



OJI HOLDINGS



New disposable diaper factory being constructed in Malaysia



Oji Green Energy Ebetsu (biomass boiler under trial operation)



Summary of Financial Results and Management Strategies

November 20, 2015



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I . 1st-half of FY2015 Result Overview

1. Financial Highlights of the 1st-half of FY2015 (consolidated)

(¥ billion)

	1st-half of FY2014	1st-half of FY2015	Increase (Decrease)
Net Sales	637.3	719.2	81.9
Operating Income	19.2	28.5	9.3
Ordinary Income	16.4	33.8	17.4
Net Income Attributable to Oji Holdings' Stockholders	6.6	17.3	10.7
Depreciation	33.8	39.5	5.7
Average Exchange Rate (¥/US\$)	103.0	121.8	18.8
Overseas Sales Ratio	20.2%	29.4%	9.2%
Operating Income of Overseas Companies	6.8	12.6	5.8
Number of Consolidated Companies	Domestic 85 Overseas 72 Total 157	87 88 175	+ 2 + 16 + 18

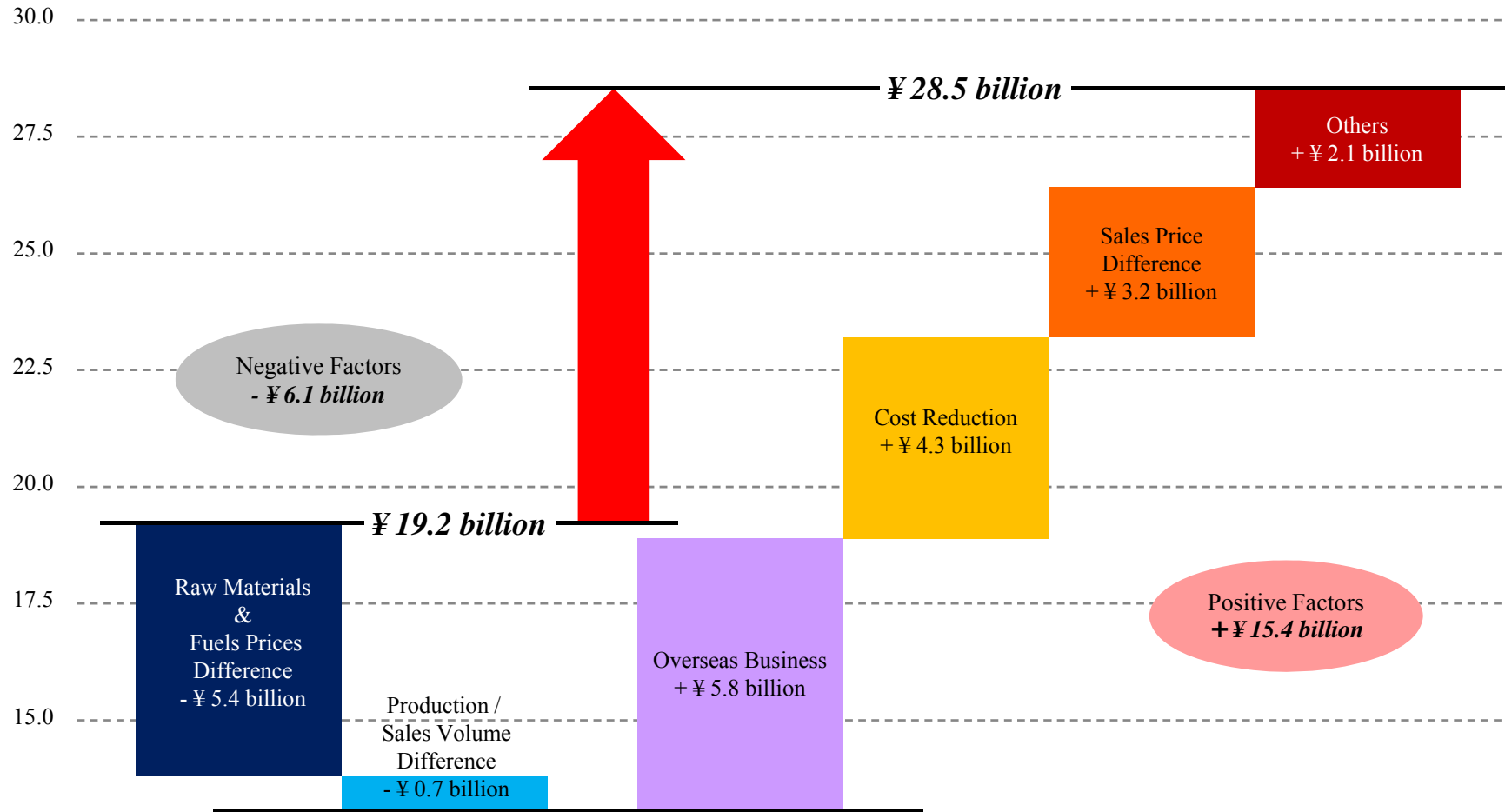
Oji Fibre Solutions(*) +10 [business acquisition, establishment of a holding company],
Southeast Asia +8 [disposable diaper, corrugated container, and others], -2 [liquidation]

Domestic +2 [establishment of a holding company and a procurement company]

Equity Method Affiliates +4 (domestic: 3, overseas: 1)

*Change of name from CHPPP on October 31

2. Breakdown of Increase/Decrease of Operating Income
[1st-half of FY2014 to 1st-half of FY2015] (consolidated)



3. Sales and Operating Income by Segment [1st-half of FY2015]

(¥ billion)

	1st-half of FY2014		1st-half of FY2015		Increase (Decrease)	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Household & Industrial Materials	267.2	4.9	300.9	7.1	33.7	2.2
Functional Materials	108.9	4.7	109.0	5.8	0.1	1.1
Forest Resources & Environment Marketing	94.2	6.3	135.8	12.5	41.6	6.2
Printing & Communications Media	151.5	(0.8)	153.5	(1.2)	2.0	(0.4)
Others	131.7	4.0	133.6	3.5	1.9	(0.5)
Adjustments	(116.2)	0.1	(113.6)	0.8	2.6	0.7
Total (consolidated)	637.3	19.2	719.2	28.5	81.9	9.3

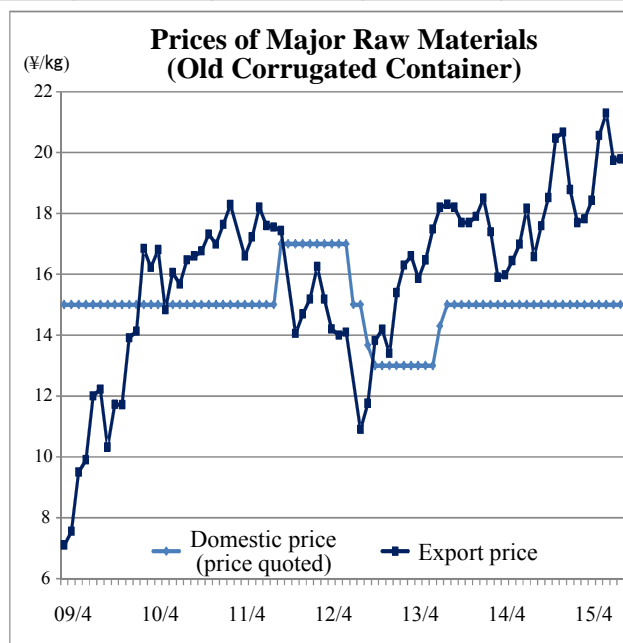
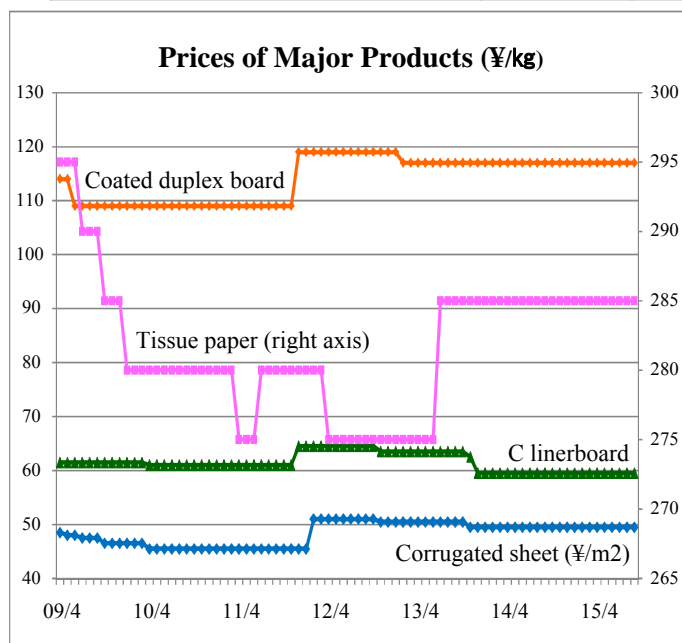
*Sales include inter-segment sales

4. Analysis of Increase/Decrease of Income by Segment

(1) Household and Industrial Materials

Segment's Results (Sales, Operating Income)	1st-half FY2014		➔	1st-half FY2015	
	¥ 267.2 billion	¥ 4.9 billion		¥ 300.9 billion	¥ 7.1 billion

Sales of Major Products (intra-Group consumption is included)			1st-half FY2014			1st-half FY2015			Increase (Decrease)			
			Sales Volume	Unit Price	Sales Amount	Sales Volume	Unit Price	Sales Amount	Sales Volume	Year-on-Year	Unit Price	Sales Amount
			1,000t (or) million m2	¥/kg (or) m2	¥ billion	1,000t (or) million m2	¥/kg (or) m2	¥ billion	1,000t (or) million m2	%	¥/kg (or) m2	¥ billion
Paper	Household paper	Domestic	83	228.70	18.9	91	228.81	20.8	8	110.3%	0.11	1.9
	Packaging paper	Domestic	138	104.05	14.3	125	110.39	13.8	(12)	91.1%	6.34	(0.5)
Paperboard		Domestic	1,464	65.30	95.6	1,432	64.96	93.1	(31)	97.9%	(0.34)	(2.5)
Corrugated sheet & container (million m2)		Domestic & Overseas	1,709	62.65	107.1	1,904	65.01	123.8	195	111.4%	2.36	16.7



Factors behind the Income Increase/Decrease (+¥2.2 bil.)

- Sales/market factors **+¥1.8 bil.**
- Raw materials and fuels prices difference **-¥2.4 bil.**
- Cost reduction **+¥1.7 bil.**
- Overseas business **+ ¥2.4 bil.**
- Others **-¥1.3 bil.**

Domestic Increase in sales volume of corrugated container, household paper and disposable diaper

Overseas Contribution of the acquisition of a company in NZ

4. Analysis of Increase/Decrease of Income by Segment

(2) Functional Materials

Segment's Results (Sales, Operating Income)	1st-half FY2014			1st-half FY2015	
	¥ 108.9 billion	¥ 4.7 billion		¥ 109.0 billion	¥ 5.8 billion

Sales of Major Products (intra-Group consumption is included)	1st-half FY2014			1st-half FY2015			Increase (Decrease)			
	Sales Volume	Unit Price	Sales Amount	Sales Volume	Unit Price	Sales Amount	Sales Volume	Year-on-Year	Unit Price	Sales Amount
	1,000t (or) million m2	¥/kg (or) m2	¥ billion	1,000t (or) million m2	¥/kg (or) m2	¥ billion	1,000t (or) million m2	%	¥/kg (or) m2	¥ billion
Thermal paper (million m2) Domestic & Overseas	1,680	21.19	35.6	1,610	20.82	33.5	(70)	95.8%	(0.38)	(2.1)
Specialty paper Domestic	86	249.33	21.5	86	252.24	21.6	(1)	99.1%	2.91	0

Factors behind the Income Increase/Decrease (+¥1.1 bil.)

 Sales/market factors	-¥0.6 bil.	 Raw materials and fuels prices difference	-¥0.1 bil.
 Cost reduction	+¥1.4 bil.	 Overseas business	+¥0.4 bil.

