

MANAGEMENT BRIEFING

May 28, 2019

Business Performance Trends

FY2019/3 Consolidated Financial Results

(¥billion)

	FY2018/3 Result	FY2019/3 Result	Year on year Variance	Rate of changes
Net sales	1,046.5	1,068.7	22.2	2.1%
Operating income	17.6	19.6	2.0	11.4%
Ordinary income	18.6	23.9	5.3	28.2%
Net income*	7.8	-35.2	-43.0	-

* Profit attributable to owners of parent

Business Performance Trends

Forecast of FY2020/3 Consolidated Financial Results

(¥billion)

	FY2019/3 Result	FY2020/3 Forecast	Year on year Variance	Rate of changes
Net sales	1,068.7	1,120.0	51.3	4.8%
Operating income	19.6	30.0	10.4	52.9%
Ordinary income	23.9	28.0	4.1	17.1%
Net income*	-35.2	13.0	48.2	-

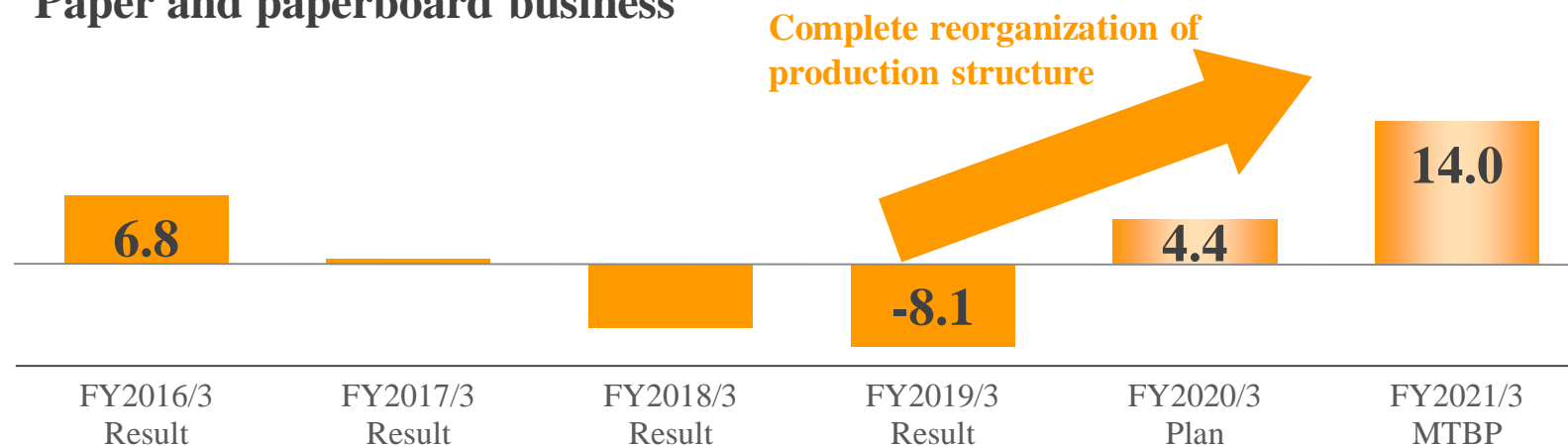
* Profit attributable to owners of parent

Progress of The Sixth Medium-Term Business Plan(MTBP) (Overall)

Progress of enhancing the competitiveness in existing business and transformation of business structure

(¥billion)

Paper and paperboard business

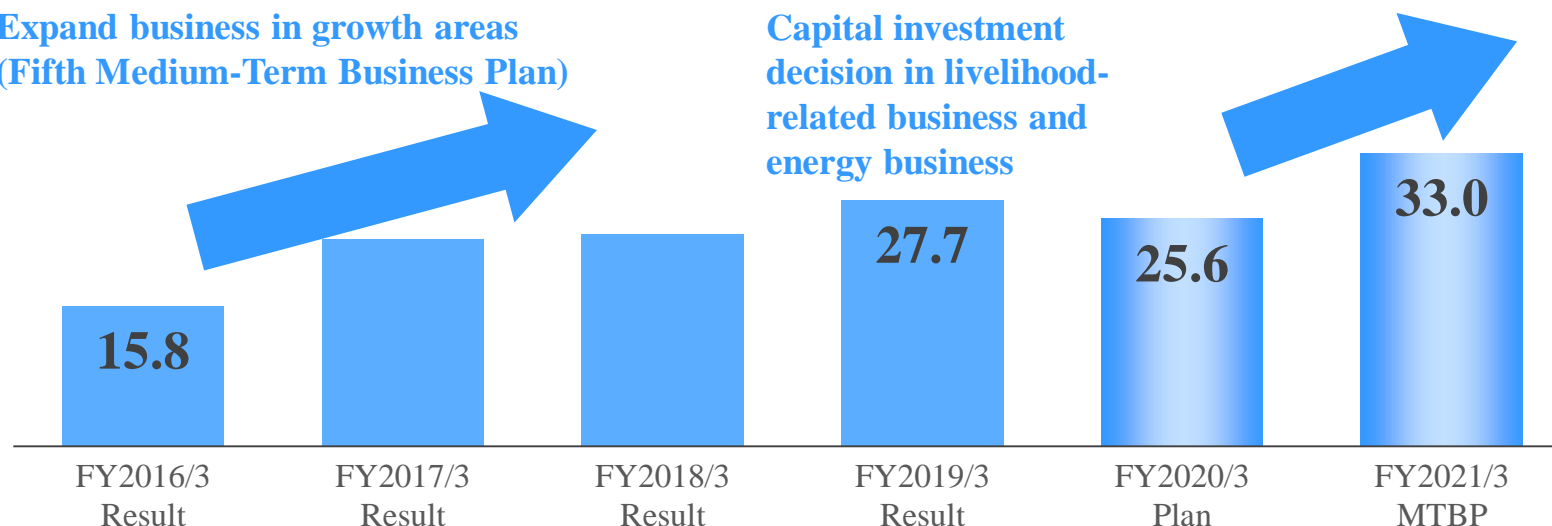


Livelihood-related business ~Other businesses

Expand business in growth areas (Fifth Medium-Term Business Plan)

