

3rd Quarter FY2013 Financial Review



February 5, 2014

Nippon Paper Industries Co., Ltd.





3rd Quarter FY2013 Review (October 1, 2013 – December 31, 2013)

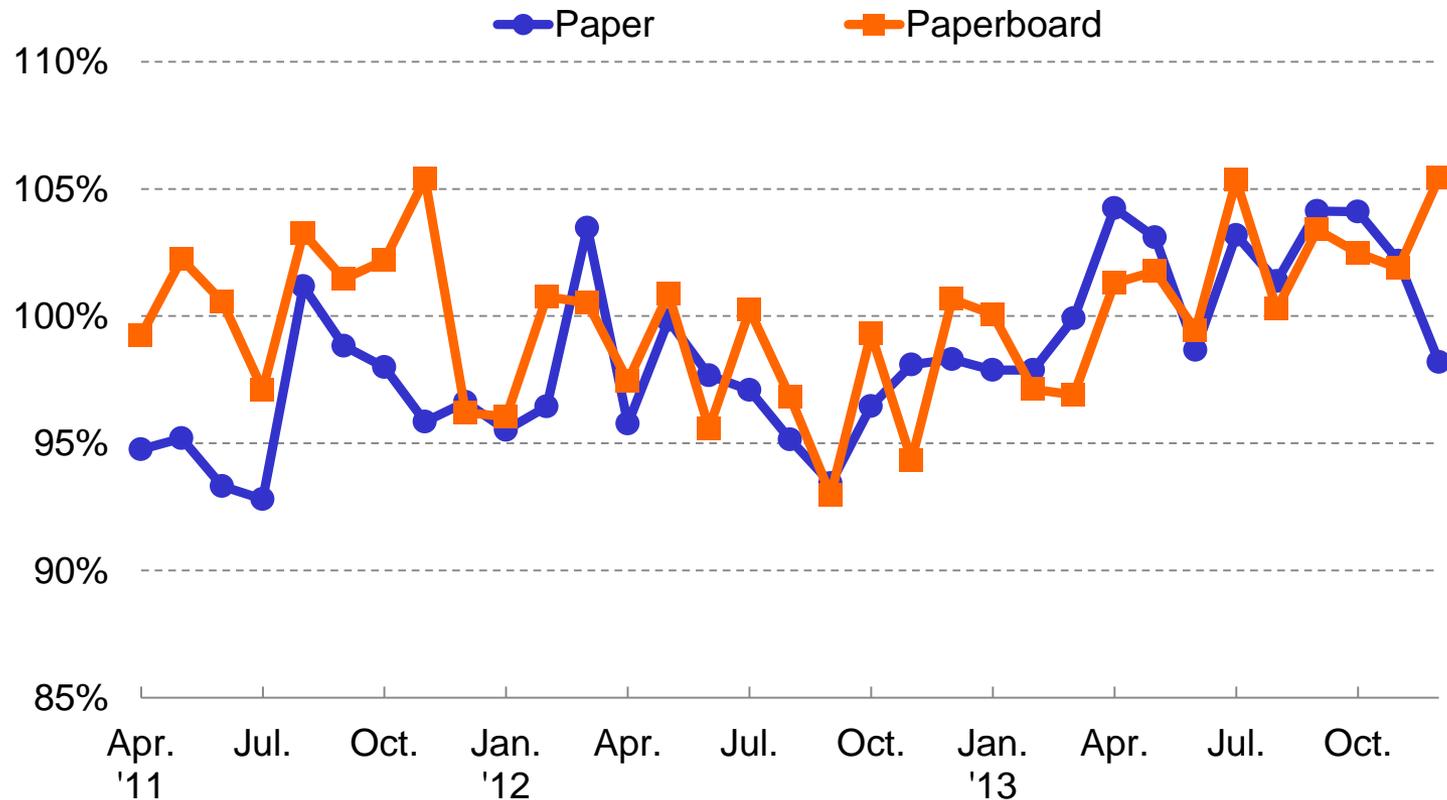
1. Business environment
2. Financial results
3. Topics
4. Earnings forecast

