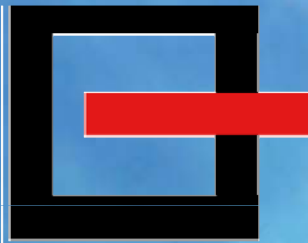


# CAP



celfincapital

May 2012



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# Vertically integrated company

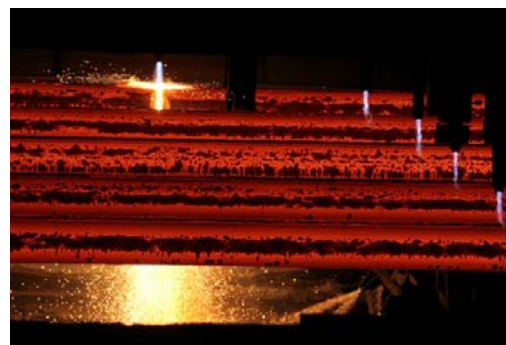


- Exports iron ore products, mainly to Asia
- Produces steel for the domestic market
- Processes value-added steel solutions in Chile, Peru and Argentina
- Consolidated figures of: Revenues of US\$ 2.79 billion, EBITDA<sub>(1)</sub> of US\$ 1.18 billion and Net Income of US\$ 442 million in 2011

Mining



Steel

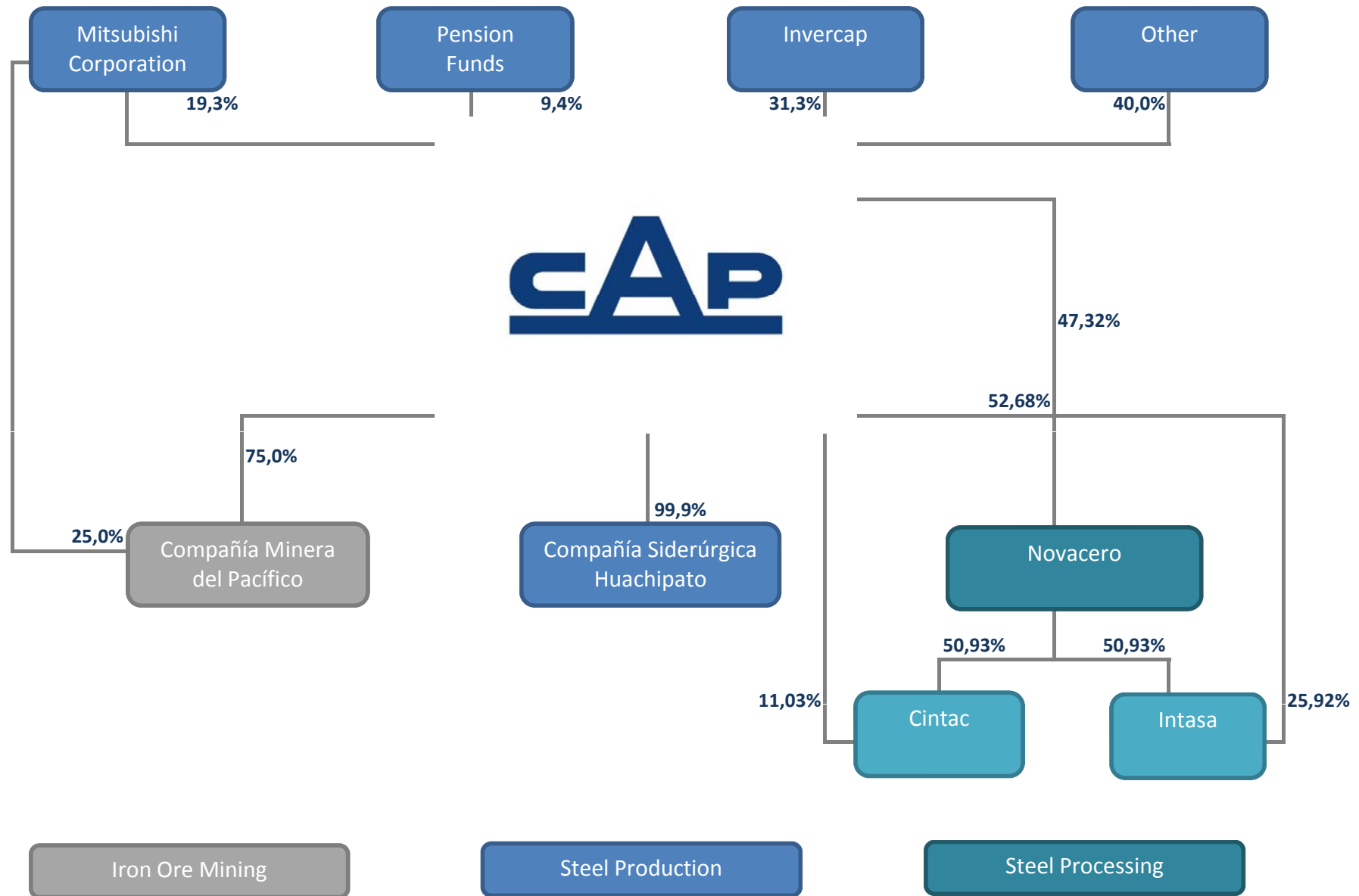


Steel processing



(1) EBITDA: Gross Margin – S&AE + Depreciation and Amortization, over the last twelve months

# Corporate structure

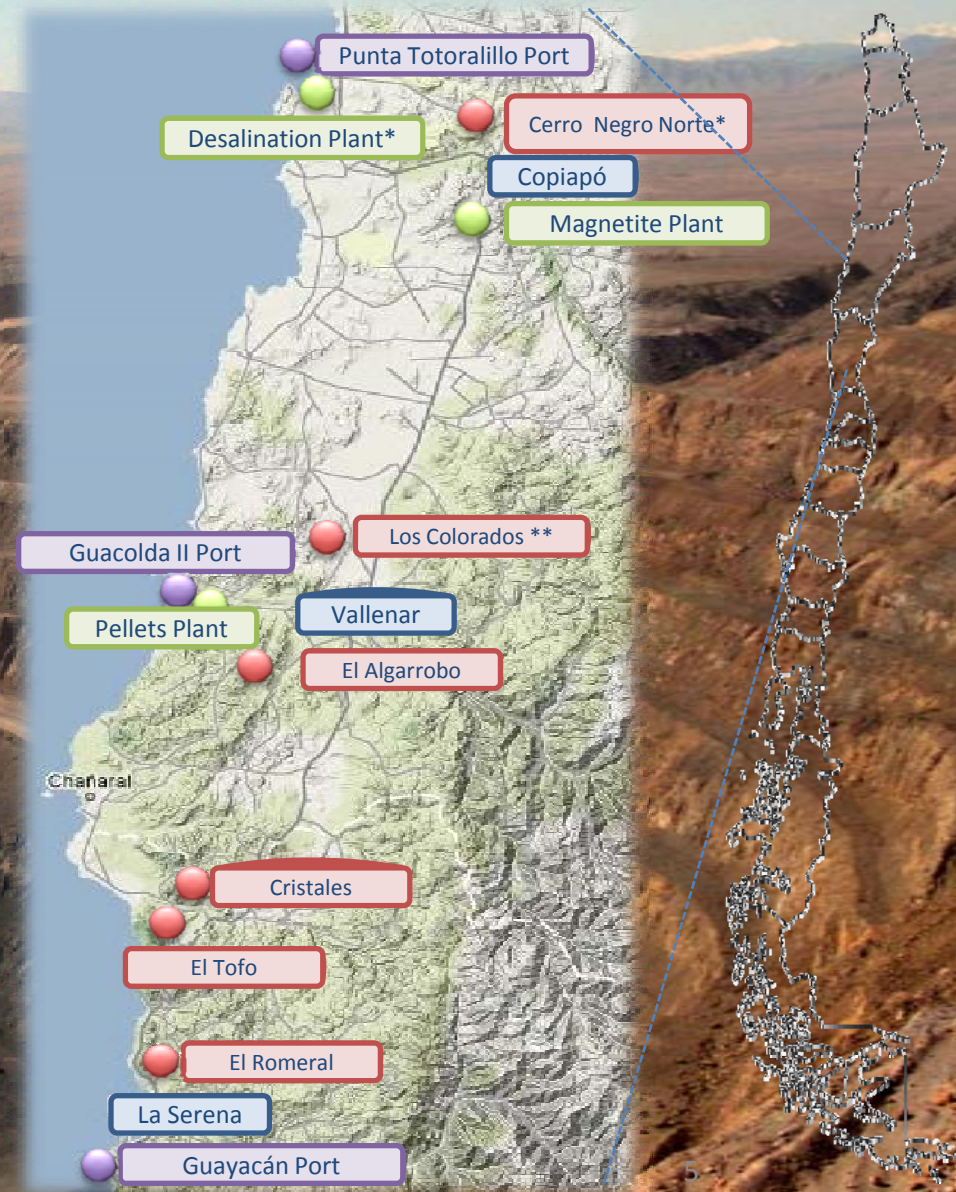
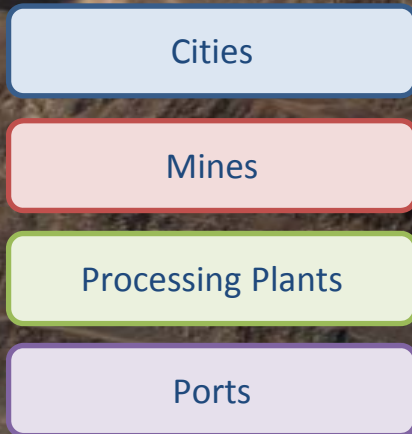


