


3Q
2024



Financial Results
Conference Call Presentation
November 13, 2024

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.

HIGHLIGHTS

► Quarterly figures, in US\$ million

Revenues
US\$1,695
11% QoQ

Net Income
US\$231
469% QoQ

Adj. EBITDA
US\$748
81% QoQ

LTM Adj. EBITDA
US\$1,976
34% QoQ

Net Debt to EBITDA
2.78x

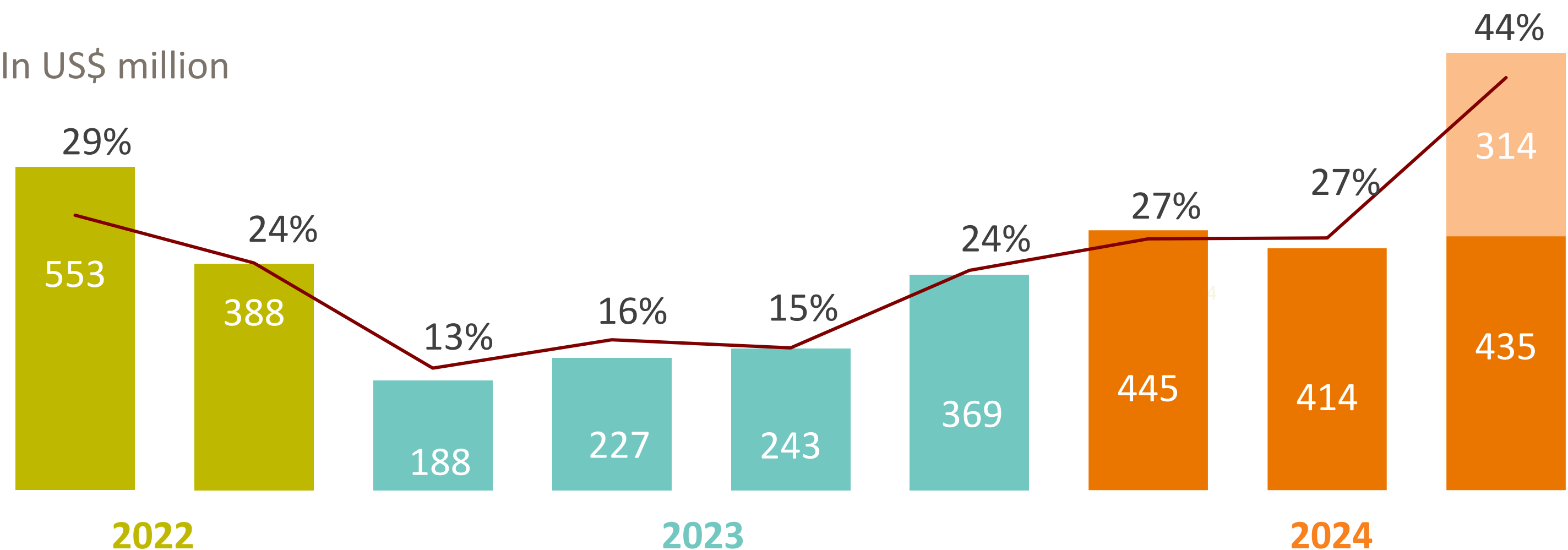
Sucuriu Project
approved by our
Board of Directors



EBITDA & INCOME STATEMENT

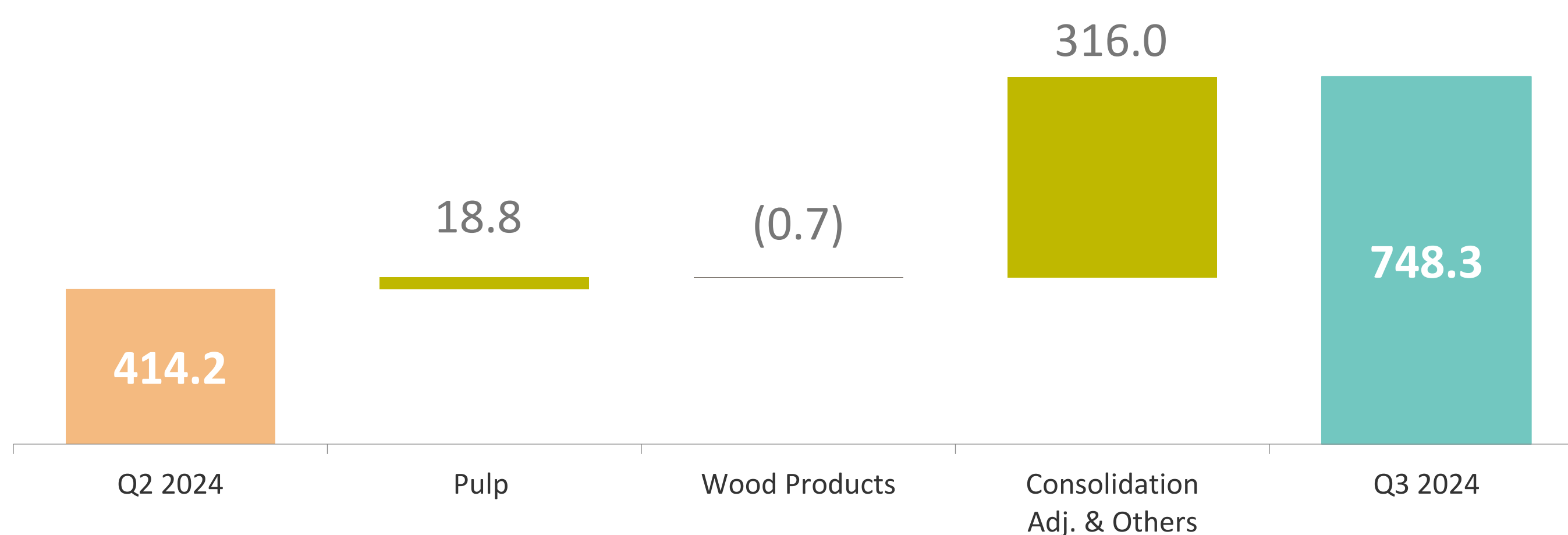
ADJUSTED EBITDA

► In US\$ million



Breakdown by division

Pulp	339
Wood Products	124
Consolidated Adj. & Others	285



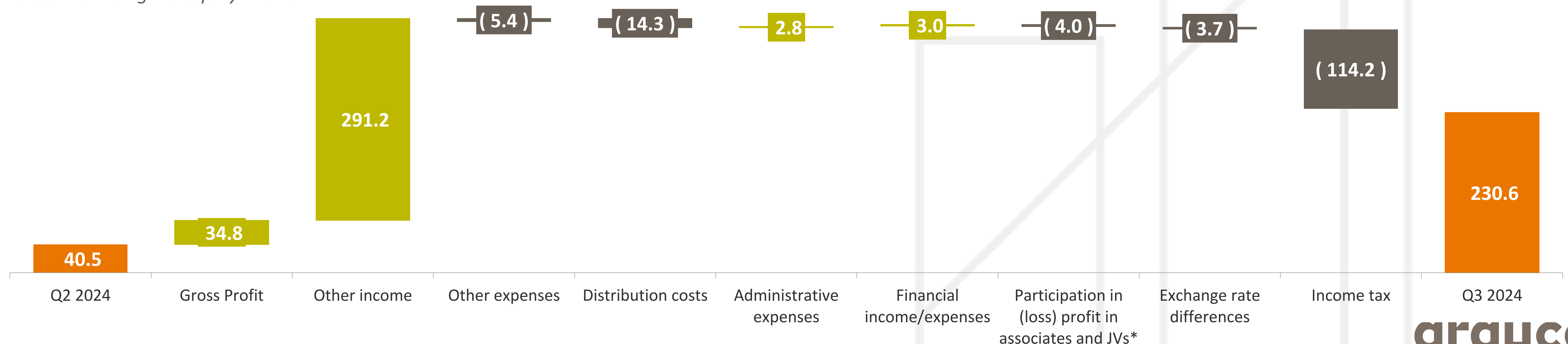
- Adjusted EBITDA during the third quarter reached US\$748.3 million.
- There was an increase of 5.9% or US\$18.8 million in the Adjusted EBITDA of our pulp business segment, mainly due to an increase in sales volume.
- Adjusted EBITDA of our wood products business segment decreased 0.6% or US\$0.7 million.
- Additionally, we had an extraordinary US\$313.6 increase in Adjusted EBITDA due to the effect of our forestry asset sale in Brazil.

INCOME STATEMENT

► In US\$ million

	Q3 2024	Q2 2024	Q3 2023	QoQ	YoY
Revenue	1.695,2	1.534,4	1.594,9	10,5%	6,3%
Cost of sales	(1.192,2)	(1.066,2)	(1.293,2)	11,8%	-7,8%
Gross Profit	503,0	468,2	301,7	7,4%	66,7%
Other income	339,5	48,3	76,9	602,7%	341,4%
Distribution costs	(182,0)	(167,7)	(184,5)	8,5%	-1,3%
Administrative expenses	(143,9)	(146,6)	(159,3)	-1,9%	-9,7%
Other expenses	(53,7)	(48,3)	(146,1)	11,2%	-63,2%
Financial income	14,2	16,6	33,1	-14,1%	-57,0%
Financial costs	(99,8)	(105,1)	(100,1)	-5,0%	-0,3%
Participation in (loss) profit in associates	(6,0)	(2,1)	(3,2)	190,1%	88,9%
Exchange rate differences	(4,5)	(0,8)	(43,7)	468,4%	-89,6%
Income before income tax	366,8	62,5	(225,1)	486,5%	263,0%
Income tax	(136,2)	(22,0)	52,1	518,6%	-361,5%
Net income	230,6	40,5	(173,0)	469,0%	233,3%

* Accounted using the equity method.

