



# MASISA

Masisa Corporate Presentation

# Disclaimer



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.

## Contents



- **Investment Highlights**
- **Masisa in Brief**
- **Corporate Strategy**
- **Business Units**
- **Sustainable Development**
- **Corporate Governance**
- **Masisa's Financial Performance**



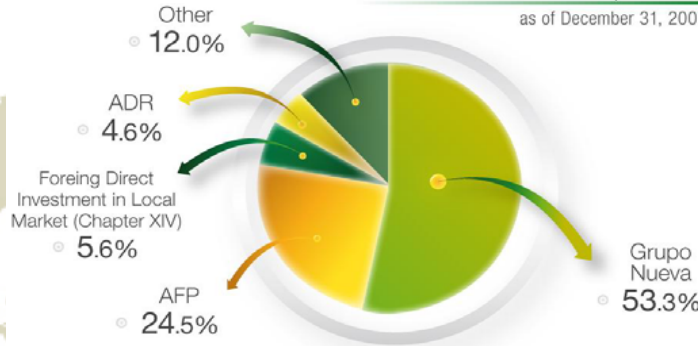
## Investment Highlights

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>● Leading producer of wood boards for furniture in Latin America (#1 in MDF &amp; PB)</li></ul> | <ul style="list-style-type: none"><li>● Competitive Strategy – Differentiation (Innovation &amp; Customer intimacy)</li></ul> |
| <ul style="list-style-type: none"><li>● Diversified manufacturing base and end markets (Latin America, US)</li></ul>                  | <ul style="list-style-type: none"><li>● Established and expanding associated distribution network (Placacentros)</li></ul>    |
| <ul style="list-style-type: none"><li>● Sound financial profile</li></ul>   | <ul style="list-style-type: none"><li>● Favorable growth prospects (Product penetration &amp; housing deficit)</li></ul>      |
| <ul style="list-style-type: none"><li>● 241Th. hectares of planted forests (pine &amp; eucalyptus - Strategic asset)</li></ul>        | <ul style="list-style-type: none"><li>● Commitment to sustainable development</li></ul>                                       |

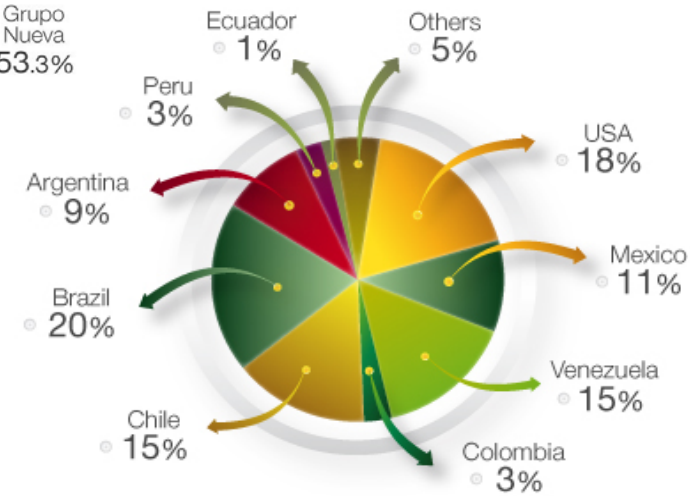
# Masisa in brief



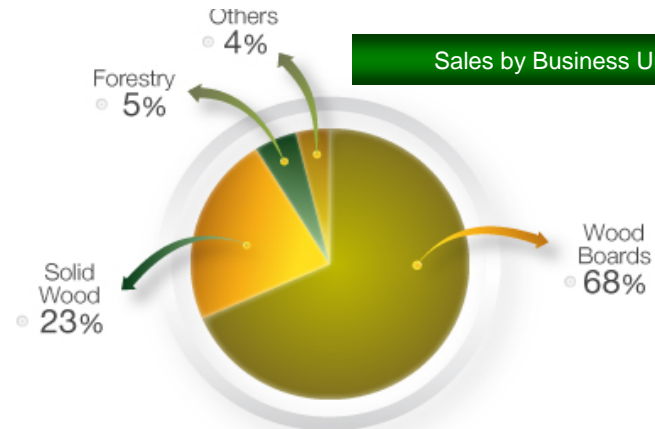
Ownership Profile  
as of December 31, 2007



## Sales by country US\$ 2007



## Sales by Business Unit US\$ 2007



	Total
Forest	241 Th Has
Industrial Complexes	13
Wood Boards	2.612 Mil m <sup>3</sup> (1)
Sawmill Capacity	707 Mil m <sup>3</sup>
Mouldings and Doors	378 Mil m <sup>3</sup>
Coating Capacity	852 Mil m <sup>3</sup> (2)
Placacentros	324

- (1) Does not include the announced 750,000 m<sup>3</sup> (nominal capacity) MDP plant in Montenegro (Brazil). Starts operations in Mid 2009
- (2) Does not include the announced 300,000 m<sup>3</sup> melamine line in Montenegro (Brazil, Mid'09) and the 150,000 m<sup>3</sup> melamine line in Mapal (Chile, 3Q'08).

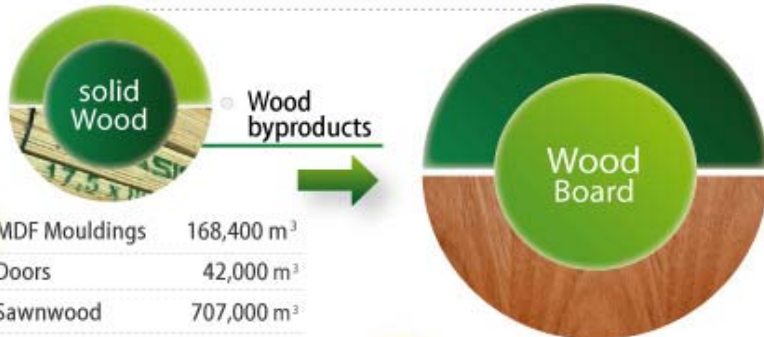


## Corporate Strategy

- **Core Business** : Production and commercialization of wood boards for furniture (MDF & PB) in Latin America.
- Other business units are considered synergic to the Wood Board business.

### Competitive Strategy :

- Differentiation.
- Innovation & Customer intimacy.
- Take advantage of attractive growth opportunities in Latin America.
- Expand & Strengthen retail distribution network.
- Commitment to Sustainable Development.



