



CAP S.A.

2024 First Quarter Results

May 14h, 2024



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1. Overview 1Q24
2. Highlights
3. Market context
4. Financial results
5. *Huachipato* Sostenible
6. Cintac restructuring process
7. Way forward



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1. Overview 1Q24



Key facts

- Strong level shipments volume at CMP not seen since 1Q17, in addition to a realized price slightly higher than 1Q23. Unfortunately, these outstanding operational results offset by a negative mark-to-market effect
- Anti-distortion measures announced in line with CSH request, which allowed us to continue operations meanwhile measures are in place



Market background

- 62% Fe iron ore price averaged US\$ 123.6/ton in 1Q24 (CFR China index), 2% lower than the average registered in 1Q23 (US\$ 125.6/ton)
- China's growth was better than last quarter (5.3% vs 5.2% in 1Q23). However, there are still concerns about the property market and deflationary pressures.
- Global steel prices following a downward trend, partially offset by a small increase in the spread over raw material basket



Financial results

- Revenues decreased 26%, from US\$ 695 million in 1Q23 to US\$ 513 million in 1Q24, and EBITDA decreased 53%, from US\$ 187 million in 1Q23 to US\$ 88 million in 1Q24, mainly explained by US\$ 151 million of Mark to Market effect.
- Net income of US\$ -39 million (vs US\$ 1 million in 1Q23), due to the same M2M effect



Way forward

- Stop operational losses at Huachipato
- Continue to improve profitability of operations and implement defined strategy
- Build the future through development and implementation of key growth initiatives

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2. Highlights



CMP signed a key agreement with JBIC

The collaboration enhances options for developing high-quality iron ore supply chains and lower steel production emissions, especially with Japanese partners. This initiative aligns with CMP's growth strategy, fostering local mining and customer partnerships and also opening financing opportunities to solidify CMP as a world-class, decarbonization-focused iron ore leader.



CAP moves forward on agreement with Aclara

CAP Group and Aclara Resources signed a strategic partnership agreement to produce rare earths and value-added products, materials considered critical for electromobility, renewable energy and the global decarbonisation strategy. During April, CAP's first payment commitment to Aclara for \$9.7 million was made.



CAP reverses decision to suspend steel production

CSH resumed operations after new provisional measures were announced and will continue until a level playing field is ensured. The company thus reaffirms its contribution to regional and national development and will focus its efforts on continue implementing its efficiency programs and its new commercial strategy.

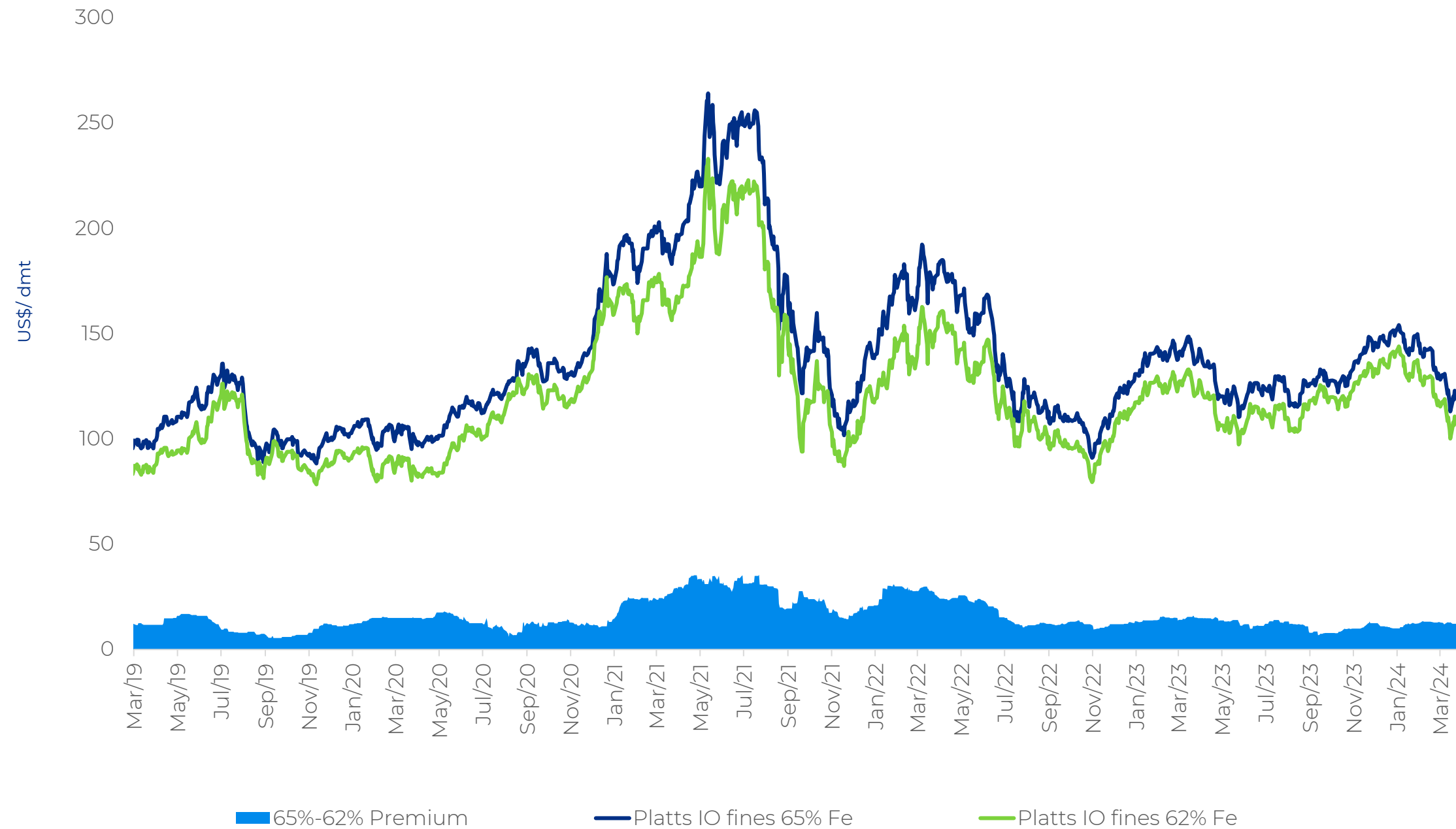
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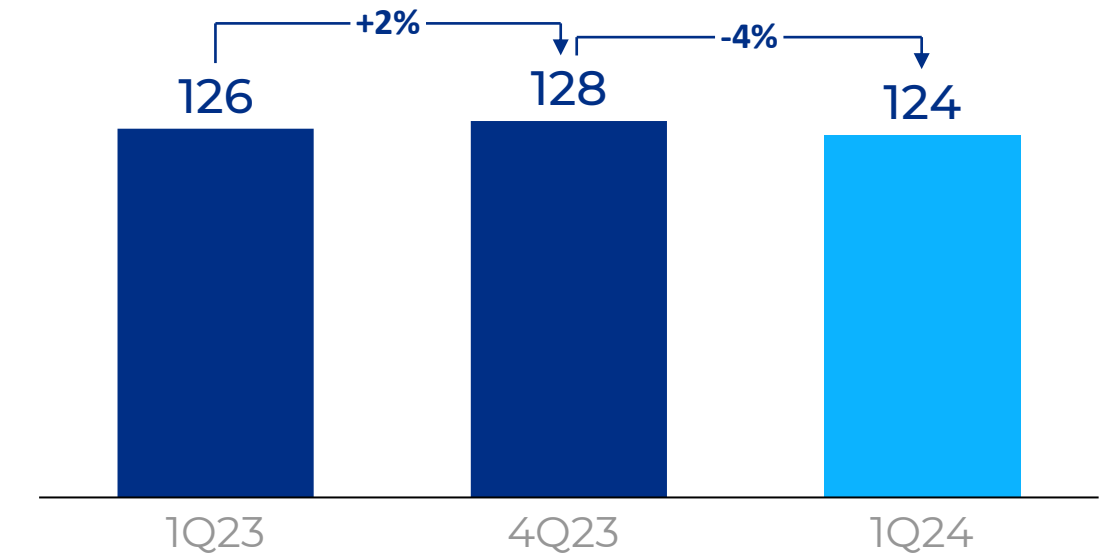


Iron ore prices showed a downward trend during the quarter, although with minor variations versus 1Q23

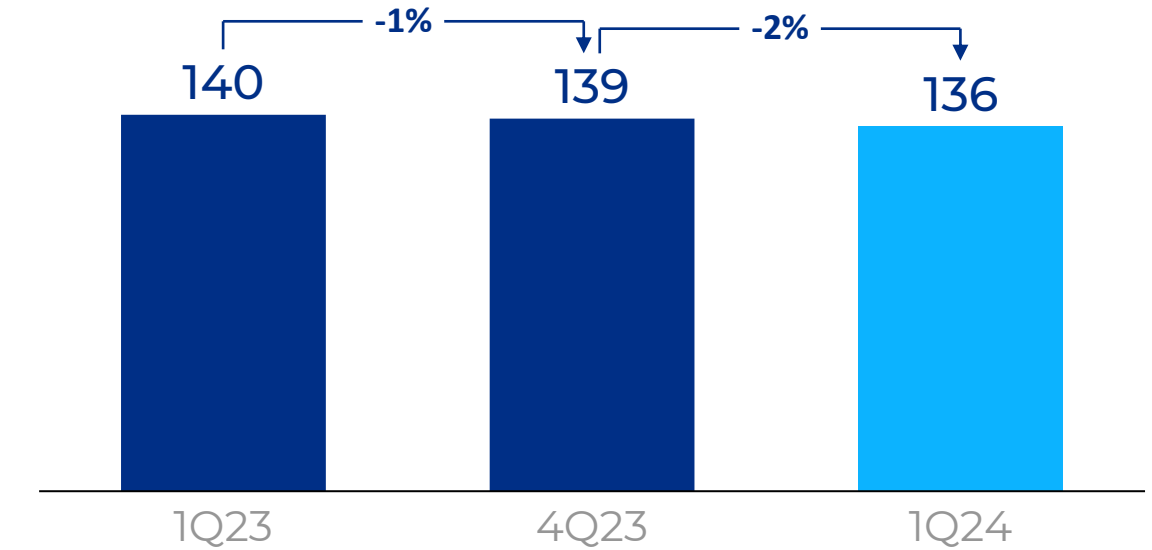
Iron ore price (CFR China)



