

annual report

# ec2017



EMPRESAS COPEC



EMPRESAS COPEC

**OPENING NEW PATHS  
THANKS TO THE ABILITY  
TO ADAPT TECHNOLOGIES,  
PROCESSES AND BUSINESS MODELS,  
TO RETHINK PRODUCTS AND  
CREATE NEW SERVICES.**

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# 01 CORPORATE INFORMATION

Empresas Copec is aware of the greatest challenges posed by current times, where it is essential to have an attitude of flexibility and innovation.



# CHAIRMAN'S STATEMENT

## Dear Shareholders:

In 2017, Empresas Copec continued along the corporate expansion path that it has been building for decades, consistent with a strategy that may be sustained in time, which will continue marking its trajectory in the coming years. Our company is changing, taking a more relevant position in global markets, and facing great challenges arising from modern time.

During the past financial year, the operations of Empresas Copec and its affiliates took place in a more optimistic international scenario, where financial and currency volatility are disappearing and economy is normalizing. However, there is still some tension in global politics, and the traditional way of leading countries is being questioned, threatening the commercial opening of important economies, even those leading world trade. Notwithstanding this, impact in commodity prices has been positive until now, transversally influencing our export businesses.

At a national level, after a slow start, economic activity accelerated at the end of last year, expectations improved and trust grew. In this context, our challenge as companies is to rethink our role in society, with a long-term vision, evolving and understanding the new requirements, in order to find the best answers. We want to help build a new platform of credibility and legitimacy of corporate activity, ensuring growth and welfare for everyone; globalization and local development; industrialization and environment, among others. For this, however, is essential to resume the path of stability of legal structures, institutional cooperation and unity as a country around shared projects.

In this sense, giving a new impetus to the entrepreneurial activity requires reducing the uncertainties in projects' approval processes. These are no longer valid, markets evolve and technologies change. Thus, investing is not possible, and many years may go by with no clarity on the viability of business initiatives. Good projects must be approved in a rapid and final manner; those that do not meet the requirements must be rejected early, avoiding conflicts and futile and unnecessary efforts. As companies, we must use our best efforts to propose sustainable projects that respect the interests of communities, protect the environment and contribute to general welfare.

As for our operations, I cannot review 2017 without mentioning the human, social and economic damages caused by the terrible fire that affected the south-central area of our country at the beginning of the year. Despite the enormous resources that we always allocate to prevent and fight fire, both in our own properties and in those surrounding them, the magnitude of this disaster, that affected nearly 80,000 hectares of Arauco, exceeded all response capacities, striking the heart of our forestry activity. Losses far exceeded insurance coverage, and thus, our final charge to income was more than US\$ 100 million.

In this regard, we sincerely appreciate the work of the fire brigades, firefighters, service companies and our own staff, who worked non-stop in this long and hard struggle, always prioritizing the safety of people and communities. Hundreds of thousands of hectares of forests, both ours and of third-parties, cultivated for several

“As companies, we must use our best efforts to propose sustainable projects that respect the interests of communities, protect the environment and contribute to general welfare.”

years and that supplied our industrial facilities, disappeared in the flames, along with the homes, assets and properties of many of our collaborators and neighbors.

Since then, we have focused on recovering, in the best possible way, and as soon as possible, the damaged heritage, helping people affected by the fires, and becoming part of or leading the general reconstruction plans, thinking about the future of the forestry activity and of all of us who are part of this field. In parallel, we redoubled our monitoring and response efforts and capacities, in order to anticipate the occurrence of similar events in the future. In this way, we have created our forest renewal plan “De Raíz”, which allows us to better deal with fire prevention challenges, the protection of plantations, the reforestation of damaged areas and the promotion of the forestry sector’s development.

The rest of the year brought better news, with a more balanced supply and demand of pulp and panels that led to a price rise, and more dynamic fuel markets, driven by vehicle fleet growth and by the low winter temperatures in the central zone of Chile, among other factors. In this context, Empresas Copec posted profits of US\$ 639 million, 15% more than in 2016, and an operating flow of US\$ 2,220 million, reaching its historic maximum and experiencing an annual increase of almost 28%. These data illustrate the favorable evolution of the cash generation capacity of our activities, as a result of years of well-focused investments, carefully designed business strategies, as well as the effort and commitment of our executives and collaborators.

We have continued laying the foundations for future growth, guided by the same long-term vision. Investment in 2017 totaled US\$ 1,109 million. More than 96% went to the forestry and fuel sectors, our main businesses, and almost half (48.5%) went abroad, a clear proof of the decision to continue giving solid steps towards operational internationalization in all business areas, focused on natural resources and energy, along with a permanent will to continue investing in Chile.

Little by little, Empresas Copec has become a multinational company, with presence in several countries, which deepens and complements our competitive advantages. For many years now, forestry, fishing and mining products have reached over 80 international destinations, through commercial offices. Today, we

are also structuring an extremely relevant industrial and operational base in all America, as well as giving more solid steps in other continents. The productive presence of our companies currently covers 15 countries. As mentioned above, it is Chile in the world.

In this regard, during 2017, the affiliate Arauco continued to significantly strengthen its operational internationalization process. In the first place, it acquired from the Chilean company Masisa the entire company Masisa do Brasil, for an approximate amount of US\$ 103 million, before adjustments. This transaction involves 2 industrial complexes located in Ponta Grossa (Paraná) and Montenegro (Rio Grande do Sul), with one MDF board line with an installed capacity of 300,000 m<sup>3</sup> per year, and another MDP board line with 500,000 m<sup>3</sup> per year.

The company also agreed to purchase Masisa’s industrial assets in Mexico, which includes 3 particle board lines with an installed capacity of 519,000 m<sup>3</sup> per year, an MDF board line of 220,000 m<sup>3</sup> per year, 3 melamine coating lines, one chemical plant of resins and formalin, and a veneer line. All of them distributed in 3 industrial complexes located in Chihuahua, Durango and Zitácuaro. The operation will require a US\$ 245 million investment, and it is subject to several conditions precedent customary in this type of transactions, expected to materialize during 2018.

In the United States, Arauco made progress in the construction of its panel plant in Grayling, Michigan, which will have a production capacity of 800,000 m<sup>3</sup> of wood panels per year. The investment will amount to US\$ 400 million, and it is expected to begin operating at the end of 2018. We must not forget the positive reception of this project by local communities and the authority, which carried out a rigorous but very quick approval process.

In Chile, regarding the project “Modernization and Expansion of the Arauco Plant (MAPA)”, after several years, the affiliate Arauco finally obtained a favorable decision from judicial authorities. This allows us to prepare all necessary information for the Board’s technical and economic evaluation of this initiative, that involves about US\$ 2,500 million. In the meantime, the company made progress in the implementation of the new state-of-the-art biological effluent treatment system in Nuevo Horcones Industrial Complex, works that will require a total investment of US\$ 160 million, and will be completed in 2018.

On the other hand, in Valdivia, Arauco announced that it will materialize the dissolving pulp project, allowing for the company to be the first in the country to manufacture this type of pulp, used as raw material to manufacture textile fibers, cellophane paper and filters, among other final products. Given the original design of this plant, its transformation into this new type of fiber can be carried out in a highly efficient manner, for merely a fraction of the cost involved in modifying any other facility of the industry and, additionally, with a more environment-friendly production process, and that will allow to inject an additional 30 MW of electricity into the Central Interconnected System (SIC). It is a transformation aimed at generating an innovative product with higher added value, which diversifies Arauco's offer, allows it to enter a new and growing market, and that at the same time involves the entire value chain of the local suppliers that participate in its development.

On the other hand, our fuel affiliates are also expanding their presence and service philosophy in the different latitudes of the American continent in which they operate. In addition to the 9 new service stations that Copec inaugurated in Chile during 2017, there are 22 new service stations in Colombia and 4 in Panama, through Terpel, and also 4 new sales points of Mapco, in the United States. In this way, Copec deepens the internationalization of its value offer, based in an excellent service, quick comprehension of changes and generation of the best consumer experience. In fact, this implies adapting to the reality of each market, avoiding mechanical translations and rigid business models, strengthening all of its networks and relying on the strength of each one of its brands.

In this same line, at the end of 2016 Copec executed a regional agreement with ExxonMobil for the production and distribution of Mobil lubricants in Chile, Colombia, Ecuador and Peru, an important supplement to the fuel business we already operate in the region. This convention materialized at the beginning of 2018, with the Colombian authority's approval, after a very thorough analysis. The operation is based on a long and solid relationship between both companies, that goes back to 1959, where the North American company assigned the marketing of its lubricants to Copec, in 2003, the first time that it entrusted this relevant function to a third-party. This successful collaboration of decades is thus expanded, beyond our frontiers.

The agreement totals a US\$ 747 million investment and also contemplates the operation and marketing of aviation fuels in Lima's international airport, a relevant regional aeronautical hub, as well as the acquisition of the fuel business of ExxonMobil in Ecuador, both markets where we already operate through Terpel. It also involves the liquid fuel distribution platform of ExxonMobil in Colombia, assets that were always considered to be sold to a third market player, thus fulfilling the objective of allowing, at all times, conditions for an open and deep competition in the Colombian fuel sector.

On the other hand, Abastible, continued developing in the region the necessary infrastructure to provide its customers with an efficient, timely, innovative and safe service. In 2017, together with other Colombian distributors, the affiliate Inversiones del Nordeste inaugurated a new import terminal in Cartagena, Colombia; whereas the Peruvian affiliate Solgas made progress in expanding its terminal in Callao. Both logistic pieces play a significant role, in addition to the key role that the associate Gasmar has always played in Chile in the liquefied petroleum gas logistics chain, guaranteeing security and continuity of supply, at minimum cost.

In the natural gas sector, in 2017, Metrogas took the first steps for its ambitious gasification plan in Chile, aimed at supplying natural gas to another 7 regions of the country, under a new regulation allowing to invest with a broad horizon, to provide this energy alternative to more than 800 thousand families in 10 years. During the financial year, the first two urban satellite regasification plants were inaugurated in Puerto Montt and Osorno, and a third one has been planned for 2018 in Puerto Varas, along with 57 kilometers of new networks for these 3 cities.

A similar logic, consisting in raising the gaze from traditional markets to broader ones, is what has driven the evolution of our fisheries. From the production of raw materials, they have been slowly moving towards greater participation in the protein market, which also includes products for direct human consumption, functional foods, nutraceuticals and even pharmaceuticals. All of this, based on the commercial power of its brands for new segments of the food market.



More than fisheries, our companies Orizon, Golden Omega and Corpesca are aimed at being key players in the feeding sector, a sophisticated, attractive and extremely competitive market, which drives us to go one step further, achieving new efficiency and productivity levels, and helping to face the global food challenge too.

This vision led Corpesca to invest in Brazil in 2014, taking control of Selecta, a company engaged in the production of non-genetically modified soy protein. After a significant effort to optimize its management, in an industry currently dominated by large specialized transnational companies that operate plants in different latitudes, in 2017, Corpesca sold 60% of the shares of this company to the Korean giant CJ Cheil Jedang Corporation, for US\$ 218 million, posting a profit of US\$ 123 million. Concrete proof of the increasingly global reach of our initiatives and the need to reinvent ourselves permanently.

Maintaining a long-term trajectory and, furthermore, growing in a challenging and continuously evolving environment, requires anticipating changes and having enough adaptive capacity to timely face them. This is the basis of our permanent commitment to innovation, a key factor in any company and an essential pillar of the business of Empresas Copec.

In addition to developing and incorporating new technologies, products and services into our activities, innovating also means challenging the frontiers of what has traditionally been understood as doing business, extending our field of action beyond the immediate production focus.

Today, we must understand and adapt ourselves to the so-called "Fourth Industrial Revolution", an essentially disruptive process, characterized by the confluence of digital, physical and biological technologies. It has an exponential nature, and unprecedented scope and impact, both in systems and in organizations, testing our response capacities. It is an unprecedented phenomenon, which imposes a new rhythm to the changes in the entrepreneurial DNA, in light of which we must open and multiply the connectivity channels of companies with the rest of society, in order to shorten

distances and try to reach the desired convergence of purposes. This requirement for adaptation means, of course, accepting unconventional modifications in structures, people, forms of collaboration and work areas, among many other fields. A true culture of change, with open doors, where everything may be done in a different way, but without renouncing the values that have always guided our actions.

Some examples of this are the i-Now open innovation program launched by Abastible; or the agreement announced between Arauco and ETEX Group to develop new wood construction solutions; or the alternatives that Copec is exploring in order to incorporate new technologies and forms of mobility into its network. In addition to this, there are initiatives in fields such as artificial intelligence, robotics, big data and the internet of things, which our companies have been gradually exploring to apply in their processes. All of this, in addition to the great innovative efforts in other areas, of which you are already aware, such as those carried out by Bioforest and Golden Omega, which require mastering cutting-edge knowledge of engineering and biology.

Likewise, and beyond our companies, the Fundación Copec UC and its Risk Capital Fund and, of course, the Anacleto Angelini UC Innovation Center, have been promoting ideas, enhancing talents, coordinating efforts and catalyzing initiatives for years now.

In an environment of accelerating changes, the flexibility of companies has more value than ever and opening options is essential to continue growing efficiently, relying on the competitive advantages valued by customers. That is why we permanently evaluate new projects in areas where we have the necessary skills to develop them, and where we can add value from our experience or complementary activities. The most extensive geographical presence also guides us towards the search for new associations. Where there is compatibility of interests, skills that complement each other and a common vision. Part of the challenge is to find new areas of growth that integrate well with our activities, which allow us to leverage the knowledge acquired in the numerous ventures we have developed, that present similar challenges



“Today, we are not only providing markets with products, technologies and industrial processes, but also with a vision. A vision that is nothing but doing business with meaning, with a purpose.”

to those that we have already addressed, have similar financial profiles to those that we master well, that constitute, at the same time, prudent investments and interesting potential growth paths. This is the case, for example, of the metallic mining developments that Alxar is exploring.

Adapting also means modifying our internal structures, in order to face the challenge involved in the integration of the new operations that we keep adding. In this sense, 2017 stood out for the incorporation of the multiple operations that we added in 2016, a particularly prolific year in acquisitions.

I would like to take this opportunity to thank, especially, the executive teams of our companies, who have successfully managed the integration of Tafisa, Mapco, Solgas and Duragas (the most relevant of the year), and prepared the forthcoming landing in the operations of ExxonMobil. It is incredible how the same group of people who a decade ago managed an operation that was barely starting in the Southern Cone, currently leads an actual multinational conglomerate on 3 continents. How we have grown in recent years. How Empresas Copec has changed. I would like to thank all of them and the shareholders for their support.

In addition to the immediate challenge involved in integration, this rapid growth has been an additional incentive to continue improving our corporate governance structures, in order for the latter to guarantee an efficient and sustainable management of each of our business areas, consistent with our values and governance principles. This is how we have made progress in the incorporation of independent directors in each business, favoring the operation of more specific committees, relying on training and external evaluations to improve the operation of these corporate bodies, incorporating new and more effective control instances, and improving information access and delivery, in a timely fashion, among many other initiatives. We have also opened channels to better leverage of the knowledge in our investors base, which are increasingly sophisticated and interconnected, as we have also drawn an even clearer line between our company's activity and the role that business guilds are entitled to and bound to play.

Governance, environment care and the relationship with all our counterparties and with society, are explained with further detail in our Annual Sustainability Report. I invite you to please read this report, published on the Company's website, which is annually prepared under the GRI standard and the result of an important effort to collect, consolidate and systematize the experience of all our affiliates in these matters.

There, you will find more details on the numerous initiatives in which we participate, that provide a long-term vision, helping us face our great challenges as society, with financial resources, human capital, technology, innovative capacity and management. Permanent contributions to culture, sports, social housing, among many others, for several decades now, beyond trends and with the profile characterizing us.

We believe that this approach is the reason why we were chosen to join the select Dow Jones Sustainability Index, FTSE4Good Index and MSCI Sustainability Index, 3 of the main global sustainability and responsible investment indices. These practices are also reflected in the numerous recognitions that our companies receive every year, in multiple dimensions, and among which I highlight the LEED ND v4 certification obtained in 2017 by Inmobiliaria Las Salinas for its Master Plan, the first project in America to have this standard and the third worldwide; or the recognition of Terpel as Industry Mover 2017 in the RobecoSam yearbook, for being the company that made the most progress in economic, social and environmental matters; or the awards usually given to Copec, Abastible and Metrogas, for customer service quality. We should be proud of these achievements, which are also an incentive to continue improving our way of doing business.

This is year 2017 in a nutshell. All of this would not have been possible without the support of the financial markets, which this year, among other things, allowed us to issue 30-year debt, through our associate Arauco, under very favorable conditions. I would also like to thank, once again, the permanent support of our shareholders, directors, executives and workers, who always ratify their trust in us, accompanying us in our business.

Empresas Copec is going out into the world with a proposal generated and developed in Chile for decades, and enriched by the knowledge that comes from understanding and assimilating other cultures, other institutional systems, other ways of doing business. We are growing, humbly and with a sense of future.

The current challenge is to strengthen our operation in production sites and make progress in the intercultural processes of working with groups of people of diverse origins, successfully incorporating a shared dream into communities, around the same vision, based on our usual principles and values.

We remain attentive to what the times and the environment demand from us, and we believe we have been called to help lead the changes that the social and political panorama is experiencing towards the common good.

Today, we are not only providing markets with products, technologies and industrial processes, but also with a vision. A vision that is nothing but doing business with meaning, with a purpose. An enormous task that continues progressing thanks to the tremendous commitment, talent and effort of a great team: the team of Empresas Copec.



**Roberto Angelini Rossi**  
Chairman



# EMPRESAS COPEC AT A GLANCE

[Empresas Copec](#) is permanently contributing to raise the quality of life of people based on sustainable development models.

## EMPRESAS COPEC IN THE WORLD

### NORTH / CENTER AMERICA

Canada  
United States  
Dominican Republic  
Panama

### SOUTH AMERICA

Colombia  
Ecuador  
Peru  
Chile  
Brazil  
Uruguay  
Argentina

### EUROPE

Germany  
Spain  
Portugal

### AFRICA

South Africa





Empresas Copec is characterized for having a business strategy focused on providing an attractive level of profitability in the long term to its investors and for contributing to the development of Chile and the different countries where it carries out its businesses.

In order to do so, it constantly seeks to ensure that its operations are performed with excellence and with the highest ethical and transparency standards. Additionally, it respects the interests of all those parties with which it relates, protecting the environment and seeking the efficient and sustainable use of natural resources. Empresas Copec also promotes important investment programs, in order to increase the scale of its operations and take advantage of significant synergies and advantages in cost saving measures.

Empresas Copec participates in two major business areas: natural resources, where it has clear competitive advantages, and energy, closely linked to the growth and productive development of countries. Currently, the company has important production platforms in Chile, Germany, Argentina, Brazil, Canada, Colombia, Ecuador, Spain, United States, Panama, Peru, Portugal, Dominican Republic, South Africa, and Uruguay, and it markets its products in more than 80 countries in five continents.

In the forestry business, it carries out its business through its affiliate Arauco, producing pulp, panels, sawn timber and energy. Arauco is the company with the highest forest heritage in South America and one of the main forestry producers in the world.

As per liquid fuels, lubricants, liquefied gas and natural gas distribution, it acts through its affiliates Copec, Mapco, Terpel, Abastible, Duragas, Solgas, Inversiones del Nordeste, Sonacol and its associate Metrogas.

Empresas Copec also participates in the fishing business, through its subsidiary Igemar, which is present in the north and central-south zone of the country, producing fishmeal and fish oil, canned food, frozen products and Omega 3 concentrates.

It also participates in metallic mining projects through Alxar, in coal mining through Mina Invierno and in the real estate business through Inmobiliaria Las Salinas.



## CORPORATE STRUCTURE EMPRESAS COPEC

### FORESTRY SECTOR

|         |                                |          |                      |
|---------|--------------------------------|----------|----------------------|
| 99.978% | Celulosa Arauco y Constitución | 99.948%  | Forestal Arauco      |
|         |                                | 100.000% | Arauco Internacional |
|         |                                | 100.000% | Arauco Bioenergía    |
|         |                                | 100.000% | Maderas Arauco       |

### FUELS SECTOR

|         |                 |          |                          |
|---------|-----------------|----------|--------------------------|
| 99.999% | Copec           | 100.000% | Mapco                    |
|         |                 | 58.510%  | Terpel                   |
|         |                 | 40.800%  | Sonacol                  |
| 99.200% | Abastible       | 12.000%  |                          |
| 39.830% | Metrogas        | 51.000%  | Inversiones del Nordeste |
| 39.830% | Aprovisionadora | 99.990%  | Duragas                  |
|         |                 | 100.000% | Solgas                   |

### FISHERIES SECTOR

|         |        |         |          |         |              |
|---------|--------|---------|----------|---------|--------------|
| 81.933% | Igemar | 66.800% | Orizon   | 39.870% | Golden Omega |
|         |        | 39.790% | Corpesca | 39.870% |              |

### OTHER INVESTMENTS

|          |               |         |               |
|----------|---------------|---------|---------------|
| 100.000% | Camino Nevado | 99.961% | Alxar Minería |
| 100.000% | Las Salinas   | 50.000% | Mina Invierno |

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

| Thousand dollars                      | 2017       | 2016       |
|---------------------------------------|------------|------------|
| Total assets                          | 22,174,215 | 21,446,506 |
| Total liabilities                     | 11,260,762 | 10,961,006 |
| Minority interest                     | 515,128    | 530,306    |
| Equity attributable to equity holders | 10,398,325 | 9,955,194  |

## INCOME PER BUSINESS AREA

| Thousand dollars  | 2017           | 2016           |
|-------------------|----------------|----------------|
| Forestry          | 269,724        | 213,801        |
| Fuels             | 366,790        | 299,969        |
| Fisheries         | (20,944)       | (35,223)       |
| Other Investments | 23,752         | 75,638         |
| <b>Income</b>     | <b>639,322</b> | <b>554,185</b> |

## INTERNACIONAL RISK RATING

|                   |     |
|-------------------|-----|
| Standard & Poor's | BBB |
| Fitch Ratings     | BBB |

## NACIONAL RISK RATING

|               |                      |
|---------------|----------------------|
| Feller-Rate   | AA-/1° Clase Nivel 1 |
| Fitch Ratings | AA-/1° Clase Nivel 1 |

|  |      |
|--|------|
| Indebtedness (Net Financial Debt / Equity) | 0.46 |
|--|------|



## INCOME MAIN AFFILIATES AND ASSOCIATES

|  | Direct shareholding | 2017    | 2016    |
|--|---------------------|---------|---------|
| <b>Forestry</b> (million dollars)          |                     |         |         |
| Celulosa Arauco                            | 99.978%             | 269.7   | 213.8   |
| Forestal Arauco                            | 0.052%              | (179.1) | 29.8    |
| Arauco Internacional                       | ---                 | 219.9   | 103.1   |
| Arauco Bioenergía                          | ---                 | 1.2     | (0.0)   |
| Maderas Arauco                             | ---                 | 107.4   | 69.6    |
| <b>Fuels</b> (million dollars)             |                     |         |         |
| Copec                                      | 99.999%             | 167,466 | 130,401 |
| Abastible                                  | 99.200%             | 46,581  | 49,177  |
| Sonacol*                                   | 57.704%             | 24,273  | 23,133  |
| Metrogas                                   | 39.830%             | 43,287  | 47,291  |
| Aprovisionadora (million dollars)          | 39.830%             | 54.4    | 160.3   |
| <b>Fisheries</b> (million dollars)         |                     |         |         |
| Igemar**                                   | 81.933%             | (20.9)  | (35.2)  |
| Corpesca                                   | ---                 | 99.8    | (79.2)  |
| Orizon                                     | ---                 | (86.8)  | (11.1)  |
| <b>Other investments</b> (million dollars) |                     |         |         |
| Camino Nevado                              | 100.000%            | 1.1     | (8.8)   |
| Alxar Minería                              | ---                 | (4.4)   | (2.9)   |
| Laguna Blanca                              | ---                 | 13.3    | (8.9)   |
| Inmobiliaria Las Salinas                   | 100.000%            | (1.1)   | (1.2)   |

\* Represents ownership percentage hold through Copec and Abastible.

\*\* Includes ownership percentage hold through Sercom.

# EMPRESAS COPEC IN FIGURES

## Ownership Structure

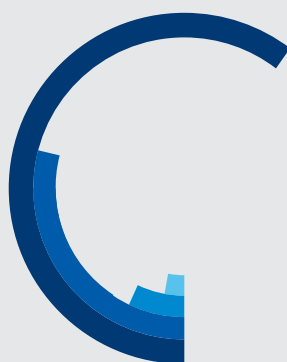
December 31, 2017

AntarChile  
**60.82%**

Corporations  
**29.41%**

Pension Funds  
**6.94%**

Private Individuals  
**2.83%**



## Net income

2017

Fuels  
**55.5%**

Forestry  
**40.9%**

Other Investments  
**3.6%**



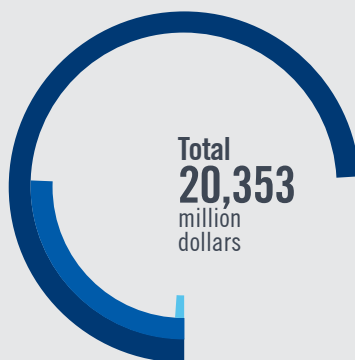
## Consolidated Sales

2017

Fuels  
**73.5%**

Forestry  
**25.7%**

Fisheries  
**0.8%**



## Consolidated Investment

2017

Forestry  
**59.0%**

Fuels  
**36.6%**

Fisheries  
**3.9%**

Other Investments  
**0.5%**



## Consolidated EBITDA

2017

Forestry  
**61.9%**

Fuels  
**38.0%**

Fisheries and  
Other Investments  
**0.1%**



## Consolidated Assets

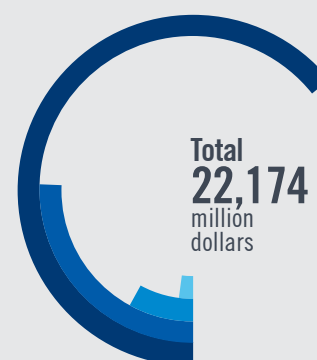
2017

Forestry  
**63.9%**

Fuels  
**26.0%**

Other Investments  
**7.9%**

Fisheries  
**2.2%**

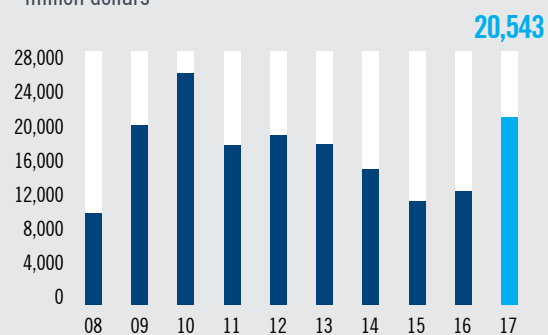


**Consolidated Investment**

million dollars

**Market Capitalization**

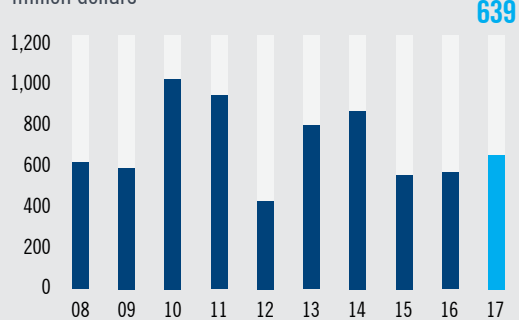
million dollars

**Consolidated Sales**

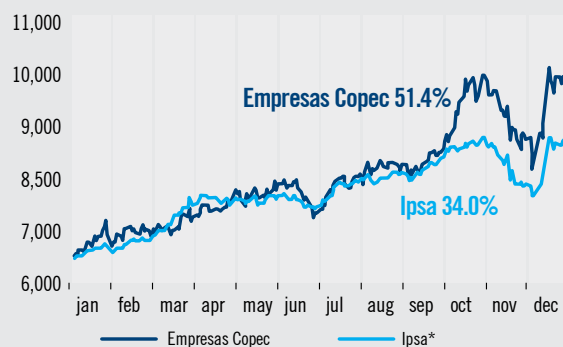
million dollars

**Net Income**

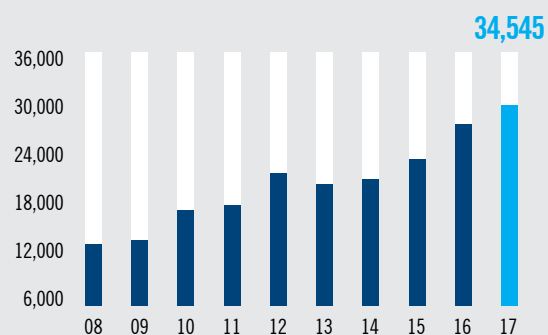
million dollars

**Stock Price Empresas Copec vs. Ipsa 2017**

chilean pesos

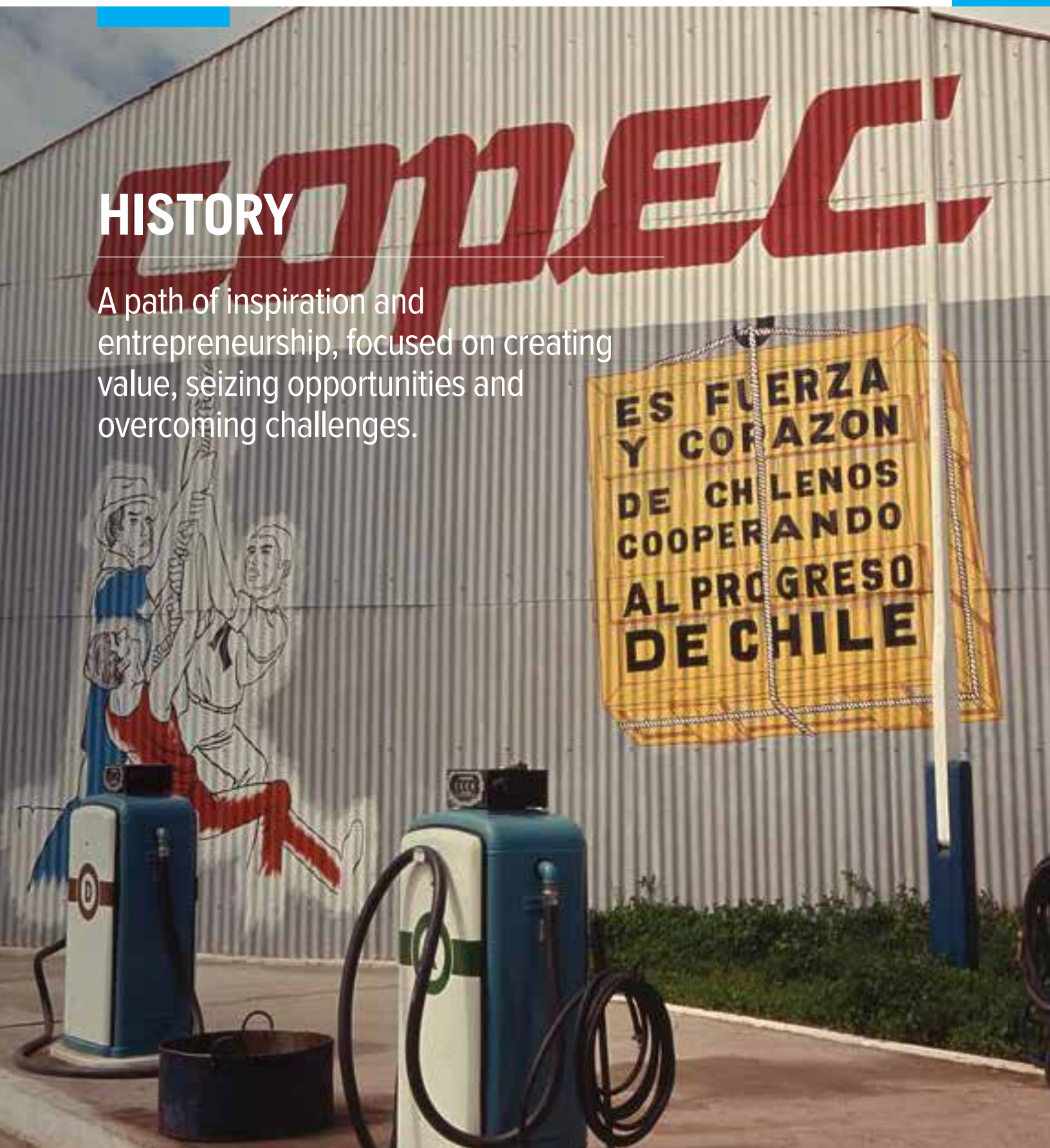


\* Adjusted Ipsa

**Consolidated Personnel**

# HISTORY

A path of inspiration and entrepreneurship, focused on creating value, seizing opportunities and overcoming challenges.





1934

## FOUNDATION

Compañía de Petróleos de Chile is incorporated with the purpose of marketing and distributing fuels in the country.

1956

1957

## EXPANSION OF THE LINE OF BUSINESS

Abastible is founded with the purpose of marketing and distributing liquefied gas in the country.

Sonacol is created with the purpose of transporting fuels through a network of oil pipelines. On the other hand, Copec undertakes the representation and distribution of Mobil products.

1976

1979

1980

## DIVERSIFICATION

Copec acquires the companies Celulosa Arauco and Forestal Arauco.

Copec purchases Celulosa Constitución, a company that later merged with Celulosa Arauco, from which Celulosa Arauco and Constitución was born.

Copec acquires the company Pesquera Guanaye.

1986

1989

## NEW LEADERSHIP

The Angelini Group becomes one of the owners of Copec, by acquiring 41% of its share capital.

Fundación Educacional Arauco is founded with the aim of contributing to municipal education in the regions of Maule, Biobío and Los Ríos.



1990

**MAJOR INVESTMENTS**

Bioforest is created with the aim of developing technologies in the field of forest resources and cellulose.

1991

Compañía Minera Can-Can (currently Alzar Minería) is founded with the aim of exploring and exploiting gold, silver and copper mining deposits.

1992

Igemar is incorporated after the merger of the companies Pesquera Guanaye and Pesquera Iquique.

1999

Corpesca is incorporated after the integration of the operational assets that the fishing companies Igemar, Eperva and Coloso had in the north of the country.

1996

Arauco acquires Alto Paraná, one of the main pulp mills in Argentina.

1994

Metrogas is created with the aim of marketing natural gas.



2000

**STRATEGIC FOCUS**

The Angelini Group takes control of Copec, after acquiring an additional 30.05% of its shares.



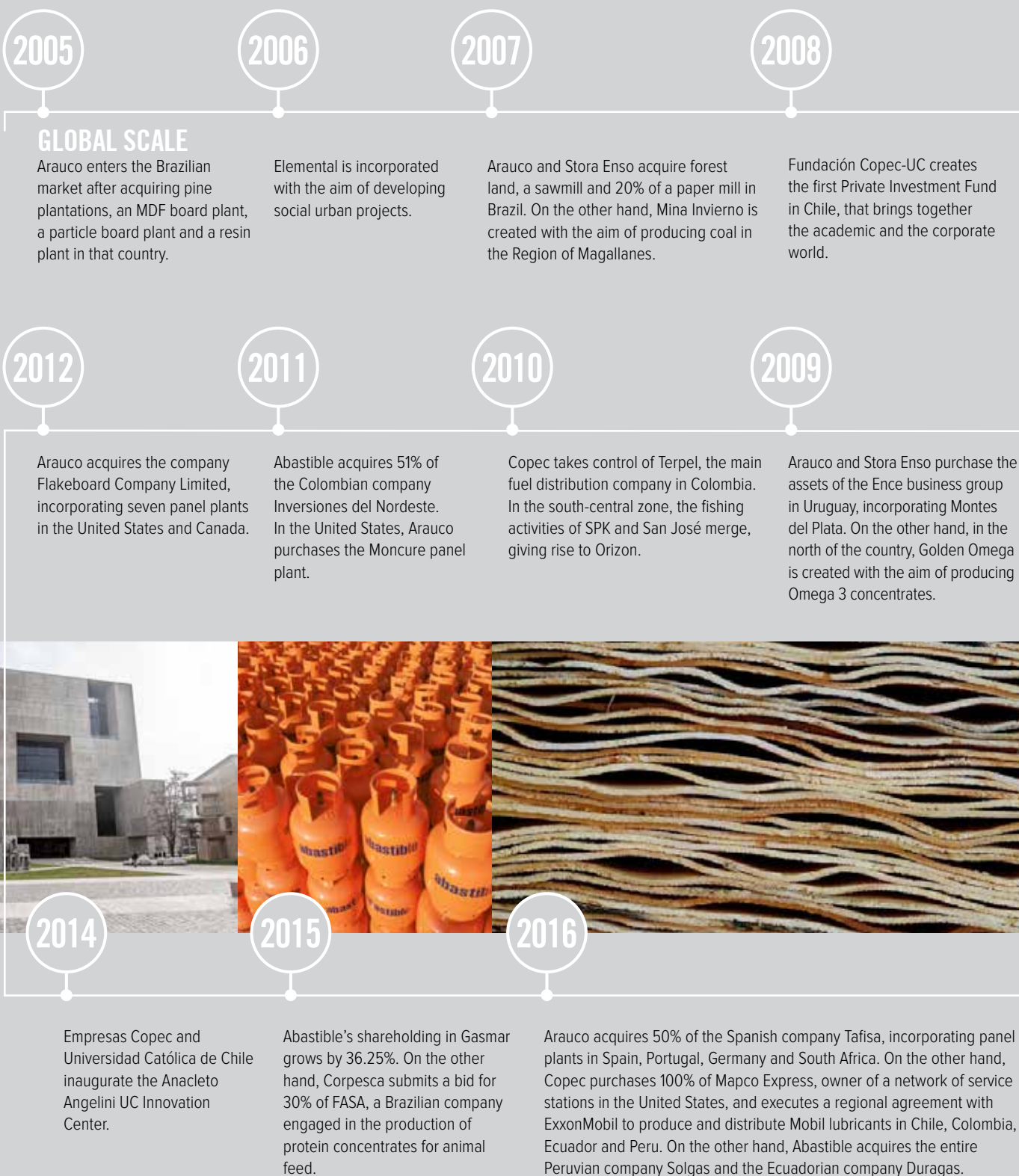
2002

Fundación Copec-Universidad Católica is founded with the aim of promoting applied scientific research in the field of natural resources.



2003

Compañía de Petróleos de Chile Copec is incorporated as the affiliate in charge of the business of liquid fuels and lubricants, and the parent company is transformed into a financial holding, changing its corporate name into Empresas Copec S.A.





# 2017 MILESTONES



01.

## EMPRESAS COPEC

Ratified its membership of the Dow Jones Sustainability Index Chile, FTSE4Good Emerging Index and MSCI Sustainability Index, and became part of the recently developed Dow Jones Sustainability Index MILA. All of them are prestigious indices that recognize the performance of companies with sound environmental, social and corporate governance practices.

02.

## ARAUCO

Acquired Masisa do Brasil for about US\$ 103 million, incorporating a line of MDF boards with an installed capacity of 300,000 m<sup>3</sup> per year, and a line of MDP boards with an installed capacity of 500,000 m<sup>3</sup> per year.

03.

## INVERSIONES DEL NORDESTE

In conjunction with other Colombian distributors, built a maritime terminal in the city of Cartagena, with a capacity to store 720 tons of liquefied petroleum gas. This facility began operating in November, 2017, and it is the first time in Colombia that private companies directly import this product.

04.

## ARAUCO

Agreed purchasing Masisa's assets in Mexico for US\$ 245 million. In this way, the company will add three lines of particleboards with an installed capacity of 519,000 m<sup>3</sup> per year, a line of MDF boards of 220,000 m<sup>3</sup> per year, three melamine coating lines, a chemical plant to process resins and formalin, and a veneer line. This acquisition is subject to the approval of the local authorities.

05.

## ABASTIBLE

Expanded the filling capacity of its Osorno Plant from 850 cylinders per hour to 1,050 cylinders per hour. Likewise, it began the works to expand the filling capacity in the Concón and Lenga Plants, increasing the productive capacities from 900 cylinders per hour to 1,350 cylinders per hour, and from 1,000 cylinders per hour to 1,200 cylinders per hour, respectively.

06.

## CORPESCA

Sold through its affiliate Corpesca do Brasil, 60% of the shares of the Brazilian company Selecta, owner of an industrial plant with a capacity to process 680,000 tons of SPC (soy protein concentrate) per year. The transaction amounted to US\$ 218 million, generating for Corpesca earnings before tax of US\$ 123 million. Upon this transaction, Corpesca do Brasil holds 10% of Selecta's shares, with a put option that can be exercised as of August, 2019.

