

## Summary of Financial and Business Results for the Year Ended, March 2013

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May 22, 2013



SMILE JAPAN, Women's Ice Hockey team, sponsored by Oji Nepia



Oji F-Text - Shiga Mill

<b>I .Result overview FY2012 and Financial forecast FY2013</b>	
1. Industry demand - FY2012	1
2. Trends in sales prices	2
3. Trends in main raw materials and fuel prices	3
4. Financial highlights of FY2012 (consolidated)	4
5. Sales of major products (consolidated)	5
6. Breakdown of increase/decrease of consolidated operating income ( FY2011 to FY2012)	6
7. Sales and operating income by segment (FY2012)	7
8. Financial forecast for FY2013	8
9. Breakdown of increase/decrease of consolidated operating income ( FY2012 to FY2013)	9
10.Sales and operating income by segment (FY2013)	10
<b>II .Management Strategy</b>	
1.Business portfolio restructuring	11
2.Business portfolio restructuring measures (1)	12
3.Business portfolio restructuring measures (2)	13
4.Business portfolio restructuring measures (3)	14
5.Business portfolio restructuring measures (4)	15
6.Investment strategy	16
7.Management target	17
<b>《Reference material》</b>	
Trends in operating income (consolidated)	18
Trends in consolidated interest-bearing debt	19
CAPEX and depreciation trends (consolidated)	20
Employees trends (consolidated)	21



# I .Result overview FY2012 and Financial forecast FY2013

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# 1. Industry demand - FY2012

(1,000 tons)

	Domestic shipments		Custom Cleared Imports *1		Total	
		Year on Year		Year on Year		Year on Year
Containerboard	8,509	97.9%	125	116.4%	8,635	98.2%
Boxboard	1,574	95.4%	242	110.3%	1,816	97.2%
Other paperboard	642	99.3%	30	113.5%	671	99.9%
<b>Total (paperboard)</b>	<b>10,725</b>	<b>97.6%</b>	<b>397</b>	<b>112.4%</b>	<b>11,122</b>	<b>98.1%</b>
Sanitary paper	1,757	99.6%	117	114.7% *2	1,874	100.4%
Packaging Paper	754	93.9%	14	123.1%	768	94.3%
Newsprint	3,240	100.7%	50	49.1%	3,289	99.1%
Printing/ Communications Paper	7,866	95.8%	1,519	84.1%	9,385	93.7%
Miscellaneous Paper	714	97.7%	21	104.7%	735	97.9%
<b>Total (paper)</b>	<b>14,331</b>	<b>97.3%</b>	<b>1,721</b>	<b>84.3%</b>	<b>16,052</b>	<b>95.7%</b>
<b>Total (paper and paperboard)</b>	<b>25,056</b>	<b>97.4%</b>	<b>2,118</b>	<b>88.5%</b>	<b>27,174</b>	<b>96.7%</b>
(m <sup>3</sup> mil)						
<b>Corrugated containers</b> *3	<b>13,206</b>	<b>99.9%</b>				

Source : Japan Paper Association – Statistics on Paper and Paperboard, Trade Statistics of Ministry of Finance, Japan

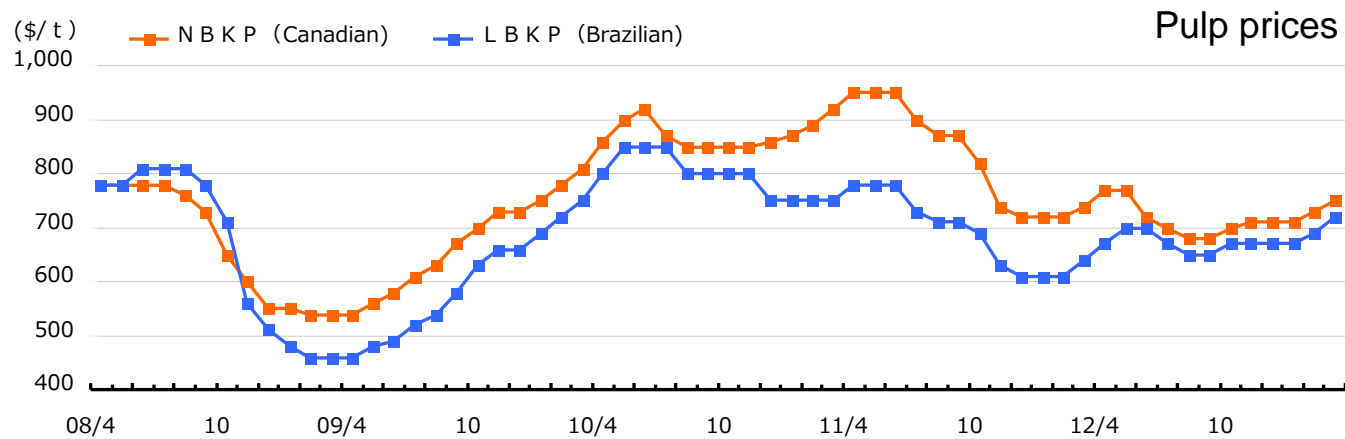
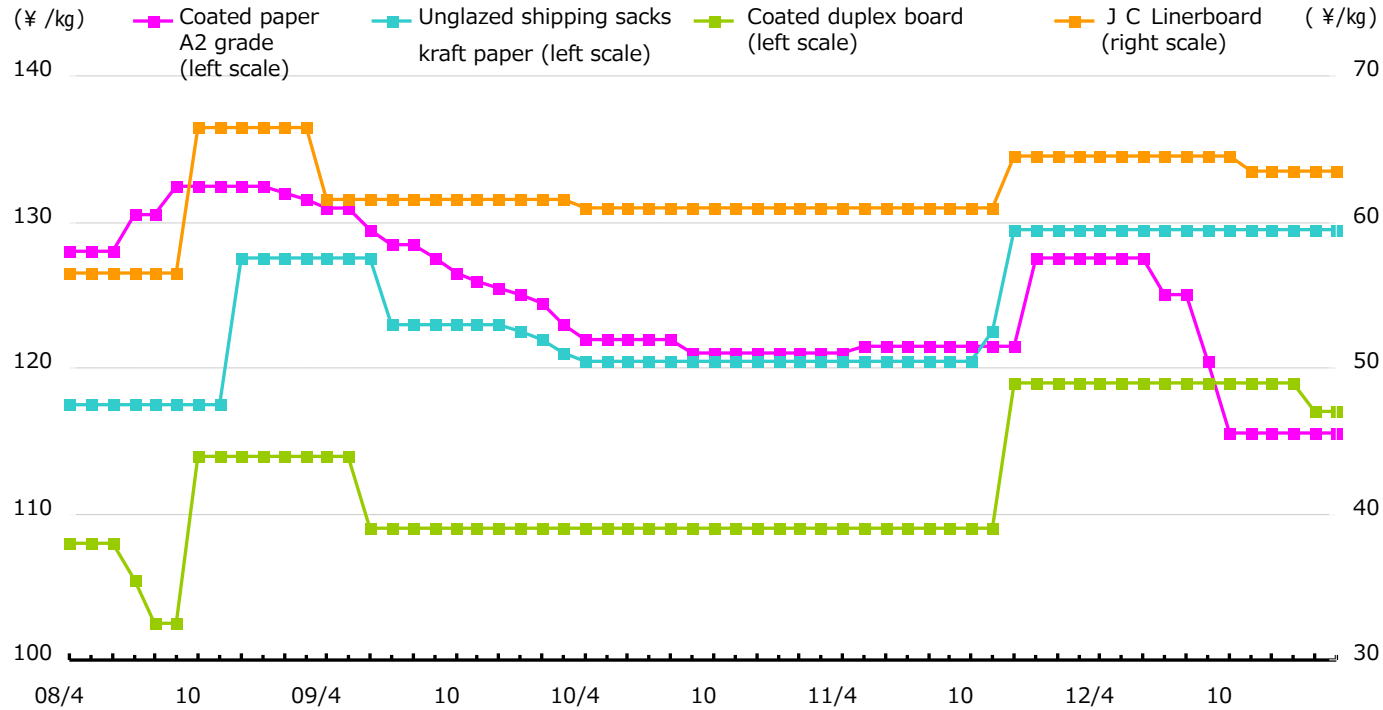
\* 1 : Statistics for customs cleared imports of paper, April 2012 – March 2013

\* 2 : The figure shown in customs cleared imports of sanitary paper includes secondary products (processed goods).

\* 3 : The figure shown in corrugated containers is volume of sheet production.



