

1st Quarter FY2016/3 Financial Review



Shaping the Future with Trees

August 5, 2015

Nippon Paper Industries Co., Ltd.

1st Quarter FY2016/3 Review
(April 1, 2015 – June 30, 2015)

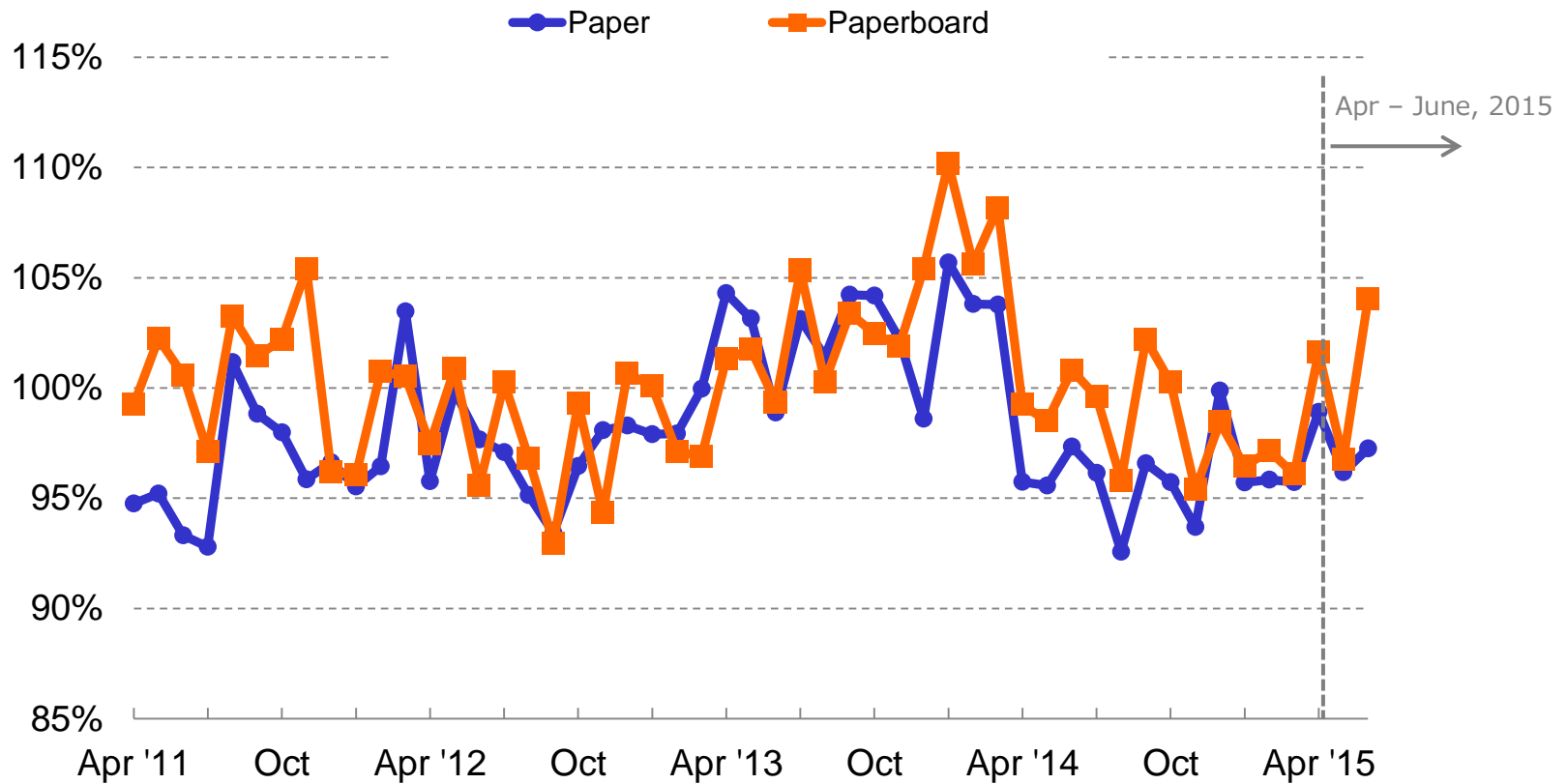
1. Business Environment
2. Financial Results

FY2016/3 Forecast
(April 1, 2015 – March 31, 2016)