● MDF Mouldings	168,400 m <sup>3</sup>
Doors	42,000 m <sup>3</sup>
Sawnwood	707,000 m <sup>3</sup>
FJ Mouldings	168,000 m <sup>3</sup>

● MDF	1,440,000 m <sup>3</sup>
Particle Board	871,500 m <sup>3</sup> (1)
OSB	300,000 m <sup>3</sup> (2)



- (1) Does not include the announced 750,000 m<sup>3</sup> (nominal capacity) MDP plant in Montenegro (Brazil). Starts operations in Mid 2009
- (2) In Dec. 2007 Masisa signed a binding agreement for the sale of 75% of its OSB plant to Louisiana Pacific. The transaction is subject to due diligence and to standard requirements for these types of transaction. Transaction expected to be closed by Q1'08.



## WOOD BOARDS BUSINESS UNIT

### Masisa's Core Business (MDF & PB)

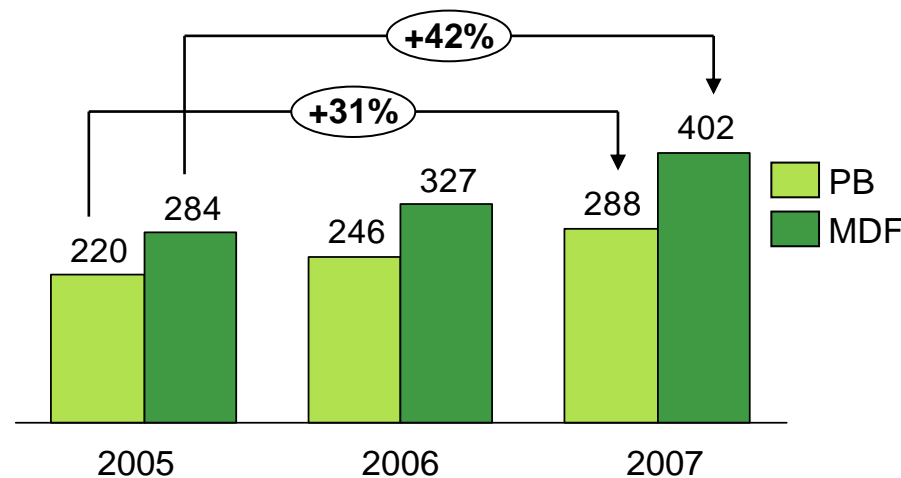
- Market Leader in Latin America (#1 or #2 in all markets, except Brazil).
- 68% of Total Sales, US\$ 657MM in 2007.
- New 340,000m<sup>3</sup> MDF plant in Cabrero, Chile, started operations in October 2007- Operating at full capacity 2Q'08.
- New melamine line. Mapal Chile. Capacity: 150,000m<sup>3</sup>. Start Operations: 3Q '08.
- Sale of 75% of OSB plant to Louisiana Pacific. 100% of Fixed Assets valued at US\$ 75MM + Working Capital valued at approx. US\$ 15MM ↔ US\$ 17MM. Focus on Core Business (MDF & PB)
- New 750,000m<sup>3</sup> (nominal capacity) PB plant in Montenegro, Brazil to begin operations in Mid 2009.
- Masisa /Tafisa Merger → approx. 2Q'08. Tafisa's Assets:
  - MDF → 380,000m<sup>3</sup> + PB → 260,000m<sup>3</sup>
  - Melaminating capacity: 300,000m<sup>3</sup>

- All production is done under E-1 formaldehyde emissions standards.



- The Company has been successful in transferring cost pressures into prices.

**PB & MDF Masisa's Price Evolution US\$/m<sup>3</sup> (eop price)**



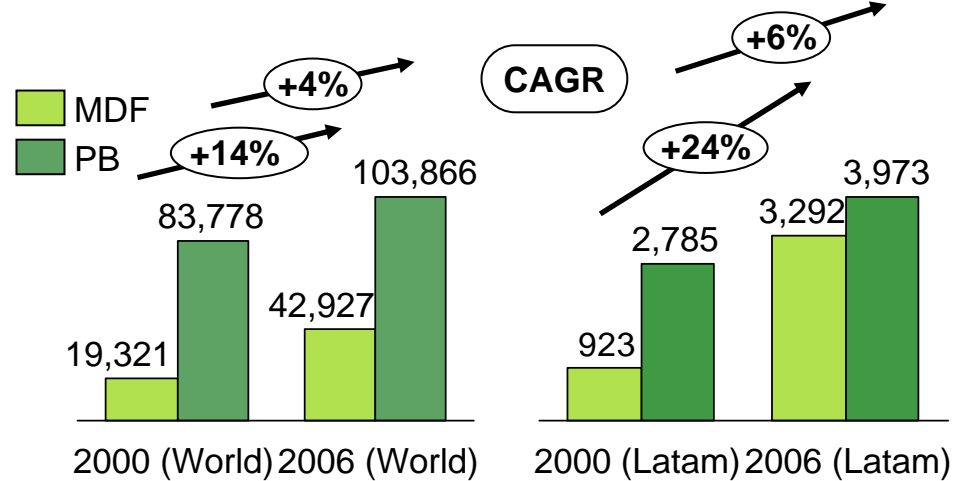
# Wood Board Business Unit Market Outlook



## Strong demand growth for wood boards for furniture in the region: (1)

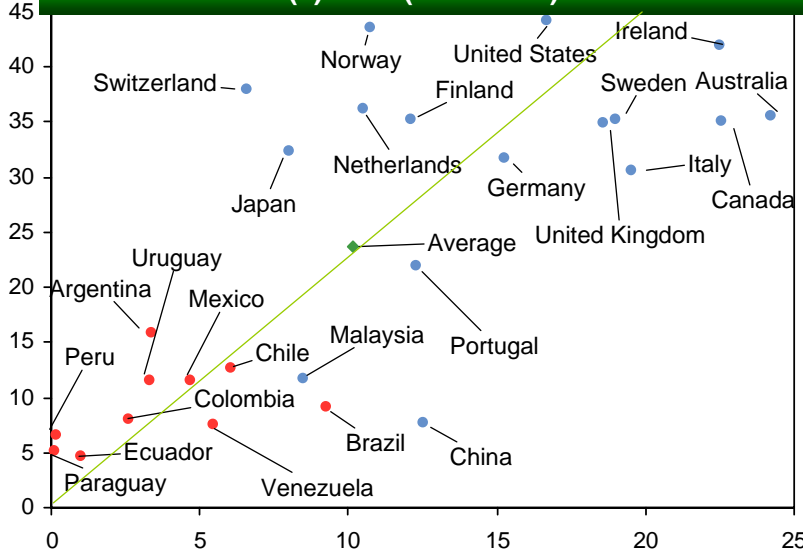
- Relatively low MDF & PB penetration in Latin America (2)
- Housing & Mortgage Loan Deficits (approx. 24MM middle – lower income houses to be built)
- Significant cost and transformation advantages v/s solid wood boards.