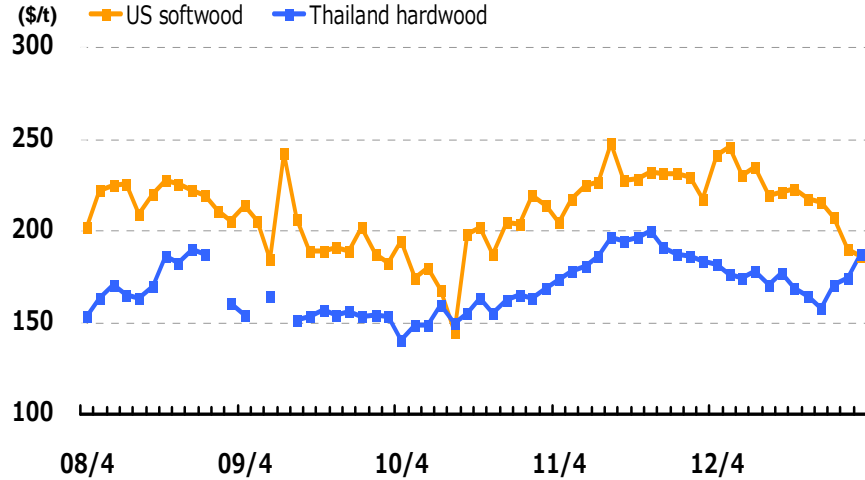
## 2. Trends in sales prices



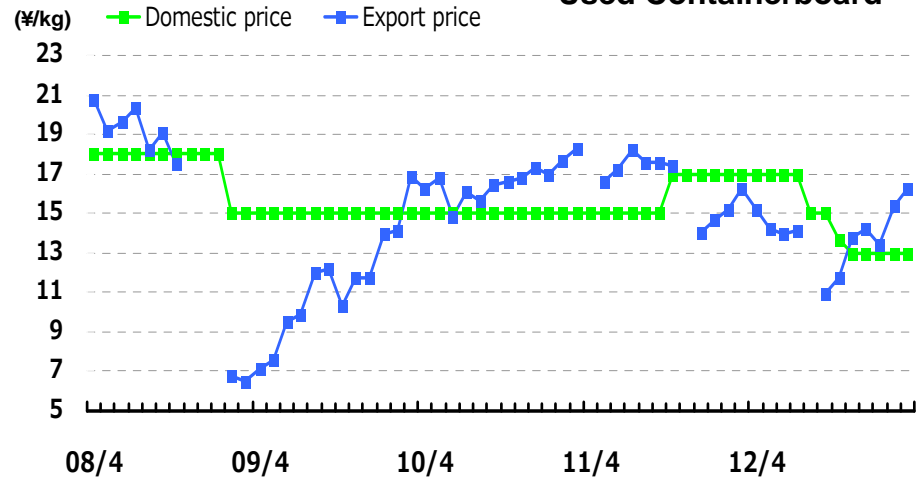


### 3. Trends in main raw materials and fuel prices

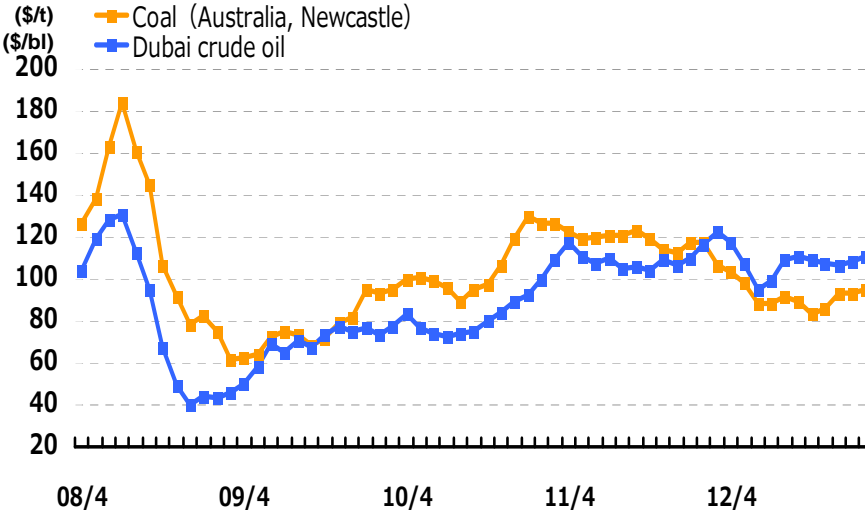
**Imported Woodchip Prices**



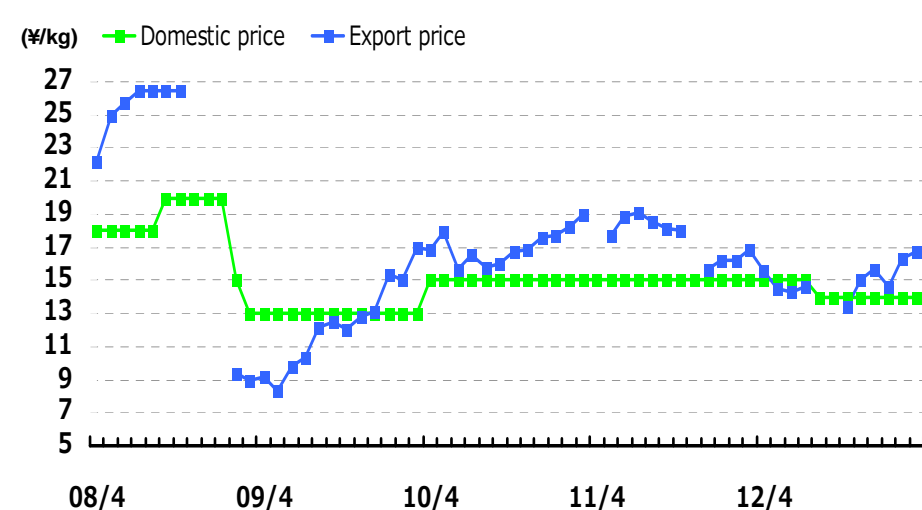
**Used Containerboard**



**Price of Key Fuels**



**Used Newspaper**





## 4. Financial highlight of FY2012 (consolidated)

(¥ bil)

	FY2011	FY2012	Increase (Decrease)
Net Sales	1,212.9	<b>1,241.5</b>	28.6
Operating Income	53.8	<b>52.4</b>	( 1.4)
Ordinary Income	48.4	<b>54.6</b>	6.2
Net income	22.2	<b>25.6</b>	3.4
Depreciation	76.0	<b>72.1</b>	( 3.9)
Exchange rate (¥/US\$)	<b>79.1</b>	<b>83.1</b>	<b>4.0</b>
Overseas sales ratio	<b>10.6%</b>	<b>16.7%</b>	<b>6.1%</b>
<b>No. of consolidated companies</b>			
Domestic	80	86	+ 6
Overseas	48	70	+ 22
Total	128	156	+ 28

### Japan Brazil Paper & Pulp Resources Development and CENIBRA group companies:

**+6 companies** (Pulp production business in Brazil) (via additional stock acquisition)

**Overseas forestry group companies: +13 companies** (Australia, New Zealand, Vietnam, China, Laos, Cambodia)  
(due to increase in strategic importance)

**Oji JK Packaging: +2 companies** (New establishment of corrugated container business in India)

**S.Pack & Print : +2 companies** (Packaging business in Thailand) (via additional stock acquisition)

**Due to transition to Holding company: +5 companies** (New establishment), etc

**Other 17 companies which the equity method apply (domestic 11companies, overseas 6 companies)**

## 5. Sales of major products (consolidated)

	FY2011			FY2012			Increase (Decrease)			
	Sales Volume	Unit Price	Sales	Sales Volume	Unit Price	Sales	Sales Volume	Year on year	Unit Price	Sales
	1,000 tons	¥/kg	¥ Bil	1,000 tons	¥/kg	¥ Bil	1,000 tons	%	¥/kg	¥ Bil
Total (paperboard)	<b>3,075</b>	<b>66.47</b>	<b>204.4</b>	<b>2,880</b>	<b>66.38</b>	<b>191.2</b>	<b>(194)</b>	<b>93.7%</b>	<b>(0.09)</b>	<b>(13.2)</b>
Sanitary paper	213	209.22	44.5	206	210.06	43.2	(7)	96.7%	0.84	(1.3)
Packaging paper	276	102.73	28.4	276	102.97	28.4	0	99.9%	0.23	0
Printing & writing paper	2,832	111.41	315.5	2,650	109.71	290.7	(182)	93.6%	(1.70)	(24.8)
Specialty paper, etc	232	220.75	51.3	222	219.81	48.7	(11)	95.4%	(0.94)	(2.5)
Total (paper)	<b>3,554</b>	<b>123.74</b>	<b>439.7</b>	<b>3,353</b>	<b>122.59</b>	<b>411.1</b>	<b>(200)</b>	<b>94.4%</b>	<b>(1.15)</b>	<b>(28.6)</b>
Total (paper and paperboard)	<b>6,628</b>	<b>97.17</b>	<b>644.1</b>	<b>6,234</b>	<b>96.61</b>	<b>602.3</b>	<b>(395)</b>	<b>94.0%</b>	<b>(0.56)</b>	<b>(41.8)</b>

