



Beyond the Boundaries



## Summary of Financial and Business Results

November 14, 2013



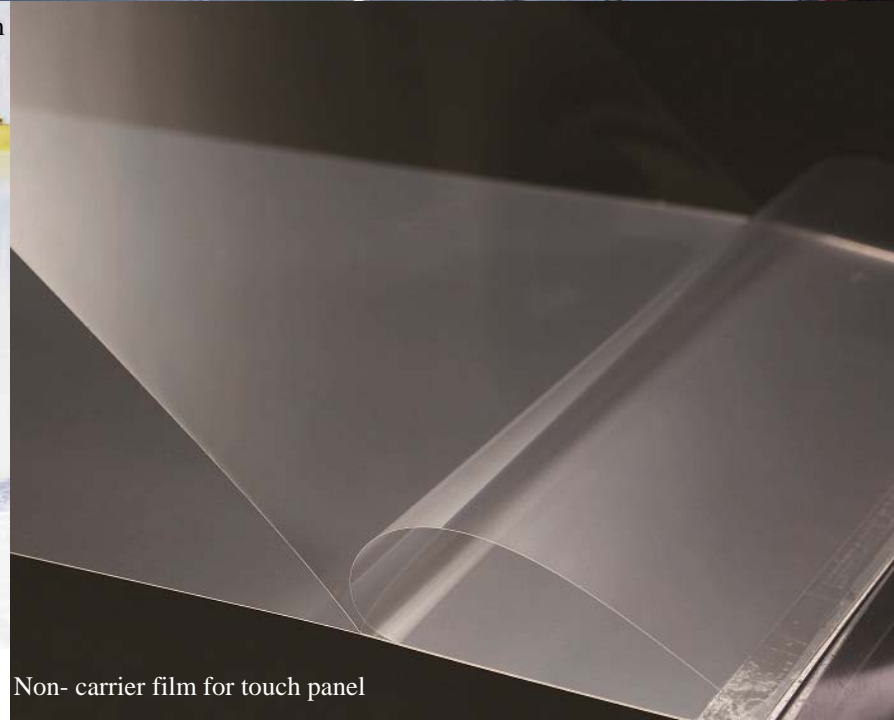
Oji Nepia Fukushima Personal Care Plant - adult diaper

Ice Hockey Japan Women's National Team  
at Tomakomai City Hakucho Arena



**SMILE  
JAPAN**  
Japan Ice Hockey Federation

Oji Nepia is 2013-2014 JIHF Official partner.  
JIHF approved number 2013-0005



Non- carrier film for touch panel

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# I .Result overview – 2nd quarter FY2013 and Financial forecast FY2013

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# 1. Industry demand in first half of FY2013

	Domestic Shipments		Custom Cleared Imports *1		Total	1,000 tons
	Year on Year		Year on Year		Year on Year	
Containerboard	4,361	102.4%	46	67.1%	4,407	101.8%
Boxboard	775	99.3%	132	104.5%	907	100.0%
Other paperboard	324	102.0%	14	79.6%	337	100.9%
<b>Paperboard total</b>	<b>5,459</b>	<b>101.9%</b>	<b>192</b>	<b>90.4%</b>	<b>5,651</b>	<b>101.5%</b>
Sanitary paper	853	98.4%	71	137.9% *2	924	100.7%
Packaging paper	373	98.2%	5	67.1%	378	97.7%
Newsprint	1,580	98.7%	27	117.6%	1,607	98.9%
Printing/ Communications paper	4,027	105.8%	715	84.7%	4,742	102.0%
Miscellaneous paper	354	95.2%	10	88.0%	364	95.0%
<b>Paper total</b>	<b>7,188</b>	<b>102.3%</b>	<b>827</b>	<b>88.3%</b>	<b>8,015</b>	<b>100.7%</b>
<b>Paperboard and paper Total</b>	<b>12,647</b>	<b>102.1%</b>	<b>1,019</b>	<b>88.7%</b>	<b>13,666</b>	<b>101.0%</b>
Mil. m <sup>2</sup>						
<b>Corrugated containers *3</b>	<b>6,768</b>	<b>102.4%</b>				

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

\* 1 : Statistics for custom cleared imported paper, April – September 2013

\* 2 : The figure includes secondary products (processed goods).

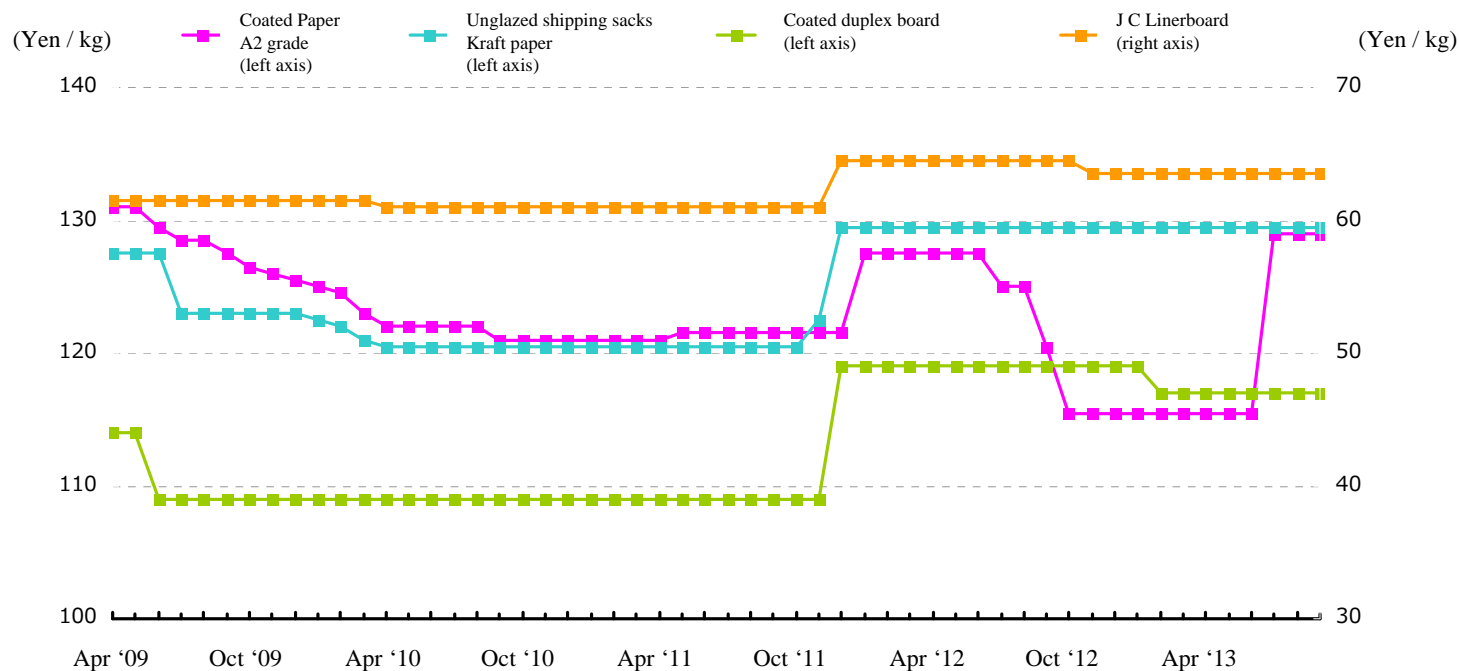
\* 3 : The figure represents the volume of sheet production.

## 2. Trends in sales prices

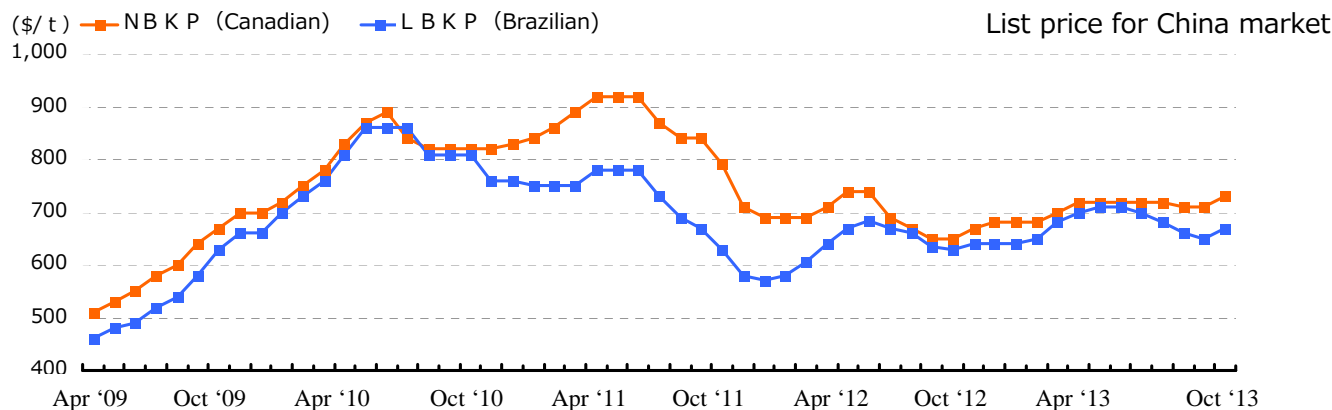


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### Paperboard and paper prices



