

Acquisition of Orora Limited's Fiber Packaging Business in Australia and New Zealand

October 2019

Nippon Paper Industries Co., Ltd



NIPPON PAPER INDUSTRIES
SHAPING THE FUTURE WITH TREES 

Nippon Paper Industries Co., Ltd has announced an agreement with Orora Limited to purchase its Australasian Fiber Packaging Business



NIPPON PAPER INDUSTRIES



The Scope of This Transaction

- **Expand Acquisition Business in Growing ANZ Market**
 - Actively capture growing packaging market for fruits, vegetables, meat and other consumer goods, through continued strategic investment
- **Optimize Business in Oceania through Integration of AP and Acquisition**
 - Early-staged synergies through smooth PMI (eg. procurement, logistics)
- **Expand packaging business in Asia and Oceania**
 - Utilize human resources and know-how of the acquired business

Summary of This Transaction

Counterparty: **Orora Limited**

Price: **A\$1,720m**

Acquired business:

Fiber Packaging business in ANZ of Orora Ltd.
(manufacture and sale of paperboard, corrugated board
and paper cartons)

Business information (as of June 2019*)

Sales:	A\$1,426m
Operating Profit:	A\$91m
Employees:	approx.3,300

* Fiscal year of Orora is July 1st to June 30th

Fund raising is planned, considering to maintain financial soundness

① Bridging Finance

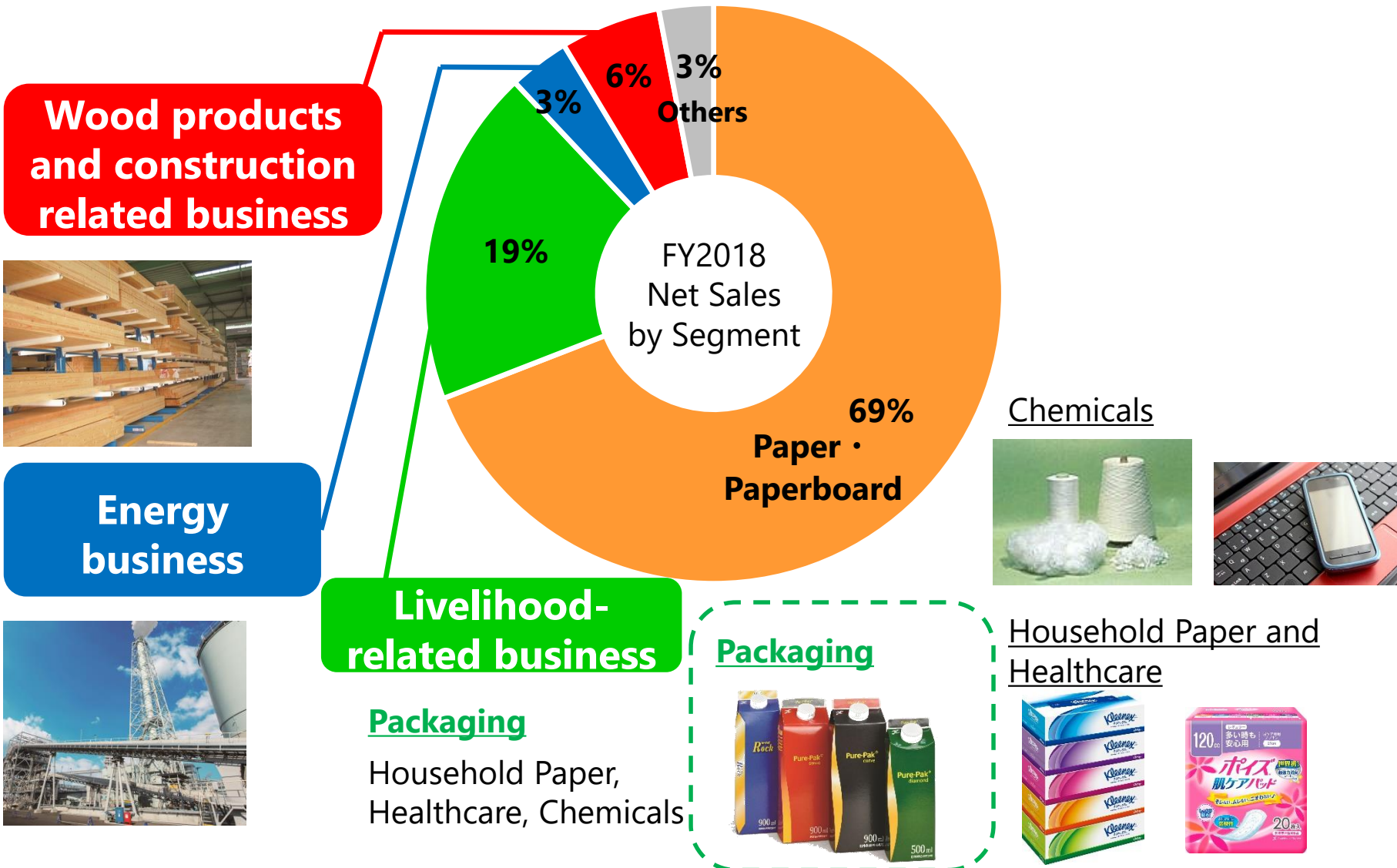
Procure a bridge loan from Mizuho Bank at closing of the transaction

