

# 1<sup>ST</sup> QUARTER FY2020/3 FINANCIAL REVIEW

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August 8, 2019

# 1st Quarter FY2020/3 Financial Results

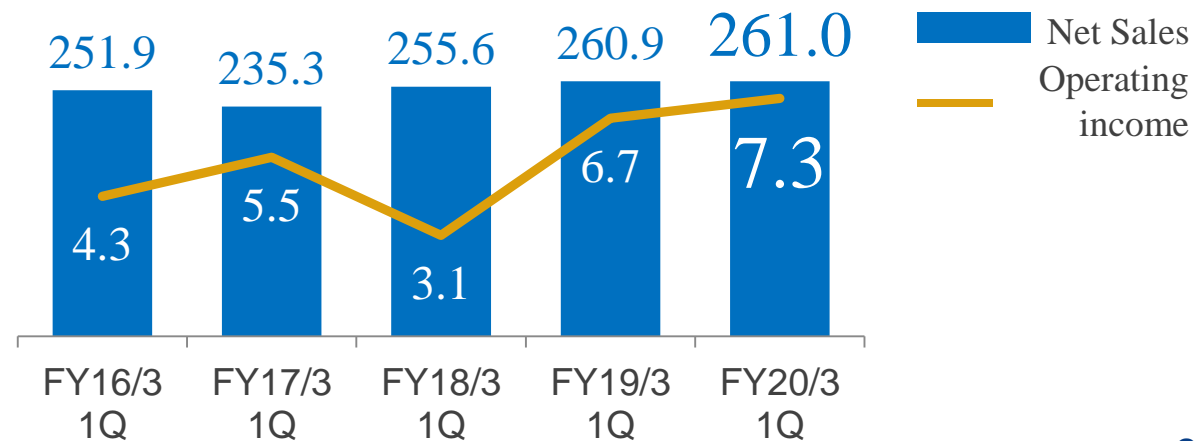
## Consolidated Statement

(¥billion)

	1Q FY 2019/3 Results	1Q FY 2020/3 Results	Variance	
			Amount	Rate of change
Net Sales	260.9	261.0	0.1	0.0%
Operating Income	6.7	7.3	0.6	8.7%
Ordinary Income	8.5	7.1	-1.4	-16.2%
Net Income*	-6.5	4.2	10.7	-

\* Profit attributable to owners of parent

(¥billion)



