

3RD QUARTER FY2019/3 FINANCIAL REVIEW

February 6, 2019

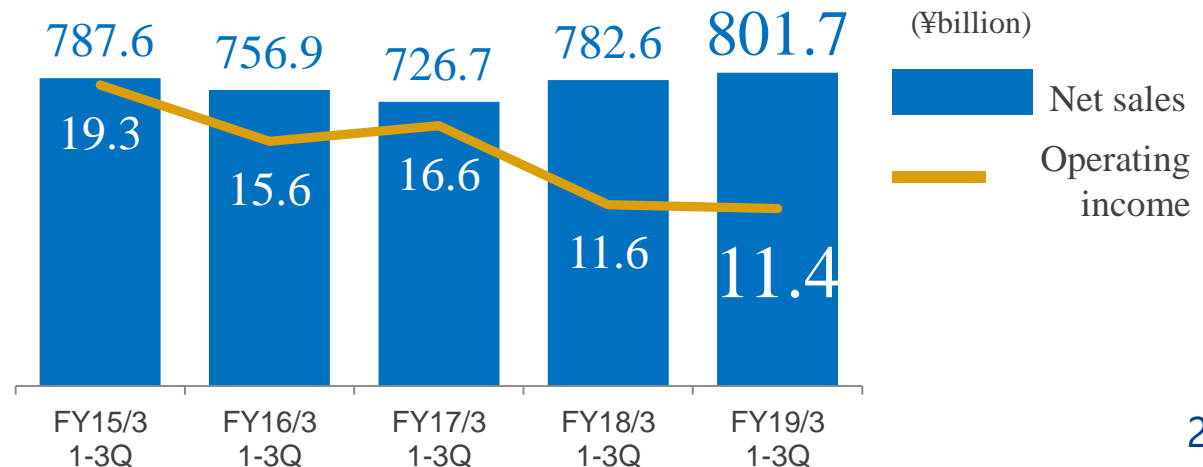
3rd Quarter FY2019/3 Financial Results

Consolidated Statement

(¥billion)

	Total 1Q-3Q FY2018/3 Results	Total 1Q-3Q FY2019/3 Results	Year on year	
			Change	Rate of changes
Net sales	782.6	801.7	19.1	2.4%
Operating income	11.6	11.4	-0.2	- 2.1%
Ordinary income	13.4	14.5	1.1	7.6%
Net profit *	7.7	-38.9	-46.6	-

