

2nd QUARTER
2022

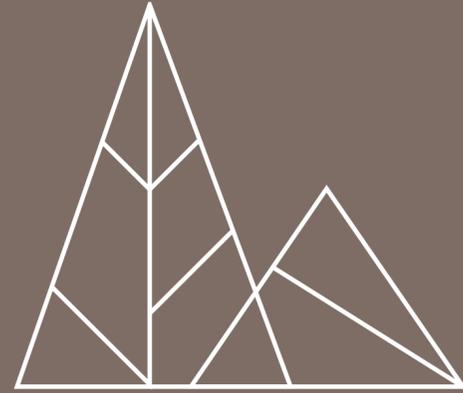
Financial Results
Conference Call Presentation
August 19, 2022

Gianfranco Truffello
Chief Financial Officer

renewables for a better life



arauco



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

► Quarterly figures, in US\$ million

Revenues
US\$1,867.1
+6.0% QoQ

Net Income
US\$303.9
-7.7% QoQ

Adj. EBITDA
US\$597.8
-4.9% QoQ

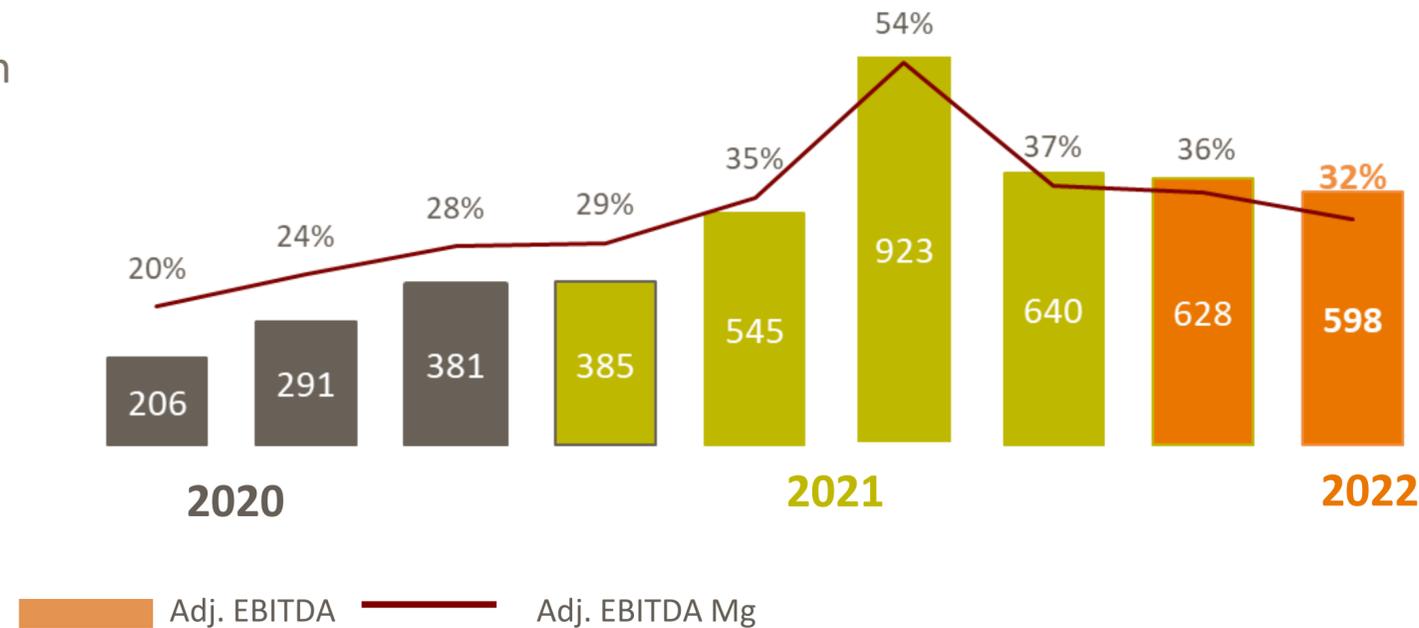
MAPA Progress
97.5%
as of Jun. 22

Net Debt to EBITDA
1.64x
down from 1.71x QoQ

LTM Adjusted
EBITDA
US\$ 2,789.5
+1.9% QoQ

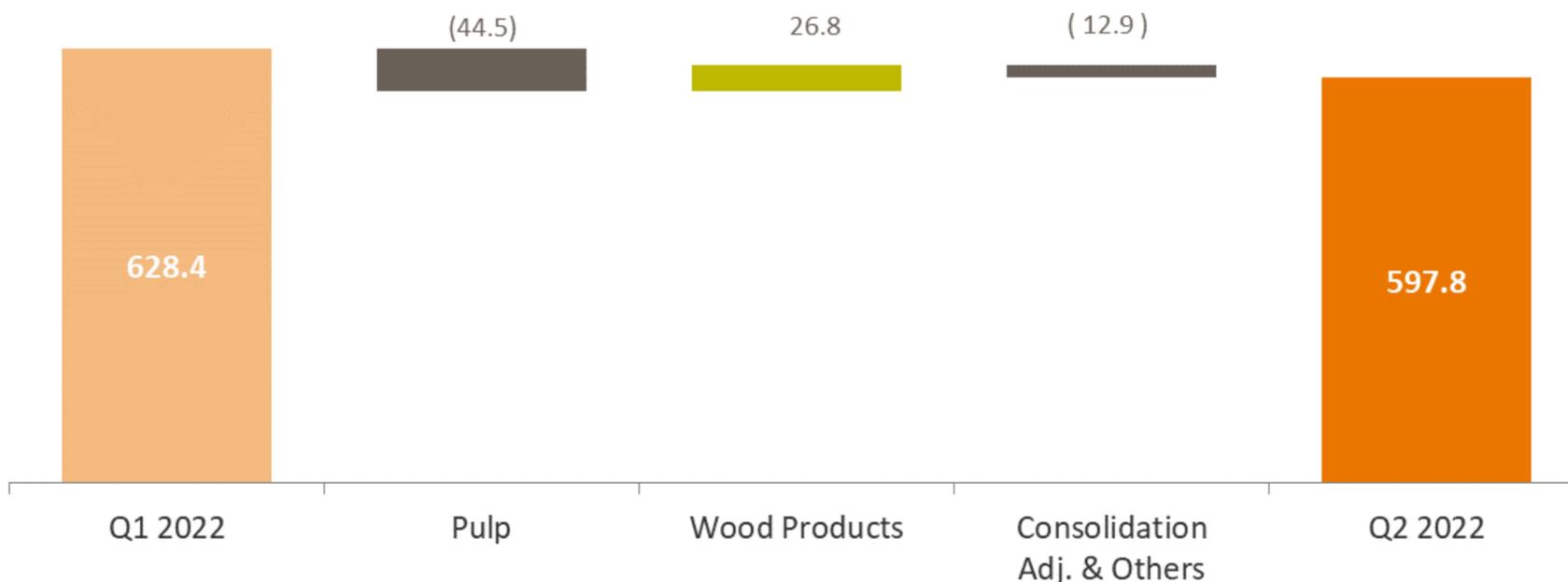
ADJUSTED EBITDA

► In US\$ million



Breakdown by division

Pulp	281
Wood Products	358
Consolidated Adj. & Others	-41



- Adjusted EBITDA during the second quarter reached US\$597.8 million.
- Adjusted EBITDA of our pulp products segment decreased by 13.7%, mostly due to a decrease in sales volume. This was partially offset by an increase in the Adj. EBITDA of our wood products business segment, which increased by 8.1% on account of a 5.7% increase in average prices and 2.7% in sales volume.

