



Guaíba 2 Project

On schedule, on budget

page - 04



Increased productivity
at CMPC's plantations
page - 14

Nordic Ecolabel
approved Santa Fe BEKP
page - 03



Welcome

Hi everyone.

The first six months of this year have been quite tough for everyone; both the paper and pulp markets have been under a lot of pressure as a result of overcapacity in both sectors. This situation is not over yet as more capacity is coming on stream, however we hope that the world recovery that is partially on its way will help to improve these markets.

These changes in the market will make customer service even more important, as our customers will not only need a good quality at a competitive price; they will need suppliers that are able to deliver extra value in the form of technical service, logistic solutions and innovation. We, at CMPC Pulp, are very aware of that and have, for quite some time, been working in creative solutions that we are sure will help our customers remain competitive in these trying times.

We offer a balanced mix of pulps that include long fibre and short fibre from both Chile and Brazil, have a global committed network of sales offices across the world with local representatives that can support our customers better and faster, we offer technical service and a network of logistic solutions that ensure our customers will receive our pulps on time and in perfect condition. We will continue working in improving this service in order to offer you an even better service in the future. In this issue you will find news about our recent Nordic Ecolabel certification for our Santa Fe pulp, news about the progress of our Guaiba 2 pulp line in Brasil and the improvements this mill will bring to the region and other news about our logistics and technical equipment.

I hope you enjoy this newsletter and I take this opportunity to send good wishes for the next few months.

Yours,

Guillermo Mullins
Commercial Director of CMPC Pulp

Contents

03

Approved by Nordic Ecolabel

04

Progress at Guaíba 2

06

Social impact of the project

08

New destinations in Europe and Asia

10

Facts & Figures 1Q2014

12

CMPC News

13

Technological advances in R&D

14

Increases in plantations productivity



Santa Fe BEKP

Approved by Nordic Ecolabel

Santa Fe BEKP is now on the list of eligible pulp for producers who wish to obtain the European eco standard.

On 28 March, Nordic Ecolabel's Swedish office informed us that our Santa Fe BEKP pulp met all the criteria to be added to the list of raw materials approved by the Nordic ecolabelling system.

We requested this inspection to support all our customers who wish to include this label, created by the Nordic Council of Ministers, guaranteeing that end products comply with the highest environmental standards.

In order to include Santa Fe BEKP in their list of approved wood pulp, Nordic Ecolabel inspected amongst other areas, details of our production process, electricity and fuel consumption, emissions, types of fibre used, wood consumption, chemical additives, supply chain certifications and ISO 14001, and solid waste management.



The structure of the recovery boiler, which will be 86 metres high, is already visible.



Growing for you
3Q 2015

Organic Growth

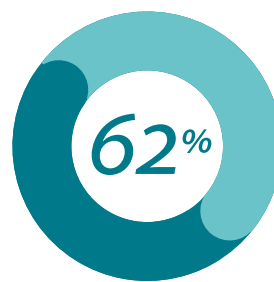
Expansion at our mill in Brazil has encouraged local businesses to improve processes and modernise their systems.

Since its announcement in December 2012, Guaíba 2 project has brought about a transformation without precedent in the South of Brazil. The City Mayor of Guaíba, Henrique Tavares, points out that this expansion has already meant a significant increase in the collection of taxes, and the start of operations will mean that the city will jump from 17th to 8th place in the ranking of GDP estimates for the state.

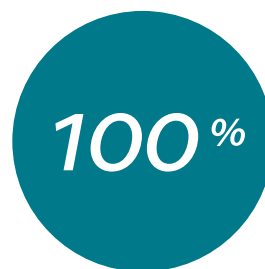
Although the construction work started in August 2013, prior to that the company worked on

training thousands of people involved in construction and coordination with service providers; it invested in forestry development and planned in detail the delivery of the project, ensuring the sustainability of the company and a minimal impact on the local community and the environment.

Careful planning has enabled the project schedule to be completed without problems, which - with an investment of US\$2.3 billion - will expand the production capacity of Guaíba Mill to 1,750,000 tonnes per



Complete as of May 2014



Almost a year before the new plant will be opened, 100% of the infrastructure work has been completed

annum of hardwood pulp from mid 2015. To meet this deadline, 6,000 employees are currently working directly on construction and towards the end of this year this figure will increase to 8,300 people.

