



Oji Holdings Corporation

Financial Results of FY2013 and Management Strategies

May 28, 2014



OJI
Beyond the Boundaries

United Kotak Berhad's New Mill



Oji Paper Yonago Mill

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I. FY2013 Result Overview and FY2014 Financial Forecast

1. FY2013 Industry Demands

	Domestic Shipments		Custom Cleared Imports * 1		Total	
		Year-to-Year		Year-to-Year		Year-to-Year
Containerboard	8,865	104.2%	89	71.0%	8,954	103.7%
Boxboard	1,584	100.6%	248	102.6%	1,832	100.9%
Other Paperboard	670	104.5%	27	89.6%	697	103.8%
Paperboard Total	11,119	103.7%	364	91.6%	11,483	103.2%
Sanitary Paper	1,792	102.0%	158	134.9% * 2	1,949	104.0%
Packaging Paper	759	100.6%	9	64.3%	768	100.0%
Newsprint	3,216	99.3%	55	109.7%	3,271	99.4%
Printing/ Communications Paper	8,227	104.6%	1,438	94.7%	9,665	103.0%
Miscellaneous Paper	725	101.5%	20	91.7%	744	101.2%
Paper Total	14,719	102.7%	1,679	97.5%	16,398	102.2%
Paperboard and Paper Total * 3	25,838	103.1%	2,042	96.4%	27,880	102.6%
						(million m ²)
Corrugated Containers	13,681	103.6%			13,681	103.6%

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

* 1: Statics for customs cleared imports of paper, April 2013 – March 2014

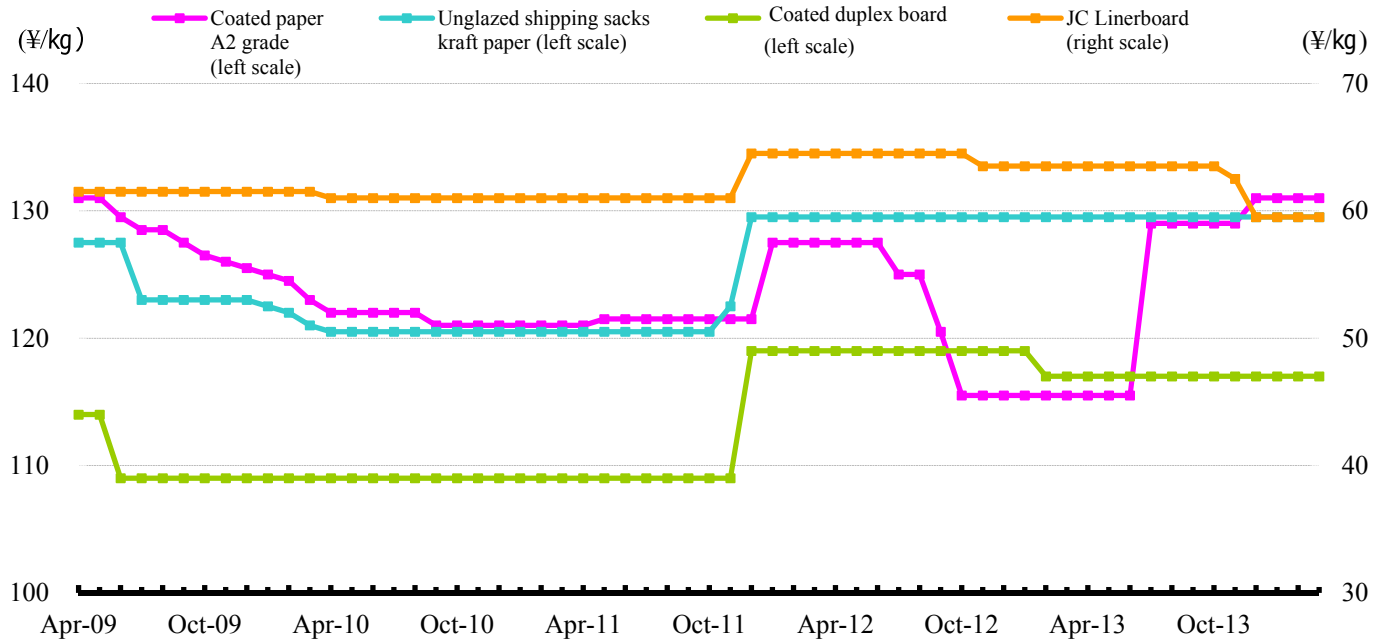
* 2: The figure shown in customs cleared imports of sanitary paper includes secondary products (processed goods)

