



# CORPORATE PRESENTATION

*March 2023*

# EMPRESAS COPEC AT A GLANCE



Chilean industrial group focused in natural resources and energy

Business Units

## FORESTRY

- Second largest global market pulp producer
- Second largest global wood panels producer
- Largest sawn timber producer in LatAm

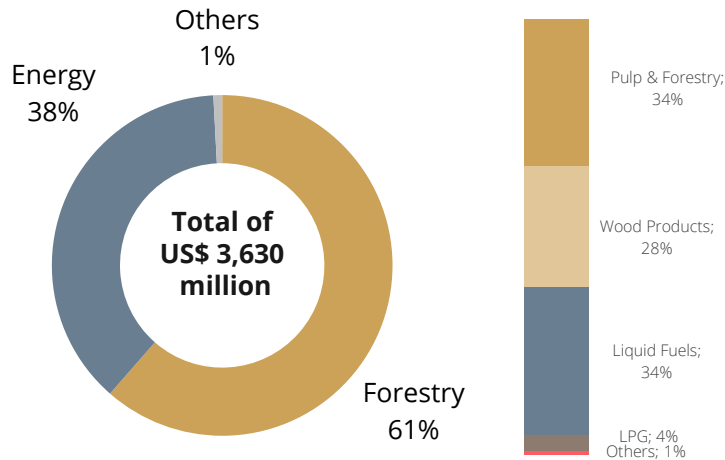
## ENERGY

- Main distributor of liquid fuels in Chile and Colombia
- Largest distributor of liquefied gas in Chile, Colombia, Peru and Ecuador
- Stake in the largest natural gas distributor in Chile

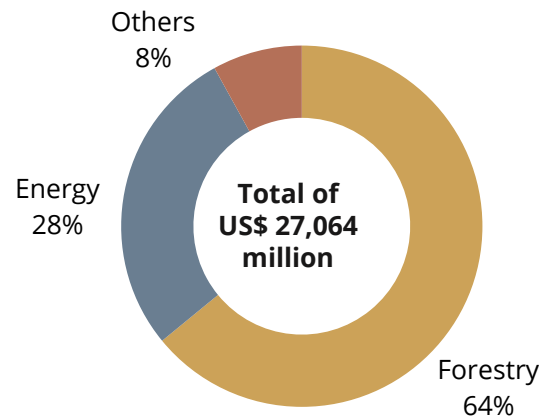
## OTHERS

- Participates in metal mining
- Relevant operations in the fishing industry

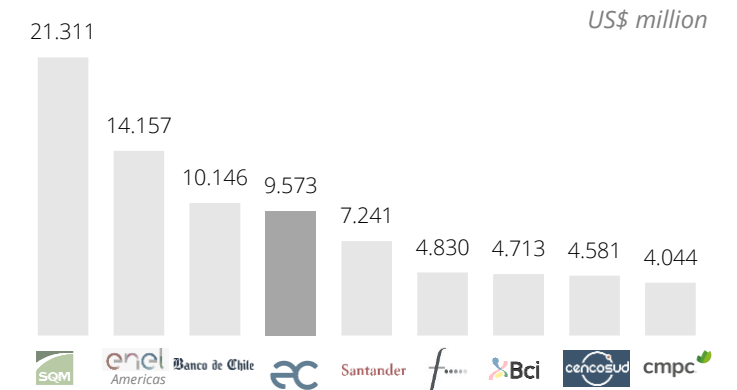
Consolidated EBITDA



Consolidated Assets



Market capitalization of Chilean companies<sup>(\*)</sup>



Member of the most relevant global indexes in sustainability

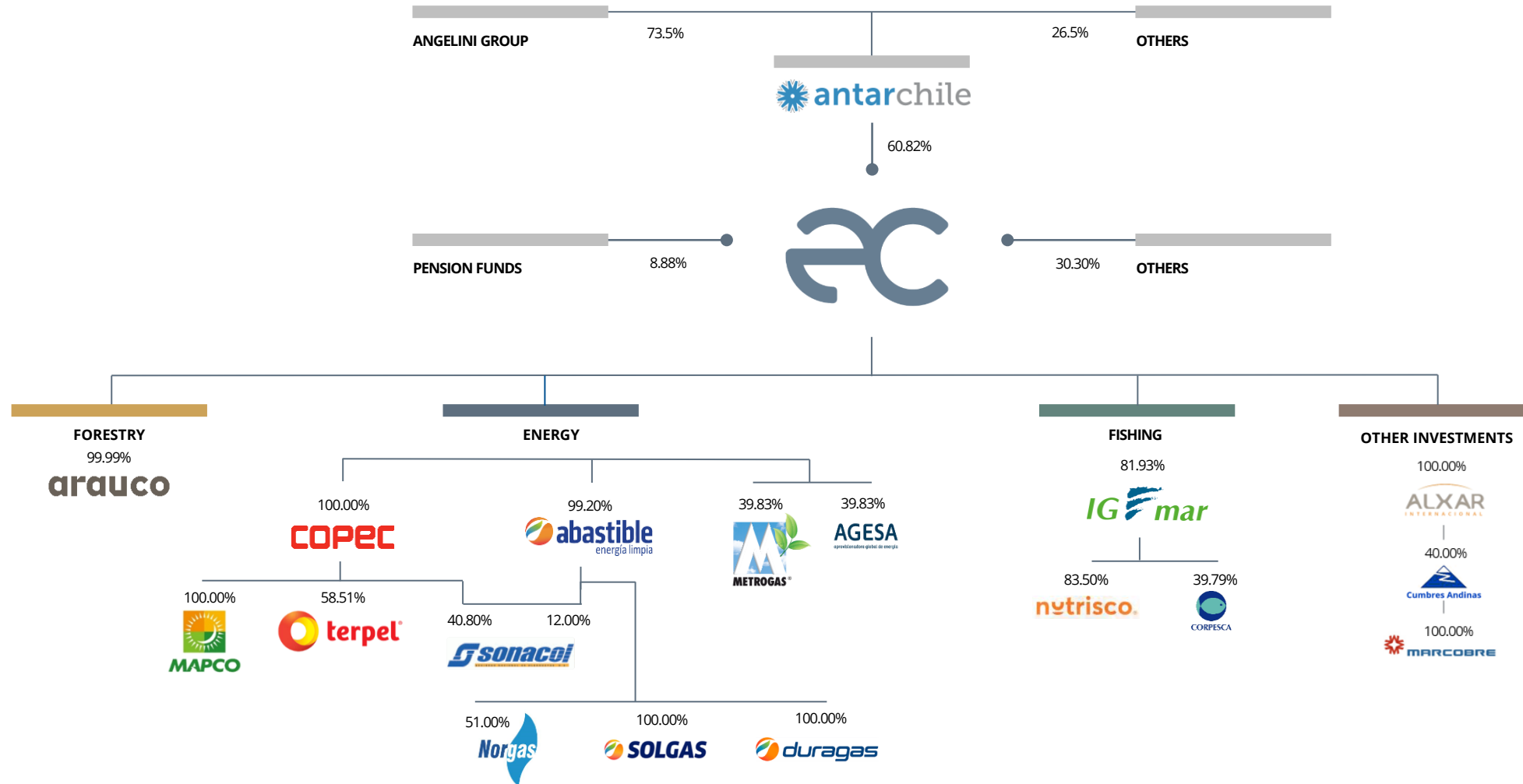
Dow Jones Sustainability Indices  
In Collaboration with RobecoSAM



# EMPRESAS COPEC AT A GLANCE



Flagship companies in energy and natural resources



As of September 2022

Nine decades delivering value to stakeholders

## 1934 Incorporation



## 1950-1960 Expansion in energy

- Abastible
- Sonacol
- Lubricants

## 1970-1980 Diversification

- Forestry
- Mining
- Power distribution
- Fishing

## 1986 Entry of Angelini group

- Financial restructuring
- Strategic Development Plan

## 1986-2000 Investments and growth

- Alto Paraná
- Arauco II
- Licancel
- Metrogas

## 2000-2005 Consolidation and strategic focus

- Angelini assumes control of the Company
- Divestiture of shares in non-core businesses
- Focus in energy, forestry and fishing

## 2003 Corporate restructuring

Creation of Empresas Copec



## 2005-2010 A world scale player

Arauco becomes the second largest market pulp producer in the world and the third main panel producer

## 2010-2021 Internationalization in core segments

- Expansion of liquid fuels to Colombia, Panama, Dominican Republic, Ecuador, Peru and the US
- Montes del Plata pulp mill in Uruguay<sup>(1)</sup>
- Growth of the panel business in Brazil, Mexico, US and Europe
- Expansion of LG business to Colombia, Peru and Ecuador
- Consolidation of the lubricant business throughout Latam
- Mina Justa world class project in copper mining in Peru

Source: Empresas Copec

(1) Arauco participates in a *joint venture* with Stora Enso (50% participation each)

