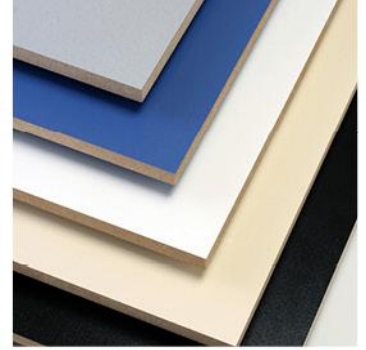


# MASISA

Tu mundo, tu estilo

September 2017





# MASISA OVERVIEW & HIGHLIGHTS

STRATEGY

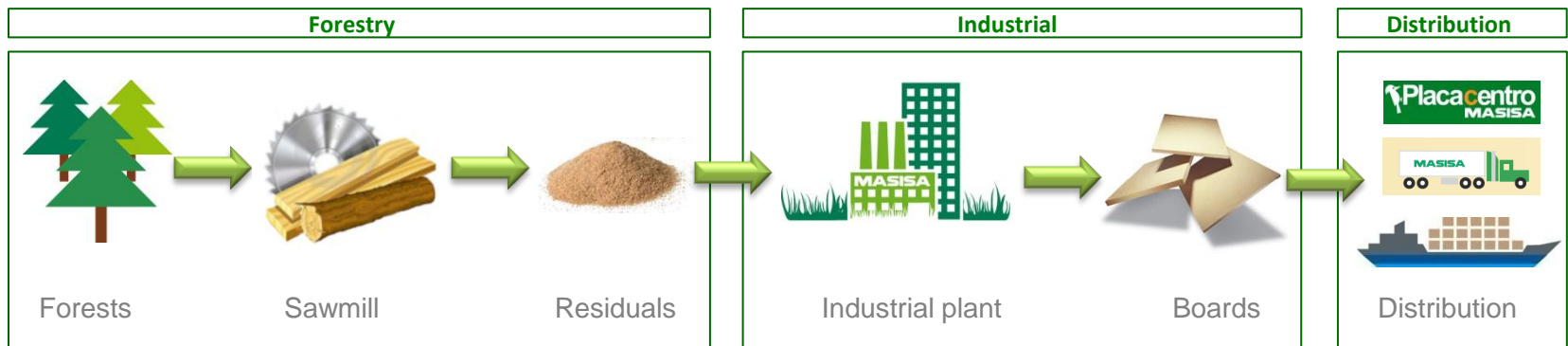
FINANCIAL PROFILE

# Overview

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

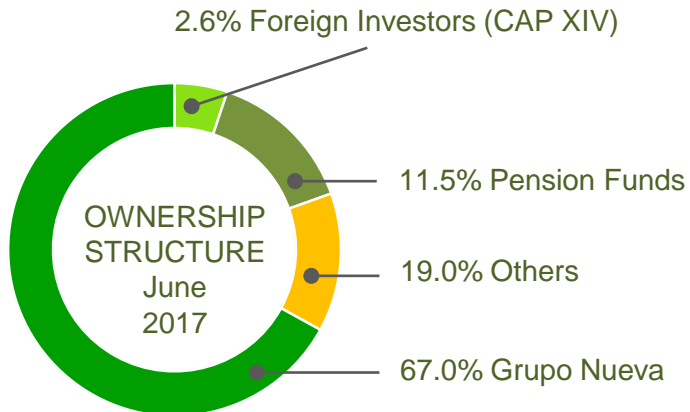
- #1 In installed capacity in Latin America excluding Brazil
- #1 In sales in 4 countries in Latin America
- #1 in retail distribution network, with 316 stores in Latin America (Placacentro)
- #1 Top of mind brand in Latin America
- #1 in corporate governance, environmental and social standards in the 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

**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

**AVINA**

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

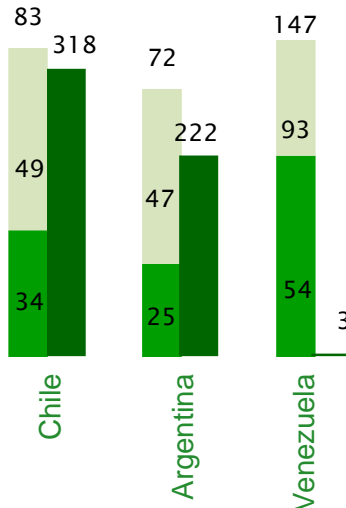


# Integrated operations focused on the manufacturing and marketing of wood boards



## Forest assets by country

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



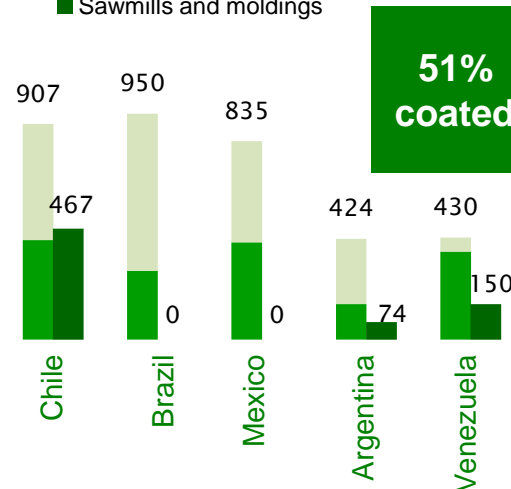
Source: Masisa

- Value of timberlands: US\$ 543 MM
- ✓ Stumpage: 189 th. Ha. → US\$ 309 MM
- ✓ Land: 302 th. Ha. → US\$ 234 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

