

3rd Quarter FY2009 Financial Review



NIPPON PAPER
GROUP

February 1, 2010

Nippon Paper Group, Inc.



3rd Quarter FY2009 Review

(October 1 – December 31, 2009)

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(April 1, 2009 – March 31, 2010)

(1) Industry Overview – ① Domestic Shipment



Paper industry

Domestic shipment of paper and paperboard
3Q/FY2009 (Oct. – Dec. 2009)

	Shipment(1,000 tons)	% change yoy
Newsprint	854	-3.8%
Uncoated printing paper	525	-3.8%
Coated printing paper ※	1,242	-8.2%
Business communication paper	357	-4.2%
Other papers (Packaging paper, sanitary paper, and paper for miscellaneous uses)	936	-0.1%
Paper total	3,913	-4.5%
Paperboard total	2,828	1.6%
Paper and paperboard total	6,742	-2.0%

※ “Bitoko” paper is included in coated printing paper.

Source: Japan Paper Association

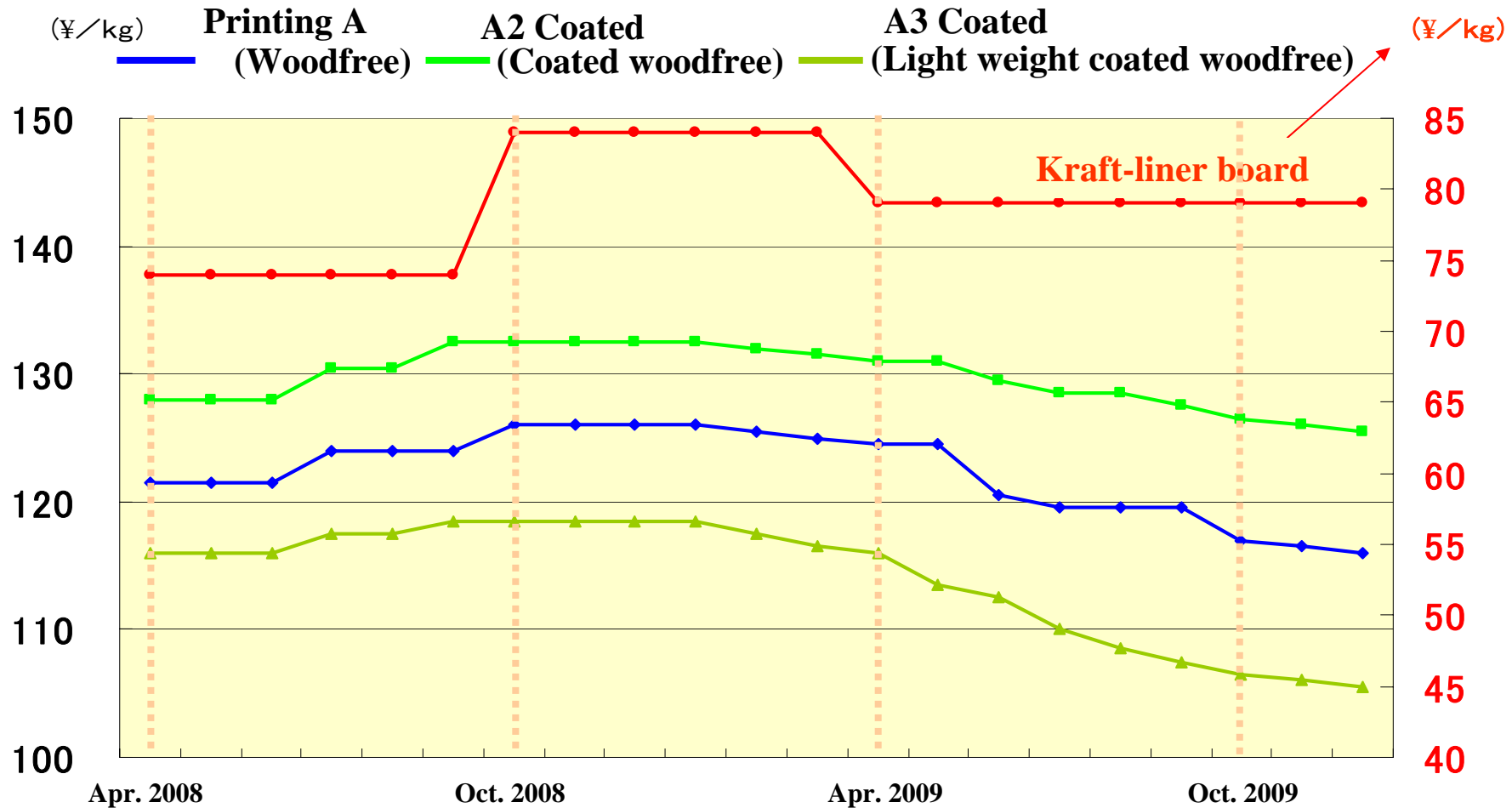
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(1) Industry Overview – ② Market Price Trend



