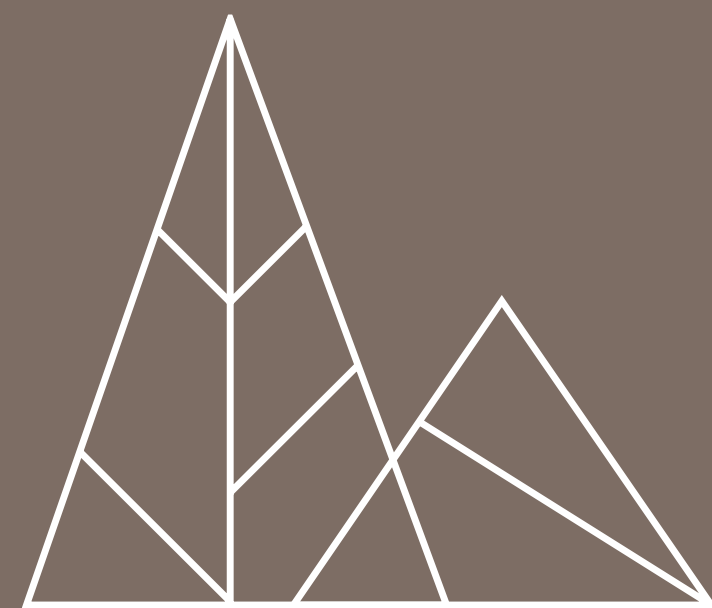


1st QUARTER  
2023

Financial Results  
Conference Call Presentation  
May 18, 2023

Gianfranco Truffello  
Chief Financial Officer



# Disclaimer

This presentation contains forward-looking statements that are based on the beliefs, assumptions and expectations of the management of the Company based on currently available information.

They involve risks and uncertainties because they relate to future events or expectations and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Arauco and could cause results to differ materially from those expressed in such forward-looking statements. For further discussion of these risks and uncertainties, investors should refer to quarterly and annual Arauco filings with the Chilean CMF and US SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements due to new information or future developments.

This presentation contains certain performance measures that do not represent IFRS definitions, as “EBITDA” and “Net financial debt”. These measures cannot be compared with the same previously used by Arauco and the same used by other companies.

# HIGHLIGHTS

▶ Quarterly figures, in US\$ million

Revenues  
**US\$1,439.5**  
-9.7% QoQ

Net Income  
**-US\$54.3**  
-69.4% QoQ

Adj. EBITDA  
**US\$188.0**  
-51.5% QoQ

LTM Adj. EBITDA  
**US\$1,726.4**  
-20.3% QoQ

Net Debt to EBITDA  
**3.17x**

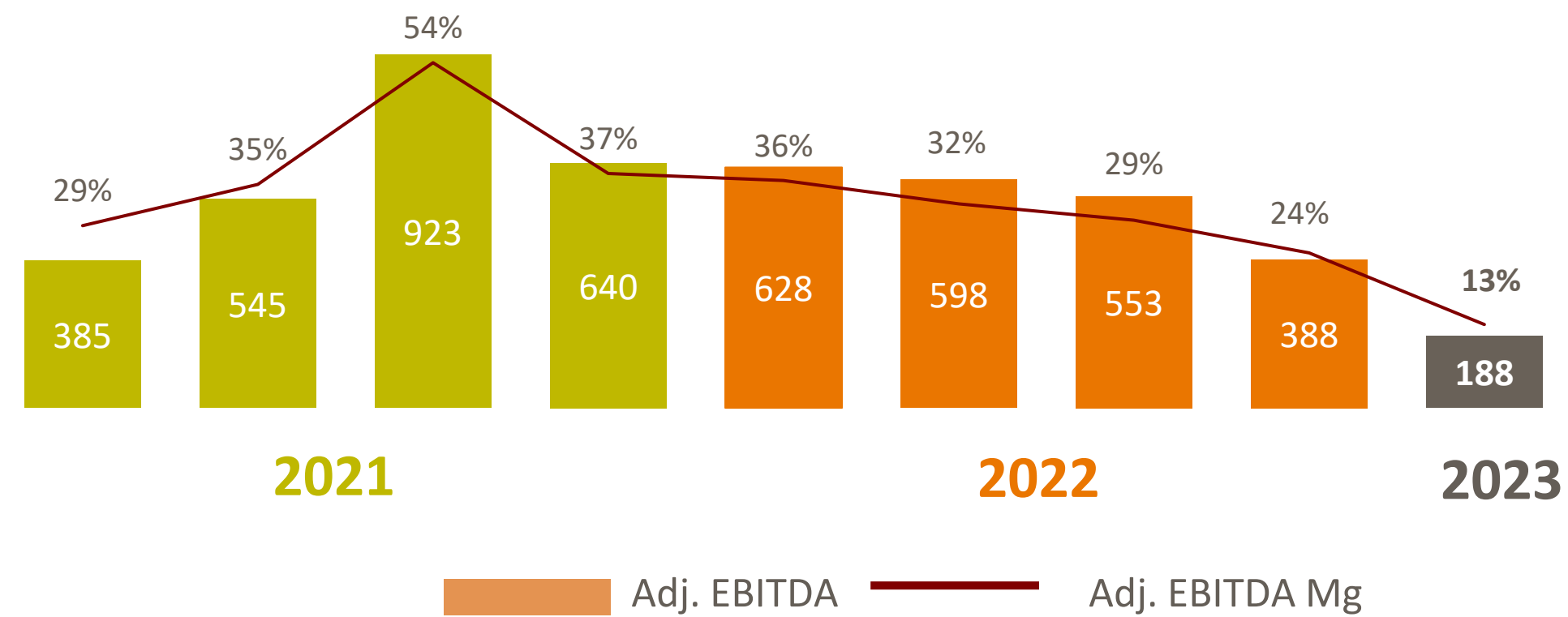
Form 20-F  
filed for year  
**2022**



# EBITDA & INCOME STATEMENT

# ADJUSTED EBITDA

► In US\$ million



### Breakdown by division

Pulp	78
Wood Products	136
Consolidated Adj. & Others	-26



- Adjusted EBITDA during the first quarter reached US\$188.0 million.
- Adjusted EBITDA of our pulp business segment decreased by 72.4%, mostly due to cost associated with the ramp up process of Arauco's Line 3, non-scheduled mill stoppages, 7.8% decrease in average prices and 4.9% decrease in sales volume. Adjusted EBITDA of our wood products business decreased 11.9%, mainly due to lower revenues.

# INCOME STATEMENT

## FINANCIAL REVIEW

► In US\$ million

	Q1 2023	Q4 2022	Q1 2022	QoQ	YoY
<b>Revenue</b>	<b>1,439.5</b>	<b>1,594.0</b>	<b>1,761.6</b>	<b>-9.7%</b>	<b>-18.3%</b>
Cost of sales	(1,034.0)	(1,051.9)	(1,003.2)	-1.7%	3.1%
<b>Gross Profit</b>	<b>405.46</b>	<b>542.13</b>	<b>758.47</b>	<b>-25.2%</b>	<b>-46.5%</b>
Other income	75.6	(144.5)	82.8	-152.3%	-8.7%
Distribution costs	(160.9)	(192.4)	(234.0)	-16.4%	-31.2%
Administrative expenses	(149.8)	(167.7)	(140.8)	-10.7%	6.5%
Other expenses	(209.0)	(208.4)	(27.8)	0.3%	650.4%
Financial income	22.8	22.3	13.3	2.1%	70.9%
Financial costs	(80.1)	(64.5)	(47.0)	24.3%	70.5%
Participation in (loss) profit in associates and JVs*	7.9	(7.8)	19.7	-200.4%	-60.1%
Exchange rate differences	(23.7)	(36.8)	(19.0)	-35.5%	24.8%
<b>Income before income tax</b>	<b>(111.9)</b>	<b>(257.7)</b>	<b>405.7</b>	<b>-56.6%</b>	<b>-127.6%</b>
Income tax	57.6	80.1	(76.6)	-28.1%	-175.2%
<b>Net income</b>	<b>(54.3)</b>	<b>(177.6)</b>	<b>329.1</b>	<b>-69.4%</b>	<b>-116.5%</b>

