

Summary of Consolidated Financial and Business Results for the First Quarter of the Year Ending March 2018

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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, 2018 (April 1, 2017 - June 30, 2017)

(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 FY2017 | 350,926 | 0.1 | 12,667 | (31.6) | 10,165 | 30.4 | 5,608 | (23.2) |
| First Quarter of FY2016 | 350,622 | (2.3) | 18,506 | 17.3 | 7,794 | (70.4) | 7,303 | (56.8) |

Note: Comprehensive income
 First Quarter of FY2017 715 million yen
 First Quarter of FY2016 (14,802) million yen

| | Profit per share | Diluted profit per share |
|-------------------------|------------------|--------------------------|
| | Yen | Yen |
| First Quarter of FY2017 | 5.67 | 5.67 |
| First Quarter of FY2016 | 7.39 | 7.38 |

(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 FY2017 | 1,917,276 | 770,114 | 33.2 | 643.64 |
| Year ended March 2017 | 1,918,128 | 774,747 | 33.2 | 644.62 |

Note: Shareholders' equity
 First Quarter of FY2017 636,241 million yen
 FY2016 637,236 million yen

2. Dividend Conditions

| | Dividend per share | | | | |
|-------------------|--------------------|-----------|-----------|-----------|--------|
| | End of 1Q | End of 2Q | End of 3Q | End of FY | Annual |
| FY2016 | — | 5.00 | — | 5.00 | 10.00 |
| FY2017 | — | | | | |
| FY2017 (Forecast) | | 5.00 | — | 5.00 | 10.00 |

Note : Change in forecast of dividend ... None

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

(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 | 730,000 | 5.3 | 30,000 | (10.9) | 23,000 | 79.3 | 12,000 | 44.5 | 12.14 |
| Full year | 1,500,000 | 4.2 | 75,000 | 6.4 | 64,000 | 25.0 | 37,000 | 1.2 | 37.43 |

Note : Change in consolidated forecasts ... No

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 : | None |
| (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 FY2017 | 1,014,381,817 | FY2016 | 1,014,381,817 |
| (ii) Outstanding balance of treasury shares at the end of fiscal year | | | |
| First Quarter of FY2017 | 25,880,619 | FY2016 | 25,843,510 |
| (iii) Weighted average number of shares during fiscal year | | | |
| First Quarter of FY2017 | 988,522,759 | First Quarter of FY2016 | 988,583,376 |

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 FY2017 (April 1, 2017 - June 30, 2017)

| | 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 |
| 1st Quarter of FY2017 | 350.9 | 12.7 | 10.2 | 5.6 | 5.67 |
| 1st Quarter of FY2016 | 350.6 | 18.5 | 7.8 | 7.3 | 7.39 |
| Increase (Decrease) | 0.3 | (5.8) | 2.4 | (1.7) | |
| Increase (Decrease) | 0.1% | (31.6%) | 30.4% | (23.2%) | |

Overview of Business Performance for the First Quarter of FY2017

During the first quarter 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 employment and income.

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

- Consolidated net sales increased by 0.1% to be ¥350.9 billion.
- Consolidated operating profit decreased by 31.6% to be ¥12.7 billion.
The decrease was partially due to impacts of elevated raw material and fuel prices that outweighed the positive generated by cost reduction measures.
- Consolidated ordinary profit increased by 30.4% to be ¥10.2 billion.
The increase was partially due to a decrease in foreign exchange loss.
- Consolidated profit attributable to owners of parent decreased by 23.2% to be ¥5.6 billion.
The decrease was partially due to a decrease in gain on sale of fixed assets.

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

① Business Performance by Segment

(Unit: Billions of yen)

| Reporting Segment | | Net Sales | | | Operating Profit | | |
|----------------------------------|--|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|
| | | 1st Quarter of FY2016 | 1st Quarter of FY2017 | Increase (Decrease) | 1st Quarter of FY2016 | 1st Quarter of FY2017 | Increase (Decrease) |
| Household & Industrial Materials | Household & Industrial Materials | 151.8 | 154.7 | 1.9% | 4.3 | 0.5 | (89.3%) |
| | Functional Materials | 52.6 | 52.8 | 0.3% | 3.4 | 4.5 | 32.9% |
| | Forest Resources & Environment Marketing | 62.5 | 67.7 | 8.3% | 7.0 | 6.7 | (3.5%) |
| | Printing & Communications Media | 73.1 | 69.6 | (4.9%) | 1.5 | (0.7) | - |
| | Total | 340.1 | 344.8 | 1.4% | 16.2 | 11.1 | (31.6%) |
| Others | | 64.8 | 67.8 | 4.6% | 2.1 | 2.1 | 0.5% |
| Total | | 404.9 | 412.5 | 1.9% | 18.3 | 13.2 | (27.9%) |
| Adjustment (*) | | (54.2) | (61.6) | | 0.2 | (0.5) | |
| Consolidated total | | 350.6 | 350.9 | 0.1% | 18.5 | 12.7 | (31.6%) |