Paper industry

Trend in paper and paperboard prices
(Apr. 2008 – Dec. 2009)

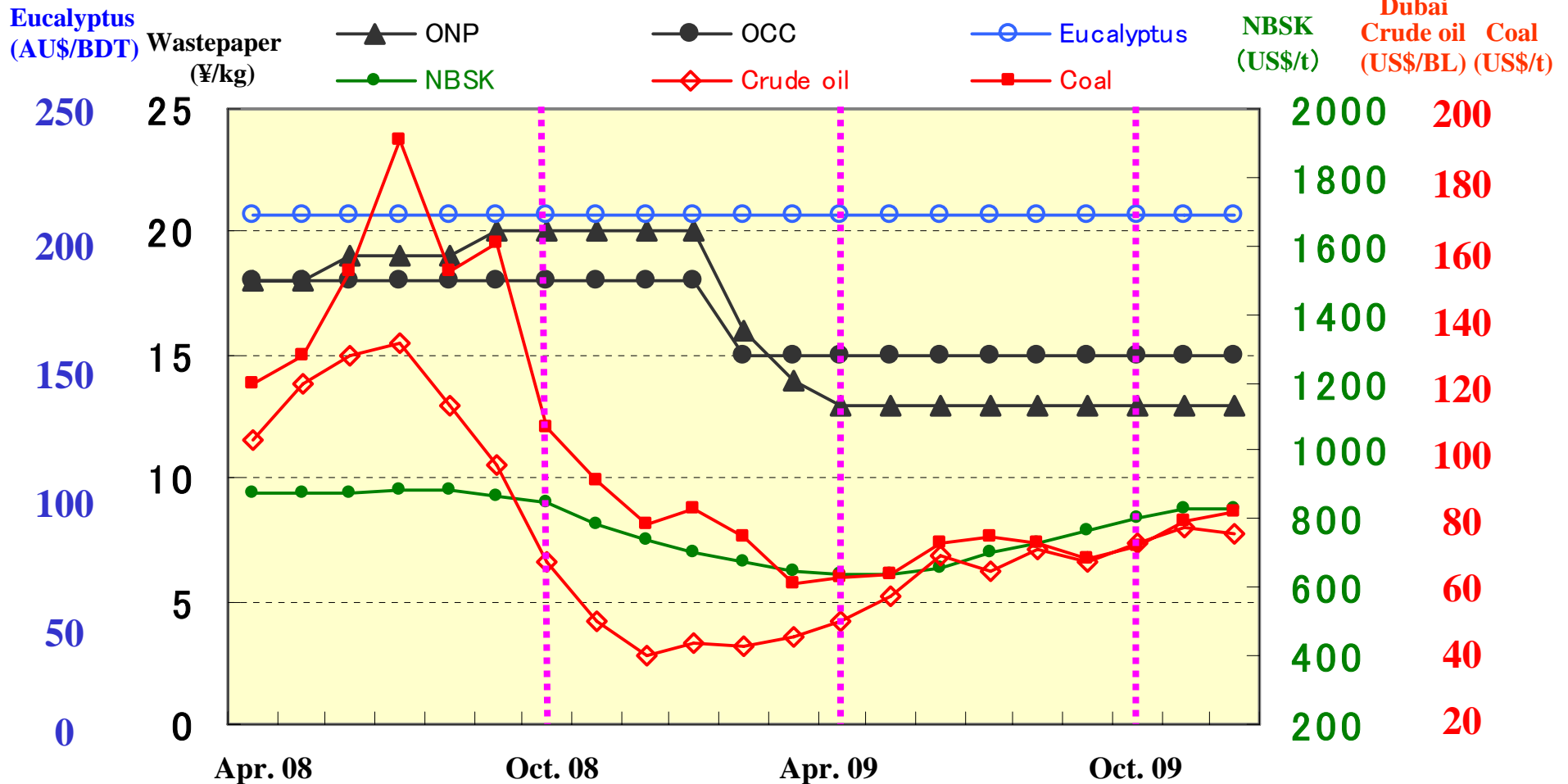


(1) Industry Overview – ③ Cost Environment



Paper industry

Trend in fuel and raw material prices (Apr. 2008 – Dec. 2009)



