

antarchile



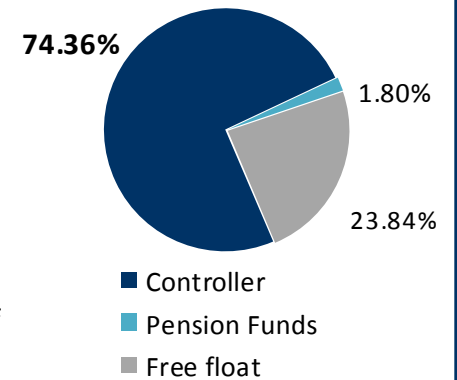
12th Annual LatAm CEO Conference
May 2017



Background Review

- “ AntarChile was organized in 1989, to be a holding company of the Angelini Group, who controls the company by owning 74.36% of its share capital.
- “ Its main investment is the shareholding interest of 60.82% of Empresas Copec, which grants AntarChile control thereof and represents approximately 92.1% of its consolidated assets. Empresas Copec is counted among the most important and of highest market capitalization companies in Chile.
- “ **As of December, 2016, AntarChile’s asset portfolio amounts to US\$ 22 billion.**
- “ AntarChile’s investment policy is implemented through Empresas Copec, comprising a variety of business areas where the main investments segments are forestry and fuel distribution.

Ownership Structure
March 2016



Main Investments



antarChile

Market Cap
April 30, 2017
US\$5,609 million

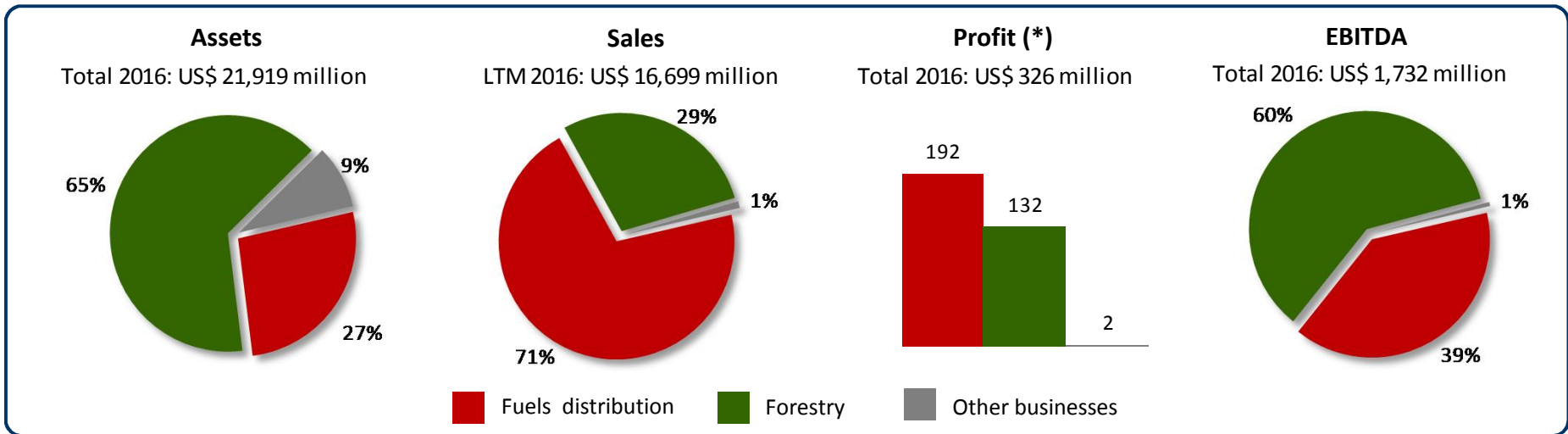




AntarChile at a glance



EMPRESAS COPEC





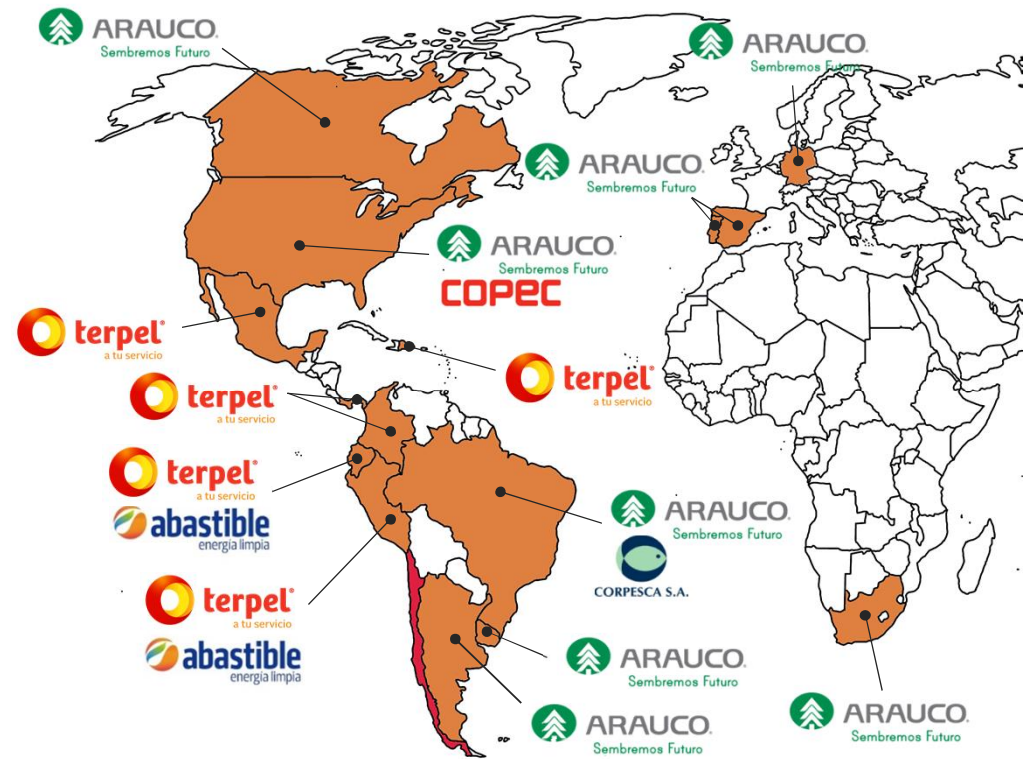
Empresas Copec has evolved from an export company to become a multinational firm

2006



Total Assets : US\$ 10,239 million
 Total Sales : US\$ 8,257 million
 Sales originated in foreign subsidiaries : 13%

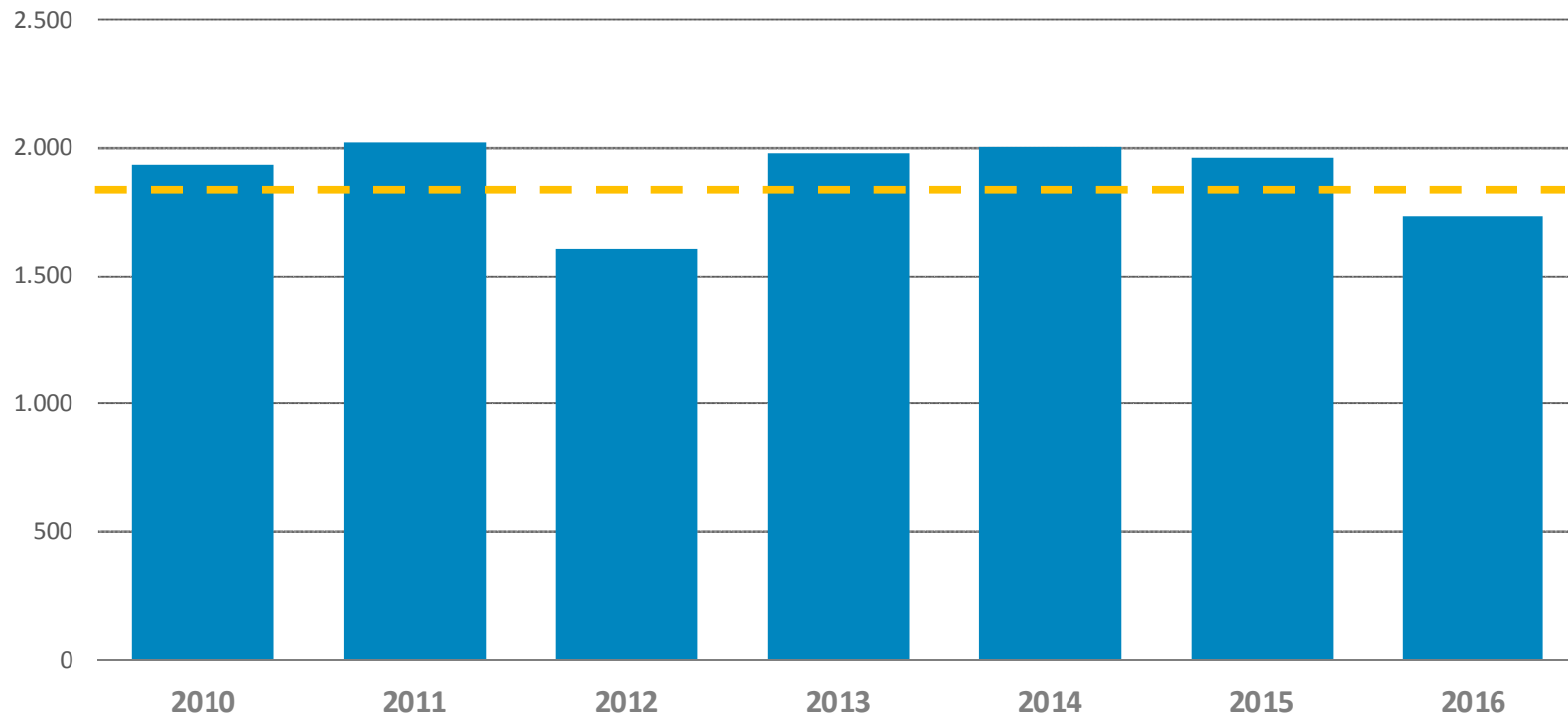
2016



Total Assets : US\$ 21,919 million
 Total Sales : US\$ 16,699 million
 Sales originated in foreign subsidiaries : 46%

