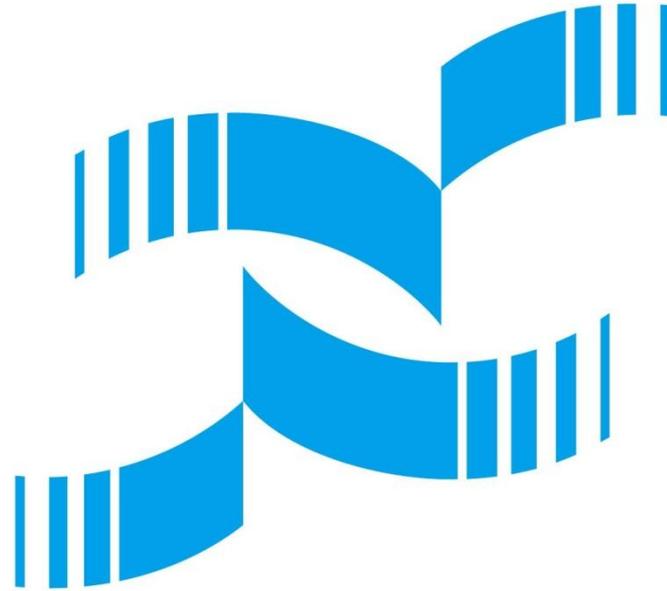


1st 6-month FY2013 Financial Review



November 11, 2013

Nippon Paper Industries Co., Ltd.





1st 6-month FY2013 Review (April 1, 2013 – September 30, 2013)

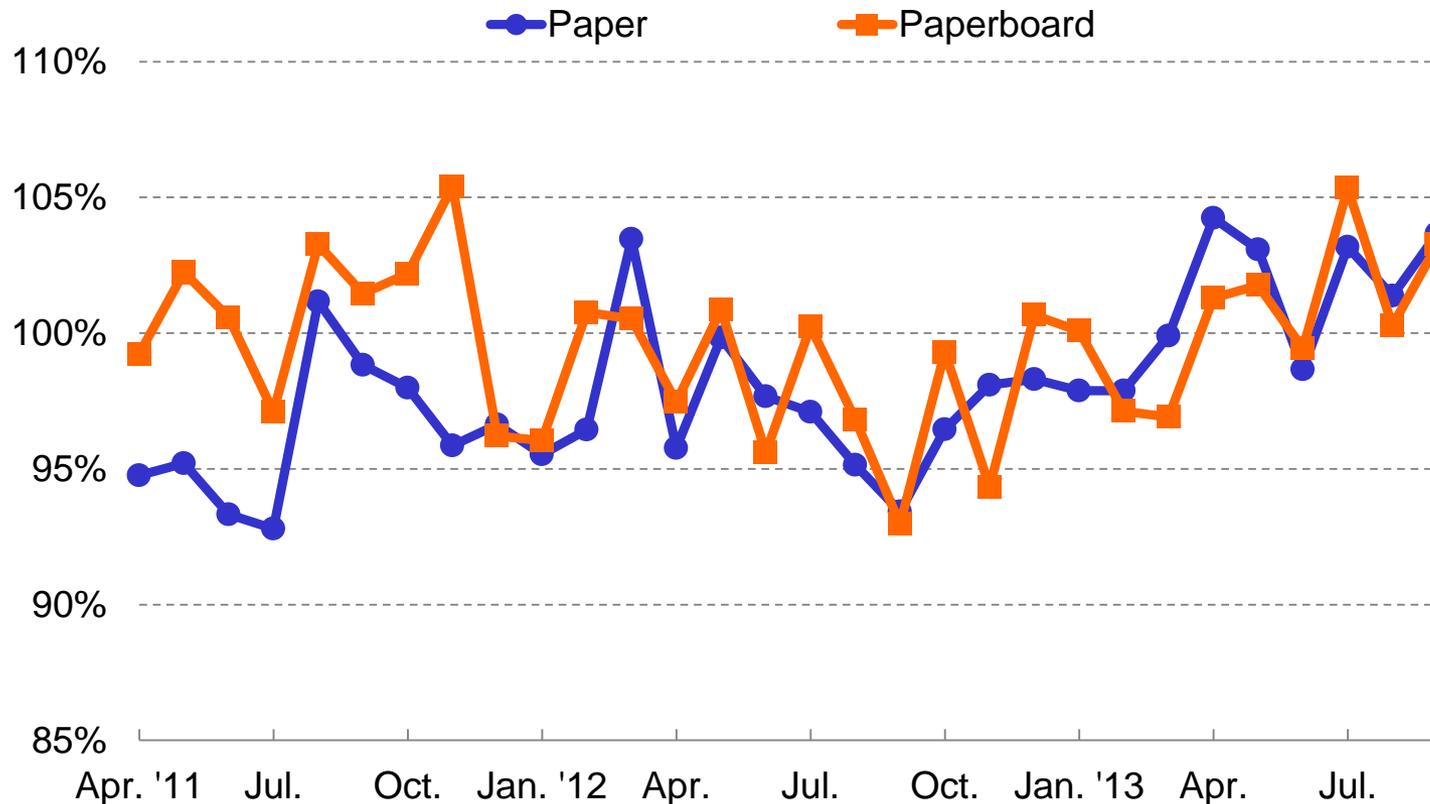
1. Business environment
2. Financial results
3. Topics
4. Earnings forecast

