

## Summary of Consolidated Financial and Business Results for the First Quarter of the Year Ending March 2020

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(All yen figures are rounded down to the nearest one million yen)

### 1. Results for the First Quarter of the Year Ending March 31, 2020 (April 1, 2019 - June 30, 2019)

(Unaudited)

#### (1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Quarter of FY2019	375,510	(1.0)	24,147	(12.5)	23,516	(15.7)	12,003	(30.6)
First Quarter of FY2018	379,147	8.0	27,590	117.8	27,882	176.6	17,297	213.1

Note: Comprehensive income First Quarter of FY2019 13,786 million yen  
 First Quarter of FY2018 5 million yen

	Profit per share	Diluted profit per share
	Yen	Yen
First Quarter of FY2019	12.13	12.12
First Quarter of FY2018	17.48	17.47

#### (2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First Quarter of FY2019	1,989,608	820,981	34.3	689.15
Year ended March 2019	1,951,369	815,406	34.7	684.50

Note: Shareholders' equity First Quarter of FY2019 681,998 million yen  
 FY2018 677,393 million yen

### 2. Dividend Conditions

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY2018	—	6.00	—	6.00	12.00
FY2019	—				
FY2019 (Forecast)		7.00	—	7.00	14.00

Note : Change in forecast of dividend ... None

### 3. Consolidated Forecasts for the Year Ending March 2020 (April 1, 2019-March 31, 2020)

(Figures shown in percentage for the full year are ratios compared to the previous year,  
 Figures shown in percentage for the first half are ratios compared to the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	780,000	2.4	50,000	(8.5)	50,000	(6.4)	26,000	(2.8)	26.27
Full year	1,600,000	3.2	110,000	(0.2)	110,000	(7.1)	60,000	15.4	60.63

Note : Change in consolidated forecasts ... None

#### 4. In Addition

- (1) Changes in important subsidiaries  
(changes regarding specified subsidiaries accompanying changes in the scope of consolidation) : None
- (2) Application of simple accounting methods and quarterly peculiar accounting methods : None
- (3) Changes in accounting methods compared with recent consolidated accounting periods
- |  |      |
|--|------|
| (i) Changes due to accounting standard changes : | Yes  |
| (ii) Changes besides (i) :                       | None |
| (iii) Accounting estimate change :               | None |
| (iv) Restatement :                               | None |
- (4) Outstanding balance of issued shares (common stock)
- |  |               |                         |               |
|--|---------------|-------------------------|---------------|
| (i) Outstanding balance of issued shares at the end of fiscal year (Including treasury shares) |               |                         |               |
| First Quarter of FY2019  | 1,014,381,817 | FY2018                  | 1,014,381,817 |
| (ii) Outstanding balance of treasury shares at the end of fiscal year                          |               |                         |               |
| First Quarter of FY2019  | 24,763,679    | FY2018                  | 24,762,066    |
| (iii) Weighted average number of shares during fiscal year                                     |               |                         |               |
| First Quarter of FY2019  | 989,618,899   | First Quarter of FY2018 | 989,609,960   |

#### NOTICE

- This document is exempt from audit procedures required by Financial Instruments and Exchange Act.
- Forecasts released are based on expectations of future economic conditions as of the date of publication. The actual results may differ drastically from these forecasts due to various factors that may arise in the future.
- This document is an excerpt translation of the Japanese original and is only for reference purposes. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

## 1. Qualitative Information Concerning Business Performance and Financial Situation

### (1) Qualitative Information Concerning Business Performance

#### Business Performance for the First Quarter of FY2019 (April 1, 2019 - June 30, 2019)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Profit Per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
<b>1st Quarter of FY2019</b>	375.5	24.1	23.5	12.0	12.13
<b>1st Quarter of FY2018</b>	379.1	27.6	27.9	17.3	17.48
Increase (Decrease)	(3.6)	(3.4)	(4.4)	(5.3)	
Increase (Decrease)	(1.0%)	(12.5%)	(15.7%)	(30.6%)	

Oji Group aims to become a global corporate group which stably maintains consolidated operating profit of more than ¥100.0 billion in its FY2019-2021 Medium-term Management Plan which sets forth the fundamental policies of "Profitability Improvement of Domestic Business", "Expansion of Overseas Business", "Promotion of Innovation", and "Contribution to a Sustainable Society". In the domestic business, we have decided to restructure production systems of Oji Paper Co., Ltd. and Oji F-Tex Co., Ltd. in response to structural changes in demand. We will continue to improve capital efficiency while concentrating management resources on promising businesses to strengthen our ability to earn cash. In the overseas business, we will expand organically from existing operations by expanding the number of overseas operations and developing new businesses utilizing existing infrastructure. We will also create synergies between our businesses as well as operations. For Promotion of Innovation, water production and wastewater treatment facilities, which incorporate our ultrafiltration membrane equipment and remote monitoring system, will be installed at a large complex in Myanmar. In addition, the country's largest brewery company has started operating water production facilities that make use of our experience and technologies. Going forward, we will continue to contribute to a sustainable society by developing new products and proposing innovative technologies that meet environmental and social needs.