# Iron ore mining operations

(Los Colorados Mine)



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

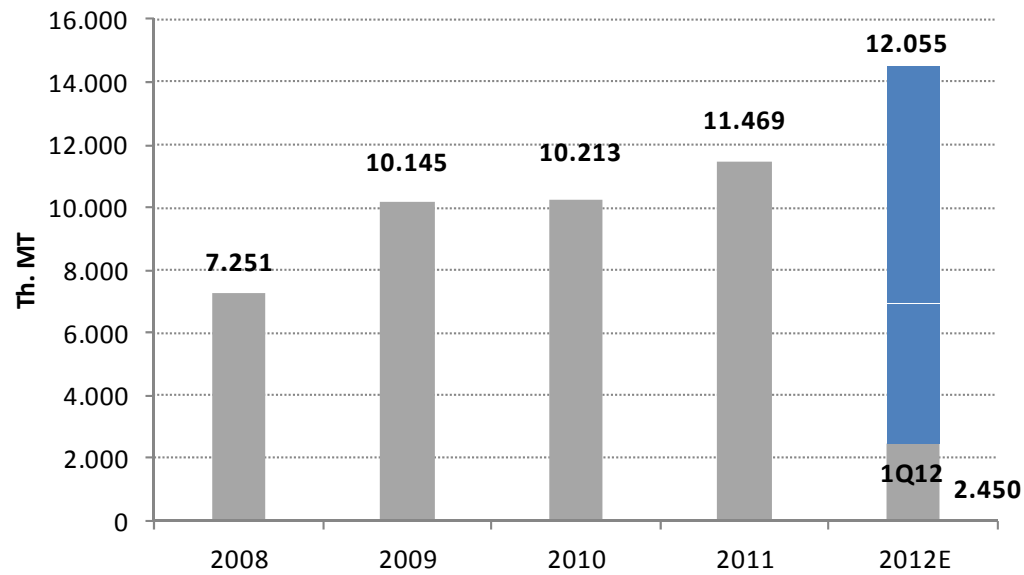


\* Under construction  
\*\* Under expansion process

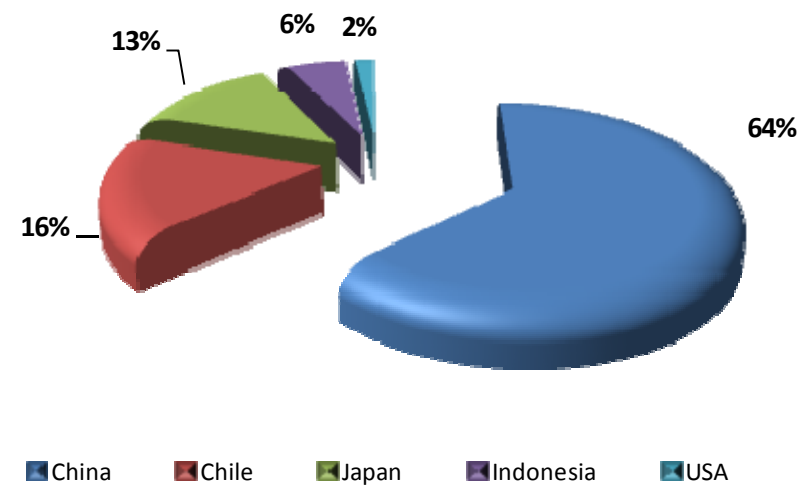
# Shipments and markets



## Shipments



## Markets 2011



# Resources and reserves of magnetite ore



Mine / Deposit	Total Mineral Resources (1)		Reserves (2)	
	MTM	Grade (% Fe)	MTM	Grade (% Fe)
<b>Existing operations</b>				
Los Colorados (under expansion) + District	425	45,0%	244	43,8%
El Romeral	464	28,4%	106	30,5%
El Algarrobo	90	49,0%	47	48,3%
Hierro Atacama I - Candelaria (3)	280	10,0%	280	10,0%
<b>Projects under construction</b>				
Cerro Negro Norte	457	34,6%	177	39,0%
<b>Reserves for future development</b>				
Tofo	1.527	27,4%	691	28,7%
El Laco	734	49,2%	376	56,7%
El Algarrobo District	590	32,8%	118	35,5%
Cristales	150	32,8%	1	58,8%
<b>Total</b>	<b>4.716</b>	<b>33,4%</b>	<b>2.039</b>	<b>35,0%</b>

Source: CAP

- As a result of continued successful exploration campaigns, iron ore resources have increased progressively over the years, reaching 4.716 million MT in 2011
- Current resources would allow for eventual 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.

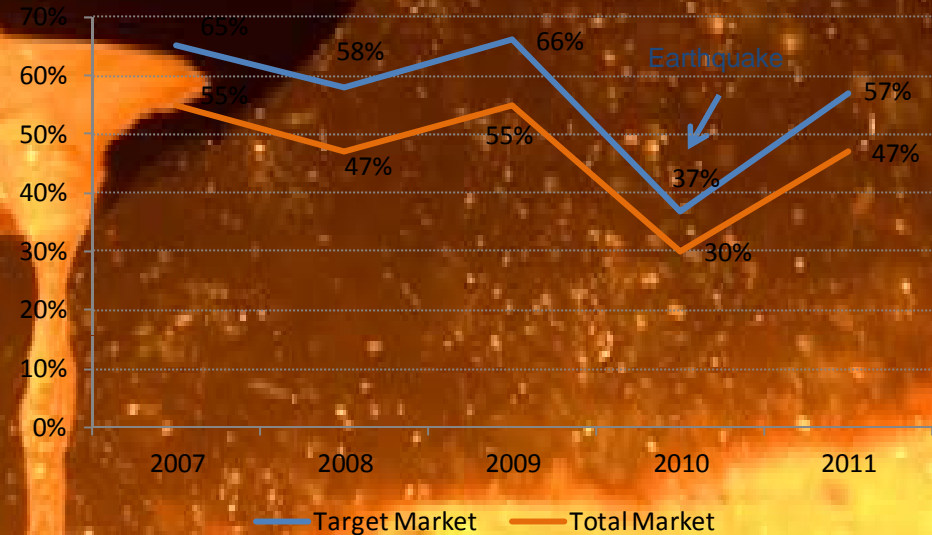
Tonnages and grades of Fe are estimated by CAP's Minería specialized professionals. The information presented, to comply with Chilean law 20.235, is currently under certification process by independent professionals in mining resources and reserves. The referred process will take approximately three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

# Steel production

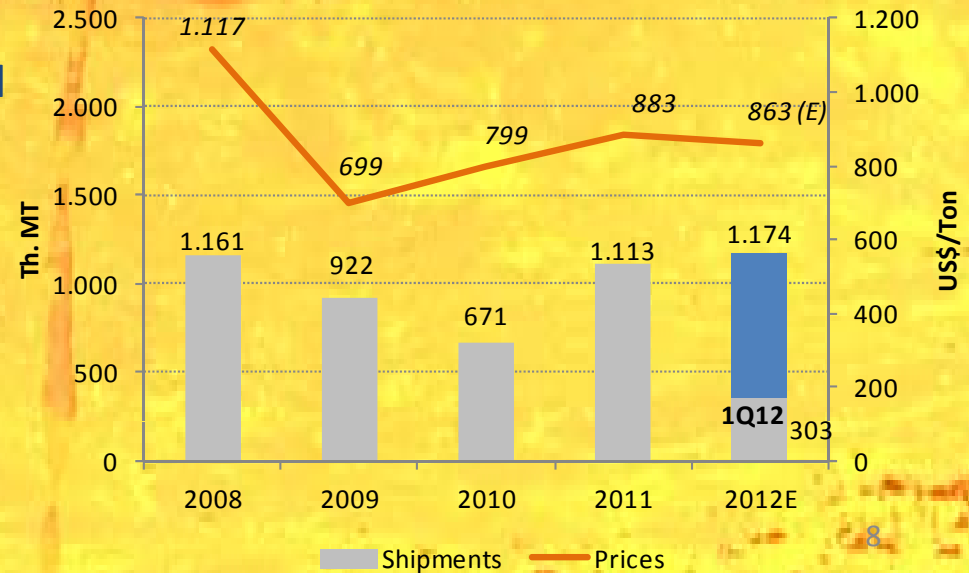


- The leader in Chile's steel market
- 1.45 million tons of annual liquid steel production capacity
- Strong long term commercial relations with customers in Chile
- Vertical integration in iron and limestone provides an advantage in economic cycles
- Long products: Rebar, wire rod and grinding bars.  
Flat steel: HRC