* 3: The figure shown in corrugated containers is volume of sheet production



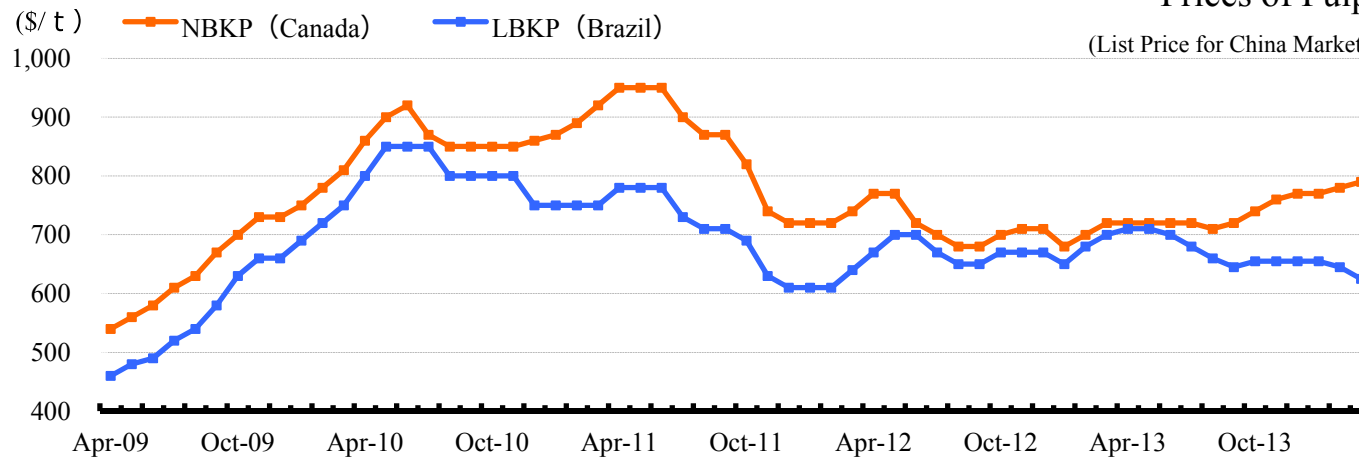
2. Trends of Sales Prices

Prices of Paperboard and Paper

