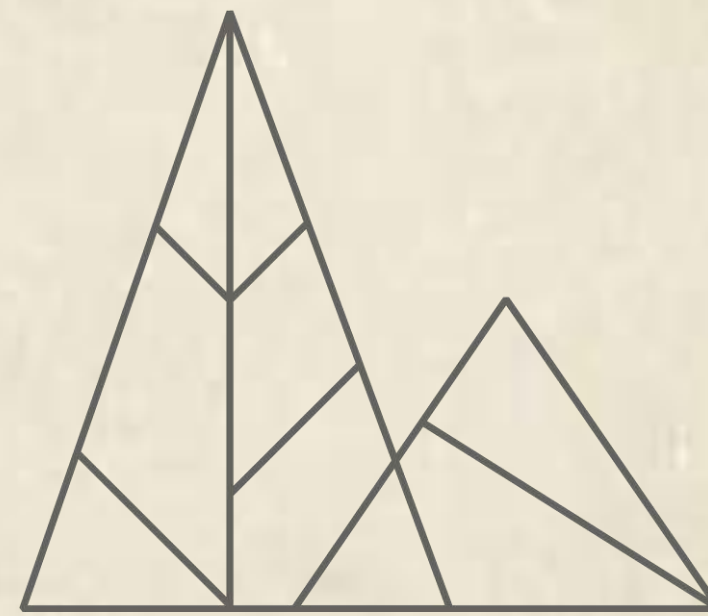


1Q  
2024

Financial Results  
Conference Call Presentation  
May 16, 2024

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\$1,655**  
6% QoQ

Net Income  
**US\$100**  
219.3% QoQ

Adj. EBITDA  
**US\$445**  
21% QoQ

LTM Adj. EBITDA  
**US\$1,283**  
25% QoQ

Net Debt to EBITDA  
**4.87x**

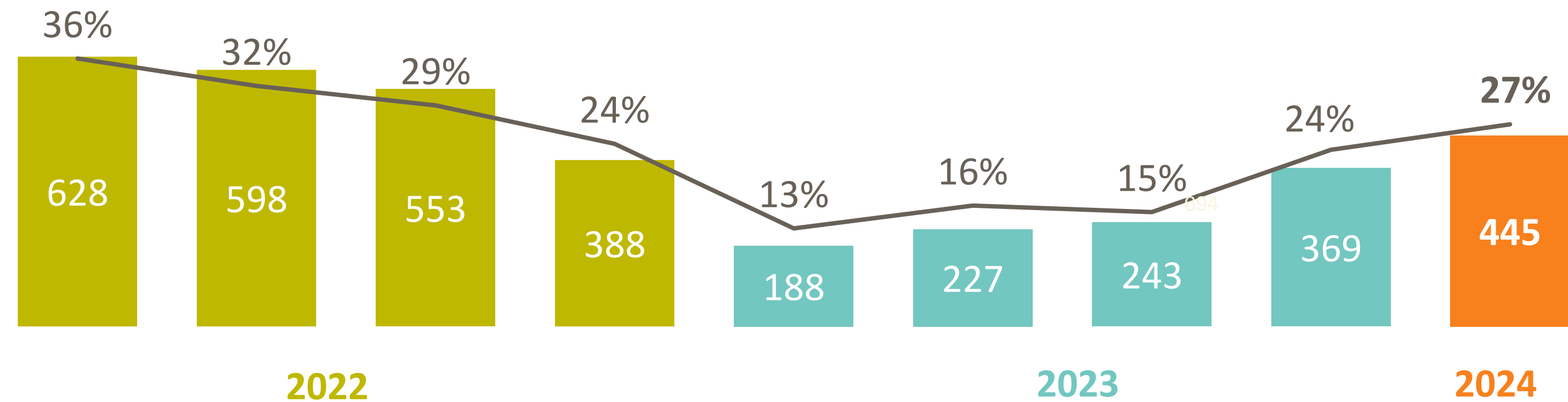
Form **20-F** filed  
for year  
**2023**



# EBITDA & INCOME STATEMENT

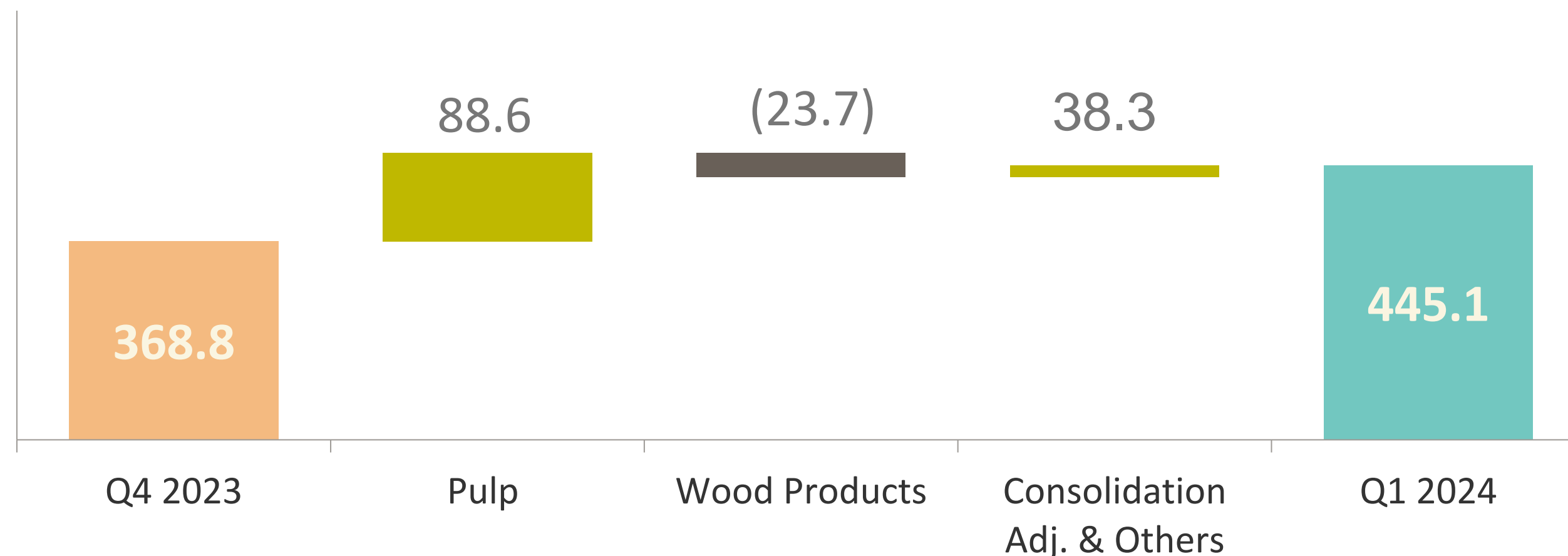
# ADJUSTED EBITDA

► In US\$ million



## Breakdown by division

Pulp	360
Wood Products	115
Consolidated Adj. & Others	-30



- Adjusted EBITDA during the first quarter reached US\$445.1 million.
- There was an increase of 32.6% or US\$88.6 million in the Adjusted EBITDA of our pulp business segment, mainly due to an increase in average prices and sales volume.
- Adjusted EBITDA of our wood products business segment, decreased 17.1% or US\$23.7 million.

# INCOME STATEMENT

## FINANCIAL REVIEW

► In US\$ million

	Q1 2024	Q4 2023	Q1 2023	QoQ	YoY
<b>Revenue</b>	<b>1,654.9</b>	<b>1,568.5</b>	<b>1,439.5</b>	<b>5.5%</b>	<b>15.0%</b>
Cost of sales	(1,146.5)	(1,221.3)	(1,034.0)	-6.1%	10.9%
<b>Gross Profit</b>	<b>508.4</b>	<b>347.3</b>	<b>405.5</b>	<b>46.4%</b>	<b>25.4%</b>
Other income	17.9	261.3	75.6	-93.1%	-76.3%
Distribution costs	(167.2)	(175.5)	(160.9)	-4.7%	3.9%
Administrative expenses	(138.6)	(153.9)	(149.8)	-10.0%	-7.5%
Other expenses	(35.6)	(86.7)	(209.0)	-58.9%	-83.0%
Financial income	22.1	47.6	22.8	-53.7%	-3.2%
Financial costs	(101.1)	(100.8)	(80.1)	0.3%	26.2%
Participation in (loss) profit in associates and JVs*	(7.8)	(7.1)	7.9	10.3%	199.3%
Exchange rate differences	(12.5)	(107.4)	(23.7)	-88.4%	-47.3%
<b>Income before income tax</b>	<b>85.6</b>	<b>24.8</b>	<b>(111.9)</b>	<b>245.4%</b>	<b>176.5%</b>
Income tax	14.7	(108.9)	57.6	113.5%	-74.5%
<b>Net income</b>	<b>100.3</b>	<b>(84.1)</b>	<b>(54.3)</b>	<b>219.3%</b>	<b>284.8%</b>

