


antar**chile**

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MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 

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# CORPORATE PRESENTATION

January 2019

## BACKGROUND review

AntarChile was organized in 1989, to be a holding company of the Angelini Group, who controls the company by owning 74.7% of its share capital.

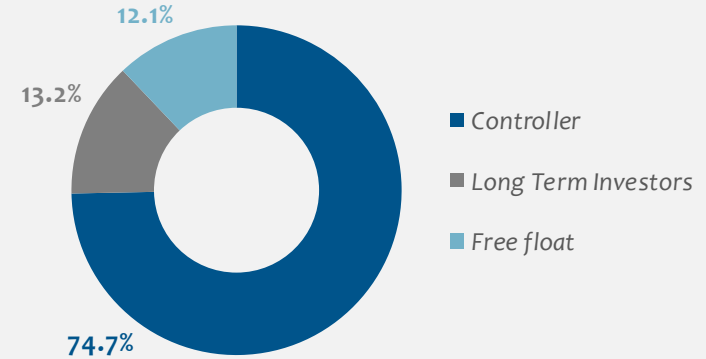
Its main investment is the shareholding interest of 60.82% of Empresas Copec, which grants AntarChile control thereof and represents approximately 92.9% of its consolidated assets. Empresas Copec is counted among the most important and of highest market capitalization companies in Chile.

### As of September 2018, AntarChile's asset portfolio amounts to US\$ 24 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

October 2018

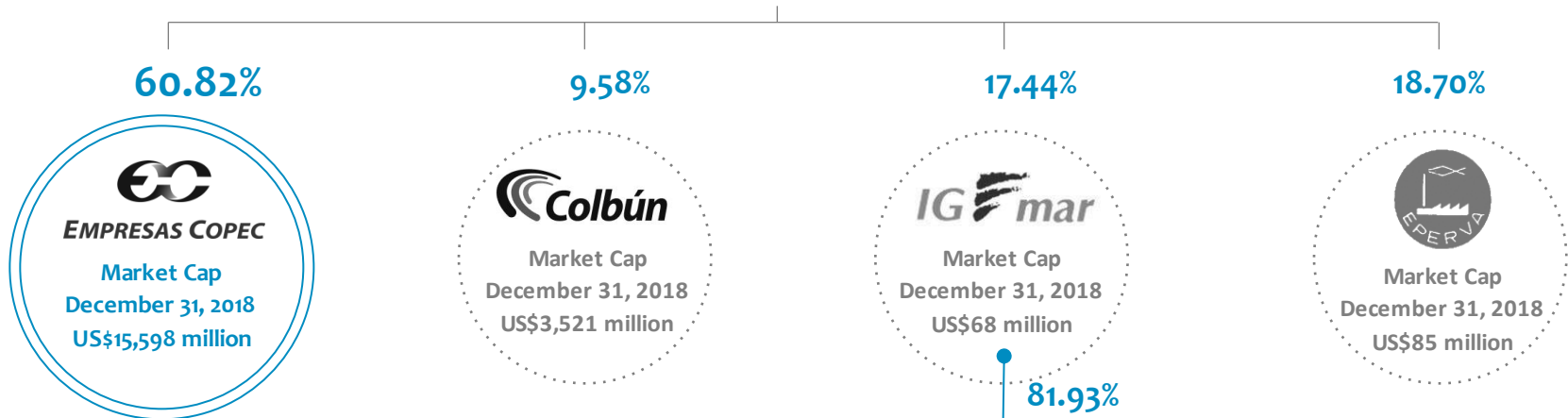


## MAIN investments



antarchile

Market Cap / December 31, 2018 / US\$ 5,990 million





## FUELS DISTRIBUTION



## FORESTRY

### arauco

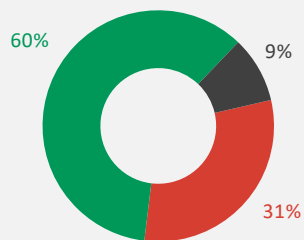
PULP  
FORESTRY  
PANELS  
SAWNTIMBER  
ENERGY

## OTHER BUSINESSES



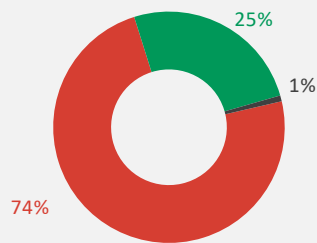
## ASSETS

As of sept-18: US\$ 23,898 million



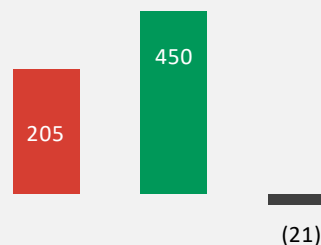
## SALES

LTM sept-18: US\$ 23,237 million



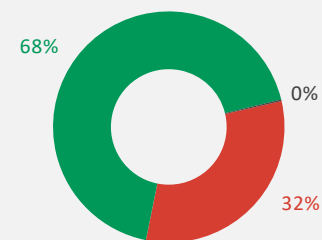
## NET INCOME

LTM sept-18: US\$ 634 million



## EBITDA

LTM sept-18: US\$ 2,754 million



● Fuels distribution ● Forestry ● Other businesses

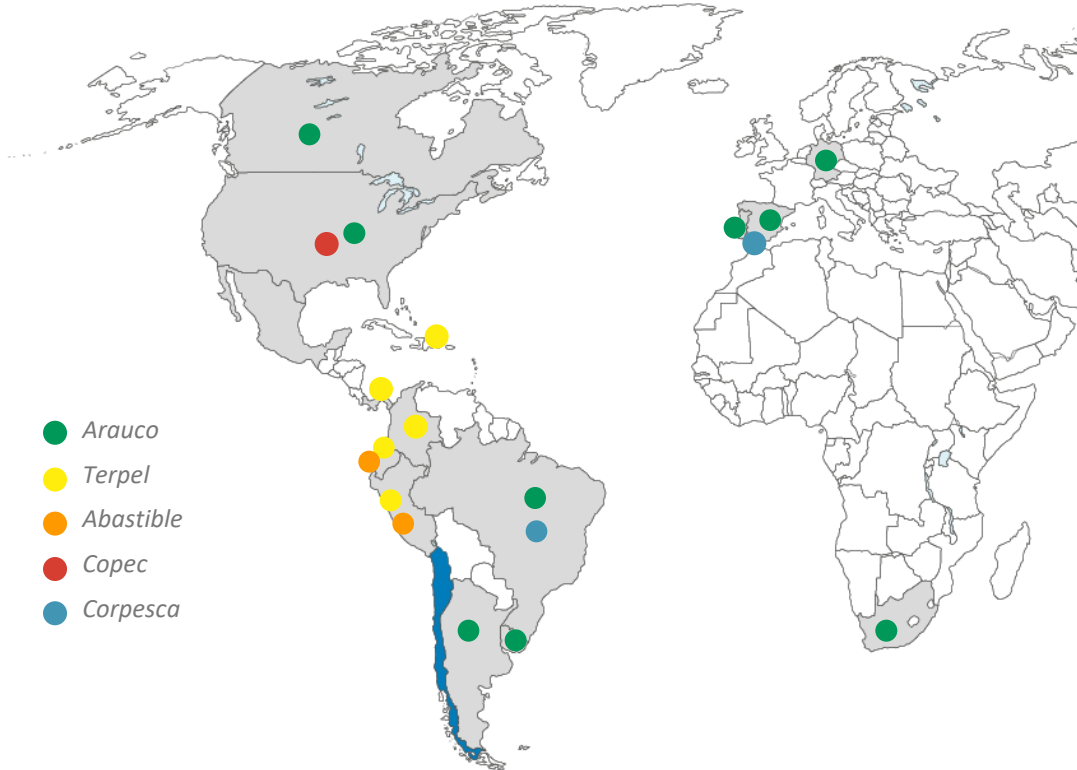
# Empresas Copec has evolved from an export company to a multinational firm

2006



**TOTAL ASSETS** US\$ 10,239 million  
**TOTAL SALES** US\$ 8,257 million  
**SALES ORIGINATED IN FOREIGN SUBSIDIARIES** 13%

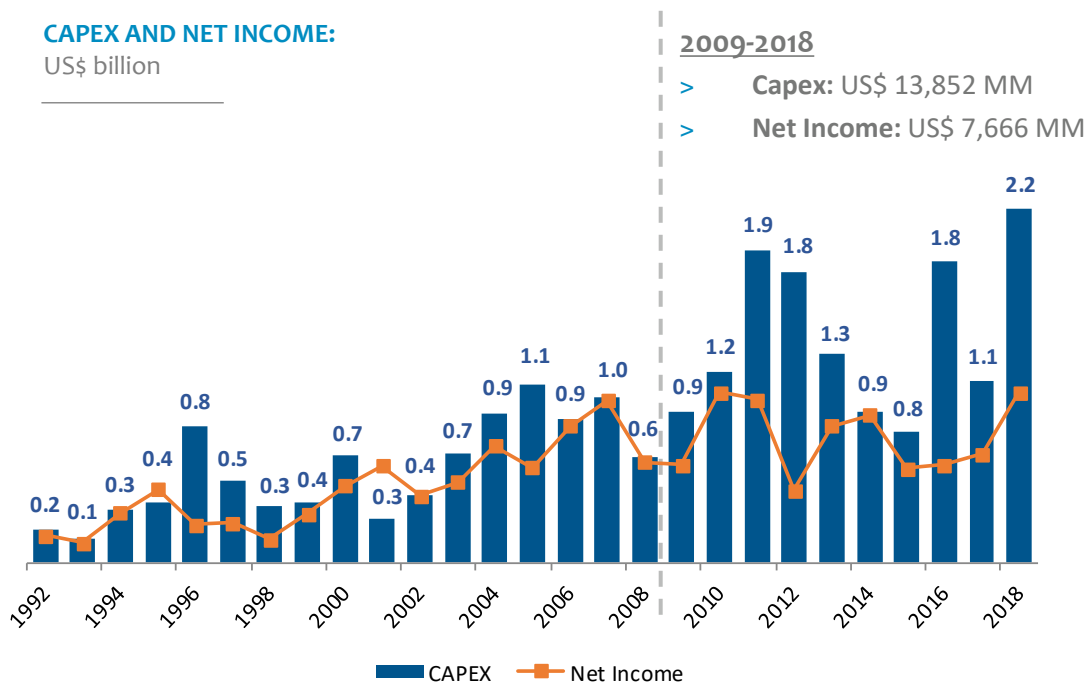
2017



**TOTAL ASSETS** US\$ 22,728 million  
**TOTAL SALES** US\$ 20,353 million  
**SALES ORIGINATED IN FOREIGN SUBSIDIARIES** 47%

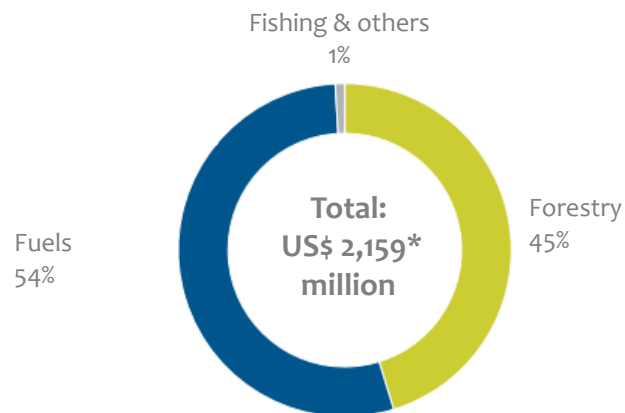
### CAPEX AND NET INCOME:

US\$ billion



### INVESTMENT PLAN FOR 2018:

US\$ million

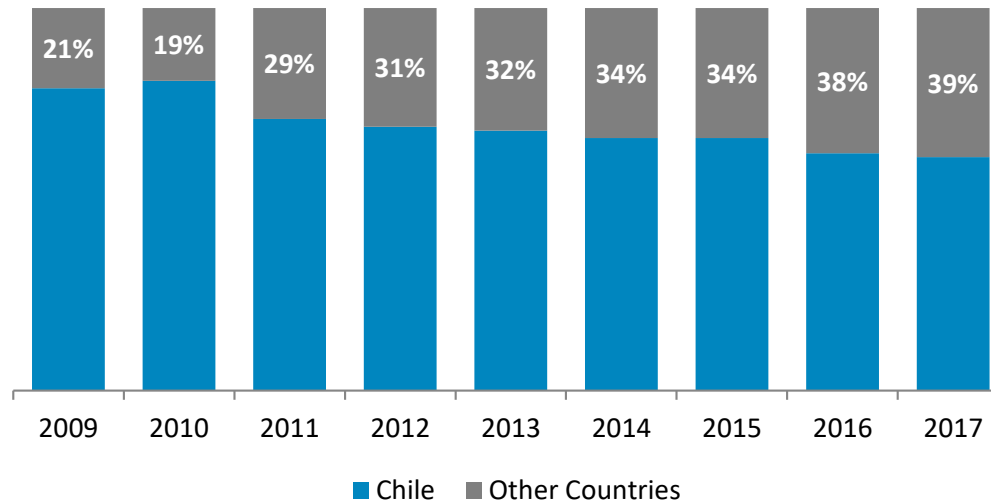


\* Does not include:

- > **Masisa Mexico:** US\$ 245 million.
- > **Mina Justa:** US\$ 182.4 million.

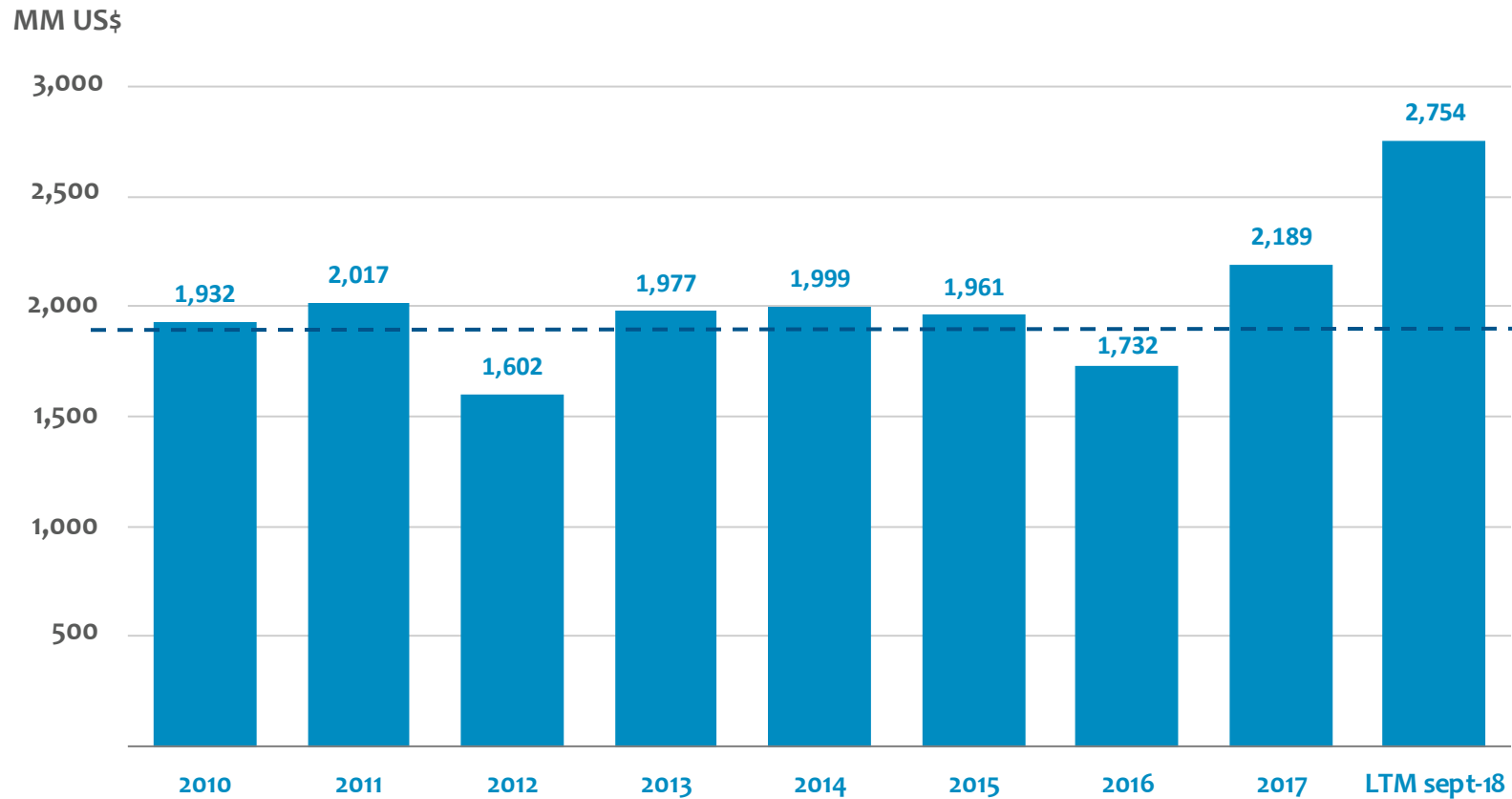
Source: Empresas Copec

## NON CURRENT ASSETS HISTORY – LOCAL VS FOREIGN



Source: Empresas Copec

The average of AntarChile's Ebitda of the last 8 years is around US\$ 1,900 million