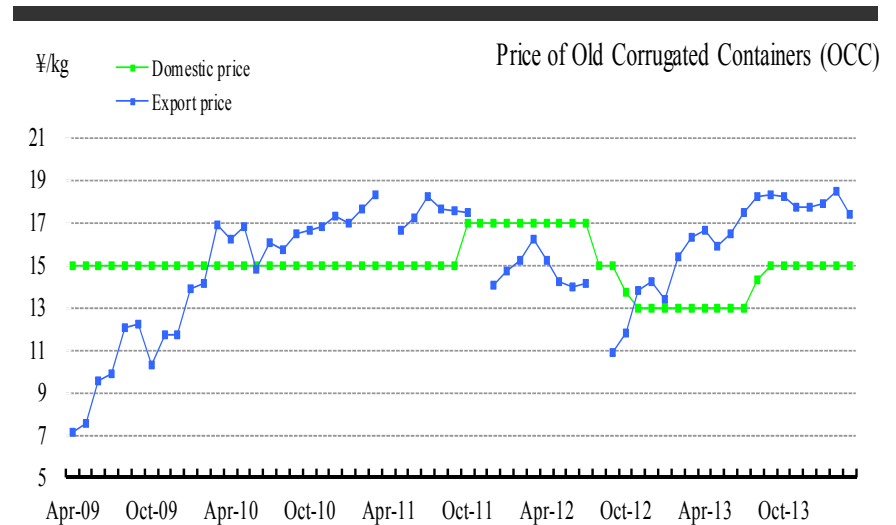
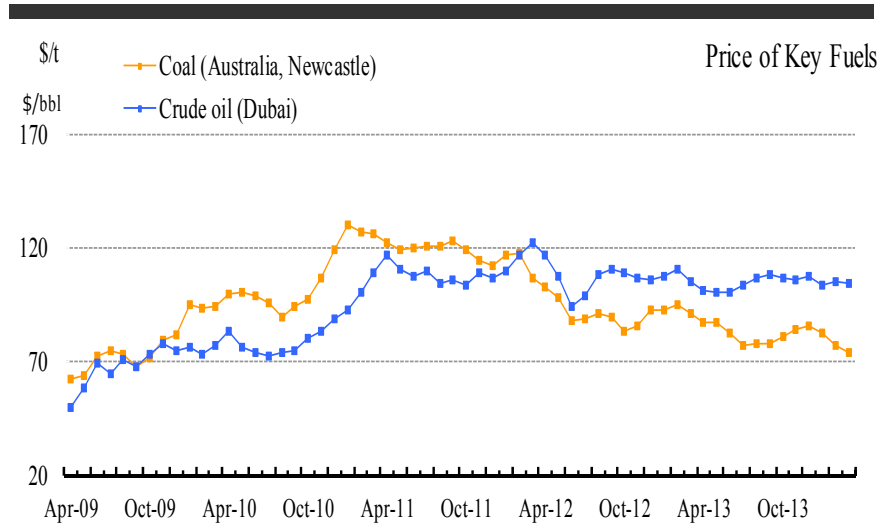
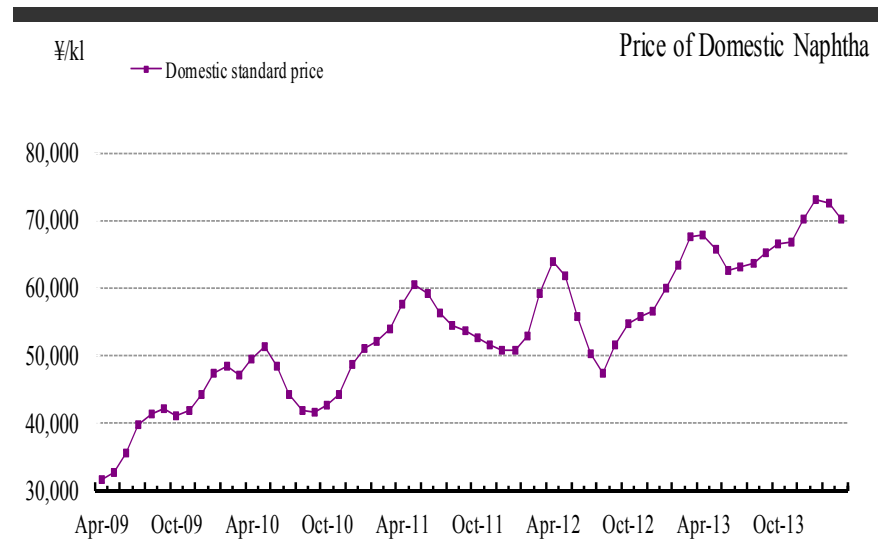
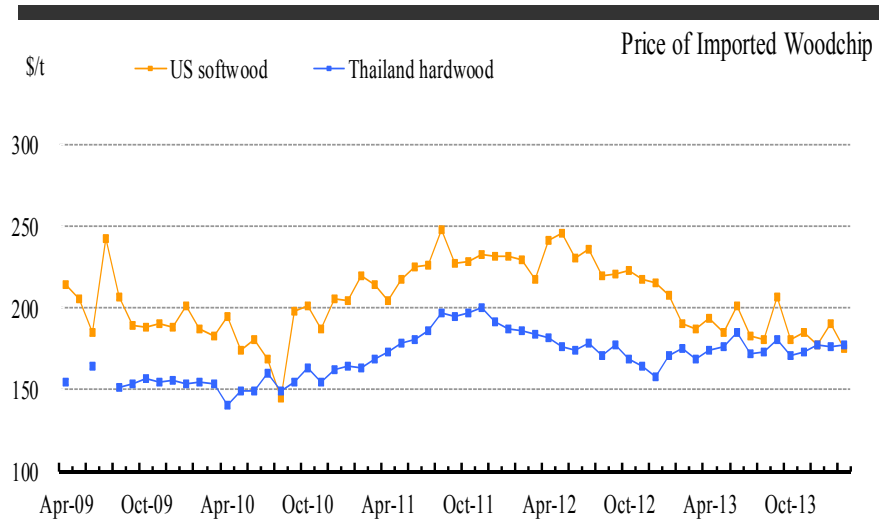


