

# **MASISA**

**CORPORATE PRESENTATION**

**SANTANDER 12<sup>TH</sup> ANNUAL LATIN AMERICAN CONFERENCE**

**ACAPULCO**

**JANUARY 2008**

## Disclaimer



This presentation may contain projections or other forward-looking statements related to Masisa that involve risks and uncertainties. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. There is no assurance that the expected events, trends or results will effectively occur. These declarations are made on the basis of numerous assumptions and factors, including general economic and market conditions, industry conditions and operating factors. Any change to these assumptions or factors could cause the present results of Masisa and Masisa's planned actions to differ substantially from the present expectations.

All forward-looking statements are based on information available to Masisa on the date of its posting and Masisa assumes no obligation to update such statements unless otherwise required by applicable law.

## Contents

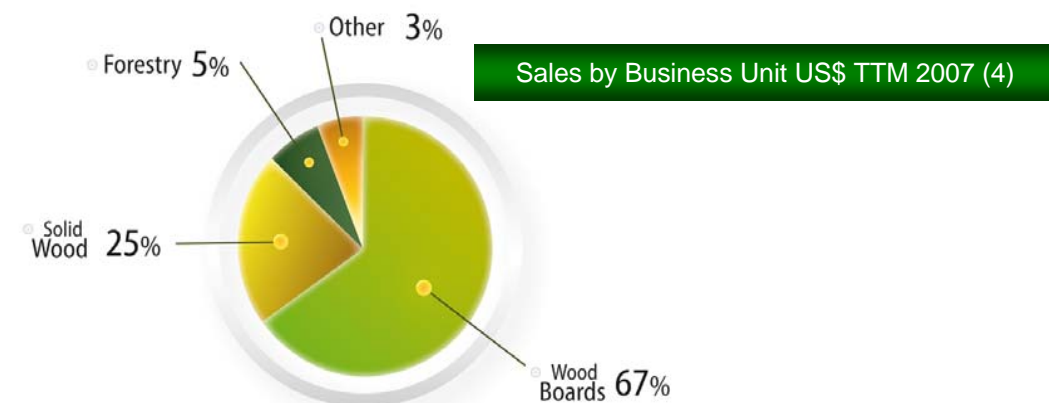
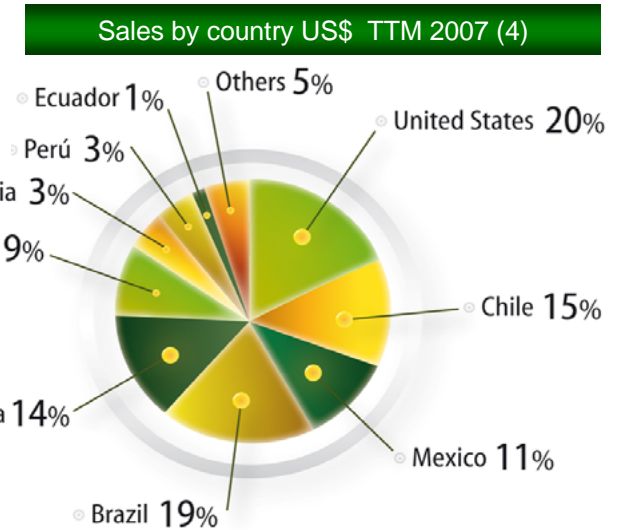
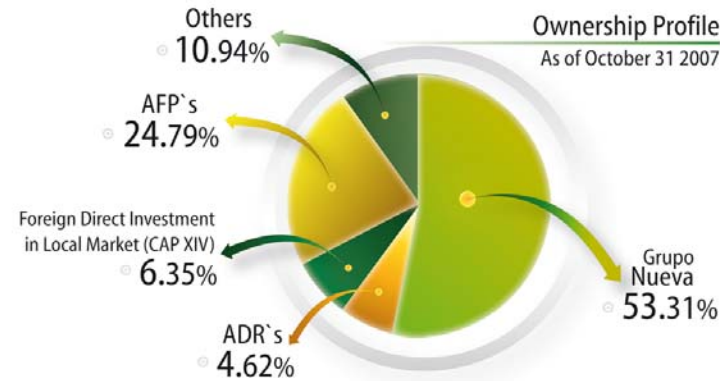
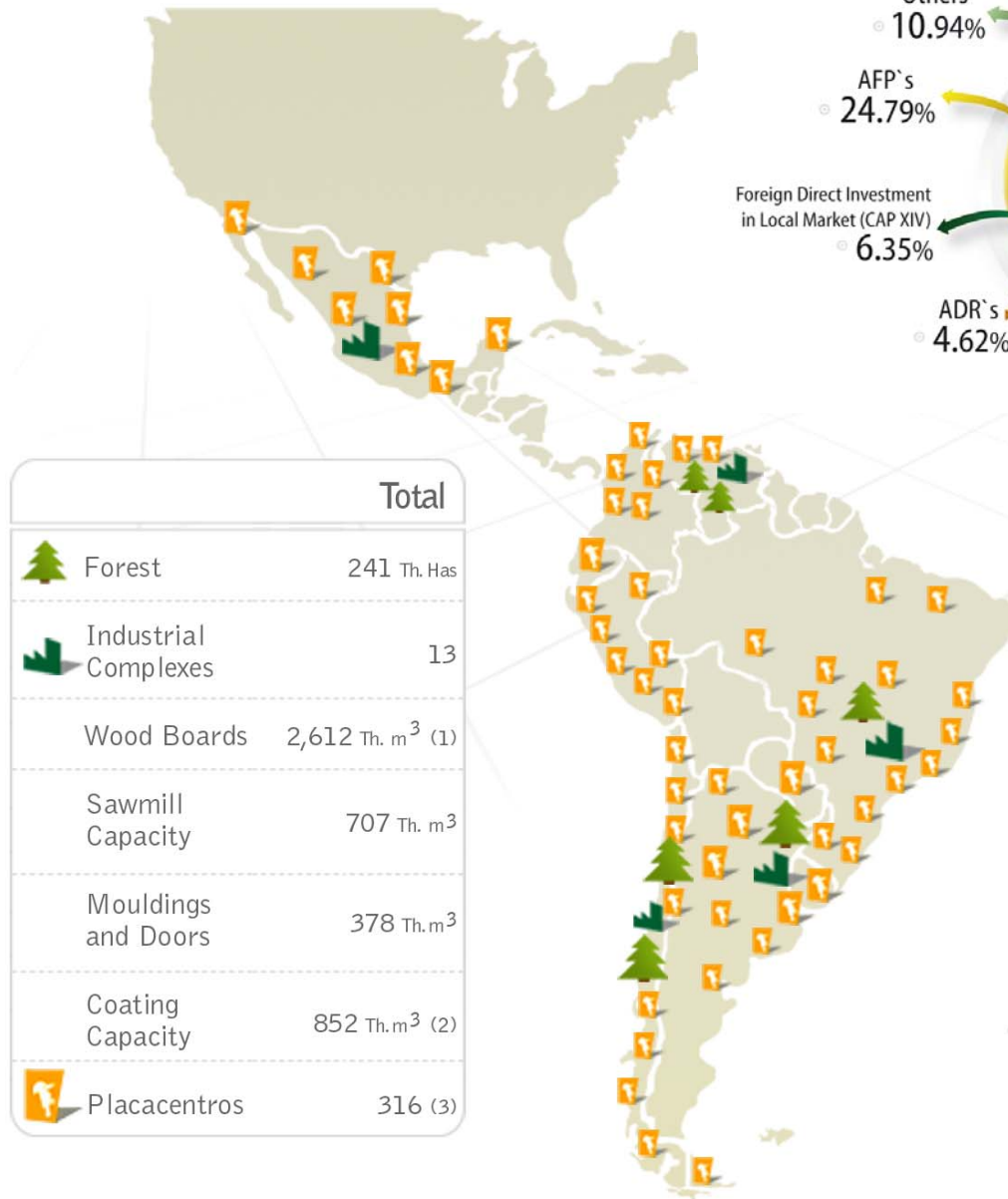


- **Investment Highlights**
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- **Corporate Governance**
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## Investment Highlights

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>● Leading producer of wood boards for furniture in Latin America (#1 in MDF &amp; PB)</li> </ul> | <ul style="list-style-type: none"> <li>● Competitive Strategy – Differentiation (Innovation &amp; Customer intimacy)</li> </ul> |
| <ul style="list-style-type: none"> <li>● Diversified manufacturing base and end markets (Latin America, US)</li> </ul>                  | <ul style="list-style-type: none"> <li>● Established and expanding associated distribution network (Placacentros)</li> </ul>    |
| <ul style="list-style-type: none"> <li>● Sound financial profile</li> </ul>   | <ul style="list-style-type: none"> <li>● Favorable growth prospects (Product penetration &amp; housing deficit)</li> </ul>      |
| <ul style="list-style-type: none"> <li>● 241Th. hectares of planted forests (pine &amp; eucalyptus - Strategic asset)</li> </ul>        | <ul style="list-style-type: none"> <li>● Commitment to sustainable development</li> </ul>                                       |