INCOME STATEMENT

► In US\$ million

	Q2 2022	Q1 2022	Q2 2021	QoQ	YoY
Revenue	1.867,1	1.761,6	1.555,6	6,0%	20,0%
Cost of sales	(1.095,8)	(1.003,2)	(887,2)	-9,2%	23,5%
Gross Profit	771,26	758,47	668,40	1,7%	15,4%
Other income	89,1	82,8	45,4	-7,6%	96,2%
Distribution costs	(255,6)	(234,0)	(159,3)	-9,2%	60,5%
Administrative expenses	(158,4)	(140,8)	(150,7)	-12,5%	5,1%
Other expenses	(58,9)	(27,8)	(33,0)	-111,4%	78,5%
Financial income	15,5	13,3	7,6	16,0%	103,5%
Financial costs	(46,2)	(47,0)	(57,2)	1,8%	-19,2%
Participation in (loss) profit in associates and JV	24,5	19,7	8,7	24,1%	180,6%
Exchange rate differences	(2,4)	(19,0)	(5,2)	87,2%	-53,4%
Income before income tax	378,8	405,7	324,8	-6,6%	16,6%
Income tax	(74,9)	(76,6)	(123,4)	2,2%	-39,3%
Net income	303,9	329,1	201,4	-7,7%	50,9%

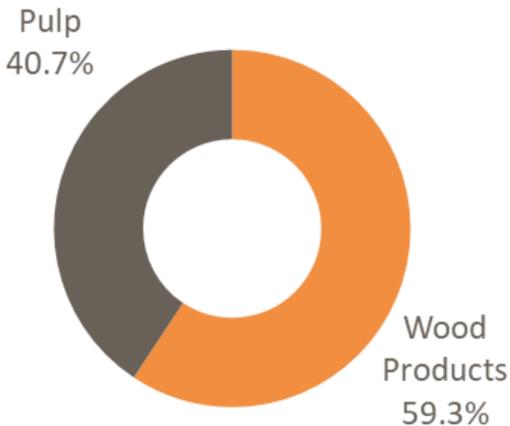
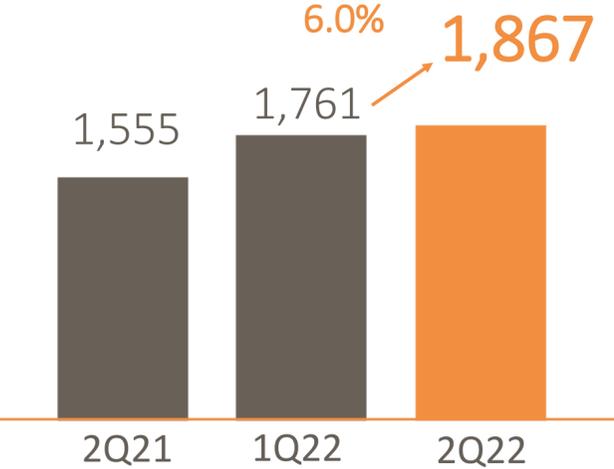
* Accounted using the equity method.

INCOME STATEMENT – REVENUES & COST OF SALES

► In US\$ million

Revenues increased 6.0% compared to the first quarter of 2022 and 20.0% compared to the second quarter of 2021 .

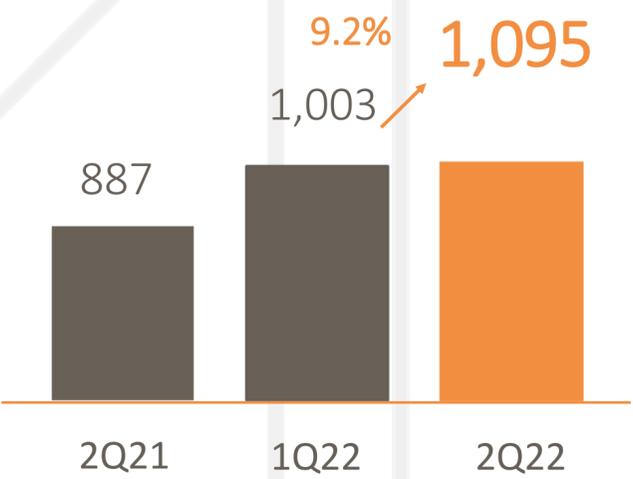
- Pulp revenues increased by US\$17.7 million or 2.4%, mainly driven by a 12.5% increase in prices and partially offset by 8.4% decrease in sale volumes.
- Wood products revenues increased by US\$88.0 million or 8.6%, mainly due to an increase in sales volumes of 2.7% and 5.7% in prices.



Cost of sales increased by 9.2% or US\$92.7 million compared to the first quarter mainly due to adjustments in our forest valuation, higher sawmill, chemical and energy costs. Also, compared to the second quarter of 2021, increased by 23.5% or US\$ 208.6 million.

Pulp unitary sale costs QoQ

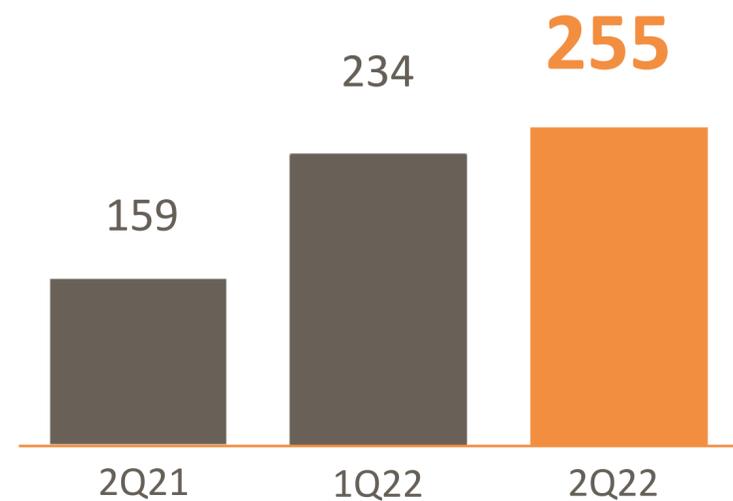
Softwood bleached pulp	▲	12.2%
Hardwood bleached pulp	▲	6.0%
Unbleached softwood pulp	▼	-0.8%
Dissolving pulp	▲	6.3%



INCOME STATEMENT – DISTRIBUTION COSTS & EXPENSES

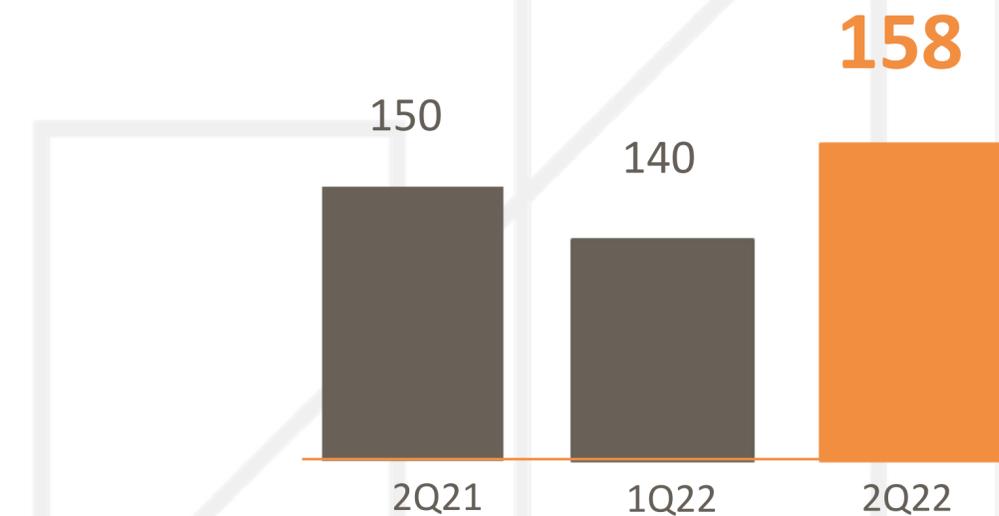
► In US\$ million

Distribution costs Increased by US\$ 21.6 million or 9.2% mostly due to an increase of US\$12.7 million or 6.5% in *freight* costs and an increase of US\$5.4 million or 35.5% in *Port services*. Also, compared to the second quarter of 2021, increased by 60.5% or US\$96.3 million.