Prices of Pulp

(List Price for China Market)



3. Trends of Major Raw Materials / Fuels Prices



4. FY2013 Financial Highlights (consolidated)

		FY2012	FY2013	(¥ billion) Increase/Decrease
Net Sales		1,241.5	1,332.5	91.0
Operating Income		52.4	62.0	9.6
Ordinary Income		54.6	70.4	15.8
Net Income		25.6	33.8	8.2
Depreciation		72.1	73.3	1.2
Exchange Rate (¥/US\$)		83.1	100.2	17.1
Overseas Sales Ratio		16.7%	20.3%	3.7%
Operating Income of Overseas Companies		8.7	19.3	10.6
Number of Consolidated Companies	Domestic	86	87	+1
	Overseas	70	71	+1
	Total	156	158	+2

•**Energy Business: +2** [Nichinan: biomass energy, Ebetsu: biomass energy (both newly established)],

Oji GS Packaging (Yangon) Co., Ltd. +1 [Myanmar: corrugated container business (newly established)], and others.

•**17 Other Equity Method Affiliates (Domestic 11, Overseas 6)**

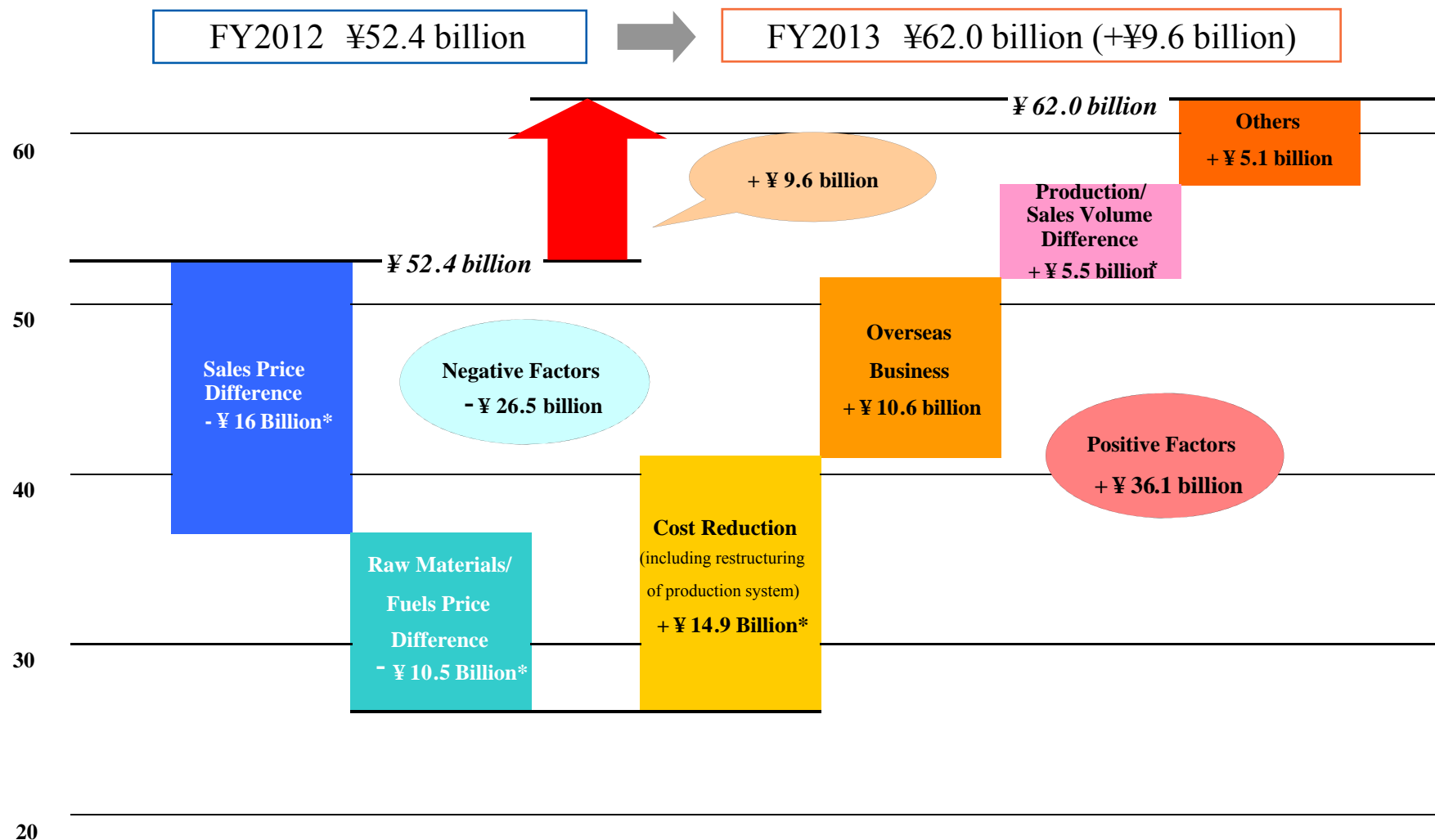
5. Sales of Major Products (consolidated)

	FY2012			FY2013			Increase/Decrease			
	Sales Volume	Unit Price	Sales	Sales Volume	Unit Price	Sales	Sales Volume	Year-to-Year	Unit Price	Sales
	(1,000 t)	(¥/Kg)	(¥ billion)	(1,000 t)	(¥/Kg)	(¥ billion)	(1,000 t)	(%)	(¥/Kg)	(¥ billion)
Paperboard Total	2,878	66.84	192.3	2,972	63.67	189.2	94	103.3%	(3.17)	(3.1)
