

ARAUCO

Press Release
2Q 2020



Highlights

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

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.

REVENUES

US\$1,049.9 million

ARAUCO's revenues reached US\$1,049.9 million during the second quarter of 2020, a 6.9% decrease compared to the US\$1,127.2 million obtained during the first quarter of 2020 and a 22.3% decrease compared to the second quarter of 2019.

NET INCOME

-US\$55.9 million

ARAUCO's net income was -US\$55.9 million, an increase in losses equivalent to US\$26.2 million, compared to the -US\$29.7 million obtained during the first quarter of 2020, and a US\$113.4 million decrease compared to the second quarter of 2019.

ADJUSTED EBITDA

US\$205.8 million

Adjusted EBITDA reached US\$205.8 million, a 5.8% or US\$11.2 million increase compared to the US\$194.6 million obtained during the first quarter of 2020, and a 40.1% or US\$137.5 million decrease compared to the same period of 2019.

NET DEBT TO EBITDA

5.9x

Net Financial Debt increased by US\$232.8 million or 4.8% compared to the last quarter.

Net Financial Debt / LTM Adjusted EBITDA ratio reached 5.9x in this quarter, an increase compared to 4.9x in the first quarter of 2020 and to the 2.9x reached in the second quarter of 2019.

CAPEX

US\$384.2 million

CAPEX reached US\$384.2 million during this quarter, 13.8% or US\$61.3 million lower than the US\$445.5 million from the first quarter of 2020.

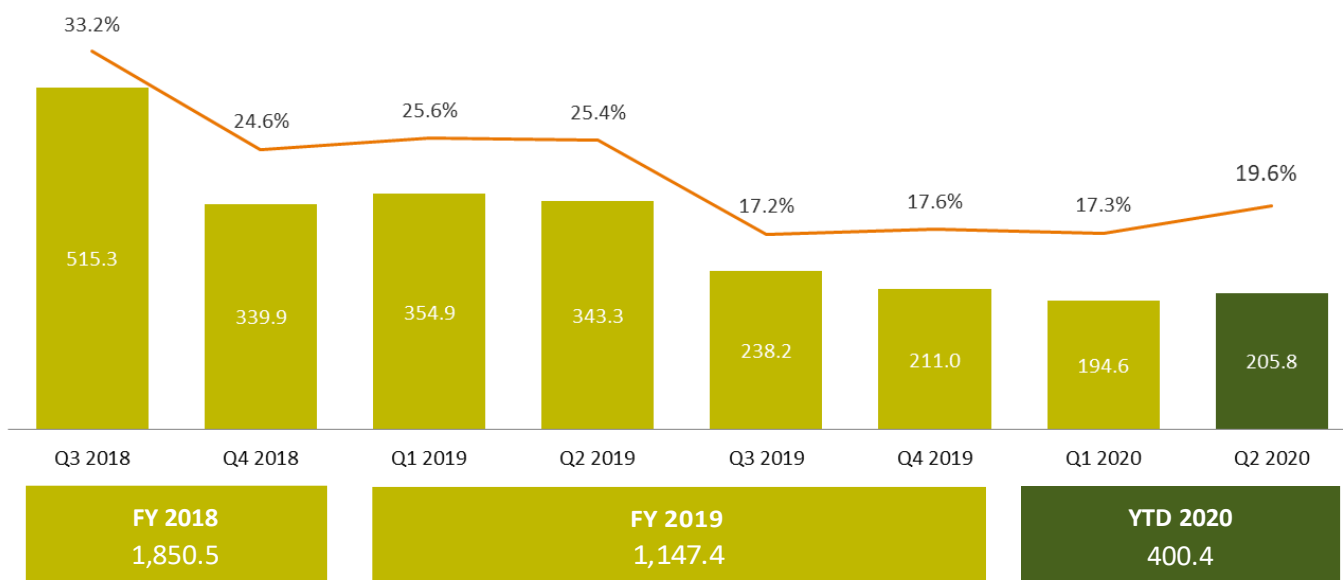
ARAUCO's net income for the second quarter 2020 was -US\$55.9 million, an increase in losses of US\$26.7 million compared to the first quarter of 2020. This is mainly explained by a decrease in revenues. Our Adjusted EBITDA was 5.8% higher than the first quarter, reaching US\$205.8 million. The Adjusted EBITDA margin increased from 17.3% to 19.6% on a quarterly basis.

Overview

Net Financial Debt increased by US\$232.8 million or 4.8% compared to the last quarter. Our Net Debt/LTM EBITDA ended up in 5.9x, compared to the 4.9x reached in the first quarter of 2020.

| In US\$ Million | Q2 2020 | Q1 2020 | Q2 2019 | QoQ | YoY | YTD 2020 | YTD 2019 | YoY Acum |
|--------------------------------------|---------|---------|---------|--------------|---------|----------|----------|----------|
| Revenue | 1,049.9 | 1,127.2 | 1,351.6 | -6.9% | -22.3% | 2,177.0 | 2,739.8 | -20.5% |
| Net income | -55.9 | -29.7 | 57.4 | 88.3% | -197.4% | -85.6 | 183.5 | -146.7% |
| Adjusted EBITDA | 205.8 | 194.6 | 343.3 | 5.8% | -40.1% | 400.4 | 698.2 | -42.7% |
| Adjusted EBITDA Margin | 19.6% | 17.3% | 25.4% | 13.6% | -22.8% | 18.4% | 25.5% | -27.8% |
| LTM Adj. EBITDA | 849.6 | 987.1 | 1,553.4 | -13.9% | -45.3% | 849.6 | 1,553.4 | -45.3% |
| CAPEX | 384.2 | 445.5 | 240.1 | -13.8% | 60.0% | 829.7 | 634.7 | 30.7% |
| Net Financial Debt | 5,050.0 | 4,817.2 | 4,454.8 | 4.8% | 13.4% | 5,050.0 | 4,454.8 | 13.4% |
| Net Financial Debt / LTM Adj. EBITDA | 5.9x | 4.9x | 2.9x | 21.8% | 107.3% | 5.9x | 2.9x | 107.3% |

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



Income Statement

Net income showed an increase in losses of US\$26.2 million during the second quarter of 2020 reaching -US\$55.9 million. This is explained by a decrease in revenues, particularly in our wood products segment and by losses arising from exchange rate differences.