## (1) MDF & PB Consumption – (2000-2006) '000 of m<sup>3</sup>



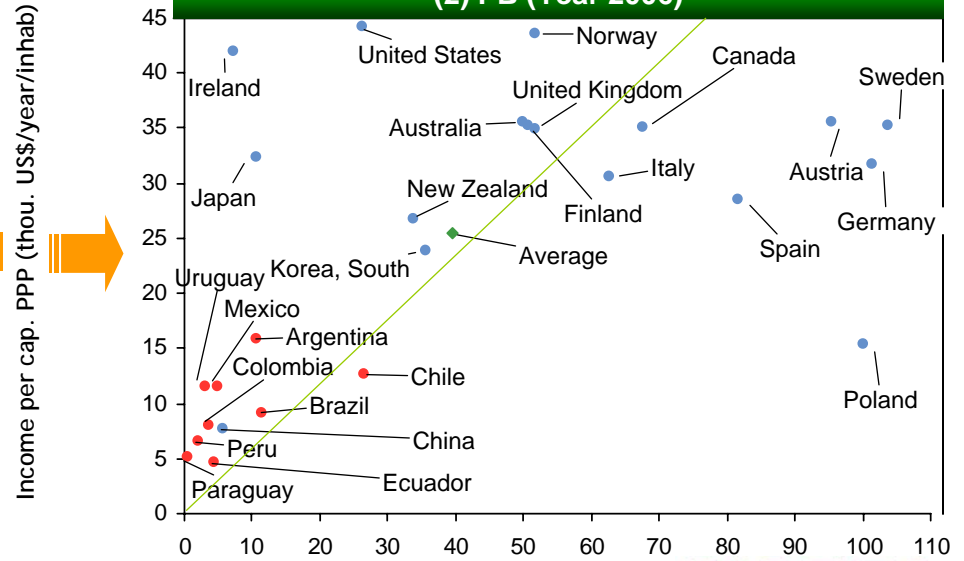
Source: FAOSTAT as of Dec 2006.

## (2) MDF (Year 2006)



Source: FAO, UN – ECE, Wood Markets, World Bank. Info as of October 2007.

## (2) PB (Year 2006)



MASISA

Consumption per cap. (m³/year/thou. inhab)



# Brazilian Market Consumption Trend & Outlook



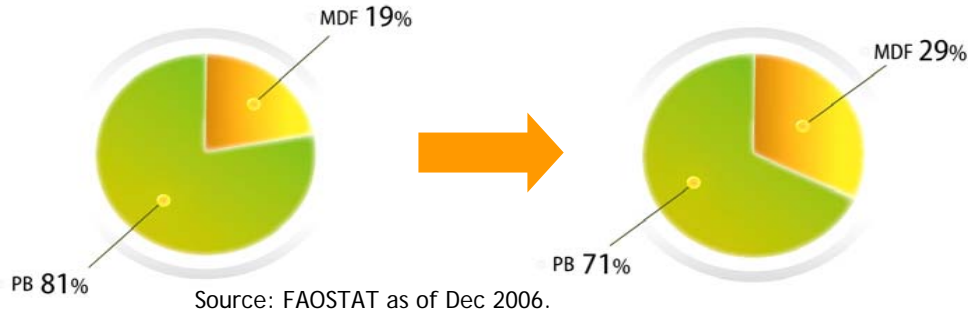
Better business outlook for PB in Brazil, in terms of :

- Consumption Trend (1)
- Projected Capacity Utilization Rates (2)

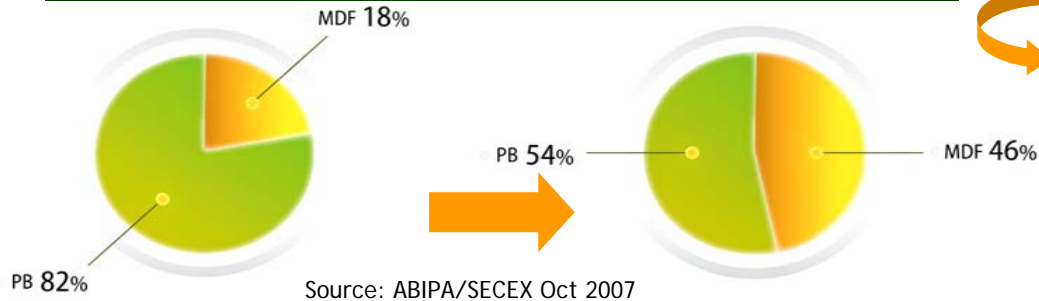
**Masisa's Brazil MDF production, better positioned than competitors in a possible spare capacity market:**

- Spare Capacity in raw MDF.
- More than 70% of Masisa's MDF is melaminated.
- Positive outlook for the Brazilian furniture exports industry (melaminated wood boards).
- Strong brand positioning (Placacentros).

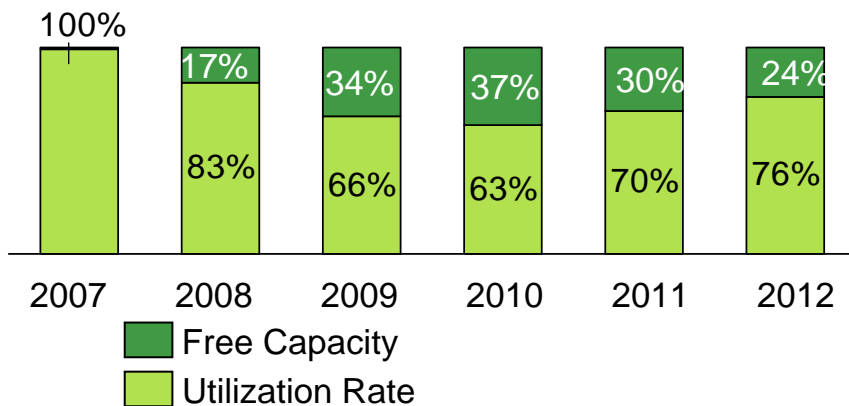
## (1) PB & MDF Consumption Split World – (2000→ 2006) %



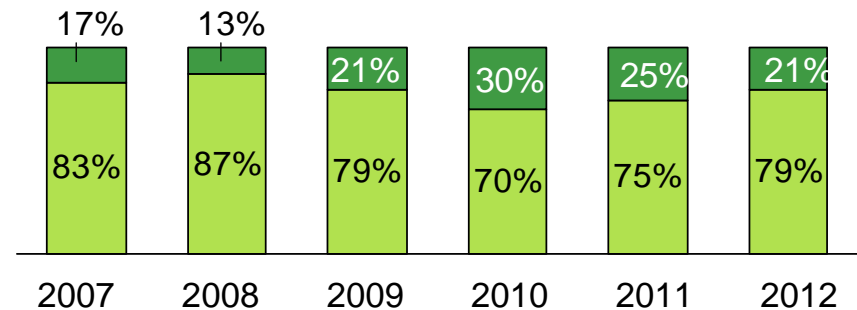
## (1) PB & MDF Consumption Split Brazil – (2000→ 2006) %



## (2) MDF Projected Capacity Utilization Rates – Brazil %



## (2) PB Projected Capacity Utilization Rates – Brazil %



Source: BNDES - ABIPA and Masisa estimates as of October 2007

**MASISA**

# New MDP plant in Rio Grande do Sul, Brazil



## Description

- 750,000 annual cubic meters MDP (Medium Density Particle Board) plant and a 300,000 annual cubic meters melamine line.
- Capex: US\$119 million.
- Start operations: Mid 2009 - Full capacity 1Q 2010.
- Production oriented towards the Brazilian market.

