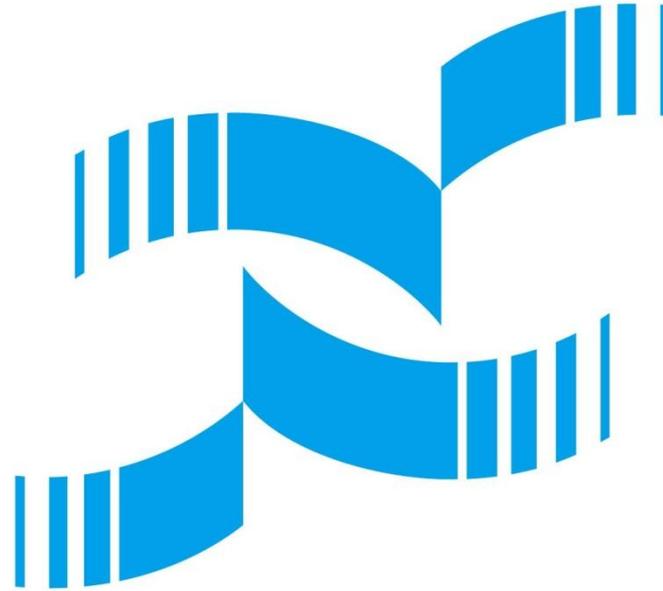




# 1<sup>st</sup> Quarter FY2013 Financial Review

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August 6, 2013

Nippon Paper Industries Co., Ltd.





## 1<sup>st</sup> Quarter FY2013 Review (April 1 – June 30, 2013)

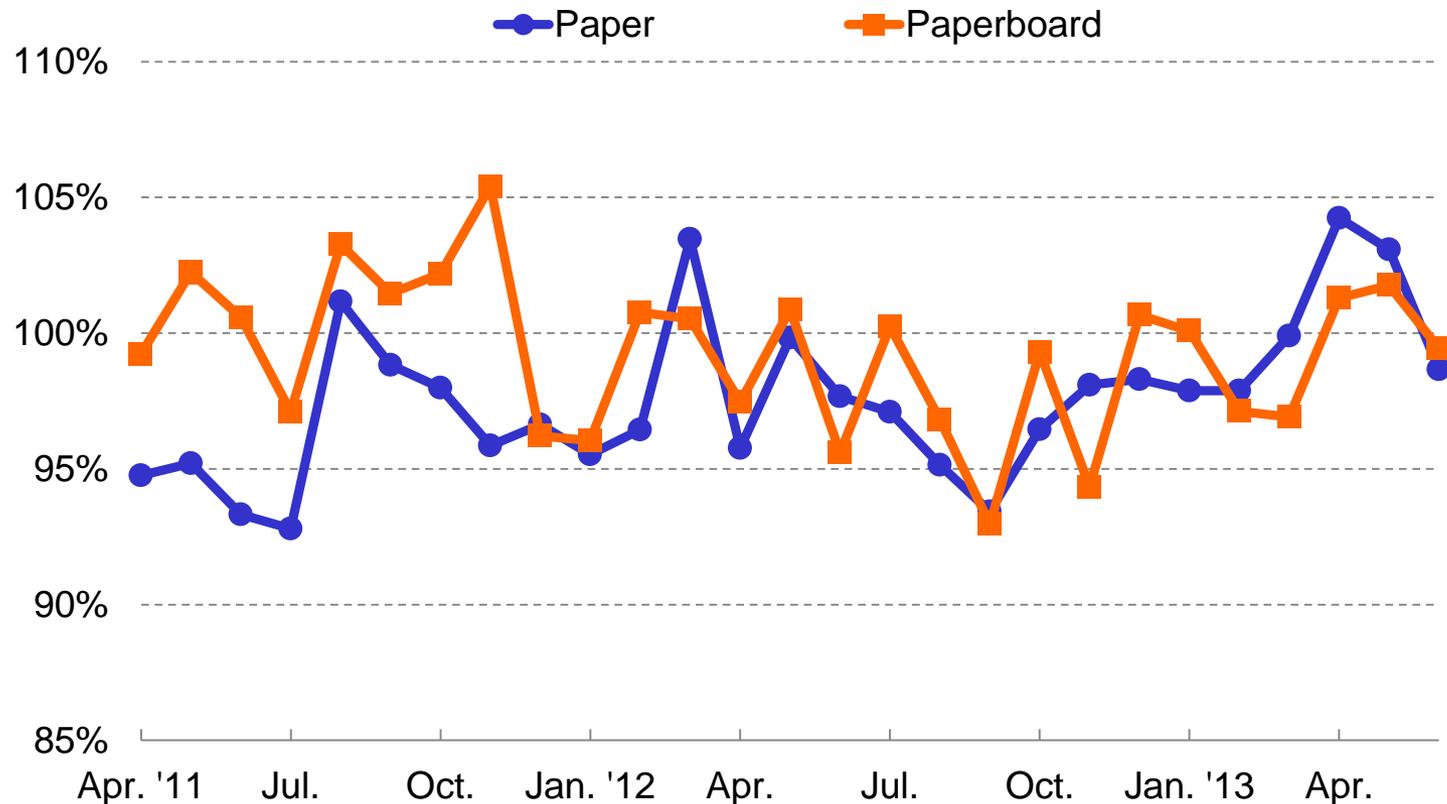
1. Business environment
2. Financial results
3. Earnings forecast

