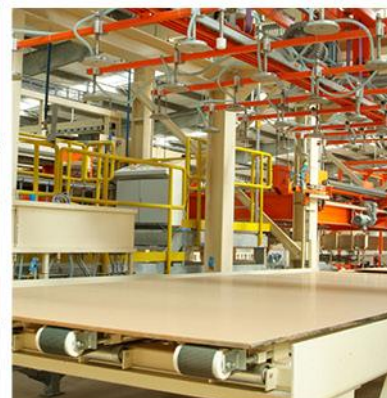
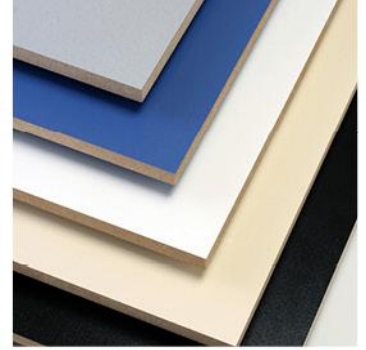


# MASISA

Tu mundo, tu estilo

October 2016





# MASISA OVERVIEW & HIGHLIGHTS

STRATEGY

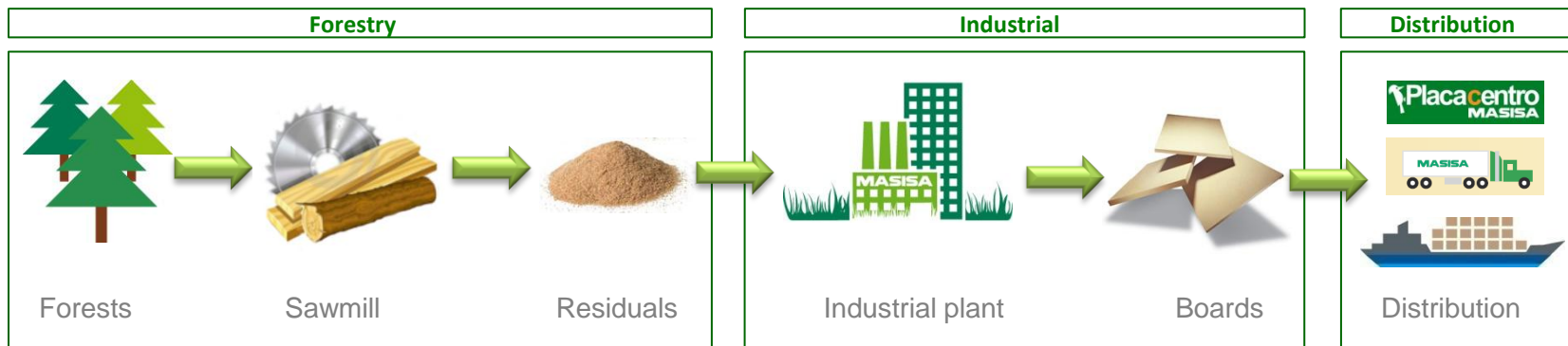
FINANCIAL PROFILE & PROJECTIONS

# Overview

Masisa is a leading integrated company focused on **fiberboard** and **particleboard** production and marketing for furniture and interior design in **Latin America**

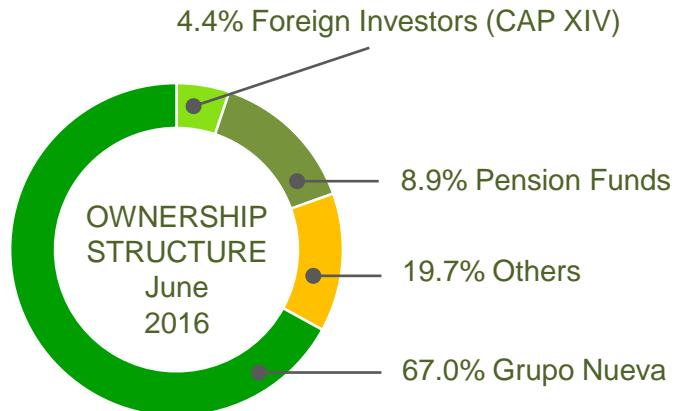
- #1 In installed capacity in Latin America excluding Brazil
- #1 In sales in 4 countries in Latin America
- #1 in retail distribution network, with 322 stores in Latin America (Placacentro)
- #1 Top of mind brand in Latin America
- #1 in corporate governance, environmental and social standards in the region

## Business model





# Ownership Structure



## Supported by a Recognized Controlling Group

**VIVA TRUST**

- Founded in 2003
- Supports Grupo Nueva's business activities, providing guidance and control
- Finances the activities of AVINA, foundation and other philanthropic initiatives

**AVINA**

- Latin American non-governmental organization that contributes to sustainable development by supporting social and environmental focused entrepreneurs