Market share



Shipments and prices

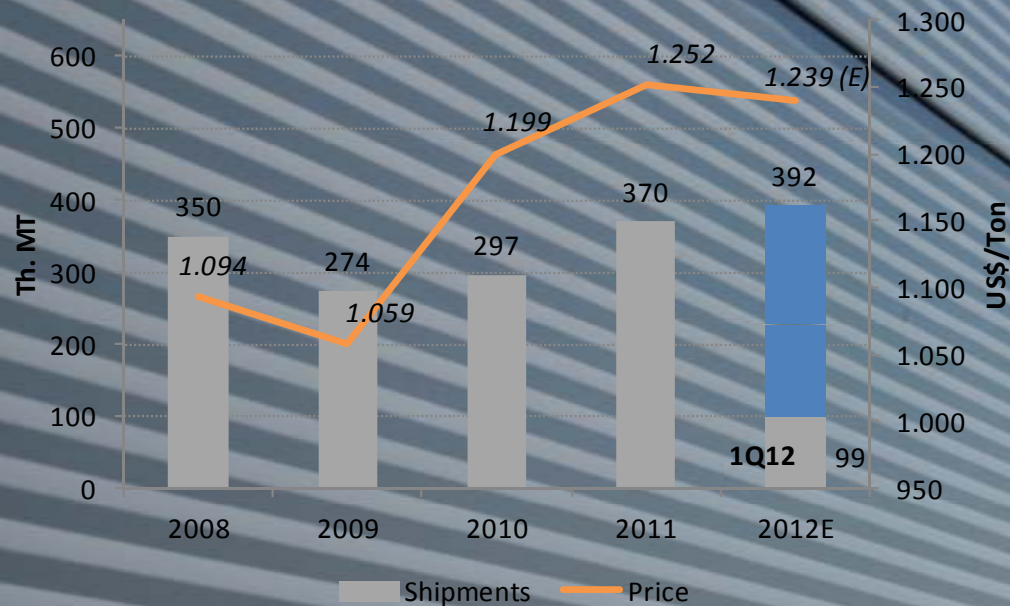




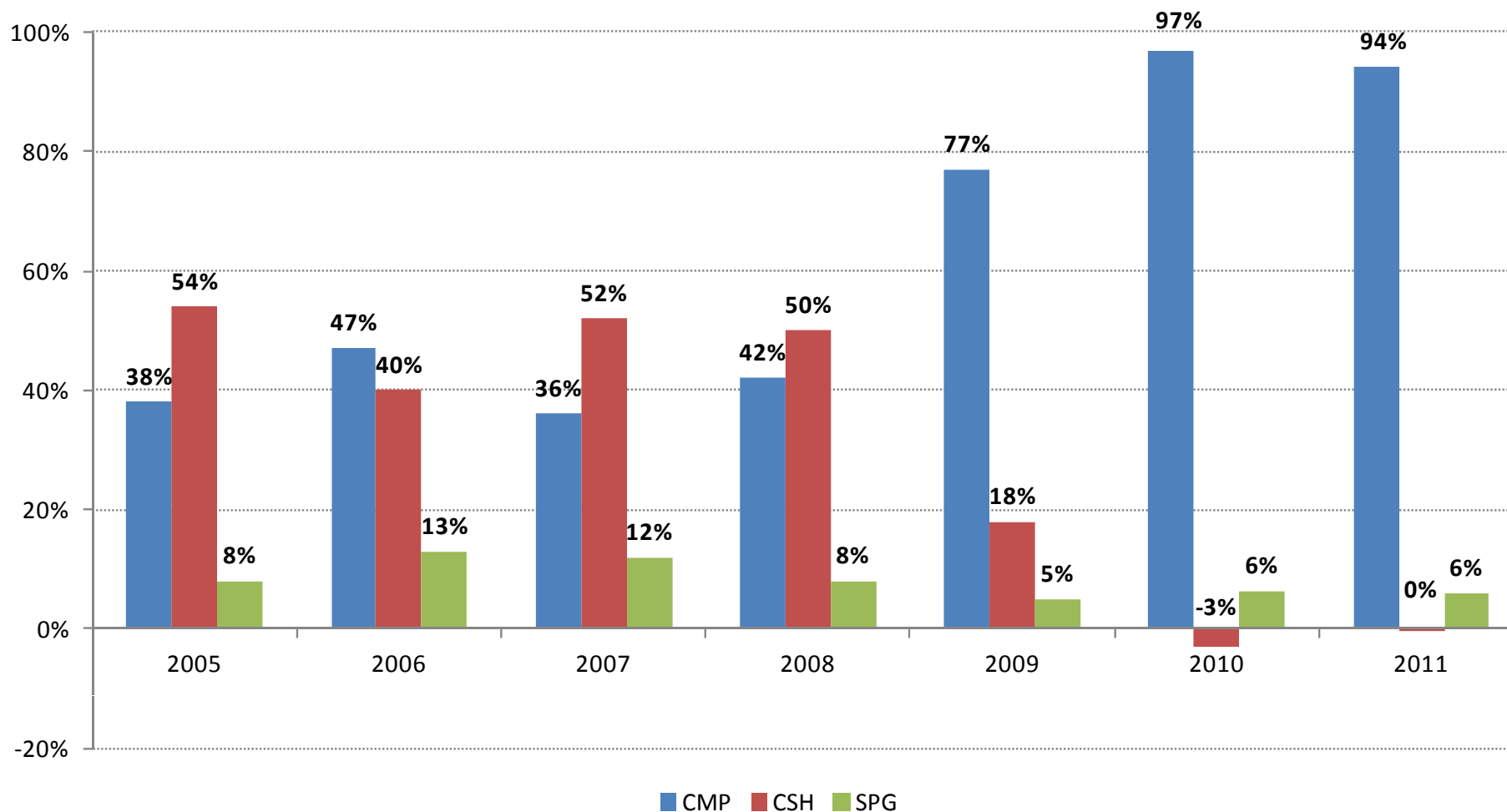
# Steel processing

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

Shipments and prices



# EBITDA <sup>(1)</sup> by business unit



(1) EBITDA: Gross Margin – S&AE + Depreciation and Amortization, over the last twelve months

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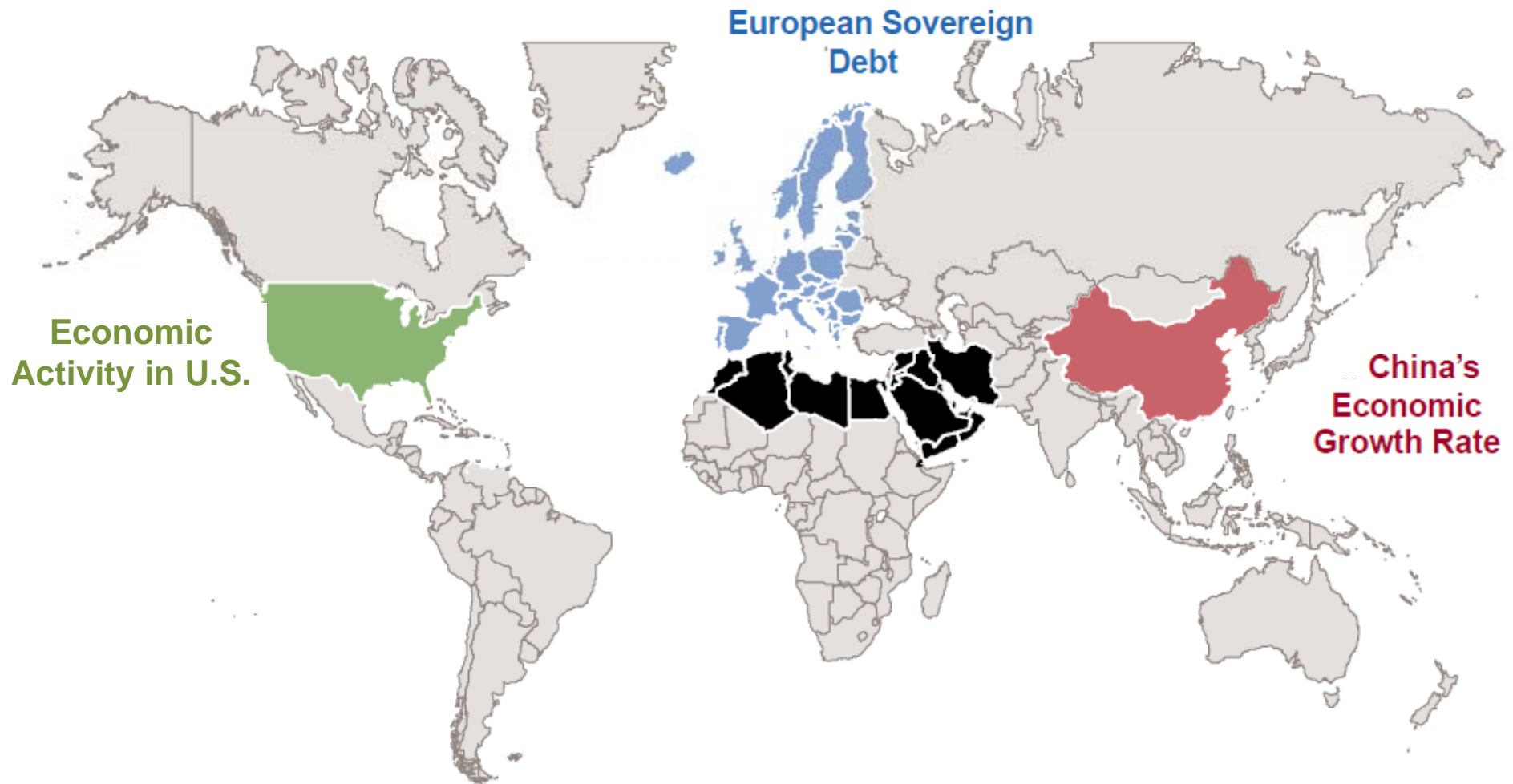
Business Plan