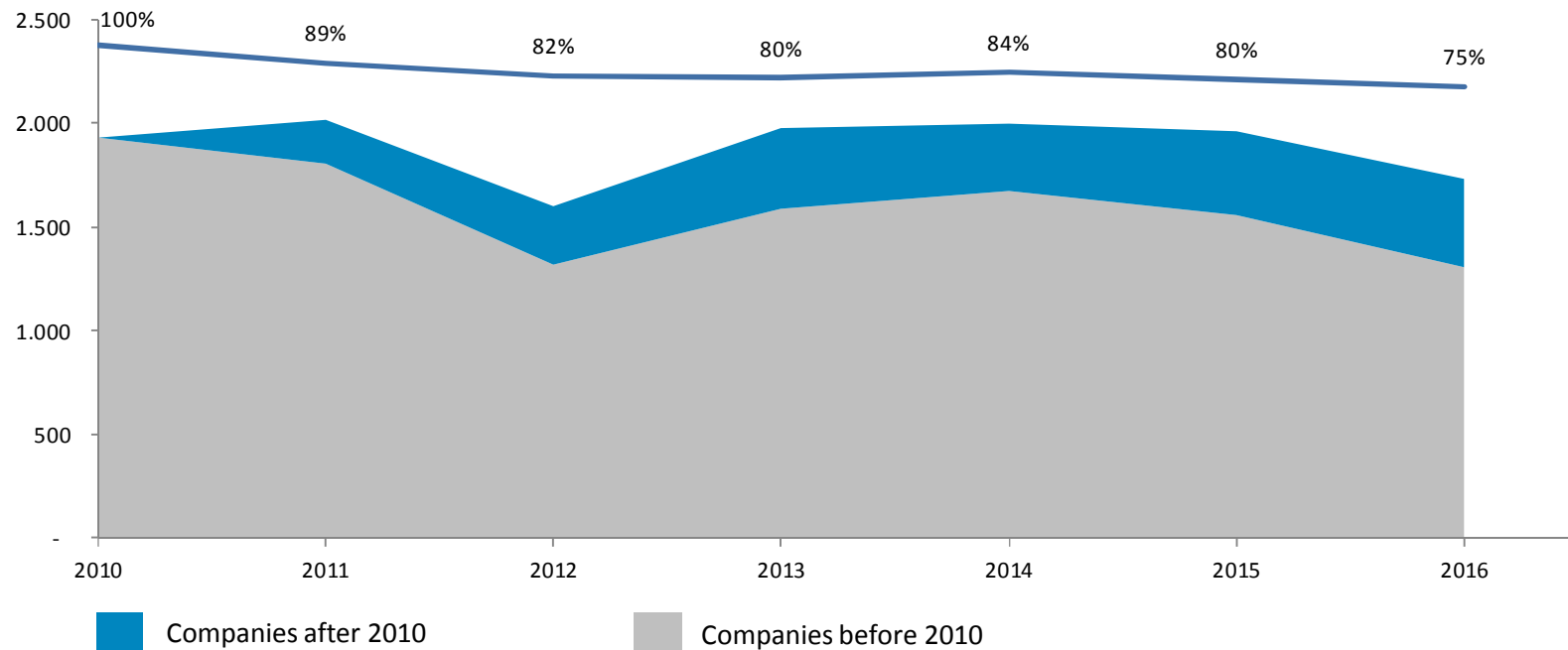


The average of AntarChile's Ebitda of the last 7 years is around US\$ 1.800 million





As of 2016, Ebitda of the companies acquired after 2010 represents 25% of AntarChile's total Ebitda



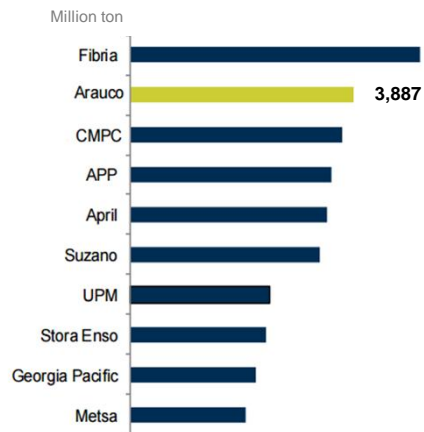
- Ebitda of the companies that existed before 2010 has decreased approximately by 30%. This is explained, fundamentally, by a reduction in Ebitda of the forestry sector due a drop in pulp prices. Between 2010 and 2016 pulp prices fell off from 700 US\$/ton to 550 US\$/ton.



Arauco is one of the main players in all of the markets in which it participates

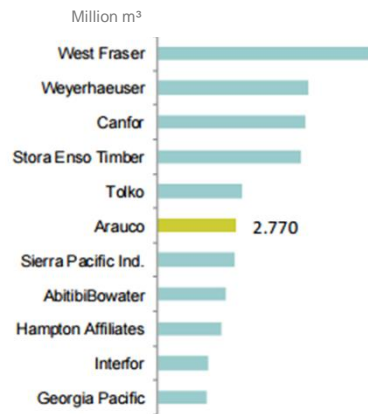
2nd

Largest market pulp producer in the world



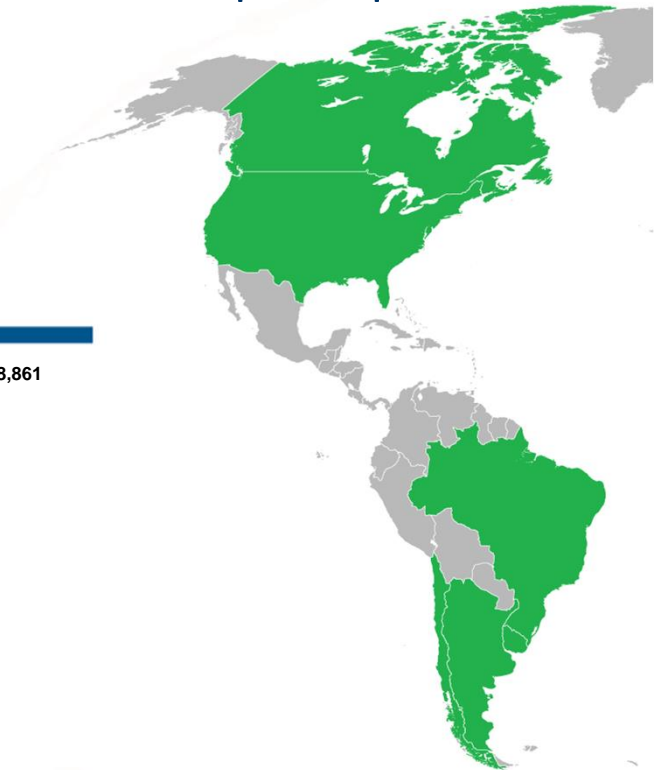
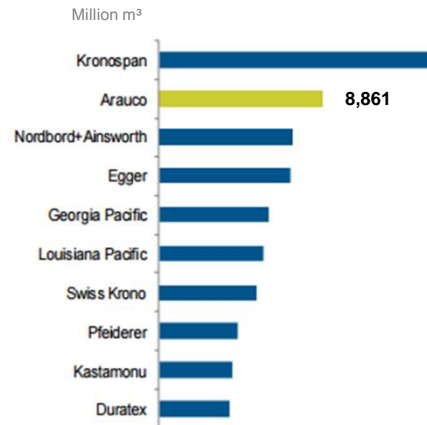
1st

Producer of sawn timber in Latin America and **6th** in the world



2nd

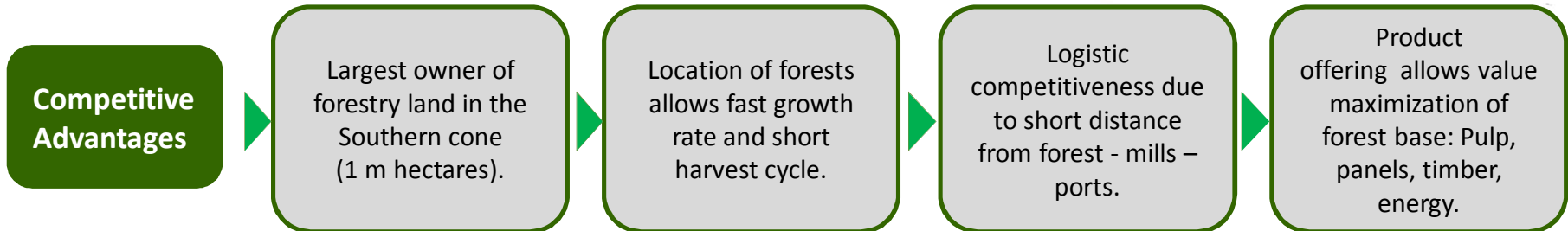
Largest panel producer in the world



Installed capacity includes 50% of Montes del Plata

Source: Hawkins Wright, Risi, Arauco, Empresas Copec, 2015

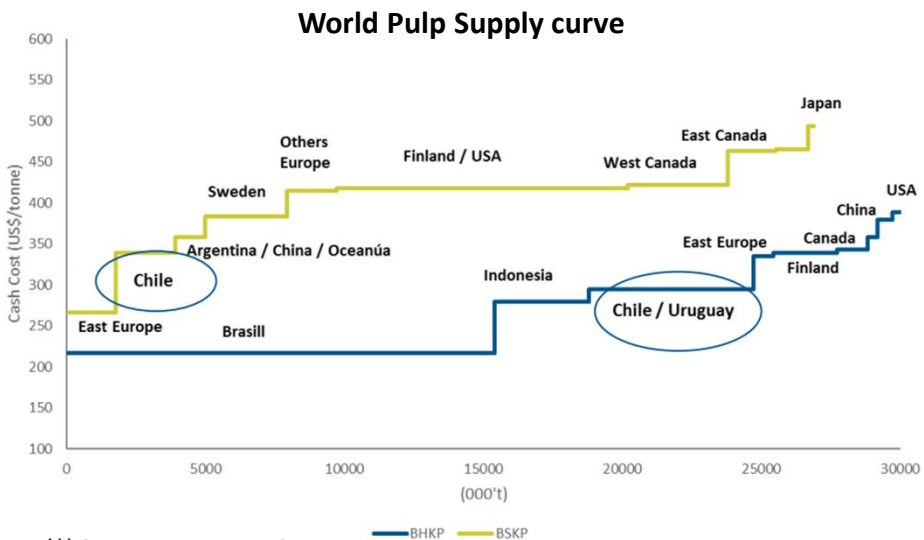
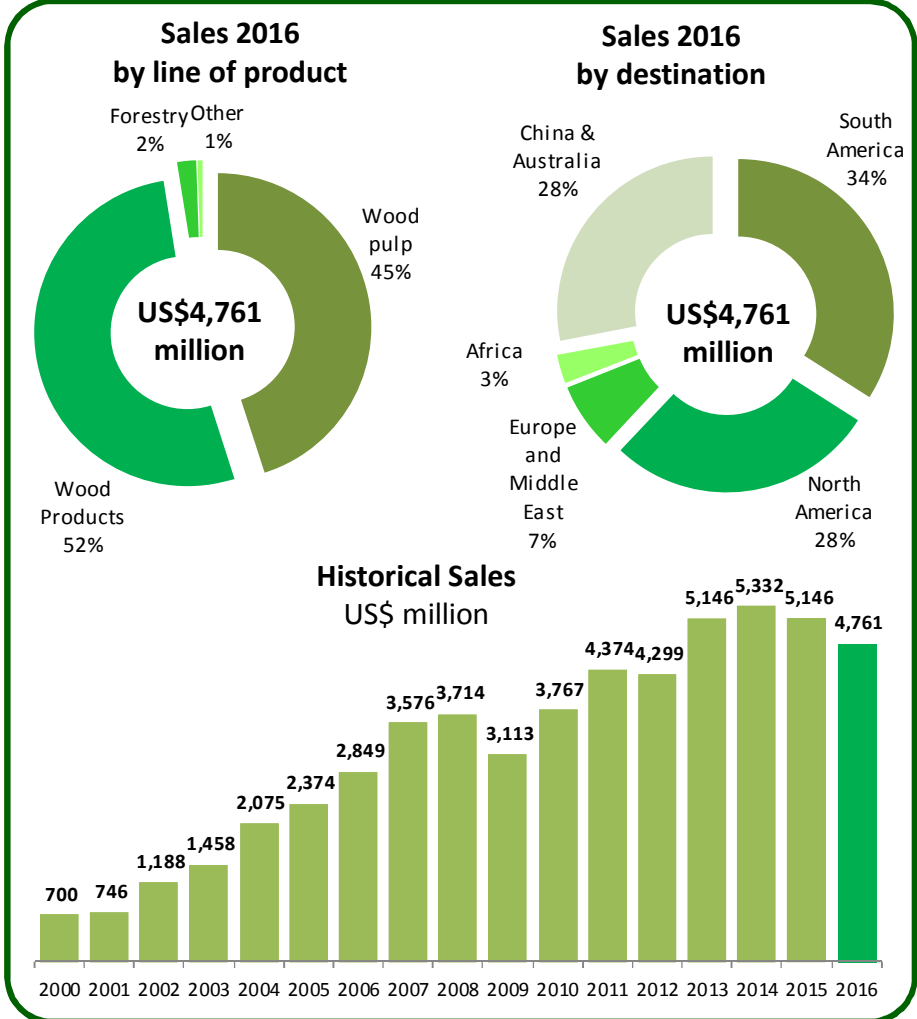
Installed capacity includes 50% of Sonae-Arauco