② Permanent Finance

- Aim to complete permanent finance within 3 months ~ 1 year
- Refinancing the bridge loan by permanent loan, bonds, and hybrid-finance, etc. from financial institutions is considered
- Funding by issuance of new shares (equity finance) is NOT planned

Growth area of Nippon Paper Group

Five business categories (Packaging, Household Paper and Healthcare, Chemicals, Energy and logs & lumber) are the key areas for expansion.



Livelihood-related business (Packaging)

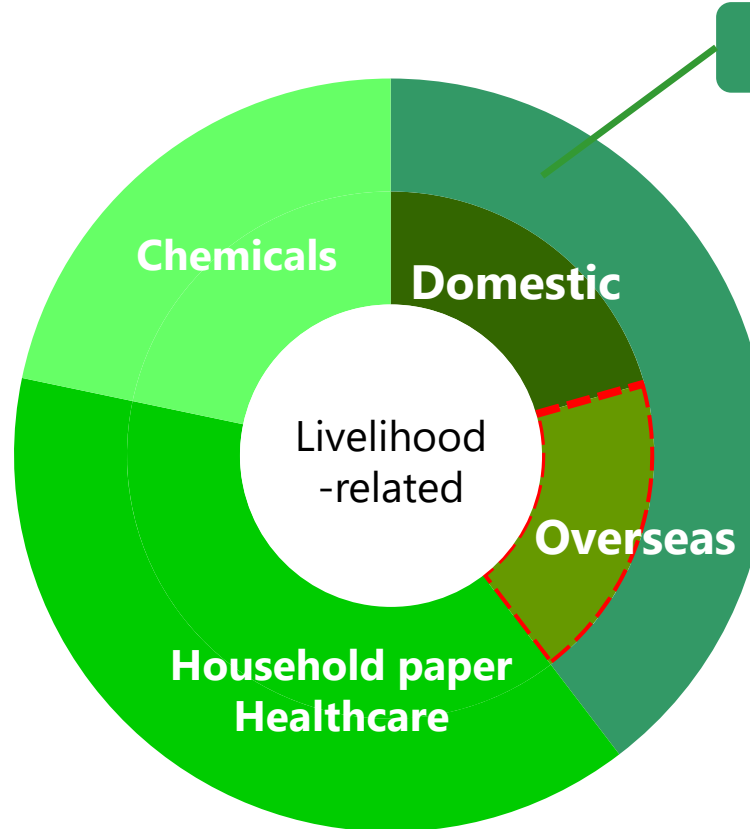
Has developed the packaging business widely in Japan and overseas through its technology and expertise in paper materials.