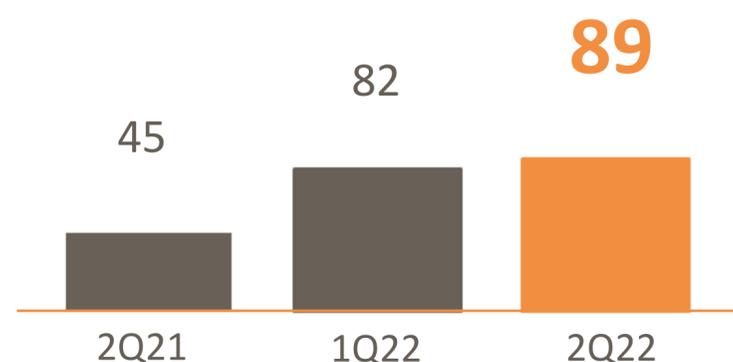


Administrative expenses increased by US\$17.6 million or 12.5%. Also, compared to the second quarter of 2021, increased by 5.1% or US\$ 7.7 million

- Computer services increased by US\$10.7 million or 191.6% due to maintenance of software licenses.
- Property Taxes, patents and municipality rights increased by US\$2.9 million or 48.5%.

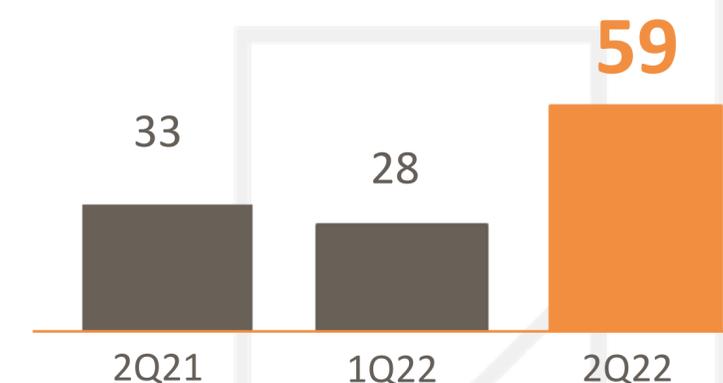


► In US\$ million



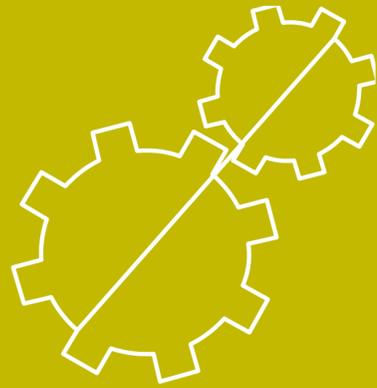
Other income increased by US\$6.3 million or 7.6%. Compared to the second quarter of 2021, increased by 96.2% or US\$ 43.7 million.

- Increase of US\$23.2 million on *gains from changes in fair value of biological assets* this quarter, mostly due to a re-evaluation of our forest.
- Decrease in *gains on sales of assets* mainly as a result of the completion of the forestry asset sale in the first quarter, which was announced in August 2021.



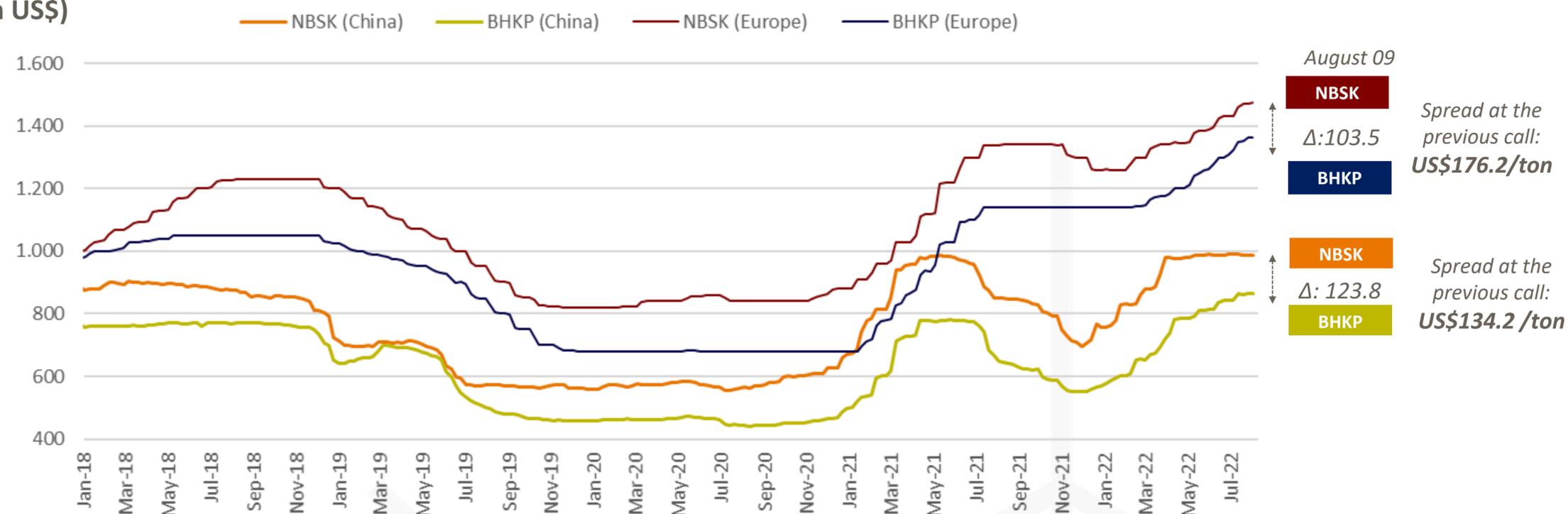
Other expenses increased by US\$31.1 million or 111.4%. Compared to second quarter of 2021, increased by 78.5% or US\$ 26 million.

- This is mostly explained by an increase in *Operating expenses related to plant stoppages* of US\$17.6 million or 911.1%.
- There was an increase of US\$10.1 million or 58,427.8% in *loss and repair of assets*.



REVIEW BY BUSINESS SEGMENT & OUTLOOK

PIX Pulp Indexes (in US\$)



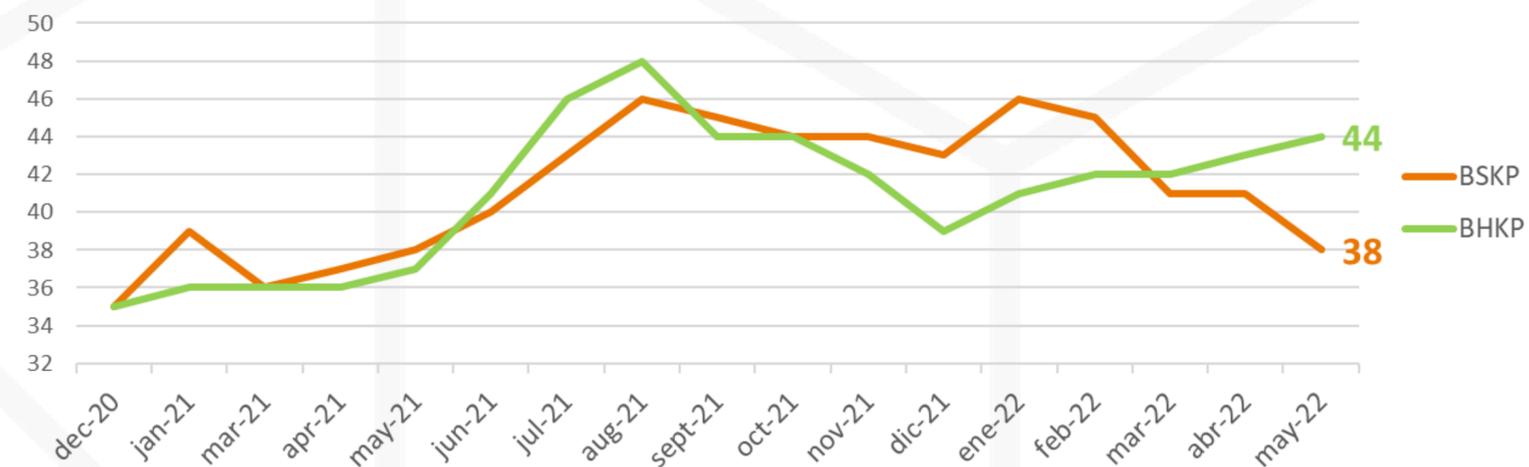
Source: RISI

Global Bleached Chemical Pulp Shipments variation – (5 months 2021 – 2022)

