



# arauco

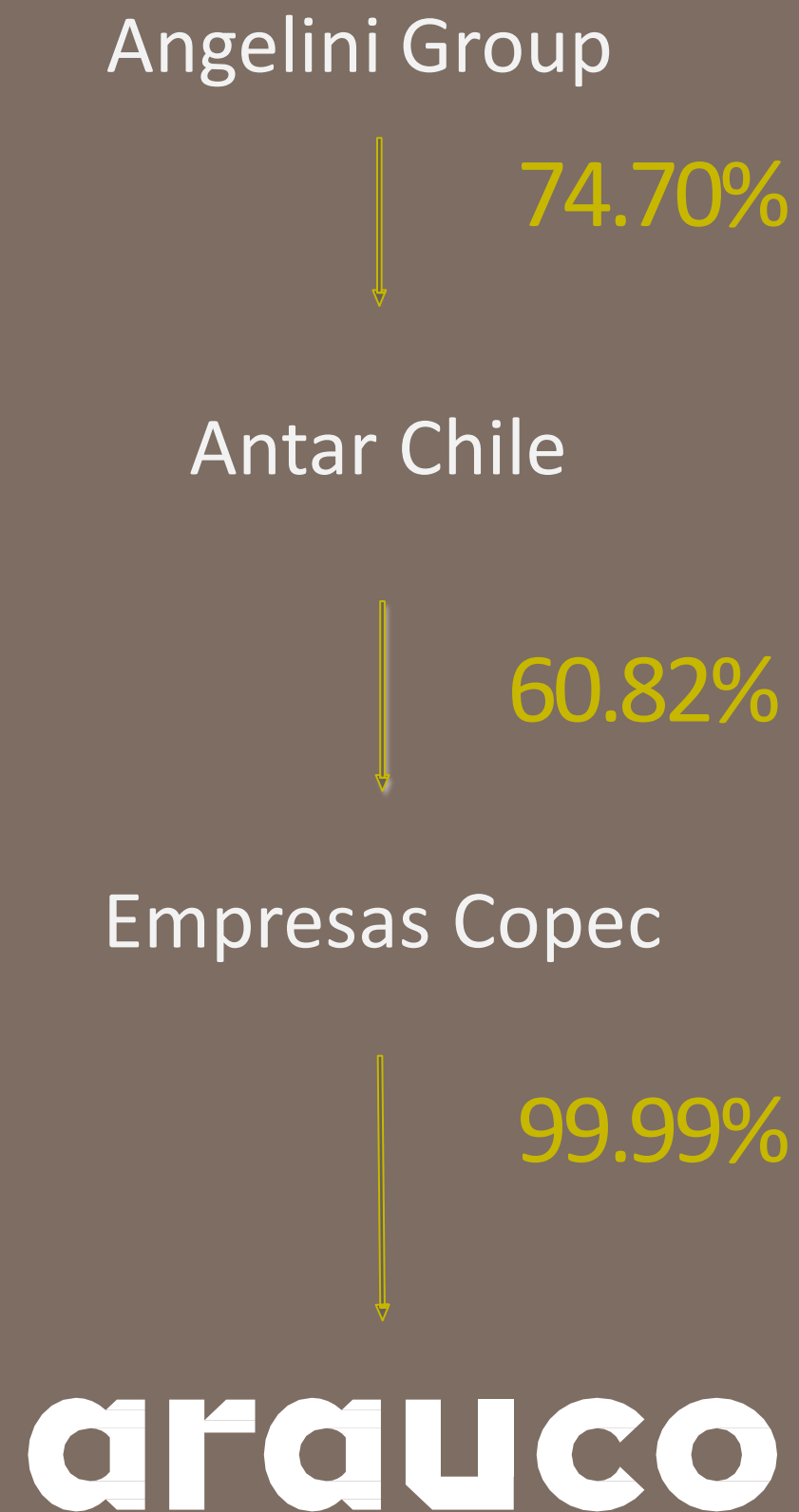
Corporate Presentation  
2021

renewables for a better life

# ARAUCO at a glance

As of December 2021

## Shareholder Structure



## Credit Ratings

### International Scale

Fitch Ratings	BBB (Stable)
S&P	BBB- (Stable)
Moody's	Baa3 (Stable)

### National Scale

Fitch Ratings	AA (Stable)
Feller Rate	AA (Stable)

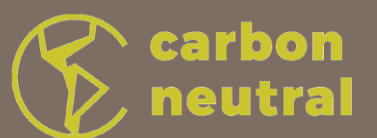
## Financial highlights

In US\$ million, last twelve months

EBITDA	2,493	Net Income	1,032
EBITDA Margin	39%	CAPEX	1,503
Net Debt/EBITDA	1.83x	Revenues	6,350

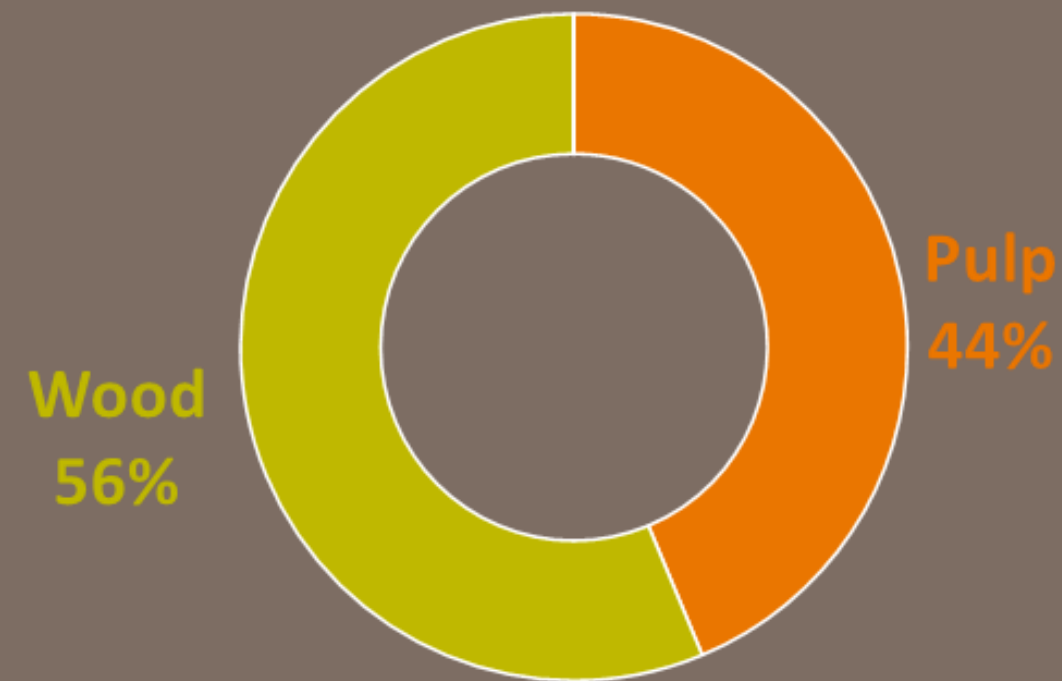
**arauco**

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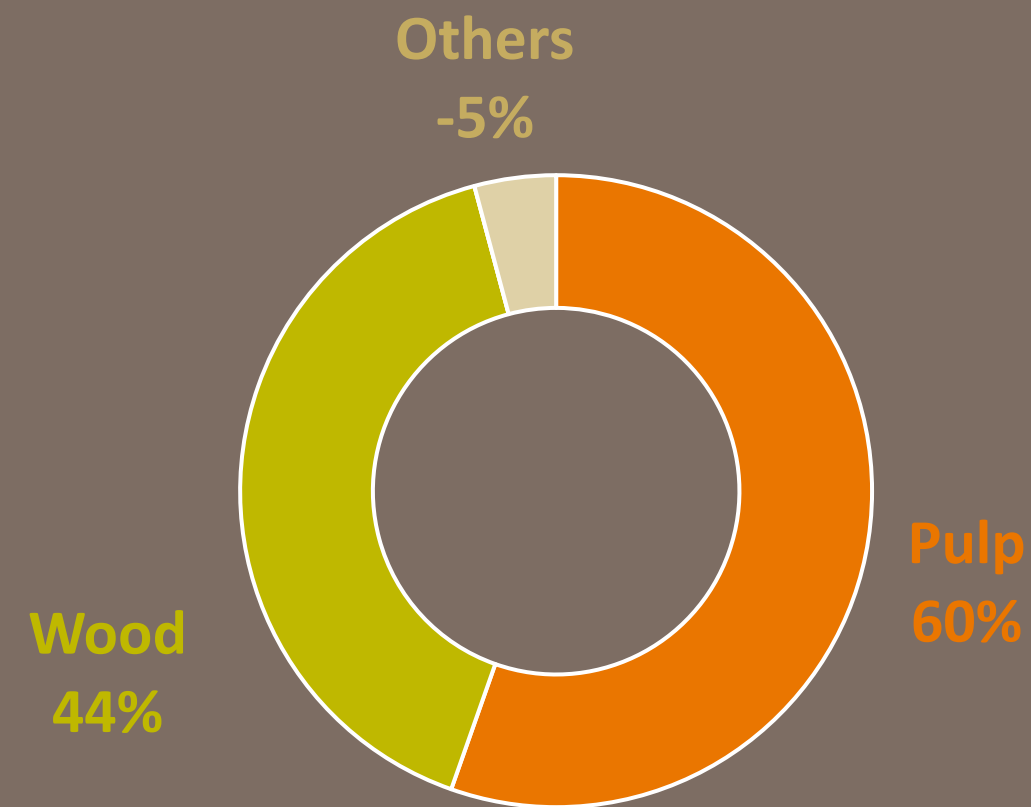


