

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018(unaudited)

Name of Company Listed:	Nippon Paper Industries Co., Ltd.
Stock Exchange Listings:	Tokyo
Code Number:	3863
URL:	https://www.nipponpapergroup.com/english/
Representative:	Fumio Manoshiro, President
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Planned date of Financial Report submission:	February 13, 2019
Planned date of the commencement of dividend payments:	-
Availability of support documentation:	Yes
Holding of financial result briefing:	Yes (for institutional investors and investment analysts)

(Amounts indicated are displayed with amounts of less than one million yen rounded off.)

1. Consolidated Financial Results of Operations for the Nine Months Ended December 2018 (April 1, 2018–December 31, 2018)

(1) Consolidated Results of Operations

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2018	801,738	2.4	11,353	-2.1	14,466	7.6	-38,923	-
Nine months ended December 31, 2017	782,602	7.7	11,598	-30.3	13,440	-37.6	7,686	-

Note: Comprehensive income

Nine months ended December 2018	-44,842 million yen	(- %)
Nine months ended December 2017	20,635 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Nine months ended December 31, 2018	-336.34	-
Nine months ended December 31, 2017	66.41	-

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	1,401,372	396,424	27.6
As of March 31, 2018	1,429,892	443,398	30.6

Reference: Shareholders' equity	As of December 31, 2018	387,097 million yen
	As of March 31, 2018	437,024 million yen

2. Dividend Status

	Dividends per share				
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March, 2018	—	30.00	—	30.00	60.00
Fiscal year ending March, 2019	—	0.00	—		
Fiscal year ending March, 2019 (Projection)				30.00	30.00

Note: Recent revisions to dividend projection /No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2019 (April 1, 2018–March 31, 2019)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	1,080,000	3.2	18,000	2.2	21,000	12.6	-40,000	-	-345.64

Note: Recent revisions to consolidated financial results /Yes

4. Others

[1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries which results in changes in the scope of consolidation)? /No

New — (Company name:)

Eliminated — (Company name:)

[2] Has the Company adopted a specific accounting method for preparation of quarterly consolidated financial statements? /No

[3] Changes in Accounting principles, changes in accounting estimates, or restatements

(i) Has the Company made any changes in accounting principles following the revision of the Accounting Standard and others? /Yes

(ii) Has the Company made any changes in accounting principles other than those described in (i)? /No

(iii) Has the Company made any changes in accounting estimates? /Yes

(iv) Has the Company made any restatements? /No

[4] Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares (including treasury stock) as of:

December 31, 2018 116,254,892 Shares

March 31, 2018 116,254,892 Shares

(ii) Number of treasury stock as of:

December 31, 2018 529,601 Shares

March 31, 2018 525,310 Shares

(iii) Average number of shares during the periods of:

Nine months ended December 31, 2018 115,727,261 Shares

Nine months ended December 31, 2017 115,734,330 Shares

* The quarterly review for quarterly consolidated financial statements is exempt.

*Disclaimer regarding forward-looking statement and other remarks:

1. Any statement in this document regarding future performance of the Company is based on the information available at the time of the announcement and certain assumptions judged to be reasonable. Actual performance may differ from forecasts due to a variety of factors.

2. The support documentation will be posted on the following our website.

<http://www.nipponpapergroup.com/english/ir/library/>

This document is an English-language translation of the Japanese-language original.

(Appendices)

1. Consolidated Operating Results for the Nine Months Ended December 31, 2018 (April 1, 2018–December 31, 2018)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥555,619 million (up 0.1% year-on-year)
Consolidated operating income	¥ -9,534 million (-¥7,955 million for the same period of previous year)

Livelihood-Related:

Consolidated net sales	¥ 152,809 million (up 4.0% year-on-year)
Consolidated operating income	¥ 9,294 million (down 18.1% year-on-year)

Energy

Consolidated net sales	¥ 26,804 million (up 126.2% year-on-year)
Consolidated operating income	¥ 5,913 million (up 135.1% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥43,095 million (down 5.0% year-on-year)
Consolidated operating income	¥3,601 million (up 19.0% year-on-year)

2. Revisions to Projections for Consolidated Financial Results for the Fiscal Year Ending March 2019 (April 1, 2018–March 31, 2019)

The projection for the full-year consolidated financial results announced on November 7, 2018 have been revised as follows. For details, please refer to the "Notice of Extraordinary Loss and Revisions to Projections for Consolidated Financial Results for the Fiscal Year Ending March 2019(April 1,2018 – March 31,2019)" announced today (February 6, 2019).

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previously announced projection (A)	Millions of yen 1,080,000	Millions of yen 20,000	Millions of yen 23,000	Millions of yen -8,000	Yen -69.13
Revised projection (B)	1,080,000	18,000	21,000	-40,000	-345.64
Change (B-A)	—	-2,000	-2,000	-32,000	—
Rate of change (%)	—	-10.0	-8.7	—	—
(Reference)					
Fiscal Year Ended March 2018	1,046,499	17,613	18,649	7,847	67.80

The projections presented above are based on the information available at the time of announcement. Actual results may differ from the projection due to variety of factors.