1. Business Environment: *Domestic Shipment*



Domestic shipment has been healthy

Domestic shipment of Japanese paper industry (YOY)



Source: Japan Paper Association

1. Business Environment: Domestic Shipment, Exports and Imports



Domestic shipments and exports increased

	Oct. - Dec. 2013				Oct. - Dec. 2013	
	Domestic shipments		Exports		Imports	
	volume ('000 tons)	YOY	volume ('000 tons)	YOY	volume ('000 tons)	YOY
Newsprint	822	-1.5%	1	530.2%	13	-7.7%
Printing & business communication paper	2,083	2.8%	129	27.9%	358	-3.2%
Coated paper *	1,212	2.7%	95	33.4%	205	5.4%
Uncoated & specialty printing paper	535	2.6%	24	11.3%	39	-9.4%
Business communication paper	336	3.7%	10	23.4%	114	-13.9%
Other papers (packaging, sanitary and other miscellaneous uses)	842	0.9%	50	32.6%	10	-8.5%
Paper total	3,747	1.4%	180	29.7%	381	-3.5%
Container board	2,344	3.5%	46	132.9%	22	-28.5%
Folding box board and others	590	2.1%	4	-26.4%	64	6.2%
Paperboard total	2,934	3.2%	50	96.1%	86	-5.5%
Paper and paperboard total	6,681	2.2%	230	40.1%	467	-3.9%

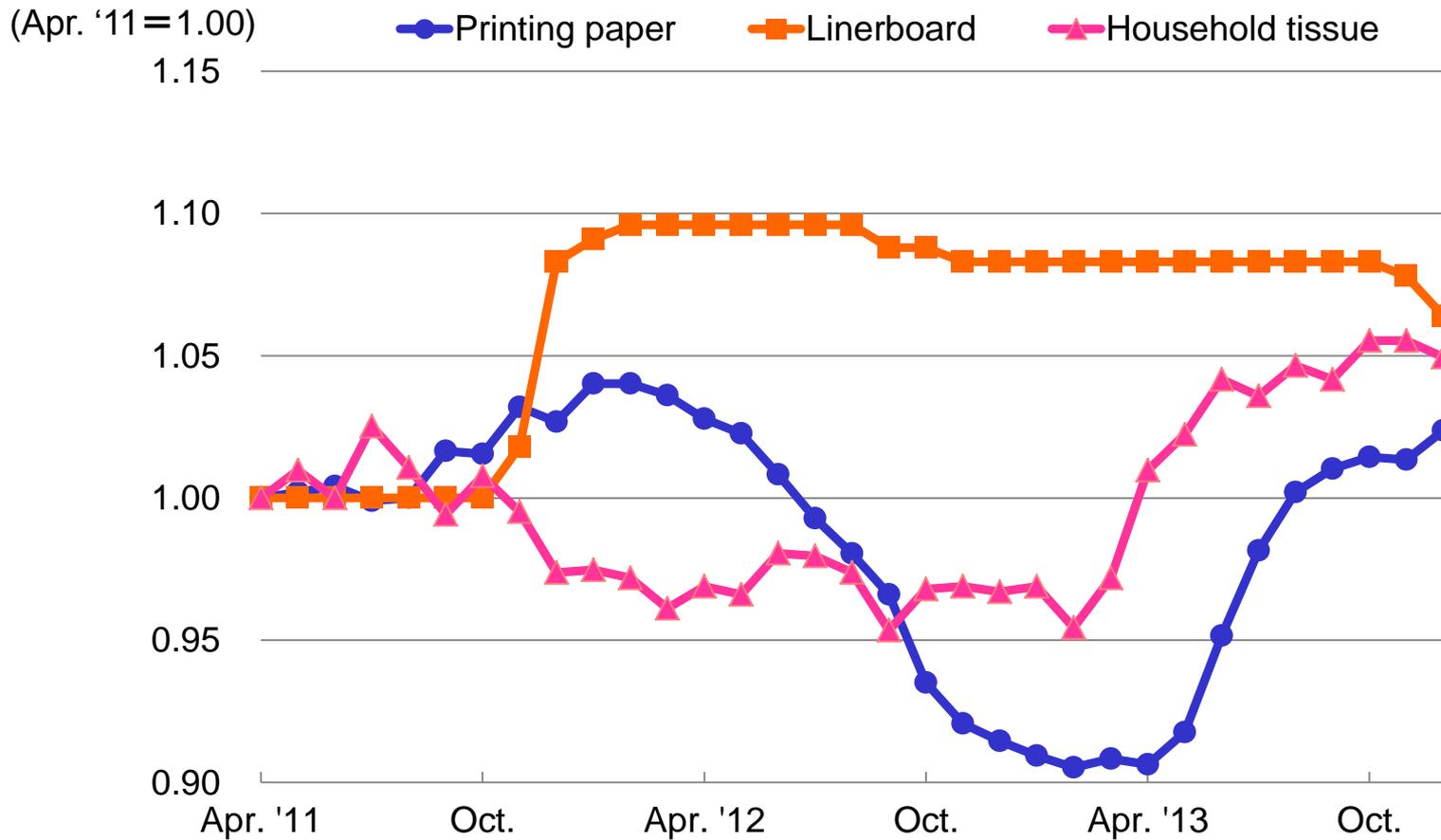
※ “Bitoko-shi” paper is included in coated paper.

