

ARAUCO

THE VALUE OF NATURE

From nature and renewables,
we contribute to people and the planet.

Cristián Infante
Chief Executive Officer

November 2024

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Arauco at
a glance

02

Competitive
Advantages

03

Pulp
Market

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Wood Products
Market

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ESG



ARAUCO at a glance

- We are one of Latin America's largest forest plantation owners and one of the world's largest producers of market pulp and panels in terms of production capacity.
- We have industrial operations in Chile, Argentina, Brazil, Mexico, the United States, Canada and in Uruguay, through our 50% share in the Montes del Plata joint operation, and in Spain, Portugal, Germany and South Africa, through our 50% share in the Sonae Arauco joint venture.
- As of December 31, 2023, we owned and operated approximately 1.0 million hectares (2.5 million acres) of forest plantations in Chile, Argentina, Brazil and Uruguay combined.

Credit Ratings

International Scale

Fitch Ratings	BBB	✘
S&P	BBB-	✔
Moody's	Baa3	✔

✔ Outlook: stable

✘ Outlook: negative

Financial Highlights

In US\$ million, as of September 2024, LTM

Adj. Ebitda	1,976
EBITDA Margin	30.6%
Net Debt / EBITDA	2.78x
Net Income	287
CAPEX	1,038
Revenues	6,453



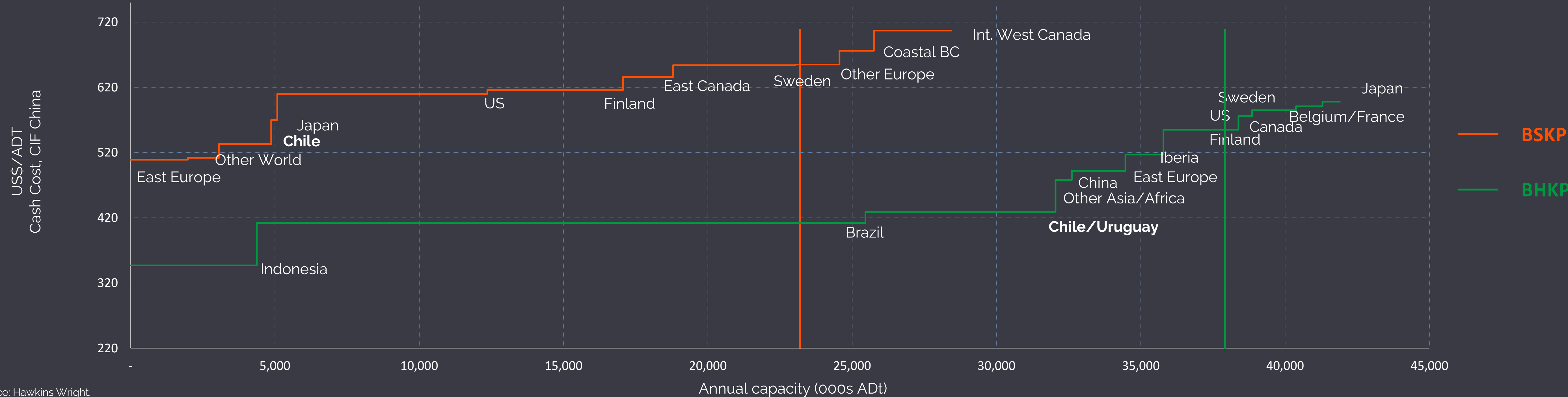


02

(a) Pulp Cost Advantages

Our competitive Advantages

- (a) Cost Advantages
- (b) Logistic Efficiency
- (c) Diversification



Source: Hawkins Wright.
Other world includes Argentina, China and Oceania.





02

(b) Pulp Logistic Efficiency

AVERAGE DISTANCES (km) FROM

FORESTS TO MILLS

CHILE > **85**

URUGUAY > **282**

ARGENTINA > **80**

CONSTITUCIÓN >

NUEVA ALDEA >

ARAUCO >

VALDIVIA >

MONTES DEL PLATA >

ALTO PARANÁ >

WEIGHTED AVG. >

MILLS TO PORTS

316

63

35

301

0

Local Sales

152 (1)

Our competitive Advantages

(a) Logistic Efficiency

(b) Cost Advantages

(c) Diversification

Source: ARAUCO.

(1) Calculated using sales volume for 2023.

