

1ST QUARTER FY2018/3 FINANCIAL REVIEW

August 3, 2017

1 . 1st Quarter FY2018/3 Financial Results
(April 1,2017 – June 30,2017)

2 . FY2018/3 Forecast



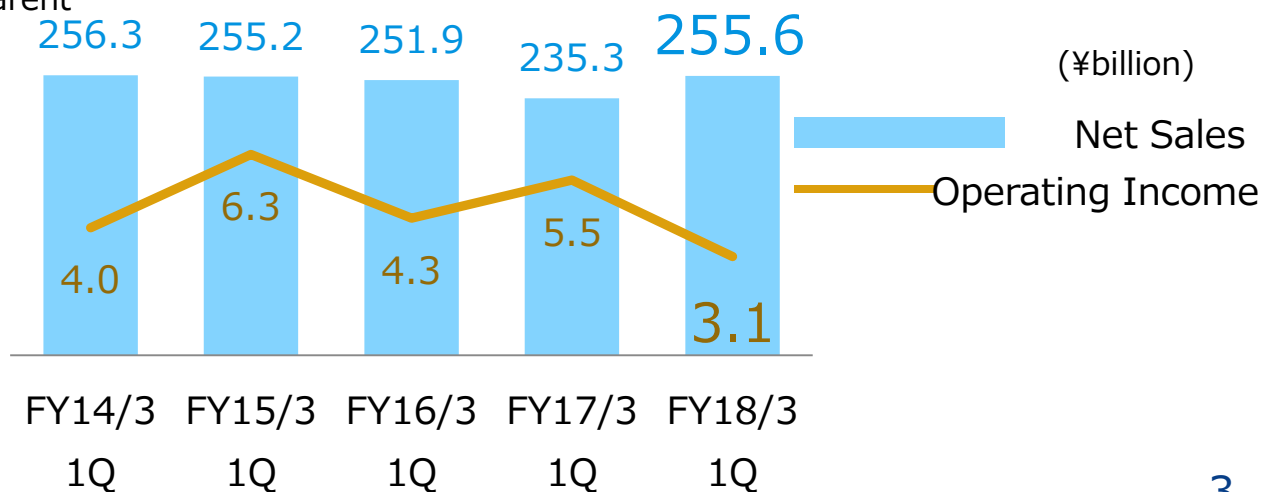
1. 1st Quarter FY2018/3 Financial Results

Consolidated Statement

(¥billion)

	1Q FY2017/3 Results	1Q FY2018/3 Results	Variance	
			Amount	%
Net Sales	235.3	255.6	20.3	8.7%
Operating Income	5.5	3.1	-2.4	-43.5%
Ordinary Income	6.1	5.4	-0.7	-11.7%
Net Income*	3.0	5.6	2.6	86.4%

* Profit attributable to owners of parent



1. 1st Quarter FY2018/3 Financial Results

Results by Segment

(¥billion)

	Net Sales			Operating Income		
	1Q FY2017/3 Results	1Q FY2018/3 Results	Variance	1Q FY2017/3 Results	1Q FY2018/3 Results	Variance
Pulp & Paper	195.7	211.8	16.1	2.8	-0.3	-3.1
Paper related	21.5	24.4	2.9	1.1	2.0	0.9
Wood Products and Construction related	13.8	14.8	1.0	1.1	0.9	-0.2
Other	4.3	4.6	0.3	0.5	0.5	0.0
Total	235.3	255.6	20.3	5.5	3.1	-2.4



Sales Volume (Paper & Paperboard)

volume: '000 tonnes

	1Q FY2017/3	1Q FY2018/3	YOY
Newsprint	247	237	-3.7%
Printing & Business communication paper	543	531	-2.1%
Coated paper	292	290	-0.7%
Uncoated & Specialty printing paper	122	115	-5.1%
Business communication paper	129	126	-2.3%
Others	78	77	-1.9%
Domestic sales (paper)	867	845	-2.5%
Export (paper)	80	95	18.6%
Paper total	947	940	-0.8%
Container board	301	293	-2.6%
Folding box board and others	89	89	-0.1%
Domestic sales (paperboard)	390	383	-2.0%
Export (paperboard)	24	43	81.8%
Paperboard total	414	426	2.8%
Grand total (paper and paperboard)	1,361	1,366	0.3%