1. Business Environment: *Domestic Shipment*



Domestic shipment has been improving

Domestic shipment of Japanese paper industry (YOY)



Source: Japan Paper Association

1. Business Environment: Domestic Shipment, Exports and Imports



Imports volume fell off, meanwhile domestic shipments and exports increased

	Apr. - Sep. 2013				Apr. - Sep. 2013	
	Domestic shipments		Exports		Imports	
	volume ('000 tons)	YOY	volume ('000 tons)	YOY	volume ('000 tons)	YOY
Newsprint	1,580	-1.4%	1	-34.9%	27	17.6%
Printing & business communication paper	4,027	5.7%	290	25.1%	715	-15.3%
Coated paper *	2,322	7.9%	227	30.7%	351	-25.6%
Uncoated & specialty printing paper	1,061	4.7%	45	4.9%	85	-21.1%
Business communication paper	644	0.1%	19	18.5%	279	5.4%
Other papers (packaging, sanitary and other miscellaneous uses)	1,580	-2.1%	89	35.0%	20	-2.5%
Paper total	7,188	2.3%	380	27.1%	762	-14.2%
Container board	4,361	2.4%	88	231.7%	46	-32.9%
Folding box board and others	1,099	0.1%	13	12.1%	145	1.5%
Paperboard total	5,459	1.9%	101	163.7%	192	-9.6%
Paper and paperboard total	12,647	2.1%	481	42.6%	953	-13.3%