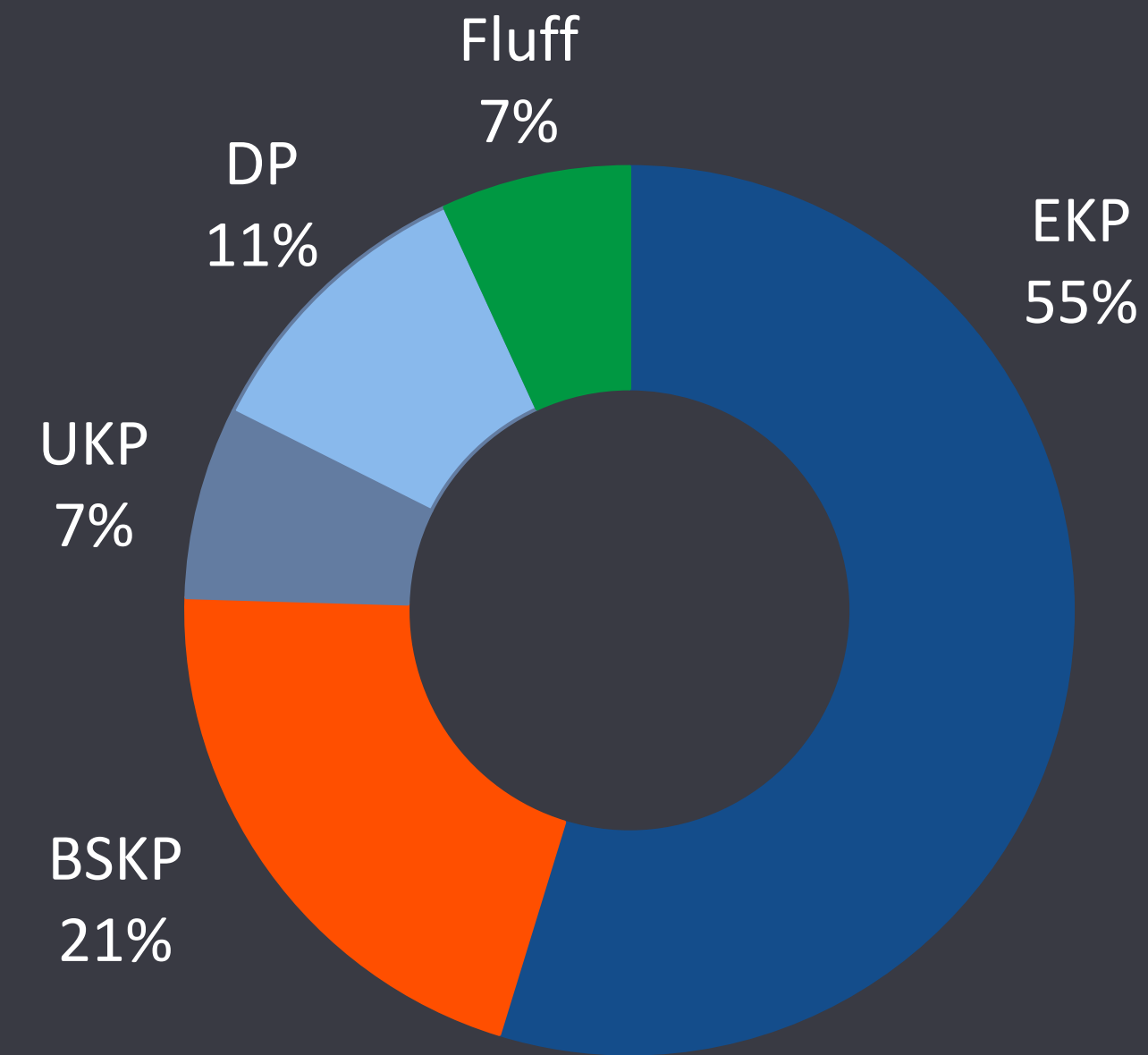




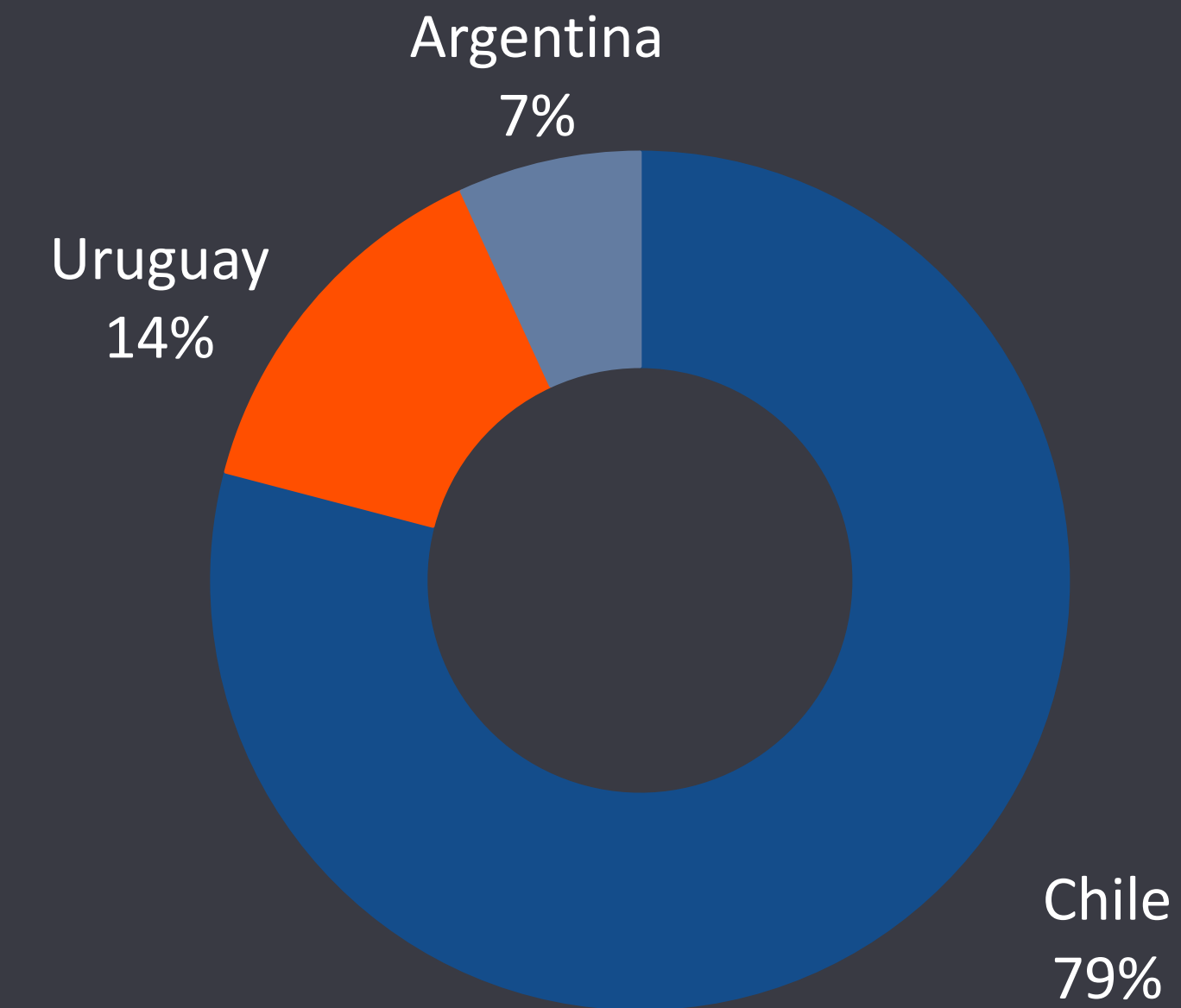
02

(c) Diversification: Pulp Business capacity

By product



By region



Our competitive Advantages

- (a) Logistic Efficiency
- (b) Cost Advantages
- (c) Diversification**





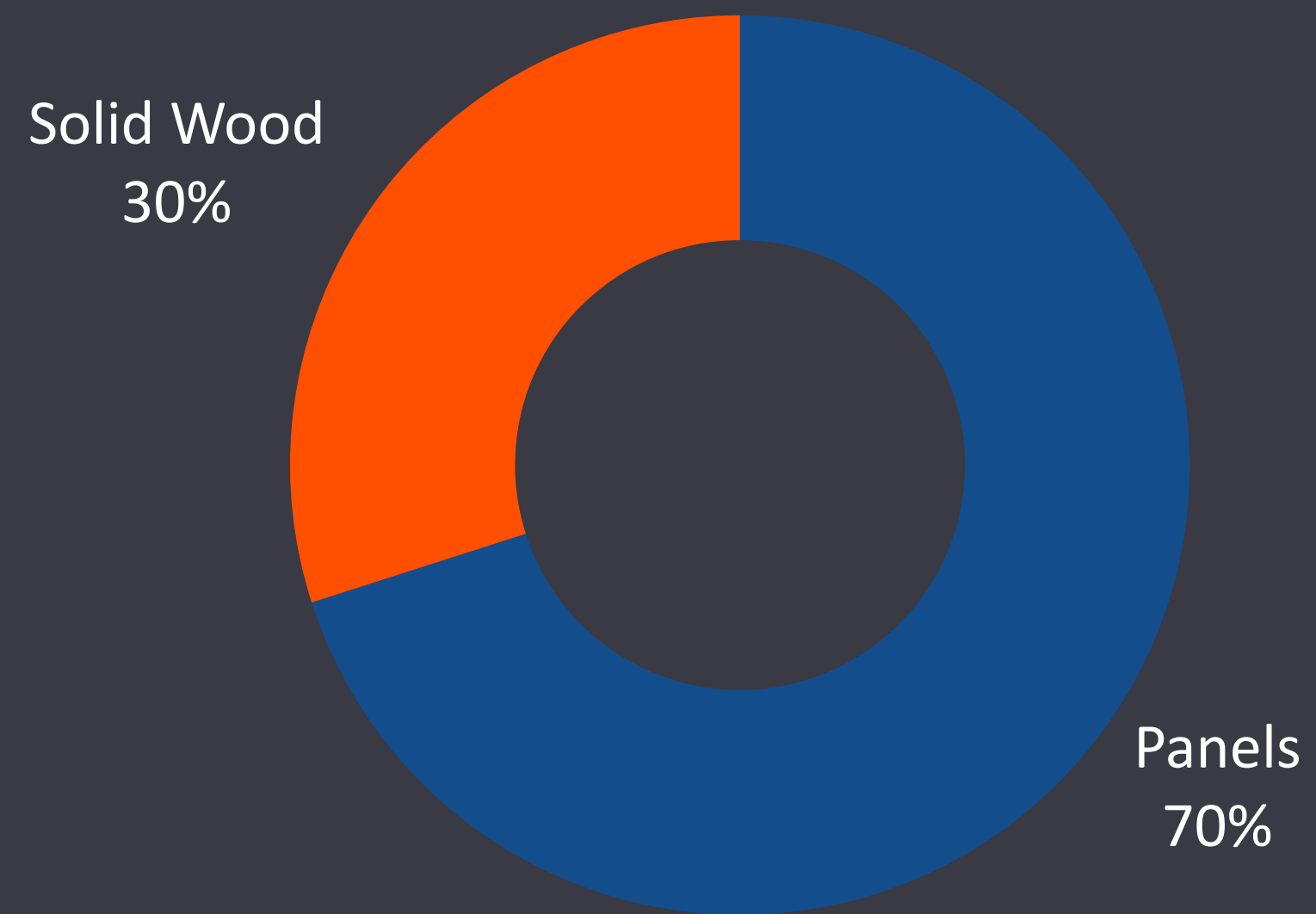
02

(c) Diversification: Wood Products Business capacity*

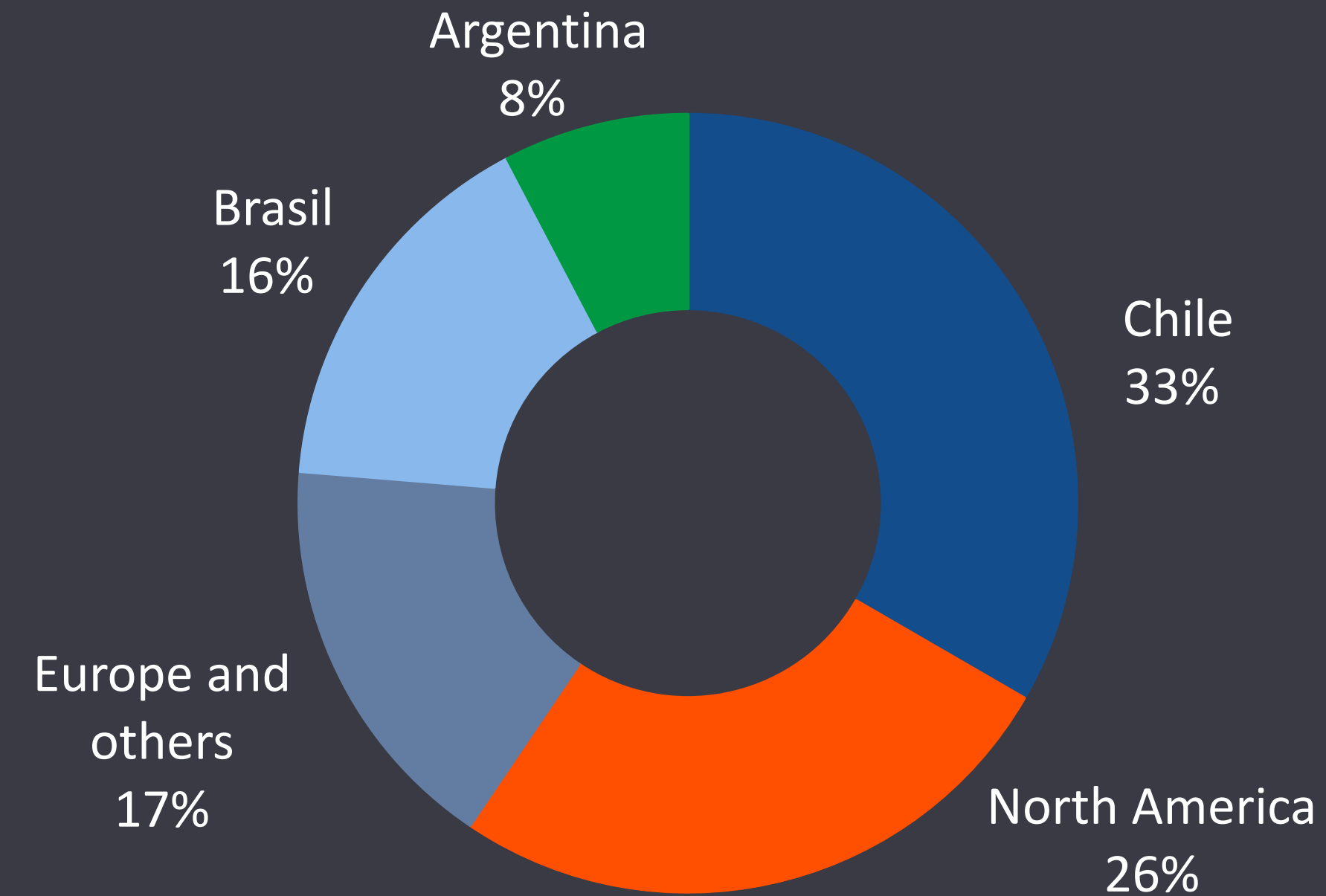
Our competitive Advantages

- (a) Logistic Efficiency
- (b) Cost Advantages
- (c) Diversification**

By product



By region



*Arauco owns 50% of Sonae Arauco

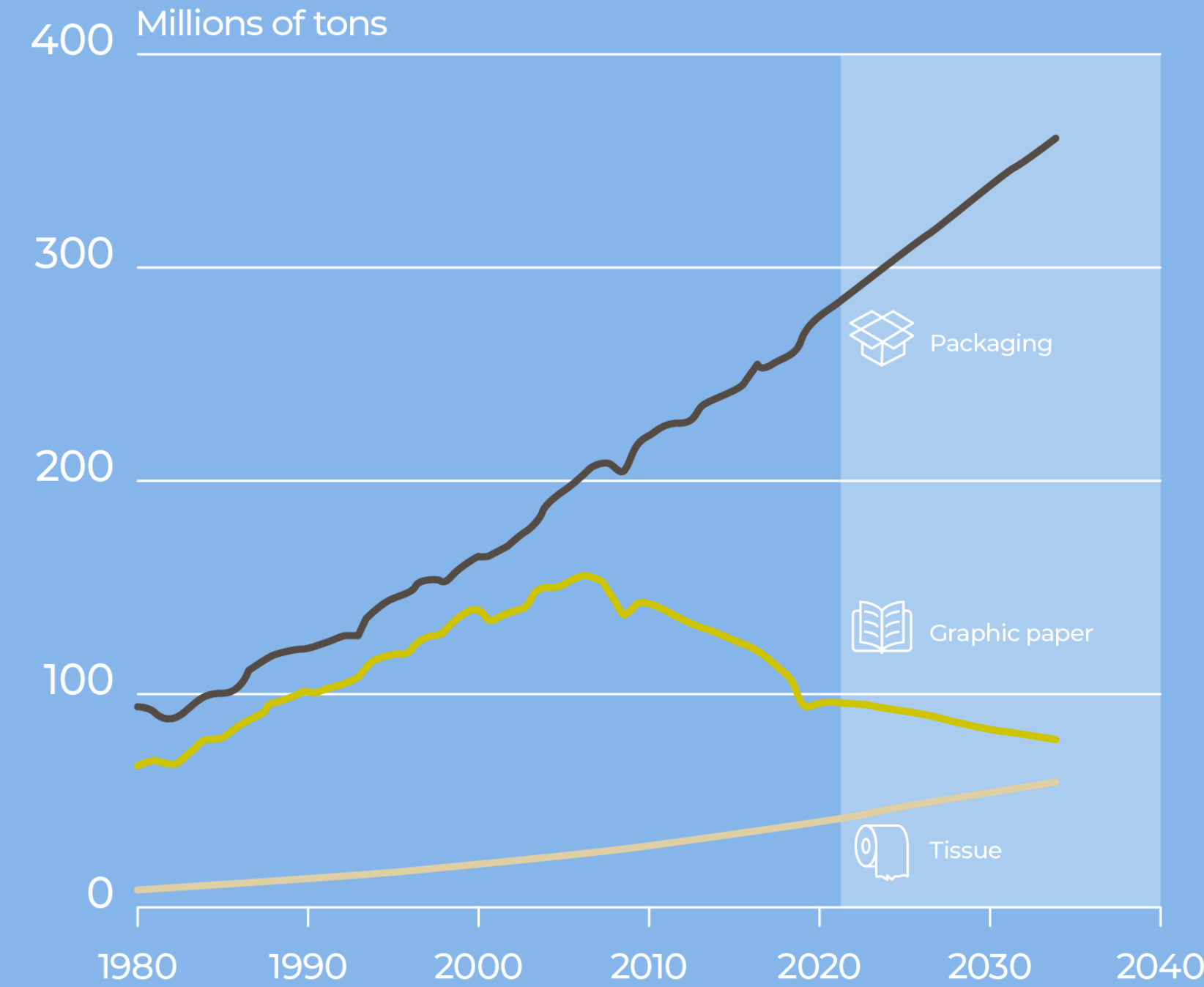




Pulp Market future outlook end users

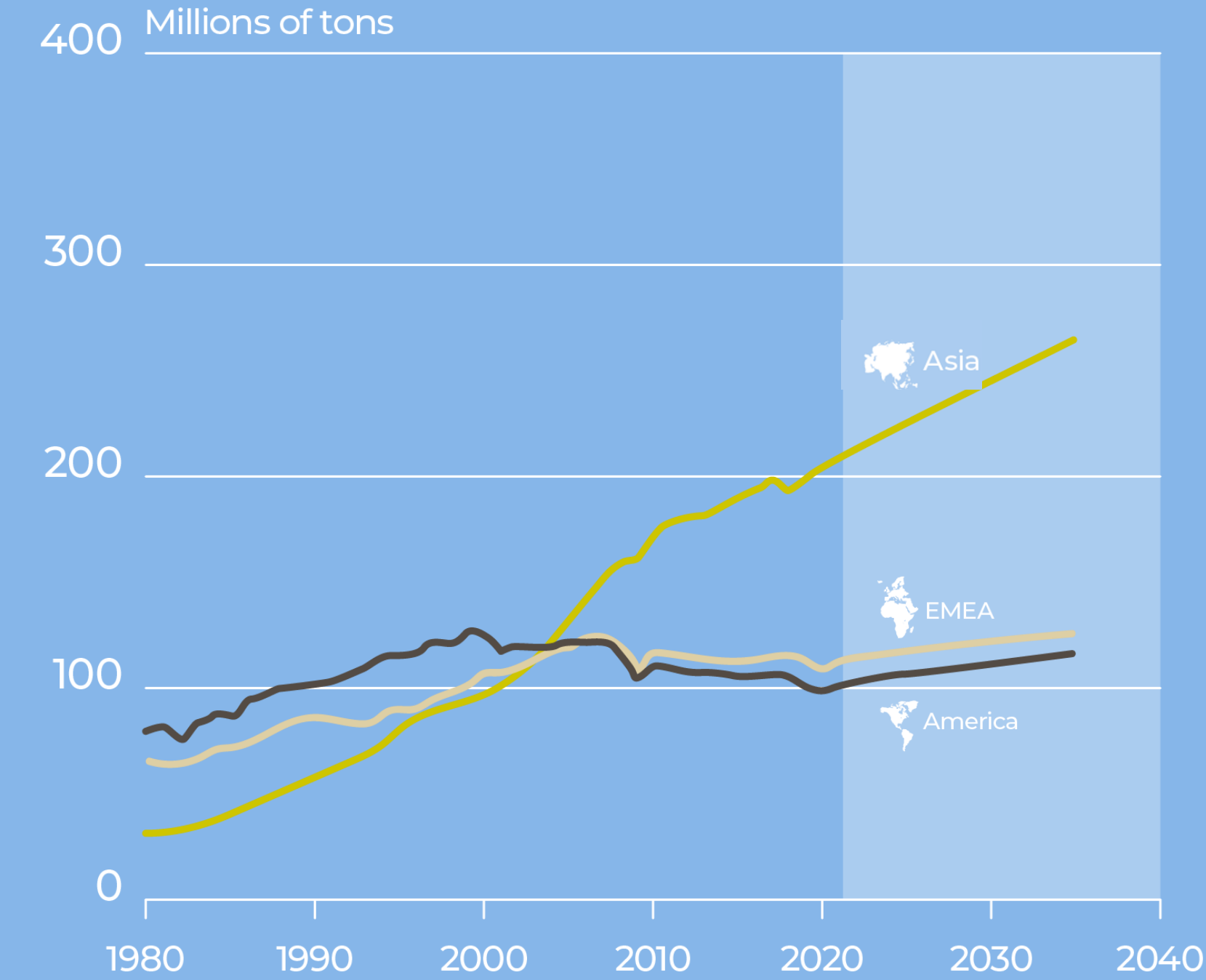
The global paper and cardboard markets for packaging and tissue continue to grow, mainly in Asia and emerging economies