Consolidated net sales for the first quarter of FY2019 decreased by ¥3.6 billion to ¥375.5 billion (year-on-year decrease of 1.0%) mainly due to effects of the weakening pulp market in the overseas business, despite the effects of product price adjustments in the domestic business. Consolidated operating profit decreased by ¥3.4 billion to ¥24.1 billion (year-on-year decrease of 12.5%) due to a decline in operating profit in the overseas business, although operating profit increased in the domestic business. Overseas sales ratio decreased by 0.4 points from the previous year to 31.4%.

Non-operating profit and loss decreased by ¥0.9 billion year-on-year mainly due to an increase in exchange loss, and ordinary profit decreased by ¥4.4 billion to ¥23.5 billion (year-on-year decrease of 15.7%).

Extraordinary profit and loss decreased by ¥1.7 billion year-on-year mainly due to loss on disaster of ¥2.2 billion resulting from the Kasugai Mill fire which occurred in April 2019. As a result, profit before taxes decreased by ¥6.1 billion to ¥21.2 billion (year-on-year decrease of 22.4%), and profit attributable to owners of parent decreased by ¥5.3 billion to ¥12.0 billion (year-on-year decrease of 30.6%).

## Overview of First Quarter of FY2019 Business Performance by Segment

### (i) Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating Profit		
		1st Quarter of FY2018	1st Quarter of FY2019	Increase (Decrease)	1st Quarter of FY2018	1st Quarter of FY2019	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	166.1	168.9	1.6%	5.9	7.4	25.3%
	Functional Materials	56.5	54.1	(4.2%)	4.4	3.4	(22.7%)
	Forest Resources & Environment Marketing	78.1	75.3	(3.6%)	14.3	10.9	(23.4%)
	Printing & Communications Media	73.7	71.6	(2.9%)	0.2	0.5	161.5%
	Total	374.4	369.8	(1.2%)	24.8	22.2	(10.3%)
Others		72.0	72.6	0.8%	2.5	2.3	(8.4%)
Total		446.4	442.4	(0.9%)	27.3	24.5	(10.1%)
Adjustment (*)		(67.3)	(66.9)		0.3	(0.4)	
Consolidated total		379.1	375.5	(1.0%)	27.6	24.1	(12.5%)

\*Adjustment amount is mainly the adjustment concerning internal transactions.

### (ii) Overview of Business Performance by Segment

Oji Group's four reporting segments are: "Household and Industrial Materials", "Functional Materials", "Forest Resources and Environment Marketing" and "Printing and Communications Media". Each of the reporting segment consists of those that are recognized to be similar in terms of economic characteristics, manufacturing methods or processes of products, markets in which products are sold, and types of customers, among the constituent units of the Oji Group. Business segments that are not included in the reporting segments are classified as "Others".

Major business lineup for the segments are as follows.

- Household and Industrial Materials:  
Containerboard/corrugated containers, boxboard/folding cartons, packing paper/paper bags, household paper, disposable diapers, etc.
- Functional Materials:  
Specialty paper, thermal paper, adhesive materials, film, etc.
- Forest Resources and Environment Marketing:  
Pulp, energy, forest plantation/lumber processing, etc.
- Printing and Communications Media:  
Newsprint, printing/publication/communication paper, etc.
- Others:  
Real estate, engineering, trading business, logistics, etc.

#### ○Household and Industrial Materials

In the first quarter of FY2019, net sales were ¥168.9 billion (year-on-year increase of 1.6%); and operating profit was ¥7.4 billion (year-on-year increase of ¥25.3%) as a result of the effects of product price adjustments.

Regarding domestic business, sales volume of containerboard and corrugated containers increased from the previous year due to steady sales mainly to vegetables, foods and e-commerce customers.

As for boxboard, sales volume of both domestic sales and export sales decreased from the previous year. As for packing paper, sales volume of both domestic sales and export sales decreased from the previous year due in part to the effects of the mill suspension caused by the Kasugai Mill fire.

As for disposable diapers, sales volume of baby disposable diapers remained almost at the same level as the previous year while that of adult disposable diapers decreased from the previous year. Sales volume of household paper which comprises tissue paper and toilet rolls decreased from the previous year due to the effects of the mill suspension caused by the Kasugai Mill fire.

