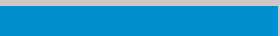


Annual Report 2017



antarchile





antar**chile**

Annual Report **2017**



Constant development
is our permanent motivation.





Through our investments we have undertaken a **commitment to the future** of Chile.

Chile's stand at the Milan Expo 2015, made of Arauco S.A.'s wood and Vesto melamine. In 2017, it was moved to Temuco where there is now a cultural center.

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*Arauco S.A.'s pine plantations
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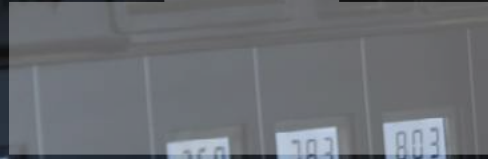
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Presentation

Company Information

Company Name
AntarChile S.A.

Taxpayer ID
N°96.556.310-5

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Santiago, Chile.

Telephone
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Fax
+56 2 2461 7717

Website
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Type of Company
Publicly traded corporation

Securities Registry Listing
Securities Registry N°342

Investor Relations
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Nueva Aldea mill of Arauco S.A.

Chairman's Statement



“ In 2017, our companies operated in a more optimistic international landscape, which is making progress with an economic normalization process and better growth rates. ”

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Roberto Angelini R.
Chairman of the
AntarChile S.A. Board.

Dear shareholders:

AntarChile S.A. took control of Compañía de Petróleos de Chile S.A., now Empresas Copec S.A., in 2000. This marked the start of the consolidation of our main investments in Chile, which laid the foundations for the company's internationalization process, enhancing and taking the business models of various of our subsidiaries and associates to other countries.

This entailed a large challenge of adapting to each new market and investing heavily in innovation and development to provide a diversified offering of value-added products and services, targeted at diverse, empowered and increasingly more demanding consumers. Due to this process, the

international businesses have been accounting for a large share of our revenue, and in 2017 47% of the sales of our subsidiaries and associates were from abroad.

In 2017, our companies operated in a more optimistic international landscape, which is making progress with an economic normalization process and better growth rates. Nevertheless, there are some bouts of tension in the worldwide political area, which have jeopardized the commercial opening up of important economies and are generating a factor of concern. We are firmly convinced that free trade is a major source of development and opportunities, above all for countries like ours where international trade plays such a major role.



We would sincerely like to give thanks for the work of firefighters, fire brigades, the Armed Forces, service companies and company personnel who worked tirelessly to fight the fires, always with the priority of protecting people and the communities. ”

Despite this, the impact on commodity prices has been positive so far, with a transversal effect on our export businesses. The highlight was the sharp recovery of wood pulp prices, which increased 32% in 2017.

In regard to the state of the Chilean economy, after some years of slowdown, the first signs of economic acceleration started to emerge towards late 2017. There is now clearly a climate of better expectations and greater confidence. We are optimistic that this effect will lead to higher growth rates in the forthcoming years, with all the benefits this provides for the quality of life of Chileans.

All the events in the last few years have made us reconsider our role in society, as we are convinced the need of innovation for the competitiveness and sustainability of the business must also be established in the area of the company's management and relations with its social environment, incorporating their new requirements. We must be a bridge to build a new platform of credibility and legitimacy of corporate action, in which growth and wellbeing for everybody, globalization and local development, industrialization and the environment, among other issues, are compatible. For this, it is necessary to resume the focus of legal structure stability, collaboration of institutions and the country's unity on shared projects.

In this area, it is also essential to reduce the time and uncertainty of project approval processes, as they often undermine the development of investment initiatives, since reality changes and initiatives lose the opportunity. It is necessary to provide greater certainty about the visibility of proposals: good projects must be approved quickly and definitively, whereas those that fail to meet the requirements should be rejected early on, avoiding conflicts and unnecessary efforts.

Companies are now urged to propose sustainable initiatives, which respect community interests,

protect the environment and contribute to the wellbeing of everybody.

In that same quest for common wellbeing that drives our businesses, I cannot fail to mention the season of wildfires, which caused such regrettable loss of human life and economic losses in early 2017. We would sincerely like to give thanks for the work of firefighters, fire brigades, the Armed Forces, service companies and company personnel who worked tirelessly to fight the fires, always with the priority of protecting people and the communities.

The scope of these wildfires affected both the company and third-party forests, including around 80,000 hectares of Arauco, along with many of the houses of our employees and neighbors, surpassing all the contention capacities and becoming one of the worst disasters in Chile's forestry history. The economic losses greatly exceeded the insurance coverage, entailing a final negative effect for Arauco's net income of over US\$100 million.

Notwithstanding the equity damaged, we have continued to collaborate with the people affected by the fires, leading the general reconstruction plans, reflecting on the prospects of the forestry activity and all those who are part of this environment. At the same time, we have stepped up our response efforts and monitoring capacities to anticipate the occurrence of similar events in the future, investing heavily in this.

Despite the effects mentioned, AntarChile S.A. had net income in 2017, excluding minority participation, of US\$399 million, which was a 22.5% increase on the US\$326 million in 2016.

The higher operating income was mainly due to the forestry business, where the indirect subsidiary Arauco had a better performance due to higher revenue across all its business lines, highlighting wood pulp with price and volume increases throughout 2017.

The fuels business also had an increase in operating income, particularly at the indirect subsidiary Copec, on account of higher margins in Chile and Colombia, along with a sales volume increase in the distributor channel in Chile. The consolidation of the MAPCO operations in the United States also made a contribution to the higher income.

The indirect subsidiary Abastible had greater operating income because of a better performance

strategy, along with the efforts and commitment of our managers and employees.

2017 was active regarding investment, as during the year the subsidiary Arauco purchased Masisa do Brasil from the Chilean company Masisa, continuing its internationalization process. The deal was for an approximate asset value of US\$103 million before adjustments, entailing two industrial complexes at Paraná and Rio Grande do Sul which have an MDF line with an installed capacity of 300,000 m³ a year, and an MDP line of 500,000 m³ a year.

Moreover, Arauco reached an agreement to buy Masisa's industrial assets in Mexico, which include three MDP lines with an installed capacity of 519,000 m³ a year, an MDF line of 220,000 m³ a year, three melamine coating lines, a resin and formalin chemical plant, and a veneer line. These operations are organized in three industrial complexes. This transaction, which is subject to the customary prior conditions, will require an investment of US\$245 million and it is estimated it will go through in 2018.

In the United States, Arauco made progress with the construction of its panel mill at Grayling in Michigan at an estimated investment of US\$400 million. This will have a production capacity of 800,000 m³ of panels a year with start-up expected by late 2018.

In Chile, the Arauco mill modernization and expansion (MAPA) project was finally approved by the legal authorities, enabling the Arauco board to assess the initiative, involving an investment of about US\$2,500 million.

Likewise, the Valdivia textile pulp mill will go ahead, making it the first company in Chile to produce this kind of pulp, which is used as a raw material to make textiles, cellophane wrap, filters and other final products. The investment in this project is lower than that required to modify any other facility in the industry and it will have a more environmentally friendly production process that injects an extra 30 MW of electric power into the national power grid. Another highlight is that it is an innovative and value-added product, which will broaden Arauco's offering, facilitating its venture into a new market and boosting the value chain provided by local suppliers.

The Nuevo Horcones industrial complex continued to implement a new cutting-edge biological wastewater treatment system, which will be

“*AntarChile S.A. had net income in 2017, excluding minority participation, of US\$399 million, which was a 22.5% increase on the US\$326 million in 2016.*”

in Chile and Colombia, besides the consolidation of the operations of Solgas in Peru and Duragas in Ecuador.

Non-operating income dropped, mainly because of an increase in other expenses related to the wildfires that hit the indirect subsidiary Arauco in the first quarter of the year and to the fixed asset impairment charge at Igemar in the fourth quarter of 2017. The indirect subsidiary Arauco had lower other revenue related to non-recurring effects, such as a change in the revaluation of biological assets, and higher financial costs from the buyback of bonds and debt refinancing. The latter transaction was to strengthen Arauco's capital base.

In this context, Empresas Copec, our main investment, had net income of US\$639 million, a 15% increase on 2016, and EBITDA of US\$2,220 million, an all-time high with an annual increase of almost 28%. These figures reveal the favorable evolution of the cash flow generating capacity of our operations, due to years of well-focused investments and a carefully designed business

completed in the first half of 2018 at an investment of US\$160 million.

The fuels business also had good and promising news, expanding Copec's value offering and service philosophy at the different latitudes of the American continent where it operates, always adapting to the host realities. Besides the nine new gas station inaugurated by Copec in Chile in 2017, there are a further 22 in Colombia and four in Panama through Terpel, along with

of US\$716 million, of which US\$230 million was the cash of the companies acquired.

Abastible continued to develop its infrastructure in the region. In 2017, a new import terminal was inaugurated at Cartagena in Colombia by the subsidiary Inversiones del Nordeste, along with other distributors in that country; whilst the Peruvian subsidiary Solgas made progress with expanding its terminal at Callao. All this is in addition to the role that the associate Gasmar



13

four new MAPCO sales points in the United States.

On the same lines, in late 2016 Copec signed a regional agreement with ExxonMobil to produce and distribute Mobil lubricants in Chile, Colombia, Ecuador and Peru. This also covers the operation and marketing of aviation fuel at the Lima international airport, an important regional aeronautical hub, along with the acquisition of ExxonMobil's fuels business in Ecuador, both markets we already operate in through Terpel. It also entails ExxonMobil's liquid fuel distribution platform in Colombia; these assets were always considered to be sold to a third player in the market, thereby achieving the objective of allowing for open competition conditions in the Colombian fuels sector at all times.

This agreement was assigned to Terpel due to the important complement with the fuels business that is already operating in the region. This agreement was executed early in 2018, after the approval and thorough analysis by the Colombian regulatory authorities, and involves an investment

has played in Chile in the LPG logistical chain, assuring supply safety and continuity at a minimum cost.

in the natural gas sector, Metrogas launched its gasification project in Chile in 2017, inaugurating the first two urban satellite regasification plants in Puerto Montt and Osorno, planning a third for 2018 in Puerto Varas, along with 57 kilometers of new networks for these three cities. The plan envisages offering this energy alternative to over 800,000 families in 10 years, covering different regions in Chile.

A similar logic, based on constant innovation and the development of new markets, has driven the evolution of our fishing companies. From the production of raw materials, they have gradually evolved to a higher share of the vast market of other sources of protein, which also covers products for direct human consumption, functional foods, the nutraceutical industry and even the pharmaceutical industry.

MAPCO gas station in Alabama, USA.

Our companies Orizon S.A. and Corpesca S.A. are now focused on being major players in the nutrition industry, a sophisticated, challenging and extremely competitive market, which drives us to go even further, attaining new levels of efficiency and productivity and addressing the global food challenge.

This was the vision that led Corpesca S.A. to invest in Brazil in 2014, gaining control of Sementes Selecta which produces non-GMO

and impact on systems and organizations and which have driven our sphere of action.

Some of our endeavors to such effect have been the i-Now open innovation program driven by Abastible; the agreement announced by Arauco and the ETEX Group to develop new construction solutions using wood, or the artificial intelligence, robotics, big data and internet initiatives that our companies have explored. All these are in addition to the innovation like that developed

“ *That same essence is what drives the initiatives undertaken by the Copec-Catholic University (UC) Foundation and its private venture capital fund, and the work of the Anacleto Angelini-UC Innovation Center, which for years have fostered ideas and promoted the talent of entrepreneurs and creators of initiatives. That is the conviction that drives us.* ”



soy protein concentrates. After making a large effort to optimize its performance, in an industry that is now dominated by large transnational companies that are experts at operating at different latitudes, in 2017 Corpesca S.A. sold a 60% shareholding of this company to the Korean company CJ Cheil Jedang Corporation for US\$218 million with net income of US\$123 million. This is concrete evidence of the increasingly global scope of our initiatives and the need of permanently reinventing ourselves.

The values of reinvention and adaptation to new realities are precisely the hallmark that now drives our companies and has enabled us to make steady progress. Regarding this, the key to driving innovation have been human and operational efforts, along with adequate resources. These were the bases of the efforts of so many entrepreneurs that have made Chile rise up and grow, but they are currently fully applicable so many years later, in a world in which digital, physical and biological technologies merge with unprecedented speed

by Bioforest and Golden Omega, which require state-of-the-art knowledge of engineering and biological sciences.

That same essence is what drives the initiatives undertaken by the Copec-Catholic University (UC) Foundation and its private venture capital fund, and the work of the Anacleto Angelini-UC Innovation Center, which for years have fostered ideas and promoted the talent of entrepreneurs and creators of initiatives. That is the conviction that drives us.

The flexibility of companies is a key factor in the constantly changing environment we now face. Making options available is essential to carry on growing efficiently, maintaining the competitive advantages valued by customers and consumers. We therefore always assess new projects that add value and seek new partnerships.

Modifying our internal structures is also part of the challenge of adapting. 2017 was particularly marked by the incorporation of multiple

operations we added in 2016, a prolific period of acquisitions.

I am personally very proud to note how the same human group that a decade ago managed an operation that was barely emerging in the Southern Hemisphere is now running an authentic multinational holding on three continents. I would also like to take advantage of this occasion to particularly thank the executive teams of our companies, which have been able to manage the integration of Tafisa, MAPCO, Solgas and Duragas, just to mention the most significant in the year, and prepare for the forthcoming venture concerning the operations of ExxonMobil.

The fast growth we have had has also been a stimulus to enhance and boost our corporate governance structures. We have made sure that our specific policies and actions assure efficient and sustainable management of each one of our business areas, in line with our governance values and principles.

We have thereby undertaken concrete action to incorporate independent directors in each business, fostering the operation of more specific committees, supported by training and external evaluations to improve the operation of these corporate bodies, adding new and more effective controls and improving timely access to and delivery of information, among many other initiatives. This has enabled us to improve and expand the information available for our increasingly more sophisticated and interconnected investors.

In this regard, AntarChile S.A. established the investor relations area almost two years ago in order to implement a formal communication channel between the company and investors. The multiple initiatives rolled out are now reaping the benefits. In 2017, AntarChile participated in various conferences abroad and in Chile, holding over 50 one-on-one meetings with investors. Furthermore, in November we organized a non-deal roadshow, with meetings distributed among London, Paris, Amsterdam and The Hague. This increased the company's visibility, particularly among foreign investors, and generated direct communication between investors and company executives.

Likewise, another highlight in 2017 was the initiation of coverage of AntarChile stock by

the research departments of BTG Pactual and BanChile Inversiones, raising the number of institutions that covers the company to four, among other milestones.

During the year, there was a 125% increase in the average daily trade amount of AntarChile's shares, rising from an average of Ch\$181 million in 2016 to Ch\$413 million in 2017. Such percentage increase was much higher than that of the amounts traded on the stock market in Chile.

This is an overview of 2017 for AntarChile S.A. and its subsidiaries and associates.

I would like to take advantage of this occasion to once again give thanks for the permanent support of our shareholders, directors, managers and employees, who do not hesitate to endorse their trust, joining us in this corporate endeavor.

We have grown and evolved. We have adapted and are continuously overseeing what the times and environment require of us. We are also keeping an eye on the changes that the social and political areas are undergoing for the common good. We want to be part of this and not only spectators of the history that is now being developed and which we project to the world. We are not only observing these changes but want to be part of them. This will continue to be the core pillar of our undertakings in the medium and long run.



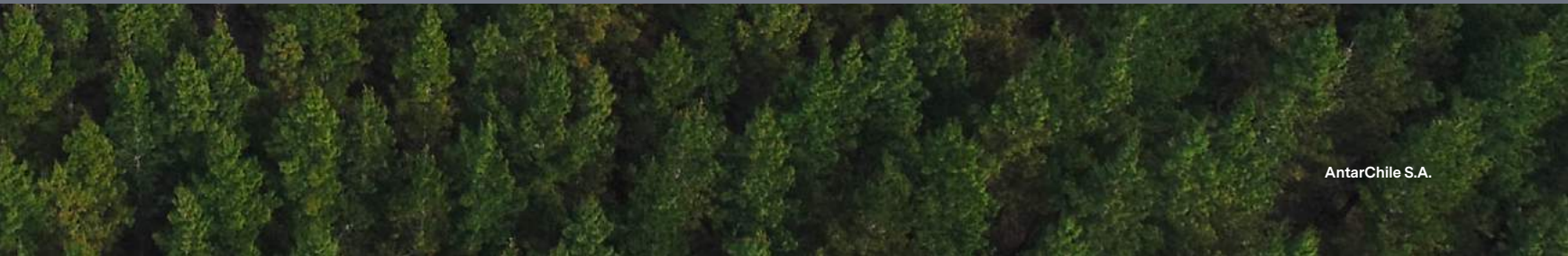
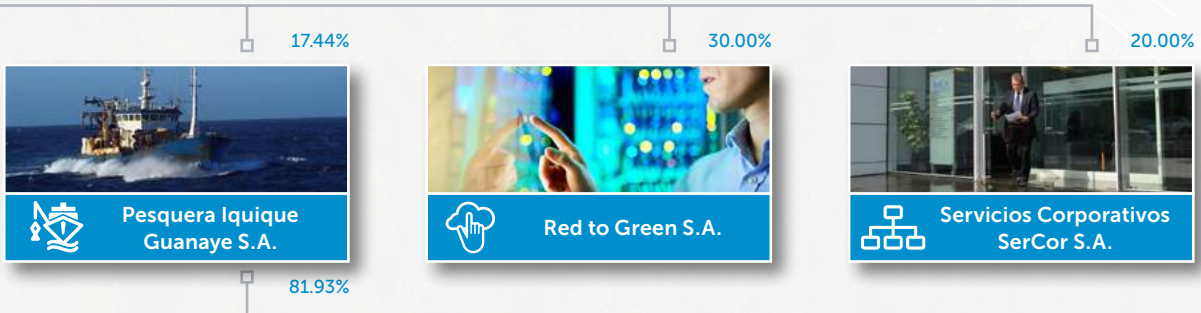
Roberto Angelini R.
Chairman of the Board

Main Businesses of AntarChile S.A.

