

# Sucuriú Project

September 2024



## DISCLAIMER

This presentation may include market outlooks and forward-looking statements, which are based on the beliefs and assumptions of Empresas Copec's management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Empresas Copec and could cause results to differ materially from those expressed in such forward-looking statements.

This presentation contains certain performance measures that have been adjusted with respect to IFRS definitions, such as "EBITDA".

An aerial photograph of a vast forest landscape. In the foreground and middle ground, there are dense, green coniferous forests. A winding path or stream cuts through the forest. In the background, a calm lake is visible, surrounded by more forested hills. The sky is not visible, as the forest canopy fills the upper portion of the frame.

arauco

# Sucuriú

## Project

---

September 2024

# The Project

Capacity of

**3,500,000**

ADt/year for BHKP pulp.

Energy self-sufficiency

**400 MW**

of clean energy

Surplus energy of

**220 MW**

to be sold in Brazil's interconnected system.

First bale in

**Q4 2027**



# Sucuriú

## Project



Investment  
**US\$ 4.6** billion  
(BR\$ 25.3 billion)



Pulp production  
capacity  
**3.5** million tons  
per year



Jobs at the peak of  
construction  
**14.000**  
new jobs



Jobs in operation  
**6.000**  
Jobs (Forestry, Mill,  
and Logistics)



Forestry area  
**400.000**  
ha of eucalyptus  
plantation

# Considerations

## Regarding the Mill

- 100% “PROVEN TECHNOLOGY,” featuring 2 Fiber Lines and 3 Drying Machines.
- A single Recovery Boiler (the largest in the world), 2 Lime Kilns, and 3 Turbogenerators.
- Lime Kilns that do not burn oil: (Gasification based on chips, with oil and gas as options only).  
“Best in Class” plant in automation.
- No solid waste sent to landfill.
- With environmental parameters that allow access to “green” financing markets.

## Regarding the vendor

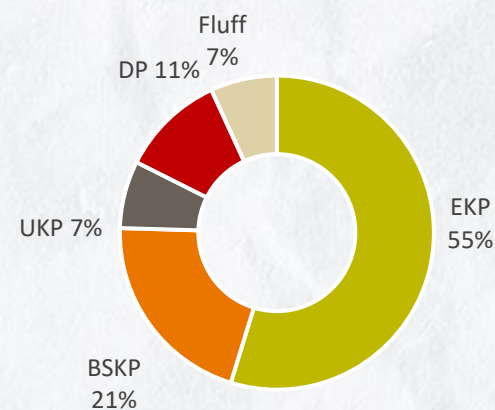
- The main islands of production were awarded to a single vendor (VALMET) to achieve a better partnership within the project, a better price, and the guarantee of production for the complete plant.
- It includes incentive/penalty bonuses in case of exceeding or failing to meet target productions.



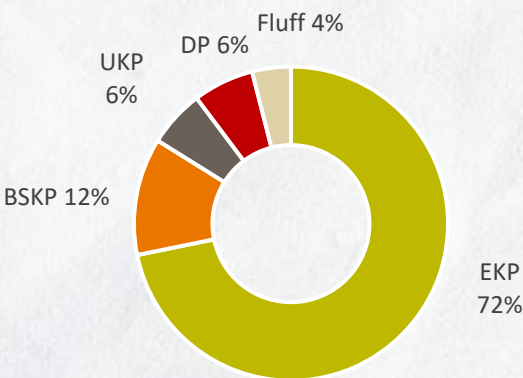
**The operation includes automated systems designed to maximize energy efficiency, reduce operating costs, optimize performance, and minimize waste generation and greenhouse gas emissions, in line with the most stringent environmental standards available worldwide.**

