



CAP S.A.

2023 Second Quarter Results

August 8th, 2023



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1. Overview

2. Highlights

3. Market context

4. Financial results

5. *Huachipato* Sostenible

6. Way forward



1. Overview

1. Overview



Key facts

- Positive performance in mining business offset by weak results in the steel business
- 20% increase in Iron ore production compared to 2Q22
- US\$ 149 million impairment provision on *Huachipato* assets



Market background

- 62% Fe iron ore price averaged US\$111/ton in 2Q23 (CFR China index), 20% lower than 2Q22 average; price volatility has been driven by economic unpredictability in China
- At local level, both construction and mining industries remain depressed, negatively impacting steel prices



Financial results

- Revenues of US\$ 690 million (vs US\$ 761 million in 2Q22)
- EBITDA of US\$ 127 million (vs US\$ 229 million in 2Q22)
- Net income of US\$ -168 million (vs US\$79 million in 2Q22)



Way forward

- *Huachipato Sostenible*
- Implementation of CAP group strategy
- CAP Capital Markets Day (November 6th, 2023)



2. Highlights 2Q23

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Las Losas Port receives "Tucapel González García" award for safety and health management of its workers

This award is given since 2005 to companies /institutions that develop an effective occupational risks management, involving its workers in the process.



CAP, Cintac Group and Déficit Cero agree on strategic alliance to mitigate the housing deficit in Chile

CINTAC Group seeks to address the housing shortage through construction industrialization.

Déficit Cero promotes sustainable housing solutions that contributes to reduce the housing deficit in Chile.



CAP Group appoints new Chief Financial Officer

Alejandro Sanhueza assumed on July 1st, after an important career in the mining sector, where he held similar positions at both *Codelco* and *Antofagasta Minerals*.

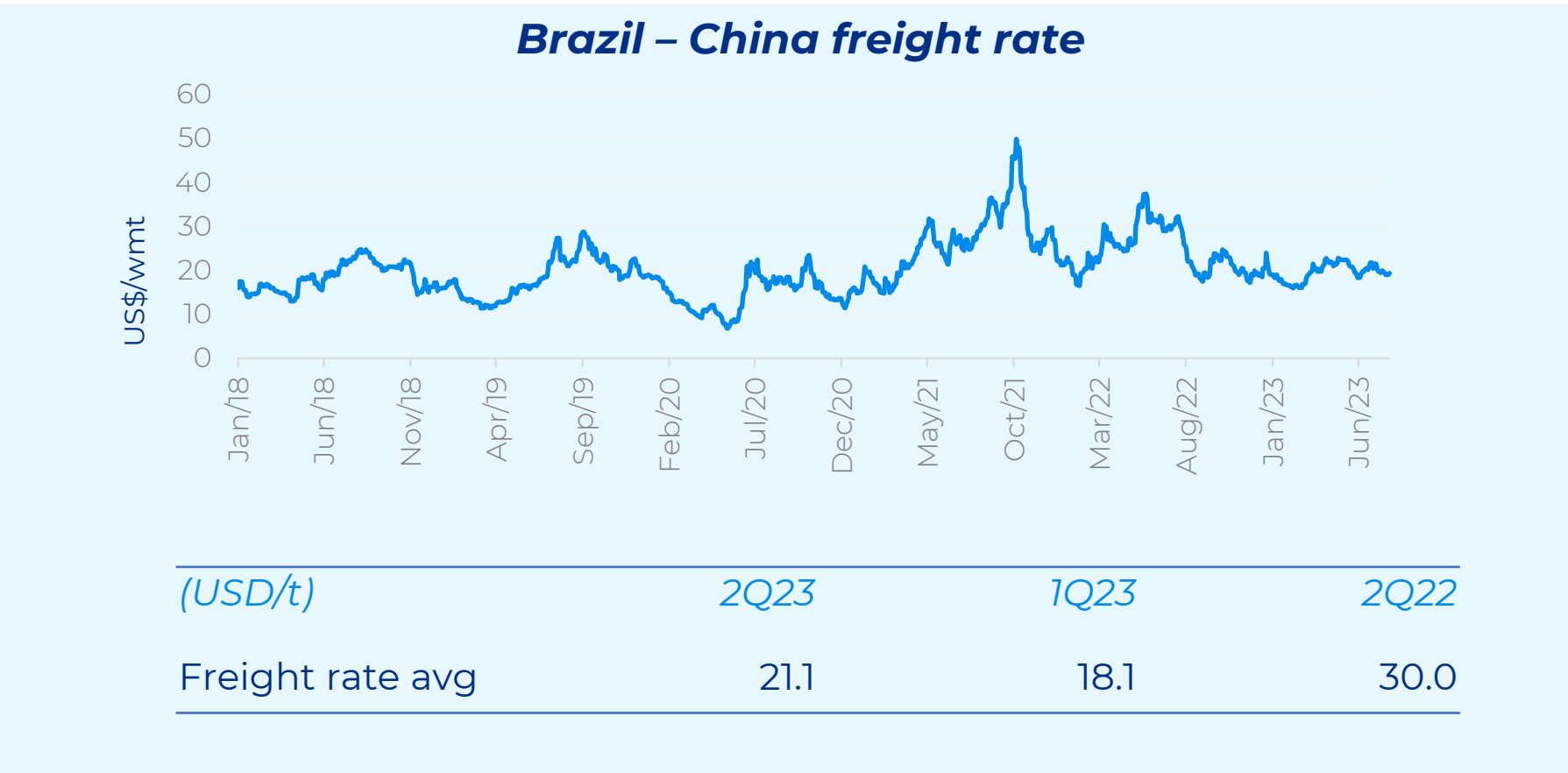
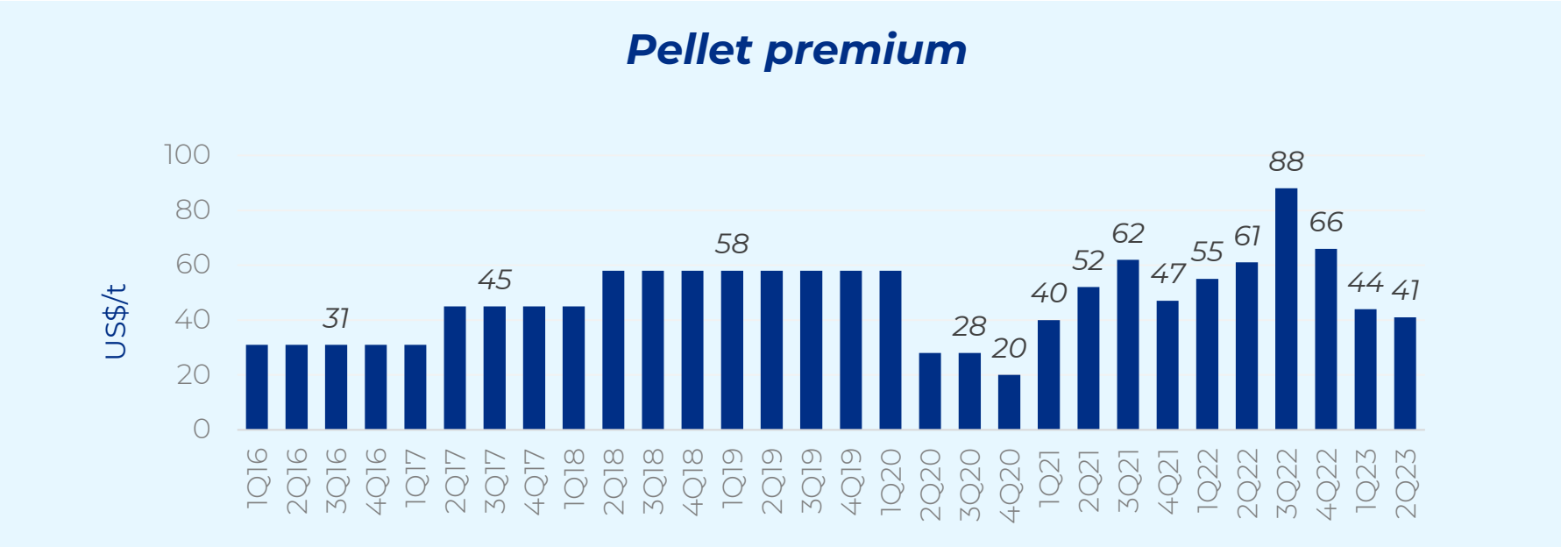




3. Market context

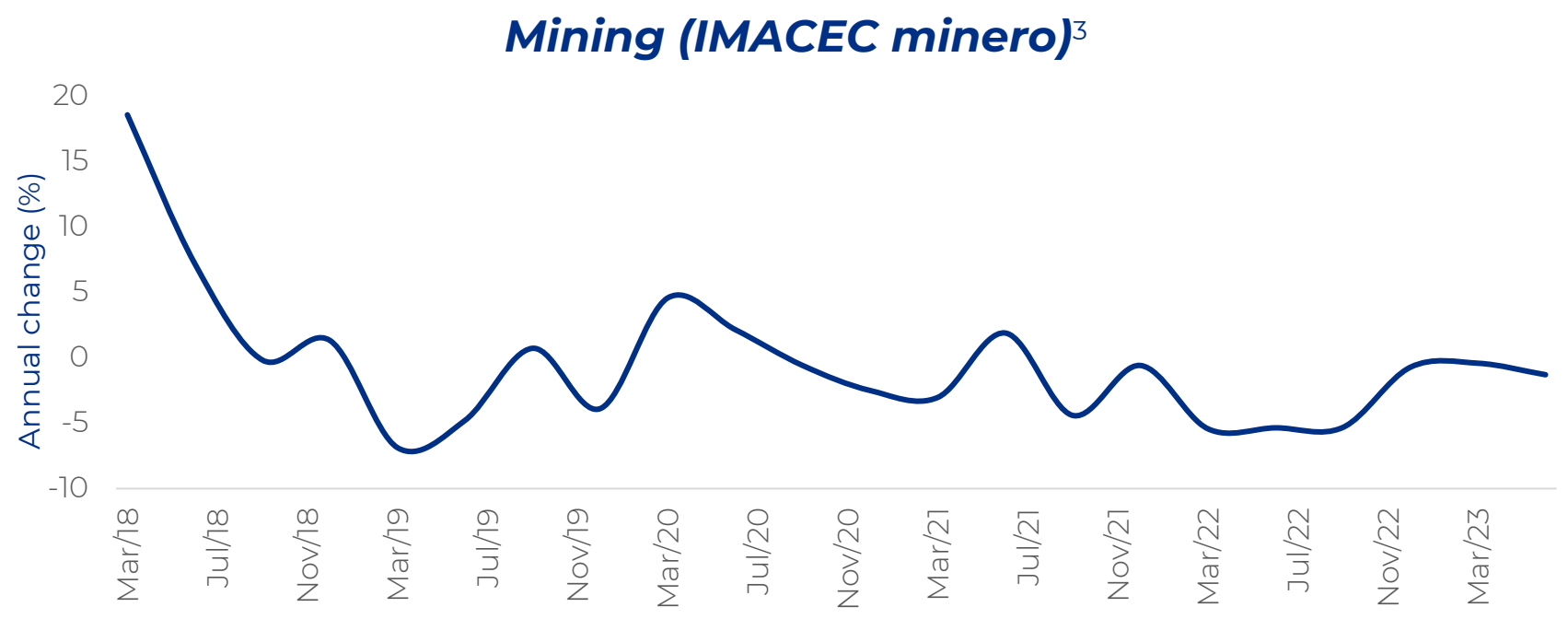
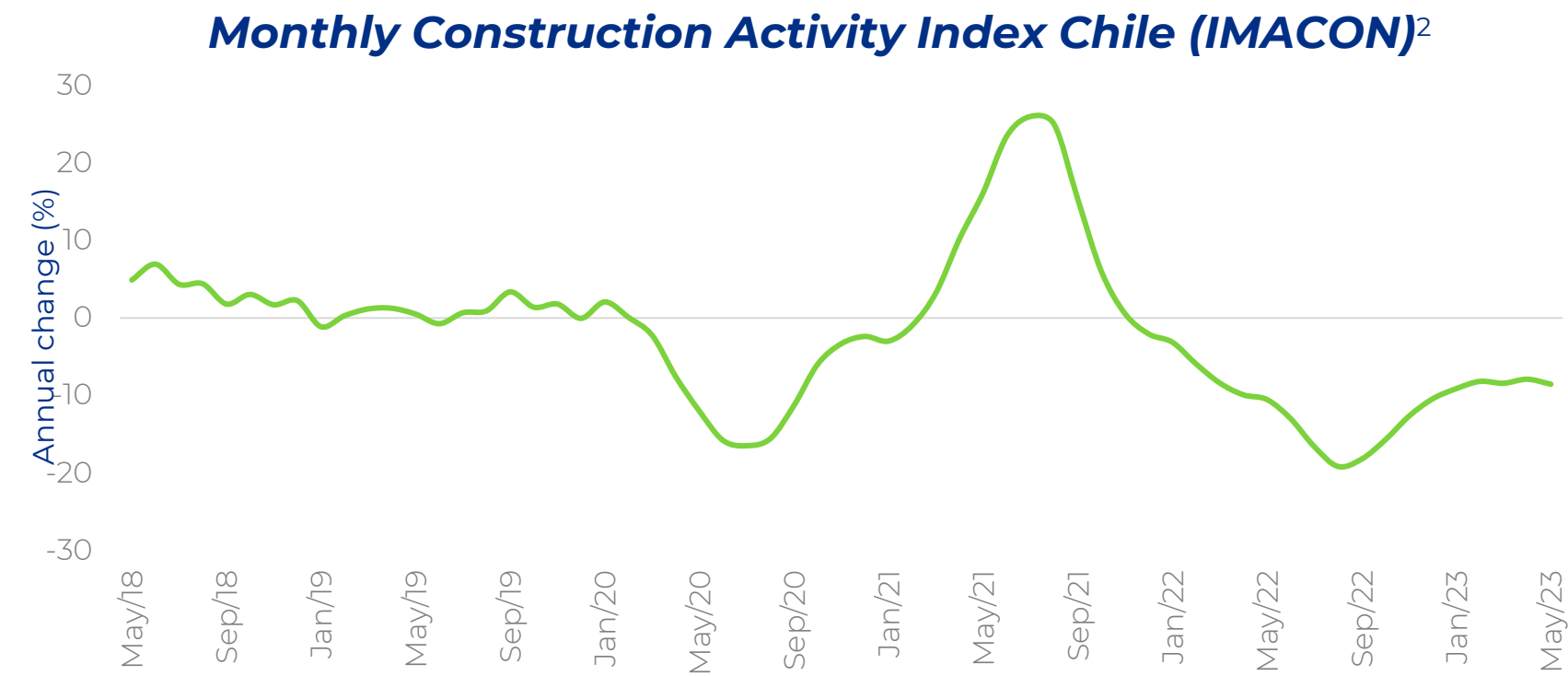
3. Market context

