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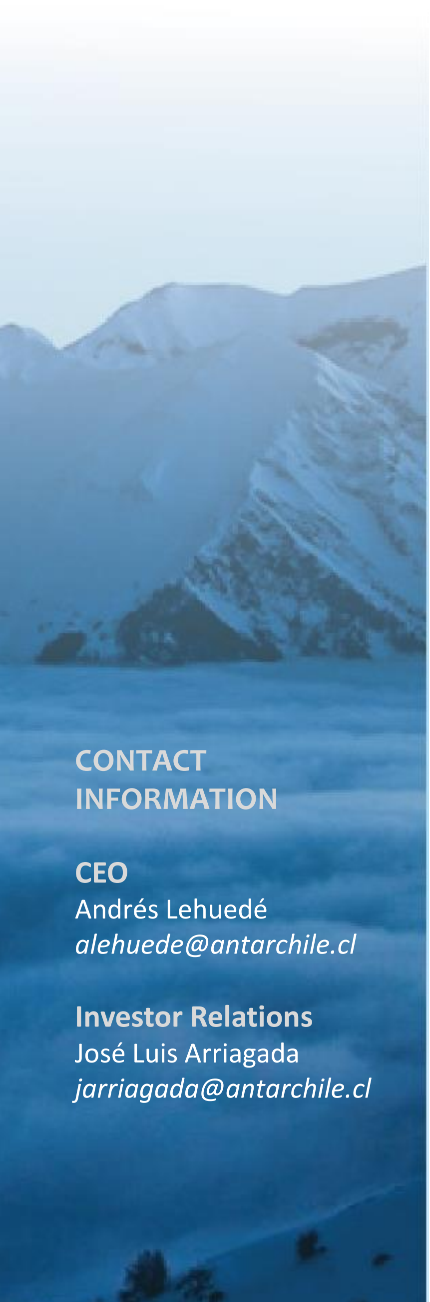
# EARNINGS ANALYSIS

Third Quarter
2018

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# EARNINGS consolidated

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## 3Q18 3Q17

AntarChile posted net income of US$183 million in 3Q18, decreasing US$21 million year-over-year (YoY). That is explained by more negative non-operating income of US$126 million, largely due to the events that occurred in 3Q17: lower income at Igemar (-US$48 million) due to the net income generated in 2017 from the sale of Selecta in Brazil and the acquisition of an additional shareholding in Corpesca, and the drop in non-operating income at Arauco (-US$41 million), because of the roll-back of a provision for wildfires (US$34.5 million) undertaken in 2017. There was also lower income from Copec consolidated (-US$15 million), due to higher financial expenses at Terpel from the acquisition of ExxonMobil's assets.

Operating income rose US$118 million, explained by a US$137 million increase in Arauco, mainly related to the pulp business with prices increasing 29.8%. That was partly offset by the lower operating income of Copec consolidated (-US$23 million), on account of higher distribution and administration costs in Chile and Colombia.

## 3Q18 2Q18

AntarChile had a net income decrease of US$41 million quarter-over-quarter (QoQ), due to lower operating and non-operating income.

Operating income dropped US$65 million, mainly because of the income decrease of Copec consolidated (-US$48 million), from lower margins in Chile and Colombia, and a decrease in the physical sales volumes in Chile and in the United States. There was also a decrease at Arauco (-US$19 million), related to the lower income in the pulp business, where despite prices remaining stable, volumes dropped because of seasonality.

Non-operating income was US$7 million more negative, largely because of the drop in income of Igemar from the lower earnings of the associate Corpesca and higher other expenses.

## 2018 2017 YTD

Year-to-date, AntarChile has net income of US$576 million, a US$235 million increase on that in the same period in 2017. That is due to operating income of US$533 million higher than that in 2017, mainly because of the better performance of the forestry business (US$488 million), related to higher earnings across all its business lines, particularly pulp, that had a price increase of 28.4%.

Non-operating income was US$8 million down compared with the same period of the previous year. That was because of the lower income of Copec consolidated (-US$49 million), mainly due to the higher financial expenses of the acquisition of ExxonMobil's assets, the lower income of Igemar (-US$38 million) associated with the sale of Selecta in the third quarter of 2017, and a drop in income of Abastible (-US$13 million) on account of the losses posted by Sonamar. That was partly offset by the higher income of Arauco, due to the negative effects caused by wildfires in Chile in the first quarter of 2017.

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales revenue | 6,045 | 6,116 | 5,204 | -1% | 16% | 17,913 | 15,029 | 19% |
| EBIT | 487 | 552 | 368 | -12% | 32% | 1,464 | 931 | 57% |
| **EBITDA*** | **744** | **803** | **638** | **-7%** | **17%** | **2,226** | **1,685** | **32%** |
| Adjusted EBITDA** | 741 | 813 | 625 | -9% | 19% | 2,238 | 1,675 | 34% |
| Non-operating income | (60) | (53) | 66 | -13% | -190% | (166) | (158) | -5% |
| Net Income | 317 | 371 | 342 | -15% | -8% | 971 | 590 | 65% |
| **Net income of controlling interest** | **183** | **224** | **204** | **-18%** | **-10%** | **576** | **341** | **69%** |
| Net income of minority interest | 133 | 147 | 138 | -10% | -3% | 395 | 249 | 59% |
| | | | | | | | | |
| EBITDA Margin | 12% | 13% | 12% | -6% | 0% | 12% | 11% | 11% |
| EBITDA / net financial expense | 8.9 x | 18.5 x | 8.5 x | -52% | 5% | 10.0 x | 7.9 x | 27% |

*(*) EBITDA = Operating Income + Depreciation + Amortization + Stumpage (fair value of harvested timber)*
*(**) Adjusted EBITDA = Net Income + Financial Costs – Financial Income + Taxes + Depreciation and Amortization + Fair value of harvested timber – Changes in valuation of biological assets + Exchange rate differences + Provision for losses due to wildfires*

# BALANCE SHEET

consolidated

antarchile

| US$ million | sept 2018 | dec 2017 | Variation US$ million | Variation % |
|---|---|---|---|---|
| Current Assets | 6,405 | 5,485 | 920 | 16.8% |
| Non-current Assets | 17,493 | 17,243 | 250 | 1.4% |
| **Total Assets** | **23,898** | **22,728** | **1,170** | **5.1%** |
| | | | | |
| Other current financial liabilities | 1,311 | 1,080 | 230 | 21.3% |
| Other current liabilities | 2,438 | 2,189 | 249 | 11.4% |
| Other non-current financial liabilities | 6,187 | 5,714 | 473 | 8.3% |
| Other non-current liabilities | 2,495 | 2,561 | (66) | -2.6% |
| **Total liabilities** | **12,431** | **11,544** | **887** | **7.7%** |
| **Equity of minority interest** | **4,674** | **4,555** | **119** | **2.6%** |
| **Equity attributable to controlling interest** | **6,793** | **6,628** | **165** | **2.5%** |
| | | | | |
| Leverage | 0.48 | 0.46 | N.A. | 5.1% |
| Net financial debt | 5,549 | 5,149 | 400 | 7.8% |

As of September 30, 2018, AntarChile's total consolidated assets rose 5.1% on those as of December 31, 2017.