World Production of paper and cardboard:
by category



Source: AFRY

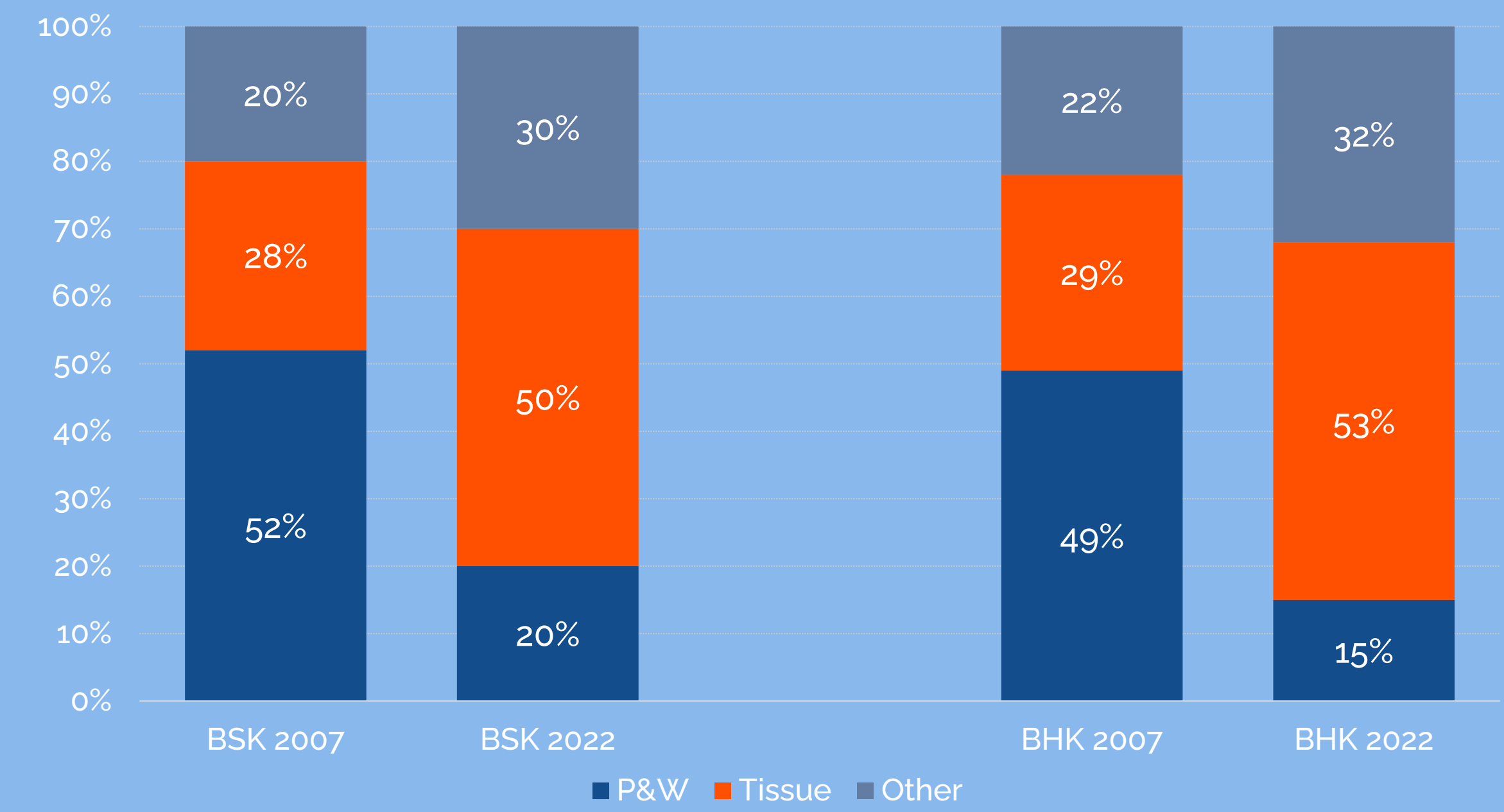
World Production of paper and cardboard:
by region



Pulp Market future outlook end users: Tissue

Tissue paper is the biggest end-use for market pulp

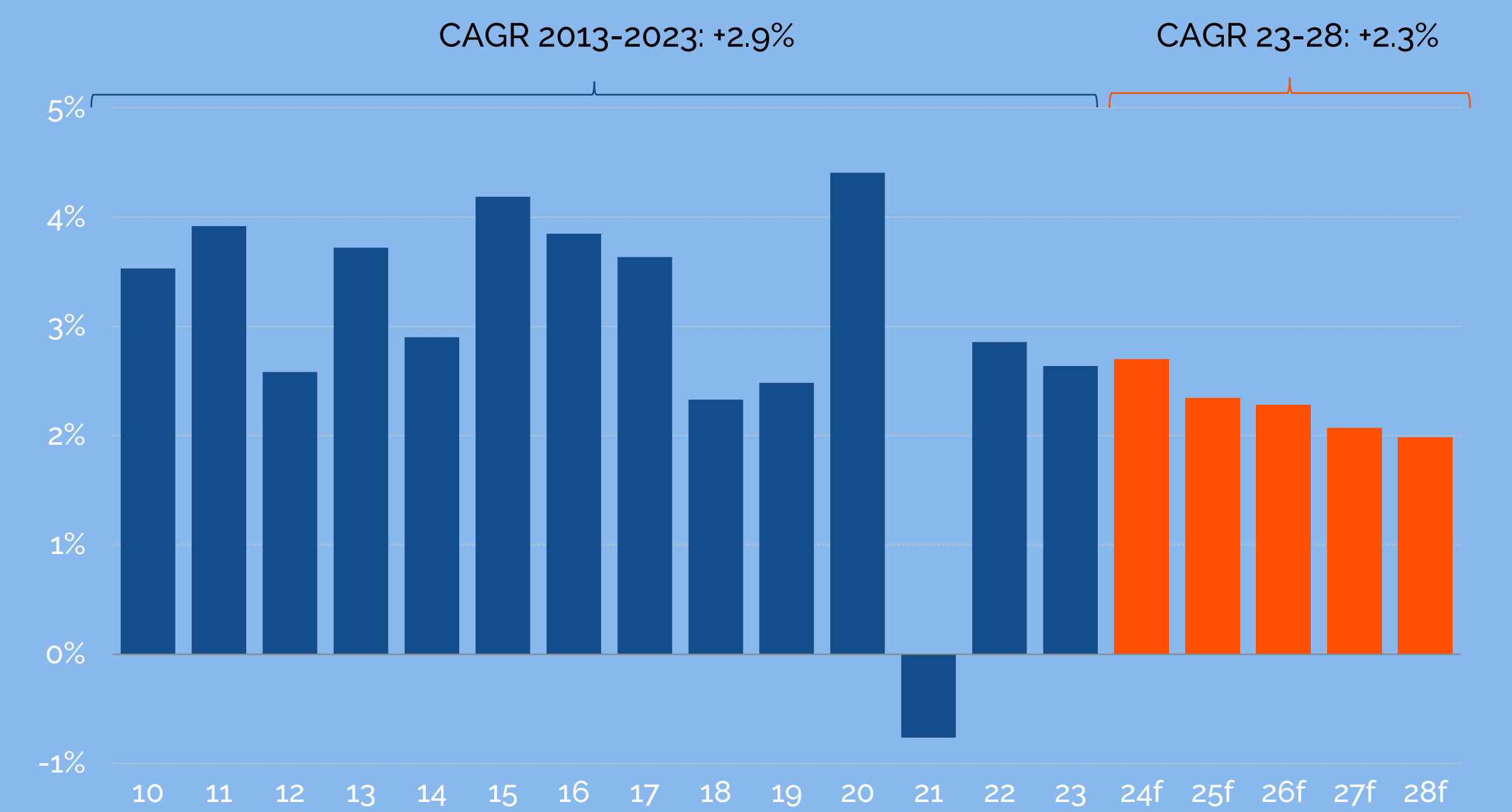
World End-Uses for BSK and BHK



Source: TTO

It is expected that tissue demand will grow just over **2.0%** per year out to 2028

Global tissue demand YoY % change



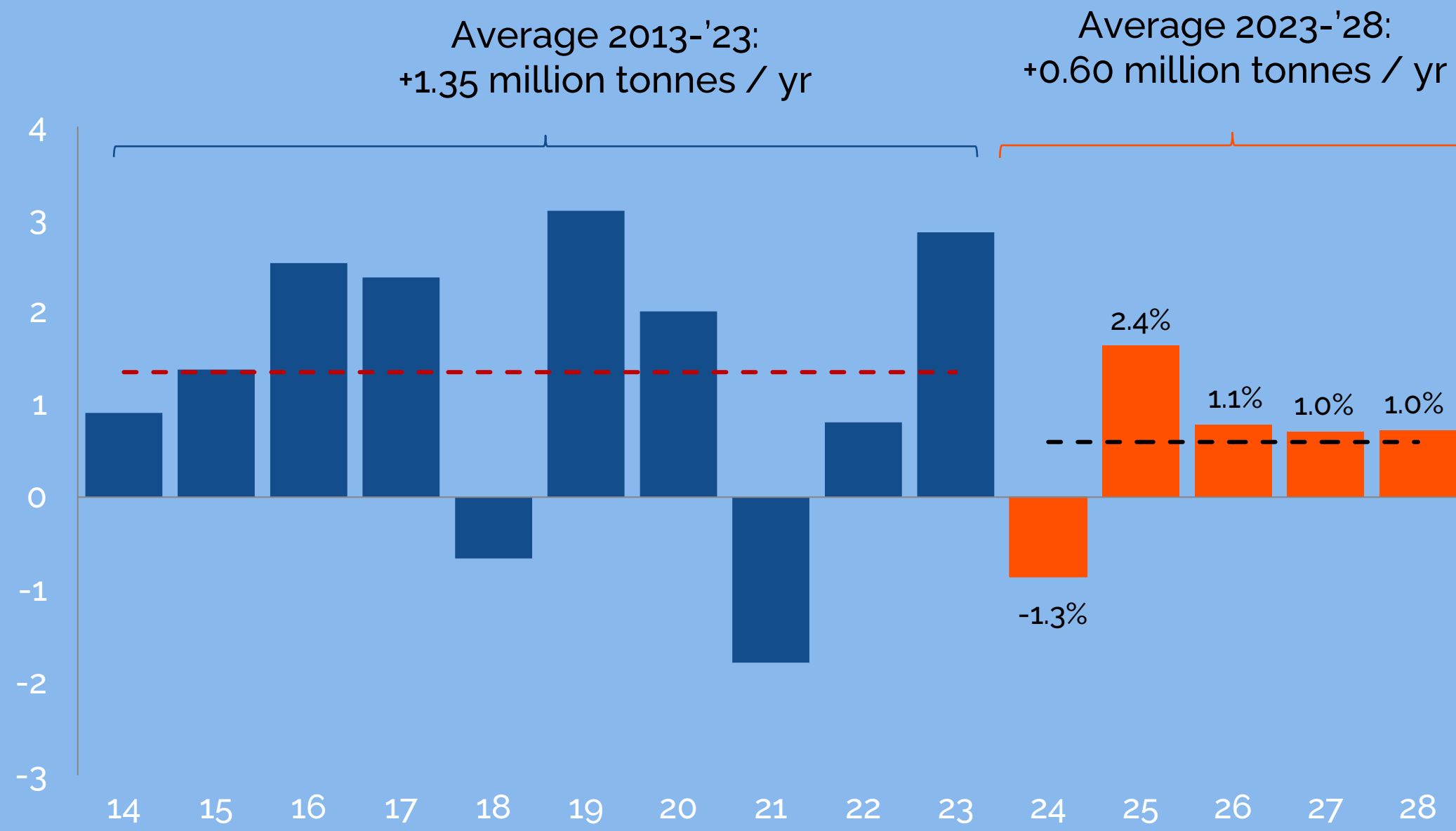
Source: Numera Analytics

Pulp Market future outlook: Demand

Up to August 2024 pulp demand had decreased 1% compared to the previous year, from January to April 2024 pulp demand was higher than 2023.

Pulp demand expected to decrease this year 1.3% but to rebound to 2.4% in 2025, and moderate moving forward.

