

# 3<sup>RD</sup> QUARTER FY2020/3 FINANCIAL REVIEW

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February 7, 2020

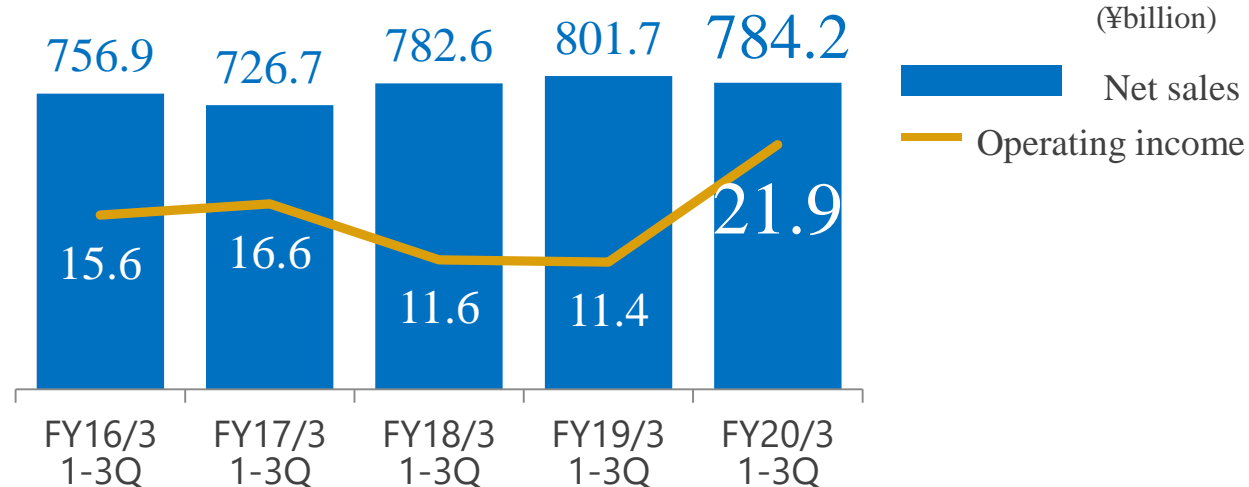
# 3<sup>rd</sup> Quarter FY2020/3 Financial Results

## Consolidated Statement

(¥billion)

	Total 1Q-3Q FY2019/3 Results	Total 1Q-3Q FY2020/3 Results	Variance	
			Amount	Rate of change
Net sales	801.7	784.2	-17.5	-2.2%
Operating income	11.4	21.9	10.5	92.7%
Ordinary income	14.5	20.4	5.9	41.0%
Net income *	-38.9	10.4	49.3	-

