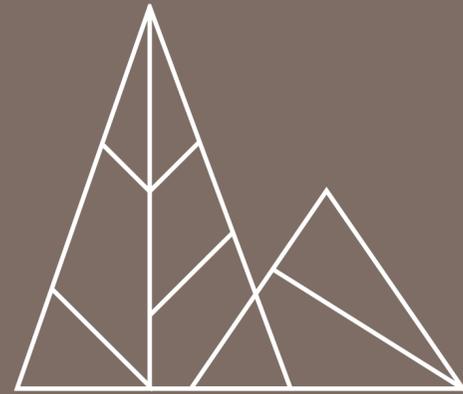


1st QUARTER  
2021

Financial Results  
Conference Call Presentation  
June 1, 2021

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.

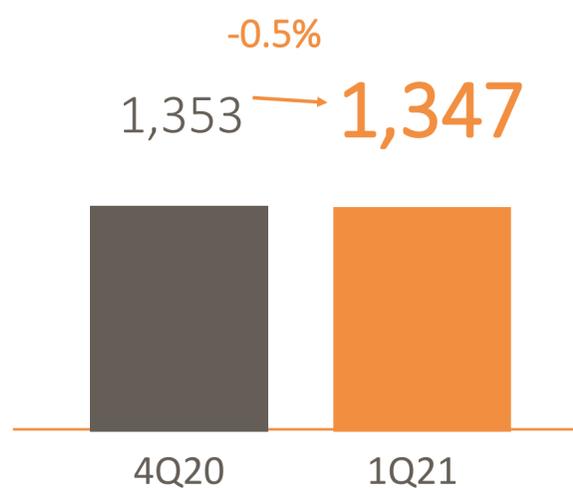
This presentation contains certain performance measures that do not represent IFRS definitions, as “EBITDA” and “Net financial debt”. These measures cannot be compared with the same previously used by Arauco and the same used by other companies.



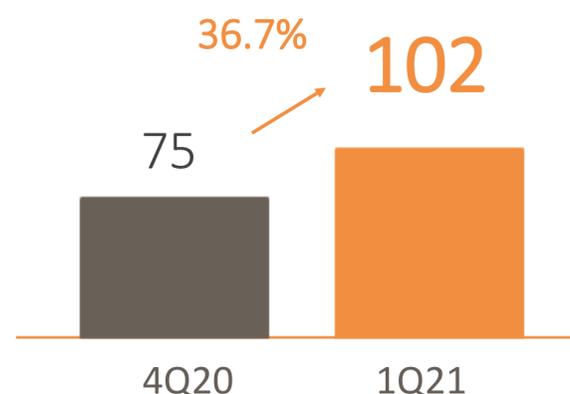
# FINANCIAL REVIEW

► In US\$ million

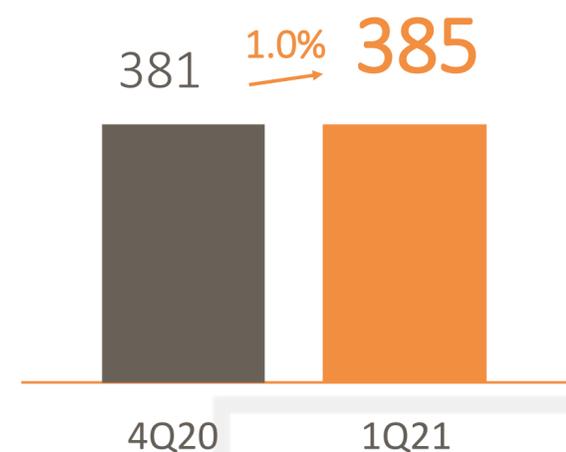
### Revenues



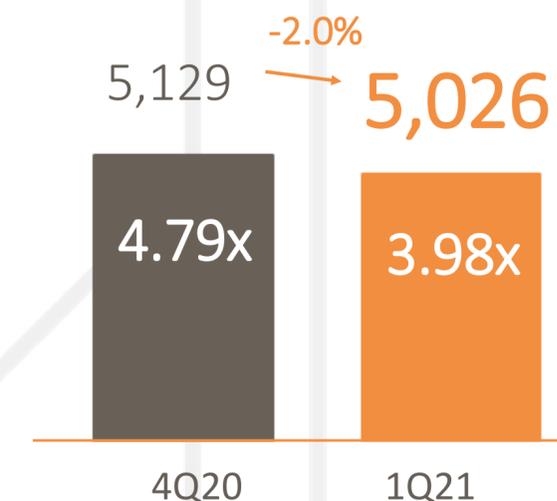
### Net Income



### Adjusted EBITDA



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

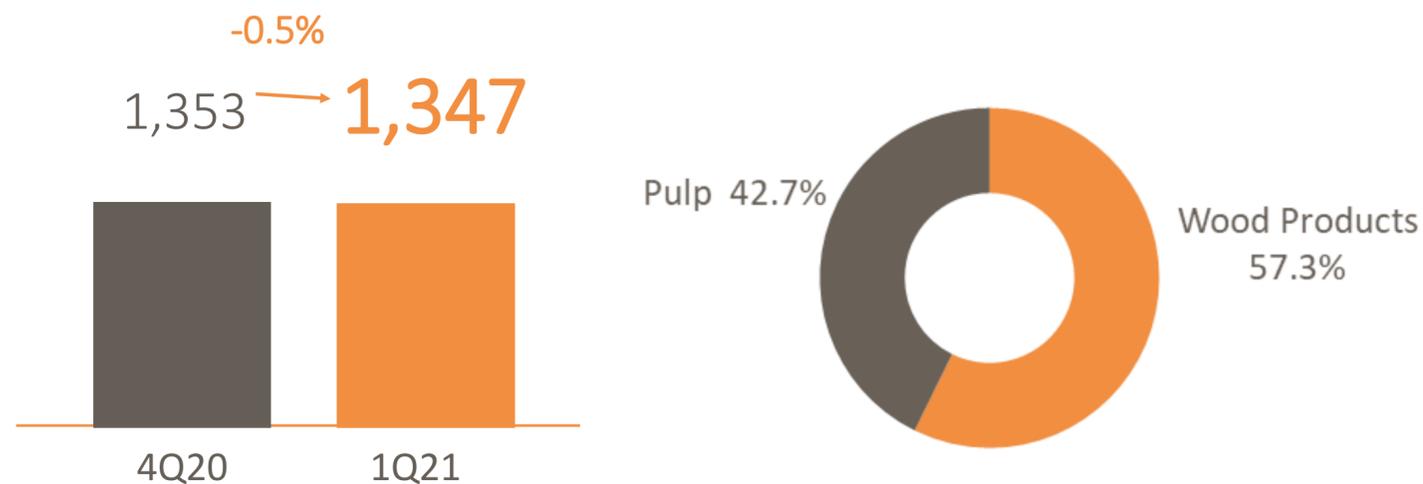


(1) Calculated as Net Debt / LTM Adj. EBITDA

► In US\$ million

**Revenues** remained stable with a slight decrease of 0.5% compared to the fourth quarter of 2020.

- Pulp revenues decreased by US\$20.1 million or 3.4%, mainly driven by a 17.9% decrease in sales volume. This was partially offset by a 11.2% increase in average prices.
- Wood products revenues increased by US\$13.9 million or 1.8%, mainly due to a 5.8% increase in average prices, partially offset by a 4.3% decrease in sales volume.