Domestic

- Sales of thermal paper: steadily performed
- Sales of specialty paper: slightly decreased as a result of withdrawals from some projects

Overseas

- Sales of thermal paper:
Increased in Europe and South America
Decreased in North America

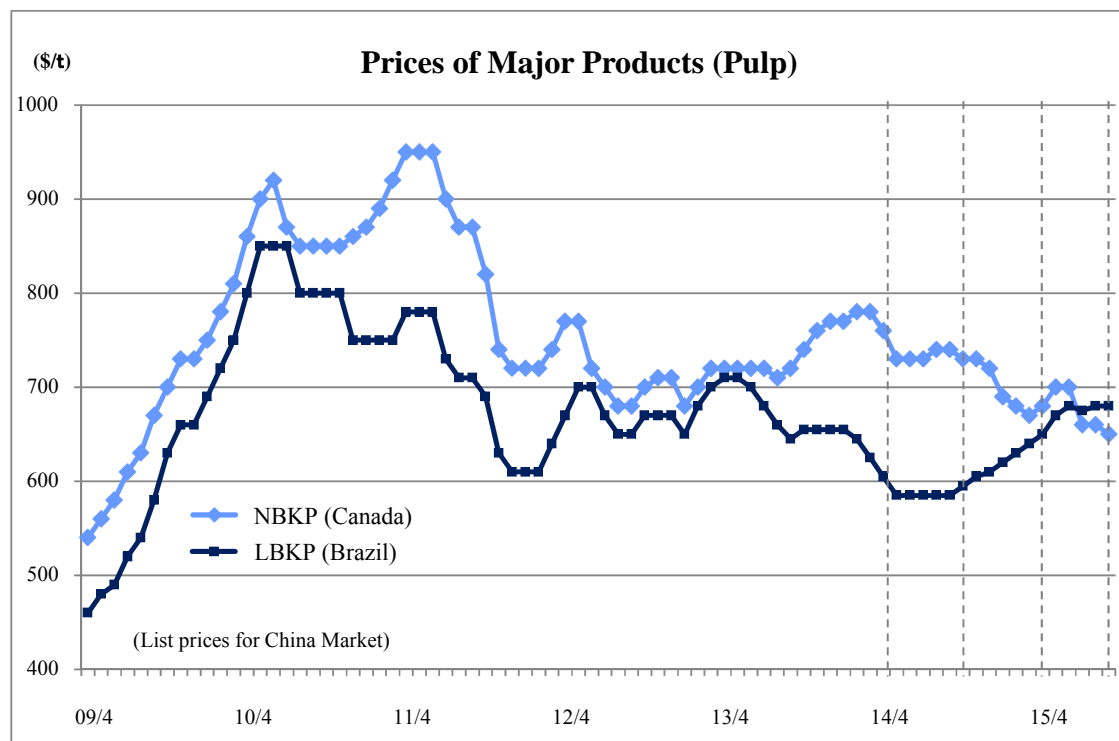
4. Analysis of Increase/Decrease of Income by Segment

(3) Forest Resources and Environment Marketing



Segment's Results (Sales, Operating Income)	1st-half FY2014		➔	1st-half FY2015	
	¥ 94.2 billion	¥ 6.3 billion		¥ 135.8 billion	¥ 12.5 billion

Sales of Major Products (intra-Group consumption is included)		1st-half FY2014			1st-half FY2015			Increase (Decrease)			
		Sales Volume	Unit Price	Sales Amount	Sales Volume	Unit Price	Sales Amount	Sales Volume	Year-on-Year	Unit Price	Sales Amount
		1,000t (or) GWh	¥/kg (or) ¥/kWh	¥ billion	1,000t (or) GWh	¥/kg (or) ¥/kWh	¥ billion	1,000t (or) GWh	%	¥/kg (or) ¥/kWh	¥ billion
Market pulp	Domestic & Overseas	761	64.20	48.8	1,092	67.62	73.8	331	143.5%	3.42	25.0
(Dissolving pulp)	Domestic	20	80.89	1.6	34	100.00	3.4	15	173.7%	19.11	1.8
Electric power	Domestic	169	15.33	2.6	410	19.24	7.9	242	243.5%	3.91	5.3



Factors behind the Income Increase/Decrease (+¥6.2 bil.)

- ➔ Domestic business +¥3.0 bil.
- ➔ Overseas business +¥3.2 bil.

Domestic

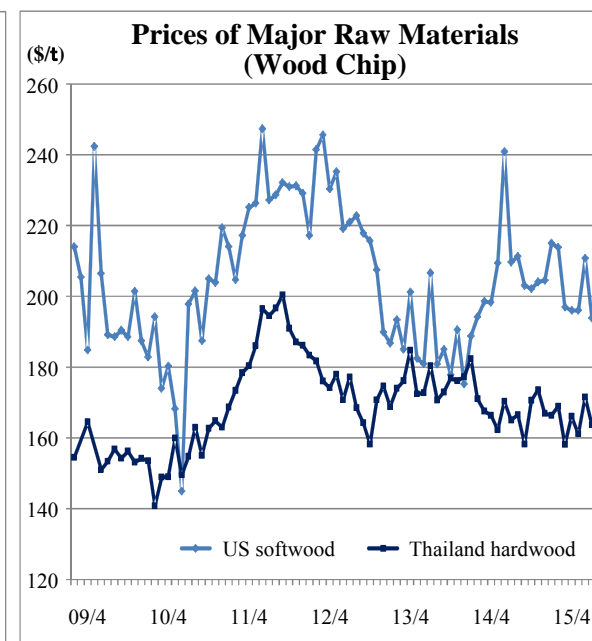
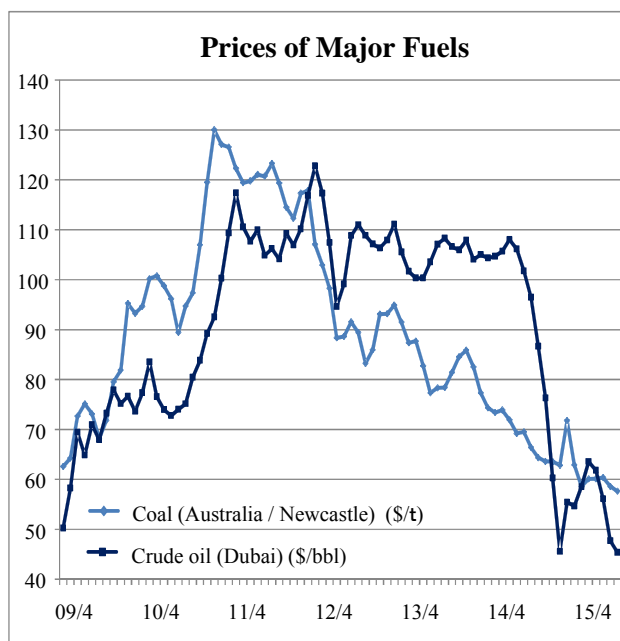
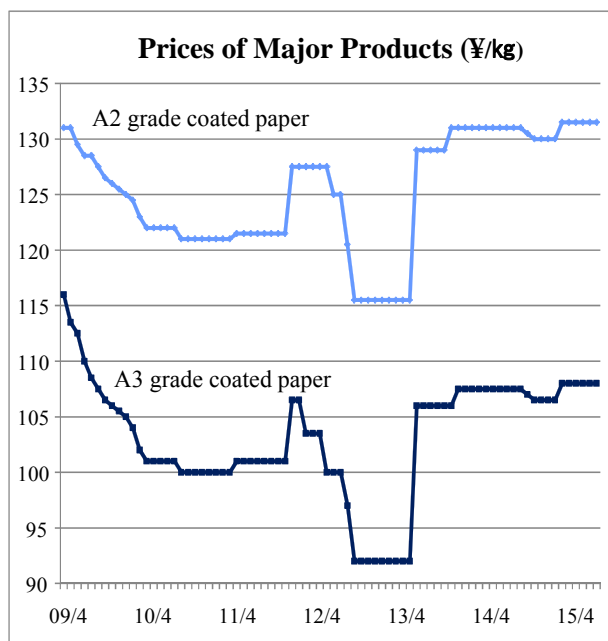
- Increase in sales of electric power due to:
Revamp of an hydroelectric power plant
Biomass power generation
- Strong export sales of dissolving pulp

Overseas

- Increase in sales volume of pulp due to:
Start of KP production in China
Acquisition of a company in NZ

Segment's Results (Sales, Operating Income)	1st-half FY2014		➔	1st-half FY2015	
	¥ 151.5 billion	(¥ 0.8 billion)		¥ 153.5 billion	(¥ 1.2 billion)

Sales of Major Products (intra-Group consumption is included)	1st-half FY2014			1st-half FY2015			Increase (Decrease)			
	Sales Volume	Unit Price	Sales Amount	Sales Volume	Unit Price	Sales Amount	Sales Volume	Year-on-Year	Unit Price	Sales Amount
	1,000t	¥/kg	¥ billion	1,000t	¥/kg	¥ billion	1,000t	%	¥/kg	¥ billion
Newsprint, printing & communications paper Domestic	1,225	109.07	133.7	1,207	110.60	133.5	(1.8)	98.5%	1.53	(0.2)



Factors behind the Income Increase / Decrease (-¥0.4 bil.)

In Japan, sales volume decreased due to the weak demand, but due to the price adjustment, sales amount remained at the same level as the previous year

➔ Sales/market factors **+¥1.6 bil.**

➔ Raw materials & fuels prices difference **-¥2.9 bil.**

➔ Cost reduction and others **+¥0.9 bil.**



II .FY2015 Financial Forecast

1. Financial Forecast for FY2015

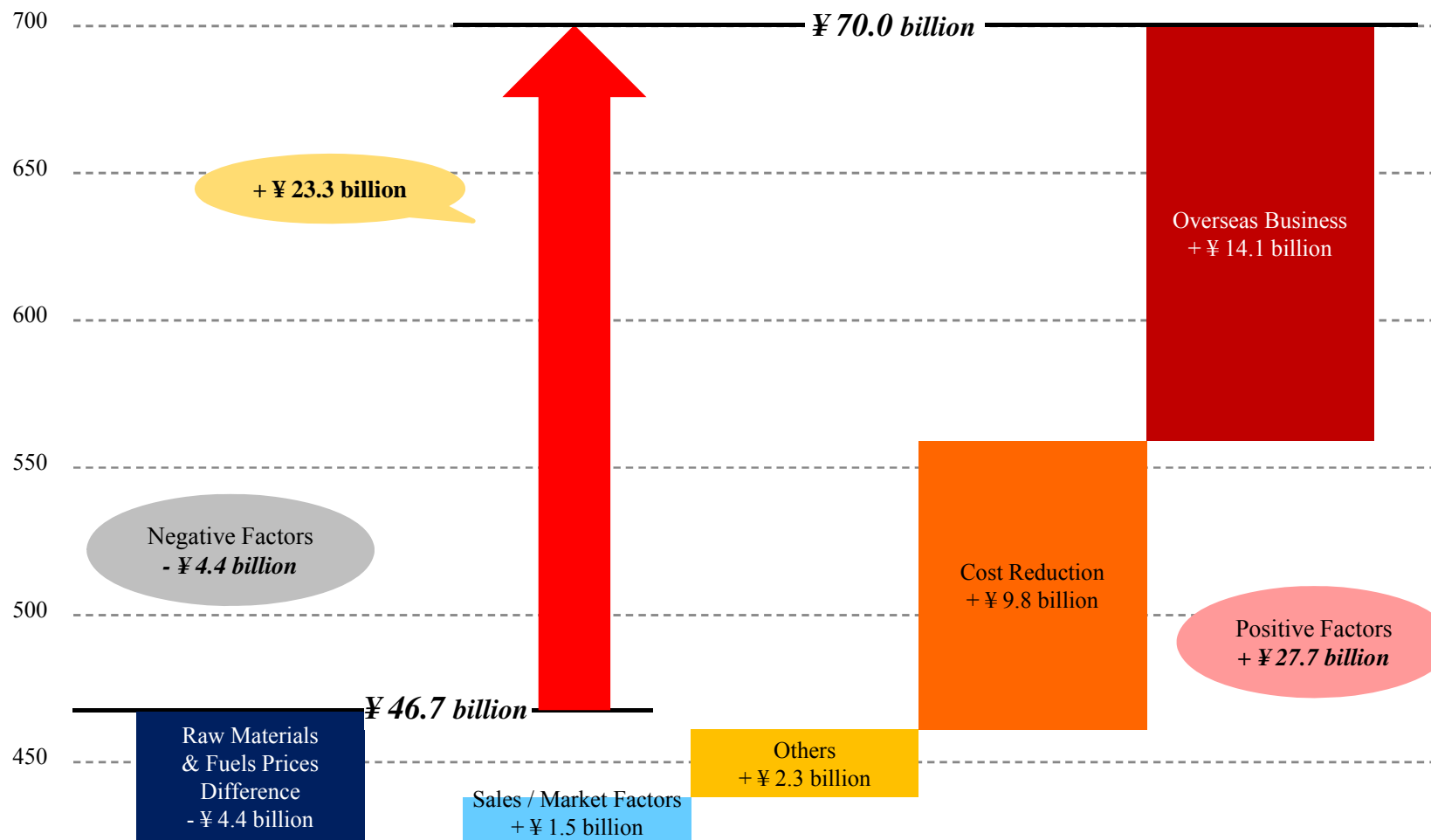
	FY2014	FY2015E	Increase (Decrease)
	(¥ billion)		
Net Sales	1,347.3	1,530.0	182.7
Operating Income	46.7	70.0	23.3
Ordinary Income	53.0	65.0	12.0
Net Income Attributable to Oji Holdings' Stockholders	17.3	34.0	16.7
Depreciation	70.8	79.1	8.3
Average Exchange Rate (¥/US\$)	110.0	120.9	10.9
Overseas Sales Ratio	22.8%	28.9%	6.1%
Operating Income of Overseas Companies	14.9	29.0	14.1