**GRUPO NUEVA**

- Investment company, focused in the forestry and wood products business
- Controlling shareholder of MASISA since 2002, with 67% of equity participation
- Grupo Nueva has supported Masisa by subscribing the last capital increase of the company in 2013 in order to strengthen its financial profile and support growth opportunities
- Grupo Nueva's main asset is its equity stake in Masisa

**MASISA**

- MASISA's core objective is to maximize value creation in the LatAm wood board industry

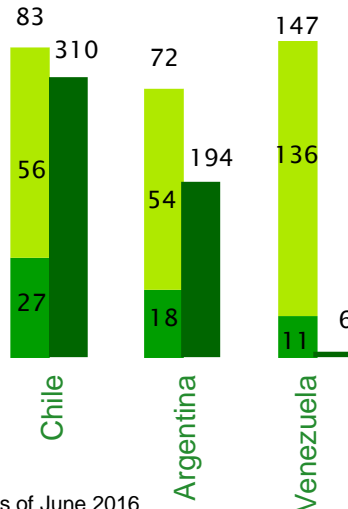


# Integrated operations focused on the manufacturing and marketing of wood boards



## Forest assets by country

- Forestry useful land (th. ha.)
- Other land (th. ha.)
- IFRS Value (US\$ MM)



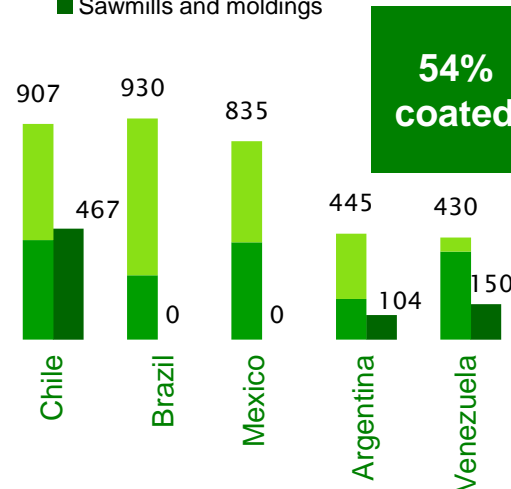
As of June 2016  
Source: Masisa

- Value of timberlands: US\$ 567 MM
  - ✓ Stumpage: 191 th. Ha. → US\$ 316 MM
  - ✓ Land: 303 th. Ha. → US\$ 251 MM
- Venezuela's plantations are mainly on leased land

## Installed production capacity by product and by country

(thousands of m<sup>3</sup>)

- MDP/MDF coated
- MDP/MDF raw
- Sawmills and moldings



Source: Masisa

- 10 industrial complexes in 5 countries in the region.
- Includes 220 th. m<sup>3</sup> new MDF plant in Mexico

- Multichannel strategy
- 33% of sales through the Placacentro retail network
- # 1 top of mind brand in Latin America

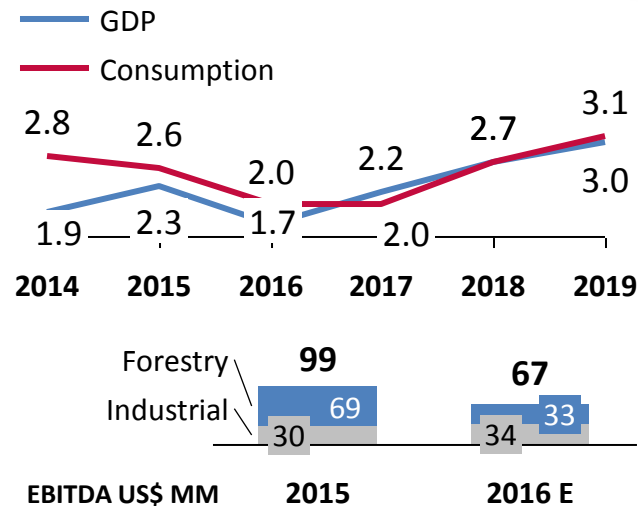


# Overview by country



## Chile

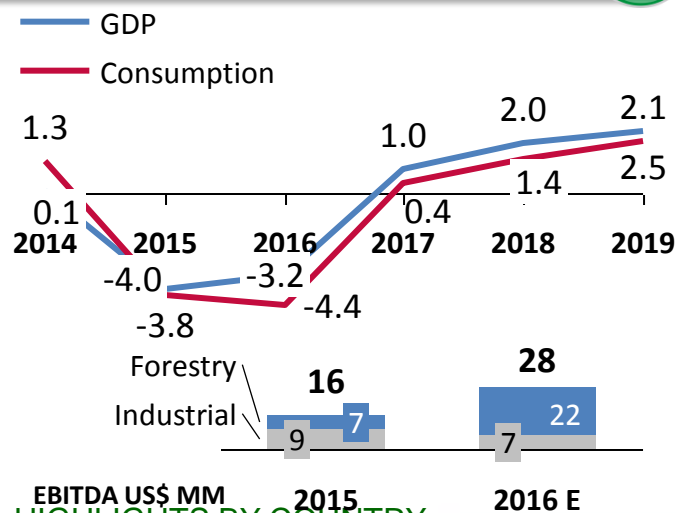
- ✓ Stable sales and margins in the local market. Exports help to offset local currency devaluation effects
- ✓ Moderate increase in GDP to a 2-3% range in 2017
- ✓ Industrial results expected to improve in 2017 from better export volumes and margins
- ✓ Forestry results will decrease in 2017 due to standing timber sales implemented in previous years