# Masisa in brief



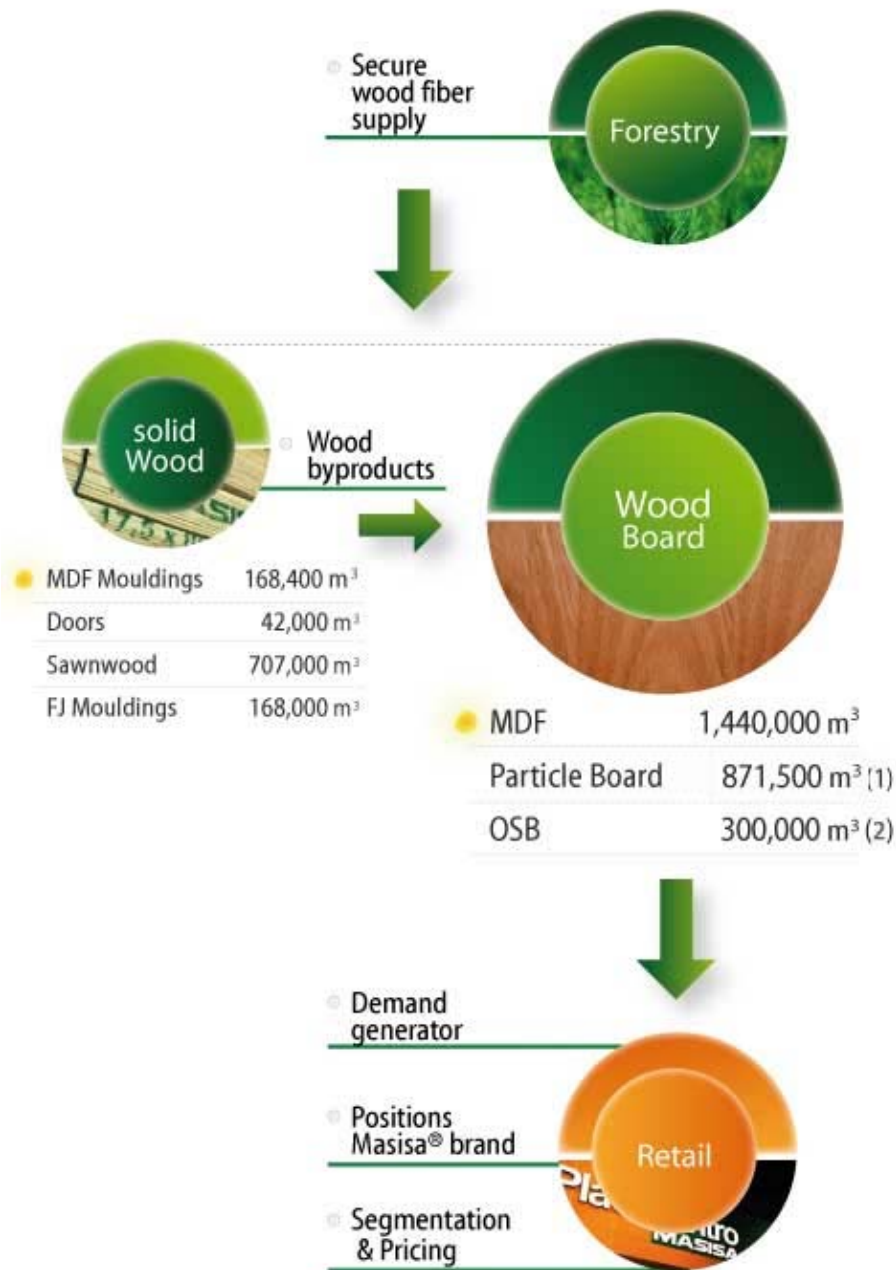
- (1) Does not include the announced 550,000 m<sup>3</sup> MDP plant in Montenegro (Brazil). Starts operations in Mid 2009
- (2) Does not include the announced 220,000 m<sup>3</sup> melamine line in Montenegro (Brazil) and the 150,000 m<sup>3</sup> melamine line in Mapal (Chile). Both start operations mid 2009.
- (3) As of October 2007.
- (4) Considers Sales of the trailing 12 months period ended on September 30 of 2007.

## Corporate Strategy

- **Core Business** : Production and commercialization of wood boards for furniture (MDF & PB) in Latin America.
- Other business units are considered synergic to the Wood Board business.

## Competitive Strategy :

- Differentiation.
- Innovation & Customer intimacy.
- Take advantage of attractive growth opportunities in Latin America.
- Expand & Strengthen retail distribution network.
- Commitment to Sustainable Development.



(1) Does not include the announced 550,000 m<sup>3</sup> MDP plant in Montenegro (Brazil). Starts operations in Mid 2009

(2) In Dec. 2007 Masisa signed a binding agreement for the sale of 75% of its OSB plant to Louisiana Pacific. The transaction is subject to due diligence and to standard requirements for these types of transaction. Transaction expected to be closed by Q1'08.





## WOOD BOARDS BUSINESS UNIT

### Masisa's Core Business (MDF & PB)

- Market Leader in Latin America (#1 or #2 in all markets, except Brazil).
- 67% of Total Sales, US\$ 621MM TTM 2007. (1)
- New 340,000m<sup>3</sup> MDF plant in Cabrero, Chile, started operations in October 2007- Operating at full capacity Q2' 08.
- New 550,000m<sup>3</sup> PB plant in Montenegro, Brazil to begin operations in Mid 2009.
- Dec. 2007: Binding agreement for the sale of 75% of OSB plant. Expected to be closed during Q1'08.
  - Focus in core business.
- All production is done under E-1 formaldehyde emissions standard.

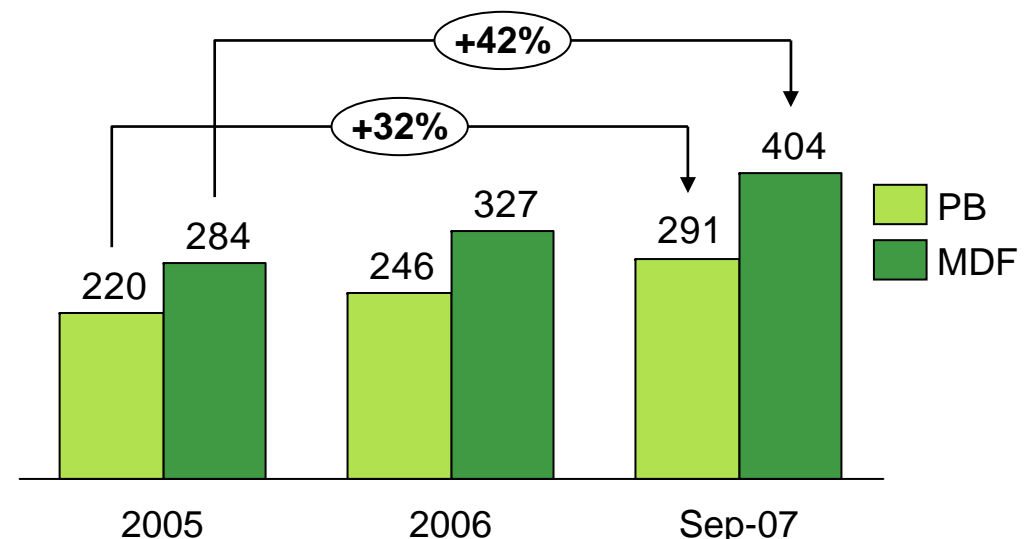
Source: Masisa as of Dec 2006.



Total Market Share in Latin America			
	PB	MDF	MeI
2006	19%	30%	24%

- The Company has been successful in transferring cost pressures into prices.

### PB & MDF Masisa's Price Evolution US\$/m<sup>3</sup> (eop price)



(1) Considers Sales of the trailing 12 months period ended on September 30 of 2007.