Note: Figures above are aggregations of production subsidiaries under consolidation, which include inter-segment consumption

Corrugated containers	209.7	<b>212.7</b>	3.0
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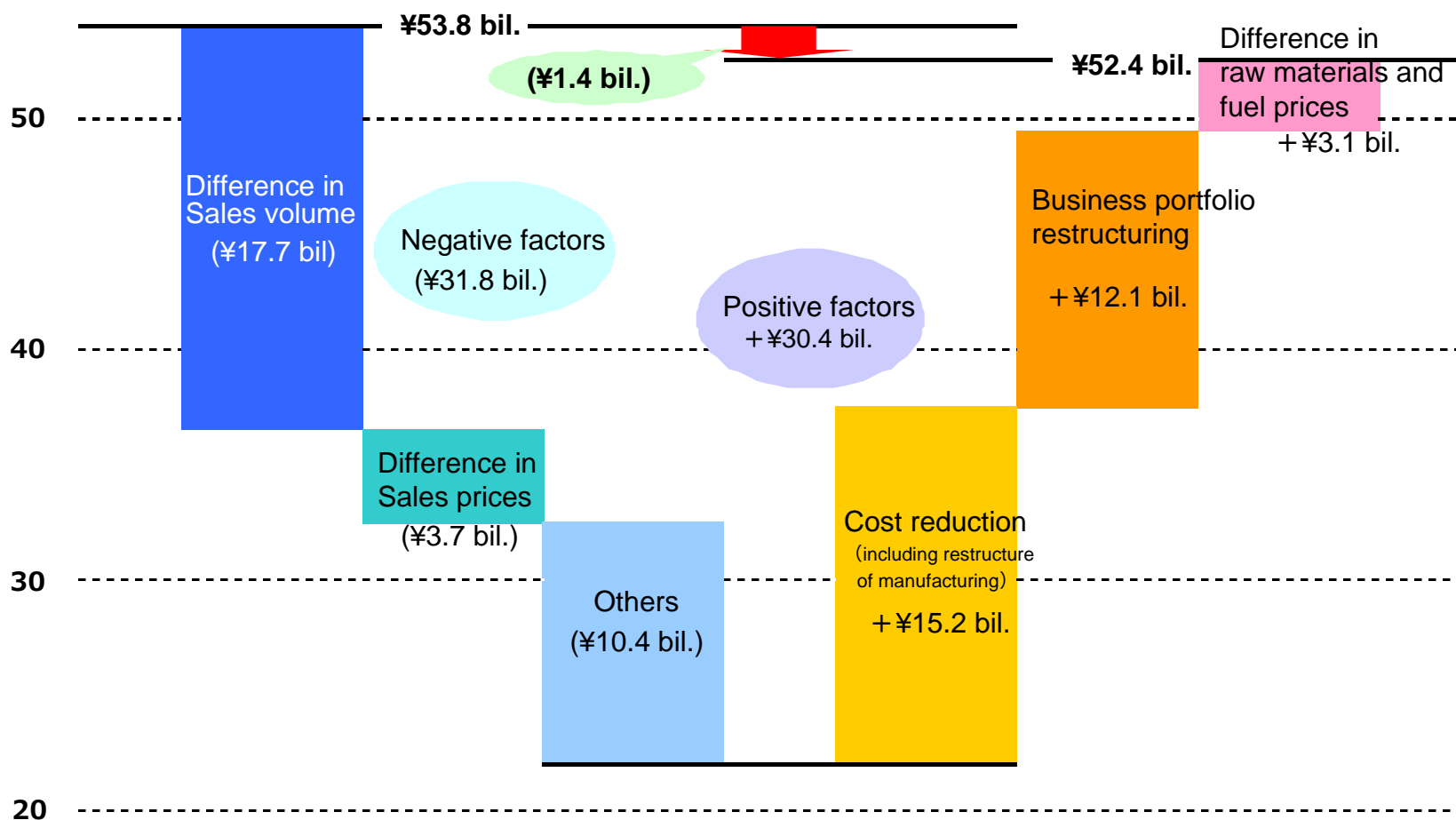
Note: Sales to external customers



# 6. Breakdown of increase/decrease of consolidated operating income (FY2011 to FY2012)

(FY2011 to FY2012)

FY2011 ¥53.8 bil. → FY2012 ¥52.4 bil. (-¥1.4 bil.)



## 7. Sales and operating income by segment (FY2012)

(¥ bil.)

	FY2011		FY2012		Increase (Decrease)	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Household and industrial materials	541.1	27.2	540.9	27.3	( 0.2)	0.1
Printing and communications media	339.6	3.8	326.1	( 2.4)	( 13.5)	( 6.2)
Functional materials	183.5	8.9	197.3	10.2	13.8	1.3
Forest resources and environmental marketing	80.7	3.1	130.8	10.2	50.1	7.1
Others and adjustment	68.0	10.8	46.4	7.1	( 21.6)	( 3.7)
<b>Consolidated total</b>	<b>1,212.9</b>	<b>53.8</b>	<b>1,241.5</b>	<b>52.4</b>	<b>28.6</b>	<b>( 1.4)</b>

\* "sales" include intra-group sales between segments

## 8. Financial forecast for FY2013

(¥ bil.)

	FY2012	FY2013E	Increase (Decrease)
Net Sales	1,241.5	<b>1,340.0</b>	98.5
Operating Income	52.4	<b>63.0</b>	10.6
Ordinary Income	54.6	<b>58.0</b>	3.4
Net income	25.6	<b>30.0</b>	4.4
Depreciation	72.1	<b>72.1</b>	0.0
Exchange rate (¥/US\$)	<b>83.1</b>	<b>100.0</b>	<b>16.9</b>
Overseas sales ratio	<b>16.7%</b>	<b>19.7%</b>	<b>3.0%</b>

### Key financial forecast assumptions for FY2013

•Raw materials and fuel prices	Wood chips	: Based on current contract	•Fluctuation effect (per annum)	Exchange rate :	Fluctuation of ¥1/US\$: approximately ±¥0.5 bil. (Exchange rate changes for export/import and overseas companies, etc.)
	Recovered paper:	Price to remain static at current level		Recovered paper :	Fluctuation of ¥1/kg: approximately ±¥4.0 bil.
	Coal	: Based on current contract		Dubai crude oil :	Fluctuation of \$1/bl : approximately ±¥0.5 bil. (Heavy fuel oil, naphtha, bunker, etc.)