## COMPETITIVE ADVANTAGES

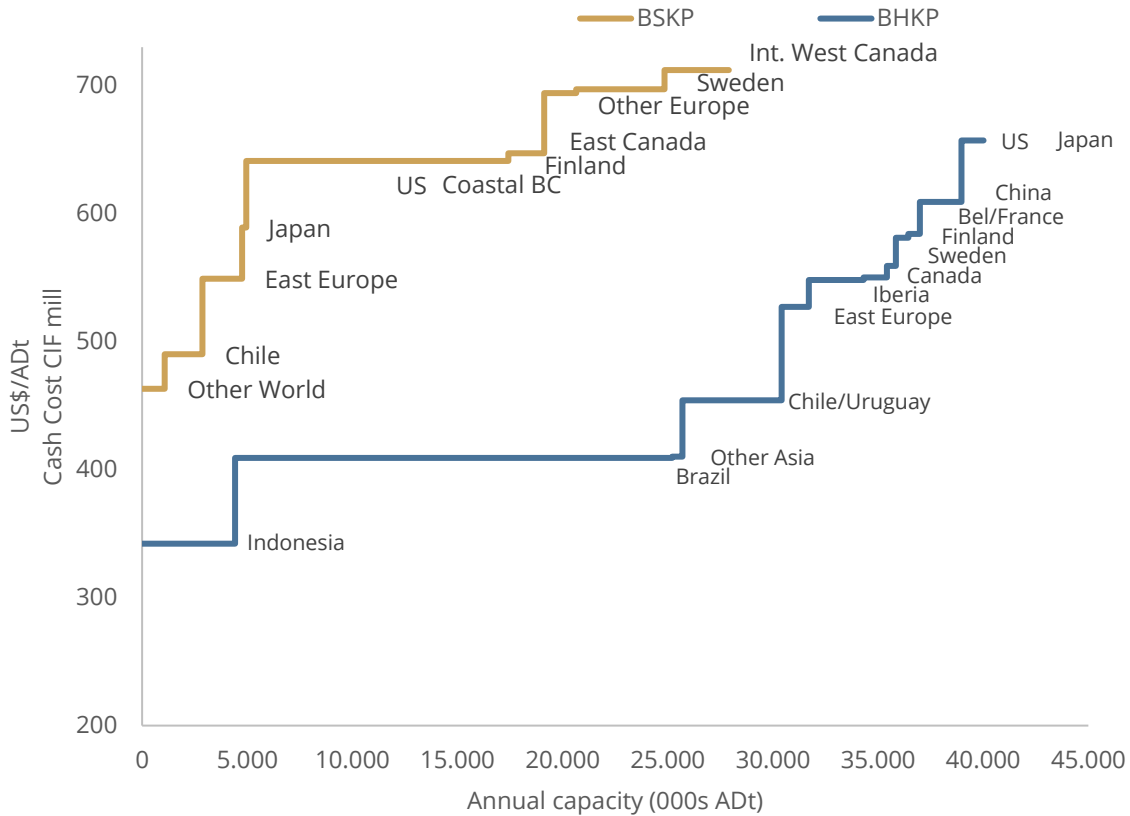


# COMPETITIVE ADVANTAGES



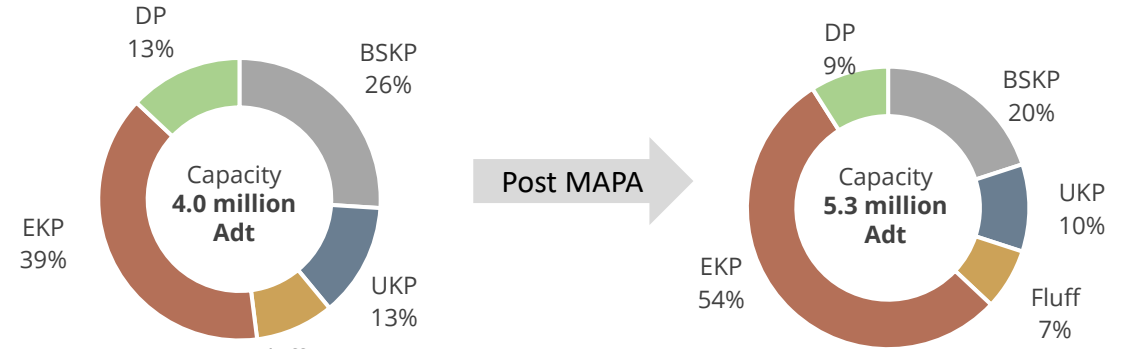
Arauco has a well-balanced exposure to different fibers and is among the most efficient producers in the world

## LOW PULP CASH COST

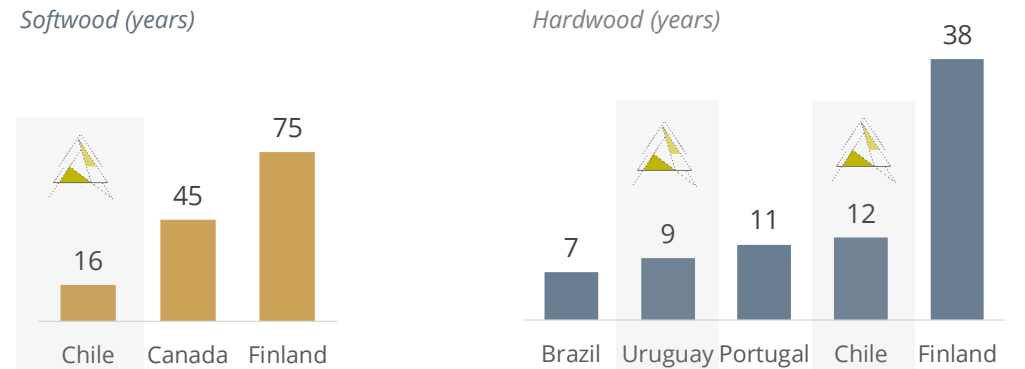


Hawkins Wright, as of December 2022

## EXPOSURE TO DIFFERENT FIBERS



## SHORT HARVESTING CYCLE



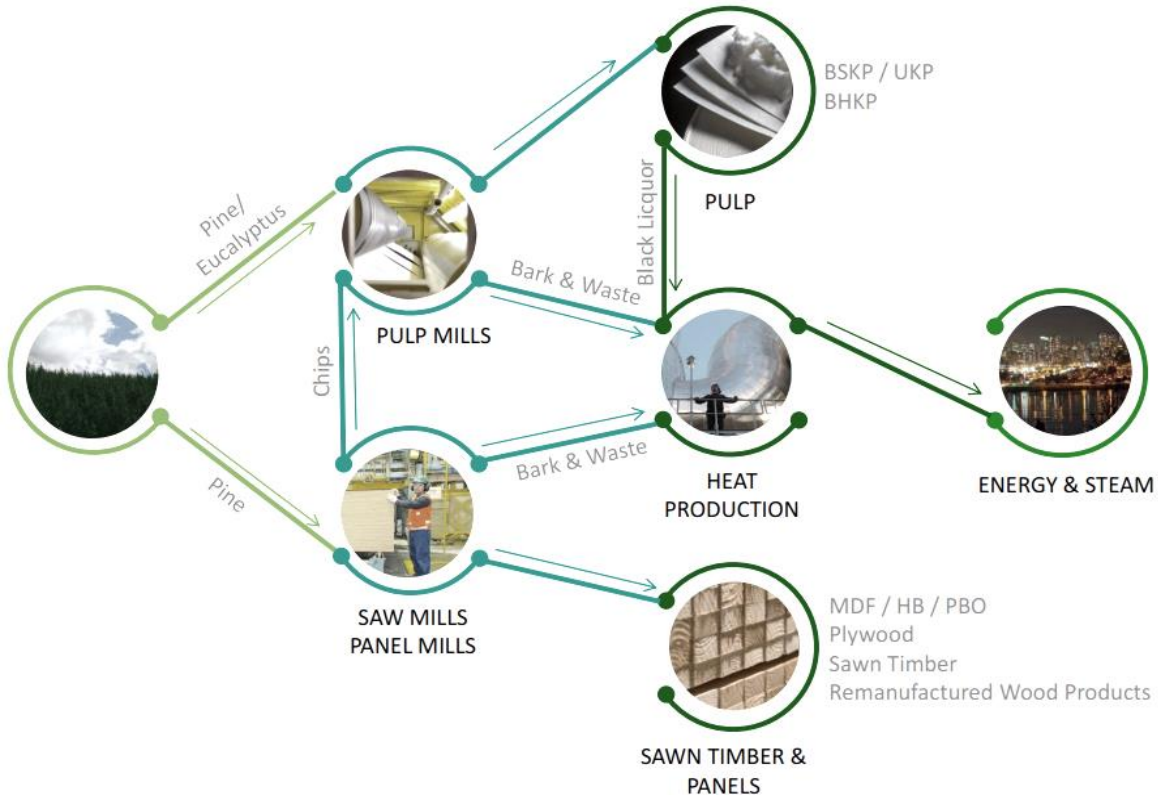
Source: Empresas Copec

# COMPETITIVE ADVANTAGES



Arauco has an integrated production system and strong logistical efficiencies

## MAXIMIZING THE VALUE OF EVERY TREE



## EFFICIENT LOGISTICS BETWEEN FORESTS → MILLS → PORTS



(1) Considers only export sales volumes, as of December 2021.  
 (2) Considers Arauco's Line 3 new capacity and Line 1 shutdown