# Wood Board Business Unit

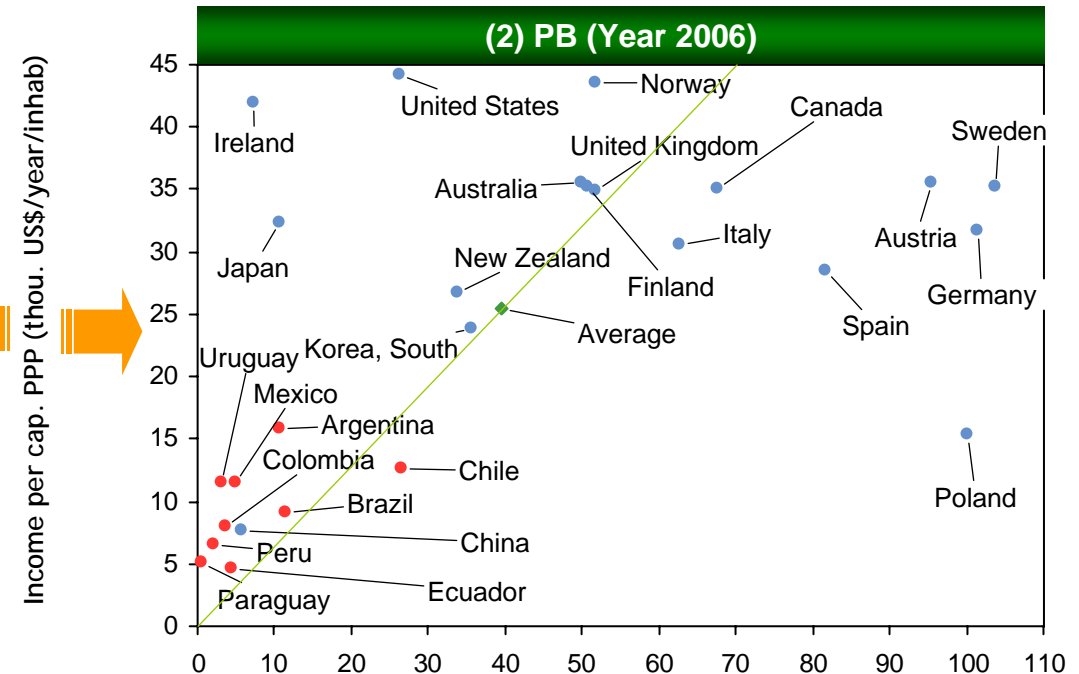
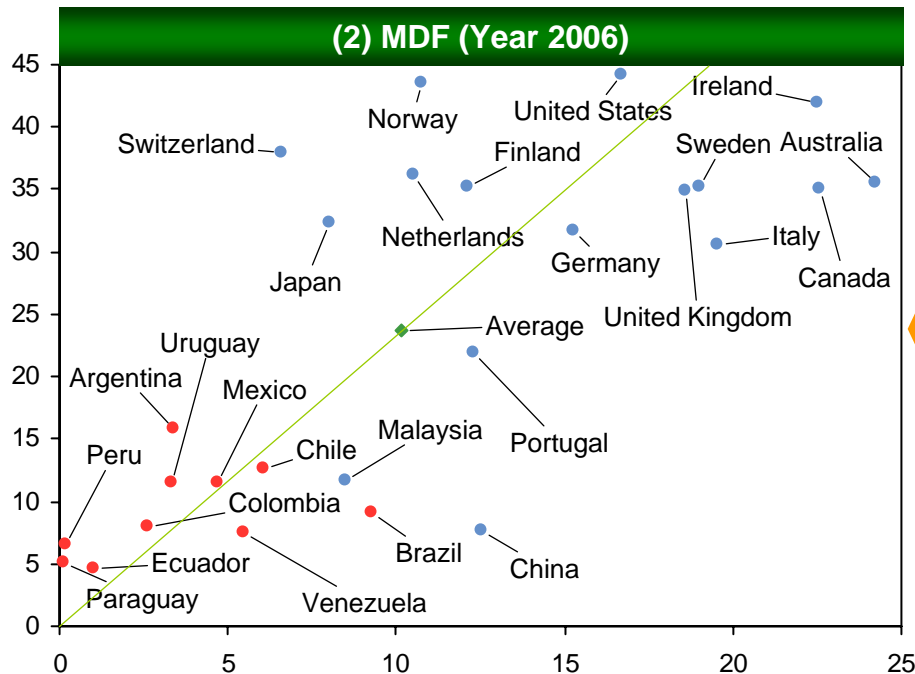
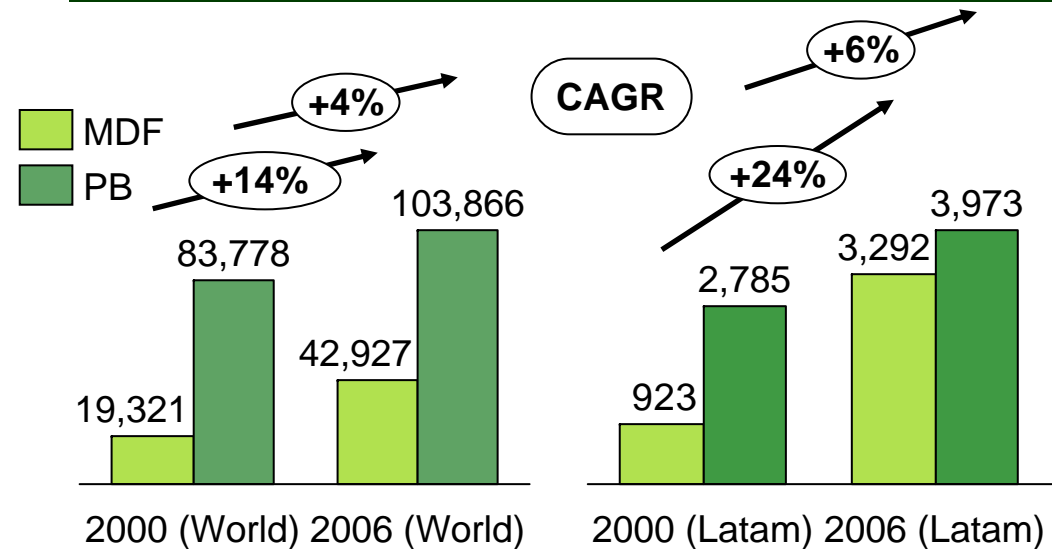
## Market Outlook

**Strong demand growth for wood boards for furniture in the region: (1)**

- Relatively low MDF & PB penetration in Latin America (2)
- Housing & Mortgage Loan Deficits (approx. 24MM middle – lower income houses to be built )
- Significant cost and transformation advantages v/s solid wood boards.



**(1) MDF & PB Consumption – (2000-2006) '000 of m<sup>3</sup>**



Source: FAO, UN – ECE, Wood Markets, World Bank. Info as of October 2007.

Consumption per cap. (m³/year/thou. inhab)

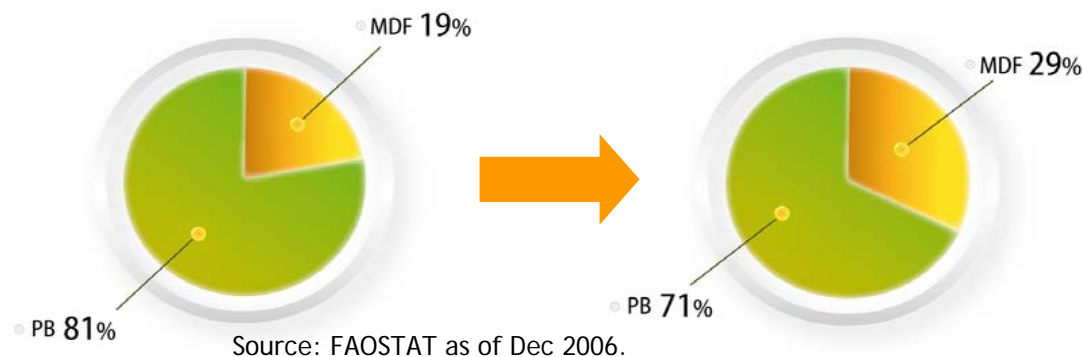
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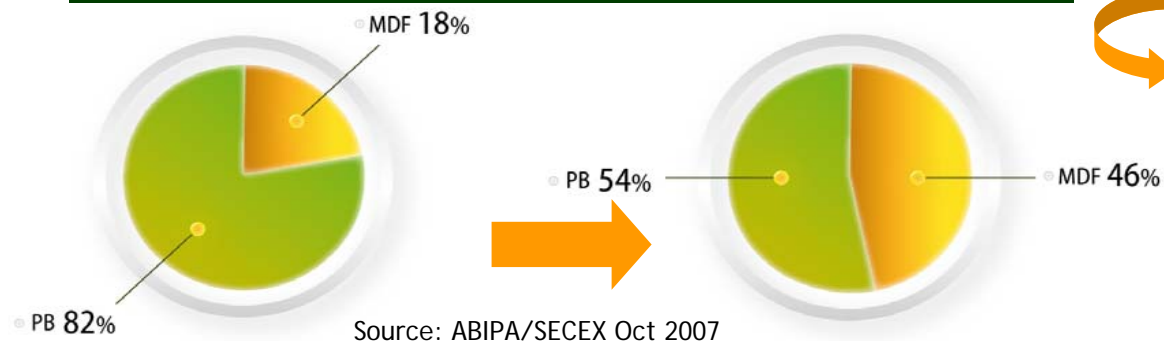
# Brazilian Market Consumption Trend & Outlook



