



ARAUCO
Growing the Future

Conference call presentation

1st Quarter 2012 Financial Results

Celulosa Arauco y Constitución S.A.

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Disclaimer

Forward-looking statements are based on the beliefs and assumptions of Arauco's management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events 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.

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.

Agenda

- **Financial Review 1st Quarter 2012**
- **Review by Business Segment & Outlook**
- **1st Quarter and Subsequent Events**
- **Project updates**
- **Q&A**

Financial Review > 1Q 2012 Highlights

- Revenues of U.S.\$ 1,010.4 million
(2% lower 4Q 2011)
- Adjusted EBITDA of U.S.\$ 191.6 million
(47% lower 4Q 2011)
- Net Income of U.S.\$ 52.1 million
(71% lower 4Q 2011)
- Net Financial Debt of U.S.\$ 3,128.9 million
(8% higher 4Q 2011)
- CAPEX of U.S.\$ 284.7 million
(44% lower 4Q 2011)

Financial Review > Income Statement

INCOME STATEMENT

In U.S. Million	1Q 12	4Q 11	QoQ
Revenue	1,010.4	1,036.0	(2%)
Cost of sales	(730.9)	(768.8)	(5%)
Gross Income	279.6	267.2	5%
Other operating income	61.7	274.3	(77%)
Administration & Distribution costs	(201.9)	(219.0)	(8%)
Other operating gains (expenses)	(34.6)	(43.9)	(21%)
Financial costs (Net)	(54.3)	(41.5)	31%
Exchange rate differences	10.8	(14.7)	(174%)
Income Before Income Tax	61.4	222.4	(72%)
Income tax	(9.3)	(42.5)	(78%)
Net Income	52.1	179.9	(71%)

ADJUSTED EBITDA

In U.S. Million	1Q 12	4Q 11	QoQ
Net Income	52.1	179.9	(71%)
(+) Financial costs	58.1	45.0	29%
(-) Financial income	(3.8)	(3.5)	9%
(+) Income Tax	9.3	42.5	(78%)
EBIT	115.7	263.9	856%
(+) Depreciation & amortization	57.6	60.2	(4%)
EBITDA	173.2	324.1	(47%)
(+) Fair value cost of timber harvested	73.0	83.2	(12%)
(-) Gain from chg. in fair value of bio. assets	(43.9)	(57.4)	(24%)
(+) Exchange rate differences	(10.8)	14.7	(174%)
Adjusted EBITDA	191.6	364.6	(47%)

Comments

- **Revenue:** Decreased 2% due to lower sales of our pulp division (-5%) mainly because of lower sales volume -- pulp prices slightly increased 0.6%
- **Cost of Sales:** was 4.9% lower than the third quarter ; mainly explained by lower sales volume of pulp (-9%) and panels (-12%)
- **Other Operating Income:** Decreased 77%, mainly explained by the insurance claim received in November 2011, that corresponded to the balance of the total claim related to the February 27th, 2010 earthquake event
- **Adjusted EBITDA:** reached U.S.\$ 191.6 million during the first quarter, 47% lower than the previous quarter

Financial Review > Cash Flow

CASH FLOW

In U.S. Million	1Q 12	4Q 11	QoQ
Collection of accounts receivables	1,122.3	959.5	17%
Collection from insurance claims	0.5	268.6	(100%)
Other cash receipts (payments)	82.0	77.0	7%
Payments of suppliers and personnel (less)	(1,025.2)	(863.7)	19%
Dividends and other distributions received	0.0	0.0	
Interest paid and received	(47.0)	(21.8)	116%
Income tax paid	(19.8)	(34.0)	-42%
Other (outflows) inflows of cash. net	(0.1)	(1.0)	
Net Cash Provided by (Used in) Operating Activities	112.8	384.6	-71%
Capital Expenditures	(284.7)	(512.0)	-44%
Other investment cash flow	(20.2)	19.9	-202%
Net Cash Provided by (Used in) Investing Activities	(304.9)	(492.1)	-38%
Proceeds from borrowings	524.0	495.3	6%
Repayments of borrowings	(114.4)	(355.4)	-68%
Dividends paid	0.0	(90.8)	-100%
Other inflows of cash. net	0.3	(3.2)	-111%
Net Cash Provided by (Used in) Financing Activities	409.9	45.9	793%
Total Cash Inflow (Outflow) of the Period	217.7	(61.6)	-453%
Effect of exchange rate chg on cash and equivalents	4.3	0.0	
Cash and Cash equivalents. at beginning of the period	315.9	377.4	-16%
Cash and Cash equivalents. at end of the period	538.0	315.9	70%