Source: Paper Recycling Promotion Center, *Pulp&Paper Week*,
Crude oil= Platts, Coal=Global Coal Index

Topics (Oct. 2009 – Jan. 2010)

- Nov.09** -Nippon Paper Group, Inc. and NARO(*) have developed a new tea species
- Dec.09** -Nippon Paper Chemical to build a new pulp machine at Gotsu Mill
- Nippon Paper industries joined a promotion program for utilizing thinning logs in Nishiawakura village, Okayama Pref.
- Jan.10** -SHIKOKU COCA-COLA BOTTLING Co., Ltd to expand PET bottle filling line

(*) NARO: National Agriculture and Food Research Organization

● (3) Financial Results ① Outline



Consolidated operating results

(¥ billion)	3Q FY2008	3Q FY2009	FY2009 9 mos Accum. (Apr. – Dec. 2009)
<Net sales>	300.3	290.5	817.3
<Operating income>	5.9	12.3	30.9
<Ordinary income>	3.4	10.8	28.6
<Net income>	0.5	18.9	26.7

● (3) Financial Results ② Sales volume by product



(Thous and tons)	3Q FY2008	3Q FY2009	% change yoy
Newsprint	323	310	-3.9%
Uncoated paper	143	147	2.9%
Coated paper	379	367	-3.1%
Business communication paper	166	160	-3.4%
Packaging paper and others	117	113	-3.6%
Total domestic sales	1,128	1,098	-2.7%
Export (including newsprint)	99	112	13.0%
Total (paper)	1,227	1,210	-1.4%
Contaier board	315	301	-4.6%
Folding box board and others	96	91	-5.1%
Total domestic sales	411	392	-4.7%
Export	4	6	41.7%
Total (paperboard)	415	398	-4.3%
Grand total (paper and paperboard)	1,642	1,607	-2.1%

● (3) Financial Results ③ Segment information



(¥ billion)