Current assets rose 16.8%, driven by an increase in the other current financial assets of Copec related to the account receivable generated from the transfer of the assets of ExxonMobil Colombia to autonomous trust, and higher inventories. Moreover, Arauco had an increase in cash and cash equivalents, higher trade receivables and other current accounts receivable, while its biological assets and current taxes dropped.

Non-current assets climbed 1.4%, related to an increase in goodwill at Copec from the acquisition of ExxonMobil's assets. There was also an increase in investments accounted for using the equity method at Empresas Copec from the purchase of 40% of Cumbres Andinas, the holding company of the Mina Justa project in Peru.

Current liabilities increased 14.6%. There was an increase in other current financial liabilities and trade accounts payable at Copec, along with higher current tax liabilities at Arauco. Copec also had greater accounts payable to related entities.

Non-current liabilities increased 4.9%, mainly due to higher other non-current financial liabilities at Copec, related to financing Terpel's acquisition of ExxonMobil's assets. That was partly offset by lower deferred tax liabilities at Arauco.

Lastly, shareholders' equity rose 2.5% on that at December 2017, because of higher retained earnings, partly offset by lower other reserves.

# CASH FLOW

consolidated

| US$ million | sept-18 | sept-17 | Variation US$ million | Variation % |
|---|---|---|---|---|
| Cash flow from (used in) operating activities | 1,164 | 1,094 | 70 | 6% |
| Cash flow from (used in) investing activities | (1,576) | (655) | (922) | -141% |
| Cash flow from (used in) financing activities | 415 | (607) | 1,022 | 168% |
| **Net increase (decrease) in cash and cash equivalents, before exchange rate adjustments** | **3** | **(167)** | **170** | **102%** |

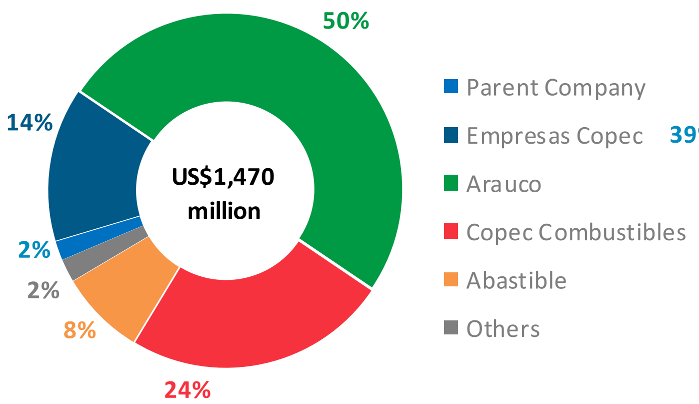
The company's cash flow in 3Q18, before the exchange rate effect was US$3 million, which was an increase compared with the negative cash flow of US$167 million in the same period in 2017.

The operating cash flow year-to-date rose 6.4% on the previous year, largely explained by higher charges for sales of goods and service provision. These were partly offset by greater payments to goods and service suppliers at Copec, Arauco and Abastible.

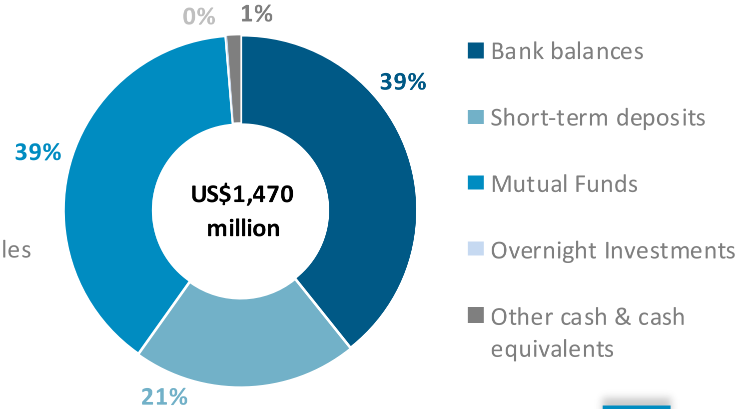
The investing cash flow in 3Q18 was US$922 million more negative than in the same period in 2017. The main reason was the higher cash flow invested in gaining control of subsidiaries, related to Terpel acquiring ExxonMobil's assets in the first quarter. There was also a higher cash flow invested in acquiring a non-controlling interest, related with the purchase of 40% by Alxar Internacional of Cumbres Andinas, which will develop the Mina Justa project.

The financing cash flow had a positive variation of US$1,022 million as of September 2018, mainly due to bond issuance made by Terpel in order to prepay the bank loans taken to acquire ExxonMobil's assets. That was partly offset by higher payments made by Terpel, associated with prepayment of part of the bank loans mentioned above.

## CASH AND CASH EQUIVALENTS
by entity

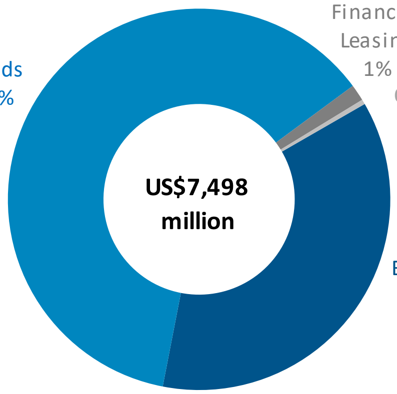



## BREAKDOWN
by instrument

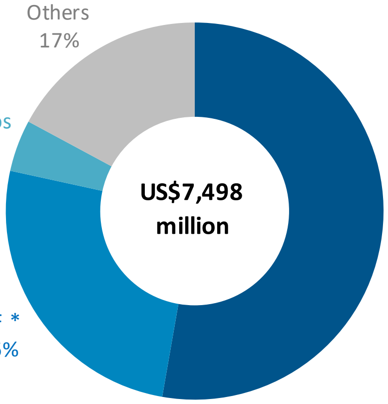


# FINANCIAL DEBT consolidated

## BREAKDOWN
by instrument




## BREAKDOWN
by currency

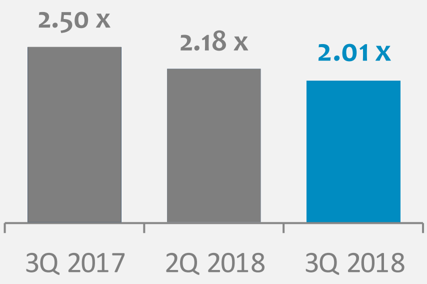



*(*) "Chilean inflation-indexed currency unit"*
*Source: Ministry of Finance, Chile*

## FINANCIAL DEBT
Net

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 |
|---|---|---|---|
| Current financial liabilities | 1,311 | 1,166 | 1,088 |
| Non-current financial liabilities | 6,187 | 6,344 | 5,518 |
| **Total financial liabilities** | **7,498** | **7,510** | **6,607** |
| Cash and cash equivalents | 1,470 | 1,269 | 1,192 |
| Current financial assets | 479 | 477 | 195 |
| **Net financial debt*** | **5,549** | **5,765** | **5,220** |

## NET DEBT/ EBITDA LTM




** Net Debt = Current financial liabilities + Non-current financial liabilities - cash and cash equivalents - Other current financial assets.*