## Opportunity

- Take advantage of the Brazilian MDP market growth.
- Strengthen Masisa's market position.
- Competitors focused in MDF.
- Wood fiber supply availability at competitive prices.
- Free production capacity in Argentina.



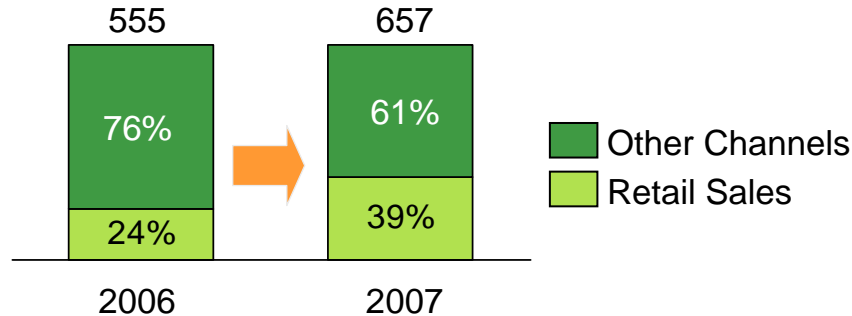


## RETAIL BUSINESS UNIT

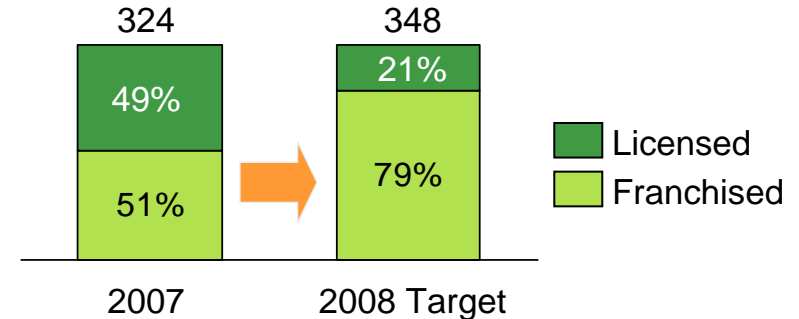
- Placacentro is a licensed retail chain, tailored to improve productivity of carpenters and small contractors. Objective: Become the One Stop Shopping Store.
- Sales: US\$ 254 MM sales (2007)
- Placacentros Sales Penetration to Board Sales in Domestic Markets: - 31.5% at Dec. 31, 2007.  
- 5 year target → 50%.



**Total wood board sales in US\$ MM**



**(1) Total Placacentros composition**



**Focus will be in transforming the retail chain into a strong and effective commercial network:**

- Migration from brand license level agreements, to franchise contracts. Migration expected to be finished by 2009. (1)
- Implementation of “Placacentro Operation Manual” and training process (6 months).
- Implementation of Extranet support web page for the Placacentros.

# Retail Business Unit Placacentros



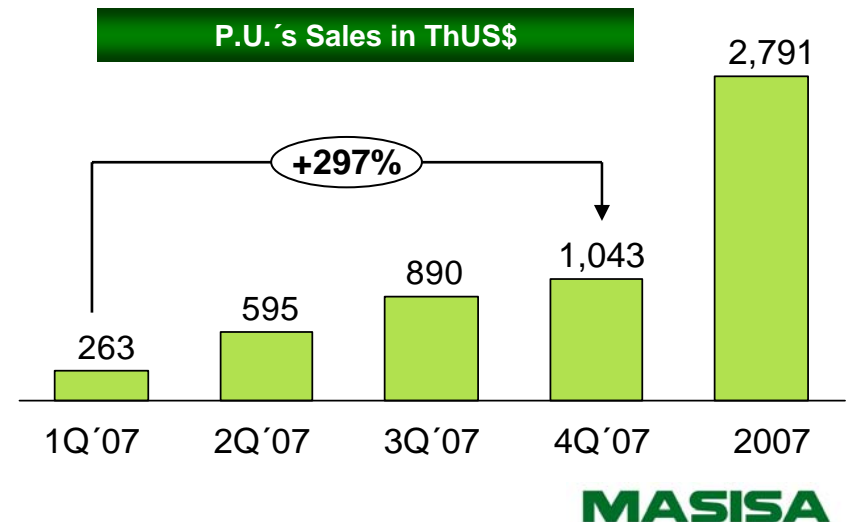
## Improve the Carpenters and Placacentro owners commercial skills:

- Carpenters (New Services):
  - Cut so size
  - Design Center
  - Sale's strategy
- Placacentro owners:
  - Category Management
  - Pricing strategy
- Improvements:
  - Product mix
  - Store layout
  - Margins



## Creation of Procurement Units

- Customer loyalty and improve margins in fixtures sales.
- First P.U.: Mexico (January 2007).
- Today: Mexico, Chile, Peru, Brazil, Ecuador and Colombia operating normally and increasing in sales.
- Upcoming P.U.'s to begin operations: Venezuela (March '08).