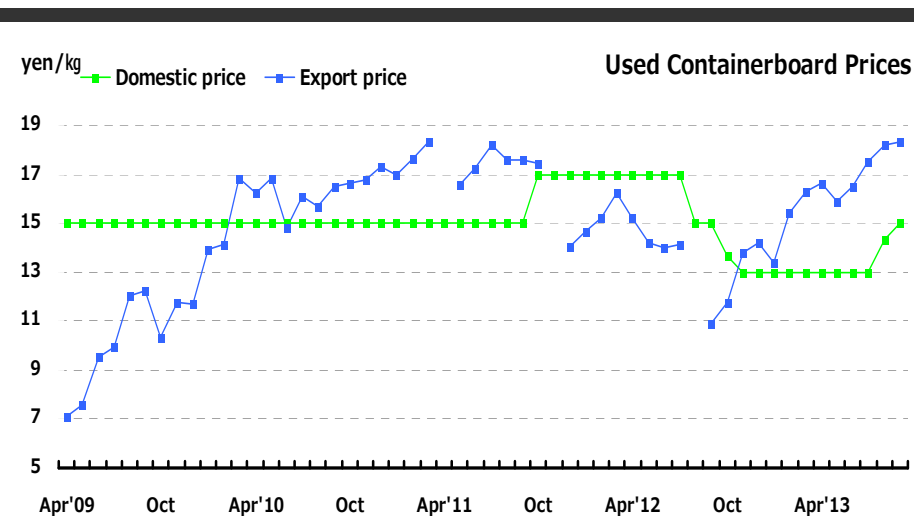
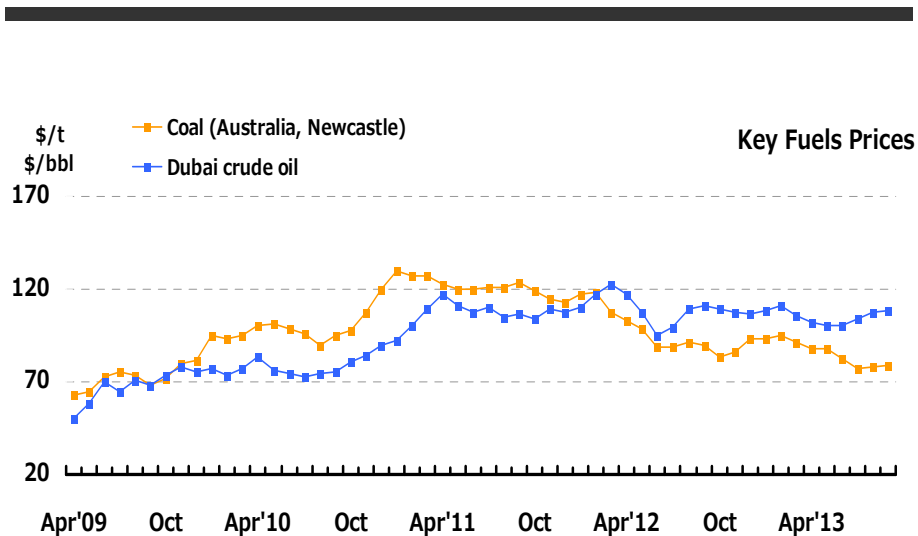
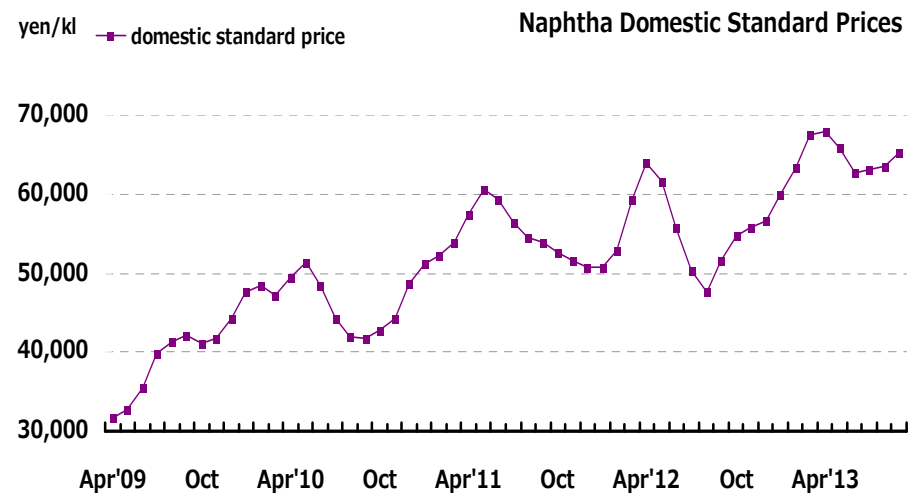
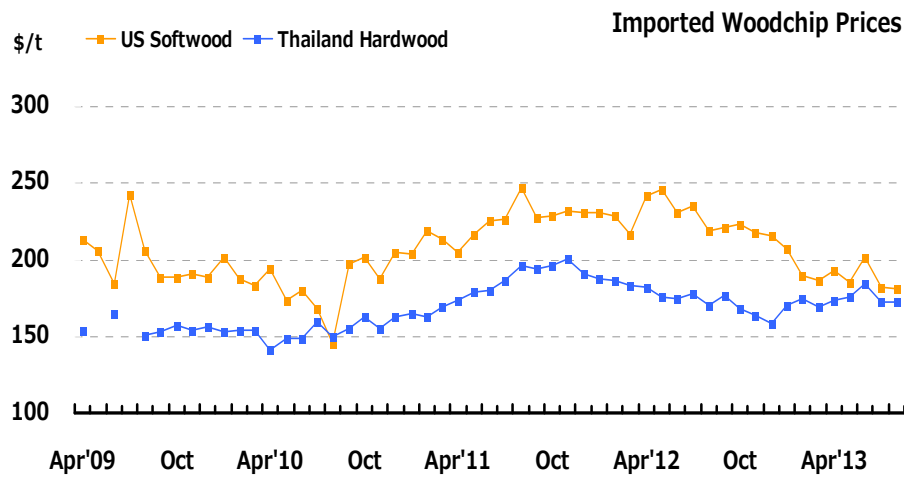
### Pulp prices



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



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## 4. Financial highlights of first half of FY2013(consolidated)

(¥ bil)

	First half of FY2012	First half of FY2013	Increase (Decrease)
Net Sales	604.7	642.6	37.9
Operating Income	21.9	26.5	4.6
Ordinary Income	17.0	31.5	14.5
Net Income	8.4	15.9	7.5
Depreciation	34.6	35.9	1.3
Exchange rate (JPY/USD)	79.4	98.9	19.5
Overseas sales ratio	13.8%	20.2%	6.4%
Operating income of overseas companies	2.5	8.9	6.4
No. of consolidated companies			
Domestic	86	90	+ 4
Overseas	67	71	+ 4
Total	153	161	+ 8

**Harta +1** [New establishment of corrugated container business in Cambodia]、**S.Pack +2**[Packaging business in Thailand, via additional stock acquisition]

**Box Asia +1** [Packaging business in Thailand, via stock acquisition]、

**Energy business +3** [New establishment of Shiranuka/Solar, Nichinan/Biomass, Ebetsu/Biomass]、etc

**17 Equity Method Affiliates (domestic 11 and overseas 6)**

## 5. Sales of major products

	First half of FY2012			First half of FY2013			Increase (Decrease)			
	Sales volume	Unit price	Sales	Sales volume	Unit price	Sales	Sales volume	Year on year	Unit price	Sales
	000 t・Mil m <sup>2</sup>	¥/kg・m <sup>2</sup>	¥ Bil	000 t・Mil m <sup>2</sup>	¥/kg・m <sup>2</sup>	¥ Bil	000 t・Mil m <sup>2</sup>	%	¥/kg・m <sup>2</sup>	¥ Bil
Domestic production										
Paperboard total	<b>1,436</b>	<b>68.62</b>	<b>98.6</b>	<b>1,442</b>	<b>63.93</b>	<b>92.2</b>	<b>5</b>	<b>100.4%</b>	<b>▲ 4.69</b>	<b>▲ 6.4</b>
Sanitary paper	100	206.70	20.6	87	221.00	19.3	▲ 13	87.4%	14.30	▲ 1.4
Packaging paper	140	105.52	14.8	140	104.68	14.7	0	99.9%	▲ 0.84	▲ 0.1
Printing & writing paper	1,302	110.62	144.0	1,332	106.04	141.2	30	102.3%	▲ 4.58	▲ 2.8
Specialty paper, etc	81	251.33	20.3	82	258.92	21.2	1	101.4%	7.59	0.9
Paper total	<b>1,623</b>	<b>123.09</b>	<b>199.8</b>	<b>1,641</b>	<b>119.67</b>	<b>196.4</b>	<b>18</b>	<b>101.1%</b>	<b>▲ 3.42</b>	<b>▲ 3.4</b>
Paperboard and Paper total	<b>3,059</b>	<b>97.52</b>	<b>298.3</b>	<b>3,083</b>	<b>93.60</b>	<b>288.6</b>	<b>24</b>	<b>100.8%</b>	<b>▲ 3.92</b>	<b>▲ 9.7</b>
Domestic										
Corrugated containers sheet & case Mil m <sup>2</sup>	1,359	68.10	92.6	<b>1,408</b>	<b>64.17</b>	<b>90.3</b>	49	103.6%	▲ 3.93	▲ 2.2
Domestic and Overseas										
Thermal paper Mil m <sup>2</sup>	1,537	19.70	30.3	<b>1,715</b>	<b>18.90</b>	<b>32.4</b>	178	111.6%	▲ 0.79	2.1
Domestic and Overseas										
Market pulp	642	42.54	27.3	<b>681</b>	<b>54.76</b>	<b>37.3</b>	39	106.0%	12.22	10.0

Note: Figures above are combined production of subsidiaries under consolidation, and these include intragroup consumption.