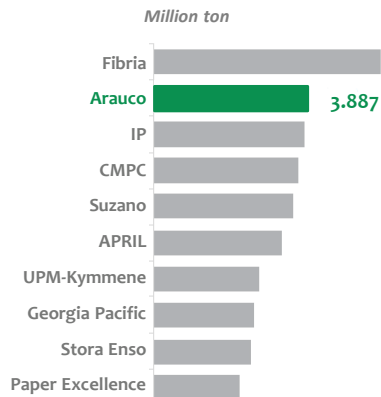




Arauco is one of the main players in all of the markets in which it participates

2<sup>ND</sup>

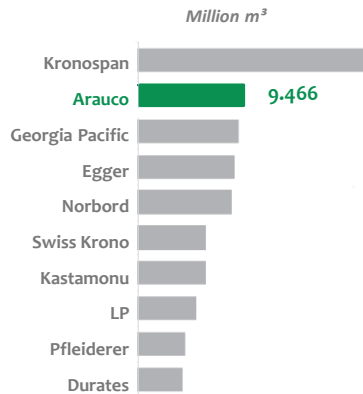
Largest market pulp producer in the world



Installed capacity includes 50% of Montes del Plata  
Source: Hawkins Wright, Risi, Arauco, Empresas Copec, 2017

2<sup>ND</sup>

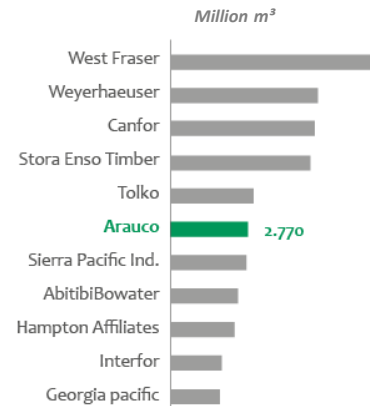
Largest panel producer in the world



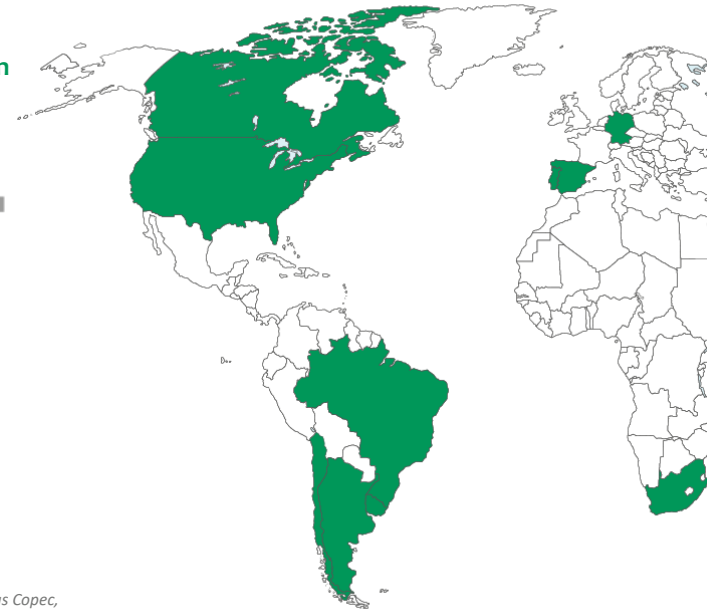
Installed capacity includes 50% of Sonae-Arauco  
Considers the acquisition of Masisa Brasil

1<sup>ST</sup>

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



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





## Competitive Advantages

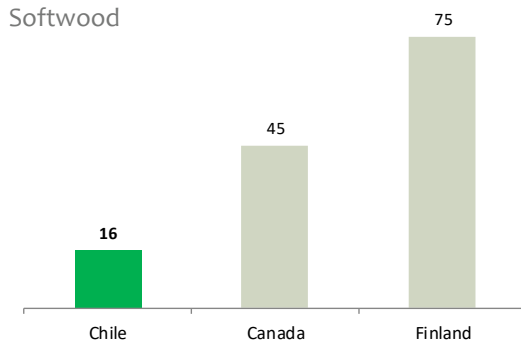
Location of forests allows fast growth rate and short harvest cycle.

Largest owner of forestry land in the southern cone (1 m hectares).

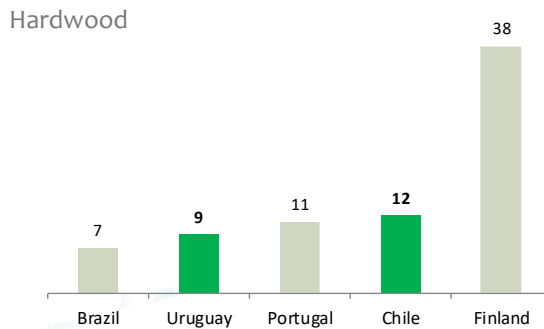
Logistic competitiveness due to short distance from forest - mills – ports.

Product offering allows value maximization of forest base: Pulp, panels, timber, energy.

### SHORT HARVESTING CYCLE (YEARS)



Source: Empresas Copec



Source: Empresas Copec

### EFFICIENT LOGISTICS BETWEEN FOREST > MILLS > PORTS



Average distance forest to mill



Average distance mill to port\*



Source: Arauco

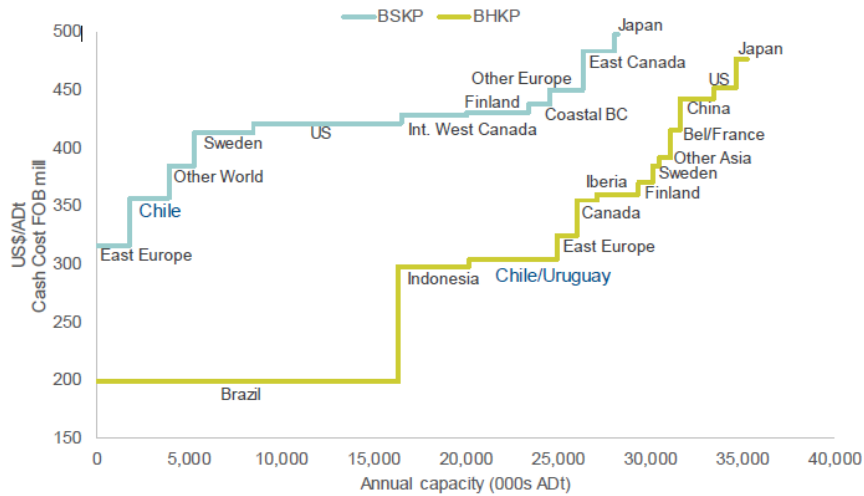


123 km  
(weighted average)

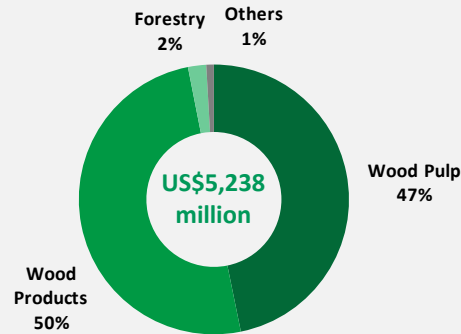
## Arauco currently sells its products in over 80 countries, in 5 continents

- > **Arauco produces** pulp, 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 2017.

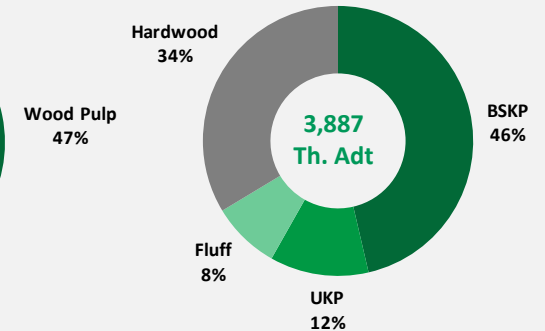
### WORLD PULP SUPPLY CURVE



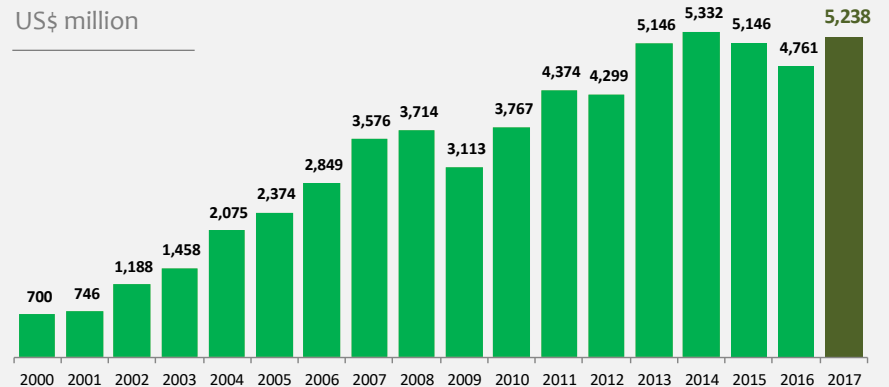
### SALES 2017 by line of product



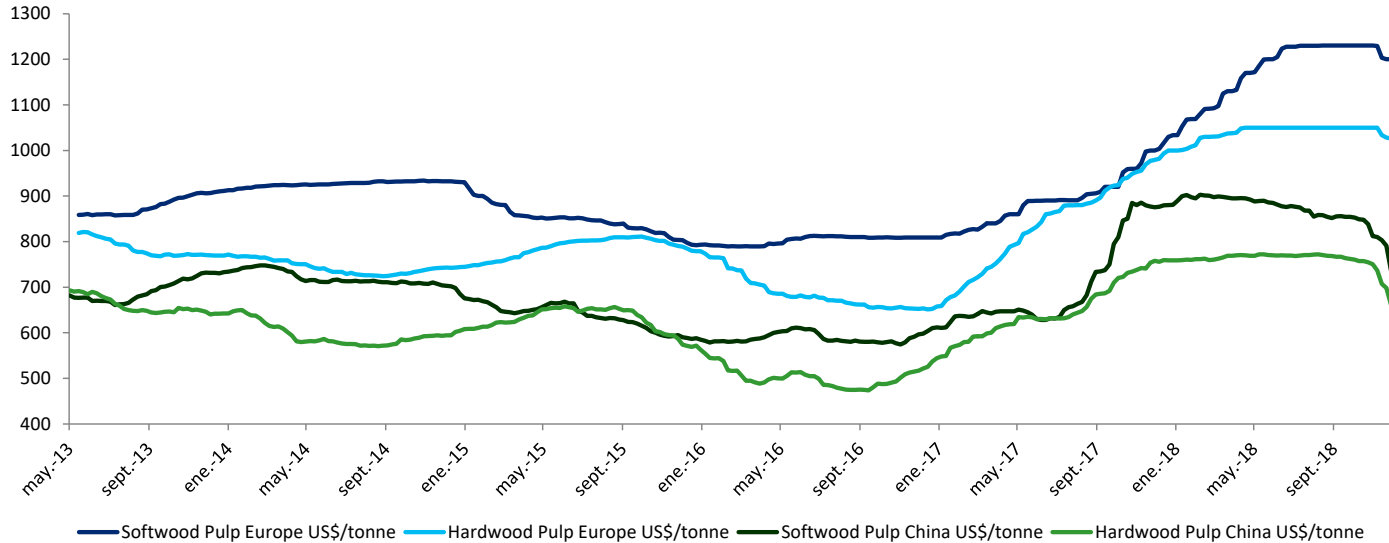
### Capacity 2017 by grade



### HISTORICAL SALES US\$ million

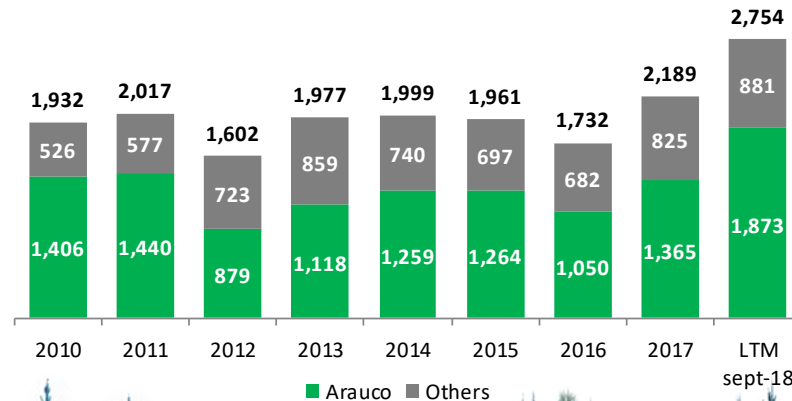


Since January 2017, pulp prices have increased around 47% in NBSK, 56% in BHKP, 17% in CNNN and 23% in CNNB. In the midterm, prices are expected to remain stable.



Source: Banchile

> In consequence, Arauco's contribution to consolidated EBITDA have increased from 61% in 2016 to 68% in the last 12 months.



## Arauco has 4 future projects

### Grayling

It is located near to the US's mid-west demand of wood products, while other mills are close to the coast. Michigan is a zone with an important offer of forestry supply. It is expected that melamine products will represent 30% of total production.

The total investment is US\$ 450 million.

Capacity of 800,000 m<sup>3</sup> of which 300,000 m<sup>3</sup> will be coated with melamine paper.

Under construction. As of October 2018, it had progress of 93%.

### Dissolving Pulp

The project will transform the Valdivia mill into a dissolving pulp mill. This kind of pulp competes with cotton, and it has a premium up to US\$ 400/ton over hardwood. The production of dissolving pulp will not affect the current production levels of the mill.

The investment will be around US\$ 185 million.

The capacity is 550,000 ADt/year.

Under construction. As of October 2018, it had progress of 48%.

### MAPA

Modernization and enlargement of the Arauco pulp mill. The total forestry resources of Arauco in Chile can supply a mill with a capacity of 1.56 million tons. 70% of the wood that MAPA project will use will be from Arauco. It includes an electric cogeneration plant based on biomass that will generate a surplus of approximately 132 MW.

Total investment is US\$ 2.35 billion.

The output of this industrial complex will be increased by 1.27 million tons of hardwood per year.

