

Summary of Consolidated Financial Results for the Fiscal Year Ended March 2019(unaudited)

Name of Company Listed:	Nippon Paper Industries Co., Ltd.
Stock Exchange Listings:	Tokyo
Code Number:	3863
URL:	https://www.nipponpapergroup.com/english/
Representative:	Fumio Manoshiro, President
Person in Charge of Contact:	Hiromichi Matoba, General Manager of Accounting & Budgeting Dept. TEL +81-(0)3-6665-1111
Planned date of Ordinary General Meeting of Shareholders:	June 27, 2019
Planned date of Financial Report submission:	June 27, 2019
Planned date of the commencement of dividend payments:	June 28, 2019
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 Fiscal Year Ended March 2019 (April 1, 2018–March 31, 2019)

(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	%
Fiscal Year ended March 2019	1,068,703	2.1	19,615	11.4	23,901	28.2	-35,220	—
Fiscal Year ended March 2018	1,046,499	5.4	17,613	-25.9	18,649	-30.9	7,847	-6.6

Note: Comprehensive income

Fiscal Year ended March 2019	-45,838 million yen	(- %)
Fiscal Year ended March 2018	15,285 million yen	(-40.7 %)

	Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 2019	-304.34	—	-8.6	1.7	1.8
Fiscal Year ended March 2018	67.80	—	1.8	1.3	1.7

Reference: Equity in earnings of affiliates

Fiscal Year ended March 2019	10,641 million yen
Fiscal Year ended March 2018	5,731 million yen

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	1,390,814	395,343	27.7	3,328.28
As of March 31, 2018	1,429,892	443,398	30.6	3,776.26

Reference: Shareholders' equity	As of March 31, 2019	385,158 million yen
	As of March 31, 2018	437,024 million yen

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 2019	59,760	-47,461	-6,720	63,455
Fiscal year ended March 2018	44,944	-62,731	-12,548	59,003

2. Dividend Status

	Dividends per share					Amount of total dividends (Annual)	Dividend payout (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 2018	—	30.00	—	30.00	60.00	6,955	88.5	1.6
Fiscal year ended March 2019	—	0.00	—	30.00	30.00	3,477	—	0.8
Fiscal year ending March 2020 (Projection)	—	10.00	—	30.00	40.00		35.6	

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2020 (April 1, 2019–March 31, 2020)

(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	1,120,000	4.8	30,000	52.9	28,000	17.1	13,000	—	112.34

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] 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? /Yes

(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:

March 31, 2019 116,254,892 Shares

March 31, 2018 116,254,892 Shares

(ii) Number of treasury shares as of:

March 31, 2019 531,879 Shares

March 31, 2018 525,310 Shares

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

Fiscal year ended March 2019 115,726,507 Shares

Fiscal year ended March 2018 115,733,309 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.

<https://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 Fiscal Year Ended March 2019 (April 1, 2018–March 31, 2019)

Operating results by business segment are as follows:

Paper and Paperboard:

Consolidated net sales	¥738,467 million (down 0.4% year-on-year)
Consolidated operating income	¥ -8,057 million (¥-6,247 million for the same period of previous year)

Livelihood-Related:

Consolidated net sales	¥ 201,698 million (up 4.8% year-on-year)
Consolidated operating income	¥ 11,560 million (down 3.4% year-on-year)

Energy

Consolidated net sales	¥ 36,227 million (up 103.2% year-on-year)
Consolidated operating income	¥ 7,920 million (up 91.3% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥59,796 million (down 4.7% year-on-year)
Consolidated operating income	¥4,896 million (up 9.1% year-on-year)