# 1. Business Environment: *Domestic Shipment*



## Domestic shipment improved YOY

### Domestic shipment of Japanese paper industry (YOY)



Source: Japan Paper Association

# 1. Business Environment: Domestic Shipment, Exports and Imports



Imports volume sharply fell off, while domestic shipments and exports volume increased

	Apr. - Jun. 2013				Apr. - Jun. 2013	
	Domestic shipments		Exports		Imports	
	volume ('000 tons)	YOY	volume ('000 tons)	YOY	volume ('000 tons)	YOY
Newsprint	785	-0.9%	0	-50.0%	14	53.4%
Printing & business communication paper	1,993	4.4%	158	28.5%	329	-20.8%
Coated paper *	1,143	7.1%	125	35.3%	145	-35.9%
Uncoated & specialty printing paper	528	3.8%	23	3.9%	41	-25.0%
Business communication paper	322	-3.5%	10	18.0%	143	6.1%
Other papers (packaging, sanitary and other miscellaneous uses)	805	-1.0%	45	34.8%	11	-0.3%
<b>Paper total</b>	<b>3,582</b>	<b>1.9%</b>	<b>204</b>	<b>29.6%</b>	<b>354</b>	<b>-18.7%</b>
Container board	2,178	1.3%	38	187.6%	26	-26.9%
Folding box board and others	546	-1.0%	8	25.4%	71	1.0%
<b>Paperboard total</b>	<b>2,724</b>	<b>0.8%</b>	<b>45</b>	<b>136.8%</b>	<b>97</b>	<b>-8.3%</b>
<b>Paper and paperboard total</b>	<b>6,306</b>	<b>1.5%</b>	<b>249</b>	<b>41.3%</b>	<b>451</b>	<b>-16.7%</b>

