



CAP

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Vertically integrated ferrous metals company

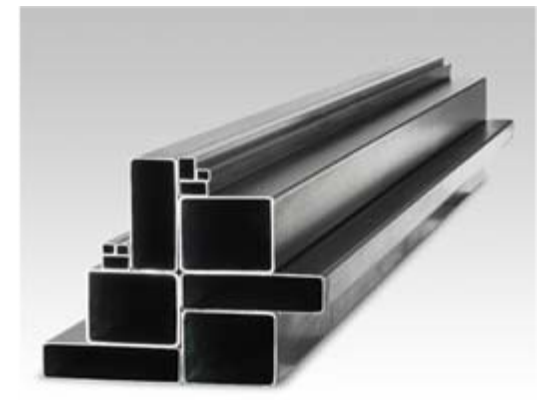
- Exporting iron ore products mainly to Asia
- Produces steel for the domestic market
- Processes steel products, creating high value-added solutions in Chile, Peru and Argentina



Mining

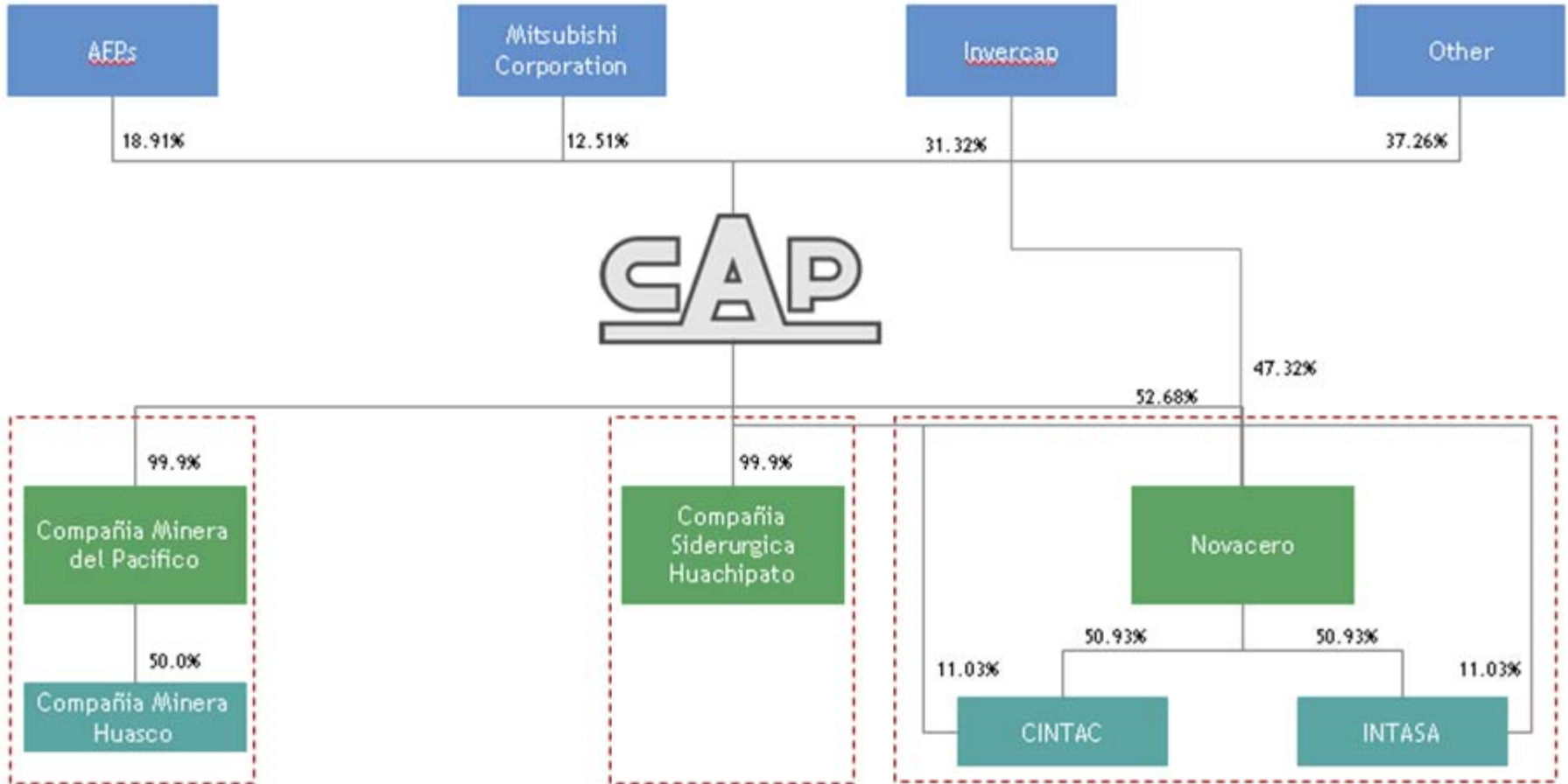


Steel production



Steel processing

Corporate structure



Iron Ore Mining

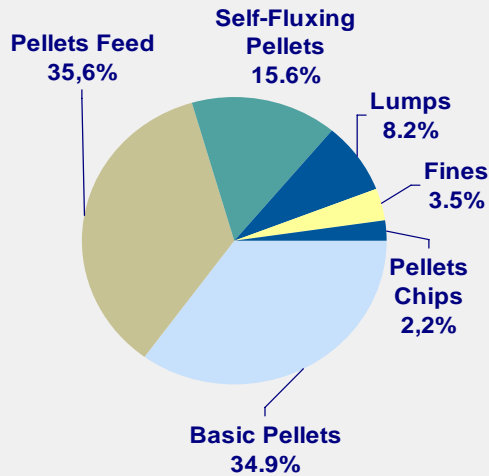
Steel Production

Steel Processing

Product value-added chain

Total Consolidated Sales 2007: US\$ 1.583 million

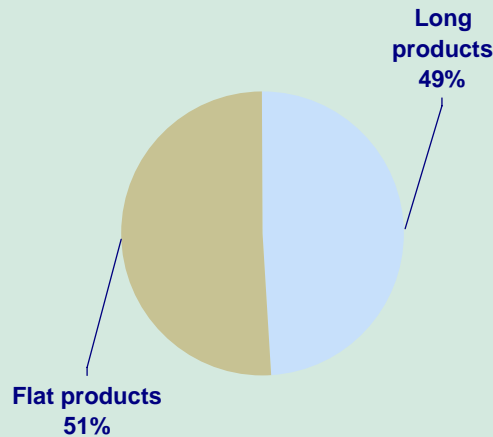
Iron Ore Sales 2007 8.37 million tons



1.75 million MT of iron ore

➤ 80% exported, mainly to Asia

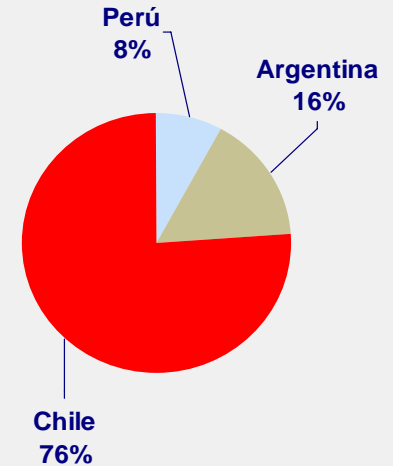
Steel Sales 2007 1.21 million tons



172 ThMT of CSH steel

➤ Market share above 53% of its total market and 66% of its target market

Steel Processing Sales 2007 402 thousand tons



➤ Market leader in the manufacture of tubes, profiles and steel solutions in Chile

