM

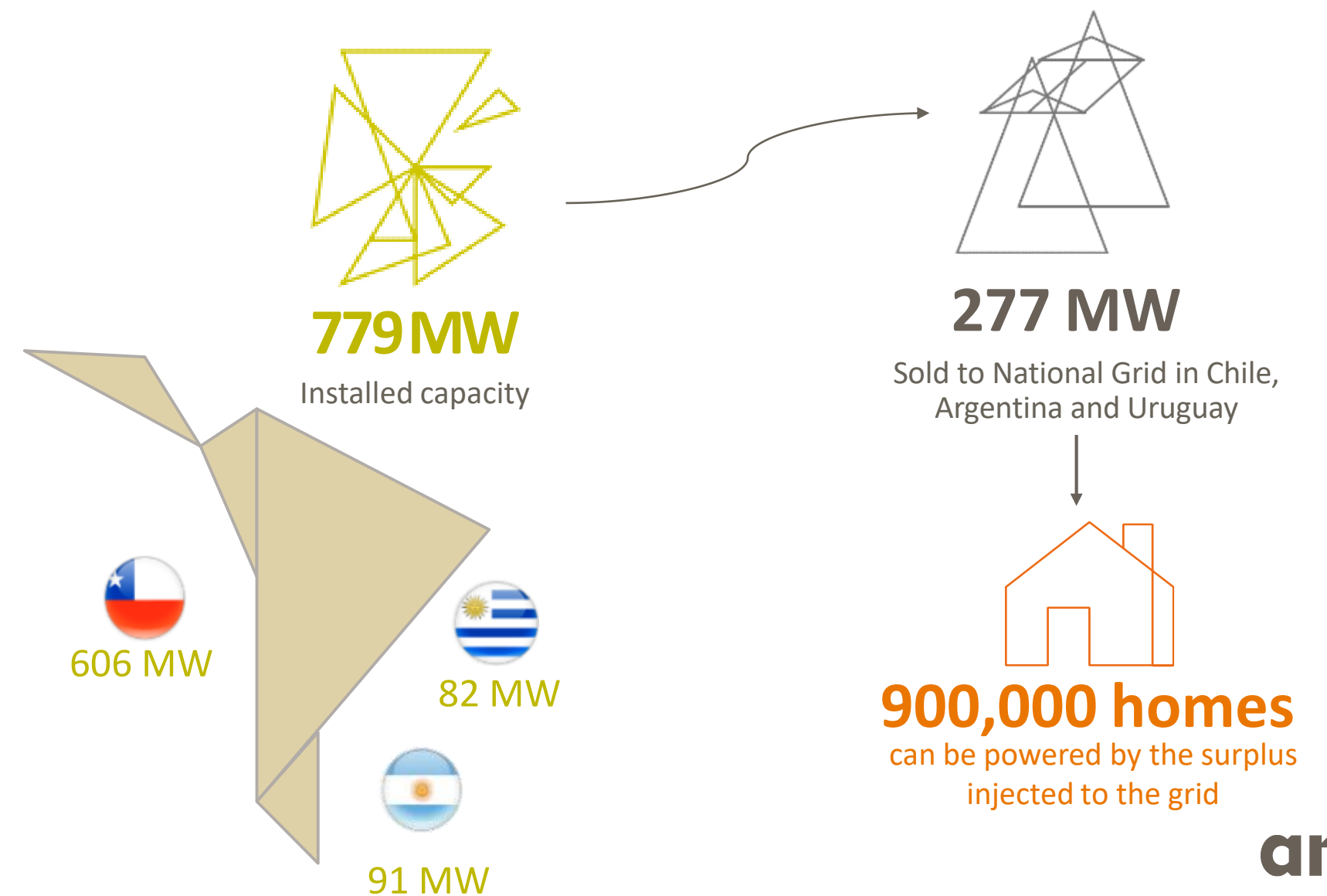
Highlights

Arauco generates renewable energy from forestry biomass and uses it in the production processes.

In Chile, Argentina and Uruguay, we are self-sufficient in net electricity consumption and we sell the surplus to the local grid.

