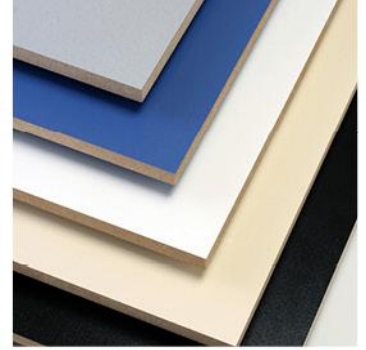


# MASISA

Tu mundo, tu estilo

February 2017





# MASISA OVERVIEW & HIGHLIGHTS

STRATEGY

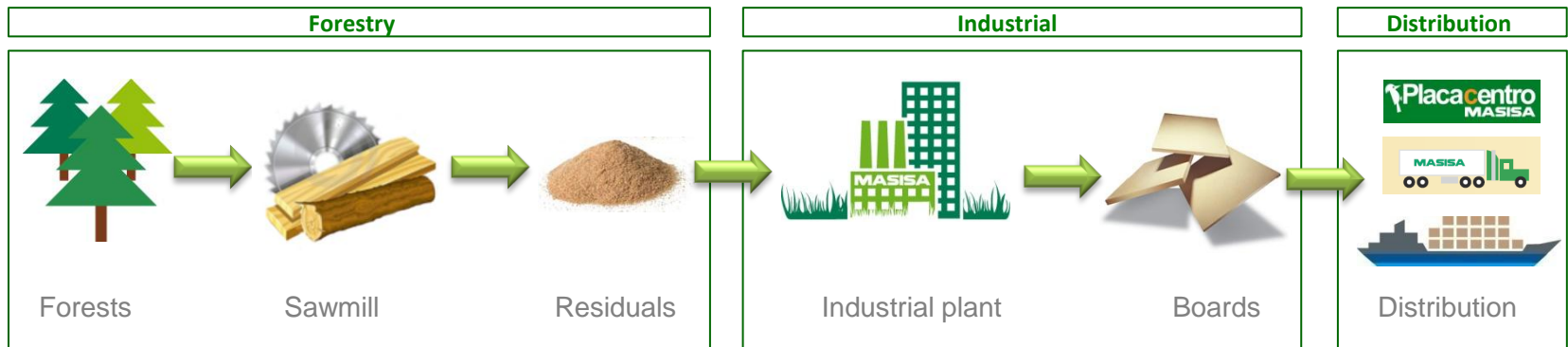
FINANCIAL PROFILE & PROJECTIONS

# Overview

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

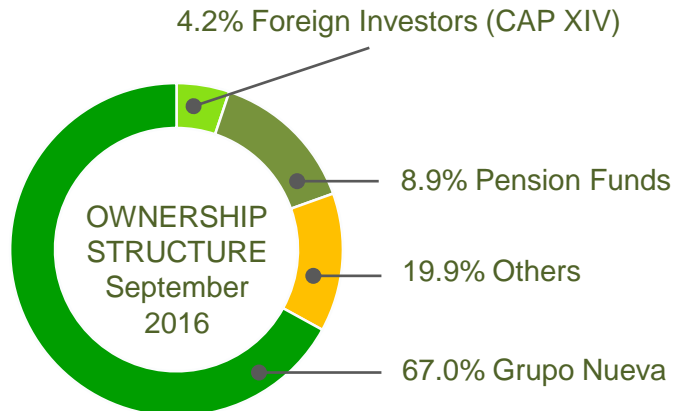
- #1 In installed capacity in Latin America excluding Brazil
- #1 In sales in 4 countries in Latin America
- #1 in retail distribution network, with 319 stores in Latin America (Placacentro)
- #1 Top of mind brand in Latin America
- #1 in corporate governance, environmental and social standards in the 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 two capital increase of the company in 2009 and 2013 in order to strengthen its financial profile and support growth opportunities
- Grupo Nueva's main asset is its equity stake in Masisa

**MASISA**

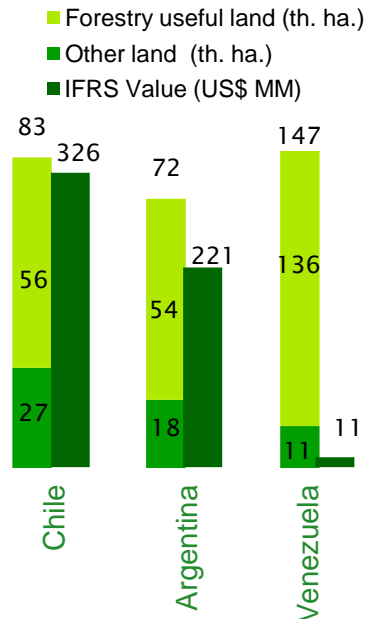
- MASISA's core objective is to maximize value creation in the LatAm wood board industry



