

Deutsche Bank



3rd Chile One-on-One Conference
London, May 2013



Company overview

Global industry update

Financial performance

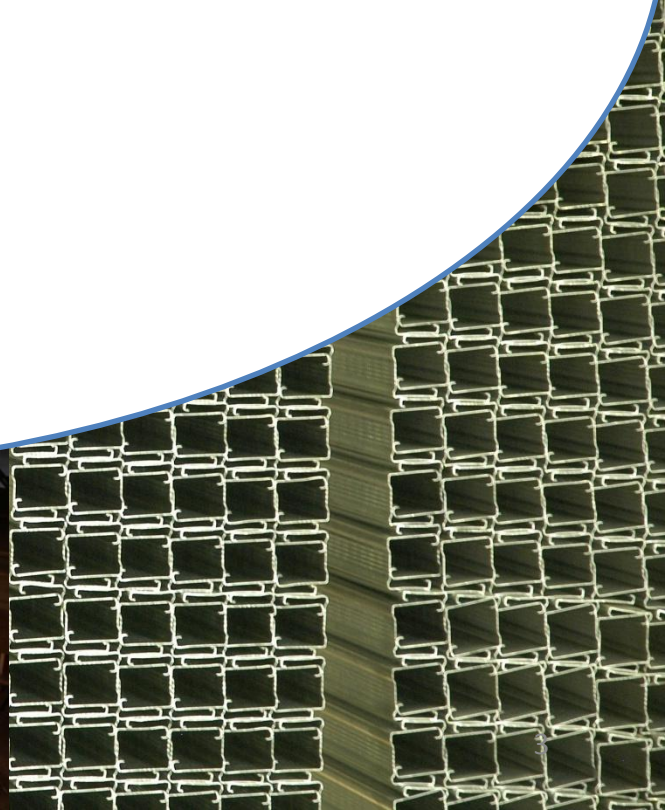
Business plan

Conclusion

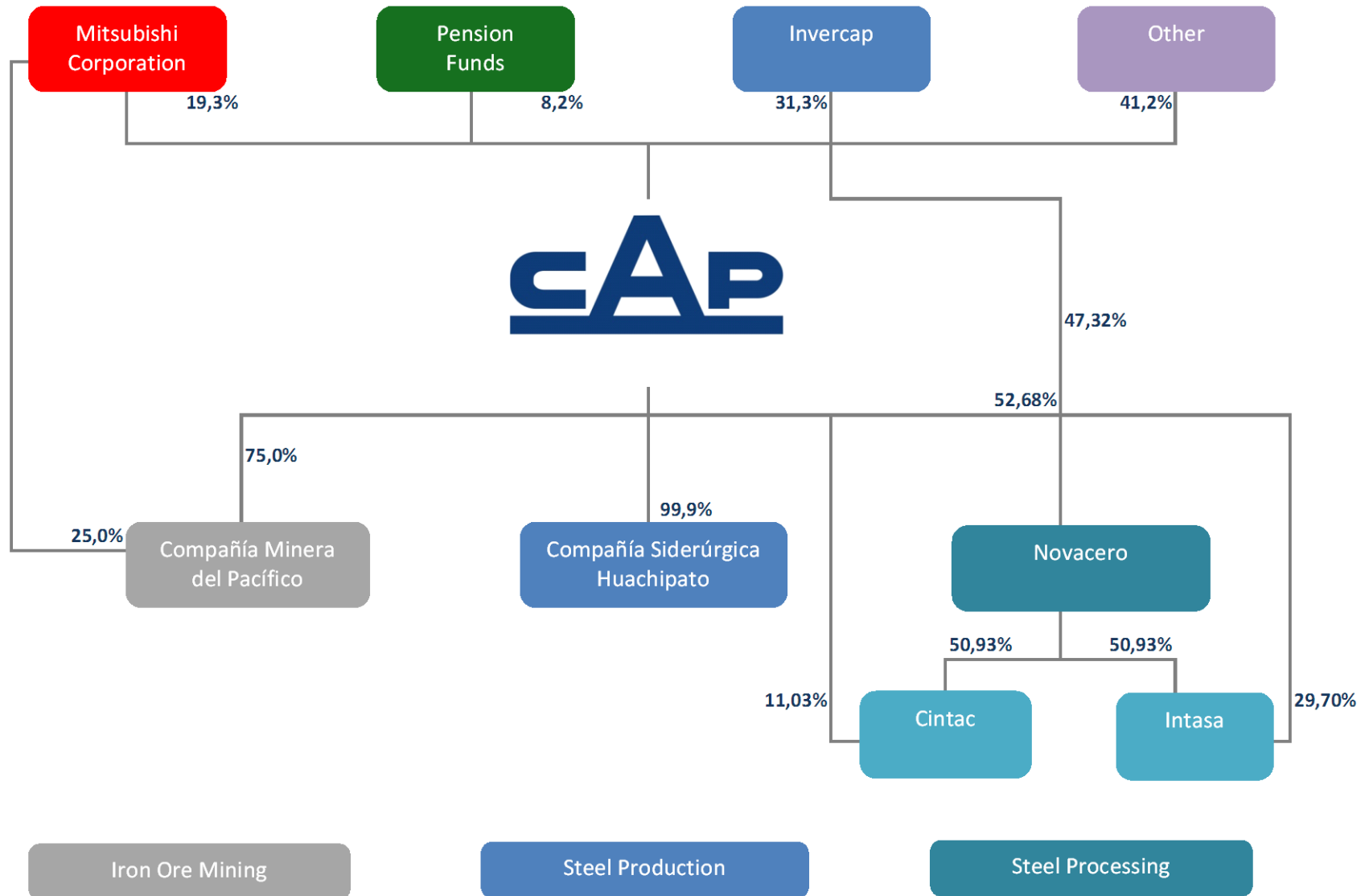
Vertically integrated company



- Exports **iron ore** products, mainly to Asia
- Produces **steel** for the domestic market
- Processes **value-added steel solutions** in Chile, Peru and Argentina
- Consolidated Revenues, EBITDA and Net Income of US\$ 2.5 billion, US\$ 764 million and US\$ 231 million, respectively in 2012



Corporate structure



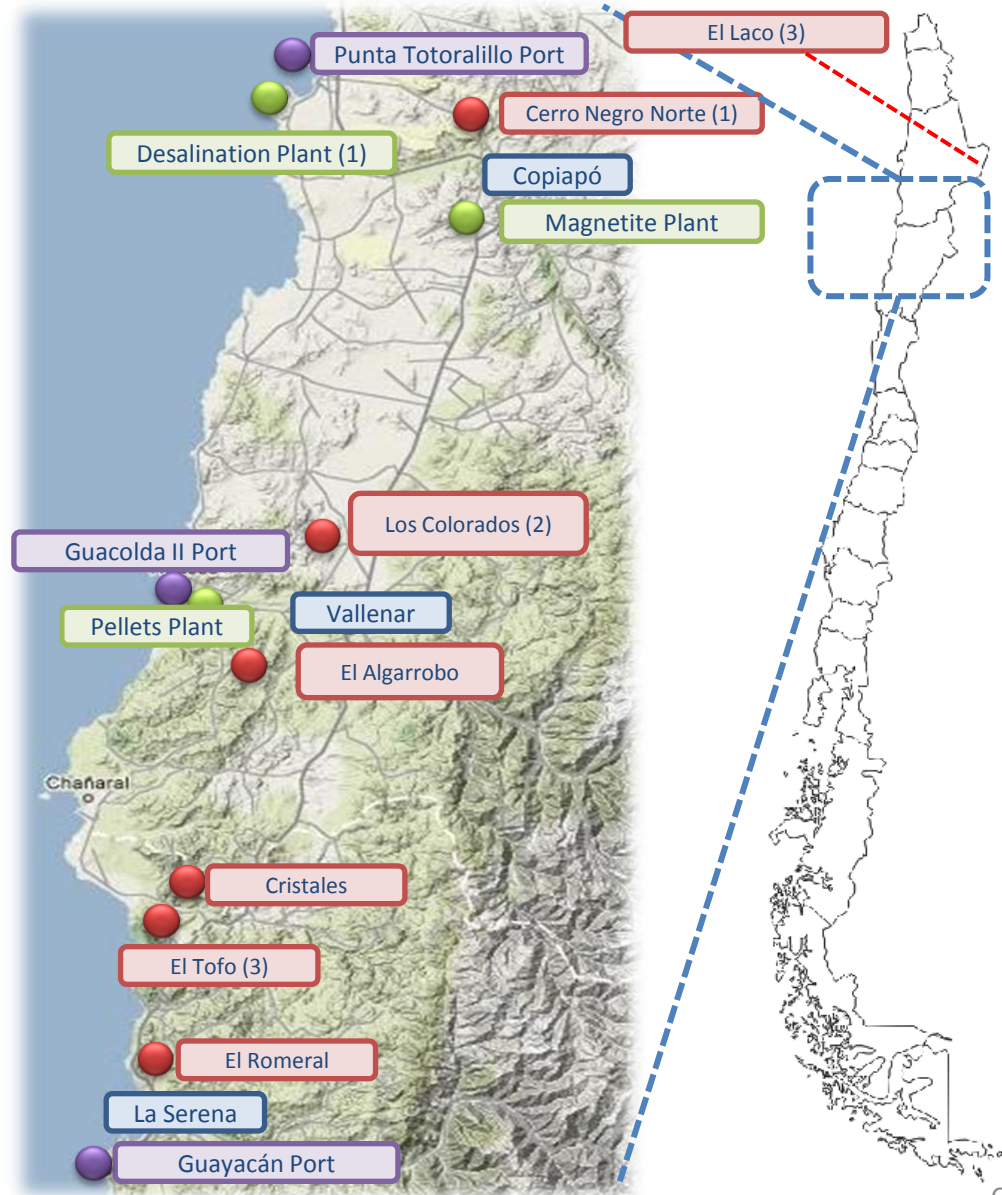
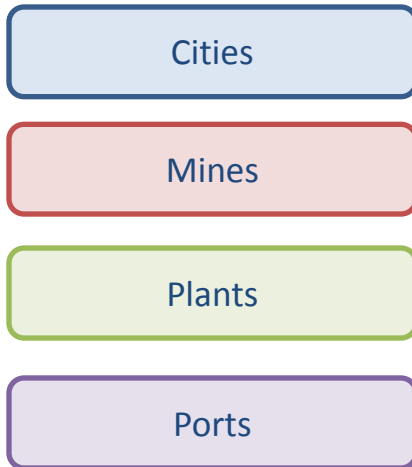
Iron ore mining