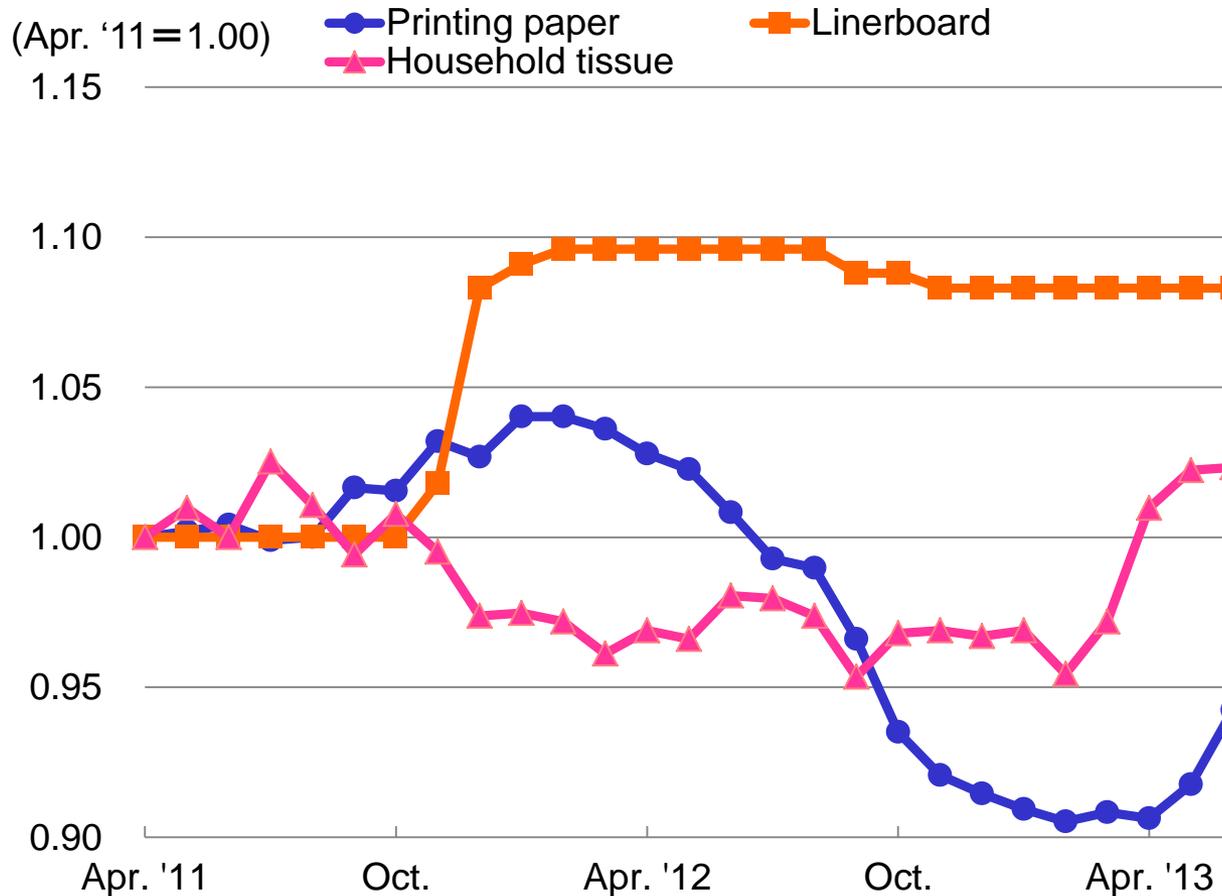
※ "Bitoko-shi" paper is included in coated paper.