Platts 62% Fe avg

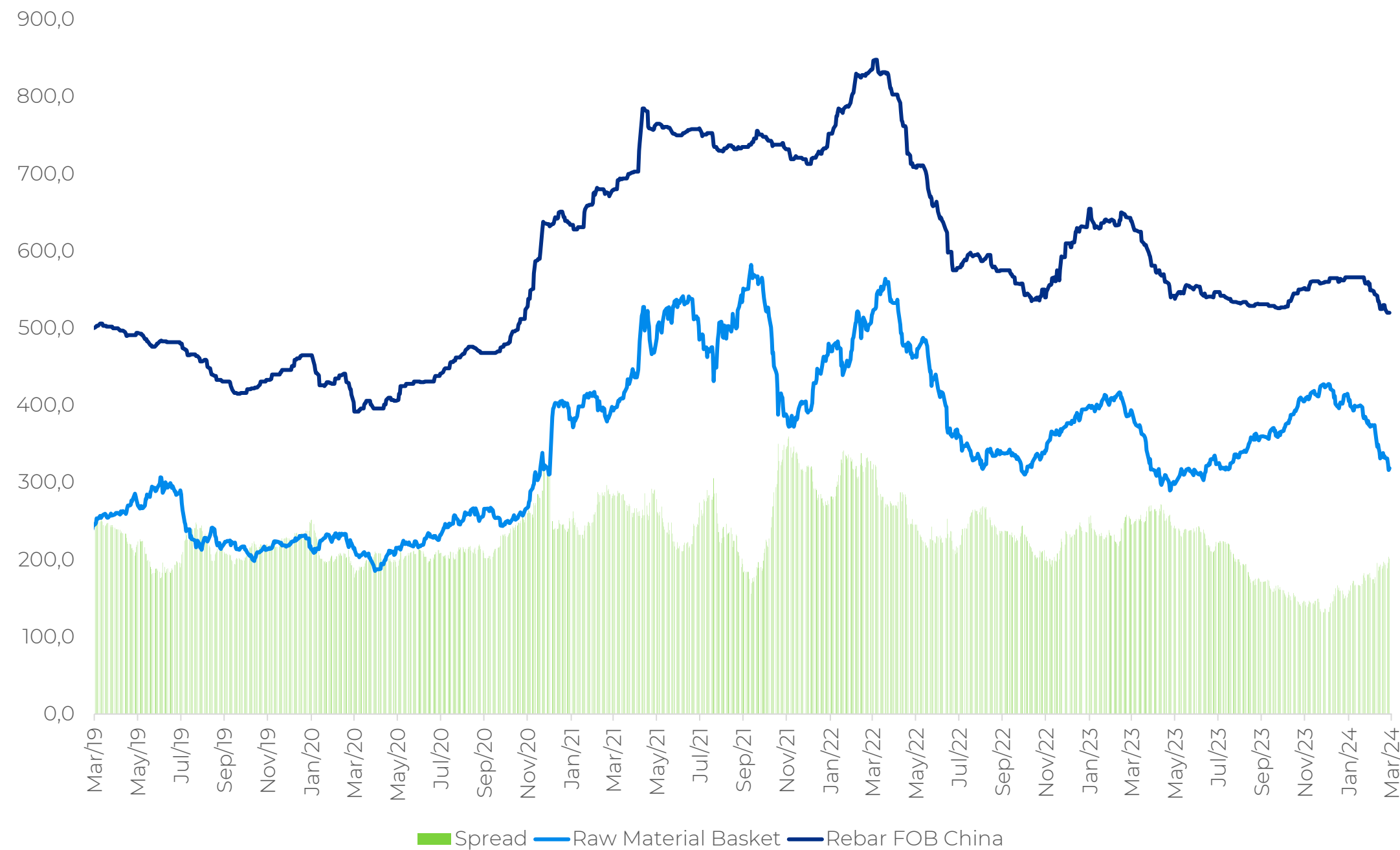


Platts 65% Fe avg



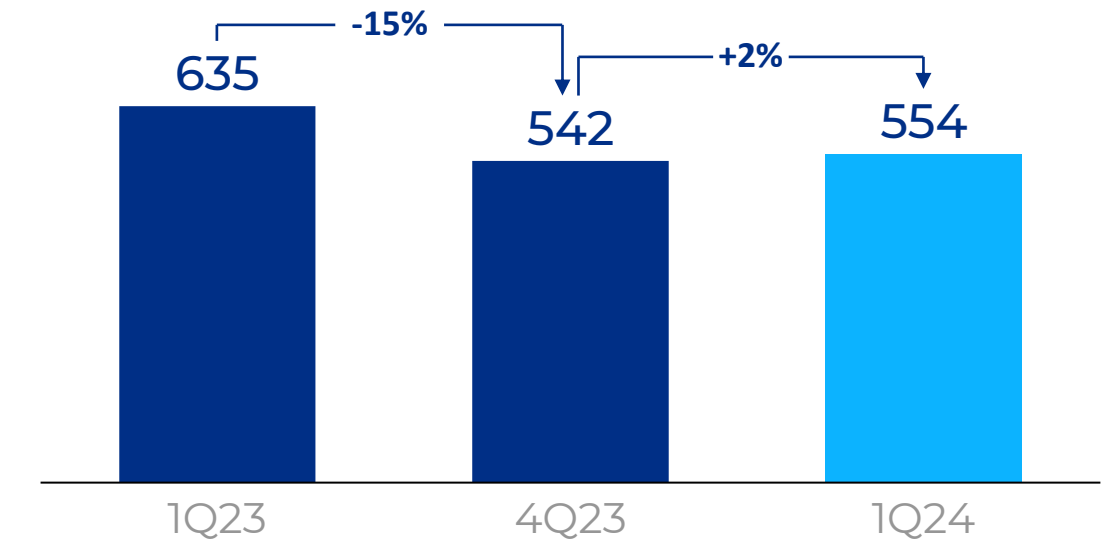
Steel prices were 13% lower versus 1Q23, while spread of raw material basket was 28% lower versus the same period

Spread Rebar FOB China – Raw Materials basket

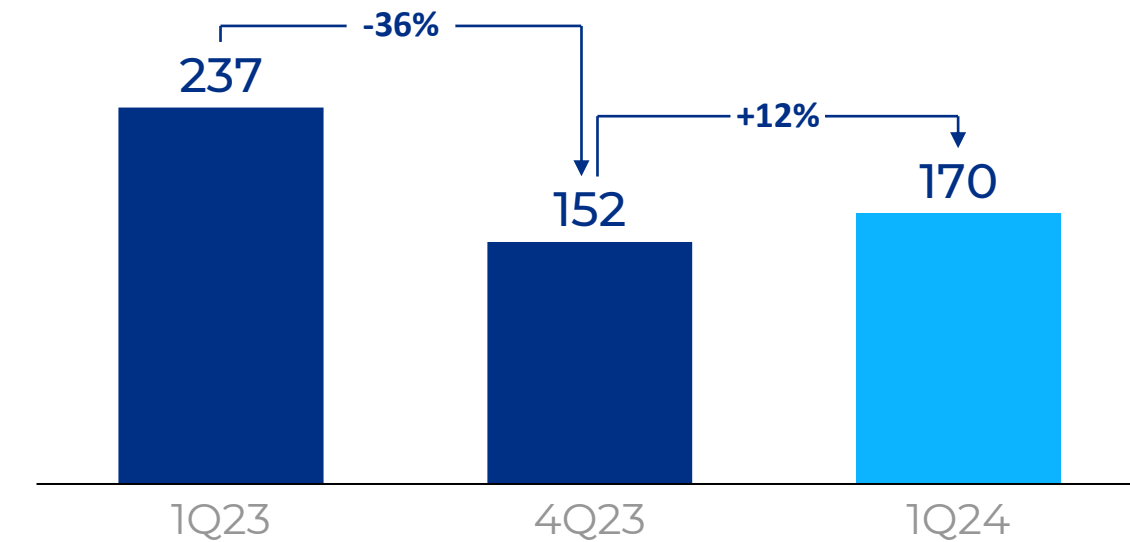


¹ Raw Material Basket = 1,6 x Iron Ore 62% Fe + 0,6 Metallurgical Coal

Rebar FOB China



Spread



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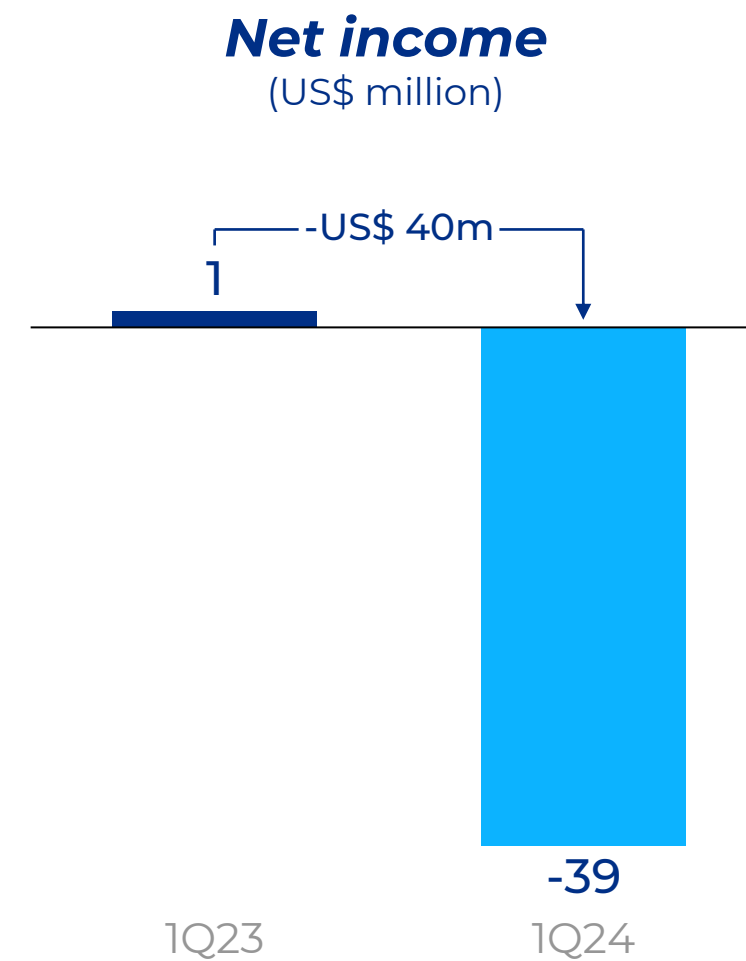
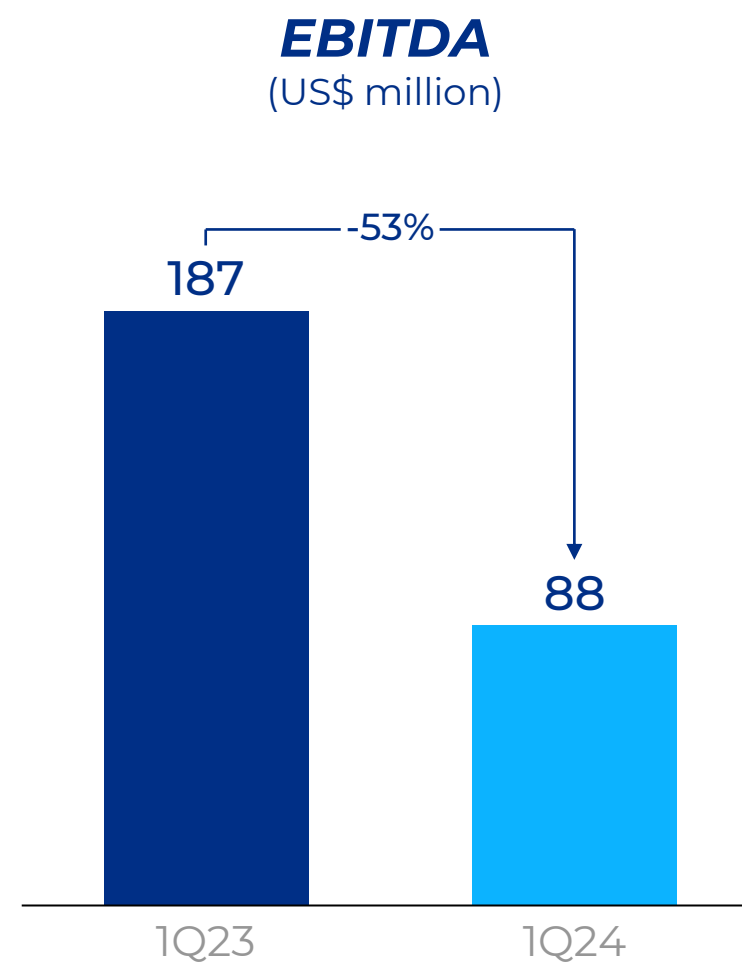
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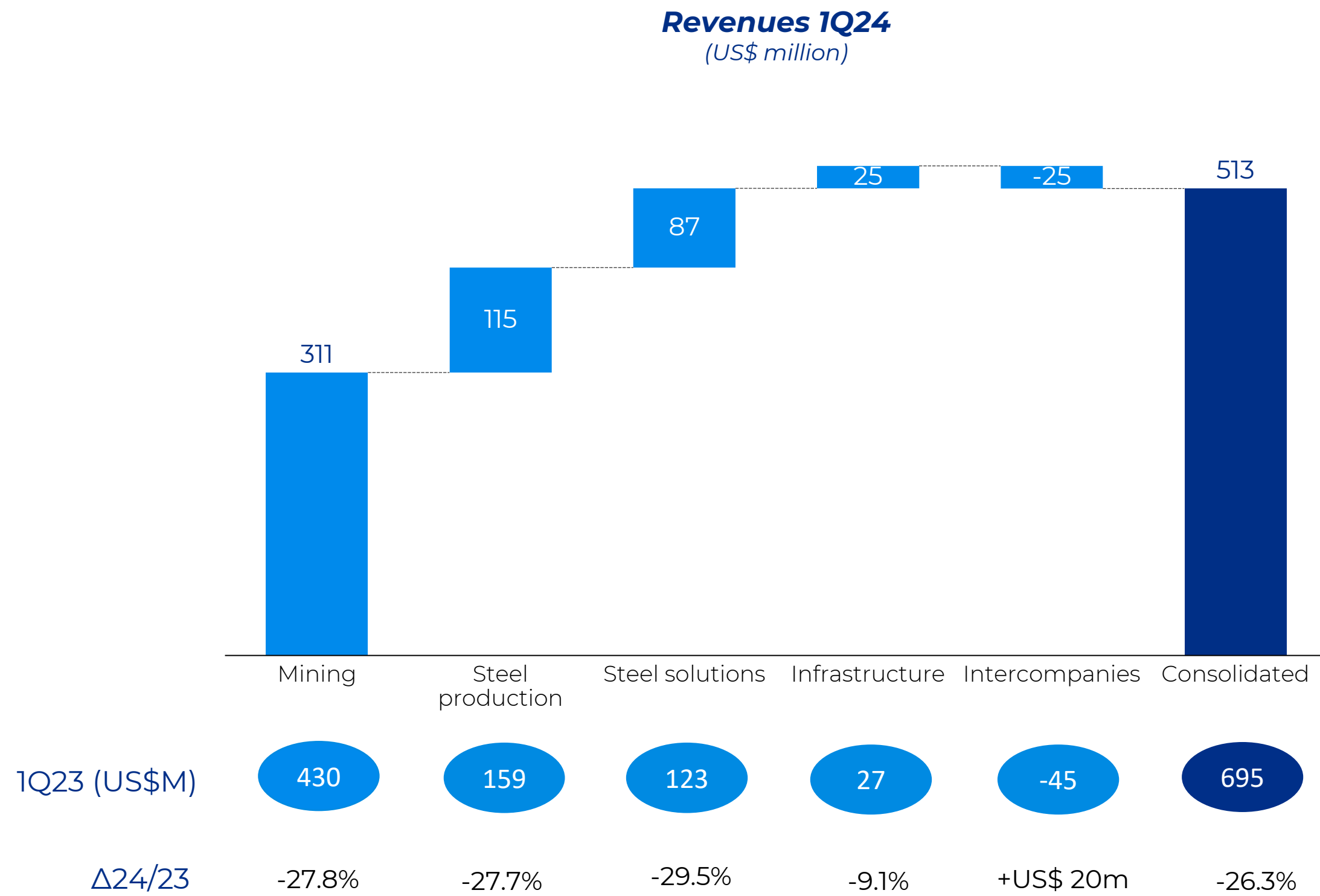
EBITDA and Net Income during 1Q24 were heavily impacted by a Mark to Market (M2M) of US\$-151 millions in CMP