Iron ore mining

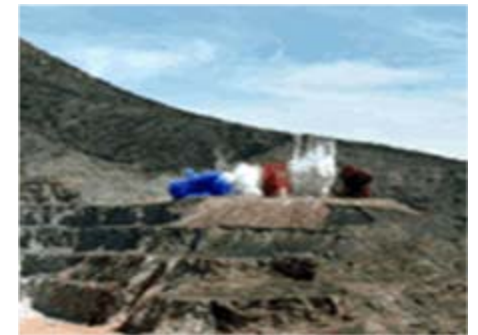


Iron ore mining - Areas of operation



Iron ore mining

- Largest producer of iron ore and pellets on the Pacific coast of South America
- Ample resources and known reserves, together with the expansion of its exploration activities, guarantee continuity of operations for many decades
- Increases in projected capacity from 11.4 to 17.5 million MT by 2012
- Strong long-term commercial relations with customers in Asia



Iron ore mining – Resources and reserves

Mine / Deposit	Total Mineral Resources ⁽¹⁾		Reserves ⁽²⁾	Recoverable Product ⁽³⁾	Mine Life ⁽⁴⁾
	MTM	Grade (% Fe)	MTM	MTM	Years
Los Colorados ⁽⁵⁾	352,4	44,8%	283,0	125,8	15,0
El Romeral	413,1	31,2%	117,0	56,8	18,0
Candelaria ⁽⁶⁾	394,8	10,0%	394,8	44,5	16,0
Cerro Negro Norte	456,7	34,6%	176,5	80,0	20,0
El Algarrobo	115,1	47,6%	---	---	---
Pleito - Cristales District	339,1	34,3%	---	---	---
Alcaparra D	230,0	31,5%	---	---	---
Domeyko II	107,0	28,0%	---	---	---
Others - Algarrobo District	88,0	31,4%	---	---	---
Los Colorados - District	25,6	44,9%	---	---	---
El Laco	546,0	54,5%	---	---	---

(1) Includes measured and indicated resources.

(2) Includes proven and probable reserves.

(3) Recoverable iron ore concentrate, taking into account mining and processing losses.

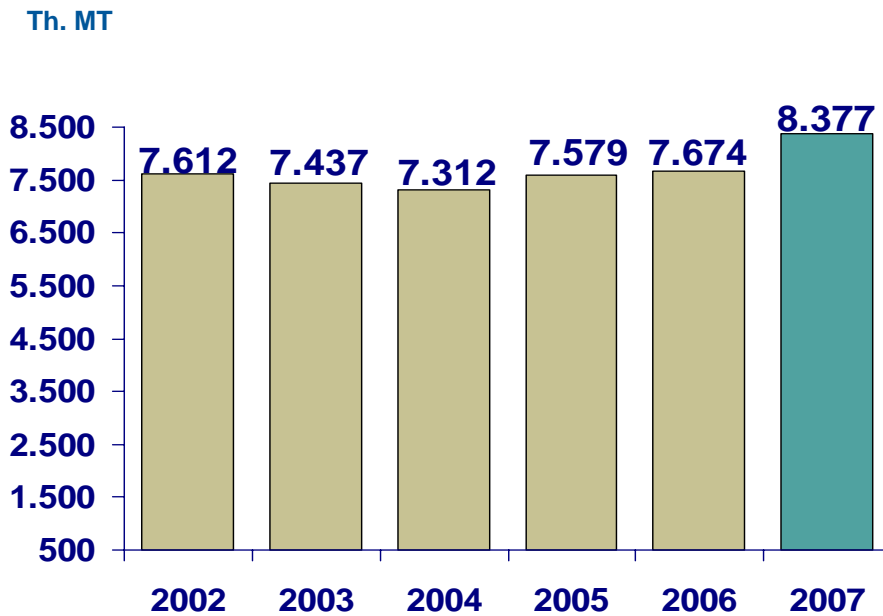
(4) Estimates of mine life reflect currently contemplated mining and processing schedules and techniques and current reserves.

(5) CMH owns Los Colorados. JV between CMP and Mitsubishi Corp

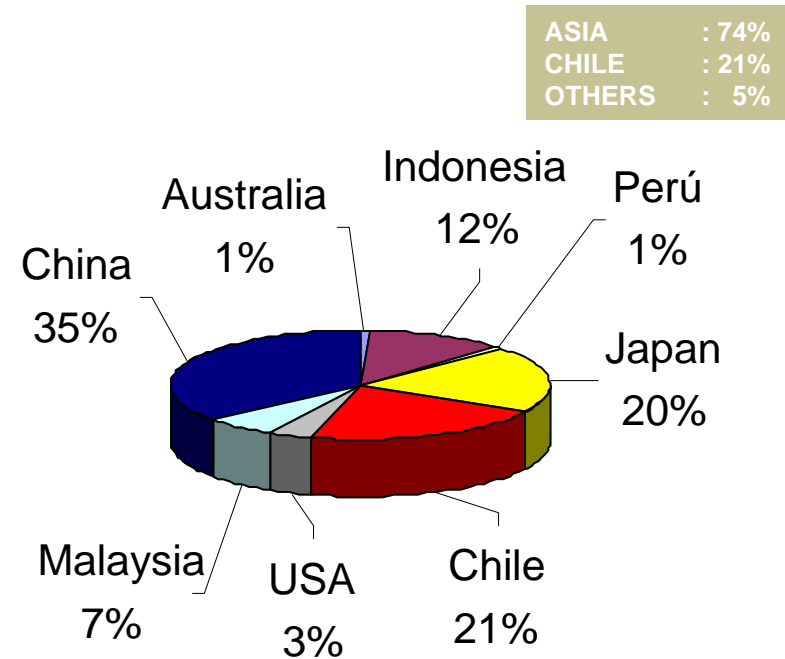
(6) CMP has a contractual right to process tailings at Candelaria.