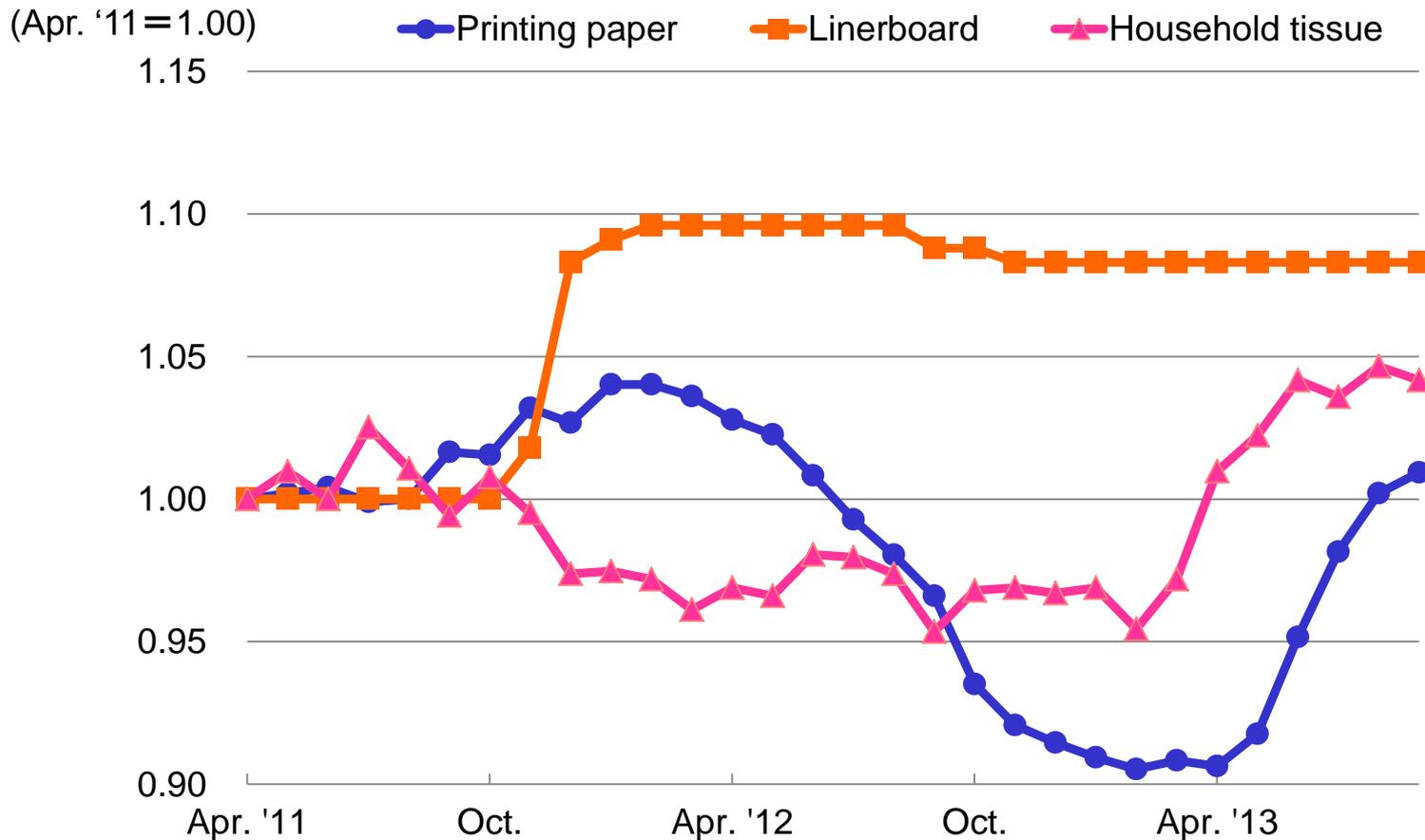
※ "Bitoko-shi" paper is included in coated paper.

