

1ST QUARTER FY2019/3 FINANCIAL REVIEW

August 8, 2018

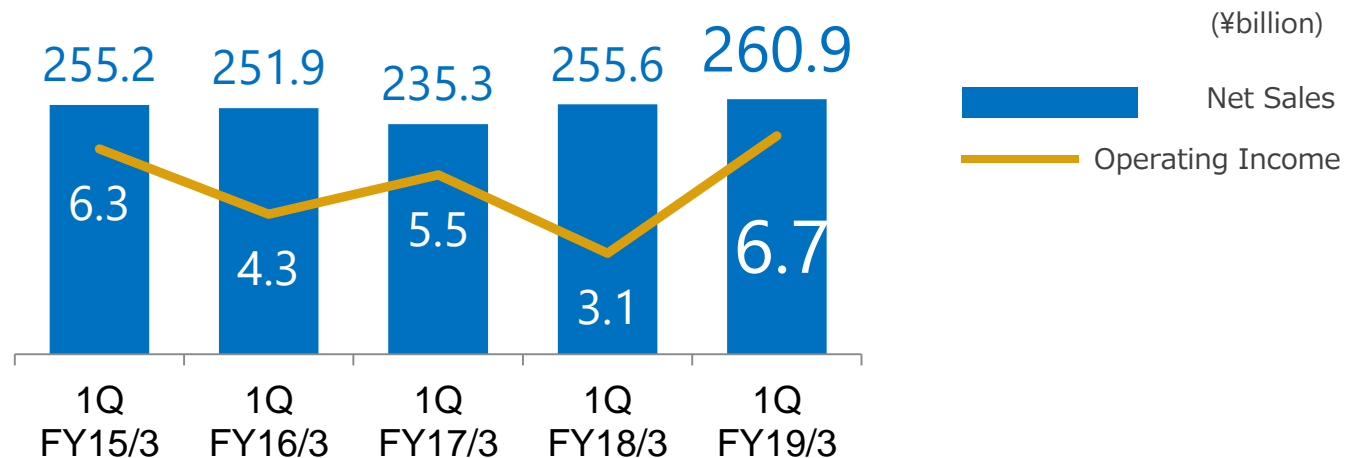
1st Quarter FY2019/3 Financial Results

Consolidated Statement

(¥billion)

	1Q FY 2018/3 Results	1Q FY 2019/3 Results	Variance	
			Amount	%
Net Sales	255.6	260.9	5.3	2.0%
Operating Income	3.1	6.7	3.6	115.7%
Ordinary Income	5.4	8.5	3.1	58.5%
Net Income*	5.6	-6.5	-12.1	—