# EARNINGS consolidated by segment

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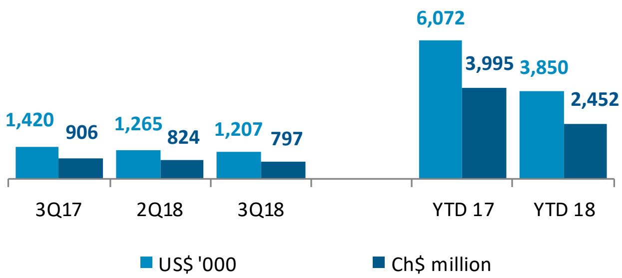
| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | Var. Q-Q | Var. Y-Y | YTD 2018 | YTD 2017 | Acc. Var. Y-Y |
|---|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | | |
| Forestry | 1,553 | 1,559 | 1,393 | 0% | 11% | 4,577 | 3,907 | 17% |
| Fuels | 4,439 | 4,501 | 3,764 | -1% | 18% | 13,185 | 11,004 | 20% |
| Fisheries | 53 | 55 | 47 | -4% | 12% | 150 | 118 | 27% |
| Other companies | 0 | 0 | 0 | -16% | 124% | 1 | 0 | 117% |
| **Total** | **6,045** | **6,116** | **5,204** | **-1%** | **16%** | **17,913** | **15,029** | **19%** |
| **EBITDA** | | | | | | | | |
| Forestry | 527 | 536 | 396 | -2% | 33% | 1,523 | 1,024 | 49% |
| Fuels | 214 | 263 | 240 | -19% | -11% | 695 | 664 | 5% |
| Fisheries | 7 | 10 | 7 | -26% | 1% | 25 | 16 | 58% |
| Other companies | (4) | (6) | (6) | 29% | 24% | (17) | (19) | 12% |
| **Total** | **744** | **803** | **638** | **-7%** | **17%** | **2,226** | **1,685** | **32%** |
| **Net income** | | | | | | | | |
| Forestry | 221 | 238 | 148 | -7% | 49% | 657 | 187 | 251% |
| Fuels | 94 | 104 | 128 | -9% | -26% | 286 | 331 | -14% |
| Fisheries | (9) | 7 | 38 | -222% | -123% | (3) | 27 | -112% |
| Other companies | 11 | 22 | 28 | -52% | -62% | 32 | 44 | -28% |
| **Total** | **317** | **371** | **342** | **-15%** | **-8%** | **971** | **590** | **65%** |
| **Capex** | | | | | | | | |
| Forestry | 194 | 202 | 169 | -4% | 15% | 579 | 421 | 38% |
| Fuels | 89 | 101 | 152 | -12% | -41% | 764 | 300 | 155% |
| Fisheries | 4 | 1 | 29 | 322% | -87% | 5 | 32 | -84% |
| Other companies | 30 | 183 | 1 | -84% | 2,533% | 213 | 6 | 3,679% |
| **Total** | **316** | **487** | **351** | **-35%** | **-10%** | **1,562** | **759** | **106%** |

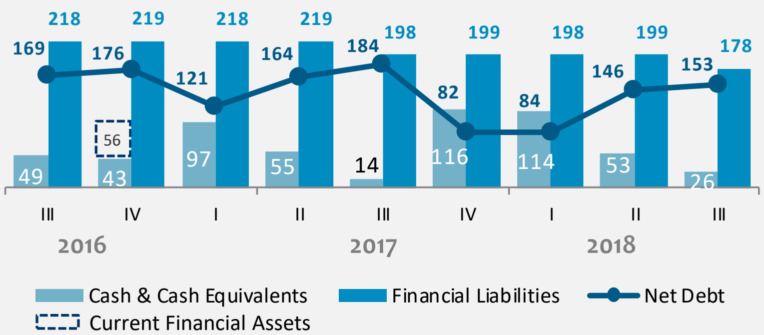
## SALES AND ADMINISTRATION EXPENSES




- The administration expenses of AntarChile (individual) YTD dropped US$2.2 million compared to the same period in 2017, mainly due to extraordinary severance payments made in 1Q17.

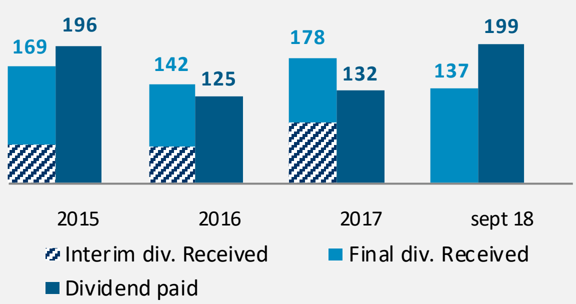
## NET DEBT

US$ million




## DIVIDENDS

US$ million




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

Cash and cash equivalents are fully related to the dividends received and paid by AntarChile.

The company's dividend distribution policy establishes that 40% of the net income in the year shall be distributed. AntarChile's dividend policy is linked to that of Empresas Copec, so as to prevent an unnecessary build-up of cash at the holding company level.

In December, Empresas Copec pays an interim dividend which increases cash and cash equivalents in the last quarter of each year. In May, both Empresas Copec and AntarChile pay a final dividend so cash and cash equivalents normally drop in the second quarter. Besides this, in December 2017 and May 2018 the company received a dividend payment from Colbún.

In June 2018, US$42 million of AntarChile's debt was reclassified, which changed from non-current financial liabilities to current financial liabilities.

## EMPRESAS COPEC CONSOLIDATED

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales revenue | 6,045 | 6,116 | 5,204 | -1% | 16% | 17,913 | 15,029 | 19% |
| EBIT | 488 | 553 | 370 | -12% | 32% | 1,468 | 937 | 57% |
| **EBITDA*** | **745** | **804** | **638** | **-7%** | **17%** | **2,230** | **1,690** | **32%** |
| Adjusted EBITDA ** | 754 | 801 | 652 | -6% | 16% | 2,247 | 1,720 | 31% |
| Non-operating income | (57) | (72) | 57 | 21% | -200% | (183) | (175) | -5% |
| Net income | 320 | 352 | 334 | -9% | -4% | 956 | 579 | 65% |
| **Net income of controlling interest** | **308** | **335** | **311** | **-8%** | **-1%** | **923** | **534** | **73%** |
| Net income of minority interest | 12 | 18 | 23 | -33% | -48% | 33 | 45 | -27% |

*(*) EBITDA = Operational income + Depreciation + Amortization + Stumpage (Fair value of harvested timber)*
*(**) Adjusted EBITDA = Net Income + Financial Costs – Financial Income + Taxes + Depreciation and Amortization + Fair value of harvested timber – Changes in valuation of biological assets + Exchange rate differences + Provision for losses due to wildfires*

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 2Q 2018 for the principal subsidiaries.

