

3RD QUARTER FY2018/3 FINANCIAL REVIEW

Investor Meeting on February 7, 2018

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3rd Quarter FY2018/3 Review
(April 1, 2017 – December 31, 2017)

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FY2018/3 Forecast

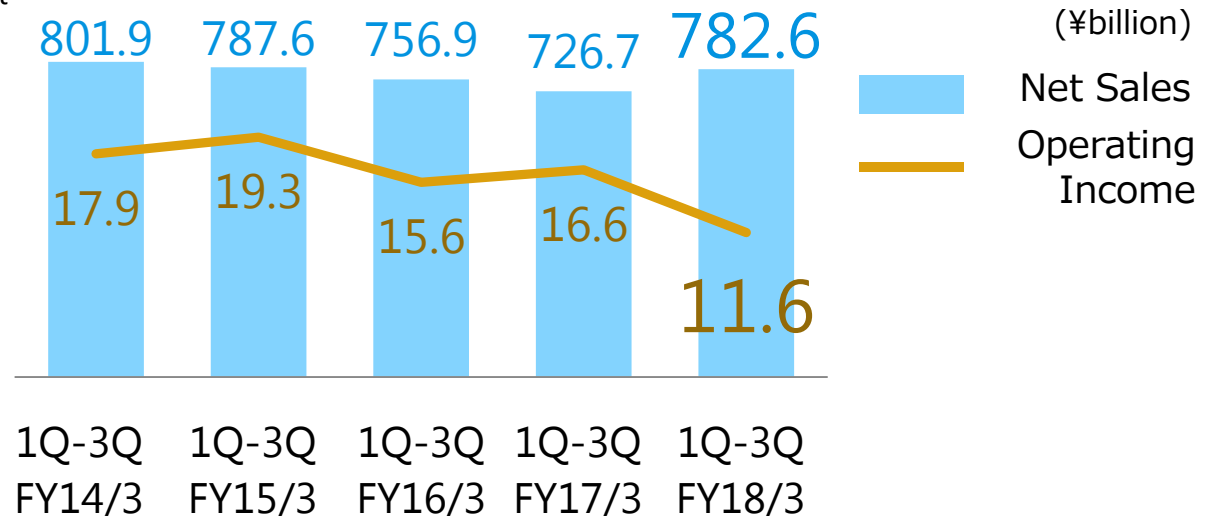
1. 3rd Quarter FY 2018/3 Financial Results

Consolidated Statement

(¥billion)

	1Q-3Q FY2017/3	1Q-3Q FY2018/3	Variance	
			Amount	%
Net Sales	726.7	782.6	55.9	7.7%
Operating Income	16.6	11.6	-5.0	-30.3%
Ordinary Income	21.6	13.4	-8.2	-37.6%
Net Income*	-6.3	7.7	14.0	—

* Profit attributable to owners of parent



1. 3rd Quarter FY 2018/3 Financial Results

Results by Segment

(¥billion)

	Net Sales			Operating Income		
	1Q-3Q FY2017/3	1Q-3Q FY2018/3	Variance	1Q-3Q FY2017/3	1Q-3Q FY2018/3	Variance
Pulp & Paper	602.8	649.5	46.7	7.5	0.7	-6.8
Paper related	67.4	72.8	5.4	4.0	6.0	2.0
Wood Products and Construction related	42.6	45.3	2.7	3.2	3.0	-0.2
Other	13.9	15.0	1.1	1.9	1.9	0.0
Total	726.7	782.6	55.9	16.6	11.6	-5.0

1. 3rd Quarter FY 2018/3 Financial Results – Pulp & Paper segment

Sales Volume (Paper & Paperboard)

volume: '000 tonnes

	1Q-3Q FY2017/3	1Q-3Q FY2018/3	YOY
Newsprint	774	730	-5.6%
Printing & Business communication paper	1,667	1,597	-4.2%
Coated paper	911	875	-3.9%
Uncoated & Specialty printing paper	374	354	-5.4%
Business communication paper	382	368	-3.7%
Others	229	237	3.5%
Domestic sales (paper)	2,671	2,565	-4.0%
Export (paper)	263	330	25.5%
Paper total	2,934	2,895	-1.3%
Container board	890	880	-1.2%
Folding box board and others	270	274	1.4%
Domestic sales (paperboard)	1,161	1,154	-0.6%
Export (paperboard)	93	143	53.9%
Paperboard total	1,253	1,297	3.4%
Grand total (paper and paperboard)	4,187	4,192	0.1%

