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Revision to Consolidated Financial Forecasts for the First Half of the Year Ending March 2018

Oji Holdings Corporation (hereinafter called “the Company”) hereby announces a revision to the First Half consolidated financial forecasts of the Year Ending March 2018. Also the influence of “Notice Regarding Postponement of Release of : “Summary of Consolidated Financial and Business Results for the First Half of the Year Ending March 2018”” the Company released today is extremely minor to Consolidated Income Statement for the First Half of the Year Ending March 2018.

1. Revised consolidated financial forecast for the First Half (April 1, 2017 to September 30, 2017))

	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
Previous forecast (A)	730,000	30,000	23,000	12,000	12.14
Revised forecast (B)	718,367	26,568	24,320	16,658	16.85
Difference (B-A)	(11,632)	(3,431)	1,320	4,658	
Percentage change (%)	(1.6)	(11.4)	5.7	38.8	
(Reference) FY2016 2Q (results, cumulative)	692,940	33,684	12,825	8,301	8.40

2. Reasons for the revision

The result of profit attributable to owners of parent exceeded the forecast previously released, because the company sold the fixed assets that had been planned since the Third quarter of the Year Ending March 2018.

3. Future outlook

Consolidated Forecasts for the Year Ending March 2018 (April 1, 2017-March 31, 2018)

	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
Full year	1,500,000	75,000	64,000	37,000	37.43

Consolidated Forecasts for the Year Ending March 2018 are no change from the forecast previously released (2 August, 2017). Forecast of Dividend for the First Half of the Year Ending March 2018 is no change. Start of dividend payout is December 1, 2017.

Note: 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.

4. Qualitative Information Concerning Business Performance and Financial Situation

(1) Qualitative Information Concerning Business Performance

Business Performance for the First Half of FY2017 (April 1, 2017 - September 30, 2017)

	Net Sales	Operating profit	Ordinary Profit	Profit attributable to owners of parent	Profit per share	Diluted profit per share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen	Yen
First Half of FY2017	718.4	26.6	24.3	16.7	16.85	16.84
First Half of FY2016	692.9	33.7	12.8	8.3	8.40	8.39
Difference	25.4	(7.1)	11.5	8.4		
Percentage change	3.7%	(21.1%)	89.6%	100.7%		

Comprehensive income : First Half of FY2017 17.8 Billion yen (—%)

First Half of FY2016 (48.8) Billion yen (—%)

Overview of Business Performance for the First Half of FY2017

During the first half of FY 2017, the global economic condition was steady with the continued economic expansion in US and China. Japanese economic condition continually showed a gradual recovery trend under its improving situations of company earnings and personal consumption.

Under such circumstances, Oji Group had the following business performances in the first half of FY2017.

- Consolidated net sales increased by 3.7% to be ¥718.4 billion.
- Consolidated operating profit decreased by 21.1% to be ¥26.6 billion due to impacts of elevated raw material and fuel prices that outweighed the positive generated by cost reduction measures, etc.
- Consolidated ordinary profit increased by 89.6% to be ¥24.3 billion due to a decrease in foreign exchange loss, etc.
- Consolidated profit attributable to owners of parent increased by 100.7% to be ¥16.7 billion due to the same reason as the ordinary profit.

Overview of Business Performance for the First Half of FY2017 by Segment

① Business Performance by Segment

(Unit: Billions of yen)

		Net Sales			Operating profit (loss)		
		1 st Half of FY2016	1 st Half of FY2017	Increase (Decrease)	1 st Half of FY2016	1 st Half of FY2017	Increase (Decrease)
Reporting Segment	Household & Industrial Materials	301.8	317.2	5.1%	9.4	(0.2)	—
	Functional Materials	103.1	106.5	3.2%	7.4	8.9	20.4%
	Forest Resources & Environment Marketing	127.7	142.2	11.4%	10.4	16.3	56.9%
	Printing & Communications Media	145.5	140.8	(3.2%)	1.8	(2.6)	—
	Total	678.1	706.6	4.2%	29.0	22.4	(22.5%)
Others		130.7	137.5	5.2%	4.4	4.3	(1.0%)
Total		808.8	844.1	4.4%	33.3	26.8	(19.7%)
Adjustment (*)		(115.9)	(125.7)	—	0.3	(0.2)	—
Consolidated total		692.9	718.4	3.7%	33.7	26.6	(21.1%)

*Adjustment amount is mainly the adjustment concerning internal transactions.

② Overview of Business Performance by Segment

Oji Group has four reporting segments which are: "Household and Industrial Materials", "Functional Materials", "Forest Resources and Environment Marketing" and "Printing and Communications Media". Business segments that are not included in the reporting segments are put together as "Others".