* Profit attributable to owners of parent



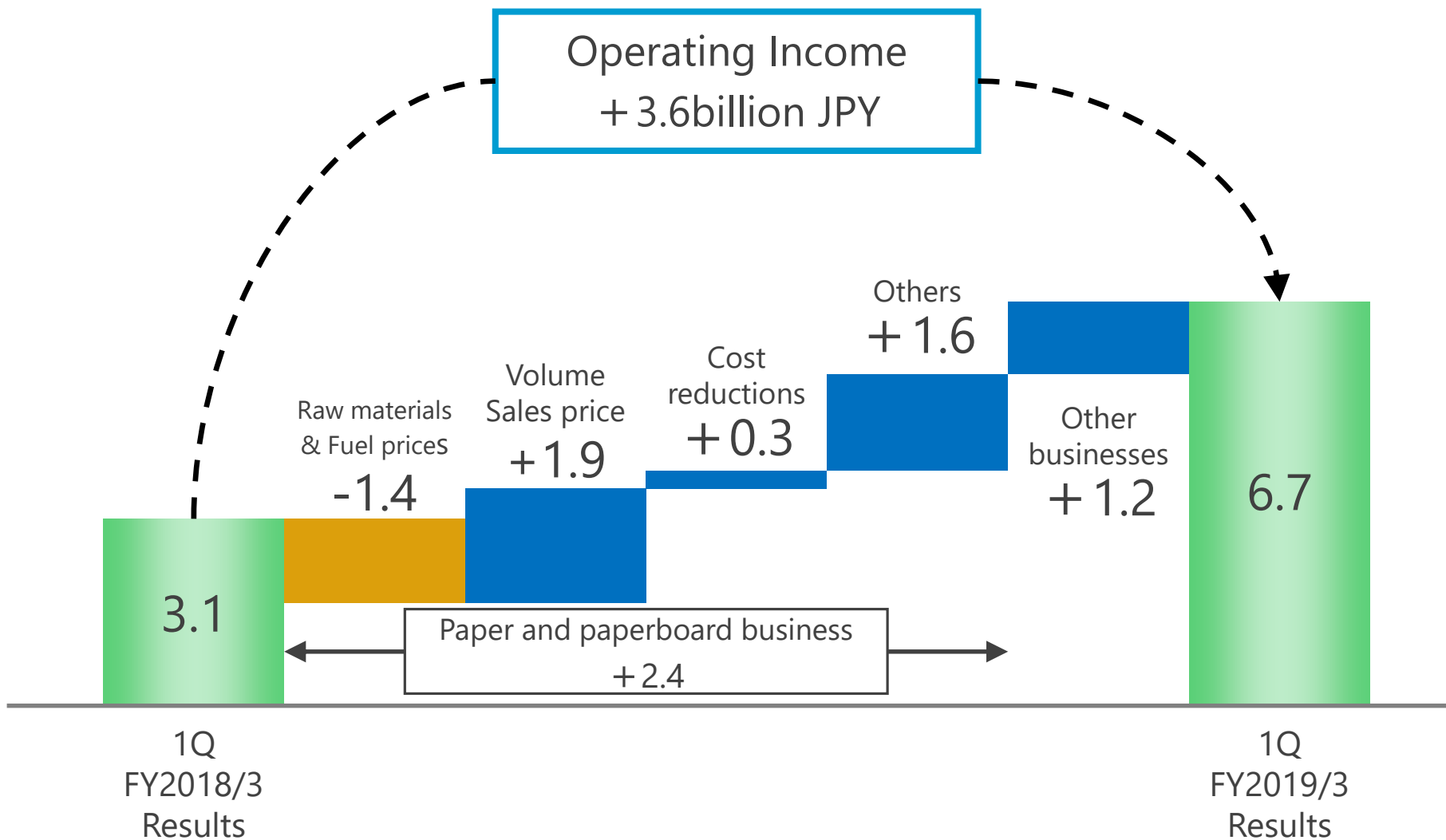
1st Quarter FY2019/3 Financial Results

Results by Segment

(¥billion)

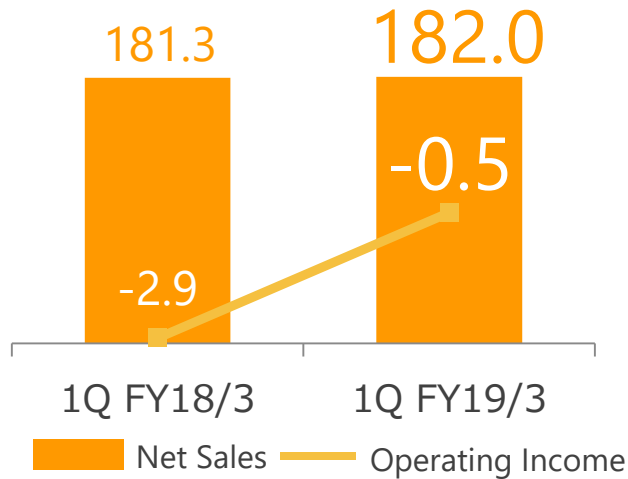
	Net Sales			Operating Income		
	1Q FY2018 Results	1Q FY2019 Results	Variance	1Q FY2018 Results	1Q FY2019 Results	Variance
Paper and paperboard	181.3	182.0	0.7	-2.9	-0.5	2.4
Livelihood-related	48.8	49.2	0.4	3.9	3.3	-0.6
Energy	3.6	8.7	5.1	0.7	2.3	1.6
Wood Products and construction related	14.8	13.7	-1.1	0.9	1.0	0.1
Other	7.1	7.3	0.2	0.5	0.6	0.1
Total	255.6	260.9	5.3	3.1	6.7	3.6

Variance Analysis for Operating Income

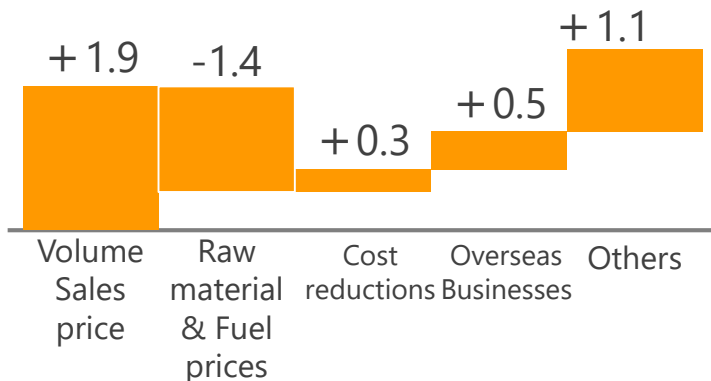


Paper and paperboard business

Net Sales • Operating Income (¥billion)



Variance analysis for operating income (¥billion)



○Paper(Domestic)

Domestic sales volume remained low due to circulation decline in newspaper and sluggish demand on printing advertisement.