Source: Japan Paper Association

# 1. Business Environment: *Domestic Price Trends*



## Printing paper price began to hike

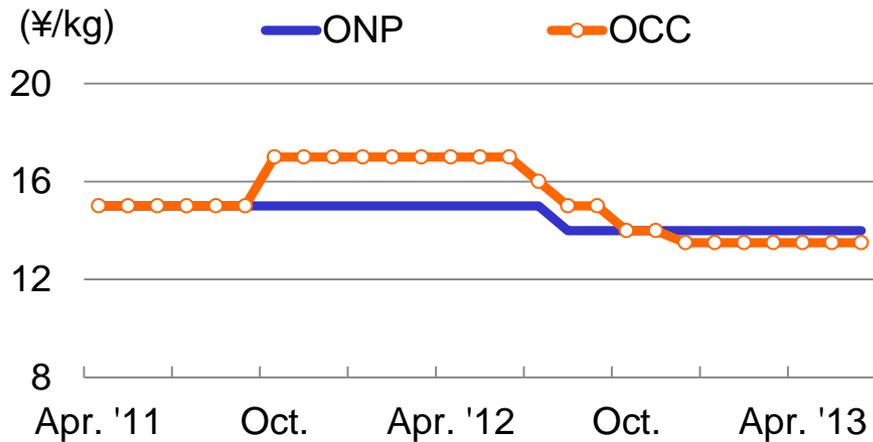


# 1. Business Environment: *Major Input Price Trends*

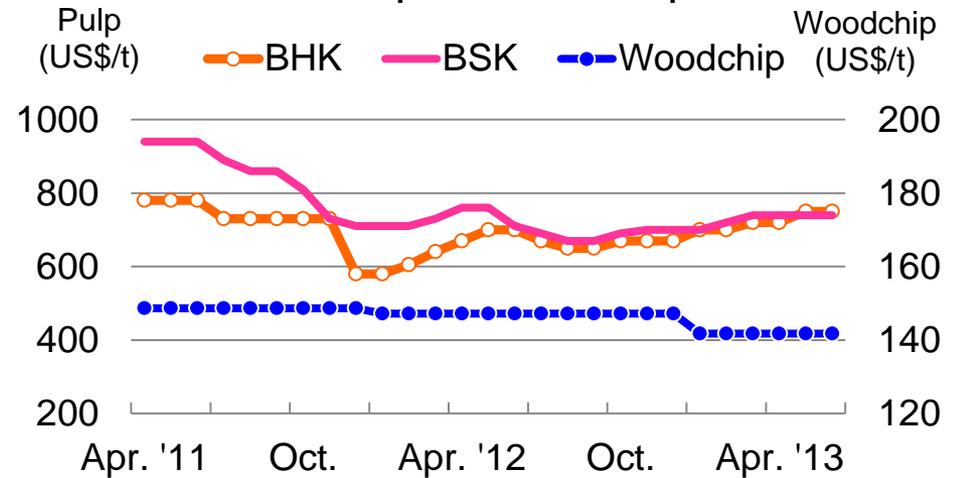


Japanese yen has been depreciated, meanwhile the prices are flattened

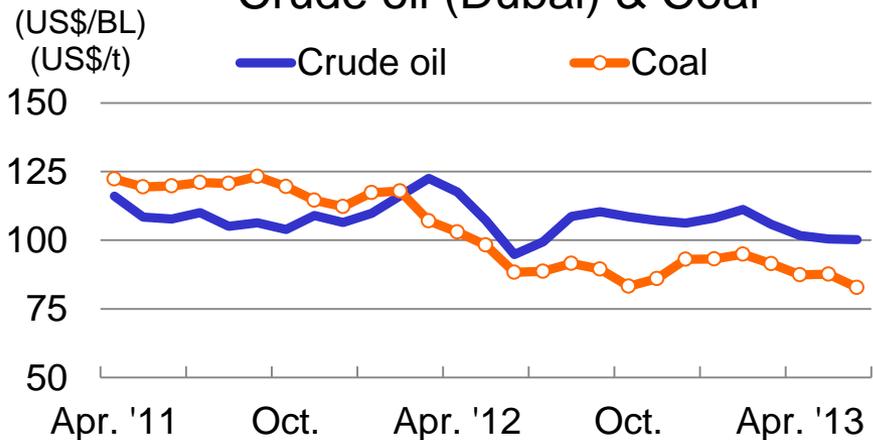
### Wastepaper



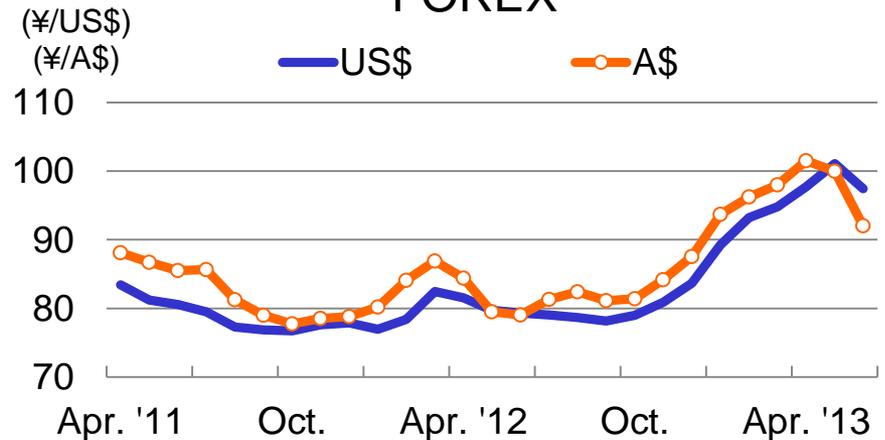
### Pulp & Woodchip



### Crude oil (Dubai) & Coal



### FOREX



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

## 2. Financial Results: *Highlights*



(¥billion)	FY2013 1Q Results	Change (YOY)	FY2012 1Q Results
<Net sales>	256.3	4.8	251.5
<Operating income>	4.0	-2.0	6.0
<Ordinary income>	4.7	-0.5	5.2
<Net income>	5.1	4.7	0.4

- Net sales increased YOY due to the recovery of paper sales in accordance with the restoration of disaster suffered mill.
- Though cost reductions were steadily executed, operating income and ordinary income were below the previous year due to the decline of printing paper price.
- Net income jumped up YOY due to gain on sales of non current assets 5.1 ¥ billion.



## 2. Financial Results: *Segment Information*

Operating income decreased in pulp & paper segment with the paper price decline

Upper row: Sales Lower row: Operating income (¥billion)	FY2012				FY2013	Change (YOY)
	1st QTR	2nd QTR	3rd QTR	4th QTR	1st QTR	
Pulp and paper	200.2	199.2	204.0	198.0	202.5	2.3
	4.1	3.5	0.8	4.6	2.1	-2.0
Paper related (packaging and chemical products)	23.5	24.6	23.8	22.5	23.5	0.0
	1.7	1.7	2.0	0.8	1.3	-0.4
Wood products and construction related	13.1	14.7	16.4	16.5	15.7	2.6
	0.3	0.6	0.9	0.9	0.6	0.3
Other (beverages, logistics, etc.)	14.7	17.2	19.6	17.1	14.6	-0.1
	-0.1	0.9	1.2	1.2	0.1	0.1
Total	251.5	255.7	263.8	254.1	256.3	4.8
	6.0	6.7	4.8	7.6	4.0	-2.0