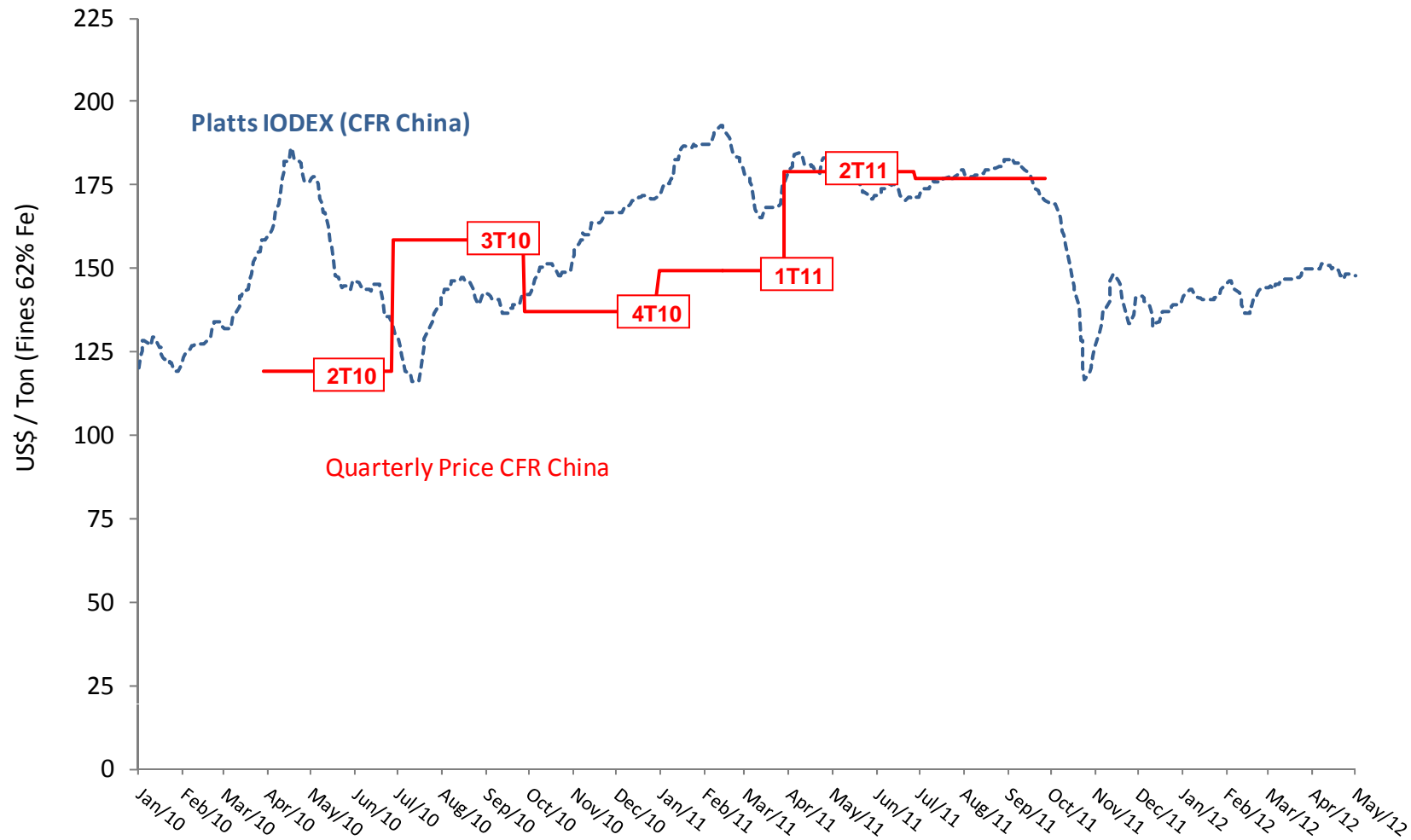
Conclusions



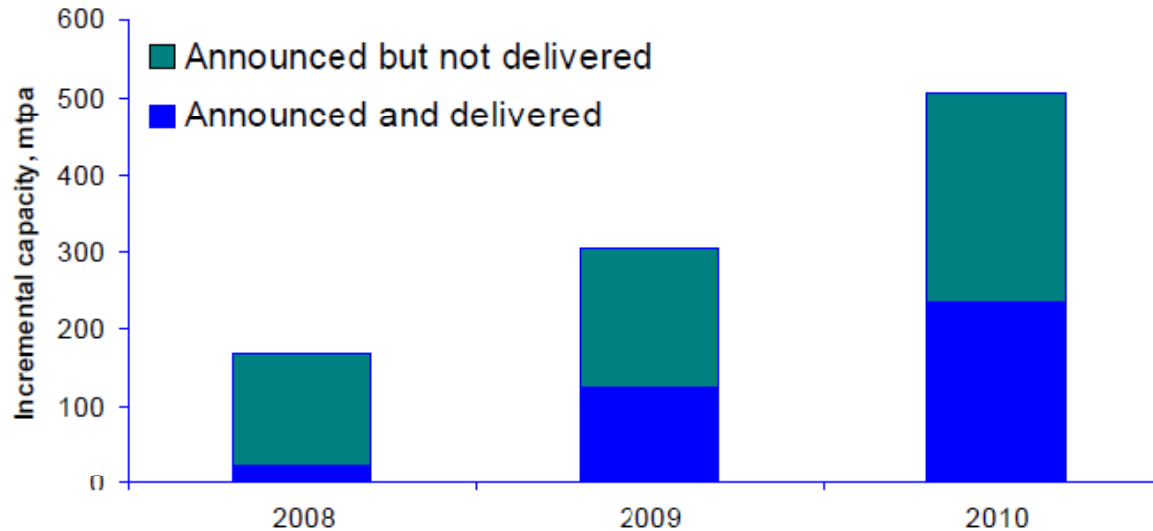
# Areas of concern



# Iron ore spot and quarterly prices



# Projects announced v/s delivered



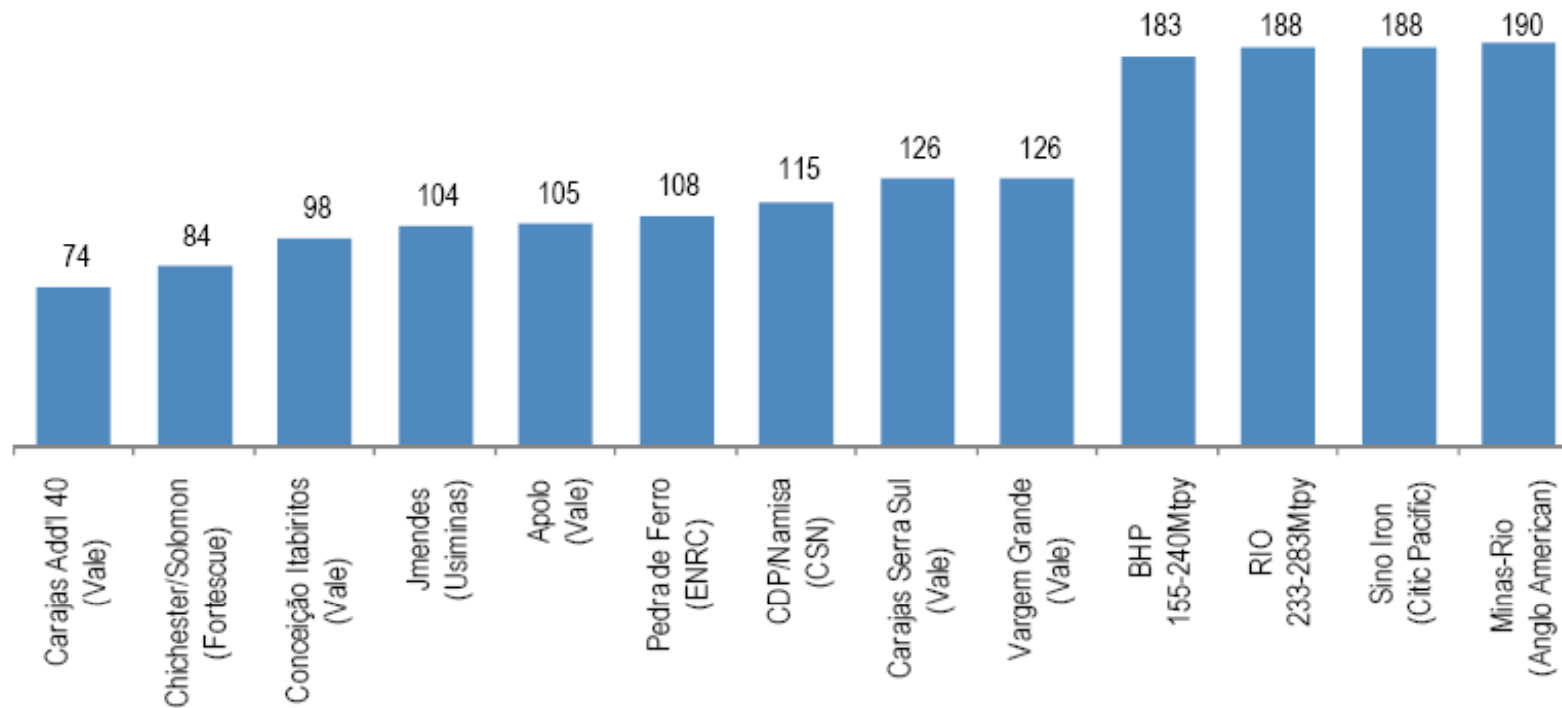
Source: BHPB, Macquarie Research, June 2011