5 cogeneration plants in Chile and 1 plant in Uruguay are registered under the Kyoto Protocol Clean Development Mechanism (CDM).

ARAUCO expects MAPA will generate an additional surplus of 142MW available for the national grid.



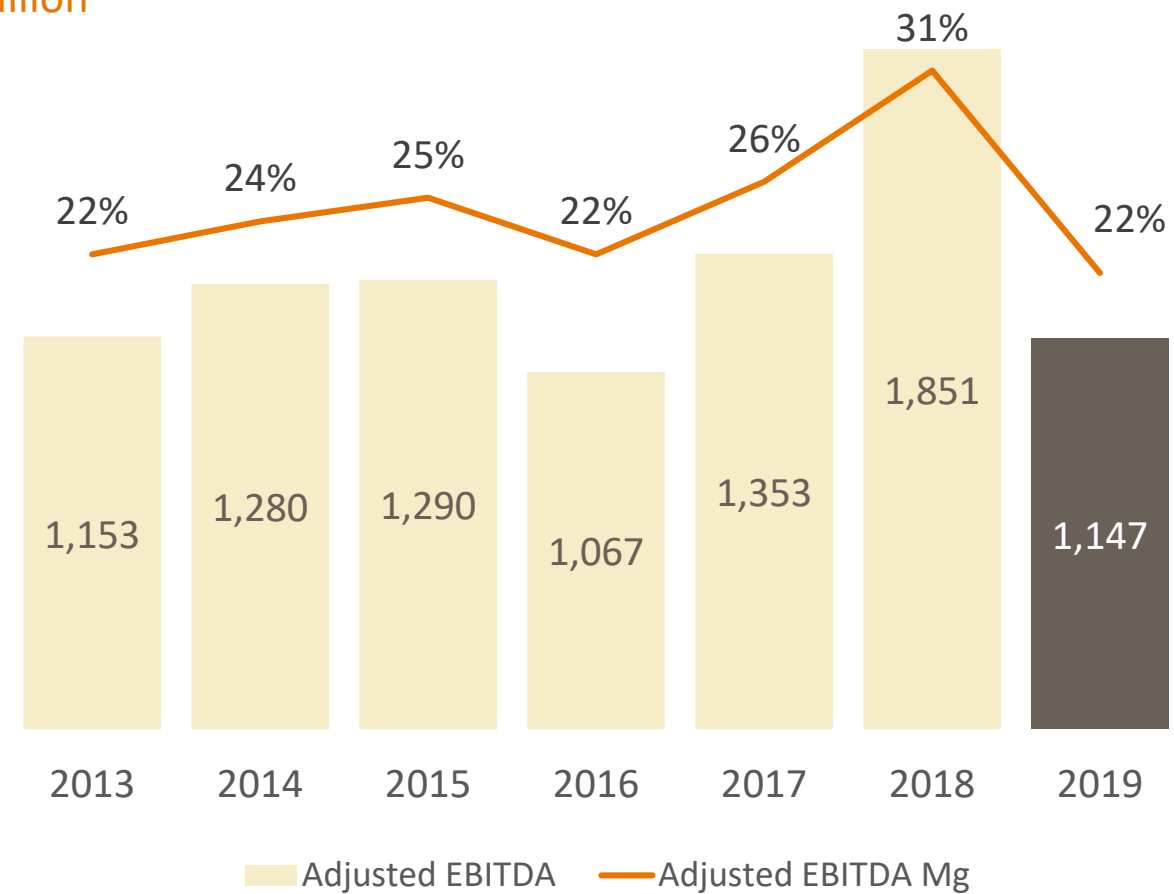


FINANCIAL HIGHLIGHTS

MAIN FIGURES

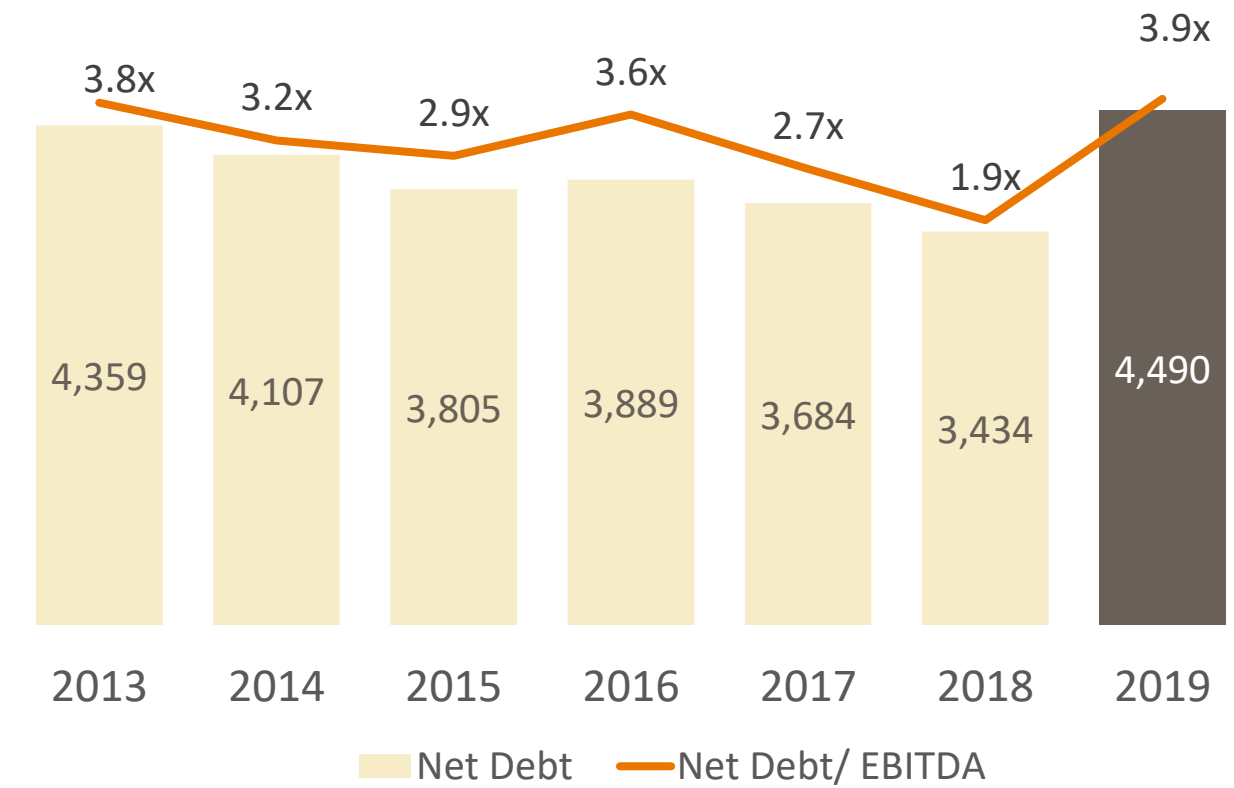
Adjusted EBITDA

US\$ million



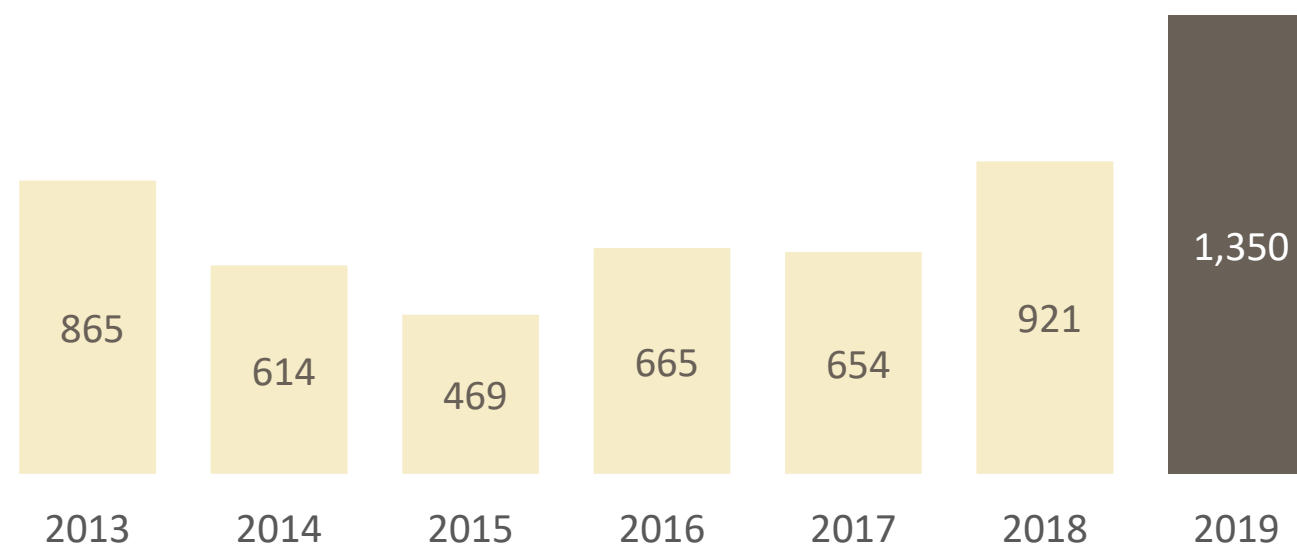
Net Debt

US\$ million



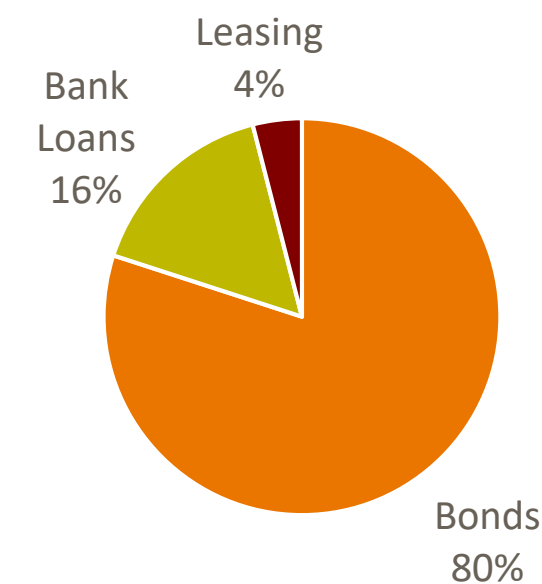
CAPEX

US\$ million

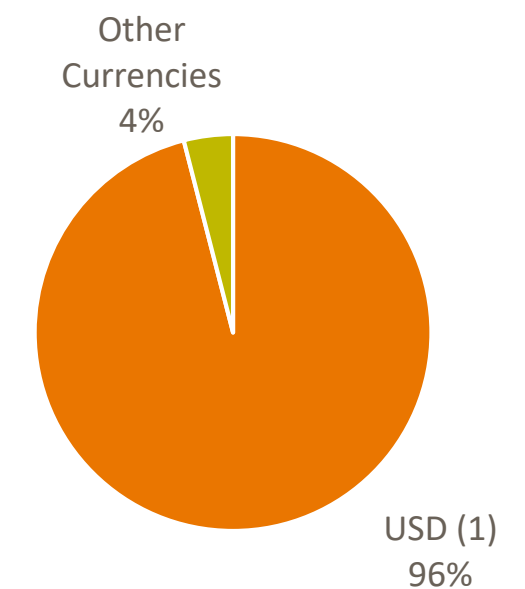


Debt Breakdown

by Instrument



by Currency



As of December 2019

(1) 23% of the total debt corresponds to local currency swapped to US dollar

A low-angle, upward-looking photograph of an industrial facility. The image shows a complex network of pipes, metal beams, and machinery. A large, dark, cylindrical pipe runs diagonally across the frame. In the background, there are more pipes and structural elements, some illuminated by overhead lights. The overall atmosphere is industrial and modern.

FUTURE INVESTMENTS

MAPA NEW PULP LINE AT ARAUCO MILL & COGENERATION PLANT

Modernization and Expansion of the Arauco Mill (MAPA) consists in the construction of a **third pulp line of 1.56 million tonnes (short fiber)**, increasing ARAUCO's total pulp capacity to more than 5 million tonnes.



The investment for this project is approximately **US\$ 2,350 million**.

Additionally, the Project considers the shut down of Arauco's line 1 of **290 th. tonnes** of short fiber pulp once the new line (line 3) is operating, and the construction of a **132 MW** cogeneration plant.

