



1Q  
2025

# Financial Results Conference Call Presentation May 8, 2025

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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.

# HIGHLIGHTS

► Quarterly figures, in US\$ million

Revenues  
**US\$1,532**  
-8% QoQ

Net Income  
**US\$-26.5**  
-125% QoQ

Adj. EBITDA  
**US\$348**  
-14% QoQ

LTM Adj. EBITDA  
**US\$1,917**  
-5% QoQ

Net Debt to EBITDA  
**3.06x**

Sucuriú Project  
Progress  
5.2%







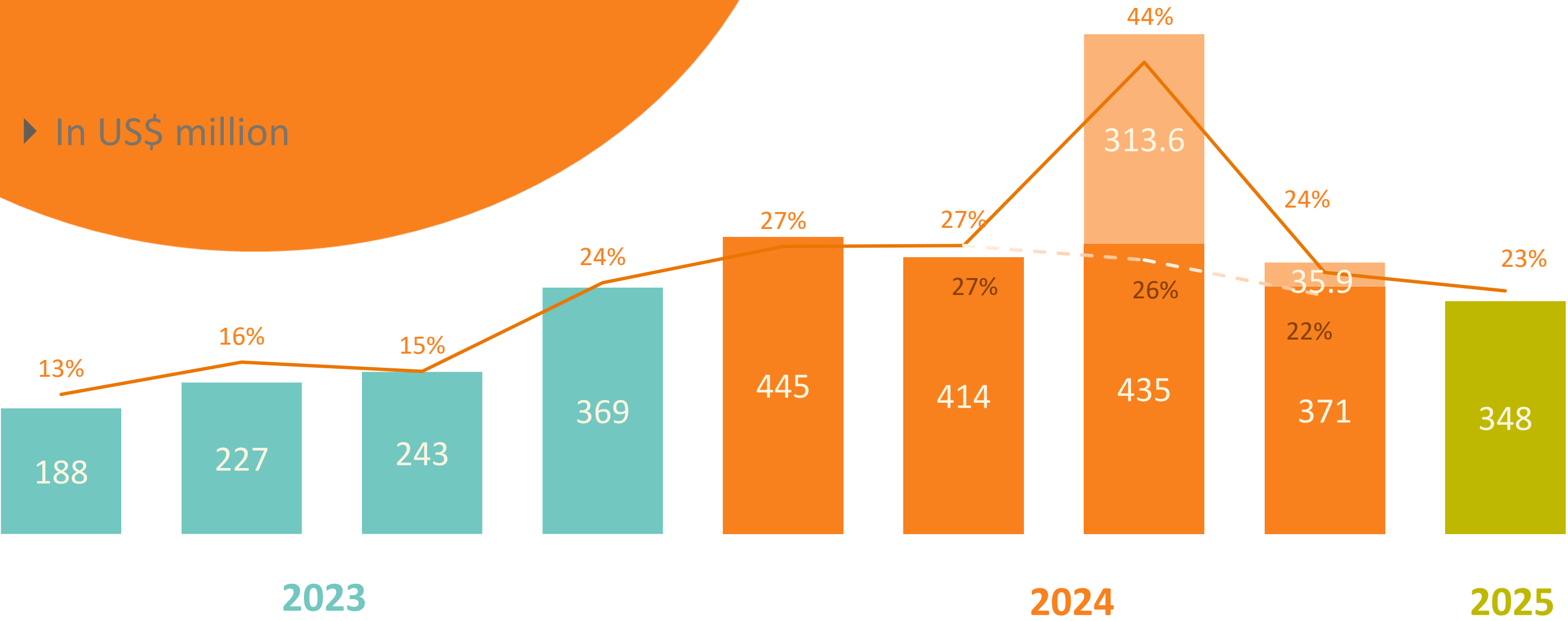
# EBITDA & INCOME STATEMENT



# ADJUSTED EBITDA

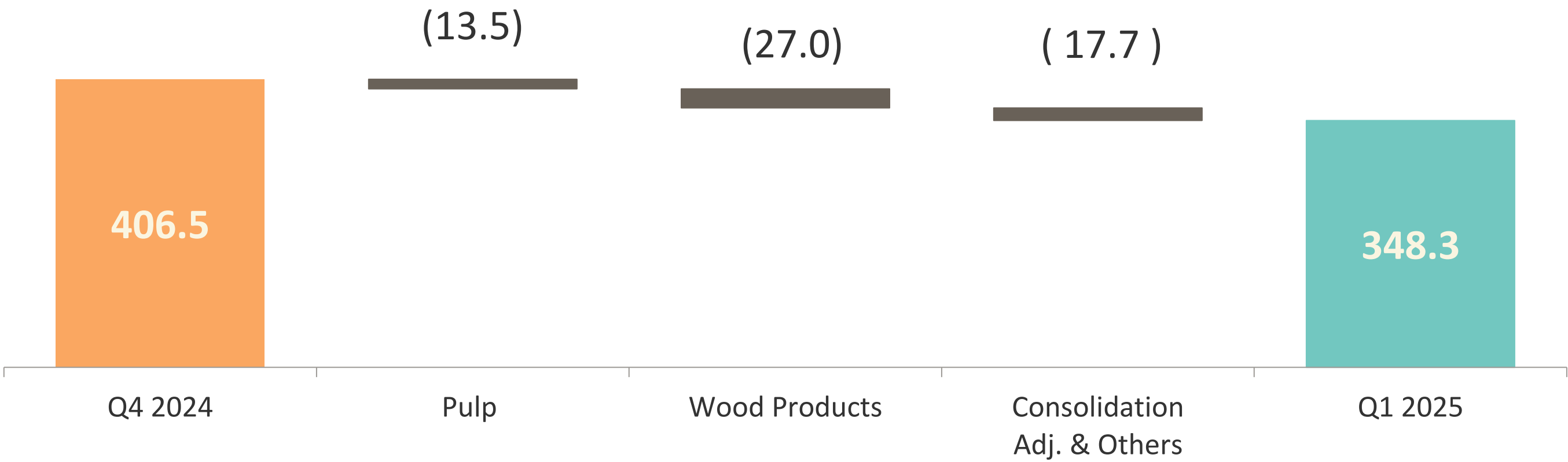
► In US\$ million

## FINANCIAL REVIEW



### Breakdown by division

Pulp	251
Wood Products	118
Consolidated Adj. & Others	-21

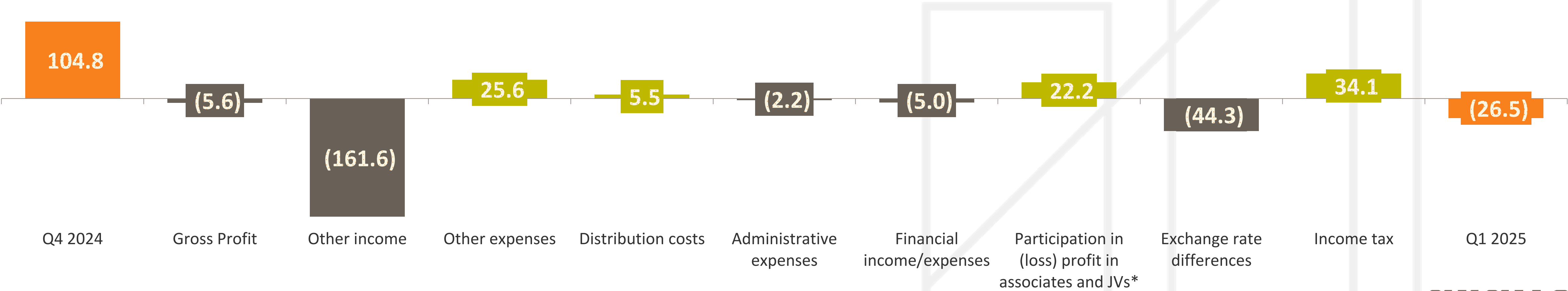


- Adjusted EBITDA during the first quarter reached US\$348.3 million.
- There was a decrease of 5.1% or US\$13.5 million in the Adjusted EBITDA of our pulp business segment.
- Adjusted EBITDA of our wood products business segment decreased 18.6% or US\$27.0 million, mainly due to lower sales volume.