Additionally, *other expenses* increased because of *impairment provisions of property, plant and equipment*.

| In US\$ Million | Q2 2020 | Q1 2020 | QoQ |
|---|---------------|---------------|--------------|
| Revenues | 1,049.9 | 1,127.2 | -6.9% |
| Cost of sales | (800.1) | (843.6) | -5.2% |
| Distribution costs | (122.8) | (137.4) | -10.6% |
| Administrative expenses | (130.2) | (123.5) | 5.4% |
| Other income | 67.6 | 55.2 | 22.4% |
| Other expenses | (57.4) | (50.9) | 12.6% |
| Financial income | 12.3 | 7.2 | 70.8% |
| Financial costs | (65.9) | (71.8) | -8.2% |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | (2.0) | 1.6 | -231.4% |
| Exchange rate differences | (26.7) | (3.4) | 677.9% |
| Income before income tax | (75.3) | (39.5) | 90.8% |
| Income tax | 19.4 | 9.8 | 98.2% |
| Net income | (55.9) | (29.7) | 88.3% |

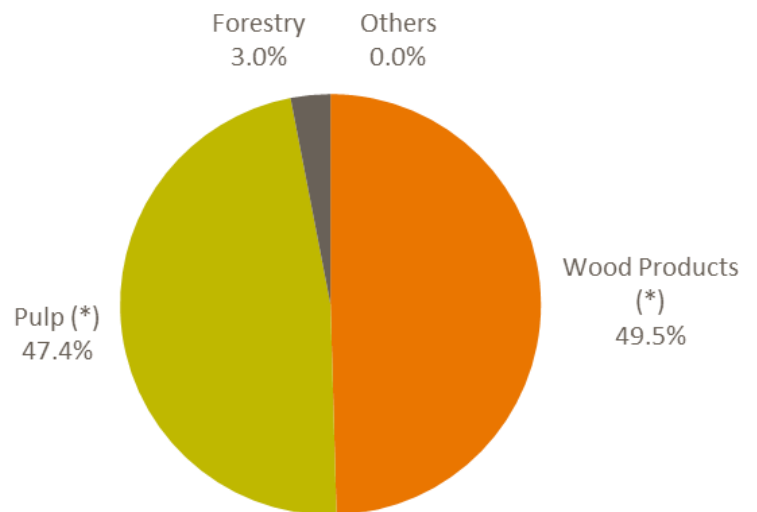
Revenues

ARAUCO's revenues reached US\$1,049.9 million in the second quarter, a decrease of 6.9% when compared to the previous quarter. This variation is mainly explained by lower revenues in our wood products division, due to lower sales volume of 18.0% partially offset by an increase in average prices of 1.3%. Revenues in our pulp segment increased by 10.4%, primarily due to an increase of 10.2% in sales volume. Average prices remained stable.

The following table shows a breakdown of our revenues by business segment:

| In US\$ Million | Q2 2020 | Q1 2020 | QoQ |
|------------------|----------------|----------------|--------------|
| Pulp(*) | 497.7 | 450.9 | 10.4% |
| Wood Products(*) | 520.2 | 646.6 | -19.5% |
| Forestry | 32.0 | 29.6 | 7.9% |
| Others | 0.0 | 0.1 | -100.0% |
| Total | 1,049.9 | 1,127.2 | -6.9% |

2Q 2020 Revenue's breakdown



(*) Pulp and Wood products division sales include energy.

Cost of sales

Decreased by 5.2% or US\$43.5 million compared to the first quarter of 2020. This is primarily explained by lower costs related to chemicals and other raw materials, associated to lower sales volume in our wood products business segment.

These effects were partially offset by a 4.5% increase in timber costs, primarily due to the net effect of a higher sales volume in our pulp division, and a lower sales volume in our wood products division.

| In US\$ Million | Q2 2020 | Q1 2020 | QoQ |
|--|--------------|--------------|--------------|
| Timber | 199.9 | 191.3 | 4.5% |
| Forestry labor costs | 108.5 | 107.5 | 0.9% |
| Depreciation and amortization | 99.7 | 98.3 | 1.4% |
| Depreciation for right of use | 15.1 | 14.9 | 1.3% |
| Maintenance costs | 53.6 | 58.9 | -9.0% |
| Chemical costs | 105.6 | 118.4 | -10.9% |
| Sawmill services | 21.6 | 27.9 | -22.7% |
| Other raw materials and indirect costs | 70.5 | 83.2 | -15.2% |
| Energy and fuel | 37.5 | 41.7 | -10.3% |
| Cost of electricity | 8.3 | 8.8 | -5.5% |
| Wage, salaries and severance indemnities | 79.9 | 92.6 | -13.8% |
| Cost of Sales | 800.1 | 843.6 | -5.2% |

Administrative expenses

Increased by 5.4% or US\$6.7 million, when compared to the previous quarter mainly due to an increase in payments related to computer services. This increase is explained by software license payments normally made during this quarter. This was partially offset by a 5.0% decrease in wages, salaries and severance indemnities.

| In US\$ Million | Q2 2020 | Q1 2020 | QoQ |
|---|--------------|--------------|-------------|
| Wages, salaries and severance indemnities | 50.8 | 53.5 | -5.0% |
| Marketing, advertising, promotion and publications expenses | 1.6 | 3.4 | -53.4% |
| Insurance | 5.1 | 5.7 | -11.1% |
| Depreciation and amortization | 8.6 | 7.6 | 13.1% |
| Depreciation for the right of use | 1.4 | 2.8 | -49.9% |
| Computer services | 11.6 | 5.3 | 119.0% |
| Lease rentals (offices, warehouses and machinery) | 1.6 | 1.5 | 3.0% |
| Donations, contributions, scholarships | 6.2 | 2.6 | 136.7% |
| Fees (legal and technical advisories) | 8.9 | 9.3 | -4.7% |
| Property taxes, patents and municipality rights | 5.6 | 3.9 | 45.1% |
| Other administration expenses | 28.9 | 27.9 | 3.5% |
| Administrative Expenses | 130.2 | 123.5 | 5.4% |

Distribution costs

Distribution costs decreased by 10.6%, or US\$14.6 million. This was primarily because of lower freight costs associated with lower sales volume in our wood products division.