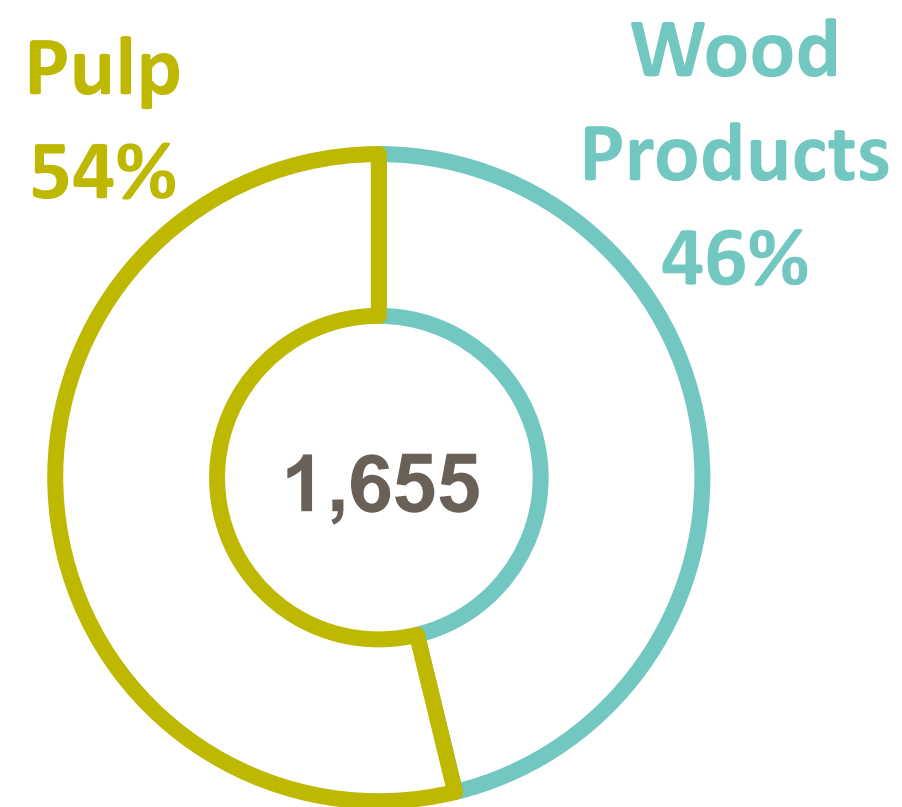
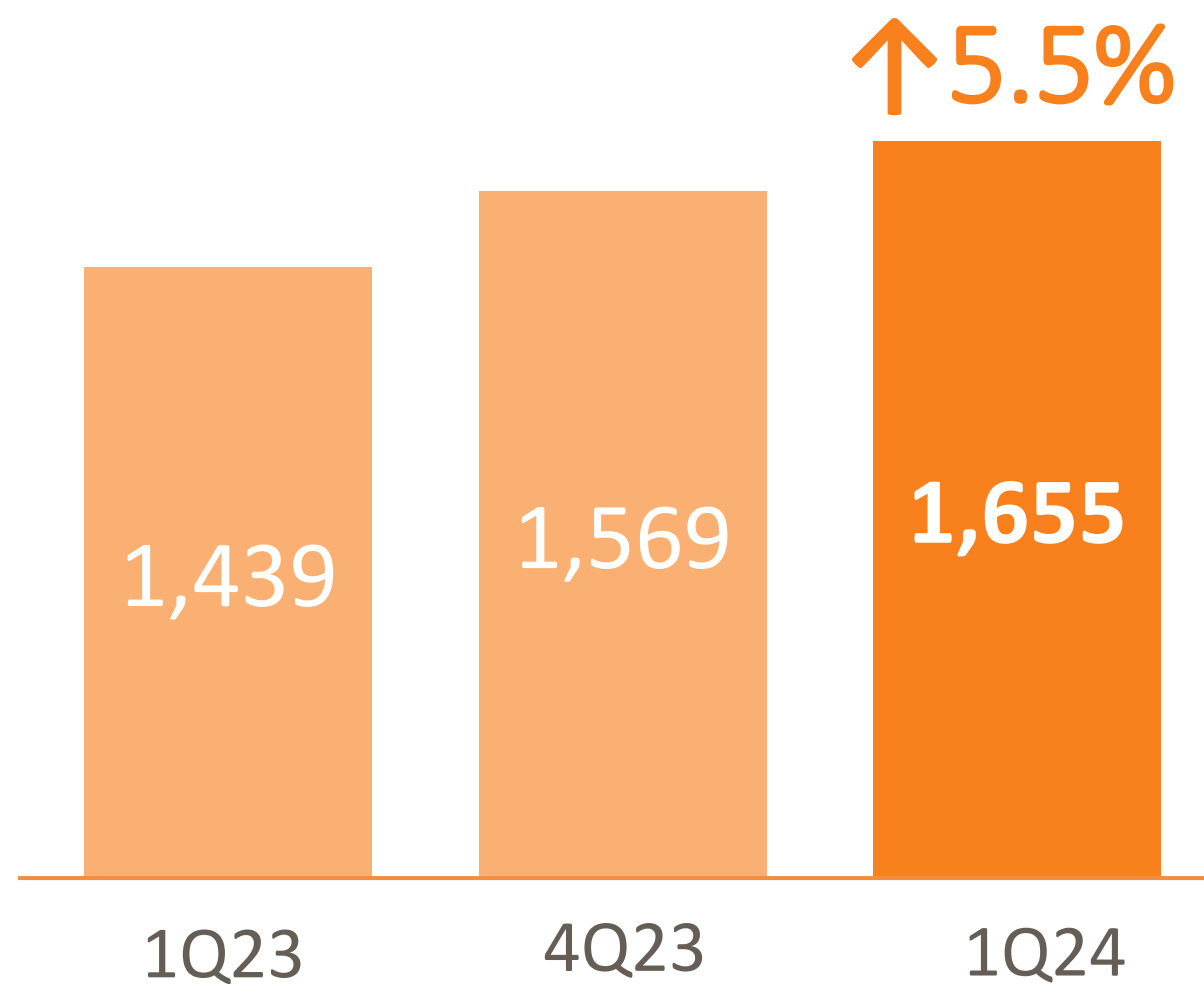
\* Accounted using the equity method.

# INCOME STATEMENT – REVENUES & COST OF SALES

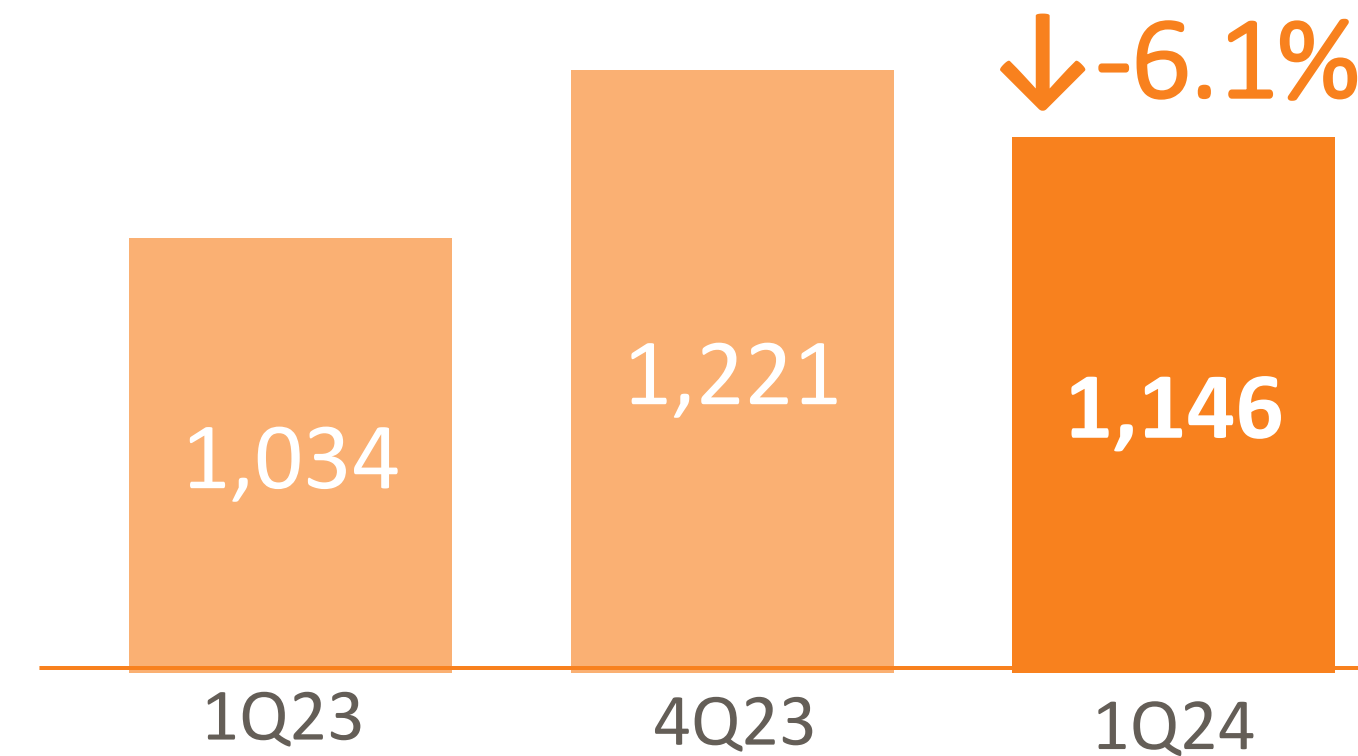
► In US\$ million

**Revenues** increased by 5.5% compared to the fourth quarter of 2023 and by 15% compared to the first quarter of 2023.

- **Pulp revenues** increased by US\$103.6 million or 13.2% mainly driven by an increase of
  - 10% average prices,
  - 2.4% sales volume.
- **Wood products revenues** decreased by US\$17.2 million or 2.2%, mainly due to a 2.8% decrease in average prices, partially offset by a 1.8% increase in sales volume.



**Cost of sales** decreased by 6.1% or US\$74.8 million compared to the fourth quarter, mainly due to a decrease in raw material costs and lower production costs.



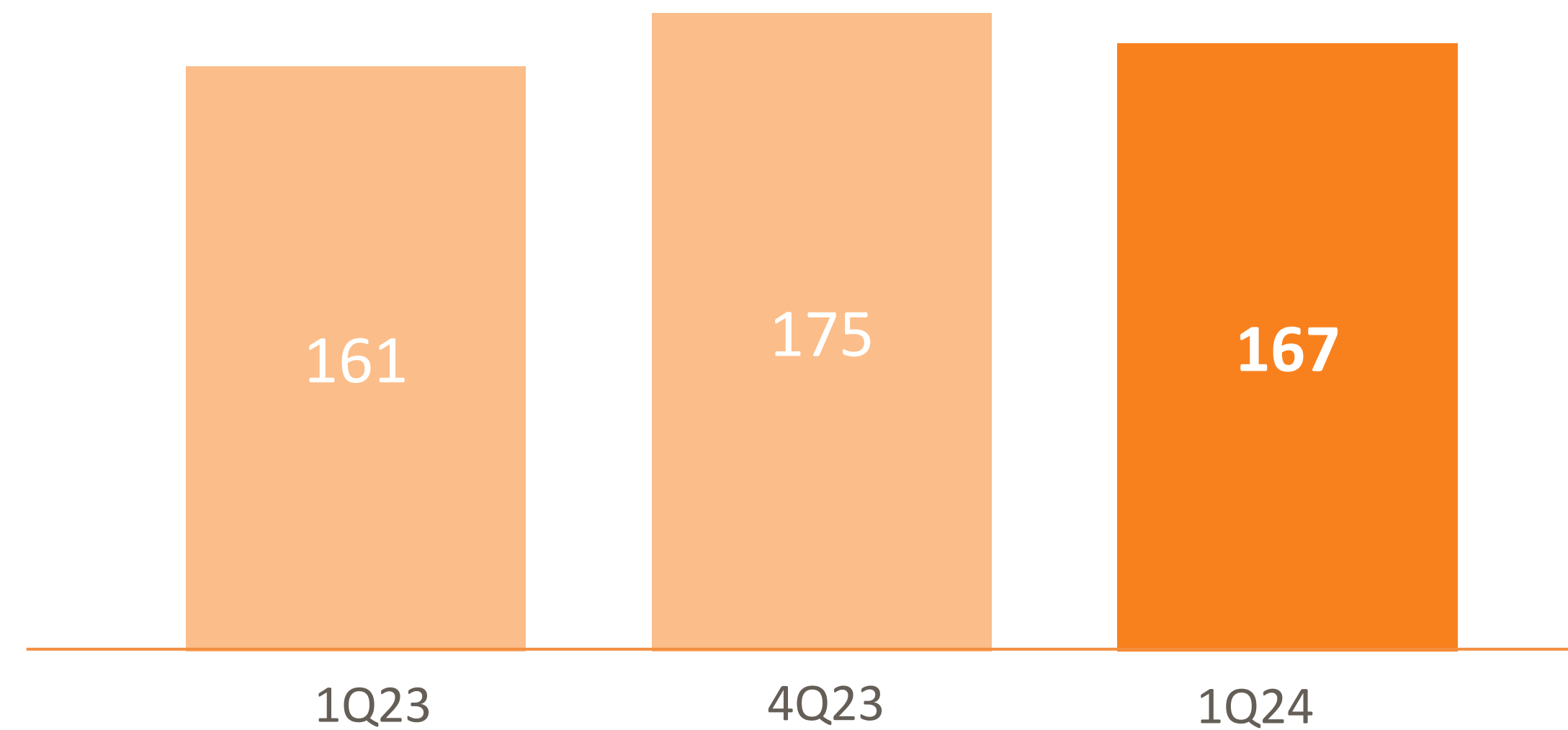
**Pulp unitary sale costs QoQ**

Softwood bleached pulp	▼ -10.6%
Hardwood bleached pulp	▼ -9.8%
Unbleached softwood pulp	▼ -5.7%
Dissolving pulp	▼ -7.6%