Key highlights

- Reduced EBITDA mainly explained by M2M in Mining business
- Steel Production business reported losses and negative EBITDA in 1Q24, although much better than the negative figures reported in 1Q23
- Steel Solutions reported lower EBITDA and net income, compared to 1Q23, due to the contraction of the construction industry



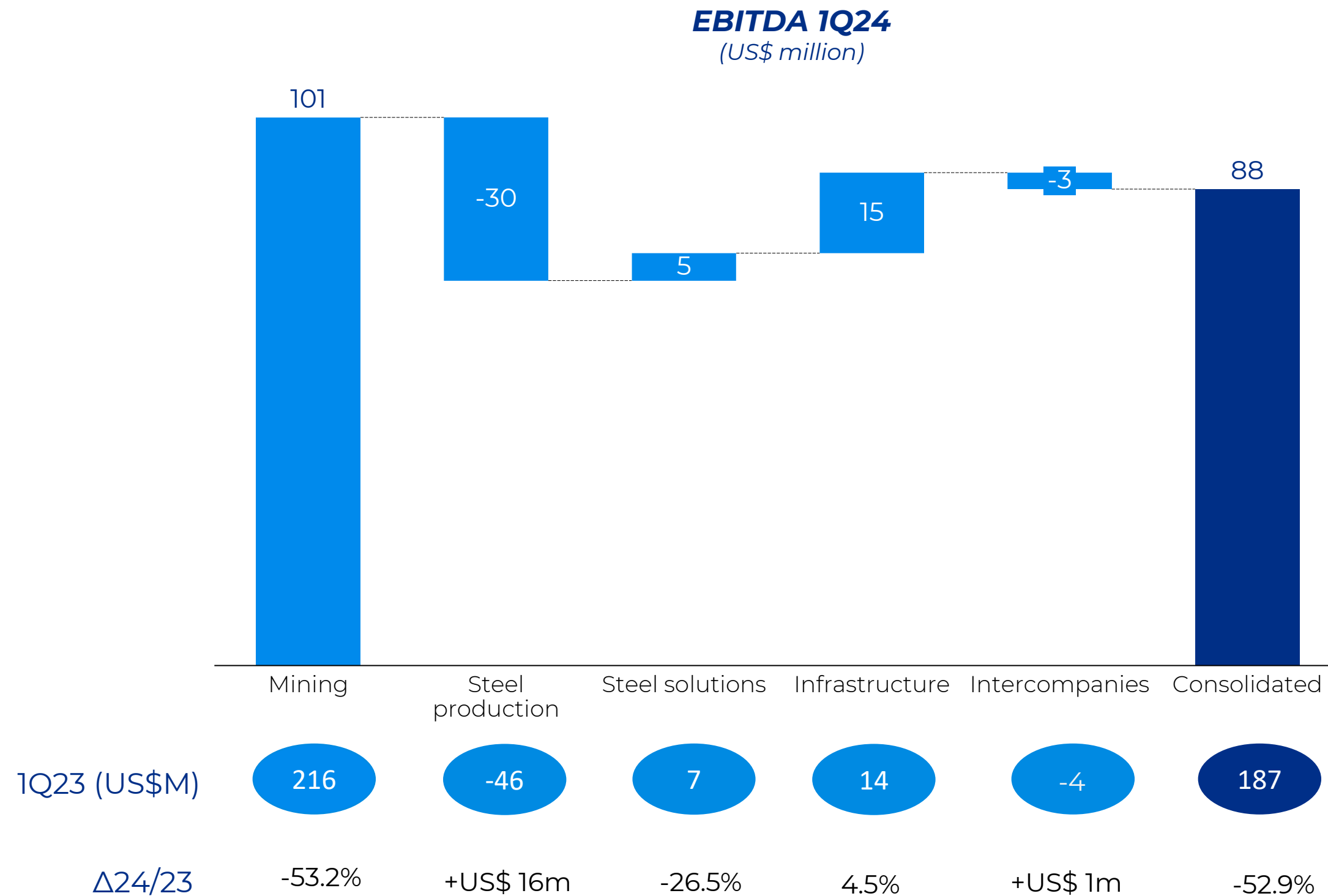
Total revenues were 26.3% lower versus same quarter last year, driven by the M2M effect in mining, and lower revenues in steel



Key highlights

- Although there were record levels of shipments in mining, results were offset by the negative M2M effect of US\$ 151 million
- Steel sales 27.7% lower than in 1Q23, mainly explained by lower shipments and prices
- Steel solutions: Lower revenues explained by a weak construction sector, despite better results in Promet

Total EBITDA 52.9% lower versus same quarter last year, driven by the M2M impact in mining, while steel production showed smaller losses



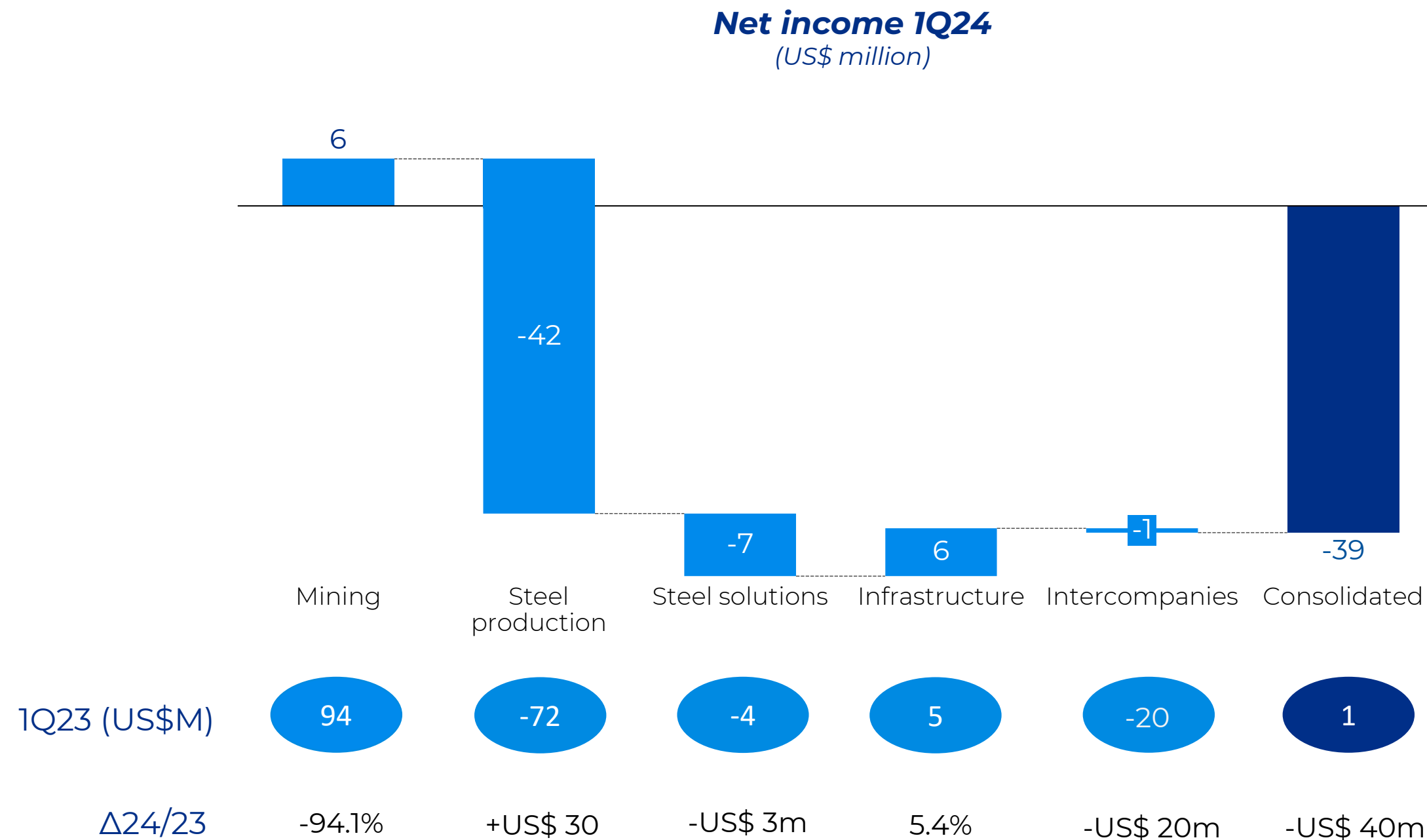
Key highlights

- Mining: Reduction in costs, offset by negative MtM
- Steel production: 22.1% lower costs per ton, partially explained by operational efficiency initiatives
- Steel solutions: EBITDA impacted by a lower performance of Tubos Argentinos, despite the reduction in CINTAC costs

Net Income of US\$-39 million, driven by the M2M impact in mining

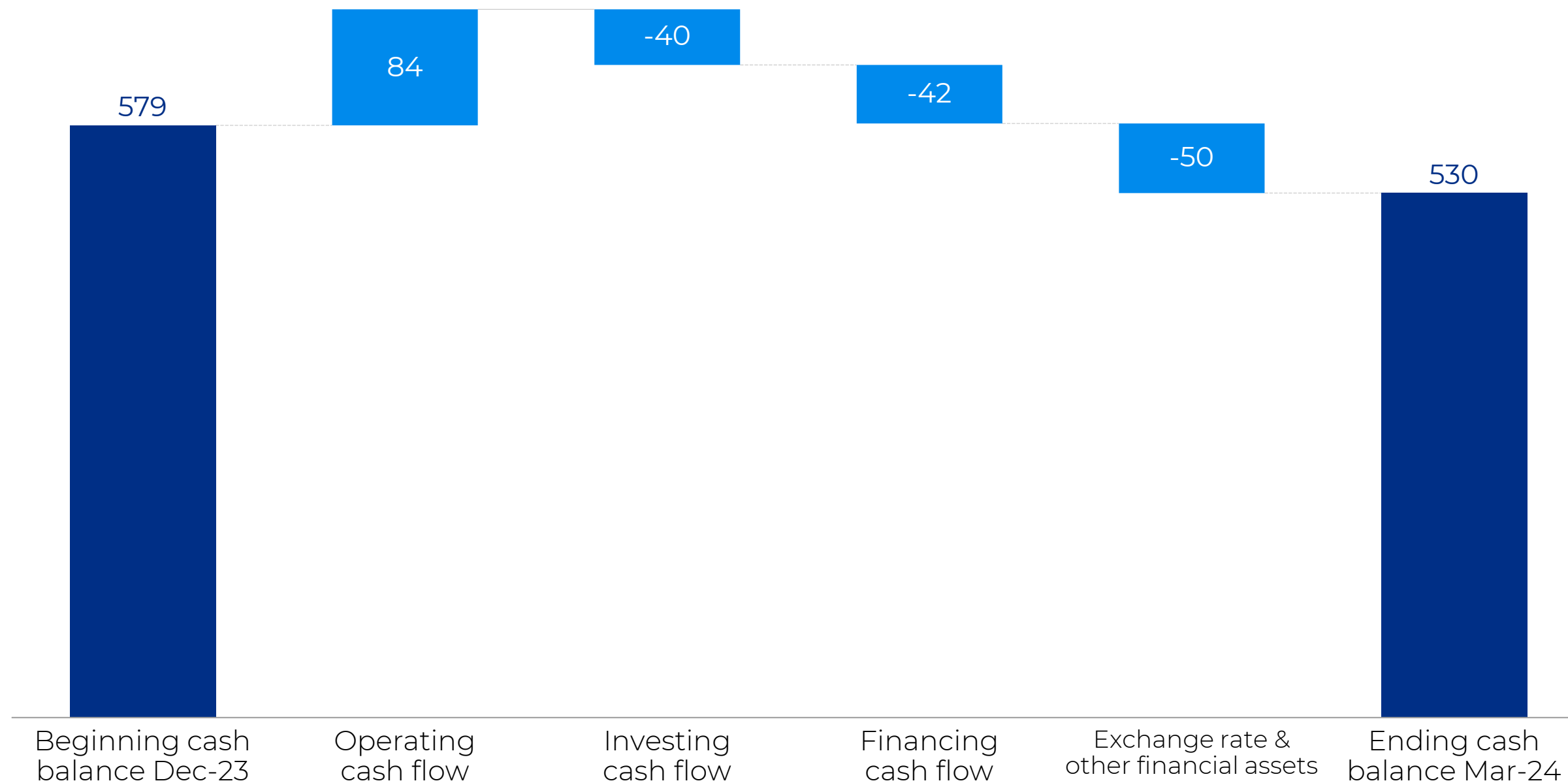
Key highlights

- Mining: Lower results than in 1Q23, mainly explained by MtM negative effect
- Steel production: Negative results in 1Q24. Net Realizable Value of US\$ -6.1 million over inventories
- Steel solutions: Losses explained by a weak construction sector in Chile and Peru, and the uncertainty in Argentina's economy, despite better results in Promet in Chile and CINTAC's lower costs