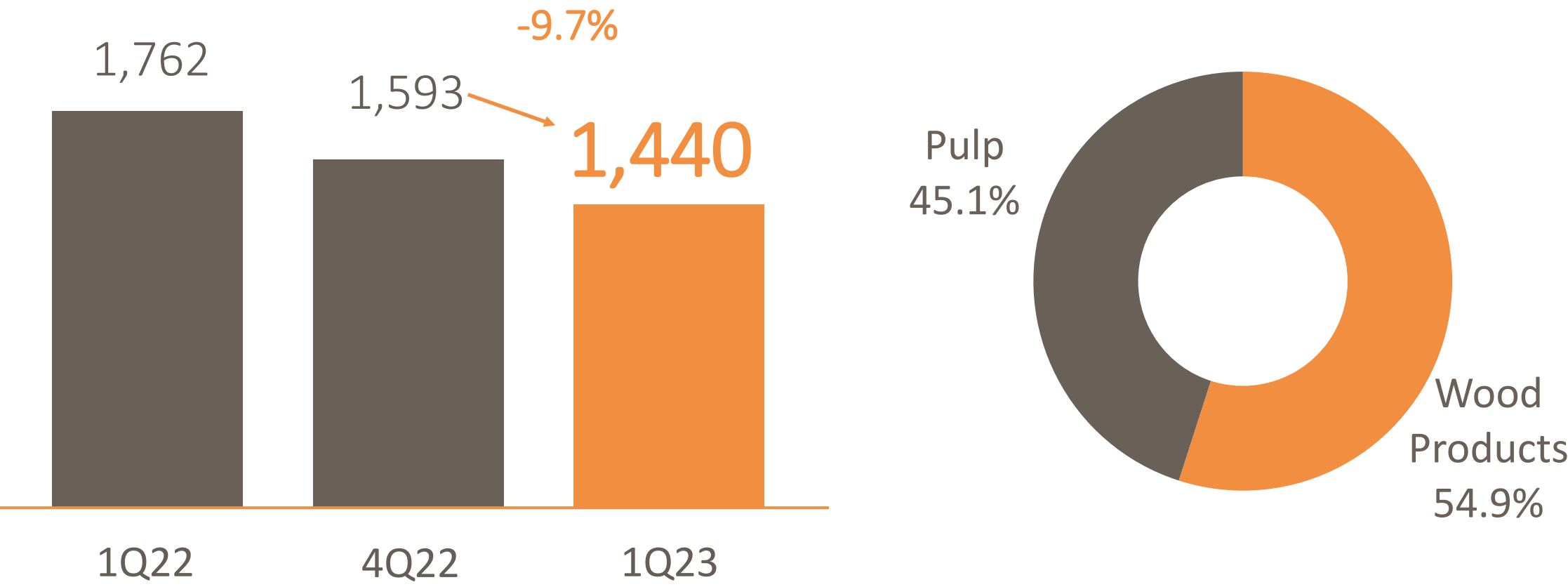
\* Accounted using the equity method.

# INCOME STATEMENT – REVENUES & COST OF SALES

► In US\$ million

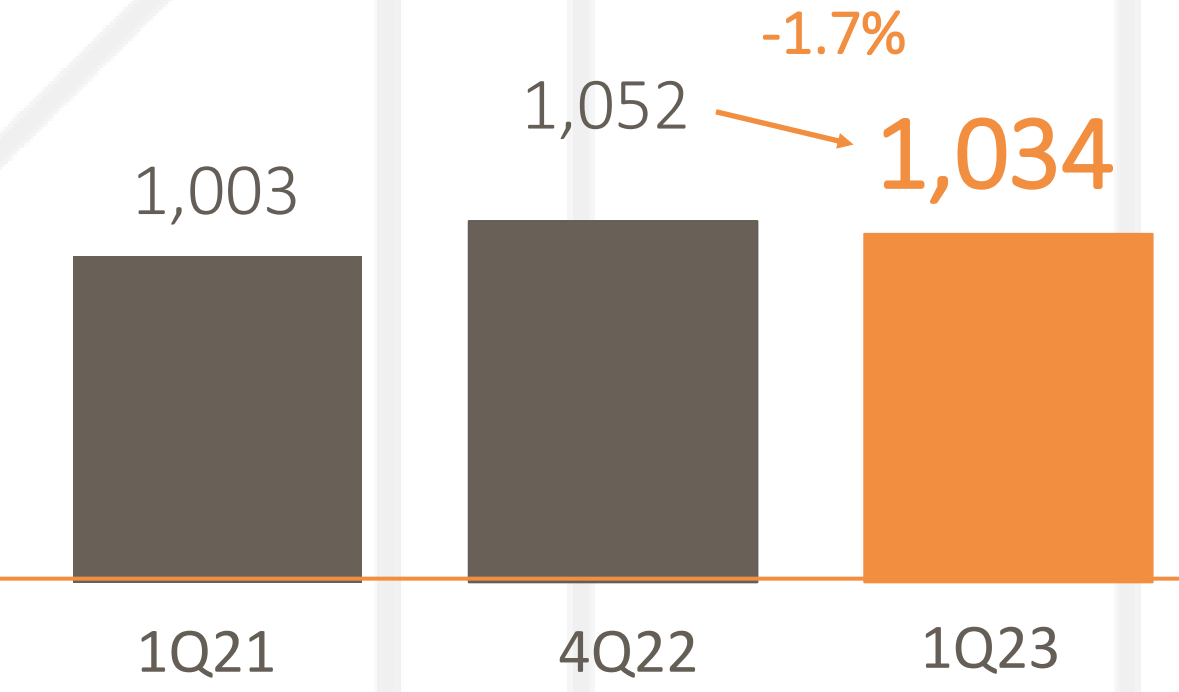
**Revenues** decreased 9.7% compared to the fourth quarter of 2022 and 18.3% compared to the first quarter of 2022 .

- Pulp revenues decreased by US\$77.1 million or 10.6%, mainly driven by 7.8% and 4.9% decrease in average prices and sales volumes, respectively.
- Wood products revenues decreased by US\$77.4 million or 8.9%, mainly due to a decrease of 4.8% in sales volume and 4.4% in average prices.



**Cost of sales** decreased by 1.7% or US\$17.9 million compared to the fourth quarter mainly due to a decrease in *Timber* and *Forestry labor costs* associated to lower sales volume. Additionally, there was a decrease in *Maintenance costs* due to lower costs in some of our mills, partially offset by an increase in *Energy and fuel* and *Other raw materials and indirect costs* due to an increase in consumption in our Arauco Pulp Line 3 related to the ramp up process.

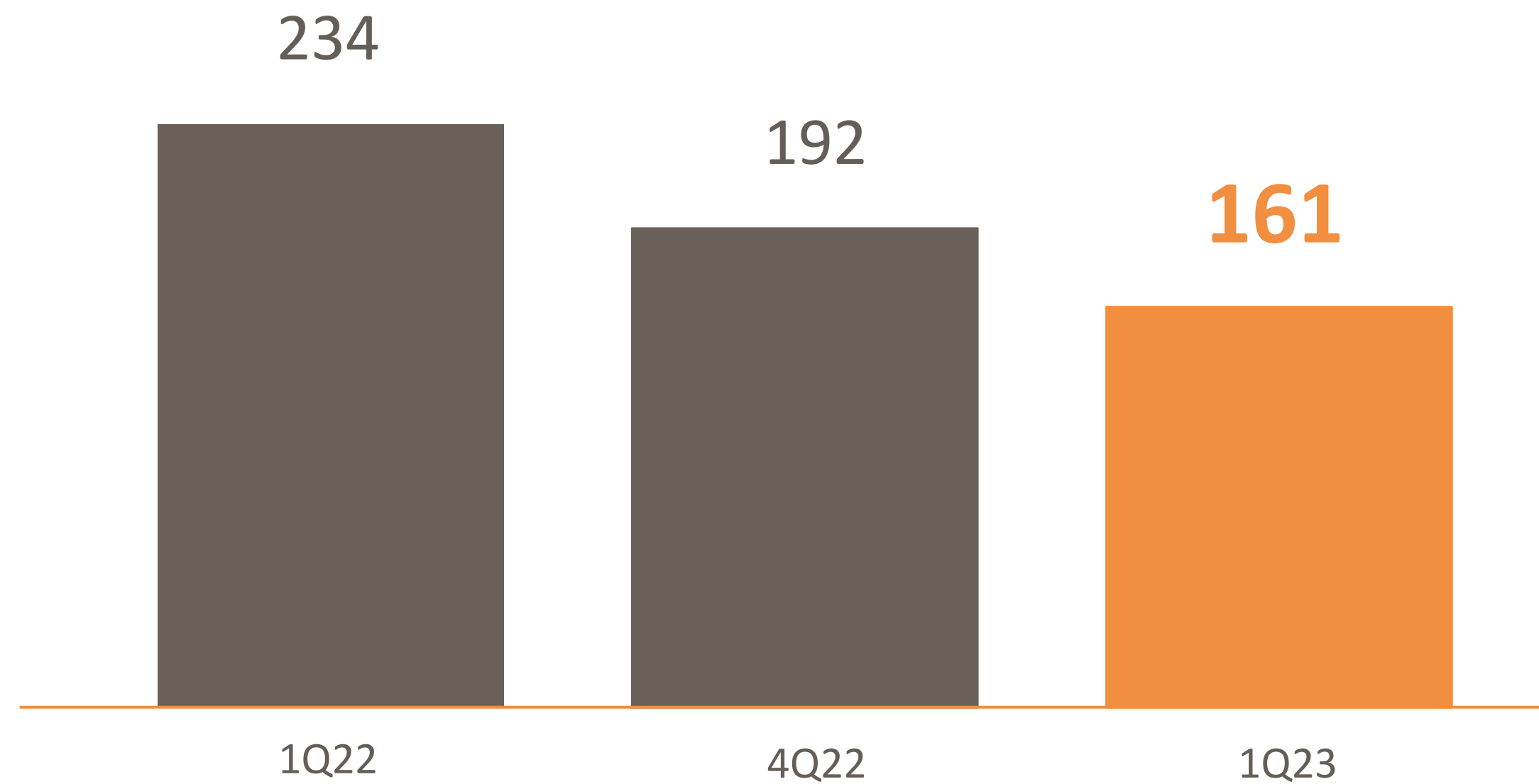
Softwood bleached pulp	▼	-0.6%
Hardwood bleached pulp	▲	9.7%
Unbleached softwood pulp	▲	7.7%
Dissolving pulp	▼	-0.9%