Capital investment decision in livelihood-related business and energy business

To increase profit again



Progress of The Sixth MTBP (Overall)

Business objectives

	(¥billion)			
	FY2018/3 Result	FY2019/3 Result	FY2020/3 Forecast	FY2021/3 MTBP
Net sales	1,046.5	1,068.7	1,120.0	1,115.0
Operating income	17.6	19.6	30.0	47.0
EBITDA(※)	78.1	82.5	90.0	110.0
Debt-equity ratio	1.61 times	1.76 times	-	1.5 times or less
ROA	1.8%	2.2%	-	3.8%
ROE	1.8%	-8.6%	-	At least 5%

※ EBITDA = Operating income + interest income + dividend income + depreciation

Progress of The Sixth MTBP (Overall)

Net sales by segment

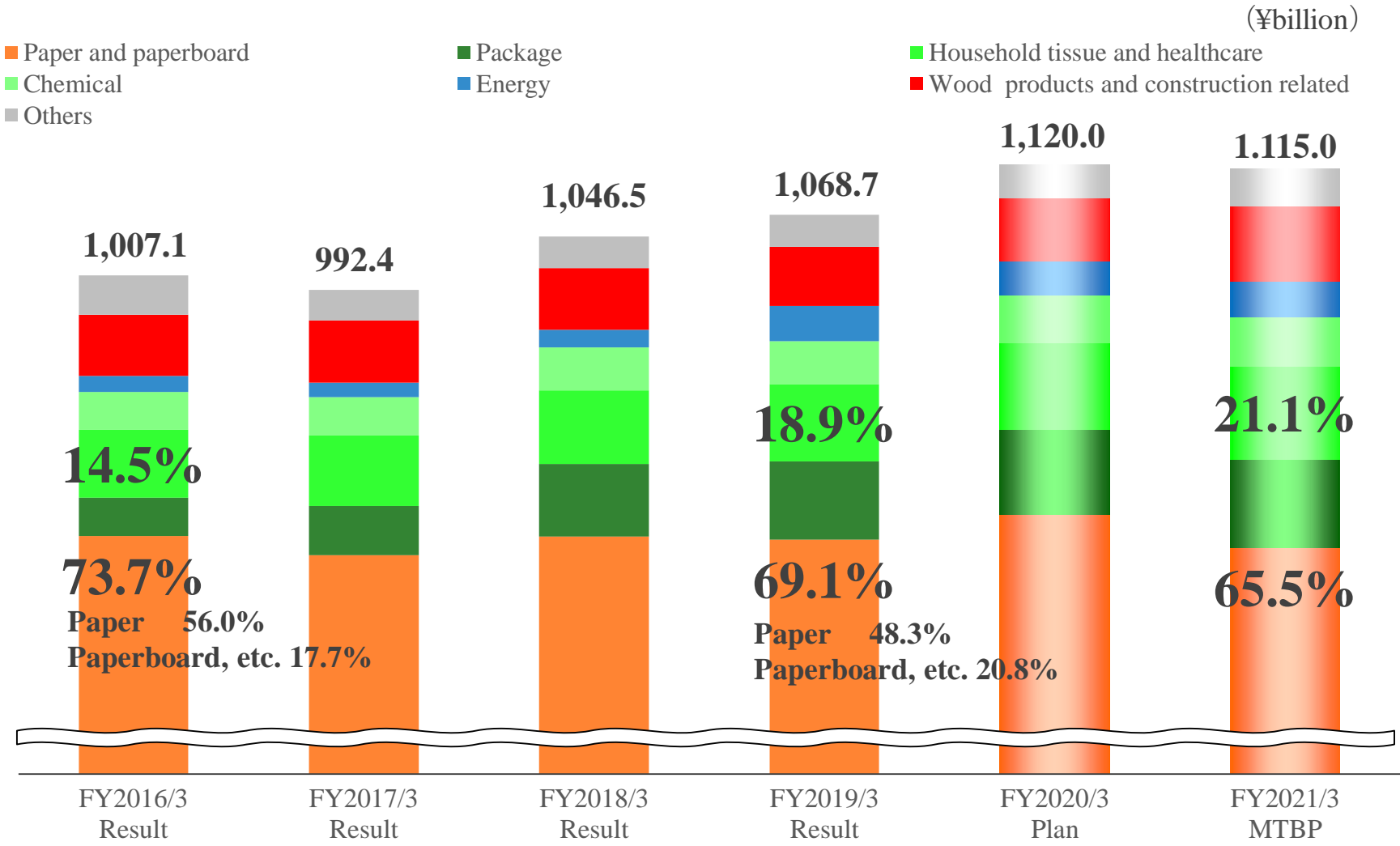
(¥billion)

	FY2018/3 Result	FY2019/3 Result	FY2020/3 Forecast	FY2021/3 MTBP
Paper and paperboard	741.7	738.5	764.0	730.0
Livelihood- related	192.5	201.7	223.0	235.0
Energy	17.8	36.2	35.0	36.0
Wood products and construction related	62.8	59.8	64.0	77.0
Others	31.7	32.5	34.0	37.0
Total	1,046.5	1,068.7	1,120.0	1,115.0

Progress of The Sixth MTBP (Overall)

Net sales by segment

Livelihood-related business's share in Group's sales is rising steadily.