## (1) PB & MDF Consumption Split World – (2000→ 2006) %



## (1) PB & MDF Consumption Split Brazil – (2000→ 2006) %



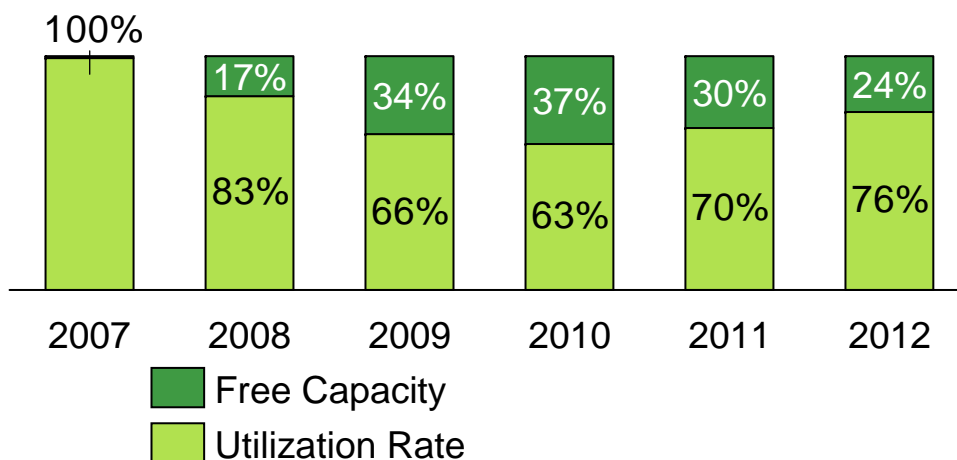
## Better business outlook for PB in Brazil, in terms of :

- Consumption Trend (1)
- Projected Capacity Utilization Rates (2)

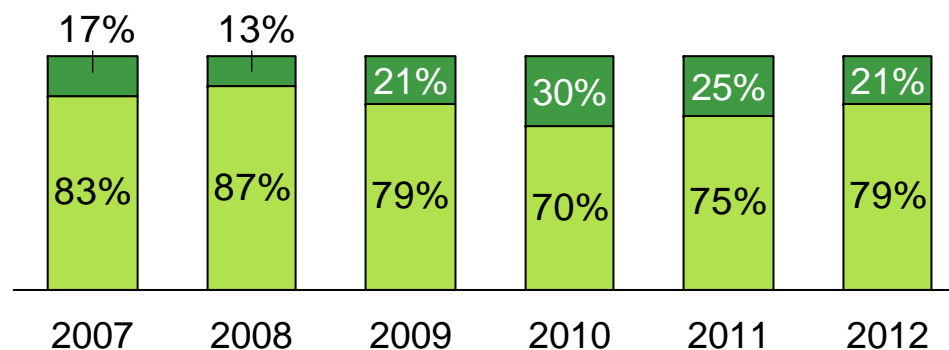
## Masisa's Brazil MDF production, better positioned than competitors in a possible spare capacity market:

- Spare Capacity in raw MDF.
- More than 70% of Masisa's MDF is melaminated.
- Positive outlook for the Brazilian furniture exports industry (melaminated wood boards).
- Strong brand positioning (Placacentros).

## (2) MDF Projected Capacity Utilization Rates – Brazil %



## (2) PB Projected Capacity Utilization Rates – Brazil %



Source: BNDES - ABIPA and Masisa estimates as of October 2007

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# New MDP plant in Rio Grande do Sul, Brazil

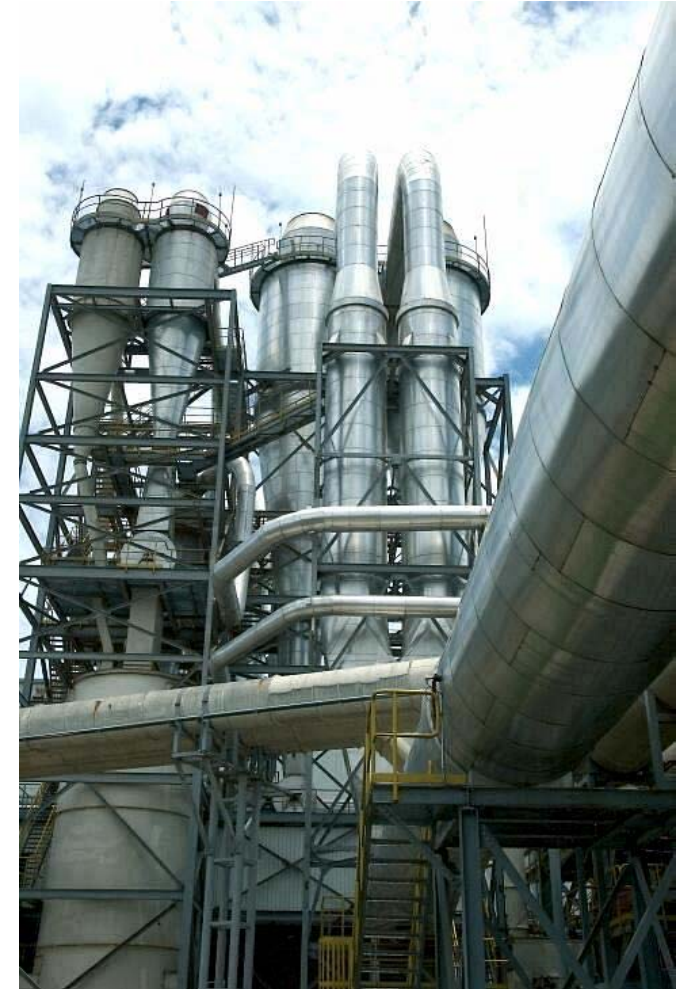


## Description

- 550,000 annual cubic meters MDP (Medium Density Particle Board) plant and a 220,000 annual cubic meters melamine line.
- Capex: US\$119 million.
- Start operations: Mid 2009 - Full capacity 1Q 2010.
- Production oriented towards the Brazilian market.

## Opportunity

- Take advantage of the Brazilian MDP market growth.
- Strengthen Masisa's market position.
- Competitors focused in MDF.
- Wood fiber supply availability at competitive prices.
- Free production capacity in Argentina.

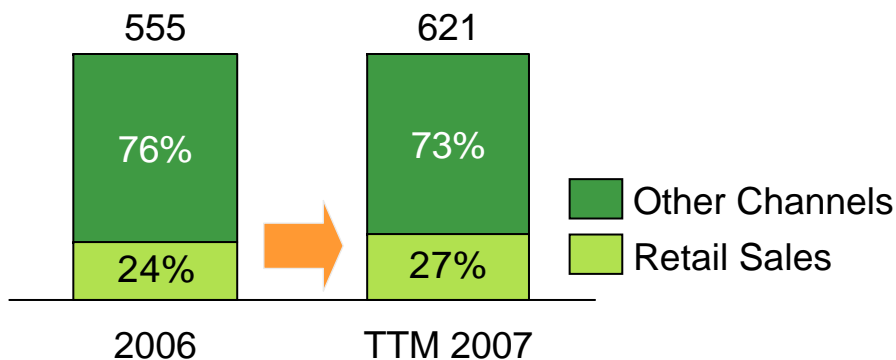




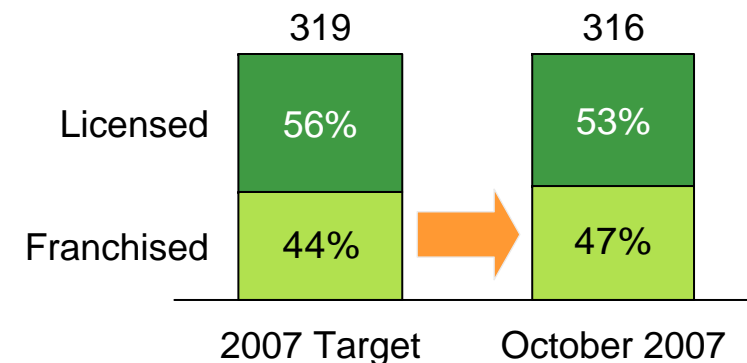
## RETAIL BUSINESS UNIT

- Placacentro is a licensed retail chain, tailored to improve productivity of carpenters and small contractors. Objective: Become the One Stop Shopping Store.
- Sales: US\$ 173 MM sales (TTM 2007) (1)

Total wood board sales in US\$ MM (1)



(2) Total Placacentros composition



### Focus will be in transforming the retail chain into a strong and effective commercial network:

- Migration from brand license level agreements, to franchise contracts. Migration expected to be finished by 2009. (2)
- Implementation of "Placacentro Operation Manual" and training process (6 months).
- Implementation of Extranet support web page for the Placacentros.

