



**Summary of Financial and Business Results  
for the Year Ended, March 2012**

**May 16, 2012  
Oji Paper Co., Ltd.**

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# Demand in Paper Industry - FY2011



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(Thousands of tons)

	Domestic Shipments		Imports to Japan *1		total	
		Year on Year (%)		Year on Year (%)		Year on Year (%)
Containerboard	8,688	100.5%	108	89.7%	8,795	100.4%
Boxboard	1,650	100.8%	219	102.9%	1,869	101.0%
Other paperboard	645	98.2%	26	63.1%	672	96.1%
<b>Total (paperboard)</b>	<b>10,983</b>	<b>100.4%</b>	<b>353</b>	<b>94.2%</b>	<b>11,336</b>	<b>100.2%</b>
Sanitary paper	1,762	97.2%	102	158.2% *2	1,864	99.3%
Packaging paper	804	96.4%	11	80.1%	815	96.1%
Newsprint	3,217	98.6%	101	79.8%	3,319	97.9%
Printing/Communication paper	8,213	96.2%	1,805	151.9%	10,018	103.0%
Miscellaneous paper	729	95.4%	20	111.0%	749	95.7%
<b>Total (paper)</b>	<b>14,725</b>	<b>96.8%</b>	<b>2,040</b>	<b>144.5%</b>	<b>16,765</b>	<b>100.9%</b>
<b>Total (paper and paperboard)</b>	<b>25,708</b>	<b>98.3%</b>	<b>2,394</b>	<b>133.9%</b>	<b>28,101</b>	<b>100.6%</b>
						(m <sup>2</sup> mil.)
<b>Corrugated containers *3</b>	<b>13,216</b>	<b>100.9%</b>				

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

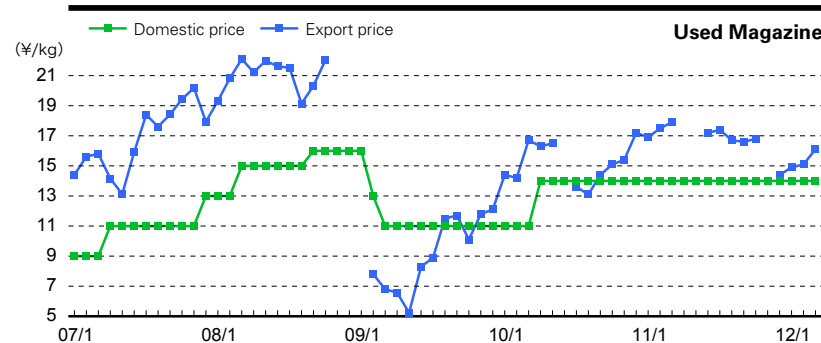
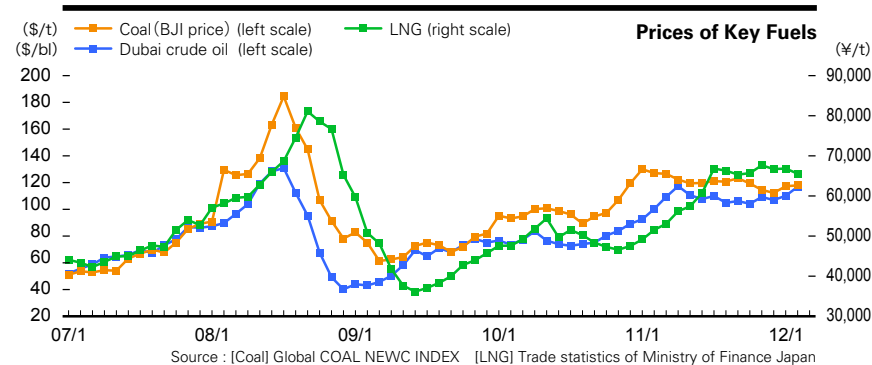
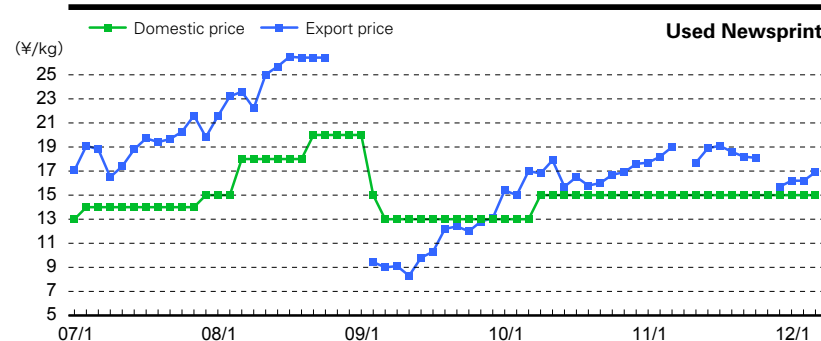
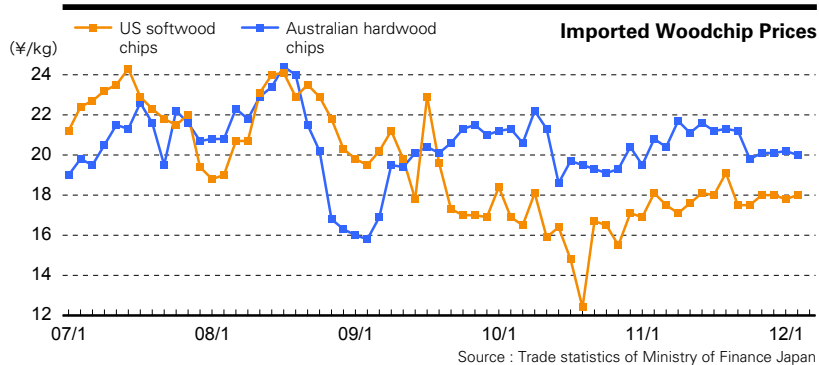
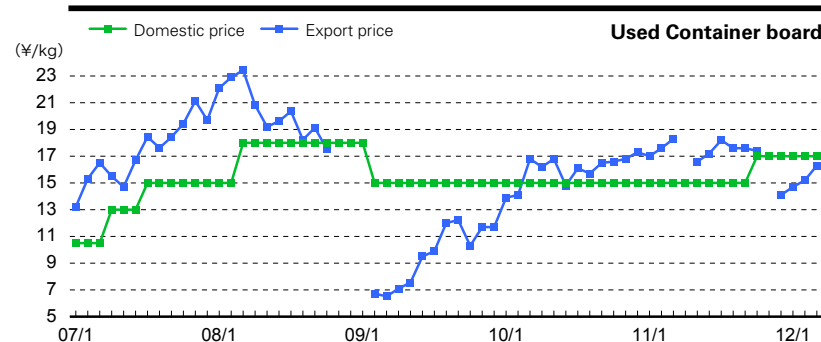
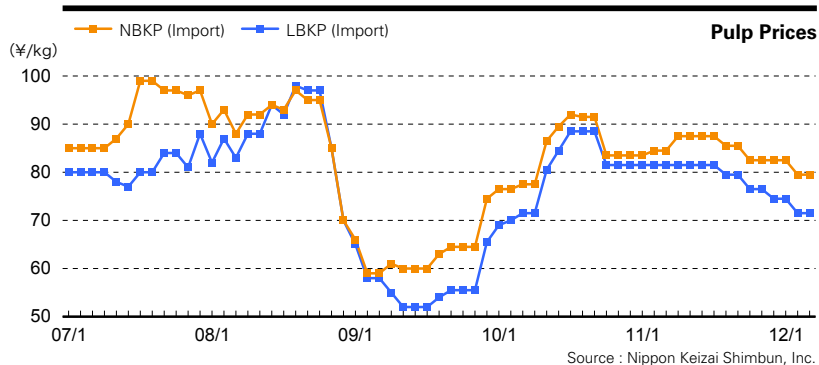
\*1 : Statistics for customs cleared imports of paper refer to April 2011 - March 2012.

