



CAP S.A.

Morgan Stanley Latin America Executive Virtual Conference

10 January 2023



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Agenda

- 1** Corporate overview
- 2** Highlights
- 3** Market background
- 4** Consolidated financial results 9M22
- 5** Segments results 9M22
- 6** ESG update
- 7** Major short and medium-term strategic projects

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1946

Compañía de Acero del Pacífico is founded in Chile

1959



Iron Ore mining operations start commissioning, after the acquisition of El Algarrobo mine in the Atacama region

1995



CAP subscribed a joint venture with Mitsubishi Corporation to develop the expansion of the iron ore mine Los Colorados

2013

Reorganization of the production activities of Compañía Siderúrgica Huachipato S.A., focusing on the production of long products and suspending the production of flat products

2018

Cintac S.A. acquires Calaminón in Lima, Peru, dedicated to the construction sector, providing the market with modular building solutions

1950

Located in Talcahuano, Huachipato steel Plant is inaugurated and begins operations

1987

100% of the company was taken public

2000



CAP acquires 26% of CINTAC, entering in steel processing business

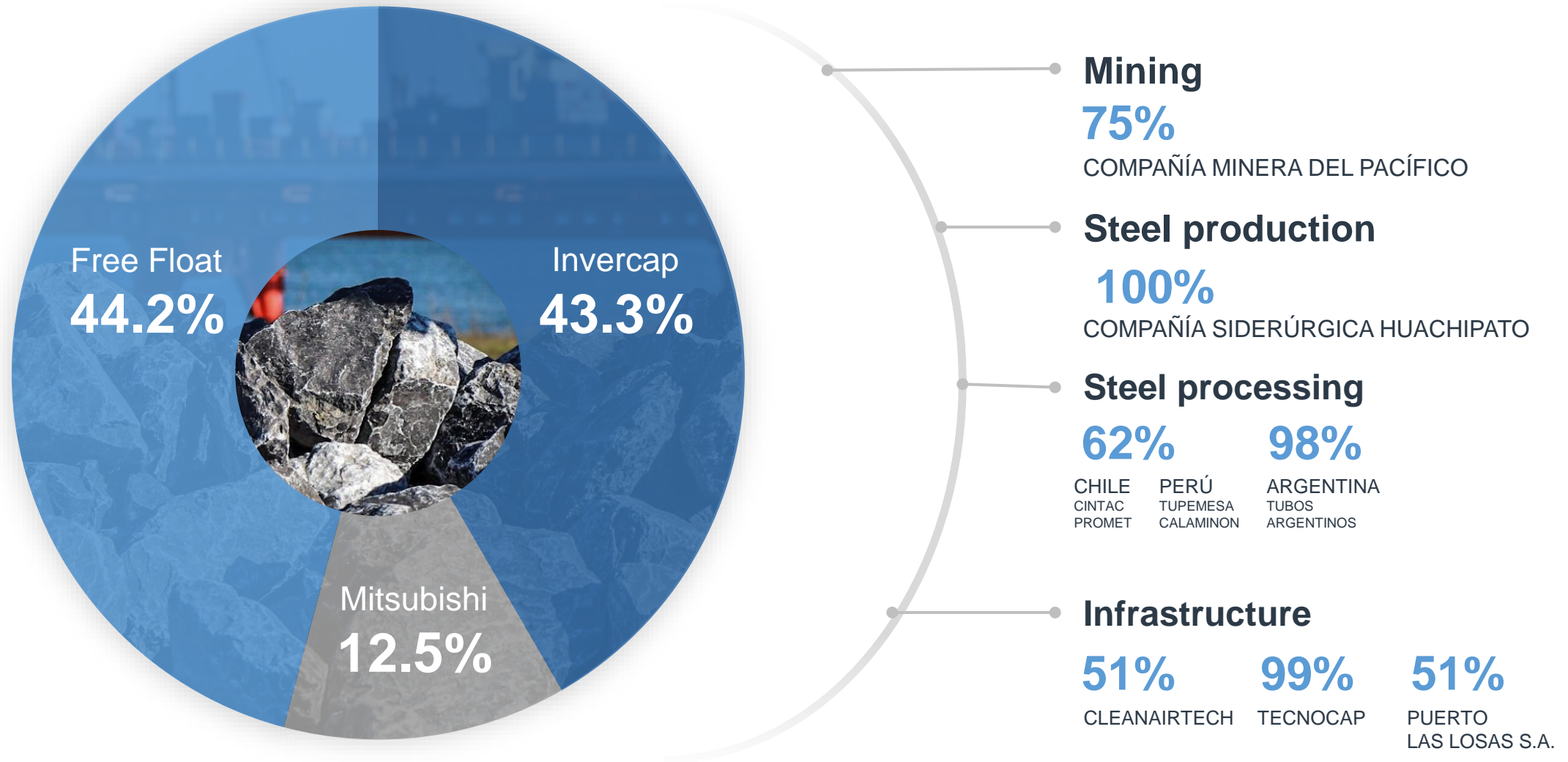
2014

With the start-up of the desalination plant and the electric transmission line, the infrastructure area was created

2020

Cintac S.A. acquires 60% of Promet Servicios, dedicated to construction solutions for the mining sector

Ownership and corporate structure



CAP develops its activities in Chile, Peru and Argentina



❖ Leading iron and pellets producer on the American Pacific Coast

Production of +16 million tons of iron ore and pellet

❖ 4th largest producer of high-grade iron ore in the world

Produces ~ 5% of the world's high-grade ore after Brazil, South Africa and Canada

❖ Leading mining steel producer in Latin America

We sell ~ 70% of steel consumption in the mining industry in Chile and Peru

❖ Development of special steels to reduce steel consumption in the processes

High-strength steels for construction reduce up to 30% of steel consumption in infrastructure projects, also reducing its carbon footprint



Main business activities



Businesses		Location	9M22 Consolidated Key Figures (US\$ million)	Contribution to Group Revenue
Iron ore mining		Operations across 3 valleys in the North of Chile: Copiapó, Huasco and Elqui	Revenue: MUS\$1,270 EBITDA: MUS\$662 Net income: MUS\$343	59%
Steel production		Operations in the South of Chile, with a steel plant in the city of Talcahuano	Revenue: MUS\$522 EBITDA: MUS\$(32) Net income: MUS\$(51)	24%
Steel processing		Operations in Chile (Cintac and Promet), Peru (Tupemesa, Calaminon) and Argentina (Tubos Argentinos)	Revenue: MUS\$437 EBITDA: MUS\$30 Net income: MUS\$(9)	20%
Infrastructure		Water desalination, power transmission and port services in the North of Chile	Revenue: MUS\$74 EBITDA: MUS\$44 Net income: MUS\$17	3%

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CAP appoints Nicolás Burr as Chief Executive Officer

Nicolás brings extensive experience in business development and internationalization strategies, as well as in the implementation of alliances, M&A and productivity improvements. Before joining CAP, he was Manager of the Efficiency and Productivity Division of Banco de Chile, and between 2015 and 2020, he served as Corporate CFO and member of the Executive Committee of Hapag-Lloyd, based in Hamburg, Germany. Between 2012 and 2015 he served as CFO of Compañía Sudamericana de Vapores. Nicolás holds B.S. and M.S. degrees in Engineering from Pontificia Universidad Católica de Chile, an MBA from MIT and an MPA from LSE.



CMP and ENGIE will implement a pilot project to advance in the energy transformation of large mining companies

Conversion of two 220 ton mining trucks (CAEX) at Los Colorados mine that will operate with a dual fuel system that will run mainly on natural gas

Siderúrgica Huachipato commissions SMS with digitalization project for significant improvement of energy efficiency in its steel mill

This will allow optimizing the plant's energy management through digitalization, reducing CO2 emissions by up to 14 kilotons per year