Los Colorados Mine, Huasco, Chile

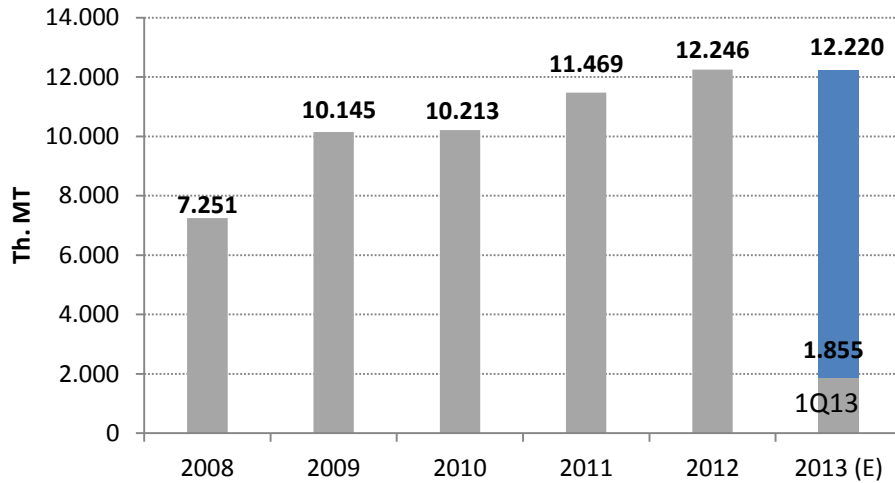
Iron ore mining operations

Consist of three different and independent areas of operation in the north of Chile, located around the cities of La Serena, Vallenar and Copiapó:

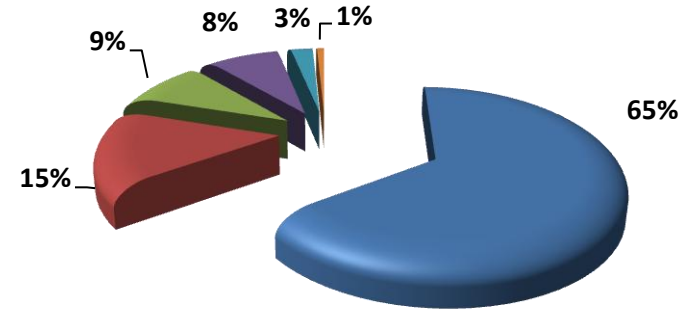


- (1) Under construction
- (2) Under expansion process
- (3) Under evaluation

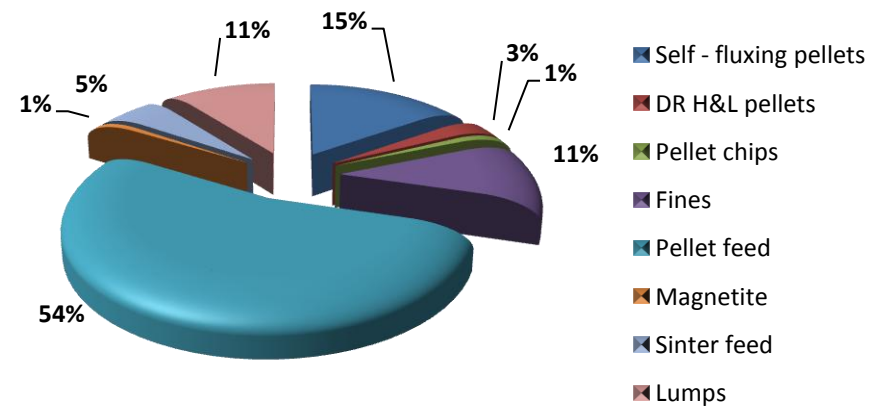
Shipments



Shipments by markets and products 2012



China Chile Japan Bahrein Indonesia USA



Resources and reserves of magnetite ore



Mine / Deposit	Total Mineral Resources (1)		Reserves (2)	
	MTM	Grade (% Fe)	MTM	Grade (% Fe)
Existing operations				
Los Colorados (under expansion)	986	34,8%	244	46,4%
El Romeral	459	28,3%	105	30,2%
El Algarrobo	133	45,9%	46	49,3%
Hierro Atacama I - Candelaria (3)	268	10,0%	268	10,0%
Projects under construction				
Cerro Negro Norte	377	32,8%	189	36,5%
Reserves for future development				
Tofo District	1.671	26,0%	690	28,7%
El Laco	734	49,2%	376	56,7%
El Algarrobo District	590	32,8%	118	35,5%
Cristales	149	32,0%	2	57,3%
Total	5.367	32,1%	2.040	35,2%

Source: CAP

- As a result of continued successful exploration campaigns, iron ore resources have increased progressively over the years, reaching 5.367 million MT in 2012
- Current resources would allow for a potential production of over 40 million MT per year

(1) Those minerals measured on a geological ore content feasible of being mined. **(2)** Those minerals measured on a geological content feasible of being mined economically. **(3)** CMP has the contract for processing the tailings of the Candelaria copper mine.

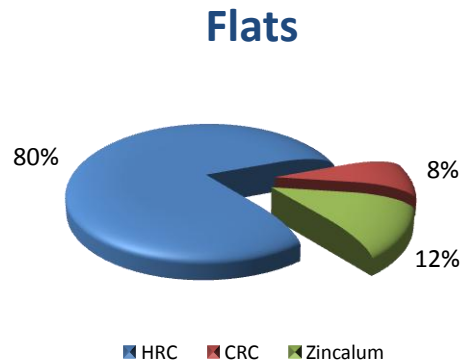
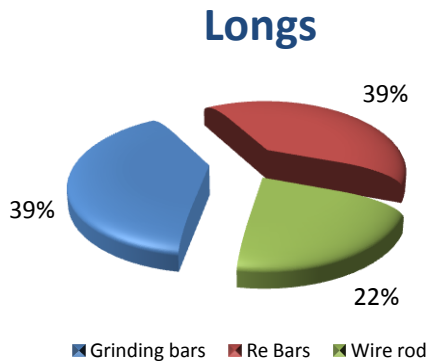
Note: Tonnages and grades of Fe are estimated by CAP's Minería specialized professionals. The information presented, to comply with Chilean law 20.235, is currently under certification process by independent professionals in mining resources and reserves. The referred process will take approximately three years, starting on 2012, to be completed.

Steel production

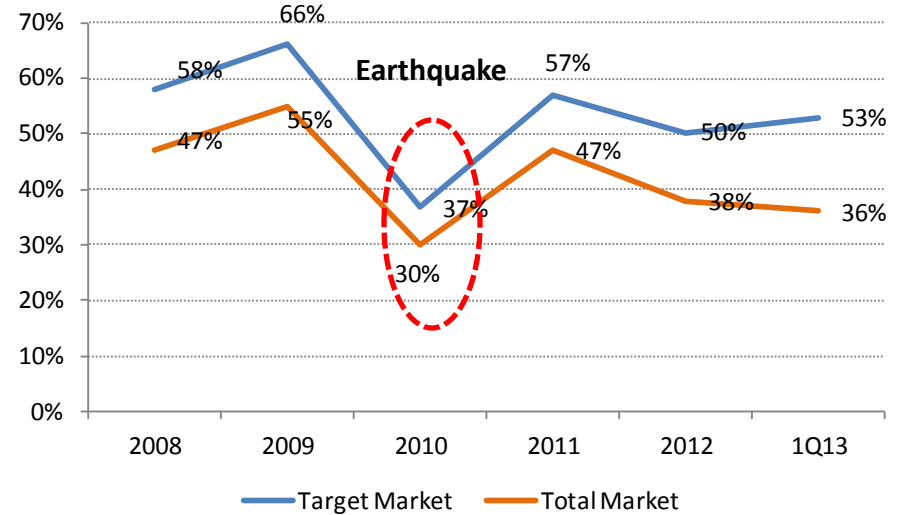


Huachipato, Talcahuano, Chile

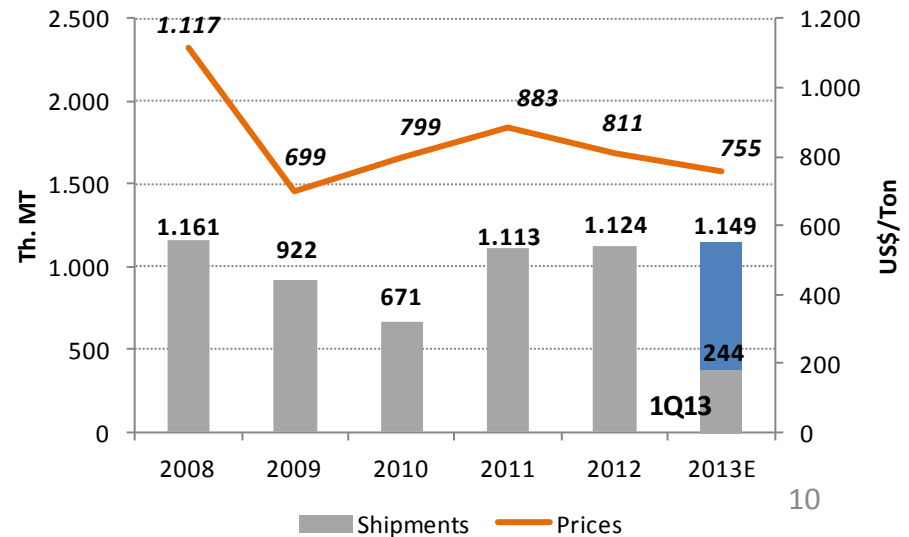
- The leader in Chile's steel market
- 1.45 million tons of annual liquid steel production capacity
- Strong long term commercial relations with customers in Chile
- Products mix 2012: 64% longs
36% flats