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



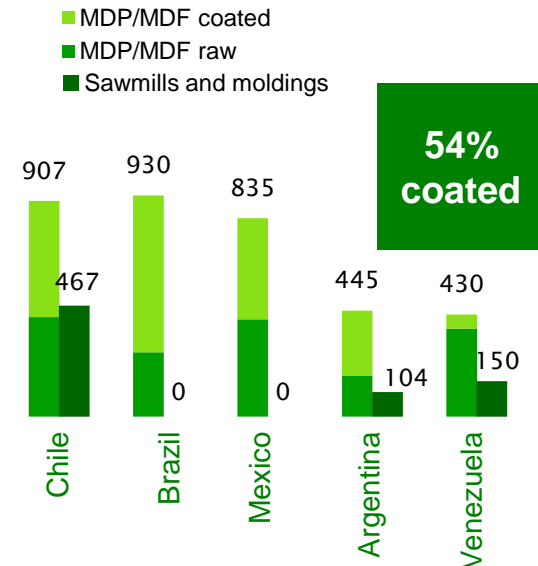
## Forest assets by country



Source: Masisa

- Value of timberlands: US\$ 558 MM
- ✓ Stumpage: 191 th. Ha. → US\$ 318 MM
- ✓ Land: 303 th. Ha. → US\$ 240 MM
- Venezuela's plantations are mainly on leased land

## Installed production capacity by product and by country (thousands of m<sup>3</sup>)



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

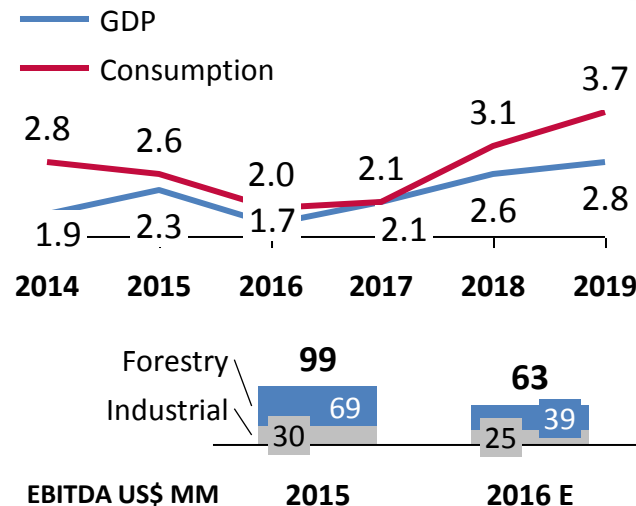


# Overview by country



## Chile

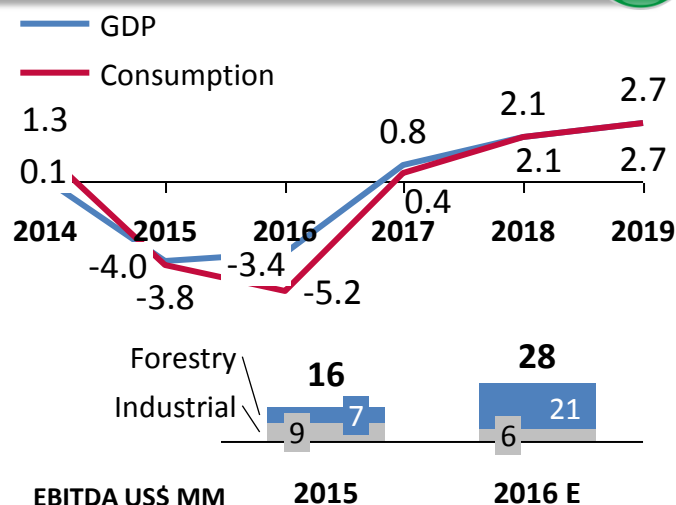
- ✓ Stable sales and margins in the local market. Exports help to offset local currency devaluation effects
- ✓ Moderate increase in GDP to a 2-3% range in 2017
- ✓ Industrial results expected to improve in 2017 from better export volumes and margins
- ✓ Forestry results will decrease in 2017 due to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