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Company Structure





AntarChile S.A. at a Glance

Our Main Businesses

AntarChile S.A. is a holding company whose main investment is a **60.82% shareholding of Empresas Copec S.A.** The latter company, one of the largest industrial holdings in Chile, accounts for 97.6% of AntarChile S.A.'s consolidated assets.

The companies in which AntarChile S.A. has an interest have a leading position in their respective productive sectors. The most important industries are **forestry, fuel distribution and fisheries.**



Fuel Distribution



Forestry



Other Businesses

18

COPEC

abastible
energía limpia

terpel

SOLGAS

duragas
abastible

MAPCO

METROGAS

sonacoi

Inversiones del Nordeste

arauco

CORPESCA S.A.

ORIZON

ALXAR
MINERIA

goldenomega
EXPERIENCE THE DIFFERENCE



34,550

Workers

AntarChile and its related companies employ 34,550 people.



1.7

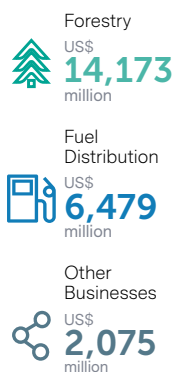
Million hectares

Arauco has 1.7 million hectares in Chile, Argentina, Uruguay and Brazil.

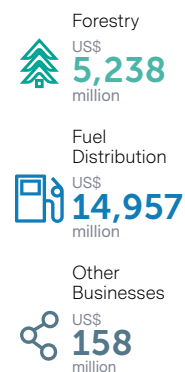


Financial Highlights 2017

Assets

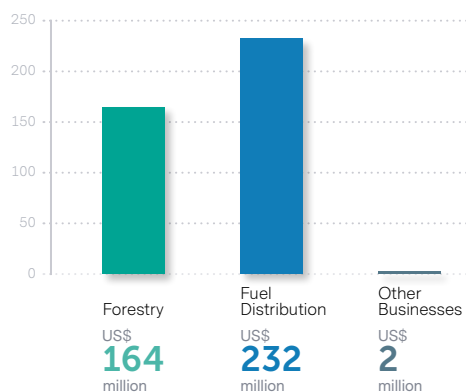


Sales



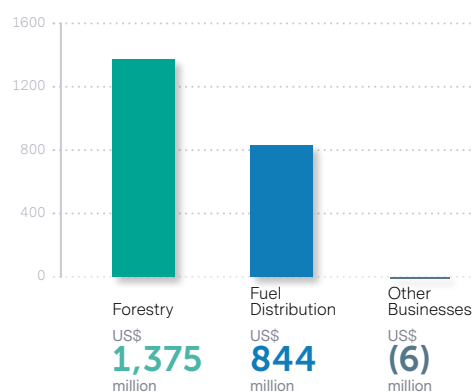
Controller's net income

US\$
399
million



EBITDA

US\$
2,213
million



644

Gas stations

The company has 644 gas stations in Chile from Arica to Puerto Williams and 90 Pronto stores.



42%

Sales

Sales by foreign subsidiaries

International Presence





Wood pulp production capacity

3.9

Million tons/year

Besides this, there is an installed capacity of 8.7 million m³ of panels a year and 2.9 million m³ of sawn timber.



Fuel distribution

3,224

Gas stations

The company is present throughout Chile with Copec and also in Latin America and the United States through Terpel and MAPCO.



Total LPG sales

1.6

Million tons

Total sales volume in 2017 in Chile, Colombia, Ecuador and Peru.



Physical fuel sales

20.6

Million m³

This includes 8.8 million m³ by Terpel, 2 million m³ by MAPCO and 9.8 million m³ by Copec.



The **internationalization** process of **AntarChile S.A.**, through its main subsidiaries and associates, **started in 1996** with the acquisition of the Argentine company Alto Paraná S.A. and intensified in the last decade.





Our Company

A woman worker at the Campo Do Tenente plant tree nursery, Arauco Brazil.

History



1989

The Angelini Group incorporates AntarChile S.A. with the name of Inversiones Epemar S.A., whose main asset is a 32.07% shareholding of Compañía de Petróleos de Chile S.A.

1992

Our associate Pesquera Iquique-Guanaye S.A. is incorporated after the merger of Sociedad Pesquera Guanaye S.A. and Pesquera Iquique S.A.

1994

The companies Inversiones Epemar S.A., Inversiones Indomar S.A. and AntarChile S.A. merge into AntarChile S.A., thereby becoming the main investment vehicle of the Angelini Group.

1996

Arauco acquires the Argentine company Alto Paraná S.A., now Arauco Argentina S.A.. This transaction was the first expansion of operations outside Chile.

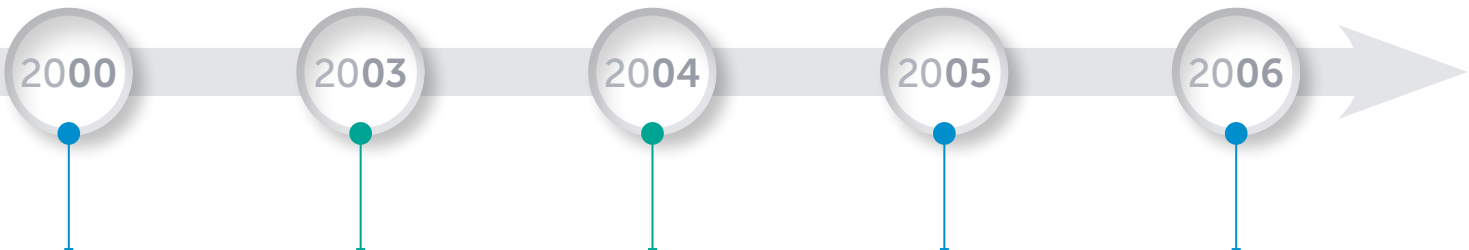
1999

Due to the lower availability of fish from the devastating El Niño current phenomenon, Corpesca S.A. arises from the merger of the fishery and industrial assets of Empresa Pesquera Eperva S.A., Pesquera Iquique-Guanaye S.A. and Sociedad Pesquera Coloso S.A. It is now the leading industrial fishing company operating in the north of Chile.

○ Parent Company ○ Subsidiaries in Chile ○ Internationalization



Copec gas stations at San Francisco de Mostazal, Chile.



2000

AntarChile S.A. takes control of Compañía de Petróleos de Chile S.A. by acquiring an additional 30.5% stake and attaining a 60.11% shareholding of that company, consolidating it as its main asset.

2003

Compañía de Petróleos de Chile S.A. becomes an investment holding called Empresas Copec S.A. The company has an interest in Celulosa Arauco y Constitución S.A. (Arauco), Abastible and Pesquera Iquique-Guanaye S.A., among other companies, and creates the subsidiary Compañía de Petróleos de Chile Copec S.A. to develop and manage the distribution businesses of liquid fuel and lubricants.

Arauco launches the first construction stage of the Nueva Aldea project, a forestry and industrial complex in the Biobío region.

2004

Arauco commissions its Valdivia mill in the Los Ríos region.

2005

AntarChile S.A. sells its 15.42% shareholding in Compañía Sud Americana de Vapores S.A.

2006

The company acquires a 9.5% shareholding of Colbún S.A., one of the most important companies in the power generation sector in Chile.



2007

Sociedad Minera Isla Riesco S.A. is incorporated, now Mina Invierno S.A., to mine a coal-bearing deposit in the Magallanes region.

Arauco and Stora Enso invest in forestry lands, a sawmill and 20% of a paper mill in Brazil.

2009

Golden Omega S.A. is incorporated to produce omega-3 concentrates from anchovy fish oil.

Arauco and Stora Enso acquire the assets of the Ence business group in Uruguay, giving rise to the Montes del Plata industrial and forestry project.

2010

Orizon S.A. is incorporated after the merger of SouthPacific Korp S.A., a subsidiary of Pesquera Iquique-Guanaye S.A., and Pesquera San José S.A. that managed fishery and aquaculture operations from the Coquimbo to Los Lagos regions.

Compañía de Petróleos de Chile Copec S.A. acquires a majority shareholding of Proenergía Internacional S.A., which controls Organización Terpel S.A., a leading fuel distributor in Colombia.

2011

Arauco and Stora Enso start to build the Montes del Plata industrial complex in Uruguay.

Abastible acquires 51% of the Colombian gas distribution company Inversiones del Nordeste S.A.

Arauco expands into the US market with the acquisition of the Moncure panel mill in the United States.

2012

Arauco starts up the Teno panel mill in the Maule region.

Arauco acquires a 100% shareholding of the panel company Flakeboard Company Limited, gaining seven panel mills in the United States and Canada.

Compañía de Petróleos de Chile Copec S.A. gains a 59% stake of Organización Terpel S.A. by means of a public offering for Proenergía Internacional S.A.



Planta de celulosa Montes del Plata, Uruguay.

2013

Corpesca S.A. acquires 60% of the Brazilian company Sementes Selecta S.A., which produces soy protein concentrates (SPC), consolidating its position as a protein supplier.

2014

Empresas Copec S.A. and Ultraterra Ltda. reach an agreement with AES Gener S.A. to sell 50% of the interest they had in Empresa Eléctrica Guacolda S.A., in which they each had a 25% shareholding.

The Montes del Plata industrial and forestry complex, of which Arauco and the Swedish-Finnish company Stora Enso have an equal share, is officially commissioned in Uruguay.

2015

Works start on a new wastewater treatment system at Arauco's wood pulp mill entailing a total investment of US\$120 million.

The environmental assessment service (EAS) approves the environmental impact statement submitted by Arauco for the textile pulp project at the Valdivia wood pulp mill. This initiative entails an investment of about US\$185 million.

2016

Copec renews the almost 60 year agreement with ExxonMobil for the Chilean market.

Arauco acquires 50% of the Portuguese company Tafisa, now Sonae Arauco. This investment was US\$153 million which includes mills in Spain, Portugal, Germany and South Africa.

Arauco approves the start of construction of the Grayling MDP mill in the state of Michigan, United States, which envisages a 800,000 m³ MDP panel mill.

Corpesca acquires 30% of FASA América Latina, a Brazilian company that produces high quality protein concentrates for animal feed, at an investment of US\$43 million.

Copec ventures into the US fuel distribution market by purchasing five companies from Delek US Holdings, which operate 348 gas stations, mainly under the MAPCO brand, and supply a further 142 gas stations managed by third parties. The debt-free operation entailed an investment of US\$535 million.

Abastible becomes the third largest LPG distributor in South America after acquiring the LPG operations of Repsol in Ecuador (Duragas) and Peru (Solgas) at an investment of US\$300 million.

Copec signs an agreement with ExxonMobil to produce and distribute Mobil lubricants in Colombia, Ecuador and Peru, along with the operation and marketing of aviation fuels at the Lima international airport. The investment was US\$716 million, of which US\$230 million was the cash of the companies acquired and included renewal of the current agreement for Chile.



Highlights 2017 of our Companies

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Forestry Business

- **Arauco acquires Masisa do Brasil**

Arauco do Brasil, a Brazilian subsidiary of Arauco S.A., acquired Masisa do Brasil for an approximate asset value of US\$103 million.

The main assets of Masisa do Brasil are two industrial complexes at Ponta Grossa (Paraná) and Montenegro (Rio Grande do Sul); an MDF line with an installed capacity of 300,000 m³ a year, and an MDP line with an installed capacity of 500,000 m³ a year.

- **Arauco signs an agreement to acquire Masisa's assets in Mexico**

Arauco reached an agreement to buy Masisa's assets in Mexico for US\$245 million, which include three industrial complexes with a total installed capacity of 519,000 m³ of MDP a year, 220,000 m³ of MDF a year, along with three melamine coating lines, a chemical plant that processes resins and formalin, and a veneer line.

- **Arauco approves the US\$185 million textile pulp project at its Valdivia mill**

Arauco approved the textile pulp project at the Valdivia wood pulp mill, which considers an investment of US\$185 million. The

construction of the project, which will reach a peak of 1,400 workers, will allow for innovation with value-added products in the context of an increasingly more competitive global wood pulp market.

This project will use the same process and current facilities at Arauco's Valdivia wood pulp mill in the district of Mariquina, Los Ríos region, and technology related to the production of this new pulp will be applied in accordance with the most stringent environmental standards.

Once this project starts up, the Valdivia mill will generate a surplus of about 55 MW against the 25 MW surplus currently generated by the National Electric Coordinator (CEN, according to the Spanish acronym) using the forest biomass as the main raw material.

- **MAPA project gets green light**

Arauco finally received a favorable verdict by the Supreme Court for the Arauco mill modernization and expansion (MAPA) project, which will allow the board of directors to make a technical and economic assessment of this initiative.

The aim of the mill expansion is to triple its wood pulp production capacity from 790,000 to 2.1 million tons a year. The cost of this operation has an initial investment amount of US\$2,500 million.



Corporate Information

- **Andrés Lehuedé is appointed the new CEO of AntarChile**

After 17 years as the CEO of AntarChile, Jorge Andueza Fouque tendered his resignation. For his replacement, the board appointed former CFO Andrés Lehuedé Bromley, who took on his new functions on April 1, 2017.



Fuels Business

- **39 new gas stations inaugurated in 2017**

The related companies of AntarChile S.A. engaged in the fuel distribution business inaugurated a total of 39 new gas stations in 2017. Copec inaugurated seven urban gas stations (one in Antofagasta, Colina, Copiapó, Puerto Montt and Viña del Mar and two in Talca), besides two on the highway at Arauco and Chañaral, all in Chile. MAPCO opened three gas stations in the state of Alabama and one in Tennessee, United States. Terpel unveiled 22 gas stations in Colombia and four in Panama, along with eight convenience stores in Colombia, six in Panama and five in Peru.

- **Abastible expands the capacity at its Osorno plant**

Abastible expanded the bottling capacity of its Osorno plant from 850 to 1,050 cylinders per hour. It also started work to increase the bottling capacity of the plants at Concón and Lenga, raising output from 900 to 1,350 cylinders per hour and from 1,000 to 1,200 cylinders per hour, respectively.

29



Fisheries Business

- **Corpesca S.A. sells 60% of the Brazilian company Sementes Selecta S.A. for US\$218 million**

Corpesca do Brasil Empreendimentos e Participações Ltda., a subsidiary of Corpesca S.A., sold a 60% stake of its associate Sementes Selecta S.A. for US\$218 million. CJ Logistics do Brasil Ltda., a subsidiary in Brazil of the Korean company CJ Cheil Jedang Corporation, acquired 37.33% of Sementes Selecta S.A., and the STIC CJ Global Investment Partnership Private Equity Fund purchased 22.67%.

This operation generated estimated pre-tax net income of US\$123 million for Corpesca S.A. After the sale, Corpesca do Brasil maintains a 10% shareholding of Sementes Selecta S.A., which produces soy protein concentrates, soybean oil and other by-products.

- **Igemar and Eperva buy 23% of Corpesca S.A. from Sociedad Pesquera Coloso S.A.**

Empresa Pesquera Eperva S.A. and Pesquera Iquique-Guanaye S.A. (Igemar) acquired a 23% shareholding that Sociedad Pesquera Coloso S.A. had in Corpesca S.A. for US\$69.4 million. The former company paid US\$41.7 million of this amount for a 13.9% shareholding and the latter paid US\$27.7 million for a 9.2% shareholding.

With this transaction, Pesquera Iquique-Guanaye S.A. and Empresa Pesquera Eperva S.A. have 100% ownership of Corpesca S.A.

Board of Directors



**Roberto
Angelini Rossi**
CHAIRMAN

Industrial civil engineer
Taxpayer ID N°5.625.652-0



**Jorge
Andueza Fouque**
VICE-CHAIRMAN

Civil engineer
Taxpayer ID N°5.038.906-5



**Manuel Enrique
Bezanilla Urrutia**
DIRECTOR

Attorney
Taxpayer ID N°4.775.030-K

SECRETARY TO THE BOARD

José Tomás Guzmán Dumas
Attorney
Taxpayer ID N°6.228.614-8

DIRECTORS' COMMITTEE

President
Jorge Desormeaux Jiménez

Directors
Manuel Enrique Bezanilla Urrutia
Andrés Lyon Lyon



**Jorge
Desormeaux Jiménez***

DIRECTOR

Economist
Taxpayer ID N°5.921.048-3

(*) Independent director



**Juan Edgardo
Goldenberg Peñafiel**

DIRECTOR

Attorney
Taxpayer ID N°6.926.134-5



**José Tomás
Guzmán Dumas**

DIRECTOR

Attorney
Taxpayer ID N°2.779.390-8



**Andrés
Lyon Lyon**

DIRECTOR

Commercial engineer
Taxpayer ID N°5.120.544-8

Senior Management

CEO

Andrés Lehuedé Bromley
Commercial engineer
Taxpayer ID N°7.617.723-6
In this position as of
April 2017

**INVESTMENTS ASSISTANT
MANAGER**

Ricardo Aldana Moris
Certified Public Accountant
Taxpayer ID N°7.511.701-9
In this position as of
March 2000

GENERAL ACCOUNTANT

Jaime Sánchez Pizarro
Certified Public Accountant
Taxpayer ID N°6.005.730-3
In this position as of
March 2000

LEGAL ADVISORS

Portaluppi, Guzmán y
Bezanilla Asesorías Ltda.

INDEPENDENT AUDITORS

PriceWaterhouseCoopers,
Consultores, Auditores y
Cía. Ltda.

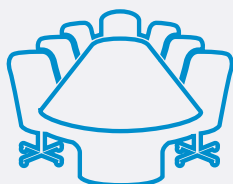
Corporate Governance

Corporate Governance Policy

Aware that good corporate governance is key to raising economic efficiency, driving growth and fostering investor trust, AntarChile S.A. adheres to the guidelines of the principles defined by the Organization for Economic Co-operation and Development (OECD) and transmits them to each of its subsidiaries and associates.