Iron ore market



3. Market context

Steel market



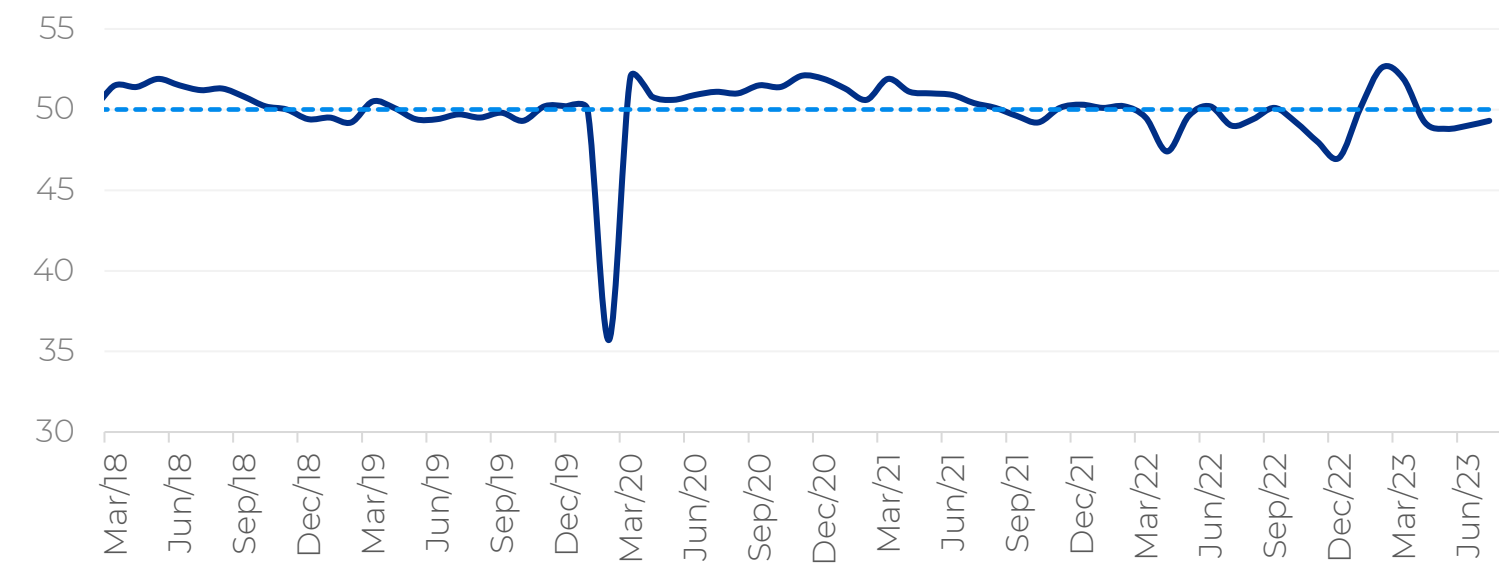
3. Market context

Key economic indicators in China

Industrial Production Growth



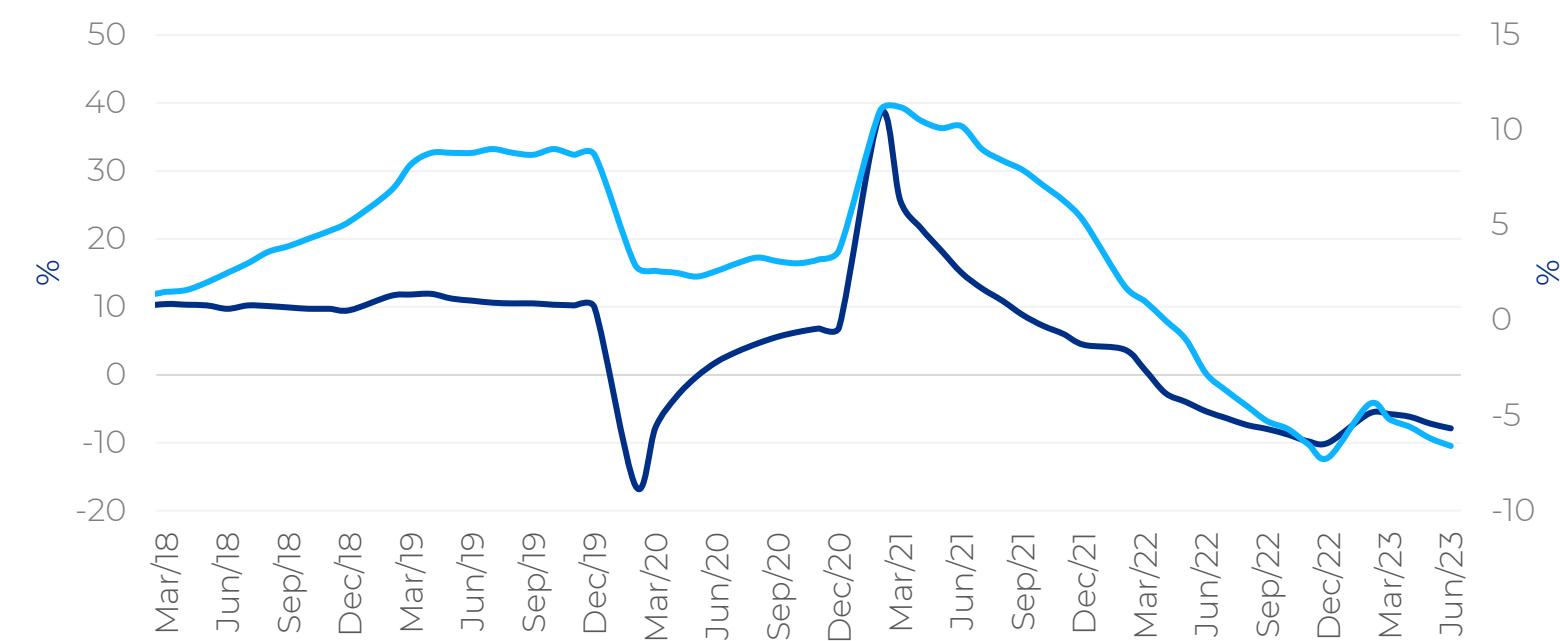
Manufacturing PMI



Production Crude Steel Growth



Construction Growth

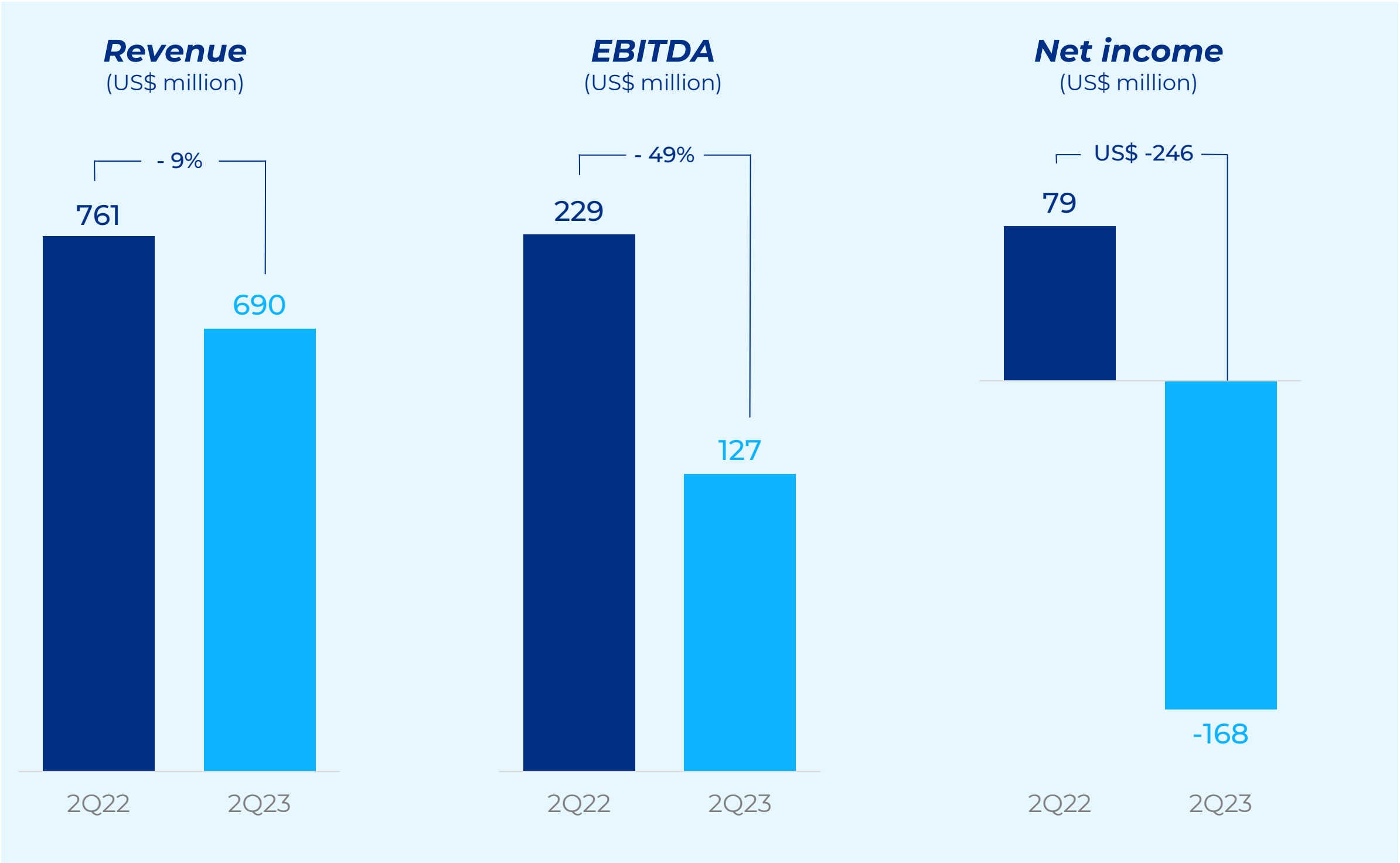




4. Financial results

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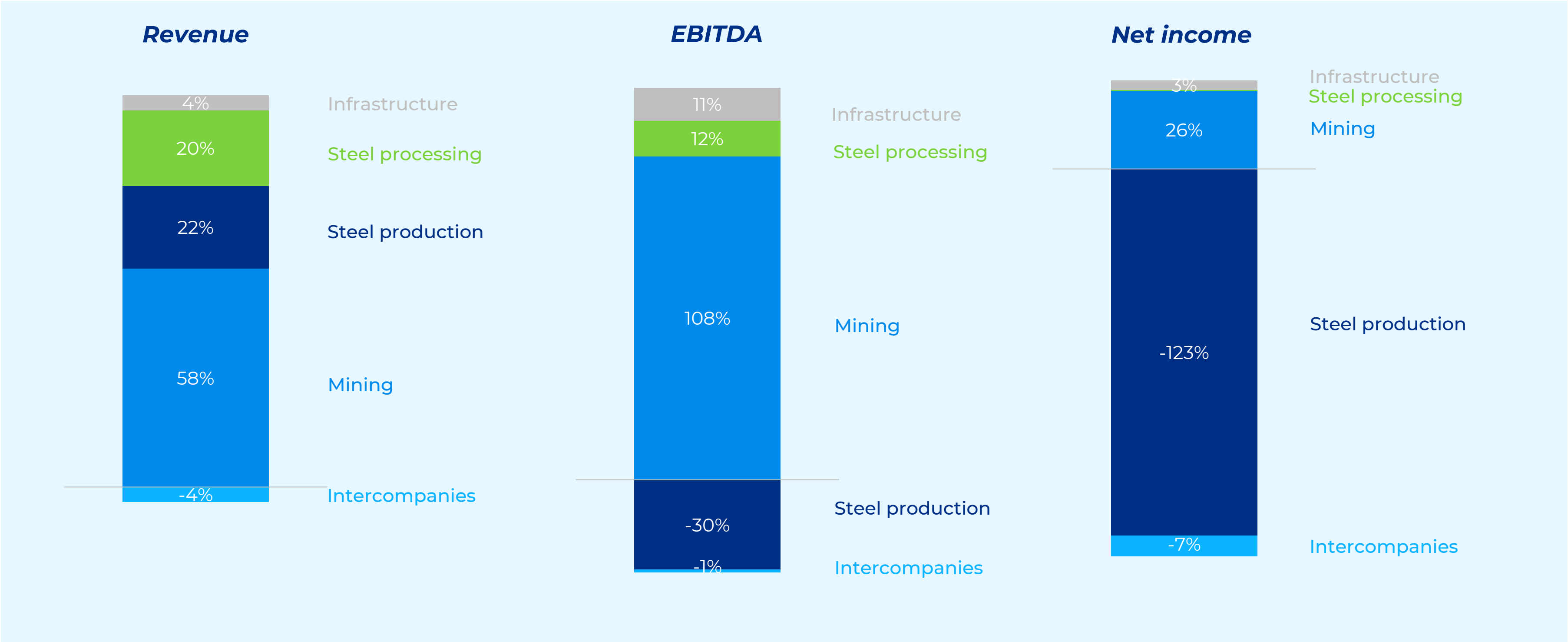
