

1st Quarter FY2009 Financial Review



NIPPON PAPER
GROUP

August 4, 2009

Nippon Paper Group, Inc.



1st Quarter FY2009 Review

(April 1 – June 30, 2009)

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(April 1, 2009 – March 31, 2010)

(1) Industry Overview – Domestic Shipment



Paper Industry

Domestic shipment of paper and paperboard 1Q/FY2009 (April 2009 – June 2009)

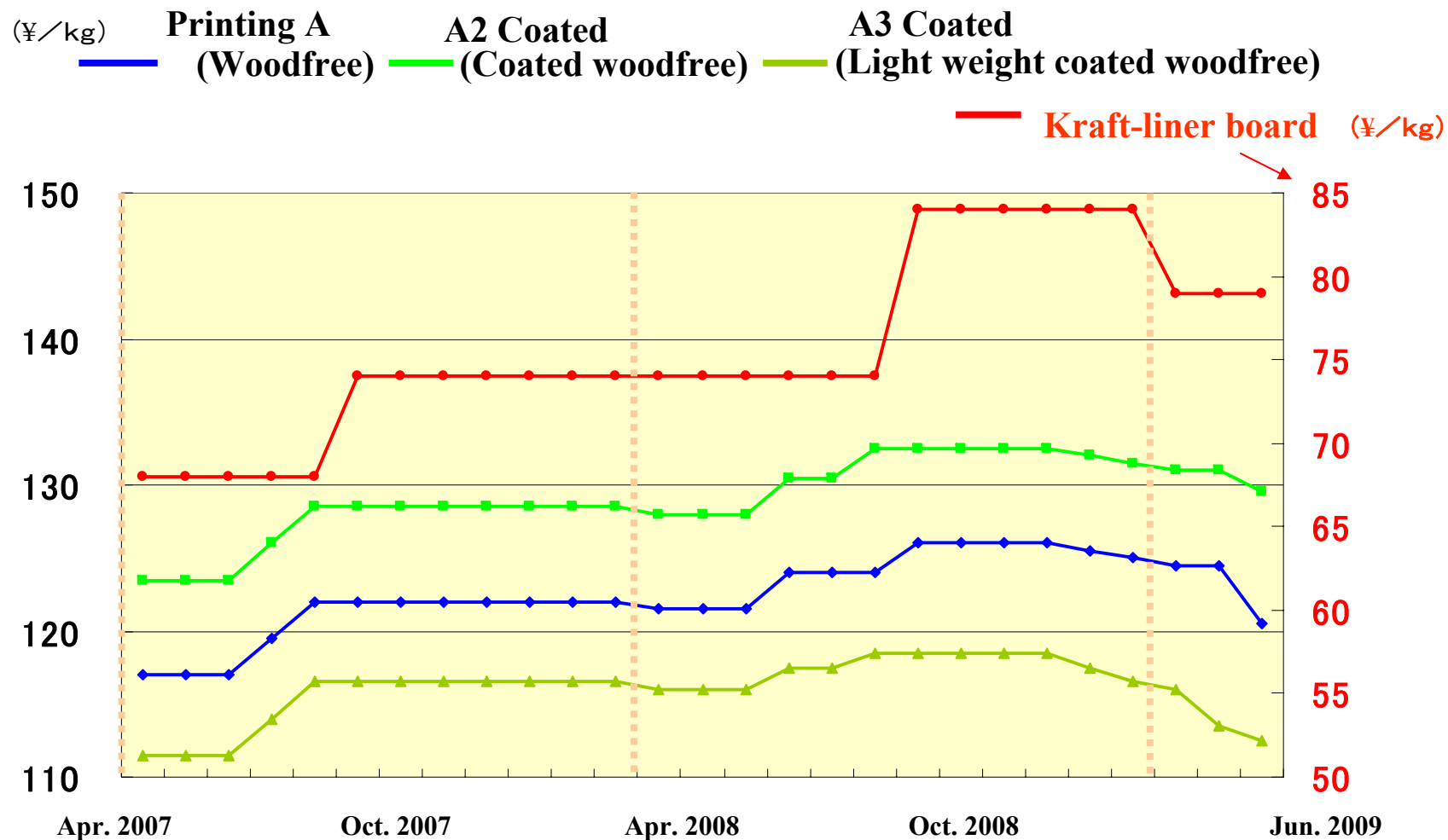
	Shipment(1,000 tons)	% change yoy
Newsprint	822	-5.4%
Uncoated printing paper	518	-12.4%
Coated printing paper ※	1,215	-27.2%
Business communication paper	365	-15.4%
Other papers (Packaging paper, sanitary paper, and paper for miscellaneous uses)	859	-13.0%
Paper total	3,779	-16.9%
Paperboard total	2,622	-11.0%
Paper and paperboard total	6,401	-14.6%