By the end of May 2014, 1.98 billion dollars' worth of services had been contracted and purchases made, a sum which is within estimates for this stage of the project and which represents social and economic benefits that have been recognised by the public, the authorities and the business community.

Ongoing communication

To ensure continual progress and at the same time make as few changes as possible to the city's routine and that of its 95,000 inhabitants, a group of employees from CMPC Pulp Riograndense is in daily contact with the community. With local visits, they provide specific explanations on any project development which may affect activities.

With this same objective, the company set up a Logistics Committee in which representatives of all interest groups participate. They meet weekly to decide on changes to enable development to continue without disrupting the local traffic adjacent to the mill.

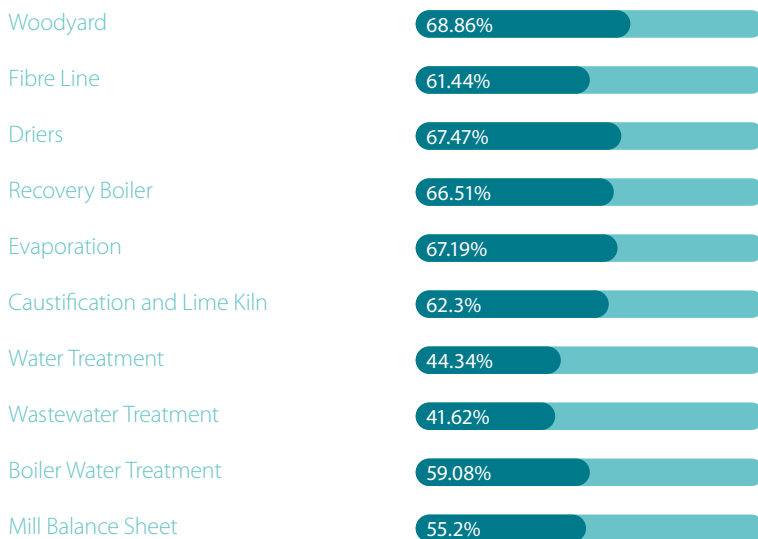
In addition, CMPC Pulp Riograndense Management meets once a month with community representatives to discuss their concerns and needs with regard to the company. María Toledo, the adviser from the National Union of Retired People and the Federation of 'Gaúcho Women', is enthusiastic about these meetings: "In addition to all the progress that CMPC is bringing to the city, I see that they are concerned about improving our quality of life". This opinion is shared by Xavier Menezes, Head of the Evaristo de Veiga Rosaria State School: "My school is very near the work and therefore it is directly affected. All doubts are cleared up during these meetings and complaints are put forward. When this happens the company tries to resolve them."



"One of the main challenges of a project of this size is to minimise the impact on the city's normal activities"
 Chief Executive of CMPC Pulp Riograndense, Walter Lidio Nunes.



"The highest point of the structure is the new chimney which will be 150 metres tall and will have the same quality standards as the current chimney which emits odourless steam."
 Guaíba 2 Project Manager, Carlos Pastrana.





Sustainability at Guaíba

Long-term impact

Due to its size, the expansion at Guaíba will produce significant benefits in terms of the environment and quality of life.



Employment

Following expansion, Guaíba mill will directly generate 1,250 jobs, increasing its personnel to 4,100 employees, and it will provide 17,100 indirect jobs.

More local services

The creation of jobs for women encouraged the municipality to create five new nurseries and the increased demand for medical attention brought about the expansion of the Guaíba Municipal Hospital.

New standards for transport routes

Taking the form of a public-private partnership, CMPC and the local Guaíba Council, are modernising the road network near to the mill, as well as public streetlights, water supply and drainage networks and cycle routes, which will extend to 7 kilometres. With these works, chronic problems causing flooding to streets and homes in the south of the city on rainy days, will be resolved.

The company will increase the use of the river network with larger bargers to transport pulp

through Lake Guaíba and Lake Dos Patos, and hence there will be major improvements to the Guaíba Port Terminal. In addition, important works at R rio Grande Port will be carried out so that they can operate transoceanic ships of greater depth and capacity.