# Our Pulp Business Diversification (tons)

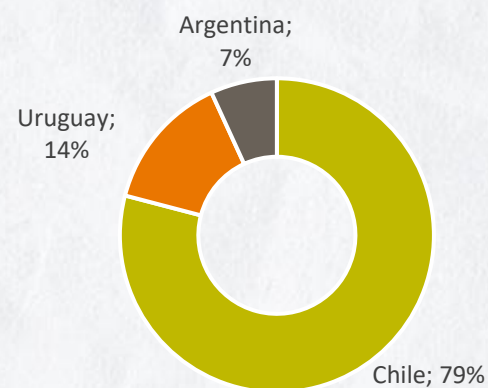
Products diversification as of june 2024



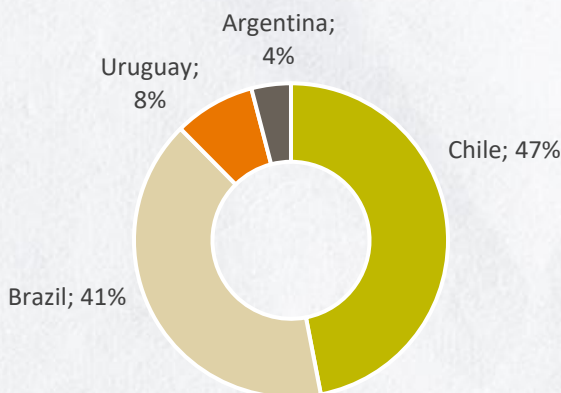
Products diversification with Sucuriú



Country Diversification as of june 2024



Country Diversification with Sucuriú

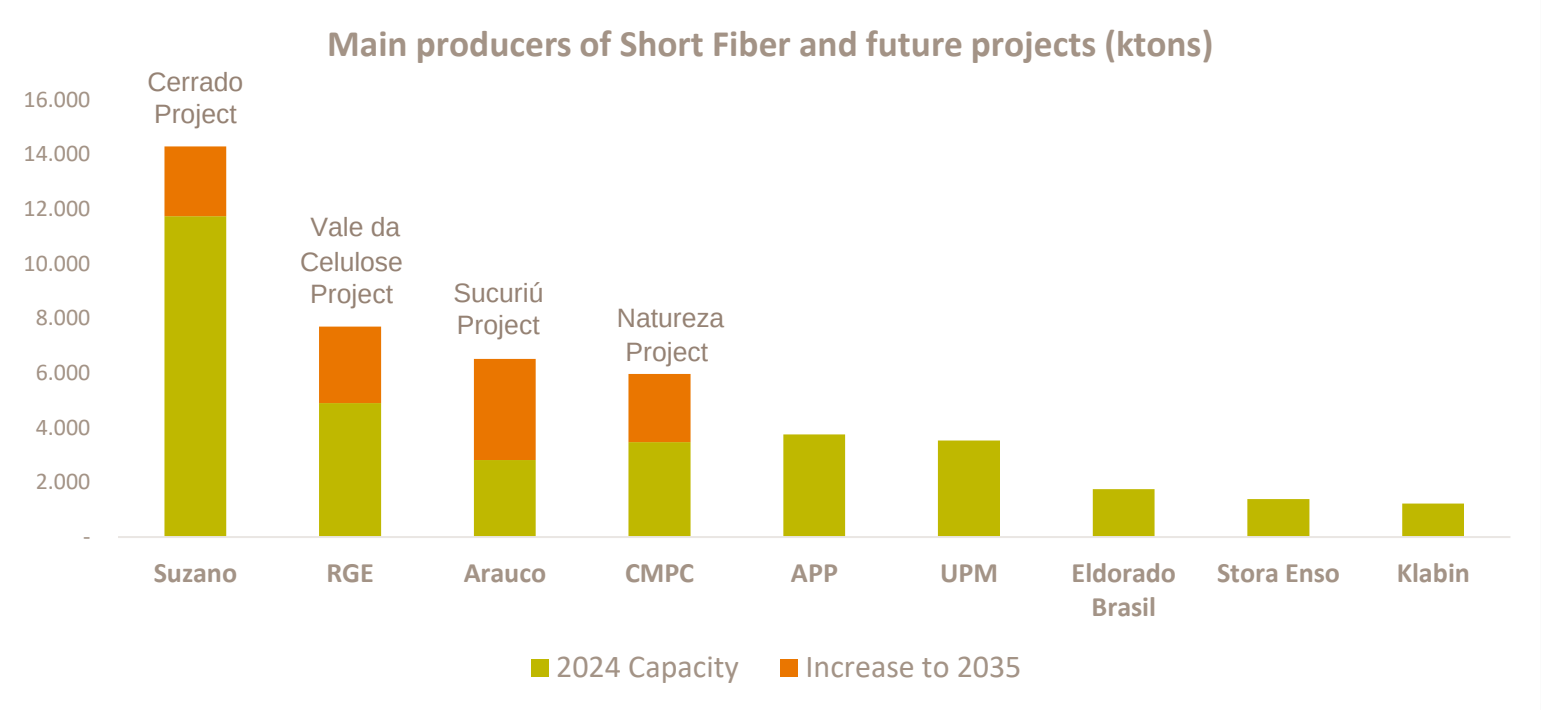