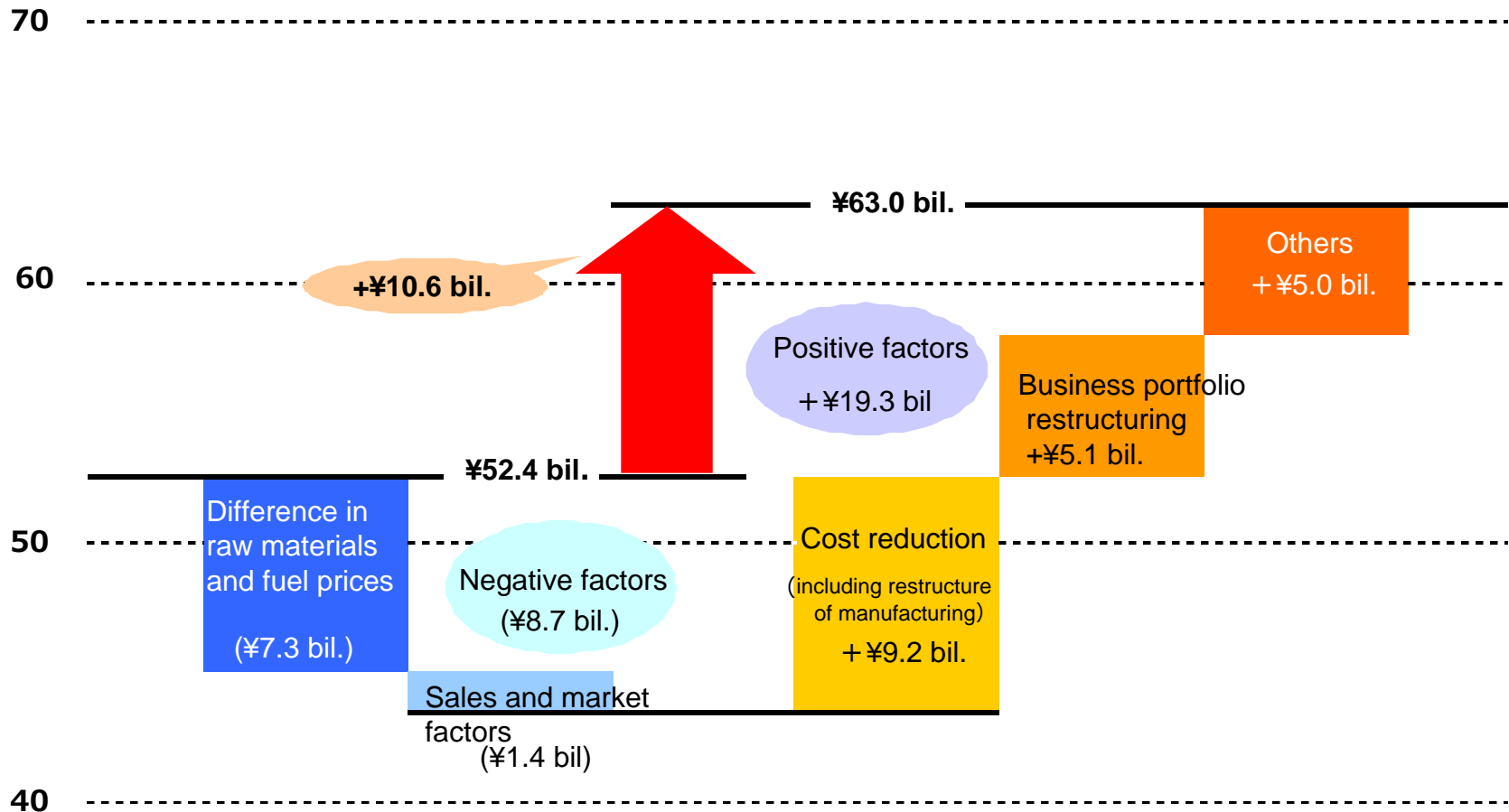
Note: The above forecasts, concerning future economic conditions and other factors, are based on forecasts made at the time of publication.

As such, actual results may differ from these forecasts due to various unforeseen reasons.

# 9. Breakdown of increase/decrease of consolidated operating income (FY2012 to FY2013)

(FY2012 to FY2013E)

FY2012 ¥52.4 bil. → FY2013E ¥63.0 bil.(+¥10.6 bil.)



# 10. Sales and operating income by segment (FY2013)

(¥ bil.)

	FY2012		FY2013E		Increase (Decrease)	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Household and industrial materials	540.9	27.3	570.0	28.0	29.1	0.7
Printing and communications media	326.1	(2.4)	330.0	0.0	3.9	2.4
Functional materials	197.3	10.2	220.0	14.0	22.7	3.8
Forest resources and environmental marketing	130.8	10.2	160.0	15.0	29.2	4.8
Others and adjustment	46.4	7.1	60.0	6.0	13.6	( 1.1)
<b>Consolidated total</b>	<b>1,241.5</b>	<b>52.4</b>	<b>1,340.0</b>	<b>63.0</b>	<b>98.5</b>	<b>10.6</b>

\* "sales" include intra-group sales between segments



## II .Management Strategy

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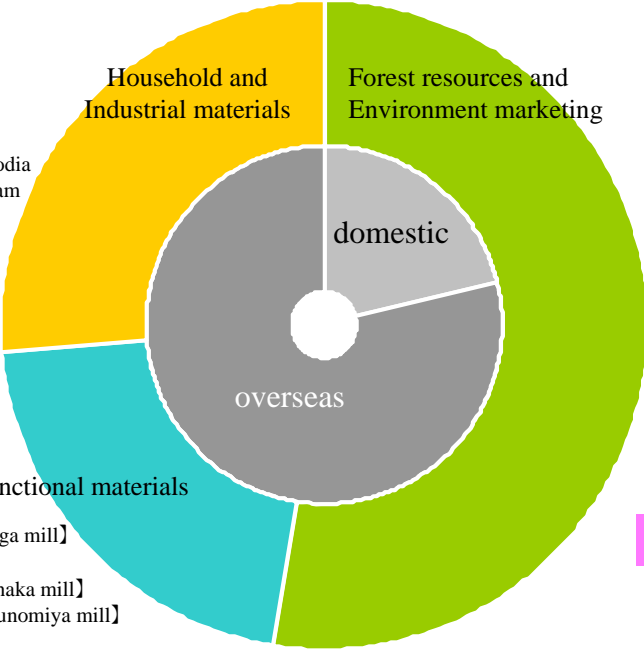
# 1. Business portfolio restructuring

Business portfolio restructuring investments cumulative total (FY2010 to FY2012) **¥190 bil.** ( Completed projects : ¥160 bil. On going projects : ¥ 30 bil. )

**Household and Industrial materials business** **¥50.0 bil.**

**Forest resources and Environmental marketing** **¥100.0 bil.**

- Diaper business**  
 Adult diaper (tape type)  
 Jan 2013 Operation of new plant started 【Oji Nepia Fukushima plant】
- Overseas business**  
 Apr 2010 Acquired corrugated container business, GSPP in Malaysia  
 Mar 2011 Acquired folding carton business, S.Pack in Thailand  
 Aug 2011 Acquired Harta (Malaysia & Cambodia)  
 Oct 2012 Set up of new corrugated container company in India  
 (\* Jan 2014 Operation of plant scheduled to start)  
 Mar 2013 Operation of new corrugated container plant started in Cambodia  
 May 2013 Operation of new corrugated container plant started in Vietnam  
 \*Jul 2013 Operation of new paper bag plants scheduled to start (Qingdao & Wuhan, China)
- Earthquake disaster reconstruction business**  
 \*Summer 2014 Scheduled to reinforce production facility 【Oji Container Fukushima plant】



- Power generation business**  
 Biomass power generation  
 \*Mar 2015 Scheduled start of new generator 【Oji Materia Fuji mill】 & 【Oji Paper Nichinan mill】  
 Hydroelectricity power generation  
 \*Nov 2015 Scheduled expansion of facility 【Chitose & Shiribetsu】  
 Solar power generation  
 \*Aug 2013 Scheduled start up of new facility 【Shiranuka, Hokkaido】
- Bio-refinery business**  
 Furfural, DP, etc.  
 \*Mar 2014 Scheduled to start operation of new facility 【Oji Paper Yonago mill】
- Overseas business**  
 Jun 2012 Conversion of CENIBRA (pulp business) into a consolidated company (Brazil)  
 2012 Start of operation of BC-TMP production facilities at PANPAC (New Zealand)  
 Oct 2012 Establishment of plywood manufacturing company (Vietnam)

**Functional material business** **¥40.0 bil.**

- Functional material business**  
 Thin film for use in capacitor  
 Apr 2013 Operation of new production line started 【Oji F-Tex Shiga mill】  
 Film and adhesive sheet for use in smartphones  
 Apr 2013 Expanded production facility at New Tac Kasei 【Toyonaka mill】  
 \*Dec 2013 Scheduled to expand production facility at Oji Tac 【Utsunomiya mill】
- Specialty paper business**  
 Expansion of specialty paper's production facility (release paper, grease-proof paper, etc)  
 Apr 2013 Operation of new production line started 【Oji F-Tex Ebetsu mill】
- Overseas business**  
 Sep 2011 Acquired paper & converting business, OPE (Brazil) (Thermal paper business)  
 2011 Set up of adhesive laminator at OLT (Thailand)  
 \*Mar 2014 Scheduled expansion of thermal paper facility at OPE

**Enhancement of trading business**

2010 Conversion of Kyokuyo Pulp and Paper into a consolidated company  
 ⇒ Reorganization and consolidation of Oji Trading's business

( Domestic : ¥40.0 bil. Overseas : ¥150.0 bil. )

\* : On going project

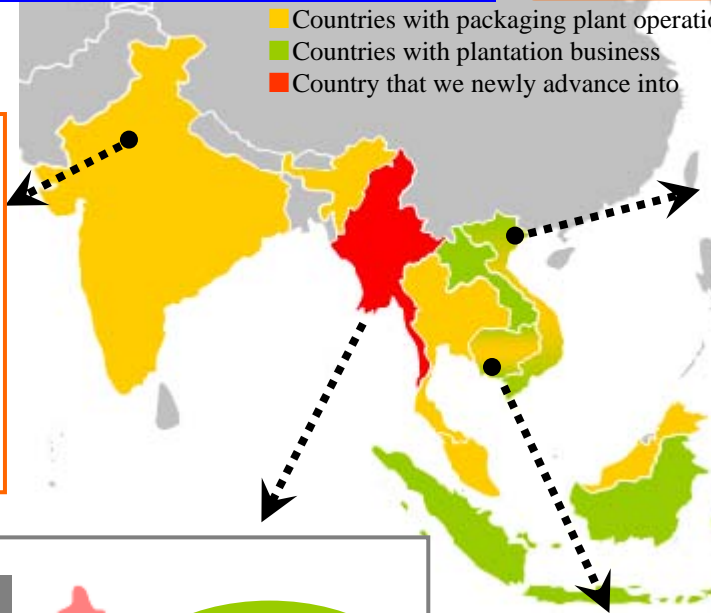
## 2.Business portfolio restructuring measures (1)