Global BCP Shipments Change (tonnes)			
	2021	2022	%Var.
China	8,740	7,755	▼ -11.3%
Europe	6,790	6,930	▲ 2.1%
Other Asia	3,705	4,215	▲ 13.8%
USA	2,750	2,780	▲ 1.1%
Rest of the World	1,825	1,860	▲ 1.9%
Total	23,810	23,540	▼ -1.1%

Source: Hawkins Wright

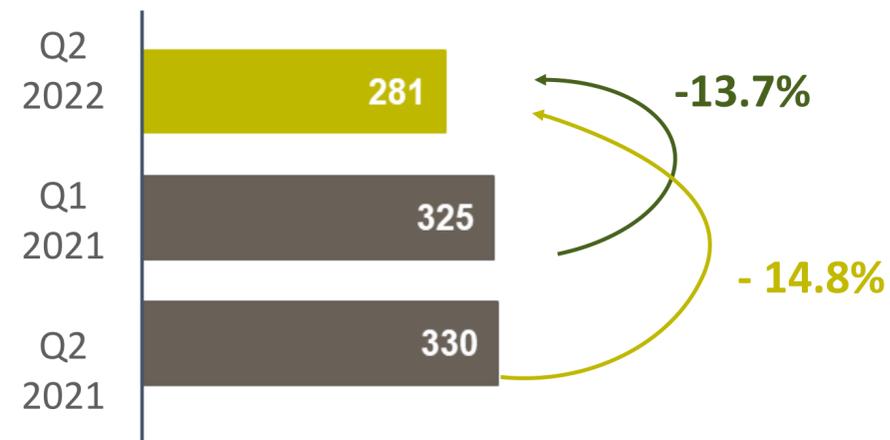
Global BCP Producer Stocks In days of supply



Excludes Russia & Indonesia
 Source: Hawkins Wright

Adjusted EBITDA

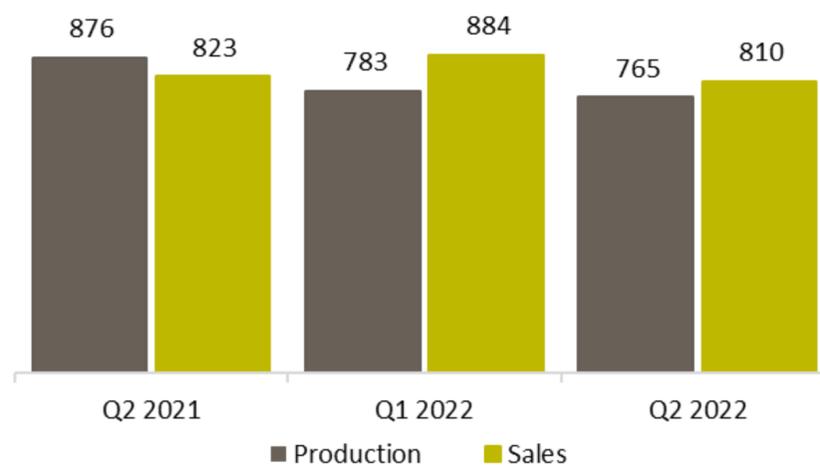
In US\$ million



	Price	Volume	Sales
QoQ	12.5%	-8.4%	2.4%
YoY	8.2%	-1.6%	31.3%

Production and Sales Volume

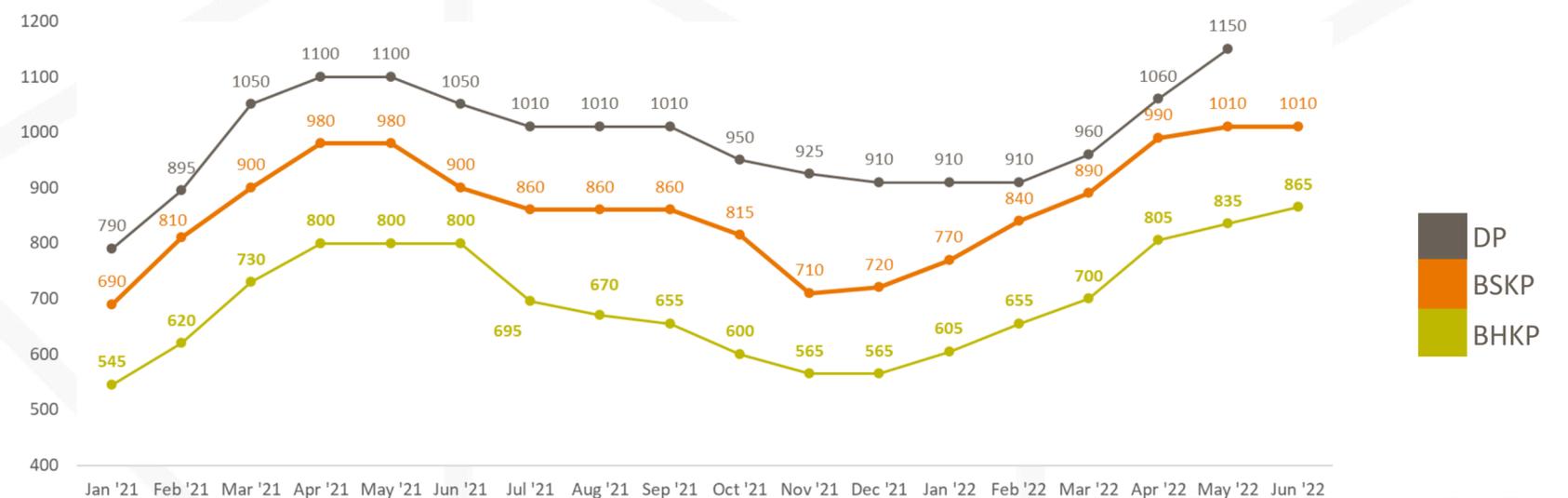
In thousand tonnes



Q2 2022

- Pulp prices increased in all markets mostly due to logistic issues, inflation and restricted supply. Finland was directly affected by the conflict between Russia and Ukraine due to the ban on using Russian raw material, causing a supply shortage for short fiber pulp; notwithstanding, pulp demand remained stable.
- In China, the market was affected because of an increase in cases related with covid-19 causing mobility and port area restrictions, confinements in cities, etc., leading to a reduction of activity. Despite these facts, prices of short and long fiber pulp rose significantly because of supply shortages.
- In Europe there was a very strong demand in every type of fiber leading to higher prices, allowing the hike in costs to be transferred to the final products.
- The demand for dissolving pulp remained, but prices increased approximately 20% due to low supply.