3. Supplementary Financial Results Presentation Materials for the Nine Months Ended December 31, 2018

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of Decemeber 31, 2018
Assets		
Current assets		
Cash and deposits	59,003	45,523
Notes and accounts receivable-trade	220,766	251,805
Merchandise and finished goods	82,180	80,580
Work in process	17,176	22,073
Raw materials and supplies	66,541	74,418
Other	45,323	44,375
Allowance for doubtful receivables	(511)	(538)
Total current assets	490,479	518,240
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	499,132	503,471
Accumulated depreciation	(360,867)	(366,684)
Buildings and structures, net	138,264	136,787
Machinery, equipment and vehicles	2,224,884	2,220,480
Accumulated depreciation	(1,912,493)	(1,927,400)
Machinery, equipment and vehicles, net	312,390	293,079
Land	218,318	201,072
Construction in progress	15,721	23,030
Other	73,331	73,347
Accumulated depreciation	(40,099)	(40,636)
Other, net	33,232	32,710
Total property, plant and equipment	717,927	686,680
Intangible assets	13,868	11,786
Investments and other assets		
Investments in securities	178,550	156,681
Other	29,591	28,494
Allowance for doubtful receivables	(524)	(510)
Total investments and other assets	207,616	184,666
Total noncurrent assets	939,412	883,132
Total assets	1,429,892	1,401,372

(Millions of yen)

	As of March 31, 2018	As of Decemeber 31, 2018
Liabilities		
Current liabilities		
Notes and account payable-trade	142,275	154,454
Short-term loans payable	288,063	243,354
Current portion of bonds	—	10,000
Income taxes payable	1,968	3,181
Other	97,409	94,595
Total current liabilities	529,717	505,586
Long-term liabilities		
Bonds payable	60,000	50,000
Long-term loans payable	343,334	389,950
Provision for environmental measures	314	14,856
Net defined benefit liability	12,925	12,688
Other	40,201	31,865
Total long-term liabilities	456,776	499,361
Total liabilities	986,493	1,004,948
Net assets		
Shareholders' equity		
Common stock	104,873	104,873
Capital surplus	216,420	216,414
Retained earnings	73,506	31,631
Treasury stock, at cost	(1,414)	(1,422)
Total shareholders' equity	393,386	351,496
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	23,243	18,865
Net deferred gain on hedges	(1,566)	(474)
Translation adjustments	23,338	19,483
Remeasurements of defined benefit plans	(1,376)	(2,273)
Total accumulated other comprehensive income	43,638	35,601
Non-controlling interests	6,373	9,327
Total net assets	443,398	396,424
Total liabilities and net assets	1,429,892	1,401,372

(2) Consolidated Statements of Operations and Statements of Comprehensive Income
- Consolidated Statements of Operations -

	(Millions of yen)	
	Nine months ended December 2017	Nine months ended December 2018
Net sales	782,602	801,738
Cost of sales	633,215	655,711
Gross profit	149,387	146,026
Selling, general and administrative expenses		
Freightage related expenses	50,157	49,749
Sales related expenses	40,155	37,690
Salaries and allowances	27,604	26,433
Other	19,871	20,800
Total selling, general and administrative expenses	137,788	134,673
Operating income	11,598	11,353
Other income		
Interest income	399	242
Dividend income	1,907	1,984
Equity in earnings of affiliates	5,429	9,293
Other	3,782	2,713
Total other income	11,519	14,234
Other expenses		
Interest expense	5,917	5,524
Other	3,759	5,596
Total other expenses	9,677	11,120
Ordinary income	13,440	14,466
Extraordinary income		
Gain on sales of investment securities	1,324	1,621
Gain on sales of non-current assets	920	839
Other	80	32
Total extraordinary income	2,325	2,493
Extraordinary loss		
Loss on reorganization of production structure	—	18,000
Impairment loss	4,710	13,801
Provision for environmental measures	—	13,700
Loss on retirement of non-current assets	1,730	1,708
Other	724	7,748
Total extraordinary loss	7,165	54,959
Income before income taxes and minority interests in consolidated subsidiaries	8,599	(37,999)
Income taxes—current	820	2,235
Income taxes—deferred	1,857	(2,945)
Total income taxes	2,677	(709)
Profit (Loss)	5,922	(37,289)
Profit (Loss) attributable to non-controlling interests	(1,763)	1,633
Profit (Loss) attributable to owners of parent	7,686	(38,923)

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Nine months ended December 2017	Nine months ended December 2018
Income before minority interests	5,922	(37,289)
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	9,116	(4,148)
Net deferred gain (loss) on hedges	367	1,580
Translation adjustments	2,019	(3,562)
Remeasurements of defined benefit plans, net of tax	1,691	(993)
Share of other comprehensive income of affiliates accounted for using the equity method	1,518	(428)
Total other comprehensive income	14,712	(7,552)
Comprehensive income	20,635	(44,842)
(Details)		
Comprehensive income attributable to owners of parent	22,302	(46,961)
Comprehensive income attributable to non-controlling	(1,667)	2,118