In regard to export, demand has been strong mainly in Asia. The company also achieved sales price increase.

○Paperboard(Domestic)

Domestic demand remained steady mainly for application in beverages. For export, demand has been strong mainly in Asia and the volume increased by 12% compared to the same period of previous year.

○Overseas business

For Paper Australia and Jujo Thermal Oy, the sales remained steady.

The sale of assets owned by NPI USA, which was done last year, contributed increase in profit.

1st Quarter FY2019/3 Financial Results

Sales Volume(Paper & Paperboard)

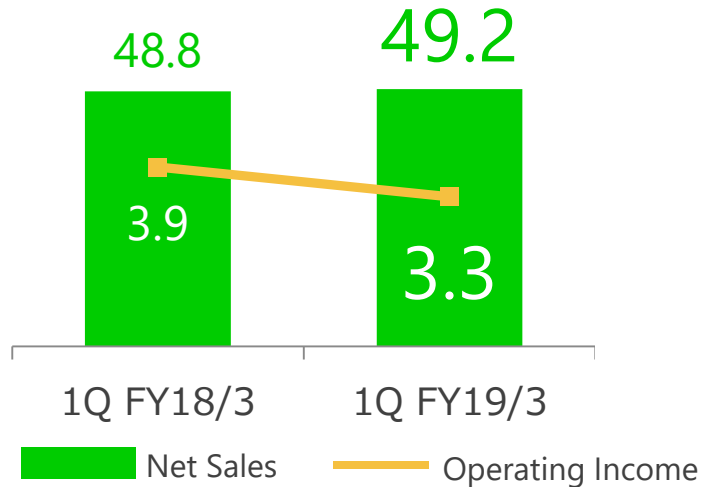
volume: '000 tonnes

	Apr '17 - Jun '17	Apr '18 - Jun '18	YOY
Newsprint	237	226	-5.0%
Printing paper	405	380	-6.1%
Business communication paper	126	124	-1.9%
Others	93	93	-0.1%
Domestic sales (paper)	862	823	-4.5%
Export (paper)	97	100	2.8%
Paper total	959	923	-3.8%
Container board	436	430	-1.3%
Folding box board and others	89	91	2.0%
Domestic sales (paperboard)	525	521	-0.8%
Export (paperboard)	43	48	12.4%
Paperboard total	568	569	0.2%
Grand total (paper and paperboard)	1,527	1,492	-2.3%

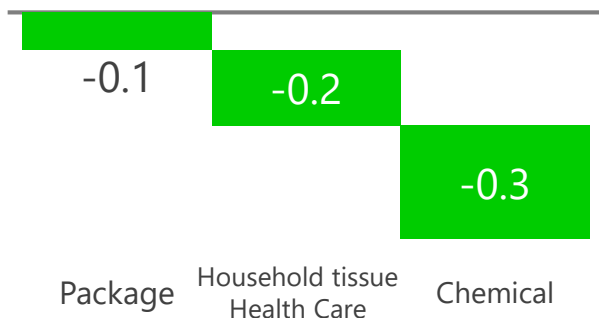
"Total " means the sum of sales volume of Nippon Paper Industries Co.,Ltd., Nippon Paper Papyrus Co.,Ltd. Nippon Paper Crexia Co., Ltd.(Not include house hold tissue), and Shin Tokai Paper Co., Ltd.

Livelihood-related business

Net Sales · Operating Income (¥billion)



Variance analysis for operating income (¥billion)



○Package

For liquid packaging, the sales volume increased from the previous year mainly on cartons for fruit and vegetable juice as sales of new-shape carton with closure increased.

Nippon Dynawave Packaging has been steady as both sales and profit remained almost flat from the previous year.

○Household tissue · Health Care Products

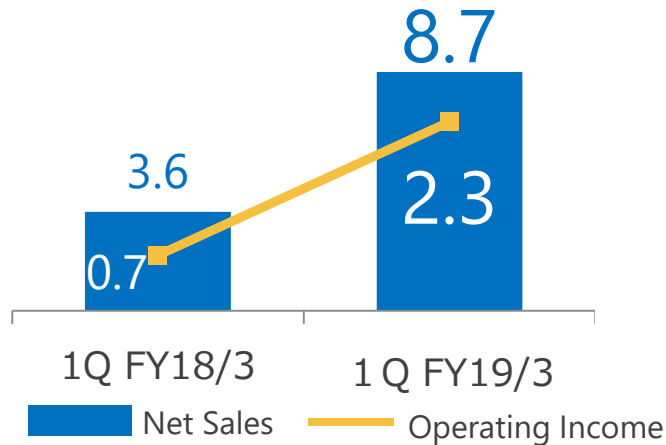
The sales volume increased from the same period of previous year as demand for health care products and business-use products for hotel stayed firm. However, operating income decreased from the same period of previous year due to rise in raw materials and fuel prices.

