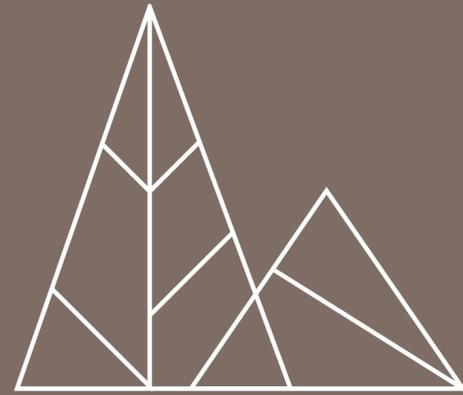


4th QUARTER  
2021

Financial Results  
Conference Call Presentation  
March 10, 2022

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.



# FINANCIAL REVIEW

► Yearly figures, in US\$ million

Revenues  
**US\$6,350**  
+34.2% YoY

Net Income  
**US\$1,032**  
+3,977% YoY

Adj. EBITDA  
**US\$2,493**  
+132.6% YoY

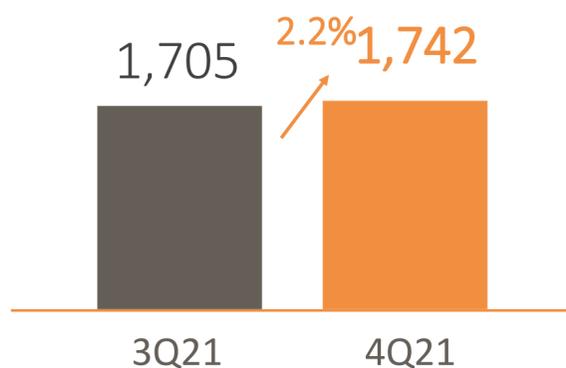
MAPA Progress  
**92.8%**  
as of Jan. 22

Net Debt to EBITDA  
**1.83x**  
down from 4.80x YoY

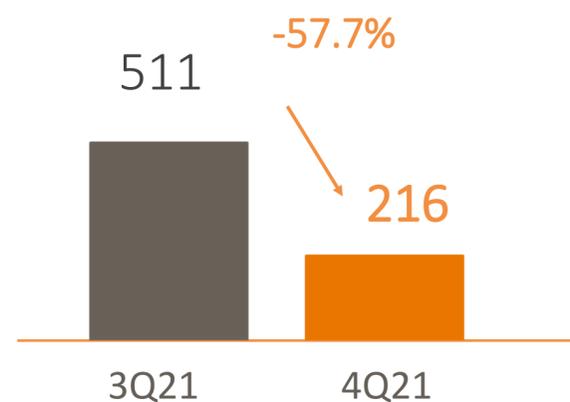
Shutdown of  
Arauco L1  
**Jan 3rd, 2022**

► In US\$ million

### Revenues

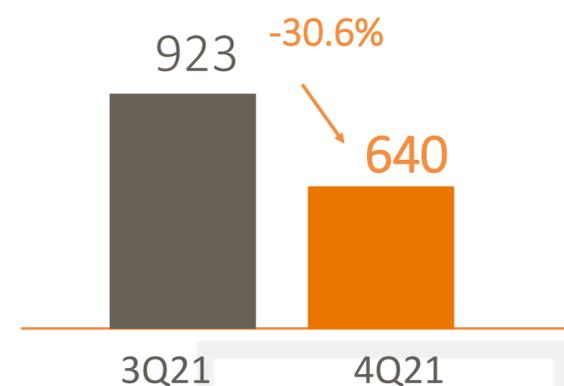


### Net Income



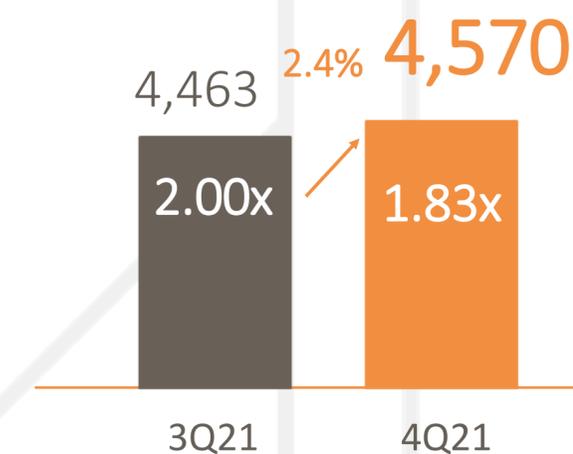
(-23.3% ex. Forestry Assets sale)

### Adjusted EBITDA



(-7.7% ex. Forestry Assets sale)

### Net Debt & Leverage <sup>(1)</sup>

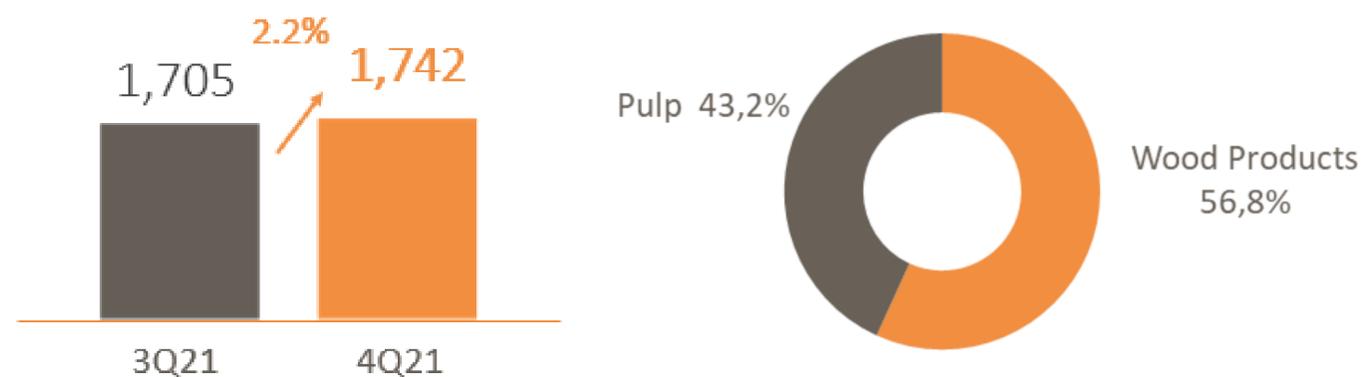


(1) Calculated as Net Debt / LTM Adj. EBITDA

► In US\$ million

**Revenues** increased 2.2% compared to the third quarter of 2021.

- Pulp revenues decreased by US\$8.5 million or 1.1%, mainly driven by a 12.6% decrease in prices. This was partially offset by a 13.0% increase in sale volumes.
- Wood products revenues increased by US\$45.7 million or 4.8%, mainly due to a 8.4% increase in average prices, partially offset by a 2.0% decrease in sales volume.