3. FY2016/3 Earnings Forecast

Domestic paper shipment shows continued trend of year on year losses

Domestic shipment of Japanese paper industry (YOY)



Source: Japan Paper Association

1. Business environment: *Domestic shipment, exports and imports*

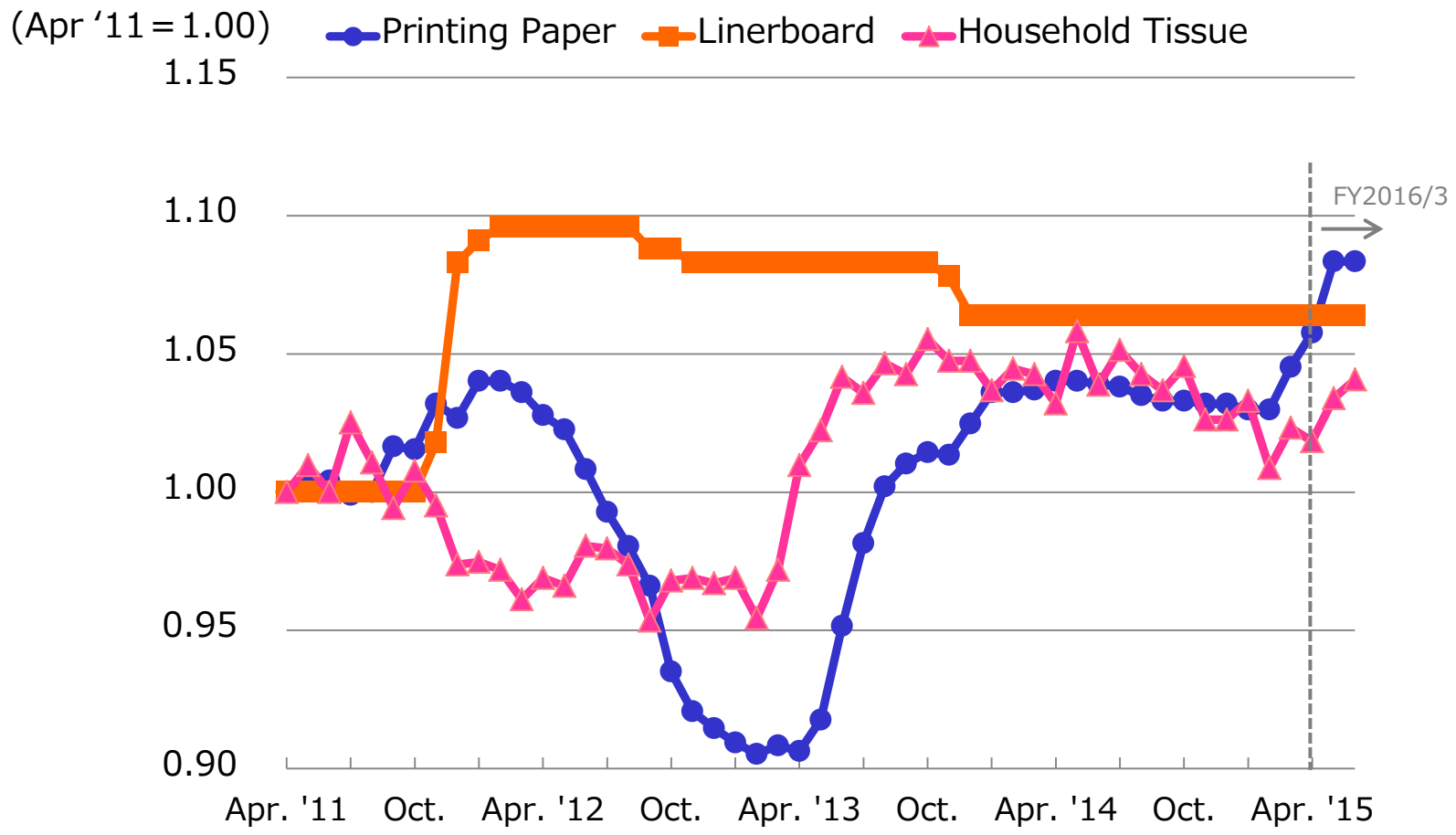
**Paper demand is stagnating.
Paperboard shipment slightly increased**