## Brazil



- ✓ First signs of recovery: positive market expectations for Brazil after government change
- ✓ Economic activity and consumer confidence started showing signs of recovery
- ✓ 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

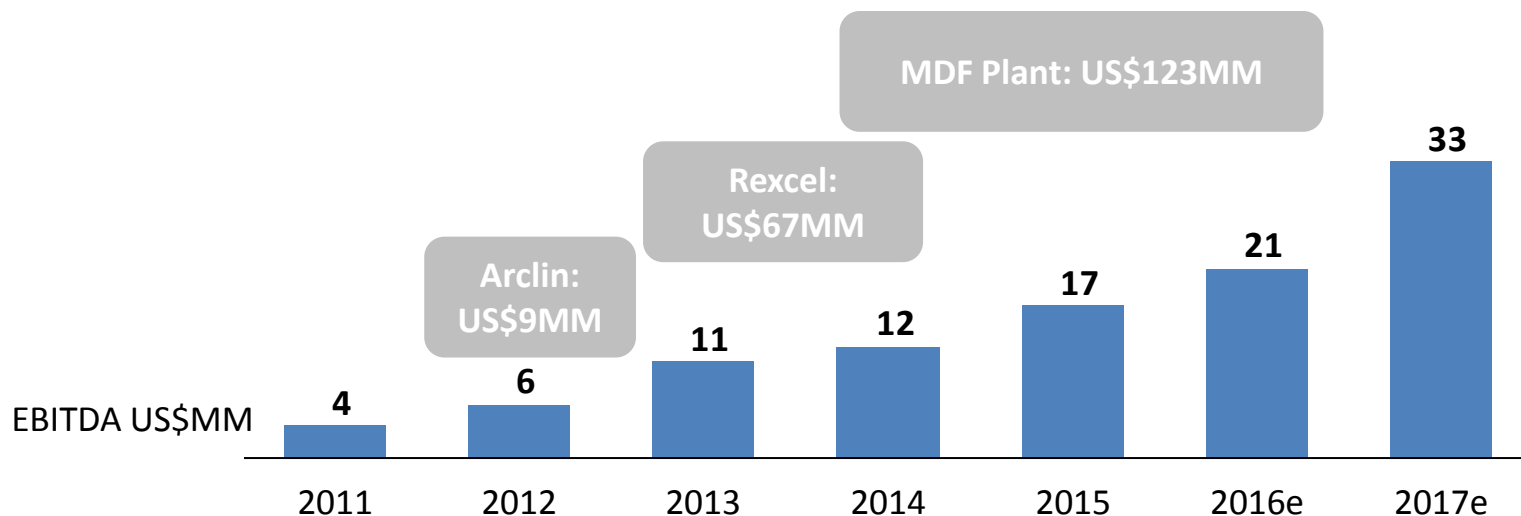


# Overview by country

## 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\$18 MM and 2018 US\$22 MM
- Increase of 65% in **MDF sales volume** prior to plant start in order to secure the market for incremental capacity

- ✓ Domestic Board demand outlook remains positive based on expected substitution of solid wood and plywood

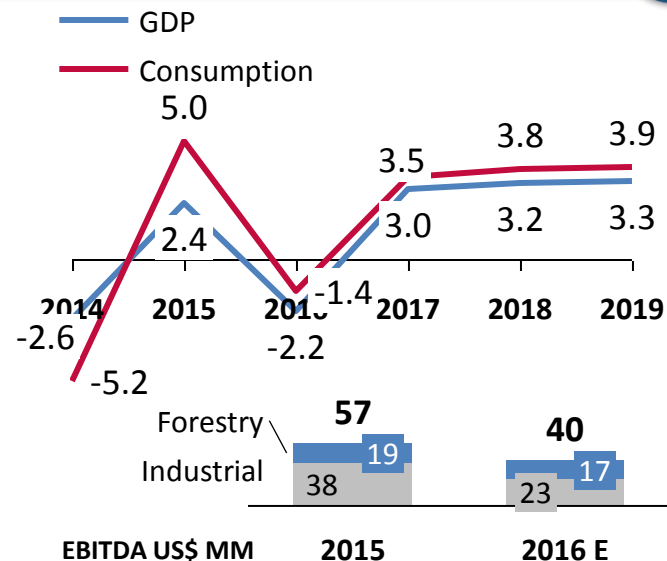


# Overview by country

## Argentina



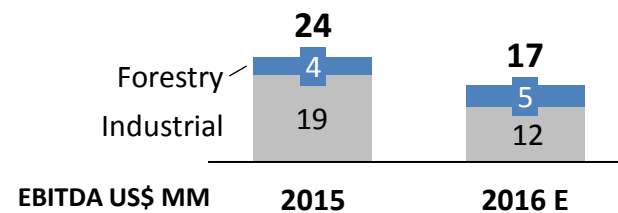
- ✓ Change of the government and economic and political measures are setting the basis for a better and more sustainable growth as well as a decrease in country risk
- ✓ Recent increase in building permits and cement sales
- ✓ Exports (25% of our sales) set an efficient hedge to devaluation