The wood will be taken to the mill through a private road, freeing the city's public streets from this traffic.

More public energy

With the new production line there will be a new system to generate energy with steam from pulp production, producing a surplus of 30 MW of power that will be able to supply the electrical grid.

Protected forests

CMPC increased its forestry base in Rio Grande do Sul to 319.8 thousand hectares, of which 154.6 are to be preserved, including 81,000 hectares of native forests. The wood supply for Guaíba mill will be complemented by Fibria's plantations for the Diamante Project, in agreement with recent negotiations between both companies.

99.7%

At the Guaíba unit, 99.7% of waste coming from pulp production will be recycled and all effluent will be treated.

Europe and Asia

Optimising delivery

Sète port in France, and Gunsan in South Korea have become ports of entry for our products in the Mediterranean and in Asia.

Sea-Invest at Sète Port

By signing a contract with the port operator Sea-Invest, we are starting to make deliveries to Sète Port in France. This destination has convenient links for our customers in Europe as it has access to waterways which connect to the Rhône through the Rhône Canal and also to road networks, like the Lyon motorway, located 15 minutes from the port.

Sea-Invest is a port operator present in more than 25 ports in 9 countries; it has a logistics team of 6,000 people and controls around 100 million tonnes of goods per year. It has been managing pulp for thirty years at Sète port, where it has three pulp warehouses with a capacity of 18,000 tonnes.

CJ Korea Express at Gunsan Port

Signing an agreement with CJ Korea Express enabled us to improve the delivery conditions for our Asian customers at Gunsan port in South Korea. Gunsan has a modern intercity road network which enables the direct land transportation of goods to any part of Korea. It is believed that this port will play an important role as an entry port to China and North East Asia.

CJ Korea Express is Korea's largest logistics company, located in 16 countries and with 5,400 personnel.



*Sea-Invest,
located in 9 countries.*



*CJ Korea,
located in 16 countries.*



"We periodically evaluate our distribution network to choose the port where we can provide the best service to each of our customers"

*Raimundo Montt,
CMPC Pulp Logistics and
Transport Manager.*

Important port operators will ensure the quality of the delivery of our pulp at these destinations

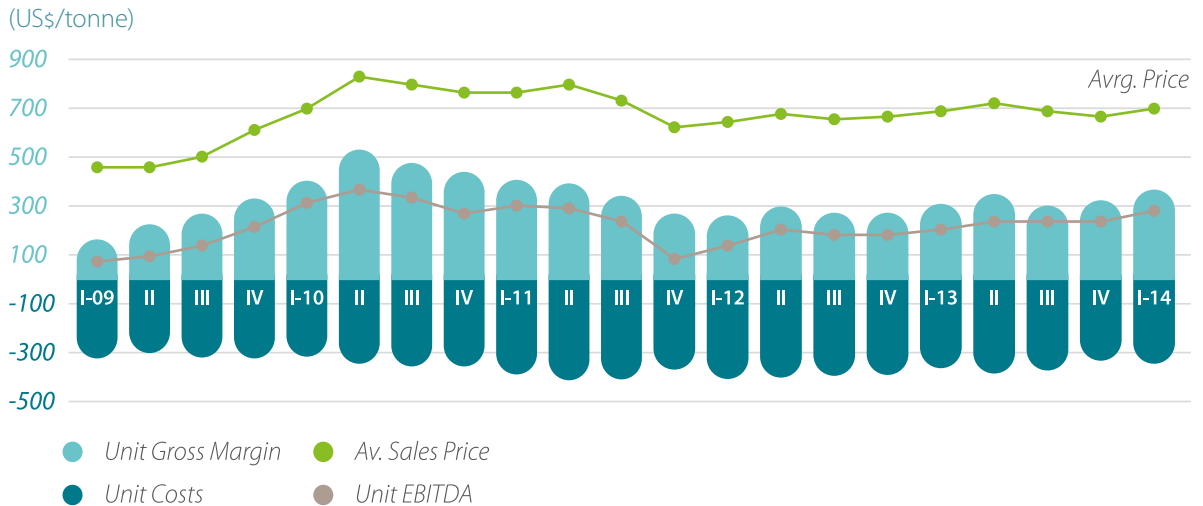
Facts & Figures 1Q2014

CMPC Pulp S.A. Consolidated Operating Results (Million Us\$)