1. Supplementary Financial Results Presentation Materials for the Fiscal Year Ended March 2019

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	59,003	63,455
Notes and accounts receivable-trade	220,766	234,671
Merchandise and finished goods	82,180	87,025
Work in process	17,176	20,518
Raw materials and supplies	66,541	70,351
Other	45,323	39,933
Allowance for doubtful accounts	(511)	(550)
Total current assets	490,479	515,407
Non-current assets		
Property, plant and equipment		
Buildings and structures	499,132	504,094
Accumulated depreciation	(360,867)	(368,097)
Buildings and structures, net	138,264	135,997
Machinery, equipment and vehicles	2,224,884	2,217,462
Accumulated depreciation	(1,912,493)	(1,930,080)
Machinery, equipment and vehicles, net	312,390	287,382
Land	218,318	199,435
Mountain forests and plantations	27,508	26,146
Construction in progress	15,721	22,096
Other	45,823	47,230
Accumulated depreciation	(40,099)	(40,674)
Other, net	5,724	6,555
Total property, plant and equipment	717,927	677,613
Intangible assets	13,868	11,137
Investments and other assets		
Investments in securities	178,550	159,198
Net defined benefit asset	6,048	6,215
Deferred tax assets	5,508	4,492
Other	18,034	17,452
Allowance for doubtful accounts	(524)	(703)
Total investments and other assets	207,616	186,655
Total non-current assets	939,412	875,406
Total assets	1,429,892	1,390,814

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and account payable-trade	142,275	145,132
Short-term loans payable	288,063	224,227
Current portion of bonds	—	10,000
Income taxes payable	1,968	5,156
Other	97,409	93,349
Total current liabilities	529,717	477,866
Non-current liabilities		
Bonds payable	60,000	50,000
Long-term loans payable	343,334	401,474
Deferred tax liabilities	29,565	27,600
Provision for environmental measures	314	14,780
Net defined benefit liability	12,925	13,776
Other	10,635	9,970
Total non-current liabilities	456,776	517,603
Total liabilities	986,493	995,470
Net assets		
Shareholders' equity		
Capital stock	104,873	104,873
Capital surplus	216,420	216,414
Retained earnings	73,506	35,265
Treasury shares	(1,414)	(1,427)
Total shareholders' equity	393,386	355,125
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,243	21,274
Deferred gains or losses on hedges	(1,566)	(2,283)
Foreign currency translation adjustment	23,338	15,419
Remeasurements of defined benefit plans	(1,376)	(4,377)
Total accumulated other comprehensive income	43,638	30,033
Non-controlling interests	6,373	10,184
Total net assets	443,398	395,343
Total liabilities and net assets	1,429,892	1,390,814

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

	(Millions of yen)	
	Fiscal Year ended March 2018	Fiscal Year ended March 2019
Net sales	1,046,499	1,068,703
Cost of sales	846,109	871,218
Gross profit	200,390	197,485
Selling, general and administrative expenses		
Freightage related expenses	66,670	66,169
Sales related expenses	53,429	49,571
Salaries and allowances	36,232	34,499
Other	26,444	27,629
Total selling, general and administrative expenses	182,776	177,870
Operating income	17,613	19,615
Non-operating income		
Interest income	528	444
Dividend income	2,055	2,066
Share of profit of entities accounted for using equity method	5,731	10,641
Commissioning electricity sales revenue	2,709	—
Other	4,246	4,501
Total non-operating income	15,271	17,655
Non-operating expenses		
Interest expense	7,826	7,391
Foreign exchange losses	838	1,707
Commissioning costs	2,448	—
Other	3,121	4,269
Total non-operating expenses	14,235	13,368
Ordinary income	18,649	23,901
Extraordinary income		
Gain on sales of investment securities	2,414	3,106
Gain on sales of non-current assets	2,637	1,987
Gain on contribution of securities to retirement benefit trust	6,923	—
Other	80	90
Total extraordinary income	12,055	5,185
Extraordinary loss		
Loss on reorganization of production structure	—	18,330
Impairment loss	4,797	14,252
Provision for environmental measures	—	13,700
Loss on retirement of non-current assets	2,433	2,088
Other	5,142	8,359
Total extraordinary loss	12,373	56,730
Profit(loss) before income taxes	18,332	(27,644)
Income taxes—current	1,106	4,454
Income taxes—deferred	10,430	644
Total income taxes	11,536	5,098
Profit (Loss)	6,795	(32,742)
Profit (Loss) attributable to non-controlling interests	(1,051)	2,477
Profit (Loss) attributable to owners of parent	7,847	(35,220)