## 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 (exports represent 35% of total volume)
- ✓ Venezuelan operations have limited impact in Masisa, represents 10% of consolidated EBITDA and 4% of assets
- ✓ Self sufficient operation and long term value asset



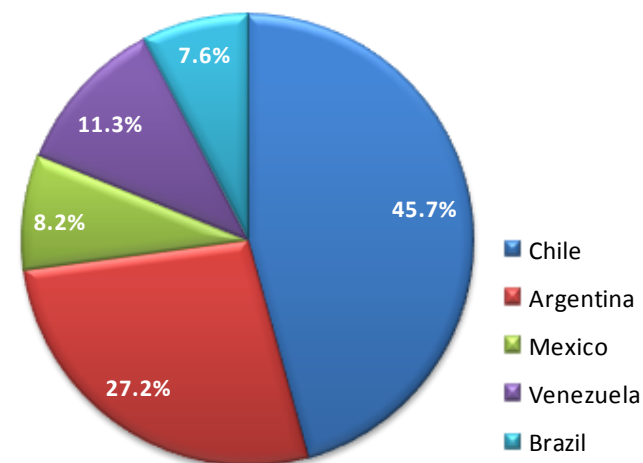
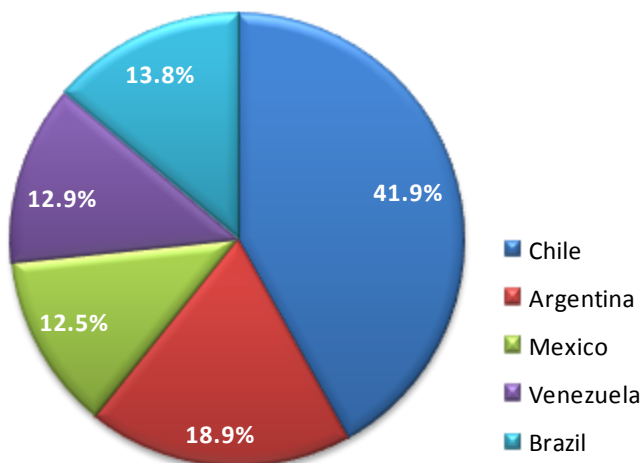


# Revenues & EBITDA by country\*

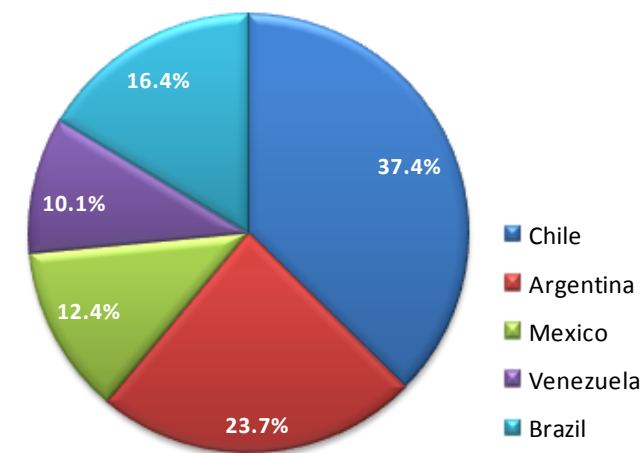
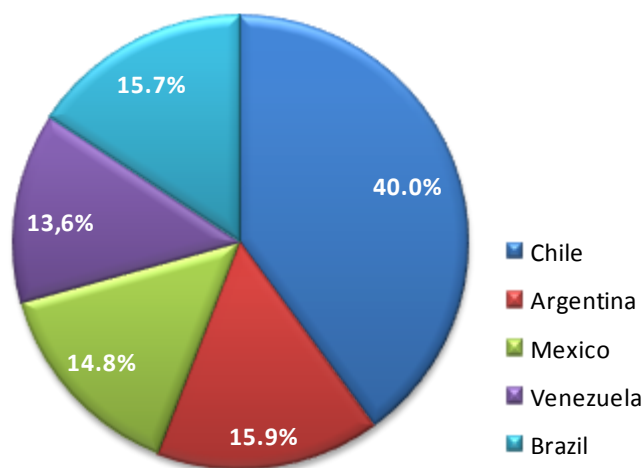
## REVENUE