Iron ore mining - Stability of sales and markets

Deliveries



Markets



Steel production

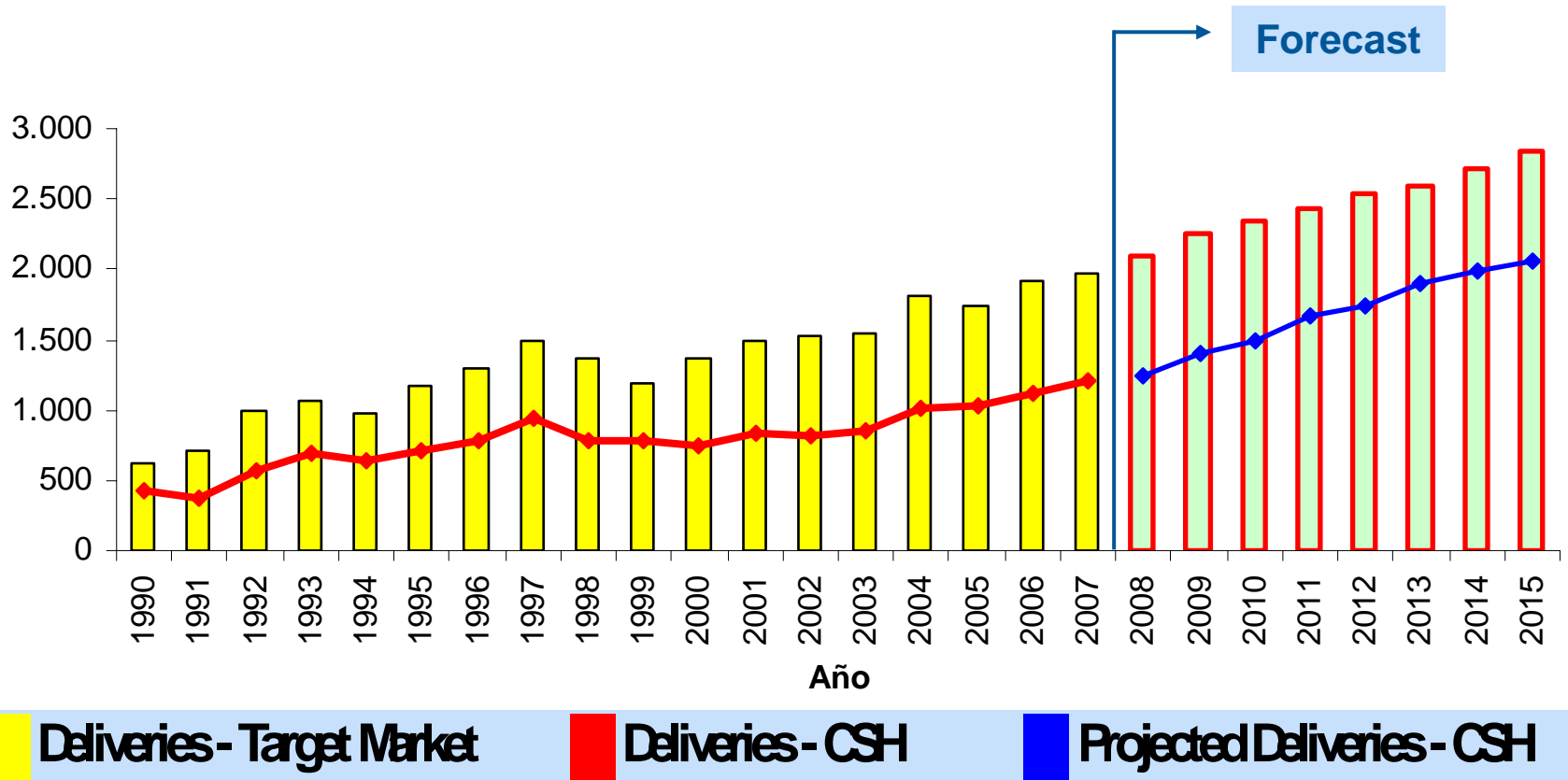


Steel production

- Chile's steel market leader
- 53% and 66% market share in total and target markets respectively
- 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 advantage in facing economic cycles



Steel production – Evolution of CSH’s target market



Steel production - Share of CSH in its target market

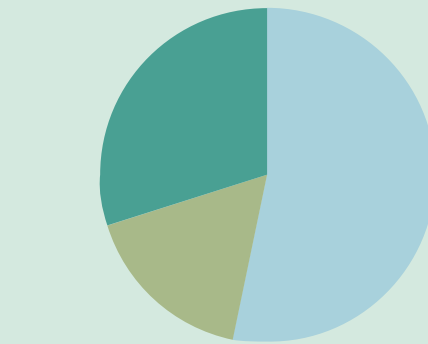
Sales of CSH in its Target Market (2007)

(thousands tons sold – market share)



Total Steel Market

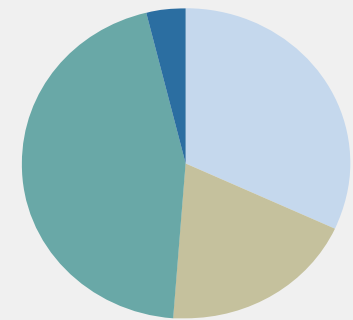
(2.27 million tons in 2007)



- CSH Sales (53%)
- Other local producers (17%)
- Imports (30%)

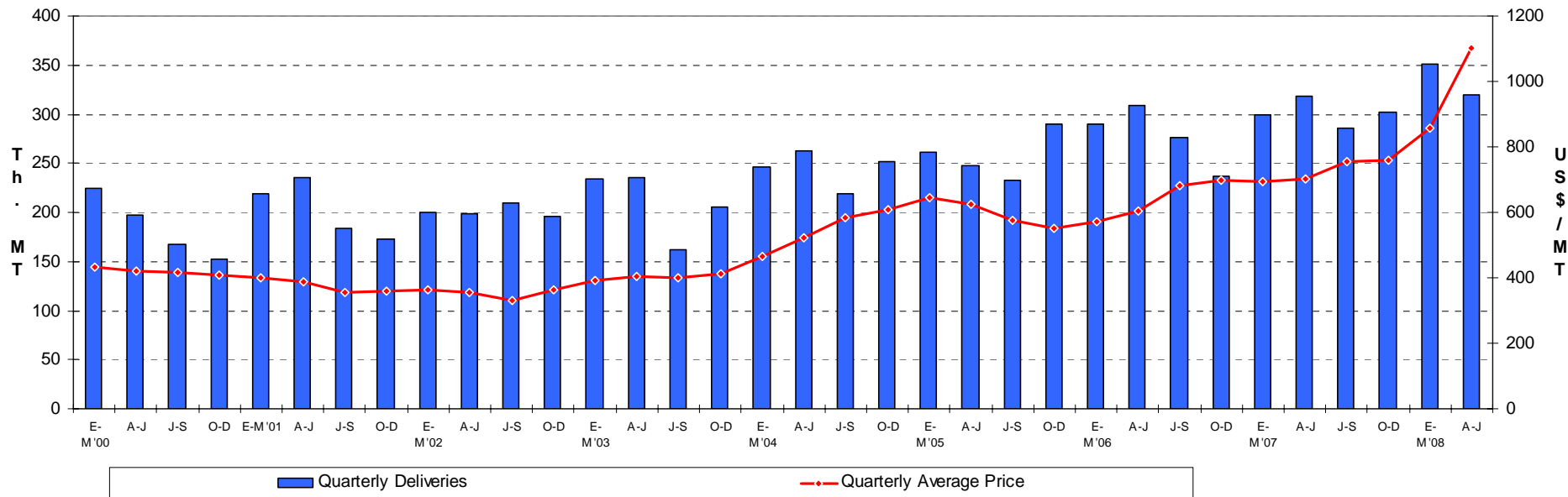
CSH Sales

(1.21 million tons in 2007)



- Construction (32%)
- Mining (19%)
- Industry, mainly construction (45%)
- Packaging (4%)

Steel production - Quarterly deliveries and average prices



Steel processing



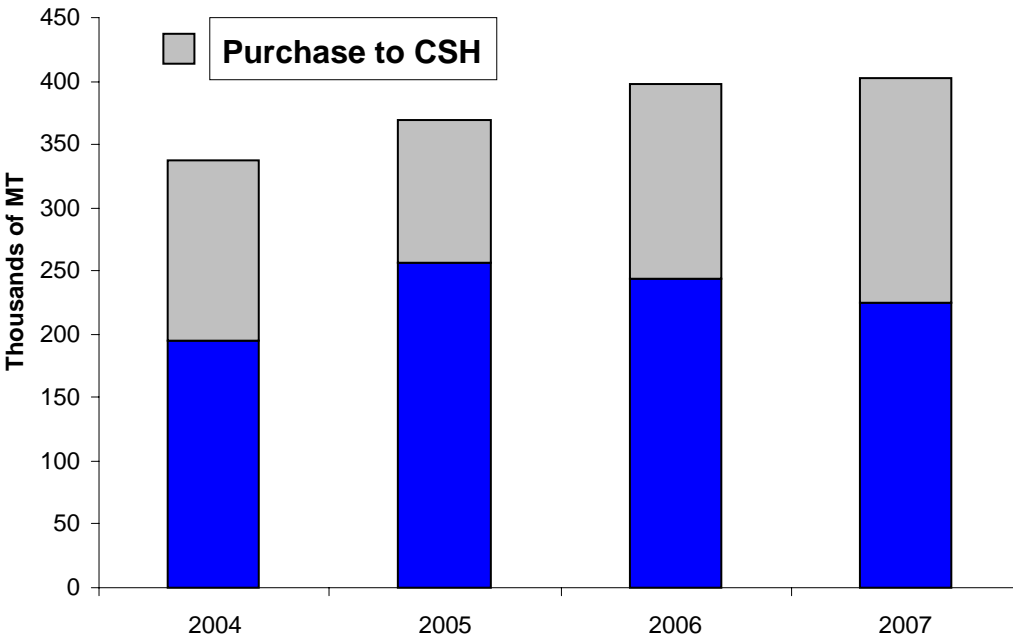
Steel processing

- Creates value-added solutions for construction, industry and infrastructure sectors in Chile, Peru and Argentina
- Its addition to the CAP group seeks to promote steel consumption
- Should result in improvements in consolidated returns