\*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.



# Trends in Key Raw Materials and Fuel Prices



# Financial Highlights of FY2011



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(¥ Bil.)

	FY2010	FY2011	Increase (Decrease)
Net Sales	1,180.1	<b>1,212.9</b>	32.8
Operating Income	65.4	<b>53.8</b>	(11.6)
Ordinary Income	60.2	<b>48.4</b>	(11.8)
Net Income	24.6	<b>22.2</b>	(2.4)
Depreciation	79.6	<b>76.0</b>	(3.6)
Exchange rate (¥/US\$)	85.7	79.1	(6.6)
Scope of consolidation			
Consolidated companies	113 companies	128 companies	<b>+15 companies</b>
Affiliated companies which the equity method applies	13 companies	14 companies	<b>+ 1 company</b>

Change in companies in consolidated : +15

## Newly added 21 companies

**Harta group 18 companies** [Stock acquisition (Aug. 2011) Manufacture and sales of paperboard in Malaysia]

**Oji Papéis Especiais Ltda.** [Acquisition of equity interests (Sep. 2011) Manufacture and sales of thermal paper and carbonless paper in Brazil] etc.

## Excluded 6 companies

**United Kotak group 4 companies** [Restructuring (Sep. 2011) Manufacture and sales of paper board in Malaysia] etc.

Change in companies in affiliated : +1

## Newly added 1 company

**Harta group 1 company** [Stock acquisition (Aug. 2011)]

# Sales by Major Types of Products (Consolidated)



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	FY2010			FY2011			Increase (Decrease)			
	Sales volume	Unit price	Sales	Sales volume	Unit price	Sales	Sales volume	Y on Y	Unit price	Sales
	Thousand of tons	¥ /kg	¥ Bil.	Thousand of tons	¥ /kg	¥ Bil.	Thousand of tons	%	¥ /kg	¥ Bil.
<b>Total (paperboard)</b>	<b>3,059</b>	<b>66.27</b>	<b>202.8</b>	<b>3,075</b>	<b>66.47</b>	<b>204.4</b>	<b>15</b>	<b>0.5%</b>	<b>0.19</b>	<b>1.6</b>
Sanitary paper	216	203.62	43.9	213	209.22	44.5	(3)	(1.4) %	5.59	0.6
Packaging paper	288	101.69	29.3	276	102.73	28.4	(12)	(4.1) %	1.04	(0.9)
General paper	3,017	109.80	331.3	2,832	111.41	315.5	(185)	(6.1) %	1.61	(15.8)
Specialty paper etc.	238	229.97	54.8	232	220.75	51.3	(6)	(2.6) %	(9.22)	(3.6)
<b>Total (paper)</b>	<b>3,760</b>	<b>122.18</b>	<b>459.4</b>	<b>3,554</b>	<b>123.74</b>	<b>439.7</b>	<b>(206)</b>	<b>(5.5) %</b>	<b>1.55</b>	<b>(19.6)</b>
<b>Total (paper and Paperboard)</b>	<b>6,819</b>	<b>97.10</b>	<b>662.1</b>	<b>6,628</b>	<b>97.17</b>	<b>644.1</b>	<b>(191)</b>	<b>(2.8) %</b>	<b>0.07</b>	<b>(18.0)</b>

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

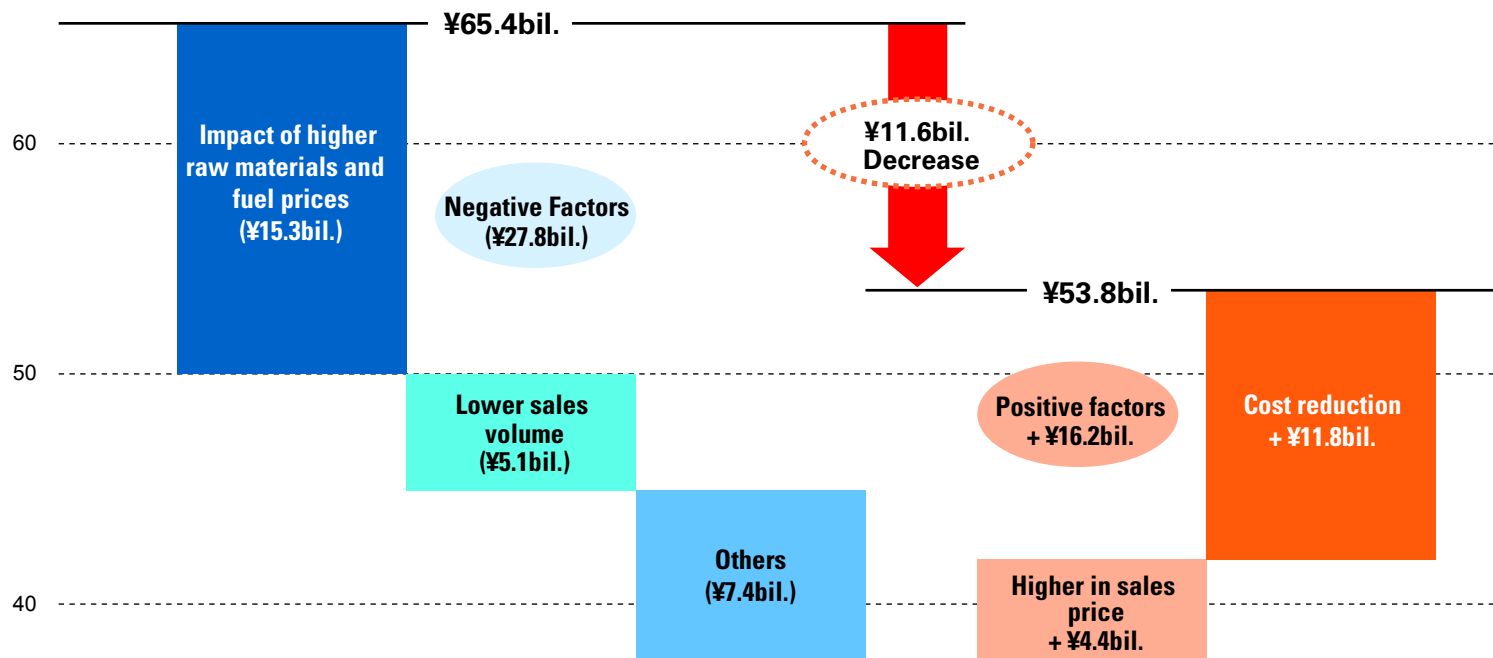
<b>Corrugated containers</b>	<b>214.4</b>	<b>209.7</b>	<b>(4.7)</b>
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Note : Sales to outside customers

# Breakdown of Increase/Decrease of Consolidated Operating Income (FY2010 to FY2011)



FY2010 ¥65.4bil. → FY2011 ¥53.8bil. (¥11.6bil. Decrease)





# Financial Forecast for FY2012



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(¥ Bil.)