Assumptions for FY2015 Financial Forecast

<p>• Raw Materials/Fuels Prices</p> <p>Wood chip: based on current contract</p> <p>Recovered paper: price to remain static at current level</p> <p>Coal: based on current contract</p>	<p>• Effects of Fluctuation (per annum)</p> <p>Exchange rate</p> <p>Price of recovered paper</p> <p>Price of Dubai crude oil (heavy oil, bunker, naphtha and others)</p> <p>Price of pulp</p>	<p>Japanese Yen : approx. ¥0.60 billion with a fluctuation of US\$ by 1% (strong US\$ -)</p> <p>Brazilian Real : approx. ¥0.20 billion with a fluctuation of US\$ by 1% (strong US\$ +)</p> <p>New Zealand Dollar : approx. ¥0.61 billion with a fluctuation of US\$ by 1% (strong US\$ +)</p> <p>: approx. ¥4.0 billion with a fluctuation of ¥1/Kg</p> <p>: approx. ¥0.32 billion with a fluctuation of \$1/bbl</p> <p>: approx. ¥2.3 billion with a fluctuation of \$10/t (high price +)</p>
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* The above forecasts are based on the forecasts of economic conditions made at the time of publication.
As such, actual results may differ from these forecasts due to various unforeseen causes.

2. Breakdown of Increase/Decrease of Operating Income [FY2014 to FY2015 Forecast]



3. Sales and Operating Income by Segment [FY2015 Forecast]

(¥ billion)

	FY2014		FY2015E		Increase (Decrease)	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Household & Industrial Materials	561.8	14.5	632.0	19.4	70.2	4.9
Functional Materials	225.2	9.4	241.7	12.8	16.5	3.4
Forest Resources & Environment Marketing	211.5	14.9	323.7	28.9	112.2	14.0
Printing & Communications Media	311.0	(0.7)	306.8	1.9	(4.2)	2.6
Others	276.1	8.0	267.8	7.0	(8.3)	(1.0)
Adjustments	(238.3)	0.6	(242.0)	0.0	(3.7)	(0.6)
Total (consolidated)	1,347.3	46.7	(1,530.0)	70.0	182.7	23.3

*Sales include inter-segment sales

4. Analysis of Increase/Decrease of Income by Segment (1)

Household and Industrial Materials Businesses

Segment's Results (Sales, Operating Income)	FY2014		➔	FY2015 (Forecast)	
	¥ 561.8 billion	¥ 14.5 billion		¥ 632.0 billion	¥ 19.4 billion

FY2015 Income Increase/Decrease (+¥4.9 bil.)	➔ Domestic business	➔ Overseas business
	+¥2.3 bil.	+¥2.6 bil.

Functional Materials Business

Segment's Results (Sales, Operating Income)	FY2014		➔	FY2015 (Forecast)	
	¥ 225.2 billion	¥ 9.4 billion		¥ 241.7 billion	¥ 12.8 billion

FY2015 Income Increase/Decrease (+¥3.4 bil.)	➔ Domestic business	➔ Overseas business
	+¥2.4 bil.	+¥1.0 bil.

4. Analysis of Increase/Decrease of Income by Segment (2)

Forest Resources and Environment Marketing Business

Segment's Results (Sales, Operating Income)	FY2014		➔	FY2015 (Forecast)	
	¥ 211.5 billion	¥ 14.9 billion		¥ 323.7 billion	¥ 28.9 billion

FY2015 Income Increase/Decrease (+¥14.0 bil.)	➔ Domestic business	➔ Overseas business
	+¥4.8 bil.	+¥9.2 bil.

Printing and Communications Media Business

Segment's Results (Sales, Operating Income)	FY2014		➔	FY2015 (Forecast)	
	¥ 311.0 billion	(¥ 0.7 billion)		¥ 306.8 billion	¥ 1.9 billion

FY2015 Income Increase/Decrease (+¥2.6 bil.)	➔ Domestic business	➔ Overseas business
	+¥1.6 bil.	+¥1.0 bil.



III. Management Philosophy / Group Management Targets

~ **Beyond the Boundaries** ~

Creation of Innovative Values

Contribution to Future and the World

Harmony with Nature and Society



**We are “NO LONGER a
Paper Manufacturing Company”**



2. Group Management Strategies (1)

[Oji Group's Basic Policies]

(1) Expansion of Overseas Businesses

- ▶ Expand businesses to surrounding regions mainly from our existing sites
- ▶ Enhance business foundation of our existing sites

Targeted Regions Southeast Asia, Oceania, and others

Targeted Businesses Packaging, household and consumer products, functional materials, forest resources and environment marketing

(2) Concentration/Advancement of Domestic Businesses

- ▶ Accelerate development of new businesses that utilize existing facilities and accumulated expertise
- ▶ Promote development and early commercialization of new materials/products through R&D
- ▶ Leverage fully the Group's collective capabilities to implement added-value creation business
- ▶ Conduct selection of existing business to concentrate on profitable businesses

Efficient use of management resources

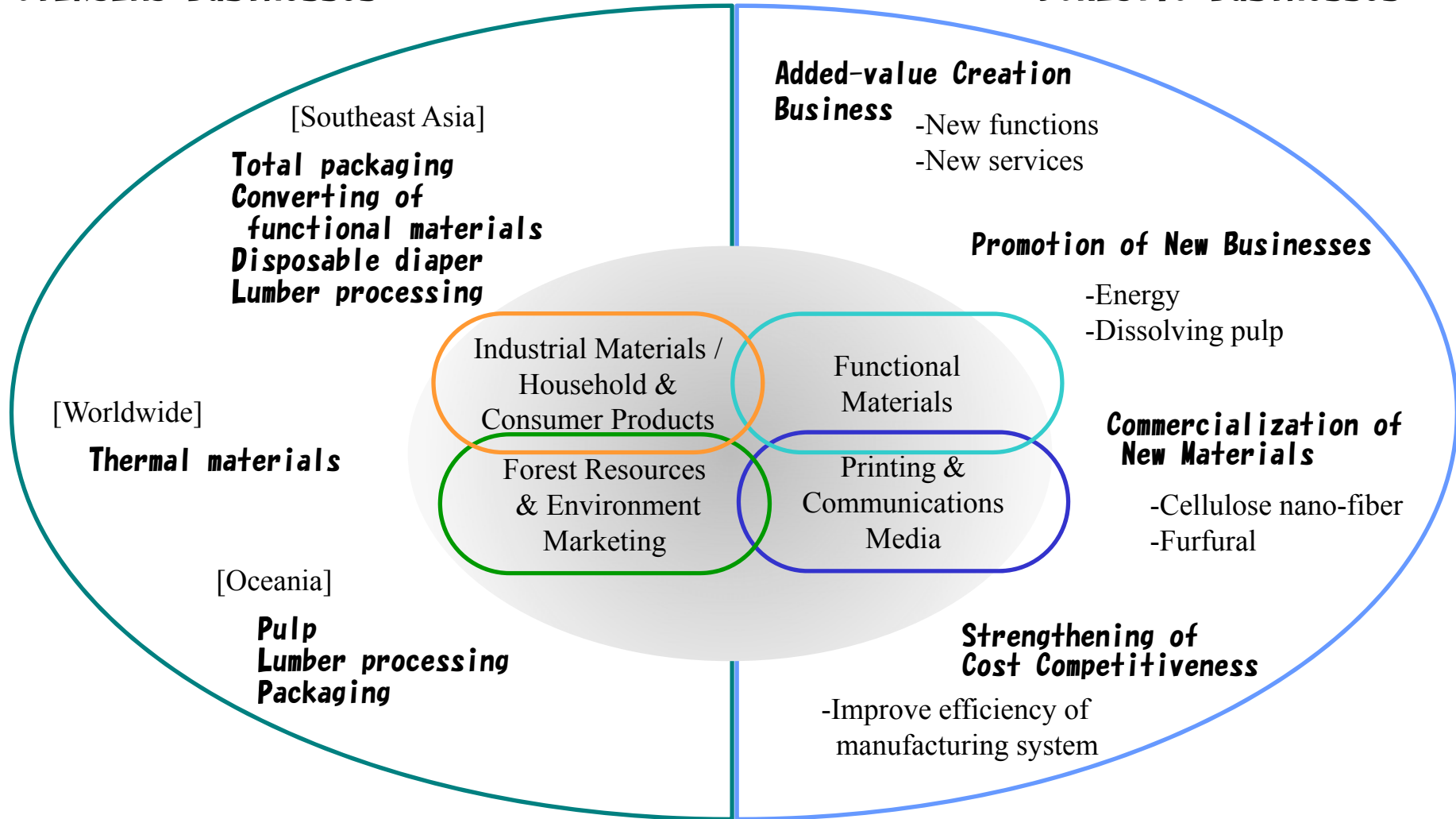
Efficient use of management resources

(3) Enhancement of Financial Foundation

- ▶ Promote sales of idle assets such as real estates

Expansion of OVERSEAS Businesses

Concentration/Advancement of DOMESTIC Businesses



3. Numerical Management Targets



[FY2018 Management Targets]

Operating Income

¥ 100.0 billion

Overseas Sales Ratio

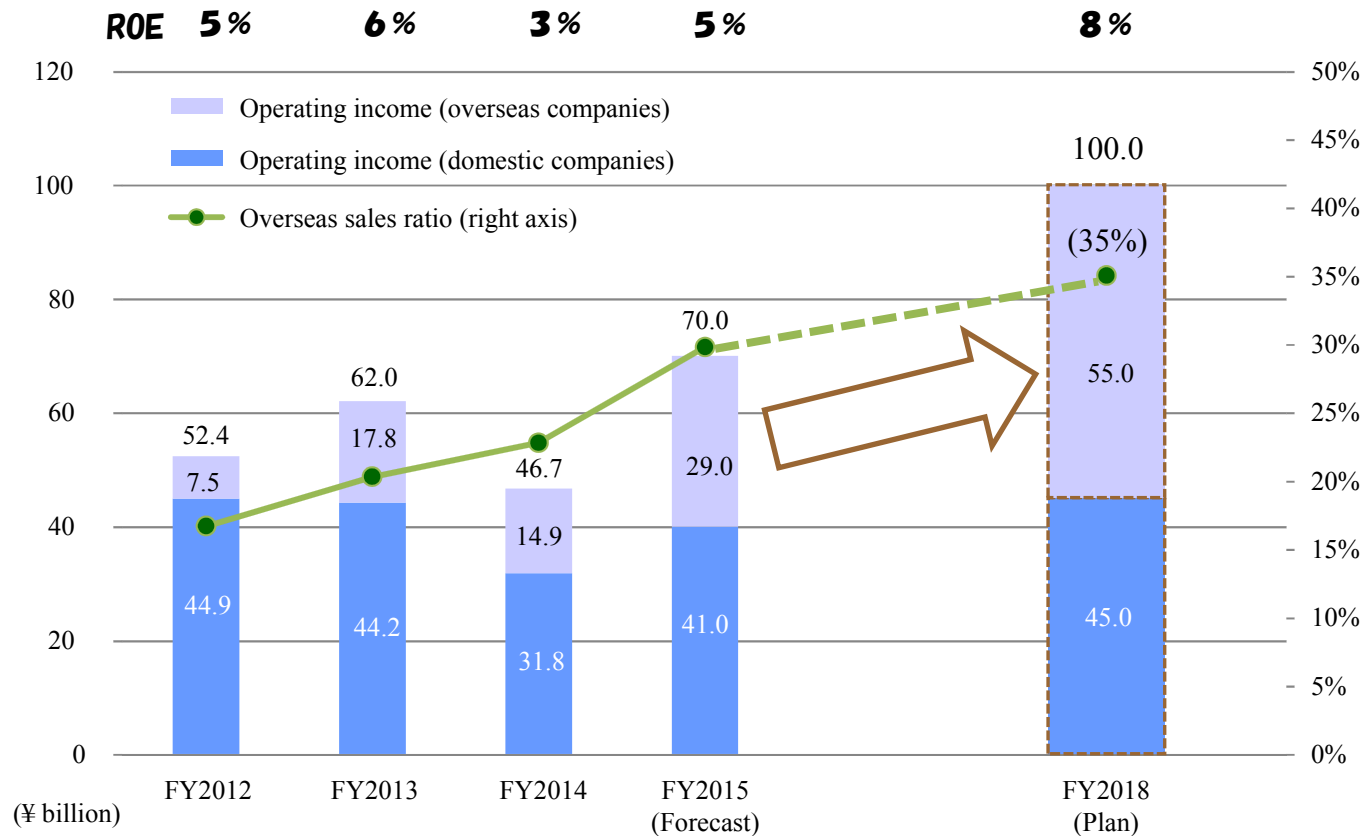
35%
(Future target: 50%)