It thereby assures that the management, investing and production activities of the companies it controls are undertaken considering economic, social and environmental aspects. These factors define a way of doing business that makes a contribution to society beyond the direct economic benefit and what is laid down by the pertinent legal regulation.

Corporate Governance Instruments and Procedures



Code of Ethics – Principles and Values: This sets out the guidelines and procedures of the best business practices for directors, managers, workers and external employees, promoting the strictest compliance with the various current regulations.

Whistleblowing Channel: This is a confidential and anonymous channel that enables anyone with information on practice that infringes Law N°20.393 or conduct breaching the ethical principles established in the Code of Ethics to report it directly to the company's highest management level.

Offense Prevention Policy: This establishes the guidelines underpinning the adoption, implementation and operation of the offense prevention model of AntarChile S.A., in accordance with what is set forth in Law N°20.393 on the criminal liability of corporations.

Offense Prevention Model: This entails the implementation of prevention and oversight processes by means of diverse controls of the processes or activities exposed to risks of committing the offenses laid down in Law N°20.393 on the criminal liability of corporations (asset laundering, financing of terrorism, bribery of a national or foreign official, receipt of stolen goods and others that by law can be included). The model has been certified since 2014 by an external company.

Manual on Handling Information of Market

Interest: This governs the handling of information in accordance with General Regulation N°270 of the Superintendency of Securities and Insurance. It sets out the internal policies and standards for reporting procedures on the acquisition or transfer of securities and the handling, use and/or disclosure of confidential information of market interest.

Community Contribution Policy: This establishes the criteria and procedures to be followed for contributions made by the company in the form of donations, sponsorship or others. It thereby sets out how they must be made, in form and substance, according to the company principles and values, the current regulations and so they directly benefit its stakeholders and the community.

Risk Management Policy: This contains the guidelines established by the board and a methodology for the company to formally manage its risks to improve decision-making.

Antitrust Policy: This document specifies and reinforces the antitrust principles that all members of the company shall adhere to.

Note: Further information and other corporate governance procedures are available on the company website at www.antarchile.cl



Activity Highlights 2017

The company conducted a series of activities in 2017 to promote good corporate governance practice.

These included various update sessions on this issue for directors and managers of AntarChile S.A. and its related companies.

The main issues addressed were:

- Sustainability of corporate governance.
- Challenges of sustainability.
- New corporate communication challenges and the role of the board.
- Beyond compliance: boards that add value.
- Large investment projects and M&A.

During the year, the board conducted the annual assessment review of the information of market interest. The company also held training for its employees on offense prevention related to Law N°20.393, and implemented screening for suppliers, employees and customers.

Lastly, it made improvements to the whistleblowing channel, which is available to company employees or third parties that have relations with it. This channel operates through the company website in order to have an updated system that includes best practices on whistleblower confidentiality and facilitate access to this tool.

Ventanilla storage plant of Solgas S.A. in Lima, Peru.

Directors' Committee Management

In a board meeting held on May 5, 2017, the company appointed the Directors' Committee pursuant to sub-paragraph 1 of article 50 bis of Law N°18.046, comprising the independent director Jorge Desormeaux Jiménez and the directors Andrés Lyon Lyon and Manuel Enrique Bezanilla Urrutia.

In 2017, in accordance with the powers and functions stipulated in its establishment, the Committee reviewed the financial statements and reports of the independent auditors, proposed the independent auditors and private credit rating agencies to the board, assessed manager and senior manager remunerations and analyzed the information on operations referred to in Title XVI of the Law on Corporations. Pursuant to Article 50 bis of the aforementioned law, the Directors' Committee issued its performance report 2017, whose content shall be informed in the ordinary general shareholders' meeting in April 2018.

For being members of the company's Directors' Committee, José Tomás Guzmán Dumas received US\$24,150 (US\$69,576 in 2016); Andrés Lyon Lyon and Jorge Desormeaux Jiménez received US\$73,911 each (US\$69,576 in 2016) and Manuel Enrique Bezanilla Urrutia obtained US\$49,762 (US\$0 in 2016).

The Directors' Committee thereby disbursed US\$221,734 in 2017 (US\$208,728 in 2016). The Committee did not incur any consultancy expenses or fees in 2017.

The Director's Committee did not submit any recommendations to the company shareholders in 2017.

Board Remuneration

In 2017, directors received the following gross remunerations, established by the shareholders' meeting of the same year: US\$333,091 (US\$312,371 in 2016) for Roberto Angelini Rossi; US\$222,061 (US\$208,247 in 2016) for Juan Edgardo Goldenberg Peñafiel, José Tomás Guzmán Dumas, Andrés Lyon Lyon, Manuel Enrique Bezanilla Urrutia and Jorge Desormeaux Jiménez; US\$54,456 (US\$208,347 in 2016) for Arnaldo Gorziglia Balbi and US\$149,610 (US\$0 in 2016) for Jorge Andueza Fouque.

The directors did not receive any other remunerations from the company.

There are no incentive plans such as stock compensation, stock options or others in which the directors participate.

The board of directors and Directors' Committee incurred no consultancy expenses or fees in 2017.

An ordinary general shareholders' meeting, held on April 28, 2017, elected the directors of AntarChile S.A. for a three year period (the company does not have alternate directors). All the directors were re-elected, with the exception of Arnaldo Gorziglia Balbi (attorney, taxpayer ID N°3.647.846-2), who resigned as a director in March 2017. Jorge Andueza Fouque was, in turn, elected as a director.

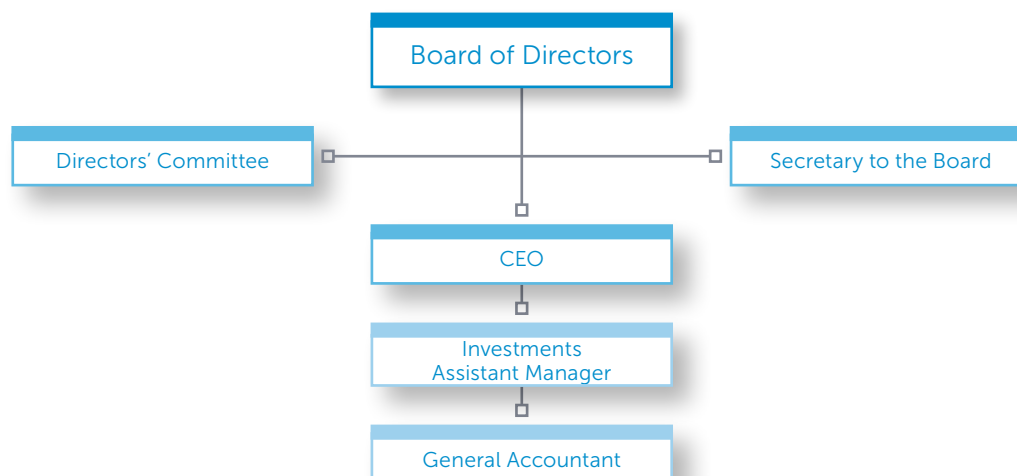
A board meeting held on May 5, 2017 appointed Roberto Angelini Rossi as the chairman and Jorge Andueza Fouque as the vice-chairman.

Summary of the Directors' Committee Activities in 2017

| Meeting | Date | Subject Matter |
|---------|----------|---|
| N° 101 | 01-06-17 | Submission of the internal audit report and approved the remunerations system and compensation plans of the company's senior managers and executives. |
| N° 102 | 03-31-17 | Approval of the company's financial statements for the year ended December 31, 2016 and independent auditors' report. |
| N° 103 | 04-07-17 | Proposal to the board to recommend to the ordinary shareholders' meeting to hire PriceWaterhouseCoopers, Consultores, Auditores y Cía. Ltda as the company's independent auditors. Proposal to the board, so it suggests this to the same ordinary shareholders' meeting, to appoint Fitch Chile Clasificadora de Riesgo Ltda. and Feller Rate Clasificadora de Riesgo Ltda as the private credit rating agencies. |
| N° 104 | 05-30-17 | Establishment of the Directors' Committee. Approval of the company's financial statements as of March 31, 2017. |
| N° 105 | 07-07-17 | Renewal of the computing, development and system maintenance service contract with Red to Green S.A. Proposal to the board to hire the services of PriceWaterhouseCoopers, Consultores, Auditores y Cía. Ltda. to provide support for the requirements related to the new tax reform. |
| N° 106 | 09-08-17 | Approve the company's financial statements as of June 30, 2017 Renew the corporate services, economic studies, audit and shareholder service contract with Servicios Corporativos SerCor S.A. Proposal to the board on financing Pesquera Iquique-Guanaye S.A. to purchase the shares of Corpesca S.A. |
| N° 107 | 11-03-17 | Proposal to the board for AntarChile S.A. to be a collateral signature, guarantor and joint co-debtor of Pesquera Iquique-Guanaye S.A. in favor of BancoEstado to guarantee the payment of financial debt. |
| N° 108 | 11-29-17 | Approval of the company's financial statements as of September 30, 2017. |

Our Team

Organizational Chart



Headcount of AntarChile S.A. and its subsidiary Empresas Copec S.A. for the year ended December 2017.

| | Executives | Professional Technicians | Workers | Total |
|---------------------|------------|--------------------------|---------------|---------------|
| AntarChile S.A. | 2 | 2 | 1 | 5 |
| Empresas Copec S.A. | 839 | 10,066 | 23,640 | 34,545 |
| Total (*) | 841 | 10,068 | 23,641 | 34,550 |

(*) 16,851 workers of the total headcount are foreigners, all of whom are employed by subsidiaries of Empresas Copec S.A.

| AntarChile S.A. Diversity December 31, 2017 | Board of Directors | Executives | Professional Technicians | Workers |
|--|--------------------|------------|--------------------------|---------|
| Gender | | | | |
| Male | 7 | 2 | 2 | 1 |
| Female | - | - | - | - |
| Nationality | | | | |
| Chilean | 7 | 2 | 2 | 1 |
| Foreign | - | - | - | - |
| Age range | | | | |
| Under 30 years | - | - | - | - |
| 30 to 40 years | - | - | - | - |
| 41 to 50 years | - | 1 | - | - |
| 51 to 60 years | 1 | 1 | 1 | 1 |
| 61 to 70 years | 3 | - | 1 | - |
| Over 70 years | 3 | - | - | - |
| Years of Service | | | | |
| Less than 3 years | 7 | 1 | - | - |
| 3 to 6 years | - | - | - | - |
| More than 6 and less than 9 years | - | - | - | - |
| 9 to 12 years | - | - | - | - |
| Over 12 years | - | 1 | 2 | 1 |

The parent company AntarChile S.A. does not report the salary gap by gender as it has no women workers.

Senior Manager Remunerations

The remunerations received by managers and senior managers in 2017 amounted to US\$656,319 (US\$1,107,699 in 2016). The company also incurred bonus expenses of US\$710,127 in 2017 (US\$738,739 in 2016).

AntarChile S.A. has no other special incentive plans in which administrators and executives participate. In 2017, severance payments received by managers or senior managers amounted to US\$3,903,821, and there were no payments in 2016.

Our Shareholders



1,232
shareholders
at December 31, 2017

12 main shareholders

| | Taxpayer ID N° | N° of shares | Shareholding % |
|---|----------------|--------------|----------------|
| Inversiones Angelini y Compañía Limitada | 93.809.000-9 | 289,349,551 | 63.40 |
| Inversiones Golfo Blanco Ltda. | 76.061.995-7 | 26,346,943 | 5.77 |
| Inversiones Senda Blanca Ltda. | 76.061.994-9 | 19,760,208 | 4.33 |
| Agroforestal e Inversiones Maihue Ltda. | 94.088.000-9 | 13,035,702 | 2.86 |
| Inversiones Lo Recabarren Limitada | 76.156.198-7 | 10,273,278 | 2.25 |
| Servicios Quelentaro S.A. | 78.217.950-0 | 4,718,121 | 1.03 |
| Rentas Latinsa Limitada | 93.505.000-6 | 4,705,398 | 1.03 |
| Banco de Chile on behalf of third parties | 97.004.000-5 | 4,340,503 | 0.95 |
| Cía. de Inversiones La Española S.A. | 93.727.000-3 | 4,021,073 | 0.88 |
| Agrícola y Comercial Santa Inés Limitada | 96.396.000-k | 3,904,342 | 0.86 |
| A.F.P. Habitat | 98.000.100-8 | 3,711,639 | 0.81 |
| Inversiones y Rentas San Juan Ltda. | 79.933.140-3 | 3,656,030 | 0.80 |
| Accrued percentage | | | 84.98 |

In accordance with current regulations, it is left on record that the following corporations or natural persons hold 10% or more of the capital stock or are related thereto, so they are majority shareholders: Inversiones Angelini y Compañía Limitada, taxpayer ID N°93.809.000-9.

There are no other shareholders holding over 10% of the capital stock.

Shareholding of Directors and Senior Managers

The director shareholding in AntarChile S.A., be this directly or through companies they control,

is as follows: Andrés Lyon Lyon, 2.324%; Juan Edgardo Goldenberg Peñafiel, 0.014%; Jorge Andueza Fouque, 0.024%. The shareholding of the director and chairman Roberto Angelini Rossi is indicated in the Company Controller section, included in chapter 5 of this annual report.

The only senior manager with a shareholding in the company for the year ended December 31, 2017, be this directly or through companies they control, is the CEO Andrés Lehuedé Bromley (0.0005%).



Investor Relations

Corporate headquarters
in Las Condes, Santiago

In 2016, AntarChile S.A. established the investor relations function to implement a formal communication channel between the company and investors.

During the year there was sharp 125% increase in the average daily traded amounts of AntarChile's shares, which rose from an average of Ch\$181 million in 2016 to Ch\$413 million in 2017. Such percentage increase was much greater than the increase of the Chilean stock market traded volume. Regarding this, the holding discount for AntarChile's shares dropped consistently during the year from around 41.5% early in the year to 36.5% by late December 2017.

Highlights in 2017

1. During the year, AntarChile attended three conferences abroad and three in Chile, holding over 50 one-on-one meetings with investors. Moreover, in November the company organized a non-deal roadshow, holding 16 meetings distributed among London, Paris, Amsterdam and The Hague. Such initiatives raise the company's visibility, particularly among foreign investors, and generate an opportunity for investors to talk directly to the company's executives.
2. The research departments of BTG Pactual and BanChile Inversiones started coverage of AntarChile's stock, increasing the number of institutions covering the company to four.
3. The improvement of the share liquidity and visibility enabled AntarChile to be listed on the selective share price index (IPSA) 2018, which lists the most liquid shares in 2017.

The company plans to keep up these efforts in 2018.

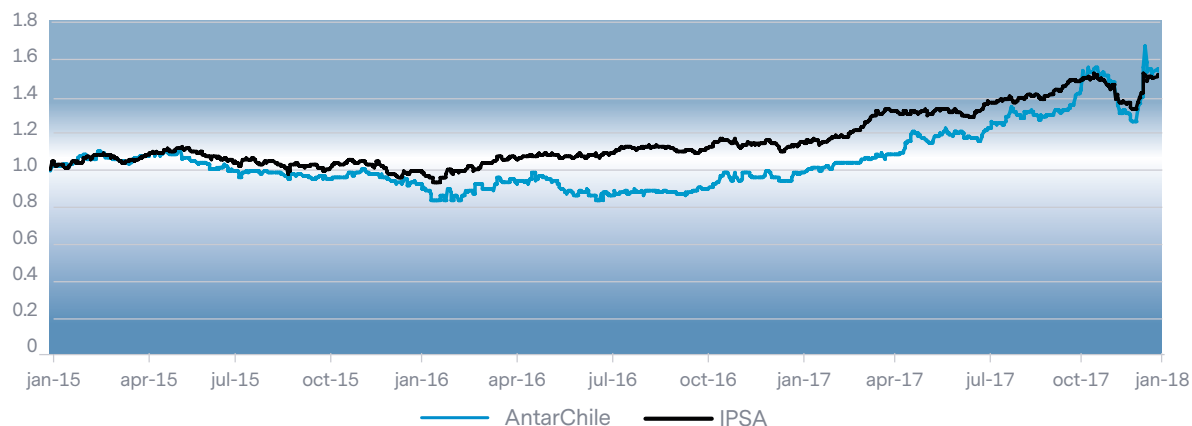
Share Information

Share Transactions

| Period | Average Price Ch\$/share | Shares traded (units) | Total amount Ch\$ |
|-------------|--------------------------|-----------------------|-------------------|
| 2017 | | | |
| I Quarter | 7,303 | 1,830,189 | 13,366,296,275 |
| II Quarter | 8,238 | 4,695,582 | 38,683,071,557 |
| III Quarter | 9,033 | 2,822,508 | 25,496,589,995 |
| IV Quarter | 10,137 | 3,660,138 | 37,104,363,165 |

This considers the transactions and average price of AntarChile S.A.'s shares on the Santiago Stock Market, the Valparaíso Stock Market and the Electronic Stock Exchange.

AntarChile Share Price Versus IPSA (base 100)



Holding Discount for AntarChile's Shares



Share Price

In early 2017, the AntarChile S.A. share price traded at around Ch\$6,700, and it increased steadily to about Ch\$11,000 by the end of the third quarter in the year. After that, the share price dropped, in line with the Chilean market, to around Ch\$9,000 to end the year with an increase to about Ch\$10,800, meaning the share price increased 63% in 2017.

AntarChile S.A.'s stock market presence in 2017 was 98.3%.