Arauco: currently sells its products in over 80 countries, in 5 continents

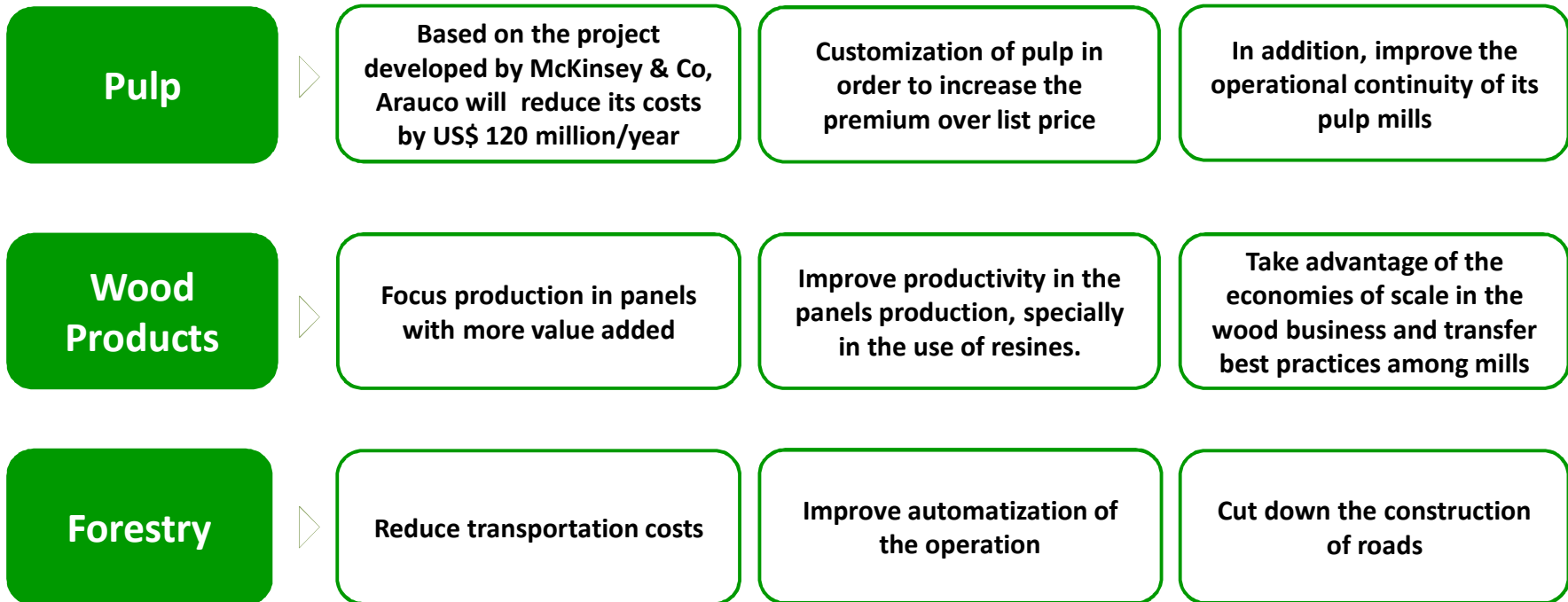
- ▶ Arauco produces cellulose, panels, and sawn and processed timber, among other products; it owns and operates industrial plants in Chile, Argentina, Brazil, Uruguay, the U.S.A. and Canada.
- ▶ In the pulp market, Arauco has low cash costs due its pulp mills located in Chile, Uruguay and Argentina.
- ▶ Total sales have grown with a CAGR of 13% from 2000 to 2016.



(* Source: Empresas Copec



Arauco developed a plan to improve the efficiency and reduce costs in all of its business lines





The acquisition of Tafisa positioned Arauco as the second largest producer of panels in the world

- “ In late May 2016, the Company signed the SPA agreeing to purchase 50% of the share capital of Tafisa (an affiliate of Sonae Industria). This transaction marks the commencement of Arauco’s production activities in Europe and South Africa, through the creation of the new affiliate Sonae-Arauco.
- “ The investment amounts to US\$ 153 million, and includes industrial plants for production of MDF, PB, OSB and sawn timber, located in Spain, Portugal, Germany and South Africa.
- “ The total capacity of Sonae-Arauco is 4.2 million of m³ per year, which, added to the capacity that is installed to date, positions Arauco as the second largest producer of panels in the world, with a capacity of 9 million of m³ per year.



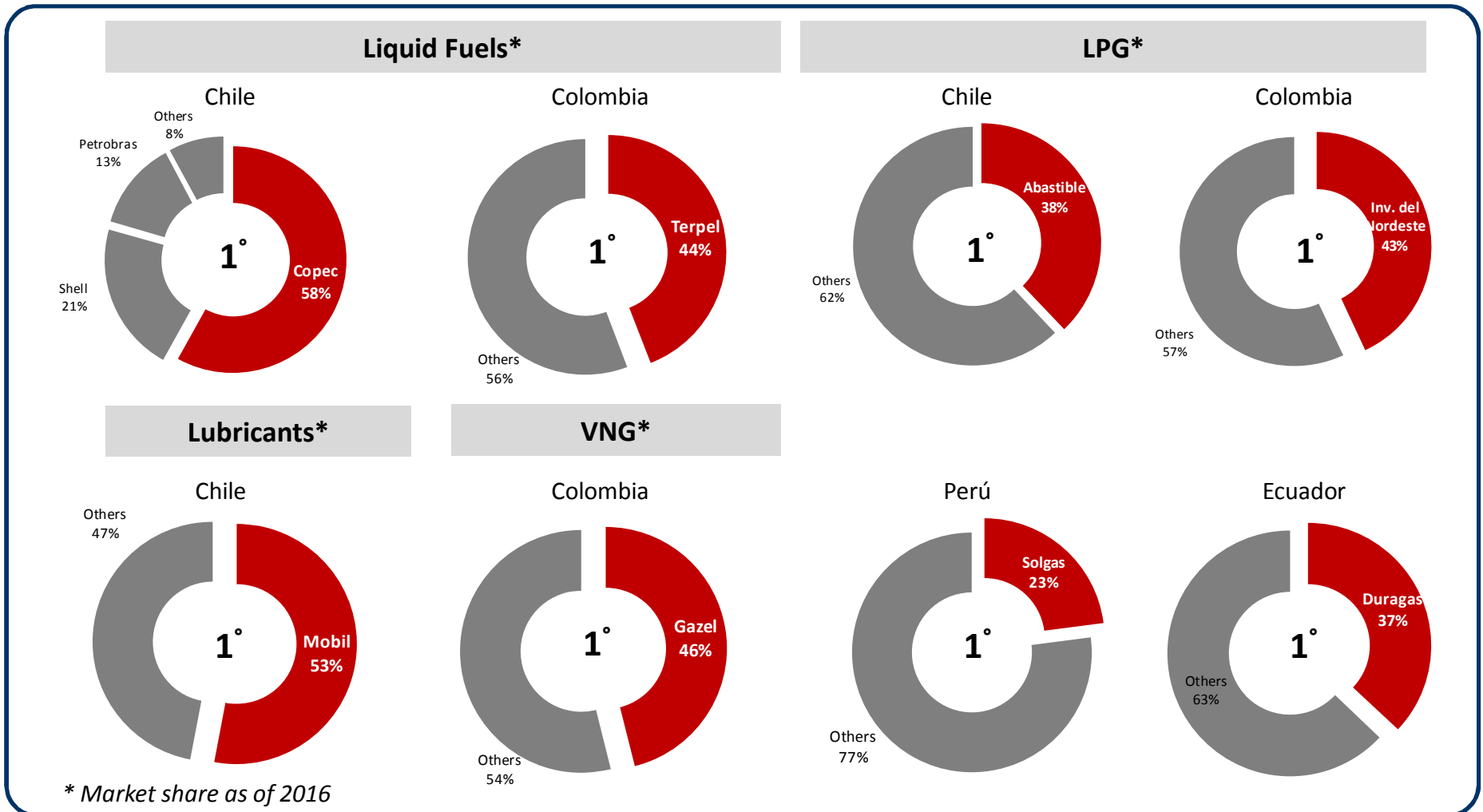


Arauco has 3 future projects

	Grayling	Valdivia	MAPA
Highlights	<p>It is located near to the US's mid-west demand of wood products, while other mills are close to the coast.</p> <p>Michigan is a zone with an important offer of forestry supply.</p> <p>It is expected that melamine products will represent 30% of total production.</p>	<p>The project will transform the Valdivia mill into a dissolving pulp mill.</p> <p>This kind of pulp competes with cotton, and it has a premium up to US\$ 400/ton over hardwood.</p> <p>The production of dissolving pulp will not affect the current production levels of the mill.</p>	<p>Modernization and enlargement of the Arauco pulp mill.</p> <p>The total forestry resources of Arauco in Chile can supply a mill with a capacity of 1,5 million tons.</p> <p>70% of the wood that MAPA project will use will be from Arauco.</p> <p>The distance between the plant and forests is 60 km, and 30 km from the shore.</p>
Investment	<p>The total investment is US\$ 400 million.</p>	<p>The investment will be around US\$ 185 million.</p>	<p>Total investment is US\$ 2.3 billion.</p>
Capacity	<p>Capacity of 800,000 m³ of which 300,000 m³ will be coated with melamine paper.</p>	<p>The capacity is 550,000 ADt/year</p>	<p>The output of this industrial complex will be increased by 1 million tons of hardwood per year.</p>