## EBITDA

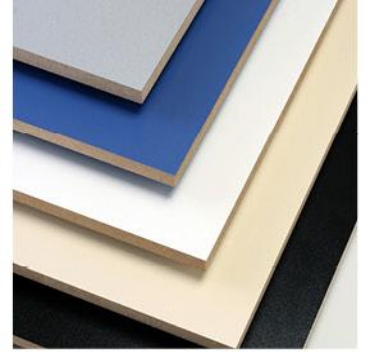
2015



2016 E



\*Revenue & EBITDA by country of origin



# MASISA OVERVIEW & HIGHLIGHTS

## STRATEGY

## FINANCIAL PROFILE & PROJECTIONS

# 2016 Strategy

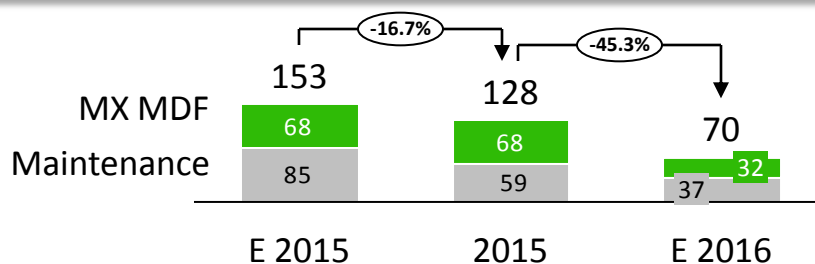
1

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

- US\$ 130 MM non-strategic assets sales: US\$ 120.8 completed
- 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

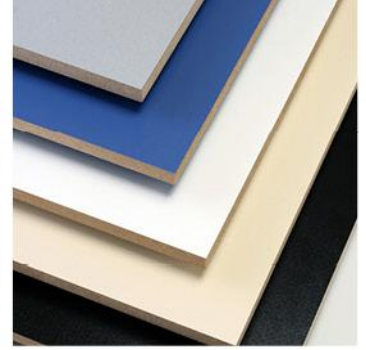
**Working capital & costs reductions**

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

4

**New partner in Masisa**

- Grupo Nueva, Masisa's controlling shareholder, initiated a formal and open search for an strategic partner to financially strengthen the company and take advantage of growth opportunities, while remaining in control of Masisa