For further details, please refer to:
- Empresas Copec, press release, at investor.empresascopec.cl
- Celulosa Arauco y Constitución, press release, at www.arauco.cl, and
- Terpel, results presentation, at www.terpel.com/en/Accionistas

## CELULOSA ARAUCO Y CONSTITUCIÓN, CONSOLIDATED

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales revenue | 1,553 | 1,559 | 1,393 | 0% | 11% | 4,577 | 3,907 | 17% |
| EBIT | 328 | 347 | 191 | -5% | 72% | 944 | 456 | 107% |
| **Adjusted EBITDA*** | **525** | **546** | **385** | **-4%** | **36%** | **1,535** | **1,015** | **51%** |
| Non-operating income | (32) | (36) | 9 | 10% | -437% | (87) | (205) | 57% |
| Net income | 221 | 238 | 148 | -7% | 49% | 657 | 187 | 251% |
| **Net income of controlling interest** | **221** | **238** | **148** | **-7%** | **49%** | **657** | **187** | **252%** |
| Net income of minority interests | (0) | (0) | (0) | 27% | -513% | (0) | 0 | -215% |

*(*) Adjusted EBITDA = Net Income + Financial Costs – Financial Income + Taxes + Depreciation and Amortization + Fair value of harvested timber – Changes in valuation of biological assets + Exchange rate differences + Provision for losses due to wildfires*

**3Q18 3Q17**

Arauco posted net income of US$221 million in 3Q18, US$72 million up YoY. That was due to operating income increasing US$137 million, mainly related to the pulp business with prices increasing 29.8%. Wood revenues also rose from higher panel volumes and sawn timber price increases. On the other hand, non-operating income dropped US$41 million, because of higher other expenses explained by the roll-back of a provision for wildfires in 3Q17. There was also a drop in income from exchange rate differences and lower revenue on account of the revaluation of biological assets. Tax expenses also rose because of the increased income in the quarter.

**3Q18 2Q18**

Net income in 3Q18 was US$18 million down QoQ. That was due to a US$19 million decrease in operating income from the lower income in the pulp business, in which although prices remained stable, volumes dropped 1.4% because of the seasonality of the summer months in the Northern Hemisphere. Non-operating income rose US$4 million, on account of higher exchange rate difference income and increased revenue from the revaluation of biological assets. That was partly offset by the lower net income of the associate Sonae Arauco.

**2018 2017 YTD**

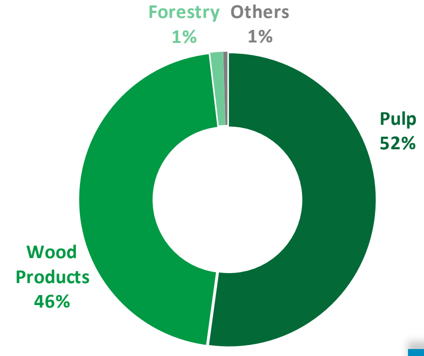
Net income YTD is US$657 million, which is a US$469 million increase on the previous year. That is mainly explained by operating income climbing US$488 million, related to the growth of all business lines, particularly pulp with a 28.4% price increase. Moreover, non-operating income was up US$118 million, due to the negative effects of the wildfires in Chile in the first quarter of 2017 (-US$138 million net of the insurance payout).

### SALES
by segment

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. |
|---|---|---|---|---|---|
| Pulp (*) | 810 | 824 | 663 | -2% | 22% |
| Wood Products (*)(**) | 714 | 694 | 687 | 3% | 4% |
| Forestry (*) | 22 | 32 | 35 | -31% | -37% |
| Others | 7 | 10 | 8 | -25% | -13% |
| **Total** | **1,553** | **1,559** | **1,393** | **0%** | **11%** |

(*) Sales include energy
(**) Include panels and timber

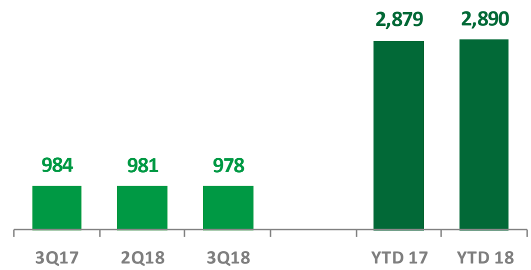
### Total 3Q18: US$1,553 million



## PULP

The good pulp price scenario continued in 3Q18 but sales dropped 1.4% from the seasonality of the summer months in the Northern Hemisphere. Global inventories increased slightly (1 or 2 days), due to the raw material restrictions in the first half of 2018 compelling Nordic country producers to cut back their softwood output. Demand remains active, despite the uncertainty prevailing over the trade war between the United States and China.
Markets in Asia continue active led by China, and prices of all the types of fiber remained stable during the quarter. The focus of attention has been on the trade war with the United States and its fallout on the global economy, consumption, the paper market and pulp demand. Fluff pulp, used for sanitary products and diapers, has been the worst hit.
Demand is still very active in Europe despite the adjustment of the summer months, and pulp prices have remained stable and high. On the other hand, leading producers have assured volume for next year, anticipating a scenario marked by no new capacity entering the market and the effect of the consolidation of 30% of the hardwood market after the merger of Fibria and Suzano.

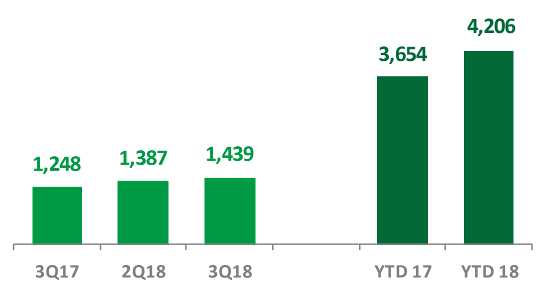
**PRODUCTION**
Thousands of Adt




## PANELS

The panels market continued stable during the third quarter of 2018, with a 6.5% increase in volume and 3.9% price decrease.
Sales in Latin America continued to increase all down the Pacific coast with positive growth prospects for the next few months.
Panel consumption has continued to grow in Brazil, mainly in the last two months. A good year-end is expected, as the presidential elections have reduced uncertainty.
Tough months ahead are forecasted for Argentina due to currency devaluation, lower consumption and heightened uncertainty.
In the North American market, panel sales have declined in the United States and Canada. Increase in supply is expected in the next few months as well as a negative effect on consumption due to seasonality.
Local consumption is still increasing in Mexico, related to the very active construction and furniture making sectors. This trend is expected to continue.

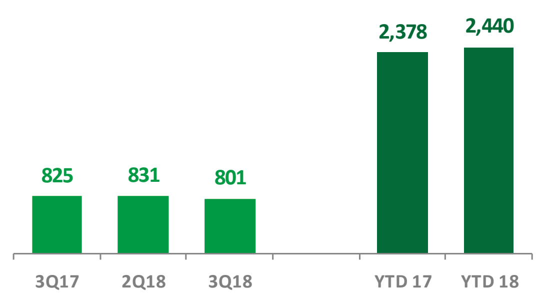
**PRODUCTION**
Thousands of m$^3$




## SAWN TIMBER

Plywood demand remained stable in the main markets in 3Q18 with a minor price adjustment. A tough scenario is forecasted for the next few months due to greater supply, more competitors and lower demand from seasonality in the Northern Hemisphere, with price adjustments in the international publications.
Sawn timber demand dropped in some important markets, particularly China.
Sales remained stable in the Middle East, but an uncertain scenario is forecasted for the next few months due to the trade war between the United States and China.
Remanufactured product prices increased late in the quarter, because of lower supply from China and Brazil on account of the trade dispute, logistical issues and exchange rate problems.