Net Asset Value (NAV)

| AntarChile S.A. at December 2017 | |
|----------------------------------|------------------|
| NAV | US\$12.7 billion |
| Market capitalization | US\$8.1 billion |

Dividend Policy

On April 7, 2006, the board agreed to amend the company dividend policy as follows:

- Increase the percentage of profits to be distributed each year as dividends from 30% to 40%. These will be paid as final dividends, after the ordinary general shareholders' meeting approves the respective annual balance sheet on the or those dates determined by such meeting.
- This dividend policy amendment came into force as of December 31, 2006.

Historical Dividends

| Year | Dividend N° | Amount per share (US\$) | Total historical amounts (US\$'000) |
|------|-------------|-------------------------|-------------------------------------|
| 2015 | 32 | 0.4291 | 195,831 |
| 2016 | 33 | 0.2747 | 125,367 |
| 2017 | 34 | 0.2896 | 132,171 |



Abastible obtained first place in the National Customer Satisfaction Awards in the gas cylinder category of the Praxis Xperience Index 2017 ranking. It was also distinguished as one of the best service companies.



03.



Sustainable Management



AntarChile S.A.'s permanent commitment is to assure that the companies comprising the holding undertake responsible and sustainable business management, and the right risk management, to make a contribution to the country's economic, social and environmental development.

These elements have enabled the company to generate quality jobs, providing world class products and services and generating value for its investors, based on respectful relations with the communities where it operates.



Firefighters of Arauco S.A. in front of the Annie helicopter, the largest in the world for firefighting.

Management Pillars of Empresas Copec S.A.

As AntarChile S.A. is an investment company, it articulates its sustainability vision through Empresas Copec S.A. This industrial holding has five management pillars underpinned by a sustainable business vision.



Investment Approach of AntarChile S.A.

The main investment of AntarChile S.A. is the 60.82% shareholding in Empresas Copec S.A., one of the largest industrial holdings in Chile. Empresas Copec S.A. accounts for 97.6% of the company's consolidated assets. Due to this, the profitability and growth of AntarChile S.A. essentially depend on the performance of Empresas Copec S.A.

The subsidiaries of Empresas Copec S.A. have a leading position in the different productive sectors in which they operate, with the most important being the forestry area through Arauco, and fuel distribution sector by means of Copec and Abastible.

Each one of these companies focuses its development on unique competitive advantages and successful business models, which have been enhanced in the last few years by large investments

abroad, doubling the size of Empresas Copec S.A. in the last 10 years, with a combination of organic growth and acquisitions in countries with a high development potential.

AntarChile S.A., through the subsidiaries of Empresas Copec S.A., currently markets its products in over 80 countries and has productive assets in Chile, Argentina, Brazil, Peru, Ecuador, Colombia, Uruguay, Canada, the United States and Panama.

Moreover, through the company Tafisa, of which its subsidiary Arauco has a 50% stake with Sonae, it produces and markets MDP and MDF in Europe and South Africa.

Besides the permanent investment in different companies, AntarChile S.A. also has a 9.58% shareholding of Colbún S.A. The market capitalization of this investment as of December 31, 2017 amounted to about US\$387 million.

Historical Presence in the Main Businesses

| | Ownership | Book Value US\$ million | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|-----------|-------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Empresas Copec | 60.82% | 6,324 | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| CSAV | 0.00% | N.A. | █ | █ | █ | | | | | | | | | | | | | |
| Eperva | 18.70% | 45 | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| Igemar | 17.44% | 34 | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| Astilleros Arica | 0.00% | N.A. | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| Colbún | 9.58% | 387 | | | | | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| Red to Green | 30.00% | 0 | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |
| SerCor | 20.00% | 0 | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ | █ |

Investments 2017-2018

The investments made in 2017 by the subsidiaries and associate companies of Empresas Copec S.A. amounted to US\$1,109 million, and the baseline investment plan for 2018 commits resources of about US\$1,444 million, which will be allocated to growth and maintenance of productive activities.



of the consolidated assets of AntarChile S.A. correspond to Empresas Copec S.A.



US\$ 1,109
million

Investments made by Empresas Copec S.A., its subsidiaries and associates in 2017.



US\$ 1,444
million

2018 investment forecast.

Around 67% will go to the forestry business, 31% to the fuel distribution business, 1% to the fisheries business and 1% to other activities.

Financing

The company seeks to maintain a sound financial standing with an optimal level of debt and broad hedging of its financial expenses.

Risk Factors

Risk Factors

Through its subsidiaries and associates, AntarChile has operations in different areas related to natural resources and energy. The major risk factors vary depending on the types of business. Based on this, management of each of the subsidiaries undertakes its own risk management in collaboration with its respective operating units.

The most important subsidiaries are Celulosa Arauco y Constitución S.A., which operates in the forestry business, and Compañía de Petróleos de Chile Copec S.A. in the fuels sector. Both companies jointly account for about 86% of the group's consolidated assets and 89% of the EBITDA. They also represent around 94% of the accounts receivable and 83% of the long-term bond and financial debt issues. Most of the group's risks lie in these areas. Below we analyze the specific risks affecting each of them.

Forestry Business

The wood pulp price is determined by the global market, along with the conditions of the regional market. Prices fluctuate according to demand, production capacity, commercial strategies adopted by the large forestry companies and the wood pulp and paper producers, and availability of substitutes.

For the sensitivity analysis we assumed a +/- 10% change in the average wood pulp price. With all the other variables constant, a +/- 10% change in the average wood pulp price would lead to a change in the net income of Empresas Copec after tax in the year of +/- 72.94% (equivalent to US\$197.0 million) and in shareholders' equity of +/- 1.66% (equivalent to US\$118.2 million).

Regarding the economic risks arising from interest rate variations, the subsidiary Arauco undertakes its risk analysis reviewing the exposure to changes in the interest rate. For the year ended

| Permanent Investments | Shareholding % | Investment value US\$ million | Company Income | |
|--|----------------|-------------------------------|--------------------|---------------------------|
| | | | Total US\$ million | Proportional US\$ million |
| Empresas Copec S.A. | 60.82 | 6,324.3 | 639.3 | 388.8 |
| Pesquera Iquique-Guanaye S.A. | 17.44 | 33.6 | (20.9) | (3.7) |
| Empresa Pesquera Eperva S.A. | 18.70 | 45.3 | 32.2 | 6.0 |
| Red to Green S.A. | 30.00 | 0.4 | (5.7) | (1.7) |
| Servicios Corporativos SerCor S.A. | 20.00 | 0.2 | (0.0) | (0.0) |
| Celulosa Arauco y Constitución S.A. (Arauco) | 0.0001 | 0.0 | 269.7 | 0.0 |

31 December 2017, 14% of bonds and bank loans accrue interest at a floating rate. Therefore, a +/- 10% change in the interest rate would affect the net income of Empresas Copec after tax in the year of +/- 0.41% (equivalent to +/-US\$1.1 million) and shareholders' equity by +/- 0.01% (equivalent to +/- US\$0.7 million).

On the other hand, most of the subsidiaries in the forestry business have their accounting in US dollars. Nevertheless, they are subject to the risk of losses from exchange rate fluctuations of currencies when assets and liabilities are expressed in currencies other than the functional currency defined by Arauco. With all the other variables constant, a +/- 10% change in the exchange rate (Ch\$/US\$) would lead to a change in the net income of Empresas Copec after tax in the year of +/- 9.98% (equivalent to +/- US\$26.9 million), and +/- 0.23% of shareholders' equity (equivalent to +/- US\$16.1 million).

Likewise, keeping all the other variables constant, a +/- 10% change in the Brazilian exchange rate (R\$/US\$) would lead to a change in the net income of Empresas Copec after tax in the year of +/- 1.67% (equivalent to US\$4.5 million) and in shareholders' equity of +/- 0.04% (equivalent to US\$2.7 million).

Fuels Business

The company, through its subsidiaries Copec and Abastible, has a leading position in the liquid fuel and liquefied gas distribution market in Chile. It also operates in Colombia, through its subsidiaries Terpel and Inversiones del Nordeste, and in Peru and Ecuador through Solgas and Duragas, companies recently acquired by Abastible. Furthermore, it has operations in the United States through MAPCO, a company acquired by Copec in late 2016. The supply in these countries is mostly from local companies. Despite this, the company can access alternative fuel supply markets to assure and optimize product supply and distribution to the public.

The major risk for the fuel distribution and liquefied gas business is essentially the distribution margin, rather than the price of crude oil and its by-products. The distribution margin largely depends on competition factors that arise daily in markets. Since they are products with low price elasticity, eventual increases or decreases in the crude oil price or in the exchange rate have relatively little effect on the volumes traded in the market.

Notwithstanding this, the value of the company's inventory is indeed affected by changes in

international fuel prices. The company's policy is not to hedge the permanent stock, as the increases and decreases that arise are offset in the long term. This is not the case with specific overstocks for which, due to the market pricing methodology, the company has not found a hedging instrument that fully mitigates this risk.

Subsidiaries in the fuels business, which account for 29% of the company's total assets, have their



accounting in Chilean pesos, Colombian pesos, Peruvian soles and US dollars. Their accounts receivable, financial liabilities and most of their earnings are expressed in these currencies, so exposure to exchange rate variations is greatly reduced. However, at the parent company changes in the exchange rate affect the value in US dollars of investments in such sector and the results obtained.

MAPCO convenience store in the United States.

Fisheries Business

In the fisheries business, the availability of pelagic species at the different fishing grounds is a vital factor in the results. A second risk factor are the



Crew onboard
Corpesca S.A.'s PAM
"Audaz".

market prices of fishmeal and fish oil, which are obtained from the supply and demand balance. Peru's production is very decisive regarding supply, and consumption in Asia in general and China in particular, with respect to demand.

Since it is a sector that exports most of its production, the result of its operations is sensitive to foreign exchange variations, to earnings policies determined by the Chilean Central Bank and to export promotion policies of competitor countries. Fishmeal and fish oil are essentially traded in US dollars, so virtually 100% of the company's income from this sector is indexed to this currency. Due to this nature, the bank debt that companies generally have is shipment advances in US dollars. Despite this, the necessary conversion to Chilean pesos of a large portion of the earnings is exposed to exchange rate variations, and this risk can be limited by using forwards or other financial instruments.

Those sales agreed on in a currency other than the US dollar are generally converted to such currency by using forward sale contracts that dollarize such earnings. This eliminates the volatility risk of currency fluctuations against the US dollar.

Regarding costs, the fisheries business is highly sensitive to changes in fuel prices, particularly diesel and bunker oil.

In the regulatory area, the application of catch quotas, closed seasons and restrictions imposed by the authorities can greatly affect the production of subsidiaries and related companies in this sector.

Domestic Credit Rating ⁽¹⁾

| Share rating | |
|--|---------------------|
| Fitch Chile Clasificadora de Riesgo Ltda. | First class Level 2 |
| Feller- Rate Clasificadora de Riesgo Ltda. | First class Level 2 |

(1) The domestic credit rating of AntarChile S.A.'s shares was adjusted to the provisions of Securities Law N°18.045. This credit rating by Feller-Rate Clasificadora de Riesgo Ltda. and Fitch Chile Clasificadora de Riesgo Ltda includes the financial statements as of September 30, 2017 in the analysis.

Performance Analysis

Results in the year

In 2017, AntarChile S.A. had consolidated net income, excluding minority participation, of US\$399 million, a 22.5% increase on net income of US\$326 million in 2016. Such increase was due to a US\$423 million increase in operating income, along with a positive tax effect of US\$78 million, which was partly offset by lower non-operating income of US\$419 million on the previous year.

| | 2017 US\$ million | 2016 US\$ million |
|---|-------------------------|-------------------------|
| Net income in the year | | |
| Operating income | 1,204 | 781 |
| Share of profit (loss) in associates | 106 | 89 |
| Other non-operating income | (559) | (123) |
| Income tax | (78) | (156) |
| Net income in the year | 673 | 591 |
| Net income of minority interest | 274 | 266 |
| Net income of controlling interest | 399 | 326 |

Operating Income

The company had operating income of US\$1,204 million in 2017, US\$422 million higher than the US\$781 million in 2016. Such increase was mainly due to the forestry business (+US\$328 million), essentially because of higher revenue across all its business lines, particularly wood pulp, with price and physical sales volume increases.

The fuels business also had higher operating income (+US\$113 million), mainly on account of the better performance of Copec Combustibles related to better margins in Chile and Colombia, a positive effect of the revaluation of inventories in both countries, a sales increase in the distributor channel in Chile, along with the consolidation of the MAPCO operations.

| | 2017 US\$ million | 2016 US\$ million |
|-------------------------|-------------------------|-------------------------|
| Operating income | | |
| Gross margin | 3,446 | 2,763 |
| Distribution costs | (1,247) | (1,104) |
| Administration expenses | (995) | (877) |
| Operating income | 1,204 | 781 |

Non-operating Income

AntarChile S.A. had a non-operating income loss of US\$452 million in 2017, which was US\$419 million more negative than the previous year. That is mainly explained by lower non-operating income

at Arauco (-US\$352 million), which included the negative effect of the wildfires in the first quarter of the year, higher financial costs from the buyback of bonds and debt refinancing, and a decrease in other revenue from a change in the valuation of biological assets. Igemar also had lower non-operating income related to a fixed asset impairment charge.

| | 2017 US\$ million | 2016 US\$ million |
|---|-------------------------|-------------------------|
| Non-operating income | | |
| Earnings and financial costs | (344) | (289) |
| Other profit (loss) | (236) | 156 |
| Share of profit (loss) in associates | 106 | 89 |
| Exchange rate difference and monetary correction income | 21 | 11 |
| Non-operating income | (452) | (34) |

Cash Flow

In 2017, the company's cash flow was US\$124 million, which was an increase on the negative cash flow of US\$336 million in 2016.

The operating cash flow as of December 2017 increased US\$82 million compared to the previous year, largely explained by higher charges from sales of goods and services provided at the indirect subsidiaries Copec, and to a lesser extent at Arauco and Abastible. That was partly offset by greater payments to goods and services suppliers at the indirect subsidiaries Copec, and to a lesser extent at Arauco and Abastible. There were also higher payments to and on behalf of employees at the parent company and the indirect subsidiary Copec.

The investing cash flow in 2017 was US\$917 million less negative than in 2016. The main reason was a lower cash flow used to gain control of subsidiaries or other businesses in 2017. It should be highlighted that in 2016 the company made acquisitions of Solgas, Duragas and MAPCO in the fuels business amounting to US\$850 million. Arauco also bought Tafisa (now Sonae Arauco) for US\$153 million. That was partly offset by greater purchases of property, plant and equipment at Arauco and Copec, along with higher other payments to acquire equity or debt instruments of other entities of Igemar, related to the purchase of Corpesca's shares.

The financing cash flow had a higher net disbursement of US\$525 million as of December 2017, with the outlay increasing greatly compared to the same period in 2016. That is

explained by greater loan payments related to refinancing undertaken by Arauco, which included the buyback of bonds issued in the international market of US\$741 million.

| Cash flow | 2017 US\$ million | 2016 US\$ million |
|--|-------------------------|-------------------------|
| Operating | 1,602 | 1,520 |
| Investing | (961) | (1,878) |
| Financing | (557) | (32) |
| Exchange rate effect | 39 | 53 |
| Net increase in cash and cash equivalents | 124 | (336) |

Net Income Distribution

The company's paid-in capital for the year ended December 31, 2017, was US\$1,391,235,491, divided into 456,376,483 no-par value shares of a single series. The company's balance sheet, after making the adjustments laid down by current law and regulations, stated net income of US\$399,049,686.

The table below shows the company's shareholders' equity for the year ended December 31, 2017.

| | US\$ |
|---|----------------------|
| Issued capital | 1,391,235,491 |
| Other reserves | Other reserves |
| Conversion reserves | (803,906,115) |
| Hedging reserves | 10,395,581 |
| Reserves for defined benefits | (14,429,770) |
| Reserves available for sale | 57,761,858 |
| Legal and statutory reserves | 1,824 |
| Other sundry reserves | (233,815,071) |
| Retained earnings | |
| Shareholders' equity adjustment, first adoption | 591,019,627 |
| To reserves for future dividends | 3,151,468,747 |
| Changes in retained earnings | 2,278,250,486 |
| Net income in the year | 399,049,686 |
| Shareholders' equity before dividend provision | 6,827,032,344 |
| Dividend provision | 199,044,039 |
| Shareholders' equity after dividends | 6,627,988,305 |

The board proposed to distribute net income in the year as follows:

| Distribution of net income | US\$ |
|---|--------------------|
| To retained earnings | 200,005,647 |
| To pay final dividend N°35 of US\$0.436140 per share, proposed by the Board | 199,044,039 |
| Net income in the year | 399,049,686 |

Capital and Reserves

After approval of the distribution of net income proposed by the board, the company's capital and reserves for the year ended December 31, 2017 would be as shown in the table below. According to this, the book value of each share was US\$14.5231 for the year ended December 31, 2017.

| | US\$ |
|---|----------------------|
| Issued capital | 1,391,235,491 |
| Other reserves | |
| Conversion reserves | (803,906,115) |
| Hedging reserves | 10,395,581 |
| Reserves for defined benefits | (14,429,770) |
| Reserves available for sale | 57,761,858 |
| Legal and statutory reserves | 1,824 |
| Other sundry reserves | (233,815,071) |
| Retained earnings | |
| Shareholders' equity adjustment, first adoption | 591,019,627 |
| To reserves for future dividends | 3,351,474,394 |
| Changes in retained earnings | 2,278,250,486 |
| Capital and reserves | 6,627,988,305 |

Financial Indicators

| | 2017 | 2016 |
|---|-------|-------|
| Profitability (net income/shareholders' equity) | 6.02% | 5.18% |
| Liquidity (current assets/current liabilities) | 1.68 | 1.84 |
| Leverage (liabilities/shareholders' equity) | 1.03 | 1.05 |

Valuation of Assets and Liabilities

The company's assets and liabilities were valued according to the principles specified in the International Financial Reporting Standards (IFRS), and in accordance with the regulations of the Superintendency of Securities and Insurance (now the Financial Market Commission). Hence, there are no substantial differences between the economic value and book value of the company's assets and liabilities.