	FY2011	FY2012E	Increase (Decrease)
Net sales	1,212.9	<b>1,270.0</b>	57.1
Operating income	53.8	<b>68.0</b>	14.2
Ordinary income	48.4	<b>60.0</b>	11.6
Net income	22.2	<b>28.0</b>	5.8
Depreciation	76.0	<b>70.1</b>	(5.9)
Exchange rate (¥/US\$)	79.1	80.0	0.9

## Preconditions for forecast of FY2012

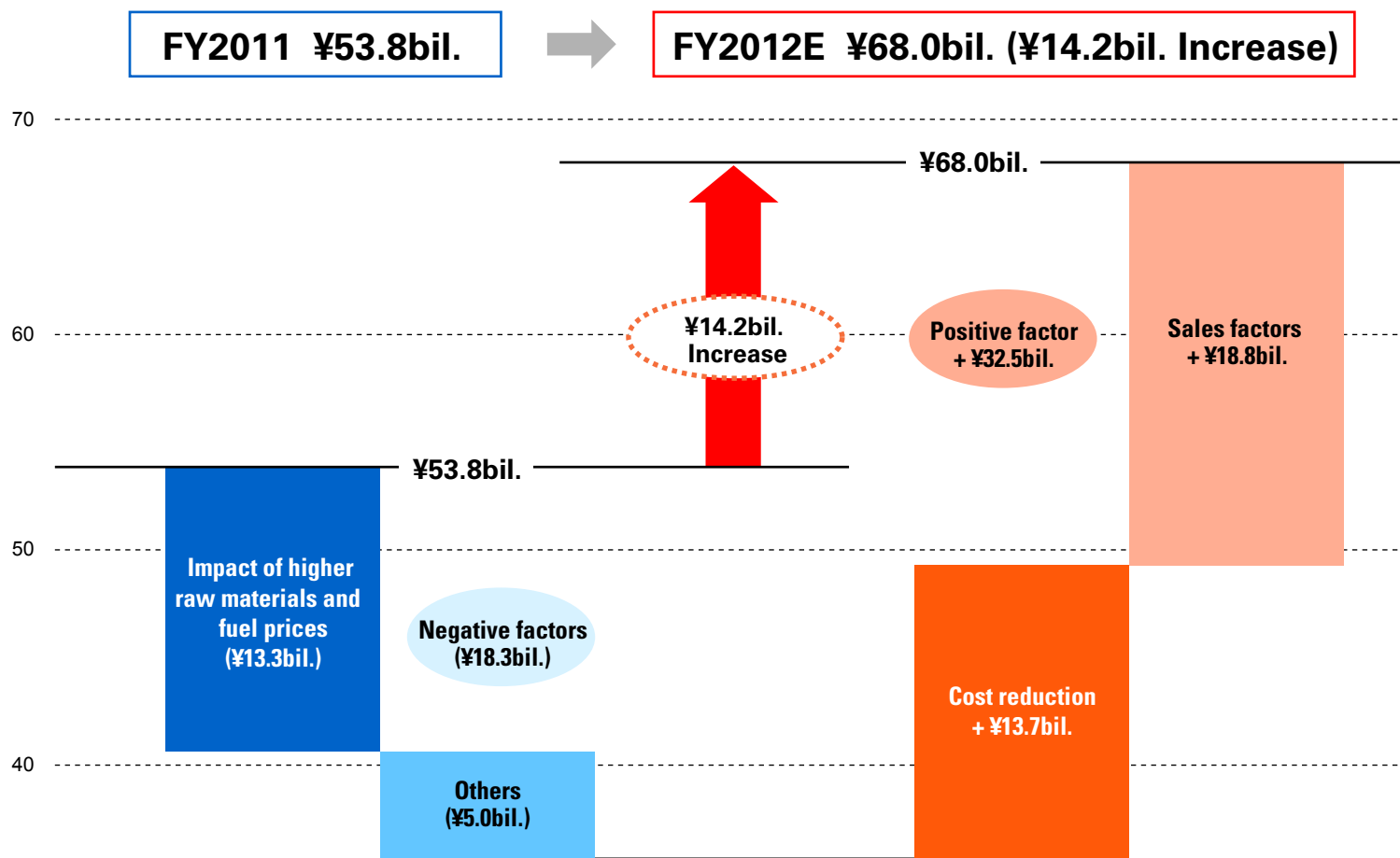
- Raw materials and fuel prices
  - Wood chip : Based on current contract
  - Recovered paper : Prices to remain static at current level
  - Coal : Based on current contract
- Fluctuation effect (per annum)
  - Exchange rate : Fluctuation of ¥1/US\$ ⇒ approximately ±¥0.5 bil.
  - Recovered paper : Fluctuation of ¥1/kg ⇒ approximately ±4.2 bil.

Note : The above forecasts are based on estimates made at the time of publication concerning future economic conditions and other factors. It is possible that actual results will differ from these forecasts for various reasons.

# Breakdown of Increase/Decrease of Consolidated Operating Income (FY2011 to FY2012)



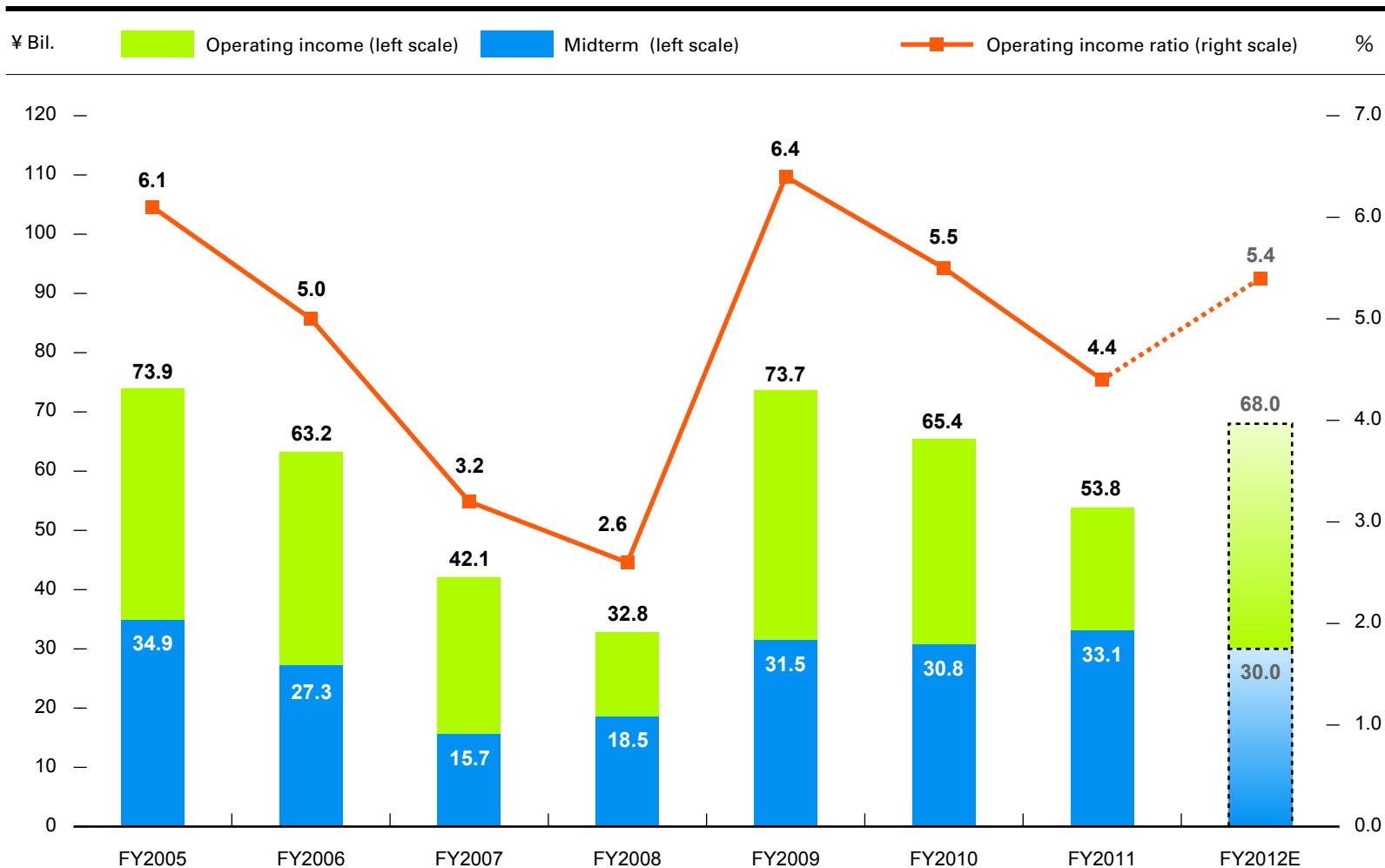
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# Trends in Ordinary Income (Consolidated)