## 6. Breakdown of increase/decrease of consolidated operating income

(FY2012/1H to FY2013/1H)



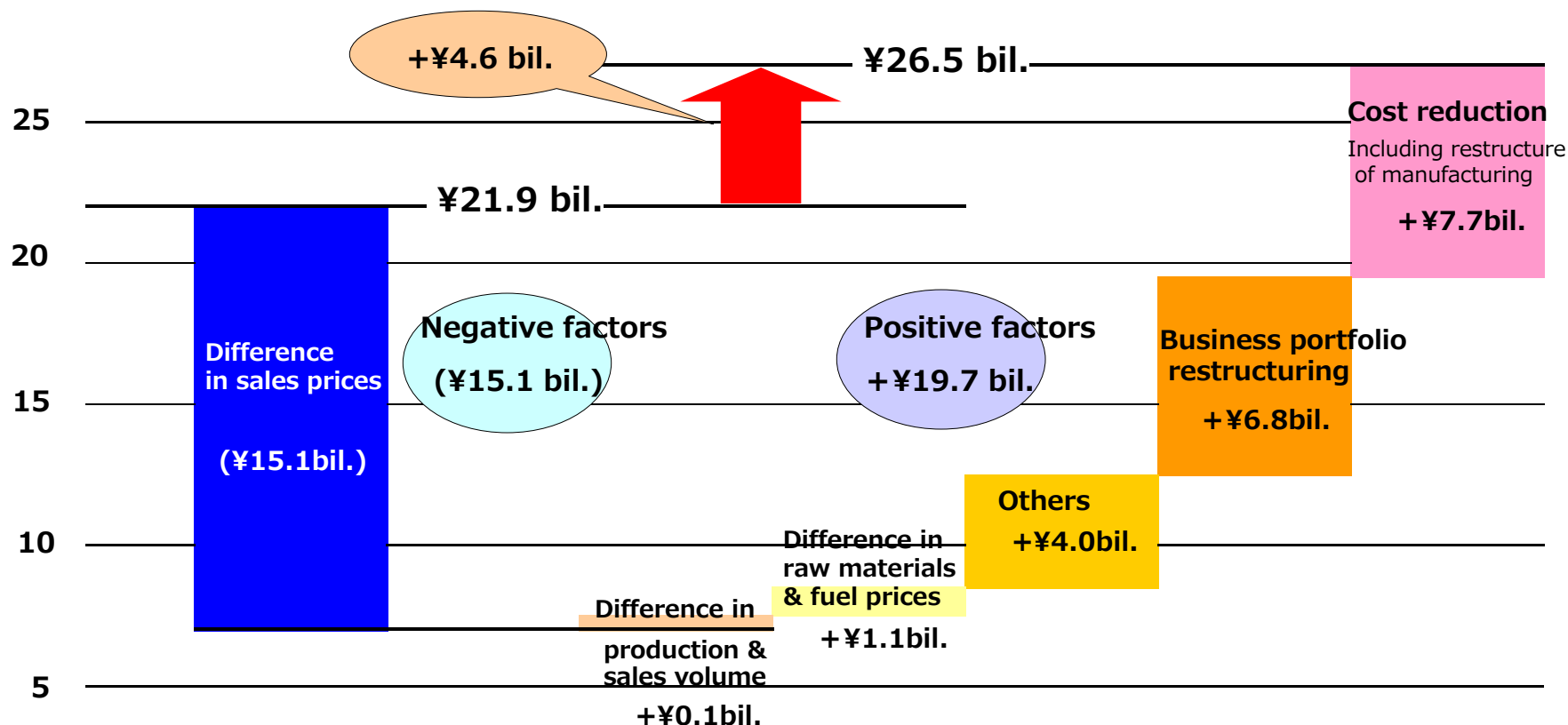
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FY2012/1H to FY2013/1H

FY2012/1H ¥21.9 bil.



FY2013/1H ¥26.5 bil. <+¥4.6 bil.>



## 7. Sales and operating income by segment (FY2013/1H)

	First half of FY2012		First half of FY2013		Increase (Decrease)		(¥ bil.)
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	
Household and Industrial Materials	270.9	12.1	268.1	9.4	( 2.8)	(2.7)	
Printing and Communications Media	161.0	(1.1)	154.4	(2.6)	( 6.6)	( 1.5)	
Functional Materials	94.8	4.9	107.0	5.7	12.2	0.8	
Forest Resources and Environmental Marketing	51.8	2.9	88.4	9.9	36.6	7.0	
Others / Adjustment	26.2	3.1	24.7	4.1	(1.5)	1.0	
Consolidated Total	604.7	21.9	642.6	26.5	37.9	4.6	

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

## 8. Financial forecast for FY2013 (consolidated)



	FY2012	FY2013E	Increase (Decrease) (¥ bil.)
Net Sales	1,241.5	1,340.0	98.5
Operating Income	52.4	63.0	10.6
Ordinary Income	54.6	58.0	3.4
Net income	25.6	30.0	4.4
Depreciation	72.1	72.7	0.6
Exchange rate (¥/US\$)	83.1	99.5	16.4
Overseas sales ratio	16.7%	20.2%	3.5%
Operating income of overseas companies	8.7	18.7	10.0

Key premises for financial forecast for 2<sup>nd</sup> half of FY2013

• Raw materials and fuel prices

Woodchip : based on current contract

Recovered paper : remain static at current level

Coal : based on current contract

• Fluctuation effect  
per annum

Exchange rate : Fluctuation of ¥1/US\$ approx.  $\pm$ ¥0.6 bil. strong JPY positive  
(Export/import, overseas companies, etc.)

Fluctuation of 0.01BRL/US\$ approx.  $\pm$ ¥0.2 bil.  
weak BRL positive

Recovered paper: Fluctuation of ¥1/kg approx.  $\pm$ ¥4.0 bil.

Dubai crude oil : Fluctuation of \$1/bbl approx.  $\pm$ ¥0.3 bil.  
(Heavy fuel oil, bunker, naphtha, etc.)

Market pulp price : Fluctuation of US\$10/t approx.  $\pm$ ¥1.2 bil.  
high price positive

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

As such, actual results may not be the above forecasts due to various unforeseen reasons.

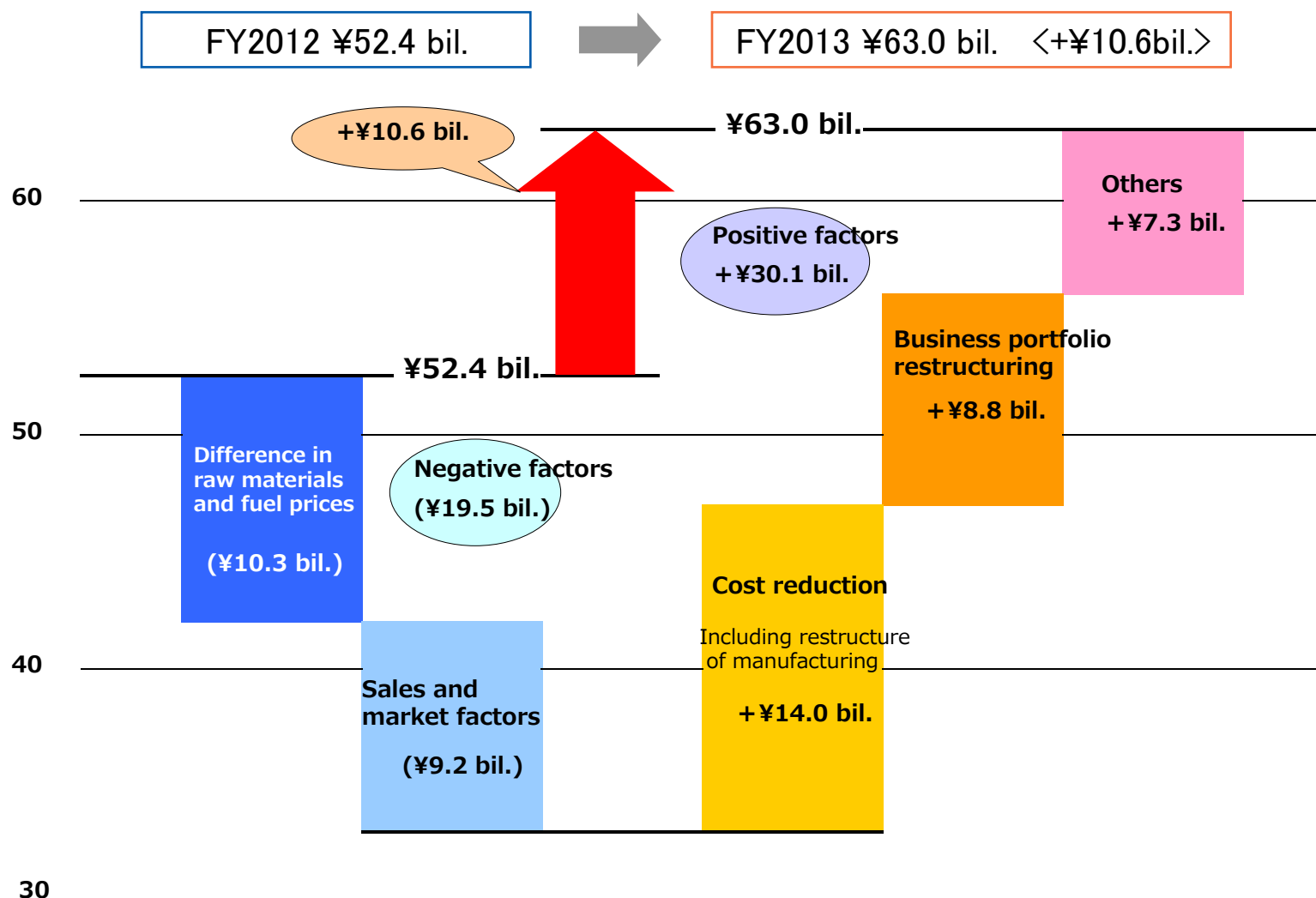
## 9. Breakdown of increase/decrease of consolidated operating income

( FY2012 to FY2013 forecast)



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FY2012 to FY2013E



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

(¥ bil.)