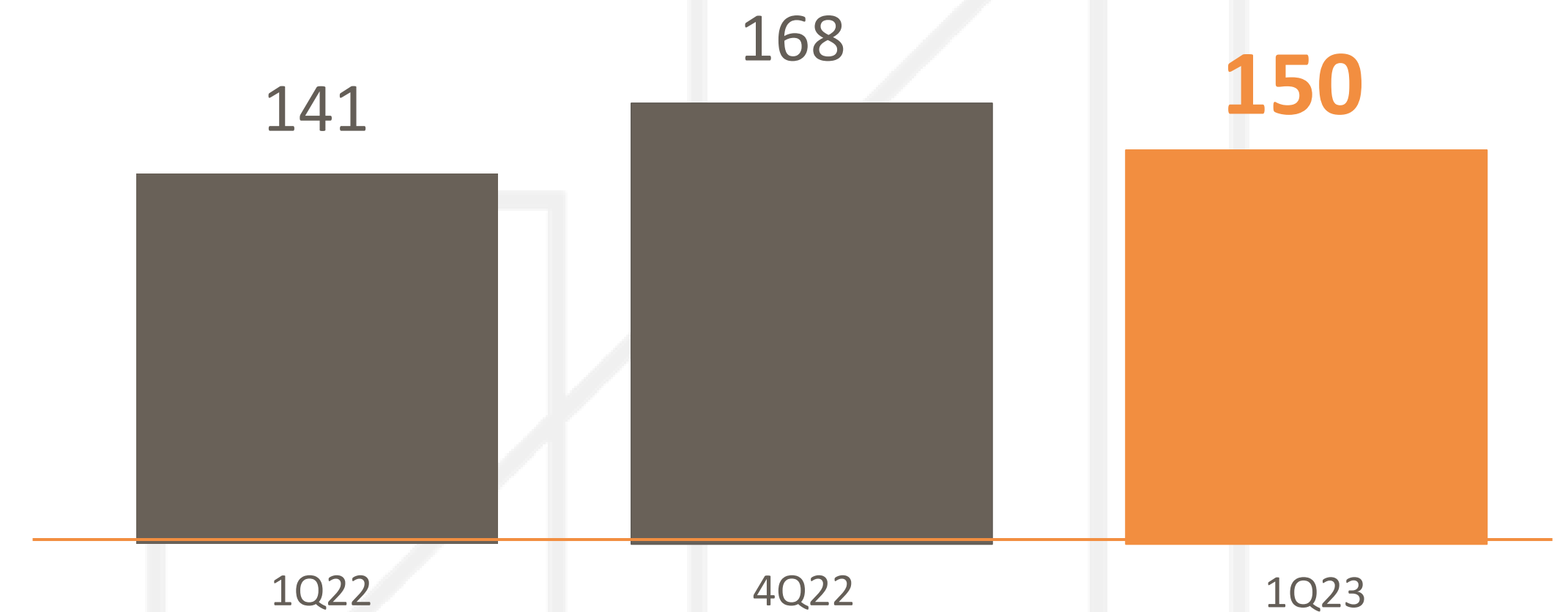
# INCOME STATEMENT – DISTRIBUTION COSTS & EXPENSES

► In US\$ million

**Distribution costs** decreased by US\$31.5 million or 16.4% mostly due to a decrease of US\$27.1 million or 18.2% in *freight* costs, mainly due to lower sales volume and tariffs, mostly in our wood products segment.



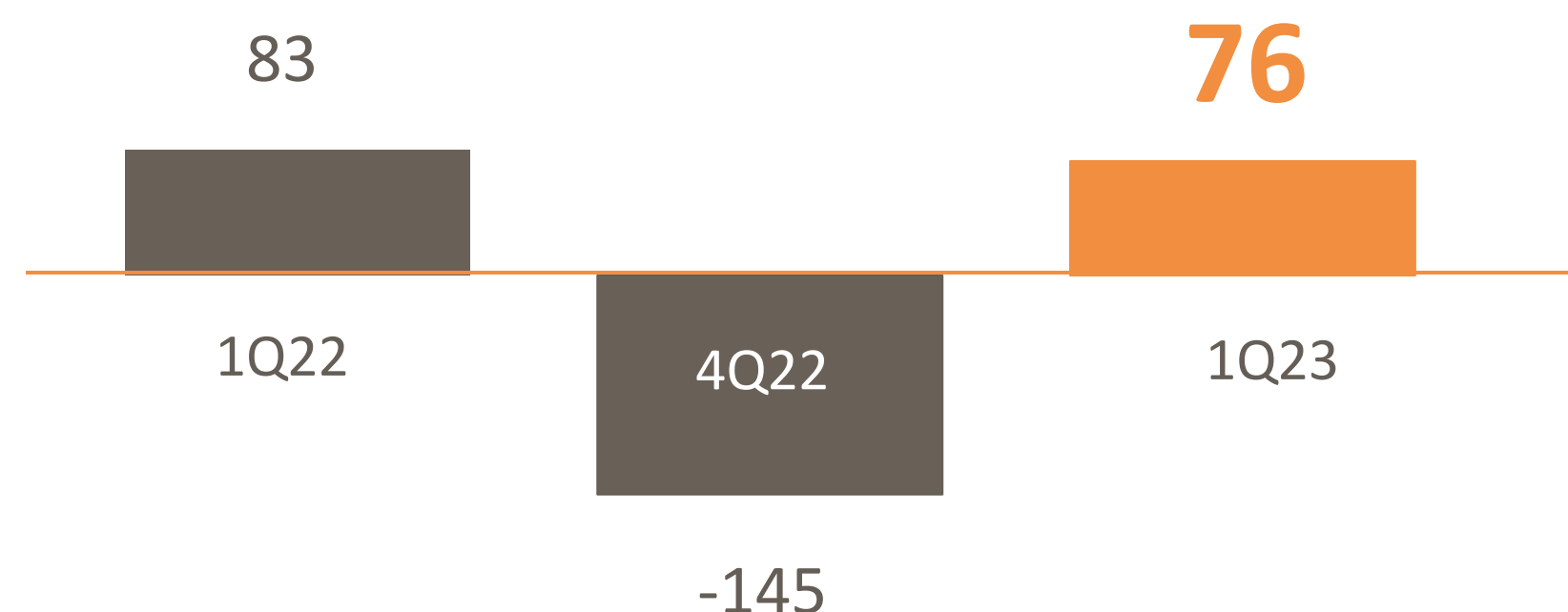
**Administrative expenses** decreased by US\$17.9 million or 10.7%. This is mostly due to a US\$11.4 million or 24.3% decrease in *Other administration expenses* and a US\$4.1 decrease million or 33.3% in *Fees (legal and technical services)*.