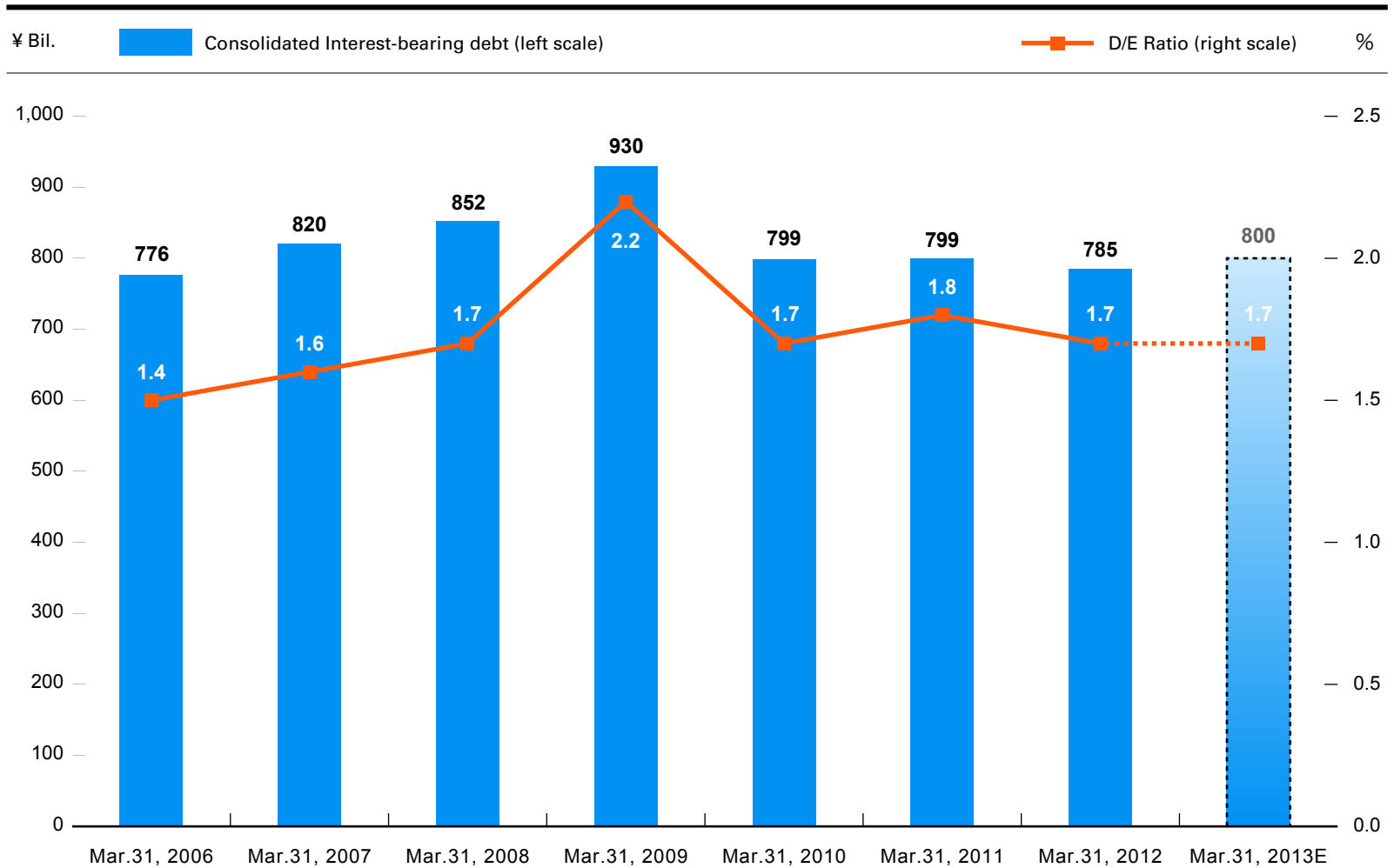
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# Trends in Consolidated Interest-bearing Debt