CAP Group keeps its cash balance similar to last quarter

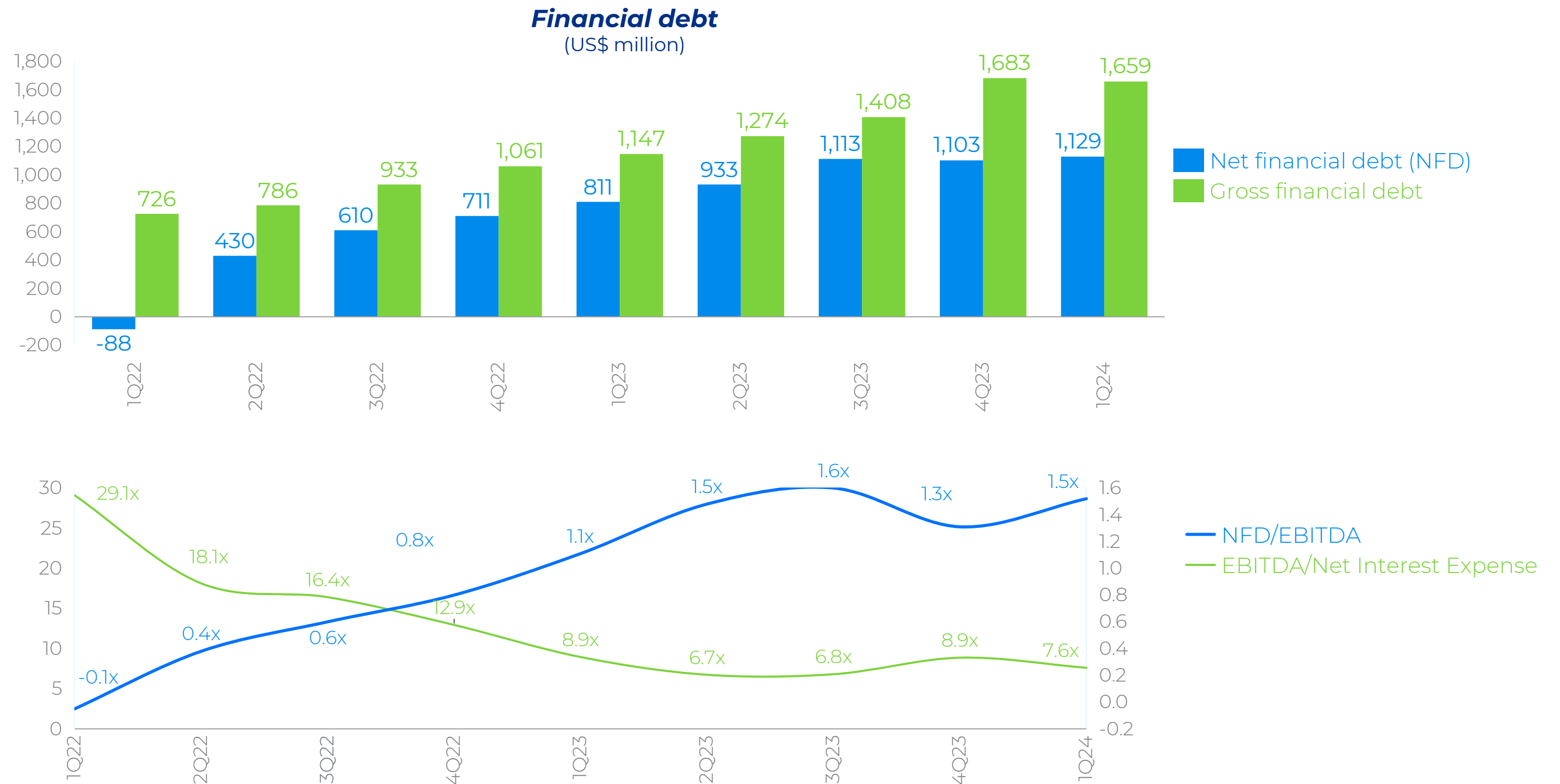
Cash Balance 1Q24 VS 4Q23
(US\$ million)



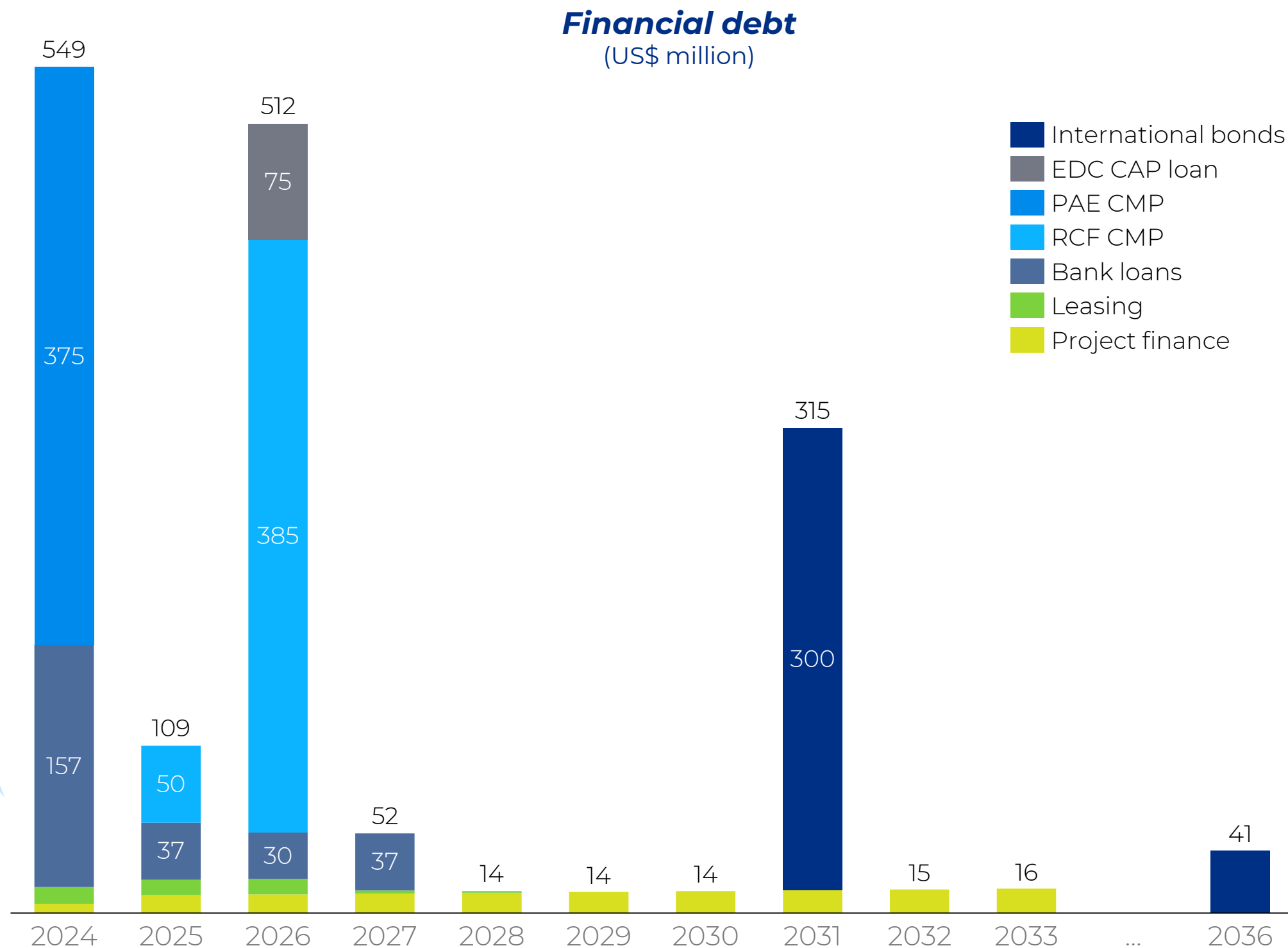
Key highlights

- Net cash flows coming from the operation reached US\$ 95 million, offset by a tax payment of US\$ 54 million and an inflow of US\$ 43 million
- Consolidated CAPEX of US\$ 91 million (with CMP representing 79.4%), partially offset by short-term deposits of Aguas CAP (US\$ 45 million)
- Financing cash flow negatively impacted from repayments of borrowings higher than new debt, at CMP

Financial covenants remain at healthy levels



Total debt was reduced by US\$ 24m versus Dec 31st, 2023, and CINTAC's restructuring of US\$ 143m coming to a close