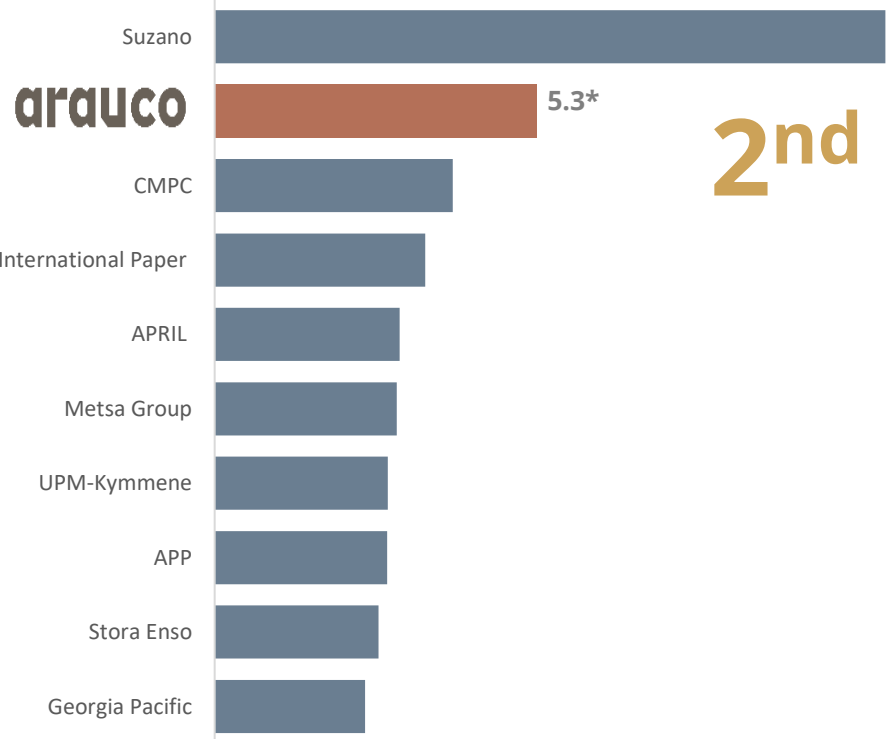
# COMPETITIVE ADVANTAGES



Arauco is a world scale player in pulp and panel industries

MARKET PULP INSTALLED CAPACITY\*\*

Million tons

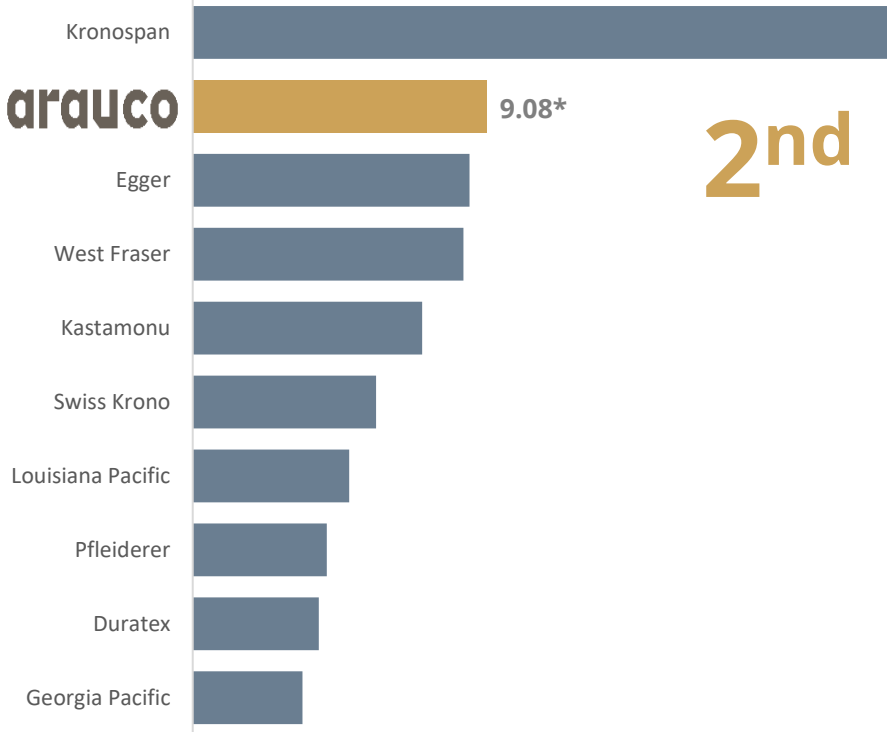


\* Includes MAPA.

\*\* December 2022

WORLD PANEL INSTALLED CAPACITY\*\*

Million m<sup>3</sup>



\* Includes plywood

\*\* December 2022



# COMPETITIVE ADVANTAGES



Copec's scale, efficiency and customer preference position the company as a leader for the long run

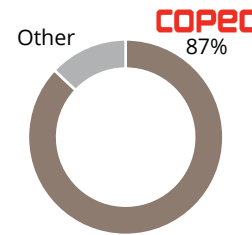
## LARGE SCALE, COVERAGE AND SYNERGIES

- More than 3,340 gas stations\*
- Distribution of 25.1 million m<sup>3</sup> of liquid fuels\*\*
- Import facilities
- Storage plants
- Industrial clients
- Convenience stores
- Lubricants

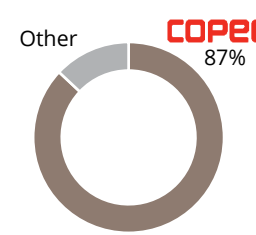


## STRONG BRAND RECOGNITION

### Favorite Brand

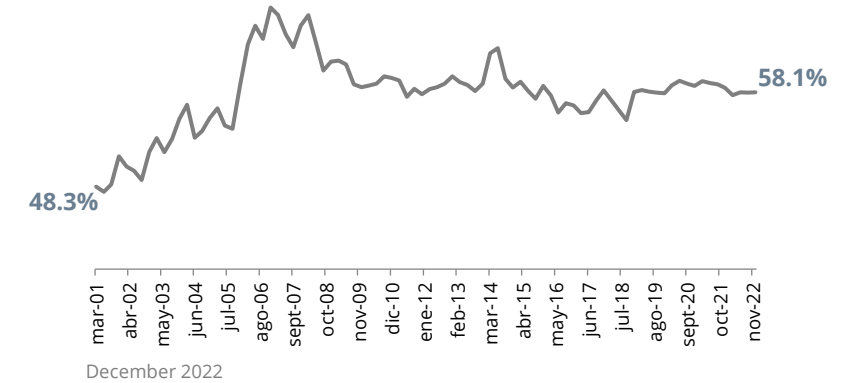


### Usual Brand

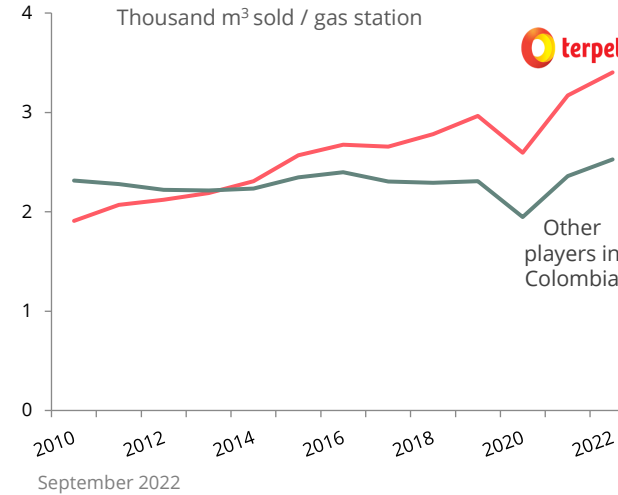
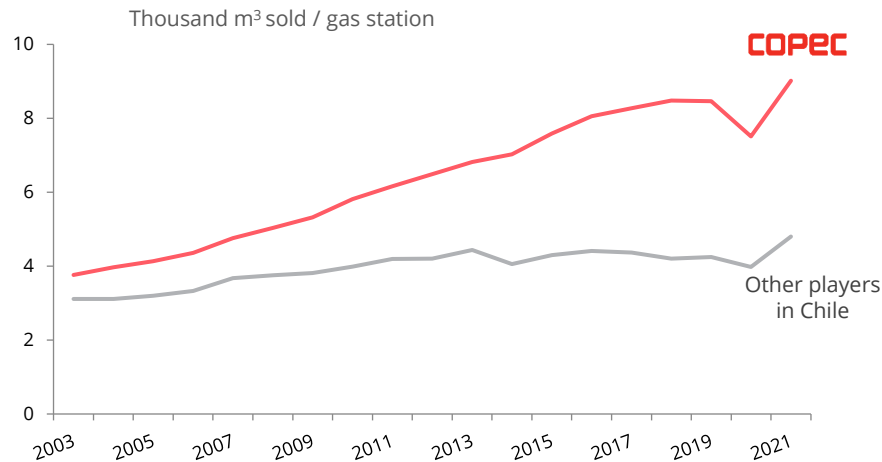


## MARKET SHARE EVOLUTION

Copec Liquid Fuels, Chile

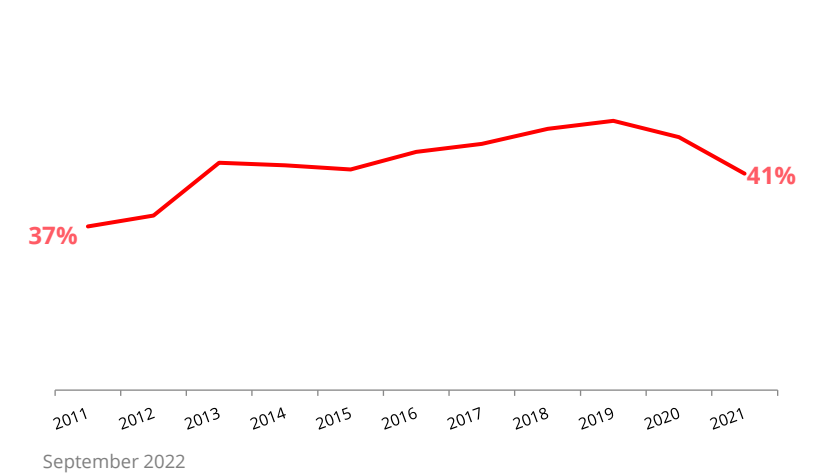


## LOGISTIC EFFICIENCY



## MARKET SHARE EVOLUTION

Terpel Liquid Fuels, Colombia



\* Copec Chile + Terpel + Mapco

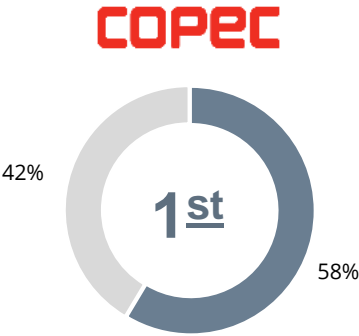
\*\* Copec Chile+ Terpel+ Mapco. Figures as of September 2022 (L12M).