| In US\$ Million | Q2 2020 | Q1 2020 | QoQ |
|-----------------------------------|--------------|--------------|---------------|
| Commissions | 3.3 | 3.1 | 5.7% |
| Insurance | 1.4 | 0.8 | 62.8% |
| Other selling costs | 5.1 | 4.7 | 7.3% |
| Port services | 9.9 | 8.6 | 15.0% |
| Freights | 91.1 | 110.3 | -17.4% |
| Depreciation for the right of use | 0.4 | 0.4 | -0.2% |
| Other shipping and freight costs | 11.6 | 9.4 | 24.0% |
| Distribution Costs | 122.8 | 137.4 | -10.6% |

Other income

Increased by 22.4% equivalent to US\$12.4 million, mainly explained by tax recoveries and government subsidies related to COVID-19. These effects were partially offset by a 30.5% decrease in gains from changes in fair value of biological assets.

| In US\$ Million | Q2 2020 | Q1 2020 | QoQ |
|--|-------------|-------------|--------------|
| Gain from changes in fair value of biological assets | 36.1 | 52.0 | -30.5% |
| Net income from insurance compensation | 2.1 | - | N/A |
| Leases received | 0.4 | 0.35 | 26.6% |
| Gains on sales of assets | 0.7 | 1.5 | -51.1% |
| Tax recovery | 21.1 | - | N/A |
| Other operating results | 7.1 | 1.4 | 415.4% |
| Other Income | 67.6 | 55.2 | 22.4% |

Other expenses

Increased by US\$6.4 million or 12.6% when compared to the previous quarter. This is explained mostly by a US\$16.4 million increase in *impairment provisions of property, plant and equipment and others*, explained by the recent closure of our Albany mill's line 3. This was partially offset by a decrease in provisions for forestry fire losses.

| In US\$ Million | Q2 2020 | Q1 2020 | QoQ |
|---|-------------|-------------|--------------|
| Legal payments | 1.4 | 1.4 | 2.8% |
| Impairment provision property, plant and equipment and others | 34.5 | 18.1 | 90.8% |
| Operating expenses related to plant stoppages | 8.0 | 13.1 | -39.3% |
| Project expenses | 3.2 | 3.6 | -9.2% |
| Loss (gain) from asset sales | 2.3 | 0.9 | 138.6% |
| Loss and repair of assets | 1.6 | 2.5 | -35% |
| Provision for forestry fire losses | 0.1 | 5.1 | -97.2% |
| Other taxes | 4.6 | 3.9 | 17.6% |
| Research and development expenses | 0.8 | 0.5 | 55.1% |
| Other expenses (donations, repayments insurance) | 0.9 | 1.9 | -55.0% |
| Other expenses | 57.4 | 50.9 | 12.6% |

Foreign exchange differences

Showed a net loss of US\$26.7 million, a US\$23.2 million increase in losses when compared to the first quarter that ended with a US\$3.4 million loss.

The main significant effects are given by the variation of the currencies of the countries where we have industrial operations. These currency variations affected our cash and cash equivalents as measured in US dollar.

Income tax

For the second quarter, income tax returns reached US\$19.4 million, US\$9.6 million higher than the US\$9.8 million gain in the previous quarter. This gain is mainly due to this quarter's negative income before tax.

Adjusted EBITDA

Adjusted EBITDA for the second quarter of 2020 was US\$205.8 million, a 5.8% or US\$11.2 million increase when compared to the previous quarter. In terms of Adjusted EBITDA by business segment, the most significant variation was given by our pulp division with a 19.4% or US\$15.6 million increase QoQ. This is mainly explained by an increase in sales volume.

The Adjusted EBITDA of our wood products and forestry divisions remained stable.

| In US\$ Million | Q2 2020 | Q1 2020 | Q2 2019 | QoQ | YoY |
|--|---------------|--------------|--------------|----------------|----------------|
| Net Income | (55.9) | (29.7) | 57.4 | 88.3% | -197.4% |
| Financial costs | 65.9 | 71.8 | 69.5 | -8.2% | -5.2% |
| Financial income | (12.3) | (7.2) | (8.1) | 70.8% | 52.0% |
| Income tax | (19.4) | (9.8) | 31.9 | 98.2% | -160.7% |
| EBIT | (21.7) | 25.1 | 150.7 | -186.3% | -114.4% |
| Depreciation & amortization | 125.4 | 125.4 | 128.7 | 0.0% | -2.5% |
| EBITDA | 103.8 | 150.5 | 279.4 | -31.1% | -62.9% |
| Fair value cost of timber harvested | 75.3 | 67.0 | 79.6 | 12.3% | -5.4% |
| Gain from changes in fair value of biological assets | (36.1) | (52.0) | (37.4) | -30.6% | -3.5% |
| Exchange rate differences | 26.7 | 3.4 | 9.3 | 677.9% | 185.2% |
| Others (*) | 36.2 | 25.6 | 12.4 | 41.5% | 192.6% |
| Adjusted EBITDA | 205.8 | 194.6 | 343.3 | 5.8% | -40.1% |

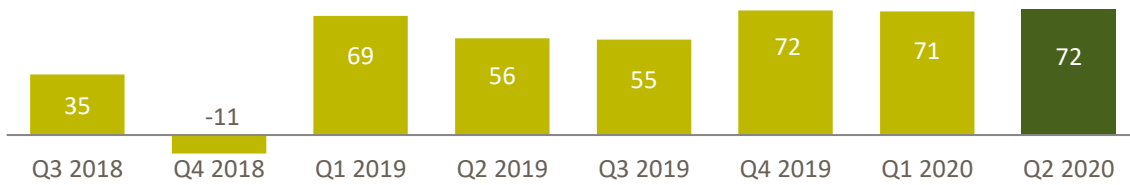
(*) Includes provision from forestry fires and provisions from property, plants and equipment, and others

Adjusted EBITDA variation by business segment (in US\$ million)