## Brazil



- ✓ First signs of recovery: positive market expectations for Brazil after confirmation of government change
- ✓ Economic activity and consumer confidence start showing improvements compared to the last two years
- ✓ Panel industry will continue to be affected by the existing over capacity
- ✓ Excellent market position will enable Masisa Brazil to increase MDF volumes and margins in 2017

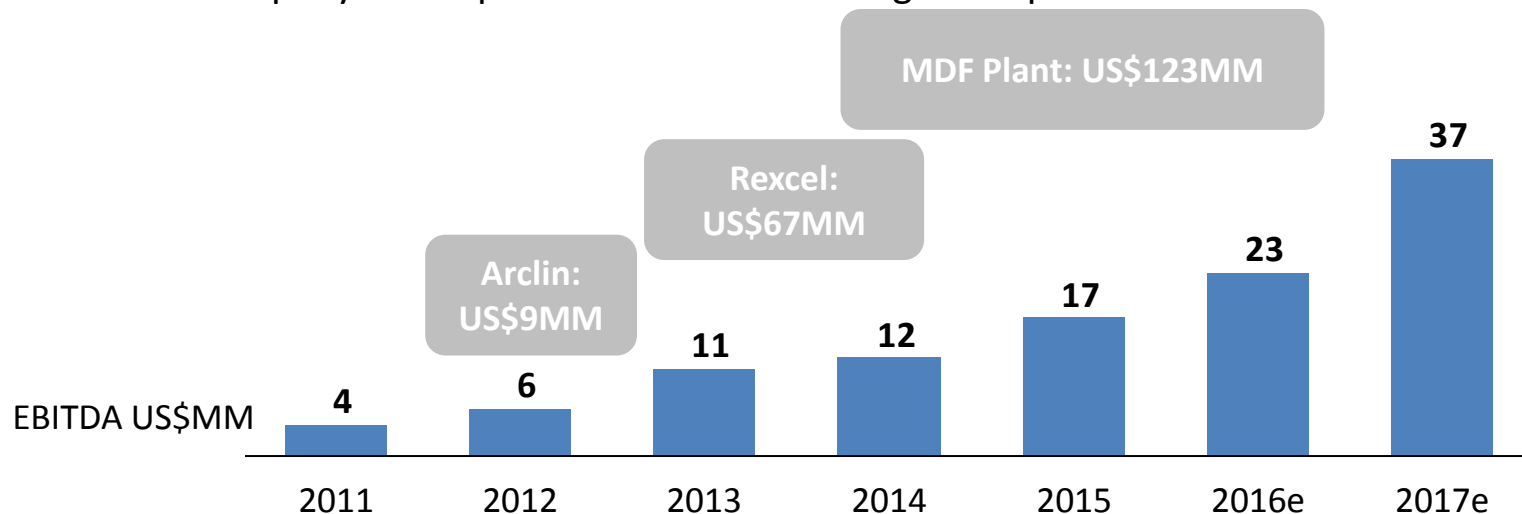


# Overview by country

## Mexico



- ✓ The company has implemented an intensive growth plan in Mexico



### MDF project in Mexico:

- **Plant inauguration** in June
- CAPEX: US\$123 MM
- Incremental projected **EBITDA** vs 2015: 2016 US\$5 MM, 2017 US\$20 MM and 2018 US\$25 MM
- Increase of 34.5% in **MDF sales volume** prior to plant start in order to secure the market for incremental capacity

- ✓ Board demand is growing in excess of internal consumption due to a significant increase of industrial growth oriented to exports to the US
- ✓ Domestic demand outlook remains positive based on expected substitution of solid wood and plywood