Already approved by the board. Expected start-up for 2Q21.

### Masisa Mexico

Arauco signed an agreement to buy Masisa's assets in Mexico.

Total investment is US\$ 245 million.

Includes three panel mills, capacity of 519,000 m<sup>3</sup> in PB and 220,000 m<sup>3</sup> in MDF a year.

It is estimated that the transaction will be completed early 2019.

#### Highlights

#### Investment

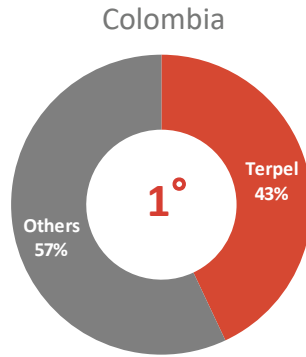
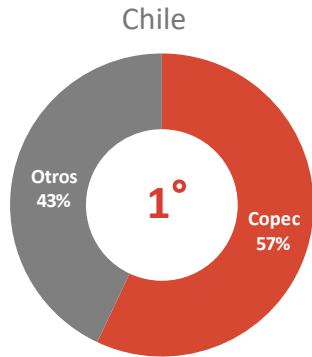
#### Capacity

#### Status

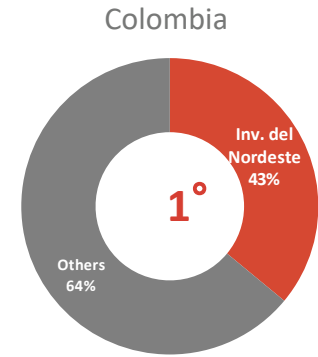
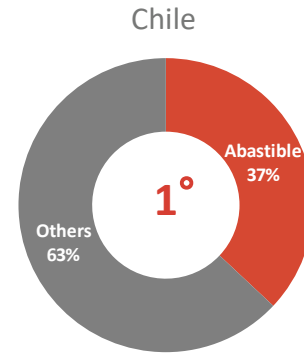


Empresas Copec's strategy is to be the leader in the fuel distribution business in the countries where it participates

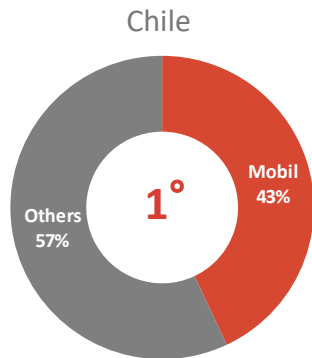
LIQUID FUELS\*



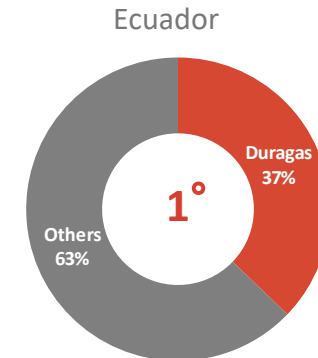
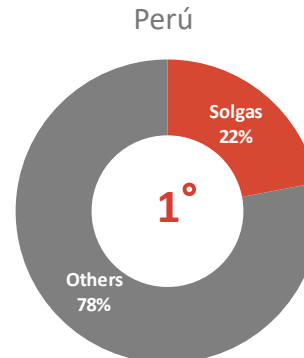
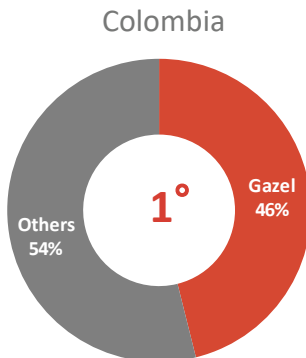
LPG\*



LUBRICANTS\*



VNG\*



\* Market share as of 2017

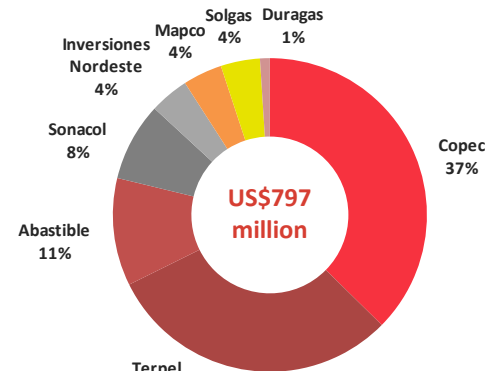


As of 2017, in the fuel distribution business, the Ebitda was US\$797 million

**GEOGRAPHIC LOCATION**

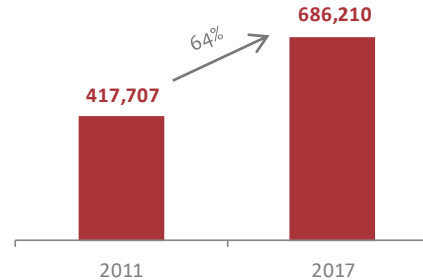


**EBITDA 2017**



**TERPEL**

**EBITDA TERPEL (MM \$COP)**



Source: Empresas Copec

**¿Why Terpel?**

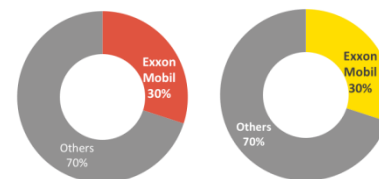
- > High growth potential in the Colombian market:
  - Colombia's vehicular penetration is lower than in Chile
  - Low highway vehicular flows.
  - Low market penetration of convenience stores business.



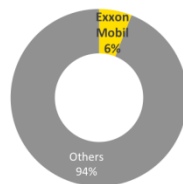
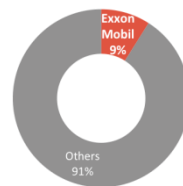
- > On March 15<sup>th</sup> 2018, Terpel acquired the operations of ExxonMobil in Colombia, Ecuador and Peru. Terpel paid US\$715 million, of which US\$230 million was the cash of the companies. The operation was initially financed through bank bridge loans, then a part was prepaid with cash and the remaining amount was refinanced with bonds.
- > Pursuant to the conditions imposed by the antitrust authorities in Colombia, in July 2018 Terpel repurchased the lubricants business in Colombia from the autonomous trust for COP\$303 billion. As partial payment, Terpel sold a portion of the lubricant assets, which included the lubricants plant in Bucaramanga and the contracts related to the industrial lines (Maxter) for COP\$41 billion.
- > In late March 2018, Terpel started to consolidate the operations in Peru and Ecuador, and in July 2018 incorporated the lubricants business in Colombia. During such month, it also started to sell Mobil lubricants to industrial customers and distributors that had signed contracts with ExxonMobil. Finally on August 3<sup>th</sup> 2018, Terpel re-inaugurated the lubricant factory at Cartagena and started joint production of the Mobil and Terpel brands.
- > In November 2018, the autonomous trust sold ExxonMobil's fuels business for US\$ 231,9 million to Inversiones Primax S.A.S and Primax Holdings S.A.A, in line with the deadline set by the authorities.

## APPROXIMATED MARKET SHARE

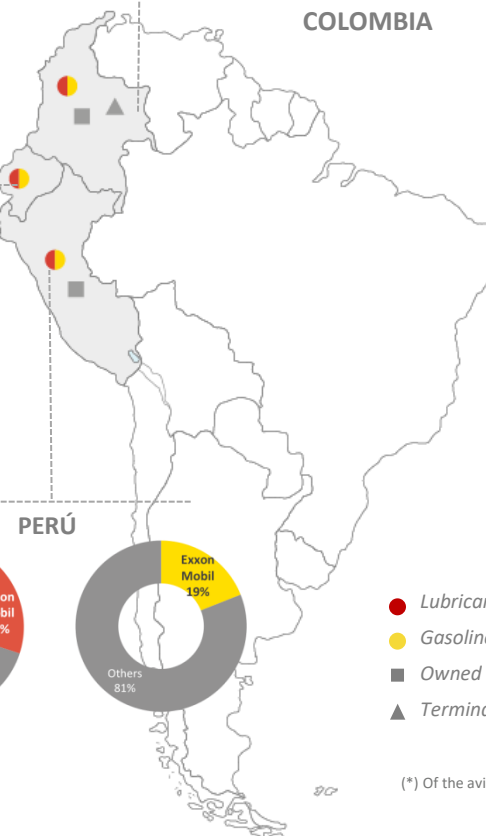
2015



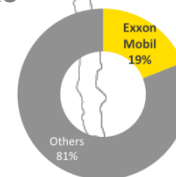
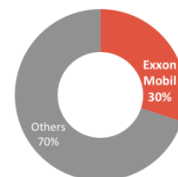
## ECUADOR



## COLOMBIA



## PERÚ



- Lubricants
- Gasolines
- Owned Lubricants Plants
- ▲ Terminals

(\*) Of the aviation market in Peru





## 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.

### PERÚ

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's market share in the fuel business and also implies a significant potential in lubricants.

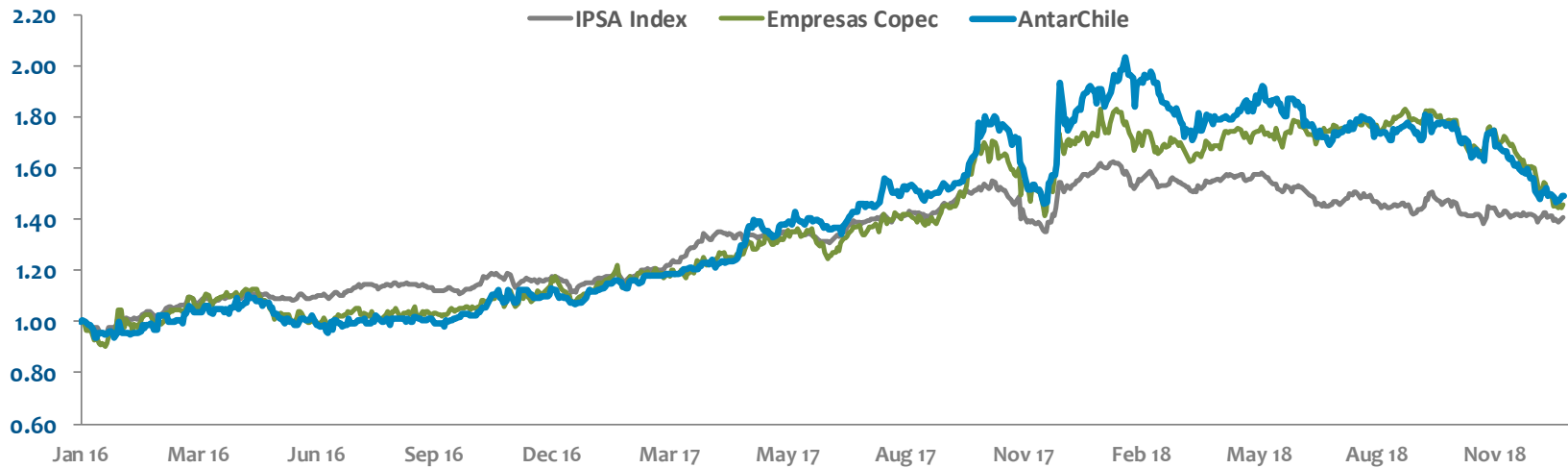


# The price of the stock of AntarChile has increased by 42% between January 2016 and December 31<sup>st</sup> 2018

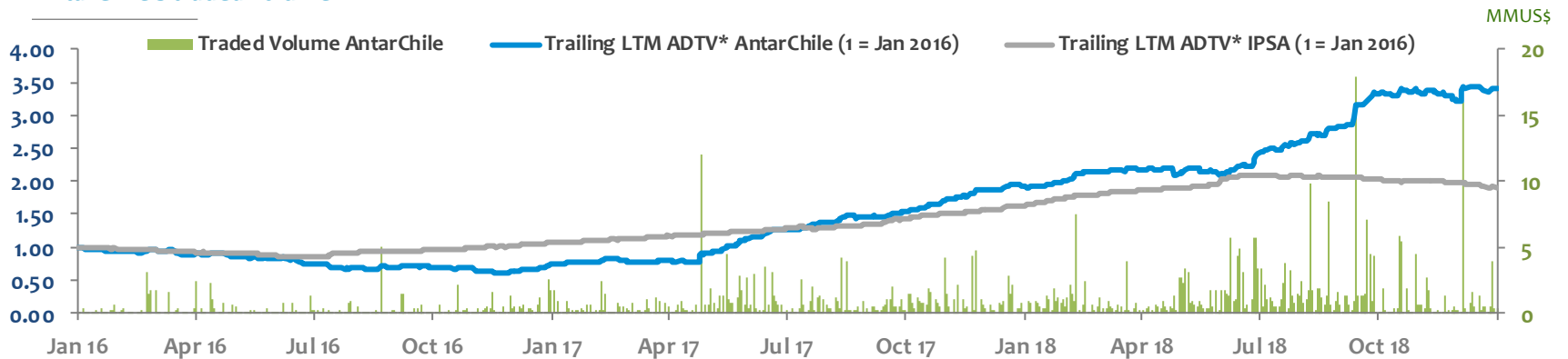


antarchile

## AntarChile's stock return



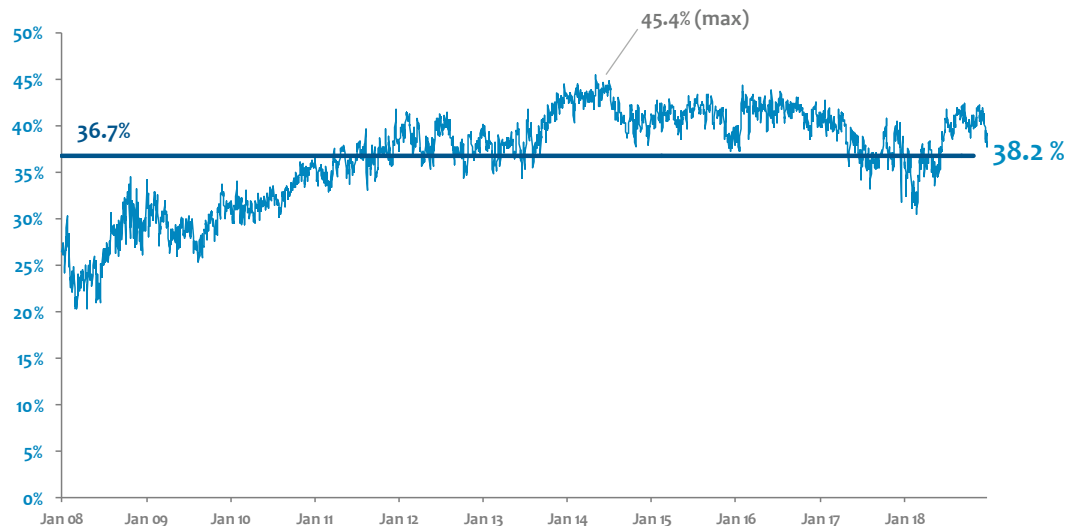
## AntarChile's traded volume



(\*) ADTV= Average daily traded volume

AntarChile's stock traded volume between January and December of 2018 increased by 78% compared with the same period of 2017, while the IPSA index increased by 17%.