“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

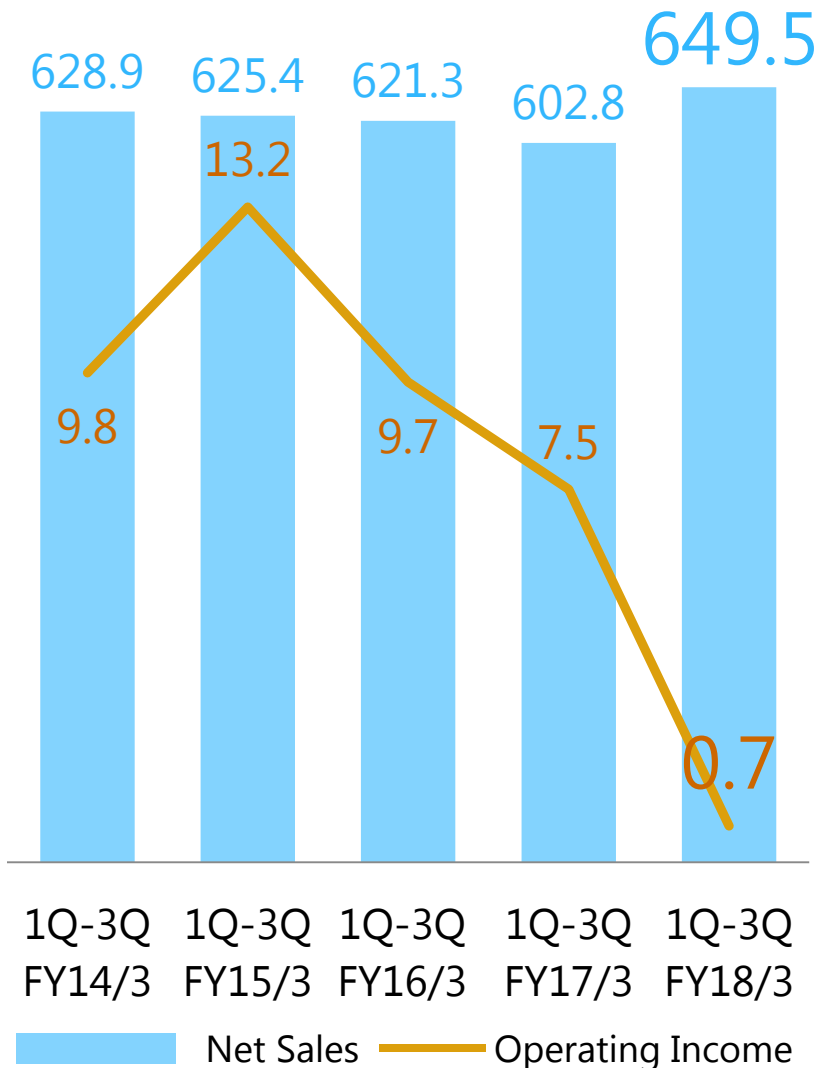
◆ Shipment(YOY)

- Paper : -1.3% (Domestic : -4.0%、Export : +25.5%)
- Paperboard : +3.4% (Domestic : -0.6%、Export : +53.9%)

1. 3rd Quarter FY 2018/3 Financial Results – Pulp & Paper segment

Pulp & Paper Segment

(¥billion)



○Paper

Sales decreased from the same period of previous year due to circulation decline in newspapers and sluggish demand on printed advertisement.

○Paperboard

Sales increased from the same period of previous year as Nippon Tokai Industrial Paper Supply started its operation in October 2016. However, operating income decreased due to rise in wastepaper price.

○Household tissue

Operating income decreased from the same period of previous year due to rise in pulp price, while demand for healthcare products and business-use products for hotel stay firm.



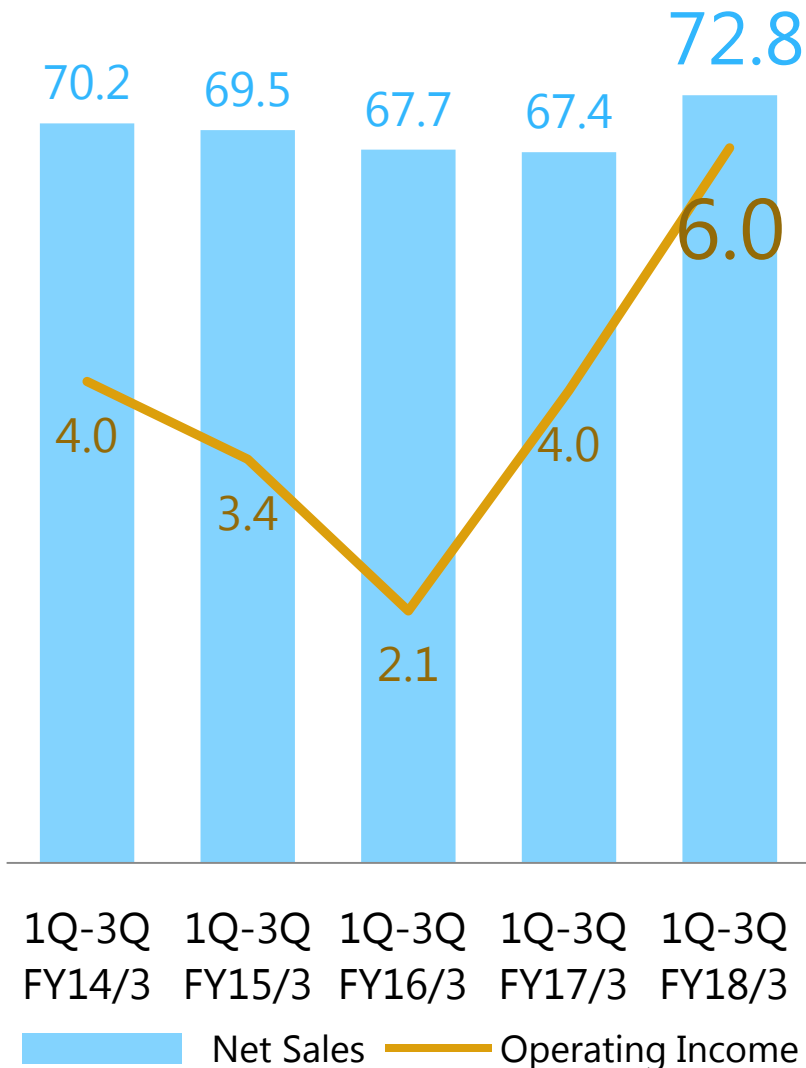
Kleenex
クリネックス®

暮らしソリューション
scottie

ポイズ

Paper Related Segment

(¥billion)



