



antarchile



# EARNINGS ANALYSIS

Fourth Quarter 2016

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# CONSOLIDATED INCOME

**4Q16 / 4Q15** In the last quarter of 2016, AntarChile obtained net earnings in the amount of US\$ 66 million, a 168% increase compared to that of 2015. Said figure results mainly from a higher non-operational result associated with the impairment charge of the affiliate Laguna Blanca that was registered in 2015 in the sum of US\$ 145 million. The operational result however was 11% lower, due to poorer performance by the forestry sector.

**4Q16 / 3Q16** Compared to the preceding quarter, AntarChile's net earnings decreased by 1%. The operational result was 16% lower, due to lower results from the fuels sector that were caused by higher management and distribution costs, brought by the acquisition of Mapco. At the same time, the non-operational result in the fourth quarter of 2016 was US\$ 2 million lower than that of the preceding quarter. The above was partially counterbalanced by a US\$ 41 million lower tax disbursement.

**2016 / 2015 accum.** In 2016, AntarChile obtained net earnings in the total amount of US\$ 326 million, a 2.8% increase with respect to the US\$ 317 million obtained in 2015. The non-operational result registered an increase of US\$ 295 over the previous year, mostly thanks to higher earnings from affiliates and joint businesses. Specifically, the 2015 results included the impairment of Laguna Blanca by the amount of US\$ 145 million, as a consequence of the international situation of coal prices; in addition to which in 2016 Aprovechadora Global de Energía obtained an extraordinary income from the sale of its share in GNL Quintero, resulting in earnings of US\$ 32 for AntarChile. Another contributing factor was the favorable currency exchange rate, which added US\$ 91 million.

The operational result in 2016 was US\$ 295 million lower than that of 2015. The drop is due chiefly to the forestry sector (US\$ -263 million), which saw lower sales associated to lower prices in all the business lines. Copec also registered a decrease (US\$ -49 million), due to lower sales volumes and lower margins in the domestic industrial sales channel, although these were partially compensated by higher sales volumes and margins in the dealers channel and in Terpel Colombia. Abastible significantly improved its results (US\$ +18 million) thanks to an increase in domestic sales volumes and margins plus the consolidation of Solgas and Duragas.

US\$ million	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales revenue	4,549	4,263	4,040	7%	13%	16,699	18,160	-8%
EBIT	159	190	178	-16%	-11%	781	1,077	-27%
EBITDA*	405	440	397	-8%	2%	1,732	1,982	-13%
Adjusted EBITDA**	1,435	366	412	293%	249%	2,784	2,002	39%
Non-operating income	(16)	(14)	(141)	-15%	89%	(34)	(328)	90%
Net Income	132	124	57	7%	131%	591	563	5%
<b>Net income of controlling interest</b>	<b>66</b>	<b>66</b>	<b>25</b>	<b>-1%</b>	<b>168%</b>	<b>326</b>	<b>317</b>	<b>3%</b>
Net income of minority interest	67	57	33	16%	103%	266	246	8%
EBITDA Margin	9%	10%	10%	-14%	-9%	10%	11%	-5%
EBITDA / net financial expense	5.4 x	5.8 x	6.0 x	-6%	-9%	6.0 x	7.4 x	-19%

(\*) **EBITDA** = operating income + depreciation + amortization + stumpage (fair value of harvested wood)  
 (\*\*) **Adjusted EBITDA** = net income + financial costs – financial income + tax + depreciation and amortization + fair value of the wood harvested – change in the valuation of biological assets + exchange rate difference + provision for forest fire losses



## CONSOLIDATED BALANCE SHEET

US\$ million	YTD 2016	YTD 2015	Variation	
			US\$ million	%
Current Assets	5,010	5,220	(209)	-4%
Non-current Assets	16,909	15,253	1,656	11%
<b>Total Assets</b>	<b>21,919</b>	<b>20,473</b>	<b>1,446</b>	<b>7%</b>
Other current financial liabilities	978	464	514	111%
Other current liabilities	1,751	1,560	191	12%
Other non-current financial liabilities	5,890	5,910	(20)	0%
Other non-current liabilities	2,613	2,411	202	8%
<b>Total liabilities</b>	<b>11,232</b>	<b>10,346</b>	<b>886</b>	<b>9%</b>
<b>Equity of minority interest</b>	<b>4,393</b>	<b>4,120</b>	<b>273</b>	<b>7%</b>
<b>Equity attributable to controlling interest</b>	<b>6,294</b>	<b>6,007</b>	<b>287</b>	<b>5%</b>
Leverage	0.50	0.45		11%
Net financial debt	5,295	4,531	764	17%

Compared to December 31st 2015, the total consolidated assets of AntarChile as of December 31st 2016 increased by 7%. Current assets presented a 4% decrease, due to a drop in cash and cash equivalents as a result of the acquisition of assets in the fuel distribution sector in the U.S. (Mapco) and of LPG in Peru (Solgas) and Ecuador (Duragas), as well as to the acquisition of a share interest in Tafisa in Europe by the affiliate Arauco. There was also a decrease in current accounts receivable from related entities. All the above was partially compensated by an increase in current receivable taxes.

Non-current assets increased by 11% compared to 2015. This raise is explained mainly by an increase in owned plants and equipment, as well as goodwill, brought by the acquisition of Mapco and Solgas. In addition, the account corresponding to investments through participation in affiliates increased in Arauco, thanks to the acquisition of Tafisa, and in Laguna Blanca, thanks to the capitalization of receivables with affiliates in the amount of US\$ 192 million.

Current liabilities increased by 35.7%, due to a US\$ 514 million raise in other financial current liabilities mainly in Arauco (US\$ 405 million) explained by the maturity in 2017 of Alto Paraná bond (US\$ 270 million) and a Chilean bond (US\$ 125 million).

Non-current liabilities increased by 2.2% with respect to 2015, due to higher deferred taxes liabilities associated with Solgas in Perú, as a consequence of a tax reform carried out in said country. In addition, there was an increase in other non-financial non-current liabilities.

Lastly, the equity increased by 4.8% with respect to the closing of 2015. There was an increase in accumulated earnings and a positive variation in other reserves, owing to the effect of the lower currency exchange rate over the affiliates that keep their books in currencies different from US dollars.