No. of corrugated container plants in Southeast Asia and India : 16  
(as of the end of Dec 2012)

### Business expansion in Southeast Asia and India

- Countries with packaging plant operations
- Countries with plantation business
- Country that we newly advance into



#### On-going project [India]

**Oji JK Packaging**  
 { Neemrana industrial park, Southwest of Delhi, Rajasthan state }

Business Corrugated container  
 Production capacity  
 Corrugating 48 mil. sqm/yr,  
 Box & Printing 44 mil. sqm/yr  
 Start-up Scheduled Jan 2014

#### New plant started up in 2013[Vietnam]

**Ojitex No.3 plant** { VSIP Bac Ninh, Bac Ninh Province }

May 2013 Started up  
 Business Corrugated container, Offset printing  
 Production capacity  
 Corrugating : 42 mil. sqm/yr,  
 Printing : under consideration



#### New entry [Myanmar]

##### Business under consideration

Paper business

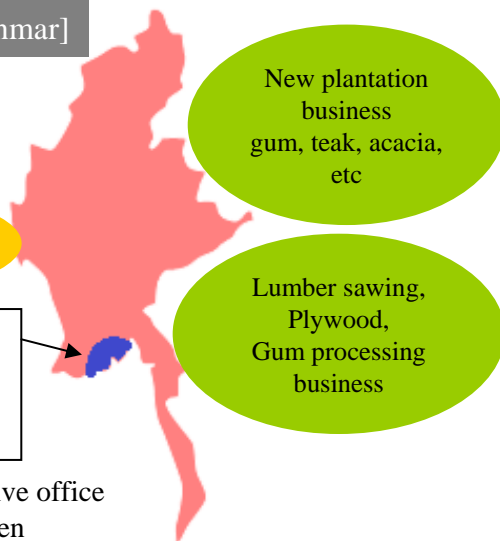
Corrugated container business

Corrugated container plant  
 Planned construction site  
 { Suburb of Yangon city Mingaladon industrial park }

May 2013 Representative office  
 Scheduled to open

New plantation business  
 gum, teak, acacia, etc

Lumber sawing,  
 Plywood,  
 Gum processing business



#### New plant started up in 2013[Cambodia]

**Ojitex Harta Packaging Sihanoukville plant** { Sihanoukville Harbor industrial area }

Mar 2013 Started up      Business Corrugated container  
 Production capacity - Corrugating 56 mil. sqm/yr,  
 Box & printing 40 mil. sqm/yr



# 3.Business portfolio restructuring measures (2)



## Reinforcement of domestic production facility in Household and industrial materials business

[Corrugated container business : Oji Container - Fukushima plant ]

To reinforce production facilities in order to cover Sendai plant, and to meet rising demand for reconstruction after disaster

- Investment ◆ Corrugating : expand to 10 mil. sqm/month
- ◆ Box & printing : expand to 5 mil. sqm/month
- ◆ Expansion of building
- ◆ Installation of solar panels, etc

Investment amount approx. ¥ 6.5 bil.  
Start up summer 2014 (planned)



\* designated business of "Fukushima industrial reconstruction company location subsidy" rendering

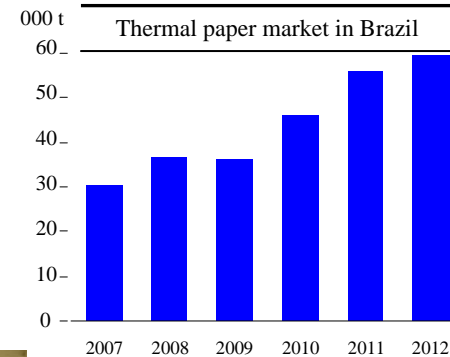
## Expansion of Functional materials business in South America

[Oji Papéis Especiais]

Demand in thermal paper of Brazil will maintain an upward trend



To invest for increase in production of thermal paper as main product



PC2 coater which is going to add more dryers

<#1 period>  
Mar 2014 Scheduled to finish  
Contents of construction :  
Enhancement of current facility  
Production capacity :  
50,000 ton/yr ⇒ 62,000 ton/yr

<#2 period>  
Contents of consideration :  
Construction of new coater,  
speed-up paper machine, etc.

## Conversion of product type by modification of facility

[Oji F-Tex Ebetsu Mill #6PM]

Apr 2013 Started to production of specialty paper

<Products>

previous : printing and communications paper  
current : release paper, grease proof packaging paper, etc.

<Contents of investment>

Setting up multi-nip calender  
Reinforcement of facility for  
Chemicals and coating materials, etc.



release paper



grease proof paper



## Expansion of Functional materials business

### [Film for Smartphones]

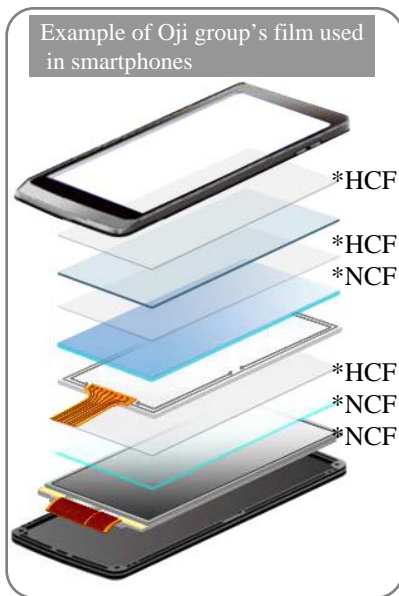
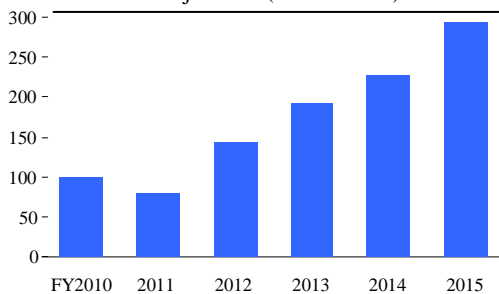
New Tac Kasei - Toyonaka Mill, Apr 2013 new facility started operation  
 Oji Tac - Utsunomiya Mill, Dec 2013 new facility planned to start operation

Increasing demand for  
 Non-carrier film (NCF) and  
 Hard coat film (HCF) for anti-scattering



Building up production capacity by  
 renewal and enhancement of facilities

Sales of Oji's film (FY2010=100)



### [Thin film for use in capacitor]

Oji F-Tex Shiga Mill #6FM (Apr 2013 Started operation)

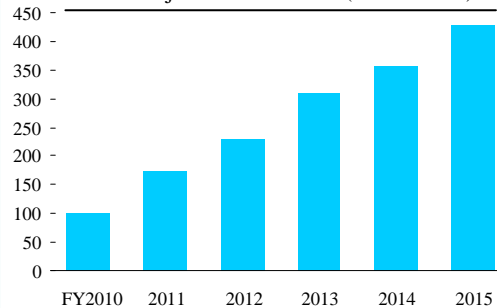
Film machine specially for thin grade  
 (2 μm~6 μm)

Capacitors film mainly for use in  
 hybrid electric vehicles (HEV)



#6 Film Machine Reel

Sales of Oji's film for HEV (FY2010=100)



#### <Challenges for the future>

Further gain in performance

- High heat resistance
- High voltage endurance
- Long term durability

### [Cellulose Nanofiber]

Raveled out fibers in nanometer level from the origin of wood

#### <Characteristics>

- Transparency
- Low retractility by heat change
- High coefficient of elasticity

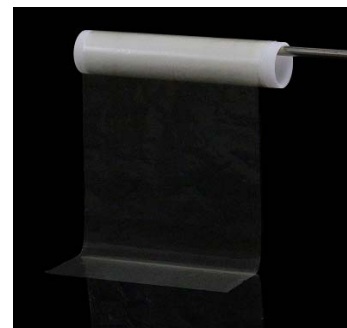
Oji succeeded in usage of ultrafine fiber of 4 nanometer diameter

First in the world for sheeting "continuously"