# DIVERSIFIED SALES AROUND THE WORLD

**Revenues**  
MUS\$6,350



**Adjusted EBITDA**  
MUS\$2,493

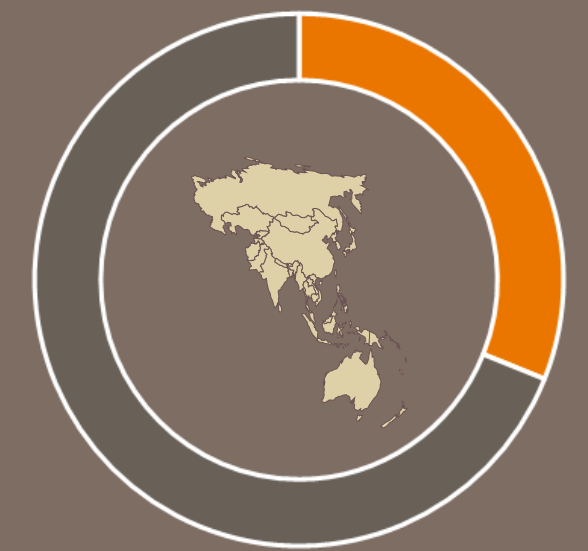


# REVENUES BY REGION

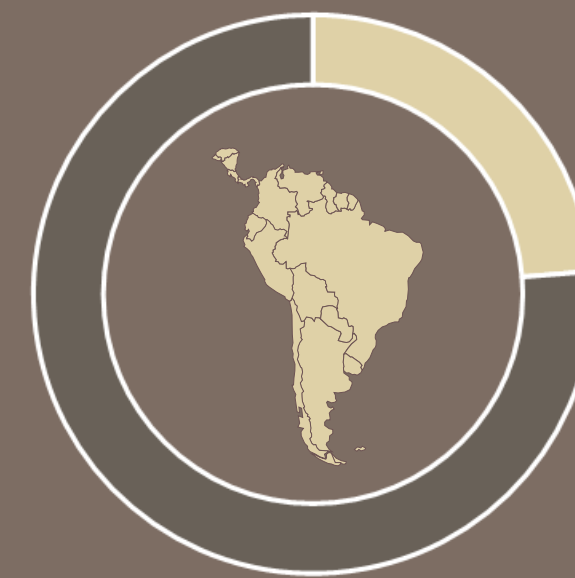
*As of December 2021*



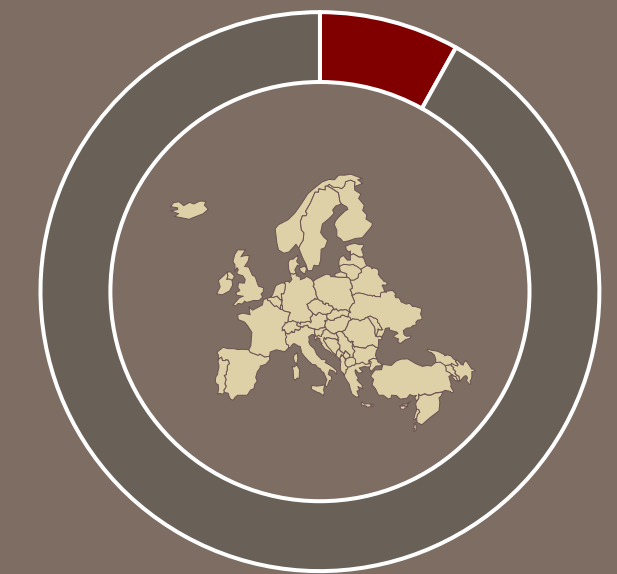
**32%**  
North America



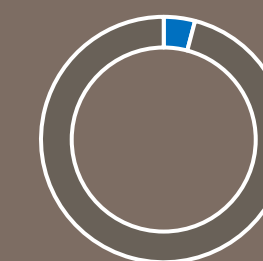
**30%**  
Asia and Oceania



**25%**  
Central and  
South America


























**7%**  
Europe



**5%**  
Others

*As of December 2021 LTM*

# TWO STRATEGIC BUSINESS SEGMENTS

	Pulp		Wood products		Complementary energy operations
	Forest Plantations	Mills	Panels	Solid Wood	
	614 th. Ha <sup>(1)</sup>	5 Mills 2,905 th. t	2 Mills MDF: 500 th. m <sup>3</sup> PB: 340 th. m <sup>3</sup>	7 Sawmills: 2,646 th. m <sup>3</sup> Plywood <sup>(5)</sup> : 710 th. M <sup>3</sup> 4 Rem. Facilities	10 Power Plants 606 MW Surplus: 219 MW
	130 th. Ha <sup>(1)</sup>	1 Mill 350 th. t	2 Mills MDF: 300 th. m <sup>3</sup> PB: 260 th. m <sup>3</sup>	1 Sawmill: 318 th. m <sup>3</sup> 1 Rem. Facility	2 Power Plants 82 MW Surplus: 15 MW
	114 th. Ha <sup>(1)</sup>		4 Mills MDF: 1,520 th. m <sup>3</sup> PB: 730 th. m <sup>3</sup>		
	86 th. Ha <sup>(1) (2)</sup>	1 Mill 710 th. t <sup>(2)</sup>			1 Power Plant 91 MW <sup>(2)</sup> Surplus: 50 MW
			8 Mills MDF: 1,015 th. m <sup>3</sup> PB: 1,630 th. m <sup>3</sup>		
			2 Mills MDF: 250 th. m <sup>3</sup> PB: 315 th. m <sup>3</sup>		
			10 Mills <sup>(3)(4)</sup> PB: 1,191 th. m <sup>3</sup> MDF: 727 th. m <sup>3</sup> OSB: 230 th. m <sup>3</sup>	1 Sawmill <sup>(3)</sup> : 35 th. m <sup>3</sup>	
<b>Total</b>	<b>0.9 million ha</b>	<b>4.0 million t</b>	<b>9.0 million m<sup>3</sup></b>	<b>3.7 million m<sup>3</sup></b>	<b>779 MW</b>

As of December 2021

(1) Considers hectares planted mainly with eucalyptus (globulus, nitens), pine (radiata, taeda, elliottii) and others.

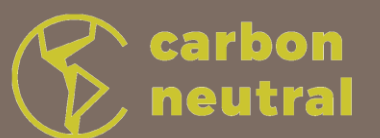
(2) Considers 50% of Montes del Plata

(3) Considers 50% of Sonae Arauco

(4) One PB mill in South Africa is currently shut down

(5) Considers 2 plywood mills.

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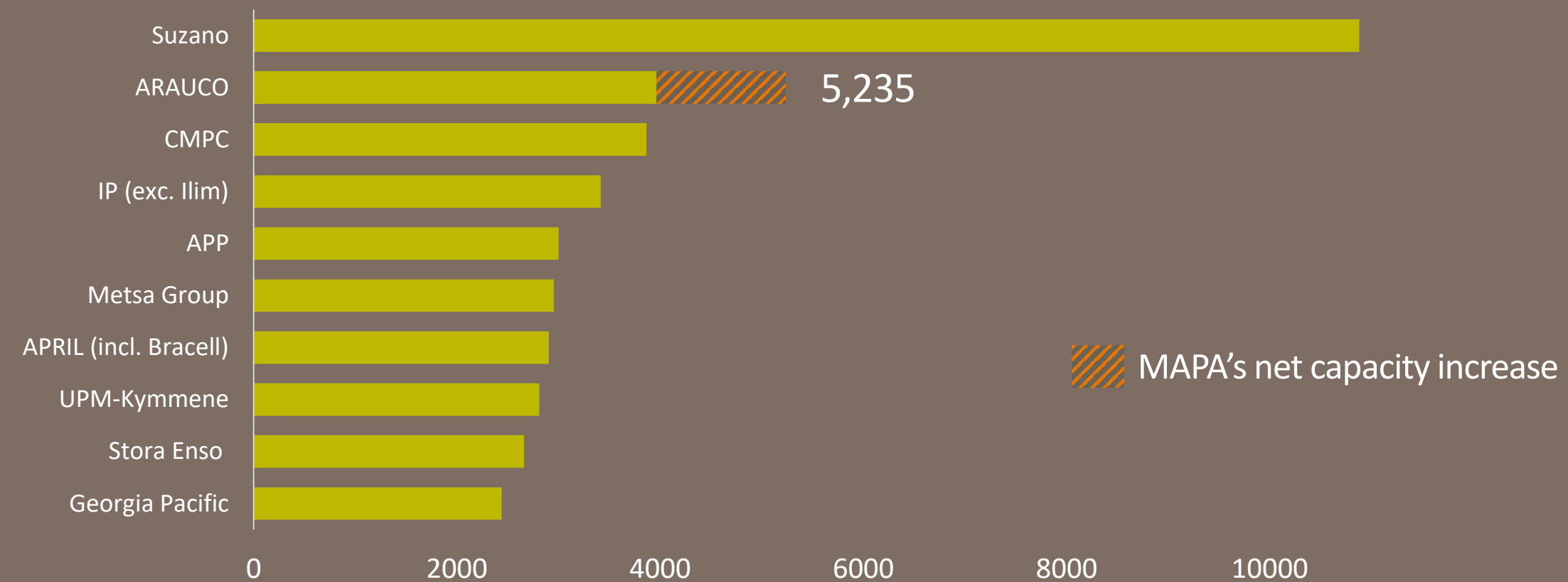


# WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

#2

In market pulp capacity in the world

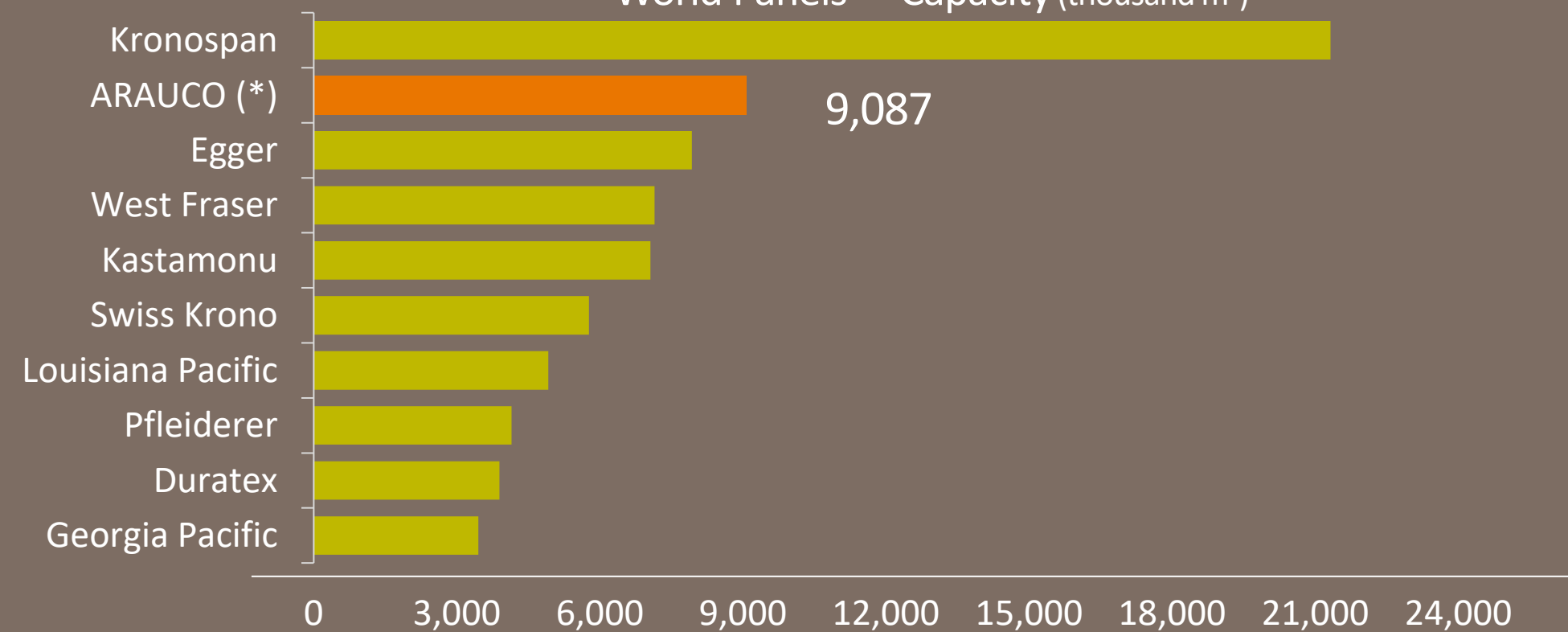
Market Pulp Capacity (thousand tonnes)



#2

In panels capacity in the world

World Panels\*\* Capacity (thousand m<sup>3</sup>)



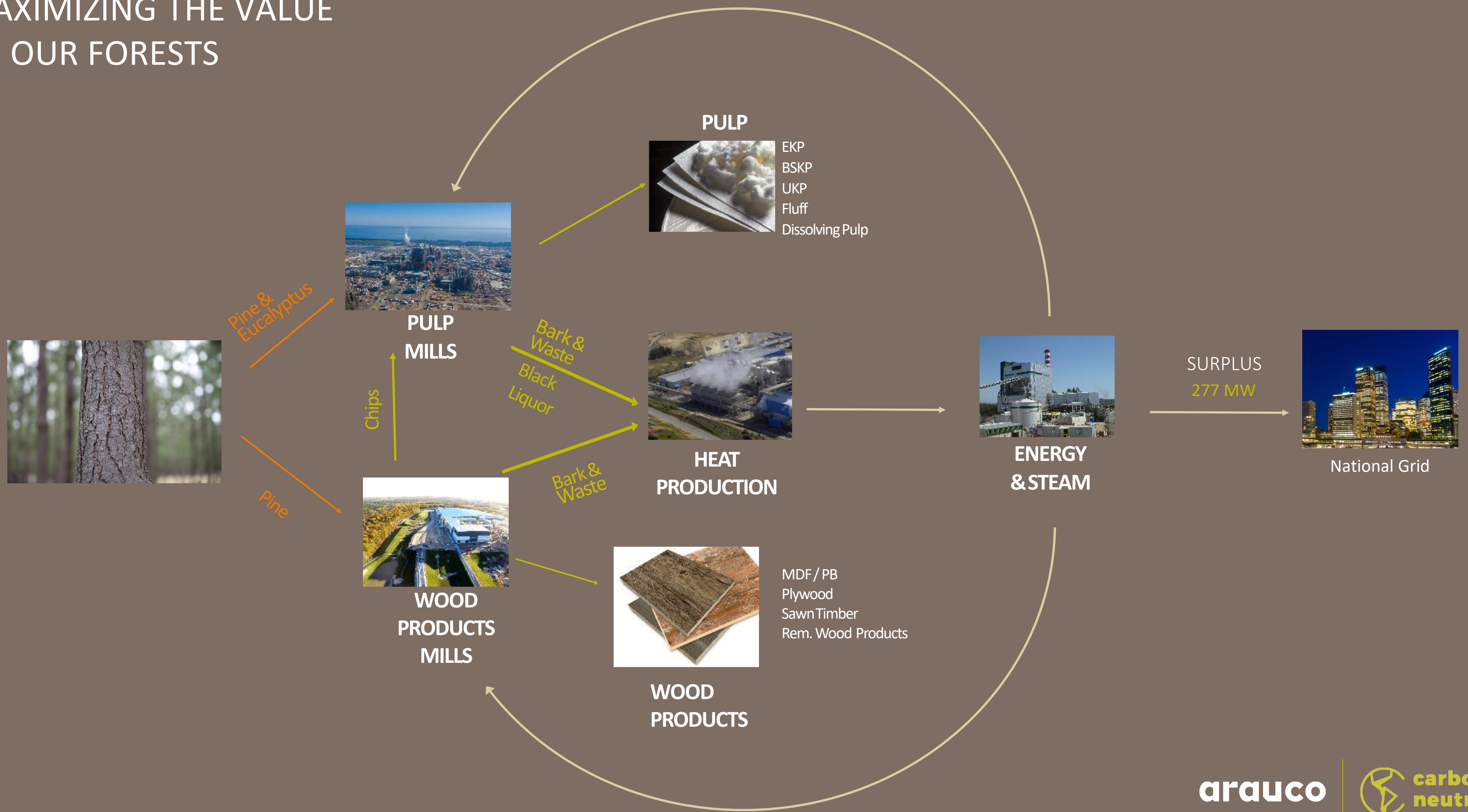
World market pulp and panel competitors capacity as of December 2021