BHKP, BSKP and DP Net prices - China



Source: ARAUCO

For the third quarter of 2022,

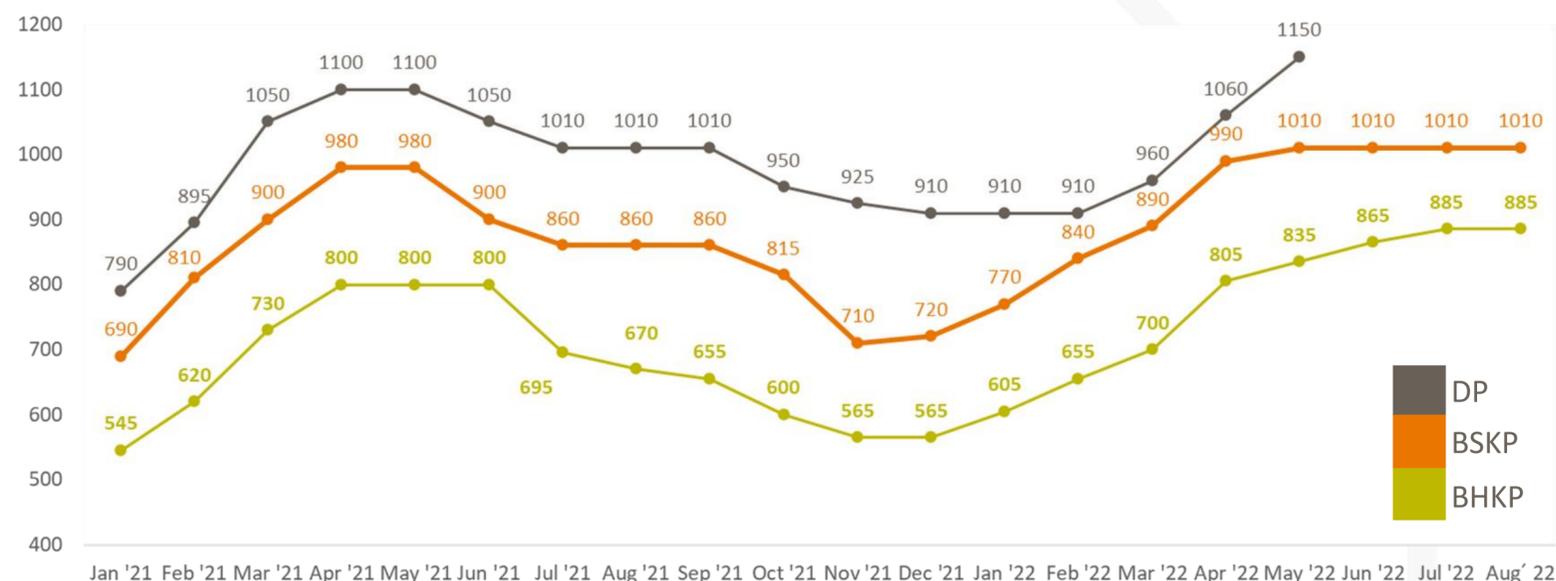
- Market looks stable at a high level, summer season is normally slower but so far not affecting prices, only China under some pressure to the unexpected low growth of Q2 economy and Covid restrictions. On the other hand, inventories, especially in Hardwood still at a low level, the only sector where we expect a lower demand and higher supply is the packaging market affecting the unbleached pulp, lower demand and more supply from Russia and Belarus.

Pulp Mills Days of Stoppages

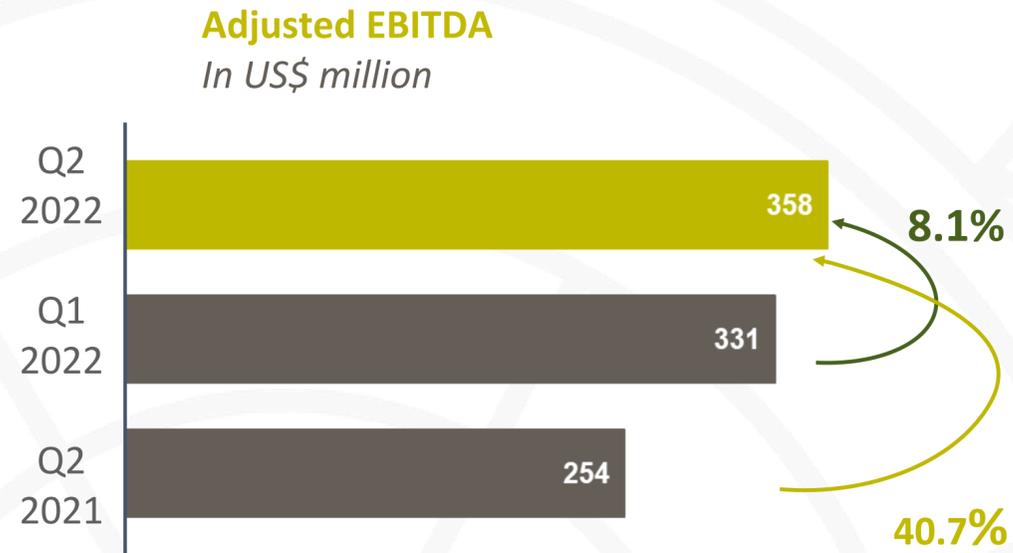
Mill	2022			2023	
	2Q	3Q	4Q	1Q	2Q
Arauco - Line 2		12			
Constitución					10
Licancel			12		
Nueva Aldea	20				
Valdivia	35	47	30	40	
Esperanza	30				
Montes del Plata					9

Planned
Finished

BSKP, BHKP and DP Net Prices - China



Source: ARAUCO



Panels*

	Price	Volume
QoQ	15.5%	1.6%
YoY	51.9%	-7.9%

Solid Wood**

	Price	Volume
QoQ	1.3%	4.8%
YoY	25.4%	1.7%

*MDF, PBO, HB

**Sawn Timber, Remanufactured Wood products and Plywood

Q2 2022

- Panels average prices increased by 15.5% and sales volume increased by 1.6%.
- Solid Wood prices increased by 1.3% and sales volume increased by 4.8%. Good levels of demand carried throughout the second quarter allowing price levels to remain stable.
- Plywood sales volume decreased by 11.1%, and average prices increased by 7.8%.

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

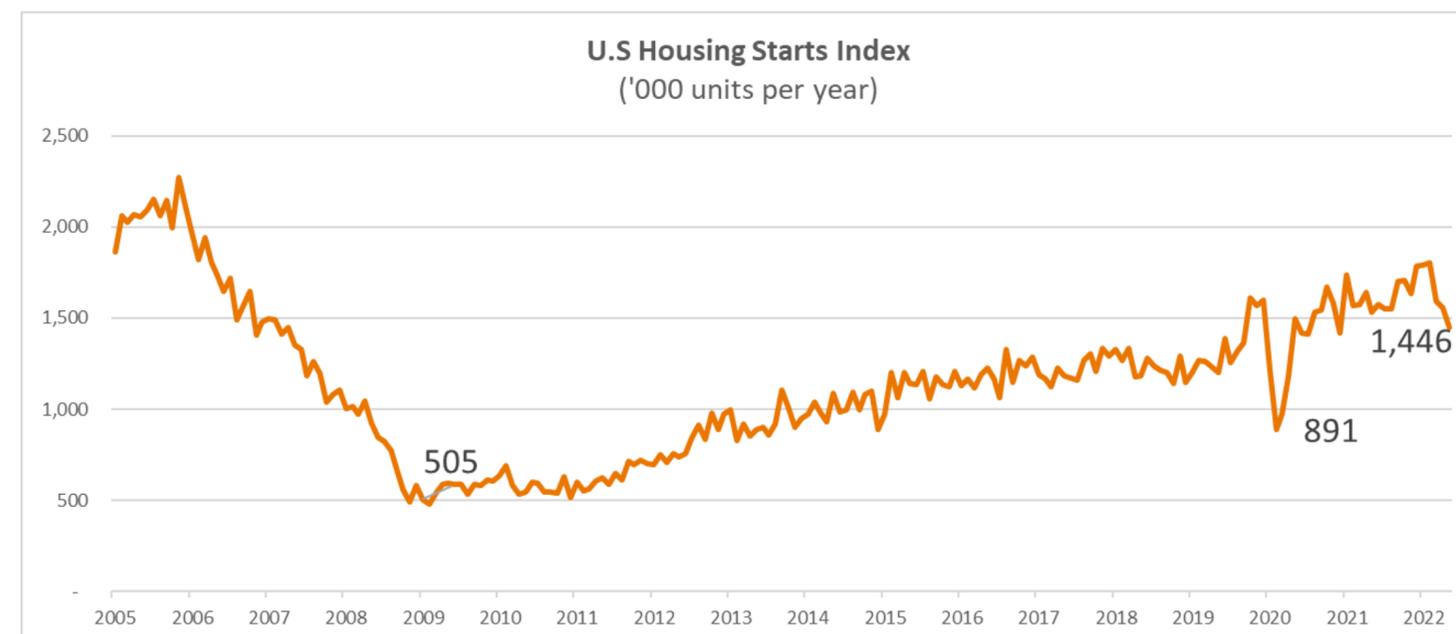
59%
North
America

MDF: Consumption remains solid - most MDF applications are still demanding MDF volume. Demand to supply is becoming more balanced today than we've seen in the last 12 months

PB: Raw demand has weakened somewhat mainly driven by the OEM's demand slowing. Cabinet OEMs & furniture manufacturers are consuming less and are working through increased inventory levels. West Coast market will be affected by the fire at Martell PB.