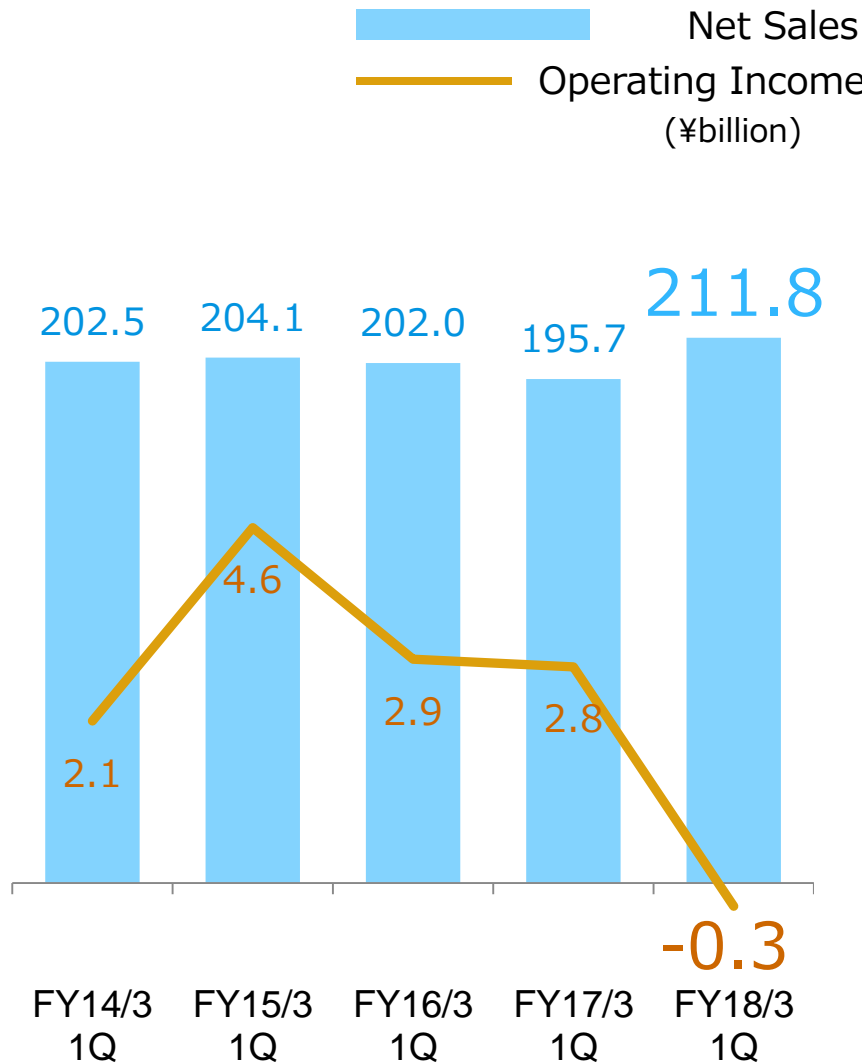
“Total ” means the sum of sales volume of Nippon Paper Industries Co.,Ltd., Nippon Paper Papyrus Co.,Ltd. and Nippon Paper Creca Co., Ltd.(Not include house hold tissue). Shin Tokai Paper Co., Ltd is not included.

◆ Shipment

- Paper : -0.8% (Domestic : -2.5%、Export : +18.6%)
- Paperboard : +2.8% (Domestic : -2.0%、Export : +81.8%)



Pulp & Paper Segment



○Paper

- Sales decreased from the previous year due to circulation decline in newspaper and sluggish demand on printed advertisement.

○Paperboard

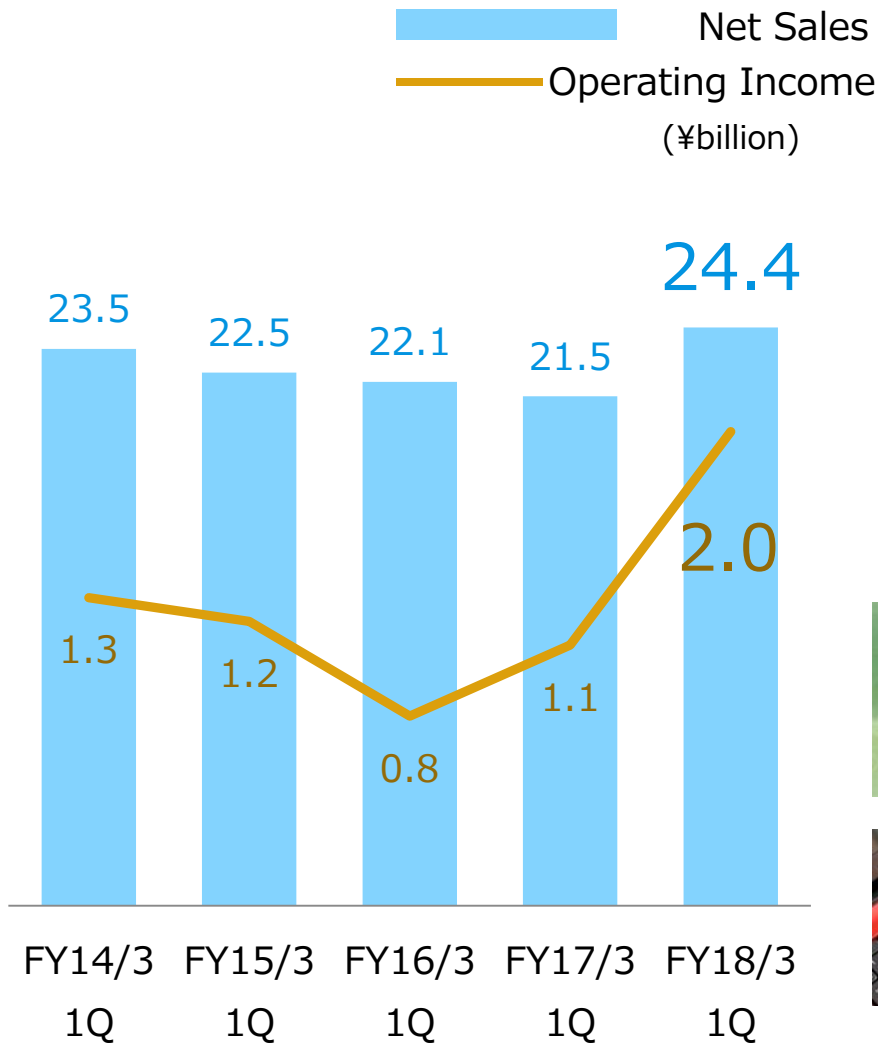
- Income decreased from the previous year due to rise in wastepaper price.