Main consolidated financial figures



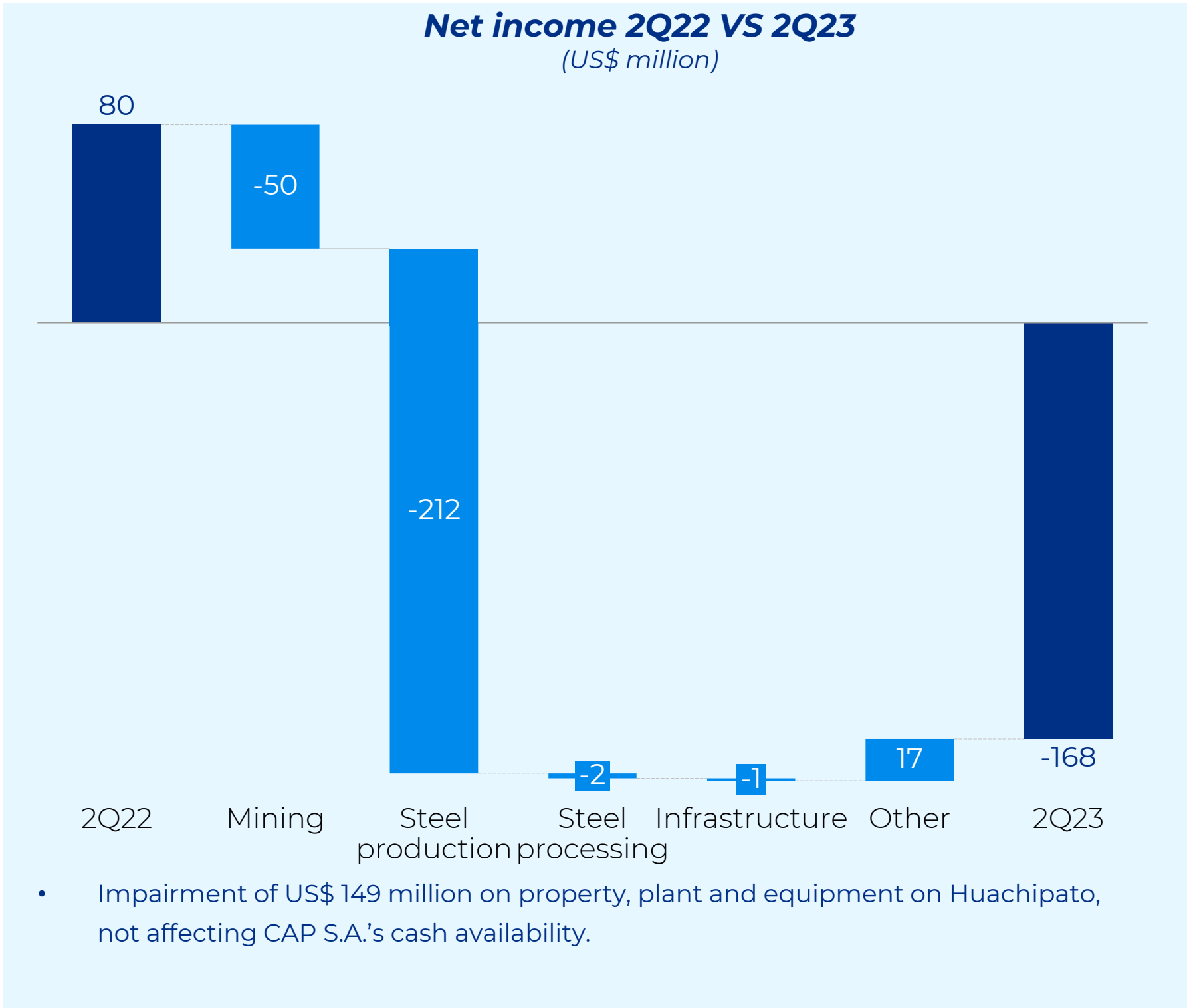
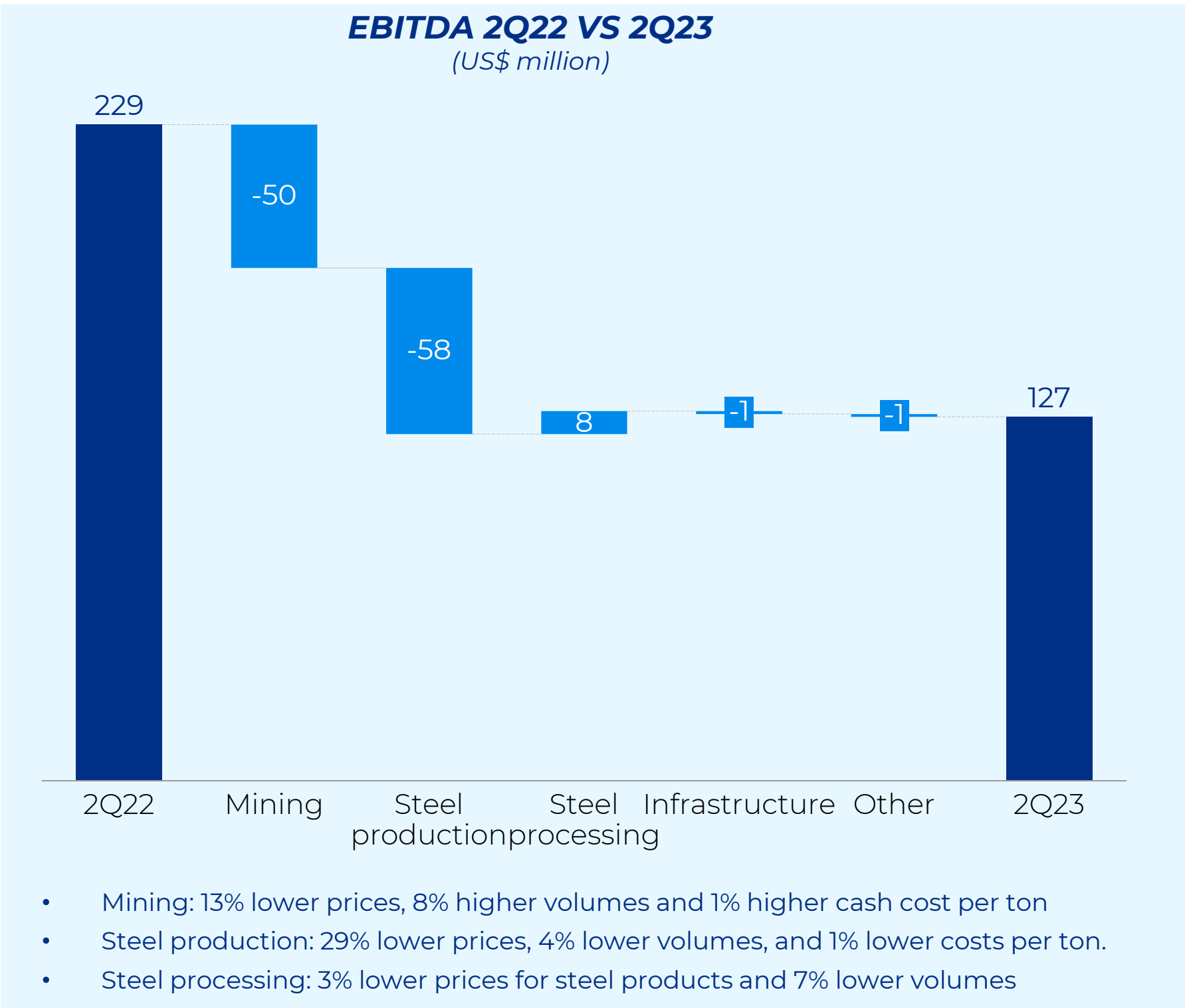
- Revenue, EBITDA and Net income lower than in 2Q22
- Mostly explained by decreased iron ore and steel prices, and by higher production costs in the mining business, partially offset by an increase in mining shipments
- Net income impacted by the US\$ 149 million impairment provision in *Huachipato* assets