	Accumulated Results			4Q2013	1Q2014	Q/Q-1
	1Q2013	1Q2014	Y/Y-1			
Sales	391	456	16%	462	456	-1%
Cost of Sales	223	235	6%	250	235	-6%
Gross Margin	169	221	31%	212	221	4%
Administrative & Selling	74	70	-6%	80	70	-13%
EBITDA	95	151	59%	132	151	14%
EBITDA/sales	24%	33%	--	29%	33%	--
Shareholders	1,612	1,780	10%	1,685	1,780	6%
Total Assets	4,994	5,620	13%	5,390	5,620	4%
Sales (Thousand tonnes)	577	645	12%	690	645	-6%
Average Sales price (US\$/ tonne)	679	706	4%	669	706	6%
Average exchange rate (\$/US\$)	472	551	-14%	516	551	-6%
Average exchange rate (R\$/US\$)	2,00	2,36	-16%	2,27	2,36	-4%

CMPC Pulp EBITDA reached US\$151 million in the first quarter of 2014, a figure that is 59% higher than the same period last year. Sales grew 16% due to higher volumes and prices. In addition, costs were 6% higher than last year, although sales volume increased by 12%. The Brazilian Real weakened 16% compared to the same period last year and the Chilean peso also weakened 14%.

CMPC Pulp S.A. Results by Quarter



1Q2014 results were slightly better than the quarter before, with the sales volume lower than 4Q2013. This lower sales volume was offset by a similar growth in average sales prices. Nevertheless, costs were also lower mainly because both Chilean (-6%) and Brazilian (-4%) exchange rates kept weakening during the last quarter 2013. For these reasons the net impact on our EBITDA was +14%.

CMPC: Market Pulp Sales 1Q2014
553 thousand tonnes



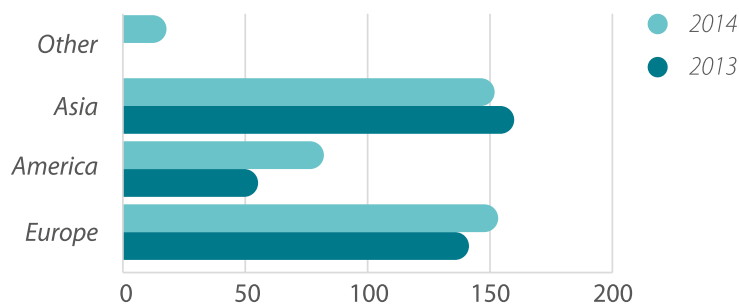
45% Asia
2% Other
34% Europe
19% America

CMPC: Market Pulp Sales 1Q2013
488 thousand tonnes

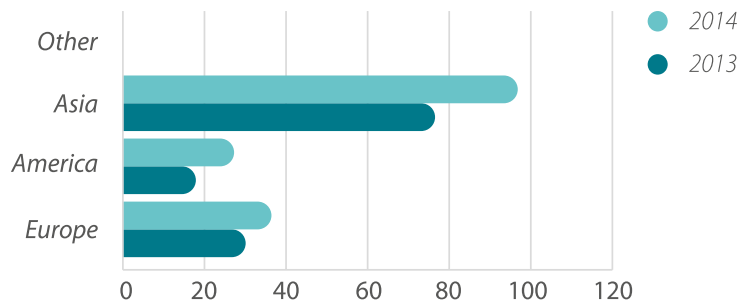


48% Asia
36% Europe
16% America

BEKP Sales (1000s tonnes)



BSKP Sales (1000s tonnes)



BEKP sales growth reflects the search for new markets for Guaíba mill Line 2, which will be operative by the middle of next year.

This quarter we began to seek out new customers for our future Line 2 at Guaíba mill.



CMPC News

Michael Hsu, Director Beauflex; Guillermo Mullins, Sales and Marketing Director, CMPC Pulp; Washington Williamson, CEO CMPC Pulp; Koe Hsu, President Beauflex; Hernan Rodríguez, CEO CMPC Group; David Hsu, Managing Director Beauflex; Javier Montes, Sales Director - Asia, CMPC Pulp.