Progress of The Sixth MTBP (Overall)

Operating income by segment

(¥billion)

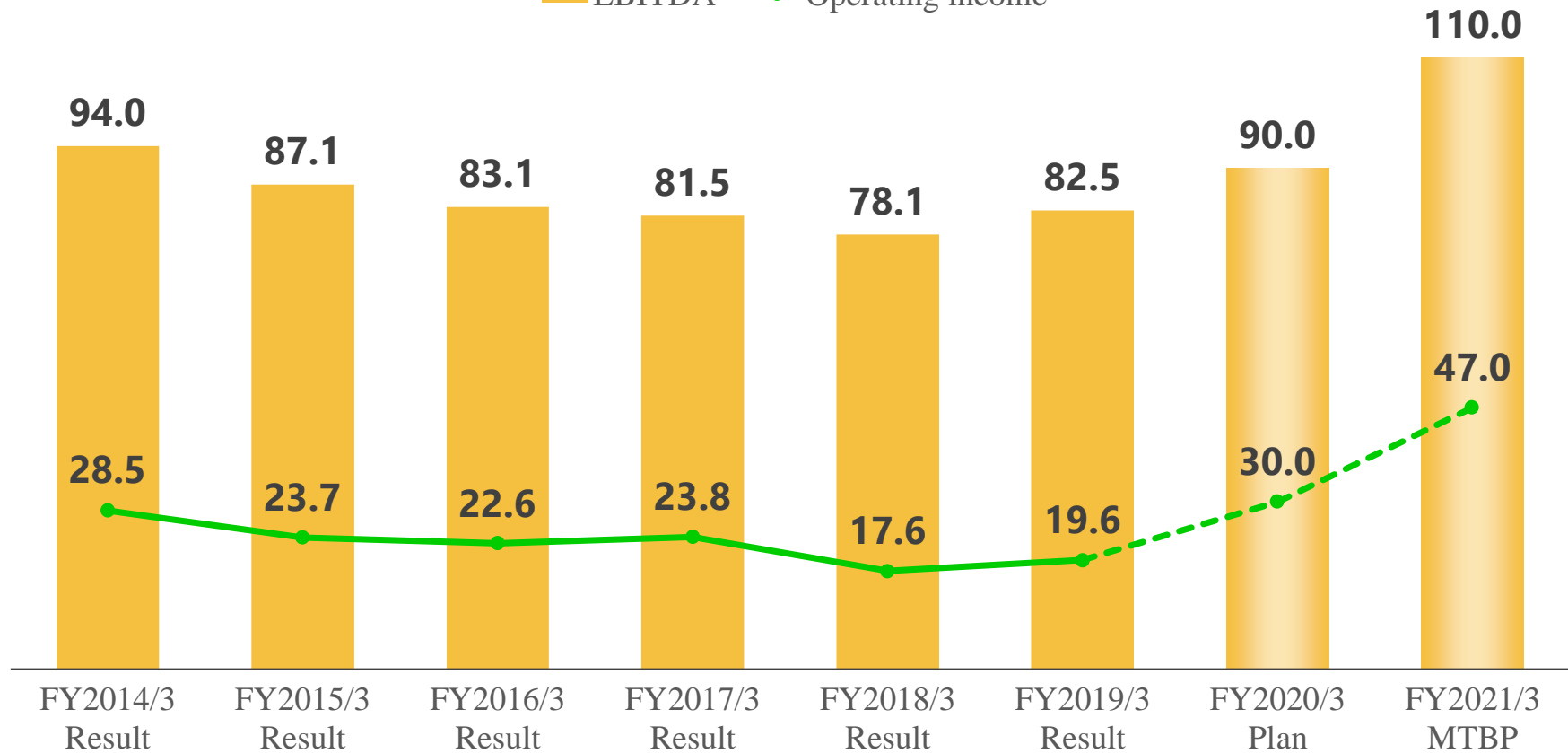
	FY2018/3 Result	FY2019/3 Result	FY2020/3 Forecast	FY2021/3 MTBP
Paper and paperboard	-6.3	-8.1	4.4	14.0
Livelihood-related	12.0	11.6	11.9	18.0
Energy	4.1	7.9	6.6	7.5
Wood products and construction related	4.5	4.9	4.6	4.5
Others	3.3	3.3	2.5	3.0
Total	17.6	19.6	30.0	47.0

Progress of The Sixth MTBP (Overall)

