

1st Quarter FY2014 Financial Review



August 6, 2014

Nippon Paper Industries Co., Ltd.



1st Quarter FY2014 Review (April 1, 2014 – June 30, 2014)

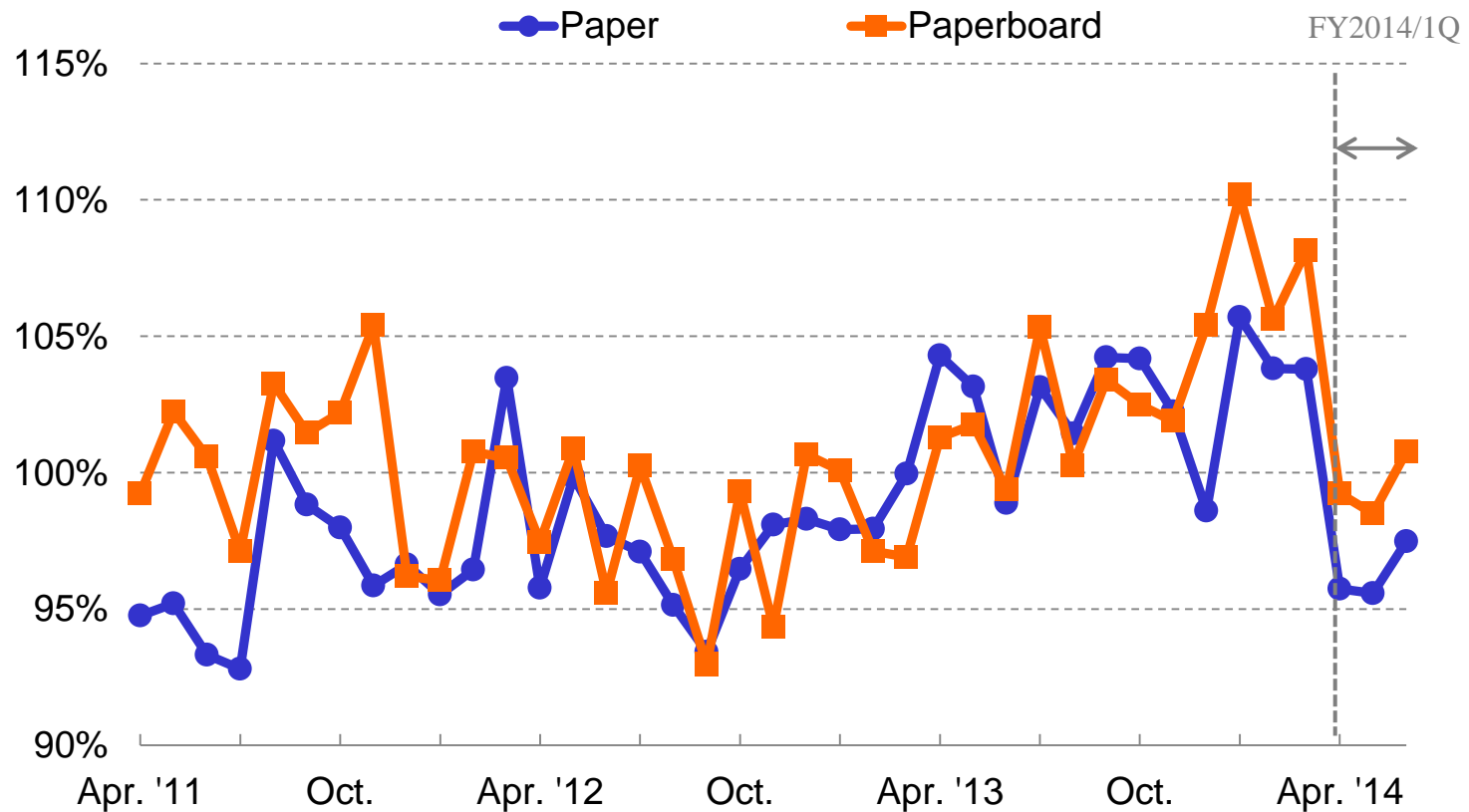
1. Business environment
2. Financial results
3. FY2014 earnings forecast



1. Business Environment: *Domestic Shipment*

Domestic shipments slowed down after a rush in demand ahead of the consumption tax hike

Domestic shipment of Japanese paper industry (YOY)