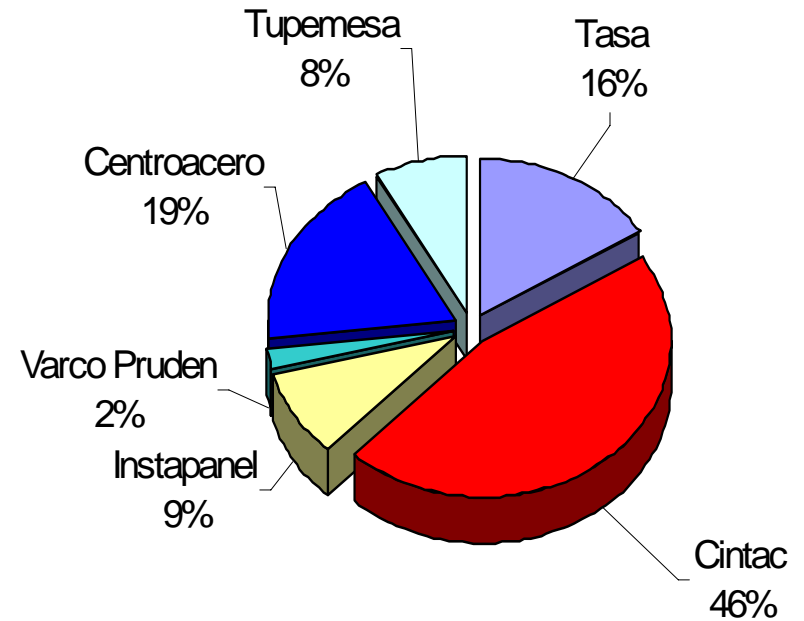


Steel processing - Deliveries

Deliveries

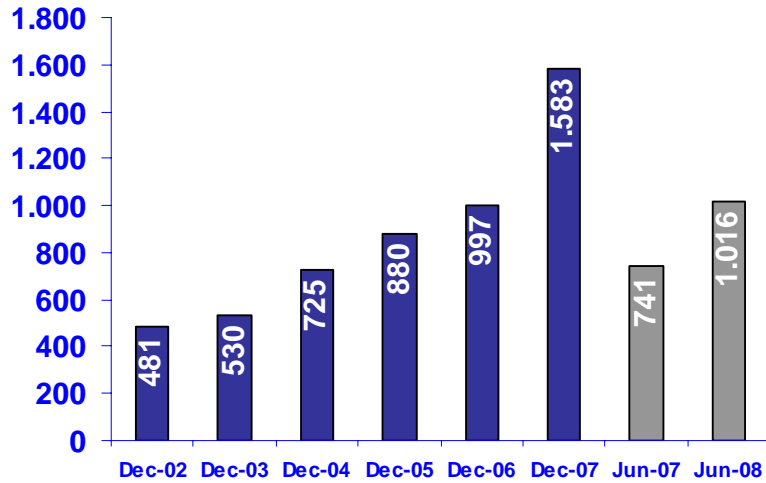


Deliveries by company

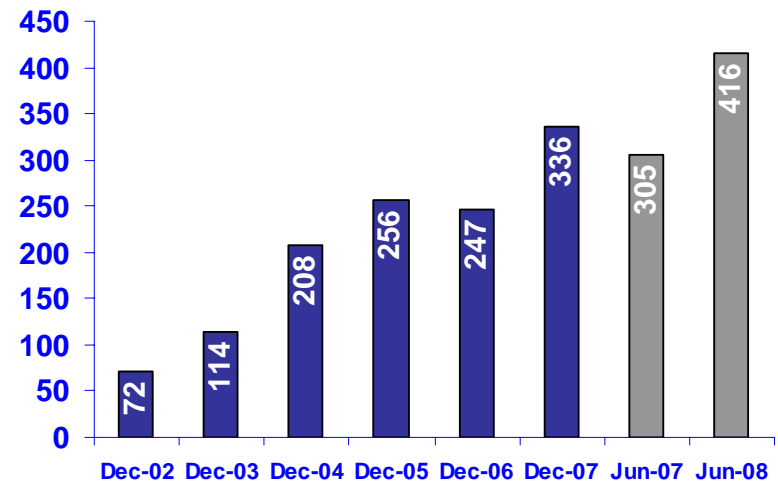


Financial highlights

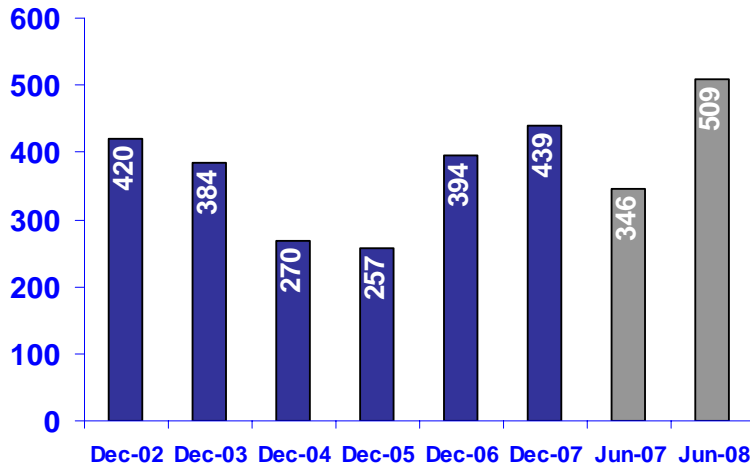
Sales



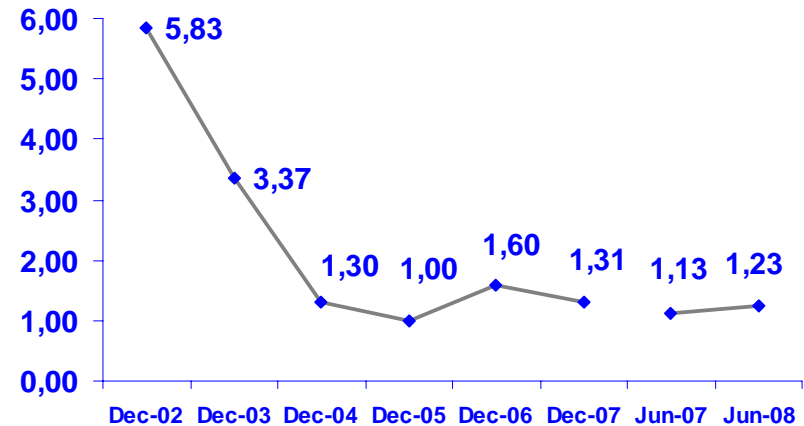
EBITDA (1)



Net Financial Debt



Net Financial Debt / EBITDA



(1) EBITDA = Operating Income + Depreciation + Dividends received in cash, over the last twelve months