○Paper-Pak Business

Sales volume increased from the same period of previous year mainly on cartons for fruit and vegetable juice as new-shape carton with closure was placed on market. The development of new customers also contributed to sales volume increase.

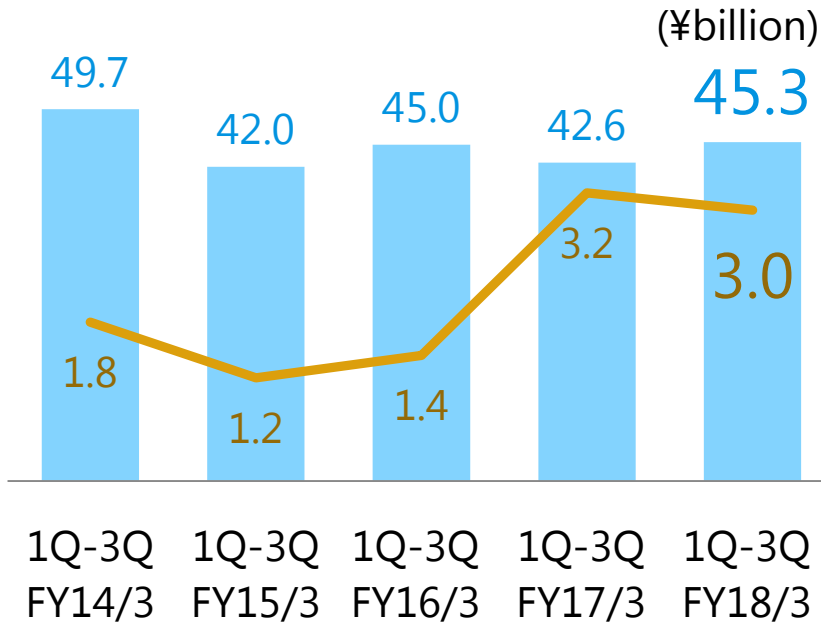
○Chemical business

Sales volume increased from the same period of previous year led by the effect of production capacity increase on dissolving pulp and strong demand on chemical products. In addition, new grade development on functional films contributed to revenue growth.



Wood Products and Construction Related Segment

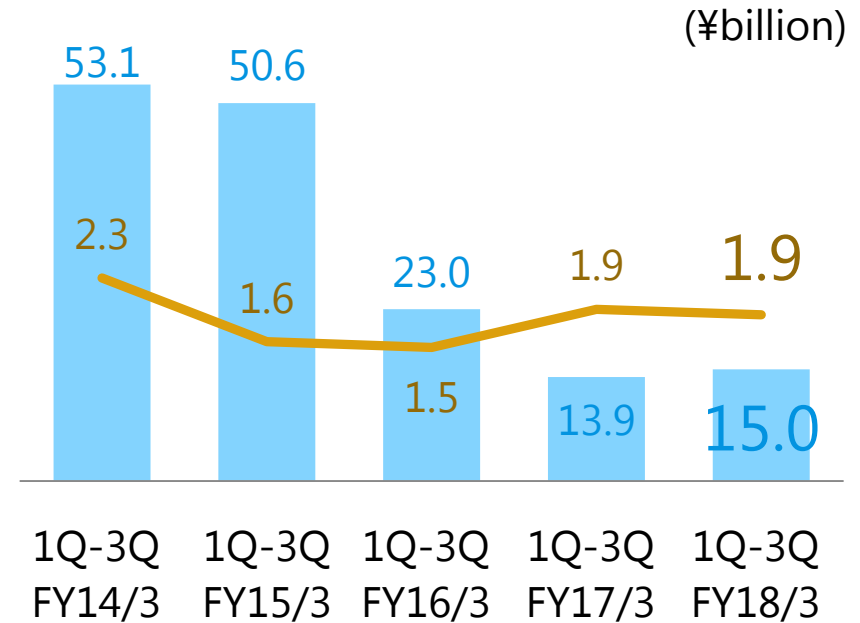
Sales volume of pulp log and other products increased from the same period of previous year, while the housing starts have been weak.



Other Segment

Net Sales
Operating Income

• Both logistics and leisure business were stable.