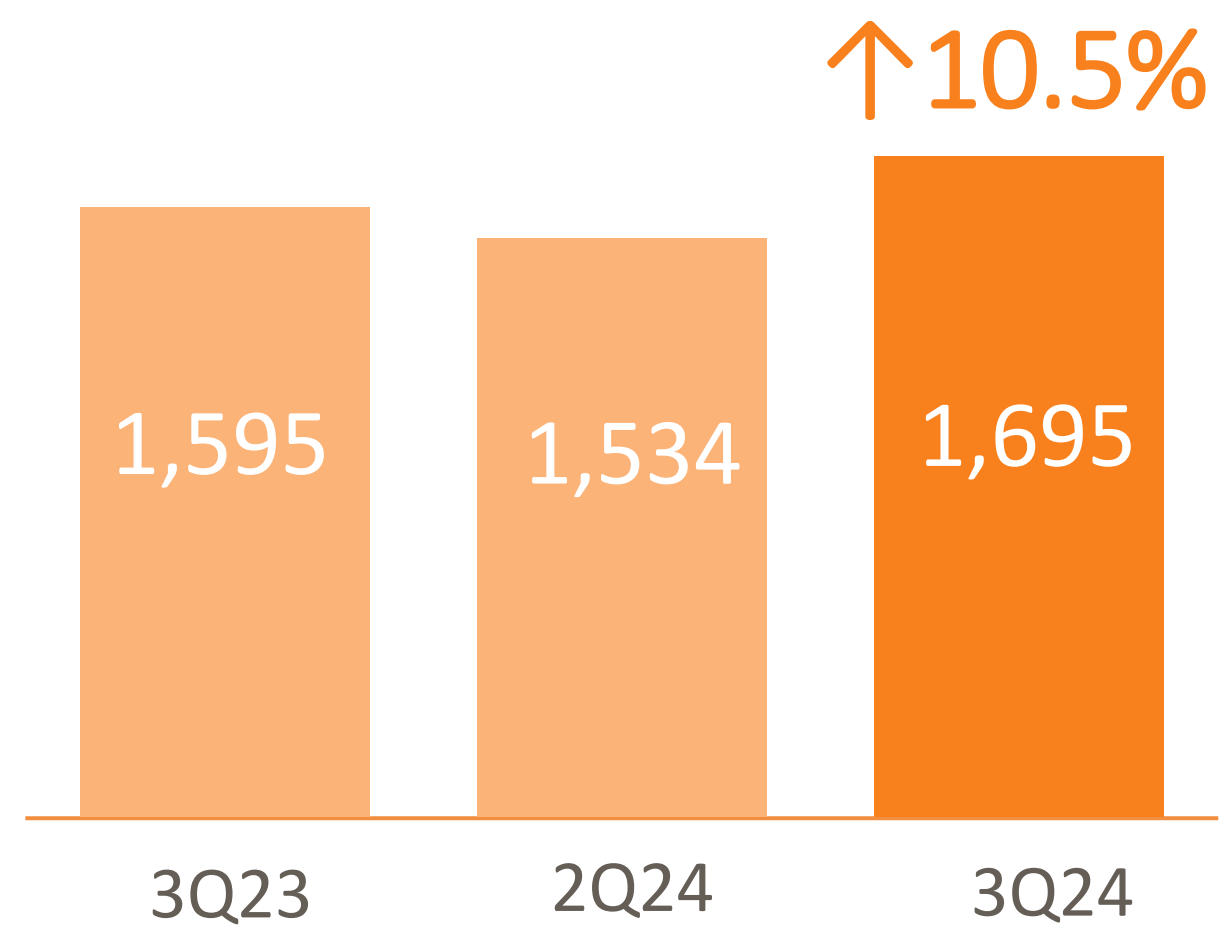


INCOME STATEMENT – REVENUES & COST OF SALES

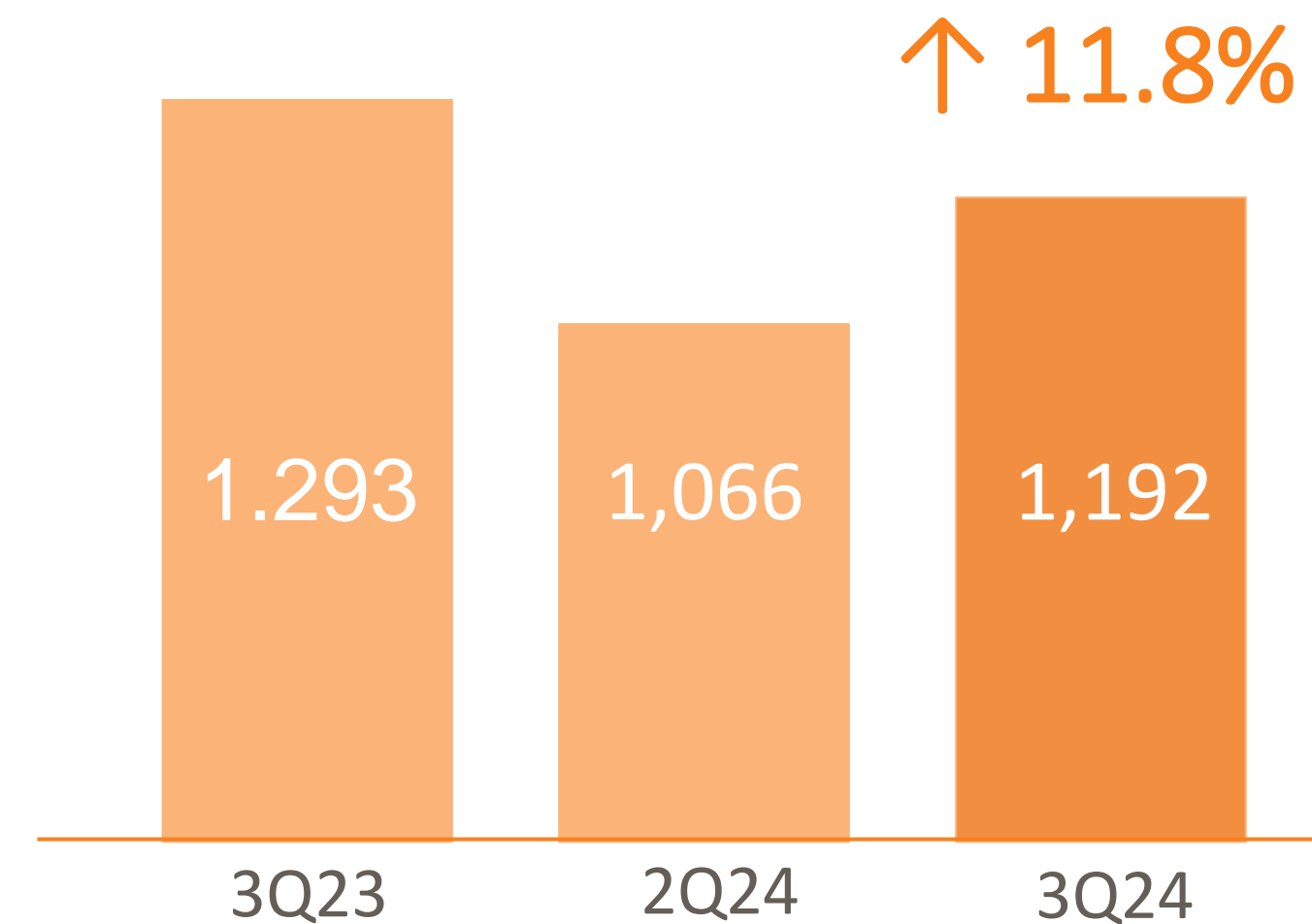
► In US\$ million

Revenues increased by 10.5% compared to the second quarter of 2024 and increased by 6.3% compared to the third quarter of 2023.

- **Pulp revenues** increased by US\$113 million or 14.5% mainly driven by an increase of 21.2% in sales volume, partially offset by a 4.8% decrease in average prices
- **Wood products revenues** increased by US\$47.9 million or 6.3%, mainly due to a 9.7% increase in sales volume, partially offset by a 2.9% decrease in average prices.



Cost of sales increased by 11.8% or US\$126.0 million compared to the second quarter, mostly explained by *Forestry labor costs, Timber costs* and *Chemical costs*.