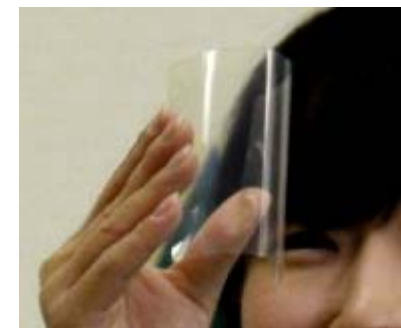
#### <Challenges for the future>

Start shipment of samples

Work with other companies and explore the possibility for practical use



transparent sheet



plastic compounding film

Renewable energy business

New bio-mass boiler

Oji Materia Fuji Mill  
 Mar 2015 Scheduled to start  
 Power sales volume : 105GWh/year  
 Capacity : 36MW, 230ton/hour

Oji Paper Nichinan Mill Outside sales only  
 Mar 2015 Scheduled to start  
 Power sales volume : 150GWh/year  
 Capacity : 25MW, 100ton/hour

Under consideration for setting up also in Hokkaido

Reinforcement of hydroelectricity power plant

Chitose & Shiribetsu power plants  
 Nov 2015 Schedule to finish  
 Efficiency increase ratio  
 : Shiribetsu +14%  
 : Chitose +4%

Under consideration for reinforcement and increase of power sales volumes also in Oji F-Text Tokai mill and Nakatsu mill



Chitose #4 power plant

Installation of solar panels

Shiranuka, Hokkaido  
 (former site of woodchip mill)  
 Aug 2013 Scheduled to start sales  
 Power sales volume : 1.4GWh/year

Oji Container Nagano Plant  
 Oct 2013 Scheduled to start sales  
 Power sales volume : 1.1GWh/year

Power sales volume for FY2012

Total power sales volume : 566GWh  
 (Hydro : 105GWh)



Target for power sales

Sales amount	Power volume
¥ 28 bil. /year	1,100GWh/year

Bio - refinery business

Remodeling of pulp facility in Oji Paper Yonago Mill  
 • Mar 2014 Scheduled to start production of dissolving pulp  
 • Review commercialization potential of Furfural

<Main usage of Furfural>  
 Go through the stage of Furfuryl alcohol and be processed to Furan resin\*

\*a kind of bio-plastics



Furfural

Overseas plantation and log processing business

[Plantation business]

Target for FY2015 the land area of overseas forest plantations 300,000 ha  
 (the end of FY2012 : 290,000ha)

[New sites of log processing business]

KTH  
 (2013 Scheduled to start)  
 Country : Indonesia  
 Production capacity  
 Lumber sawing : 10,000 m<sup>3</sup>/yr  
 Veneer : 36,000m<sup>3</sup>/yr

OJI-VINAFOR PLYWOOD  
 (2014 Scheduled to start)  
 Country : Vietnam  
 Business : Manufacturing and sales of plywood used for floors  
 Production capacity : 30,000m<sup>3</sup>/yr



KTH plantation

Explore further uses of forest resources centered around Southeast Asia and South America

### Basic strategy for FY2013- FY2015

- ◆ Business portfolio restructuring investment of ¥120 bil.
- ◆ Reduction of interest - bearing debt to ¥ 700 bil. (by the end of FY2015)  
To review the possibility of further business portfolio restructuring investments after ascertaining the financial situation and investment balance

### Contribution to Operating income

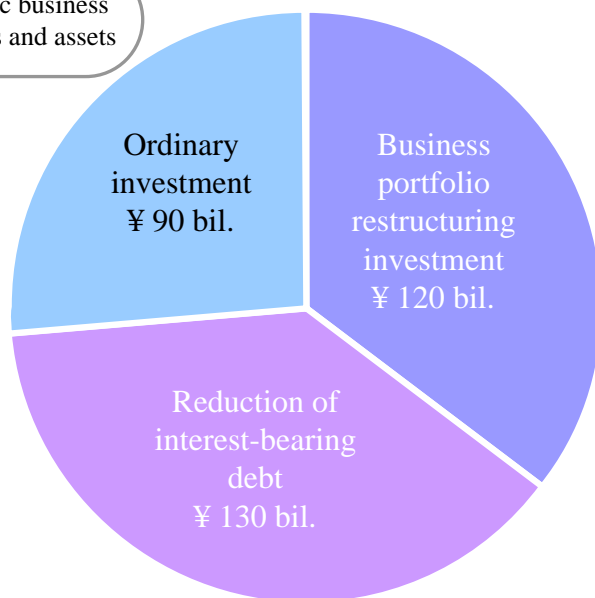
Realized effects of FY2012 ¥17.0 bil. Realizing effects of FY2013 ¥6.7 bil.

### Investment balance for FY2013 - FY2015

<Priority in Business portfolio restructuring investment >  
Regions : Southeast Asia, India, South America  
Business : Packaging, Plantation and log processing, Energy, etc.

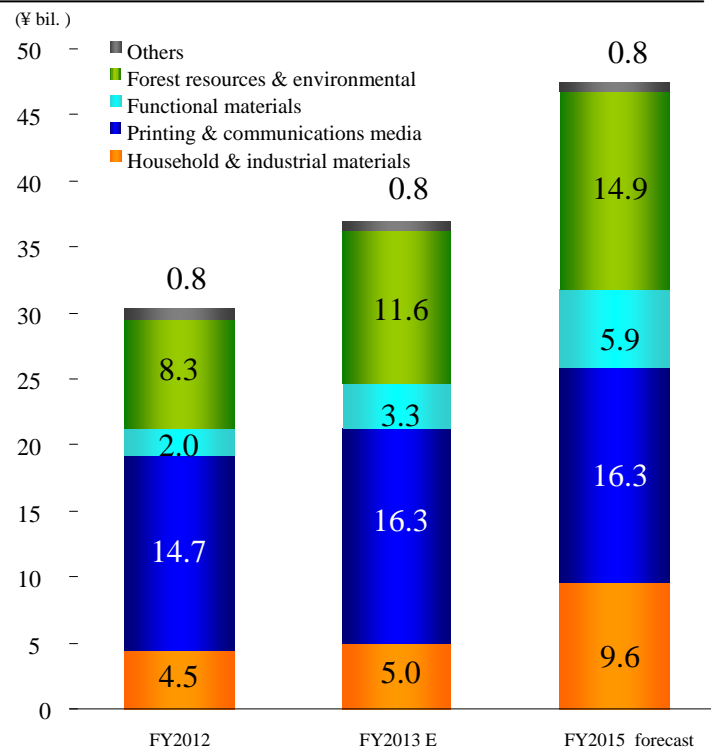
<Main items of ordinary investment>  
Renewal of old facilities, Cost down, Investment for environment and safety, etc.

Restructuring of domestic business including sale of business and assets



### Effects on Operating income by business portfolio restructuring (cumulative basis)

Accumulated amount	¥ 30.3 bil.	¥ 37.0 bil.	¥ 47.5 bil.
Portion in Operating income	58%	59%	53%





# 7.Management target

### 6 measures to accomplish business portfolio restructuring

- Enhancement of global competitiveness via aggressive cost reduction
- Expansion of overseas businesses
- Growth through incubation of R&D oriented model
- Promotion of resource and environmental business
- Establishment of integrated business model from raw materials to converting process
- Enhancement of trading business

### Management Target

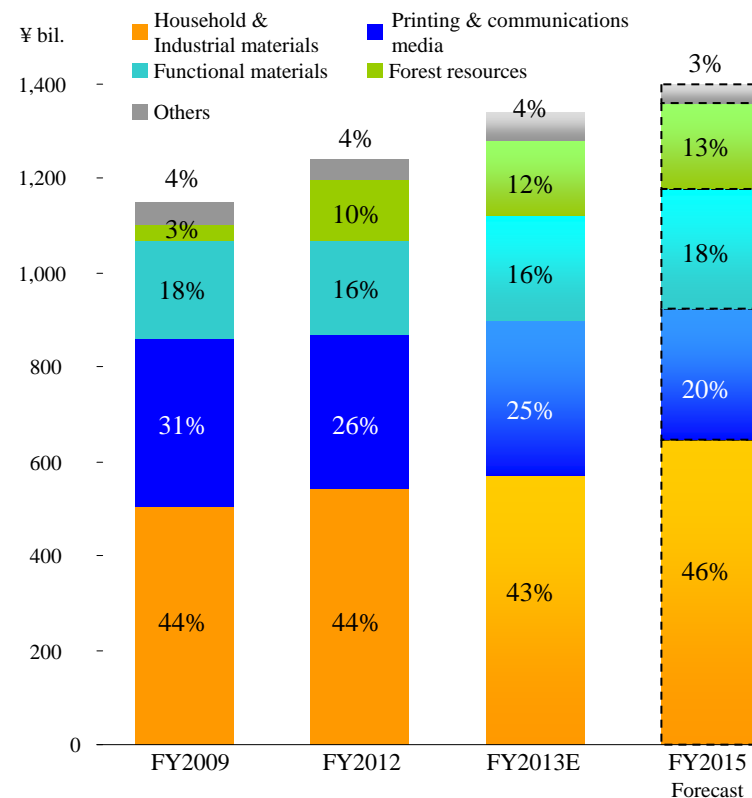
**Operating income** : over ¥ 100 bil.