Source: Japan Paper Association

1. Business Environment: Domestic Shipment, Exports and Imports



Printing paper shipment decreased due to weak ad spending

	Apr. '14 - June. '14				Apr. '14- June. '14	
	Domestic shipments		Exports		Imports	
	volume ('000 tons)	YOY	volume ('000 tons)	YOY	volume ('000 tons)	YOY
Newsprint	765	-2.5%	0	48.5%	11	-21.2%
Printing & business communication paper	1,900	-4.8%	135	-14.7%	357	8.4%
Coated paper *	1,078	-5.7%	105	-16.1%	180	24.0%
Uncoated & specialty printing paper	496	-6.4%	19	-18.2%	44	6.8%
Business communication paper	326	0.6%	11	11.6%	133	-7.0%
Other papers (packaging, sanitary and other miscellaneous uses)	786	-2.4%	53	17.3%	11	7.6%
Paper total	3,452	-3.8%	188	-7.5%	379	7.1%
Container board	2,162	-0.7%	58	52.4%	23	-8.8%
Folding box board and others	548	0.4%	5	-31.6%	69	-3.1%
Paperboard total	2,710	-0.5%	63	38.4%	93	-4.6%
Paper and paperboard total	6,161	-2.4%	251	0.8%	472	4.6%

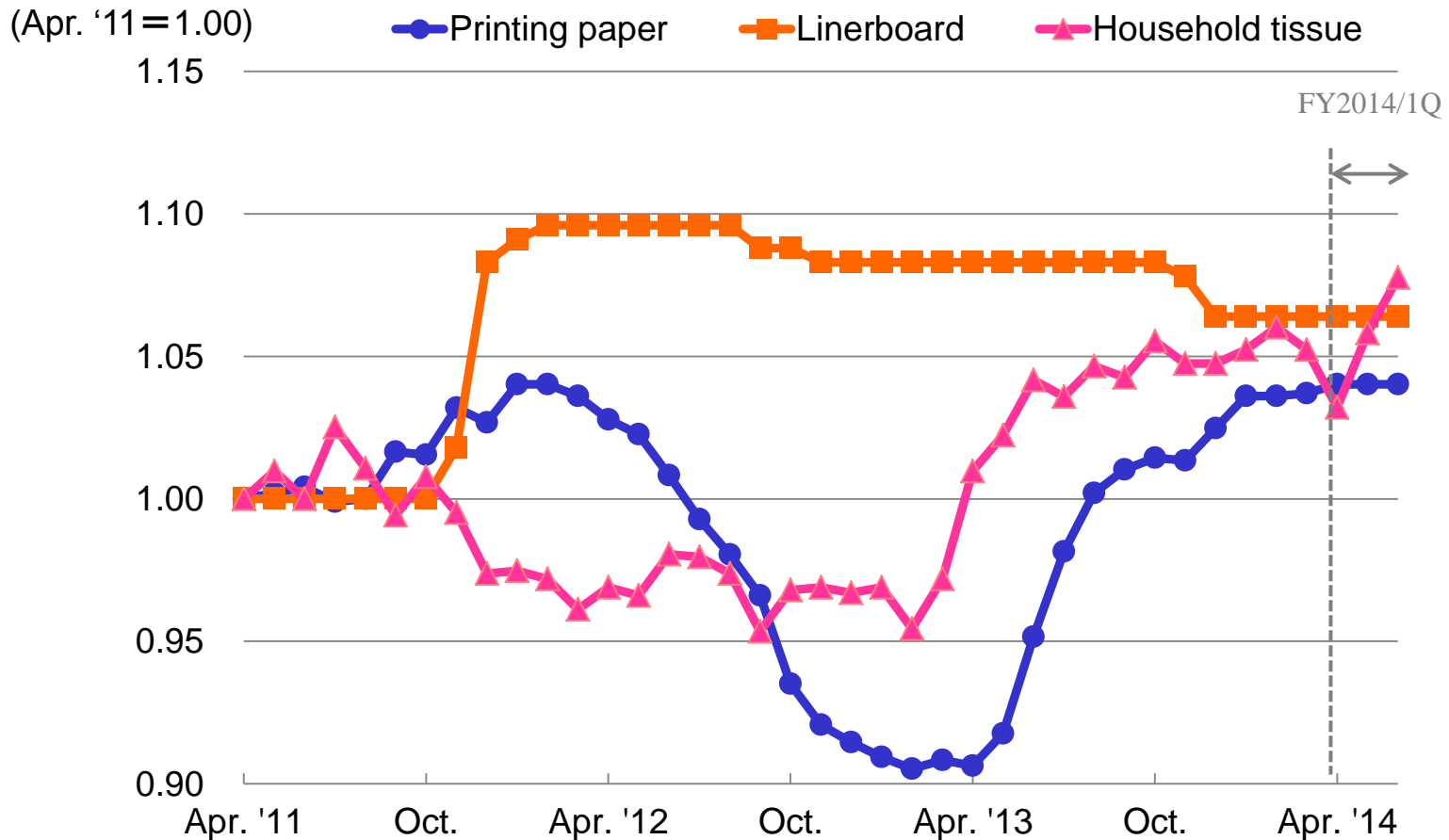
※ “Bitoko-shi” paper is included in coated paper.