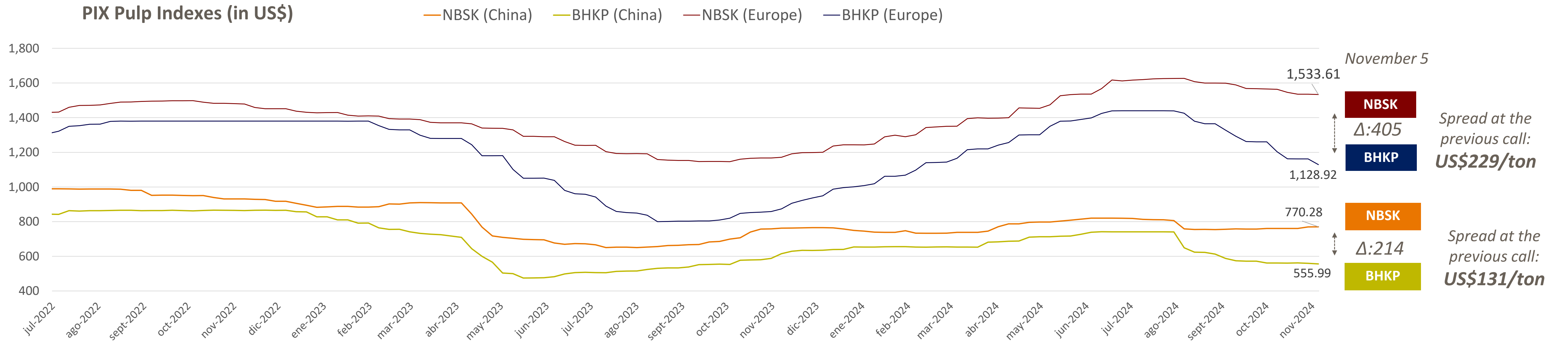


Pulp unitary sale costs QoQ

Softwood bleached pulp	▲	6.7%
Hardwood bleached pulp	▼	-5.4%
Unbleached softwood pulp	▼	-9.9%
Dissolving pulp	▲	10.1%



REVIEW BY BUSINESS SEGMENT & OUTLOOK



Source: RISI

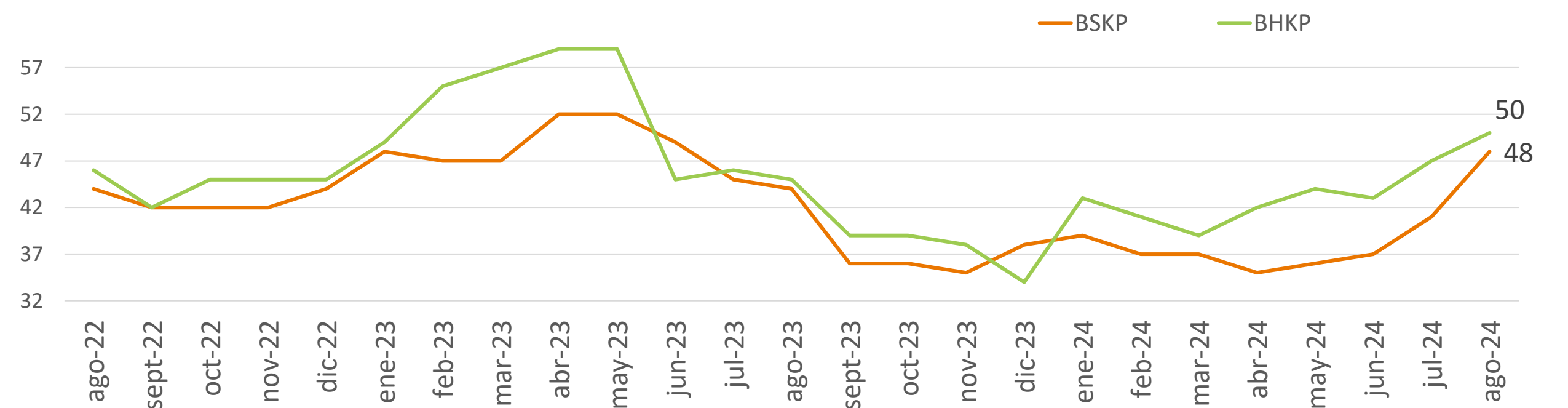
Global Bleached Chemical Pulp Shipments variation – (8 months 2023 – 2024)

Global BCP Shipments Change (tonnes)

	2023	2024	%Var.
China	16,535	14,170	-14.3%
Europe	9,495	10,745	13.2%
Other Asia	5,895	6,015	2.0%
USA	4,725	4,905	3.8%
Rest of the World	2,670	2,945	10.3%
Total	39,320	38,780	-1.4%

Source: Hawkins Wright (Jan to Feb)

Global BCP Producer Stocks In days of supply



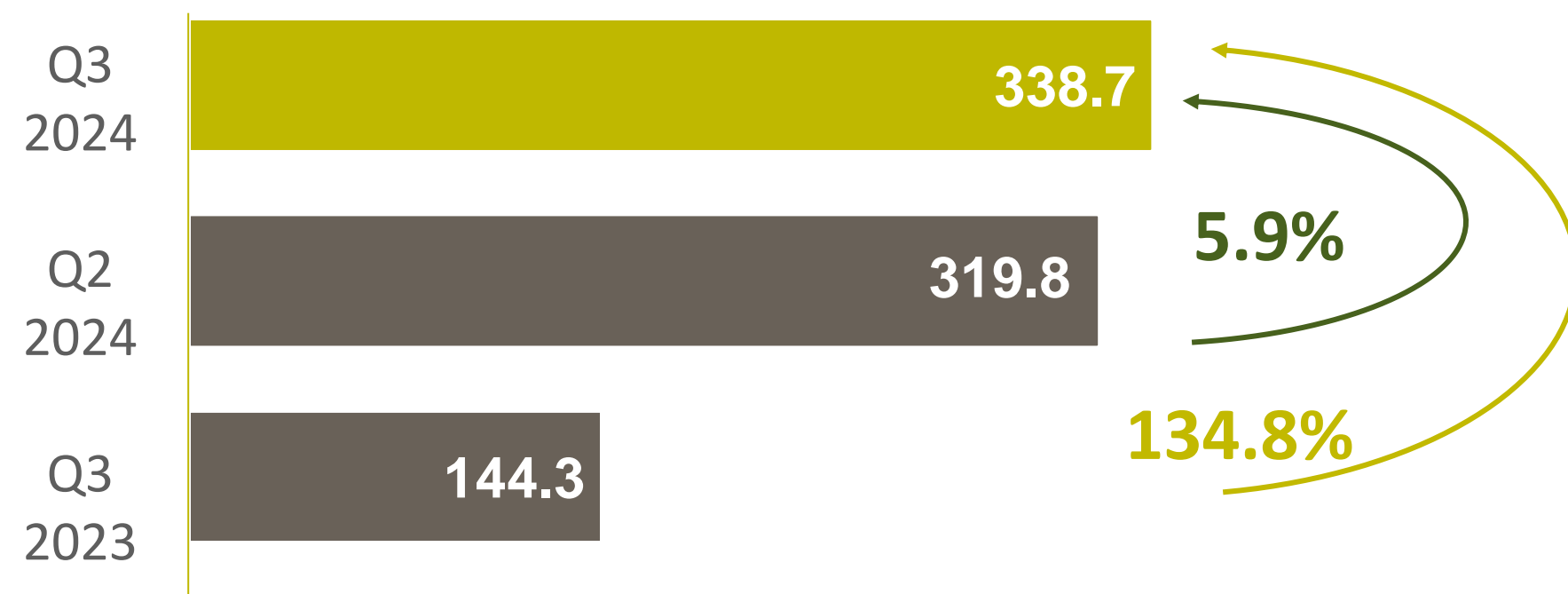
Excludes Russia & Indonesia
Source: Hawkins Wright