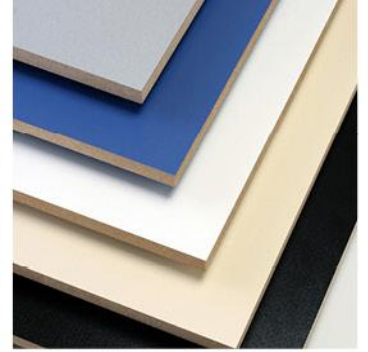


Source: Masisa

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

- Multichannel strategy
- 36% of sales through the Placacentro retail network
- # 1 top of mind brand in Latin America





# MASISA OVERVIEW & HIGHLIGHTS

## STRATEGY

## FINANCIAL PROFILE

# Masisa is focusing its strategy to increase Stakeholders value

**In the context of the plan announced in November 2016, and after analyzing different strategic options, Masisa decided to strengthen its focus on value-added products and services, and on its forestry business, aiming to unlock and capture value for all its stakeholders**

- ✓ The Company will focalize its industrial business in the Andean Region, Central America, USA, Canada and other export markets, serving them from its facilities in Chile and Venezuela
- ✓ Masisa will continue owning and operating its forestry assets in Chile, Argentina and Venezuela, which are valued at US\$ 567 million and have proven to be a good source of operational and financial stability
- ✓ Masisa has started a process to divest its industrial operations in Argentina, Brazil and Mexico, and expects to raise more than US\$ 500 million, which will be fully used to repay debt
  - ✓ On July 17<sup>th</sup>, 2017, Masisa signed a stock purchase agreement for the sale of its industrial operations in Argentina for an enterprise value of US\$ 155 million<sup>(1)</sup>
  - ✓ On September 7<sup>th</sup>, 2017, Masisa signed a stock purchase agreement for the sale of its industrial operations in Brazil for an enterprise value of US\$ 103 million
  - ✓ As of today, the Company has received offers for the industrial operations in Mexico, which are currently under review

(1) The transaction is subject to customary closing conditions and it is expected to be completed during the next 90 days



# Focused strategy aimed to increase Stakeholders value (cont.)

## Strategic rationale

- ✓ **Unlock and capture value**
- ✓ **Strengthen its capital structure and reduce financial risk**
- ✓ **Position the Company to capitalize on growth opportunities and further develop its value-added strategy**

## Expected benefits

### 1 Improved long-term profitability and cash flow generation

- ✓ Cash flow generation will benefit from:
  - Reducing future capital expenditures in large economies
  - Reducing financial expenses in approximately US\$ 35 million per annum
- ✓ Corporate, overhead expenses and shared services to be reduced by approximately US\$ 15 million per annum

### 2 Strengthened financial profile

- ✓ Masisa's leverage and capital structure to be improved by decreasing its net financial debt to EBITDA from 4.2x, as of June '17, to a target of 2.5x – 3.0x

### 3 Increased earnings before taxes on a recurring pro forma basis

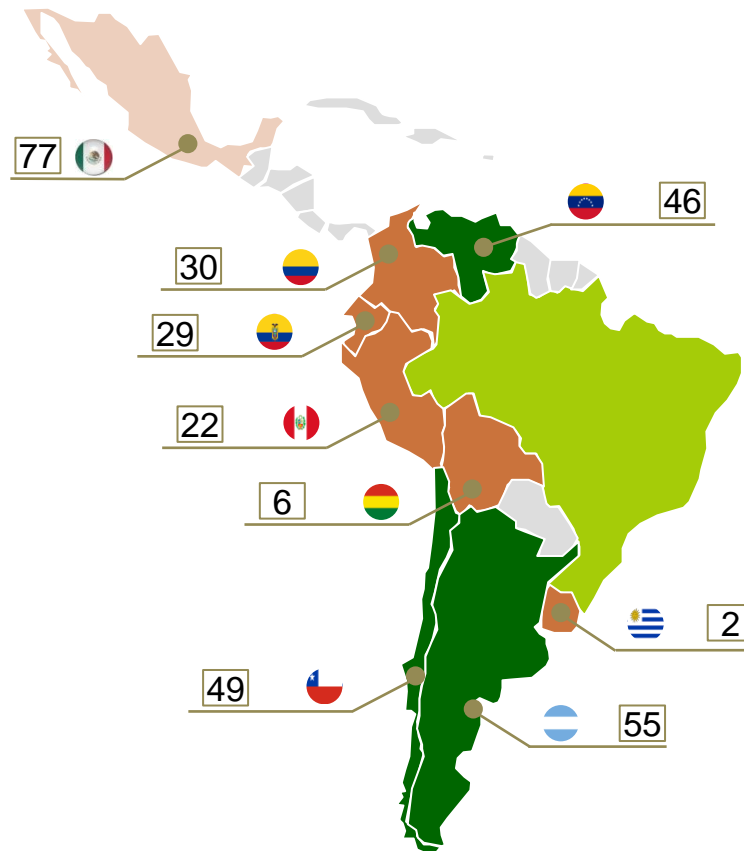
- ✓ This plan is expected to be accretive in terms of earnings before taxes on a recurring pro forma basis<sup>(1)</sup>

(1) Excluding all one-off effects and considering full implementation of the divestiture plan and corporate restructuring