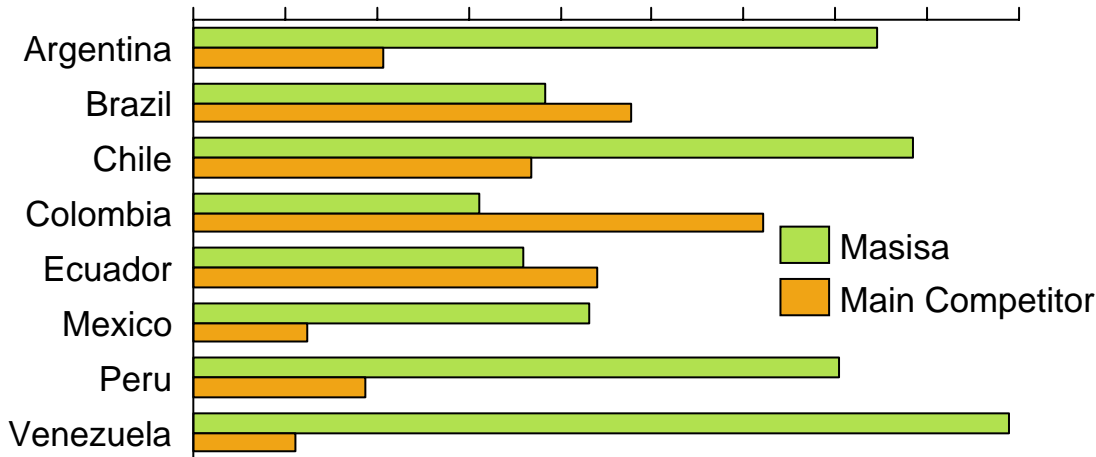
# Retail Business Unit

## Brand Positioning and Inclusive Business



### Brand Equity (most Valued Attributes) (1)

0 10 20 30 40 50 60 70 80



### The Bottom of the Pyramid Market : Inclusive Business

**Masisa's goal is that 10% of its total local sales come from this line of business by the end of 2010. Some of our initiatives are:**

- Carpenters training (10,517 Carpenters trained up to date)
- "Door to Door" sales force for basic furniture
- DIY furniture kits for lower income households

(1) Attributes Valued: Price, Quality, Customer Intimacy, Delivery, Environmental Care, Innovation, Variety.

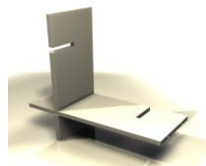


Kitchen

Bedrooms

Stairway / Diningroom

TV Room

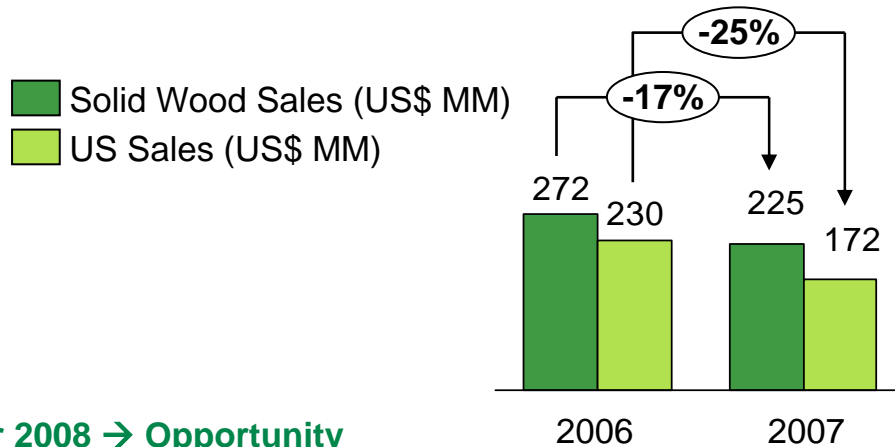


**MASISA**



## SOLID WOOD BUSINESS UNIT

- Provides strong synergies to our Core Business (Wood byproducts & logistics)
- Guarantees sawing capacity in areas of influence.
- Natural hedge for operations in LATAM (U.S. export business).



### “Sub Prime Crisis” effect:

- Closure of our Charleston facility (MDF Mouldings) on January 2007 (Proactive action).
- Consolidation of MDF mouldings operations in Cabrero, Chile.
- Reduction of FJ mouldings operations.

### Year 2008 → Opportunity

#### Gain an advantage point when US Market recovers (Mid 2009).

- Focus: Optimization and consolidation of operations.
- Opportunity to consolidate markets (closure of many competitors sawmills and moulding lines in the U.S., Chile and Brazil).
- Market Diversification.

**MASISA**



## FORESTRY BUSINESS UNIT

### Strategic Asset

- 241Th hectares of planted of pines and eucalyptus
- Secure fiber supply for industrial operations.
- Maximize the return on the forestry business.
- Explore new forestry investment opportunities in the Latam region.

**Young age profile in Chile and Argentina ensures increasing harvesting volumes**

### Development of Greenfield projects

### 2008 Targets:

- Land acquisition program for Argentina, Brazil and Chile: 6,800 hectares.
- Harvest volume: 3 million m<sup>3</sup>
- Planting program: 4,800 hectares

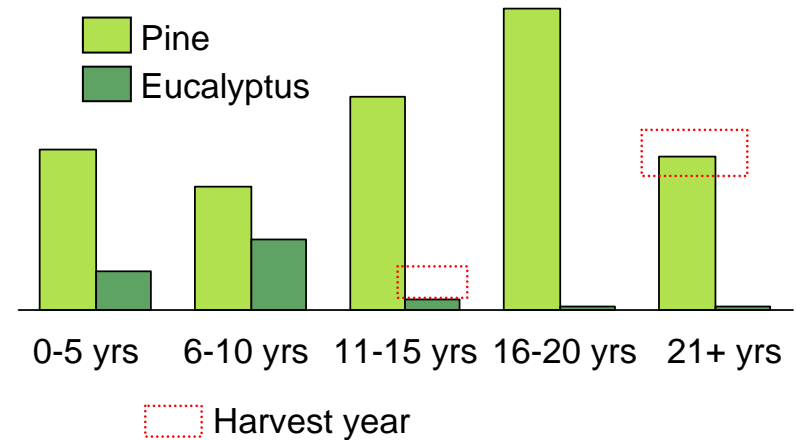
**Brazil: 3 year plan to acquire 40,000 has. under a shared property scheme, but with exclusive access to the fiber.**

**All operations under Forest Stewardship Certification (FSC) and ISO 14001 certification.**

### Land Acquisition 2007:

- |             |             |   |
|-------------|-------------|---|
| ■ Argentina | 21,920 has. | } (Part of these has. will be under a shared property scheme) |
| ■ Brazil    | 12,776 has. |   |
| ■ Chile     | 1,741 has.  |   |