○Household tissue

- Sales of tissue, toilet rolls, and healthcare products were in good shape.



Paper – Related segment



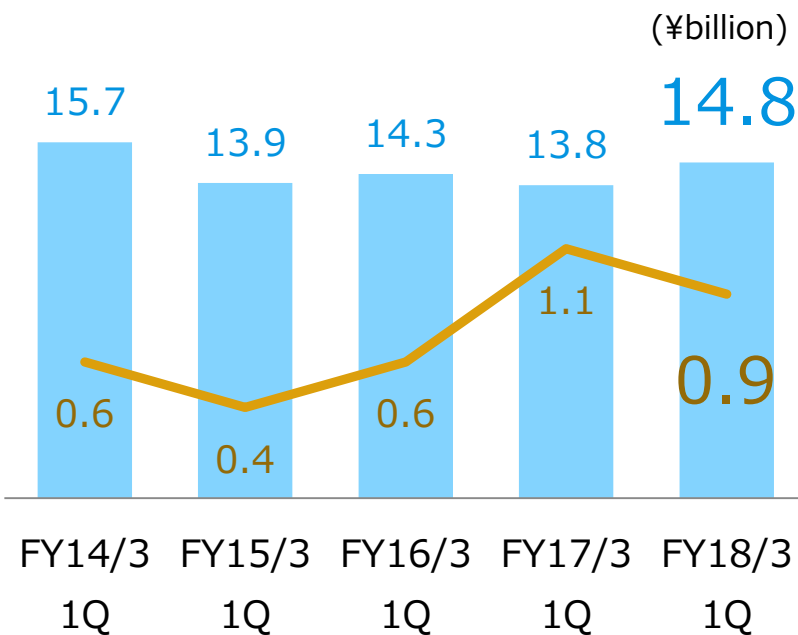
• For Paper-Pak Business, sales volume increased from the previous year mainly on cartons for cold beverage.

• In regard to chemical business, sales volume increased from the previous year as dissolving pulp, chemical products and functional films were stable.



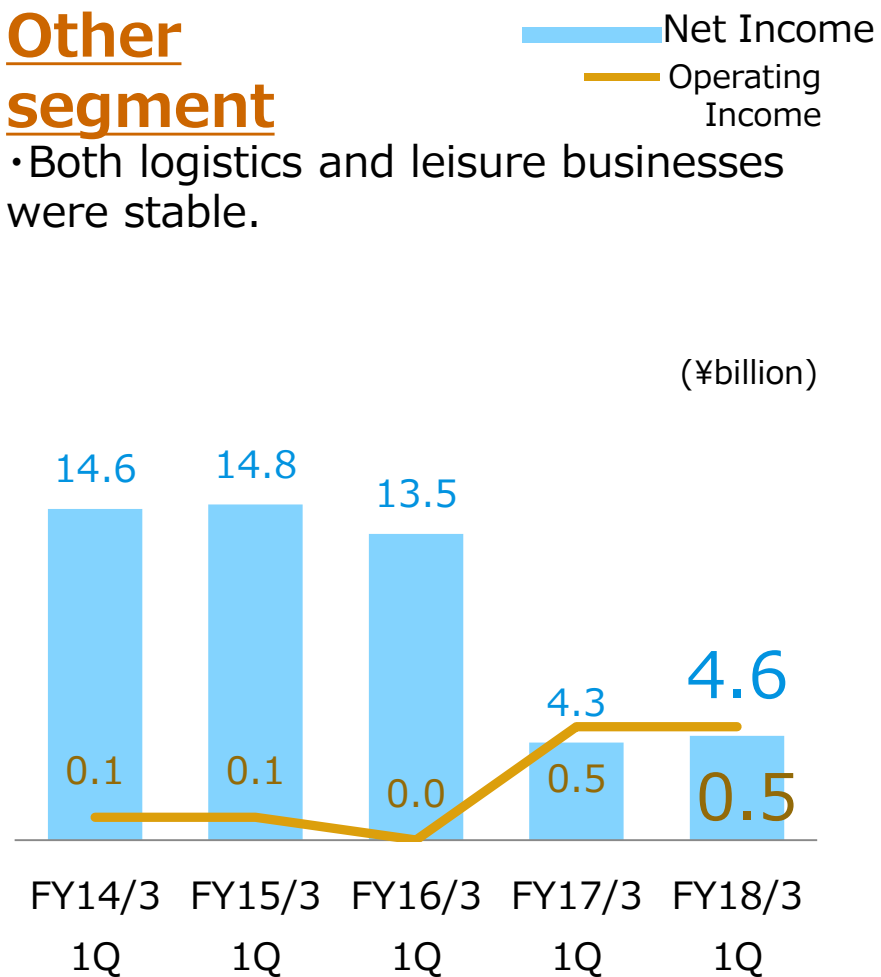
Wood Products and Construction Related segment

•Housing starts was stable while it remained flat from the previous year.



