



# aravalco

Corporate Presentation  
2Q 2021

renewables for a better life

# ARAUCO at a glance

As of June 2021

## Shareholder Structure

Angelini Group

74.70%

Antar Chile

60.82%

Empresas Copec

99.98%

**arauco**

## 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)

\*On July 2021, Fitch Ratings upgraded our National Scale Rating From AA- to AA, and our Outlook from Negative to Stable.

## Financial highlights

In US\$ million, last twelve months

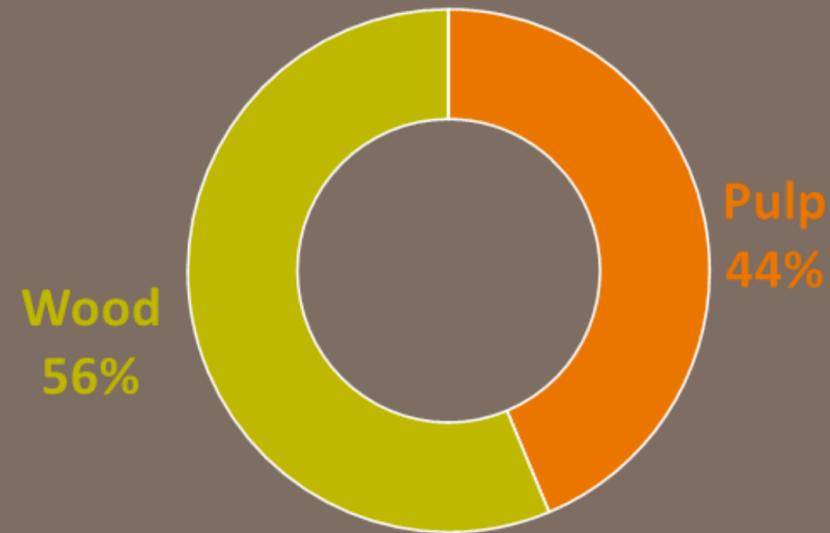
EBITDA	1,602	Net Income	415
EBITDA Margin	29%	CAPEX	1,605
Net Debt/EBITDA	2.97x	Revenues	5,458

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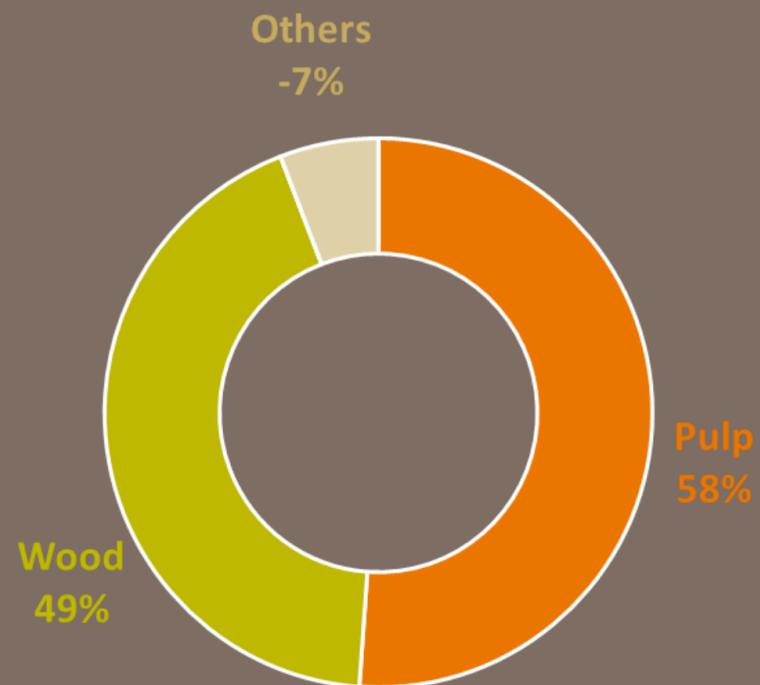


# DIVERSIFIED SALES AROUND THE WORLD

**Revenues**  
MUS\$5,458



**Adjusted EBITDA**  
MUS\$1,602



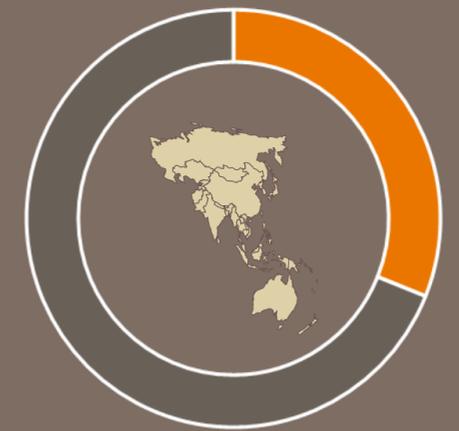
*As of June 2021 LTM*

# REVENUES BY REGION

*As of December 2020*



**34%**  
North America



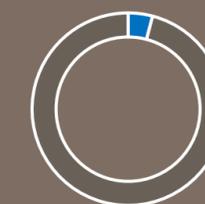
**31%**  
Asia and Oceania



**24%**  
Central and  
South America



**6%**  
Europe



**5%**  
Others

# TWO STRATEGIC BUSINESS SEGMENTS

	Pulp		Wood products		Complementary energy operations
	Forest Plantations	Mills	Panels	Solid Wood	
	698 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
	131 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: 8 MW
	110 th. Ha <sup>(1)</sup>		4 Mills MDF: 1,520 th. m <sup>3</sup> PB: 690 th. m <sup>3</sup>		
	83 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: 1,065 th. m <sup>3</sup> PB: 1,680 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: 1,201 th. m <sup>3</sup> MDF: 736 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>1.0 million ha</b>	<b>4.0 million t</b>	<b>9.1 million m<sup>3</sup></b>	<b>3.7 million m<sup>3</sup></b>	<b>779 MW</b>

As of December 2020

(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.

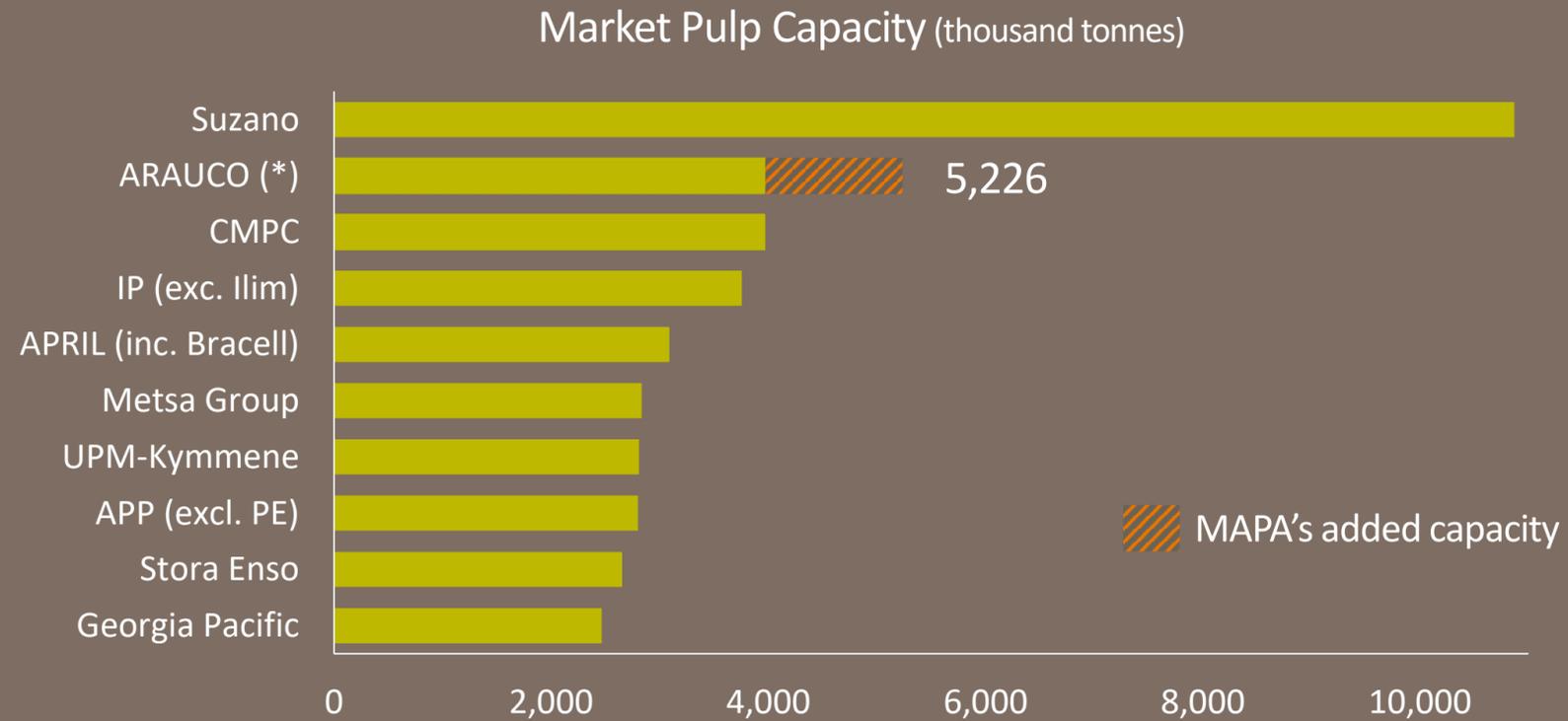
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# WE ARE A MAIN PLAYER IN THE GLOBAL MARKET