	FY2012		FY2013E		Increase/Decrease	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Household and Industrial Materials	540.9	27.3	557.8	23.3	16.9	( 4.0)
Printing and Communications Media	326.1	( 2.4)	322.7	(0.4)	( 3.4)	2.0
Functional Materials	197.3	10.2	221.7	12.4	24.4	2.2
Forest Resources and Environmental Marketing	130.8	10.2	181.6	20.0	50.8	9.8
Others / Adjustment	46.4	7.1	56.2	7.7	9.8	0.6
Consolidated Total	1,241.5	52.4	1,340.0	63.0	98.5	10.6

\* “sales” include intra-group sales between segments

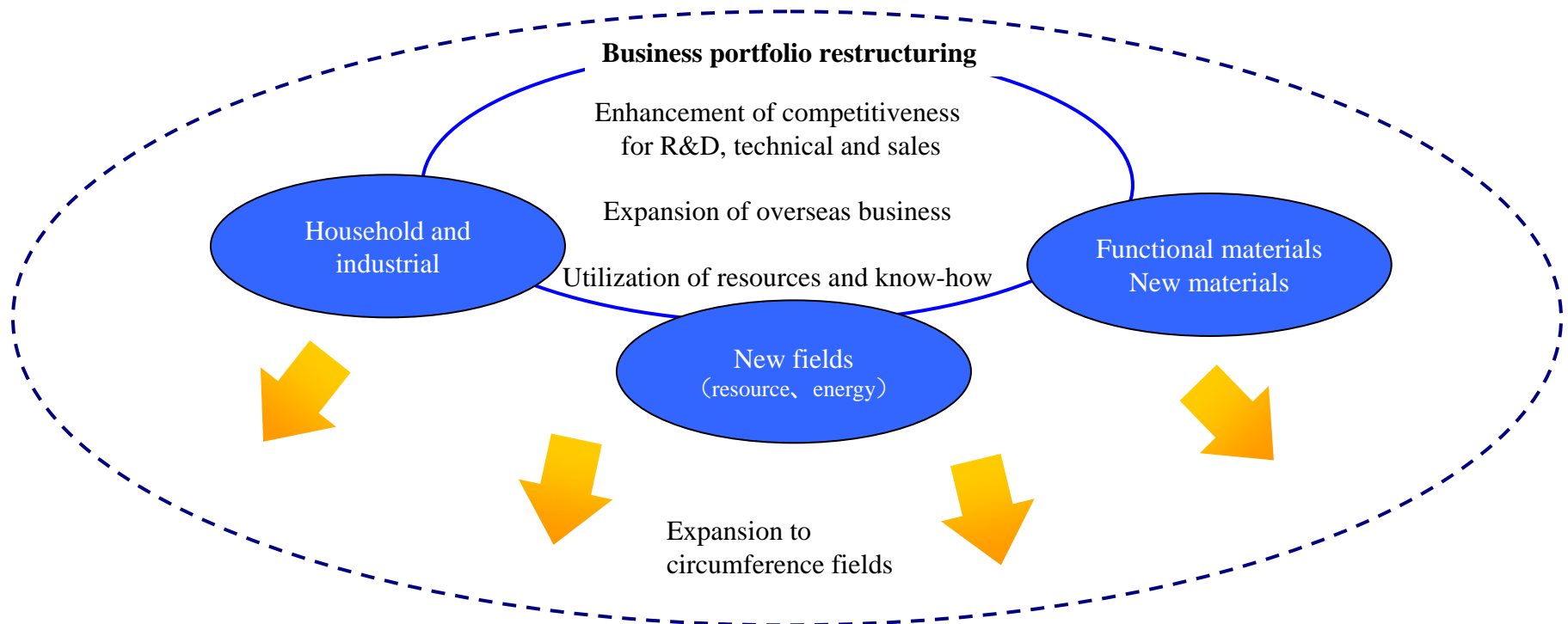
## II .Topics of Management Strategy

- ◆ To improve corporate value through prompt accomplishment of business portfolio restructuring
- ◆ To expand business to circumference such as chemical and medical fields, mainly in functional materials, resources & energy, and household & industrial materials areas
- ◆ To review and release a new Management Strategy in May 2014

- ◆ To promote business and enhance competitiveness by integrating R&D, technical and sales dept.

**Human  
resources  
strategy**

- \*upskilling, consciousness reforming
- \*shifting human resources to developing fields
- \*recruitment from outside





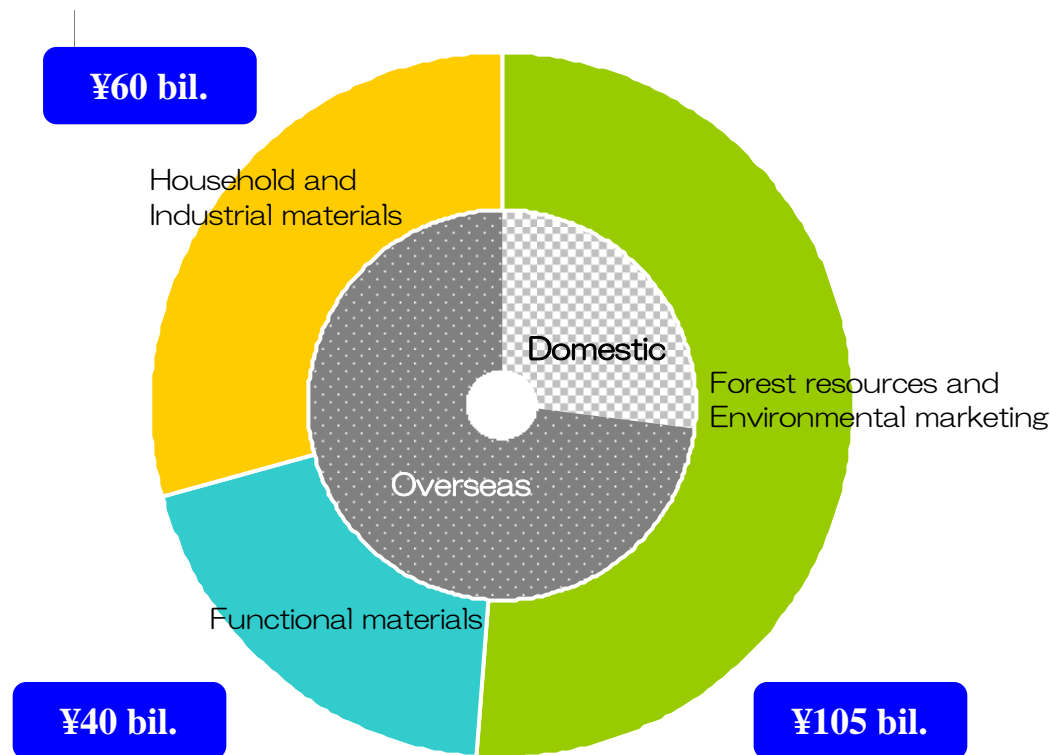
# 1.Results of Business portfolio restructuring



## Investments in Business portfolio restructuring (cumulative total )

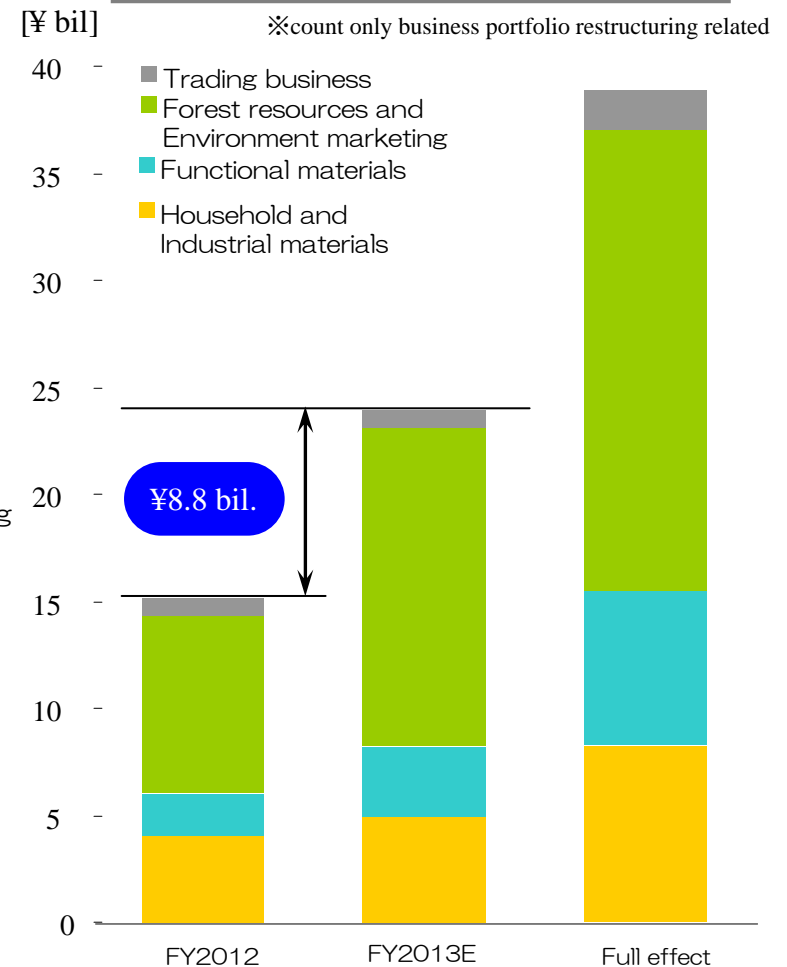
FY2010 to present \*      ¥205 bil.