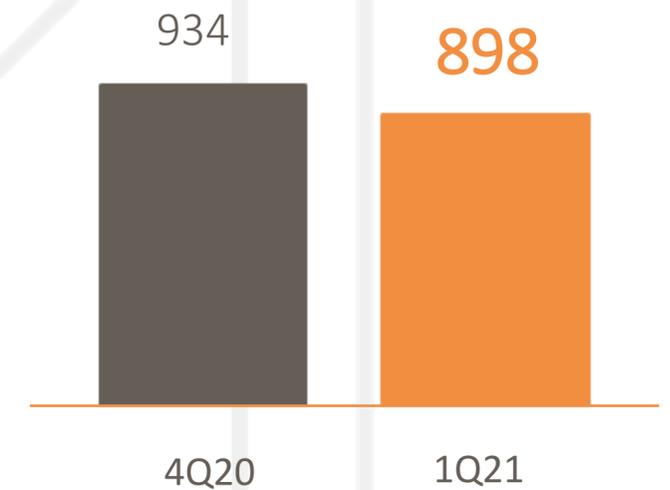


**Cost of sales** decreased by 3.9% or US\$36.0 million QoQ mainly due to a lower sales volume in our pulp and wood products business segments. The main cost decreases related to this effect are:

- Lower *forestry labor costs* by US\$9.6 million or 7.4%.
- *Timber costs* decreased by US\$8.6 million or 3.6%.

### Pulp unitary sale costs QoQ

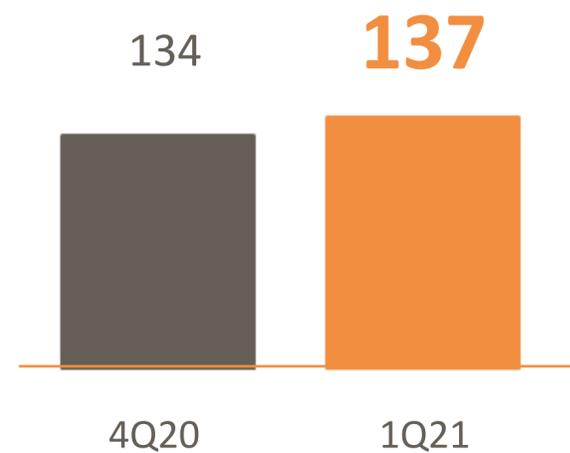
Softwood bleached pulp	▲	9.0%
Hardwood bleached pulp	▼	0.0%
Unbleached softwood pulp	▼	5.6%
Dissolving pulp	▲	8.4%



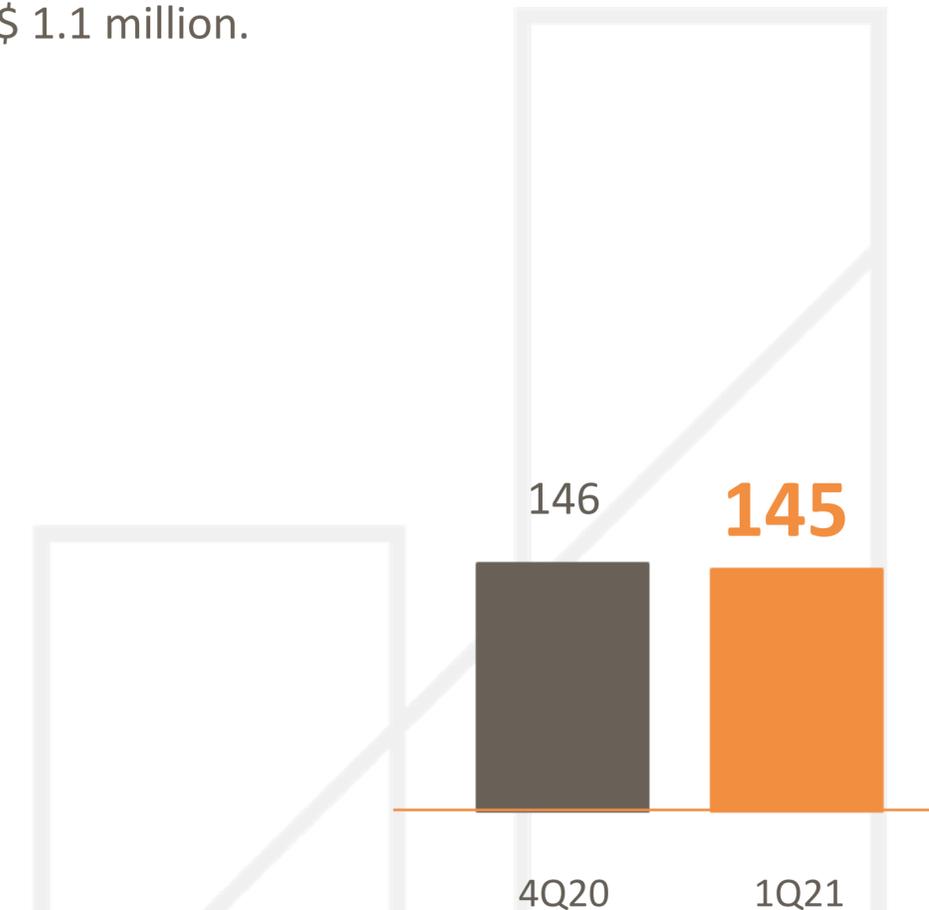
► In US\$ million

**Administrative expenses** increased by US\$2.8 million or 2.1% QoQ.

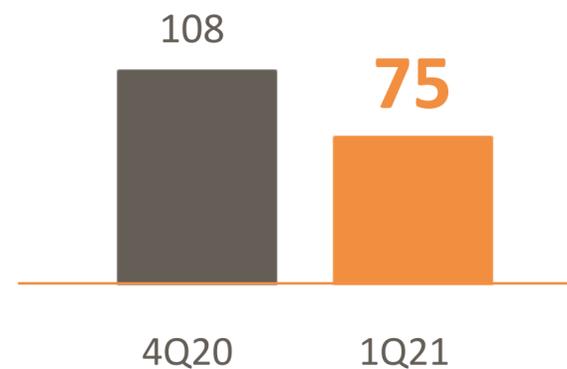
- *Salaries and severance indemnities* increased by US\$ 6.7 million this was partially offset by a US\$3.3 million decrease in *donations, contributions and scholarships*.



**Distribution costs** remained stable with a slight decrease of 0.7% or or US\$ 1.1 million.

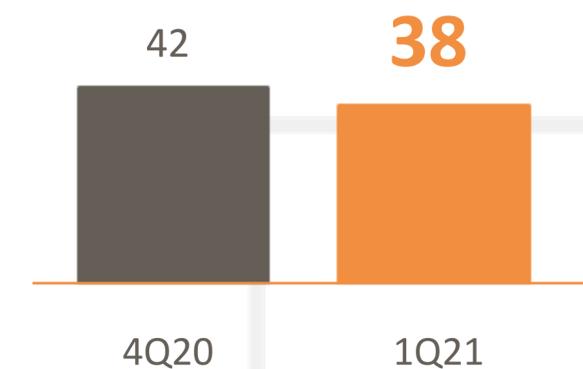


► In US\$ million



**Other income** decreased by US\$33.2 million or 30.7% QoQ.

- This is due to a decrease in *gains on sales of assets* mainly as a result of the sales of some land assets in our Brazilian operations during the previous quarter.
- The decrease in Other Income was partially offset by profits on sales of permanent investments arising from the sale of Forestal Los Lagos SpA.