Liquid packaging



Liquid packaging
(with spout)



Packaging

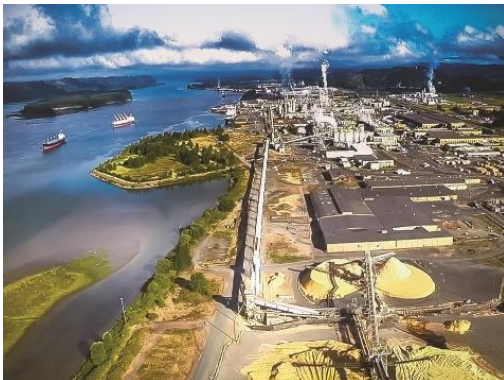
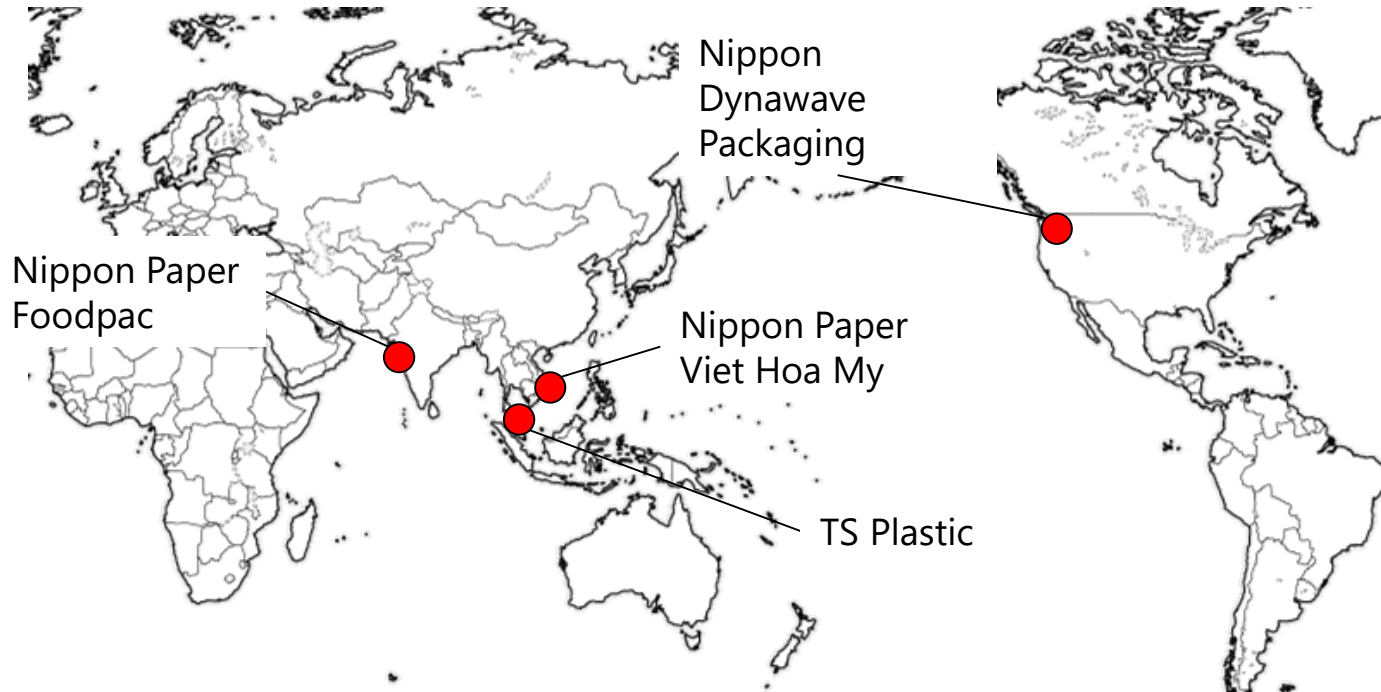
- Liquid packaging
- Paper cartons
- Liquid packaging board



Paper cartons

Overseas expansion of Packaging business ①

Actively developing overseas packaging business through business acquisitions and alliances.