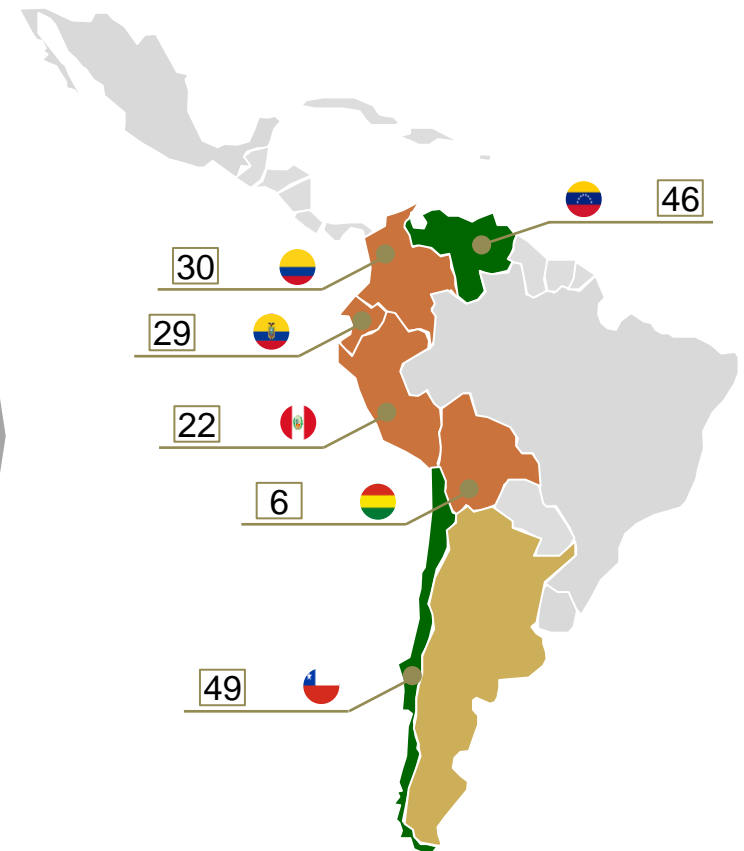
# Masisa will continue holding a strong asset base and extensive distribution network in the Andean Region

Masisa's current geographic footprint



**# of Placentros: 316**

Masisa's pro forma geographic footprint



**# of Placentros: 182**

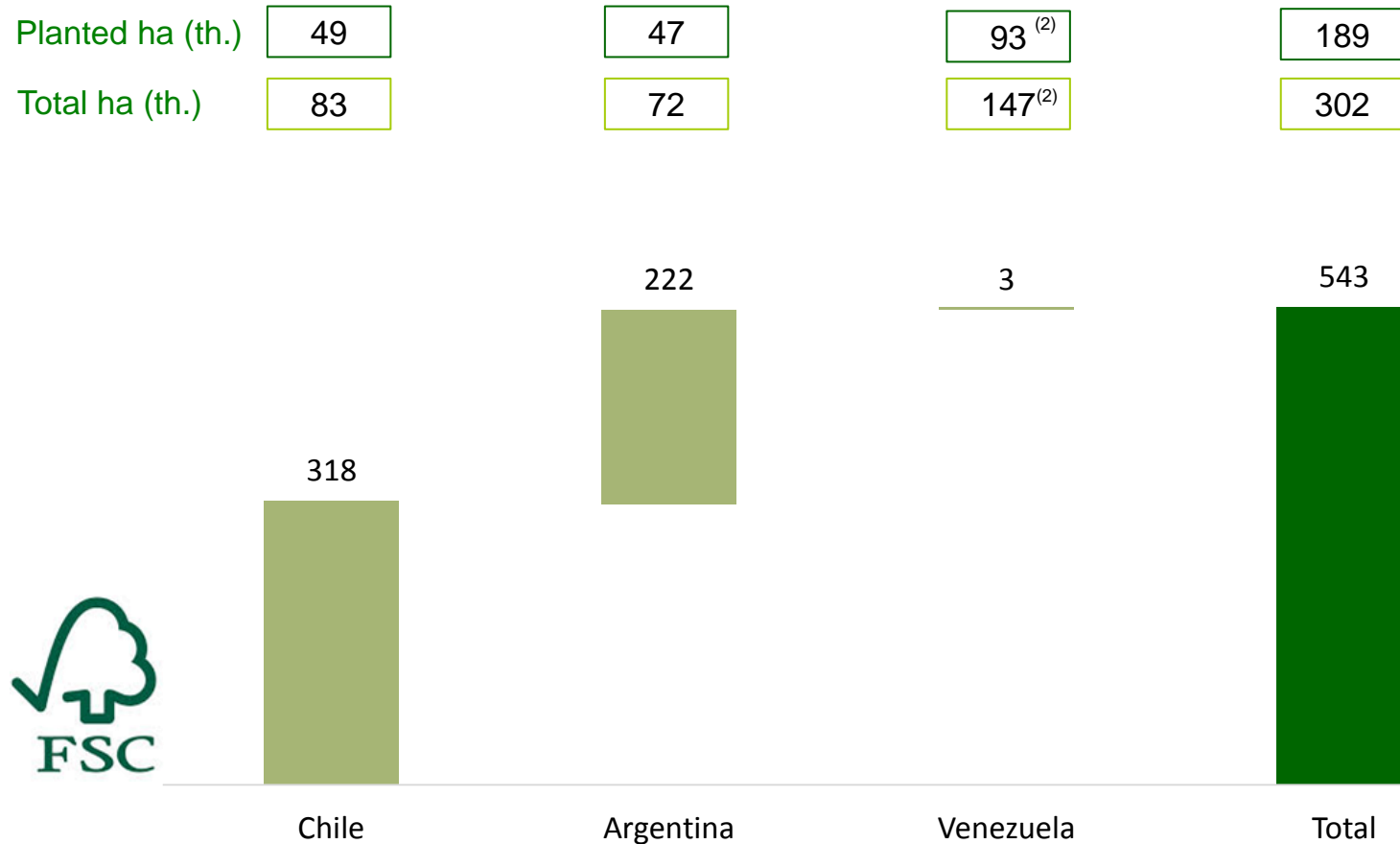
- Forestry + industrial assets + Placentro
- Placentro only
- Industrial assets + Placentro