\* Profit attributable to owners of parent



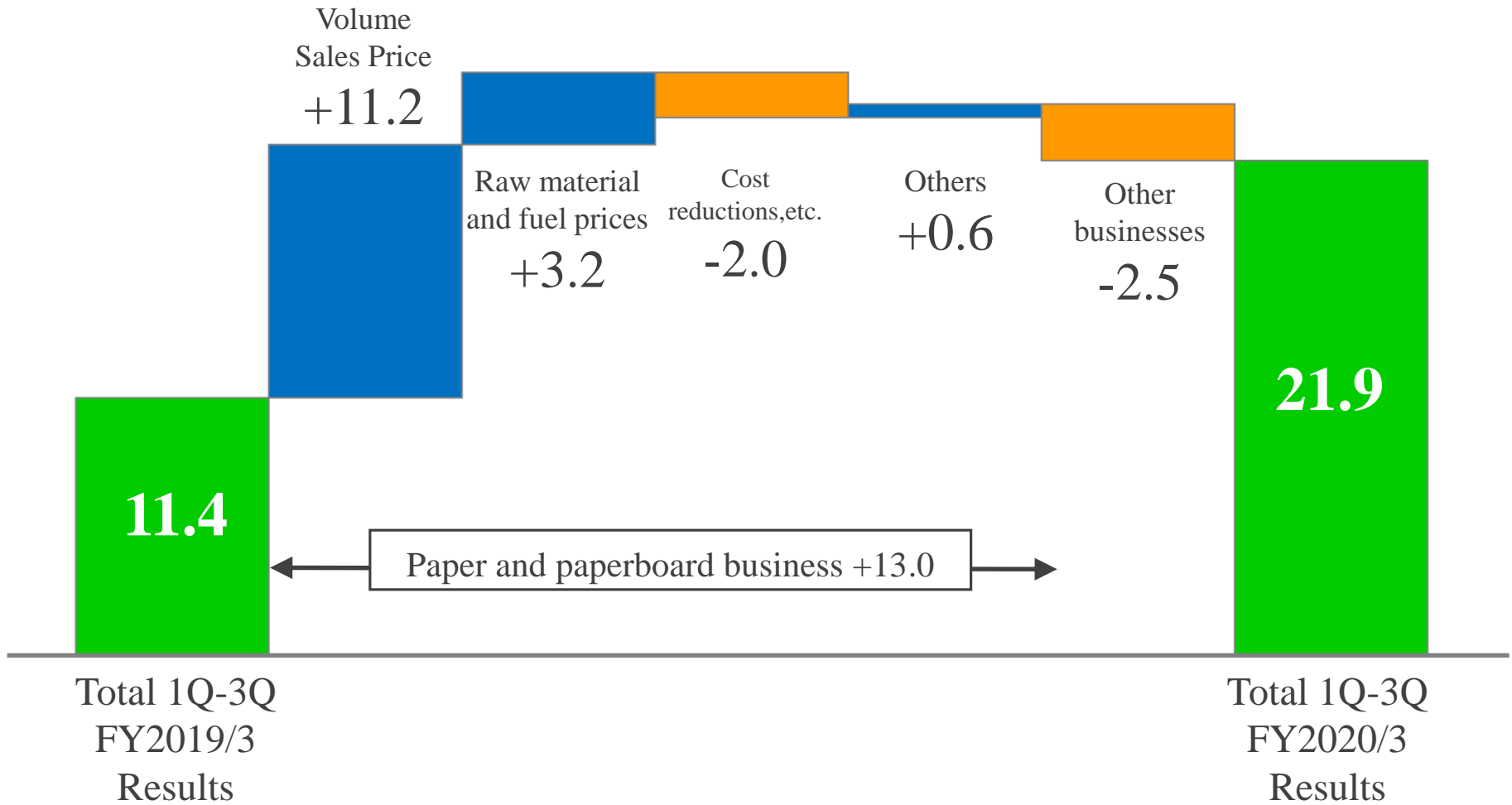
# 3<sup>rd</sup> Quarter FY2020/3 Financial Results

## Results by Segment

(¥billion)

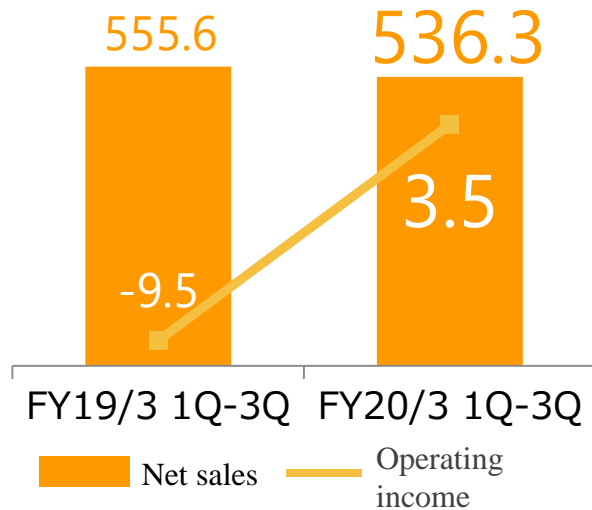
	Net sales			Operating income		
	Total 1Q-3Q FY2019/3 Results	Total 1Q-3Q FY2020/3 Results	Variance	Total 1Q-3Q FY2019/3 Results	Total 1Q-3Q FY2020/3 Results	Variance
Paper and paperboard	555.6	536.3	-19.3	-9.5	3.5	13.0
Daily-life products	152.8	156.8	4.0	9.3	8.0	-1.3
Energy	26.8	23.6	-3.2	5.9	4.4	-1.5
Wood products and construction related	43.1	44.5	1.4	3.6	3.9	0.3
Others	23.4	23.0	-0.4	2.1	2.1	0.0
<b>Total</b>	<b>801.7</b>	<b>784.2</b>	<b>-17.5</b>	<b>11.4</b>	<b>21.9</b>	<b>10.5</b>