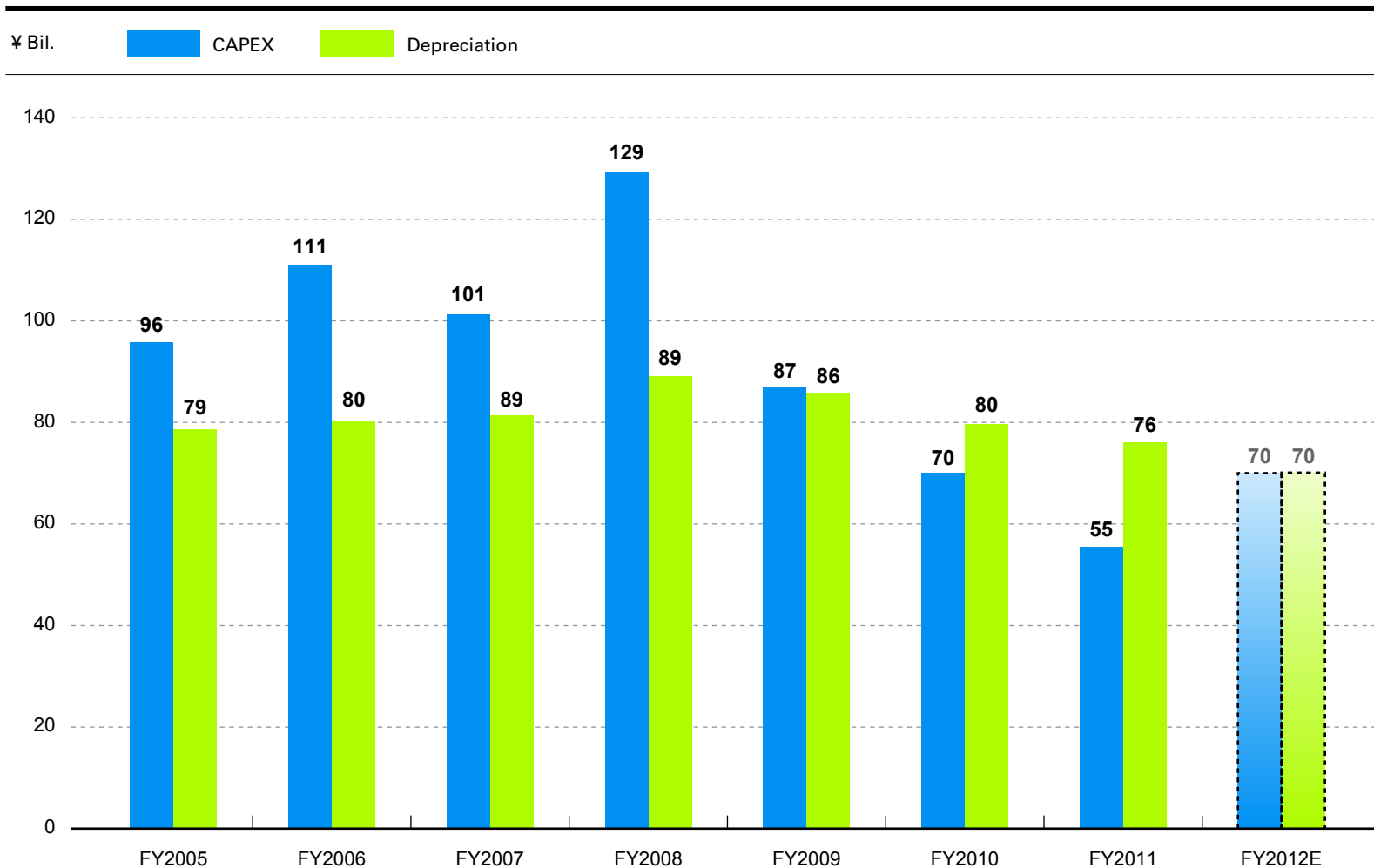
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# CAPEX and Depreciation (Consolidated)



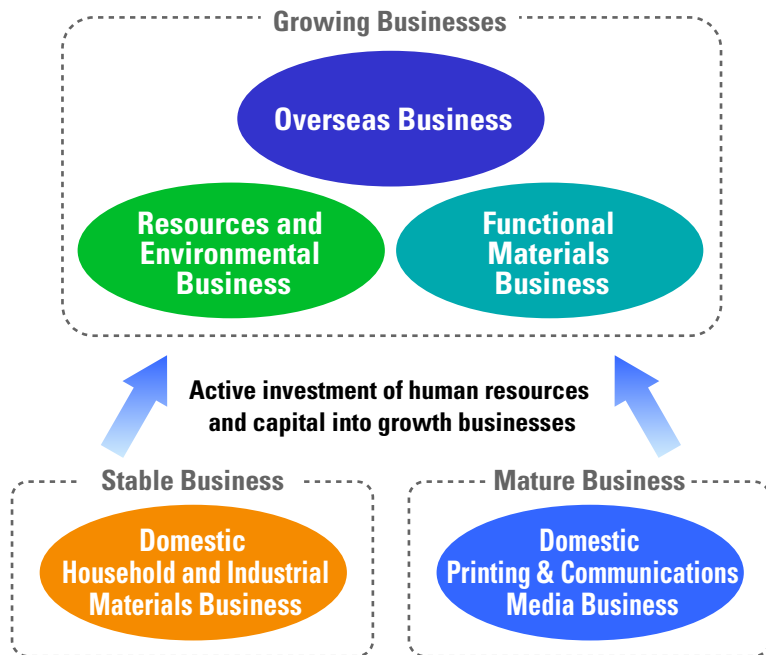
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## Basic Operating Strategies

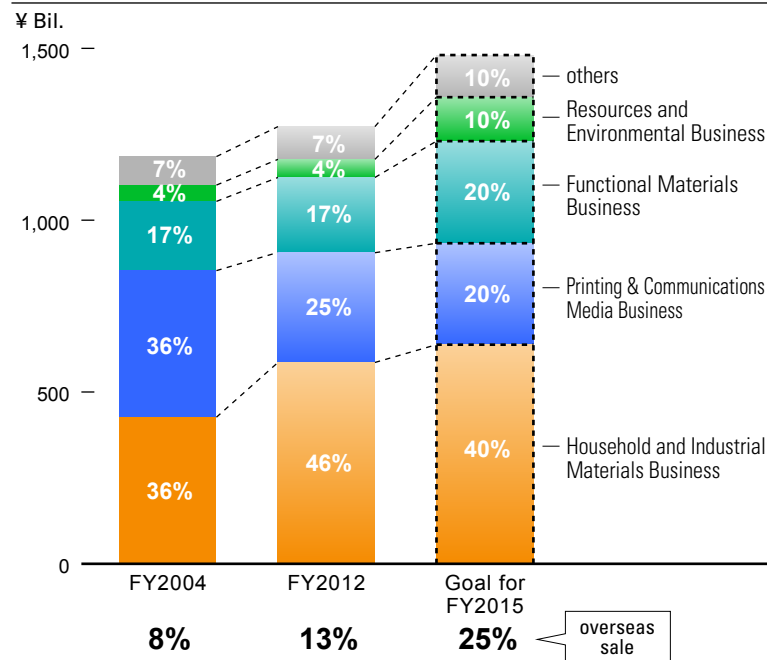
### Accomplish Business Portfolio Transition Through Innovation and Promotion of Growing Businesses

Pursuing efficiency in domestic business and expanding overseas business



Strength both stable and mature business to retain consistent revenue and earnings

### Component of sales



### 6 measures to accomplish Business Portfolio Transition

- Enhance global competitiveness through cost reduction
- Growth through incubating R&D oriented business
- Expand Overseas Business
- Establish integrated business model from raw material to end-user finished goods
- Promote Resources and Environmental Business
- Enhance Trading Business

