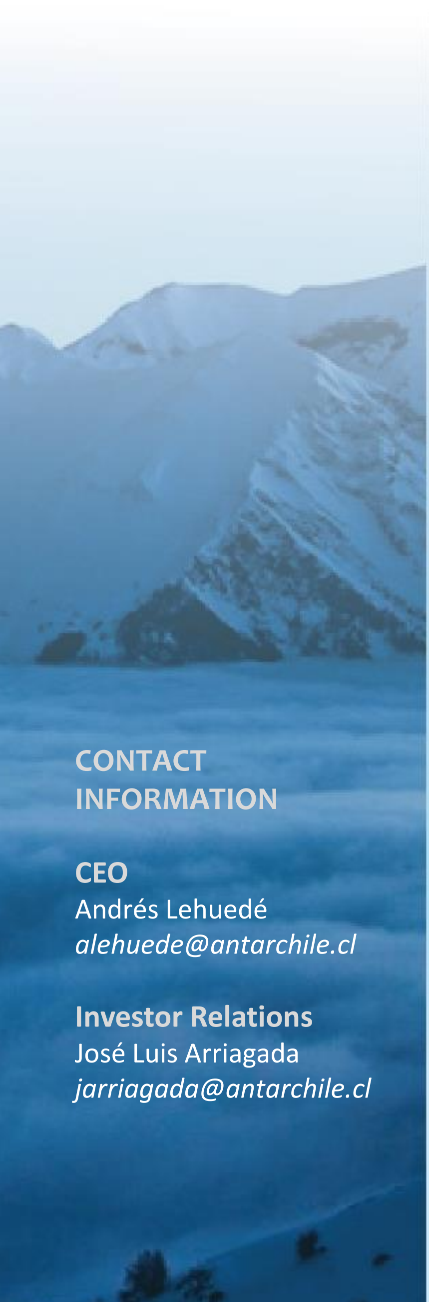
antarchile

EARNINGS ANALYSIS

First Quarter
2018



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EARNINGS consolidated

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1Q18 1Q17

AntarChile had net income of US$169 million in 1Q18, increasing US$139 million year-over-year (YoY). Operating income rose US$158 million, mainly explained by a US$151 million increase in the forestry business, due to higher income across all business lines, principally in the pulp business from price increases.
Non-operating income increased US$141 million, essentially explained by higher income of US$169 million at Arauco, since in 1Q17 it was hit hard by expenses from wildfires in Chile. That was partly offset by the lower income of Copec Consolidated, because of greater losses at Terpel from the acquisition of ExxonMobil's assets.

1Q18 4Q17

Net income increased US$111 million quarter-over-quarter (QoQ), due to higher operating and non-operating income.
Non-operating income rose US$241 million, of which US$156 million was from the non-recurring effects of Arauco stated in 4Q17, because of higher financial costs related to the pre-payment of bonds, a lower revaluation of biological assets and a fixed asset impairment charge provision. Likewise, Igemar had a US$90 million increase compared with last quarter due to a fixed asset impairment charge at Orizon, booked in 4Q 2017.
Operating income was up US$153 million because of the better performance of all sectors, particularly the forestry business which increased US$106 million from higher revenue in the pulp, timber and forestry segments. There was also a higher operating income of US$24 million at Copec Consolidated, due to lower administration expenses at Copec, and Abastible posted an operating income increase of US$15 million on account of higher sales margins. Lastly, Igemar had higher operating income of US$10 million from sales price increase.

US$ million	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales revenue	5,752	5,324	4,878	8%	18%	5,752	4,878	18%
EBIT	426	273	268	56%	59%	426	268	59%
EBITDA*	**680**	**528**	**504**	**29%**	**35%**	**680**	**504**	**35%**
Adjusted EBITDA**	683	533	502	28%	36%	683	502	36%
Non-operating income	(54)	(295)	(195)	82%	72%	(54)	(195)	72%
Net Income	283	83	60	239%	370%	283	60	370%
Net income of controlling interest	**169**	**58**	**30**	**192%**	**466%**	**169**	**30**	**466%**
Net income of minority interest	114	26	30	345%	276%	114	30	276%
EBITDA Margin	12%	10%	10%	19%	14%	12%	10%	14%
EBITDA / net financial expense	7.1 x	4.1 x	7.2 x	75%	-1%	7.1 x	7.2 x	-1%

(*) 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

BALANCE SHEET consolidated

US$ million	mar 2018	dec 2017	Variation US$ million	Variation %
Current Assets	6,231	5,485	746	13.6%
Non-current Assets	17,633	17,243	390	2.3%
Total Assets	**23,864**	**22,728**	**1,136**	**5.0%**
Other current financial liabilities	1,078	1,080	(3)	-0.2%
Other current liabilities	2,190	2,189	1	0.0%
Other non-current financial liabilities	6,579	5,714	866	15.2%
Other non-current liabilities	2,601	2,561	40	1.6%
Total liabilities	**12,448**	**11,544**	**903**	**7.8%**
Equity of minority interest	**4,638**	**4,555**	**83**	**1.8%**
Equity attributable to controlling interest	**6,778**	**6,628**	**150**	**2.3%**
Leverage	0.52	0.46	N.A.	12.3%
Net financial debt	5,902	5,149	753	14.6%

As of March 31, 2018, AntarChile's total consolidated current assets rose 5.0% on those as of December 31, 2017.