Other segment

•Both logistics and leisure businesses were stable.

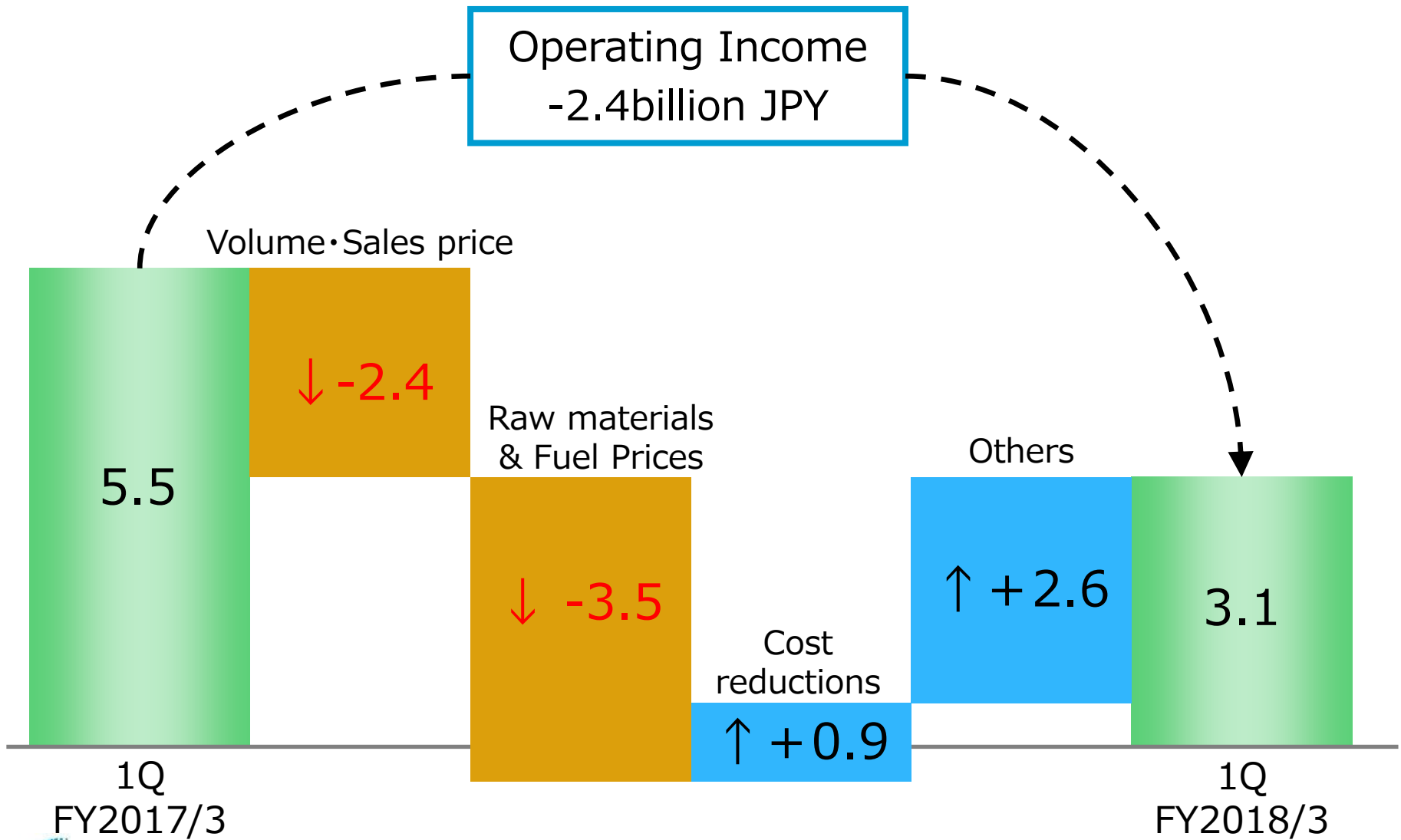


※Shikoku Coca-Cola was removed in 2nd quarter of FY 2016/3



Variance Analysis for Operating Income

(¥billion)



Consolidated Statements

(¥billion)

	FY2017/3 Results	FY2018/3 Forecast	Variance	
			Amount	%
Net Sales	992.4	1,050.0	57.6	5.8%
Operating Income	23.8	30.0	6.2	26.2%
Ordinary Income	27.0	30.0	3.0	11.1%
Net Income*	8.4	15.0	6.6	78.6%

* Profit attributable to owners of parent



REFERENCE MATERIALS

August 3, 2017



Domestic industry shipment, exports and imports (1Q FY2018/3)