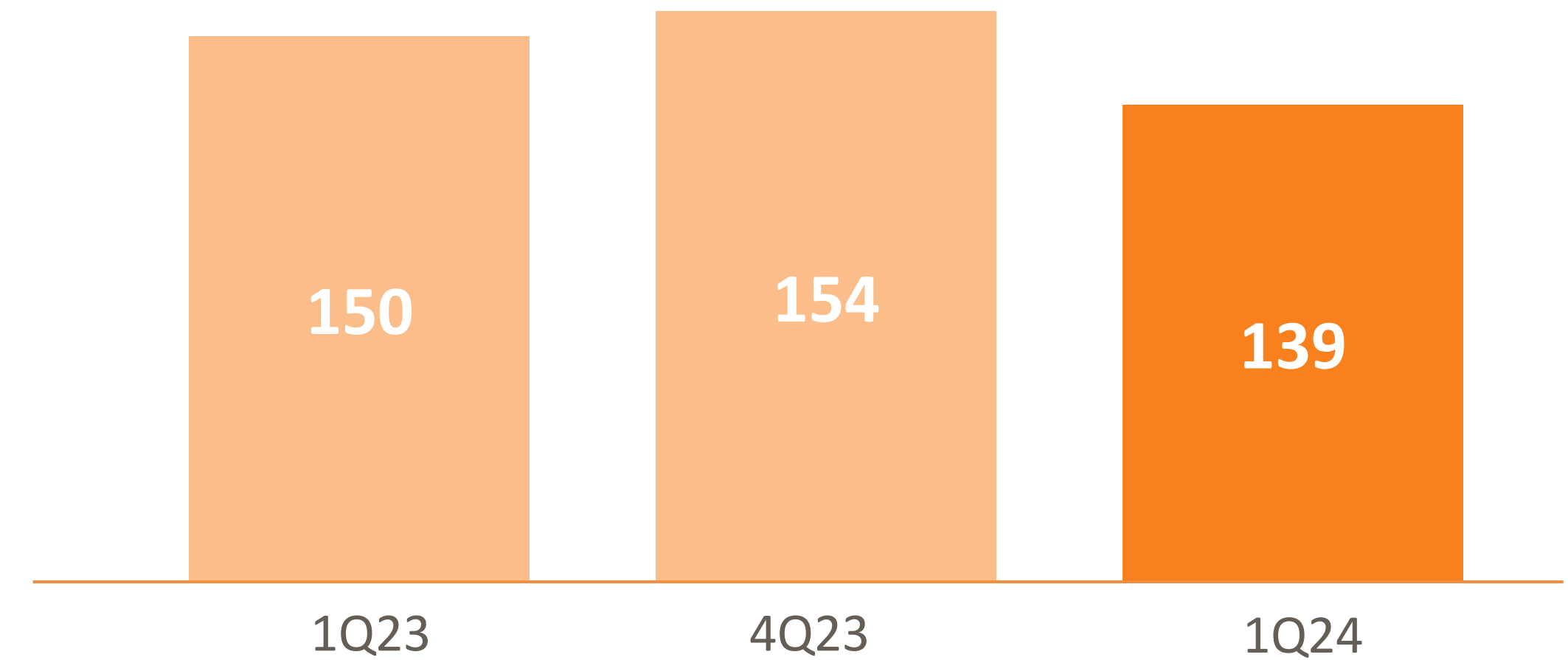
# INCOME STATEMENT – DISTRIBUTION COSTS & EXPENSES

► In US\$ million

**Distribution costs** decreased by US\$8.3 million or 4.7% mostly due to a decrease of US\$5.3 million or 3.9% in freight costs, mainly explained by lower tariffs during the quarter, slightly offset by an increase in sales volume.



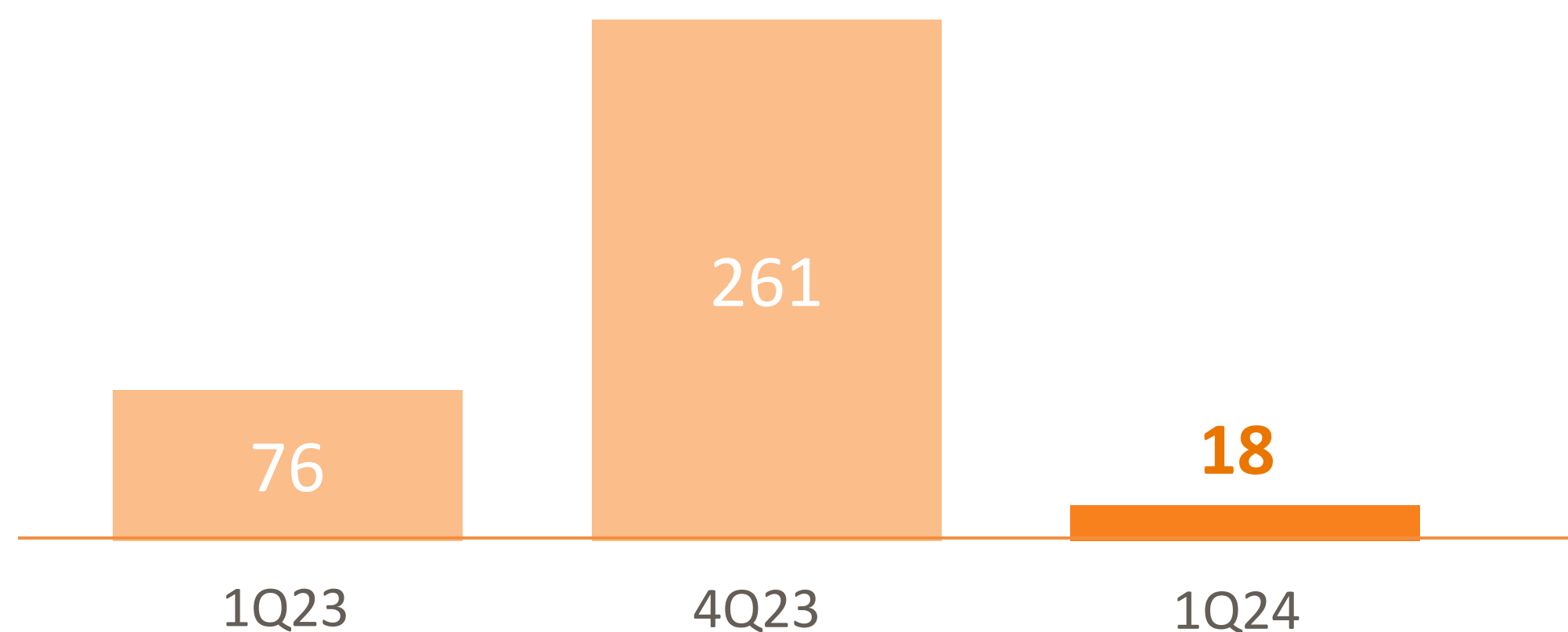
**Administrative expenses** decreased by US\$15.4 million or 10.0%. This is mostly due to a decrease in Other administration expenses, Wages, Salaries and severance indemnities and Donations, contribution, scholarships.



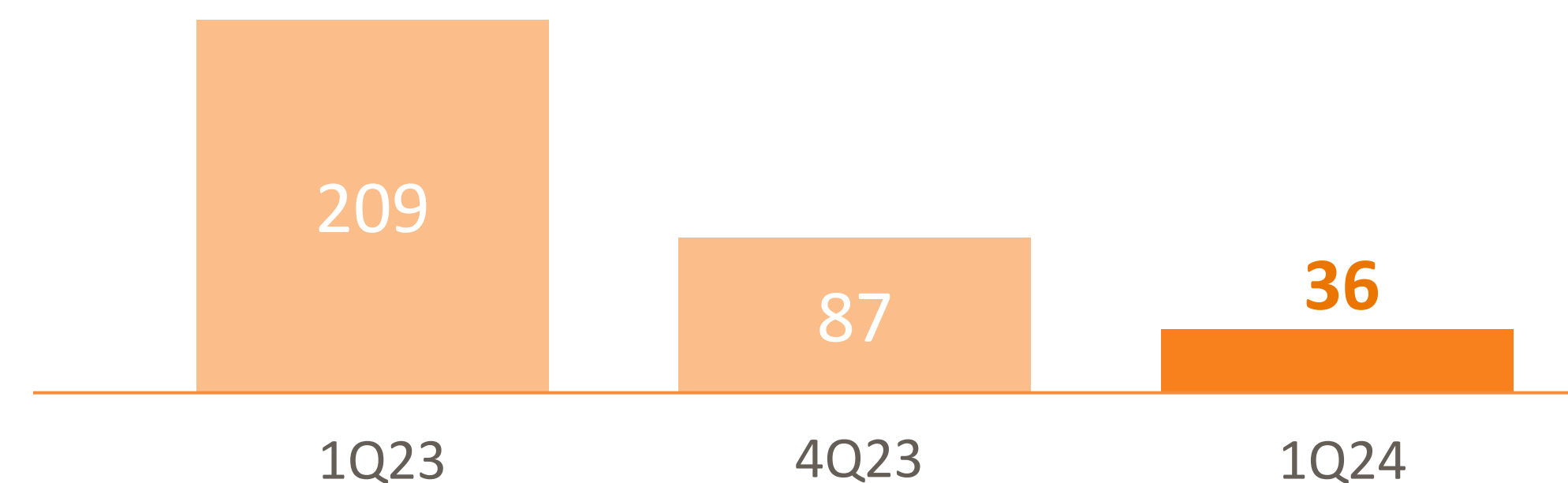


# INCOME STATEMENT – OTHER INCOME & EXPENSES

► In US\$ million



**Other income** decreased by US\$243.4 million or 93.1% mostly due to compensations from insurance companies received in the fourth quarter of 2023. Additionally, there was a decrease in Gains from changes in fair value of biological assets, mainly in Chile and Brazil.

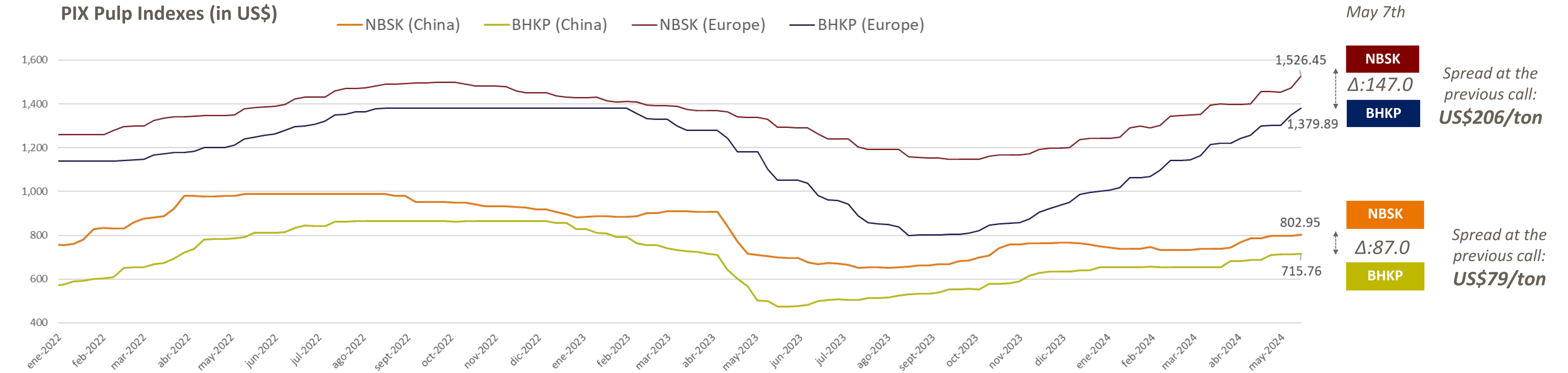


**Other expenses** decreased by US\$51.1 million or 58.9% when compared with the fourth quarter of 2023, mainly explained by a decrease in Other expenses (donations, repayments insurance) and in Impairment provision property, plant and equipment and others mainly related to Arauco's Line 3 at the end of 2023.

In the first quarter of 2024, we accounted US\$1.3 million in loss of forests, a US\$41.5 million decrease when compared with US\$42.9 million accounted for in the first quarter of 2023.