Current assets increased 13.6%, driven by an increase in trade receivables and other current accounts receivable at Arauco and Copec. Moreover, there were higher cash and cash equivalents at Empresas Copec.

Non-current assets rose 2.3%, related to an increase in intangible assets and property, plant and equipment at Copec. That was due to the acquisition of the ExxonMobil business and an increase in other non-current financial assets at Arauco.

Current liabilities had virtually no change. There was a decrease in trade accounts payable and other accounts payable at Arauco, which were partly offset by greater other current non-financial liabilities at Arauco and Copec, and both related to higher provisions for dividends payable. Current tax liabilities also rose at Arauco.

On the other hand, non-current liabilities increased 10.9%, due to higher other non-current financial liabilities at Copec, related to Terpel acquiring ExxonMobil's assets.

Lastly, shareholders' equity increased 2.3% on that at December 2017, because of higher retained earnings and positive changes in other reserves.

CASH FLOW consolidated

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US$ million	mar-18	mar-17	Variation US$ million	Variation %
Cash flow from (used in) operating activities	140	144	(4)	-2%
Cash flow from (used in) investing activities	(742)	(139)	(603)	-434%
Cash flow from (used in) financing activities	751	(47)	799	1,686%
Net increase (decrease) in cash and cash equivalents, before exchange rate adjustments	**149**	**(43)**	**192**	**451%**

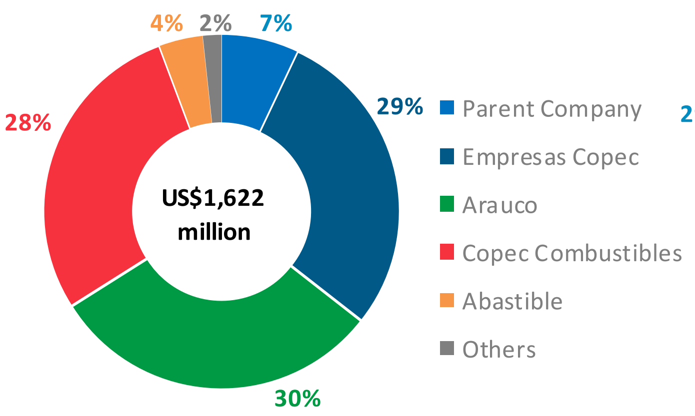
The company's cash flow in 1Q18 before the exchange rate effect was US$149 million, which was an increase on the negative cash flow of US$43 million YoY.

The operating cash flow as of March 2018 dropped 2.1% on the previous year, largely explained by greater payments to goods and services suppliers at Copec and Arauco. That was partly offset by charges for sales of goods and service providers at Copec and Abastible.

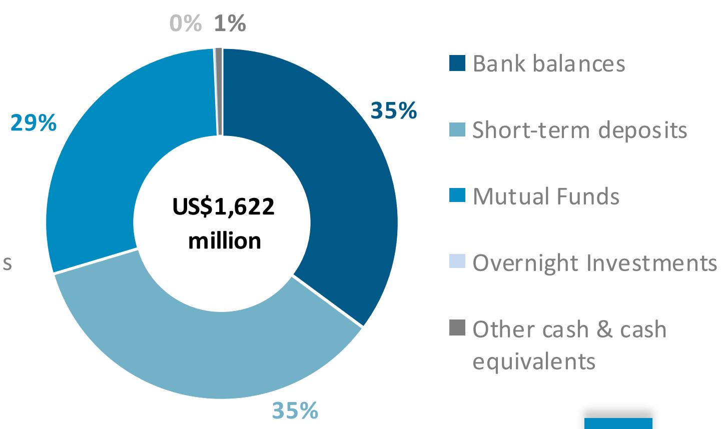
The investing cash flow in 1Q18 was US$603 million more negative than in the same period in 2017. The main reason was the higher amounts of cash used to gain control of subsidiaries and other businesses, related to Terpel acquiring ExxonMobil's assets. There was also an increase in property, plant and equipment at Arauco, along with higher payments for hedging derivative contracts at Copec.

The financing flow was US$ 799 million higher than the one as of March 2018, mainly due to greater new loans taken out by Terpel to acquire ExxonMobil's assets.