Source: Japan Paper Association

1. Business Environment: *Domestic Price Trends*



Printing paper price has much improved

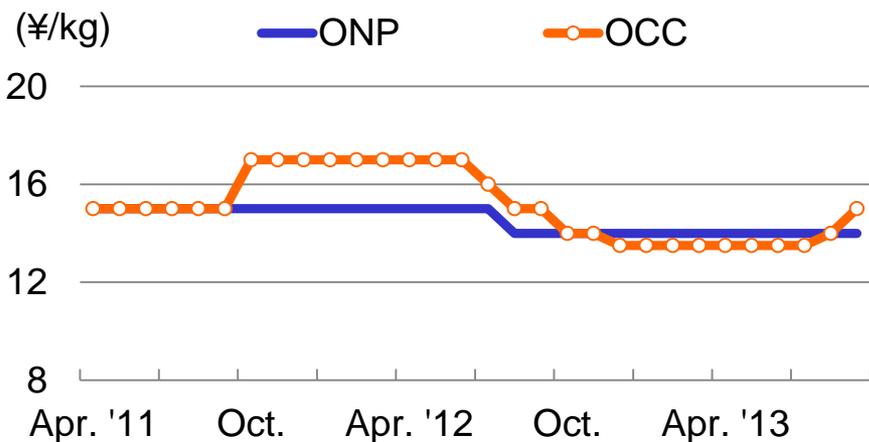


1. Business Environment: Major Input Price Trends

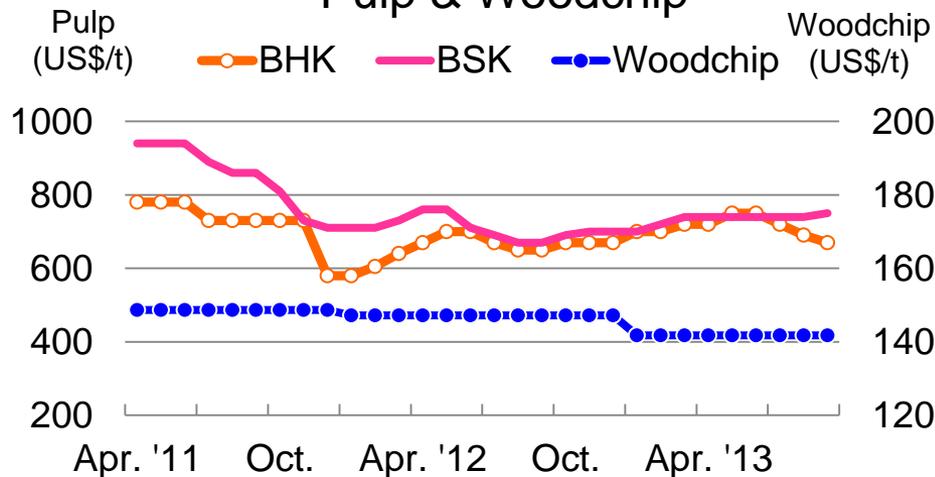


OCC price has risen, while JPY keeps relatively stable to the US dollar

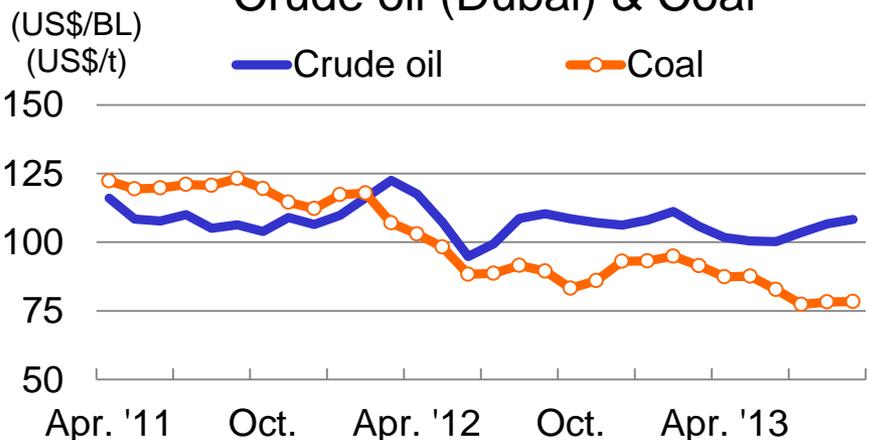
Wastepaper



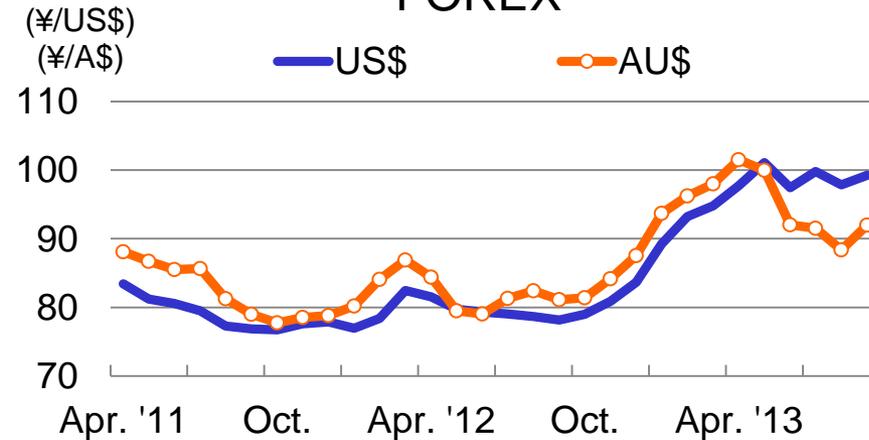
Pulp & Woodchip



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 1 st Half	FY2012 1 st Half	Change (YOY)
<Net sales>	523.3	507.2	16.1
<Operating income>	10.4	12.7	-2.3
<Ordinary income>	10.9	10.2	0.7
<Net income>	9.2	1.7	7.5

- Net sales increased YOY due to the recovery of paper sales.
- Printing paper price has risen straight through the 1st half, and the rise will contribute to the profit improvements through the 2nd half.
- Paper Business Revitalization Plan and other cost reduction measures support the profit.
- Net income jumped up 5.3 times YOY due to gain on sales of non current assets.