- Industrial assets only
- Forestry assets only
- Number of Placentro<sup>(1)</sup>

(1) Considers owned and franchised distribution network of Placentros

# Masisa will continue owning and operating its forestry assets, which are an important reserve of value

Forestry assets as of June'17 (US\$ million)<sup>(1)</sup>



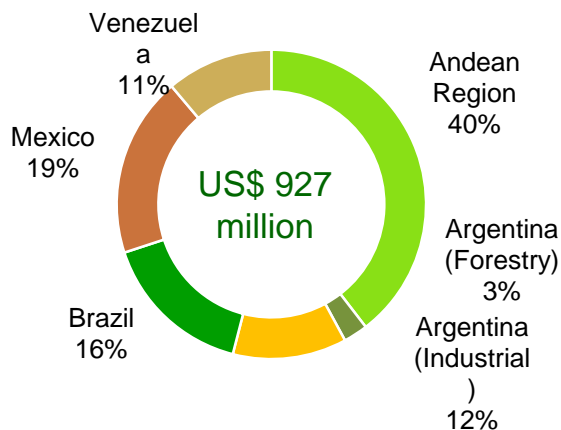
(1) Value based on IFRS fair value (mark to market)  
(2) 27% of the total hectares in Venezuela are owned by Masisa

# Improved profitability reflected on a higher pro forma EBITDA margin

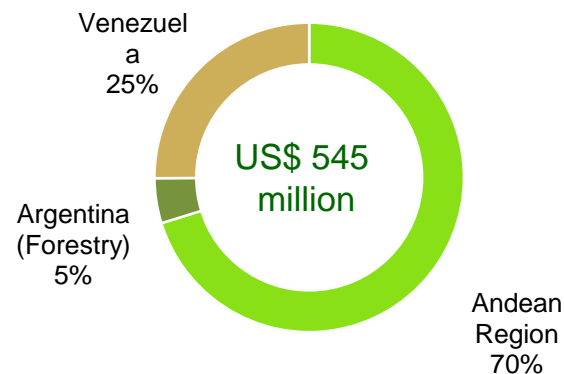
## Sales and EBITDA breakdown by country<sup>(1)</sup>

### Recurring revenues<sup>(3)</sup>

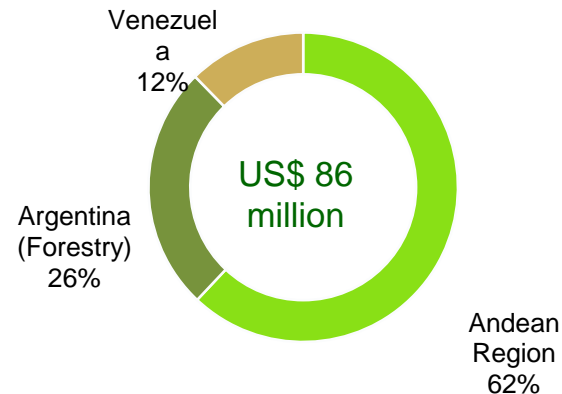
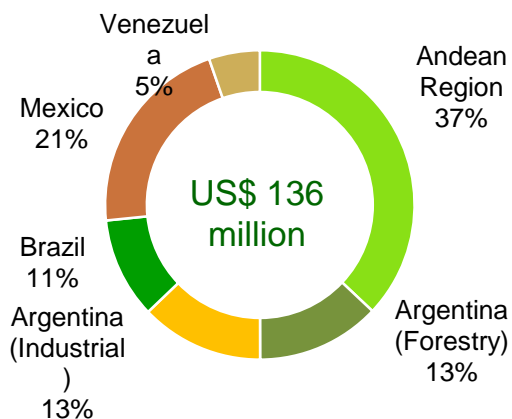
2017 E



2018 E <sup>(2)</sup>



### Recurring EBITDA<sup>(3)</sup>



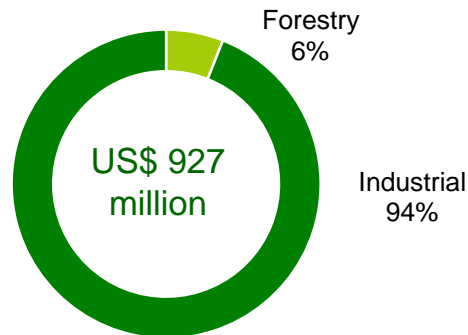
(1) Financial figures by country of origin; (2) Excluding all one-off effects and considering full implementation of the divestiture plan and corporate restructuring;  
(3) Excludes non recurring standing timber sales in Chile and Brazil over the last twelve months