Debt indicators as of March 2024

Gross financial Debt (US\$) 1,659 million

Net financial Debt (US\$) 1,129 million

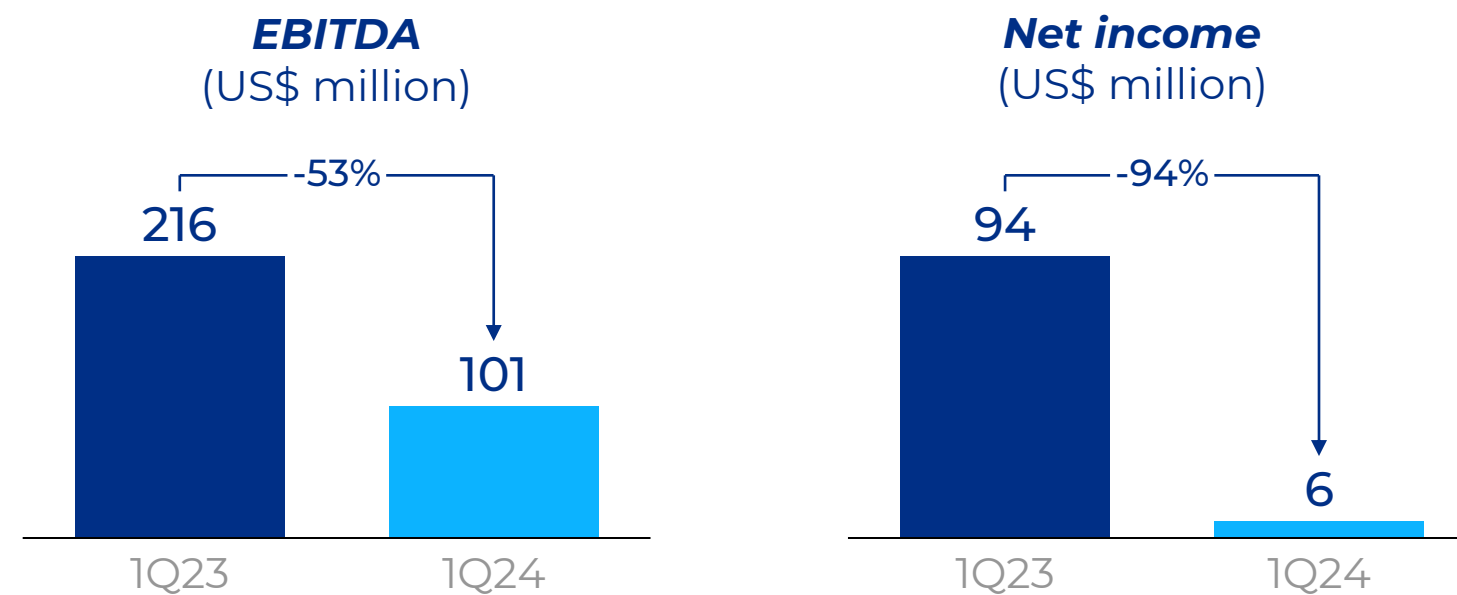
Net Financial Debt /EBITDA 1.5x

EBITDA/Net interest expense 7,6x

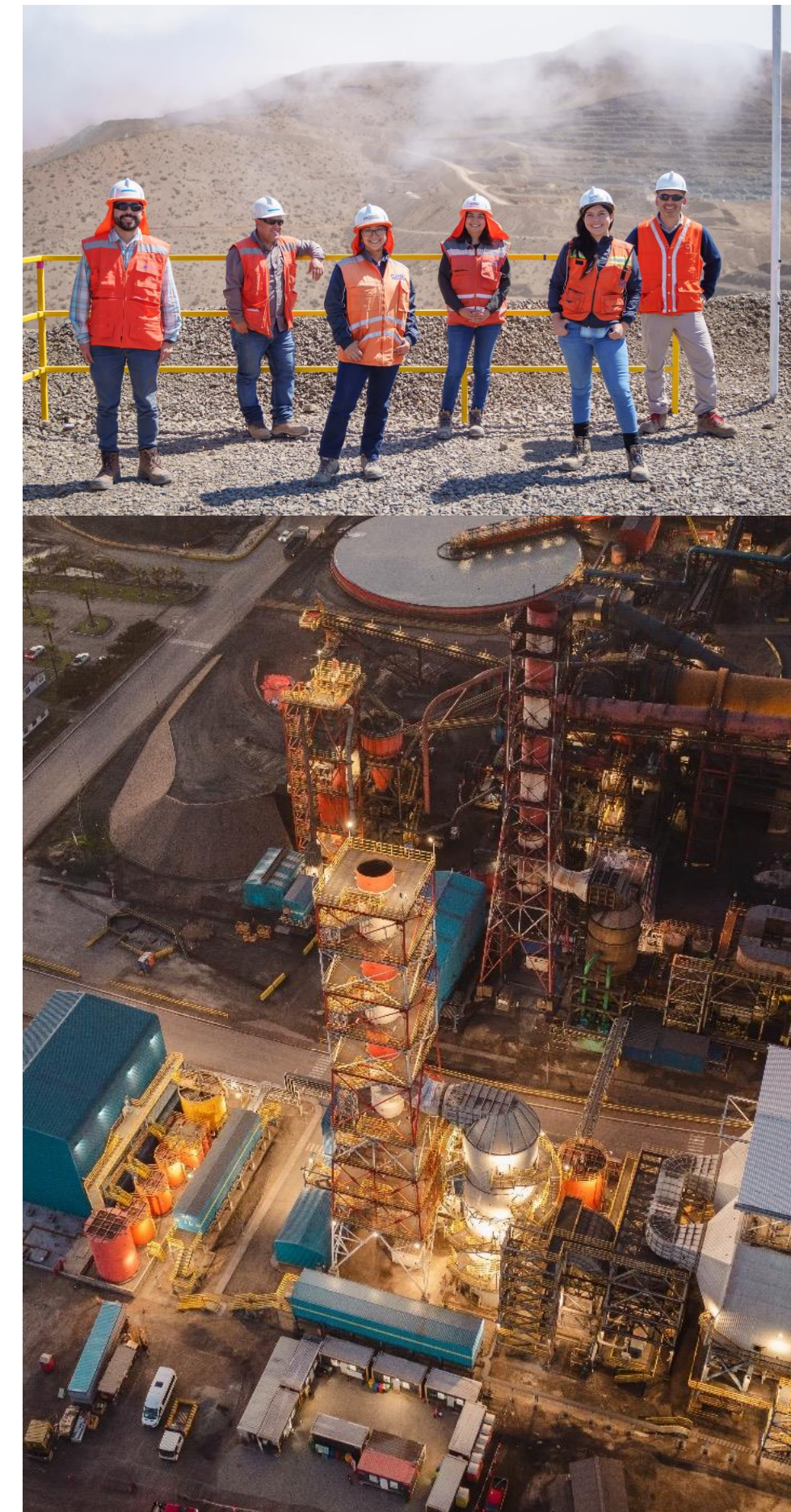
4. Financial results

Mining business

Compañía Minera del Pacífico is the leading iron ore and pellets producer on the American Pacific coast, with operations in Chile's Atacama and Coquimbo regions.

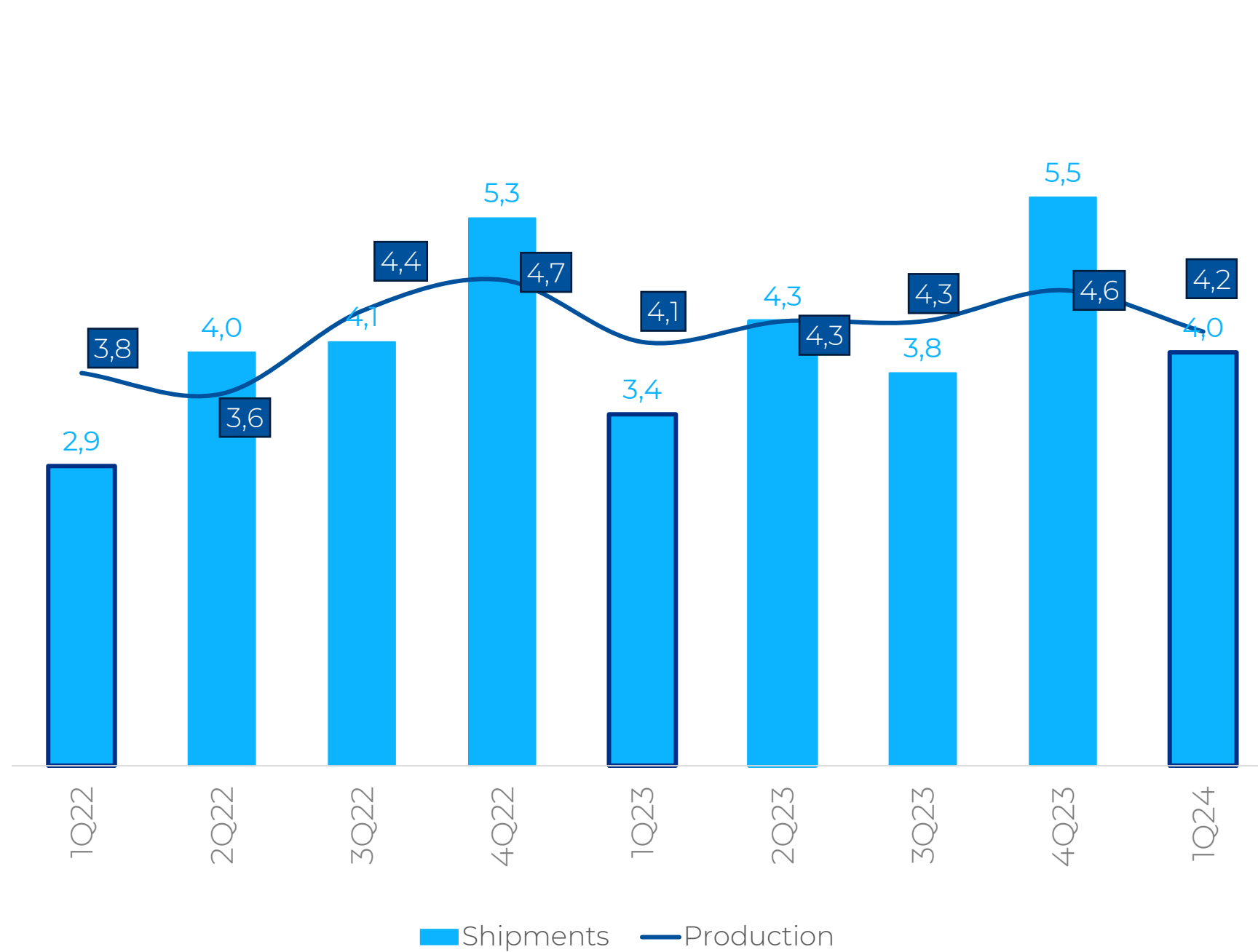


- **17.6% higher shipments**, from 3.4 million tons in 1Q23 to 4.0 million tons in 1Q24
- **1.2% increase in realized prices**, from US\$113.7 per ton in 1Q23 to US\$115.1 per ton in 1Q24
- **17.1% decrease in cash cost**, from US\$ 58.7 per ton in 1Q23 to US\$ 48.7 per ton in 1Q24
- **Above points offset by the MtM effect of US\$ 151.3 million**

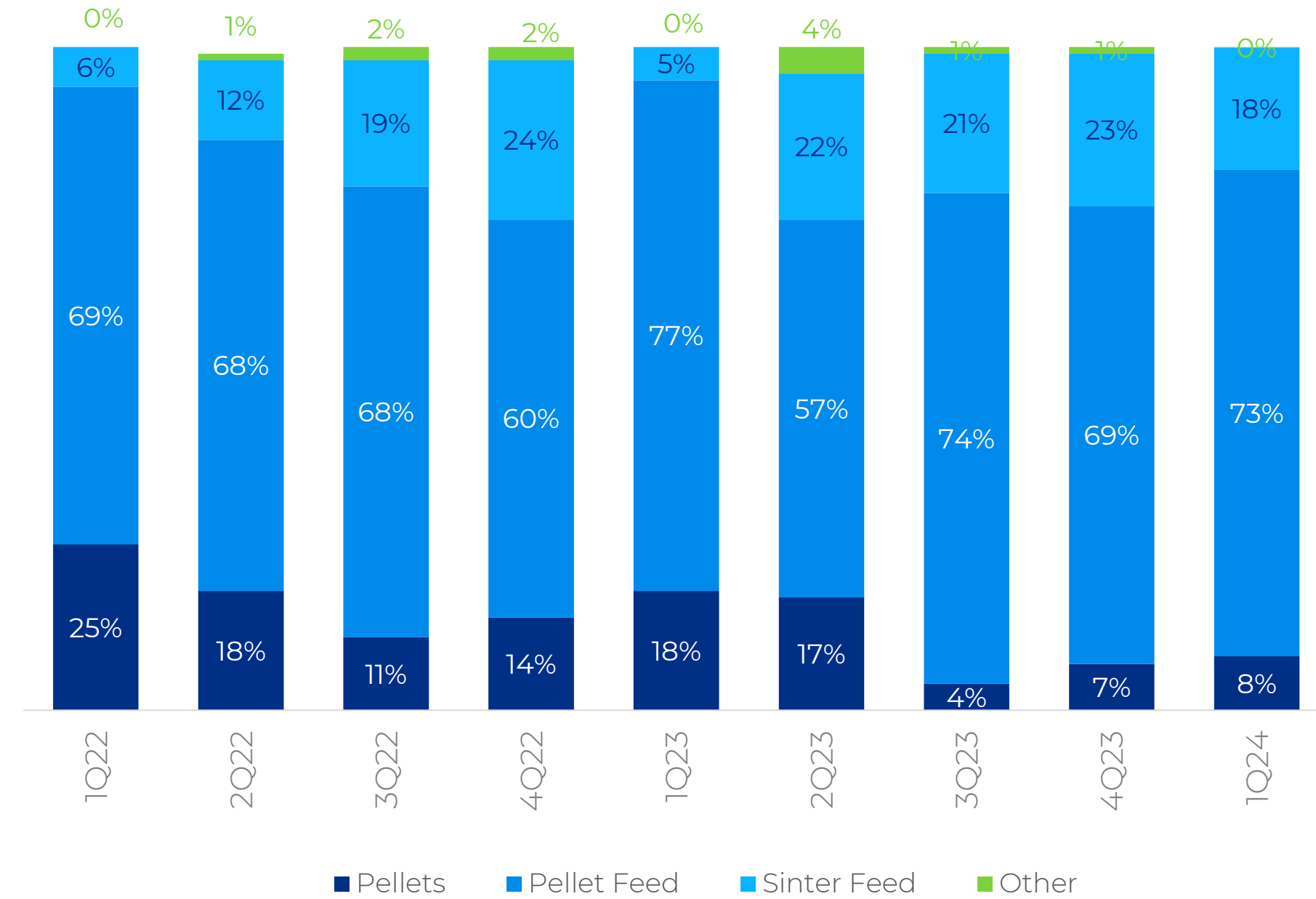


CMP reached higher production and shipments in 1Q24

Shipments and production
(million ton)