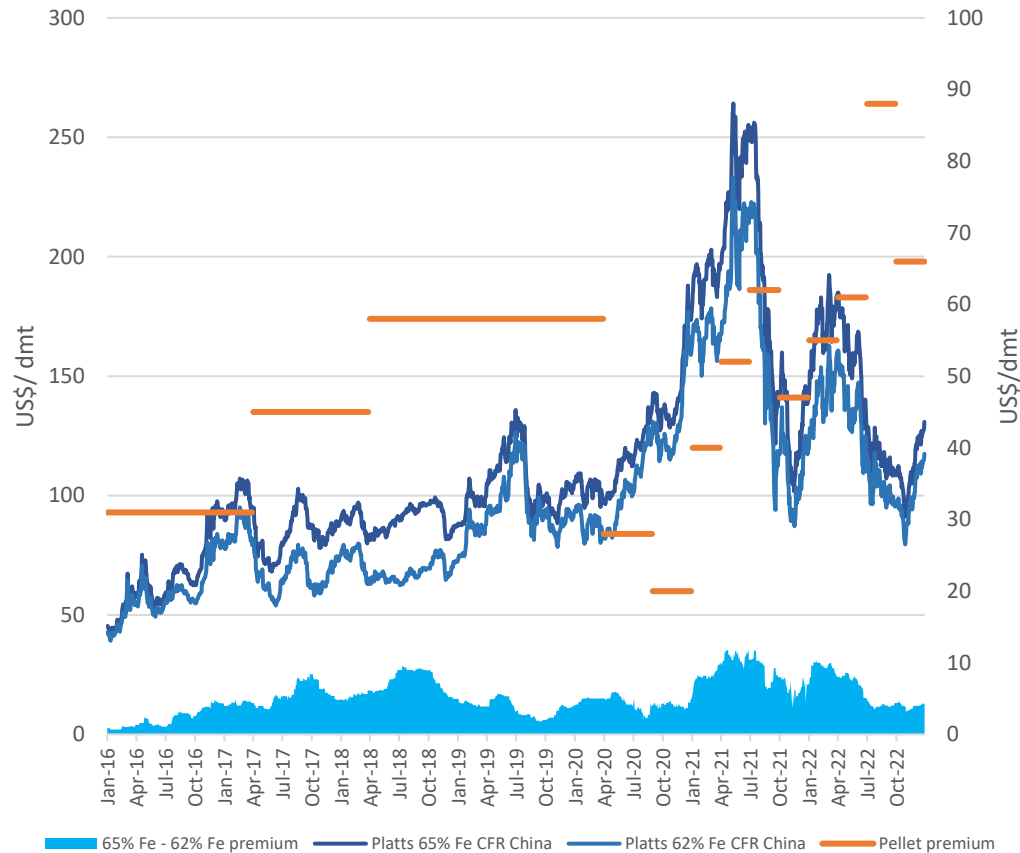


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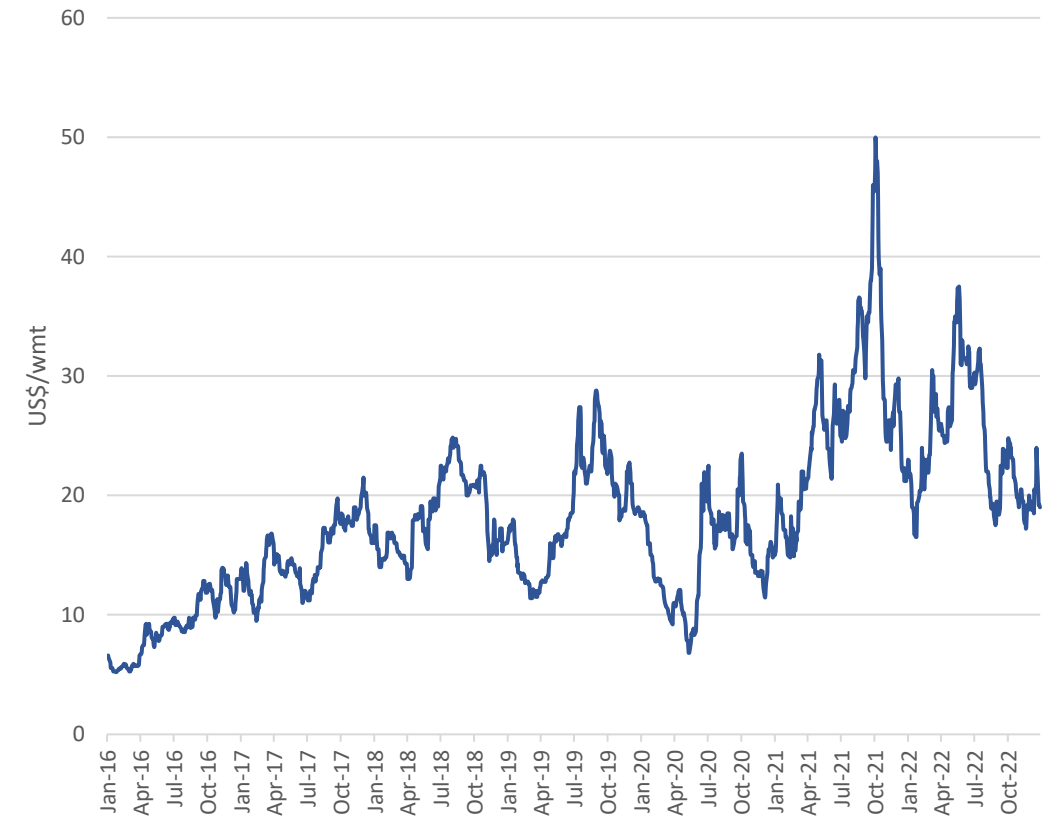


Iron ore price (CFR China)



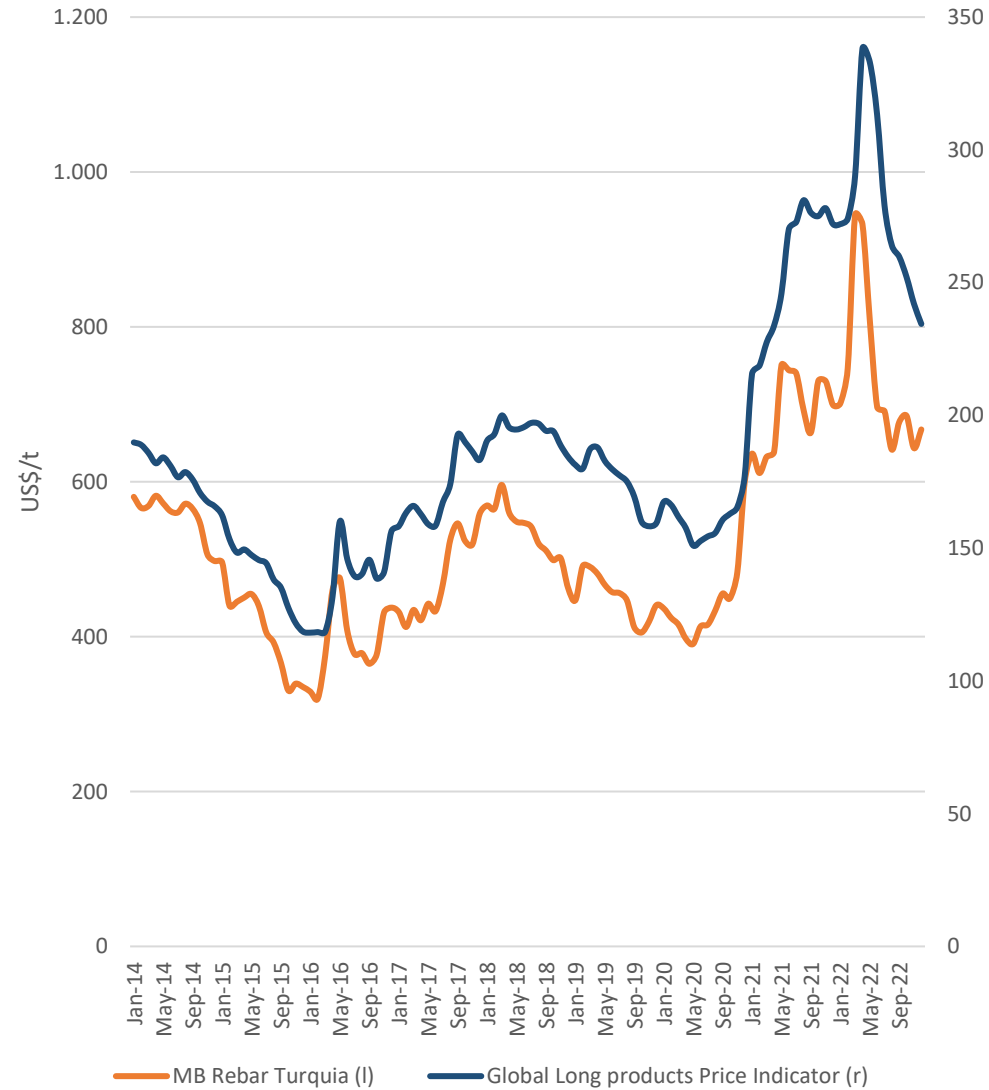
(USD/dmt)	4Q22	4Q21	12M22	12M21
Platts 62% Fe avg	99.3	109.5	120.3	159.5
Platts 65% Fe avg	111.2	129.1	138.9	185.2