\*Arauco capacity includes 50% of Montes del Plata, 50% Sonae Arauco, and MAPA Project, as of December 2020

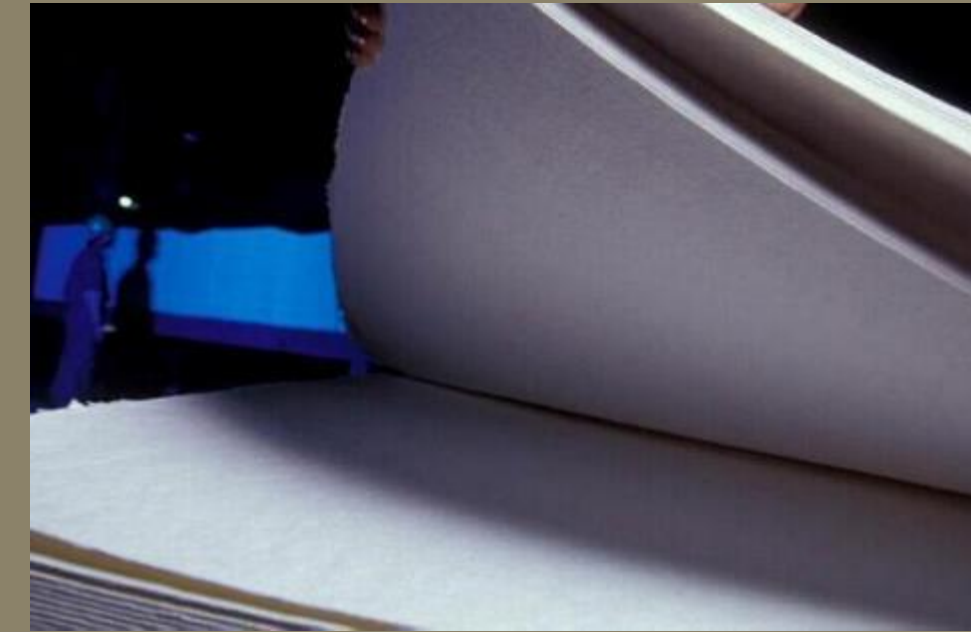
\*\*Panels refers to Composite Panels, which corresponds to MDF, PB and OSB.

Source: Hawkins Wright, Public fillings, Arauco estimations and Company information and fillings

# MAXIMIZING THE VALUE OF OUR FORESTS



# BUSINESS SEGMENTS



# PULP BUSINESS

# Pulp Sales MUS\$2,706

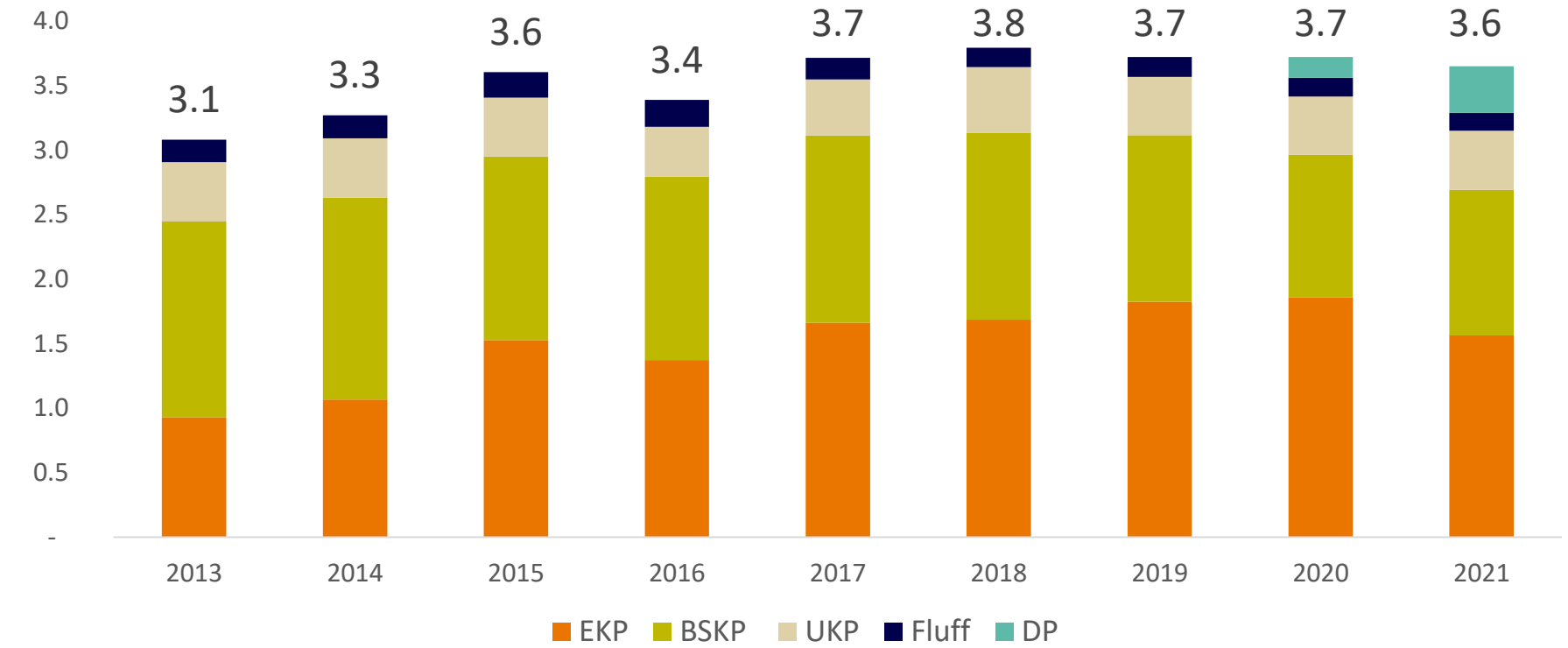
Does not include energy sales  
As of December 2021 LTM



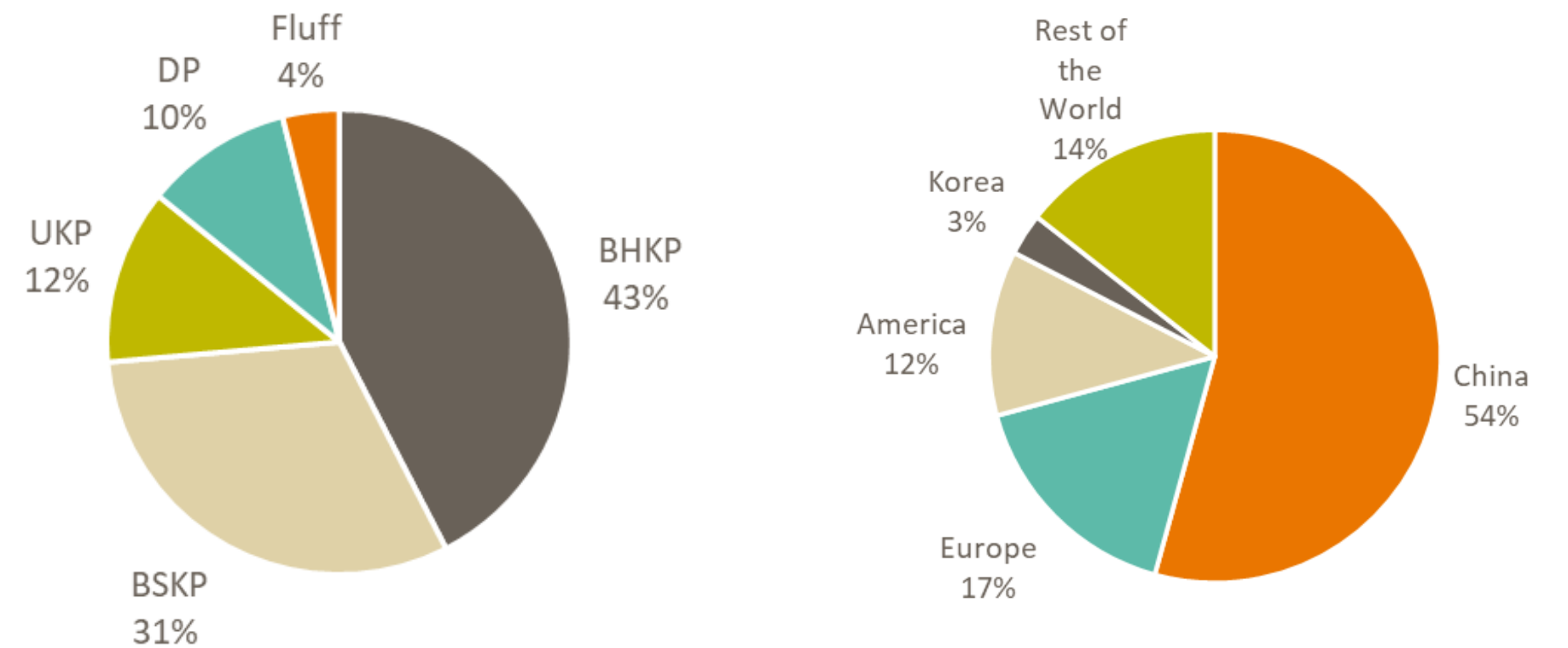
- (1) Eucalyptus Kraft Pulp
- (2) Bleached Softwood Kraft Pulp
- (3) Unbleached Kraft Pulp
- (4) Dissolving Pulp

## Production

million tonnes



Sales volume: 3.5 million tonnes



As of December 2021 LTM

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# PULP BUSINESS – FORESTRY OPERATIONS

## Total Plantations

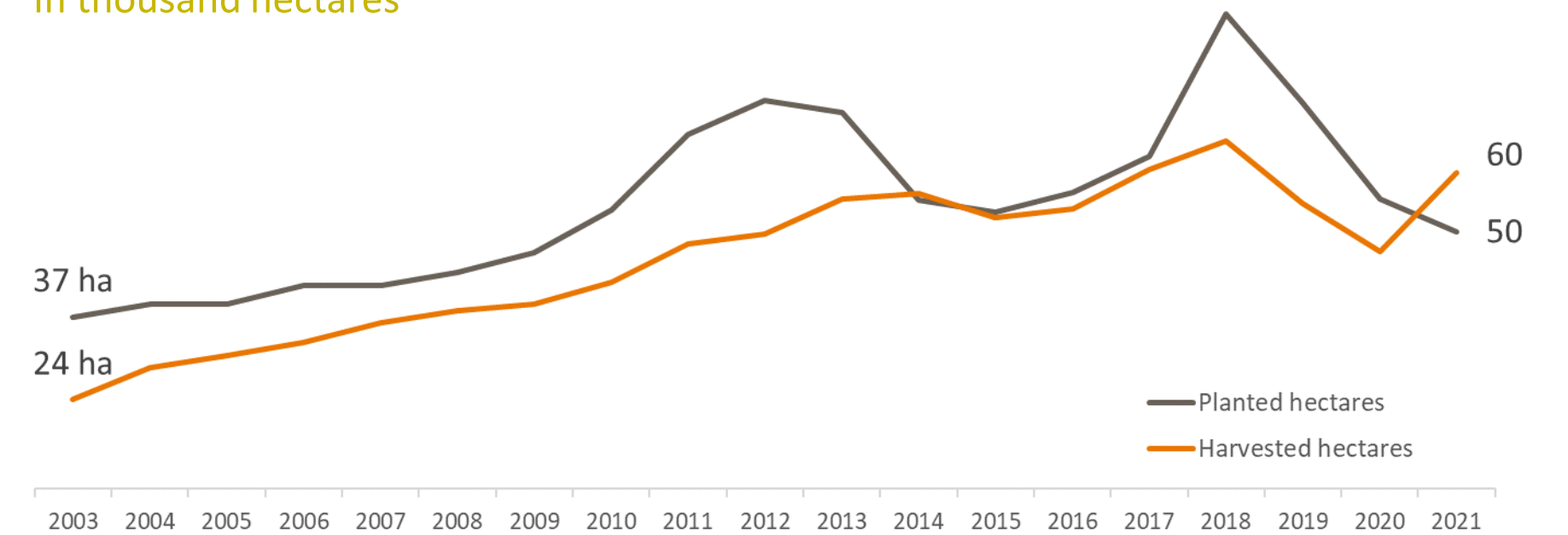
Includes plantations in Chile, Argentina, Brazil and Uruguay