**PRODUCTION**
Thousands of m$^3$



## COPEC CONSOLIDATED

| Millions of Chilean Pesos | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales | 2,793,496 | 2,572,847 | 2,215,694 | 9% | 26% | 7,759,402 | 6,650,620 | 17% |
| EBIT | 71,204 | 94,904 | 81,099 | -25% | -12% | 236,654 | 235,735 | 0% |
| **EBITDA** | **100,248** | **121,914** | **105,852** | **-18%** | **-5%** | **318,375** | **310,715** | **2%** |
| Non-operating income | (20,037) | (22,424) | (8,869) | 11% | -126% | (58,968) | (28,220) | -109% |
| **Net Income** | **30,256** | **43,003** | **45,101** | **-30%** | **-33%** | **110,941** | **134,808** | **-18%** |
| Copec Chile's physical sales (thousands of m³) | 2,384 | 2,418 | 2,397 | -1% | -1% | 7,310 | 7,308 | 0% |
| Copec Chile's market share | 56.1%* | 56.4% | 55.9% | -1% | 0% | 56.1%* | 57.3% | -2% |
| MAPCO's Sales (US$ million) | 487 | 497 | 411 | -2% | 18% | 1,397 | 1,139 | 23% |
| MAPCO's EBITDA (US$ million) | 9 | 12 | 13 | -25% | -31% | 24 | 31 | -23% |
| MAPCO's physical sales (thousands of m³) | 536 | 552 | 513 | -3% | 4% | 1,587 | 1,443 | 10% |

** Copec Chile's market share in 3Q18 and YTD 2018 is that as of July 2018.*

**3Q18 3Q17**

Copec posted net income of Ch$30,256 million in 3Q18, Ch$14,845 million down YoY. That is explained by a drop in operating and non-operating income. Operating income fell Ch$5,604 million, due to higher distribution and administration costs in Chile and Colombia. That was partly offset by the positive effect of the revaluation of inventories in Chile. Non-operating income was down Ch$11,168 million, on account of higher financial expenses at Terpel from the acquisition of ExxonMobil's assets and lower exchange rate difference income.

**3Q18 2Q18**

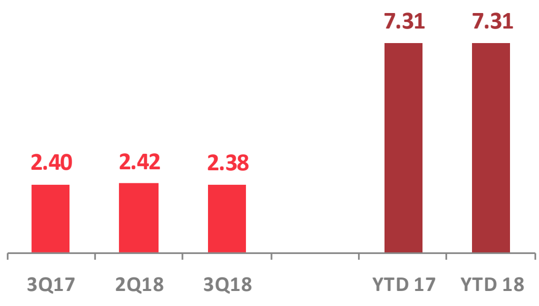
Net income in the quarter fell Ch$12,747 million QoQ. Operating income dropped Ch$23,700 million, due to lower margins in Chile and Colombia, mainly from the negative effects of the revaluation of inventories. Moreover, physical sales volumes fell in Chile and the United States. Non-operating income increased Ch$2,387 million explained by the higher income of the associate Sonamar due to the loss the previous quarter and from an increase in other revenues. That was partly offset by lower exchange rate difference income.

**2018 2017 YTD**

Regarding net income YTD, Copec had a Ch$23,867 million decrease. That is explained by non-operating income dropping Ch$30,748 million because of higher expenses from the acquisition of ExxonMobil, a greater loss at the associate Sonamar, and a negative exchange rate difference effect. That was partly offset by a Ch$7,660 million increase in operating income, largely because of an operating income increase at Terpel from higher revaluation of inventories and greater margins and sales volumes.

**COPEC CHILE FUEL SALES**

Millions of m³



## ORGANIZACIÓN TERPEL CONSOLIDATED

| Millions of Colombian Pesos | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales | 4,993,012 | 4,630,662 | 3,871,004 | 8% | 29% | 13,736,208 | 11,106,777 | 24% |
| EBIT | 155,789 | 179,374 | 167,966 | -13% | -7% | 447,035 | 398,880 | 12% |
| **EBITDA** | **206,429** | **227,700** | **214,615** | **-9%** | **-4%** | **591,782** | **534,540** | **11%** |
| Non-operating income | (60,937) | (70,718) | (37,002) | 14% | -65% | (218,364) | (95,839) | -128% |
| **Net income of controlling interest** | **62,211** | **67,754** | **79,805** | **-8%** | **-22%** | **126,486** | **184,796** | **-32%** |
| **Net income of minority interest** | **7** | **0** | **0** | **6,400%** | **6,400%** | **7** | **0** | **6,500%** |
| **Physical sales of Terpel (thousands of m³)** | | | | | | | | |
| Colombia | 1,902 | 1,831 | 1,803 | 4% | 5% | 5,534 | 5,241 | 6% |
| Panama | 235 | 231 | 234 | 2% | 0% | 694 | 692 | 0% |
| Ecuador | 345 | 340 | 152 | 1% | 127% | 831 | 429 | 94% |
| Dominican Republic | 51 | 45 | 56 | 13% | -9% | 152 | 167 | -9% |
| Peru | 35 | 30 | 11 | 17% | 218% | 77 | 30 | 157% |
| **Physical sales of Gazel (thousands of m³)** | | | | | | | | |
| Colombia | 64 | 65 | 66 | -2% | -3% | 195 | 211 | -8% |
| Peru | 23 | 21 | 21 | 10% | 10% | 64 | 60 | 7% |
| Mexico | - | - | 17 | - | -100% | - | 47 | -100% |

**3Q18 3Q17**

Terpel's net income in 3Q18 dropped 22% YoY. That is explained by an operating income decrease of COP$12,177 million, due to higher distribution costs and administration expenses related to the integration of ExxonMobil's businesses, and to the lower effect of the revaluation of inventories. That was partly offset by a 13.8% increase in liquid fuel sales volumes from the consolidation of the assets purchased from ExxonMobil in Peru and Ecuador. Non-operating income decreased COP$23,935 million, because of higher financial expenses from the acquisition of ExxonMobil's assets.

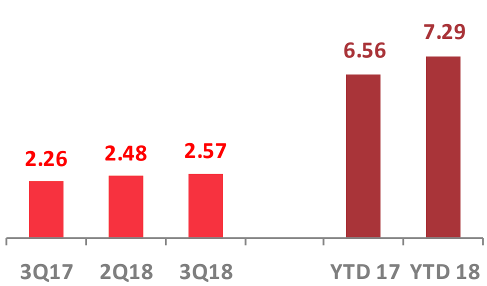
**3Q18 2Q18**

Net income in 3Q18 dropped COP$5,543 million QoQ. Operating income was down COP$23,585 million, due to lower margins mainly explained by a negative effect of the revaluation of inventories. That was partly offset by higher liquid fuel sales volumes in all the countries in which it operates and greater vehicle natural gas (VNG) sales volumes in Peru. Non-operating income rose COP$9,781 million, mainly because of higher other revenues.