Contracts and Transactions with Related Entities

The company has different commercial contracts and operations with subsidiaries and associates, which are within the conditions and practices prevailing in the market when entering into them.

- There are two contracts with Servicios Corporativos SerCor S.A., an associate of the company: the first is to conduct economic studies, strategic planning, project assessment, market studies, performance analysis, corporate



communications, corporate governance and internal auditing and control; and the second is for shareholder administration services.

- There is also a contract with the associate Red to Green S.A. for computer and information system processing and consultancy services.
- The company has a leasing contract with Inversiones Siemel S.A. for the offices it uses at Av. El Golf N° 150, floors 19 and 21, Las Condes, Santiago. The controllers of Inversiones Siemel S.A. are the same as those of AntarChile S.A.
- The company has a permanent legal advisory contract with the law office of Portaluppi, Guzmán y Bezanilla Asesorías Ltda. Some partners of such law office are directors of AntarChile S.A.

The company intends to renew these commercial contracts and operations, insofar as their conditions remain similar to those prevailing in the market. Further information on transactions with related entities may be found in Note 16 to the company’s financial statements.

Trademarks, Patents and Licenses

AntarChile S.A., an investment holding, is the holder of the trademarks related to its business name, which include “AntarChile,” a trademark registered under N°754632 and N°760022 by the National Institute of Industrial Property (INAPI, according to the spanish acronym).

The company’s subsidiaries and associates have trademarks, patents, licenses, franchises and royalties, under which they market their products and services and undertake their operations, and information about these is provided in the “Subsidiaries and Associates” chapter of this annual report.

Autogas station of Abastible S.A. in Arica.

| Diversification of suppliers and customers by company | Nº of suppliers that individually account for more than 10% of the goods and services provided in 2017 | Nº of customers that individually account for more than 10% of the sales in 2017 |
|---|--|--|
| Empresas Copec S.A. | - | - |
| Pesquera Iquique-Guanaye S.A. (Igemar) | - | - |
| Empresa Pesquera Eperva S.A. | 1 | - |
| Red to Green S.A. | 5 | 5 |
| Servicios Corporativos SerCor S.A. | 1 | 1 |
| Celulosa Arauco y Constitución S.A. | 1 | - |



Community Relations



Community Relations

The company, its subsidiaries and associates deem that their operations and role in society should go beyond the businesses, investments, growth and results. With this concept, the company encourages active co-operation with its stakeholders, implementing various initiatives and projects focused on highly vulnerable sectors. It undertakes action to assure the sustainability of the environment, strives to improve the educational level at schools with fewer resources and opportunities, and fosters innovation and scientific research.

Education, Culture and Sports

Education, culture and sports are important tools to attain both the individual and social development of people, along with the country's progress. For this reason, AntarChile S.A., through its subsidiaries and associates, supports various initiatives in these areas:

Arauco Educational Foundation: through education, it helps to provide better development opportunities for children and youngsters, due to



the design, development and implementation of teacher training programs in the districts of Maule, Biobío and Los Ríos.

Belén Educa Foundation: with 12 schools located in vulnerable districts in the metropolitan region and over 13,000 students, it offers quality education and encourages the commitment of families to the education of their children. The company, its subsidiaries and associates support the Foundation with funding and by participating in initiatives like the Tutor Program and Master Talks, among other activities. There is also the Anacleto Angelini Fabbri Scholarship, awarded each year to the most outstanding pupils in each school to finance all of their studies at a technical education center or professional institute.

Arauco Campus Higher Education Center: based on a partnership of Arauco and the Duoc UC professional institute, it provides education

of excellence to the youngsters of the province of Arauco, Biobío, using an alternating education model.

Arauco Schools in Constitución and Cholguán: Institution managed by Arauco and open to the whole community.

Viva Leer (Long Live Reading) Program: initiative developed by Copec to encourage reading, among other activities, by offering book collections to be sold directly at gas stations.

Enseña Chile: it selects and trains young professionals who want to devote their first working years to teaching at vulnerable schools.

As part of the activities that promote education, culture and sports, Copec permanently supports national sportsmen like Francisco “Chaleco” López and Ignacio Casale, and the RallyMobil automobile competition, along with various child and youth orchestras in Chile.

The Arauco Educational Foundation participates in different initiatives to support vulnerable schools in regions VII, VIII and XIV.

Overcoming Poverty

Overcoming poverty and improving the quality of life of the most vulnerable sectors of the population is another concern of the holding companies. The main initiatives undertaken in this area were:

Elemental: a Do Tank developed by Copec, the Catholic University of Chile and a group of professionals, which aims to reduce poverty and improve the quality of life of families by means of urban projects of public interest and a social impact. To date, it has developed social housing projects in 11 cities in the country, and also in Mexico and Switzerland.

Constitución Sustainable Reconstruction Plan (PRES): this initiative was developed by Arauco, the Municipality of Constitución and the Ministry of Housing and City Planning to address the reconstruction of Constitución, one of the cities that was hit hardest by the earthquake and tsunami of February 2010. As part of this program, facilities such as the municipal library, the Mutrún stadium, the Cultural Center and fire station of the first company of firefighters, among other works, have already been built and implemented.

Arauco Housing Plan: this initiative provides a definitive housing solution for company workers, contractors and related service companies, and for neighbors who live around its commercial and industrial operations, by means of the formation of top quality housing estates with innovative wood designs.

Research, Innovation and Technology

The subsidiaries and associates of AntarChile S.A. permanently drive innovation, technology and scientific research initiatives, highlighting the following:

Anacleto Angelini-Catholic University (UC) Innovation Center: this promotes the meeting and interaction of the academic and business worlds to generate knowledge and applied innovation that meet the country's needs. It is an open forum in which all companies and enterprises wishing to promote a pro-innovation and enterprise culture can participate.

Copec-Catholic University Foundation: this foundation drives applied scientific research, fosters the creation of strategic partnerships between public and private bodies that are engaged in research and development, and disseminates the scientific and technological

advances in the natural resources segment. Every year it holds the National Natural Resources Development Project Competition, the Project Competition for young researchers and the Higher Education Student Competition: '*Aplica tu idea*' (Apply your Idea). There is also a private investment fund, which provides resources in the form of capital to technological development projects with large growth potential.

Marine Applied Research Center (CIAM): created by Corpesca, Camanchaca and Servicios y Refinerías del Norte S.A. (SERENOR), it promotes research on the sustainability of fisheries in the north of Chile.

InnovArauco: this program was developed by Arauco to systematize innovation within the company, focused on new value offerings, sustainability and social impact, and disruptive innovations.

Bioforest: this is a scientific and technological research center which conducts studies to increase the quality, performance and productivity of forest plantations and the wood pulp production process, and apply state-of-the-art procedures in the fields of genetics, productivity of sites, phytosanitary protection, wood properties and biodiversity of native vegetation.

Wine Hub: this is a technology transfer group driven by Arauco and the National Institute of Agricultural Innovation (INIA), which trains farmers and improves the competitiveness in the Ránquil and Portezuelo areas by raising the productivity and quality of their vineyards.

AcercaRedes: this is an initiative driven by Arauco to establish, in rural and isolated places, spaces that promote associativity among local entrepreneurs, technical businesses and organizations, producers, trade unions, cultural, academic, corporate and commercial companies, aiming to drive community development.

Environment

The companies of the group are committed to taking care of the environment and to the sustainable management of resources, which entails actively collaborating with the national bodies and authorities, meeting market requirements, helping to preserve ecosystems and making the businesses sustainable. The initiatives developed with this aim included the following:



Vía Limpia (Clean Way) Project: a Copec initiative that seeks to resolve customer difficulties with the handling of used oil and removal of waste containing hydrocarbons.

Biomass-fired power cogeneration plants: due to eight biomass-fired power cogeneration plants, which have a total installed capacity of 606 MW, Arauco is self-sufficient for its power needs at most of its industrial processes in Chile. Moreover, it injects the surplus available into the central power grid. In Argentina it has two power cogeneration plants with an installed capacity of 78 MW, and in Uruguay it operates with a capacity of 165 MW. Of the generation plants mentioned, five in Chile and one in Uruguay are registered as greenhouse gas (GHG) emission reduction projects under the Clean Development Mechanism of the Kyoto Protocol.

Applications that complement the use of LPG: developed and incorporated by Abastible, they include Solargas, which combines solar energy with the use of LPG to transform it into thermal energy, generating savings of up to 70% of the annual consumption; Nautigas, which offers a clean solution for heating water required by, among others, the salmon and mussel

farming industry, along with facilitating the conversion of inboard and outboard motors; electric power generation, which provides electric power to projects with LPG-powered generators; and cogeneration, which with Capstone Turbine Corporation microturbines produces electricity and useful heat simultaneously by using LPG, generating large energy and maintenance cost savings.

Metroenvironmental Brigade Program: Metrogas program aimed at enhancing the educational content for children and youngsters on environmental care and energy efficiency.

Native forest stewardship plan: developed by Arauco to protect and maintain the 431,000 hectares it has in Chile, Argentina, Brazil and Uruguay.

Marine ecosystem environmental monitoring programs, liquid emission monitoring, and gas emission control: developed by Corpesca so the processes generate the smallest environmental footprint.

Arauco technical training center, arising from a partnership between Duoc UC and Empresas Arauco.

Awards and accolades



Empresas Copec S.A. was nominated as one of the leading companies on sustainability, corporate governance and investor relations, according to the **ALAS20 ranking**, which is conducted every year in Chile, Peru, Colombia and Mexico. This evaluation process, created by GovernArt, is an effective way of attaining more sustainable development in Latin America related to business management and investment decisions.



Abastible obtained first place in the **National Customer Satisfaction Awards** in the cylinder gas sector category of the latest Praxis Xperience Index ranking. It was also distinguished as one of the best service companies.



Mina Invierno was awarded the **National Mining Society Prize 2017** in the medium-sized mining category for its contribution to sectorial development.



Metrogas obtained first place in the **National ProCalidad Service Awards** in the piped gas category. It also received an award from the corporate reputation business monitor (MERC) for its social responsibility and corporate governance practices.



Copec obtained **first place in the gas station category of the National Consumer Satisfaction Awards**. It was also distinguished as one of the **10 companies with the best corporate reputation according to the RepTrak Chile 2017 survey** and it was recognized as one of the 50 most innovative companies in Chile in the modern retail category by Best Place to Innovate.



Terpel once again entered the **RobecoSam sustainability yearbook**, getting a **bronze mention in the oil and gas/storage category**.



MAPCO was distinguished by **US consumers in sixth place** nationally, due to the excellent experience provided by its gas station at **Huntsville, Alabama**.



Empresas Copec was again selected to be listed on the **FTSE4Good Index Series**, a UK index drawn up by FTSE International Limited and the Frank Russell Company, which measures the performance of companies demonstrating strong environmental, social and governance (ESG) practices. In this latest version, 77 new companies were added to the global index and 31 were eliminated. In 2017, the company also remained on the **Dow Jones Sustainability Index Chile**.



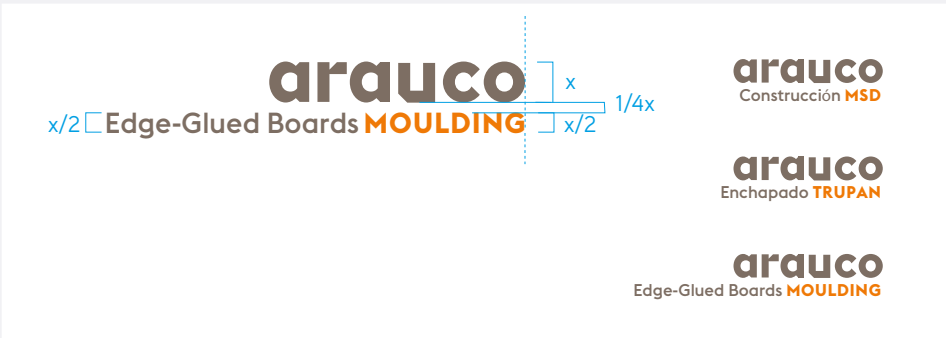
Terpel was distinguished as one of the **100 companies with the best corporate reputation**, according to the MERCO Companies and Leaders Colombia 2017 ranking and received the **Investor Relations (IR)** award of the Colombian Stock Market for providing legal, financial and commercial information transparently, timely and truthfully.



Copec was recognized as one of the **50 most innovative companies in Chile** in the modern retail category by Best Place to Innovate.



Terpel was distinguished by **Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones (ANDESCO)** as one of the companies with the best corporate governance.



Arauco was distinguished for its **new corporate image** in the **International Industrial and Graphic Design Awards 2017** in the branding category: best corporate identity system.

05



Subsidiaries and Associates



Terpel gas station in Colombia.

Empresas Copec S.A.

For the year ended December 31, 2017

| | |
|--|-----------------|
| Taxpayer ID N° of Empresas Copec S.A. | 90.690.000-9 |
| Shareholding of AntarChile S.A. | 60.82% |
| Percentage of individual assets of the company | 89.99% |
| Paid-in and subscribed capital | US\$686 million |



EMPRESAS COPEC

60

Board of Directors



CHAIRMAN

Roberto Angelini Rossi (*)

DIRECTORS

Jorge Andueza Fouque (*)

Andrés Bianchi Larre

Manuel Bezanilla Urrutia (*)

Juan Edgardo Goldenberg Peñafiel (*)

Arnaldo Gorziglia Balbi

Carlos Hurtado Ruiz-Tagle

Tomás Müller Sproat

Gabriel Bitrán Dicowsky

CEO

Eduardo Navarro Beltrán

(*) Roberto Angelini Rossi is chairman of AntarChile S.A.; Jorge Andueza Fouque is vice-chairman; Juan Edgardo Goldenberg Peñafiel and Manuel Bezanilla Urrutia are directors.

Company Information

The company was founded in 1934 with the name of Compañía de Petróleos de Chile S.A. (Copec) to market and distribute fuels in Chile. As of 1976 it started to become a business consortium with investments in various productive sectors, such as forestry, fisheries and energy, among others.

In 1986, the Angelini Group acquired 41% of Copec's capital stock, gaining control of the company and starting a restructuring process, and over time the company had successful and sound business growth and diversification. It has thereby driven an investment plan in the last 20 years, which up to 2017 amounted to US\$18,914 million.

The baseline investment plan established for 2018 commits resources of US\$1,444 million, which will be allocated to growth and maintenance of the company's productive

activities. About 67% of that amount will go to the forestry business, 31% to the fuels business, 1% to fisheries and 1% to other activities.

The financial and equity standing of Empresas Copec S.A. for the years ended 2017 and 2016 is shown in the "Summarized Financial Statements" chapter.

2017 Results

Empresas Copec S.A. had consolidated net income of US\$639 million, which was a 15.4% increase on the US\$554 million in 2016 and both figures exclude minority participation.

Such increase was due to higher operating income of US\$423 million, driven by a better performance of the forestry business and lower tax expenses of US\$78 million. That was partly offset by non-operating income dropping US\$438 million.

Forestry Business

The investment of Empresas Copec S.A. in the forestry business has been channeled through Arauco (Celulosa Arauco y Constitución S.A. and subsidiaries), a leading company in the forestry industry in Chile and South America, and a major global player. Arauco has attained this position due to a sustained investment plan, generating sound competitive advantages in the production and marketing of its resources and forestry products, and diversification of its product lines and markets. The strengths of this company include the efforts to optimize its operations, the genetic advances of its plantations, leveraging the unique climate conditions in Chile and the closeness to shipment ports.

The mentioned competitive advantages, along with its management capacity, have made Arauco one of the lowest cost wood pulp producers in the world, which enables it to generate sufficient cash flows in low wood pulp price cycles and good results when there are stable and rising prices.

AntarChile S.A. owns 60.82% of Empresas Copec S.A., and the latter in turn is the owner of 99.98% of Arauco. The most important assets of this company are the 1.7 million hectares of forest wealth in Chile, Argentina, Brazil and Uruguay. In regard to its forest crop, it should be highlighted that the weather in these countries, the quality of their soil and the genetic advances attained by Arauco enable it to achieve a greater density of timber per hectare of planted forest in less time compared to other regions in the world.

Arauco's industrial assets comprise several productive complexes which make various wood-based products.

In the wood pulp area, Arauco is one of the leading producers worldwide. The company has seven industrial mills located in Chile, Argentina and Uruguay, with a total annual production capacity of 3.9 million tons of wood pulp.

In the panel business, Arauco is one of the leading producers worldwide and offers a broad mix of products. It has an installed capacity of 9.4 million m³ of panels a year, and 28 industrial mills in Chile, Argentina, Brazil, the United States, Canada, Germany, Spain, Portugal and South Africa.

Concerning sawmills, Arauco is the largest sawn timber exporter in Chile and one of the top producers worldwide. It currently has nine sawmills in Chile, Argentina, Uruguay and Spain with a total production capacity of 2.9 million m³ of sawn timber.

Competitive Advantages

arauco



1.7 million
hectares

The largest forest assets in the Southern Hemisphere

- ⚡ **Fast growing forests** and short harvesting cycle.
- ⚡ **Logistical competitiveness** due to the **short distance between forests, plants and ports.**
- ⚡ Its wide range of products boosts its forestry crop: **wood pulp, panels, timber, and energy.**

Regarding power generation, Arauco produces its own electricity from its clean technology generators, which are fired by the biomass from the forest product production processes. The company has eight biomass-fired electric power generating plants and two gas and diesel backup generators in Chile, which have a total installed capacity of 606 MW. In 2017, Arauco provided a net power surplus of 900 GWh which was injected into the national power grid (SEN). It also has two power generating plants at its operations in Argentina with a total installed capacity of 78 MW, and its generating plant in Uruguay has an installed capacity of 165 MW.