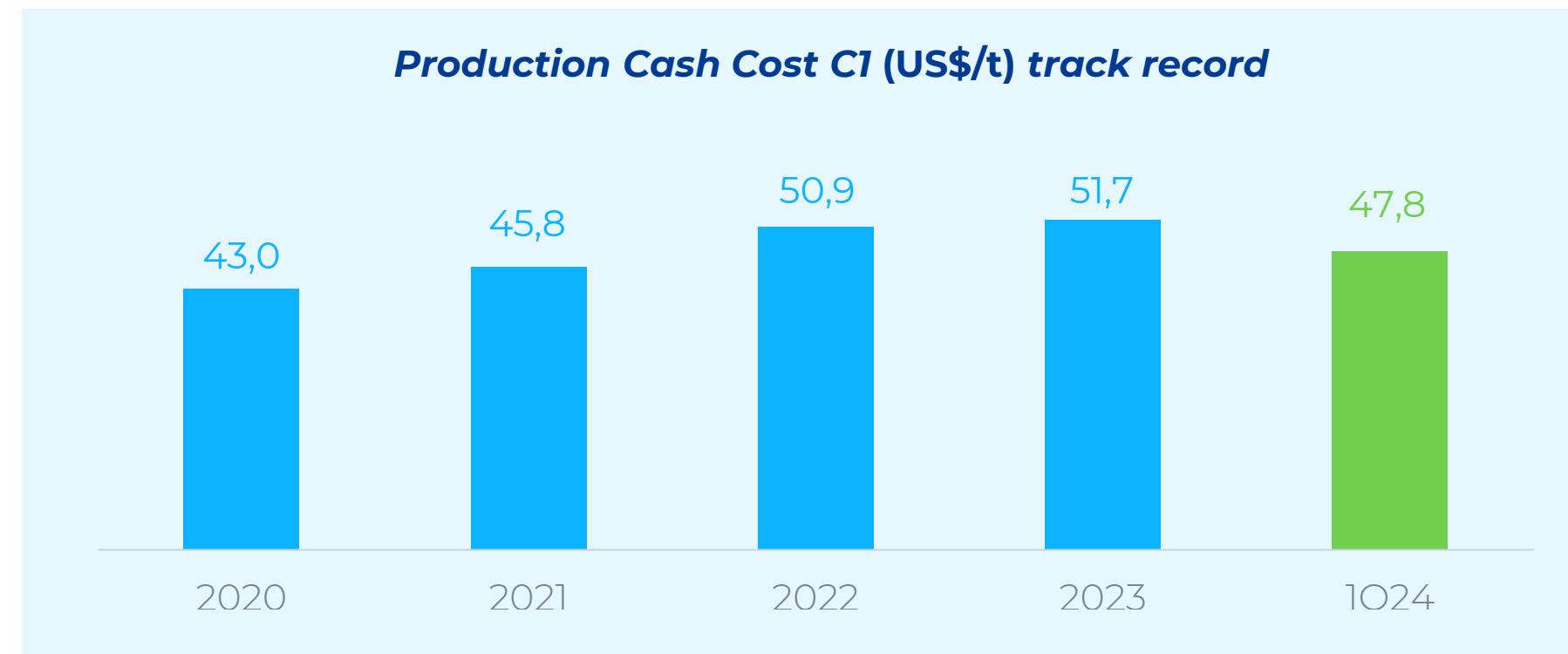
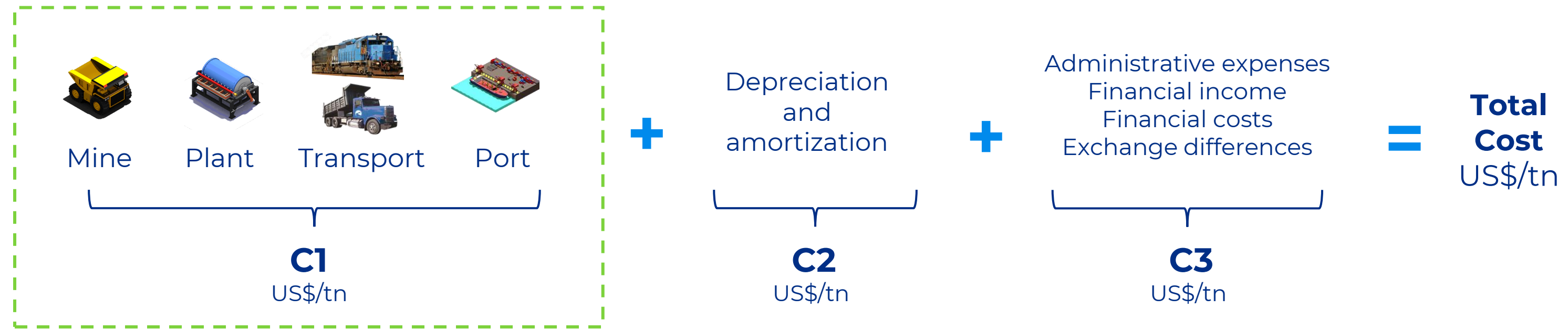


Product Mix (shipments)



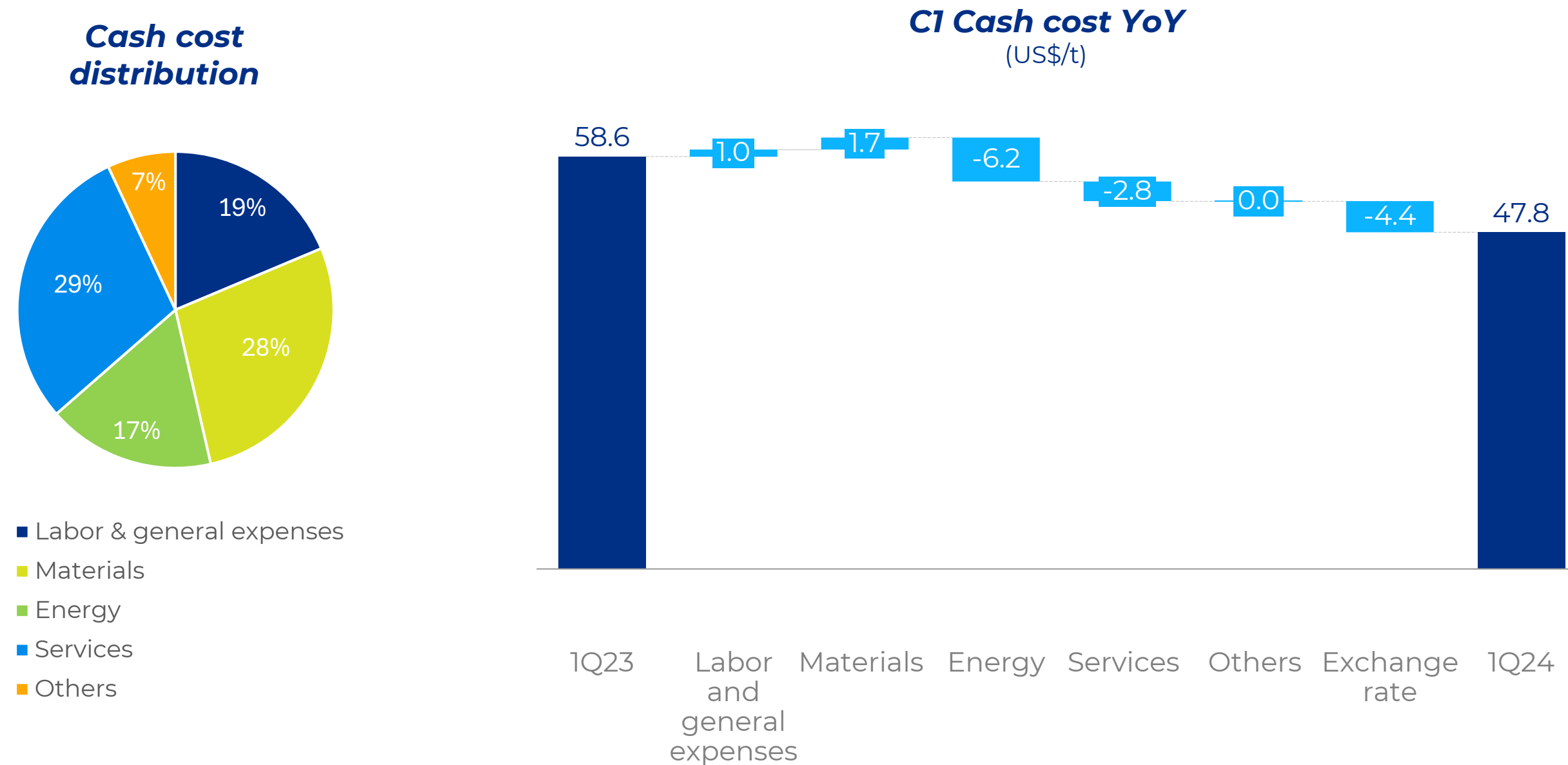
4. Financial results – Mining business

Reporting C1



4. Financial results – Mining business

CMP cash cost variation 1Q23 vs 1Q24



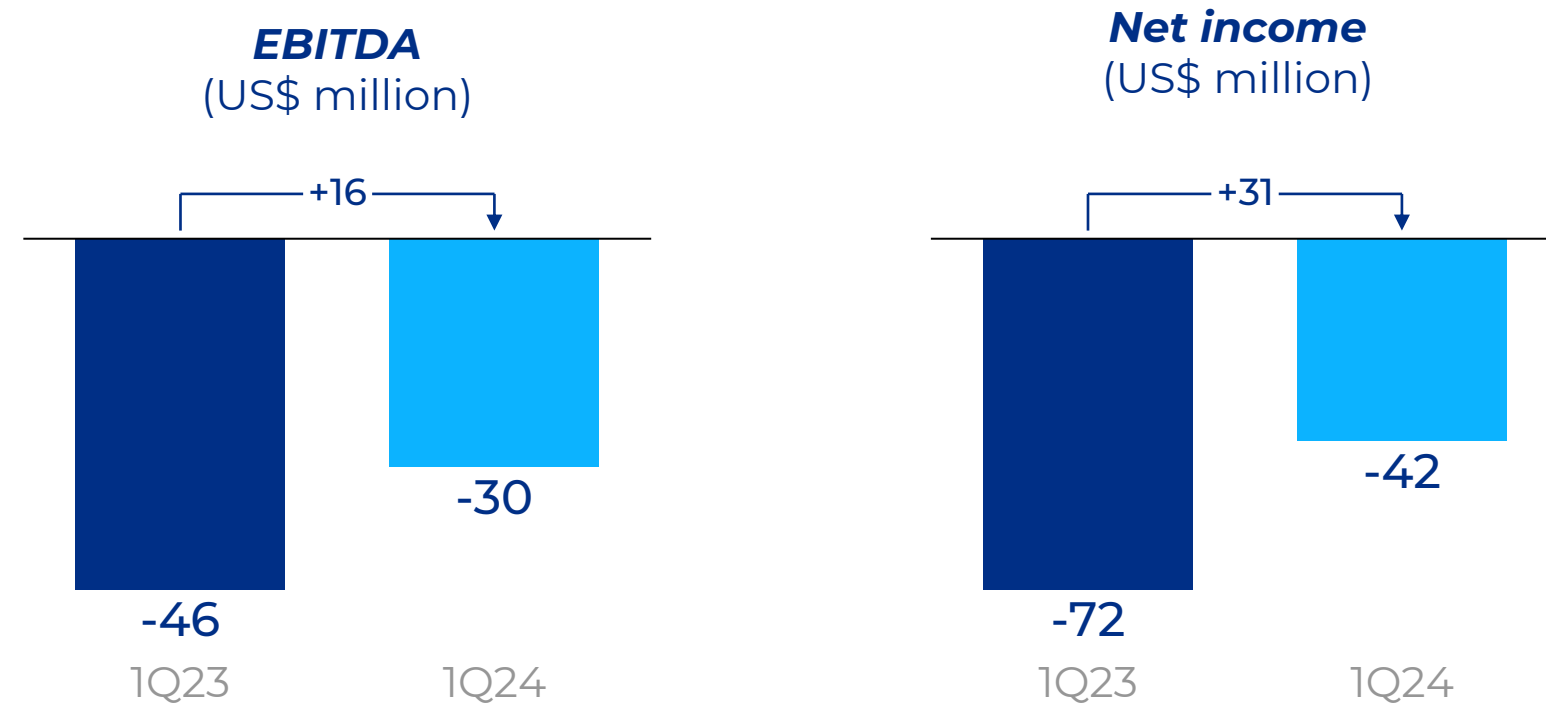
Key highlights

- Lower energy cost due to a reduction in coal prices from 290 US\$/MWh to 184 US\$/MWh
- Savings in services due to cost-reduction initiatives
- Chilean peso depreciation, from an average of 811/US\$ in 1Q23 to 945/US\$ in 1Q24
- Product mix with lower Pellets production