○Chemical

While the demand for functional coating resin and functional cellulose stayed firm, volume for functional film decreased from the same period of previous year. In addition, rise in raw materials and fuel prices resulted in decrease in sales and profit.

Energy business

Net Sales • Operating Income (¥billion)

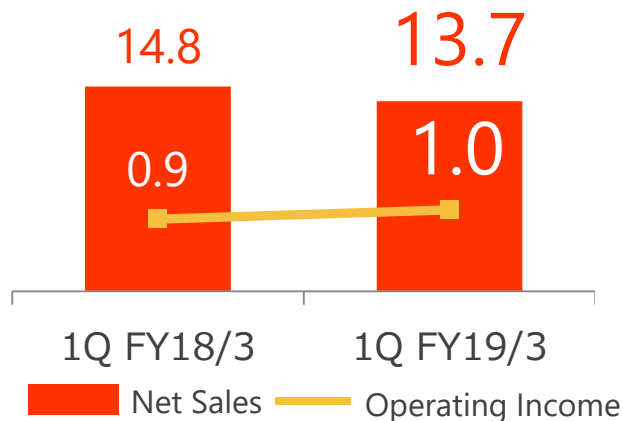


Ishinomaki Hibarino Power Plant (Nippon Paper Ishinomaki Energy Center), which started commercial operation in March 2018, continues stable operation.

As a result, both sales and profit increased from the same period of previous year.

Wood products and construction related business

Net Sales • Operating Income (¥billion)



For Nippon Paper Lumber, both sales and profit decreased due to weak housing starts and sales decrease in pulp logs.

For AMCEL, its profit increased, as the sales ratio in Europe was going up.

Consolidated Statements

(¥billion)

	FY 2018/3 Results	FY 2019/3 Forecast	Variance	
			Amount	%
Net Sales	1,046.5	1,080.0	33.5	3.2%
Operating Income	17.6	25.0	7.4	42.0%
Ordinary Income	18.6	25.0	6.4	34.4%
Net Income*	7.8	-18.0	-25.8	—

* Profit attributable to owners of parent

"Let paper do what it can do"

Setting up the new department "Paperising Promotion Office"

Increasing awareness of environmental issues

- Marine pollution originate from plastic trash
- China restricts import of waste.

Trend toward non-plastic

Shopping bag, dish, straw

Our strengths

- Integrated operation system from base paper to converting and filling machines on liquid packaging business.
- Technical capabilities and knowledge relative to "Paper"

"Paperising Promotion Office"

Research : Flexibly react on variety of paper needs.

Development : Promote new products development and expand product line-up.

Sales : Create and gain new business opportunity.

REFERENCE MATERIALS

Domestic demand and export (Paper and paperboard)