\* as of Sep 30, 2013, including ongoing project



## Contribution to operating income - cumulative effects

¥15.1 bil.      ¥23.9 bil.      ¥39.0 bil.



Effect of restructure  
of manufacturing

¥15.2 bil.

¥16.8 bil.

(－)

## Household and Industrial materials

### Diaper business

#### Adult diaper - tape type

Jan 2013 Operation of a new plant started 【Oji Nepia Fukushima Personal Care Plant】

### Overseas business

- Apr 2010 Acquired paperboard/corrugated container business, GSPP (Malaysia)
- Mar 2011 Acquired folding carton business, S.Pack (Thailand)
- Aug 2011 Acquired Harta (Malaysia & Cambodia)
- Mar 2013 Operation of a new corrugated container plant started (Cambodia)
- Jun 2013 Operation of a new corrugated container plant started (Vietnam)
- Jul 2013 Operation of a new paper bag plant started (Qingdao, China)
- Sep 2013 Operation of a new paper bag plant started (Wuhan, China)
- \* Jul 2014 Operation of a new corrugated container plant scheduled to start (India)
- \* 2015 Operation of a new corrugated container plant scheduled to start (Myanmar)

### Earthquake disaster reconstruction business

\*Summer 2014 Scheduled to reinforce production facility 【Oji Container Fukushima Plant】

## Functional materials

### Functional material business

#### Thin film for capacitors

Apr 2013 Operation of a new production line started 【Oji F-Tex Shiga Mill】

#### Film and adhesive sheet for smartphones

Apr 2013 Expansion of production facility 【New Tac Kasei Toyonaka Mill】

\*Dec 2013 Scheduled to expand production facility 【Oji Tac Utsunomiya Mill】

### Specialty paper business

#### Expansion of specialty paper's production facility (release paper, grease-proof packaging paper, etc)

Apr 2013 Operation of new production line started 【Oji F-Tex Ebetsu Mill】

### Overseas business

- Sep 2011 Acquired thermal paper business, OPE (Brazil)
- 2011 Expanded adhesive laminator line at OLT (Thailand)
- \*Mar 2014 Scheduled to expand thermal paper facility at OPE (Brazil)

## Forest resources and Environmental marketing

### Power generation business

#### Biomass power generation

- \*Mar 2015 Scheduled to start a new generator 【Oji Materia Fuji Mill】  
【Oji Paper Nichinan Mill】
- \* Jul 2015 Scheduled to start a new generator 【Oji F-Tex Ebetsu Mill】

#### Hydroelectricity power generation

- \*Nov 2015 Scheduled to expand facilities 【Chitose & Shiribetsu, Hokkaido】
- \*Mar 2016 Scheduled to expand facilities 【Higashibara & Kumakubo, Shizuoka】

#### Solar power generation

Sep 2013 New facility started 【Shiranuka, Hokkaido】

### Bio-refinery business

#### Furfural, DP, etc.

\*Mar 2014 Scheduled to start operation of a new facility 【Oji Paper Yonago Mill】

### Overseas business

- Jun 2012 Conversion of pulp business CENIBRA into a consolidated company (Brazil)
- Jul 2012 Start of operation of BC-TMP production facilities at PANPAC (New Zealand)
- Oct 2012 Establishment of plywood manufacturing company, Oji Vinafor Plywood (Vietnam)
- \*2013 Operation of new woodchip, plywood and lumber sawing plants scheduled to start at KTH (Indonesia)
- \*Mar 2014 Scheduled to start operation of a new lumber product, TMT at PANPAC (New Zealand)

## Enhancement of trading business

- 2010 Conversion of Kyokuyo Pulp and Paper into a consolidated company  
⇒ Reorganization and consolidation of Oji Trading's business
- Oct 2013 Establishment of a control base for overall Asian pulp sales in Shanghai

\* : On going project

# 3.Enhancement of R&D, technical and sales capabilities



- To develop new and growing business
- To accelerate devotion of management resources
- To enhance sales capabilities by integrating with R&D

## Establishment of new R&D center

### Advanced film center (tentative name)

(Jan 2014 in Oji F-Tex Shiga Mill)  
R&D of highly functional films mainly for capacitors of HEV and EV

### Adhesive materials innovation center (tentative name)

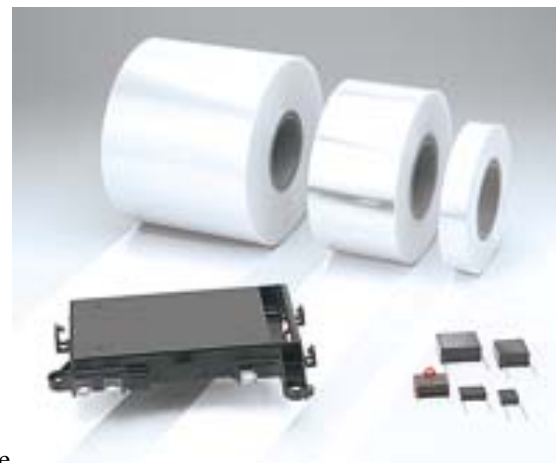
(Jan 2014 in New Tac Kasei Yamamoto Mill)  
Enhancement of R&D capability by unification of development base for optical materials used for smart phone and tablet computer, medical related products and other adhesive products.

### Personal care innovation center

(Oct 2013)  
Enhancement of product development capability for diaper business  
Infrastructure construction for overseas expansion

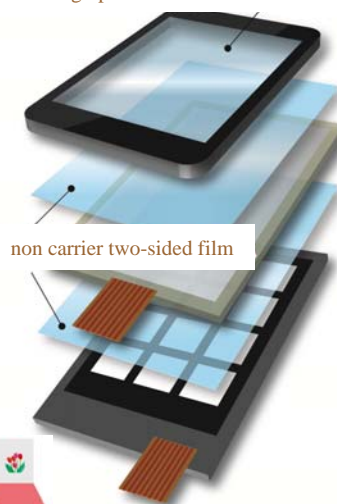


For prompt business expansion to Asian countries



films for capacitor

Example of non carrier film for touch panel  
anti-fingerprint non carrier hard coated film



non carrier two-sided film



©T.YANASE/FRÖBELKAN・TMS・NTV



## Establishment of medical plant laboratory

(Sep 2013, Shimokawa, Hokkaido)  
Entry into medical plant business by utilizing forest tree breeding technologies have developed for many years

Cultivation of medicinal plants for oriental medicine



## Hydro Colloid Pad

(Spring 2014)  
New Tac Kasei plans to sell own brand product [plaster]



Expand business to circumference fields such as chemical and medical business

# 4.Expansion of packaging business in Southeast Asia and India



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Reinforcement of packaging production bases from 2013 onward

No. of packaging sites in Southeast Asia and India : 18 (as of Oct 31 2013)

Newly  
planned plant

Myanmar  
Corrugated container  
new plant  
(Mingaladon industrial park)

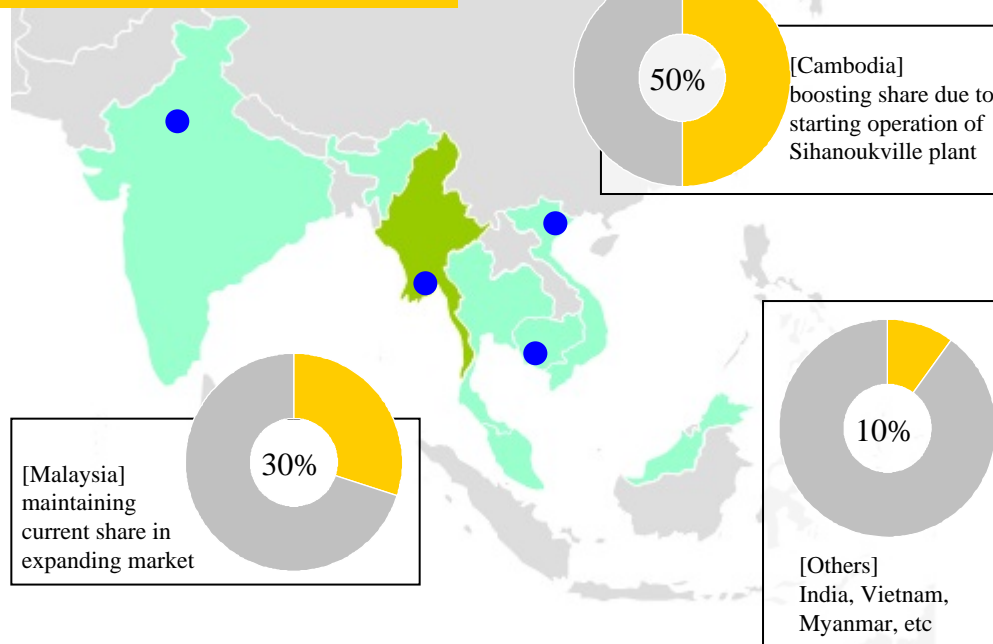
2015 scheduled to start operation  
(investment permit pending)  
Production capacity  
Corrugating 42 mil. sqm/yr  
Box & printing 18 mil. sqm/yr