Market share



Shipments and prices



Steel processing

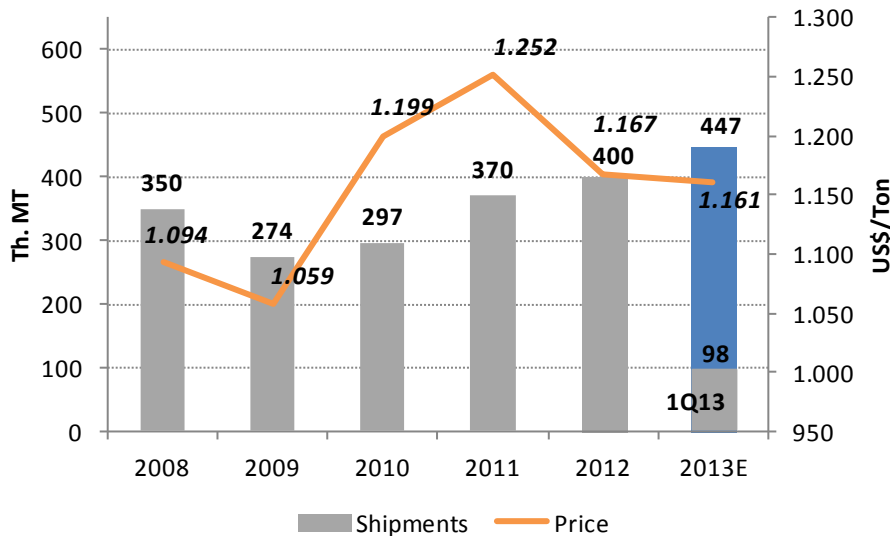


Cintac, Santiago, Chile

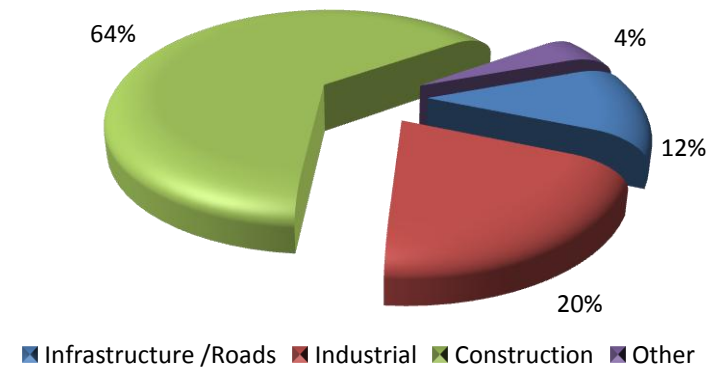
- Creates value-added solutions for the construction, industry and infrastructure sectors in Chile, Peru and Argentina
- Chile is Latinamerica's most advanced user of steel in construction
- Seeks to promote steel consumption