Age Profile as of Dec. 2006



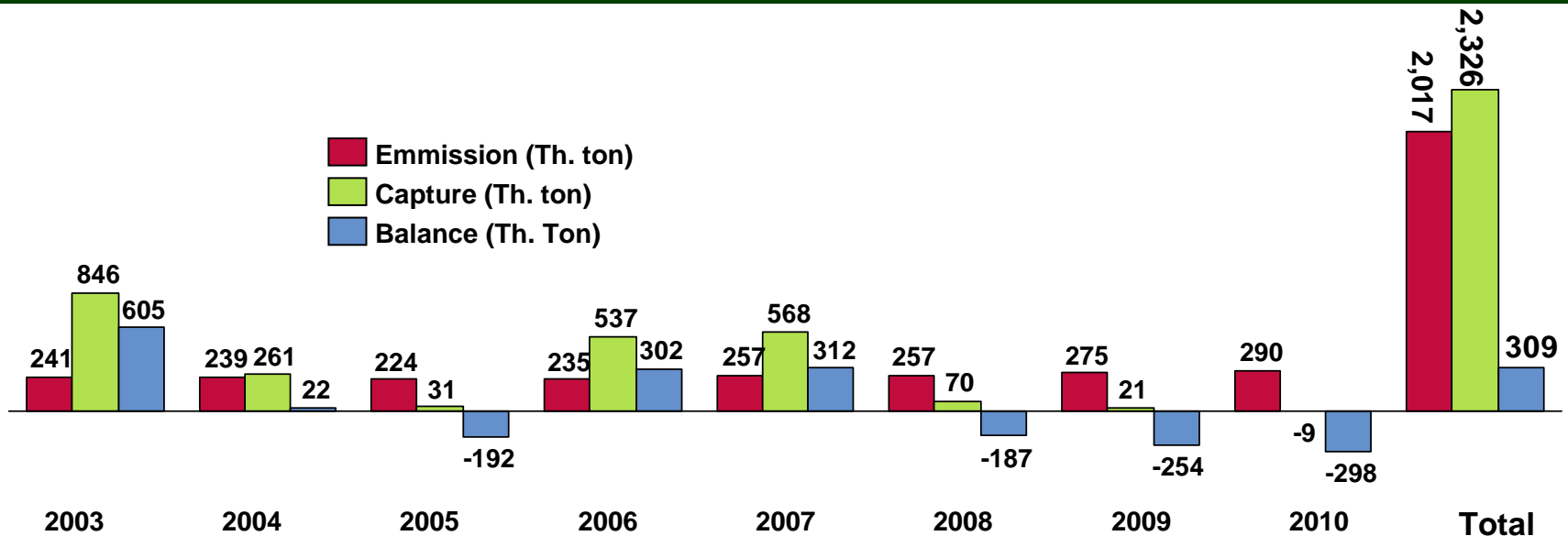
**MASISA**

# Commitment to Sustainable Development

- Masisa S.A. joined the Chicago Climate Exchange (“CCX”) – Mar. 2007.
- Masisa: Positive CO<sub>2</sub>e balance.
- Commitment to reduce CO<sub>2</sub>e emissions by 6% during 2003-2010 period ( compared to base line period 1998-2001).
- Value creation opportunity.
  - Energy cost reduction culture. Energy is the third most important element in Masisa’s cost structure (approx. 12% of total consolidated production costs).
  - Brand positioning (reputation).
  - Carbon surplus to be commercialized as carbon bonds.
  - Anticipate market trends/regulations.
- In line with Masisa’s business plan and forest expansion strategy (Greenfield projects – high level of CO<sub>2</sub> capture).



Masisa’s CO<sub>2</sub> emission and capture estimates (2003-2010)



Note: Data to be confirmed and audited by CCX during 2007.





# Corporate Governance



- Corporate Governance Model -

- Masisa's Business Principles contain the company commitments on subjects such as compliance with applicable law, ethical behavior, employees rights and sustainable business practices.
- Masisa's Board of Directors represents the interests of all the shareholders. The board also monitors the effectiveness of the elements of Corporate Governance Strategy.
- The Audit Committee is responsible for ensuring a cost effective control environment.
- The Administration has the primary responsibility for designing, raising awareness and accountability for risk and controls among the business processes owners and employees.
- The Risk Management considers a strategic, complete and integrated view with the purpose to prevent threats and identify opportunities.
- Masisa has established a communication process for anonymous or straightforward grievance related to the compliance of its Business Principles, Ethical Behavior Standards and Conflicts of Interest (whistleblowing)

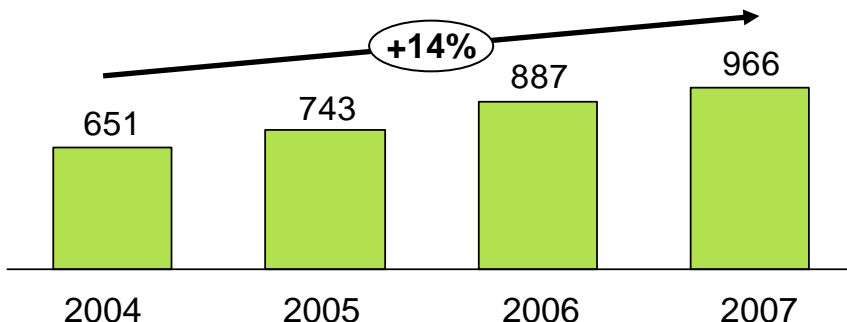
*In the frame of the " IR Global Ranking" 2007 version (Global Ranking of Relationships with Investors), Masisa was acknowledged as the company that has one of the best trade union framework of corporate governance in Latin America, based on the ranking of MZ Consult, a US financial consulting company and of relationships with investors*

# Masisa's Financial Performance

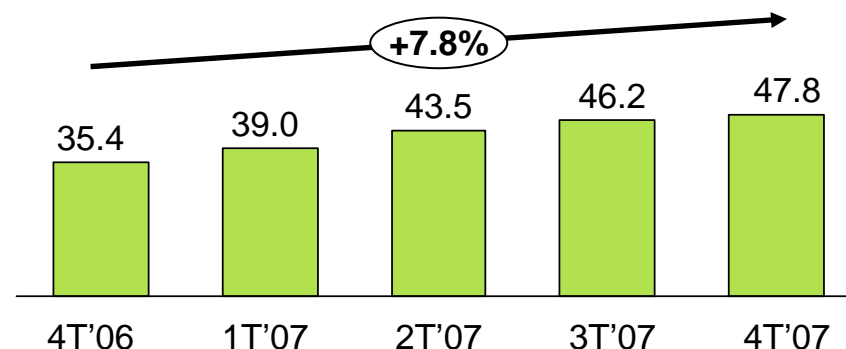
## Constantly Growing Sales



Consolidated Sales (US\$mm)



Consolidated Quarterly Ebitda (US\$mm)



Sales Volume Main Products (US\$ MM)

	2006	2007	Growth
MDF	320	398	+24.4%
PB	187	208	+10.7%
OSB	48	52	+6.7%
FJ Mouldings	94	71	-24.2%
MDF Mouldings	65	49	-24.8%

Sales Volume Main Products (000 m<sup>3</sup>)