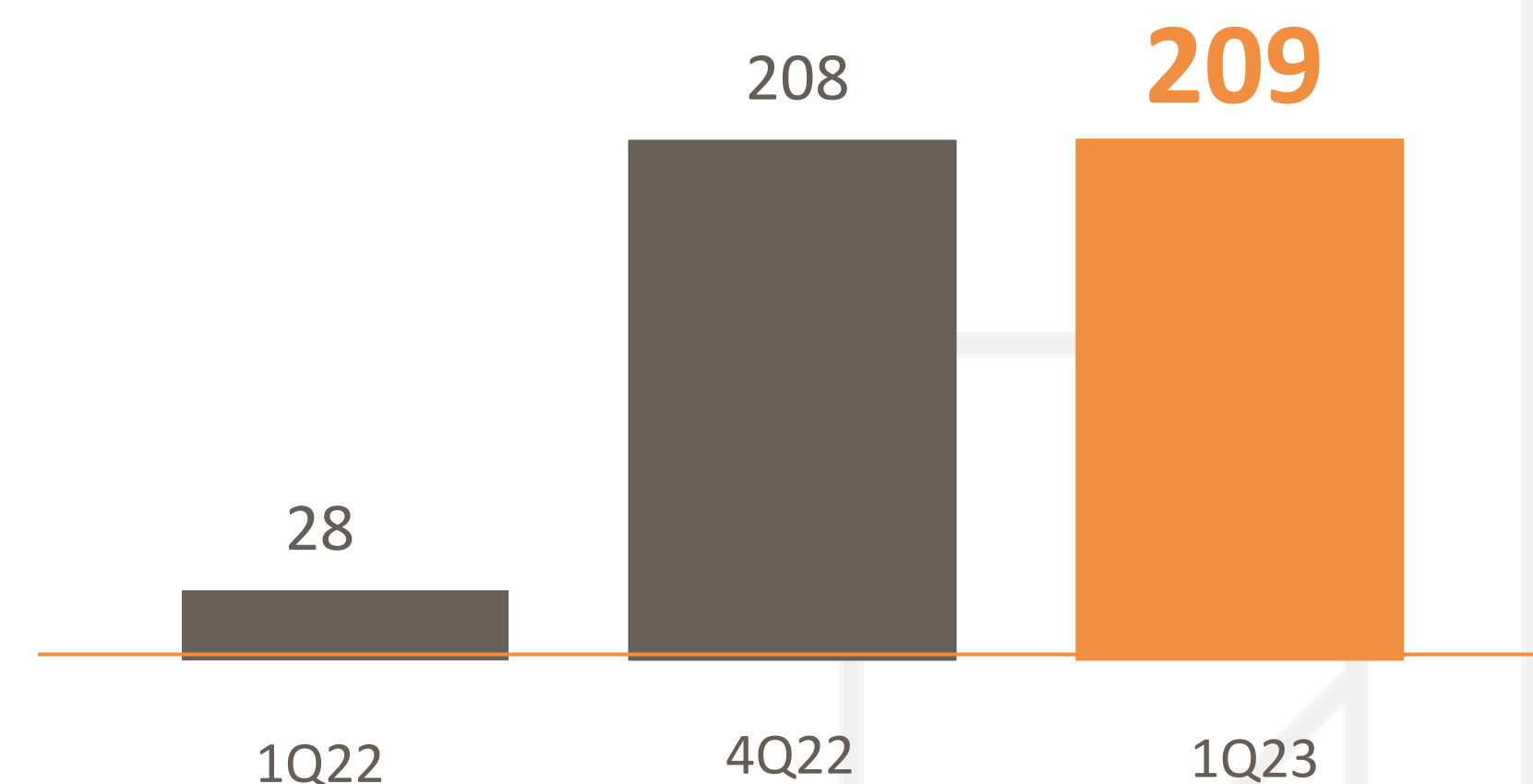


# INCOME STATEMENT – OTHER INCOME & EXPENSES

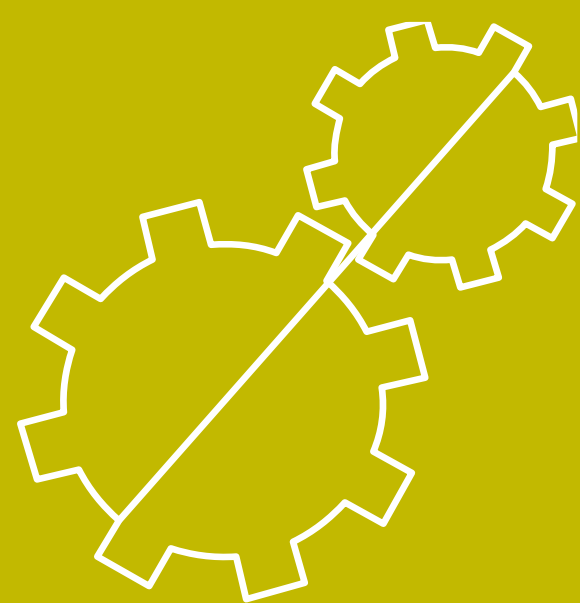
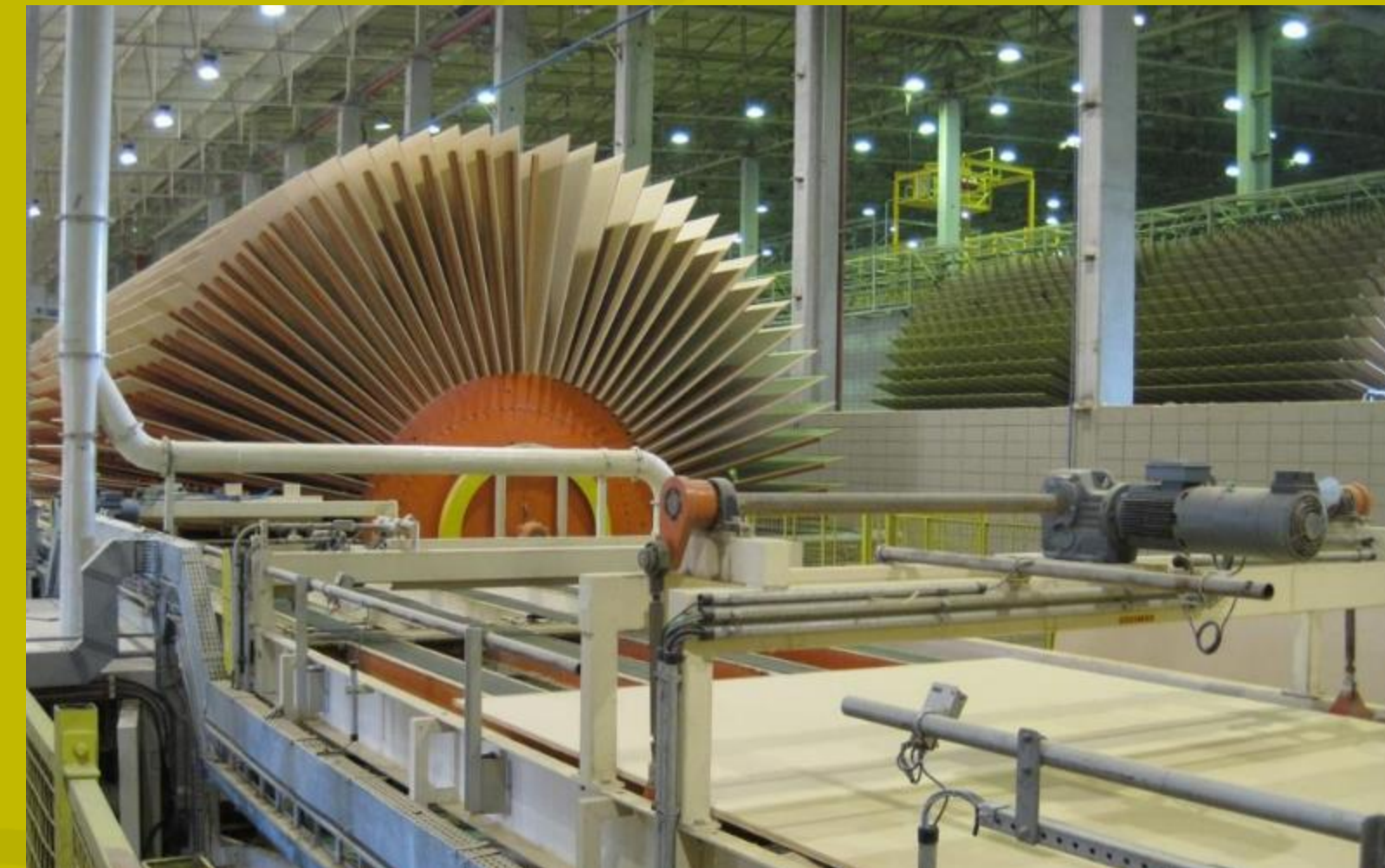
► In US\$ million



**Other income** increased by US\$220.1 million or -152.3% mostly due to an increase of US\$233.7 million on *gains from changes in fair value of biological assets*, mainly explained by a negative one-time charge effect in the valuation of our Chilean forest during the last quarter. This was partially offset by *Gains on sales of assets* due to a decrease of US\$11.7 million or 81.6%.



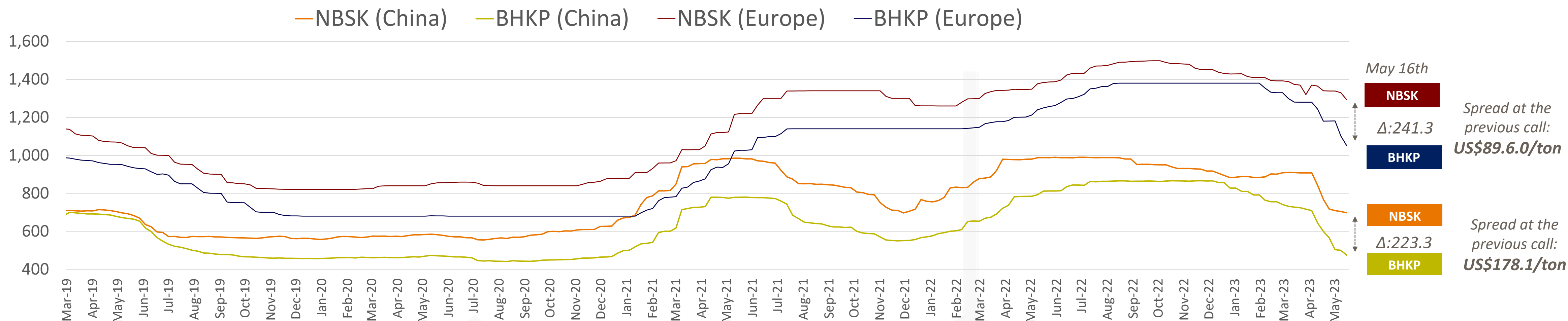
**Other expenses** increased by US\$0.6 million or 0.3%. This is mostly explained by an increase in *Operating expenses related to plant stoppages*, mainly Arauco Line 3 ramp up process, operational shutdowns of Constitución and Nueva Aldea mills, and *Loss of forests* for US\$42.9 million. This was partially offset by a decrease in *Impairment provision property, plant and equipment and others* mostly due to an impairment in our pulp mill in Argentina in the fourth quarter of 2022.