('000 tonnes)	Apr'15 -Jun'15				Apr'15 -Jun'15	
	Domestic Shipments		Exports		Imports	
	volume	YOY	volume	YOY	volume	YOY
Newsprint	734	▲4.1%	0	51.5%	12	4.6%
Printing & business communication paper	1,843	▲2.9%	148	9.9%	312	▲12.6%
Coated paper *	1,041	▲3.5%	119	13.1%	142	▲21.3%
Uncoated & specialty printing paper	475	▲3.8%	20	6.7%	37	▲15.0%
Business communication paper	327	0.4%	9	▲16.2%	133	▲0.2%
Other papers (packaging, sanitary and other miscellaneous uses)	786	▲0.1%	60	13.6%	11	▲7.7%
Paper total	3,363	▲2.5%	204	8.2%	334	▲12.0%
Container board	2,206	2.0%	71	23.4%	19	▲21.0%
Folding box board and others	526	▲3.9%	6	18.5%	75	8.5%
Paperboard total	2,733	0.8%	77	23.0%	94	1.0%
Paper and paperboard total	6,095	▲1.0%	281	11.9%	428	▲9.4%

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

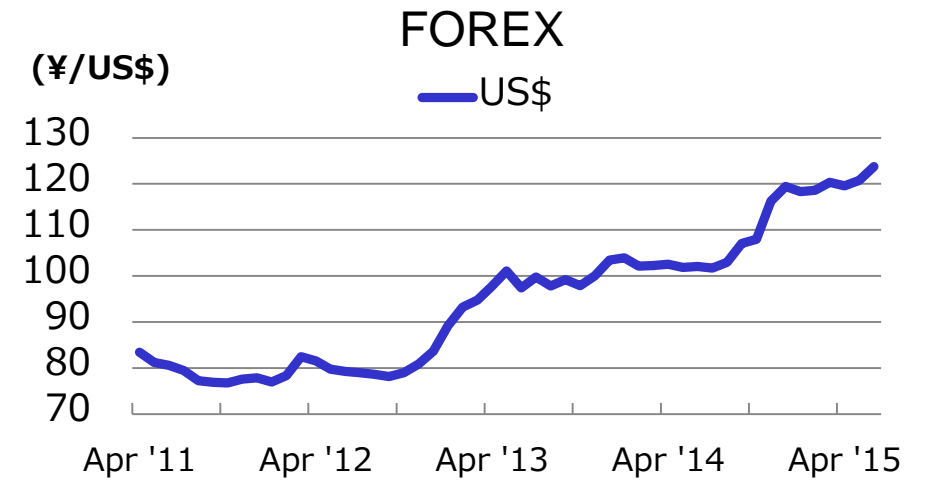
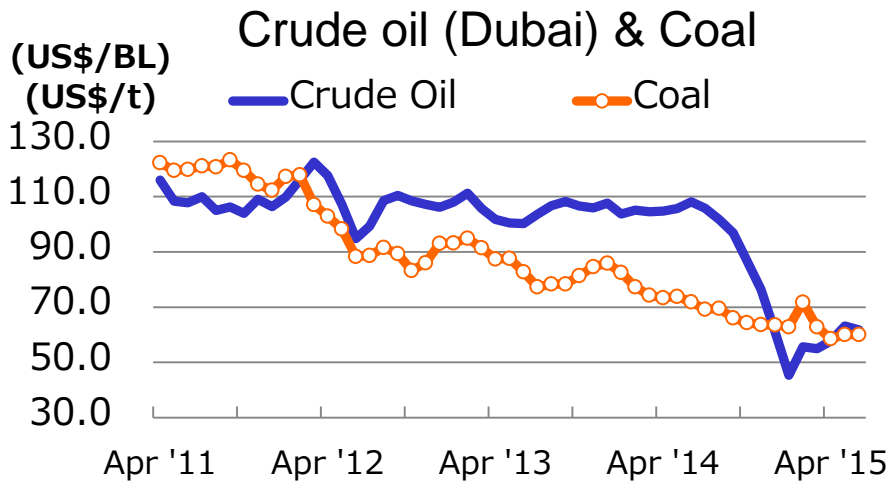
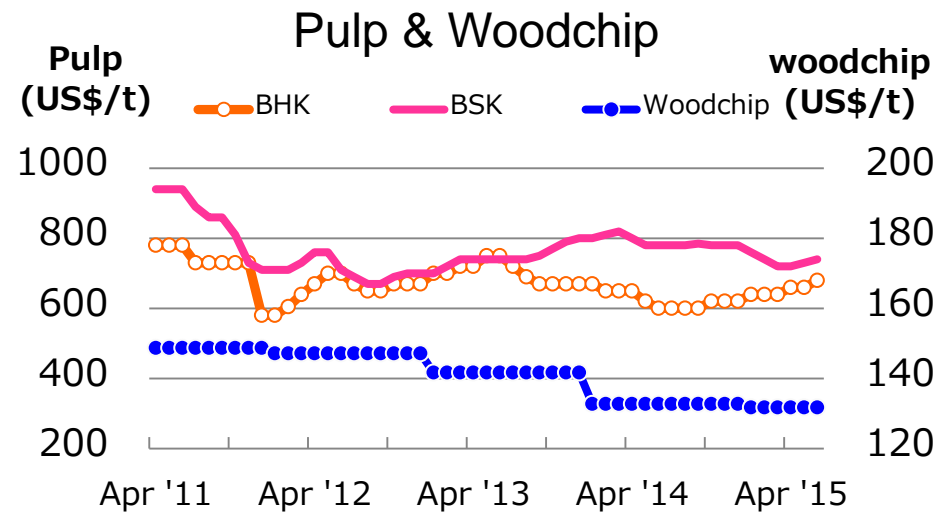
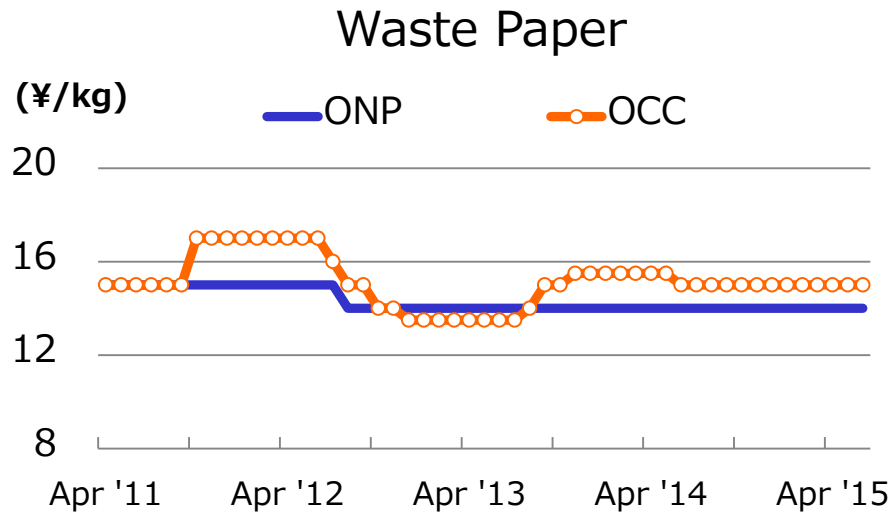
Source: Japan Paper Association