# MASISA OVERVIEW & HIGHLIGHTS

## STRATEGY

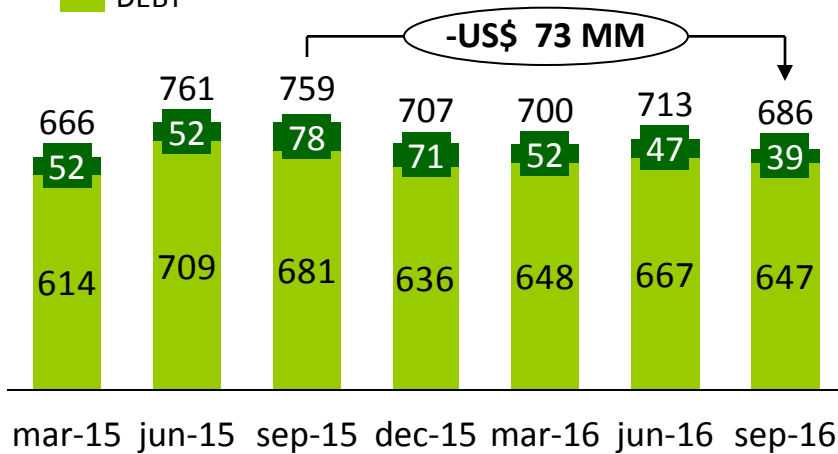
## FINANCIAL PROFILE & PROJECTIONS



# Debt profile

## NET FINANCIAL DEBT (US\$ MM)

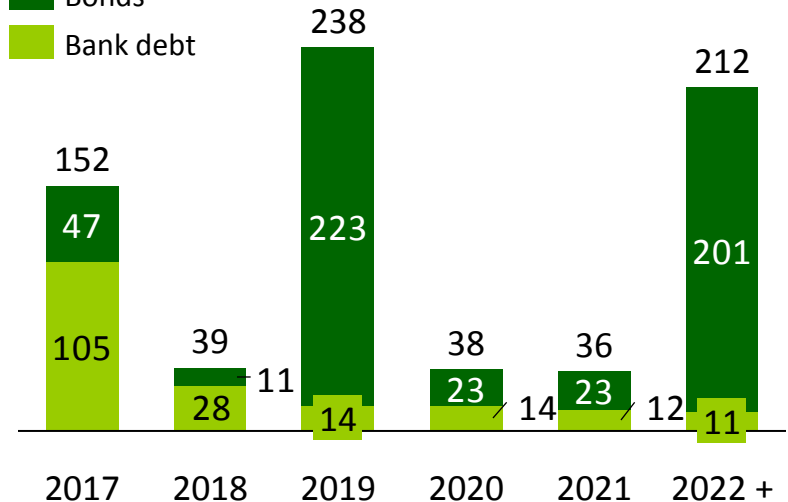
Derivative portfolio MTM  
DEBT



## DEBT MATURITY PROFILE (US\$ MM)

post Q316 refinancing

Bonds  
Bank debt



Up to December Masisa has completed **US\$ 121 MM** of its non-strategic sales plan, cash was used for debt reduction

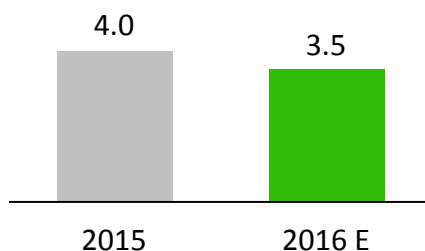
- ✓ Portion of the proceeds were used to fund the last phases of the **MDF plant in Mexico**
- ✓ Total net debt reduction is expected to be **US\$ 93 MM** as of December 2016
- ✓ Expected net debt of **US\$ 667 MM** by the end of 2016