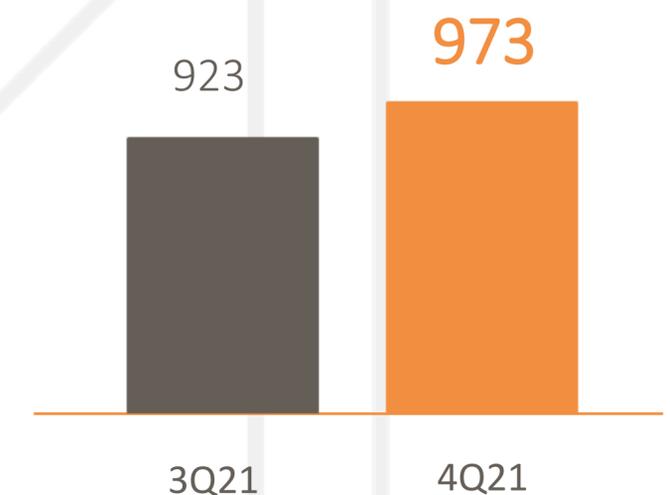
**Cost of sales** increased by 5.4% or US\$49.8 million mainly due to higher sales volume in our pulp business segments, timber and chemical costs.

The main cost increases related to this effect are:

- *Timber costs* increased by US\$44.1 million or 27.6%.
- *Higher chemical costs* by US\$12.3 million or 8.5%.

### Pulp unitary sale costs QoQ

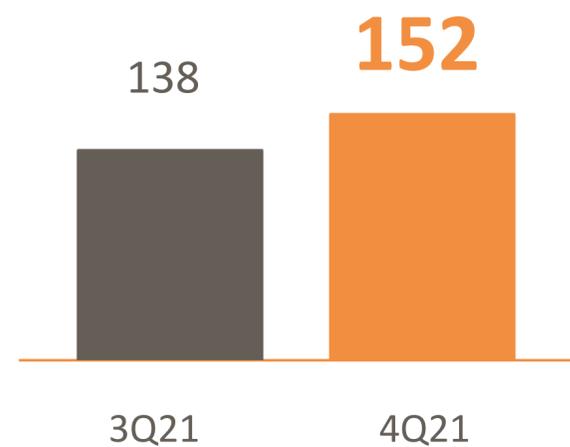
Softwood bleached pulp	▼	-1.1%
Hardwood bleached pulp	▲	2.4%
Unbleached softwood pulp	▼	-4.4%
Dissolving pulp	▲	1.3%



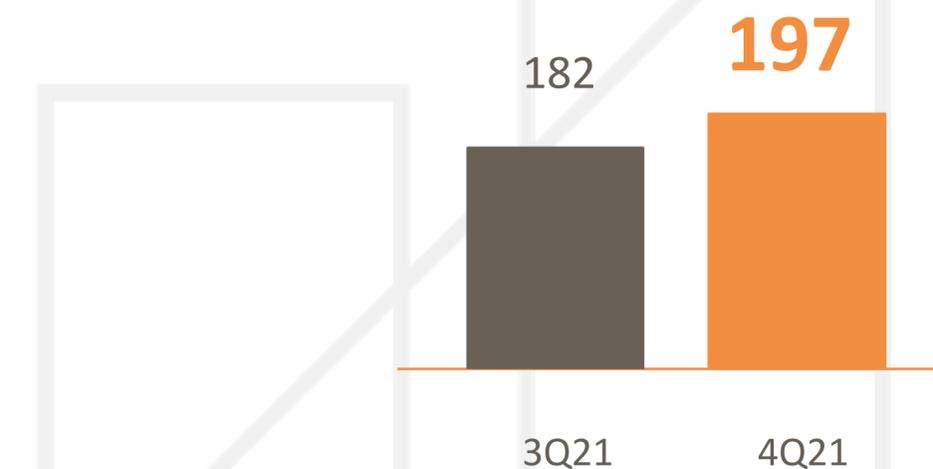
► In US\$ million

**Administrative expenses** increased by US\$14.3 million or 10.4%.

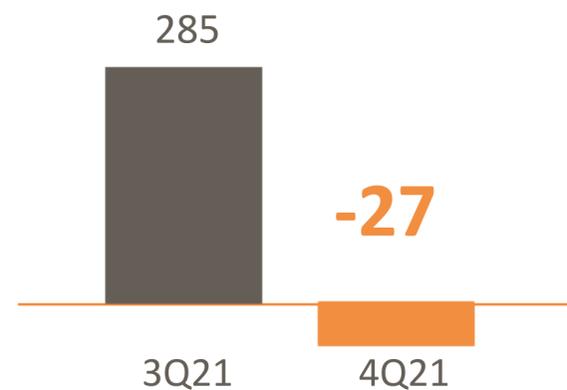
- *Salaries and severance indemnities* increased by US\$ 6.8 million or 11.5%
- Donations, contributions and scholarships increased by US\$3.1 million or 199.3%



**Distribution costs** Increased by US\$ 14.2 million or 7.8% due to an increase of 14.0% in *freight* and 5.0% in *port services*.

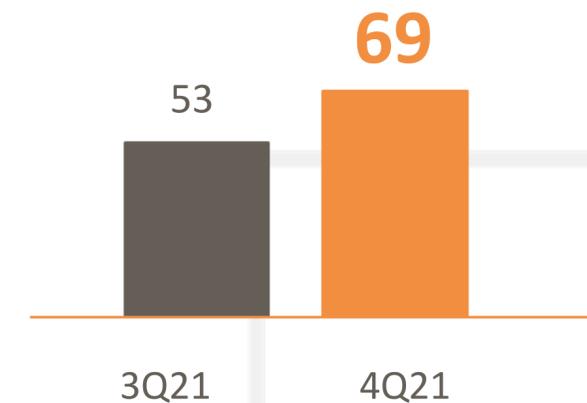


► In US\$ million



**Other income** decreased by US\$311.8 million or 109.3%.

- This is due to a decrease in *gains on sales of assets* mainly as a result of the sales of forestry assets during the third quarter of 2021
- There was a loss of US\$42.5 million on *gains from changes in fair value of biological assets* this quarter, mostly due to an adjustment related to changes in estimated future timber volumes coming from some properties.



**Other expenses** Increased by US\$16 million or 29.4%.

- This is mostly explained by an increase in *loss of forests* (mostly from forestry fires in Uruguay and Chile) of US\$12.3 million or 295.2%