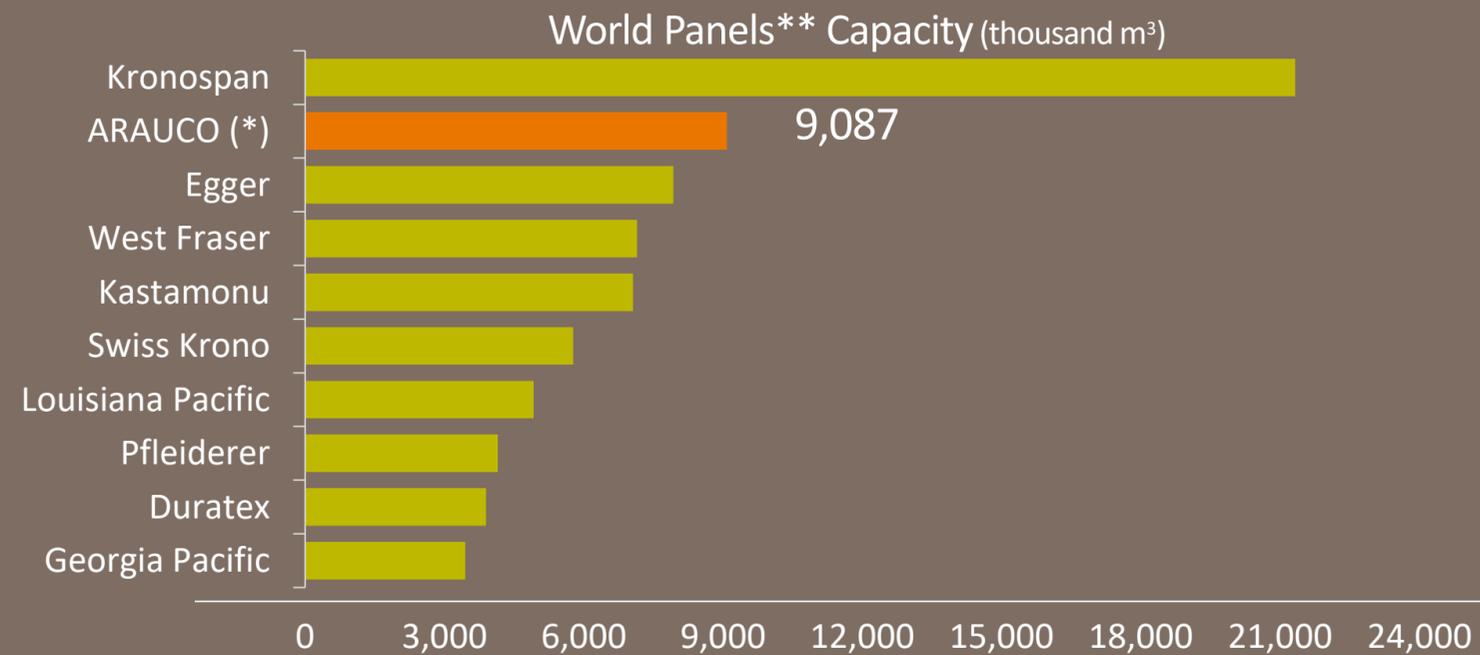
#2

In market pulp capacity in the world



#2

In Panels capacity in the world



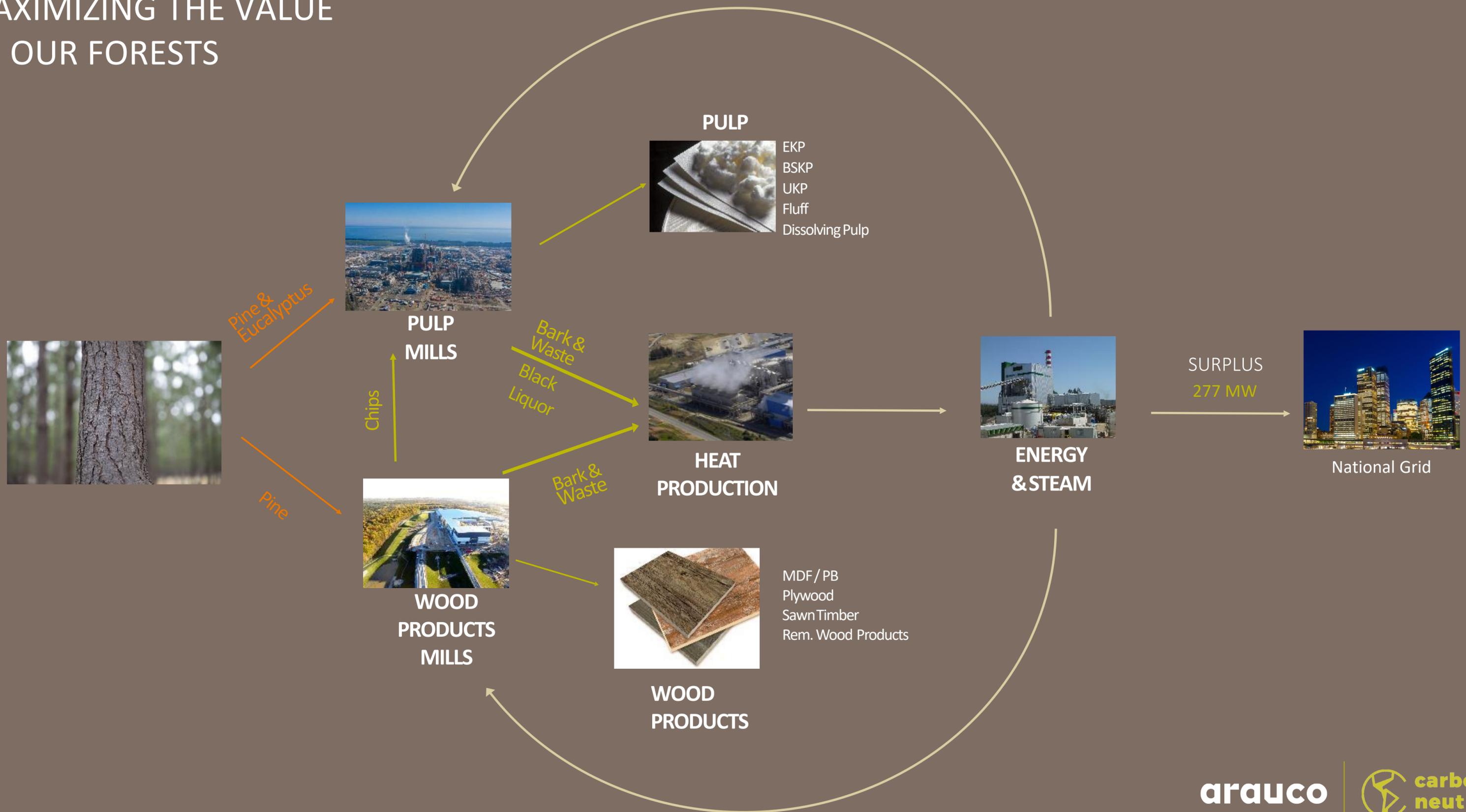
World market pulp and panel competitors capacity as of December 2020