Nippon Dynawave
Packaging



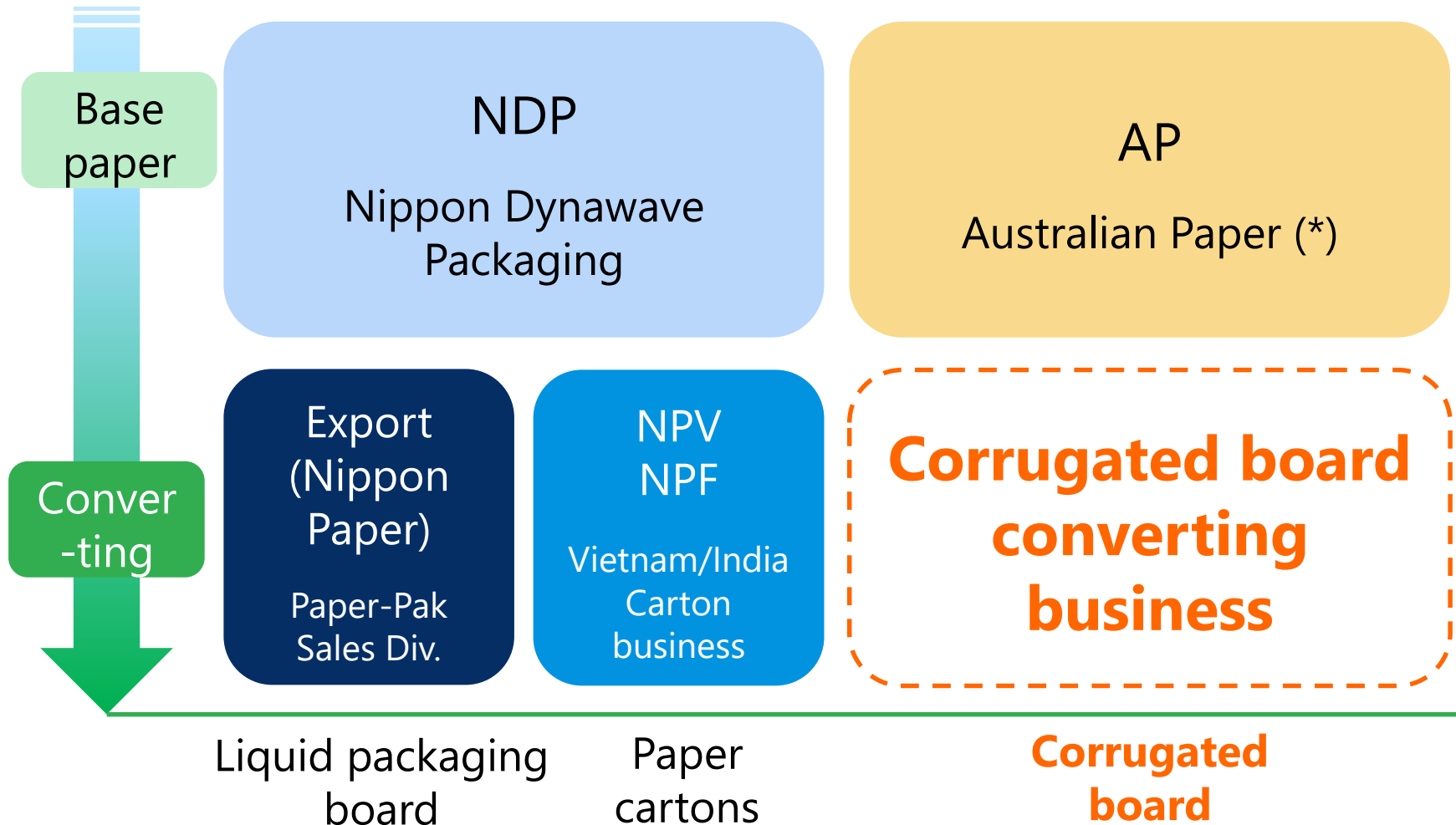
Nippon Paper
Viet Hoa My



Nippon Paper
Foodpac

Overseas expansion of Packaging business ②

Entering into the corrugated board processing business will expand the value chain in packaging on a global scale.



(*) AP base paper of business corrugated board included in Paper • Paperboard segment

ORORA Limited



Australia-listed packaging company with global operations, mainly in Australia and North America

Revenue

A\$4,761m – FY2019

Employees

7,200 Employees (43 production sites / 96 logistics and procurement sites / 7 countries)

Total Asset

A\$3,918m – FY2019

ORORA
(Australia listed /
Headquarters in Melbourne)

Australia / NZ Business:
Sales: A\$2,150m

North America Business:
Sales: A\$2,611m

Paper and Packaging
Business
(Business to be acquired)

Beverage
Bottles

Packaging
Department

Commercial Printing
Department

Overview of Paper and Packaging Business



Paper and recycling division (No.2 Australian share)

- 1 factory • 1 paper machine
- Owns new and innovative equipment for the manufacturing of recycled base paper for corrugated board (liner / medium)
- Has original system to collect wastepaper