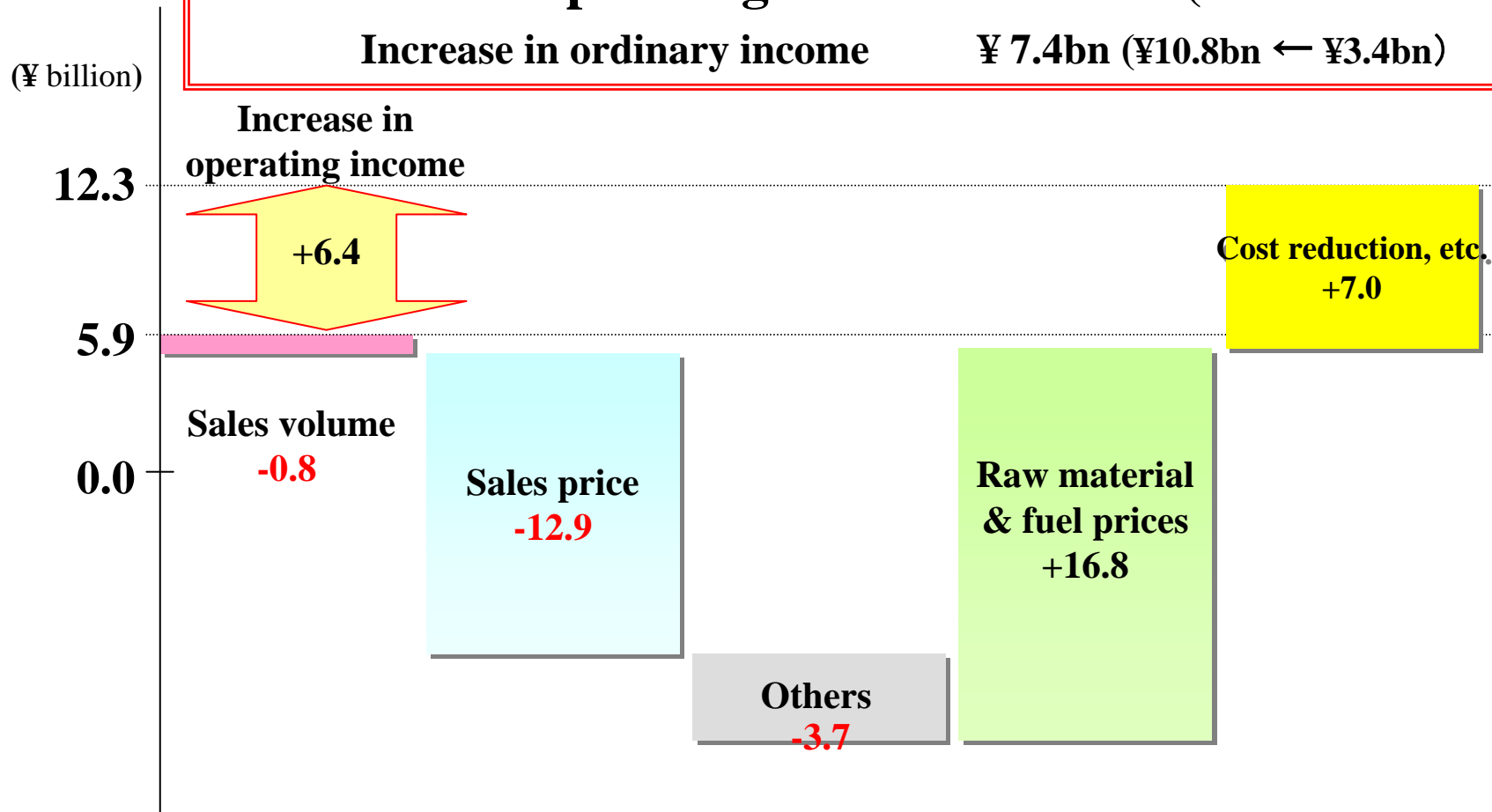
Division	Sales			Operating income		
	3Q FY2008	3Q FY2009	Change	3Q FY2008	3Q FY2009	Change
Pulp and Paper	235.7	231.4	-4.3	2.9	8.9	6.0
Paper-related (cartons, chemical products)	22.6	22.5	-0.1	0.6	1.4	0.7
Housing and Construction Materials	17.8	14.2	-3.6	0.7	0.5	-0.2
Other (beverages, transport)	24.3	22.4	-1.8	1.6	1.6	-0.1
Total	300.3	290.5	-9.8	5.9	12.3	6.4

● (3) Financial Results ④ Analysis of profit and loss



3Q/FY2009 vs. 3Q/FY2008

Increase in operating income ¥6.4 bn (¥12.3bn ← ¥5.9bn)
Increase in ordinary income ¥ 7.4bn (¥10.8bn ← ¥3.4bn)



(3) Financial Results ⑤ Balance sheet



(¥ billion)

Balance sheet

	Sep. 31, 2009	Dec. 31, 2009	Change	Comments
Cash and time deposits	17.5	20.7	3.2	
Notes and accounts receivable	215.5	255.8	40.3	
Inventories	170.3	162.0	-8.4	
Other current assets	38.8	58.6	19.8	
Property, plant, equipment, and intangible fixed assets	901.9	888.4	-13.6	Capital investment 7.8bn, Depreciation -20.8 bn , etc.
Investments and other assets	186.3	174.4	-11.9	
Total assets	1,530.4	1,559.8	29.5	
Interest-bearing debt	791.0	797.3	6.3	
Other debt	291.8	311.9	20.1	
Net assets	447.6	450.6	3.1	