Pulp Capacity as of June 2024: 5.1 million tons

Pulp Capacity with Sucuriú: 8.6 million tons



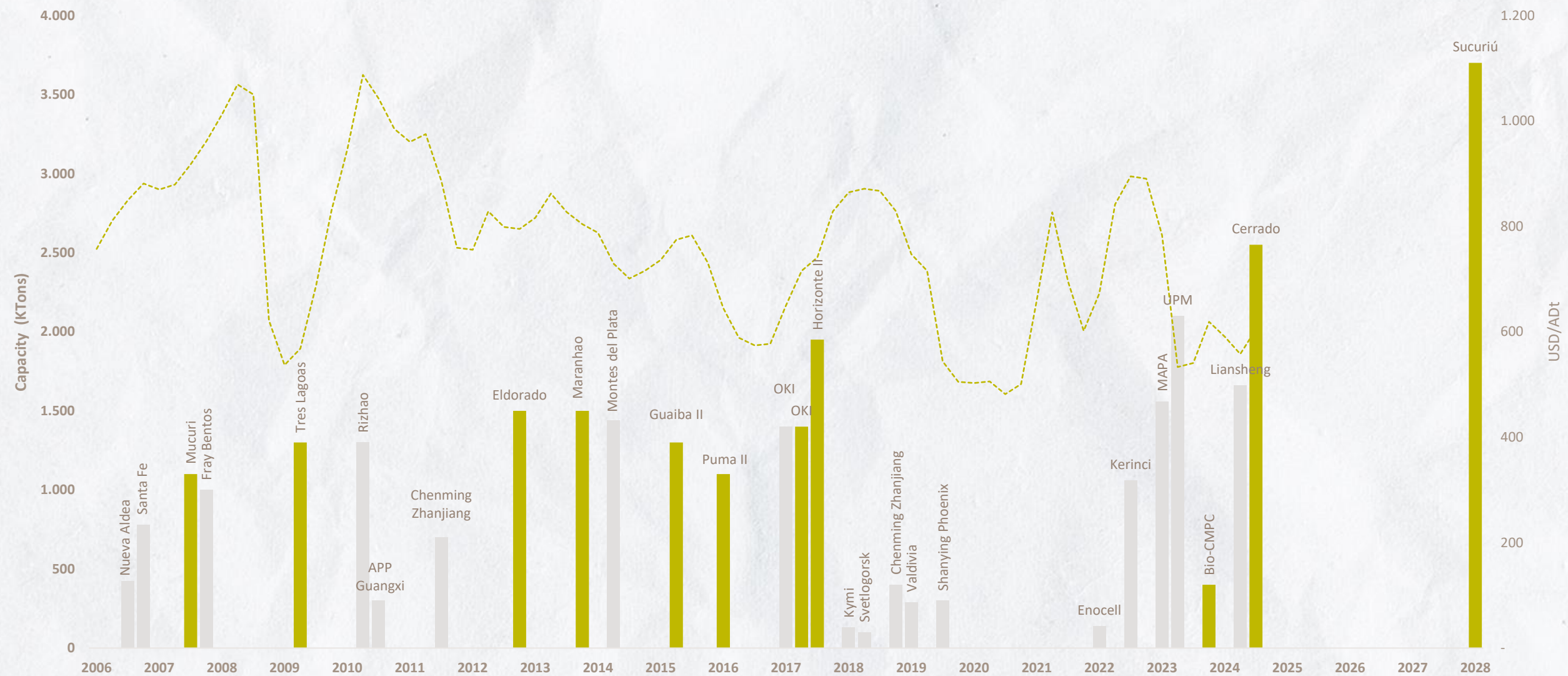
# MAIN PLAYERS IN SHORT FIBER



- Market Consolidation:
- Suzano: Includes 50% of Veracel
  - RGE: Includes Bracell, APRIL, Symbol
  - Arauco: Includes 50% of MdP
  - Stora Enso: Includes 50% of Veracel and MdP