# REVIEW BY BUSINESS SEGMENT & OUTLOOK



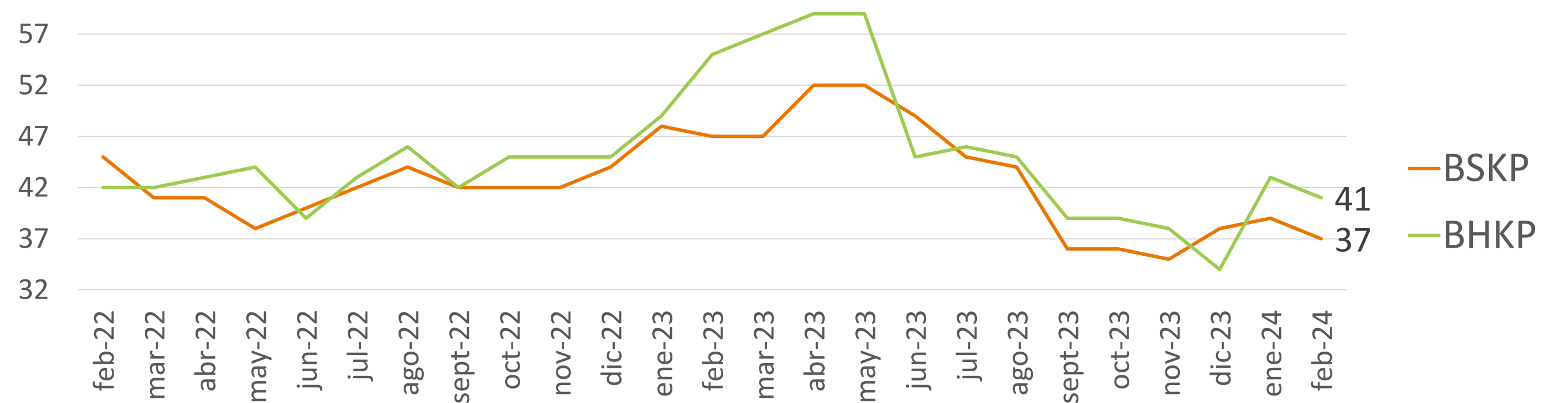
Source: RISI

### Global Bleached Chemical Pulp Shipments variation – (2 months 2023 – 2024)

Global BCP Shipments Change (tonnes)			
	2023	2024	%Var.
China	3,440	4,035 ▲	17.3%
Europe	2,325	2,390 ▲	2.8%
Other Asia	1,395	1,480 ▲	6.1%
USA	1,170	1,215 ▲	3.8%
Rest of the World	685	600 ▼	-12.4%
<b>Total</b>	<b>9,015</b>	<b>9,720 ▲</b>	<b>7.8%</b>

Source: Hawkins Wright (Jan to Feb)

### Global BCP Producer Stocks In days of supply



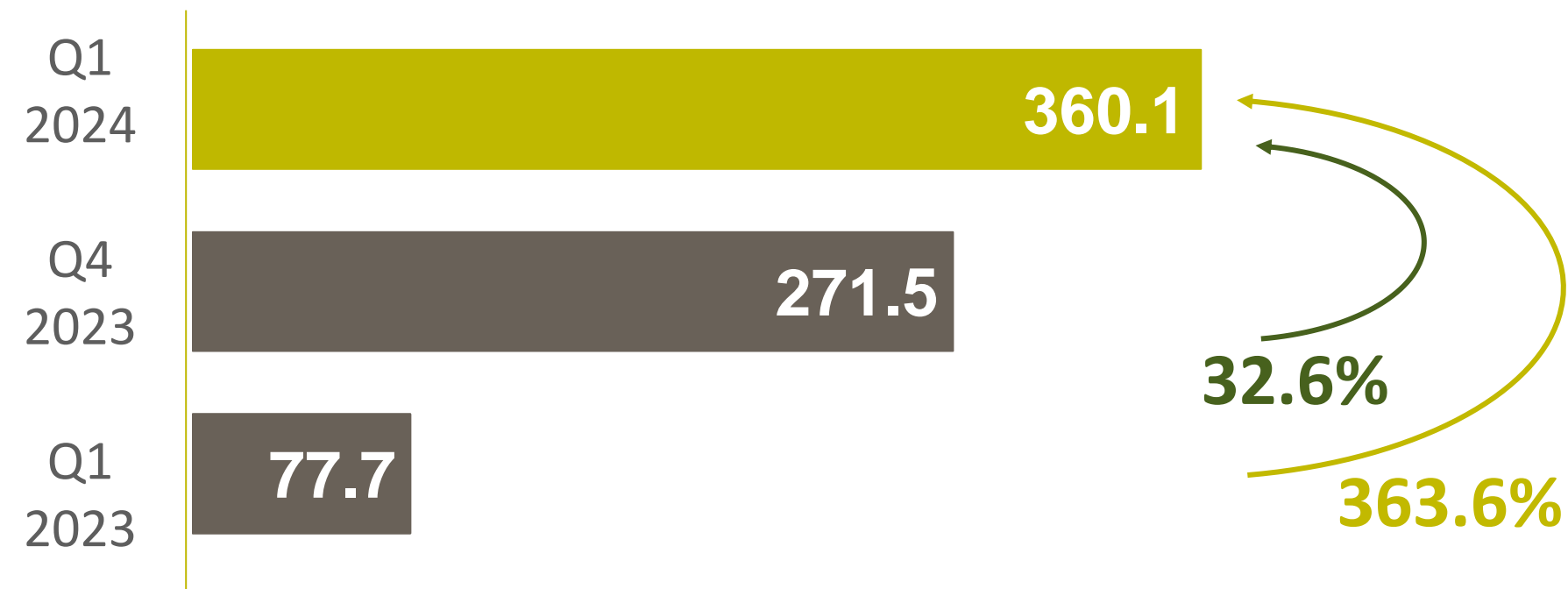
Excludes Russia & Indonesia  
Source: Hawkins Wright

# PULP / ADJUSTED EBITDA

## REVIEW BY BUSINESS SEGMENT & OUTLOOK

### Adjusted EBITDA

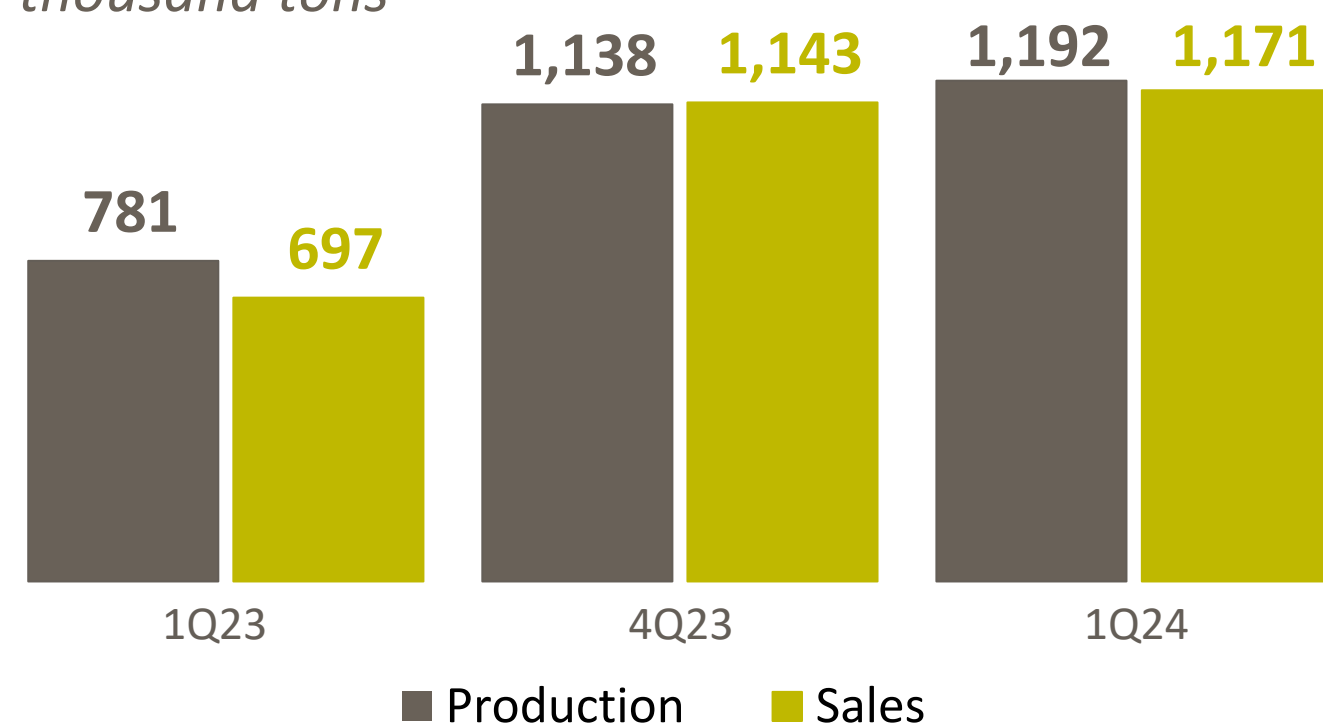
In US\$ million



	Price	Volume	Sales
QoQ	10.0%	2.4%	13.2%
YoY	-17.1%	67.9%	37.3%

### Production and Sales Volume

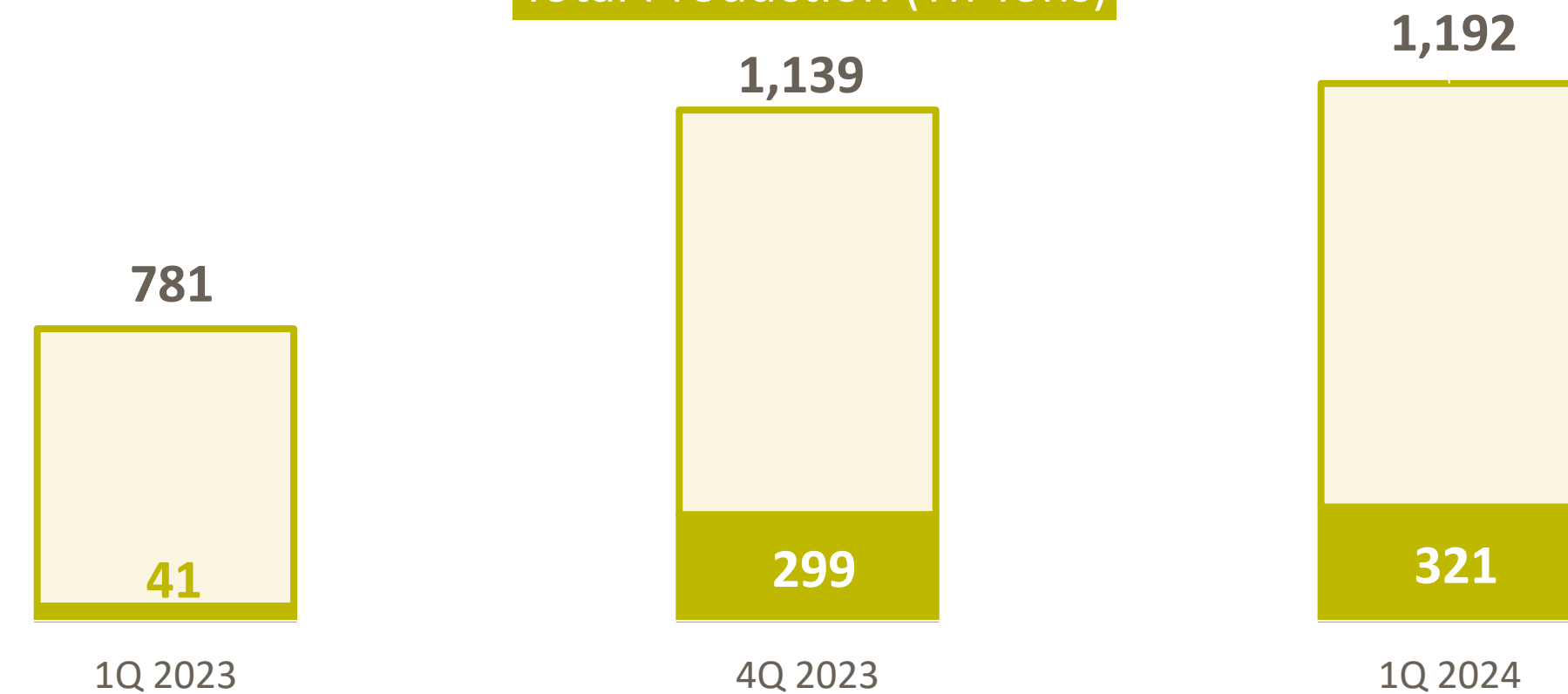
In thousand tons



### 1Q 2024

- The quarter began with low global inventories of short fiber pulp and increased slightly as the months passed, unlike long fiber inventories which remained stable.
- In **China**, demand reactivated after the Chinese New Year, alongside an increase in operating rates of paper/packaging mills. Prices in different types of paper were stable and inventories in ports increased after the Chinese New Year, however, began to decline throughout the quarter.
- In **Europe**, demand remained strong due to a decrease in paper products shipments from Asia, an increase in operation rates from paper mills and a strong demand in the tissue industry. Pulp supply decreased which led to an increase in demand for short fiber.
- The **textile pulp** market improved during the first quarter, with average prices increasing during the first months of the year.
- Production during the first quarter of 2024 increased by approximately 53.6 thousand tons (+4.7% QoQ), with Arauco's Line 3 increasing its production by 21.4 thousand tons (+7.2% QoQ).