Interest-bearing Debt

¥ 700.0 billion
(Year-end of FY2016: ¥ 750.0 billion)

ROE

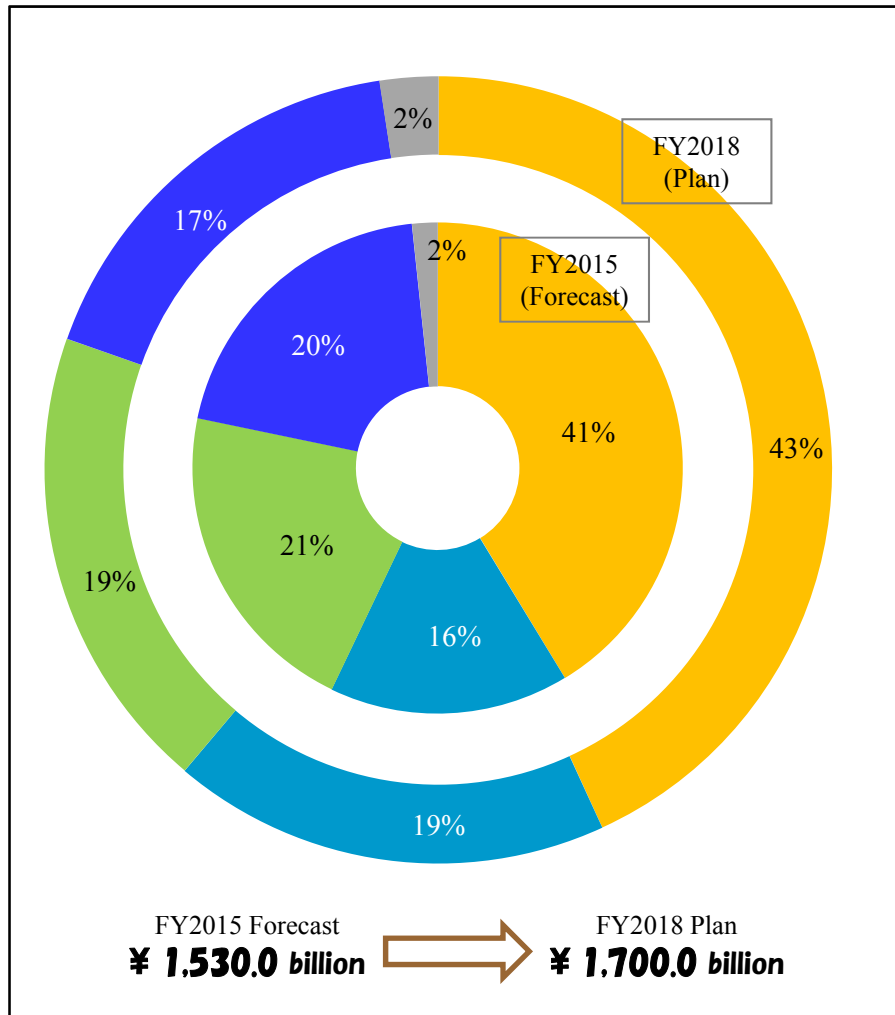
8%



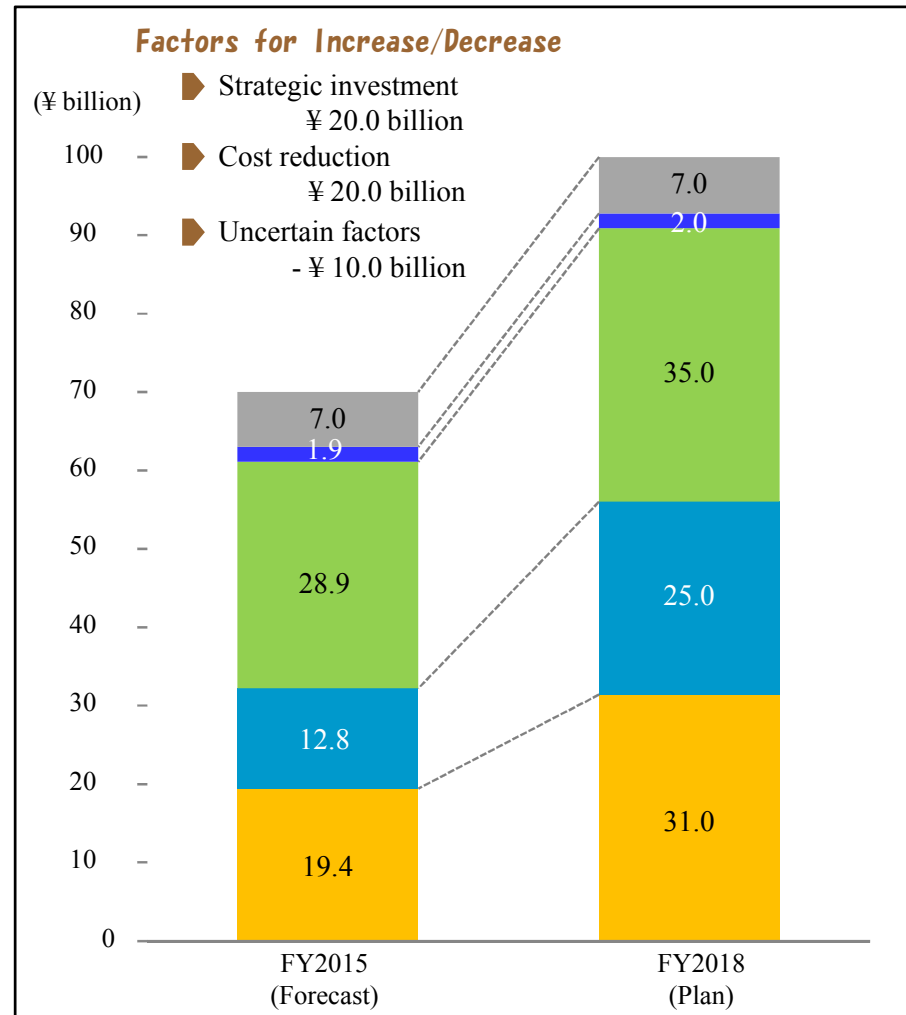
4. Targets for Sales and Operating Income by Segment



Sales Composition by Business Segment (FY2015 – FY2018)

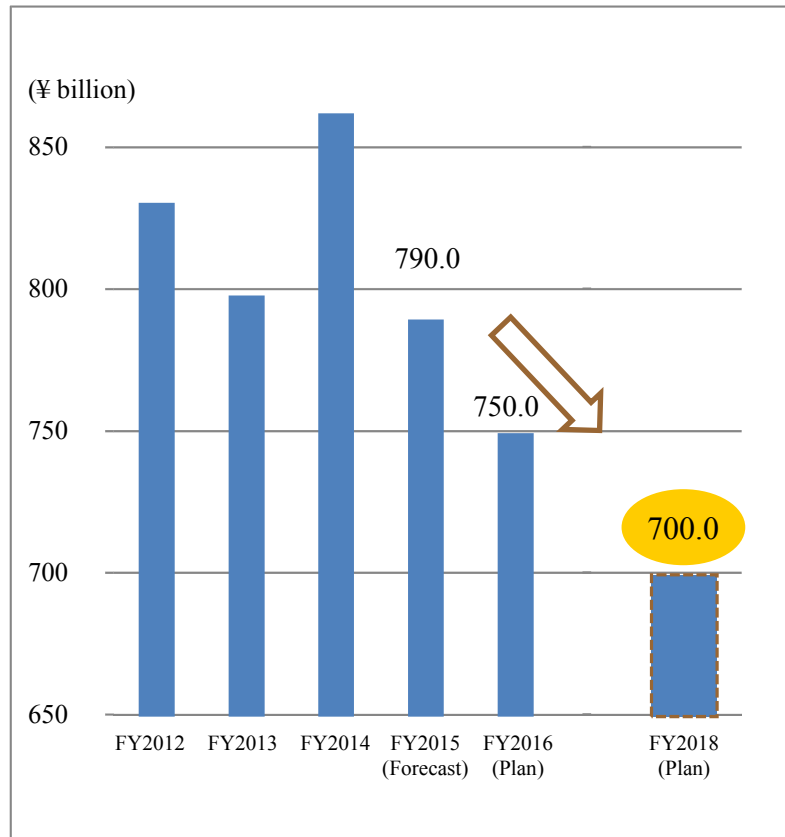


Operating Income by Business Segment (FY2015–FY2018)