# COMPETITIVE ADVANTAGES

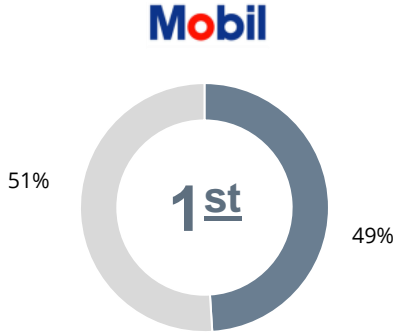


Leadership in different geographies allows capturing economies of scale

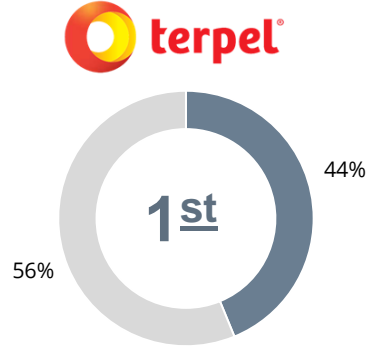
FUELS DISTRIBUTION CHILE



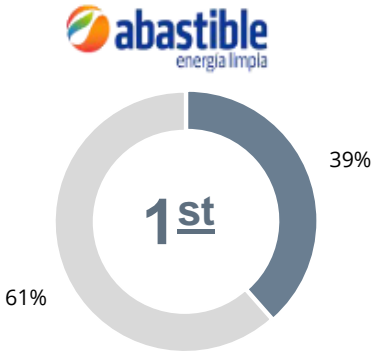
LUBRICANTS DISTRIBUTION CHILE



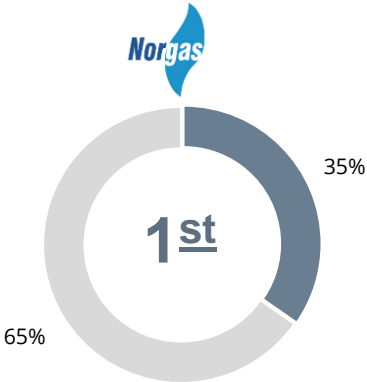
FUELS DISTRIBUTION COLOMBIA



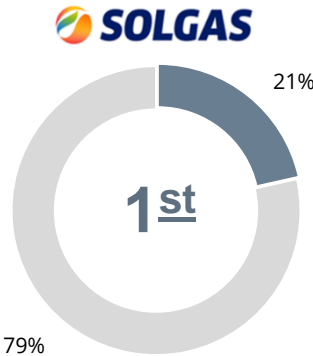
LG DISTRIBUTION CHILE



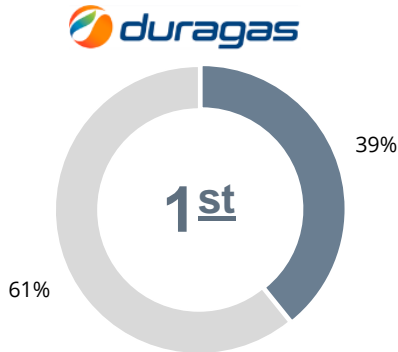
LG DISTRIBUTION COLOMBIA



LG DISTRIBUTION PERU



LG DISTRIBUTION ECUADOR



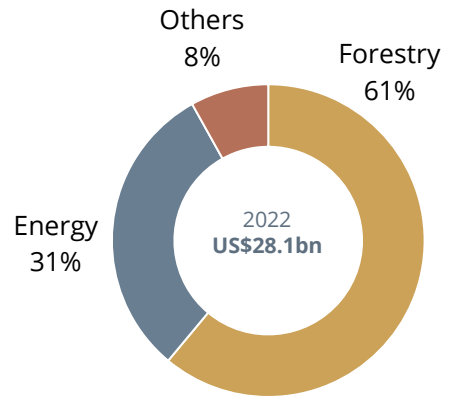
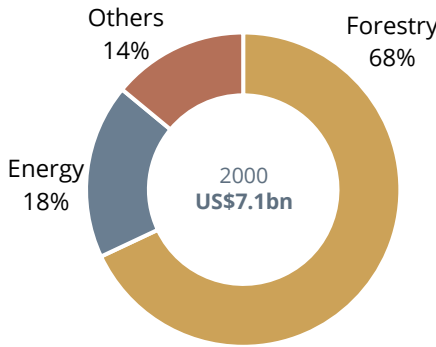
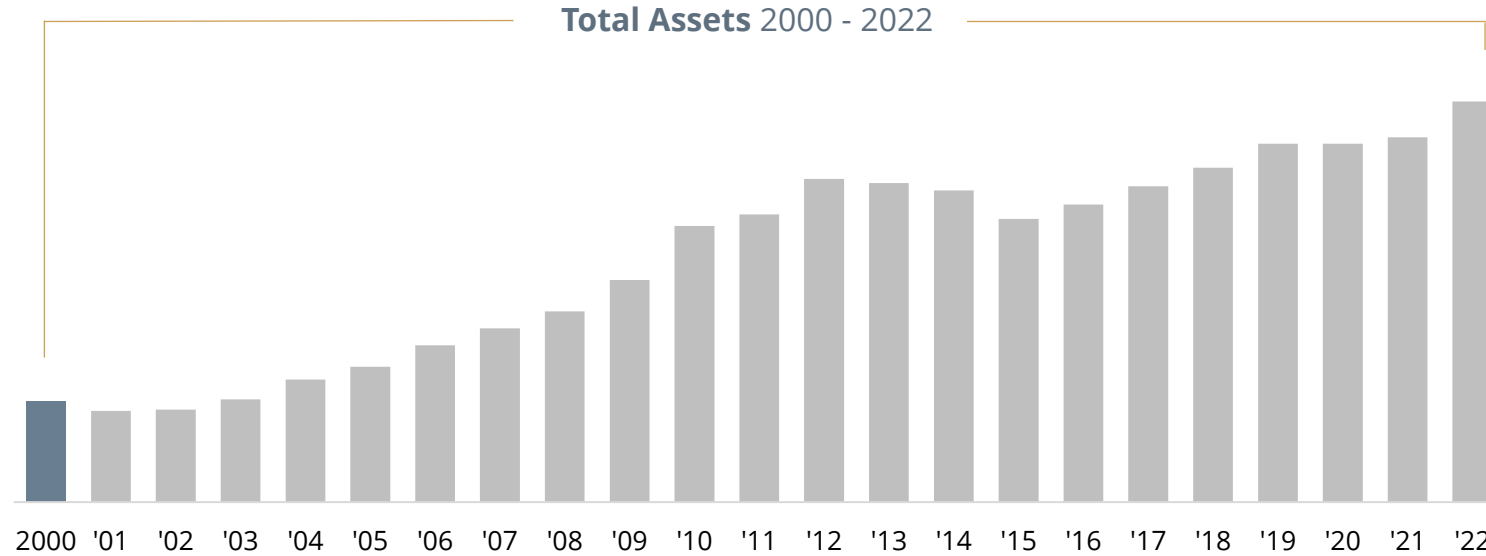
# STRATEGIC FOCUS



# STRATEGIC FOCUS



Growth concentrated in core segments, while keeping other options for value creation



Investments



Divestments

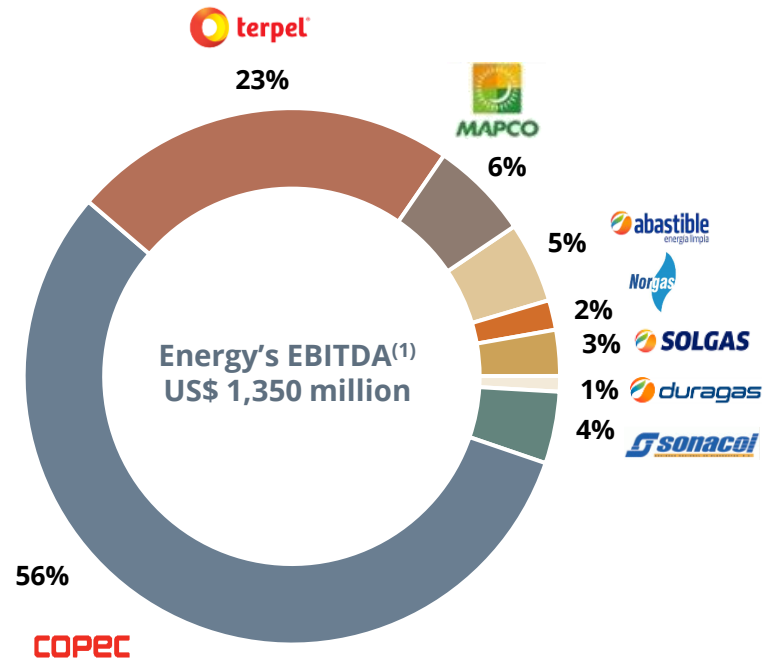


\* Asset held for sale

Diversification within core businesses of Energy and Forestry

## MULTIPRODUCT ENERGY PLATFORM (1)

Includes liquid fuels, liquid gas, natural gas, and infrastructure

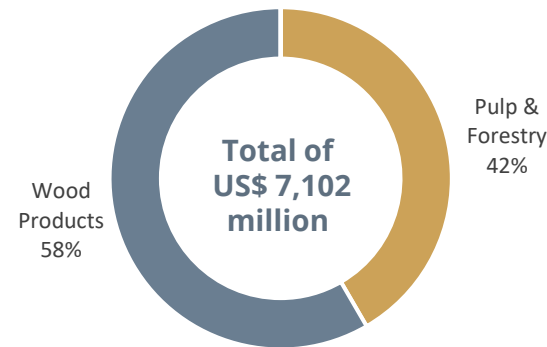


## DIVERSIFIED FORESTRY BUSINESS

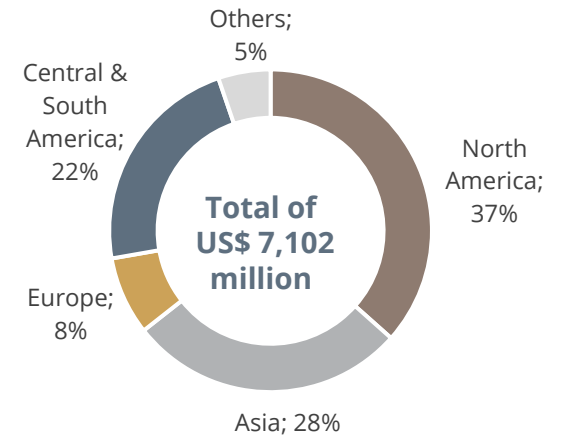
Exposure to wood pulp, panels and other wood products in the forestry business

### Arauco Consolidated Revenues

#### By Product (2)



#### By Region (3)



(1) Figures as of December 2022

(2) Figures as of December 2022 (L12M)

(3) By country of destination. Includes sales of goods produced in each country plus exports to each country. Figures as of December 2022