Arauco had a net income increase of US\$56 million in 2017, due to greater operating income from higher revenue across all its business lines, particularly wood pulp. It should be highlighted that net income increased despite the losses from wildfires in the first quarter of 2017.

Regarding investment made in 2017, Arauco do Brasil, a Brazilian subsidiary of Arauco S.A., acquired Masisa do Brasil, a subsidiary of Masisa, for an approximate asset value of US\$103 million. The main assets of Masisa do Brasil are two industrial complexes at Ponta Grossa (Paraná) and Montenegro (Rio Grande do Sul), with a total installed capacity of 300,000 m³ of MDF a year, and 500,000 m³ of MDP a year.

Moreover, Arauco reached an agreement to buy Masisa's assets in Mexico for US\$245 million. Such assets include three industrial complexes at Chihuahua, Durango and Zitácuaro, with three MDP lines and an installed capacity of 519,000 m³ a year, an MDF line of 220,000 m³ a year, three

melamine coating lines, a chemical plant to process resins and formalin, and a veneer line.

Lastly, the company made progress with the construction of the new panel mill at Grayling in Michigan. This mill will have an installed production capacity of 800,000 m³ of panels a year. The total investment is estimated to be US\$400 million and the mill will start up in late 2018.

2017 Results

Arauco posted net income of US\$270 million in 2017, which was a 26.2% increase on 2016. This is explained by operating income increasing US\$327 million from higher sales across all business lines, particularly wood pulp with price and physical sale increases. There was also a lower tax payment of US\$77 million, due to the positive effects of the tax reforms in Argentina and the United States.

On the other hand, non-operating income dropped US\$352 million on last year, mainly associated with the negative effect of wildfires in the first quarter of 2017 and a lower revaluation of biological assets. There were also higher financial costs from the buyback of bonds and debt refinancing.

Liquid Fuels

Copec is the leading company in the liquid fuel distribution market in Chile. The results of this company should be highlighted as it operates in a market where important international companies compete. For years it has maintained its leadership of service quality and sales volume. The key to its success has been the development of commercial policies that have enabled it to attain sound positioning of the Copec brand, based on service excellence, brand prestige, logistical efficiency and constant product and service innovation.

Copec's extensive distribution network comprises 644 gas stations located at strategic points throughout the country from Arica to Puerto Williams. In 2017, the company continued to enhance the highway network and inaugurated nine gas station, highlighting those at Arauco and Chañaral. There are also nine new urban gas station in Antofagasta, Colina, Copiapó, Puerto Montt, Talca and Viña del Mar. Moreover, the company has 19 fuel storage plants distributed throughout Chile with a total capacity of 543,000 m³.



Arauco's Main Mills

| | Capacity (thousands of tons/year) | Location | Type of wood pulp |
|------------------|-----------------------------------|-------------|--------------------------------------|
| Arauco 1 | 290 | Region VIII | Bleached radiata pine and eucalyptus |
| Arauco 2 | 510 | Region VIII | Bleached radiata pine |
| Constitución | 355 | Region VII | Raw radiata pine |
| Licancel | 150 | Region VI | Raw radiata pine |
| Nueva Aldea | 1,027 | Region VIII | Bleached radiata pine and eucalyptus |
| Valdivia | 550 | Region X | Bleached radiata pine and eucalyptus |
| Alto Paraná | 350 | Argentina | Bleached taeda pine and fluff |
| Montes del Plata | 650 ^(*) | Uruguay | Bleached radiata pine and eucalyptus |

(*) 50% of the actual mill capacity.

Other Industrial Mills

| | Quantity | Production capacity (thousands of m ³ /year) |
|-------------|----------|---|
| Sawn timber | 9 | 2.9 |
| Lumber | 5 | 0.5 |
| Panels | 28 | 9.4 |

Copec has a partnership with ExxonMobil, enabling it to have the exclusivity to produce and market the lubricants of such company in Chile. To such effect, Copec has an industrial lubricant plant at Quintero with a capacity of 124,000 m³ a year, which operates according to the stringent quality and safety Product Quality Management System program of ExxonMobil. This industrial plant produces 70% of the over 450 products marketed through Copec.

As of 1989, the company's gasoline, diesel oil, kerosene and fuel oil shipments have grown at an average rate of 5.9% a year, and in 2017 they reached 9.8 million m³. Its market share in 2017 was 57.2%, decreasing on the 58.1% of the previous year. The volume shipped was 0.3% higher than in 2016, explained by the 4.5% increase in the distributor channel, which was partly offset by a 4.3% decrease in the industrial channel. Copec had a 43.2% market share of the lubricants business with sales of 86,000 m³, dropping 0.3% on the previous year.

Copec carried out a corporate restructuring process in 2017 to better address the challenges of this internationalization stage. It created an executive vice-presidency, headed by Lorenzo Gazmuri, whose function is to directly supervise and report on all the fuels businesses, with a special focus on the development and consolidation of those abroad. The general management and controller's office, along with the new legal and corporate affairs, and performance and development areas report to this new vice-presidency. The general management is in charge of the businesses in Chile and the collaboration of local management with their peers abroad.

Through its subsidiaries, the company is also involved in various links of the fuel distribution value chain: Transcom transports fuel by road with a tank truck fleet; Sonacol, with its 465 km pipeline network, dispatches liquid fuel and liquefied gas from refineries to distribution plants; and Sonamar is in charge of ocean freight, for which it has four tankers with a total capacity to ship 180,000 m³ of oil and by-products.

Convenience stores have become a business with great potential for Copec, complementing and generating positive synergies with the fuel distribution sector. Through its subsidiary ArcoPrime Ltda., the company has developed a retail business at gas stations, made up of a chain of stores and mini markets offering the usual products for consumption and


Competitive Strengths

COPEC




644
gas stations

The most comprehensive and extensive gas station network in Chile with strategic locations.

 The largest convenience store network with over **350 stores and an average of 85,000 customers** a day.

 High **brand top-of-mind awareness**.

 **Sound positioning** among industrial customers.

 **Leader** of lubricant production and distribution.

new customer services. This subsidiary now has the largest number of convenience stores in Chile with 30 Pronto urban stores and 51 Pronto highway stores, besides its five Fres&Co restaurants. To complement this, through its subsidiary Arco Alimentos, ArcoPrime Ltda. produces and sells fresh, refrigerated and frozen foods under the Fres&Co, Piacceri, and Cresso brands in supermarkets, coffee shops, restaurants, convenience stores and catering companies.

Terpel

Copec has a 58.52% controlling share of Organización Terpel S.A. in Colombia, the leading fuel distribution company in the Colombian market with a presence in Ecuador, Panama, Peru, Mexico and the Dominican Republic.

Terpel had total fuel sales of 8.8 million m³ in 2017, increasing 0.8% on those in 2016. The

natural gas vehicle segment posted sales of 497,000 m³, a 5.5% decrease on the previous year. The lubricants business had sales of 38,000 m³, dipping 1.5% on 2016.

million, of which US\$230 million was the cash of the companies.

MAPCO

As of 2017, Copec has been operating through its subsidiary MAPCO in the fuel distribution and commercialization business in the United States, in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia. The company has 346 gas stations and convenience stores, and also supplies 142 gas stations operated by third parties.

Regarding investment, MAPCO inaugurated three gas stations in Alabama and one in Tennessee. It also refurbished 125 gas stations and implemented a unique, simple and more standardized design at convenience stores with the aim of enhancing the customer experience. To such effect, the company made improvements to its technology platform and in October inaugurated its corporate headquarters and support center in Tennessee.

In 2017, MAPCO had total physical fuel sales of 2 million m³ and attained a 6% market share of the gasoline sector in the states of Tennessee and Alabama.



64

MAPCO gas station workers.

Terpel currently has a network of 2,234 gas stations in Colombia, Ecuador, Panama and Peru.

Regarding investment and divestment, the company sold its entire operation in Mexico to the Mexican company Prana Gas for US\$26.6 million.

In late 2016, Copec signed a regional agreement with ExxonMobil to produce and distribute Mobil lubricants in Colombia, Ecuador and Peru, besides the operation and marketing of aviation fuels at the Lima international airport, and the fuels business of ExxonMobil in Colombia and Ecuador. Copec thereby transferred the agreement to Terpel to boost the possible synergies from its operations in Colombia, Peru and Ecuador.

Lastly, in March 2018 Terpel acquired ExxonMobil's operations in Colombia, Ecuador and Peru. Pursuant to the conditions imposed by the antitrust authorities in Colombia, Terpel shall transfer the assets of ExxonMobil Colombia to an autonomous trust, which shall transfer to Terpel the lubricants business and sell the fuels distribution business to a third party. Terpel paid US\$715

Copec's Results

Copec posted a net income increase of Ch\$37,065 million in 2017 on that in 2016. That was due to higher margins in Chile and Colombia, along with the positive effect of the revaluation of inventories in both countries. There were also higher physical sales volumes in the distributor channel in Chile and the consolidation of MAPCO's operations.

In US dollars, the net income of the controlling interest in Copec was US\$258.1 million in 2017, US\$65.1 million higher than in 2016.

Liquefied Petroleum Gas

Abastible S.A., a subsidiary of Empresas Copec S.A., has been operating since 1956 in the liquefied petroleum gas (LPG) distribution sector in the domestic and industrial markets under the Abastible brand. Its national coverage spans the Arica and Parinacota region to the Magallanes region, including Easter Island.

Abastible's management is based on a clear service commitment, an effective territorial expansion strategy and the efficiency of its operations.

Its industrial and distribution assets in Chile comprise ten storage and bottling plants, 23 sales offices, a bottle park of approximately 6.5 million units, 60,000 tanks in buildings, homes and industries and around 1,300 distributors. Besides this, in the Biobío region it has a maritime terminal created for the loading and unloading of liquid fuel and a LPG storage plant with a capacity of 40,000 m³.

In 2011, Abastible launched a historic internationalization process by acquiring a 51% interest in Inversiones del Nordeste S.A., a leading company in the liquefied gas market in Colombia and owner of five regional distribution and sales companies: Asogas, Gasan, Norgas, Colgas de Occidente and Gases de Antioquía. The Colombian firm also has other companies that participate in the liquefied gas distribution value chain; one that makes gas cylinders and storage tanks (Cinsa) and another that transports bottled and bulk gas by truck (Cotranscol). Inversiones del Nordeste also has a 33.33% and 28.22% shareholding of the gas companies Montagas S.A. E.S.P. and Energas S.A. E.S.P., respectively.

In 2016, Abastible acquired Repsol's LPG operations of Solgas in Peru and Duragas in Ecuador. In Peru, Solgas has seven bottling plants with a capacity of 1,500 tons, a storage plant with a capacity of 12,000 tons, 774 sales and distribution offices, 4.0 million gas cylinders and over 5,000 gas tanks. In Ecuador, Duragas has four storage and bottling plants with a total of 13 tanks that can store 499 tons of product.


Moreover, Abastible provides thermal solar energy solutions, entailing the installation of solar panels in homes, commerce and industry, which enable the dual use of liquefied gas and solar energy to heat water. The company also supplies vehicle LPG for taxis and company fleets through Autogas gas stations, and provides LPG to vessels under the Nautigas trademark.

The investment highlights in 2017 were the expansion of the filling scales at the Osorno plant, which has increased the production capacity from 850 cylinders per hour to 1,050 cylinders per hour. Likewise, the company started works to expand the filling scales at the Concón and Lenga plants, which should be completed by the first and second half of 2018, respectively. The aim of this is to increase the production capacity at Concón from 900 cylinders per hour to 1,350 cylinders per hour, and that of Lenga from 1,000 cylinders per hour to 1,200 cylinders.

Another highlight was the start of construction of a new sales office in Puerto Montt, which is expected to be finished by the second half of 2018.

Competitive Strengths




1,300
LPG distributors

More than 2 million customers

 **Abastible is one of the leading LPG distributors in South America**, operating in markets in Chile, Peru, Colombia and Ecuador.

65

The physical LPG sales of Abastible in Chile amounted to 472,000 tons in 2017, increasing 2.8% on 2016.

Inversiones del Nordeste S.A. had physical sales of 215,000 tons in 2017, 5.0% higher than the previous year.

Lastly, in Peru sales were 518,000 tons, growing 13.7% on the previous year, and in Ecuador sales were 426,000 tons, increasing 5.9% on 2016.

Abastible S.A. Results

Abastible posted net income of Ch\$46,581 million in 2017, 5.3% down YoY. Operating income increased Ch\$2,033 million due to a better performance by Inversiones Nordeste in Colombia and the consolidation of the operations of Solgas and Duragas. Non-operating income fell Ch\$8,964 million because of lower exchange rate difference income, higher financial costs and decreased other revenue by function.

Abastible's net income expressed in US dollars dropped from US\$72.8 million in 2016 to US\$71.4 million in 2017.

Natural Gas

Empresas Copec S.A. is one of the main shareholders of Metrogas S.A. (39.83% direct shareholding), a company that distributes natural gas to over 690,000 residential, commercial and industrial customers in the Metropolitan and O'Higgins regions through a gas pipeline of over 5,600 km long.

Metrogas S.A. is the leading natural gas distributor in Chile and a major player in the domestic energy market. The company drove various businesses and investments to seek alternatives to natural gas supply due to the evident complications that arose during the Argentine natural gas crisis. Metrogas S.A. established a business consortium with ENDESA, ENAP and British Gas, which built a maritime terminal and a LNG regasification plant at the port of Quintero to import such product from other markets.

In 2016, Metrogas was split into two companies, with Metrogas S.A. having the natural gas distribution operations and Aproveionadora Global de Energía S.A. those of the supply business. The latter sold its entire shareholding in GNL Quintero S.A. (20% shareholding) for US\$197 million.

Regarding investment, in 2017 Metrogas continued with the gasification plan announced in late 2015, which considers an investment of US\$1,100 million to add 800,000 customers in 10 years. It thereby inaugurated the first satellite regasification plants in Puerto Montt and Osorno, and another is scheduled for Puerto Varas in the second half of 2018. The company hopes to build a 57 kilometer network in the Los Lagos region considering these three cities. At the same time, Metrogas is appraising whether to implement new regasification plants at other urban centers in Chile.

Metrogas had physical sales of 984.5 million m³ in 2017, increasing 7% on the previous year when comparing the residential, commercial and industrial segments. Furthermore, Aproveionadora Global de Energía had sales of 1,430 million m³. 447 million m³ of the total was supplied to power generation customers and natural gas distributors other than Metrogas, and 37 million m³ were sold to Argentina in the winter months.

Metrogas S.A. and Aproveionadora Global de Energía S.A. Results

Metrogas S.A. posted net income of Ch\$43,287 million in 2017, 8.5% down on that in 2016. That was due to operating income dropping Ch\$1,798 million on the previous year from lower sales in region V and to power generating companies, which were supplied by Aproveionadora. Non-operating income fell Ch\$2,543 million on 2016.

Metrogas S.A.'s net income in dollars was US\$66.4 million in 2017, which was a decrease on the US\$69.9 million in 2016.

Aproveionadora Global de Energía S.A. had net income of US\$54.4 million, which was down on the US\$160.3 million in 2016. Such difference is explained by the net income generated from the sale of its interest in GNL Quintero the previous year.

Mining

Mina Invierno

Empresas Copec S.A. operates in the mining industry through its subsidiary Sociedad Minera Camino Nevado Ltda. This company was incorporated in 2011 to consolidate Empresas Copec S.A.'s mining assets. It has a 50% stake of Mina Invierno S.A., and 99.87% of Alxar Minería S.A.

Empresas Copec S.A. and Inversiones Ultraterra Ltda. entered into a strategic partnership to develop a coal mining project. This gave rise to Sociedad Minera Isla Riesco S.A., now Mina Invierno S.A., which owns various coal-bearing deposits on Riesco Island, the fourth biggest island in Chile that has the country's largest sub-bituminous coal reserves of over 387 million tons.

The company is the owner of the Río Eduardo, Mina Elena and Estancia Invierno deposits. Mina Invierno S.A. also has its own deposit called Adela, which has coal reserves of over 80 million tons.

With regards to the Estancia Invierno deposit in the district of Río Verde, the company renewed the mining rights which were in force up to 2017. This contract has an automatic renewal clause unless one of the parties opposes it and modifies the call option existing for this deposit.



Mina Invierno S.A. produced 2.3 million tons of coal in 2017, which was very similar to the previous year. 60% of the total production went to the domestic market, 22% was exported to Asia and 18% to Europe.

In the environmental area, the Environment Superintendency approved the compliance program submitted by the company in the second half of 2016, whose main aim was to improve the water quality management and control at the deposit.

At the same time, the company had to postpone the inclusion of drilling and blasting in the mining process, which was approved by the environmental assessment service in the second half of 2016, as the Supreme Court ruled that a community participation process should be undertaken. The company hopes to get approval in 2018, which will facilitate the crushing of hard material, and also reduce the wear and tear of equipment and lead to greater efficiency.

Besides this productive activity, the company undertakes silvo-agricultural, grazing and livestock projects, which bear witness to the compatibility and feasibility of undertaking coal mining simultaneously with agricultural and livestock activities that have always existed on Riesco Island.

Alxar Minería S.A.

In 1991, the company established the subsidiary Compañía Minera Can-Can S.A., now called Alxar Minería S.A., with the aim of exploring and exploiting medium sized gold, silver and copper mine deposits. The company and its subsidiaries have mining properties in the Arica y Parinacota, Antofagasta, Atacama and Valparaíso regions, which include the El Bronce deposit and the Choquelimpie projects in the province of Parinacota, and the Diego de Almagro deposit in the province of Chañaral. There is also a plant in the interior of Copiapó, which produces doré metal from recovering fine gold and silver contained in ores and tailings.

In 2017, the company undertook no commercial activities due to the termination of the operation of the El Bronce deposit. It therefore started a series of studies and exploration works to raise its operational standards.