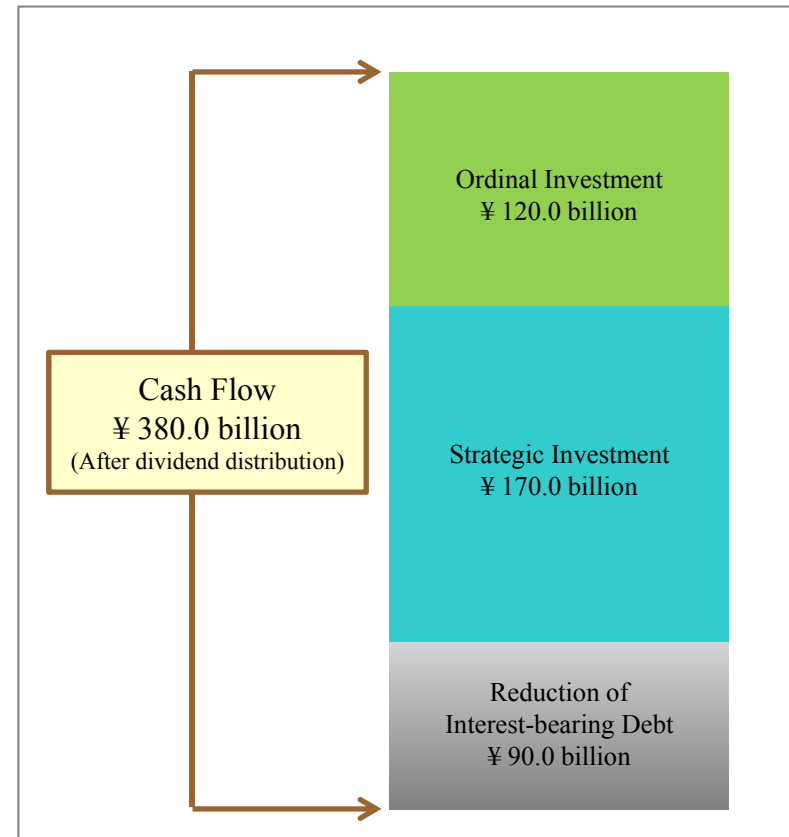


5. Financial Strategies

Interest-bearing Debt



FY2016-FY2018 Financial Plan

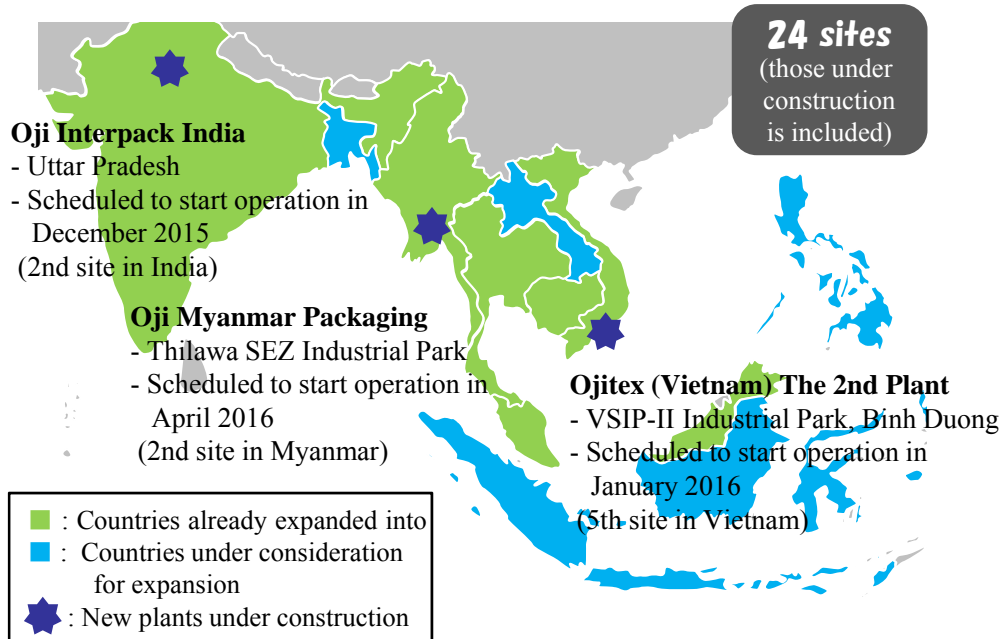




IV. Management Strategies for Each Business

1. Industrial Materials Business (1) Overseas Business

[Business Expansion in Southeast Asia and India]



(Enhancement of Foundation of Existing Businesses)

- Expansion of plants / establishment & update of equipment to expand the market shares and further improve product qualities
→ Increase customer satisfactions

(Expansion of Manufacturing/Sales Network)

- Expansion into countries not yet been forayed into (Philippines, Indonesia, etc)
- Further establishment of sites in countries already been expanded into (Malaysia, India, Myanmar, etc.)



Ojitex (Vietnam) The 2nd Plant (completion image)

[Oceania]

Oji Fibre Solutions *Change of name from CHHPP on October 31

10 sites
(New Zealand: 7, Australia: 3)

(Expansion of Corrugated Container Business)

- + Establishment of a new site in Australia is under consideration



Oji Fibre Solutions Auckland Plant

⇒ **Promote and expand the Total Packaging Business by fully exerting Oji Group's collective capability across the regions**

1. Industrial Materials Business (2) Domestic Business

[Further Promotion of Material-and-Processing Integrated Business]

Opening of a gallery which makes proposals on and implements One-stop Shop



Oji Ginza One-stop Gallery
(Opened on October 13, 2015)

Oji Group's products, mainly packaging-related products, are gathered and exhibited at the gallery



Oji Ginza One-stop Gallery
(1st floor, Oji HD Building No.1)

[Profit Increase through Enhancement of Foundation of Existing Businesses]

(Corrugated Container Business)

- ▶ Business Expansion through conduct of M&A of corrugated container companies
- ▶ Measures for strengthening productivity and competitiveness



Construct new corrugated container plants with high cost competitiveness (sites restructuring)

(Paperboard Business)

- ▶ Positive effects of the business alliance of high-grade boxboard business
(July 2015: Establishment of O&C Ivory Board Co., Ltd.)

(Folding Carton/Bag-making Businesses)

- ▶ Restructuring of manufacturing system
- ▶ Positive effects of the business alliance of bag-making business
(Early establishment of O&C Paper Bag Holdings Co., Ltd.)

⇒ **Aim to be the No. 1 Total Packaging Company**

[Overseas Disposable Diaper Business]

Expansion of Business in Southeast Asia

(Malaysia)

- ▶ People & Grit
Share acquisition (January 2015)
- ▶ Oji Asia Household Product (newly established company)
New factory under construction
(scheduled to start operation in early 2016)



Increase export to surrounding countries to expand the business in Asia

Consider entry into markets of adult disposable diaper and sanitary napkin, in addition to baby disposable diaper

(Indonesia)

- ▶ Establishment of JV companies for both manufacturing and sales



Develop the business mainly in the Indonesian market

Expansion of Export Sales of Domestic Products

- ▶ Strengthening of **export towards China** where there is strong demand for made-in-Japan products
- ▶ Establishment of a new machine for tape-type baby disposable diaper for export (scheduled to start operation in March 2016)



People & Grit, Malaysia

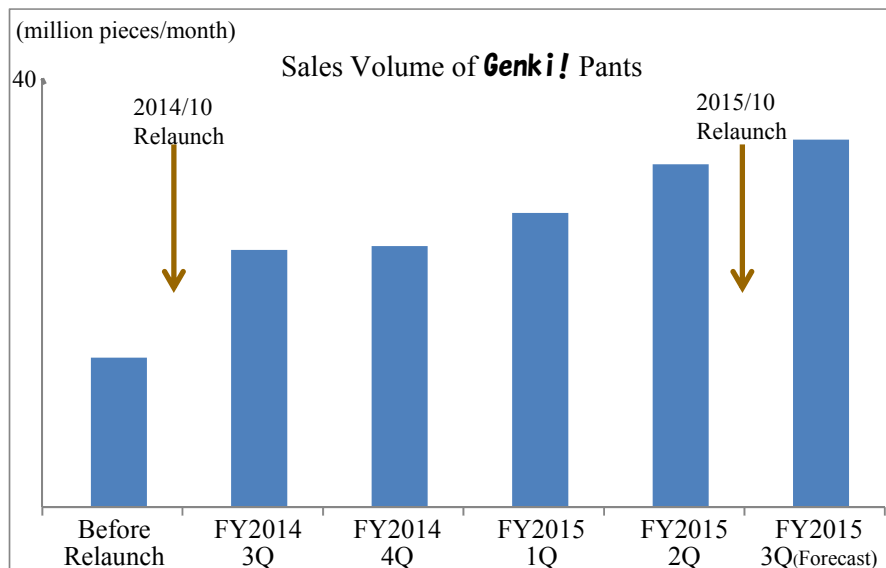
[Domestic Disposable Diaper Business]

- ▶ Development of new products, improvement of product quality and enhancement of marketing mainly by the Personal Care Innovation Center
- ▶ Continual functional improvement and brand development of nepia Genki! Pants for baby
- ▶ Adult disposable diaper Development of new products in the field with high potential market growth

Baby Disposable Diaper nepia Genki! Pants

October 2014 Launch of redesigned product with improved airflow

Strong sales as a result of store displays and promotion activities using Anpanman as their promotional tool



(October 2015 Relaunch of Product)

Top-class softness in the market!

- ▶ Adoption of newly developed non-woven fabrics for waist and leg
- ▶ Use of FSC™ certified paper

Oji Nepia's license code (FSC™C018118)

Aim to increase sales by enhancing our competitive edge in quality to respond to voices of customers, "We want to use soft disposable diapers for our precious babies"



Store display with Anpanman



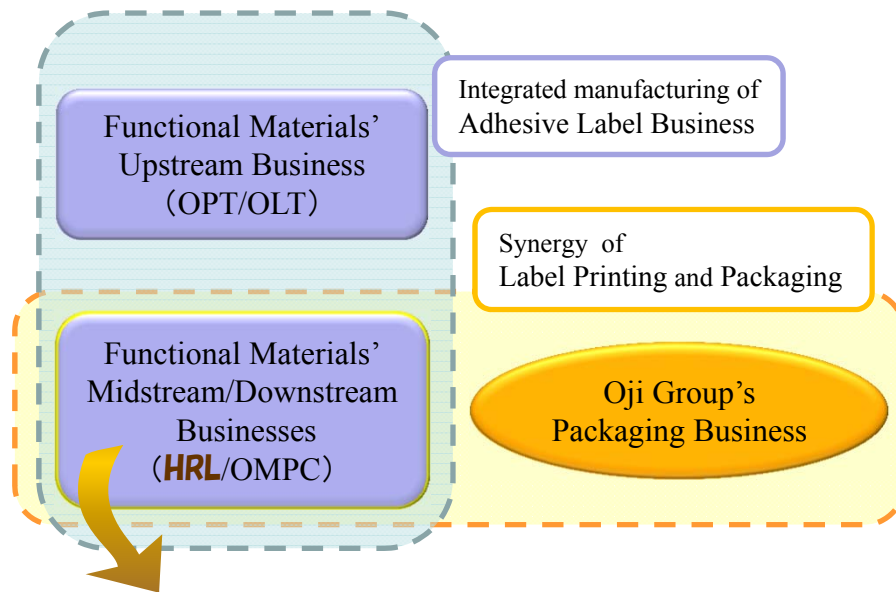
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[Overseas Functional Materials Business]

- ▶ Expansion of midstream/downstream businesses in Southeast Asia
- ▶ Expansion of export of functional materials products from Japan to Southeast Asia

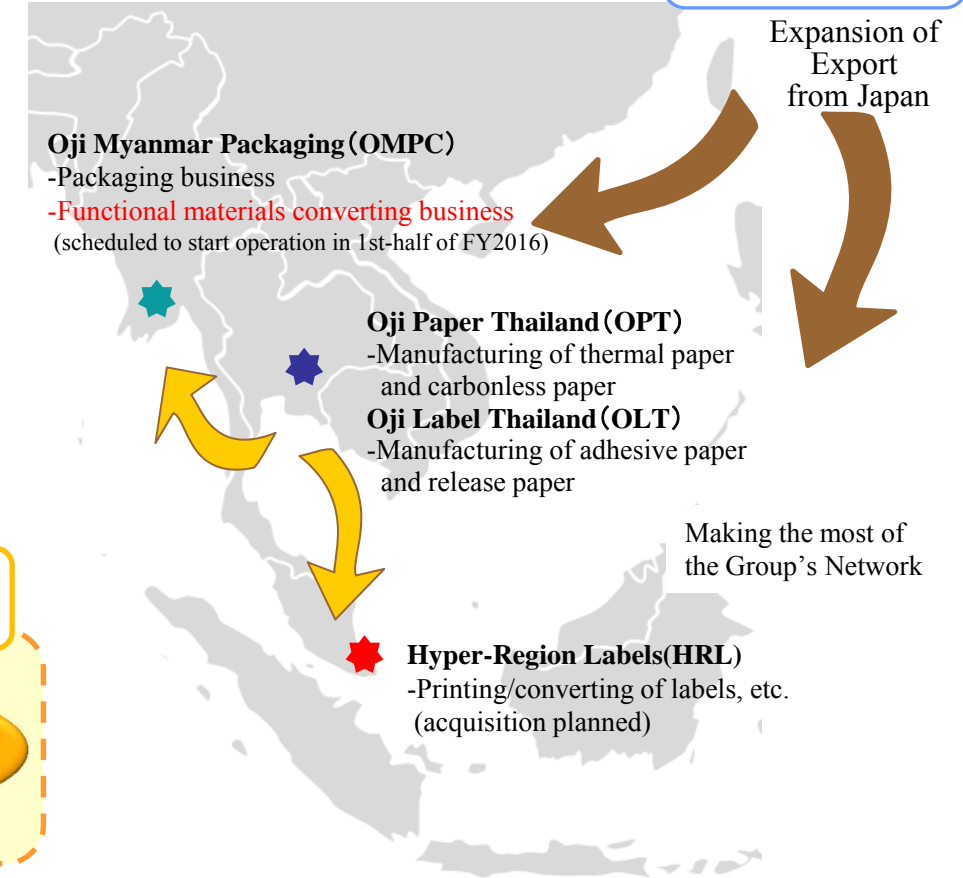
Planning to acquire the Group's first company of functional materials' midstream/downstream businesses in Southeast Asia

Conclusion of the share transfer agreement for acquisition of 60% shares of Hyper-Region Labels (label printing/converting, Malaysia)



Actively conduct further M&A to expand the Converting Business

[Functional Materials Companies in Southeast Asia]