4. Financial results

Steel production business

Compañía Siderúrgica Huachipato is the leading steel producer in Chile



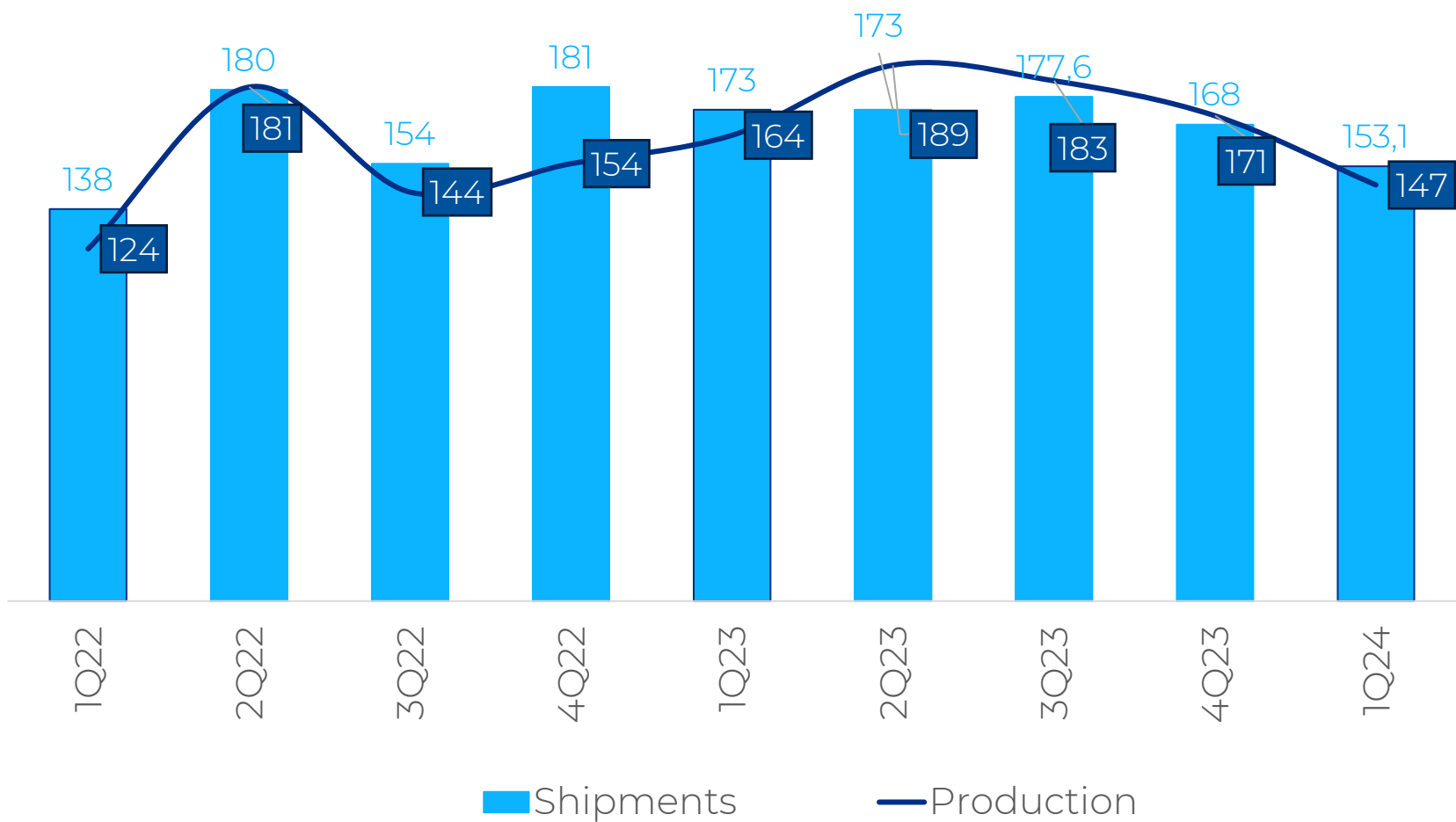
- **Shipments decreased 11.3%**, from 173 kt in 1Q23 to 153 kt in 1Q24
- **12.3% decrease in realized prices**, from US\$ 829 per ton in 1Q23 to US\$ 727 per ton in 1Q24
- **Reduction of 22.1% in costs**, from US\$ 1,171 per ton in 1Q23 to US\$ 912 per ton in 1Q24
- Net Realizable Value of US\$ -6.1 million over inventories



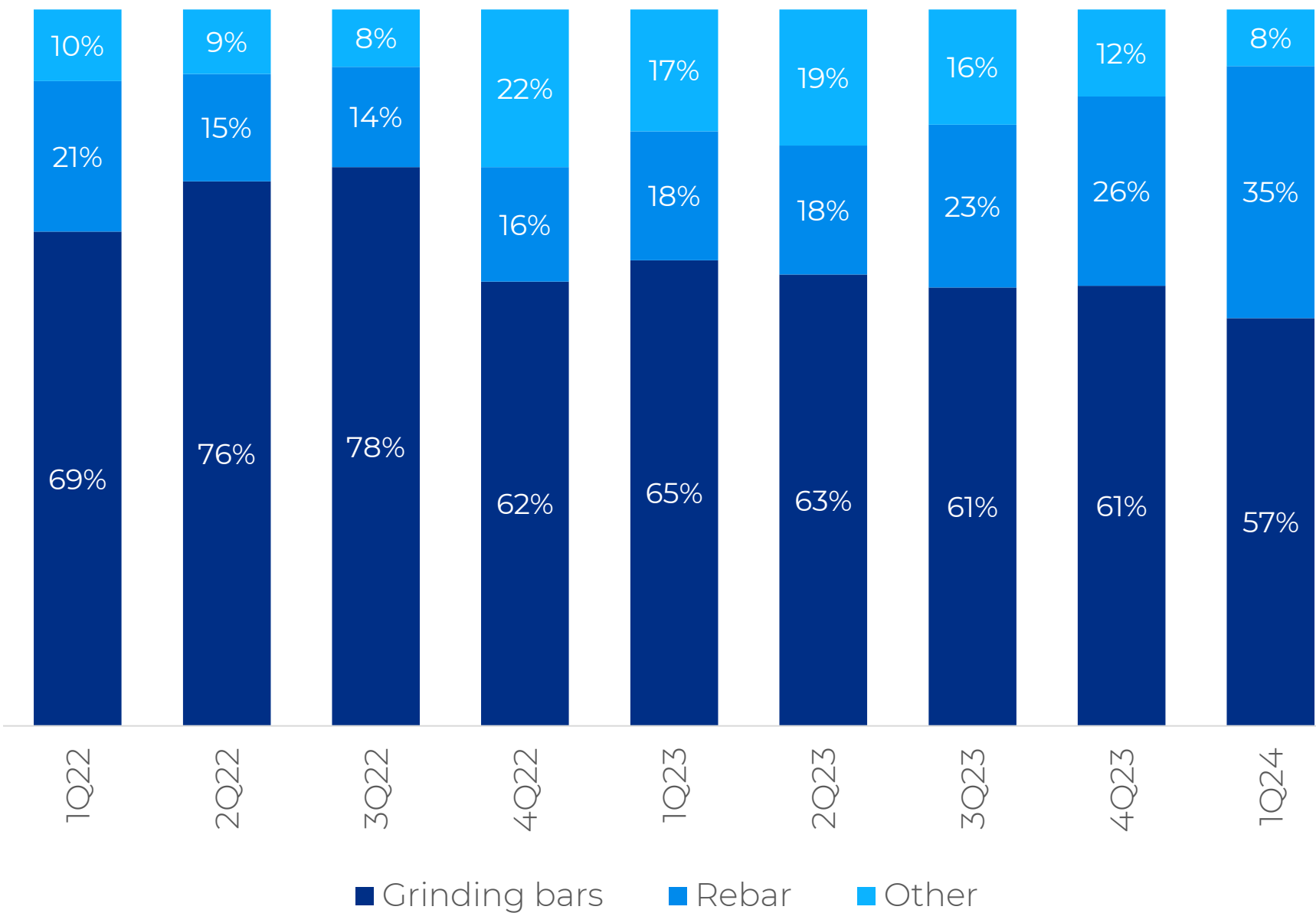
4. Financial results – Steel business

Steel volumes and product mix

Shipments and production
(thousand tons)



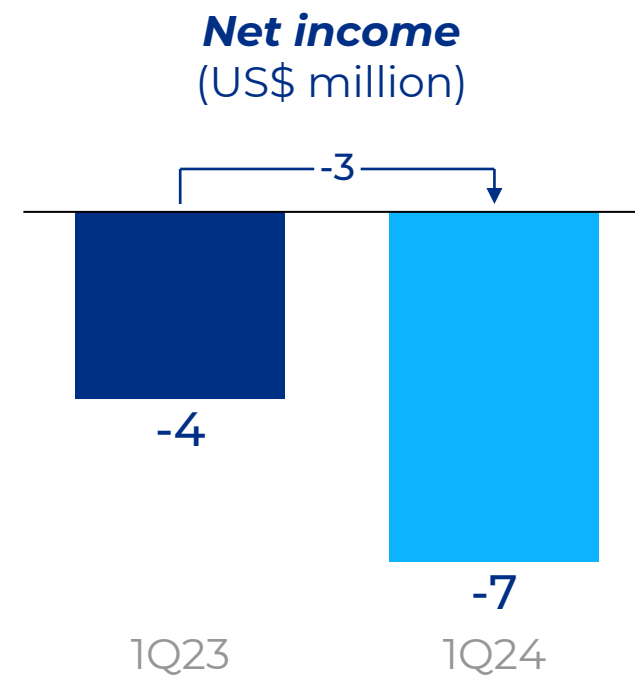
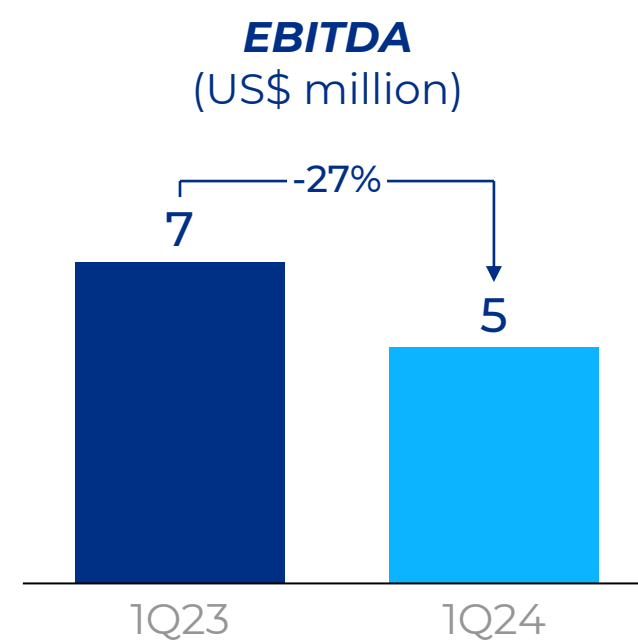
CSH Product Mix



4. Financial results

Steel solutions business

With presence in Chile, Peru and Argentina, the Steel solutions business is formed by Cintac, Promet, Calaminon, Tupemesa, Agrow and Tubos Argentinos (TASA).