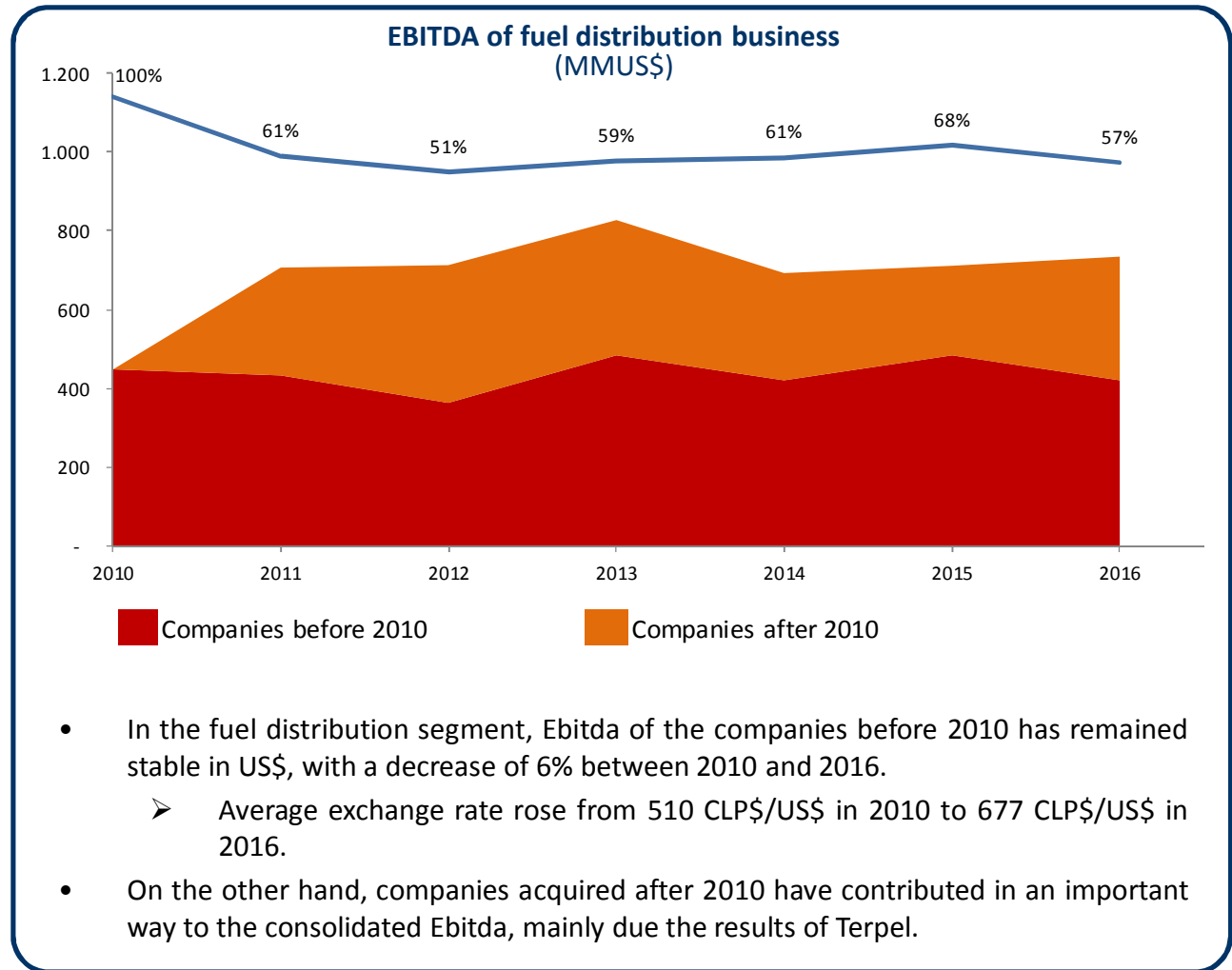
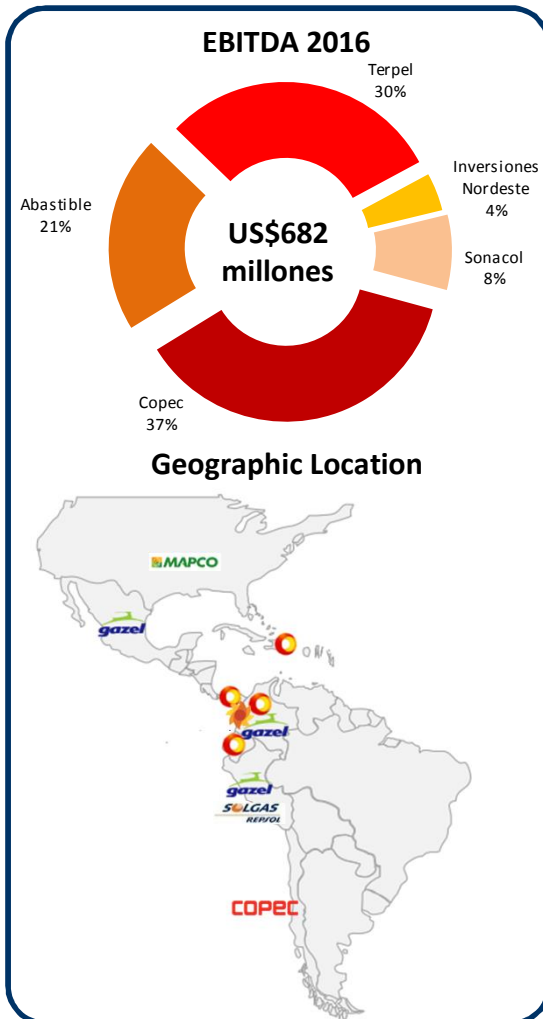


Empresas Copec's strategy is to be the leader in the **fuel distribution** business in the countries where it participates





As of 2016, in the fuel distribution business, Ebitda of the companies acquired after 2010 represents a 43% of the total Ebitda





MAPCO Presence in United States

- “ On November 14th, COPEC acquired 100% of the share capital and interests in five different companies that operate 348 gas stations in the U.S. and supplies 142 gas stations operated by third parties.
- “ The gas stations operate under different brands, chief among them MAPCO. They are located mostly in Tennessee, and also in Alabama, Georgia, Arkansas, Virginia, Kentucky and Mississippi.
- “ The purchase price for the companies, free of debt, is US\$ 535 million and a working capital adjustment on the closing date amounting to US\$ 16.3 million.





MAPCO as an Strategic Investment

- “ The acquisition allows Copec to enter the most stable, developed and unregulated market in the world, which has more than 140 thousand gas stations and a fragmented supply.
- “ Conveniences stores in the U.S. service stations have a higher relative value compared with the service stations operated by Copec in other countries, where the fuel selling business is much more relevant.
- “ The Chilean and Colombian markets should move towards U.S. model, where selling fuel is the booster of other businesses. Learn from the U.S. business model based on convenience stores will be a key step to create future value in these markets.

Acquisition criteria

- “ Right scale to be the platform for growing in the U.S. market.
- “ Accessible investment size for Copec.
- “ Strategic location for the operation.
- “ The company has a significant number of own service stations.
- “ Growth opportunities are accessible in coincident markets.
- “ Opportunities for improving the operation in both, fuel selling and convenience stores.

Opportunities in the future

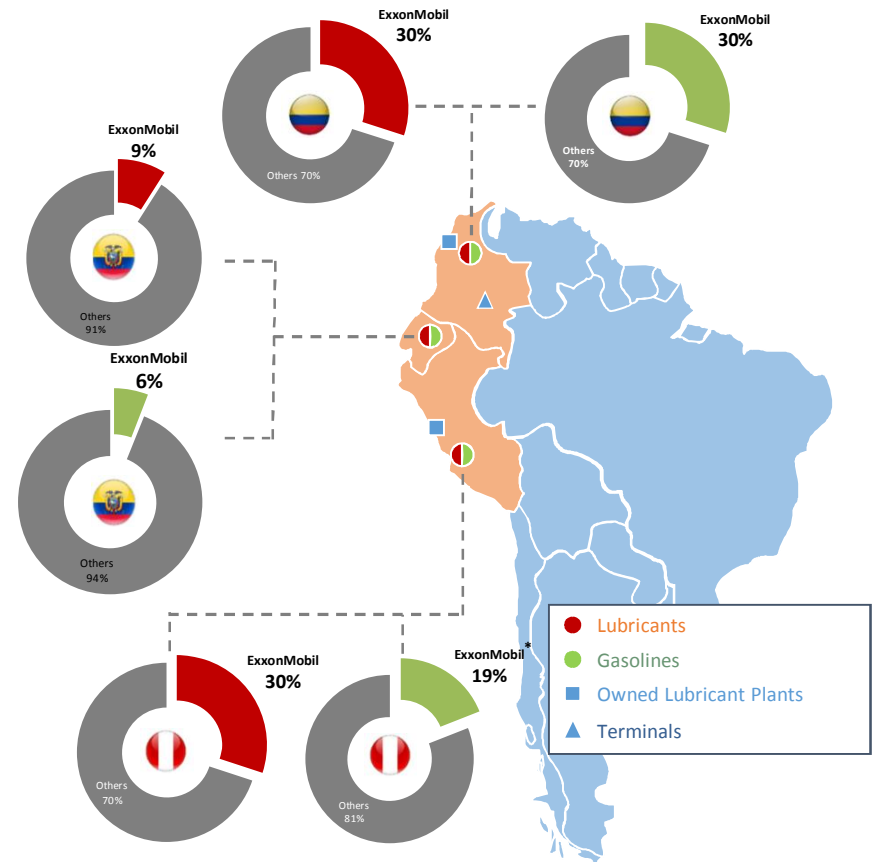
- “ Development in the industrial fuel market.
- “ Improvement in the fuel procurement.
- “ Acquisition of near by networks taking full advantage in overhead synergies.
- “ Unify the brands of the convenience stores and gas stations.