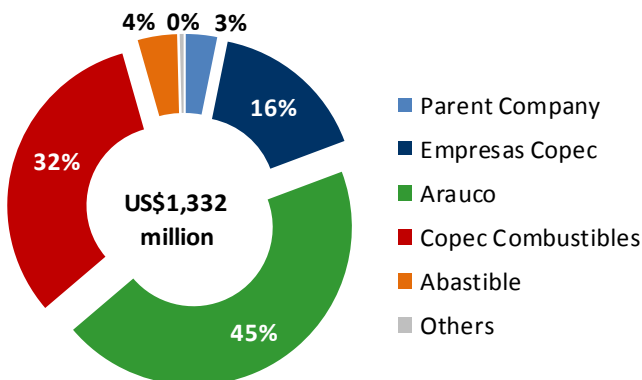
US\$ million	Dec-16	Dec-15	Variation	
Cash flow from (used in) operating activities	1,520	1,527	(6)	-0.4%
Cash flow from (used in) investing activities	(1,878)	(823)	(1,055)	-128.1%
Cash flow from (used in) financing activities	(32)	(1,054)	1,022	97.0%
<b>Net increase (decrease) in cash and cash equivalents, before exchange rate adjustments</b>	<b>(389)</b>	<b>(350)</b>	<b>(39)</b>	<b>-11.1%</b>

The operational cash flow as of the closing of 2016 reached US\$ 1,520 million, which constitutes a 0.4% decrease compared to 2015. Said decrease is due to a fall in net collections from sales of goods and services, mainly in Copec and Arauco, caused by a decrease in the prices of the products these affiliates commercialize. The above was partially compensated by higher net collections from operations, as well as lower payments to and on account of employees, and lower income taxes.

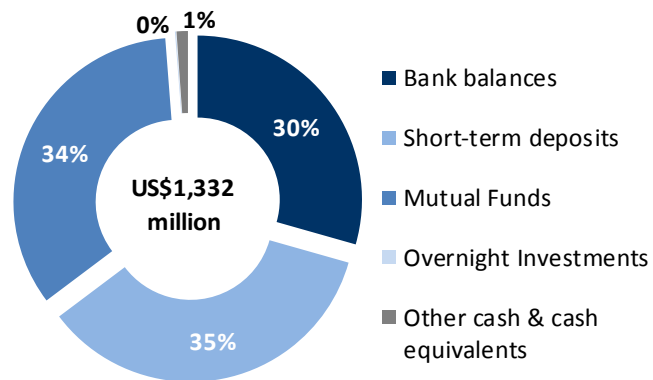
The investment cash flow presented in 2016 disbursements in the amount of US\$ 1,878 million, which constitutes a 128.1% increase compared to the US\$ 823 million of 2015. Said growth is due to higher disbursements in the amount of US\$ 850 million made by Copec in order to acquire a controlling share in Mapco, and by Abastible in order to acquire Solgas (Peru) and Duragas (Ecuador). In addition, there were higher payments by Arauco in the amount of US\$ 150 million for the acquisition of joint businesses associated to the purchase of a share in the affiliate Tafisa.

In other aspects, financing activities brought in 2016 a negative cash flow of US\$ 32 million, which may be compared to the US\$ 1,054 million of 2015. This significant drop is explained by higher proceeds coming from loans in Arauco, Copec and Abastible, wherein we find the issuing of bonds by Empresas Copec and Arauco; as well as by lower loan payments in Arauco. In addition to the above, the year registered a decrease in the amount of dividends paid.

**Cash and cash equivalents by company**

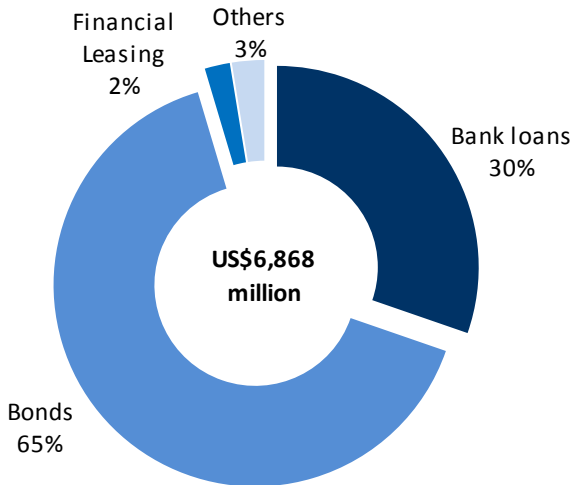


**Breakdown by instrument**

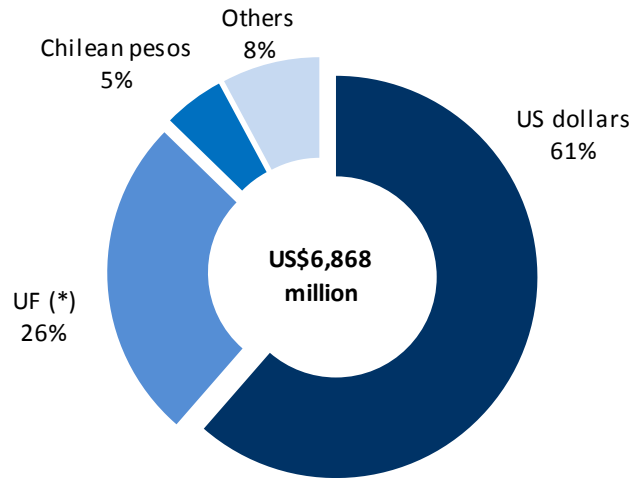




Breakdown by instrument



Breakdown by currency

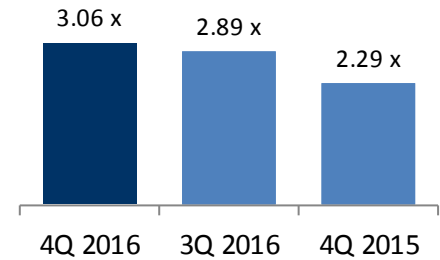


(\*) "Chilean currency unit indexed according to inflation."  
Source: Ministry of Finance, Chile

Net Financial Debt

US\$ million	4Q 2016	3Q 2016	4Q 2015
Current financial liabilities	978	1,059	464
Non-current financial liabilities	5,890	5,604	5,910
<b>Total financial liabilities</b>	<b>6,868</b>	<b>6,663</b>	<b>6,374</b>
Cash and cash equivalents	1,332	1,425	1,669
Current financial assets	242	257	175
<b>Net financial debt*</b>	<b>5,295</b>	<b>4,982</b>	<b>4,531</b>

Net Debt/EBITDA LTM



\*Net debt = current financial liabilities + non-current financial liabilities - cash and cash equivalents - other current financial assets.