## Variance analysis for operating income

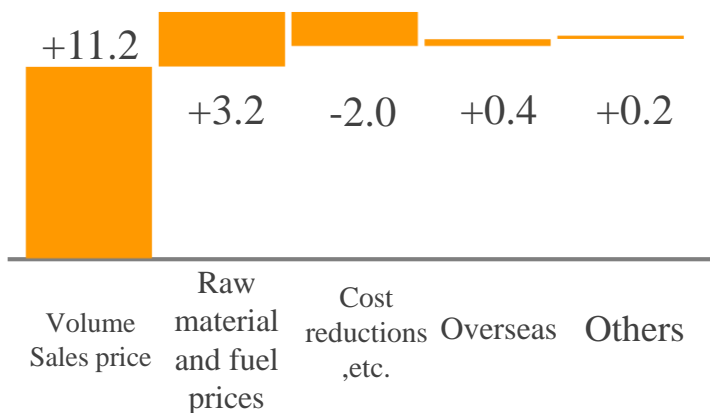


## Paper and paperboard business

Net Sales • Operating Income (¥ billion)



Variance analysis for operating income (¥ billion)



### ○ Domestic business (Paper)

Price adjustments for printing and communication paper and newsprint were effective. However, Domestic sales volume was sluggish due to decreased circulation of newspapers and weak demand for advertisement.

### ○ Domestic business (Paperboard)

Sales volume declined year on year due to unfavorable weather and other factors in Japan. Export sales volume was also down due to weak demand in Asia region, particularly in China.

### ○ Oversea business

In Jujo Thermal, sales volume remained sluggish. In Australian Paper, the maintenance shutdown was moved to Q4 and its impact was deviated in 3Q. As a result, overseas business saw lower sales but higher operating income year on year.

# 3<sup>rd</sup> Quarter FY2020/3 Financial Results

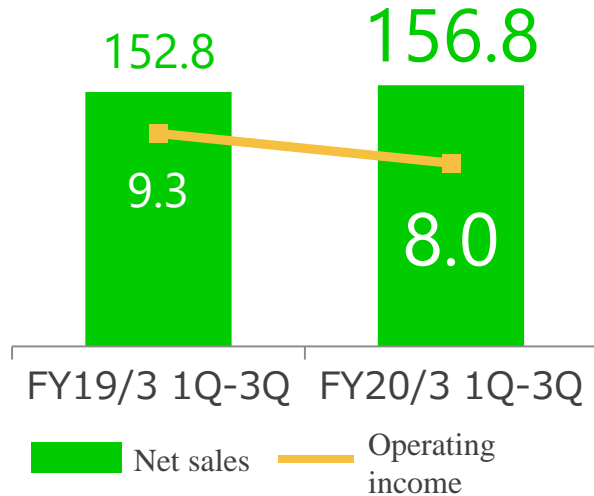
## Sales Volume(Paper & Paperboard)

	1Q-3Q FY2019/3	1Q-3Q FY2020/3	(’000 tonnes) YOY
Newsprint	682	624	-8.5%
Printing paper	1,183	1,105	-6.6%
Business communication paper	368	372	1.2%
Others	283	272	-4.1%
Domestic sales (paper)	2,516	2,373	-5.7%
Export (paper)	313	235	-25.1%
Paper total	2,829	2,608	-7.8%
Container board	1,292	1,238	-4.2%
Folding box board and others	277	261	-5.8%
Domestic sales (paperboard)	1,569	1,499	-4.5%
Export (paperboard)	156	128	-17.8%
Paperboard total	1,724	1,627	-5.7%
Grand total (paper and paperboard)	4,554	4,235	-7.0%

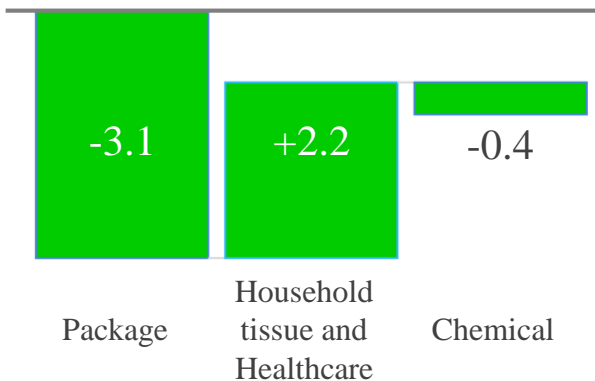
\* Sales volumes are total figures of Nippon Paper Industries Co., Ltd., Nippon Paper Papyrus Co., Ltd., Nippon Paper Creca Co., Ltd., and Shin Tokai Paper Co., Ltd. (excluding sanitary paper)

## Daily-life products business

Net Sales, Operating Income (¥ billion)



Variance analysis for operating income (¥ billion)



### ○ Package

In domestic business, sales volume of liquid-packaging cartons was down year on year due to sluggish beverage markets caused by unfavorable weather.