Printing paper and household tissue prices are increasing



Source: Bank of Japan "Corporate Goods Price Index"

The modest JPY depreciation trend continues



Source: Paper Recycling Promotion Center, Pulp&Paper Week, Crude oil= Platts, Coal=Global Coal Index

2. Financial Results: *Highlights*





(¥billion)	1st QTR FY2016/3 Result	1st QTR FY2015/3 Result	Variance (YOY)
<Net sales>	251.9	255.2	▲3.3
<Operating income>	4.3	6.3	▲2.0
<Ordinary income>	10.7	6.0	4.7
<Net income*>	12.6	3.2	9.4

- ❑ Net sales decreased due to lower paper and beverage Sales.
- ❑ Operating income decreased because of raw material price surge impact due to FX
- ❑ Booked ¥16.5b sales gain due to Lee & Man shares sale, and ¥-16.1b loss due to Shikoku Coca-Cola share sale

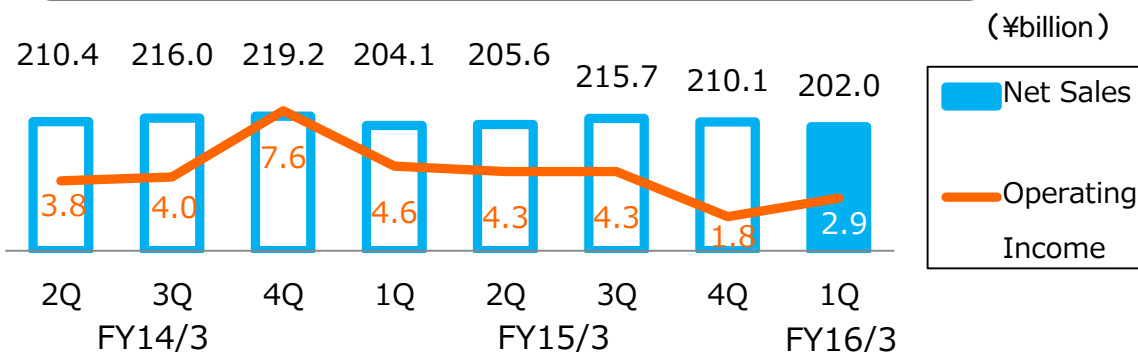
Operating income decreased though price increase eased the raw material price surge impact

(¥billion)	Sales			Operating Income		
	1st QTR FY2015/3	1st QTR FY2016/3		1st QTR FY2015/3	1st QTR FY2016/3	
			Variance YOY			Variance YOY
Pulp and paper	204.1	202.0	-2.1	4.6	2.9	-1.8
Paper related (packaging and chemical products)	22.5	22.1	-0.3	1.2	0.8	-0.4
Wood products and construction related	13.9	14.3	0.5	0.4	0.6	0.2
Other (beverages, logistics, etc.)	14.8	13.5	-1.3	0.1	0.0	0.0
Total	255.2	251.9	-3.3	6.3	4.3	-2.0

2. Financial Results: *Pulp & Paper Segment*

<p>Paper</p> 	<ul style="list-style-type: none"> • Volume: -2.4% (Domestic-3.2%, Exports +10.5% (YOY)) ->Decreased due to lower newspaper circulation and printing paper demand. • Price: Price increase is realized.
<p>Paperboard</p> 	<ul style="list-style-type: none"> • Volume:-0.3% (Domestic -0.4%, Exports +2.3% (YOY)) ->Volume is steady mainly due to beverage and produce usage • Price: Price level after the increase is maintained.
<p>Household Tissue</p> 	<ul style="list-style-type: none"> • Volume: Household tissue and healthcare product are increased because the volume in the previous year was low due to consumption tax increase.
<p>Other</p> 	<ul style="list-style-type: none"> • Volume: In June 2015, the commercial operation of biomass power generation facility at Yatsushiro mill has been started.