# INCOME STATEMENT

► In US\$ million

	Q1 2025	Q4 2024	Q1 2024	QoQ	YoY
Revenue	1.531,5	1.661,6	1.654,9	-7,8%	-7,5%
Cost of sales	(1.104,8)	(1.229,3)	(1.146,5)	-10,1%	-3,6%
Gross Profit	426,7	432,3	508,4	-1,3%	-16,1%
Distribution costs	(173,1)	(178,5)	(167,2)	-3,1%	3,5%
Administrative expenses	(138,1)	(135,9)	(138,6)	1,6%	-0,3%
Financial Income (Expenses) net	(83,5)	(78,4)	(79,1)	6,4%	5,6%
Other Income (Expenses) net	(19,2)	116,7	(17,7)	-116,5%	8,7%
Others	(46,5)	(24,5)	(20,3)	90,3%	129,4%
Income before income tax	(33,7)	131,7	85,6	-125,6%	-139,4%
Income tax	7,2	(26,9)	14,7	126,8%	-50,9%
Net income	(26,5)	104,8	100,3	-125,3%	-126,4%

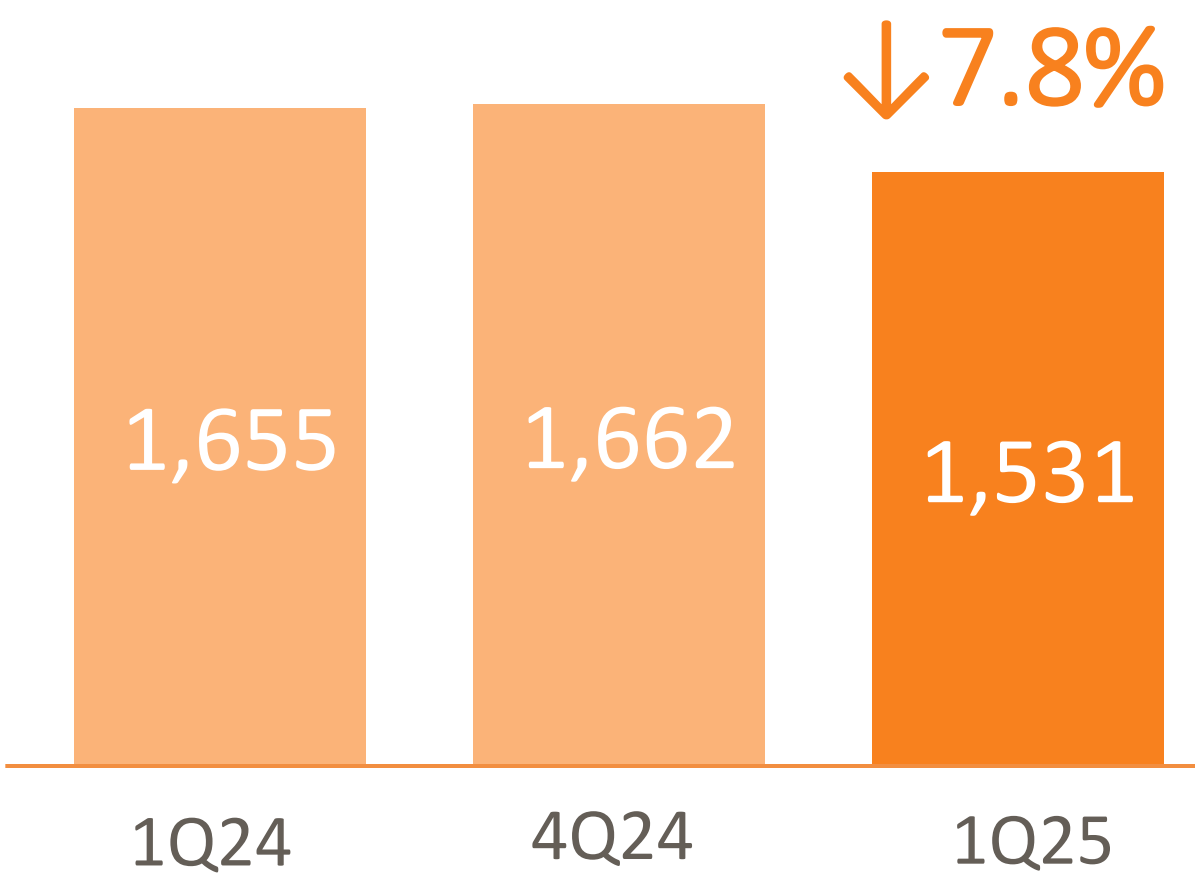


# INCOME STATEMENT – REVENUES & COST OF SALES

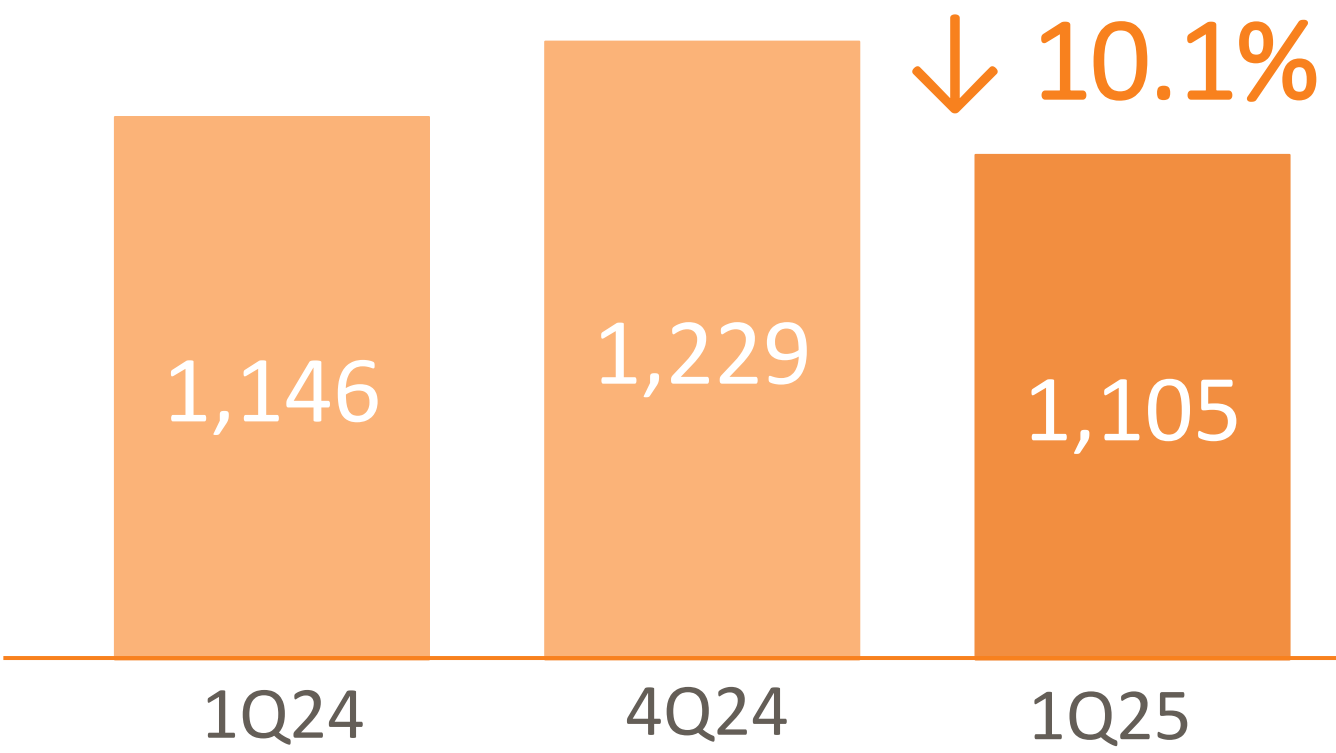
► In US\$ million

**Revenues** decreased by 7.8% compared to the fourth quarter of 2024 and by 7.5% compared to the first quarter of 2024.

- **Pulp revenues** decreased by US\$69.8 million or 8.0% mainly driven by a decrease of 7.0% in sales volume.
- **Wood products revenues** decreased by US\$60.3 million or 7.6%, mainly due to a 8.5% decrease in sales volume.



**Cost of sales** decreased by 10.1% or US\$124.5 million compared to the fourth quarter, mostly explained by a decrease in *Forestry labor costs* related to lower sales volume.



### Pulp unitary sale costs QoQ

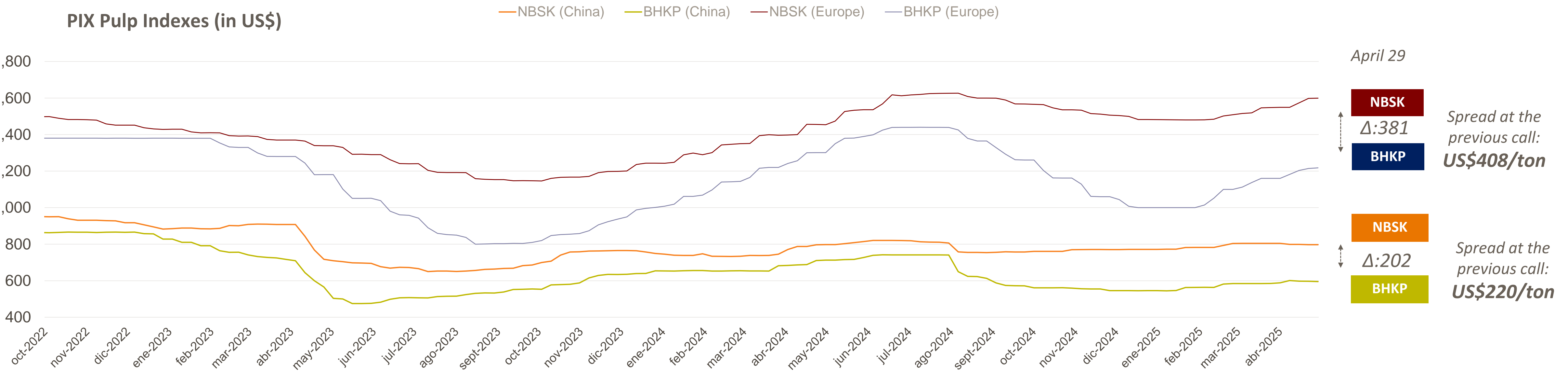
Softwood bleached pulp	▲	0.3%
Hardwood bleached pulp	▼	-2.6%
Unbleached softwood pulp	▼	-1.9%
Dissolving pulp	▼	-21.4%