In Nippon Dynawave Packaging, operating income declined due to decreased sales volume and the impact of maintenance shutdown.

### ○ Household tissue and Healthcare

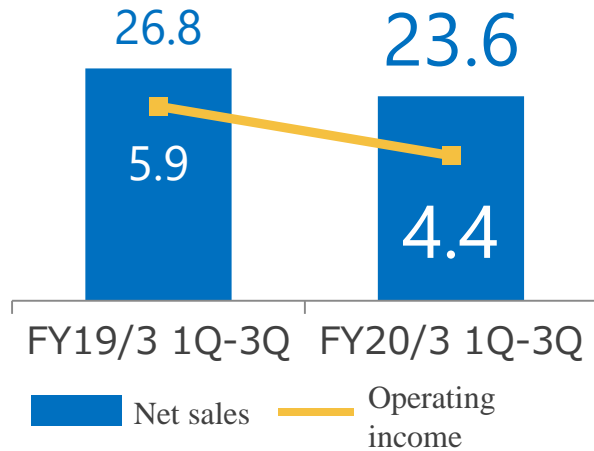
Demand for household tissue papers and toilet roll was firm. Sales and operating income increased year on year due to increased sales volume and price revision effect.

### ○ Chemical

Sales volume of functional films for small and medium sized displays was solid and increased year on year. However, demand for dissolving pulp was so weak in China. As a result, the operating income of chemical business declined year on year.

## Energy business

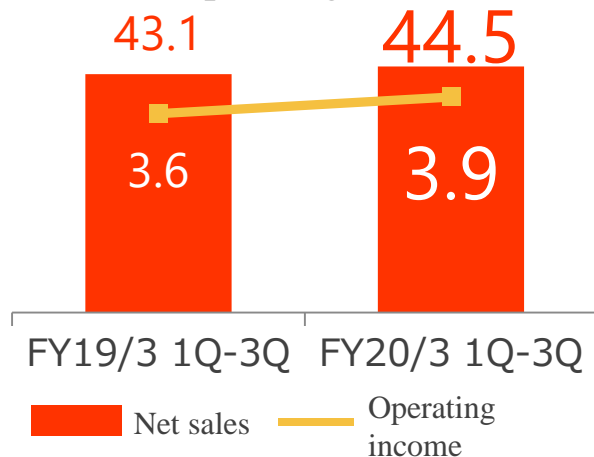
Net Sales, Operating Income (¥ billion)



In Energy business, sales and operating income declined year on year due to decrease in operation days of the power generation equipment and the increased fixed costs.

## Wood products and construction related business

Net Sales, Operating Income (¥ billion)



Sales volume of lumber products declined year on year as the housing starts remained lower. However, the demand in the civil engineering and construction was firm and the sales of AMCEL was kept at a solid level. As a result, Wood products and construction related business recorded increase sales and operating income.



## Consolidated Statement

(¥billion)

	FY2019/3 Results	FY2020/3 Forecast	Variance	
			Amount	Rate of change
Net sales	1,068.7	1,070.0	1.3	0.1%
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

## SPOPS put on market as replaceable liquid container

SPOPS, a replaceable container, has been commercialized and adopted by Sanyo Bussan Co., Ltd. for its “HAJIMARI EASY+ series” as well as by Nippon Paper Development Co., Ltd. for its “Dakekanba Body Soap”.

