



Capital Markets Day

November 6th, 2023



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Agenda

- ① **CAP at a glance**
- ② Q3 financial zoom
- ③ Strategy 2030
- ④ Strategy and projects
 - Mining
 - Steel Production
 - Steel Solutions
 - Infrastructure
- ⑤ Closing remarks



Our purpose guides us every day and reminds us why we do what we do

PURPOSE

We create well-being and shared progress, transforming resources with Chile and the world



CAP's highlights and strengths in figures



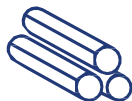
98%
of the iron ore
produced in Chile

3rd

largest owner of
mining
concessions in Chile



1st Filtered tailing
deposit in Chile



1st steel supplier
to mining
in the region

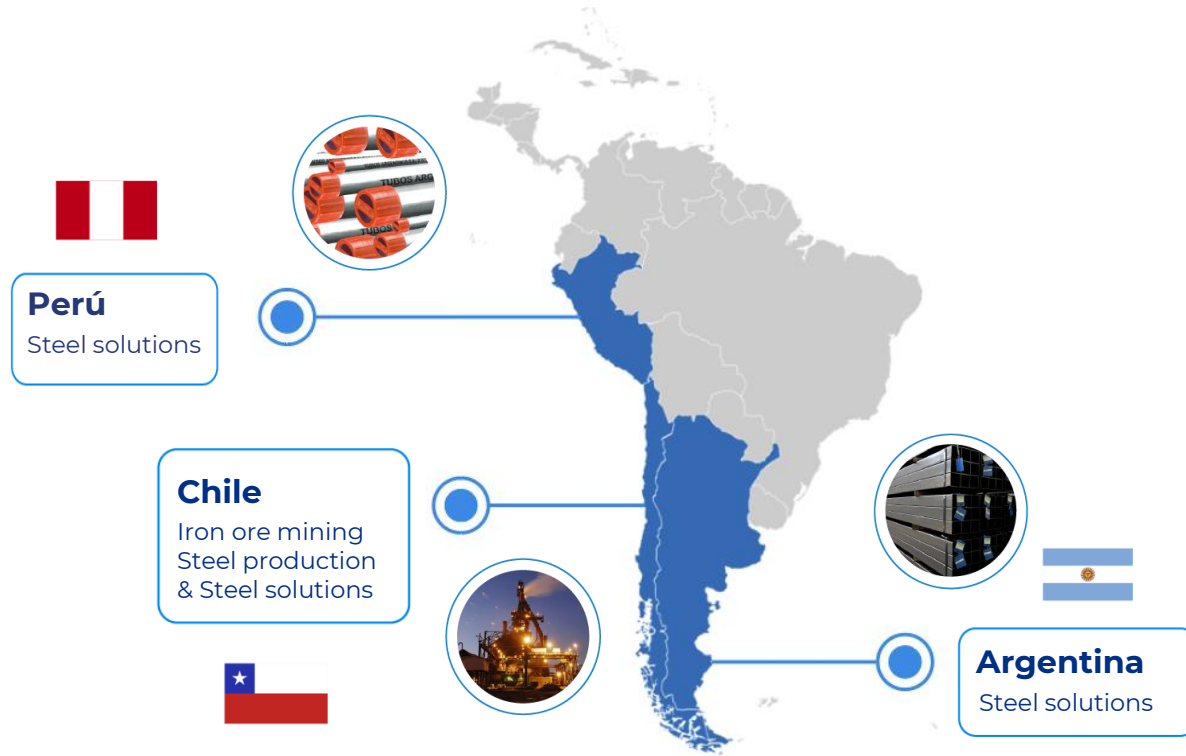


3rd largest
port operator
in Chile

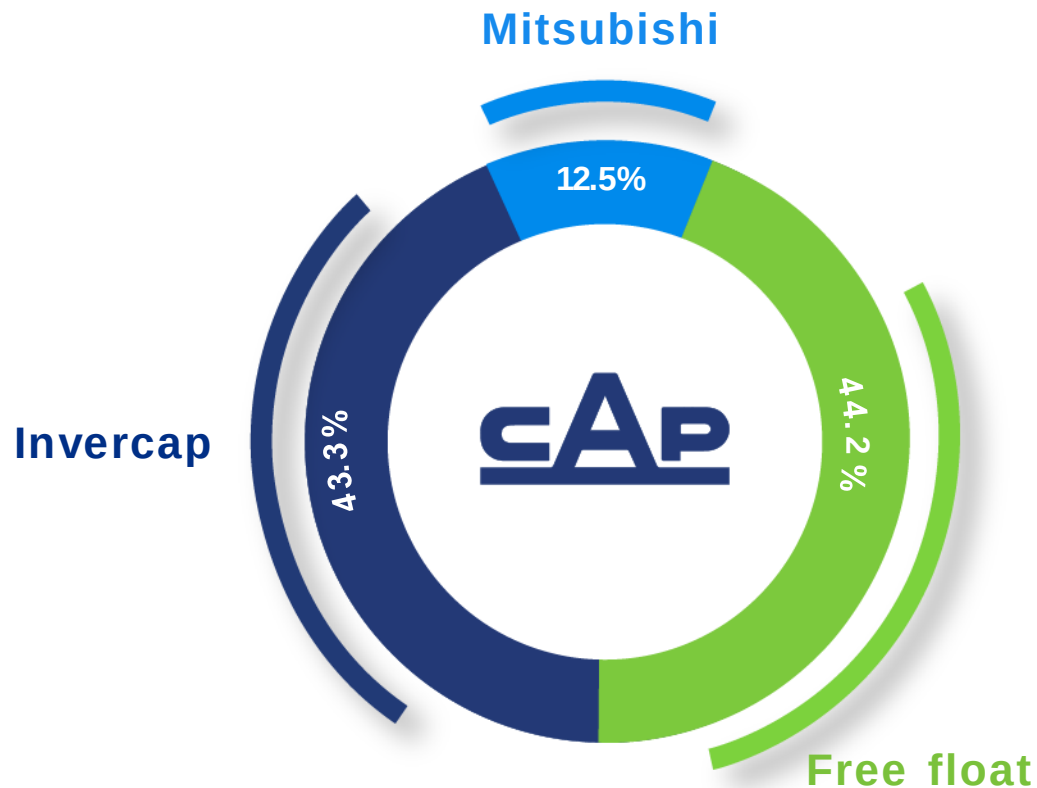
5,579
Direct employees

91%
Local workforce

Strong continental presence, local knowledge: nurturing ops in the south cone



Ownership structure



CAP S.A. is listed on the **Santiago Stock Exchange**

~US\$ 800 million¹
Market Capitalization

11th highest free float percentage
within IPSA companies

Dividend policy
50%
of net distributable profits

Proud legacy of 77 years of national contribution



Huachipato Steel Company starts operations in Talcahuano, in 1950

Six decades of experience positioning us as leaders in the Pacific coast



1959

The company started its mining segment with the acquisition of Minas El Algarrobo, in the Atacama region

20 years building trust: delivering top-notch housing steel solutions



In year 2000, the group
acquired a stake in CINTAC,
entering into the industry



Infrastructure business: generating added value to our mining and third parties



The infrastructure area was created in 2014, it encompasses Aguas CAP desalination plant, Tecnocap transmission line, and Las Losas port

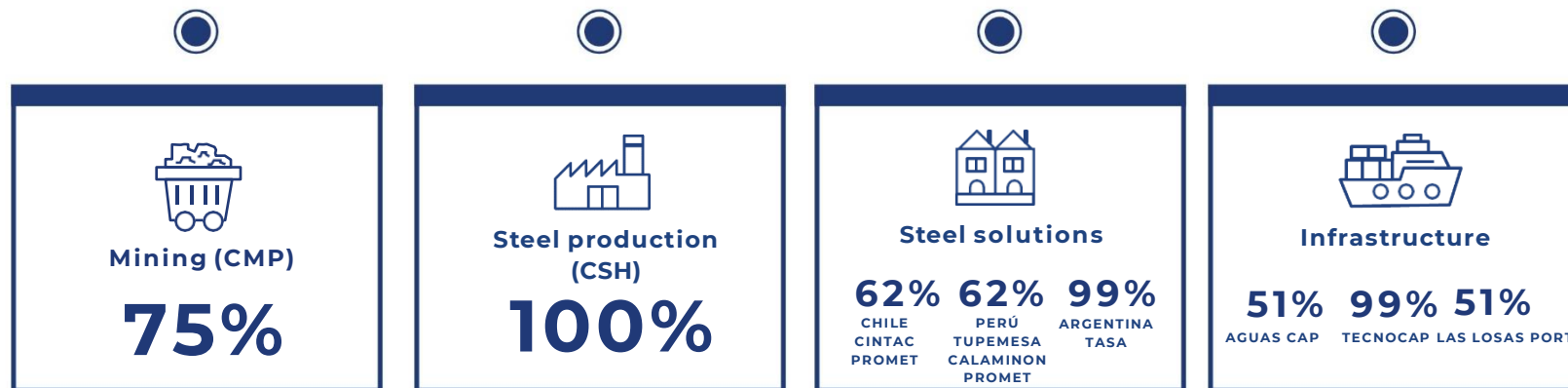


Driving excellence in corporate governance across the group

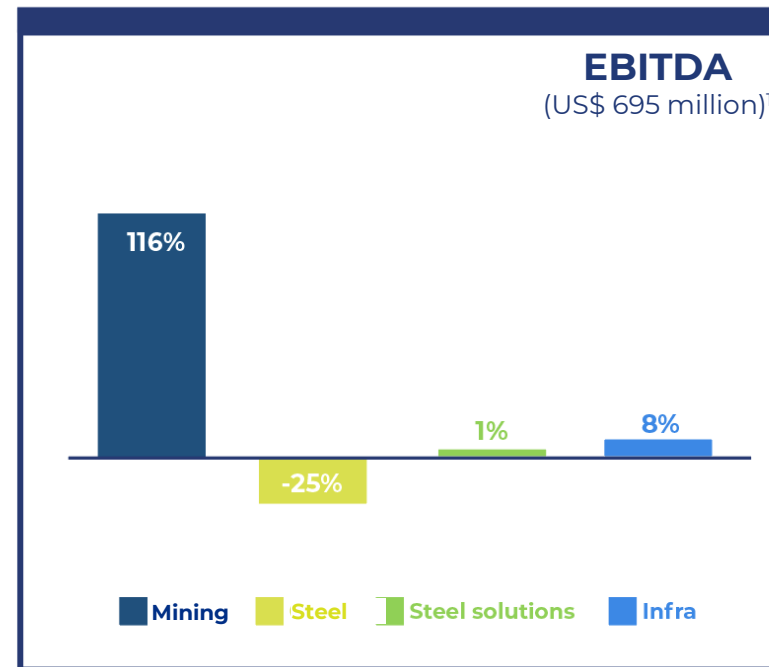
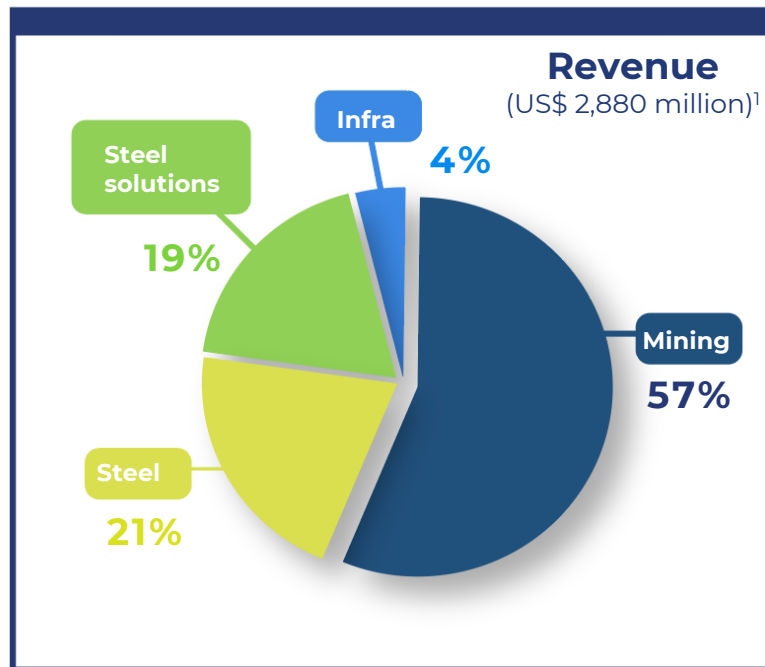


In 2022 we obtained awards for our management and ESG leadership

Presence extending from iron ore & steel to critical sectors across the economy



Diversified business segments in mining, steel production, steel solutions and infrastructure



¹ Period: October 2022 - September 2023 (last 12 months); Intercompany eliminations not included