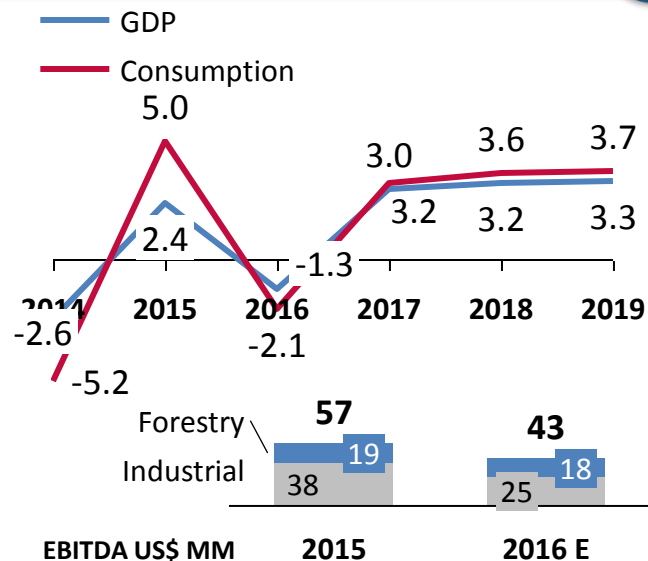


# Overview by country

## Argentina



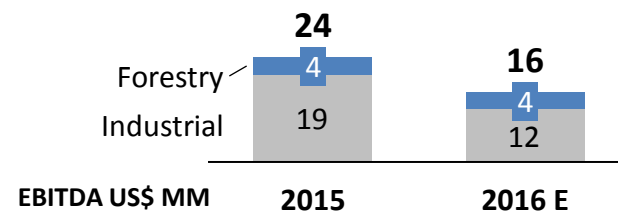
- ✓ Change of the government and economic and political measures are setting the basis for a better and more sustainable growth as well as a decrease in country risk
- ✓ Recent increase in building permits and cement sales
- ✓ Exports (25% of our sales) set an efficient hedge to devaluation



## Venezuela



- ✓ Significant reduction of domestic demand caused mainly by economic imbalances and hyperinflation
- ✓ Increase of exports partially offsets local market performance and secure access to US\$ to pay foreign suppliers
- ✓ Venezuelan operations have limited impact in Masisa, represents less than 7% of consolidated EBITDA and 4% of assets
- ✓ Completely self sufficient operation allows keeping it as a long term value asset





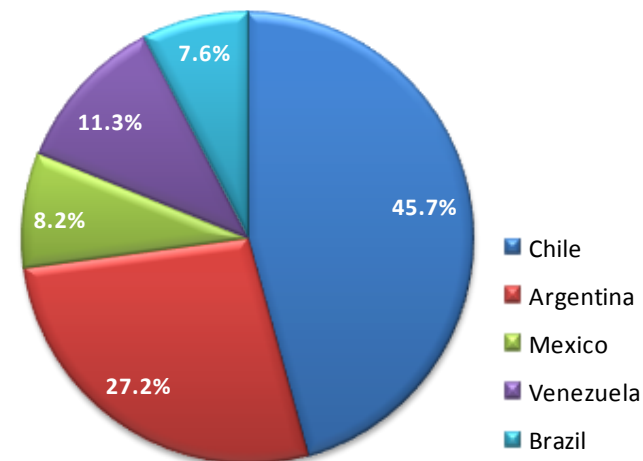
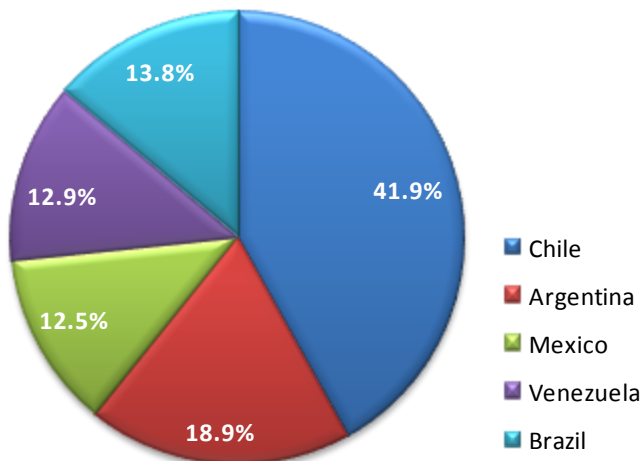


# Revenues & EBITDA by country\*

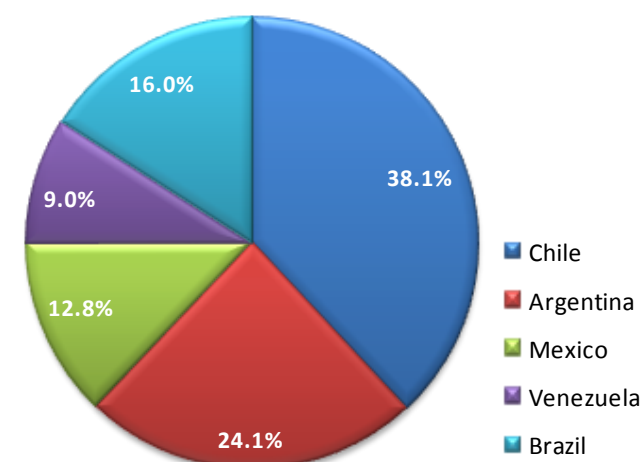
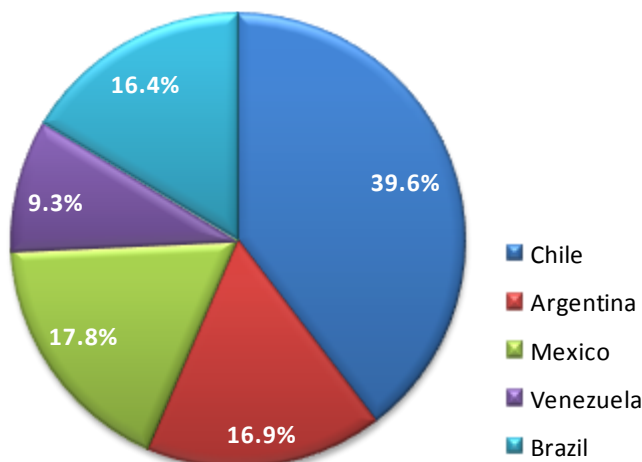
## REVENUE