**Other expenses** decreased by US\$4.0 million or 9.6%.

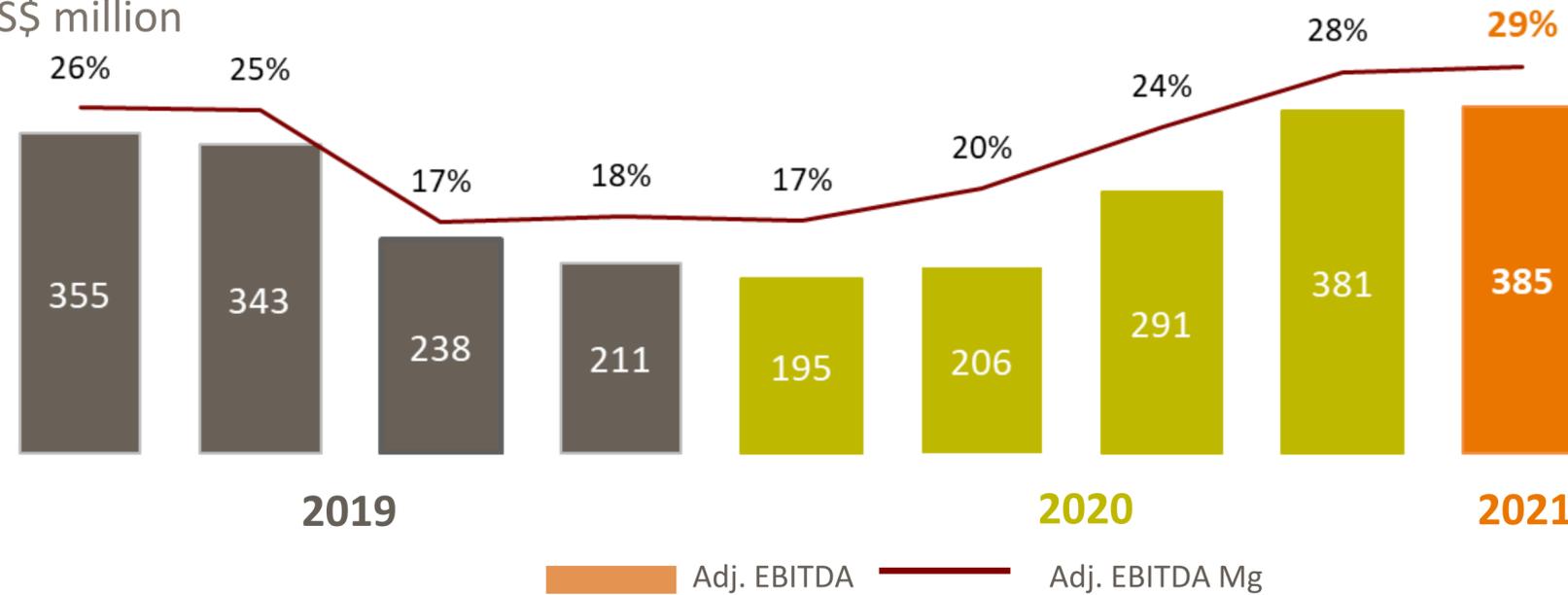
- This is mostly explained by a decrease in *impairment provisions of property, plant and equipment* and others due to adjustments associated with the Line 1 of our Arauco mill, which will cease its operations once the MAPA project is completed.
- The decrease in other expenses was partially offset by an increase in *loss of forests* due to adjustments related to the forest fire in Matto Grosso, Brazil in 2020.

# INCOME STATEMENT

► In US\$ million

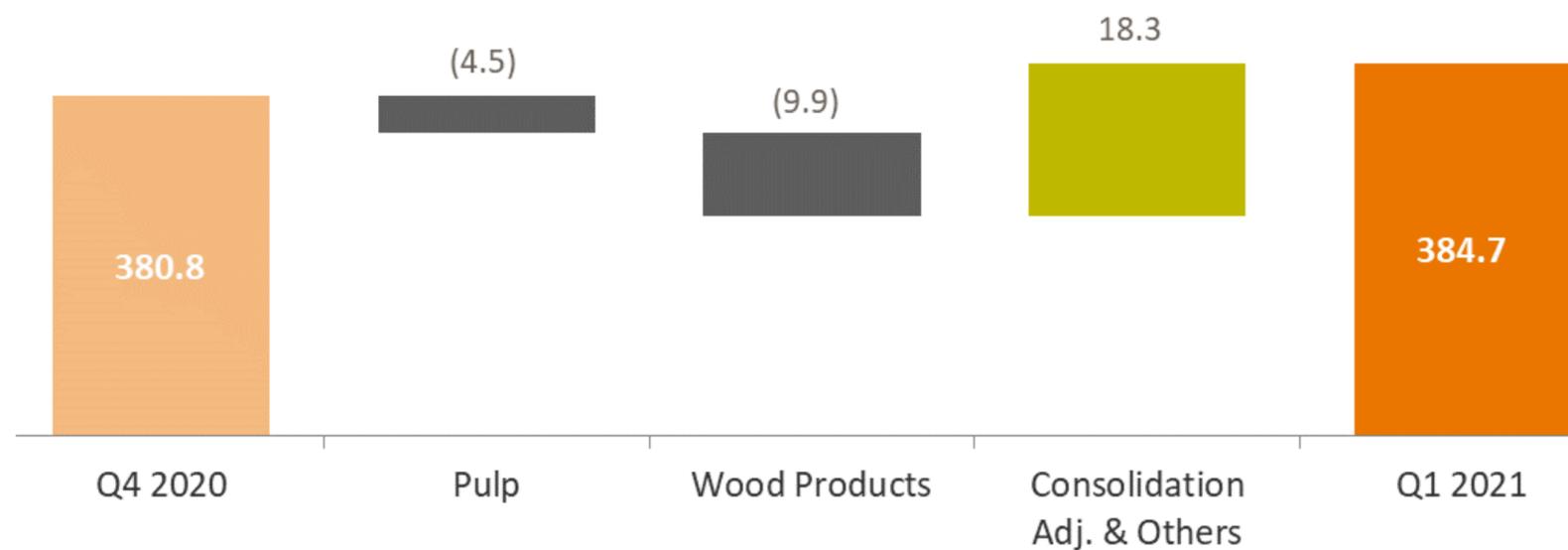
	Q1 2021	Q4 2020	QoQ
<b>Revenue</b>	<b>1,346.7</b>	<b>1,352.9</b>	<b>-0.5%</b>
Cost of sales	(897.8)	(933.8)	-3.9%
<b>Gross profit</b>	<b>448.9</b>	<b>419.1</b>	<b>7.1%</b>
Other income	75.0	108.2	-30.7%
Distribution costs	(144.8)	(145.9)	-0.7%
Administrative expenses	(136.5)	(133.7)	2.1%
Other expenses	(37.5)	(41.5)	-9.6%
Financial income	6.8	5.8	18.5%
Financial costs	(61.0)	(66.1)	-7.7%
Participation in (loss) profit in associates and joint ventures accounted through equity method	2.5	1.5	66.6%
Other income (loss)	0.0	0.0	-
Exchange rate differences	(8.5)	(22.9)	-63.0%
<b>Income before income tax</b>	<b>145.0</b>	<b>124.5</b>	<b>16.5%</b>
Income tax	(42.6)	(49.6)	-14.0%
<b>Net income</b>	<b>102.4</b>	<b>74.9</b>	<b>36.7%</b>