CASH AND CASH EQUIVALENTS
by entity

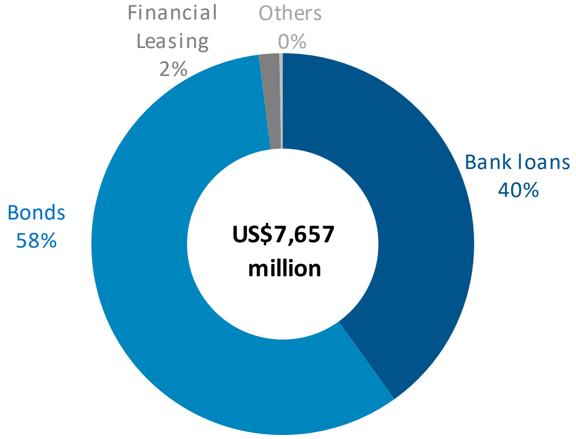


BREAKDOWN
by instrument

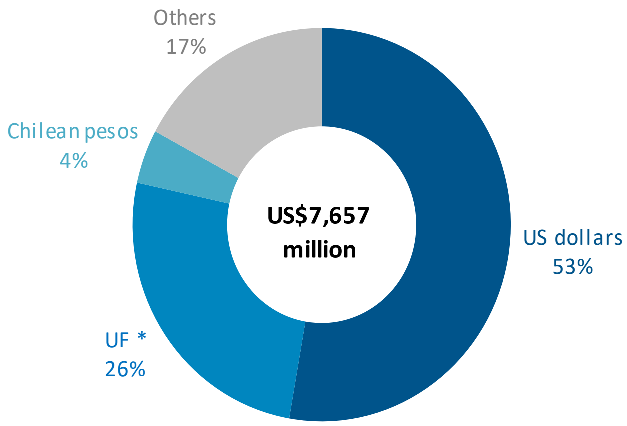


FINANCIAL DEBT consolidated

BREAKDOWN
by instrument



BREAKDOWN
by currency



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

FINANCIAL DEBT
Net

US$ million	1Q 2018	4Q 2017	1Q 2017
Current financial liabilities	1,078	1,080	961
Non-current financial liabilities	6,579	5,714	5,897
Total financial liabilities	**7,657**	**6,794**	**6,858**
Cash and cash equivalents	1,622	1,456	1,303
Current financial assets	134	189	187
Net financial debt*	**5,902**	**5,149**	**5,368**

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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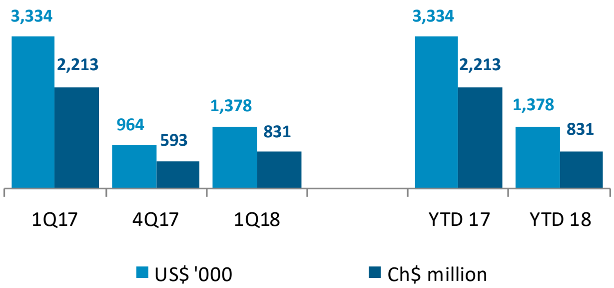
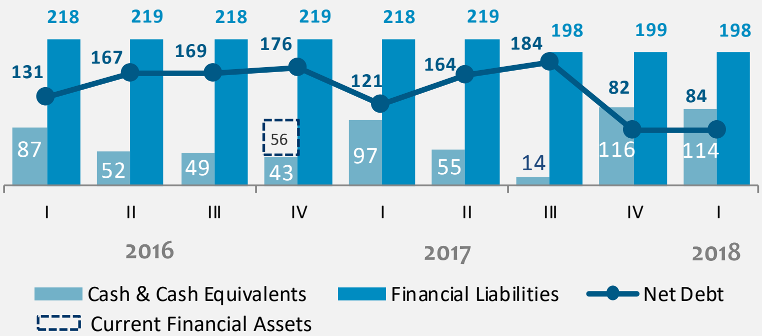
US$ million	1Q 2018	4Q 2017	1Q 2017	Var. Q-Q	Var. Y-Y	YTD 2018	YTD 2017	Acc. Var. Y-Y
Sales								
Forestry	1,465	1,331	1,234	10%	19%	1,465	1,234	19%
Fuels	4,245	3,953	3,615	7%	17%	4,245	3,615	17%
Fisheries	42	39	31	9%	37%	42	31	37%
Other companies	0	1	(2)	-82%	113%	0	(2)	113%
Total	**5,752**	**5,324**	**4,878**	**8%**	**18%**	**5,752**	**4,878**	**18%**
EBITDA								
Forestry	460	350	293	31%	57%	460	293	57%
Fuels	218	180	215	21%	1%	218	215	1%
Fisheries	8	3	3	164%	137%	8	3	137%
Other companies	(6)	(6)	(8)	-14%	20%	(6)	(8)	20%
Total	**680**	**528**	**504**	**29%**	**35%**	**680**	**504**	**35%**
Net income								
Forestry	198	83	(45)	138%	537%	198	(45)	537%
Fuels	88	69	102	27%	-14%	88	102	-14%
Fisheries	(2)	(77)	(5)	98%	66%	(2)	(5)	66%
Other companies	(1)	8	8	-111%	-111%	(1)	8	-111%
Total	**283**	**83**	**60**	**239%**	**370%**	**283**	**60**	**370%**
Capex								
Forestry	183	233	120	-21%	53%	183	120	53%
Fuels	575	106	73	442%	687%	575	73	687%
Fisheries	0	12	2	-98%	-86%	0	2	-86%
Other companies	1	(1)	3	187%	-77%	1	3	-77%
Total	**759**	**350**	**197**	**117%**	**285%**	**759**	**197**	**285%**

SALES AND ADMINISTRATION EXPENSES

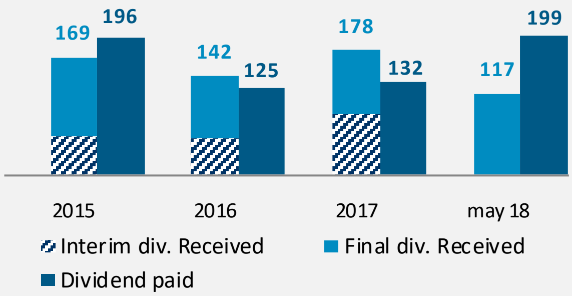


- The administration expenses of AntarChile (individual) dropped US$2 million in 1Q18 compared to the same period in 2017, due to extraordinary severance payments made in 1Q17.

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.

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 the company received a dividend payment from Colbún.

In the third quarter of 2017, AntarChile reduced its individual debt by US$21 million and also made a temporary fund transfer of US$19 million to Igemar to finance part of the increase of its shareholding in Corpesca. Such funds were reimbursed in November 2017.