Shipments and prices



Sales by Sector



Company overview

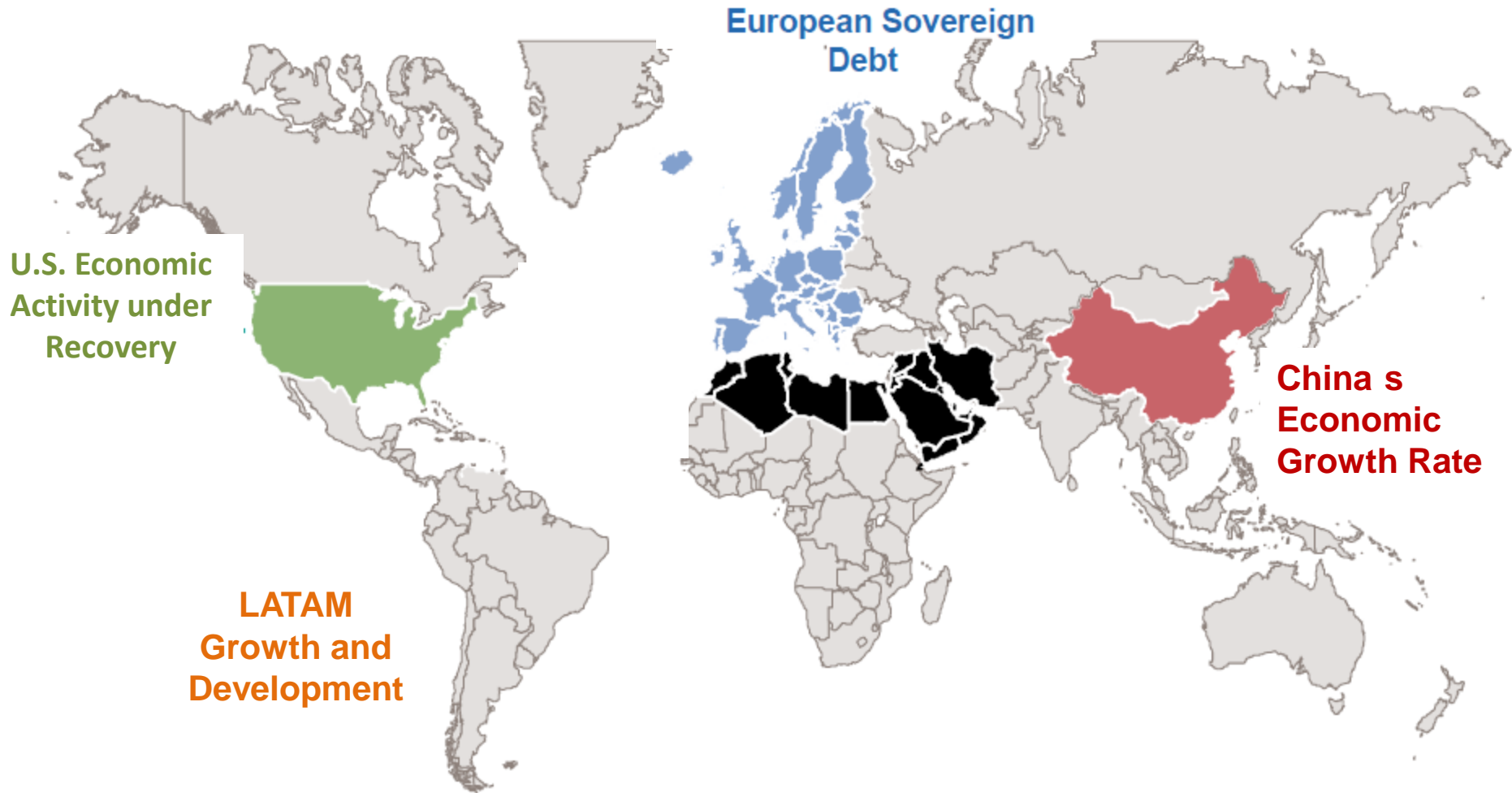
Global industry update

Financial performance

Business plan

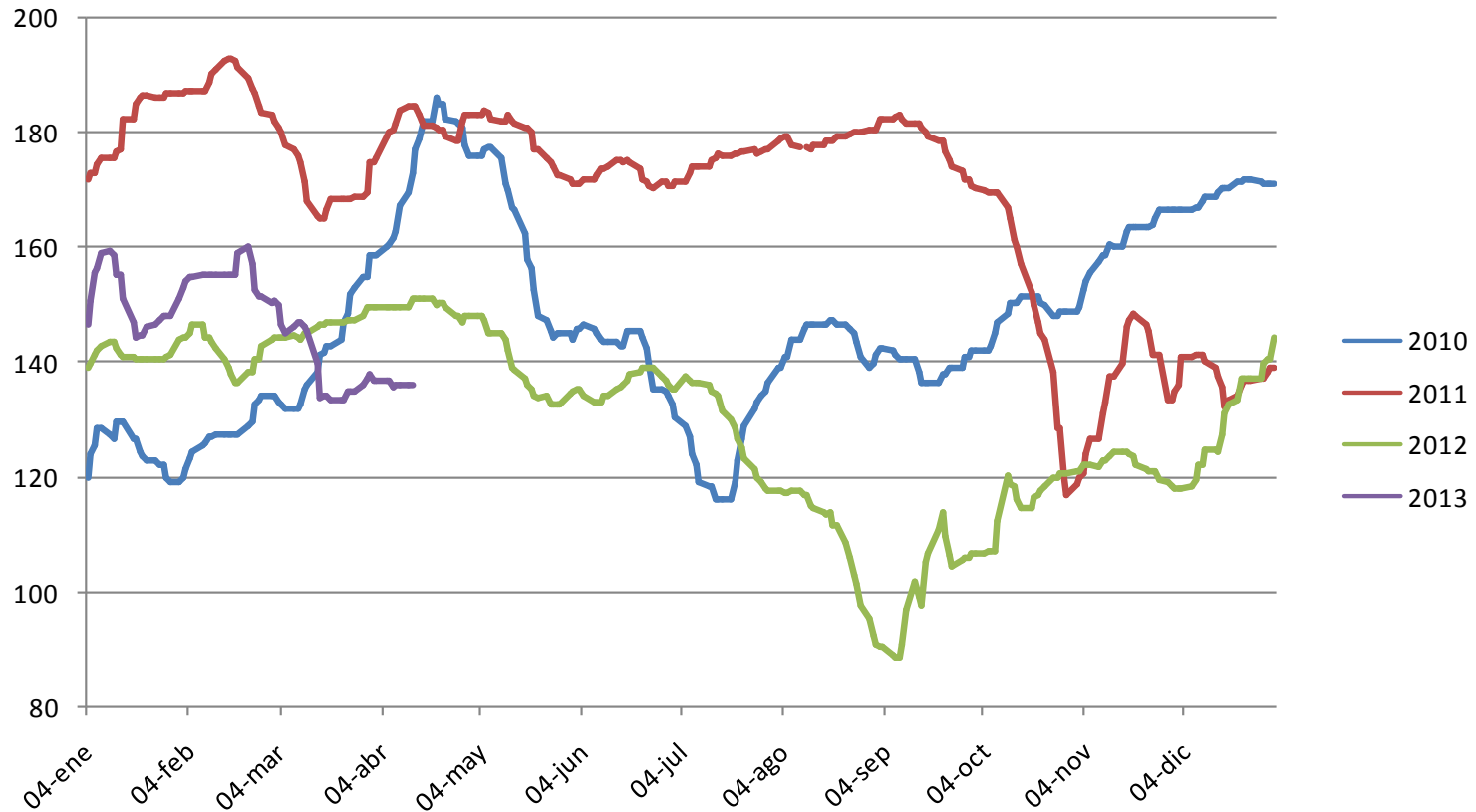
Conclusion

Areas to watch

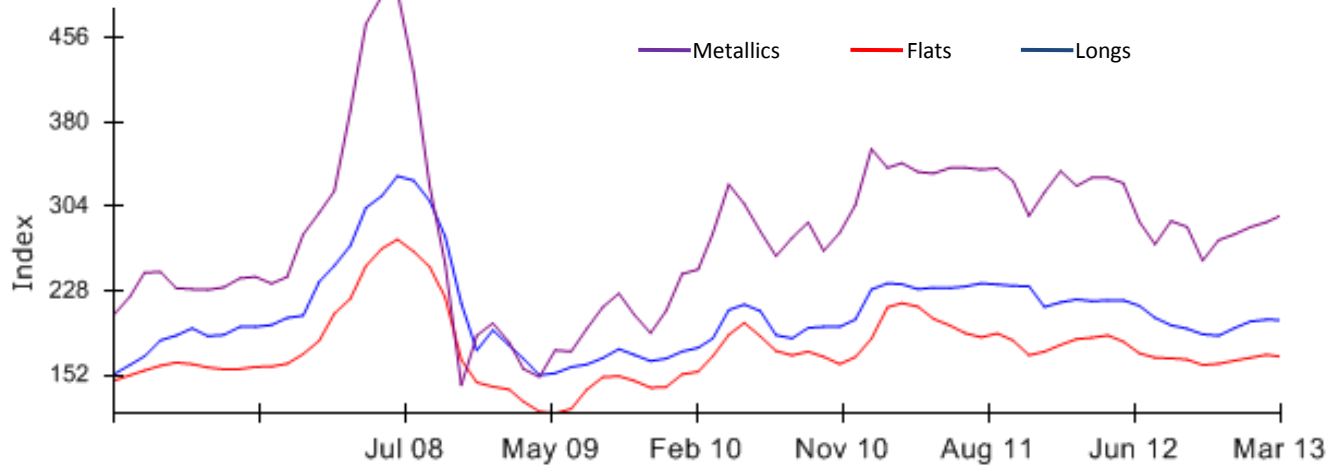
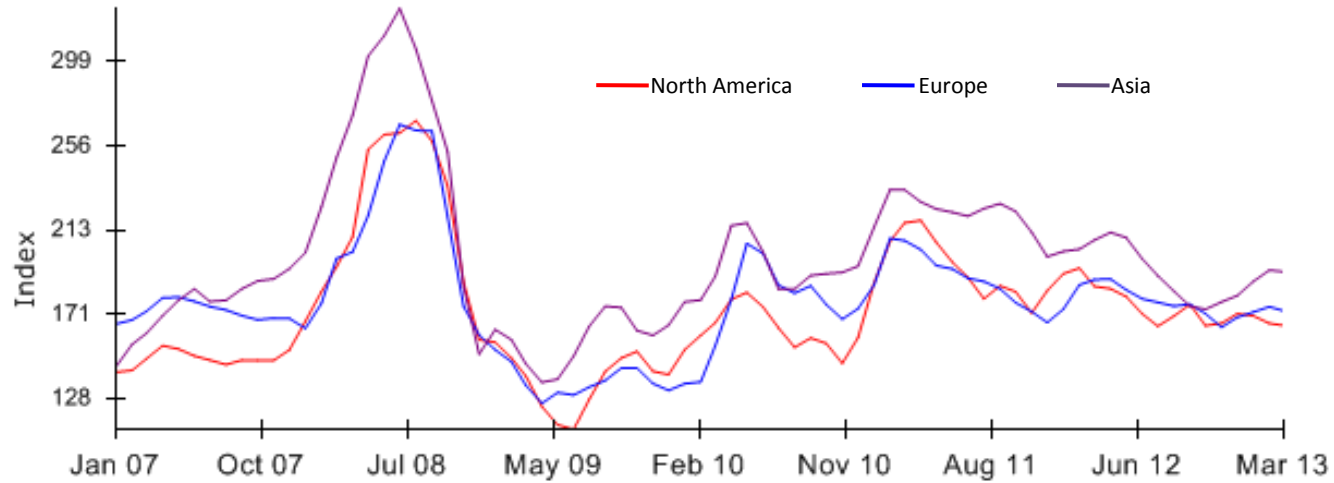


Iron ore spot prices

Iron ore Fines 62% CFR North China (US\$/t)

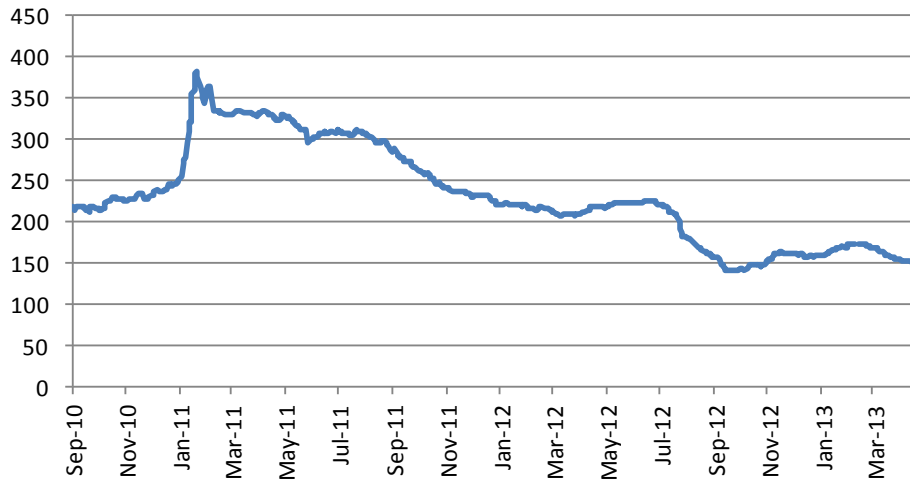


Evolution of steel prices

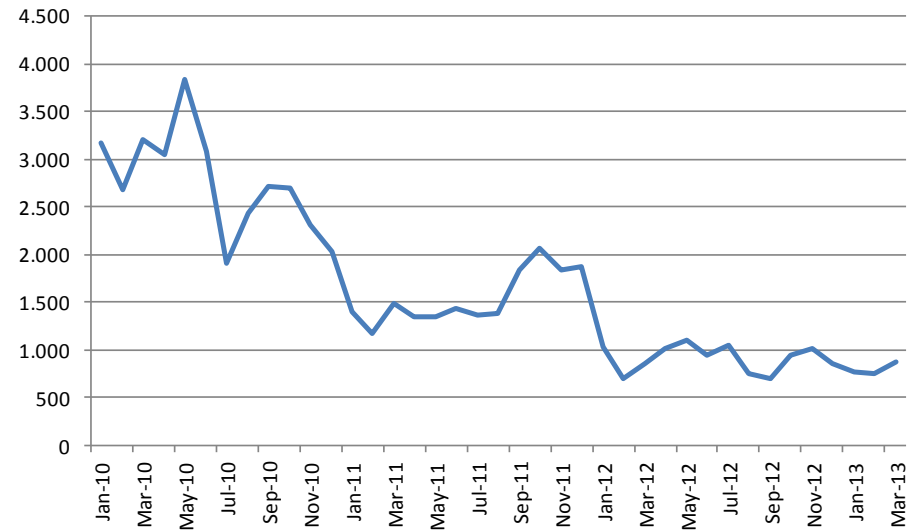


Evolution of key raw materials

Metallurgical Coal (US\$/TM)

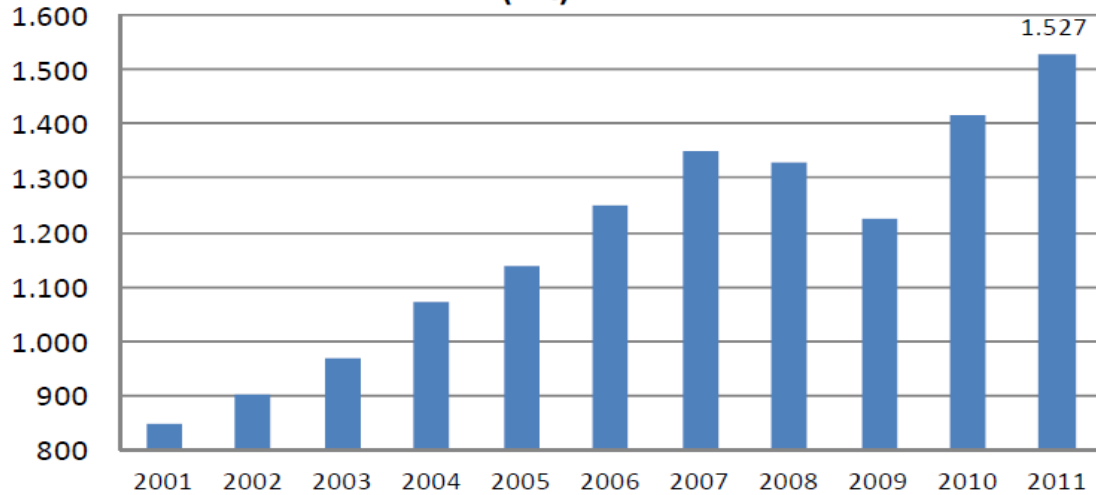


Baltic Dry Index



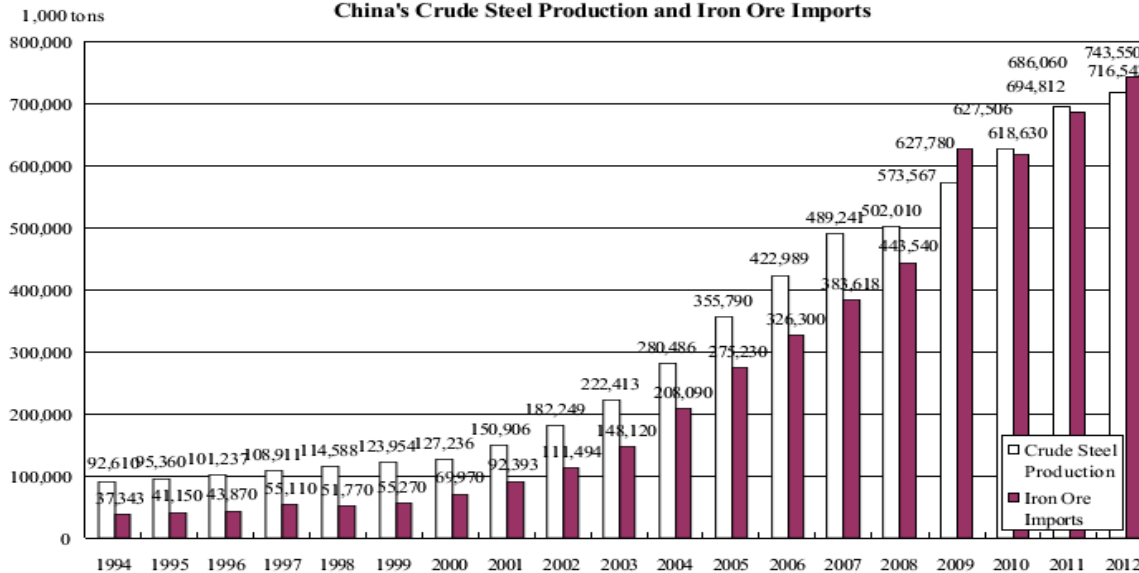
Growing world steel and China's production

World Crude Steel Production (Mt)



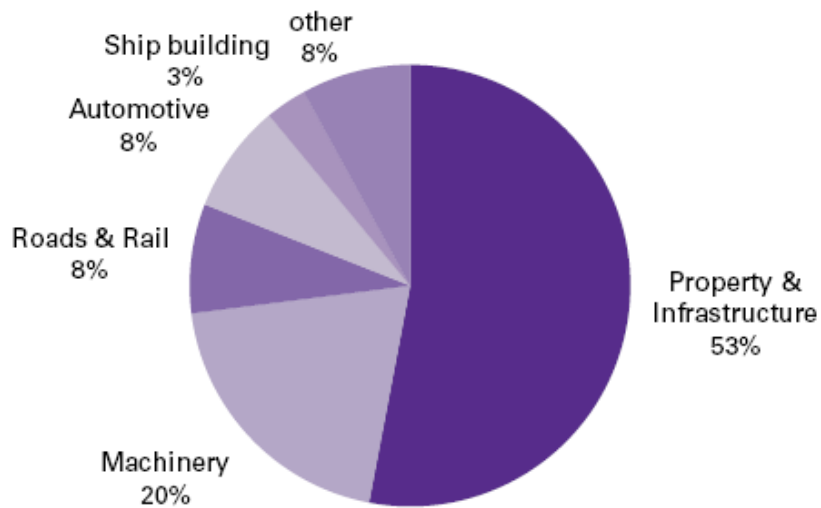
In 2012, the WORLD Crude Steel production was 1.549 MT, a 1.4 % growth over 2011