Taiwanese agents visit Chile

In May we welcomed top executives from Beauflex, our representatives in Taiwan, to our central offices and mills in the South of Chile. Their visit is part of a programme

to strengthen relationships with our business partners, in order to help them convey our value proposition through the culture of each market.



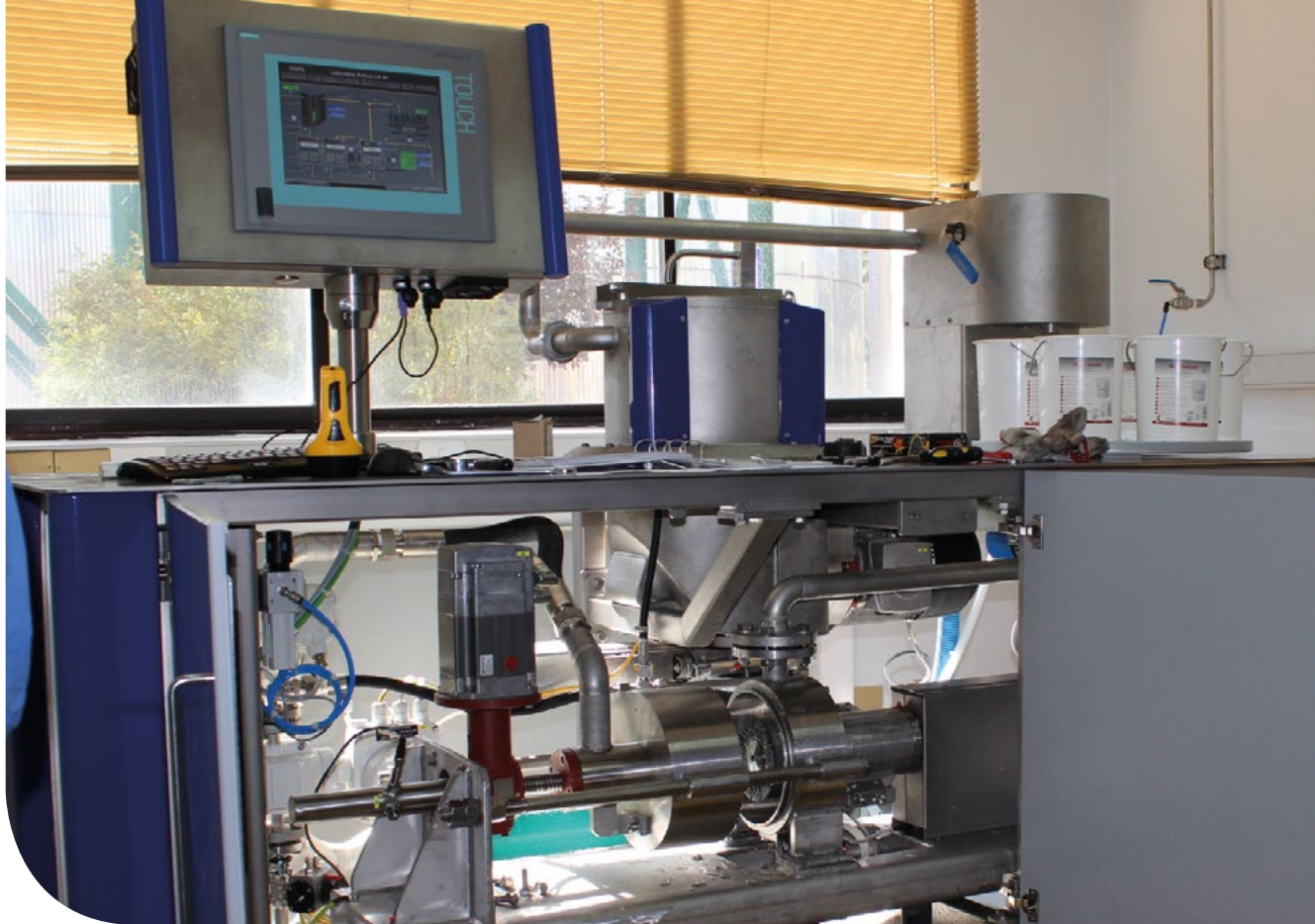
*Raimundo Varela,
Logistic, Services and
Planning Manager.*

New manager

Raimundo Varela has been CMPC Pulp's Logistics, Services and Planning Manager since April, a position that was created to strengthen commercial management and customer service, given the strong growth that the new production line at Guaíba Mill will generate.