Source: Japan Paper Association

1. Business Environment: *Domestic Price Trends*



Printing paper price hiked once more from Dec. 2013



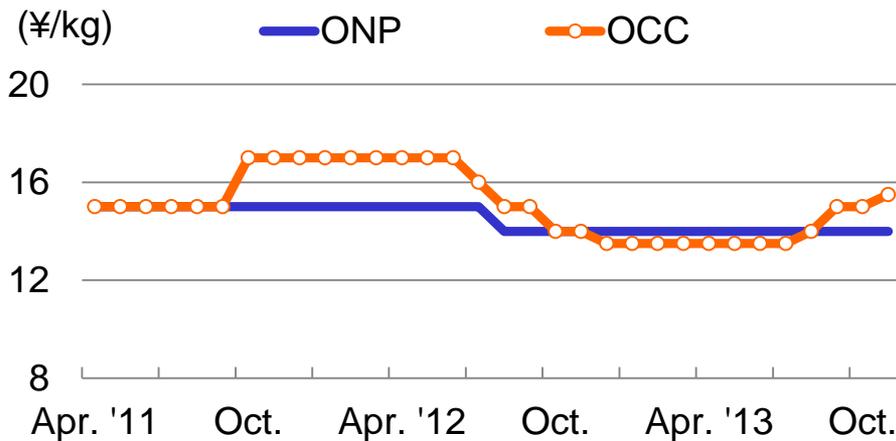
Source: Bank of Japan "Corporate Goods Price Index"