China's Crude Steel Production and Iron Ore Imports

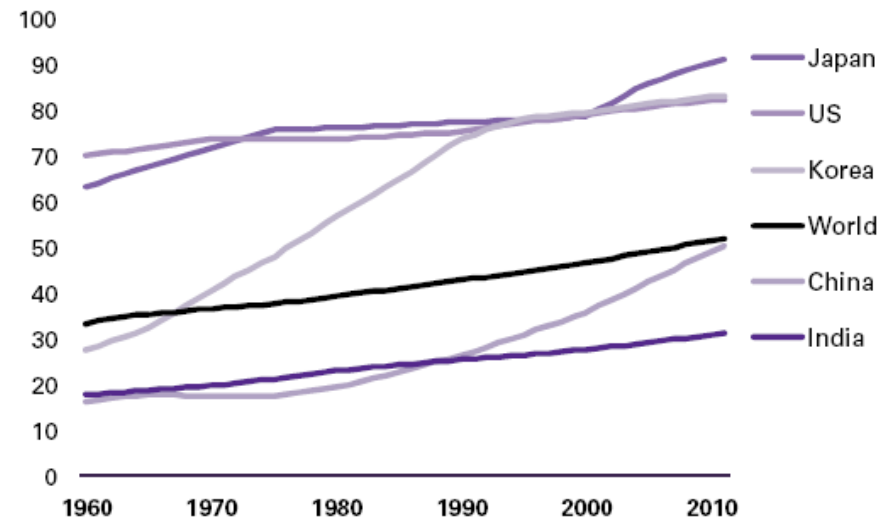


In 2012, China crude steel production grew a 3,2% and the iron ore imports grew 8,3%.

China steel consumption by end use

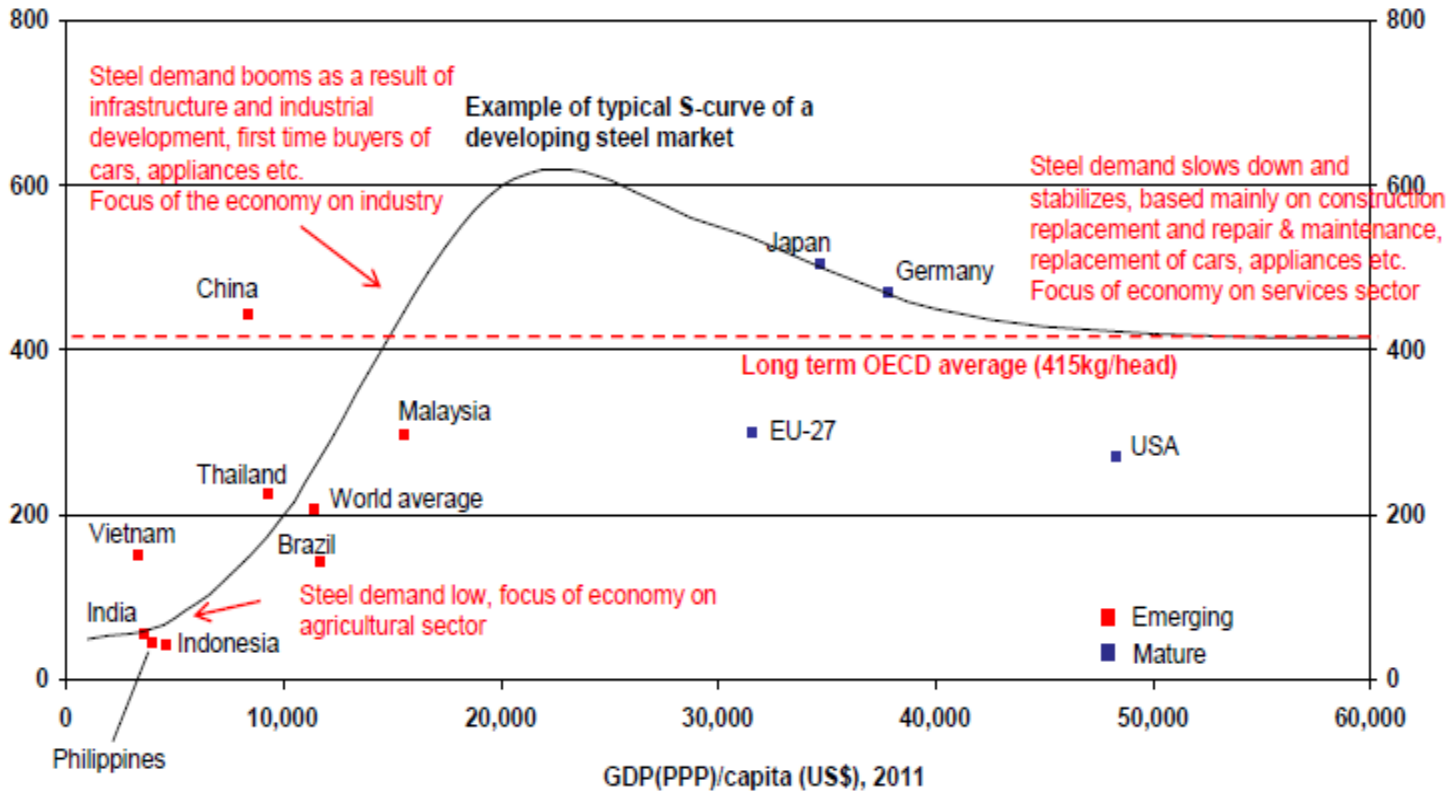


Urban population (% of total)



Sustained growth of steel consumption

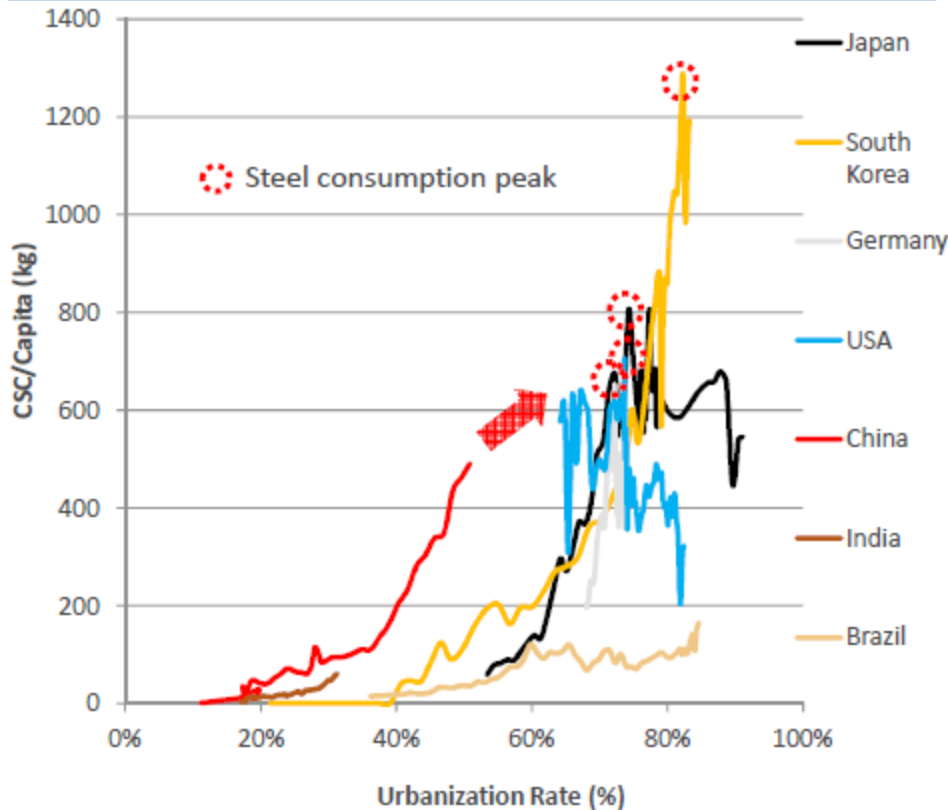
Finished steel consumption/capita (kg), 2010



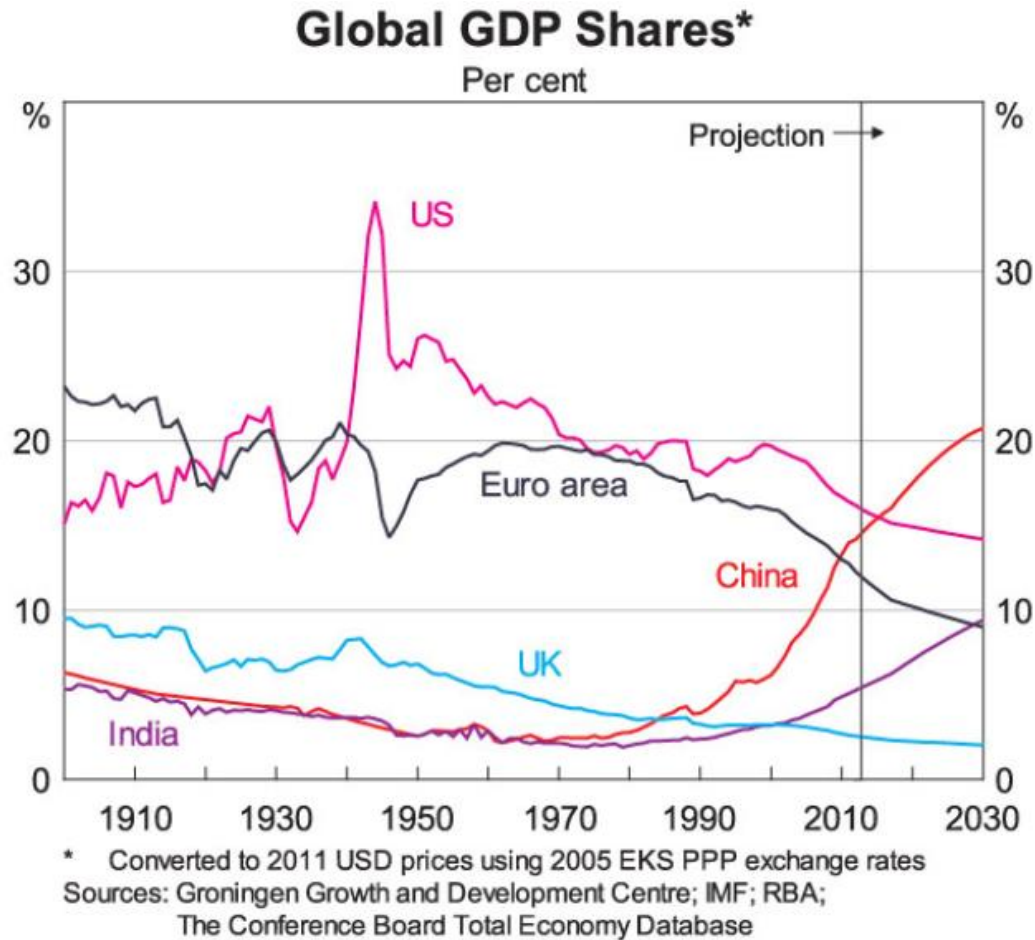
Source: WSA, CIA, Tata Steel Construction Centre NL, SteelConsult