Regarding overseas business, in containerboard business in Southeast Asia, while sales volume increased from the previous year, sales amount decreased from the previous year mainly due to the effects of weakening market conditions. In Oceania, while sales volume remained almost at the same level as the previous year, sales amount increased from the previous year due to the increase in sales prices. As for corrugated container business, in Southeast Asia, sales mainly to beverages and processed foods customers steadily performed. In Oceania, sales volume increased from the previous year mainly due to improved capacity utilization of a new plant in Australia. As for disposable diapers, sales volume increased from the previous year in Malaysia and China due to the penetration of proprietary brand products. In Indonesia, although we continued to expand sales in preparation for the operation commencement at our own factory, sales volume decreased from the previous year due in part to an increase in inventories by customers who had been in the initial delivery stage in the previous year.

#### ○Functional Materials

In the first quarter of FY2019, net sales were ¥54.1 billion (year-on-year decrease of 4.2%); and operating profit was ¥3.4 billion (year-on-year decrease of 22.7%) mainly due to higher raw material and fuel prices.

Regarding domestic business, for domestic market, sales volume of specialty paper decreased from the previous year mainly due to sluggish sales to electronic parts/semiconductors customers, despite efforts for developing new products and acquiring new customers. Sales volume of thermal paper remained almost at the same level as the previous year due to steady performance of sales. As for export sales, sales amount of specialty paper decreased from the previous year mainly due to slowdown in Chinese and Korean economies.

Regarding overseas business, sales volume of thermal paper increased from the previous year in North America and South America.

#### ○Forest Resources and Environment Marketing

In the first quarter of FY2019, net sales were ¥75.3 billion (year-on-year decrease of 3.6%); and operating profit was ¥10.9 billion (year-on-year decrease of 23.4%) mainly due to effects of the weakening pulp market.

Regarding domestic business, sales volume of pulp business remained almost at the same level as the previous year.

Regarding overseas business, while sales volume of pulp business increased from the previous year, sales amount decreased mainly due to effects of the weakening pulp market.

#### ○Printing and Communications Media

In the first quarter of FY2019, net sales were ¥71.6 billion (year-on-year decrease of 2.9%); and operating profit was ¥0.5 billion (year on-year increase of 161.5%) mainly due to the effects of product price adjustments.

Regarding domestic business, sales volume of newsprint decreased from the previous year due to reduced circulation and total number of pages.

As for printing and communication paper, although sales volume decreased from the previous year due in part to the effects of the mill suspension caused by the Kasugai Mill fire, sales amount remained almost at the same level as the previous year due to effects of product price adjustments.

Regarding overseas businesses, sales amount of printing paper decreased from the previous year mainly due to effects of weakening market conditions, despite an increase in the sales volume.

## Consolidated quarterly balance sheets

(Unit : Millions of yen)

	<b>FY2018</b>	<b>First Quarter /</b>
	<b>Mar 31,2019</b>	<b>FY2019</b>
		<b>Jun 30,2019</b>
Assets		
Current assets		
Cash and deposits	78,756	78,895
Notes and accounts receivable - trade	334,852	325,460
Securities	9,471	11,412
Merchandise and finished goods	101,940	106,256
Work in process	20,094	21,869
Raw materials and supplies	94,758	96,972
Other	35,429	37,203
Allowance for doubtful accounts	(1,838)	(1,812)
Total current assets	673,465	676,258
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	188,861	188,823
Machinery, equipment and vehicles, net	318,702	314,194
Land	235,975	235,854
Other, net	241,218	300,931
Total property, plant and equipment	984,759	1,039,804
Intangible assets		
Goodwill	6,682	6,359
Other	9,903	9,463
Total intangible assets	16,586	15,822
Investments and other assets		
Investment securities	186,287	184,153
Other	91,390	74,736
Allowance for doubtful accounts	(1,119)	(1,166)
Total investments and other assets	276,558	257,723
Total non-current assets	1,277,904	1,313,349
Total assets	1,951,369	1,989,608

(Unit : Millions of yen)