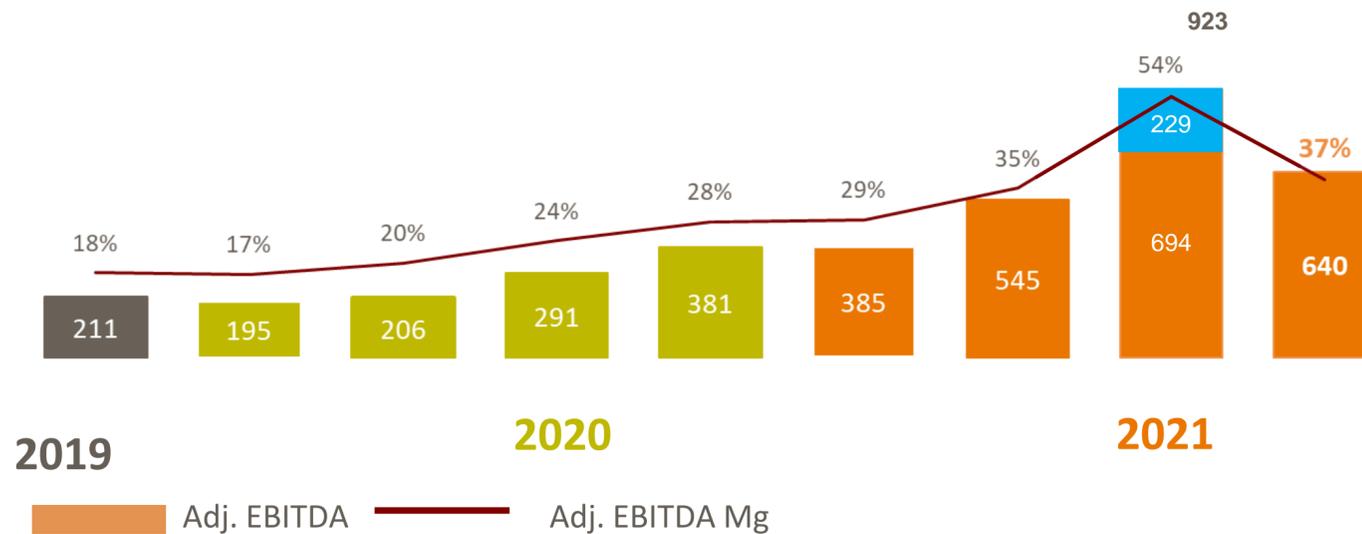
# INCOME STATEMENT

► In US\$ million

	Q4 2021	Q3 2021	QoQ
<b>Revenue</b>	<b>1,742.4</b>	<b>1,705.1</b>	<b>2.2%</b>
Cost of sales	(973.2)	(923.4)	5.4%
<b>Gross profit</b>	<b>769.2</b>	<b>781.6</b>	<b>-1.6%</b>
Other income	(26.6)	285.2	-109.3%
Distribution costs	(196.5)	(182.4)	7.8%
Administrative expenses	(152.2)	(137.8)	10.4%
Other expenses	(68.6)	(53.0)	29.4%
Financial income	10.9	8.2	33.1%
Financial costs	(49.5)	(52.3)	-5.2%
Participation in profit (loss) in associates and JVs*	(0.1)	20.3	-100.5%
Other income (loss)	-	-	-
Exchange rate differences	(2.4)	10.8	-122.4%
<b>Income before income tax</b>	<b>284.1</b>	<b>680.6</b>	<b>-58.3%</b>
Income tax	(67.8)	(169.1)	-59.9%
<b>Net income</b>	<b>216.3</b>	<b>511.5</b>	<b>-57.7%</b>

\* Accounted using the equity method.

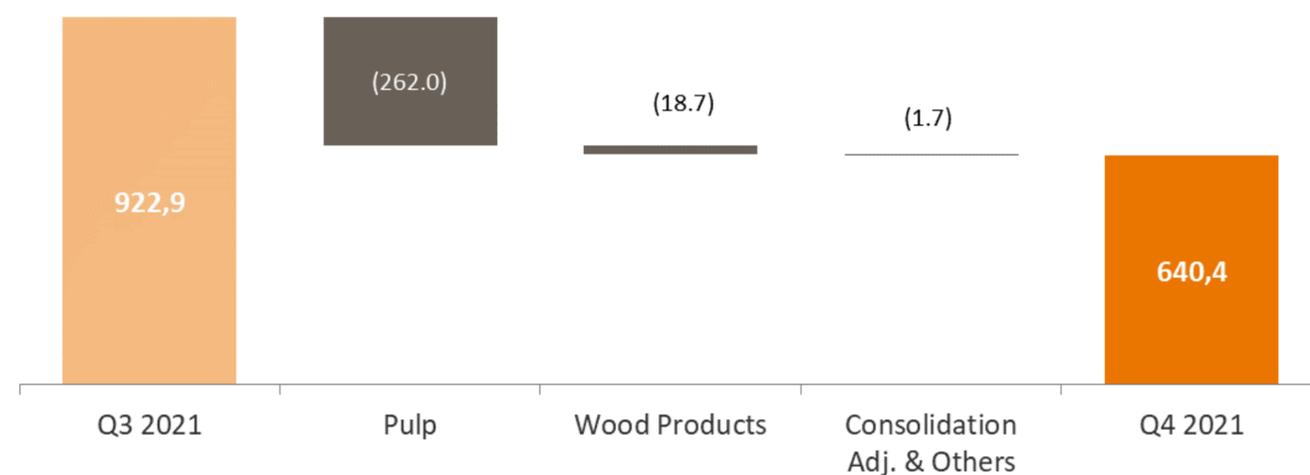
► In US\$ million



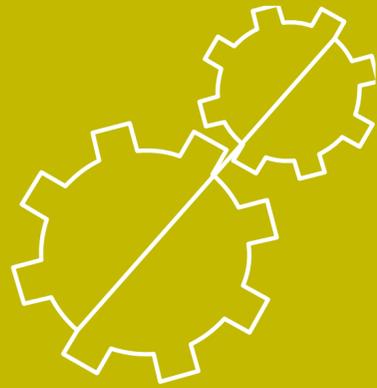
• In cyan, the one-time effect of the sale of forestry assets.

### Breakdown by division

Pulp	352
Wood Products	320
Consolidated Adj. & Others	-32



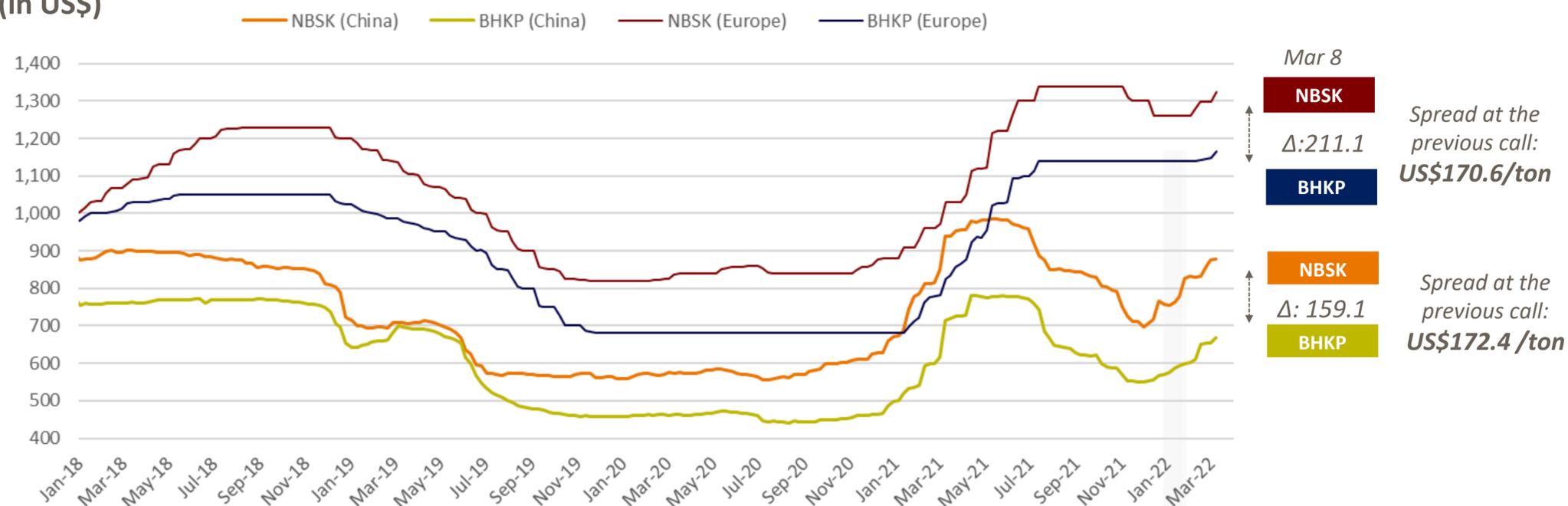
- Adjusted EBITDA during the fourth quarter reached US\$640.4 million. The most significant variation was the one-time effect in gains of sales of assets during the third quarter 2021. Without this effect, the decrease would have been US\$53.2 million or 7.7%
- Adjusted EBITDA of our wood products segment decreased by 5.5%, mostly due to an increase in costs and a decrease in sales volume, not fully offset by increases in average prices.