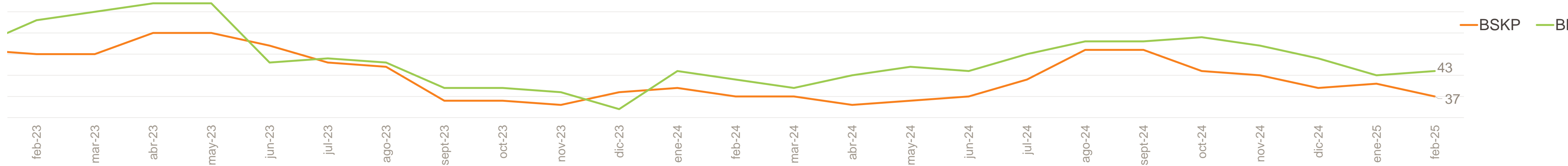
# REVIEW BY BUSINESS SEGMENT & OUTLOOK





Source: RISI

Global BCP Producer Stocks *In days of supply*



Excludes Russia & Indonesia  
Source: Hawkins Wright

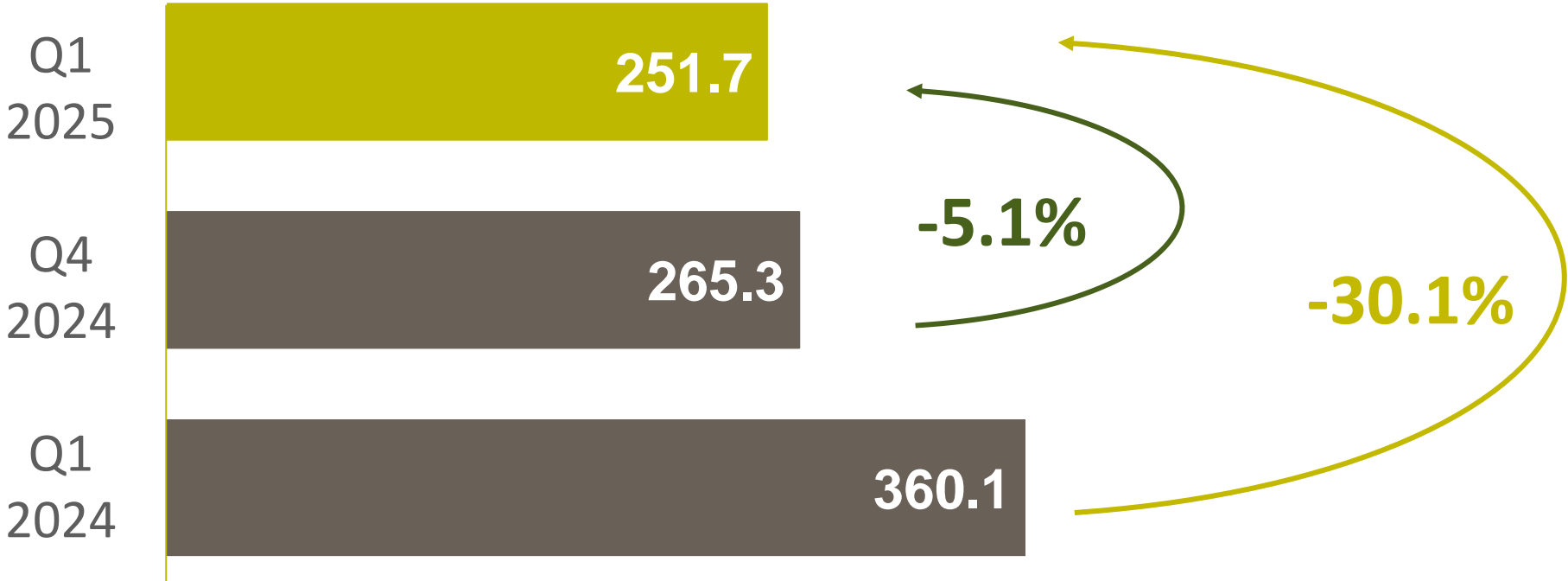


# PULP / ADJUSTED EBITDA

## REVIEW BY BUSINESS SEGMENT & OUTLOOK

### Adjusted EBITDA

► In US\$ million

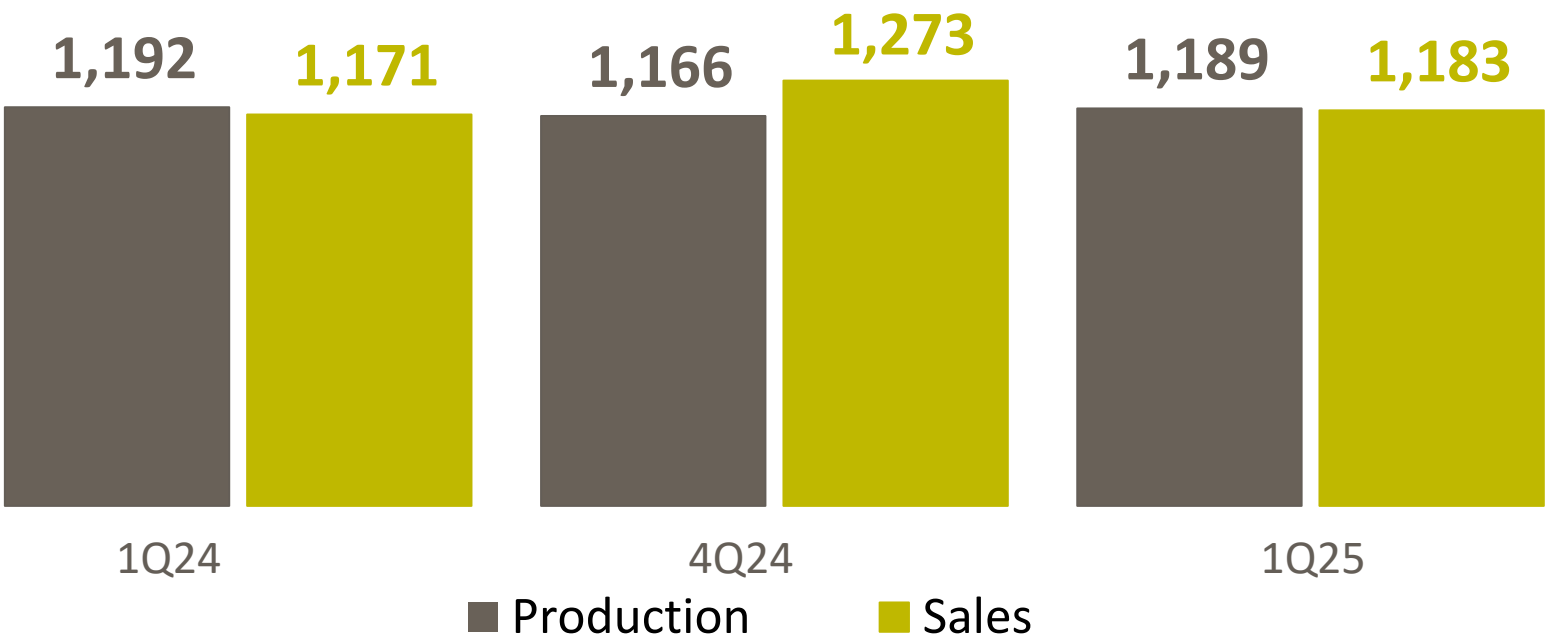


### 1Q 2025

- The first quarter began with slight price increases in some markets; however, market situation began to deteriorate in March, primarily due to the trade war.
- In **China**, the pulp market began with positive demand. Later on, the uncertainty created by the trade war affected the demand, as costumers shifted to local purchases to avoid pulp committing to pulp shipments expected to arrive in two to three months.
- In **Europe**, announced price increases were implemented early in the quarter, but resistance grew toward the end as spot supply rose, and uncertainty returned. Paper producers adopted cautious buying behavior, leading to a decline in paper production and falling prices across most grades.
- The **textile pulp** market started to decline, as expected during the off-season, leading to weaker demand and downward pressure on prices.
- Production during the first quarter followed the trend of the last quarter, with a scheduled shutdown of L2 at the Arauco plant for annual maintenance in January 2025.