# Higher contribution from the forestry business improves long-term profitability and stability

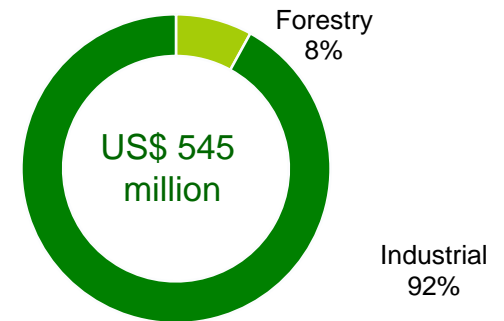
## Sales and EBITDA breakdown by line of business

Recurring revenues<sup>(2)</sup>

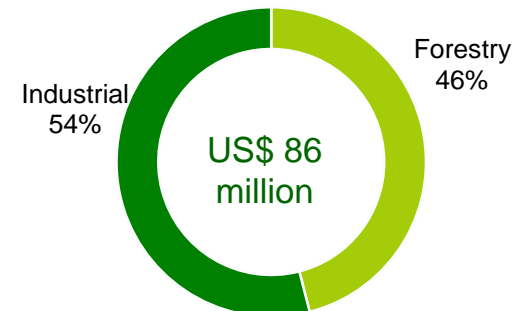
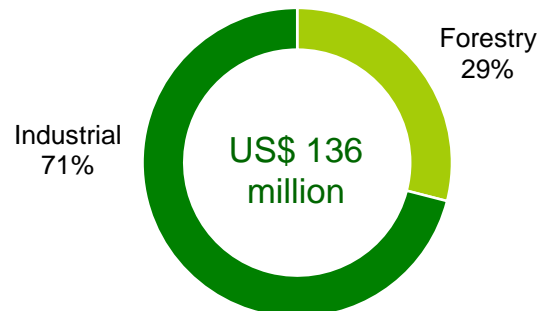
2017 E



2018 E<sup>(1)</sup>



Recurring EBITDA<sup>(2)</sup>



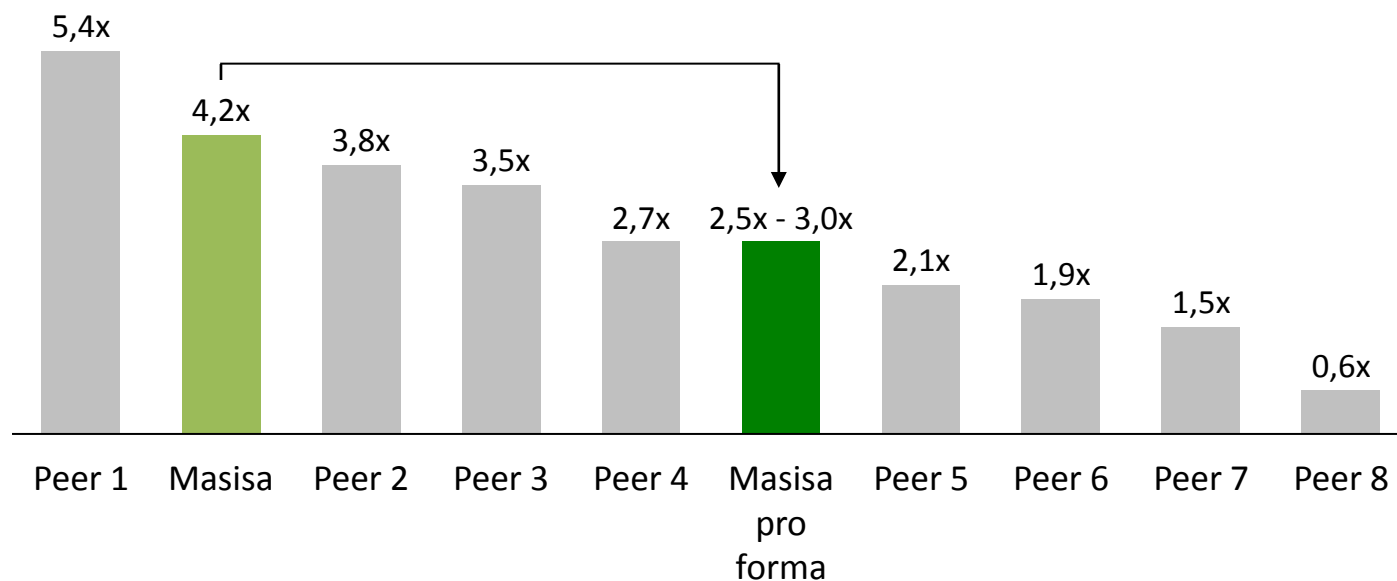
(1) Excluding all one-off effects and considering full implementation of the divestiture plan and corporate restructuring; (2) Excludes non recurring standing timber sales in Chile and Brazil over the last twelve months



# Masisa will enhance its financial flexibility and improve its capital structure

## Net financial debt / total EBITDA benchmark (LTM March '17)

										
Company int'l credit rating	n.a.	B+	BBB-	BBB-	n.a.		n.a.	BB	BB-	n.a.
Country credit rating	Ba1	A+	A+	A+	AAA		BB	AA+	AAA	AAA