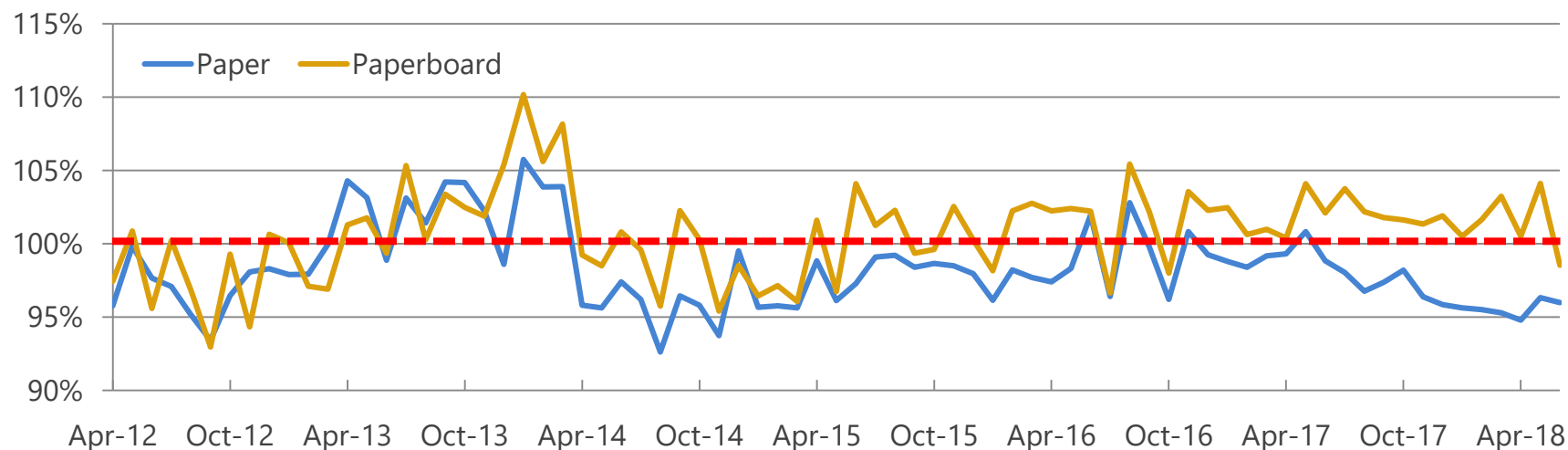
April, 2018 - June, 2018

volume: '000 tonnes

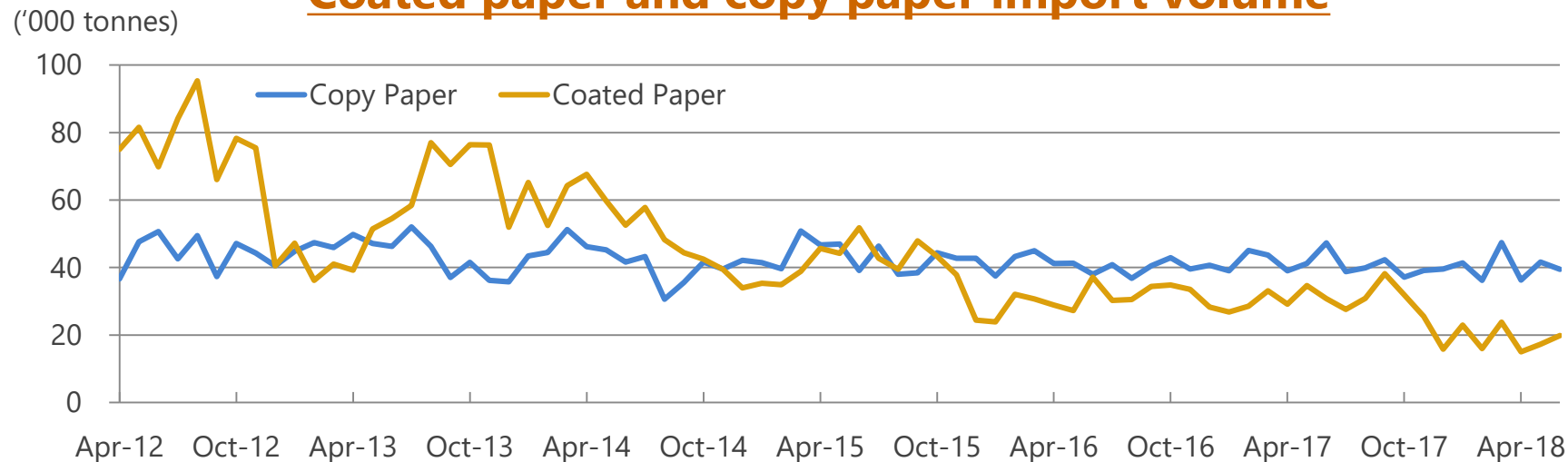
	Domestic shipments(A)		Exports(B)		(A+B)		Imports(C)		Domestic demand(A+C)	
	volume	YOY	volume	YOY	volume	YOY	volume	YOY	volume	YOY
Newsprint	641	▲4.9%	0	—	641	▲4.9%	1	▲59.1%	643	▲5.1%
Printing & business communication paper	1,739	▲5.0%	222	35.9%	1,961	▲1.7%	183	▲26.8%	1,922	▲7.6%
Coated paper *	960	▲7.4%	171	34.9%	1,131	▲2.8%	52	▲44.8%	1,012	▲10.5%
Uncoated paper	443	▲4.5%	43	48.6%	486	▲1.4%	14	▲51.6%	457	▲7.2%
Business communication paper	335	1.9%	9	7.8%	344	2.0%	117	▲8.0%	452	▲0.9%
Other papers	802	▲2.2%	74	5.3%	875	▲1.6%	13	18.1%	814	▲2.0%
Paper total	3,182	▲4.3%	296	26.8%	3,478	▲2.3%	197	▲25.3%	3,379	▲5.9%
Container board	2,327	0.5%	130	13.9%	2,457	1.1%	11	▲7.9%	2,338	0.4%
Folding box board and others	557	3.2%	7	▲19.8%	564	2.8%	75	12.9%	632	4.2%
Paperboard total	2,884	1.0%	137	11.6%	3,020	1.4%	86	9.8%	2,970	1.2%
Paper and paperboard total	6,065	▲1.9%	433	21.5%	6,498	▲0.6%	283	▲17.3%	6,348	▲2.7%