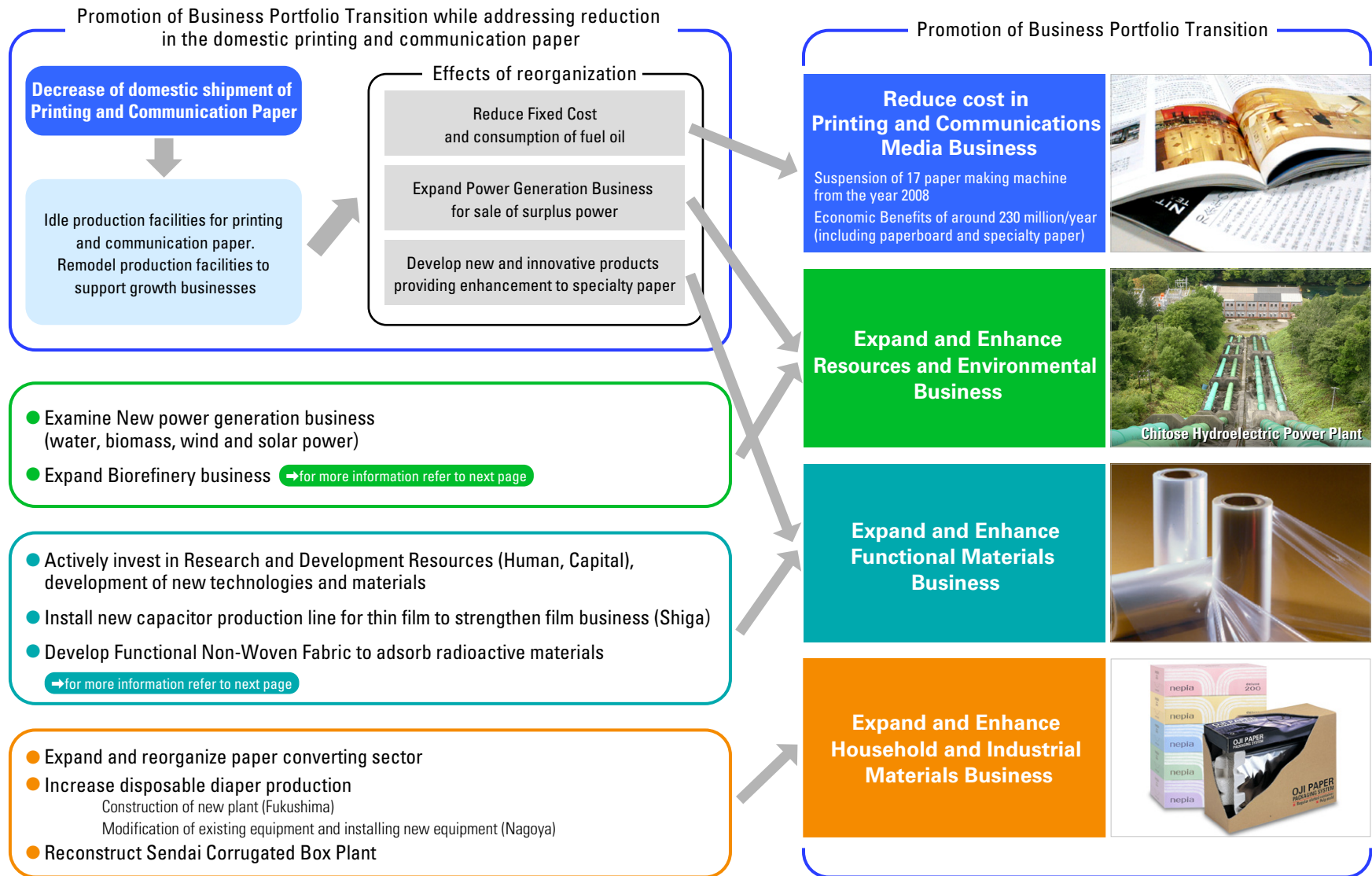
## Income Target

Achieve 100 billion yen in operating income and 50 billion yen in net income

# Business Portfolio Transition (Pursuing Efficiency in Domestic Business) 1



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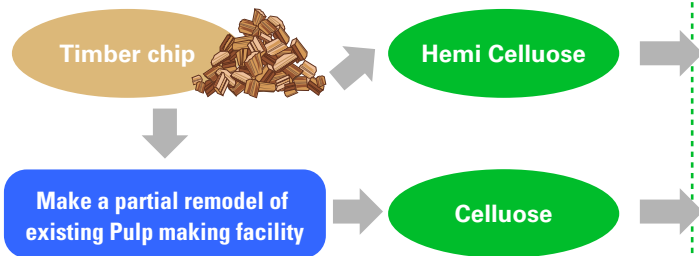


## Expand and Enhance Resources and Environmental Business

### Demonstrate, Implement and Evaluate valuable resources and their commercialization

(Ministry of Economy, Trade and Industry) [The Innovation Center Establishment Assistance Program: Subsidy for Advanced Technology Demonstration and Evaluation Facility Development] (relevant project)

Remodel existing pulp facility in Yonago Mill,  
Expand Resources and Environmental Business



#### Valuable biorefinery

##### Furfural

Considered as a solvent for petroleum refining.  
Also expected as raw materials for Biomass-derived chemical products and next-generation bio-plastic in the future.



xylooligosacchaide  
xylose  
ethanol

##### Dissolving pulp (90000t/year from the production development of January 2014)

Aim to enter into the market of special purpose areas such as chemical and medical focusing on high value added products.  
These products will be commercialized for goods using general rayon in near future.

## Enhance and Expand Functional Materials Business

### Develop and Commercialize Non-woven fabric zeolite that can absorb radioactive cesium

Develop and commercialize non-woven fabric using unique technology of Oji Group [TDS Process] (Totally Dry System)

#### [Features of TDS process]

Capable of producing non-woven low density high substance (~3,500g/m<sup>2</sup>) without using any water



Allow for holding large amounts of zeolite in non-woven fabric  
This process enhance and maximize the function of zeolite

Professor Hitoshi Mimura from Department of Quantum Science and Energy Engineering, Graduate School of Engineering, Tohoku University confirmed the effect through empirical evaluation and is schedule to present in the conference of Atomic Energy Society of Japan (September, 2012) and International Conference on radioactive waste disposal (February, 2013)

Using a wide range of possible applications such as decontamination of polluted water, trees and soil interposing polluted water and many more





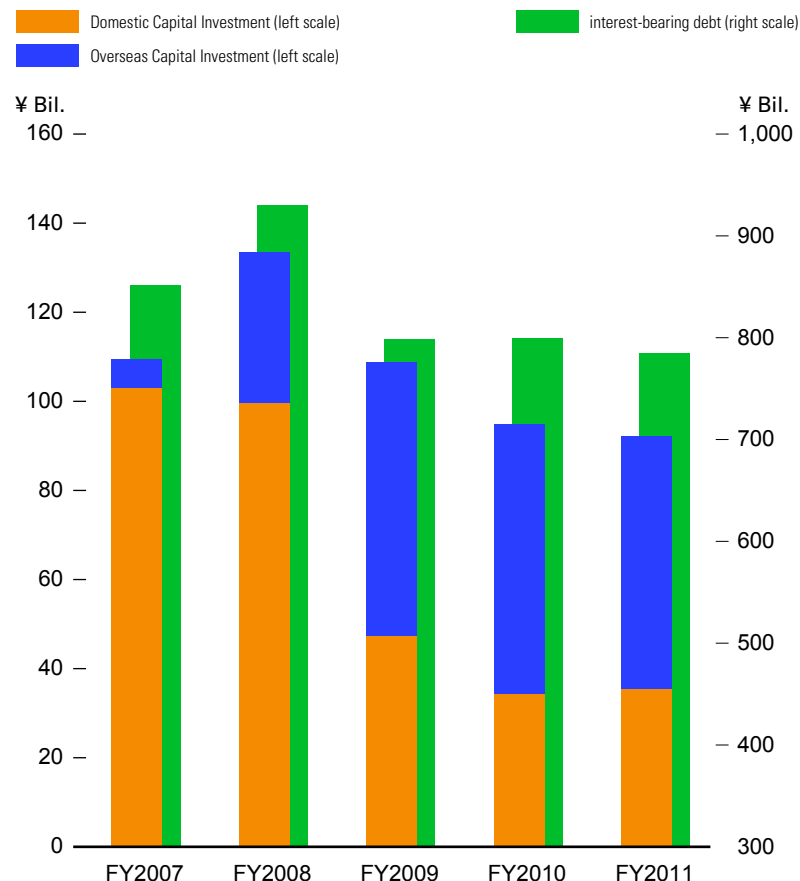
# Business Portfolio Transition (Expanding Overseas Business) 1