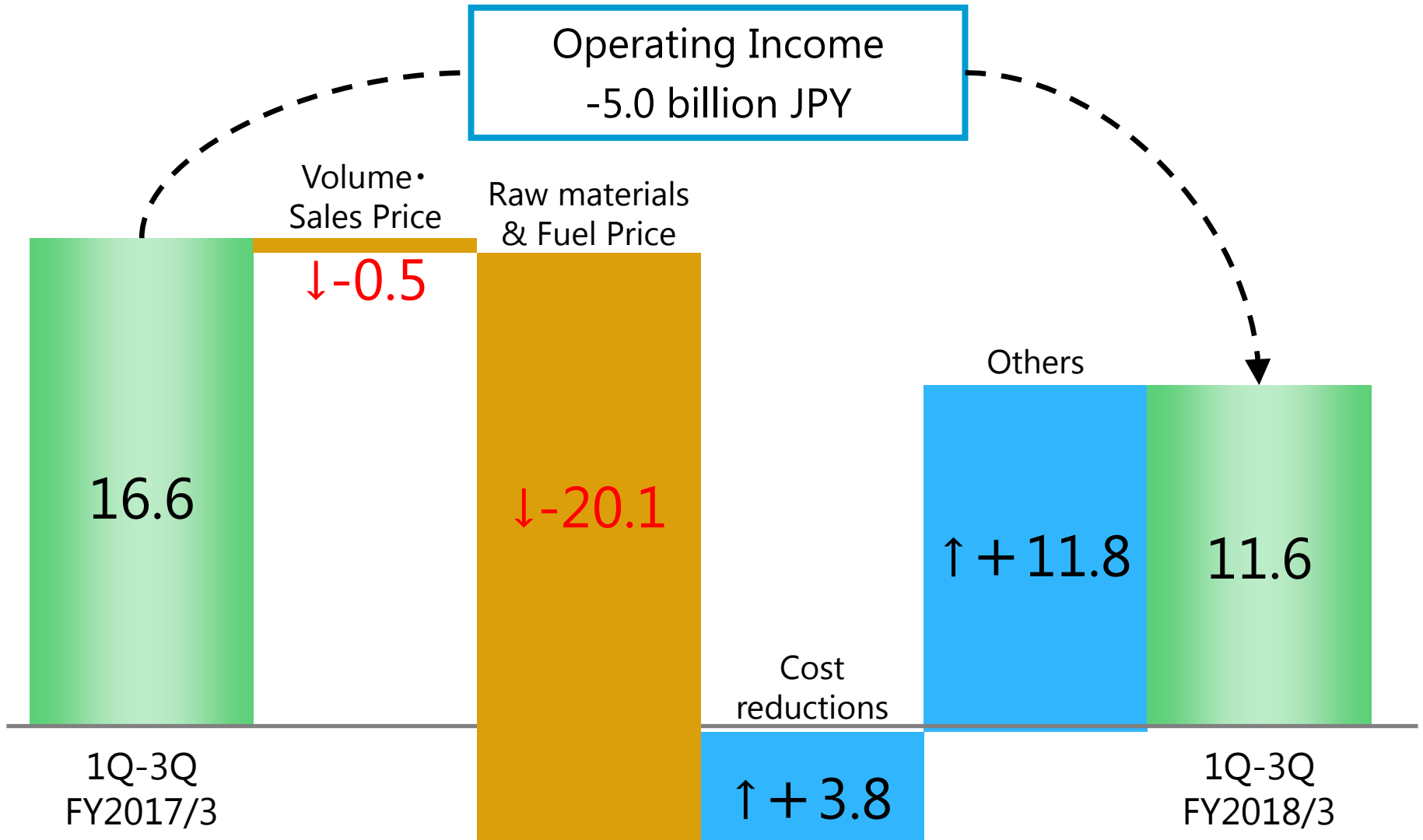


※Shikoku Coca-Cola was removed in 2nd quarter of FY 2016/3



(¥billion)

Variance Analysis for Operating Income



Consolidated Statements

(¥billion)

	FY 2017/3 Results	FY 2018/3 Forecast	Variance	
			Amount	%
Net Sales	992.4	1,050.0	57.6	5.8%
Operating Income	23.8	15.0	-8.8	-36.9%
Ordinary Income	27.0	18.0	-9.0	-33.3%
Net Income*	8.4	8.0	-0.4	-4.8%

* Profit attributable to owners of parent

REFERENCE MATERIALS

February 7, 2018

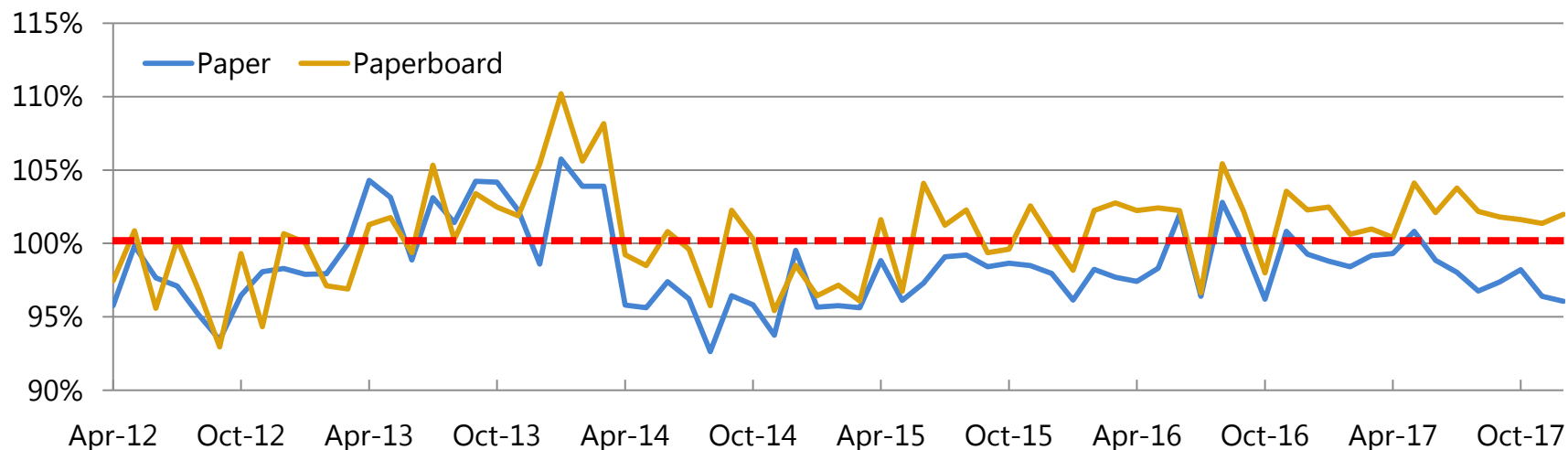
Paper & paperboard industry domestic demand and export (April,2017 – December,2017)