- Increasing requirements for the approval of environmental permits
- High cost of infrastructure and longer periods of construction
- Strong increase in Capex
- High percentage of announced projects delayed

# Strong increase in Capex



US\$/tonne

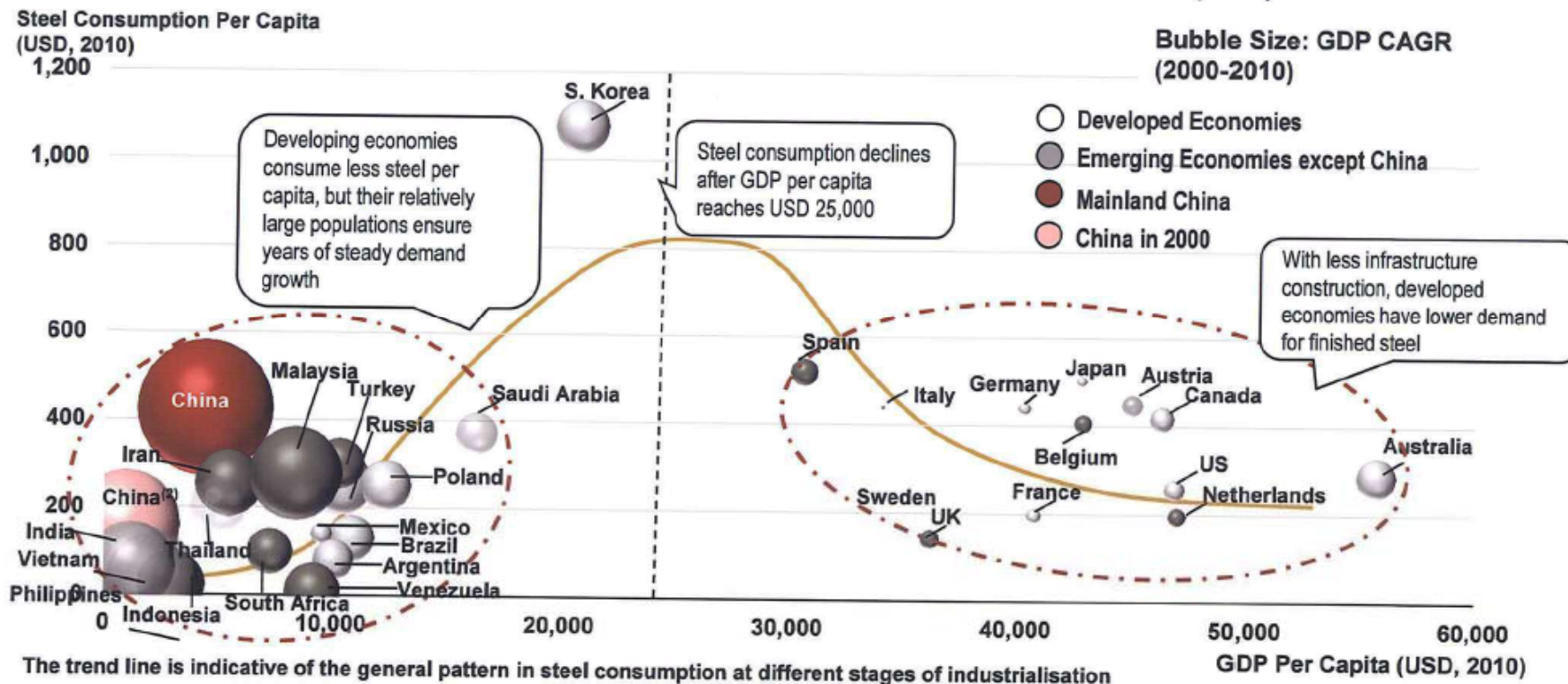


Source: JP Morgan Research

- Capex for new capacity has shown a trend in increasing costs

# More moderate but sustained China's steel consumption growth

## Steel Intensity Comparison of Top 30 Economies<sup>(1)</sup> and Other Selected Asian Economies (2010)



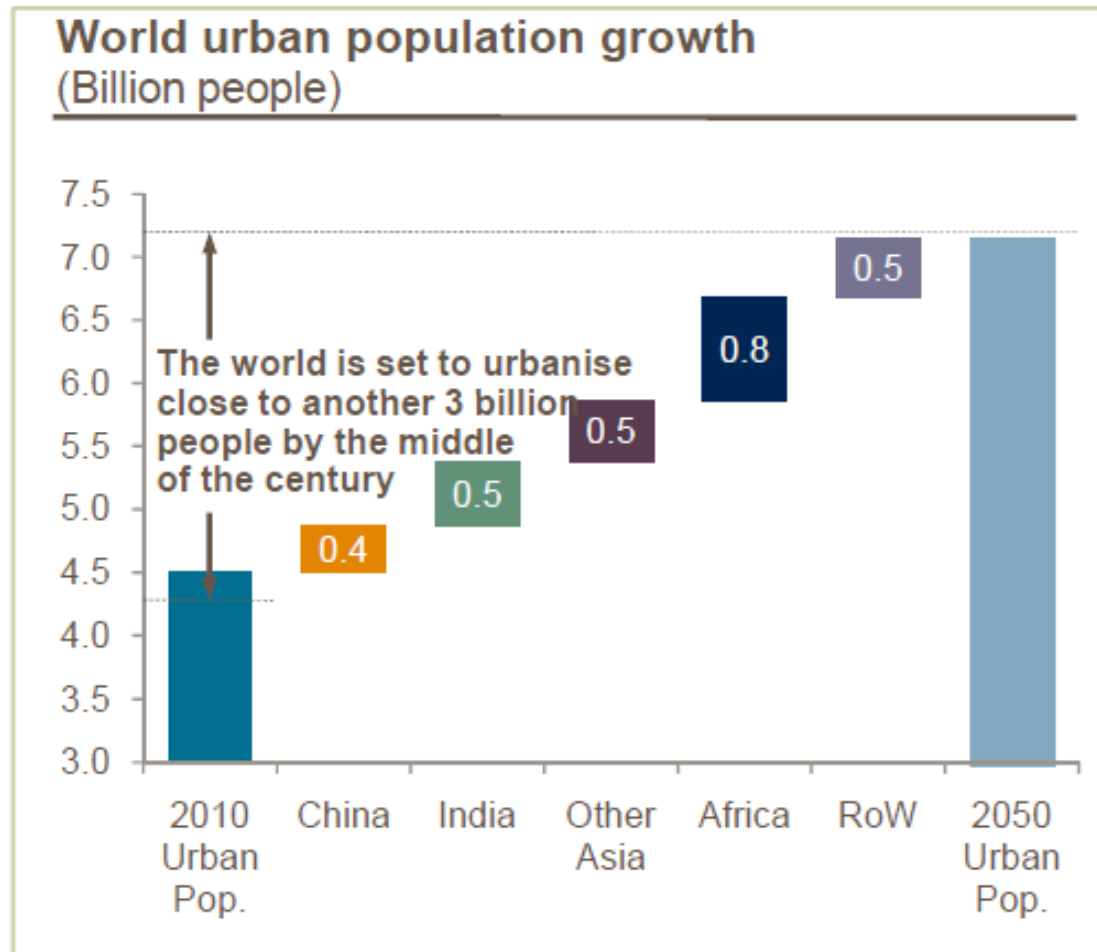
Note: (1)Switzerland, Norway and Sweden are not included for comparison purposes