07.

**TERPEL**

Sold its entire operation in Mexico to the Mexican company Prana Gas for US\$ 26.6 million.

08.

**ARAUCO**

Placed 2 series of bonds in the North American market, one for 10 years, for US\$ 500 million, and another for 30 years, for US\$ 400 million. The rates achieved were 3.875% and 5.500%, respectively.

09.

**SONACOL**

Began remodeling the Maipú Terminal, in order to increase the security and technology standards of the reception and dispatch control room, and of the cargo areas. These works should be completed during the first half of 2018.

10.

**COPEC**

Inaugurated seven urban service stations in Copiapó, Puerto Montt, Viña del Mar and two in Talca, and two highway service stations in the areas of Arauco and Chañaral.

11.

**MAPCO**

Inaugurated 3 service stations in the state of Alabama and 1 in the state of Tennessee.

12.

**TERPEL**

Inaugurated 22 service stations in Colombia and 4 in Panama, as well as 8 convenience stores in Colombia, 6 in Panama and 5 in Peru.

13.

**ARAUCO**

Announced that it will carry out the Dissolving Pulp project at the Valdivia Pulp plant, an initiative that considers a US\$ 185 million investment, with the aim of producing dissolving pulp, used in several products such as textile fibers, cellophane paper and filters. It is expected to start operating in mid-2019.





14.

**ORIZON**

Opened a commercial office in the United States, in the city of Maryland, with the aim of promoting new businesses in the North American market.

15.

**ABASTIBLE**

Began the construction of a new sales office in Puerto Montt, which should be completed by the second half of 2018.

16.

**ORIZON**

Resumed operations at the San José canning plant in Coquimbo, which had been closed since 2013. At this stage, this facility required an investment of about US\$ 1 million, and it has the capacity to produce 180,000 boxes of canned mackerel per year.

17.

**ABASTIBLE**

Launched an innovative device, called Abastible Button, which simplifies the process to order bottled liquefied petroleum gas in just one click, allowing customers to track their purchases through the mobile application.

18.

**ARAUCO**

And ETEX Group executed an agreement, through which they partner with the aim of improving habitability and sustainability in construction, innovating through the development of wood construction solutions for the houses, buildings and remodeling market.

19.

**ABASTIBLE**

Launched the i-NOW program, aimed at promoting innovation within the company through collaboration with workers, as well as with innovation centers and universities.

# RECOGNITIONS

01.

## EMPRESAS COPEC

Was nominated as one of the leading companies in terms of Sustainability, Corporate Governance and Investor Relations, according to the ALAS20 ranking carried out in Chile, Peru, Colombia and Mexico.

02.

## ABASTIBLE

Earned the first place in the National Customer Satisfaction Award, in the Bottled Gas Sector category, and it was recognized as one of best companies with service experience, according to the latest Praxis Xperience Index Ranking.

03.

## COPEC

Earned the first place in "Service Stations" of the National Consumer Satisfaction Award, and was recognized as one of the ten companies with the best Corporate Reputation, according to the 2017 RepTrak Chile study.

04.

## SONACOL

For the 7th year in a row, was certified in the Competitive Company Program of the Mutual de Seguridad, with the "PEC Excelencia" qualification.

05.

## INMOBILIARIA LAS SALINAS

Obtained the LEED ND V4 sustainability certification (Leadership in Energy and Environmental Design), thus becoming the 3rd project in the world and the first in America to earn this standard. Additionally, the Master Plan earned the Honor Award in Analysis and Planning, from the Boston Society of Landscape Architects, for the avant-garde design and landscaping architecture planning.

06.

## METROGAS

Earned the first place of the ProCalidad National Service Award, in the Piped Gas category. It was also recognized by the Corporate Reputation Monitor, Merco, for its social responsibility and corporate governance practices.

07.

## TERPEL

Was recognized as one of the top 100 companies with the best corporate reputation, according to the Empresas y Líderes Colombia 2017 Merco ranking. It also received the Investor Relations (IR) recognition from the Colombian Stock Exchange, for providing legal, financial and commercial information in a transparent, timely and truthful manner.

08.

## MINA INVIERNO

Received the 2017 National Mining Society Award, in the medium-scale mining category, for its contribution to sector development.







09.

**ARAUCO**

New corporate image was recognized in the 2017 International Industrial and Graphic Design Awards, in the Branding category: Best Corporate Identity System.

10.

**SONACOL**

Was recognized by the National Security Council with the Rosalino Fuentes Silva Award, in the Company category, for its permanent and outstanding occupational risk prevention management, and in the Joint Hygiene and Safety Committee category, for its inspection and outreach activities regarding security.

11.

**TERPEL**

Was awarded by the National Association of Public Services and Communications Companies (Andesco) as one of the companies with the best Corporate Governance.

12.

**COPEC**

Was recognized among the 50 most innovative companies in Chile, in the modern retail category, for Best Place to Innovate.

13.

**MAPCO**

Was recognized by the U.S. consumers with the 6th place nationwide for the excellent experience provided at its service station located in Huntsville, Alabama.

14.

**TERPEL**

Once again entered the RobecoSam Sustainability Yearbook, earning the bronze mention in the Oil and Gas/Storage and Transportation category and as Industry Mover 2017, for being the company that made the most progress in economic, social and environmental matters.

15.

**ORIZON**

Received a 3-year certification from the Aquaculture Stewardship Council (ASC), for its crop centers in Puerto Montt and the Plant's chain of custody. Thanks to this certification, the company guarantees its consumers, buyers and marketers that its products meet the highest Sustainability, Quality, Safety, Social and Environmental standards.

# CORPORATE GOVERNANCE

[Empresas Copec](#) has solid corporate governance structures that allow it to ensure that management practices, investment and productive action consider economic, social and environmental aspects.



## PRINCIPLES \_

The Corporate Governance of Empresas Copec is governed by the principles defined by the Organization for Economic Cooperation and Development (OECD). These include the promotion of transparent and efficient markets, consistent with the rule of law; the proper assignment and monitoring of responsibilities among the different authorities; the protection of shareholders' rights, in order to facilitate their exercise and ensure a fair treatment; the permanent promotion of strategic advice; and the constant concern for the administration to be effectively monitored by the Board, and for the latter to represent the interests of all shareholders.

The Company transmits these principles to each of its affiliates, which are also aimed at ensuring that management, investment and productive action practices consider economic, social and environmental aspects, and that they translate into contributions that go beyond the direct economic benefit and the provisions of the law.

This is reflected in a way of doing business that stands out for the permanent concern to create value in a sustainable manner, and carry out a reflective and informed decision-making process, with a clear long-term vision and committed to social, human and economic development.

## CORPORATE GOVERNANCE STRUCTURE \_

The Corporate Governance structure of Empresas Copec basically consists of the Board of Directors and Directors' Committee, in addition to the Ethics Committee, Information Security Committee, Crime Prevention Officer, Legal Advisor, Internal Audit and Risk Management Area, among others.

## BOARD OF DIRECTORS \_

The Board of Directors consists of 9 members, who were elected for a 3-year period, at the Ordinary Shareholders' Meeting held on April 27th, 2016. Most of them were proposed by the controlling shareholder.

The Directors meet every month, in order to define and evaluate the Company's general strategy; review, approve and monitor key financial decisions, such as dividend policy and capital structure; control the management of the company's operations; analyze large investment projects, transactions and sales of assets; ensure effective and efficient risk management; guarantee the representativeness of the financial statements; ensure compliance with the law and self-regulation standards; monitor the relationship with authorities and key market agents; keep the shareholders permanently informed; select the General Manager and evaluate his performance, being empowered to remove him and supervise his replacement; and advise on the selection, evaluation, development and compensation of the Company's main executives.

Board members are remunerated for performing their duties, which are approved every year at the Ordinary Shareholders' Meeting, as provided for in article 33 of Law No. 18,046. During 2017, the monthly remuneration was 300 Unidades de Fomento for the Directors, 600 Unidades de Fomento for the Vice Chairman and 900 Unidades de Fomento for the Chairman<sup>1</sup>.

Additionally, every year, the Board of Directors carries out a training program aimed at updating its knowledge on best corporate governance practices, inclusion, diversity and sustainability reports, risk management, judgments, penalties and conflicts of interest. During 2017, Board members attended the following training sessions: Sustainability in Corporate Governance; Challenges of Sustainability; New Challenges of Corporate Communication and Role of the Board; Beyond the Role

<sup>1</sup> The detail of the gross remunerations received by the Company's Directors can be found in the General Information chapter.



of Compliance; Boards that add value; and Large Investment Projects and M&A Operations. In addition to this, they received a Corporate Governance Compendium that includes relevant documents on Trends in Sustainability; National Jurisprudence; Latest Trends in Corporate Governance; and Risk Management in Organizations.

Its members are: Roberto Angelini Rossi (Chairman), Jorge Andueza Fouque (Vice Chairman), Manuel Bezanilla Urrutia, Andrés Bianchi Larre, Gabriel Bitrán Dicowsky (Independent Director), Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, Carlos Hurtado Ruiz-Tagle and Tomás Müller Sproat. It is worth mentioning that the Chairman and Vice Chairman were appointed at the Board Meeting of April 28th, 2016.

### DIRECTORS' COMMITTEE

The Directors' Committee consists of 3 members, as provided for in article 50 bis of Law No. 18,046. They are elected from among the Board members, ensuring greater representativeness of the Independent Director, who is appointed with the votes of the minority shareholders and who are not related to the controlling shareholder.

The Directors' Committee meets in order to analyze strategic issues that are key for the Company's management and investment decisions to be carried out while safeguarding the interests of all shareholders; propose to the Board the names of the external auditors and private risk rating agencies, for them to be suggested and approved at the relevant Ordinary Shareholders' Meeting; and periodically review the reports submitted by the external auditors, the Company's financial statements, risk management reports, transactions with related companies, remuneration policies and compensation plans for managers, senior executives and employees<sup>2</sup>.

The remunerations and the budget for this Committee's operating expenses are approved once a year by the Ordinary Shareholders' Meeting, as provided for in article 50 bis of Law No. 18,046. During 2017, the monthly remuneration was 100 UF for each one of the members, and the total budget was 5,000 UF<sup>3</sup>.

Its members were appointed at the Board Meeting of April 28<sup>th</sup>, 2016, and they are: Andrés Bianchi Larre, Juan Edgardo Goldenberg Peñafiel and Gabriel Bitrán Dicowsky. The latter is an Independent Director and he was appointed Chairman of the Committee at its session held on May 18th, 2016.

### ETHICS COMMITTEE

The Ethics Committee consists of 3 members, who are elected by the Board, in order to provide advice on ethics issues and define, promote and regulate the proper behavior of the employees, ensuring that it is consistent with the Company's principles.

The Ethics Committee meets in order to promote the values and behaviors promoted in the Code of Ethics; propose to the Board the updates and amendments to said Code; and support the Crime Prevention Officer in his different enforcement activities, mainly in the process of identifying and analyzing complaints related to the Prevention Model, the determination of investigations and the potential application of penalties in this regard.

Its members are: Juan Edgardo Goldenberg Peñafiel, José Tomás Guzmán Rencoret and Eduardo Navarro Beltrán. It is worth mentioning that they were appointed at the Board Meeting of November 24th, 2011.

### INFORMATION SECURITY COMMITTEE

The Information Security Committee consists of 3 members, who are chosen by the General Manager. They meet every 3 months, in order to implement the policies, standards and procedures provided for in the Information Security Model, and ensure compliance.

Its members are: Pamela Harris Honorato, Rodrigo Huidobro Alvarado and Fernando Marcone García-Huidobro. The latter holds the position of Information Security Officer.

### STAKEHOLDERS

Through the AA1000 Stakeholder Engagement Standard methodology, Empresas Copec has identified its main Stakeholders, that include investors and financial analysts, civil society, regulators, media and government institutions.

The Company periodically provides all its stakeholders with transparent, truthful and representative information; promotes the informed participation of all shareholders in the Shareholders' Meetings, ensuring their right to speak and vote; and ensures that the management and investment decisions take into account the interests of minority shareholders.

<sup>2</sup> The main matters dealt with by the Directors' Committee during year 2017 are listed in the General Information chapter.

<sup>3</sup> The detail of the gross remunerations received by the members of the Directors' Committee is available in the General Information chapter.

To this end, the Company has established several procedures, instruments and channels that minimize information asymmetries, facilitate a proper operation of the capital market and align the interests of the administration with those of shareholders, workers and the environment.

### RELATIONS WITH INVESTORS

The Investor Relations area is responsible for serving and guiding investors and analysts on market performance and business operation; make periodic presentations on results; issue statements; and participate in national and international conferences.

This area consists of 3 members: Cristián Palacios González (Deputy Manager of Investor Relations), José Pablo Carvallo and Juan Pablo Serrano, who are permanently available to attend inquiries from investors.

Additionally, the Company has a corporate website and a website for investors through which it provides relevant and updated information, and provides access to documents such as the Company's by-laws, minutes of the Shareholders' Meetings, financial statements, annual reports, sustainability reports, press releases, news and list of analysts covering the Company, Manual of Management of Information of Interest for the Market, Corporate Governance Practices and Procedures, Code of Ethics, Community Contributions Policy, Sustainability Policy, Risk Management Policy, Crime Prevention Policy, General Policy on Free Competition, General Policy on Information Security, among others. In addition to this, every 4 months, the Company publishes an institutional magazine, aimed at providing information on the different initiatives developed by Empresas Copec and its affiliates, investments and articles of general interest, and a mobile phone application that allows informing shareholders and investors of the latest news and publications.



## CRIME PREVENTION OFFICER<sup>4</sup>

The Prevention Officer is appointed by the Company's Board of Directors, for a 3-year period, in order for him to apply and monitor the correct operation of the Crime Prevention Model.

This Model was certified again in 2016, and it allows promoting the prevention of those crimes provided for in Law No. 20,393 and other conducts contained in the laws, standards and regulations of oversight agencies, and in the Company's policies.

In addition to this, Empresas Copec has a confidential and anonymous whistleblowing channel, where any person who has information about an act or event constituting a breach of Law No. 20,393 or deviating from the principles of the Code of Ethics, can report it directly to the Company's highest level.

## OTHER CORPORATE POLICIES<sup>5</sup>

Empresas Copec has a Manual of Management of Information of Interest for the Market, which provides for the use and/or disclosure of privileged information, and it is mandatory for Directors, CEO, Managers, Senior Executives, employees and advisors with access to Privileged Information, and external auditors of the Company.

In addition to this, Empresas Copec has a Risk Management Policy allowing to systematically identify internal or external events that may entail risks for the achievement of business objectives, evaluate them, assess their impact, mitigate them and monitor them, in order to improve decision making.

The Company also has an Information Security Policy, aimed at setting the general criteria and guidelines on Information Security management, and at guiding the actions adopted in this area, for them to be consistent with the business objectives.

On the other hand, the Community Contributions Policy guides the decisions regarding contributions deemed appropriate and benefiting the country and the communities in which the Company carries out its activities, and the entire organization is bound to comply with it.

In turn, the Free Competition Policy is aimed at protecting and strengthening compliance with the principles and rules on free competition, which must be strictly observed by all its members.

Additionally, the Company has a Sustainability Policy, aimed at setting the principles and guidelines required to ensure that its activities are carried out under the best sustainability standards.

On the other hand, the Company has a strict auditing policy, which requires for the audit manager, the responsible partner or the auditing firm to rotate at least once every five years, in order to guarantee the total independence of this process and the transparency of financial information.



<sup>4</sup> More information can be found in the Crime Prevention Policy, which is published on the corporate website, in the Corporate Governance section.

<sup>5</sup> Each of these documents are available on the corporate website, in the Corporate Governance section.

# BOARD OF DIRECTORS

**Tomás  
Müller Sproat**  
**Director**

Commercial Engineer  
4.465.942-5

**Gabriel  
Bitrán Dicowsky\***  
**Director**

Industrial Engineer  
7.033.711-8

**Roberto  
Angelini Rossi**  
**Chairman**

Industrial Engineer  
5.625.652-0

**Jorge  
Andueza Fouque**  
**Vice- Chairman**

Civil Engineer  
5.038.906-5





**Arnaldo  
Gorziglia Balbi**  
Director  
Lawyer  
3.647.846-2

**Andrés  
Bianchi Larre\***  
Director  
Economist  
3.367.092-3

**Juan Edgardo  
Goldenberg Peñafiel\***  
Director  
Lawyer  
6.926.134-5

**Carlos  
Hurtado Ruiz-Tagle**  
Director  
Commercial Engineer  
2.300.859-9

**Manuel  
Bezanilla Urrutia**  
Director  
Lawyer  
4.775.030-K



\* Member of the  
Director's Committee.

# MANAGEMENT

**1\_**  
**Eduardo Navarro Beltrán**  
**Chief Executive Officer**

Commercial Engineer  
10.365.719-9

**2\_**  
**José Tomás Guzmán Rencoret**  
**Corporate Counsel and Secretary of the Board of Directors**

Lawyer  
6.228.614-8

**3\_**  
**Rodrigo Huidobro Alvarado**  
**Chief Financial Officer**

Industrial Engineer  
10.181.179-4

**4\_**  
**Jorge Ferrando Yáñez**  
**Corporate Research Manager**

Industrial Engineer  
12.059.564-4

**5\_**  
**Pamela Harris Honorato**  
**Head of Corporate Affairs**

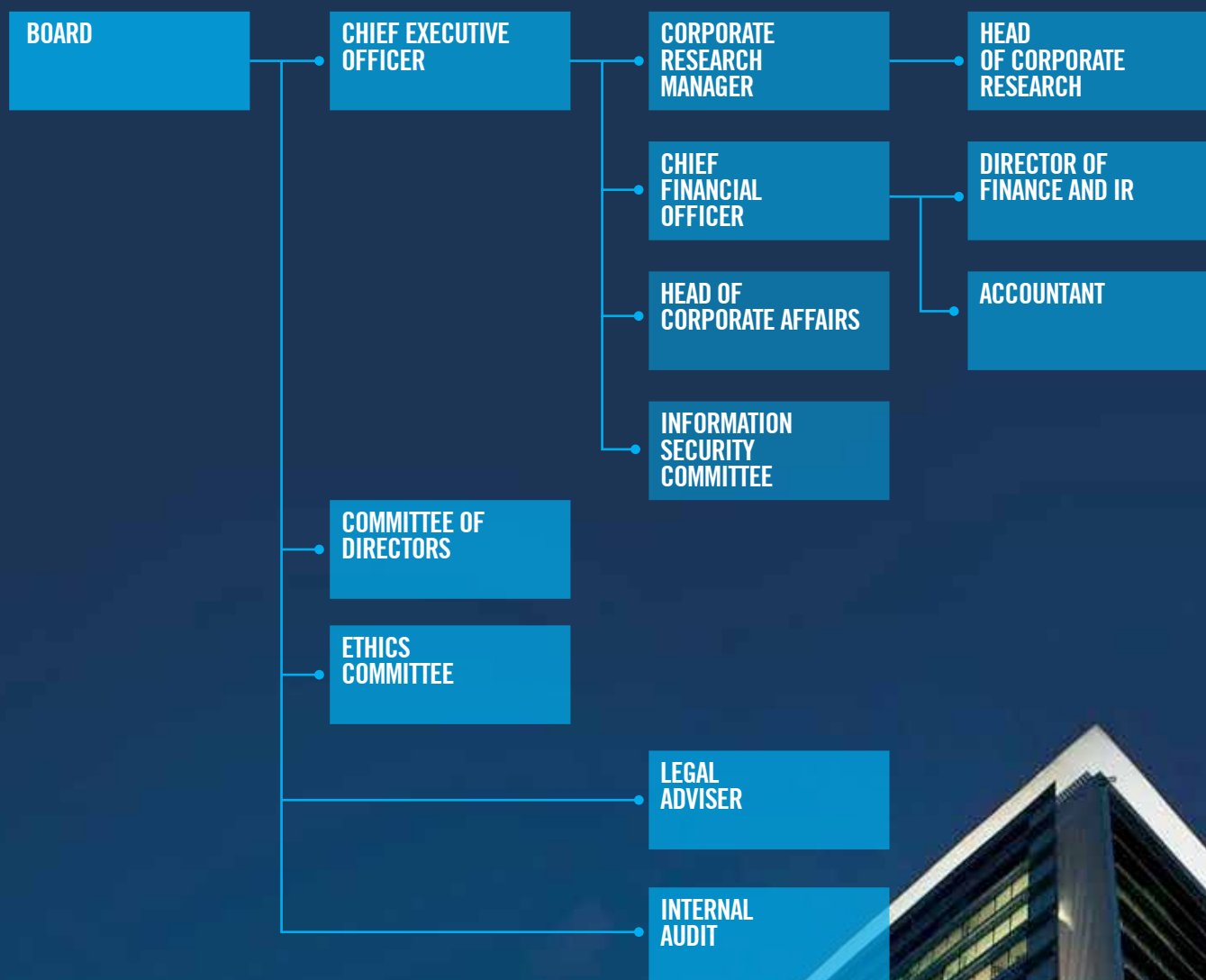
Industrial Engineer  
14.119.104-7

**6\_**  
**Cristián Palacios González**  
**Director of Finance and IR**

Commercial Engineer  
13.234.980-0



# ADMINISTRATIVE STRUCTURE





# SENIOR MANAGEMENT OF MAIN AFFILIATES AND ASSOCIATES

## FORESTRY SECTOR

**Matías Domeyko Cassel**  
Celulosa Arauco y Constitución S.A.

## FUELS SECTOR

**Lorenzo Gazmuri Schleyer**  
Copec S.A.

**Joaquín Cruz Sanfiel**  
Abastible S.A.

**Pablo Sobarzo Mierzo**  
Metrogas S.A.

**Roberto Hetz Vorpahl**  
Sonacol S.A.

## FISHERIES SECTOR

**Felipe Zaldívar Prado**  
Corpesca S.A.

**Rigoberto Rojo Rojas**  
Orizon S.A.

## OTHER INVESTMENTS

**Erwin Kaufmann Salinas**  
Alxar Minería S.A.

**Sebastián Gil Clasen**  
Mina Invierno S.A.

# EMPRESAS COPEC AND THE COMMUNITY

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[Empresas Copec](#) and its affiliates maintain a strong commitment to development local, caring for the environment and people, and the promotion of culture, education, sports, innovation and scientific research.

## EDUCATION, CULTURE AND SPORTS

Education, culture and sports are important tools for people's individual and social growth, as well as for the country's progress. For this reason, every year, both Empresas Copec and its affiliates reaffirm their support to several initiatives in these areas. Some of them are:

**Enseña Chile** selects and trains young professionals who wish to devote their first working years to teaching in vulnerable schools, in order to build a network of change agents, with the conviction and perspective required to impact the educational system, first from the experience in the classrooms and then from different sectors. Enseña Chile has supported more than 60,000 students from 106 educational institutions in the regions of Aysén, Biobío, La Araucanía, Los Ríos, Los Lagos, Metropolitana, Tarapacá and Valparaíso.

Through education, **Fundación Educacional Arauco** provides better growth opportunities for children and young people, thanks to the design, development and implementation of teacher training programs in the regions of Maule, Biobío and Los Ríos. In its 28 years of experience, the Foundation has carried out programs in 34 districts, benefiting more than 575 schools and more than 5,000 teachers, which annually serve about 100,000 students.

**Fundación Belén Educa** has 12 educational institutions located in vulnerable districts of the Metropolitan Region, and it has more than 13,000 students, to whom it provides quality education, and permanently encourages the families' commitment to the education of their children. The Company and its affiliates support the Foundation through financial resources and by actively participating in several initiatives, such as the Tutoring Program and Master Lectures. The Tutoring Program's aim is for executives to transmit to high school seniors the importance of continuing their studies and becoming good professionals, while the Master Lectures allow for executives to visit a school of the Foundation in order to talk with and guide high school students. In addition to this, the Anacleto Angelini Fabbri Scholarship is awarded each year to the most outstanding student of each institution, financing the entire career in a Technical Training Center or Professional Institute. Moreover, Orizon, in conjunction with the Foundation, carry out the campaign "Por Una Vida más Sana", aimed at educating its students about healthy eating habits and providing parents with tools that promote a healthy lifestyle.

The higher education center **Campus Arauco**, arising from an alliance between Arauco and the Professional Institute Duoc UC, provides an education of excellence, under the dual education

# 60,000

students supported by Enseña Chile from 106 educational institutions.

# 13,000

are the students that Fundación Belén Educa has in vulnerable districts of the Metropolitan Region.



system, to young people from the Province of Arauco, in the Region of Biobío. The institution has more than 30 teachers and 18 collaborators, as well as a Training Center to train the workers of the company Arauco.

The **Arauco, Constitución and Cholguán schools** are institutions open to the community and managed by the affiliate Arauco, which provide quality education to the young people from these towns. Year after year, they are nationally recognized for their performance and academic excellence.

Corpesca collaborates with the **Dual Education Program** carried out with technical-professional education institutions in the cities of Iquique and Mejillones, allowing students to pursue part of their





training within the company, thus improving their work skills. During 2017, Instituto del Mar Almirante Carlos Condell, Liceo Politécnico Luis Cruz Martínez and Liceo Juan José Latorre, participated in this program.

The **Raíces Project** is an initiative of the affiliate Copec that seeks to promote and rescue the local identity of the different places where your service stations are inserted through of exterior and technological walls that show the attractions of each zone. In addition, to improve the experience of all customers on the road, since 2016 the company incorporated terraces and green spaces in the Pronto "Kiosko", in order to allow Families rest in the shade during their travel time.

The **Viva Leer Program** The Viva Leer Program is also developed by Copec and seeks to encourage reading in the country. In its first period, the program contemplated a collection of books, which were sold directly in the service stations, the formation of a network of volunteers within the company, the implementation of a virtual platform to support schools, the family and the community, and donation of 75 open school libraries that are found located from Arica to Punta Arenas, which allowed benefiting more than 34,000 students and families. In 2018, the company will renew this program, committing the inauguration of 45 new libraries, in a period of five years.

Copec permanently supports outstanding national athletes like Francisco "Chaleco" López and Ignacio Casale, and the **Rally Mobil** automobile event. On the other hand, every year, Mina Invierno holds the **Copa Invierno**, a football event that brings together teams from different schools in Punta Arenas.

The Company and its affiliates support different **Programs of Children's and Youth Orchestras** of Chile, in order to contribute to the development and social-cultural promotion at the district, regional and national levels.

## OVERCOMING POVERTY\_

Every year, Empresas Copec and its affiliates reaffirm their commitment to contribute to overcoming poverty and improving the living conditions of the most vulnerable sectors of the population. Some of the main initiatives developed are:

**Elemental**, a do-tank developed in conjunction with the affiliate Copec, the Pontificia Universidad Católica and a group of professionals, aimed at reducing poverty and improving the quality of life of families, with urban projects of public interest and social impact. To date, it has developed social housing projects in Antofagasta, Concepción, Copiapó, Iquique, Rancagua, Santiago, Temuco, Tocopilla, Valparaíso, Valdivia and Yungay, as well as Mexico and Switzerland.

The **Sustainable Reconstruction Plan PRES of Constitución** is a joint initiative developed by Arauco, the Municipality of Constitución and the Ministry of Housing and Urban Planning, to address the reconstruction of Constitución, one of the cities most affected by the February 2010 earthquake and tsunami. Thus, under this program, the Municipal Library, the Mutrún Stadium, the Cultural Center, the Nautical Wharf, the Enrique Donn Müller School, the General Headquarters of the First Fire Company, a segment of the Costanera Echeverría and the Heated Swimming Pools project (which allows leveraging the residual heat of the Cellulose Plant), were built and implemented.

**Arauco's Housing Plan** is an initiative that seeks to provide an ultimate housing solution for workers of the company, contractors and related services, and for neighbors that are near their commercial and industrial operations, by creating high quality villas with wood innovation, with standards of excellence in districts where there is little residential offer. To date, houses have been built in the towns of Curanilahue, Yungay, San Jose de la Mariquina, Constitución and Los Alamos.

## RESEARCH, INNOVATION AND TECHNOLOGY

Empresas Copec and its affiliates are constantly promoting innovation, technology and scientific research initiatives, since they are key to promptly and effectively address the requirements of the market, customers and the community, thus achieving the country's social and economic development. In this regard, the following initiatives have been implemented:

The **Anacleto Angelini UC Innovation Center** allows stimulating meetings and interaction between the academic works and companies, in order to generate knowledge and applied innovations addressing the country's needs. It is an open space in which all companies and ventures that wish to promote a culture of innovation and entrepreneurship can participate.

**Fundación Copec - Universidad Católica** promotes applied scientific research, fosters the creation of strategic alliances between public and private entities engaged in research and development, and disseminates scientific and technological advances in natural resources. Every year, it hosts National Contest of Development in Natural Resources Projects, the Contest for Young Investigators Projects and the Contest for Higher Education Students: "Aplica tu idea", providing technical, commercial and financial support to several initiatives. In addition to this, there is a Private Investment Fund, managed by the General Fund Manager Security, and supported by the Chilean Economic Development Agency (Corfo), which provides capital to technological development projects with a strong growth potential. During 2017, the Foundation held its 13th International Seminar: "Alimentación 3.0", which was focused on disseminating the advances on Functional Ingredients and Natural Additives.

The **Centro de Investigación Aplicada del Mar CIAM** promotes research for the sustainability of fisheries in the north of Chile. Information generated in CIAM is currently key in decisions on the present and future of the fishing activity in the north of Chile, both at an industrial and small-scale level. It is worth mentioning that this center was created by Corpesca, Camanchaca and Serenor.

**Innovarauco** is a program developed by the affiliate Arauco, aimed at systematizing innovation within the company, focusing efforts on 3 guiding principles: new value offers, sustainability and social impact and disruptive innovations. Hence, products that add value to the native forest have been born under this program, such as





+**Maqui and Miel de Ulmo (Ulmo Honey)**, as well as the innovative design proposal called **Me-Do** and the Lookid didactic children's toy.

**Bioforest** is a center for scientific and technological research that conducts studies aimed at increasing the quality, yield and productivity of forest plantations and the cellulose production process, and it also applies cutting-edge procedures in the fields of genetics, productivity of sites, phytosanitary protection, wood properties and biodiversity of native vegetation. During 2017, Bioforest conducted important studies to elucidate the use of burned forests as a commodity for the production of cellulose, and, in turn, to optimize processes in order to improve the quality of forest products.

**Consorcio Tecnológico Bioenercel** is an institution aimed at developing technologies that will allow developing second generation biofuels from cellulose. The affiliate Arauco participates therein, together with CMPC, Masisa, Universidad de Concepción, Universidad Católica de Valparaíso and Fundación Chile.

**Consorcio Tecnológico Empresarial Algae Fuels**, made up of the affiliate Copec, E-CL, the Pontificia Universidad Católica de Chile, Rentapack and Bioscan, is working on the implementation of a pilot plant to produce biofuels from microalgae in Mejillones.

The **Polo Viñatero** is a Technological Transfer Group driven by the affiliate Arauco and the National Institute of Agrarian Innovation (INIA), aimed at bringing together several producers from the area of Ránquil and Portezuelo, in order to improve the productivity and

quality of the vineyards of the area, training farmers and improving competitiveness.

Fundación Terpel carries out its **Diseña el Cambio Program**, through which it promotes the generation of ideas to transform environments and implement innovative and sustainable solutions to the problems of the community. Likewise, Corpesca has a collaboration agreement with the **Diseña el Cambio en Chile Program**, aimed at transforming the educational reality of children and young people in the country, turning them into active players in the improvement of their education, providing them with tools to implement changes that improve their environment and that allow them to achieve greater equality of opportunity.

**AcercaRedes** is an initiative promoted by the affiliate Arauco, in order to establish, in places outside large urban centers, spaces that promote associativity between local entrepreneurs, companies and technical, productive, chartered, cultural, academic, corporate and commercial bodies within the districts, the region and the country, in order to foster the development of the communities.

The **Supplier Development Program** is carried out by the affiliate Arauco, in order to permanently support local projects of the communities surrounding its production facilities. Through this program, the company incorporates local entrepreneurs into its list of suppliers of goods and services.



**606 MW**

Installed capacity of eight electricity cogeneration plants from biomass.

**457,000**

**CERs certificates** under Clean Development Mechanism in 2017.

## ENVIRONMENT

Caring for the environment and the sustainable management of resources is a permanent and long-term policy for Empresas Copec and its affiliates, which goes beyond compliance with current regulations. It is a commitment that involves an active collaboration with national agencies and authorities, addressing market requirements, contributing to the preservation of ecosystems and providing sustainability to businesses. Some of the main initiatives developed are:

**Vía Limpia** is an affiliate of Copec that seeks to resolve the difficulty that customers have with the handling of used oil and the removal of the waste that contains hydrocarbons. Trucks with technology of high security remove used lubricating oils for free, fats, containers, water and solids, which are available in destinations Environmentally certified for storage or recycling. Via Limpia operates from Arica to Punta Arenas and its operations they are certified under ISO 9.001: 2008, ISO 14.001: 2004 and OHSAS 18.001: 2007. During 2017, they withdrew more than 15 million liters of used oil, 8 million kilos of solids and 5.5 million kilos of water contaminated with hydrocarbons.

The affiliate Arauco is self-sufficient in its energy needs in most of its industrial processes in Chile, thanks to 8 **Electricity Cogeneration Plants** from biomass, which installed capacity total 606 MW. Additionally, the available surplus is injected into the Central Interconnected System. Meanwhile, in Argentina, it has two electricity cogeneration plants, which installed capacity total 78 MW, and in Uruguay, it operates 1 with a capacity of 165 MW. Moreover, 5 generation plants in Chile and 1 in Uruguay are registered as projects to reduce emissions of Greenhouse Gases (GHG) under the **Clean Development Mechanism of the Kyoto Protocol**, which allow reducing about 650 thousand tons of CO<sub>2</sub> per year. Additionally, the cogeneration project of Viñaes is registered under the "Verified Carbon Standard" (VCS).

Arauco also contributes to mitigate the effects of climate change, participating in the international market of **Certified Emission Reductions, CERs**. During 2017, the company issued 457,000 certificates under the Clean Development Mechanism.

Abastible has incorporated several applications allowing to complement the use of liquefied petroleum gas. Some of them are: **Solargas**, combines solar energy with the use of liquefied petroleum gas, to transform it into thermal energy, generating savings of up to 70% in annual consumption; **Nautigas**, provides a clean solution to heat the water required by the salmon and mussels



farming industry, among others, and it also facilitates conversion of inboard and outboard engines; **Electricity Generation**, supplies electricity to several projects, through generators that run on liquefied petroleum gas; and **Cogeneration**, through Capstone Turbine Corporation micro-turbines, which are very efficient in the use of fuel, electricity and useful heat are simultaneously produced using liquefied petroleum gas and generating significant savings in energy and maintenance costs.

The **Brigada Metroambientalista Program** of Metrogas intends to reinforce children's and young people's educational content on environmental protection and energy efficiency. This program is sponsored by the Ministry of the Environment and the Chilean Energy Efficiency Agency.

**431 thousand**  
hectares of native forest  
belongs to Arauco.

**690 hectares**  
has Mina Invierno as  
Integrated Compensation Area  
intended to reforestation of  
lenga and ñirre.

The **Environmental Education Program** carried out by Mina Invierno consists in giving lectures and training in schools, followed by field visits, where students can visit the greenhouses and learn about the reforestation work carried out by the company.

The affiliate Arauco has a **Native Forest Management Plan** aimed at protecting and maintaining the 431 thousand hectares it owns in Chile, Argentina, Brazil and Uruguay. Of this total, more than 46 thousand hectares correspond to **Areas of High Conservation Value**, which values are deemed extremely significant or of critical importance, and are therefore actively managed to preserve or increase high conservation values, based on a methodology which considers identification, management and monitoring practices. Also about 67,000 hectares are intended for natural areas, forming a **Network of Biological Corridors** where patrimonial protection actions and research, conservation and environmental education projects are carried out.

Mina Invierno has a 690-hectare **Integrated Compensation Area**, intended for reforestation with lenga and ñirre, in addition to the relocation of affected species, a native species nursery built as part of the reforestation plan, and 5,400 hectares where 1,000 sheep and 2,000 cattle live together, in order to prove that livestock activity and coal extraction can be carried out simultaneously.

Corpesca has **Marine Ecosystem Monitoring, Liquid Emissions Control and Monitoring and Gaseous Emissions Control Programs**, in order for processes to generate the least impact on the environment. Likewise, its processes comply with the provisions of SD No. 138, which regulates the declaration of pollutant emissions, SD No. 148, which regulates the handling of hazardous waste, SD No. 78, on storage of hazardous substances, and SD No. 90, which regulates liquid industrial waste.

Arauco has a **Chain of Custody System** in its production facilities, which allows connecting the final products with their source, verifying that the supply does not arise from protected or uncertified species. In addition to this, its cellulose plants use the **Elemental Chlorine Free Technology (ECF)** in the bleaching process, and its plantations are managed under responsible Forest Management Practices.



Abastible carries out a **Marine Environment Monitoring**, which monitors the physical and chemical parameters of the resources in the area where the San Vicente Maritime Terminal is located. It also has **Strict Standards** on emissions and management of hazardous industrial waste, in order to guarantee that all its production plants and distribution centers comply with current regulations.

Orizon has the **Aquaculture Stewardship Council (ASC) Certification** in its cultivation centers in Puerto Montt and in the chain of custody of the Plant, which guarantees consumers, buyers and marketers that their products meet the highest standard in sustainability, quality and social and environmental



security matters. It is worth mentioning that this certification was granted in late 2017, for a 3-year period. The company also has the **IFFO-RS Certification** for its flour mill plants in Coquimbo and Coronel, mainly aimed at ensuring the sustainability of fishery resources. Likewise, Orizon intends for all of its production plants to comply with the requirements of General Environmental Law No. 19,300, SD No. 90 and No. 609, which regulates liquid industrial waste emissions, SD No. 138, which regulates the declaration of pollutant emissions, and **SD No. 78**, which regulates the storage of hazardous substances.

Coproc applies strict security measures in fuel transportation and storage, such as **Contingency Plans** in plants, service stations and maritime terminals, fire, spill and accident prevention and control systems, satellite tracking of tanker trucks, and training and evaluation programs for drivers.

Abastible has a strict **Safety Management System**, which sets requirements for gas storage, transportation and delivery, and an Integrated **Transport Emergency System (SIET)**, aimed at preventing accidents in the gas transport process and preparing the organization in the event of emergencies.

The **Metroprev Program** of Metrogas is aimed at enhancing risk prevention and occupational health management, by detecting, identifying, assessing, controlling and monitoring risks.

Sonacol has the **SAFESTART Program**, a work model that allows improving and optimizing staff behavior, in order to reduce accidents. Moreover, it permanently controls all fuel transport processes and remotely monitors its valves, ducts and facilities to prevent failures and leaks.

Finally, it is worth mentioning that our affiliates hold the following valid certifications:

All of Arauco's industrial facilities hold the **ISO and OHSAS International Certifications**, and it constantly implements training plans to enhance risk prevention management, compliance with safety standards, the identification of potential contingencies and the use of prevention tools, among others.

Terpel holds the **ISO, OHSAS and NORSOK Certifications** for the marketing, transportation, operation and supply of fuels, in addition to ISO and OHSAS for the production, marketing and distribution of lubricants.

Abastible has the **ISO and OHSAS Certifications** for the supply, storage and bulk distribution in the Metropolitan Region.

Sonacol has an integrated management system certified based on the **OHSAS 18,001** for occupational health and safety, **ISO 14,001** for environmental management and **ISO 9,001** for quality management. It also holds the certification of the **PEC Excelencia Program** of the Mutual de Seguridad.

Sonamar holds the **ISO 14.001** certification for environmental management and **ISO 9.001** for quality management, all of its vessels are certified by strict international navigation standards and it has rigorous procedures and sampling in fuel loading and unloading operations, and training plans for deck crew that directly participates in fuel transfer operations.



# CONSOLIDATED FINANCIAL STATEMENTS

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[Empresas Copec](#) posted a higher consolidated profit mainly due to a higher operating income of the forestry and fuel sectors.





## Consolidated Financial Statements

During 2017, Empresas Copec posted a consolidated profit, net of minority interests, of US\$ 639 million, 15.4% higher than the result recorded by December 2016. This variation is mainly due to the Company's higher operating income, arising from the growth of the forestry and fuel sectors.

### Gross Margin

The Company's gross margin increased by 24.7% compared to the previous year, totaling US\$ 3,446 million. It was mainly contributed by the affiliates Arauco, for US\$ 1,664 million; Copec, for US\$ 1,282 million; Abastible, for US\$ 409 million; Sonacol for US\$ 55 million; and Igemar for US\$ 37 million.