Brazil-China freight rate

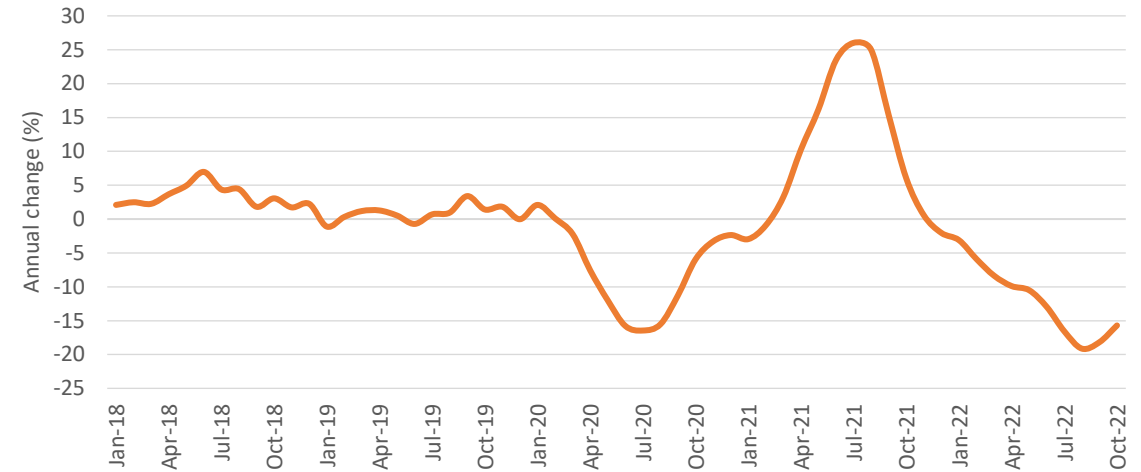


(USD/wmt)	4Q22	4Q21	12M22	12M21
Freight rate avg	20.5	30.3	24.2	26.6

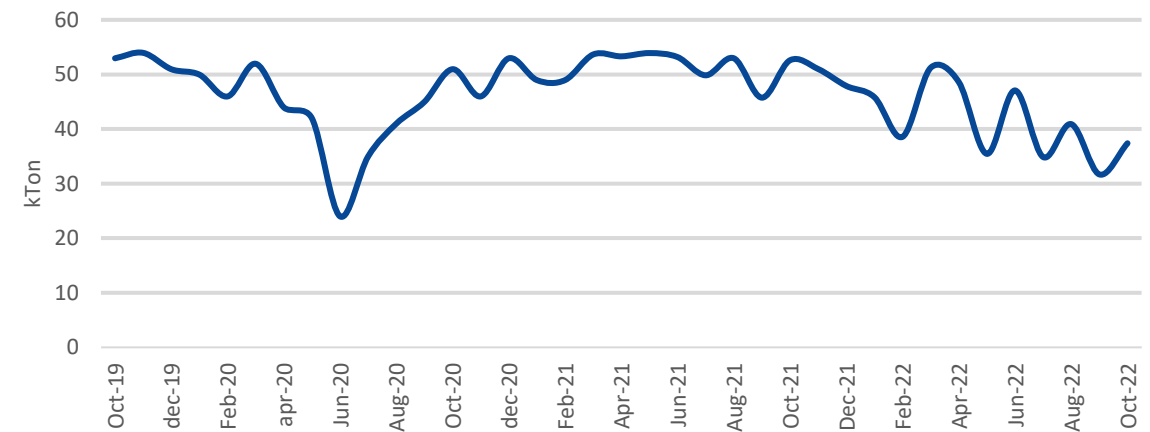
Steel Price ¹⁾



IMACON ²⁾



Dispatches of steel bars for Chilean construction industry (kT) ²⁾



Source: 1) CRUspi index @ 100 as of April 1994

Metal bulletin

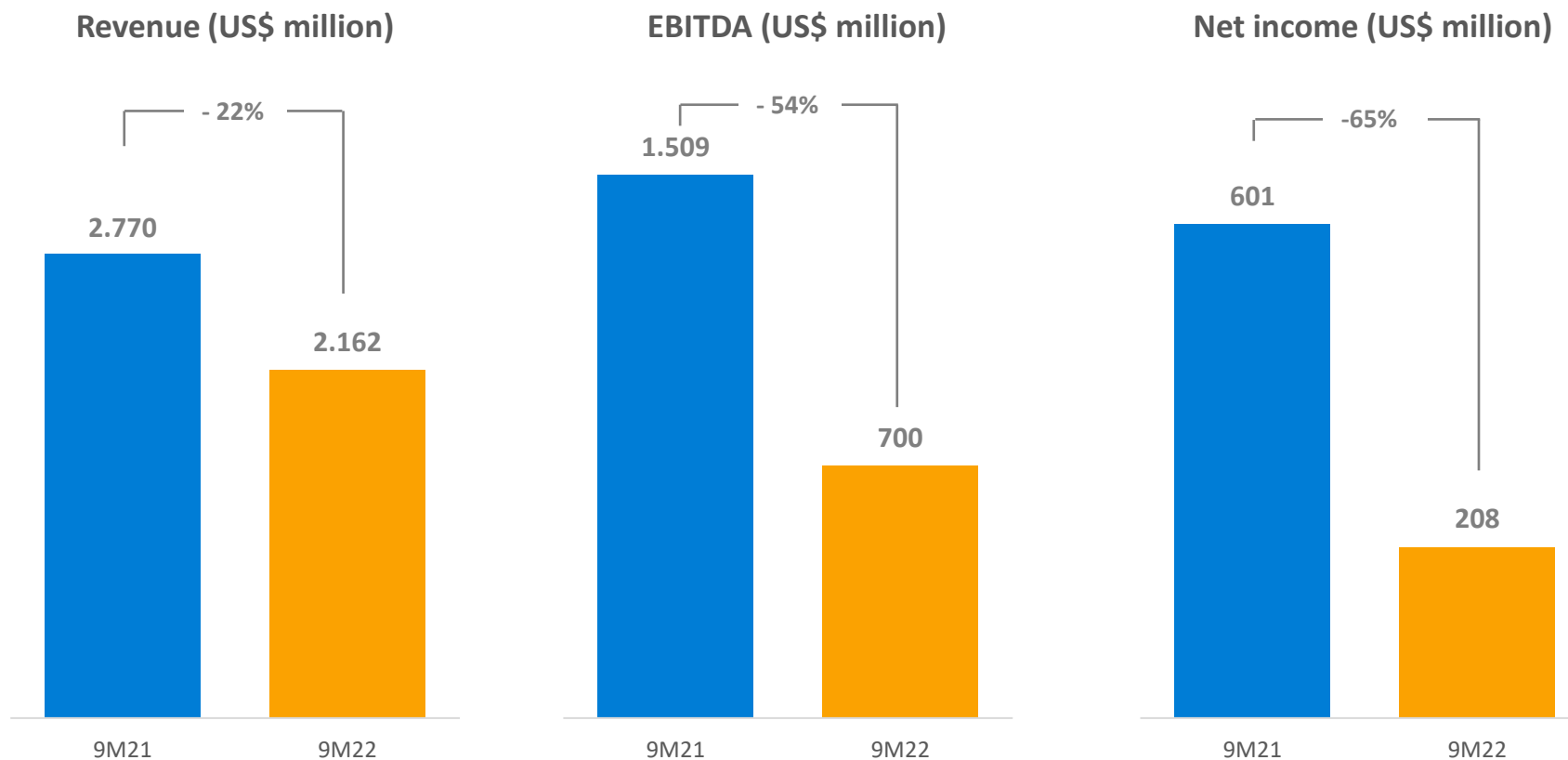
2) Cámara chilena de la construcción

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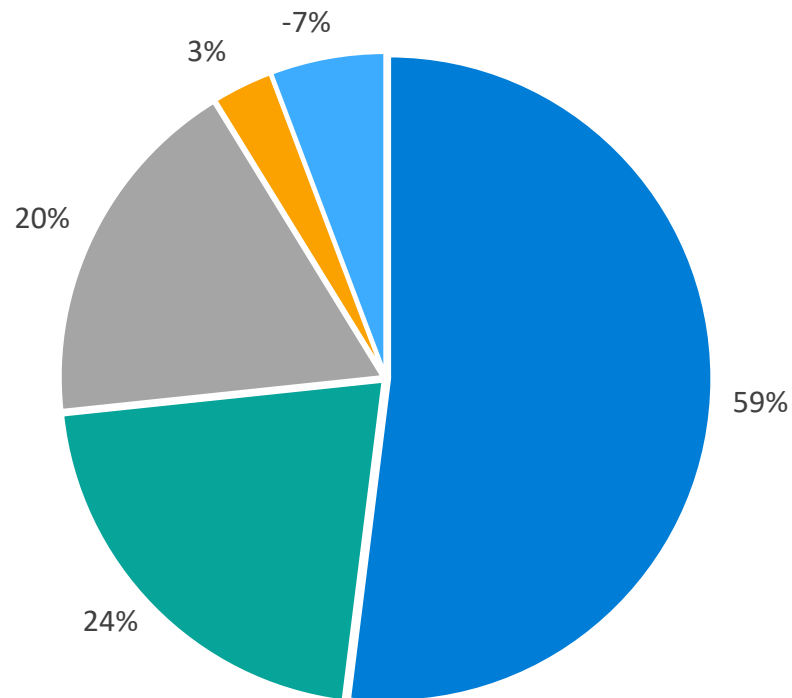
Main consolidated financial figures 9M22



9M22 revenue, EBITDA and net income lower than in 9M21, mainly due to lower iron ore prices, and lower shipments and higher costs in both steel production and steel processing segments