Functional Materials Global Marketing Department

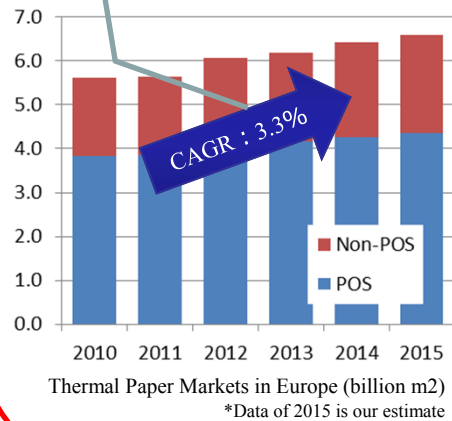
[Overseas Thermal Materials Business]

▶ Capability Enhancement in Europe and South America

Europe: KANZAN (Germany)

1st phase : PM6 Undercoat blade coating, etc.
(Completed in 2013)

Market growth driven by
Non-POS Grade (KANZAN's strength)
(Non-POS CAGR: 4.7%)



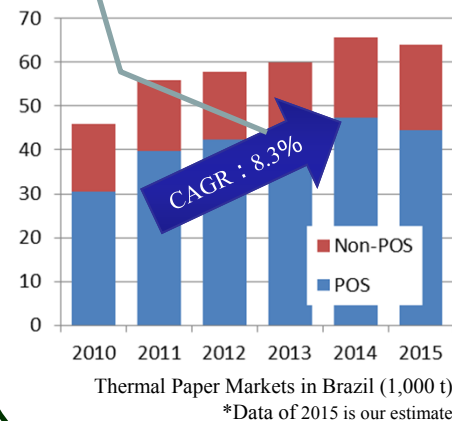
Kanzan Spezialpapiere
(KANZAN)



South America: OPE (Brazil)

1st phase : PC2, PC3 Additional establishment of dryers, etc.
(Completed in 2014)

Demand increase of label
due to improvement of
POS system and logistics



Oji Papéis Especiais
(OPE)



Further consider business expansion in reaction to the demand growth

[Domestic Business] ▶ Continual development of highly functional/high value-added products

Development of Highly Functional Films Oji F-Tex

High Grade OPP Film (HGPP)



[Advanced Film Research Center]



Further acceleration of high grade films that make the most of a new film machine and the Advanced Film Research Center

[Alphan (high grade type)]



Highly functional film which is used in special industries. Foreign substances are thoroughly eliminated so as to support leading-edge technologies. It has a wide variety in its thickness and release force.

[Alphan (for electric products)]



It has high insulation strength and excellent surface property that are required by high-technology industry fields with significant demand growth, such as hybrid vehicles, etc.

New Two-color Thermal Media Oji Imaging Media

First-of-its-kind two-color (gold/red, yellow/black, etc.) thermal materials using the unique thermal dye

Promote sales in China where gold and red colors are preferred
Discover new use application utilizing its fluorescence characteristics
(e.g. sign display, etc.)



Gold and red



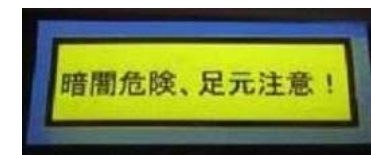
Gold and black



Sticker can be easily created by connecting the specialized printer and computer with a USB cable



Adoption at Tokyo Gift Show (Commercial sticker for downloading of an application)



Fluorescence characteristics utilized in the dark

4. Forest Resources and Environment Marketing Business (1) Pulp Business

[Pulp Business]

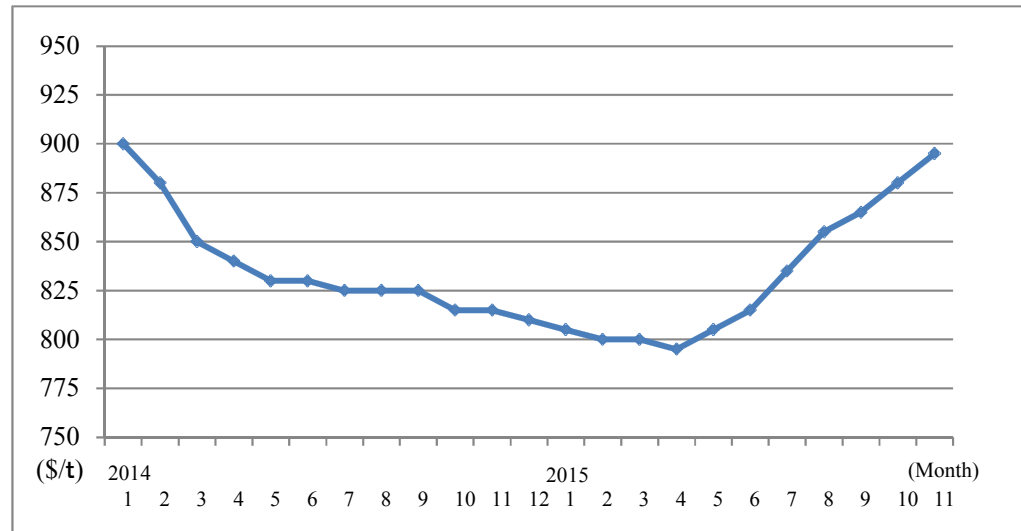
- ▶ Enhancement of sales in Asia and other demand growing regions by leveraging the Group's rich variety of pulp grades and sales channels
- ▶ Strengthening of competitiveness through investment and new product development

	<i>Domestic Company</i>	<i>CENIBRA (Brazil)</i>	<i>PANPAC (New Zealand)</i>	<i>Oji Fibre Solutions* (New Zealand)</i>	<i>Jiangsu Oji Paper (China)</i>
Pulp Produced	Dissolving pulp Hardwood/softwood pulp	Hardwood pulp	BCTMP	Softwood pulp Pulp for cement	Hardwood pulp
Production Capability of Market Pulp	160,000 tons	1,200,000 tons	200,000 tons	600,000 tons	240,000 tons

* Former CHHPP changed its company name on October 31

Group Total:
2,400,000 tons

Price of Dissolving Pulp for Rayon
(Prices for China Market)



[Lumber Processing Business]

▶ **Lumber Processing Business in New Zealand (PANPAC)**

Establishment of Pan Pac Otago in the South Island of New Zealand
April 2015 Start of commercial operation



Consideration of further business expansion utilizing lumber resources obtained in the South Island



Sawmill, Pan Pac Otago

▶ **Lumber Processing Business in Indonesia (KTH)**

Businesses of chip, lumber, pellet, etc.
Operation of various businesses with its forest resources as a background

▶ **Plywood Business in Vietnam**

April 2015 Start of commercial operation of eucalyptus plywood mill

▶ **Gum Lumber Business in Myanmar**

Entry into business of gum lumber for export

⇒ **Expand and enhance Lumber Business in Asia and Oceania regions**

[Energy Business]

▶ **Expansion of Power Generating Business**

Start of Full Operation of the Biomass Power Plants

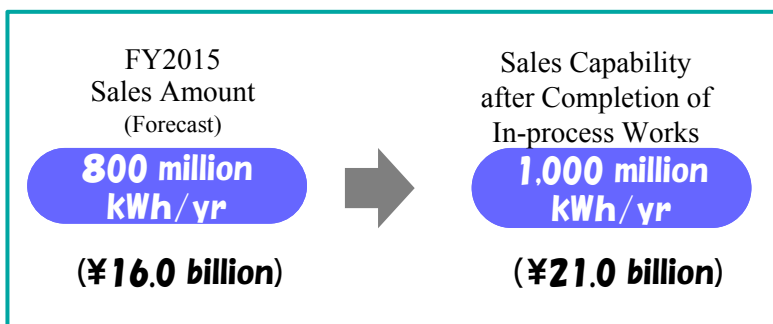
In Operation
 Oji Materia Fuji Mill
 Oji Green Energy Nichinan

In Trial Operation
 Oji Green Energy Ebetsu
 (scheduled to start commercial operation in January 2016)

Revamp of Hydropower Plants

Completed
 Shiribetsu Hydropower Plants (2 plants)

In Process
 10 plants in Hokkaido and Shizuoka Prefecture



▶ **Expansion of Power Retailing Business**



Company Name: **Oji-Itochu Enex power retailing**
 Established in: February 2015
 Oji Group's Investment Ratio: 40%

Sales Target (FY2019) **3,000 million kWh/yr (¥60.0 billion)**



Oji Green Energy Nichinan

[Biomass Fuel Business]

► **Enhancement of facilities to produce chip for fuels**

Effective utilization of domestic unutilized resources

Enhancement of Facility Capability

Hyuga-shi, Miyazaki Prefecture
(Started operation in March 2015)

Establishment of Chip Production Facility

Abira, Hokkaido
Shimokita, Aomori Prefecture
(Started operation in November 2015)



Chipyard, Shimokita

► **Increase of PKS Procurement** *PKS: Palm Kernel Shell

Indonesia PKS Pickup Yard

Oji Forest and Products (its sales company in Indonesia) established the pickup yard inside the site of KTH, Indonesia

August 2015 Start of procurement
Target amount **100,000 t/yr**



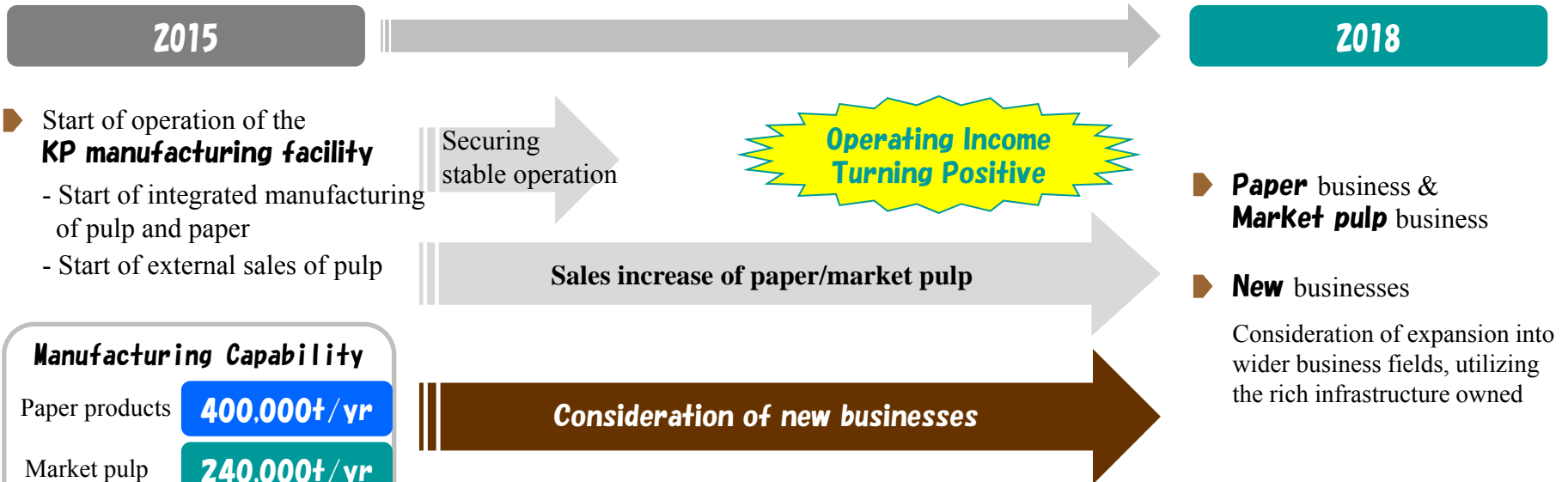
PKS

Increase external sales of biomass fuel

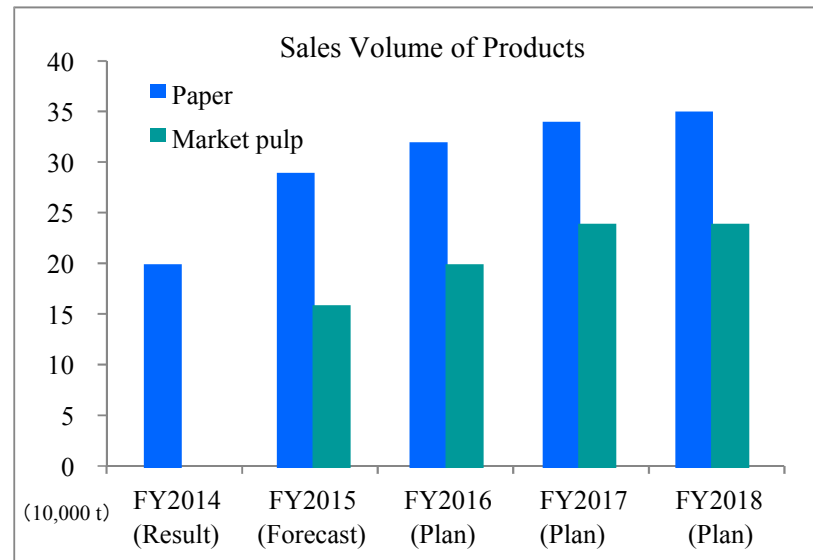
[Actively expand external sales, in addition to Group's in-house consumption]