\*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\$2,258

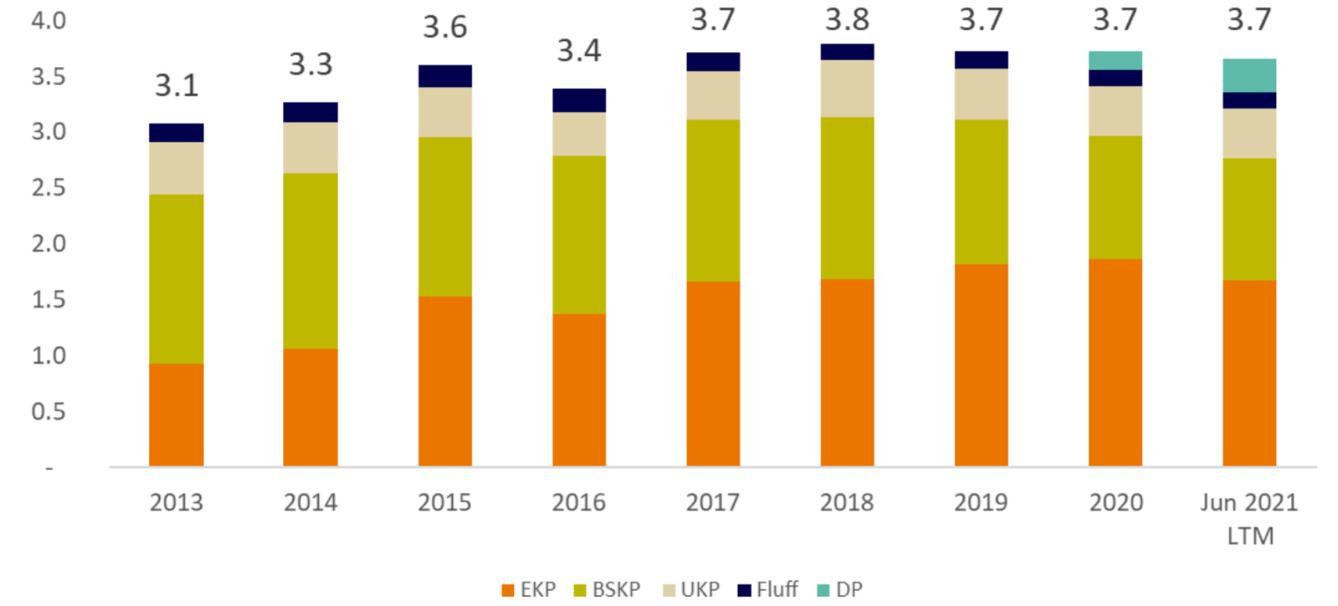
Does not include energy sales  
As of June 2021 LTM



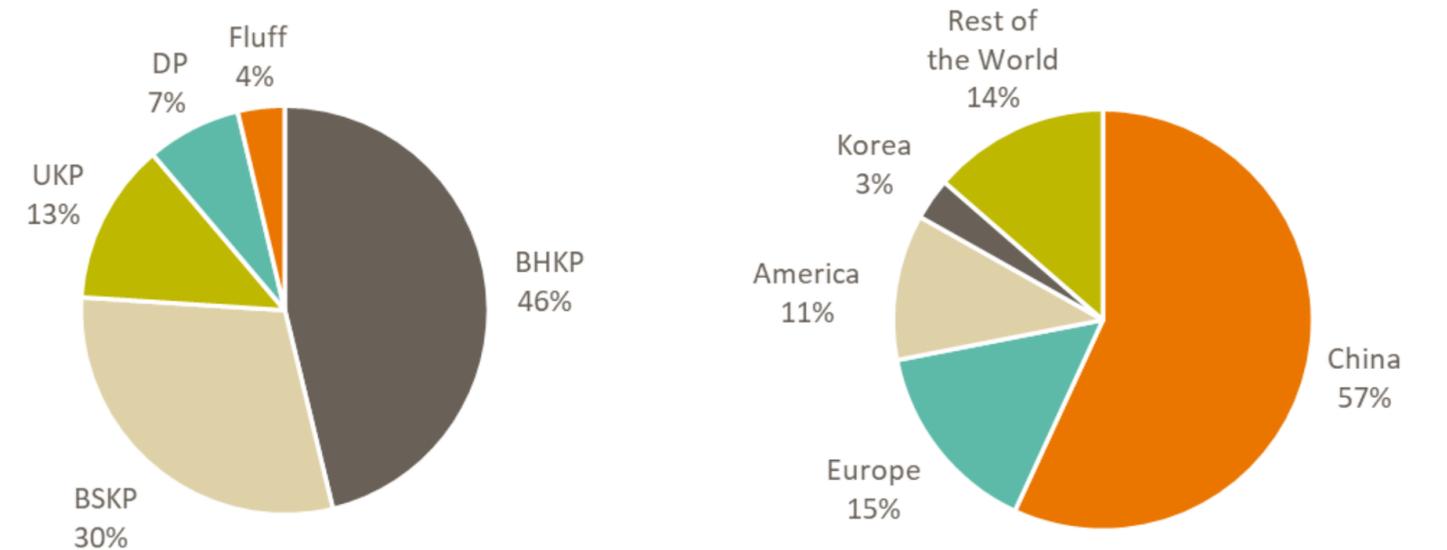
- (1) Eucalyptus Kraft Pulp
- (2) Bleached Softwood Kraft Pulp
- (3) Unbleached Kraft Pulp
- (4) Dissolving Pulp

## Production

million tonnes



Sales volume: 3.6 million tonnes



As of June 2021 LTM

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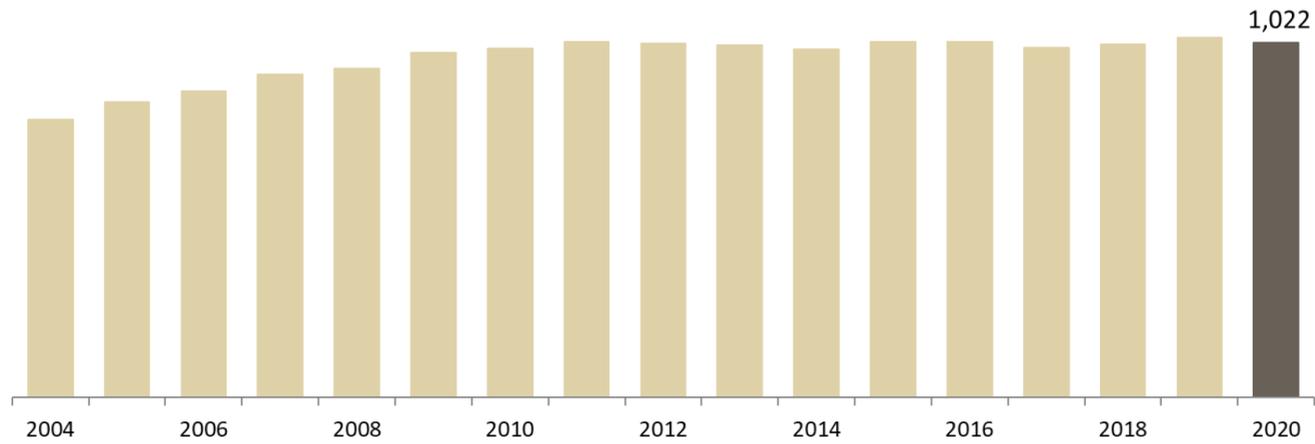


# PULP BUSINESS – FORESTRY OPERATIONS

## Total Plantations

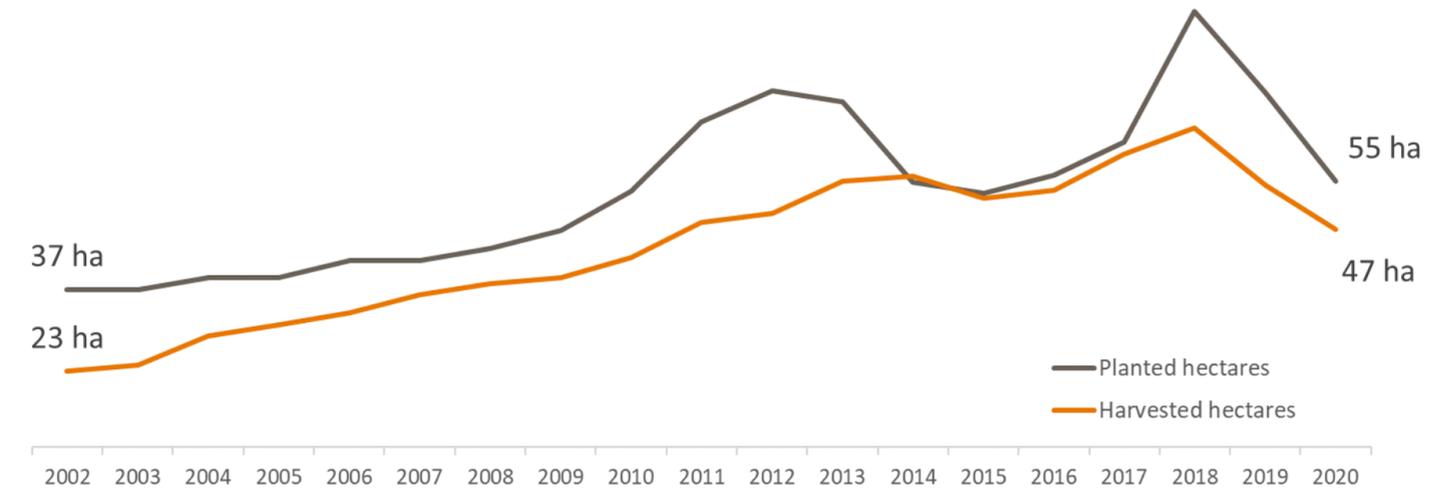
Includes plantations in Chile, Argentina, Brazil and Uruguay

In thousand hectares



## Planting and harvesting

In thousand hectares



**1.7 million (\*)**

hectares owned



**1.0 million**

hectares planted



**643 th. of Pine**

**356 th. of Euca**

**22 th. Others**



## Hectares Planted



Pine : **499 th.**  
 Euca: **197 th.**  
 Others: **2 th.**  
**698 th.**



Pine : **52 th.**  
 Euca: **58 th.**  
 Others: **0.4 th.**  
**110 th.**



Euca: **82 th.**  
 Pine: **0.2 th.**  
 Others: **0.4 th.**  
**83 th.**



Pine : **92 th.**  
 Euca: **19 th.**  
 Others: **20 th.**  
**131 th.**

## 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 496 th. hectares of native forest plantations.  
 As of December 2020

# 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%

**48** Highly trained 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 2020

**MAPA PROJECT (2021)**  
**NEW LINE 3**  
 1,560 EKP

Line 1 will be shut down upon completion.