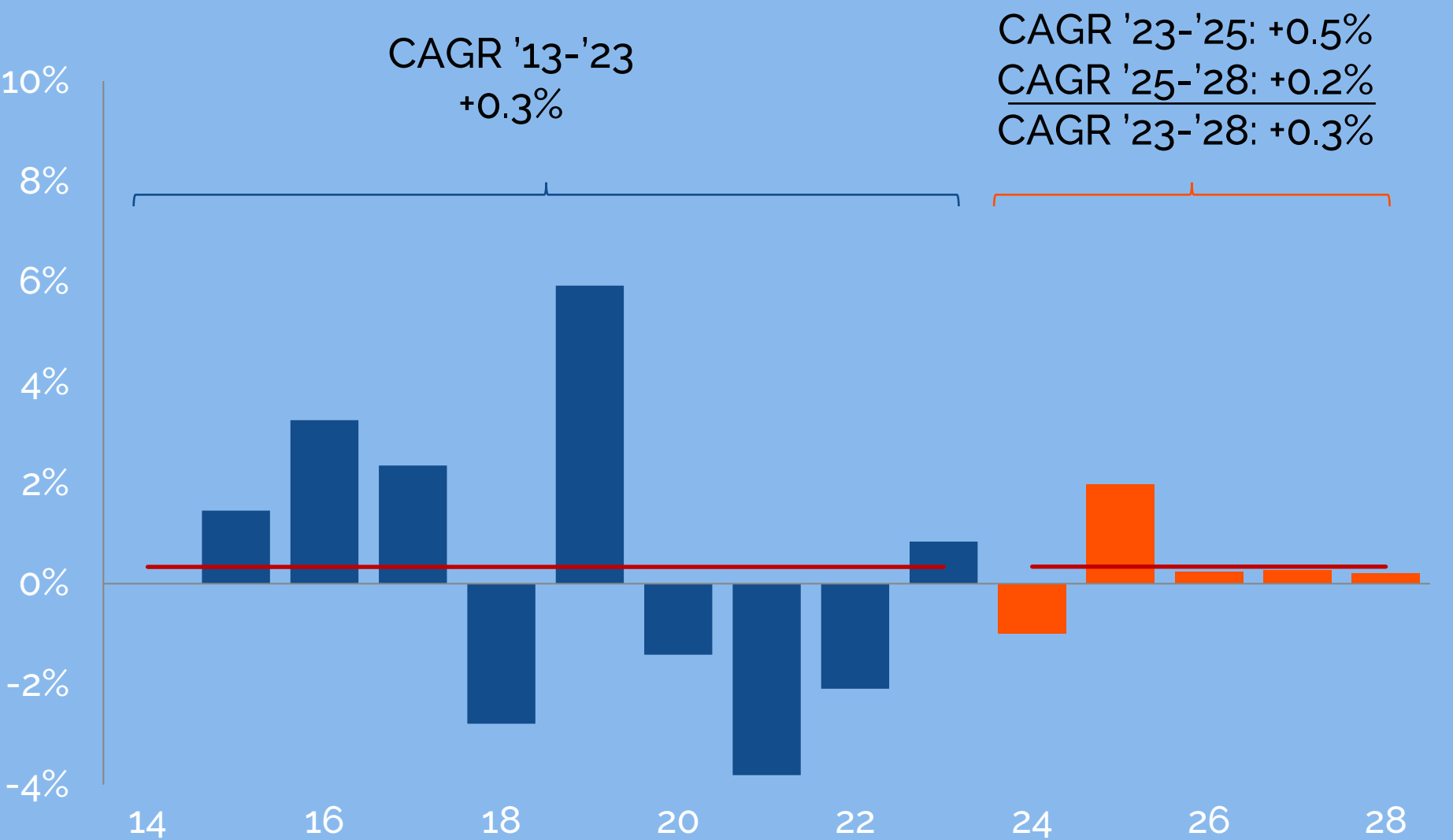
World chemical market pulp demand y-o-y increase in million tonnes and %



Source: PPPC

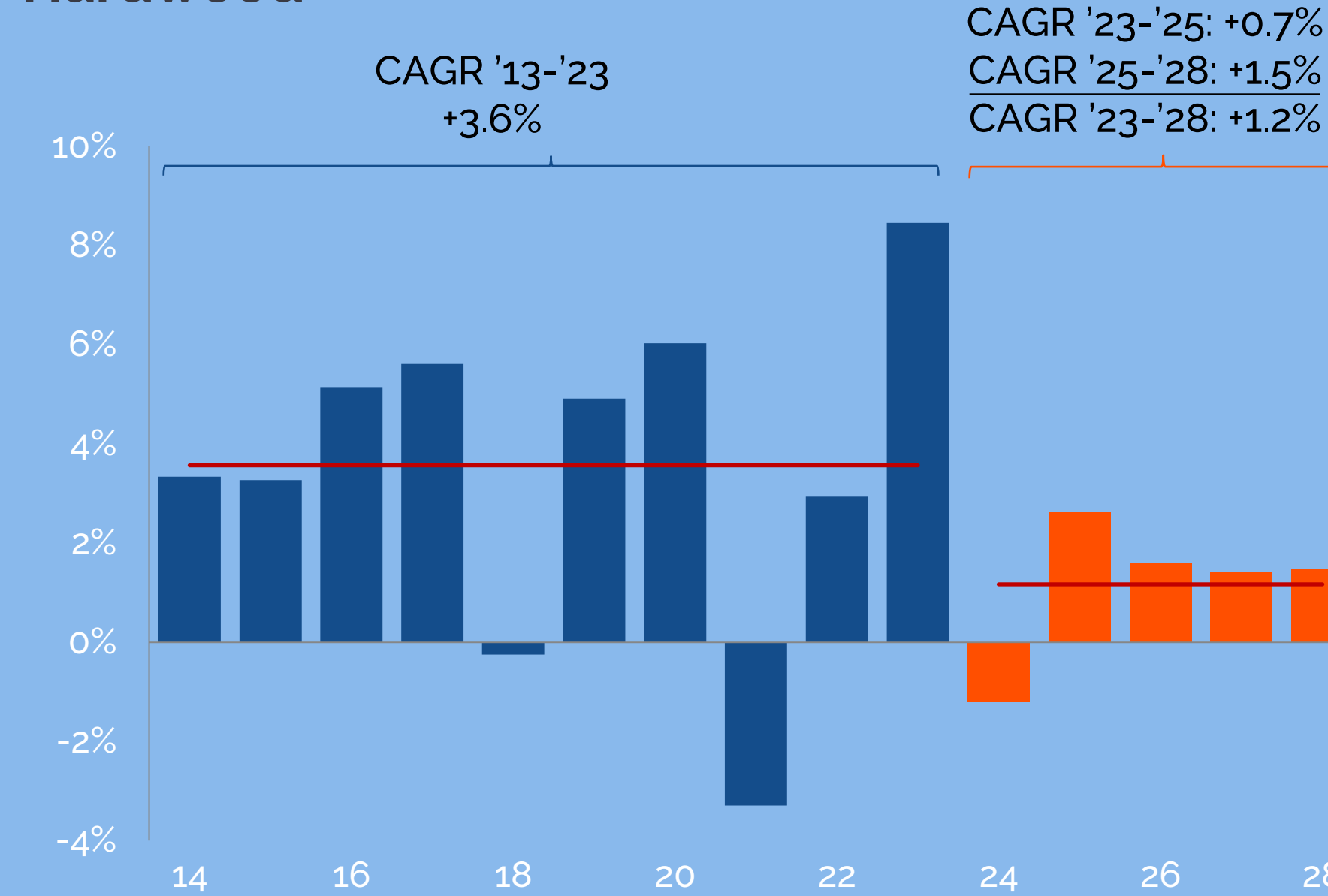
World bleached softwood and hardwood Market Pulp Demand % growth per year

Softwood



Source: PPPC

Hardwood



Pulp Market future outlook: Supply

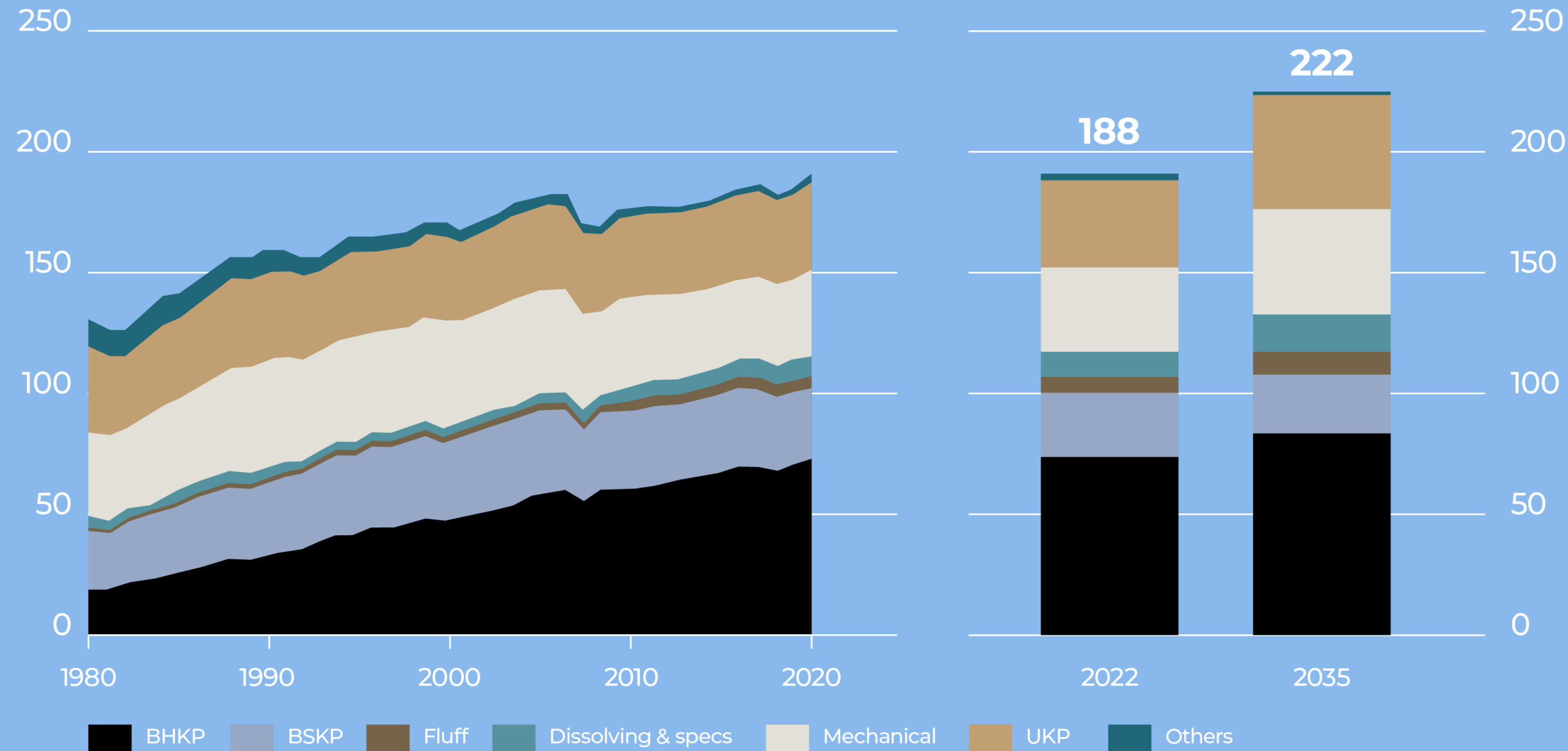
How has been supply over the past decades?

- Short fiber pulp has a history of success, having gained the largest market share

What will come and be relevant in the coming years?

- Future projects will also be mainly from short fiber
- Over 3 million ton of BSK capacity shut down last 2 years
- China massive paper/pulp capacity surge

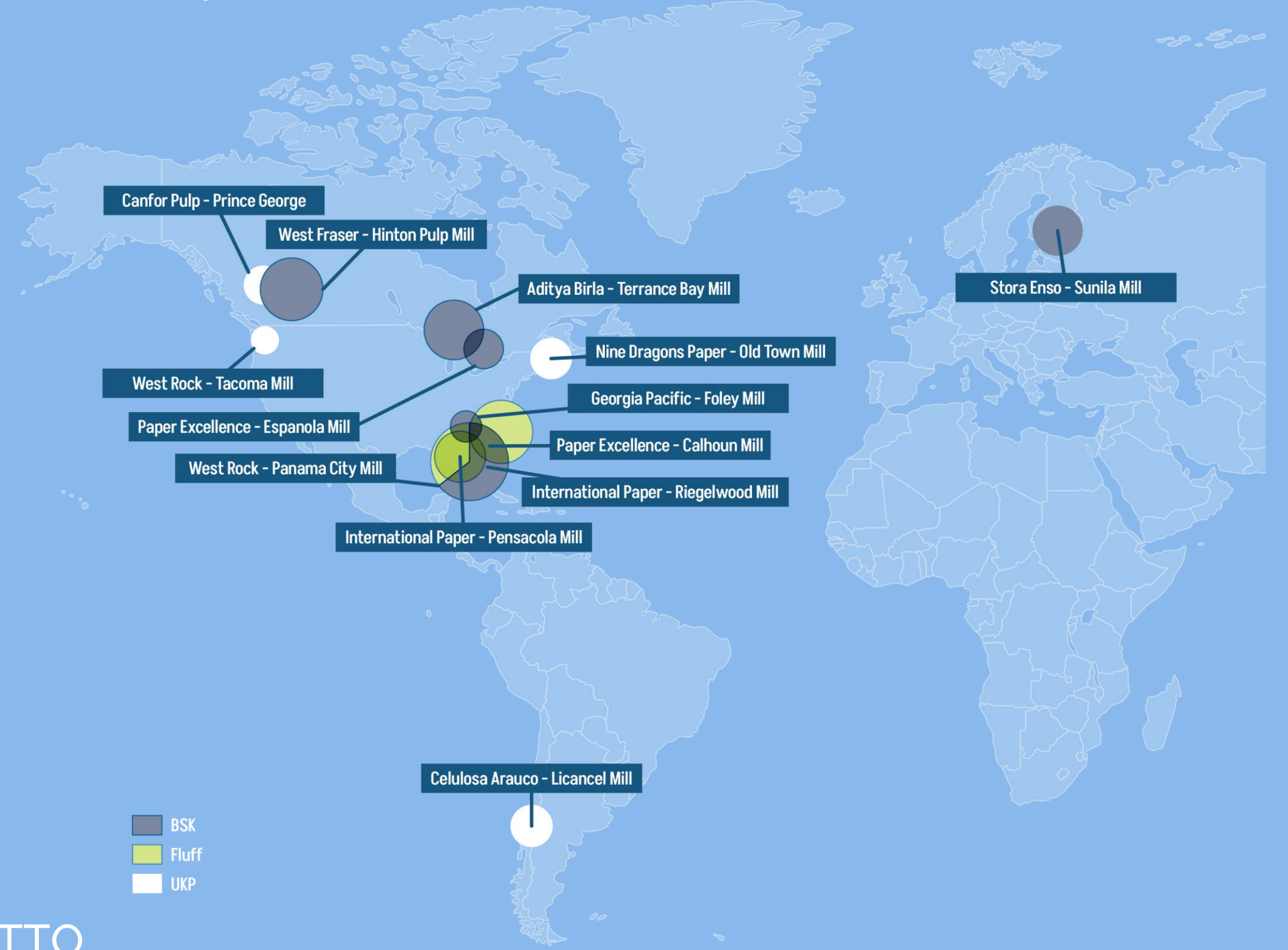
World Pulp Production (market and integrated pulp)