### Operating Income

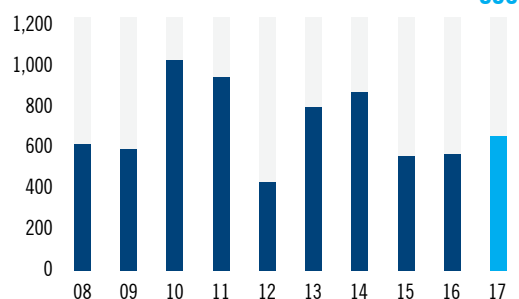
The Operating income increased by 53.7%, mainly due to higher revenues across all business lines of the forestry sector, especially pulp, where higher prices and volumes were recorded throughout the year. On the other hand, in the fuels sector, the affiliate Copec had higher margins in Chile and Colombia, in addition to higher sales volumes in the concessionaire stream in Chile. Additionally, the income increased due to the consolidation of Mapco's operations in the United States. On the other hand, Abastible had a better performance in Chile and Colombia, in addition to the consolidation of the operations of Solgas in Peru and Duragas in Ecuador.

### Other Income

In turn, the non-operating income recorded a US\$ 438 million drop, mainly due to an increase in other expenditures, related to the fires that affected the affiliate Arauco in the first quarter, and to the impairment of fixed assets in Igemar during the fourth quarter of 2017. Additionally, other income dropped due to an adjustment in the revaluation of biological assets, along with a rise in financial costs, arising from the repurchase of bonds and the refinancing of debt, also in Arauco.

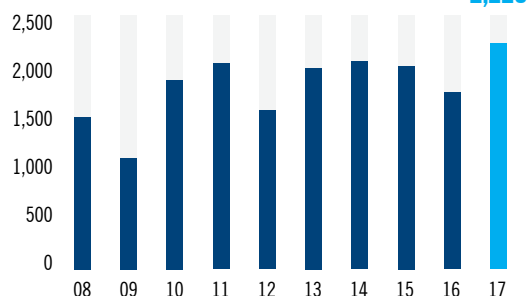
### Net Income

million dollars



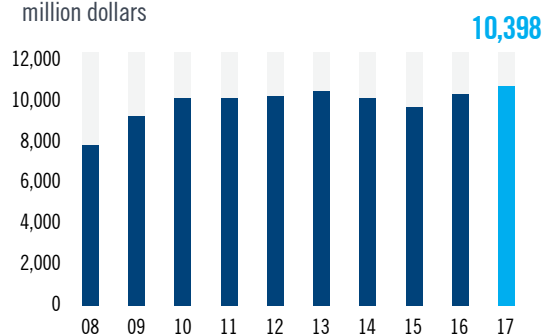
### Consolidated Ebitda

million dollars



### Equity

million dollars



## Financial Statements of the Main Affiliates and Subsidiaries

### Forestry Sector

#### Arauco

During the period, Arauco posted a profit of US\$ 270 million, which compares favorably with the US\$ 214 million recorded in the previous period. This difference is mainly due to higher sales across all business lines, due to higher prices and volumes recorded during this year. This, in addition to lower taxes, related to positive effects arising from tax reforms in Argentina and the United States. This is partially offset by a more unfavorable non-operating income, due to the effects of the fires that took place in the first months of the year in Chile, along with a lower revaluation of biological assets, mainly related to adjustments made at the end of the year. In addition to this, a higher financial cost due to the repurchase of bonds and the refinancing of debt during the fourth quarter.

Consolidated revenues increased 10.0%, due to higher revenues in the pulp, panels, wood and forestry segments. The greater pulp revenue was due to volume and prices increasing 2.7% and 12.6%, respectively. The timber business revenues rose, mainly, due to an increase in panels, with prices and volume increasing 3.2% and 2.4%, respectively. On the other hand, sawn timber prices rose 7.0% and volume fell 4.6%. Additionally, the unit production costs of bleached softwood kraft pulp dropped by 4.1% and 2.7%. They were 2.5% higher for bleached hardwood kraft pulp.

### Fuel Sector

#### Copec

In the period, the affiliate Compañía de Petróleos de Chile Copec posted a profit of ThCh\$ 167,466, which compares favorably with the ThCh\$ 130,401 recorded in 2016. This rise is mainly due to higher margins in Chile and Colombia, a favorable inventory revaluation effect (FIFO) in both countries, and to higher sales volumes in the concessionaire stream in Chile. Additionally, income increased due to the consolidation of Mapco's operations in the United States. Copec's EBITDA grew by 23.7%, totaling ThCh\$ 397,134.

In operational terms, total volumes in Chile increased by 0.3%, due to a 4.5% increase in the concessionaire stream, partially offset by a 4.3% drop in the industrial stream. Market share totaled 57.2%.

Terpel's EBITDA grew 6.2%, mainly due to higher margins. Liquid fuels sales volumes grew 0.8%, in consolidated terms, due to increases of 6.2% in Ecuador, 4.8% in the Dominican Republic and 0.6% in Colombia, partially offset by a 2.2% drop in Panama. In the NGV business, volumes dropped 8.0% in Colombia, following the trend observed since 2015, whereas Peru experienced a 3.6% increase. In turn, Mexico suffered a 4.7% drop, due to Terpel's market exit during the fourth quarter of 2017.

On the other hand, Mapco's EBITDA amounted to US\$ 39 million, and sales totaled 1,961 thousand m<sup>3</sup> in the same period.

In turn, Copec's consolidated non-operating income was more unfavorable, mainly due to an increase in other expenditures.

#### Abastible

During the period, Abastible posted a profit of ThCh\$ 46,581, representing a 5.3% drop. This is due to a ThCh\$ 8,964 drop in the non-operating income, mainly related to fewer exchange differences, higher net financial costs and lower other income, per function, due to Duragas's income loss in the fourth quarter of 2016. In turn, operating income grew 3.0%, due to a better performance of IN in Colombia, and the consolidation of the operations of Solgas and Duragas, which was partially offset by a lower operating income in Chile. On the other hand, EBITDA grew 8.4%, totaling ThCh\$ 107,157.

During the period, the company sold 472,000 tons of liquefied gas in Chile, surpassing the 459,000 sold in 2016. On the other hand, sales volume of Inversiones del Nordeste in Colombia grew 5.6%, totaling 199,000 tons of liquefied gas. The volumes of Solgas in Peru and Duragas in Ecuador were 518,000 and 426,000 tons, respectively.



### **Sonacol**

In cumulative terms, it posted a profit of ThCh\$ 24,273 million, surpassing the ThCh\$ 23,133 recorded during the previous year. This is mainly due to a 5.5% increase in operating income and a less unfavorable non-operating income by 10.1%. Volumes transported were 5.6% higher than those of the previous period.

### **Metrogas**

On April 1st, 2016, Metrogas was divided into 2 companies, on the one hand, Metrogas S.A., engaged in natural gas distribution, and, on the other hand, Aprovisionadora Global de Energía S.A., spun-off as a result of the division, and engaged in the supply business.

In cumulative terms, Metrogas posted a profit of ThCh\$ 43,287, lower than the ThCh\$ 47,291 recorded during the previous year. This variation is due to a drop in both operating and non-operating income, mainly due to the division and higher sales costs related to the increase in the price of hydrocarbons. Volume -without taking into account deliveries to electricity companies- grew 6.6%, related to more deliveries to both residential-commercial and industrial customers, which grew 12.2% and 3.1%, respectively.

On the other hand, Aprovisionadora Global de Energía posted a profit of US\$ 54.4 million, which compares negatively with the US\$ 160.3 million recorded in December 2016, which included the extraordinary profit arising from the sale of the shareholding in GNL Quintero. However, the income of both companies together suffered a 47.5% drop in dollars.

## **Fishing Sector**

### **Pesquera Iquique-Guanaye**

During the period, Igemar posted a loss of US\$ 21 million, which compares favorably with the US\$ 35 million loss recorded in 2016. Although the total loss increased due to lower operating and non-operating income, the controlling portion was less unfavorable since the losses were mainly concentrated in the affiliate Orizon, which is where the non-controlling interests are. In addition to this, the positive result of Corpesca and the extraordinary profit arising from the purchase of additional shareholding in said affiliate, which only affect the controlling portion.

The negative variation of the operating income is mainly due to higher costs, related to lower fish captured by the company, due to a longer fishing season for horse mackerel, and lower productivity for sardine and anchoveta, along with lower prices for fishmeal and fish oil.

Flour sales totaled 26.5 thousand tons, representing a 4.7% drop compared to the sales of 2016. Moreover, 7.2 thousand tons of fish oil, 17.2 thousand tons of frozen products and 2.4 million boxes of canned seafood were sold, increasing by 38.7%, 5.8% and 11.0%, respectively, when compared with the previous period.

Processed fish totaled 164.4 thousand tons, representing a 3.5% increase compared to 2016.

In terms of prices, fishmeal and fish oil dropped by 10.2% and 29.2%, respectively. Frozen and canned products, on the other hand, increased by 18.1% and 1.5%, respectively.

It is worth mentioning that, during the fourth quarter, a total negative effect of US\$ 80 million was recorded, related to an impairment of fixed assets of the affiliate Orizon.

**Corpesca\_**

In the period, the company posted a profit of US\$ 99.8 million, which compares favorably with the US\$ 79.2 million loss recorded during the previous year, mainly due to the positive result arising from the sale of 60% of the affiliate Selecta in Brazil. The operating income was lower than last year's, due to a 34.8% drop in fishmeal and fish oil prices, that was partially offset by a 34.0% increase in fishmeal and fish oil sales volumes.

**Statement of Financial Position****Assets\_**

As of December 31st, 2017, consolidated current assets increased 9.2% compared to those existing as of December 31st, 2016. This variation is due to an increase in commercial debtors and other current accounts receivable, and to inventory increases, mainly in the affiliate Copec. Additionally, there was an increase in cash and cash equivalents in the parent company and in Abastible. This was partially offset by a decrease in assets for current taxes in Arauco and Copec.

Non-current assets as of December 31st, 2017 increased 1.7% compared to those recorded at the end of 2016. Property, plant and equipment grew for Copec and Arauco. This is partially offset by a drop in non-current biological assets, which is mainly due to the forest fires that struck the plantations in the affiliate Arauco at the beginning of the year.

**Liabilities\_**

Current liabilities increased 17.7%, mainly due to an increase in accounts payable in Copec and Arauco, along with an increase in other current financial liabilities in Igemar, Copec and Abastible. Additionally, an increase in other current non-financial liabilities, related to an increase in dividends payable.

On the other hand, non-current liabilities dropped by 1.9%, mainly due to a drop in other non-current financial liabilities and in deferred tax liabilities, which is partially offset by an increase in other current non-financial liabilities in the affiliate Arauco.

**Equity\_**

Equity increased 4.1% compared to December, 2016, mainly due to an increase in other reserves, along with an increase in accumulated earnings.

As for dividends, in May 2017, the Company paid a dividend of US\$ 0.106800 per share, charged to income for the previous year. In December, the Company also distributed an interim dividend of US\$ 0.099326 per share, charged to income for financial year 2017.

Finally, as of December 31st, 2017, the book value of Empresas Copec's shares was US\$ 8,003, and earnings per share, US\$ 0.49.

**Investment Plan**

The investment base plan for 2018 commits resources for approximately US\$ 1,444 million, for the growth and maintenance of the Company's productive activities. About 67% to the forestry sector, 31% is oriented to the fuel sector, 1% to the fishing sector and 1% to other activities.

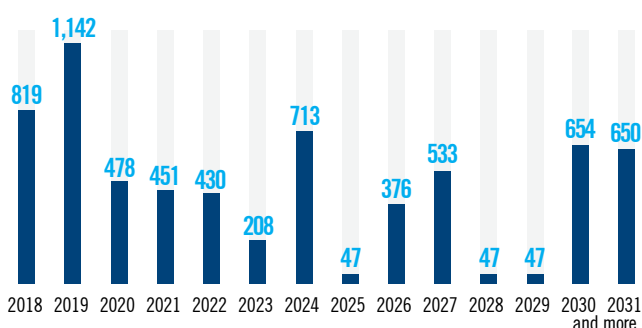
**Financing**

As of December 31st, 2017, the total consolidated financial debt amounts to US\$ 6,595 million, of which US\$ 315 correspond to short-term financial liabilities and US\$ 6,280 to long-term financial liabilities plus short-term long-term portion financial liabilities. The affiliate Celulosa Arauco y Constitución S.A. concentrates 64.9% of this amount, and its debt is mainly constituted by obligations with the public issued in the United States and denominated in dollars. The affiliate Compañía de Petróleos de Chile Copec S.A. accounts for 15.6%, and its financial debt is mainly bank debt. Whereas 9.8% of the consolidated debt is issued by the parent company Empresas Copec S.A., and it consists of obligations with the public nominated in Pesos and Unidades de Fomento.

Empresas Copec's (consolidated) has a net financial debt to equity of 0.46, and a coverage ratio (EBITDA to net financial expense) of 6.2. Maturities for year 2018 amount to US\$ 819 million. All in all, the Company's financing capabilities are favorably open, since domestic and foreign banks have a very good opinion on the risk quality and financial performance of Empresas Copec.

## Financial debt maturity

Million dollars



## Risk rating

During year 2017, the risk rating agency Feller Rate reaffirmed the rating and outlook granted to the shares of Empresas Copec S.A., ratifying them in First Class Level 1. Likewise, it gave it a solvency rating of AA-. Similarly, Fitch Ratings confirmed the rating of the shares in Level 1 category, and it gave it a solvency rating of AA-. Regarding international ratings, both Standard & Poor's and Fitch Ratings rated its risk at BBB.

In this regard, the leadership of Empresas Copec S.A. stood out in its two main businesses, the efficient cost structure and strong international presence of its forestry affiliates, its extensive network, efficient logistics and strategic locations in fuel distribution, and the support of its controlling group.

## Risk factors

Through its affiliates and associates, the Company has operations in different fields related to natural resources and energy. The relevant risk factors vary depending on the type of business. Accordingly, the Management of each of the affiliates carries out its own risk management, in coordination with their respective operating units.

The most relevant affiliates are Celulosa Arauco y Constitución S.A., with activities in the forestry sector, and Compañía de Petróleos de Chile Copec S.A., with activities in the fuel sector. Together, these two companies represent approximately 86% of the group's consolidated assets and 89% of EBITDA. Additionally, they represent approximately 94% of receivables and 83% of bonds and long-term financial debt. Together with the Parent Company, they represent 93% of consolidated placements. Therefore, a significant portion of the risks faced by the Group lies within these 3 units. The specific risks that affect each unit are analyzed below.

### Forestry Sector

The price of pulp is determined by the world market, as well as by regional market conditions. Prices vary based on demand, production capacity, commercial strategies adopted by large forestry companies and pulp and paper producers, and the availability of substitutes.

The sensitivity analysis assumes a variation of +/- 10% in the average price of pulp. If all other variables remain constant, a change of +/- 10% in the average price of pulp would result in a change of +/- 72.94% in after tax income (equivalent to ThUS\$ 197.0) and +/- 1.66% in equity (equivalent to ThUS\$ 118.2).

As for the economic risks arising from interest rate variations, the affiliate Arauco carries out its risk analysis by reviewing the exposure to changes in the interest rate. As of December 31st, 2017, 14% of bonds and bank loans accrue interest at a variable rate. Therefore, a change of +/- 10% in the interest rate, would result in a change of +/- 0.41% in after tax income (equivalent to +/- US\$ 1.1 million) and +/- 0.01% equity in (equivalent to +/- ThUS\$ 0.7).

On the other hand, most affiliates in the forestry sector manage their accounting in US dollars. However, they are subject to the risk of losses due to fluctuations in the exchange rates of the currencies in which the assets and liabilities are denominated in currencies other than the functional currency defined by Arauco. If all other variables remain constant, a change of +/- 10% in the exchange rate (\$/US\$) would result in a change of +/- 9.98% in after tax income (equivalent to ThUS\$ +/- 26.9), and +/- 0.23% in equity (equivalent to ThUS\$ +/- 16.1).



Likewise, if all other variables remain constant, a change of +/- 10% in the exchange rate (R\$/US\$) would result in a change of +/- 1.67% in after-tax income (equivalent to US\$ 4.5 million) and a change +/- 0.04% in equity (equivalent to US\$ 2.7 million).

#### Fuel Sector

Through its affiliates Copec and Abastible, the Company leads the Chilean liquid fuel and liquefied gas distribution market. It also participates in Colombia, through its affiliates Terpel and Inversiones del Nordeste, and in Peru and Ecuador through Solgas and Duragas, companies that were recently acquired by Abastible. It also participates in the United States, through Mapco, a company acquired by Copec at the end of 2016. In these countries, the supply is mainly obtained from local companies. Notwithstanding the foregoing, it is in a position to access alternative fuel supply markets, a situation that allows it to ensure and optimize the supply and distribution of products to the public.

The relevant risk for the fuel distribution business, and also for the liquefied gas business, lies essentially in the distribution margin, rather than in the prices of oil and its byproducts. The distribution margin depends mainly on the competition factors that occur daily in the markets. For being products with a low price elasticity, potential increases or decreases in the price of crude oil or in the exchange rate, have relatively little effect on volumes traded in the market.

Notwithstanding the foregoing, the value of the company's inventory is affected by variations in international fuel prices. The company's policy is not to cover stock permanently, since the increases and decreases that occur are offset in the long term. This is not the case of specific items, where, given the market pricing method, no measures that fully mitigate this risk have been found.

The affiliates of the fuel sector, which represent 29% of the Company's total assets, manage their accounting in Chilean pesos, Colombian pesos, Peruvian soles and dollars, and both their accounts receivable and their financial liabilities, and most of their income, are denominated in these currencies. Thus, the exposure to exchange rate variations decreases significantly. However, in the parent company, exchange rate variations affect the valuation in dollars, both of the investments in that sector and of the income they obtain.

#### Fishing sector

On the other hand, in the fishing sector, the availability of pelagic species in the different fishing areas is a determining factor in their income. A second risk factor is market prices of fishmeal and fish oil, which are obtained from the balance between supply and demand. Peruvian production is very determinant in supply, and consumption in Asia in general and China in particular, are very determinant in its demand.

Since this sector exports much of its production, the result of its operations is sensitive to exchange rate variations, return policies determined by the Central Bank of Chile and export promotion policies of competing countries. Fishmeal and fish oil are mainly traded in dollars, so practically 100% of the income of companies in this sector are indexed to this currency. For this reason, companies' bank debt generally corresponds to advances before shipment in dollars. Notwithstanding the foregoing, the necessary conversion into Chilean pesos of a significant portion of the returns is exposed to exchange rate variations, a risk that can be limited by the use of forwards or other financial instruments.

Those sales agreed in a currency other than the US dollar are usually converted into that currency, by using forward sales agreements that dollarize such income. The above eliminates the risk associated with the volatility of these currencies compared to the US dollar.

Regarding costs, the fishing sector is highly sensitive to fuel price fluctuations, specifically diesel and bunker oil.

As for regulatory matters, the application of fishing quotas, closures and restrictions imposed by the authority can significantly affect the production of the affiliates and subsidiaries of this sector.

### Parent company

Finally, the risks of the parent company are mainly related to its financial placements, which, as of December 31st, 2016, amount to US\$ 418 million. They are exposed to several risks, such as interest rate, exchange rate and credit. The administration provides written policies for the management of investments, that set the goals of yielding maximum profit for levels of tolerable risk, maintaining proper liquidity and limiting the levels of the different types of risk. These policies identify permitted instruments and set limits by type of instrument, currency, duration, issuers and risk rating. Additionally, they determine control and operation mechanisms for investment activities.

It is worth mentioning that on December 22nd, 2009, the Parent Company placed a bond in the local market in Unidades de Fomento (BECOP-C) for a total amount of 7,000,000 Unidades de Fomento. The placement rate was 4.30% for a 4.25% cover rate. Interest is paid every 6 months, and principal will be repaid in a single installment, in 2030. The currency in which this liability is denominated (Unidades de Fomento) differs from the functional currency of the Parent Company (US\$). However, these bonds have been transferred to the affiliates of the fuel sector, whose functional currency is the peso, so that the consolidated exposure to the exchange rate for this concept is eliminated. This transfer also eliminates all liquidity risk at the Parent Company's level. Something similar occurs with a new placement of bonds in the local market in Unidades de Fomento (BECOP-E), carried out by the Parent Company on September 15th, 2011. It amounted to 1,300,000 Unidades de Fomento, the placement rate was 3.40% for a 3.25% cover rate. Interest is also paid every 6 months, and principal will be repaid in a single installment on July 31st, 2021.

Likewise, on December 4th, 2014, the parent company Empresas Copec made new bond issues (BECOP-G) in the local market for 2,500,000 Unidades de Fomento. The placement rate was 2.88% for a 2.70% cover rate. Just like the other issues, interest is paid every 3 months and principal will be repaid in a single installment, this time, on October 15th, 2024.

On December 21st, 2016, the Company made new bond issues in the local market. The series BECOP-H, amounting to \$ 67,000,000,000, was placed at a rate of 4.75%, same level as its cover rate. Interest is paid every 6 months, and principal is repaid as of the 5th year, and it matures on September 15th, 2023. On the other hand, the BECOP-I series, amounting to

1,400,000 Unidades de Fomento, was placed at a rate of 2.44%, with a 2.30% cover rate. Interest is also paid every 6 months, and principal will be repaid in a single installment, on September 15th, 2026.

All these issues have been made at a fixed rate, thus mitigating the risk of interest rates fluctuations.

Note No. 4 of the Financial Statements provides more information on risk factors.

### Regulatory Framework

The affiliates of the fuel sector are regulated by Law No. 18,410, which establishes the creation of the Superintendence of Electricity and Fuels, aimed at auditing and monitoring compliance with legal and regulatory provisions, and technical standards on generation, production, storage, transportation and distribution of liquid fuels, gas and electricity, to verify that the quality of the services provided to users is the one set out in those technical regulations and standards, and that the aforementioned operations and the use of energy resources do not harm people or damage property.

In addition to this, Supreme Decree No. 160 of the Ministry of Economy, Development and Reconstruction (the "Safety Code for Facilities and Production and Refining Operations, Transportation, Storage, Distribution and Supply of Liquid Fuels").

On the other hand, at the national level, affiliates of the fishing sector are regulated since 2013, by Law No. 20,657, which replaced the General Fisheries and Aquaculture Law (LGPA) No. 18,892.

This regulation intends to privilege the scientific criterion in the management of fisheries, based on concepts such as Maximum Sustainable Yield (MSY) and Biological Reference Points (BRP). Likewise, it introduces the TFL (Tradable Fishing Licenses), which are fractions of the annual Industrial Quota, allocated to each fishing company according to their historical catches. In the case of Orizon and Corpesca, they are Class A licenses, valid for 20 years, renewable, divisible, transferable, assignable and tradable. Additionally, this Law sets a bidding mechanism of up to 15% of the industrial fraction of the global quota, when the latter exceeds certain limits, and it includes a specific tax, payment of patents on operational vessels, a new fractioning of global annual quotas, which implies transferring

quotas from the industrial sector to the small-scale fishing sector, and new audit requirements for small-scale fishing vessels of more than 12 meters long.

On the other hand, at international level, in August 2012, the South Pacific Regional Fisheries Management Organization (SPRFMO), ratified by Chile, entered into force. The decisions of the SPRFMO are binding for the countries of the Pacific Coast that signed the agreement, defining the annual global catch quota for fishing resources, which each member country must comply with.

## Insurance

The Company's main assets are insured against risks of fires, earthquakes, damages due to work stoppages, civil liability and others with less impact on its assets. Thus, the aforementioned risks are reasonably protected through top-tier national companies, which purchase reinsurance for most of the significant risk, with top-tier reinsurance companies, based in Europe.

Year after year, the risk associated with operational, commercial and administrative activities is assessed, which enables proper risk management, incorporating appropriate policies or modifying existing ones, according to market offers.

# 02 BUSINESS AREAS

Empresas Copec participates in two major business areas: natural resources, where it has clear competitive advantages, and energy, closely linked to the growth and productive development of countries.



# FORESTRY SECTOR





Arauco offers a wide variety of sustainable and quality products for the paper, construction, packaging and furniture industry, to help improving people's lives.

It is one of the main forestry companies in Latin America in terms of plantations and their yield, manufacture of market pulp, wood, panels and energy. Moreover, it is a global company characterized by having a careful investment plan and by complying with the highest standards of forest management and responsible management in its operations, seeking to promote innovation and create added value.

For this, the company has an integrated operation and a commercial structure capable of timely analyzing the demand and quickly detecting the requirements of the customers, allowing to adapt the production to market conditions, making the best investment decisions and reducing the impact of fluctuations in input costs.

Currently, Arauco has 1.7 million hectares in Chile, Argentina, Uruguay and Brazil. In the first three countries, the company has seven pulp mills, capable of producing 3.9 million tons per year. In Chile, Argentina and Spain, it has nine sawmills producing 2.9 million m<sup>3</sup> of wood per year. It also has 28 panel plants in Chile, Argentina, Brazil, the United States, Canada, Spain, Portugal, Germany and South Africa, with a total production capacity of 9.4 million m<sup>3</sup> per year. Also, eight biomass power plants in Chile, which have a total installed capacity of 606 MW, two power plants in Argentina, with an installed capacity of 78 MW, and a power plant in Uruguay, with an installed capacity of 165 MW. In addition, it has offices in 11 countries and an efficient distribution and logistics chain.

During 2017, Arauco's production reached 3.7 million tons of pulp, 2.6 million m<sup>3</sup> of sawn timber and 5.4 million m<sup>3</sup> of panels. Sales were US\$ 5,238 million in total, which were 45.0% pulp, 50.1% wood, 1.8% energy and 3.1% other products. From this total, 93.6% were sent abroad, being Asia and America the main markets. Its products were marketed through 240 ports in Latin America, Asia, Oceania, Europe and North America, reaching more than 4,120 customers.

Regarding investments, the company bought Masisa do Brasil (Masisa's subsidiary) for approximately US\$ 103 million, thus incorporating a line of MDF boards with an installed capacity of 300 thousand m<sup>3</sup> per year and a line of MDP boards with an installed capacity of 500 thousand m<sup>3</sup> per year.

In addition, the company agreed to purchase Masisa's assets in Mexico, which include three lines of fiberboard with an installed capacity of 519 thousand m<sup>3</sup> per year, a line of MDF boards of 220 thousand m<sup>3</sup> per year, three lines of melamine for coatings, a chemical plant of resins and formalin, and a line of plating. The transaction is subject to the approval of local authorities.

Furthermore, the construction of a new panel plant in Grayling, Michigan also progressed. Said plant has the capacity to produce 800,000 m<sup>3</sup> of wood panels per year. The investment will reach US\$ 400 million and it should begin operating at the end of 2018.

The implementation of a new effluent treatment system in the Nuevo Horcones Industrial Complex, within the framework of the Modernization and Expansion of the Arauco Plant (MAPA) project, which considers the installation of a cutting-edge biological treatment, also progressed. These works will demand a total investment of US\$ 160 million and will be completed by 2018.

In addition, Arauco announced that it will complete the Pulpa Textil Project at the Valdivia Pulp Mill, which considers an investment of US\$ 185 million and is aimed at producing raw material used in a variety of products such as textile fibers, paper cellophane and filters.

On the other hand, Arauco and ETEX Group signed a partnership agreement to improve the habitability and sustainability of construction, innovating through solutions using wood for houses, buildings and remodeling. Please note that this partnership is subject to prior approval by the National Economic Prosecutor's Office.

In addition, the company entered the world of premium custom design with Me-Do, an innovation proposal that allows people to design their own wooden furniture without having to move from their home or office.



In the financial area, Arauco placed two series of bonds in the North American market, one for 10 years, for an amount of US\$ 500 million and at an interest rate of 3.87%, and another for a 30-year term, for an amount of US\$ 400 million and at an interest rate of 5.50%. The proceeds there of were used to pay part of the bonds issued by the company in the United States, which were registered with the Securities and Exchange Commission and will mature in 2019, 2021 and 2022.

Finally, the company changed its corporate image in order to project the experience and innovations developed in all this time. This new image was distinguished in the 2017 International Awards for Industrial Design and Graphic Design, in the Branding category: Best Corporate Identity System. They highlighted the proximity and differentiation of the image, and the presence and readability of the typography.

### Arauco sales per product

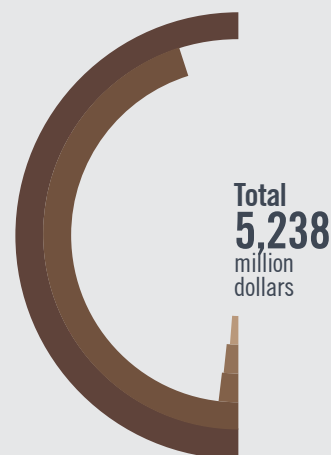
Market Pulp  
**45.0%**

Wood  
**50.1%**

Forestry  
**1.9%**

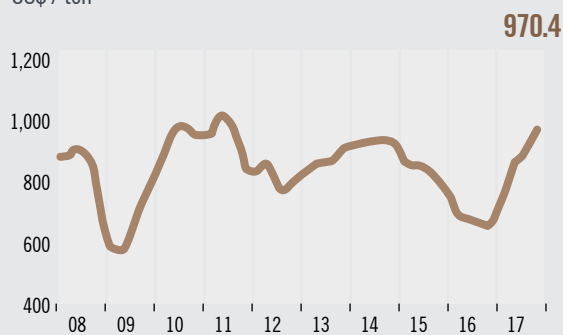
Energy  
**1.8%**

Others  
**1.2%**



### Market Pulp Price

US\$ / ton



Source: Bloomberg

### Arauco sales per market

Asia  
**36.2%**

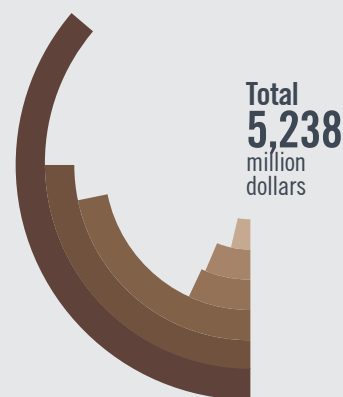
North America  
**25.0%**

Rest of America  
**21.8%**

Europe  
**6.9%**

Chile  
**6.4%**

Others  
**3.7%**



# FORESTRY

Arauco manages a forest heritage consisting of 671 thousand hectares of radiata pine, 315 thousand hectares of eucalyptus, 23 thousand hectares of other species, 431 thousand hectares of native forest and 294 thousand hectares for afforestation and other uses, distributed among Chile, Argentina, Brazil and Uruguay.

These assets constitute the basis of the competitiveness of all Arauco's business areas, which is why their operations are carried out under responsible forest management. This is also why the company has incorporated the PES Automated Inventory Processing System, designed to monitor the status of plantations, their growth, quality and future projection. Likewise, the company has implemented a plan for the mechanization of forestry work, which includes the incorporation of harvesting equipment in high slopes, GPS equipment that help avoiding the presence of workers in risky areas, drones and cutting-edge vehicles.

Additionally, Arauco is permanently committed to preserve the native forest in its properties. For this, it has strict protection and conservation programs and monitoring systems allowing to identify changes and promoting prevention and restoration.

Furthermore, identification control, management and monitoring practices are carried out in all Areas of High Conservation Value (i.e., forest areas of exceptional or critical importance). The foregoing, in order to maintain or increase their conservation value.

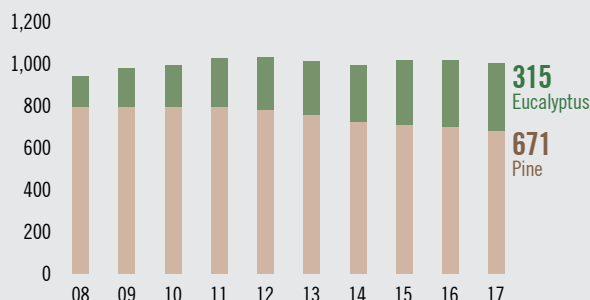
In addition, through Bioforest, a scientific and technological research center, the company conducts advanced studies in areas such as biotechnology, genetics, phytosanitary protection and forestry, and studies on the characteristics and properties of different types of wood, as well as pulp optimization processes and research for new uses of pulp and panels. In Uruguay, it has the Forest Technology Center (CTF) of Montes del Plata, for research and development.

During 2017, Arauco logged 24.6 million m<sup>3</sup> of logs and bought 7.0 million m<sup>3</sup> of logs, wood chips and fuel material from third parties. In turn, 28.2 million m<sup>3</sup> were used for pulp mills, panels and sawmills of the company, and 3.0 million m<sup>3</sup> were sold to third parties.

Finally, we should note that as a consequence of the fires that affected the country in 2017 (especially in the Maule and Biobío regions) approximately 80 thousand hectares of the company's forest plantations were affected. The foregoing resulted in a loss of about US\$ 240 million, before taxes, recoveries and insurance.

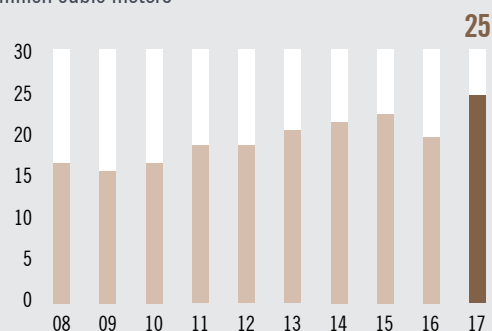
## Forest plantation inventory

thousand hectares



## Logs harvested

million cubic meters



# PULP

Arauco manufactures, from radiata pine (long fibre), taeda pine (long fibre) and eucalyptus (short fibre), three types of pulp: kraft, non-bleached and fluff. They are used for the production of various types of papers, tissue paper, packaging material, filters and fibro-cement products, among others, being widely recognized for their quality and technical features.

Currently, Arauco is one of the largest pulp producers in the market. Worldwide, the company represents approximately 6.3% of sales of bleached pine pulp, 4.5% of bleached eucalyptus pulp and 22.2% of non-bleached pulp.

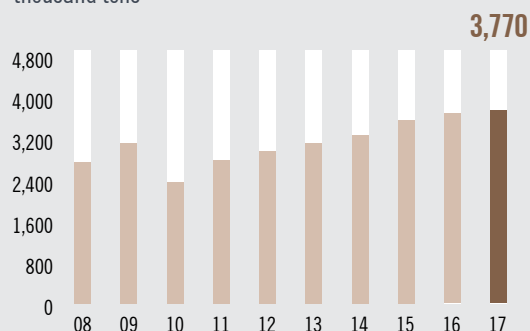
The company has five plants in Chile (Arauco, Constitución, Licancel, Nueva Aldea and Valdivia), one in Argentina (Nueva Esperanza) and one in Uruguay (Montes del Plata, operated through a joint venture with the Swedish-Finnish company Stora Enso). All of them have the highest national and international certifications, and they use ECF technology (elemental chlorine free) in the pulp bleaching process. In total, Arauco has a production capacity of 3.9 million tons per year.

During 2017, the company's production was 3.7 million tons in total, slightly lower than the previous period, which was marketed mainly in Asia and Europe.

Regarding investments, in Chile, the Supreme Court ratified that the environmental assessment of the MAPA Project (Modernization and Amplification of the Arauco Plant) fully complied with the required standards, thus allowing its reactivation.

On the other hand, Arauco announced that it will complete the Pulpa Textil Project at the Valdivia Pulp Mill, which considers an investment of US\$ 185 million and is aimed at producing a type of pulp used as an input for a variety of products such as textile fibers, cellophane and filters. It should be noted that this project will use the same process and facilities of the Valdivia Pulp Mill and only includes some adjustments for the manufacture of the textile pulp. In addition, this project will allow more energy to be injected into the Central Interconnected System (SIC), since it will increase the surplus from 25 MW to approximately 55 MW.

## Market pulp sales thousand tons



## Market pulp production

Bleached hardwood pulp

**45.0%**

Bleached softwood pulp

**39.0%**

Unbleached softwood pulp

**11.8%**

Fluff

**4.2%**

Total  
**3.7**  
million tons



## WOODS

Arauco produces and markets a wide variety of sawn and plywood products with different degrees of completion, appearance and processes, for architecture, design, construction, packaging and remodeling. Due to the quality and variety of its products, and to a successful marketing and distribution strategy, the company has become the main producer of wood in the southern hemisphere and one of the most important worldwide.

In Chile, Arauco has four panel plants, where plywood, particleboard, MDF and HB are produced, with a total production capacity of 1.6 million m<sup>3</sup>. In addition, it owns 7 sawmills and four remanufacturing plants with a production capacity of 2.6 million m<sup>3</sup> of sawmill, 2.0 million m<sup>3</sup> of drying and 420 thousand m<sup>3</sup> of remanufacturing.

In Argentina, it has two panel plants in which MDF and particleboard panels are manufactured, with annual production capacities that reach 300 thousand m<sup>3</sup> and 260 thousand m<sup>3</sup>, respectively. There is also one sawmill and one remanufacturing plant with a production capacity of 318 thousand m<sup>3</sup> of sawmill and 67 thousand m<sup>3</sup> of remanufacturing.

In Brazil, it has two panel plants with the capacity to manufacture 1.2 million m<sup>3</sup> of MDF boards and 310,000 m<sup>3</sup> of particleboard.

In the United States and Canada, it has 8 plants capable of producing 1.5 million m<sup>3</sup> of MDF panels and 1.5 million m<sup>3</sup> of particleboard panels in total, per year.

Additionally, it has two panel plants and a sawmill in Spain; two panel plants in Portugal; four in Germany and two in South Africa, with a total annual production capacity of 4.2 million m<sup>3</sup> of panels.

During 2017, total board production reached 5.4 million m<sup>3</sup> (it was 5.3 million m<sup>3</sup> in 2016). In turn, the total production of sawn wood reached 2.6 million m<sup>3</sup>, which is 4.7% less than the previous year.

Regarding investments, Arauco bought Masisa do Brasil (Masisa's subsidiary). The transaction, which amounted to approximately US\$ 103 million, includes two industrial complexes located in Ponta Grossa (Paraná) and Montenegro (Rio Grande do Sul), with a line of MDF boards with an installed capacity of 300 thousand m<sup>3</sup> per year and a line of MDP boards with an installed capacity of 500 thousand m<sup>3</sup> per year.

In addition, the company agreed to purchase Masisa's industrial assets in Mexico, which involves three industrial complexes located in Chihuahua, Durango and Zitácuaro, i.e., three lines of fiberboard with an installed capacity of 519,000 m<sup>3</sup> per year, a line of MDF boards of 220 thousand m<sup>3</sup> per year, three lines of melamine for coatings, a chemical plant for resins and formalin, and a plating line. The transaction, which is subject to the approval of local authorities, will demand an investment of US\$ 245 million and should be completed during 2018.

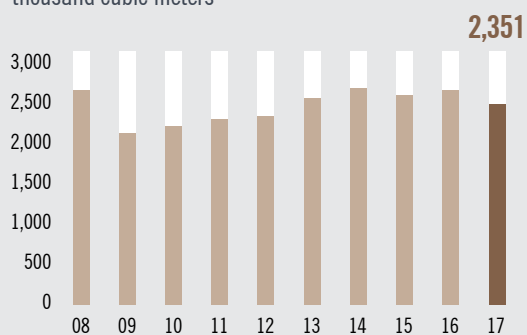
The construction of a new panel plant in Grayling, Michigan, which will have an annual production capacity of 800,000 m<sup>3</sup> of wood panels also progressed. The investment will reach US\$ 400 million and it should begin its operations at the end of 2018.

Finally, Arauco and ETEX Group signed a partnership agreement aimed at improving the habitability and sustainability of construction, innovating through solutions using wood for houses, buildings and remodeling. This partnership, which is subject to prior approval by the National Economic Prosecutor's Office, will demand an initial investment of US\$ 6 million (starting in Chile) and will seek to strengthen the national and Latin American market, with the possibility of increasing up to US\$ 15 million.