At the same time, the company continued to make progress with the definition of the Sierra Norte project and the application of new technology to mine copper, cobalt and silver more efficiently. Estimates indicate that this deposit has 110 million tons of mining resources, which could lead to production of 25,000 to 30,000 tons of fine copper a year.

Otway terminal on Riesco Island, where Mina Invierno's material is unloaded.



PAMs of Corpesca S.A.
in the bay of Arica.

Fisheries Sector

The Chilean coastline has favorable sea conditions for the emergence of large shoals and the development of the pelagic fisheries industry. This makes Chile one of the leading fishmeal and fish oil producers in the world. The sharp fluctuations of the biomass in the last few years have led this industry to undertake deep asset rationalization and reorganization processes, seeking to generate more efficient operating conditions and develop value-added products for increasingly more demanding markets.

In the institutional area, a new Fisheries Law was published in the *Official Gazette* on February 9, 2013, which regulates the sustainability of hydrobiological resources, access to industrial and non-industrial fishing, and research and control. This law establishes tradable fishing licenses, which give owners the right to catch a certain portion of the overall catch quota per species. Under this new regulatory framework, the companies Corpesca S.A. and Orizon S.A. are the owners of class A licenses for jack mackerel, anchovy, Spanish sardine, common sardine, hoki and hake, in their respective areas of operation.

Empresas Copec S.A. operates in this market through Pesquera Iquique-Guanaye S.A. (Igemar). This company is also an associate of AntarChile S.A., which likewise participates in the fisheries industry through its associate Empresa Pesquera Eperva S.A.

Pesquera Iquique-Guanaye S.A. had a loss of US\$20.9 million in 2017, which was an improvement on the US\$35.2 million loss in 2016. That was mainly due to an increase in non-operating income from the higher income of Corpesca S.A. related to the sale of Selecta and the net income generated at Pesquera Iquique-Guanaye S.A. from the purchase of the shares of Corpesca S.A. That was partly offset by greater losses at Orizon S.A.

Customers and Suppliers

Regarding the supplier and customer diversification of Empresas Copec S.A., it should be mentioned that in 2017 no supplier accounted for more than 10% of the product and service supplies. Likewise, there were no customers that accounted for 10% of the company's consolidated sales. The table below shows the supplier and customer diversification of the company's subsidiaries.



The business segments of the subsidiary use the following trademarks to market their products:

- a) **Arauco:** Arauco, AraucoPly, +Maqui, Arauco BKP, Arauco Celulosa, Arauco Color, Arauco EKP, Arauco Fluff, Arauco Lumber, Arauco Melamina, Arauco Moulding, Arauco PBO, Arauco UKP, Bastidores Finger, Cholguán, Deck, DecoFaz, Dimensionado, Duraflake, Durolac, Durolac Brillo, Faplac, Faplac Fondos, Fibrex, Hílam, Impregnado, Lookid, MDP, MSD, Oregón, OSB, Prism, Rollete, Trupán, Ultra PB, Vesto.
- b) **Copec:** BlueMax, Chiletur Copec, Copec, Cupón Electrónico, EnRuta, GeoGas, Gverde, Lavamax, Lub, MobilTEC, Mundo Copec Latam Pass, NeoGas, NEOTAC, PagoClick, Pronto, Punto, Renova, Solvex, S.O.S. Copec, Taxiamigo, TAE, TCT, Vía Limpia, Viva Leer, Voltex, Zervo.
- c) **MAPCO:** Delta Express, Discount Food Mart, Favorite Market, Fleet Advantage, Good Livin', Good Livin' Market, Mapco, Mapco Express, Mapco Mart, My Deli, My Reward\$, Victory Fuels.
- d) **Terpel:** Accel, Alto, Altoque, Celerity, Club Gazel, De Una, Escuela Combustibles Aviación, Forza, Gazel, Masterlub, MaxTer, MaxTer Engrane, MaxTer Grueso, MaxTer Progres, MaxTer TX-3, Mundo Terpel, Oiltec, Opese, Optimiza, PagoClick Terpel, Pits, Punto y Coma Terpel, Quick Shop, Recoil, Tecnoil, Terpel, Terpel Aviación, Terpel Combo, Terpel Lubricantes, Terpel Marine, Terpel Marinos, Terplus, Tesos, Toque, Tunjo, Va y Ven, Wash & Go, Ziclos, Ziclos Autolavado.
- e) **Abastible:** Abastible, Autogas, Nautigas, Pausa, Solargas.
- f) **Inversiones del Nordeste:** Asogas, Cinsa, Colgas, Gasan, Gases de Antioquia, Norgas.
- g) **Duragas:** Duragas, Duragas Pro.
- h) **Solgas:** Masgas, Solgas, Solgas Pro.
- i) **Sonacol:** Sonacol.
- j) **Igemar:** Igemar.
- k) **Orizon:** Atlas, Colorado, Lengua, Orizon, San José, Wirenbo.
- l) **Alxar Minería:** Compañía Minera Can-Can.

Supplier and Customer Diversification by Segment of Empresas Copec S.A.

| | Nº of suppliers who individually accounted for over 10% of the products and services in 2017 | Nº of customers who accounted for over 10% of the sales in 2017 |
|--|--|---|
| Celulosa Arauco y Constitución S.A. | 1 | - |
| Compañía de Petróleos de Chile Copec S.A. | 2 | - |
| Abastible S.A. | 2 | - |
| Sociedad Nacional de Combustibles S.A. (Sonacol) | 1 | 2 |
| Pesquera Iquique-Guanaye S.A. (Igemar) | - | - |

Trademarks

Empresas Copec owns the trademarks "Empresas Copec," registry N°742026, 742027, 742028, and "EC," registry N°733767, 733768 and 733769.

Pesquera Iquique-Guanaye S.A. (Igemar)

For the year ended December 31, 2017

| | |
|---|-----------------|
| Taxpayer ID N° of Pesquera Iquique-Guanaye S.A. | 91.123.000-3 |
| Shareholding of AntarChile S.A. | 17.44% |
| Percentage of individual assets of the company | 0.48% |
| Paid-in and subscribed capital | US\$347 million |



70

Puerto Montt plant of Orizon S.A., a subsidiary of Igemar.

Company Information

Incorporated in 1945, the corporate purpose of Pesquera Iquique-Guanaye S.A. includes the development of the fisheries industry in general, and particularly to produce fishmeal and fish oil and make canned and frozen fish for human consumption.

In 1999, the fisheries industry started a deep rationalization process, in which the assets of companies in the sector were merged to assure more efficient management, address the surplus productive capacity and decline in catches. After these mergers, the main investments of Igemar comprised 99.9% of SouthPacific Korp S.A. (SPK S.A.) in the center and south of the country, and 30.64% of Corpesca S.A., which operates in the north.

SPK S.A. was a closely held corporation formed from the merger of Pesquera Iquique-Guanaye S.A. (Igemar), Pacific Protein S.A. and El Quillay S.A., and these companies merged their fishery

Board of Directors



CHAIRMAN

Roberto Angelini Rossi (*)

VICE-CHAIRMAN

Manuel Antonio Tocornal Astoreca

DIRECTORS

Fernando Agüero Garcés

Jorge Andueza Fouque (*)

Manuel Enrique Bezanilla Urrutia (*)

Víctor Turpaud Fernández

Ramiro Méndez Urrutia

CEO

Eduardo Navarro Beltrán

(*) Roberto Angelini Rossi is chairman of AntarChile S.A., Jorge Andueza F. is vice-chairman and Manuel Enrique Bezanilla U. is a director.

operations, production and sales into it in regions III to XII.

In November 2010, SPK S.A. merged with Pesquera San José S.A. giving rise to Orizon S.A., in which Igemar has a 66.8% interest, after increasing its stake in this subsidiary in 2013. This merger was a major step in the long-term projection of both companies in the context of an industry marked by the lower availability of fish. This partnership has optimized the operation of both companies by means of rationalizing resources, leveraging various productive synergies and diversification of fishing grounds, which gives Orizon S.A. a more stable and secure supply of raw material for the new business lines.

In December 2017, in accordance with the tradable fishing licenses of Igemar's subsidiary, Orizon S.A., the following catch quotas were granted: 55,819 tons of jack mackerel in the zone from regions III to X (including third-party quota transfers made in the year), 4,631 tons of hoki in the areas of regions V-X, 7,970 tons of common

sardine and anchovy from regions V-X (including third-party quota transfers made in the year), and 599 tons of Spanish sardine and anchovy in the zone of regions III-IV.

Through its subsidiaries, Pesquera Iquique Guanaye S.A. owns various trademarks, patents, licenses, franchises and royalties, by means of which it markets its products and services and develops its operations. As a parent company, it owns the trademark related to its company name "Pesquera Iquique," registry N°1123870.

The financial and equity standing of Pesquera Iquique-Guanaye S.A. and its subsidiary for the years ended 2017 and 2016 is shown in the "Summarized Financial Statements" chapter.

2017 Performance Analysis

Subsidiaries and Associates

Orizon S.A. is developing a strategic plan aimed at becoming a major player in the nutrition market, with the capacity to provide quality food solutions from marine natural resources. This entails identifying and meeting the specific needs of each customer and market.

Orizon S.A.'s assets comprise eight operative large draft vessels, distributed from regions III to X in Chile. Its facilities include an operative fully refrigerated warehouse of around 11,000 m³; three operative fishmeal and fish oil plants with a processing capacity of 290 tons of jack mackerel per hour; a frozen fish plant in Coquimbo with a processing capacity of 100 tons a day of frozen fish; one frozen and canned jack mackerel plant in Coronel that can produce 20,000 cases each containing 24 cans a day and 420 tons of frozen fish a day; a canned fish and individually quick frozen (IQF) plant in Puerto Montt, which can produce 200 tons of mussels a day and 2,000 cases containing 48 cans of mussels a day, among other assets.

The company also has 393 hectares of aquaculture concessions operating in the Puerto Montt area. This company markets its products under the "San José," "Colorado," "Wirembo," "Lenga" and "Atlas" brands.

In 2017, Orizon S.A. had own catches of 66,000 tons, 23% down on the previous year, while the intake of non-industrial fishing catches amounted to 94,000 tons, a 40% year-on-year increase.

Orizon S.A. produced 26,000 tons of fishmeal, a 1% increase on 2016. Fish oil production was 7,000

tons, 52% up on that of the previous year. It had physical sales of 27,000 tons of fishmeal, 7,000 tons of fish oil, 2 million cases of canned fish and 16,000 metric tons of frozen fish. It mainly sold fishmeal, fish oil and canned fish in the domestic market, whereas frozen fish were largely sold to Russia, Spain and Chile.

Orizon S.A.'s Industrial Plant

| | N° | Capacity | Location |
|---------------------------------------|----|--|--|
| Fishmeal and fish oil plants | 3 | 290 tons/hour of jack mackerel | 2 in the Biobío region and 1 in Coquimbo |
| Canned and frozen jack mackerel plant | 1 | 20,000 cases each containing 24 cans a day and 420 tons/day of jack mackerel | Coronel |
| Canned and frozen mussel plant | 1 | 2,000 cases each containing 48 cans a day and 200 tons/day of mussels | Puerto Montt |
| Frozen fish plants | 1 | 100 tons/day of frozen fish | Coquimbo |

The business performance of Corpesca S.A. in 2017 is shown in the report below on Empresa Pesquera Eperva S.A.

The company Golden Omega S.A., in which Orizon S.A. and Corpesca S.A. each have a 39.9% interest, has a plant that can produce 2,000 tons of omega-3 concentrates a year. In 2017, Golden Omega continued to make progress with the process of pharmaceutical certification of its omega-3 concentrate plant, which will enable it to market its products as active pharmaceutical ingredients.

At the same time, Golden Omega renewed its corporate image to better reflect the quality features of its products and added three new omega-3 concentrate formats: compressible powder for tablets, powder for nutrition bars and soluble powder for drinks.

In 2017, Golden Omega carried out a capital increase of US\$35 million, giving Orizon and Corpesca a 39.87% shareholding each and Logística Ados with the remaining 20.26%.

Moreover, Golden Omega S.A. has a 62.75% shareholding of the subsidiary Bioambar SpA, which currently undertakes research to determine the benefits that omega-3 concentrate could have for cellular health.

Empresa Pesquera Eperva S.A.

For the year ended December 31, 2017

| | |
|--|-----------------|
| Taxpayer ID N° of Empresa Pesquera Eperva S.A. | 91.643.000-0 |
| Shareholding of AntarChile S.A. | 18.70% |
| Percentage of individual assets of the company | 0.64% |
| Paid-in and subscribed capital | US\$104 million |



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Arica plant of
Corpesca S.A.

Company Information

The company was incorporated in 1955. Its main line of business is to channel investments in companies whose purpose is to develop the fisheries industry, and particularly to produce fishmeal and fish oil. In 1999, the company approved a deep rationalization process of its assets and operations to get a better return from its investments. As a result of this process, it merged its operating assets with the main fishing companies in the north: Pesquera Iquique-Guanaye S.A. and Sociedad Pesquera Coloso S.A., which gave rise to Corpesca S.A.

The main investments of Empresa Pesquera Eperva S.A. are the 60.21% shareholding of

Board of Directors



CHAIRMAN

Manuel Antonio Tocornal Astoreca

VICE-CHAIRMAN

Jorge Andueza Fouque (*)

DIRECTORS

Roberto Angelini Rossi (*)

Jorge Bunster Betteley

Claudio Humberto Elgueta Vera

Andrés Lyon Lyon (*)

Andrés Antonio Serra Cambiaso

CEO

Patricio Tapia Costa

(*) Roberto Angelini R. is chairman of AntarChile S.A., Jorge Andueza F. is vice-chairman and Andrés Lyon L. is a director.

Corpesca S.A. and 13.20% of Orizon S.A. The performance of Orizon S.A.'s business in 2017 was outlined in the prior report on Igemar S.A.

Corpesca S.A. was incorporated in 1999 from the merger of the fishery and industrial assets of the three companies in the north: Empresa Pesquera Eperva S.A., Pesquera Iquique-Guanaye S.A. and Sociedad Pesquera Coloso S.A. This thereby ended the large restructuring process the fisheries industry carried out in the north. Corpesca S.A. therefore started up with large competitive advantages and it generated major scale economies.

The company's main assets are its 43 vessel fishing fleet, registered in the Registry of Vessels

with Tradable Fishing Licenses, with a total hold capacity of over 19,000 m³ and fishmeal and fish oil plants at the ports of Arica, Iquique, Mejillones and Tocopilla, which can process around 600 tons of raw material per hour.

The table below provides a consolidated summary of the main properties and facilities of Corpesca S.A. in the relevant business areas of its industrial line of business. It should be mentioned that there are no lands reserved for the development of future projects.

Industrial Plants and Concessions of Corpesca S.A.

| Location | Owner | Nº of industrial plants | Nº of maritime concessions |
|--------------|--------|-------------------------|----------------------------|
| Arica | Yes | 2 | 7 |
| Iquique | Yes | 4 | 12 |
| Mejillones | Yes | 1 | 13 |
| Tocopilla | Yes | 1 | 7 |
| Puerto Montt | Leased | - | - |

Regarding investment in 2017, Corpesca do Brasil, a subsidiary of Corpesca S.A., sold 60% of its associate Sementes Selecta S.A. for US\$218 million. CJ Logistics do Brasil Ltda., a subsidiary in Brazil of the Korean company CJ Cheil Jedang Corporation, acquired 37.33%, and the Stic CJ Global Investment Partnership Private Equity Fund purchased the remaining 22.67%. It should be recalled that Sementes Selecta S.A. produces soy protein concentrate, soybean oil and other byproducts, and it can process around 700,000 tons of soy a year. Corpesca do Brasil thereby maintains a 10% shareholding of Sementes Selecta S.A. and has a put option for these shares at a minimum fixed price per share similar to that of the 60% sale transaction. This option can be exercised as of August 2019.

Corpesca S.A.'s net income accrued as of December 2017 was US\$100 million, US\$179 million higher than in the same period of the previous year. Net income in the fisheries business was down US\$34 million, which was better than the US\$116 million loss in 2016. This is essentially explained by lower sales costs from higher production, partly offset by a price decrease. The income of related companies was up US\$134 million, which was due to the net income generated from the sale of 60% of the subsidiary Sementes Selecta in Brazil.

Corpesca S.A. owns class A tradable fishing licenses (TFLs) for fisheries declared as in full exploitation, where global catch quotas are established for the fishery of anchovy, Spanish sardine and jack mackerel in regions XV to II. These TFLs have a participation coefficient with seven decimals, which is applied to the industrial fraction of the annual global catch quota in such area for the corresponding fishery, with these being 0.7955050 for anchovy, 0.7858794 for Spanish sardine and 0.7985125 for jack mackerel.



Empresa Pesquera Eperva S.A. markets its products and services and develops its operations through its subsidiaries; it has no trademarks, patents, licenses, franchises or royalties to such effect. As a parent company, it owns the trademark related to its company name, "Eperva," registries N°977574, 977576, 977578, 977580 and 993750.

Transport of big bags of fishmeal, Corpesca S.A.

The financial and equity standing of Empresa Pesquera Eperva S.A. for the years ended 2017 and 2016 is shown in the "Summarized Financial Statements" chapter.

Celulosa Arauco y Constitución S.A. (Arauco)

For the year ended December 31, 2017

| | |
|---|-----------------|
| Taxpayer ID N° of Celulosa Arauco y Constitución S.A. | 93.458.000-1 |
| Shareholding of AntarChile S.A. | 0.0001% |
| Percentage of individual assets of the company | 0.00% |
| Paid-in and subscribed capital | US\$354 million |



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Board of Directors



CHAIRMAN

Manuel Bezanilla Urrutia (*)

VICE-CHAIRMEN

Roberto Angelini Rossi (*)
Jorge Andueza Fouque (*)

DIRECTORS

Juan Ignacio Langlois Margozzini
Alberto Etchegaray Aubry
Eduardo Navarro Beltrán
Timothy C. Purcell
Franco Mellafe Angelini
Jorge Bunster Betteley

EXECUTIVE VICE-PRESIDENT

Matías Domeyko Cassel

CEO

Cristián Infante Bilbao

(*) Roberto Angelini Rossi is chairman of AntarChile S.A., Jorge Andueza Fouque is vice-chairman, and Manuel Enrique Bezanilla Urrutia is a director.