# 1st Quarter FY2020/3 Financial Results

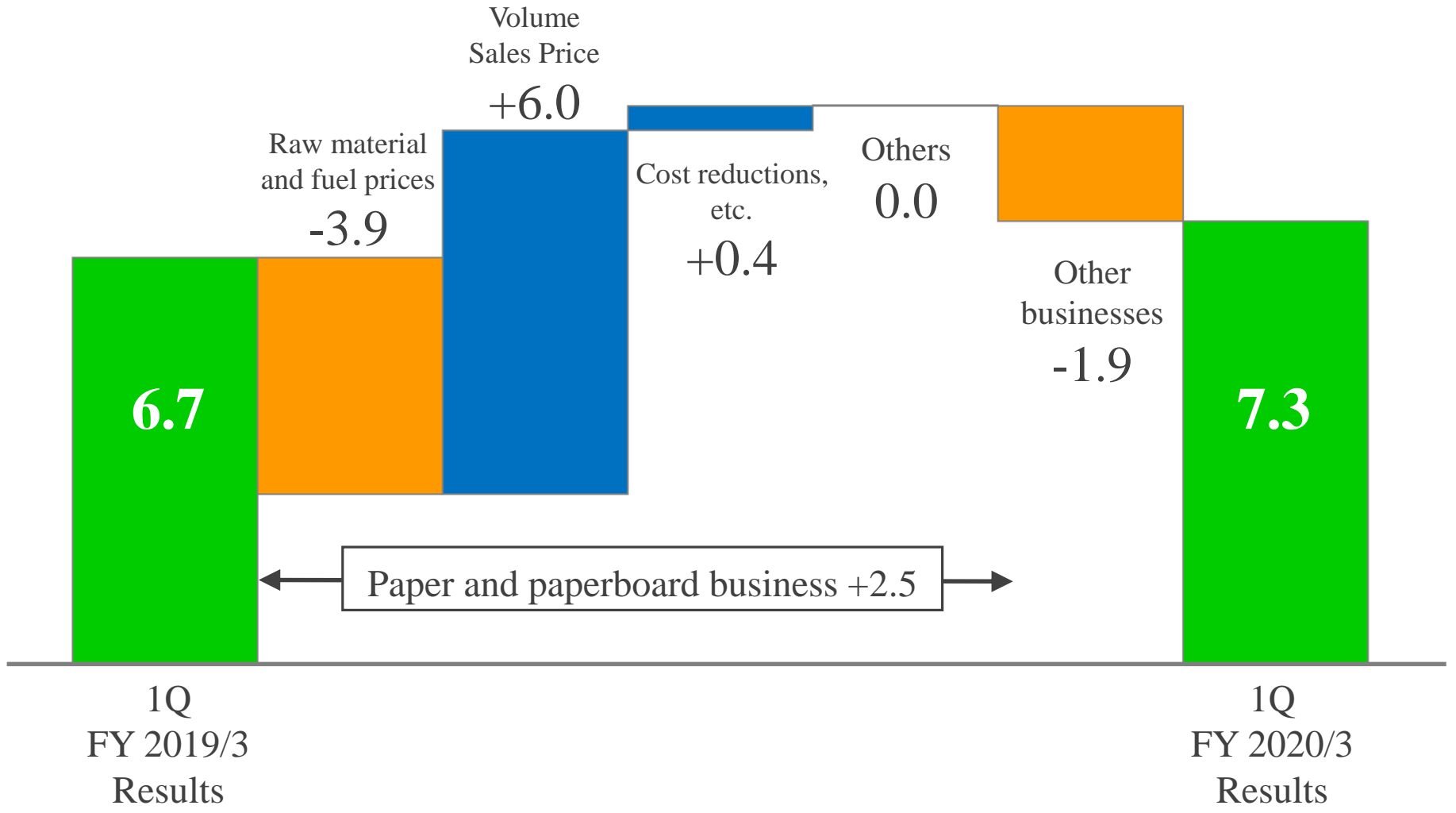
## Results by Segment

(¥billion)

	Net Sales			Operating Income		
	1Q FY2019/3 Results	1Q FY2020/3 Results	Variance	1Q FY2019/3 Results	1Q FY2020/3 Results	Variance
Paper and paperboard	182.0	182.3	0.3	-0.5	2.0	2.5
Livelihood-related	49.2	51.0	1.8	3.3	3.0	-0.3
Energy	8.7	7.0	-1.7	2.3	1.0	-1.3
Wood Products and construction related	13.7	13.5	-0.2	1.0	0.9	-0.1
Others	7.3	7.2	-0.1	0.6	0.4	-0.2
Total	260.9	261.0	0.1	6.7	7.3	0.6

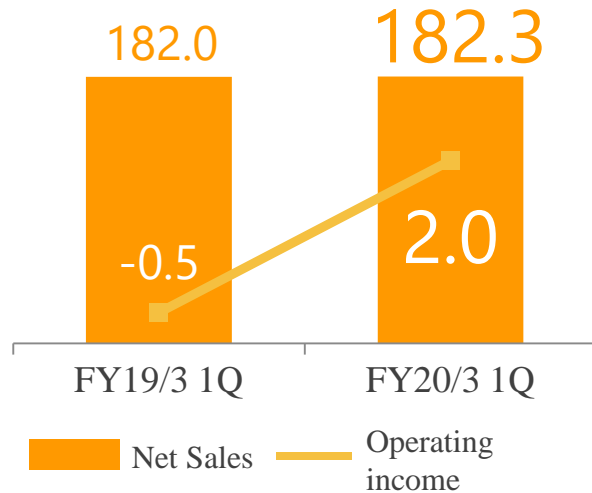
(¥billion)