Source: Japan Paper Association

1. Business Environment: *Domestic Price Trends*



Printing paper price stayed at the same level after the recent price hike

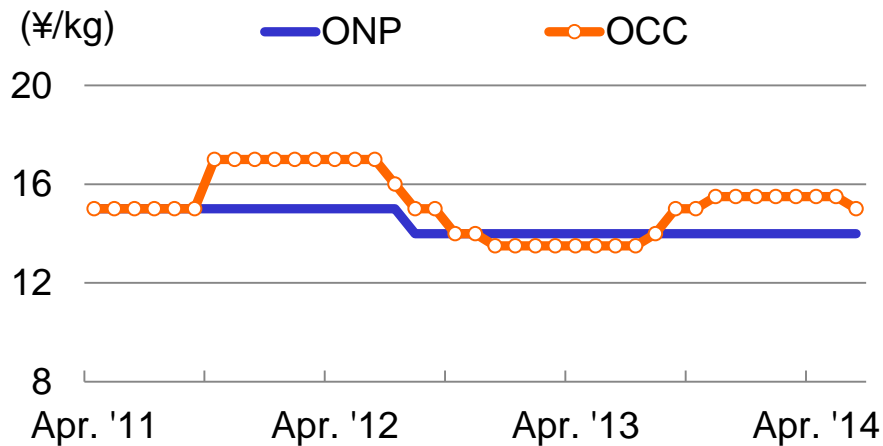


1. Business Environment: Major Input Price Trends

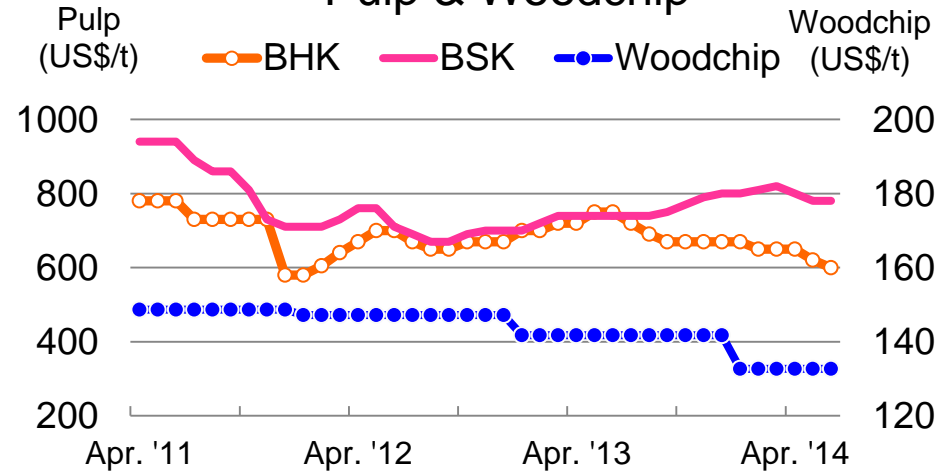


Australian dollar slightly appreciated

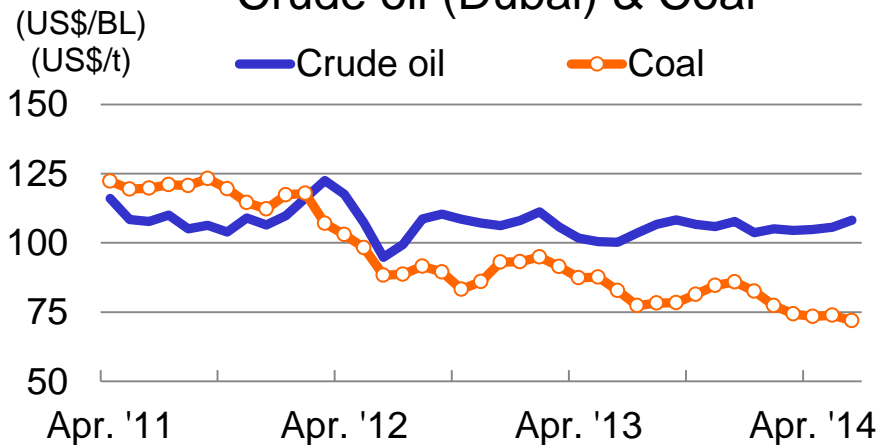
Wastepaper



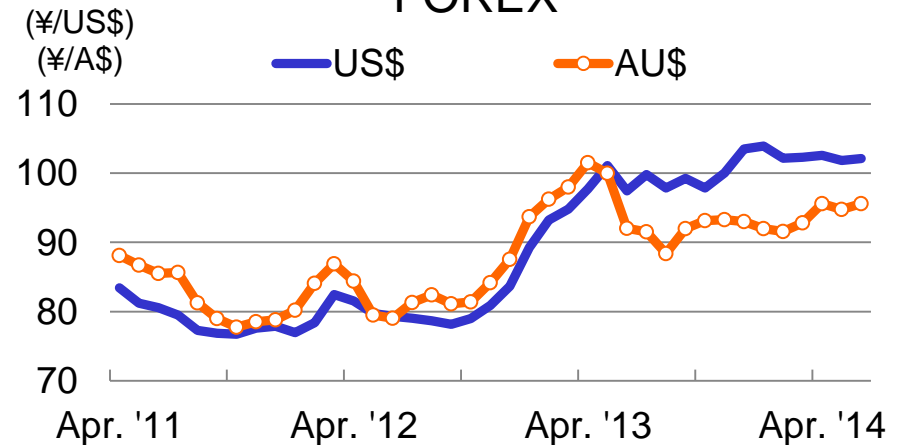
Pulp & Woodchip



Crude oil (Dubai) & Coal



FOREX



2. Financial Results: *Highlights*



(¥billion)	FY2014 1 st QTR	FY2013 1 st QTR	Change (YOY)
<Net sales>	255.2	256.3	-1.1
<Operating income>	6.3	4.0	2.3
<Ordinary income>	6.0	4.7	1.3
<Net income>	3.2	5.1	-1.9

- Net sales decreased YOY due to a rush in demand ahead of the tax hike.
- Operating income increased YOY for price hikes and cost reductions.
- Net income decreased YOY, mainly due to the rebound of the gain on sales of non-current assets ¥5.1b recorded in the last fiscal year.

2. Financial Results: *Segment Information*



Pulp and paper business improved YOY

	FY2013				FY2014	Change (YOY)
	1Q	2Q	3Q	4Q	1Q	
Upper row: Sales						
Lower row: Operating income (¥ billion)						
Pulp and paper	202.5	210.4	216.0	219.2	204.1	1.6
	2.1	3.8	4.0	7.6	4.6	2.6