Financial evolution

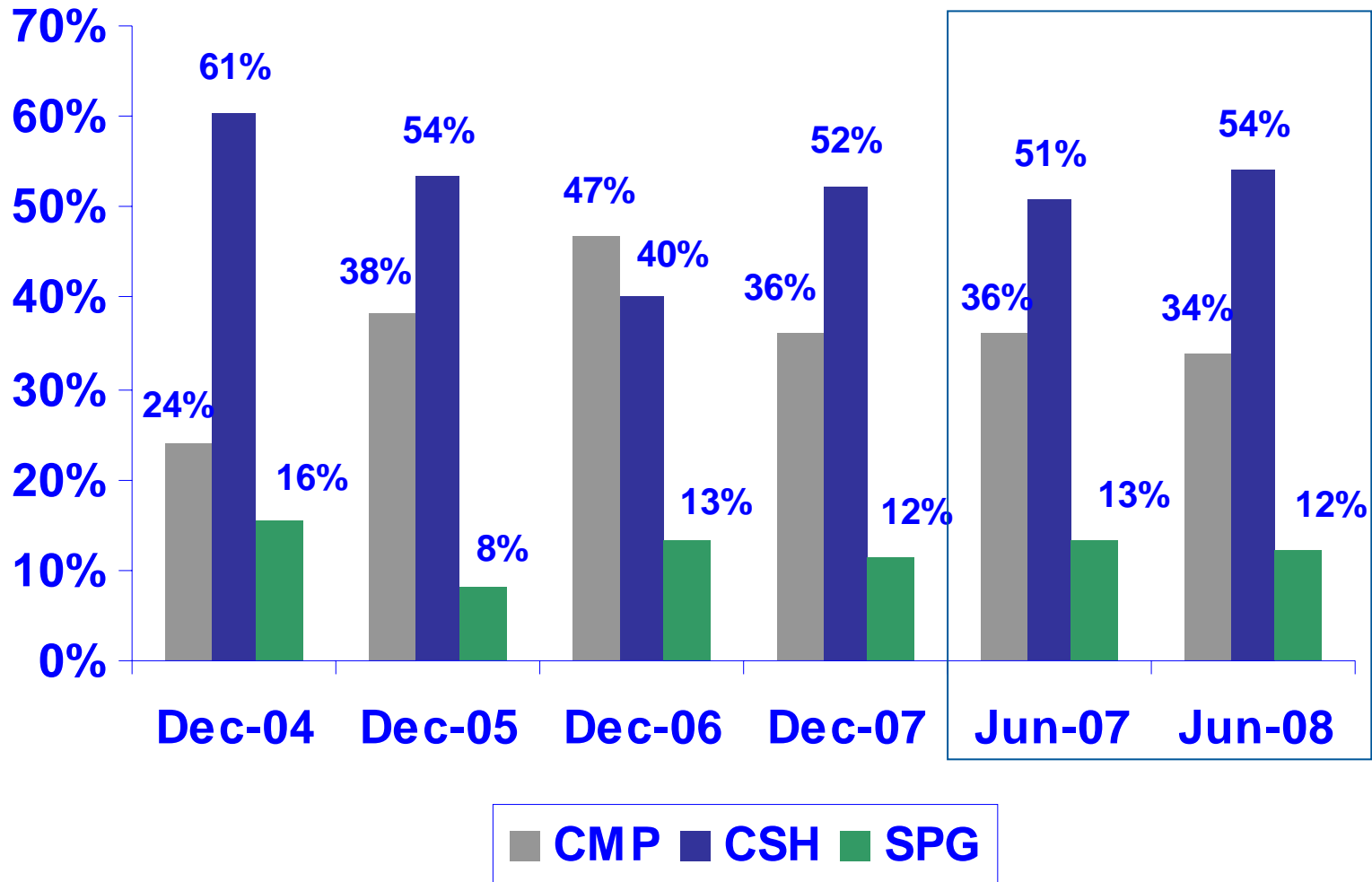
(million of US\$)	2002	2003	2004	2005	2006	2007	1H07	1H08
Sales	481	530	725	880	997	1.583	741	1.016
Operational Margin	42	84	180	185	170	301	146	234
EBITDA (1)	72	114	208	256	247	336	305	416

(million of US\$)	2002	2003	2004	2005	2006	2007	1H07	1H08
Cash	4	15	62	154	242	184	264	375
Short Term Debt (2)	184	106	109	136	97	81	75	92
Long Term Debt	240	293	223	275	539	543	535	792
Financial Debt	424	399	331	411	636	623	610	884
Net Financial Debt	420	384	269	257	394	439	346	509
Equity	453	473	562	646	732	884	835	966
Investment (additions of fixed assets)	19	16	29	55	119	309	101	136
Net Financial Debt / EBITDA	5,83x	3,37x	1,30x	1,00x	1,60x	1,31x	1,13x	1,23x

(1) EBITDA = Operating Income + Depreciation + Dividends received in cash, over the last twelve months

(2) Include portion of long term debt

EBITDA by Business Unit



Financial policy

Net Financial Debt / EBITDA

- Maximum committed level of 3.0x. To operate preferably at levels substantially lower than the agreed limit
- Internal target $\leq 2.0x$

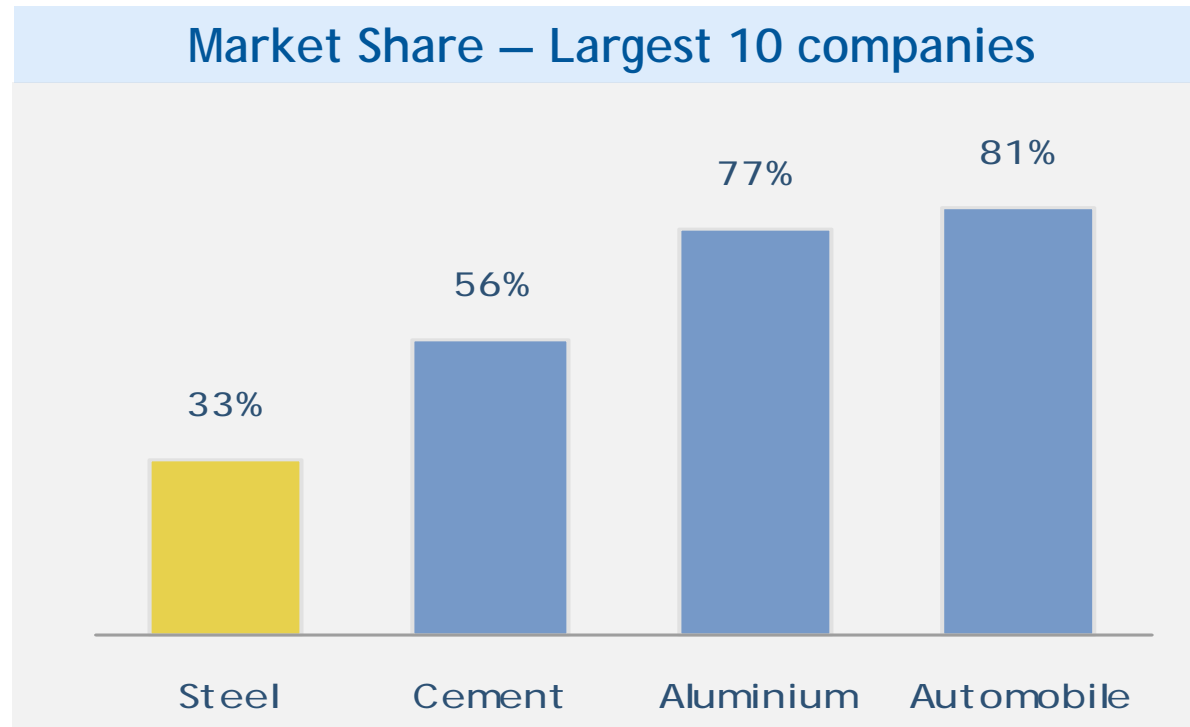
Dividend policy

- 50% of net income
- CAP has suspended payment of dividends in difficult economic cycles

Financing policy ⁽¹⁾

- Financing with debt at the group level
- Long-term debt with the guarantees of CMP and CSH

(1) Only for traditional businesses (iron ore and steel production)



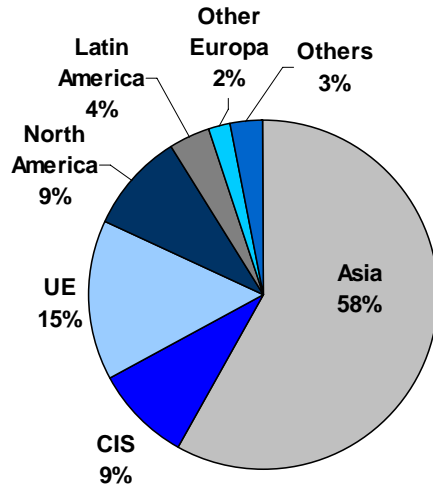
- The steel industry currently shows low levels of consolidation compared to other sectors
- With rising risks and costs, the number of mergers and acquisitions is increasing at an accelerating rate. This demotivates the creation of new capacity through greenfield projects, thus increasing the supply problem