In thousand hectares



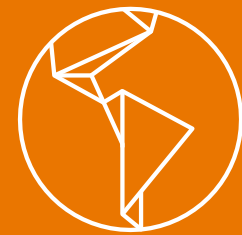
## Planting and harvesting

In thousand hectares



**1.6 million (\*)**

hectares owned



**945 thousand**

hectares planted



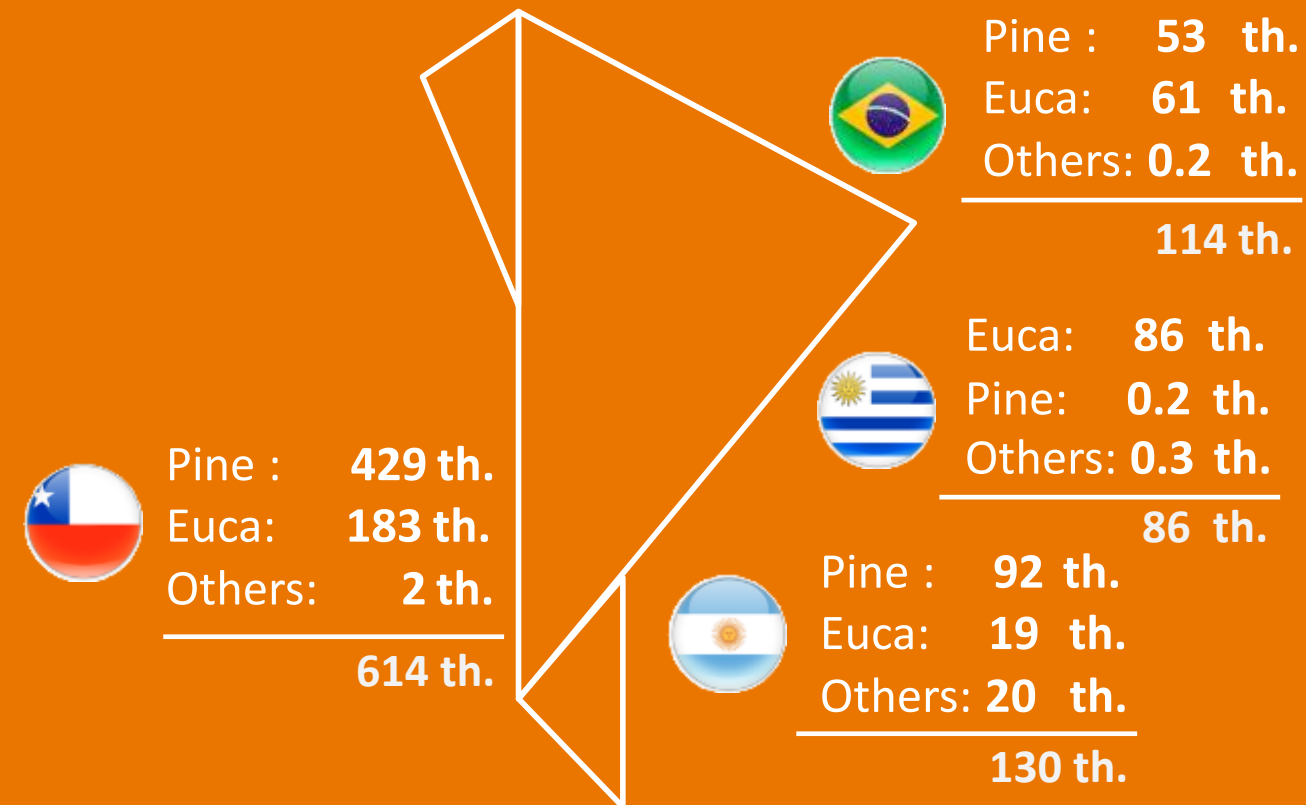
**643 th. of Pine**

**356 th. of Euca**

**22 th. Others**



## Hectares Planted



## Environmental Certifications

**Our forests plantations have international certification in Forestry Management and Chain of Custody**

For detailed information about each certification, you can visit our web site [www.arauco.com](http://www.arauco.com)

(\*) includes 483 th. hectares of native forest plantations. As of December 2021

# PULP BUSINESS – FORESTRY OPERATIONS

## Bioforest research and development

Bioforest was formed in 1990 by Arauco and one of the achievements has been the increase in the plantation yields by 40%

**50+**  
Researchers



work in order to develop and apply the best technologies, maximizing the forestry and industrial resources.



- Bioforest has a wide participation in local and international organizations that are leaders in the forestry-industrial scientific knowledge
- In addition, Bioforest aims to fulfill the environmental objectives for the protection and conservation of biodiversity present in our native forests

# PULP BUSINESS

## OUR MILLS

in thousand tonnes

As of December 2021

**MAPA PROJECT (2022)**  
**NEW LINE 3**  
 1,560 EKP

\*As contemplated in the MAPA Project, Line 1 was permanently shut down on January 3 2022.

**LICANCEL**  
 160 UKP



**CONSTITUCION**  
 355 UKP



**ARAUCO MILL**  
**LINE 1: 290 EKP\***  
**LINE 2: 510 BSKP**



**NUEVA ALDEA**  
 520 EKP  
 520 BSKP



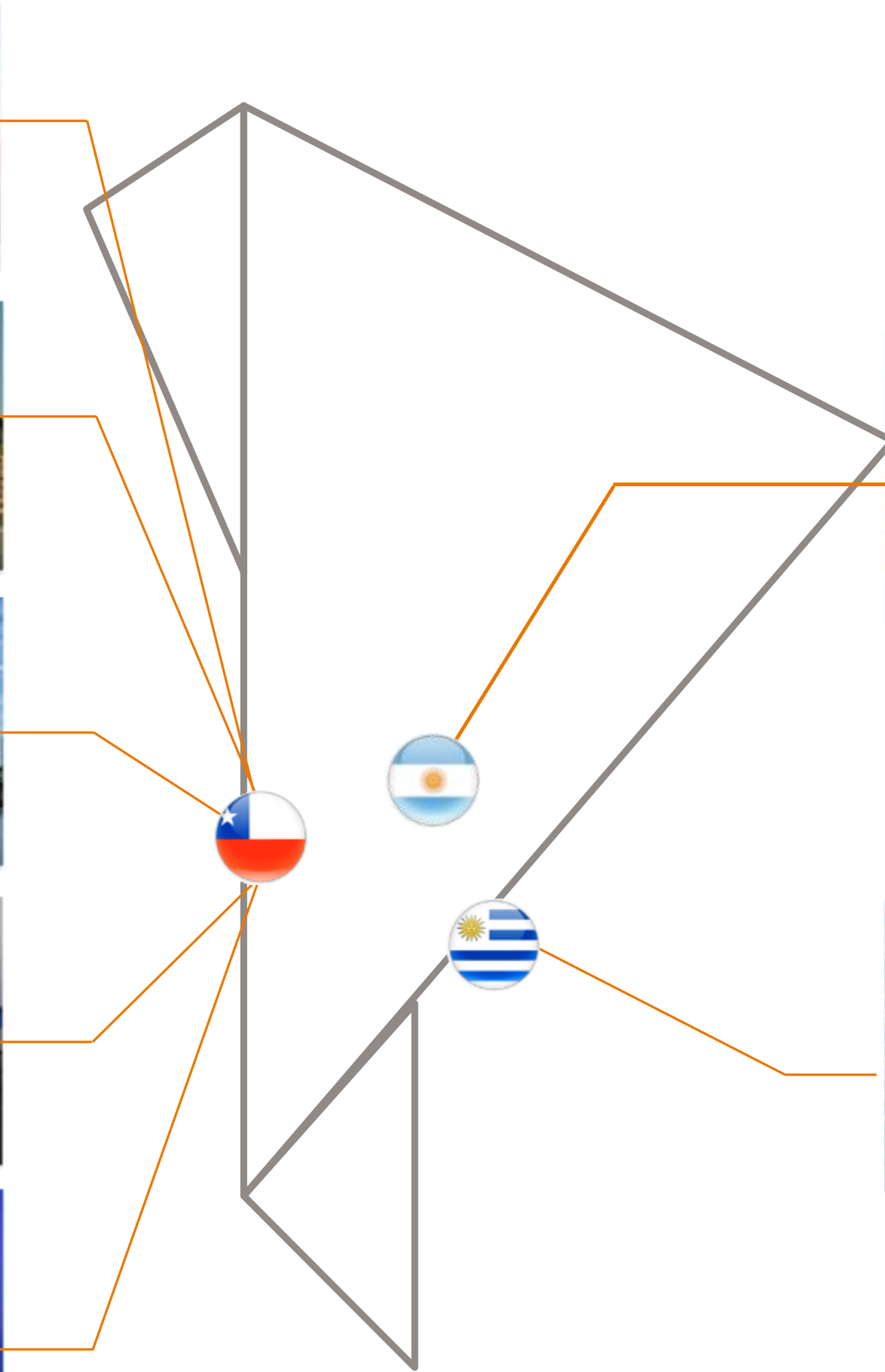
**VALDIVIA**  
 550 EKP,  
 or DP Swing mill



**ALTO PARANA**  
 350 BSKP & Fluff  
 Swing mill



**MONTES DEL PLATA**  
 1,414 EKP  
 Arauco owns 50%



# PULP BUSINESS COMPETITIVE ADVANTAGES

## 1. Logistic Efficiency



Average distances from  
Forests to Mills

Chile	85
Argentina	80
Uruguay	282

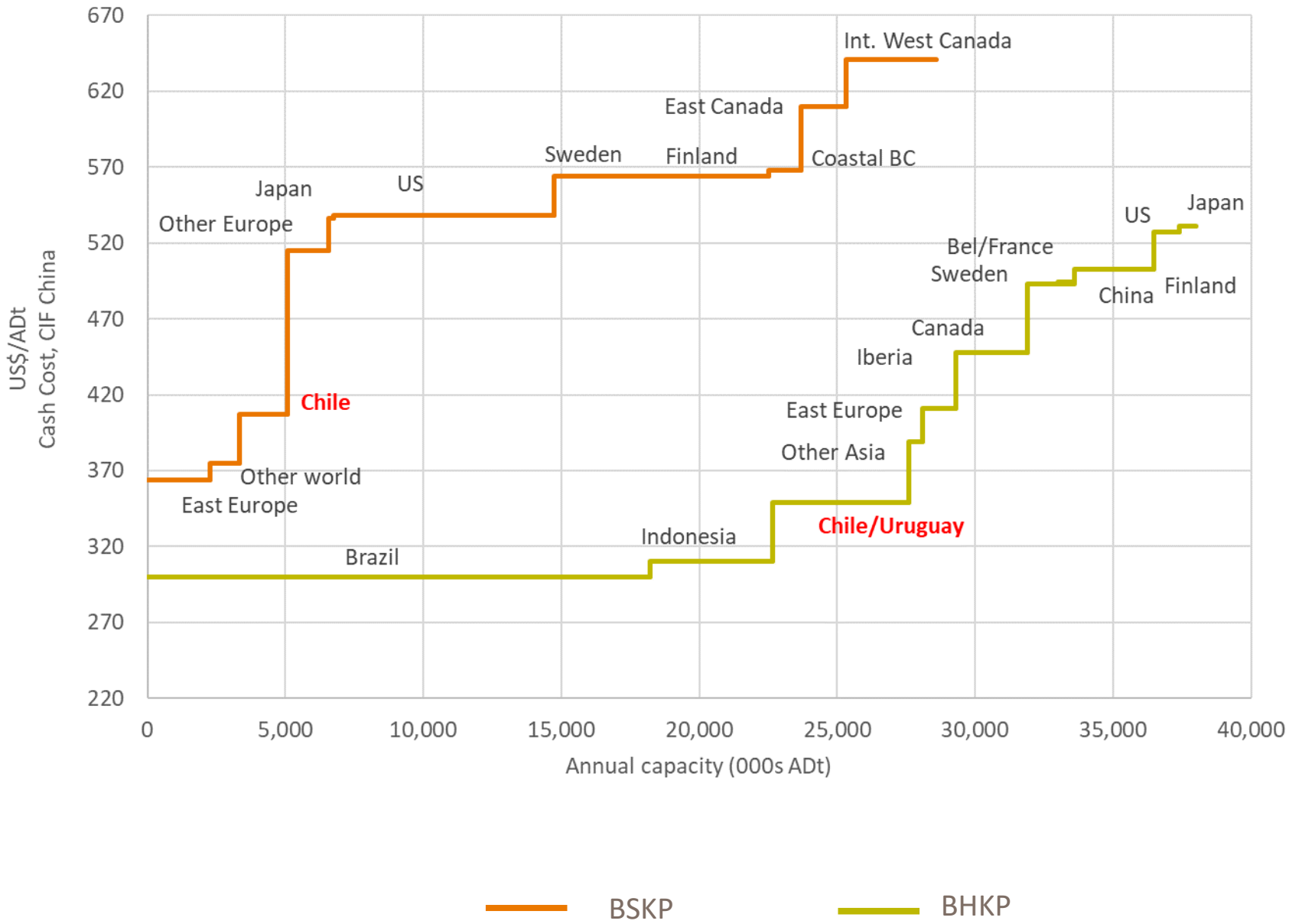
Average distances from  
Mills to Ports

	Km
Licancel	420
Constitucion	316
Nueva Aldea	63
Arauco	35
Valdivia	301
Alto Paraná	1,200
Montes del plata	0
<b>Weighted Avg.</b>	<b>195<sup>(1)</sup></b>

with MAPA

Source: ARAUCO, as of December 2021  
 (1) Calculated using sales volume for 2021  
 (2) Calculated including sales volume from ARAUCO's Line 3 expected capacity