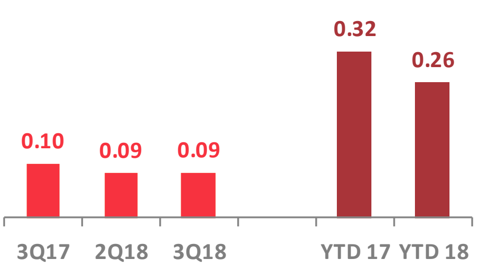
**2018 2017 YTD**

Net income YTD dropped COP$58,310 million compared to the same period in 2017. That was due to more negative non-operating income of COP$122,525 million on account of higher financial expenses from the acquisition of ExxonMobil's assets. That was partly offset by a positive effect of the revaluation of inventories and better margins and sales volumes. Moreover, the company incorporated operations in Peru and Ecuador after the purchase of ExxonMobil's assets.

### TERPEL FUEL SALES
Millions of m³




### GAZEL FUEL SALES
Millions of m³



## ABASTIBLE CONSOLIDATED

| Millions of Chilean Pesos | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales | 235,662 | 221,298 | 206,680 | 6% | 14% | 626,191 | 562,278 | 11% |
| EBIT | 26,753 | 23,145 | 27,051 | 16% | -1% | 66,880 | 61,837 | 8% |
| **EBITDA** | **34,596** | **31,023** | **36,181** | **12%** | **-4%** | **90,913** | **89,964** | **1%** |
| Non-operating income | (69) | (3,663) | 1,199 | 98% | -106% | (6,847) | 1,586 | -532% |
| **Net Income** | **18,603** | **8,388** | **21,846** | **122%** | **-15%** | **36,751** | **43,740** | **-16%** |
| Physical sales of LPG in Chile (thousands of tons) | 146 | 138 | 146 | 6% | 0% | 382 | 365 | 5% |
| Physical sales of LPG in Colombia (thousands of tons) | 51 | 51 | 51 | 0% | 0% | 151 | 147 | 3% |
| Physical sales of LPG in Peru (thousands of tons) | 153 | 138 | 131 | 11% | 17% | 410 | 391 | 5% |
| Physical sales of LPG in Ecuador (thousands of tons) | 118 | 113 | 111 | 4% | 6% | 338 | 315 | 7% |

3Q18
3Q17

Abastible posted net income of Ch$18,603 million in 3Q18, which was Ch$3,243 million down YoY. That was mainly due to higher tax expenses from the net income generated from foreign exchange effects on consolidating the investment in Peru, along with lower operating and non-operating income.
Operating income dipped 4.4%, because of higher administration expenses in Chile and Colombia. Non-operating income was down Ch$1,268 million, because of greater other expenses and lower monetary correction income. That was partly offset by higher other net earnings.

3Q18
2Q18

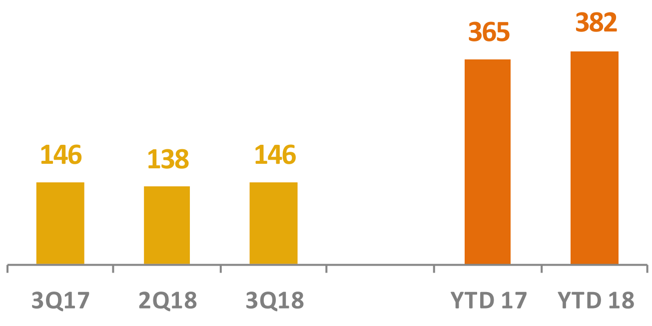
Abastible's net income increased Ch$10,215 million QoQ.
Operating income climbed 16%, explained by higher sales volumes in Chile, Colombia, Peru and Ecuador. On the other hand, non-operating income rose Ch$3,594 million due to higher income in associates and joint ventures, because of the loss recorded at Sonamar in the previous quarter and the net income increase of Gasmar this quarter. That was partly offset by higher other expenses.

2018
2017
YTD

Net income YTD was Ch$6,989 million down on that in 2017. That was mainly due to lower non-operating income of Ch$8,433 million because of the losses reported at the associate Sonamar. Operating income, however, increased 8% on the previous year, on account of the positive effects of changes in accounting principles, greater volumes in Chile, Colombia, Peru and Ecuador, and higher margins in Chile and Colombia. That was partly offset by lower margins in Peru.

## ABASTIBLE CHILE LPG SALES

Thousands of tons



## EMPRESA PESQUERA EPERVA

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales | 100 | 124 | 65 | -19% | 55% | 323 | 251 | 29% |
| EBIT | (3) | 21 | 144 | -113% | -102% | 20 | 147 | -87% |
| **EBITDA*** | **7** | **28** | **(9)** | **-76%** | **169%** | **43** | **13** | **228%** |
| Non-operating income | (1) | (4) | (0) | 74% | -252% | (6) | (3) | -66% |
| Income (loss) from discontinued operations | - | - | 7 | - | -100% | - | 3 | -100% |
| **Net income of controlling interest** | **(3)** | **10** | **51** | **-134%** | **-107%** | **6** | **49** | **-87%** |
| **Net income of minority interest** | **0** | **7** | **61** | **-94%** | **-99%** | **8** | **60** | **-87%** |
| **Physical Sales** | | | | | | | | |
| Fishmeal & other protein foods (tons) | 92,589 | 100,646 | 34,749 | -8% | 166% | 293,432 | 229,257 | 28% |
| Fish oil (tons) | 2,274 | 7,410 | 2,175 | -69% | 5% | 11,841 | 4,132 | 187% |

*(*) EBITDA = Gross earnings – Distribution cost – Administration expenses + Depreciation + Amortization of intangibles + Other revenues – Other expenses*

**3Q18 3Q17**

Eperva posted a loss of US$3 million in 3Q18 against net income of US$51 million YoY. This change is mainly explained by a US$147 million decrease in operating income due to the sale of 60% of Selecta by Corpesca in 2017, which entailed net income before tax of US$161 million. That was partly offset by lower administration expenses (US$6 million) and other operating expenses (US$10 million less).

**3Q18 2Q18**

Net income in 3Q18 dropped US$14 million QoQ. This change was due to an operating income decrease of US$24 million, mainly related to the subsidiary Corpesca. The latter had a fishmeal sales volume decrease of 38% QoQ, which was partly offset by a 4.6% average price increase. On the other hand, non-operating income rose US$3 million, mainly because of a positive exchange rate difference effect.

**2018 2017 YTD**

Net income YTD was US$43 million lower than that in the same period of last year. This negative change is mainly due to a US$128 million decrease in operating income, related to the effect of the sale of 60% of Selecta by Corpesca, which entailed net income of US$161 million before tax. That was partly offset by a volume and price increase of fishmeal and fish oil. There were also lower administration expenses (US$5 million) and other operating expenses (US$10 million less).
On the other hand, non-operating income dropped US$2 million, due to a negative exchange rate difference effect, and income from discontinued operations fell US$3 million.