※ “*Bitoko-shi*” paper is included in coated printing paper. Source: Japan Paper Association

(1) Industry Overview – Market Price Trend

Paper Industry

Trend in paper and paperboard prices (April 2007 – June 2009)

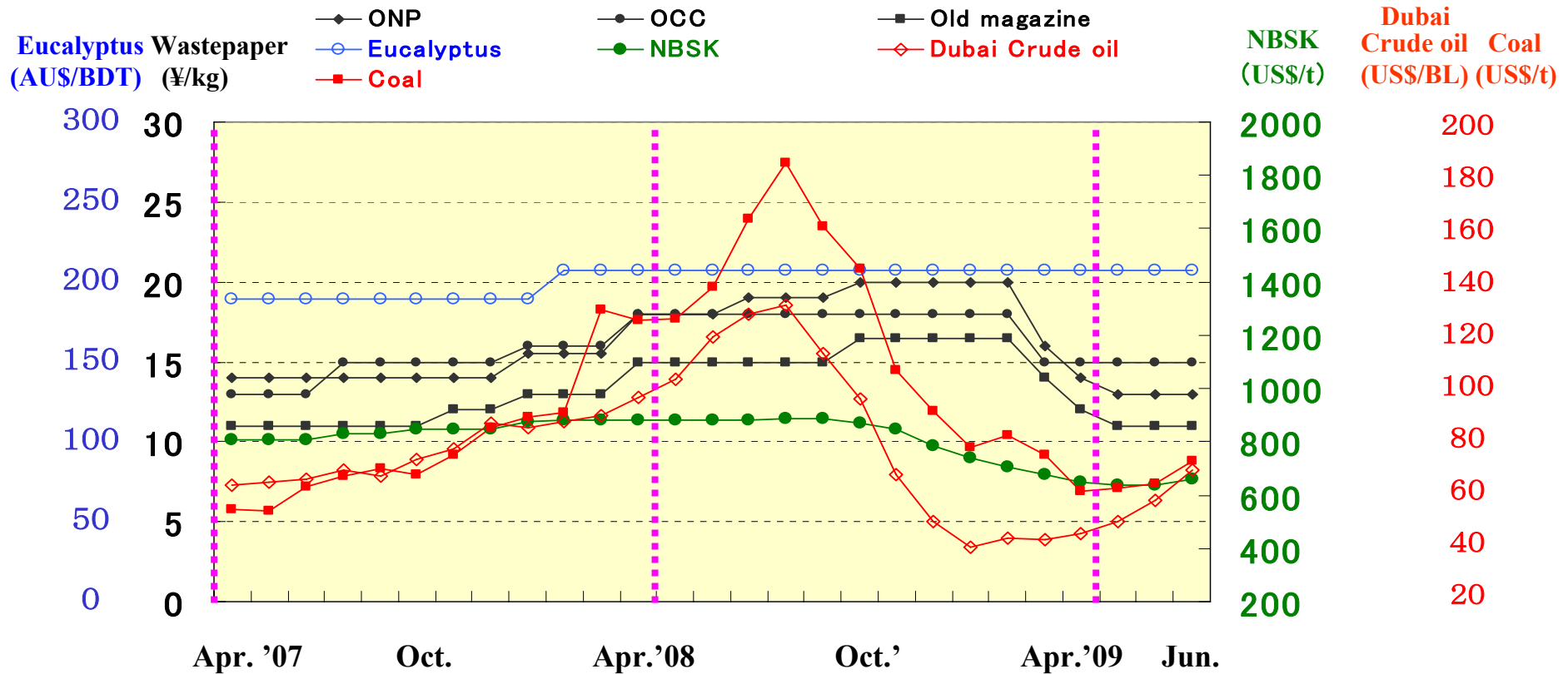


(1) Industry Overview – Cost Environment



Paper Industry

Trend in fuel and raw material prices (April 2007 – June 2009)