## Variance analysis for operating income

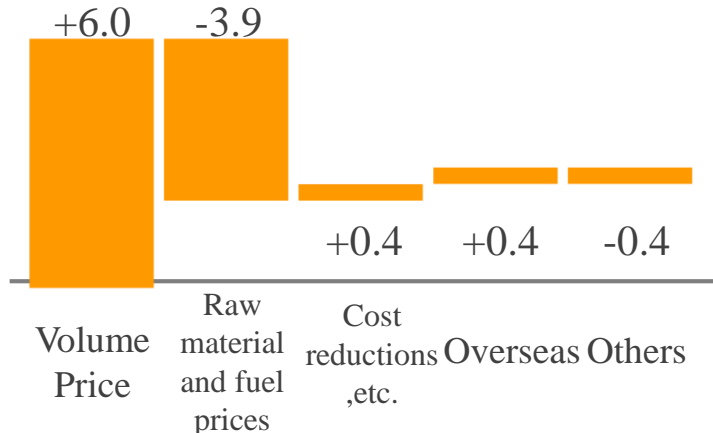


## Paper and paperboard business

Net Sales and 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. Operating income was improved due to the effects of price adjustment for printing paper and newsprint while the prices of raw materials such as wood chip rose.
- Paperboard(Domestic)  
Domestic sales volume was down year on year partly due to unseasonable cold weather. The export volume was down year on year due to weak demand in China and Asia as trade dispute between the US and China has intensified.
- Oversea business  
Sales and profits increased year on year partly due to sales volume increase and the effect of price adjustment in Paper Australia.

# 1st Quarter FY2020/3 Financial Results

## Sales Volume(Paper & Paperboard)

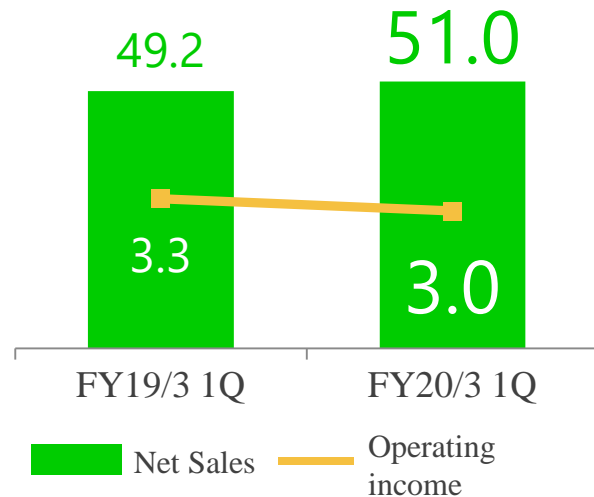
	Apr '18 - Jun '18 FY2019/3	Apr '19 - Jun '19 FY2020/3	(’000 tonnes) YOY
Newsprint	226	208	-7.8%
Printing paper	380	368	-3.2%
Business communication paper	124	126	1.8%
Others	93	90	-3.1%
Domestic sales (paper)	823	792	-3.7%
Export (paper)	100	80	-19.9%
Paper total	923	873	-5.5%
Container board	430	413	-3.9%
Folding box board and others	91	87	-4.1%
Domestic sales (paperboard)	521	500	-4.0%
Export (paperboard)	48	36	-26.6%
Paperboard total	569	536	-5.9%
Grand total (paper and paperboard)	1,492	1,409	-5.6%

“Total” means the sum of Sales volume of Nippon Paper Industries Co., Ltd., Nippon Paper Papyrus Co., Ltd., Nippon Paper Creca Co., Ltd.(Not include household tissue), and Shin-Tokai Paper Co., Ltd.

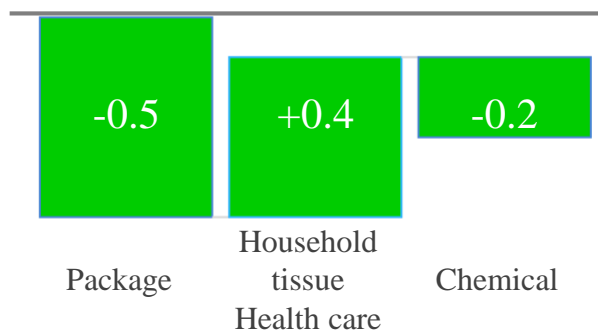
# 1st Quarter FY2020/3 Financial Results

## Livelihood-related business

Net Sales and Operating Income  
(¥ billion)



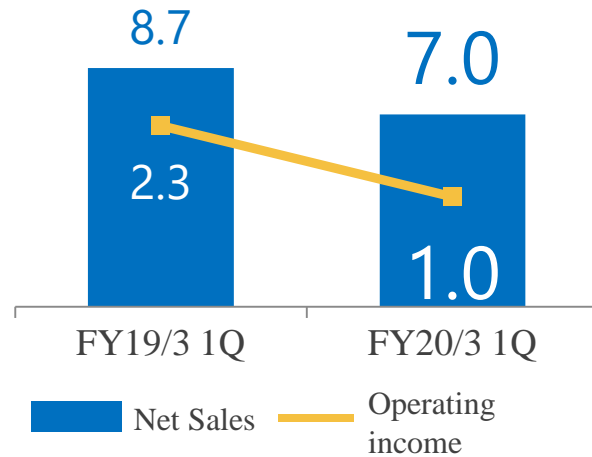
Variance analysis for operating income  
(¥ billion)