### Major Features of "SPOPS"

- Simple refilling
- Reduction of disposable plastics use
- Hygienic



HAJIMARI EASY+



Dakekanba body soap

# REFERENCE MATERIALS

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## Paper and paperboard Shipments and Imports/Exports

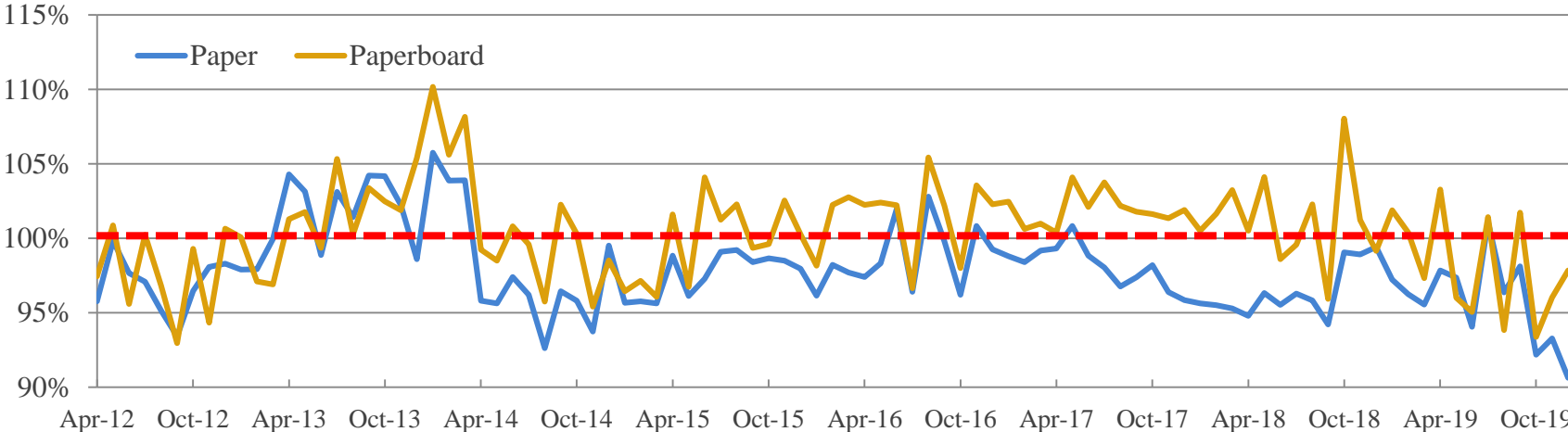
('000 tonnes)

### April, 2019 - December, 2019

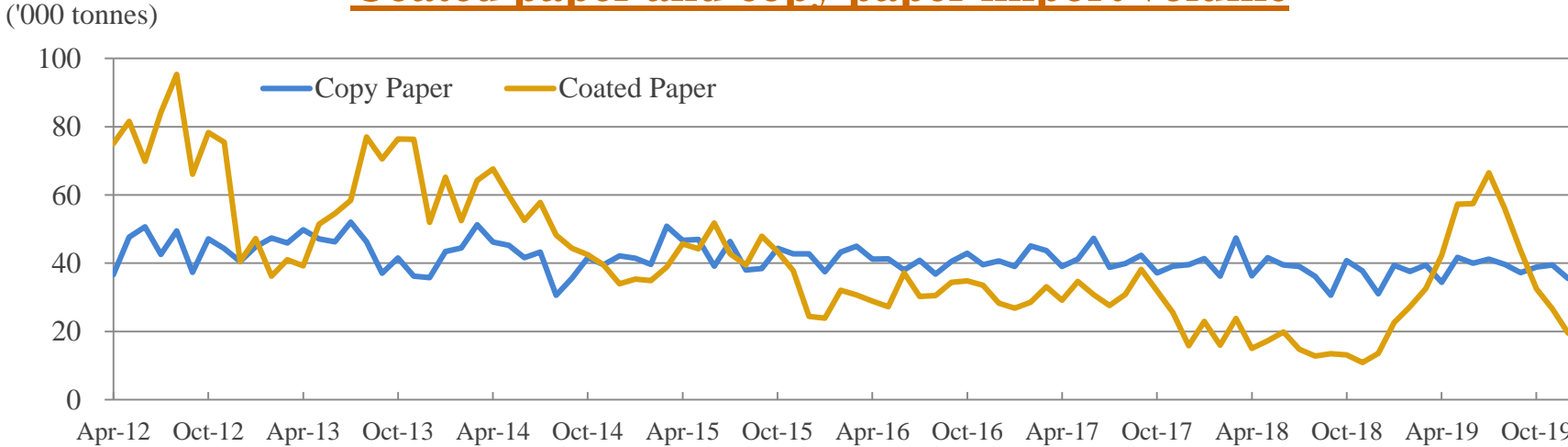
	Domestic shipments(A)		Exports(B)		(A+B)		Imports	
	volume	YOY	volume	YOY	volume	YOY	volume	YOY
Newsprint	1,789	-7.1%	0	—	1,789	-7.1%	1	-37.1%
Printing & business communication paper	5,083	-4.9%	384	-37.4%	5,466	-8.3%	798	60.3%
Coated paper *	2,774	-7.1%	286	-34.4%	3,060	-10.6%	402	207.3%
Uncoated paper	1,321	-2.6%	75	-50.0%	1,396	-7.3%	48	39.5%
Business communication paper	989	-1.6%	22	-14.9%	1,010	-1.9%	348	4.6%
Other papers	2,393	-1.2%	227	-3.8%	2,620	-1.4%	39	15.7%
<b>Paper total</b>	<b>9,265</b>	<b>-4.4%</b>	<b>611</b>	<b>-28.1%</b>	<b>9,876</b>	<b>-6.3%</b>	<b>838</b>	<b>57.1%</b>
Container board	6,926	-2.1%	355	-12.4%	7,280	-2.7%	32	-14.7%
Folding box board and others	1,639	-3.8%	19	-8.5%	1,657	-3.8%	204	0.1%
<b>Paperboard total</b>	<b>8,564</b>	<b>-2.4%</b>	<b>374</b>	<b>-12.3%</b>	<b>8,938</b>	<b>-2.9%</b>	<b>236</b>	<b>-2.2%</b>
<b>Paper and paperboard total</b>	<b>17,830</b>	<b>-3.5%</b>	<b>984</b>	<b>-22.8%</b>	<b>18,814</b>	<b>-4.7%</b>	<b>1,074</b>	<b>38.6%</b>