## EBITDA

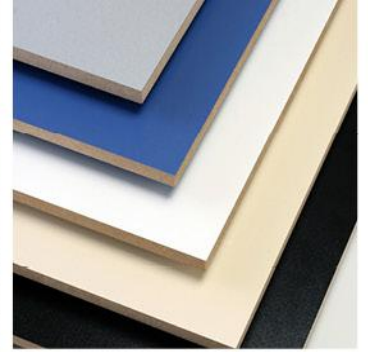
2015



2016 E



\*Revenue & EBITDA by country of origin



# MASISA OVERVIEW & HIGHLIGHTS

## STRATEGY

## FINANCIAL PROFILE & PROJECTIONS

# 2016 Strategy

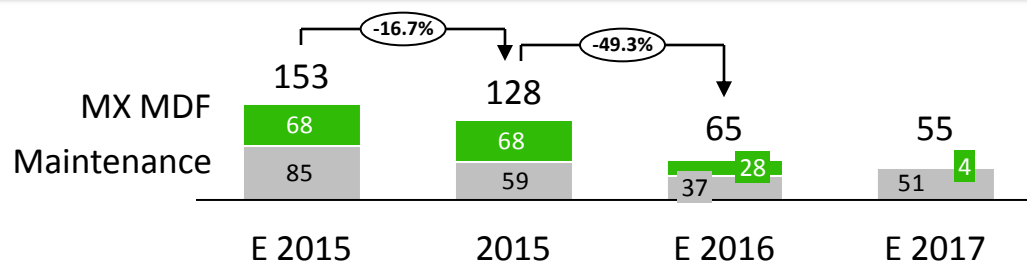
1

Divestment plan to **strengthen** the company's financial profile

- Non-strategic assets sales for up to US\$ 130 MM by 2016
- Funds being used to reduce financial debt
- The portfolio of non-strategic assets generated a small contribution to EBITDA

2

Strict **Capex** control (US\$ MM)



3

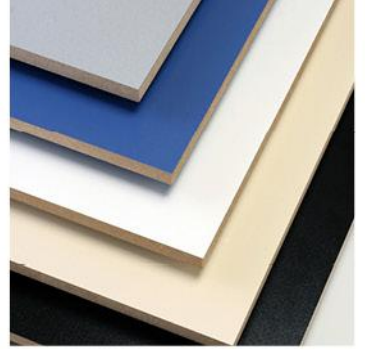
**Working capital & costs reductions**

- Working capital decreased by US\$ 7 MM in 2016
- Cost and expense reduction plan initiated in mid-2014