► In US\$ million

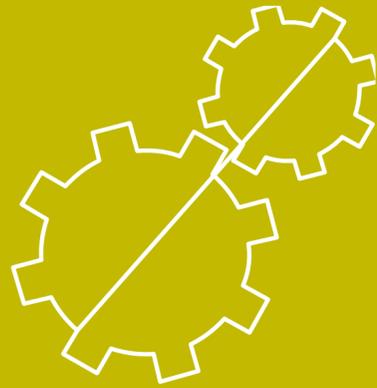


### Breakdown by division

Pulp	210
Wood Products	188
Consolidated Adj. & Others	-13



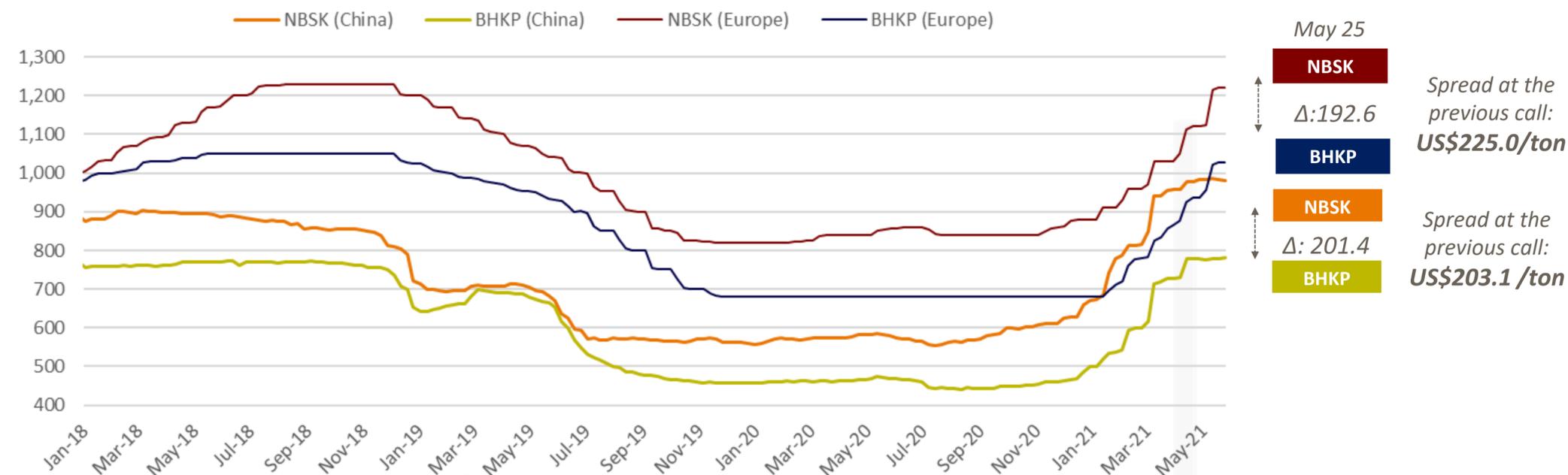
- Adjusted EBITDA during the first quarter reached US\$384.7 million. The most significant variation was in consolidation adjustments due to gains of approximately US\$20.5 million arising from the sale of our shares in Forestal Los Lagos SpA.
- This was partially offset by a decrease in the Adjusted EBITDA of our wood products and pulp business segments, in both cases mostly due to lower sales volume.



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# REVIEW BY BUSINESS SEGMENT & OUTLOOK

## PIX Pulp Indexes (in US\$)



Source: RISI

## Global Bleached Chemical Pulp Shipments variation – (2 months 2020 – 2021)

Global BCP Shipments Change (tonnes)			
	2020	2021	% Var.
China	3,430	3,360	▼ -2.0%
Europe	2,740	2,575	▼ -6.0%
Other Asia	1,700	1,505	▼ -11.5%
USA	1,050	1,140	▲ 8.6%
Rest of the World	745	695	▼ -6.7%
<b>Total</b>	<b>9,670</b>	<b>9,280</b>	<b>▼ -4.0%</b>

Source: Hawkins Wright

## Global BCP Producer Stocks

In days of supply

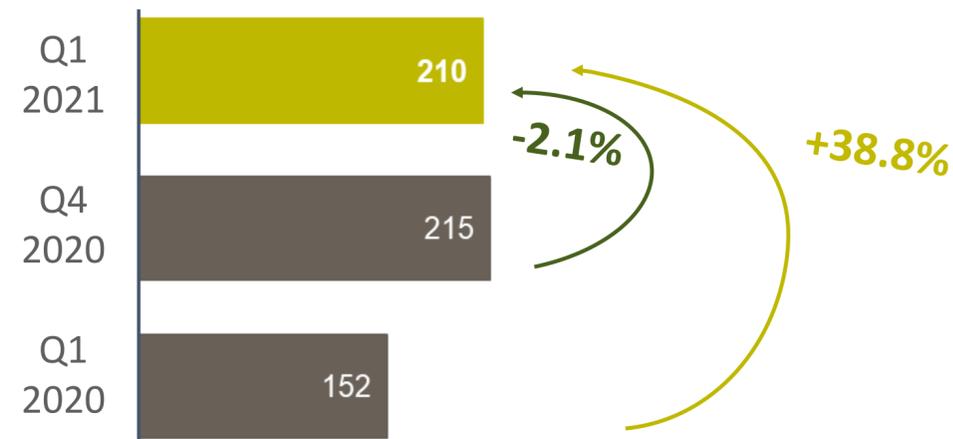
	oct-20	nov-20	dec-20	jan-21	feb-21
BSKP	36	35	35	39	38
BHKP	41	38	35	n/a	n/a

BHKP data for 2021 not available due to absence of Brazil's figures.