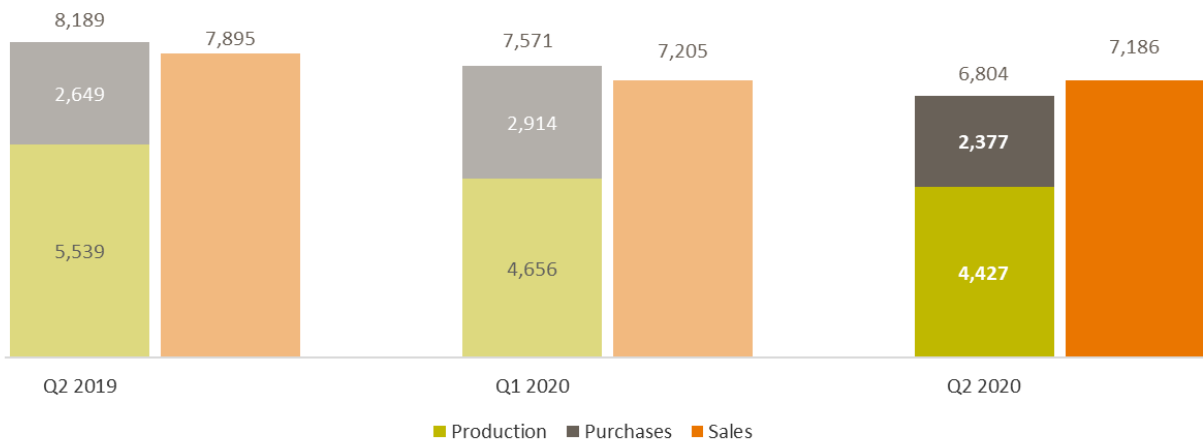
Forestry Business

The Adjusted EBITDA for our forestry business was US\$72.4 million for the second quarter, which translates to a US\$1.1 million increase compared to the previous quarter.



The production during the second quarter was 4.4 million m³, 5.2% down compared to the previous quarter. Sales volume remained stable at 7.2 million m³.

Production, Purchase and Sales Volume (in thousand m³)



Pulp Business

The second quarter of 2020 remained challenging due to the effects of the COVID-19 pandemic. These negative effects were more widespread than during the first quarter, when China was impacted the most. The increase in pulp demand coming from tissue producers was not enough to compensate the decreases seen in other segments.

| Global Pulp Demand Change | | |
|---------------------------|---|-------------|
| North America | ▲ | 2.3% |
| West Europe | ▼ | -3.3% |
| China | ▲ | 7.9% |
| Others | ▲ | 14.6% |
| Total | ▲ | 5.9% |

Last 6 months, Jan-Jun 2019 and 2020

Source: World-20 Bleached Chemical Pulp Demand. Hawkins Wright Report

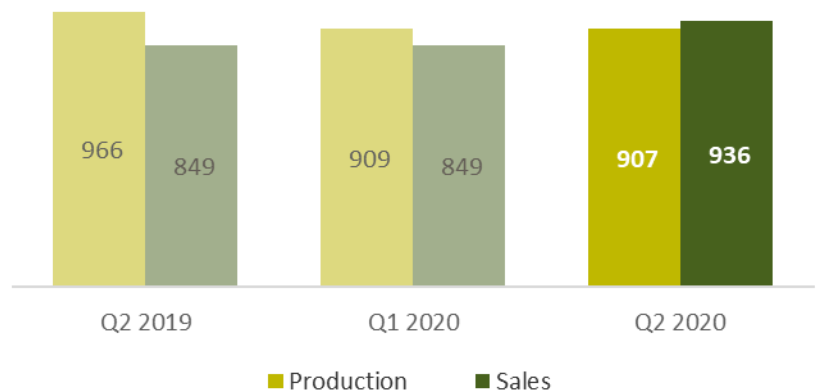
Due to weaker market conditions, some integrated paper producers stopped producing paper and switched to producing paper-grade pulp. This contributed to global inventory increases for both long and short fiber during the quarter. When compared to the second quarter of 2019, pulp inventories decreased especially in short fiber.

In China, the quarter began with a strong demand coming from tissue producers. Nonetheless, as lockdown restrictions eased the demand for these products weakened. Moreover, this quarter is normally affected by the beginning of summer in the northern hemisphere. P&W and packaging markets were affected during the whole quarter due to low domestic demand and a decrease in exports. Inventories in China decreased slightly yet remained stable throughout the quarter. Prices remained stable.

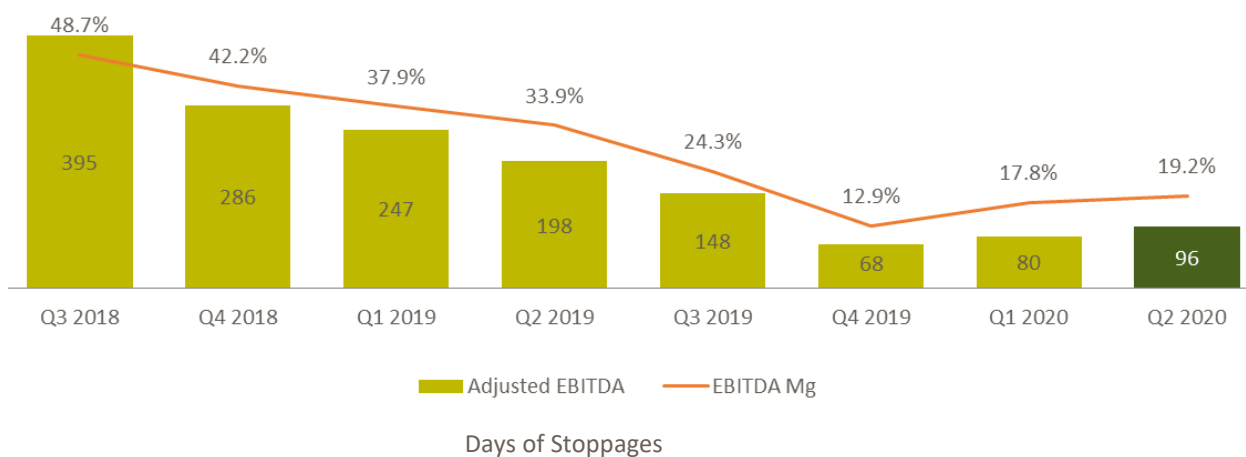
In Europe, prices remained stable despite COVID-19. Demand by tissue producers was high during the beginning of the quarter due to bulk-buying of hygiene-related products. By mid-May, the easing of restrictions contributed to a significant decrease in tissue demand. The market for P&W products remained weak during the quarter primarily due to restrictions related to the pandemic.

Production remained stable when compared to the previous quarter.