PULP / ADJUSTED EBITDA

REVIEW BY BUSINESS SEGMENT & OUTLOOK

Adjusted EBITDA

► In US\$ million



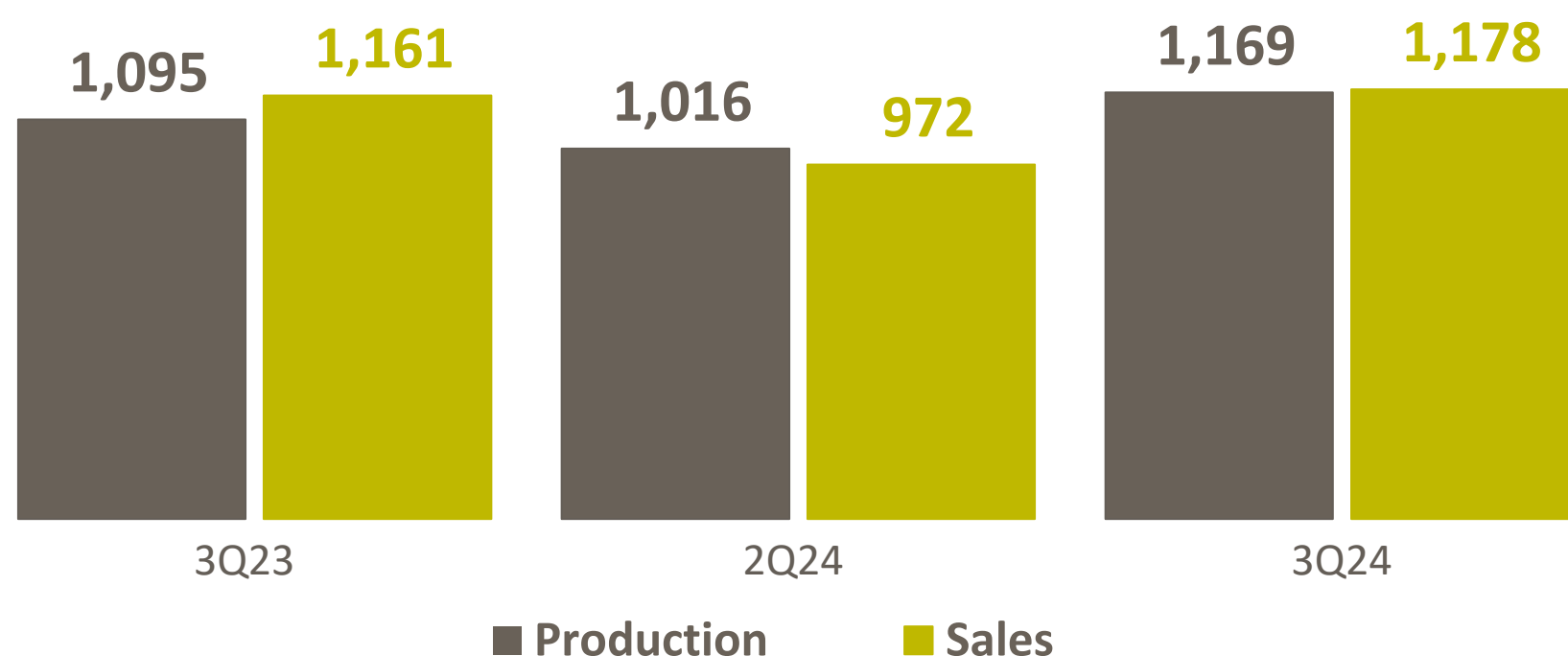
3Q 2024

- During the third quarter, we saw a more deteriorated market, mainly affected by a decrease in demand, an increase in supply due to new capacities and an increase in global inventories.
- In **China**, the pulp market remained cautious, as paper producers maintained low inventories and continued with pressured margins due to overcapacity. Hardwood supply increased as new mills in Brazil and China began operations, pushing prices down for short fiber throughout the quarter, while long fiber prices stabilized after an initial decline.
- In **Europe**, the market was weaker than in the second quarter, with reduced demand from the paper industry and mill closures for maintenance. The tissue demand remained stable. Short fiber prices declined, and due to market instability, costumers decreased their purchase volume, offset by spot sales.
- The **textile pulp** market remained stable following the trend seen in the second quarter. The viscose market remained with low inventories, and with stable operating rates.
- Production during the third quarter of 2024 was slightly higher than production in the same period of 2023, mainly due to the scheduled stoppage of the Valdivia mill that was stopped from April 2023 to August 2023

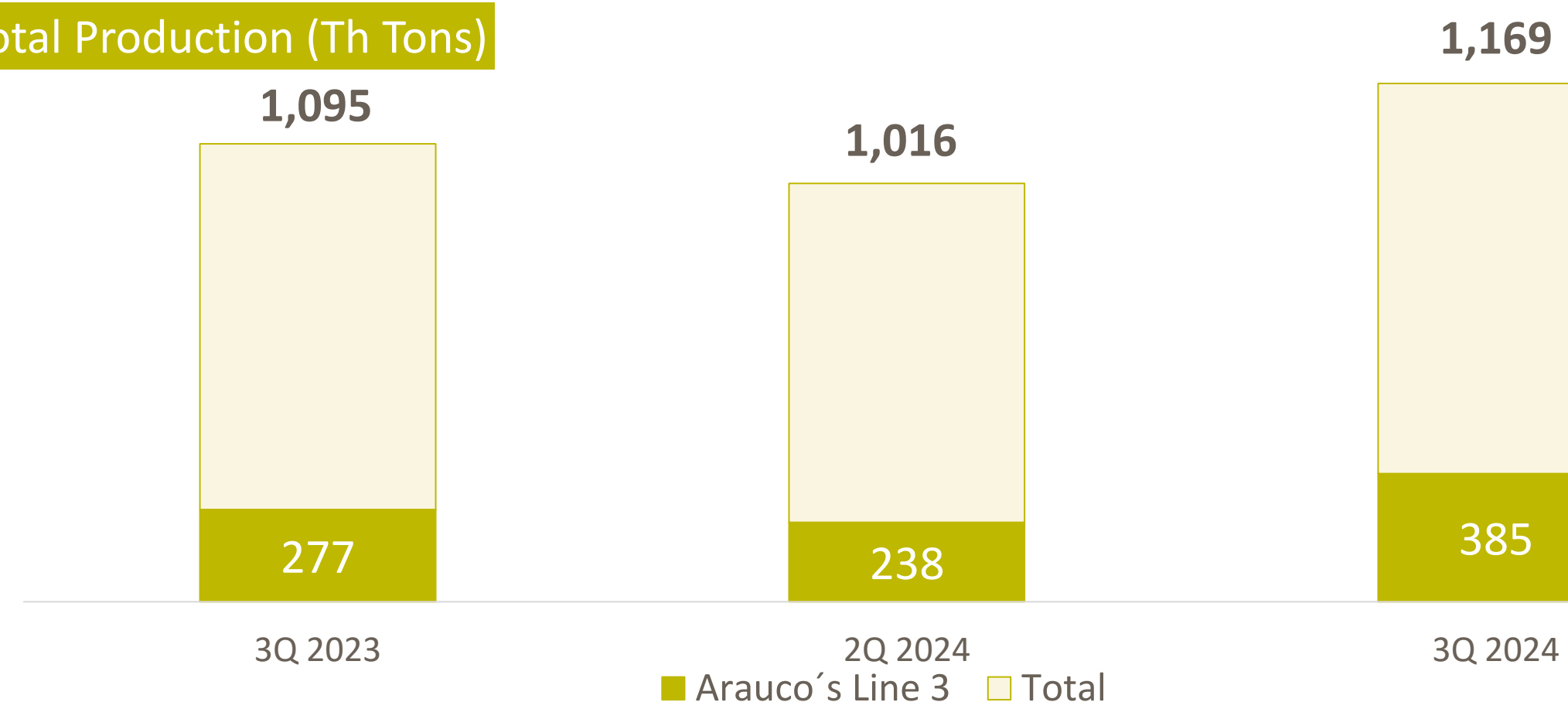
QoQ YoY

	Price	Volume	Sales
QoQ	-4,8%	21,2%	14,5%
YoY	12,7%	1,5%	14,3%

Production and Sales Volume In thousand tons



Total Production (Th Tons)



PULP OUTLOOK

REVIEW BY BUSINESS SEGMENT & OUTLOOK

For the fourth quarter of 2024,

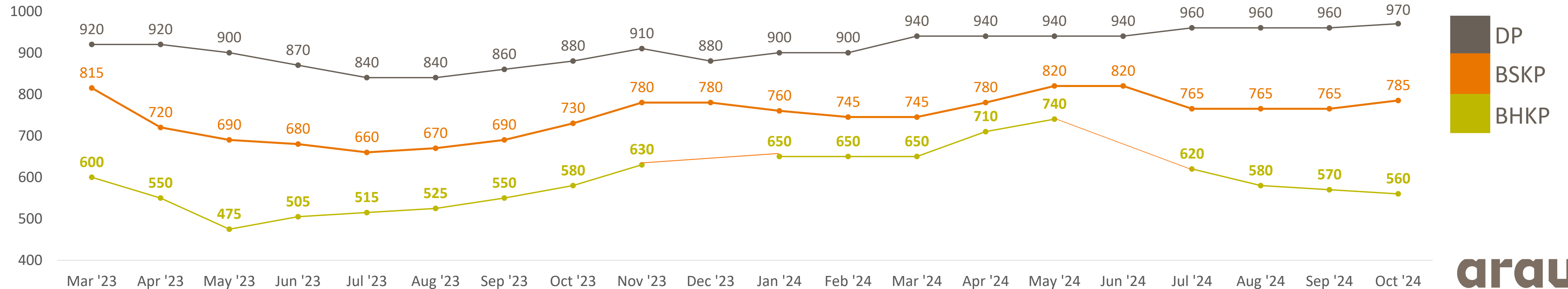
- We expect the Chinese market to recover compared to the third quarter in terms of pulp consumption as economic measures announced by the government could improve country's economy and increase paper demand.
- Europe is expected to continue the tendency of the third quarter, with end users being more cautious especially, in the Printing and Writing and Specialty segments.
- Pulp supply should increase during the quarter as ramp up of new mills are increasing pulp availability in the markets.