volume: '000 tonnes

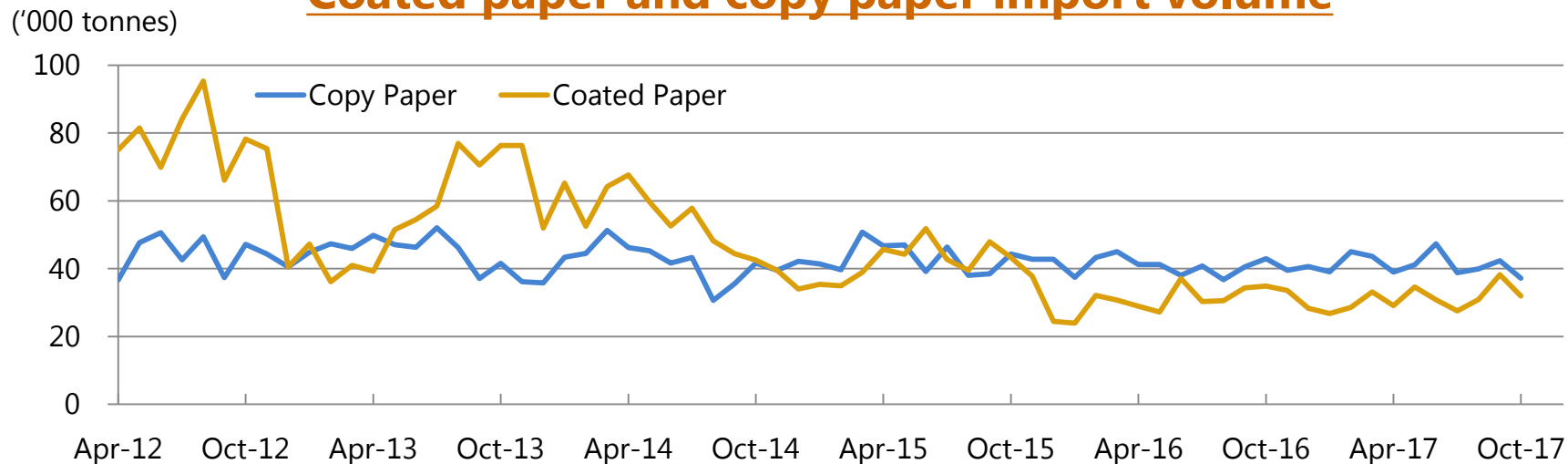
		Apr '17 - Dec '17						Imports(C)		Domestic demand(A+C)	
		Domestic shipments(A)		Exports(B)		(A+B)					
		volume	YOY	volume	YOY	volume	YOY				
Newsprint	2,059	-4.8%	0	-100.0%	2,059	-4.8%	8	-22.4%	2,067	-4.9%	
Printing & business communication paper	5,516	-2.4%	525	4.3%	6,041	-1.9%	725	-3.1%	6,241	-2.5%	
Coated paper *	3,157	-2.4%	407	6.4%	3,564	-1.5%	265	-7.2%	3,422	-2.8%	
Uncoated paper	1,384	-3.3%	92	5.5%	1,475	-2.8%	96	-5.3%	1,480	-3.4%	
Business communication paper	975	-1.2%	26	-22.8%	1,001	-2.0%	364	0.8%	1,339	-0.7%	
Other papers	2,449	1.3%	232	12.9%	2,682	2.2%	35	17.4%	2,485	1.5%	
Paper total	10,024	-2.0%	757	6.8%	10,782	-1.5%	768	-2.6%	10,792	-2.1%	
Container board	7,010	2.1%	411	36.9%	7,422	3.6%	33	1.6%	7,043	2.1%	
Folding box board and others	1,677	2.1%	22	25.3%	1,698	2.3%	206	-0.5%	1,883	1.8%	
Paperboard total	8,687	2.1%	433	36.3%	9,120	3.3%	239	-0.2%	8,926	2.1%	
Paper and paperboard total	18,711	-0.2%	1,190	15.9%	19,902	0.7%	1,007	-2.0%	19,718	-0.3%	