The Project is expected to generate 8,000 jobs as of August 2020.

It is expected that the new line will start its operations during the second quarter of 2021.

MAPA PROJECT TIMELINE



July 2018

The Board of Directors approved the MAPA Project.

February 2019

Earth-moving works start.

May 2019

Contracts awarded for construction companies, totaling approximately US\$ 680 million.

March 2020: 45% advance

Most of the critical equipment is arriving on-site and building constructions are in progress.

April 2011

Arauco's first environmental studies for MAPA Project.

October 2018

Arauco signed main equipment contracts with Andritz and Valmet

April 2019

On April 1st, 2019, Arauco signed an ECA* agreement for a total of Eur 555 million. This financing is mainly associated with the suppliers contracts signed on October 2018.

2021

The new Line 3 is expected to start operating on 2021, while Line 1 is shutdown.



(*) Export Credit Agency

DISSOLVING PULP PROJECT



- Dissolving Pulp Project is a brownfield project, located in the Valdivia mill and approved by ARAUCO's Board of Directors on September 2017. This US\$ 200 million investment consists in the mill's adaptation to produce dissolving pulp, with the option to switch back to paper pulp production
- This project allows Arauco to continue diversifying its product portfolio and reaching new costumers



Dissolving pulp is used to produce viscose, an alternative material for cotton. It is used to soften, shine, and purify fibers.

As of this report, construction of the dissolving Pulp Project is finished. It is expected to start operating during the second quarter of 2020.

SUSTAINABILITY



SUSTAINABILITY STRATEGY

Combining science, innovation and technology

with the goal of unlocking the full potential of our plantations.



Developing high standard, quality-oriented products

that always aim to be the superior choice for our customers.



Responsibly managing our operations using **best-in-class environmental practices** and promoting the safety of ARAUCO's workers.



Being a **virtuous actor** in the areas where we maintain operations to become an active agent for their social and economic development.



Towards a Bioeconomy

With products that come from responsible management of natural and renewable resources

SUSTAINABILITY STRATEGY

Global Change

Our commitment to sustainable development is a response to the challenges posed by climate change and population growth.

COMMITMENT

Capture more greenhouse gas emissions than it emits globally



RENEWABLE RESOURCE

Solutions to fulfill the world's demand, while keeping our planet in balance

ARAUCO also announced its intention to align with the
“Science Based Targets”

CARBON
NEUTRAL
2020

ARAUCO anticipates it will be the first company in our industry to certify achieving this important goal

SUSTAINABILITY STRATEGY



Engagement with
220
communes



over
50
programs with
communities

Around
US\$56
million
Invested during 2019
in environmental projects

In alignment with the UN

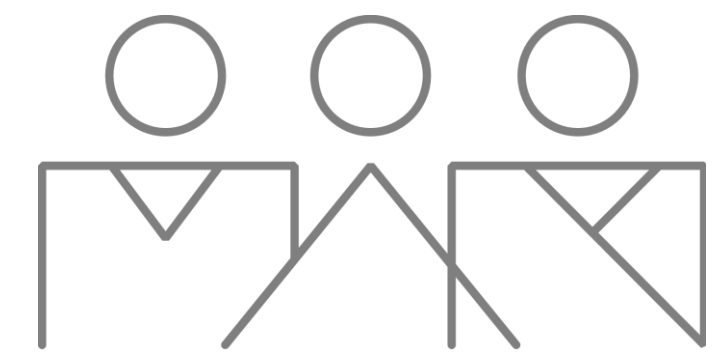


We maintain and protect,

63 **128**

Areas of High Biological
Conservation Value

Areas of High Social,
Cultural or Religious
Conservation Value



more than
70,000
direct beneficiaries

**FOR FURTHER INFORMATION,
PLEASE CONTACT:**

Marcelo Bennett, Treasurer
marcelo.bennett@arauco.com
Phone: (562) 2461 7309

Gonzalo Jofré, Investor Relations
gonzalo.jofre@arauco.com
Phone: (562) 2461 7494

investor_relations@arauco.com

For further information, please visit www.arauco.com

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