Source: The Outlook for Market Pulp, Hawkins Wright, August 2024 / Arauco

# EVOLUTION OF NEW BHKP PLANT CAPACITIES AND ACTUAL MARKET PRICES

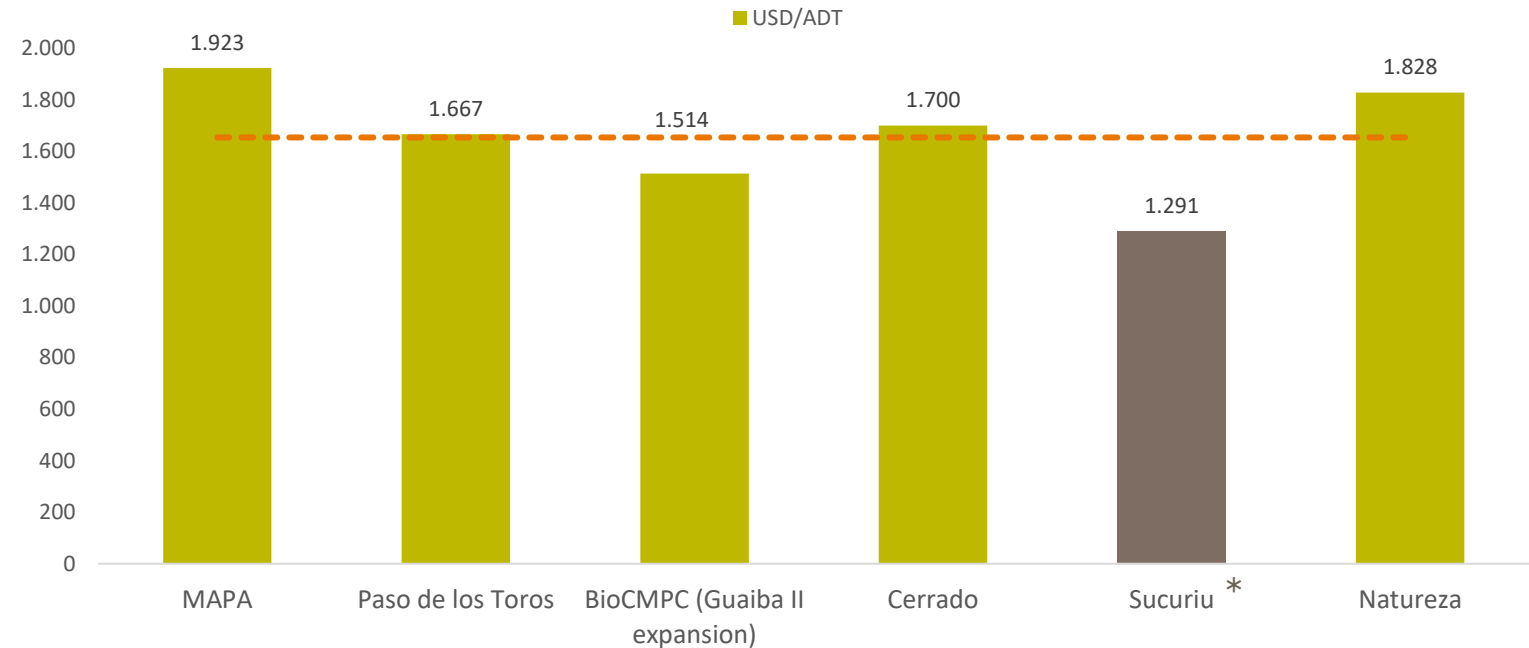


The mills in Brazil are highlighted in green.  
Prices C&F Shanghai port (or equivalent). Deflator used for real prices: 2% Annual Inflation.  
Considers new market EKP pulp capacity (excludes integrated).

# INDUSTRIAL CAPEX

|          | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|----------|------|------|------|------|------|-------|