1. Business Environment: Major Input Price Trends

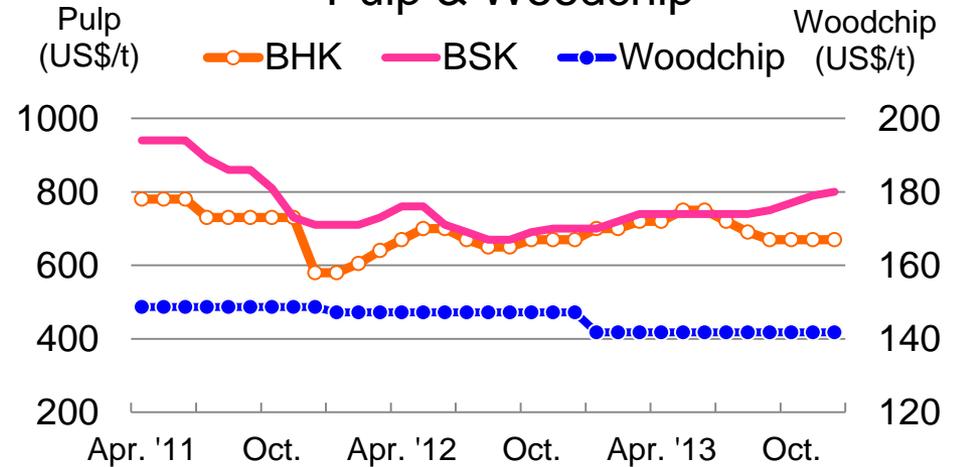


JPY depreciated further

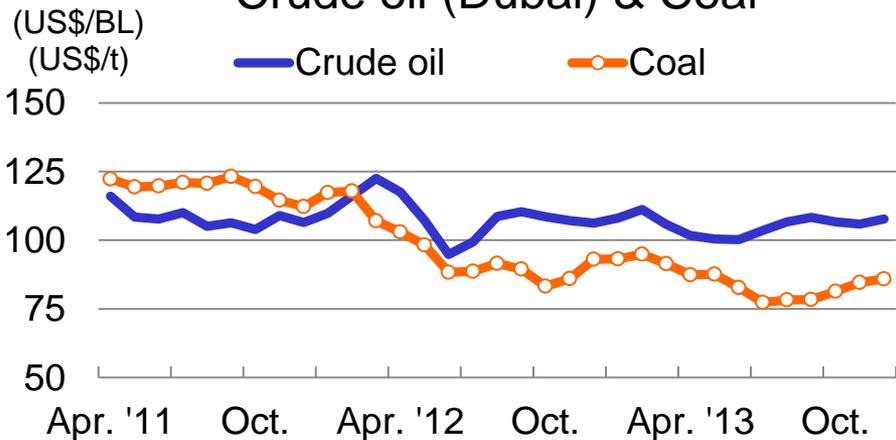
Wastepaper



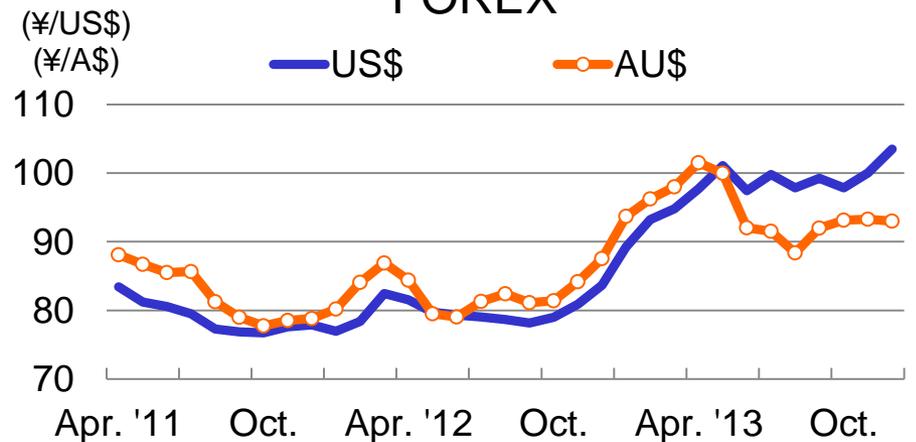
Pulp & Woodchip



Crude oil (Dubai) & Coal



FOREX



Source: Paper Recycling Promotion Center, *Pulp&Paper Week*, Crude oil= Platts, Coal=Global Coal Index

2. Financial Results: *Highlights*



(¥billion)	FY2013 3 rd QTR	FY2012 3 rd QTR	Change (YOY)
<Net sales>	278.6	263.8	14.8
<Operating income>	7.5	4.8	2.7
<Ordinary income>	7.8	3.9	3.9
<Net income>	5.8	5.7	0.1

- Sales and income increased YOY due to the price hike and the volume increase of paper business.
- Cost reduction efforts, price hike and volume increase overcome the impact of input cost rising.
- Recorded ¥2.3 billion gain on sales of investment in securities as extraordinary income.