(2) China in the year 2000

Source: IMF; World Steel Association; The Beijing Axis Analysis



# Population growth and urbanisation for coming decades



Source: UN, McKinsey, Rio Tinto

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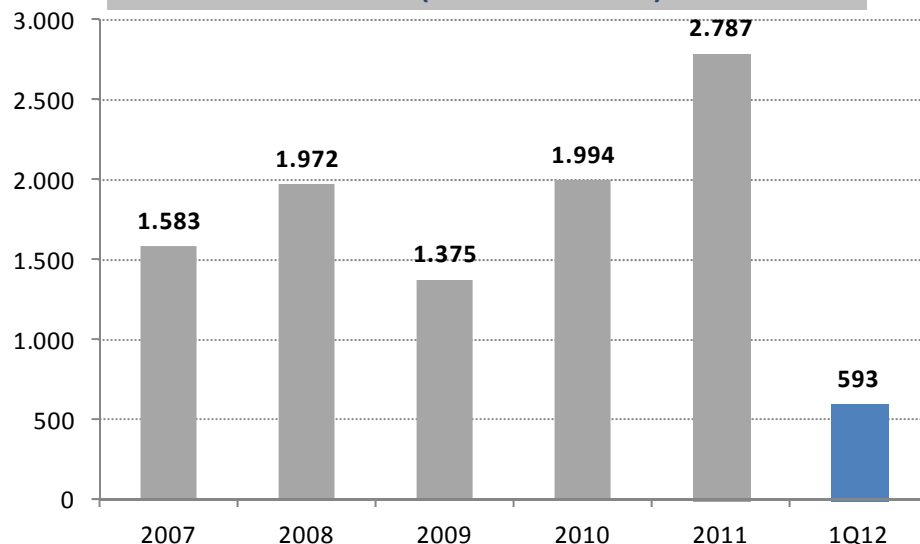
Conclusions



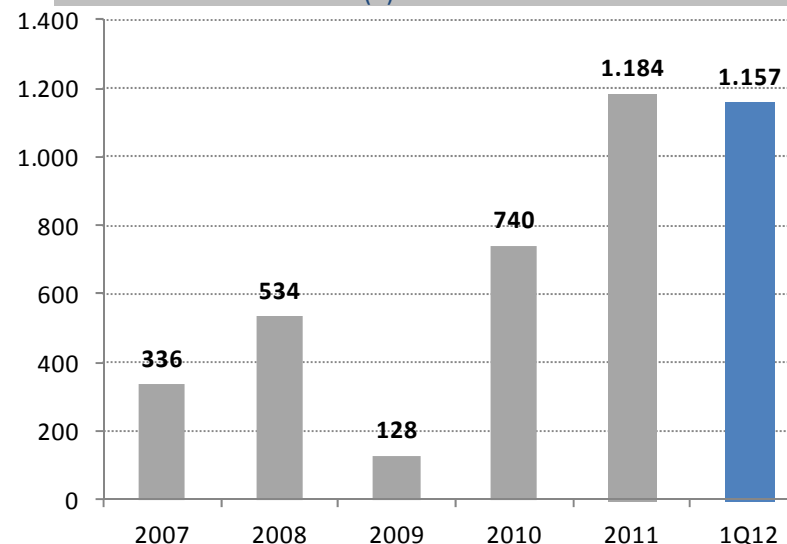
# Financial performance



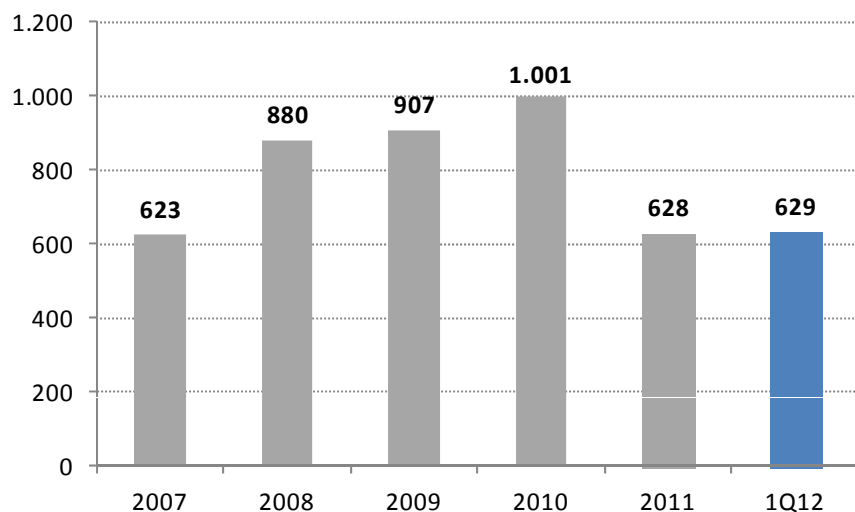
### Sales (US\$ million)



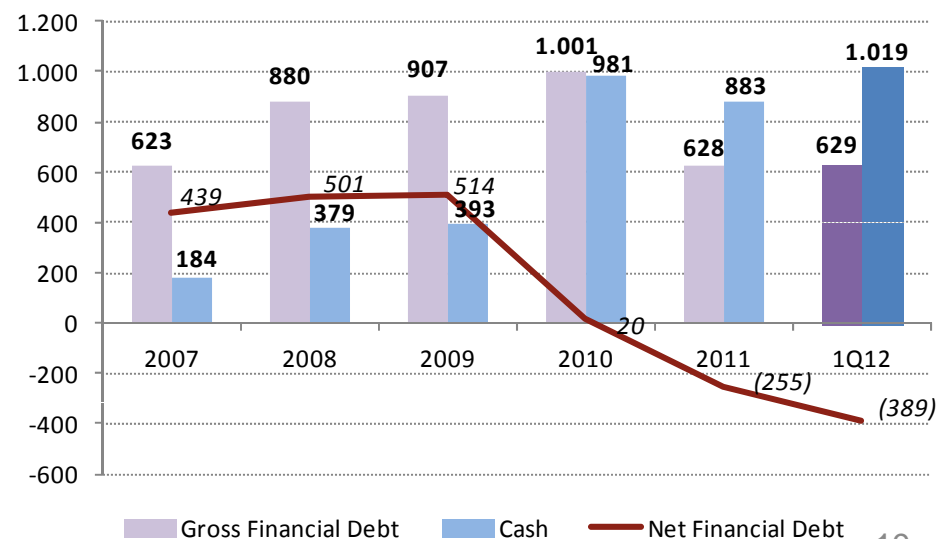
### EBITDA <sup>(1)</sup> (US\$ million)



### Gross Financial Debt (US\$ million)



### Net Financial Debt (US\$ million)



(1) EBITDA: Gross Margin – S&AE + Depreciation and Amortization, over the last twelve months

# Financial evolution

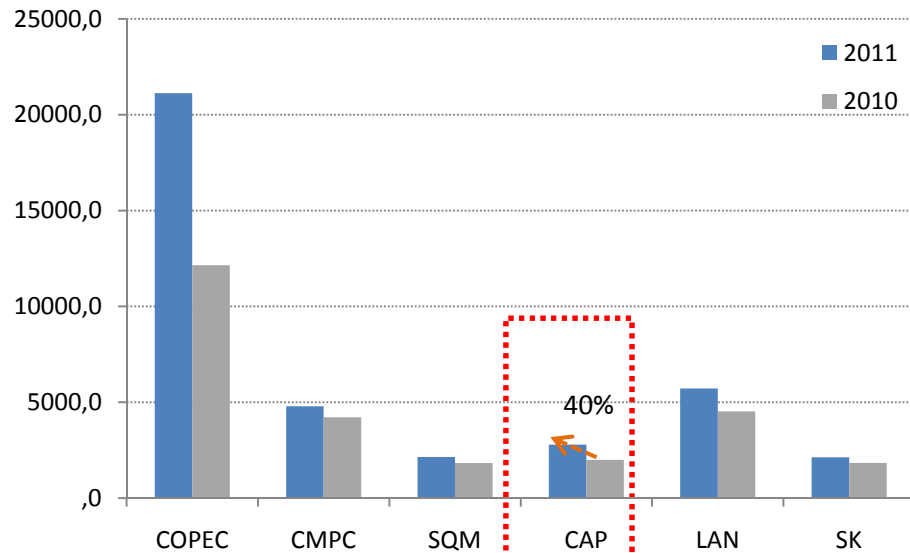


(US\$ million)	2007	2008	2009	2010	2011	1Q12
Cash	184	379	393	981	883	1.019
Gross financial debt	623	880	907	1.001	628	629
Net financial debt	439	501	514	20	(255)	(389)
EBITDA	336	534	128	740	1.184	1.157
Net financial debt / EBITDA	1,31x	0,94x	4,01x	0,03x	0,00x	0,00x
Net income	236	293	(15)	303	442	84
CAPEX	309	161	142	207	282	103