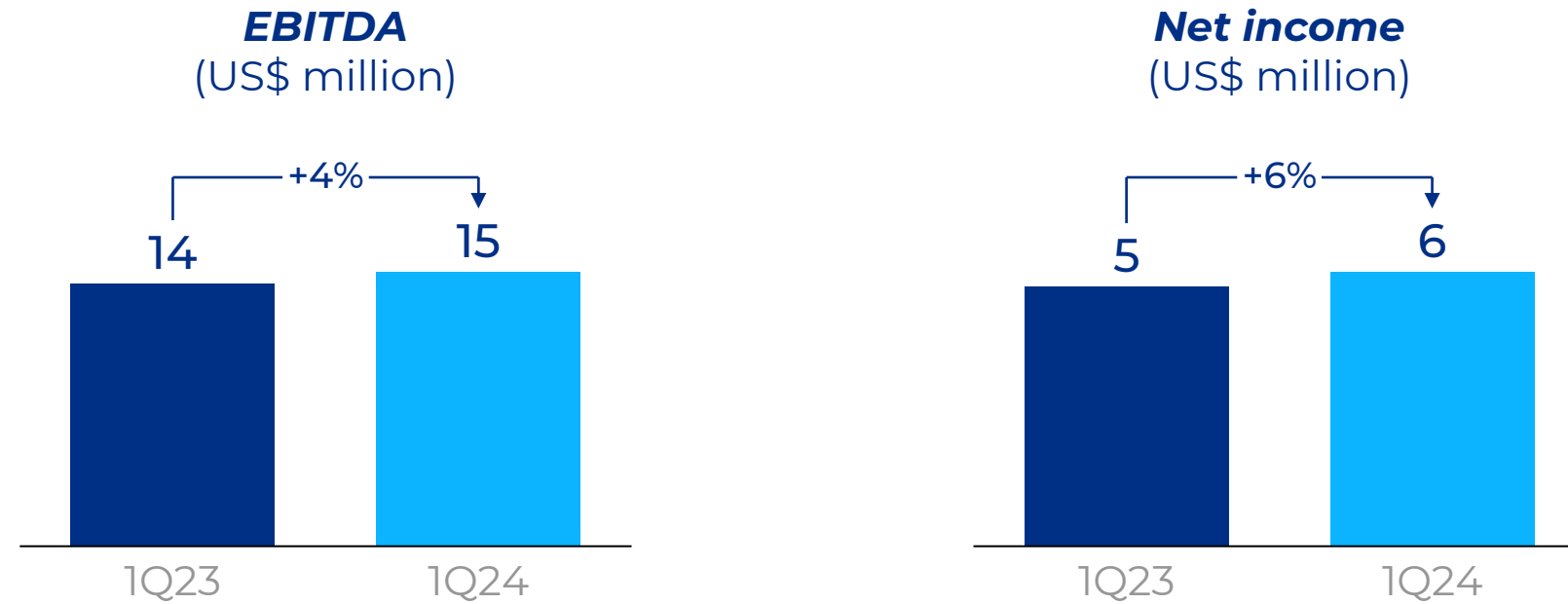
- **Reduction of 24.4% in volumes**, from 70 thousand metric tons in 1Q23 to 53 thousand metric tons in 1Q24
- **10.6% lower prices in steel products**, from US\$ 1,373 per ton in 1Q23 to US\$ 1,227 per ton in 1Q24
- **29.6% reduction in costs**, from US\$ 108.1 million in 1Q23 to US\$ 76.1 million in 1Q24



4. Financial results

Infrastructure business

Includes port, water and energy assets that provide services to our mining and steel businesses and other customers located in the area of operation.



- **Cleanairtech** produced 2.2 million cubic meters of desalinated water in 1Q24
- **Tecnocap** reported a power transmission of 67.8 GWh during 1Q24



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The strategy to stop operational losses in steel production is based on 3 pillars

I. Pursuing a leveled playing-field in the steel market

- Obtain support from the government to **level the playing field** with imported Chinese steel

II. Contingency plan

- Achieve cost savings of **US\$ 60 million/year** during 2024

III. Value proposition

- Improving margins by becoming a **specialty steelmaker**, achieving more durability, superior service and helping the mining industry reduce emissions through the combination of durability and recycling



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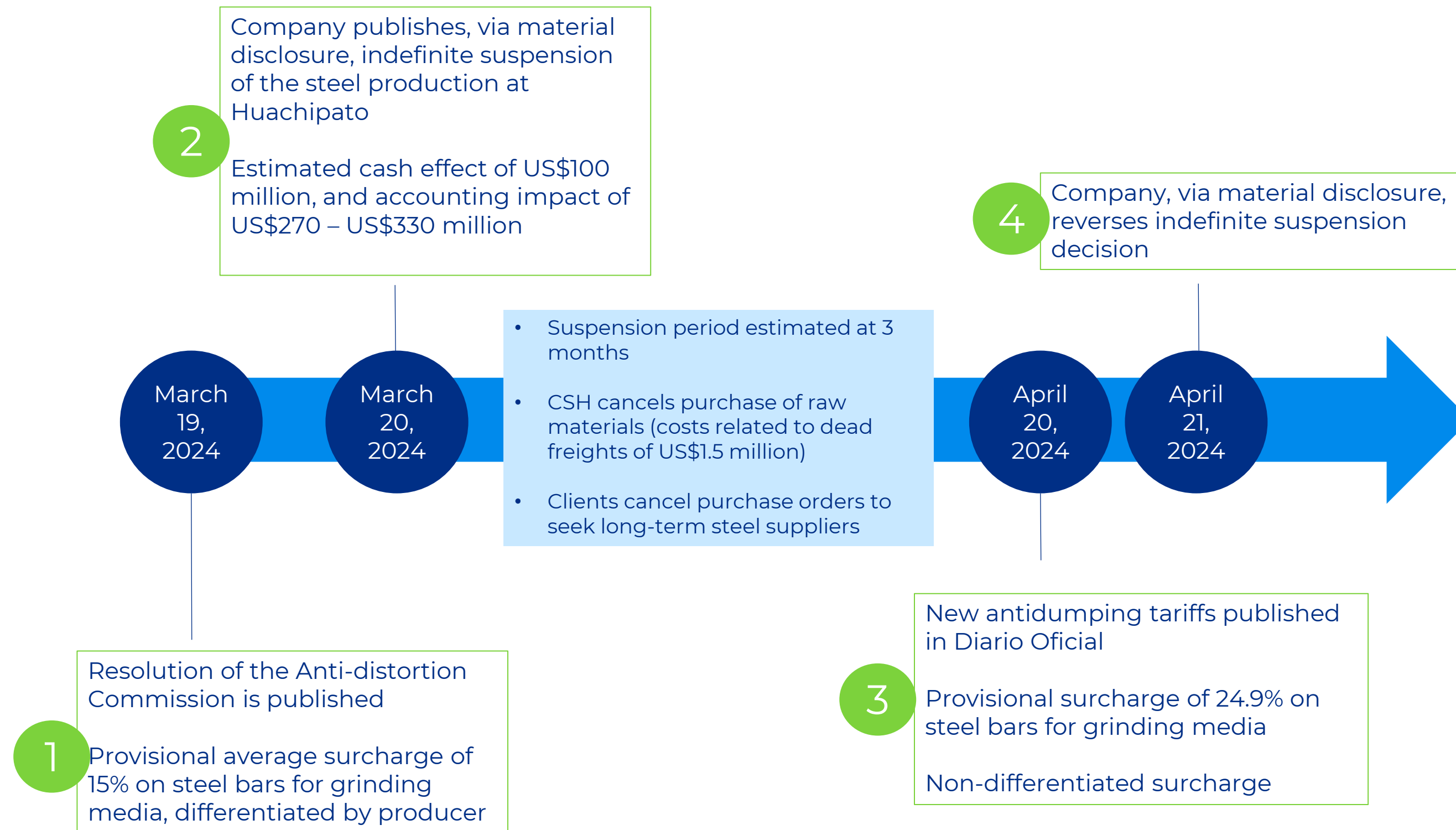
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On April 20th, after a long process, provisional tariffs were announced by the Antidistortion Commission



The Antidistortion Commission established a tariff of 24.9% for grinding bars and 33.5% for grinding balls

Main conclusions

Grinding balls

- Antidumping tariff for every grinding ball smaller than 4", imported from China.
- Unique tariff of 33.5%

Grinding bars

- Antidumping tariff for every grinding bar smaller than 4" diameter, imported from China.
- Unique tariff of 24.9%
- Exempt from this tariff are steel bars of grade S650, classified under tariff code 7228.3000, which are SAG ball bars not produced by CSH.

Market implications

Grinding balls

- Effective tariff of 33.5%
- Given that the effective rate for bars is lower (24.9%), all imports should be bars.

Grinding bars

- Effective tariff of 24.9%
- Exemption of bars grade S650

Even though the provisional measures are good news, there are several challenges ahead

Key challenges

- > Win back customers who switched to imports when Plan S was announced
- > Effectively transfer the 25% surcharge to the sale price
 - Price increase not necessarily automatic
- > Ensure provisional measures are confirmed by September in the definitive measures for 12 more months. And after that, if distortions continue, request a one-year extension
- > Current regulation only allows for 2 periods of 12 months of definitive measures

The strategy to stop operational losses in steel production is based on 3 pillars

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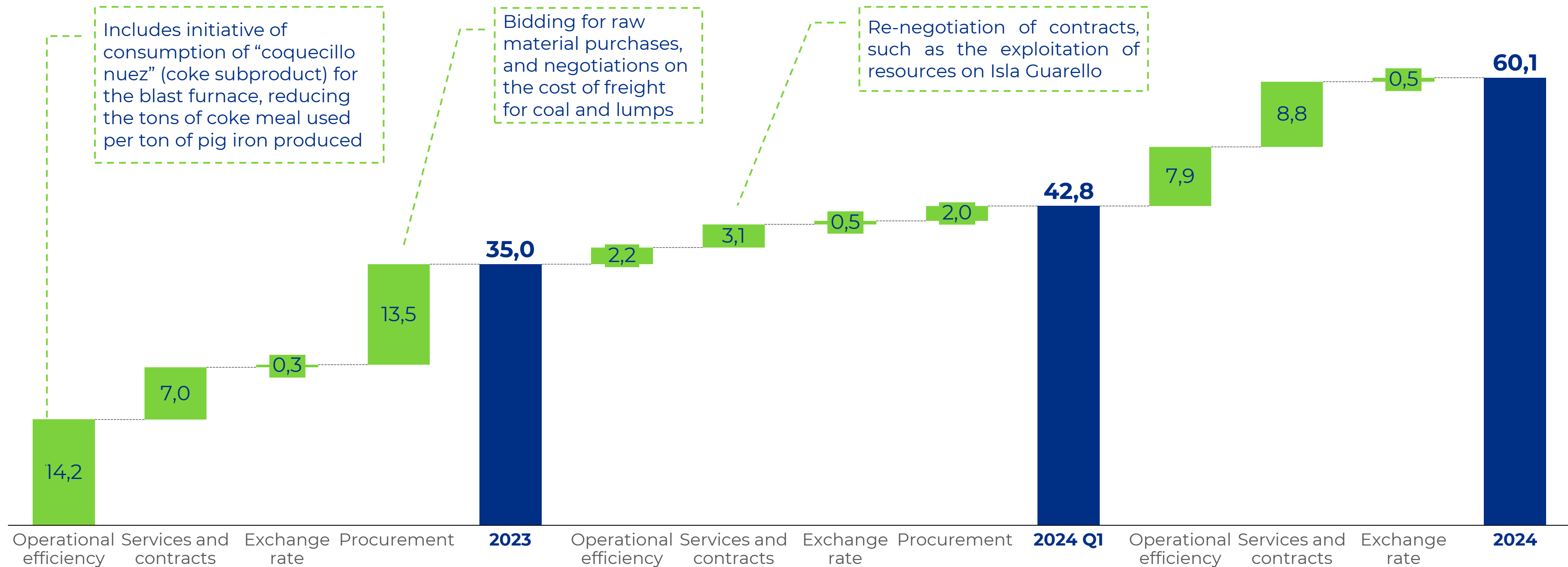
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Contingency plan

Progress towards achieving ~US\$ 60 million cost savings by 2024



Variations from a March 2023 cost baseline, holding raw material variables constant.

The strategy to stop operational losses in steel production is based on 3 pillars

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II. Contingency plan

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During this quarter Huachipato continued to implement its “Circular HTO” strategy



Redesign to reduce steel consumption in the grinding process, improving performance based on anti-wear recipe

• Ferroalloys Development



Contributes to **reduce scope 3 carbon emissions** in the mining industry

• Decarbonization Roadmap



The circular economy model reduces the consumption of fresh steel in mining and promotes becoming a reliable local supplier

• Product-as-a-service

Key progress

- Continued to implement mark ball tests at several mills, and full industrial tests for anti wear steel
- Initiated conversations with several mining clients to optimize value proposal
- Submitted commercial proposals for high resistance rebar steel for new projects

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Cintac is progressing favorably with its financial restructuring



Refinancing in final stage of legal closing, with oversubscription

- US\$ 143 million raised between local banks
- 5-year loan with 2-year grace period



POP 1 of Capital increase started on May 9th

- US\$ 80 M target capital increase
- Share price defined at CLP\$ 80 per share

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Way forward

1. Stop operational losses at Huachipato

- Continue to implement cost reduction initiatives
- Continue to progress with HTO circular strategy
- Ensure antidistortion tariffs are effectively transferred to prices
- Ensure antidistortion tariffs are renovated in definitive resolution

2. Continue to improve profitability of operations and implement defined strategy

- Implement cost reduction and achieve synergies at Cintac group
- Continue to implement operational improvement initiatives at CMP
- Continue to implement cost reduction initiatives at TASA

3. Build the future through development and implementation of key growth initiatives

- Continue engineering studies for expansion at CMP, progressing towards achieving FEL2
- Continue to work with Aclara to submit Environmental Study

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2024 First Quarter Results Presentation