Key player in a global challenge while unlocking new opportunities



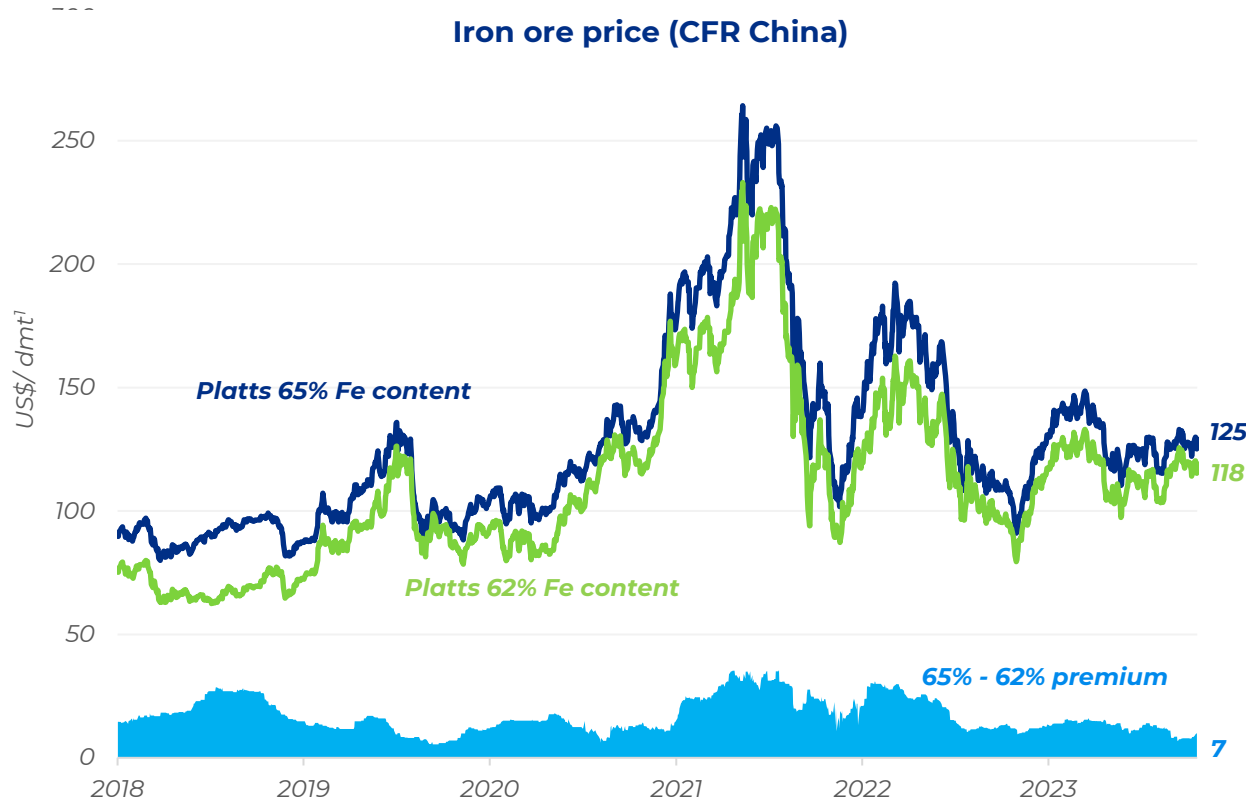
We aim to be a group that develops an industrial value chain based on decarbonization

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Iron ore holds attractive price levels in the global market



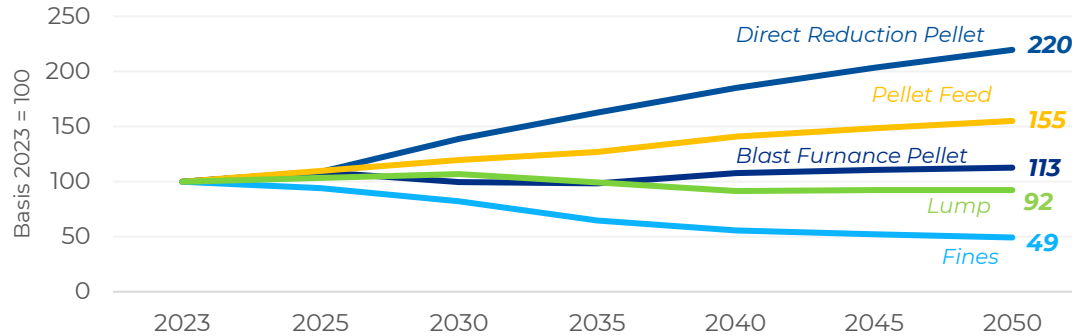
- More than 75% of CMP's sales are indexed to *Platts 65% Fe content* (pellet and pellet feed)
- The remaining sales (mainly sinter feed) are indexed to *Platts 62% Fe content*

(USD/dmt ¹)	9m23	9m22	3Q23	2Q23
Platts 62% Fe avg	117	127	114	111
Platts 65% Fe avg	130	148	125	124
C3 route Brazil –China	19.7	25.5	19.9	21.1

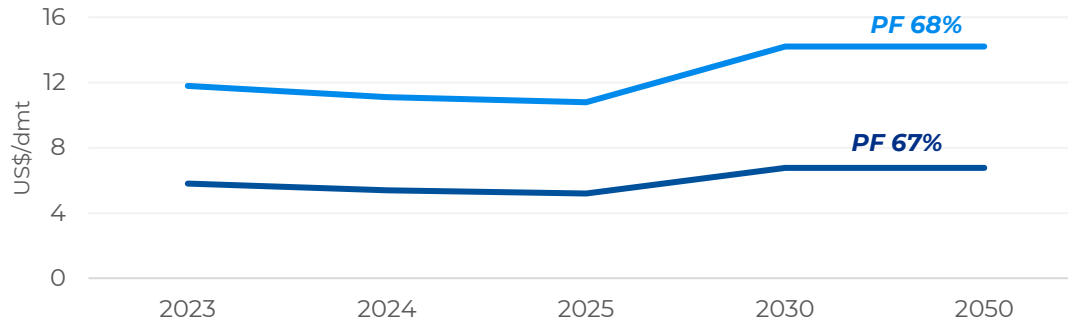
¹ dmt: dry metric ton

The world will need more high-grade iron ore to **decarbonize** the steel industry

Iron ore demand

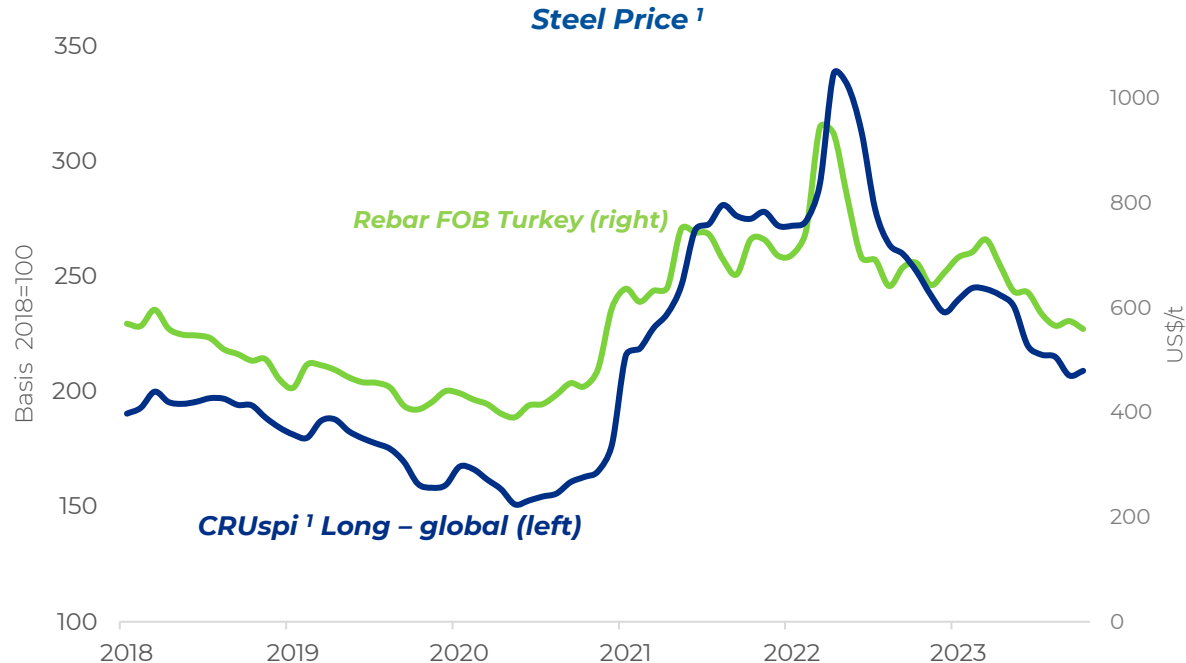


Pellet Feed (PF) Premium



- Demand for high grade iron ore will increase, driven by worldwide decarbonization goals
- It is expected an increase in premiums for high-grade iron ore

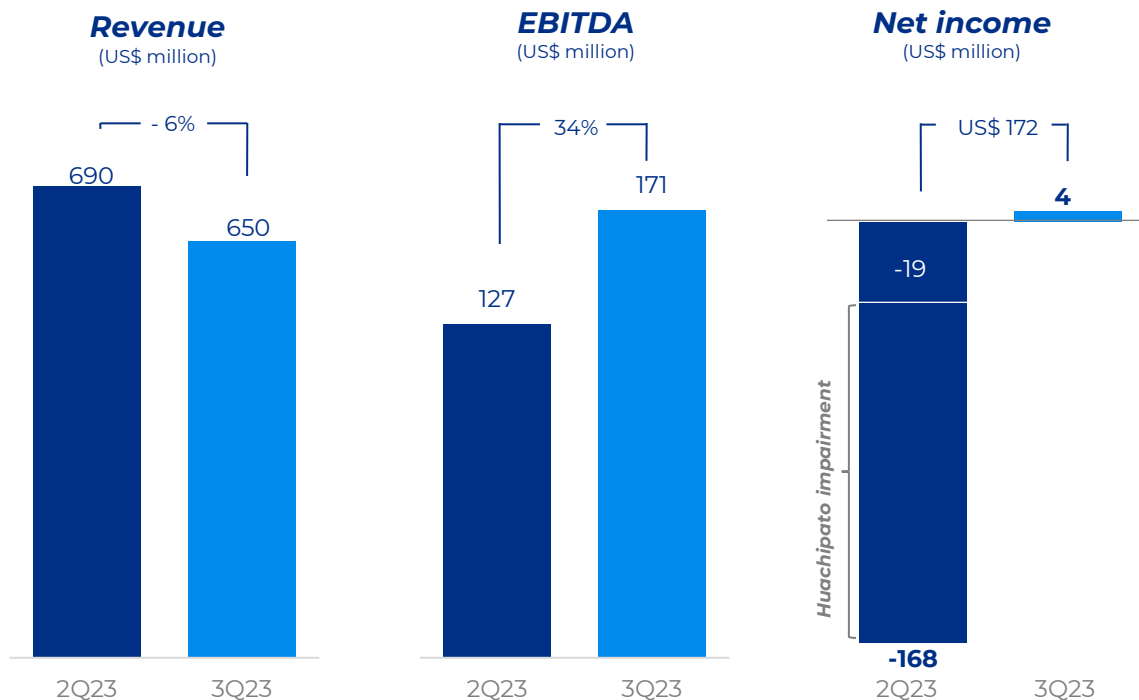
Declining prices scenario in the steel market



- Rebar FOB Turkey: Reference for **construction bars**
- CRUsapi Global Long products price indicator: Reference for **grinding bars**

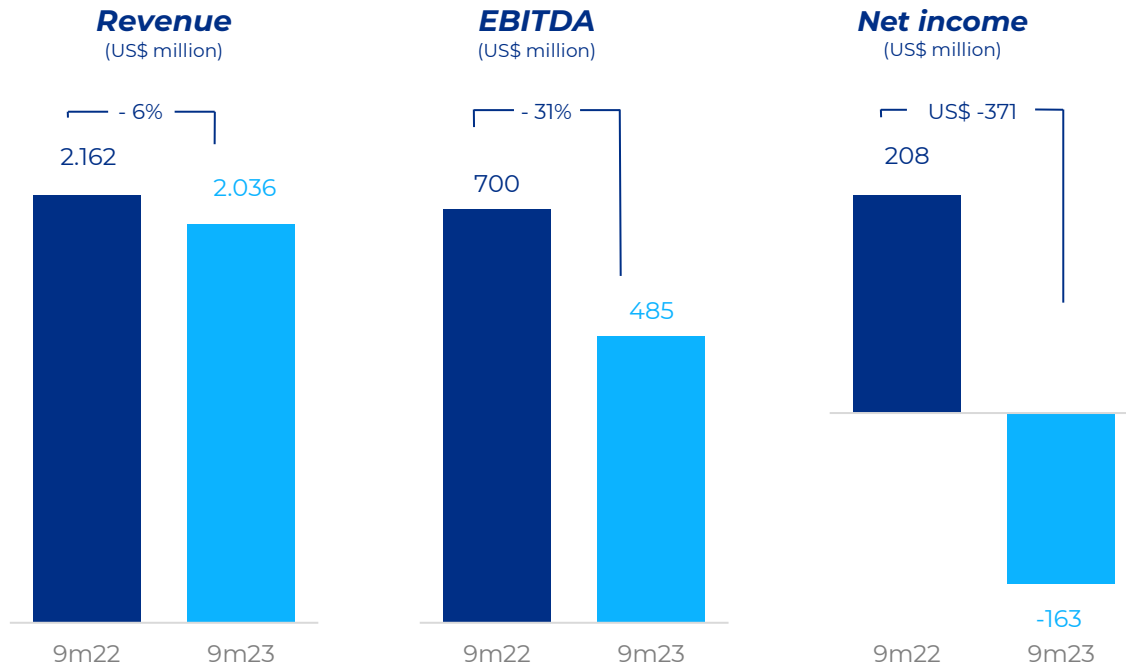
¹ dmt: dry metric ton

Despite the steel price deterioration, Q3 2023 unveiled improved results for the CAP Group (QoQ)