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

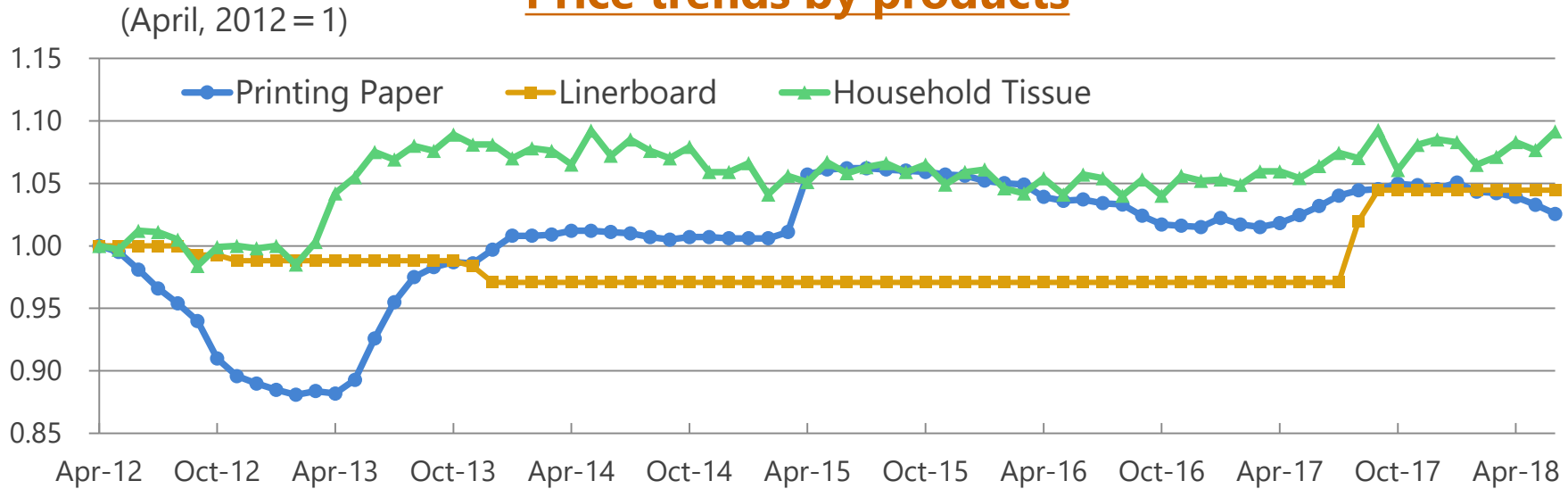
Domestic shipment of paper industry (YOY)



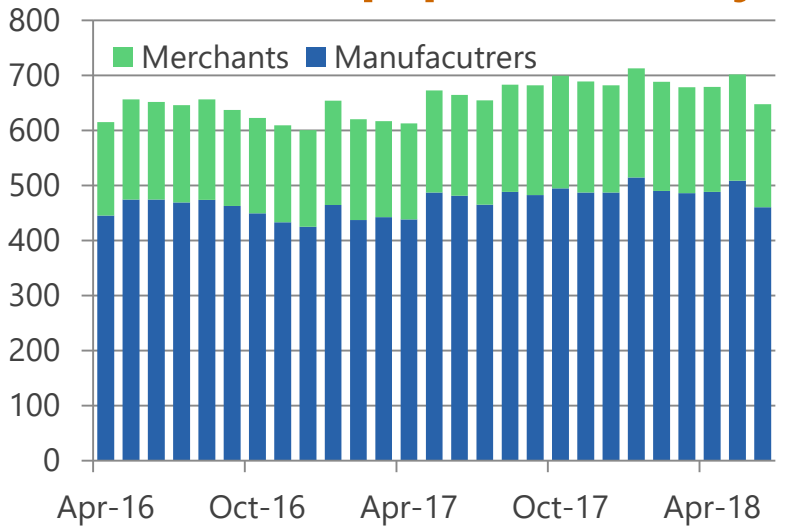
Coated paper and copy paper import volume



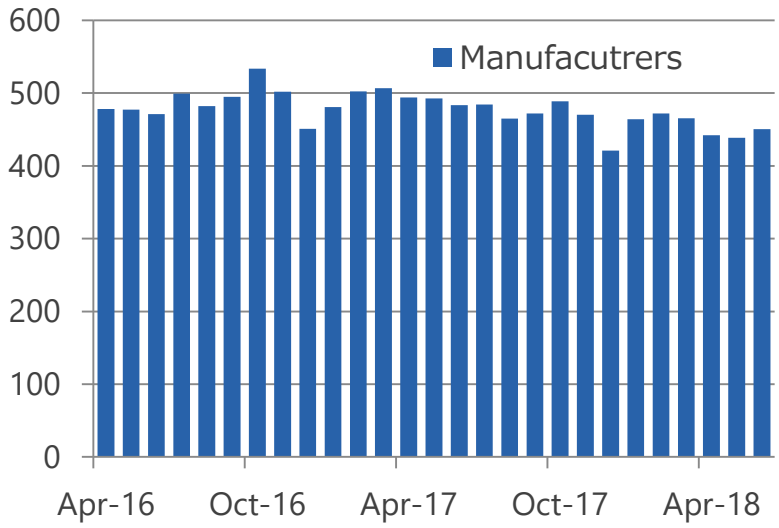
Price trends by products



Coated paper inventory ('000 tonnes)