4

**New MDF Plant in Mexico**

- Capitalize on the investment and secure expected results



# MASISA OVERVIEW & HIGHLIGHTS

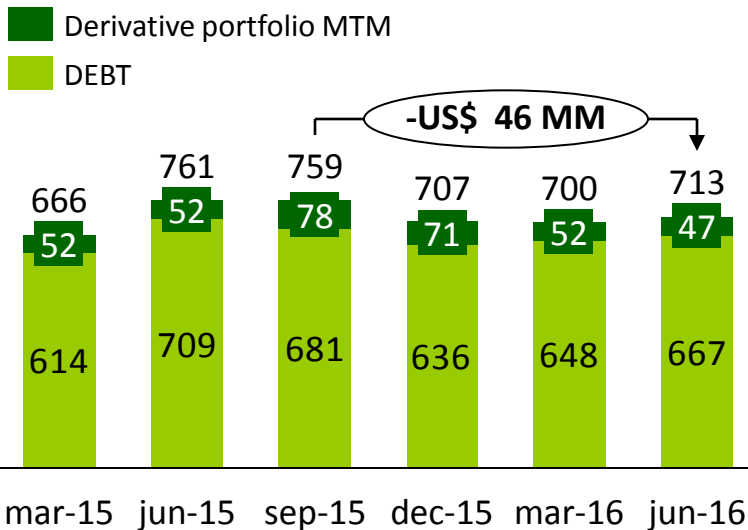
## STRATEGY

## FINANCIAL PROFILE & PROJECTIONS

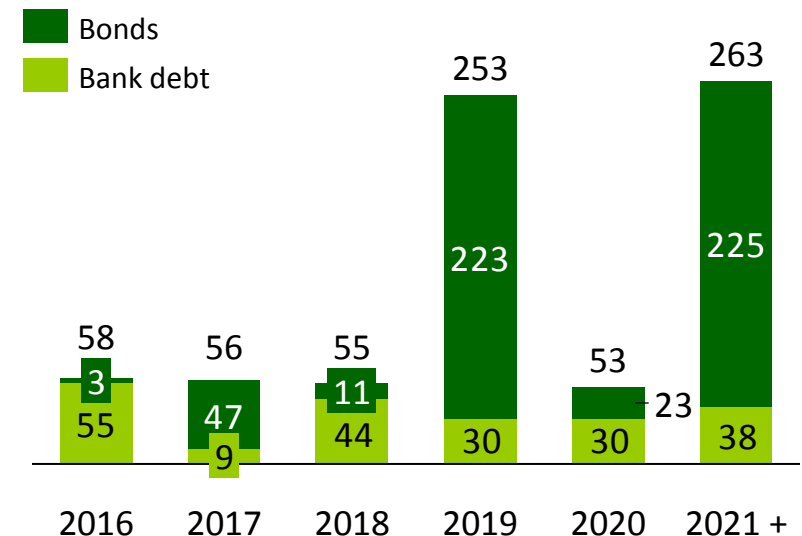


# Debt profile

## NET FINANCIAL DEBT (US\$ MM)



## DEBT MATURITY PROFILE (US\$ MM) post Q316 refinancing



Up to June Masisa has completed **US\$ 121 MM** of its non-strategic sales plan and received **US\$ 95 MM** in cash for debt reduction

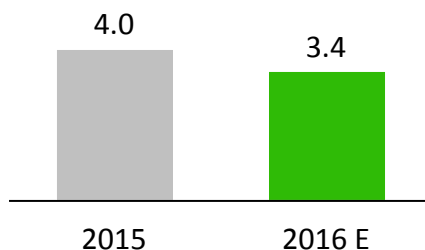
- ✓ **US\$ 35 MM** in cash to be received after completion of the divestment plan
- ✓ Portion of the proceeds has been used to fund the last phases of the **MDF plant in Mexico**
- ✓ Total net debt reduction reached **US\$ 46 MM** as of June 2016
- ✓ Net debt is expected to be **US\$ 675 MM** by the end of 2016