Production and Sales Volume (In thousand tonnes)



The Adjusted EBITDA for our pulp business reached US\$95.8 million during this quarter, which translates to a 19.4% or US\$15.6 million increase compared to the first quarter 2020. Pulp EBITDA Mg reached 19.2%, 1.5% up from the previous quarter.



| Mill | 2019 | | 2020 | | |
|------------------|------|----|------|----|--|
| | 4Q | 1Q | 2Q | 3Q | |
| Arauco - Line 1 | | | 19 | 6 | |
| Arauco - Line 2 | | 13 | 5 | | |
| Constitución | | | 6 | | |
| Licancel | | 67 | 9 | 16 | |
| Nueva Aldea | | | | 10 | |
| Valdivia | 55 | | | | |
| Alto Paraná | | | | | |
| Montes del Plata | 12 | | | | |

Maintenance Stoppages:

Finished
Planned

Non-operational Stoppages:

COVID-19
Water Shortage

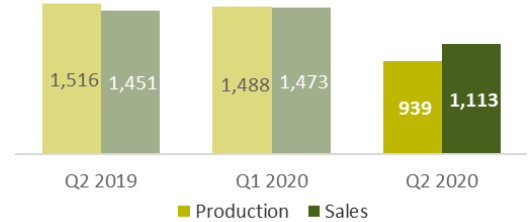
Wood Products Business

Panels

Revenues decreased compared to the first quarter, with sales volume decreasing by 24.4%. Average prices remained stable.

The second quarter was more complex than the first quarter. At the beginning of the quarter the pandemic affected sales due to quarantines and certain restrictions. Even the situation differed country by country, in general remained difficult with some recovery in a few markets as they eased some of the pandemic restrictions.

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

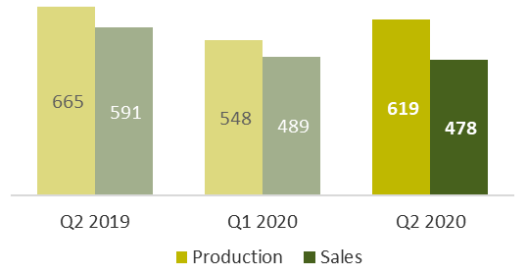


Sawn timber

During the second quarter sales volume decreased by 2.3%, partially offset by a 2.9% increase in average prices.

Results for remanufactured wood products improved, mainly in the US, due to an increase in sales through retail channels and construction activity. In terms of supply, the market was affected by COVID-19 as well with some competitors facing problems related to tariffs in the US.

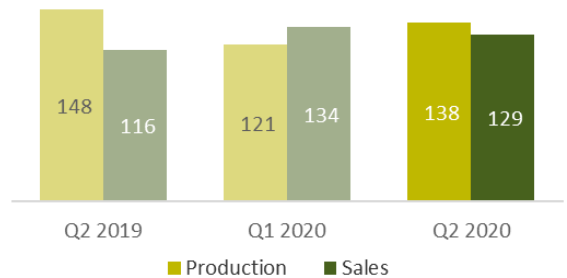
Production and Sales Volume: Sawn Timber ⁽²⁾
(In thousand m³)



Plywood

Sales volume decreased by 4.0% during the second quarter. The market showed improvements in terms of prices, mainly due to an increase in demand in some major markets such as Europe and the US. These improvements were explained by a stronger retail channel, supply disruptions because of the pandemic and tariffs to Asian producers.

Production and Sales Volume: Plywood
(In thousand m³)



(1) Includes OSB and HB.

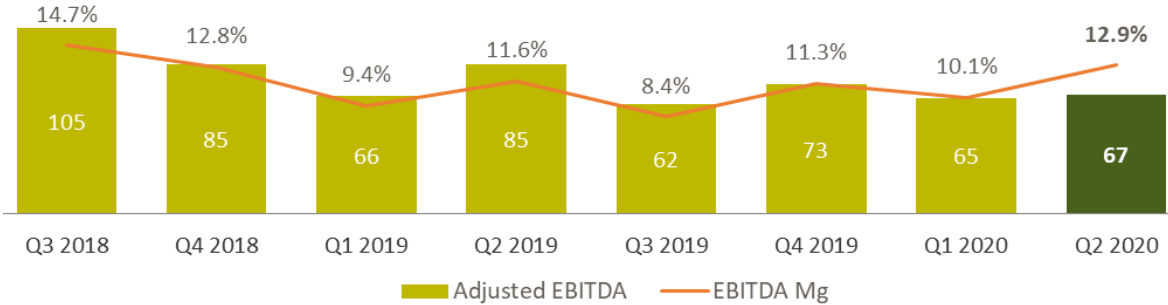
(2) Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets.

Note: Sales include trading



Adjusted EBITDA for our wood products business reached US\$67.1 million during the second quarter of 2020, which translates to a 2.7% or US\$1.7 million increase, compared to the previous quarter.

Wood products EBITDA Mg was 12.9%, higher than the 10.1% reached during the first quarter.



Capital Expenditures

During this quarter, capital expenditures (*) reached US\$384.2 million, US\$61.3 million or 13.8% lower than the previous quarter.

This was mainly due to a 8.6% or US\$30.7 million decrease in *purchase and sale of property, plant and equipment*, and also to decreases in *purchase of other long-term assets* and *cash flows used to purchase in associates*.

Our main project expenditure during the second quarter was related to the MAPA project and reached US\$257.6 million. This is an increase when compared to the US\$213.8 million spent in the first quarter.

| US\$ Million | Q2 2020 | Q1 2019 | Q2 2019 | YTD 2020 | FY 2019 |
|--|--------------|--------------|--------------|--------------|--------------|
| Cash flow used to obtain control of subsidiaries or other businesses | - | - | (102.0) | - | 48.8 |
| Cash flow used to purchase in associates | 0.1 | 15.1 | - | 15.2 | 0.5 |
| Purchase and sale of property, plant and equipment | 326.1 | 356.8 | 277.8 | 682.8 | 443.6 |
| Purchase and sale of intangible assets | 5.5 | 6.1 | 5.2 | 11.6 | 8.8 |
| Purchase of other long-term assets | 52.5 | 67.5 | 59.2 | 120.1 | 133.1 |
| Total CAPEX (*) | 384.2 | 445.5 | 240.1 | 829.7 | 634.7 |

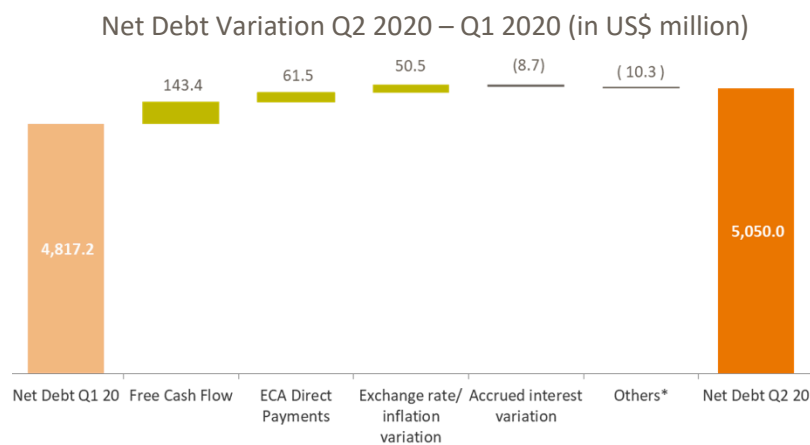
(*) On a cash basis.