---

# REVIEW BY BUSINESS SEGMENT & OUTLOOK

## PIX Pulp Indexes (in US\$)



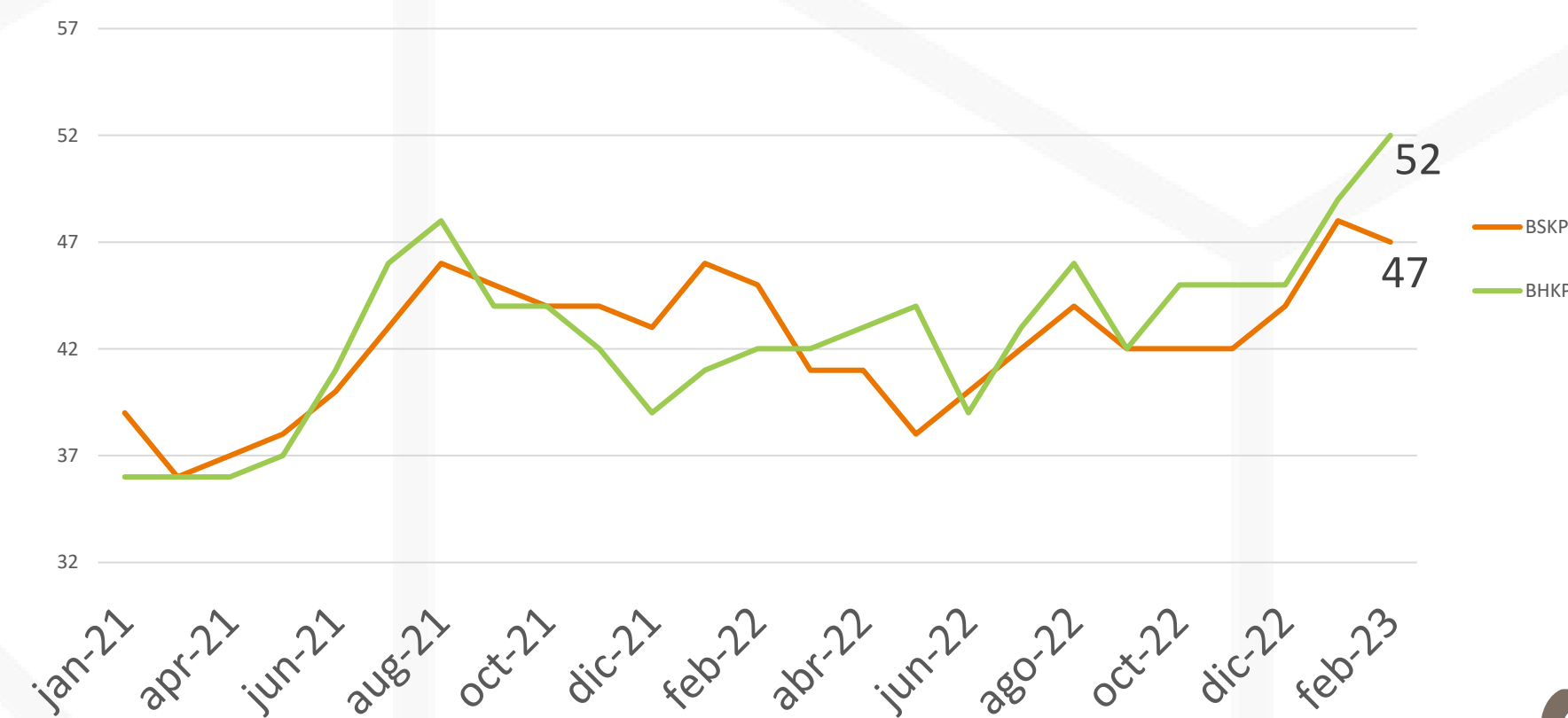
Source: RISI

## Global Bleached Chemical Pulp Shipments variation – (2 months 2022 – 2023)

Global BCP Shipments Change (tonnes)			
	2022	2023	%Var.
China	3,060	3,515 ▲	14.9%
Europe	2,795	2,335 ▼	-16.5%
Other Asia	1,515	1,460 ▼	-3.6%
USA	1,100	990 ▼	-10.0%
Rest of the World	725	735 ▲	1.4%
<b>Total</b>	<b>9,195</b>	<b>9,035 ▼</b>	<b>-1.7%</b>

Source: Hawkins Wright

## Global BCP Producer Stocks In days of supply



Excludes Russia & Indonesia  
 Source: Hawkins Wright

### Adjusted EBITDA

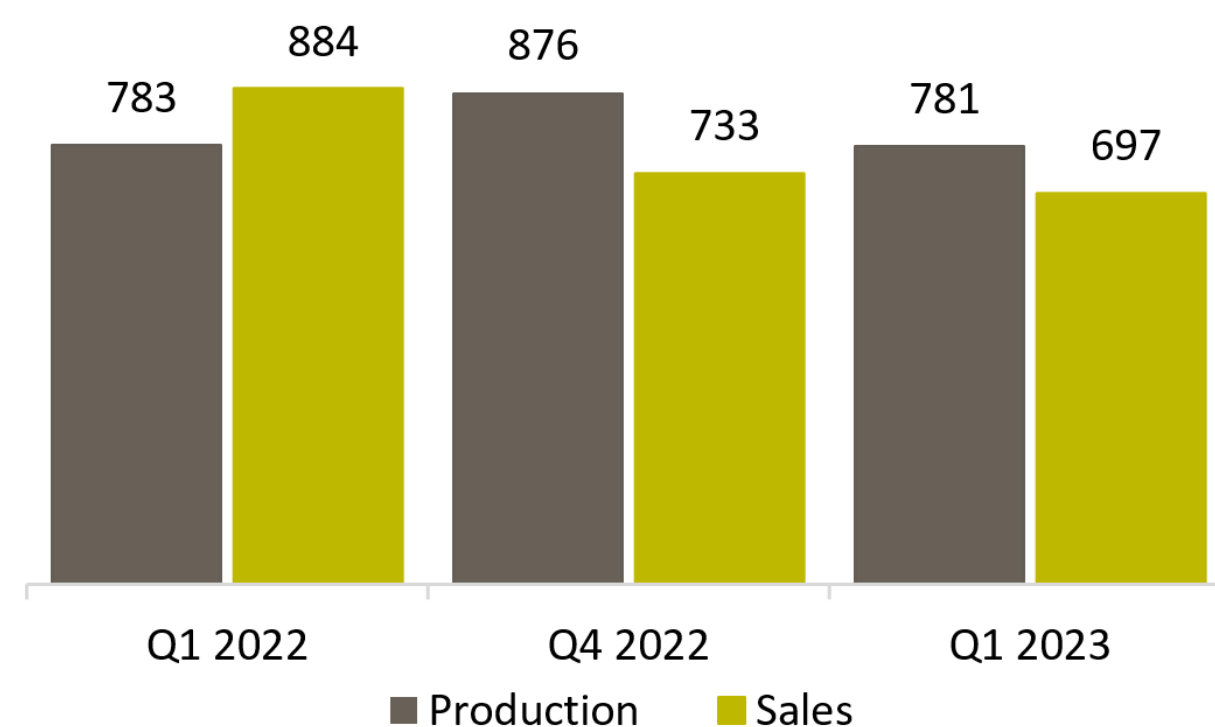
► In US\$ million



	Price	Volume	Sales
QoQ	-7.8%	-4.9%	-10.6%
YoY	9.4%	-21.1%	-22.4%

### Production and Sales Volume

In thousand tonnes



### 1Q 2023

- Prices decreased in all markets and grades with global stocks increasing consistently, following the trend of the fourth quarter of 2022 .
- In long fiber, higher production in Northern Europe was offered in Asia. Regarding short fiber, lower demand and new production capacity implied that buyers put pressure on prices.
- In **China**, paper markets weaker than expected, high levels of inventories, reductions in operating rate from the tissue industry. On the supply side, additional volumes from other producers, Russian exports and shipments deviations from other destinations put pressure and prices for all fibers declined throughout the quarter.
- In **Europe**, paper demand and production began to drop considerably, affecting demand for pulp. Demand from the tissue industry remained stable.
  - Pulp stocks increased, mainly in ports, implicating lower spot prices than contract prices.
  - During the first quarter of 2023, short fiber prices decreased more than long fiber prices.
- In **Dissolving Pulp**, the market was relatively stable, with some price increases during February and March. In the Viscose market, producers are increasing their operation rate to 70-80%, with better figures in consumptions and exports.
- Production during the first quarter of 2023 was affected by the unscheduled shutdown of the Constitución, Nueva Esperanza and Nueva Aldea mills. Additionally, Arauco's line 3 began its production.

# PULP OUTLOOK

## REVIEW BY BUSINESS SEGMENT & OUTLOOK

For the second quarter of 2023,

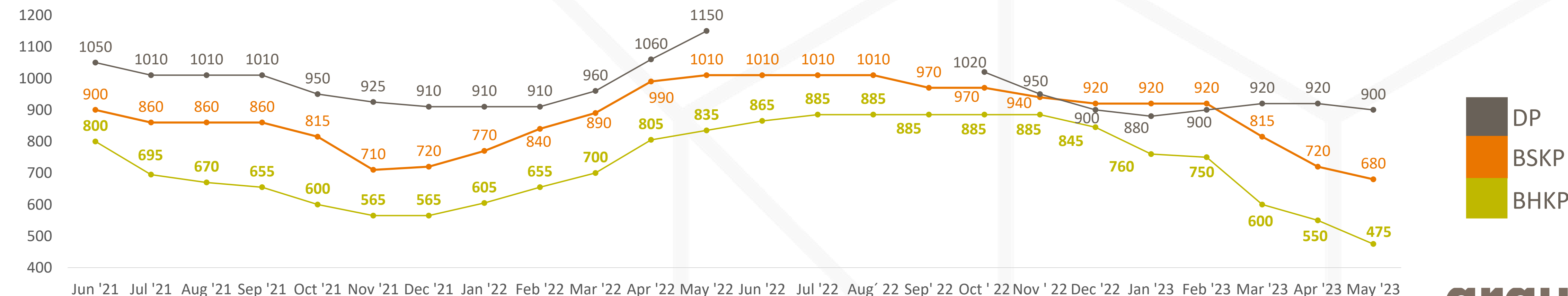
- In China, demand is increasing in some grades of paper, but it is not enough to offset the low export of paper and paper used in all the export products.
- Pulp inventories in paper producers are low.
- Higher supply in the coming months is keeping buyers cautious to buy over their monthly needs.
- In Europe, the demand for paper has decreased drastically and most producers are stopping production several days a month. Margins have improved due to lower pulp prices and lower energy and chemical costs, but it is better to lower operating rate rather than to drop prices.
- Next months will continue to be difficult, but pulp prices very close to the bottom, as several producers could start taking market related downtime.