Company Information

The company was incorporated in September 1979 from the merger of Celulosa Arauco S.A. and Celulosa Constitución S.A. Its main line of business is the production and sale of forestry and wood industry products. Its main operations are focused on the wood pulp, panel, sawn timber and forestry business areas.

In 2017, Arauco do Brasil, a Brazilian subsidiary of Arauco, acquired Masisa do Brasil, a subsidiary of Masisa, for an approximate asset value of US\$103 million, which has two industrial complexes with an installed capacity of 300,000 m³ of MDF a year and 500,000 m³ of MDP a year. Moreover, Arauco agreed to buy Masisa's assets in Mexico for US\$245 million, which include three industrial complexes with a total installed capacity of 519,000 m³ of MDP a year, 220,000 m³ of MDF a

year, along with three melamine coating lines, a chemical plant to process resins and formalin, and a veneer line. Lastly, the company made progress with the construction of the new panel mill at Grayling in Michigan. This entailed an estimated investment of US\$400 million and start-up is expected in late 2018.

Further details about the business development of this subsidiary are available in the forestry sector section of Empresas Copec S.A.

The financial and equity standing of Celulosa Arauco y Constitución S.A. for the years ended 2017 and 2016 is shown in the "Summarized Financial Statements" chapter.

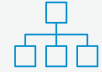
Red to Green S.A.

For the year ended December 31, 2017

| | |
|--|------------------|
| Taxpayer ID N° of Red to Green S.A. | 83.670.800-1 |
| Shareholding of AntarChile S.A. | 30.00% |
| Percentage of individual assets of the company | 0.01% |
| Paid-in and subscribed capital | US\$31.5 million |



Board of Directors



CHAIRMAN

Andrés Lehuedé Bromley (*)

DIRECTORS

Patricio Canto Peralta
 Ángel Carabias Jouniaux
 Arturo Natho Gamboa
 Gianfranco Trufello Jijena

CEO

Carlos Bussinger Núñez

(*) Andrés Lehuedé Bromley is the CEO of AntarChile S.A.

Company Information

Red to Green S.A. is a closely held corporation, changing its business name from Sigma S.A. on June 28, 2016. It was incorporated by transforming Informática Sigma Ltda. into a closely held corporation, which was established by public deed dated October 11, 1979, taxpayer ID N°86.370.800-1, with headquarters at Avda. El Golf 150, floor 10, district of Las Condes.

Its corporate purpose is the commercial development, in all its forms, of automatic data processing and to provide services complementing this; the sale of equipment, elements and input materials for automatic data processing and to give training courses on various aspects of information technology and similar or related areas.

Red to Green S.A. is present in a market with several competitors, which offer data center, operation, infrastructure administration, consultancy and advisory services for information technology.

Through its subsidiary Woodtech S.A., of which Red to Green S.A. owns 99.997% as of December 2017, the company offers computer equipment, systems and programs that are used to measure the physical parameters of objects of any kind, with a special focus on the forestry area.

Red to Green S.A. offers its services and carries out operations using the “Red to Green,” “Excelsys” and “Woodtech” trademarks.

The financial and equity standing of Red to Green S.A. for the years ended 2017 and 2016 is shown in the “Summarized Financial Statements” chapter.

Servicios Corporativos SerCor S.A.

For the year ended December 31, 2017

| | |
|--|-----------------|
| Taxpayer ID N° of Servicios Corporativos SerCor S.A. | 96.925.430-1 |
| Shareholding of AntarChile S.A. | 20.0% |
| Percentage of individual assets of the company | 0.00% |
| Paid-in and subscribed capital | US\$4.8 million |



Board of Directors



CHAIRMAN

Roberto Angelini Rossi (*)

VICE-CHAIRMAN

Jorge Andueza Fouque (*)

DIRECTORS

Eduardo Navarro Beltrán
Andrés Lehuedé Bromley (*)
Matías Domeyko Cassel

CEO

Patricio Tapia Costa

(*) Roberto Angelini Rossi is chairman of AntarChile S.A., Jorge Andueza Fouque is vice-chairman, and Andrés Lehuedé Bromley is the CEO.

Company Information

The company was incorporated on August 2, 2000, after the split of Sigma Servicios Informáticos S.A. Its corporate purpose is to provide economic, financial, corporate governance and communications advisory services, conduct internal audits and manage the shareholder's registry of corporations.

In 2017, SerCor provided advisory services to the boards and senior management of customer companies on the development of economic studies, project assessment, company valuation, market studies, performance analysis and corporate communications.

It also continued to provide its auditing and corporate governance services for different companies. The highlight in this area was the recertification of some companies for the offense prevention model pursuant to Law N°20.393 on the criminal liability of corporations,

and at the same time it made some continuous improvements to such model.

It should be highlighted that in the second half of 2017 SerCor developed a new service to measure the degree of compliance with the legal and internal obligations of the organization, thereby providing a practical and at the same time preventive product.

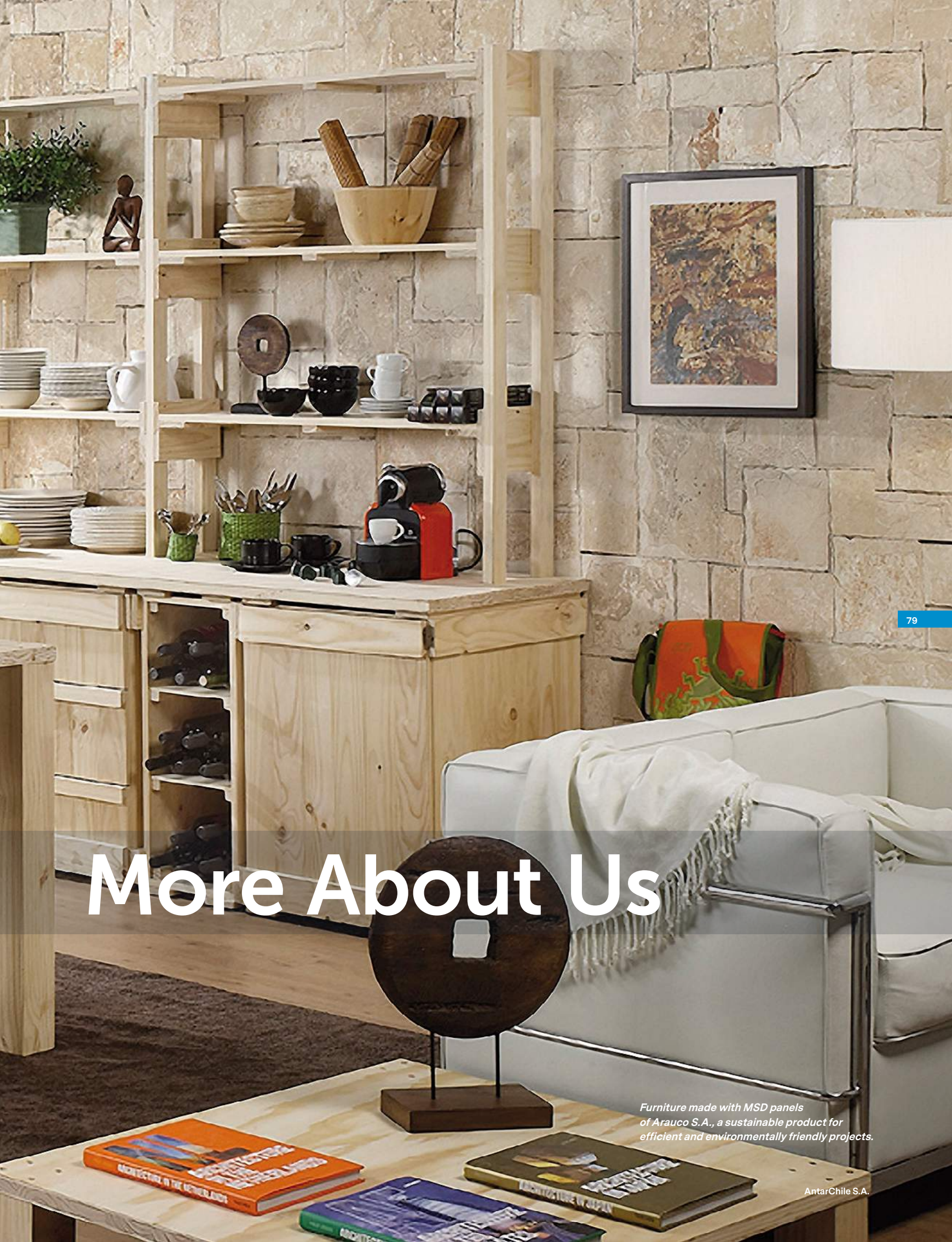
Servicios Corporativos SerCor S.A. provides its services using the "SerCor" trademark, which it owns under registry N°821128.

SerCor had a net income loss of US\$35,000 for the year ended December 31, 2017 against net income of US\$4,000 in 2016. The loss in 2017 is mainly explained by higher severance payments made.

The financial and equity standing of Servicios Corporativos SerCor S.A. for the years ended 2017 and 2016 is shown in the "Summarized Financial Statements" chapter.







More About Us

Furniture made with MSD panels of Arauco S.A., a sustainable product for efficient and environmentally friendly projects.

More about us

Company Incorporation

AntarChile S.A. was incorporated with the name of Inversiones Epemar S.A. by means of a public deed dated June 12, 1989 issued by the notary public of Mr. Andrés Rubio Flores. The excerpt was published in *Official Gazette* N°33.407 dated June 26, 1989, and registered in the Commerce Registry on sheet 15.818 N°7.975, dated June 21, 1989.

As registered in a public deed of the Santiago notary public of Mr. Félix Jara Cadot, dated November 11, 1994, the company by-laws were amended. Among other matters, it was agreed to change its name to AntarChile S.A., increase its capital and make various changes to merge the company by incorporation with the company Inversiones Indomar S.A. and the old company that operated under the name of AntarChile S.A.

The company's corporate purpose includes making investments in tangible and intangible chattels, company stocks, commercial papers and securities in general, investments in the fisheries sector, ocean freight, forestry and mining industries, among others.

Regulatory Framework

AntarChile S.A. is a corporation and as such is subject to the provisions of Law N°18.046 on Corporations, of Law N°18.045 on the Securities Market, and the regulation of the Financial Market Commission (former Superintendency of Securities and Insurance), and all those laws and regulations applicable to its line of business.

Controllers

As of December 31, 2017, AntarChile S.A. is controlled by its final controllers, with an executed agreement to act jointly, which contains no limitations on the free disposal of shares.

They are Mrs. María Nosedá Zambra de Angelini, taxpayer ID N°1.601.840-6; Mr. Roberto Angelini Rossi, taxpayer ID N°5.625.652-0; and Mrs. Patricia Angelini Rossi, taxpayer ID N°5.765.170-9.

They exercise such control as follows:

- a) Shares directly owned by the final controllers:
 - a.1) Mr. Roberto Angelini Rossi is the direct owner of 0.21127% of the shares issued by AntarChile S.A.; and
 - a.2) Mrs. Patricia Angelini Rossi is the direct owner of 0.22528% of the shares issued by AntarChile S.A.

Total shares directly owned by the final controllers: 0.43655%.

- b) Shares indirectly owned through companies controlled by the final controllers.
 - b.1) The investment company Inversiones Angelini y Compañía Limitada, taxpayer ID N°93.809.000-9, is the direct owner of 63.40150% of the shares issued by AntarChile S.A., and the indirect owner, through its subsidiary Inmobiliaria y Turismo Río San José S.A., of 0.07330% of AntarChile S.A.'s shares.

Inversiones Angelini y Compañía Limitada is controlled by the above mentioned final controllers, i.e., Mrs. María Nosedá Zambra, Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi, as outlined below:

- 1) Mrs. María Nosedá Zambra directly owns 10.94402%.
- 2) Mr. Roberto Angelini Rossi directly owns 12.71222% and indirectly owns 16.99231% through Inversiones Arianuova Limitada, taxpayer ID N°76.096.890-0, of which he has 99% of the corporate rights.
- 3) Mrs. Patricia Angelini Rossi directly owns 10.60649% and indirectly 13.69932% through Inversiones Rondine Limitada, taxpayer ID N°76.096.090-K, of which she has 99% of the corporate rights.
- 4) On the other hand, Mr. Roberto Angelini Rossi has by-law control of Inversiones Golfo Blanco Limitada, taxpayer ID N°76.061.995-7, which is the owner of 18.35703% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Golfo Blanco Limitada are: (i) Mr. Roberto Angelini Rossi with 0.00011% of the corporate rights; and (ii) Mr. Maurizio Angelini Amadori, taxpayer ID N°13.232.559-6, Ms. Daniela Angelini

Amadori, taxpayer ID N°13.026.010-1, Mr. Claudio Angelini Amadori, taxpayer ID N°15.379.762-5 and Mr. Mario Angelini Amadori, taxpayer ID N°16.095.366-7, with 24.99997% of the corporate rights each.

- 5) Moreover, Mrs. Patricia Angelini Rossi has by-law control of Inversiones Senda Blanca Limitada, taxpayer ID N°76.061.994-7, which is the owner of 14.79393% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Senda Blanca Limitada are: (i) Mrs. Patricia Angelini Rossi with 0.00014% of the corporate rights; and (ii) Mr. Franco Mellafe Angelini, taxpayer ID N°13.049.156-1, Mr. Maximiliano Valdés Angelini, taxpayer ID N°16.098.280-2, and Ms. Josefina Valdés Angelini, taxpayer ID N°16.370.055-7, with 33.33329% of the corporate rights each.

- b.2) On the other hand, the mentioned Inversiones Golfo Blanco Limitada, a company under by-law control by Mr. Roberto Angelini Rossi, is the direct owner of 5.77307% of the shares of AntarChile S.A.

- b.3) Lastly, the mentioned Inversiones Senda Blanca Limitada, a company under by-law control by Mrs. Patricia Angelini Rossi, is the direct owner of 4.32981% of the shares of AntarChile S.A.

In accordance with this, the controller group of AntarChile S.A., defined above, has a total direct and indirect shareholding of 74.01423%.

Lastly, it is left on record that that the following natural individuals related by kinship to the final controllers are the direct owners of the following percentages of AntarChile S.A.: Mrs. Silvana Rossi Gallerani, widow of Angelini: 0.00266%; Ms. Daniela Angelini Amadori: 0.04419%; Mr. Maurizio Angelini Amadori: 0.04419%; Mr. Claudio Angelini Amadori: 0.04394%; Mr. Mario Angelini Amadori: 0.04216%; Mr. Franco Roberto Mellafe Angelini: 0.05879%; Mr. Maximiliano Valdés Angelini: 0.05559%; and Ms. Josefina Valdés Angelini: 0.05559%.

Independent Auditors and Credit Rating Agencies

In a general shareholders' meeting of AntarChile S.A., held in April 2017, the firm PriceWaterhouseCoopers, Consultores, Auditores y Cía. Ltda. was appointed as the company's independent auditors for 2017, and Fitch Chile Clasificadora de Riesgo Ltda. and Feller - Rate Clasificadora de Riesgo Ltda. as the private credit rating agencies for the same period.

Material Facts and Shareholder and Directors' Committee Proposals

In 2017 and up to the date of submitting this annual report, the company informed the Superintendency of Securities and Insurance and the different stock exchanges in Chile of the following material facts:



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- On January 27, 2017, the company reported a material fact of the resignation of Jorge Andueza Fouque as CEO of AntarChile S.A. Andrés Lehuedé Bromley was appointed as his replacement, who was the CFO and assumed his new position on April 1, 2017.
- On April 7, 2017, the company reported a material fact that the board had agreed to propose to the general shareholders' meeting, summoned for April 28, 2017, the payment of final dividend N°34 of US\$0.28961 per share.

This dividend was paid in Chilean pesos cash, according to the "observed dollar" exchange rate published in the *Official Gazette* on May 5, 2017 and was charged to the net income of the year ended December 31, 2016, constituting income for shareholders. The dividend was paid as of May 12, 2017, to shareholders registered in the company Shareholders' Registry as of May 6, 2017.

In 2017, the company received no comments or proposals about the operation of the corporate businesses from company shareholders or the Directors' Committee to be included in this Annual Report.

A worker of Solgas, a subsidiary of Abastible in Peru.



*Quality control laboratory
of Corpesca S.A. in Iquique.*

Responsibility Statement

Pursuant to what is laid down in General Regulation N°30 of the Superintendency of Securities and Insurance, this Annual Report is signed by the company's directors, who jointly with the CEO declare they are responsible for the information contained herein being totally true.



Roberto Angelini Rossi

CHAIRMAN

Taxpayer ID N°5.625.652-0



Jorge Andueza Fouque

VICE-CHAIRMAN

Taxpayer ID N°5.038.906-5



Jorge Desormeaux Jiménez

DIRECTOR

Taxpayer ID N°5.921.048-3



José Tomás Guzmán Dumas

DIRECTOR

Taxpayer ID N°2.779.390-8



Manuel Enrique Bezanilla Urrutia

DIRECTOR

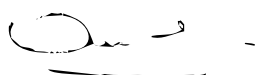
Taxpayer ID N°4.775.030-K



Juan Edgardo Goldenberg Peñafiel

DIRECTOR

Taxpayer ID N°6.926.134-5



Andrés Lyon Lyon

DIRECTOR

Taxpayer ID N°5.120.544-8



Andrés Lehuedé Bromley

CEO

Taxpayer ID N°7.617.723-6

Santiago, April 2018



antarchile

www.antarchile.cl