EMPRESAS COPEC CONSOLIDATED

US$ million	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales revenue	5,752	5,324	4,878	8%	18%	5,752	4,878	18%
EBIT	427	274	271	56%	58%	427	271	58%
EBITDA*	**681**	**529**	**507**	**29%**	**34%**	**681**	**507**	**34%**
Adjusted EBITDA **	693	503	510	38%	36%	693	510	36%
Non-operating income	(54)	(296)	(199)	82%	73%	(54)	(199)	73%
Net income	284	81	60	251%	373%	284	60	373%
Net income of controlling interest	**280**	**106**	**49**	**164%**	**471%**	**280**	**49**	**471%**
Net income of minority interest	4	(25)	10	116%	-60%	4	10	-60%

(*) 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 1Q 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	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales revenue	1,465	1,331	1,234	10%	19%	1,465	1,234	19%
EBIT	269	163	118	65%	129%	269	118	129%
Adjusted EBITDA*	**464**	**345**	**292**	**35%**	**59%**	**464**	**292**	**59%**
Non-operating income	(20)	(175)	(189)	89%	90%	(20)	(189)	90%
Net income	198	83	(45)	138%	537%	198	(45)	537%
Net income of controlling interest	**198**	**83**	**(46)**	**139%**	**534%**	**198**	**(46)**	**534%**
Net income of minority interests	(0)	0	0	-136%	-127%	(0)	0	-127%

(*) 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

1Q18 1Q17

Arauco posted net income of US$198 million in 1Q18, US$243 million up YoY. That was due to an increase in operating income of US$151 million from higher revenue across all its business lines, mainly in the pulp business where there was a price increase, partly offset by lower volume. Besides this, there was a positive effect of US$169 million on non-operating income, since 1Q17 was hit hard by expenses from wildfires in Chile (-US$178 million recognized as of March 2017).

1Q18 4Q17

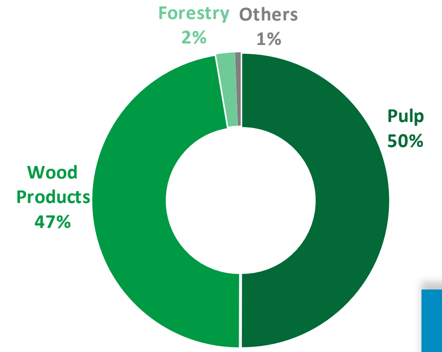
Net income in 1Q18 increased US$115 million QoQ. That was due to higher operating and non-operating income. The former rose US$106 million from greater revenue in the pulp, timber and forestry segments, mainly explained by pulp and sawn timber price increases and higher physical panel sales. Non-operating income was up US$156 million, because of three non-recurring effects in 2017: higher financial costs related to the buyback of bonds and debt refinancing (-US$65 million), a lower revaluation of biological assets (-US$54 million) and a fixed asset impairment charge provision (-US$28 million).

SALES
by segment

US$ million	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.
Pulp (*)	733	637	564	15%	30%
Wood Products (*)(**)	693	646	640	7%	8%
Forestry (*)	30	30	20	-1%	53%
Others	9	19	10	-51%	-13%
Total	**1,465**	**1,331**	**1,234**	**10%**	**19%**

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

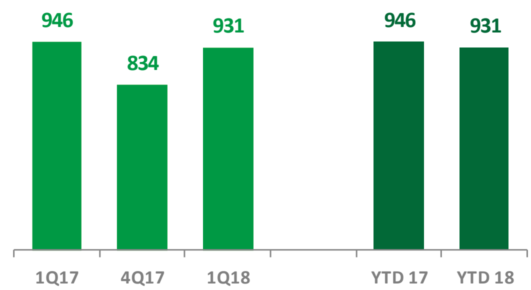
Total 1Q18: US$1,465 million



PULP

All markets generally had positive demand in 1Q18, with stable prices and even increases in some areas, which has reduced the price differences among markets. All the Asian markets had strong and active demand, even after the Chinese New Year when the industry usually undergoes an adjustment. Prices remain stable, which has enabled paper producers, particularly hardwood, to maintain their margins by transferring the higher costs to their customers. Regarding China, as of January new regulations came into force restricting unsorted waste paper imports, with a positive impact on prices.
Europe, a market that has been depressed for several years, has had significant recovery and very active demand, with producers operating at full capacity and, as in the Asian market, they have managed to transfer costs to their customers. Pulp prices rose 3% to 12% in 1Q18, with unbleached pulp prices increasing most. The 7% softwood price increase was also due to restrictions on Scandinavian supply because of the weather conditions.

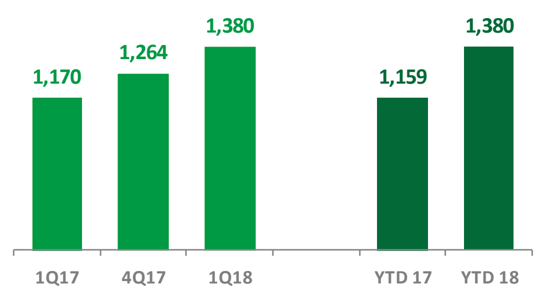
PRODUCTION
Thousands of Adt



PANELS

The upward trend in plywood of the second half of 2017 continued in 1Q18. The leading markets for this product (United States, Mexico, Chile, Europe and Oceania) have increased their demand because of greater activity in the construction sector. There were price increases and 100% of the production was sold.
A positive outlook is expected in the next few months, due to the development of and strong demand for value-added products.
1Q18 was also positive for Chile and Latin America in the panels market. Prices and volumes have had an upward trend, because of higher panel consumption in markets in Chile and Mexico. This sales increase is expected to continue for the rest of the year.
Brazil has managed to attain large progress with the consolidation of the new mills acquired. As in Chile and Mexico, there was also higher panel consumption with stable sales but higher prices. Demand is expected to carry on growing, despite the higher supply of mills that will start up in the second half of the year.
The Argentine market had positive results because of economic growth. A greater level of activity is expected in the next few months.
Panel sales were stable in the United States and Canada, but growth of the US economy is expected to lead to higher demand.