● (4) Earnings Forecast ① Outline



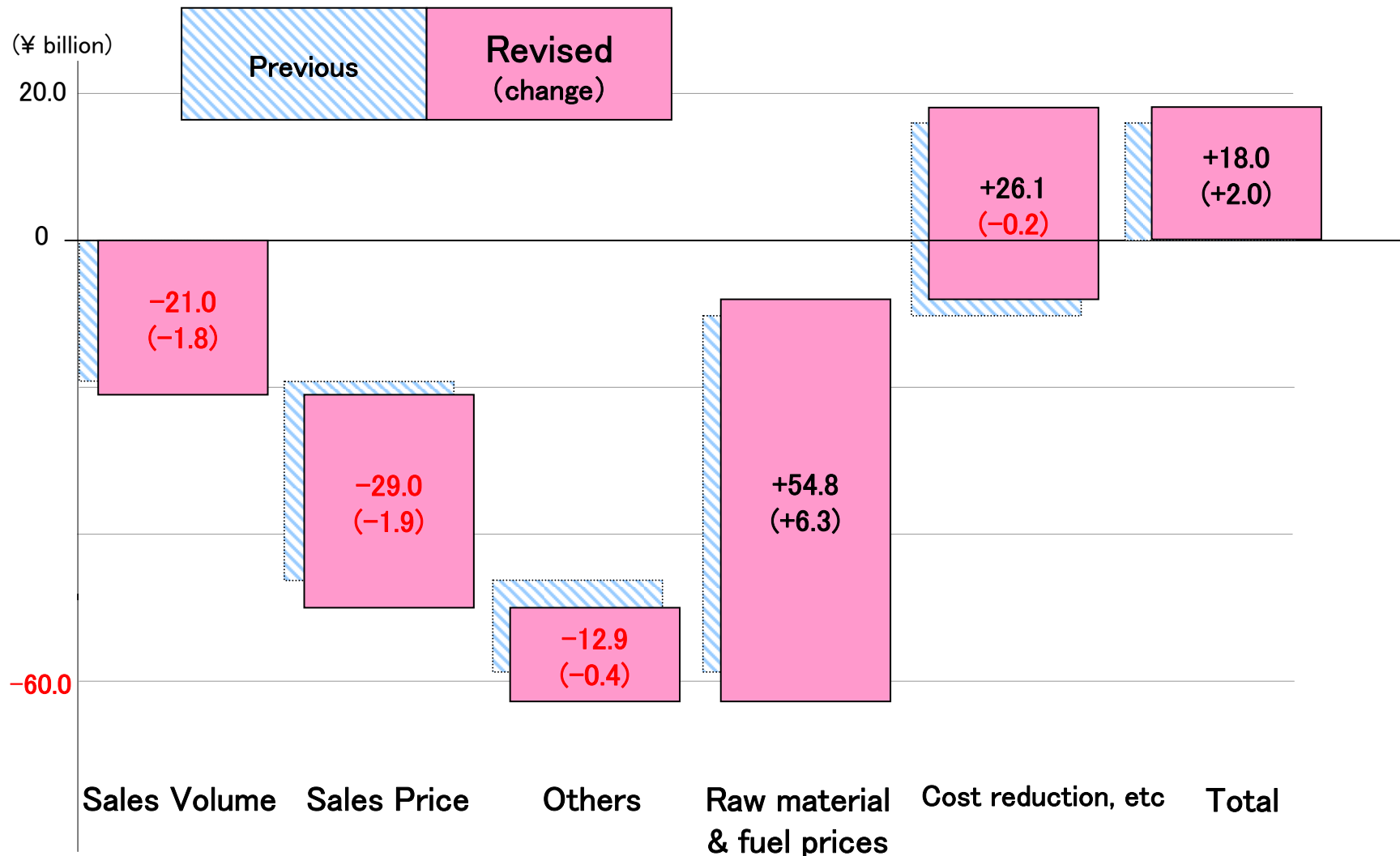
FY2009 Earnings forecast revised:

(¥ billion)	Previous: as of 30 Oct.09	Revised: as of 1 Feb.10	FY2008 Results
<Net sales>	1,090.0	1,090.0	1,188.1
<Operating income>	36.0	38.0	20.0
<Ordinary income>	30.0	33.0	17.9
<Net income>	22.0	24.0	-23.3

(4) Earnings Forecast ② Analysis of profit and loss



FY2009 forecast vs. FY2008



Disclaimer Regarding Forward-Looking Statements

Any statements in this presentation document, other than those of historical fact, are forward-looking statements about the future performance of Nippon Paper Group, Inc. and its group companies. These statements are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.

Nippon Paper Group, Inc.