► QoQ YoY	Price	Volume	Sales
	-1,8%	-7,0%	-8,0%
	-11,1%	1,1%	-10,0%

### Production and Sales Volume *In thousand tons*





# PULP OUTLOOK

## REVIEW BY BUSINESS SEGMENT & OUTLOOK

### For the second quarter of 2025,

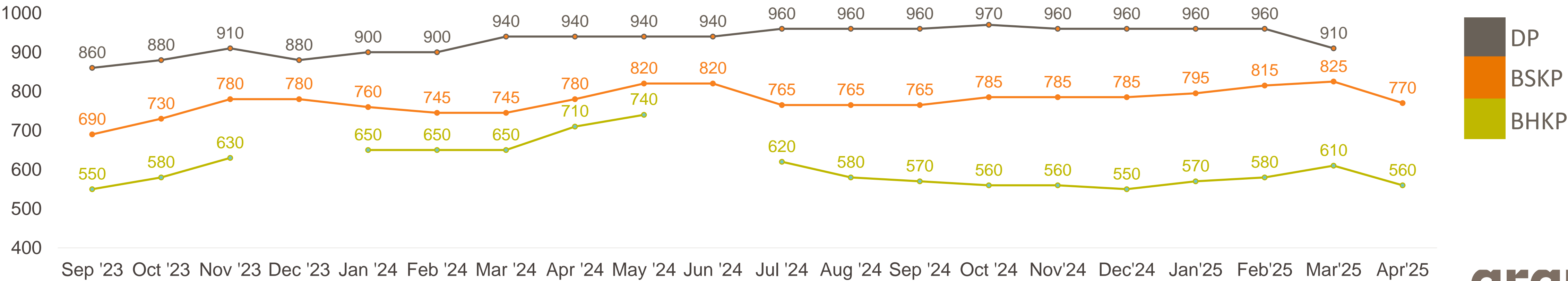
- In China, demand leading up to the Chinese New Year was better than expected. After the holidays, demand and prices remained strong for a short period, due the uncertainty on trade war we anticipate the market may become more challenging if paper producers struggle to increase their sales.
- In Europe, demand followed the trend from the fourth quarter, with some challenges in both demand and pricing attempts to rise, specially towards the end of the quarter. January price increase was very difficult to implement.
- Uncertainty and concerns are growing with the potential implementation of new tariffs by the U.S. and the risk of trade conflicts with other countries.

### Pulp Mills Days of Stoppages

Mill	2024	2025				
	4Q	1Q	2Q	3Q	4Q	
Arauco - Line 2		17				
Arauco - Line 3			16			
Constitución			21			
Nueva Aldea					17	
Valdivia	13				16	
Esperanza	10					
Montes del Plata					15	



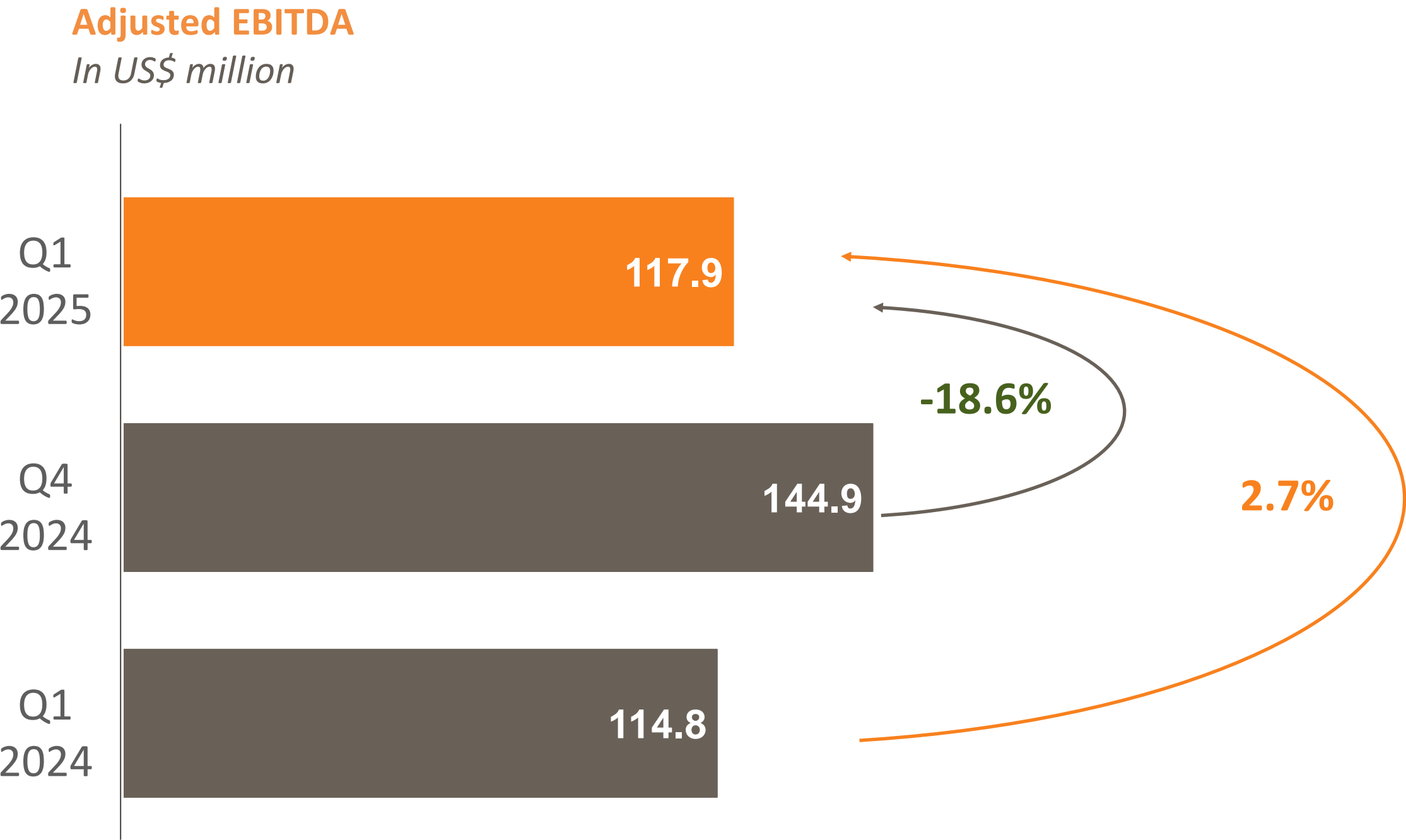
### BSKP, BHKP and DP Net Prices - China





# WOOD PRODUCTS / ADJUSTED EBITDA

## REVIEW BY BUSINESS SEGMENT & OUTLOOK



### Q1 2025

Adjusted EBITDA of our wood products business segment decreased US\$26.9 million or 18.6% when compared to the previous quarter.

### Wood Products

	Price	Volume
QoQ	1,1%	-8,5%
YoY	1,6%	-5,8%

### Panels\*

	Price	Volume
QoQ	0,5%	-6,5%
YoY	-0,1%	-3,1%

### Solid Wood\*\*

	Price	Volume
QoQ	2,5%	-12,5%
YoY	5,3%	-11,2%

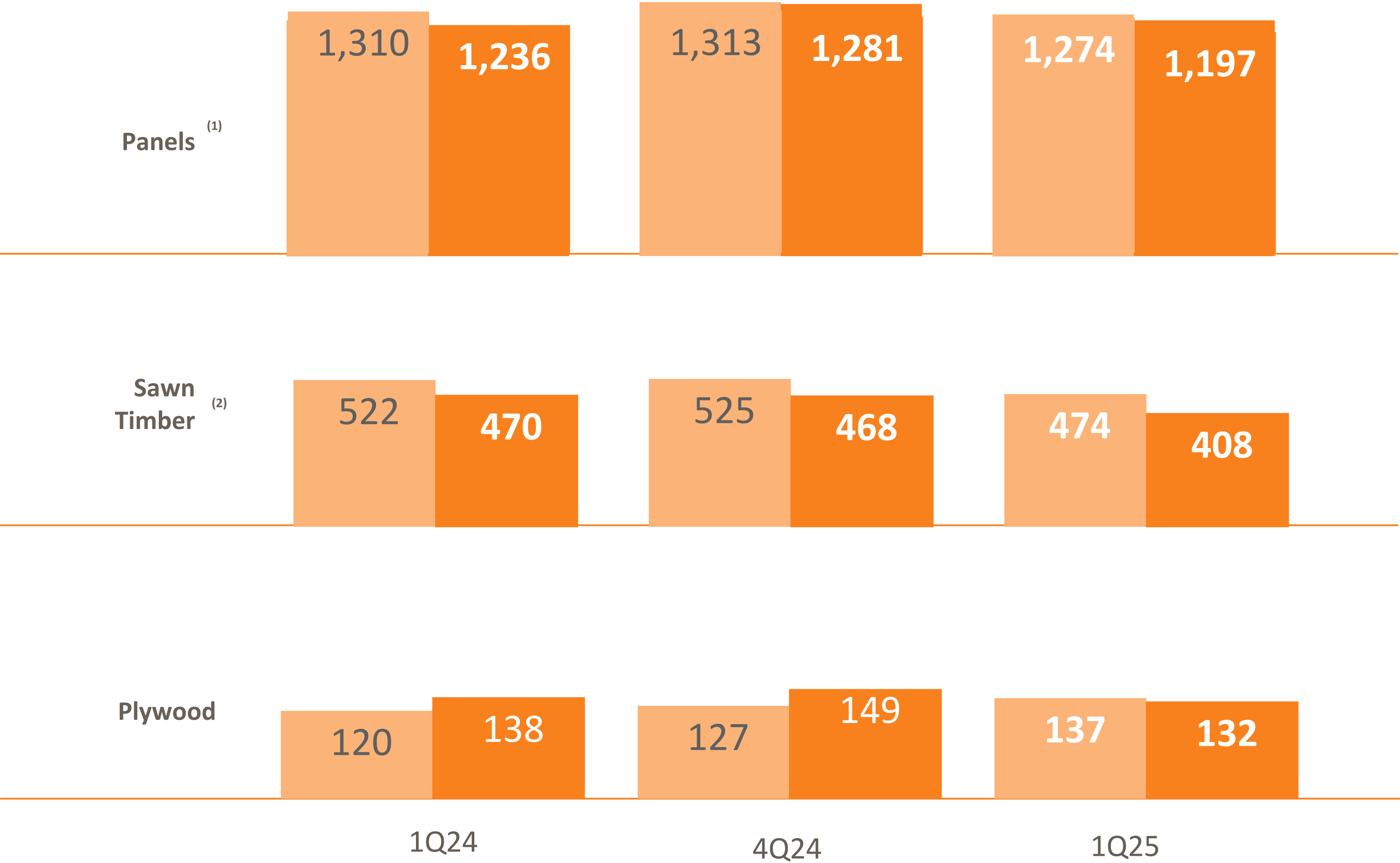
\*MDF, PBO, HB  
\*\*Sawn Timber, Remanufactured Wood products and Plywood