- Package  
Domestic sales volume of liquid-packaging cartons was down from the previous year due to sluggish beverage sales caused by unseasonable cold weather. Operating income in Nippon Dynawave Packaging decreased year on year due to decline of sales volume in packaging board.
- Household tissue and Health Care  
Sales volume was up due to demand for household products, Healthcare products products, and commercial products for hotels. The effect of price adjustment gradually worked, resulting in higher sales and profits compared to the same period in the previous fiscal year.
- Chemical  
Sales volume of Functional films increased year on year. But the sales volume of Dissolving pulp and Chemicals to overseas declined due to sluggish economy in China, resulting in increase in sales and decrease in operating income.

## Energy business

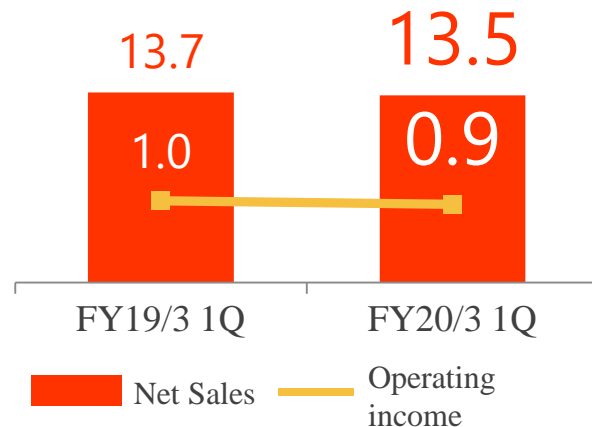
Net Sales and Operating Income (¥ billion)



Both sales and operating income declined year on year due to decrease in operating days of power generator and increase in fixed costs.

## Wood products and construction related business

Net Sales and Operating Income (¥ billion)



Both Sales and operating income were down year on year due to weak new housing starts and lower sales volume of lumber and building materials in Nippon Paper Lumber.



## Consolidated Statement

(¥billion)

	FY2019/3 Results	FY2020/3 Forecast	Variance	
			Amount	Rate of change
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

# Forecast for the FY2020/3

## Results by Segment

(¥billion)

	Net Sales			Operating Income		
	FY2019/3 Results	FY2020/3 Forecast	Variance	FY2019/3 Results	FY2020/3 Forecast	Variance
Paper and paperboard	738.5	764.0	25.5	-8.1	4.4	12.5
Livelihood-related	201.7	223.0	21.3	11.6	11.9	0.3
Energy	36.2	35.0	-1.2	7.9	6.6	-1.3
Wood Products and construction related	59.8	64.0	4.2	4.9	4.6	-0.3
Others	32.5	34.0	1.5	3.3	2.5	-0.8
<b>Total</b>	<b>1,068.7</b>	<b>1,120.0</b>	<b>51.3</b>	<b>19.6</b>	<b>30.0</b>	<b>10.4</b>

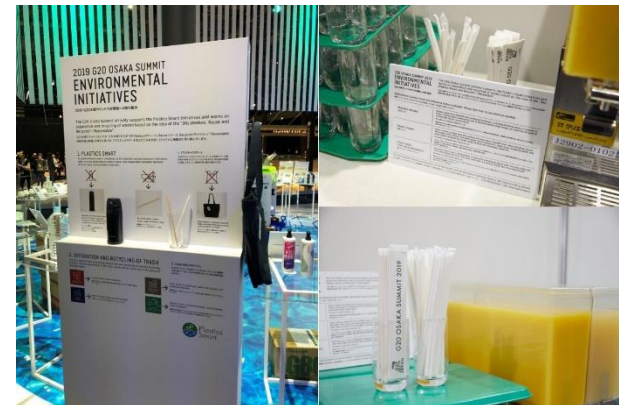
## SHIELDPLUS displayed at G20 Exhibition

At the G20 Innovation Exhibition For Earth, Society and the Future, held in Karuizawa on June 14 to 16, 2019, a variety of products made of SHIELDPLUS were shown and drew much attention from visitors.



## NPI's paper straw appears at G20 Osaka Summit

At the G20 Osaka Summit held on June 28 and 29, 2019, we offered our paper straw. It was served and actually used at representatives' restaurant, catering booth of international media center.