Pulp Mills Days of Stoppages

Mill	2023			
	1Q	2Q	3Q	4Q
Arauco - Line 2				16
Arauco - Line 3				11
Constitución	108			
Licancel				
Nueva Aldea		16		
Valdivia		119		
Esperanza		35		14
Montes del Plata		10		

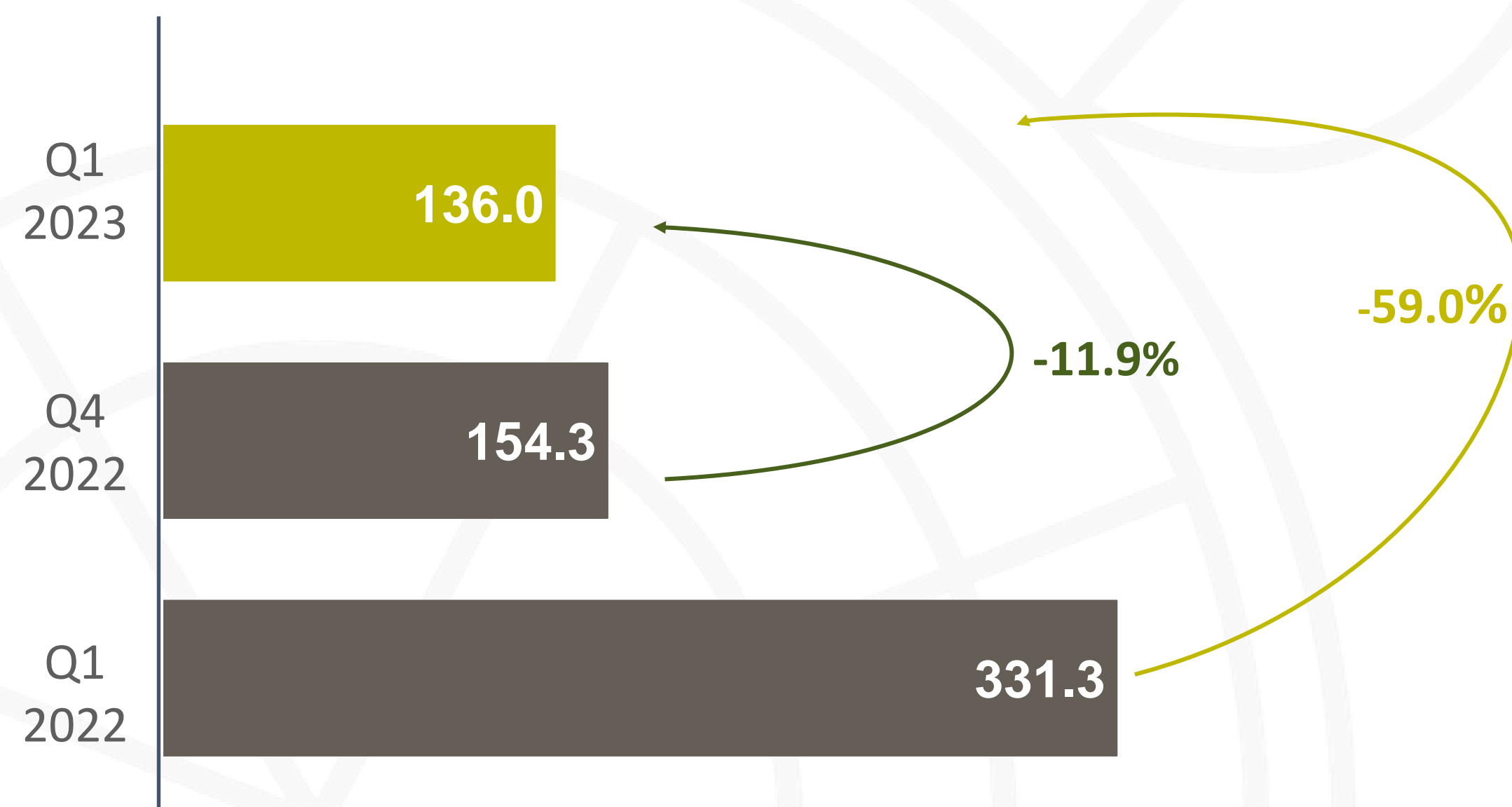
Finished
  In Progress
  Planned

BSKP, BHKP and DP Net Prices - China



Source: ARAUCO

**Adjusted EBITDA**  
In US\$ million



### Q1 2023

Adjusted EBITDA of our wood products business segment decreased 11.9%, mostly due to a 4.8% decrease in sales volume and a 4.4% decrease in average prices.

### Wood Products

	Price	Volume
QoQ	-4.4%	-4.8%
YoY	-5.9%	-18.0%

### Panels\*

	Price	Volume
QoQ	-4.7%	-2.3%
YoY	-2.9%	-14.2%

### Solid Wood\*\*

	Price	Volume
QoQ	-3.7%	-10.0%
YoY	-11.5%	-25.4%

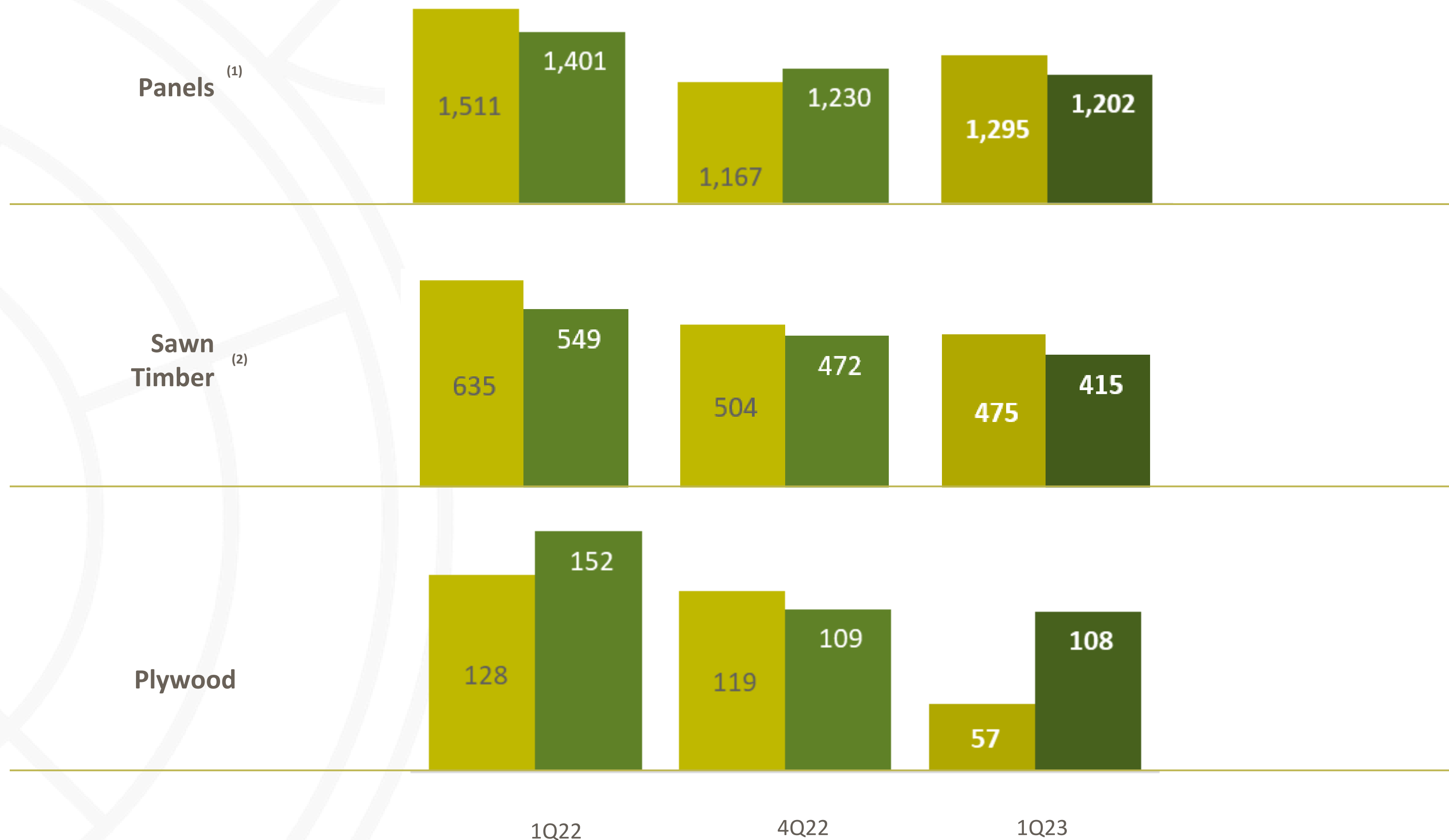
\*MDF, PBO, HB

\*\*Sawn Timber, Remanufactured Wood products and Plywood

# WOOD PRODUCTS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In thousand m<sup>3</sup>



(1) Includes PB, MDF and OSB, Composite Panels and Retail Panels

(2) Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets

Note: Sales include trading

● Production ● Sales

**57%**  
North  
America

### MDF:

- Higher supply from Brazil is putting pressure in the market.
- On the demand side, higher interest rates and less construction activity are affecting volumes.