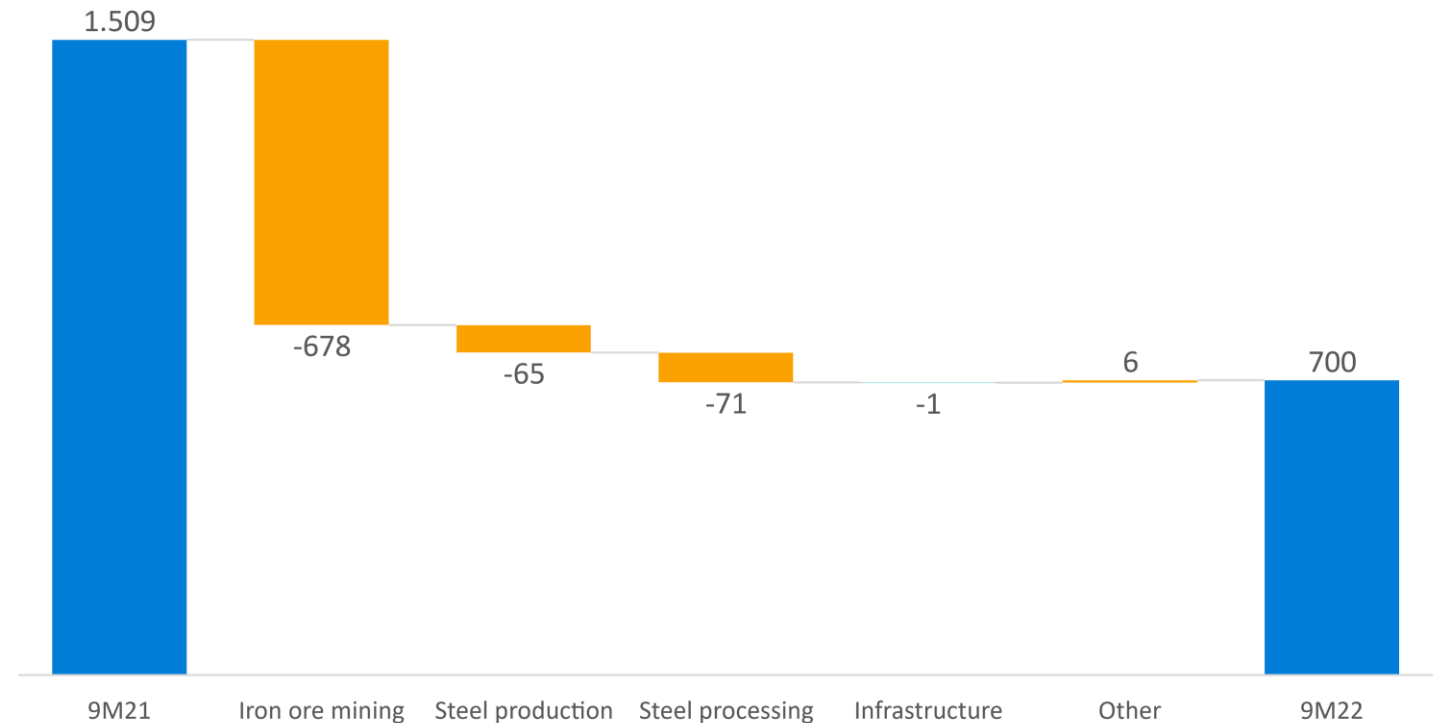
Contribution by segment to 9M22 (US\$ million)

Contribution to 9M22 Revenue



■ Mining ■ Steel production ■ Steel processing
■ Infrastructure ■ Intercompanies

EBITDA differential 9M22 vs 9M21 (US\$ million)

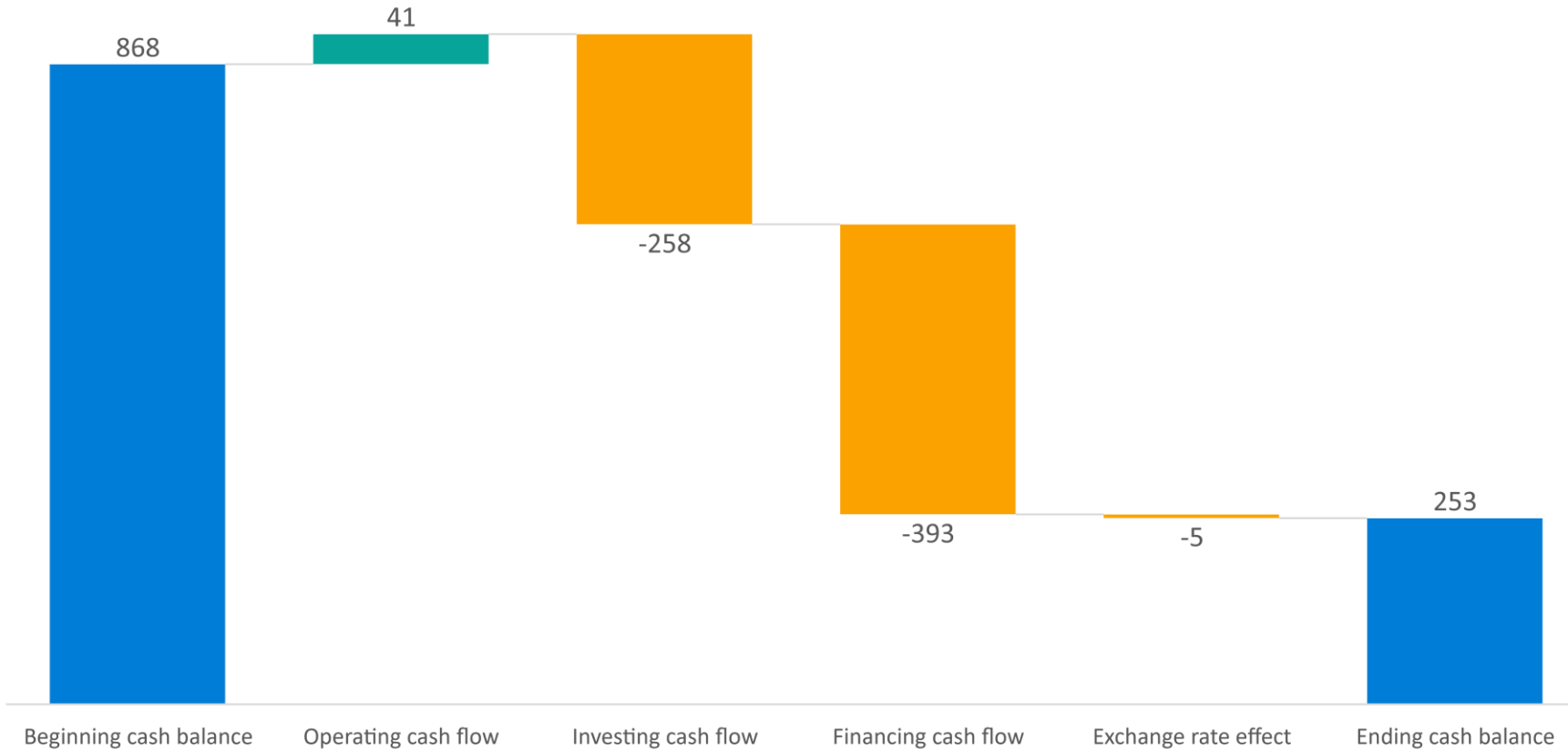


- **Mining:** 32% lower prices, 0,6% lower volumes and 11% higher cash cost per ton
- **Steel production:** 27% higher prices, 19% lower volumes, and 40% higher costs per ton
- **Steel processing:** 10% higher prices for steel products and 20% lower volumes

CAP Group cash flow generation (US\$ million)



Cash Flow Dec21 - Sep22

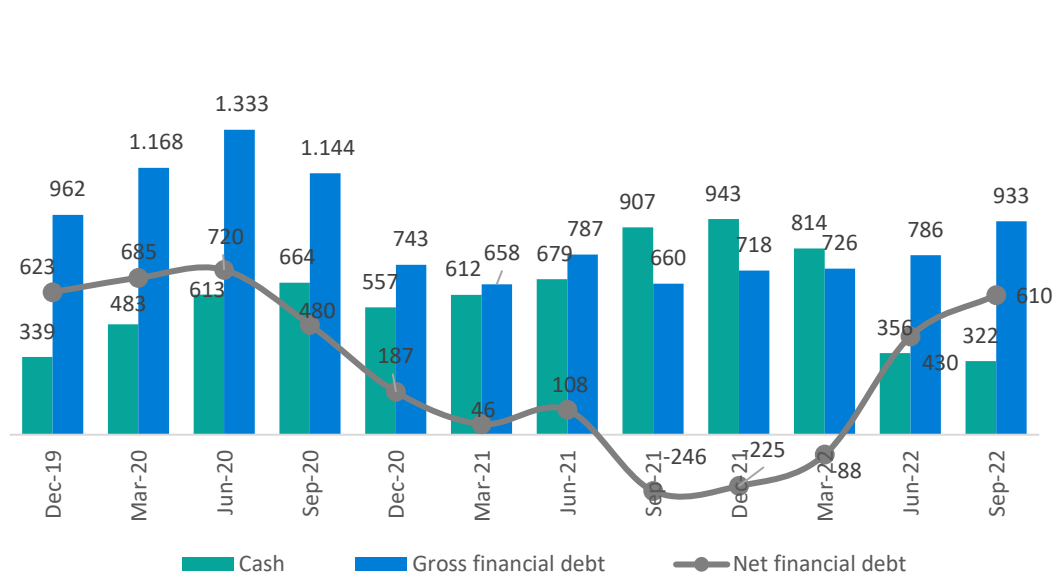


- Positive operating cash flow, but lower than last year's, due to higher working capital needs and tax payments for US\$ 473 million.
- Negative cash flow from investing activities mainly due to CAPEX disbursement of US\$ 299 million.
- Negative financing cash flow due to the payment of US\$566 million in dividends from CAP and some of its subsidiaries during the year.