# WOODS

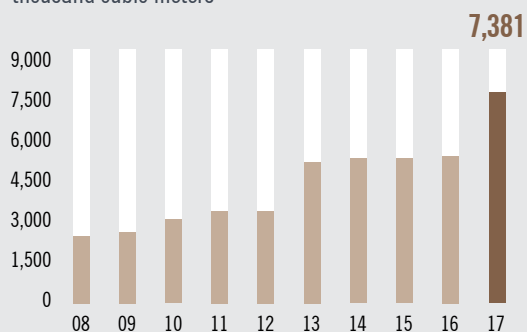
## Sawn timber sales

thousand cubic meters



## Panel sales

thousand cubic meters



## Wood production

Trupán (MDF)  
**29.6%**

Green  
**25.2%**

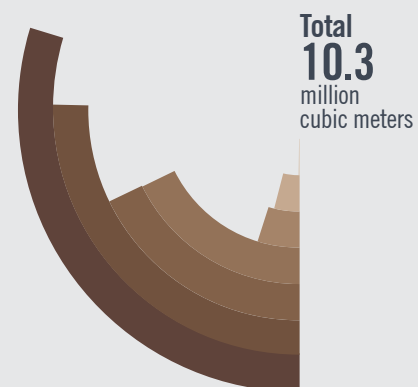
Particleboard (PB)  
**17.9%**

Kiln dried  
**17.9%**

Plywood  
**5.0%**

Remanufactured  
**4.1%**

Cholguán (HB)  
**0.3%**



# ENERGY

Arauco generates clean and renewable energy from forest biomass, which is used to supply the demand of its industrial facilities and to contribute surpluses to the energy matrix of the countries where it works.

Currently, the company is one of the main generators of non-conventional renewable energy in Chile. It has eight biomass power plants and two backup units, having a total installed capacity of 606 MW. It has two power plants in Argentina, with an installed capacity of 78 MW, and one power plant in Uruguay, with an installed capacity of 165 MW. Please note that the latter is operated through a joint venture with the Swedish-Finnish company Stora Enso.

From this total, five power plants in Chile and one in Uruguay are registered as projects aimed at reducing greenhouse gas emissions (GHG) under the Clean Development Mechanism of the Kyoto Protocol, reducing around 650 thousand tons of CO<sub>2</sub> per year.

Additionally, the Viñales cogeneration project is registered under the "Verified Carbon Standard" (VCS). Its first issuance was on January 2017, with 96,119 Verified Carbon Units (VCUs).

During 2017, the company issued 457,309 Certified Emission Reductions (CERs) under the Clean Development Mechanism, reaching a cumulative net issuance of 3,956,502 CERs.

In Chile, Arauco provided a net energy surplus of 900 GWh, which is 17.4% less than the previous year, mainly due to the lower operational availability of the plants during the first half of 2017.

# FUELS SECTOR





Copec markets and distributes lubricants and fuels in Chile. Copec is also present in Colombia, Ecuador, Panama, Peru and Dominican Republic through its affiliate Terpel and in Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia in the United States of America, through its subsidiary Mapco.

In Chile, the company has 644 service stations from Arica to Puerto Williams, 90 Pronto Convenience Stores, 265 Punto Kiosks, 19 Fuel Storage Plants with a total capacity of 543,000 m<sup>3</sup> and a Lubricant Plant located in Quintero, Region of Valparaíso, which can produce 124 million liters per year. Meanwhile, in Colombia, Ecuador, Panama and Peru, it has a network of 2,234 service stations and 89 convenience stores. In turn, there are 346 service stations and convenience stores in the USA.

During 2017, Copec sold a total of 9.8 million m<sup>3</sup> in Chile, reaching a 57.2% market share. The highest sales recorded in this period were mainly due to a 4.5% increase in the service station network, which volume amounted to 5.3 million m<sup>3</sup>. Yet, industrial sales decreased by 4.3%, amounting to 4.5 million m<sup>3</sup> in total. Additionally, lubricant sales amounted to 86,000 m<sup>3</sup>, i.e. 0.3% less than the previous year. The market share was 43.2%.

Meanwhile, it sold 7.2 million m<sup>3</sup> of fuel in Colombia. Particularly, sales of natural gas for vehicles totaled 497,000 m<sup>3</sup>, sales for the air industry reached 1.5 million m<sup>3</sup> and lubricant sales amounted to 38,000 m<sup>3</sup>.

In the United States, fuel sales reached 2 million m<sup>3</sup> and a market share of 6% in gasoline sales in the States of Tennessee and Alabama.

In terms of investments, Copec opened 8 service stations in Chile, where the Arauco and Chañaral service station (at the side of the highway) stand out. In addition, it opened service stations in Antofagasta, Colina, Copiapó, Puerto Montt, Viña del Mar and two in Talca.

At the same time, Copec and Terpel continued to advance in compliance with the conditions established by the Superintendence of Industry and Commerce of Colombia, for the authorization for the integration of the lubricants business between Terpel and ExxonMobil in that country.

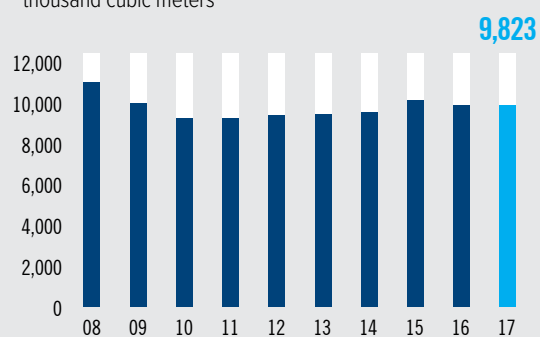
The company also carried out a corporate reorganization to face this new internationalization phase. Because of this, the Executive Vice-Presidency was created, aimed at controlling and reporting all fuel related businesses, especially in connection with the development and consolidation of those located abroad. Said Executive Vice-Presidency receives reports from the General Management, the Controller, Legal and Corporate Affairs Management and the Administration and Development Departments. Moreover, Legal Management will be in charge of the business in Chile and of providing advice to local managements in their relationships with foreign counterparties.

In terms of recognitions, Copec once again obtained the first place of the National Consumer Satisfaction Award in "Service Stations", apart from being distinguished by second consecutive year among the ten companies with the best Corporate Reputation, according to the RepTrak Chile 2017 study. Likewise, the company was recognized among the 50 most important companies innovations of Chile, in the modern retail category, by Best Place to Innovate. On the other hand, Copec was distinguished by Effie Awards, with the Bronze Award in the category "Promotions", for the campaign "Tu nueva joyita".



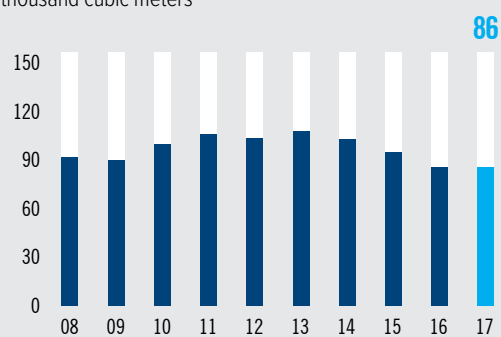
## Sales

thousand cubic meters



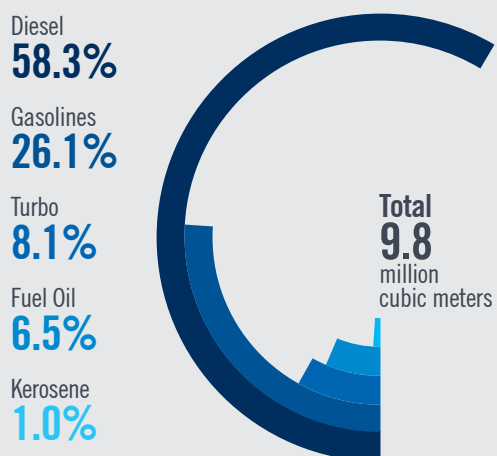
## Lubricant sales

thousand cubic meters

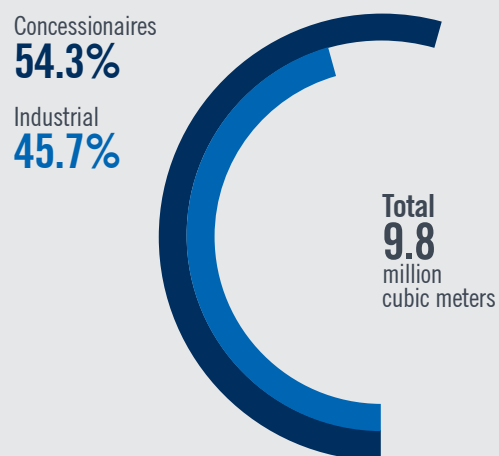




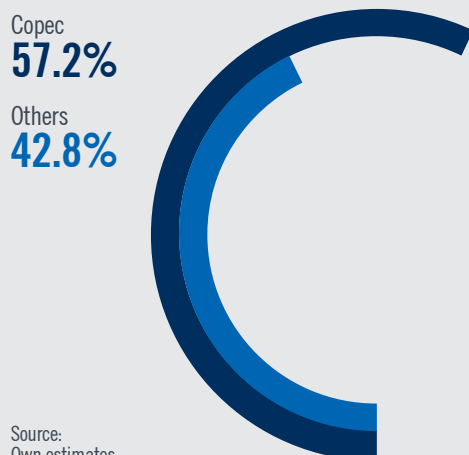
### Sales per product



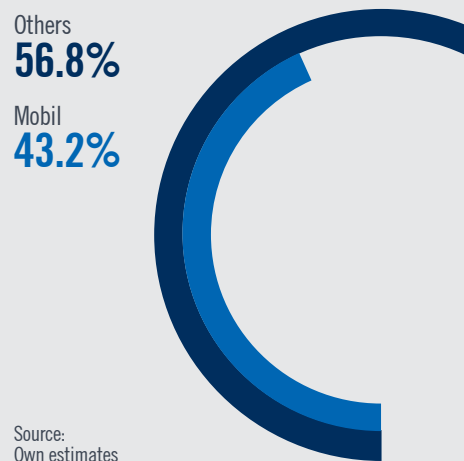
### Sales per distribution channel



### Liquid fuel market share



### Lubricant market share



# TERPEL



Terpel markets and distributes liquid fuels in Colombia, Panama, Ecuador and Peru and natural gas in Colombia and Peru. Additionally, Terpel supplies fuel for jets in the main airports of Colombia and Dominican Republic.

The company currently has a network of 2,008 service stations in Colombia, 131 in Panama, 58 in Ecuador and 37 in Peru. Likewise, it has a network of convenience stores composed of 40 stores in Colombia, 33 in Panama, 11 in Peru and 5 in Ecuador. Among its main competitors in the countries where it works, we can mention ExxonMobil, Delta, Petroecuador, GB Group, Puma, Primax, Sol, Texaco y Biomax, among others.

During 2017, the company marketed 7.2 million m<sup>3</sup> in service stations and to industrial customers, i.e., an increase of 0.8% compared to the previous year. In natural gas for vehicles sector, sales amounted to 497,000 m<sup>3</sup>, which is 5.5% less than the previous period. In the aviation segment, there was an increase close to 1.1%, selling 1.5 million m<sup>3</sup>. Meanwhile, in the lubricants segment, sales of 38,000 m<sup>3</sup> were recorded, which represents a 1.5% decrease compared to last year.

Regarding investments and sale of assets, Terpel sold to the Mexican company Prana Gas all of its assets in Mexico for US\$ 26.6 million.

On the other hand, Terpel opened 22 service stations in Colombia and 4 in Panama. In addition, 8 convenience stores were opened in Colombia, 6 in Panama and 5 in Peru. During the year, it expanded the coverage of complementary services, through the construction of deuna new kiosks, Ziclos car wash and exclusive parking spaces for motorcycles.

Along with this, the company innovated in the vehicular natural gas segment, by releasing with General Motors the first fleet of Chevrolet NPR trucks, which operates with a natural gas engine.

In Colombia, Terpel acquired carbon credits and installed solar panels in three service stations, which allowed generating energy savings. This was in addition to its used oil recolections program in Panama, an initiative seeking to raise awareness of the environmental impacts caused by the inadequate management of used oil. In 2017, about 200,000 gallons of used oil were recovered.

The company also released the Club Terpel LifeMiles fidelity program, an initiative that allows customers to accumulate miles when buying fuel and products from the Altoque convenience stores. To date, more than 240,000 customers have joined the program and the frequency has risen from 41% to 50% in a year. In addition, Terpel strengthened the Rumbo Terpel-Mi Empresa program, which helps small-medium sized companies to control fuel consumption of the fleets, through a prepaid card.

In the financial area, the company obtained the renewal of the AAA risk rating by the local risk rating agency Fitch Ratings. The company also holds the AAA from S&P.

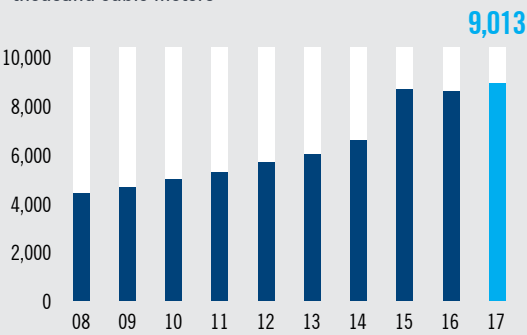
Regarding recognitions, Terpel was distinguished among the 100 companies with the best corporate reputation, according to the Merco Empresas y Líderes Colombia 2017 ranking. Likewise, it was again recognized by the Investor Relations (IR) of the Colombian Stock Exchange for providing legal, financial and commercial information in a transparent, timely and truthful manner. In the same way, it was awarded by the National Association of Public Service and Communications Companies (Andesco) as one of the companies with the best Corporate Governance and once again entered the yearbook of good sustainability practices of RebecoSam, being recognized with the bronze mention in the Oil and Gas/Storage and Transportation category and as Industry Mover 2017, for its advances in economic, social and environmental matters.

Finally, it should be remembered that at the end of 2016, Copec and ExxonMobil reached an agreement for the production and distribution of lubricants of that brand in Chile, Colombia, Ecuador and Peru. In Colombia, this initiative is subject to approval of the Colombian authorities, who should deliver, at the beginning of 2018, the necessary conditions for authorize the integration between Terpel and ExxonMobil in that country.

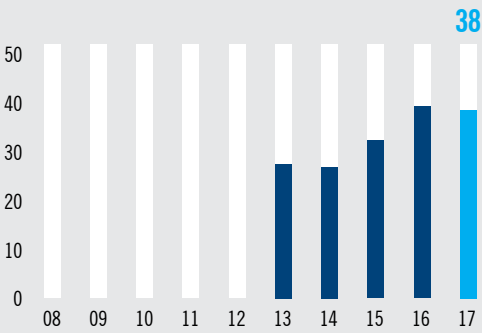
This agreement includes the preparation and distribution of lubricants Mobil in Colombia, Ecuador and Peru; the acquisition of plants processing (blending) of Callao and Cartagena, which add to the Quintero Plant in Chile to form a robust regional network of production of lubricants Mobil; the business of fuel distribution of ExxonMobil in Ecuador; and the exclusive concession for the operation and commercialization of fuel at the Jorge Chávez International Airport in Lima.



**Sales**  
thousand cubic meters



**Lubricant sales**  
thousand cubic meters







Mapco has more than 60 years of experience in the US energetic sector and operates a network of service stations and convenience stores in the southeast of this country, specifically in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia. Since 2016, it is an affiliate of Copec.

To date, the company has 346 service stations and convenience stores, and its own liquid fuel transport company with a fleet of 46 trucks. Additionally, Mapco supplies fuel to more than 145 dealers of different brands and has more than one million customers that are members of the “My Rewards” fidelity program. Among its competitors, we can mention important chains such as Circle K, Exxon, Kroger, Loves, Marathon, Murphy USA, Pilot, Quick Trip, RaceTrac, Sheetz, Shell, Speedway, Thorntons, Valero, Wawa and Weigles, among others. The company is the 26th largest chain in the United States.

During 2017, Mapco sold 2 million m<sup>3</sup> of fuel in total and reached a market share in the gasoline segment of 6% in the states of Tennessee and Alabama.

Regarding investments, the company opened three NTI (New to Industry) service stations in Alabama and one in Tennessee. To offer a high quality service to its customers, 125 service stations were renewed and 250 dispensers were replaced in more than 50 service stations. This investment, together with a new price strategy, allowed fuel sales to grow.

Also, the company carried out improvements in its technological platform, which allowed giving greater stability to the operation of the stores. In October, it opened the offices of the Operational Support Center, located in Franklin, Tennessee, using a modern concept that seeks to optimize collaborative work.

In terms of recognition in the United States, consumers chose convenience stores and service stations offering the best experience for their customers (“Best of the Best”) through GasBuddy. On this occasion, Mapco’s service station, located in Huntsville, Alabama, obtained the sixth place nationwide.



ArcoPrime operates convenience stores, restaurants and coffee shops in service stations and high traffic urban areas, providing customers with high-quality products and services. On the other hand, through its affiliate Arco Alimentos, it produces and distributes fresh, refrigerated and frozen quality food, in the form of sandwiches, ready meals and desserts, which are marketed under the brands Fres&Co, Piacceri and Cresso, in supermarkets, coffee shops, restaurants, convenience stores and catering companies. It also markets the lines of hamburgers and wraps in cobranding with the companies La Crianza and Pancho Villa.

ArcoPrime has 39 Pronto Urbanos stores and 51 Pronto Carretera stores, which provide wide variety of products and services and operate 24 hours a day. There are 3 city-formats, 100, 190 and 300 m<sup>2</sup>, with different levels of supply of products and services. There are 3 highway-formats: Pronto Barra, which delivers a wide variety of services and food, either ready-to-go or to be served on the table; Pronto Kiosco, which provides a selective offer of fast food and ready-to-go products; and Truck Center, aimed at transporters, which proposal was designed taking into account their needs for food and rest on the road, which are located in San Javier, Copiapó and Pozo Almonte. Additionally, there are 5 Fres&Co restaurants, located in places with a high concentration of offices in Santiago, under the modality Fres&Co Bistró Café and Fresco Mall, and 81 service stations.

During 2017, ArcoPrime inaugurated the Pronto Barra Nos on the highway, located on Ruta 5 Sur, and the Pozo Almonte Truck Center, located on Ruta 5 Norte. On the other hand, in the city, the Pronto Chamisero, in Santiago, and Pérez Zujovic, in Antofagasta, began operating. In addition to this, the construction of the Pronto Horcones and Chañaral began, in bar and kiosk formats, respectively, whose inauguration is scheduled for early 2018.

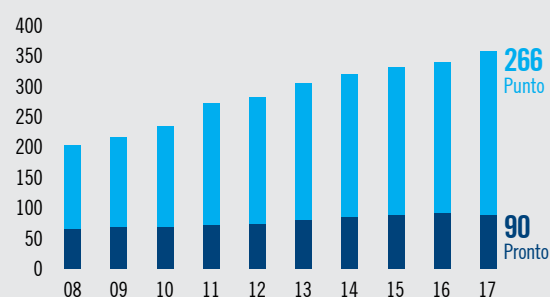
In parallel, the company remodeled the terraces of eight Pronto Kiosco located on the road, providing them with roofs, tables and green walls, and substantial improvements were made in the restrooms of the Pronto Costanera Norte, Placilla San Francisco de Mostazal and Los Ángeles. In turn, in the city, the stores of the Pronto La Dehesa and Gabriela in Santiago, and Pronto Talcahuano in the Region of Biobío, were remodeled. In 2018, ArcoPrime intends to open six terraces in roadside stores and a mini Truck Center in the Norte Grande, a new Pronto store in the Region of Coquimbo and a remodeling in Santiago.

On the other hand, in its constant aim to improve the speed, quality and variety of the products it offers, ArcoPrime acquired state-of-the-art baking equipment its entire network. As a result of this, it launched Pronto Pizza, in an individual format, either to be served at the table or for take away, and expanded the line of ready-to-go sandwiches with two new innovations: shredded beef avocado cheese and pulled pork. In turn, Arco Alimentos added a new line of gourmet sandwiches to be marketed in the Pronto stores: Bagel (turkey ham and cream cheese) and Croissant (ham and cheese).

Likewise, as a way to provide better customer service, the company included more self-service breakfast, lunch and dinner units at the city and highway Pronto stores, and it implemented self-service payment systems in 7 Pronto stores, in order to streamline operations and reduce waiting times. Additionally, the entire network joined the Copec-Latam Pass alliance, allowing for purchases made in its stores to accumulate Latam miles and participate in the associated promotions.

Finally, Arco Prime consolidated the process to integrate human resources, inventories and operating systems, initiated the previous year with the affiliate Ades Ltda., thus establishing a single platform providing operational continuity and coverage to those gas stations that do not have a concessionaire who manages them or that are in a trial phase. The company ended the year with 81 stations operating with an optimum service quality according to Copec standards.

## Number of convenience stores



# SONACOL / SONAMAR

Sonacol transports liquefied petroleum gas and kerosene for homes and aviation and diesel fuel and liquefied petroleum gas to the Valparaíso, Metropolitan and O'Higgins Regions, through a network of pipelines of 465 kilometers long, from San Fernando to Quintero. Also, the company has 7 pumping stations, 3 terminals and 2 dispatch centers, all of which work with the best technology and meet strict local and international environmental standards, so as to provide an efficient service and friendly with the environment.

Sonamar supplies fuel to several ports and terminals in the country, through a fleet of 4 ship tanks (Punta Angamos, Punta Gruesa, Abtao and Doña Ana), which operate using the time charter system. In total, they can transport 180,000 m<sup>3</sup>. From late August 2017, the Punta Gruesa and Abtao ships stopped providing domestic shipping services. Now, they are dedicated to the international transport of crude oil and refined hydrocarbons.

During 2017, Sonacol transported 10.5 million m<sup>3</sup> of fuels, which represents an increase of 5.3% compared to last year. Among its main customers we can mention Enap, Copec, Enx, Esmax, Gasmar, Abastible, Gasco and Lipigas. Also, Sonamar transported 1.6 million m<sup>3</sup> of fuel, i.e., 20.6% less than the volume recorded in 2016.

In connection with investments, Sonacol started works at the Maipú Terminal, aimed at increasing the security and technology standards of the reception and dispatch control room, as well as cargo sectors. These works should be completed in the first quarter of 2018.

The company continued with the improvement of the San Fernando-Maipú pipeline, which is a 140 kilometers long pipeline. The works have been completed in a 90% and will allow deepening the layout of the pipeline in rural areas, so as to increase safety in its operation.

The Environmental Impact Study (EIA) for the construction of a second pipeline to supply the Arturo Merino Benítez Airport in Santiago is still being processed. Said pipeline will cover 29.5 kilometers and will have an initial capacity of 330 m<sup>3</sup> per

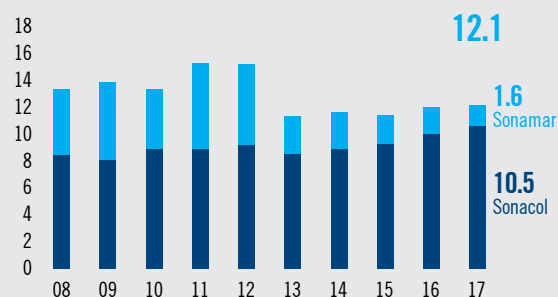
hour, with the potential to reach 1,000 m<sup>3</sup> in the future. The current infrastructure (capable of transporting 160 m<sup>3</sup> per hour) will be used as a backup unit. The EIA should be approved during the second semester of 2018. With said approval, the project should start its operations in the last quarter of 2020.

In addition, Sonacol reinforced the implementation of the SAFESTART program, a work model allowing to improve and optimize the behavior of personnel in order to reduce accident rates. Likewise, the company recertified its integrated management system, based on OHSAS 18001 standards on occupational health and safety, ISO 14001 on environmental management and ISO 9001 on quality management. Sonamar also updated its ISO 14001 certification on environmental management and ISO 9001 on quality management standards.

Sonacol completed 60 years carrying out its business and received the certification in the Competitive Company Program (PEC) of the Mutual de Seguridad for the 7th consecutive year, receiving the "PEC Excelencia".

Furthermore, Sonacol was recognized by the National Security Council with the Rosalino Fuentes Silva award, in the Company category, for its permanent and outstanding management in the prevention of occupational hazards, and in the Joint Committee on Hygiene and Safety category, for its inspection and dissemination activities in the field of safety.

## Volume transported million cubic meters





Abastible sells liquefied petroleum gas (in cylinders and in bulk) for residential and industrial use, supplies liquefied petroleum gas to taxis and fleets of companies through the Autogas Service Stations, supplies liquefied petroleum gas to vessels using the Nautigas brand, and offers dual-use solutions of liquefied petroleum gas and solar energy to heat water. Currently, the company is one of the main distributors of liquefied petroleum gas in the Chilean market and the third largest distributor in South America.

In Chile, Abastible is present from Arica to Magallanes, including Easter Island, and has 10 storage and packaging plants, 6.5 million cylinders, 60 thousand tanks in homes, shops and industrial facilities, 23 sales and distribution offices and a network of approximately 1,300 distributors. Along with this, it has a maritime terminal in the Biobío Region, which offers services for vessels transporting clean fuels, as well as the reception and storage of liquefied petroleum gas. Among its main competitors we can mention the liquefied petroleum gas distribution companies Gasco, Lipigas and Uligas. On the other hand, the company is supplied mainly by Gasmar and Enap Refinerías.

In Colombia, through Inversiones del Nordeste, it has 26 storage and packaging plants, 3.7 million cylinders, more than 6,000 tanks and 24 sales and distribution offices.

In Peru, through Solgas, it has 7 packaging plants with a total capacity to process 1,500 tons, 1 storage facility with a capacity to store 12 thousand tons, 774 sales and distribution offices, 4.0 million cylinders and more of 5 thousand tanks.

In Ecuador, through Duragas, it has 4 storage and packaging plants and a total of 13 tanks with the capacity to store 499 tons of product.

Sales in Chile were 472 thousand tons in 2017, which is 2.8% more than the previous year. Meanwhile, in Colombia, sales were 215 thousand tons in total, 5.2% more than those recorded in 2016; in Peru they reached 518 thousand tons, 11.0% more than the previous year; and in Ecuador they were 426 thousand tons, 5.9% more than those recorded in 2016.

Regarding investments, Abastible expanded the filling scales of its Plant in Osorno, which allowed increasing its productive capacity from 850 cylinders per hour to 1,050 cylinders per hour. Likewise, it started the expansion works of the filling scales of the Plants in Concón and Lenga, which should be completed during the first and second semester of 2018, respectively. Due to this, the productive capacities of these plants will increase from 900 to 1,350 cylinders per hour, and from 1,000 to 1,200 cylinders per hour, respectively.

Additionally, the company began the construction of a new sales office in Puerto Montt, which should be completed during the second half of 2018. Also, it renewed and expanded part of its fleet in bulk, and implemented security improvements in its distribution office in Castro and in the Maipú, Peñón, Concón, Talca, Lenga and Osorno Plants.

On the other hand, Abastible revealed an innovative device called Abastible Button, which simplifies the process of ordering liquefied petroleum gas in cylinders with just one click. To do this, customers must request their button through the Abastible application. Once they receive it, they must configure it (only once) indicating the address and type of cylinder frequently requested. Then, when they want to place their order, they just have to press the button. This device also allows customers to track their purchase, since everything is recorded in the mobile application.

The company also launched the i-NOW program, which seeks to promote innovation within the company through collaboration with workers as well as with innovation centers and universities.

On the other hand, Abastible has continued to develop and enhance a broad portfolio of energy solutions for its customers, including industrial liquefied natural gas plants, liquefied petroleum gas generation, cogeneration, air conditioning, ultra-efficient boilers, heat pump solutions, diagnosis and energy management and solar solutions.

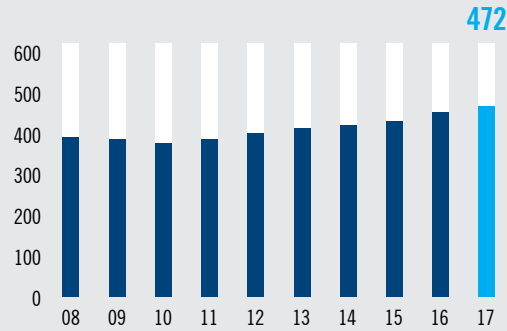
The company also entered the energy efficiency business, being awarded (for the first time) with this program for the Los Angeles and Copiapó hospitals.

Regarding recognitions, the company received the National Customer Satisfaction Award, in the Gas Cylinder Sector category, and was distinguished among the best companies with service experience, according to the latest Praxis Xperience Index Ranking.



# ABASTIBLE

Sales  
thousand tons



Sales per product

Bottled  
**70.6%**  
Bulk  
**29.4%**





# INVERSIONES DEL NORDESTE

Inversiones del Nordeste markets liquefied petroleum gas for homes and industries in Colombia, through the companies Asogas, Gasan, Norgas, Colgas de Occidente and Gases de Antioquia. Inversiones del Nordeste holds 33.33% and 28.22% of the gas distribution companies Montagas and Energas, respectively. The company also manufactures and markets storage cylinders and tanks through the company Cinsa, and transports non-bulk and bulk liquefied petroleum gas by trucks through the company Cotranscol.

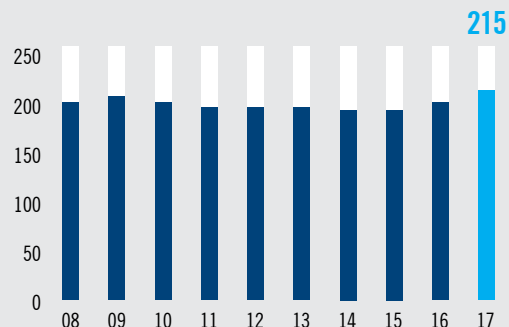
Currently, Inversiones del Nordeste has 26 storage and packaging plants, 3.7 million cylinders, more than 6,000 tanks, 24 sales and distribution offices, and approximately 130,000 customers distributed in 875 municipalities in Colombia. Among its main competitors, we can mention the liquefied petroleum gas distribution companies Rayogas, Roscogas, CLC, Gas Zipa, Gas Gombel, Grupo Chilco, Grupo Inversiones GLP, among others. Regarding the manufacture and sale of cylinders, its main local competitors are Cidegas, Cilgas and Chilco.

During 2017, the sales of the company, including Montagas and Energas, amounted to 215,000 tons of liquefied petroleum gas, 5.2% more than 2016. With this, its market share increased to 36.0%. The foregoing is mainly due to the implementation of a business plan allowing to expand the number of customers and achieve a greater degree of fidelity, identifying geographical areas according to their sales potential and optimizing the transport fleet and supply networks.

Because of this, Inversiones del Nordeste obtained more profits than the previous year, despite the restrictions experienced in the national supply of liquefied gas. This situation forced the company, along with other distributors, to build a maritime terminal in the city of Cartagena with a storage capacity of 720 tons of liquefied petroleum gas. This facility began operating in November 2017, being the first time that private companies directly import this product in Colombia.

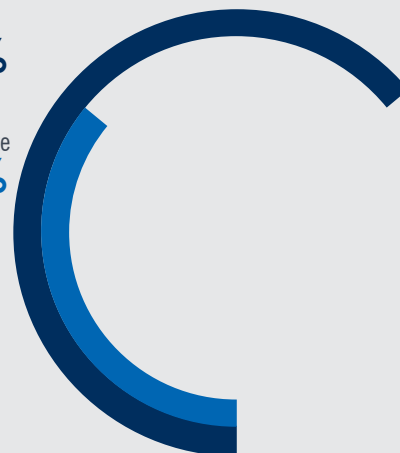
In its search for optimizing its supply management, Inversiones del Nordeste purchased a new packaging plant in the city of Popayan and updated the ISO 9001 certification for its cylinder packaging and bulk sale processes. In addition, the company continued the plan to renew its fleet with high load capacity tanks.

**Sales**  
thousands tons



**Liquefied Petroleum Gas Market Share**

Others  
**64.0%**  
Inversiones del Nordeste  
**36.0%**



# DURAGAS



Duragas markets liquefied petroleum gas for residential, commercial, industrial and automotive use in Ecuador and, since 2016, it is an affiliate of Abastible.

The company currently has 4 storage and bottling plants, totaling 13 tanks with a capacity to store 499 tons of product, and a filling service contract in 2 plants owned by the company EP Petroecuador. Additionally, it has 2 customer service offices, about 15,000 bulk and piped gas customers, a national coverage through its network of over 900 bottled gas distributors, and more than 4,000,000 cylinders of its brand in the market. Its main competitors are the liquefied petroleum gas distribution companies Eni-Agip and Congas.

During 2017, sales of the company totaled 426,000 tons of liquefied petroleum gas, 5.9% above those recorded in 2016, with which the market share raised by 37.2%. This is due to higher sales in the bulk and bottled channels, by 17.3% and 4.9%, respectively.

During 2017, the company invested approximately US\$ 4,000,000. Some of the main projects carried out by Duragas are the migration of its computer system, the purchasing of bottles, the expansion of the zona de despacho en pallets in one of the EP Petroecuador plants, in order to increase operational efficiency and reduce costs. In addition to this, it decided to internalize the maintenance processes of the transport fleet and plants.

On the other hand, the company launched its new brands: Duragas, for the bottled liquefied petroleum gas segment, and Duragas Pro, for the segment of liquefied petroleum gas in bulk. It also carried out the transition to the new version of the ISO 14.001 standard in its facilities.



The Solgas brand was created 72 years ago, marketing liquefied petroleum gas for residential, industrial and automotive use in Peru. Since 2016, it is an affiliate of Abastible.

The company currently has 7 bottling plants with a total capacity to process 1,500 tons per day, 1 storage plant with a capacity to store 12,000 tons, more than 500 sales premises through 220 distributors, more than 4,000,000 cylinders, over 5,000 tanks and about 13,000 customers from all districts of Peru. It competes with more than 70 LPG filling companies with more than 80 brands. Its main competitors are the liquefied petroleum gas distribution companies Zetagas, Limagas (Lipigas), Llamagas, Pecsag and Primax-gas.

During 2017, sales of the company (including the wholesale channel) totaled 518,000 tons of liquefied petroleum gas, 11% above those recorded in 2016. Only taking into account the wholesale channel (bottled, bulk and automotive), sales of the company totaled 389,000 tons of liquefied petroleum gas, with a market share of 22%.

Regarding investments, Solgas increased its number of cylinders and tanks, and it improved its storage plant and in its bottling plant located in the Chiclayo Region.

Additionally, the company began the construction of a third liquefied petroleum gas storage area in its Ventanilla bottling plant, located in the Callao Region. Thanks to this project, which will require a US\$ 18,000,000 investment, the company will be able to expand its storage capacity by 50%. This facility is expected to begin operating during the second half of 2019.

On the other hand, with the supply to the cities of Iquitos and Puno, Solgas increased the liquefied petroleum gas supply coverage in Peru by 88%.

# METROGAS / APROVISIONADORA

Metrogas distributes natural gas in the Metropolitan, O'Higgins and Los Lagos Regions to residential, commercial and industrial customers. In the first two regions, the distribution is made through a network of approximately 5,600 kilometers. Meanwhile, in Los Lagos Region, specifically in Osorno and Puerto Montt, the supply is made through trucks that transport liquefied natural gas from the Quintero LNG Terminal to Satellite Regasification Plants, to be subsequently supplied to the different customers through the supply network.

During 2017, Metrogas sales amounted to 984.5 million m<sup>3</sup>, which represents an increase of 7% compared to last year (considering the residential, commercial and industrial segments). This increase is mainly due to the expansion and home heating plans that the company is developing. In turn, Aproveionadora Global de Energía, a company created in the second quarter of 2016 as a result of the division of Metrogas, sold approximately 1,430 million m<sup>3</sup>. Out of this total, 447 million m<sup>3</sup> were supplied to customers participating in electric generation, natural gas distributors (other than Metrogas) and 37 million m<sup>3</sup> were sold to Argentina in the winter months.

As per investments, Metrogas continued progressing in its Gasification Plan, which contemplates an investment of about US\$ 1,100 million and seeks to add 800 thousand new clients in 10 years. For this, it inaugurated the first Satellites Regasification Plants in Puerto Montt and Osorno. Furthermore, another one is planned for the second semester of 2018 in Puerto Varas. The company expects to build 57 kilometers of networks in Los Lagos Region, considering these three cities. Likewise, Metrogas is evaluating the implementation of new regasification plants in other urban centers in Chile.

In the commercial field, Metrobolsas were made available to customers for the fifth consecutive year, selling more than 23 million cubic meters of natural gas in this format.

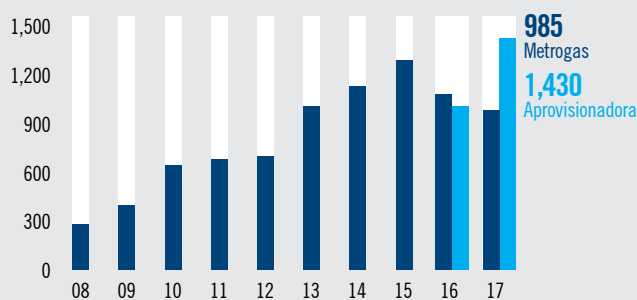
The company carried out its "Metropolitan Environmental Brigade" program, through which it seeks to reinforce the education of children and young people regarding environmental care and energy efficiency. In four years (since this program was created), more than 110 educational centers from the Metropolitan, O'Higgins and Los Lagos Regions have been visited and around 75,000 students have been benefited by it.

For the fourteenth consecutive year, Metrogas ranked first in the ProCalidad National Service Award, in the Gas by Pipe Category. It was also recognized by the Corporate Business Reputation Supervisor (Merco) for its social responsibility and corporate governance.

Finally, we should note that the Gas Services General Law DFL No. 323, which dates from 1931, was amended in 2017 by Law 20,999. Because of this, the National Energy Commission established in July the rules for the preparation of the Annual Profitability Report that must be prepared by public gas distribution companies, per each zone.

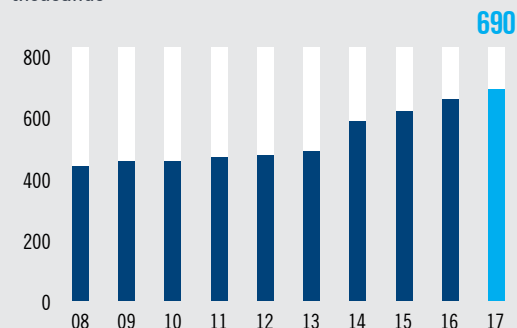
## Sales

million cubic meters equivalent



## Number of Customers

thousands



# FISHERIES SECTOR



# ORIZON

Orizon manufactures fishmeal and fish oil, frozen jackfish, mussels and cuttlefish, fish and mejillon canned products, which are marketed using the Atlas, Colorado, Lenga, San José and Wirenbo brands. Additionally, the company markets canned tuna using the San José brand and rice and legumes using the San José brand.

The company has two plants to produce fishmeal and fish oil; one of them is located in the Biobío Region and the other in the Coquimbo Region, which have a total production capacity of 290 tons of feedstock per hour. Also, there is a canning plant in Coronel, with the capacity to process 20,000 boxes per day, each with 24 jackfish cans. In addition, a plant of frozen products in Coronel, with a production capacity of 420 tons of product per day, a plant of canned and individual quick freeze products (IQF) in Puerto Montt, with a production capacity of 200 tons of frozen products and 2,000 canned food boxes per day, of 48 units each. Also, a plant of frozen products in Coquimbo, capable of processing 100 tons of products per day and a plant of canned food products in Coquimbo, capable of producing 5,000 boxes per day, of 24 units each.

In addition, Orizon has an operational fleet of 8 ships, with a total storage capacity of 11,000 m<sup>3</sup>, and 393 hectares of operating concessions in the Los Lagos Region for the cultivation of mussels, with a production capacity of approximately 22,000 tons per year.

During 2017, the fish processed by the company amounted to 165,000 tons. Out of this total, 66,000 tons were captured by the company, which equals to 20.4% of the industrial fishing in the central-south zone of the country, 94,000 tons with artisanal fishing and 5,000 tons were bought from third parties.

Hence, the production of fishmeal reached 26,000 tons, which represents an increase by 1.2% compared to 2016. In turn, fish oil production amounted to 7,000 tons, which is 51.8% more than last year's production. Sales reached 27,000 tons of fishmeal, 7,000 tons of fish oil, 2.3 million boxes of canned products, and 16,000 metric tons of frozen products.

Fishmeal, fish oil and canned products were mainly sold to the local market, while frozen products were mainly marketed in Russia, Spain and Chile. At a local level, the company reached a market share of 7.4% in fishmeal and 6.5% in fish oil, respectively.

In terms of investments, Orizon resumed the operations of the San José canning plant, located in Coquimbo, which had been closed since 2013. This facility, which required in this stage an investment of about US\$ 1 million, is capable of producing 180,000 boxes of jack fish canned products per year, which are exported and consumed in the country using the San José, Lenga and Colorado brands. With this, the company will increase in about 10% the total elaboration of canned products.

In addition, the company improved the cuttlefish and fish fillet lines of its frozen products at the Coronel plant so that, from 2018, products with higher added value can be offered to customers.