February 2013

Urbanization Rate & CSC (1950 – 2012)

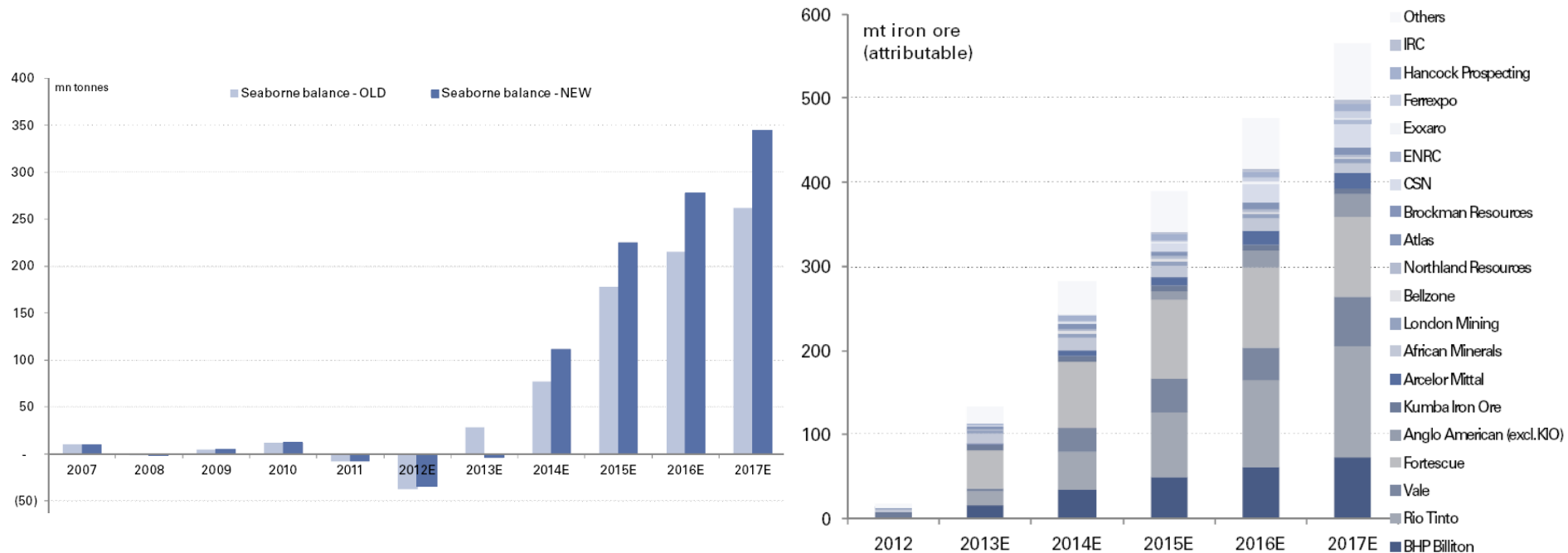


- Urbanization trend indicates further potential for Chinese steel consumption (CSC)
- Steel production per capita in most developed countries only peaked when urbanization rate was above 70%
- China's urbanization rate was around 52% in 2012. Assuming China urbanizes at approximately 1.8% pa., another 10 years are needed to reach 70% (2021)

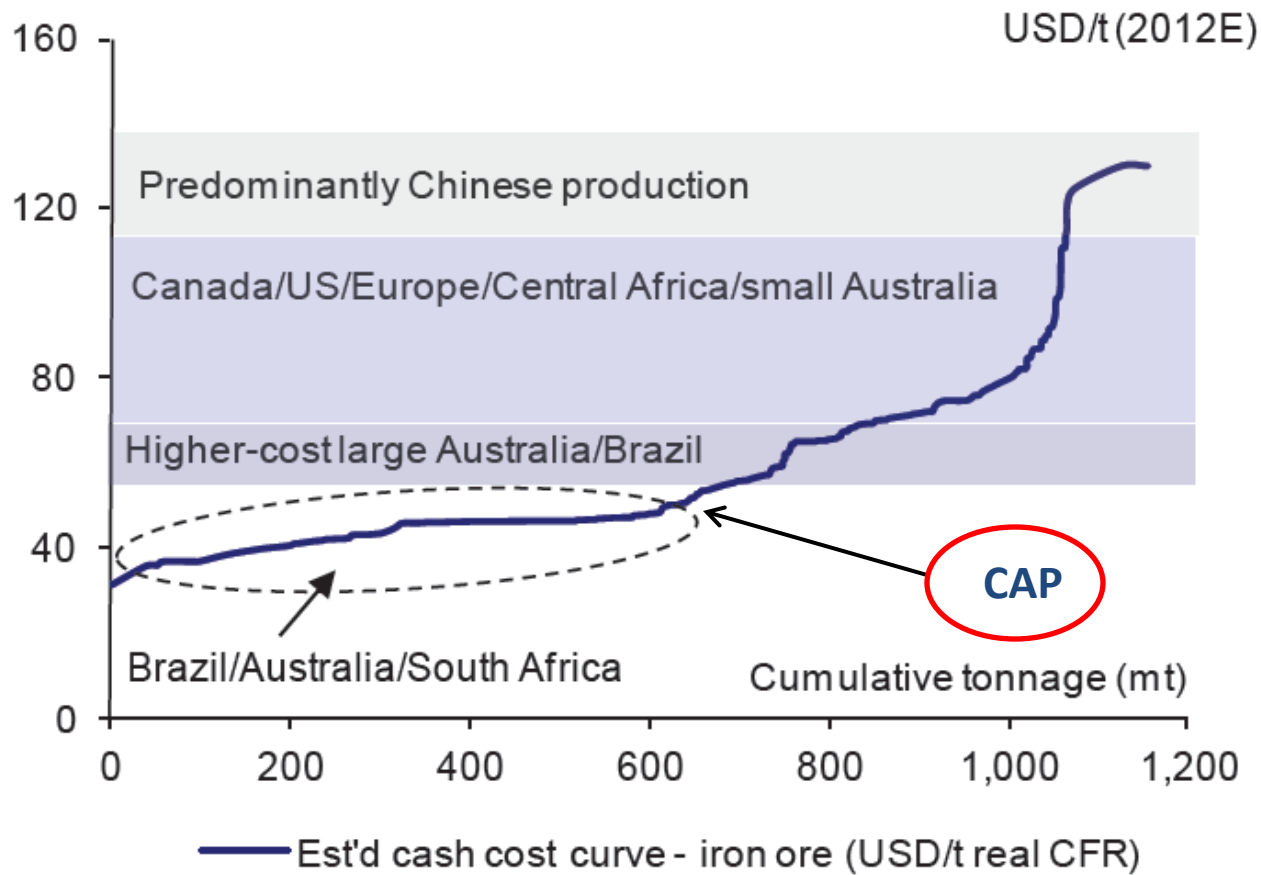


Seaborne iron ore supply - demand balance

68% (381 million MT) of total potential capacity addition comes from the Big 4 (Rio Tinto, Vale, BHP Billiton and Fortescue)



Iron ore cash cost curve



Company overview

Global industry update

Financial performance

Business plan

Conclusion

Financial evolution

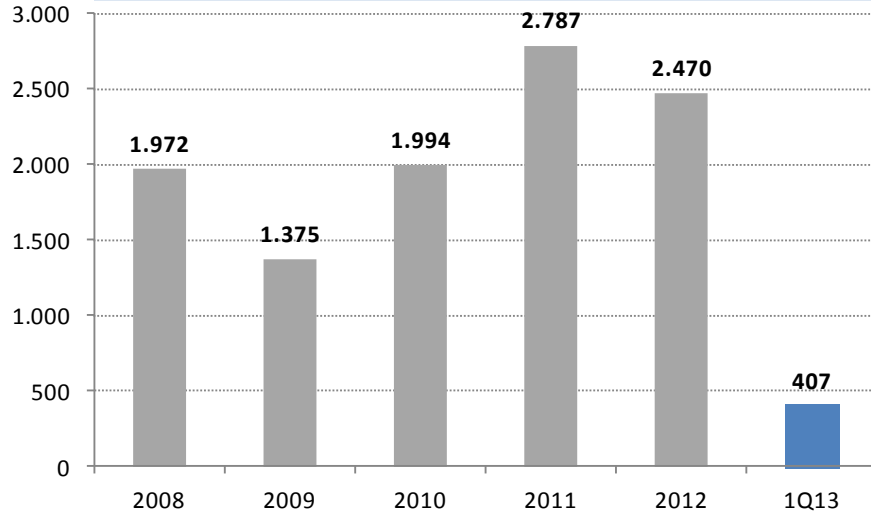


USD Million	2008	2009	2010	2011	2012	1Q13
Sales	1.972	1.375	1.994	2.787	2.470	407
EBITDA	534	128	740	1.184	764	138
<i>EBITDA Margin</i>	<i>27,1%</i>	<i>9,3%</i>	<i>37,1%</i>	<i>42,5%</i>	<i>30,9%</i>	<i>33,8%</i>
Net Income	291	25	590	442	231	45
Cash	379	393	981	883	711	631
Gross Financial debt	880	907	1.001	628	719	741
Net Financial debt	501	514	20	-255	8	109
Net Financial Debt /EBITDA	0,94	4,01	0,03	-0,22	0,01	0,16
Capex	161	142	207	282	777	248