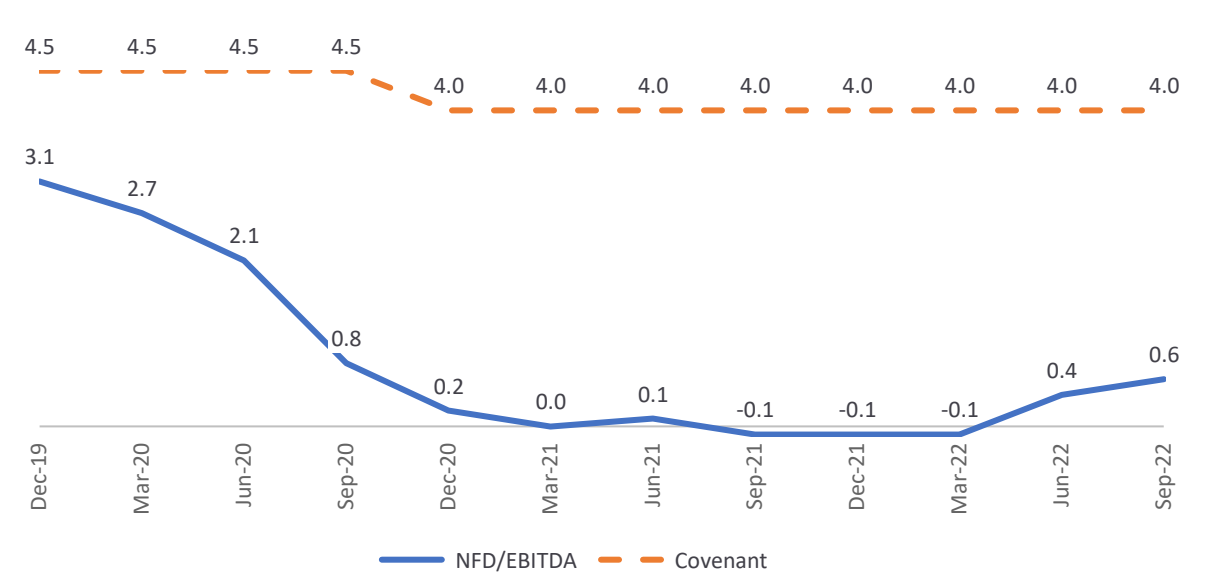
Financial indebtedness and covenants



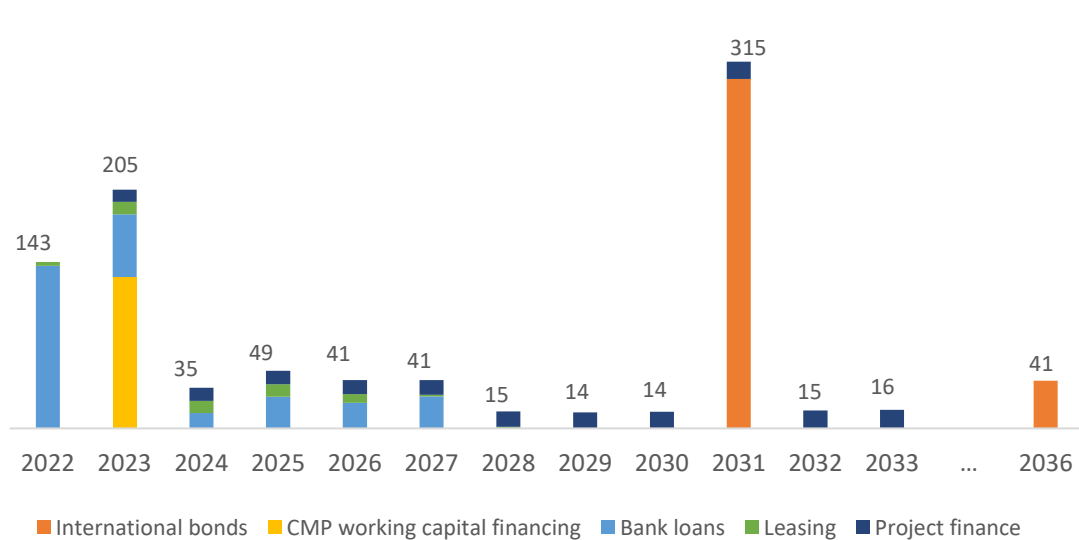
Evolution of net financial debt (US\$ million)



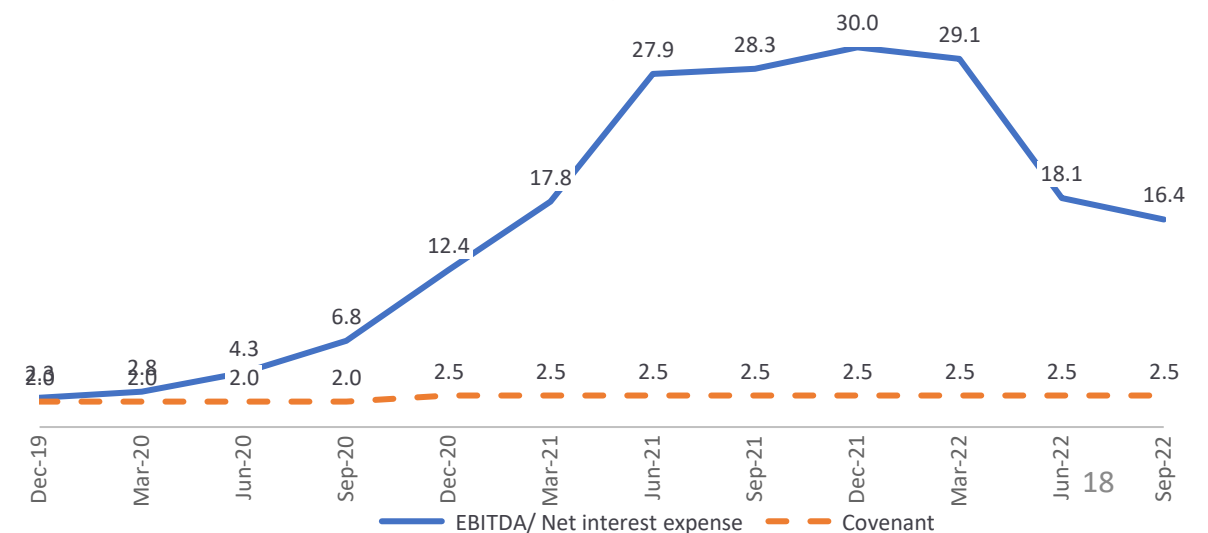
Net Financial Debt to EBITDA ratio (times)



Financial debt maturity profile (US\$ millions)



EBITDA to Net Interest Expense ratio (times)



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Mining

Compañía Minera del Pacífico is the leading iron ore and pellets producer on the American Pacific coast, with operations in Atacama and Coquimbo regions, developing products with high iron content:

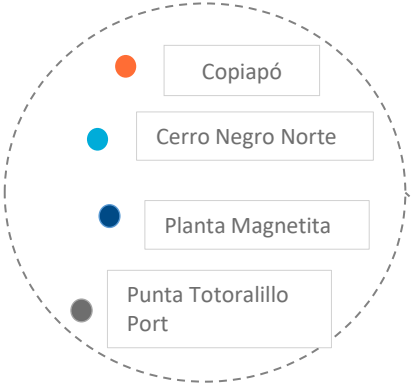
- Pellet Feed 66% to 69% Fe content
- Pellets 65% to 67% Fe content
- Sinter Feed 62% to 64% Fe content
- Lumps 60% to 64% Fe content

4th largest producer of high-grade iron ore in the World with 5% of total output

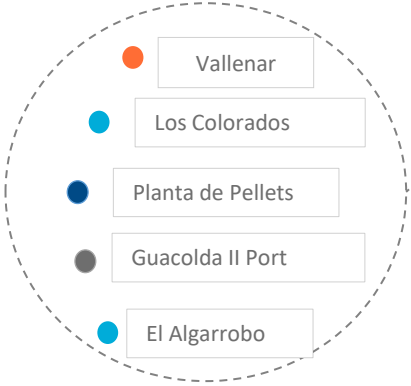
	9M22	9M21
Revenue	US\$1,270 million ↓ 32.6%	US\$1,884 million
EBITDA	US\$662 million ↓ 50.6%	US\$1,340 million
Net Income	US\$343 million ↓ 55.0%	US\$762 million