* Profit attributable to owners of parent



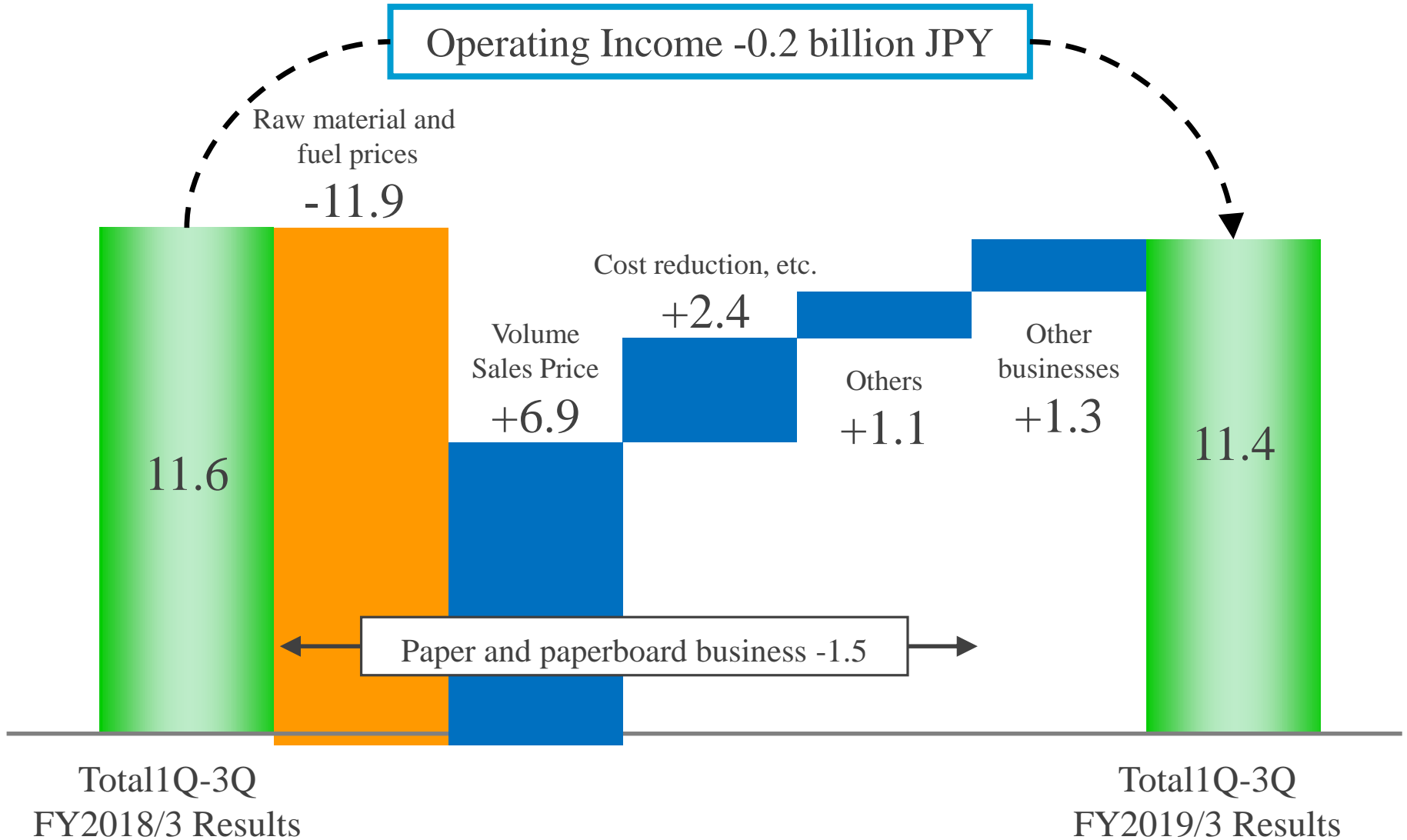
3rd Quarter FY2019/3 Financial Results

Results by Segment

(¥billion)

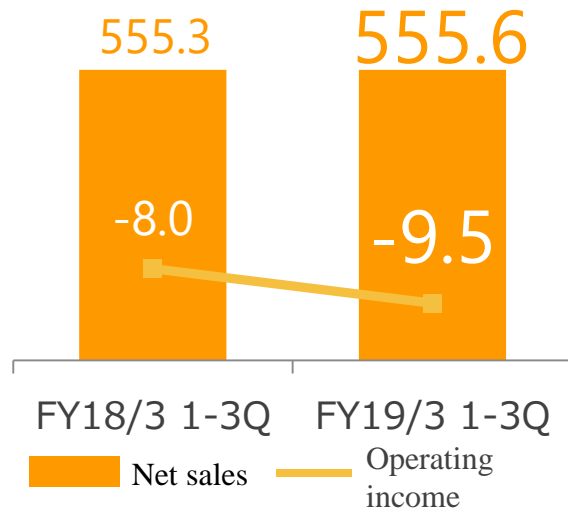
	Net sales			Operating income		
	Total1Q-3Q FY2018/3 Results	Total 1Q-3Q FY2019/3 Results	YOY comparison	Total1Q-3Q FY2018/3 Results	Total 1Q-3Q FY2019/3 Results	YOY comparison
Paper and paperboard	555.3	555.6	0.3	-8.0	-9.5	-1.5
Livelihood-related	147.0	152.8	5.8	11.3	9.3	-2.0
Energy	11.9	26.8	14.9	2.5	5.9	3.4
Wood products and construction related	45.3	43.1	-2.2	3.1	3.6	0.5
Other	23.1	23.4	0.3	2.7	2.1	-0.6
Total	782.6	801.7	19.1	11.6	11.4	-0.2

Factors for change in operating income

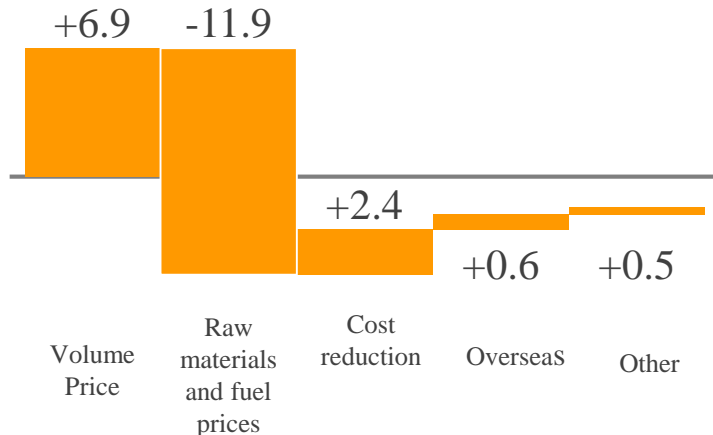


Paper and paperboard

Net Sales and Operating Income (¥billion)



Factors for change in operating income (¥billion)



- Domestic operations (Paper)

Domestic sales volume was sluggish due to a decline in newspaper circulation and sluggish demand for advertising printing paper.

For export, the profit improved due to price increase.