Acquisition of ExxonMobil Downstream Assets in the Andean Region

- On November 16th 2016, Copec structured a regional agreement with ExxonMobil for the production and distribution of Mobil lubricants in Colombia, Ecuador and Peru, and also the renewal of the agreement between ExxonMobil and Copec for the Chilean market.
- The agreements also cover the operation and commercialization of fuels for Jorge Chavez International Airport of Lima, Peru, as well as the fuels distribution business that ExxonMobil currently operates in Colombia and Ecuador.
- Total investment is approximately US\$ 747 million, of which US\$ 235 million correspond to cash that this companies are expected to hold at the closing date. It is estimated that the deal could go through in the third quarter of 2017.
- Copec will transfer the ExxonMobil's business to Terpel, so the company could take advantage of the potential synergies of overhead to operate its assets in Colombia, Peru and Ecuador.
- On Dec. 15th 2016, Terpel's shareholders meeting approved the transfer of the agreement.
- On Dec. 27th 2016, Terpel asked for approval to the Colombia antitrust authority. Estimated date of approval: August.

Approximated Market share (2015)



(*) Of the aviation market in Peru



ExxonMobil Downstream Assets as Strategic Investment

Position of Terpel Business

- “ The agreement allows Terpel to:
 - ▷ Integrate the lubricant operation in a regional level under one brand with worldwide acknowledgment, and...
 - ▷ ... consolidate the company as a leader fuel and lubricant player in the Pacific coast, through...
 - ▷ ... the acquisition of high quality assets with leadership position and with experienced employees.
- “ Furthermore, depending on the antitrust authorities in Colombia, it will be necessary to sell the ExxonMobil’s operations and assets acquired in that country to the downstream fuel business.

Opportunities for Terpel

Colombia



Terpel would triplicate its lubricants volume in Colombia and would have the opportunity to extend its lubricants offer in that country, and capture new industrial clients with more specific and valuable needs.

Peru



The acquisition would allow Terpel to develop the fuel business in Peru, through aviation as an initial platform.

Ecuador



The new operation in Ecuador would increase Terpel market share in the fuel business and have a significant potential in lubricants.



The price of the stock of AntarChile has increased by 28% between 2016 and April of 2017

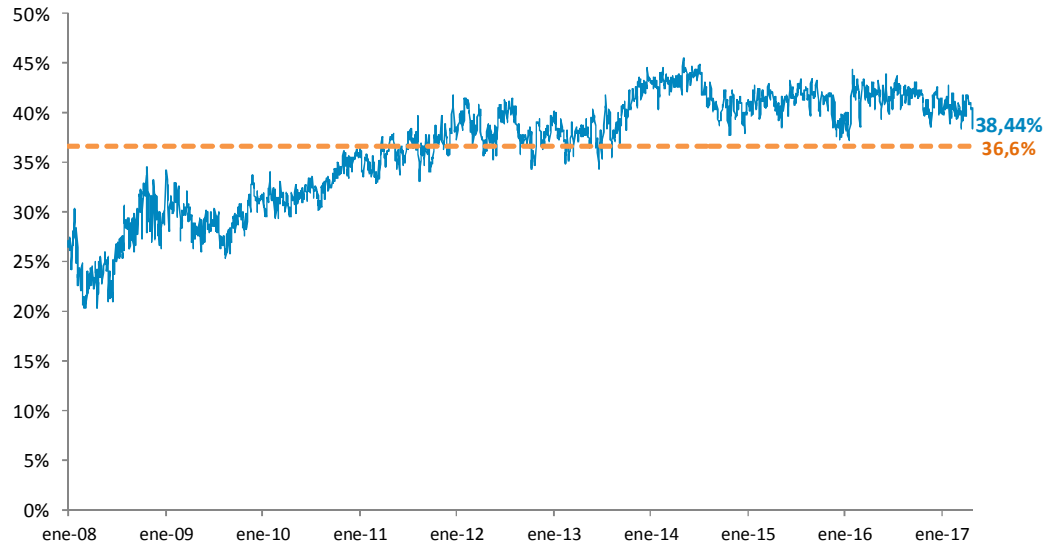


~ AntarChile's traded value between January to April of 2016 has increased by a 62%, compared with the same period of 2017.

~ Removing the effect of the auction occurred in April 2017, the increase is 11%.

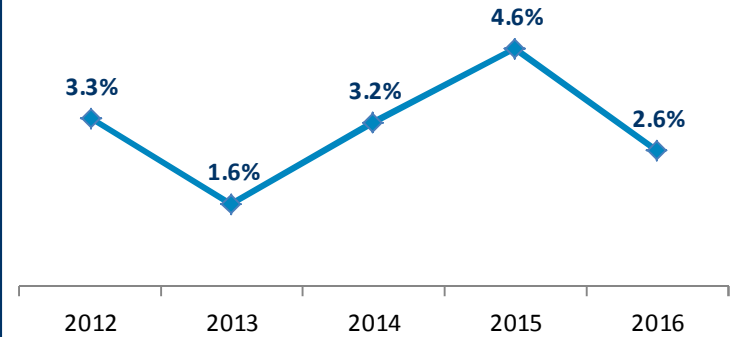


AntarChile's NAV as of April, 2017

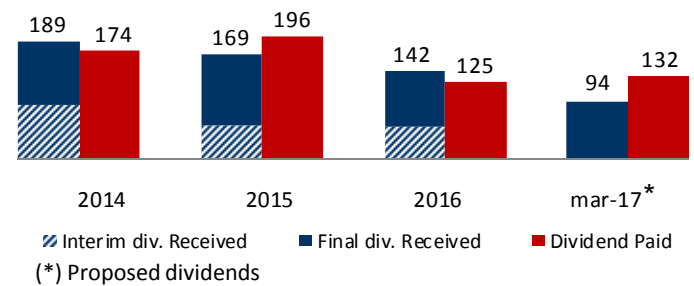


NAV: US\$9.1 billion
Market Cap: US\$5.6 billion
Discount: 38,4%

Historical Dividend Yield

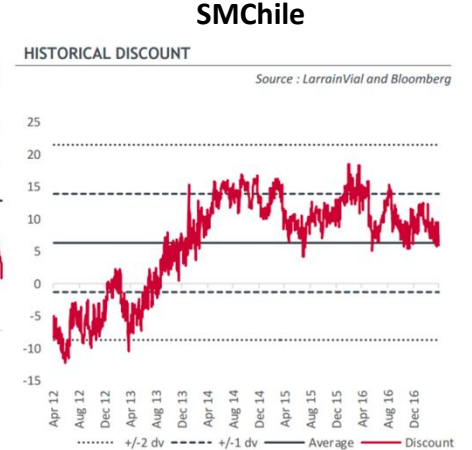
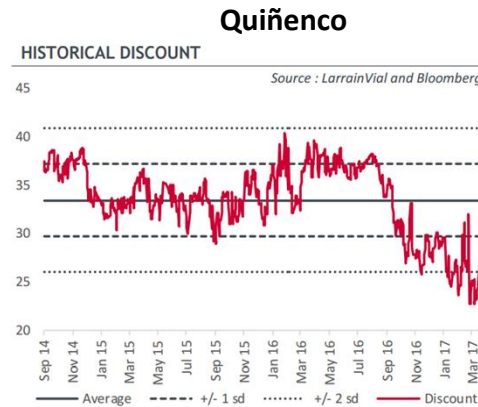
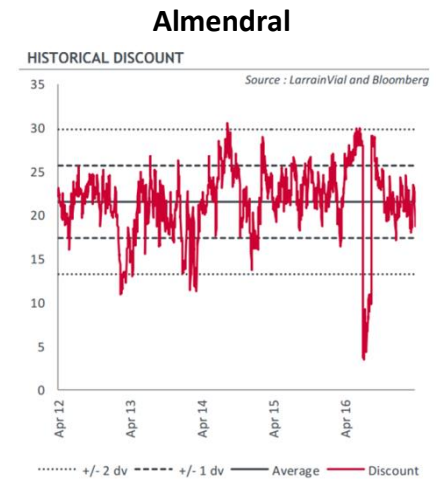
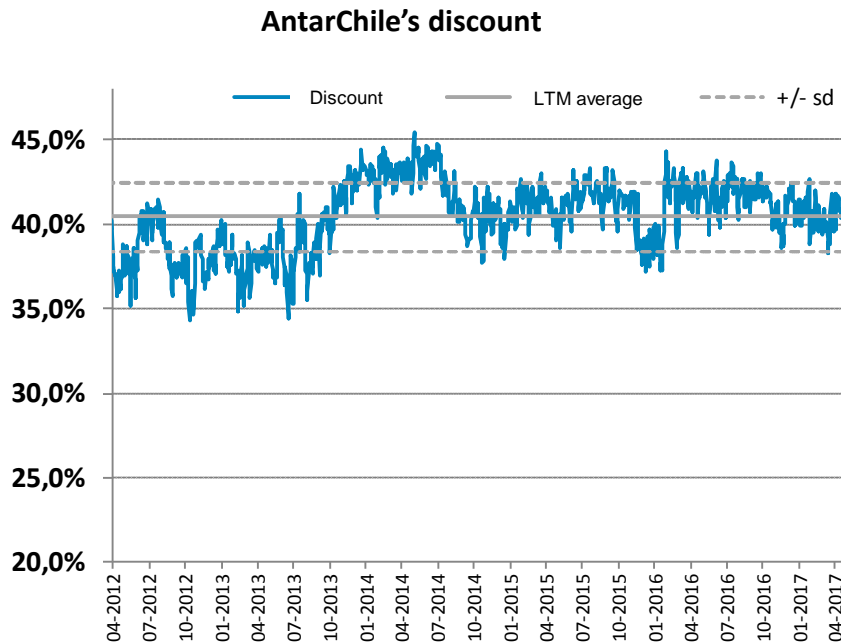


Cash Generation and Profit Distribution





Since 2014, AntarChile's discount has remained stable with a downward trend in the last months