## PESQUERA IQUIQUE-GUANAYE, IGEMAR

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | Q-Q Var. | Y-Y Var. | YTD 2018 | YTD 2017 | Y-Y Acc. Var. |
|---|---|---|---|---|---|---|---|---|
| Sales | 53 | 55 | 47 | -4% | 12% | 150 | 118 | 27% |
| EBIT | 3 | 6 | (0) | -49% | 1,700% | 14 | (1) | 1,875% |
| **EBITDA** | **8** | **10** | **7** | **-25%** | **1%** | **25** | **16** | **58%** |
| Non-operating income | (12) | 3 | 36 | -477% | -132% | (15) | 23 | -163% |
| **Net income** | **(7)** | **7** | **40** | **-196%** | **-116%** | **(1)** | **32** | **-103%** |
| **Physical Sales** | | | | | | | | |
| Fishmeal (tons) | 10,701 | 11,078 | 10,725 | -3% | 0% | 25,731 | 20,487 | 26% |
| Fish oil (tons) | 4,917 | 2,411 | 2,967 | 104% | 66% | 8,319 | 5,617 | 48% |
| Canned fish (cases) | 668,744 | 603,099 | 533,180 | 11% | 25% | 1,984,669 | 1,626,743 | 22% |
| Frozen fish (tons) | 4,138 | 9,199 | 6,704 | -55% | -38% | 16,282 | 14,681 | 11% |
| **Catch (tons)** | 12,467 | 90,533 | 26,282 | -86% | -53% | 171,810 | 145,033 | 18% |

**3Q18 3Q17**

Igemar posted a loss of US$7 million in 3Q18 against net income of US$40 million YoY. Such lower income is explained by a non-operating income decrease from two events in 3Q17: the income from the sale of Selecta in Brazil and the acquisition of an additional shareholding in Corpesca. On the other hand, operating income increased US$3 million, due to higher physical sales of fish oil and canned fish and price increases of frozen fish, fishmeal and fish oil. That was partly offset by a lower frozen fish volume and a canned fish price decrease.

**3Q18 2Q18**

Net income in 3Q18 dropped US$14 million QoQ. That is mainly explained by a non-operating income decrease of US$15 million from the lower income obtained by the associate Corpesca and higher other expenses because of plants and vessels that were not operative. Operating income dipped US$3 million due to a price decrease of canned fish, fishmeal and fish oil. That was partly offset by higher fish oil and canned fish volumes, and a frozen fish price increase.

**2018 2017 YTD**

Net income YTD is a loss of US$1 million, which is a US$33 million decrease on the previous year. That is largely explained by a US$38 million drop in non-operating income, due to the lower earnings in the associate Corpesca (-US$28.5 million) from the sale of Selecta in the third quarter of the previous year. Other earnings also dropped (-US$9.2 million), related to the net income generated from the acquisition of an additional shareholding in Corpesca in 3Q17. That was partly offset by higher other earnings (+US$3.4 million) from Orizon selling off non-core assets.

On the other hand, operating income rose US$15 million, mainly explained by industrial catches surging 59% from the higher jack mackerel catch quota. That led to higher physical sales, fishmeal and fish oil price increases, and higher sales volumes of frozen and canned fish.

# HIGHLIGHTS

## ANTARCHILE IS LISTED ON THE DOW JONES SUSTAINABILITY CHILE INDEX

> AntarChile was selected to be listed on the Dow Jones Sustainability Chile Index.
> This index is drawn up by S&P and RobecoSAM and lists the 29 leading companies on economic, environmental and social issues, due to a stringent and standardised analysis of their annual performance.

## MAPA PROJECT MAKES PROGRESS

> In July 2018, the Arauco board approved the Arauco Mill Modernization and Expansion (MAPA, according to the Spanish acronym) project.
> In October 2018, Arauco signed contracts with the suppliers Andritz and Valmet to purchase the main machinery of the MAPA project. The investment in this machinery will be around €600 million.
> Moreover, as part of the project financing, Arauco placed two bonds in the domestic market (W series and X series) amounting to UF8.5 million, equivalent to about US$340 million. The W series was structured with 10-year bullet maturity and a placement rate of 2.38% and the X series with 25-year bullet maturity and a placement rate of 2.88%.
> MAPA is expected to start up in the second quarter of 2021 and the total CapEx is estimated to be US$2,350 million.

## PROGRESS WITH THE EXXONMOBIL ASSET PURCHASE PROCESS

> On March 15, 2018, Terpel acquired ExxonMobil's operations in Colombia, Ecuador and Peru paying US$714.7 million, of which US$230 million was the cash of the companies. Terpel financed this operation by issuing bonds in the Colombian market.
> Pursuant to the conditions imposed by the antitrust authorities in Colombia, in July Terpel repurchased the lubricants business in Colombia from the autonomous trust for COP$303 billion. As partial payment, Terpel sold a portion of the lubricant assets, which included the lubricants plant in Bucaramanga and the contracts related to the industrial lines (Maxter) for COP$41 billion.
> In late March, Terpel started to consolidate the operations in Peru and Ecuador, and in July incorporated the lubricants business in Colombia. During such month, it also started to sell Mobil lubricants to industrial customers and distributors that had signed contracts with ExxonMobil. Finally on August 3, Terpel re-inaugurated the lubricant factory at Cartagena and started joint production of the Mobil and Terpel brands.
> ExxonMobil's fuels business and lubricants operation with production headquarters in Bucaramanga continue to be operated independently by the autonomous trust and are in a sale process.

# HIGHLIGHTS

## ONGOING PROGRESS WITH ARAUCO'S PROJECTS

> The Grayling project continues to develop according to schedule, with current progress of 93%. This mill at Grayling Michigan, United States, entails an estimated investment of US$450 million and will have a capacity of 800,000 m³ a year. It is expected to be commissioned in early 2019.

> The dissolving pulp project continues its course, with progress of 48% as of October 2018. The estimated investment is about US$185 million. Commissioning is forecasted for late 2019.

## EXIT OF THE SELECTIVE STOCK PRICE INDEX (IPSA)

> In August 2016, the Santiago Stock Exchange signed an agreement with S&P Dow Jones Indices (S&P DJI) to amend the Chilean stock market indices.

> The new S&P/CLX IPSA index came into force in August 2018, reducing the number of companies listed from 40 to 30 and leaving AntarChile out of the ranking.

## INVERSIONES ALXAR S.A. SIGNS AN AGREEMENT WITH MINSUR TO DEVELOP A COPPER PROJECT

> On April 23, 2018, Inversiones Alxar S.A. signed an agreement with Minsur S.A., a Peruvian mining company, to develop the copper project of Mina Justa and its surrounding properties. Construction of this project started in the second half of 2018.

> Under the terms of the agreement, Alxar acquired 40% of the Peruvian company Cumbres Andinas S.A.C., controller of Marcobre which owns the new project, with Minsur maintaining the remaining 60%. The acquisition price amount to about US$168.5 million.

> Alxar and Minsur plan to invest about US$1.6 billion in the construction of Mina Justa in the next three years, of which US$800 million to US$900 million will be financed by means of project finance. In an extraordinary shareholders' meeting held on May 16, the shareholders of Empresas Copec approved the granting of security for this debt.

> The mine is expected to have a commercial life of 18 years. It also has growth potential related to the development of surrounding mining concessions.