EBITDA

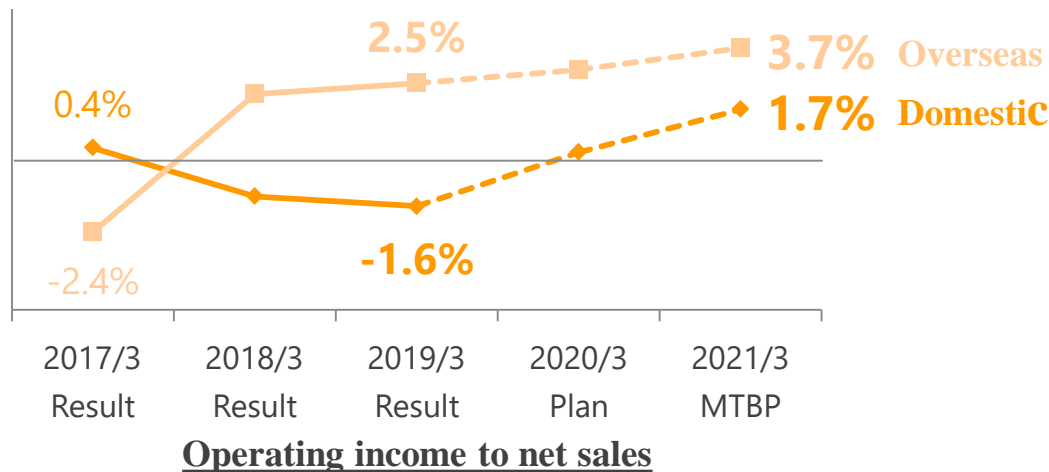
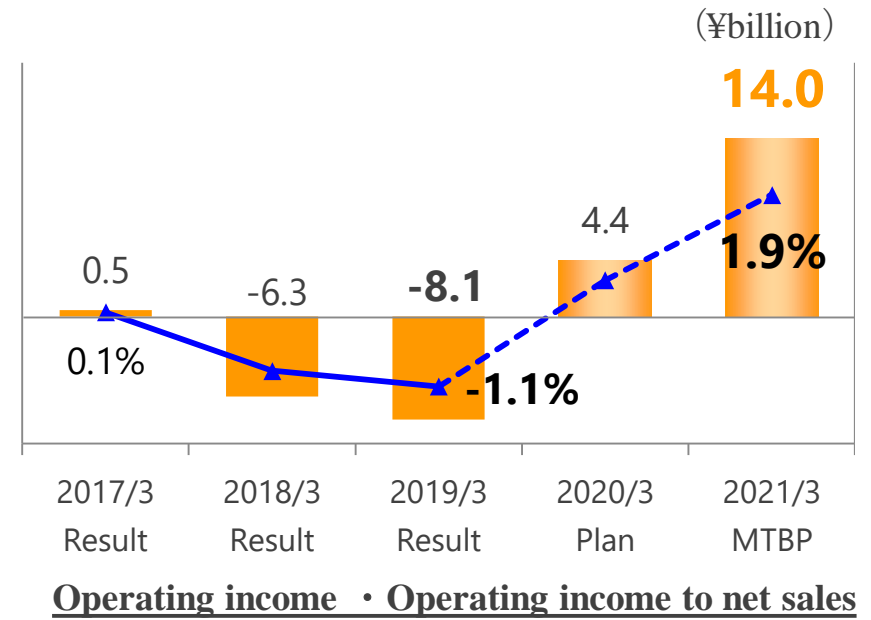
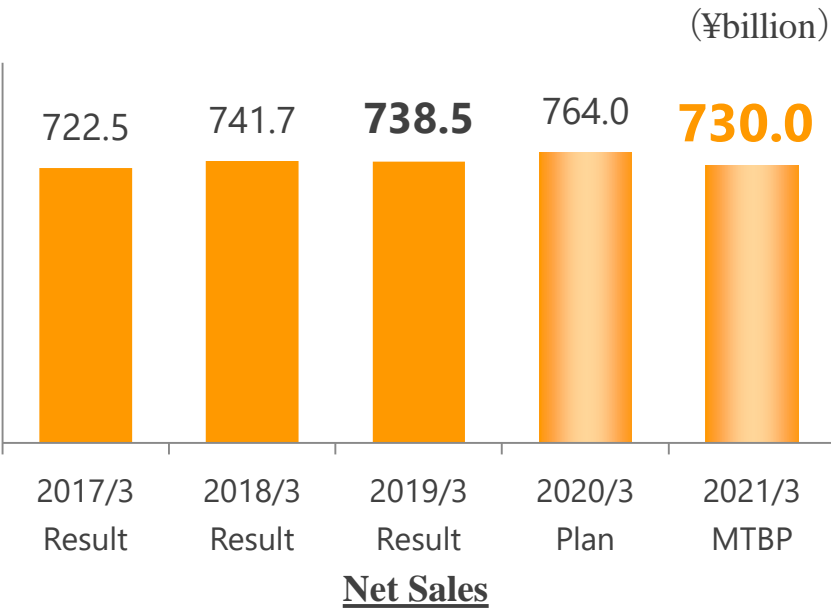
(¥billion)

■ EBITDA ● Operating income



Progress of The Sixth MTBP (by Business)

Paper and paperboard business



Progress of The Sixth MTBP (by Business)

Paper and paperboard business

Market environment

- Concerns on global economic slump caused by the prolonged trade friction between the United States and China
- Continuation of demand decrease in newsprint and printing paper and demand increase in containerboard
- Expectation of spike in demand ahead of the consumption tax hike and special demand related to Tokyo Olympic Games, Concerns about reactionary decrease which might occur after the special demands.

Future themes and tasks

Domestic

- Complete reorganization of production structure (Paper)
- Maintain product prices (Paper · Paperboard)
- Stable operation (Paper · Paperboard)

Overseas

- Stable operation
- Responding to raw material price increases

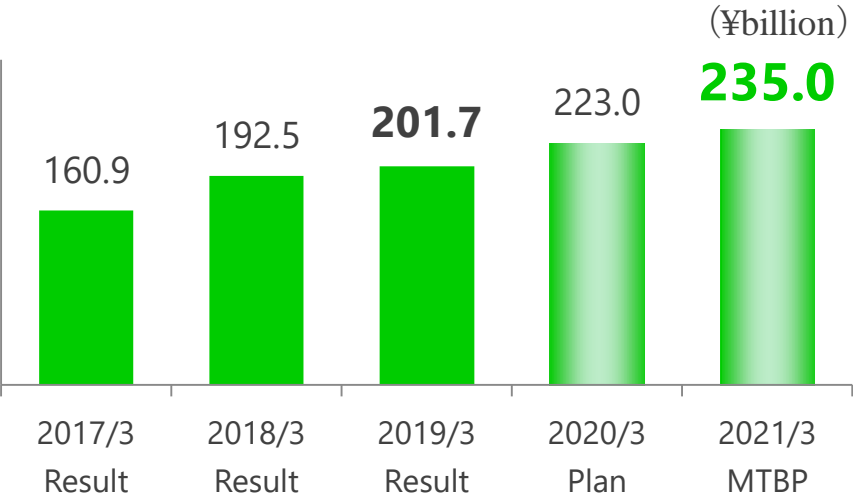
Progress of the reorganization of production structure