## 2. Financial Results: *Sales Volume by Product*



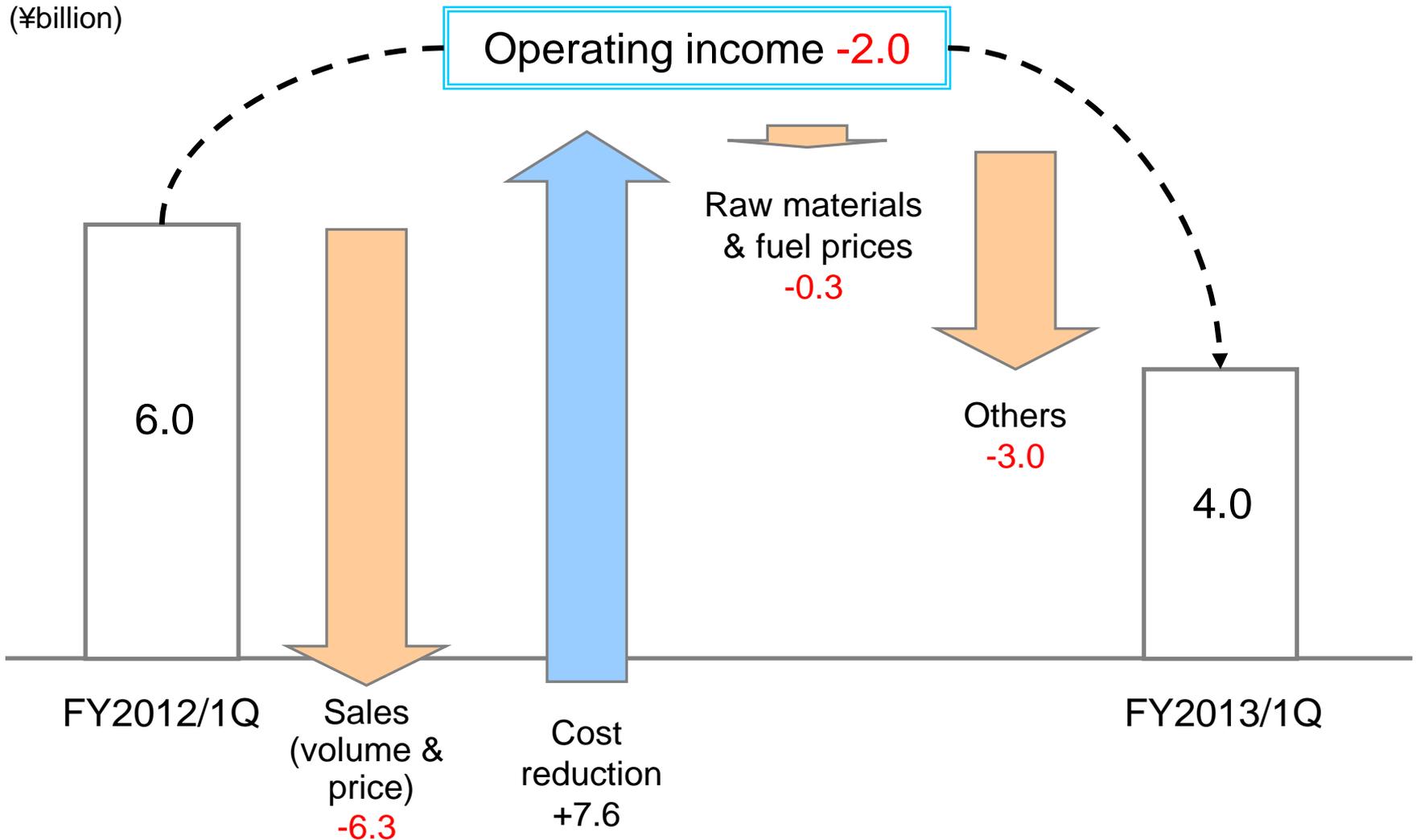
Printing paper volume has increased due to the capacity restoration

('000 tons)		FY2012/1Q	FY2013/1Q	Change YOY
Paper	Newsprint	288	285	-1.3%
	Printing & business communication paper	583	643	10.2%
	Coated paper	307	360	17.3%
	Uncoated & specialty printing paper	138	145	5.4%
	Business communication paper	139	138	-0.7%
	Packaging paper and others	82	76	-7.3%
	Domestic sales (paper)	953	1,003	5.2%
Export (paper)	22	46	108.6%	
<b>Paper total</b>		<b>976</b>	<b>1,049</b>	<b>7.6%</b>
Paperboard	Container board	292	290	-0.7%
	Folding boxboard and others	86	85	-1.4%
	Domestic sales (paperboard)	379	375	-0.9%
	Export (paperboard)	12	16	28.2%
	<b>Paperboard total</b>	<b>391</b>	<b>391</b>	<b>0.1%</b>
<b>Grand total (paper and paperboard)</b>		<b>1,367</b>	<b>1,441</b>	<b>5.4%</b>

## 2. Financial Results: *Variance Analysis for Operating Income*



Cost reduction measures firmly supported operating income



### 3. Earnings Forecast



(¥billion)	FY2013 (Estimate)	FY2012	Change (YoY)
<Net Sales>	1,050.0	1,025.0	25.0
<Operating income>	30.0	25.1	4.9
<Ordinary income>	25.0	23.1	1.9
<Net income>	15.0	10.6	4.4

No change from the estimation announced on May. 15, 2013



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## Disclaimer

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Any statements in this presentation document, other than those of historical fact, are forward-looking statements about the future performance of Nippon Paper Industries, Co., Ltd. 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 Industries Co., Ltd.**