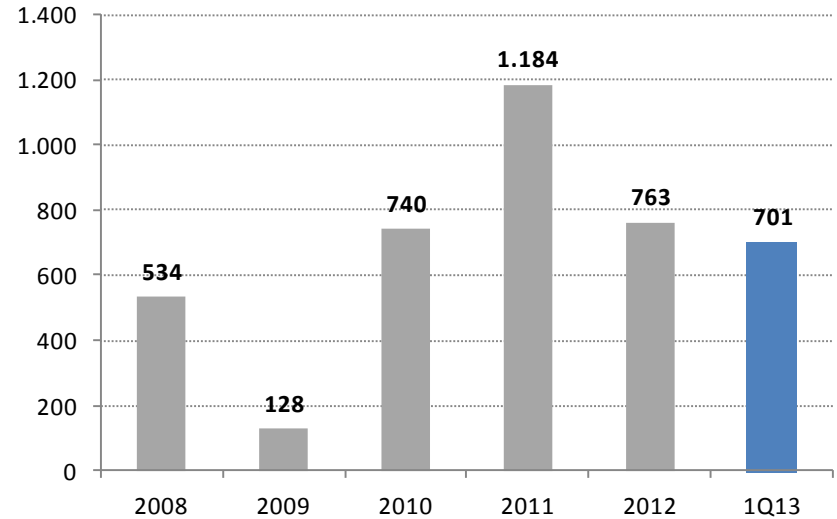
Financial performance



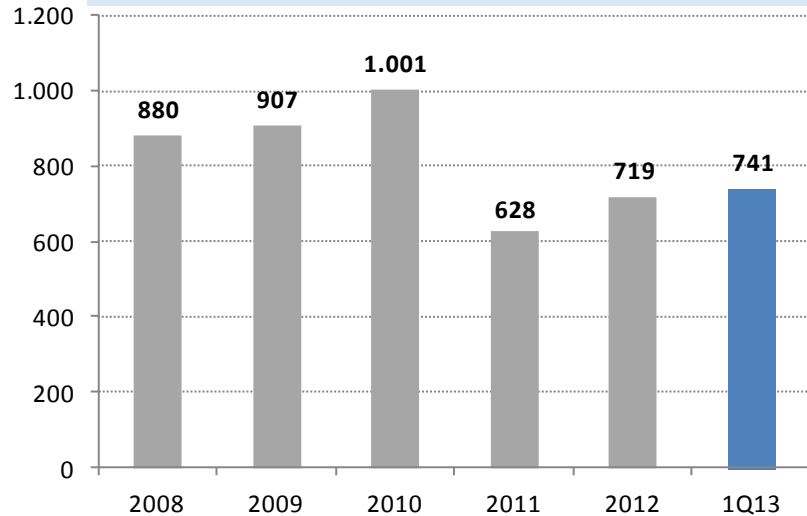
Sales (US\$ million)



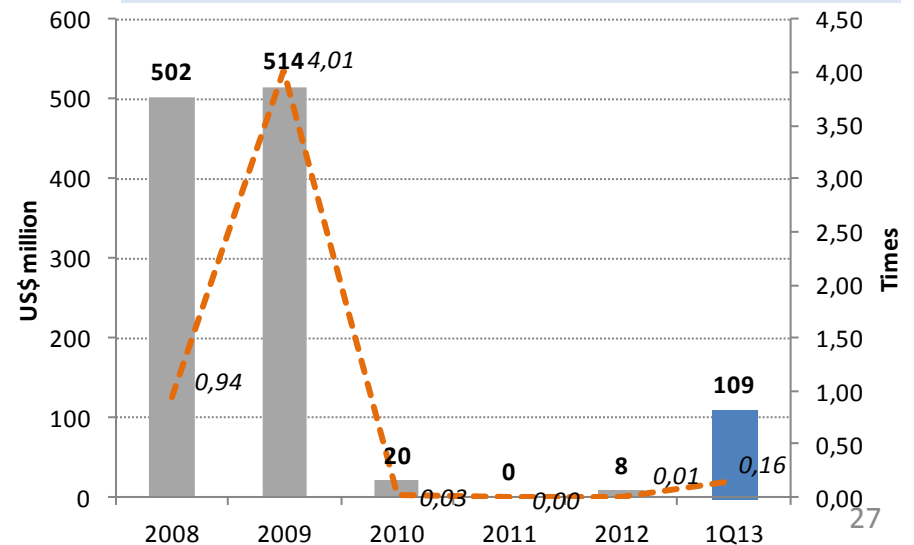
EBITDA (US\$ million) (*)



Gross financial debt (US\$ million)

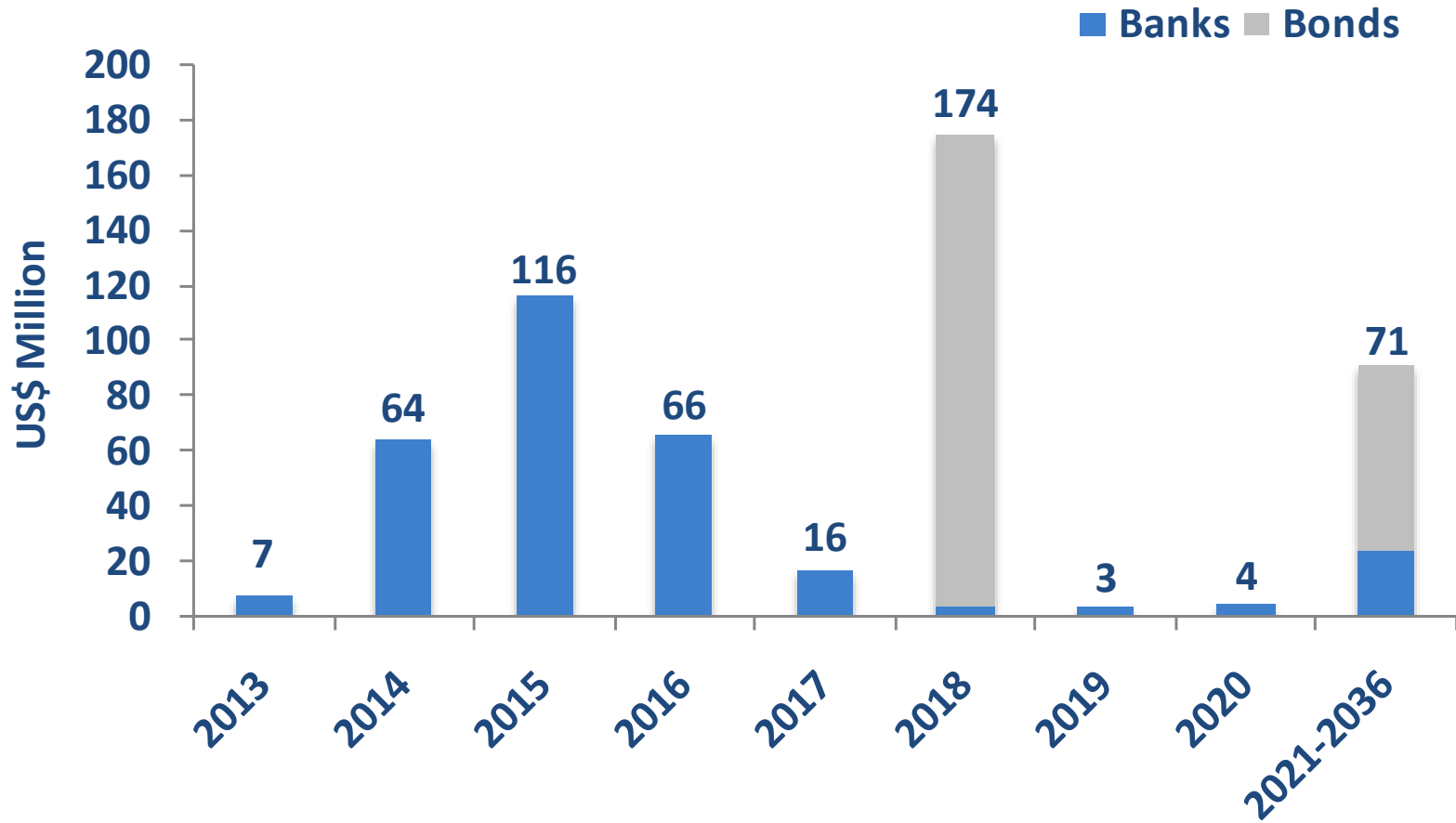


Net financial debt / EBITDA

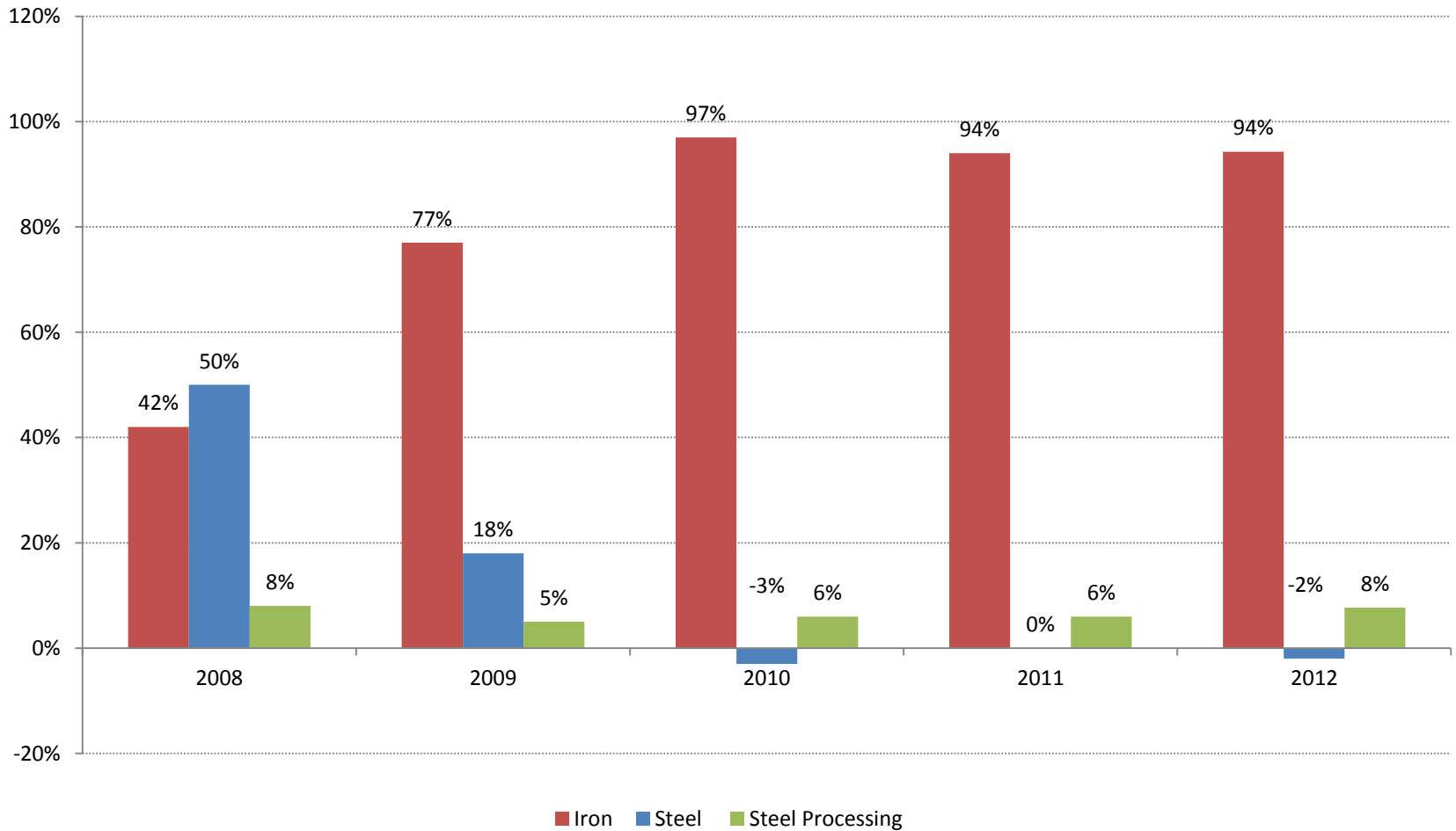


(*) EBITDA = Gross Margin – S&A Expenses + Depreciation + Amortization, over the last twelve months