Net sales and operating income



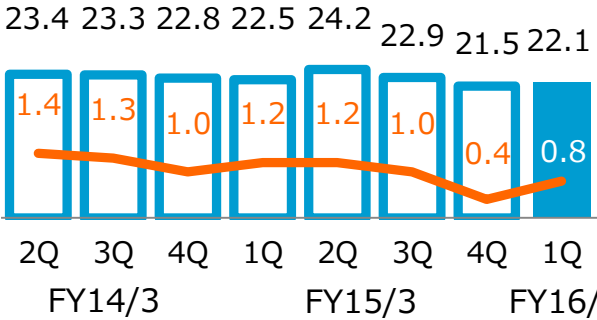

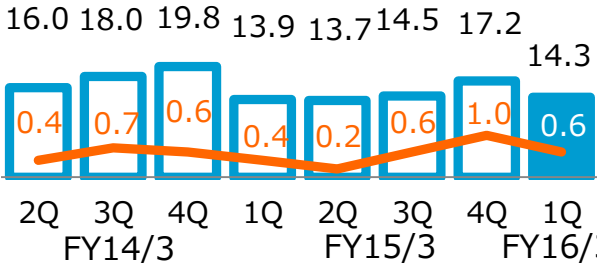

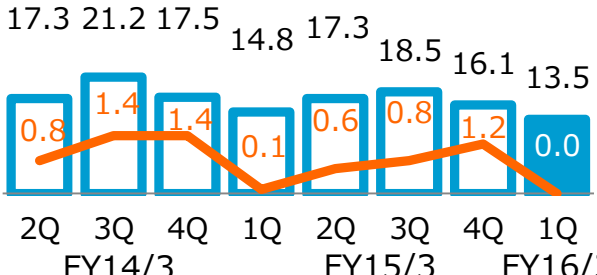


2. Financial Results: *Pulp & Paper Segment* - Sales Volume by Product

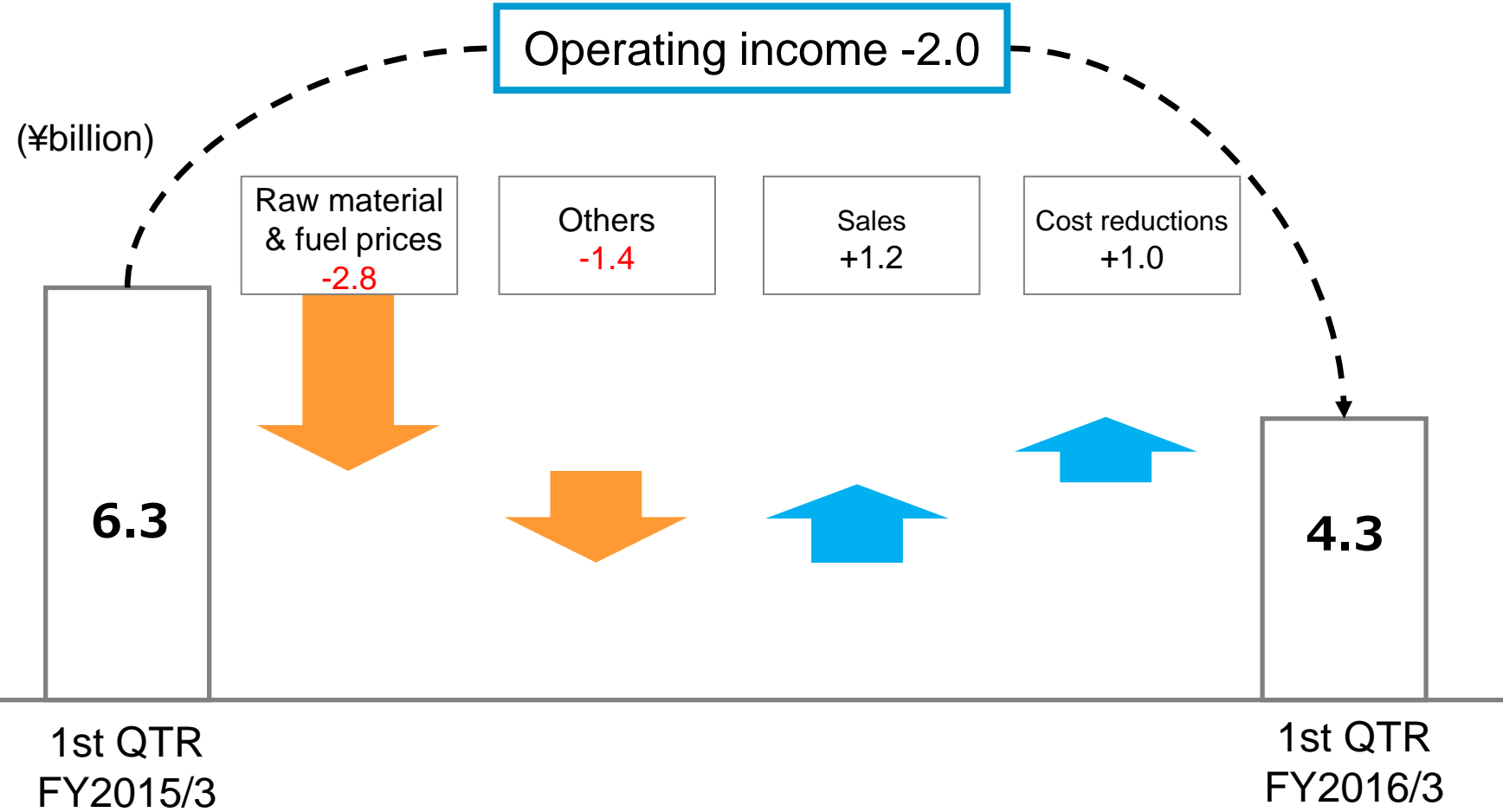
Sales increase in paper exports & paperboard offset decline of domestic paper sales

('000 tons)