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

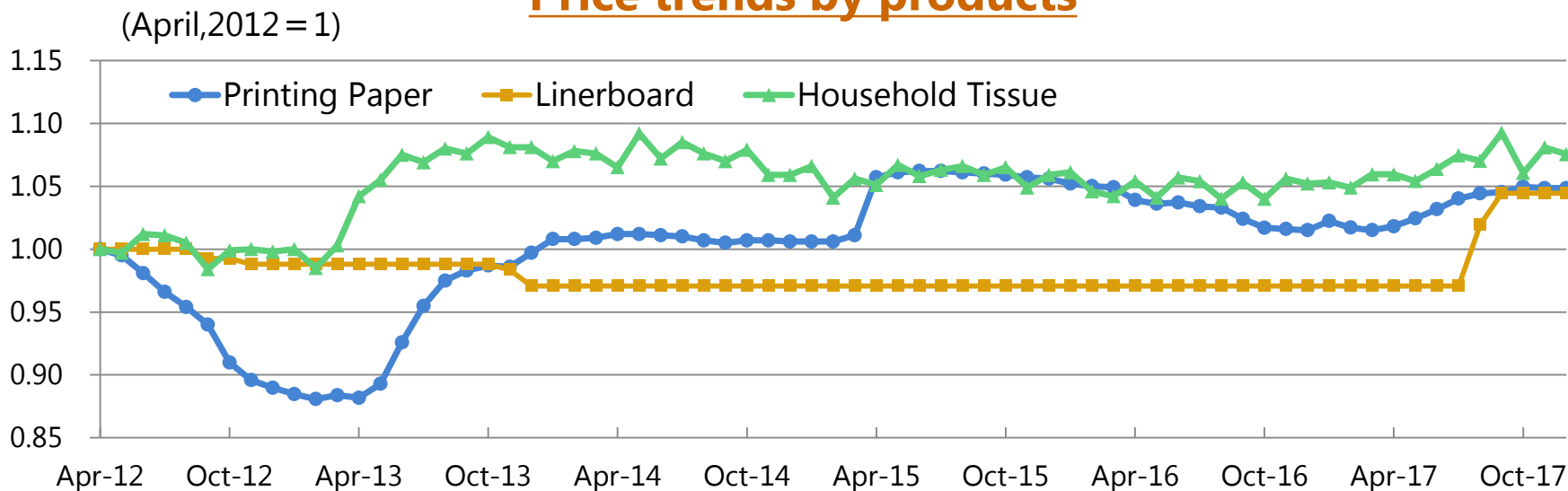
Domestic shipment of paper industry(YOY)



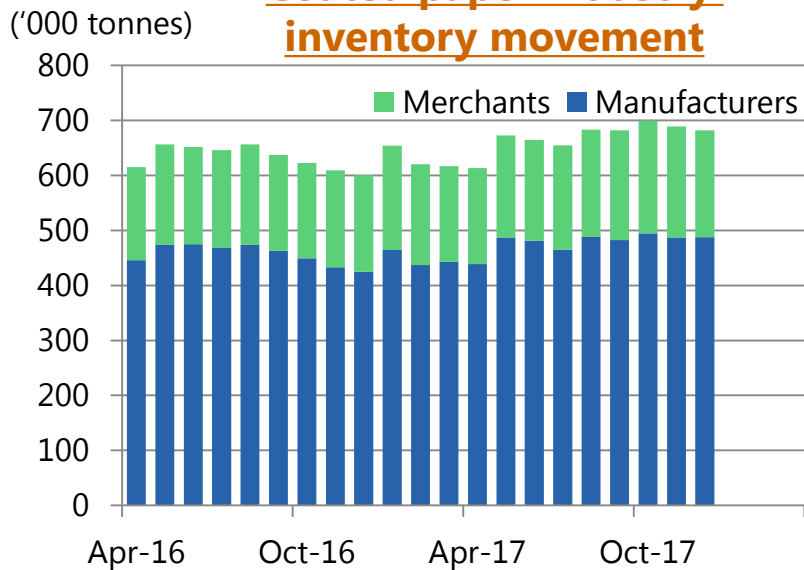
Coated paper and copy paper import volume