4. Financial results

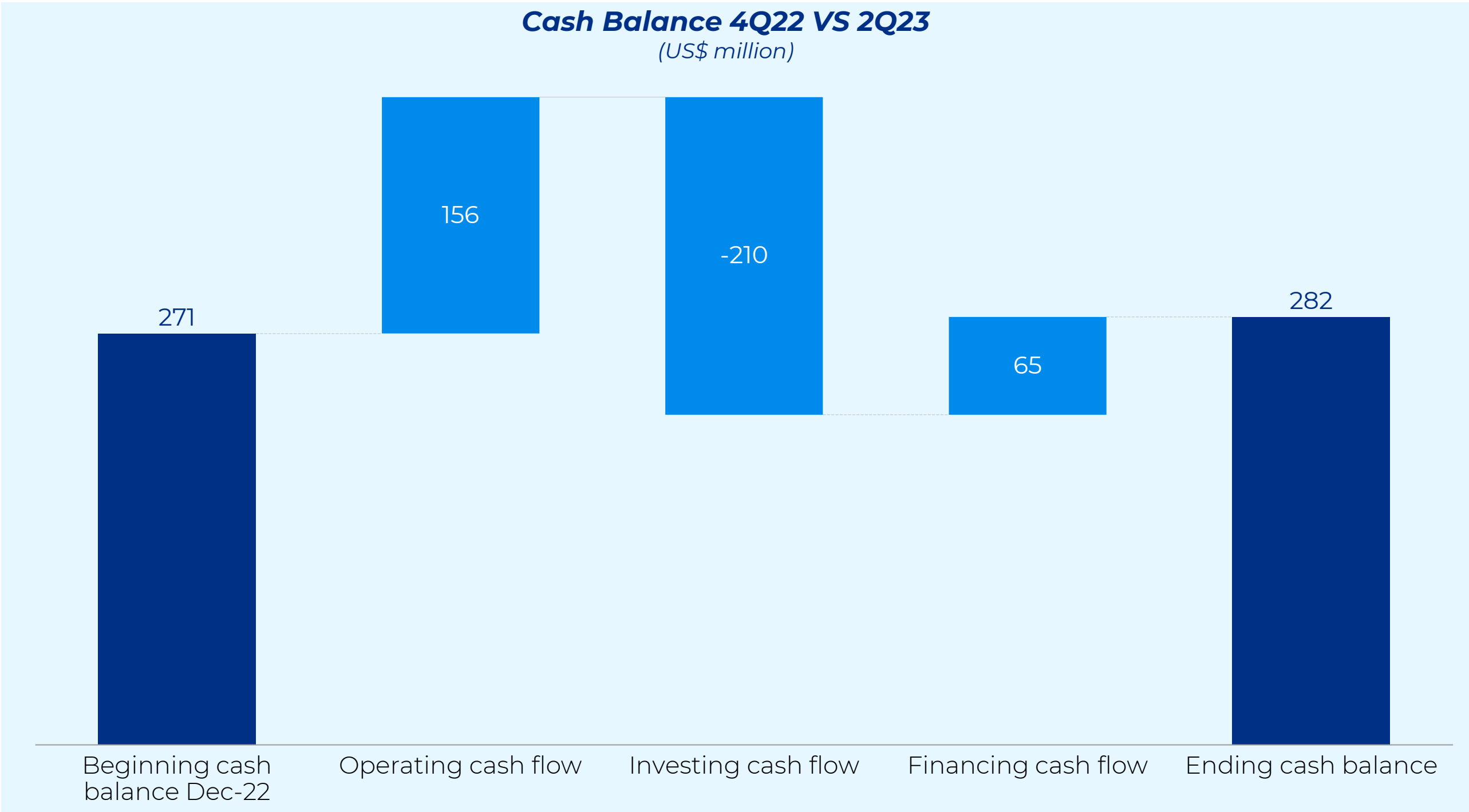
Contribution by segment in 2Q23



Contribution by segment in 2Q23



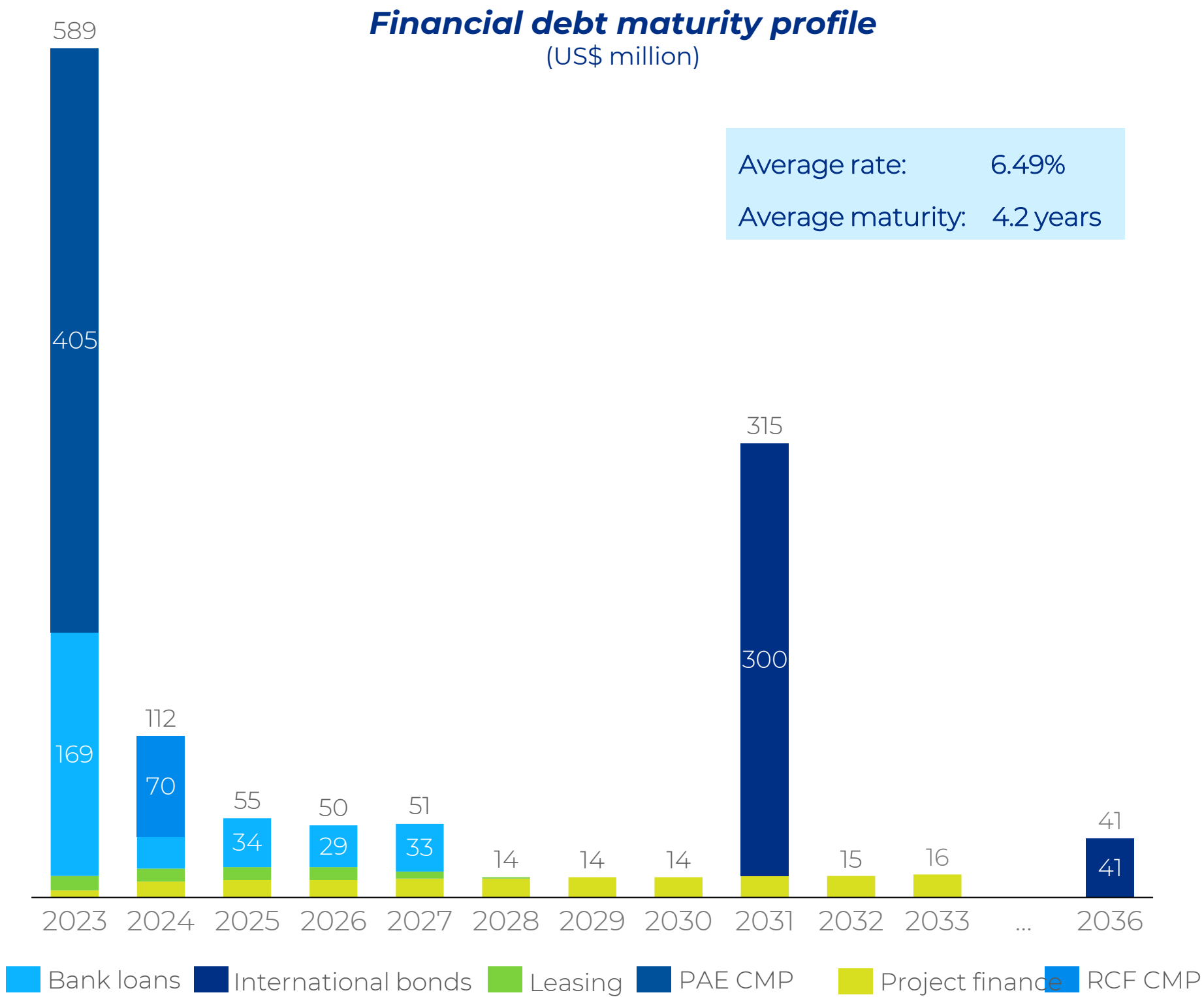
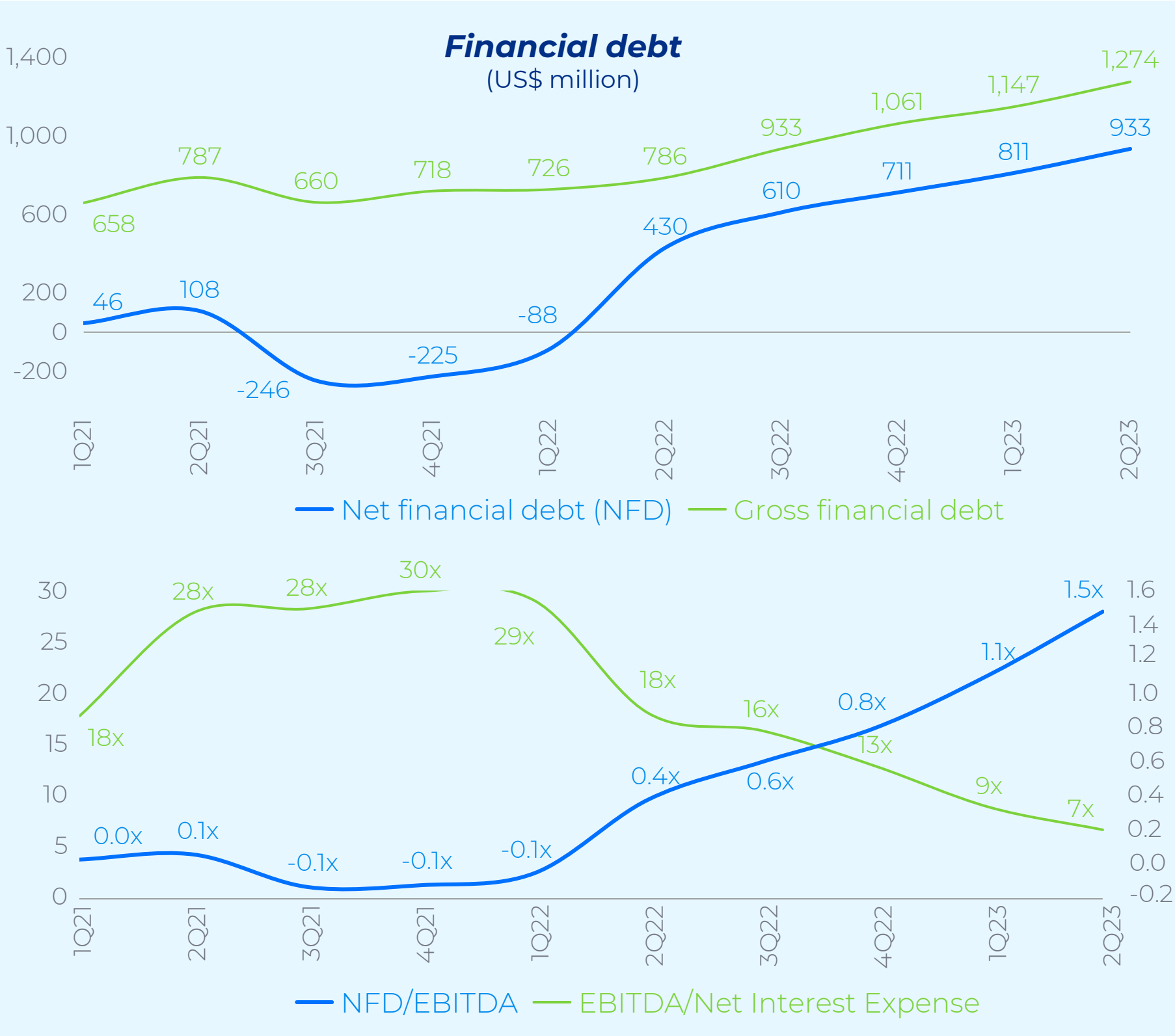
CAP Group cash generation



- Sales of USD 1.759 million
- Tax payment of US\$ 135 million
- Investing activities, mainly explained by CMP Capex (US\$ 190 million)
- Financing cash flow positively impacted from new CMP debt (US\$ 213 million)
- Dividend payment of US\$ 87 million