# REFERENCE MATERIALS

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## Domestic Demand and Export (Paper& Paperboard)

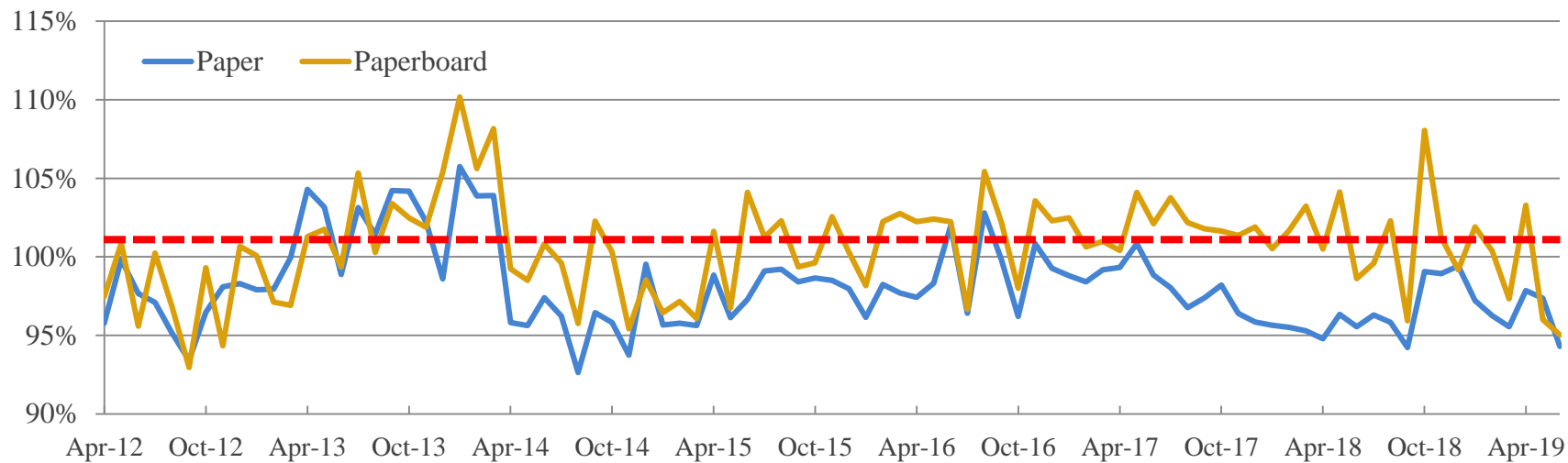
April, 2019 - June, 2019

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	590	▲7.9%	0	—	590	▲7.9%	0	▲69.0%	591	▲8.1%
Printing & business communication paper	1,688	▲2.8%	131	▲41.3%	1,819	▲7.2%	288	57.1%	1,976	2.9%
Coated paper *	918	▲4.4%	97	▲43.3%	1,015	▲10.3%	157	201.1%	1,076	6.2%
Uncoated paper	437	▲1.0%	27	▲38.3%	463	▲4.3%	15	6.7%	451	▲0.7%
Business communication paper	333	▲0.8%	7	▲16.6%	340	▲1.2%	116	▲1.1%	449	▲0.9%
Other papers	787	▲1.4%	78	5.6%	865	▲0.8%	13	0.6%	800	▲1.4%
Paper total	3,066	▲3.5%	209	▲29.6%	3,274	▲5.7%	301	52.8%	3,366	▲0.2%
Container board	2,294	▲1.4%	88	▲32.1%	2,382	▲3.0%	11	1.7%	2,305	▲1.4%
Folding box board and others	537	▲3.7%	6	▲4.1%	543	▲3.7%	73	▲2.7%	610	▲3.6%
Paperboard total	2,831	▲1.8%	95	▲30.7%	2,926	▲3.2%	84	▲2.1%	2,915	▲1.9%
Paper and paperboard total	5,897	▲2.7%	303	▲30.0%	6,200	▲4.5%	385	36.0%	6,282	▲1.0%