(1) Considers Sales of the trailing 12 months period ended on September 30 of 2007.

# Retail Business Unit

## Placacentros



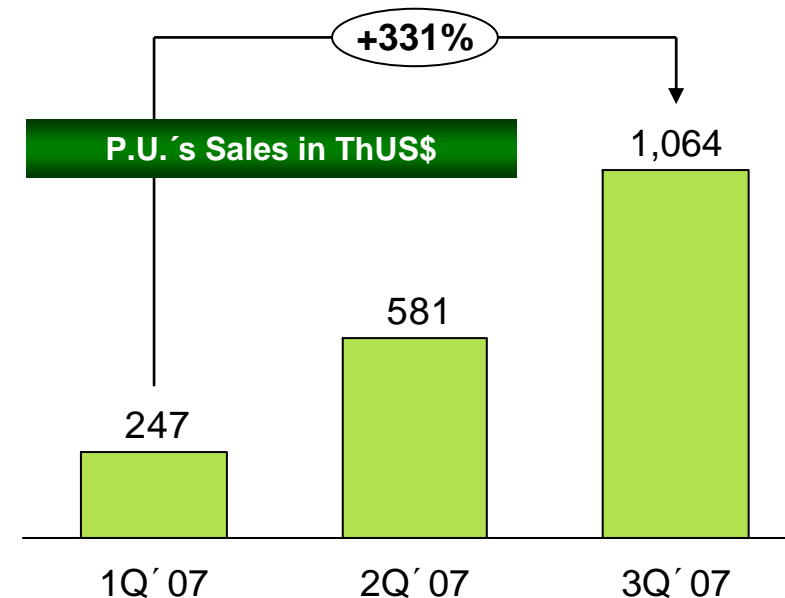
### Improve the Carpenters and Placacentro owners commercial skills:

- Carpenters (New Services):
  - Cut so size
  - Design Center
  - Sale's strategy
- Placacentro owners:
  - Category Management
  - Pricing strategy
- Improvements:
  - Product mix
  - Store layout
  - Margins



### Creation of Procurement Units

- Customer loyalty and improve margins in fixtures sales.
- First P.U.: Mexico (January 2007).
- Today: Mexico, Chile, Peru, Brazil, Ecuador and Colombia operating normally and increasing in sales.
- Upcoming P.U.'s to begin operations: Venezuela (March '08).



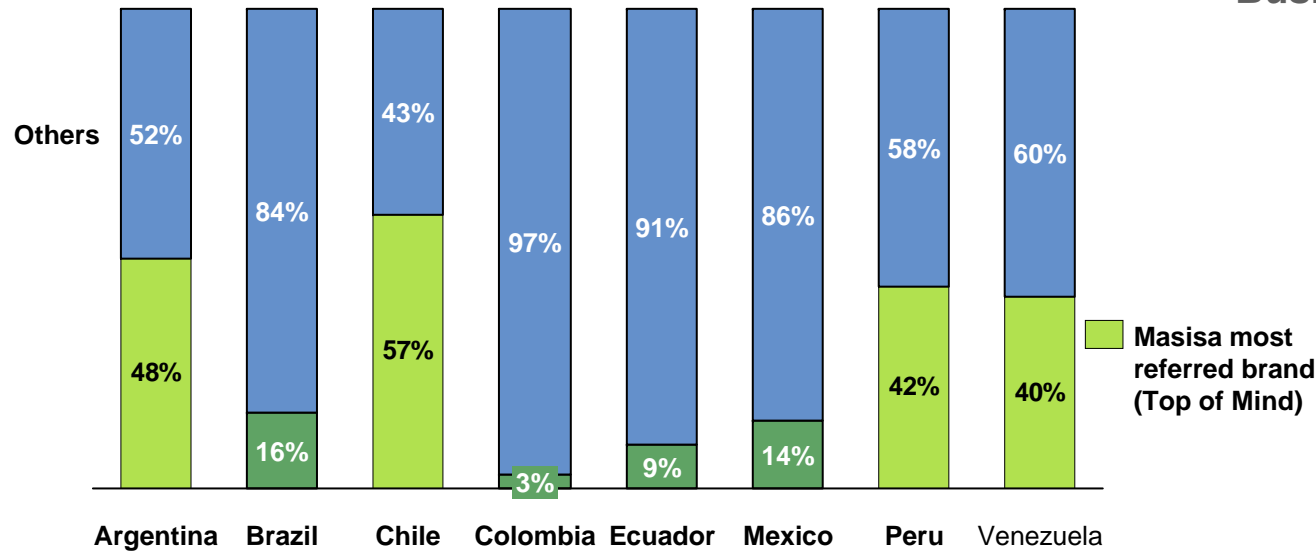


# Retail Business Unit

## Brand Positioning and Inclusive Business



### Brand Awareness Top of Mind (1)



(1) The % is calculated from the times that Masisa is first referred when asked about a particular wood board brand.  
Source: Survey made by Masisa during 2006

### The Bottom of the Pyramid Market : Inclusive Business

**Masisa's goal is that 10% of its total local sales come from this line of business by the end of 2008. Some of our initiatives are:**

- Carpenters training (10,059 Carpenters trained up to date)
- "Door to Door" sales force for basic furniture
- DIY furniture kits for lower income households



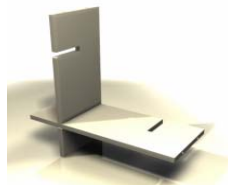
Kitchen

Bedrooms

Stairway / Diningroom

TV Room

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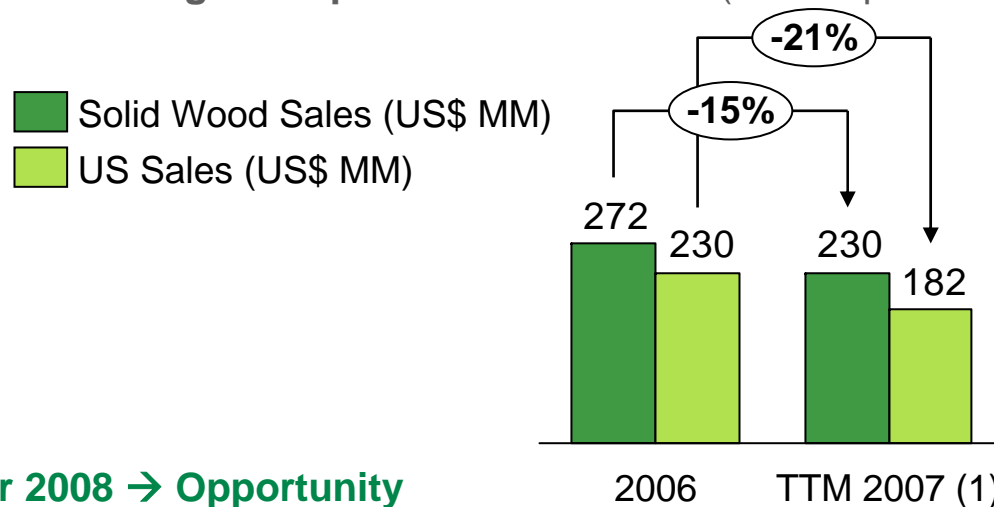


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## SOLID WOOD BUSINESS UNIT

- Provides strong synergies to our Core Business (Wood byproducts & logistics)
- Guarantees sawing capacity in areas of influence.
- Natural hedge for operations in LATAM (U.S. export business).



### “Sub Prime Crisis” effect:

- Closure of our Charleston facility (MDF Mouldings) on January 2007 (Proactive action).
- Consolidation of MDF mouldings operations in Cabrero, Chile.
- Reduction of FJ mouldings operations.

### Year 2008 → Opportunity

Gain an advantage point when US Market recovers (Mid 2009).

- Focus: Optimization and consolidation of operations.
- Opportunity to consolidate markets (closure of many competitors sawmills and moulding lines in the U.S., Chile and Brazil).
- Market Diversification.

(1) Considers Sales of the trailing 12 months period ended on September 30 of 2007.





## FORESTRY BUSINESS UNIT

### ■ Strategic Asset

- 241Th hectares of planted of pines and eucalyptus
- Secure fiber supply for industrial operations.
- Maximize the return on the forestry business.
- Explore new forestry investment opportunities in the Latam region.