Pulp Mills Days of Stoppages

Mill	2024			2025	
	2Q	3Q	4Q	1Q	2Q
Arauco - Line 2				18	
Arauco - Line 3		16			15
Constitución	18				15
Nueva Aldea		15			
Valdivia			13		
Esperanza			10		
Montes del Plata	15				

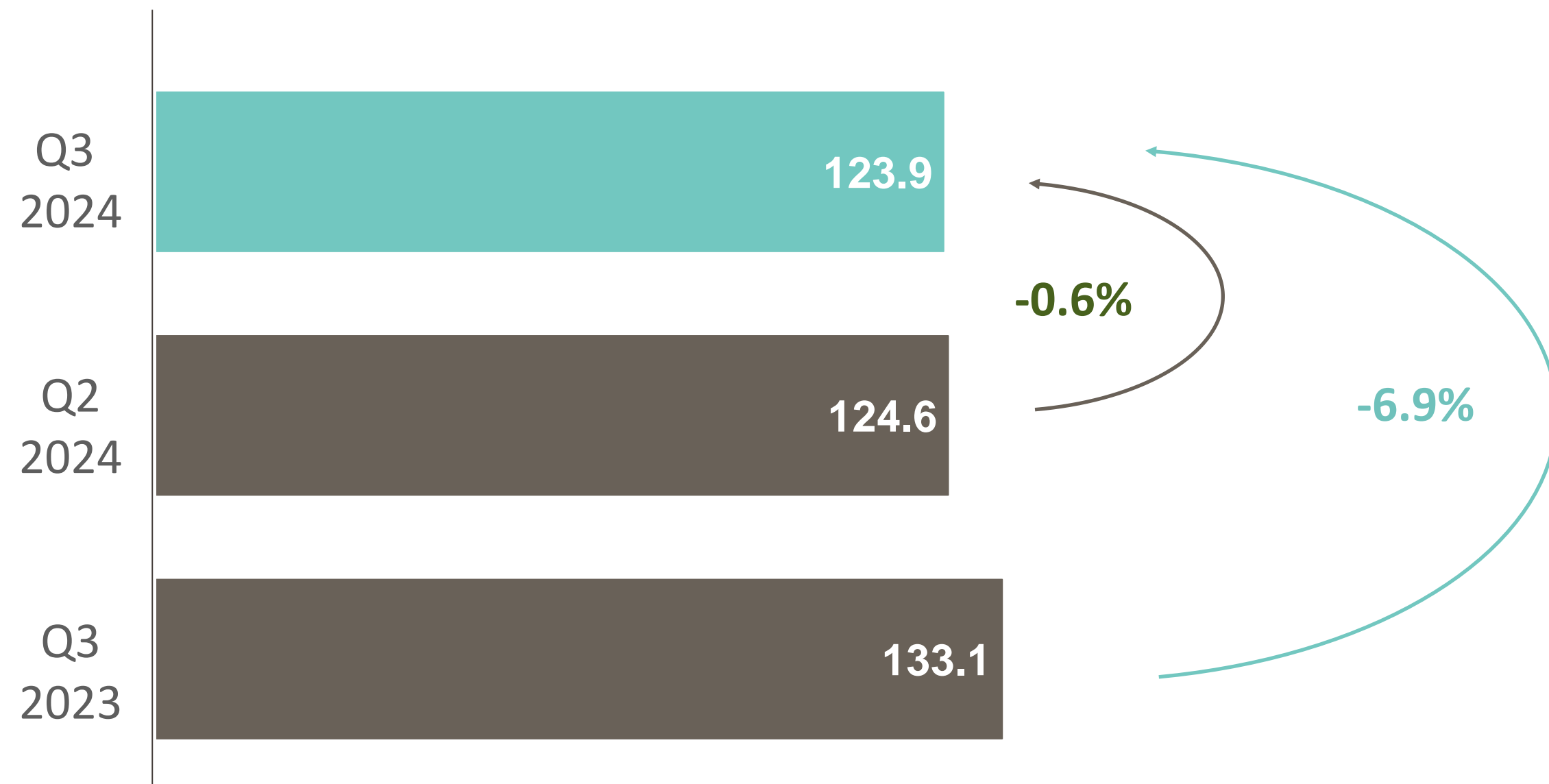


BSKP, BHKP and DP Net Prices - China



WOOD PRODUCTS / ADJUSTED EBITDA

Adjusted EBITDA
In US\$ million



Q3 2024

Adjusted EBITDA of our wood products business segment decreased US\$0.7 million or 0.6% when compared to the previous quarter.

Wood Products

	Price	Volume
QoQ	-2,9%	9,7%
YoY	-5,6%	5,1%

Panels*

	Price	Volume
QoQ	-3,3%	8,6%
YoY	-6,6%	8,3%

Solid Wood**

	Price	Volume
QoQ	-1,9%	12,3%
YoY	-3,3%	-1,5%

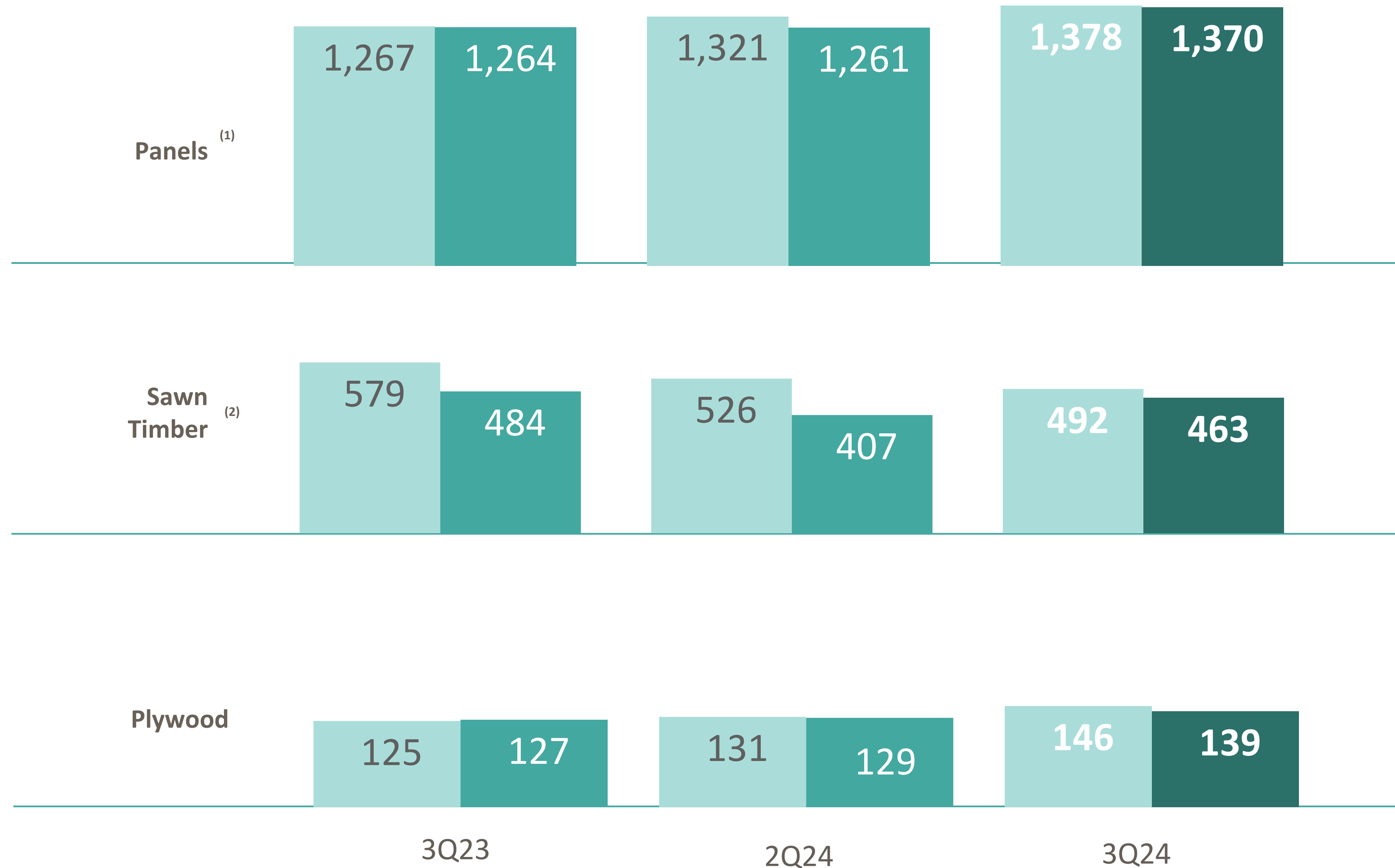
*MDF, PBO, HB

**Sawn Timber, Remanufactured Wood products and Plywood

WOOD PRODUCTS PRODUCTION AND SALES VOLUME

REVIEW BY BUSINESS SEGMENT & OUTLOOK

► In thousand m³



(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

53%

North America

MDF:

- We expect a challenging scenario in the short term as the market has some oversupply as new mills are ramping up, however, positive trend for 2025.

PB:

- Market remains strong, with continued price increases and mills operating at 100%, as capacity have been coming out the last two years. Outlook regarding demand is stable.

REMANUFACTURED PRODUCTS:

- We expect a balanced supply and have continued to push price increases due to an increase in supply chain costs. In boards, we see a more challenging scenario in the short term, as Asia and South America are being more competitive.

PLYWOOD:

- Market continuing last quarter’s positive trend, with steady volumes and pricing.



Source: Bloomberg

35%

Central and
South America

BRAZIL:

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

CHILE:

- Uncertainty remains as we haven't seen an improvement in the Construction Sector.

ARGENTINA:

- Some pressure on costs, but with a better scenario with a slow recovery in margins and sales.