- Quarterly EBITDA and Net income positively driven by the **mining business**, which benefited from 13% in lower cash costs and 9% in higher realized prices
- Steel business:** 10% decrease in cost per ton and 3% increase in quantity sold is offset by 8% decrease in realized average price (US\$/t 824 in 2Q vs. US\$/t 755 in 3Q) and US\$ 2.1 M decrease in non-steel business
- Steel solutions business:** EBITDA increased 19% due to improved gross margin

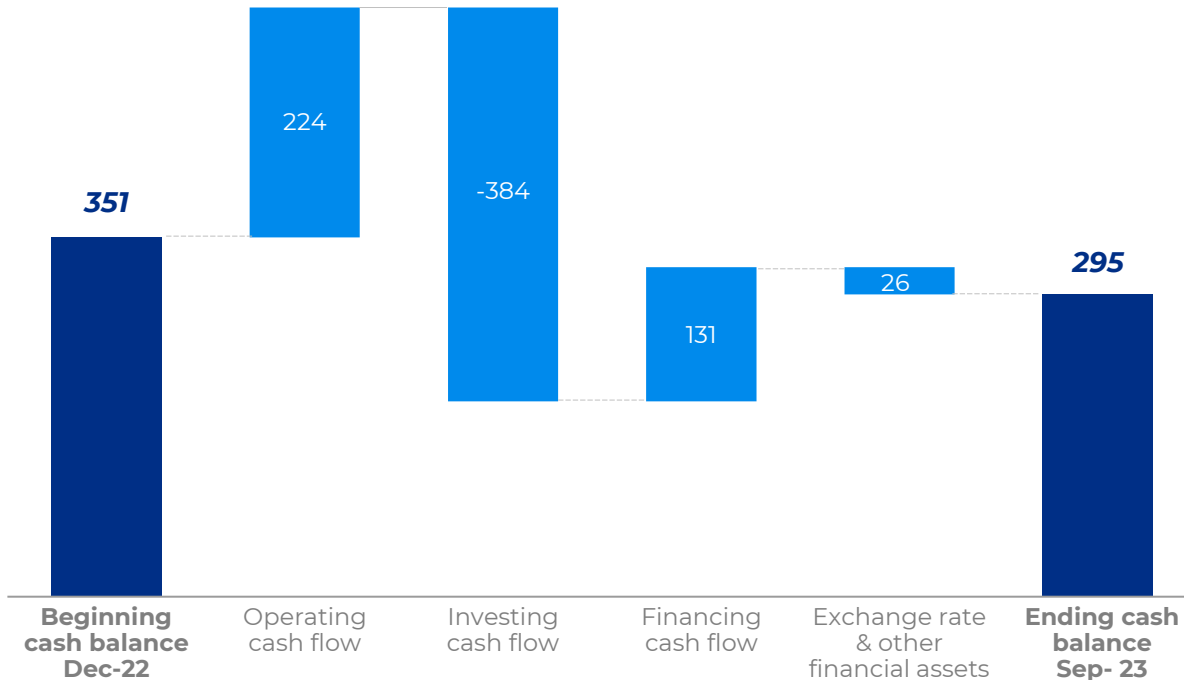
Nine month accumulated results affected by deterioration in global prices (YoY)



- **Mining:** 9% lower prices, 5% higher volumes and 6% higher cash cost
- **Steel production:** 25% lower prices, 11% higher volumes, and 8% lower cost per ton
- **Steel solutions:** 6% lower prices for steel products and 5% lower volumes
- Accumulated net income impacted by the US\$ 149 million impairment in Huachipato assets in 2Q23

CAP Group maintained cash balance stability throughout the year

Cash Balance Dec-22 VS Sep-23
(US\$ million)



- **Operating:**
 - US\$ 2,392 million sales
 - US\$ 184 million tax payment
- **Investing:** mainly explained by CMP Capex (US\$ 358 million)
- **Financing:** increased net debt at CMP for US\$142 million

Financial debt and covenants remain on healthy levels

Financial debt maturity profile

(US\$ million)

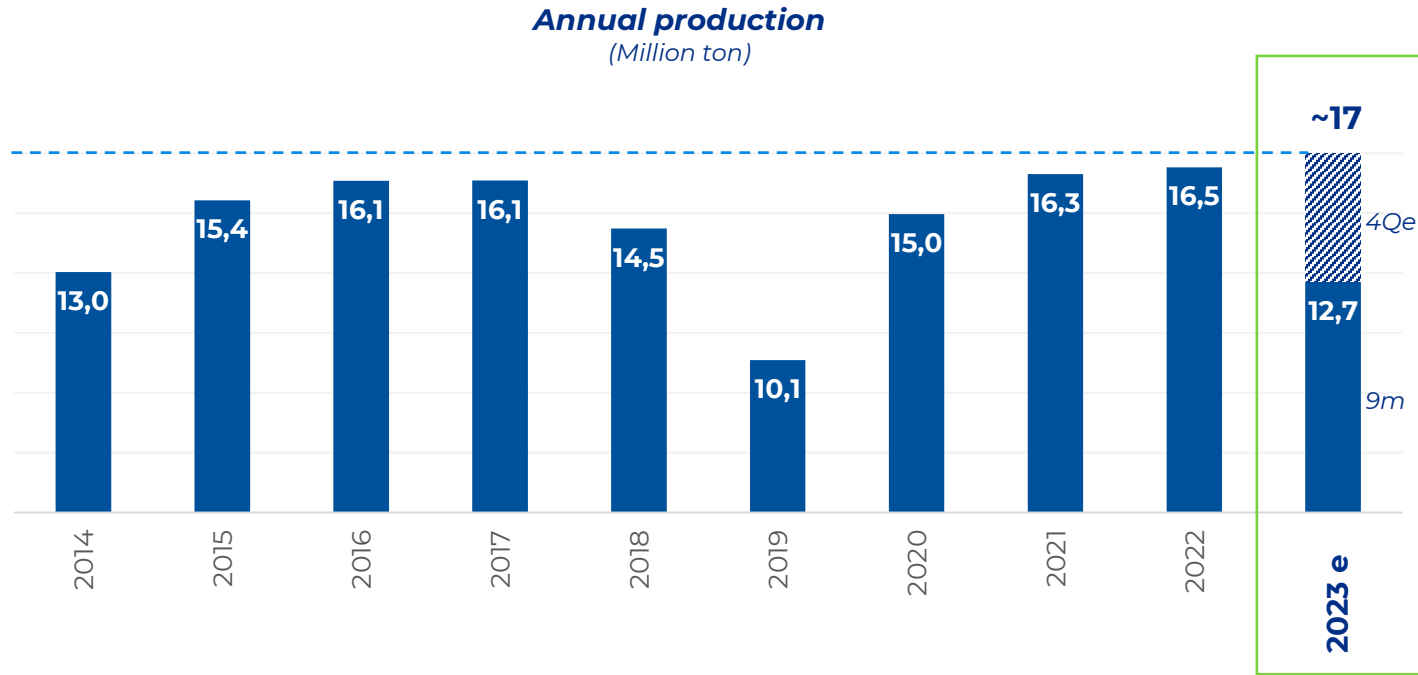


Debt indicators as of September 2023

Gross financial Debt (US\$)	1,408 million
Net financial Debt (US\$)	1,113 million
Net Financial Debt /EBITDA	1.6x
EBITDA/Net interest expense	6.8x

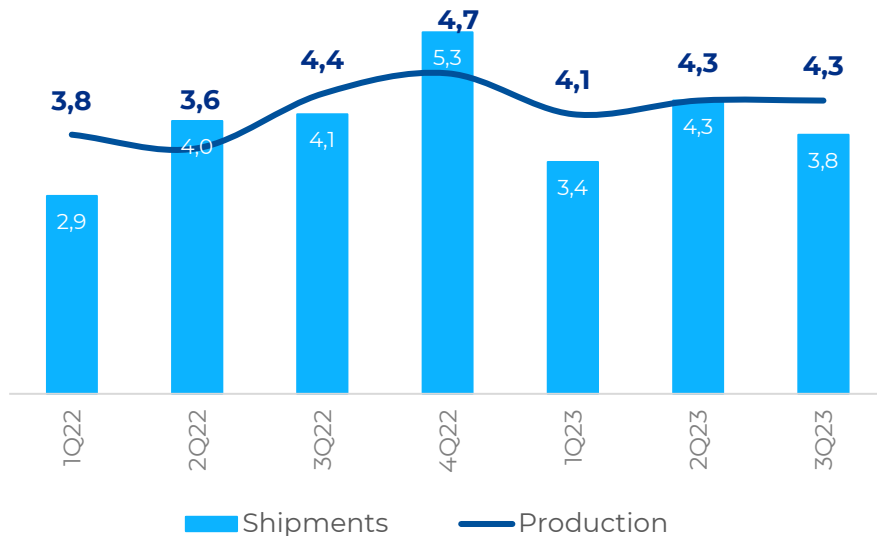
Mining segment

CMP: Advancing towards **record annual production**

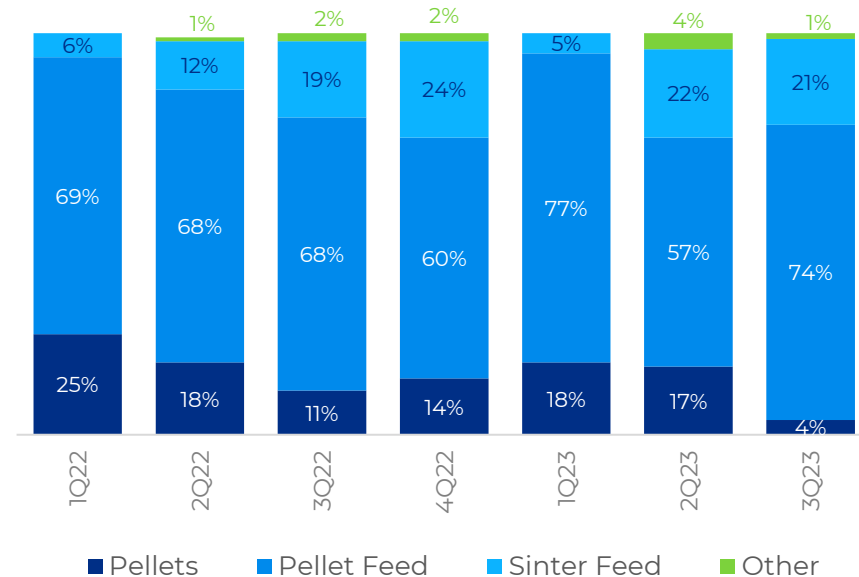


Steady volumes and a flexible product mix offer a solid growth base

Quarterly shipments and production
(million ton)

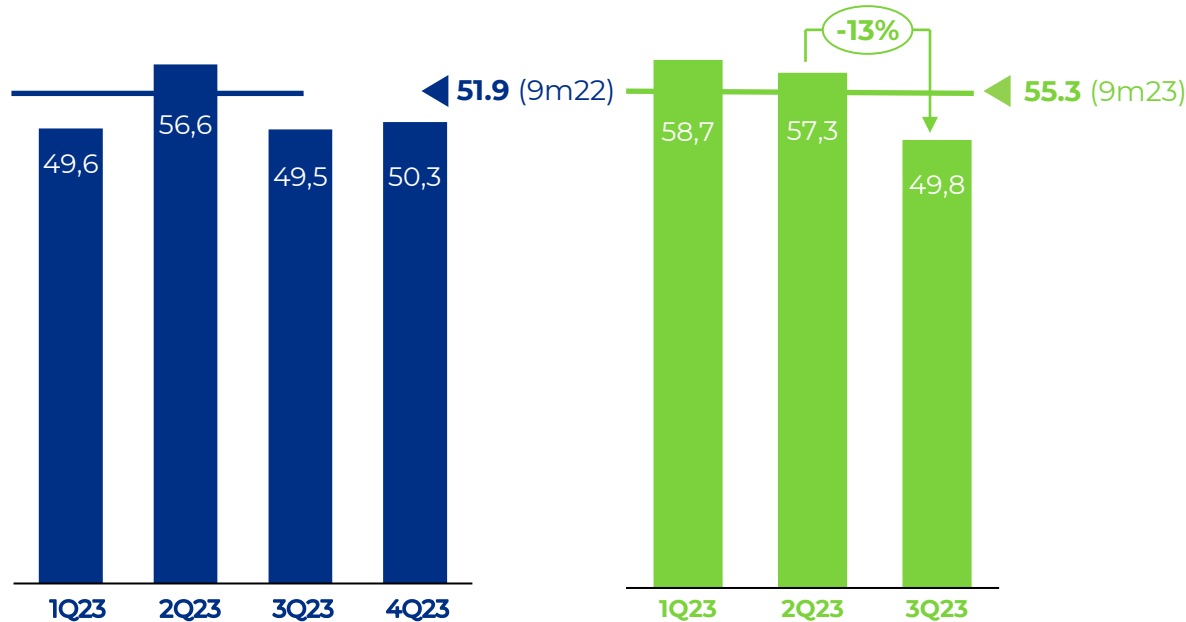


Product Mix
(shipments)