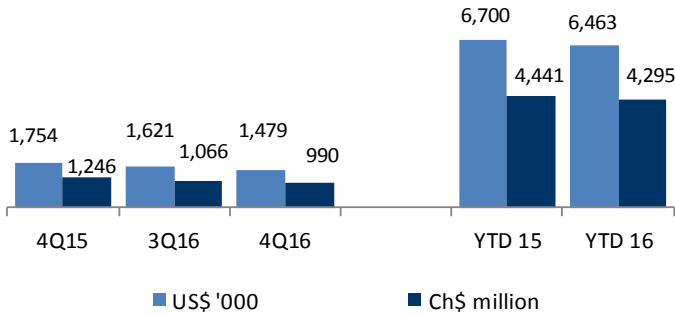


## CONSOLIDATED INCOME BY SEGMENT

US\$ million	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
<b>Sales</b>								
Forestry	1,221	1,187	1,207	3%	1%	4,761	5,147	-7%
Fuels	3,289	3,034	2,819	8%	17%	11,782	12,861	-8%
Fisheries	40	41	13	-4%	202%	156	148	5%
Other companies	0	0	1	-1%	-84%	1	4	-89%
<b>Total</b>	<b>4,549</b>	<b>4,263</b>	<b>4,040</b>	<b>7%</b>	<b>13%</b>	<b>16,699</b>	<b>18,160</b>	<b>-8%</b>
<b>EBITDA</b>								
Forestry	271	234	274	16%	-1%	1,041	1,262	-17%
Fuels	133	198	119	-33%	12%	682	714	-4%
Fisheries	5	10	9	-48%	-42%	30	28	7%
Other companies	(5)	(2)	(6)	-153%	14%	(20)	(22)	5%
<b>Total</b>	<b>405</b>	<b>440</b>	<b>397</b>	<b>-8%</b>	<b>2%</b>	<b>1,732</b>	<b>1,982</b>	<b>-13%</b>
<b>Net income</b>								
Forestry	76	31	88	141%	-14%	218	368	-41%
Fuels	54	92	111	-41%	-51%	332	406	-18%
Fisheries	(30)	(9)	4	-241%	-895%	(39)	(22)	-74%
Other companies	32	9	(147)	243%	122%	81	(188)	143%
<b>Total</b>	<b>132</b>	<b>124</b>	<b>57</b>	<b>7%</b>	<b>131%</b>	<b>591</b>	<b>563</b>	<b>5%</b>
<b>Capex</b>								
Forestry	163	129	84	26%	95%	664	471	41%
Fuels	628	120	94	422%	570%	1,148	321	258%
Fisheries	9	4	6	145%	45%	17	13	31%
Other companies	(102)	102	4	-	-	0	4	-95%
<b>Total</b>	<b>699</b>	<b>355</b>	<b>184</b>	<b>97%</b>	<b>280%</b>	<b>1,830</b>	<b>803</b>	<b>128%</b>

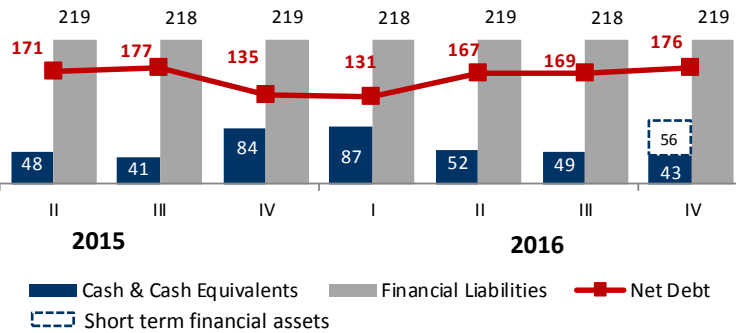


**Administration & Sales Expenses**

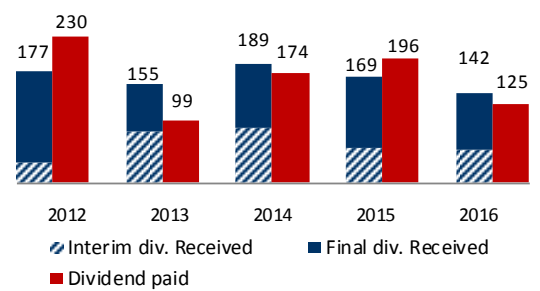


The management expenses of AntarChile (individual) decreased in the fourth quarter of 2016 with respect to the same period of 2015. This is because in 2015 the provision for the performance bonuses was made in December, and was partially compensated by higher expenses for external services in 2016.

**Net Debt**  
US\$ million



**Dividends**  
US\$ million



AntarChile seeks to maintain a relatively constant level of financial liabilities over time.

Cash and cash equivalents are directly related with dividends received and dividends paid AntarChile.

The company's policy establishes a minimum dividend distribution of 40% of the year's liquid net earnings. Said policy is linked to that of Empresas Copec, so as to avoid unnecessary accumulation of cash at the holding company.

In December of each year, Empresas Copec pays out an interim dividend, which drives cash and equivalents up in the last quarter. In May of each year, both Empresas Copec and AntarChile pay out a definitive dividend, and so cash and cash equivalents normally decrease in the Second Quarter.