12%

Asia,
Oceania,
Europe and
Middle East

ASIA:

- Challenging outlook, with slow demand expected to continue as there are high stock levels in some markets and increased supply impacting the rest of 2024. We expect a more stable outlook for 2025.

OCEANIA:

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

EUROPE:

- We expect improvement, with announcements of local mills closures from some competitors.

MIDDLE EAST:

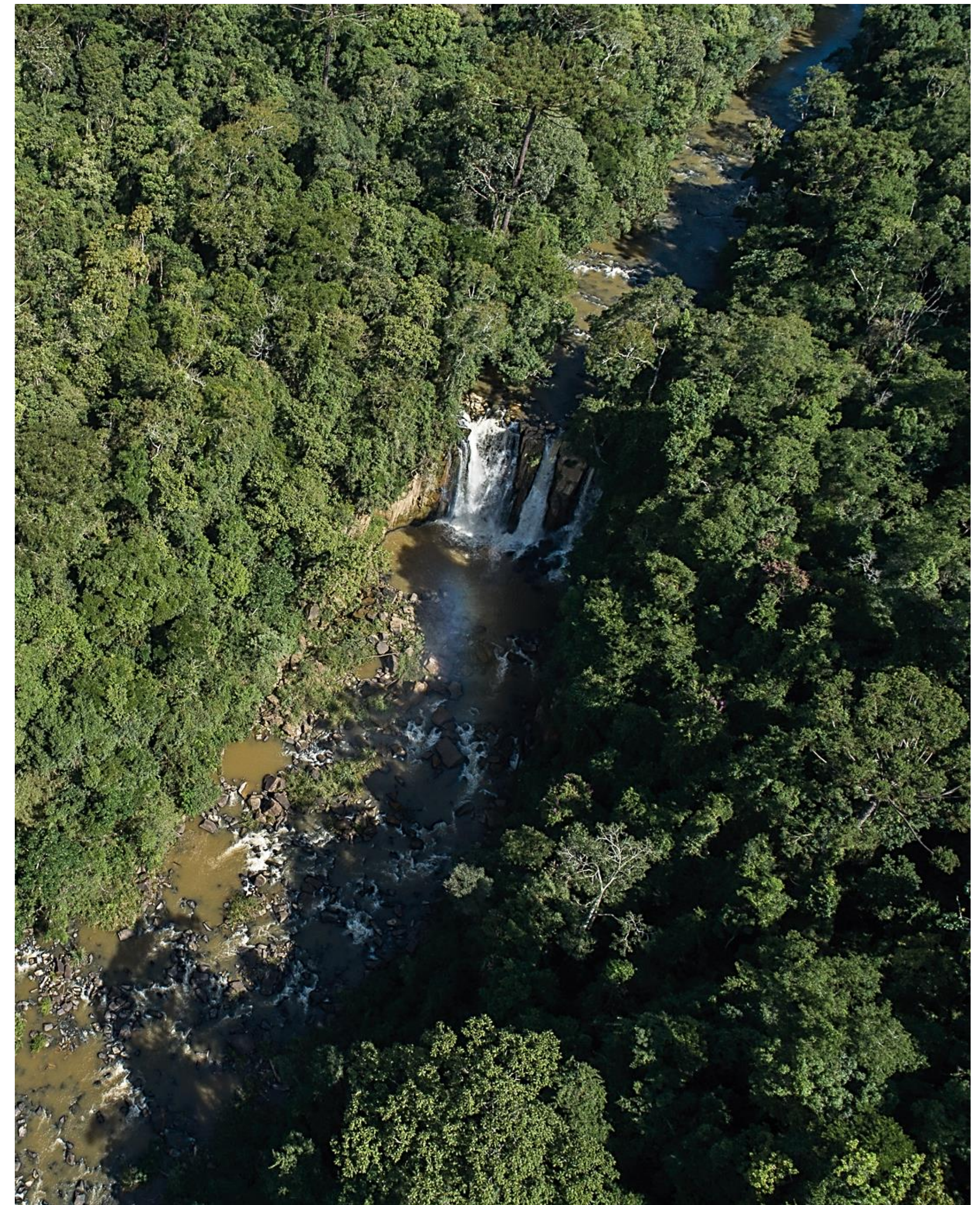
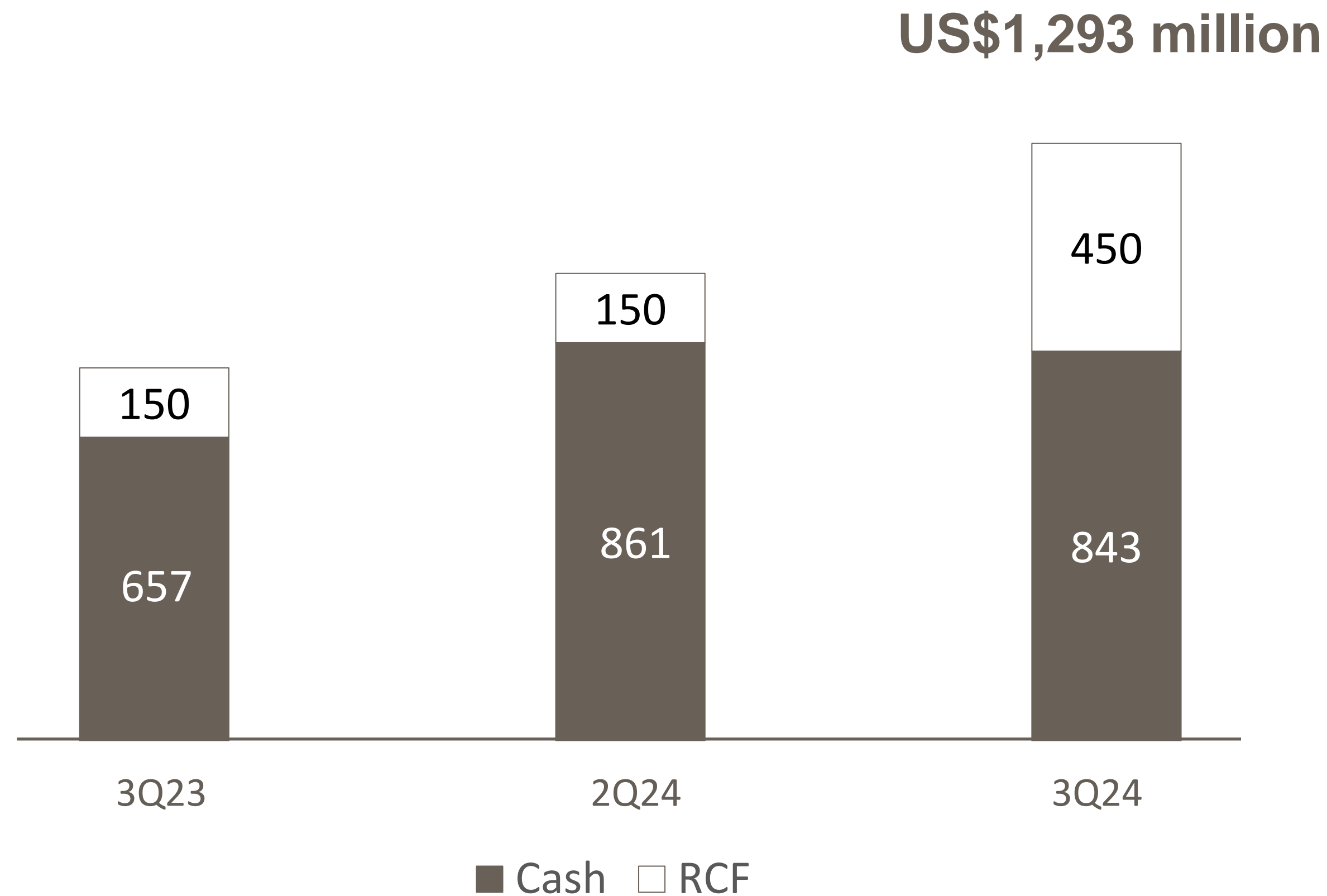
- Challenging outlook toward year-end with slow markets due to low-cost European supply.