### Total Production (Th Tons)



# PULP OUTLOOK

## REVIEW BY BUSINESS SEGMENT & OUTLOOK

### For the second quarter of 2024,

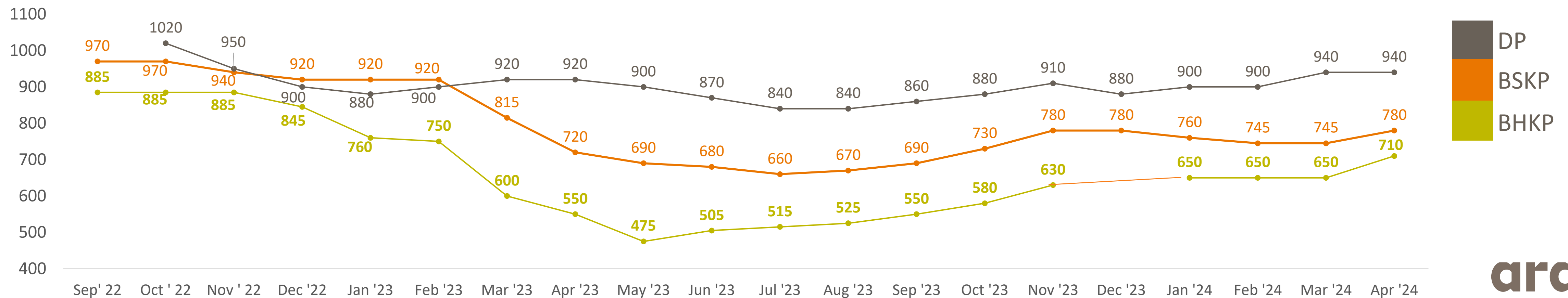
- We expect that China should remain stable in terms of pulp demand, despite paper overcapacity seen in the market, which could add some pressure in operating rates in paper mills and prices.
- Europe should remain active, continuing the trend of first quarter, with a stable paper and tissue market. Some customers seeking additional volumes, which could lead pulp prices to continue their upward trend.
- Regarding pulp supply, we should expect some reduction in volumes, due to strikes in Finland and in Chile, and bad weather conditions affecting Brazil and Uruguay, which could support pulp prices.

Pulp Mills Days of Stoppages

Mill	2023	2024			
	4Q	1Q	2Q	3Q	4Q
Arauco - Line 2	17				
Arauco - Line 3			16		
Constitución			21		
Licancel					
Nueva Aldea				14	
Valdivia					12
Esperanza					10
Montes del Plata			12		

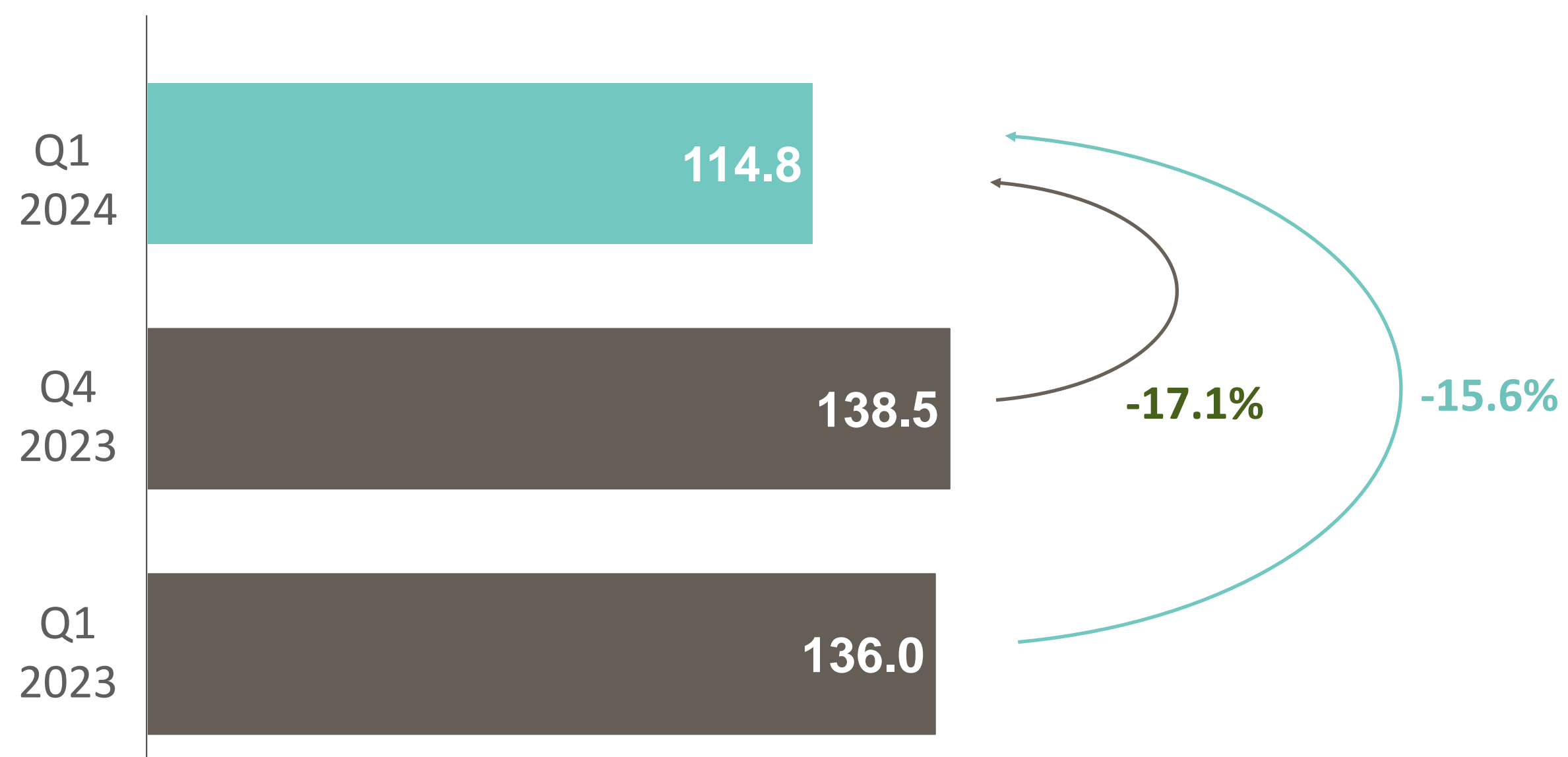


BSKP, BHKP and DP Net Prices - China



# WOOD PRODUCTS

Adjusted EBITDA  
In US\$ million



## Q1 2024

Adjusted EBITDA of our wood products business segment decreased 17.1%, mainly due to a decrease in average prices.

## Wood Products

	Price	Volume
QoQ	-2.8%	1.8%
YoY	-9.6%	6.9%

## Panels\*

	Price	Volume
QoQ	-4.7%	3.4%
YoY	-10.2%	2.8%

## Solid Wood\*\*

	Price	Volume
QoQ	1.0%	-1.3%
YoY	-8.5%	16.1%

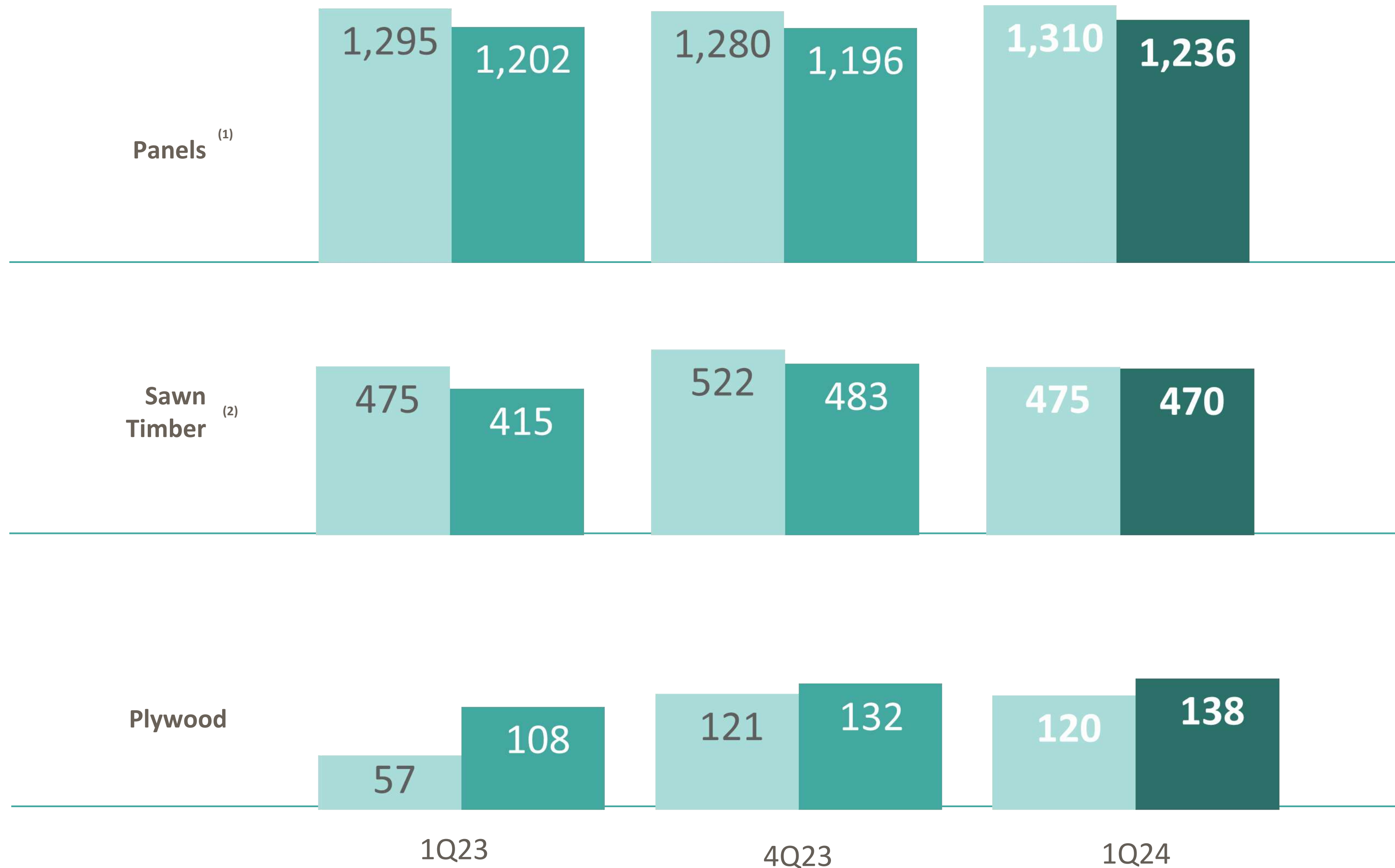
\*MDF, PBO, HB

\*\*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

# WOOD PRODUCTS / OUTLOOK

52%

North America

**MDF:**

- We expect gradual improvement in demand in the first half of 2024, with less supply and prices stabilizing.