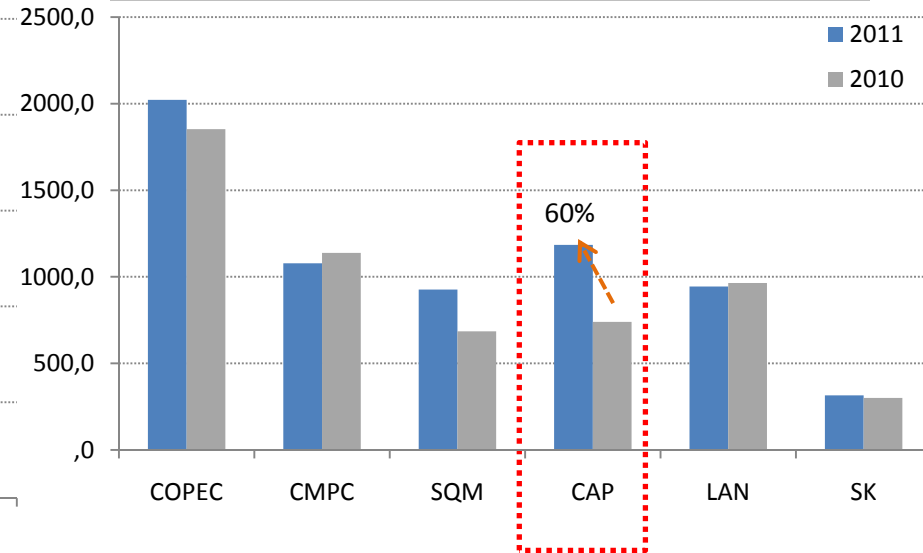
# CAP and its Chilean peers



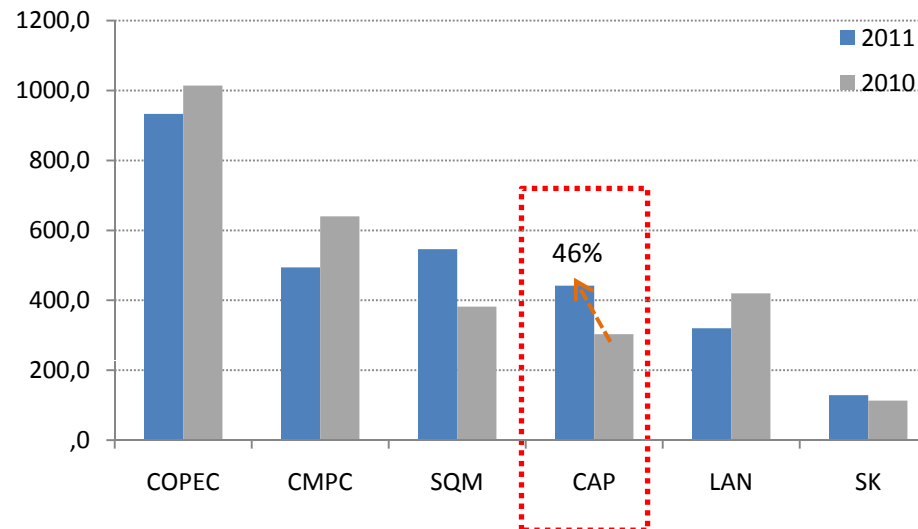
Sales (US\$ million)



EBITDA (US\$ million)



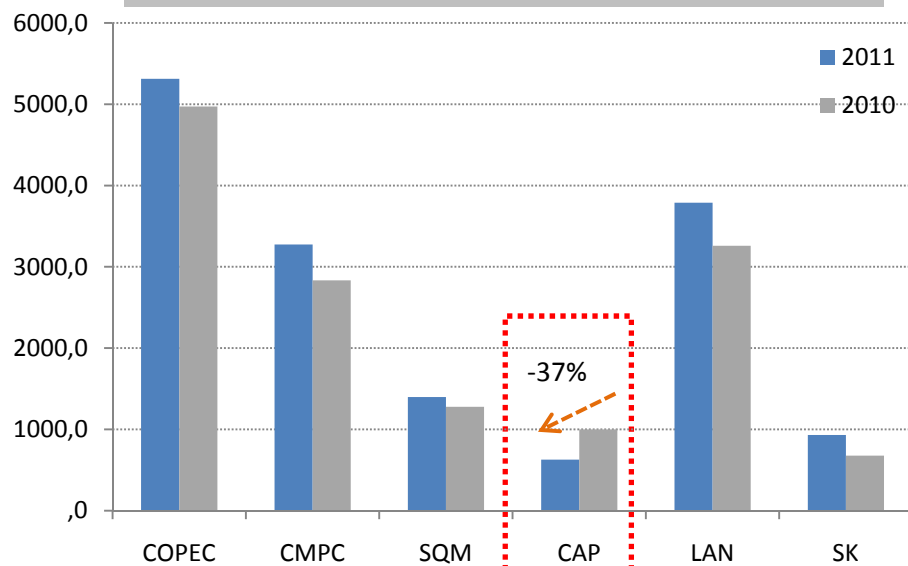
Net income (US\$ million)



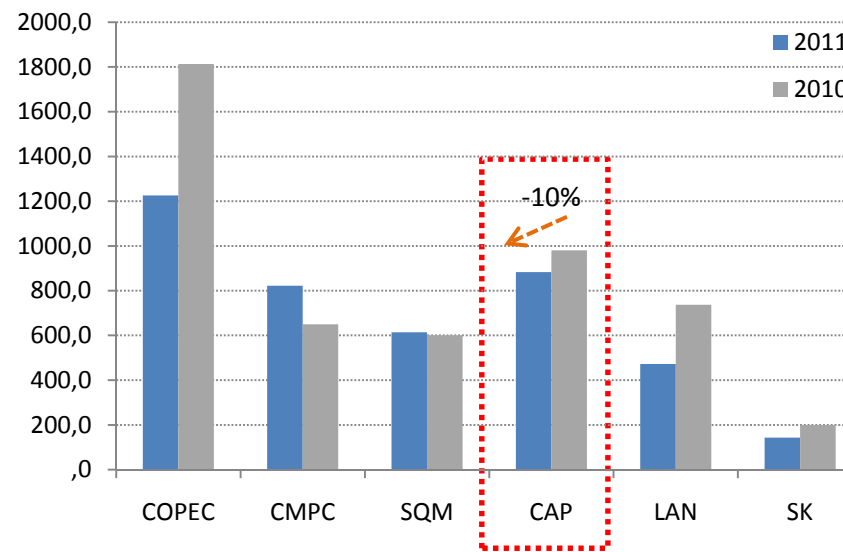
# CAP and its Chilean peers



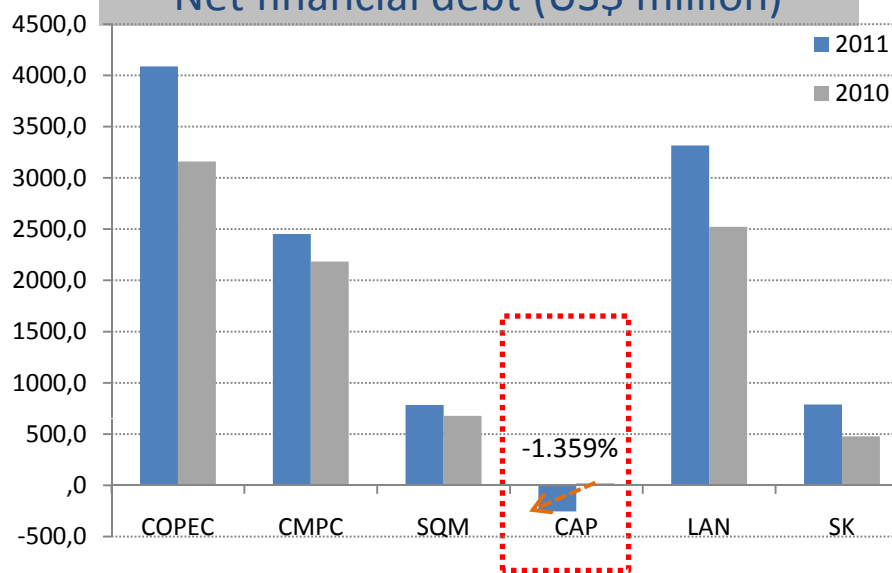
## Gross financial debt (US\$ million)



## Cash (US\$ million)



## Net financial debt (US\$ million)



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## **Cerro Negro Norte (greenfield project)**

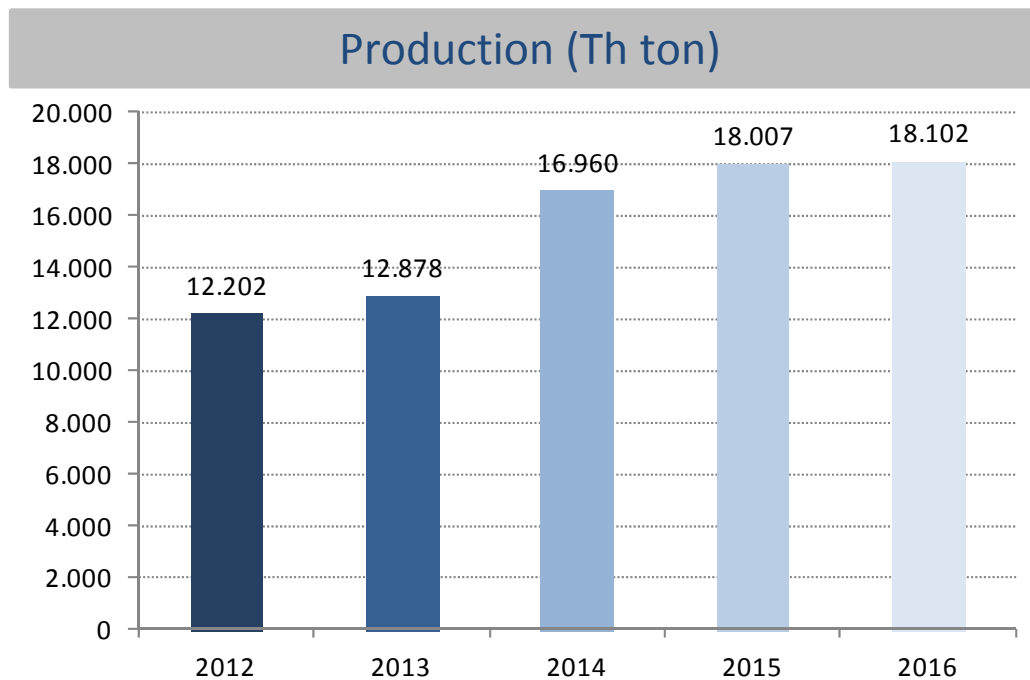
- Production: 4.0 million tonnes / Pellet feed
- Estimated new production start-up: 2H 2013
- CAPEX: US\$ 798 million