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Fiscal Year ended March 2018	Fiscal Year ended March 2019
Profit (loss)	6,795	(32,742)
Other comprehensive income		
Valuation difference on available-for-sale securities	792	(1,718)
Deferred gains or losses on hedges	(1,167)	(189)
Foreign currency translation adjustment	1,734	(7,124)
Remeasurements of defined benefit plans	5,349	(3,000)
Share of other comprehensive income of entities accounted for using equity method	1,781	(1,062)
Total other comprehensive income	8,489	(13,096)
Comprehensive income	15,285	(45,838)
(Details)		
Comprehensive income attributable to owners of parent	16,255	(48,825)
Comprehensive income attributable to non-controlling interests	(970)	2,986

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year ended March 2018	Fiscal Year ended March 2019
Operating Activities		
Profit (loss) before income taxes	18,332	(27,644)
Depreciation	57,892	60,422
Amortization of goodwill	2,049	2,036
Increase (decrease) in allowance for doubtful accounts	(143)	100
Increase (decrease) in net defined benefit liability	(1,822)	(3,763)
Increase (decrease) in provision for environmental measures	(66)	14,466
Interest and dividend income	(2,583)	(2,511)
Interest expense	7,826	7,391
Share of loss(gain) of entities accounted for using equity method	(5,731)	(10,641)
Foreign exchange losses (gain)	(216)	2,673
Loss (gain) on sales of investment securities	(2,414)	(3,106)
Loss on valuation of investment securities	1,731	625
Loss (gain) on contribution of securities to retirement benefit trust	(6,923)	—
Impairment loss	4,797	14,252
Loss on retirement of non-current assets	2,433	2,088
Loss on reorganization of production structure	—	18,330
Decrease (increase) in notes and accounts receivable - trade	(19,641)	(13,594)
Decrease (increase) in inventories	(6,808)	(11,821)
Increase (decrease) in notes and accounts payable - trade	12,942	2,633
Other	(1,755)	7,824
Subtotal	59,896	59,761
Interest and dividend income received	4,524	5,072
Interest expenses paid	(7,800)	(7,606)
Extra retirement payments	—	(389)
Income taxes (paid) refund	(11,677)	2,923
Net cash provided by (used in) operating activities	44,944	59,760
Investing Activities		
Purchases of noncurrent assets	(67,981)	(72,022)
Proceeds from sales of noncurrent assets	4,214	3,813
Purchase of investment securities	(1,493)	(1,294)
Proceeds from sales of investments securities	10,319	22,559
Payments for business withdrawal	(6,890)	(90)
Decrease (increase) in short-term loans receivable	(150)	413
Payments of long-term loans receivable	(96)	(699)
Collection of long-term loans receivable	132	130
Other	(785)	(271)
Net cash provided by (used in) investing activities	(62,731)	(47,461)

(Millions of yen)

	Fiscal Year ended March 2018	Fiscal Year ended March 2019
Financing Activities		
Increase (decrease) in short-term loans payable	(778)	(62,133)
Proceeds from long-term loans payable	53,556	129,239
Repayment of long-term loans payable	(58,396)	(70,030)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(10,000)	—
Purchase of treasury shares	(18)	(13)
Proceeds from share issuance to non-controlling shareholders	930	660
Cash dividends paid	(6,939)	(3,480)
Dividends paid to non-controlling interests	(0)	(2)
Repayments of finance lease obligations	(898)	(959)
Other	(3)	(0)
Net cash provided by (used in) financing activities	(12,548)	(6,720)
Effect of exchange rate changes on cash and cash equivalents	(1,305)	(1,135)
Net increase (decrease) in cash and cash equivalents	(31,641)	4,443
Cash and cash equivalents at beginning of period	90,514	59,003
Increase in cash and cash equivalents from newly consolidated subsidiary	130	8
Cash and cash equivalents at end of period	59,003	63,455