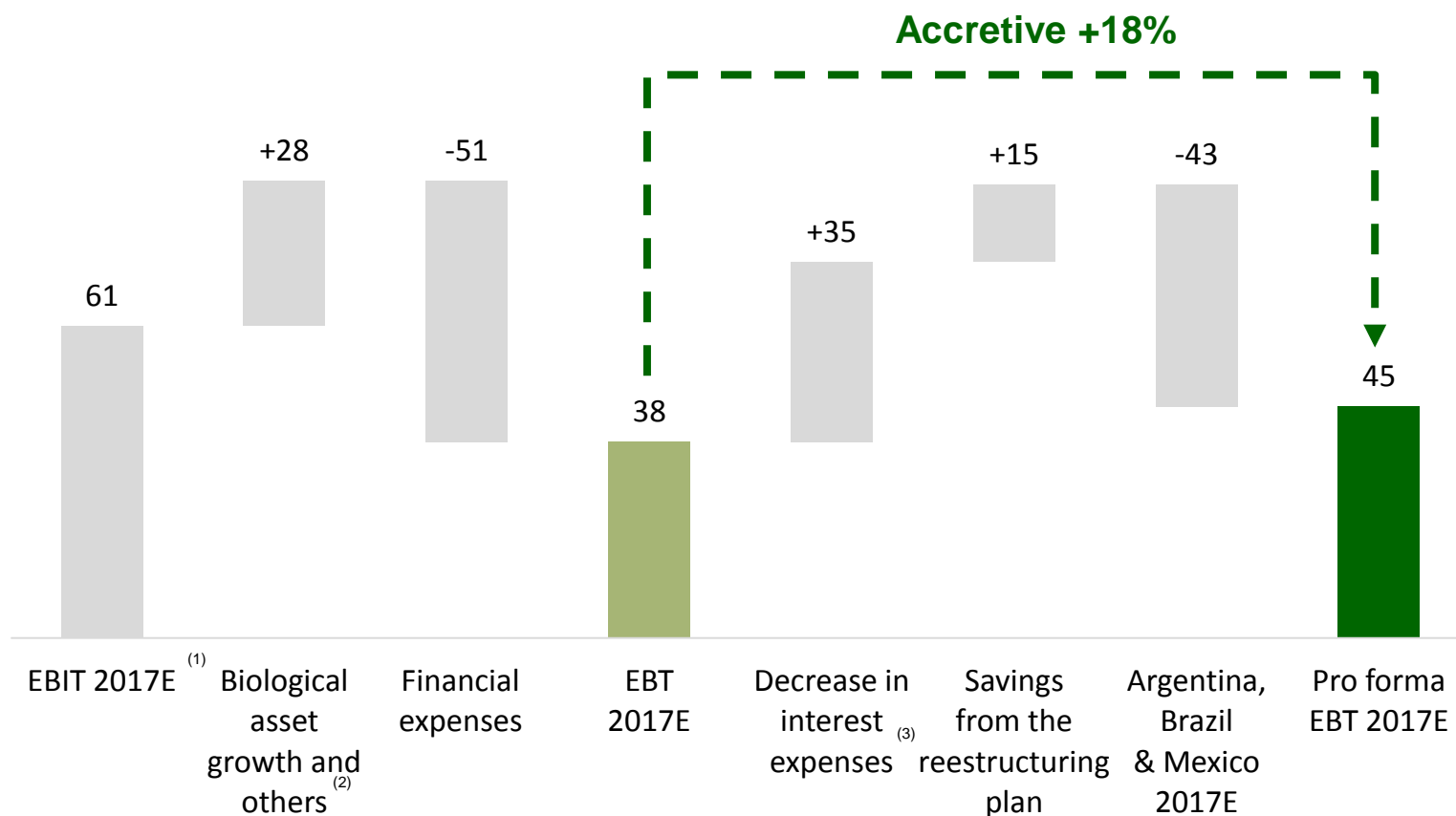


Source: Masisa, Bloomberg and Capital IQ as of March 2017

(1) Excluding all one-off effects and considering full implementation of the divestiture plan and corporate restructuring