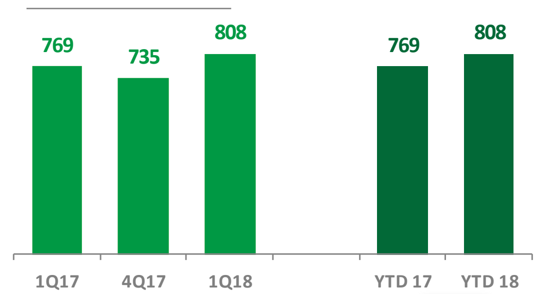
PRODUCTION
Thousands of m^3



SAWN TIMBER

As in prior months, sawn timber had a positive trend in 1Q18. Prices increased 4.5% due to sound demand, mainly from China and the rest of Asia.
In the Middle East, prices have continued to increase and demand has remained stable. This trend is expected to carry on in the next few months, because of improved activity of the leading global economies.
Regarding remanufactured products, favorable seasonality and greater activity of the US construction industry did not suffice to offset the oversupply from Brazil and China hitting prices.

PRODUCTION
Thousands of m^3



COPEC CONSOLIDATED

Millions of Chilean Pesos	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales	2,393,059	2,315,080	2,205,928	3%	8%	2,393,059	2,205,928	8%
EBIT	70,546	59,562	84,018	18%	-16%	70,546	84,018	-16%
EBITDA	**96,212**	**86,420**	**108,750**	**11%**	**-12%**	**96,212**	**108,750**	**-12%**
Non-operating income	(16,506)	(17,043)	(9,150)	3%	-80%	(16,506)	(9,150)	-80%
Net Income	**37,682**	**32,658**	**50,883**	**15%**	**-26%**	**37,682**	**50,883**	**-26%**
Copec Chile's physical sales (thousands of m³)	2,508	2,515	2,496	0%	0%	2,508	2,496	0%
Copec Chile's market share	56.7% *	56.8%	58.6%	0%	-3%	56.7% *	58.6%	-3%
MAPCO's Sales (US$ million)	413	414	347	0%	19%	413	347	19%
MAPCO's EBITDA (US$ million)	2	8	5	-75%	-60%	2	5	-60%
MAPCO's physical sales (thousands of m³)	499	517	444	-3%	12%	499	444	12%

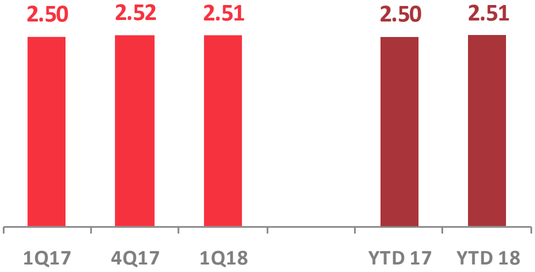
1Q18 1Q17

Copec had net income of Ch$37,682 million in 1Q18, Ch$13,201 million lower YoY. That is mainly explained by an operating income decrease of Ch$13,472 million, due to decreased margins at Copec and a lower revaluation of inventories. Non-operating income fell Ch$7,356 million, because of higher expenses at Terpel from the acquisition of ExxonMobil's assets.

1Q18 4Q17

Net income in the quarter was Ch$5,024 million up QoQ. Operating income increased Ch$10,984 million, largely due to lower administration expenses at Copec. Non-operating income rose Ch$537 million, mainly explained by an increase in other revenue and disbursements and a higher exchange rate difference. That was partly offset by Terpel's increased financial costs from the purchase of ExxonMobil's assets.

COPEC CHILE FUEL SALES
Millions of m³



(*) Market share figures as of February 2018

ORGANIZACIÓN TERPEL CONSOLIDATED

Millions of Colombian Pesos	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales	4,112,533	4,239,483	3,588,928	-3%	15%	4,112,533	3,588,928	15%
EBIT	111,873	98,879	113,564	13%	-1%	111,873	113,564	-1%
EBITDA	**157,653**	**151,669**	**157,723**	**4%**	**0%**	**157,653**	**157,723**	**0%**
Non-operating income	(86,709)	(39,601)	(29,331)	-119%	-196%	(86,709)	(29,331)	-196%
Net income of controlling interest	**(3,479)**	**27,393**	**50,244**	**-113%**	**-107%**	**(3,479)**	**50,224**	**-107%**
Net income of minority interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Physical sales of Terpel (thousands of m³)								
Colombia	1,803	1,826	1,703	-1%	6%	1,803	1,703	6%
Panama	228	226	225	1%	1%	228	225	1%
Ecuador	146	155	137	-6%	7%	146	137	7%
Dominican Republic	58	55	62	5%	-6%	58	62	-6%
Physical sales of Gazel (thousands of m³)								
Colombia	63	70	70	-10%	-10%	63	70	-10%
Peru	20	22	20	-9%	0%	20	20	0%
Mexico	-	-	14	-	-100%	-	14	-100%