- Domestic business (Paperboard)

Domestic sales volume decreased year on year, but export sales volume increased 8% year on year due to strong demand mainly in Asia.

- Oversea businesses

Profit of Jujo Thermal improved due to price increase.

In addition, the sale of assets owned by NPI USA, which was done in March 2017, contributed increase in profit.

3rd Quarter FY2019/3 Financial Results

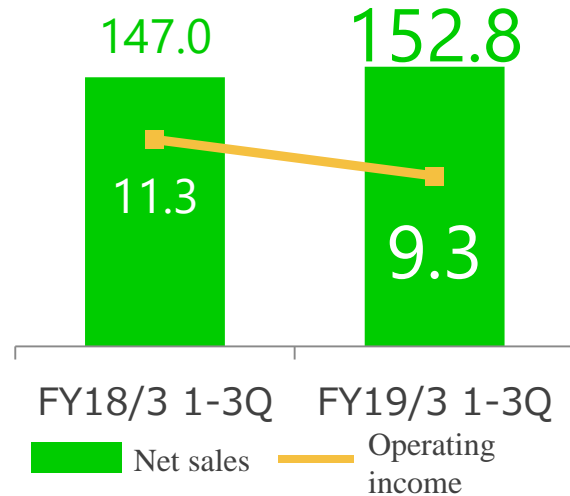
Paper and Paperboard Sales Volume

	1Q-3Q FY2018/3	1Q-3Q FY2019/3	YOY (‘000tonnes)
Newsprint	730	682	-6.6%
Printing paper	1,229	1,183	-3.8%
Business communication paper	368	368	-0.1%
Others	285	283	-0.4%
Domestic sales (paper)	2,612	2,516	-3.7%
Export (paper)	340	313	-7.7%
Paper total	2,952	2,829	-4.1%
Container board	1,299	1,292	-0.6%
Folding box board and others	274	277	1.0%
Domestic sales (paperboard)	1,574	1,569	-0.3%
Export (paperboard)	144	156	8.0%
Paperboard total	1,718	1,724	0.4%
Grand total (paper and paperboard)	4,669	4,554	-2.5%

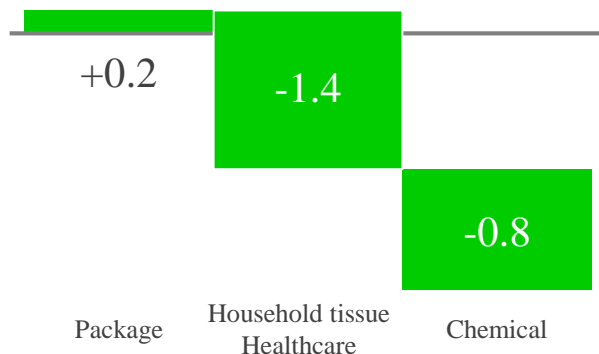
* Total sales volume of Nippon Paper Industries Co., Ltd., Nippon Paper Papillia Co., Ltd., Nippon Paper Crexia Co., Ltd. and Shin-Tokai Paper Co., Ltd. (excluding sanitary paper)

Livelihood-related

Net Sales and Operating Income (¥billion)



Factors for change in operating income (¥billion)



○ Package

For liquid packaging, net sales in domestic increased from the same period of previous year as sales for filling machine increased. However, operating income decreased due to higher raw material and fuel prices.

Nippon Dynawave Packaging posted steady growth in both sales and profits.

○ Household tissue& Healthcare

Demand for healthcare products and business-use products for hotels was firm, and sales volume was higher than in the same period of the previous fiscal year. However, operating income fell below the same period of the previous fiscal year due to the impact of higher raw material and fuel prices.

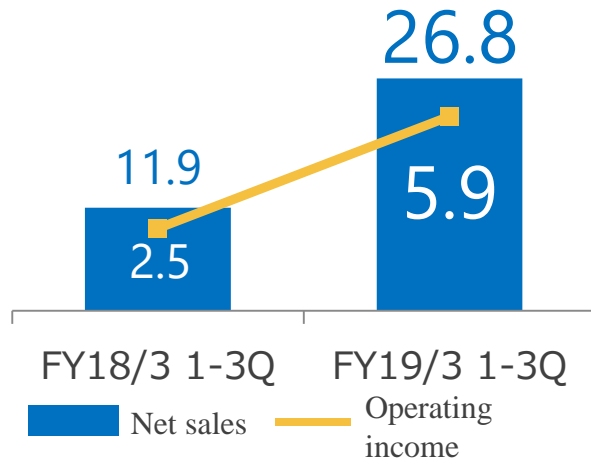
○ Chemical

Despite strong demand for functional coating resins and functional cellulose, sales volumes of dissolving pulp and functional films decline year on year. Sales and profits were down due to higher raw material and fuel prices.