2. Financial Results: *Segment Information*



Sales increased YOY due to the recovery of paper sales

	FY2011		FY2012		FY2013	Change (YOY)
	1st Half	2nd Half	1st Half	2nd Half	1st Half	
Upper row: Sales						
Lower row: Operating income						
(¥billion)						
Pulp and paper	404.1	413.6	399.4	401.9	412.9	13.5
	8.9	15.3	7.5	5.4	5.8	-1.7
Paper related	48.2	45.3	48.1	46.3	46.9	-1.3
(packaging and chemical products)	4.1	2.6	3.4	2.8	2.7	-0.7
Wood products and construction related	28.1	32.6	27.8	32.9	31.7	3.9
	0.7	1.8	0.9	1.8	1.1	0.1
Other	31.1	39.4	31.9	36.7	31.9	0.0
(beverages, logistics, etc.)	0.7	2.4	0.8	2.4	0.8	0.0
Total	511.5	530.9	507.2	517.9	523.3	16.1
	14.4	22.1	12.7	12.4	10.4	-2.3

2. Financial Results: *Sales Volume by Product*



Domestic & export sales increased due to the capacity restoration of the tsunami-suffered mill

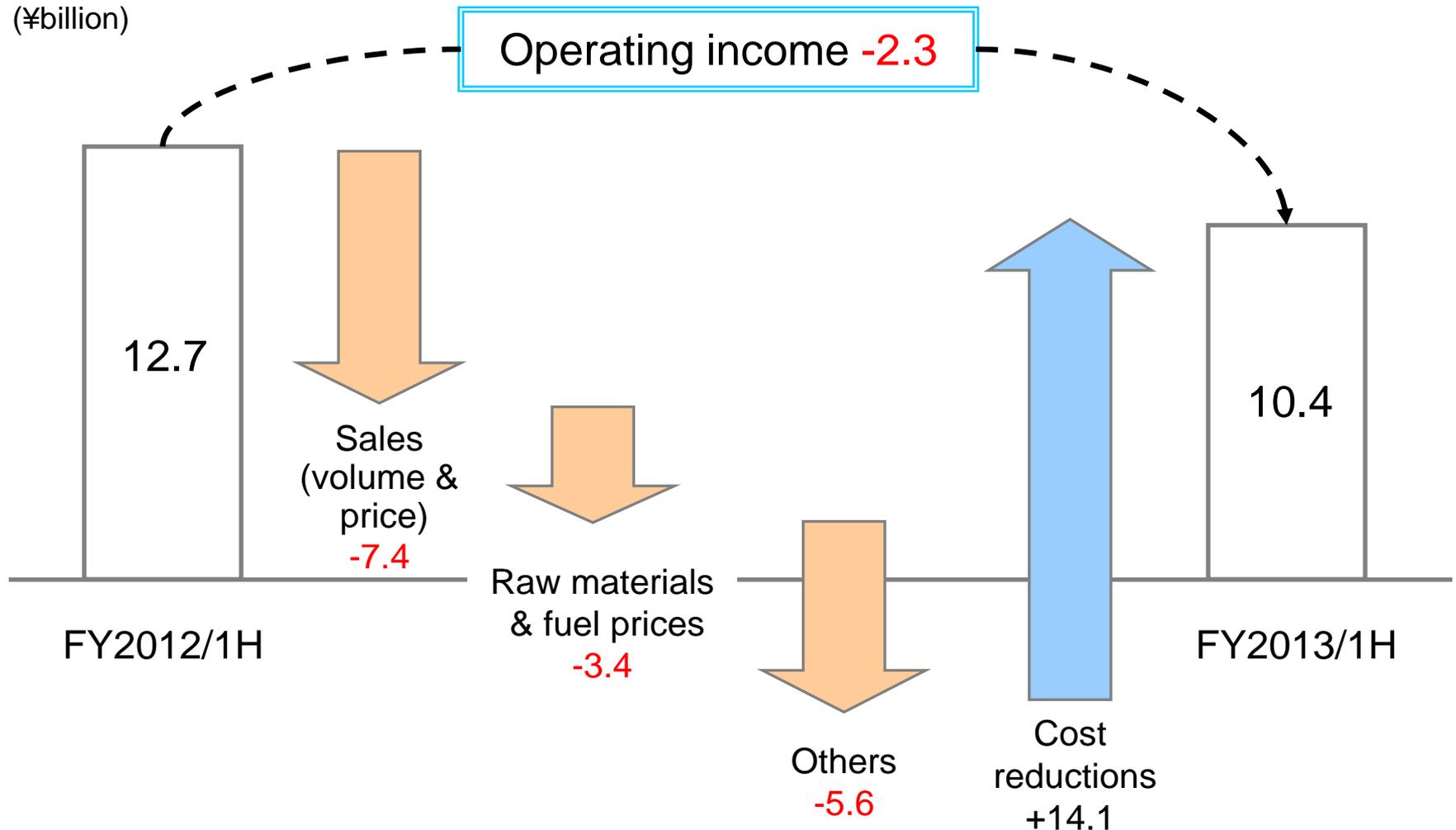
('000 tons)		FY2012/1H	FY2013/1H	Change YOY
Paper	Newsprint	583	574	-1.6%
	Printing & business communication paper	1,181	1,274	7.9%
	Coated paper	631	704	11.5%
	Uncoated & specialty printing paper	279	298	6.9%
	Business communication paper	271	273	0.5%
	Packaging paper and others	157	151	-3.7%
	Domestic sales (paper)	1,920	1,999	4.1%
Export (paper)	41	96	133.5%	
Paper total		1,961	2,095	6.8%
Paperboard	Container board	580	588	1.3%
	Folding boxboard and others	171	169	-0.9%
	Domestic sales (paperboard)	751	757	0.8%
	Export (paperboard)	23	36	55.5%
Paperboard total		774	793	2.4%
Grand total (paper and paperboard)		2,735	2,887	5.6%