4. Financial results

Financial debt and covenants

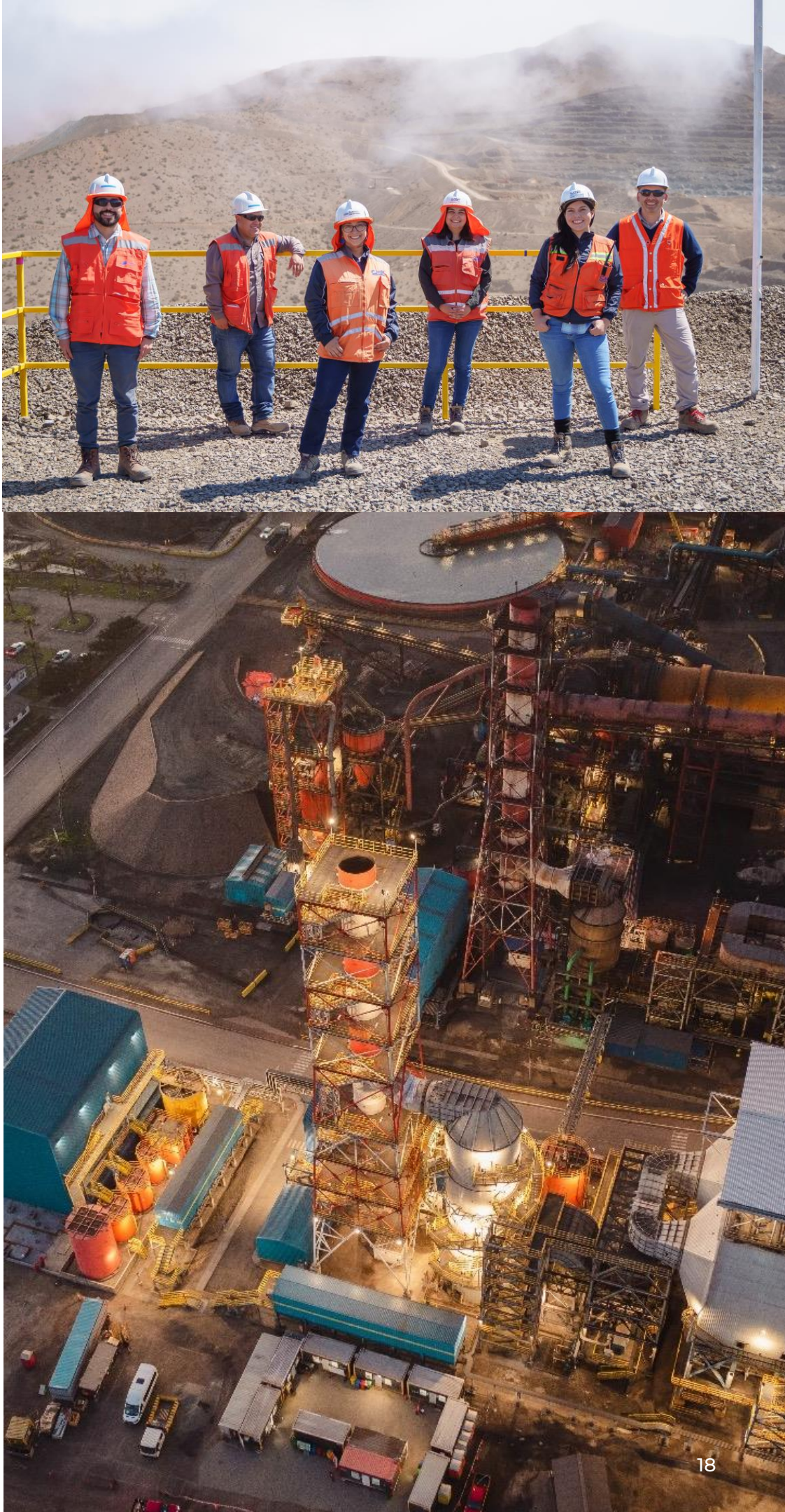
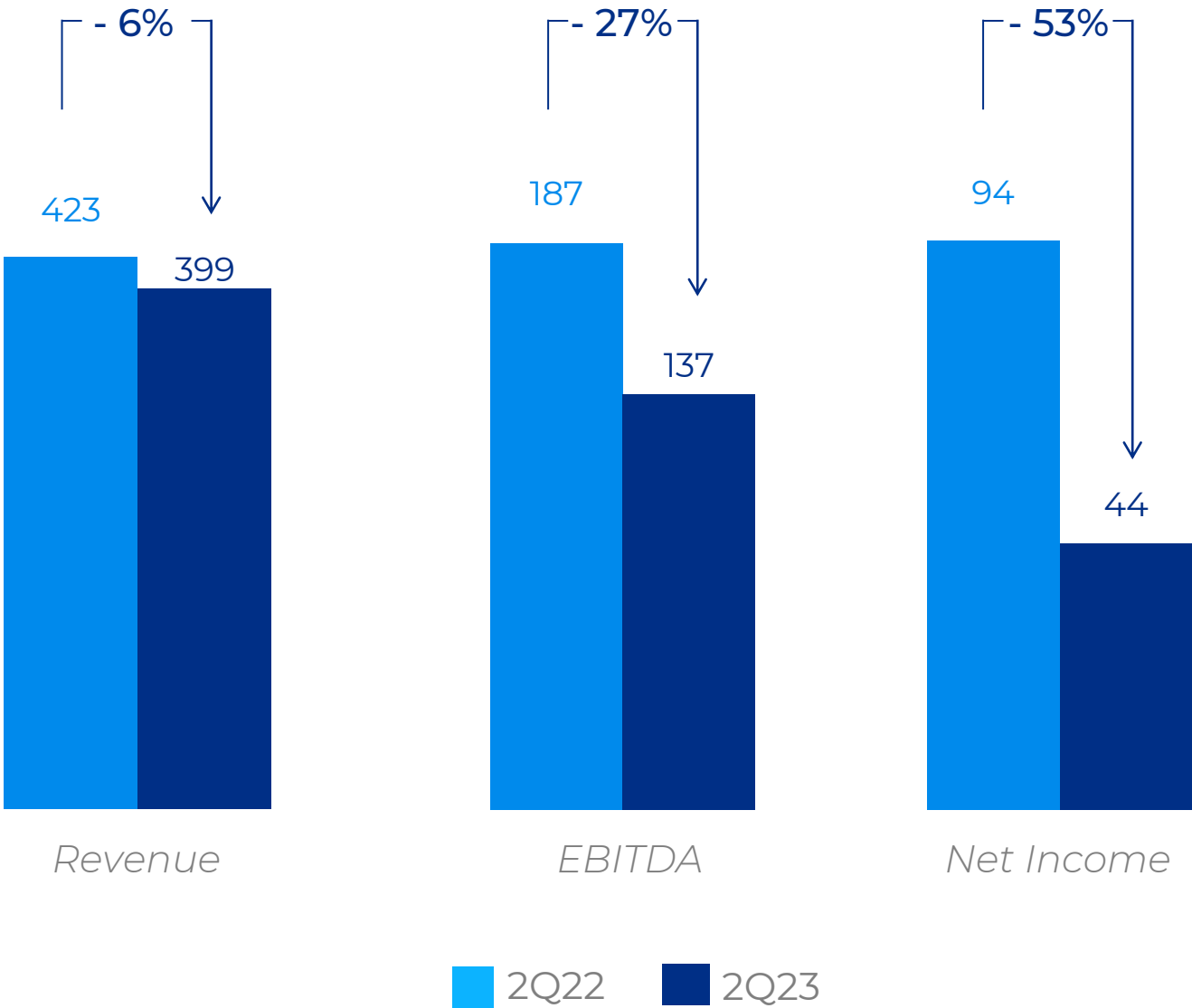


4. Financial results

Mining business

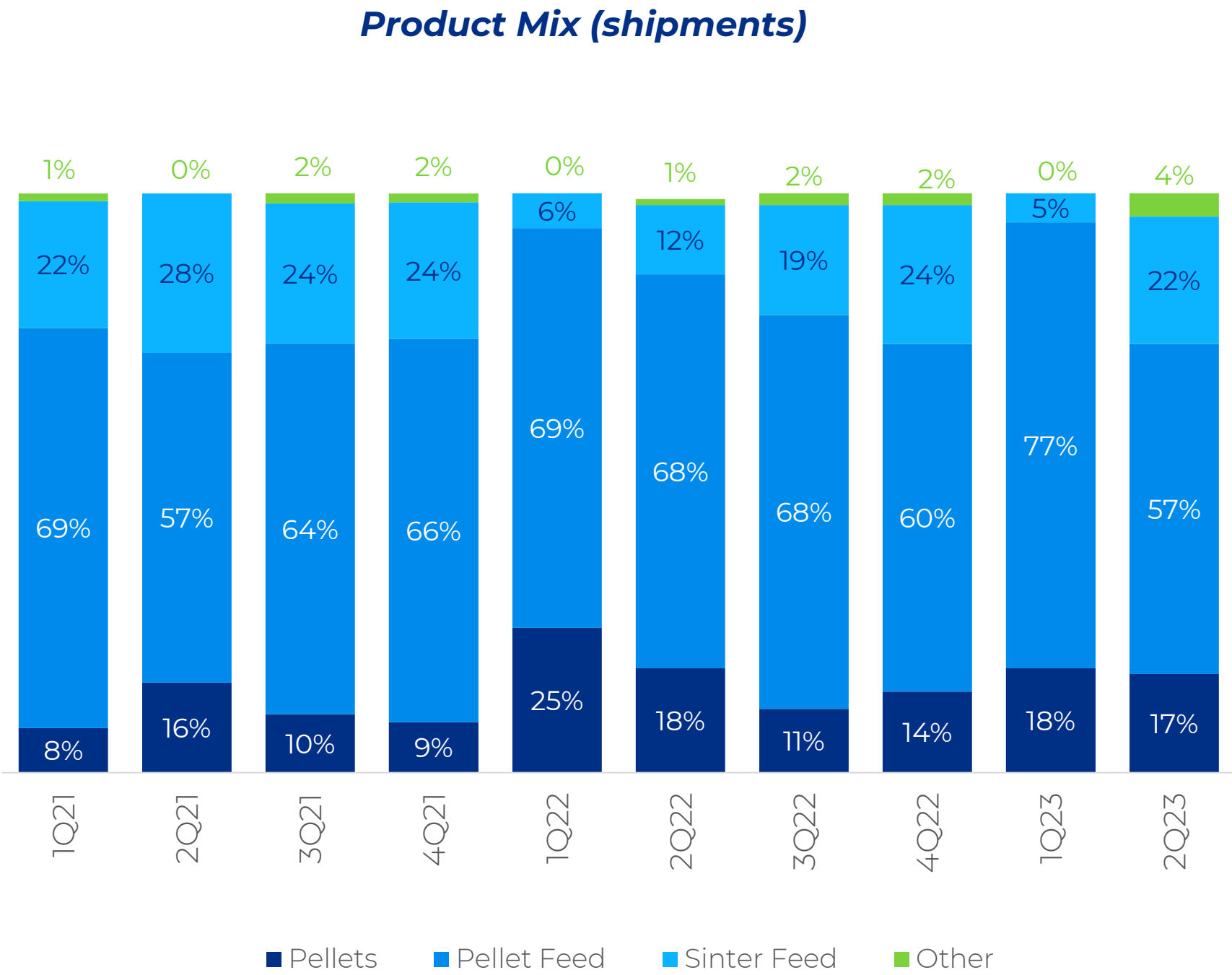
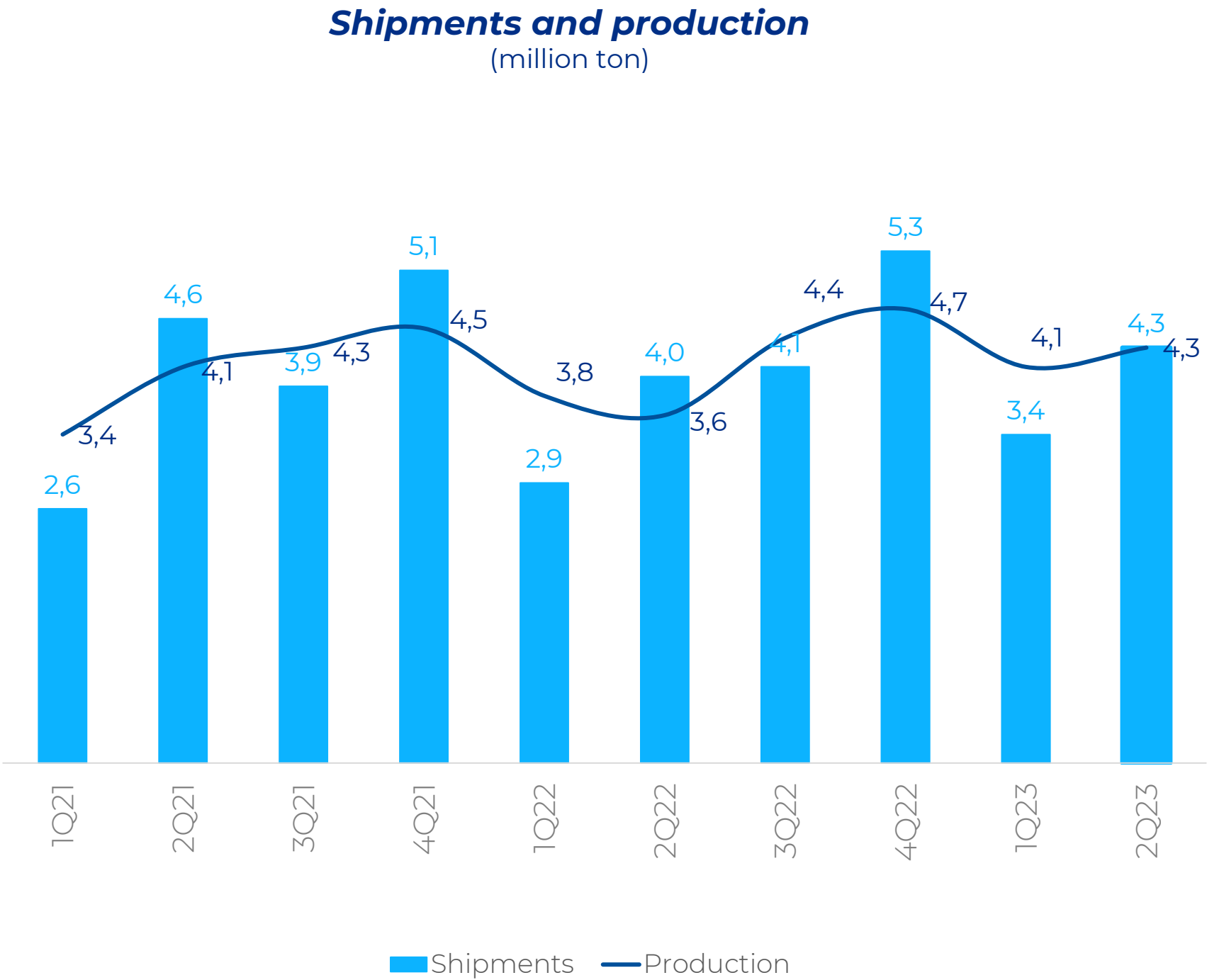
Compañía Minera del Pacífico is the leading iron ore and pellets producer on the American Pacific coast ,with operations in Chile’s Atacama and Coquimbo regions.