3rd Quarter FY2019/3 Financial Results

Energy

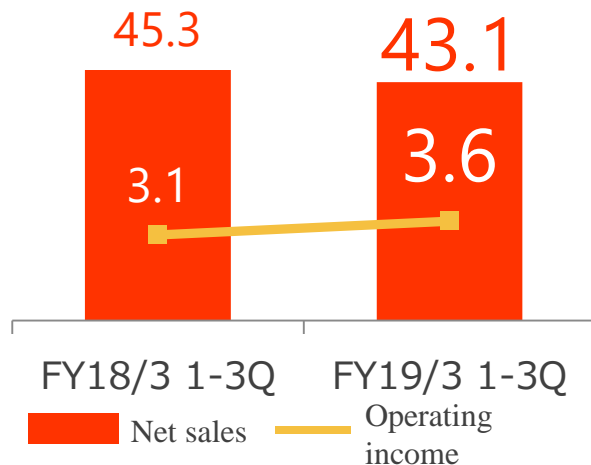
Net Sales and Operating Income (¥billion)



Nippon Paper Ishinomaki Energy Center, which started operation in March 2018, is operating smoothly. Sales and profits increased YoY.

Wood products and construction related

Net Sales and Operating Income (¥billion)



Nippon Paper Lumber Co., Ltd. saw lower sales and profits due to a weak number of new housing starts and lower sales volumes of pulp logs compared to the same period in the previous year.

For AMCEL, its profit increased, as the sales ratio in Europe increased.

Consolidated Statement

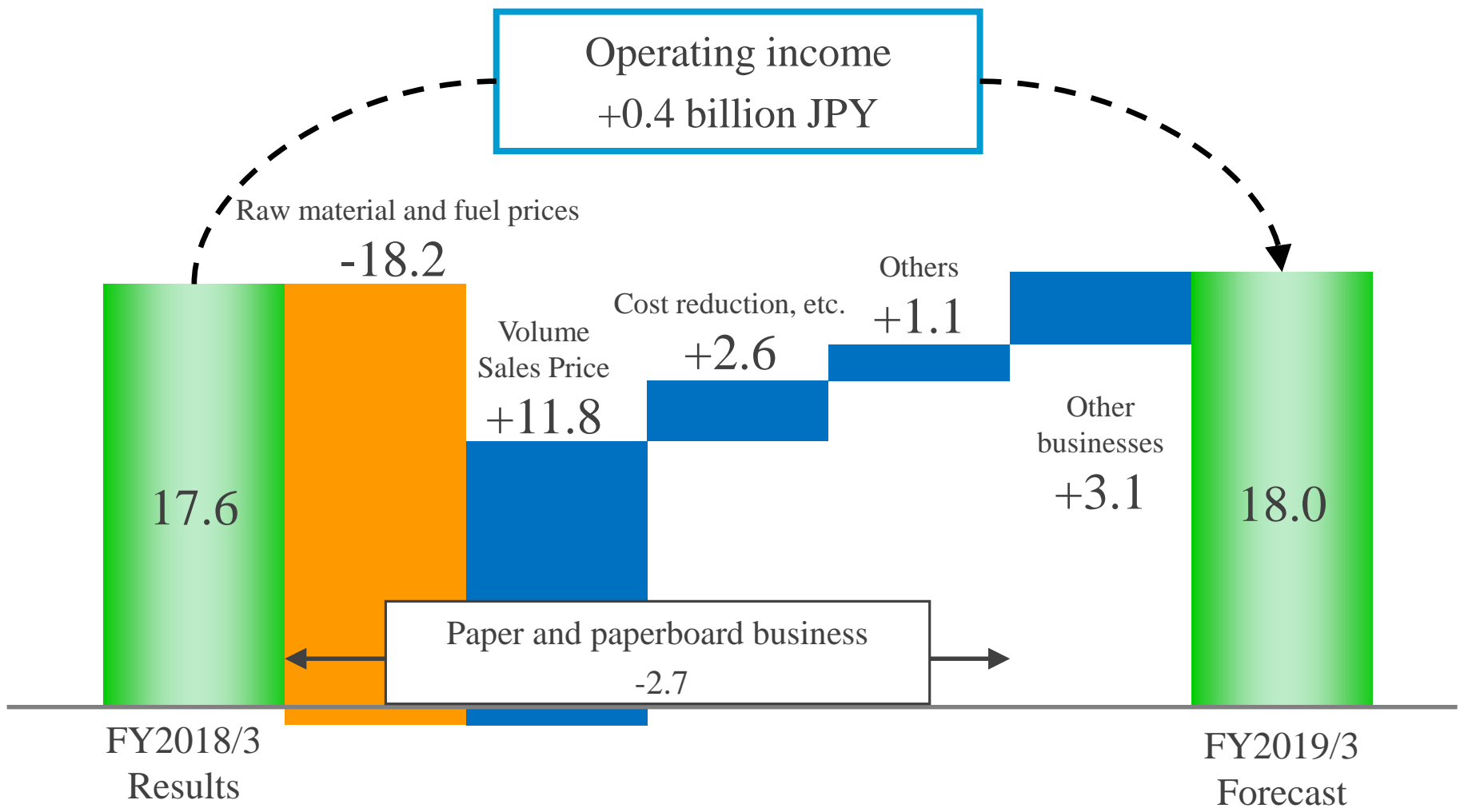
(¥billion)