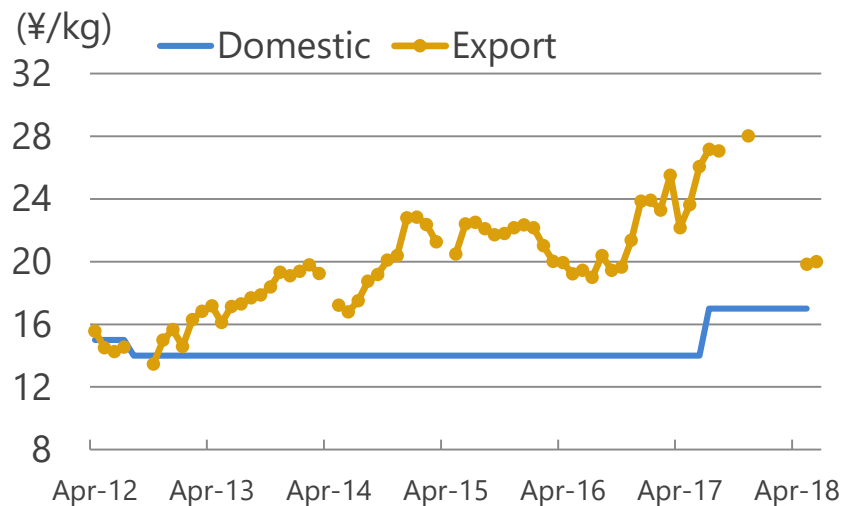


Containerboard inventory ('000 tonnes)

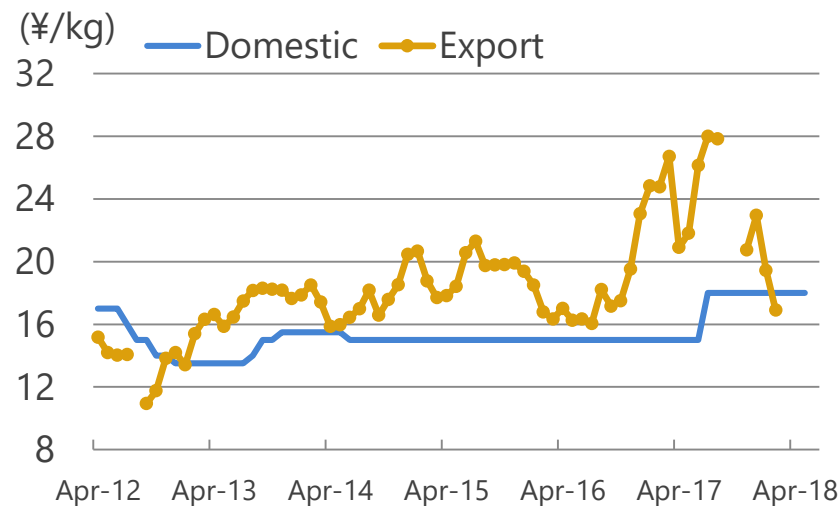


Source: Japan Paper Association, Bank of Japan "Corporate Goods Price Index"