Varela has more than 15 years of experience at an executive level with manufacturing and

commodities companies in Asia, Latin America and the US. He has lived in Singapore, the Philippines, England, New York and Miami, in addition to his native country, Chile. He has a business management degree from the university, Pontificia Universidad Católica de Chile, with postgraduate studies in England (AMP, Henley Business School), and in Chile (PADE, ESE Business School).



In addition to traditional applications, the new pilot refiner enables mixtures of pulps to be used and studies to be created using disk or cone refining.

Product Development

New tools

We have strengthened our ability to develop solutions which bring added value to our customers, with the use of leading technology.

Our Research and Development Centre set up equipment to reproduce the pulp refining process under very similar conditions to the industrial process. This tool will enable us to provide greater technical support, guide our customers on the most suitable way to process our pulp, and progress towards developing pulp with fibre combinations that optimise paper production processes.

This new pilot refiner involved an investment of US\$600,000. It has an interchangeable system of disks and cones of different sizes, both traditional as well as low intensity refining technology, additional systems for preparing pulpwood and an automated operation with a control system via a machine-operated interface.

Genetic Development

Output increasing

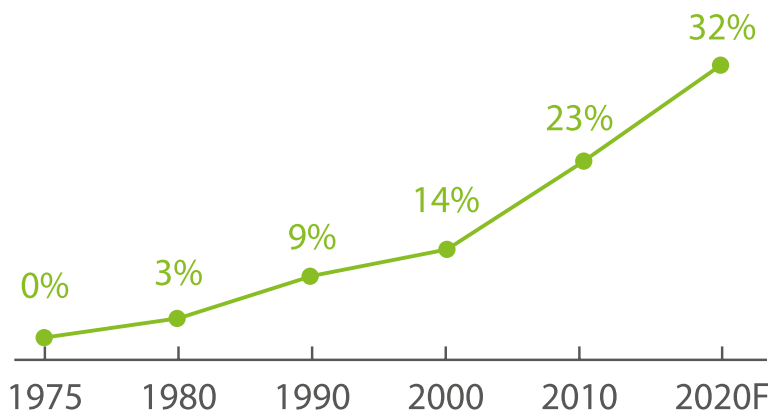
By 2016 we will have clone materials from hybrid eucalyptus with higher tonnage pulp output per hectare, and also pine clones with higher growth than our current plantations.

CMPC Forestry's plantations use a common material from our own intensively managed orchards to obtain crossed seeds which are genetically proven to generate greater quantities and better quality wood for the industrial process. The company has an area of around 200 hectares of seed orchards with three commercial species, *Pinus radiata*, *Eucalyptus globulus* and

Eucalyptus nitens, and an annual harvest of about 800 kilograms of seed which is used both for the company's own plantations as well as for small and medium sized forest nurseries.

Studying the wood properties of select clones enables, in turn, the basic density to be improved and the output for pulping, hence the industrial output of the pulp.

Percentage Volume Increase per hectare*



* The percentage of volume increases over the years at plantations due to improvements in genetics and silviculture. Weights based on surface area.

Genetic improvements at CMPC's laboratories mean a forecast of a 32% increase in the volume of species to be planted in 2020.



Eucalyptus nitens seed pods, from which seeds are obtained on maturity.



higher volume than in the 1980's.



Orchards for intensively managed eucalyptus for seed production.



Verónica Emhart, Assistant Director of Genetics at Mininco Forestry.



Wood from select clones.

“As a result of the genetic improvement programme, today CMPC plants radiata pine with a 30% higher volume than in the 1980s”



We at CMPC Pulp, are a team of professionals committed with our customers' growth and success, providing them a wide range of different wood fibres through our comprehensive commercial network, based in local commercial representatives that can support our customers faster and better.

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