- 0.6% lower shipments, from 11.0 million tons in 9M21 to 10.9 million tons in 9M22
- 32.1% decrease in realized prices, from US\$169.3 per ton in 9M21 to US\$115.0 per ton in 9M22
- 0.3% decrease in production, from 11.8 million tons in 9M21 to 11.7 million tons in 9M22

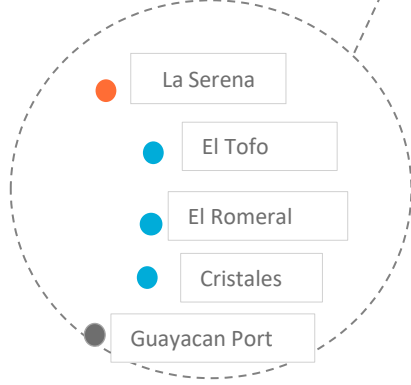
Copiapó Valley



Huasco Valley



Elqui Valley



- City
- Mine
- Plant
- Port

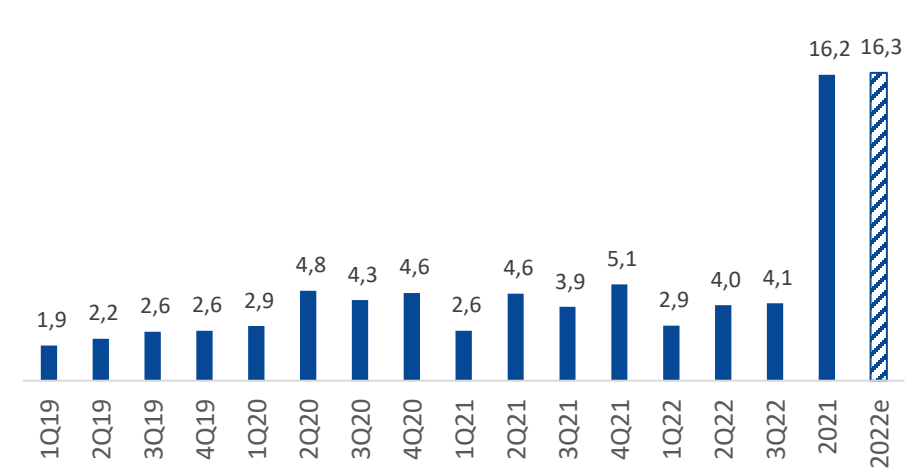


Iron ore volumes and product mix

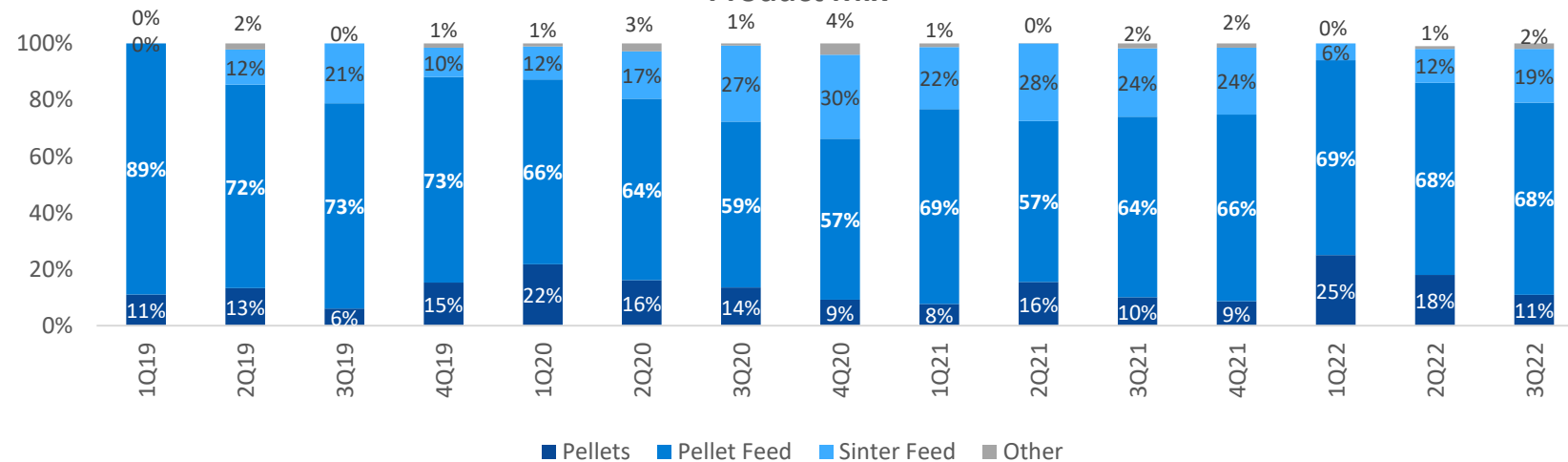
Production (million ton)



Shipments (million ton)



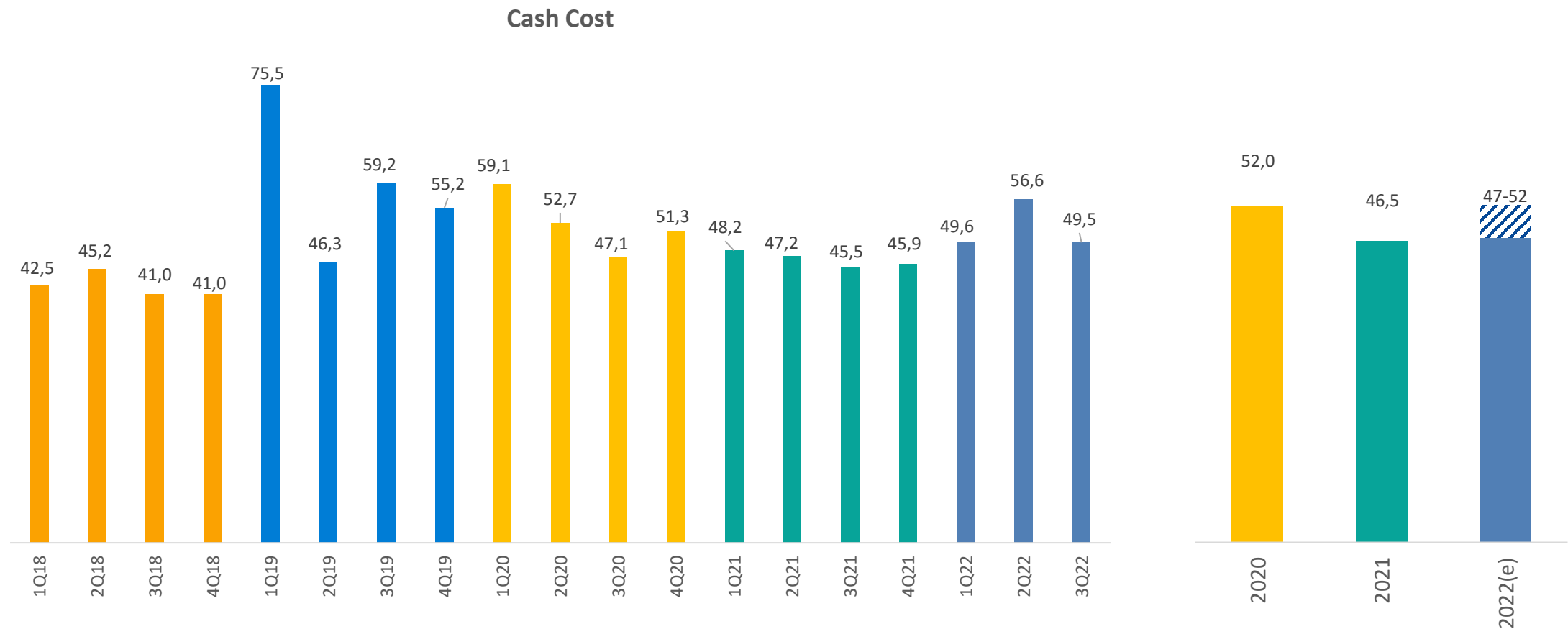
Product Mix



CMP cash cost* evolution (US/t (FOB))



CMP's cash cost under inflationary pressures that have especially affected the price of key inputs, and labor and services costs. Guidance for this year maintained in the range of US\$ 47 -52 / ton



* The cash cost shown in the chart above is calculated as the cost of sales without depreciation and amortization, based on tons shipped