# WOOD PRODUCTS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In thousand m<sup>3</sup>



(1) Includes PB, MDF and OSB, Composite Panels and Retail Panels  
(2) Includes sawn timber, kilned sawn timber, remanufactured wood products, pallets  
Note: Sales include trading

● Production ● Sales



# WOOD PRODUCTS / OUTLOOK

## REVIEW BY BUSINESS SEGMENT & OUTLOOK

53%

North  
America

**MDF:**

- Market remains challenging, with slow consumption and persistent price pressures.

**PB:**

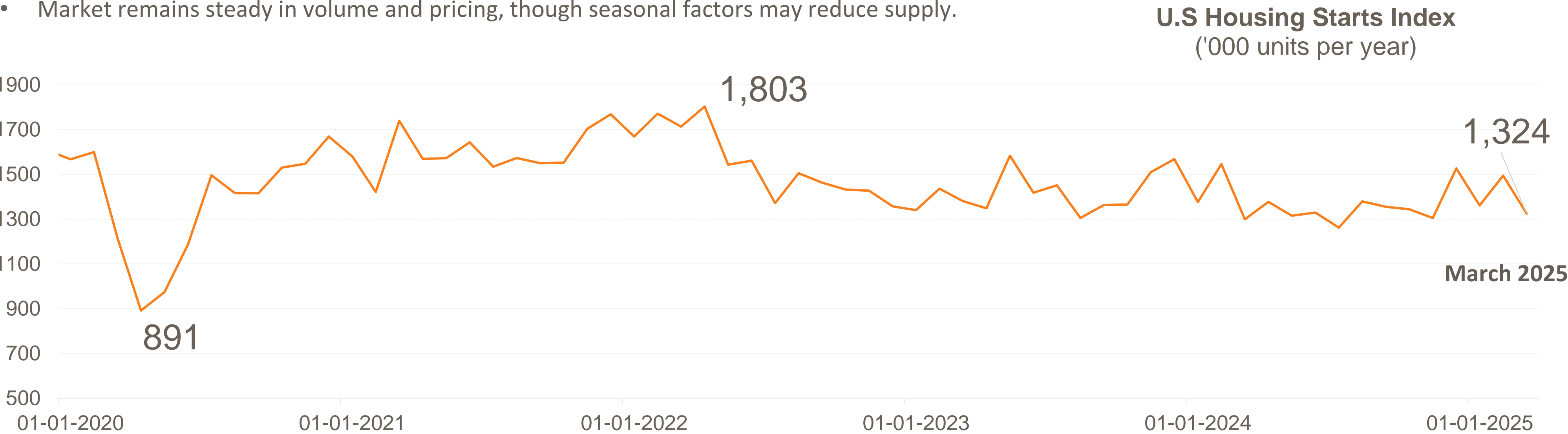
- The market is expected to remain stable, with balanced supply and steady demand, while tariffs may redirect flows and support price increases.

**REMANUFACTURED PRODUCTS:**

- We anticipate a negative trend for 2025, with a decrease in demand and prices, primarily driven by slower construction and remodeling sector, along with oversupply. Inventories expected to stabilize.

**PLYWOOD:**

- Market remains steady in volume and pricing, though seasonal factors may reduce supply.



Source: Bloomberg



# WOOD PRODUCTS / OUTLOOK

## REVIEW BY BUSINESS SEGMENT & OUTLOOK

36%

Central and  
South America

### BRAZIL:

- We expect a steady market, with volumes and price stability.

### CHILE:

- Uncertainty persists amid weak construction and tariff concerns, with slight signs of improvement.

### ARGENTINA:

- Domestic recovery continues, but export markets remain uncertain, and price pressure is expected to persist.

12%

Asia,  
Oceania,  
Europe and  
Middle East

### ASIA:

- The outlook remains challenging with weak demand in China and uncertainty in several markets. While the rest of Asia benefits from lower freight rates, overall supply and demand remain limited

### OCEANIA:

- We expect a stable market for the rest of the year.

### EUROPE:

- We expect a positive trend, driven by lower rates, some competitor mill closures, and increased sustainable construction.

### MIDDLE EAST:

- Uncertainty is expected for demand, but with a positive trend in supply.



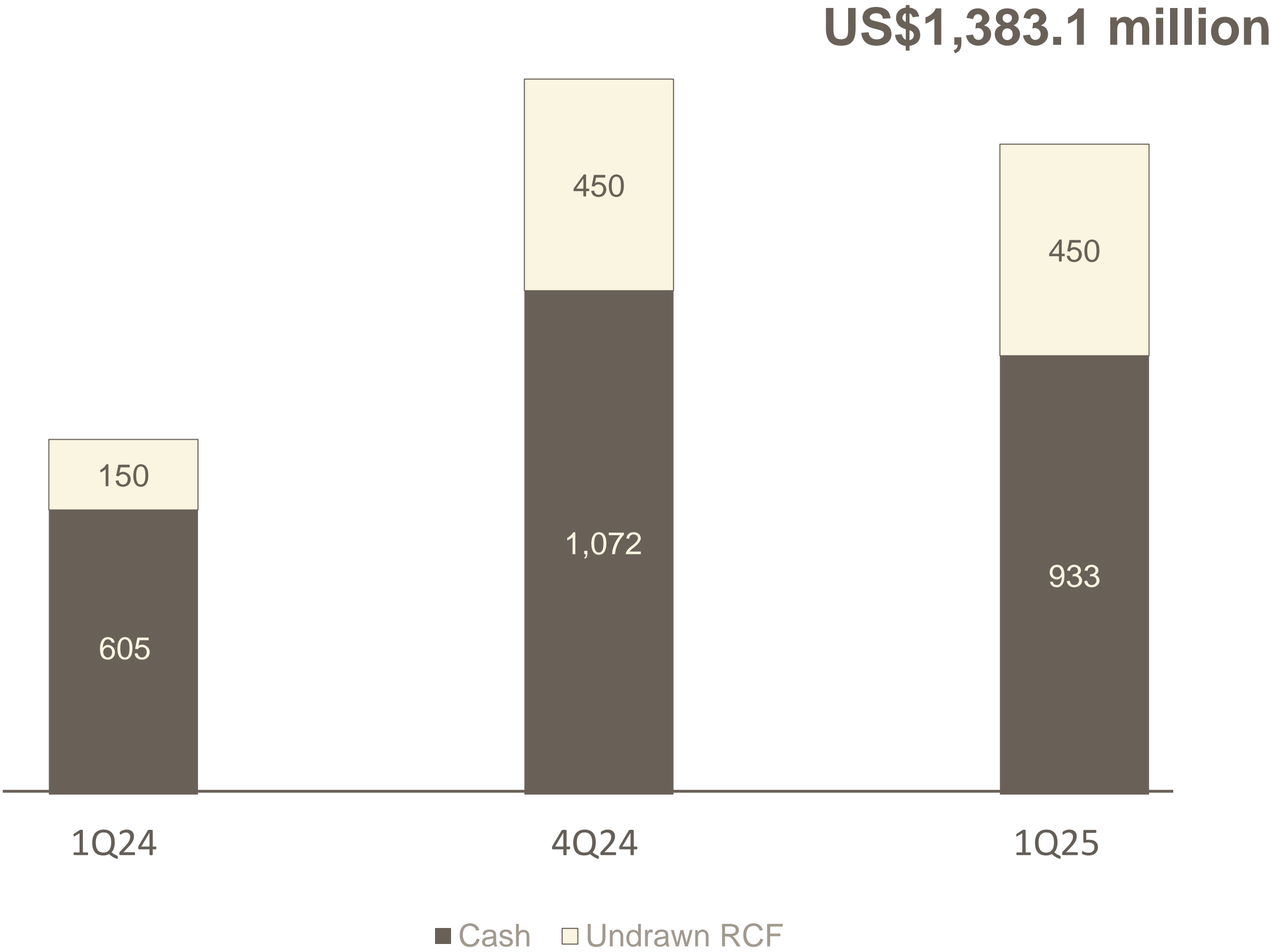


# FINANCIAL REVIEW



# CASH AND LIQUIDITY

Our cash position was US\$933.1 million at the end of the first quarter of 2025. In addition, we have a revolving credit facility (RCF) for a total amount of US\$450 million due in September 2027, which as of the date of this report has not been withdrawn.