→ CAGR '22-'35
1.29%

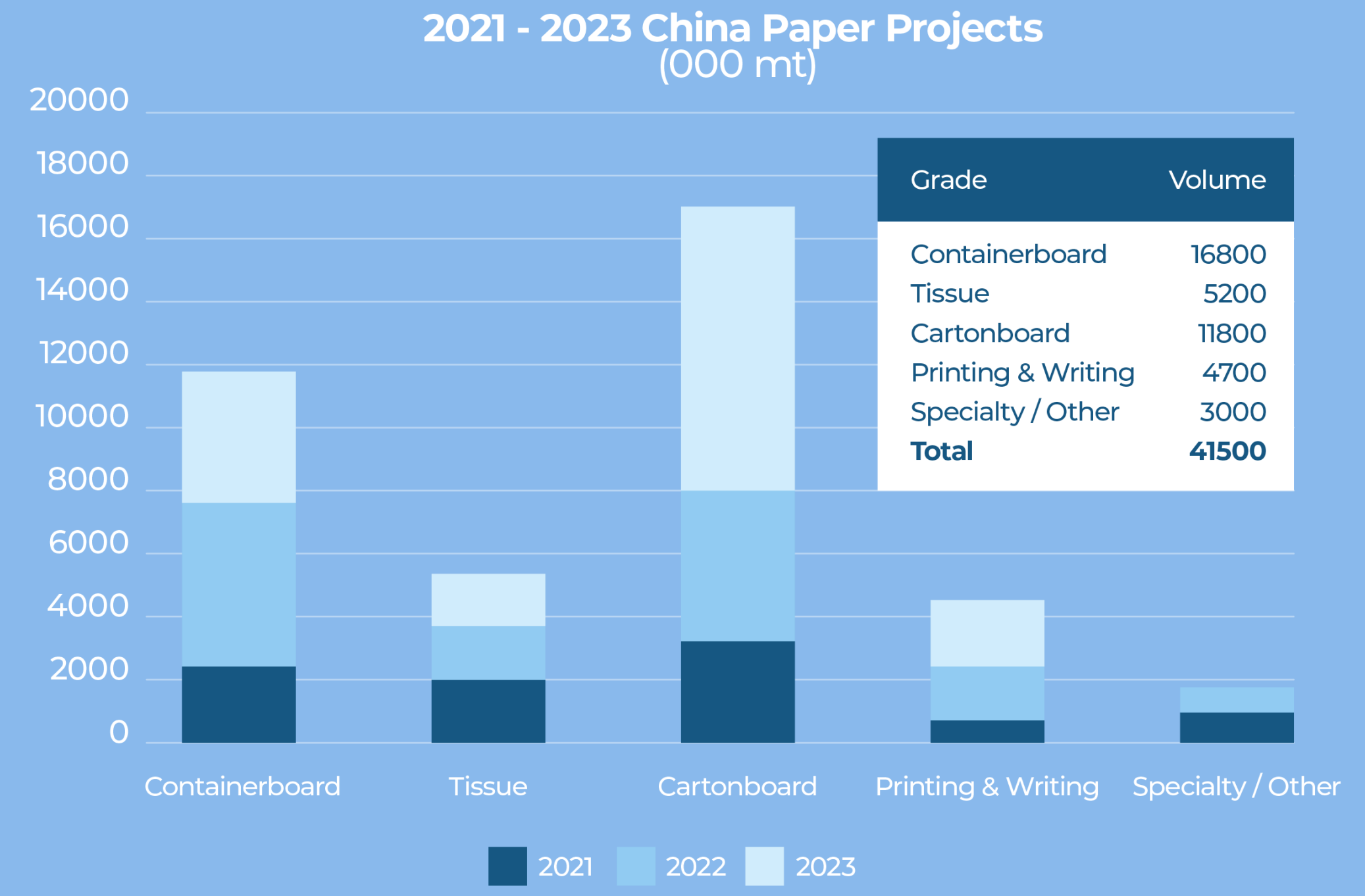
Pulp Market future outlook: Supply

BSK Capacity Closures



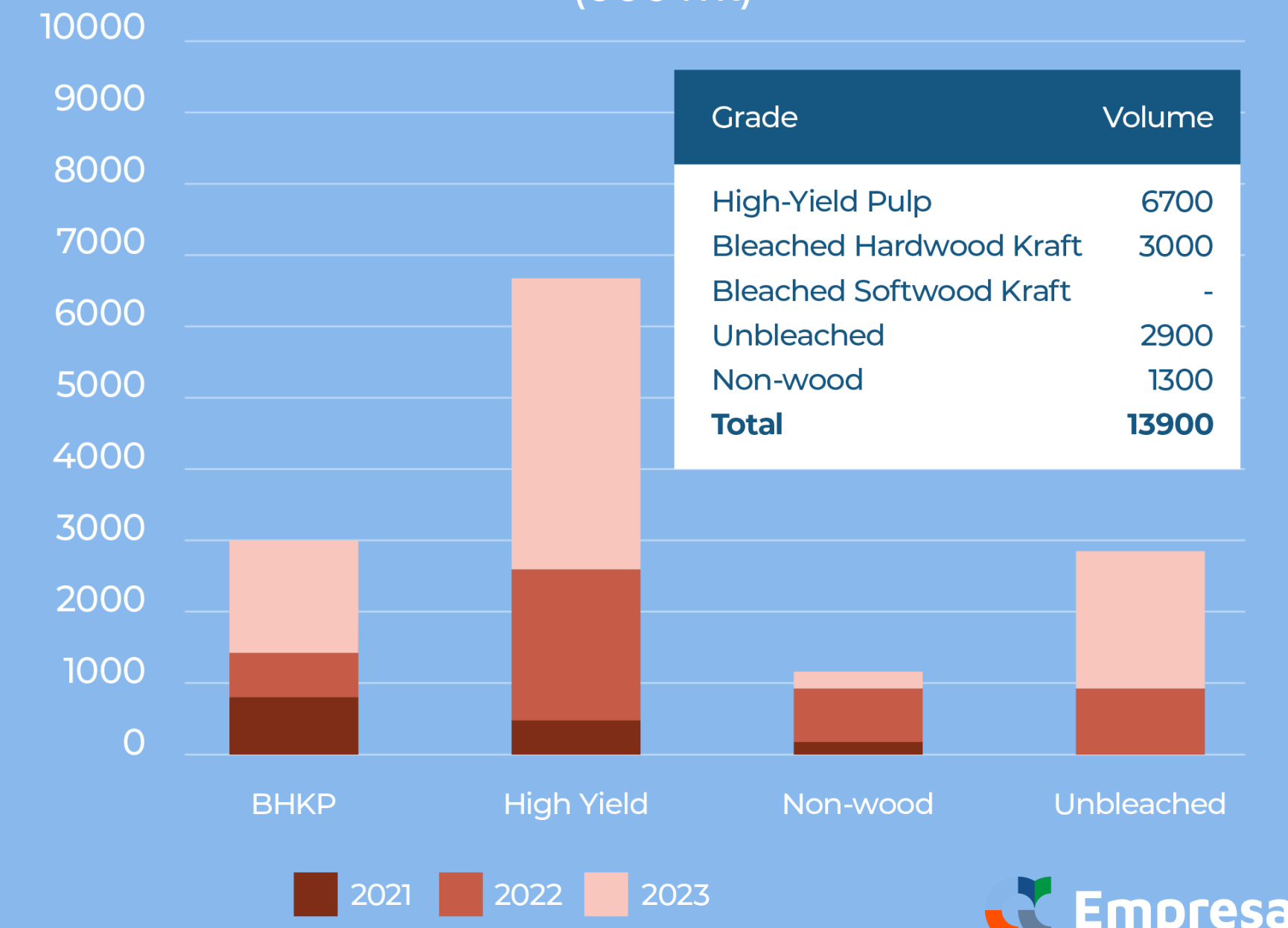
Source: TTO

China paper and pulp projects



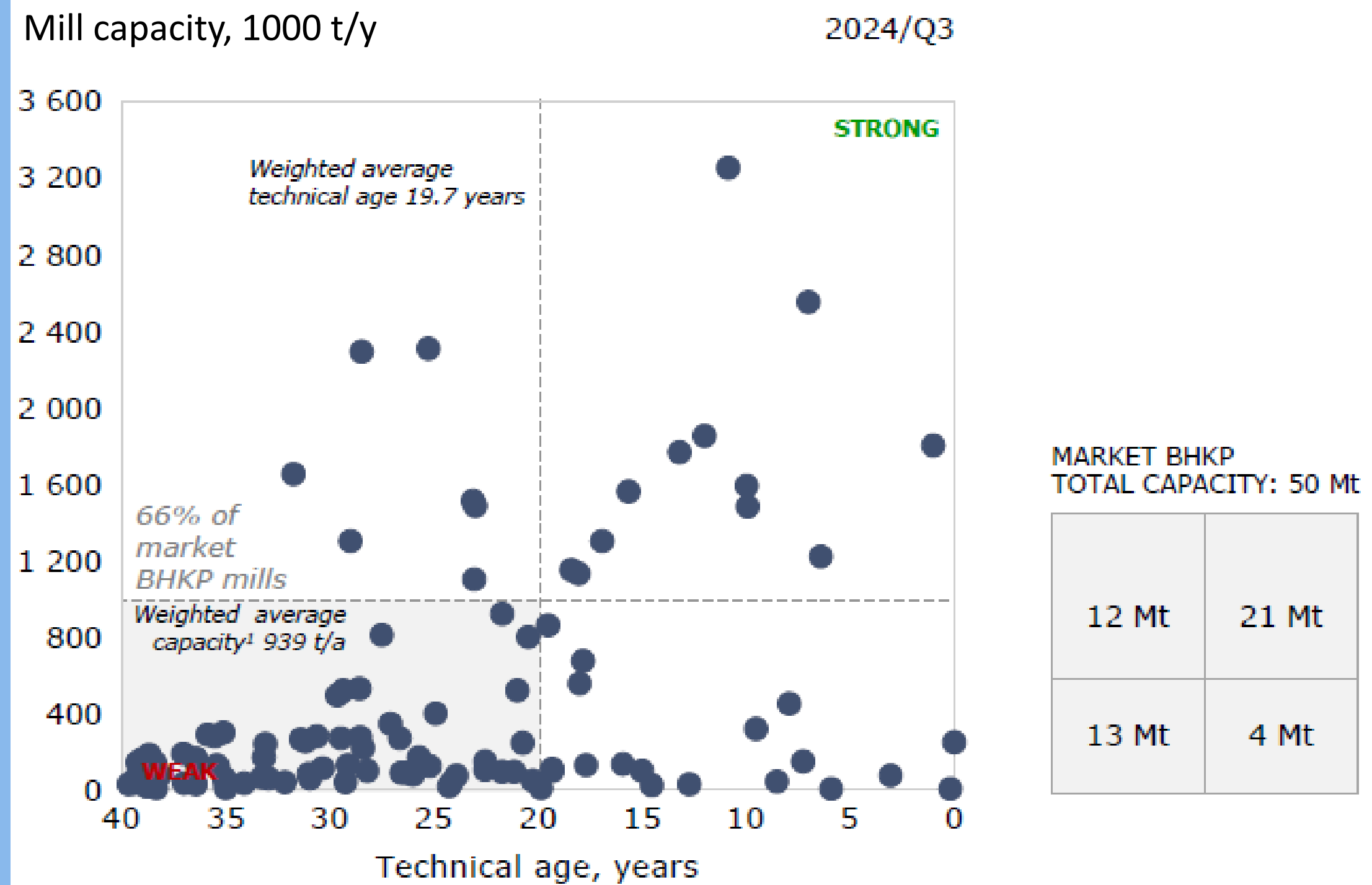
Source: TTO

2021 - 2023 China Pulp Projects (000 mt)