Sanitary Paper	206	210.07	43.2	185	227.51	42.2	(20)	90.2%	17.44	(1.0)
Packaging Paper	281	104.02	29.2	286	103.89	29.8	6	102.0%	(0.14)	0.5
Printing & Writing Paper	2,650	108.58	287.7	2,695	106.95	288.2	45	101.7%	(1.63)	0.5
Specialty Paper / Others	161	250.00	40.2	171	251.95	43.1	10	106.5%	1.95	2.9
Paper Total	3,297	121.41	400.3	3,338	120.82	403.3	41	101.2%	(0.59)	3.0
Paperboard and Paper Total	6,175	95.98	592.6	6,310	93.90	592.5	135	102.2%	(2.07)	(0.1)
* Figures above are the aggregation of domestic consolidated companies, including inter-segment consumption.										
Corrugated Containers	2,725	67.28	183.3	2,854	63.96	182.5	129	104.7%	(3.32)	(0.8)
(million m2)										
* Figures above are the aggregation of domestic consolidated companies, including inter-segment consumption.										
Thermal Paper	3,214	17.88	57.5	3,430	19.96	68.5	217	106.7%	2.08	11.0
(million m2)										
* Figures above are the aggregation of domestic/overseas consolidated companies, including inter-segment consumption.										
Market Pulp	1,491	47.69	71.1	1,522	60.61	92.2	30	102.0%	12.92	21.1

* Figures above are the aggregation of **domestic/overseas** consolidated companies, including inter-segment consumption. Cenibra's FY2012 1Q results is also included.