*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 quarter of FY2017, net sales was ¥154.7 billion (year-on-year increase of 1.9%); and operating profit was ¥0.5 billion (year-on-year decrease of 89.3%) 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 increased relative to the previous year as sales of those for customers of greengrocery industry strongly performed thanks to the good weather since the beginning of 2017 and sales of those for beverage industry steadily performed.

Sales volume of corrugated sheet and container increased relative to the previous year as sales of those for beverage and processed food industries steadily performed.

Sales volume of boxboard/packing paper increased from the previous year as both domestic and export sales strongly performed.

As for disposable diapers, sales volume of baby disposable diapers decreased from the previous year as a result of a decline in inbound demand; and 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 an establishment of a local sales organization.

○ Functional Materials

In the first quarter of FY2017, net sales was ¥52.8 billion (year-on-year increase of 0.3%); and operating profit was ¥4.5 billion (year-on-year increase of 32.9%) due to cost reduction effects and other factors.

Regarding domestic businesses, sales volume of specialty paper in Japan increased relative to the previous year as a result of efforts made for sales expansion through development of new products and customers. Export sales of specialty paper and domestic sales of thermal paper were almost at the same level as the previous year.

Regarding overseas businesses, sales volume of thermal paper decreased in South America but remained almost at the same level as the previous year in other regions.

○Forest Resources and Environment Marketing

In the first quarter of FY2017, net sales was ¥67.7 billion (year-on-year increase of 8.3%); and operating profit was ¥6.7 billion (year-on-year decrease of 3.5%).

Regarding domestic businesses, sales volume of dissolving pulp increased from the previous year, as a result of 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 volume of pulp was almost at the same level as the previous year. Sales volume of lumber business increased from the previous year due to sales expansion at Pan Pac Forest Products Ltd.

○Printing and Communications Media

In the first quarter of FY2017, net sales was ¥69.6 billion (year-on-year decrease of 4.9%); and operating loss was ¥0.7 billion (year on-year decrease of ¥2.2 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 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.

Consolidated quarterly balance sheets

(Unit : Millions of yen)

| | FY2016 | First Quarter / |
|--|--------------------|------------------------|
| | Mar 31,2017 | FY2017 |
| | | Jun 30,2017 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 43,833 | 54,023 |
| Notes and accounts receivable - trade | 292,780 | 283,919 |
| Securities | 9,787 | 9,808 |
| Merchandise and finished goods | 93,973 | 99,582 |
| Work in process | 18,215 | 18,853 |
| Raw materials and supplies | 78,992 | 80,963 |
| Other | 43,729 | 43,517 |
| Allowance for doubtful accounts | (1,613) | (1,458) |
| Total current assets | 579,698 | 589,210 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 207,282 | 202,886 |
| Machinery, equipment and vehicles, net | 373,646 | 359,892 |
| Land | 237,328 | 235,088 |
| Other, net | 269,400 | 271,714 |
| Total property, plant and equipment | 1,087,657 | 1,069,581 |
| Intangible assets | | |
| Goodwill | 9,503 | 8,890 |
| Other | 12,169 | 11,542 |
| Total intangible assets | 21,673 | 20,433 |
| Investments and other assets | | |
| Investment securities | 152,384 | 158,476 |
| Other | 78,433 | 81,603 |
| Allowance for doubtful accounts | (1,719) | (2,029) |
| Total investments and other assets | 229,098 | 238,050 |
| Total non-current assets | 1,338,429 | 1,328,065 |
| Total assets | 1,918,128 | 1,917,276 |

