

March 14, 2019

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

**Notice of Improvement in Earnings Capacity of a Consolidated Subsidiary
of Nippon Paper Industries (Nippon Dynawave Packaging)**

Nippon Paper Industries Co., Ltd. (President: Fumio Manoshiro; headquartered in Chiyoda-ku, Tokyo; hereinafter, the “Company”) announces its decision to conduct installation work stated below at Nippon Dynawave Packaging Company, LLC (hereinafter “Nippon Dynawave Packaging”), its consolidated subsidiary that operates a liquid packaging board business in the United States, to improve the subsidiary’s earnings capacity by expanding pulp production and sales, improving print performance of paper board and production efficiency.

1. Background and Outline

The Company positions the packaging business as one of its growth areas as it proceeds with the transformation of the business structure. Based on that position, the Company is focusing on expanding value chains with the trend toward plastics reduction as a tailwind. As part of the initiatives in this direction, the Company acquired Nippon Dynawave Packaging from Weyerhaeuser Company in the United States (headquartered in Washington State, the United States) at the end of August 2016. As a leading company in the manufacturing of coated and uncoated liquid packaging boards, Nippon Dynawave Packaging is supplying products globally and currently playing an important role in supplying paper board to the Company’s packaging divisions, including the Paper-Pak Business division.

Nippon Dynawave Packaging recently decided to install pulp drying machines as a measure for making effective use of its surplus productive capacity of the fiber line, which has been a business challenge, with strong global pulp demand in the background. Nippon Dynawave Packaging plans to sell dried pulp globally, expand markets for its pulp, which have been sold under the trademark of “DYNAKRAFT™” worldwide, from their current markets, which were limited to neighboring regions, in a bid to enhance its earning power. Nippon Dynawave Packaging aims to improve the quality of paper board, including printability, and production efficiency by upgrading the dry end processes of paper board machine on the same occasion.

2. Construction Outline

Amount	About 11,500 million yen in total
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The shift in packaging material to paper has become a global trend in recent years. Nippon Dynawave Packaging has long advanced the development of new products, including compostable paper board for paper containers that can substitute for plastic trays.