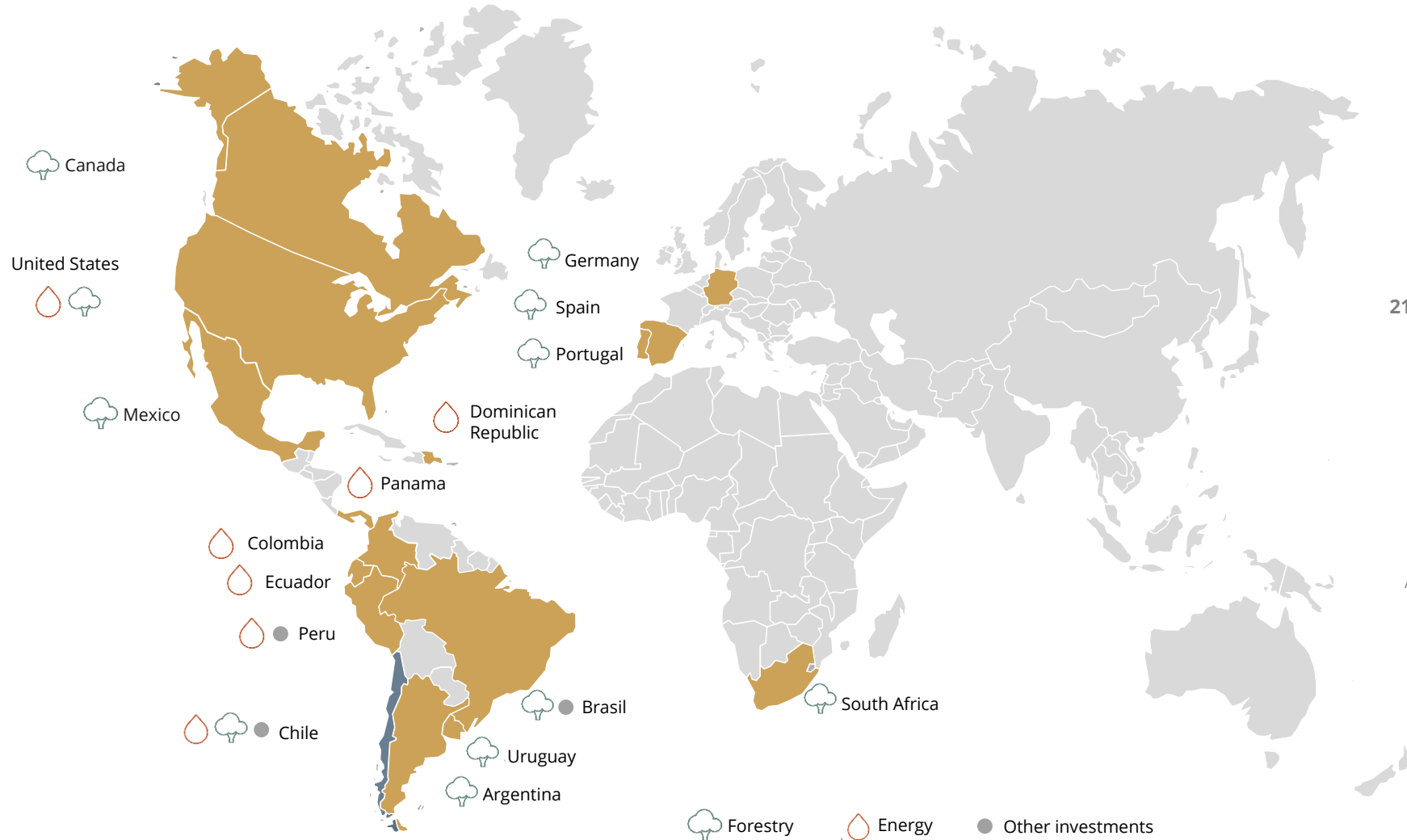
# INTERNATIONALIZATION



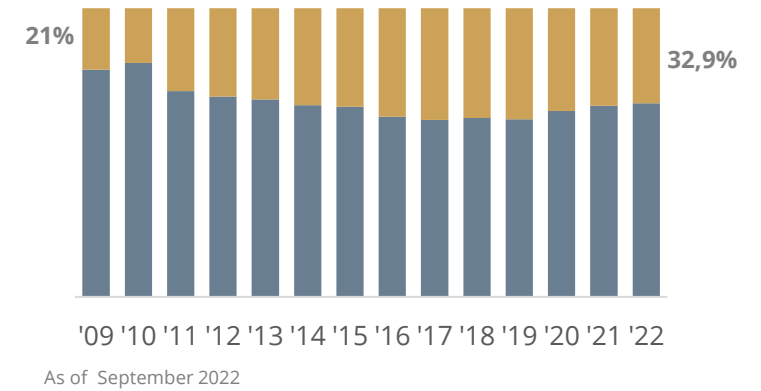
# INTERNATIONALIZATION



Productive assets in 16 countries, commercial presence in 30, and sales in more than 80



Non-Current Assets History - Local vs Foreign



Two strategic lines of growth outside Chile

## REPLICATING OUR KNOW-HOW IN LATAM

### Terpel: High growth potential in the Colombian market

- Colombia's vehicular penetration and highway flows are lower than in Chile
- Low market penetration of convenience stores business
- Copec's efficiency in its gas stations operation

### Strong potential in Norgas, Duragas, Solgas:

- Acquisition of a market leader
- Operations to benefit from Abastible's know how

### Arauco acquires Panels assets from Masisa in Mexico and Brazil:

- Option to capture regional synergies



## PURSuing SELECTED OPPORTUNITIES IN DEVELOPED ECONOMIES

### Arauco acquires panel's productive facilities in North America:

- Good opportunities in the low part of the cycle
- Significant synergies between facilities
- Access to commercial channels
- Significant upside potential

### Copec acquires Mapco in the US:

- Underperforming Assets ready for improvement
- Potential for consolidation



LATEST EXPANSION PHASE  
TRIGGERS SIGNIFICANT INCREASE IN SCALE



# LATEST EXPANSION PHASE TRIGGERS SIGNIFICANT INCREASE IN SCALE



Arauco signs Investment Agreement with the Government of Mato Grosso do Sul for the construction of a future pulp mill

## **arauco** Sucuriú Project - Pulp

- Agreement signed as part of the challenge of seeking new opportunities that will contribute to the development of the subsidiary
- Important preparatory step that will allow to continue the evaluation of building a new pulp mill in Brazil
- This initiative is subject to several variables that are under study, including market conditions, the environmental impact permit, evaluation of timber supply and the approval by the Board of Directors. If conditions permit, construction of this new mill may begin in 2025
- Efficient cash cost and estimated investment of approximately US\$ 3 billion
- The facility would have a production capacity of 2.5 million tons of short fiber and would be located 50 km from the town of Inocência, an area that offers a number of logistical benefits
- Brazil is an important center for the Company's global strategy. Arauco has been operating in Brazil since 2002, since when it has made significant progress through its industrial facilities and forestry assets



# LATEST EXPANSION PHASE TRIGGERS SIGNIFICANT INCREASE IN SCALE



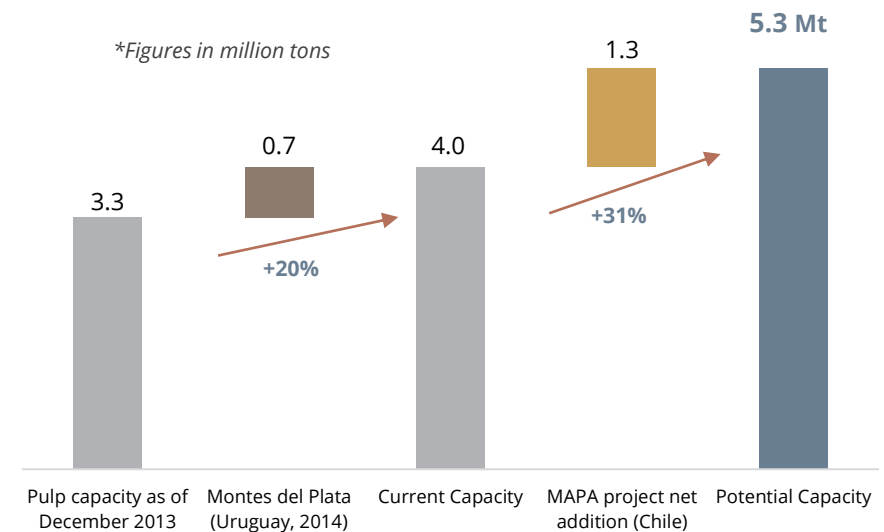
State of the art productive facility to increase pulp capacity by 31% at a low cash cost

## arauco MAPA Project - Pulp

- New 1.56 million ton short fiber line in Arauco Mill, Line 3. Considers the closure of Arauco's 290 th. ton Line 1 of short fiber pulp. Thus, the net increase in production will be 1.27 million tons
- Efficient cash cost and estimated investment of approximately US\$ 2.8 billion
- Includes an electric cogeneration plant based on biomass that will generate a surplus of approximately 132 MW
- Expected start-up by the end of December 2022



Model of the project



Arauco diversifying into high-margin, growing dissolving pulp market

## arauco

### Valdivia Project - Dissolving Pulp

- Conversion of the Valdivia mill into swing capacity, providing flexibility to produce either dissolving pulp or paper grade pulp
- The Dissolving Pulp Project was completed in February 2020 with an investment of US\$ 195 million and started producing in June 2020. The laboratory analysis conducted by Arauco have been very successful in terms of assessed quality
- Dissolving pulp is a product used in the textile industry as a substitute for cotton as well as to soften, shine and purify fibers. It can also be used in the cellophane and flexible packaging industries
- Dissolving pulp represent a more friendly alternative than traditional fibers, as cotton, in terms of land and water usage
- Arauco was the first company to produce this kind of pulp in Chile



# LATEST EXPANSION PHASE TRIGGERS SIGNIFICANT INCREASE IN SCALE



Arauco is the second largest producer of panels in the world



## Growth in the Panel Division

### Grayling in United States of America

- Total investment of approx. US\$ 450 million, with an installed capacity of 800 th. m<sup>3</sup> of PB
- In April 2019, the state-of-the-art mill started producing

### Masisa do Brasil

- On September 2017, Arauco acquired Masisa's assets in Brasil in US\$ 102.8 million
- Transaction includes two panel mills, at Parana and Rio Grande do Sul
- Capacity of 300 th. m<sup>3</sup> in MDF and 410 th. m<sup>3</sup> in MDP a year