## ANTARCHILE HOLDING DISCOUNT as of December 31<sup>st</sup>



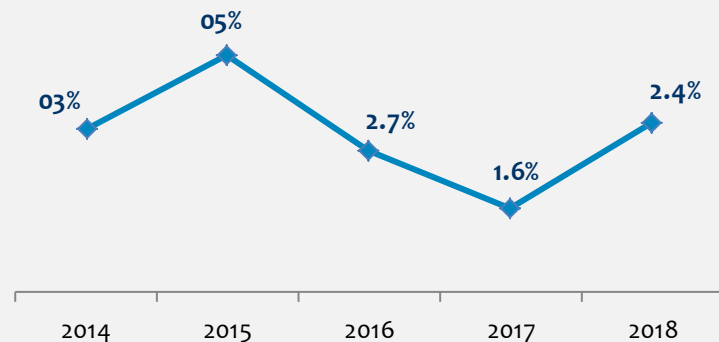
As of December 31<sup>st</sup>, 2018

**NAV** US\$9.7 billion

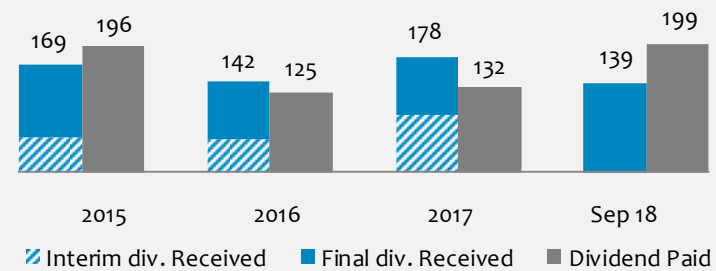
**Market Cap** US\$6.0 billion

**Discount** 38.2%

## HISTORICAL DIVIDEND YIELD



## CASH GENERATION AND PROFIT DISTRIBUTION



## AS OF DECEMBER 31<sup>st</sup>, 2018

Shares	456,376,483
Currency	Ch \$
Last Price	10,845
Maximum LTM	12,399
Minimum LTM	10,294
Market Cap.	US\$5,990 million

- > Behavior of AntarChile's stock is closely correlated to that of its main investment, Empresas Copec S.A.

## ANTARCHILE

### MEMBER OF

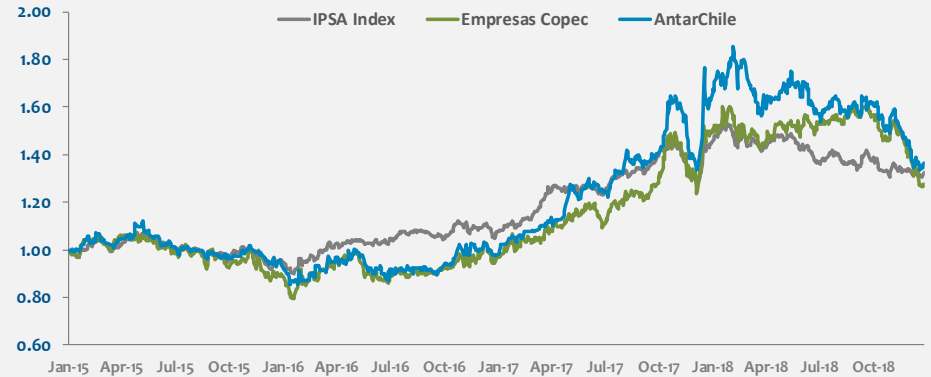
# Dow Jones Sustainability Indices

In Collaboration with RobecoSAM 

- > On September 2018, AntarChile SA has been selected as an index component of the Dow Jones Sustainability Indices (DJSI).
- > Dow Jones Sustainability Chile Index has 29 members.

## STOCK PRICE V/S IPSA

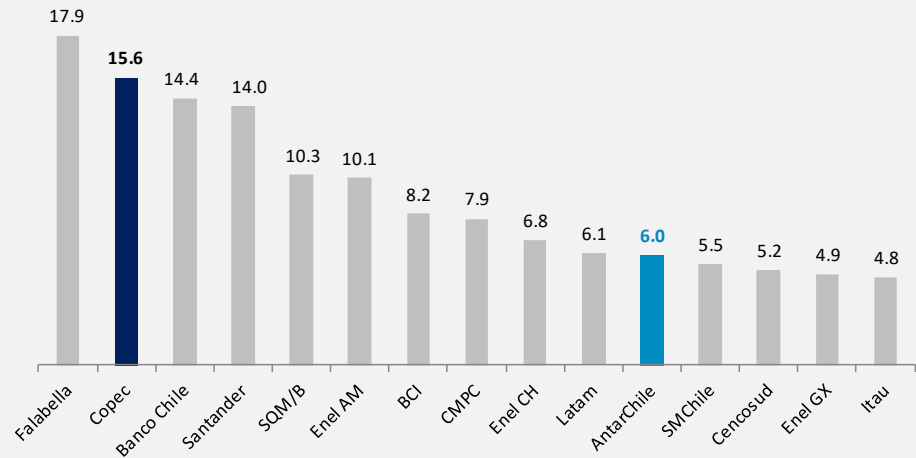
chilean select companies stock prices index



## MARKET CAPITALIZATION OF CHILEAN COMPANIES

As of December 31<sup>st</sup>, 2018

Millions of US\$



## In 2015, the situation of AntarChile's stock led the board to take measures in order to increase liquidity

- > AntarChile was first listed on the Chilean stock exchange in 1999 with the objective of financing the takeover of Empresas Copec.
- > The company didn't make any Investor Relations efforts. Notwithstanding the above, the holding discount with which the stock traded moved in the range of 20% to 25%.
- > Starting on 2010, the NAV discount began to show a steady increase, in line with a deterioration of the amounts traded.
- > During 2015, the situation of AntarChile stock price made the Board of Directors take actions:
  - DATV: US\$ 0,38 MM
  - Volume Traded Ranking: 36<sup>th</sup> place
  - Average NAV discount: 41% (highest 45%)
- > Since 2016, AntarChile have made new efforts on Investor Relations, seeking to rise the stock visibility, increase the volumes traded and decrease the NAV discount.

# The IR efforts had enable the company to increase the stock visibility.

- > Until 2016, none of the brokerages companies covered AntarChile shares.
- > Today, seven brokerages companies cover AntarChile by periodically publishing Equity Research and Earning Release.

**Santander** LATIN AMERICAN EQUITY RESEARCH

28 NOVEMBER 2016 INITIATION OF COVERAGE | CHILE—PULP & FOREST PRODUCTS

**ANTARCHILE**  
**KNOCKING ON FUEL'S DOOR**

**HOLD**  
CURRENT PRICE: CH\$6,745  
TARGET PRICE: CH\$7,590

INITIATING COVERAGE WITH A HOLD RATING AND A YE2017 TARGET PRICE OF CH\$7,590

**CREDICORPcapital**

December 27th, 2016

Chile, Equities  
**AntarChile**  
A caring controller to allow for lower holding discount

Initiation of Coverage  
Rating:  
**Buy**  
Industry:  
Conglomerates

**Banchile** INVERSIONES

Company Report  
Equity Research

03 Aug 2017 | 18 pages

**AntarChile**  
**A New Driver For The Holding Discount?... The Eldorado Connection**

**n a u** Copec | AntarChile | Terpel

27 September 2018

Copec, Fair Value, PT P\$11,000  
AntarChile, Buy, PT P\$13,500  
Terpel, Buy, PT P\$15,000

Strong pulp, solid fuel, double discount

**BTGPactual**

Equity Research  
BTG Pactual Affiliate Research  
Banco BTG Pactual S.A.  
Chile  
Industrial  
SectorNote  
13 April 2017

**AntarChile**

Holding company trading at heavy discount

**Equity Strategy**

Chile

**Itaú BBA**

August 26, 2018 | Company Update

**NAVigating Chilean Holding Companies**

Compilation  
Equity • Strategy  
Chile

**LarrainVial**  
RESEARCH

**Holdings Monthly Report**



## On the traded shares amount ranking AntarChile climbed from the 36th place in 2015 to the 28th place in 2018.

- > With respect to December 2015, AntarChile had climbed 8 positions in the average daily amount shares traded ranking.
- > Nevertheless, there is a extraordinary effect that should correct this ranking:
  - The division of Enersis and Endesa in three different companies: Enel Chile, Enel Generación y Enel Distribución.
  - Considering the above, AntarChile rise to the 27th place of the ranking, climbing 9 positions in relation to 2015.

### December 2015 anual Ranking

Nemo	DATV (MM \$CLP)	Nemo	DATV (MM \$CLP)
1 FALABELLA	4.999	26 GASCO	452
2 ENERSIS	4.271	27 IAM	427
3 ENDESA	3.453	28 SM-CHILE b	425
4 CENCOSUD	3.352	29 VAPORES	407
5 COPEC	2.593	30 IANSA	335
6 LAN	2.423	31 ILC	332
7 CHILE	2.362	32 BUPACL	296
8 BSANTANDER	2.272	33 ANDINA-A	267
9 SQM-B	2.177	34 SMSAAM	250
10 CMPC	1.993	35 QUINENCO	244
11 CORPBANCA	1.940	<b>36 ANTARCHILE</b>	<b>213</b>
12 BCI	1.531	37 BANMEDICA	202
13 AGUAS-A	1.386	38 EMBONOR-B	193
14 COLBUN	1.382	39 NUEVAPOLAR	191
15 ENTEL	1.326	40 SECURITY	188
16 SONDA	1.308	41 HABITAT	186
17 AESGENER	1.283	42 SK	158
18 CAP	1.047	43 SOCOVESA	151
19 CCU	1.025	44 SALFACORP	137
20 CONCHATORO	1.018	45 PAZ	100
21 ANDINA-B	839	46 NAVIERA	65
22 PARAUCO	827	47 WATTS	63
23 ECL	685	48 BESALCO	61
24 FORUS	466	49 LAS CONDES	54
25 RIPLEY	466		

### December 2018 anual Ranking

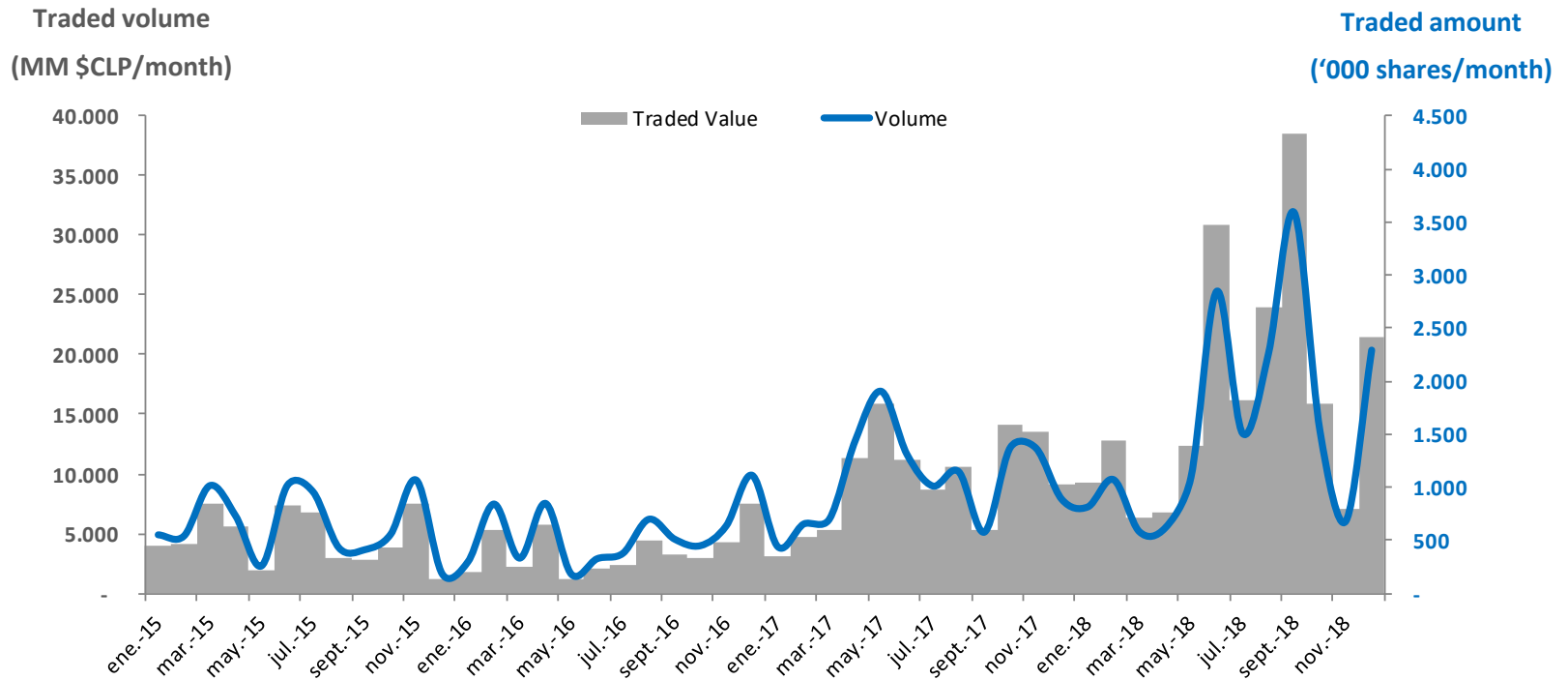
Nemo	DATV (MM \$CLP)	Nemo	DATV (MM \$CLP)
1 SQM-B	11.927	26 COLBUN	1.056
2 FALABELLA	8.207	27 CONCHATORC	970
3 ENELAM	6.319	<b>28 ANTARCHILE</b>	<b>793</b>
4 COPEC	5.348	29 ILC	792
5 CENCOSUD	5.000	30 IAM	758
6 BSANTANDER	4.650	31 SMU	666
7 LTM	4.048	32 SALFACORP	595
8 CMPC	3.667	33 SECURITY	523
9 CHILE	3.456	34 BESALCO	450
10 ENELCHILE	3.303	35 FORUS	449
11 CCU	2.258	36 EMBONOR-B	441
12 BCI	2.166	37 QUINENCO	340
13 ANDINA-B	2.149	38 NUEVAPOLAR	247
14 CAP	2.114	39 MULTIFOODS	225
15 ITAUCORP	1.896	40 AQUACHILE	223
16 ENTEL	1.509	41 TRICOT	221
17 VAPORES	1.417	42 SMSAAM	206
18 AGUAS-A	1.415	43 HF	189
19 PARAUCO	1.285	44 SALMOCAM	185
20 AESGENER	1.284	45 MASISA	181
21 ENELGXCH	1.277	46 ORO BLANCO	175
22 ECL	1.111	47 LAS CONDES	169
23 RIPLEY	1.102	48 LIPIGAS	163
24 SONDA	1.102	49 ENJOY	144
25 SM-CHILE B	1.057	50 SK	136



## The increase on the volume traded is explained by a rise of both the share price and the amount traded

- > When comparing the year to date (YTD) figures as of December 2015 with those YTD as of December 2018, the volume traded in pesos of AntarChile has increased by 263%, while the number of shares traded has increased by 145%.
- > In the same period, the IPSA has increased its volume traded in pesos by 84% and in shares by 52%.