**LICANCEL**  
 160 UKP



**CONSTITUCION**  
 355 UKP



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



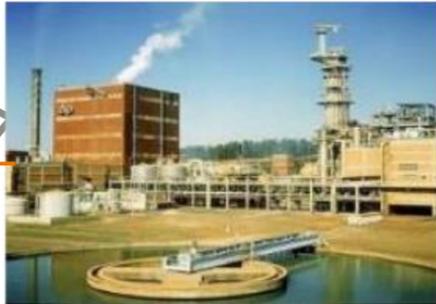
**NUEVA ALDEA**  
 520 EKP  
 520 BSKP



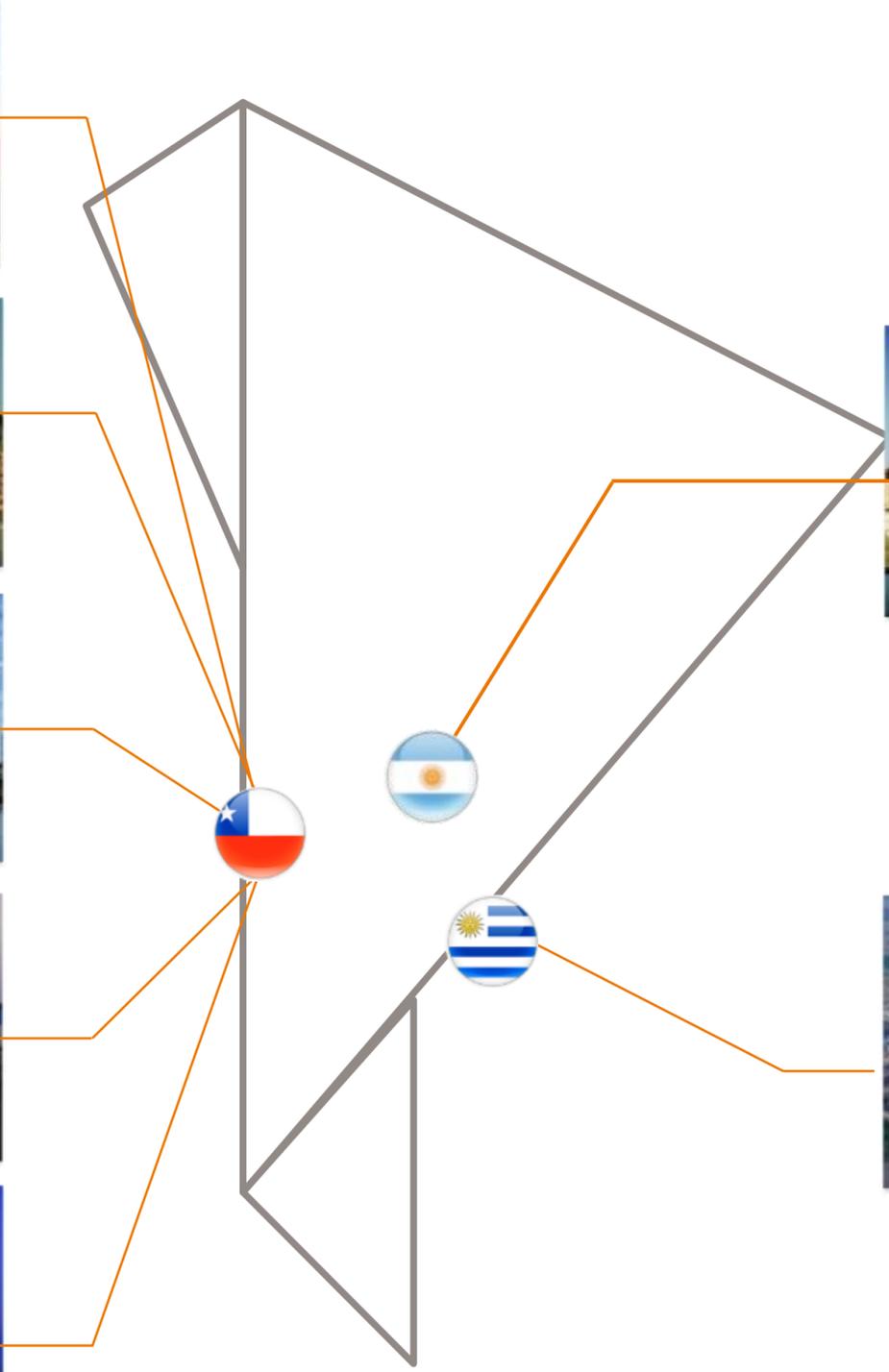
**VALDIVIA**  
 550 EKP,  
 or DP Swing mill



**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>203<sup>(1)</sup></b>

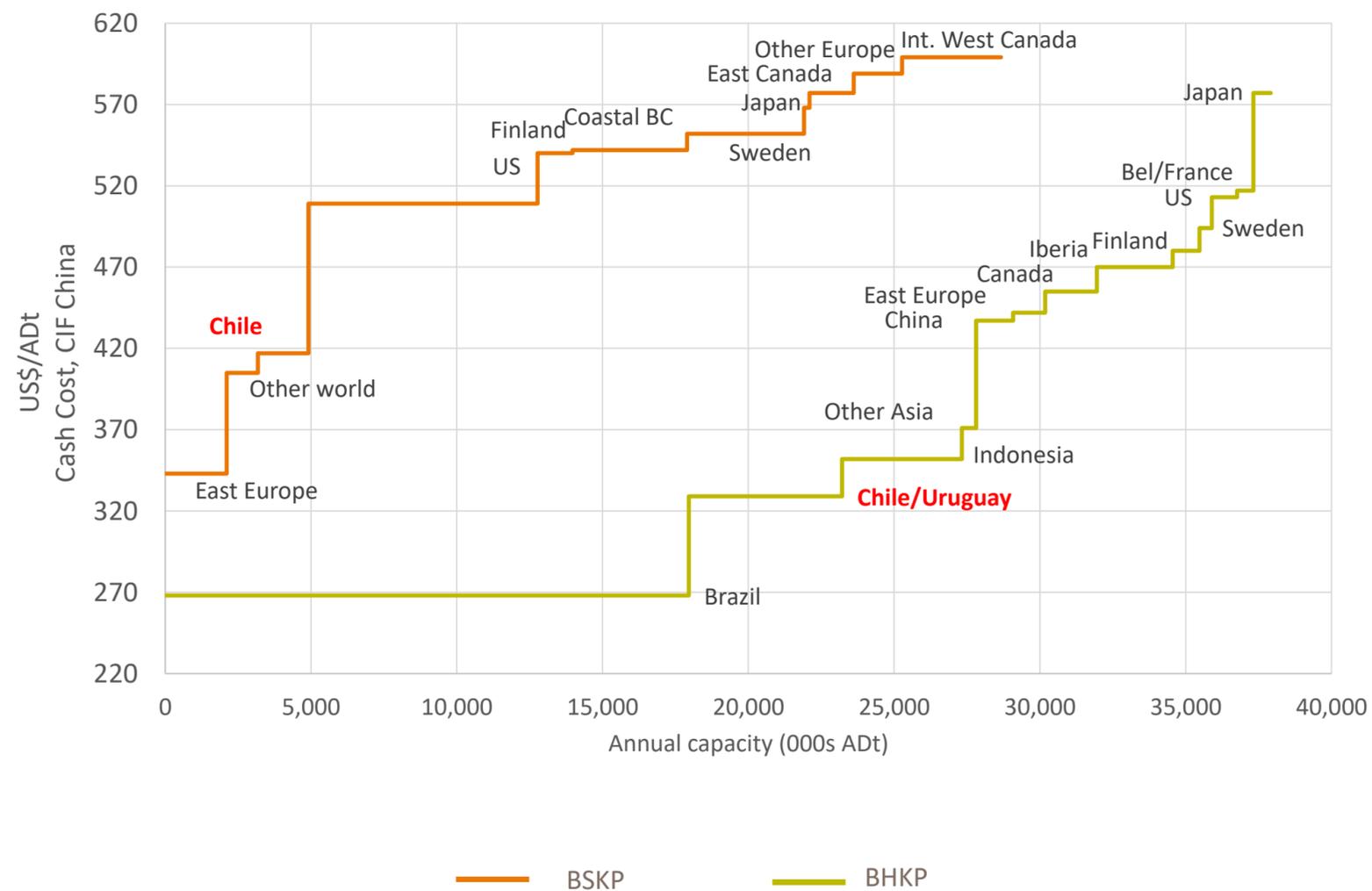
with MAPA

Source: ARAUCO, as of December 2020

(1) Calculated using sales volume for 2020

(2) Calculated including sales volume from ARAUCO's Line 3 expected capacity and assuming Line 1's shutdown