# Financial ratios

## Interest coverage ratio<sup>1</sup>

(maintenance) Long term bank loans

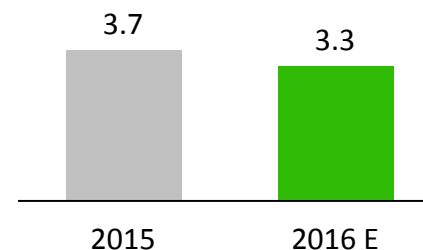
Covenant Limit  $\geq 3.0x$



## Interest coverage ratio<sup>2</sup>

(incurrence) US\$ bond

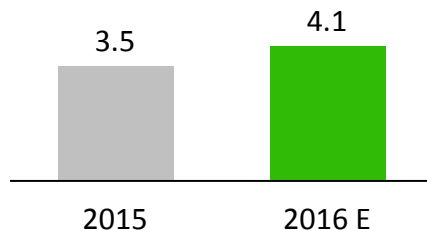
Covenant Limit  $\geq 2.5x$



## Net Debt / EBITDA<sup>3</sup>

(maintenance) Long term bank loans and UF bonds

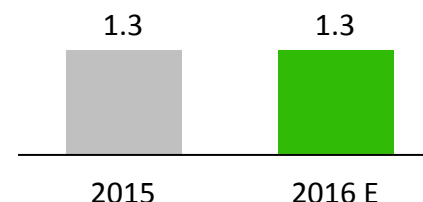
Covenant Limit  $\leq 4.5x$



## Total net liabilities to tangible net worth<sup>4</sup>

(incurrence) UF bonds

Covenant Limit  $\leq 1.4x$



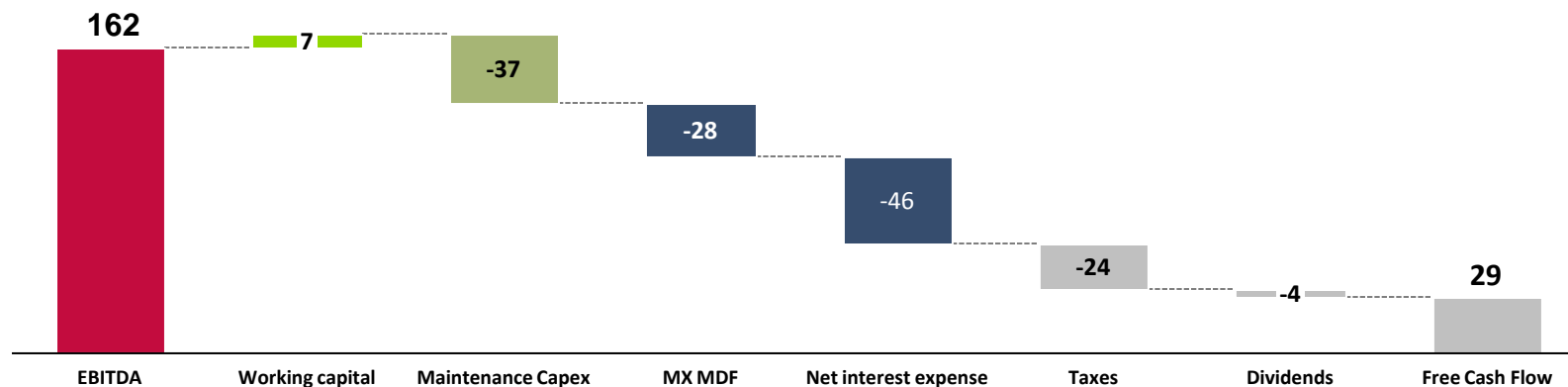
(1) Interest coverage ratio: LTM EBITDA/ LTM Net Financial Expenses (bank loans)  
(2) Interest coverage ratio: LTM EBITDA/ LTM Financial Expenses (US\$ bond)