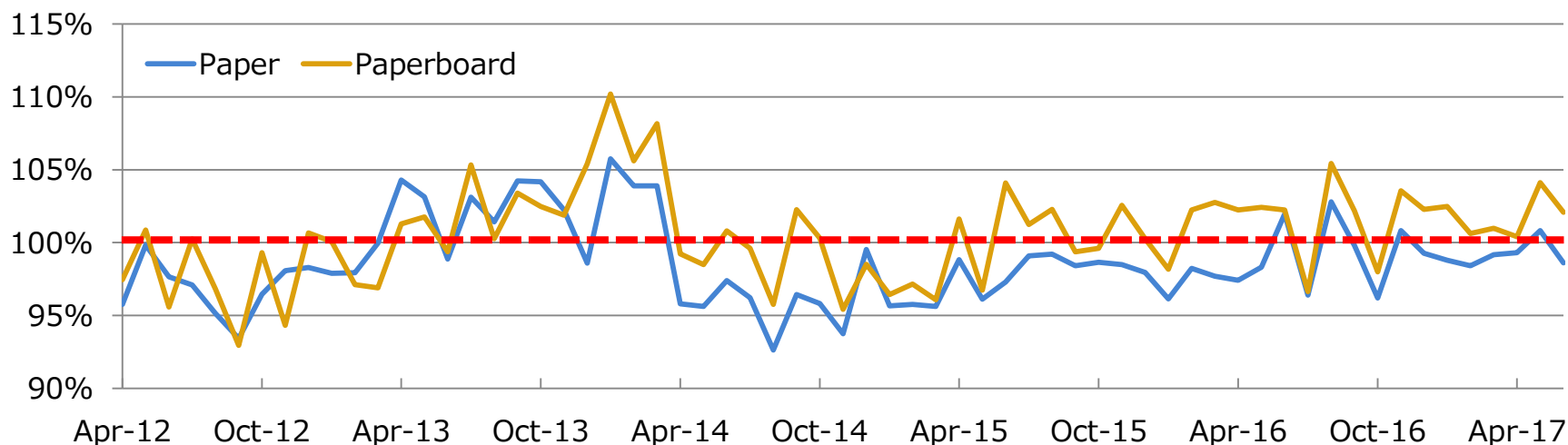
volume: '000 tonnes

	Apr '17 - Jun '17						Imports(C)		Domestic demand(A+C)	
	Domestic shipments(A)		Exports(B)		(A+B)					
	volume	YOY	volume	YOY	volume	YOY				
Newsprint	674	-4.1%	0	-100.0%	674	-4.1%	3	-39.8%	677	-4.3%
Printing & business communication paper	1,828	-0.4%	164	-6.4%	1,992	-0.9%	250	1.6%	2,078	-0.1%
Coated paper *	1,037	0.7%	126	-7.0%	1,163	-0.2%	95	1.4%	1,131	0.8%
Uncoated paper	462	-2.9%	29	3.1%	491	-2.6%	28	-13.4%	490	-3.6%
Business communication paper	329	-0.2%	8	-23.5%	337	-0.9%	128	5.9%	456	1.4%
Other papers	820	2.6%	70	6.1%	890	2.9%	11	-1.8%	831	2.6%
Paper total	3,322	-0.4%	234	-3.0%	3,556	-0.6%	264	0.8%	3,586	-0.4%
Container board	2,316	2.3%	114	33.5%	2,430	3.4%	12	17.2%	2,328	2.3%
Folding box board and others	539	1.6%	8	59.5%	547	2.2%	67	0.2%	606	1.4%
Paperboard total	2,855	2.1%	122	34.9%	2,978	3.2%	79	2.4%	2,934	2.1%
Paper and paperboard total	6,178	0.7%	356	7.3%	6,534	1.1%	342	1.1%	6,520	0.8%

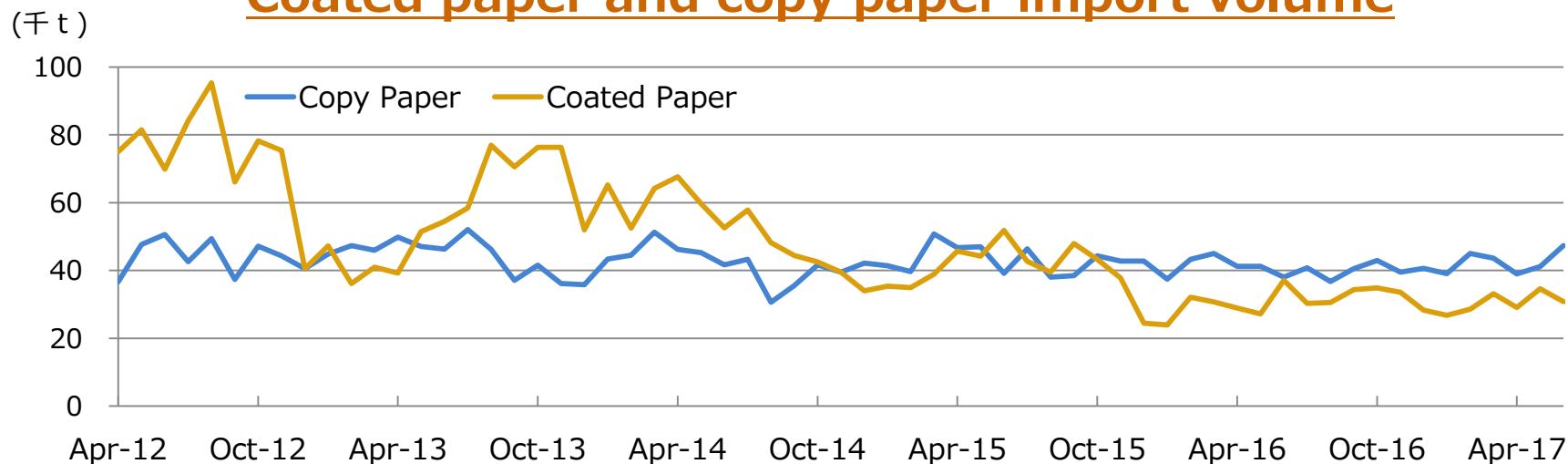
※ "Bitoko-shi" paper is included in coated paper.