In the commercial field, the company released in the local market a new line of products called San José On Ice, which includes frozen products such as jack fish fillets, pippin fillets, hake fillets and mussels.

Orizon also opened a business office in Maryland, United States, aimed at promoting new business in the North American market.

Additionally, the company is working at the Coronel Plant to open its first sales office and, thus, expanding the marketing coverage of its products. It should be opened at the beginning of 2018.

In terms of certifications, Orizon received for a 3 years period, the Aquaculture Stewardship Council (ASC) certification for its farming centers in Puerto Montt and the chain of custody of its Plant. Because of this, the company ensures its consumers, buyers and marketers that its products meet the highest Sustainability, Quality, Safety, Social and Environmental standards.

Finally, the company was recognized for the third time in a row in the Effie Awards, a contest that distinguishes the most effective brands in marketing communications in the country. This time, the company received the bronze statue to the "San José On Ice" campaign.

# ORIZON

**Fishmeal Sales**  
thousands tons

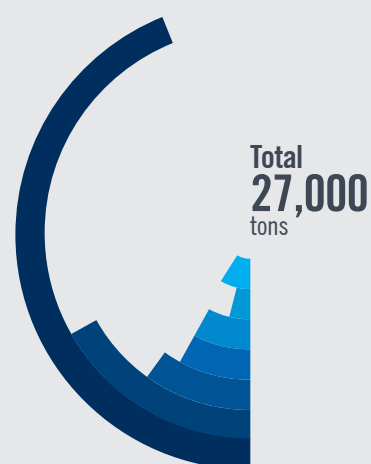


**Processed Catch**  
thousands tons



**Fishmeal Sales per Market**

|        |       |
|--------|-------|
| Chile  | 44.0% |
| China  | 17.0% |
| Korea  | 10.0% |
| Japan  | 8.0%  |
| Canada | 8.0%  |
| Taiwan | 4.0%  |
| Others | 9.0%  |





Corpesca is a leading company in the production of fishmeal and fish oil in Chile. At international level, it represents 2.5% of the world's fishmeal production.

The company has 2 fishmeal and fish oil processing plants located in Arica, 2 in Iquique and 1 in Mejillones, with a total production capacity of 600 tons of feedstock per hour. It also has facilities located in Iquique, where it produces fish canned food and frozen products for human consumption. All of them are supplied with fish captured by the company or by third parties.

Additionally, Corpesca has 43 ships registered with the Registry of Tradable Fishing License Sheds, with a storage capacity of 19,000 m<sup>3</sup>, according to the certificates issued by the Maritime Territory General Directorate.

In all of its processes, Corpesca uses the best available technology. It applies the HACCP (Hazard Analysis and Critical Control Points) quality assurance program in all of its plants, the GMP B2 international quality certification of the Product Board of Animal Feed of the Netherlands in its plant in Arica and the international IFFO RS and Friend of Seas (FOS) sustainability certification for anchovy fishing.

The company, together with Camanchaca and Caleta Bay, produces, processes and markets (mainly abroad) the rainbow trout. This partnership began 3 years ago and was extended until 2022.

During 2017, Corpesca processed 504,000 tons of fish, which represents an increase of 116.1% compared to last year, mainly because of better environmental and oceanographic conditions. Out of this total, 68.0% came from fish captured by the company and 32.0% from artisanal fishing.

Furthermore, the company produced 114,000 tons of fishmeal and fish oil, 118.2% more than 2016. In turn, sales amounted to 103,000 tons, 34.0% more than those recorded in the previous year. Please note that 70% of fishmeal was exported mainly to Asia and Europe and 93% of fish oil was marketed in

Europe and Peru. Among the main competitors of Corpesca, we can mention Camanchaca, Blumar, Orizon, Lota Protein and Foodcorp, the Peruvian companies TASA, Diamante, CFG/Copeinca, Exalmar and Austral, among others.

As per investments, Corpesca (through its subsidiary Corpesca do Brasil) sold 60% of the shares of the Brazilian company Selecta in US\$ 218 millions to the Korean company CJ Cheil Jedang Corporation. Selecta owns an industrial plant with the capacity to process 680,000 tons of soy protein concentrate per year, non transgenic, which is used as a fishmeal's supplement for animal and fish feeding. It also has a plant to produce non-transgenic soy lecithin, a soy byproduct for human consumption. Because of this sale, Corpesca received an income of US\$ 123 million. Yet, Corpesca do Brasil kept 10% of the shares of Selecta with a sale option that can be exercised from August 2019.

Likewise, through its subsidiary Corpesca do Brasil, it holds 30% of FASA América Latina Participaciones Societarias, which controls 9 industrial plants for the processing of byproducts generated in slaughterhouses of cattle, poultry and pigs. In 2017, it used nearly 800,000 tons of their residues, which were transformed into protein concentrates used as ingredients for aquaculture and animal feed. In addition to its industrial processes, FASA's plants obtain fats and oils which, in addition to their use as an energy ingredient in animal feed, are used in the biodiesel industry.

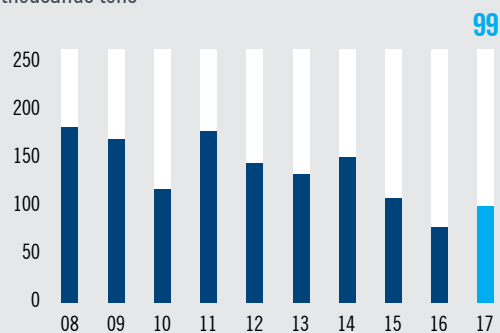
The company has continued working on its fishmeal production to achieve a higher degree of specificity and to develop fish oils rich in Omega 3, which are necessary for human consumption.

Together with this, Corpesca keeps a Marine Ecosystem Environmental Monitoring Program, which became part of the environmental control set out by the current legislation. Also, it has a Liquid Emissions Monitoring and Control Program and a Gas Emissions Control Program. The company has also created a periodic plan of environmental audits in order to ensure and optimize its compliance standards.

# CORPESCA

## Fishmeal Sales

thousands tons



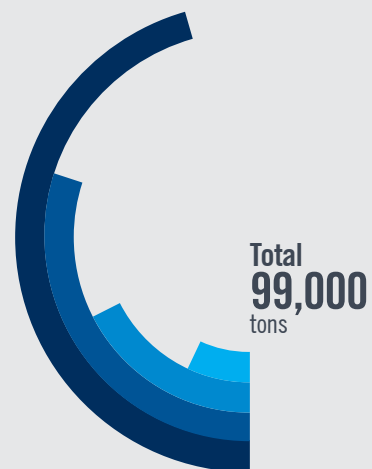
## Fishmeal per Market

Asia  
**45.5%**

Chile  
**30.0%**

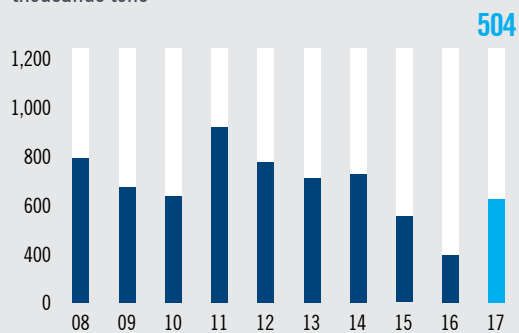
Europe  
**17.5%**

America  
**7.0%**



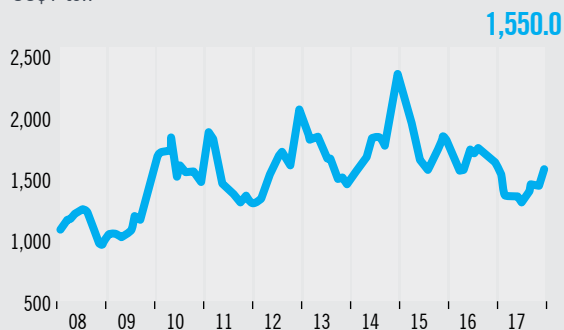
## Processed Catch

thousands tons



## Fishmeal Price

US\$ / ton



Source: Bloomberg

# GOLDEN OMEGA



Golden Omega produces and markets Omega 3 concentrates from fish oil. It is the only concentration company dedicated to anchovies fishing in the South Pacific (the best feedstock, rich in Omega 3) which allows it to have the shorter supply chain in the world.

The company has a plant located in Arica, capable of producing a total of 2,000 tons per year of Omega 3 concentrates. This plant operates with two technologies. The first one manufactures products with concentrations of up to 60% of Omega 3, while the second one produces concentrates with an Omega 3 content of up to 80%. This last one was developed in Chile and has a worldwide patent.

The combination between its location, production technologies and R&D capacities, allow Golden Omega to produce high quality Omega 3 concentrates, which stand out for their neutral and stable organoleptic properties over time and a semitransparent color.

During 2017, Golden Omega's sales amounted to 804 tons of concentrates, i.e., a decrease of 27% compared to last year, mainly due to lower sales to pharmaceutical products manufacturers. Out of the total of sales, 61% were marketed in the United States, 31% in Europe, 7% in Korea and 1% in other markets. Regarding the nutraceutical market, the number of direct customers increased by 50% (42 in total) and the number of brands (indirect customers) using our products increased by 86% (95 in total) out of which 13 incorporated the logo of the company in their containers, as proof of quality. Among its main competitors, we can mention BASF (Norway), DSM (Canada), KD Pharma (Germany), Epax (Norway), GC Rieber (Norway), Croda (England), Solutex (Spain) y Alaskomega (USA).

In the commercial aspect, Golden Omega renewed its corporate image in order to better reflect the quality attributes of its products and incorporated three new formats of Omega 3 concentrates: compressible powder for tablets, powder for nutritious bars and soluble powder for liquid drinks. These products were developed in collaboration with companies that have unique technologies to perform this type of applications, which valued the organoleptic quality of Golden Omega concentrates.

During 2017, Golden Omega became the first manufacturer of Omega 3 concentrates to obtain a certification of origin of its feedstock, which allows it to assure its customers the use of 100% South Pacific anchovy in its productive process. This is an important certification for consumers that are demanding complete transparency about the sources of natural products.

In terms of investments, the company continued progressing in the pharmaceutical validation process of its Omega 3 concentrate plant, which will allow for its products to be marketed as active pharmaceutical ingredients. Additionally, the operations of the new reactor were started, which will allow it to double its triglycerides production capacity.

Furthermore, Golden Omega completed a capital increase for US\$ 35 million. Orizon and Corpesca ended up holding 39.87% of the company's shares each and Logística Ados the remaining 20.26%.

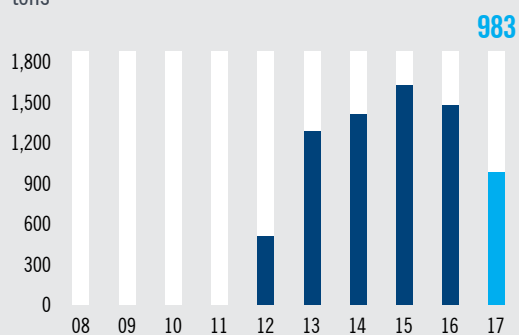
In turn, Bioambar SpA has continued conducting studies and analyses to detect the potential benefits of Omega 3 concentrates on cellular health.



# GOLDEN OMEGA



**Production of Omega 3 concentrates**  
tons



**Sales per Market**

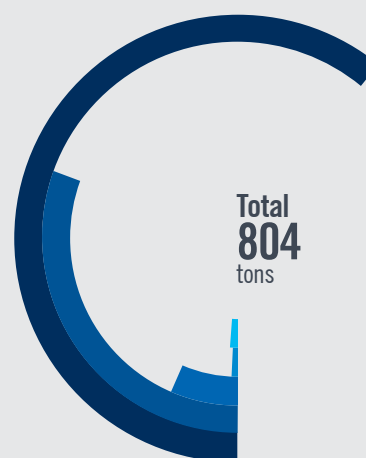
USA  
**60.8%**

Europe  
**30.7%**

Korea  
**6.6%**

Japan  
**0.7%**

Others  
**1.2%**



# OTHER INVESTMENTS

# ALXAR MINERÍA



Alxar Minería develops and evaluates projects and operations related to copper, gold and silver mines. Together with its subsidiaries, it has mining claims in the regions of Arica and Parinacota, Atacama, and Valparaíso. They include El Bronce (Province of Petorca), Choquelimpie (Province of Parinacota) and Sierra Norte (district of Diego de Almagro, Province of Chañaral). Additionally, the company owns a plant in Copiapó, which produces doré metal from the recovery of gold and silver fines contained in minerals and tailing dams.

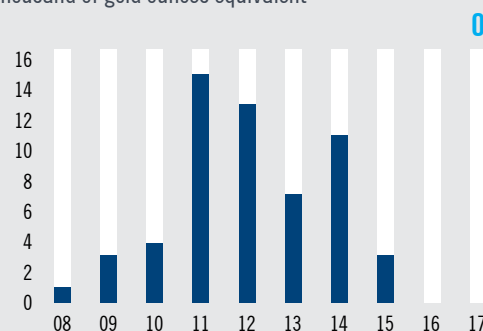
In 2017, Alxar Minería did not carry out commercial activities due to the temporary closure of El Bronce. Yet, several studies and exploration works were conducted in the site, aimed at acquiring knowledge of its resources.

In addition, the company continued with the feasibility studies at the Sierra Norte project and developed technologies allowing it to mine, more efficiently, copper, cobalt and silver. The estimations are that this site has 110 million tons of resources, which would allow mining between 25,000 and 30,000 tons of copper fines per year, plus other minerals.

Finally, the company has continued evaluating other investment alternatives, which consider both the acquisition of existing mining projects and the development of new ones.

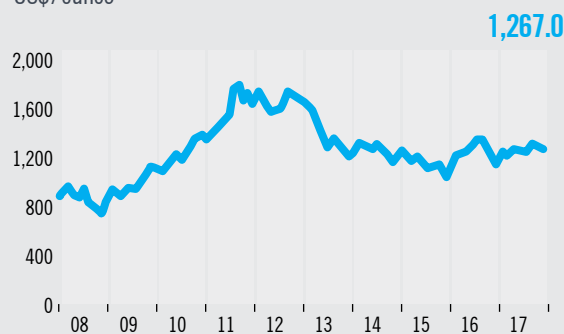
## Sales

thousand of gold ounces equivalent



## Gold Price

US\$/ounce



Source: Bloomberg

## MINA INVIERNO



Mina Invierno markets sub-bituminous coal from Isla Riesco (the Region of Magallanes) to Chile and abroad.

The company owns four mines called Adela, Elena, Río Eduardo and Invierno, with 387 million tons of reserves. The company only works at Invierno, where it currently extracts coal using an open pit technique known as “rajo móvil”, which consists of filling the excavated areas as the material is being extracted. The extracted coal has a heating value of 4,200 kilocalories and its main competitor is the coal imported from Colombia, United States and Australia. In just four years of operation, the company has marketed nearly 14 million tons of sub-bituminous coal (both in the local and international market) sending 160 cargoes in ships with up to 170 thousand tons of load capacity.

During 2017, the company produced a total of 2.3 million tons of coal, which is quite similar to that recorded in the previous year. Out of the total sales, 60.0% went to the local market, 22.1% to Asia and 17.9% to Europe. Mina Invierno supplied the companies Aditya Birla, AES Gener, Enel España, Engie Bélgica, Engie Chile, Glencore and Kamachi.

It is worth mentioning that the company signed an agreement with AES Gener for the supply of coal from the fourth quarter of 2017 until the end of 2018 and, in addition, increased the exports to Spain, its main destination after Chile.

On the other hand, Mina Invierno renewed the lease contract with Corporación de Fomento de la Producción (Corfo) for the Invierno Mine, which was effective until the end of 2017. This contract has an automatic renewal clause (if none of the parties expresses its intention to terminate it) and modifies the purchase option for that mine.

In environmental matters, the Superintendence of the Environment approved the Compliance Program presented by the company during the second semester of 2016, whose main objective was to improve the management and quality control of the water in the mine.

Furthermore, the company continued working on the reforestation process with native species from its “Don Gonzalo” nursery. This reforestation is carried out mainly in the Integrated Compensation Area of 680 hectares, as well as in other areas close to the mine. To date, approximately 180 hectares have been reforested, equivalent to 360 thousand plants, obtaining excellent results in terms of yield.

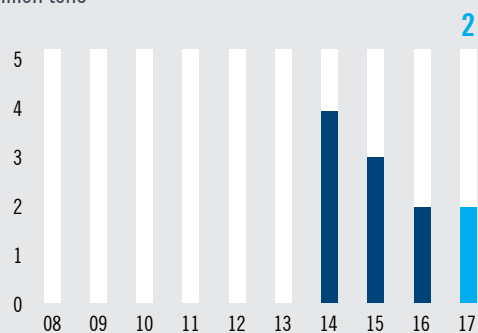
Additionally, Mina Invierno progressed in the reconditioning and revegetation of the waste dumps, covering about 35 hectares, and continued to develop livestock in sectors adjacent to the mine with 650 sheep and 1,800 cattle.

The company had to postpone the incorporation of drilling and blasting in the extraction process, a project that had been approved by the Environmental Assessment Service in the second half of 2016, because the Supreme Court ordered the company to carry out a citizen participation process. It is expected that the approval should be issued during 2018, which will facilitate the fracture of hard materials, in addition to reducing equipment wear and achieve greater efficiency.

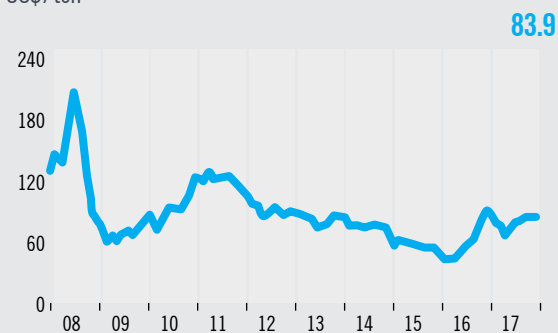
In another area, Mina Invierno was distinguished with the Award National Mining Society 2017, in the medium category mining for its contribution to sectoral development.

# MINA INVIERNO

**Coal extraction**  
million tons



**Coal Price**  
US\$/ton



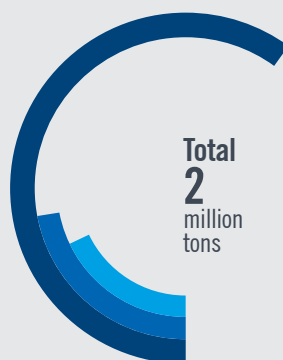
Source: International Coal Report

**Sales per Market**  
2017

Chile  
**60.0%**

Asia  
**22.1%**

Europe  
**17.9%**







## INMOBILIARIA LAS SALINAS

Inmobiliaria Las Salinas is developing the country's first certified sustainable neighborhood.

Barrio Las Salinas covers 17 hectares and it's located in the coastline of Viña del Mar. In this place (previously owned by Las Salinas Plant) Copec carried out with other oil companies, such as Esso and Shell, lubricant manufacturing, fuel import and distribution tasks for more than eight decades.

Due to the increased tourism, this group of companies signed an agreement with the Municipality of Viña del Mar in 2001, in order to end their activities in this area. Since that year, several environmental remediation works were performed, aimed at reconverting the site and enabling its residential and commercial use, which included the development of a Sampling Plan to have an updated, detailed and statistically representative environmental characterization of the soil and water of both the site and the beach. For the above, more than 1,000 samples were taken, which were analyzed by laboratories in Canada and in the United States.

In 2012, the company prepared an international competition to elaborate a Master Plan that would allow establishing the general guidelines of the project, specifications and standards for residential, commercial use and public spaces. The tender was awarded to the urban design and planning company Sasaki Associates.

The Master Plan considers aspects such as integrating the new neighborhood into the city, promoting diversity of uses and structuring public spaces, generating social and environmental value, improving connectivity and mobility with the environment, and contributing to revitalize Viña del Mar through sustainable development. Said plan was completed in 2016, and it was presented to the different representatives of the community of Viña del Mar. One of the most relevant characteristics of this initiative is that 40% of the area will be public use spaces, such as parks, pedestrian promenades, different types of roads and services.

Since 2015, the company has been reporting to the different surrounding communities and organizations on the remediation works being executed. This has allowed the company to collaborate with several representatives of the city of Viña del Mar and identifying the city's development potential and its impact in the metropolitan area of Valparaíso. During 2017, the company worked with a Scientific Committee made up of five academics and scientists experts in environmental issues of the Region of Valparaíso. Their work was aimed at checking the basis of the remediation process to be developed on the site.

During 2017, Inmobiliaria Las Salinas submitted the Environmental Impact Study called "Proyecto de Recuperación del Terreno Las Salinas para Uso Inmobiliario", which seeks to complete the environmental recovery of the land for its incorporation into the urban area of Viña del Mar. The first remediation phase was successfully executed between 2009 and 2013, which allowed using the land for parks and gardens.

However, the Environmental Assessment Service of the Valparaíso Region rejected the project in May 2017. Said resolution was appealed by Inmobiliaria Las Salinas but the rejection was confirmed. Because of this, the company filed a special appeal, which is currently being reviewed.

In parallel, the company has continued conducting a series of studies to improve the remediation process and deliver a sustainable solution from the environmental and financial standpoint. The company expects to begin developing the project in 2019 and completing it in 2025.

Inmobiliaria Las Salinas received the sustainability certification LEED ND V4 (Leadership in Energy and Environmental Design), thus becoming the third project in the world and the first in America to meet this standard.

In addition, the Master Plan was recognized with the Honor Award in Analysis and Planning, from the Boston Society of Landscape Architects, for the sophisticated design and planning of landscaping architecture.

### Distribution of built meters

Residential  
**70.0%**

Commercial  
**10.0%**

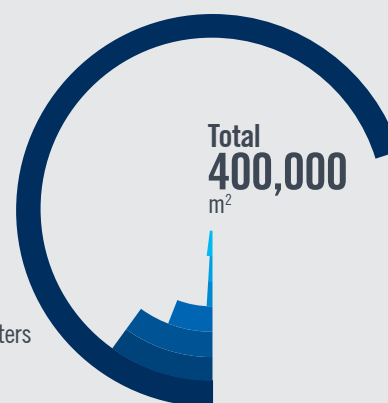
Hotel  
**10.0%**

Offices  
**6.0%**

Conventions Centers  
**1.0%**

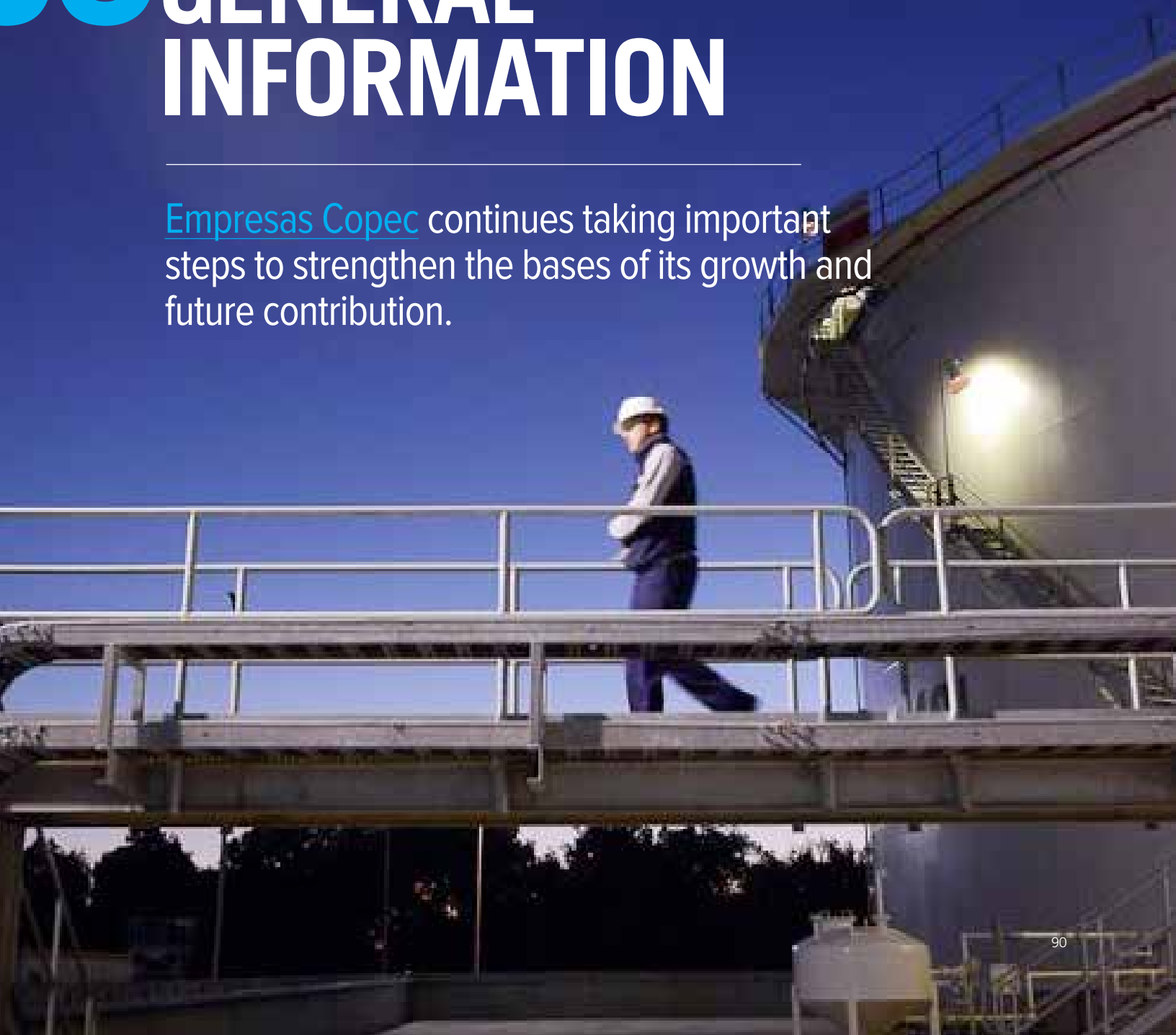
Cultural Center  
**1.0%**

Other Uses  
**2.0%**



# 03 GENERAL INFORMATION

[Empresas Copec](#) continues taking important steps to strengthen the bases of its growth and future contribution.



# EMPRESAS COPEC AND ITS SHAREHOLDERS

## OWNERSHIP OF THE COMPANY

| Shareholder's Name (1)                  | Taxpayer No. | No. of Shares        | %             |
|---|--------------|----------------------|---------------|
| AntarChile S.A. (2)                     | 96,556,310-5 | <b>790,581,560</b>   | 60.82         |
| Banco de Chile por Cuenta de Terceros   | 97,004,000-5 | <b>52,658,927</b>    | 4.05          |
| Banco Itaú por Cuenta de Inversionistas | 97,023,000-9 | <b>42,725,045</b>    | 3.29          |
| Forestal y Pesquera Callaqui S.A.       | 96,513,480-8 | <b>29,731,091</b>    | 2.29          |
| Viecal S.A.                             | 81,280,300-K | <b>29,439,066</b>    | 2.26          |
| Banco Santander – JP Morgan             | 33,338,330-6 | <b>22,382,928</b>    | 1.72          |
| AFP Provida                             | 98,000,400-7 | <b>22,301,264</b>    | 1.72          |
| Minera Valparaíso S.A.                  | 90,412,000-6 | <b>22,027,125</b>    | 1.69          |
| AFP Habitat                             | 98,000,100-8 | <b>21,313,062</b>    | 1.64          |
| AFP Capital                             | 98,000,000-1 | <b>20,937,409</b>    | 1.61          |
| Forestal y Pesquera Copahue S.A.        | 79,770,520-9 | <b>18,692,371</b>    | 1.44          |
| AFP Cuprum                              | 98,001,000-7 | <b>17,466,347</b>    | 1.34          |
| <b>Subtotal</b>                         |              | <b>1,090,256,195</b> | <b>83.88</b>  |
| <b>Total Shares</b>                     |              | <b>1,299,853,848</b> | <b>100.00</b> |

(1) Twelve major shareholders.

(2) The shareholder AntarChile S.A. owns more than 10% of the Company's capital.

As of December 31<sup>st</sup>, 2017, there were 7,030 shareholders, and a the percentage that is not own by the controllers was 39.18%.

## Controllers of the Company

As of December 31<sup>st</sup>, 2017, Empresas Copec S.A. is controlled by the publicly company AntarChile S.A., Taxpayer No. 96,556,310-5, owner of 60.82080% of the shares of Empresas Copec S.A. In turn, the final controllers of AntarChile S.A. and, consequently, of Empresas Copec S.A., are Mrs. María Nosedá Zambra, Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi.

It is also left on record that some of the aforementioned final controllers have direct ownership in Empresas Copec S.A., as follows: Mr. Roberto Angelini Rossi is the direct owner of 0.00187% of the shares of Empresas Copec S.A. and Mrs. Patricia Angelini Rossi is the direct owner of 0.00019% of the shares of Empresas Copec S.A.

Additionally, it is worth mentioning that the following individuals related to the final controllers by kinship are direct owners of the following percentages of the shares of Empresas Copec S.A.: Mrs. Daniela Angelini Amadori, Taxpayer No. 13,026,010-1: 0.00005%, Mr. Maurizio Angelini Amadori, Taxpayer No. 13,232,559-6: 0.00005%, Mr. Claudio Angelini Amadori, Taxpayer No. 15,379,762-5: 0.00005%, Mr. Mario Angelini Amadori, Taxpayer No. 16,095,366-7: 0.00005%, Mr. Franco Roberto Mellafe Angelini, Taxpayer No. 13,049,156-1: 0.00006%, Mr. Maximiliano Valdés Angelini, Taxpayer No. 16,098,280-2: 0.00006% and Mrs. Josefina Valdés Angelini, Taxpayer No. 16,370,055-7: 0.00006%.



As mentioned above, AntarChile S.A. is controlled by its final controllers (those persons mentioned above), with a formal joint action agreement, which contains no limitations on the free disposal of the shares: María Nosedá Zambra, Taxpayer No. 1,601,840-6, Roberto Angelini Rossi, Taxpayer No. 5,625,652-0, and Patricia Angelini Rossi, Taxpayer No. 5,765,170-9. They exercise said 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) Ms. Patricia Angelini Rossi, is the direct owner of 0.22528% of the shares issued by AntarChile S.A. Total shares in AntarChile S.A. directly owned by the final controllers: 0.43655%.

b) Shares in AntarChile S.A. indirectly owned through companies controlled by the final controllers: b.1) Inversiones Angelini y Compañía Limitada, Taxpayer No. 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 affiliate Inmobiliaria y Turismo Río San José S.A., of 0.07330% of the shares of AntarChile S.A. Inversiones Angelini y Compañía Limitada is controlled by the aforementioned final controllers, i.e., Ms. María Nosedá Zambra, Mr. Roberto Angelini Rossi and Ms. Patricia Angelini Rossi, as per following detail: 1) Doña María Nosedá Zambra, directly, 10.94402%. 2) Mr. Roberto Angelini Rossi, directly, 12.71222%, and indirectly, 16.99231% through Inversiones Arianuova Limitada, Taxpayer No. 76,096,890-0, of which he has 99% of the equity interest. 3) Mrs. Patricia Angelini Rossi, directly, 10.60649%, and indirectly, 13.69932% through Inversiones Rondine Limitada,

Taxpayer No. 76,096,090-K, of which she has 99% of the equity interest; 4) On the other hand, Mr. Roberto Angelini Rossi controls Inversiones Golfo Blanco Limitada, Taxpayer No. 76,061,995-7, owner of 18.35703% of the equity interest of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Golfo Blanco Limitada are: (i) Mr. Roberto Angelini Rossi with 0.00011% of the equity interest; and (ii) Mr. Maurizio Angelini Amadori, Taxpayer No. 13,232,55-6, Ms. Daniela Angelini Amadori, Taxpayer No. 13,026,010-1, Mr. Claudio Angelini Amadori, Taxpayer No. 15,379,762-5 and Mr. Mario Angelini Amadori, Taxpayer No. 16,095,366-7, with 24.99997% of the equity interest each. 5) Likewise, Ms. Patricia Angelini Rossi controls Inversiones Senda Blanca Limitada, Taxpayer No. 76,061,994-9, owner of 14.79393% of the equity interest of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Senda Blanca Limitada are: (i) Mrs Patricia Angelini Rossi with 0.00014% of the equity interest; and (ii) Mr. Franco Mellafe Angelini, Taxpayer No. 13,049,156-1, Mr. Maximiliano Valdés Angelini, Taxpayer No. 16,098,280-2 and Ms. Josefina Valdés Angelini, Taxpayer No. 16,370,055-7, with 33.33329% of the equity interest each.

In light of the foregoing, the controlling group of AntarChile S.A., defined above, has a total percentage of 74.01423%, both directly and indirectly.

Finally, it is hereby left on record that Inversiones Angelini y Compañía Limitada is the direct owner of 0.15075% of the shares of Empresas Copec S.A., and the indirect owner, through its affiliate Inmobiliaria y Turismo Río San José S.A., of 0.04934% of the shares of Empresas Copec S.A.



### Other Major Shareholders

The following shareholders control more than 10% of the capital with voting rights of the company, either directly or through some type of relationship between them:

| Shareholder's Name                                       | Taxpayer No. | No. Shares         | %            |
|--|--------------|--------------------|--------------|
| Forestal y Pesquera Callaqui S.A.                        | 96,513,480-8 | 29,731,091         | 2.29         |
| Viecal S.A.  | 81,280,300-K | 29,439,066         | 2.26         |
| Minera Valparaíso S.A.                                   | 90,412,000-6 | 22,027,125         | 1.69         |
| Forestal y Pesquera Copahue S.A.                         | 79,770,520-9 | 18,692,371         | 1.44         |
| Servicios y Consultoría Ltda.                            | 93,865,000-4 | 16,127,425         | 1.24         |
| Forestal, Constructora y Comercial del Pacífico Sur S.A. | 91,553,000-1 | 10,638,898         | 0.82         |
| Coindustria Ltda.  | 80,231,700-K | 5,838,513          | 0.45         |
| Cominco S.A.   | 81,358,600-2 | 5,513,550          | 0.42         |
| Inmobiliaria Choapa S.A.                                 | 83,104,400-4 | 2,209,330          | 0.17         |
| Inmobiliaria Rapel S.A.                                  | 83,104,700-3 | 1,164,237          | 0.09         |
| Agrícola e Inmobiliaria Las Agustinas S.A.               | 83,104,900-6 | 590,254            | 0.05         |
| Inmobiliaria Bureo S.A.                                  | 83,164,900-3 | 275,500            | 0.02         |
| Forestal Bureo S.A.                                      | 87,014,900-K | 174,767            | 0.01         |
| Others   |              | 940,431            | 0.07         |
| <b>Total</b>   |              | <b>143,362,558</b> | <b>11.03</b> |

All these shareholders belong to the same business group (Matte Group), controlled by means of a formal joint control and participation agreement with respect to Forestal O'Higgins S.A. and other companies. The following members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families are behind the controller, in the following manner and proportions:

Patricia Matte Larraín, Taxpayer No. 4,333,299-6 (6.49%) and her children: María Patricia Larraín Matte, Taxpayer No. 9,000,338-0 (2.56%), María Magdalena Larraín Matte, Taxpayer No. 6,376,977-0

(2.56%), Jorge Bernardo Larraín Matte, Taxpayer No. 7,025,583-9 (2.56%), Jorge Gabriel Larraín Matte, Taxpayer No. 10,031,620-K (2.56%).

Eliodoro Matte Larraín, Taxpayer No. 4,436,502-2 (7.21%) and his children: Eliodoro Matte Capdevila, Taxpayer No. 13,921,597-4 (3.27%), Jorge Matte Capdevila, Taxpayer No. 14,169,037-K (3.27%), María del Pilar Matte Capdevila, Taxpayer No. 15,959,356-8 (3.27%).

Bernardo Matte Larraín, Taxpayer No. 6,598,728-7 (7.79%) and his children: Bernardo Matte Izquierdo, Taxpayer No. 15,637,711-2 (3.44%), Sofía Matte Izquierdo, Taxpayer No. 16,095,796-4 (3.44%),



Francisco Matte Izquierdo, Taxpayer No. 16,612,252-K (3.44%).

### Transfers

The changes in the ownership of the main shareholders in the ownership of Empresas Copec S.A. between December 31st, 2016 and December 31st, 2017, are detailed below.

| Shareholder's Name                        | Taxpayer No. | No. of Shares |            |
|---|--------------|---------------|------------|
|   |              | 2017          | 2016       |
| Banco de Chile on Behalf of Third Parties | 97,004,000-5 | 52,658,927    | 54,470,042 |
| Banco Itaú on Behalf of Investors         | 97,023,000-9 | 42,725,045    | 39,891,478 |
| Banco Santander – JP Morgan               | 33,338,330-6 | 22,382,928    | 19,385,460 |
| AFP Provida                               | 98,000,400-7 | 22,301,264    | 19,492,469 |
| AFP Habitat                               | 98,000,100-8 | 21,313,062    | 19,256,725 |
| AFP Capital                               | 98,000,000-1 | 20,937,409    | 20,161,323 |
| AFP Cuprum                                | 98,001,000-7 | 17,466,347    | 16,043,293 |
| Banchile Corredores de Bolsa S.A.         | 96,571,220-8 | 16,245,398    | 17,099,082 |



## Shareholding of Directors and Senior Executives

As of December 31st, 2017, the direct and indirect shareholding of the Directors and senior executives of Empresas Copec S.A. was the following:

### Directors:

- a) Mr. Jorge Andueza Fouque is the direct owner of 108 shares representing 0.000% of Empresas Copec, and he holds shares in companies that own 77,343 shares representing 0.006% of the same company.
- b) Mr. Roberto Angelini Rossi is the direct owner of 24,242 shares representing 0.002% of Empresas Copec, and he holds shares in companies that own the same company, as reported in "Controllers of the Company".
- c) Mr. Manuel Bezanilla Urrutia is not the direct owner of shares of Empresas Copec, and he participates in companies that own 209,028 shares representing 0.016% of the same company.
- d) Mr. Andrés Bianchi Larre is not the direct owner of shares of Empresas Copec, and he holds no shares in companies owning the same company.
- e) Mr. Gabriel Bitrán Dicowsky is not the direct owner of shares of Empresas Copec, and he holds no shares in companies owning the same company.
- f) Mr. Juan Edgardo Goldenberg Peñafiel is the direct owner of 10,000 shares representing 0.001% of Empresas Copec, and he holds shares in companies that own 4,541 shares representing 0.000% of the same company.
- g) Mr. Arnaldo Gorziglia Balbi is the direct owner of 10,000 shares representing 0.001% of Empresas Copec.
- h) Mr. Carlos Hurtado Ruiz Tagle is the direct owner of 10,000 shares representing 0.001% of Empresas Copec.
- i) Mr. Tomás Müller Sproat is not the direct owner of shares of Empresas Copec, and he holds no shares in companies owning the same company.

### Senior Executives:

- a) Mr. Eduardo Navarro Beltrán is not the direct owner of shares of Empresas Copec, and he holds no shares in companies owning the same company.
- b) Mr. José Tomás Guzmán Rencoret is the direct owner of 5,399 shares representing 0.000% of Empresas Copec, and he holds shares in companies that own 710,174 shares representing 0.055% of the same company.
- c) Mr. Rodrigo Huidobro Alvarado is the direct owner of 1,067 shares representing 0.000% of Empresas Copec.
- d) Mr. Jorge Ferrando Yáñez is not the direct owner of shares of Empresas Copec, and he holds no shares in companies owning the same company. Additionally, his spouse, Mrs. María Cristina Silva Méndez, to whom he married under the joint property regime, owns 2,552 shares representing 0.000% of Empresas Copec.
- e) Mr. Cristián Palacios González is not the direct owner of shares of Empresas Copec, and he holds no shares in companies owning the same company.
- f) Mrs. Pamela Harris Honorato is not the direct owner of shares of Empresas Copec, and she holds no shares in companies owning the same company.
- g) Mr. Jorge Valdivieso Scott is not the direct owner of shares of Empresas Copec, and he holds no shares in companies owning the same company.
- h) Mr. Ricardo Vargas Bernal is the direct owner of 42 shares representing 0.000% of Empresas Copec, and he holds shares in companies that own 400 shares representing 0.000% of the same company.

### Stock Information:

Empresas Copec S.A. is listed on the Santiago Stock Exchange since October 2nd, 1935, under the mnemonic code COPEC.