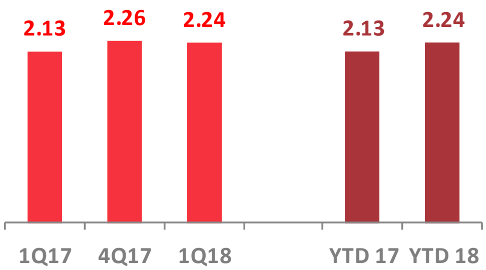
1Q18 1Q17

Terpel's net income in 1Q18 dropped COP$53,723 million YoY. This is explained by a non-operating income decrease of COP$57,378 million because of higher expenses from the acquisition of ExxonMobil's assets. EBITDA remained stable since the higher sales volume and increase in the wholesale margin on liquid fuels in Colombia, Ecuador and Panama were offset by a lower margin on vehicle natural gas (VNG) and lubricants.

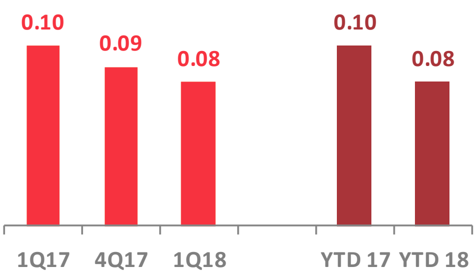
1Q18 4Q17

Net income in 1Q18 fell COP$30,872 million QoQ. Non-operating income was down COP$47,108 million due to higher financial costs from the acquisition of ExxonMobil's assets. Operating income rose COP$12,994 million, largely explained by an increase in other revenue by function.

TERPEL FUEL SALES
Millions of m³



GAZEL FUEL SALES
Millions of m³



ABASTIBLE CONSOLIDATED

Millions of Chilean Pesos	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales	169,231	174,544	163,949	-3%	3%	169,231	163,949	3%
EBIT	16,982	8,055	12,039	111%	41%	16,982	12,039	41%
EBITDA	**25,294**	**17,193**	**21,439**	**47%**	**18%**	**25,294**	**21,439**	**18%**
Non-operating income	(3,115)	(4,229)	(1,418)	26%	-120%	(3,115)	(1,418)	-120%
Net Income	**9,760**	**2,842**	**5,378**	**243%**	**81%**	**9,760**	**5,378**	**81%**
Physical sales of LPG in Chile (thousands of tons)	98	107	89	-8%	10%	98	89	10%
Physical sales of LPG in Colombia (thousands of tons)	49	52	49	-6%	0%	49	49	0%
Physical sales of LPG in Peru (thousands of tons)	119	127	129	-6%	-8%	119	129	-8%
Physical sales of LPG in Ecuador (thousands of tons)	107	111	100	-4%	7%	107	100	7%

1Q18 1Q17

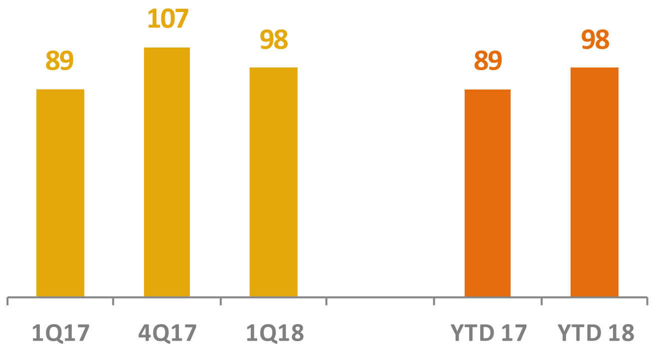
Abastible had net income of Ch$9,760 million in 1Q18, a Ch$4,382 million increase YoY. That is explained by operating income increasing 41% from the effects of changes in accounting criteria of severances provisions and higher sales volumes and margins in Chile. Non-operating income fell Ch$1,697 million because of higher financial costs and lower monetary correction income.

1Q18 4Q17

Abastible's net income rose Ch$6,918 million QoQ, explained by operating income increasing Ch$8,927 million from higher sales margins in Chile and Ecuador and lower distribution costs in Chile and Colombia. Non-operating income increased Ch$1,114 million, mainly due to the higher income in associates and joint ventures related to a fixed asset impairment charge at Sonamar last quarter. That was partly offset by higher expenses by function and financial costs.

ABASTIBLE CHILE LPG SALES

Thousands of tons



EMPRESA PESQUERA EPERVA

US$ million	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales	99	76	84	30%	18%	99	84	18%
EBIT	1	(10)	(4)	109%	122%	1	(4)	122%
EBITDA	**8**	**(2)**	**10**	**558%**	**-17%**	**8**	**10**	**-17%**
Non-operating income	(1)	(10)	(1)	91%	-84%	(1)	(1)	-84%
Income (loss) from discontinued operations	-	(25)	5	100%	-100%	-	5	-100%
Net income of controlling interest	**(1)**	**(16)**	**0**	**96%**	**-1,288%**	**(1)**	**0**	**-1,288%**
Net income of minority interest	**0**	**(30)**	**2**	**101%**	**-87%**	**0**	**2**	**-87%**
Physical Sales								
Fishmeal & other protein foods (tons)	100,197	116,599	96,614	-14%	4%	100,197	96,614	4%
Fish oil (tons)	2,157	556	433	288%	398%	2,157	433	398%

1Q18 1Q17

Eperva posted a loss of US$1 million in 1Q18 against net income of US$0.1 million YoY. This change is explained by lower income from discontinued operations related to Selecta. This income was no longer accounted for as of 2018 after the sale went through. That was partly offset by an operating income increase from the roll-back of a provision for the cost of the fishmeal stock.