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# REVIEW BY BUSINESS SEGMENT & OUTLOOK

### PIX Pulp Indexes (in US\$)



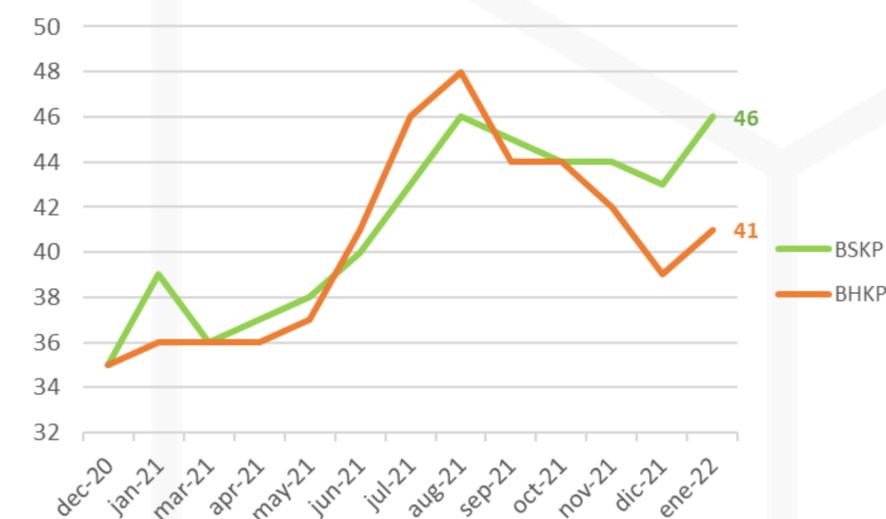
Source: RISI

### Global Bleached Chemical Pulp Shipments variation – (1 month 2021 – 2022)

Global BCP Shipments Change (tonnes)			
	2021	2022	% Var.
China	1,735	1,495	-13.8%
Europe	1,350	1,345	-0.4%
Other Asia	755	755	0.0%
USA	575	575	0.0%
Rest of the World	360	340	-5.6%
<b>Total</b>	<b>4,775</b>	<b>4,515</b>	<b>-5.4%</b>

Source: Hawkins Wright

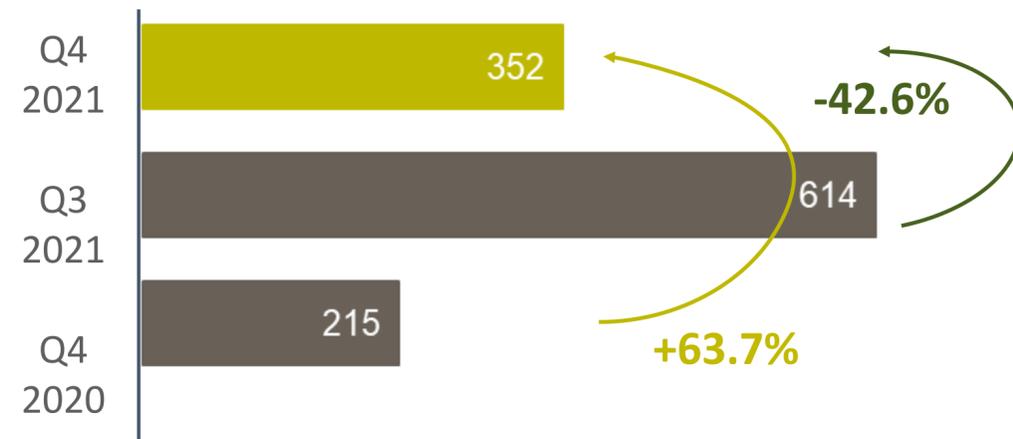
### Global BCP Producer Stocks In days of supply