## 2. Cost Advantages



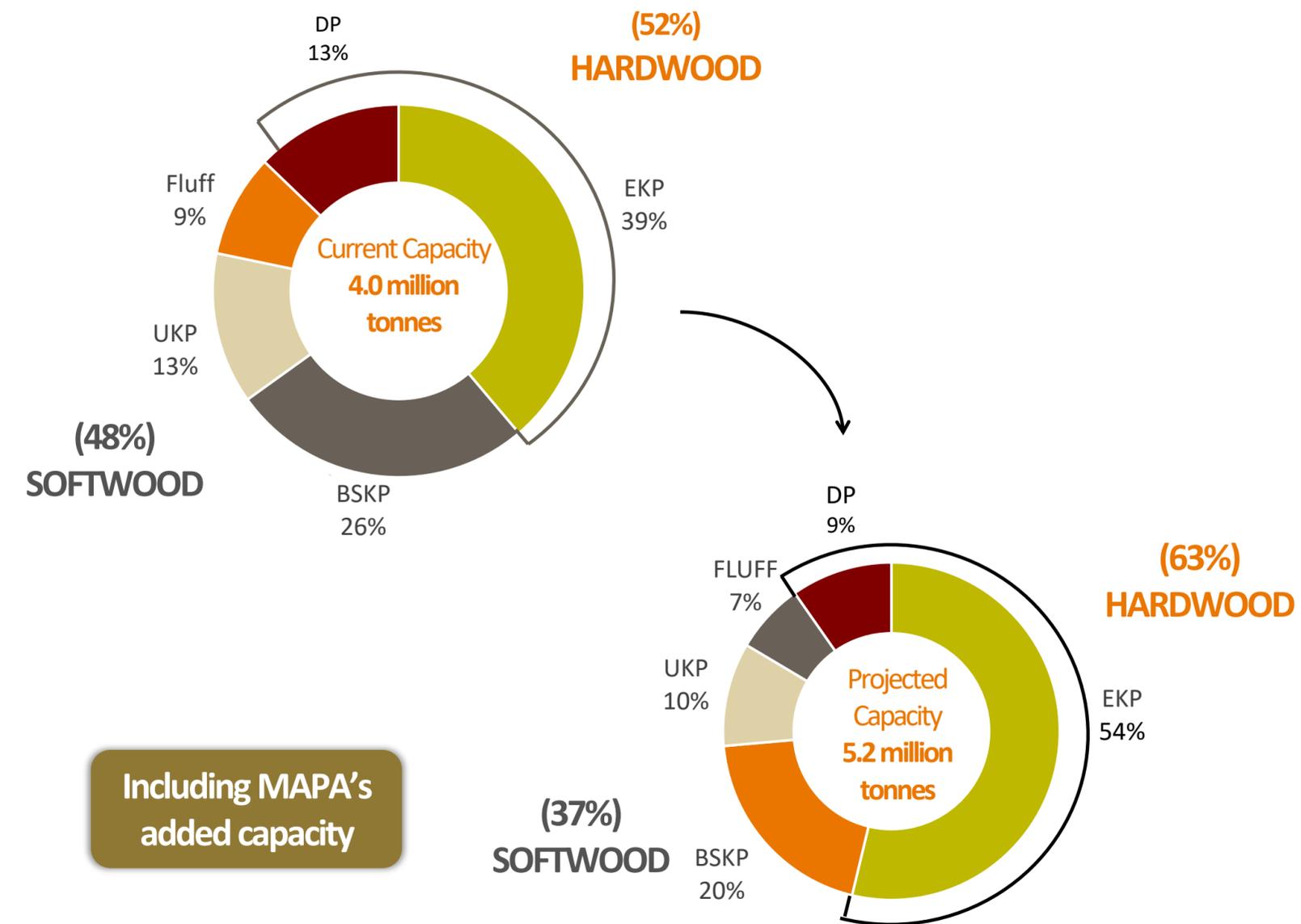
Source: Hawkins Wright, as of December 2020

Other world includes Argentina, China and Oceania.

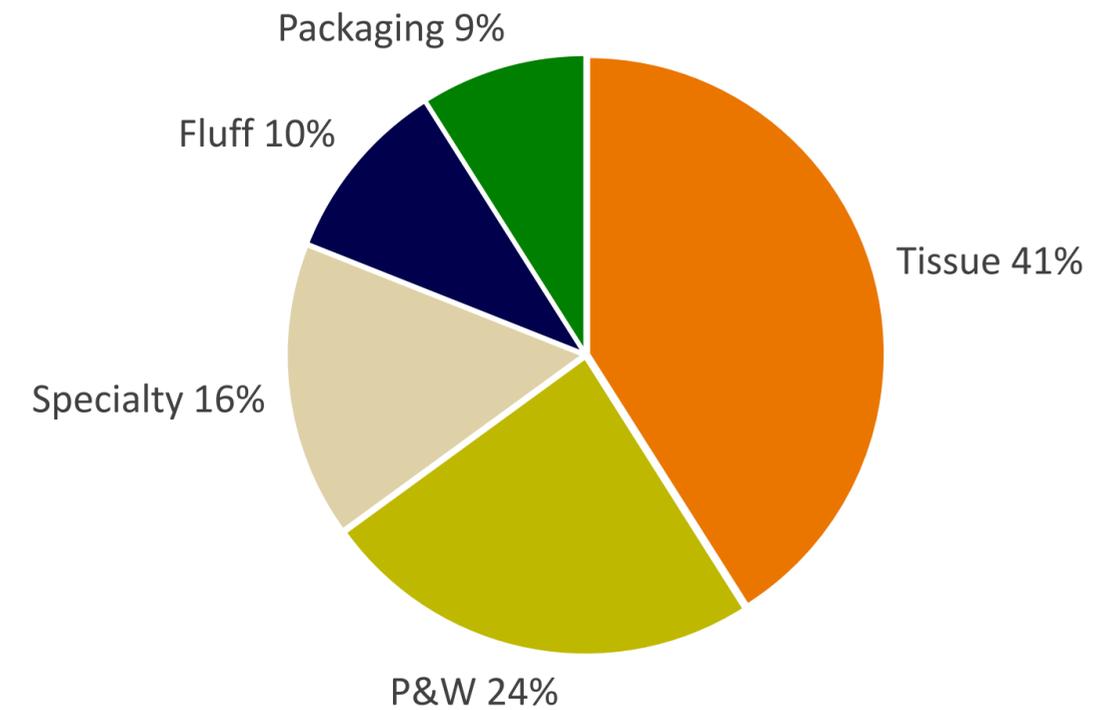
# PULP BUSINESS

## COMPETITIVE ADVANTAGES

### 3. Product Diversification



### BCP shipment by end-use, 2021 estimate <sup>(2)</sup>



(2) Source: Hawkins Wright, as of December 2020  
 BCP: Bleached Chemical Pulp, which includes all bleached kraft pulp (and not unbleached) and sulphite pulp