Domestic shipment of paper industry(YOY)

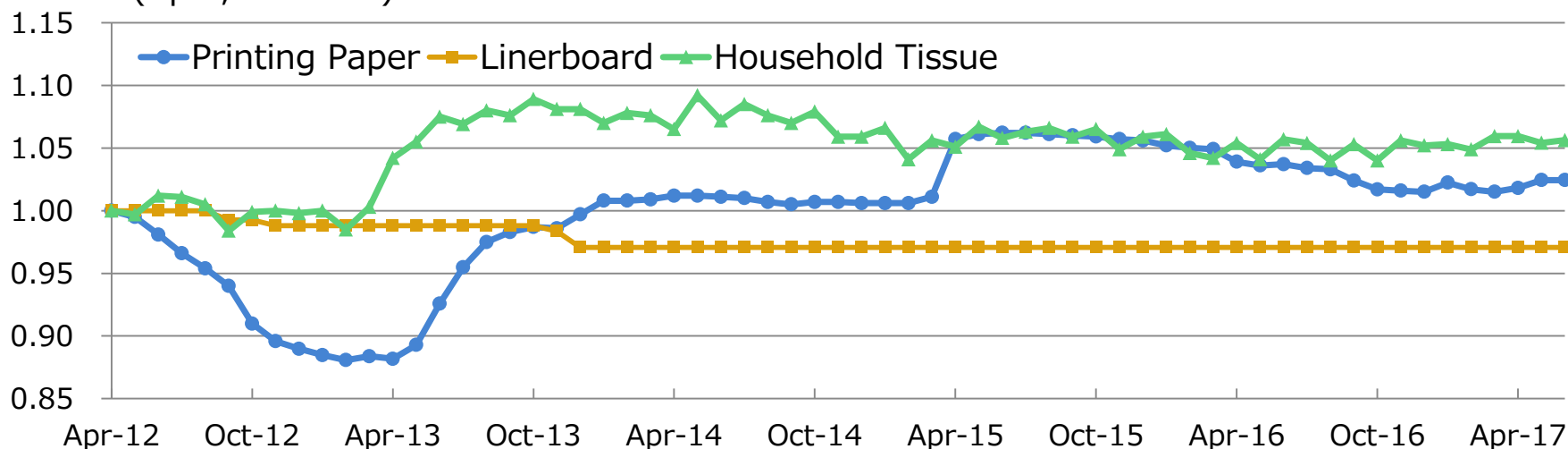


Coated paper and copy paper import volume



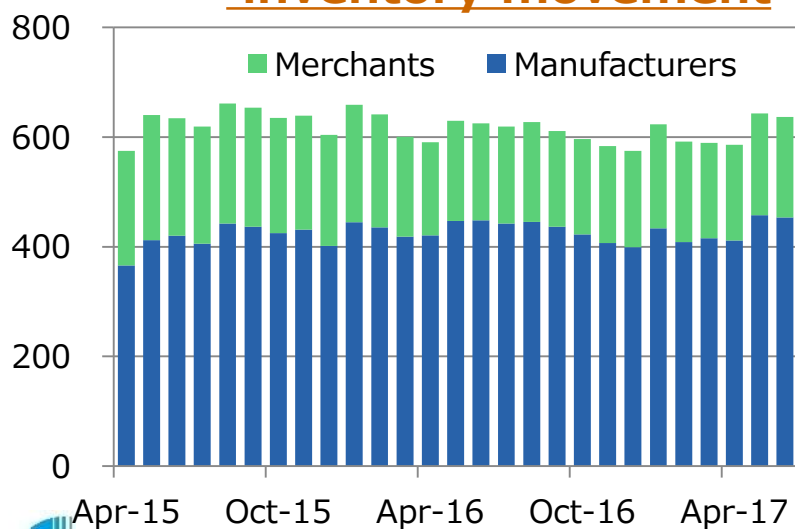
Price trends by products

(April, 2012 = 1)



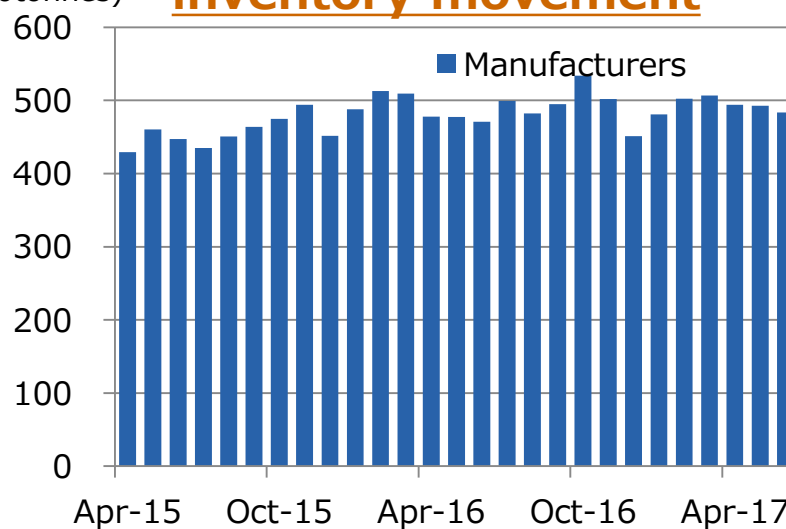
Coated paper industry inventory movement