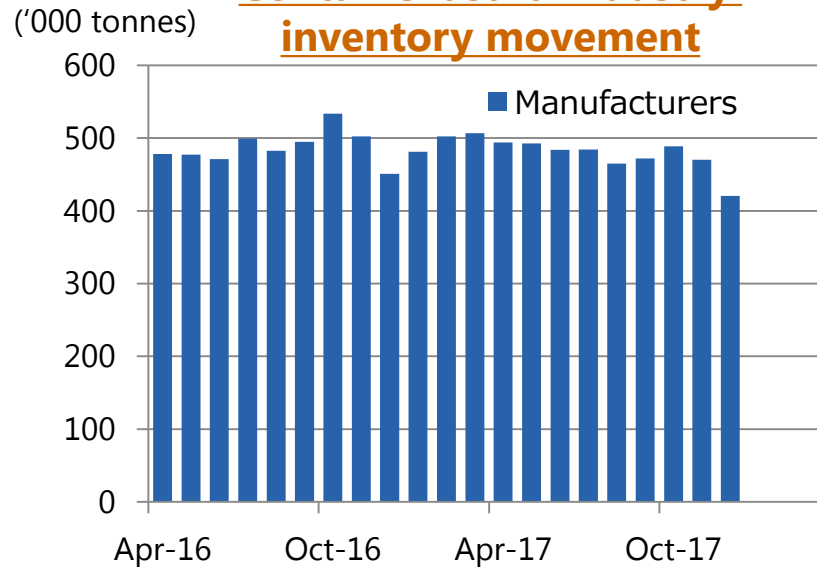
Price trends by products



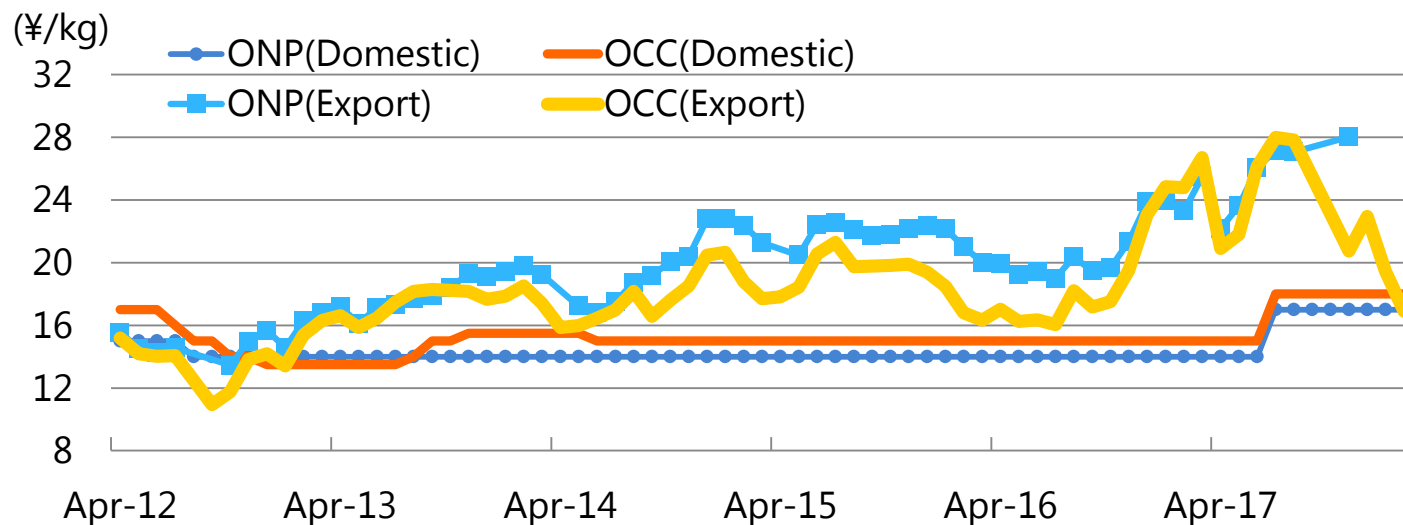
Coated paper industry inventory movement



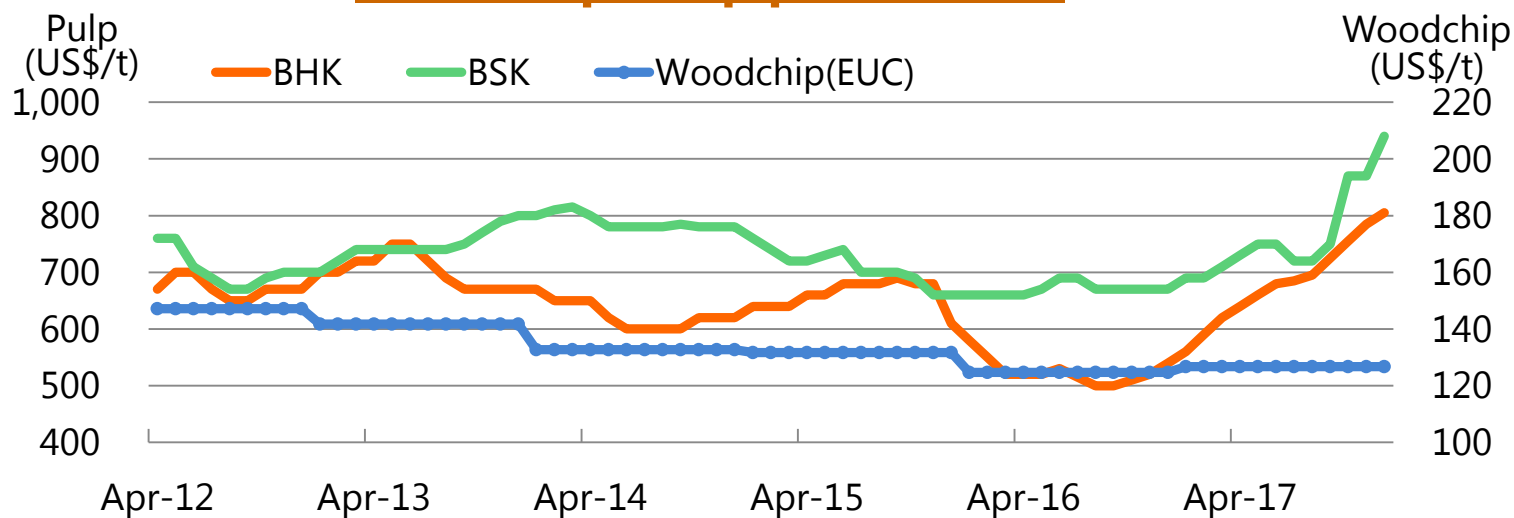
Containerboard industry inventory movement