Comments

- **Cash from operating activities:** a 71% decrease due to the insurance claim received in November 2011
- **Cash used in investing activities:** a decrease of 38% . In 4Q we invested in Florestal Vale Do Corisco (US\$ 237 million). In 1Q we acquired Moncure unit (US\$ 56 million)
- **Cash used in financing activities:**
 - in December we paid dividends of U.S.\$ 91 million
 - on December 6th we raised U.S.\$ 200 million of a 3-year term bank loan
 - In January we issued U.S.\$ 500 million in 144A/RegS bonds

Financial Review > Debt

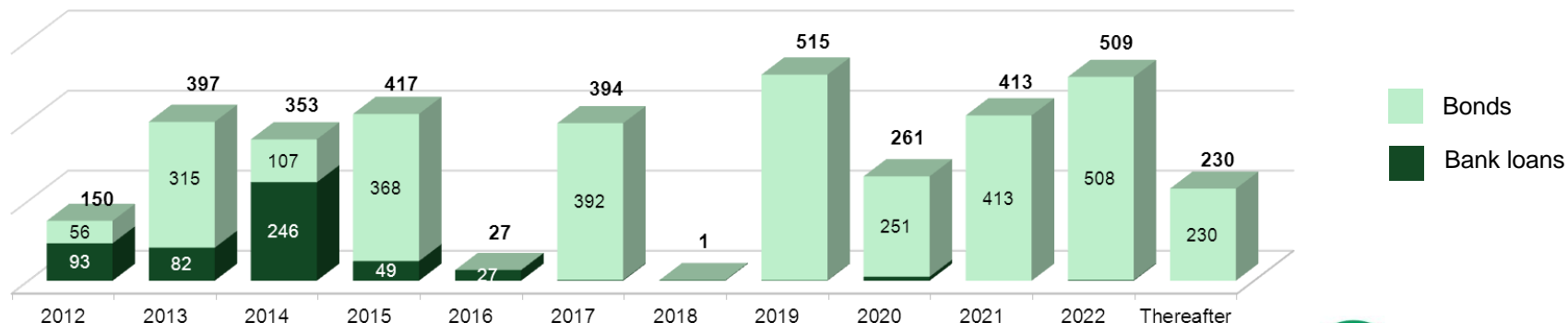
Financial Debt as of March 31, 2012

In U.S. Million	March 2012	December 2011	March 2011
Short term financial debt	182.2	244.5	522,4
Long term financial debt	3,484.7	2,968.8	2,859,9
TOTAL FINANCIAL DEBT	3,666.9	3,213.3	3,382.3
Cash and cash equivalents	538.0	315.9	912.3
NET FINANCIAL DEBT	3,128.9	2,897.4	2,470.1

Comments

- Total Financial debt reached US\$ 3,667 million, an increase of 14%
- Net Financial debt increased 8%
- This increase is mainly explained by the US\$ 500 million bond issued in January
- We do not have bond maturities until 2013
- **Net Debt / LTM⁽¹⁾ EBITDA = 2.7x**