('000tonnes)



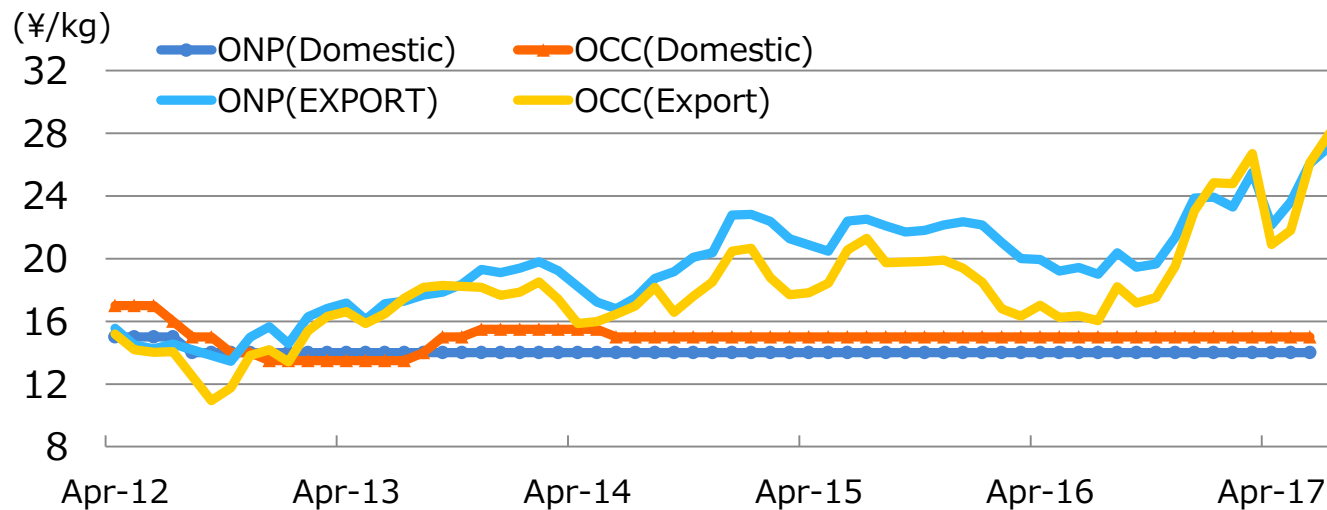
Containerboard industry inventory movement

('000tonnes)

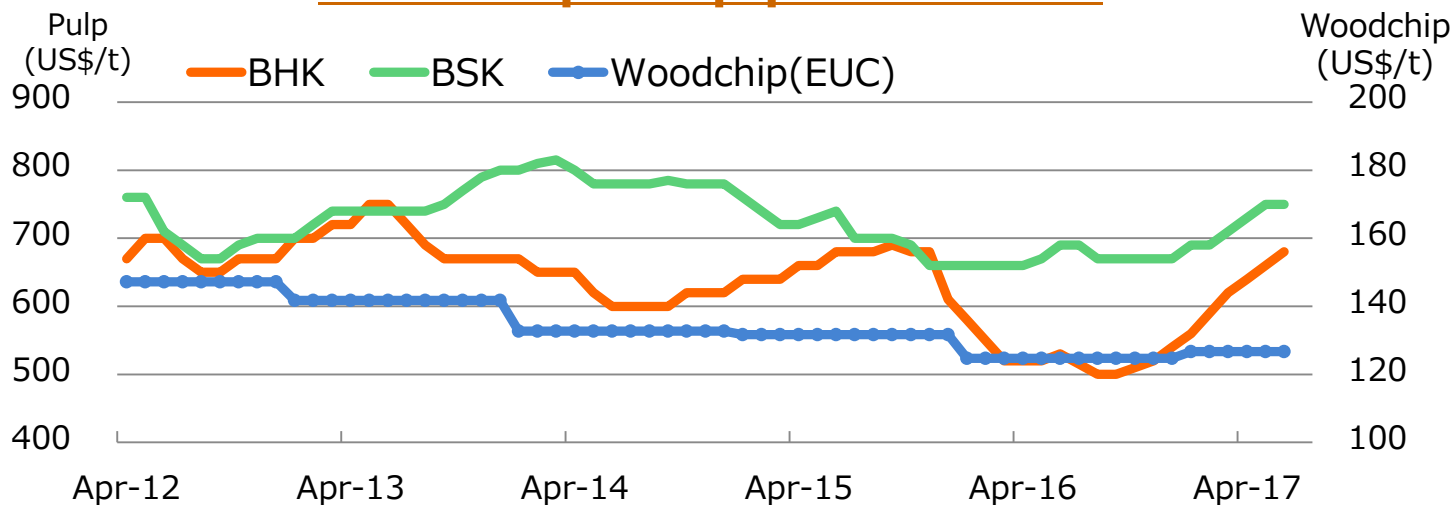


Source: Japan Paper Association, Bank of Japan "Corporate Goods Price Index"