## Empresas Copec (Consolidated)

US\$ million	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales revenue	4,549	4,263	4,040	7%	13%	16,699	18,160	-8%
EBIT	161	191	180	-16%	-11%	788	1,083	-27%
EBITDA*	406	442	395	-8%	3%	1,738	1,989	-13%
Adjusted EBITDA **	407	464	405	-12%	0%	1,769	1,967	-10%
Non-operating income	(7)	(12)	(142)	42%	95%	(34)	(326)	90%
Net income	142	127	59	12%	141%	597	571	5%
<b>Net income of controlling interest</b>	<b>132</b>	<b>117</b>	<b>42</b>	<b>13%</b>	<b>214%</b>	<b>554</b>	<b>539</b>	<b>3%</b>
Net income of minority interest	10	10	16	0%	-38%	42	32	33%

(\*) **EBITDA** = operating income + depreciation + amortization + stumpage (fair value of harvested wood)

(\*\*) **Adjusted EBITDA** = net income + financial costs – financial income + tax + depreciation and amortization + fair value of harvested wood – change in the valuation of biological assets + exchange rate difference + provision for forest fire losses

AntarChile's results are highly correlated with those of its subsidiary Empresas Copec.

The following pages contain a brief analysis of the key variations of 4Q 2016, both per quarter and accumulated, for the principal subsidiaries.

For further detail please refer to:

- Empresas Copec, press release, at [investor.empresascopec.cl](http://investor.empresascopec.cl)
- Celulosa Arauco y Constitución, press release, at [www.arauco.cl](http://www.arauco.cl), and
- Terpel, results presentation, at [www.terpel.com/en/Accionistas](http://www.terpel.com/en/Accionistas)



### Celulosa Arauco y Constitución (Consolidated)

US\$ million	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales revenue	1,221	1,187	1,207	3%	1%	4,761	5,147	-7%
Adjusted EBITDA (*)	260	256	289	1%	-10%	1,052	1,282	-18%
EBIT	77	44	98	77%	-21%	292	555	-47%
Non-operating income	(13)	6	18	-339%	-176%	(28)	(57)	51%
Net income	76	31	89	141%	-15%	218	368	-41%
Net income of controlling interest	74	31	87	136%	-15%	214	363	-41%
Net income of minority interests	2	0	3	665%	-13%	4	5	-25%

(\*) **Adjusted EBITDA** = net income + financial costs – financial income + tax + depreciation and amortization + fair value of harvested wood – change in the valuation of biological assets + exchange rate difference + provision for forest fire losses

**4Q16 / 4Q15** In the fourth quarter of 2016, Arauco obtained net earnings in the amount of US\$ 74 million, 15% less than the same period of last year. This is explained mainly by a US\$ 31 million decrease of non-operational result, caused by higher expenses due to forestry wildfires, as well as lower other income. In addition, there was a US\$ 20 million decrease in the operational result linked mainly to lower pulp prices.

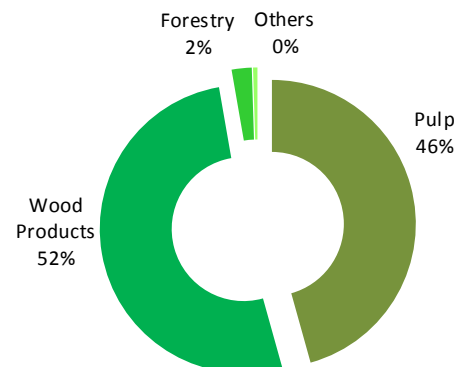
**4Q16 / 3Q16** Net earnings for the fourth quarter of 2016 were 136% higher than those of the preceding quarter. The operational result climbed by 77%, driven by an increase in physical pulp sales. The above was partially compensated by lower income in panels due to lower sales volumes and prices. The non-operational result decreased by US\$ 19 million, due to lower other income caused by an increase in forestry wildfires and provisions for fixed assets.

**2016 / 2015 accum.** Net earnings accumulated to December 2016 are of US\$ 214 million, 41% less than in 2015. This drop is explained chiefly by the operational result being US\$ 263 million lower than in 2015 because of a generalized fall the income of all business lines, caused in turn by lower prices, particularly in pulp. The drop was partially compensated by a better non-operational result, which was US\$ 29 million higher than that of 2015, owing to a better currency exchange rate, and to higher results in affiliates and joint businesses brought by the acquisition of the share in Sonae - Arauco.

### Sales by segment

US\$ million	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.
Pulp (*)	557	521	570	7%	-2%
Wood Products (*)(**)	630	638	601	-1%	5%
Forestry (*)	28	22	28	26%	-2%
Others	6	6	7	-2%	-18%
<b>Total</b>	<b>1,221</b>	<b>1,187</b>	<b>1,207</b>	<b>3%</b>	<b>1%</b>

### Total 4Q16: US\$ 1,221 million



(\*) Sales include energy

(\*\*) Wood products include Panels and Sawn Timber



### PULP

The last quarter of 2016 was influenced by the uncertainty brought by the beginning of the operations of the Oki plant (short fiber), boasting two production lines with an annual capacity output of 2.8 million of tons. This means said plant will supply the market with an estimated 1.1 to 1.3 millions of tons in 2017, a volume that may be absorbed by the market without major negative impact. The news had a stabilizing effect on the markets.

In other news, the Puma project (Klabin) has been quite aggressive, particularly in the Chinese and Brazilian markets, adding pressure to the long fiber and fluff prices.

Demand in the Asian market is recovering, and the difference between long and short fibers has decreased to US\$ 50, with a 7.5% increase in the price of short fiber. This is explained mostly by an increase in the consumption of paper by China, and also by the closing down of a number of inefficient paper plants. Prices in China grew by 10% for long fiber and 25% for short fiber, the difference between both being reduced to US\$ 10.

The situation in Europe is different, with demand still being restrained due to European producers maintaining sales in the continent on account of higher costs of transportation to China. Europe is the natural market of Brazilian producers, but these may want to explore China seeing the better prices registered there.

### PANELS

The plywood business remains stable in terms of pricing, in spite of the increased offer of Brazilian product. North America registers a significant offer from South America, but sales are expected to maintain their volume.