Financial Debt Profile as of March 31, 2012



Note: Short term debt numbers include accrued interest

(1): LTM. Last Twelve Months

Financial Review > Ratios

KEY FINANCIAL RATIOS

	1Q 12	4Q 11	1Q 11
Profitability			
Gross margin	27.7%	25.8%	38.2%
Operating margin	7.7%	4.7%	19.8%
LTM ⁽¹⁾ Adjusted EBITDA margin	26.9%	29.9%	38.3%
ROA (EBIT / Total assets)	3.6%	8.6%	8.5%
LTM ROCE (EBIT x (1–tax rate) / (WorkingCap+Fixed assets)	6.0%	7.3%	9.5%
ROE (Net income / Equity)	2.9%	10.3%	10.2%
Leverage			
Interest coverage ratio (Adj. EBITDA LTM / Financial costs)	5.8x	6.7x	7.4x
Net financial debt / Adjusted EBITDA LTM	2.7x	2.2x	1.6x
Financial debt / Total capitalization ⁽²⁾	31.2%	31.4%	32.7%
Net financial debt / Total capitalization	26.0%	28.3%	23.9%
Financial debt / Shareholders' equity	45.9%	46.3%	49.3%
Net financial debt / Shareholders' equity	38.2%	41.8%	36.0%

(1): LTM. Last Twelve Months

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Review by Business Segment > Pulp

PULP DIVISION SALES (in US\$ million)



Note: pulp sales include energy sales

- Prices bottomed in December 2011 and since January have been increasing
- Inventories at normal levels for softwood and slightly below average for hardwood
- European integrated paper producers supplied extra market pulp to China, adding pressure to long fiber prices

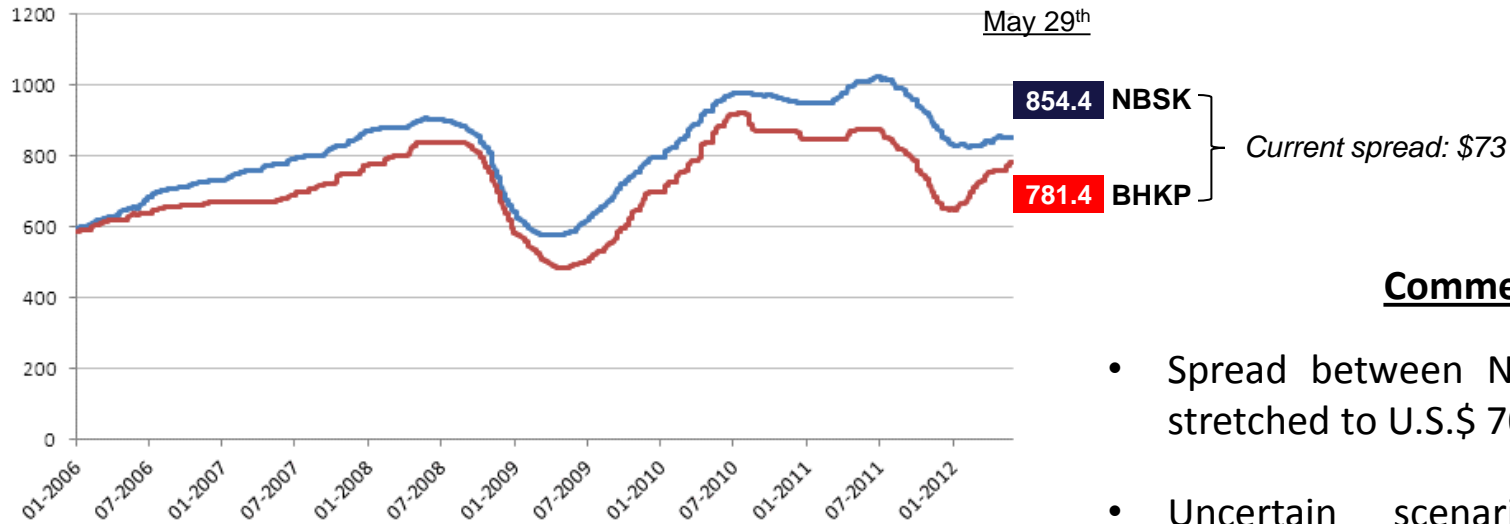
Pulp production in 000' tons.