		1st QTR FY2015/3	1st QTR FY2016/3	YOY
Paper	Newsprint	274	263	▲4.0%
	Printing & business communication paper	601	579	▲3.7%
	Coated paper	323	316	▲2.3%
	Uncoated & specialty printing paper	137	129	▲5.9%
	Business communication paper	140	134	▲4.8%
	Packaging paper and others	76	78	3.6%
	Domestic sales (paper)	950	920	▲3.2%
Export (paper)	56	62	10.5%	
Paper total		1,006	981	▲2.4%
Paperboard	Container board	299	299	0.1%
	Folding boxboard and others	91	89	▲2.3%
	Domestic sales (paperboard)	390	388	▲0.4%
	Export (paperboard)	22	23	2.3%
Paperboard total		412	411	▲0.3%
Grand total (paper and paperboard)		1,418	1,392	▲1.8%

	Business Overview	Net sales and operating income  (¥billion)																											
<p>Paper-related</p> 	<p><Liquid-packaging cartons> -Sales was sluggish due to demand slump of tea and vegetable and fruit beverage.</p> <p><Chemicals> -Sales was steady in dissolving pulp and chemical products but functional film business is not good.</p>	 <table border="1"> <thead> <tr> <th>Quarter</th> <th>Net sales (¥billion)</th> <th>Operating income (¥billion)</th> </tr> </thead> <tbody> <tr> <td>2Q FY14/3</td> <td>23.4</td> <td>1.4</td> </tr> <tr> <td>3Q FY14/3</td> <td>23.3</td> <td>1.3</td> </tr> <tr> <td>4Q FY14/3</td> <td>22.8</td> <td>1.0</td> </tr> <tr> <td>1Q FY15/3</td> <td>22.5</td> <td>1.2</td> </tr> <tr> <td>2Q FY15/3</td> <td>24.2</td> <td>1.2</td> </tr> <tr> <td>3Q FY15/3</td> <td>22.9</td> <td>1.0</td> </tr> <tr> <td>4Q FY15/3</td> <td>21.5</td> <td>0.4</td> </tr> <tr> <td>1Q FY16/3</td> <td>22.1</td> <td>0.8</td> </tr> </tbody> </table>	Quarter	Net sales (¥billion)	Operating income (¥billion)	2Q FY14/3	23.4	1.4	3Q FY14/3	23.3	1.3	4Q FY14/3	22.8	1.0	1Q FY15/3	22.5	1.2	2Q FY15/3	24.2	1.2	3Q FY15/3	22.9	1.0	4Q FY15/3	21.5	0.4	1Q FY16/3	22.1	0.8
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<p>Wood products and construction related</p> 	<p>-There is a sign that demand is modestly increase after the impact of consumption tax increase happened in last year.</p>	 <table border="1"> <thead> <tr> <th>Quarter</th> <th>Net sales (¥billion)</th> <th>Operating income (¥billion)</th> </tr> </thead> <tbody> <tr> <td>2Q FY14/3</td> <td>16.0</td> <td>0.4</td> </tr> <tr> <td>3Q FY14/3</td> <td>18.0</td> <td>0.7</td> </tr> <tr> <td>4Q FY14/3</td> <td>19.8</td> <td>0.6</td> </tr> <tr> <td>1Q FY15/3</td> <td>13.9</td> <td>0.4</td> </tr> <tr> <td>2Q FY15/3</td> <td>13.7</td> <td>0.2</td> </tr> <tr> <td>3Q FY15/3</td> <td>14.5</td> <td>0.6</td> </tr> <tr> <td>4Q FY15/3</td> <td>17.2</td> <td>1.0</td> </tr> <tr> <td>1Q FY16/3</td> <td>14.3</td> <td>0.6</td> </tr> </tbody> </table>	Quarter	Net sales (¥billion)	Operating income (¥billion)	2Q FY14/3	16.0	0.4	3Q FY14/3	18.0	0.7	4Q FY14/3	19.8	0.6	1Q FY15/3	13.9	0.4	2Q FY15/3	13.7	0.2	3Q FY15/3	14.5	0.6	4Q FY15/3	17.2	1.0	1Q FY16/3	14.3	0.6
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Price increase and cost reduction efforts did not fully offset the negative impact of lower sales volume and input cost rising



(¥billion)	FY2016/3 Forecast	FY2015/3
<Net sales>	1,060.0	1,052.5
<Operating income>	32.0	23.7
<Ordinary income>	30.0	23.2
<Net income>	15.0	23.2

No change from the forecast
announced on May. 15, 2015

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.