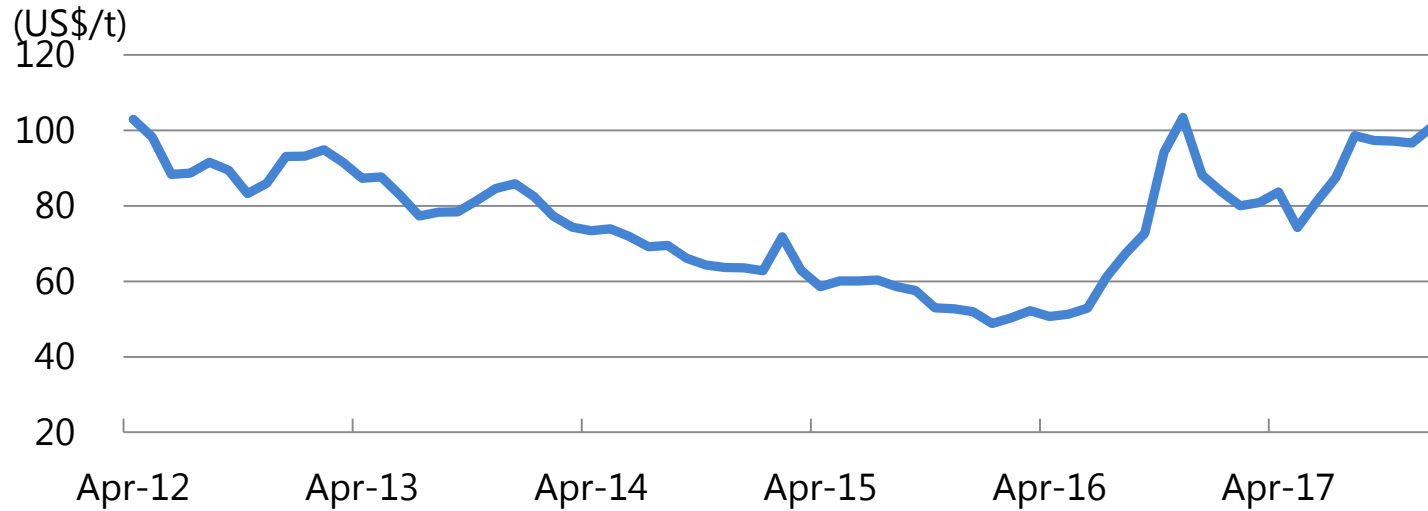
ONP·OCC price trends



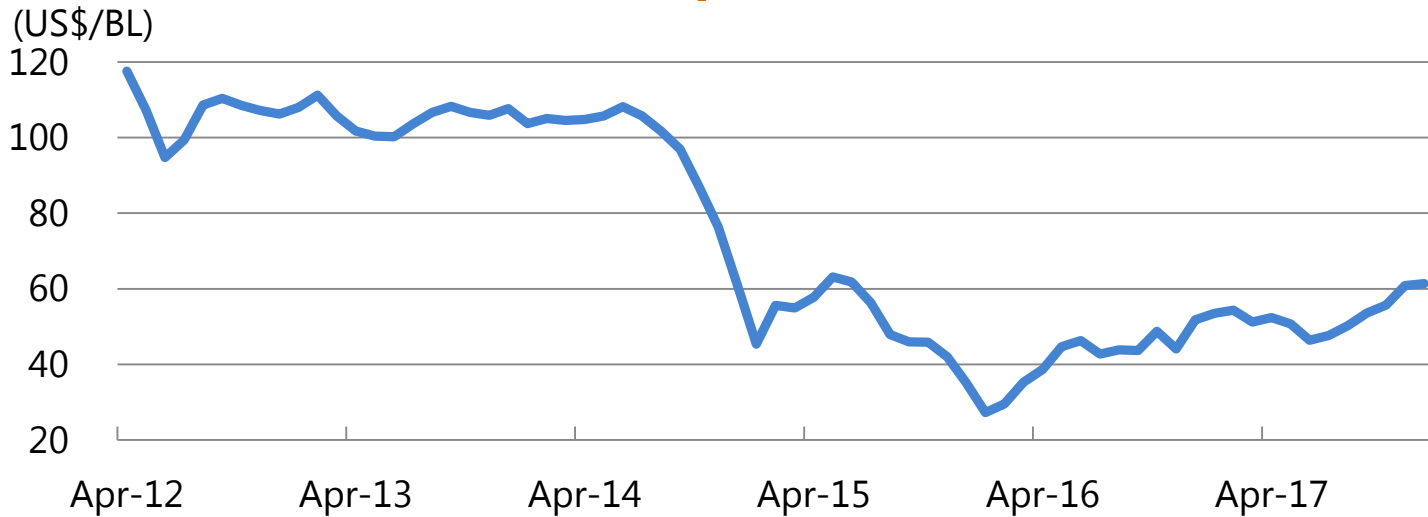
Woodchip·Pulp price trends



Coal price trends



Crude oil price trends



Disclaimer

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