During 2017, the share was traded on the Santiago Stock Exchange, the Valparaíso Stock Exchange and the Chilean Electronic Stock Exchange, as follows:

| Quarter | Year | Units      | Amount (ThCh\$) | Average Price (\$) |
|---------|------|------------|-----------------|--------------------|
| First   | 2016 | 24,960,275 | 149,593,731     | 5,993.27           |
| Second  | 2016 | 21,897,623 | 134,612,080     | 6,147.34           |
| Third   | 2016 | 19,837,072 | 119,846,491     | 6,041.54           |
| Fourth  | 2016 | 25,462,098 | 163,682,961     | 6,428.49           |
| First   | 2017 | 23,562,175 | 161,763,214     | 6,865.38           |
| Second  | 2017 | 29,073,616 | 218,965,084     | 7,531.40           |
| Third   | 2017 | 28,753,653 | 229,103,902     | 7,967.82           |
| Fourth  | 2017 | 42,364,239 | 389,556,842     | 9,195.42           |

On the other hand, the price of the share on the Santiago Stock Exchange compared to the IPSA stock index during 2017 was as follows:



### Company's capital

As of December 31st, 2017, the Company's subscribed and paid capital amounted to US\$ 686,113,724.13, distributed into 1,299,853,848 subscribed and paid shares.

On the other hand, as of December 31st, 2017, profits total US\$ 639,321,869.47, proposed to be distributed as follows:

### INCOME DISTRIBUTION

|   | US\$                  |
|---|-----------------------|
| To cover interim dividend No. 34, of US\$ 0.099326 per share, paid in December 2017 | <b>129,109,283.31</b> |
| To cover final dividend No. 35, of US\$ 0.1473740 per share, yet to be distributed  | <b>191,564,661.00</b> |
| To accumulated earnings   | <b>318,647,925.17</b> |
| <b>Total Profits for the Financial Year</b>   | <b>639,321,869.47</b> |

### DISTRIBUTION OF DIVIDENDS

|  | Thousand of US\$ |
|--|------------------|
| Profit for the financial year, according to Statement of Financial Position        | <b>639,322</b>   |
| Adjustments to distributable profit  | <b>162,036</b>   |
| <b>Distributable Net Income</b>  | <b>801,358</b>   |
| 30% Legal minimum dividend   | <b>240,407</b>   |
| <b>Cash Dividends:</b>   |                  |
| Interim, distributed in December 2017, of US\$ 0.099326 per share                  | <b>129,109</b>   |
| Plus: Final, proposed by the Board, to be distributed, of US\$ 0.1473740 per share | <b>191,565</b>   |
| <b>Total dividends for results for financial year 2017</b>                         | <b>320,674</b>   |
| Dividend Payout Ratio  | <b>40.02%</b>    |

Should the Shareholders' Meeting approve the proposed distribution, the equity account composition shall be as follows:

### FINAL COMPOSITION OF EQUITY ACCOUNTS

|                     | Thousand of US\$  |
|---------------------|-------------------|
| Paid-in capital     | <b>686,114</b>    |
| Other reserves      | <b>(886,214)</b>  |
| Retained earnings   | <b>10,598,425</b> |
| <b>Total Equity</b> | <b>10,398,325</b> |

The Board of Directors has agreed proposing to the Ordinary Shareholders' Meeting that will examine this Report, the distribution of a final dividend of US\$ 0.1473740 per share. This amount, along with interim dividend No. 34 paid in December 2017, yields a total dividend distribution of US\$ 320.67 million, representing 40.02% of the net income for financial year 2017, according to the following detail:

In the coming financial years, the Board of Directors intends to propose to the shareholders the distribution, as final dividend, of 40% of the net income obtained therein.

| Dividends      | Date          | US\$ / share |
|----------------|---------------|--------------|
| Final No. 25   | May 2013      | 0.090779     |
| Interim No. 26 | December 2013 | 0.103864     |
| Final No. 27   | May 2014      | 0.126130     |
| Interim No. 28 | December 2014 | 0.110882     |
| Final No. 29   | May 2015      | 0.142471     |
| Interim No. 30 | December 2015 | 0.059027     |
| Final No. 31   | May 2016      | 0.105473     |
| Interim No. 32 | December 2016 | 0.066178     |
| Final No. 33   | May 2017      | 0.106800     |
| Interim No. 34 | December 2017 | 0.099326     |



## Relevant facts

During financial year 2017, the Parent Company and its affiliates informed the Financial Market Commission of the following relevant or essential facts:

### I. PARENT COMPANY

1\_ On March 9th, 2017, the following was reported: "Today, the affiliate Celulosa Arauco y Constitución S.A. ("Arauco") has reported the following as Essential Fact, in order to complement the information contained in Essential Fact sent on January 27th, on forest fires in its plantations:

- a) As a result of the fires that affected several regions of the country during this year, especially the regions of Maule and Biobío, approximately 80,000 hectares of Arauco's forest plantations were burnt. Their book value is approximately US\$ 240 million, according to IFRS accounting rules. Said figure corresponds to approximately 6% of the IFRS value of the total forest plantations of the affiliate, and to approximately 2% of Arauco's total assets.
- b) The affected plantations will be managed by Arauco, in order to minimize the damage caused by the fires. We estimate that this will allow a final recovery of about 10% and 20% of the abovementioned book value of US\$ 240 million.

- c) Additionally, the forest plantations affected by the fires are insured, with their relevant deductibles and limitations. In light of this, Arauco estimates that up to US\$ 35 million may be recovered for this concept".

2\_ On March 31st, 2017, the following was reported: "The Company's Board Meeting, held today, unanimously agreed proposing to the Ordinary Shareholders' Meeting of the Company, to be held next April 26th, the payment of the following minimum mandatory final dividend, which will be charged to the profits for the year ended December 31st, 2016, under the results of said financial year.

Dividend No. 33, of US\$ 0.106800 per share, single series.

The dividend will be paid in pesos, national currency, according to the "observed dollar" exchange rate, published in the Official Gazette on May 5th, 2017.

The aforementioned dividend constitutes income for the shareholders. The Company will timely determine and communicate the dividend credit to which shareholders, taxpayers of the Global Complementary Tax and Additional Tax, are entitled to.

If approved by the abovementioned Meeting, the aforementioned dividend will be paid as from May 11th, 2017, from 9:00 a.m., at the Company's Stock Department, served by SerCor S.A.,



located at El Golf Avenue No. 140, District of Las Condes, which normal operation hours are from Monday to Friday, from 9:00 a.m. to 5:00 p.m. Should the shareholders request it to the Company, the aforementioned dividend will be deposited in their checking account or a check will be mailed to them, as applicable.

If the aforementioned dividend is approved by the Meeting, those Shareholders registered in the Shareholders' Registry of the Company by midnight on May 5th, 2017 will be entitled to it.

The notice informing the Shareholders of the resolution of the aforementioned Ordinary Shareholders' Meeting on this dividend, will be published in the newspaper "El Mercurio", of Santiago, edition of May 3rd, 2017.

The distribution of the aforementioned dividend does not affect the Company's financial situation.

The information herein has an essential nature, as provided by Circular Letter No. 660 of 1986 of said Superintendence.

The Company's General Manager, Mr. Eduardo Navarro Beltrán, signed this communication, duly empowered by the Company's Board for said purpose".

3\_ On April 10th, 2017, the following was reported: "I hereby inform you that next April 26th, at 11:30 am, in the Sofofa Auditorium, located at Andrés Bello Avenue No. 2,777, 2nd floor, District of Las Condes, Santiago, our company will hold an Ordinary Shareholders' Meeting, which will address the following matters:

- a) Submitting to the meeting's decision the Financial Statements of the Company as of December 31st, 2016, the Annual Report of the Board of Directors and reporting on the progress of the company's businesses; b) Accounting for the operations carried out by the Company referred to in Title XVI of Law No. 18,046; c) Setting the remuneration of the Board of Directors for the next financial year; d) Setting the remuneration and expenditure budget of the Committee, referred to in article 50 bis of Law No. 18,046, accounting for its activities and delivering its annual management report; e) Appointing External Auditors and Risk Rating Agencies; and f) Discussing any other matter in which the company has an interest, inherent to the competence of this type of meeting.

As of April 12th of this year, the shareholders will find on the Company's Website, the Company's Financial Statements closed at December 31st, 2016, with their explanatory notes and the report of the external auditors. <http://www.empresascopec.cl/wp-content/uploads/2017/03/EEFF2016.pdf>.

In compliance with the second paragraph of article 59 of Law No. 18,046, the reasons for the options for the external auditors' appointment, to be submitted to the Meeting, has also been included in the website [www.empresascopec.cl](http://www.empresascopec.cl). The shareholders may obtain a copy thereof on the Company's website.

As agreed by the Company's Board Meeting held last March 30th, payment of mandatory minimum dividend No. 33, of US\$ 0.106800 per share, will be proposed to the Ordinary Shareholders' Meeting mentioned above. The dividend will be paid in pesos, national currency, according to the "observed dollar" exchange rate, published in the Official Gazette on May 5th, 2017. The dividend will be paid in cash, charged to the profits of the financial year closed as of December 31st, 2016, under the results of said financial year. This dividend constitutes income for the shareholders. The Company will timely determine and communicate the dividend credit to which shareholders, taxpayers of the Global Complementary Tax and Additional Tax, are entitled to.

Payment of the aforementioned dividend as from May 11th, 2017, from 9:00 a.m., at the Company's Stock Department, located at El Golf Avenue No. 140, District of Las Condes, which normal operation hours are from Monday to Friday, from 9:00 a.m. to 5:00 p.m., will be proposed to the Meeting. Should the shareholders request it to the Company, the aforementioned dividend will be deposited in their checking account or a check will be mailed to them, as applicable.

If the aforementioned dividend is approved by the Meeting, those Shareholders registered in the Shareholders' Registry of the Company by midnight on May 5th, 2017 will be entitled to it.

For the purposes of the aforementioned dividend, I hereby inform you that a total of 1,299,853,848 shares, of a single series, are entitled to it.



The Company's shareholders registered in the relevant Registry by midnight on next April 20th, will be entitled to participate in the Meeting. Calls to this meeting will be published in the newspaper "El Mercurio" of Santiago, on April 10th, 17th and 24th, 2017.

The Company will send to the Superintendence of Securities and Insurance a digitized copy of the Annual Report for financial year 2015, through the SEIL module of said Superintendence, in compliance with General Standard No. 30, of 1989."

- 4 On September 13th, 2017, the following was reported: "On this same date, the affiliate Celulosa Arauco y Constitución S.A., hereinafter "Arauco", has reported as an Essential Fact, that at today's meeting, its Board of Directors has decided to unanimously approve the execution of the project called "Dissolving Pulp" of the Valdivia Pulp Mill (the "Project"), aimed at diversifying the type of pulp produced in Arauco's Valdivia Pulp Mill, making it possible to manufacture (in addition to pulp for paper production) dissolving pulp. The Project is expected to entail an approximate investment of US\$ 185,000,000 (one hundred and eighty-five million dollars of the United States of America), an amount that Arauco will finance with its own resources.

The Project will be executed in the same existing facilities, with certain adjustments and additional equipment. Installing 2 additional new digesters, aimed at optimizing the production

level of dissolving pulp; a new pulp discharge tank (in-process storage); and certain modifications in treatment areas, has been planned, among others.

Likewise, the Project increases the availability of energy that could be dispatched from the existing units of the Plant to the Central Interconnected System.

The production of dissolving pulp will allow diversifying the type of product to be offered to the global pulp market. This type of pulp has different uses in the textile industry, standing out for achieving softer, brighter and much purer fabrics. It is also used in the food, cellophane and flexible packaging industry, among several other uses.

The affiliate Arauco believes that this new investment in our country will positively impact its results, notwithstanding the fact that, for the time being, these effects cannot be quantified".

## II. AFFILIATE: CELULOSA ARAUCO Y CONSTITUCIÓN S.A.

- 1 On January 27th, 2017, the following was reported: "Since last week, there have been multiple fires in the country. Those affecting the Company have taken place in the regions of Maule and Biobío. In order to prevent and fight fires, Arauco has more than 1,300 professional firefighters, duly trained

and equipped to fight fires. For these purposes, it also has 8 aircrafts, 10 helicopters, more than 100 mobile equipment that transport water, 120 watchtowers, 19 landing strips and specialized equipment, as well as the support of national and international specialized companies.

However, due to the high temperatures, the action of the wind, low humidity, and the complexity of fighting multiple fires that appear in different places simultaneously, fire activity has significantly increased.

In the fire zone, the company has approximately 80,000 hectares of plantations, whose degree of affectation may be determined once the conditions allow evaluating the damage suffered, which will depend on the age of the plantations, the intensity of the fire in the different areas, and which of them were actually affected by the fire.

On the other hand, the El Cruce sawmill, owned by the affiliate Maderas Arauco S.A., was also affected. Its damages are still being evaluated.

The forest plantations and the sawmill affected by the fire are insured, with the relevant deductibles and limitations.

We are currently not in a position to specify the impact of these situations on the Company's results."

**2\_** On March 9th, 2017, the following was reported: "In order to complement the information contained in Essential Fact of January 27th, on forest fires in our plantations, we hereby inform you of the following:

**a)** As a result of the fires that have affected several regions of the country during this year, especially in the regions of Maule and Biobío, approximately 80,000 hectares of the Company's forest plantations were burnt. Their book value is approximately US\$ 240 million, according to IFRS accounting rules.

This figure corresponds to approximately 6% of the IFRS value of the total forest plantations of the Company, and to approximately 2% of the total assets of Arauco.

**b)** The affected plantations will be managed by Arauco, in order to minimize the damage caused by the fires. We estimate that this will allow a final recovery of about 10% and 20% of the abovementioned book value of US\$ 240 million.

**c)** Additionally, the forest plantations affected by the fires are insured, with their relevant deductibles and limitations. In light of this, up to US\$ 35 million are expected to be recovered for this concept".

**3\_** On June 16th, 2017, the following was reported: "We have received information from Brazil, on Arauco's negotiations with the Brazilian company J&F Investimentos S.A. ("J&F"), to purchase shares of Eldorado Brasil Celulose S.A. ("Eldorado").

It is worth pointing out that the Company is constantly looking for attractive opportunities for Arauco's development, in both the local and global market. In this context, the Company has been evaluating Eldorado, a company engaged in the production of pulp, through its most important asset, i.e., a mill capable of producing 1.7 million tons of bleached hardwood kraft pulp.

In this regard, it is important to inform that the Company has preliminarily signed a non-disclosure agreement, in order to explore a potential investment in Eldorado."

**4\_** On September 8th, 2017, the following was reported: "Late yesterday, Arauco do Brasil S.A. ("Arauco Brasil"), a Brazilian affiliate of Arauco, agreed with the Chilean company Masisa S.A. ("Masisa") the purchase of all the equity interest of the Masisa affiliate called Masisa do Brasil Ltda. ("Masisa Brasil"), hereinafter the "Transaction".

The price of the Transaction will amount to approximately US\$ 102.8 million, to which certain amounts agreed upon in the agreement must be deducted. Hence, the final amount that Arauco will pay to Masisa will be approximately US\$ 58.1 million.

Masisa Brasil's main assets are 2 industrial complexes located in Ponta Grossa (Paraná) and in Montenegro (Rio Grande do Sul), with an MDF board line with an installed capacity of 300,000 m<sup>3</sup> per year, an MDP board line with an installed capacity of 500,000 m<sup>3</sup> per year, and 4 melamine coating lines with a total installed capacity of 660,000 m<sup>3</sup> per year. Should

this transaction materialize, Arauco would have an installed capacity of about 10,000,000 m<sup>3</sup>, becoming the second largest producer in the world.

The materialization of the Transaction is subject to several conditions precedent customary in this type of operations. The most relevant of them is the authorization of Brasil's free competition authority (Conselho Administrativo de Defesa Econômica or "CADE"). Arauco expects for the Transaction to materialize no later than the first two months of 2018.

Arauco believes that this investment will positively impact the Company's results, notwithstanding the fact that, for the time being, these effects cannot be quantified."

- 5\_ On September 13th, 2017, the following was reported: "At meeting held on this same date, the Company's Board has decided to unanimously approve the execution of the project called "Dissolving Pulp" of the Valdivia Pulp Mill (the "Project"), aimed at diversifying the type of pulp produced in Arauco's Valdivia Pulp Mill, making it possible to manufacture (in addition to pulp for paper production) dissolving pulp. The Project is expected to entail an approximate investment of US\$ 185,000,000 (one hundred and eighty-five million dollars of the United States of America), an amount that Arauco will finance with its own resources.

The Project will be executed in the same existing facilities, with certain adjustments and additional equipment. These additional equipment and adjustments in different areas of the Mill include, for example, the installation of 2 additional new digesters, aimed at optimizing the production level of dissolving pulp; a new pulp discharge tank (in-process storage); and certain modifications in treatment areas.

Likewise, the Project increases the availability of energy that could be dispatched from the existing units of the Plant to the Central Interconnected System.

The production of dissolving pulp will allow diversifying the type of product to be offered to the global pulp market. This type of pulp has different uses in the textile industry, standing out for achieving softer, brighter and much purer fabrics. It is also used in the food, cellophane and flexible packaging industry, among several other uses.

Arauco believes that this new investment in our country will positively impact its results, notwithstanding the fact that, for the time being, these effects cannot be quantified".

- 6\_ On October 26th, 2017, the following was reported: "Today, Celulosa Arauco y Constitución S.A. has set the price and conditions for two series of bonds to be issued in the United States of America on November 2nd, 2017, a series due on





November 2nd, 2027 (the 10-year Series), and the others due on November 2nd, 2047 (the 30-year Series).

The issue amount of the 10-year Series is US\$ 500,000,000, and US\$ 400,000,000 for the 30-year Series. Hence, the placement amounts to US\$ 900,000,000. The interest rate is 3.875% per year for the 10-year Series, and 5,500% per year for the 30-year Series. Principal will be paid at the relevant maturity dates for the bond of the 10- and 30-year Series, mentioned above, whereas interest will be paid every 6 months.

The funds resulting from the issue will be used to:

- a) Repurchase part of the following bonds issued by the Company in the United States of America: (i) bonds registered in the Securities and Exchange Commission of the United States of America ("SEC"), issued by Arauco for a total US\$ 500 million, at a rate of 7.250%, due in 2019, (ii) bonds registered with the SEC and issued by Arauco for a total US\$ 400 million, at a rate of 5.000% due in 2021, and (iii) bonds registered with the SEC and issued by Arauco for a total US\$ 500 million, at a rate of 4.750%, due in 2022.
- b) The remaining funds will be used for other corporate purposes.

In compliance with the provisions of Circular Letter 1072 of May 14th, 1992, of the Superintendence of Securities and Insurance, we hereby attach Bond Placement Abroad Essential Fact Form.

The copy of the agreements that will govern the placement, and the laws and regulations of the United States of America regulating this matter, will be sent to you as soon as they are available.

We believe that the information contained herein should entail positive economic effects for the Company in the future, although they cannot be quantified yet."

- 7\_ On December 6th, 2017, the following was reported: "Regarding what our Company reported as an Essential Fact on last September 8th, we hereby inform that today, Arauco do Brasil S.A. ("Arauco Brasil"), a Brazilian affiliate of Arauco, has purchased from Masisa S.A. ("Masisa") all the equity rights of Masisa do Brasil Ltda. ("Masisa Brasil").



The transaction amounted to US\$ 102,800,000 (one hundred and two million eight hundred thousand dollars of the United States of America), upon certain deductions. In light of this, and notwithstanding the potential price adjustments applicable under the agreement, Masisa will receive US\$ 58,100,000 (fifty-eight million one hundred thousand dollars of the United States of America) for the sale of all the equity rights of Masisa Brasil to Arauco Brasil.

Masisa Brasil's main assets are 2 industrial complexes located in Ponta Grossa (Paraná) and in Montenegro (Rio Grande do Sul), which include an MDF board line with an installed capacity of 300,000 m<sup>3</sup> per year, an MDP board line with an installed capacity of 500,000 m<sup>3</sup> per year. Should this transaction materialize, Arauco would have an installed capacity of about 10,000,000 m<sup>3</sup>, becoming the second largest producer in the world.



Arauco believes that this investment will positively impact the Company's results, notwithstanding the fact that, for the time being, these effects cannot be quantified."

- 8\_ On December 19th, 2017, the following was reported: "Today, Inversiones Arauco Internacional Limitada and AraucoMex, S.A. de C.V., an affiliate of Arauco, agreed with the Chilean company Masisa S.A., hereinafter "Masisa", the purchase of all the shares of Masisa's Mexican affiliates, called Maderas y Sintéticos de México, S.A. de C.V., Maderas y Sintéticos Servicios, S.A. de C.V, Masisa Manufactura, S.A. de C.V, Placacentro Masisa México, S.A. de C.V and Masnova Química, S.A. de C.V, hereinafter the "Transaction".

The price of the Transaction would amount to US\$ 245 million, to be paid to Masisa when the Transaction is completed.

The main assets of Masisa's Mexican affiliates are 3 industrial complexes located in Chihuahua, Durango and Zitácuaro, which jointly have three particle board (PB) lines with an installed capacity of 519,000 m<sup>3</sup> per year; an MDF board line with an installed capacity of 220,000 m<sup>3</sup> per year; 3 melamine coating lines with a total installed capacity of 426,000 m<sup>3</sup> per year; a chemical plant with an installed capacity of 66,000 tons of resins and 60,600 tons of formaldehyde; and impregnation lines with a total installed capacity of 22.8 million m<sup>2</sup> per year. Additionally, Maderas y Sintéticos de México S.A. de C.V., is the lessee of a chemical plant in Lerma, with an installed capacity of 43,200 tons of resins and 22,000 tons of formaldehyde.

Should this transaction materialize, Arauco would have an installed capacity of about 10,000,000 m<sup>3</sup>, becoming the second largest producer in the world.

The materialization of the Transaction is subject to several conditions precedent customary in this type of operations. The most relevant of them is the authorization of Mexico's free competition authority (Comisión Federal de Competencia Económica or COFEC). Arauco expects for the Transaction to materialize during 2018.

Arauco believes that this investment will positively impact the Company's results, notwithstanding the fact that, for the time being, these effects cannot be quantified."

### III. AFFILIATE: FORESTAL CHOLGUÁN S.A.

- 1\_ On March 24th, 2017, the following was reported: "The Company's Board Meeting held on this date agreed to propose to the Ordinary Shareholders' Meeting of our Company, called for next April 25th, the payment of the following minimum mandatory final dividend, which will be charged to the profits for financial year ending on December 31, 2016, under the results of said year:

Dividend No. 40 of US\$ 0.030040868, per share.

The dividend would be paid in pesos, national currency, according to the "observed dollar" exchange rate published in the Official Gazette on May 3rd, 2017.

The aforementioned dividend constitutes income for the shareholders. The Company will timely determine and communicate the dividend credit to which shareholders, taxpayers of the Global Complementary Tax and Additional Tax, are entitled to.

If approved by the abovementioned Meeting, the aforementioned dividend will be paid as from May 9th, 2017, from 9:00 a.m., at the Company's Stock Department, located at El Golf Avenue No. 140, District of Las Condes, which normal operation hours are from Monday to Friday, from 9:00 a.m. to 5:00 p.m. Should the shareholders request it to the Company, the aforementioned dividend will be deposited in their checking account or a check will be mailed to them, as applicable.

If the aforementioned dividend is approved by the Meeting, those Shareholders registered in the Shareholders' Registry of the Company by midnight on May 3rd, 2017 will be entitled to it.

The notice informing the Shareholders of the resolution of the aforementioned Ordinary Shareholders' Meeting on this dividend, will be published in the newspaper "El Mercurio", of Santiago, on April 27th, 2017.

The distribution of the aforementioned dividend does not affect the Company's financial situation.

The information herein has an essential nature, as provided by Circular Letter No. 660 of 1986 of said Superintendence".



2\_ On June 1st, 2017, the following was reported: "the Company's Board Meeting held today, agreed to call an Extraordinary Shareholders Meeting of Forestal Cholguán S.A. (the "Company"), for June 22nd, 2017, at 3:00 p.m., at El Golf Ave. 150, 11th floor, Las Condes, Santiago, in order for the following matters to be submitted to the shareholders' approval:

- a) The cancellation of the Company and its shares in the Securities Registry of the Superintendence of Securities and Insurance, and that it will be governed by the rules of non-traded companies; and
- b) The adoption of all those agreements required to carry out and materialize the agreements indicated in the preceding number, under the terms and conditions that the Board ultimately approves, and also to grant the powers that are deemed necessary, especially those required to legalize, materialize and execute the agreements adopted by the Meeting.

As provided for in article 2 of Law No. 18,046 on Public Company, the approval, by 2/3 or more of the shares with voting rights, of the cancellation of the Company in the aforementioned Securities Registry, and of the fact that it will be governed by

the rules of non-traded companies, will grant the dissenting shareholder the right of withdrawal. For the purposes of the right of withdrawal, all those objecting the proposed resolutions, and all those who, despite being absent from the meeting, express to the Company their dissent in writing within the 30-day period mentioned below, will be deemed dissenting shareholders.

The right of withdrawal may be exercised by dissident shareholders within 30 days as from the date of the aforementioned Meeting. This term will expire on July 22nd, 2017. They shall exercise said right by means of a written communication from the Company, in which the dissenting shareholders must state their will to withdraw, since they disagree with the meeting's decision.

Since the Company's shares have no market presence, and as provided for in Articles 130 and 132 No. 4 of the Regulation of Public Company, the market value to be paid to shareholders exercising their right of withdrawal will be equivalent to the book value determined in accordance with the last balance sheet of the Company filed with the Superintendence of Securities and Insurance, which, on the date of the Extraordinary Meeting called pursuant to the preceding agreements, will be the one corresponding to financial year closed as of March 31st, 2017.

By means of a notice to be published on June 23rd, 2017 in the newspaper “El Mercurio” of Santiago, and on the website [www.forestalcholguan.cl](http://www.forestalcholguan.cl), the Company will notify the shareholders the information on the right of withdrawal, the value per share to be paid to the shareholders exercising said right and the deadline to exercise it”.

- 3\_ On June 22nd, 2017, the following was reported: “At the Company’s Extraordinary Shareholders’ Meeting held today, the cancellation of the Company and its shares in the Securities Registry of the Superintendence of Securities and Insurance, and that it will be governed by the rules of non-traded companies, was approved”.

363,768,948 shares (about 98.53% of the shares issued by the Company) attended this Extraordinary Shareholders’ Meeting of the Company, and they all voted in favor of the approval of the resolutions submitted for the consideration of the meeting.

As provided for in article 2 of Law No. 18,046 on Public Company, the approval, by 2/3 or more of the shares with voting rights, of the cancellation of the Company in the aforementioned Securities Registry, and of the fact that it will be governed by the rules of non-traded companies, will grant the dissenting shareholder the right of withdrawal, under the terms indicated in the circular letter to be sent, to each shareholder of the Company entitled to withdrawal, on June 23rd, 2017.

The press release communicating the aforementioned right of withdrawal (notice referred to in paragraph 4 of article 69 bis of Law No. 18,046 on Public Company, will be published on June 23rd, 2017, in the newspaper El Mercurio of Santiago. Said notice shall also be published on the same date on the Company’s website ([www.forestalcholguan.cl](http://www.forestalcholguan.cl)).

We will timely send to this Superintendence a full copy of the notice referred to in the preceding paragraph, and the minutes of the aforementioned meeting.

We believe that the information contained herein should have no impact on the Company’s results.”

#### IV. AFFILIATE: PESQUERA IQUIQUE GUANAYE S.A.

- 1\_ On March 8th, 2017, the following was reported: “Through an Essential Fact, the related company Corpesca S.A. informed that at today’s Extraordinary Board Meeting, agreements were adopted on the following matters:

- a) En compliance with the International Financial Reporting Standards (IFRS), and as a result of the market conditions, availability of fish and production taken into account by its management, in financial year 2016, Corpesca S.A. has determined a difference between the recoverable value of its assets and the book value, of ThUS\$ 57,573, generating a loss on impairment of assets for said amount. This impairment is mainly related to ships and other assets that are not operating or with low projected usage. This generated a net charge to income in financial year 2016 of ThUS\$ 44,767. Such an extraordinary accounting effect does not imply cash outflows.
- b) Calling an Extraordinary Shareholders’ Meeting of Corpesca S.A. was agreed, in order to discuss a proposal to increase this company’s capital by US\$ 90 million, for the same day on which its Ordinary Shareholders’ Meeting is held, and after that, during next April. Its purpose is strengthening the financial position of this company, mainly reducing its current debt burden.
- c) The increasing complexity and requirements of the fishing activity, and the growth and challenges involved in the other businesses of the company, other than the fishing business, make it necessary to establish proper structures for a better management and optimization of the different business areas. To this end, conducting a study that proposes a restructuring plan (whether through internal restructuring or through a corporate division) was agreed.

Regarding Agreement No. 1, in accordance with its share in Corpesca S.A., Pesquera Iquique - Guanaye S.A. must include in its consolidated financial statements a loss from the associate amounting to ThUS\$ 13,717, by way of impairment. This extraordinary accounting effect does not imply cash outflows for Pesquera Iquique - Guanaye S.A. either”.

2\_ On April 7th, 2017, the following was reported: "I hereby inform you that next April 25th, at 4:30 p.m., at El Golf Avenue No. 150, 16th floor, district of Las Condes, Santiago, the Company will hold a General Shareholders' Meeting, where the following matters will be discussed: a) Submitting to its decision the Company's Financial Statements as of December 31st, 2016, the Annual Report of the Board of Directors and reporting on the progress of the company's businesses; b) Accounting for the operations carried out by the Company referred to in Title XVI of Law No. 18,046; c) Setting the remuneration of the Board of Directors for the next financial year; d) Appointing External Auditors and Risk Rating Agencies; and e) Discussing any other matter in which the company has an interest, inherent to the competence of this type of meeting.

As of April 11th of this year, the shareholders will find on the Company's Website, the Company's Financial Statements closed at December 31st, 2016, with their explanatory notes and the report of the external auditors. [http://www.igemar.cl/documents/42572/81496/Igemar\\_eeff\\_2016.pdf](http://www.igemar.cl/documents/42572/81496/Igemar_eeff_2016.pdf).

In compliance with the second paragraph of article 59 of Law No. 18,046, the reasons for the options for the external auditors' appointment, to be submitted to the Meeting, has also been included in the website [www.igemar.cl](http://www.igemar.cl). The shareholders may obtain a copy thereof on the Company's website.

The Company's shareholders registered in the relevant Registry by midnight on next April 18th, will be entitled to participate in the Meeting. Calls to this meeting will be published in the newspaper "El Mercurio" of Santiago, on April 7th, 13th and 20th, 2017.

The Company will send to the Superintendence of Securities and Insurance a digitized copy of the Annual Report for financial year 2015, through the SEIL module of said Superintendence, in compliance with General Standard No. 30, of 1989."

3\_ On June 12th, 2017, the following was reported: "Today, the related company Corpesca S.A. informed the following, through Essential Fact:

a) Through the Brazilian affiliate Corpesca do Brasil Empreendimentos e Participações Ltda. ("Corpesca do Brasil"), Corpesca S.A. owns 70% of the shares issued by Sementes Selecta S.A., a company that was also incorporated in Brazil ("Selecta"). Selecta is a company engaged in the production of soybean protein concentrate (SPC), soybean oil and other byproducts, with a processing capacity of about 700,000 tons of soy per year.

b) The Korean company CJ CHEIL JEDANG Corporation ("CJ") submitted a bid to purchase 60% of the shares of Sementes Selecta S.A., which are owned by Corpesca do Brasil. This led to negotiations between the parties, and some aspects





of the agreements and signing thereof are yet to be wrapped up. Therefore, the business between the parties is not closed or signed yet. Once the agreements have been signed, and as agreed upon in principle, the transaction will be subject to the fulfillment of certain conditions precedent, including contractual approvals and authorization of this operation by the competent authorities, such as the CADE, i.e., Consejo Administrativo de Defensa Económica de Brasil, and the German Federal Cartel Office.

- c) However, CJ informed Corpesca S.A. that, in compliance with the rules of the Republic of Korea, it must communicate to the market, on this same date, its Board's approval of the investment required for this transaction, approval that was made at the Board meeting of CJ, also held on this date, in Korean evening hours.
- d) The total price for the sale of 60% of Selecta's shares would amount to approximately US\$ 214 million, adjustable at the closing of the transaction, in accordance with the net debt and net working capital amounts at the closing date, which, should the sale take place, would generate for Corpesca S.A. income before taxes of about US\$ 129 million. After the sale, Corpesca do Brasil would still hold 10% of the shares of the affiliate, and Corpesca do Brasil would have the option to sell them to CJ as well, 2 years after the transaction, at a pre-fixed price.
- e) We hereby reiterate that what was reported in the preceding paragraphs is a negotiation yet to be completed and signed. However, Corpesca's Board of Directors has decided to make these negotiations public, given the notice to the market to be made by CJ, mentioned above.
- f) Corpesca will make public the completion of the negotiation and its final terms, by communication of essential fact, once the agreements are signed, which is expected to happen in the coming days.

Pesquera Iquique - Guanaye S.A. owns 30.64% of the shares of Corpesca S.A. Hence, should this transaction materialize in the future, the financial effects thereof will be equivalent to this percentage applied to the income net of tax in Corpesca S.A."

- 4\_ On June 13th, 2017, the following was reported: "Regarding the Essential Fact communicated by Pesquera Iquique-Guanaye S.A. yesterday, we inform you that on this date, our related company Corpesca S.A., Taxpayer No. 96,893,820-7, has sent the following essential fact, which relevant part is reproduced below:

"In our communication of "Essential Fact", sent yesterday, we informed about the negotiations for the sale, by our Brazilian affiliate Corpesca do Brasil Empreendimentos e Participações Ltda. to the Korean company CJ CHEIL JEDANG Corporation, of 60% of the shares issued by Sementes Selecta SA, from Brazil. Said letter stated that Corpesca would inform the market once the relevant agreements were signed. We hereby inform you that said agreements were signed today in Sao Paulo, Brazil. The sales price is the same as the one mentioned in our communication sent yesterday.

As we also announced yesterday, the transaction was subject to the fulfillment of certain conditions precedent, including contractual approvals and the authorization of this operation by the competent authorities. By communication of Essential Fact, Corpesca will inform the market as soon as said conditions are met, the business materializes and the price is paid.

As we mentioned above, should the conditions finally be met and the operation materialize, it will generate for Corpesca income before taxes of about US\$ 129 million."

Pesquera Iquique-Guanaye S.A. owns 30.64% of the shares of Corpesca S.A. Hence, should this transaction materialize in the future, the financial effects thereof will be equivalent to this percentage applied to the income net of tax in Corpesca S.A."

- 5\_ On July 7th, 2017, the following was reported: "By private instrument dated today, July 7th, 2017, Pesquera Iquique-Guanaye S.A., in conjunction with Empresa Pesquera Eperva S.A. and AntarChile S.A., have promised to purchase from Sociedad Pesquera Coloso S.A., all of the shares that the latter owns in Corpesca S.A., shares corresponding to 23% of the shares subscribed and paid by Corpesca.

The transaction was approved at our company's Board meeting, held yesterday.



The promissory sale and purchase is subject to the fulfillment of conditions precedent, such as the materialization of the sale of 60% of the shares of the Brazilian company Sementes Selecta S.A., operation reported in our essential facts of June 12th and 13th, 2017.

The total price agreed in the promissory sale and purchase for these shares will amount to US\$ 69,390,000, of which Pesquera Iquique-Guanaye S.A. would be bound to pay US\$ 27,611,812 for the 255,648,613 shares that it would acquire.

Pesquera Iquique-Guanaye S.A. believes that, should this transaction finally materialize, it would positively impact the company's results, notwithstanding the fact that, for the time being, these effects cannot be quantified".

- 6\_ On August 17th, 2017, the following was reported: "Regarding the communications of Essential Facts submitted by Pesquera Iquique-Guanaye S.A. on June 12th and 13th, 2017, we inform you that on this same date, our related company Corpesca S.A., Taxpayer No. 96,893,820-7, has sent an essential fact, which relevant part is reproduced below:

"In our communications of "Essential Fact", sent on June 12th and 13th, 2017, we informed about the negotiations for the sale, by our Brazilian affiliate Corpesca do Brasil Empreendimentos e Participações Ltda. to CJ Cheil Jedang Corporation (from the Republic of Korea), of 60% of the shares issued by Sementes Selecta S.A. ("Selecta"), from Brazil. The second of these letters indicated that Corpesca would communicate to the market, by means of an Essential Fact, once the conditions to which said transaction was subject were met.

We hereby inform you that, upon fulfillment of the relevant conditions, today, in Sao Paulo, Brazil, this sales transaction materialized and the price thereof was paid. The buyers were ultimately CJ Logistics do Brasil Ltda., Affiliate in Brazil of the aforementioned CJ Cheil Jedang Corporation, and the Investment Fund Stic CJ Global Investment Partnership Private Equity Fund, in the proportions of 37.33% for the former, and 22.67% for the latter. The sales price for 60% of the shares was US\$ 214 million, which will be adjusted according to the net debt and net working capital amounts at the closing date. This price adjustment will be made by Selecta's independent auditor, within 30 days as from the closing. Should there be any disagreements regarding the independent auditor's report, a second audit firm will decide on the differences, and its decision will be final.

Without taking into account the aforementioned price adjustment, the operation will generate for Corpesca S.A. income before taxes of about US\$ 124 million. The final after-tax income will be timely determined by the Company, once the tax effects of the operation in Brazil have been specified.

Pesquera Iquique-Guanaye S.A. owns 30.64% of the shares of Corpesca S.A. Hence, the final effects of this transaction will be equivalent to this percentage applied to the income net of tax in Corpesca S.A."

- 7\_ On September 14th, 2017, the following was reported: "As communicated to the Superintendence as "Essential Fact", by private instrument of July 7th, 2017, Pesquera Iquique-Guanaye S.A. ("Igemar"), in conjunction with Empresa Pesquera Eperva S.A. ("Eperva") and AntarChile S.A. ("AntarChile"), promised to purchase from Sociedad Pesquera Coloso S.A. all of the 642,459,000 shares of the latter in Corpesca S.A., which corresponded to 23% of the subscribed and paid shares.

We hereby inform you that on this date, the sale and purchase of the shares promised to be sold in the aforementioned promissory agreement mentioned in the preceding paragraph, materialized. The total price paid for these shares amounted to US\$ 69,390,000, and the purchasing companies acquired them in the following proportions and prices:

| Name         | Number of Shares   | Price                     |
|--------------|--------------------|---------------------------|
| EPERVA       | 386,810,368        | <b>US\$ 41,778,185.75</b> |
| IGEMAR       | 255,648,613        | <b>US\$ 27,611,812.20</b> |
| ANTARCHILE   | 19                 | <b>US\$ 2.05</b>          |
| <b>Total</b> | <b>642,458,000</b> | <b>US\$ 69,390,000.00</b> |

Pesquera Iquique-Guanaye S.A. believes that this transaction will positively impact the company's results, notwithstanding the fact that, for the time being, these effects cannot be quantified".

#### V. AFFILIATE: SOCIEDAD NACIONAL DE OLEODUCTOS S.A.

- 1\_ On March 9th, 2017, the following was reported: "At Board Meeting held on February 24th, 2017, the Board of Directors of Sociedad Nacional de Oleoductos S.A. agreed to summon the Company's shareholders to the 19th Ordinary Shareholders' Meeting, to be held on March 31st, 2017 at 8:00 am at the registered office, located in this city, Isabel La Católica Avenue

No. 4,472, district of Las Condes, in order to submit the following matters to the consideration of the company's shareholders:

a) Approval of the balance sheet, financial statements and annual report of the company as of December 31st, 2016; b) Distribution of profits for the year ended December 31st, 2016; c) Report of the external auditors and appointment of external auditors for year 2017; d) Information on the dividend policy agreed by the Board of Directors for financial year 2017; e) Information on transactions with related parties, provided for in Title XVI of Law No. 18,046 on Public Company; f) Total renewal of the Board, given the vacancy that arose from the Directors' resignation in compliance with the provisions of article 6of the By-laws; g) Other matters in which the company has an interest, inherent to this type of Meeting".

## VI. ASSOCIATE: PUERTOS Y LOGÍSTICA S.A.

1\_ On March 9th, 2017, the following was reported: "By means of letter dated March 8th, 2017, sent to Mr. Andrés Santa Cruz López, in his capacity as Chairman of the Company's Board, and informed to the Board of Directors at the meeting held on that same date, the shareholders Celulosa Arauco and Constitución S.A. and Empresas Copec S.A. have informed their intention to start a process to sell all of their shareholding in the Company, which jointly represents approximately 23.32% of the shares issued with voting rights thereof, and which will be carried out with the advice of Credicorp Capital Asesorías Financieras S.A.