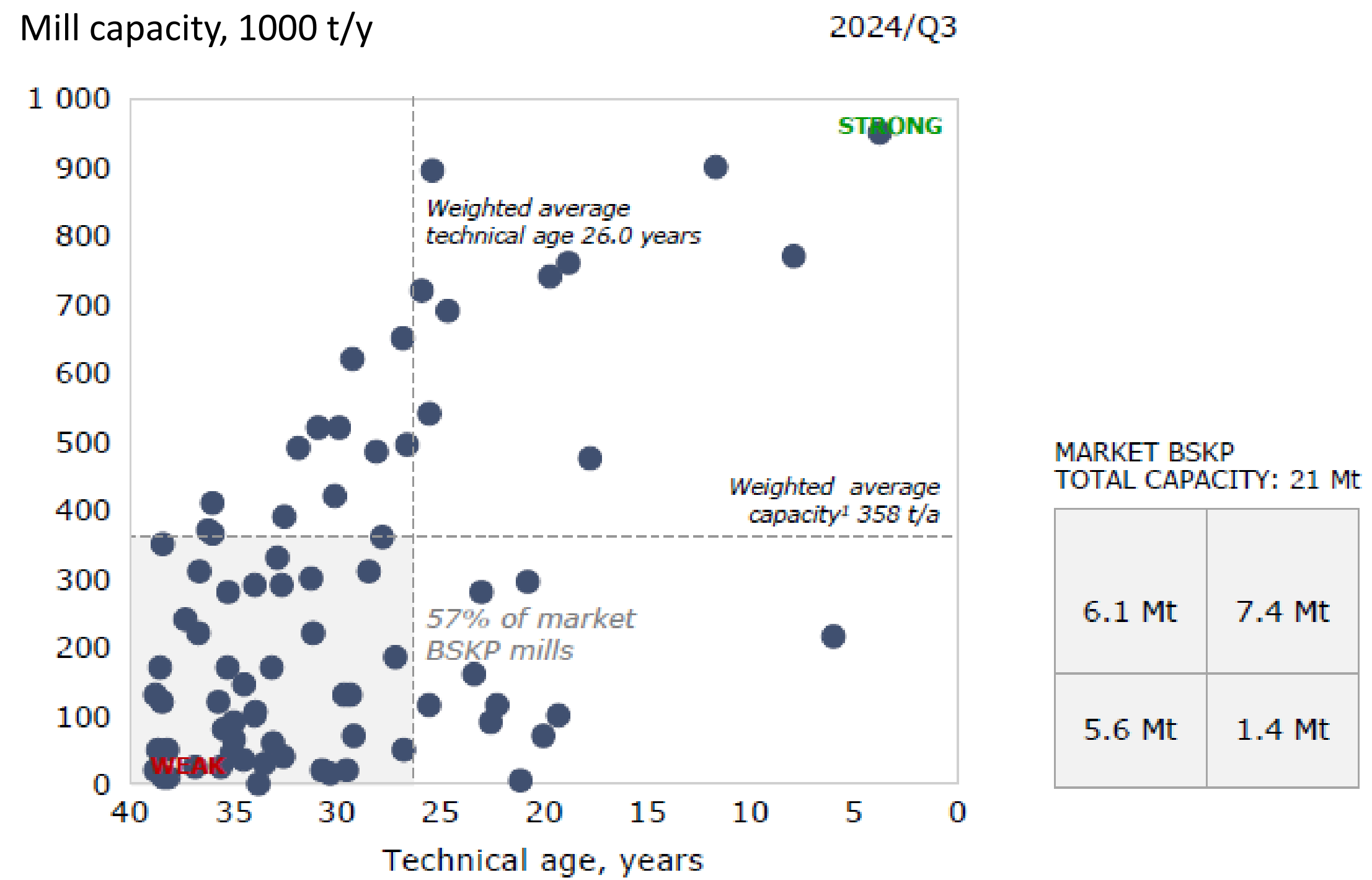
Mill Capacity vs. Technical Age

BHKP



1. The weighted average is based on BHKP market capacity and the total pulp capacity at the mill

BSKP



1. The weighted average is based on BSKP market capacity and the total pulp capacity at the mill

Source: AFRY

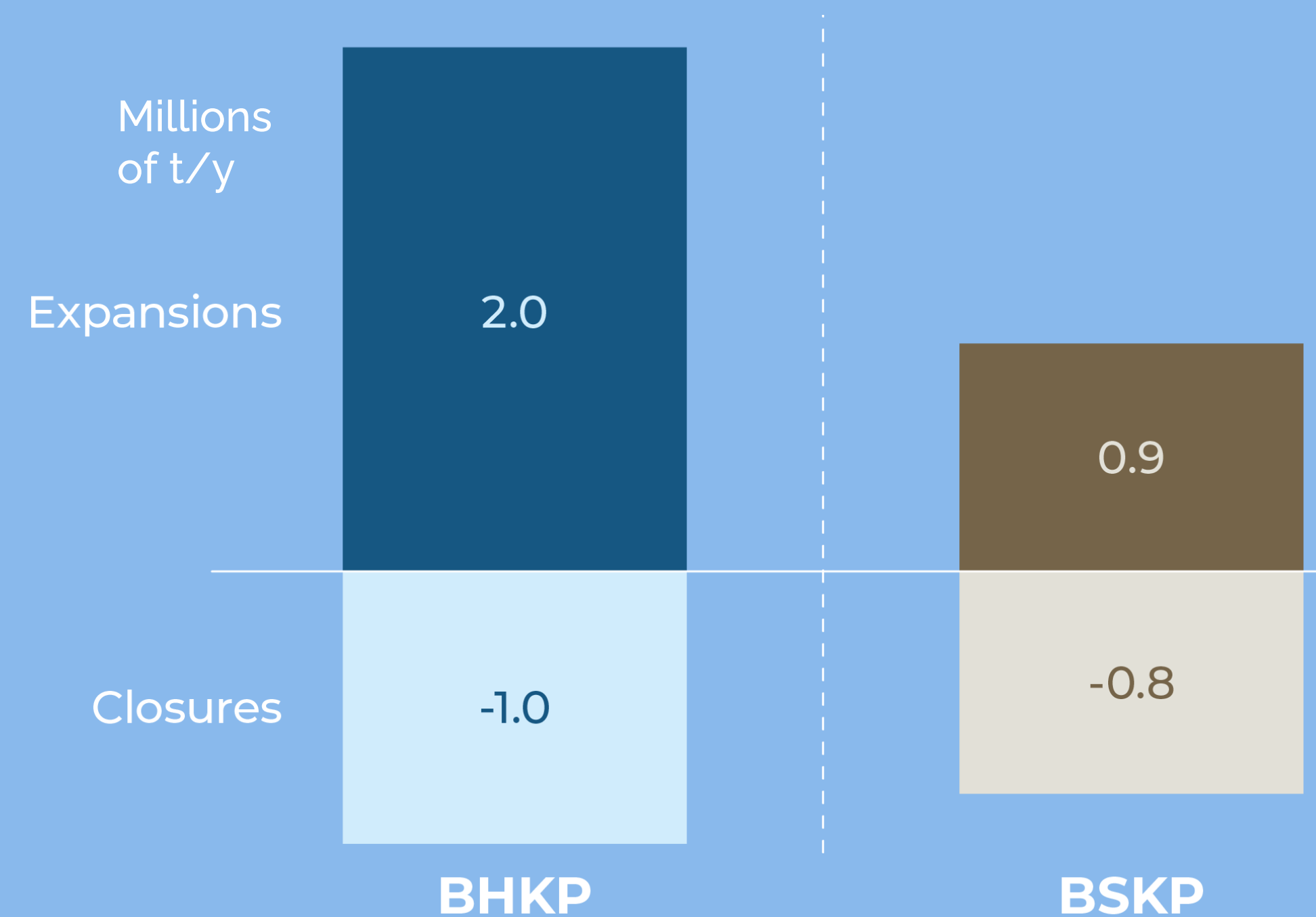
Pulp Market future outlook

Other important factors

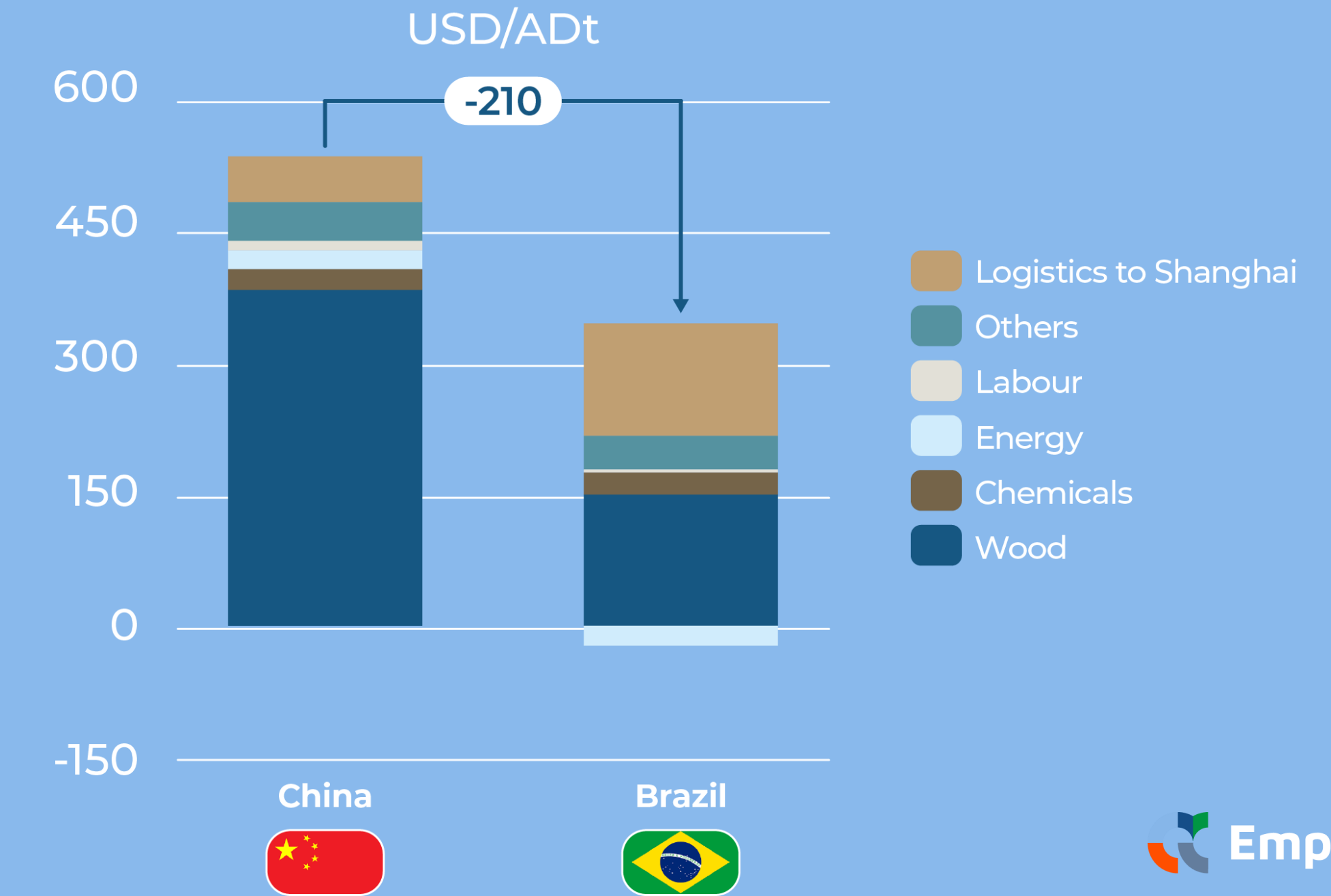
- Increasing demand/policies for a plastic reduced world
- New legislations imposed in numerous countries
- Political and economic volatility
- Wood has been the great source of competitive advantage
- Post-2030 softwood pulp supply gap
- The market is balanced when capacity expansions are accompanied with closures

Source: AFRY

History of change market Pulp production capacity (2000-2022)



Cash cost competitiveness differential BHKP cost delivered to Shanghai, China



Indian Market

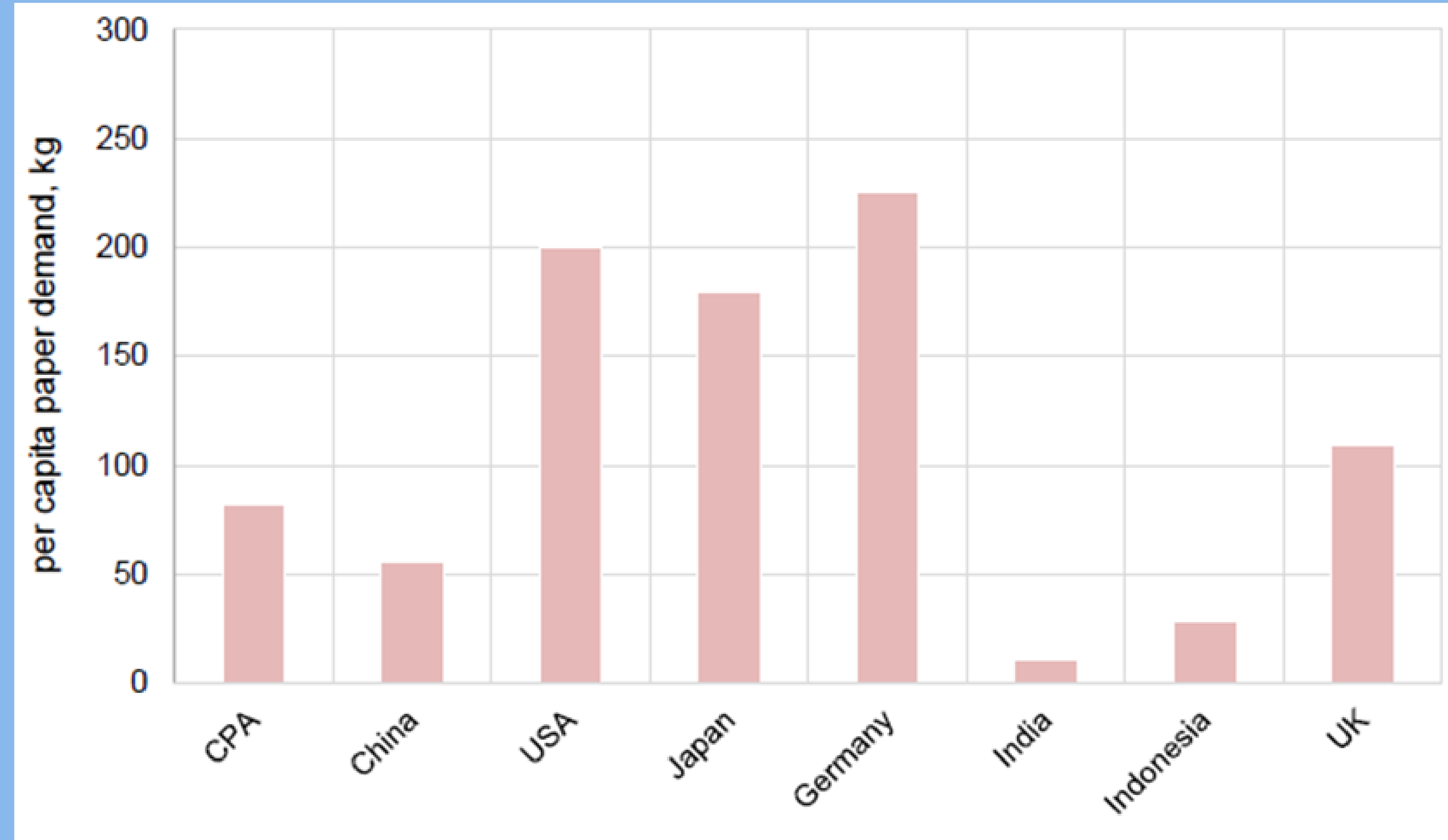
Pulp Capacity:

Total Pulp production of 194kt

- 126kt of Dissolving Pulp
- 69kt of bleached Eucalyptus

No major pulp projects in the future

Paper and Board demand, per capita

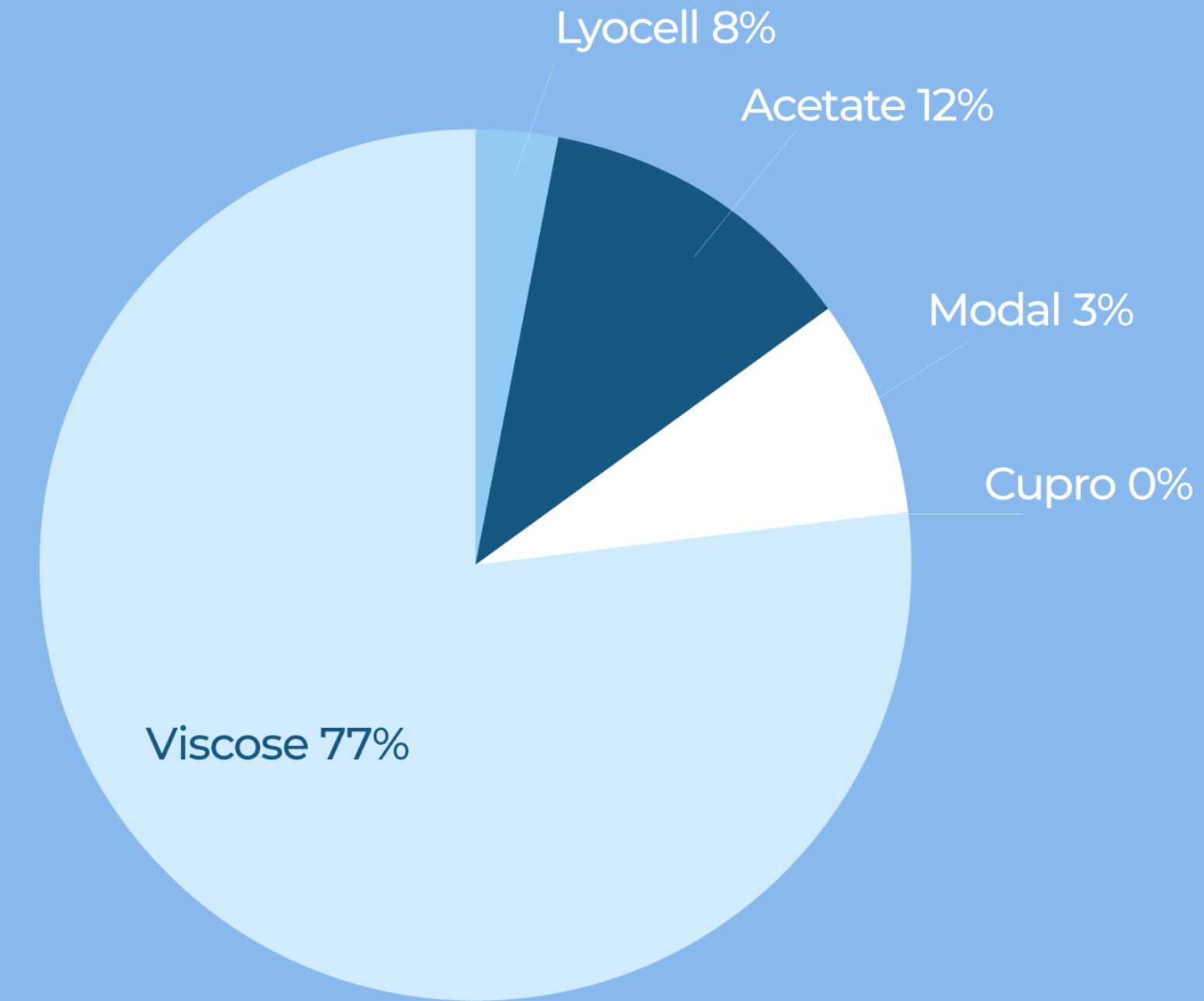


Source: CPA (China Paper Association)

Dissolving Pulp

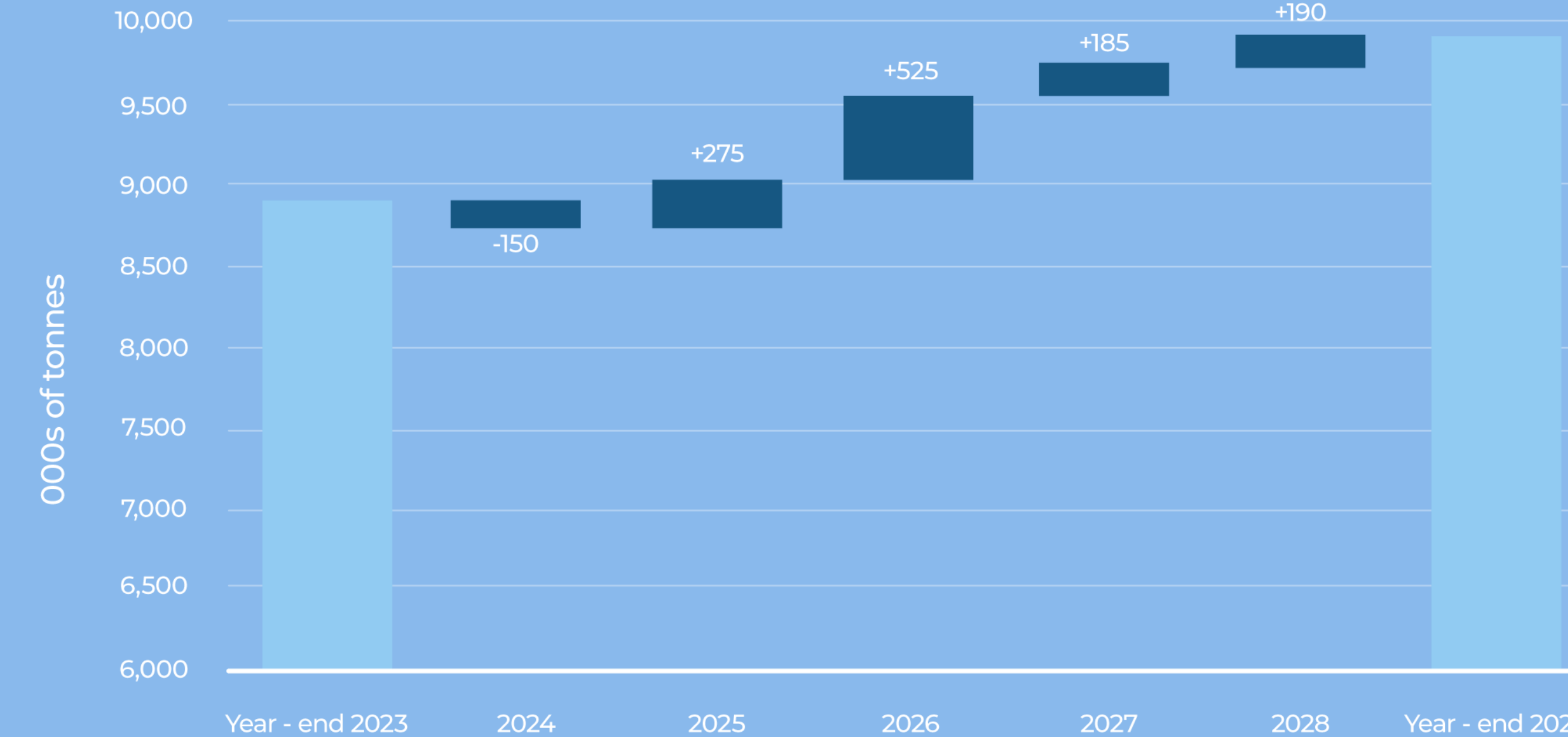
- For many years the man-made cellulosic market was dominated by viscose.
- However commercial lyocell production appeared in late 1990s, gaining popularity during the last 10 years
- The key driver of dissolving wood pulp demand throughout 2028 is expected to be the great amount of lyocell investments

Man-made cellulosic market Production by Grade, 2023



Source: Hawkins Wright

Dissolving wood pulp capacity growth, 2023-2028



Sucuriú

Project



Mill investment
US\$ 4.6
billion
(BR\$ 25.3 billion)



BEKP production
capacity
3.5 million tons
per year



Jobs in operation
6.000
Jobs (Forestry, Mill,
and Logistics)



Jobs at the peak of
construction
14.000
new jobs



Forestry area
400.000
ha of eucalyptus
plantation

Regarding the Mill

- 100% “PROVEN TECHNOLOGY,” featuring 2 Fiber Lines and 3 Drying Machines.
- A single Recovery Boiler (the largest in the world), 2 Lime Kilns, and 3 Turbogenerators.
- Lime Kilns that do not burn oil: (Gasification based on chips, with oil and gas as options only).
- “Best in Class” mill in automation.
- No toxic solid waste sent to landfill.
- With environmental parameters that allow access to “green” financing markets.
- Various alternatives for its most efficient logistic connectivity are being considered.

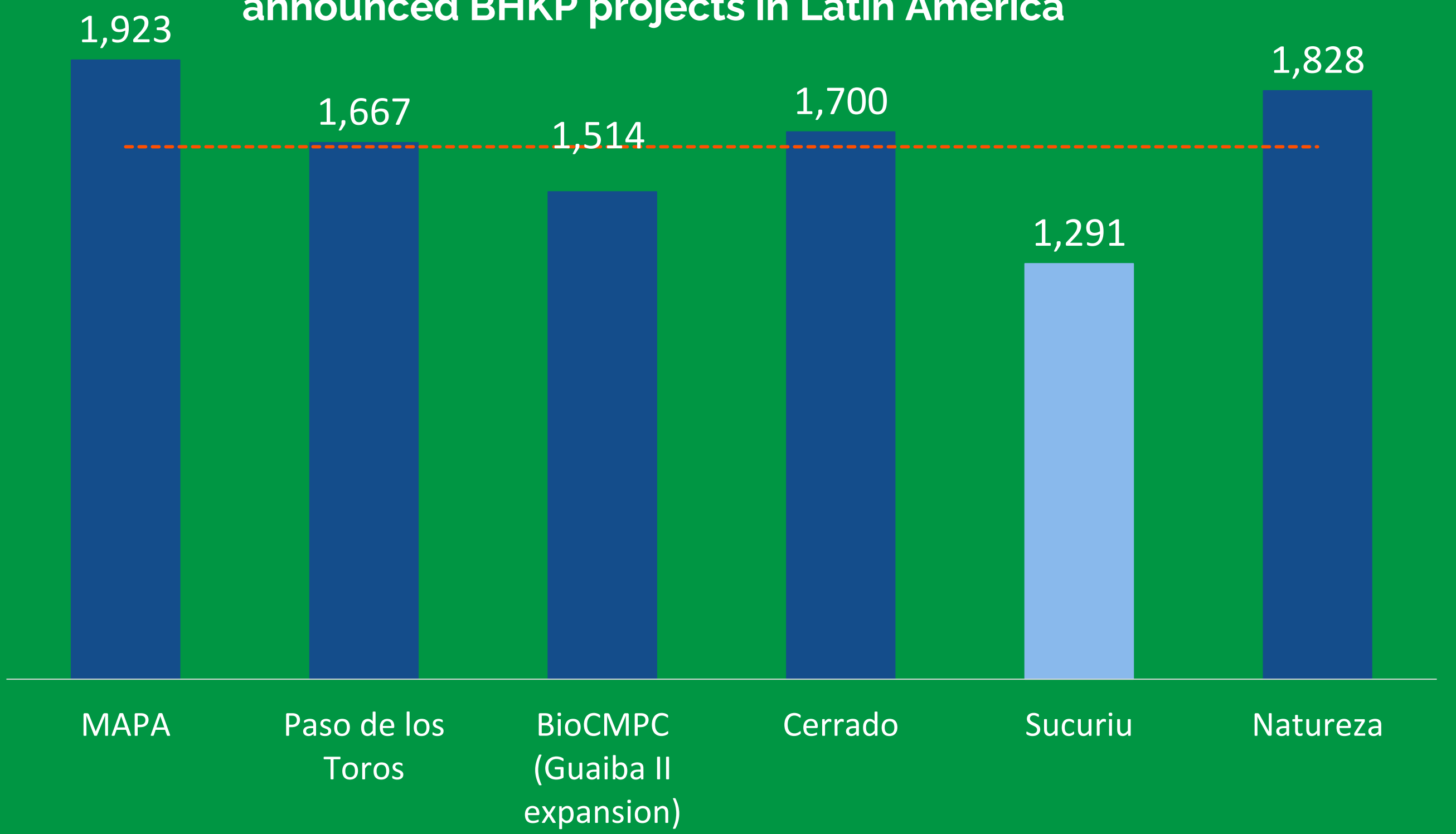
Regarding the vendor

- The main islands of production were awarded to a VALMET (EPC) to achieve a better partnership within the project, a better price, and the guarantee of production for the complete plant.
- It includes incentive/penalty bonuses in case of exceeding or failing to meet target productions.