We are on track to **consistently achieve our target cash costs ...**

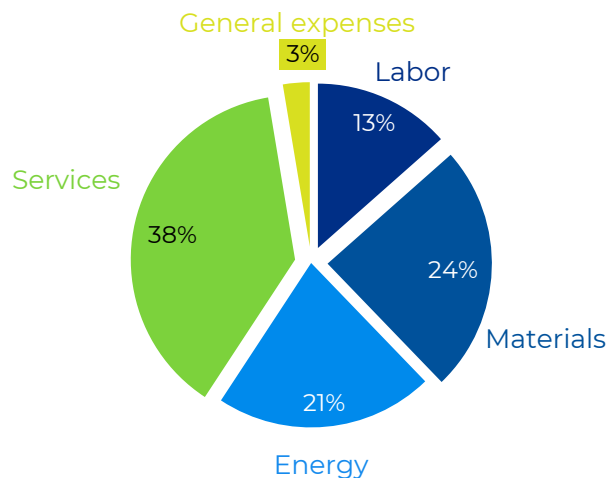
Quarterly Cash Cost¹
(US\$/t)



- First half of the year with high cash cost due to **exchange rate** and **energy price** effects
- Trend reversed on the third quarter and cash cost expected for 2023 is within guidance (US\$50/t-US\$55/t)
- Decrease due to energy costs: ~US\$2/t respect to 2Q23
- By 2024 we expect cash cost to be **below US\$50/ton**

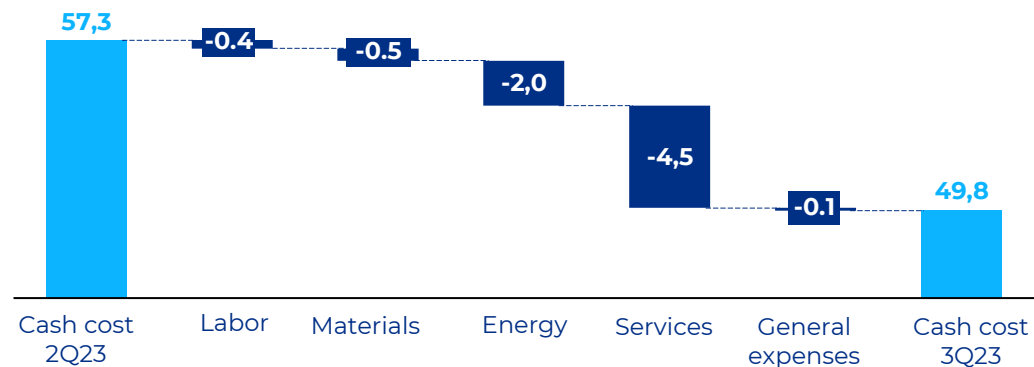
Openness of our costs and progress towards achieving our guidance

Cash cost structure 9m23



Cash cost variation 3Q23 vs 2Q23

(US\$/t)

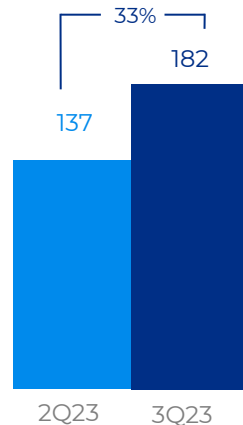


Cost improvements and higher pricing translated into **higher quarterly results**

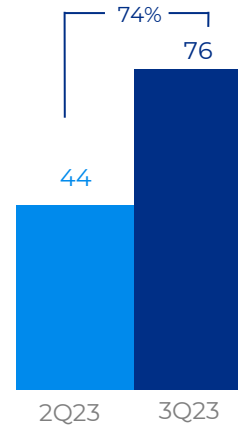
Revenue
(US\$ million)



EBITDA
(US\$ million)

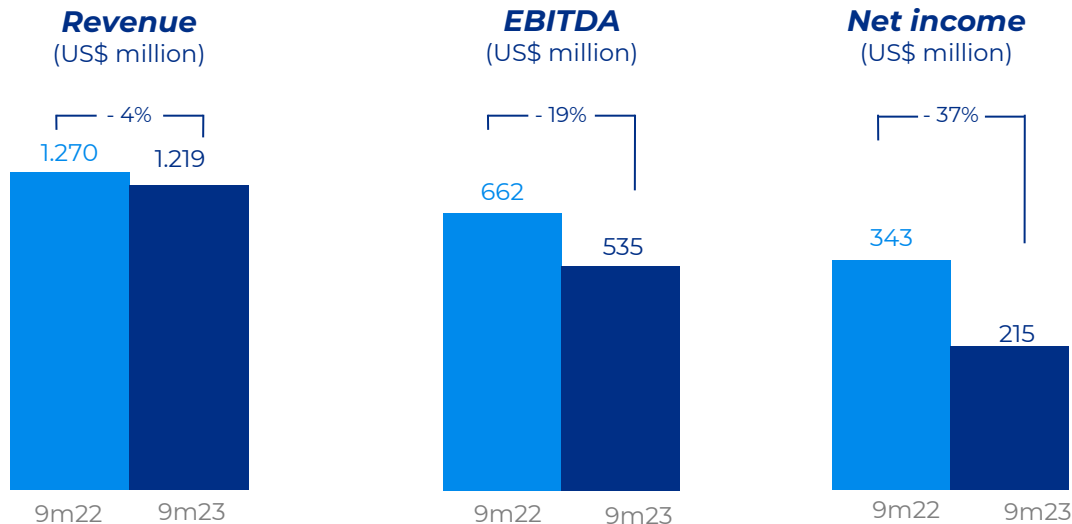


Net income
(US\$ million)



- 11% lower shipments, from 4.3 million tons in 2Q23 to 3.8 million tons in 3Q23
- 17% lower cash cost, from US\$57.3 per ton in 2Q23 to US\$49.8 per ton in 3Q23
- 9% increase in realized prices, from US\$ 92.0 per ton in 2Q23 to US\$100 per ton in 3Q23

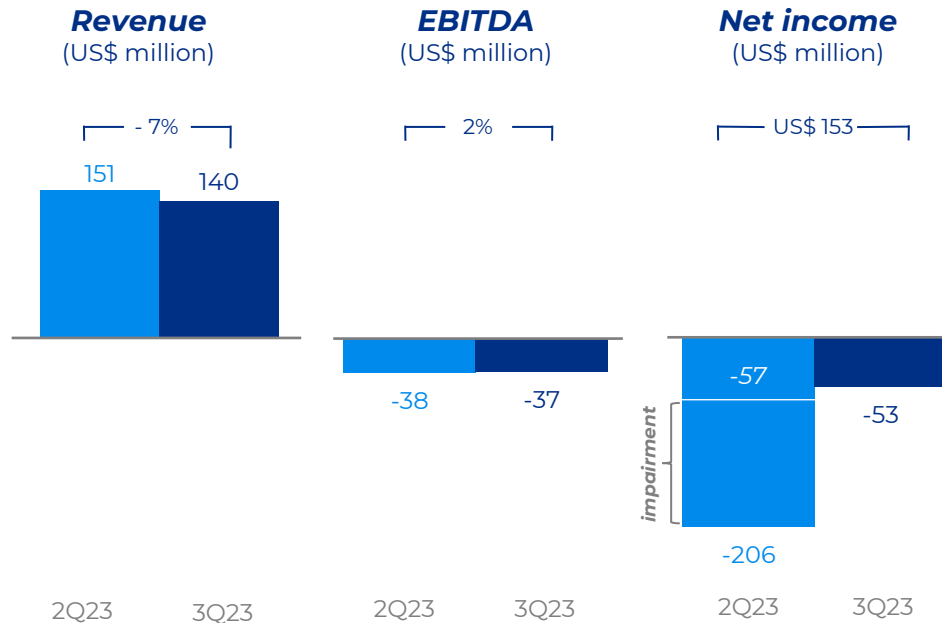
On a **yearly basis**, improved operational performance was offset by lower realized prices



- 5% higher shipments, from 11.0 million tons in 9m22 to 11.5 million tons in 9m23
- 8% increase in production, from 11.8 million tons in 9m22 to 12.7 million tons in 9m23
- 9% decrease in realized prices, from US\$115 per ton in 9m22 to US\$105 per ton in 9m23

Steel Production segment

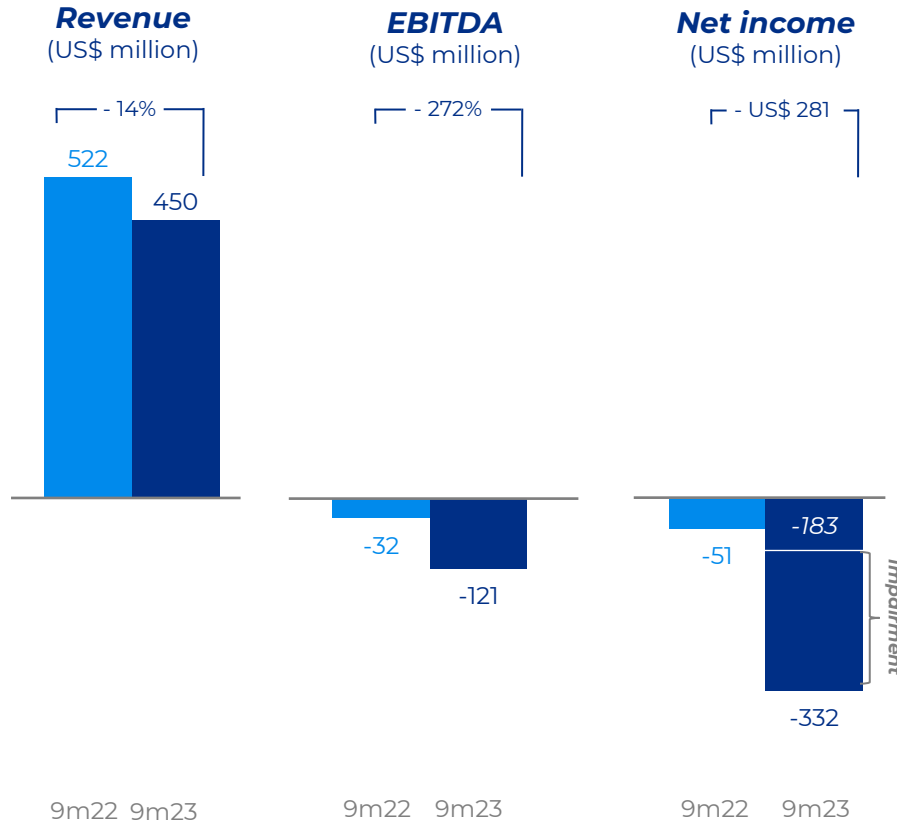
Huachipato: 3Q results in line previous quarter, despite price reduction



- **8.4% lower prices** for steel products, from US\$824 per ton in 2Q23 to US\$755 per ton in 3Q23
- **2.7% of higher volumes**, from 173 thousand metric tons in 2Q23 to 178 thousand metric tons in 3Q23
- **10.1% lower costs per ton** from US\$1,067 in 2Q23 to US\$960 in 3Q23

¹Excluding the impairment provision of the second quarter

Steep fall in steel prices intensifies lower accumulated performance



- **25.0% lower prices** for steel products, from US\$1,069 per ton in 9m22 to US\$802 per ton in 9m23
- **10.8% of higher volumes**, from 472 thousand metric tons in 9m22 to 523 thousand metric tons in 9m23
- **8.3% lower costs per ton** from US\$1,161 in 9m22 to US\$1,065 in 9m23

Three lines of work to revert results

I. Pursuing competitive fairness in steel market

- Objective: to obtain support from the government to **level the playing field** with imported steel