5. Jiangsu Oji Paper Nantong Mill (China)

[Business Development at Jiangsu Oji Paper]



KP manufacturing facility



6. Research & Development



Cellulose Nano-Fiber (CNF)

- Established the phosphoric acid esterification method, a technology of CNF production considered the most promising for commercialization (patent applied)
- Developed the wet powder CNF and started its sample provision for the first time in the world, based upon the above mentioned technology (September 2015)
 - * The new technology has accomplished to reduce transportation cost to less than 1/10 compared to the conventional CNF gel (wet powder can also be easily made into gel)
Use of wet powder CNF offers a high potential for broader applications as its fluidity is higher than gel, making it easier to handle
- Established the production technology of a continuous transparent sheet of ultrafine cellulose nano-fiber and started its sample supplying
- Discover new possibilities through development of composite materials
Aim for realization of the transparent plastic composite by utilizing “Transparency, formability and high strength & light weight”
- Plan to install a verification testing plant of CNF production via phosphoric acid esterification at Oji Paper Tomioka Mill (Scheduled to start operation in the 2nd-half of FY2016)



Wet powder CNF with high fluidity



Installation of apparatus for biological treatment and application of its member (carrier)



Membrane treatment apparatus installed in the operations

Water Treatment Business

- ▶ Conduct enhancement of operating structure to promote the business

[Assumed Fields]

Water and sewage
Plant effluent
Food processing effluent
Livestock waste liquid

[Assumed Regions]

Japan
Overseas
(Southeast Asia, Brazil,
Australia, North America, etc.)

Environmental Action Program 2020

+ Limitless Challenge to Zero-environmental Burden

1. Zero-emission

-Zero environmental accident -Zero product liability accident

-Promotion of effective utilization of wastes

[Domestic] Effective utilization ratio: more than 99%

[Overseas] Effective utilization ratio: more than 95%

**-Management of wastewater and exhaust gases
with consideration for ecosystem**

[Wastewater] Management with consideration for ecosystem,
using aquatic life

[Exhaust gases] Management of mercury in addition to SO_x, NO_x, etc.

- Reduction of greenhouse gases (GHG)

Reduction of GHG per unit of production by 10% relative to
FY2013 level (Domestic and Overseas)

2. Sustainable forest management / paper recycling

-Forest certification acquisition rate: 100%

-Further Expansion of waste paper usage

+ Responsible Raw Materials Procurement

-Wood raw materials and pulp:

Utilization of third-party audits

-Raw materials and chemicals:

Compliance with voluntary standards of the industry

+ Sustainable Forest Management

-Use of forest certifications

Preservation of forests' multi-functions including
conservation of biodiversity

-Active promotion of lumber business

Contribution to rejuvenation of domestic forest industry
and regeneration of forests

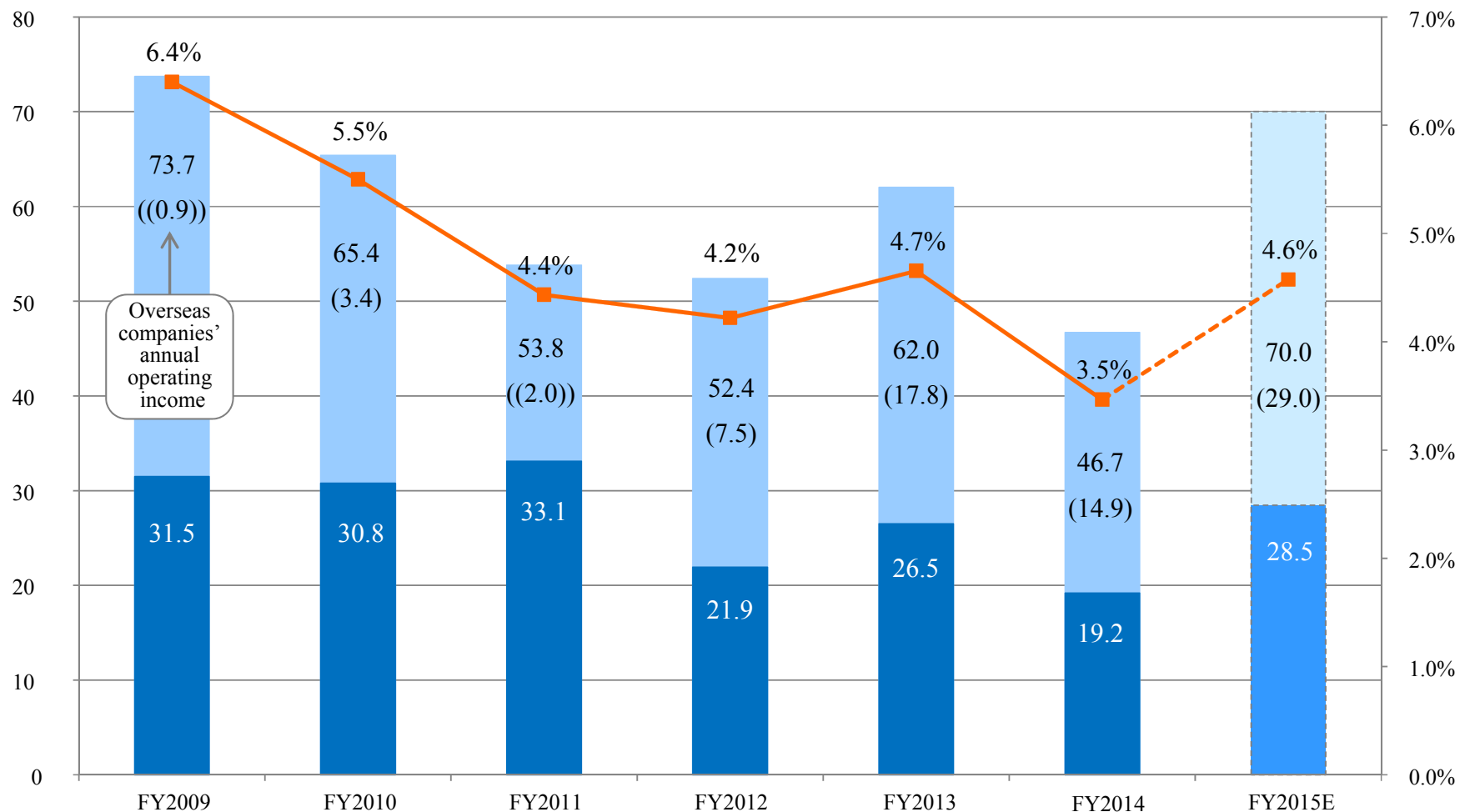
-Expansion of forest certified products



Reference Materials

Trends of Operating Income (consolidated)

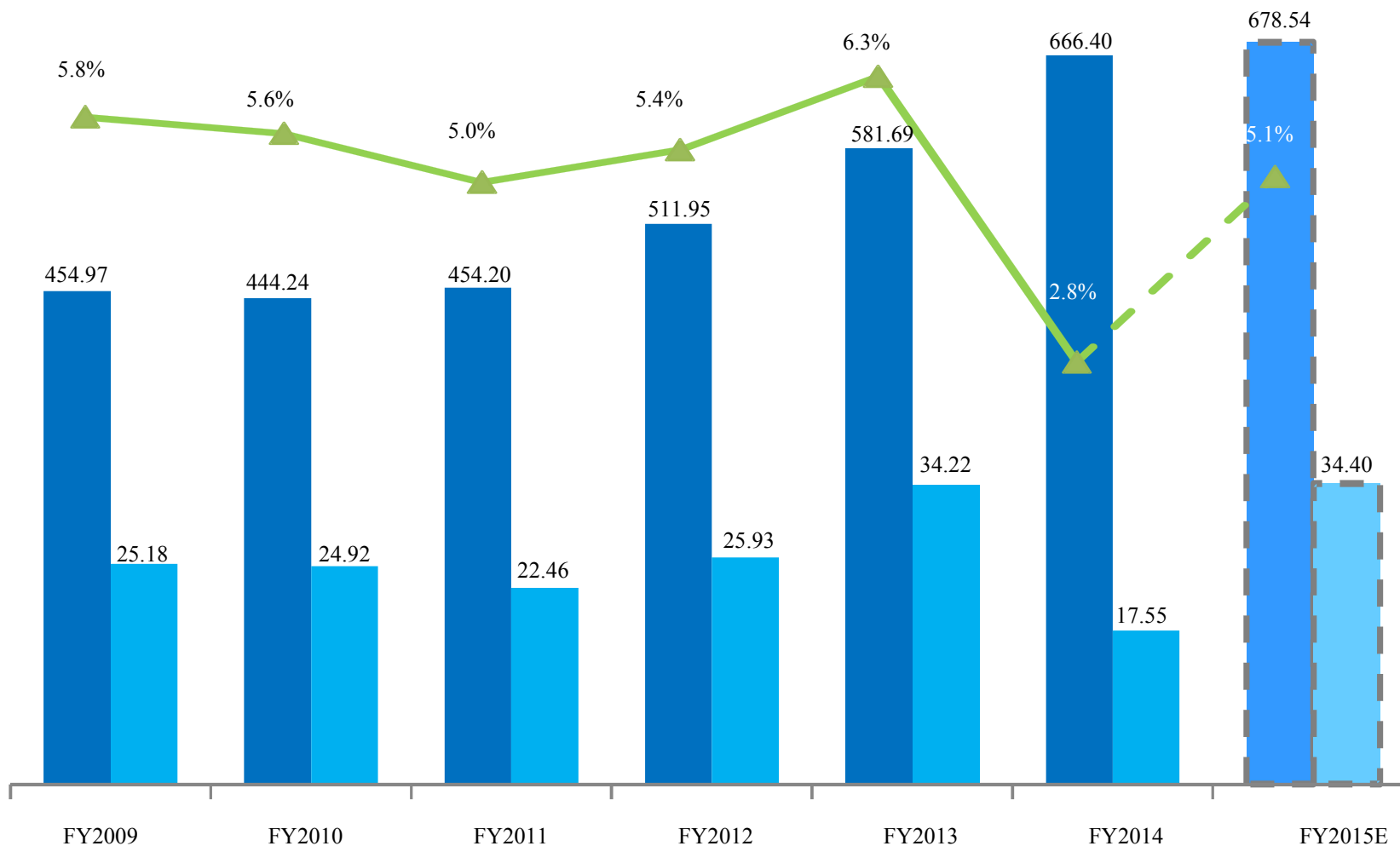
(¥ billion) Operating income Mid-term Operating Income Ratio(right axis) (%)