### ■ Young age profile in Chile and Argentina ensures increasing harvesting volumes

### ■ Development of Greenfield projects

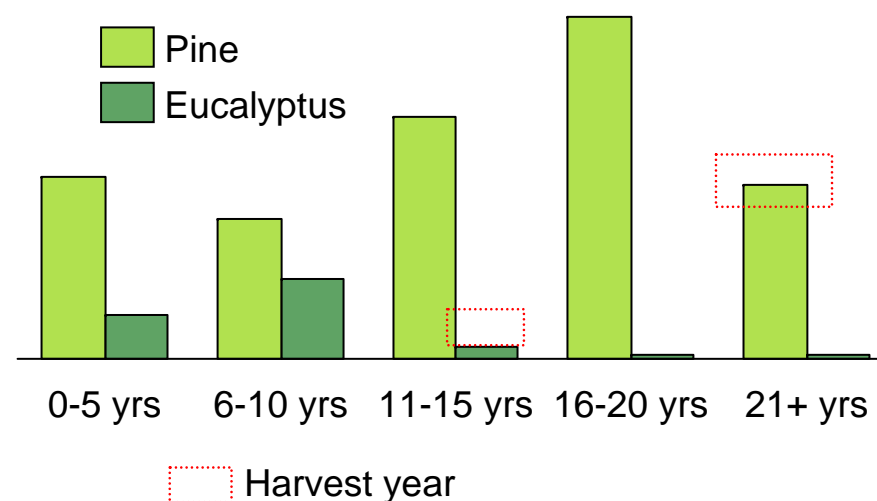
### ■ 2008 Targets:

- Land acquisition program for Argentina, Brazil and Chile: 6,800 hectares.
- Harvest volume: 3 million m3
- Planting program: 4,800 hectares

### ■ All operations under Forest Stewardship Certification (FSC) and ISO 14001 certification.



Age Profile as of Dec. 2006



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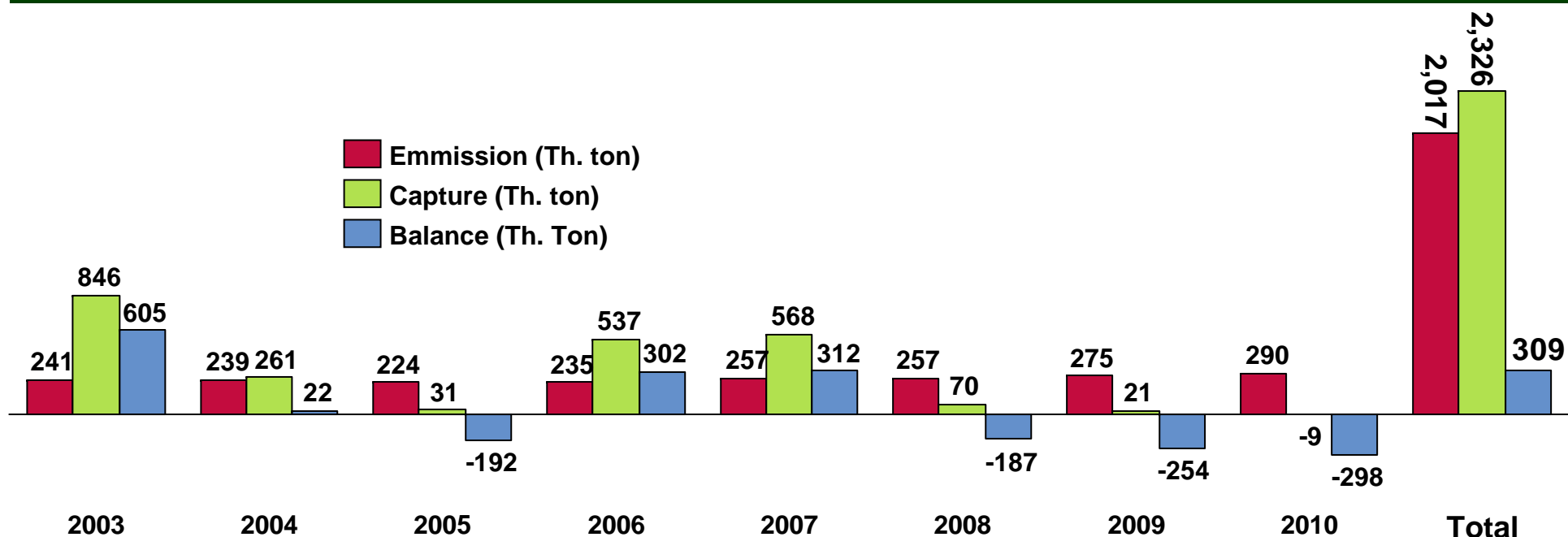




# Commitment to Sustainable Development

- Masisa S.A. joined the Chicago Climate Exchange (“CCX”) – Mar. 2007.
- Masisa: Positive CO<sub>2</sub>e balance.
- Commitment to reduce CO<sub>2</sub>e emissions by 6% during 2003-2010 period (compared to base line period 1998-2001).
- Value creation opportunity.
  - Energy cost reduction culture. Energy is the third most important element in Masisa’s cost structure (approx. 12% of total consolidated production costs).
  - Brand positioning (reputation).
  - Carbon surplus to be commercialized as carbon bonds.
  - Anticipate market trends/regulations.
- In line with Masisa’s business plan and forest expansion strategy (Greenfield projects – high level of CO<sub>2</sub> capture).

Masisa’s CO<sub>2</sub> emission and capture estimates (2003-2010)



Note: Data to be confirmed and audited by CCX during 2007.

# Corporate Governance



## - Corporate Governance Model -

- Masisa's Business Principles contain the company commitments on subjects such as compliance with applicable law, ethical behavior, employees rights and sustainable business practices.
- Masisa's Board of Directors represents the interests of all the shareholders. The board also monitors the effectiveness of the elements of Corporate Governance Strategy.
- The Audit Committee is responsible for ensuring a cost effective control environment.
- The Administration has the primary responsibility for designing, raising awareness and accountability for risk and controls among the business processes owners and employees.
- The Risk Management considers a strategic, complete and integrated view with the purpose to prevent threats and identify opportunities.
- Masisa has established a communication process for anonymous or straightforward grievance related to the compliance of its Business Principles, Ethical Behavior Standards and Conflicts of Interest (whistleblowing)

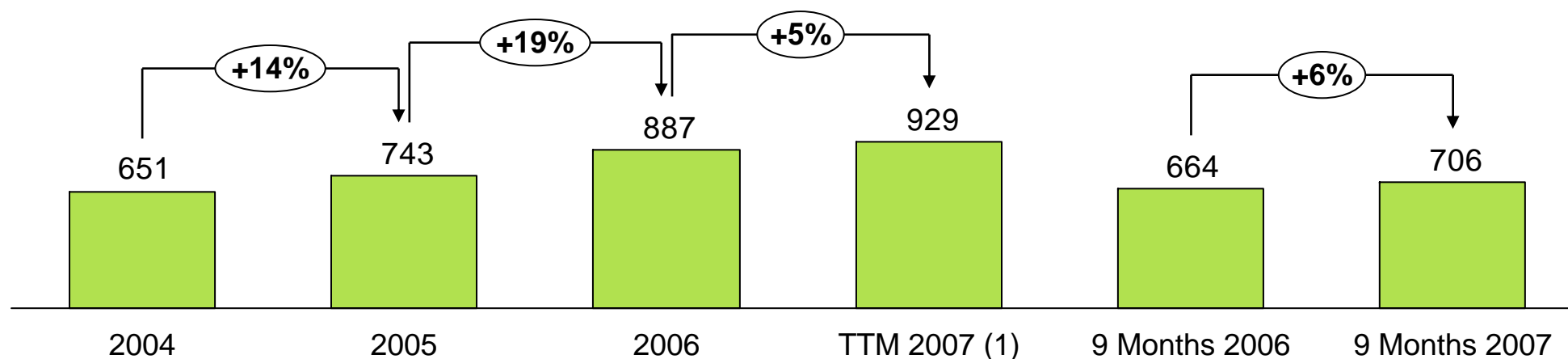
*In the frame of the " IR Global Ranking" 2007 version (Global Ranking of Relationships with Investors), Masisa was acknowledged as the company that has one of the best trade union framework of corporate governance in Latin America, based on the ranking of MZ Consult, a US financial consulting company and of relationships with investors*

# Masisa's Financial Performance

## Constantly Growing Sales



Consolidated Sales (US\$mm)



Sales Volume Main Products (US\$ MM)