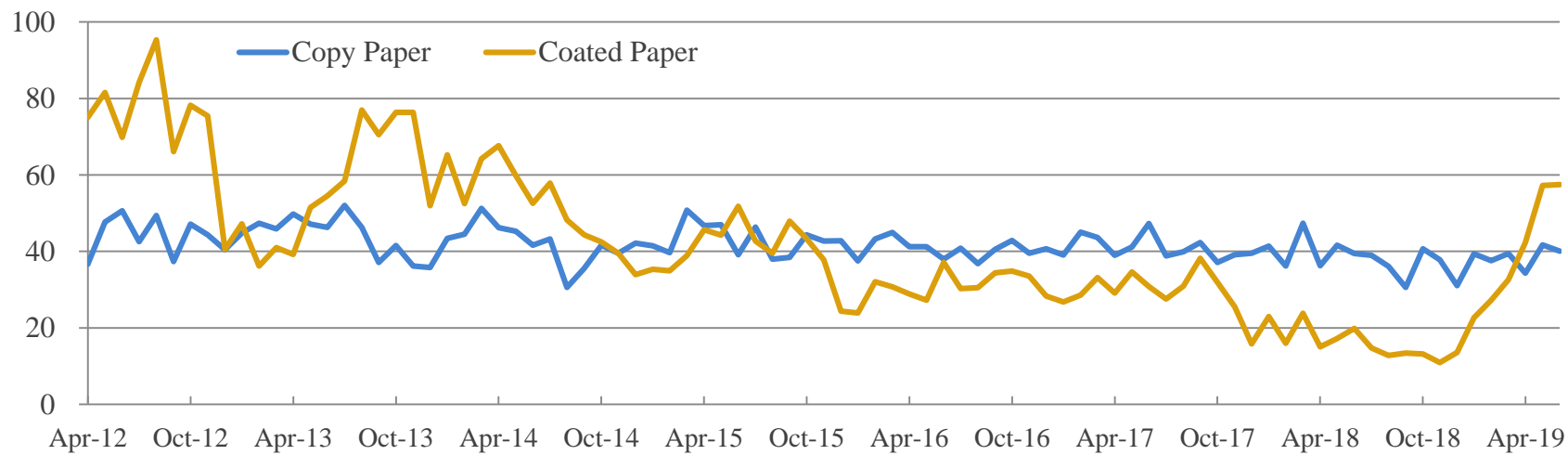
※ "Bitoko-shi" paper is included in coated paper.

### Domestic shipment of paper industry(YOY)



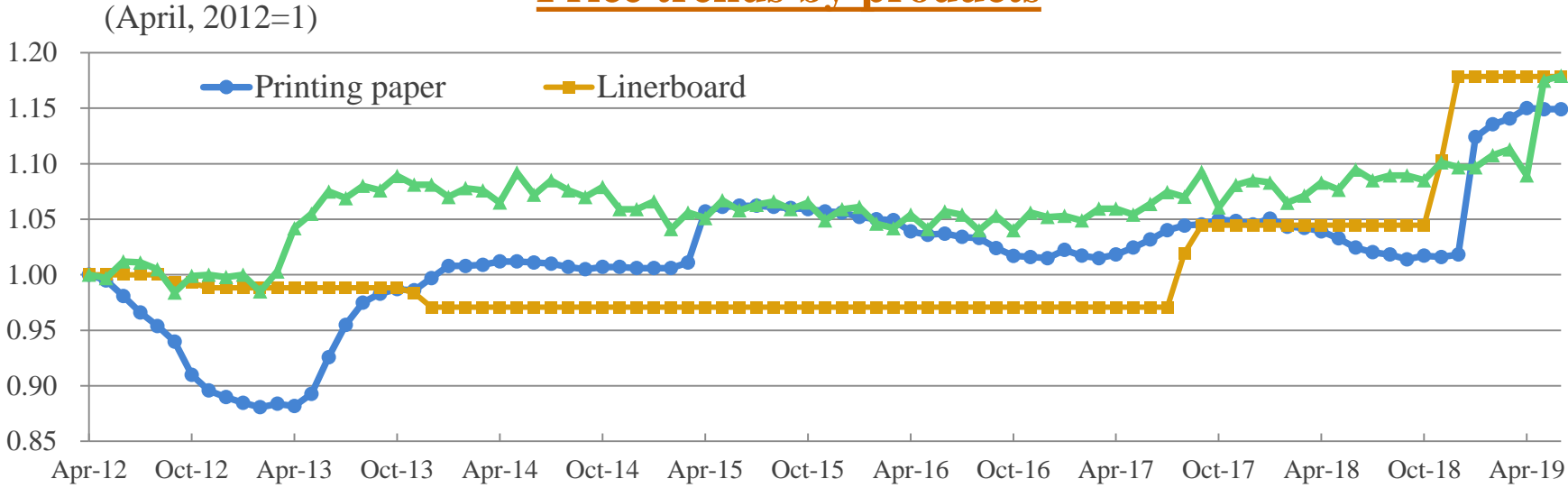
### Coated paper and copy paper import volume