Source: Hawkins Wright

### Adjusted EBITDA

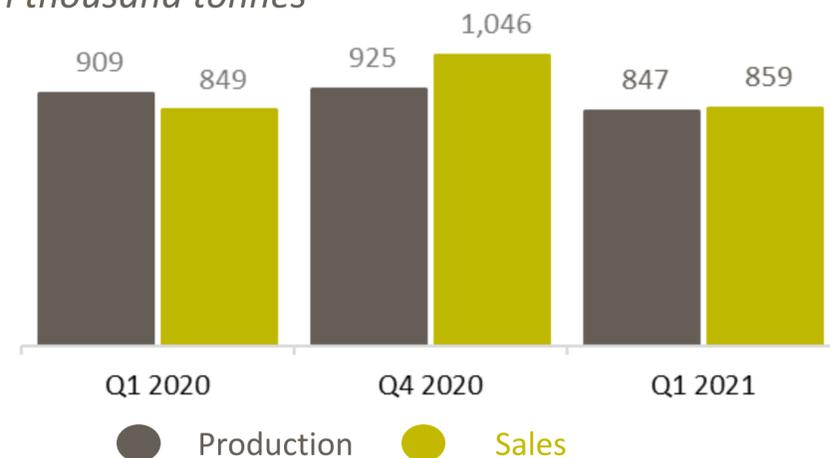
In US\$ million



	Price	Volume	Sales
QoQ	14.9%	-17.9%	-3.4%
YoY	21.2%	1.2%	19.7%

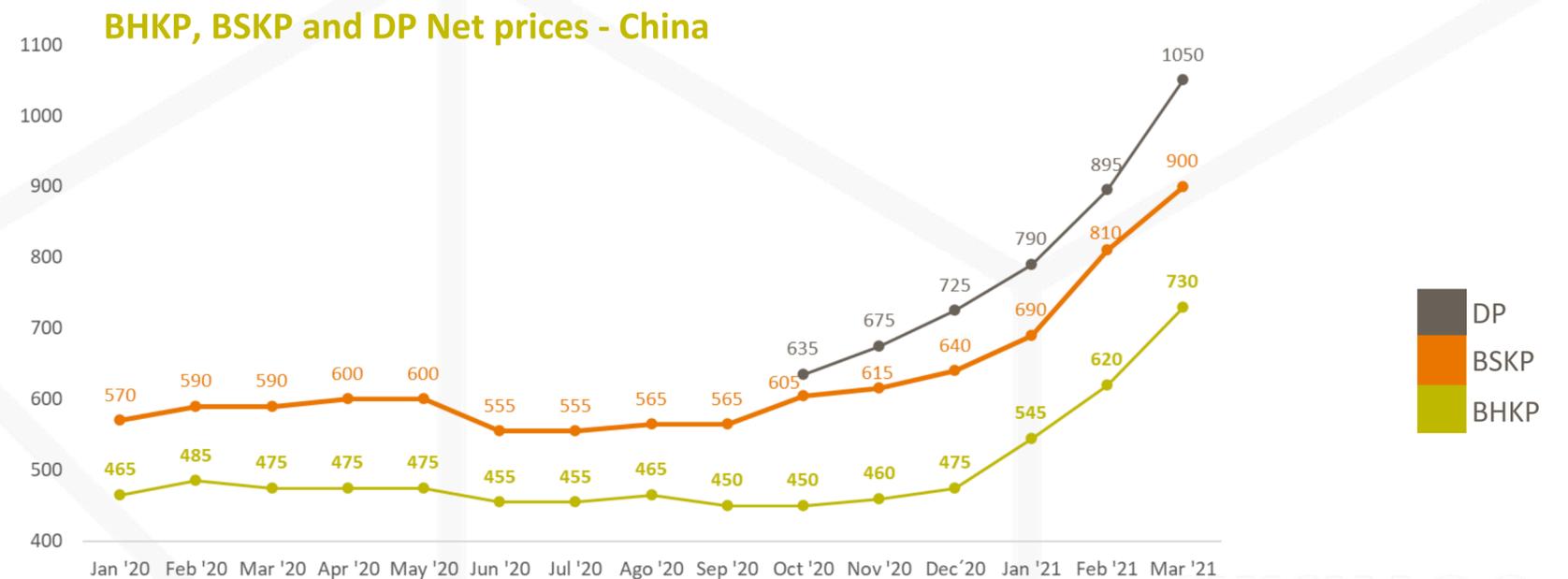
### Production and Sales Volume

In thousand tonnes



### Q1 2021

- During the first quarter of 2021 we saw good pulp demand in all markets, which led to price increases in every fiber and market. The specialty and P&W industries have been the strongest ones, especially in Europe. Tissue remained stable but at a good level. Not all price increase is reflected on Q1 results due to delivery delays caused by logistic and production challenges, but 100% of the increase were materialized from a commercial perspective.
- In China, pulp demand from the different industries remained at high levels, and customers have been able to increase prices of their products. Prices increased consistently throughout the quarter.
- In Europe, despite the mobility restrictions imposed by governments, the P&W, deco paper, and specialty industries, all found themselves with very good demand for their products, which translated into good pulp demand. The tissue industry markets remained stable. As in China, prices increased significantly.

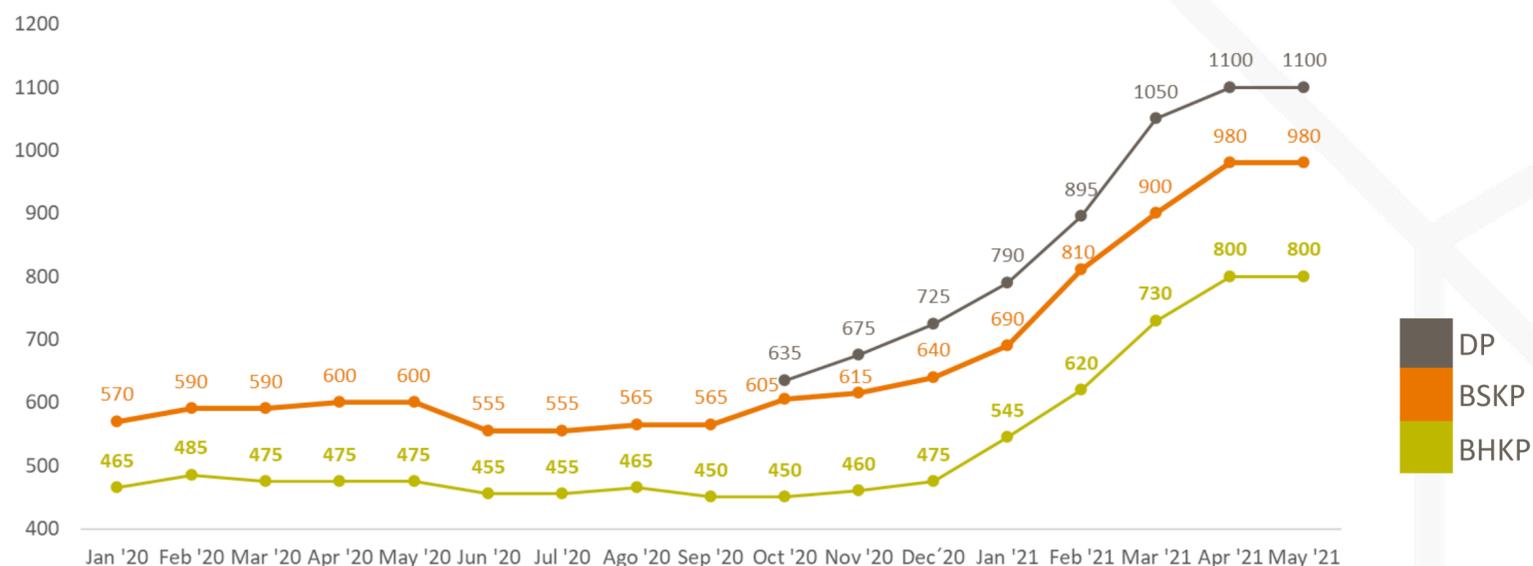


Source: ARAUCO

### For the second quarter of 2021,

- The pulp price trend continued during the first month of Q2 and then stabilizing in the following months. Looking forward, some price adjustments are expected given seasonality effects, but so far there is no important deterioration of markets.
- We expect, given these seasonality effects, a couple of months with a less demanding market in China, but we also expect this to be offset to some extent by very strong demand in Europe and the US in all paper-related industries. We also believe the tissue market will strengthen owing to less mobility restrictions, the coming of the holiday season and tourism-related incentives.
- The first quarter was very positive for DP and for Viscose (VSF) in terms both of demand and price increases. In spite of that, for the coming months we expect some price adjustments mostly due to a decrease in VSF prices, due to a seasonal slowdown, and an increase in supply.