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

(2) Group Topics

Topics of the 1st Quarter

Apr.09 -Nippon Paper Chemicals developed clear hardcoat film for Next-Generation LCD Panels

May.09 -Nippon Paper Group, Inc. and its major group companies relocated the headquarters

Jun.09 -Nippon Paper Industries acquired all outstanding shares of Paper Australia Pty Ltd

-An alternative fuel boiler came on line at Otake Mill, Nippon Daishowa Paperboard

-Nippon Paper Group, Inc. announced conversion of Shikoku Coca-Cola Bottling Co.,Ltd. into a wholly owned subsidiary

-Nippon Paper Group, Inc. revised the plan against Large-Scale Purchases of the shares (Takeover Defense Measures)

●(3)Financial Results ① Outline



Consolidated operating results

(¥ billion)	1 st Q FY2008	1 st Q FY2009	Change
<Net sales>	311.1	254.5	-56.6
<Operating income>	5.2	7.2	2.0
<Ordinary income>	6.4	8.1	1.7
<Net income>	1.4	1.9	0.5

● (3) Financial Results ② Sales volume by product



(Thous and tons)	1Q FY2008	1Q FY2009	% change yoy
Newsprint	312	298	-4.7%
Uncoated paper	171	142	-17.0%
Coated paper	553	371	-32.9%
Business communication paper	189	160	-15.3%
Packaging paper and others	134	106	-20.7%
Total domestic sales	1,359	1,077	-20.8%
Export (including newsprint)	118	66	-44.3%
Total (paper)	1,477	1,142	-22.7%
Container board	329	277	-15.6%
Folding box board and others	94	82	-12.7%
Total domestic sales	423	360	-15.0%
Export	10	4	-60.8%
Total (paperboard)	433	364	-16.0%
Grand total (paper and paperboard)	1,910	1,506	-21.2%

※calculated excluding newsprint.

(3) Financial Results ③ Segment information



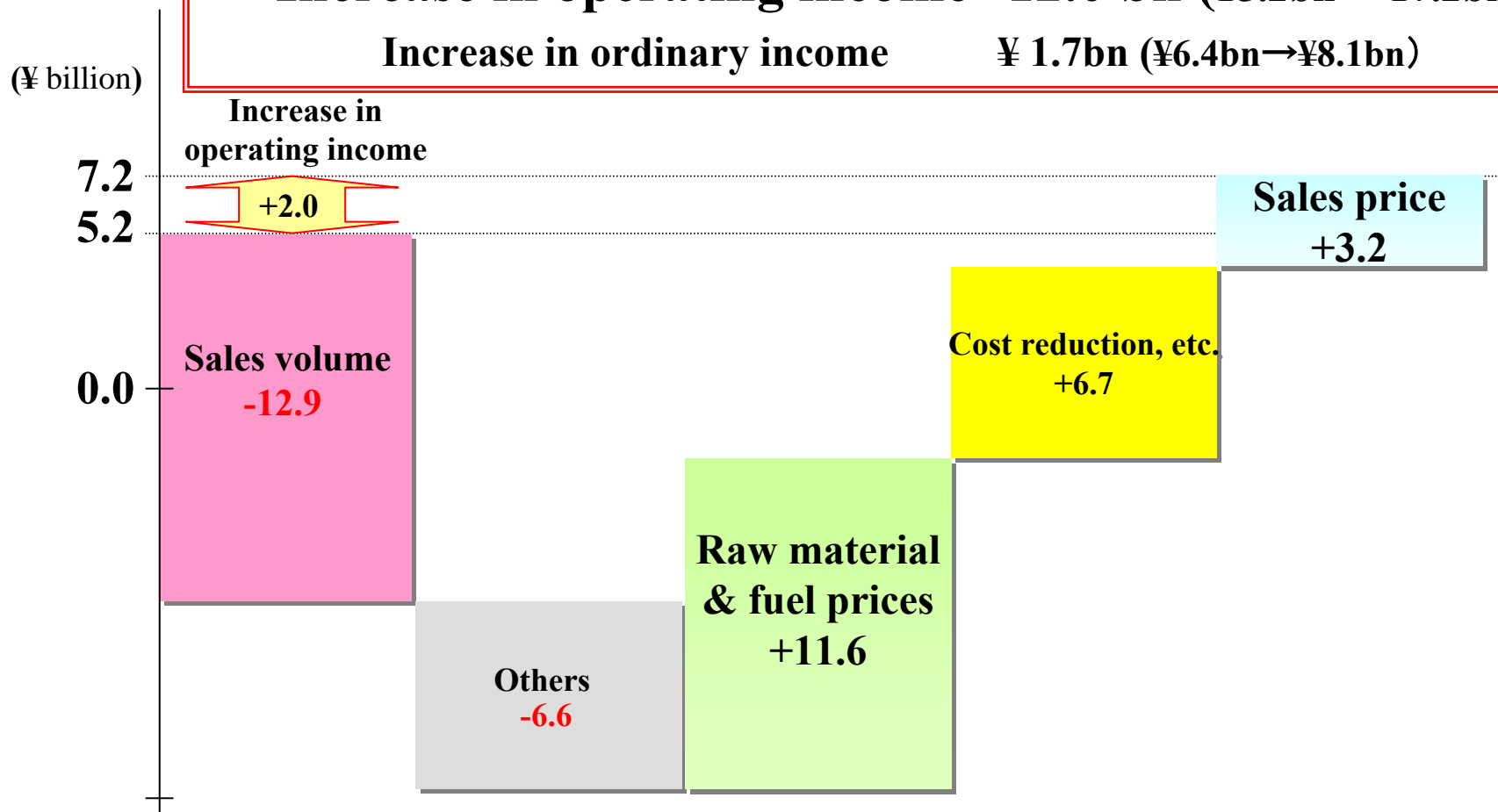
(¥ billion)