- 8% higher shipments, from 4.0 million tons in 2Q22 to 4.3 million tons in 2Q23
- 20% increase in production, from 3.6 million ton in 2Q22 to 4.3 million tons in 2Q23
- 13% decrease in realized prices, from US\$105 per ton in 2Q22 to US\$92 per ton in 2Q23



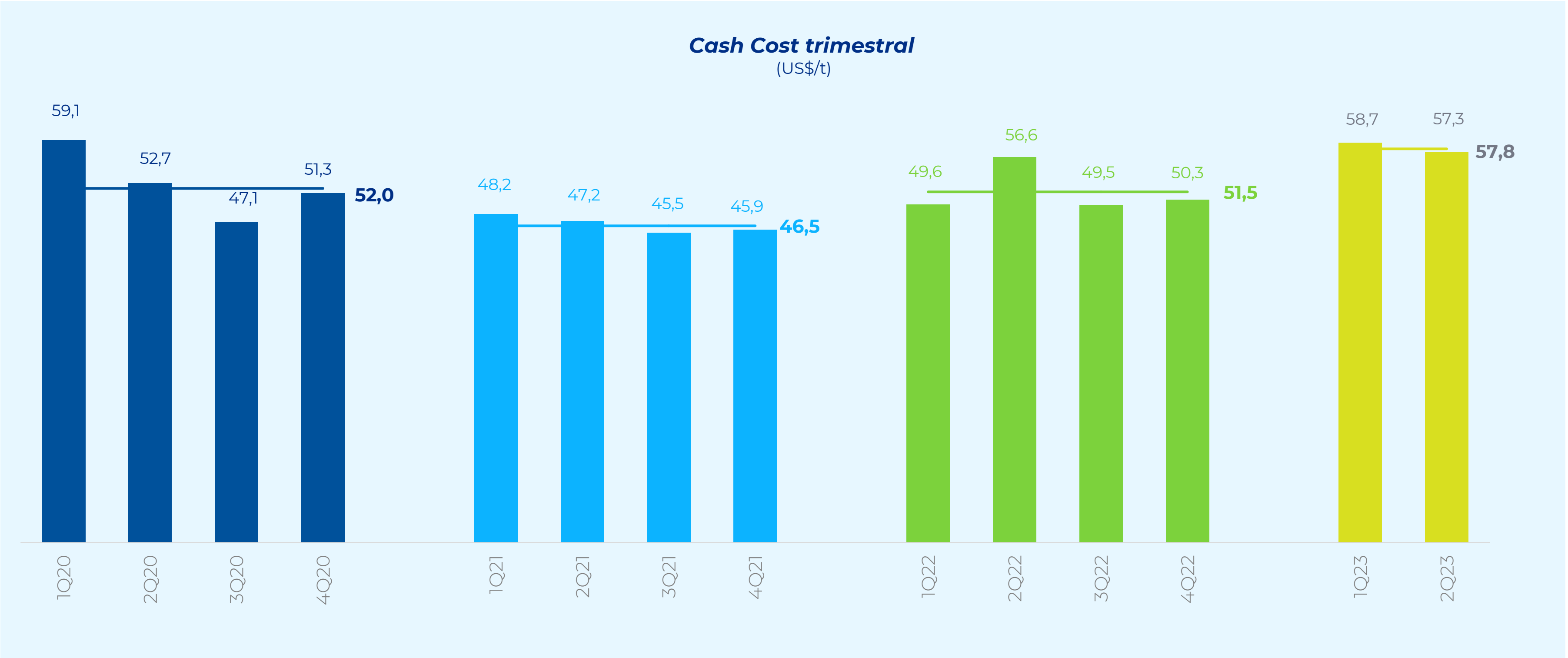
4. Financial results – Mining Business

Stable iron ore volumes and flexible product mix



4. Financial results – Mining Business

CMP cash cost¹



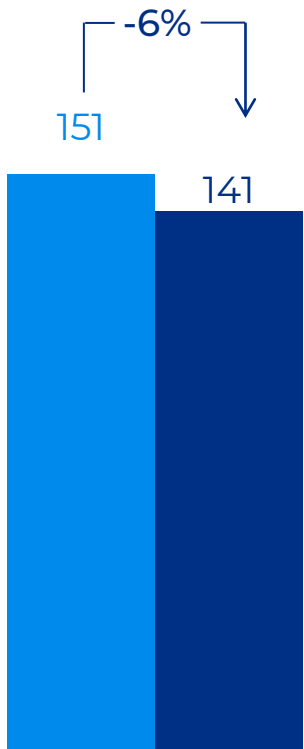
¹ Calculated as cost of sales not including depreciation and amortization, based on tons shipped

4. Financial results

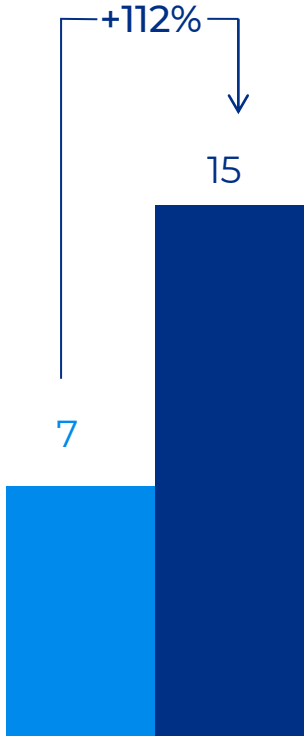
Steel processing business

With presence in Chile, Peru and Argentina, the processing business is composed by the following companies: Cintac, Promet, Calaminon, Tupemesa, Agrow and Tubos Argentinos (TASA).

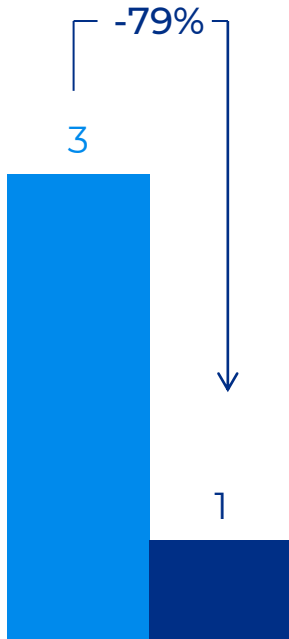
- **7% of lower volumes**, from 76 thousand metric tons in 2Q22 to 71 thousand metric tons in 2Q23
- **3% lower prices for steel products**, from US\$1,445 per ton in 2Q22 to US\$1,405 per ton in 2Q23



Revenue



EBITDA



Net Income

■ 2Q22 ■ 2Q23

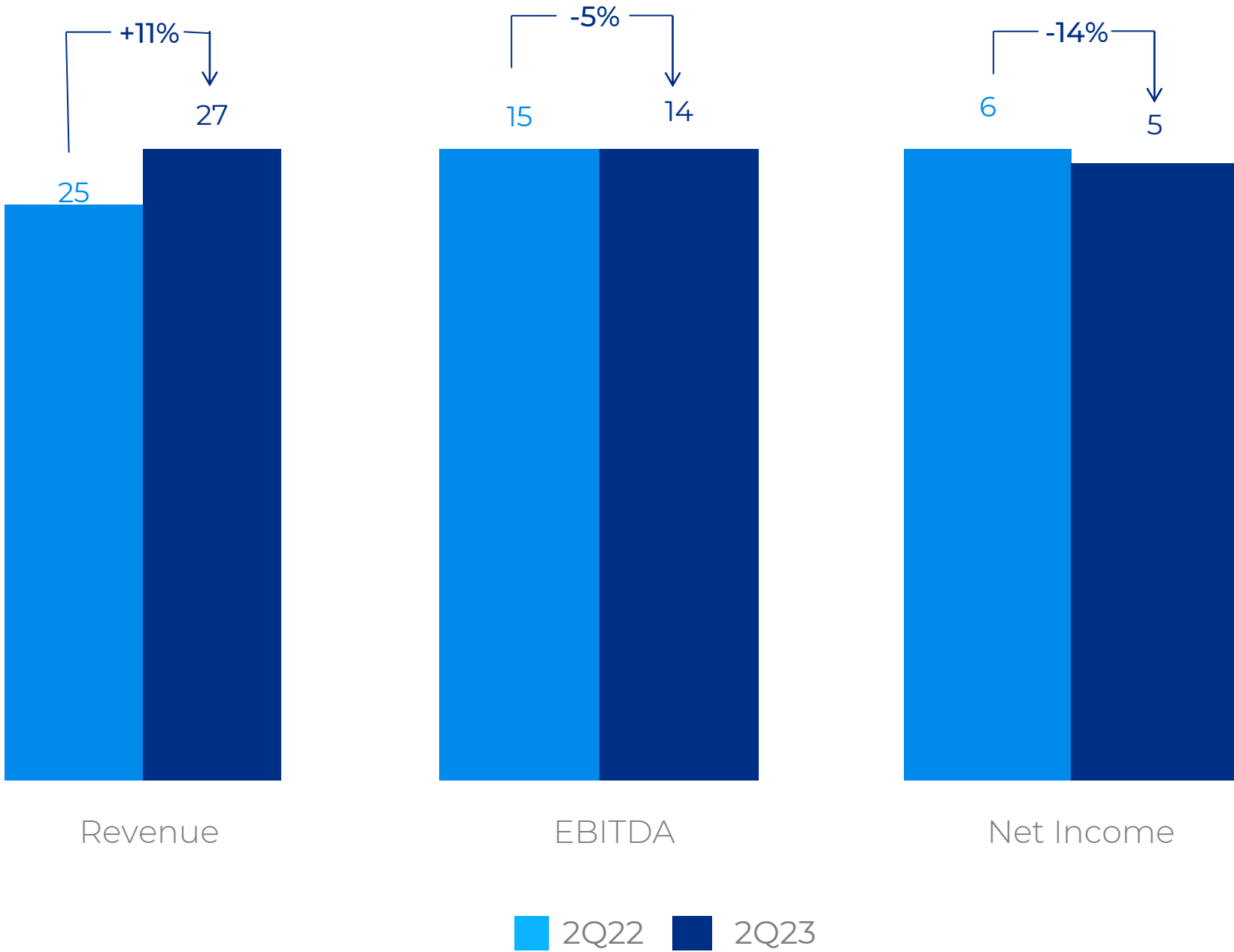


4. Financial results

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.