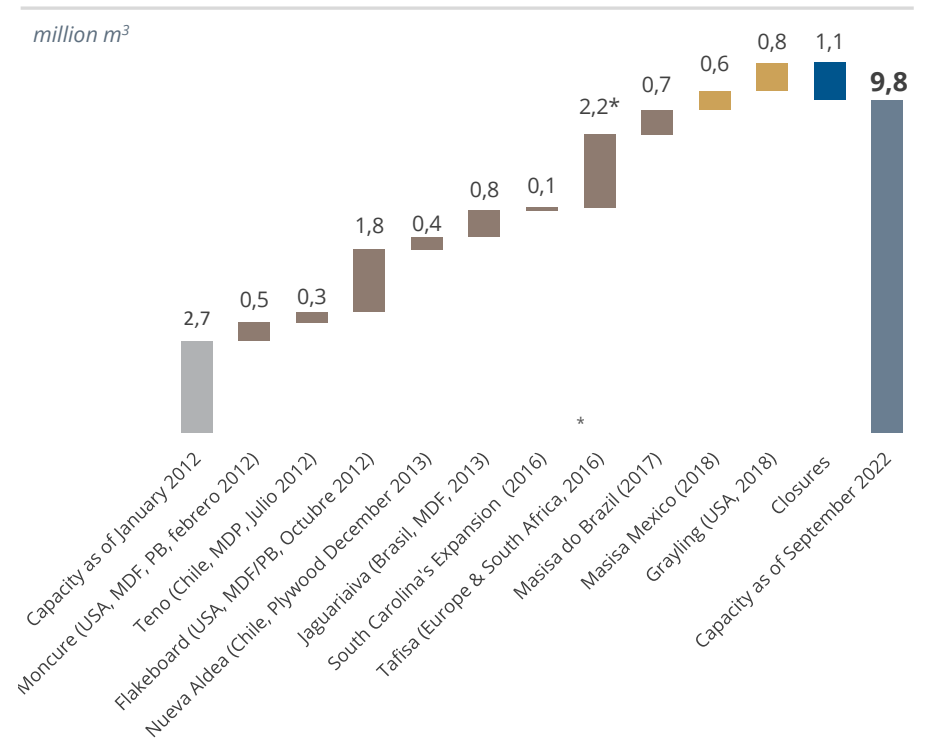
### Masisa in Mexico

- On December 2017, Arauco acquired Masisa's assets in Mexico in US\$ 160 million
- Transaction comprises two panel mills, at Durango and Zitacuaro
- Capacity of 315 th. m<sup>3</sup> in PB and 250 th. m<sup>3</sup> in MDF a year

### New expansion in Mexico

- On September 2022, Arauco announced the construction of a new panel mill in Zitacuaro
- Capacity of 300 th. m<sup>3</sup> in MDF a year, of which 150 th. m<sup>3</sup> will be melamine
- Estimated investment of US\$ 235 million
- Expected to start operations during the second quarter of 2025

### Installed capacity growth of panels



\* Corresponds to 50% of the production capacity of Sonae-Arauco. Includes plywood.

# LATEST EXPANSION PHASE TRIGGERS SIGNIFICANT INCREASE IN SCALE



World class project in copper mining with interesting growth options



## Mina Justa - Copper Mining

- Partnership with likeminded investor in a world class project:
  - Low cash cost and high grade
  - Low development risk
  - LOM of 16 years and significant exploration potential
  - Average production of app 115 th. tons per year of fine copper, with an LOM cash cost between US\$ 1.3 and US\$ 1.4 per pound
  - Total resource base of 432 million tons and a copper grade of 0.75%
  - Attractive upside potential
- Capex: USD\$1,600 million in 3 years. Project finance of US\$900 million. The remaining amount was financed through capital contributions proportional to ownership
- On May 2018, Alxar Internacional acquired 40% stake of Cumbres Andinas, controller of Marcobre, which owns the Mina Justa project
- Mina Justa started its production stage in March 2021, making the first sales and shipments of copper concentrate and cathodes in July, amid a very positive price scenario. The operation is still in a ramp-up process

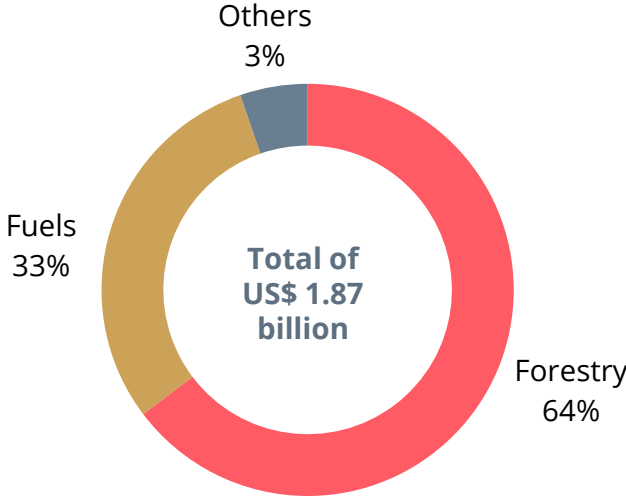


# LATEST EXPANSION PHASE TRIGGERS SIGNIFICANT INCREASE IN SCALE



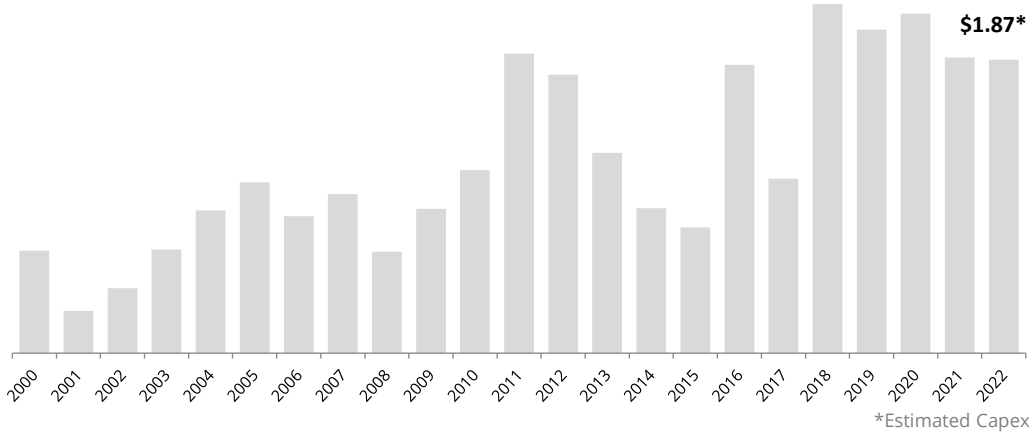
A company committed to long term growth

## INVESTMENT PLAN 2022



## CAPEX HISTORY

Figures in US\$ billion



# PRUDENT FINANCIAL MANAGEMENT





Fast deleveraging after expansion phases

## INVESTMENT GRADE SINCE 1995

Historically healthy cash flows have allowed to:

- Finance investment plans
- Distribute stable dividends
- Maintain low levels of leverage

### International

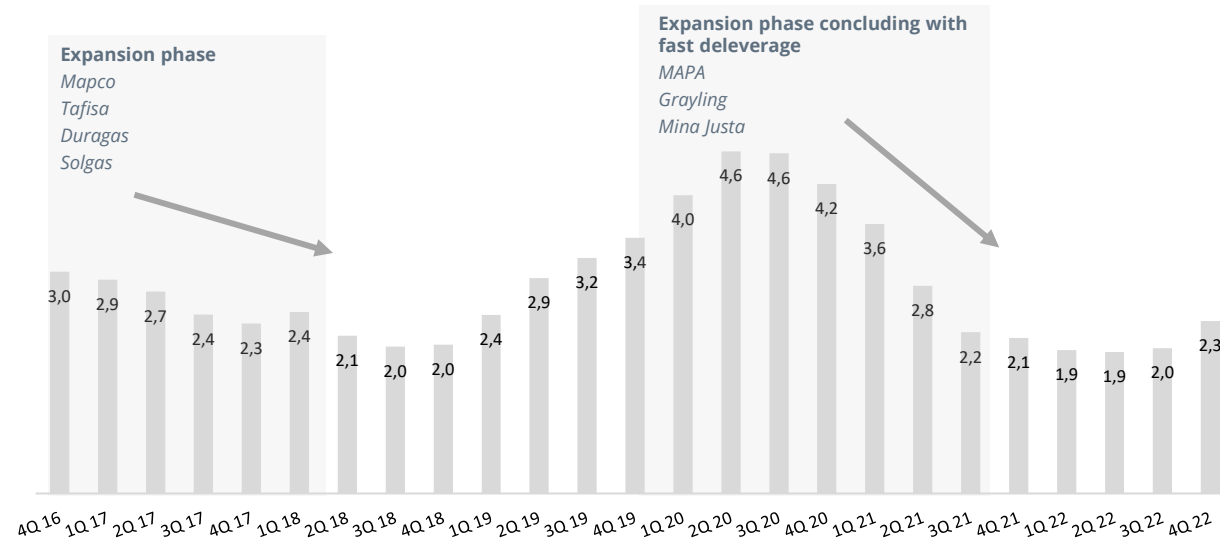
**FitchRatings** **BBB** (Stable)  
**STANDARD & POOR'S** **BBB** (Stable)

### Local

**FitchRatings** **AA** (Stable)  
**Feller Strategic Insights** **AA** (Stable)

## LEVERAGE REFLECTING EXPANSION PHASES AND PULP CYCLE

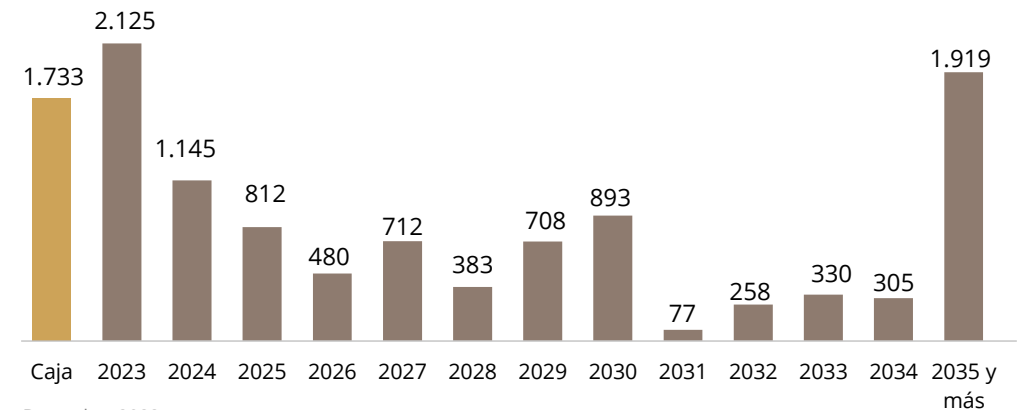
Net Debt/EBITDA



December 2022

## BALANCED DEBT SCHEDULE

Financial debt maturities (US\$ Million)