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

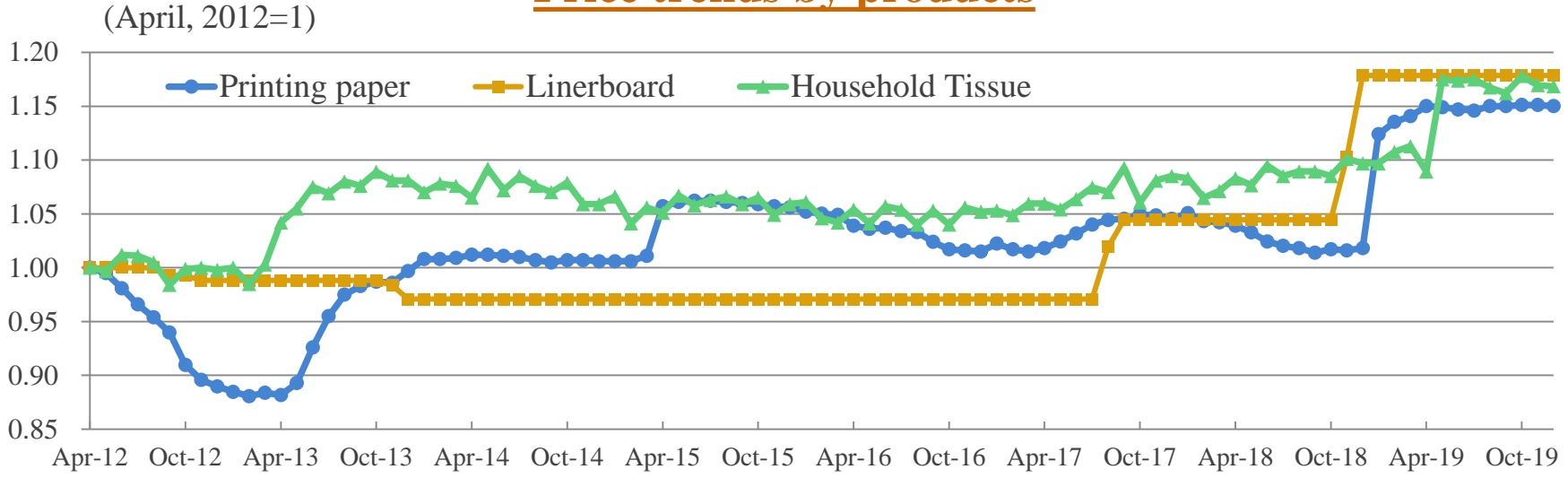
### Domestic shipment of paper industry(YOY)