## 2. Cost Advantages

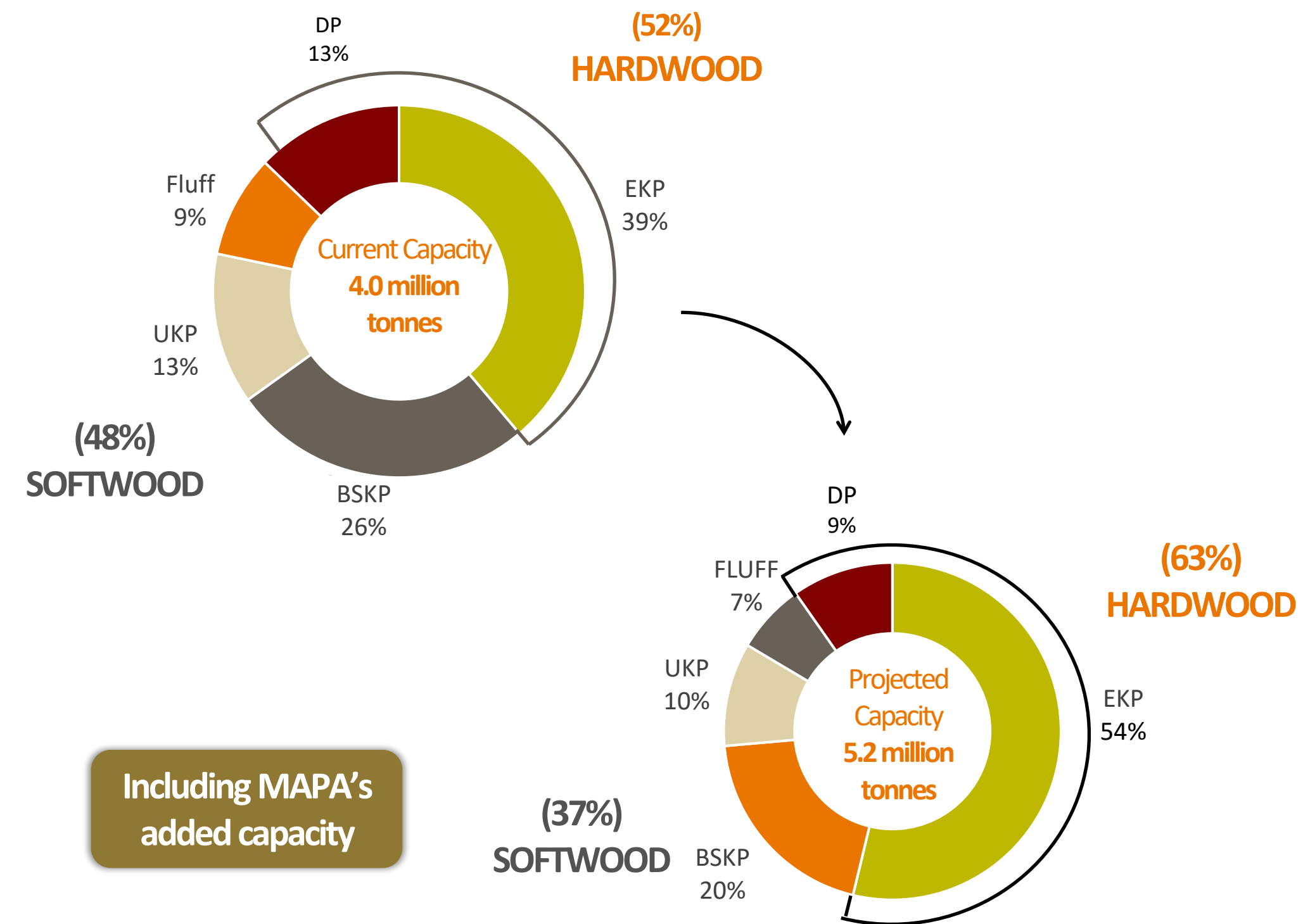


Source: Hawkins Wright, as of December 2021  
 Other world includes Argentina, China and Oceania.

# PULP BUSINESS

## COMPETITIVE ADVANTAGES

### 3. Product Diversification

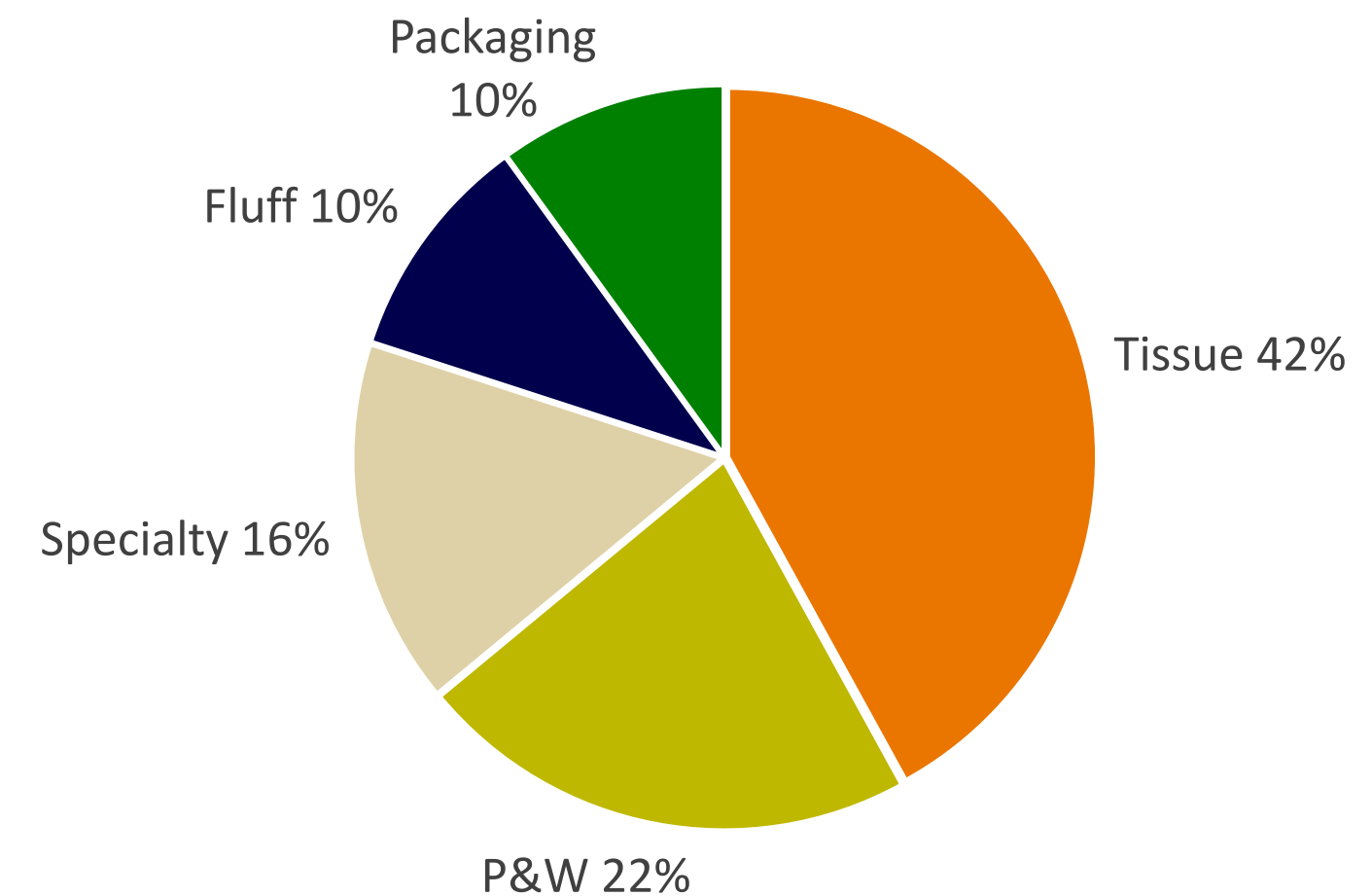


Source: ARAUCO, as of December 2021

(1) Dissolving Pulp

The Valdivia mill will keep the ability to switch from producing dissolving pulp to paper grade (EKP).

### BCP shipment by end-use, 2022 estimate <sup>(2)</sup>



(2) Source: Hawkins Wright, as of December 2021

BCP: Bleached Chemical Pulp, which includes all bleached kraft pulp (and not unbleached) and sulphite pulp