**PB:**

- Stability is expected with volumes to reach full capacity and prices to strengthen.

**REMANUFACTURED PRODUCTS:**

- Slight improvement to be seen due to seasonality, despite oversupply.

**PLYWOOD:**

- We expect a balanced supply/demand in the first half of the year, with prices expected to increase for the second quarter.



Source: Bloomberg



# 34%

### Central and South America

#### **BRAZIL:**

- Market is showing some improvement. With the decrease in interest rates, construction should improve.

#### **CHILE:**

- Uncertainty for 2024 with poor indicators in key sectors, such as construction and retail. Supply shortage has led to a slight improvement in Plywood demand.

#### **ARGENTINA:**

- Uncertainty and pessimistic outlook for both MDF and PB, with volumes decreasing.

# 10%

### Asia and Oceania

#### **ASIA:**

- Optimistic outlook of what is coming for the first half of 2024.

#### **OCEANIA:**

- We expect a slow recuperation during this year, specially in Remanufactured Wood Products and Plywood.

# 4%

### Europe and Middle East

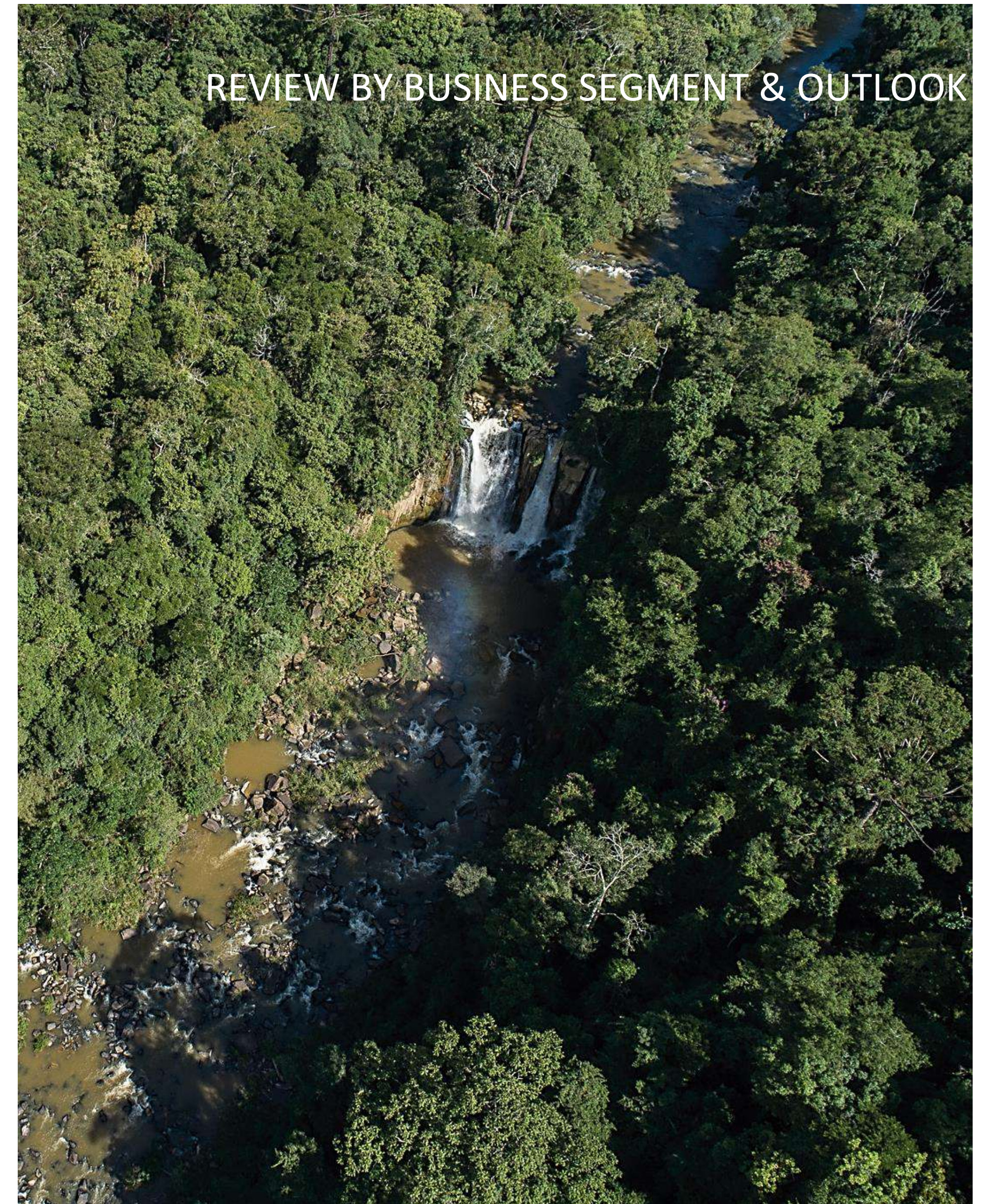
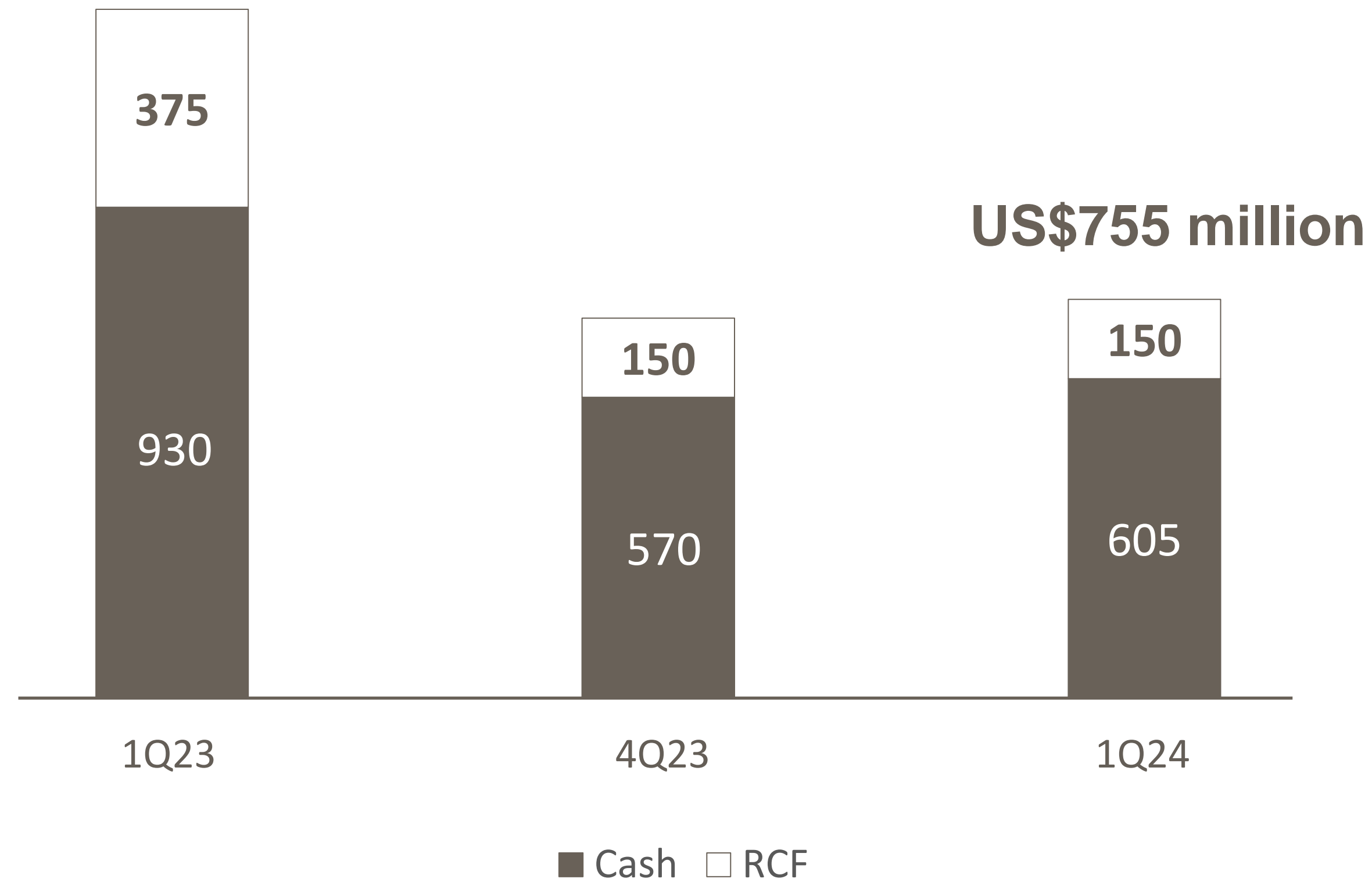
- Slow sales due along with a slow economy, but price increases are expected due to restricted supply in the region (mainly Europe).



# FINANCIAL REVIEW

# CASH AND LIQUIDITY

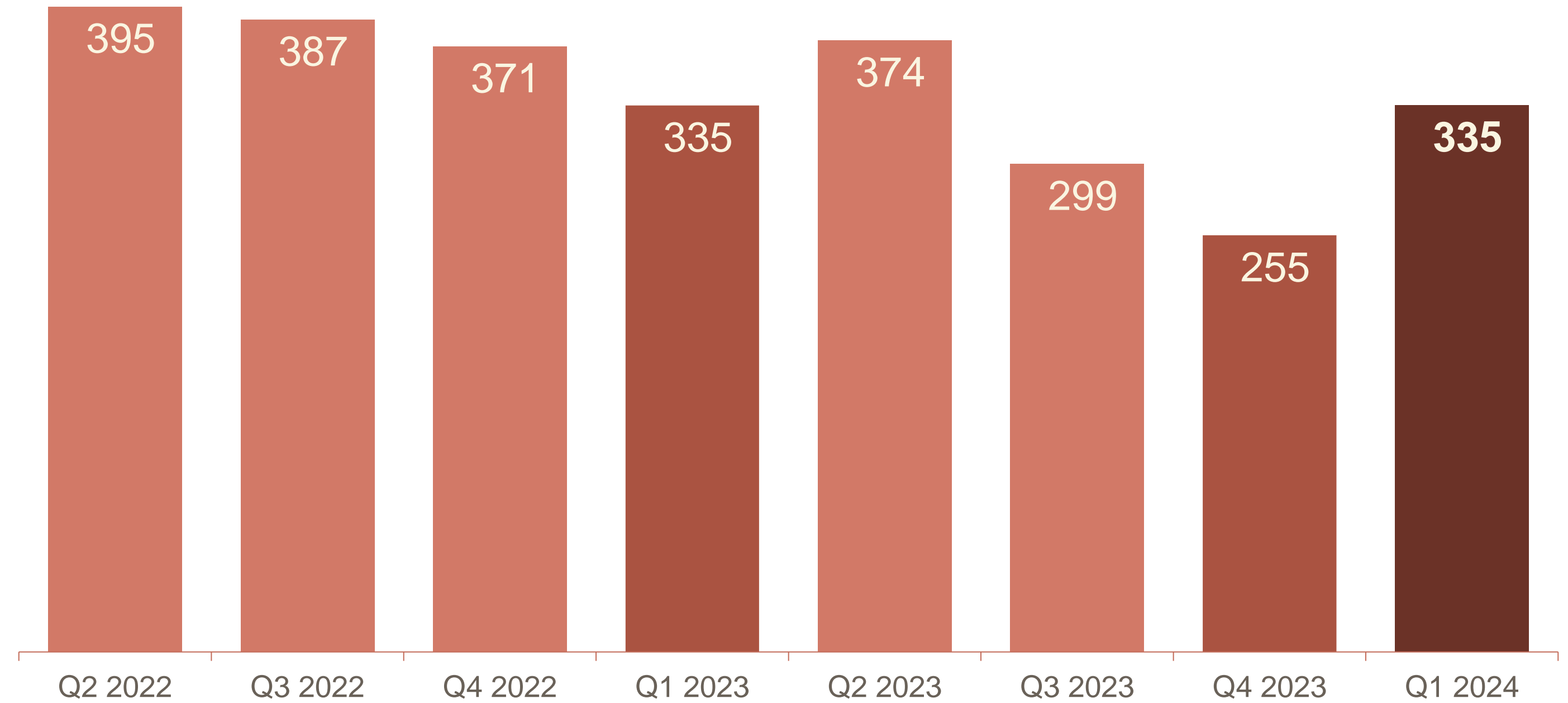
Our cash position was US\$605.3 million at the end of the first quarter of 2024. In addition to our cash position, we have a revolving credit facility (RCF) for a total amount of US\$375 million due in February 2025 of which US\$225 million were withdrawn in June 2023.