Oji JK Packaging

(Neemrana industrial park, India)

Jul 2014 scheduled to start operation  
Production capacity  
Corrugating 48 mil. sqm/yr  
Box & printing 44 mil. sqm/yr

Target share of corrugated container



Ojitex Harta Packaging  
Sihanoukville plant

(Sihanoukville harbor industrial area, Cambodia)

Mar 2013 started operation  
Production capacity  
Corrugating 56 mil. sqm/yr  
Box & printing 40 mil. sqm/yr

Ojitex Haiphong Bac Ninh plant

( VSIP Bac Ninh industrial park,  
Bac Ninh Province, Vietnam )

Jun 2013 started operation  
Production capacity  
Corrugating 40 mil. sqm/yr  
Box & printing 35 mil. sqm/yr

To expand business quickly in new market such as Indonesia, Philippines  
to aim for business expansion  
throughout Southeast Asia



# 5. Expansion of integrated forestry business in Asia and Oceania



## Promotion of integrated forestry business

Expanding integrated business from plantation business, log processing business to pellet business that utilize forest residue materials

### \*Plantation business

Forested area : approx. 64,000 ha  
Tree species : acacia, eucalyptus

### \*Log processing business

Veneer plant (Mar 2013 ~)  
Production capacity : 36,000m³/yr  
Woodchip plant (Apr 2013 ~)  
Production capacity : 530,000BDT/yr

Saw mill (Nov 2013 ~)  
Production capacity : 10,000m³/yr

Pellet plant ( under planning )  
Production capacity : 100,000 t /yr

## Enhancement of log processing business

New lumber product : 'TMT' Thermally Modified Timber

[Production method]  
To dry and heat-denature dried wood more than ever before by high temperature TMT kiln  
[Feature]  
high resistivity to decay without chemical and high dimensional stability

2014 Scheduled to start operation  
Production capacity : 9,000m³/yr

## KTH (Indonesia)

Oji group investment ratio : 34.34%



## PAN PAC (New Zealand)



## Expansion of business area

Establishment of Myanmar branch of Oji Paper Asia in Yangon City (May 2013)

To start plantation, log processing business and corrugated container business promptly

## Strengthening sales structure of market pulp

Sales control center transferred to Oji Paper International Trading (Shanghai) (Oct 2013)



To strengthen sales all over Asia



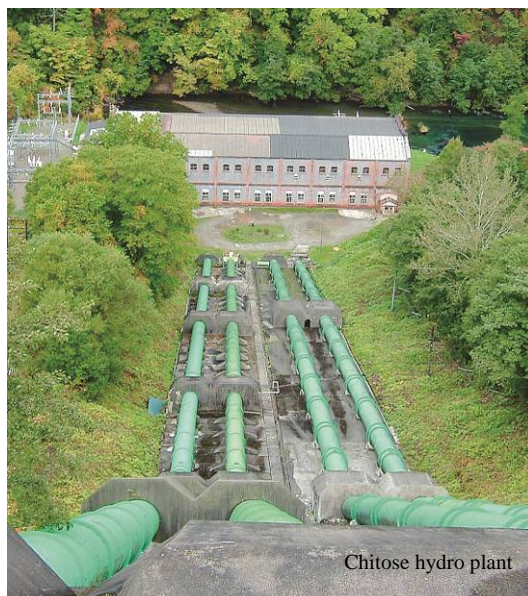
To accelerate high-value-added use of forest resources in all area

# 6.Current condition of power generation business



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To promote renewable energy centered power generation business  
Total power sales volume: from 566GWh (FY2012) to 1,100GWh



Chitose hydro plant

Facilities expansion of hydro power plant

- \*Oji Paper Tomakomai Mill (Chitose & Shiribetsu plant)
- \*Oji F-Tex Tokai Mill (Higashibara & Kumakubo plant)

Woody biomass Oji F-Tex Ebetsu Mill  
Jul 2015 Scheduled to start operation  
Capacity : 25MW  
Power sales volume : 150GWh/yr



Existing biomass boiler (Tomioka Mill)

Solar power Shiranuka, Hokkaido (former site of woodchip mill)  
Sep 2013 Started operation  
Power sales volume : 1.4GWh/yr



- Hydro
- Biomass
- Solar power

Woody biomass Oji Paper Nichinan Mill  
Mar 2015 Scheduled to start operation  
Capacity : 25MW  
Power sales volume : 150GWh/yr

Woody biomass Oji Materia Fuji Mill  
Mar 2015 Scheduled to start operation  
Capacity : 36MW  
Power sales volume : 105GWh/yr

Installation of solar panels on building roof

- \*Oji Container Nagano Plant : Oct 2013 Started operation
- \*Oji Logistics Urayasu Warehouse : Oct 2014 Scheduled to start operation



## 7.Future plan for power generation business



### Entry into power retailing business

- \*To enhance generating capacity by new construction of a big thermal power plant
- \*To consider entry into power retailing business also for standard home by ourselves or in cooperation with a partner who has know-how to do so

※2005 Power Producer and Supplier (new power) notified

### Continued expansion of renewable energy as exemplified by wind power, small hydro

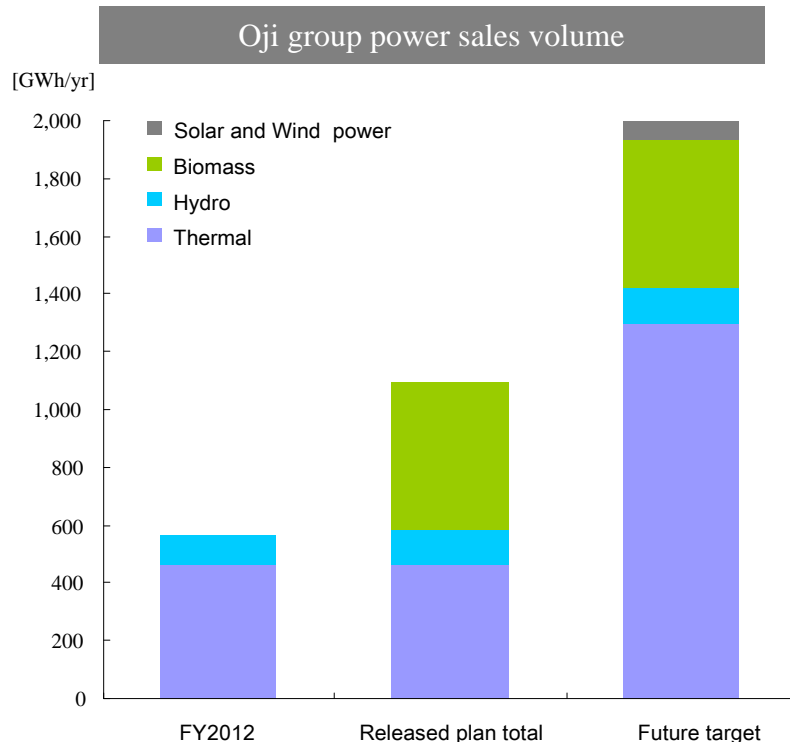
Precondition : infrastructure construction such as power grid

- \*To consider wind power business utilizing favorable condition of company lands
- \*To examine suited company forest to small hydro power plant

**To newly devote several tens of bil. yen**

**Capacity more than 2,000GWh/yr**

**To expand power generation business widely**



Current Oji plan  
1,100GWh

(reference) Power sales volume of Power Producer and Supplier (2012)

#	Name of company	Power sales volume 【GWh / yr】
1	Ennet	9,640
2	F-POWER	1,530
3	JX Nippon Oil & Energy	1,340
4	Marubeni	1,070
5	Summit Energy	993

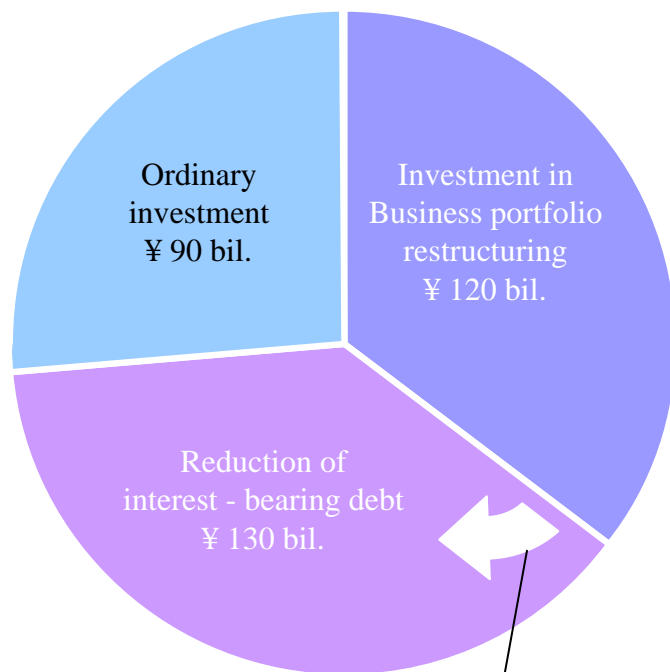
# 8.Management target



## Investment strategy FY2013 to FY2015

- ◆Investment in Business portfolio restructuring ¥120 bil.
- ◆Reduction of interest - bearing debt to ¥700 bil. (by the end of FY2015)