REMANUFACTURED PRODUCTS: late shipments arrivals and a bit slower demand. Fundamentals remain solid, such as Repair & Remodeling. Housing Starts strong from April through June 2022 yet decreased during July 2022. Once the inventory is controlled, market should be fine for the rest of the year.

PLYWOOD: markets should remain stable for the rest of the year given the lower supply from Europe due to the current geopolitical situation between Russia and Ukraine.



28%
Central and
South America

9%
Asia and Oceania

4%
Europe and
Middle East

BRAZIL:

- Domestic market slower than last year, with more supply coming on MDF. Given the big volume that is produced in this country, there are more exports that affect different markets.

CHILE:

- Construction is slower during 2022, therefore lower sales, yet prices have remained stable. This year should be slower than 2021 on MDF and PB.

ASIA:

- Complicated in lumber due to Covid restrictions, geopolitical situation and bad construction situation.
- Hopes on China's recovery program and, cautiously optimistic for the rest of the year.

EUROPE:

- Market expected to continue strong due to good demand and the current geopolitical situation.

MIDDLE EAST:

- Demand a bit slower for remanufactured products, but prices should remain high for the next months.

ARGENTINA:

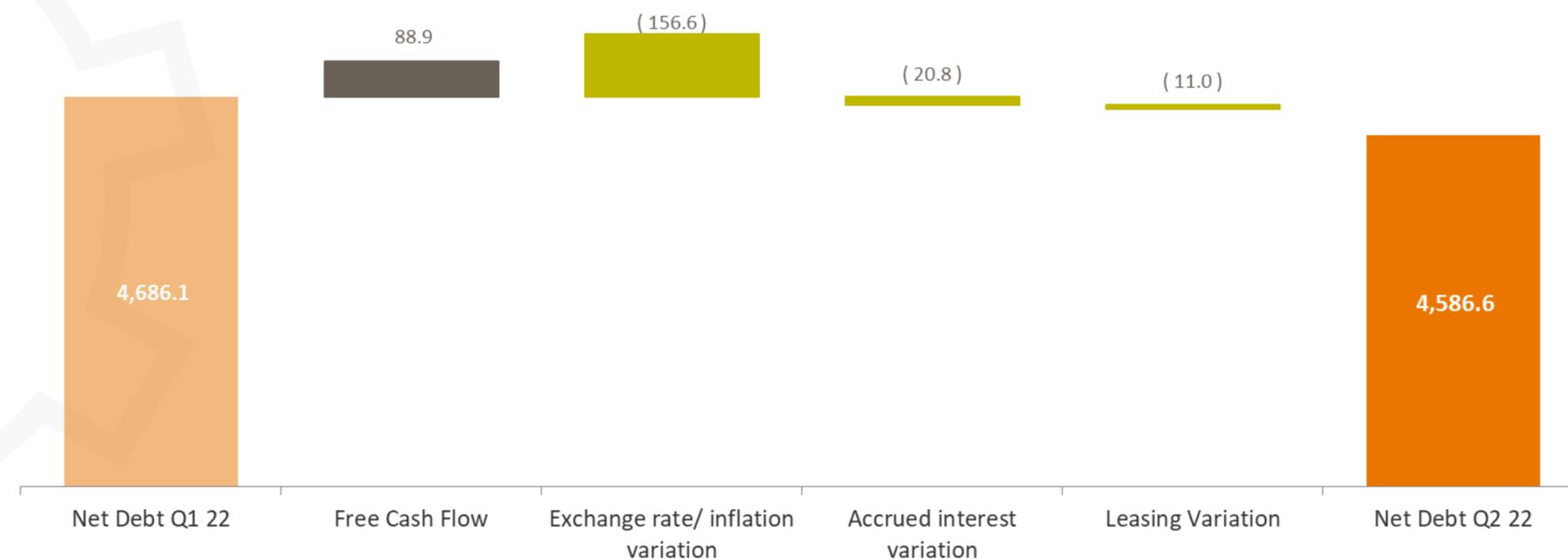
- Market was strong during second quarter of 2022. We expect this market to remain positive for the rest of the year.

FREE CASH FLOW

► In US\$ million

	Q2 2022	Q1 2022
Adjusted EBITDA	597.8	628.4
Working Capital Variation	22.5	(121.5)
Interest paid and received	(77.2)	(29.4)
Income tax received (paid)	(11.0)	(51.8)
Others	(52.1)	40.0
Cash from Operations	480.1	465.7
Capex (1)	(395.3)	(424.8)
Others	23.5	(1.1)
Proceeds from investment activities	41.9	32.1
Cash from Investment Activities	(329.9)	(393.7)
Cash from Financing activities (net of debt)	(208.6)	(16.3)
Effect of exchange rate changes on cash	(30.5)	17.7
Free Cash Flow	(88.9)	73.4

(1) On a cash basis.



Cash flow from operating activities increased US\$14.4 million mostly due to working capital variation.

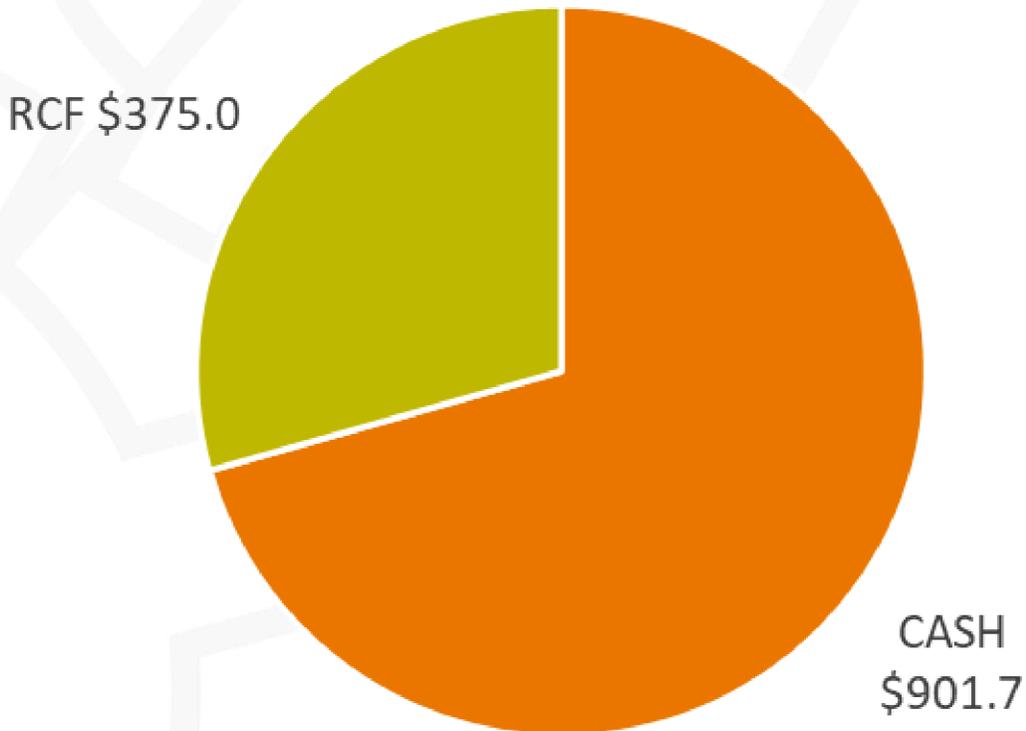
Cash flow from investment activities decreased US\$63.8 million, mostly because of the proceeds from the forestry sale closed in August 2021.

Cash flow from financing activities increased by US\$192.3 million mostly due to dividends paid on Q2 2022.

► Net Debt decreased by US\$99.5 million or by 2.1%, mostly due to exchange rate and accrued interest variation.

