

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (unaudited)

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <https://www.nipponpapergroup.com/english/>
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Planned date of Financial Report submission: August 13, 2018
 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 Three Months Ended June 2018 (April 1, 2018–June 30, 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	%
Three months ended June 2018	260,864	2.0	6,730	115.7	8,485	58.5	-6,510	-
Three months ended June 2017	255,639	8.7	3,120	-43.5	5,352	-11.7	5,585	86.4

Note: Comprehensive income

Three months ended June 2018	-8,264 million yen	(- %)
Three months ended June 2017	7,616 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Three months ended June 30, 2018	-56.25	-
Three months ended June 30, 2017	48.26	-

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	1,442,257	433,016	29.5
As of March 31, 2018	1,429,892	443,398	30.6

Reference: Shareholders' equity	As of June 30, 2018	424,769 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	—				
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	25,000	41.9	25,000	34.1	-18,000	—	-155.54

Note: Recent revisions to projection of consolidated financial results/No

4. Others

[1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries which result 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? /No

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

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

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

June 30, 2018 116,254,892 Shares

March 31, 2018 116,254,892 Shares

(ii) Number of treasury stock as of:

June 30, 2018 526,750 Shares

March 31, 2018 525,310 Shares

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

Three months ended June 2018 115,728,732 Shares

Three months ended June 2017 115,736,171 Shares

* This “Summary of Consolidated Financial Results” is not subject to auditing.

*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 Three Months Ended June 2018 (April 1, 2018–June 30, 2018)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥ 181,976 million	(up 0.4% year-on-year)
Consolidated operating income	¥ -493million	
	(The result for the same period of previous year was ¥-2,895million)	

Livelihood-Related:

Consolidated net sales	¥ 49,194 million	(up 0.9% year-on-year)
Consolidated operating income	¥ 3,270 million	(down 16.5% year-on-year)

Energy

Consolidated net sales	¥ 8,658 million	(up 137.0% year-on-year)
Consolidated operating income	¥ 2,296 million	(up 240.6% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 13,746 million	(down 7.2% year-on-year)
Consolidated operating income	¥ 985 million	(up 12.9% year-on-year)

1. Supplementary Financial Results Presentation Materials for the Three Months Ended June 30, 2018

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	59,003	70,643
Notes and accounts receivable-trade	220,766	231,228
Merchandise and finished goods	82,180	85,082
Work in process	17,176	20,006
Raw materials and supplies	66,541	65,806
Other	45,323	48,890
Allowance for doubtful receivables	(511)	(514)
Total current assets	490,479	521,143
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	499,132	500,248
Accumulated depreciation	(360,867)	(362,735)
Buildings and structures, net	138,264	137,513
Machinery, equipment and vehicles	2,224,884	2,215,514
Accumulated depreciation	(1,912,493)	(1,915,436)
Machinery, equipment and vehicles, net	312,390	300,078
Land	218,318	209,122
Construction in progress	15,721	19,917
Other	73,331	73,057
Accumulated depreciation	(40,099)	(40,282)
Other, net	33,232	32,774
Total property, plant and equipment	717,927	699,405
Intangible assets	13,868	12,980
Investments and other assets		
Investments in securities	178,550	180,694
Other	29,591	28,557
Allowance for doubtful receivables	(524)	(524)
Total investments and other assets	207,616	208,727
Total noncurrent assets	939,412	921,113
Total assets	1,429,892	1,442,257

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and account payable-trade	142,275	140,734
Short-term loans payable	288,063	280,424
Commercial papers	—	45,000
Income taxes payable	1,968	1,211
Other	97,409	88,840
Total current liabilities	529,717	556,211
Long-term liabilities		
Bonds payable	60,000	60,000
Long-term loans payable	343,334	342,868
Accrued environmental costs	314	309
Net defined benefit liability	12,925	12,906
Other	40,201	36,945
Total long-term liabilities	456,776	453,029
Total liabilities	986,493	1,009,240
Net assets		
Shareholders' equity		
Common stock	104,873	104,873
Capital surplus	216,420	216,420
Retained earnings	73,506	64,044
Treasury stock, at cost	(1,414)	(1,417)
Total shareholders' equity	393,386	383,921
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	23,243	25,965
Net deferred gain on hedges	(1,566)	426
Translation adjustments	23,338	16,304
Remeasurements of defined benefit plans	(1,376)	(1,847)
Total accumulated other comprehensive income	43,638	40,848
Non-controlling interests	6,373	8,246
Total net assets	443,398	433,016
Total liabilities and net assets	1,429,892	1,442,257

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

	(Millions of yen)	
	Three months ended June 2017	Three months ended June 2018
Net sales	255,639	260,864
Cost of sales	207,099	209,769
Gross profit	48,539	51,095
Selling, general and administrative expenses		
Freightage related expenses	16,614	16,119
Sales related expenses	13,062	12,562
Salaries and allowances	9,236	8,802
Other	6,504	6,881
Total selling, general and administrative expenses	45,419	44,365
Operating income	3,120	6,730
Other income		
Interest income	192	76
Dividend income	1,239	1,329
Equity in earnings of affiliates	2,203	1,875
Other	1,337	1,156
Total other income	4,972	4,437
Other expenses		
Interest expense	2,026	1,802
Other	714	880
Total other expenses	2,740	2,682
Ordinary income	5,352	8,485
Extraordinary income		
Gain on sales of investment securities	867	76
Gain on sales of noncurrent assets	717	73
Other	45	30
Total extraordinary income	1,630	180
Extraordinary loss		
Expenses for reorganization of production structure on paper business	—	14,771
Loss on retirement of non-current assets	520	717
Other	145	680
Total extraordinary loss	666	16,169
Profit (loss) before income taxes	6,316	(7,503)
Income taxes—current	910	566
Income taxes—deferred	880	(2,126)
Total income taxes	1,791	(1,559)
Profit(loss)	4,524	(5,943)
Profit(loss) attributable to non-controlling interests	(1,061)	(566)
Profit(loss) attributable to owners of parent	5,585	(6,510)

- Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Three months ended June 2017	Three months ended June 2018
Income (loss) before minority interests	4,524	(5,943)
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	1,652	2,709
Net deferred gain (loss) on hedges	93	2,472
Translation adjustments	(558)	(6,224)
Remeasurements of defined benefit plans, net of tax	1,874	(346)
Share of other comprehensive income of affiliates accounted for using the equity method	29	(932)
Total other comprehensive income	3,091	(2,320)
Comprehensive income	7,616	(8,264)
(Details)		
Comprehensive income attributable to owners of parent	8,674	(9,300)
Comprehensive income attributable to non-controlling interests	(1,058)	1,035

(Significant Subsequent Events)

At the meeting of the Board of Directors of the Company held on August 8, 2018, the Company made the resolution in relation to domestic unsecured corporate bonds for subscription. The summary is as follows. President of the Company is authorized to decide necessary items within the scope described down below when the Company solicits persons who subscribe for the bonds.

- (1) Total amount of issue: maximum ¥30 billion (multiple issuances within this amount is allowed)
- (2) Interest rate: maximum 3.0% per annum
- (3) Maturity: from 3 years up to 20 years
- (4) Issue timing: from August 8, 2018 to August 1, 2019
- (5) Method of redemption: bullet repayment
- (6) Application of funds: capital investment, repayment of loans payable, etc.