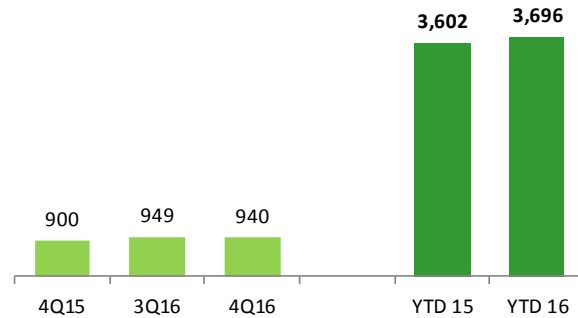
Concerning panels, the last quarter showed signs of improvement. Income from MDF and moldings performed well towards the end of 2016, and the upward trend allows expecting similar levels for 2017.

### SAWN TIMBER

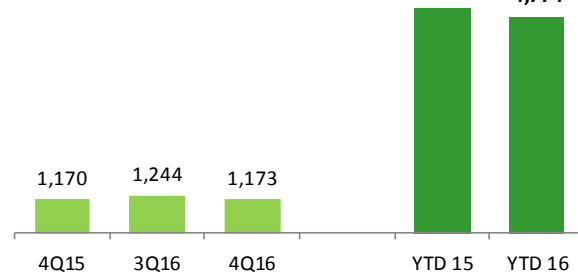
The last quarter also presented an improvement in the sawn timber business with respect to the previous quarter. Volumes increased slightly and prices were also higher, with a positive effect overall.

The outlook for the North American market is positive, with a healthy demand that has allowed for better prices in pine moldings. This trend is expected to continue through 2017. Sawn timber sales are stable in both volume and prices in the Asian and Middle-Eastern markets.

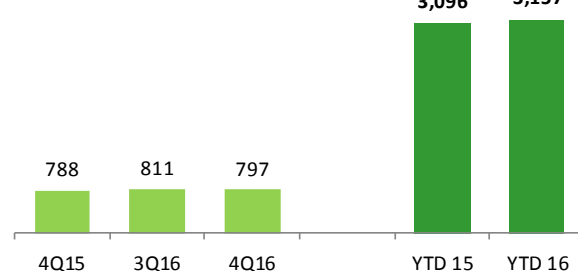
**Production**  
Thousands of Adt



**Production**  
Thousands of m<sup>3</sup>



**Production**  
Thousands of m<sup>3</sup>





## Copec Combustibles (Consolidated)

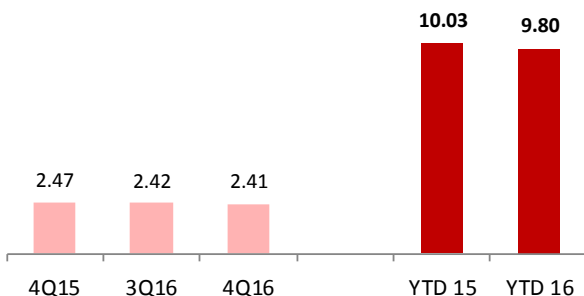
Millions of Chilean Pesos	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales	2,041,327	1,841,627	2,051,104	11%	0%	7,454,337	8,223,464	-9%
EBITDA	62,470	85,185	63,104	-27%	-1%	321,016	350,023	-8%
EBIT	42,560	62,359	44,512	-32%	-4%	239,057	267,839	-11%
Non-operating income	(6,524)	(11,451)	(9,653)	43%	32%	(42,992)	(38,546)	-12%
<b>Net Income</b>	<b>19,131</b>	<b>33,197</b>	<b>61,657</b>	<b>-42%</b>	<b>-69%</b>	<b>130,401</b>	<b>197,042</b>	<b>-34%</b>
Copec Chile's physical sales (thousands of m <sup>3</sup> )	2,411	2,424	2,472	-1%	-2%	9,795	10,033	-2%
Copec Chile's market share	58.1%	58.3%	59.2%	0%	-2%	58.5%	60.5%	-3%

**4Q16 / 4Q15** Copec obtained net earnings in the amount of CLP 19,131 million in the last quarter of 2016, which constitutes a CLP 42,526 million drop with respect to the same period of 2015. This is due to the positive tax effect registered last year thanks to the winding down of Copec Investments Limited. In addition, operational results decreased by 4% because of higher management and sale costs associated with the acquisition of Mapco.

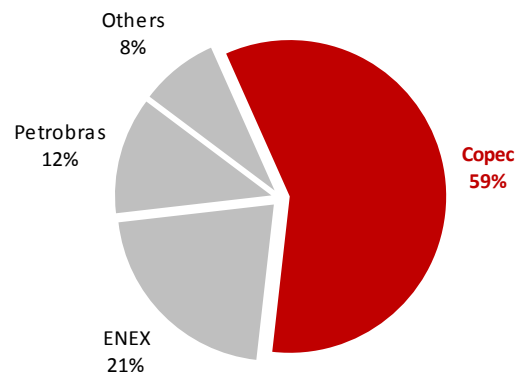
**4Q16 / 3Q16** The quarterly result was CLP 14,066 million lower than that of the preceding quarter. The operational result decreased by 32%, due to higher management and sale costs associated with the acquisition of Mapco.

**2016 / 2015 accum.** With respect to the accumulated result of 2015, Copec registered a negative variation in the amount of CLP 66,641 million. This is explained by an 11% decrease in the operational result, caused by lower sales volumes and lower margins in the domestic industrial sales, but partially compensated by higher margins and sales volumes in the authorized distributors channel and in Terpel (Colombia). Additionally, non-operational results were negative, due to the financial costs associated with the acquisition of Mapco and to lower results from exchange rate differences. The above was partially compensated by higher other income and financial income.