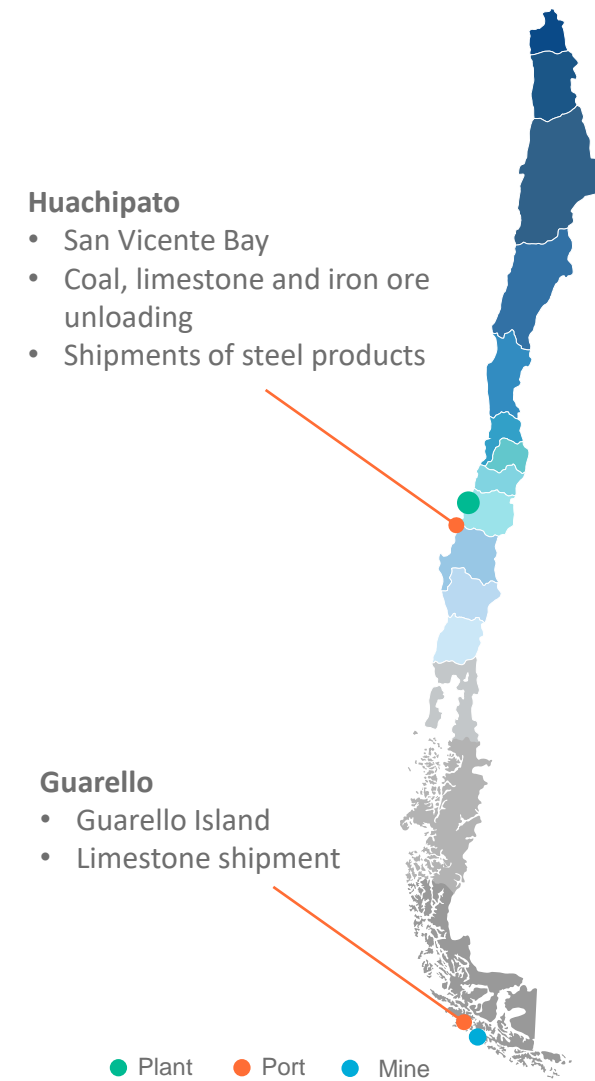
Steel Production

Compañía Siderúrgica Huachipato is the leading steel producer in Chile

- Supplies ~70% of the conventional grinding media consumed in the mining industry in Chile and Peru
- Manufactures long steel products:
 - Bars for mineral grinding media
 - Reinforcing bars for construction
 - Wire rod
 - Special steels
- Develops special steels to reduce steel consumption in the processes
 - High-strength steels for construction reduce up to 30% the consumption of this material in infrastructure projects, while also reducing their carbon footprint

	9M22	9M21
Revenue	US\$522 million ↓ 0.1%	US\$521 million
EBITDA	US\$-32 million ↓ US\$65 million	US\$33 million
Net Income	US\$-51 million ↓ US\$53 million	US\$2 million

- Dispatches decreased 19.2%, from 584 thousand metric tons in 9M21 to 472 thousand metric tons in 9M22
- 26.9% increase in realized prices, from US\$842 per ton in 9M21 to US\$1,069 per ton in 9M22
- 3Q22 includes a net realizable value adjustment on inventories of US\$29 million, which directly affected the company's cost of sales



Steel production update

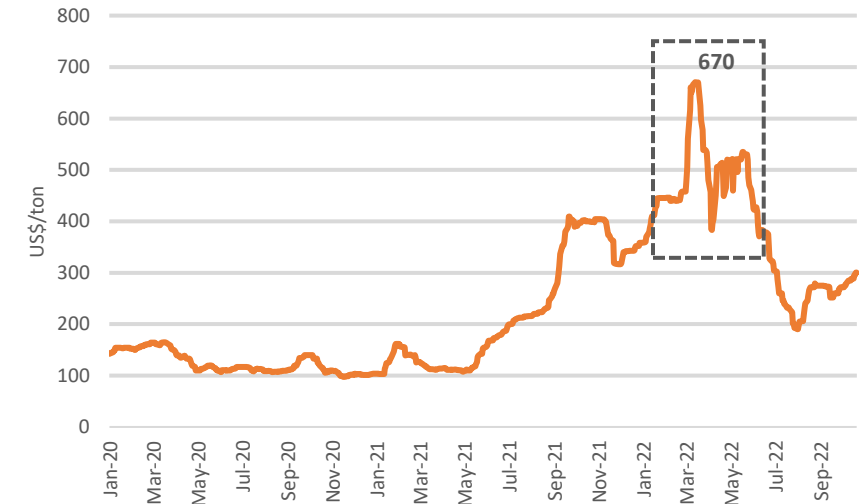


In 2022, CSH has faced significant internal and external challenges, which have impacted its financial performance.

Main causes of lower performance in 2022

BF operational problem in 1Q22	Loss of production in periods with good margins
	Overstock of coke due to the decrease in steel production, which slowed down the turnover of coal inventory
Customer base	Lower production prevented the company from supplying strategic customers, who had to rely on imports
	In the process of recovering this demand
Raw materials inventories	Oversupply of coal in the first part of the year, to prevent the risk of shortages due to the rains in Australia
	The price of coal peaks at the beginning of 2Q22 as a result of the war in Ukraine, and then falls drastically, but coal inventories remained at high prices
Demand	Decrease in rebar demand due to a sharp contraction in Chile's construction sector

HCC Peak Downs Region FOB Australia

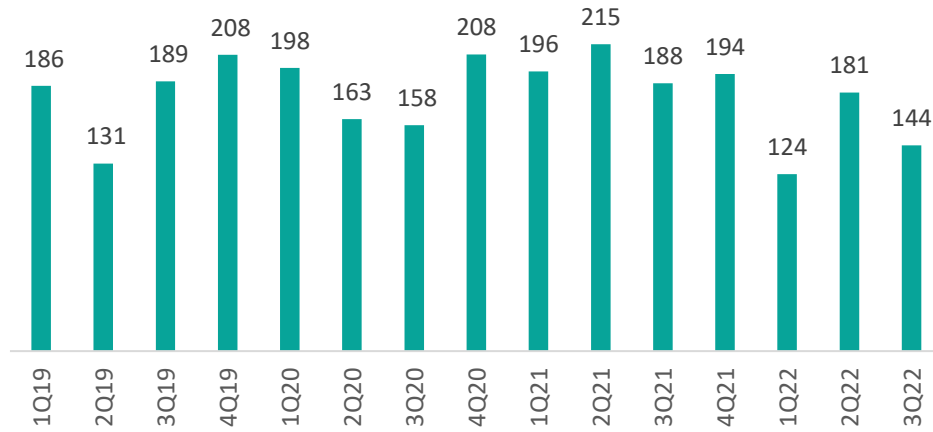


Improvement plans at CSH

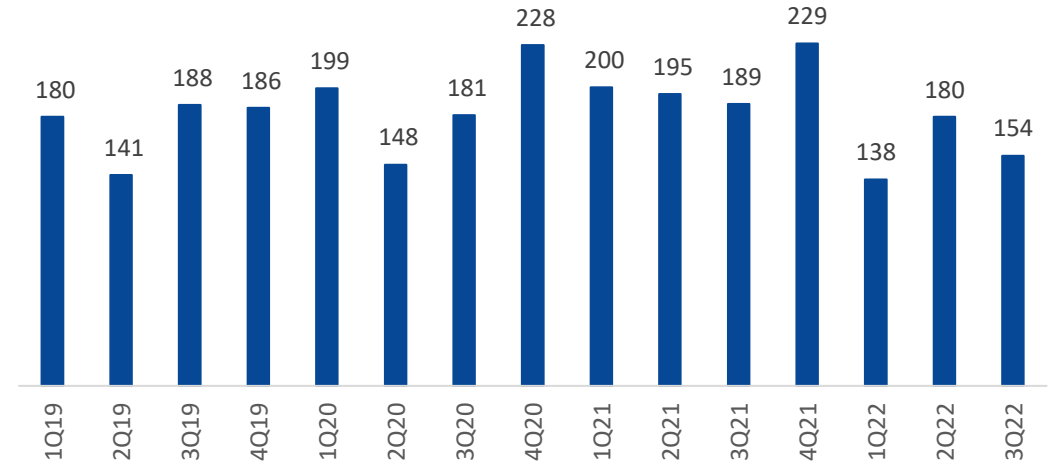
BF reliability and operational efficiency	Supply chain strategy review	Cost reduction program / Procurement	Market diversification
<ul style="list-style-type: none"> •Implement digitalization to monitor BF •Bell les top charging system 	<ul style="list-style-type: none"> •Increase flexibility in raw materials contracts to avoid overstocking 	<ul style="list-style-type: none"> •Cost reduction initiatives via efficiencies and digitalization •Efficiencies in procurement processes 	<ul style="list-style-type: none"> •Reduce demand risk through greater diversification of markets