| Billions | 0,2  | 1,3  | 1,8  | 1,2  | 0,1  | 4,6   |

## CAPEX intensity of recent BHKP projects in Latin America



\* Inside the fence



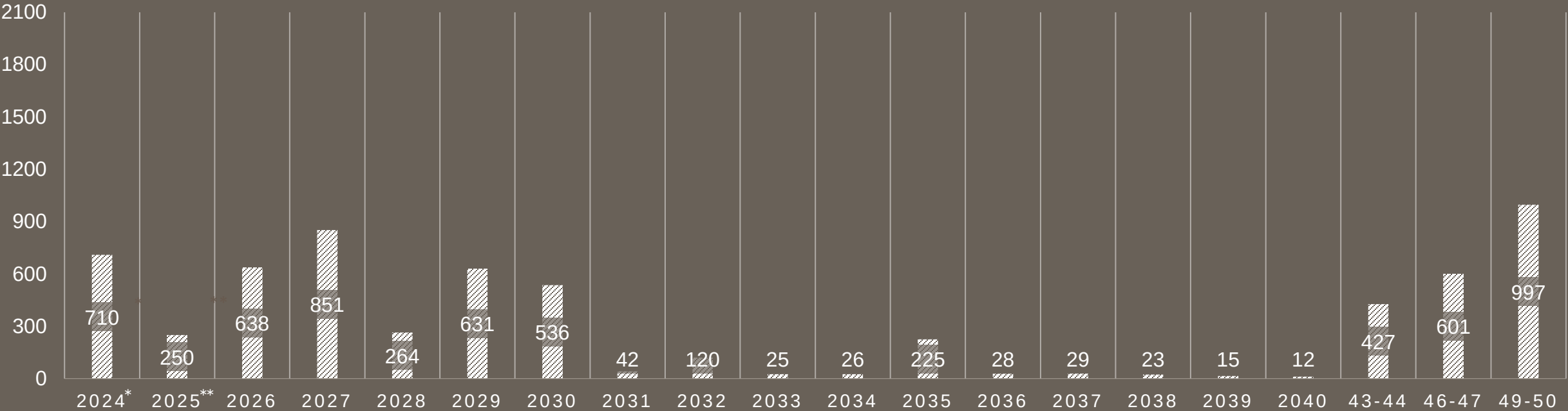
# DEBT PROFILE

Financing (MMUS\$)

|                |       |
|----------------|-------|
| Capex          | 4,600 |
| Equity         | 1,200 |
| Free Cash Flow | 900   |
| Debt           | 2,500 |



We are evaluating different financing alternatives such as ECA's, Multilaterals, Bond issuances, among others