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



Cost reductions firmly supported operating income

(¥billion)



2. Financial Results: *Balance Sheet*



Steadily reduced interest-bearing debt

(¥billion)	Mar. 31, 2013	Sep. 30, 2013	Change
Total Assets	1,497.7	1,464.3	-33.5
Cash and time deposits	110.9	90.9	-20.0
Notes and accounts receivable	198.9	195.5	-3.4
Inventories	149.3	156.4	7.1
Other current assets	48.2	38.5	-9.7
Property, plant, equipment and intangible fixed assets	770.1	763.9	-6.2
Investments and other assets	220.2	219.0	-1.3
Total Liabilities	1,101.3	1,048.3	-53.0
Interest-bearing liabilities (incl. lease obligations)	830.2	791.2	-39.1
Other liabilities	271.0	257.1	-13.9
Total Net Assets	396.5	416.0	19.5
Shareholder's equity	381.4	386.3	4.9

2. Financial Results: *Cash Flow Statement*



(¥billion)

Items	FY2012/1H	FY2013/1H
Operating activities	12.4	29.9
Income before income taxes	3.6	15.9
Depreciation	31.9	31.3
Change in net working capital	-27.3	-17.1
Other	4.2	-0.1
Investing activities	-28.4	-4.0
Purchases of property, plant and equipment	-26.9	-25.5
Proceeds from sales of property, plant and equipment	0.8	6.6
Other	-2.3	14.9
Free cash flows	-16.0	25.9
Financing activities	-3.8	-46.3
Change in net borrowings	-1.4	-42.7
Cash dividends paid	-2.3	-3.5
Other	-0.0	-0.1
Effect of exchange rate changes on cash and cash equivalents	0.1	0.2
Increase due to inclusion of certain subsidiaries in consolidation	0.7	0.2
Cash and cash equivalents at the beginning of period	119.3	110.8
Cash and cash equivalents at the end of period	100.3	90.8