### PB:

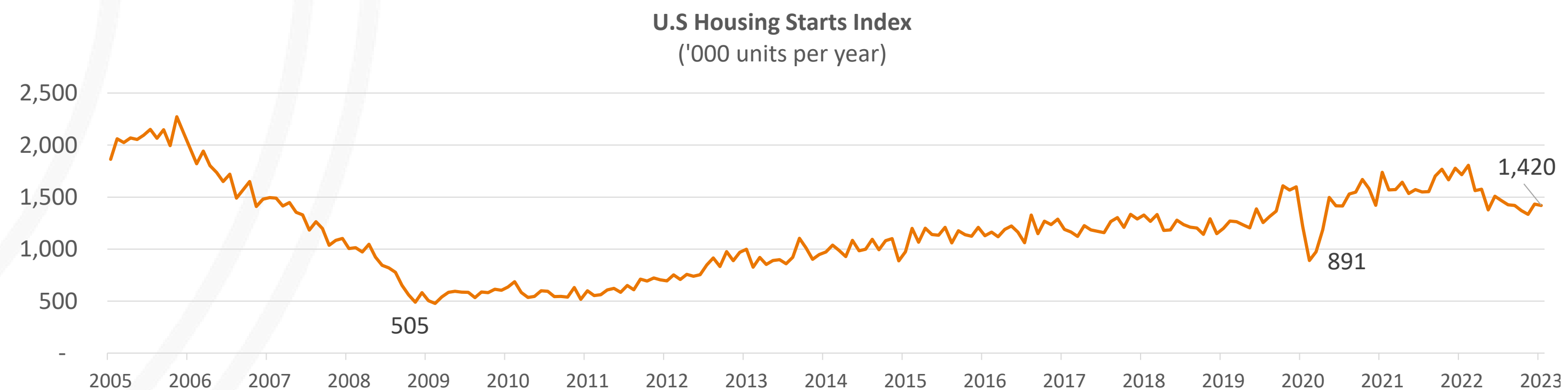
- It continues to have a relatively better situation than MDF with less over supply.

### REMANUFACTURED PRODUCTS:

- Inventories have been corrected in some products. Fundamentals remain in normal levels, expecting a stabilized market in the coming months.

### PLYWOOD:

- Stable market, with supply and demand balanced. We believe that the market will strengthen towards the end of the second quarter.



Source: Bloomberg



**32%**

**Central and  
South America**

**10%**

**Asia and  
Oceania**

**1%**

**Europe and  
Middle East**

### **BRAZIL:**

- The main concern is still domestic market, with more supply coming on MDF.
- More exports going to all the Americas.

### **CHILE:**

- In remanufactured wood products, prices have continued to weaken.
- In panels we expect a softer second quarter, though construction sector will be slower this year.

### **ARGENTINA:**

- Argentina stable and good for the rest of the year, especially in MDF and value added-products.

### **ASIA:**

- In remanufactured wood products, prices have continued to weaken, amid over supply from Asia.

### **OCEANIA:**

- Lower demand affected by slower economic activity, high interest rates and excess of plywood supply from Brazil and Chile. This will probably keep prices on a negative trend for the upcoming months.

- Plywood sales volume with a slight recuperation in Europe explained by lower supply. There is uncertainty for what will happen in the third quarter onwards, due to a slower economic activity.

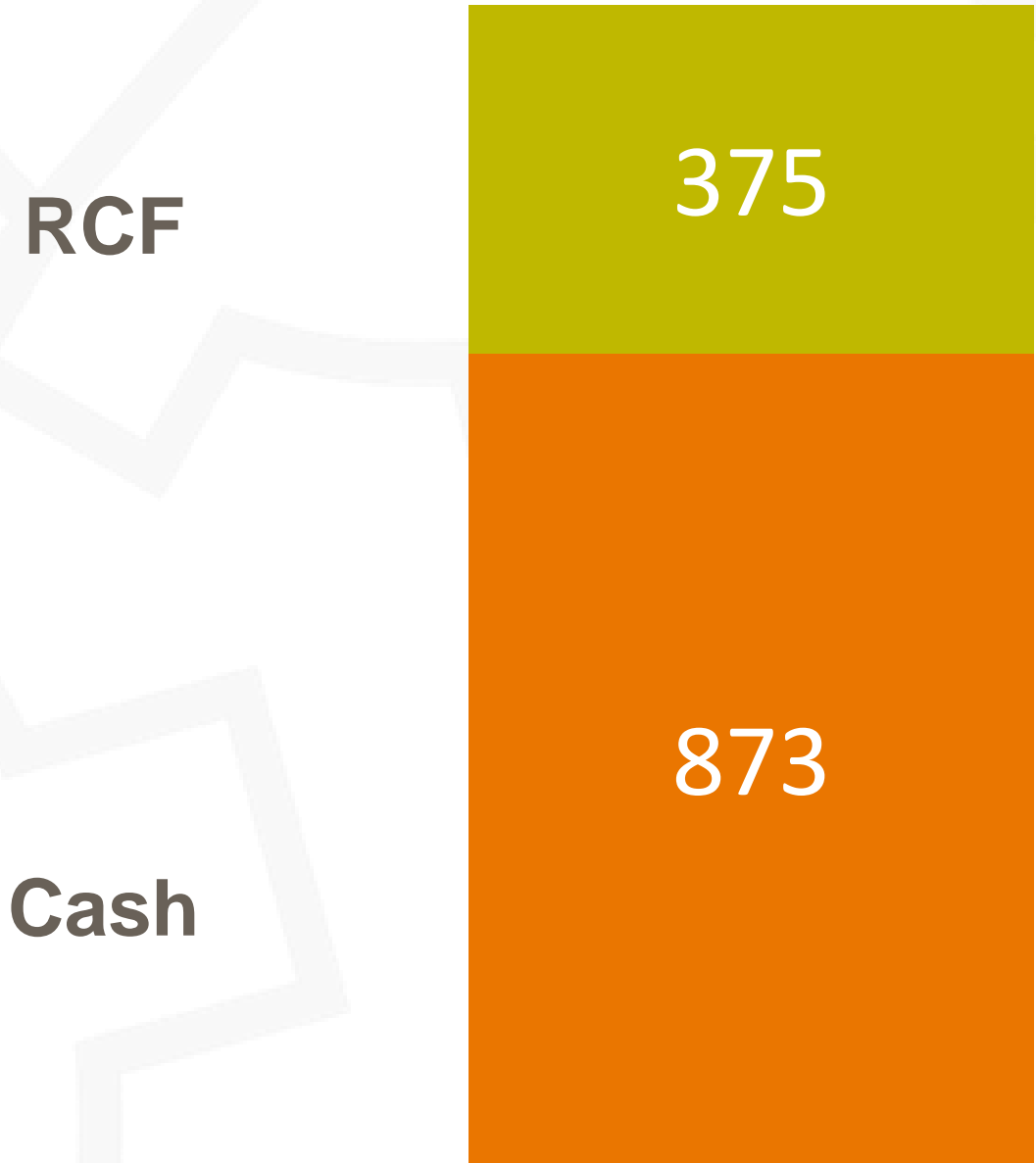


---

# FINANCIAL REVIEW

# CASH AND LIQUIDITY

Our cash position was US\$872.8 million at the end of the first quarter of 2023. In addition to our cash position, we have a revolving credit facility (RCF) for a total amount of US\$375 million due in February 2025, which as of the date of this report hasn't been withdrawn.



**Total: US\$1,247.8 million**

# FREE CASH FLOW

► In US\$ million

	Q1 2023	Q4 2022
<b>Adjusted EBITDA</b>	<b>188.0</b>	<b>387.6</b>
Working Capital Variation	(86.0)	56.7
Interest paid and received	(18.8)	(54.8)
Income tax received (paid)	(27.0)	(77.3)
Others	47.6	8.6
<b>Cash from Operating Activities</b>	<b>103.8</b>	<b>320.8</b>
Capex (1)	(334.6)	(380.5)
Others	0.1	2.9
Proceeds from investment activities	3.7	8.0
<b>Cash from Investment Activities</b>	<b>(330.8)</b>	<b>(369.6)</b>
<b>Cash from Financing Activities (net of debt)</b>	<b>(13.7)</b>	<b>(206.4)</b>
Effect of exchange rate changes on cash	(5.1)	(12.2)
<b>Free Cash Flow</b>	<b>(245.8)</b>	<b>(267.5)</b>

(1) On a cash basis.



Cash flow from operating activities decreased US\$217.0 million mostly due to *Adjusted EBITDA*.

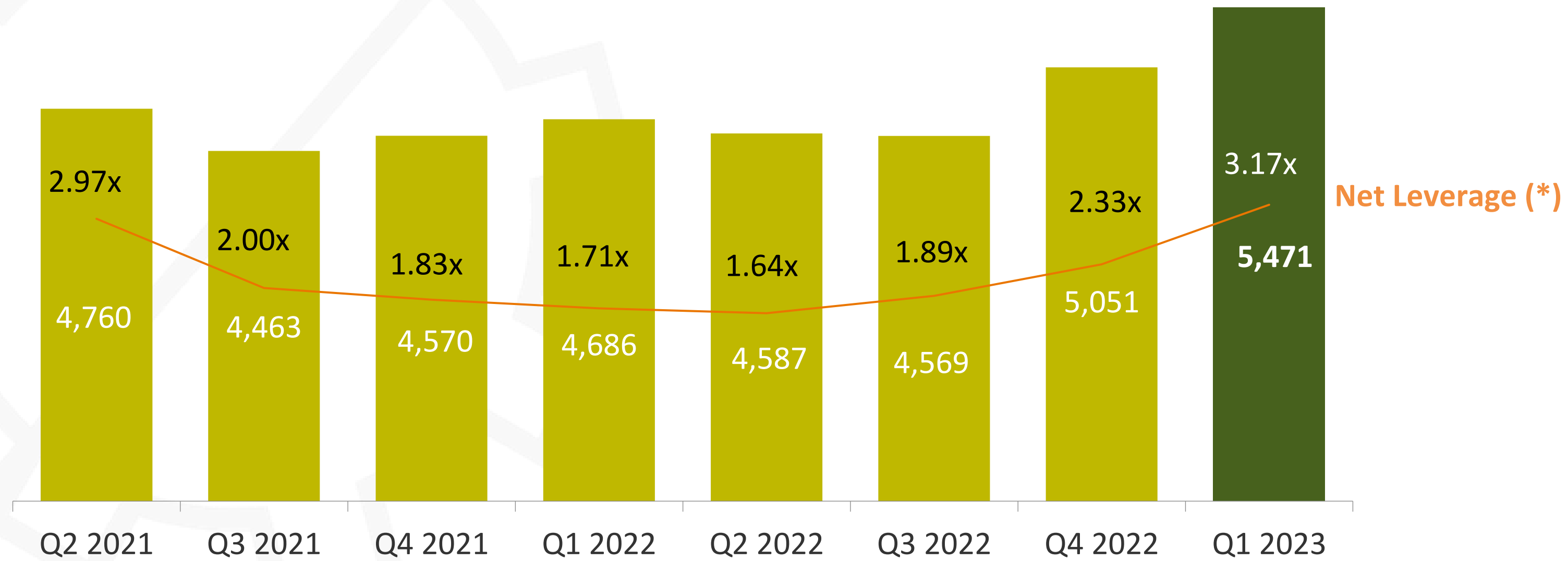
Cash flow from investment activities increased US\$38.8 million, mostly due to a reduction in *CAPEX*.