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Accelerate business expansion in emerging market as well as resource-rich countries

**Trend in capital investment and interest-bearing debt**



<b>Southeast Asia</b>	<p>Active involvement in Business through M&amp;A From 2010, concluded 4 M&amp;A transactions in packaging business (GSPP, United, Kotak, S.Pack, Harta)</p> <p>Commissioned start up new adhesive laminator for OJI Label (Thailand)</p> <p>Established joint venture with Chuntang for afforestation and timber converting</p> <p>Summer of 2012: start up afforestation project in Cambodia</p> <p>April 2013: Scheduled to start up new Corrugated Box plant in Vietnam</p> <p><b>Beginning of 2013: Scheduled to start up new Corrugated Box plant in Cambodia</b> → for more information refer to next page</p>
<b>India</b>	<p><b>Established subsidiary for the development of Corrugated Box business</b> → for more information refer to next page</p>
<b>China</b>	<p>Established Qingdao Oji Packaging</p> <p>Established Oji Paper International Trading (Shanghai)</p> <p>Nantong Mill In 2013: Scheduled to start up Kraft pulp manufacturing facility (Completion of First phase of project) Develop Business concept which include industrial and functional materials (Second Phase Project)</p> <p>July 2012: Scheduled to start up Oji Packaging (Wuhan) and expand production in inland China</p>
<b>New Zealand</b>	<p>Increase production capacity of BCTMP at PANPAC and Strengthen comprehensive forest business</p>
<b>Brazil</b>	<p>Expanded Imaging Media business through implementation of successful M&amp;A activity (OPE)</p>

## Construction of New Corrugated Box Plant in Cambodia

Real GDP Growth rate of 6.1% in 2011\*  
Domestic share of Oji Group: 30%

Since the existing plant doesn't have room to increase production capacity, measures are needed to respond to increasing demands



### Scheduled to establish new plant in Sihanoukville

- The only International deep-water port, where industrial parks are rapidly developing  
→ Increasing in the demands for Corrugated Boxes after the development of the industrial area
- Request to increase production from the major local beverage companies which are one of our main customers
- Improvement of transportation efficiency  
Importing base paper → converting  
→ sales are all completed in Sihanoukville

#### New Plant

Production site	Sihanoukville Harbour industrial area (Japanese Industrial area)
Production Capacity	Sheets: 67 million m <sup>2</sup> /year Boxes: 40 million m <sup>2</sup> /year
Authorized Share Capital	1.2 billion Yen
Operation Start up	Beginning of 2013



## Entering into Indian Corrugated Box Market

Real GDP Growth rate of 7.2% in 2011\*

Started to examine Corrugated Box Business in India where further increasing demand of high quality Corrugated Boxes are expected



**Scheduled to establish a local subsidiary, (2012/6) which helps in acquisition of land for the new plant site for the plant is planned in Neemrana Industrial Area in Rajasthan State**

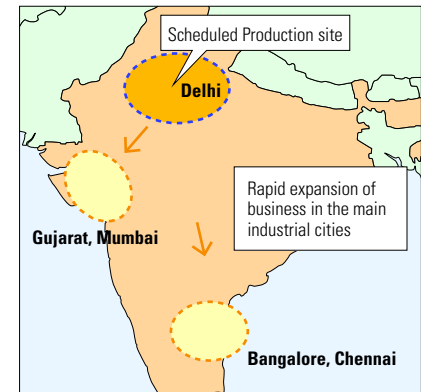
[Neemrana Industrial Area]

- 120km South West of Delhi, many Japanese companies (around 35)
- The 3rd development area is developed specially for Japanese companies
- A technological demonstration project to combine solar with diesel power for stable power supply is planned by NEDO

**Armed with good quality and service, we are seeking for new customers other than Japanese companies**

#### New Plant

Production site	Neemrana Industrial Area
Production Capacity	Sheets: 48 million m <sup>2</sup> /year Boxes: 25 million m <sup>2</sup> /year
Authorized Share Capital	1.8 billion Yen
Operation Start up	Second half of FY2013



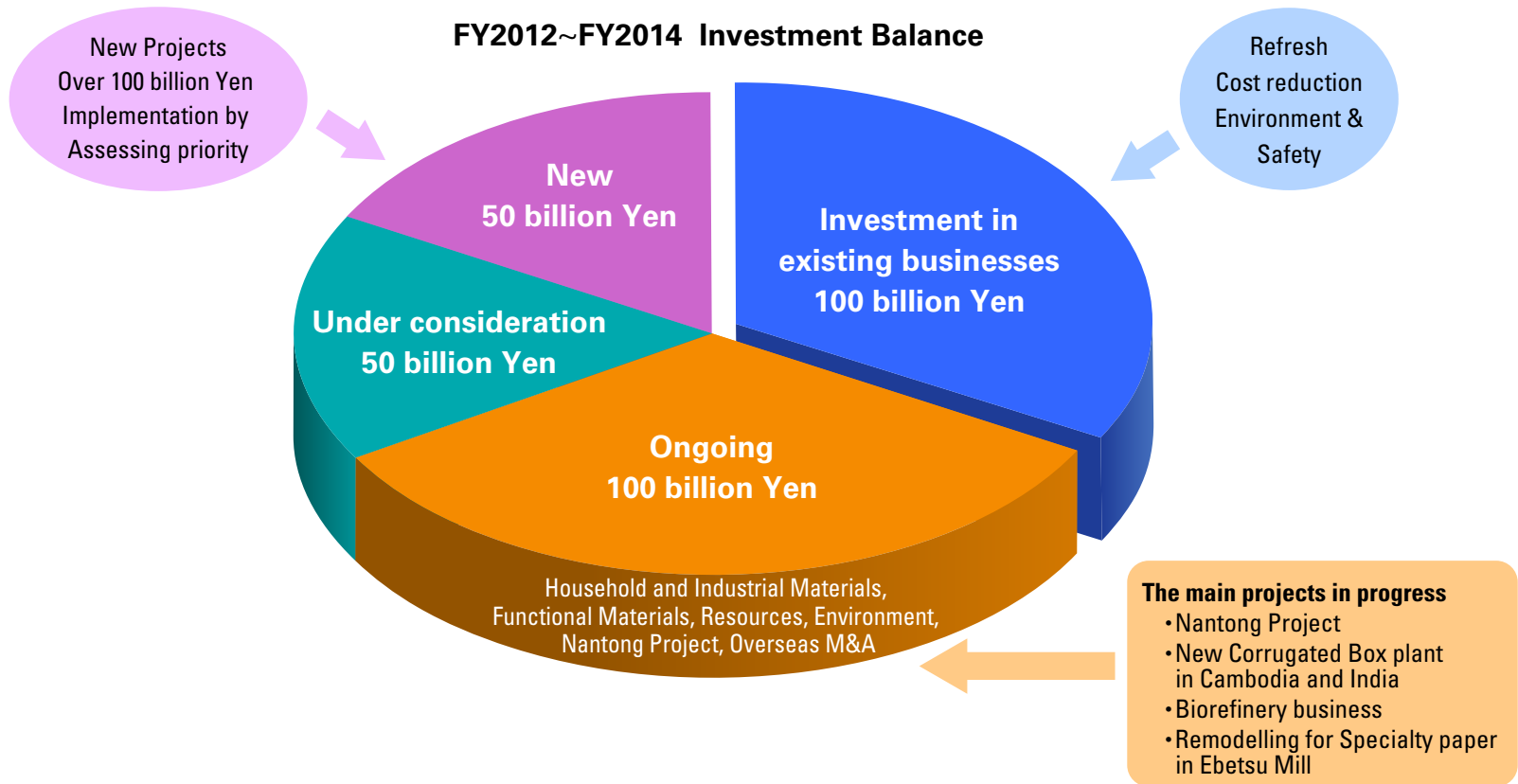
\*Real GDP growth rate: World Economic Outlook April 2012 (IMF)