Given the aforementioned shareholding, at said meeting, the Board of Directors agreed to report this information as an Essential Fact."

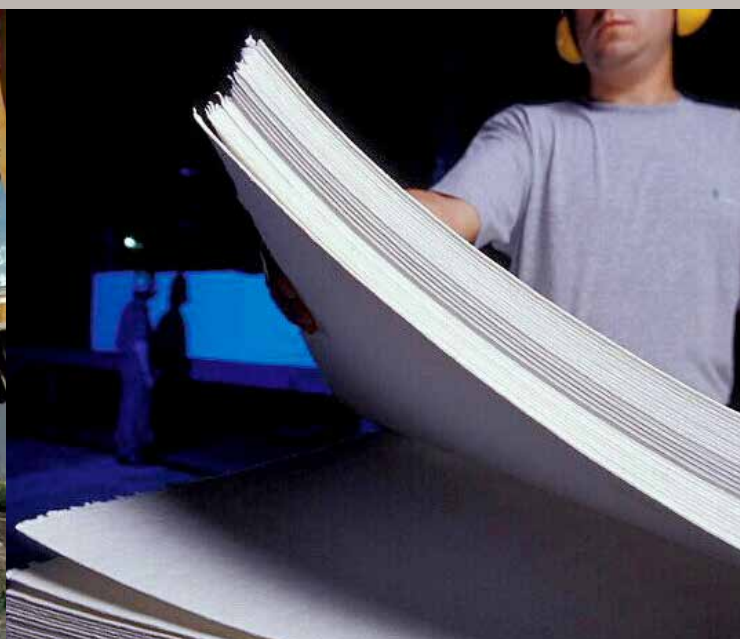
2\_ On March 30th, 2017, the following was reported: "At its Meeting No. 455, held on March 29th, 2017, The Company's Board agreed to call an Ordinary Shareholders' Meeting, to be held on April 26th, 2017 at 09:00 hours, at the Gran Palace Hotel & Convention Center, located at Huérfanos 1178, 2nd basement, district of Santiago.

The matters to be discussed at the aforementioned Ordinary Meeting will be: a) Issuing a decision on the Annual Report, Financial Statements and Report of the External Audit Firm, for financial year ended December 31st, 2016; b) Deciding on

the distribution of profits for the financial year and dividend distribution; c) Setting the remuneration of the Board of Directors for financial year 2017; d) Electing the Board; e) Reporting on the agreements of the Board of Directors, related to those operations referred to in Title XVI of Law No. 18,046; g) Appointing the External Audit Firm for financial year 2017; and f) Discussing all those other matters in which the company has an interest, inherent to this Meeting, in accordance with the Law and the By-laws.

At this same meeting, the Board of Directors agreed to propose to the aforementioned Ordinary Shareholders' Meeting, the payment of final dividend No. 65, for a total amount of US\$ 2,704,812.76 corresponding to US\$ 0.01176 per share, charged to the income for financial year ended December 31st, 2016. Should the Meeting approve this proposal, the dividend will be paid on May 10th, 2017, to the holders of shares that are registered in the Shareholders' Registry by midnight on May 4th, 2017. This dividend will be paid in pesos, national currency, at the "observed dollar" exchange rate published in the Official Gazette on May 4th, 2017, in accordance with the Company's customary dividend payment procedures.

Likewise, by means of letter dated March 28th, 2017, sent to Mr. Andrés Santa Cruz López in his capacity as Chairman of the Company's Board, and informed to the Board at the meeting held on March 29th, 2017, the shareholders Celulosa Arauco and Constitución S.A. and Empresas Copec S.A. (hereinafter also the "Shareholders"), which together own about 23.32% of the Company's shares issued with voting rights, requested that, in accordance with the provisions of Article 58 No. 3 of Law 18,046, on Public Company, and of Article 101 of the Regulation of Public Company, an Extraordinary Shareholders' Meeting be called, for it to be held immediately after the Ordinary Shareholders' Meeting, to discuss the following matters: a) Informing to the Shareholders' Meeting the intention to sell their shareholding in the Company through a competitive sale process, which will be carried out with the advice of Credicorp Capital Asesorías Financieras S.A., b) Authorizing for the Company's Board of Directors to set a procedure for the delivery of the Company's information; c) Adopting any other agreement appropriate or required for the Company to cooperate in the sale process to be carried out in accordance with the provisions of letter a) above, as well as granting the powers of attorney deemed necessary to execute the agreements adopted by the Meeting.



Those shareholders registered in the Shareholders' Registry by midnight on April 20th, 2017, shall be entitled to participate in said Meetings.

The Financial Statements of the Company as of December 31st, 2016 are available on the Company's website ([www.pulogsa.cl](http://www.pulogsa.cl)).

The Annual Report will be available to shareholders and the general public on the same website, as from April 11th, 2017".

3\_ On April 27th, 2017, the following was reported: "At our Company's Ordinary Shareholders' Meeting, held on Wednesday, April 26th, 2017, the following agreements were adopted, among others:

- a) Approving the Annual Report, Financial Statements and Report submitted by the External Auditors, for the period between January 1st and December 31st, 2016.
- b) Paying as from May 10th, 2017, to those shareholders registered by midnight on May 4th, 2017, final dividend No. 65, for a total amount of US\$ 2,704,812.76 (two million seven hundred four thousand eight hundred and twelve with seventy-six cents), corresponding to US\$ 0.01176 per share, of a single series, which will be paid in cash, charged to the income for financial year ended December 31st, 2016. In compliance with Circular Letter No. 660 of October 22nd, 1986 of the Superintendence of Securities and Insurance, we hereby attach Form No. 1 with the detail of this dividend.

c) Approving, as dividend policy for financial year 2017 et. seq., the distribution of 30% of the distributable net income for the financial year.

d) The new Board of the Company was elected, consisting of the following persons: Andrés Santa Cruz López, Juan Carlos Eyzaguirre Echenique, Jorge Ferrando Yáñez, Gonzalo García Balmaceda, Juan Manuel Gutiérrez Philippi, Jorge Bernardo Larraín Matte and Bernardo Matte Izquierdo. The Directors shall hold office for 3 years.

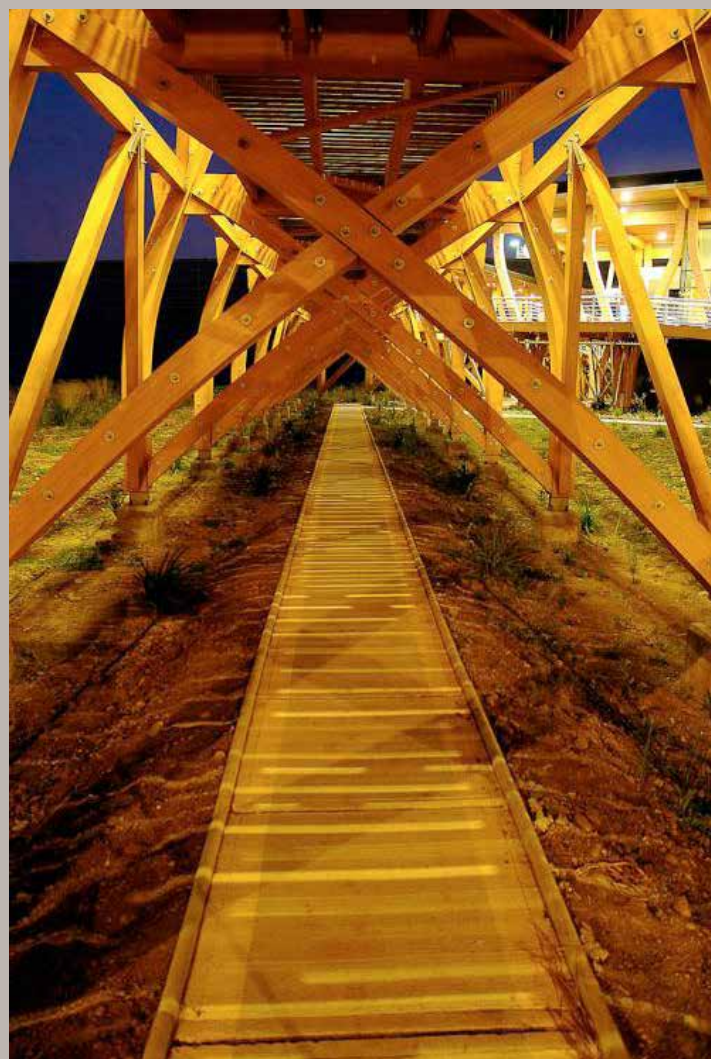
e) Appointing KPMG Auditores Consultores Ltda. as external auditors for the financial year between January 1st and December 31st, 2017.

Likewise, immediately after the aforementioned Ordinary Shareholders' Meeting, the Extraordinary Shareholders' Meeting of the Company was held, which agreed granting broad powers to the Board, in order for it to define, according to the Company's best interest, the information that could be provided to the shareholders Celulosa Arauco y Constitución S.A. and Empresas Copec S.A. and to its advisors on the occasion of the sale process of all of its shareholding in the Company, which jointly represents approximately 23.32% of the shares issued with voting rights thereof, which was informed to the Superintendence in due time. This, so that the aforementioned shareholders may share said information with their advisors and with potential third parties interested in purchasing their

shareholding in the Company and, where appropriate, setting the requirements and the procedure that the Board deems necessary for it. All of this, under such conditions as to protect the interests of the Company and its shareholders, as well as the due confidentiality of any information to which the general public does not have access. Likewise, the same Meeting agreed that the Board should be in charge of ensuring that the information delivery process has safeguards required to fully comply with the applicable legislation and the current regulations of the Superintendence of Securities and Insurance.

Subsequently, at Board meeting held on that same date, the following agreements were adopted, among others:

- a) Mr. Juan Carlos Eyzaguirre Echenique was appointed Chairman of the Board, and Mr. Juan Manuel Gutiérrez Philippi was appointed Vice-Chairman.
- b) In consideration of the agreements reached in the aforementioned Extraordinary Shareholders' Meeting of the Company, the Board of Directors agreed to authorize the Company's General Manager, Mr. Roberto Zilleruelo Asmussen, to take all the measures that he deems appropriate, in order to facilitate the delivery of certain information to the shareholders Celulosa Arauco y Constitución S.A. and Empresas Copec S.A., under the terms and conditions defined at the same meeting, and, in any case, upon the execution of a non-disclosure agreement, aimed at safeguarding, at the satisfaction of the Company's General Manager, the confidentiality of any information to be delivered to the aforementioned shareholders and their advisors and that is not currently available to the other shareholders of the Company and the general public. Likewise, the Board of Directors agreed that, notwithstanding the delivery of information as indicated above, the latter may, at any time, provide that all or part of the information delivered to Celulosa Arauco y Constitución S.A. and Empresas Copec S.A. be made available to the general public, by publishing it on the Company's website, as information of interest."





## Subsequent Facts

After December 31st, 2017, the Parent Company has communicated the following essential fact to the Commission for the Financial Market:

### I. PARENT COMPANY

1\_ On March 15th, 2018, the following was reported: “In communication of “Essential Fact”, dated November 16th, 2016, we informed that the affiliate Compañía de Petróleos de Chile Copec S.A. (“Copec Combustibles”) had executed with Mobil Petroleum Overseas Company Limited and ExxonMobil Ecuador Holding B.V. (“ExxonMobil”), several agreements regarding a regional agreement for the manufacturing and distribution of Mobil lubricants, including the Colombian, Ecuadorian and Peruvian markets, as well as the renewal of the contractual relationship that Copec and ExxonMobil have held in Chile for several years now. We added that the agreement also included: (i) the operation and marketing of fuels for the Jorge Chávez International Airport, in Lima, Peru; and (ii) the fuel business currently operated by ExxonMobil in Colombia and Ecuador. We pointed out that the transaction was also aimed at purchasing the assets related to all these operations, such as industrial plants and facilities.

As we mentioned in the same communication, the agreement stated that Copec Combustibles could assign the aforementioned distribution rights to one or more of its affiliates, including Organización Terpel S.A., a Colombian company, hereinafter “Terpel”. In this regard, we decided that a way to optimize the business was to channel it through Terpel. We offered for the latter to acquire it from ExxonMobil in Colombia, Peru and Ecuador, and this was accepted by its corporate bodies.

We hereby inform you that on this date, we closed this transaction and, consequently:

**a)** Organization Terpel Corporation (affiliate of Terpel), acquired the companies ExxonMobil Andean Holding LLC.; ExxonMobil del Perú S.R.L.; ExxonMobil Aviación Perú S.R.L.; ExxonMobil de Colombia S.A. and ExxonMobil de Colombia Sociedad Portuaria S.A.

**b)** Terpel acquired ExxonMobil Ecuador Ltda.

**c)** In accordance with the conditions that the Superintendence of Industry and Commerce of Colombia imposed on the transaction c.1) Organización Terpel Corporation transferred the ownership of the shares of ExxonMobil Colombia S.A. to an patrimonio autónomo, controlled by a third party. c.2) This patrimonio autónomo must transfer to Terpel, in the shortest possible time, the lubricants business, with all the associated logistics, and then sell the fuel business to a third party.

**d)** US\$ 714.7 million were paid as adjusted total price, which includes the cash of the companies subject matter of the transaction, amounting to approximately US\$ 230 million (amount that will be subject to reconciliation in the coming days).

**e)** The abovementioned price was financed through bank loans.

Terpel will continue to implement the conditions imposed by the Colombian regulatory authority.

Finally, we inform that the contractual relationship between ExxonMobil and Copec Combustibles for the distribution of lubricants in Chile, was renewed.

Copec Combustibles believes that this operation will positively impact its results, notwithstanding the fact that, for the time being, these effects cannot be quantified”.



# GENERAL BACKGROUNDS

## Directors' Committee

During financial year 2017, the Committee was focused on fulfilling and exercising its legal duties and powers, such as examining the reports submitted by the external auditors, the quarterly financial statements, the remuneration systems and the compensation plans for managers and senior executives; and, finally, examining the information on those transactions included in Title XVI of Law No. 18,046 on Public Company. On this latter point, it is worth bearing in mind that the Committee analyzed the transactions contained in said Title, and it verified that they were consistent with market conditions.

### Meeting No. 104, held on January 25th, 2017

- Risk Management
  - \_Servicios Corporativos Sercor S.A. presents risk management issues at Empresas Copec S.A.
- Internal audit.
  - \_Proposing to the Company's Board of Directors the engagement of KPMG as internal audit company is agreed.

### Meeting No. 105, held on March 15th, 2017

- 2016 Financial Statements and Report of the External Auditors.
  - \_Approving the financial statements for financial year 2016, and the relevant Report of the External Auditors, is agreed.
- Agreements with Related Companies.
  - \_Transactions with related companies in financial year 2016 are reviewed, without observations.
  - \_The legal fees of Portaluppi, Guzmán y Bezanilla Asesorías Limitada, are reviewed.
- Internal control.
  - \_The scope of the internal control audit of the Company is analyzed.
- External Auditors
  - \_Proposing to the Company's Board of Directors the appointment of PwC as external auditors of the Company for financial year 2017, is agreed, in order for the Board to propose it to the Ordinary Shareholders' Meeting.
- Private Risk Rating Agencies.
  - \_Proposing to the Company's Board of Directors the appointment of Fitch Chile Clasificadora de Riesgo Limitada and Feller Rate Clasificadora de Riesgo Limitada as private risk rating agencies for financial year 2017, is agreed, in order for the Board to propose it to the Ordinary Shareholders' Meeting,

### Meeting No. 106, held on May 22nd, 2017

- Financial Statements as of March 31st, 2017.
  - \_Approving the financial statements for the first quarter of financial year 2017 is agreed.
- Agreements with Related Companies.
  - \_Transactions with related companies in the first quarter of 2017 are reviewed, without observations.
  - \_The fees for the Information Security Officer services, provided by SerCor S.A., are approved.

### Meeting No. 107, held on May 29th, 2017

- Corporate Governance.
  - \_The preliminary version of the Study requested by the Committee, to analyze the Best Practices in the operation of Directors' Committees, is presented.

### Meeting No. 108, held on July 18th, 2017

- Corporate Governance.
  - \_The final version of the Study requested by the Committee, to analyze the Best Practices in the operation of Directors' Committees, is presented.

### Meeting No. 109, held on August 28th, 2017

- Internal Audit.
  - \_KPMG presents its progress in the internal audit report at Empresas Copec S.A.
- Risk Management
  - \_Servicios Corporativos Sercor S.A. presents risk management issues at Empresas Copec S.A.
- Financial Statements for the first half of the year and Auditors' Reports.
  - \_Approving the financial statements for the first half of 2017, and the relevant Report of the External Auditors, is agreed.
- Transactions with Related Companies.
  - \_Transactions with related companies in the first half of 2017 are reviewed, without observations.
  - \_Proposing to the Company's Board of Directors the granting of loan to the affiliate Pesquera Iquique - Guanaye S.A., is agreed.
  - \_Engaging the connectivity services presented by Red to Green S.A., is approved
- Portfolio Management Bid.
  - \_Recommending that the Company's Board of Directors approves the administrators of the investment portfolio in dollars delivered by the Company to third parties, is agreed.


**Meeting No. 110, held on November 8th, 2017**

- Transaction with Related Company.  
\_Proposing to the Company's Board of Directors the securing of the loan of the affiliate Pesquera Iquique - Guanaye S.A., is agreed.

**Meeting No. 111, held on November 20th, 2017**

- Financial Statements for the third quarter of the year and Auditors' Reports.  
\_Approving the financial statements for the third quarter of financial year 2017 is agreed.
- Agreements with Related Companies.  
\_Transactions with related companies in the third quarter of financial year 2017 are reviewed, without observations.  
\_The administrative services agreement with the affiliate Inmobiliaria Las Salinas S.A., is approved.

**Meeting No. 112, held on November 30th, 2017**

- Corporate Governance.  
\_Proposing to the Company's Board of Directors the commissioning of a Compensation Study was agreed.

**Meeting No. 113, held on December 20th, 2017**

- Internal Control and progress of the external audit.  
\_The Internal Control Report presented by the external auditors PwC is examined.

- Risk Management  
\_Servicios Corporativos Sercor S.A. presents risk management issues at Empresas Copec S.A.
- Internal Audit.  
\_Servicios Corporativos Sercor S.A. presents internal audit report at Empresas Copec S.A.
- Operations with Related Parties.  
\_The legal fees of Portaluppi, Guzmán y Bezanilla Asesorías Limitada, are approved.
- Remuneration system for managers and executives.  
\_The remuneration systems for the Company's senior managers and executives are presented for review.

During 2017, the Committee incurred the following expenses:  
a) UF 500 for a Study of Best Practices in the functioning of Directors Committees.

The Committee has prepared an Annual Management Report, which will be informed at the next Ordinary Shareholders' Meeting.

### Remuneration of the Board of Directors

As provided for in Law No. 18,046, the Ordinary Shareholders' Meeting held on April 26th, 2017, agreed on the remuneration of the Board of Directors for the current financial year.

During financial year 2017, gross remunerations received by each one of the Directors were:

| 2017                             | Board        | Directors' Committee |
|----------------------------------|--------------|----------------------|
| Roberto Angelini Rossi           | US\$ 443,383 | -                    |
| Jorge Andueza Fouque             | US\$ 295,589 | -                    |
| Manuel Bezanilla Urrutia         | US\$ 147,794 | -                    |
| Andrés Bianchi Larre             | US\$ 147,794 | US\$ 49,265          |
| Gabriel Bitrán Dicowsky          | US\$ 147,794 | US\$ 49,265          |
| Juan Edgardo Goldenberg Peñafiel | US\$ 147,794 | US\$ 49,265          |
| Arnaldo Gorziglia Balbi          | US\$ 147,794 | -                    |
| Carlos Hurtado Ruiz-Tagle        | US\$ 147,794 | -                    |
| Tomás Müller Sproat              | US\$ 147,794 | -                    |

| 2016                             | Board        | Directors' Committee |
|----------------------------------|--------------|----------------------|
| Roberto Angelini Rossi           | US\$ 358,163 | -                    |
| Jorge Andueza Fouque             | US\$ 203,553 | -                    |
| Manuel Bezanilla Urrutia         | US\$ 94,229  | -                    |
| Andrés Bianchi Larre             | US\$ 109,324 | US\$ 38,957          |
| Gabriel Bitrán Dicowsky          | US\$ 94,229  | US\$ 31,410          |
| Juan Edgardo Goldenberg Peñafiel | US\$ 109,324 | US\$ 38,957          |
| Arnaldo Gorziglia Balbi          | US\$ 109,324 | -                    |
| Carlos Hurtado Ruiz-Tagle        | US\$ 109,324 | -                    |
| Tomás Müller Sproat              | US\$ 94,229  | -                    |

There are no incentive plans such as bonuses, stock compensations, stock options or others on which the Directors participate.

On the other hand, during each financial year, the aforementioned Directors of the Parent Company received the following gross remunerations, for their position as Director in the following affiliates:

| 2017                             | Arauco       | Forestal Arauco | Arauco Internacional | Copec          | Organización Terpel | Igemar       | Orizon       | Alxar       |
|----------------------------------|--------------|-----------------|----------------------|----------------|---------------------|--------------|--------------|-------------|
| Roberto Angelini Rossi           | US\$ 245,833 | US\$ 59,029     | US\$ 24,000          | ThCh\$ 143,578 | -                   | US\$ 147,811 | US\$ 49,237  | US\$ 22,280 |
| Jorge Andueza Fouque             | US\$ 245,833 | US\$ 59,029     | US\$ 24,000          | ThCh\$ 95,719  | US\$ 11,866         | US\$ 49,270  | US\$ 147,710 | -           |
| Manuel Bezanilla Urrutia         | US\$ 368,750 | US\$ 118,057    | US\$ 66,000          | ThCh\$ 47,859  | -                   | US\$ 49,270  | -            | -           |
| Andrés Bianchi Larre             | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Gabriel Bitrán Dicowsky          | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Juan Edgardo Goldenberg Peñafiel | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Arnaldo Gorziglia Balbi          | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Carlos Hurtado Ruiz-Tagle        | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Tomás Müller Sproat              | -            | -               | -                    | ThCh\$ 47,859  | -                   | -            | -            | -           |

| 2016                             | Arauco       | Forestal Arauco | Arauco Internacional | Copec          | Organización Terpel | Igemar       | Orizon       | Alxar       |
|----------------------------------|--------------|-----------------|----------------------|----------------|---------------------|--------------|--------------|-------------|
| Roberto Angelini Rossi           | US\$ 178,726 | US\$ 55,425     | US\$ 12,000          | ThCh\$ 125,214 | -                   | US\$ 100,646 | US\$ 38,865  | US\$ 20,858 |
| Jorge Andueza Fouque             | US\$ 178,726 | US\$ 55,425     | US\$ 12,000          | ThCh\$ 69,047  | US\$ 14,704         | US\$ 38,580  | US\$ 104,609 | -           |
| Manuel Bezanilla Urrutia         | US\$ 261,450 | US\$ 101,900    | US\$ 33,000          | ThCh\$ 31,431  | -                   | US\$ 38,580  | -            | -           |
| Andrés Bianchi Larre             | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Gabriel Bitrán Dicowsky          | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Juan Edgardo Goldenberg Peñafiel | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Arnaldo Gorziglia Balbi          | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Carlos Hurtado Ruiz-Tagle        | -            | -               | -                    | -              | -                   | -            | -            | -           |
| Bernardo Matte Larraín           | -            | -               | -                    | ThCh\$ 6,184   | -                   | -            | -            | -           |
| Tomás Müller Sproat              | -            | -               | -                    | ThCh\$ 31,431  | -                   | -            | -            | -           |

The next Ordinary Shareholders' Meeting must set the remuneration of the Directors for financial year 2018.

### Administration

During 2017, the following persons were executives of the Company: Eduardo Navarro Beltrán (General Manager since October 1st, 2003); José Tomás Guzmán Rencoret (Legal Advisor and Secretary of the Board since May 29th, 2008); Rodrigo Huidobro Alvarado (Administration and Finance Manager since August 16th, 2004); Jorge Ferrando Yáñez (Studies Manager since August 16th, 2004); Cristián Palacios González (Deputy Manager of Finance and Investor Relations since August 1st, 2017); Pamela Harris Honorato (Head of Corporate Affairs since August 1st, 2014); Jorge Valdivieso Scott (Head of Studies since March 17th, 2016); Ricardo Vargas Bernal (General Accountant since January 31st, 2005).

### Remuneration of the Administration

Remunerations and bonuses received by the Company's executives during financial year 2017 amounted to ThUS\$ 2,685 (ThUS\$2,289 in 2016). On average, they variable compensations equivalent (in the currency of payment) to 33.9% of the latter (32.3% in 2016). Bonuses are voluntary, and they are determined based on market aspects, financial performance, team leadership, achievement of milestones, dispute resolution, M&A operations, among others. During financial year 2017, there were no severance payments to the Company's Managers and Senior Executives.

### Other General Information

#### Suppliers and Clients

For each of the Company's business segments, the number of suppliers that individually represent at least 10% of the total purchases made in the period for the supply of goods and services is as follows:

**Arauco:** Compañía de Petróleos de Chile Copec S.A. (10,0%).

**Copec:** Enap Refinerías S.A. (53,0%); Valero Marketing & Supply (10,0%).

**Abastible:** Gasmar S.A. (48,0%); Enap Refinerías S.A. (13,0%).

**Sonacol:** Ingeniería Construcción y Mantenimiento Industrial Aconcagua Ltda. (20,7%).

**Igemar:** no supplier reaches said concentration.

For each of the Company's business segments, the number of customers that individually concentrate at least 10% of the income is as follows:

**Arauco:** no customer reaches that concentration.

**Copec:** no customer reaches that concentration.

**Abastible:** no customer reaches that concentration.

**Sonacol:** Enap Refinerías S.A. (44,1%); Compañía de Petróleos de Chile Copec S.A. (38,9%).

**Igemar:** no customer reaches that concentration.

### Brands

Empresas Copec owns the trademarks "Empresas Copec", Registries No. 742026, 742027, 742028 and, "EC", Registries No. 733767, 733768 and 733769.

On the other hand, the Company's main affiliates use the following brands 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, Hilam, 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, Lenga, Orizon, San José, Wirenbo.

**l) Alxar Minería:** Compañía Minera Can-Can.



**Balances and Transactions with related parties**

The information on balances and transactions with related entities is contained in Note No. 17 to the Financial Statements of the Company, which are an integral part of this Report.

**Difference between economic and book value of the assets**

As of December 31st, 2017, there were no significant differences between the economic and book value of the Company's main assets, save for investments in affiliates and associated companies, which, in accordance with the regulations of the Superintendence of Securities and Insurance, are valued according to the proportional equity value method of the relevant companies.

**Properties and facilities**

As of December 31st, 2017, the Parent Company owned its 2,714 m<sup>2</sup> corporate offices, located at El Golf Ave. 150. The Company has no other relevant concessions, land and/or facilities, nor does it have land reserved for future projects.

**Patents, Licenses and Concessions**

As of December 31st, 2017, Empresas Copec S.A. has maritime concessions in Arica and Caldera, and it has no patents and licenses.

**Staff**

As of December 31st, 2017, the staff of Empresas Copec S.A., parent company, was 30 people, including 7 managers and senior executives and 14 professionals and technicians.

By said date, the consolidated staff, i.e. Empresas Copec S.A. together with companies where it has an ownership interest exceeding 50%, totaled 34,545 workers, a figure that includes 839 managers and senior executives and 10,066 professionals and technicians.

**Diversity in the Organization**

As of December 31st, 2017, the organization of Empresas Copec S.A. can be broken down as follows:

| Number of people                  | Board | Senior Executives | Rest of the Organization |
|-----------------------------------|-------|-------------------|--------------------------|
| <b>Gender</b>                     |       |                   |                          |
| Male                              | 9     | 6                 | 17                       |
| Female                            | 0     | 1                 | 6                        |
| <b>Nationality</b>                |       |                   |                          |
| Chilean                           | 9     | 7                 | 21                       |
| Foreign                           | 0     | 0                 | 2                        |
| <b>Age Category</b>               |       |                   |                          |
| Below 30 years                    | 0     | 0                 | 10                       |
| Between 30 and 40 years           | 0     | 3                 | 4                        |
| Between 41 and 50 years           | 0     | 2                 | 4                        |
| Between 51 and 60 years           | 2     | 2                 | 1                        |
| Between 61 and 70 years           | 2     | 0                 | 3                        |
| Above 70 years                    | 5     | 0                 | 1                        |
| <b>Seniority</b>                  |       |                   |                          |
| Less than 3 years                 | 3     | 2                 | 12                       |
| Between 3 and 6 years             | 0     | 1                 | 4                        |
| More than 6 and less than 9 years | 1     | 0                 | 1                        |
| Between 9 and 12 years            | 2     | 0                 | 1                        |
| More than 12 years                | 3     | 4                 | 5                        |

En tanto, a nivel consolidado, la organización se descompone como se presenta a continuación:

| Number of people                  | Consolidated Staff |
|-----------------------------------|--------------------|
| <b>Gender</b>                     |                    |
| Male                              | 24,267             |
| Female                            | 10,278             |
| <b>Nationality</b>                |                    |
| Chilean                           | 17,692             |
| Foreign                           | 16,853             |
| <b>Age Category</b>               |                    |
| Below 30 years                    | 9,448              |
| Between 30 and 40 years           | 11,952             |
| Between 41 and 50 years           | 7,624              |
| Between 51 and 60 years           | 4,502              |
| Between 61 and 70 years           | 971                |
| Above 70 years                    | 48                 |
| <b>Seniority</b>                  |                    |
| Less than 3 years                 | 16,294             |
| Between 3 and 6 years             | 5,947              |
| More than 6 and less than 9 years | 3,817              |
| Between 9 and 12 years            | 3,165              |
| More than 12 years                | 5,322              |

### Wage gap

As of December 31st, 2017, the following wage gap can be observed in the parent company:

| Position              | Male | Female | Gap (%), <sup>1</sup> |
|-----------------------|------|--------|-----------------------|
| General Managers      | 1    | 0      | Does not apply        |
| Managers              | 2    | 0      | Does not apply        |
| Deputy Managers       | 2    | 0      | Does not apply        |
| Heads                 | 1    | 2      | 58.2%                 |
| Analysts <sub>2</sub> | 11   | 2      | 75.5%                 |
| Secretaries           | 0    | 3      | Does not apply        |
| Errand Runners        | 6    | 0      | Does not apply        |

<sup>1</sup> Proportion of the average gross wage of women compared to the average gross wage of men.

<sup>2</sup> It includes analysts from the areas of finance, studies and accounting, with 0 to 5 years of experience.



# COMPANY IDENTIFICATION

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**Corporate Name:** Empresas Copec S.A.

**Chilean Taxpayer Identification Number (RUT):** 90.690.000-9

**Type of Entity:** Sociedad Anónima Abierta

**Business Activity:** Investments and Business Services

**Securities Registry Number:** Registro de Valores 0028

**Legal Address:** El Golf 150, floor 17, Santiago de Chile

**Telephone:** (562) 2461 7000

**Nemonic Code:** COPEC

**Web page:** [www.empresascopec.cl](http://www.empresascopec.cl)

**Investor Web page:** [investor.empresascopec.cl](http://investor.empresascopec.cl)

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**Investor Relations Contact:**

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Juan Pablo Serrano, IR  
[juan.serrano@empresascopec.cl](mailto:juan.serrano@empresascopec.cl), (562) 2461 7046

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**Shareholders Contact:**

Sercor S.A.  
Address: El Golf 140, floor 1, Las Condes, Santiago de Chile  
Telephone: (562) 2364 6786

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**External Auditors:** PwC

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**Credit Rating Agencies:** Fitch Chile Clasificadora de Riesgo Limitada; Feller Rate Clasificadora de Riesgo Limitada

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# CORPORATE PURPOSE AND ARTICLES OF INCORPORATION

## CORPORATE PURPOSE

a) Research, explore, industrialize, clear through Customs, import, export, elaborate, refine, mix, package, store, transport, buy, sell, distribute, and generally trade on its own behalf or for third parties hydrocarbons, their by-products and direct or indirect compounds, including lubricants, additives, mixtures, combinations and substitutes; chemicals of any kind, and any other source of natural energy capable of industrial or domestic use; b) Import, export, buy, sell, distribute, and generally trade on its own behalf or for third parties motorized vehicles and machinery, elements, equipment and other articles for agricultural, mining, fishery, industrial, commercial, electronic computing and domestic use purposes, their accessories and spare parts; c) Acquire, administer, manage and exploit on its own behalf or for third parties forest lands or those of forest capability, make paper, wood pulp and their derivatives, by-products and similar products; acquire and exploit sawmills and other industries that make raw materials to make paper, wood pulp and their by-products and/or wood in all its forms, sell, exploit and generally trade in and outside Chile the mentioned products, particularly wood, wood pulp and paper in all their forms; d) Acquire, administer, manage and exploit on its own behalf or for third parties agricultural real estate, and transform, industrialize and trade food and drinks of any kind or origin; e) Acquire, administer, manage and exploit on its own behalf or for third parties agricultural real estate in general, develop real estate business and the real estate construction industry arising from this, like buildings, roads, bridges, canals, drainage, industrial facilities and similar, and the production and installation of goods and implements for such industry; f) Ground, air, sea and river freight on its own behalf or for third parties and undertake, on its own behalf or for third parties, port operations and activities, with these particularly including wharfage, lighterage, moving loads, storage, stowage and unloading of vessels and aircraft, and the promotion, development and exploitation of tourism in Chile; g) Manufacture, distribute and generally trade containers of any kind; h) Exploit electronic computer equipment in all its forms, and it can provide consultancy on company management and organization, market and feasibility studies and operative research; i) Undertake mining-related activities and business, including but not limited to prospection, reconnaissance, exploration and mining of mining deposits; and fishing or hunting of species and organisms with water as their normal habitat, and it may market them in any way; j) Participate pursuant to law in companies with a banking purpose, and generally in financial, insurance, warrants, storage and merchandise deposit services and in mutual and social security fund management.

## ARTICLES OF INCORPORATION

The Company was established under public deed dated October 31st, 1934, signed in the presence of the Santiago Notary Mr. Luis Azócar, and was authorized by Supreme Decree N° 3,610, dated November 22nd, 1934. The corresponding registration was made on folio 1,813 N° 1,008, and folio 1,829, entry N° 1,009, in the Santiago Trade Registry of 1934.

The corporate bylaws have been amended on several occasions, noteworthy amongst which were: the amendment made under public deed dated April 20th, 1982, in the presence of the Santiago Notary Mr. Andrés Rubio, when the bylaws were restated to adapt them to the requirements of Chilean Law No 18,046; an amendment to increase equity capital, now divided into 1,299,853,848 shares of no par value, in accordance with a public deed dated January 29th, 1988, in the presence of Mr. Andrés Rubio, published in the Chilean Official Gazette of February 10th, 1988, and registered on folio 3,268 N° 1,690, of the Trade Registry of Santiago's Real Estate Registry of 1988; and, finally, an amendment set out in public deed dated May 7th, 2003, in the presence of the Santiago Notary Mr. René Benavente, which changed the name of the Company to Empresas Copec S.A., effective October 1st, 2003, the required excerpt of which was published in the Chilean Official Gazette of May 31st, 2003 and was registered on folio 14,697, N° 11,252, of the Trade Registry of Santiago's Real Estate Registry of 2003; and an amendment made under public deed dated September 12th, 2008, in the presence of the Santiago Notary Mr. Félix Jara, when the currency of the capital stock laid down in the Company's bylaws was changed, of the financial accounting registries and of the issuance of the Company's financial statements, from pesos of the Republic of Chile to US dollars, effective as of January 1st, 2008, and all as laid down in "Transitory Article Four" of the company's bylaws, and this provision is added to the bylaws. The required excerpt of which was published in the Chilean Official Gazette of October 10th, 2008 and was registered on folio 46,937, N° 32,354, of the Trade Registry of Santiago's Real Estate Registry of 2008.



# 04 FINANCIAL INFORMATION

Empresas Copec is changing, assuming the greatest challenges imposed by the current times and a more relevant position in global markets.