### AntarChile´s Shares volume traded evolution



## Currently, AntarChile is in the 5th place in the ranking of the companies with the highest growth in volume traded between December 2015 and December 2018

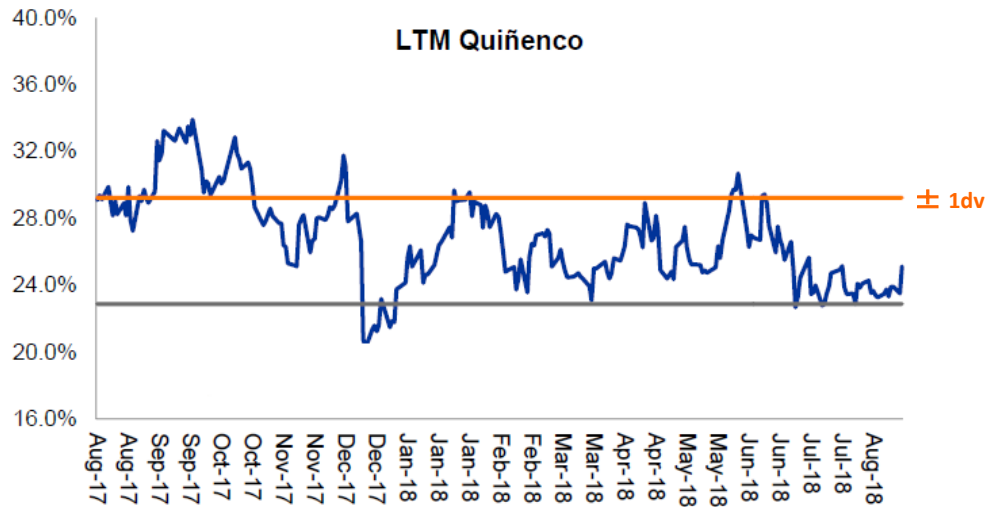
- > When ordering the companies by the highest to lowest growth in volume traded in pesos, AntarChile reaches the 5th place, with an increase of 263% compared to 2015. In the same way, when ordering the companies with the highest to lowest growth in volume traded in number of shares, AntarChile obtains the 6th place, with a rise of 145% with respect to 2015.
- > If this growth is compared with that obtained by the IPSA index in the same period, AntarChile has grown 178% more in volume traded in pesos and 93% more in number of shares.

### YTD volume variation dec-15/dec-18

N°	Company	Traded Value (\$CLP)	Volume (# shares)
1	Oro Blanco	719%	183%
2	Besalco	600%	200%
3	SQM	584%	162%
4	Salfacorp	342%	70%
5	AntarChile	263%	145%
6	Vapores	258%	185%
7	Masisa	244%	57%
8	Security	238%	122%
9	Andina	209%	129%
10	Ripley	197%	33%
11	IAM	148%	130%
12	Embonor	146%	50%
13	Inversiones La Construccion	134%	54%
14	CCU	123%	81%
15	Copec	108%	43%
16	SM Chile	107%	21%
17	Falabella	105%	65%
18	Santander	105%	30%
19	CAP	103%	(35%)
20	CMPC	85%	29%

N°	Company	Traded Value (\$CLP)	Volume (# shares)
21	Latam	66%	6%
22	Engie	64%	23%
23	Enel Chile	60%	64%
24	Parque Arauco	59%	4%
25	BXI	55%	(6%)
26	Enel Americas	54%	151%
27	Banco de Chile	52%	1%
28	Cencosud	50%	34%
29	La Polar	26%	(39%)
30	Entel	18%	22%
31	Itau	16%	19%
32	Aguas Andinas	4%	(1%)
33	AES Gener	0%	88%
34	SAAM	(8%)	(29%)
35	Sigdo Koppers	(13%)	(32%)
36	SONDA	(13%)	8%
37	Vina Concha y Toro	(14%)	(27%)
38	Forus	(19%)	(17%)
39	Colbun	(23%)	(3%)
40	Enel Generacion	(64%)	(36%)

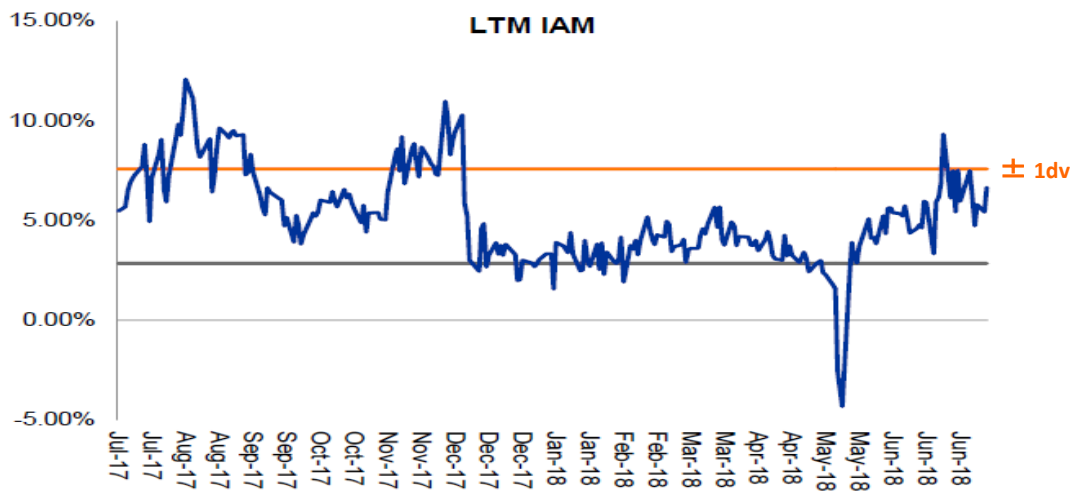
## AntarChile NAV discount is higher than other Chilean holdings



Source: Itaú BBA

	Average Discount	Max	Min
5Y	32.3%	48.7%	17.2%
2Y	26.1%	33.9%	17.2%
LTM	26.9%	33.9%	20.3%

Source: Itaú BBA

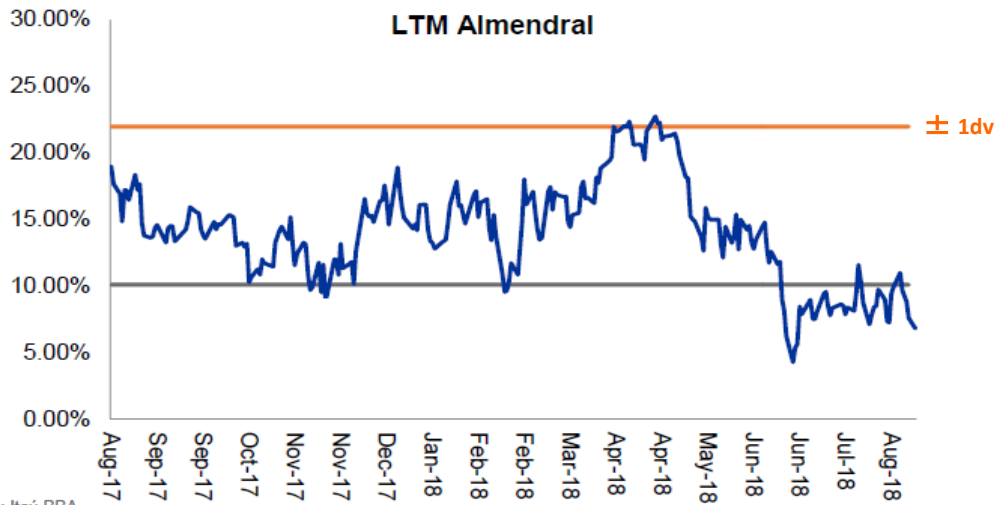


Source: Itaú BBA

	Average Discount	Max	Min
5Y	8.1%	16.9%	-4.3%
2Y	5.7%	13.5%	-4.3%
LTM	5.2%	12.1%	-4.3%

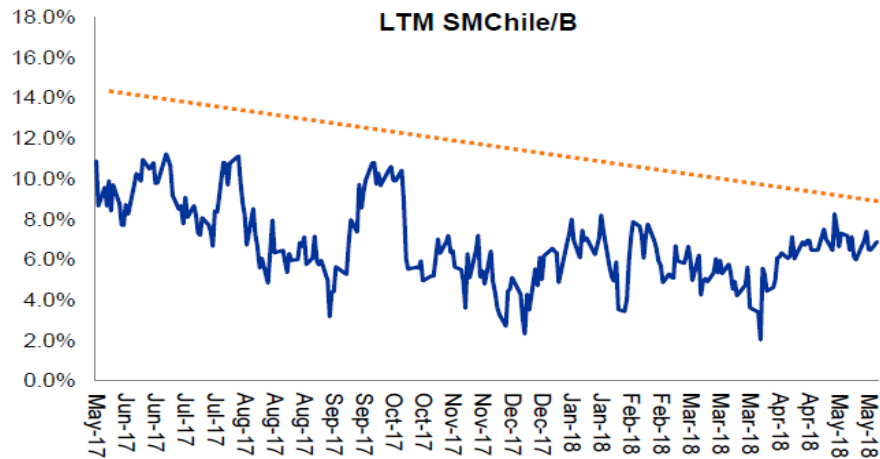
Source: Itaú BBA

## AntarChile NAV discount is higher than other Chilean holdings (2)



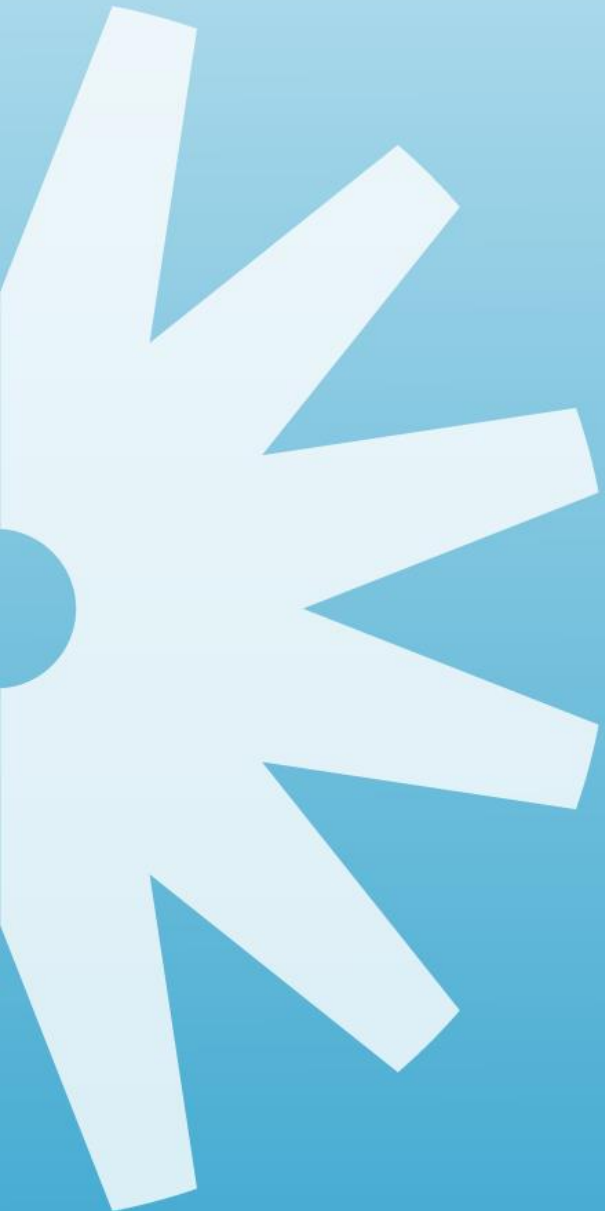
	Average Discount	Max	Min
5Y	20.2%	30.1%	3.6%
2Y	17.0%	29.3%	4.3%
LTM	14.0%	22.7%	4.3%

Source: Itaú BBA



	Average Discount	Max	Min
5Y	14.6%	25.2%	2.0%
2Y	9.4%	18.8%	2.0%
LTM	6.5%	11.2%	2.0%

Source: Itaú BBA



CEO

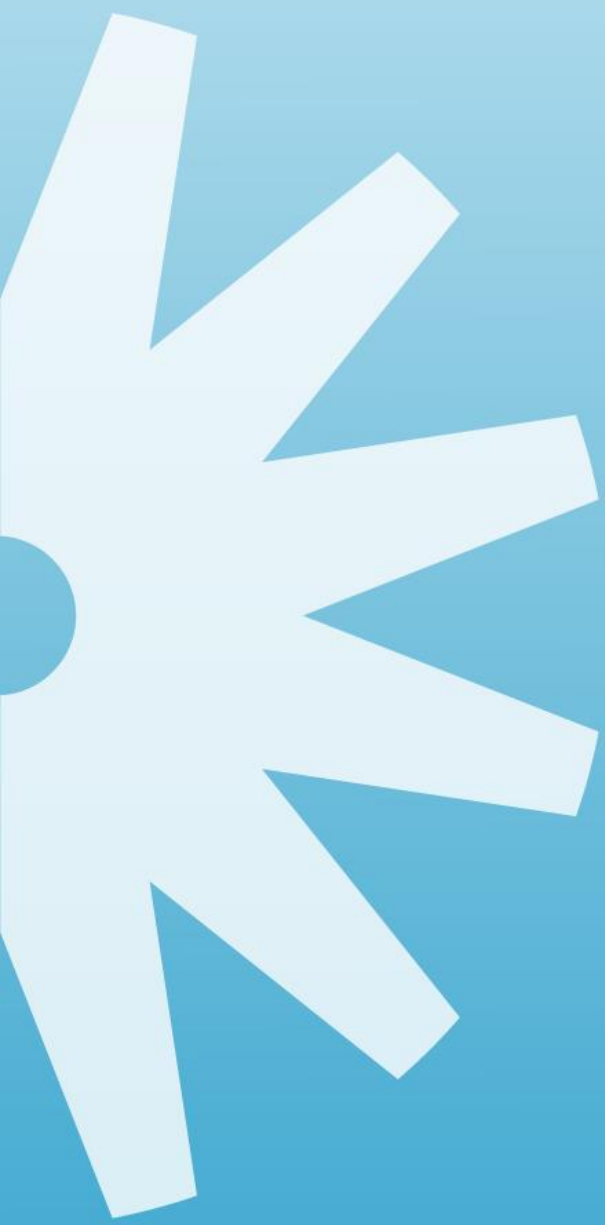
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antar**chile**

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MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 

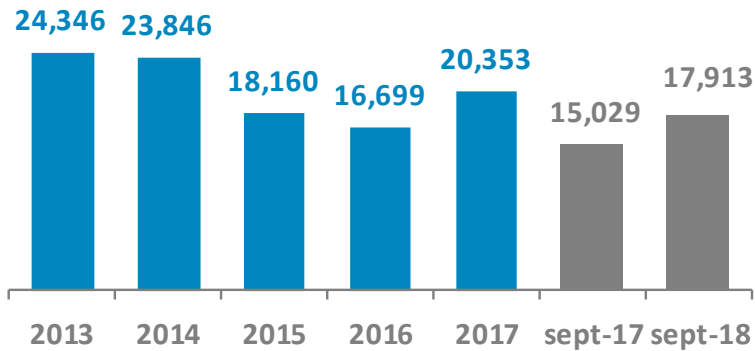
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# CORPORATE PRESENTATION