Fuente: Larrain Vial

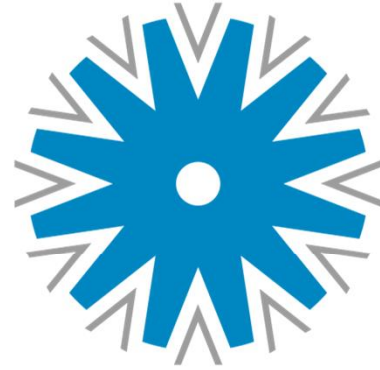


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antarchile

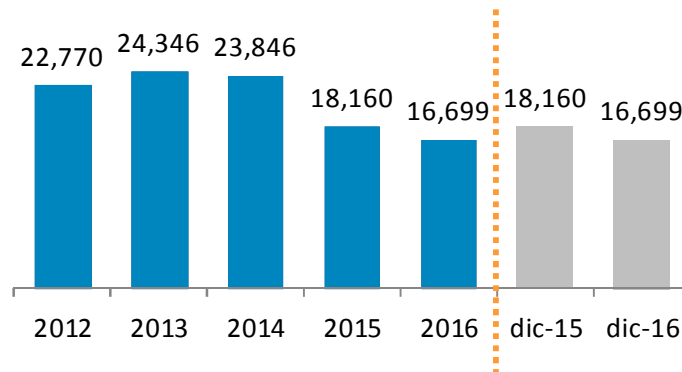


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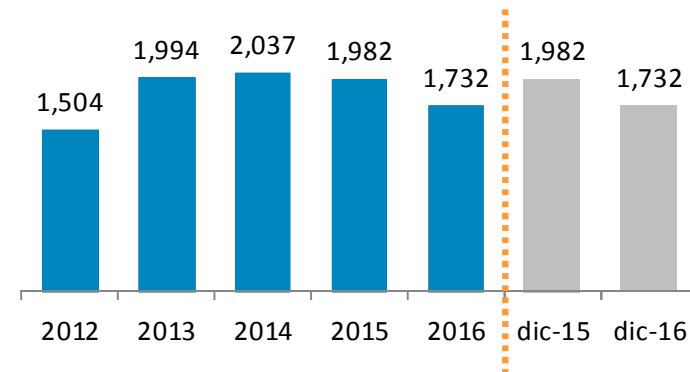


Financial Information

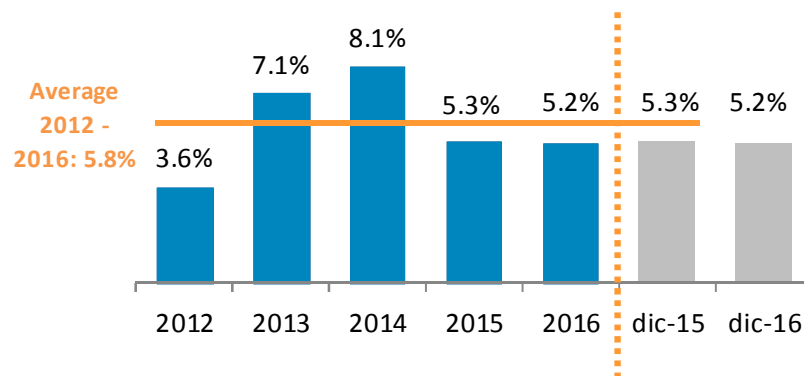
Revenue
(US\$ million)



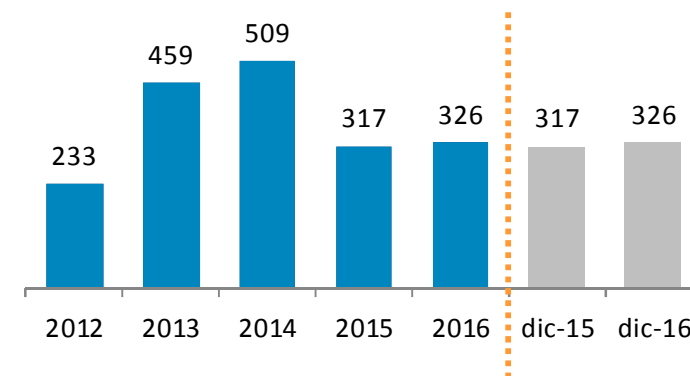
EBITDA
(US\$ million)



Return on Equity (annual)
(%)



Profit
(US\$ million)





CONSOLIDATED BALANCE SHEET

US\$ million	dic-15	dic-16
Assets		
Current assets	5,233	5,010
Non-current assets	15,229	16,909
Total assets	20,462	21,919
Liabilities and net equity		
Liabilities		
Current Liabilities	2,011	2,729
Non-current liabilities	8,324	8,503
Total liabilities	10,335	11,232
Net equity		
Paid-in capital	1,391	1,391
Retained earnings	5,841	6,019
Other reserves	(1,225)	(1,117)
Equity attributable to owners of parent	6,007	6,294
Equity of minority interests	4,120	4,393
Total equity	10,127	10,687
Total liabilities and net equity	20,462	21,919

CONSOLIDATED INCOME STATEMENT

US\$ million	dic-15	dic-16
Sales revenue	18,160	16,699
Cost of sales	(15,098)	(13,937)
Gross Margin	3,062	2,763
Other income (expenses)	154	164
Distribution costs	(1,159)	(1,197)
Administrative expenses	(826)	(785)
Net interest expense	(269)	(289)
Others	(213)	92
Income (loss) before taxes	748	748
Income tax expense	(185)	(156)
Income (loss) from continuing operations	563	591
Income (loss) from discontinued operations	-	-
Net Income	563	591
Income (loss) of owners of parent	317	326
Income (loss) of minority interests	246	266



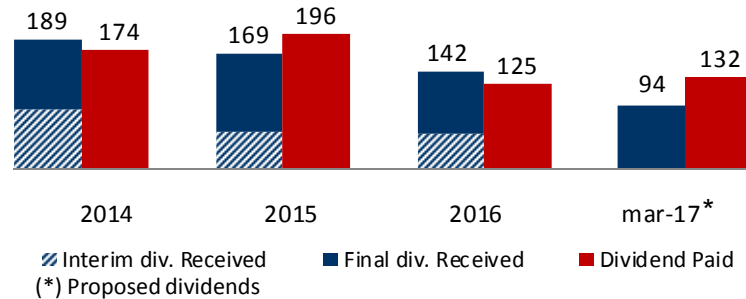
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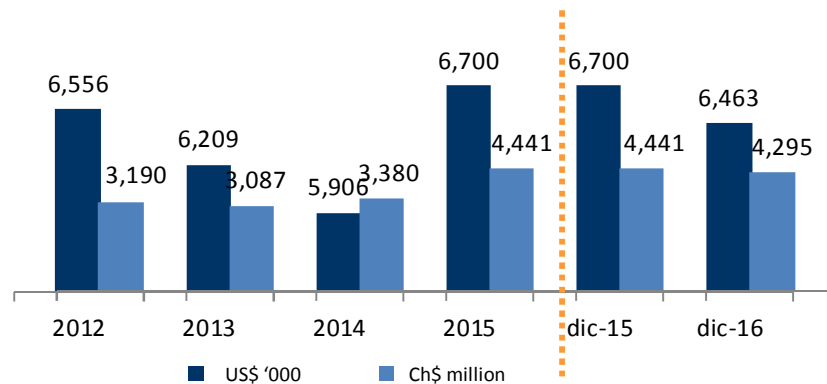
Parent Level Information

AntarChile's Cash Generation and Profit Distribution



- ~ Cash in AntarChile comes mainly from dividends paid out by its subsidiaries.
- ~ Its dividend policy mandates distribution of 40% of yearly net profit.
- ~ AntarChile's dividend policy mirrors that of Empresas Copec, thus avoiding accumulation of cash at holding company level.
- ~ Empresas Copec pays out an interim dividend in December and a definitive dividend in May, whereas AntarChile only pays out a definitive dividend in May.

SG&A Expenses – AntarChile (individual)

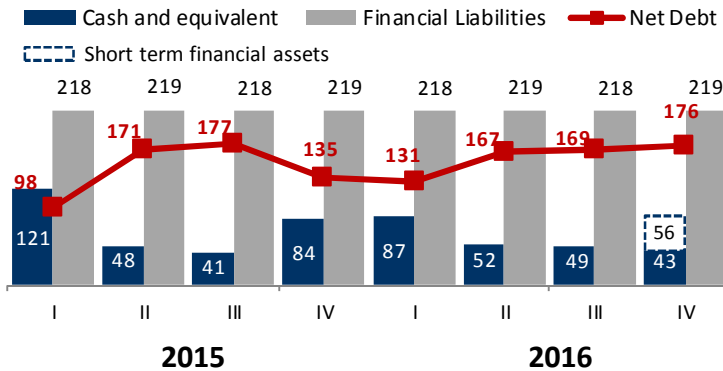


- ~ AntarChile's administration expenses (individual) in 2015 were higher than in 2016 due a non recurring effect associated with compensations payments.



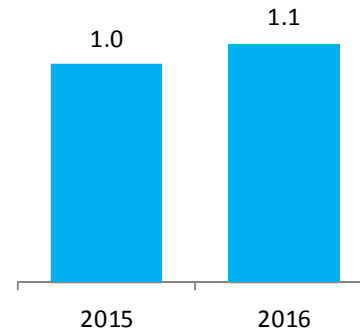
Parent Level Information Credit rating and Indebtedness

Individual Net Debt
(US\$ million)

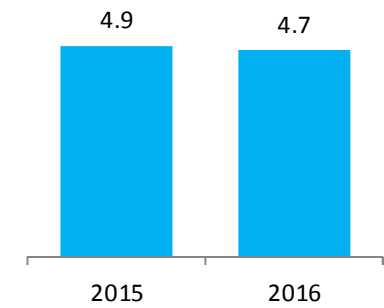


Consolidated Financial Indicators as of 2016

Indebtedness
(Current liabilities/(net equity + minority shareholding))



Financial Expenses Coverage
(EBITDA LTM/financial expenses)



- AntarChile maintains financial liabilities at a constant rate of over time.
- The increase in cash in each fourth quarter corresponds to the interim dividend paid out by Empresas Copec.

AntarChile Local
Credit Ratings:



Shares

First Class, tier 2

First Class, tier 2

Debt

N1 / AA-

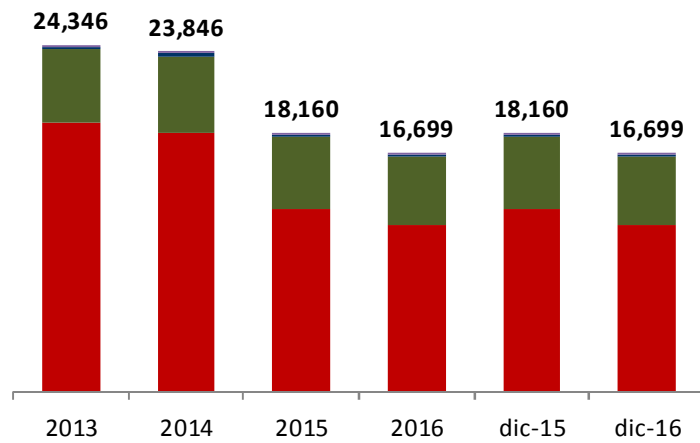
A+



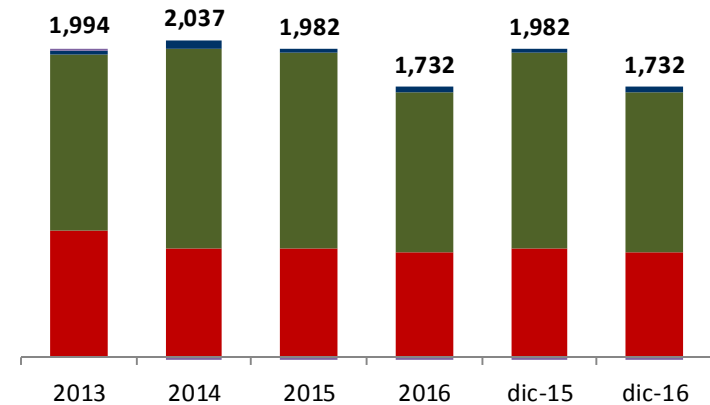
Parent Level Information

Financial Indicators by Line of Businesses as of December, 2016

Consolidated Sales
(US\$ million)



Consolidated EBITDA
(US\$ million)



■ Fuels distribution
 ■ Forestry
 ■ Fishing
 ■ Other businesses



Parent Level Information

AntarChile's Asset Portfolio Variation

	Ownership	Book Value of Investments 2016 US\$ million	2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2016													
			2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Empresas Copec	60.82%	6,055	[Solid blue bar]													
CSAV	0.00%	N.A.	[White bar]													
Eperva	18.70%	39	[Solid blue bar]													
Igemar	17.44%	38	[Solid blue bar]													
Astilleros Arica	0.00%	N.A.	[White bar]													
Colbún	9.58%	331	[White bar]													
Red to Green	30.00%	2	[Solid blue bar]													
SerCor	20.00%	0	[Solid blue bar]													

Up until the sale of Astilleros Arica, AntarChile's investment portfolio had not suffered any variations since 2006.