## BALANCE SHEET

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 |
|---|---|---|---|
| Cash and cash equivalents | 1,470 | 1,269 | 1,192 |
| Other current financial assets | 479 | 477 | 195 |
| Other current non-financial assets | 170 | 215 | 193 |
| Trade and other receivables, current | 2,040 | 1,903 | 1,617 |
| Related party receivables | 47 | 39 | 44 |
| Inventories | 1,799 | 1,722 | 1,442 |
| Current biological assets | 299 | 269 | 315 |
| Current tax assets | 86 | 82 | 71 |
| Non-current assets classified as held for sale | 15 | 23 | 7 |
| **Total current assets** | **6,405** | **6,000** | **5,075** |
| Other non-current financial assets | 472 | 455 | 492 |
| Other non-current non-financial assets | 155 | 157 | 128 |
| Non-current fees receivable | 40 | 39 | 34 |
| Non-current accounts receivable from related parties | 8 | 8 | 8 |
| Investments accounted for using the equity method | 1,258 | 1,210 | 1,065 |
| Intangible assets other than goodwill | 842 | 848 | 831 |
| Goodwill | 592 | 585 | 413 |
| Property, plant and equipment | 10,405 | 10,325 | 10,388 |
| Non-current biological assets | 3,364 | 3,422 | 3,515 |
| Investment property | 41 | 42 | 47 |
| Deferred tax assets | 316 | 304 | 315 |
| **Total non-current assets** | **17,493** | **17,396** | **17,235** |
| **TOTAL ASSETS** | **23,898** | **23,396** | **22,310** |
| | | | |
| Other current financial liabilities | 1,311 | 1,166 | 1,088 |
| Trade and other current payables | 1,784 | 1,566 | 1,457 |
| Related party payables | 19 | 17 | 8 |
| Other short-term provisions | 22 | 22 | 18 |
| Current tax liabilities | 159 | 93 | 62 |
| Current provisions for employee benefits | 13 | 12 | 10 |
| Other current non-financial liabilities | 440 | 338 | 335 |
| **Total current liabilities** | **3,749** | **3,214** | **2,979** |
| Other non-current financial liabilities | 6,187 | 6,344 | 5,518 |
| Other non-current accounts payable | 1 | 1 | 1 |
| Non-current account payable to related companies | - | - | - |
| Other long-term provisions | 66 | 66 | 69 |
| Deferred tax liabilities | 2,124 | 2,143 | 2,304 |
| Non-current provisions for employee benefits | 119 | 119 | 112 |
| Other non-current non-financial liabilities | 185 | 183 | 141 |
| **Total non-current liabilities** | **8,682** | **8,856** | **8,145** |
| Non-parent participation | 4,674 | 4,622 | 4,561 |
| **Net equity attributable to owners of parent** | **6,793** | **6,704** | **6,625** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **23,898** | **23,396** | **22,310** |

## INCOME STATEMENT

| US$ million | 3Q 2018 | 2Q 2018 | 3Q 2017 | YTD 2018 | YTD 2017 |
|---|---|---|---|---|---|
| Sales revenue | 6,045 | 6,116 | 5,204 | 17,913 | 15,029 |
| Cost of sales | (4,955) | (4,928) | (4,262) | (14,655) | (12,455) |
| **Gross Margin** | **1,090** | **1,187** | **942** | **3,258** | **2,575** |
| Other income | 45 | 18 | 56 | 120 | 148 |
| Distribution costs | (343) | (357) | (331) | (1,012) | (930) |
| Administration expenses | (261) | (278) | (242) | (781) | (713) |
| Other expenses | (35) | (36) | (5) | (100) | (227) |
| Other income (loss) | (3) | 5 | (1) | 1 | (4) |
| Net financial expenses | (84) | (43) | (75) | (223) | (214) |
| Share of profit (loss) of associates and joint ventures | 30 | 37 | 76 | 77 | 117 |
| Exchange rate differences | (12) | (32) | 16 | (41) | 22 |
| **Income (loss) before tax** | **427** | **499** | **435** | **1,298** | **773** |
| Income tax expense | (111) | (128) | (92) | (327) | (184) |
| Income (loss) from continuing operations | 317 | 371 | 342 | 971 | 590 |
| Income (loss) from discontinued operations | - | - | - | - | - |
| **Income (loss) attributable to owners of parent** | **183** | **224** | **204** | **576** | **341** |
| Income (loss) attributable to minority interests | 133 | 147 | 138 | 395 | 249 |
| **Net Income** | **317** | **371** | **342** | **971** | **590** |

## CONSOLIDATED CASH FLOW

| US$ million | YTD 2018 | YTD 2017 |
|---|---|---|
| Cash received from sale of goods and service provision | 18,177 | 16,939 |
| Cash received from premiums and claims, annuties and other policy benefits | 3 | 3 |
| Other cash received from operating activities | 288 | 254 |
| Payments to suppliers for goods and services | (16,102) | (15,013) |
| Payments to and on behalf of employees | (749) | (703) |
| Payment for premiums and claims, annuties and other policy obligations | (8) | (9) |
| Other cash payments for operating activities | (213) | (108) |
| Dividends received | 24 | 15 |
| Interest paid | (137) | (192) |
| Interest received | 21 | 26 |
| Income tax rebates (paid) | (139) | (114) |
| Other cash inflows (outlays) | (3) | (5) |
| **Net cash flow from (used in) operating activities** | **1,164** | **1,094** |
| | | |
| Cash flows used in obtaining control of subsidiaries or other business | (515) | - |
| Cash flows used in the purchase of non-controlling interests | (8) | (1) |
| Other cash receipts from the sale of equity or debt instruments of other entities | 0 | 3 |
| Other cash payments to acquire an interest in joint ventures | (211) | - |
| Loans to related parties | (1) | (1) |
| Proceeds from the sale of property, plant and equipment | 8 | 7 |
| Purchase of property, plant and equipment | (621) | (559) |
| Proceeds from the sale of intangible assets | - | - |
| Purchase of intangible assets | (39) | (50) |
| Proceeds from other long-term assets | 5 | 2 |
| Purchase of other long-term assets | (168) | (122) |
| Cash advances and loans to third parties | (10) | (1) |
| Charges to related parties | 2 | 0 |
| Dividends received | 34 | 34 |
| Interest received | 2 | 3 |
| Other cash inflows (outlays) | (62) | 53 |
| **Net cash flow from (used in) investing activities** | **(1,576)** | **(655)** |
| | | |
| Amounts paid for equity stakes | - | - |
| Proceeds from long-term borrowings | 1,809 | 273 |
| Proceeds from short-term borrowings | 578 | 320 |
| Loans from related parties | - | - |
| Payment of borrowings | (1,571) | (934) |
| Payments of financial leasing liabilities | (3) | (3) |
| Dividends paid | (306) | (222) |
| Interest paid | (87) | (55) |
| Other cash inflows (outlays) | (4) | 14 |
| **Net cash flow from (used in) financing activities** | **415** | **(607)** |
| | | |
| **Net increase (decrease) in cash and cash equivalents before the exchange rate change effect** | **3** | **(167)** |
| | | |
| Effect of exchange rate changes on cash and cash equivalents | 10 | 27 |
| Cash and cash equivalents at the beginning of the year | 1,456 | 1,332 |
| **Cash and cash equivalents at the end of the year** | **1,470** | **1,191** |