1Q 11	2Q 11	3Q11	4Q11	1Q12
683	736	646	751	763



Review by Business Segment > Pulp > Outlook

BHKP AND NBSK INDEXES



Comments

- Spread between NBSK / BHKP has stretched to U.S.\$ 70+ levels
- Uncertain scenario in Europe; integrated producers continue selling spot pulp in the market
- Chinese demand growing 23% YoY
- Latin American pulp market is active

GLOBAL PRODUCERS INVENTORY LEVELS

In days	March 2011	June 2011	September 2011	December 2011	March 2012
BSKP	24	28	32	36	29
BHKP	40	41	44	33	34

Review by Business Segment > Panels

Panels Division Net Sales (in US\$ million)

			<u>Net Sales</u>	<u>Price</u>	<u>Volume⁽¹⁾</u>
1Q 12	305				
4Q 11	302	QoQ	0.7%	0.7%	(12.3%)
1Q 11	297	YoY	2.4%	0.3%	(9.2%)

Note: panels total sales include energy; 1Q12 total sales include Moncure unit



- In general during this quarter prices increased for all of our products
- Plywood: prices have continued with positive trend in North and South America. Lower sales volume caused by destruction of Nueva Aldea mill
- MDF: higher demand in South America and Asia
- MDF moldings: North American market has shown a recovery; entering new niches such as Russia and Holand
- PB: had lower sales volume because of Curitiba closure

Panels production in 000' m3

	1Q 11	2Q 11	3Q 11	4Q 11	1Q12
	750	748	766	712	562

(1): Change in sales volume does not include Moncure unit

Review by Business Segment > Panels > Outlook

- We see a positive outlook for the panels division
- Inventories at adequate levels
- Main markets for panels (Chile, Argentina, Brazil, Mexico) are currently very active with strong demand and we expect prices to continue in a positive trend
- After years of weak or slow market, USA has shown more optimism and stronger activity. Prices should increase, especially for moldings
- Exception is the European market with weaker demand for plywood and stagnant prices

Review by Business Segment > Sawn Timber

Sawn Timber Division Net Sales (in US\$ million)

	Net Sales	Price	Volume
1Q 12	189		
4Q 11	181	QoQ 4.6%	0.8%
1Q 11	177	YoY 6.4%	(4.5%)



- Overall increase in prices of all sawn timber products in South America
- The real state and the construction sectors in the United States have remained in low levels during the fourth quarter, however is increasing. The housing start index reached 717,000 units per year in April 2012
- Wood products showed a downward trend in Asia. This brought price cuts and volume drops in China, Korea, Japan and Taiwan