**Copec Chile's physical sales**  
Millions of m<sup>3</sup>



**Market Share accrued in the year**





## Organización Terpel (Consolidated)

Millions of Colombian Pesos	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales	3,826,975	3,614,868	3,826,208	6%	0%	14,431,614	14,235,502	1%
EBITDA	158,186	173,915	136,441	-9%	16%	646,116	516,763	25%
EBIT	134,826	121,468	88,774	11%	52%	484,219	330,561	46%
Non-operating income	(20,521)	(41,249)	(29,359)	50%	30%	(144,223)	(105,815)	-36%
Net income of controlling interest	79,203	45,193	33,129	75%	139%	213,393	122,872	74%
Net income of minority interest	-	-	(49)	-	100%	32	63	-49%
<b>Physical sales of Terpel (thousands of m<sup>3</sup>)</b>								
Colombia	1,799	1,753	1,806	3%	0%	7,024	6,626	6%
Panama	215	242	256	-11%	-16%	939	808	16%
Ecuador	147	147	135	0%	9%	550	527	4%
Dominican Republic	55	50	47	10%	17%	212	198	7%
<b>Physical sales of Gazel (thousands of m<sup>3</sup>)</b>								
Colombia	77	78	89	-1%	-13%	305	354	-14%
Panama	21	20	20	5%	5%	79	73	8%
Ecuador	13	13	11	0%	18%	49	43	14%

### 4Q16 / 4Q15

Terpel's net earnings in the fourth quarter of 2016 saw a 139% climb with respect to the same period of 2015. The EBITDA increased by 16%, thanks to better commercial margins and a positive effect on inventory revaluation.

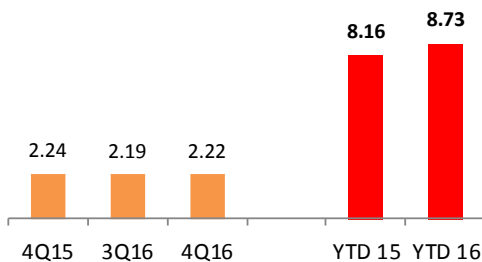
### 4Q16 / 3Q16

Quarterly net earnings were 75% higher than those of the preceding quarter. This is explained by a less unfavorable result for insurance coverage of accidents in Panama, as well as by an income tax refund obtained in Ecuador. There was also a higher operational result, owing to better physical sales.

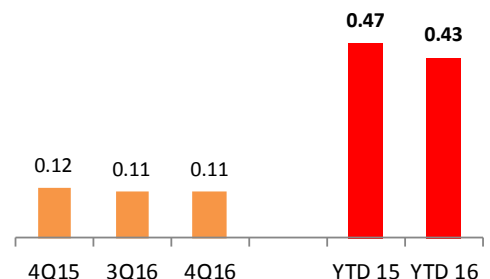
### 2016 / 2015 accum.

The EBITDA accumulated to December 2016 was 25% higher than that of 2015. The operational result grew 46% thanks to higher sales volumes.

**Terpel's Fuel Sales**  
Millions of m<sup>3</sup>



**Gazel's Fuel Sales**  
Millions of m<sup>3</sup>





## Abastible (Consolidated)

Millions of Chilean Pesos	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales	161,944	160,097	95,023	1%	70%	530,622	374,333	42%
EBITDA	18,633	32,578	17,199	-43%	8%	98,824	80,835	22%
EBIT	8,956	24,068	10,241	-63%	-13%	67,859	56,046	21%
Non-operating income	1,234	394	(1,354)	213%	191%	6,320	(3,883)	263%
<b>Net Income</b>	<b>3,279</b>	<b>16,114</b>	<b>5,781</b>	<b>-80%</b>	<b>-43%</b>	<b>49,177</b>	<b>34,645</b>	<b>42%</b>
Physical sales of LPG in Chile (thousands of tons)	102	134	102	-24%	0%	459	434	6%
Physical sales of LPG in Colombia (thousands of tons)	50	49	45	2%	11%	188	181	4%

### 4Q16 / 4Q15

In the fourth quarter of 2016, Abastible obtained net earnings in the amount CLP 3,279 million, CLP 2,502 million less than in the same period of 2015. This is caused by 13% decrease in the operational result due to higher distribution and management costs and to depreciation.

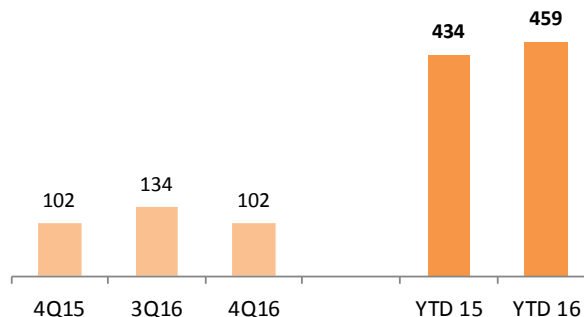
### 4Q16 / 3Q16

Compared to the preceding quarter, Abastible's net earnings fell by 80%, on account of operational results being CLP 15.112 million lower as a result of the seasonal LPG sales (which decrease as temperatures rise towards the end of the year).

### 2016 / 2015 accum.

Quarterly results for the period presented a 42% increase compared to the fourth quarter of 2015. The operational result grew by 21%, thanks to a significant increase in sales volumes in Chile and Colombia, in addition to the consolidation of the new operations of Solgas in Peru and Duragas in Ecuador. The non-operational result improved by CLP 10,203 million, owing to a favorable exchange rate difference and other income, partially compensated by higher financial expenses.

### LPG Sales in Chile Thousands of tons





## Empresa Pesquera Eperva

US\$ million	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales	149	163	196	-9%	-24%	569	699	-19%
EBITDA	(7)	(3)	25	-136%	-129%	(4)	111	-103%
EBIT	(77)	(14)	13	-444%	-681%	(110)	65	-269%
Non-operating income	(3)	(5)	7	53%	-138%	43	(103)	142%
Net income of controlling interest	(31)	(7)	6	-319%	-601%	(38)	(11)	-253%
Net income of minority interest	(30)	(9)	23	-235%	-231%	(29)	(15)	-90%
<b>Physical Sales</b>								
Fishmeal & other protein foods (tons)	122,828	150,978	241,920	-19%	-49%	506,916	648,510	-22%
Fish oil (tons)	32,257	37,323	35,829	-14%	-10%	130,755	134,425	-3%

**4Q16 / 4Q15** Eperva had a US\$ 31 million loss in the fourth quarter of 2016, whereas in the same period of 2015 it obtained net earnings by US\$ 6 million. The operational result saw a negative variation of US\$ 90 million, due to lower physical sales and to the US\$ 58 million asset impairment charge made by Corpesca (explained in page 17), charge that reflects the effect in its asset recoverable value of market conditions, catch availability and production-.