	2006	TTM 2007 (1)	Growth	9 months 2006	9 months 2007	Growth
MDF	320	374	+16.88%	231	287	+24.24%
PB	187	201	+7.49%	138	152	+10.14%
OSB	48	45	-6.25%	40	37	-7.5%
FJ Mouldings	94	75	-20.91%	74	55	-25.68%
MDF Mouldings	65	54	-16.92%	48	37	-22.92%

Sales Volume Main Products (000 m<sup>3</sup>)

	2006	TTM 2007 (1)	Growth	9 months 2006	9 months 2007	Growth
MDF	978	981	+0.31%	732	734	+0.27%
PB	764	728	-4.71%	573	538	-6.11%
OSB	220	199	-9.55%	179	158	-11.73%
FJ Mouldings	190	175	-7.89%	151	135	-10.60%
MDF Mouldings	158	127	-19.62%	121	90	-28.90%

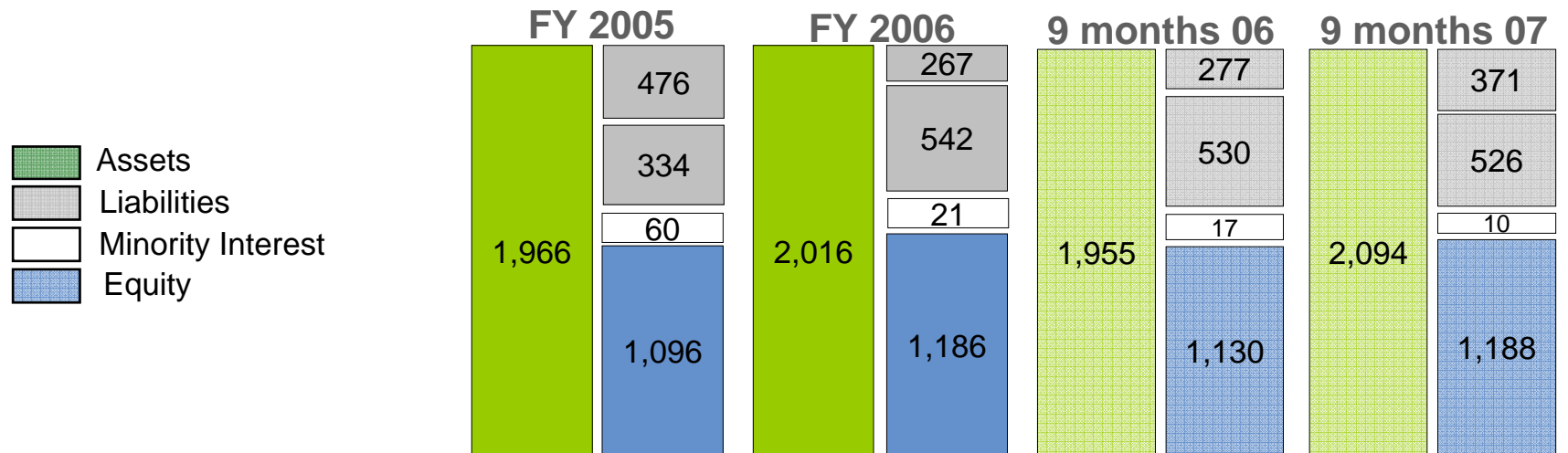
(1) Considers Sales of the trailing 12 months period ended on September 30 of 2007.



# Masisa's Financial Performance

- Income Statement Highlights
- Solid Financial Profile
- Masisa holds an A- Negative Outlook (local scale) and BBB- Negative Outlook (international scale) risk ratings by Fitch.

Income Statement (US\$ MM)				
	FY 2005	FY 2006	9 Months 2006	9 Months 2007
<b>Sales</b>	743	887	664	706
<b>Gross margin</b>	194	208	154	173
% over sales	26.1%	23.4%	23.2%	24.5%
<b>Operating Income</b>	81	84	65	77
%over sales	10.9%	9.5%	9.8%	10.9%
<b>Non Operating Result</b>	-50	-46	-36	-41
<b>Taxes</b>	-14	-23	-21	-20
<b>Net Income for the Period</b>	26	29	19	27
<b>EBITDA</b>	<b>158</b>	<b>154</b>	<b>118</b>	<b>129</b>
EBITDA margin	21.2%	17.4%	17.8%	18.3%



<b>Funded Debt/EBITDA</b>	<b>4.12x</b>	<b>3.88x</b>	<b>4.14x<sup>1</sup></b>	<b>3.95x<sup>1</sup></b>
<b>Leverage<sup>2</sup></b>	<b>0.70x</b>	<b>0.67x</b>	<b>0.70x</b>	<b>0.75x</b>

<sup>1</sup> EBITDA of the last 12 months period ended on September 30 of each year.

<sup>2</sup> Leverage = Total Liabilities / Equity

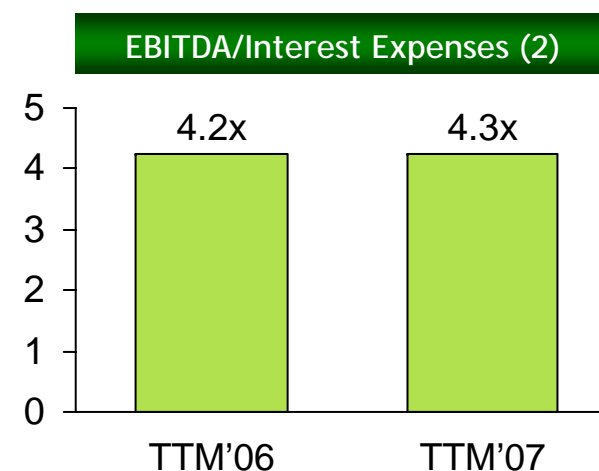
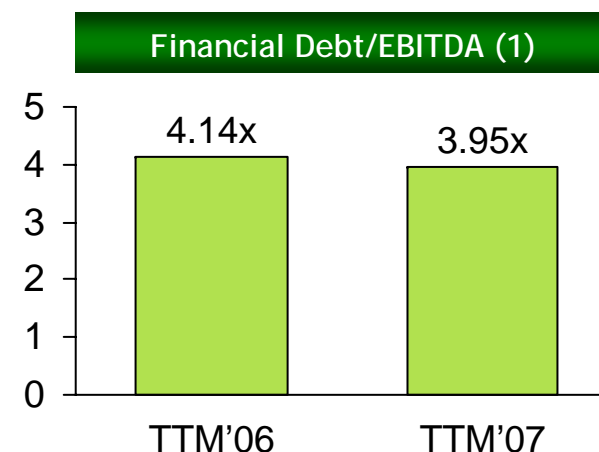
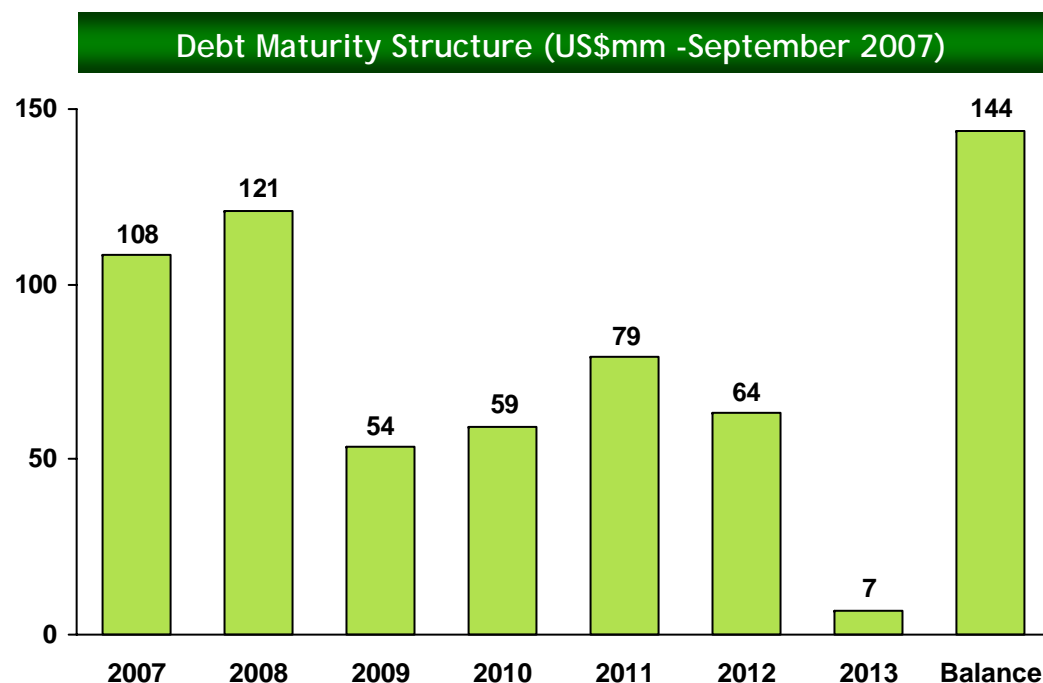


# Masisa's Financial Performance

## Our Finances



- Continuous growth while maintaining a sound financial profile.
- Proven access to financial and capital markets in adequate terms.
  - In June 2007 the Company successfully placed bonds in the local market for UF2.5MM (equivalent to US\$88.8MM).
- Responsible financial management.