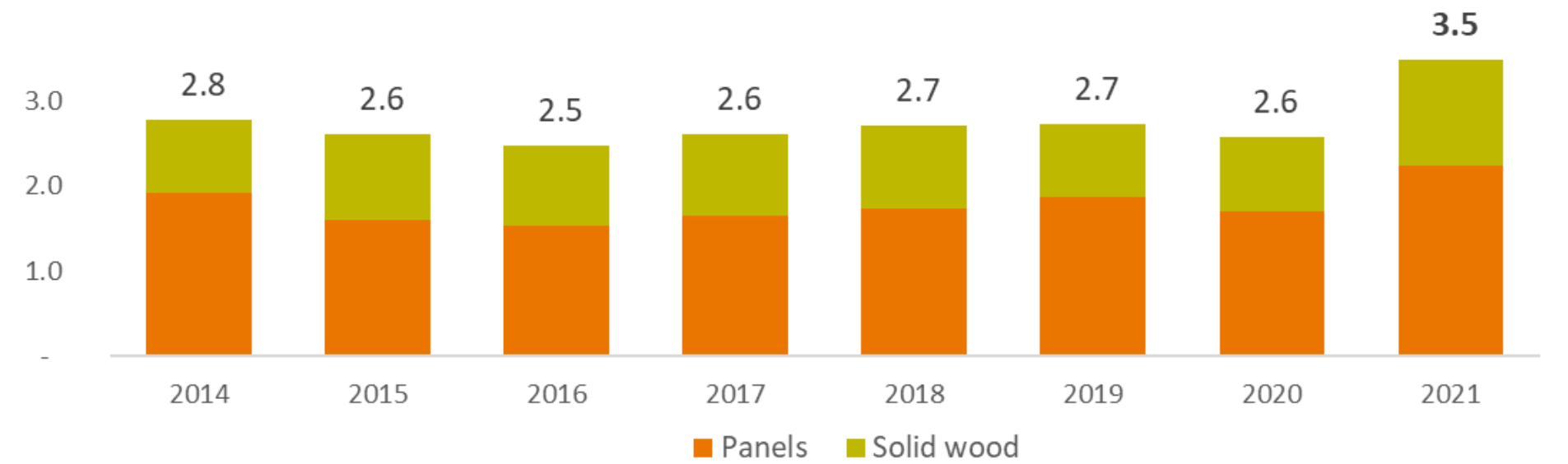
# WOOD PRODUCTS BUSINESS

Revenues  
**MUS\$3,498**

Does not include energy sales  
As of December 2021 LTM

## Sales evolution

US\$ billion



## Subdivisions

PANELS



SOLID WOOD

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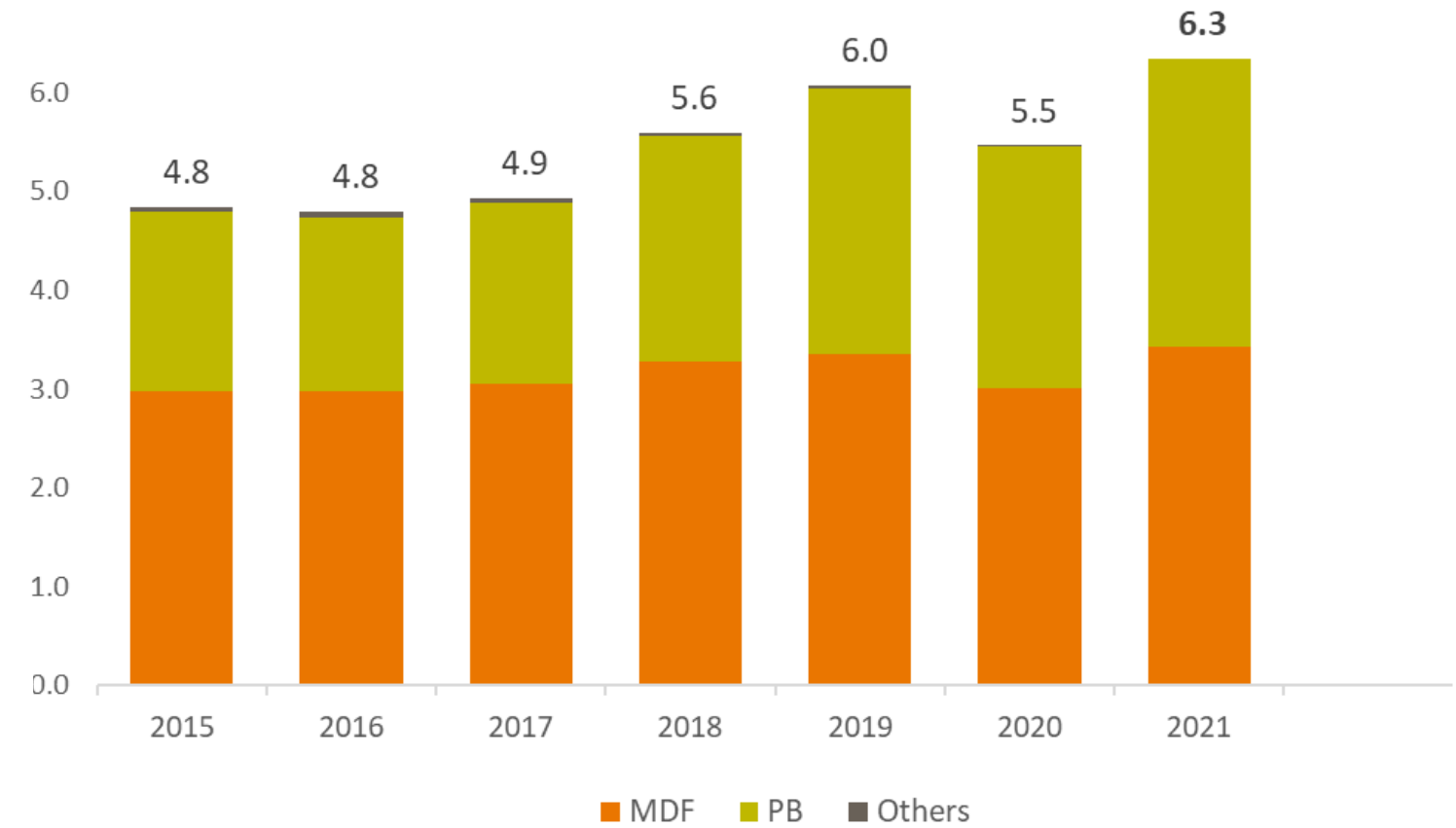
# WOOD PRODUCTS BUSINESS: PANELS

Panels Sales  
**MUS\$2,234**

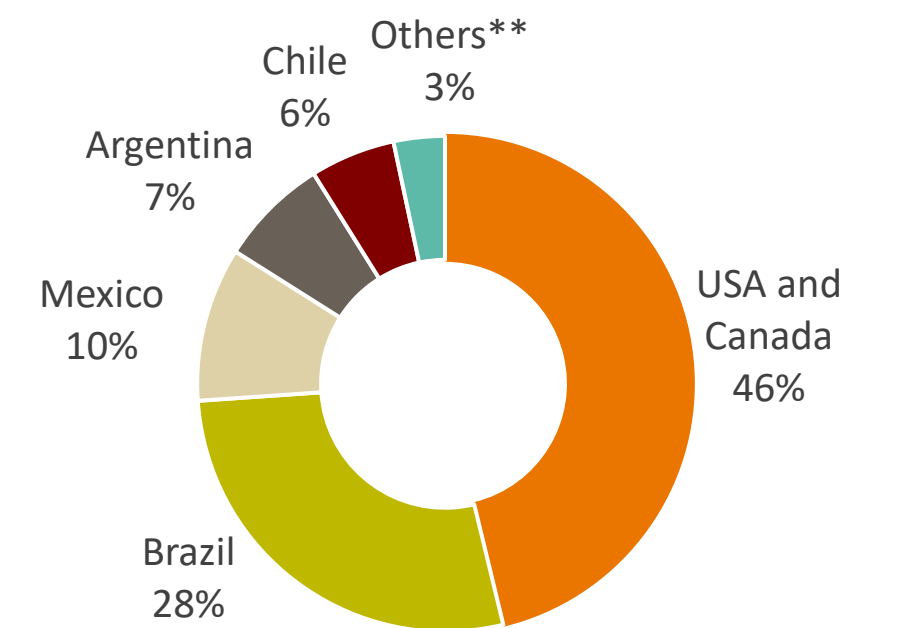
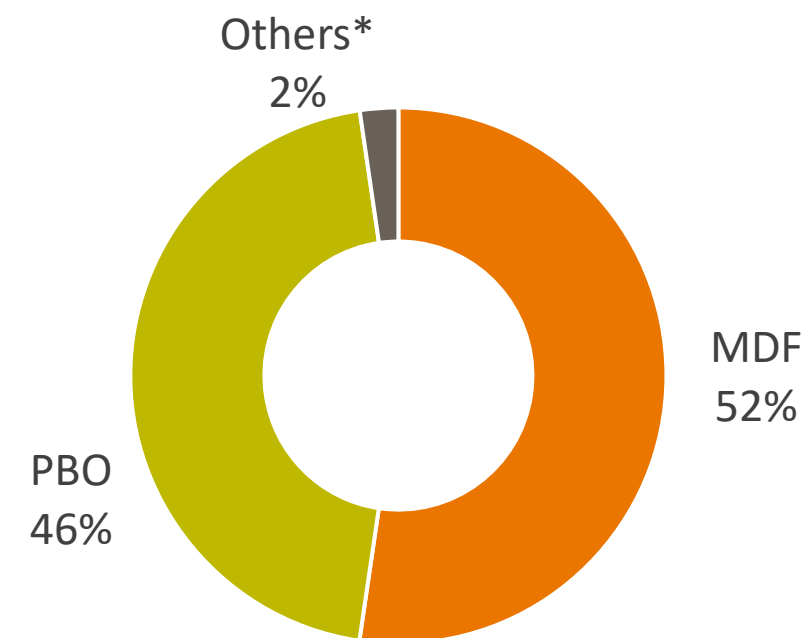
Does not include energy sales  
 As of December 2021 LTM

## Production

million m<sup>3</sup>



Sales volume: 6.2 million m<sup>3</sup>



As of December 2021 LTM

Does not include Sonae Arauco volumes

\*OSB, HB, Retail and Composite panels

\*\* EMEA, Asia, Oceania and Rest of Latam

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# PANELS

## OUR MILLS

in thousands

2 mills  
420 m<sup>3</sup> MDF

4 mills \*  
1,050 m<sup>3</sup> PB  
884 m<sup>3</sup> MDF  
460 m<sup>3</sup> OSB

2 mills\*  
140 m<sup>3</sup> MDF  
430 m<sup>3</sup> PB

2 mills\*  
360 MDF  
450 PB

6 mills  
595 m<sup>3</sup> MDF  
1,630 m<sup>3</sup> PB

2 mills  
315 m<sup>3</sup> PB  
250 m<sup>3</sup> MDF

4 mills  
1,520 m<sup>3</sup> MDF  
730 m<sup>3</sup> PB

2 mills\*  
452 m<sup>3</sup> PB\*\*  
70 m<sup>3</sup> MDF

3 mills  
500 m<sup>3</sup> MDF  
340 m<sup>3</sup> PB

2 mills  
300 m<sup>3</sup> MDF  
260 m<sup>3</sup> PB

### Legend

MDF: Medium Density Fiberboard

PB: Particle Board

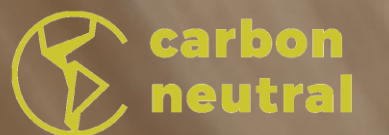
OSB: Oriented Strand Board

As of December 2021

\*Arauco owns 50% of Sonae Arauco

\*\*One PB mill in South Africa is currently shut down

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# WOOD PRODUCTS BUSINESS: SOLID WOOD