Current situation and tasks

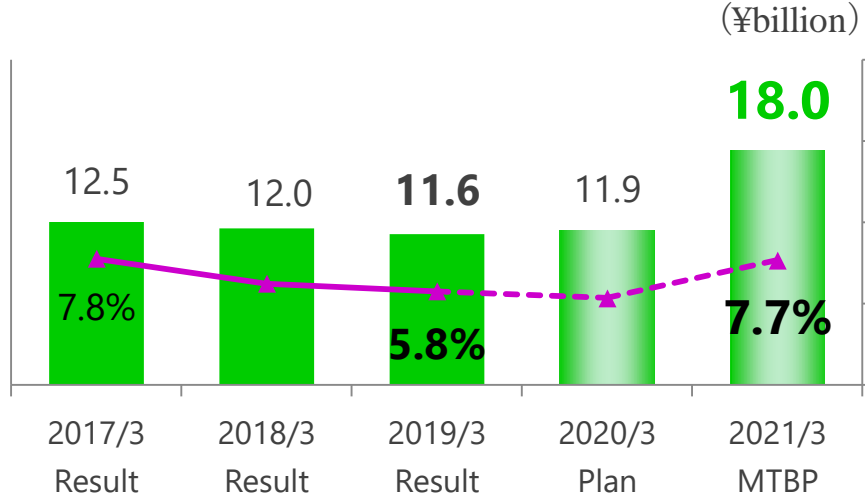
- Production transfer and shut down of paper making machines are on schedule.
- Appropriate use of human resources in growth areas

Progress of The Sixth MTBP (by Business)

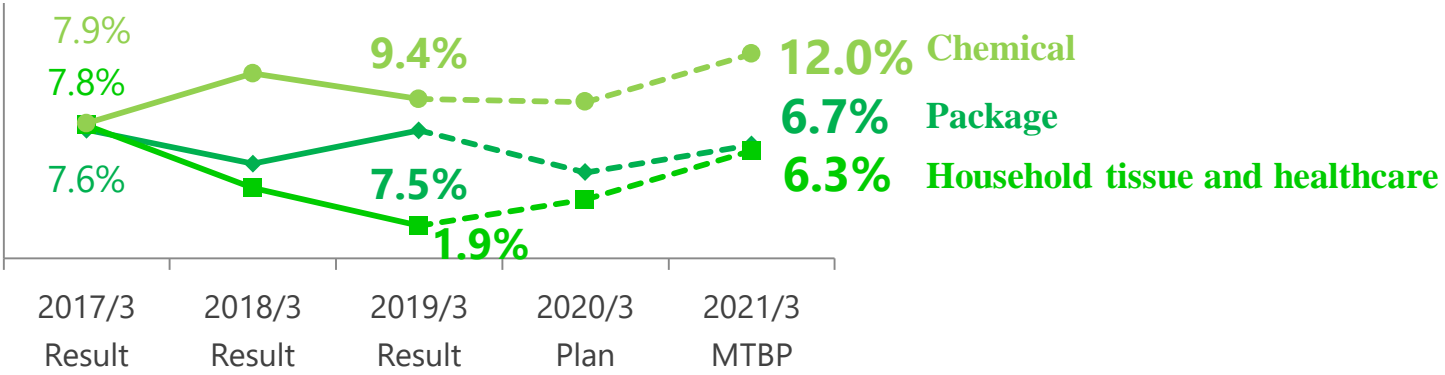
Livelihood-related business



Net Sales



Operating income · Operating income to net sales



Operating income to net sales

Progress of The Sixth MTBP (by Business)

Livelihood-related business

Market environment

Package	<p>(Domestic) Drinking-milk market is trending slightly lower, but functional and health beverages are growing.</p> <p>(Global) Increasing interest in paper containers caused by environmental issues</p>
Household tissue and healthcare	<ul style="list-style-type: none">• Visitors to Japan increasing (2018: 31.69 million people → 2020 forecast: 40 million people)• Increase of elderly population (2018: 35.57 million people → 2040 forecast: 39.21 million people)• Increasing interest in water absorption care
Chemical	<ul style="list-style-type: none">• Global expansion of the electric vehicles (EV) and hybrid vehicle markets• Practical use of new technologies such as flexible displays

Future tasks

- Aggressive investment and concentration of management resources in growth businesses
- Establish a system to maximize the return on investments after 2020
- Improve operating income to net sales (Chemical: 10% or more, Package: 5% or more, Household tissue: 5% or more)

Progress of The Sixth MTBP (by Business)