- **Port:** Puerto Las Losas
- **Water:** Cleanairtech in 2Q23
- **Energy:** Tecnocap power transmission line

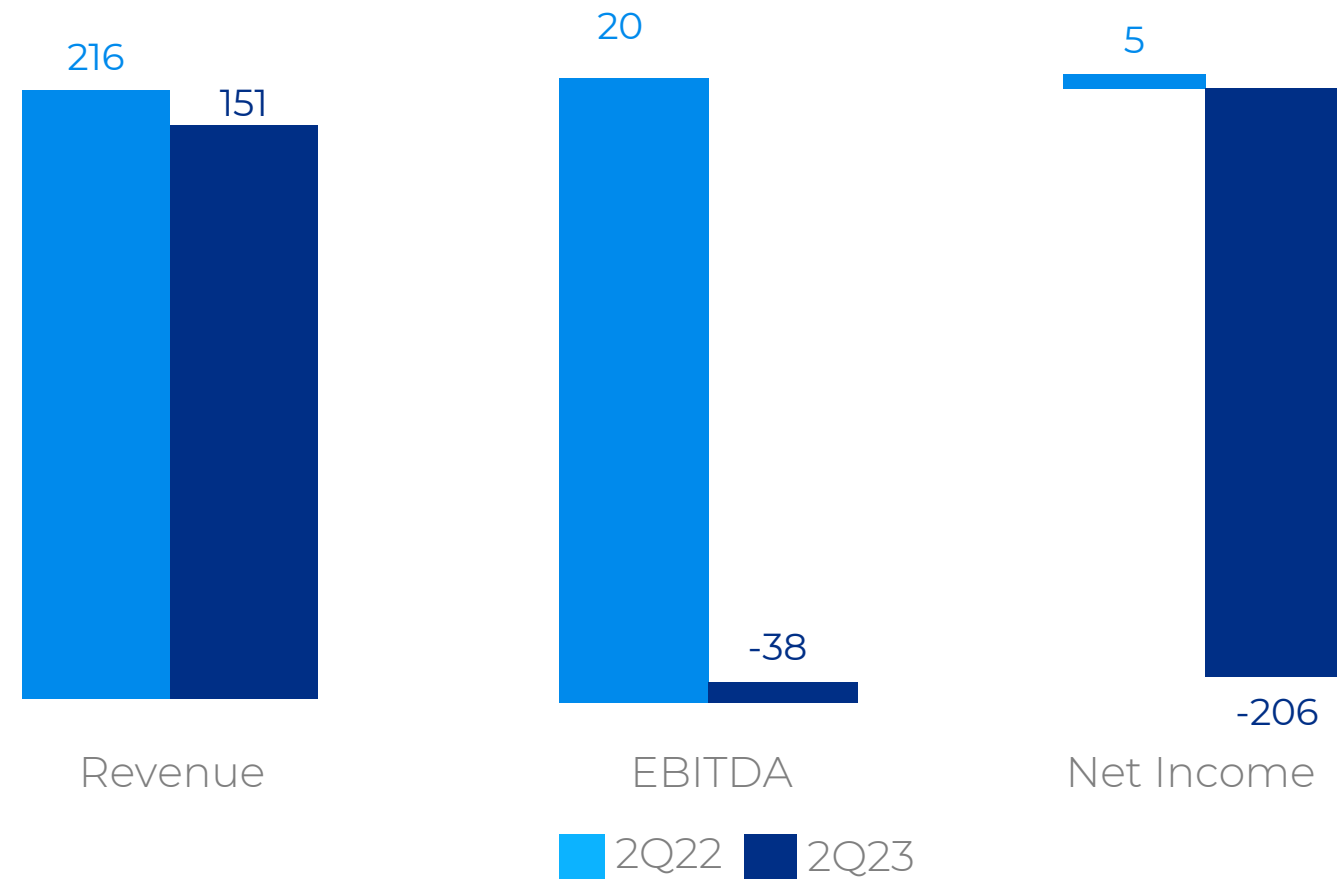


4. Financial results

Steel production business

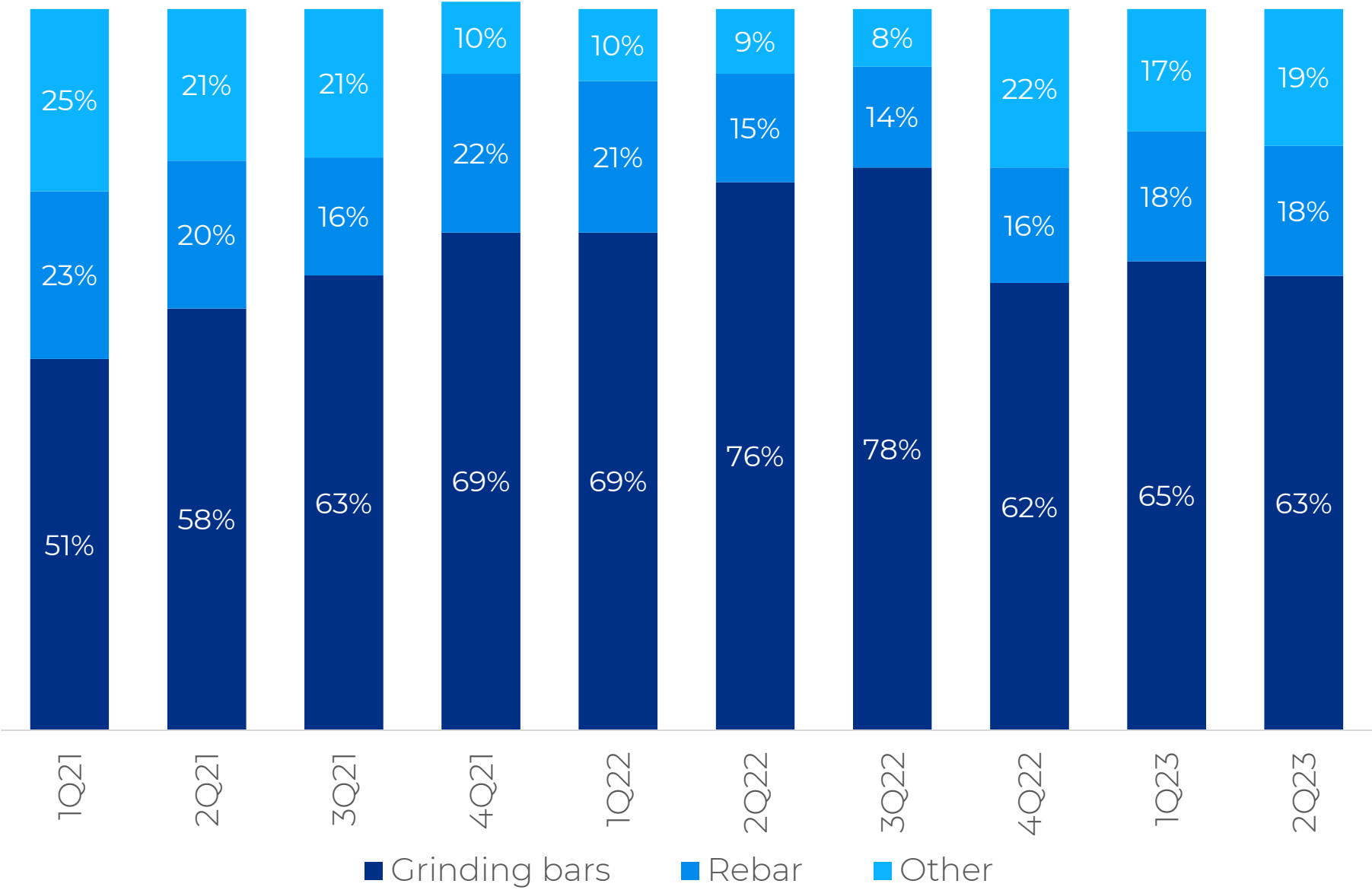
Compañía Siderúrgica Huachipato is the leading steel producer in Chile

- Shipments decreased 4%, from 180 kt in 2Q22 to 173 kt in 2Q23
- 29% decrease in realized prices, from US\$1,159 per ton in 2Q22 to US\$824 per ton in 2Q23
- Impairment provision of US\$ 149 million impacted the Property, plant, and equipment account, decreasing from US\$ 488 million in Dec, 2022 to US\$ 347 million in June 2023