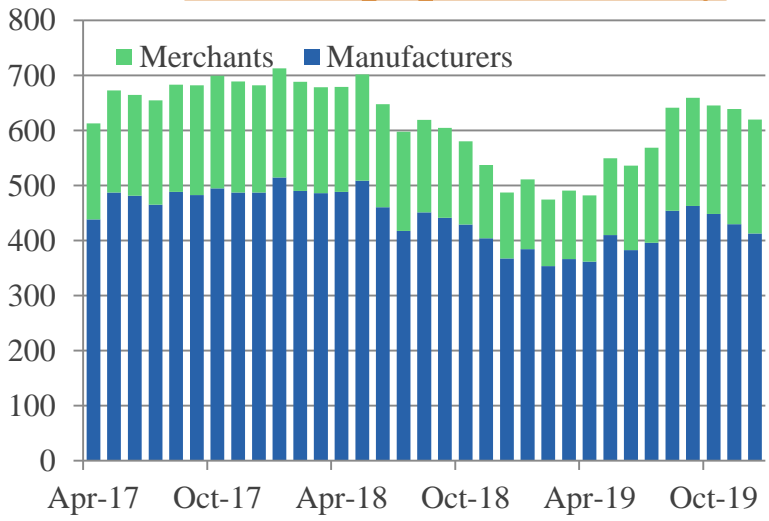
### Coated paper and copy paper import volume