	2006	2007	Growth
MDF	978	990	+1.2%
PB	764	720	-5.7%
OSB	220	217	-1.1%
FJ Mouldings	190	174	-8.9%
MDF Mouldings	158	116	-26.3%

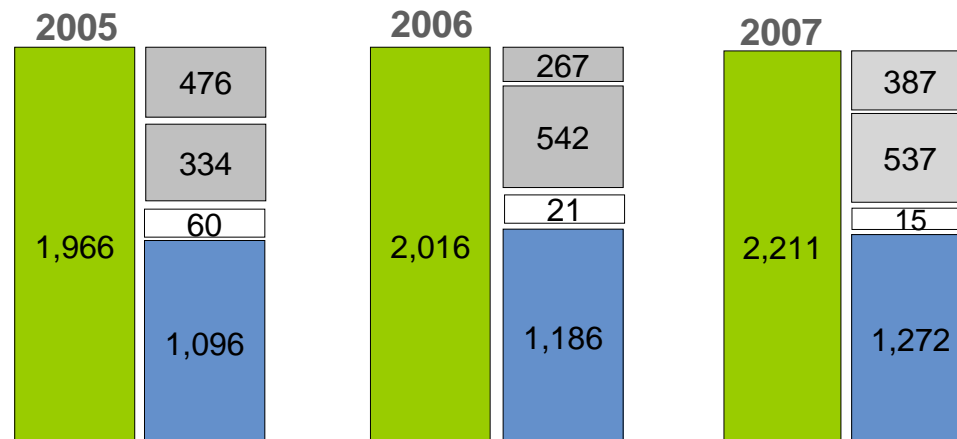
# Masisa's Financial Performance



- Income Statement Highlights
- Successful commercial strategy, transferring costs into prices and even improving margins.
- Solid Financial Profile
- Masisa holds an A- Negative Outlook (local scale) and BBB- Negative Outlook (international scale) risk ratings by Fitch.



Income Statement (US\$ MM)			
	2005	2006	2007
<b>Sales</b>	743	887	966
<b>Gross margin</b>	194	208	243
% over sales	26.1%	23.4%	25.2%
<b>Operating Income</b>	81	84	107
%over sales	10.9%	9.5%	11.1%
<b>Non Operating Result</b>	-50	-46	-56
<b>Taxes</b>	-14	-23	-23
<b>Net Income for the Period</b>	26	29	41
<b>EBITDA</b>	158	154	177
EBITDA margin	21.2%	17.4%	18.3%



<b>Net Funded Debt<sup>1</sup>/ EBITDA<sup>2</sup></b>	<b>3.50x</b>	<b>3.57x</b>	<b>3.44x</b>
<b>Leverage<sup>3</sup></b>	<b>0.70x</b>	<b>0.67x</b>	<b>0.72x</b>

1 Net Funded Debt = short-term debt + current portion of long term debt + long term debt – cash and cash equivalents.

2 EBITDA = Operating Income + Depreciation + Amortization + Depletion.

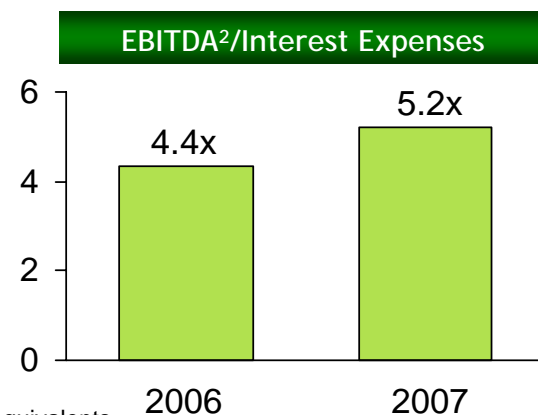
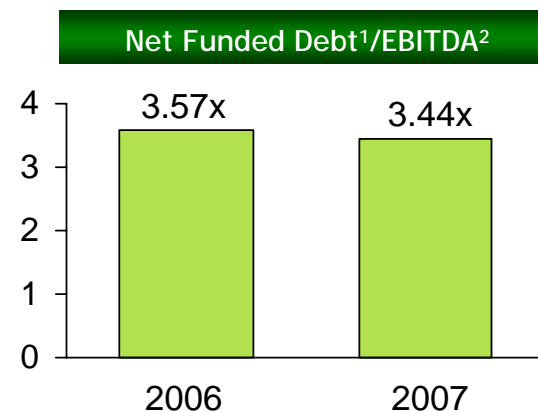
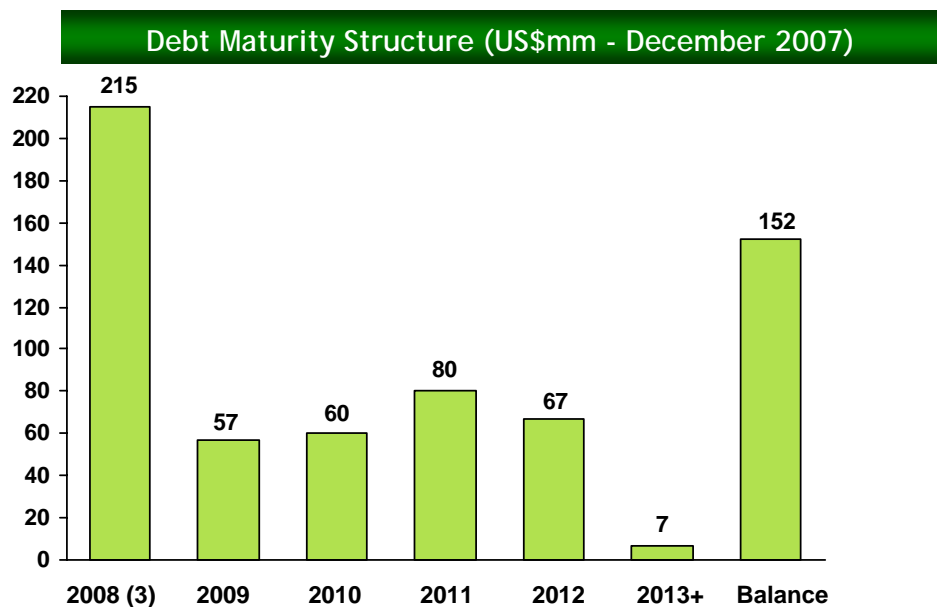
3 Leverage = Total Liabilities / Equity

# Masisa's Financial Performance

## Our Finances



- Continuous growth while maintaining a sound financial profile.
- Proven access to financial and capital markets in adequate terms.
  - In June 2007 the Company successfully placed bonds in the local market for UF2.5MM (equivalent to US\$88.8MM).
- Responsible financial management.