2. Financial Results: *Segment Information*



Sales and income rose due to the price hike and volume increase

Upper row: Sales

Lower row: Operating income

(¥ billion)

	FY2012				FY2013			Change (YOY)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Pulp and paper	200.2	199.2	204.0	198.0	202.5	210.4	216.0	12.1
	4.1	3.5	0.8	4.6	2.1	3.8	4.0	3.2
Paper related (liquid packaging and chemical products)	23.5	24.6	23.8	22.5	23.5	23.4	23.3	-0.5
	1.7	1.7	2.0	0.8	1.3	1.4	1.3	-0.6
Wood products and construction related	13.1	14.7	16.4	16.5	15.7	16.0	18.0	1.7
	0.3	0.6	0.9	0.9	0.6	0.4	0.7	-0.2
Other (beverages, logistics, etc.)	14.7	17.2	19.6	17.1	14.6	17.3	21.2	1.6
	-0.1	0.9	1.2	1.2	0.1	0.8	1.4	0.3
Total	251.5	255.7	263.8	254.1	256.3	267.0	278.6	14.8
	6.0	6.7	4.8	7.6	4.0	6.4	7.5	2.7

2. Financial Results: *Sales Volume by Product*



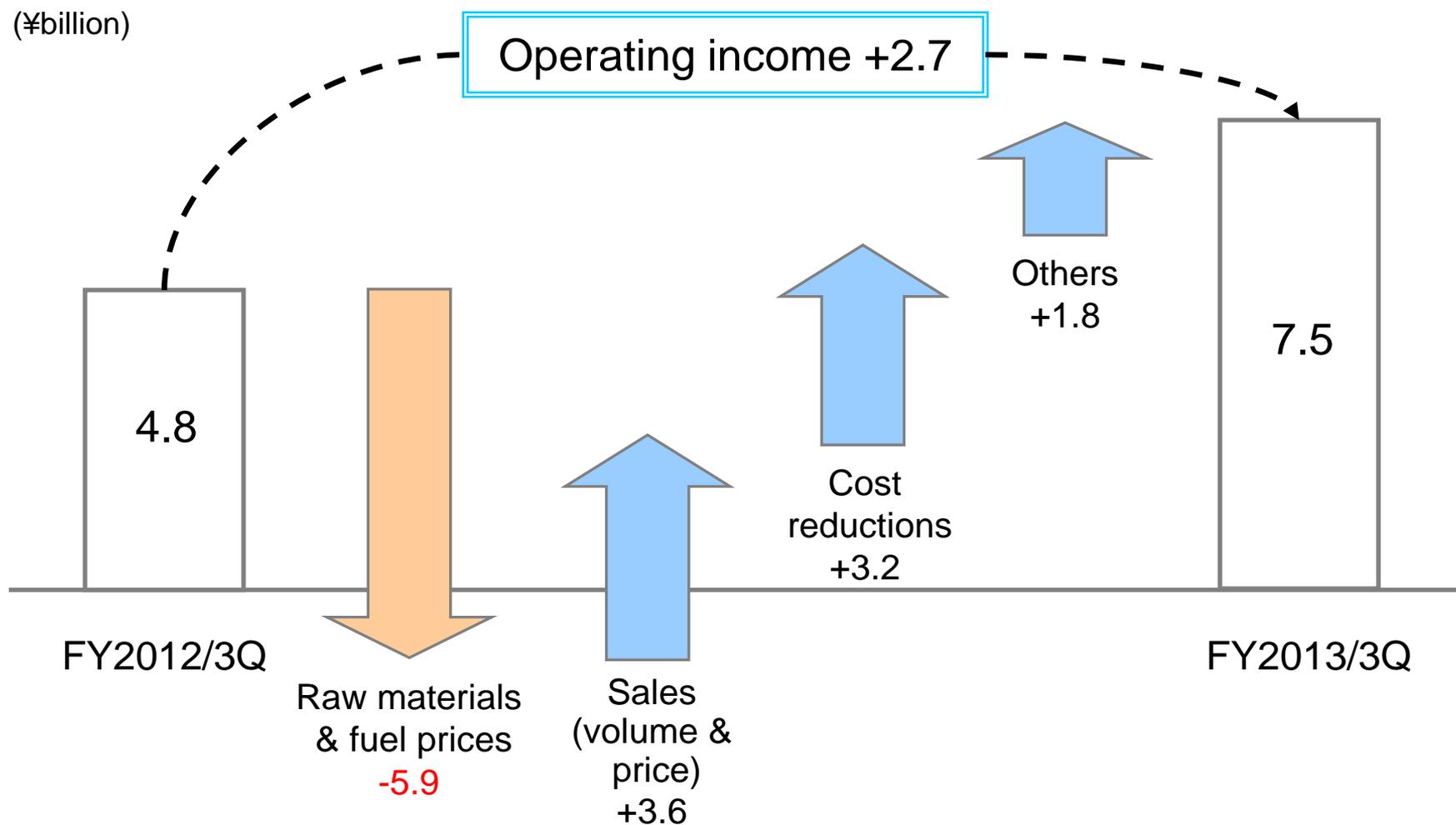
Sales volume increase continued

('000 tons)		FY2012/3Q	FY2013/3Q	Change YOY
Paper	Newsprint	305	298	-2.3%
	Printing & business communication paper	639	652	2.0%
	Coated paper	357	360	0.7%
	Uncoated & specialty printing paper	147	149	1.1%
	Business communication paper	134	143	6.6%
	Packaging paper and others	77	81	4.9%
	Domestic sales (paper)	1,022	1,031	1.0%
Export (paper)	26	49	91.4%	
Paper total		1,047	1,081	3.2%
Paperboard	Container board	303	317	4.6%
	Folding boxboard and others	89	91	1.7%
	Domestic sales (paperboard)	392	408	4.0%
	Export (paperboard)	10	17	66.3%
	Paperboard total	403	425	5.6%
Grand total (paper and paperboard)		1,450	1,506	3.8%

2. Financial Results: *Variance Analysis for Operating Income*



Sales recovery and cost reductions surpassed input cost rising