3. Topics



- April 3 Developed new biomass solid fuel effective for reducing CO2 emissions which could increase a biomass co-firing rate in existing coal fired boiler by approximately 10 times
- 8 Decided to introduce Japan's 1st biomass power project utilizing 100% unused wood materials as its fuels at Yatsushiro Mill
- May 14 Decided to launch the largest mega-solar project in Shikoku region of Japan
- June 1 Newly established Energy Business Division
- July 1 Decided to sell shares of YFY Cayman, a joint venture of NPI and YFY, which runs paperboard and corrugating box businesses in China and Taiwan
- 4 Has been selected for "Ethibel EXCELLENCE" by Ethibel Investment Register, an organization that promotes socially responsible investments
- Aug 6 Newly established International Sales Management & Planning Division
- 7 Decided to jointly establish a 100 kilowatt-class power generation company with Mitsubishi Corp. and Chubu Electric Power Co. in Shizuoka prefecture
- 27 Announced to sell its land in Tokyo for JPY16.6 billion
- Sep 2 Signed with SCG Paper (Thailand) an MOU to consider investments in the afforestation, pulp and paper businesses of SCG paper
- 10 Released price hikes of printing paper and business communication paper
- Oct 30 Announced to introduce solar power facilities in Otake Mill
- 31 Started operation of cellulose nanofiber production verification facilities at Iwakuni Mill

4. Earnings Forecast: *Highlights*



(¥billion)	FY2013 estimate (Revised on Nov.7)	FY2013 estimate (as of May.15)	FY2012
<Net sales>	1,070.0	1,050.0	1,025.0
<Operating income>	30.0	30.0	25.1
<Ordinary income>	25.0	25.0	23.1
<Net income>	15.0	15.0	10.6

- Raised net sales projection, estimating increase in sales and profits
- Reflected the price hikes of paper announced on Sep.10
- Reflected the OCC price rise and revised FOREX assumption

4. Earnings Forecast : *Assumptions*



Domestic Sales (for full fiscal year)

- Volume (year-on-year)

Paper : +1.9%

Paperboard : +2.6%

- Price

Paper : Reflecting the 2nd price hikes
(Announced on Sep. 10)

Paperboard : Current level

Raw materials and fuel prices, FOREX

(for 2nd half)

Crude oil : US\$105/BL (Dubai)

Coal : US\$95/t (Australian black coal)

Wastepaper : Stay at current level

(Reflecting the OCC price hike in August)