	FY2018/3 Results	FY2019/3 Revised Forecast	FY2019/3 Previous Forecast	Change
Net sales	1,046.5	1,080.0	1,080.0	0.0
Operating income	17.6	18.0	20.0	-2.0
Ordinary income	18.6	21.0	23.0	-2.0
Net income *	7.8	-40.0	-8.0	-32.0

* Profit attributable to owners of parent

The Company revised its full-year earning forecast due to the recording of loss of ¥13.7 billion in provision for environmental measures for disposal of PCB waste and ¥12.6 billion in impairment loss on fixed assets in the newsprint business as extraordinary loss in the third quarter of the fiscal year ending March 31, 2019.

Factors for change in operating income



Adoption of CELLENPIA®



CELLENPIA®, a Carboxymethylated CNF (CM CNF) produced at Gotsu Mill, is used in food and cosmetic products.

Dorayaki (Tago no Tsuki Co., Ltd.)

- Adopted for the texture of dorayaki (pancakes stuffed with sweet red bean paste) released by a confectionery manufacturer in Fuji City, Shizuoka Prefecture, which has a history of more than 60 years since its founding.
- Combining CELLENPIA® to realize soft moist texture that has never been realized before.



Cosmetic Lotion (RBP Co., Ltd.)

- Adopted for cosmetic lotion newly developed by RBP Co., Ltd.
- Combining CELLENPIA® to provide moisturizing effect and comfortably dry, non-sticky feel simultaneously.