II. Contingency plan:

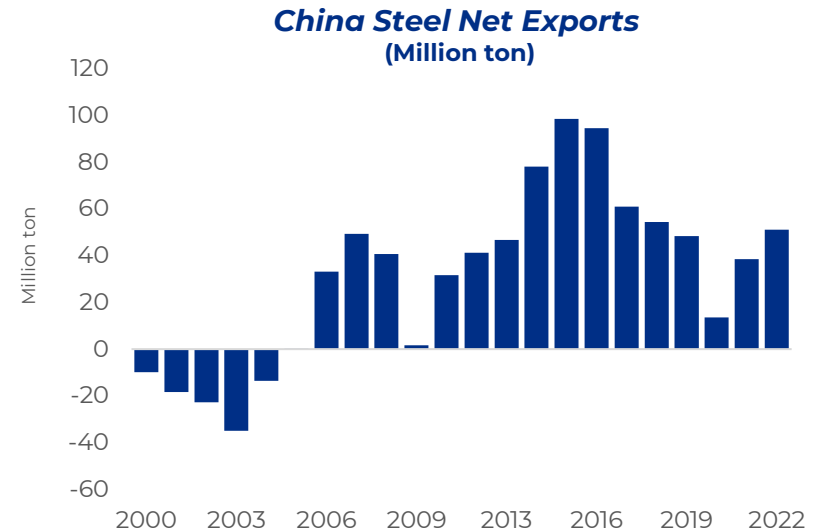
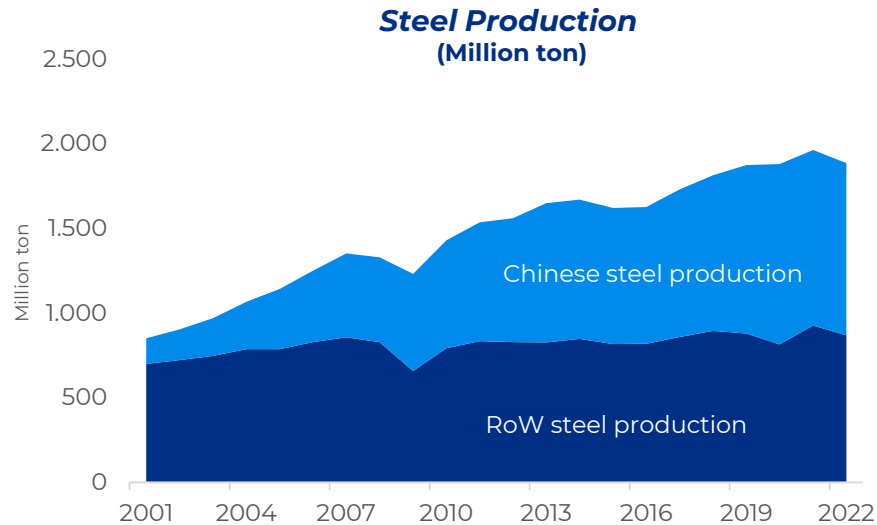
- Objective: achieve cost savings of **US\$ 60 million/year** by 2024

III. Value proposition

- Objective: improving margins by becoming a **specialty steelmaker**, meeting specific durability and emission reduction needs of the mining industry for grinding media



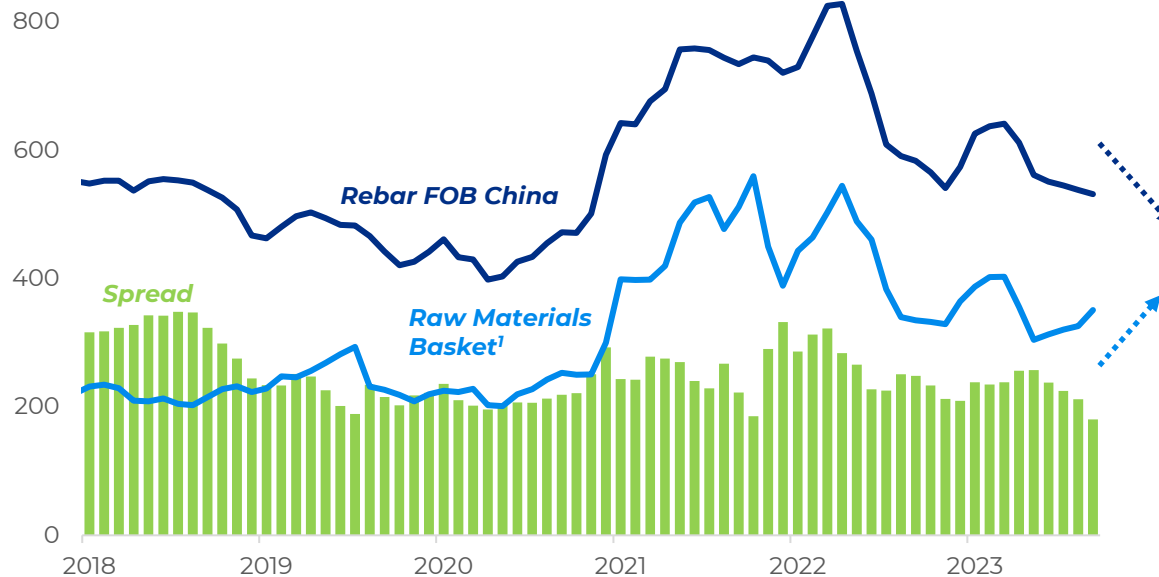
China's steel sector overcapacity found its way to the world market



- World steel production has grown by 940 million tons (125%) since year 2000
- China accounts for 88% of world growth (828 million tons)

Steel price decreases while **input prices (raw materials)** increases

Spread Rebar FOB China – Raw Materials basket

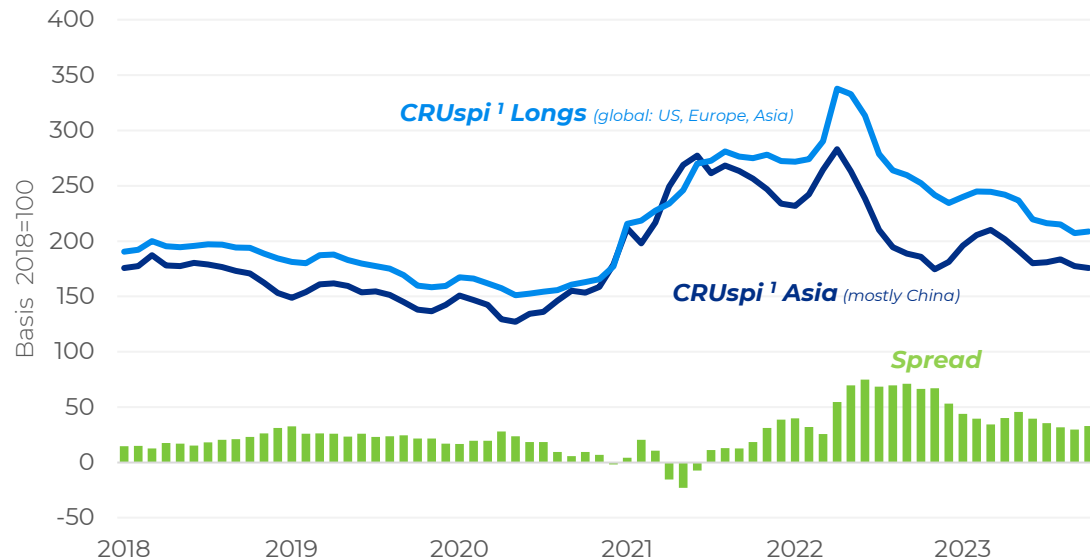


Unlike in previous years, in 2023
**Raw Material Basket rises, and
steel falls**

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

Chinese oversupply distorts relative steel prices around the world

Spread CRUs¹pi Longs - CRUs¹pi Asia



¹CRUs¹pi = CRU steel price index

The spread between both price indicators it's a proxy of the price impact of Chinese steel oversupply

Pursuing **competitive fairness** in steel market

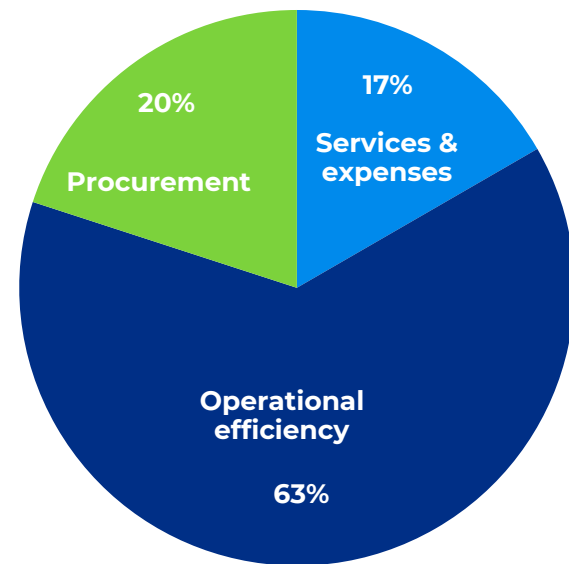
There are currently anti-dumping measures in force for steel products originating in China in Australia, Europe, the United States, Mexico, Brazil, India, the United Kingdom and Egypt.

CSH requested to initiate an antidumping investigation in the grinding media market, including the establishment of tariff surcharges and measures of interim relief

Addressing Huachipato's headwinds with a comprehensive and measurable plan

Annual cost reduction 2023 – 2024

- Cost reduction strategy in **three categories**¹:
 - Operational efficiency
 - Decrease in expenses and services
 - Procurement
- **Projected savings of US\$ 60 million** between March 2023 and December 2024
 - Baseline: 12-month costs between April 2022 and March 2023, which amounted to US\$ 813 million

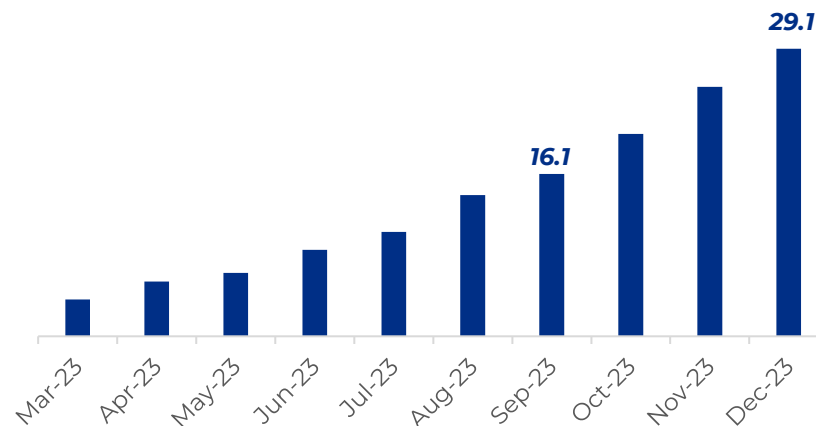


Savings commitment in Huachipato: tracking the progress to date

- As of September 30, **savings of US\$16.1 million have been achieved**
- Expected to end 2023 with savings of US\$29 million
- To date, deviations from the production budget and exchange rate have not been relevant in the results of savings (US\$ 80 thousand)

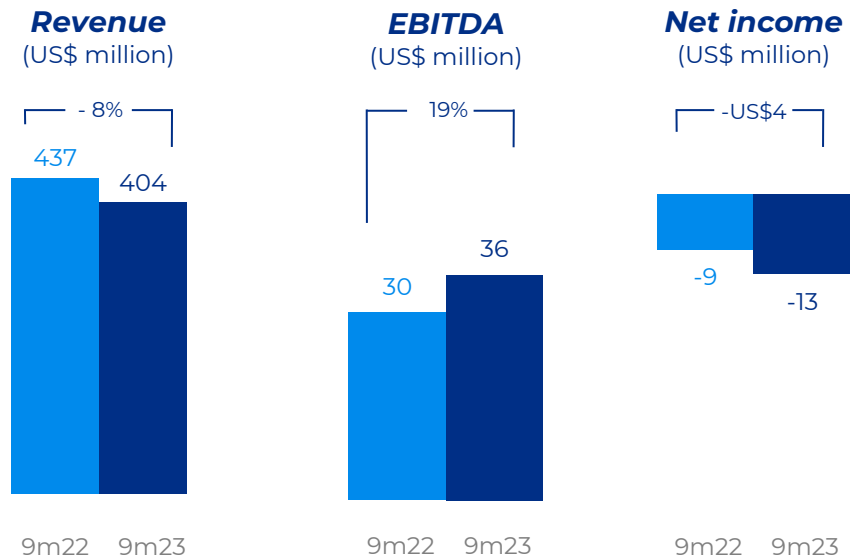
Cost savings 2023

(US\$ million)



Steel Solutions segment

Steel solutions: Traditional construction remains depressed, steel building solutions improves

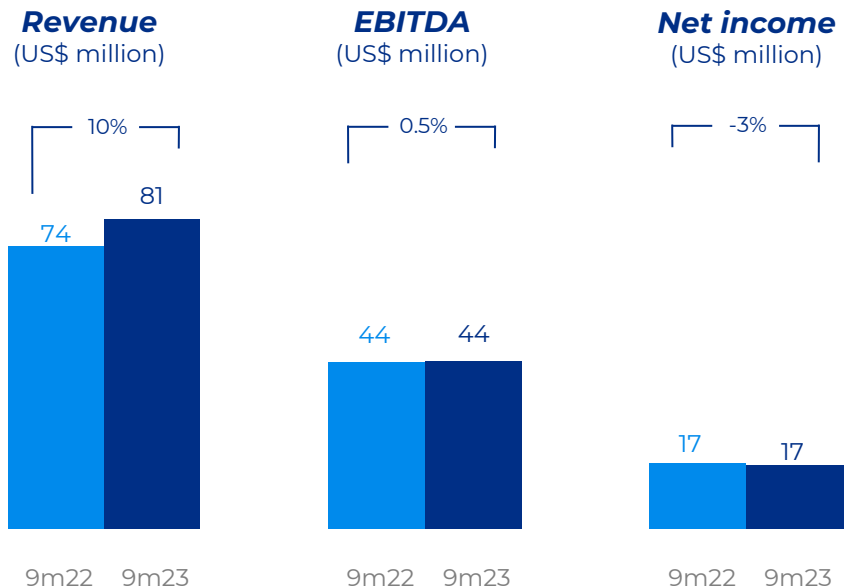


- 5.4% of lower volumes, from 220 thousand metric tons in 9m22 to 208 thousand metric tons in 9m23
- 6.0% lower prices for steel products, from US\$1,456 per ton in 9m22 to US\$1,369 per ton in 9m23
- Financial expenses, increased from US\$ 11.8 million in 9m22 to US\$ 24.1 million in 9m23
- We compensated our revenues reduction by increasing our modular house business, which has higher operating margins.
- Our efforts to consolidate Cintac Group's subsidiaries also reduced our G&A costs

Infrastructure segment

Steady EBITDA and net income performance through the period

Support the growth of our mining and industry by providing infrastructure services



- **Water:** Aguas CAP has contracts with CMP and Caserones until 2034, which represent a stable income for the company; and with potential of offtakers
- **Energy:** Tecnocap power transmission line, with 3 contracts until 2034 and high potential of connecting new clients, based on new solar projects in Atacama Region
- **Port:** Provides services through Las Losas Port to Huachipato, and potential new clients, both through the shipment of iron and copper concentrate; as well as unloading of a wide variety of products

Financial results highlights

- 3Q 2023 unveiled **improved results QoQ**, mainly explained by higher prices and lower cash costs on the mining business
- At a cumulative annual level, significant cost reduction efforts in all lines of business offset the drop in iron and steel prices
- Mining business is on track to achieve **historical production** of 17 million tons of iron ore in 2023
 - 3Q cash cost decreased to US\$ 49.8/ton, and is expected to remain below US\$ 50/ton in the 4Q and 2024
- CSH requested Chilean authorities to open investigations and take measures to **level the playing field** in the market for grinding balls and bars

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Since 2022, we are enhancing integration and alignment across our operating companies

CAP GROUP STRATEGY

Strengthening our sustainable growth strategy

2022

2023

2024

ENHANCEMENT

Continuous improvement in execution and alignment of our strategy

OPERATING COMPANIES STRATEGY DEVELOPMENT

Plan and execution of the strategy, aligned through a new corporate governance

Increased alignment and identity as CAP Group

Starlink project was focused on three main pillars; we focus most of our efforts on executing our Strategy 2030

Focus of next section

STRATEGY 2030



Ensure strategic alignment, progress in **portfolio development and integration**, and strengthen key **corporate capabilities**.