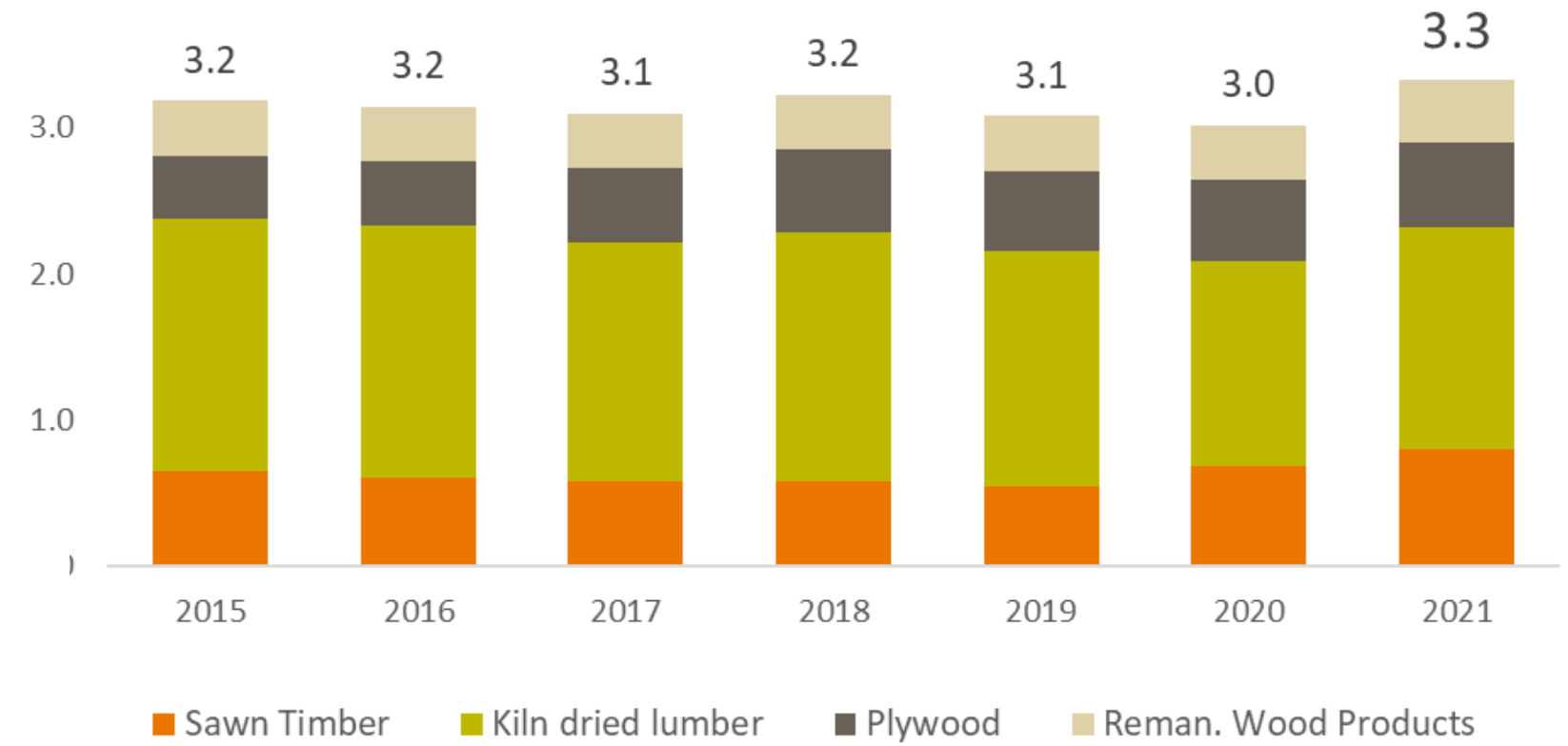
## Solid Wood Sales

# MUS\$1,263

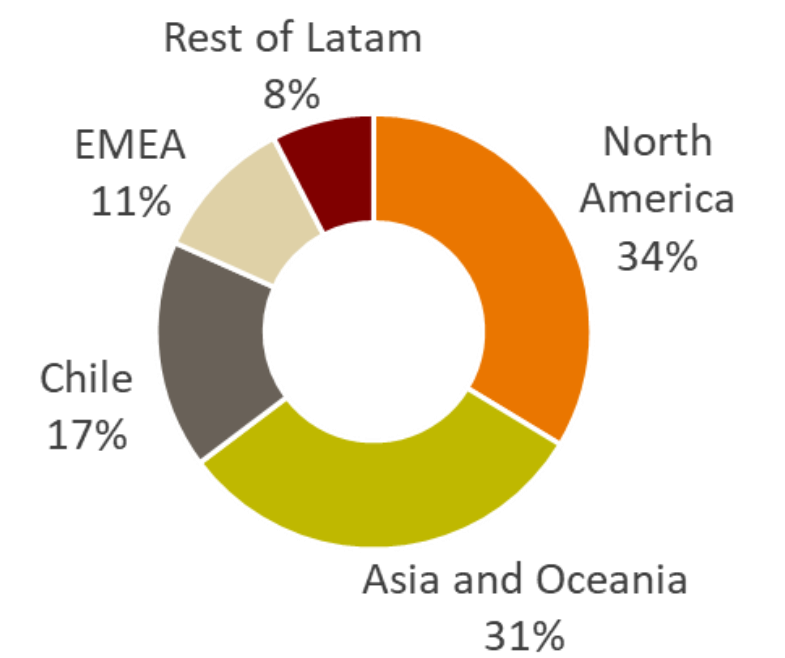
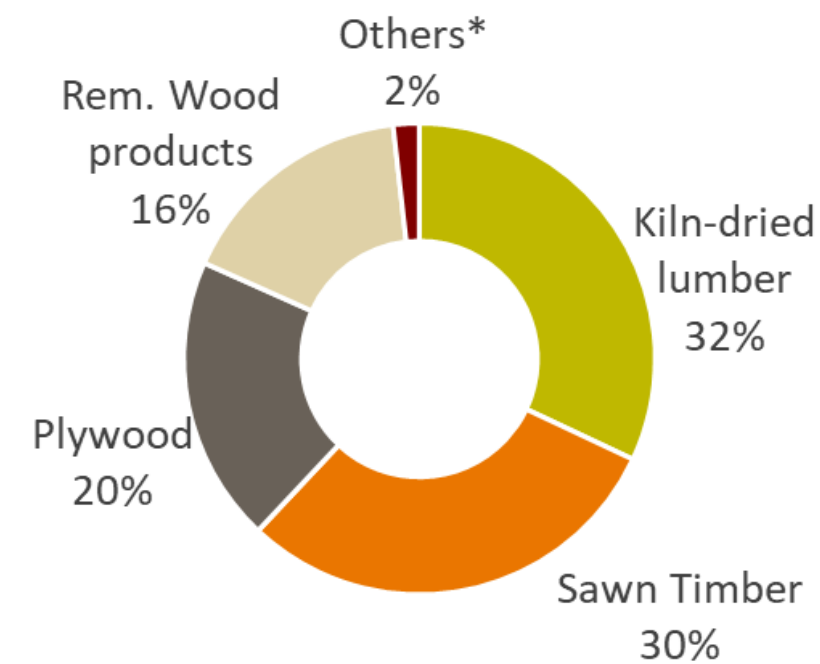
Does not include energy sales  
As of December 2021 LTM

## Production

million m<sup>3</sup>



Sales volume: 2.9 million m<sup>3</sup>



As of December 2021 LTM  
Does not include Sonae Arauco volumes  
\* Pallets

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**SOLID WOOD**  
**OUR MILLS**  
 in thousands



**Legend**  
 ST: Sawn Timber  
 Rem: Remanufactured Wood Products

As of December 2021  
 \*Arauco owns 50% of Sonae Arauco

# ENERGY COMPLEMENTARY OPERATIONS

# Revenues MUS\$87

As of December 2021 LTM

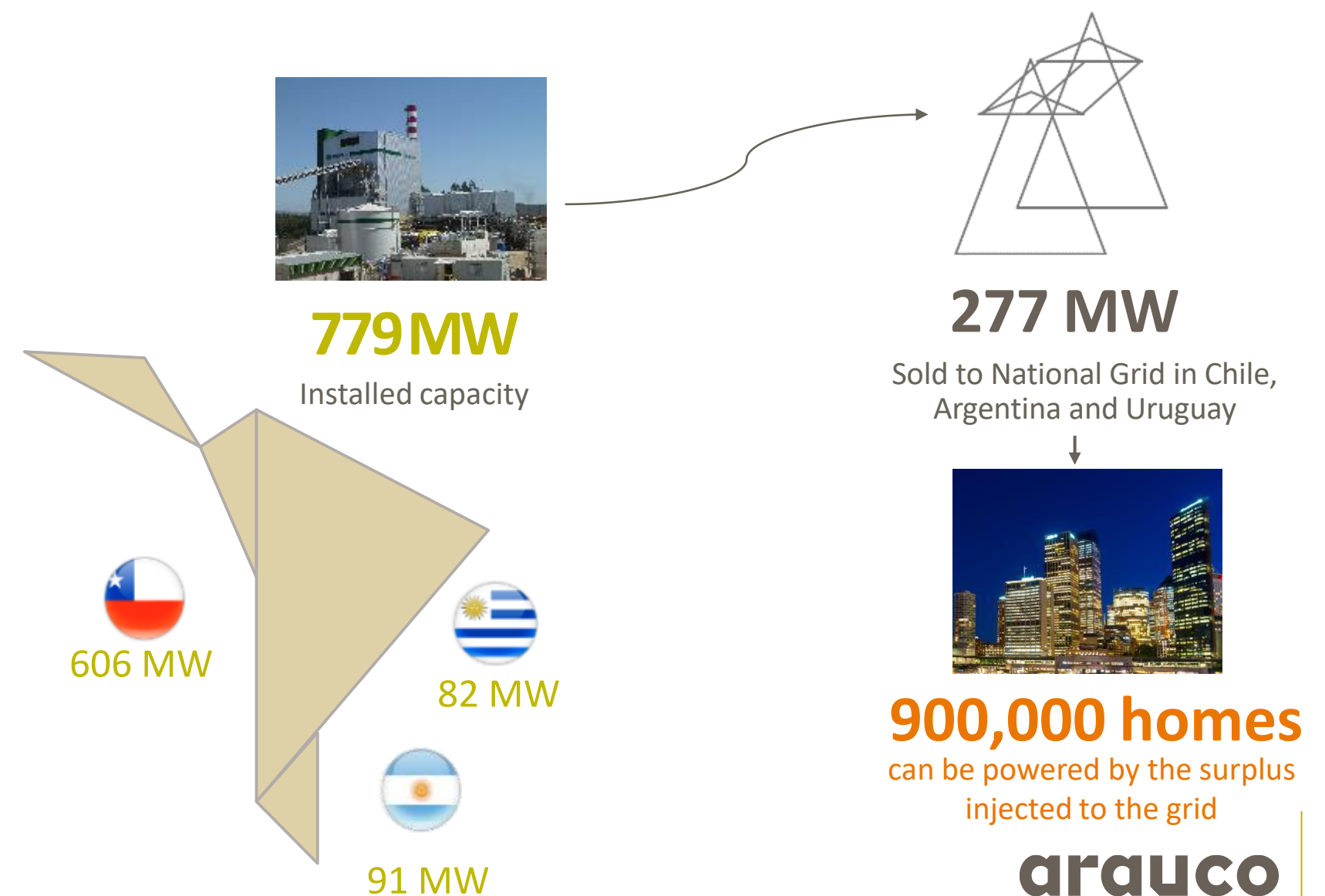
## Highlights

Arauco generates renewable energy from forestry biomass and uses it in the production processes.

In Chile, Argentina and Uruguay, we are self-sufficient in net electricity consumption and we sell the surplus to the local grid.

5 cogeneration plants in Chile and 1 plant in Uruguay are registered under the Kyoto Protocol Clean Development Mechanism (CDM).

We expect MAPA will generate an additional surplus of 142MW available for the national grid.