Steel volumes and product mix

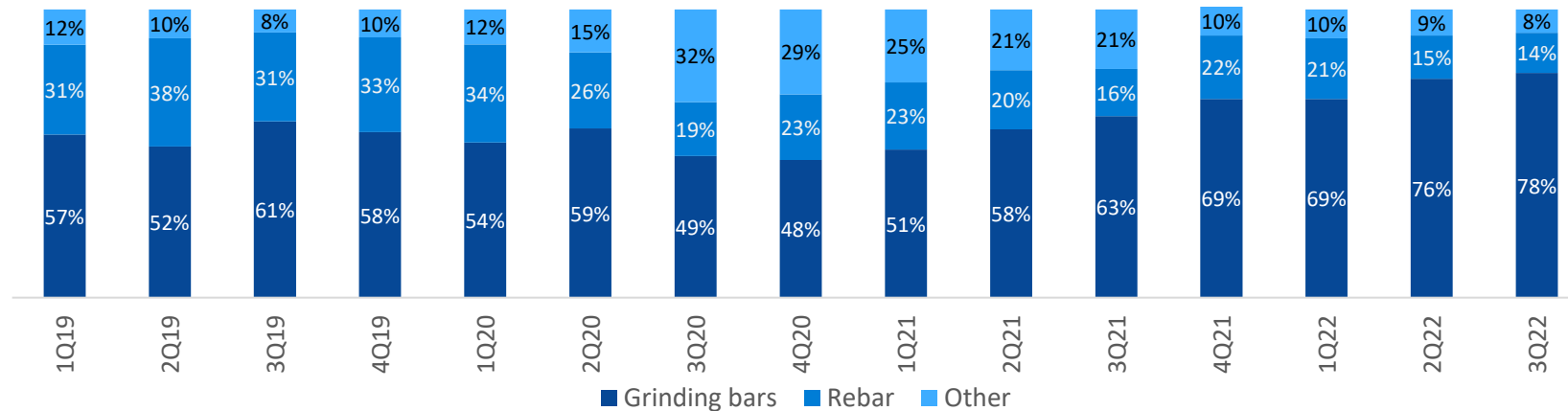
Production (thousand tons)



Shipments (thousand tons)



CSH Product Mix



Steel Processing Group (SPG) is composed of the following companies in Chile, Peru and Argentina: Cintac, Promet, Calaminon, Tupemesa, Sehover, Agrow and Tubos Argentinos (TASA).

SPG promotes the development of the construction and metal-mechanic sectors in Chile, Peru and Argentina through different products and innovative solutions:

	9M22	9M21
Revenue	US\$437 million ↓ 10%	US\$486 million
EBITDA	US\$30 million ↓ 71%	US\$101 million
Net Income	US\$-9 million ↓ US\$59 million	US\$50 million

- 20% of lower volumes, from 276 thousand metric tons in 9M21 to 220 thousand metric tons in 9M22
- 10% higher prices for steel products, from US\$1,319 per ton in 9M21 to US\$1,456 per ton in 9M22



METALCON® construction system



Structures for solar panels



Modular construction



Infrastructure for roads

Cintac's results in 3Q22 reflected several impacts that were translated into a lower financial performance, deviating from previous years (considering that the results for 2021 were exceptional, mainly due to pandemic-related factors).

Main causes of lower performance in 2022

Demand	Decrease in demand due to sharp contraction in Chile's construction sector
Raw material inventories	High levels of steel inventories to avoid risk of stock-outs, as was the case in 2021
Context in Peru	Reduction of public spending in Peru, particularly affecting Calaminon
Refocusing the strategy	Costs for divestment process in subsidiaries that are no longer part of the company's core business

Cintac's short-term tasks

Organization	Business	Cash and indebtedness	CAPEX
<ul style="list-style-type: none">•Simplifying the company structure	<ul style="list-style-type: none">•Develop products and services around the core business	<ul style="list-style-type: none">•Control working capital•Focus on debt reduction	<ul style="list-style-type: none">•Postponement of expendable investments

The infrastructure segment includes port, water and energy assets that provide services to our mining and steel businesses, as well as other customers located in the area of operation. It is currently comprised of:

	9M22	9M21
Revenue	US\$73.7 million ↓ 0.1%	US\$73.8 million
EBITDA	US\$43.6 million ↓ 2.8%	US\$44.8 million
Net Income	US\$17.0 million ↓ 3.4%	US\$17.6 million



Desalination Plant: Cleanairtech



Power transmission line: Tecnocap



Port: Puerto Las Losas

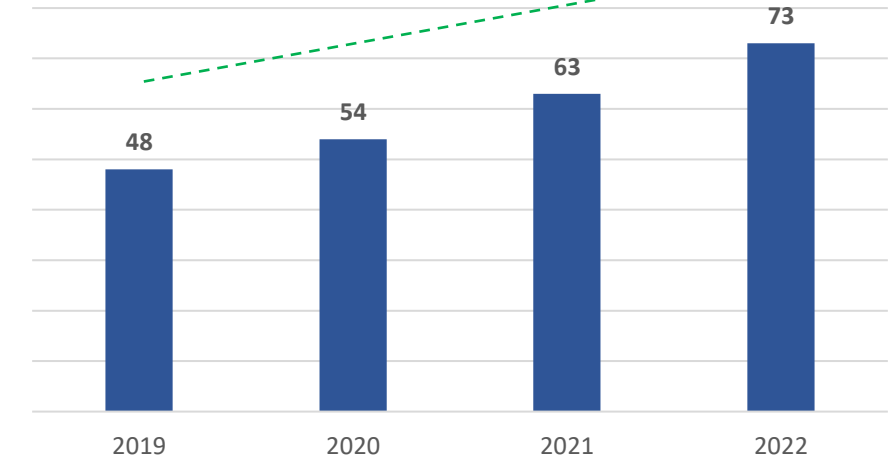
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Dow Jones Sustainability Index 2022

- The Dow Jones Sustainability Index (DJSI) is an international indicator that evaluates different dimensions of the sustainable performance of listed companies
- The company achieved its highest score ever in the international index that measures the sustainable performance of publicly traded companies
- For the sixth consecutive year, CAP was among the top companies in the iron and steel industry. The company currently ranks fourth in its sector
- In the overall assessment, CAP scored 73 points, representing an increase of 10 points compared to last year and 21 points compared to 2017, the year the company entered the indicator
- Hyundai Steel leads the global iron and steel sector in the DJSI with a total of 77 points, only four points ahead of CAP
- This is the result of the joint and committed work of all CAP Group companies over the last few years, in line with the company's strategy of sustainable growth

DJSI – CAP Group score in the last 4 years



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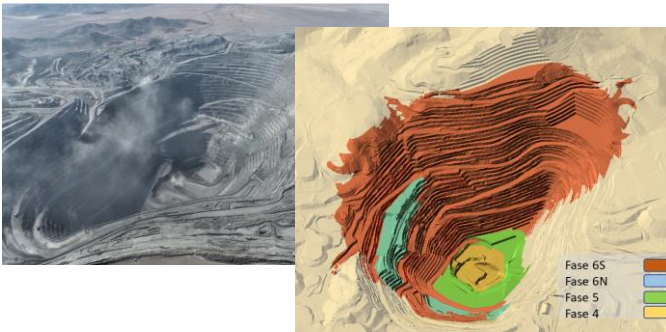
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Major short and medium-term strategic projects

Phase 6 MLC Etapá Sur

CAPEX ~US\$ 285 million between 2022-2025

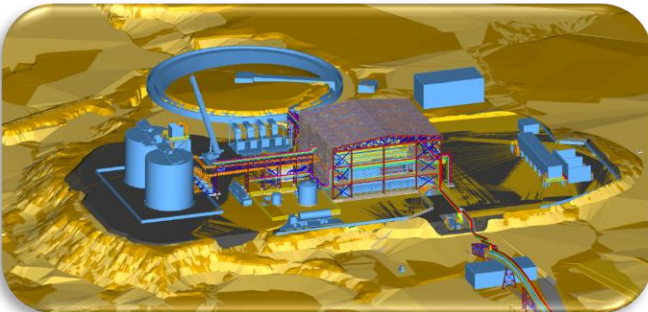
Includes the removal of more than 215 Mt of material to maintain Huasco Valley production until 2032 (8Mt)



Solution filtered tailings deposit in Huasco Valley

CAPEX ~US\$ 180 million between 2022-2024

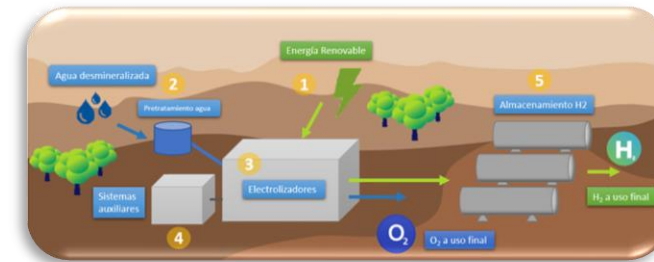
Will allow the termination of tailing discharge to the sea



Hydrogen Pilot Plant for iron ore direct reduction and production of “green steel” using Huachipato’s facilities

Enables production of 1,500 tons of hydrogen per year CAPEX ~US\$ 25 million

Operation by 2025



New line for manufacturing steel for SAG balls

Incorporation ~170,000 ton/ year

Capex ~US\$ 100 million

Possible commissioning in 2026





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