SURISURI

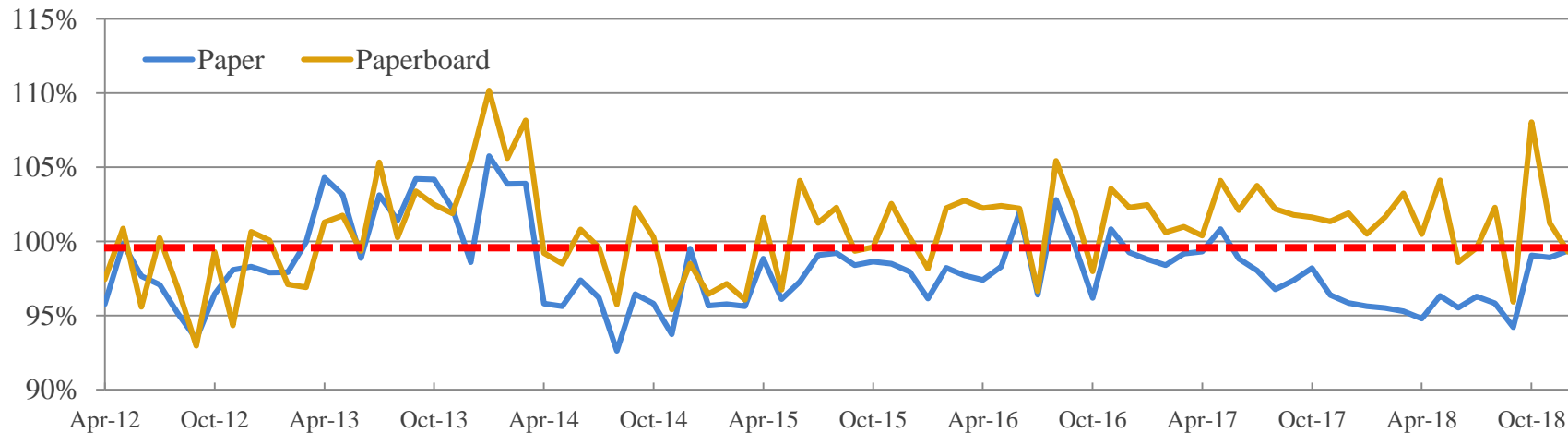
REFERENCE MATERIALS

Domestic demand and exports of paper and paperboard

	April,2018 - December,2018										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	volume	YOY		
Newsprint	1,926	-6.5%	0	—	1,926	-6.5%	2	-70.3%	1,928	-6.7%		
Printing & business communication paper	5,346	-3.1%	613	16.7%	5,959	-1.3%	498	-31.3%	5,844	-6.3%		
Coated paper *	2,985	-5.4%	436	7.2%	3,422	-4.0%	131	-50.5%	3,116	-8.9%		
Uncoated paper	1,356	-1.9%	151	64.2%	1,507	2.2%	34	-64.2%	1,391	-5.9%		
Business communication paper	1,005	3.0%	26	-2.4%	1,030	2.9%	333	-8.7%	1,337	-0.2%		
Other papers	2,421	-1.1%	236	1.6%	2,657	-0.9%	33	-5.2%	2,454	-1.2%		
Paper total	9,693	-3.3%	849	12.0%	10,542	-2.2%	534	-30.5%	10,227	-5.2%		
Container board	7,075	0.9%	405	-1.5%	7,480	0.8%	37	13.5%	7,112	1.0%		
Folding box board and others	1,703	1.6%	20	-6.0%	1,724	1.5%	204	-1.0%	1,907	1.3%		
Paperboard total	8,778	1.1%	426	-1.7%	9,204	0.9%	241	1.0%	9,019	1.1%		
Paper and paperboard total	18,471	-1.3%	1,274	7.1%	19,745	-0.8%	775	-23.1%	19,246	-2.4%		

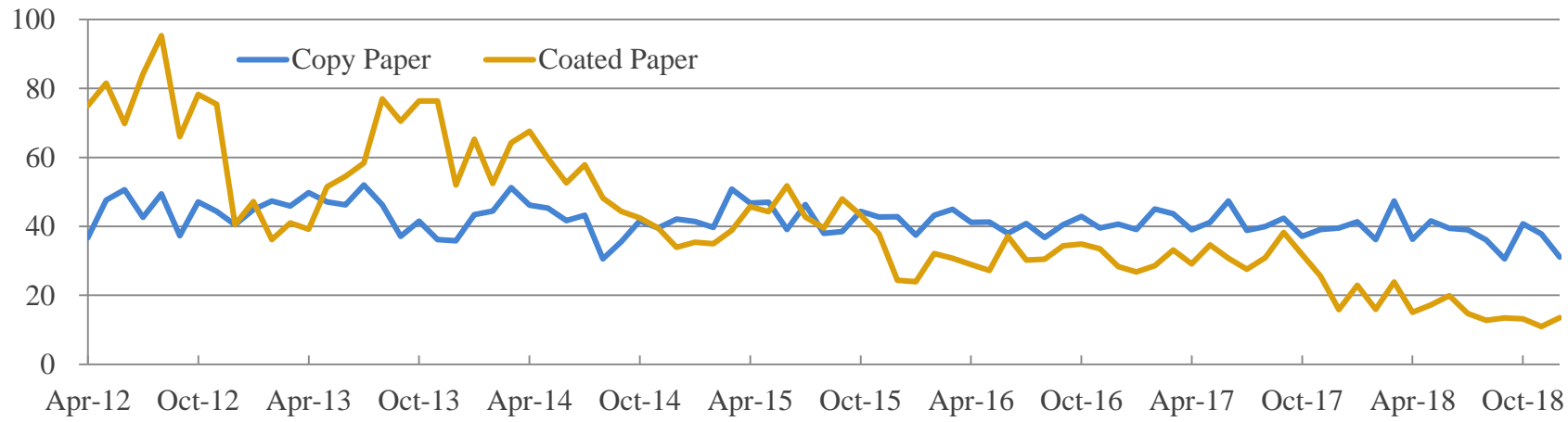
※ “Bitoko-shi” paper is included in coated paper.

Domestic shipments by manufacturers (YoY)