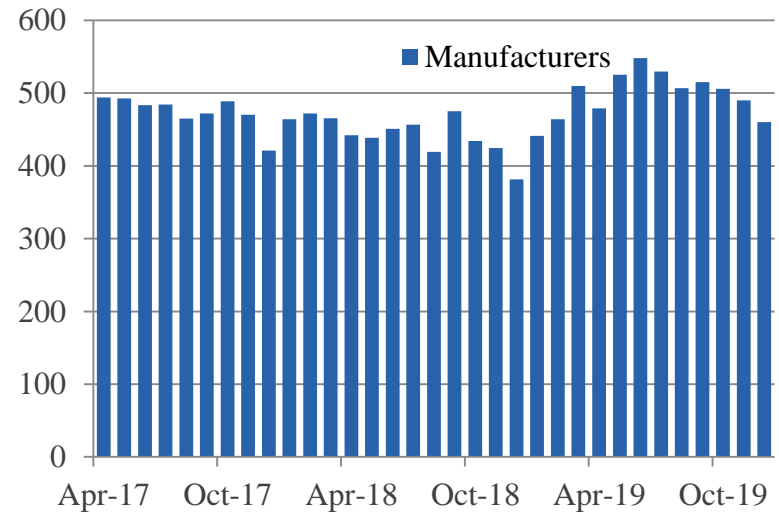
### Price trends by products



### Coated paper inventory ('000 tonnes)

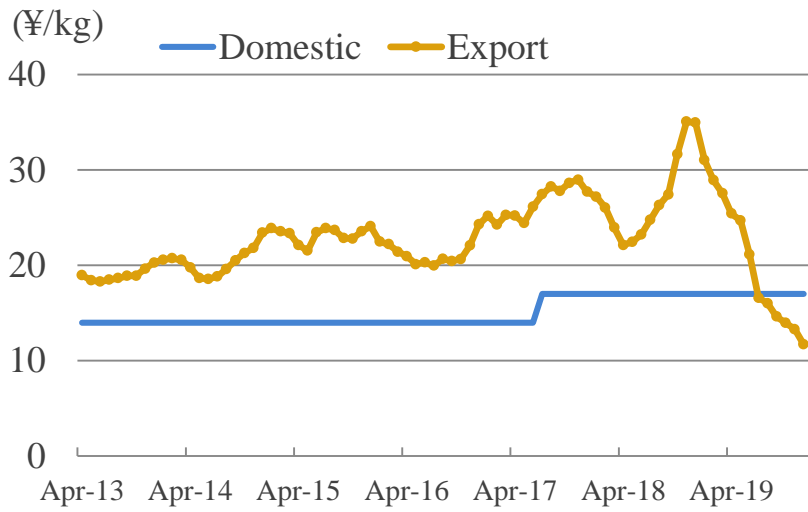


### Containerboard inventory ('000 tonnes)

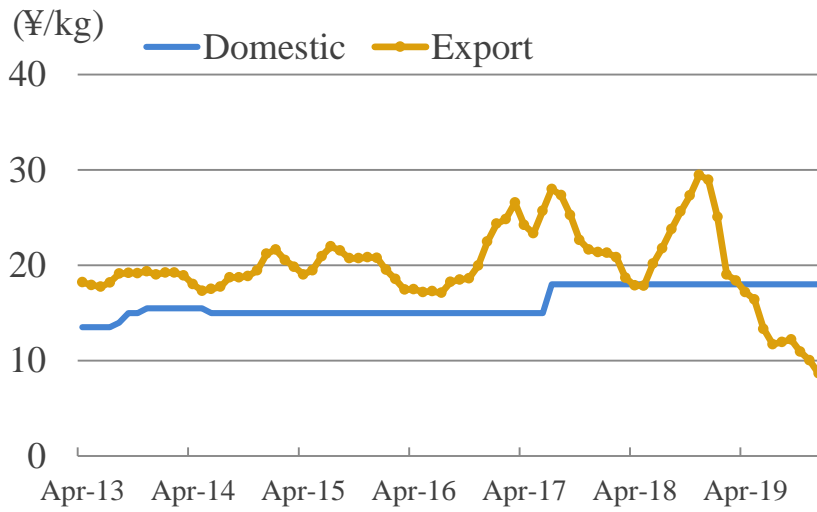


Source: Japan Paper Association, Bank of Japan(Corporate Goods Price Index)

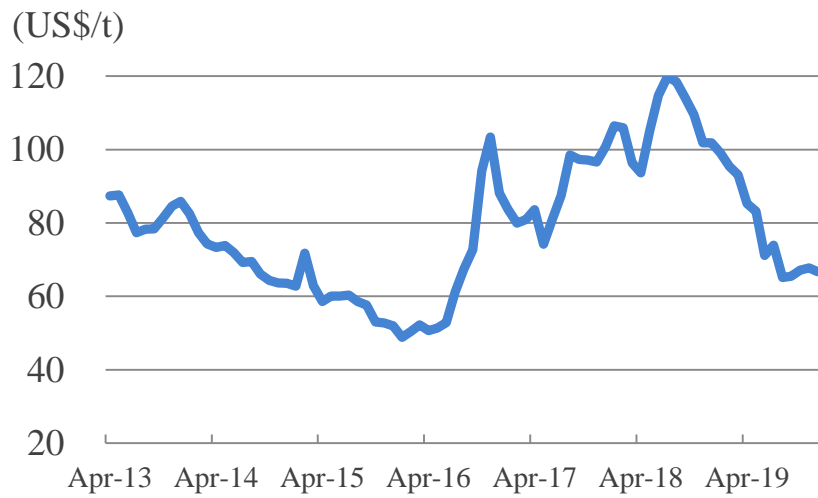
ONP



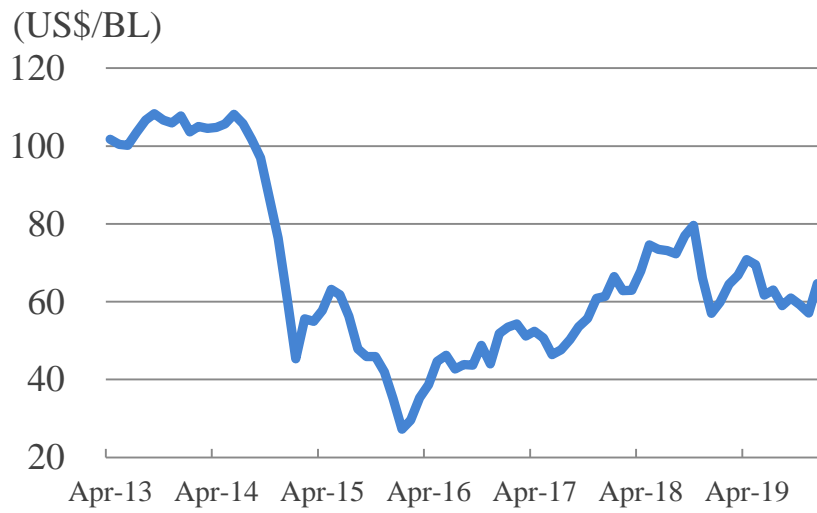
OCC



Coal



Crude oil



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