Source: ARAUCO, as of December 2020

(1) Dissolving Pulp

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

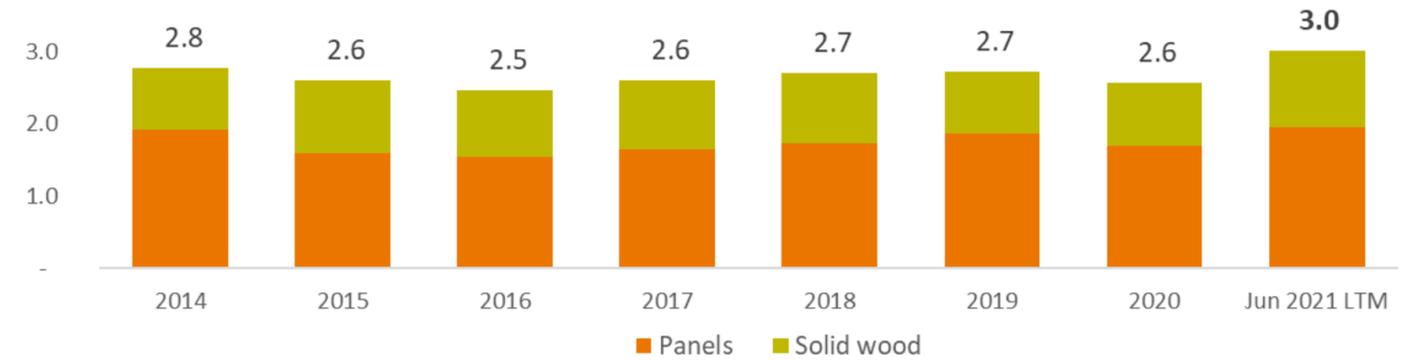
# WOOD PRODUCTS BUSINESS

Revenues  
**MUS\$3,030**

Does not include energy sales  
As of June 2021 LTM

## Sales evolution

US\$ billion



## Subdivisions

PANELS



SOLID WOOD

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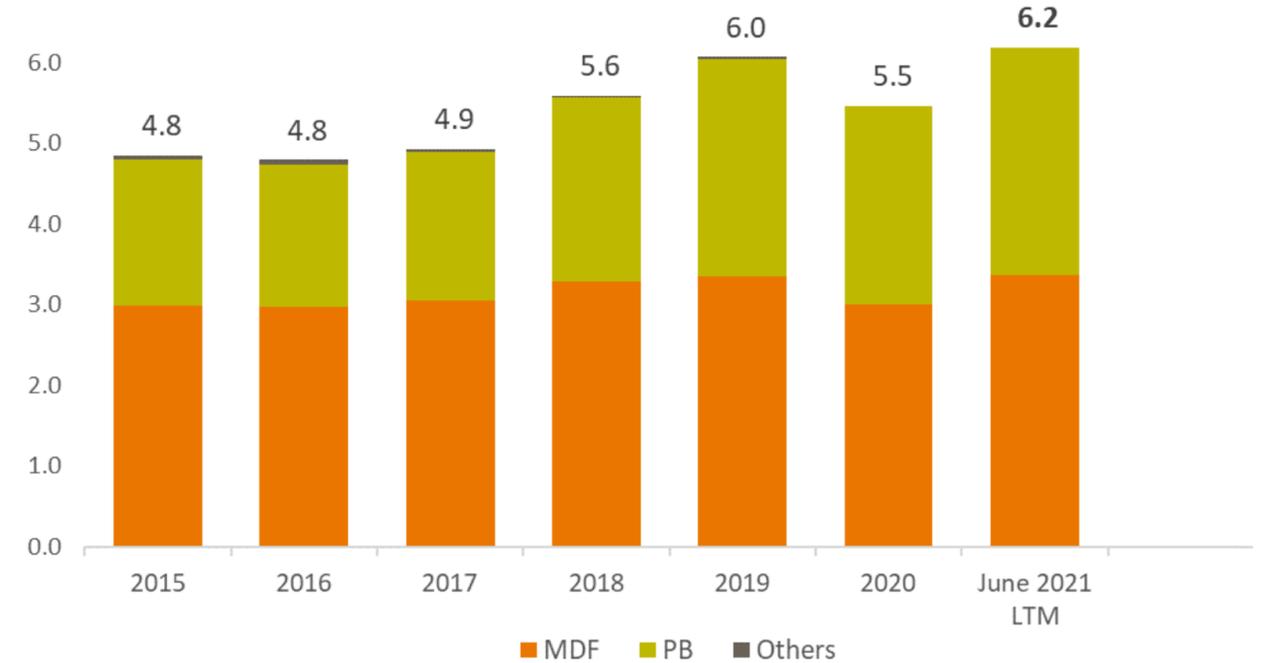
# WOOD PRODUCTS BUSINESS: PANELS

## Panels Sales MUS\$1,950

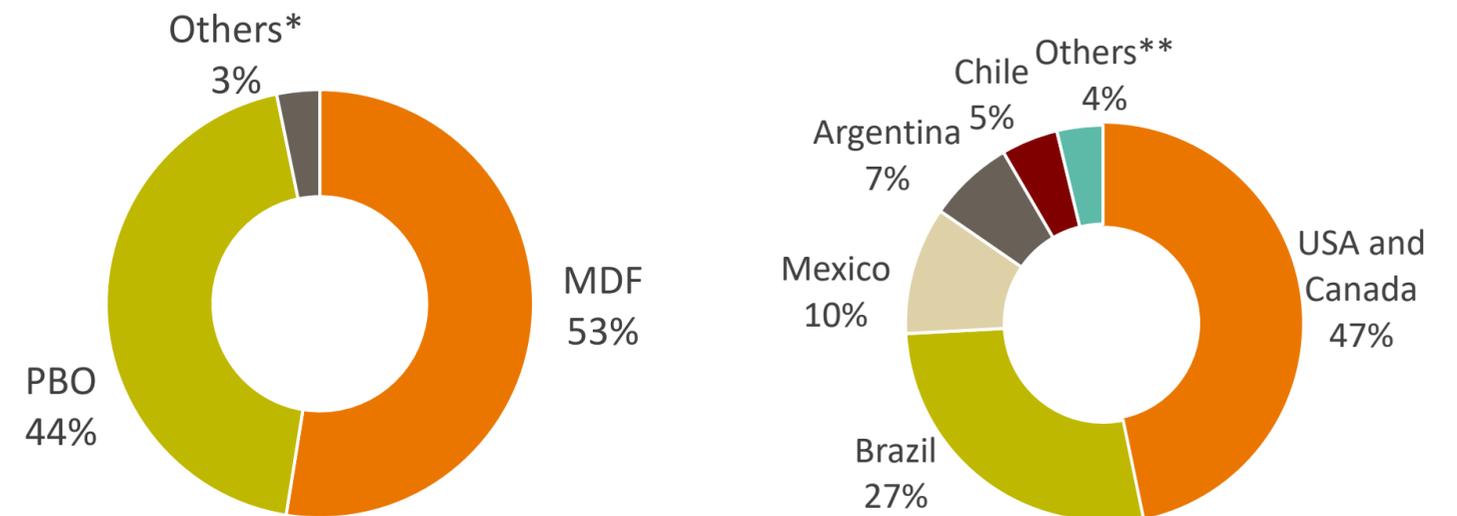
Does not include energy sales  
As of June 2021 LTM

### Production

million m<sup>3</sup>



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



As of June 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  
470 m<sup>3</sup> MDF

4 mills \*  
1,050 m<sup>3</sup> PB  
888 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  
1,680 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  
690 m<sup>3</sup> PB

2 mills\*  
472 m<sup>3</sup> PB\*\*  
84 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 2020