('000 tonnes)

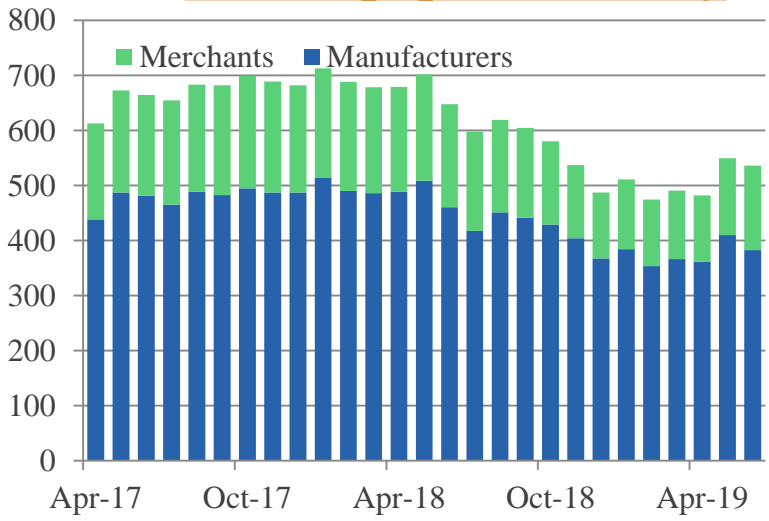


Source: Japan Paper Association, Trade Statics of Japan

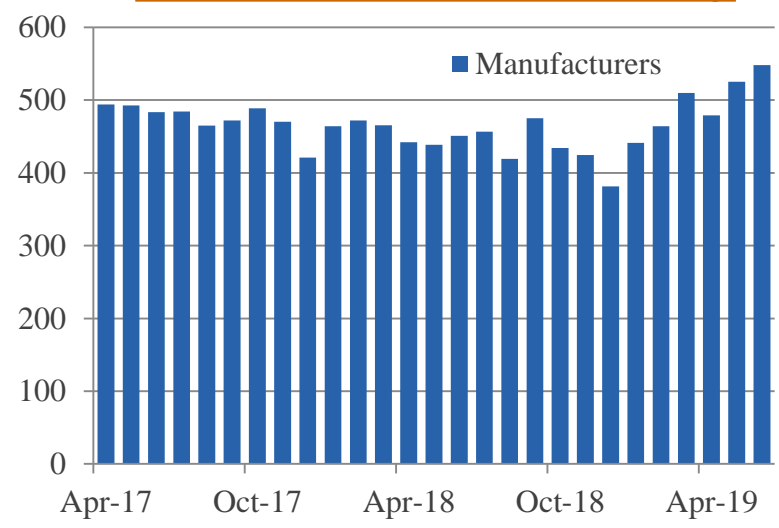
Price trends by products



(’000 tonnes) Coated paper inventory

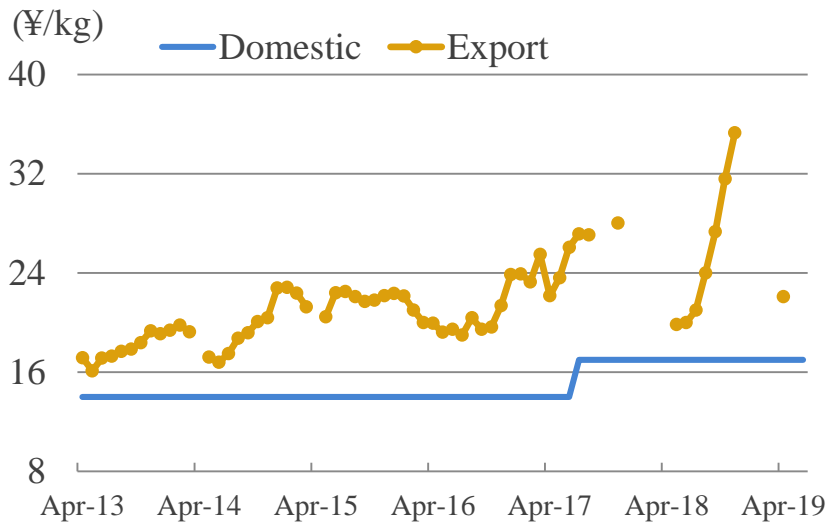


(’000 tonnes) Containerboard inventory