January 2019

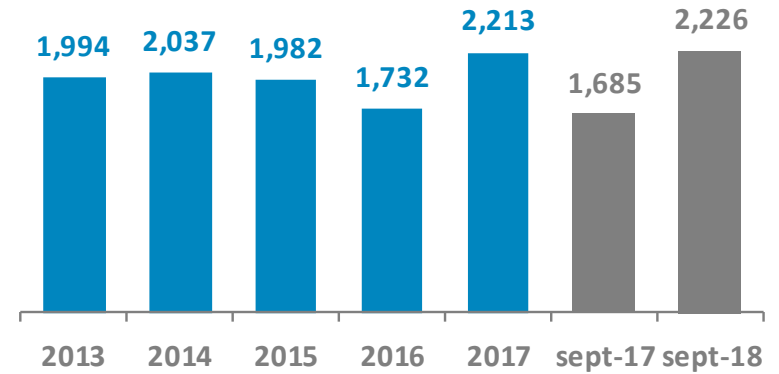
## REVENUE

US\$ million



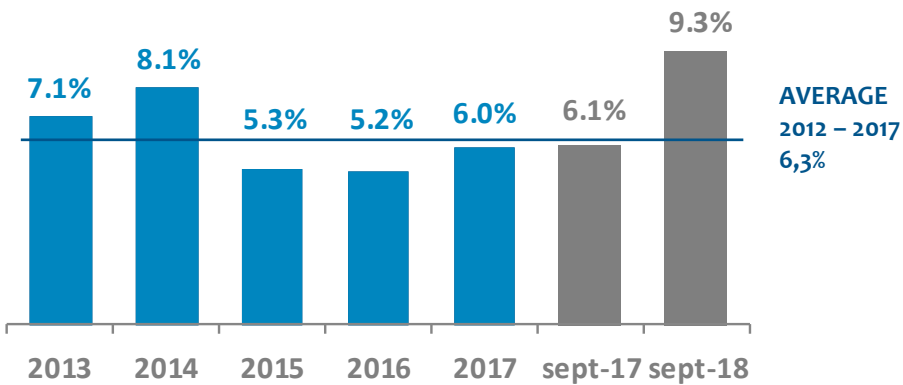
## EBITDA

US\$ million



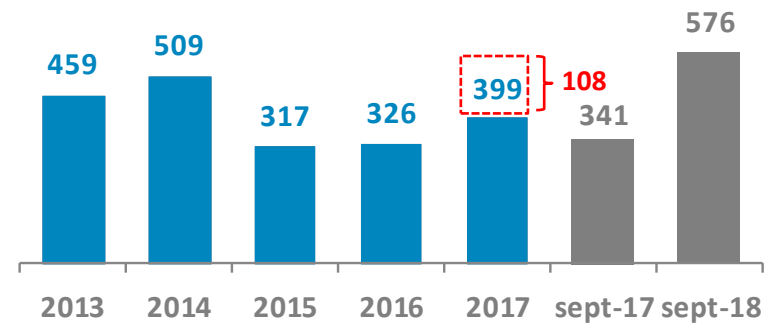
## RETURN ON EQUITY

%



## NET INCOME

US\$ million



Loss from wildfires



## CONSOLIDATED BALANCE SHEET

US\$ million	sept-17	sept-18
<b>Assets</b>		
Current assets	5,075	6,405
Non-current assets	17,235	17,493
<b>Total assets</b>	<b>22,310</b>	<b>23,898</b>
<b>Liabilities and net equity</b>		
<b>Liabilities</b>		
Current Liabilities	2,979	3,749
Non-current liabilities	8,145	8,682
<b>Total liabilities</b>	<b>11,124</b>	<b>12,431</b>
<b>Net equity</b>		
Paid-in capital	1,391	1,391
Retained earnings	6,198	6,551
Other reserves	(964)	(1,150)
<b>Equity attributable to owners of parent</b>	<b>6,625</b>	<b>6,793</b>
Equity of minority interests	4,561	4,674
<b>Total equity</b>	<b>11,186</b>	<b>11,467</b>
<b>Total liabilities and net equity</b>	<b>22,310</b>	<b>23,898</b>

## CONSOLIDATED INCOME STATEMENT

US\$ million	sept-17	sept-18
Sales revenue	15,029	17,913
Cost of sales	(12,455)	(14,655)
<b>Gross Margin</b>	<b>2,575</b>	<b>3,258</b>
Other income (expenses)	(79)	19
Distribution costs	(930)	(1,012)
Administrative expenses	(713)	(781)
Net interest expense	(214)	(223)
Others	135	38
<b>Income (loss) before taxes</b>	<b>773</b>	<b>1,298</b>
Income tax expense	(184)	(327)
<b>Income (loss) from continuing operations</b>	<b>590</b>	<b>971</b>
Income (loss) from discontinued operations	-	-
<b>Net Income</b>	<b>590</b>	<b>971</b>
<b>Income (loss) of owners of parent</b>	<b>341</b>	<b>576</b>
Income (loss) of minority interests	249	395

## APPENDICES

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Fuel distribution

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Company structure

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Consolidated Debt

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Fisheries

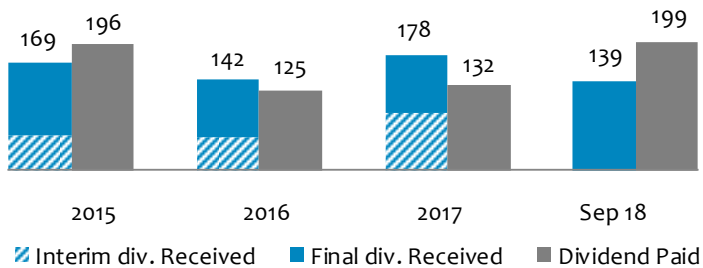
37

Forestry industry

50

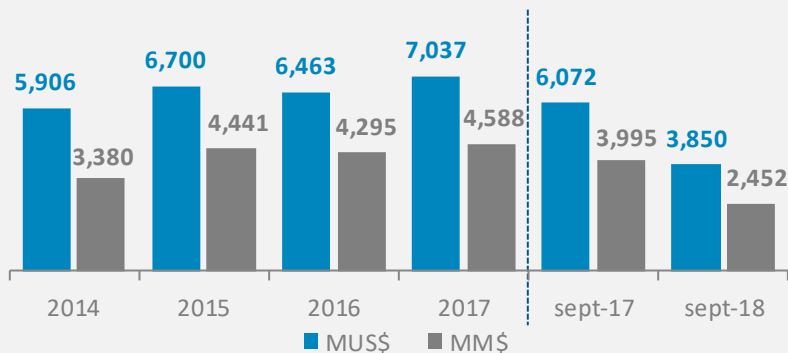
Power Generation

## 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.
- > Besides this, in December 2017 and in May 2018 the company received a dividend payment from Colbún.

## SG&A EXPENSES – ANTARCHILE (INDIVIDUAL)



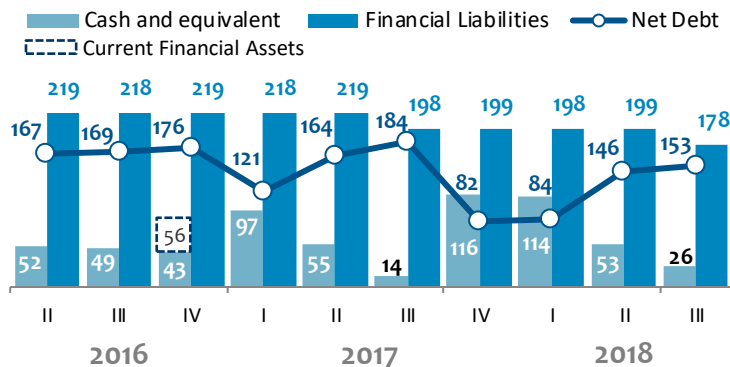
- > The decrease in accumulated expenses compared to June 2017 is explained by extraordinary severance payments incurred in last year's first quarter.

# PARENT LEVEL INFORMATION

## Credit Rating and Indebtedness

### INDIVIDUAL NET DEBT

US\$ million



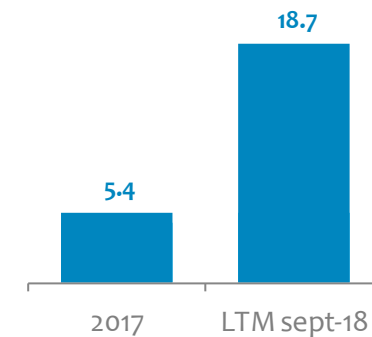
- > AntarChile maintains financial liabilities at a constant rate of over time.
- > The increase in cash in each fourth quarter corresponds to the interim dividend paid out by Empresas Copec.

### CONSOLIDATED FINANCIAL INDICATORS AS OF JUNE 2018

**Indebtedness**  
(Total liabilities/(net equity + minority shareholding))



**Financial Expenses Coverage**  
(EBITDA LTM/financial expenses)



### ANTARCHILE LOCAL CREDIT RATINGS

FitchRatings

Feller Strategic Insights

### SHARES

First Class, tier 2

First Class, tier 2

### DEBT

N1 / AA-

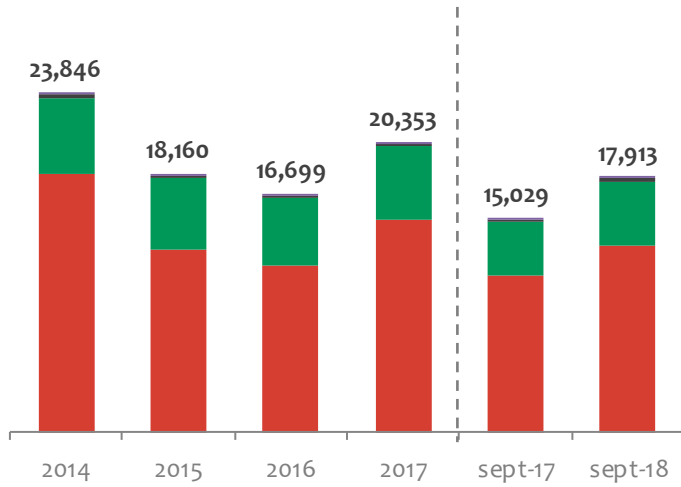
A+

# PARENT LEVEL INFORMATION

Financial Indicators by Line of Businesses as of June, 2018

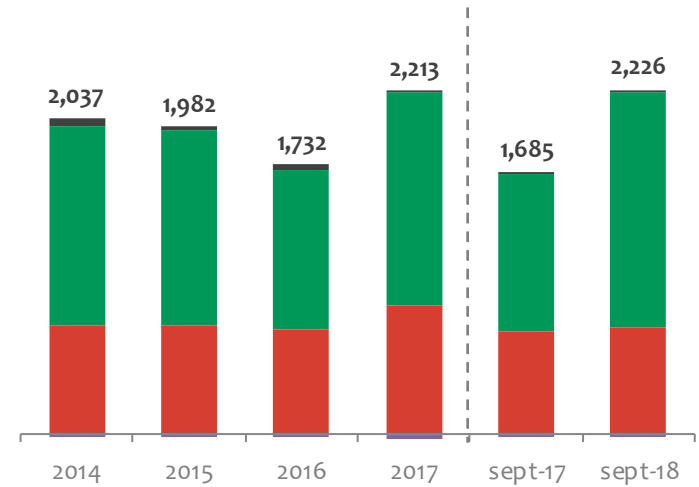
## CONSOLIDATED SALES

US\$ million



## CONSOLIDATED EBITDA

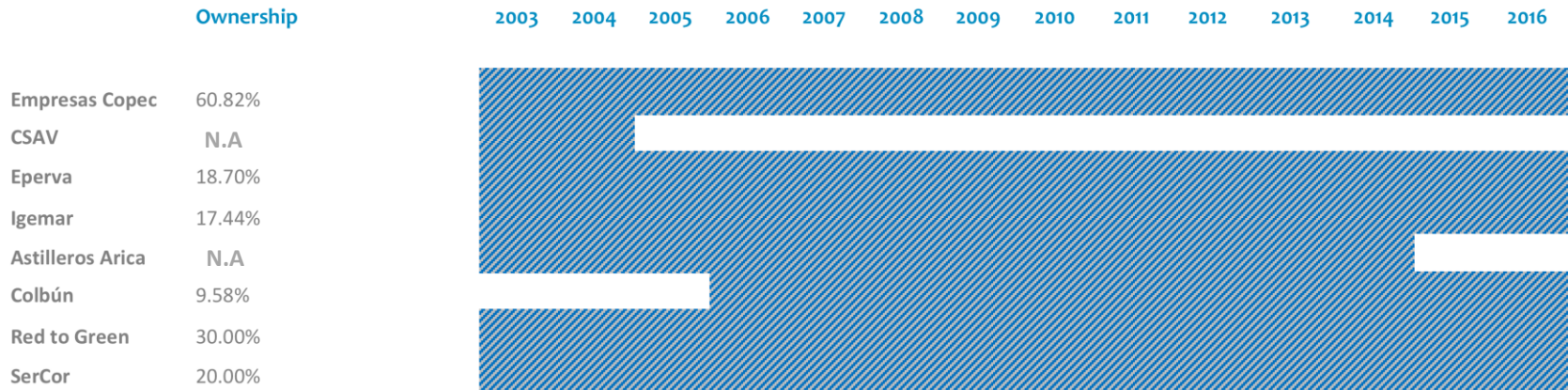
US\$ million



● Fuels distribution ● Forestry ● Fishing ● Other businesses

# PARENT LEVEL INFORMATION

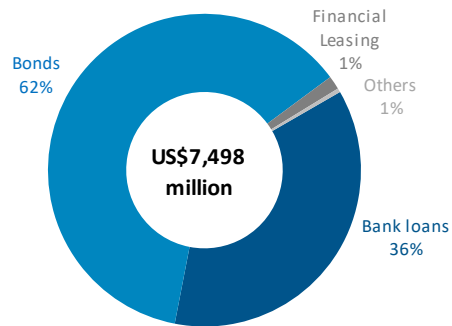
## AntarChile's Asset Portfolio Variation



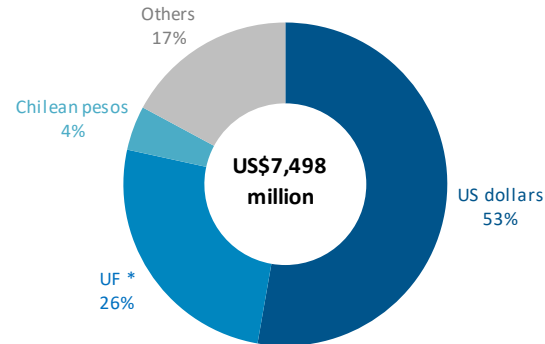
**Up until the sale of Astilleros Arica, AntarChile's investment portfolio had not suffered any variations since 2006.**

- > 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 (shipping company).
- > In 2006 AntarChile acquired 9.5% of Colbún (3<sup>rd</sup> largest power generation company in Chile).
- > In 2015 AntarChile sold its subsidiary Astilleros Arica to Corpesca, a subsidiary of Eperva.

### BREAKDOWN by instrument

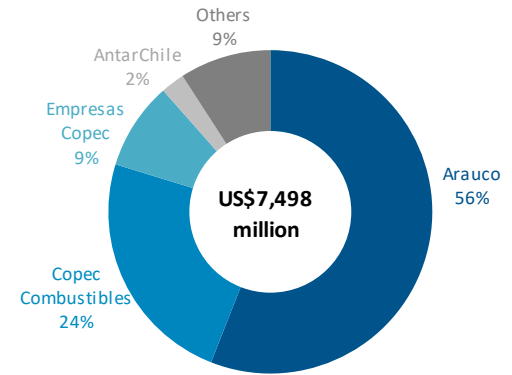


### BREAKDOWN by currency



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

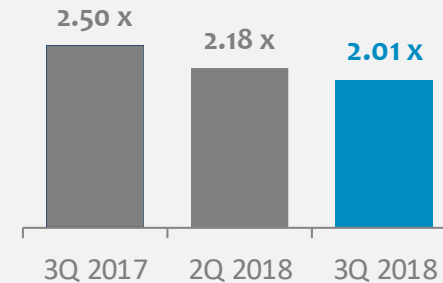
### BREAKDOWN by company



### NET FINANCIAL DEBT

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

### NET DEBT/EBITDA LTM



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



	Forestry	Wood Pulp	Timber	Panels	Electric Power
<b>CHILE</b>	710,005 Hectares	5 pulp mills 2,887,000 Adt	8 saw mills 2,704,190 m <sup>3</sup>	5 wood mills PB: 300,000 m <sup>3</sup> Plywood: 710,000 m <sup>3</sup> MDF: 515,000 m <sup>3</sup> HB: 60,000 m <sup>3</sup>	10 power plants Capacity: 606 MW
<b>ARGENTINA</b>	132,351 Hectares	1 pulp mill 350,000 Adt	1 saw mill 317,982 m <sup>3</sup>	2 wood mills MDF: 300,000 m <sup>3</sup> PB: 260,000 m <sup>3</sup>	2 power plants Capacity: 78 MW
<b>BRAZIL</b>	99,671 Hectares			4 wood mills*** MDF: 1,555,000 m <sup>3</sup> PB: 810,000 m <sup>3</sup>	
<b>URUGUAY*</b>	73,112 Hectares *	1 pulp mill 650,000 Adt *			1 power plant Capacity: 82 MW *
<b>USA CANADA</b>				8 wood mills MDF: 1,470,000 m <sup>3</sup> PB: 1,416,000 m <sup>3</sup>	
<b>GERMANY SPAIN PORTUGAL SOUTH AFRICA</b>			1 saw mills** 50,000 m <sup>3</sup>	10 wood mills** MDF: 725,000 m <sup>3</sup> PB: 1,135,000 m <sup>3</sup> OSB: 230,00 m <sup>3</sup>	
<b>TOTAL</b>	<b>1,015,139 Hectares</b>	<b>7 pulp mills 3.89 Million Adt</b>	<b>10 saw mills 3.07 M m<sup>3</sup></b>	<b>18 wood mills 9.5 M m<sup>3</sup></b>	<b>13 power plants Capacity: 766 MW</b>

\*: Considers 50% of Montes del Plata.