Consolidation is not the only emerging trend in the steel industry

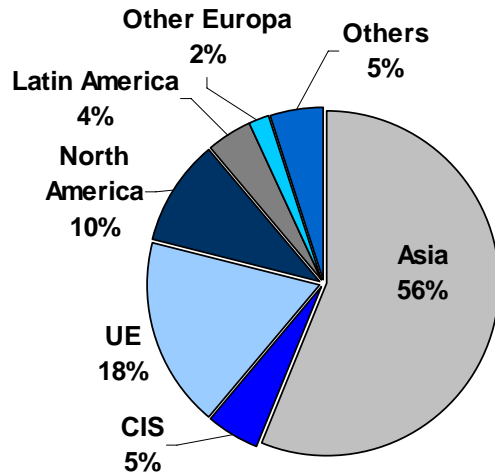
TREND	Logic
Steel producers' downstream integration	To add value to steel for manufacturing products with more technology & margins for niche markets
Steel producers' upstream integration	To assure access to raw materials & reduce the selling power of suppliers
Separation between steel producers & rollers of finished products	Integrated plants with high costs located far from coasts (e.g. Europe) could close the steel-making process and be replaced with the purchase of sheets &/or slabs for their later termination.

Current steel market position

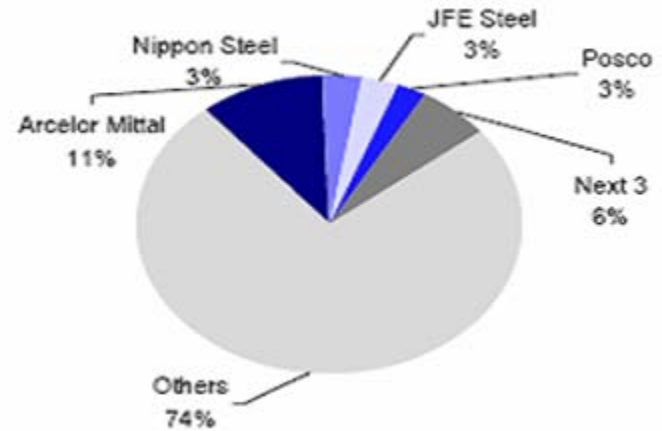
Steel Production 2008E



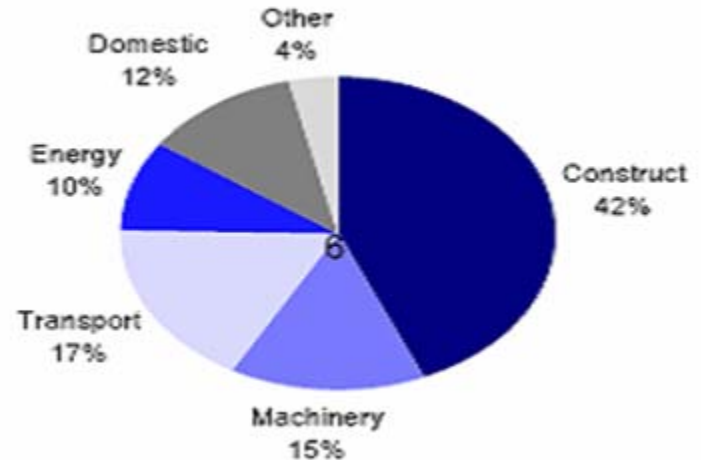
Steel Consumption 2008E



Largest Steel Producers



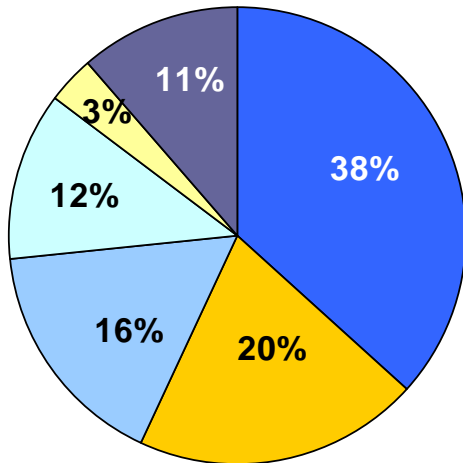
Principal Steel users



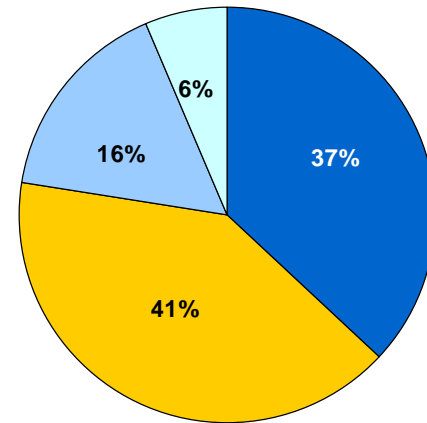
Infraestructure investments

US\$ 2.25 trillion annually in infraestructure during the next three years.
 China, Middle East and Russia account for more than 70% of this amount