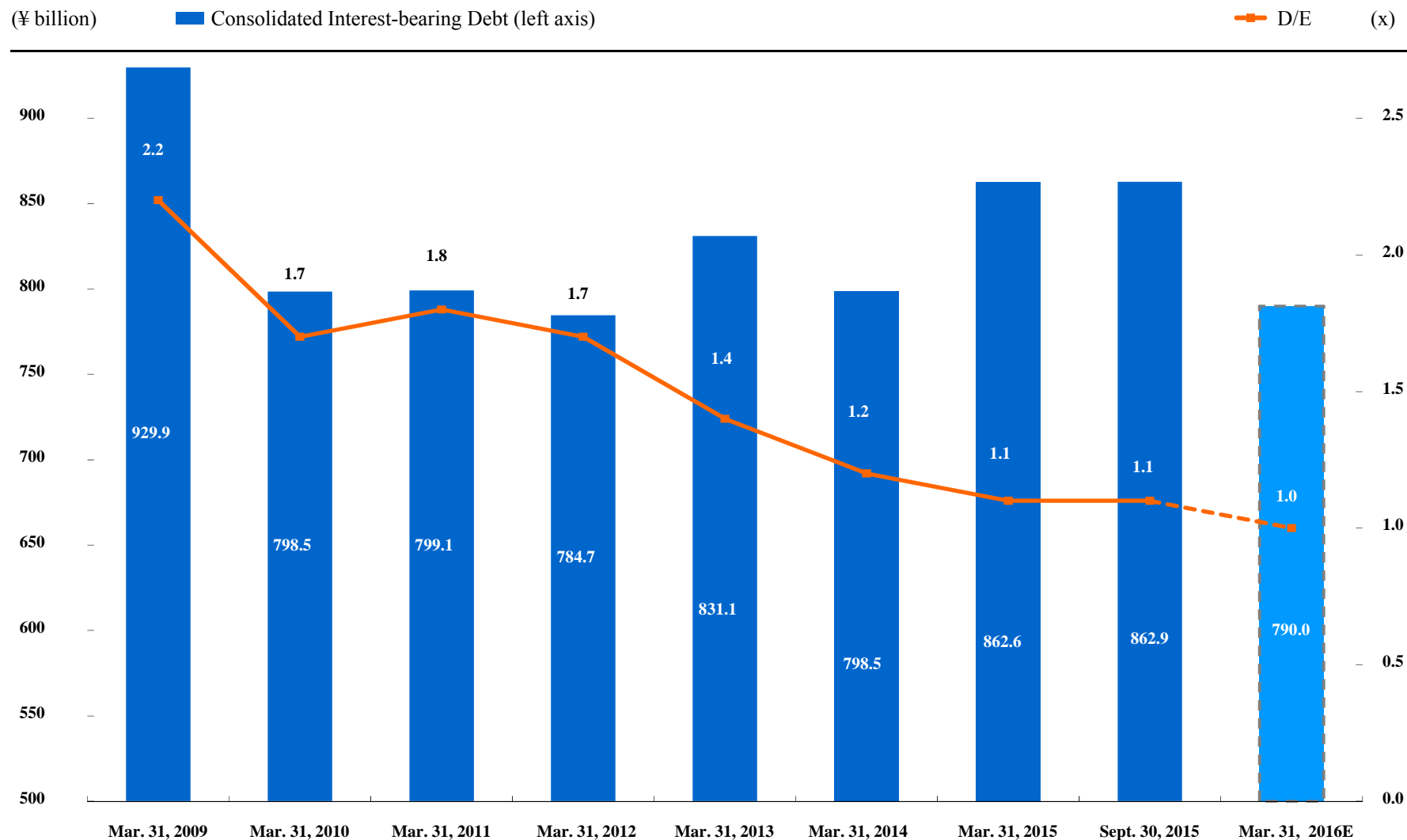
Trends of Return on Equity (ROE)



■ Net assets per share (¥)
 ■ Net income per share (¥)
 ▲ ROE



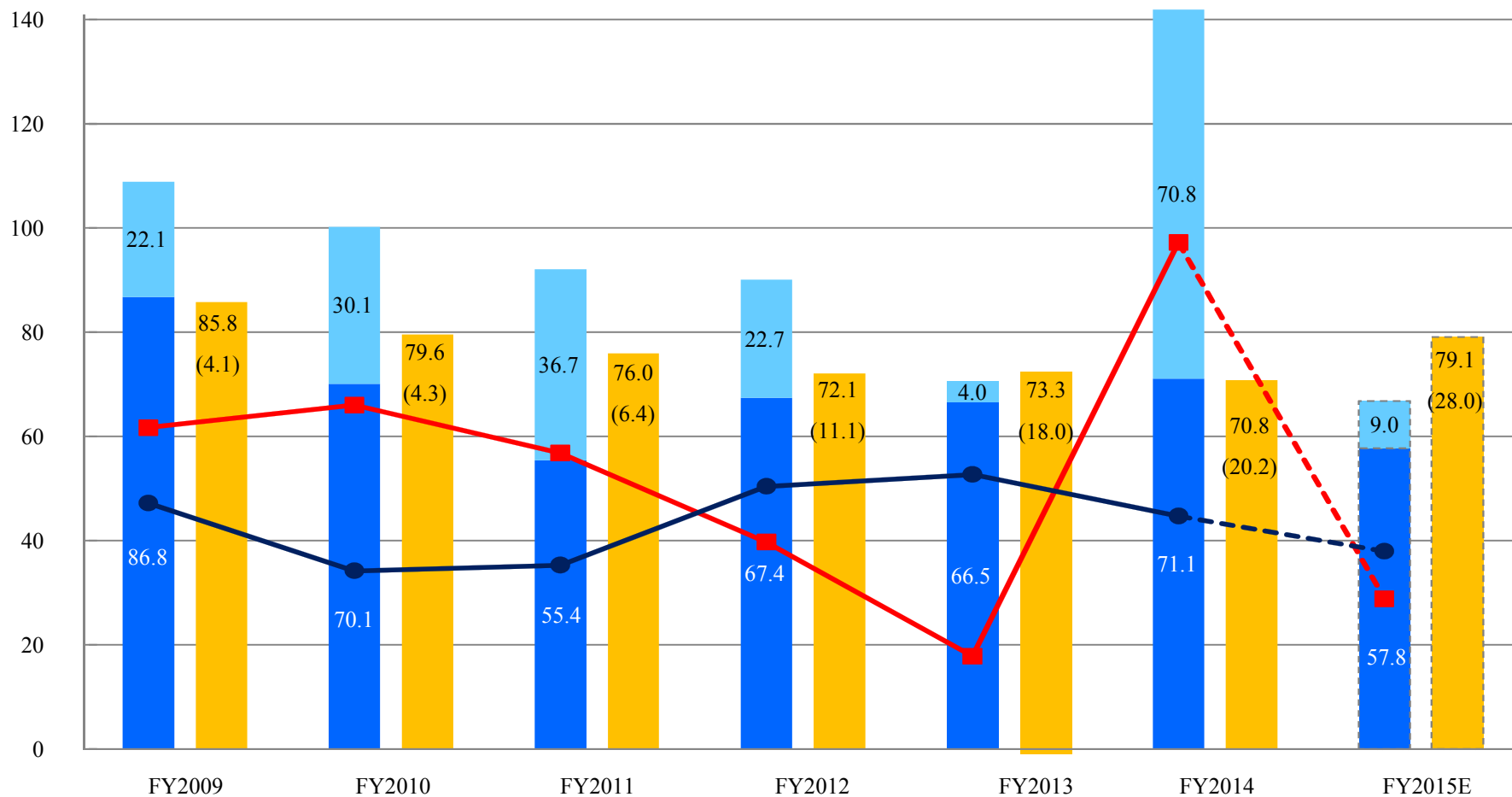
Trends of Interest-bearing Debt (consolidated)



Trends of CAPEX / Depreciation Expenses (consolidated)



(¥ billion) ■ Depreciation (overseas) ■ CAPEX ■ Investment & loan ■ For overseas ● For domestic

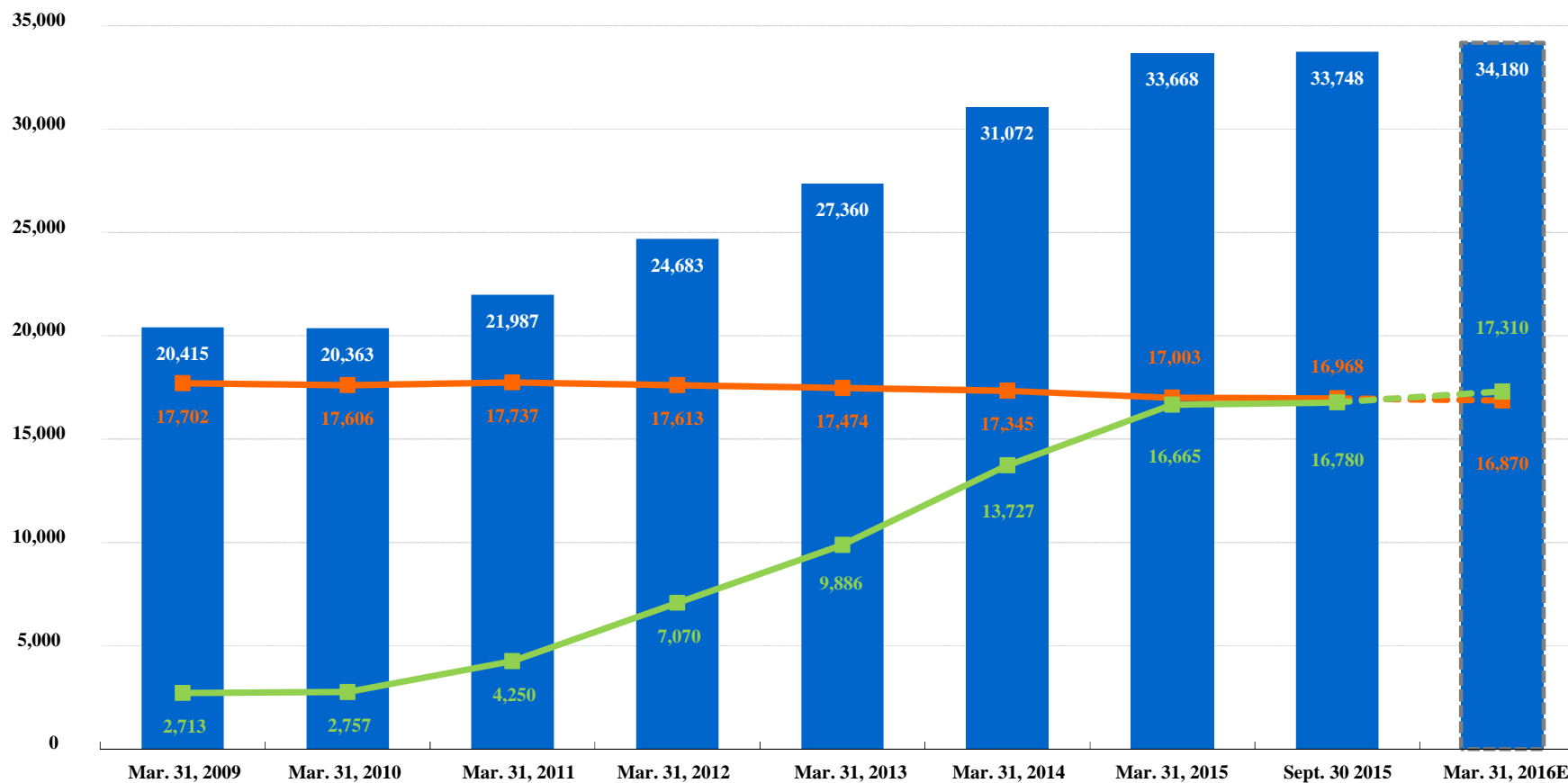


Trends of Employees



(No. of Employees)

■ Employees (consolidated) ■ Overseas ■ Domestic



*The figures do not include number of temporary employees.

Industry Demand for the 1st-half of FY2015



	Domestic Shipments		Custom Cleared Imports ^{*1}		Total	(1,000 t)
	Year-on-Year		Year-on-Year		Year-on Year	
Containerboard	4,411	101.9%	27	64.6%	4,438	101.5%
Boxboard	752	97.3%	128	101.9%	880	97.9%
Other Paperboard	312	96.0%	15	108.6%	327	96.5%
Paperboard Total	5,475	100.9%	170	93.7%	5,645	100.7%
Sanitary Paper	850	102.1%	90	96.9% ^{*2}	940	101.5%
Packaging Paper	354	94.1%	4	88.4%	358	94.0%
Newsprint	1,479	96.3%	24	91.9%	1,503	96.3%
Printing/Communications Paper	3,714	98.4%	598	90.7%	4,312	97.2%
Miscellaneous Paper	358	97.4%	9	86.5%	368	97.1%
Paper Total	6,755	98.1%	725	91.4%	7,480	97.4%
Paperboard and Paper Total	12,230	99.3%	895	91.8%	13,125	98.8%
						(million m ²)
Corrugated Containers^{*3}	6,913	102.4%			6,913	102.4%

Source: Japan Paper Association – Statistics on Paper and Paperboard; Trade Statistics of Ministry of Finance, Japan; Japan Corrugated Case Association – Production Volume of Corrugated Case

*1: Statistics for customs cleared imports of paper: Apr. 2015 - Sept. 2015

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

*3: The figure represents the production volume of corrugated board



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