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



Source: ARAUCO

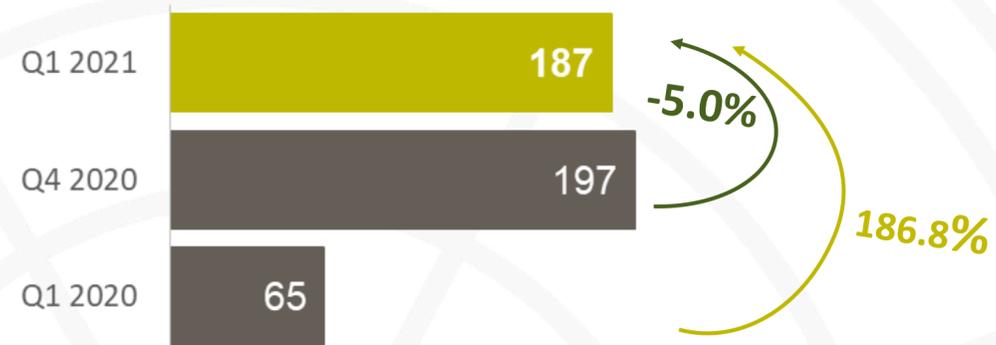
### 2021 Pulp Mills Days of Stoppages

Mill	2021			
	1Q	2Q	3Q	4Q
Arauco - Line 1	11			
Arauco - Line 2		20		
Constitución				
Licancel			10	
Nueva Aldea	15			
Valdivia		11		
Alto Paraná		24		
Montes del Plata				

Maintenance Stoppages:



### Adjusted EBITDA In US\$ million



### Panels\*

	Price	Volume
QoQ	2.3%	-1.4%
YoY	5.8%	3.4%

### Solid Wood\*\*

	Price	Volume
QoQ	12.9%	-9.8%
YoY	25.5%	18.1%

\*MDF, PBO, HB

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

### Q1 2020

- Panels sales increased on a quarterly basis mainly due to an increase in average prices (+2.3%). During this quarter, we saw a very active market due to a higher demand in construction, as well as in home improvement and remodeling. This was accompanied by some supply issues caused by logistic problems.
- Solid Wood average prices also increased significantly during this quarter (+12.9%) due to an increase in levels of consumption in construction, and the repair and remodeling sectors. Positive results continued due to a strong retail channel and some supply issues.
- During the first quarter, Plywood sales volume increased by 13.8%, while average prices increased by 9.1%. This was mainly due to higher demand in markets such as the US, Europe and Oceania, coupled with a shortage in supply.

# WOOD PRODUCTS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In '000 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

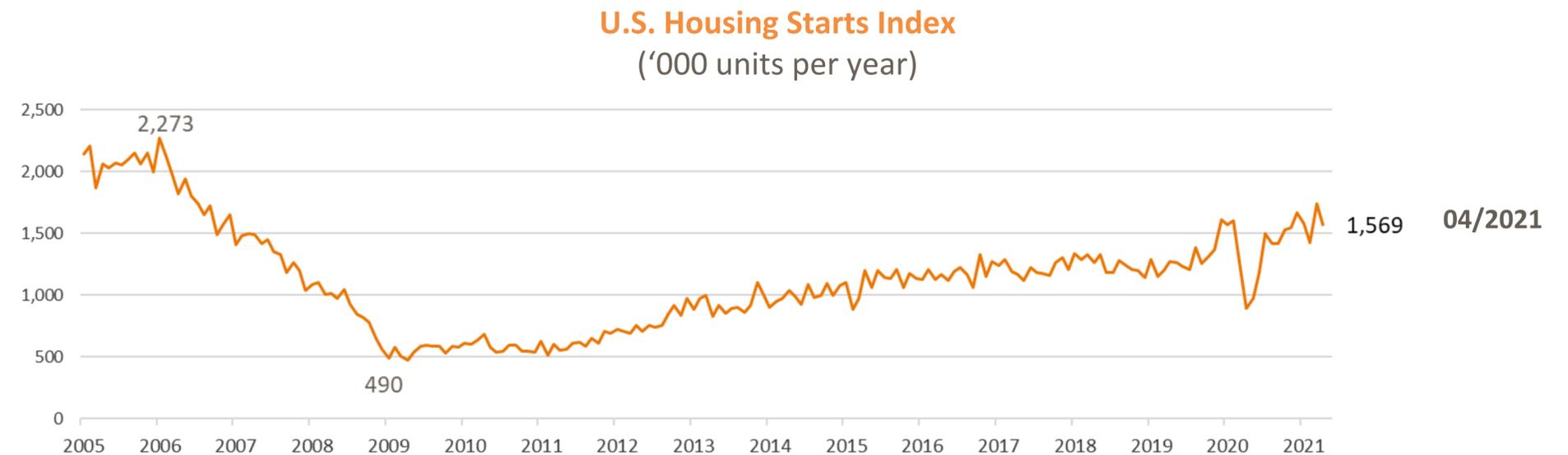
● Production ● Sales

**50%**  
North  
America

**PB/MDF:** during Q1, demand remained strong with high repair and remodeling and strong new construction segments, coupled with a limited supply due to logistical restrictions. Prices continue to increase, and we expect these market conditions to continue in the short term. Prices have reached record levels.

**REMANUFACTURED PRODUCTS:** we continue observing a very active market with historic prices, mainly due to supply shortages and high levels of consumption. Reduced supply from China due to import duties has also tightened the market.

**PLYWOOD:** demand has steadily increased during the past months mostly due to favorable weather, logistical issues and high levels of demand. Prices have reached record levels.



Source: Bloomberg

**37%**  
Central and  
South America

**9%**  
Asia and Oceania

**4%**  
Europe and  
Middle East

### **BRAZIL:**

- Demand stronger than supply for panels, mainly due to high activity in the furniture, moulding and flooring markets.
- We expect the market to continue in high levels for the coming months.

### **CHILE:**

- Demand higher than supply, with record prices in some products and supply shortages.
- Sawn timber and plywood also good, owing to same reasons as in the rest of the world.

### **ASIA:**

- Improvements especially on sawn timber throughout Asia and Oceania.
- Sales also strong in SE Asia.

### **EUROPE:**

- Plywood still improving and has remained at record levels.

### **MIDDLE EAST:**

- Strong demand and price increases because of increased activity in different sectors.

### **ARGENTINA:**

- As in Brazil and Chile, we have seen an increase in demand and prices.
- There have been price increases that have more than compensated inflation and devaluation.