Free Cash Flow

During the second quarter, free cash flow increased by US\$356.3 million compared to the previous quarter, ending with a deficit of US\$143.4 million. Cash provided by operating activities increased by US\$280.7 million mainly due to income tax received and *working capital variation*. Cash used in investment activities decreased by 13.0% or US\$57.0 million. Cash used in financing activities increased by 18.7% or US\$4.0 million.

| US\$ Million | Q2 2020 | Q1 2020 | Q2 2019 |
|--|----------------|----------------|----------------|
| Adjusted EBITDA | 205.8 | 194.6 | 343.3 |
| Working Capital Variation | 5.8 | (87.7) | (27.6) |
| Interest paid and received | (87.0) | (35.3) | (55.7) |
| Income tax received (paid) | 83.0 | (55.5) | (194.6) |
| Other cash inflows (outflows) | 57.4 | (31.8) | (63.6) |
| Cash from Operations | 265.0 | (15.7) | 1.8 |
| Capex (1) | (384.2) | (445.5) | (240.1) |
| Proceeds from investment activities | 2.6 | 5.7 | 3.2 |
| Other inflows of cash, net | 1.8 | 2.9 | 0.7 |
| Cash from (used in) Investment Activities | (379.9) | (436.9) | (236.3) |
| Dividends paid | (0.1) | - | (182.1) |
| Other inflows of cash, net | (25.0) | (21.2) | (27.3) |
| Cash from (used in) Financing Activities - Net of Proceeds and Repayments | (25.1) | (21.2) | (209.4) |
| Effect of exchange rate changes on cash and cash equivalents | (3.4) | (25.9) | 7.3 |
| Free Cash Flow | (143.4) | (499.6) | (436.7) |

(1) On a cash basis.



(*) The total amount corresponds to leasing variation.

Financial Debt and Cash

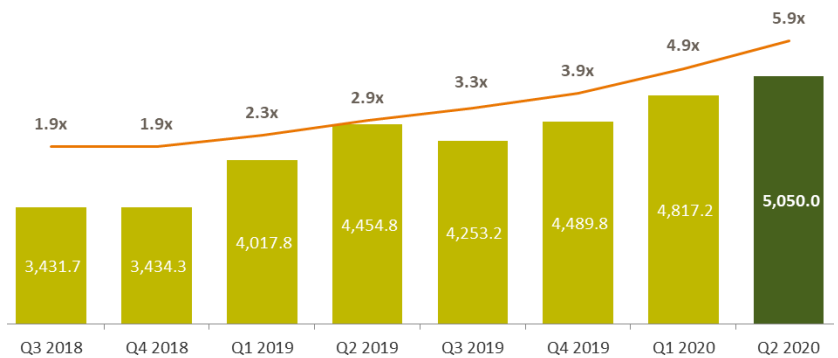
ARAUCO's total financial debt as of June 30, 2020 reached US\$6,280.0 million, an increase of 5.1% or US\$307.3 million when compared to March 31, 2020.

Our consolidated net financial debt increased 4.8% or US\$232.8 million when compared with March 2020, while cash and cash equivalents increased by US\$74.5 million.

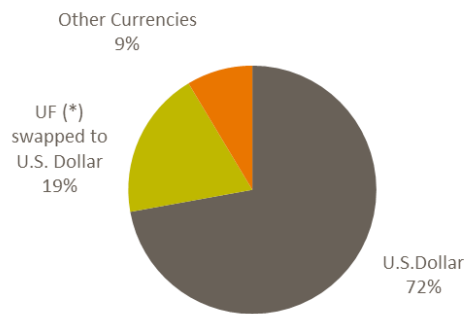
Our leverage, measured as Net Financial Debt/LTM Adjusted EBITDA was 5.9x, which compares to the 4.9x in the last quarter.

| In US\$ Million | Jun 2020 | Mar 2020 | Jun 2019 |
|-----------------------------|----------------|----------------|----------------|
| Short term financial debt | 659.7 | 639.6 | 543.3 |
| Long term financial debt | 5,620.3 | 5,333.1 | 5,162.3 |
| TOTAL FINANCIAL DEBT | 6,280.0 | 5,972.7 | 5,705.7 |
| Cash and cash equivalents | 1,230.0 | 1,155.5 | 1,250.9 |
| NET FINANCIAL DEBT | 5,050.0 | 4,817.2 | 4,454.8 |
| LTM Adjusted EBITDA | 849.6 | 987.1 | 1,553.4 |

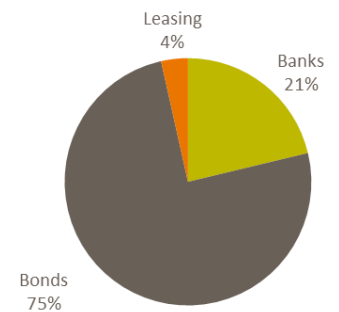
Net Financial Debt and Leverage (In US\$ Million)



Debt by Currency



Debt by Instrument



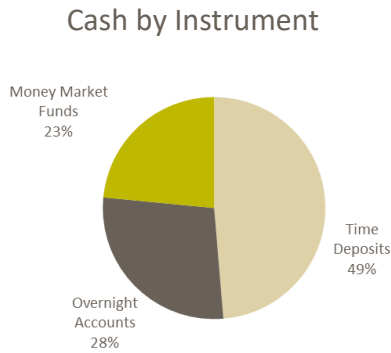
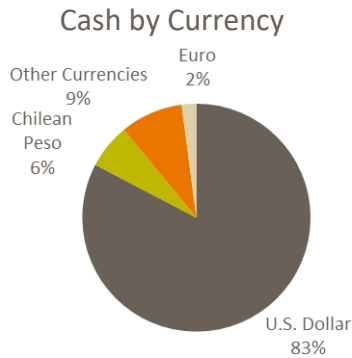
(*) UF is a Chilean monetary unit indexed to inflation.