1Q18 4Q17

Net income in 1Q18 increased US$16 million QoQ. That is explained by various effects: firstly, the income from discontinued operations was US$25 million higher QoQ on account of the deconsolidation of Selecta. Secondly, there was an operating income increase of US$11 million as the previous quarter there were higher other expenses by function from the fishmeal stock being adjusted to the realizable value, along with the roll-back made in 2018 for this. Lastly, the net income of minority participation was lower since the previous quarter the company accounted for the loss related to the roll-back of the accrued minority interest after the sale of Selecta.

PESQUERA IQUIQUE-GUANAYE, IGEMAR

US$ million	1Q 2018	4Q 2017	1Q 2017	Q-Q Var.	Y-Y Var.	YTD 2018	YTD 2017	Y-Y Acc. Var.
Sales	42	39	31	9%	36%	42	31	36%
EBIT	5	(5)	(1)	198%	771%	5	(1)	771%
EBITDA	**8**	**3**	**3**	**160%**	**136%**	**8**	**3**	**136%**
Non-operating income	(6)	(96)	(6)	94%	2%	(6)	(6)	2%
Net income	**(1)**	**(53)**	**(4)**	**98%**	**65%**	**(1)**	**(4)**	**65%**
Physical Sales								
Fishmeal (tons)	3,952	6,026	2,330	-34%	70%	3,952	2,330	70%
Fish oil (tons)	991	1,609	522	-38%	90%	991	522	90%
Canned fish (cases)	712,826	737,232	595,190	-3%	20%	712,826	595,190	20%
Frozen fish (tons)	2,945	2,531	2,185	16%	35%	2,945	2,185	35%
Catch (tons)	68,810	19,396	63,007	255%	9%	68,810	63,007	9%

1Q18 1Q17

Igemar posted a loss of US$1 million in 1Q18 against a loss of US$4 million YoY. That was almost entirely due to operating income rising US$5 million, essentially because of a 219% increase in industrial jack mackerel catches. There were also higher physical sales, along with fishmeal, fish oil, frozen and canned fish price increases.

1Q18 4Q17

In 1Q18, net income increased US$52 million QoQ. That is mainly explained by a non-operating income increase of US$90 million, since in the last quarter of 2017 the company accounted for a fixed asset impairment charge at Orizon. Operating income also climbed US$10 million because of higher prices of frozen and canned fish, fishmeal and fish oil.

HIGHLIGHTS

TERPEL COMPLETES THE PURCHASE OF EXXONMOBIL ASSETS

> On March 15, 2018, Terpel acquired ExxonMobil's operations in Colombia, Ecuador and Peru. Terpel paid US$715 million, of which US$230 million was the cash of the companies. Terpel financed this operation with bank loans.
> Pursuant to the conditions imposed by the antitrust authorities in Colombia, in March Terpel transferred the assets of ExxonMobil Colombia to an autonomous trust, which shall transfer the lubricants business to Terpel.
> Terpel shall continue to implement the conditions imposed by Colombia's Superintendency of Industry and Commerce (SIC), which include selling the fuels distribution business to a third party.

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 leading mining company in Peru, to develop the copper project of Mina Justa and its surrounding properties. Construction of this project is forecasted to start in the second half of 2018.
> Under the terms of the agreement, Alxar will acquire 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 could amount to about US$168.5 million.
> Alxar and Minsur plan to invest about US$1,600 million in the construction of Mina Justa in the next three years. Project finance is expected to finance US$800 million to US$900 million. 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 forecasted to have a commercial life of 18 years. It also has growth potential related to the development of nearby mining concessions.

RAMP-UP OF ARAUCO'S MONTES DEL PLATA MILL

> In December 2017, the Montes del Plata mill in Uruguay renewed its operating environmental permit for three years, which considers a ramp-up of the annual production limit of 1.45 million tons to 1.52 million tons. The forecasted annual output of the mill was originally 1.3 million tons.
> Arauco has a 50% share of the annual capacity of the mill due a joint venture signed with Stora Enso, which accounts for around 700,000 tons.

ARAUCO RENEWS FSC® CERTIFICATION

> In the last two weeks of April, Arauco completed a new audit process of management of all its forest assets in Chile to renew the Forest Stewardship Council (FSC®) certification.
> FSC® is international certification that seeks to promote forest stewardship that is environmentally appropriate, socially beneficial and economically viable.

PROGRESS MADE WITH ARAUCO'S PROJECTS

> The Grayling project continued to develop according to schedule, with current progress of 60%. This mill at Grayling in Michigan, United States, entailed an estimated investment of US$400 million and will have a capacity of 800,000 m³ a year. It is expected to start up in late 2018.
> The dissolving pulp project continued its course, with progress of 20% as of May 2018. The estimated investment is about US$185 million. Start-up is forecasted for late 2019.