Debt maturity profile



EBITDA contribution by business



Company overview

Global industry update

Financial performance

Business plan

Conclusion



Los Colorados (brownfield expansion)

- Current production: 5.2 million tonnes / Pellets and pellet feed
- Projected increase: 2.0 million tonnes / Pellet Feed
- Under construction and estimated production start-up: 3Q 2013
- CAPEX: US\$ 438 million



Cerro Negro Norte (greenfield expansion)

- Production: 4.0 million tonnes / Pellet feed
- Under construction and estimated production start-up: February 2014
- CAPEX: US\$ 959 million



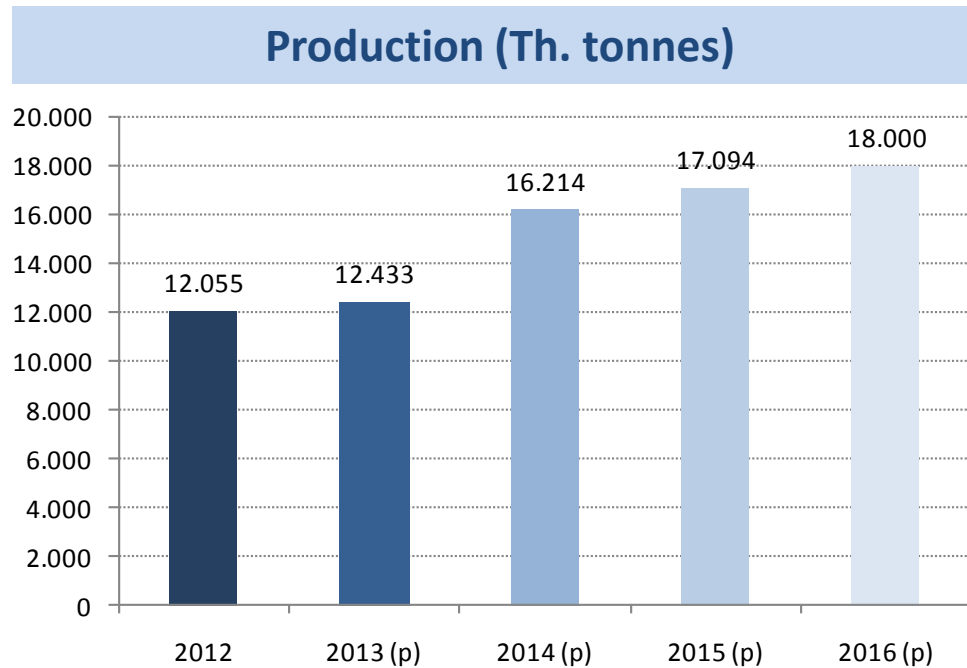
Romeral Phase V

- Mine life extension
- Under construction and estimated start-up: 1S 2014
- CAPEX: US\$ 198 million



Desalination Plant

- Capacity up to 400 lt/s
- Under construction and estimated start-up: September 2013
- CAPEX: US\$ 360 million



- The market projects a stronger demand for high quality pellet feed
- In 2012 the average cash cost per ton was US\$ 48,76 (FOB)
- Financing of existing expansion projects would be mainly through internal cash generation
- Construction of a Desalination Plant (up to 600 lt/s) will cover water needs of Cerro Negro Norte project and third parties mining operations in the zone
- Investment in exploration will continue to improve knowledge of our mining property for future development and growth

Steel Production

- Domestic demand for steel is strongly influenced by Construction and Mining sectors. Demand for long steel in Chile substantially exceeds that for flat steel, due to the dynamism of the above mentioned industries
- Optimization of its steel production capabilities, through a gradual reorientation towards long steels
- Substantial global overcapacity in steel production, a significant obstacle to an increase in CAP's steel capacity
- Operational focus in cost efficiency and optimization of product lines and seeking commercialization synergies with steel processing business
- Main goal is to secure a domestic market share with tonnages of CAP's own steel and/or alternatively imported material

Steel Processing

- Main focus is to serve the construction, industry and infrastructure sectors
- Chile is Latin America's most advanced user of steel in construction
- Operating at full capacity in Chile since 2010, following the country's GDP
- Growth focus in Peru and interest to enter Colombia and/or Brazil markets



Company overview

Global industry update

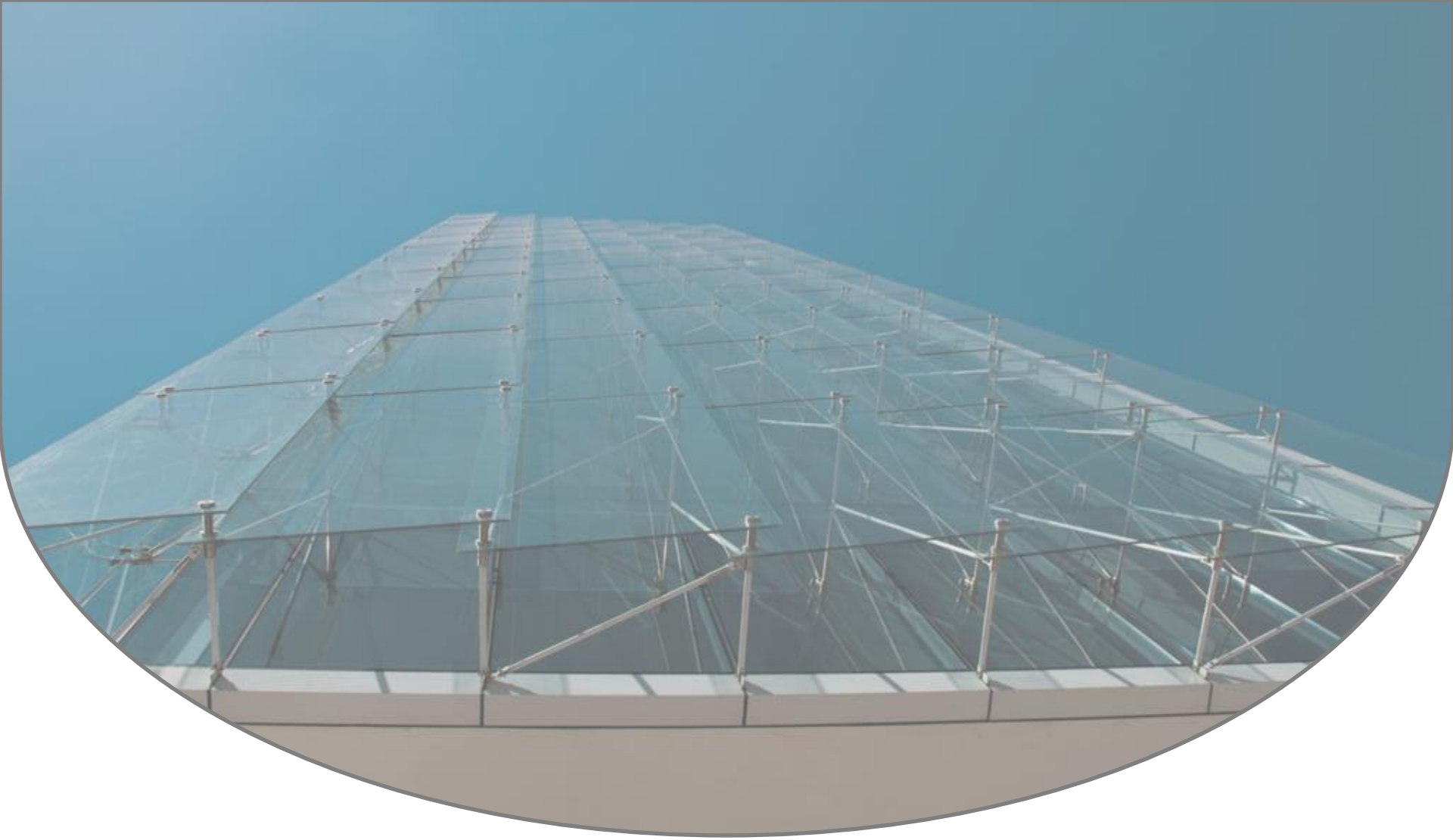
Financial performance

Business plan

Conclusion

- Substantial growth in the iron ore business
- Further expansion to 30 – 40 million tonnes possible through iron ore development projects currently under consideration
- Steel strategy to maintain its predominant position in Chile and have at least neutral EBITDA contribution to CAP Group
- CAP group is well positioned to benefit from a high growth potential of the steel processing business in Latin America
- Strong financial position provides viability to growth objectives

This information material may include certain forward-looking statements and projections provided by CAP S.A. (the “Company”) with respect to the financial condition, results of operations, cash flows, plans, objectives, future performance, and business of the Company. Any such statements and projections reflect various estimates and assumptions by the Company concerning anticipated results and are based on the Company’s expectations and beliefs concerning future events and, therefore, involve risks and uncertainties. Such statements and projections are neither predictions nor guarantees of future events or circumstances, which may never occur, and actual results may differ materially from those contemplated (expressed or implied) by such forward-looking statements and projections. No representations or warranties are made by the Company or any of its affiliates as to the accuracy of any such statements or projections. Whether or not any such forward looking-statements or projections are in fact achieved will depend upon future events, some of which are not within the control of the Company. Accordingly, the recipient of this material should not place undue reliance on such statements. Any such statements and projections speak only as of the date on which they are made, and the Company does not undertake any obligation, and expressly disclaims any obligation, to update or revise any such statements or projections as a result of new information, future events, or otherwise



www.cap.cl