Cash

Our cash position was US\$1,230.0 million at the end of the second quarter, which translates to a 6.5% increase equivalent to US\$74.5 million when compared to the end of the first quarter of 2020. Cash provided by operating activities increased by US\$280.7 million, mainly due to an increase in income tax received and a decrease in payments of suppliers. Cash used in investment activities decreased by 13.0% mainly due to lower CAPEX. Cash provided by financing activities increased by 160.8% or US\$118.8 million, explained by proceeds from borrowings.

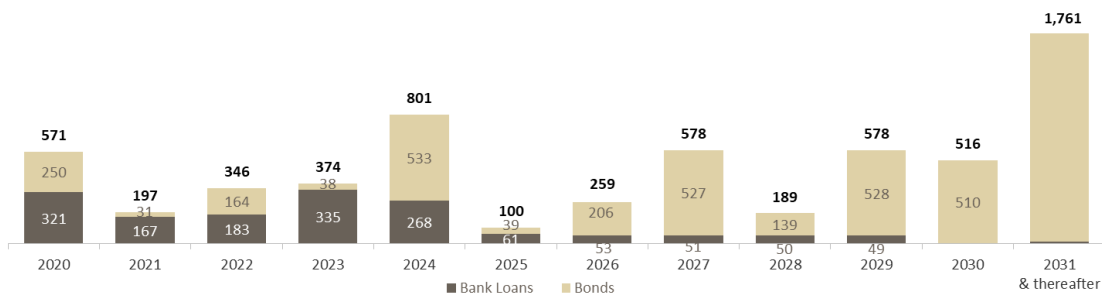
In terms of liquidity, and additionally to our strong cash position, the Company has a committed credit facility for a total amount of US\$375 million, which as of the date of this report hasn't been withdrawn. This facility is due in February 2025.



Financial Debt Profile

For the remainder of 2020, bank and bond obligations (which includes accrued interest) sum up US\$571.5 million. Bank obligations include the following maturities: US\$150.9 million in pre-export financing, US\$135.1 million in bank loans and US\$35.3 million in leasing. Bond obligations for the remainder of the year sum up US\$250.2 million. Amortization payments for local bonds amount to US\$202.8 million, which includes the final amortization payment of US\$174.7 for the BARAU-J on September, and partial amortization of 2 local bonds (BARAU-F and BARAU-Q).

Debt Amortization Profile as of June 30, 2020 (In US\$ Million)



Second Quarter

Subsequent Events and News

COVID-19 *update*

During March 2020, our industrial activities were declared as essential businesses by the authorities in most of the countries where we have operations.

Our strategy strictly follows the guidelines issued by the health authorities, and is based on three basic principles: testing, tracking and isolating. We have implemented enhanced health and safety protocols in all our facilities in order to prevent COVID-19 contagions. These include social distancing, body temperature measurement, home office policies, limiting the number of people in meetings, preventive testing, increasing workplace sanitation frequency, suspending domestic and international travels, among others. We have also requested our contractors, including those of the MAPA project, to take similar measures. These efforts have been further extended to support local communities and hospitals with medical devices and a wide range of sanitary and health related actions.

Capital Increase

On May 19, 2020, ARAUCO's Shareholders' Meeting approved the proposal of the Board of Directors to increase the capital of ARAUCO, up to a maximum amount of US\$700 million. Of the total amount approved, US\$250 million will be paid during 2020, while the remaining US\$450 million could be paid during the course of 2021, depending on the resources required in that year.

The capital increase would aim to strengthen ARAUCO's financial position which has been affected by ongoing and past projects, trade tensions between China and the US, and the decrease in the demand of products that has been observed worldwide as a result of the COVID-19 pandemic.

MAPA Project *update*

MAPA Project progress as of the end of July 2020 was 57.1%.

During the last quarter, we enhanced the health and safety protocols to prevent possible contagions of COVID-19 among the workers. These protocols include social distancing, body temperature measurement, and more than 13,300 tests, among PCR and rapid tests.

Approximately 8,500 people are currently working at the site, of which more than 2,000 come from local municipalities.

The start-up of the new Line 3 is expected to take place during mid-year 2021. At that point the existing eucalyptus line (Line 1) will be permanently shut down.

North American Mills *update*

On June 16, 2020, we announced that our operations in Line 3 of our Albany mill will not be resumed. This line was already stopped because of the COVID-19 pandemic. The reasons of this decision are related to our permanent efforts to maintain and enhance the operational efficiency of our mills. This line had a capacity of 162,000 m³ of particleboard.

UPCOMING EVENTS

CONFERENCE CALL

August 19, 2020

12:00 Santiago Time

12:00 Eastern Time (New York)

Dial in:

+1 (844) 450 3845 from USA

+56 (44) 208 1274 from Chile

+1 (412) 317 6368 from other countries

Conference ID: Arauco

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Financial Statements

Income Statement

| In US\$ Million | Q2 2020 | Q1 2020 | Q2 2019 | YTD 2020 | YTD 2019 |
|---|---------------|---------------|--------------|----------------|--------------|
| Revenues | 1,049.9 | 1,127.2 | 1,351.6 | 2,177.0 | 2,739.8 |
| Cost of sales | (800.1) | (843.6) | (966.0) | (1,643.6) | (1,905.9) |
| Gross profit | 249.8 | 283.6 | 385.6 | 533.4 | 833.9 |
| Other income | 67.6 | 55.2 | 86.4 | 122.8 | 132.0 |
| Distribution costs | (122.8) | (137.4) | (143.3) | (260.2) | (288.2) |
| Administrative expenses | (130.2) | (123.5) | (146.2) | (253.7) | (287.5) |
| Other expenses | (57.4) | (50.9) | (27.7) | (108.3) | (50.0) |
| Financial income | 12.3 | 7.2 | 8.1 | 19.5 | 14.8 |
| Financial costs | (65.9) | (71.8) | (69.5) | (137.7) | (126.9) |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | (2.0) | 1.6 | 5.3 | (0.5) | 9.7 |
| Other income (loss) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exchange rate differences | (26.7) | (3.4) | (9.3) | (30.1) | (7.2) |
| Income before income tax | (75.3) | (39.5) | 89.3 | (114.8) | 230.5 |
| Income tax | 19.4 | 9.8 | (31.9) | 29.1 | (47.0) |
| Net income | (55.9) | (29.7) | 57.4 | (85.6) | 183.5 |
| Profit attributable to parent company | (56.0) | (29.5) | 57.3 | (85.5) | 183.2 |
| Profit attributable to non-parent company | 0.1 | (0.2) | 0.1 | (0.2) | 0.4 |