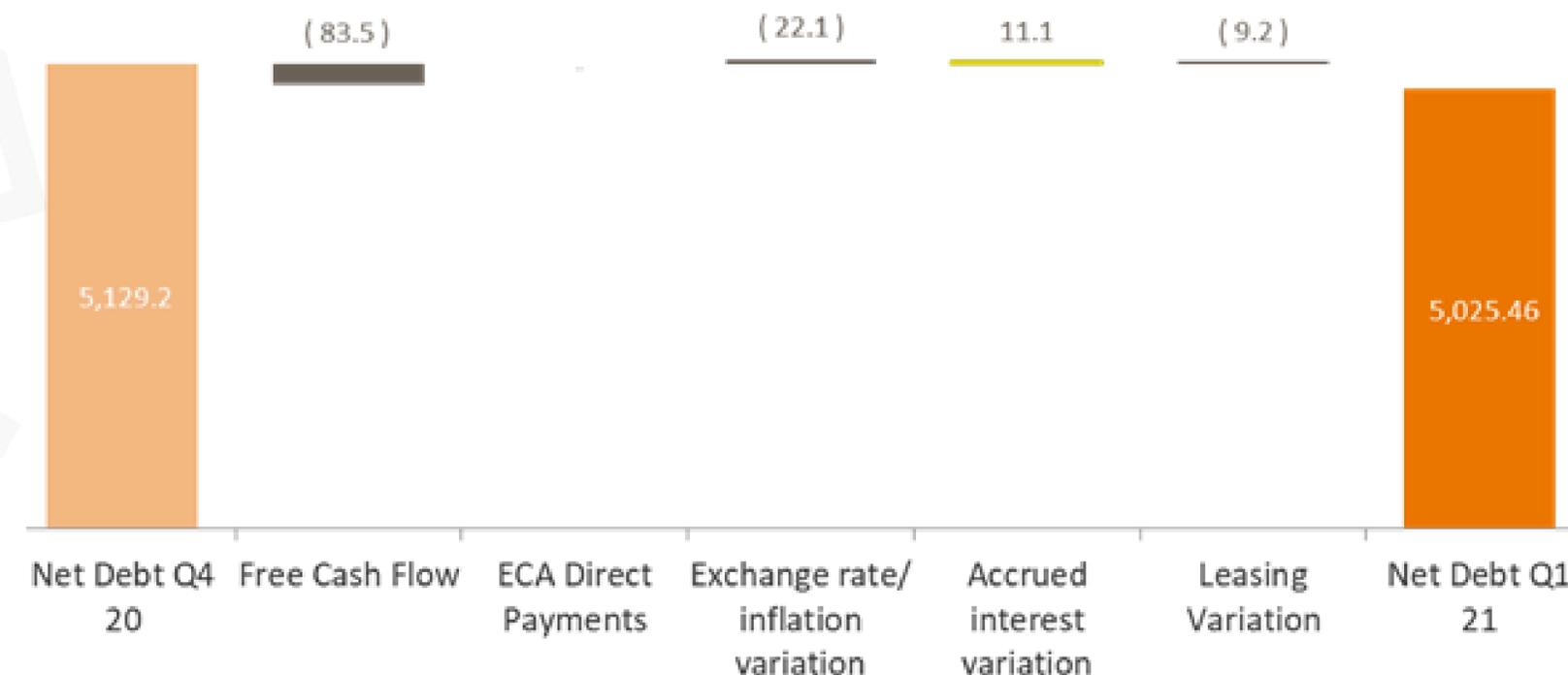
- Reduced supply from China.
- Outlook continues to be positive on the short term.

# FREE CASH FLOW

► In US\$ million

	Q1 2021	Q4 2020
<b>Adjusted EBITDA</b>	<b>384.7</b>	<b>380.8</b>
Working Capital Variation	16.0	(14.7)
Interest paid and received	(38.7)	(80.4)
Income tax received (paid)	49.0	(17.6)
Others	(6.4)	72.2
<b>Cash from Operations</b>	<b>404.7</b>	<b>340.3</b>
Capex (1)	(291.9)	(456.9)
Others	9.5	44.7
<b>Cash from Investment Activities</b>	<b>(282.4)</b>	<b>(412.2)</b>
<b>Cash from Financing activities (net of debt)</b>	<b>(18.3)</b>	<b>(23.2)</b>
Effect of exchange rate changes on cash	(20.5)	15.4
<b>Free Cash Flow</b>	<b>83.5</b>	<b>(79.7)</b>

(1) On a cash basis.



**Cash flow from operating activities** increased US\$64.4 million, mainly due to income tax refunds and lower payments of interest.

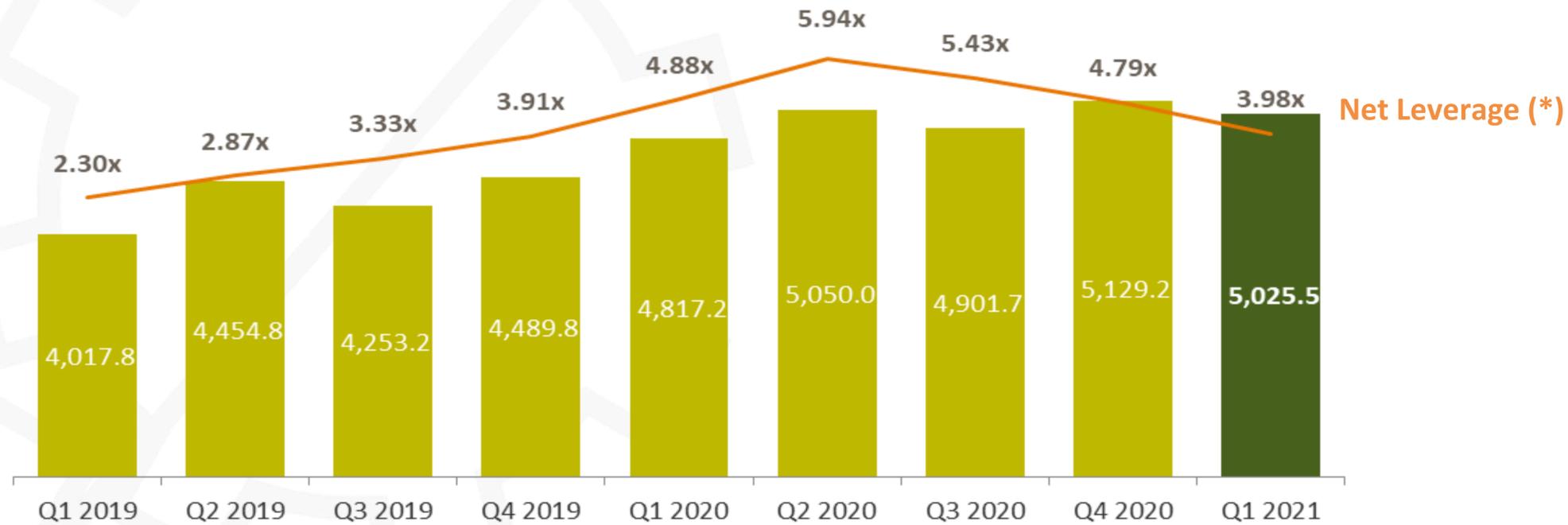
**Cash flow used in investment activities** decreased US\$129.8 million mostly due to a decrease in capital expenditures related to the MAPA project, and effects related to the sale of our share in Forestal Los Lagos SpA.

**Cash flow used in financing activities** decreased by US\$4.9 million.

► Net Debt decreased by US\$103.8 million or by 2.0% QoQ, mostly due to this quarter's positive Free Cash Flow.