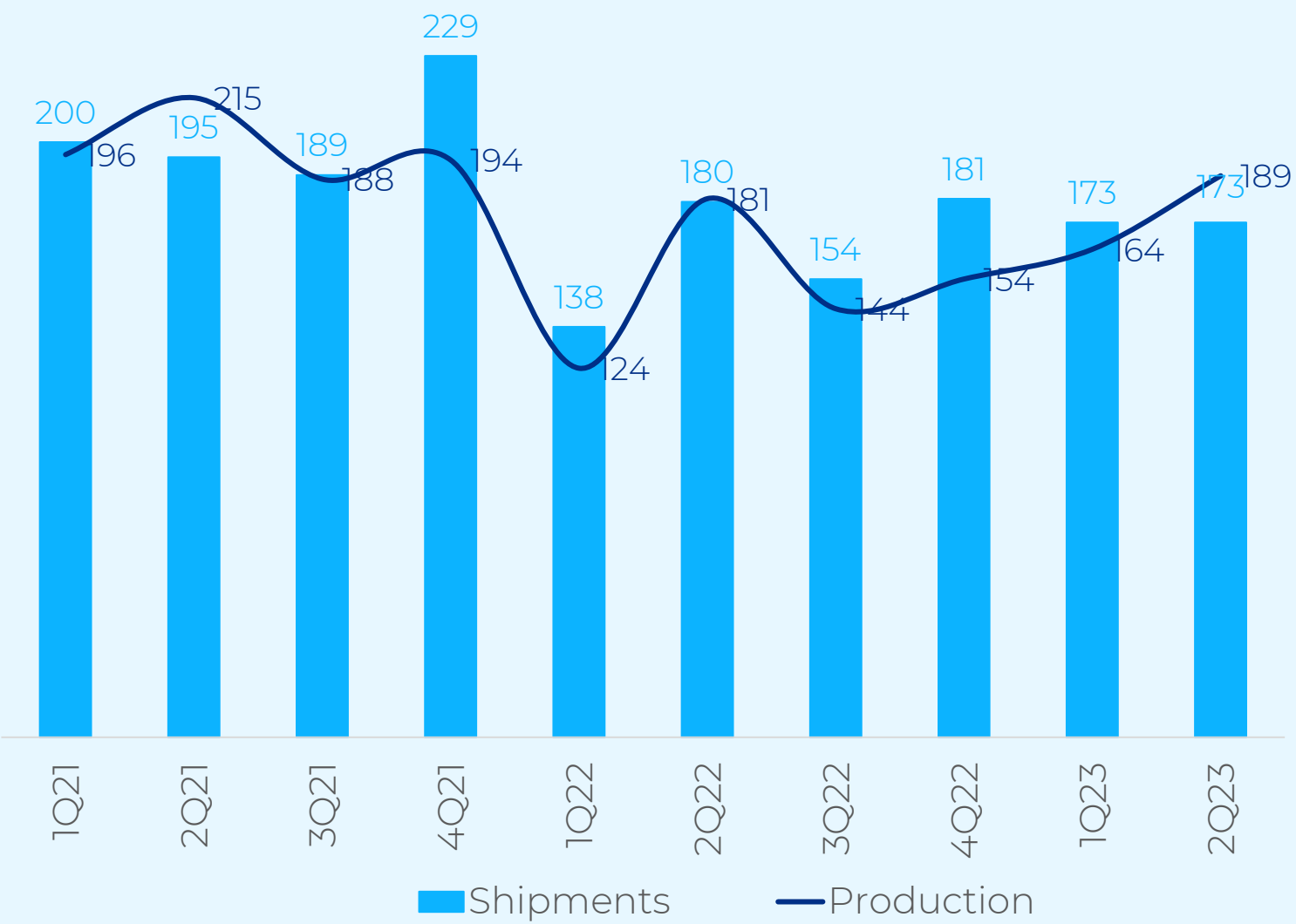


Steel volumes and product mix

CSH Product Mix

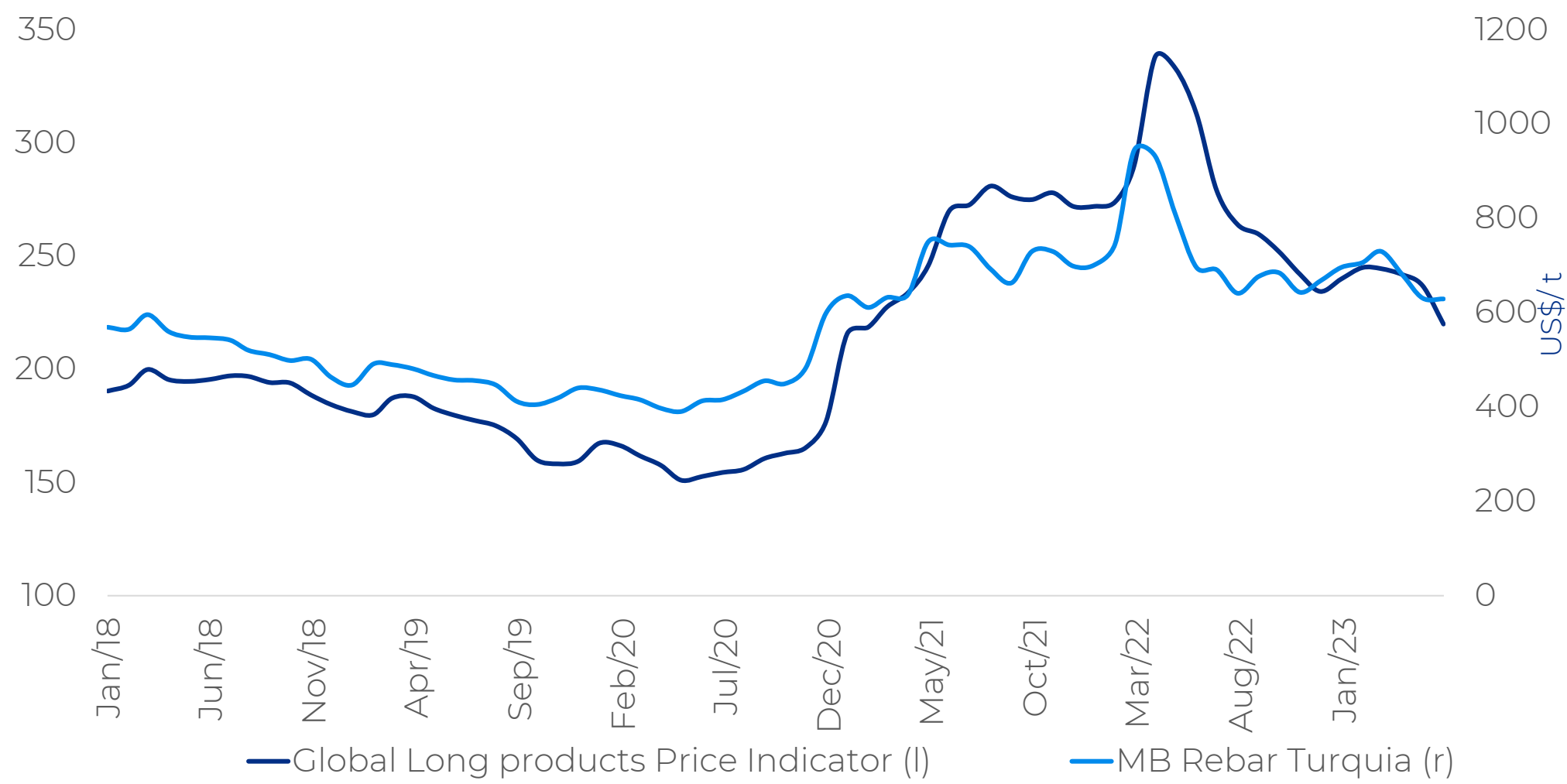


Shipments and production
(thousand tons)



4. Financial results – Steel Business

Significant drop in steel prices



Steel price indicator for long steel products fell 29% compared to 2Q22 and the benchmark indicator for construction rebar fell 20%.





5. Huachipato Sostenible

Strategy for a sustainable Huachipato

To ensure Huachipato's sustainability, we developed a strategy based on two main pillars :

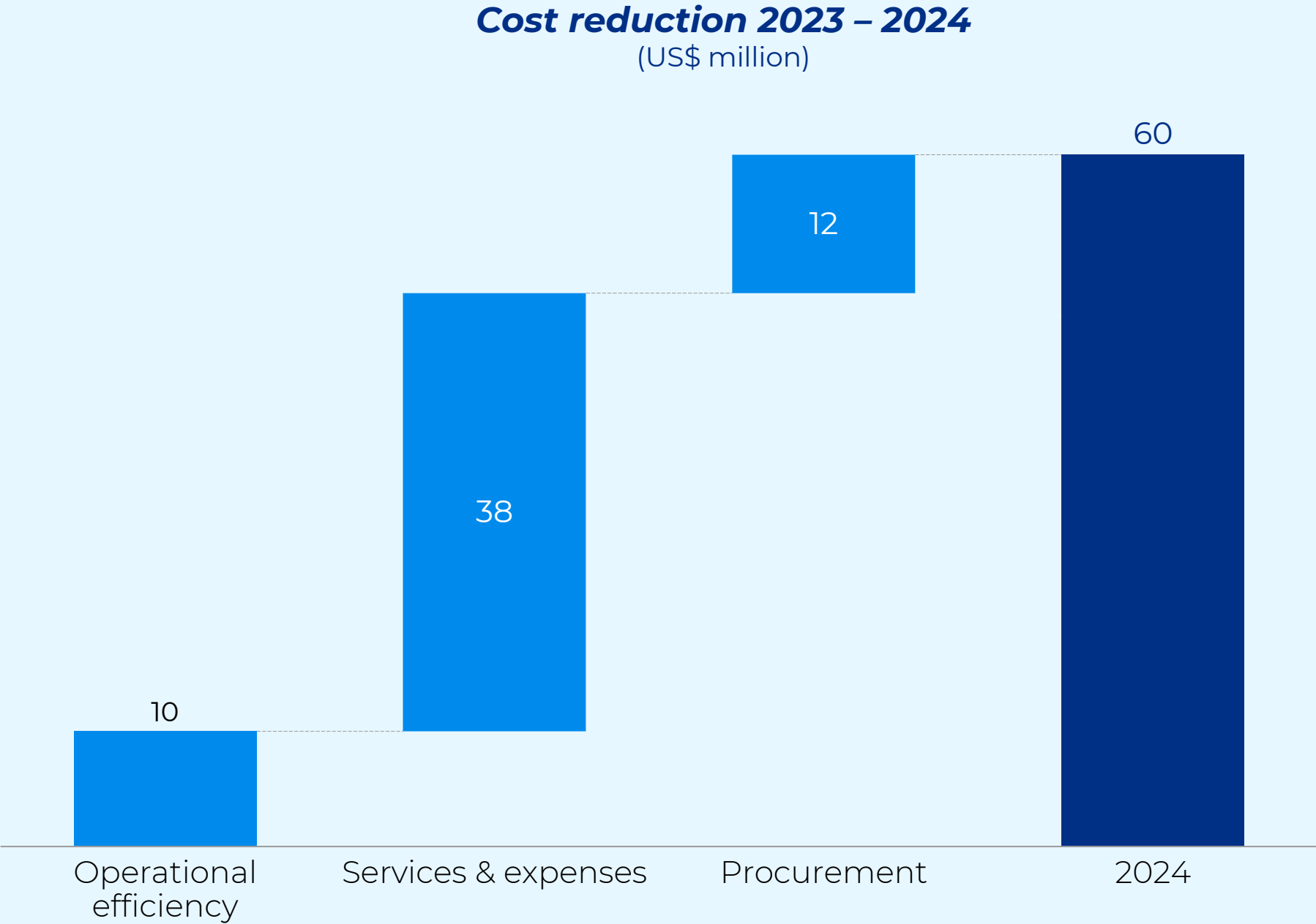
I. Contingency plan:

- Objective: reduce costs.
- Goal: achieve US\$ 60 million in cost savings by 2024

II. Value proposition:

- Objective: de-commoditize Huachipato's steel products
- Focused to meet specific mining industry needs

Contingency and cost reduction plan

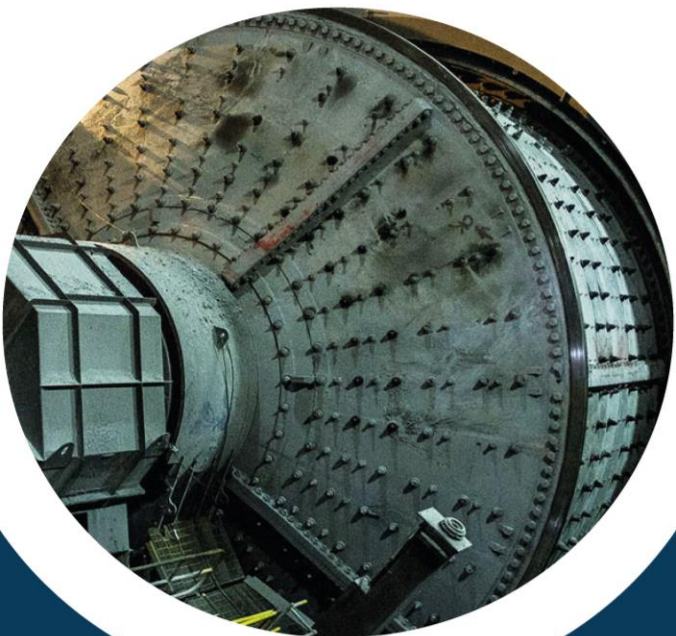


Strategy for sustainable Huachipato



Higher quality and more durable products to reduce steel consumption in the grinding process

Our **service ensures local availability**, improve performance for our clients' processes and ensure carbon footprint traceability



Our circular economy model and durability **reduce** the mining consumption of fresh steel and contributes to scope 3 **carbon footprint** reduction



6. Way forward



Way forward

- Continue with our strategy implementation
 - Huachipato Sostenible
 - Progress on sustainability
-

CAP S.A.

2023 Second Quarter Results Presentation