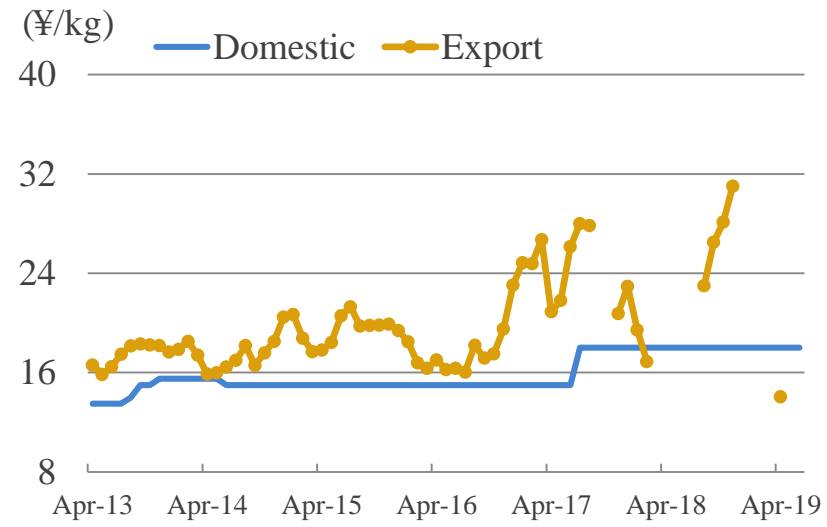


Source: Japan Paper Association, Bank of Japan(Corporate Goods Price Index)

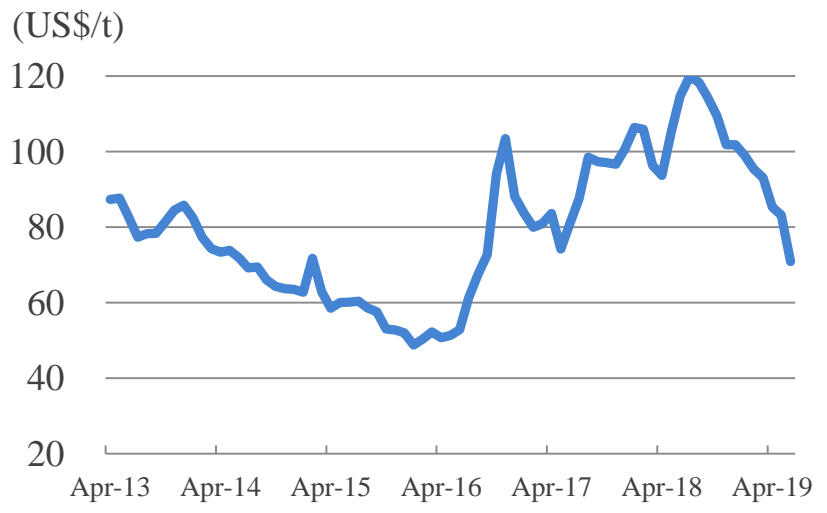
## ONP



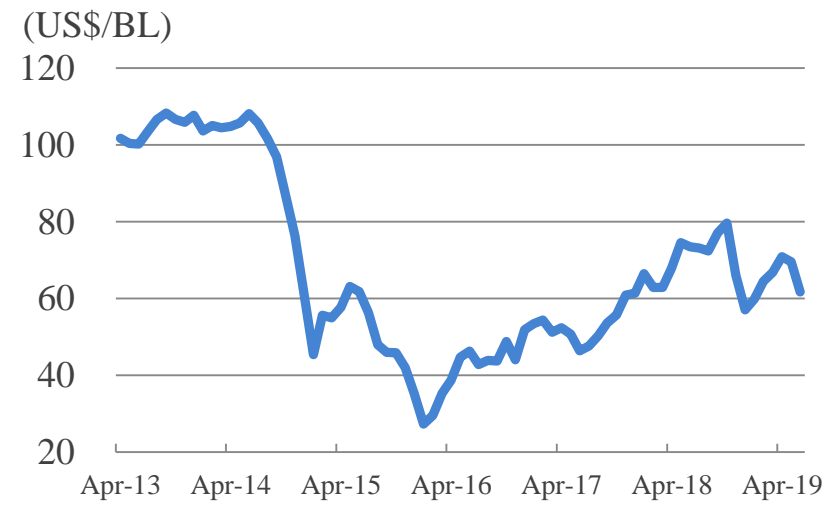
## OCC



## Coal



## Crude oil





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