# Financial ratios

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

(maintenance) Long term bank loans

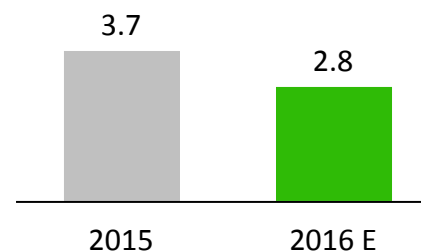
Covenant Limit  $\geq 3.0x$



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

(incurrence) US\$ bond

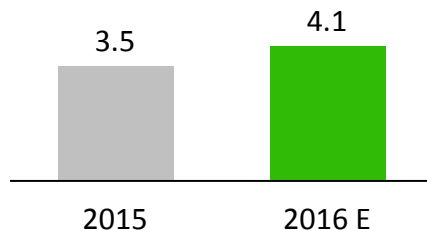
Covenant Limit  $\geq 2.5x$



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

(maintenance) Long term bank loans and UF bonds

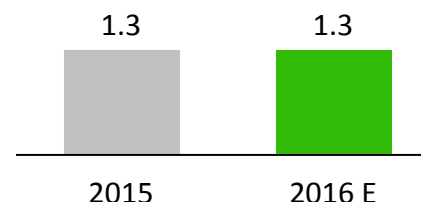
Covenant Limit  $\leq 4.5x$



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

(incurrence) UF bonds

Covenant Limit  $\leq 1.4x$



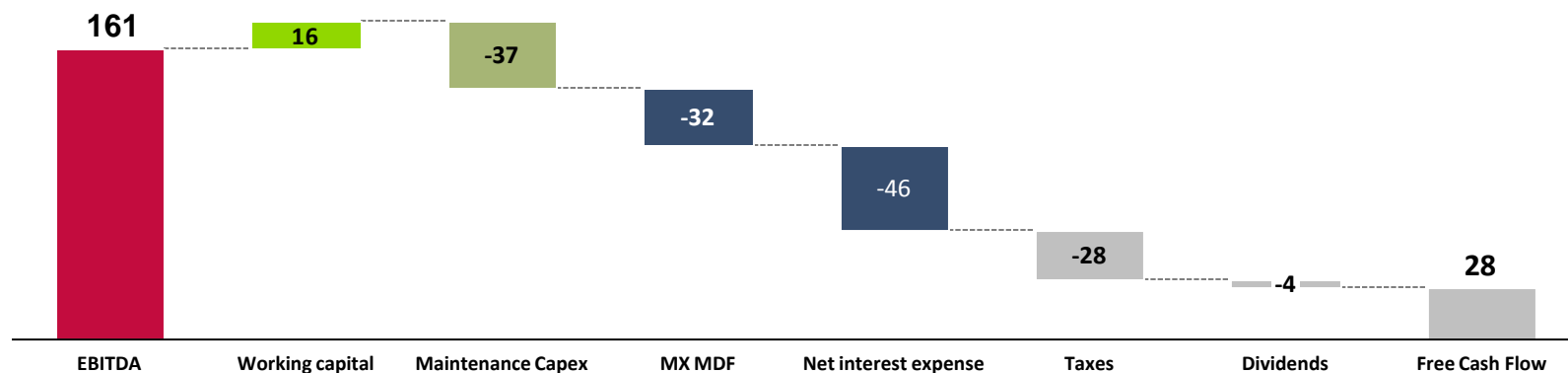
(1) Interest coverage ratio: LTM EBITDA/ LTM Net Financial Expenses (bank loans)  
(2) Interest coverage ratio: LTM EBITDA/ LTM Financial Expenses (US\$ bond)