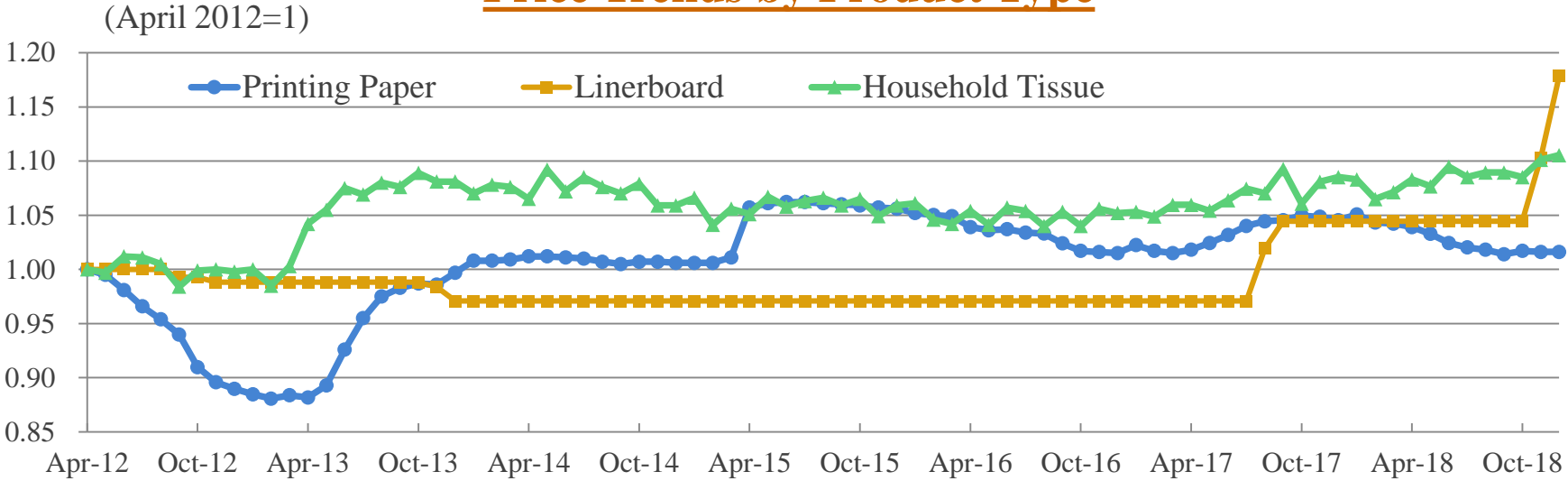


Imports of Coated Paper and Copy Paper

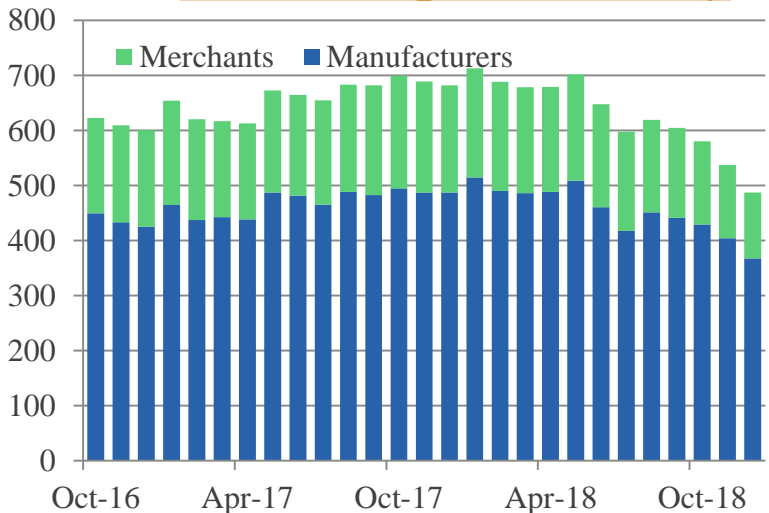
(‘000tonnes)



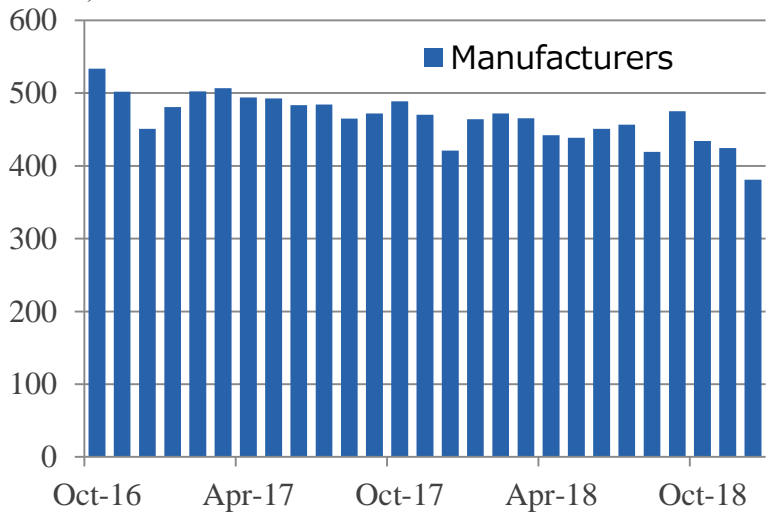
Price Trends by Product Type



Coated Paper Inventory ('000 tonnes)

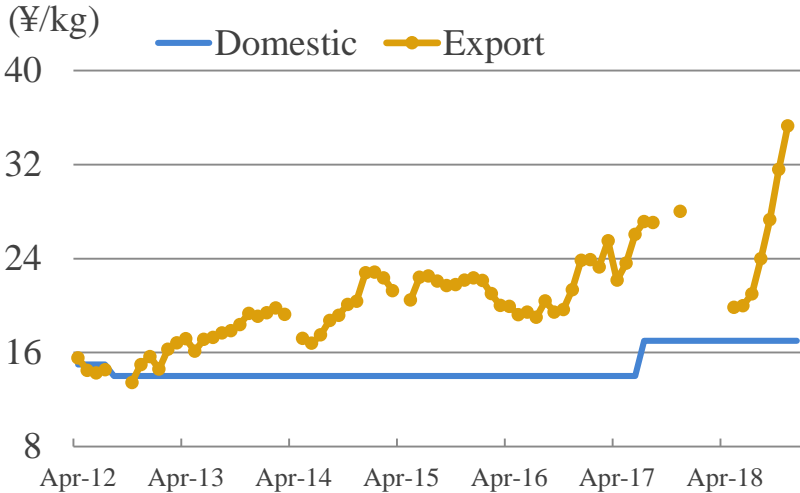


Containerboard Inventory ('000 tonnes)