## Investment balance for FY2013 - FY2015

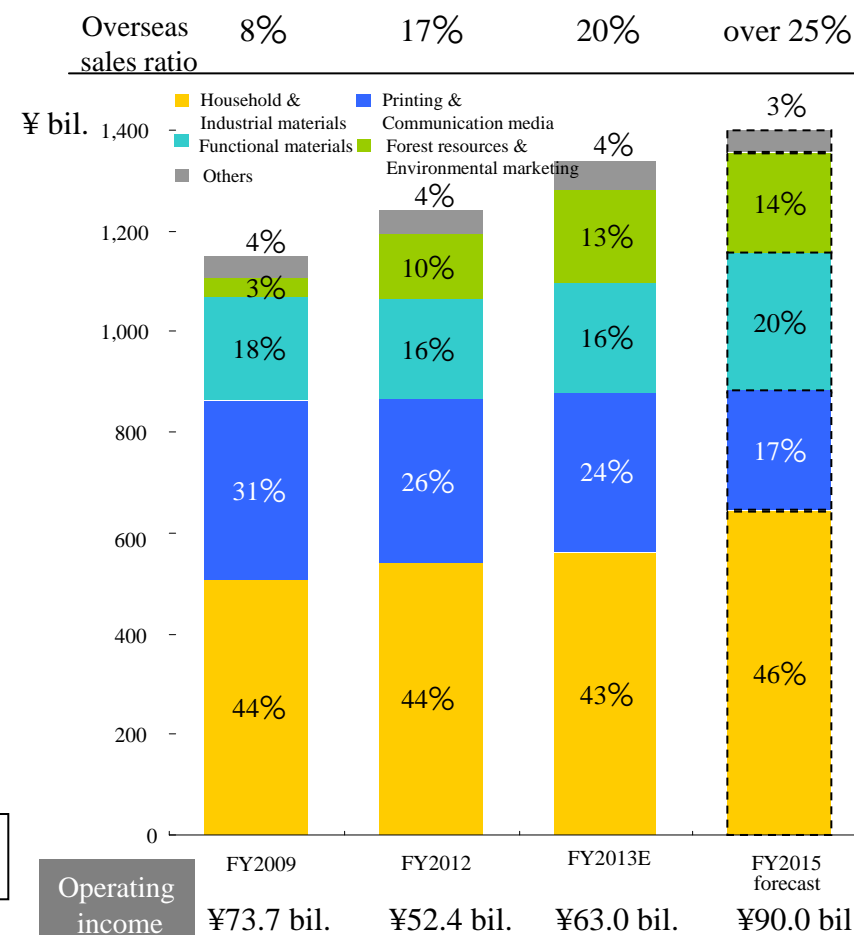


after assessing balance of financial situation and investment effect, consider expanding further investment in portfolio restructuring

## Management target

Operating income : over ¥100 bil.  
Net income : over ¥50 bil.

## Sales composition by company





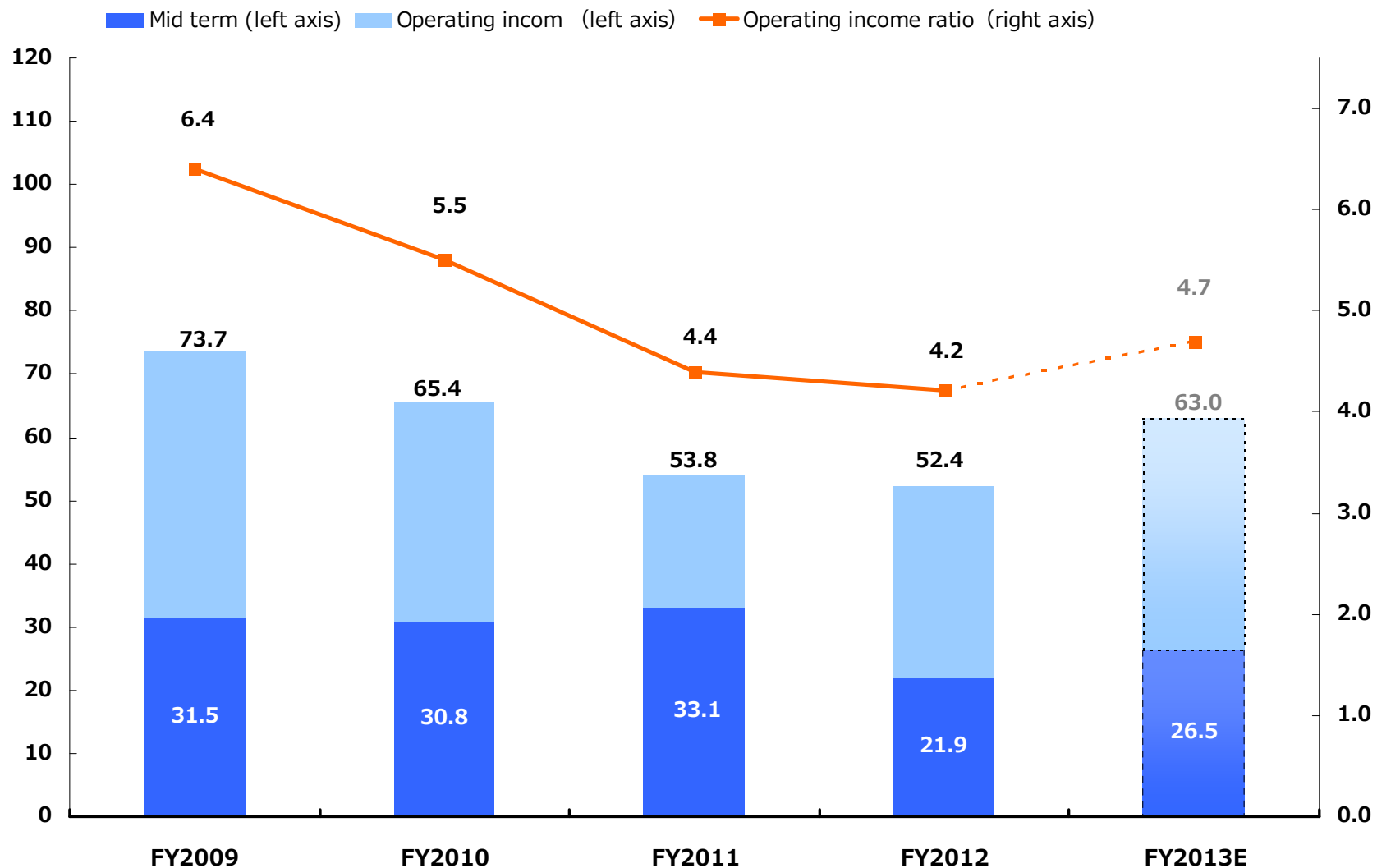
## 《Reference materials》

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# Trends in operating income (consolidated)

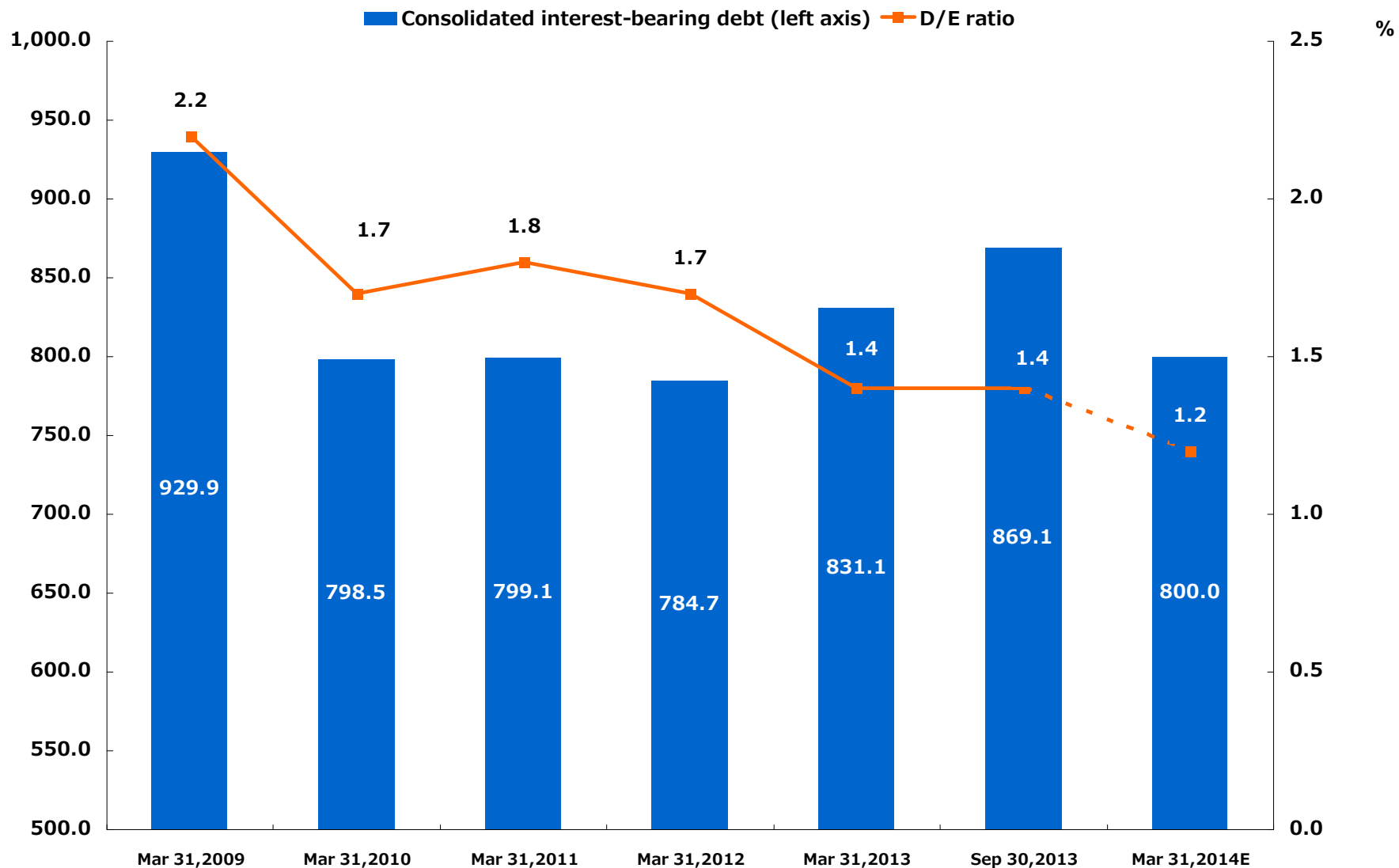
¥ bil.