Corrugated board processing division (No.2 Australia share, No.1 NZ share)

- 11 Manufacturing plants (8 in Australia and 3 in NZ)
- Corrugated board manufacturing (Agricultural products, beverages, meat, consumer goods)
- Provide and maintain mobile box-producing machines
- Procurement and sales of packaging materials and business materials

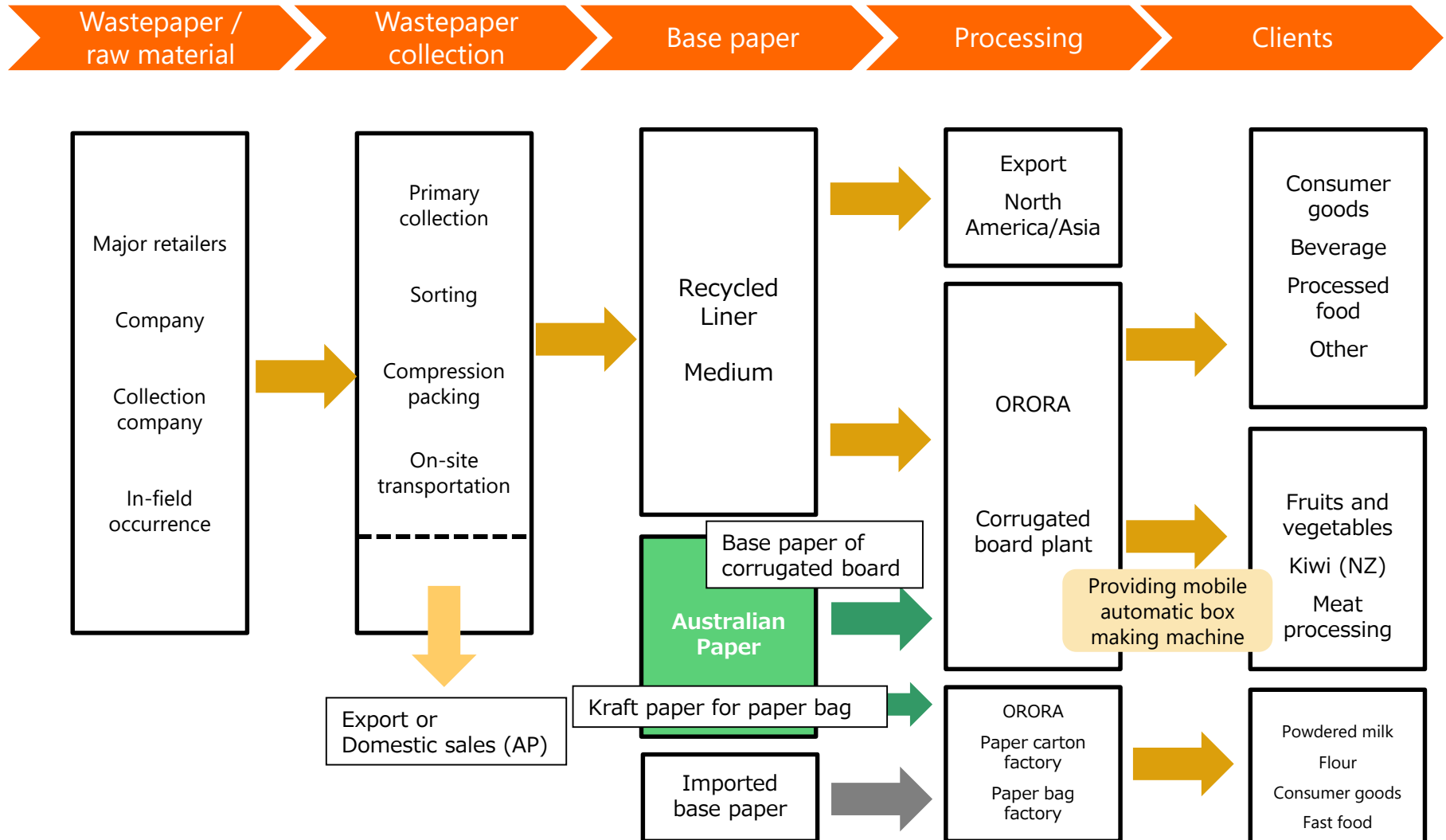


Paper cartons and paper bag division (No.1 Australia share and No.1 NZ share)