GOVERNANCE



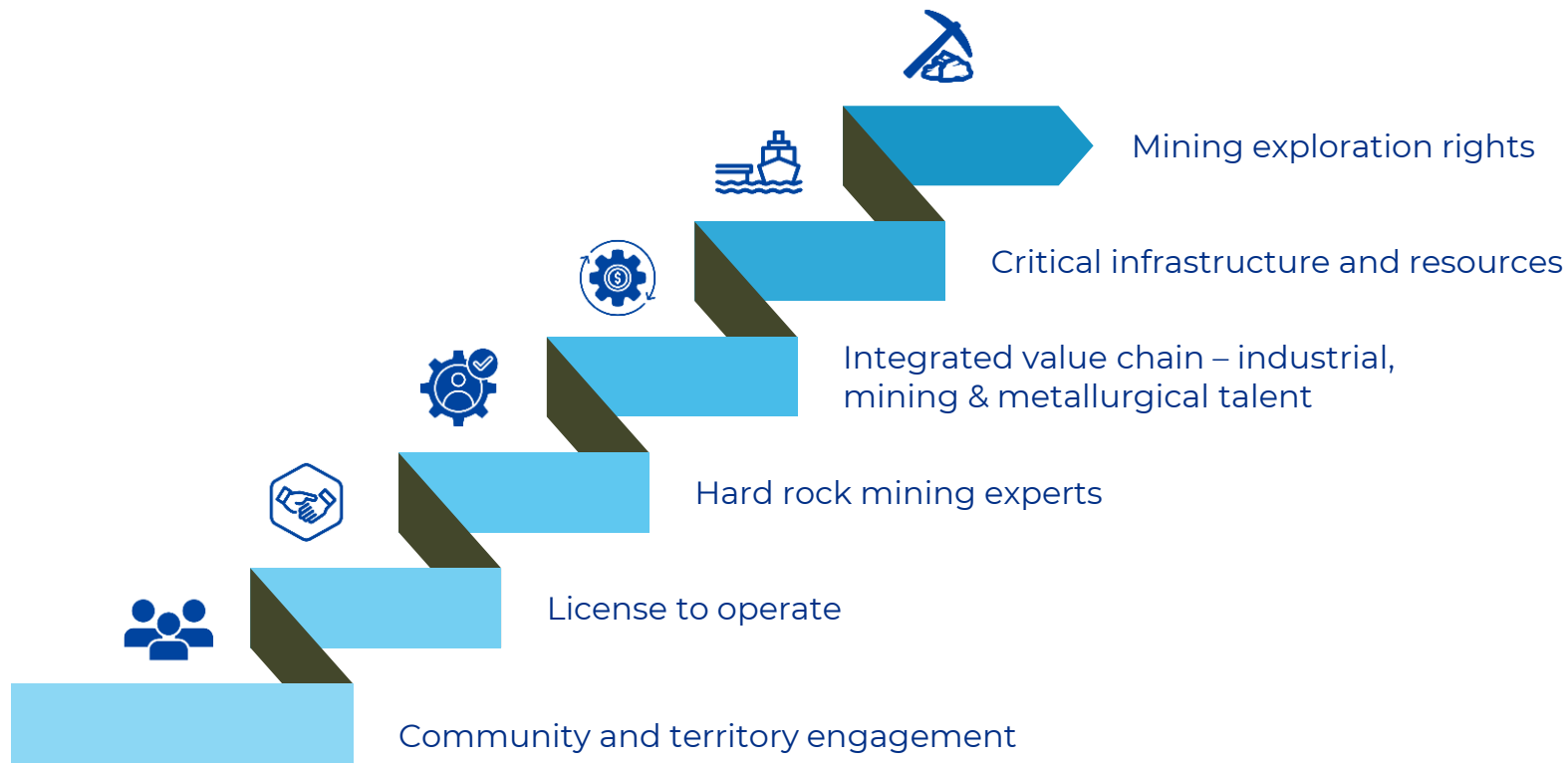
Improve corporate governance and establish **key coordination channels** for critical decisions and coordination

CULTURE



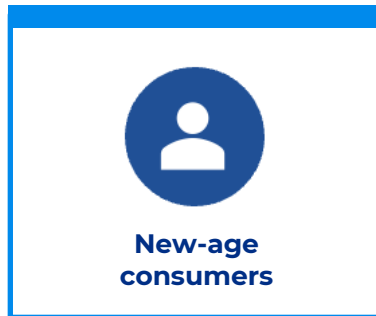
Our shared values are **Collaboration, Excellence** and **Innovation**, shaping our leadership profile

Our **core competences** are the engine to achieve our strategy



Six global megatrends are structurally changing the business environment

CAP Group opportunities best fit with two



Our **Group Strategy** derives from our purpose, competences and megatrends



Purpose



Core competences



Global megatrends

CAP Group Strategy



Leading provider of **decarbonization materials**
through an **integrated portfolio** of businesses,
developing **innovative and sustainable** solutions



Individual strategies respond to the Group Strategy and Purpose



**High-grade
iron products**

*Decarbonizing the
steel industry*



SIDERÚRGICA
HUACHIPATO
UNA EMPRESA DEL GRUPO CAP

**High-performance
grinding steel**

*Reducing scope 3
emissions in mining*

GRUPO
CINTAC



**TUBOS
ARGENTINOS**
La Solución de Acero

**Efficient modular
steel solutions**

*Industrializing
construction activity*

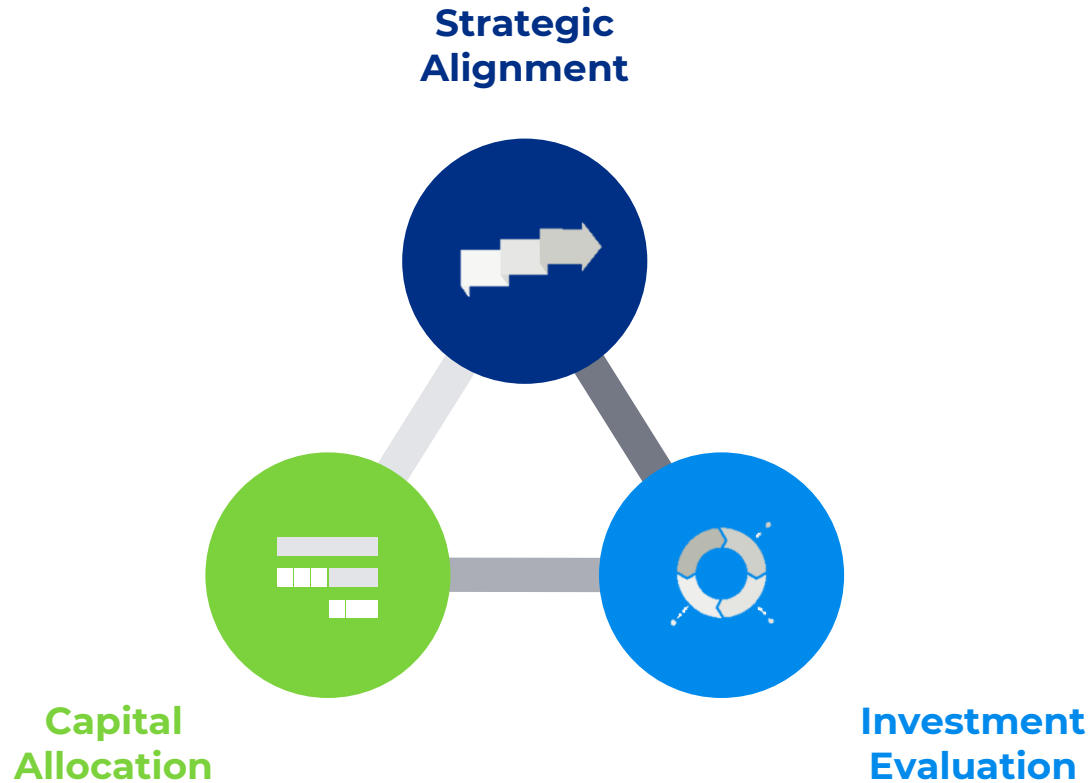


INFRASTRUCTURE

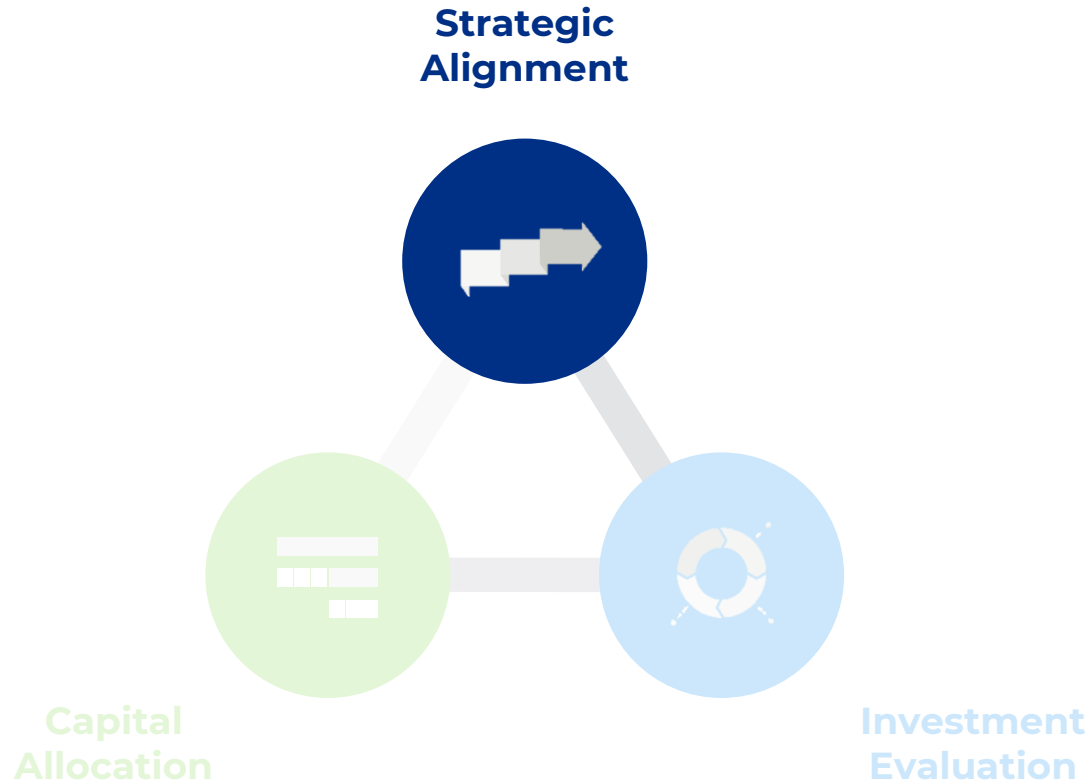
**Enabling access to
strategic resources**