%

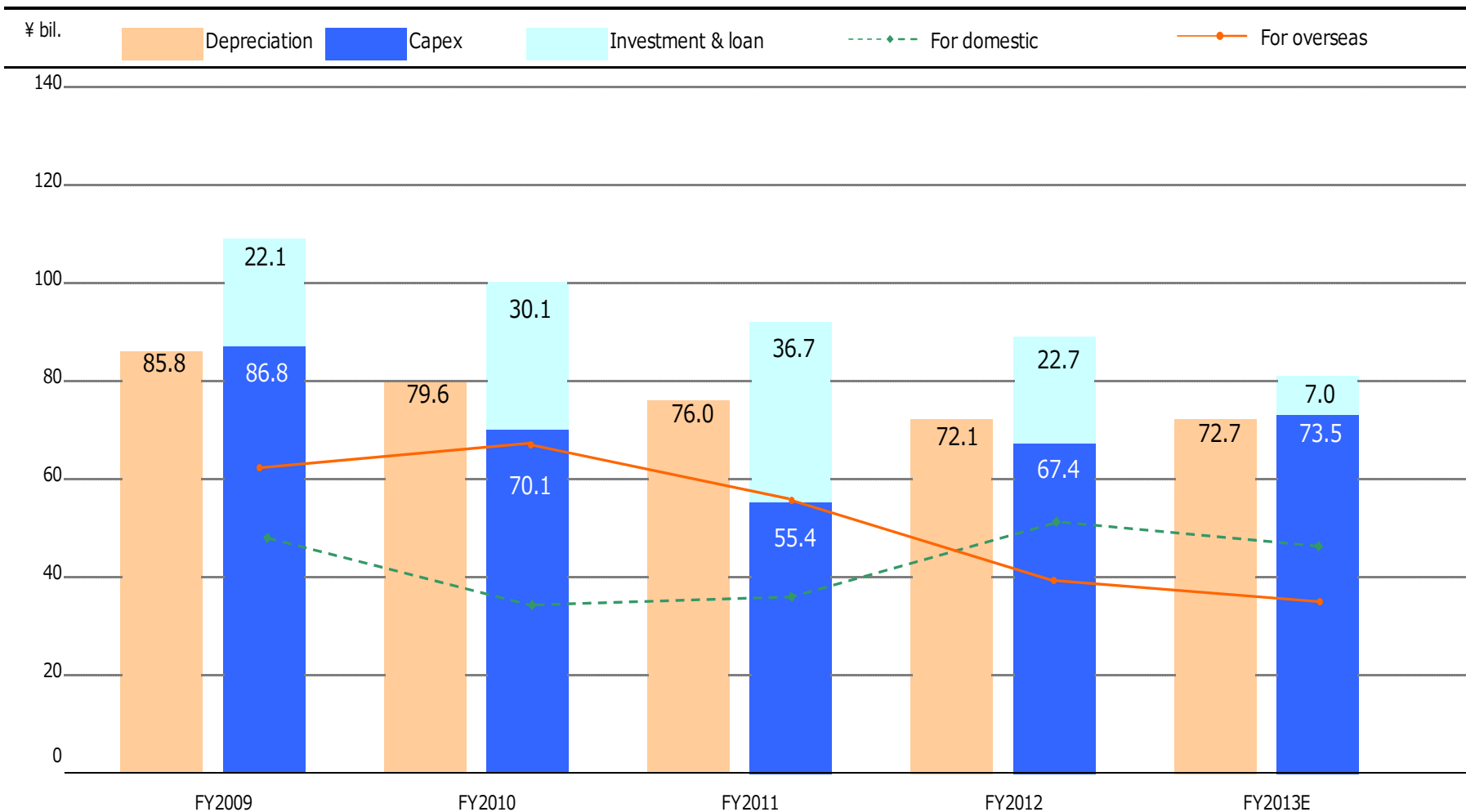


# Trends in consolidated interest-bearing debt

¥ bil.



## Trends in CAPEX and depreciation (consolidated)



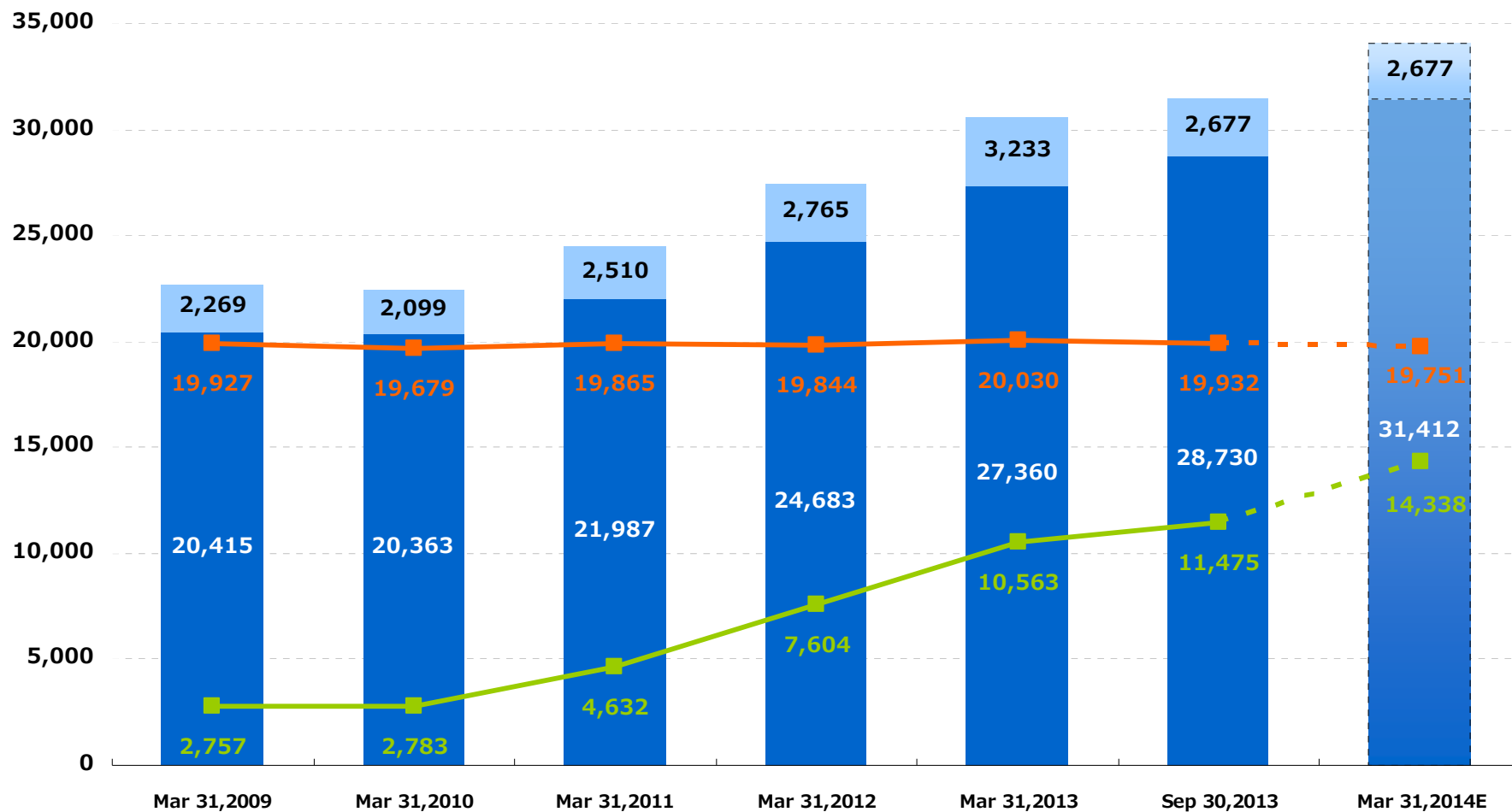
\*With regards to some of the subsidiaries' investment and loan amount for CAPEX with different fiscal period, it will also be included in the parent's company financial statements



# Trends in number of employees (consolidated)

No. of employees

Employee(consolidated) Temporary employee(consolidated) Overseas Domestic



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



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