- Cartons: 5 Manufacturing plants (3 in Australia, 2 in NZ)
- Processing, production and sales of general paper cartons (Food packaging, consumer goods, fast food)
- Bags: 2 Manufacturing plants in Australia
- Heavy-bag processing and manufacturing (for agricultural products, dairy and industrial purposes)

Supply Chain of ORORA Fiber Packaging Business (ANZ)

Integrated process from original waste-paper collection system to Corrugated board. Our subsidiary (AP) is already a part of the supply chain



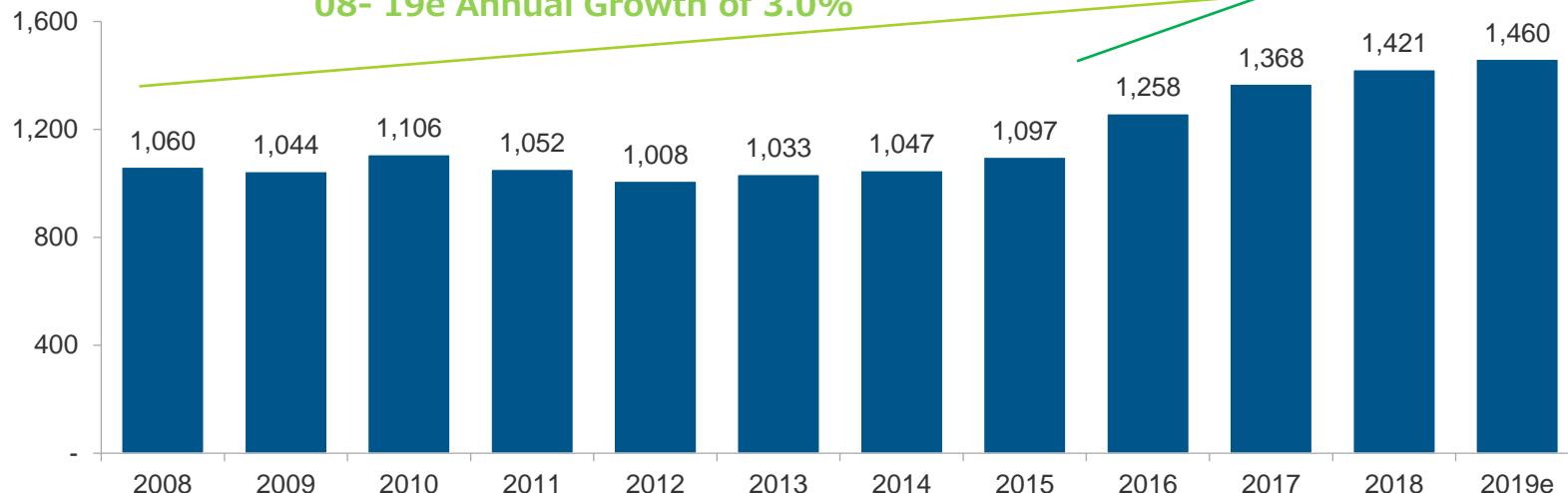
(Appendix) Australian Corrugated carton Market

Solid domestic demand and export of final products (fruits and processed meat products) are attracting demand

Australian corrugated carton demand

'16-'19e Average Annual Growth of 5.1%

'08-'19e Annual Growth of 3.0%



Australian corrugated carton demand – Demand trends and outlook by application

(Prepared by Nippon Paper based on data from BIS Oxford Economics)

	'11	'16	'17	'18	'19e	Annual Average Growth Rate '16-'19e	Demand Forecast
Fruits and vegetables	177	235	255	265	275	5.4%	↑
Meat and fish	121	140	155	165	170	6.7%	↑
Dairy products	35	45	50	55	55	6.9%	↑
Beverage	196	205	225	235	240	5.4%	↑
Industrial goods	43	45	45	50	50	3.6%	↔
Others	480	588	638	651	670	4.4%	
Total	1,052	1,258	1,368	1,421	1,460	5.1%	

(Prepared by Nippon Paper based on data from BIS Oxford Economics)

<Disclaimer>

The forward-looking statements in this document are based on various assumptions and do not promise or guarantee the realization of the written figures and measures of future plans.

Nippon Paper Industries Co., Ltd.