*Sustainable water,
power and port services*

Strategy execution is enabled through **three core frameworks**



Strategy execution is enabled through **three core frameworks**

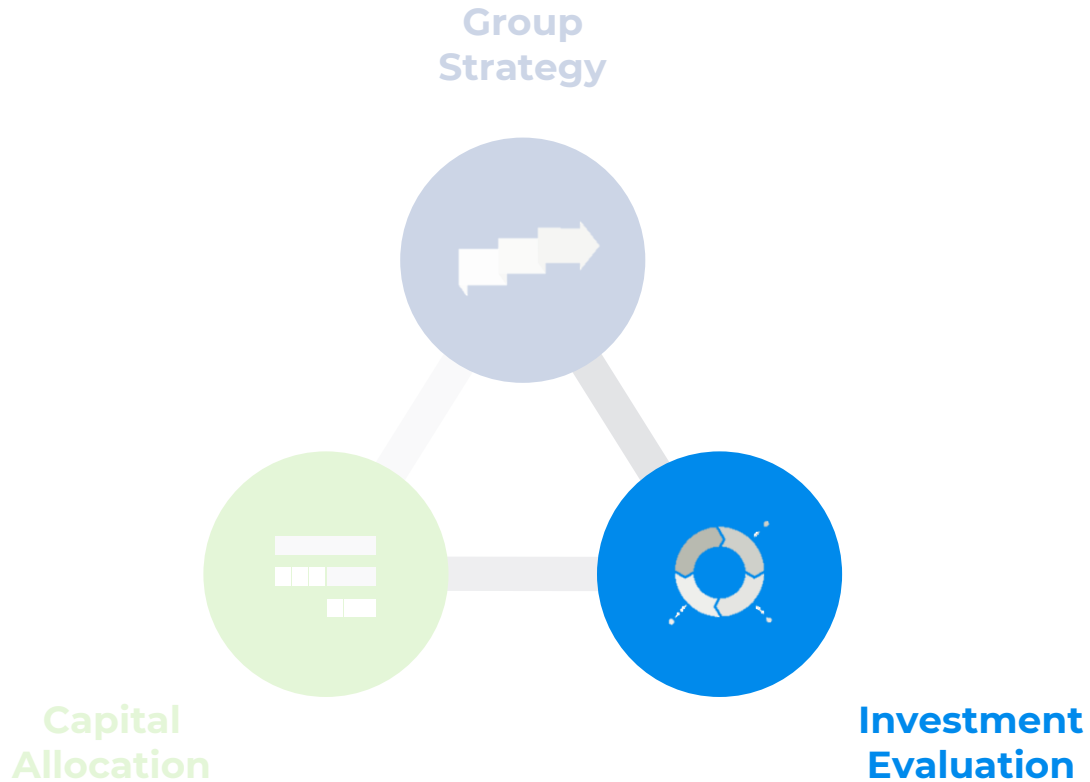


Our **Strategic Alignment Framework** gather the group around a shared vision ...

SAF establishes **three strategic focuses** to prioritize value opportunities **across operating companies**



Strategy execution is enabled through **three core frameworks**



... generating value options assessed by our **Investment Evaluation Framework** ...

IEF is based on **four evaluation pillars**, ensures robust selection among a diverse **portfolio of options**

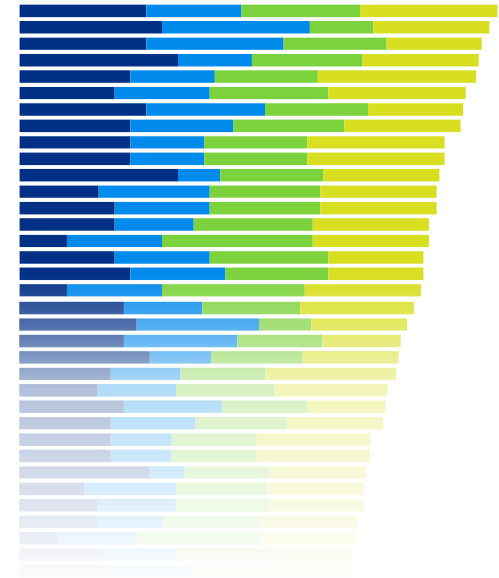
Strategic Fit

Economic Attractiveness

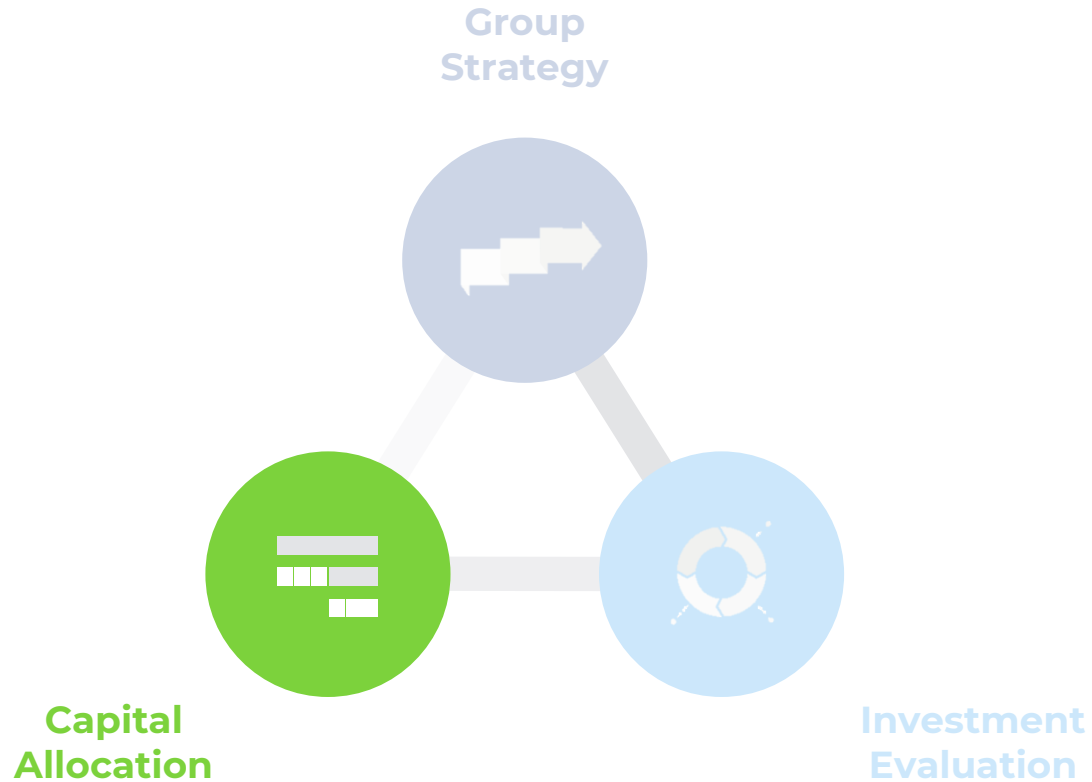
Ranking of investment opportunities



Option 1
Option 2
Option 3
Option 4
Option 5
...



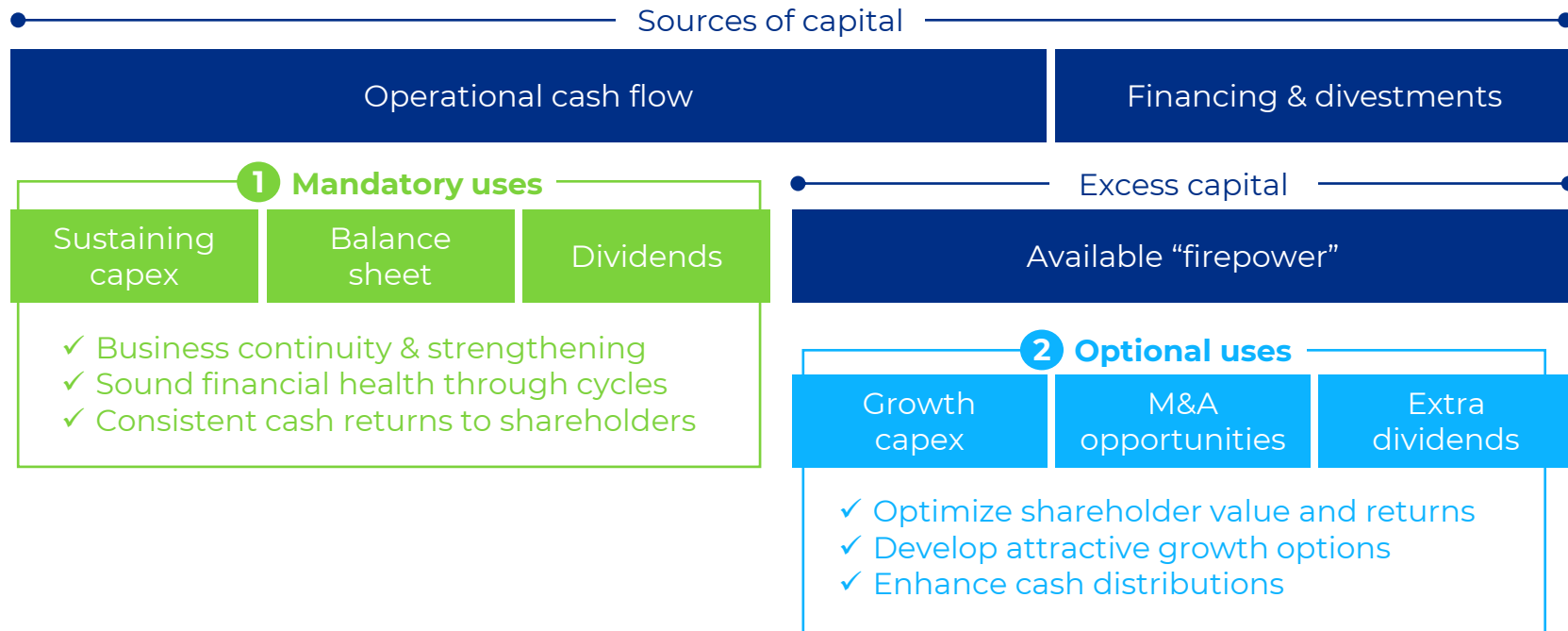
Strategy execution is enabled through **three core frameworks**



... and our **Capital Allocation Framework** safeguards discipline and efficiency

CAF clearly defines **two levels of priority**, balancing short- and long-term **shareholder value** objectives

Capital Allocation Framework



All our strategic projects are aligned with the ESG commitments of our group



Commitment

Goal

Climate action

25-35%
reduction in
carbon footprint
by 2030

100%
renewable
sources by
2026

Clean water and
sanitation

Reduce freshwater
extraction by 35% by 2030

Community Relations

Achieve a score of 60% or higher
in Stakeholders Sustainability
Index by 2026

Diversity

Increase participation of women
by 2026: 17% in the total workforce
and 22% in leadership positions

Strategy highlights

- Clear **strategic roadmap**, **disciplined governance** and **group culture** enable a coordinated implementation of Strategy
- CAP Group´s core competencies and global trends give us a **unique opportunity of differentiation** in the space of decarbonization materials, thus serving more effectively our purpose
- **Strategy execution** up to a good start based on rigorous Strategic alignment, Investment and Capital Allocation processes already in place
- Way forward: focus on **integration value opportunities**, continue supporting our EOs aligned strategies and **developing our portfolio**

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CMP

Lead the high-grade iron market

CMP Operational **Continuity**

Assets' reliability and ore reserves unlock

- Chilean **Fundación Consejo Nacional de Seguridad de Chile** awarded a recognition for exceptional accident prevention
- Stable production at **+16.5 million tons per year** secured at least for the next **10 years**
- **8 billion tons** resource base, upgrading to JORC standard¹



CMP **Strengthening** Current Business

Low-capex, high-returning optimizations

- **+2 million tons per year by 2028** by investing in latent capacity debottlenecking
- Increased **profit margins** by enhancing product quality and a robust **marketing plan**
- **~80% of production** will be high grade iron ore (+66% Fe content) by 2028



CMP Portfolio **Development**

Extending LOM and increasing production

- Growth projects undergoing **pre-feasibility studies**
- Potential to nearly **double** current production levels by 2040
- **High-grade** enables superior quality products: target 68% Fe pellet feed



Huasco Valley Development

- Potential increase of **5 Mtpa**
- Los Colorados LOM to 2050
- Algarrobo and Alcaparra satellite deposits