Excludes Russia & Indonesia  
Source: Hawkins Wright

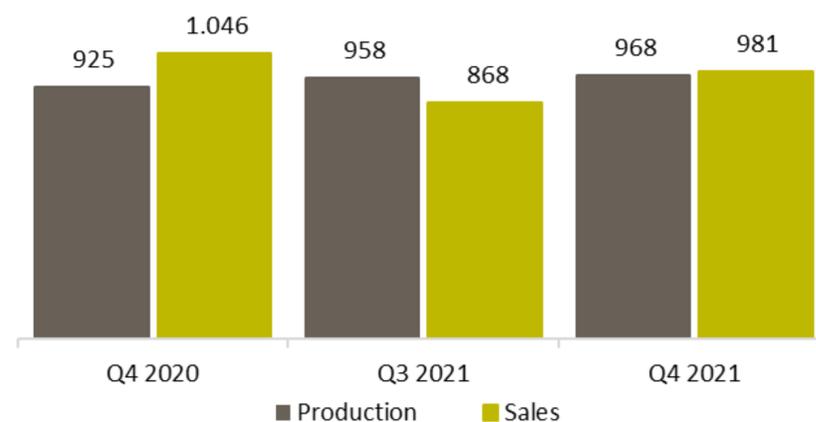
### Adjusted EBITDA

In US\$ million



	Price	Volume	Sales
QoQ	-12,6%	13,0%	-1,1%
YoY	37,9%	-6,2%	30,7%

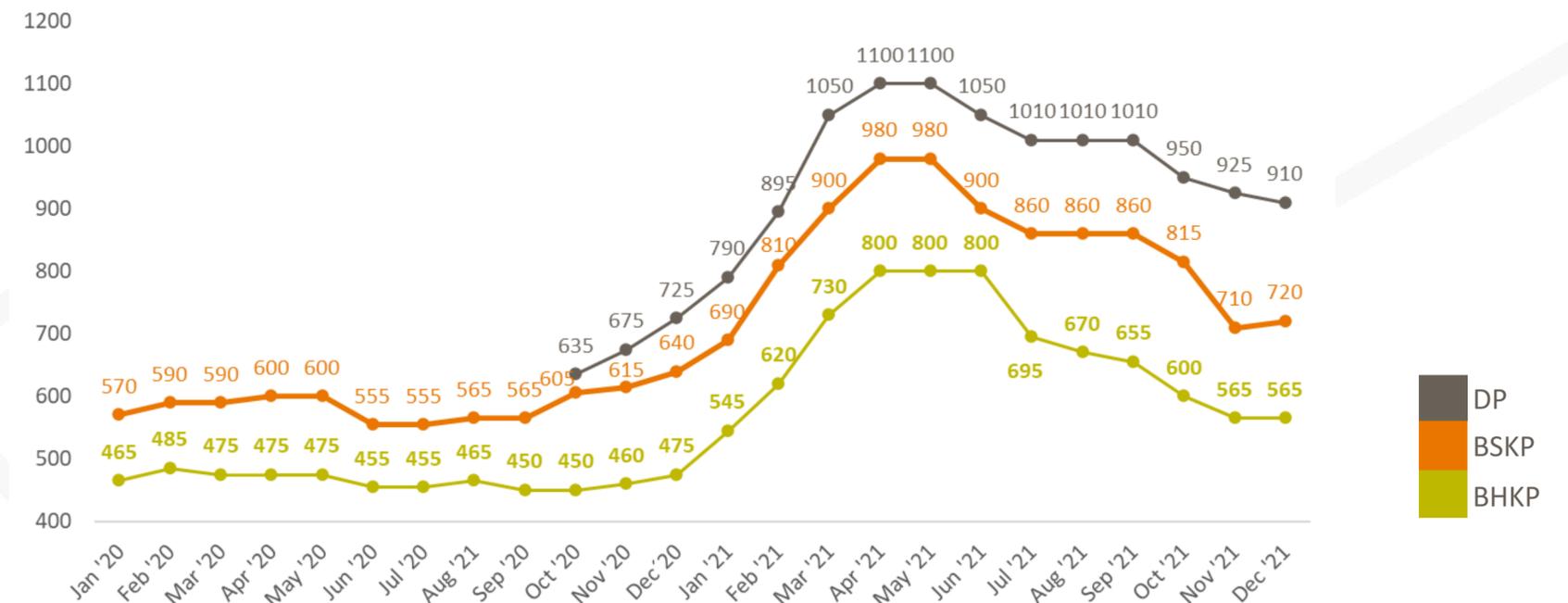
### Production and Sales Volume In thousand tonnes



### Q4 2021

- During this quarter, pulp demand remained stable with some increases in activity on certain markets.
- In China, pulp demand stabilized but there was no reactivation as it is expected in a fourth quarter. Inventories were affected by the complexity in the supply chain.
- In Europe, pulp demand remained stable and at high levels. The Tissue, P&W and other industries continued to be active and managed to transfer costs to prices.

### BHKP, BSKP and DP Net prices - China



Source: ARAUCO

### For the first quarter of 2022,

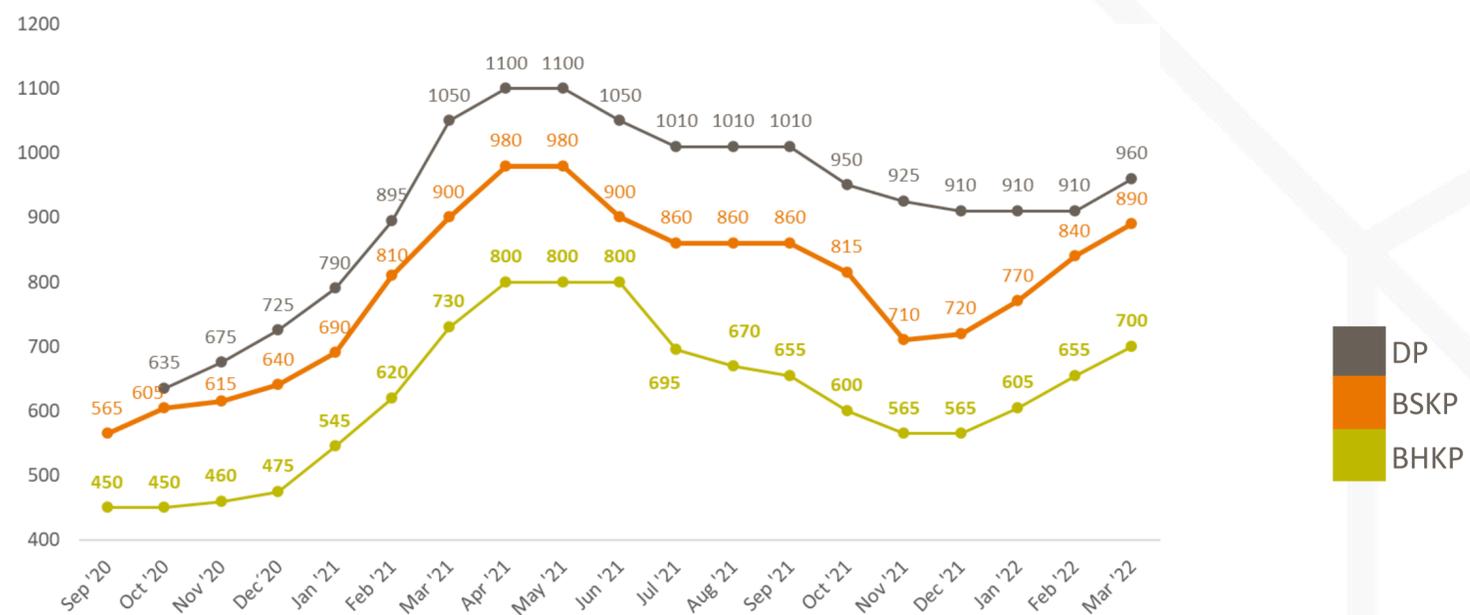
- Logistical difficulties and supply issues have led prices of all pulp grades to increase.
- Asian Markets are picking up and operating rates seem to be increasing in almost all paper grades. There are delivery delays from almost all origins creating production disruptions.
- Europe remains very strong, and aside from the logistical difficulties there are effects in supply of a long-lasting strike in a major producer.
- The coming months are difficult to predict due to the economic impact of the current geopolitical situation in Ukraine. The overall impact may differ depending on the type of fiber and each particular market.

### 2021-2022 Pulp Mills Days of Stoppages

Mill	2021	2022			
	4Q	1Q	2Q	3Q	4Q
Arauco - Line 2				15	
Constitución		16			
Licancel					14
Nueva Aldea			15		
Valdivia			15		
Esperanza				28	
Montes del Plata		14			

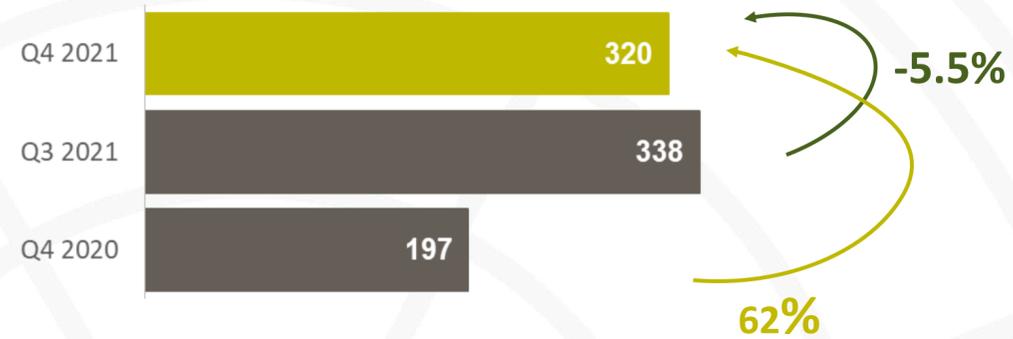
Maintenance stoppages:  
 Planned  
 Finished