**Complete business portfolio transition, by reducing investment in existing Domestic Business, and concentrating investment in higher priority areas**

Assumption

- Interest-Bearing Debt
- EBITDA

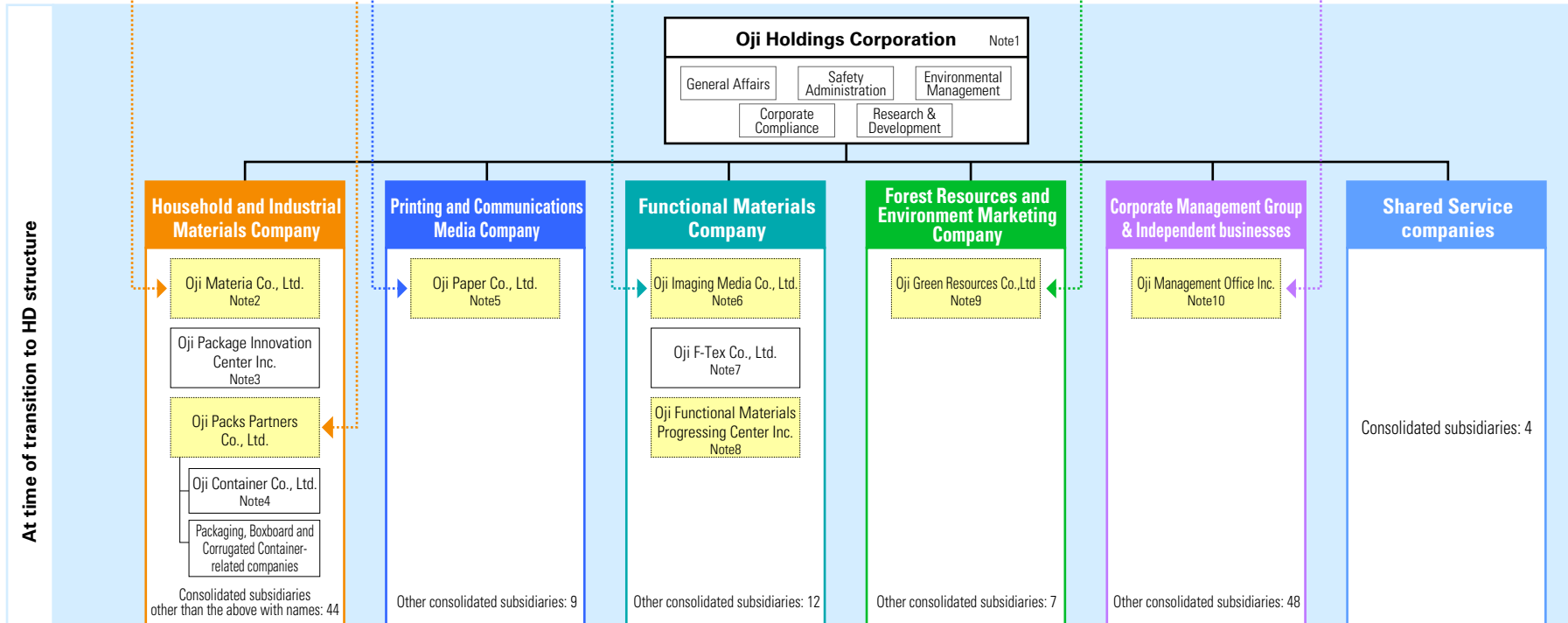
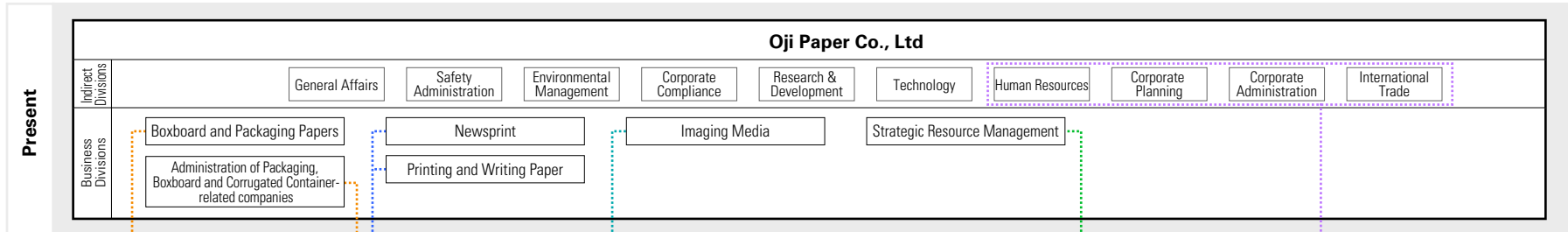
Maintaining 800 billion yen  
Same level as in the FY2011



# The Outline of Company Structure after Reorganization into Holding Company



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Note1 : Plan to change the trade name from Oji Paper Co., Ltd. effective October 1, 2012  
 Note2 : Plan to change the trade name from Oji Paperboard Co., Ltd. effective October 1, 2012  
 Note3 : To be incorporated in association with the transition to a H.C. structure (Scheduled date of operation commencement: October 1, 2012).  
 Note4 : Plan to change the trade name from Oji Chiyoda Container Co., Ltd. effective October 1, 2012  
 Note5 : Plan to change the trade name from Oji Paper Company Split Preparation Co., Ltd. effective October 1, 2012

Note6 : To be incorporated in association with the transition to a H.C. structure (Scheduled date of succession: October 1, 2012).  
 Note7 : Plan to change the trade name from Oji Specialty Paper Co., Ltd. effective October 1, 2012  
 Note8 : To be incorporated in association with the transition to a H.C. structure (Scheduled date of succession: October 1, 2012).  
 Note9 : To be incorporated in association with the transition to a H.C. structure (Scheduled date of succession: October 1, 2012).  
 Note10: To be incorporated in association with the transition to a H.C. structure (Scheduled date of succession: October 1, 2012).

: Successor Company

H.C: Holding Company

\*The number of consolidated subsidiaries are based on information as of March 31, 2012.



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