- In 2003 Compañía de Petróleos de Chile S.A. (Copec) was restructured so as to move the fuel distribution business into a subsidiary -Copec remaining as parent company-, and change the company name to Empresas Copec.
- In 2005 AntarChile sold 15.42% of Compañía Sudamericana de Vapores.
- In 2006 AntarChile acquired 9.5% of Colbún; by December, 2015, the price of the Colbun stock had increased by 48%.
- In 2015 AntarChile sold its subsidiary Astilleros Arica to Corpesca, a subsidiary of Eperva.

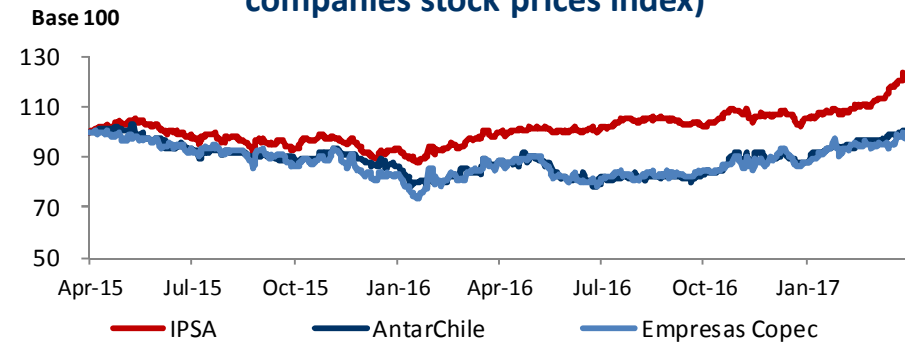


Parent Level Information Stock Market Information

As of April 28th, 2016

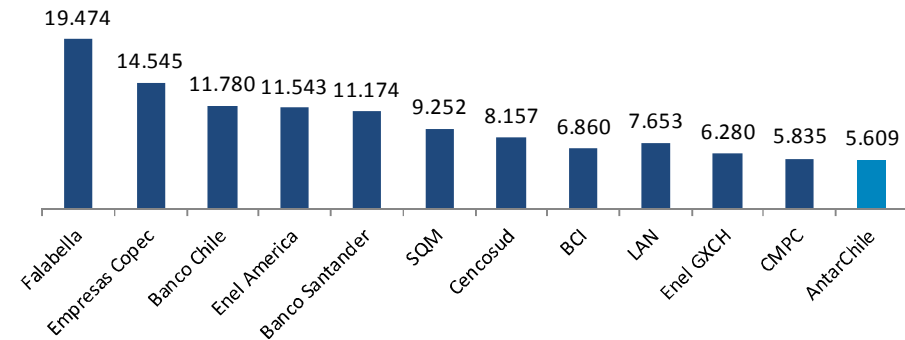
Shares	456,376,483
Currency	Ch \$
Last Price	7,800
Maximum LTM	7,800
Minimum LTM	5,951
Market Cap.	US\$5,609 million

Stock Price v/s IPSA (chilean select companies stock prices index)



Market Capitalization of Chilean Companies

As of April 28th, 2016
Millions of US\$



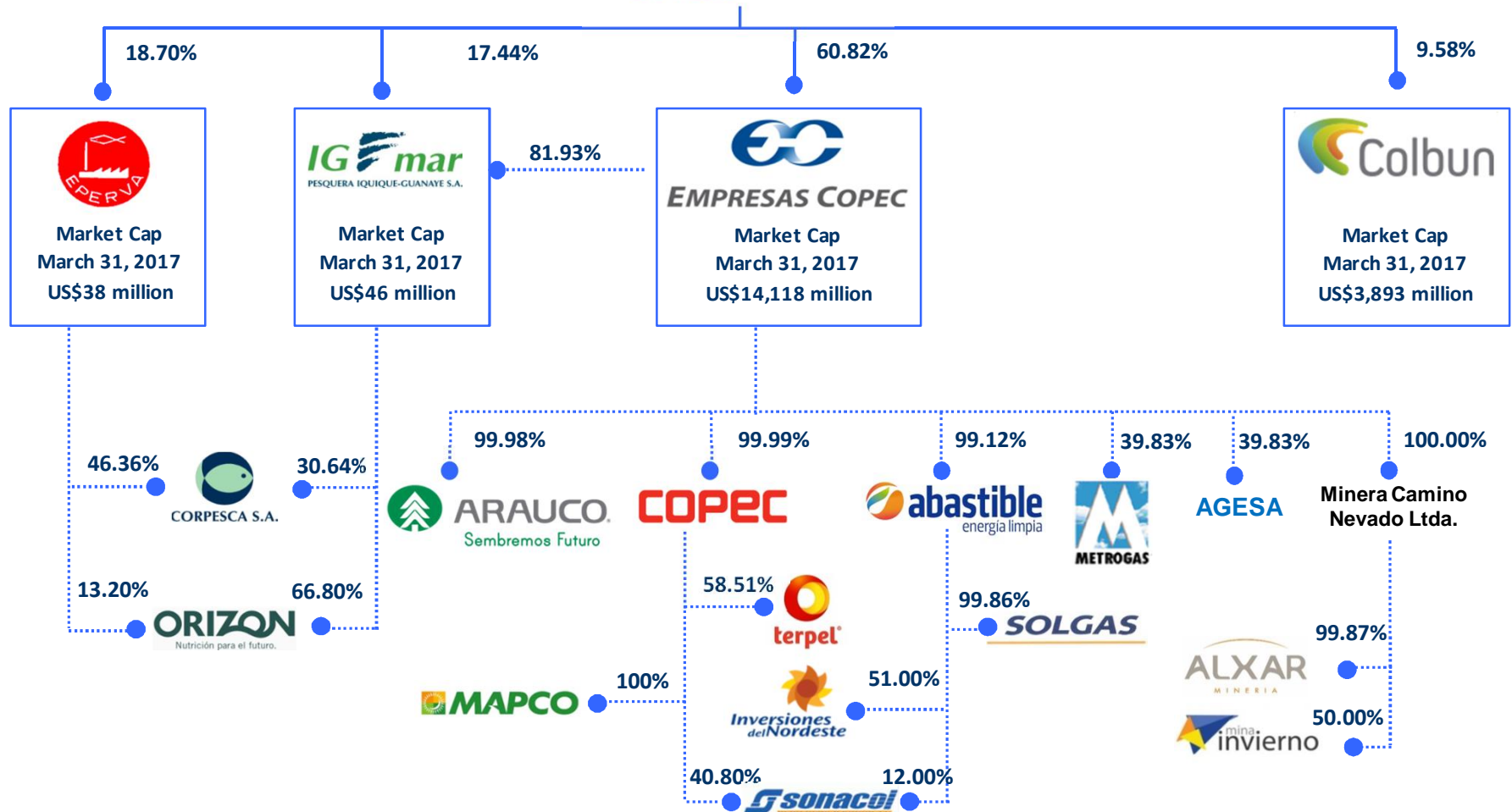
- “ AntarChile S.A. has a weight of 1.96% in the IPSA; its market capitalization rate is one of the highest in the country.
- “ Behavior of AntarChile’s stock is closely correlated to that of its main investment, Empresas Copec S.A.



Parent Level Information



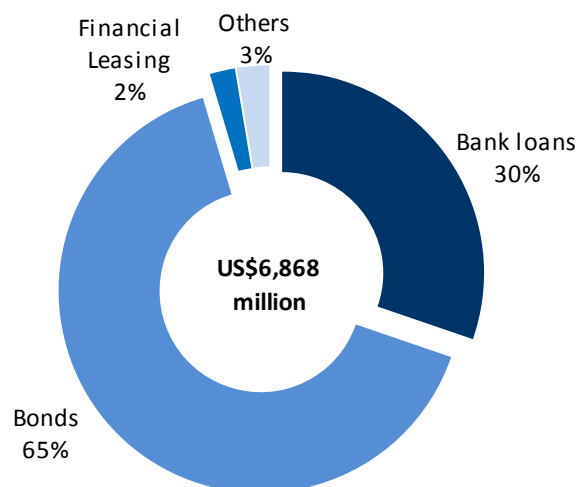
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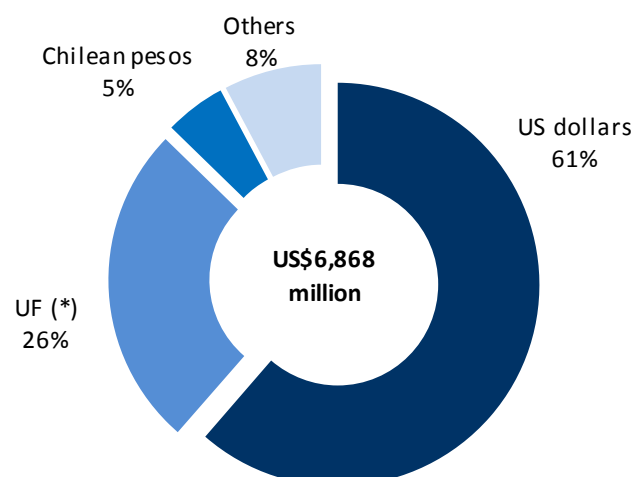