### BSKP, BHKP and DP Net Prices - China



Source: ARAUCO

### Adjusted EBITDA In US\$ million



QoQ  
YoY

### Panels\*

Price	Volume
5,6%	-4,8%
31,3%	-2,4%

### Solid Wood\*\*

Price	Volume
3,6%	4,4%
44,1%	-9,6%

\*MDF, PBO, HB

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

### Q4 2021

- Panels sales increased on a quarterly basis mainly due to an increase in average prices (+5.6%). This was mainly as a result of some supply issues caused by logistic problems, and being able to transfer some of the increases in raw material costs to final consumer prices.
- Solid Wood sales volume increased by 4.4%, as well as average prices (+3.6%). There was an increase in demand, particularly in the Asian markets.
- Plywood sales volume increased by 9.7%, mainly due to an increase in demand due to logistic difficulties of some of our competitors. This was partially offset by a decrease in average prices of 5.6%.

# WOOD PRODUCTS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In thousand m<sup>3</sup>



<sup>(1)</sup> Includes PB, MDF, HB and OSB, Composite Panels and Retail Panels

<sup>(2)</sup> Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets

Note: Sales include trading

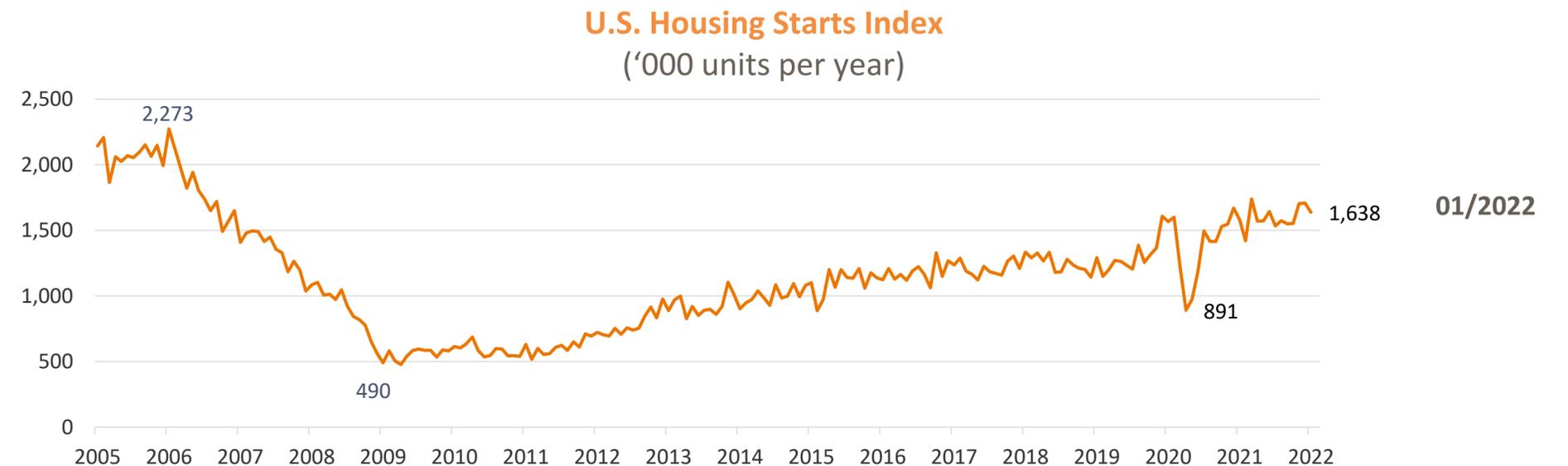
● Production ● Sales

**48%**  
North  
America

**PB/MDF:** During early 2022, the North American market continues with a high demand for panel and furniture products. Next months are expected to remain relatively strong.

**REMANUFACTURED PRODUCTS:** we believe prices will continue to be strong during the next months. Solid demand due to Housing, and Repair & Remodeling. Certain competitors may be affected as some of them use Russian timber as raw material.

**PLYWOOD:** we expect demand to remain at high levels for the next months, especially Appearance grade. Russian producers are one of our biggest competitors when it comes to plywood.



Source: Bloomberg

**38%**  
Central and  
South America

**9%**  
Asia and Oceania

**5%**  
Europe and  
Middle East

### **BRAZIL:**

- We expect the market to weaken somewhat compared to current levels.

### **CHILE:**

- Demand remains good, and we have announced price increases for several panels products. However, looking forward there are some uncertainties coming from the housing/real estate market.
- Sawn timber and plywood weaker due to over supply because of difficulties to export of some of our competitors.

### **ASIA:**

- China showed modest signs of recovery after Lunar New Year.
- Some logistical difficulties remain.

### **EUROPE:**

- Plywood remains at good levels, yet there is uncertainty due to the situation in Ukraine.

### **MIDDLE EAST:**

- Market remains stable during Q1 2022, after a positive 4Q 2021.

### **ARGENTINA:**

- We expect demand to remain strong.

- Situation very uncertain going forward because of Russian exports of lumber to China, yet H1 2022 outlook remains positive.

# FREE CASH FLOW

► In US\$ million

	Q4 2021	Q3 2021
<b>Adjusted EBITDA</b>	<b>640,4</b>	<b>922,9</b>
Working Capital Variation	200,1	(423,6)
Interest paid and received	(82,0)	(33,9)
Income tax received (paid)	11,9	(26,1)
Others	(228,0)	103,5
<b>Cash from Operations</b>	<b>542,2</b>	<b>542,8</b>
Capex (1)	(497,9)	(364,5)
Others	3,9	(1,2)
Proceeds from investment activities	318,8	32,9
<b>Cash from Investment Activities</b>	<b>(175,1)</b>	<b>(332,8)</b>
<b>Cash from Financing activities (net of debt)</b>	<b>(486,7)</b>	<b>(18,3)</b>
Effect of exchange rate changes on cash	(13,4)	(20,4)
<b>Free Cash Flow</b>	<b>(133,0)</b>	<b>171,3</b>

(1) On a cash basis.



**Cash flow from operating activities** remained stable.

**Cash flow used in investment activities** decreased US\$157.7 million mostly due to positive impact of the cash inflows related to the sale of forestry assets, partially offset by increases in capital expenditures.