Paper related (liquid packaging and chemical products)	23.5	23.4	23.3	22.8	22.5	-1.0
	1.3	1.4	1.3	1.0	1.2	-0.1
Wood products and construction related	15.7	16.0	18.0	19.8	13.9	-1.9
	0.6	0.4	0.7	0.6	0.4	-0.2
Other (beverages, logistics, etc.)	14.6	17.3	21.2	17.5	14.8	0.2
	0.1	0.8	1.4	1.4	0.1	0.0
Total	256.3	267.0	278.6	279.4	255.2	-1.1
	4.0	6.4	7.5	10.6	6.3	2.3

2. Financial Results: *Sales Volume by Product*



Paperboard shipment was strong while printing paper shipment decreased a lot

('000 tons)

	FY2013/1Q	FY2014/1Q	Change YOY
Newsprint	285	274	-3.9%
Printing & business communication paper	643	601	-6.6%
Coated paper	360	323	-10.1%
Uncoated & specialty printing paper	145	137	-5.6%
Business communication paper	138	140	1.7%
Packaging paper and others	77	76	-1.4%
Domestic sales (paper)	1,004	950	-5.4%
Export (paper)	46	56	20.6%
Paper total	1,051	1,006	-4.3%
Container board	290	299	3.0%
Folding boxboard and others	90	91	0.7%
Domestic sales (paperboard)	381	390	2.4%
Export (paperboard)	16	22	38.6%
Paperboard total	397	412	3.9%
Grand total (paper and paperboard)	1,447	1,418	-2.0%

"Total" means the sum of sales volume of Nippon Paper Industries Co., Ltd., Nippon Paper Papyrus Co., Ltd. and Nippon Paper Creca Co., Ltd.