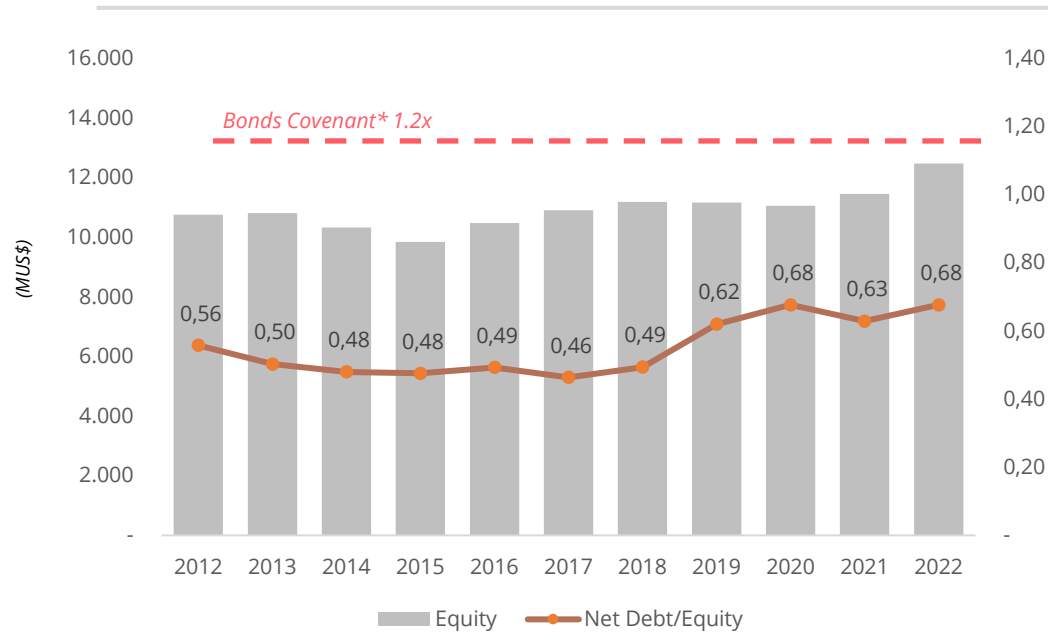
December 2022

# PRUDENT FINANCIAL MANAGEMENT



Debt structure matches risk and functional currencies, and reflects broad access to financial markets

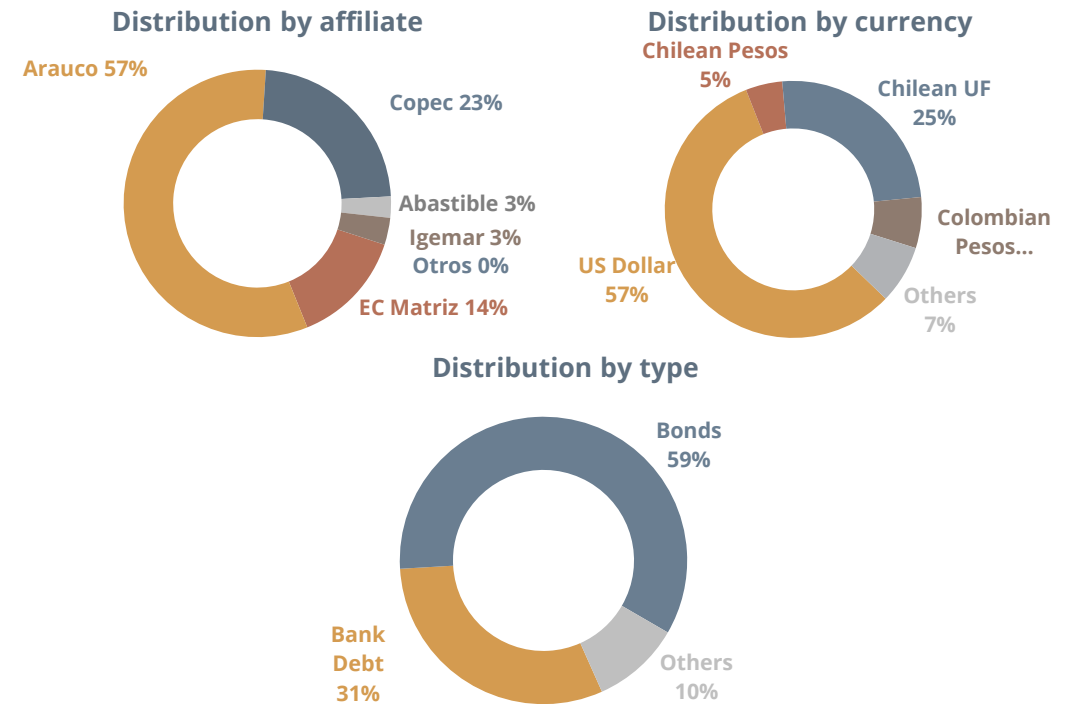
### EQUITY AND NET DEBT/EQUITY



December 2022

### CONSOLIDATED FINANCIAL DEBT 4Q22: MMUS\$ 10,148

(CASH AND EQUIVALENT: MMUS\$ 1,733)



December 2022

Divestments to boost balance sheet and add value

## SALE OF FOREST LANDS

**arauco**

- Arauco signed a contract binding them to sell 461 forest lands that comprise a total of 80,489 hectares for a price of US\$385.5 million + VAT
- US\$343.7 million already executed
- Linked to supply contract and preferential call option to purchase pulp volume of radiata pine, fire fighting service contract, temporary forest property management and operational task management service contract



## SALE OF GASMAR

**Gasmar**

- Abastible signed a contract agreeing to sell its entire 36.25% interest in Gasmar S.A. to Inversiones Arco 4 SpA, an investment vehicle that is part of the Arroyo Energy Group
- Abastible received payment of US\$118 million



EMPRESAS COPEC  
A SUSTAINABLE MANAGEMENT MODEL IN ACTION



# A SUSTAINABLE MANAGEMENT MODEL IN ACTION



## Contribution to sustainable development goals

- The Company implements plans and programs with specific goals that are in line with the United Nations Sustainable Development Goals
- 87% of the energy consumption of Empresas Copec comes from renewable
- During 2020, **Arauco was the first forestry company to certified carbon neutrality. This was ratified in 2021 with a net absorption of 13 MtCO2e**



# A SUSTAINABLE MANAGEMENT MODEL IN ACTION



The company is part of the most relevant sustainability indexes and implements plans in line with UN development goals

- Member of DJSI Chile and MILA Pacific Alliance. Additionally, Empresas Copec qualified for the Sustainability Yearbook, with the Industry Moving Status distinction
- FTSE4Good
- “A” grade in MSCI ESG Rating
- “B” grade in CDP Climate Change, steadily improving in the last 2 years
- Empresas Copec was one of the top 3 companies with best corporate governance according to the recent study “La Voz del Mercado 2021”, performed by EY and Bolsa de Santiago. This award was given to the Company for a third straight year

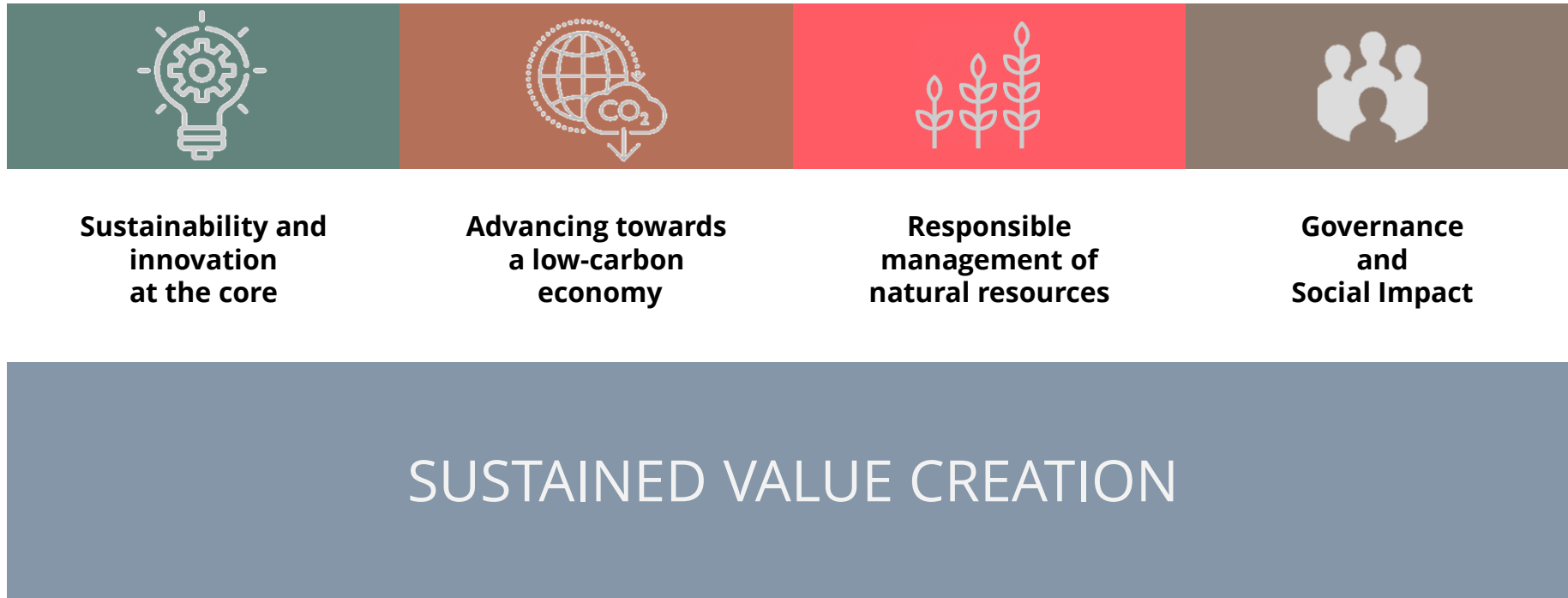


FTSE4Good



## Towards a sustainable future

- Empresas Copec has been evolving to ensure its businesses contribute to overcome world challenges and are resilient even under new and volatile conditions, so they can thrive and continue to deliver value for all stakeholders
- We are doing this in four main ways:



# A SUSTAINABLE MANAGEMENT MODEL IN ACTION



## Sustainable forestry management

- Trees represent one of the strongest existing strategies to advance climate change mitigation
- Forestland is managed under Responsible Forest Management practices and is primarily intended to meet the company's own industrial needs
- Production processes are certified to the highest global standards
- 100% of Arauco's forests are FSC and/or PEFC certified
- Entire wood supply comes from non-native forests
- Native forests and high social and environmental value areas are duly protected
- Arauco's Biodiversity and Ecosystem Services Policy emphasizes assessment and management of potential effects of production on biodiversity

Native forests and protection zones, among them the **Oncol** and **Coyanmahuida** natural parks, account for **~30%** of forestland.





