

Company name : Nippon Paper Industries Co., Ltd.
 Representative : Fumio Manoshiro, President
 (Stock code: 3863, First Section, TSE)

Notice of Extraordinary Income and Loss, Difference between Forecast and Actual Consolidated Earnings for First Half Year, and Revision to Consolidated Earnings Forecast for Fiscal Year 2016 Ending March 2017

Nippon Paper Industries Co., Ltd. (the Company) announces a difference between the forecast that it announced on May 13, 2016 and the results that it announces today due to the record of extraordinary income and loss in the second quarter of fiscal 2016 ending March 31, 2017.

The Company also announces a revision to its consolidated earnings forecast for the fiscal 2016 (from April 1, 2016 to March 31, 2017) based on its recent performance.

1. Recording an Extraordinary Income and Loss

(1) Loss on business withdrawal (extraordinary loss)

As described in “Sale of NPI Interests in NORPAC, a US joint venture engaged in printing papers business”, published on October 5, 2016, the Company has recorded a loss of 9.3 billion yen on the sale of all of its equity interest in NORPAC. The Company is considering selling the telephone directory paper business of Nippon Paper Industries USA Co., Ltd. and has also recorded a loss on impairment of fixed assets etc. of 7.7 billion yen.

The amounts of loss are estimates and may change in the course of account closing procedures.

(2) Gain on sales of investment securities (extraordinary income)

To improve asset efficiency, the Company has sold part of the investment securities held by the Company and its subsidiaries and has recorded a gain on sales of investment securities as described below.

(i) Stocks sold

30 stocks (listed and unlisted securities)

(ii) Period of sales

From April 1, 2016 to September 30, 2016

(iii) Gain on sales of investment securities

7.3 billion yen (of which 6.5 billion yen is recorded in extraordinary income in the first half of fiscal 2016)

2. Difference between Forecast and Actual Consolidated Earnings for First Half of Fiscal 2016 (from April 1, 2016 to September 30, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	490,000	14,000	14,000	5,000	43.20
Actual results (B)	475,069	10,488	13,493	-3,871	-33.44
Increase/decrease (B – A)	-14,930	-3,511	-506	-8,871	—
Percentage increase/decrease (%)	-3.0	-25.1	-3.6	—	—
(Reference) Results for first half of fiscal 2015	499,765	8,421	16,196	14,284	123.40

3. Revision to Consolidated Earnings Forecasts for Fiscal 2016 (from April 1, 2016 to March 31, 2017)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	1,000,000	32,000	32,000	18,000	155.51
Revised forecast (B)	990,000	28,000	28,000	1,000	8.64
Increase/decrease (B – A)	-10,000	-4,000	-4,000	-17,000	—
Percentage increase/decrease (%)	-1.0	-12.5	-12.5	-94.4	—
(Reference) Results for fiscal 2015	1,007,097	22,623	17,123	2,424	20.95

4. Reasons for the Difference and the Revision

Results in the first half of fiscal 2016 fell below the previous forecast due to lower-than-expected sales volume of paper and paperboard and the record of a loss on business withdrawal as described in section 1.

The Company revised the consolidated earnings forecast for the fiscal 2016 as shown above based on the results in the first half of fiscal 2016.

(Note) The earnings forecasts presented above are based on the information available as of the date when this release was issued. Actual earnings performance in the future may differ from forecasts due to a variety of factors.