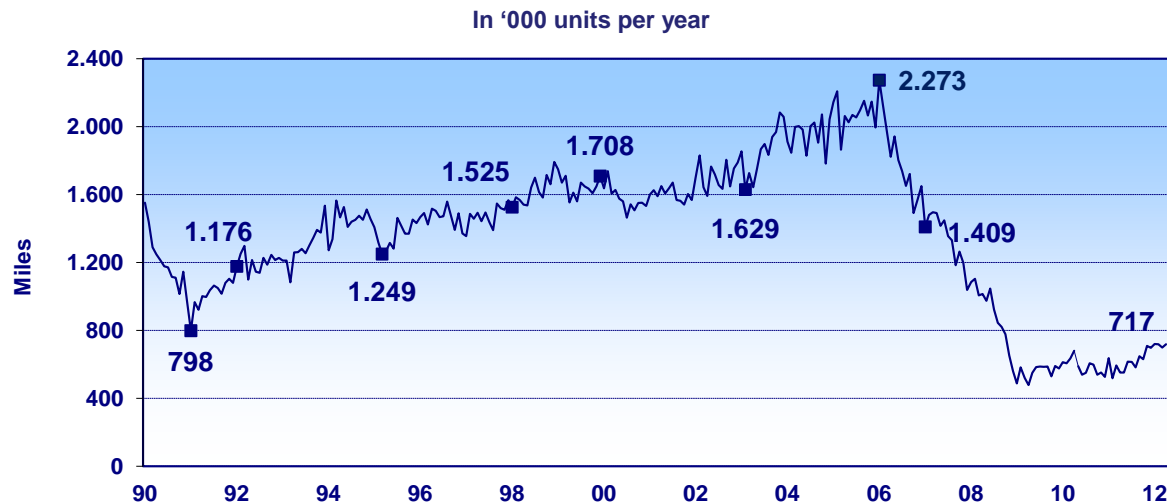
Sawn Timber production in 000' m3

1Q 11	2Q 11	3Q 11	4Q 11	1Q12
652	611	642	621	600

Review by Business Segment > Sawn Timber > Outlook

- We currently are seeing Asian markets stabilizing
- North America with a positive outlook for housing starts. Sales of moldings with a strong demand, with prices consistently increasing
- Latin American market with stable sales volume
- Chilean industrial market with strong demand and we expect more price increases
- Sales in Argentina continue very strong

US Housing Starts and Permits



Source: U.S. Census Bureau

Housing starts index for April 2012 was 717,000 units per year

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1st Quarter and Subsequent Events

In January a wildfire destroyed our Nueva Aldea plywood mill

- We started with the reconstruction plan and expect to start up again in 2013

Arauco achieved its lowest yields ever in the international bond market

- In January issued a 144A/RegS bond in the U.S. market for U.S.\$ 500 million
- Yield of 4.938% with a maturity of 10 years bullet

We acquired a panel mill in Moncure, N.C. (USA)

- Capacity of 330,000 m³ of MDF and 270,000 of PBO
- Purchase price of U.S.\$ 56 million plus working capital

1st Quarter and Subsequent Events

In April Arauco issued UF 5,000,000 in the local bond market

- On April 26, 2012 we issued UF 5 million aggregate principal amount (approximately U.S.\$ 232.0 million) of bonds in the Chilean local market
- The series of bonds was issued at 3.88%, the lowest yield we have ever achieved for a 21 year bond
- Use of proceeds for this bond is for refinancing debt and to finance our investment program for the year

1st Quarter and Subsequent Events

Arauco presented Environmental Impact Study for Arauco pulp mill brownfield project in April

- Project includes an upgrading of our current facilities and an expansion of the Arauco mill capacity through the construction of a new eucalyptus pulp line
- New cogeneration energy plant based on biomass, and will be able to supply 140 MW of renewable energy to the National Electricity Grid
- After the project the Arauco mill will have a production capacity of 1.8 million tons of pulp per year

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Arauco's main projects update

Montes del Plata

- Uruguay
- Greenfield pulp mill (euca)
- 1,300,000 tn capacity

- Expected start up: 1H 2013
- Total est. capex: US\$ 1.9 Bn

General overview



Fiberline – bleaching reactors



Power and recovery boiler



Water and effluent treatment plant

Arauco's main projects update

Jaguariaiva Expansion

- Brazil
- Brownfield MDF project
- 500,000 m3 capacity

- Expected start up: 09/2012
- Total est. capex: US\$ 150 M



Arauco's main projects update

Teno Panel mill

- Teno, Chile
- Greenfield MDP project
- 300,000 m3 capacity

- Expected start up: 06/2012
- Total est. capex: US\$ 150 M



Arauco's main projects update

Viñales Energy Plant

- Chile
- Cogeneration energy plant
- 41 MW Installed capacity
- 31 MW to National Grid

- Expected start up: 06/2012
- Total est. capex: US\$ 105 M



Nueva Aldea Reconstruction

- Chile
- Reconstruction of Nueva Aldea's plywood mill
- New capacity: 350.000 m3

- Expected start up: 2013
- Total est. capex: US\$ 150 M



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