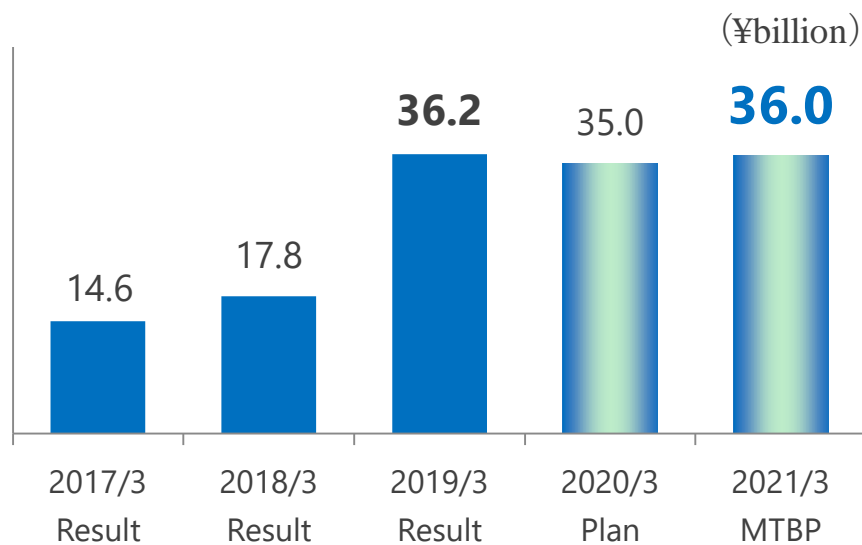
Livelihood-related business

Future business

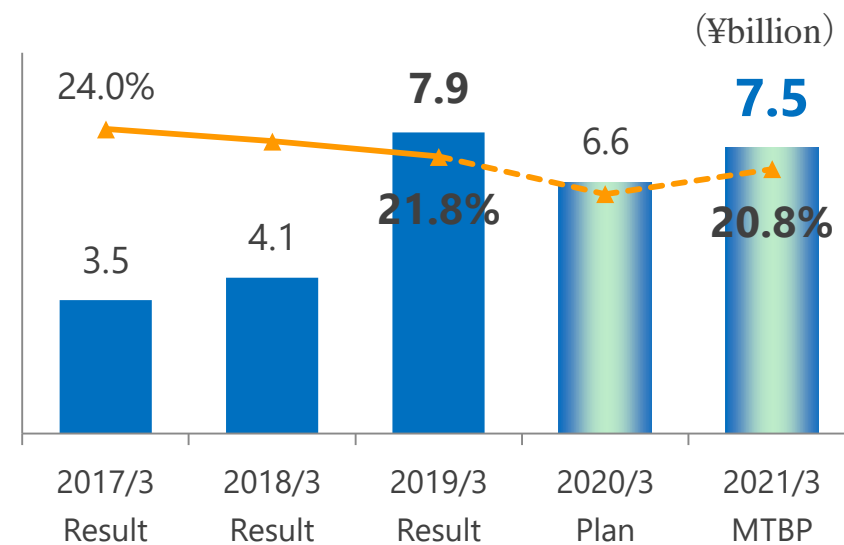
Package	<ul style="list-style-type: none">• Capture demand for paper containers using NSATOM®, aseptic filling system, and UPN-SEC14S, a state-of-the-art filling machines• Early adoption of SPOPS®, replaceable paper-based container• Improve Nippon Dynawave Packaging's earning capacity by installing new pulp drying machines and upgrading the dry-end process of paper board machine.
Household tissue and healthcare	<ul style="list-style-type: none">• Installation of Crecia-Kasuga No. 2 papermaking machine• Expand sales of extra-length products (toilet rolls and kitchen towels)• To strengthen the Poise® brand through the sale of the new Poise® brand and implementation of TV commercials
Chemical	<ul style="list-style-type: none">• Installing a new manufacturing facility for highly functional cellulose (CMC) at Gotsu mill.• Expand sales in overseas markets such as functional coating resin products

Progress of The Sixth MTBP (by Business)

Energy business



Net Sales



Operating income • Operating income to net sales

Progress of major projects

Nippon Paper Ishinomaki Energy Center

- Operations commenced in March 2018. Operation is going well.

Akita Biomass Combustion Power Generation Business

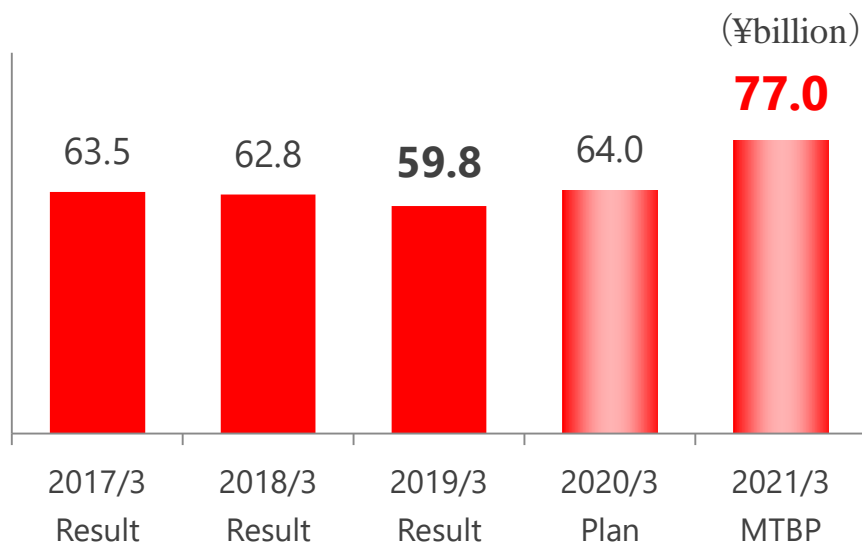
- Discontinue the consideration (announced in February 2019)