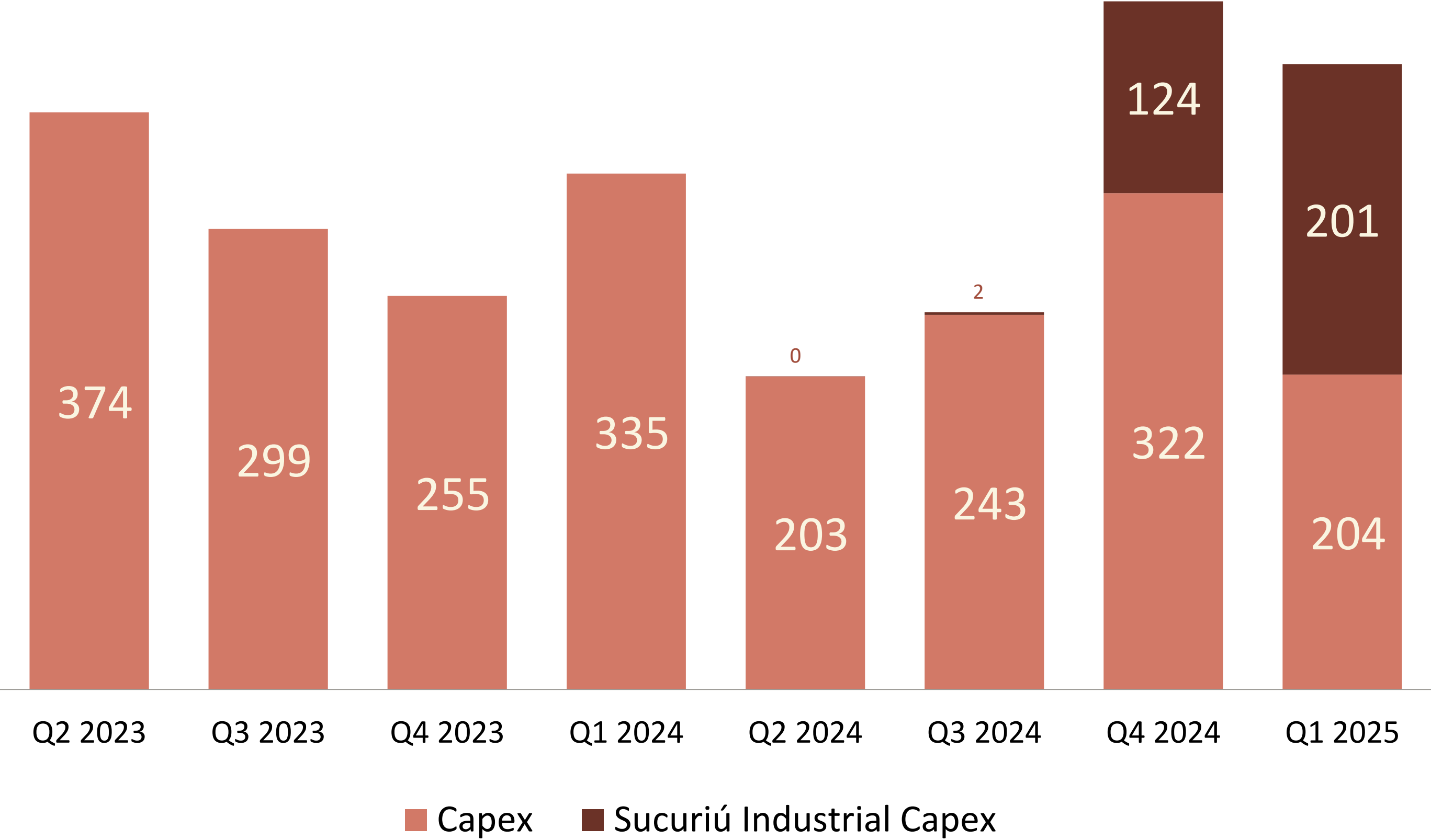


# CAPEX

► In US\$ million



During this quarter, capital expenditures (on a cash basis) were US\$405.7 million, US\$40.7 million lower than the previous quarter, mainly explained by lower expenses in *Purchase of sale of property, plant and equipment*.





# FREE CASH FLOW

Cash flows received from operating activities increased US\$84.1 million mostly due to the Non Recurrent Adjusted EBITDA from the last quarter, explained by the forestry asset sale in Brazil.

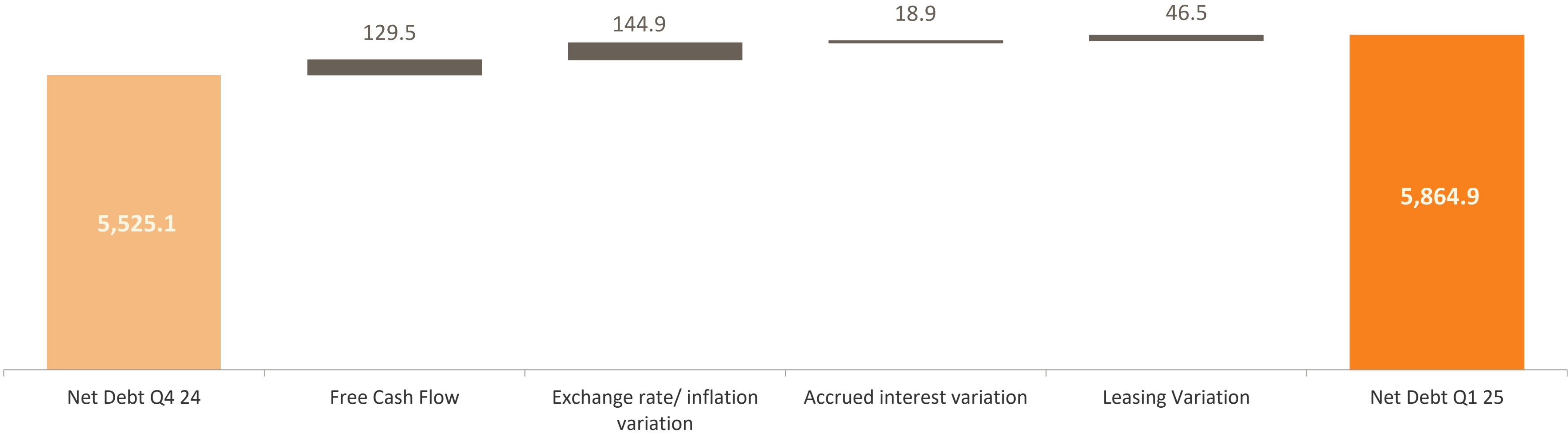
Cash flows from investment activities increased US\$45.0 million mainly due to a decrease in Capex.

Cash flows used in financing activities decreased by US\$189.2 million, due to last quarter Empresas Copec’s capital injection, offset by dividend payments during that same period.

► Net Debt increased by US\$339.8 million or by 6.1%, mainly due to the negative free cash flow accompanied by exchange rate/inflation variation during the quarter.

