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

October 2019
Nippon Paper Industries Co., Ltd
Nippon Paper Industries Co., Ltd has announced an agreement with Orora Limited to purchase its Australasian Fiber Packaging Business.
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 Wood products & lumber) are the key areas for expansion.

- Packaging: Household Paper, Healthcare, Chemicals
- Livelihood-related business
- Energy business
- Wood products and construction related business
- Others

FY2018 Net Sales by Segment:
- Paper & Paperboard: 69%
- Packaging: 19%
- Livelihood-related business: 3%
- Others: 3%
- Chemicals: 6%
- Energy business: 3%
Livelihood-related business (Packaging)

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

- **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**

(Australia listed / Headquarters in Melbourne)
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.
### Australian corrugated carton demand

#### ‘08–’19e Annual Growth of 3.0%

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#### ‘16–’19e Average Annual Growth of 5.1%

### Demand trends and outlook by application

- **Fruits and vegetables**: 177, 235, 255, 265, 275 (5.4% growth)
- **Meat and fish**: 121, 140, 155, 165, 170 (6.7% growth)
- **Dairy products**: 35, 45, 50, 55, 55 (6.9% growth)
- **Beverage**: 196, 205, 225, 235, 240 (5.4% growth)
- **Industrial goods**: 43, 45, 45, 50, 50 (3.6% growth)
- **Others**: 480, 588, 638, 651, 670 (4.4% growth)

**Total**: 1,052, 1,258, 1,368, 1,421, 1,460 (5.1% growth)

(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.