The plan is expected to be accretive on a recurring pro forma basis

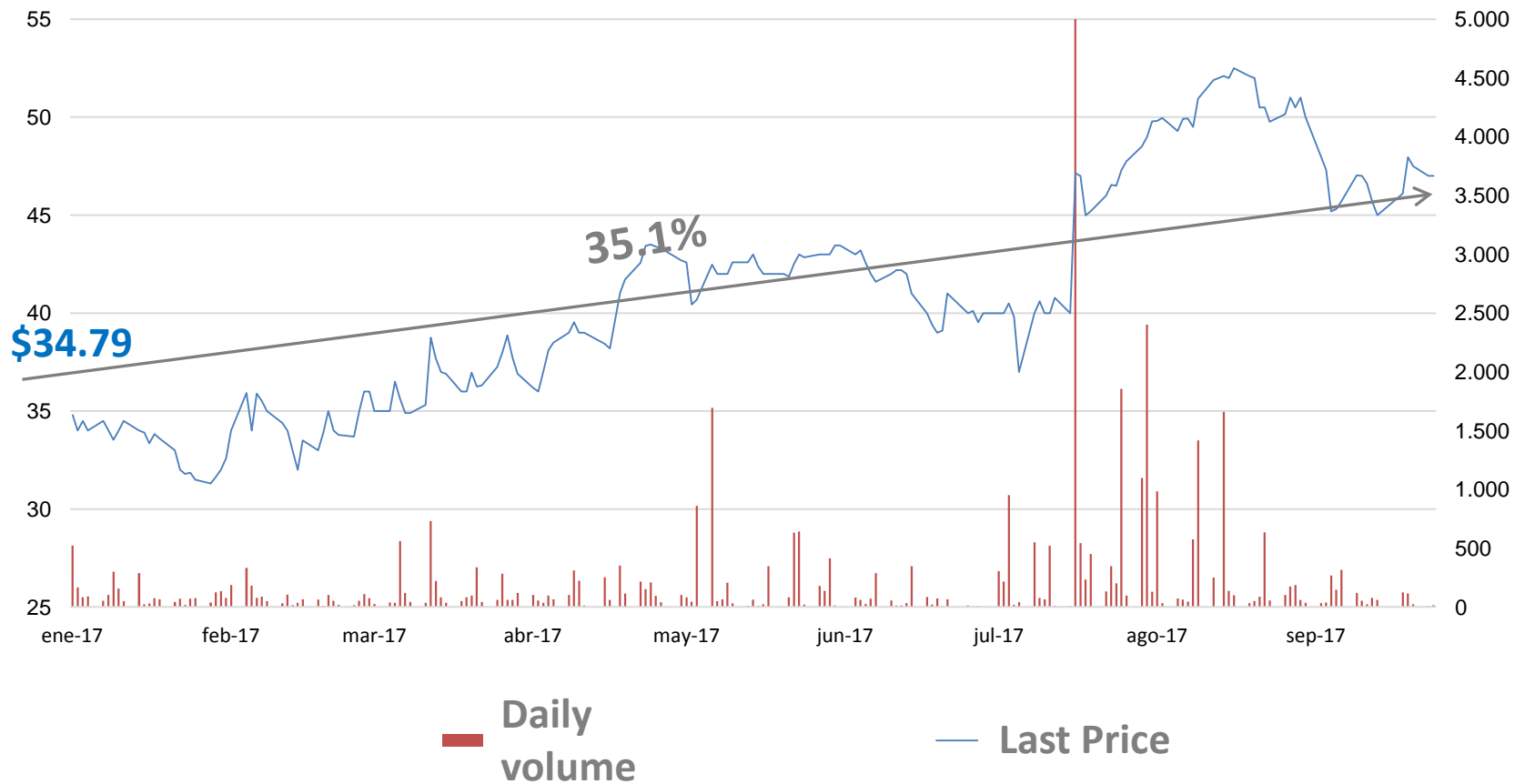
Pre-tax accretion analysis 2017E pro forma (US\$ million)

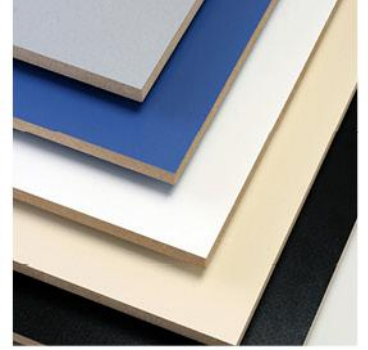


EBIT: Earnings before interest expenses and taxes  
EBT: Earnings before taxes

Source: Masisa's estimates for 2017 as of July 2017. Note: Excluding all one-off effects and considering full implementation of the divestiture plan and corporate restructuring; (1) Excludes EBITDA from standing timber sales in Chile in 1Q2017; (2) Others: considers foreign exchange gains and losses and other non-operational incomes/expenses; (3) Expected decreases in interest expenses after debt repayment

**Share price:** Increased 35.1% during 2017, validating Masisa's strategy of reducing financial risk, improving operating efficiency and resizing the company