## **Los Colorados (brownfield expansion)**

- Current production: 5.2 million tonnes / Pellets and pellet feed
- Projected increase: 2.0 million tonnes / Pellet Feed
- Estimated new production start-up: 1H 2013
- CAPEX: US\$ 364 million





- Production capacity will increase from 12 million MT in 2010 to 18 million MT in 2015
- Development of a Desalination Plant (200 – 600 lts/s), to cover water needs of Cerro Negro Norte project and other mining operations in the zone, is being developed by a JV between CAP and Mitsubishi Corp.
- Investment in exploration will continue to ensure further knowledge of our mining property for future development and growth
- Financing of expansion projects targeted to be financed with internal cash generation

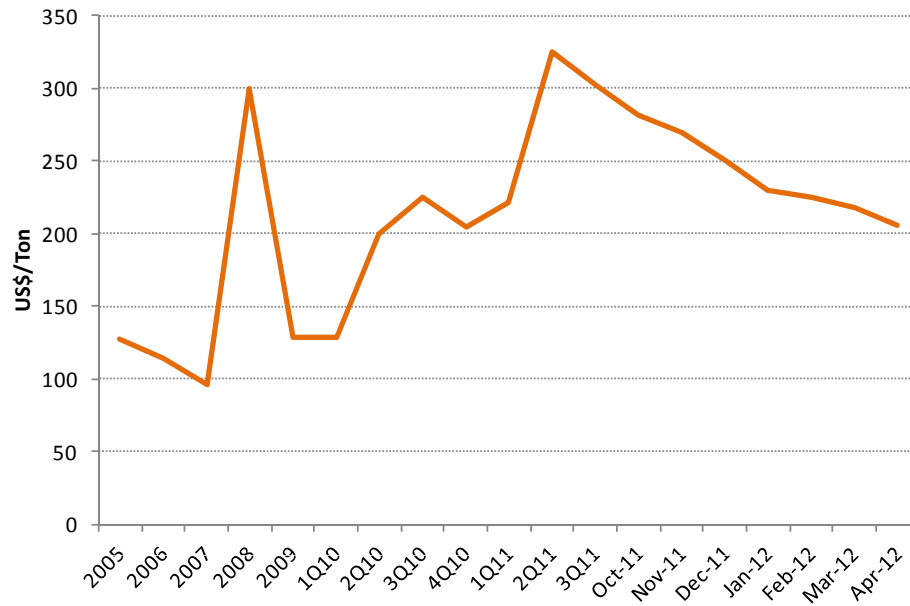
- After overcoming damages produced by the earthquake in February 2010, CAP currently has recovered its production capacity and it is near its historical level of market share
- Under process of optimizing its steel production capabilities, through a gradual reorientation towards long steels
- Demand for long steel in Chile substantially exceeds that for flat steel as the mining and construction industries consolidate their position as the most dynamic sectors in the Chilean economy
- Substantial global overcapacity in steel production, a significant obstacle to an increase in Chilean steel capacity
- Operating focus on cost efficiency and optimization of product lines and commercialization synergies with steel processing



# Evolution of raw material prices



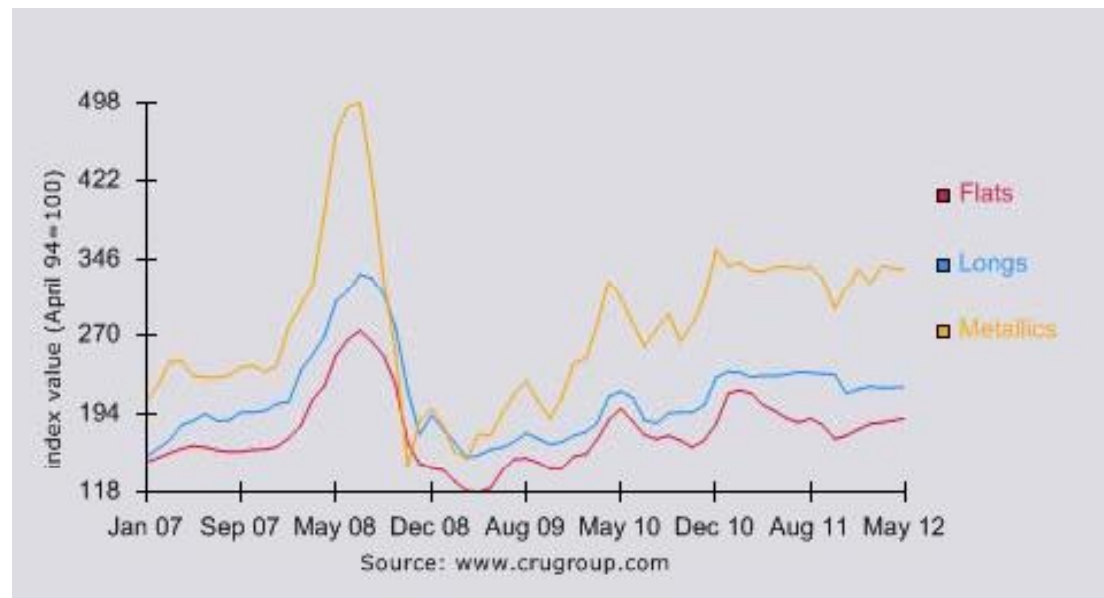
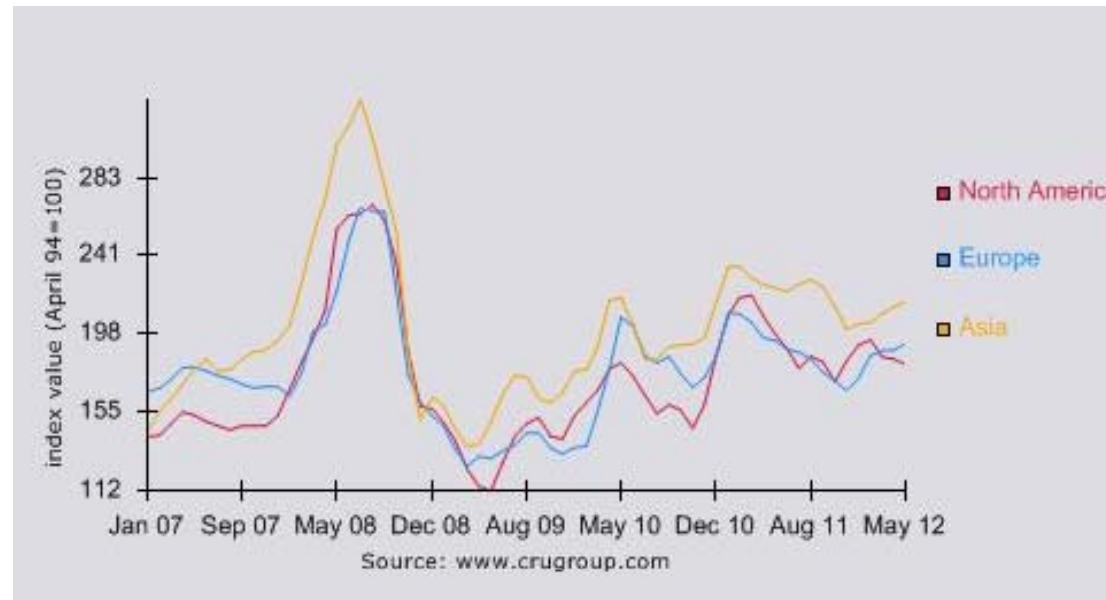
## Metallurgical Coal



## Baltic Dry Index



# Evolution of steel prices



- Chile is Latin America's most advanced user of steel in construction
- Operating at full capacity in Chile in the last two fiscal years and continuing over the 1Q12, following the country's economic activity
- Growth focus in Chile, Peru, Argentina and Brazil. Potential interest in Colombia



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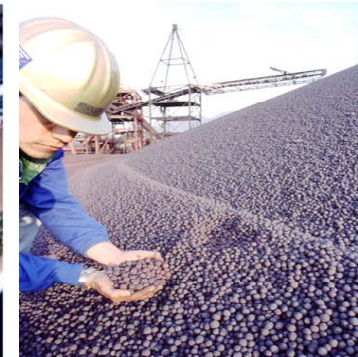
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- Substantial growth in iron ore
- Further expansion to 30 – 40 million tons possible through development projects currently under consideration
- Optimization in steel production capabilities, through a gradual reorientation towards long steels
- CAP group is well placed to benefit from growth potential for steel processing in Latin-America
- Strong financial position provides viability to growth objectives, including energy needs



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