CASH AND LIQUIDITY

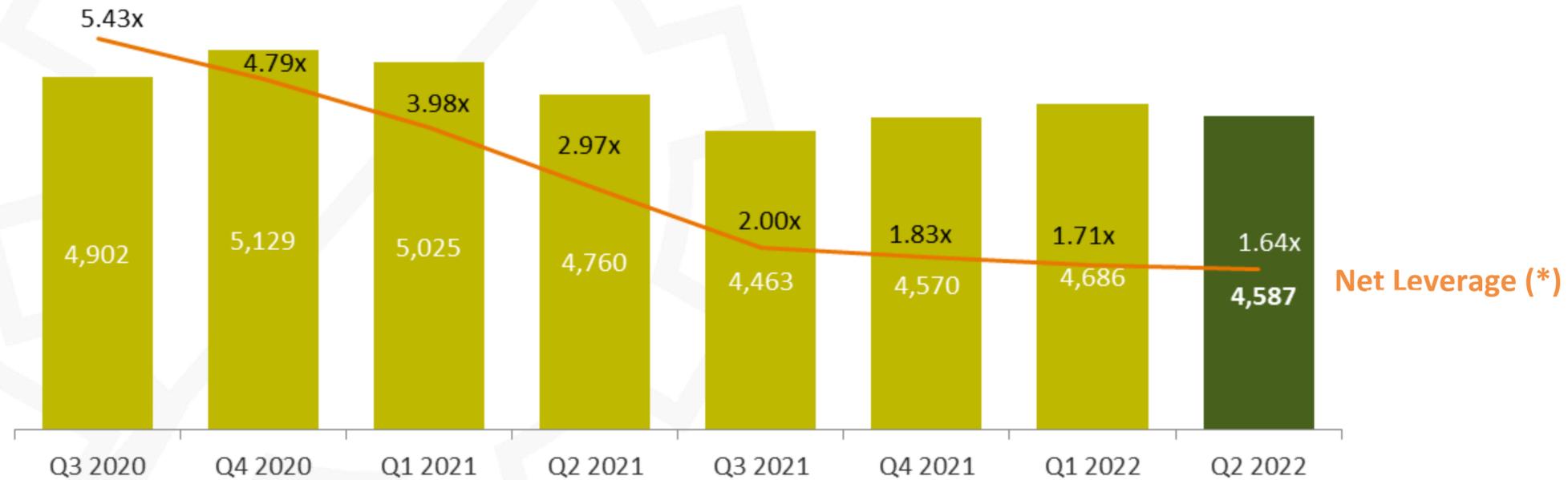
Our cash position was US\$901.7 million at the end of the second quarter of 2022. In addition to our cash position, we have a revolving credit facility (RCF) for a total amount of US\$375 million due in February 2025, which as of the date of this report hasn't been withdrawn.



Total: US\$1,276.7 million

NET FINANCIAL DEBT

► In US\$ million



Cash and cash equivalents decreased by 15.4% or US\$163.7 million.

Total Financial Debt decreased by 4.6% or US\$263.2 million.

LTM Adjusted EBITDA reached US\$2,789.5 million, 1.9% higher.

Net Leverage (*) decreased from 1.71x to 1.64x.

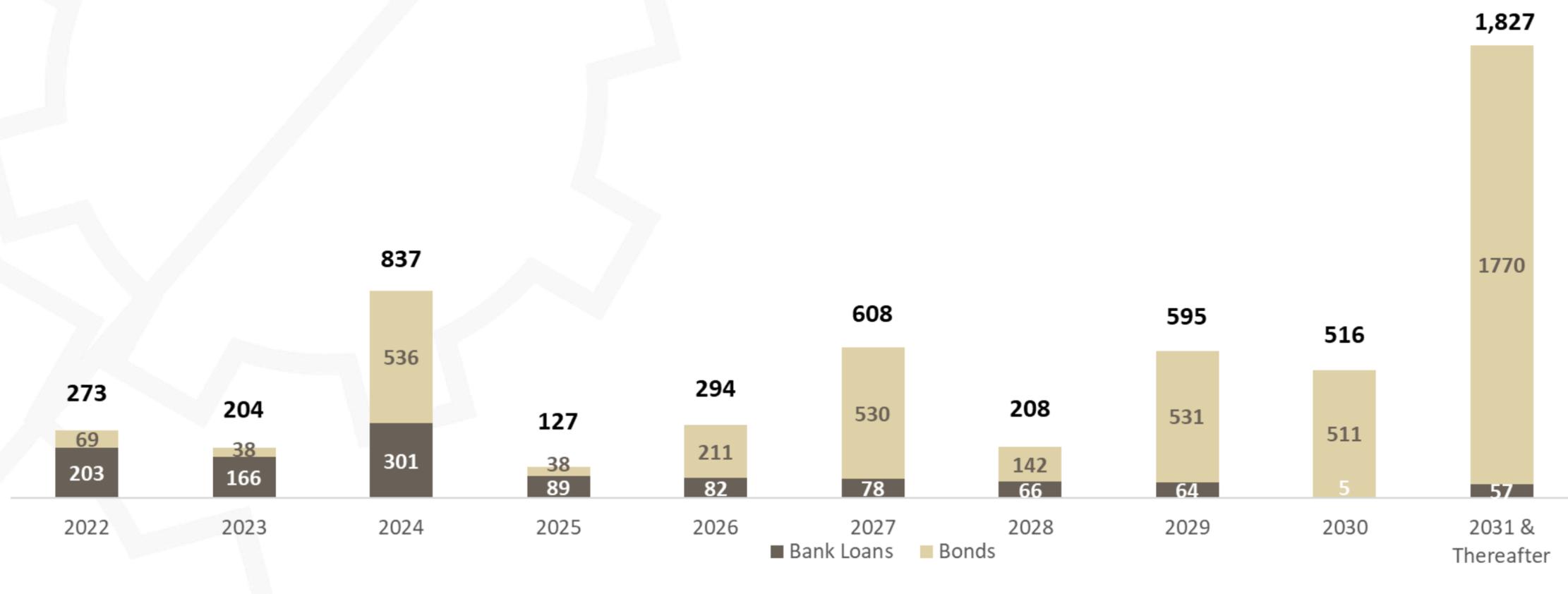
	June 2022	March 2022
Short Term Debt	384	415
Long Term Debt	5,105	5,336
Total Debt	5,488	5,752
Cash	902	1,065
Net Debt	4,587	4,686

(*) Net Debt / LTM Adjusted EBITDA

DEBT

► In US\$ million

AS OF JUNE 2022

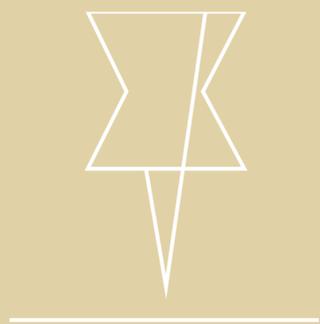


BANK OBLIGATIONS FOR 2022 INCLUDE:

- US\$ 173 million in bank loans
- US\$ 29 million in leasing

BOND OBLIGATIONS FOR 2022 INCLUDE:

- US\$ 25 million in local bond obligations.
- US\$ 44 million in USD-denominated bond obligations.



MATERIAL FACTS AND NEWS

MAPA PROJECT UPDATE

The **MAPA Project** is at the end of construction, in parallel with commissioning stage works at several areas.

At the moment the main areas in operation are:

Water Intake and Water Treatment Plant

- External Biomass system reception and storage
- Wood yard with logs reception (partial)
- Power Boiler in operation with biomass
- Recovery Boiler in operation with Diesel Oil and ready to burn black liquor
- Demineralized Water Plant
- Air Compressors
- Spill Ponds
- 220 KV electrical grid + main electrical substation.
- Effluent outfall

Additionally, in the second quarter:

- Workshop and Warehouse
- Successful Bailer Machine Test
- Wood Preparations Area
- Lime kiln Area
- Beam assembly for road access and internal railway



Production of first bale estimated for the end of October
Final capex of the project estimated in approximately 2.85 billion USD.