(3) LTM EBITDA  
(4) Includes adjustment for first IFRS adoption

# Consolidated Cash Flow

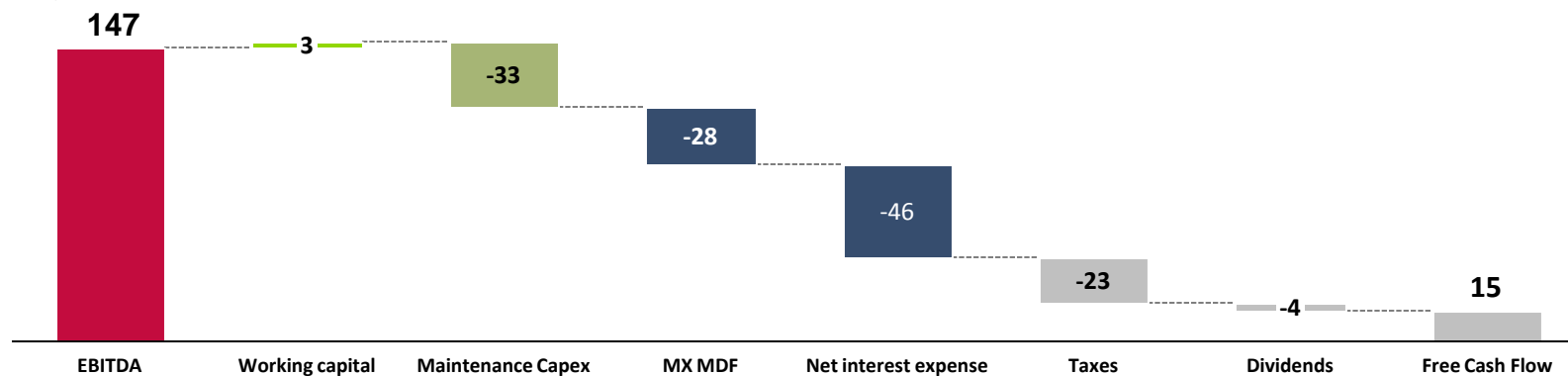
## Consolidated cash flow 2016 E

US\$MM



## Consolidated cash flow 2016 E – ex Venezuela

US\$MM



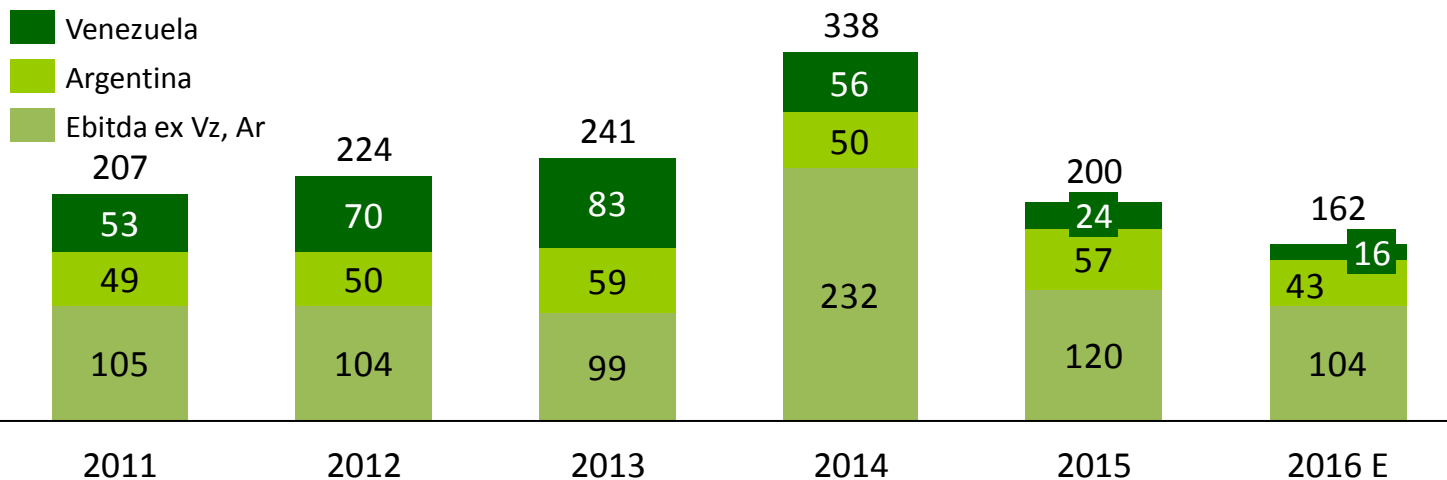
- **Working capital** and **Capex** reduction initiatives
- Lower **interest expenses** due to **debt reduction**
- **Dividends** kept at 30% minimum legal

PROJECTIONS

# EBITDA evolution

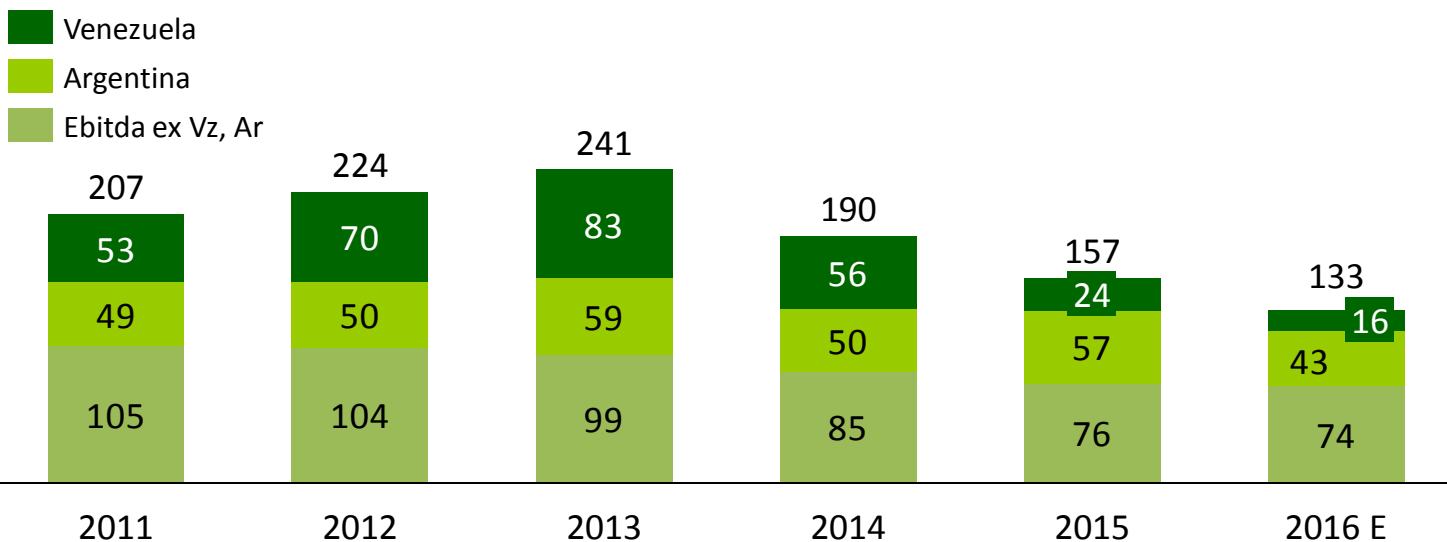
## EBITDA

US\$MM



## Recurring EBITDA

US\$MM



PROJECTIONS



## Take-aways

- Masisa is the leading company in the wood board industry in Latin America and its strategy has set strong foundations to benefit from the expected growth in wood boards demand and a better outlook of key markets in Latin America:
  - Main Player in Mexico with a successful track record and strong growth potential
  - Market leader in Chile and Argentina with robust sustainable EBITDA generation
  - Better Brazilian outlook due to recent political change is setting the basis to growth recovery
- Proactive management of levers to maintain profitability and strengthen financial position despite adverse economic scenario
  - Conservative debt maturity profile
  - Divestment plan to reduce debt
  - Cost and expense reduction
  - Controlled capex



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# MASISA

Tu mundo, tu estilo