Balance Sheet

| In US\$ Million | 30-06-2020 | 31-03-2020 | 30-06-2019 |
|--|-----------------|-----------------|-----------------|
| Cash and cash equivalents | 1,230.0 | 1,155.5 | 1,250.9 |
| Other financial current assets | 37.0 | 52.6 | 1.0 |
| Other current non-financial assets | 194.9 | 174.9 | 192.9 |
| Trade and other receivables-net | 654.5 | 667.4 | 852.0 |
| Related party receivables | 6.8 | 15.2 | 4.4 |
| Inventories | 1,028.0 | 1,055.2 | 1,153.7 |
| Biological assets, current | 276.6 | 260.7 | 308.6 |
| Tax assets | 175.1 | 247.2 | 60.7 |
| Non-Current Assets classified as held for sale | 4.3 | 4.3 | 5.7 |
| Total Current Assets | 3,607.2 | 3,633.1 | 3,829.9 |
| Other non-current financial assets | 1.3 | 0.1 | 49.2 |
| Other non-current and non-financial assets | 133.5 | 126.9 | 114.2 |
| Non-current receivables | 7.1 | 8.6 | 11.3 |
| Investments accounted through equity method | 288.1 | 288.1 | 305.0 |
| Intangible assets | 102.5 | 104.1 | 96.7 |
| Goodwill | 58.5 | 59.3 | 66.3 |
| Property, plant and equipment | 8,078.8 | 7,943.2 | 7,810.2 |
| Biological assets, non-current | 3,323.7 | 3,347.8 | 3,374.6 |
| Deferred tax assets | 7.1 | 6.4 | 6.2 |
| Total Non-Current Assets | 12,000.9 | 11,884.5 | 11,833.7 |
| TOTAL ASSETS | 15,608.1 | 15,517.6 | 15,663.6 |
| Other financial liabilities, current | 663.7 | 647.2 | 544.4 |
| Trade and other payables | 569.9 | 614.5 | 696.7 |
| Related party payables | 5.7 | 4.0 | 8.1 |
| Other provisions, current | 0.4 | 1.2 | 1.3 |
| Tax liabilities | 14.0 | 2.6 | 7.2 |
| Current provision for employee benefits | 5.7 | 5.3 | 6.0 |
| Other non-financial liabilities, current | 34.6 | 34.8 | 118.3 |
| Total Current Liabilities | 1,294.1 | 1,309.5 | 1,381.9 |
| Other non-current financial liabilities | 5,921.3 | 5,716.3 | 5,191.2 |
| Trade and Other payables non-current | 0.0 | 2.2 | 2.6 |
| Other provisions, non-current | 30.8 | 31.1 | 34.1 |
| Deferred tax liabilities | 1,285.0 | 1,316.3 | 1,390.0 |
| Non-current provision for employee benefits | 66.6 | 62.1 | 69.0 |
| Other non-financial liabilities, non-current | 79.3 | 88.0 | 120.3 |
| Total Non-Current Liabilities | 7,383.0 | 7,216.0 | 6,807.1 |
| Non-parent participation | 29.4 | 30.1 | 37.7 |
| Net equity attributable to parent company | 6,901.6 | 6,962.0 | 7,436.9 |
| TOTAL LIABILITIES AND EQUITY | 15,608.1 | 15,517.6 | 15,663.6 |

Cash Flow Statement

| US\$ Million | Q2 2020 | Q1 2020 | Q2 2019 | YTD 2020 | YTD 2019 |
|--|----------------|----------------|----------------|----------------|----------------|
| Receipts from sales of goods and rendering of services | 1,163.3 | 1,122.8 | 1,549.4 | 2,286.1 | 2,926.5 |
| Other cash receipts (payments) | 120.7 | 75.1 | 52.5 | 195.8 | 116.4 |
| Payments of suppliers and personnel (less) | (1,013.9) | (1,121.8) | (1,348.1) | (2,135.7) | (2,585.6) |
| Interest paid and received | (87.0) | (35.3) | (55.7) | (122.4) | (99.2) |
| Income tax paid | 83.0 | (55.5) | (194.6) | 27.5 | (222.7) |
| Other (outflows) inflows of cash, net | (1.0) | (1.1) | (1.7) | (2.1) | (3.5) |
| Net Cash Provided by (Used in) Operating Activities | 265.0 | (15.7) | 1.8 | 249.2 | 132.0 |
| Capital Expenditures | (384.2) | (445.5) | (240.1) | (829.7) | (634.7) |
| Other investment cash flows | 4.3 | 8.6 | 3.8 | 12.9 | 15.5 |
| Net Cash Provided by (Used in) Investing Activities | (379.9) | (436.9) | (236.3) | (816.7) | (619.2) |
| Proceeds from borrowings | 238.8 | 140.0 | 1,081.0 | 378.8 | 1,088.0 |
| Repayments of borrowings | (20.9) | (44.9) | (141.2) | (65.8) | (201.7) |
| Dividends paid | (0.1) | 0.0 | (182.1) | (0.1) | (182.1) |
| Other inflows of cash, net | (25.0) | (21.2) | (27.3) | (46.2) | (48.6) |
| Net Cash Provided by (Used in) Financing Activities | 192.8 | 73.9 | 730.4 | 266.7 | 655.6 |
| Total Cash Inflow (Outflow) of the Period | 77.9 | (378.7) | 495.8 | (300.8) | 168.4 |
| Effect of exchange rate changes on cash and cash equivalents | (3.4) | (25.9) | 7.3 | (29.2) | 6.5 |
| Cash and Cash equivalents at beginning of the period | 1,155.5 | 1,560.0 | 747.8 | 1,560.0 | 1,075.9 |
| Cash and Cash Equivalents at end of the Period | 1,230.0 | 1,155.5 | 1,250.9 | 1,230.0 | 1,250.9 |