Ramp up expected to begin in the fourth quarter of 2027

Sucuriú Project

CAPEX intensity (inside the fence) of recently announced BHKP projects in Latin America



Source: Company reports, Risi, Hawkins Wright, Morgan Stanley Research, Arauco

Projected industrial CAPEX of our Sucuriú Project

Year	2024	2025	2026	2027	2028	Total
CAPEX (Billion US\$)	0.2	1.3	1.8	1.2	0.1	4.6

Financed by (MMUS\$):

- Equity: 1,200
- Free Cash Flow: 900
- Debt: 2,500

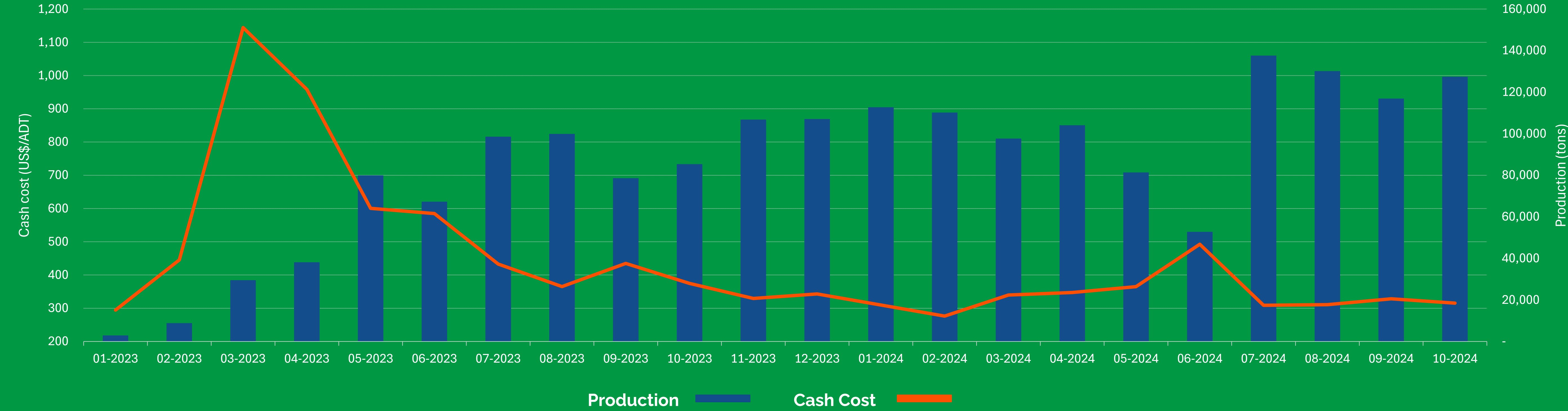
Sucuriú Cash Production Cost

- After Ramp Up: Aprox US\$ 140 / ton
- Structural: Aprox US\$120 / ton



**MAPA
updated
figures**

Production and Cash Cost (US\$/ADT)





Wood Products Market

Wood construction today

Wood today has multiple uses in construction, a deep market valued at **USD 1.8 trillion** only in the US. Some of its applications are:

- **Structure:** Walls, slabs, beams, columns, among others.
- **Furniture:** Closets, furniture, among others.
- **Interior** and **exterior** finishes.
- **Thermal insulation.**

Wood Construction in the future

Considering demand, we see a market requirement to build approximately **183** billion m² for 2050 (equivalent to one New York City every month). With the construction standard to this day, it will be hard to reach such demand requirements, mainly due to:

- a. Construction generates **40%** of global GHG emissions.
- b. Low productivity in growth in the traditional construction sector (**1%** per year in two decades).



Wood Products Market

So, given the context, the question we must make to ourselves is:

How can this growing demand in construction be satisfied, considering high GHG emissions and the low productivity in the traditional construction sector?



Wood Products Market

Wood as a sustainable alternative

- Captures **0.9** tons of CO₂ per m³.
- Avoids **1.1** tons of CO₂ per m³ when replacing polluting materials.
- Total benefit of **2.0** t of CO₂ per m³ used.

Wood as a productivity boost alternative

- High capacity to be industrialized.
- It moves inefficient work from the site to a controlled environment (factory).
- Industrialization can reduce construction times by **20%** to **50%** compared to traditional methods.



Wood Products Market

Where are our products in construction today?

Structure:

- Structural wood
- Plywood panels
- CLT
- Laminated Wood

* Coming soon: OSB Panels (2Q2026)

Interior finishes and furniture:

- Melamine (Vesto and Renova)
- Moldings

What are we doing to position ourselves in the future construction market?

- **E2E** → Industrialized Construction
- **Hilam mill** → Construction in medium and high altitude
- **Investment OSB panels** → Complements our product mix for light frame construction and for supplying E2E. Opens the possibility of including exterior cladding (Smart-Panel)

Zitácuaro Project Update

300,000

Cubic meters of MDF*

235.0

Million USD estimated CAPEX

220

Jobs in operation

2Q2025

Mill ramp up

* 150.000 will be melamine laminated



Zitácuaro, Mexico





OSB Line in Trupán - Cholguán Complex

- On July, the instalation of an OSB manufacturing line within the Trupán-Cholguán Complex was approved.
- Estimated investment of US\$ 92 million
- Capacity of 110,000 cubic meters
- Operations to begin in the second quarter of 2026.

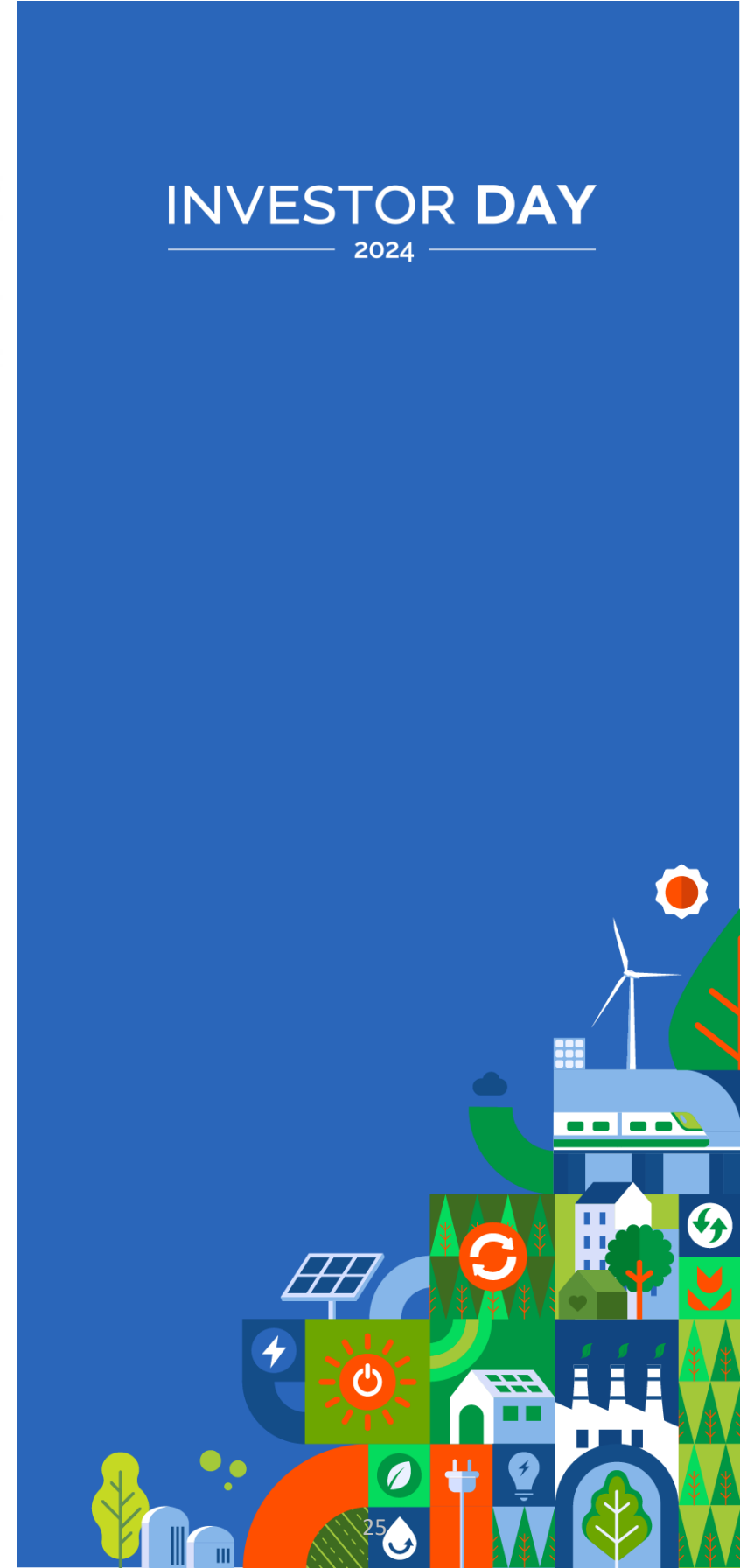
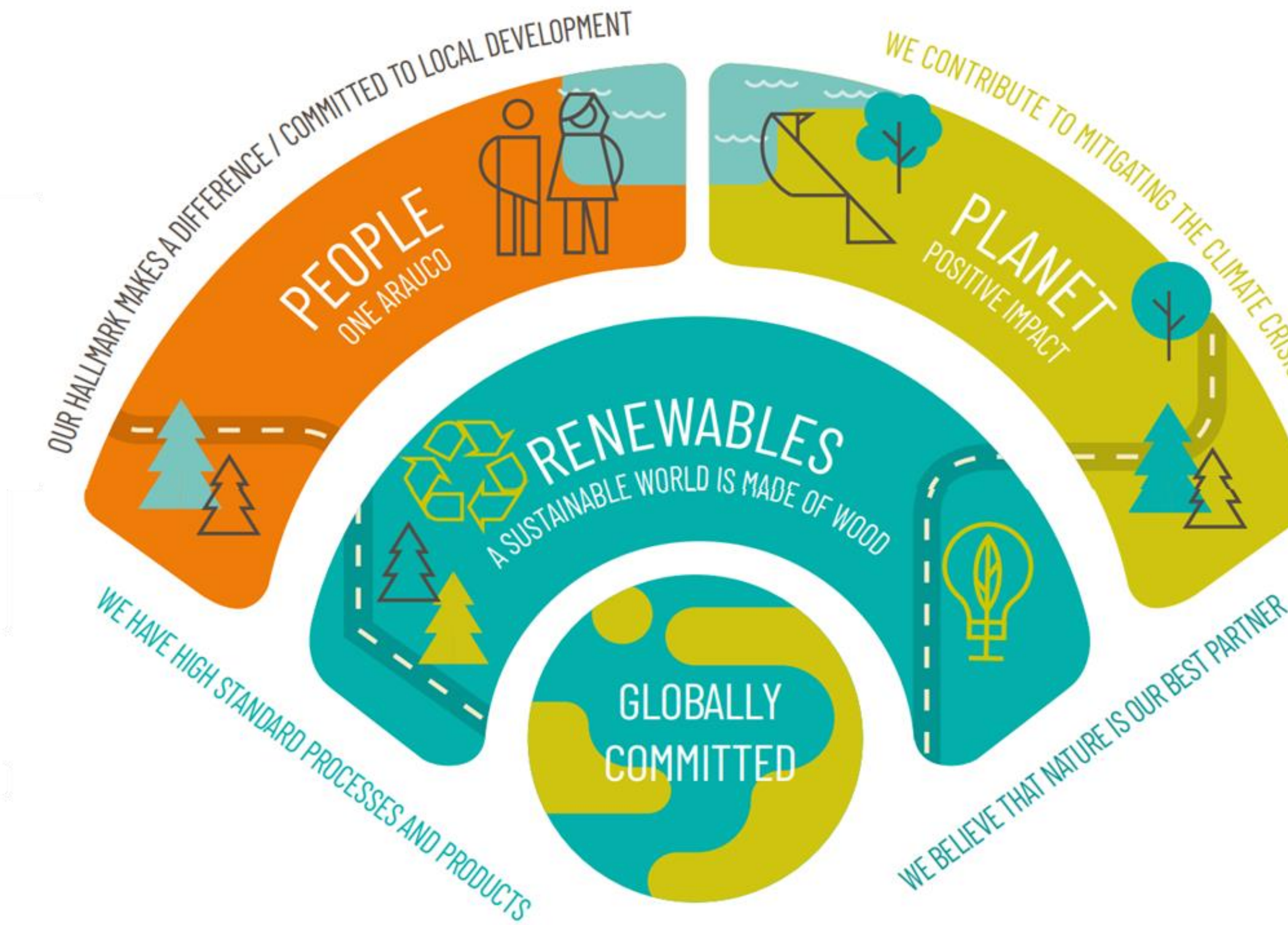


Our Sustainability Strategy

We offer solutions that improve people's quality of life, through a wide range of products and sustainable alternatives.

SUSTAINABLE FORESTRY DEVELOPMENT
ENABLES THE TRANSITION TOWARDS A
BIO ECONOMY.

renewables for a better life





Industrial environmental management

In 2023

US\$ 66

MILLION INVESTED IN ENVIRONMENTAL PROJECTS

REDUCTION OF GENERATION OF NON-HAZARDOUS WASTE

61% PULP INDUSTRY

51% WOOD BUSINESS SEGMENT IN CHILE

100% RECOVERY OF NON-HAZARDOUS SOLID WASTE BY 2030





arauco

Our emissions are equivalent to

4.4 Million tons of CO₂

We have committed to reduce our emissions by

1.5 Million tons by 2030.

Our products replace fossil-based alternatives, saving

10.5 Million tons of CO₂.

Carbon neutrality


Deloitte officially validated our carbon neutrality in 2020 for 2018, in 2021 for 2019 and in 2022 for 2020 (Method applied in accordance with the Deloitte Neutrality Protocol guidelines).



For the **3rd** year
in a row:

We are
Carbon Neutral!

Certification by
Deloitte.

 carbon neutral

27



We continue to expand globally, seeking new challenges to maximize the company's value in a **social**, **environmental** and **economical** responsible way, continuing as pioneers in **sustainability**.

IF IT IS NOT WOOD

It will be concrete and steel

IF IT IS NOT NATURAL FIBER

It will be polyester

IF IT IS NOT PAPER

It will be plastic



**carbon
neutral**

 **Empresas Copec**