AntarChile's consolidated financial debt

Breakdown by instrument



Breakdown by currency



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

US\$ million	Net Financial Debt			Net Debt/EBITDA LTM		
	4Q 2016	3Q 2016	4Q 2015	4Q 2016	3Q 2016	4Q 2015
Current financial liabilities	978	1,059	464			
Non-current financial liabilities	5,890	5,604	5,910			
Total financial liabilities	6,868	6,663	6,374			
Cash and cash equivalents	1,332	1,425	1,669			
Current financial assets	242	257	175			
Net financial debt*	5,295	4,982	4,531	3.06 x	2.89 x	2.29 x

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



Forestry Industry








Arauco: Forest Areas and Industrial Mills as of December, 2016

	FORESTRY	WOOD PULP	TIMBER	PANELS	ELECTRIC POWER
	710,005 Hectares	5 pulp mills 2,887,000 Adt	8 saw mills 2,704,190 m ³	5 wood mills PB: 300,000 m ³ Plywood: 710,000 m ³ MDF: 515,000 m ³ HB: 60,000 m ³	10 power plants Capacity: 606 MW
	132,351 Hectares	1 pulp mill 350,000 Adt	1 saw mill 317,982 m ³	2 wood mills MDF: 300,000 m ³ PB: 260,000 m ³	2 power plants Capacity: 78 MW
	99,671 Hectares			2 wood mills MDF: 1,255,000 m ³ PB: 310,000 m ³	
	73,112 Hectares *	1 pulp mill 650,000 Adt *			1 power plant Capacity: 82 MW *
				8 wood mills MDF: 1,470,000 m ³ PB: 1,416,000 m ³	
TOTAL	1,015,139 Hectares	7 pulp mills 3.89 Million Adt	10 saw mills 3.07 M m³	16 wood mills 8.7 M m³	13 power plants Capacity: 766 MW



Fuel Distribution Fuel Distribution

AntarChile is involved in the fuel distribution industry through seven different subsidiaries: Compañía de Petróleos de Chile (Copec), Organización Terpel, Abastible, Inversiones del Nordeste, Sonacol, Sonamar and Metrogas.

							
FUEL	Liquid fuels, Lubricant	Liquefied Petroleum Gas (LPG)	Natural Gas	Liquid Fuels, Lubricant	Liquid fuels	Liquefied Petroleum Gas (LPG)	Oil
COUNTRY	Chile	Chile	Chile	Colombia	USA	Colombia	Chile
SALES VOLUME 2016	9.8 million m ³	459 thousand tons	1,078 million m ³	8.7 million m ³	1.9 million m ³	205 thousand tons	Transported 9.9 million m ³
MARKET SHARE 2016	58%	38%	-	44%*	-	43%*	-
SHAREHOLDING	Empresas Copec 100%	Empresas Copec 99.05%	Empresas Copec 39.83%	Copec S.A. 58.51%	Empresas Copec 100% (indirect)	Abastible 51.00%	Empresas Copec 52.8% (indirect)

*Share in Colombia.

GDS: Filling Stations; IND: Industrial Customer; GNV: Natural Gas Vehicle.



Fuel Distribution

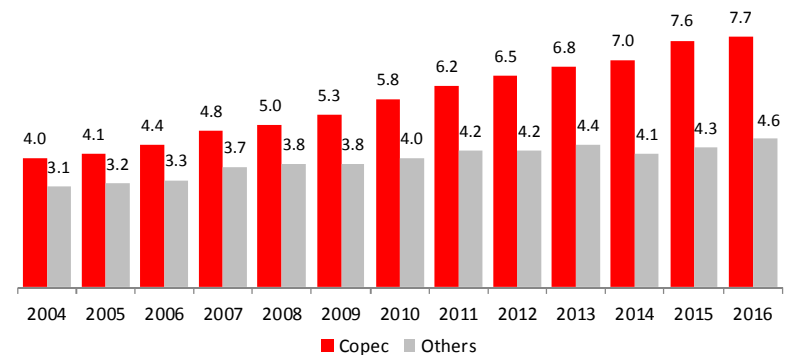


COPEC

The long term approach of low margins, good location, innovation and client oriented strategy, has allowed Copec to sustain its leadership in this industry.

- “ Copec has the largest and most extended **Network** (634 gas stations), with strategic locations that allows to have 60% of sales with 38% of gas stations.
- “ Largest **Convenience Store Network** on Chile, with more than 300 stores and an average of 485 Th. clients per day.
- “ Strong **Brand** recognition: throughput of Copec gas stations is 50% higher than its competitors.
- “ Constant focus on **innovation** in product offering, technology, service and image.
- “ Strength in **industrial segment**: Comprises 60% of sales, with 3.500 industrial clients including mining companies to airlines.
- “ Leader manufacturer and distributor of **lubricants**. This business is a joint venture with ExxonMobil.
- “ Copec’s **leadership position** represents advantages in the fuel procurement.

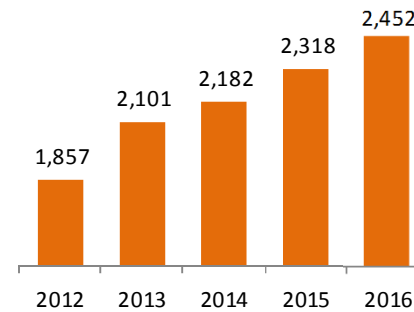
Fuel Sales by Service Station
(Th. m³)/year



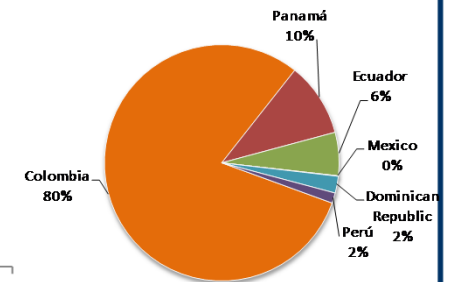


- “ Has the largest Network in Colombia with a 44% market share (2,115 gas stations).
- “ Terpel is one of the most recognized and respected Brand.
- “ One of the most important growth potential for Terpel, comes of Copec’s business model in this market.
- “ Terpel participates in markets with high growth prospects due to the lack of infrastructure and potentially higher market share in the industrial segment.

Sales
(Millions of Gallons)



Sales by Country 2016



Abastible is the third largest LPG player in South America

- “ More than 1.5 million clients and more than 1,200 distributors.
- “ Even though Chilean LPG consumption grows at very low rates, growth shall come from market gain against high-polluting firewood, which currently has a 40% penetration in residential homes.

Abastible purchased Repsol’s LPG businesses in Peru and Ecuador.

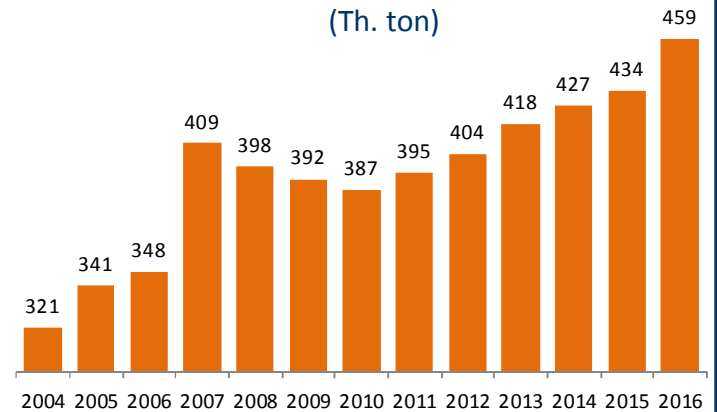
SOLGAS

- “ 26% Market Share
- “ Sells 570 th. tons a year
- “ The price paid was US\$ 264 million

DURAGAS

- “ 37% Market Share
- “ Sells 405 th. tons a year
- “ The price paid was US\$ 33 million

LPG sales in Chile
(Th. ton)





Fisheries

Fisheries

AntarChile is involved in the fishery industry through two companies, Corpesca and Orizon, which operate Northern and Central-South Chile, respectively. Each of these companies also owns 35% of Golden Omega, a company producing Omega 3 concentrates from fish oil.





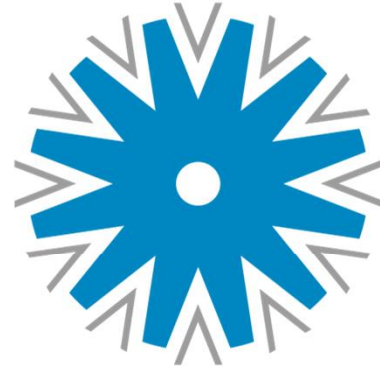
GEOGRAPHIC AREA	Northern Chile	Central-north, Central and Southern Chile
VESSELS	47 vessels	8 vessels
FLEET'S STORAGE CAPACITY	21,000 m ³	Aprox. 11,000 m ³
PROCESSING PLANTS	<ul style="list-style-type: none"> " 5 fishmeal and fish oil " 1 canning plant " 1 freezer plant 	<ul style="list-style-type: none"> " 3 fishmeal and fish oil " 2 canning plants " 3 freezer plants
SHAREHOLDING	<ul style="list-style-type: none"> " Empresa Pesquera Eperva: 46.36% " Pesquera Iquique-Guanaye (Igemar): 30.64% 	<ul style="list-style-type: none"> " Empresa Pesquera Eperva: 13.2% " Pesquera Iquique-Guanaye (Igemar): 66.8%



Power Generation

- “ AntarChile’s affiliates involved in the power generation market are Colbún and Arauco Bioenergía, both of which utilize conventional energy as well as renewable non-conventional energy sources.
- “ Colbún has an installed capacity of 3,278 MW, being the second largest generator of the Chilean Interconnected Central System (SIC), with a market share of 21.3%. The SIC supplies 92% of Chile’s power demand.
- “ Arauco Bioenergía, consistent with its environmental sustainability policies, generates power out of biomass. Its installed capacity is of 766 MW, providing SIC with a surplus of 253 MW.

	 HYDRO and THERMAL	 BIOMASS
INSTALLED CAPACITY BY TECHNOLOGY	<ul style="list-style-type: none"> “ 1,597 MW Hydroelectric (41.5%) “ 2,255 MW Thermolectric (58.5%) “ 3,852 MW Total 	<ul style="list-style-type: none"> “ 766 MW
POWER OUTPUT 2016	<ul style="list-style-type: none"> “ 11,275 GWh Chile “ 3,582 GWh Perú 	<ul style="list-style-type: none"> “ 2,500 GWh domestic consumption (76%) “ 1,089 GWh sold (24%) “ 3,589 GWh Total
FACILITIES	<ul style="list-style-type: none"> “ 16 Hydroelectric plants “ 8 Thermolectric plants “ 4 NCRE plants 	<ul style="list-style-type: none"> “ 8 Co-generating plants “ 2 Backup turbine plants “ 2 Biomass plants in Argentina
SHAREHOLDING	<ul style="list-style-type: none"> “ AntarChile: 9.58% 	<ul style="list-style-type: none"> “ Arauco: 100%



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