\*\* : Considers 50% of Sonae Arauco

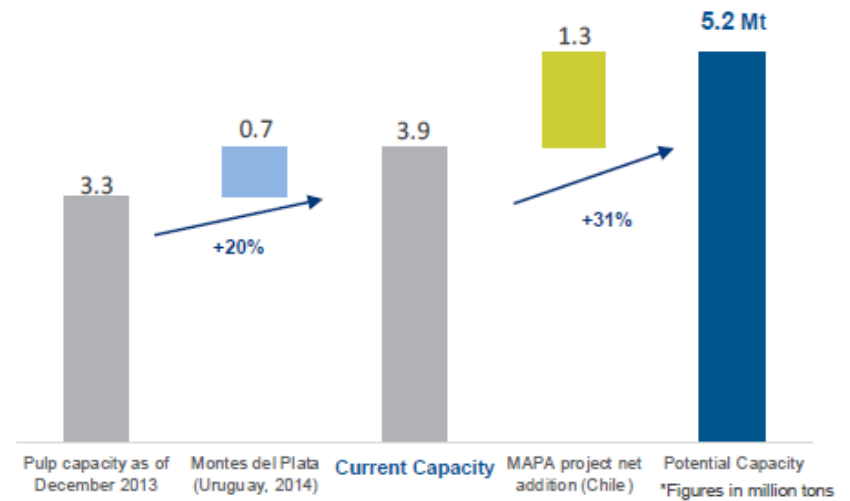
\*\*\*: This capacity includes the acquisition of Masisa do Brazil

## MAPA Project - Pulp

- > New 1.56 million ton short fiber line in Arauco Mill.
- > Considers closure of Arauco's 290 th. Ton line 1 of short fiber pulp, once the new line is operating. Thus the net increase in production will be 1.27 million tons.
- > It includes an electric cogeneration plant based on biomass that will generate a surplus of approximately 132 MW.
- > Estimated investment of US\$ 2.35 billion.
- > Expected start-up for 2Q21.
- > Already approved by the board.



Source: Empresas Copec



## Valdivia project- Dissolving pulp

- > As of October 2018, the project is at 48% completion.
- > Conversion of the Valdivia mill into a textile pulp mill, which currently produces 550 th. ton of pulp.
- > Dissolving pulp is a product used in the textile industry as a substitute for cotton.
- > It will provide flexibility to produce either dissolving or paper grade.
- > Arauco would be the first company to produce this kind of pulp in Chile.
- > The investment will be US\$ 185 million and is expected to be operational by the end of 2019.



Source: Empresas Copec

This kind of pulp is used in the textile industry to soften, shine and purify fibers. It can also be used in the food, cellophane and flexible packaging industries, among others.



## Growth in the Panel Division

### Sonae Arauco:

- > Arauco purchased 50% of Tafisa in US\$ 153 million through a joint venture with Sonae Industria. It operates 10 panelboard mills distributed in Spain, Portugal, Germany and South Africa.

### Grayling:

- > 93% of advance in the Grayling Panel Project in Michigan.
- > The investment will be US\$ 450 million and is expected to be operational by late 2018. Total capacity of 800 th. m<sup>3</sup>.

### Masisa do Brasil:

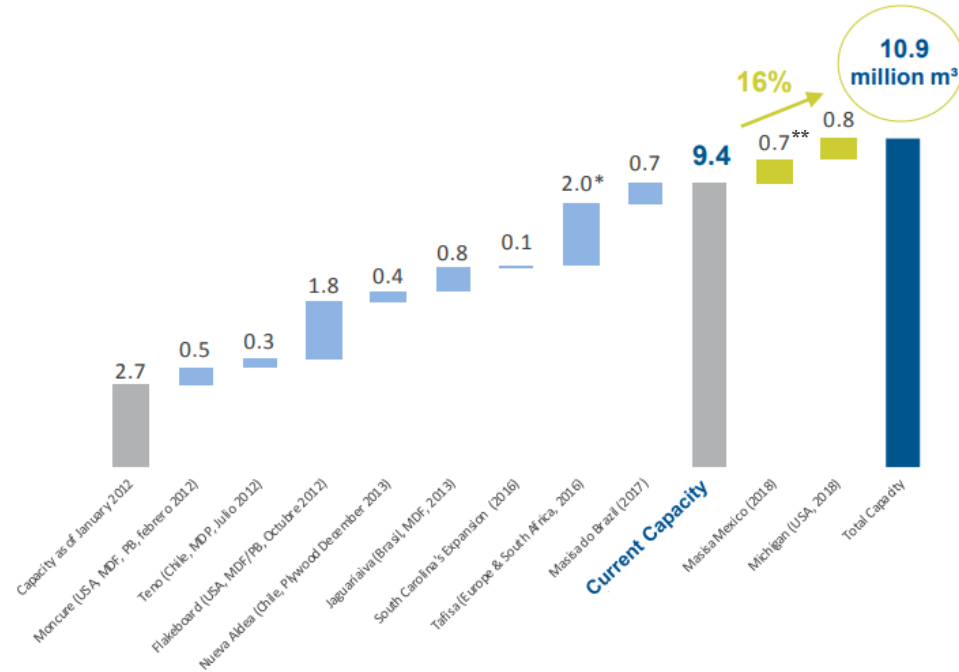
- > Arauco acquired Masisa's assets in Brasil in US\$ 102.8 million
- > Transaction includes two panel mills, at Parana and Rio Grande do Sul.
- > Capacity of 310 th. m<sup>3</sup> in MDF and 410 th. m<sup>3</sup> in MDP a year

### Masisa in Mexico

- > Arauco signs agreement to buy Masisa's assets in Mexico in US\$ 245 million.
- > Transaction comprises three panel mills, at Chihuahua, Durango and Zitacuaro.
- > Capacity of 519 th. m<sup>3</sup> in PB and 220 th. m<sup>3</sup> in MDF a year.
- > Closure expected for 2H18.

### INSTALLED CAPACITY GROWTH OF PANELS

million m<sup>3</sup>



Source: Empresas Copec

\* Corresponds to 50% of the production capacity of Sonae-Arauco

\*\* Pending approval

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

Liquefied  
Petroleum Gas  
(LPG)

Liquefied  
Petroleum Gas  
(LPG)

**COUNTRY**

Chile

Chile

Chile

Colombia

USA

Colombia

Chile

Peru

Ecuador

**SALES  
VOLUME  
2017**

9.82  
million m<sup>3</sup>

472  
thousand tons

984  
million m<sup>3</sup>

8.79  
million m<sup>3</sup>

1.96  
million m<sup>3</sup>

199  
thousand tons

Transported  
10.47  
million m<sup>3</sup>

518  
thousand tons

426  
thousand tons

**MARKET  
SHARE  
2017**

58%

38%

-

44%\*

-

43%\*

-

23%

37%

**SHARE  
HOLDING**

Empresas  
Copec  
100%

Empresas  
Copec  
99.13%

Empresas  
Copec  
39.83%

Copec S.A.  
58.51%

Empresas  
Copec  
100%  
(indirect)

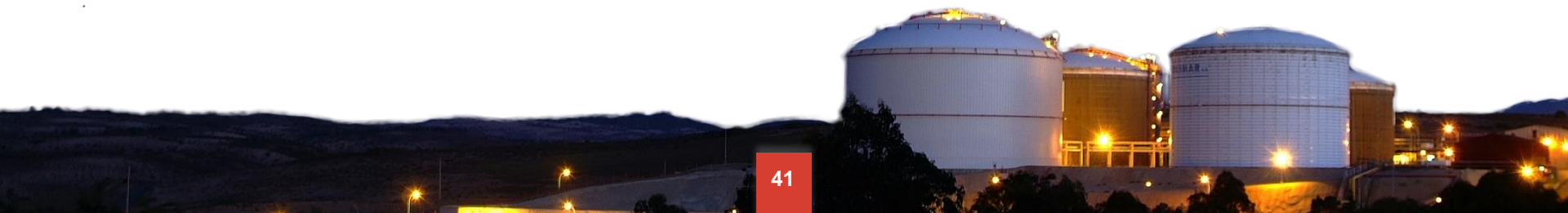
Abastible  
51.00%

Empresas  
Copec  
52.8%  
(indirect)

Empresas  
Copec  
100% (indirect)

Empresas  
Copec  
100% (indirect)

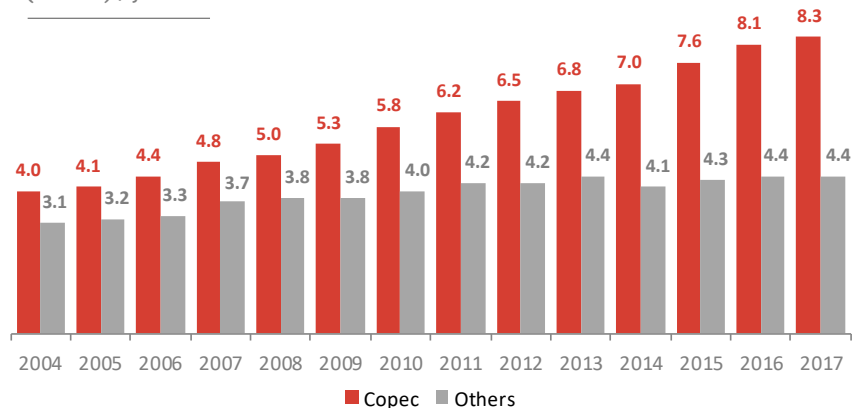
\*Share in Colombia.



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.

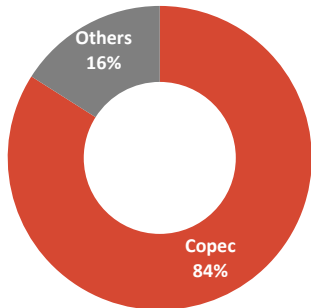
FUEL SALES BY SERVICE STATION  
(Th. m<sup>3</sup>) / year





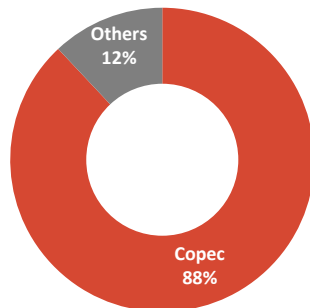
## STRONG BRAND RECOGNITION

### FAVORITE BRAND



Source: Empresas Copec

### USUAL BRAND



Source: Empresas Copec



- > 1<sup>st</sup> place in "Gas Stations" of the National Customer Satisfaction Award, ProCalidad 2017
- > Distinguished by RepTrak with the "Brand Reputation Award 2017"



- > Recognized among the companies with the best corporate reputation, according to Merco Empresas and Lideres Colombia 2017 ranking



- > 1<sup>st</sup> place in "Bottled Gas" of the National Customer Satisfaction Award, ProCalidad 2017
- > 4<sup>th</sup> time winner of "Consumer Loyalty Award 2016" by Alco consultores and Diario Estrategia



- > 1<sup>st</sup> place in "Natural Gas" of the National Award of Consumer Satisfaction 2017

## STRATEGIC LOCATIONS



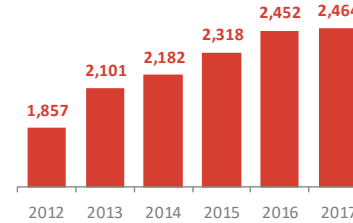


PANAMA · ECUADOR · COLOMBIA  
REPÚBLICA DOMINICANA · PERÚ

- > 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.

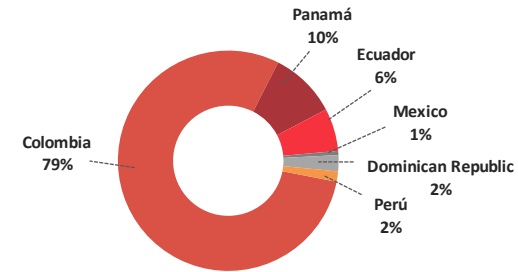
### SALES

Millions of Gallons



### SALES BY COUNTRY

2017



CHILE · COLOMBIA

### 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**

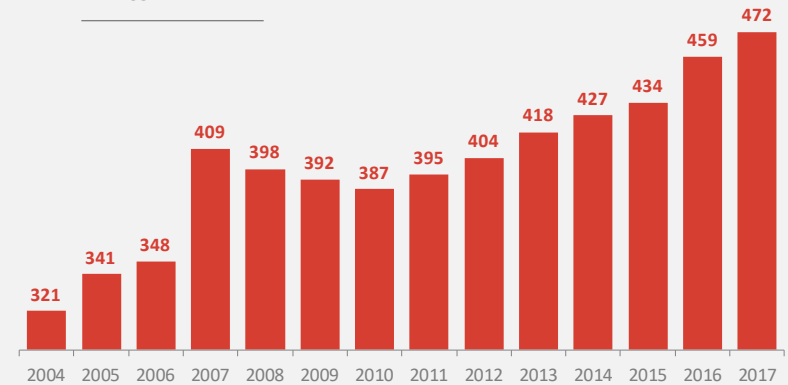
23% Market Share  
Sells 518 th. tons a year  
The price paid was US\$ 264 million

**DURAGAS**

37% Market Share  
Sells 426 th. tons a year  
The price paid was US\$ 33 million

### LPG SALES IN CHILE

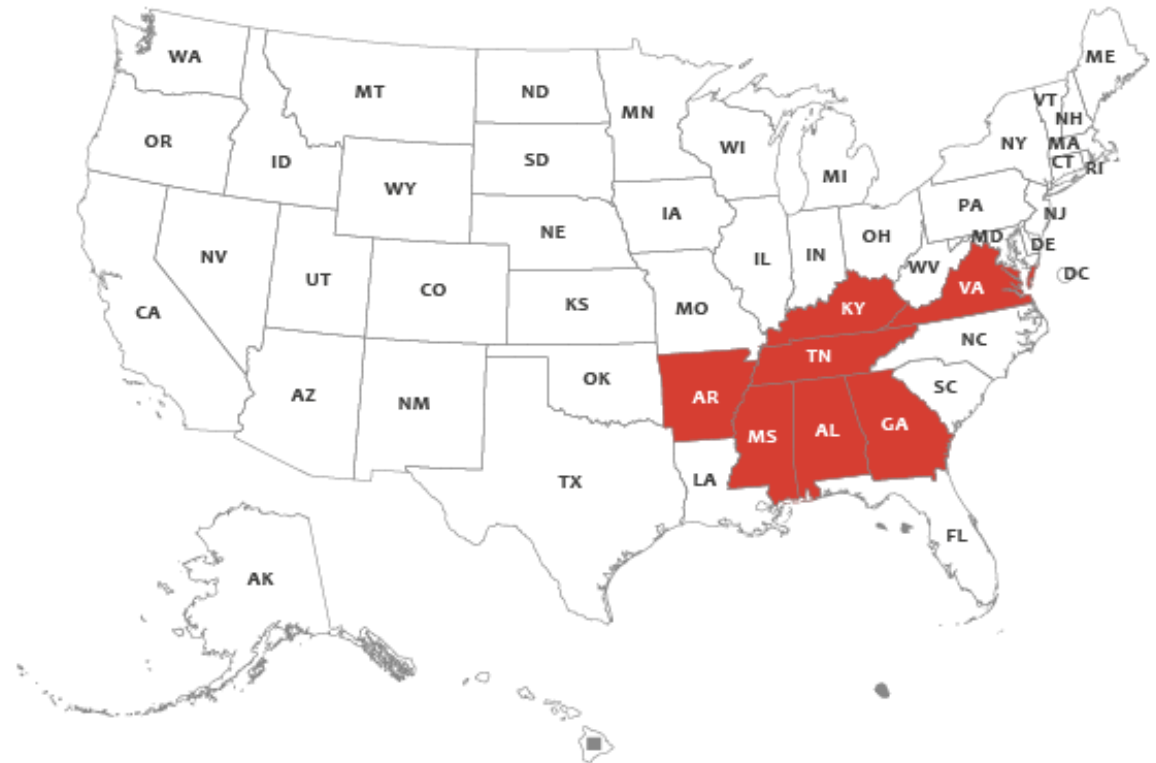
TH. ton





## MAPCO PRESENCE IN UNITED STATES

- > On November 14<sup>th</sup> 2016, 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.