Division	Sales			Operating income			Comments
	1Q FY2008	1Q FY2009	Change	1Q FY2008	1Q FY2009	Change	
Pulp and Paper	248.9	203.9	-45.0	3.4	6.7	3.3	Sales declined, but operating income increased due to decrease in input costs and increase in sales prices.
Paper-related (cartons, chemical products)	24.6	21.7	-2.9	1.0	0.6	-0.4	
Housing and Construction Materials	19.3	12.3	-7.0	0.3	▲ 0.1	-0.4	
Other (beverages, transport)	18.3	16.6	-1.7	0.5	▲ 0.0	-0.5	
Total	311.1	254.5	-56.6	5.2	7.2	2.0	

(3) Financial Results ④ Analysis of profit and loss

1stQ/FY2009 vs. 1stQ/FY2008

Increase in operating income ¥2.0 bn (¥5.2bn → ¥7.2bn)
Increase in ordinary income ¥ 1.7bn (¥6.4bn → ¥8.1bn)



(3) Financial Results ⑤ Balance sheet



(¥ billion)

Balance sheet	Mar. 31, 2009	Jun. 30, 2009	Change	Comments
Cash and time deposits	15.1	16.8	1.7	
Notes and accounts receivable	211.4	246.2	34.8	
Inventories	165.5	176.8	11.3	
Other current assets	44.0	50.1	6.1	
Property, plant, equipment, and intangible fixed assets	878.7	913.9	35.2	Capital investment 11.0bn ,Consolidation of Paper Australia etc.45.6bn Depreciation -20.0 bn , etc.
Investments and other assets	177.3	185.5	8.2	
Total assets	1,492.0	1,589.3	97.3	
Interest-bearing debt	784.3	867.4	83.0	
Other debt	283.1	280.4	-2.8	
Net assets	424.6	441.6	17.0	Translation adjustments 12.4bn, Cash dividends -4.5bn, Unrealized gains on other marketable securiteies 6.3bn, Net income 1.9bn, etc.

(4) Earnings Forecast



FY2009 1st 6month Earnings forecast revised:

(¥ billion)	Original: as of 28 Apr.09	Revised: as of 4 Aug.09	FY2009 Full-year Forecast Unchanged
<Net sales>	540.0	540.0	1,080.0
<Operating income>	13.0	13.0	32.0
<Ordinary income>	10.0	12.0	24.0
<Net income>	5.0	5.0	12.0

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.