**Net income** : over ¥ 50 bil.

### Sales composition by company

Overseas sales ratio    8%                      17%                      20%                      26%

	FY2012	FY2013E	FY2015 Forecast	FY2017 Target
Net sales	¥ 1,241.5 bil.	¥ 1,340.0 bil.	¥ 1,400.0 bil.	¥ 1,500.0 bil.
Operating income	¥ 52.4 bil.	¥ 63.0 bil.	¥ 90.0 bil.	¥ 100.0 bil.
Year-end interest-bearing debt	¥ 831.1 bil.	¥ 790.0 bil.	¥ 700.0 bil.	less than ¥700.0bil
D/E ratio	1.4x	1.3x	1.2x	1.0x
ROE	5.4%	5.8%	7%	more than 8%



### Breakdown for the increase of ¥27 bil. in operating income for FY2013 – FY2015

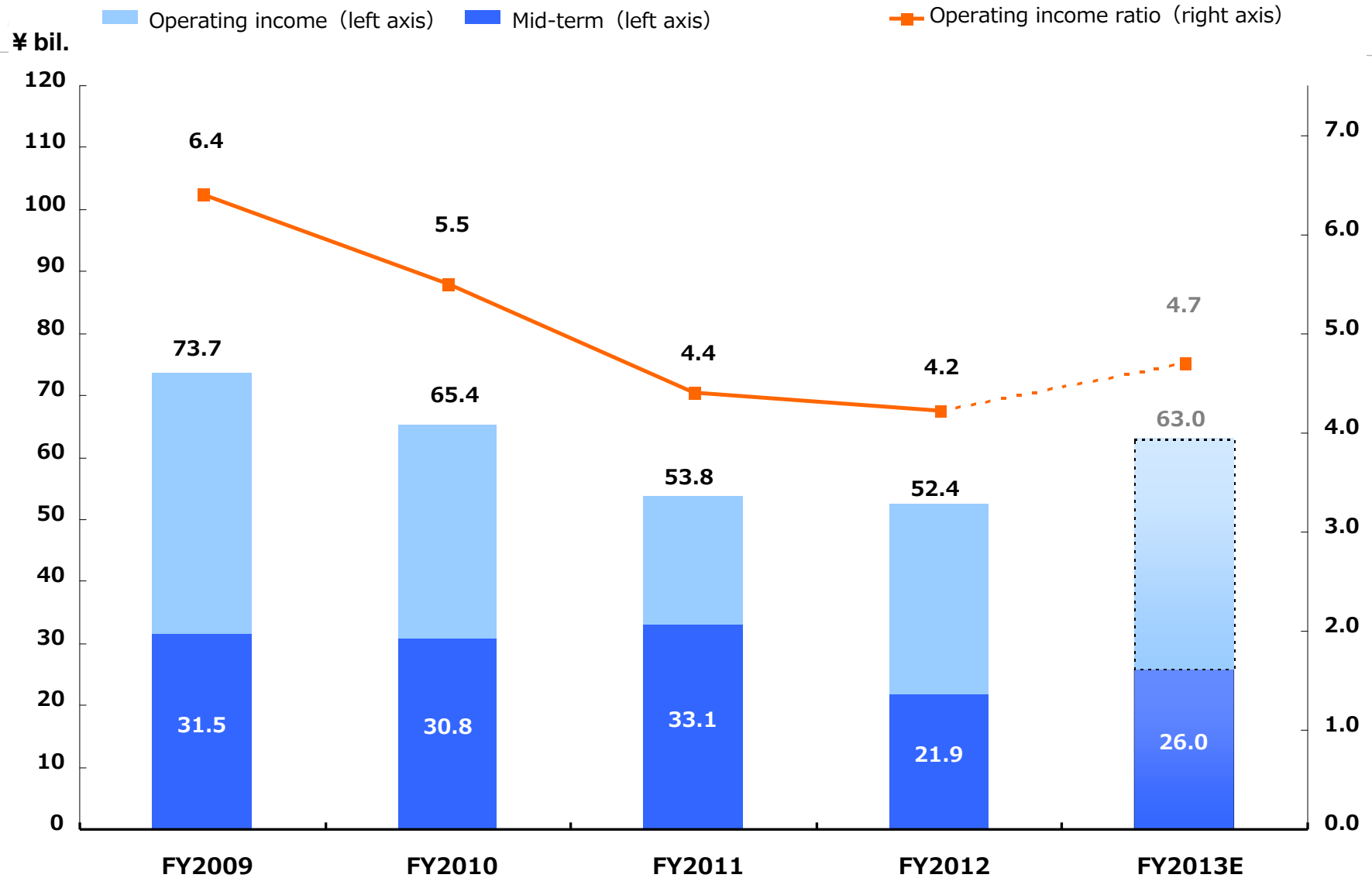
Effects of business portfolio restructuring investment	+ ¥10 bil.
Decline in demand and difference in sales prices, etc.	(- ¥23 bil.)
Restructuring of domestic business	+ ¥14 bil.
Cost reduction	+ ¥26 bil.