- > Copec wants to implement their successful business model in Mapco: developing brand loyalty by improving the purchase experience; implementing a commercial strategy based on high throughput - low margin, and develop an industrial channel to complement the retail business.
- > 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.
- > Convenience 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.
- > In the U.S. market, 70% of the total sales of a service station came from the convenience store and the rest from fuel.
- > The Chilean and Colombian markets should move towards to the U.S. model, where selling fuel is the booster of other businesses.

### 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.
- Opportunities for improving the operation in both, fuel selling and convenience stores.

### OPPORTUNITIES IN THE FUTURE

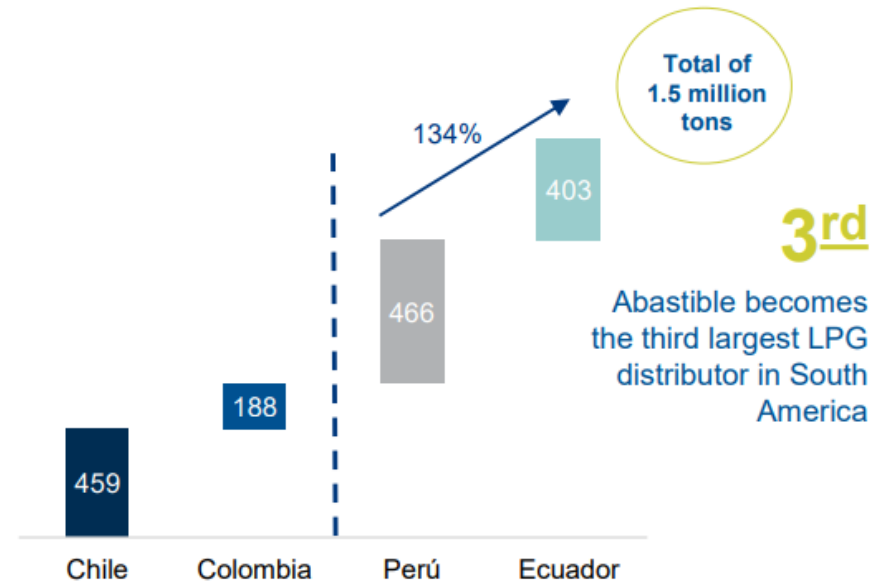
- Development in the industrial fuel market.
- Improvement in the fuel procurement.
- Acquisition of nearby networks taking full advantage in overhead synergies.
- Unify the brands of the convenience stores and gas stations.

## Solgas and Duragas – LPG Operations

- > In 2016 Abastible completed the acquisition of Repsol's LPG operations in Ecuador (Duragas) and Peru (Solgas).
  - > 23% and 37% market share in Peru and Ecuador respectively.
  - > Annual volumes of 466 and 403 thousand tons in Peru and Ecuador respectively.
- > The price paid for Solgas was US\$ 264 million and the price paid for Duragas was US\$ 33 million.
- > With this recent acquisition Abastible will become the third largest LPG player in South America.

### PHYSICAL SALES OF LPG BY COUNTRY IN 2016

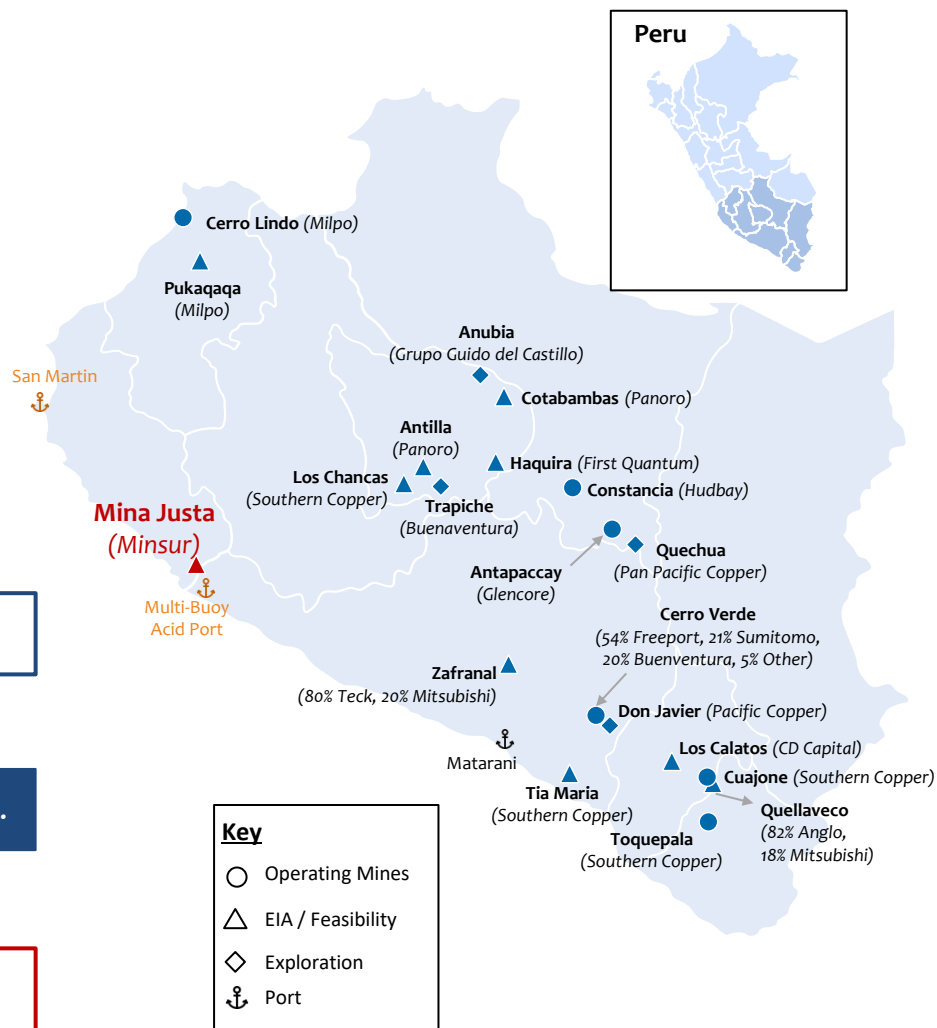
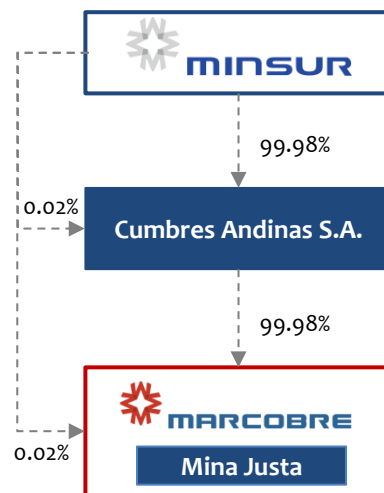
Millions of Gallons



Source: Empresas Copec



- > On April 23rd 2018, Alxar and Empresas Copec signed the agreement to acquire 40% stake in Cumbres Andinas, subsidiary of Minsur.
- > The price paid was US\$ 182.4 million approximately.
- > Alxar and Minsur plan to invest US\$1,600 million in the construction of Mina Justa in the next three years. Project finance expected to finance US\$900 million and the remaining amount will be financed through capital contributions proportional to ownership percentage in three years.
- > Mina Justa is an open pit copper mining project located in Ica, Peru.
- > World class project:
  - Low cash cost
  - High grade
  - Low development risk
  - Significant exploration potential





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.



<b>GEOGRAPHIC AREA</b>	<ul style="list-style-type: none"> <li>Northern Chile</li> </ul>	<ul style="list-style-type: none"> <li>Central-north, Central and Southern Chile</li> </ul>
<b>VESSELS</b>	<ul style="list-style-type: none"> <li>37 vessels</li> </ul>	<ul style="list-style-type: none"> <li>8 vessels</li> </ul>
<b>FLEET'S STORAGE CAPACITY</b>	<ul style="list-style-type: none"> <li>15,000 m<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Aprox. 11,000 m<sup>3</sup></li> </ul>
<b>PROCESSING PLANTS</b>	<ul style="list-style-type: none"> <li>• 5 fishmeal and fish oil</li> <li>• 1 canning plant</li> <li>• 1 freezer plant</li> </ul>	<ul style="list-style-type: none"> <li>• 3 fishmeal and fish oil</li> <li>• 2 canning plants</li> <li>• 3 freezer plants</li> </ul>
<b>SHAREHOLDING</b>	<ul style="list-style-type: none"> <li>• Empresa Pesquera Eperva: 60.2%</li> <li>• Pesquera Iquique-Guanaye (Igemar): 39.8%</li> </ul>	<ul style="list-style-type: none"> <li>• Empresa Pesquera Eperva: 13.2%</li> <li>• Pesquera Iquique-Guanaye (Igemar): 66.8%</li> </ul>

- > 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 3,884 MW, being the second largest generator of the National Electric System (SEN), with a market share of 14%.
- > Arauco Bioenergía, consistent with its environmental sustainability policies, generates power out of biomass. Its installed capacity is of 766 MW.



## Hydro and Thermal

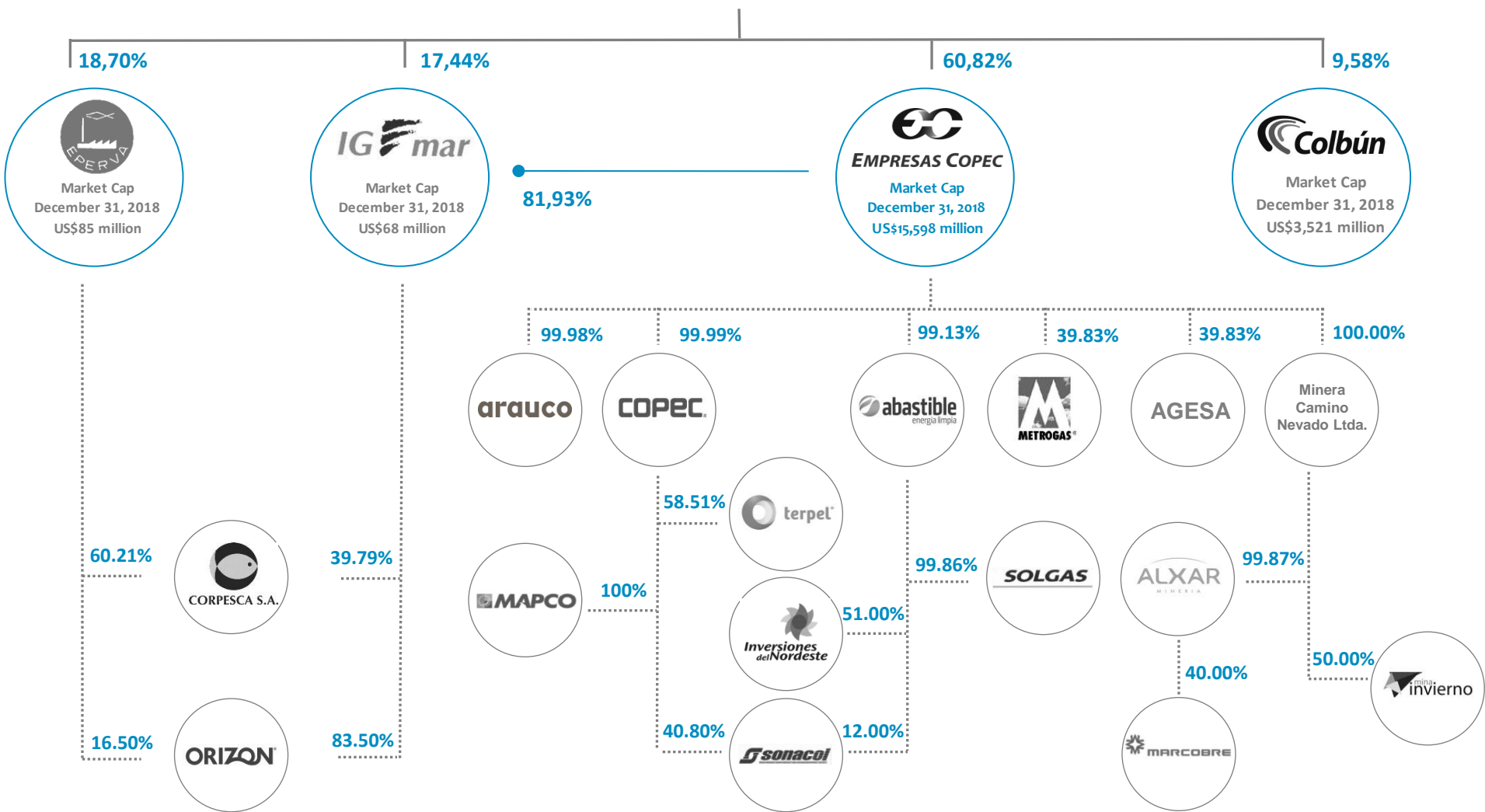


## Biomass

<b>INSTALLED CAPACITY BY TECHNOLOGY</b>	<ul style="list-style-type: none"> <li>• 1,626 MW Hydroelectric (41.9%)</li> <li>• 2,258 MW Thermolectric (58.1%)</li> <li>• 3,884 MW Total</li> </ul>	<ul style="list-style-type: none"> <li>• 766 MW</li> </ul>
<b>POWER OUTPUT 2017</b>	<ul style="list-style-type: none"> <li>• 12,597 GWh Chile</li> <li>• 4,113 GWh Perú</li> </ul>	<ul style="list-style-type: none"> <li>• 2,500 GWh domestic consumption (76%)</li> <li>• 1,089 GWh sold (24%)</li> <li>• 3,589 GWh Total</li> </ul>
<b>FACILITIES</b>	<ul style="list-style-type: none"> <li>• 17 Hydroelectric plants</li> <li>• 8 Thermolectric plants</li> <li>• 2 NCRE plants</li> </ul>	<ul style="list-style-type: none"> <li>• 8 Co-generating plants</li> <li>• 2 Backup turbine plants</li> <li>• 2 Biomass plants in Argentina</li> </ul>
<b>SHAREHOLDING</b>	<ul style="list-style-type: none"> <li>• AntarChile: 9.58%</li> </ul>	<ul style="list-style-type: none"> <li>• Arauco: 100%</li> </ul>



# antarchile





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