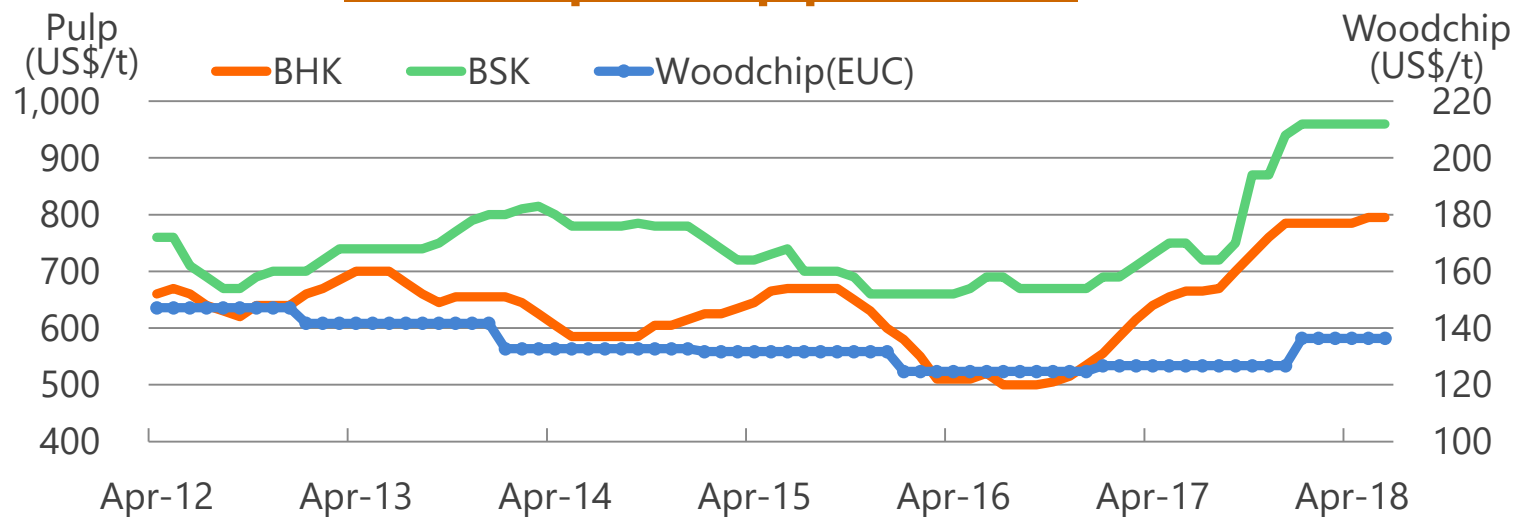
ONP price trend



OCC price trend

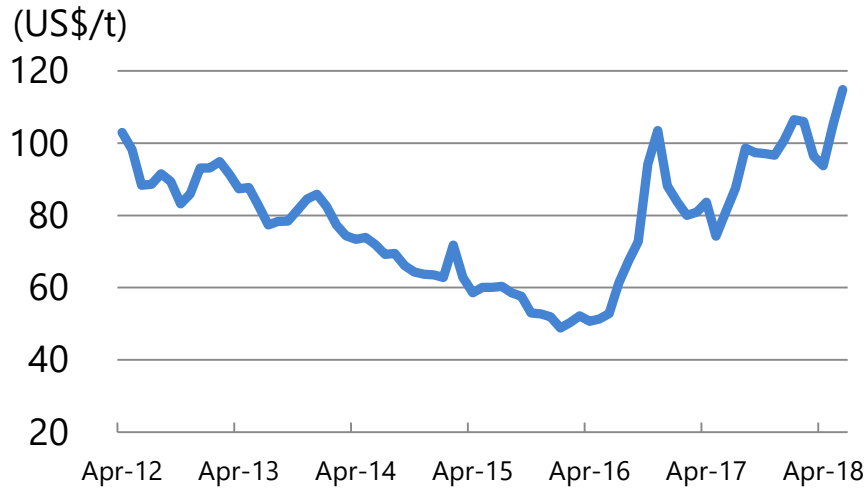


Woodchip & Pulp price trend

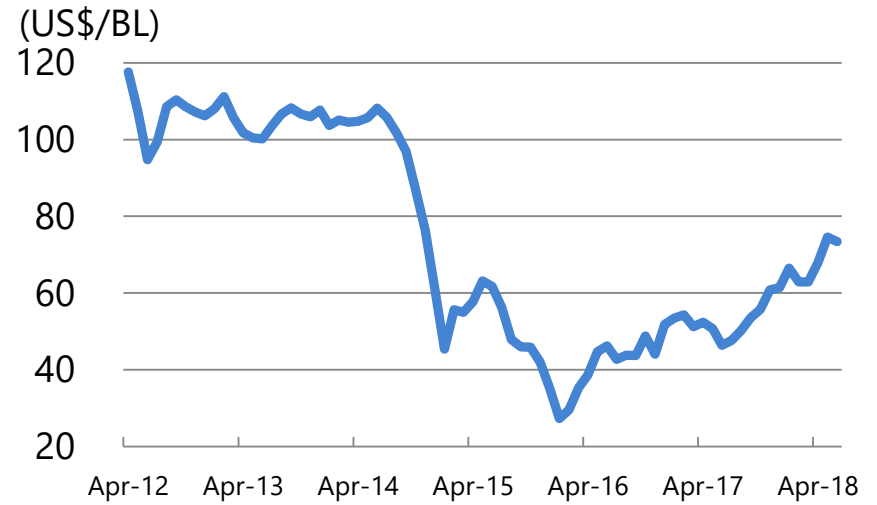


(Reference)

Coal



Crude Oil



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NIPPON PAPER INDUSTRIES CO.,LTD.