► In US\$ million

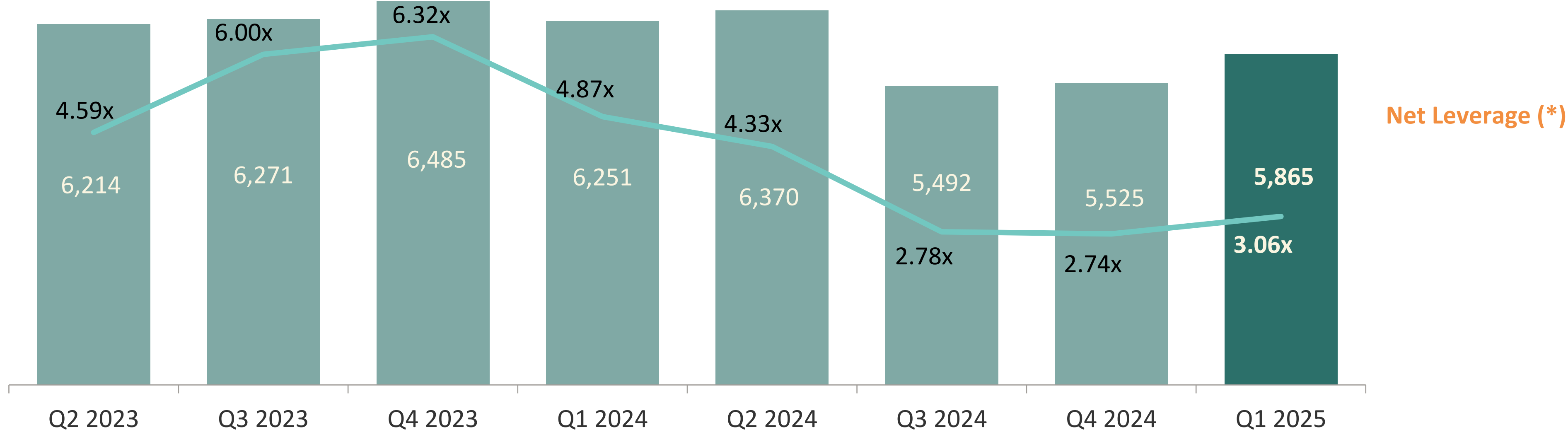
	Q1 2025	Q4 2024
<i>Adjusted EBITDA</i>	348,3	406,5
<i>Non Recurrent Adjusted EBITDA</i>	-	(35,9)
<i>Working Capital Variation</i>	(27,3)	28,8
<i>Interest paid and received</i>	(37,9)	(107,9)
<i>Income tax received (paid)</i>	(17,3)	(32,7)
<i>Others</i>	4,6	(72,3)
<b>Cash from Operating Activities</b>	<b>270,6</b>	<b>186,5</b>
<i>Capex (1)</i>	(405,7)	(446,4)
<i>Others</i>	6,2	(17,5)
<i>Proceeds from investment activities</i>	0,6	20,1
<b>Cash from Investment Activities</b>	<b>(398,8)</b>	<b>(443,8)</b>
<b>Cash from Financing Activities (net of debt)</b>	<b>(15,3)</b>	<b>173,9</b>
Effect of exchange rate changes on cash	14,1	(33,7)
<b>Free Cash Flow</b>	<b>(129,5)</b>	<b>(117,1)</b>
(1) On a cash basis.		





# NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents decreased by 12.9% or US\$138.4 million.

Total Financial Debt increased by 3.1% or US\$201.4 million.

LTM Adjusted EBITDA was US\$1,917.4 million, 4.8% lower QoQ.

Net Leverage (\*) increased from 2.74x to 3.06x.

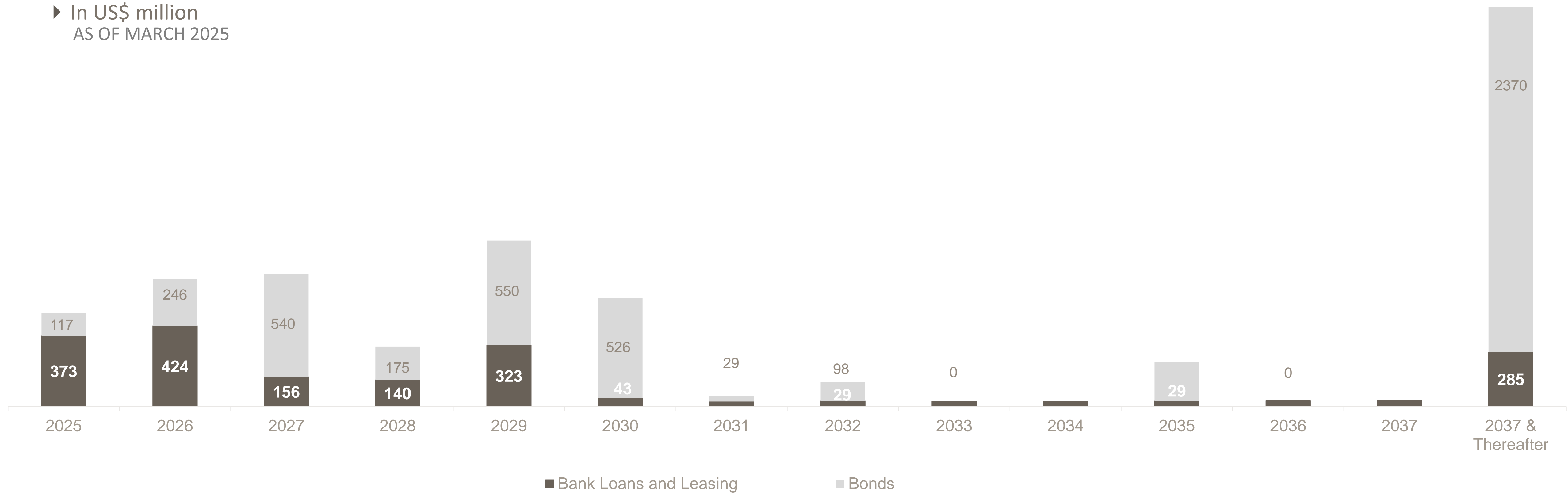
	March 2025	December 2024
Short Term Debt	502	392
Long Term Debt	6.296	6.205
Total Debt	6.798	6.597
Cash	933	1.072
Net Debt	5.865	5.525

(\*) Net Debt / LTM Adjusted EBITDA



# DEBT PROFILE

► In US\$ million  
AS OF MARCH 2025



### BANK OBLIGATIONS FOR 2025 INCLUDE:

- US\$ 324.0 million in bank loans.
- US\$ 49.3 million in leasing.

### BOND OBLIGATIONS FOR 2025 INCLUDE:

- US\$ 70.5 million in local bond obligations.
- US\$ 45.6 million in USD-denominated bond obligations.





# MATERIAL FACTS

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# MATERIAL FACTS AND NEWS



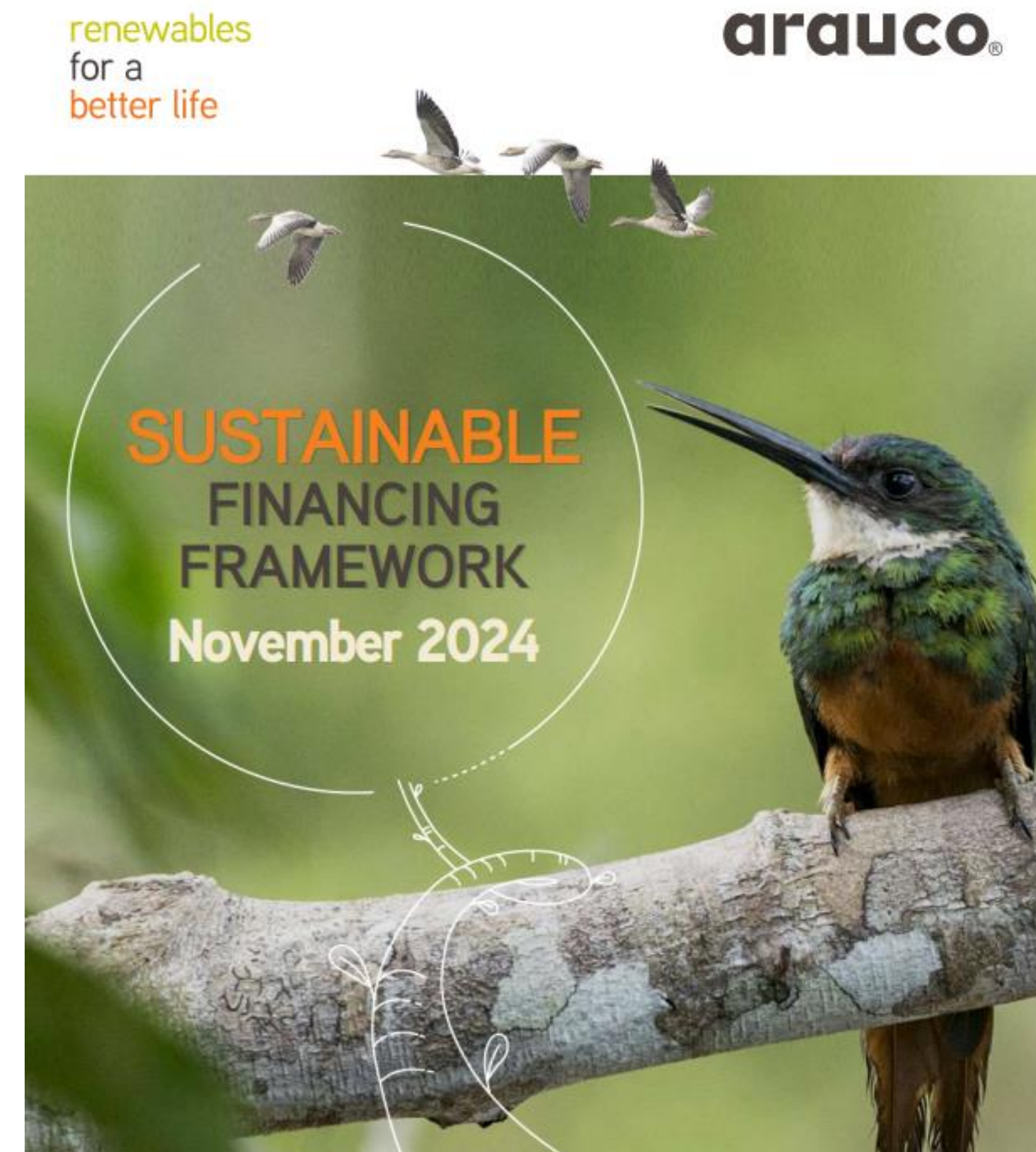
## Sustainable Bond

On April 30, 2025, we completed an offering of US\$500 million principal amount of 6,180% notes due 2032. The bond is sustainable, a category which encompasses green and social projects. The issuance took place on May 5, 2025

We intend to use the net proceeds from the sale of the notes for general corporate purposes, which may include the partial financing of the Sucuriú Project and/or the partial repayment of certain of our existing indebtedness.