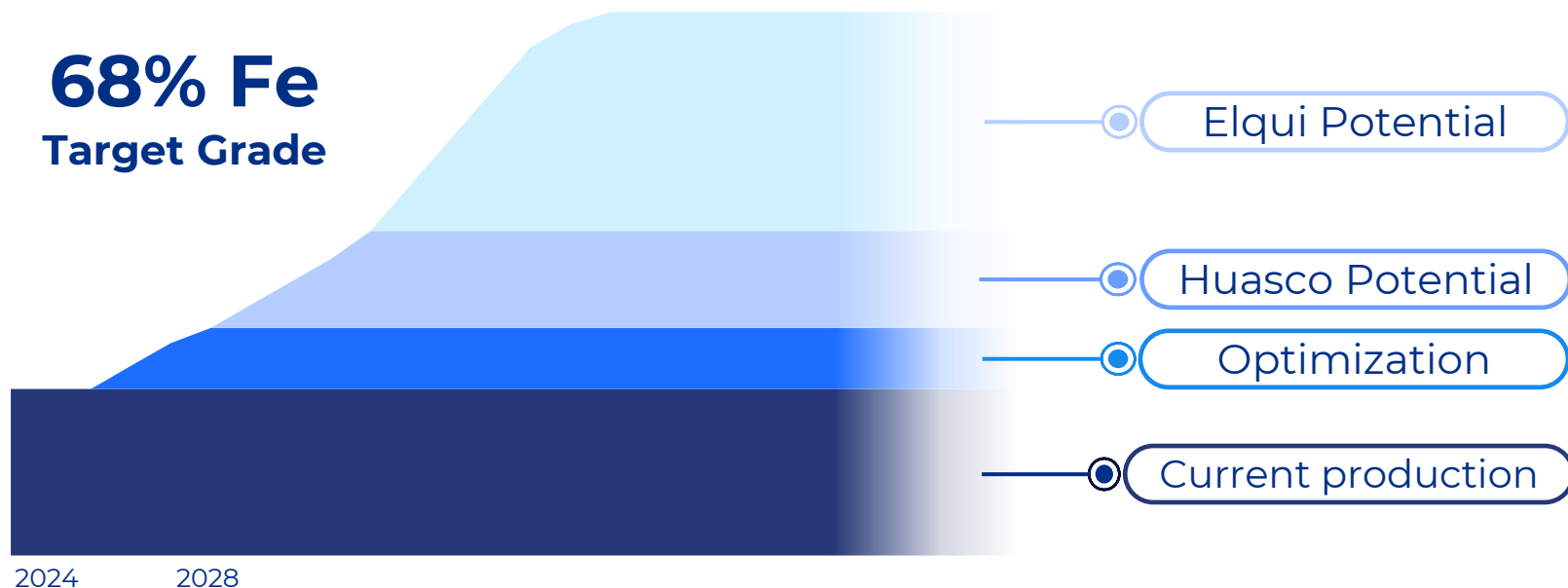


Elqui Valley Development

- High quality @ 68-69% Fe
- Potential increase of **9 Mtpa**
- El Tofo LOM: 25 years

CMP Portfolio **Development**

- **Exceptional potential:** volume growth, life extension, and product quality
- Set to become a **global leader in high-grade iron** ore products



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SIDERÚRGICA

HUACHIPATO

UNA EMPRESA DEL GRUPO CAP

We innovate in steel sustainably, creating value and well-being for our customers, communities, and society as a whole

***Boutique steelmaking
innovating in crucial steel
products for mining***

1st

grinding steel
supplier in Latin
America

Huachipato Operational **Continuity**

Implementing operational excellence

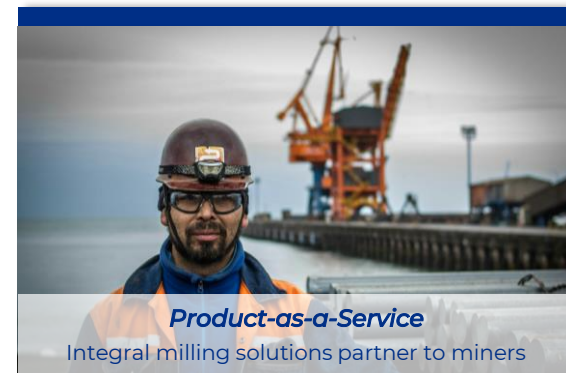
- **Safety frequency rate decreased 60%** from 3.8 in 2022 to 1.3 in 2023 (YTD)
- Blast furnace 2 optimizations to achieve **steel production efficiencies**
- **Mitigating steel price distortions** through product differentiation and regulatory processes



Huachipato **Strengthening** Current Business

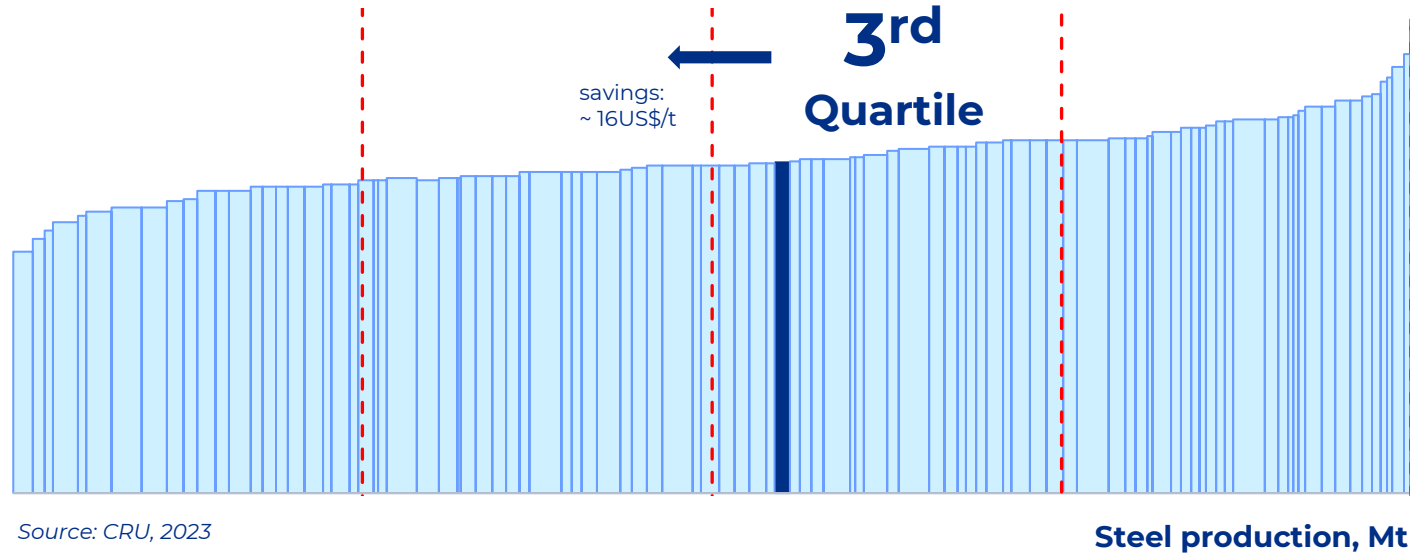
Commercial roll-out of “HTO Circular”

- Differentiated value proposition to miners, through a Product-as-a-Service approach:
 - **Performance** based on anti-wear recipe
 - **Emissions** reduction for Scope 3
 - **Circularity** and reliable local supply
- Focused on higher-margin value-added products, reaching **15% of output by 2025**
- Partnership with SMS, a global leader in metallurgy engineering and technology, for a green steel pilot plant



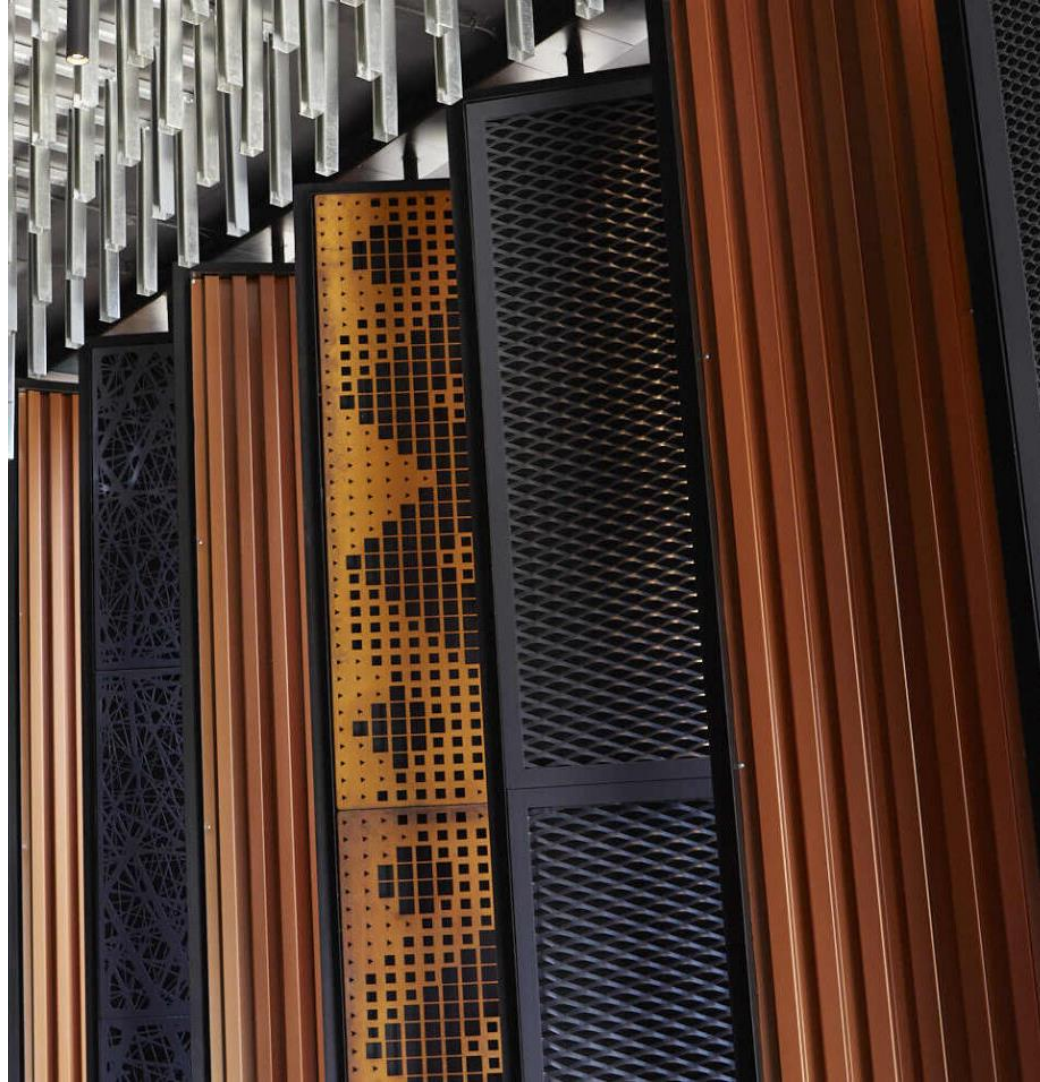
Huachipato **Competitiveness**

- **Average competitive position** among small-scale, long steel producers (<1 Mtpa)
- **Expected cost reduction** after Blast Furnace #2 Optimization



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GRUPO
CINTAC

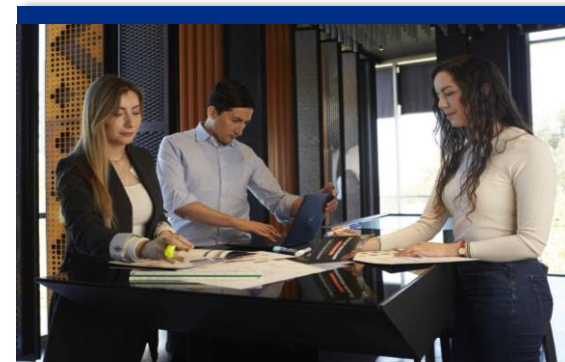
***Industrialized construction,
lower environmental impact
and a key player to address
the housing shortage***

1st Leading provider of
steel building solutions
in Chile and Peru

CINTAC Operational **Continuity**

Simplifying and streamlining

- **Organizational restructuring** and consolidation into two main businesses: industrial and modular
- **Unlocking operational synergies** will enable value capture through business efficiencies
- **Debt refinancing opportunity** to reduce financial costs and support organic growth initiatives



CINTAC **Strengthening** and **Development**

Transforming construction and driving growth

- Advancing **thermal-efficient industrialized housing** through off-site structures and modular solutions
- Becoming the primary partner for clients in **digitalized construction** through early integration with BIM¹ and DfMA²
- Consolidating regional markets, aiming to **strengthen and growth EBITDA**

¹ Building Information Management; ² Design for Manufacturing and Assembly





Position in the local market as a reliable and predictable supplier, leading in niche markets, while safeguarding the Company's assets in the face of changing macroeconomic contexts

TASA - Argentinian Tubes

Consolidate niche local markets leadership amidst shifting macroeconomic conditions

- **EBITDA increased 71% in 2023** compared to budget
- Improve standards and preserve assets
- Prioritize **high-margin products** and customers
- Development of **Oil & Gas API products** and export markets



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Provides industrial port, energy and water facilities for the sustainable mining development of the group

Leveraging strategic assets in key locations

Infrastructure Operational **Continuity**

Unlock existing assets full potential

- Enhance existing assets profitability with new contracts **expanding commercial client base**
- Uphold high service standards through increasing asset reliability
- **ESG development plan:** community and environmental standards



Infrastructure **Strengthening** Current Business

Increasing utilization of existing assets

- **Aguas CAP: +200 l/s** desalination capacity in the short term and **double actual capacity** in medium-long term
- **Las Losas Port:** New mobile crane and complementary infrastructure for bulk cargo
- **TecnoCAP:** Potential connection of solar PV plants



Infrastructure Portfolio **Development**

Expertise, diversification and clean energy

- Generating options for **solar power** with potential capacity of 400 MW
- Feasibility studies for new **Huasco desalination water plant** by 2024
- **Potential PLL expansion** for second terminal for mixed iron ore and other bulk cargo



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Closing remarks

- CAP Group purpose of **generating wellbeing and prosperity**, transforming resources with Chile, is well served by the strategy and aligned with the motive of our portfolio of companies
- All of our strategic projects are **guided by our ESG commitments**
- Our mining business has a portfolio of projects that allows **high grade iron ore production for more than 40 years**
- Steel processing: Three-dimensional plan to **revert results**
- The CAP Group rich history, brand, talent and unique resources base, well position us to become a leading company in **decarbonization materials**



Capital Markets Day

November 6th, 2023