BALANCE SHEET

US$ million	1Q 2018	4Q 2017	1Q 2017
Cash and cash equivalents	1,622	1,456	1,303
Other current financial assets	134	189	187
Other current non-financial assets	225	150	211
Trade and other receivables, current	2,222	1,731	1,411
Related party receivables	42	44	54
Inventories	1,597	1,503	1,428
Current biological assets	309	311	302
Current tax assets	72	90	166
Non-current assets classified as held for sale	10	10	7
Total current assets	**6,231**	**5,485**	**5,070**
Other non-current financial assets	536	481	463
Other non-current non-financial assets	138	138	114
Non-current fees receivable	36	32	36
Non-current accounts receivable from related parties	8	8	25
Investments accounted for using the equity method	1,060	1,041	1,050
Intangibles assets other than goodwill	874	825	835
Goodwill	583	395	418
Property, plant and equipment	10,560	10,491	10,143
Non-current biological assets	3,473	3,459	3,447
Investment property	45	44	46
Deferred tax assets	321	328	310
Total non-current assets	**17,633**	**17,243**	**16,886**
TOTAL ASSETS	**23,864**	**22,728**	**21,956**
Other current financial liabilities	1,078	1,080	961
Trade and other current payables	1,587	1,749	1,307
Related party payables	14	10	10
Other short-term provisions	21	21	16
Current tax liabilities	74	41	49
Current provisions for employee benefits	11	12	8
Other current non-financial liabilities	483	356	305
Total current liabilities	**3,268**	**3,270**	**2,656**
Other non-current financial liabilities	6,579	5,714	5,897
Other non-current accounts payable	1	1	1
Non-current account payable to related companies	-	-	-
Other long-term provisions	72	69	69
Deferred tax liabilities	2,204	2,181	2,292
Non-current provisions for employee benefits	123	119	107
Other non-current non-financial liabilities	201	191	138
Total non-current liabilities	**9,180**	**8,275**	**8,504**
Non-parent participation	4,638	4,555	4,417
Net equity attributable to owners of parent	**6,778**	**6,628**	**6,380**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**23,864**	**22,728**	**21,956**

INCOME STATEMENT

US$ million	1Q 2018	4Q 2017	1Q 2017	YTD 2018	YTD 2017
Sales revenue	5,752	5,324	4,878	5,752	4,878
Cost of sales	(4,772)	(4,453)	(4,085)	(4,772)	(4,085)
Gross Margin	**980**	**871**	**793**	**980**	**793**
Other income	57	(4)	53	57	53
Distribution costs	(312)	(317)	(293)	(312)	(293)
Administration expenses	(242)	(282)	(232)	(242)	(232)
Other expenses	(29)	(142)	(203)	(29)	(203)
Other income (loss)	(1)	(8)	(1)	(1)	(1)
Net financial expenses	(96)	(130)	(70)	(96)	(70)
Share of profit (loss) of associates and joint ventures	10	(11)	18	10	18
Exchange rate differences	4	(0)	8	4	8
Income (loss) before tax	**372**	**(22)**	**73**	**372**	**73**
Income tax expense	(89)	105	(13)	(89)	(13)
Income (loss) from continuing operations	283	83	60	283	60
Income (loss) from discontinued operations	-	-	-	-	-
Income (loss) attributable to owners of parent	**169**	**58**	**30**	**169**	**30**
Income (loss) attributable to minority interests	114	26	30	114	30
Net Income	**283**	**83**	**60**	**283**	**60**

CONSOLIDATED CASH FLOW

US$ million	YTD 2018	YTD 2017
Cash received from sale of goods and providing services	5,620	4,943
Cash received from premiums and claims, annuties and other policy benefits	0	3
Other cash received from operating activities	113	85
Payments to suppliers for goods and services	(5,141)	(4,504)
Payments to and on behalf of employees	(282)	(241)
Payment for premiums and claims, annuties and other policy obligations	(4)	(3)
Other cash payments for operating activities	(66)	(37)
Dividends received	1	5
Interest paid	(49)	(81)
Interest received	8	11
Income tax refunds (paid)	(16)	(30)
Other cash inflows (outlays)	(43)	(6)
Net cash flow from (used in) operating activities	**140**	**144**
Cash flows used in obtaining control of subsidiaries or other business	(506)	-
Cash flows used in the purchase of non-controlling interests	(0)	(0)
Other cash receipts from the sale of equity or debt instruments of other entities	-	0
Other cash payments to acquire interest in joint ventures	-	-
Loans to related parties	(0)	(0)
Proceeds from the sale of property, plant and equipment	3	1
Purchase of property, plant and equipment	(167)	(130)
Proceeds from the sale of intangible assets	-	-
Purchase of intangible assets	(16)	(19)
Proceeds from other long-term assets	0	0
Purchase of other long-term assets	(70)	(48)
Cash advances and loans to third parties	(0)	0
Charges to related parties	0	-
Dividends received	2	0
Interest received	0	0
Other cash inflows (outlays)	52	57
Net cash flow from (used in) investing activities	**(742)**	**(139)**
Amounts paid for equity stakes	-	-
Proceeds from long-term borrowings	937	15
Proceeds from short-term borrowings	165	124
Loans from related parties	3	-
Payment of borrowings	(327)	(167)
Payments of financial leasing liabilities	(1)	(1)
Dividends paid	(9)	(6)
Interest paid	(16)	(15)
Other cash inflows (outlays)	(1)	3
Net cash flow from (used in) financing activities	**751**	**(47)**
Net increase (decrease) in cash and cash equivalents before the exchange rate change effect	**149**	**(43)**
Effect of exchange rate changes on cash and cash equivalents	15	14
Cash and cash equivalents at the beginning of the year	1,456	1,332
Cash and cash equivalents at the end of the year	**1,621**	**1,303**