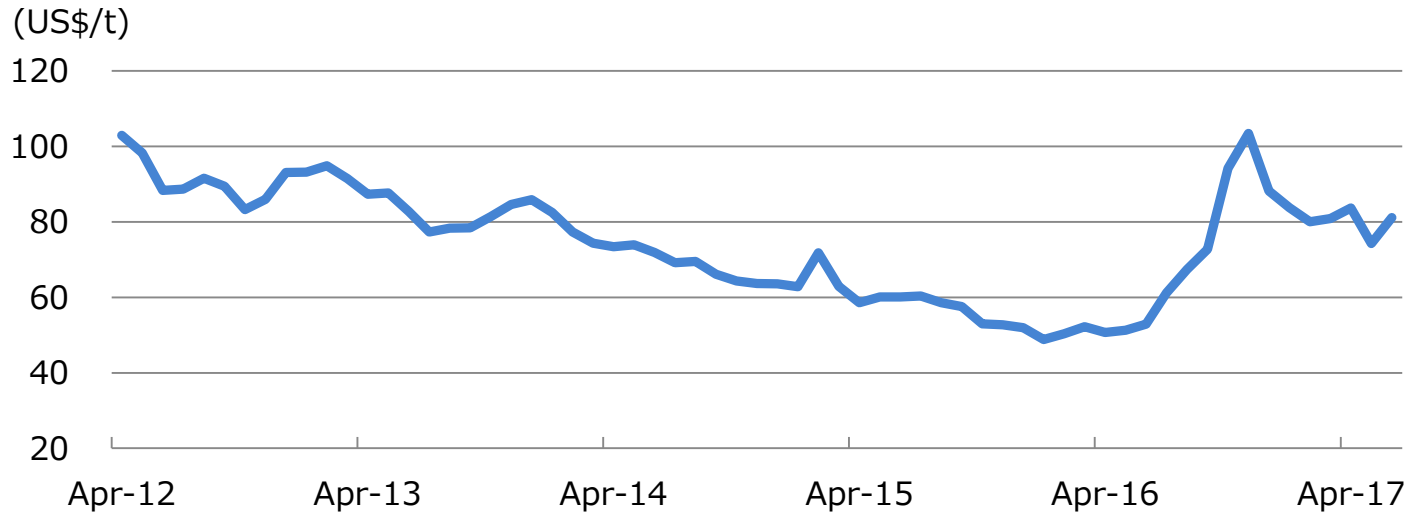
ONP·OCC price trends



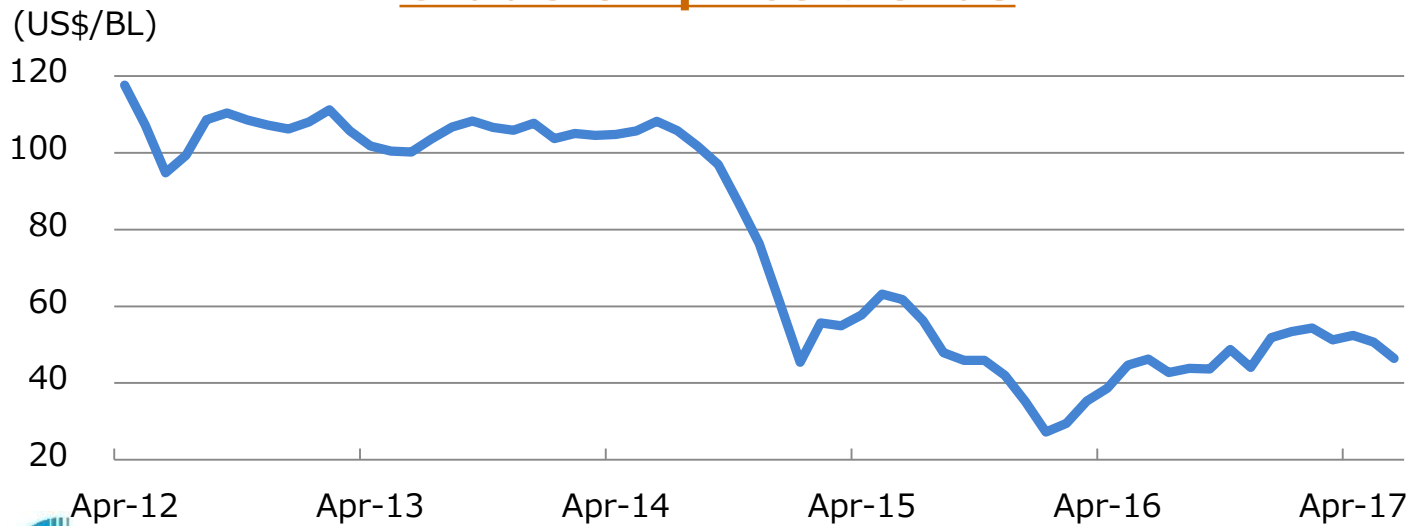
Woodchip·Pulp price trends



Coal price trends



Crude Oil price trends



Disclaimer

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Nippon Paper Industries Co., Ltd.