\*Considers the payment of the Yankee Bond 2024 on august

\*\*Payment of the RCF on July 2024

# TAKEAWAYS

---

- The Sucuriú Project aligns with our long-term strategy, as we continue to expand globally, seeking new challenges to maximize the Company's value in a social, environmental and economical responsible way, continuing as pioneers in sustainability.
- With this project we will increase our diversification by location, allowing us to produce Wood Pulp in 4 different countries.
- Once the ramp up of the mill will be over, increase in volumes will allow us to consolidate even more our position as key players in the market, additionally leading us to achieve higher economies of scale and cost efficiency.
- Our long-term debt amortization profile gives us the availability to use gaps for future financing for the project.

## Sucuriú Project

- Fits perfectly with Empresas Copec's strategy for future growth.
- Is in line with the Sustainable Investment and Management model.
- Can be financed within the boundaries set by our Financing Policy.

### Financial Policy

Empresas Copec has a policy aimed at the sustainable management of this matter

#### Financial Policy – Key Definitions

1. Leverage aligned with Investment Grade.
  - Target DFN/EBITDA: between 2.0x and 3.0x (5 year basis). Contingency solutions must be designed once the ratio exceeds 3,5x, in order to avoid exceeding 4.0x.
  - Net debt/Equity: below 1.0x (covenant 1.2x)
2. Strategic debt maturity profile aligned with cash flows.
3. Adequate liquidity levels.
4. Debt in functional currency.



## Sucuriú Project

- Empresas Copec Parent Company will be supporting the development of Project Sucuriú by contributing up to US\$ 1.2 billion equity to Arauco, within a timeframe of up to 3 years. This will be financed via:
  - Existing cash (aprox US\$600 million as of today at Parent Company).
  - Dividends to be received from other affiliate and associate companies.
  - Temporary reduction of dividends (30% of Net Income of years 2024, 2025 and 2026). Thereafter, Company would return to historical 40%.
- No other measures for financing the equity contribution to Arauco are deemed necessary in accordance with current projections and available information. Additional actions would only be considered if strictly required to comply with the Company´s Financing Policy.

### Investment Grade Since 1995 – Ratified on 2Q24 by Fitch and S&P

#### International



FitchRatings



STANDARD  
& POOR'S

BBB

BBB

#### Local



FitchRatings

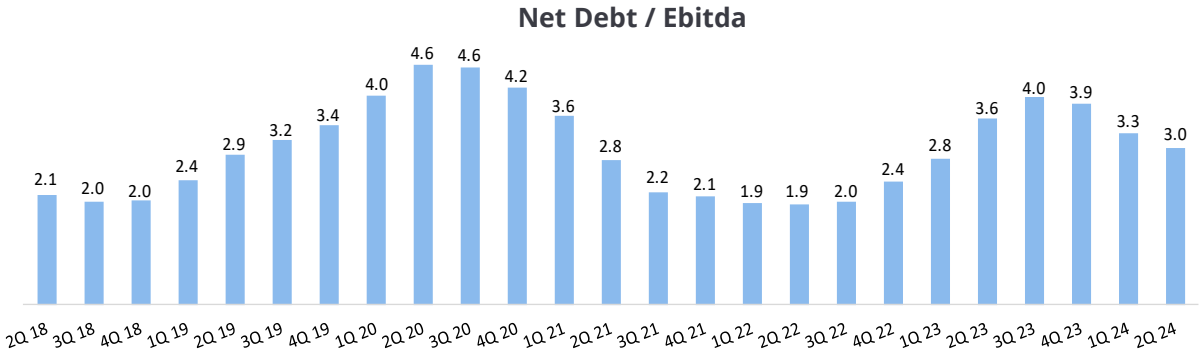


Feller Strategic  
Insights

AA

AA

### Leverage Reflecting Expansion Phases and Pulp Cycle



# Sucuriú Project

September 2024