## Arauco is responding to new drivers in pulp

- New uses for pulp are emerging:
  - According to UN, single use plastics represent around 50% of total production of plastics and are facing strong social and regulatory opposition. Material made from pulp is a substitute
  - WEF states that the fashion industry is the second largest consumer of world water supply. Dissolving pulp represents a more friendly alternative than traditional fibers, as cotton, in terms of land and water usage
- The MAPA project is increasing Arauco's wood pulp capacity by nearly 30%
- The Valdivia mill has been converted into dissolving pulp



# A SUSTAINABLE MANAGEMENT MODEL IN ACTION



## Arauco leads in carbon neutrality

- Arauco certified, by Deloitte, its carbon neutrality in 2021 for the year 2019
- Arauco was the first forestry company worldwide to certified its carbon neutrality
- Carbon neutrality was achieved with net absorption of 13 MtCO<sub>2</sub>e in 2019
- Calculations includes Scope 1 + Scope 2 + Scope 3 carbon emissions, offset by sequestration and capture in products
- Most of Arauco's energy sources in Chile are clean and renewable
- Arauco announced a series of projects to reduce CO<sub>2</sub> emissions by one million tonnes by 2030

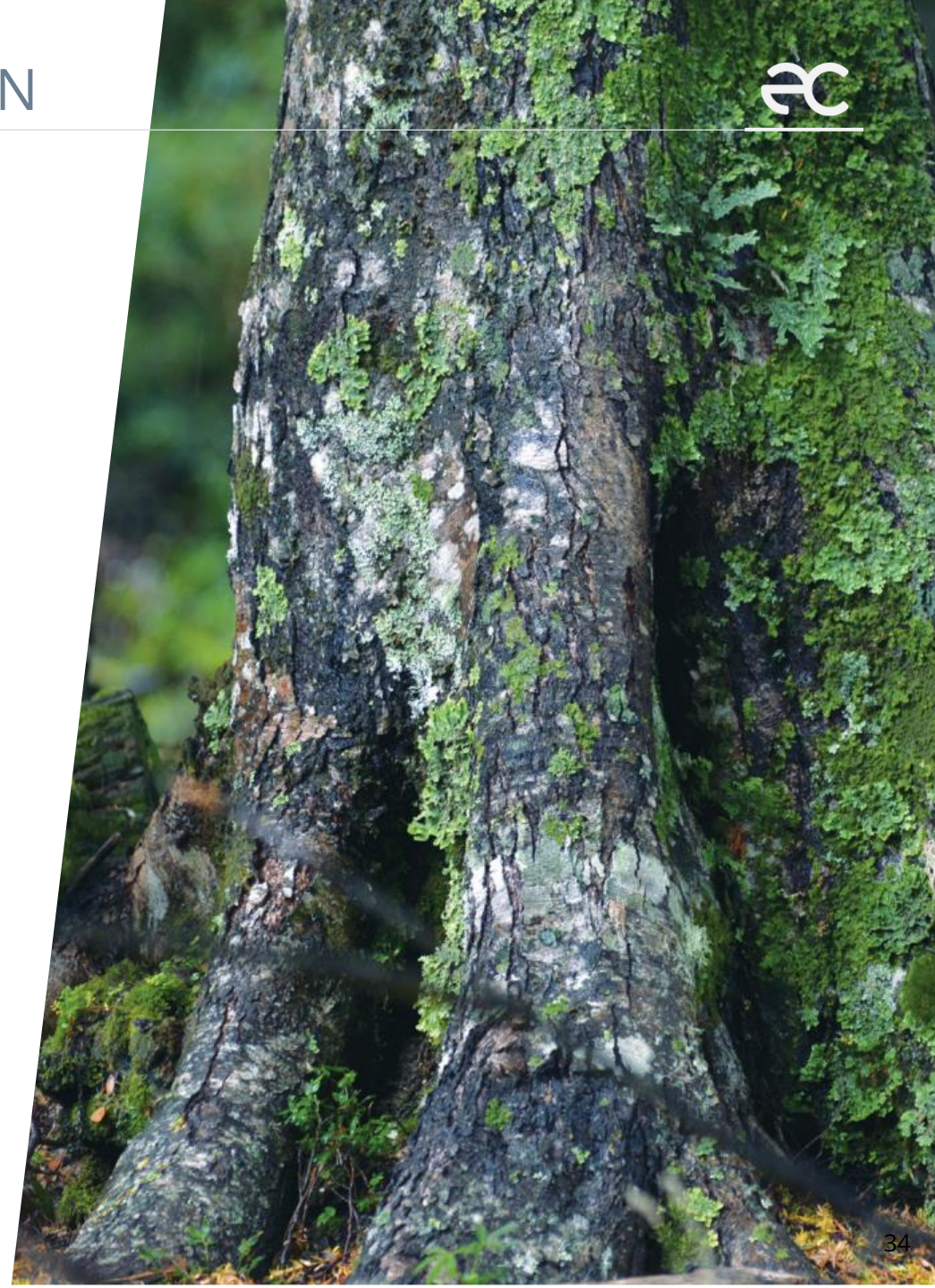
**ANTE LOS  
DESAFÍOS PARA  
UN MUNDO MÁS  
SUSTENTABLE  
NO SOMOS  
NEUTRALES**



 **carbono neutral**

La captura y retención de carbono de nuestros bosques y productos, supera a nuestras emisiones. Y nos comprometemos por más. ARAUCO, primera empresa forestal del mundo en certificar su carbono neutralidad.

**arauco**



## Wood panels: renewables for construction

- Arauco manufactures a wide variety of sawn timber products, plywood, fiberboard and particleboard, remanufactured wood and moldings, for the furniture and construction industries
- **Solid wood products lock away carbon and replace larger carbon footprint building materials such as steel, concrete and aluminum**
- Wood construction has several advantages that make it the only natural and renewable resource that can be used at a large scale in construction and furniture
- Very good seismic, thermal insulation performance and durability
- Arauco is pioneering a new mindset in standardized construction based on wood, through its affiliate E2E. Its affordability makes it especially attractive for social housing
- Complementarily, Arauco developed HILAM, a new structural laminated wood product designed to promote the transition to sustainable architecture and construction



## Copec's commitment to mitigate climate change

- The company released its statement on climate change, in which it pledges to:
  - (i) attain carbon neutrality before 2030\*. By the end of 2021, all Copec's gas station will be carbon neutral
  - (ii) distribute and commercialize a higher proportion of renewable energy over fossil fuels by 2050
  - (iii) achieve a net positive impact on biodiversity by 2039
  - (iv) become a zero-waste company as of 2029, concerning the operations related to its plants, gas stations and convenience stores
- Copec signed a PPA (Power Purchase Agreement) with Cerro Dominador, a solar thermal project in the Atacama desert, for the clean energy supply for almost the entire Voltex electric charging network, its 72 largest gas stations, and several storage plants
- Regarding cargo transport emissions, the company is committed to develop renewable energy projects by 2025. By 2029, all emission that have not been reduced yet will be compensated through carbon credits

\*Calculations includes Scope 1 + Scope 2 carbon emissions.



# A SUSTAINABLE MANAGEMENT MODEL IN ACTION



## Leading new mobility

**Copec Voltex** is the leader in EV charging infrastructure:

- Network covers 1,400 kilometers in Chile. Most extensive in South America
- Serves industrial segment via electric bus charging points
- Operates largest terminal in Latam. The terminal uses only energy from renewable source
- Was awarded a tender to build and energize 10 more terminals to charge 1,000 buses in Chile's Metropolitan Region, making the company the largest energy supplier for electric buses in the country
- Entered into a partnership with Mallplaza to operate the largest network of charging stations in shopping malls in Chile
- Terpel Voltex was launched recently, the first network of fast charging stations in Panama, Ecuador and Colombia

**WIND Ventures** is the corporate venture capital arm of Copec:

- Objective is to lead the mobility, energy and retail transformations by opening up Copec's capabilities to develop startups and scaleups
- Some investments:
  - Turntide: develops efficient, cheap, and green technology for electric motors
  - Stem: provides solutions of energy storage associated to AI
  - H2Pro: develops electrolyzers to produce green hydrogen at a lower cost and energy consumption
  - Zoomo: rental of electric bikes specially designed for last-mile couriers
  - Busbud: digital platform for the sale of bus tickets in 10 countries in Latam



## Strong corporate governance

Empresas Copec governance is based on solid principles, that translate into contributions that go beyond direct economic benefits:

- Appropriate allocation of Company's responsibilities
- Consideration of all stakeholders in decision making
- Equitable treatment of shareholders
- Complete and timely information to the market
- Full compliance with existing regulation, going further if possible

### GOVERNANCE FIGURES



9 Board Members, of which 5 are independent\*. A diverse board in terms of gender, skills, experience and age



Specialized committees in key areas



Code of Ethics, Manual for Sensitive Information, Policies for: Risk Management, Sustainability, Community Contribution, Free Competition, Tax



Permanent external evaluation on audits, risk management, and compliance

\*According to SAM definitions, in association with S&P



Over 30 years promoting key social initiatives

In 2021, social investment reached MUS\$ 17, with 35% destined to educational projects and 24% was allocated to combat the effects of the pandemic

**Educational projects:** creating a positive impact on wellbeing and quality of life

- *Fundación Educacional Arauco:* has trained personnel from local communities during 30 years
- *Fundación Copec UC:* has boosted applied science and research since 2002
- *Campus Arauco Duoc-UC:* technical education in a dual format and +150 graduated

**Strengthen community relations:** promoting participation and collaborative networks, seeking to create mutual growth and shared value projects

- *Relationship program with indigenous communities in Chile and Argentina*
- *Developing the community at the MAPA project:* Arauco founded an E+E Agency to enhance local entrepreneurship and employability. There are several local development projects, designed in conjunction with the community, for around MUS\$ 8.5





EMPRESAS COPEC