Investment by country



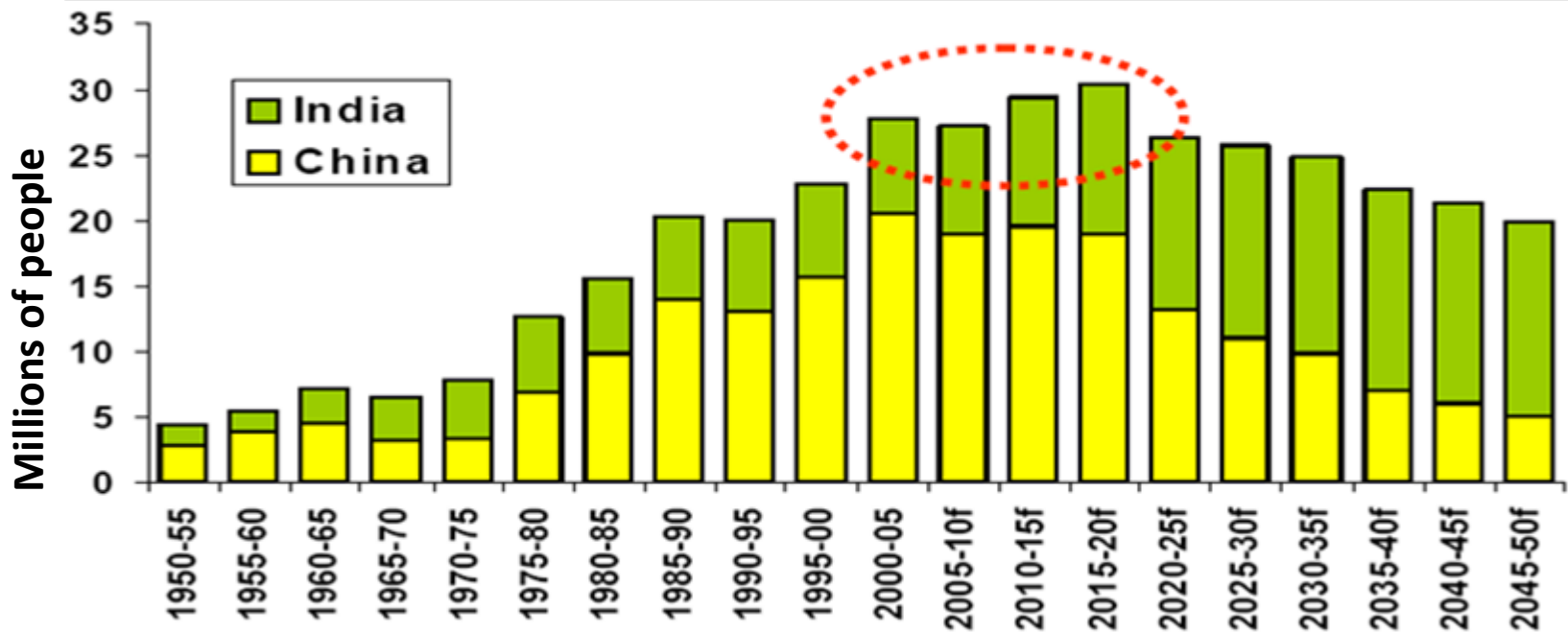
Investment by sector



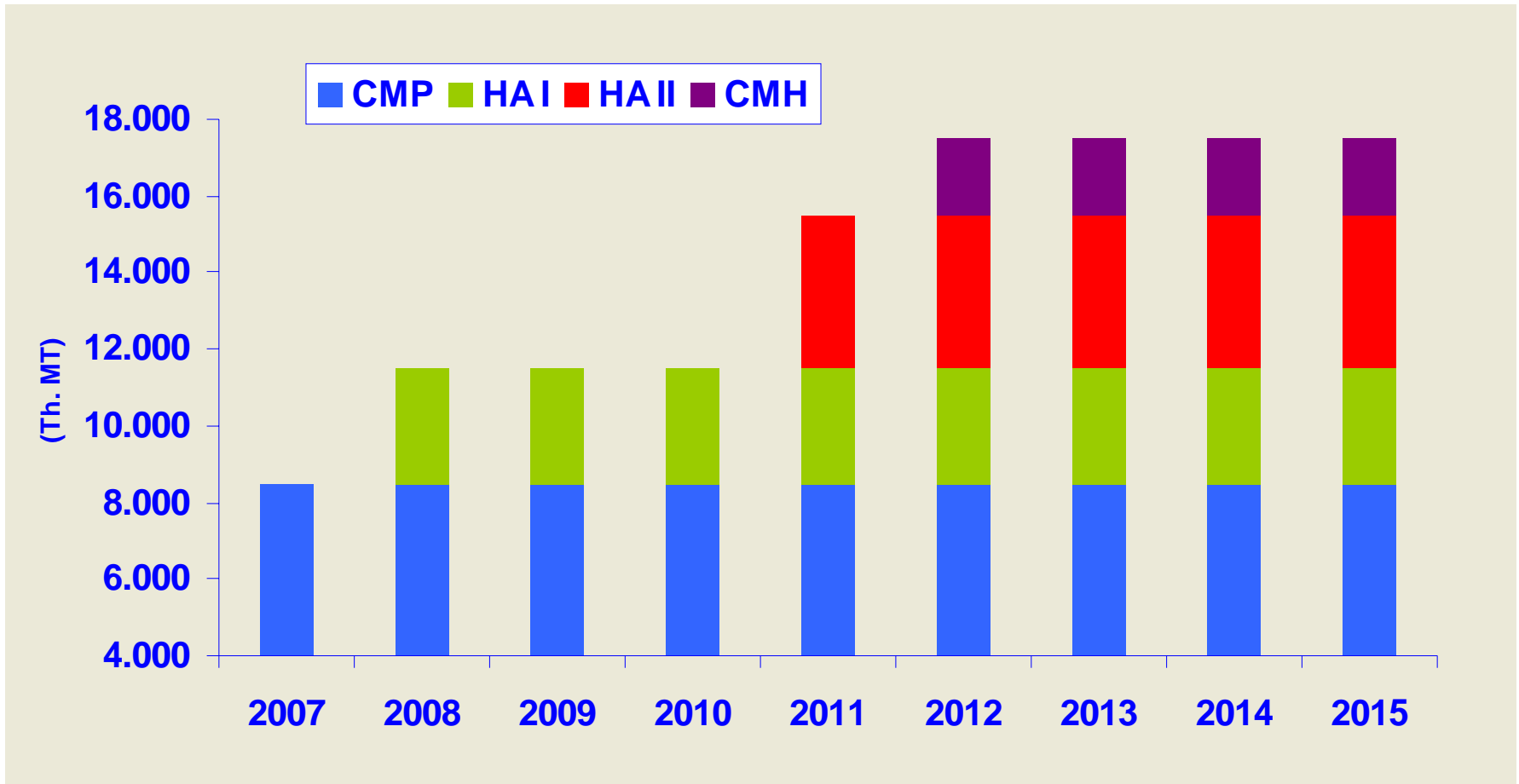
Urban areas development

Every year between 2000 and 2020, around 25 to 30 million people will migrate from the countryside to the cities in India and China. This is a decisive factor in the acceleration in demand for steel

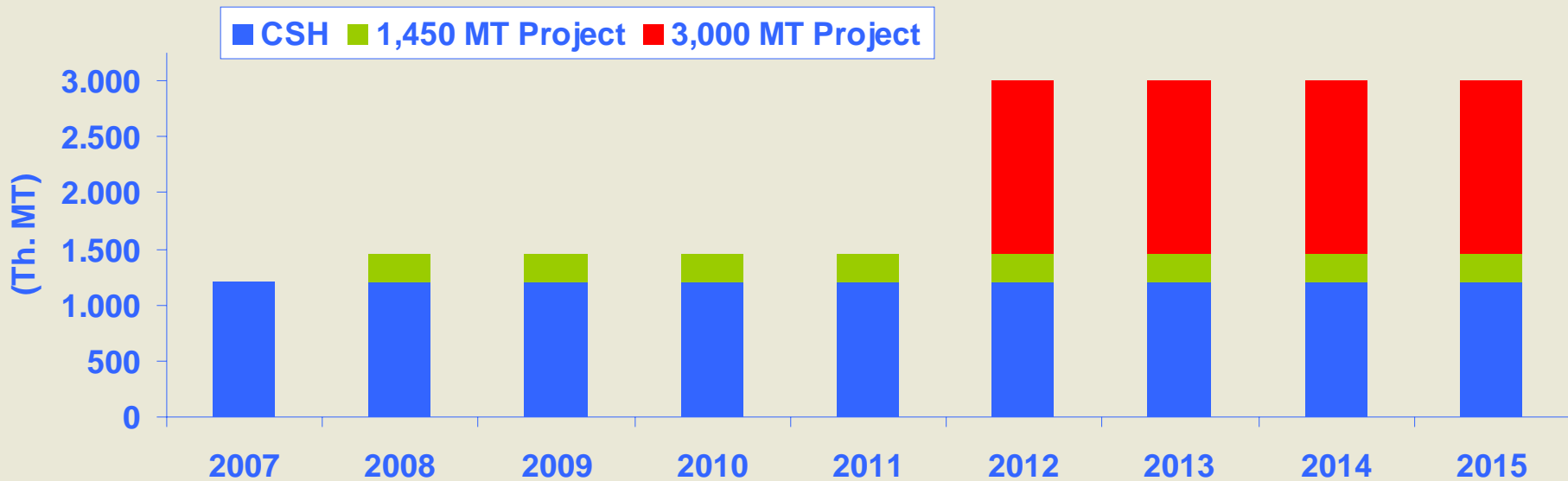
Projection of annual urbanization in China and India