# MASISA OVERVIEW & HIGHLIGHTS

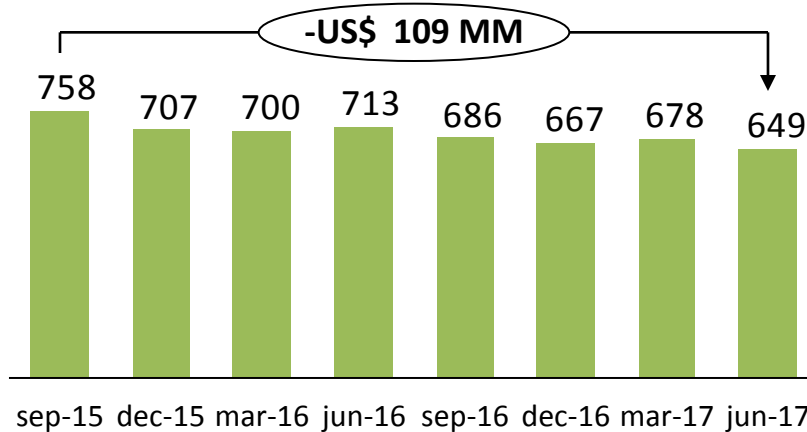
## STRATEGY

## FINANCIAL PROFILE



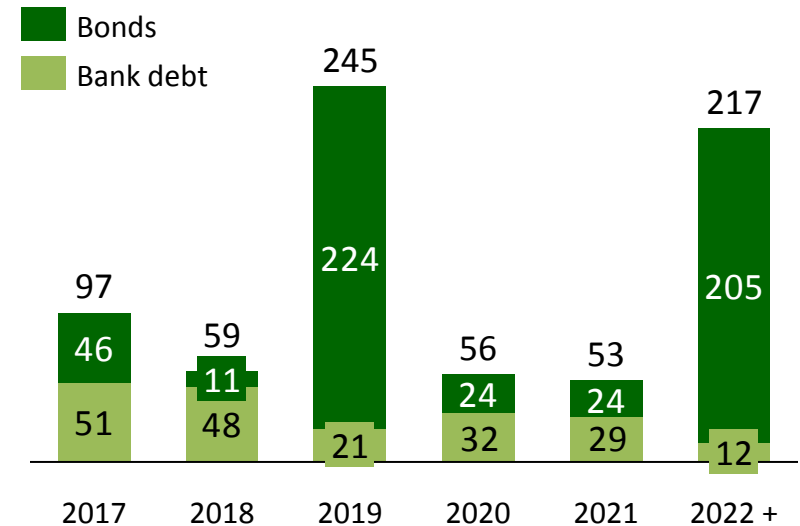
# Debt profile

## NET FINANCIAL DEBT (US\$ MM)



## DEBT MATURITY PROFILE (US\$ MM)

Post refinancing



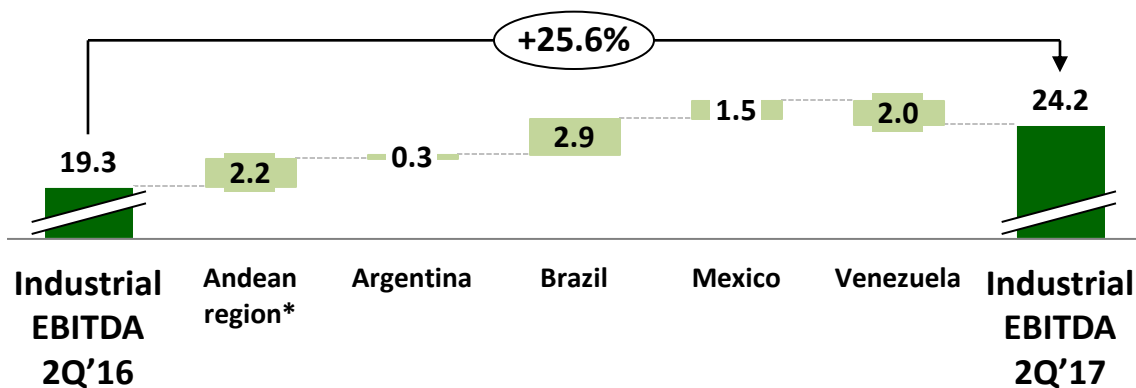
To June Masisa has completed **US\$ 135.9 MM** of its non-strategic sales plan, cash was used for debt reduction

- ✓ Portion of the proceeds were used to fund the final phases of the construction of the **MDF plant in Mexico**
- ✓ Total net debt reduction was **US\$ 109 MM** as of June 2017
- ✓ Net debt of **US\$ 649 MM** by June 2017

## 2Q17 EBITDA

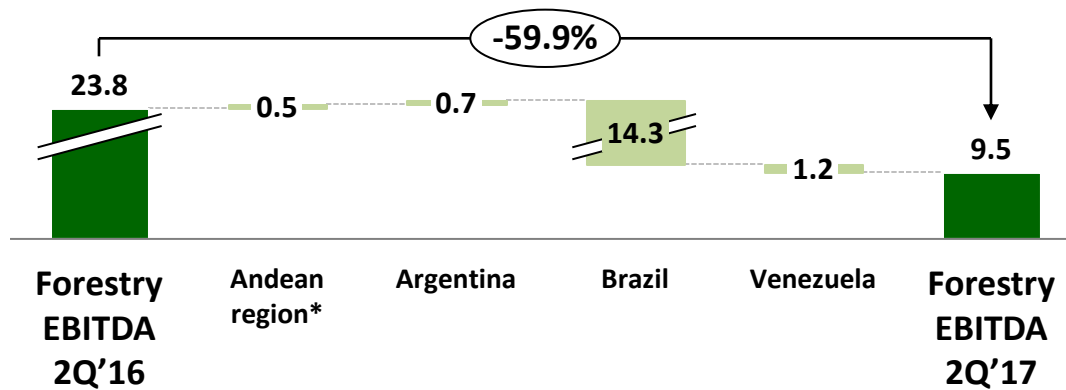
### Industrial EBITDA

US\$MM



### Forestry EBITDA

US\$MM



(\*) Andean region = Chile + Peru + Ecuador + Colombia

## Key takeaways

- ✓ Masisa is strengthening its focus on value-added products and services, and on the forestry business
- ✓ The Company will focalize its industrial business in the Andean Region, Central America, USA, Canada and other export markets, serving them from its facilities in Chile and Venezuela
- ✓ The Company will continue owning and operating its forestry assets in Chile, Argentina and Venezuela, which are valued at more than US\$ 560 million and have proven to be a good source of operational and financial stability
- ✓ The Company expects to divest its industrial operations in Argentina, Mexico and Brazil for more than US\$ 500 million and use the proceeds to reduce net financial debt to recurring EBITDA to a target in the range of 2.5x to 3.0x
- ✓ This debt reduction together with the corporate restructuring plan is expected to generate savings for approximately US\$ 35 million per annum in financial expenses and US\$ 15 million per annum in corporate and overhead expenses, respectively
- ✓ As a result, this plan is expected to be accretive for Masisa shareholders on a recurrent pro forma basis<sup>(1)</sup>, strengthen the Company's financial position and consolidate its leading competitive position in the region

(1) Excluding all one-off effects and considering full implementation of the divestiture plan and corporate restructuring



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.



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