(Unit : Millions of yen)

| | FY2016 Mar 31,2017 | First Quarter / FY2017 Jun 30,2017 |
|---|-------------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 205,147 | 209,404 |
| Short-term loans payable | 178,480 | 189,663 |
| Commercial papers | 2,000 | — |
| Current portion of bonds | 40,000 | 40,000 |
| Income taxes payable | 9,385 | 4,064 |
| Provision | 5,212 | 3,432 |
| Other | 87,516 | 80,532 |
| Total current liabilities | 527,742 | 527,096 |
| Non-current liabilities | | |
| Bonds payable | 80,000 | 80,000 |
| Long-term loans payable | 376,835 | 373,897 |
| Provision | 8,043 | 7,773 |
| Net defined benefit liability | 54,123 | 54,313 |
| Other | 96,637 | 104,080 |
| Total non-current liabilities | 615,638 | 620,064 |
| Total liabilities | 1,143,381 | 1,147,161 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 103,880 | 103,880 |
| Capital surplus | 112,455 | 112,066 |
| Retained earnings | 357,999 | 359,379 |
| Treasury shares | (14,394) | (14,414) |
| Total shareholders' equity | 559,942 | 560,911 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 34,075 | 38,507 |
| Deferred gains or losses on hedges | (729) | 45 |
| Revaluation reserve for land | 5,921 | 5,921 |
| Foreign currency translation adjustment | 33,164 | 24,642 |
| Remeasurements of defined benefit plans | 4,863 | 6,212 |
| Total accumulated other comprehensive income | 77,294 | 75,329 |
| Subscription rights to shares | 266 | 266 |
| Non-controlling interests | 137,244 | 133,607 |
| Total net assets | 774,747 | 770,114 |
| Total liabilities and net assets | 1,918,128 | 1,917,276 |

Consolidated quarterly statements of income

| | (Unit : Millions of yen) | |
|---|-----------------------------------|-----------------------------------|
| | First Quarter / FY2016 | First Quarter / FY2017 |
| | Apr '16 - Jun '16 | Apr '17 - Jun '17 |
| Net sales | 350,622 | 350,926 |
| Cost of sales | 266,863 | 272,142 |
| Gross profit | <u>83,759</u> | <u>78,784</u> |
| Selling, general and administrative expenses | | |
| Freightage related expenses | 35,377 | 35,513 |
| Other | 29,875 | 30,603 |
| Total selling, general and administrative expenses | <u>65,252</u> | <u>66,116</u> |
| Operating profit | <u>18,506</u> | <u>12,667</u> |
| Non-operating income | | |
| Interest income | 242 | 335 |
| Dividend income | 1,282 | 1,085 |
| Share of profit of entities accounted for using equity method | 575 | 367 |
| Other | 1,768 | 726 |
| Total non-operating income | <u>3,869</u> | <u>2,515</u> |
| Non-operating expenses | | |
| Interest expenses | 1,887 | 1,635 |
| Foreign exchange losses | 10,985 | 1,935 |
| Other | 1,708 | 1,447 |
| Total non-operating expenses | <u>14,581</u> | <u>5,018</u> |
| Ordinary profit | <u>7,794</u> | <u>10,165</u> |
| Extraordinary income | | |
| Gain on sales of investment securities | 0 | 234 |
| Gain on sales of non-current assets | 6,422 | 174 |
| Other | 903 | 0 |
| Total extraordinary income | <u>7,326</u> | <u>409</u> |
| Extraordinary losses | | |
| Special retirement expenses | 55 | 306 |
| Loss on retirement of non-current assets | 370 | 293 |
| Other | 740 | 199 |
| Total extraordinary losses | <u>1,166</u> | <u>798</u> |
| Profit before income taxes | <u>13,953</u> | <u>9,775</u> |
| Income taxes - current | 3,617 | 2,407 |
| Income taxes - deferred | 2,323 | 1,085 |
| Total income taxes | <u>5,941</u> | <u>3,493</u> |
| Profit | <u>8,012</u> | <u>6,282</u> |
| Profit attributable to non-controlling interests | 708 | 674 |
| Profit attributable to owners of parent | <u>7,303</u> | <u>5,608</u> |

Consolidated quarterly statements of comprehensive income

(Unit : Millions of yen)

| | First Quarter / FY2016 Apr '16 - Jun '16 | First Quarter / FY2017 Apr '17 - Jun '17 |
|---|---|---|
| Profit | 8,012 | 6,282 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (2,248) | 4,233 |
| Deferred gains or losses on hedges | 79 | 775 |
| Foreign currency translation adjustment | (20,728) | (12,125) |
| Remeasurements of defined benefit plans, net of tax | 441 | 1,351 |
| Share of other comprehensive income of entities accounted for using equity method | (358) | 198 |
| Total other comprehensive income | <u>(22,814)</u> | <u>(5,566)</u> |
| Comprehensive income | <u>(14,802)</u> | <u>715</u> |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (8,241) | 4,007 |
| Comprehensive income attributable to non-controlling interests | (6,561) | (3,292) |