FOREX : ¥100/US\$, ¥92/AU\$

Assumptions for full fiscal year
as of May 30, 2013

+1.4%

+1.8%

Reflecting the 1st price hikes
(Announced on Mar. 5, 2013)
at a level as of May

US\$105/BL

US\$95/t

at a level as of May

¥95/US\$, ¥98/AU\$

4. Earnings Forecast : *Sales Volume by Product*

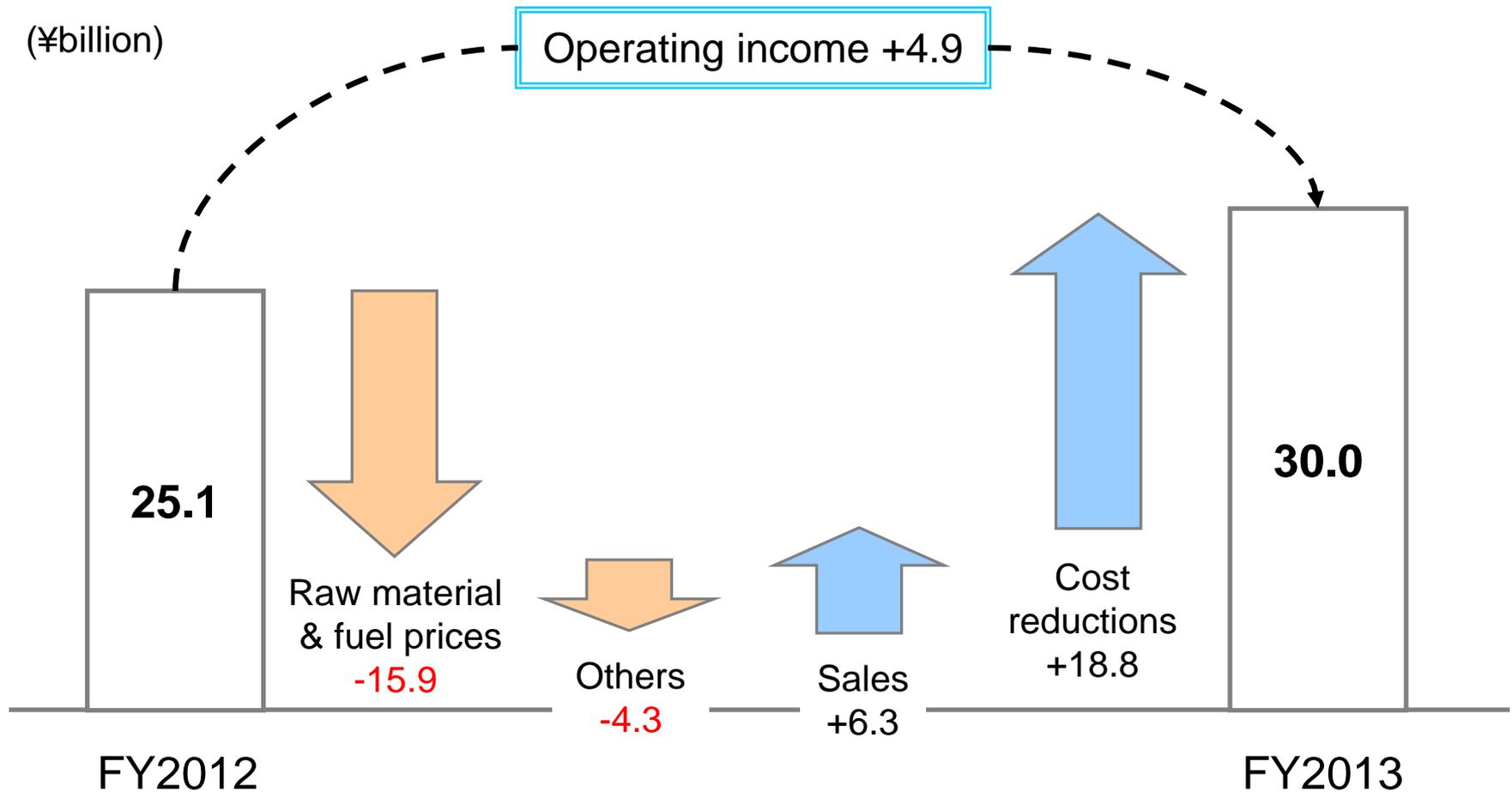


Exports increase consecutively, meanwhile domestic stays at current level

('000 tons)		FY2012	FY2013	Change YOY
Paper	Newsprint	1,184	1,162	-1.9%
	Printing & business communication paper	2,455	2,554	4.0%
	Coated paper	1,342	1,413	5.3%
	Uncoated & specialty printing paper	574	582	1.4%
	Business communication paper	540	559	3.4%
	Packaging paper and others	311	308	-0.8%
	Domestic sales (paper)	3,950	4,024	1.9%
Export (paper)	102	210	106.2%	
Paper total		4,052	4,234	4.5%
Paperboard	Container board	1,144	1,182	3.3%
	Folding boxboard and others	347	348	0.2%
	Domestic sales (paperboard)	1,491	1,530	2.6%
	Export (paperboard)	47	80	69.4%
	Paperboard total	1,538	1,609	4.6%
Grand total (paper and paperboard)		5,590	5,843	4.5%



Paper price hikes contribute to results improvement



4. Earnings Forecast: *Key Figures and Indices*



	FY2009	FY2010	FY2011	FY2012	FY2013 1H	FY2013 Est.
Operating margin on sales	3.9%	3.2%	3.5%	2.5%	2.0%	2.8%
Ordinary margin on sales	3.4%	2.9%	0.6%	2.3%	2.1%	2.3%
D/E (times)	1.64	1.75	1.94	1.89	1.81	1.76
Capital investment (¥billion)	35.6	46.6	57.2	53.3	22.7	51.9
Depreciation (¥billion)	81.9	78.6	74.4	64.9	31.3	63.1
Net interest-bearing debt (¥billion)	738.6	727.5	718.9	719.3	700.3	690.0
Number of employees*	14,210	13,834	13,407	13,052	13,269	13,171

*Jujo Thermal Oy has newly been consolidated since FY2013



Disclaimer

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.