# NET FINANCIAL DEBT

► In US\$ million



**Cash and cash equivalents** decreased by 13.2% or US\$140.6 million QoQ.

**Total Financial Debt** decreased by 4.0% or US\$244.4 million QoQ.

**LTM Adjusted EBITDA** reached US\$1,262.0 million, 17.7% higher QoQ.

**Net Leverage (\*)** decreased from 4.79x to 3.98x QoQ, mainly due to the increase of LTM Adjusted EBITDA.

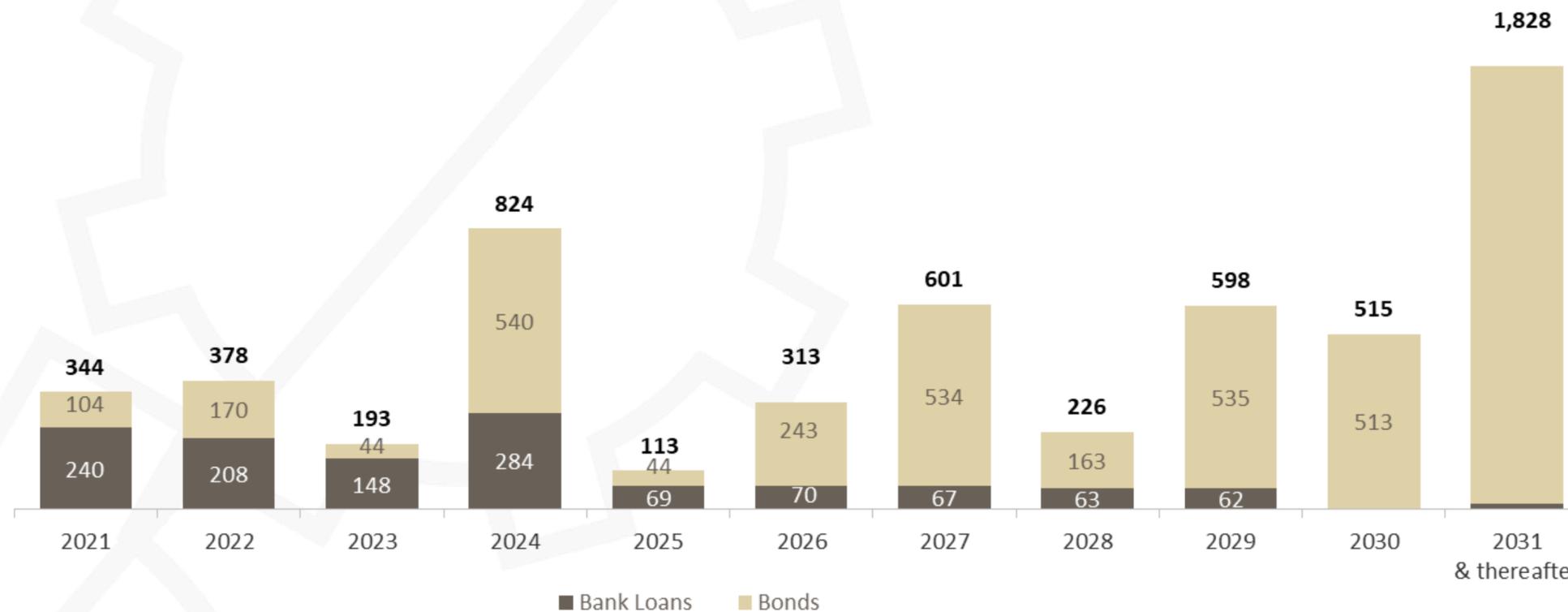
	March 2021	December 2020
Short Term Debt	511	370
Long Term Debt	5,439	5,824
<b>Total Debt</b>	<b>5,950</b>	<b>6,194</b>
Cash	924	1,065
<b>Net Debt</b>	<b>5,025</b>	<b>5,129</b>

(\*) Net Debt / LTM Adjusted EBITDA

# DEBT

► In US\$ million

AS OF MARCH 2021

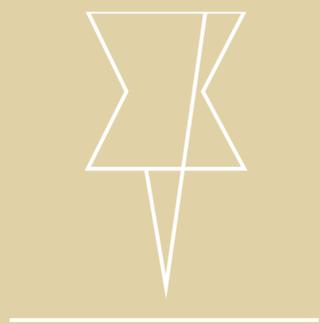


## BANK OBLIGATIONS FOR 2021 INCLUDE:

- US\$ 192 million in bank loans
- US\$ 48 million in leasing

## BOND OBLIGATIONS FOR 2021 INCLUDE:

- US\$ 104 million in bond obligations. This includes amortizations of local bonds and interest payments.



# MATERIAL FACTS AND NEWS

# PREPAYMENT OF 200MM BANK LOAN

On March 29, 2021, we prepaid the entire outstanding amount of a U.S.\$200.0 million club deal bank loan that we maintained with The Bank of Nova Scotia, Banco del Estado de Chile, Export Development Canada and Sumitomo Mitsui Banking Corporation. This loan originally had a maturity date on September 2023.

There were some interest rate swap agreements associated with this loan, which we unwound following such prepayment. Our rationale for this prepayment reflects the current positive market development in our pulp and wood products divisions, which allowed us to use higher than expected operating cashflows to reduce our debt.



On May 13, 2021, Forestal Arauco S.A., a subsidiary of the Company, executed a master agreement, by means of which it agreed to sell to a third party, 461 forest properties that include a total of 80,489 hectares, of which 61,742 are productive hectares, for a total price of US\$385,500,000, plus the corresponding Value Added Tax.

The closing of the transaction is subject to compliance with conditions precedent that are customary for this type of transactions, including the authorization by the antitrust authorities.

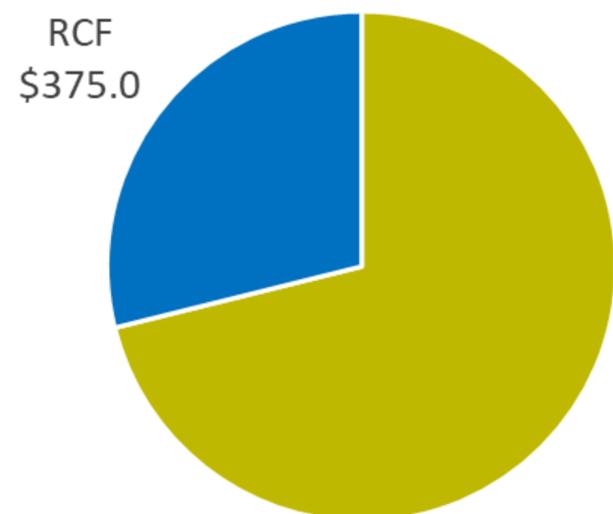
Once all the conditions have been met, the parties will proceed to execute the sale and deed for each property and, additionally, timber supply and preferential right purchase agreements, a firefighting services agreement and an agreement for transitional services for the management of operational tasks, among other documents.

It has been preliminarily estimated that, should closing of the transaction occur, it will generate a gain for 2021 or 2022, depending on the closing date, of approximately US\$192,500,000 after taxes, as a result of the sale of all the properties.



Our cash position was US\$924.1 million at the end of the first 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.

During September 2020, we received US\$250 million as part of the capital increase previously approved by the board. Additionally, during May 2021 we received US\$200 million as part of the same capital increase. The remainder of US\$250.0 million may be received during 2021 also as a capital increase, depending on the required resources during this year.



**Total: US\$1,299.1 million**

Cash as of  
December  
2020  
\$924.1

MAPA Project overall progress as of the end of April 2021 was 83.0%.

## Recent Highlights

- Work on the marine outfall completed.
- Work on the high voltage transmission line finished.
- Hydraulic test of power boiler done

We have 5 test centers installed with a capacity of performing up to 2,000 PCR exams per day. To date, more than 300,000 PCR tests have been applied to workers of the project.

We estimate that the startup will take place at **during the fourth quarter of 2021**. At that point the existing eucalyptus line (Line 1) will be permanently shut down in accordance with the environmental permit.



# MAPA PROJECT UPDATE

MATERIAL FACTS AND NEWS





Q&A

## **INVESTOR RELATIONS**

A replay of this conference call will be available on our web site  
and through the following numbers until June 11, 2021

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Replay Access Code	10157094

## **FOR FURTHER INFORMATION**

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