Major business lineup for the segments are as follows.

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

○Household and Industrial Materials

In the first half of FY2017, net sales were ¥317.2 billion (year-on-year increase of 5.1%); and operating loss was ¥0.2 billion (year-on-year decrease of ¥9.6 billion) as a result of impacts of elevated raw material and fuel prices that outweighed the positive generated by cost reduction measures.

Regarding domestic businesses, sales volume of containerboard and corrugated containers increased from the previous year as sales of those for customers of greengrocery, beverage and processed food industries as well as e-commerce strongly performed.

Sales volume of boxboard/packing paper increased from the previous year due to strong sales mainly for domestic customers.

As for disposable diapers, sales volume of baby disposable diapers decreased from the previous year due to a decline in inbound demand, etc.; whilst that of adult disposable diapers increased. Household paper business, including tissue paper and toilet rolls, steadily performed and its sales volume increased.

Regarding overseas businesses, sales of containerboard remained steady and that of corrugated sheet and container, mainly for customers of beverage and processed food industries, recorded healthy in Southeast Asia. Sales volume of disposable diapers significantly increased from the previous year with the start of full-scale local production/sales in Southeast Asia and the earnest market entry into China through the establishment of a local sales organization.

○Functional Materials

In the first half of FY2017, net sales were ¥106.5 billion (year-on-year increase of 3.2%); and operating profit was ¥8.9 billion (year-on-year increase of 20.4%) as a result of cost reduction effects and other factors.

Regarding domestic businesses, sales volume of specialty paper in Japan, with a main focus in electronic components such as for smartphones and release paper for medical purposes, increased from the previous year due to efforts made for development of new products and customers. Export sales of specialty paper increased from the previous year due to sales expansion of release paper, etc. Domestic sales of thermal paper were almost at the same level as the previous year.

Regarding overseas businesses, sales of thermal paper steadily performed in South America.

○Forest Resources and Environment Marketing

In the first half of FY2017, net sales were ¥142.2 billion (year-on-year increase of 11.4%); and operating profit was ¥16.3 billion (year-on-year increase of 56.9%) due to rise in pulp market and other factors.

Regarding domestic businesses, sales volume of dissolving pulp increased from the previous year due to strong sales mainly for export. Energy business steadily performed and its sales volume was at almost at the same level as the previous year.

Regarding overseas businesses, sales of pulp strongly performed at Celulose Nipo-Brasileira S.A. Sales volume of lumber business increased from the previous year due to sales expansion at Pan Pac Forest

○Printing and Communications Media

In the first half of FY2017, net sales were ¥140.8 billion (year-on-year decrease of 3.2%); and operating loss was ¥2.6 billion (year on-year decrease of ¥4.3 billion) due to impacts of elevated raw material and fuel prices that outweighed the positive generated by cost reduction measures.

Regarding domestic businesses, sales volume of newsprint decreased from the previous year due to reduced

circulation and total number of pages.

As for printing and communication paper, sales volume was almost at the same level as the previous year, but sales amount decreased because of the fall in market and other factors.

Regarding overseas businesses, a steady increase in sales of printing paper at Jiangsu Oji Paper resulted in an increase in sales volume relative to the previous year.

5. Outline of Business Performance and Financial Situation

Business Performance

(Unit: Billions of yen)

	1st half of FY2017		Forecasts for FY2017	
		Increase(Decrease)		Increase(Decrease)
Net Sales	718.4	25.4	1,500.0	60.1
Domestic	503.7	(6.0)		
Overseas	214.7	31.4		
ratio	29.9%	3.4%		
Operating Profit (Loss)	26.6	(7.1)	75.0	4.5
Ordinary Profit	24.3	11.5	64.0	12.8
Profit attributable to owners of parent	16.7	8.4	37.0	0.4

(Unit: Billions of yen)

Depreciation	35.2	(0.8)	70.7	(4.1)
Capital expenditure	26.8	6.4	60.8	9.2

(Unit: Billions of yen)

	30 Sep, 2017	
		Increase (Decrease)from Mar31,2017
Interest bearing debts	6,75.9	(1.4)

Average foreign exchange rate

	1st half of FY2017		Forecasts for FY2017	
		Increase(Decrease)		Increase(Decrease)
JPY / USD April to March	111.1	5.8	110.6	2.2
JPY / EUR April to March	126.3	8.2	125.7	7.0
BRL / USD January to December	3.18	(0.53)	3.14	(0.35)
NZD / USD January to December	1.41	(0.07)	1.41	(0.03)

Number of employees

(Person)

	30 Sep, 2017	
		Increase (Decrease)from Mar31,2017
Number of employees	36,031	639
Domestic	17,029	(19)
Overseas	19,002	658