# CAPEX



During this quarter, capital expenditures (on a cash basis) were US\$334.7 million, US\$79.7 million higher than the previous quarter.



# FREE CASH FLOW

► In US\$ million

	Q1 2024	Q4 2023
Adjusted EBITDA	445.1	368.8
Working Capital Variation	35.2	45.0
Interest paid and received	(31.1)	(82.1)
Income tax received (paid)	2.6	(1.1)
Others	40.6	(11.1)
<b>Cash from Operating Activities</b>	<b>492.4</b>	<b>319.5</b>
Capex (1)	(334.7)	(273.8)
Others	(60.7)	(30.6)
Proceeds from investment activities	16.3	8.0
<b>Cash from Investment Activities</b>	<b>(379.0)</b>	<b>(296.4)</b>
<b>Cash from Financing Activities (net of debt)</b>	<b>(15.9)</b>	<b>(15.1)</b>
Effect of exchange rate changes on cash	(13.5)	(90.4)
<b>Free Cash Flow</b>	<b>84.0</b>	<b>(82.4)</b>

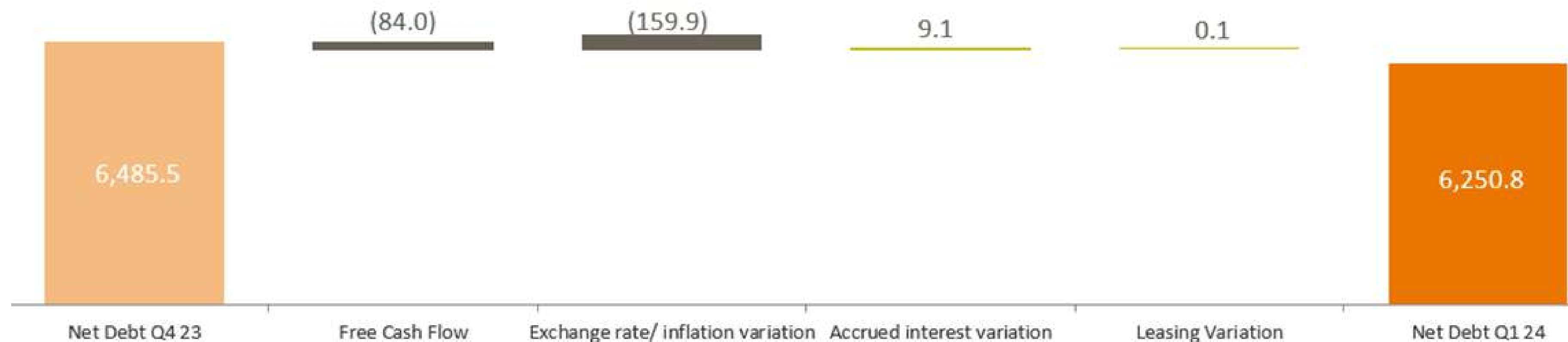
(1) On a cash basis.

Cash flows received from operating activities increased US\$172.9 million mostly due to *Adjusted EBITDA*.

Cash flows used in investment activities increased US\$82.6 million.

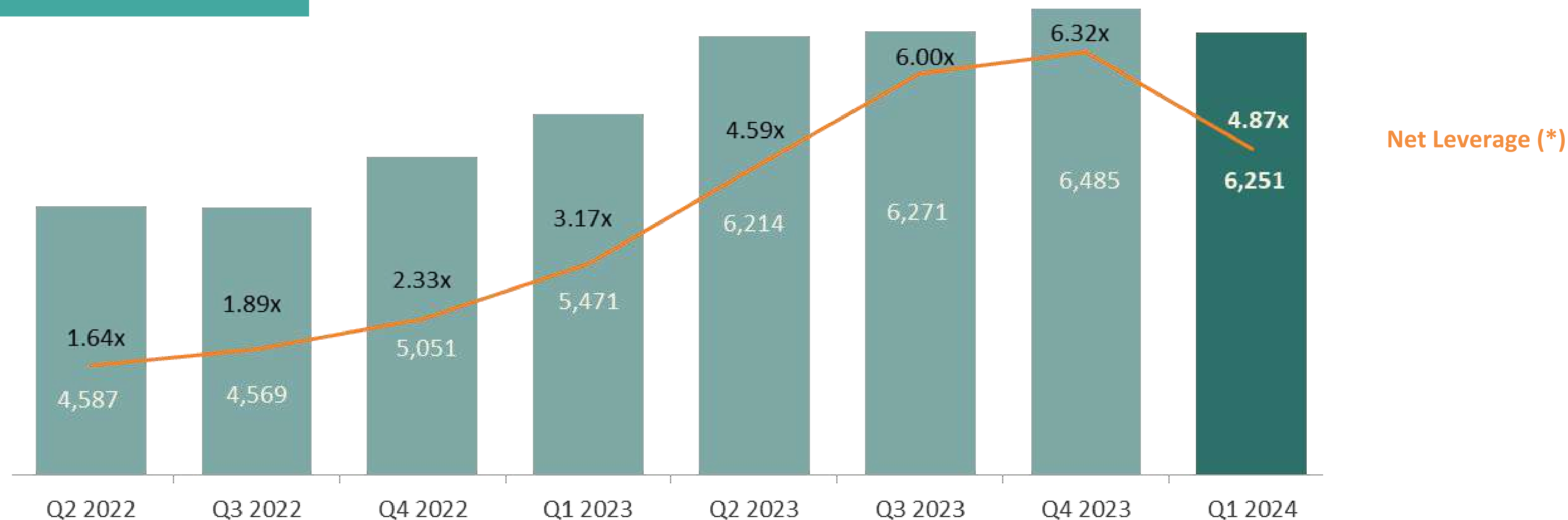
Cash flows used in financing activities increased by US\$0.8 million.

► Net Debt decreased by US\$234.7 million or by 3.6%, mainly due to both an increase in our cash flow and exchange rate effects.



# NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents increased by 6.2% or US\$35.3 million.

Total Financial Debt decreased by 2.8% or US\$199.4 million.

LTM Adjusted EBITDA was US\$1,283.1 million, 25.1% higher QoQ.

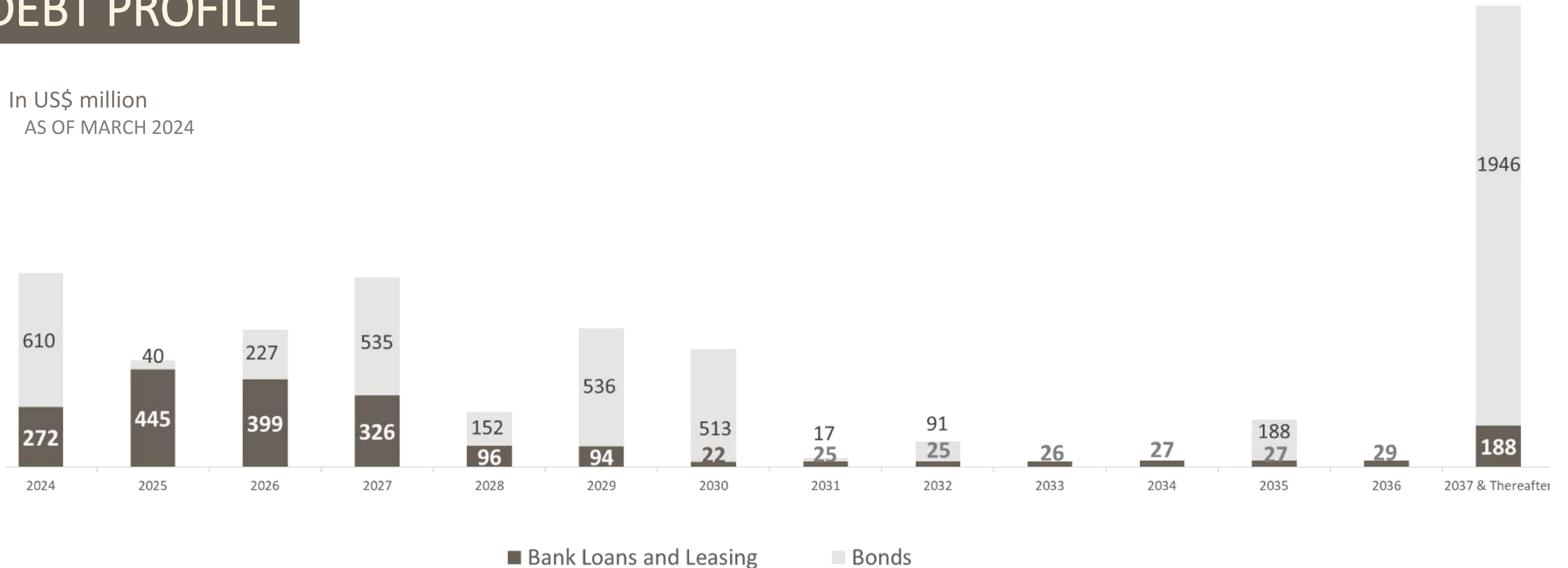
Net Leverage (\*) decreased from 6.32x to 4.87x.