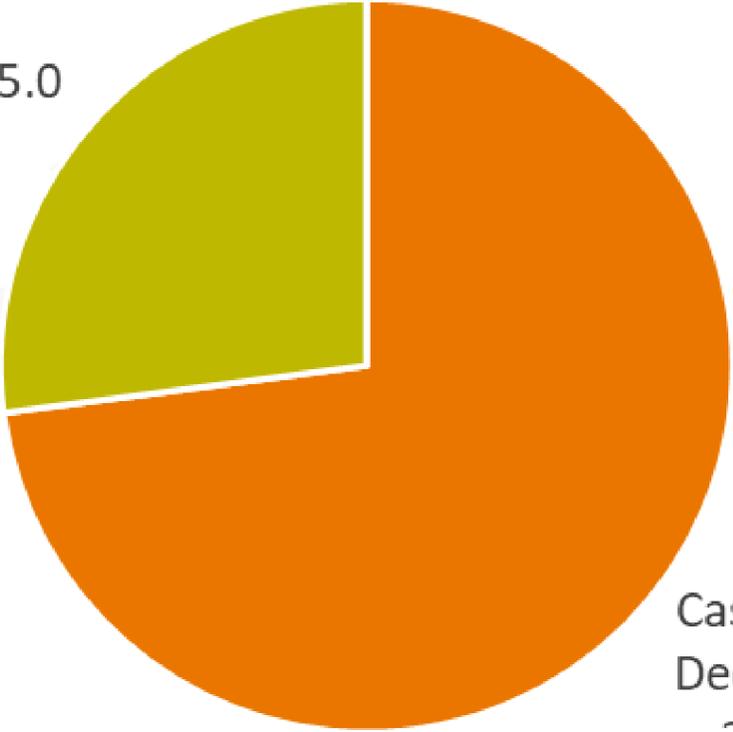
**Cash flow used in financing activities** increased by US\$468.4 million mostly due to US\$471 million paid as dividends during the quarter.

► Net Debt increased by US\$106.9 million or by 2.4%, mostly due to this quarter's decrease of Free Cash Flow.

# CASH AND LIQUIDITY

Our cash position was US\$1,011.1 million at the end of the fourth quarter of 2021. In terms of liquidity, the Company has 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.

RCF; \$375.0

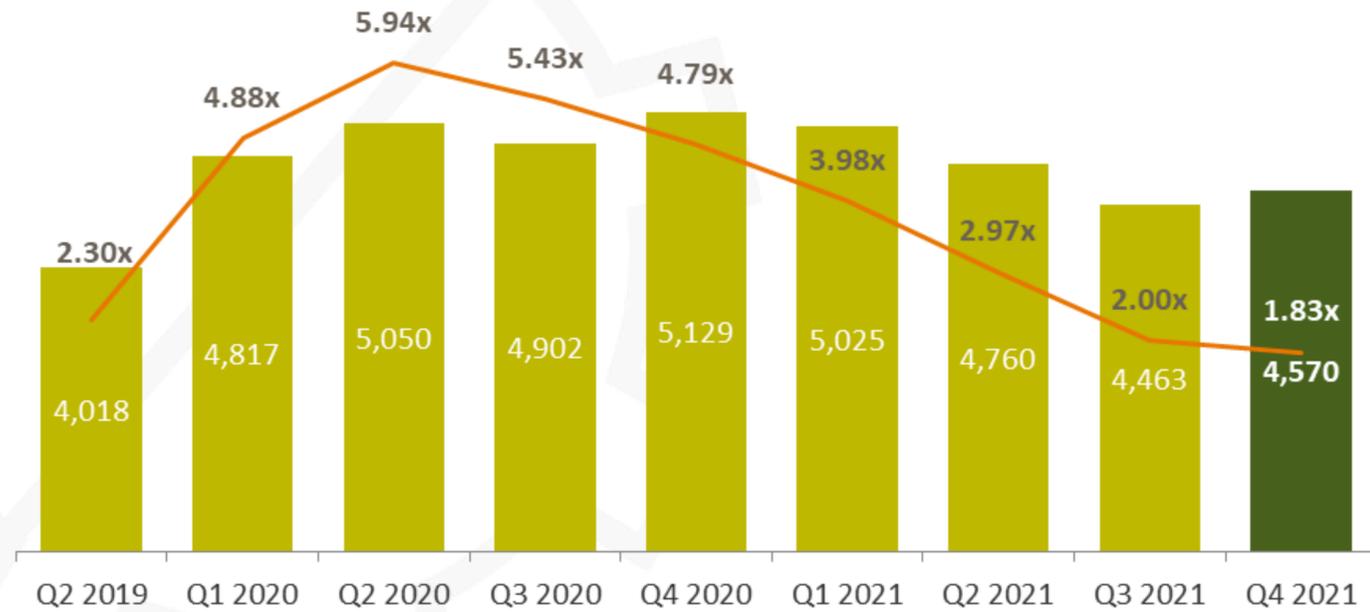


**Total: US\$1,386.1 million**

Cash as of  
December  
2021;  
\$1,011.1

# NET FINANCIAL DEBT

► In US\$ million



Net Leverage (\*)

**Cash and cash equivalents** decreased by 23.6% or US\$312.4 million.

**Total Financial Debt** decreased by 3.6% or US\$205.4 million.

**LTM Adjusted EBITDA** reached US\$2,493.4 million, 11.6% higher.

**Net Leverage (\*)** decreased from 2.00x to 1.83x , mainly due to the increase of LTM Adjusted EBITDA.

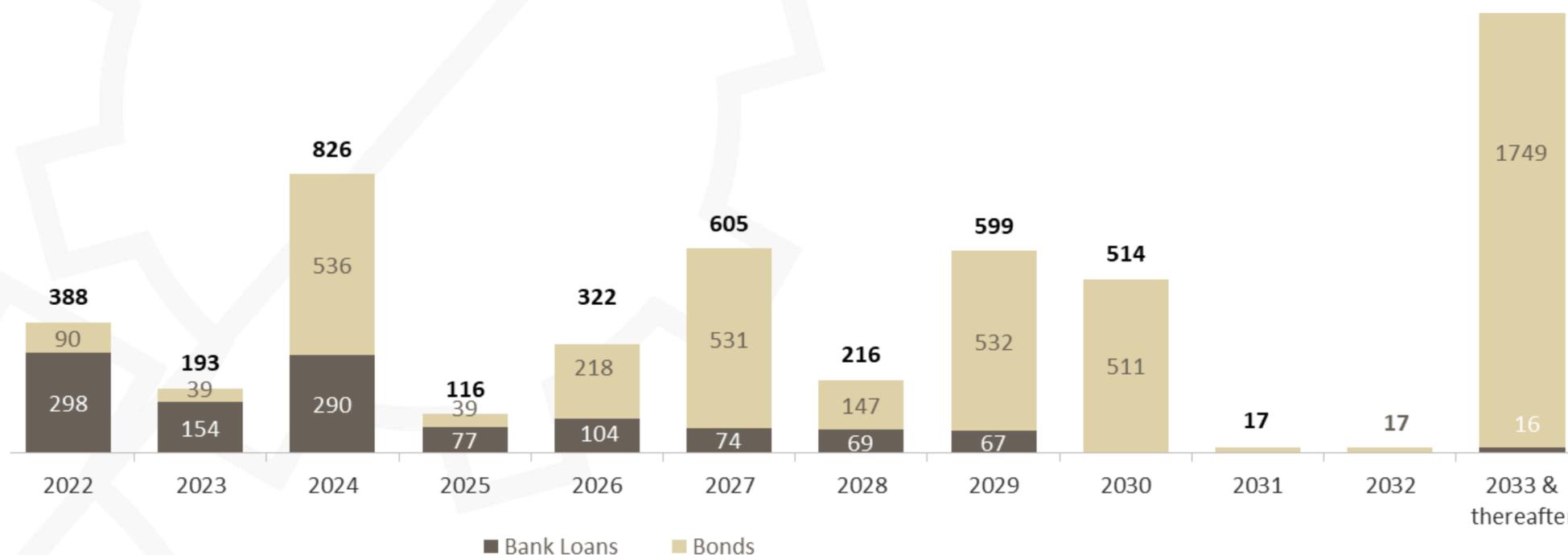
	December 2021	September 2021
Short term debt	389	528
Long term debt	5,192	5,259
<b>Total Debt</b>	<b>5,581</b>	<b>5,787</b>
Cash	1,011	1,323
<b>Net Debt</b>	<b>4,570</b>	<b>4,463</b>