**4Q16 / 3Q16** Quarterly results decreased by US\$ 24 million with respect to the preceding quarter of 2016. The operational result dropped by US\$ 63 million, due to lower physical sales and the aforementioned asset impairment charge.

**2016 / 2015 accum.** The accumulated loss as of the closing of 2016 was of US\$ 38 million, US\$ 27 million higher than that of 2015. This negative variation is explained mainly by a decrease in the operational result due to lower sales, which decreased 19% as a result of fewer catch rates caused by the El Niño phenomenon; plus an increase in production costs and lower sales prices. Additionally, we must consider the asset impairment charge in Corpesca. On the non-operational aspect, results grew by US\$ 146 million, mostly thanks to a favorable exchange rate effect in the affiliate Selecta.



### Pesquera Iquique-Guanaye, Igemar

US\$ million	4Q 2016	3Q 2016	4Q 2015	Q-Q Var.	Y-Y Var.	YTD 2016	YTD 2015	Y-Y Acc. Var.
Sales	40	41	13	-4%	202%	156	148	5%
EBITDA	5	10	7	-49%	-26%	30	28	7%
EBIT	(2)	3	5	-145%	-131%	8	3	144%
Non-operating income	(32)	(13)	(0)	-143%	12,131%	(49)	(30)	-66%
<b>Net income</b>	<b>(27)</b>	<b>(8)</b>	<b>1</b>	<b>-248%</b>	<b>-2,536%</b>	<b>(35)</b>	<b>(18)</b>	<b>-100%</b>
<b>Physical Sales</b>								
Fishmeal (tons)	7,263	6,903	7,254	5%	0%	27,815	24,249	15%
Fish oil (tons)	879	1,486	1,231	-41%	-29%	5,210	5,380	-3%
Canned fish (cases)	569,274	468,600	630,869	21%	-10%	2,128,953	2,110,967	1%
Frozen fish (tons)	4,790	5,330	2,419	-10%	98%	16,274	13,526	20%
<b>Catch (tons)</b>	<b>20,798</b>	<b>20,330</b>	<b>29,031</b>	<b>2%</b>	<b>-28%</b>	<b>158,911</b>	<b>173,521</b>	<b>-8%</b>

**4Q16 / 4Q15**

Igemar had a loss of US\$ 27 million in the fourth quarter of 2016, whereas in the same period of 2015 it obtained net earnings by US\$ 1 million. The operational result had a negative variation of US\$ 6 million, on account of higher production costs, partly associated with lower catches. The non-operational result decreased by US\$ 32 million, due to lower results from affiliates and joint businesses that consider the drop in Corpesca's results as a consequence of lower operational results and the impairment charge of fixed assets.

**4Q16 / 3Q16**

Results of the fourth quarter of 2016 were US\$ 19 million lower than those of the preceding quarter. This is explained by a non-operational result that is lower in the same amount, due to negative results in affiliates and joint businesses, particularly Corpesca.

**2016 / 2015 accum.**

The loss accumulated as of the closing of 2016 was of US\$ 35 million, US\$ 18 million higher than in 2015. This negative variation is explained, on the one hand, by a 66% drop in the non-operational result, due to the lower results and the non-recurring asset impairment charge seen in Corpesca. The above was partially compensated by a higher operational result, thanks to lower production costs owing to a decrease in fuel oil prices and a more efficient operation of the industrial fleet.





### **New developments in the acquisition of ExxonMobil assets**

On November 16, 2016, Copec signed a number of agreements with ExxonMobil, to reflect a regional understanding for the production and distribution of Mobil lubricants in the markets of Colombia, Ecuador and Peru, as well as the renewal of the agreement existing between ExxonMobil y Copec for the Chilean market, dating back some 60 years now.

The investment considers approximately US\$ 747 million, US\$ 512 million whereof correspond to the equity of the companies being purchased and US\$ 235 million are the cash to be held in said companies at the closing date.

By the end of December, 2016, the General Shareholders Assembly of Terpel approved to have the company be the vehicle carrying out the acquisition of the ExxonMobil businesses. Efforts are currently focused on obtaining the necessary permits from local authorities. The transaction is expected to be completed by the end of 2017.

### **Effects of wildfires on Arauco**

Approximately 80 thousand hectares of forests belonging to Arauco were affected as a consequence of the wildfires that devastated a significant portion of the Chilean territory in the summer months. Said forests are valued in the books of the company according to IFRS rules at approximately US\$ 240 million.

The value indicated above corresponds to 6% of the IFRS book value of all the forests of Arauco, and to 2% of the company's total assets.

The affected forests will be managed by the company in order to minimize the damage caused by the wildfires, expecting to recover between 10 and 20% of the affected book value.

Additionally, the affected forests were covered by insurance policies –with their respective limitations and deductibles. Thus, the company expects to recover an additional US\$ 35 million approximately via insurance claims.

The El Cruce sawmill was also affected. The exact impact is still in the process of determination.

### **Asset impairment charge in Corpesca**

On April 8<sup>th</sup>, 2017, the Board of Directors of Corpesca held a meeting to discuss and agree about the loss caused by the asset impairment made in 2016 in the amount of US\$ 57.6 million. Said meeting was informed to the Chilean securities market regulator, Superintendencia de Valores y Seguros, on the same date.

The Board agreed to call an Extraordinary Shareholders Meeting, to be held on the same date as the Ordinary (annual) Meeting, in order to propose and discuss a capital increase of US\$ 90 million, and the commending of an analysis to design a fuller restructuring plan.

### **Resignation of Mr. Jorge Andueza**

On January 27, 2017, the company informed Mr. Jorge Andueza's decision to resign his position of CEO of AntarChile S.A. In his replacement, the Board designated Mr. Andrés Lehuedé, erstwhile CFO of the company. The resignation and replacement were made effective as of April 1<sup>st</sup>, 2017.