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

# Consolidated Cash Flow

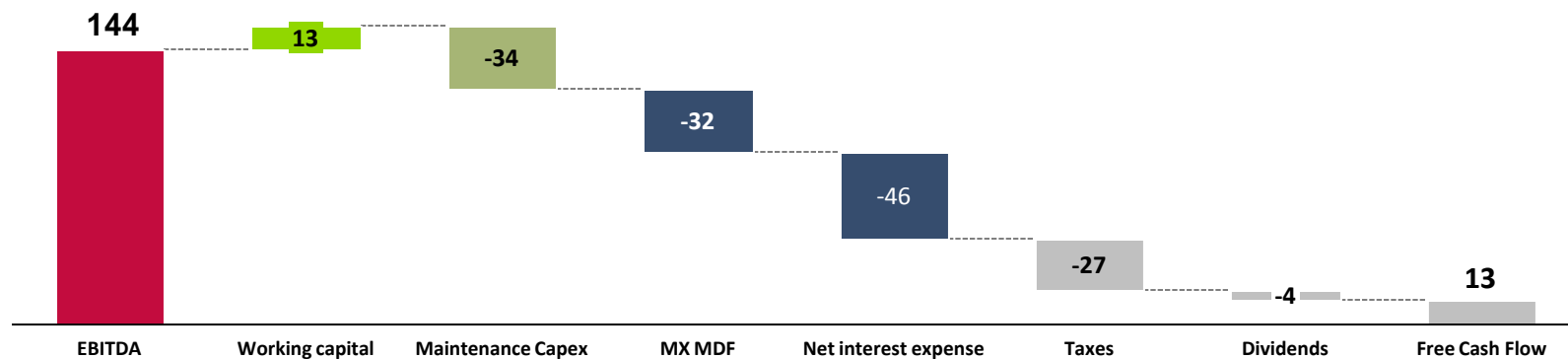
## Consolidated cash flow 2016 E

US\$MM



## Consolidated cash flow 2016 E – ex Venezuela

US\$MM



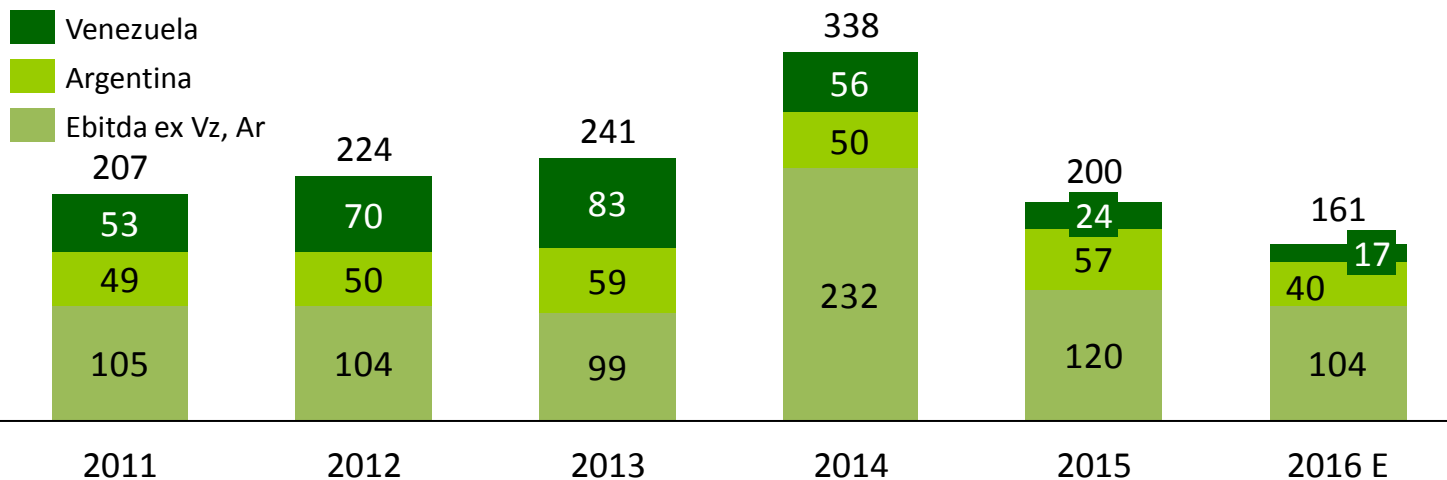
- **Working capital** and **Capex** reduction initiatives
- Lower **interest expenses** due to **debt reduction**
- **Dividends** kept at minimum required by law (30%)

PROJECTIONS

# EBITDA evolution

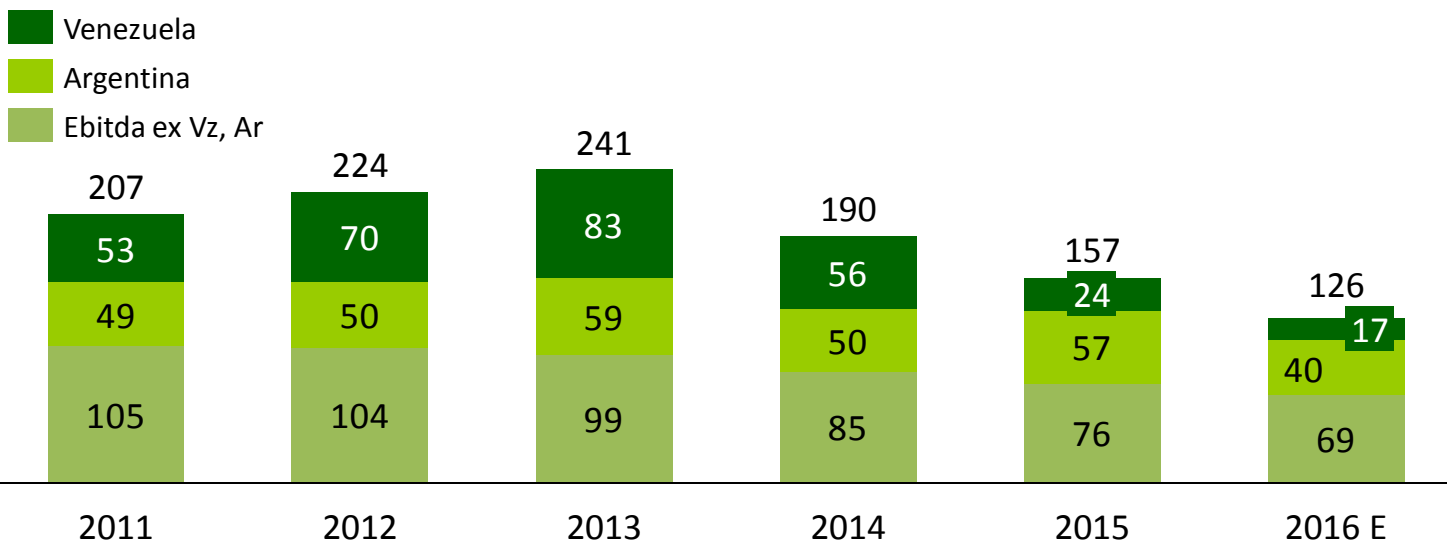
## EBITDA

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 improve profitability from growth recovery in the 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 based on the new MDF plant
  - Market leader in Chile and Argentina with robust sustainable EBITDA generation and growth potential due to the expected economic recovery in Argentina
  - Better Brazilian outlook based on new government measures and improvement of confidence and market indicators
  - Cost and expense reduction program
- Proactive management of levers to strengthen financial position
  - Conservative debt maturity profile
  - Divestment plan to reduce debt
  - Controlled capex



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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.

# MASISA

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