Yufutsu Biomass Power Generation Business

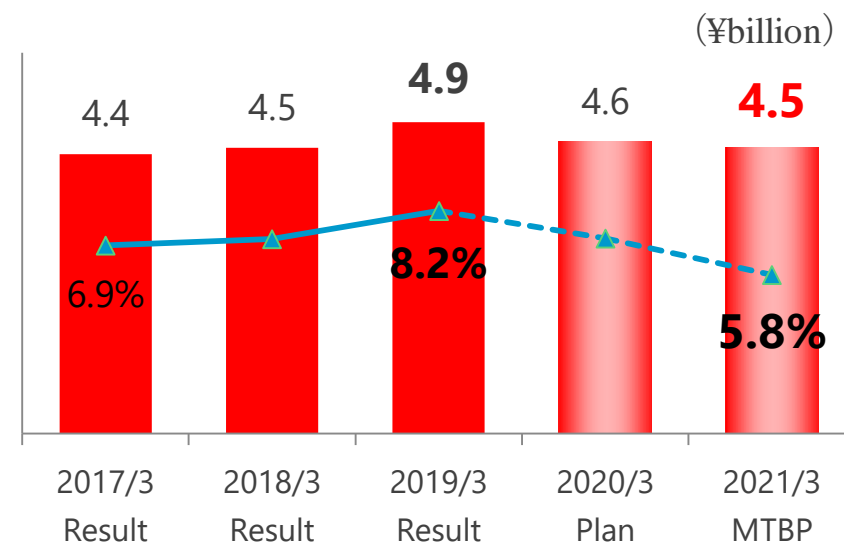
- Start of operation: January 2023 (planned)
- Power generation output: 74,950 kW (Generating end)
- Fuel: imported woodchips, palm kernel shells, domestic unused woody materials

Progress of The Sixth MTBP (by Business)

Wood products and construction related business



Net Sales



Operating income • Operating income to net sales

Progress of business strategy

Increase the domestic lumber handling volume

- Volume increased slightly in FY2018 compared to the same period of previous year.
- Continue to focus on expanding sales in non-housing fields

Full-scale supply of biomass fuels

- Collection volume of fuel woodchip in FY2018 was on a par with the previous year.
- Strengthen procurement infrastructure of fuel woodchip for boilers that correspond to FIT system.

Progress of The Sixth MTBP (by Business)

Innovative materials

Market environment

- Global efforts to solve the marine plastic waste problem
- Increasing interest in biomass materials, “wood materials” and “paper”
- Efforts to reduce CO₂ emissions (automobiles, etc.)

Our strengths

- Possible to manufacture variety of pulps and can be used for diverse applications.
- Group-wide technologies and knowledge related to paper



Tago no Tsuki

SURISURI

Sakaneya

Foods and cosmetics using
Cellenpia



Miner Pa Demonstration Plant

SHIELDPLUS

cellenpia[®]
CELLULOSE NANOFIBER

ミネルパ
MinerPa

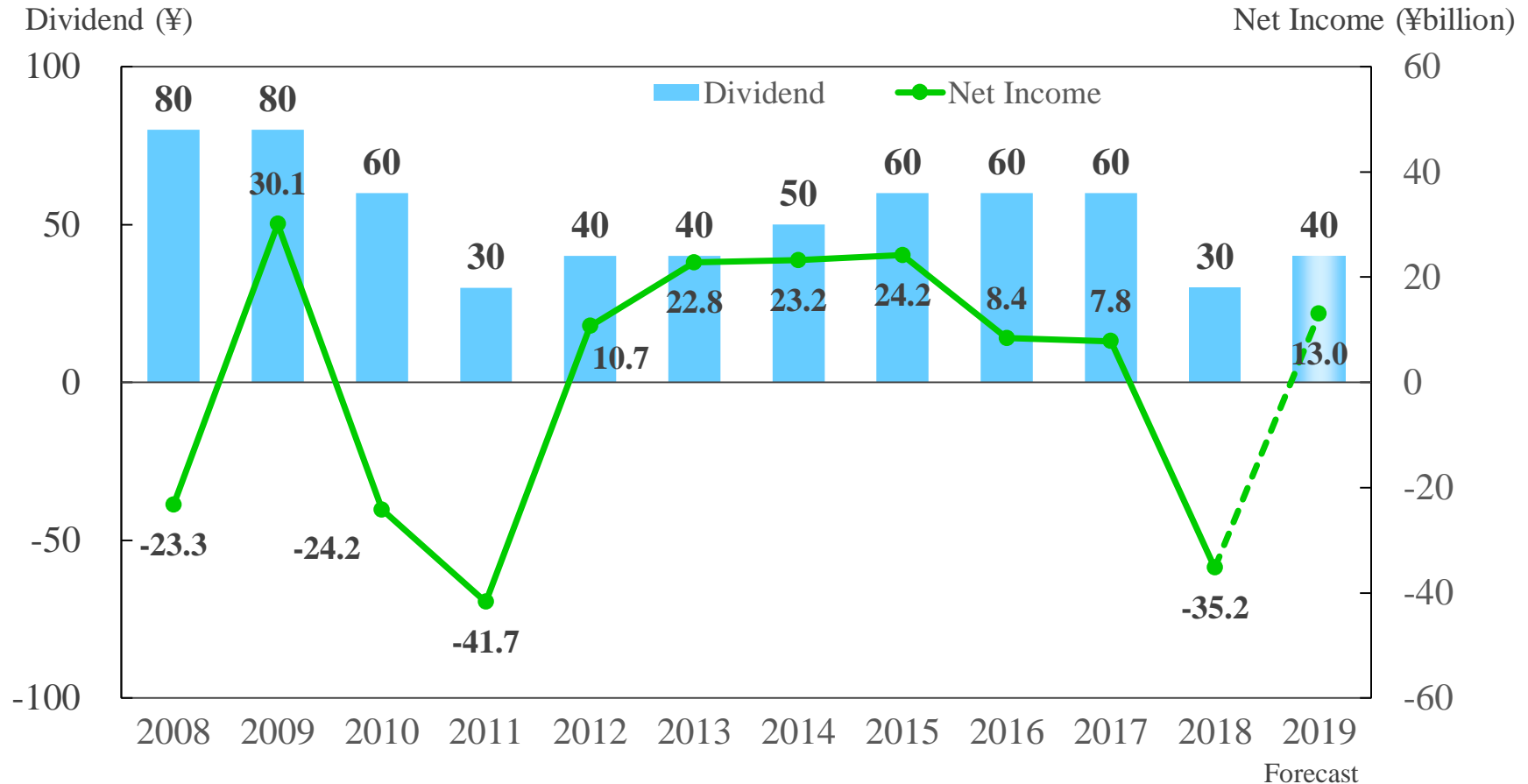
Progress of The Sixth MTBP (by Business)