(\*) Net Debt / LTM Adjusted EBITDA

# DEBT

► In US\$ million

AS OF DECEMBER 2021

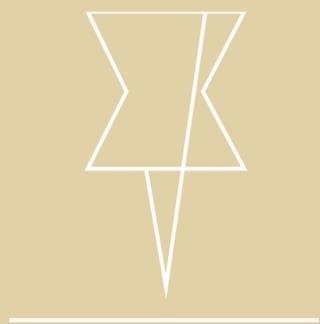


## BANK OBLIGATIONS FOR 2022 INCLUDE:

- US\$ 248 million in bank loans
- US\$ 50 million in leasing

## BOND OBLIGATIONS FOR 2022 INCLUDE:

- US\$ 46 million in local bond obligations.
- US\$ 44 million in USD-denominated bond obligations.



# MATERIAL FACTS AND NEWS

## Recent Highlights

- Overall progress reached 92.8% as of January 2022
- Completed electric connection to the National Grid
- Logs being delivered since January

We have 5 test centers installed on-site with a capacity of performing up to 2,000 PCR exams per day. To date, more than 530,000 PCR tests have been applied to workers of the project.

We estimate that the startup will take place by the **end of April 2022**.

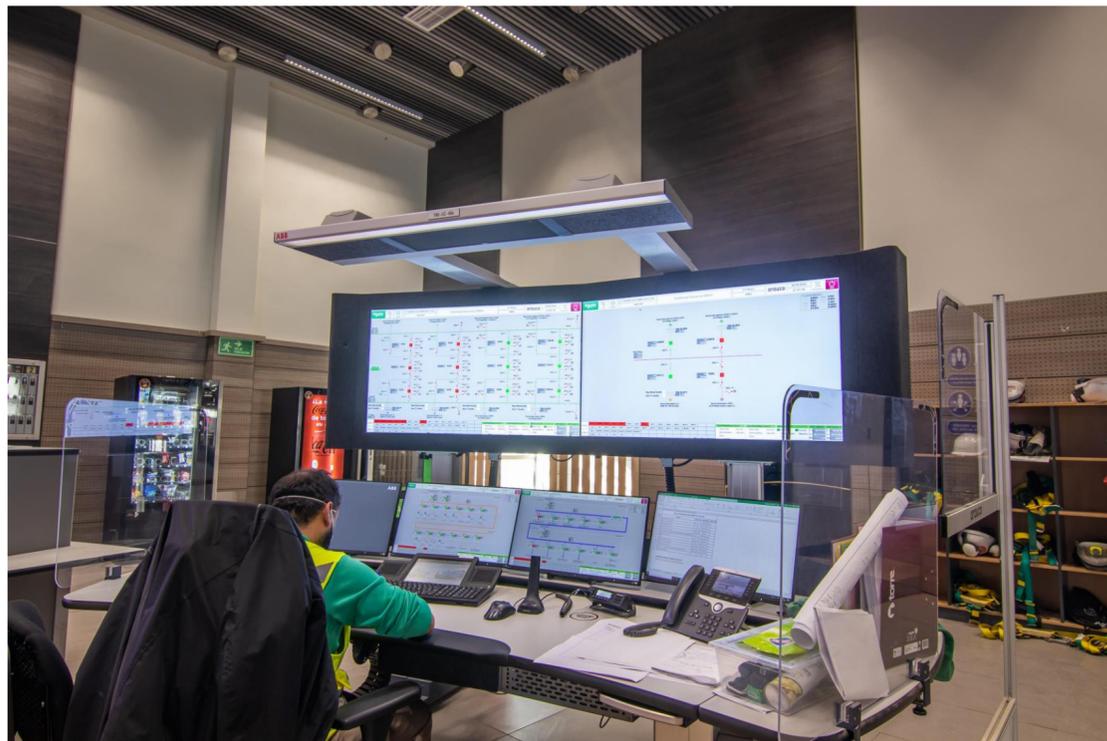
We have updated our estimate for the final investment of the project and we are now expecting it to be around 2.8 billion USD. Most of these expenditures have already been made.

The existing eucalyptus line (Line 1, 290kt EKP per year) was shut down, in accordance with the environmental permit, on January 3<sup>rd</sup> 2022 after 50 years of operations.



# MAPA PROJECT UPDATE

MATERIAL FACTS AND NEWS



### Forestry Fires

During this forest fire season in Chile and as of March 4th, we have observed 8% less fires. Nevertheless, these fires have been of greater intensity and have affected a higher number of hectares reaching 4,278 vs. 339 of last season.

We have made more than 20 thousand airdrops of water, with more than 3 thousand flight hours. Also, 31% of the fires we have fought during this season have taken place in properties that belong to third-parties.

### Shutdown of Arauco Line 1

On January 3rd, 2022, and after 50 years of operations, the last pulp bale produced at Arauco Line 1 (290kt EKP per year) left the production line, thus signaling the permanent shutdown of the mill. Part of our senior management joined together with plant personnel in a ceremony to mark such occasion.

### Purchase of Remainder of Stock in Arauco Florestal Arapoti

On December 2nd, 2021, Arauco (via our subsidiary Arauco do Brasil), closed and executed a transaction with Stora Enso Amsterdam B.V. ("Stora Enso") by means of which the latter sold Arauco all of its stock in Arauco Florestal Arapoti S.A. ("AFA"). The stock sold by Stora Enso to Arauco amounted to approximately 20% of the property of AFA, and the price paid for these stocks reached R\$294,549,000.0 (equivalent to US\$51.9 million). Prior to this transaction, Arauco already owned 80% of the property of AFA.

AFA is a forestry company with approximately 49,000 hectares of forestry assets, of which 28,000 correspond to forest plantations. It is located in Paraná, Brasil.

# TAKEAWAYS

- **Strong financial and operational results** across all business segments
- **The lowest leverage** ratio in nearly 11 years, with 2 Outlook upgrades (Fitch, S&P) as well as a local rating upgrade (Fitch)
- **MAPA Project** nearing completion

**1Q 2022  
RESULTS &  
CONF CALL**

MID-MAY 2022



Q&A

## **INVESTOR RELATIONS**

A replay of this conference call will be available on our web site  
and through the following numbers until March 17, 2022

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Replay Access Code	10164383

## **FOR FURTHER INFORMATION**

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