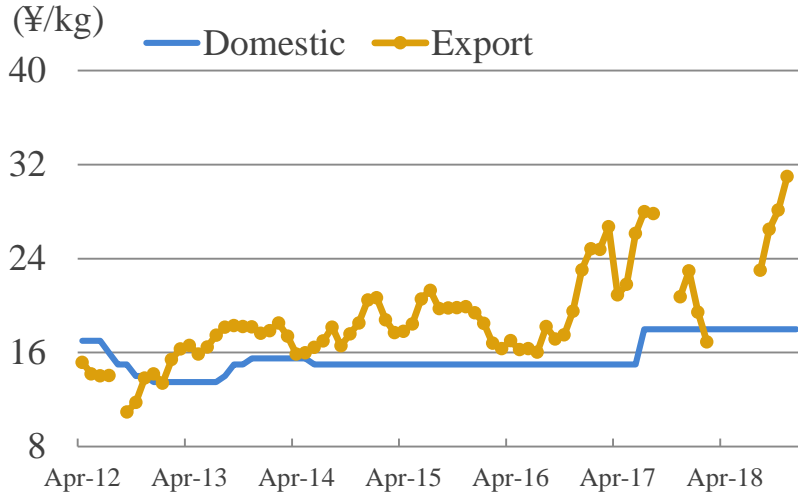


Source: Japan Paper Association; Bank of Japan, "Corporate Goods Price Index."

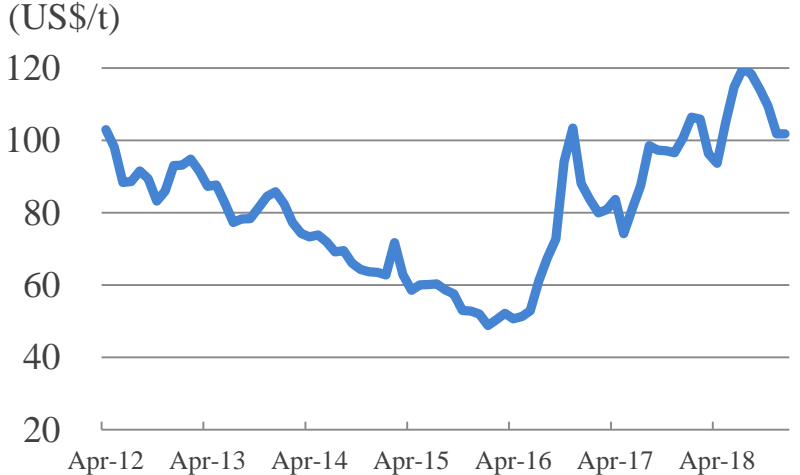
ONP price trend



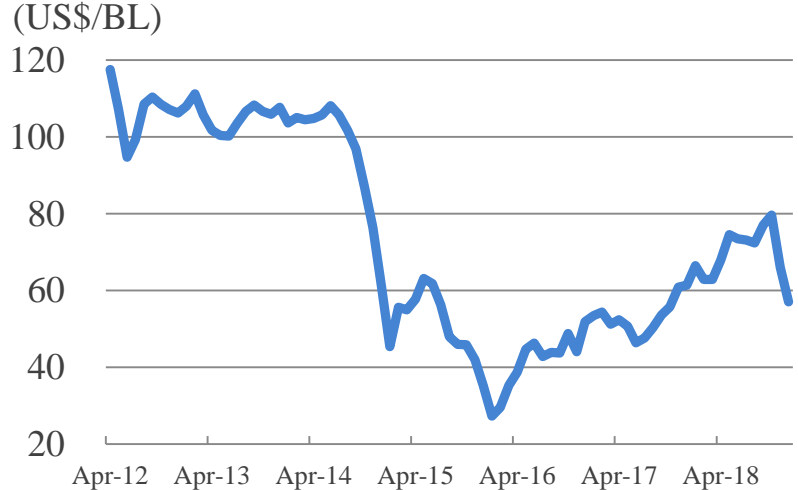
OCC price trend



Coal price trend



Crude-oil price trend



<Disclaimer>

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NIPPON PAPER INDUSTRIES CO.,LTD.