	<b>FY2018</b>	<b>First Quarter /</b>
	<b>Mar 31,2019</b>	<b>FY2019</b>
		<b>Jun 30,2019</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	253,929	237,992
Short-term borrowings	193,175	203,268
Commercial papers	3,000	34,000
Current portion of bonds	20,000	20,000
Income taxes payable	17,941	6,950
Provisions	5,056	5,159
Other	83,267	83,445
<b>Total current liabilities</b>	<b>576,369</b>	<b>590,817</b>
<b>Non-current liabilities</b>		
Bonds payable	70,000	70,000
Long-term borrowings	334,402	333,506
Provisions	5,503	4,889
Retirement benefit liability	52,874	53,323
Other	96,813	116,090
<b>Total non-current liabilities</b>	<b>559,593</b>	<b>577,809</b>
<b>Total liabilities</b>	<b>1,135,963</b>	<b>1,168,626</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	103,880	103,880
Capital surplus	110,474	110,474
Retained earnings	413,023	419,106
Treasury shares	(13,753)	(13,755)
<b>Total shareholders' equity</b>	<b>613,625</b>	<b>619,707</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	32,981	30,942
Deferred gains or losses on hedges	317	121
Revaluation reserve for land	5,816	5,816
Foreign currency translation adjustment	13,223	14,276
Remeasurements of defined benefit plans	11,428	11,134
<b>Total accumulated other comprehensive income</b>	<b>63,767</b>	<b>62,290</b>
Share acquisition rights	222	222
Non-controlling interests	137,790	138,760
<b>Total net assets</b>	<b>815,406</b>	<b>820,981</b>
<b>Total liabilities and net assets</b>	<b>1,951,369</b>	<b>1,989,608</b>

## Consolidated quarterly statements of income

(Unit : Millions of yen)

	<b>First Quarter / FY2018 Apr '18 - Jun '18</b>	<b>First Quarter / FY2019 Apr '19 - Jun '19</b>
Net sales	379,147	375,510
Cost of sales	284,870	285,751
Gross profit	<u>94,276</u>	<u>89,758</u>
Selling, general and administrative expenses		
Freight and incidental costs	36,754	36,040
Employees' salaries	13,254	13,158
Other	16,677	16,411
Total selling, general and administrative expenses	<u>66,686</u>	<u>65,610</u>
Operating profit	<u>27,590</u>	<u>24,147</u>
Non-operating income		
Interest income	409	585
Dividend income	1,261	1,435
Share of profit of entities accounted for using equity method	1	—
Foreign exchange gains	1,346	—
Other	989	1,623
Total non-operating income	<u>4,008</u>	<u>3,645</u>
Non-operating expenses		
Interest expenses	1,519	1,779
Share of loss of entities accounted for using equity method	—	8
Foreign exchange losses	—	229
Other	2,196	2,258
Total non-operating expenses	<u>3,716</u>	<u>4,276</u>
Ordinary profit	<u>27,882</u>	<u>23,516</u>
Extraordinary income		
Insurance claim income	—	118
Other	190	15
Total extraordinary income	<u>190</u>	<u>133</u>
Extraordinary losses		
Loss on disaster	—	2,191
Other	738	235
Total extraordinary losses	<u>738</u>	<u>2,427</u>
Profit before income taxes	<u>27,334</u>	<u>21,222</u>
Income taxes - current	6,374	5,782
Income taxes - deferred	964	520
Total income taxes	<u>7,339</u>	<u>6,303</u>
Profit	<u>19,995</u>	<u>14,918</u>
Profit attributable to non-controlling interests	<u>2,697</u>	<u>2,915</u>
Profit attributable to owners of parent	<u>17,297</u>	<u>12,003</u>



## Consolidated quarterly statements of comprehensive income

	(Unit : Millions of yen)	
	<b>First Quarter / FY2018</b>	<b>First Quarter / FY2019</b>
	<b>Apr '18 - Jun '18</b>	<b>Apr '19 - Jun '19</b>
Profit	19,995	14,918
Other comprehensive income		
Valuation difference on available-for-sale securities	4,295	(1,660)
Deferred gains or losses on hedges	(667)	(197)
Foreign currency translation adjustment	(22,967)	1,383
Remeasurements of defined benefit plans, net of tax	(277)	(339)
Share of other comprehensive income of entities accounted for using equity method	(374)	(317)
Total other comprehensive income	<u>(19,989)</u>	<u>(1,132)</u>
Comprehensive income	<u>5</u>	<u>13,786</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,549	10,618
Comprehensive income attributable to non-controlling interests	(3,543)	3,168

### (Change in accounting policies)

Oji Group's IFRS-compliant subsidiaries have adopted IFRS 16 "Leases" from the first quarter of the year ending March 31, 2020. Accordingly, right-of-use assets and lease liabilities are recognized at the commencement date for all leases. In applying this accounting standard, Oji Group's IFRS-compliant subsidiaries have adopted a method of recognizing cumulative effects at the commencement date, the method recognized as a transitional measure.

As a result, the quarterly balance sheet for the first quarter of the year ending March 31, 2020 shows increases of "Other, net" in "Property, plant and equipment" of ¥16,950 million, "Other" in "Current liabilities" of ¥2,199 million, and "Other" in "Non-operating income" of ¥15,234 million. In addition, land-use rights of ¥17,193 million, which were previously included in "Other" in "Investment and other assets", are included in "Other, net" in "Property, plant and equipment" as right-of-use assets.

The effect of this change on the Consolidated quarterly statements of income is immaterial.