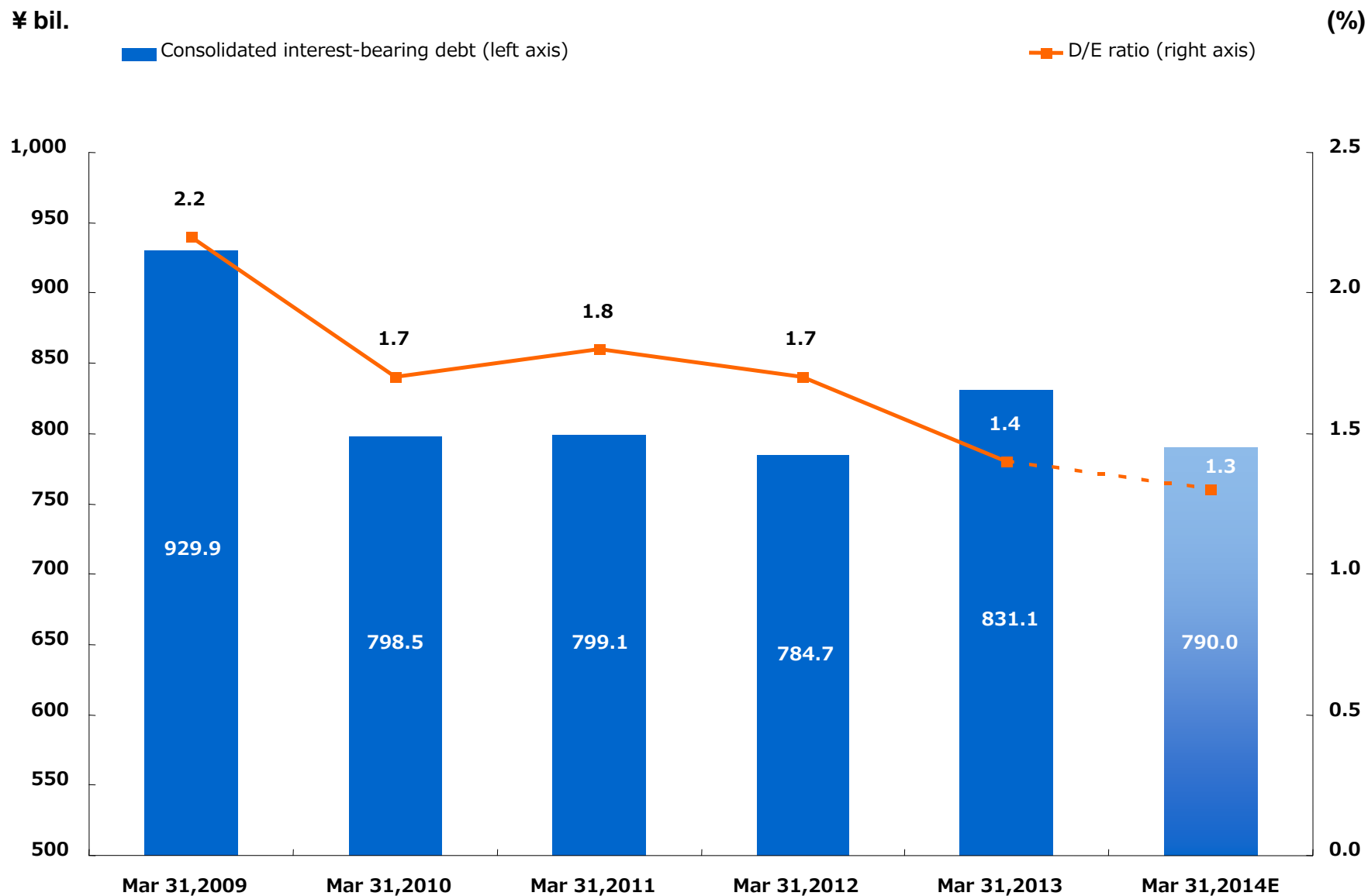
## 《Reference material》

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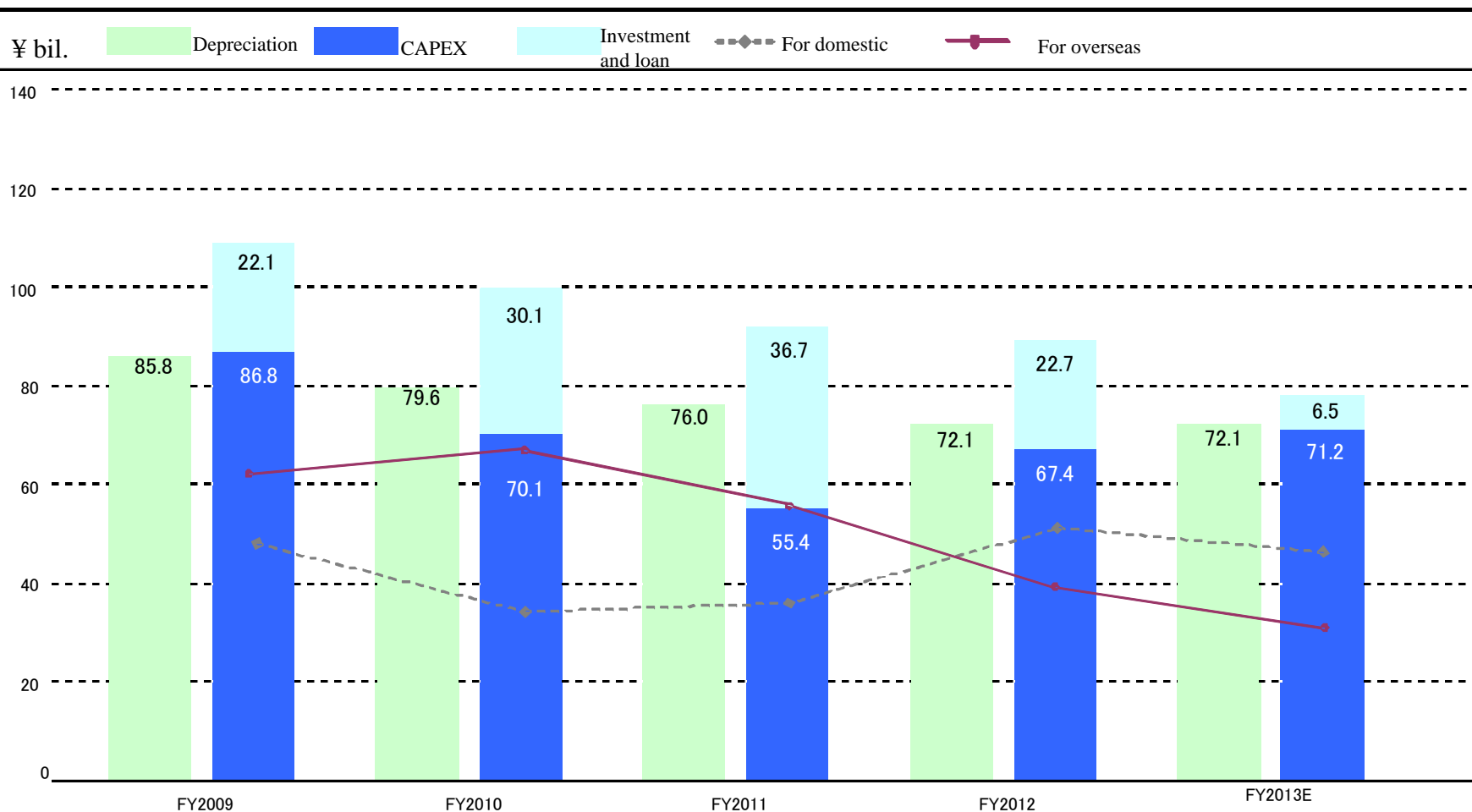
## Trends in operating income (consolidated)



## Trends in consolidated interest-bearing debt

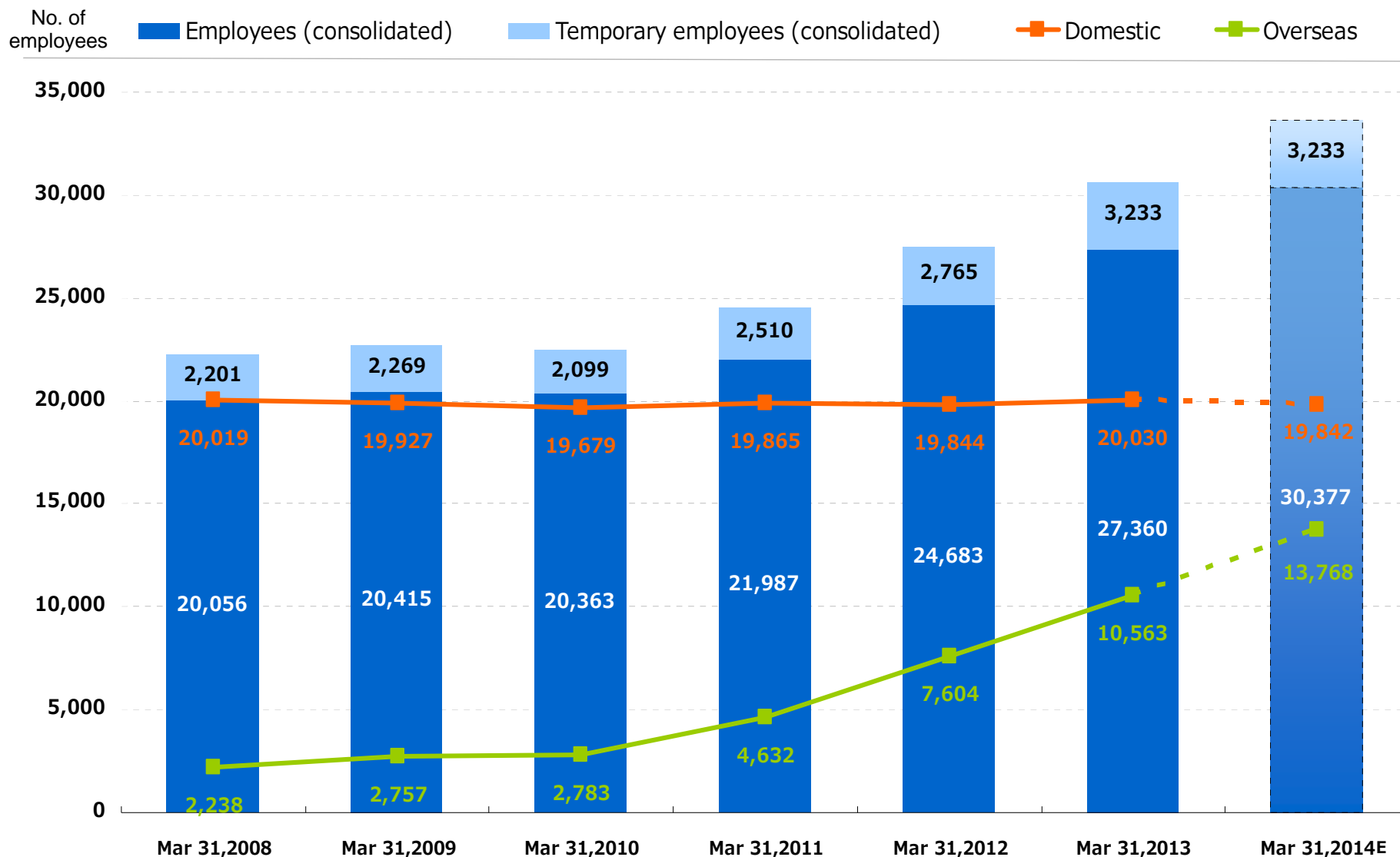


## CAPEX and depreciation trends (consolidated)



\*With regards to some of the subsidiaries' investment and loan amount for CAPEX with different fiscal period, it will also be included in the parent's company financial statements

# Employees trends (consolidated)



\*The figures for domestic and overseas employees include temporary employees (annual average)





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