	March 2024	December 2023
Short Term Debt	1,116	1,121
Long Term Debt	5,740	5,935
<b>Total Debt</b>	<b>6,856</b>	<b>7,055</b>
Cash	605	570
<b>Net Debt</b>	<b>6,251</b>	<b>6,485</b>

(\*) Net Debt / LTM Adjusted EBITDA

# DEBT PROFILE

► In US\$ million  
AS OF MARCH 2024

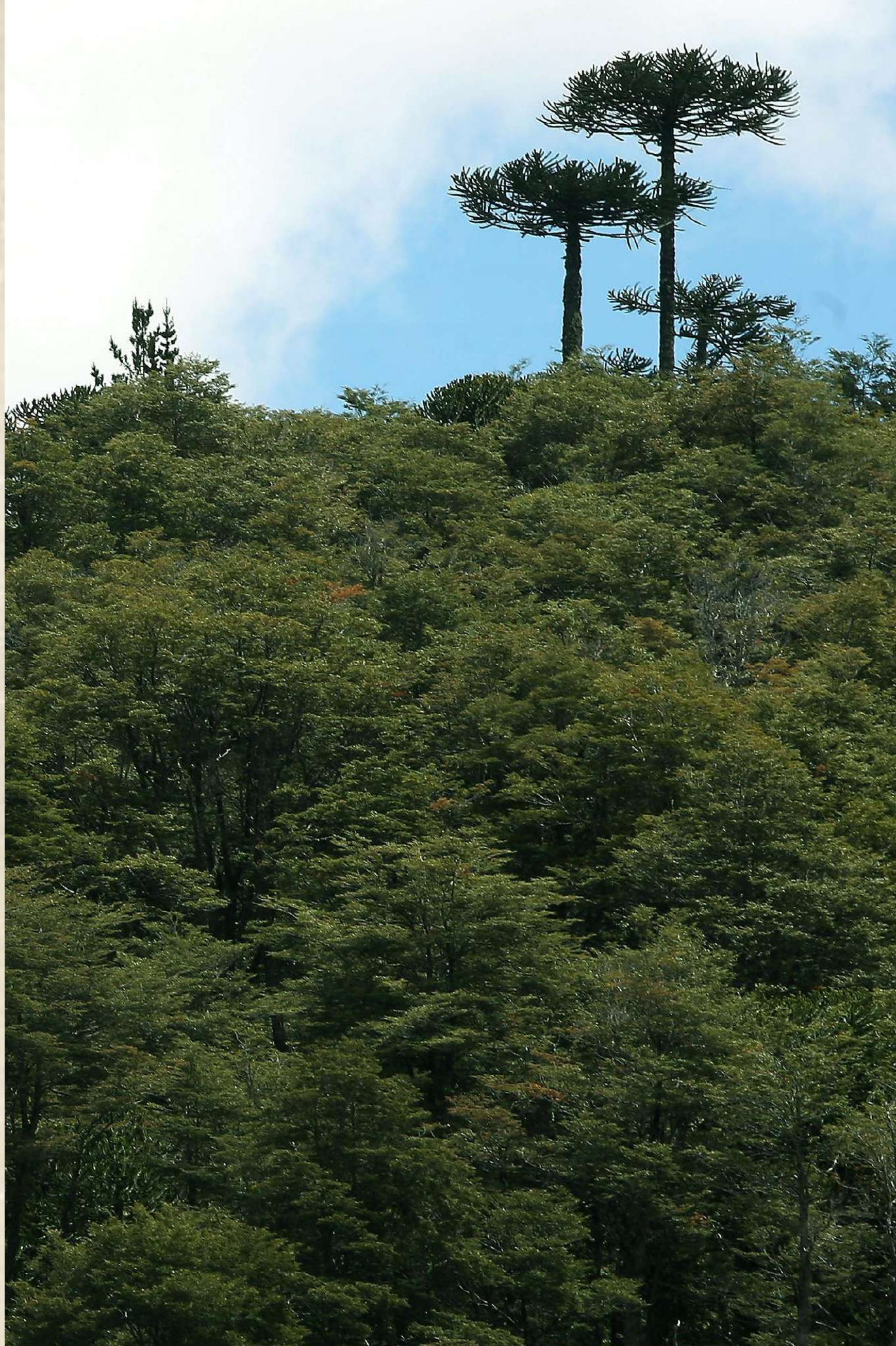


## BANK OBLIGATIONS FOR 2024 INCLUDE:

- US\$ 241.8 million in bank loans.
- US\$ 30.0 million in leasing.

## BOND OBLIGATIONS FOR 2024 INCLUDE:

- US\$ 61.1 million in local bond obligations.
- US\$ 549.0 million in USD-denominated bond obligations.



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# MATERIAL FACTS



# MATERIAL FACTS AND NEWS

## Management – Shareholders’ Meeting

At the Shareholders' Meeting held on April 23, the members of the Board of Directors were elected for a new statutory period, integrated by Marcela Bravo, Jorge Andueza, Roberto Angelini, Jorge Bunster, Matías Domeyko, Juan Ignacio Langlois, Franco Mellafe, Eduardo Navarro and Timothy C. Purcell.

Subsequently, at the meeting of the Board of Directors of the Company, also held on April 23, the following resolutions were adopted:

- The position of Executive Vice President, which was held by Matías Domeyko, was dissolved.

With this, Cristián Infante, current COO, becomes the CEO, reporting directly to the Board of Directors.

- Matías Domeyko was appointed as Chairman of the Board of Directors of the Company, Roberto Angelini as First Vice-President and Jorge Andueza as Second Vice-President.



*Standing (from left to right): Franco Mellafe, Eduardo Navarro, Marcela Bravo, Jorge Bunster, Juan Ignacio Langlois.*

*Sitting (from left to right): Tim C. Purcell, Roberto Angelini, Matías Domeyko, Jorge Andueza, and Cristián Infante*

# MATERIAL FACTS AND NEWS

## Forest Sales in Brazil, Update

We are currently expecting approval from Brazilian competition authorities (Administrative Council for Economic Defense or "CADE") for our forestry asset sale with Klabin, involving approximately 85,000 hectares of eucalyptus and pine forest plantations (mainly in the state of Paraná, Brazil) for a total purchase price of US\$1,160,000,000.



# MATERIAL FACTS AND NEWS

## Sucuriú Project Receives Installation License

On February, we received the provisory environmental license from Mato Grosso do Sul Environment Institute (Imasul).

On May 10<sup>th</sup>, Arauco's "Sucuriú Project" received the Installation License, also granted by Imasul.

The Installation License allows the project to begin and is granted after the analysis of all the environmental control systems, that are necessary to mitigate the impacts signaled in the Preliminary License.

This allows Arauco to start the preparation (earthworks) of the area where the mill should be built.



# MATERIAL FACTS AND NEWS

## Strike in Puerto Coronel

Puerto Coronel has not been operating since the end of March, generating a strong impact on the dispatch of our products, as it is one of our main shipping ports from Chile.

Some unions of temporary workers have blocked access to the port, affecting more than 1,000 workers who cannot enter the facilities. Additionally, protesters destroyed rails and poles, affecting the railway line.

At Arauco, we are working with different areas to overcome these operational and logistical difficulties, looking for alternatives that allow us to meet the requirements of our customers



# MATERIAL FACTS AND NEWS

## El Colorado Sawmill was Indefinitely Shutdown

On May 10<sup>th</sup>, we informed that El Colorado Sawmill will indefinitely suspend its operations.

The difficulties associated with our operations has been increasing, generating a structural problem. The supply chain of logs has been altered by land usurpations, timber theft, fires from previous years and by the context of violence affecting the region. Added to all this are the growing logistical difficulties (rail, land and port) that also directly threaten our competitiveness.

The mill had a capacity of 325.000 cubic meters of Sawn Timber, which represents a 12% of our total sawn timber capacity.



# MATERIAL FACTS AND NEWS

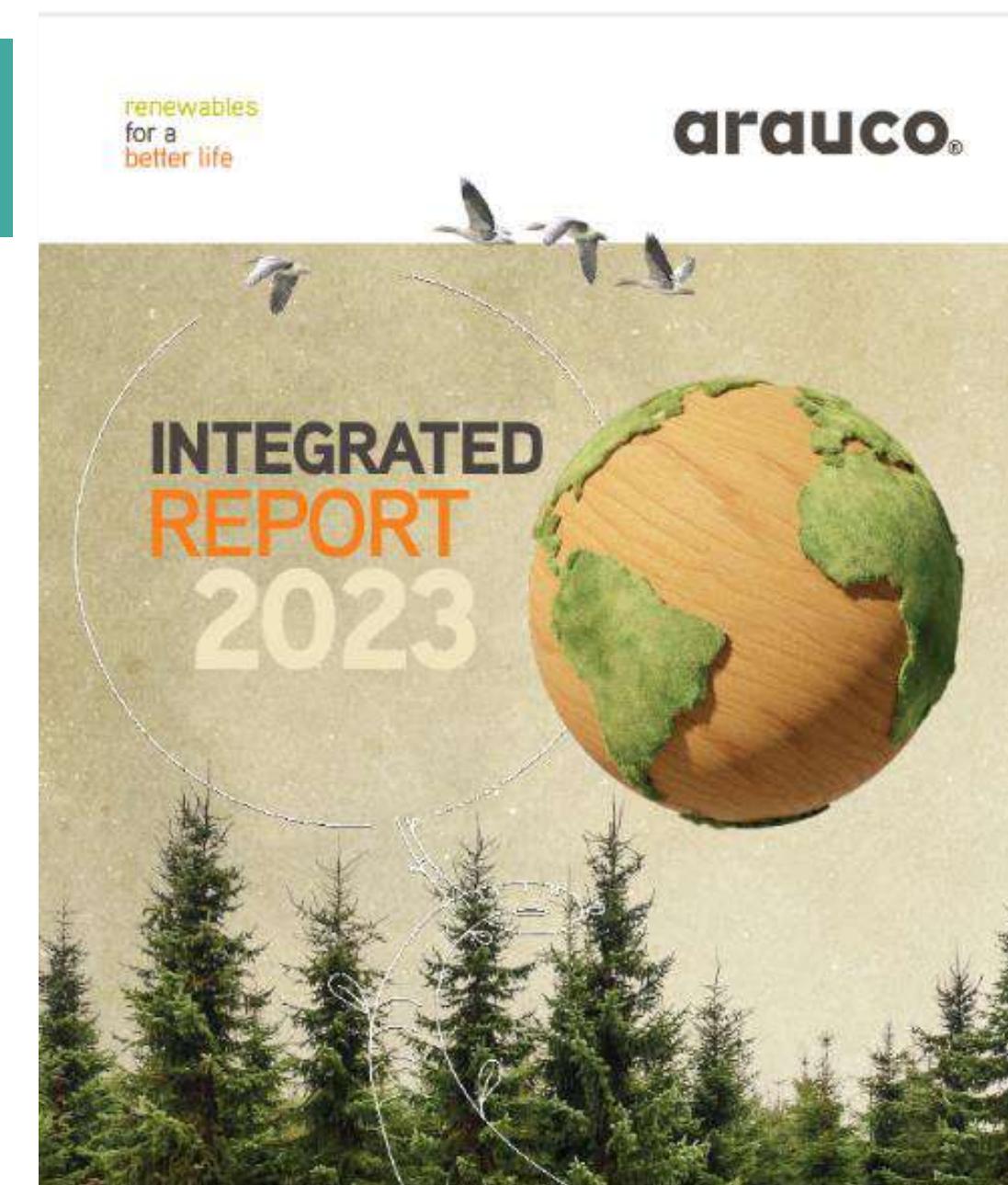
## Form 20-F Filing

On April 5<sup>th</sup>, we filed our Form 20F for the year 2023 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 2023

## ESG

### Integrated Report

On April 23<sup>rd</sup> as a requirement from the CMF (“Comisión para el Mercado Financiero”), we published Arauco’s Integrated Report, which consolidates the Sustainability Report and the Annual Report. This publication summarizes the performance of the company in 2023 and establishes our medium and long-term challenges in financial, social and environmental matters, among others.



# MATERIAL FACTS AND NEWS: ESG

## Arauco receives approval from Science Based Targets (SBTi)

Our emissions are equivalent to

**4.4**

million tons of CO<sub>2</sub>.



Our products replace fossil-based alternatives, saving

**10.5**

million tons of CO<sub>2</sub>.

We have committed to reducing our emissions by

**1.5**

million tons by 2030.



# TAKEAWAYS

- Strong quarter results with better prices, volumes and operational performance.
- Net Debt decreased 4% and LTM Adj. EBITDA increased 25%, which led to a decrease from 6.32x to 4.87x in our Net Leverage.
- With the expected closing of the forestry asset sale in Brazil, our net debt should decrease significantly.
- Forest fire season with no major accounting effect, when compared to the season of last year, mainly due to a successful fire prevention plan and favorable weather conditions.
- In April, we published both our Integrated Report 2023 and 20-F 2023.

2Q 2024  
RESULTS &  
CONF CALL

MID-AUG  
2024







# Q&A

## **INVESTOR RELATIONS**

A replay of this conference call will be available on the IR section of our web site.

## **FOR FURTHER INFORMATION**

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