\*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

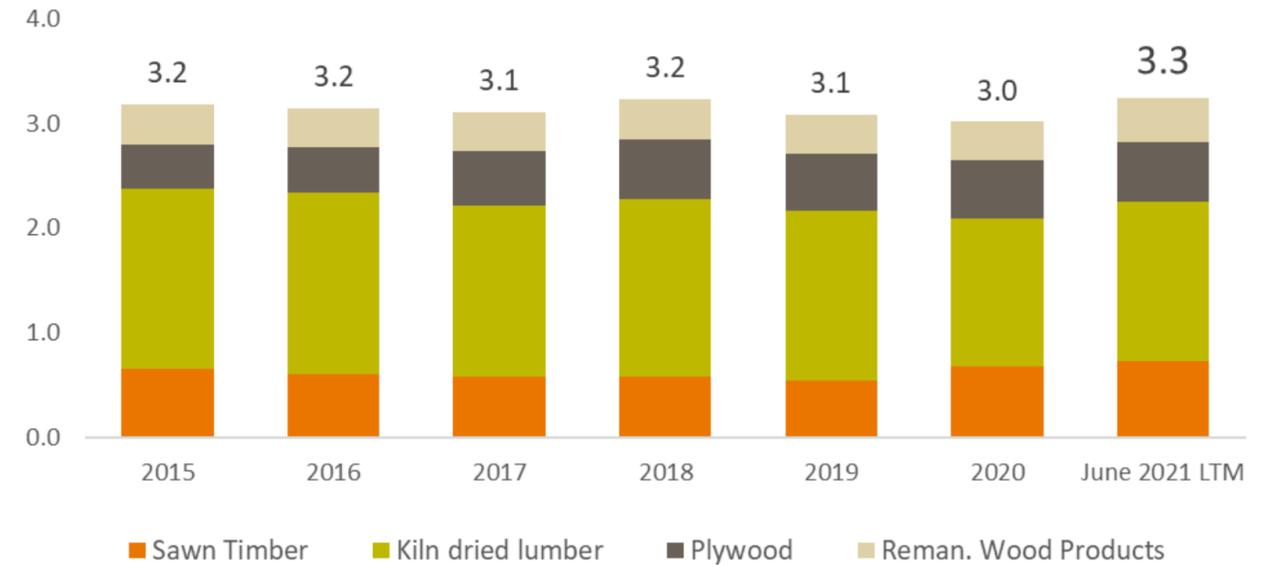
## Solid Wood Sales

# MUS\$1,080

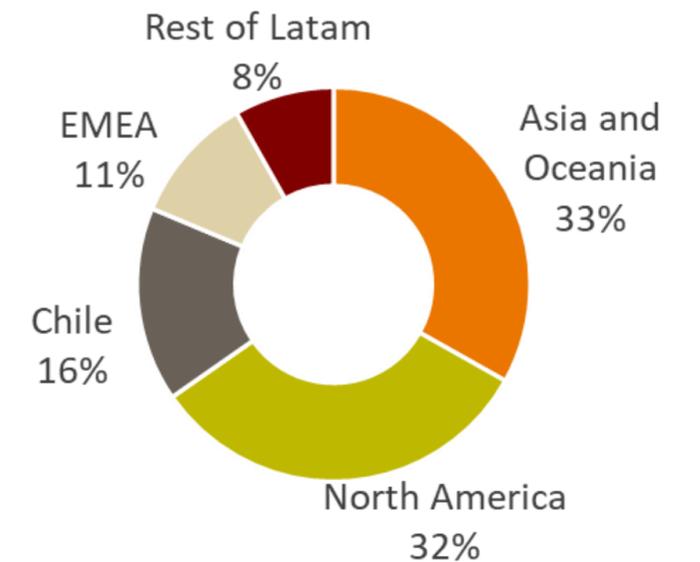
Does not include energy sales  
As of June 2021 LTM

## Production

million m<sup>3</sup>



## Sales volume: 3.0 million m<sup>3</sup>



As of June 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 2020  
 \*Arauco owns 50% of Sonae Arauco

# ENERGY COMPLEMENTARY OPERATIONS

# Revenues MUS\$70

As of June 2021 LTM

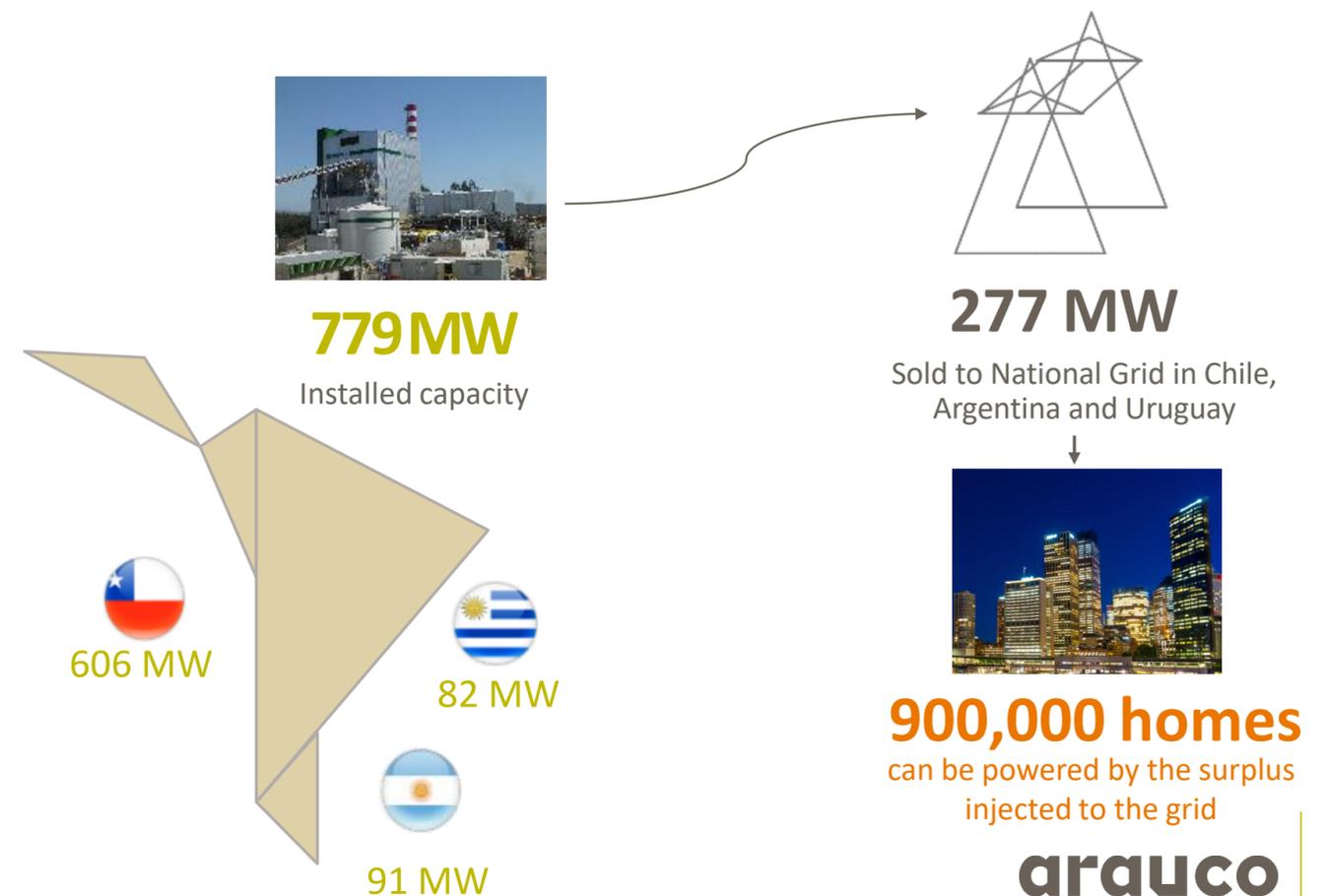
## Highlights

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.