BALANCE SHEET

US\$ million	4Q 2016	3Q 2016	4Q 2015
Cash and cash equivalents	1,332	1,425	1,669
Other current financial assets	242	257	175
Other current non-financial assets	172	228	182
Trade and other receivables, current	1,358	1,227	1,352
Related party receivables	47	56	77
Inventories	1,375	1,494	1,365
Current biological assets	309	300	275
Current tax assets	167	153	118
Non-current assets classified as held for sale	8	7	7
<b>Total current assets</b>	<b>5,010</b>	<b>5,146</b>	<b>5,220</b>
Other non-current financial assets	426	433	531
Other non-current non-financial assets	136	136	132
Non-current fees receivable	33	34	41
Non-current accounts receivable from related parties	25	7	7
Investments accounted for using the equity method	1,020	1,018	632
Intangibles assets other than goodwill	811	657	636
Goodwill	411	366	168
Property, plant and equipment	10,118	9,672	9,277
Non-current biological assets	3,593	3,588	3,555
Investment property	45	48	45
Deferred tax assets	292	237	231
<b>Total non-current assets</b>	<b>16,909</b>	<b>16,195</b>	<b>15,253</b>
<b>TOTAL ASSETS</b>	<b>21,919</b>	<b>21,341</b>	<b>20,473</b>
Other current financial liabilities	978	1,059	464
Trade and other current payables	1,421	1,238	1,280
Related party payables	8	9	6
Other short-term provisions	16	3	4
Current tax liabilities	45	44	55
Current provisions for employee benefits	9	9	7
Other current non-financial liabilities	253	219	209
<b>Total current liabilities</b>	<b>2,729</b>	<b>2,581</b>	<b>2,025</b>
Other non-current financial liabilities	5,890	5,604	5,910
Other non-current accounts payable	1	1	1
Non-current account payable to related companies	-	-	-
Other long-term provisions	67	49	43
Deferred tax liabilities	2,305	2,231	2,173
Non-current provisions for employee benefits	106	103	90
Other non-current non-financial liabilities	135	146	104
<b>Total non-current liabilities</b>	<b>8,503</b>	<b>8,135</b>	<b>8,321</b>
Non-parent participation	4,393	4,365	4,120
<b>Net equity attributable to owners of parent</b>	<b>6,294</b>	<b>6,260</b>	<b>6,007</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>21,919</b>	<b>21,341</b>	<b>20,473</b>



# CONSOLIDATED FINANCIAL STATEMENTS

## INCOME STATEMENT

US\$ million	4Q 2016	3Q 2016	4Q 2015	YTD 2016	YTD 2015
Sales revenue	4,549	4,263	4,040	16,699	18,160
Cost of sales	(3,837)	(3,560)	(3,355)	(13,937)	(15,098)
<b>Gross Margin</b>	<b>713</b>	<b>703</b>	<b>685</b>	<b>2,763</b>	<b>3,062</b>
Other income	81	72	92	279	285
Distribution costs	(425)	(344)	(348)	(1,197)	(1,159)
Administration expenses	(128)	(170)	(158)	(785)	(826)
Other expenses	(44)	(26)	(17)	(115)	(131)
Other income (loss)	(10)	2	(2)	(8)	(4)
Net financial expenses	(75)	(76)	(66)	(289)	(269)
Share of profit (loss) of associates and joint ventures	40	16	(133)	89	(129)
Exchange rate differences	(9)	(2)	(15)	11	(80)
<b>Income (loss) before tax</b>	<b>143</b>	<b>176</b>	<b>37</b>	<b>748</b>	<b>748</b>
Income tax expense	(11)	(52)	20	(156)	(185)
Income (loss) from continuing operations	132	124	57	591	563
Income (loss) from discontinued operations	-	-	-	-	-
<b>Income (loss) attributable to owners of parent</b>	<b>66</b>	<b>66</b>	<b>25</b>	<b>326</b>	<b>317</b>
Income (loss) attributable to minority interests	67	57	33	266	246
<b>Net Income</b>	<b>132</b>	<b>124</b>	<b>57</b>	<b>591</b>	<b>563</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

US\$ million	YTD 2016	YTD 2015
Cash received from sale of goods and providing services	17,170	18,825
Cash received from premiums and claims, annuities and other policy benefits	0	6
Other cash received from operating activities	475	337
Payments to suppliers for goods and services	(14,920)	(16,258)
Payments to and on behalf of employees	(616)	(704)
Payment for premiums and claims, annuities and other policy obligations	(7)	(4)
Other cash payments for operating activities	(289)	(245)
Dividends received	21	18
Interest paid	(221)	(233)
Interest received	62	41
Income tax refunds (paid)	(169)	(258)
Other cash inflows (outlays)	15	1
<b>Net cash flow from (used in) operating activities</b>	<b>1,520</b>	<b>1,527</b>
Cash flows used in obtaining control of subsidiaries or other business	(835)	(10)
Cash flows used in the purchase of non-controlling interests	-	(26)
Other cash receipts from the sale of equity or debt instruments of other entities	-	12
Other cash payments to acquire interest in joint ventures	(153)	-
Loans to related parties	(20)	(79)
Proceeds from the sale of property, plant and equipment	22	12
Purchase of property, plant and equipment	(636)	(604)
Proceeds from the sale of intangible assets	-	0
Purchase of intangible assets	(53)	(44)
Proceeds from other long-term assets	2	1
Purchase of other long-term assets	(157)	(126)
Cash advances and loans to third parties	(1)	(2)
Charges to related parties	1	1
Dividends received	55	40
Interest received	1	0
Other cash inflows (outlays)	(104)	1
<b>Net cash flow from (used in) investing activities</b>	<b>(1,878)</b>	<b>(823)</b>
Amounts paid for equity stakes	(0)	-
Proceeds from long-term borrowings	609	304
Proceeds from short-term borrowings	550	334
Loans from related parties	-	0
Payment of borrowings	(865)	(1,316)
Payments of financial leasing liabilities	(3)	(1)
Dividends paid	(240)	(335)
Interest paid	(72)	(59)
Other cash inflows (outlays)	(9)	18
<b>Net cash flow from (used in) financing activities</b>	<b>(32)</b>	<b>(1,054)</b>
<b>Net increase (decrease) in cash and cash equivalents before the exchange rate change effect</b>	<b>(389)</b>	<b>(350)</b>
Effect of exchange rate changes on cash and cash equivalents	53	(117)
Cash and cash equivalents at the beginning of the year	1,668	2,135
<b>Cash and cash equivalents at the end of the year</b>	<b>1,332</b>	<b>1,668</b>