3. Topics



<2013>

- Oct. 30 Decided to install solar power facility in existing mill site
- Location: Otake Mill (Hiroshima prefecture)
 - Power generation scale: Approx. 826 kilowatts
 - Start of power generation: Feb.2014
- Oct. 31 Commenced operation of pre-commercial plant of cellulose nanofibers
- Location: Iwakuni Mill (Yamaguchi prefecture)
 - Japan's first full-scale production facility using chemical treatment
- Dec. 6 Announced linerboard and corrugating medium price hike
- Increase in prices: Approx. 15%
 - Effective from Jan. 21, 2014
- Dec. 16 Decided to acquire 22% shares of SCG Paper's^(*1) Fibrous Chain^(*2)
- Planned investment amount: Approx. ¥11.0 billion
- (*1) A subsidiary of the Siam Cement Group of Thailand (paper and pulp business)
- (*2) Revenue in FY2012: Approx. 17 billion baht
Capacity: Pulp (470,000 tons/y), printing & writing paper (570,000 tons/y)
- Dec. 24 Decided to wholly own Jujo Thermal Oy (Finland)

<2014>

- Jan. 20 Announced beverage cartons price hike
- Increase in prices: 10-15%
 - Effective from April 1, 2014

4. Earnings Forecast



(¥billion)	FY2013 estimate (Revised on Nov.6)	FY2012 results
<Net sales>	1,070.0	1,025.0
<Operating income>	30.0	25.1
<Ordinary income>	25.0	23.1
<Net income>	15.0	10.6

No change from the estimation announced on Nov. 6, 2013



Disclaimer

Any statements in this presentation document, other than those of historical fact, are forward-looking statements about the future performance of Nippon Paper Industries, Co., Ltd. and its group companies. These statements are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.

Nippon Paper Industries Co., Ltd.