6. FY2013-FY2014 Breakdown of Increase/Decrease of Operating Income (consolidated)

(FY2012 to FY2013)



*only results of main domestic operation are included in: sales price difference, production/sales volume difference, raw materials/fuels price difference and cost reductions

7. FY2013 Sales and Operating Income by Segment

(¥ billion)

	FY2012		FY2013		Increase/Decrease	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Household and Industrial Materials	540.9	27.3	552.1	21.4	11.2	(5.9)
Printing and Communications Media	326.1	(2.4)	315.5	(2.7)	(10.6)	(0.3)
Functional Materials	197.3	10.2	218.8	12.0	21.5	1.8
Forest Resources and Environmental Marketing	130.8	10.2	188.6	22.1	57.8	11.9
Others/Adjustment	46.4	7.1	57.5	9.2	11.1	2.1
Total (Consolidated)	1,241.5	52.4	1,332.5	62.0	91.0	9.6

* "Sales" include inter-segment sales

8. FY2014 Financial Forecast

	FY2013	FY2014E	(¥ billion) Increase/Decrease
Net Sales	1,332.5	1,360.0	27.5
Operating Income	62.0	70.0	8.0
Ordinary Income	70.4	60.0	(10.4)
Net Income	33.8	28.0	(5.8)
Depreciation	73.3	69.8	(3.5)
Exchange rate (¥/US\$)	100.2	102.0	1.8
Overseas Sales Ratio	20.3%	21.0%	0.7%
Operating Income of Overseas Companies	19.3	17.7	(1.6)