FINANCIAL REVIEW

CASH AND LIQUIDITY

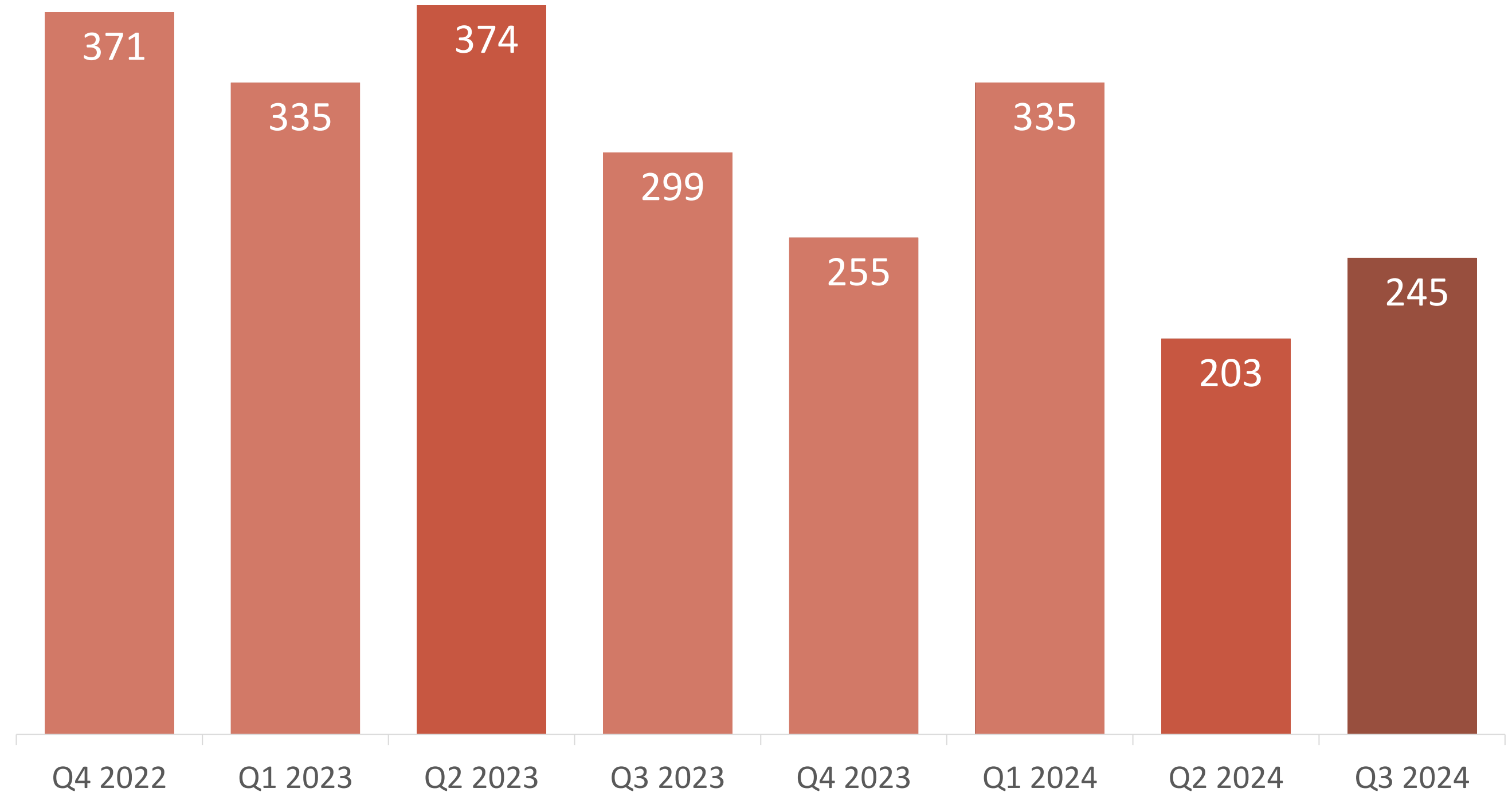
Our cash position was US\$842.8 million at the end of the third quarter of 2024. In addition to our cash position, we have a new revolving credit facility (RCF) for a total amount of US\$450 million due in September 2027, which as of the date of this report hasn't been withdrawn.



CAPEX



During this quarter, capital expenditures (on a cash basis) were US\$244.6 million, US\$41.4 million higher than the previous quarter.



FREE CASH FLOW

Cash flows received from operating activities increased US\$239.4 million mostly due to *Adjusted EBITDA* and *Working capital variation*.

Cash flows from investment activities increased US\$908.2 million.

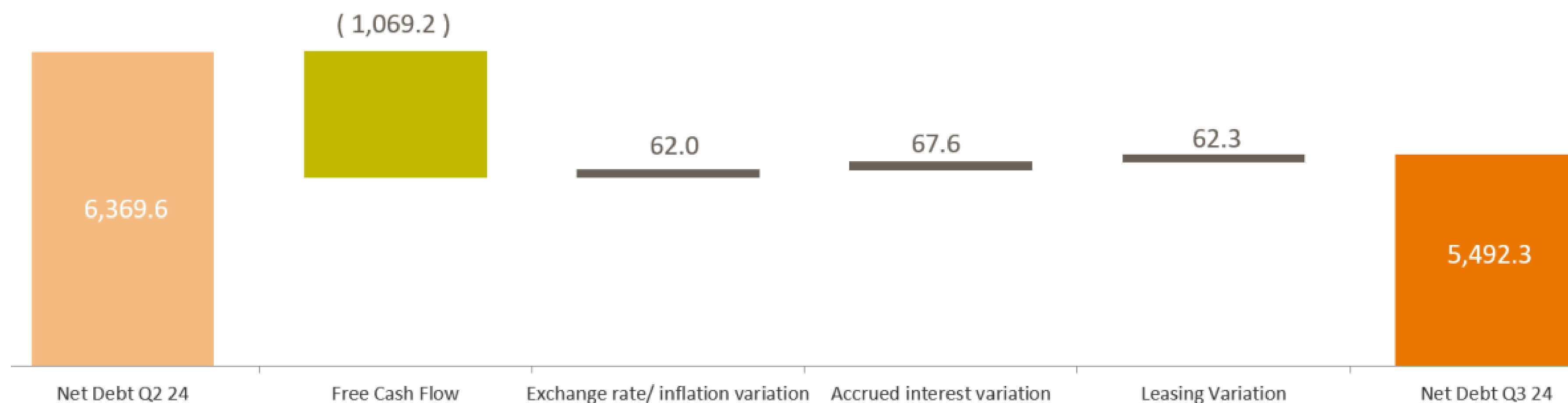
Cash flows used in financing activities decreased by US\$2.4 million.

▶ Net Debt decreased by US\$877.3 million or by 13.8%, mainly due to the positive free cash flow of the quarter.

▶ In US\$ million

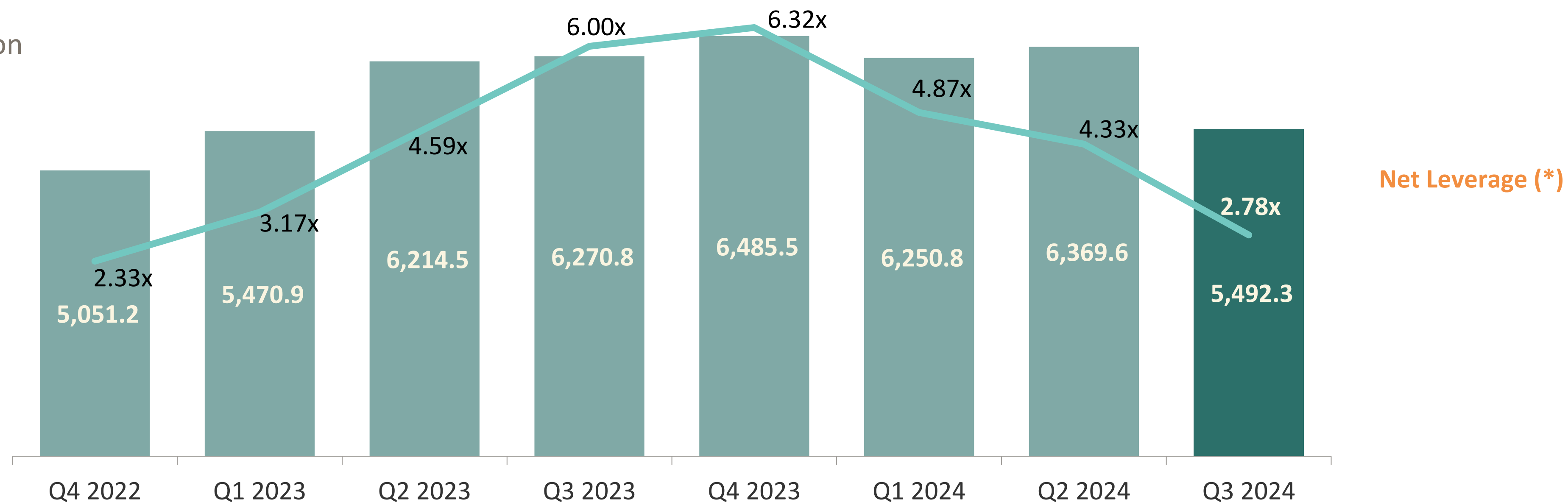
	Q3 2024	Q2 2024
<i>Adjusted EBITDA</i>	748.3	414.2
<i>Non Recurrent Adjusted EBITDA</i>	(313.6)	-
<i>Working Capital Variation</i>	(57.8)	(137.9)
<i>Interest paid and received</i>	(47.4)	(110.7)
<i>Income tax received (paid)</i>	(17.3)	(22.4)
<i>Others</i>	58.8	(11.7)
Cash from Operating Activities	370.9	131.5
<i>Capex (1)</i>	(244.6)	(203.2)
<i>Others</i>	946.4	(6.9)
<i>Proceeds from investment activities</i>	(0.8)	2.9
Cash from Investment Activities	701.0	(207.2)
Cash from Financing Activities (net of debt)	(14.5)	(12.1)
Effect of exchange rate changes on cash	11.8	(9.4)
Free Cash Flow	1,069.2	(97.1)

(1) On a cash basis.



NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents decreased by 2.1% or US\$18.3 million.

Total Financial Debt decreased by 12.4% or US\$895.6 million.

LTM Adjusted EBITDA was US\$1,976.4 million, 34.4% higher QoQ.