Aerated Lagoon



Road Access



Internal Railways



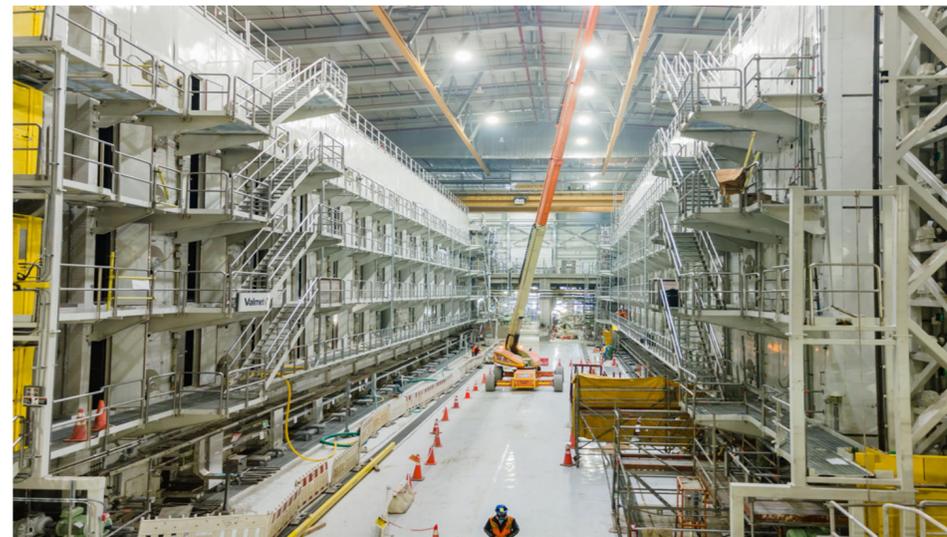
Wood Yard **arauco**

MAPA PROJECT UPDATE

MATERIAL FACTS AND NEWS



Wood Preparation



Dryers



Water Treatment Plant – Cooling Tower



Turbogenerators



*Recovery Boiler – Power Boiler – Demi. Plant
- Compressors*

Sucuriu Project

In our challenge to seek new opportunities that contribute to our development, a collaboration agreement was signed with the Government of Mato Grosso de Sul in Brazil. The foregoing is an important preparatory step that allows us to continue with the evaluation of building a new pulp mill.

If conditions allow it, the construction stage of this new plant may begin in 2025. This project considers a CAPEX of approximately US\$3 billion. The facility would have an estimated production capacity of 2.5 million tons of short fiber pulp.



Valdivia Pulp Mill

On May 26th the presence of fire was detected in the drying machine of our Valdivia Pulp Mill, Los Rios Region, Chile. The situation was duly addressed by personnel under emergency and safety protocols resulting in no injuries and a control of the fire.

The repairs will be carried out simultaneously in two stages. One stage consists of a small temporary repair, allowing a significant amount of production to be resumed in mid-September 2022. The other stage, is the complete repair of the dryer, work that should be completed in April 2023, restoring the full productive capacity of the mill.

The Valdivia Mill has an authorized annual production capacity of 550,000 tons of pulp. Since 2020, the mill mainly produces textile pulp (Dissolving Pulp), without prejudice to being able to also produce pulp for paper according to market conditions. In addition, the Valdivia Mill produces renewable electricity, injecting significant surpluses into the National Electric System.

Local Business Licenses Payment

In Chile, a local business license (“patentes municipales”) is a permit necessary to develop any secondary or tertiary activity requiring a physical location granted by the local authorities of where the activity takes place. The location where this license is paid allows the community of the region to have more resources to meet their needs in terms of infrastructure, education, roads, quality of life, among others.

Arauco has historically contributed based on these principles and today, as a result of an administrative and tax restructuring generated within the company, 95% of the business licenses remain in the regions where we operate.

Sustainability Report 2021

In August we published our Sustainability Report, available in English and Spanish.



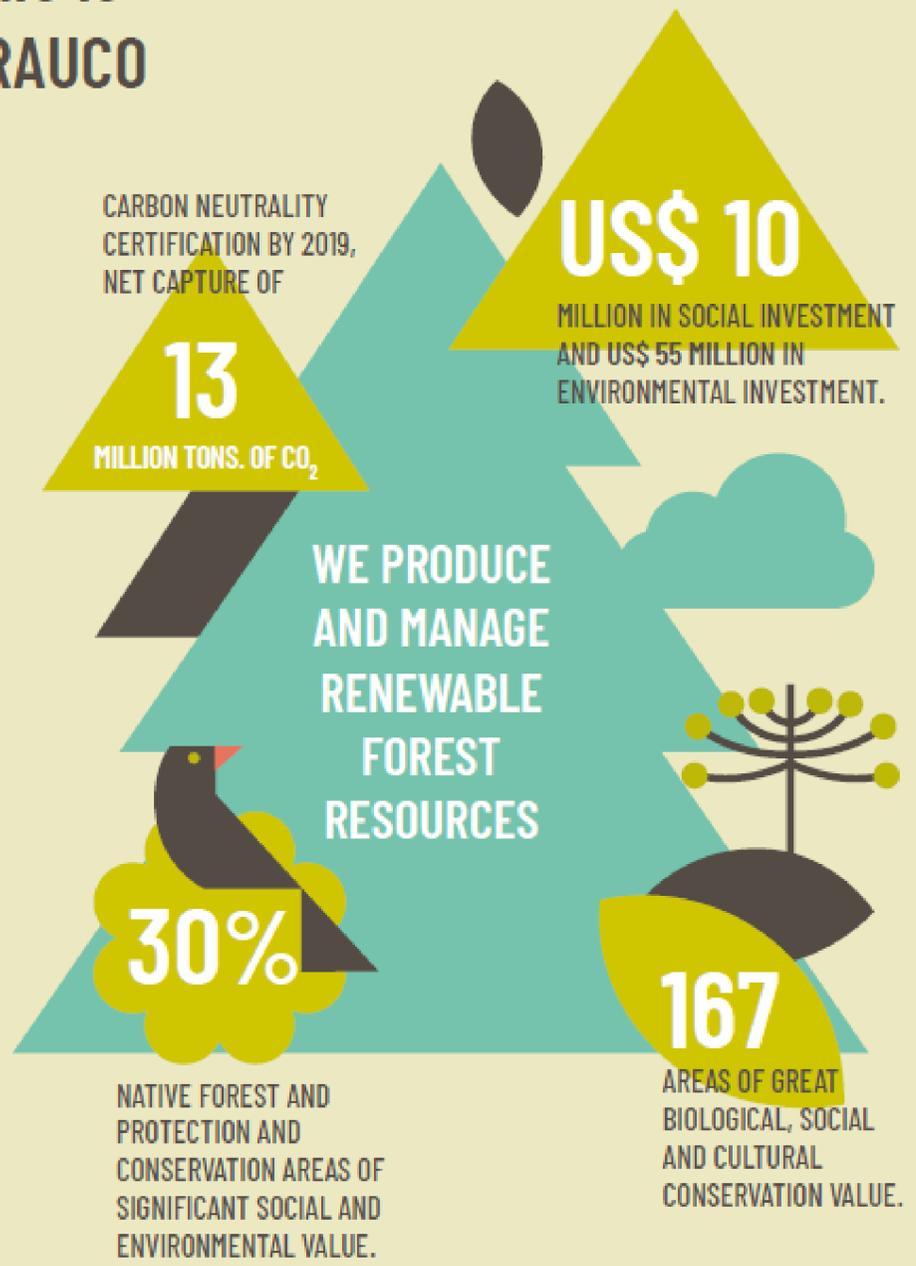
Arauco’s Cultural Center in Arauco, Biobío, Chile





SUSTAINABILITY REPORT 2021 / ABOUT US

THIS IS ARAUCO



TAKEAWAYS

- **We remained with strong Financial Results** amid market volatility, the current geopolitical environment and generalized logistical complexities.
- **The highest LTM Adjusted EBITDA** on record. **Lower** net Debt to EBITDA 1.71x to 1.64x.
- We continue to work hard and committed through **the sustainable management** of our operations while creating a maximum value for our forestry heritage. For more please see our **2021 Sustainability Report**.



**3Q 2022
RESULTS &
CONF CALL**

**MID-NOV
2022**

arauco



Q&A

INVESTOR RELATIONS

A replay of this conference call will be available on the IR section of our web site and through the following numbers until August 26, 2022

Replay for USA	+1-877-344-7529
Replay for other countries	+1-412-317-0088
Replay Access Code	5418493

FOR FURTHER INFORMATION

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