Cash flow from financing activities decreased by US\$192.7 million mostly due to the payment of dividends in December 2022.

► Net Debt increased by US\$419.7 million or by 8.3%, mostly due to a decrease in *free cash flow* and *accrued interest variation*.

# NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents increased by 30.8% or US\$205.6 million.

Total Financial Debt increased by 10.9% or US\$625.3 million.

LTM Adjusted EBITDA was US\$1,726.4 million, 20.3% lower QoQ.

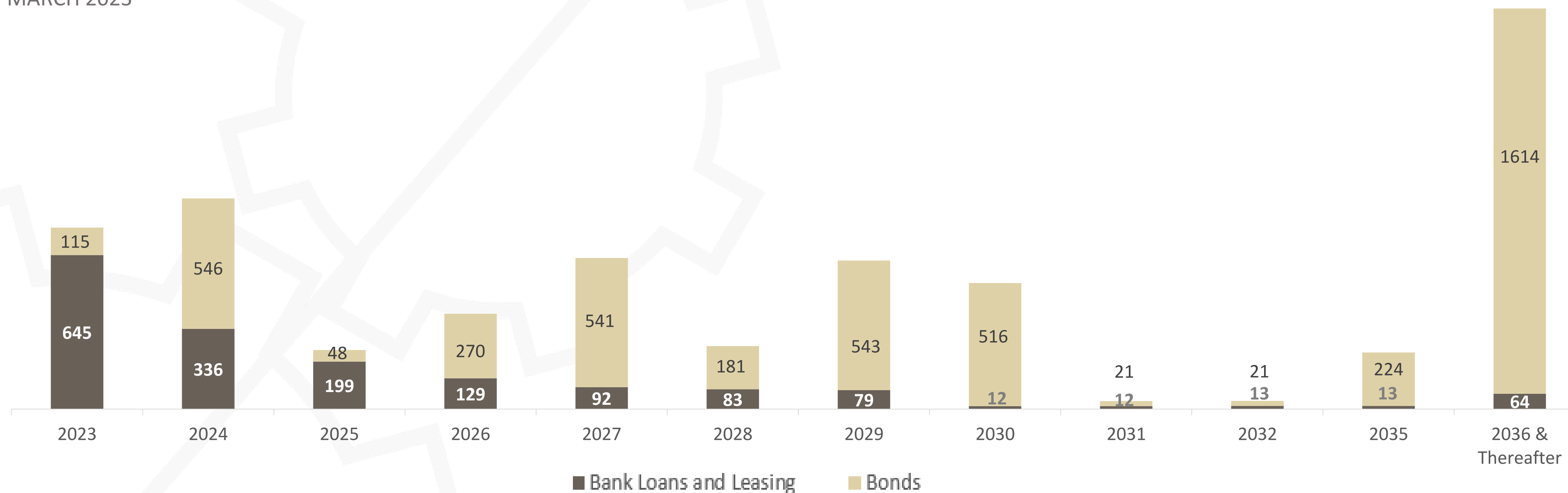
Net Leverage (\*) increased from 2.33x to 3.17x.

(\*) Net Debt / LTM Adjusted EBITDA

	March 2023	December 2022
Short term debt	761	410
Long term debt	5,583	5,308
<b>Total Debt</b>	<b>6,344</b>	<b>5,718</b>
Cash	873	667
<b>Net Debt</b>	<b>5,471</b>	<b>5,051</b>

# DEBT PROFILE

► In US\$ million  
AS OF MARCH 2023

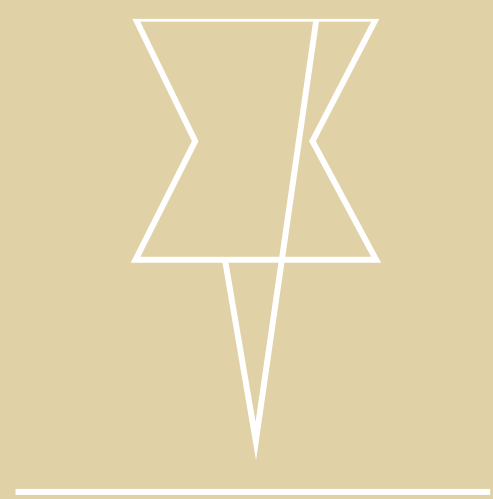


## BANK OBLIGATIONS FOR 2023 INCLUDE:

- US\$ 609 million in bank loans
- US\$ 36 million in leasing

## BOND OBLIGATIONS FOR 2023 INCLUDE:

- US\$ 66 million in local bond obligations.
- US\$ 49 million in USD-denominated bond obligations.



# MATERIAL FACTS AND NEWS

# MATERIAL FACTS AND NEWS

## Form 20 F Filing

On April 19th, we filed our Form 20F for the year 2022 to the Securities and Exchange Commission, as part of the regulatory requirements we have as a result of our previous registered bond issuances in the US. This report offers a wide and comprehensive view of our company, and a detailed discussion about the financial results of 2022.

## Forest Fires Update

During the last forest fire season in Chile and as of May 5th, we had 1,522 fires (16.6% down when compared to last season's). Nevertheless, these fires have been of greater intensity and have affected a higher number of hectares reaching approximately 47,000 vs. last season's 4,908. This was mainly due to a combination of multiple irresponsible or intentional actions by third parties and extreme unfavorable weather conditions such as high temperatures, low humidity and wind gusts.

As part of our permanent efforts in fighting these fires, we made more than 30 thousand water drops, in more than 6 thousand flight hours. Also, 35% of the fires we fought during this season took place in properties that belong to third parties.

We accounted a US\$42.9 million net loss due to forest fires during the first quarter of 2023.





## Sustainable Bond

On April 25, ARAUCO issued its first Sustainable Bond in the local market, which most relevant conditions are as follows:

1. A) Series "Y" Bonds, for a total amount of 2,000,000 Unidades de Fomento ("UF"), maturing on April 10, 2032. Interests of 3.10% per annum.

B) Series "Z" Bonds, for a total amount of 5,000,000 UF, maturing on April 10, 2044. Interests of 3.2% per annum.

2. Both series have a Chilean credit risk rating of AA/Stable, according to Fitch Chile and Feller Rate.

The abovementioned bonds are classified as “sustainable”, since regardless of the use of the proceeds described in the previous paragraph, Arauco will destine an amount equivalent to the proceeds to one or more green and social projects selected for the purposes of the issuance in accordance with the Sustainability Bond Framework adopted by the Company and published on its website.

Green and social projects may include: (i) projects with disbursements made within the 36 months preceding the issue date of the bonds and (ii) projects with disbursements to be made after the referred issuance, and up to the maturity date of the same bonds.



## Integrated Report

On April 14th, as a requirement from the CMF (“Comisión para el Mercado Financiero”), we published Arauco’s first Integrated Report, which consolidates the Sustainability Report and the Annual Report, publications that we used to prepare separately. This publication summarizes the performance of the company in 2022 and establishes our medium and long term challenges in financial, social and environmental matters, among others.



# TAKEAWAYS

- We have been facing a **challenging period**, affected specially by the last forest fire season, Arauco's Line 3 ramp up, mill stoppages and market volatility. This reinforces the importance of approaching our business with a broad perspective that combines **market knowledge, stakeholder engagement, investment grade commitment, shared value creation** and **decisive environmental management**.
- In April 25, we issued our first **sustainable bond** in the local market, reinforcing our commitment with sustainable financing.
- In April, we published both our **Integrated Report 2022** and **20-F 2022**. For our 20-F 2022, click [here](#), and for our Integrated Report 2022, click [here](#).

2Q 2023  
RESULTS &  
CONF CALL

MID-AUG  
2023



**arauco**



Q&A

## INVESTOR RELATIONS

A replay of this conference call will be available on the IR section of our web site and through the following numbers until May 29, 2023

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Replay Access Code	1115773

## FOR FURTHER INFORMATION

**Marcelo Bennett**  
Treasurer

marcelo.benett@arauco.com  
Phone: (562) 2461 7309

**Constanza Vasquez**  
Investor Relations

Constanza.vasquez@arauco.com  
Phone: (562) 2461 7434

[investor\\_relations@arauco.com](mailto:investor_relations@arauco.com)

For more information, please visit [www.arauco.com](http://www.arauco.com)