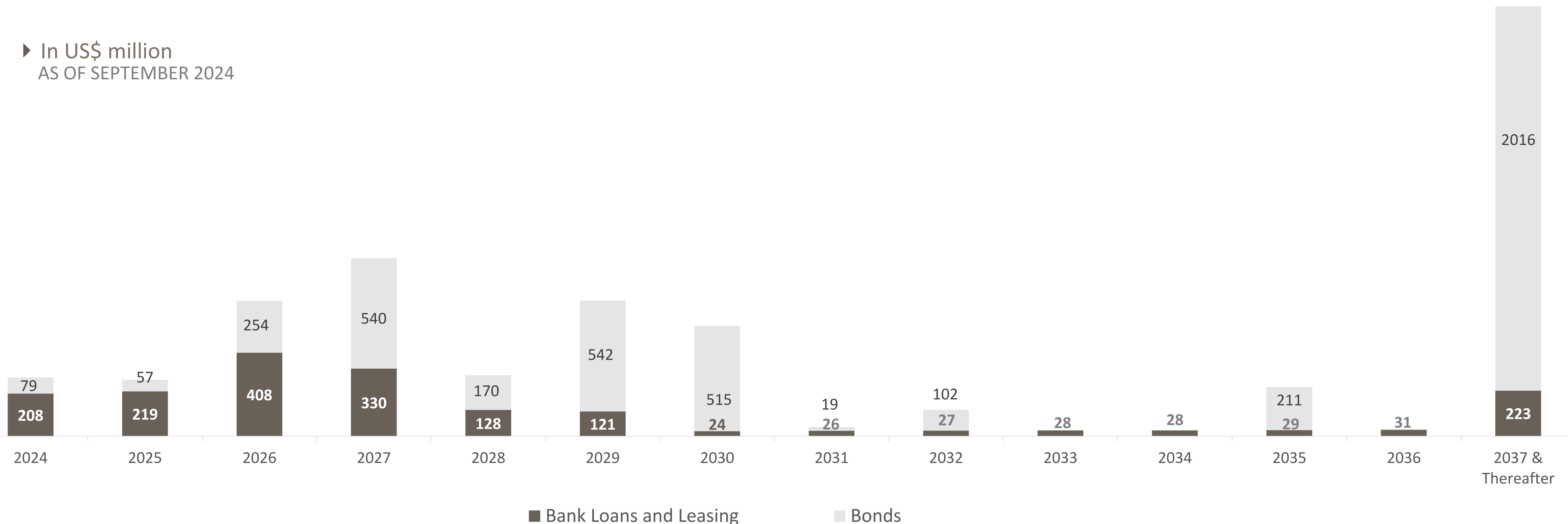
Net Leverage (*) decreased from 4.33x to 2.78x.

	September 2024	June 2024
Short Term Debt	397	1,508
Long Term Debt	5,938	5,723
Total Debt	6,335	7,231
Cash	843	861
Net Debt	5,492	6,370

(*) Net Debt / LTM Adjusted EBITDA

DEBT PROFILE

► In US\$ million
AS OF SEPTEMBER 2024

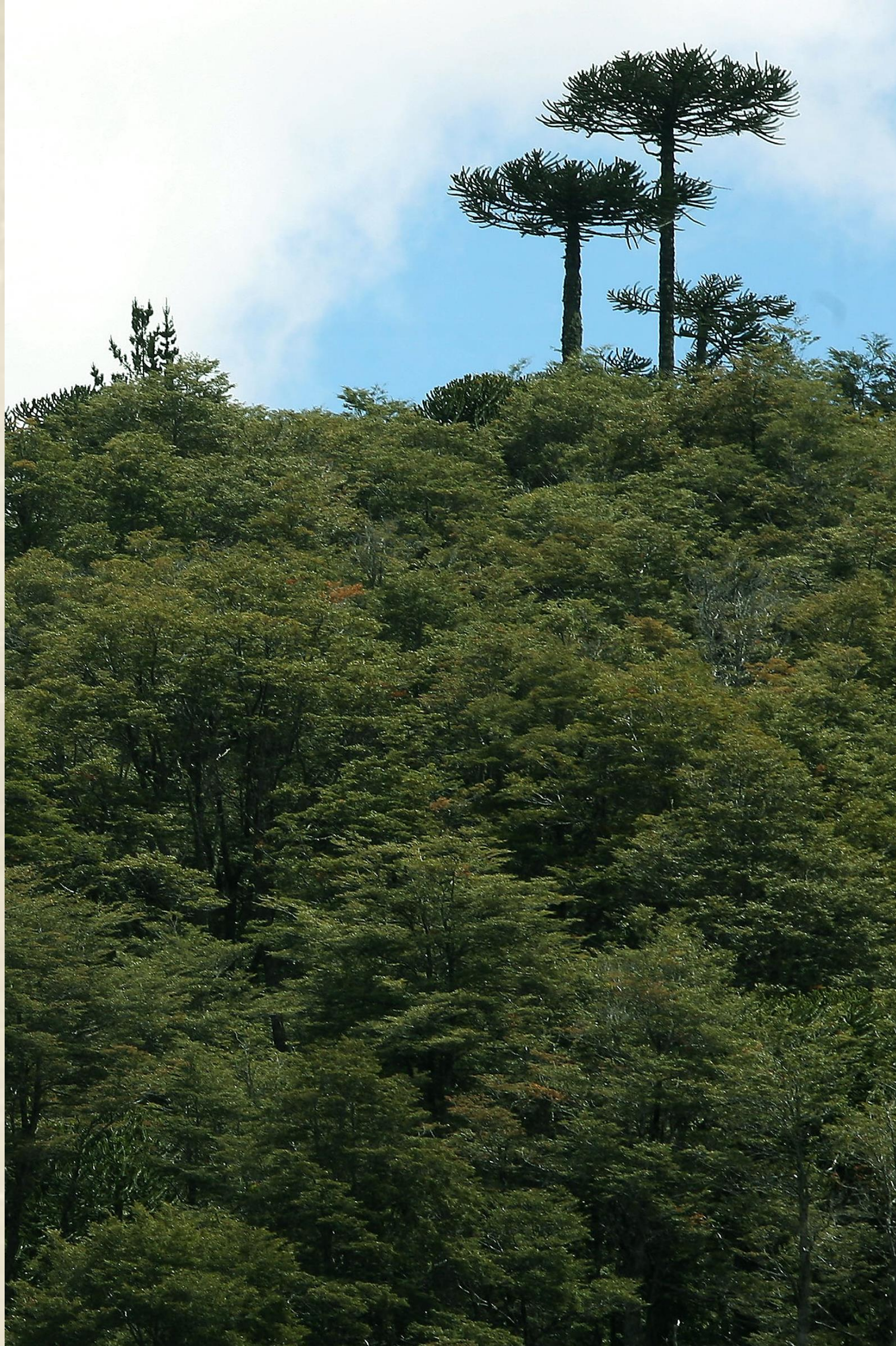


BANK OBLIGATIONS FOR 2024 INCLUDE:

- US\$ 195.2 million in bank loans.
- US\$ 13.2 million in leasing.

BOND OBLIGATIONS FOR 2024 INCLUDE:

- US\$ 41.2 million in local bond obligations.
- US\$ 37.6 million in USD-denominated bond obligations.




MATERIAL FACTS

MATERIAL FACTS AND NEWS

Sucuriú Project Approved by our Board of Directors

Highlights

 Investment
US\$ 4.6 billion
(BR\$ 25.3 billion)

 Pulp production capacity
3.5 million tons per year

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

 Jobs at the peak of construction
14.000 jobs

 Forestry area
400.000 ha of eucalyptus plantation

Capital Increase and Dividend Policy

In light of the above a capital increase of up to US\$1,200 million was also approved by our parent Company Empresas Copec S.A. Of the total amount mentioned, US\$300 million will be required no later than December 31, 2024, while the remaining US\$900 million will be paid during 2025 and 2026. It was also established that, for the profits obtained in 2024, 2025, and 2026, an amount equivalent to 30% of the net distributable profits of each year, which may be distributed as dividends, will be distributed annually.



MATERIAL FACTS AND NEWS

Committed RCF and Yankee 2024

On July 22 we repaid the US\$225 million of the committed facility that was withdrawn in June 2023. Additionally, on August 1 we made the final payment of our outstanding 4.5% notes for a total of US\$500 million

ESG

COP16 on Biodiversity in Cali, Colombia

In October and in November, we participated in the 16th United Nations Conference on Biodiversity (COP16), a key international event aimed at driving actions for the protection and sustainable management of biodiversity and ecosystems. This crucial platform gathered more than 190 countries to mobilize the world around this urgent issue.



TAKEAWAYS

- After the closing of the forestry companies' sale in Brazil, we reduced significantly our gross debt.
- Net Leverage decreased significantly from 4.33x to 2.78x as our Adjusted EBITDA increased 34.4% QoQ.
- Sucuriú Project Approved by our Board of Directors, ramp up expected for the fourth quarter of 2027.
- We were present in the COP16 in Colombia, engaging with leaders and experts to discuss solutions and share experiences on the critical challenges facing biodiversity today.

4Q 2024
RESULTS &
CONF CALL

END OF FEB
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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