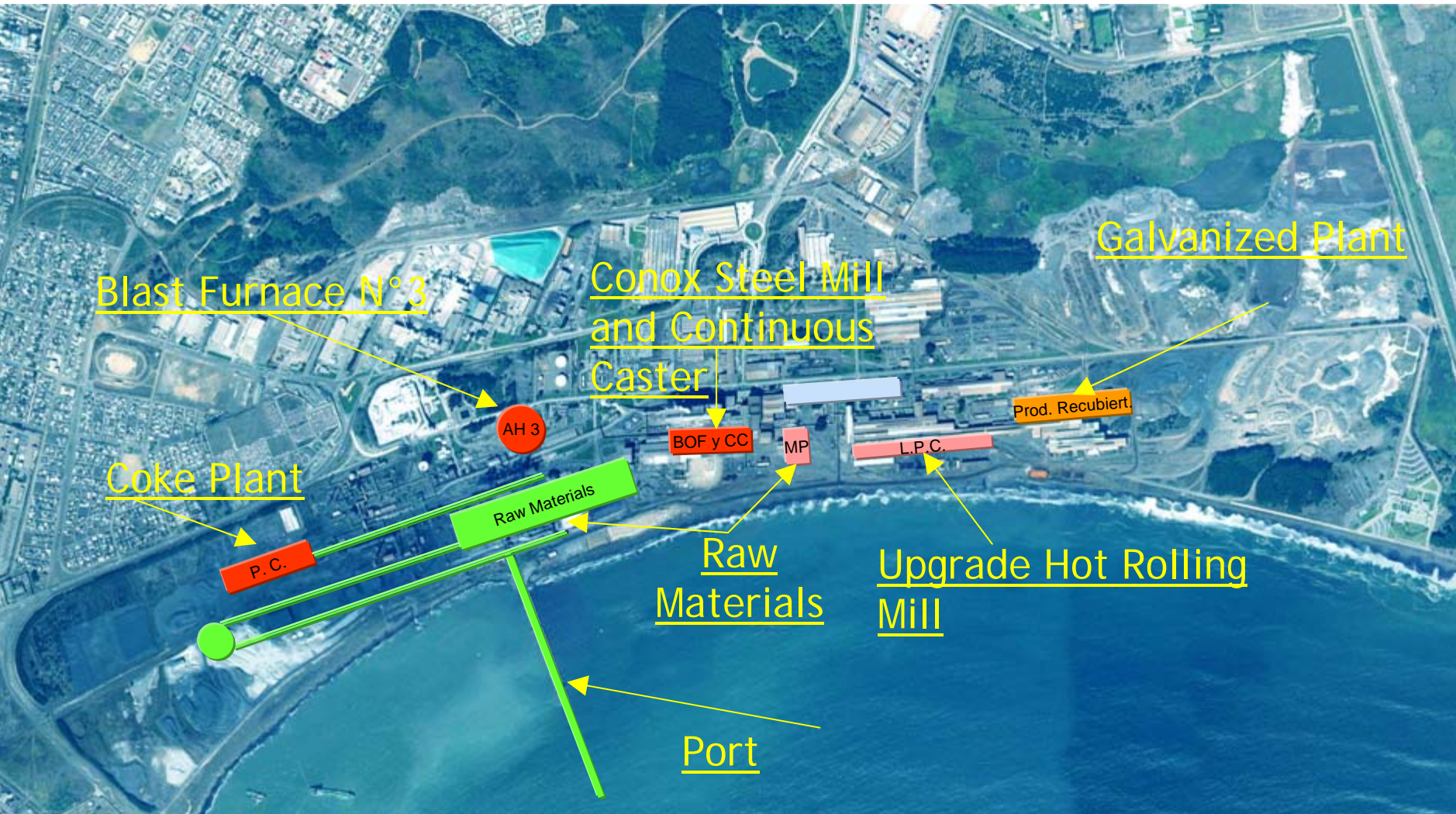
Projected mining production capacity



Projected liquid steel production capacity



Development program - Steel production

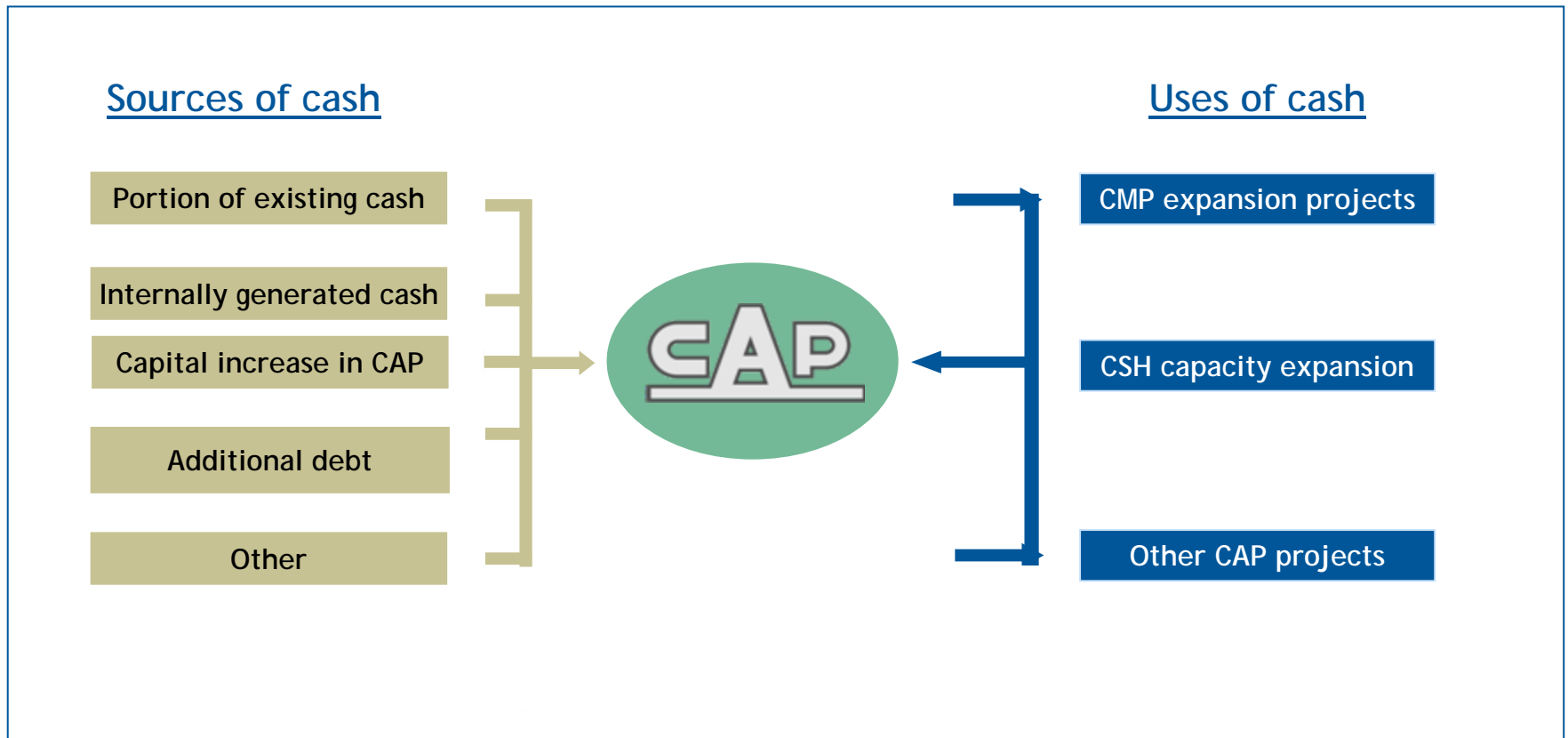


CMP		CSH		GPA (2)		Total
Hierro Atacama Phase II	633	Upgrade Hot Rolling Mill	280	Equipments	64	3.961
Pellets Plant N°1	247	Galvanized Plant	272			
Pellets Plant N°2	247	Expansion to 3,000 MT of liquid steel	1.872			
El Romeral Mine	132	Environmental investment	70			
Maintenance and others	54	Maintenance and others	90			
CMH (1)						
Total	1.313		2.584		64	

(1) Considers 50% of the total investments in CMH, US\$ 265 million

(2) Growth strategy considers investments on the Pacific coast of South America

Sources and uses of cash



CAP and global trends

- Vocation of autonomous business development and complementation with customers and related producers
- Especially favorable upstream integration to the production of steel raw materials
- Important downstream integration to the processing of value-added steel production, promoting steel consumption and reducing operational risks



CAP

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