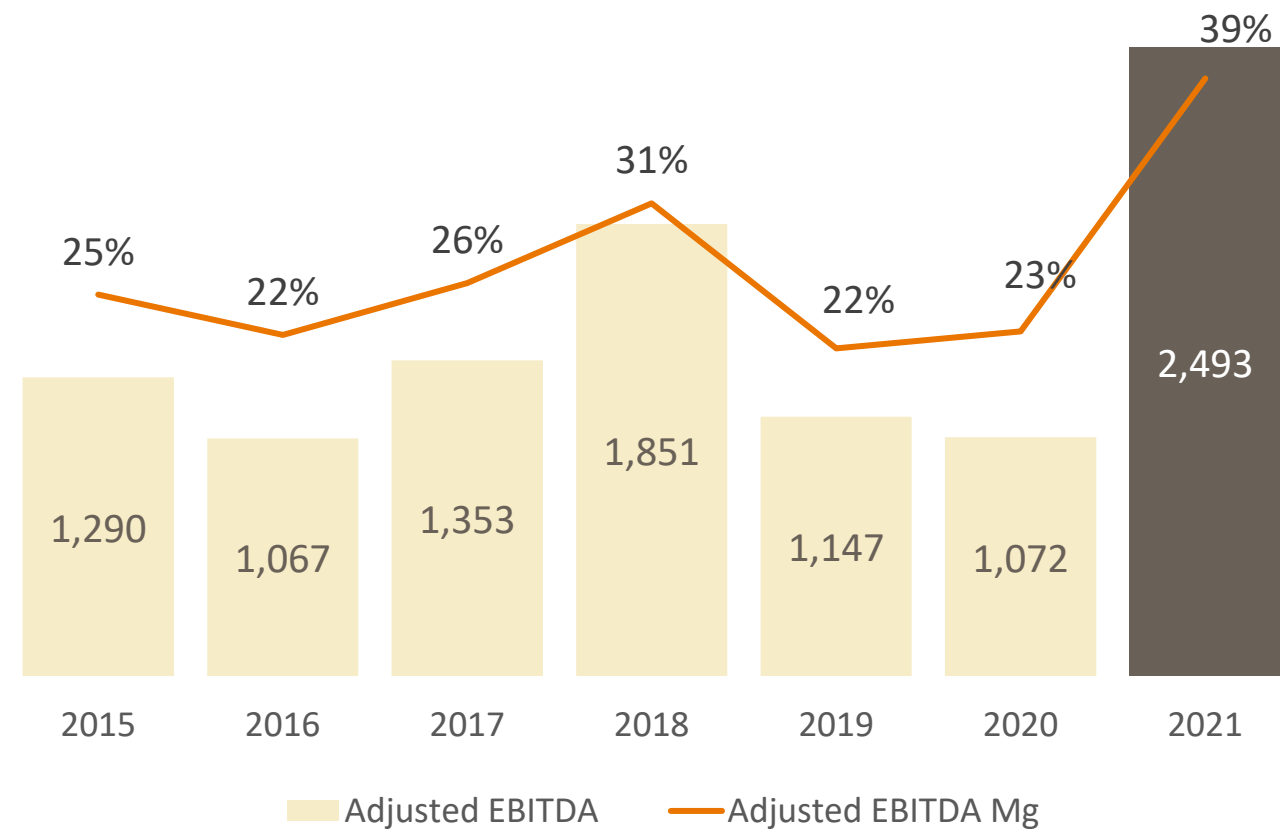


# FINANCIAL HIGHLIGHTS

# MAIN FIGURES

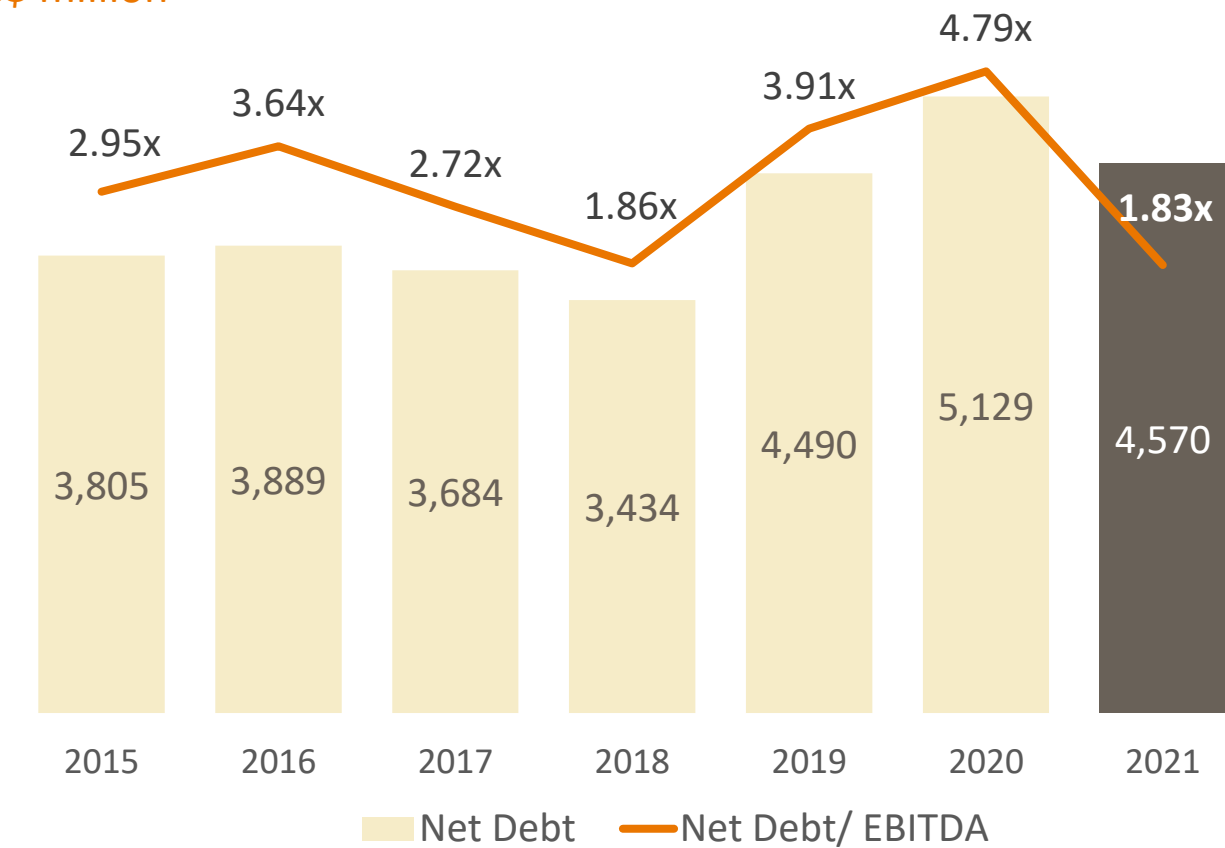
## Adjusted EBITDA

US\$ million



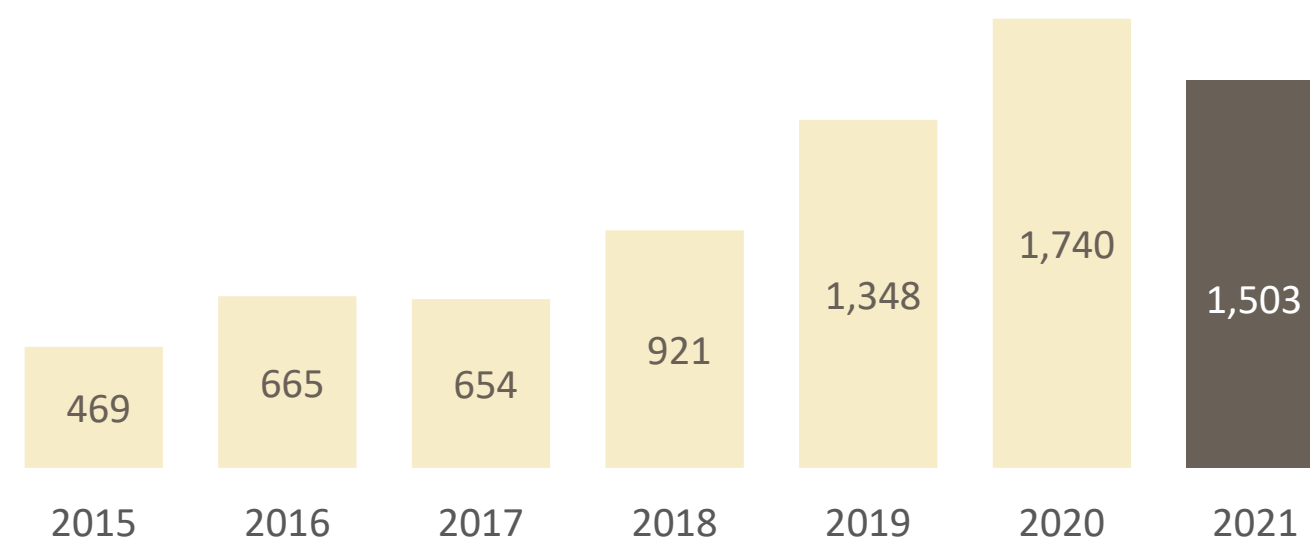
## Net Debt

US\$ million



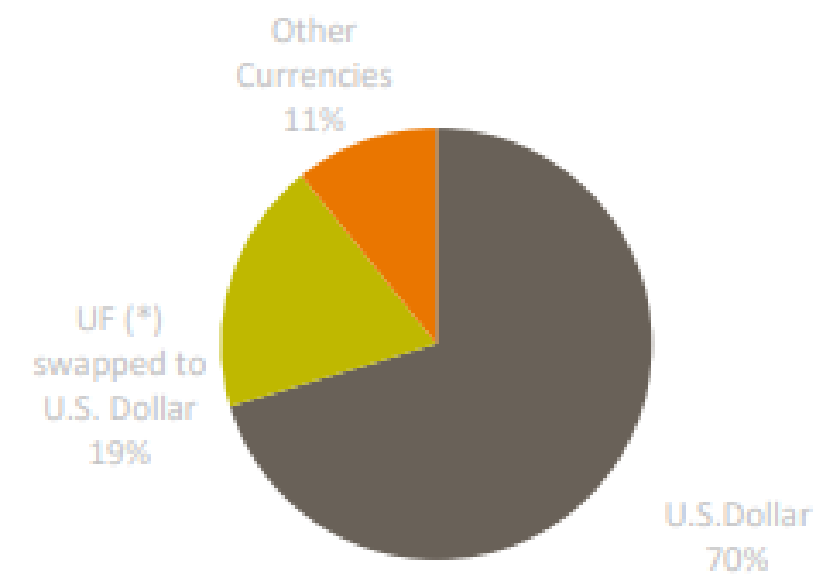
## CAPEX

US\$ million

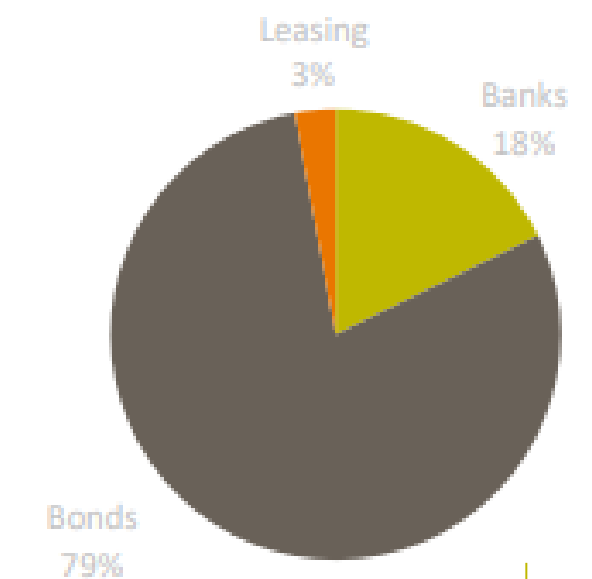


## Debt Breakdown

### by Instrument



### by Currency



As of December 2021

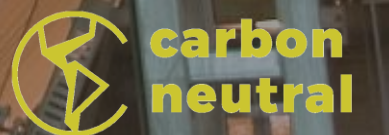
(\*) UF or "Unidad de Fomento" is a Chilean inflation-indexed currency

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# FUTURE INVESTMENTS

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## MAPA NEW PULP LINE AT ARAUCO MILL & COGENERATION PLANT

Modernization and Expansion of the Arauco Mill (MAPA) consists in the construction of a **third pulp line of 1.56 million tonnes of short fiber production capacity.**



We currently estimate the investment for this project to be of approximately **US\$ 2.8 billion.**

The Project also considers the shut down of Arauco's line 1 of **290 th. tonnes** of short fiber pulp (done on January 3rd 2022), and the construction of a cogeneration plant that we expect will generate a surplus of 142 MW to be made available for the national grid.



It is expected that the new line will commence its startup tests during June 2022, increasing ARAUCO's total pulp production capacity to more than **5 million tonnes.**

# MAPA PROJECT TIMELINE



**End of March 2022:  
96% progress**

Construction, commissioning and startup continues.

**2022**

The new Line 3 is expected to begin its startup tests during June 2022.



**May 2019**  
Contracts awarded for construction companies, totaling approximately US\$ 680 million.

**April 2019**  
On April 1st, 2019, Arauco signed an ECA\* agreement for a total of Eur 555 million. This financing is mainly associated with the suppliers contracts signed on October 2018.

**February 2019**  
Earth-moving works start.

**October 2018**  
Arauco signed main equipment contracts with Andritz and Valmet

**July 2018**  
The Board of Directors approved the MAPA Project.

**April 2011**  
Arauco's first environmental studies for MAPA Project.



(\* ) Export Credit Agency



# SUSTAINABILITY



# SUSTAINABILITY STRATEGY

**Combining science, innovation and technology**

with the goal of unlocking the full potential of our plantations.



**Developing high standard, quality-oriented products**

that always aim to be the superior choice for our customers.



Responsibly managing our operations using **best-in-class environmental practices** and promoting the safety of ARAUCO's workers.



Being a **virtuous actor** in the areas where we maintain operations to become an active agent for their social and economic development.



**Towards a Bioeconomy**

With products that come from responsible management of natural and renewable resources

**IN FACING THE  
CHALLENGES FOR  
A MORE  
SUSTAINABLE  
WORLD, WE ARE  
NOT NEUTRAL**

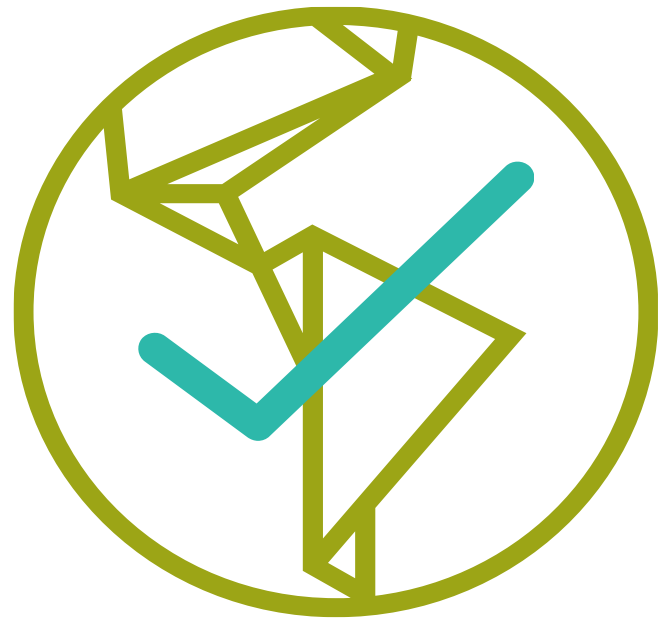
**ARAUCO, THE  
WORLD'S FIRST  
CARBON NEUTRAL  
FORESTRY  
COMPANY**



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# SUSTAINABILITY STRATEGY



**THE WORLD'S  
FIRST CARBON  
NEUTRAL  
FORESTRY  
COMPANY**



Source: ARAUCO Sustainability Report 2020

# 67

Health & Safety  
Comittees

Around  
**US\$15**  
million

Invested yearly on community  
programs

In alignment with the UN



We maintain and protect more than,

# 132

Th. Hectares in Areas of  
High Conservation  
Value



# Educational

# Foundation with

# more than

# 545

# Schools supported



**FOR FURTHER INFORMATION,  
PLEASE CONTACT:**

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