# FINANCIAL STATEMENTS SUMMARY

## Assets

At December 31

|  | 2017<br>ThUS\$    | 2016<br>ThUS\$    |
|--|-------------------|-------------------|
| <b>Current Assets</b>                                | <b>5,364,133</b>  | <b>4,912,354</b>  |
| Cash and cash equivalents                            | 1,341,704         | 1,289,413         |
| Other current financial assets                       | 187,155           | 185,046           |
| Other current non financial assets                   | 150,315           | 174,697           |
| Trade and other receivables                          | 1,730,807         | 1,358,381         |
| Accounts receivable with related parties             | 41,582            | 46,530            |
| Inventories  | 1,503,467         | 1,375,043         |
| Biological assets                                    | 311,349           | 309,365           |
| Current tax assets                                   | 87,448            | 166,221           |
| Non current assets held for sale                     | 10,306            | 7,658             |
| <b>Non Current Assets</b>                            | <b>16,810,082</b> | <b>16,534,152</b> |
| Other non current financial assets                   | 94,026            | 94,776            |
| Other non current non financial assets               | 138,248           | 139,121           |
| Non current fees receivable                          | 32,078            | 29,822            |
| Non current accounts receivable with related parties | 8,135             | 25,187            |
| Investment in associates through equity method       | 995,512           | 979,004           |
| Intangible assets other than goodwill                | 825,284           | 808,958           |
| Goodwill   | 395,378           | 396,889           |
| Property, plant and equipment                        | 10,490,816        | 10,131,362        |
| Biological assets                                    | 3,459,146         | 3,592,874         |
| Investment property                                  | 44,217            | 45,447            |
| Deferred tax assets                                  | 327,242           | 290,712           |
| <b>TOTAL ASSETS</b>                                  | <b>22,174,215</b> | <b>21,446,506</b> |

## Liabilities and Equity

At December 31

|  | 2017<br>ThUS\$    | 2016<br>ThUS\$    |
|--|-------------------|-------------------|
| <b>Current Liabilities</b>                           | <b>3,074,212</b>  | <b>2,612,925</b>  |
| Other current financial liabilities                  | 968,688           | 911,454           |
| Commercial creditors and other accounts payable      | 1,748,042         | 1,419,909         |
| Accounts payable to related parties                  | 10,047            | 7,653             |
| Other provisions                                     | 21,420            | 16,357            |
| Current tax liabilities                              | 41,334            | 44,683            |
| Current provisions for employee benefits             | 11,900            | 8,654             |
| Other current non financial liabilities              | 272,781           | 204,215           |
| <b>Non Current Liabilities</b>                       | <b>8,186,550</b>  | <b>8,348,081</b>  |
| Other non current financial liabilities              | 5,626,681         | 5,738,043         |
| Accounts payable to related parties                  | 1,049             | 940               |
| Other provisions                                     | 68,953            | 67,080            |
| Deferred tax liabilities                             | 2,181,279         | 2,304,547         |
| Non current provisions for employee benefits         | 117,940           | 102,922           |
| Other non current non financial liabilities          | 190,648           | 134,549           |
| <b>Net Equity</b>                                    | <b>10,913,453</b> | <b>10,485,500</b> |
| Share capital  | 686,114           | 686,114           |
| Accumulated earnings (losses)                        | 10,598,425        | 10,278,553        |
| Other reserves                                       | (886,214)         | (1,009,473)       |
| Equity attributable to equity holders of the company | 10,398,325        | 9,955,194         |
| Minority interest                                    | 515,128           | 530,306           |
| <b>TOTAL LIABILITIES AND NET EQUITY</b>              | <b>22,174,215</b> | <b>21,446,506</b> |

## Income Statement

For the years ended December 31,

|   | 2017<br>ThUS\$   | 2016<br>ThUS\$   |
|---|------------------|------------------|
| Revenue   | 20,353,315       | 16,699,311       |
| Cost of sales   | (16,907,433)     | (13,936,759)     |
| <b>Gross income</b>   | <b>3,445,882</b> | <b>2,762,552</b> |
| Distribution costs  | (1,246,840)      | (1,104,012)      |
| Administrative expenses                                       | (988,235)        | (870,590)        |
| Operating Income  | 1,210,807        | 787,950          |
| Other operating income  | 144,651          | 278,873          |
| Other operating expenses                                      | (368,702)        | (115,213)        |
| Other income (loss)   | (11,509)         | (8,014)          |
| Financial income  | 46,518           | 65,443           |
| Financial costs   | (402,649)        | (361,519)        |
| Income on investments in related companies and joint ventures | 101,971          | 96,674           |
| Exchange rate differences                                     | 26,453           | 22,692           |
| Gains (losses) on net monetary position                       | (8,477)          | (12,760)         |
| <b>Income before taxes</b>                                    | <b>739,063</b>   | <b>754,126</b>   |
| Income taxes  | (79,684)         | (157,481)        |
| <b>Net Income</b>   | <b>659,379</b>   | <b>596,645</b>   |
| <b>Income attributable</b>                                    |                  |                  |
| Income attributable to equity holders of the company          | 639,322          | 554,185          |
| Income attributable to minority interests                     | 20,057           | 42,460           |
| <b>Net Income</b>   | <b>659,379</b>   | <b>596,645</b>   |
| <b>Earnings per share</b>                                     |                  |                  |
| <b>Common shares</b>  |                  |                  |
| <b>Basic earnings per share</b>                               | <b>0.492</b>     | <b>0.426</b>     |
| Basic earnings per share from discontinued operations         | 0.492            | 0.426            |
| Basic earnings per share from continuing operations           | 0.000            | 0.000            |
| <b>Diluted common shares</b>                                  |                  |                  |
| <b>Earnings per diluted share</b>                             | <b>0.000</b>     | <b>0.000</b>     |
| Earnings per diluted share from discontinued operations       | 0.000            | 0.000            |
| Earnings per diluted share from continuing operations         | 0.000            | 0.000            |

## Comprehensive Income Statement

For the years ended December 31,

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|--|----------------|----------------|
| Net Income   | 659,379        | 596,645        |
| <b>Comprehensive income, net of tax</b>                                      |                |                |
| Other comprehensive income does not reclassify to the income of the period   | 14,620         | (5,568)        |
| Gain (loss) for actuarial plans of defined beneficts                         | 2,532          | (5,594)        |
| Participation of other comprehensive income of associates and joint ventures | 12,088         | 26             |
| <b>Exchange difference on conversion</b>                                     | 109,398        | 248,659        |
| Gain (loss) for differences on conversion                                    | 103,398        | 248,659        |
| <b>Financial assets held for sale</b>  | 352            | 276            |
| Gain (loss) on fair value changes of financial assets held for sale          | 352            | 276            |
| <b>Cash flow hedges</b>  | 8,619          | 67,919         |
| Gain (loss) on cash flow hedges  | 25,584         | 67,347         |
| Reclassification adjustments on cash flow hedges                             | (16,965)       | 572            |
| <b>Other comprehensive income</b>  |                |                |
| Gain (loss) from investments in equity instruments                           | (2,343)        | 0              |
| Gain (loss) for revaluation  | (856)          | 0              |
| Gain (loss) for actuarial plans of defined beneficts                         | (3,053)        | (2,706)        |
| <b>Other comprehensive income, net of tax</b>                                | 112,117        | 314,148        |
| <b>Income tax related to other comprehensive income</b>                      | (3,101)        | (14,831)       |
| Income tax related to investment in equity instruments                       | (2,086)        | 0              |
| Income tax related to financial assets held for sale                         | (95)           | (68)           |
| Income tax related to cash flow hedges                                       | (1,772)        | (16,837)       |
| Income tax related to plans of defined beneficts                             | 643            | 2,074          |
| Reclassification adjustments in income tax                                   | 209            | 0              |
| <b>Other comprehensive income</b>  | 123,636        | 293,749        |
| <b>Total comprehensive income</b>  | 783,015        | 890,394        |
| <b>Comprehensive income attributable</b>                                     |                |                |
| Comprehensive income attributable to parent company                          | 762,581        | 847,358        |
| Comprehensive income attributable to non controlling interests               | 20,434         | 43,036         |
| <b>Total comprehensive income</b>  | <b>783,015</b> | <b>890,394</b> |



## Statement of Changes in Equity


| Current Period (ThUS\$)   | Ordinary<br>Shares | Legal and<br>statutory<br>reserves | Reserves<br>available for<br>sale | Conversion<br>Reserves | Benefits<br>Reserves | Hedge<br>Reserves | Other<br>Reserves | Other<br>Reserves<br>Total | Changes in<br>Retained<br>Earnings<br>(Accumulated<br>Losses) | Changes in Equity<br>Attributable to<br>Parent Company<br>Shareholders,<br>Total | Changes<br>in Minority<br>Interests | Changes in<br>Net Equity,<br>Total |
|---|--------------------|------------------------------------|-----------------------------------|------------------------|----------------------|-------------------|-------------------|----------------------------|---|--|-------------------------------------|------------------------------------|
|   | Share<br>Capital   |                                    |                                   |                        |                      |                   |                   |                            |   |  |                                     |                                    |
| Opening balance at January 1, 2017                              | 686,114            | 3                                  | (261)                             | (1,431,364)            | (28,148)             | 9,900             | 440,397           | (1,009,473)                | 10,278,553  | 9,955,194  | 530,306                             | 10,485,500                         |
| Restated opening balance  | 686,114            | 3                                  | (261)                             | (1,431,364)            | (28,148)             | 9,900             | 440,397           | (1,009,473)                | 10,278,553  | 9,955,194  | 530,306                             | 10,485,500                         |
| Changes in equity   |                    |                                    |                                   |                        |                      |                   |                   |                            |   |  |                                     |                                    |
| Comprehensive income statement                                  |                    |                                    |                                   |                        |                      |                   |                   |                            |   |  |                                     |                                    |
| Net income  | 0                  | 0                                  | 0                                 | 0                      | 0                    | 0                 | 0                 | 0                          | 639,322   | 639,322  | 20,057                              | 659,379                            |
| Other comprehensive income                                      | 0                  | 0                                  | 257                               | 113,085                | 101                  | 6,795             | 3,021             | 123,259                    | 0   | 123,259  | 377                                 | 123,636                            |
| Dividends   | 0                  | 0                                  | 0                                 | 0                      | 0                    | 0                 | 0                 | 0                          | (320,542)   | (320,542)  | 0                                   | (320,542)                          |
| Other increases (decreases) through transfers and other changes | 0                  | 0                                  | 0                                 | 0                      | 0                    | 0                 | 0                 | 0                          | 1,092   | 1,092  | (35,612)                            | (34,520)                           |
| Changes in equity   | 0                  | 0                                  | 257                               | 113,085                | 101                  | 6,795             | 3,021             | 123,259                    | 319,872   | 443,131  | (15,178)                            | 427,953                            |
| Closing balance at December 31, 2016                            | 686,114            | 3                                  | (4)                               | (1,318,279)            | (28,047)             | 16,695            | 443,418           | (886,214)                  | 10,398,325  | 10,398,325   | 515,128                             | 10,913,453                         |

| Previous Period (ThUS\$)   | Ordinary<br>Shares | Legal and<br>statutory<br>reserves | Reserves<br>available for<br>sale | Conversion<br>Reserves | Benefits<br>Reserves | Hedge<br>Reserves | Other<br>Reserves | Other<br>Reserves<br>Total | Changes in<br>Retained<br>Earnings<br>(Accumulated<br>Losses) | Changes in Equity<br>Attributable to<br>Parent Company<br>Shareholders,<br>Total | Changes<br>in Minority<br>Interests | Changes in<br>Net Equity,<br>Total |
|--|--------------------|------------------------------------|-----------------------------------|------------------------|----------------------|-------------------|-------------------|----------------------------|---|--|-------------------------------------|------------------------------------|
|  | Share<br>Capital   |                                    |                                   |                        |                      |                   |                   |                            |   |  |                                     |                                    |
| Opening balance at January 1, 2016   | 686,114            | 3                                  | (468)                             | (1,679,567)            | (21,924)             | (40,487)          | 441,751           | (1,300,692)                | 9,974,213   | 9,359,635  | 496,238                             | 9,855,873                          |
| Restated opening balance   | 686,114            | 3                                  | (468)                             | (1,679,567)            | (21,924)             | (40,487)          | 441,751           | (1,300,692)                | 9,974,213   | 9,359,635  | 496,238                             | 9,855,873                          |
| Changes in equity  |                    |                                    |                                   |                        |                      |                   |                   |                            |   |  |                                     |                                    |
| Comprehensive income statement   |                    |                                    |                                   |                        |                      |                   |                   |                            |   |  |                                     |                                    |
| Net income   | 0                  | 0                                  | 0                                 | 0                      | 0                    | 0                 | 0                 | 0                          | 554,185   | 554,185  | 42,460                              | 596,645                            |
| Other comprehensive income   | 0                  | 0                                  | 207                               | 248,203                | (6,224)              | 50,387            | 600               | 293,173                    | 0   | 293,173  | 576                                 | 293,749                            |
| Dividends  | 0                  | 0                                  | 0                                 | 0                      | 0                    | 0                 | 0                 | 0                          | (224,643)   | (224,643)  | 0                                   | (224,643)                          |
| Increases (decreases) to changes in subsidiaries that do not involve loss of control | 0                  | 0                                  | 0                                 | 0                      | 0                    | 0                 | (1,954)           | (1,954)                    | (25,202)  | (27,156)   | (8,968)                             | (36,124)                           |
| Changes in equity  | 0                  | 0                                  | 207                               | 248,203                | (6,224)              | 50,387            | (1,354)           | 291,219                    | 304,340   | 595,559  | 34,068                              | 629,627                            |
| Closing balance at December 31, 2015   | 686,114            | 3                                  | (261)                             | (1,431,364)            | (28,148)             | 9,900             | 440,397           | (1,009,473)                | 10,278,553  | 9,955,194  | 530,306                             | 10,485,500                         |

## Statement of Cash Flows

For the years ended December 31,

|   | 2017<br>ThUS\$     | 2016<br>ThUS\$     |
|---|--------------------|--------------------|
| <b>Cash Flows from (used in) Operating Activities</b>                           | <b>1,594,074</b>   | <b>1,511,847</b>   |
| Classes of cash receipts from operating activities                              |                    |                    |
| Receipts from sales of goods and rendering of services                          | 21,961,558         | 17,188,228         |
| Receipts from premiums and claims, annuities and other policy benefits          | 3,622              | 342                |
| Other cash receipts from operating activities                                   | 369,584            | 474,972            |
| Classes of cash payments  |                    |                    |
| Payments to suppliers for goods and services                                    | (19,180,370)       | (14,735,214)       |
| Payments to and behalf of employees   | (960,034)          | (815,407)          |
| Payments from premiums and claims, annuities and other policy benefits          | (12,974)           | (6,605)            |
| Other payments from operating activities  | (210,671)          | (307,712)          |
| Dividends received  | 12,677             | 11,428             |
| Interest paid   | (272,264)          | (201,174)          |
| Interest received   | 35,254             | 60,239             |
| Income taxes refund (paid)  | (140,935)          | (171,849)          |
| Other inflows (outflows) of cash  | (11,373)           | 14,599             |
| <b>Cash Flows from (used in) Investing Activities</b>                           | <b>(1,015,447)</b> | <b>(1,821,265)</b> |
| Cash flows from loss of control of subsidiaries or other businesses             | 6,555              | 0                  |
| Cash flows from gain of control of subsidiaries or other businesses             | 0                  | (835,264)          |
| Cash flows from purchase of non-controlling interests                           | (16,804)           | 275,490            |
| Other cash payments to sell equity or debt instruments of other entities        | 1                  | 0                  |
| Other cash payments to acquire equity or debt instruments of other entities     | (27,612)           | (177)              |
| Other cash payments to acquire joint ventures                                   | 0                  | (153,135)          |
| Loans to related companies  | (690)              | (19,831)           |
| Proceeds from sale of property, plant and equipment                             | 11,326             | 22,143             |
| Purchase of property, plant and equipment                                       | (831,427)          | (636,007)          |
| Proceeds from sale of intangible assets   | (53,791)           | (52,926)           |
| Purchase of intangible assets   | 2,426              | 1,859              |
| Proceeds from other non current assets  | (179,184)          | (157,320)          |
| Purchase of other non current assets  | (2,012)            | (610)              |
| Cash advances and loans to third parties  | 675                | 456                |
| Cash receipts from the repayment of advances and loans granted to third parties | 2,273              | 0                  |
| Cash receipts from related parties  | 4,495              | 928                |
| Dividends received  | 60,779             | 55,337             |
| Interests received  | 4,980              | 1,187              |
| Other inflows (outflows) of cash  | 2,563              | (47,905)           |
| <b>Cash Flows from (used in) Financing Activities</b>                           | <b>(562,588)</b>   | <b>(37,916)</b>    |
| Proceeds from shares issued   | 0                  | (791)              |
| Payments of other equity interests  | 0                  | (234)              |
| Proceeds from long term borrowings  | 1,315,795          | 567,092            |
| Proceeds from short term borrowings   | 511,560            | 549,808            |
| Borrowings to related parties   | 18,690             | 0                  |
| Payments of borrowings  | (2,009,393)        | (822,566)          |
| Payments of finance leasing liabilities   | (2,524)            | (3,414)            |
| Payments of borrowings to related parties                                       | (18,690)           | 0                  |
| Amounts from government grants  | (1,210)            | 0                  |
| Dividends paid  | (309,922)          | (251,105)          |
| Interest paid   | (68,760)           | (67,852)           |
| Other inflows (outflows) of cash  | 1,866              | (8,854)            |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                     | <b>16,039</b>      | <b>(347,334)</b>   |
| Effect of exchange rate changes on cash and cash equivalents                    | 36,247             | 52,542             |
| Effect of changes in consolidation on cash and cash equivalents                 | 52,286             | (294,792)          |
| Cash and cash equivalents at beginning of period                                | 1,289,413          | 1,584,205          |
| <b>Cash and cash equivalents at end of period</b>                               | <b>1,341,699</b>   | <b>1,289,413</b>   |



# FINANCIAL STATEMENTS SUMMARY PRINCIPAL AFFILIATES

## CELULOSA ARAUCO Y CONSTITUCIÓN S.A. AND AFFILIATES

### BALANCE SHEET

At December 31

|  | 2017<br>ThUS\$    | 2016<br>ThUS\$    |
|--|-------------------|-------------------|
| <b>Assets</b>  |                   |                   |
| Current assets                                       | 2,770,363         | 2,722,360         |
| Non current assets                                   | 11,224,237        | 11,283,821        |
| <b>TOTAL ASSETS</b>                                  | <b>13,994,600</b> | <b>14,006,181</b> |
| <b>Liabilities</b>                                   |                   |                   |
| Current liabilities                                  | 1,399,394         | 1,346,064         |
| Non current liabilities                              | 5,478,313         | 5,660,834         |
| <b>Total liabilities</b>                             | <b>6,877,707</b>  | <b>7,006,898</b>  |
| <b>Equity</b>  |                   |                   |
| Issued capital                                       | 353,618           | 353,618           |
| Other reserves                                       | (703,778)         | (728,042)         |
| Accumulated earnings (losses)                        | 7,425,133         | 7,329,675         |
| Equity attributable to equity holders of the company | 7,074,973         | 6,955,251         |
| Minority interest                                    | 41,920            | 44,032            |
| <b>Net equity</b>                                    | <b>7,116,893</b>  | <b>6,999,283</b>  |
| <b>TOTAL LIABILITIES AND NET EQUITY</b>              | <b>13,994,600</b> | <b>14,006,181</b> |

### INCOME STATEMENT

For the years ended December 31,

|   | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|---|----------------|----------------|
| Gross profit  | 1,663,809      | 1,262,480      |
| <b>Profit (loss) before taxes</b>                           | <b>239,360</b> | <b>263,224</b> |
| Income taxes  | 30,992         | (45,647)       |
| <b>Profit (loss) after taxes</b>                            | <b>270,352</b> | <b>217,577</b> |
| <b>PROFIT (LOSS)</b>  | <b>270,352</b> | <b>217,577</b> |
| Profit (loss) attributable to equity holders of the company | 269,724        | 213,801        |
| Profit (loss) attributable to minority interests            | 628            | 3,776          |
| <b>PROFIT (LOSS)</b>  | <b>270,352</b> | <b>217,577</b> |

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|--|----------------|----------------|
| Net cash flow from (used in) operating activities            | 1,072,425      | 773,584        |
| Net cash flow from (used in) investing activities            | (633,348)      | (640,212)      |
| Net cash flow from (used in) financing activities            | (439,101)      | (38,484)       |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(24)</b>    | <b>94,888</b>  |
| Effect of exchange rate changes on cash and cash equivalents | (2,343)        | (2,660)        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>592,253</b> | <b>500,025</b> |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>589,886</b> | <b>592,253</b> |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|   | 2017<br>ThUS\$   | 2016<br>ThUS\$   |
|---|------------------|------------------|
| <b>OPENING BALANCE</b>                            | <b>6,999,283</b> | <b>6,646,445</b> |
| Legal and statutory reserves                      | 1,826            | (4,084)          |
| Conversion Reserves                               | 12,114           | 168,884          |
| Hedge Reserves                                    | 3,656            | 56,492           |
| Other Reserves                                    | 6,668            | 26               |
| Changes in Retained Earnings (Accumulated Losses) | 95,458           | 125,223          |
| Changes in Minority Interests                     | (2,112)          | 6,297            |
| <b>CHANGES IN EQUITY</b>                          | <b>117,610</b>   | <b>352,838</b>   |
| <b>CLOSING BALANCE</b>                            | <b>7,116,893</b> | <b>6,999,283</b> |



## COMPAÑÍA DE PETRÓLEOS DE CHILE COPEC S.A. AND AFFILIATES

### BALANCE SHEET

At December 31

#### Assets

Current assets

Non current assets

#### TOTAL ASSETS

#### Liabilities

Current liabilities

Non current liabilities

#### TOTAL LIABILITIES

#### Equity

Issued capital

Other reserves

Accumulated earnings (losses)

Equity attributable to equity holders of the company

Minority interest

#### Net equity

#### TOTAL LIABILITIES AND NET EQUITY

### INCOME STATEMENT

For the years ended December 31,

Gross profit

#### Profit (loss) before taxes

Income taxes

#### Profit (loss) after taxes

#### PROFIT (LOSS)

Profit (loss) attributable to equity holders of the company

Profit (loss) attributable to minority interests

#### PROFIT (LOSS)

2017  
ThCh\$2016  
ThCh\$

1,137,926,576

1,072,497,977

1,830,698,224

1,849,557,112

2,968,624,800

2,922,055,089

860,180,873

783,828,480

1,007,240,698

1,092,203,001

1,867,421,571

1,876,031,481

511,338,349

511,338,349

(245,792,855)

(209,755,735)

683,113,697

586,340,725

948,659,191

887,923,339

152,544,038

158,100,269

1,101,203,229

1,046,023,608

2,968,624,800

2,922,055,089

2017  
ThCh\$2016  
ThCh\$

831,925,436

731,197,700

250,033,813

196,065,857

(66,007,770)

(48,808,827)

184,026,043

147,257,030

184,026,043

147,257,030

167,465,985

130,400,658

16,560,058

16,856,372

184,026,043

147,257,030

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThCh\$      | 2016<br>ThCh\$      |
|--|---------------------|---------------------|
| Net cash flow from (used in) operating activities            | 243,748,217         | 364,018,769         |
| Net cash flow from (used in) investing activities            | (197,922,266)       | (546,321,159)       |
| Net cash flow from (used in) financing activities            | (103,300,122)       | 152,899,482         |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(61,995,094)</b> | <b>(27,196,162)</b> |
| Effect of exchange rate changes on cash and cash equivalents | (4,520,922)         | 2,206,746           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>283,874,681</b>  | <b>311,070,842</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>221,879,586</b>  | <b>283,874,680</b>  |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|   | 2017<br>ThCh\$       | 2016<br>ThCh\$       |
|---|----------------------|----------------------|
| <b>OPENING BALANCE</b>                            | <b>1,046,023,608</b> | <b>885,983,965</b>   |
| Share Capital                                     | -                    | 100,836,000          |
| Reserves available for sale                       | 86,607               | 49,889               |
| Conversion Reserves                               | (42,855,290)         | (8,217,991)          |
| Hedge Reserves                                    | 4,826,450            | (4,877,438)          |
| Benefacts Reserves                                | (1,043,455)          | (1,382,777)          |
| Other Reserves                                    | 2,948,568            | 161,193              |
| Changes in Retained Earnings (Accumulated Losses) | 96,772,972           | 65,200,329           |
| Changes in Minority Interests                     | (5,556,231)          | 8,270,438            |
| <b>CHANGES IN EQUITY</b>                          | <b>55,179,621</b>    | <b>160,039,643</b>   |
| <b>CLOSING BALANCE</b>                            | <b>1,101,203,229</b> | <b>1,046,023,608</b> |

## ABASTIBLE S.A. AND AFFILIATES

**BALANCE SHEET**

At December 31

|  | 2017<br>ThCh\$     | 2016<br>ThCh\$     |
|--|--------------------|--------------------|
| <b>Assets</b>  |                    |                    |
| Current assets                                       | 141,690,156        | 100,177,177        |
| Non current assets                                   | 653,641,333        | 673,343,856        |
| <b>TOTAL ASSETS</b>                                  | <b>795,331,489</b> | <b>773,521,033</b> |
| <b>Liabilities</b>                                   |                    |                    |
| Current liabilities                                  | 136,481,741        | 101,605,533        |
| Non current liabilities                              | 352,066,539        | 367,837,109        |
| <b>Total liabilities</b>                             | <b>488,548,280</b> | <b>469,442,642</b> |
| <b>Equity</b>  |                    |                    |
| Issued capital                                       | 248,508,932        | 248,508,932        |
| Other reserves                                       | (25,821,972)       | (8,441,705)        |
| Accumulated earnings (losses)                        | 45,791,424         | 24,976,569         |
| Equity attributable to equity holders of the company | 268,478,384        | 265,043,796        |
| Participaciones no controladoras                     | 38,304,825         | 39,034,595         |
| <b>Net equity</b>                                    | <b>306,783,209</b> | <b>304,078,391</b> |
| <b>TOTAL LIABILITIES AND NET EQUITY</b>              | <b>795,331,489</b> | <b>773,521,033</b> |

**INCOME STATEMENT**

For the years ended December 31,

|   | 2017<br>ThCh\$    | 2016<br>ThCh\$    |
|---|-------------------|-------------------|
| Gross profit  | 261,838,709       | 222,450,091       |
| <b>Profit (loss) before taxes</b>                           | <b>67,248,494</b> | <b>74,179,279</b> |
| Income taxes  | (15,371,575)      | (20,242,922)      |
| <b>Profit (loss) after taxes</b>                            | <b>51,876,919</b> | <b>53,936,357</b> |
| <b>PROFIT (LOSS)</b>  | <b>51,876,919</b> | <b>53,936,357</b> |
| Profit (loss) attributable to equity holders of the company | 46,581,403        | 49,176,871        |
| Profit (loss) attributable to minority interests            | 5,295,516         | 4,759,486         |
| <b>PROFIT (LOSS)</b>  | <b>51,876,919</b> | <b>53,936,357</b> |

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThCh\$    | 2016<br>ThCh\$     |
|--|-------------------|--------------------|
| Net cash flow from (used in) operating activities            | 83,256,970        | 89,969,306         |
| Net cash flow from (used in) investing activities            | (45,883,236)      | (241,104,340)      |
| Net cash flow from (used in) financing activities            | (14,309,535)      | 148,634,120        |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>23,064,199</b> | <b>(2,500,914)</b> |
| Effect of exchange rate changes on cash and cash equivalents | (2,588,015)       | 1,002,858          |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>35,801,302</b> | <b>37,299,358</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>56,277,486</b> | <b>35,801,302</b>  |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|   | 2017<br>ThCh\$     | 2016<br>ThCh\$     |
|---|--------------------|--------------------|
| <b>OPENING BALANCE</b>                            | <b>304,078,391</b> | <b>215,194,777</b> |
| Issued Capital                                    | -                  | 243,561,856        |
| Legal and statutory reserves                      | (21,282)           | 27,206             |
| Conversion Reserves                               | (15,233,917)       | (5,636,552)        |
| Hedge Reserves                                    | 1,278,932          | (928,078)          |
| Other Reserves                                    | (3,404,000)        | (511,789)          |
| Changes in Retained Earnings (Accumulated Losses) | 20,814,855         | (151,017,594)      |
| Changes in Minority Interests                     | (729,770)          | 3,388,565          |
| <b>CHANGES IN EQUITY</b>                          | <b>2,704,818</b>   | <b>88,883,614</b>  |
| <b>CLOSING BALANCE</b>                            | <b>306,783,209</b> | <b>304,078,391</b> |

## SOCIEDAD NACIONAL DE OLEODUCTOS S.A.

### BALANCE SHEET

At December 31

|   | 2017<br>ThCh\$     | 2016<br>ThCh\$     |
|---|--------------------|--------------------|
| <b>Assets</b>                           |                    |                    |
| Current assets                          | 5,242,663          | 4,761,002          |
| Non current assets                      | 188,269,576        | 186,721,951        |
| <b>TOTAL ASSETS</b>                     | <b>193,512,239</b> | <b>191,482,953</b> |
| <b>Liabilities</b>                      |                    |                    |
| Current liabilities                     | 44,365,046         | 37,312,742         |
| Non current liabilities                 | 77,410,993         | 82,434,011         |
| <b>Total liabilities</b>                | <b>121,776,039</b> | <b>119,746,753</b> |
| <b>Equity</b>                           |                    |                    |
| Issued capital                          | 59,575,440         | 59,575,440         |
| Other reserves                          | 0                  | 0                  |
| Accumulated earnings (losses)           | 12,160,760         | 12,160,760         |
| <b>Net equity</b>                       | <b>71,736,200</b>  | <b>71,736,200</b>  |
| <b>TOTAL LIABILITIES AND NET EQUITY</b> | <b>193,512,239</b> | <b>191,482,953</b> |

### INCOME STATEMENT

For the years ended December 31,

|                                   | 2017<br>ThCh\$    | 2016<br>ThCh\$    |
|-----------------------------------|-------------------|-------------------|
| Gross profit                      | 35,909,397        | 34,031,448        |
| <b>Profit (loss) before taxes</b> | <b>32,728,239</b> | <b>30,491,595</b> |
| Income taxes                      | (8,455,043)       | (7,358,317)       |
| <b>Profit (loss) after taxes</b>  | <b>24,273,196</b> | <b>23,133,278</b> |
| <b>PROFIT (LOSS)</b>              | <b>24,273,196</b> | <b>23,133,278</b> |



**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThCh\$   | 2016<br>ThCh\$   |
|--|------------------|------------------|
| Net cash flow from (used in) operating activities            | 34,991,053       | 31,738,971       |
| Net cash flow from (used in) investing activities            | (7,649,744)      | (6,743,219)      |
| Net cash flow from (used in) financing activities            | (26,956,680)     | (25,008,136)     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>384,629</b>   | <b>(12,384)</b>  |
| Effect of exchange rate changes on cash and cash equivalents | 0                | 0                |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>1,016,005</b> | <b>1,028,389</b> |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>1,400,634</b> | <b>1,016,005</b> |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|                          | 2017<br>ThCh\$    | 2016<br>ThCh\$    |
|--------------------------|-------------------|-------------------|
| <b>OPENING BALANCE</b>   | <b>71,736,200</b> | <b>71,736,200</b> |
| <b>CHANGES IN EQUITY</b> | <b>0</b>          | <b>0</b>          |
| <b>CLOSING BALANCE</b>   | <b>71,736,200</b> | <b>71,736,200</b> |

## PESQUERA IQUIQUE-GUANAYE S.A. AND AFFILIATES

### BALANCE SHEET

At December 31

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|--|----------------|----------------|
| <b>Assets</b>  |                |                |
| Current assets                                       | 110,313        | 96,447         |
| Non current assets                                   | 374,682        | 405,127        |
| <b>TOTAL ASSETS</b>                                  | <b>484,995</b> | <b>501,574</b> |
| <b>Liabilities</b>                                   |                |                |
| Current liabilities                                  | 169,171        | 60,808         |
| Non current liabilities                              | 53,636         | 126,047        |
| <b>Total liabilities</b>                             | <b>222,807</b> | <b>186,855</b> |
| <b>Equity</b>  |                |                |
| Issued capital                                       | 347,457        | 347,457        |
| Other reserves                                       | (7,947)        | (5,924)        |
| Accumulated earnings (losses)                        | (146,676)      | (125,732)      |
| Equity attributable to equity holders of the company | 192,834        | 215,801        |
| Minority interest                                    | 69,354         | 98,918         |
| <b>Net equity</b>                                    | <b>262,188</b> | <b>314,719</b> |
| <b>TOTAL LIABILITIES AND NET EQUITY</b>              | <b>484,995</b> | <b>501,574</b> |

### INCOME STATEMENT

For the years ended December 31,

|   | 2017<br>ThUS\$  | 2016<br>ThUS\$  |
|---|-----------------|-----------------|
| Gross profit  | 37,379          | 46,369          |
| <b>Profit (loss) before taxes</b>                           | <b>(77,780)</b> | <b>(41,548)</b> |
| Income taxes  | 28,031          | 2,639           |
| <b>Profit (loss) after taxes</b>                            | <b>(49,749)</b> | <b>(38,909)</b> |
| <b>PROFIT (LOSS)</b>  | <b>(49,749)</b> | <b>(38,909)</b> |
| Profit (loss) attributable to equity holders of the company | (20,944)        | (35,223)        |
| Profit (loss) attributable to minority interests            | (28,805)        | (3,686)         |
| <b>PROFIT (LOSS)</b>  | <b>(49,749)</b> | <b>(38,909)</b> |

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$  |
|--|----------------|-----------------|
| Net cash flow from (used in) operating activities            | (11,695)       | 16,975          |
| Net cash flow from (used in) investing activities            | (45,291)       | (22,779)        |
| Net cash flow from (used in) financing activities            | 56,522         | (4,223)         |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(500)</b>   | <b>(10,027)</b> |
| Effect of exchange rate changes on cash and cash equivalents | 7,615          | (623)           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>1,308</b>   | <b>11,958</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>8,423</b>   | <b>1,308</b>    |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|   | 2017<br>ThUS\$  | 2016<br>ThUS\$  |
|---|-----------------|-----------------|
| <b>OPENING BALANCE</b>                            | <b>314,719</b>  | <b>351,244</b>  |
| Conversion Reserves                               | 825             | 1,870           |
| Hedge Reserves                                    | 96              | 652             |
| Beneficts Reserves                                | (10)            | -               |
| Other Reserves                                    | (2,934)         | (173)           |
| Changes in Retained Earnings (Accumulated Losses) | (20,944)        | (35,240)        |
| Changes in Minority Interests                     | (29,564)        | (3,634)         |
| <b>CHANGES IN EQUITY</b>                          | <b>(52,531)</b> | <b>(36,525)</b> |
| <b>CLOSING BALANCE</b>                            | <b>262,188</b>  | <b>314,719</b>  |

## SOCIEDAD MINERA CAMINO NEVADO LTDA.

### BALANCE SHEET

At December 31

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|--|----------------|----------------|
| <b>Assets</b>  |                |                |
| Current assets                                       | 8,450          | 14,575         |
| Non current assets                                   | 376,472        | 359,675        |
| <b>TOTAL ASSETS</b>                                  | <b>384,922</b> | <b>374,250</b> |
| <b>Liabilities</b>                                   |                |                |
| Current liabilities                                  | 175,738        | 140,189        |
| Non current liabilities                              | 92,268         | 117,632        |
| <b>Total liabilities</b>                             | <b>268,006</b> | <b>257,821</b> |
| <b>Equity</b>  |                |                |
| Issued capital                                       | 354,105        | 354,105        |
| Other reserves                                       | (10,410)       | (9,790)        |
| Accumulated earnings (losses)                        | (226,796)      | (227,906)      |
| Equity attributable to equity holders of the company | 116,899        | 116,409        |
| Minority interest                                    | 17             | 20             |
| <b>Net equity</b>                                    | <b>116,916</b> | <b>116,429</b> |
| <b>TOTAL LIABILITIES AND NET EQUITY</b>              | <b>384,922</b> | <b>374,250</b> |

### INCOME STATEMENT

For the years ended December 31,

|   | 2017<br>ThUS\$ | 2016<br>ThUS\$  |
|---|----------------|-----------------|
| Gross profit  | 0              | 0               |
| <b>Profit (loss) before taxes</b>                           | <b>(2,133)</b> | <b>(11,147)</b> |
| Income taxes  | 3,240          | 2,354           |
| <b>Profit (loss) after taxes</b>                            | <b>1,107</b>   | <b>(8,793)</b>  |
| <b>PROFIT (LOSS)</b>  | <b>1,107</b>   | <b>(8,793)</b>  |
| Profit (loss) attributable to equity holders of the company | 1,110          | (8,791)         |
| Profit (loss) attributable to minority interests            | (3)            | (2)             |
| <b>PROFIT (LOSS)</b>  | <b>1,107</b>   | <b>(8,793)</b>  |

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|--|----------------|----------------|
| Net cash flow from (used in) operating activities            | (6,835)        | (4,085)        |
| Net cash flow from (used in) investing activities            | 5,129          | (17,698)       |
| Net cash flow from (used in) financing activities            | 2,493          | 16,704         |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>787</b>     | <b>(5,079)</b> |
| Effect of exchange rate changes on cash and cash equivalents | 0              | 0              |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>2,401</b>   | <b>7,480</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>3,188</b>   | <b>2,401</b>   |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|   | 2017<br>ThUS\$ | 2016<br>ThUS\$   |
|---|----------------|------------------|
| <b>OPENING BALANCE</b>                            | <b>116,429</b> | <b>(163,372)</b> |
| Share Capital                                     | 0              | 285,000          |
| Hedge Reserves                                    | (620)          | 3,635            |
| Changes in Retained Earnings (Accumulated Losses) | 1,110          | (8,791)          |
| Changes in Minority Interests                     | (3)            | (43)             |
| <b>CHANGES IN EQUITY</b>                          | <b>487</b>     | <b>279,801</b>   |
| <b>CLOSING BALANCE</b>                            | <b>116,916</b> | <b>116,429</b>   |

## INVERSIONES NUEVA SERCOM LTDA.

**BALANCE SHEET**

At December 31

**Assets**

Current assets

Non current assets

**TOTAL ASSETS****Liabilities**

Current liabilities

Non current liabilities

**Total liabilities****Equity**

Issued capital

Other reserves

Accumulated earnings (losses)

**Net equity****TOTAL LIABILITIES AND NET EQUITY****INCOME STATEMENT**

For the years ended December 31,

Gross profit

**Profit (loss) before taxes**

Income taxes

**Profit (loss) after taxes****PROFIT (LOSS)**2017  
ThUS\$2016  
ThUS\$

922

805

61,201

68,512

62,123

69,317

63

49

0

0

63

49

88,951

88,951

11,321

11,962

(38,212)

(31,645)

62,060

69,268

62,123

69,317

2017  
ThUS\$2016  
ThUS\$

0

0

(6,541)

(11,135)

(26)

(10)

(6,567)

(11,145)

(6,567)

(11,145)



**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|--|----------------|----------------|
| Net cash flow from (used in) operating activities            | 6              | 0              |
| Net cash flow from (used in) investing activities            | 0              | 0              |
| Net cash flow from (used in) financing activities            | 0              | 0              |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>6</b>       | <b>0</b>       |
| Effect of exchange rate changes on cash and cash equivalents | 0              | 0              |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>0</b>       | <b>0</b>       |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>6</b>       | <b>0</b>       |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|   | 2017<br>ThUS\$ | 2016<br>ThUS\$  |
|---|----------------|-----------------|
| <b>OPENING BALANCE</b>                            | <b>69,268</b>  | <b>79,672</b>   |
| Conversion Reserves                               | 262            | 593             |
| Beneficts Reserves                                | (3)            | 0               |
| Hedge Reserves                                    | 30             | 206             |
| Other Reserves                                    | (930)          | (54)            |
| Changes in Retained Earnings (Accumulated Losses) | (6,567)        | (11,149)        |
| <b>CHANGES IN EQUITY</b>                          | <b>(7,208)</b> | <b>(10,404)</b> |
| <b>CLOSING BALANCE</b>                            | <b>62,060</b>  | <b>69,268</b>   |

**INMOBILIARIA LAS SALINAS LTDA.****BALANCE SHEET**

At December 31

**Assets**

Current assets

Non current assets

**TOTAL ASSETS****Liabilities**

Current liabilities

Non current liabilities

**Total liabilities****Equity**

Issued capital

Other reserves

Accumulated earnings (losses)

**Net equity****TOTAL LIABILITIES AND NET EQUITY**2017  
ThUS\$2016  
ThUS\$

1,995

742

130,159

133,661

132,154

134,403

56,548

51,283

10,920

22,585

67,468

73,868

98,055

98,055

(1,238)

(6,501)

(32,131)

(31,019)

64,686

60,535

132,154

134,403

**INCOME STATEMENT**

For the years ended December 31,

Gross profit

Profit (loss) before taxes

Income taxes

Profit (loss) after taxes

**PROFIT (LOSS)**2017  
ThUS\$2016  
ThUS\$

655

0

(2,373)

(2,789)

1,261

1,606

(1,112)

(1,183)

(1,112)

(1,183)

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|--|----------------|----------------|
| Net cash flow from (used in) operating activities            | (6,074)        | (5,838)        |
| Net cash flow from (used in) investing activities            | (274)          | 0              |
| Net cash flow from (used in) financing activities            | 6,434          | 5,832          |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>86</b>      | <b>(6)</b>     |
| Effect of exchange rate changes on cash and cash equivalents | 1              | 0              |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>15</b>      | <b>21</b>      |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>102</b>     | <b>15</b>      |

**STATEMENT OF CHANGES IN EQUITY**

For the years ended December 31,

|   | 2017<br>ThUS\$ | 2016<br>ThUS\$ |
|---|----------------|----------------|
| <b>OPENING BALANCE</b>                            | <b>60,535</b>  | <b>58,243</b>  |
| Conversion Reserves                               | 5,271          | 3,559          |
| Defined benefit reserves                          | (8)            | (84)           |
| Changes in Retained Earnings (Accumulated Losses) | (1,112)        | (1,183)        |
| <b>CHANGES IN EQUITY</b>                          | <b>4,151</b>   | <b>2,292</b>   |
| <b>CLOSING BALANCE</b>                            | <b>64,686</b>  | <b>60,535</b>  |

**EC INVESTRADE INC.****BALANCE SHEET**

At December 31

**Assets**

Current assets

Non current assets

**TOTAL ASSETS****Liabilities**

Current liabilities

Non current liabilities

**Total liabilities****Equity**

Issued capital

Other reserves

Accumulated earnings (losses)

**Net equity****TOTAL LIABILITIES AND NET EQUITY****2017**  
**ThUS\$****2016**  
**ThUS\$****7****8****32****34****39****42****36****34****0****0****36****34****20****20****17****16****(34)****(28)****3****8****39****42****INCOME STATEMENT**

For the years ended December 31,

Gross profit

**Profit (loss) before taxes**

Income taxes

**Profit (loss) after taxes****PROFIT (LOSS)****2017**  
**ThUS\$****2016**  
**ThUS\$****0****0****(6)****(6)****0****0****(6)****(6)****(6)****(6)**

**STATEMENT OF CASH FLOWS**

For the years ended December 31,

|  | 2017       | 2016       |
|--|------------|------------|
|  | ThUS\$     | ThUS\$     |
| Net cash flow from (used in) operating activities            | (1)        | (2)        |
| Net cash flow from (used in) investing activities            | 0          | 0          |
| Net cash flow from (used in) financing activities            | 0          | 0          |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(1)</b> | <b>(2)</b> |
| Effect of exchange rate changes on cash and cash equivalents | 0          | 0          |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>      | <b>8</b>   | <b>10</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>            | <b>7</b>   | <b>8</b>   |

**ESTADO DE CAMBIOS EN EL PATRIMONIO**

For the years ended December 31,

|   | 2017       | 2016       |
|---|------------|------------|
|   | ThUS\$     | ThUS\$     |
| <b>OPENING BALANCE</b>                            | <b>8</b>   | <b>15</b>  |
| Conversion Reserves                               | 1          | 1          |
| Other reserves                                    | 0          | (1)        |
| Changes in Retained Earnings (Accumulated Losses) | (6)        | (7)        |
| <b>CHANGES IN EQUITY</b>                          | <b>(5)</b> | <b>(7)</b> |
| <b>CLOSING BALANCE</b>                            | <b>3</b>   | <b>8</b>   |

**Corporate Name:**  
Empresas Copec S.A.

**RUT:**  
90.690-000-9

**Business Activity:**  
Investments and Business Services

**Legal Address**  
El Golf 150, floor 17, Santiago de Chile

**Web Page:**  
[www.empresascopec.cl](http://www.empresascopec.cl)  
[investor.empresascopec.cl](http://investor.empresascopec.cl)



**Design:**  
Grupo Oxígeno  
[www.grupoxigeno.cl](http://www.grupoxigeno.cl)



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