1 Net Funded Debt = short-term debt + current portion of long term debt + long term debt – cash and cash equivalents.

2 EBITDA = Operating Income + Depreciation + Amortization + Depletion.

3 2008 Debt amortizations include local loan amortizations of US\$87.1 million in Venezuela, which have a 1-year term and which the Company has been systematically refinancing.

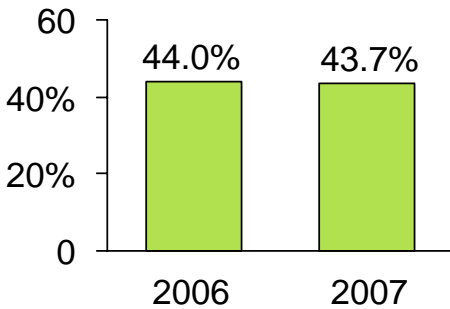
# Masisa's Financial Performance

## Improvements on Performance

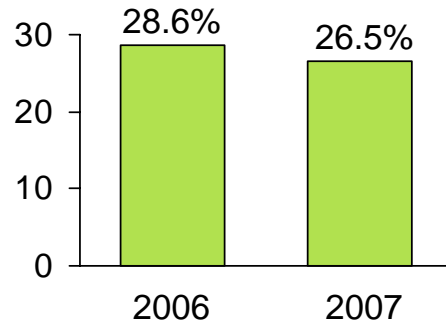


- Steady sales' growth, while increasing efficiency in asset's utilization.

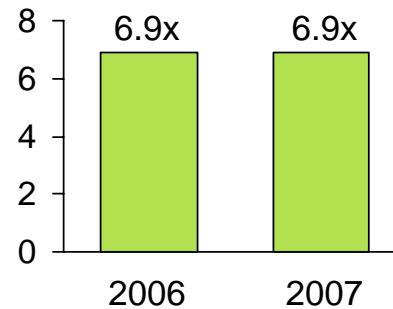
Sales/Total Assets



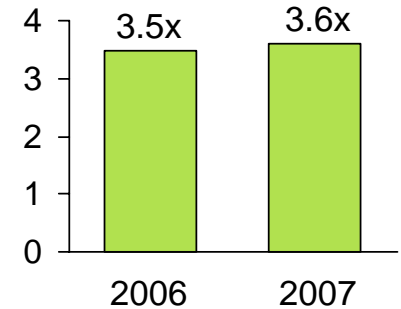
Oper. Working Capital<sup>1</sup> / Sales



Accounts Rec. Turnover

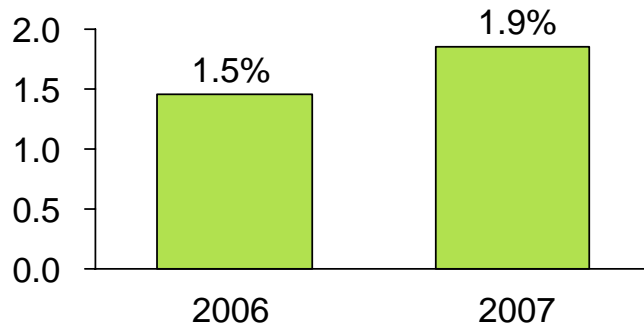


Inventory Turnover



- Consistent growth in net income reflected in ROA and ROE improvements.

ROA



ROE



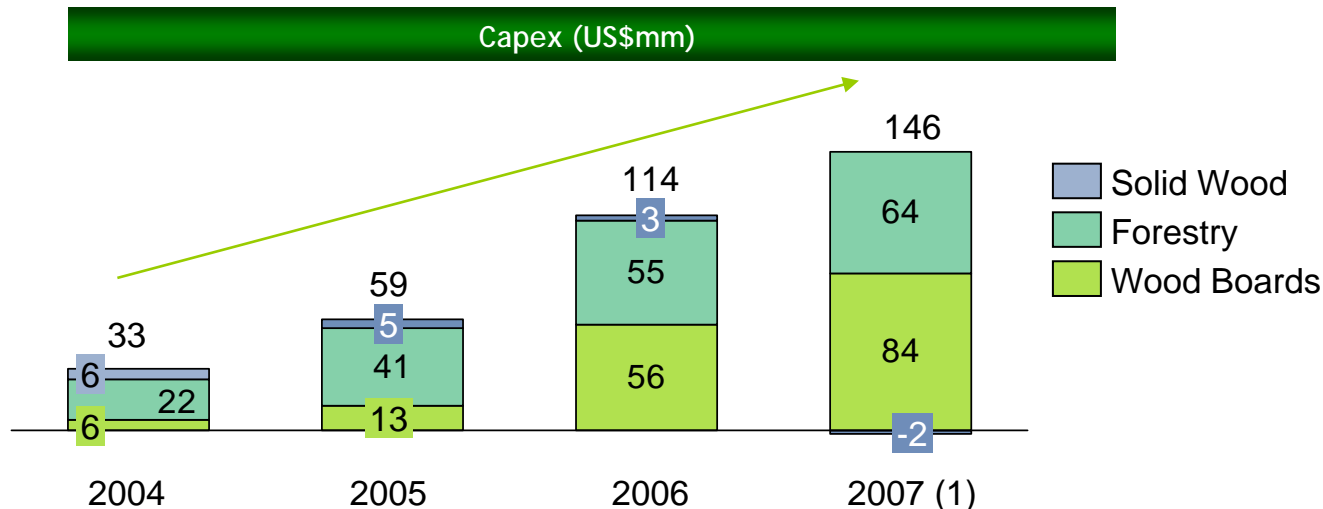
<sup>1</sup> Oper. Working Capital = Sales debtors (net) + Documents receivables (net) + Sundry debtors (net) + Documents and accounts receivables to related companies – Accounts payable – Documents payable – Sundry creditors – Documents and accounts payable to related companies – Standing Timber

# Masisa's Financial Performance

## Improvements on Performance



- Growing Capex in Boards and in securing wood supply (Forestry).
- Capex for 2007: US\$ 146.1 MM.
- Net Capex for 2008: US\$ 132MM approx. (depending on divestures).
- Upcoming Projects:
  - New PB line. Rio Grande do Sul, Brazil. Nominal Capacity: 750,000m<sup>3</sup> with a melamine line of 300,000m<sup>3</sup>. Capex: US\$ 119MM. Start Operations: Mid 2009.
  - New melamine line. Mapal Chile. Capacity:150,000m<sup>3</sup>. Capex: US\$15MM. Start Operations: 3Q'08.
  - Land acquisitions for greenfield forestry projects.



(1) The negative figure in Solid Wood corresponds to the divesture in USA due to the plant shutdown in Charleston.