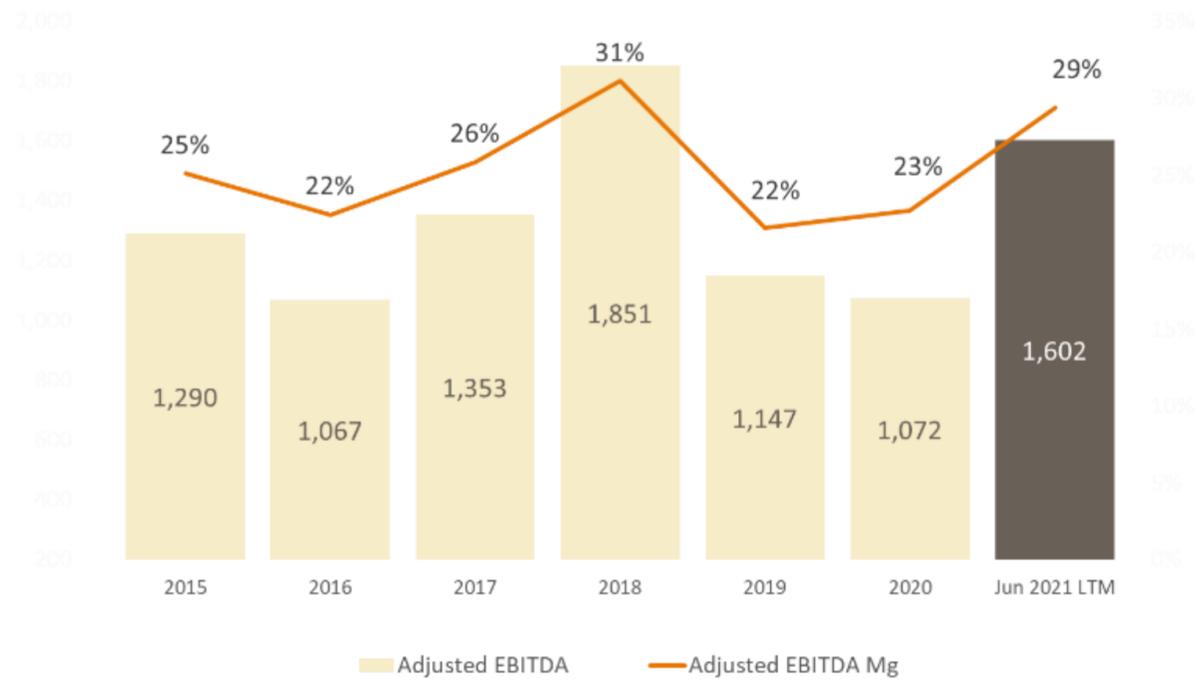


# FINANCIAL HIGHLIGHTS

# MAIN FIGURES

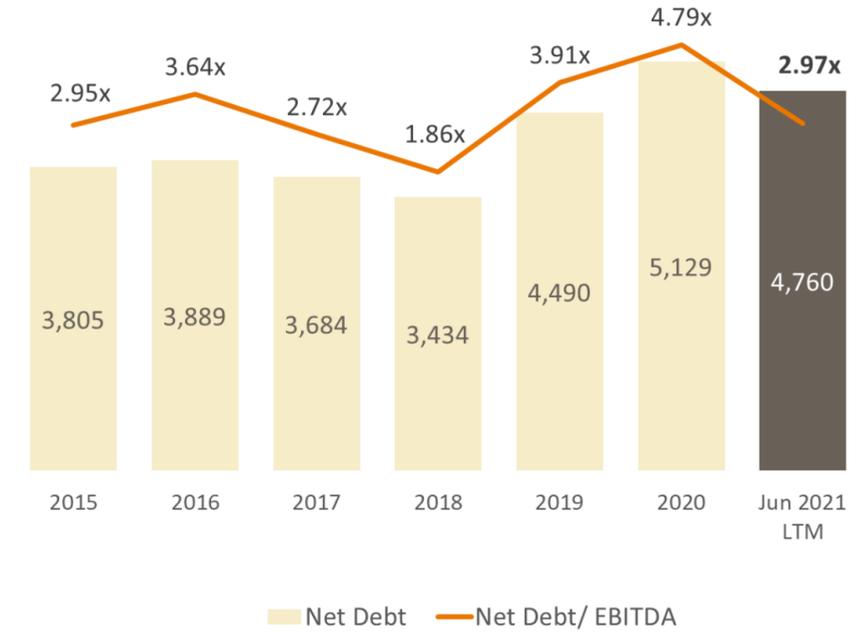
## Adjusted EBITDA

US\$ million



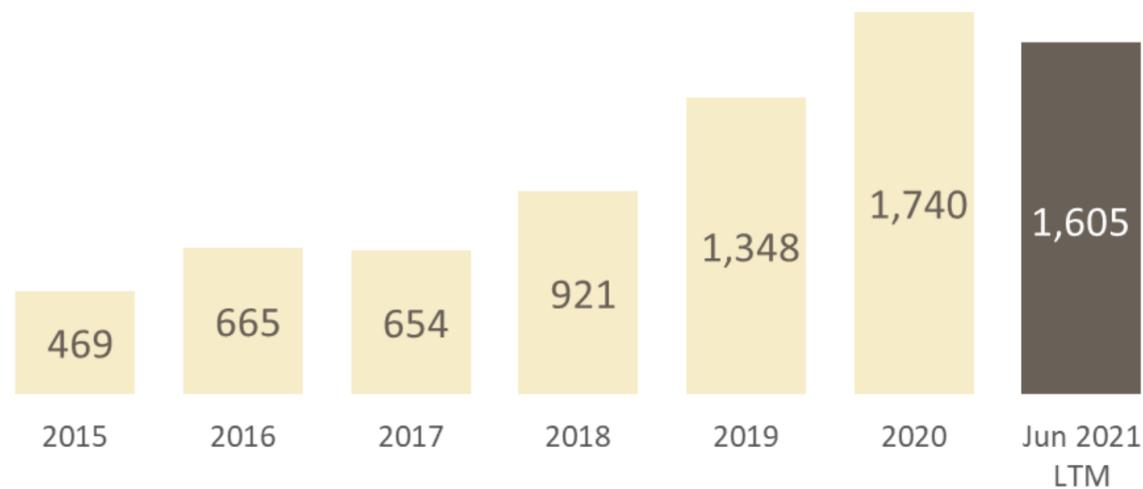
## Net Debt

US\$ million



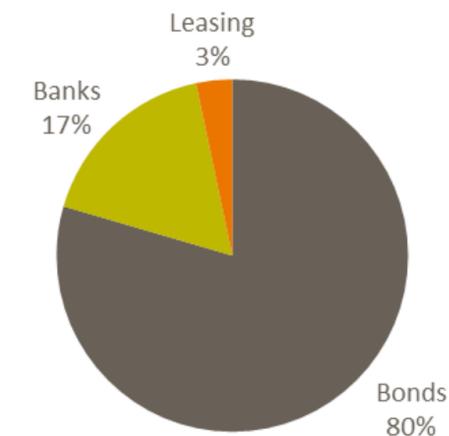
## CAPEX

US\$ million

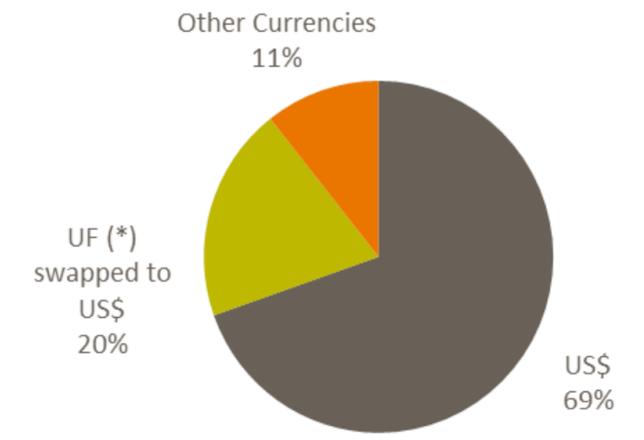


## Debt Breakdown

by Instrument



by Currency



As of June 2021

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

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# FUTURE INVESTMENTS

arauco



## 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.**



The investment for this project is approximately **US\$ 2,350 million.**

The Project also considers the shut down of Arauco's line 1 of **290 th. tonnes** of short fiber pulp once the new line (line 3) is operating, 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 start its operations during the fourth quarter of 2021, increasing ARAUCO's total pulp production capacity to more than **5 million tonnes.**

# MAPA PROJECT TIMELINE



**April 2011**

Arauco's first environmental studies for MAPA Project.

**July 2018**

The Board of Directors approved the MAPA Project.



**October 2018**

Arauco signed main equipment contracts with Andritz and Valmet



**February 2019**

Earth-moving works start.



**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.



**May 2019**

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



**End of July 2021:**  
**86% progress**

Main equipment and parts on-site and construction continues.



**2021**

The new Line 3 is expected to start operating during the fourth quarter 2021, while Line 1 is shutdown.



(\* 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**

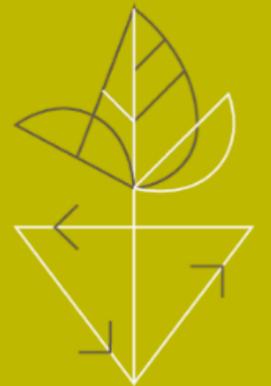
that always aim to be the superior choice for our customers.



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**

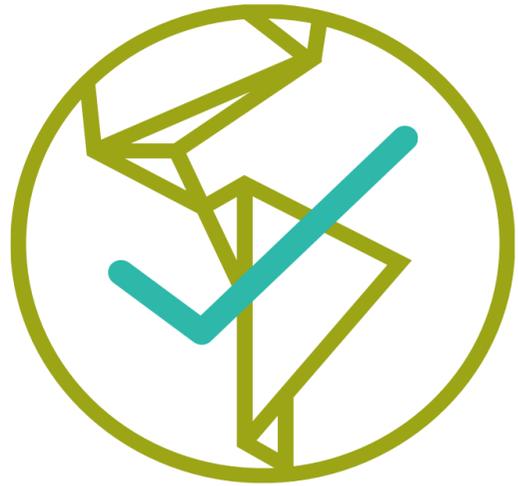
**ARAUCO, THE  
WORLD'S FIRST  
**CARBON NEUTRAL**  
FORESTRY  
COMPANY**



**arauco**



# SUSTAINABILITY STRATEGY



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



Source: ARAUCO Sustainability Report

# 67

Health & Safety  
Comittees

Around  
**US\$15**  
million

Invested yearly on community  
programs

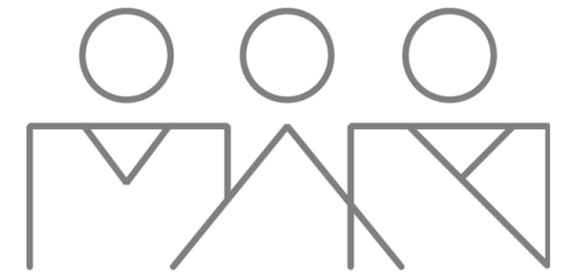
In alignment with the UN



We maintain and protect more than,

# 132

Th. Hectares in Areas of  
High Conservation  
Value



# Educational

# Foundation with

# more than

# 545

# Schools supported

**arauco**



**FOR FURTHER INFORMATION,  
PLEASE CONTACT:**

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