- (1) Considers EBITDA of the last trailing 12 months periods ended on September 30 of each year.
- (2) Considers EBITDA and Financial Expenses of the last trailing 12 months periods ended on September 30 of each year.

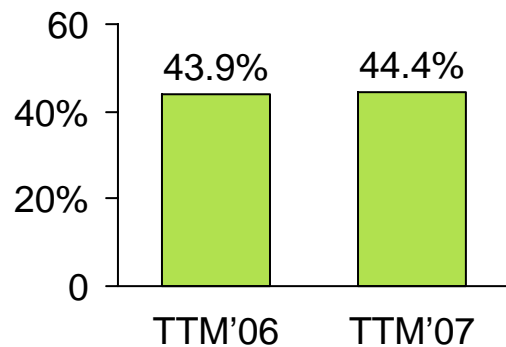


# Masisa's Financial Performance Improvements on Performance

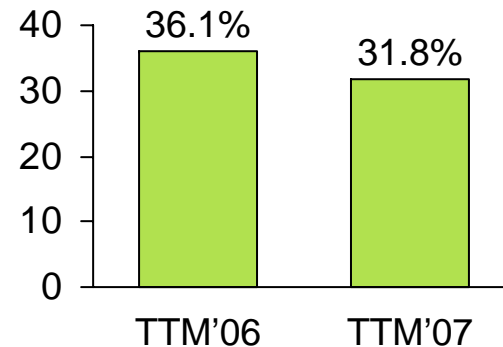


- Steady sales' growth, while increasing efficiency in asset's utilization.

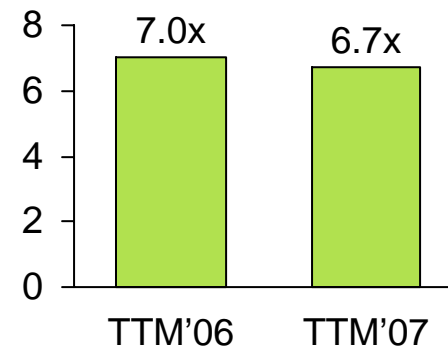
Sales/Total Assets(1)



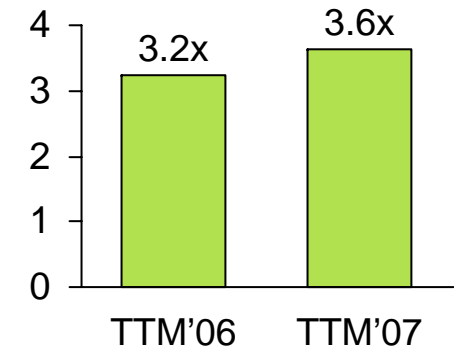
Oper. Working Capital / Sales(1)



Accounts Rec. Turnover (2)

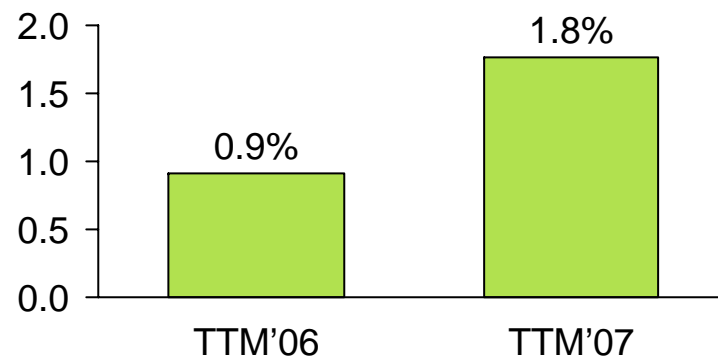


Inventory Turnover (3)

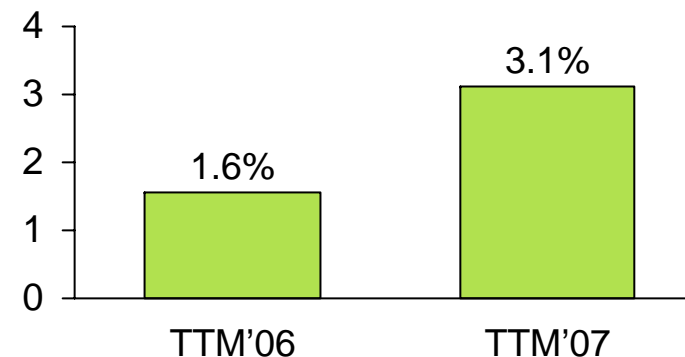


- Consistent growth in net income reflected in ROA and ROE improvements.

ROA (4)



ROE (4)

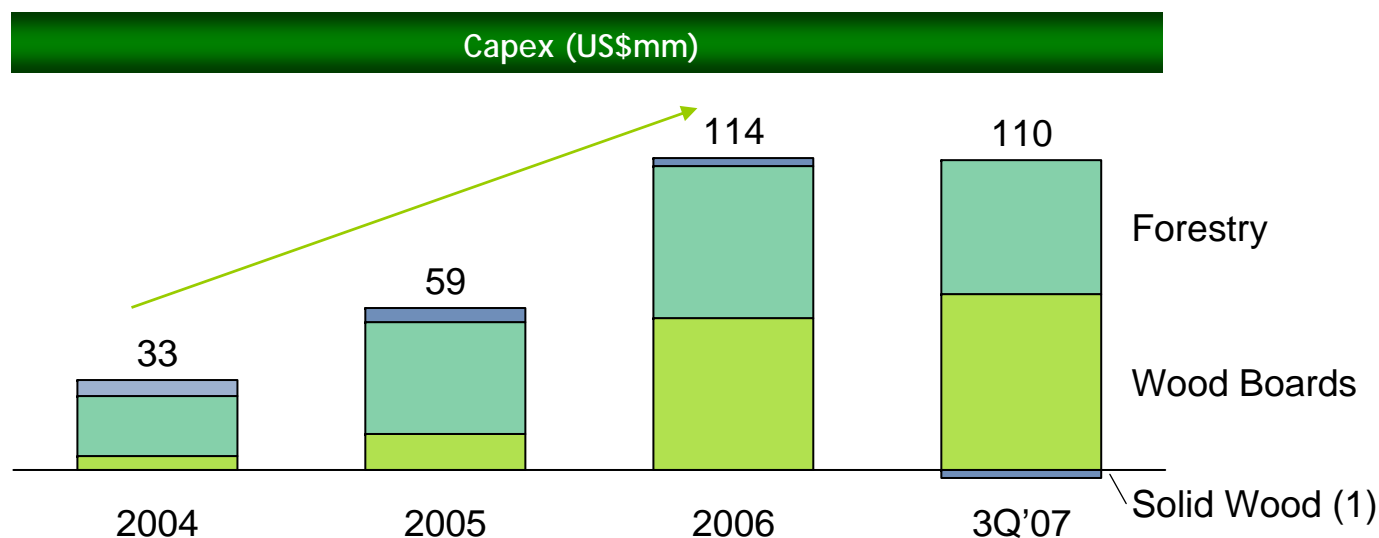


- (1) Considers Sales of the trailing 12 months periods ended on September 30 of each year.
- (2) Considers Sales and average Accounts Receivable of the trailing 12 months periods ended on September 30 of each year.
- (3) Considers Sales and average Inventories of the trailing 12 months periods ended on September 30 of each year.
- (4) Considers Net Income of the trailing 12 months periods ended on September 30 of each year.

# Masisa's Financial Performance Improvements on Performance



- Growing Capex in Boards and in securing wood supply (Forestry).
- Capex for 2007: US\$ 140MM approx.
- Net Capex for 2008: US\$ 114MM approx. (depending on divestitures).
- Upcoming Projects:
  - New PB line. Rio Grande do Sul, Brazil. Capacity: 550,000m<sup>3</sup> with a melamine line of 220,000m<sup>3</sup>. Capex: US\$ 119MM. Start Operations: Mid 2009.
  - New melamine line. Mapal Chile. Capacity: 150,000m<sup>3</sup>. Capex: US\$15MM. Start Operations: 1H'09.
  - Land acquisitions for greenfield forestry projects.



(1) The negative figure in Solid Wood corresponds to the divestiture in USA due to the plant shutdown in Charleston.