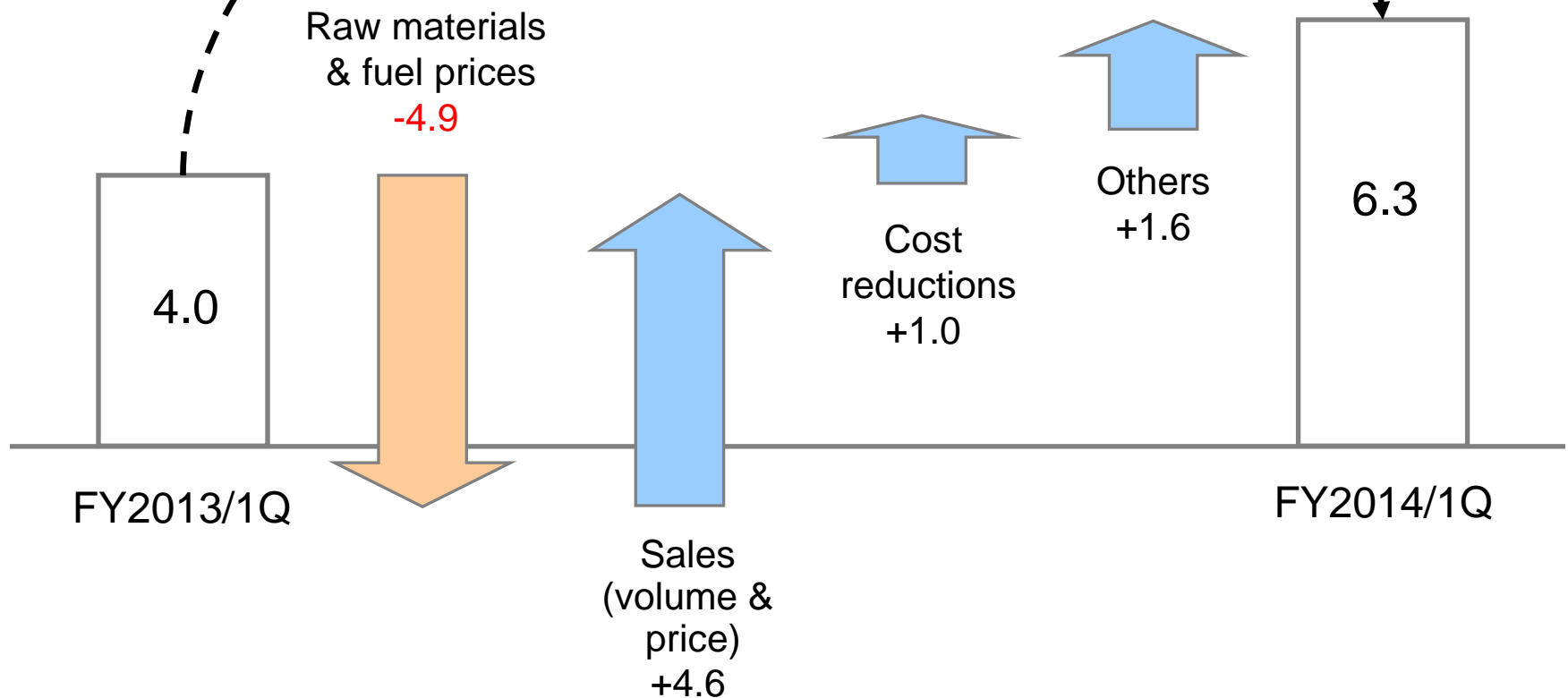
2. Financial Results: *Variance Analysis for Operating Income*



Price hikes and cost reductions supported the operating income increase

(¥billion)

Operating income +2.3



3. FY2014 Earnings Forecast: *Highlights*



(¥billion)	FY2014 estimate	FY2013 results
<Net sales>	1,100.0	1,081.3
<Operating income>	40.0	28.5
<Ordinary income>	35.0	28.2
<Net income>	26.0	22.8

No change from the estimation announced on May. 15, 2014



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.