We intend to allocate an amount equal to the net proceeds from the sale of the notes to finance and refinance, in whole or in part, one or more Eligible Green Projects and Eligible Social Projects of ours or any of our subsidiaries and/or affiliates, in alignment with the four core components of voluntary process guidelines described in our Sustainable Financing Framework which are considered the best practices to promote transparency, disclosure and integrity of our Sustainable Financing Framework.

You can find our [Sustainable Financing Framework](#) in our website or by clicking [here](#).





# MATERIAL FACTS AND NEWS



## Sucuriú Project Industrial Update

The Sucuriú project had his first stone ceremony on April 9th, led by Brazil's Vice President, Geraldo Alckmin. Construction began according to schedule, reaching physical progress of 5.2% as of April 2025. Regarding Capital Expenditures, US\$341 million was disbursed as of date, which corresponds to 4.4% of the total capex of the project (US\$4,600 million). Piling works have already started on the Boilers, Fiber Line, and Drying Machine. The construction site has also surpassed 3,000 workers on-site. For more information visit Projeto Sucuriú.



**arauco**



# MATERIAL FACTS AND NEWS



## Project Updates

### Vikingo 2.0 and Alacrán projects, México

To expand our panel, paper impregnation, and melamine capacity, we are currently developing two projects in Mexico:

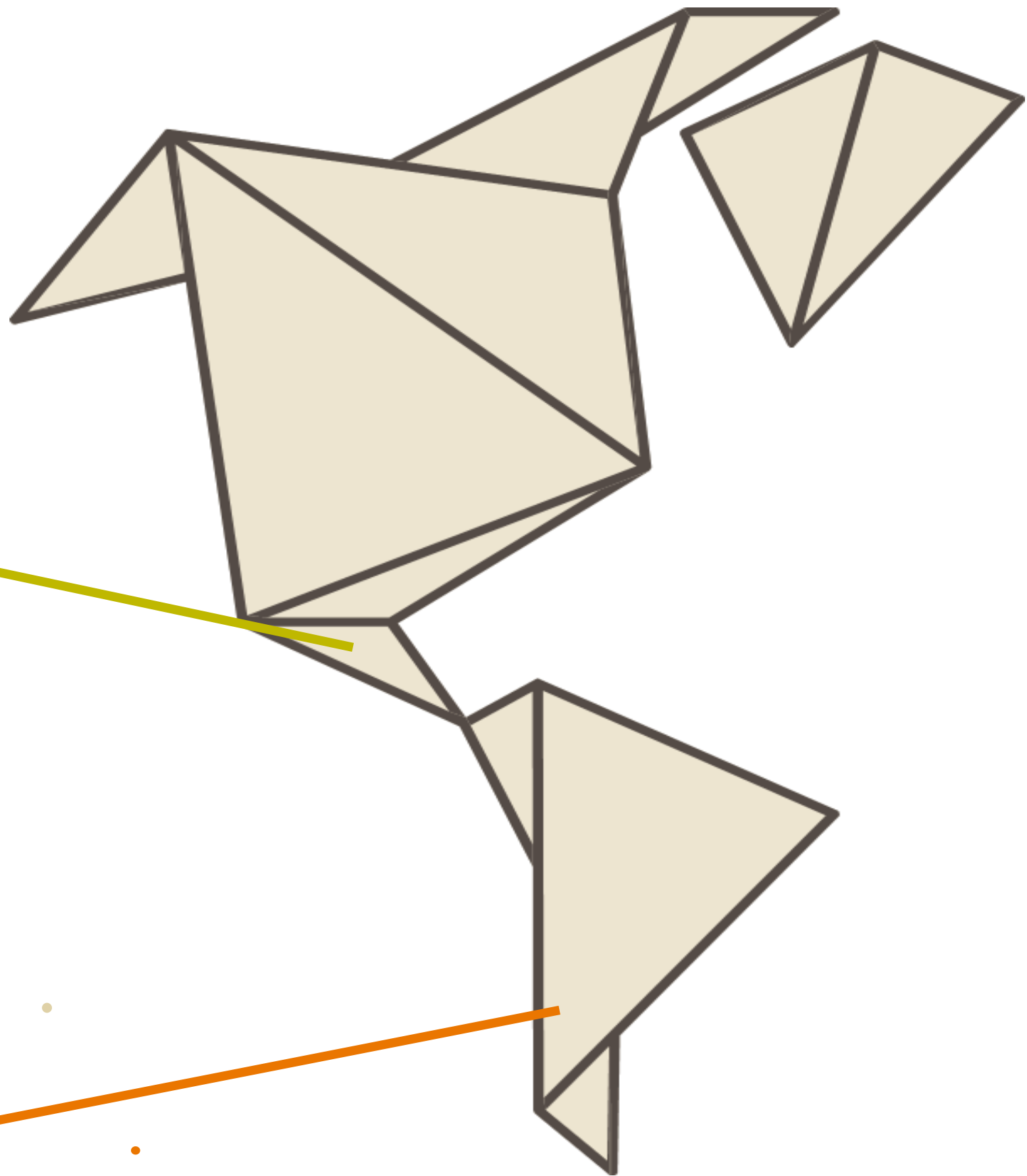
**Vikingo 2.0:** A project aimed at increasing our panel production at the Zitácuaro plant in Mexico, with an investment of USD 250 million for a new MDF production line, which will have a capacity of 300,000 m<sup>3</sup>. It is expected to be operational in 2026.

**Alacrán:** The project consists of a paper impregnation center with two production lines and a new melamine line, which will supply Arauco's plants in Mexico, the U.S., and Canada, involving an investment of USD 40 million.

Additionally, during the third quarter of 2025, the second pallet production line at our Guadalajara plant is expected to begin operations. Combined with the current capacity, it will reach 2.5 million pallets per year.

### New OSB line, Chile

This project consists of a USD 100 million investment to install a new OSB production line at the Trupán–Cholguán complex in Chile's Ñuble region. The line, expected to start operating in Q2 2026, will produce raw and siding OSB panels.





# MATERIAL FACTS AND NEWS



## Forest Fires, Chile

During this forest fire season in Chile, we had 712 fires (17% down when compared to last season’s 853 fires), affecting approximately 825 hectares (574 hectares more than last season). As part of our permanent efforts in fighting these fires, we made more than 9,900 water drops, in more than 2,700 flight hours. Also, 46% of the fires we fought during this season took place in properties that belong to third parties.



## Form 20-F Filling, 2024

On March 26th, we filed our Form 20F for the year 2024 to the Securities and Exchange Commission (SEC), as part of the regulatory requirements we have as a result of our previous registered bond issuances in the US. This report offers a wide and comprehensive view of our company, and a detailed discussion about the financial results of 2024. You will find our Form 20F for the year 2024 on the SEC website clicking [here](#), or in our Investor Relations’ section clicking [here](#).

## Integrated Report, 2024

On April 11th as a requirement from the CMF (“Comisión para el Mercado Financiero”), we published Arauco’s Financial Statements and Integrated Report, which consolidates the Sustainability Report and the Annual Report. This publication summarizes the performance of the company in 2024 and establishes our medium and long-term challenges in financial, social and environmental matters, among others.

You will find our Integrated Report for the year 2024 in our website by clicking [here](#).





# TAKEAWAYS

- Uncertainty growing in some markets, due to the implementation of new tariffs in the U.S. and the effect of trade conflicts with other countries.
- Sucuriú Project with a current physical progress of 5.2%. First stone ceremony and construction began on April 9<sup>th</sup>. Ramp up is expected for the fourth quarter of 2027.
- New Sustainable bond offering of US\$500 million principal amount of 6,18% notes due 2032 completed on April 2025.

**2Q 2025  
RESULTS &  
CONF CALL**

**MID AUG  
2025**







Q&A

[Click Link](#)



## INVESTOR RELATIONS

A replay of this conference call will be available on the IR section of our web site.

## FOR FURTHER INFORMATION

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