Innovative materials

Future themes and tasks

Cellenpia	<ul style="list-style-type: none">• Develop applications suited to each of the three types of CNF and early commercialization (TEMPO oxidized CNF 、 CM-CNF 、 CNF-reinforced plastic)
SHIELDPLUS	<ul style="list-style-type: none">• Establishing a manufacturing system including Jujo Thermal• Speedy market development (launched dedicated sales team in April of this year)
Miner Pa	<ul style="list-style-type: none">• Explore applications that take advantage of functions such as deodorizing and antibacterial properties and flame retardancy, Early commercialization
Promoting Paper	<ul style="list-style-type: none">• Develop products to expand business domain for paper• Understand the market needs for paper and create new business opportunities (Beverage containers, food trays and containers, plastic shopping bags, etc.)

Dividend policy

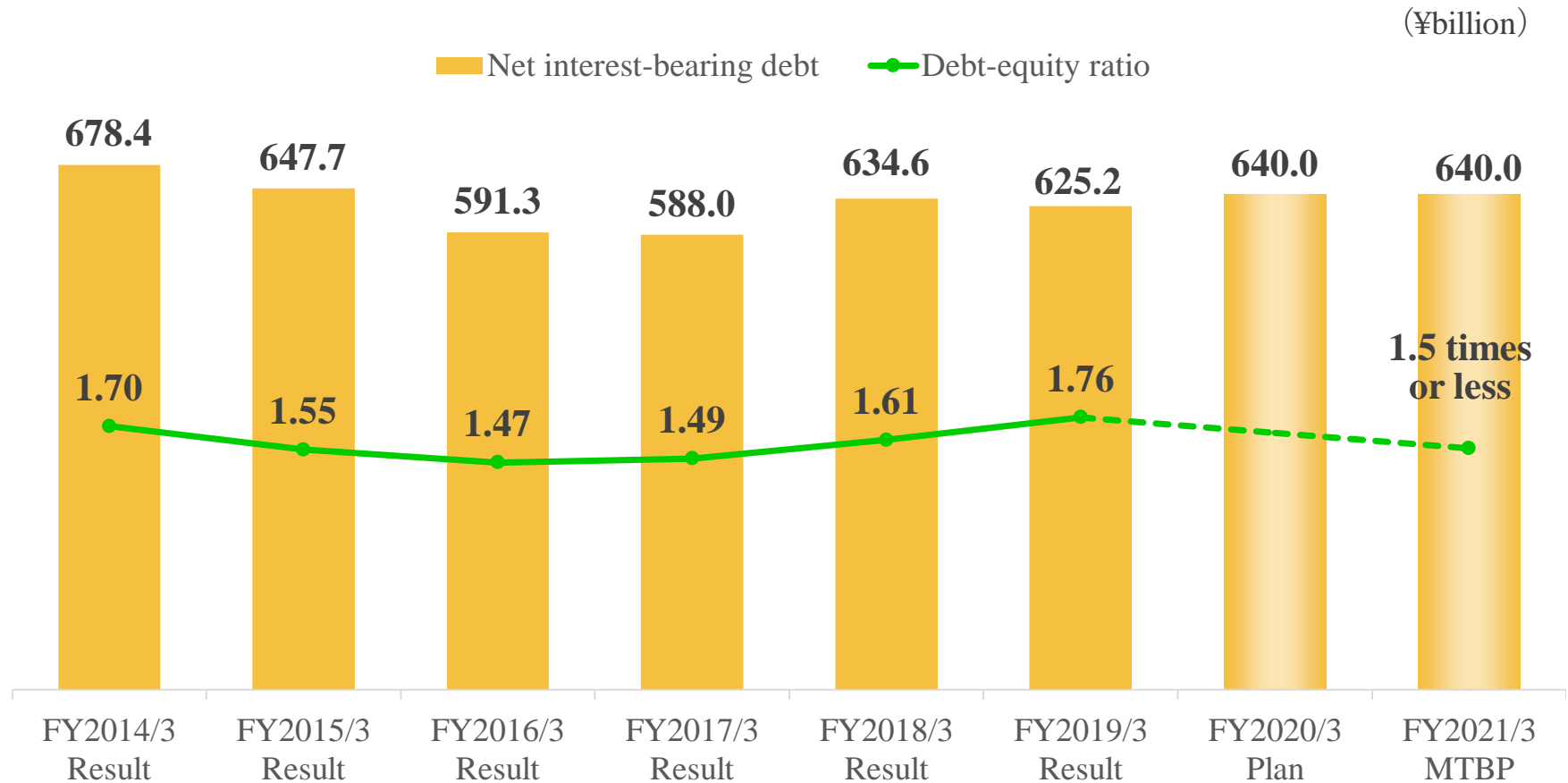


◆ Dividend Policy

The Company's basic policy is to continuously provide stable dividends based on a comprehensive consideration of factors such as business performance and the enhancement of internal reserves, with a view to ensuring the soundness in Group's management and increasing shareholder value in the future.

Net interest-bearing debt

Forecast to remain at the current level during the period of The Sixth Medium-Term Business Plan.



The Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business.

<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.