Assumptions for FY 2014 Financial Forecast

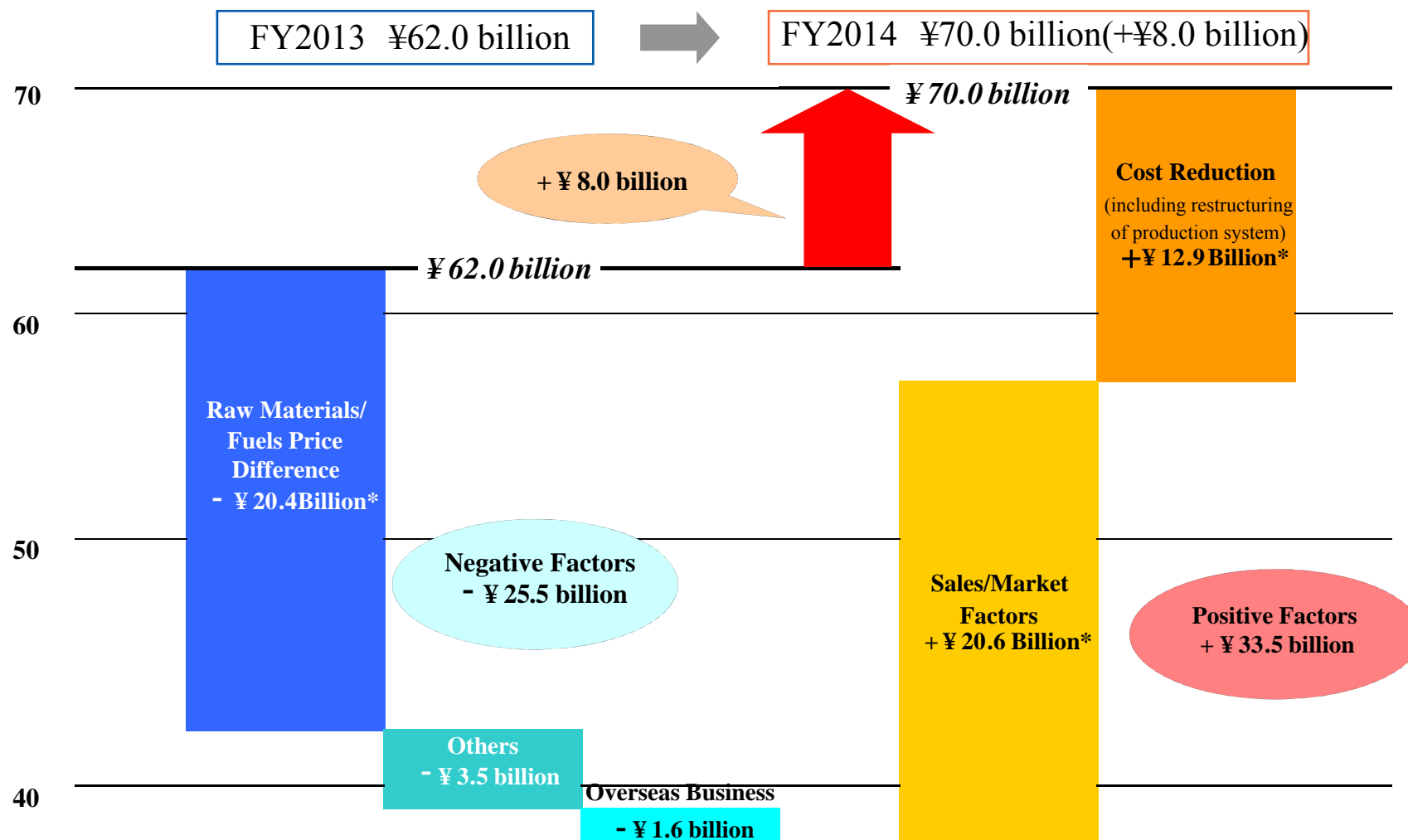
Raw Materials/ Fuels Prices			Effects of Fluctuation (per annum)		
	Woodchip:	based on current contract		Exchange rate impact:	approximately ¥0.5billion with a fluctuation of ¥1/US\$ (strong ¥+)
Recovered paper:	price to remain static at current level	(exchange rate may change for export/import, overseas companies, etc.)			
Coal:	based on current contract	approximately ¥0.2 billion with a fluctuation of 0.01BRL/US\$ (weak BRL +)			
			Price of Recovered paper:	approximately ¥4.0billion with a fluctuation of ¥1/kg	
			Price of Dubai crude oil:	approximately ¥0.3billion with a fluctuation of \$1/bl (heavy fuel oil, naphtha, bunker, purchasing electricity/gas, etc.)	
			Price of Pulp:	approximately ¥1.1billion with a fluctuation of \$10/t (high price +)	

* The above forecasts are based on the forecasts made at the time of publication. As such, actual results may differ from these forecasts due to various unforeseen causes.

9. Breakdown of FY2014 Increase/Decrease of Operating Income compared to FY2013 (consolidated)



(FY2013 to FY2014)



*only forecasts of main domestic operation are included in: sales/market factors, raw materials / fuels price difference and cost reductions.

10. FY2014 Sales and Operating Income by Segment

(¥ billion)

	FY2013		FY2014E		Increase/Decrease	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Household and Industrial Materials	552.1	21.4	569.2	27.7	17.1	6.3
Printing and Communications Media	315.5	(2.7)	319.2	4.8	3.7	7.5
					(impact of segment change: 5.0)	
Functional Materials	218.8	12.0	230.9	12.8	12.1	0.8
					(impact of segment change: 7.8)	
Forest Resources and Environmental Marketing	188.6	22.1	209.5	15.4	20.9	(6.7)
					(impact of segment change: 18.3)	
Others/ Adjustments	57.5	9.2	31.2	9.3	(26.3)	0.1
					(impact of segment change: (31.1))	
Total (Consolidated)	1,332.5	62.0	1360.0	70.0	27.5	8.0

* "Sales" include inter-segment sales

* With the change of structure in 2014, the figures for FY2014 are based on the new structure.



II. Group Management Philosophy / Strategies

1. Group Management Philosophy

“No longer just a Paper Manufacturing Company”

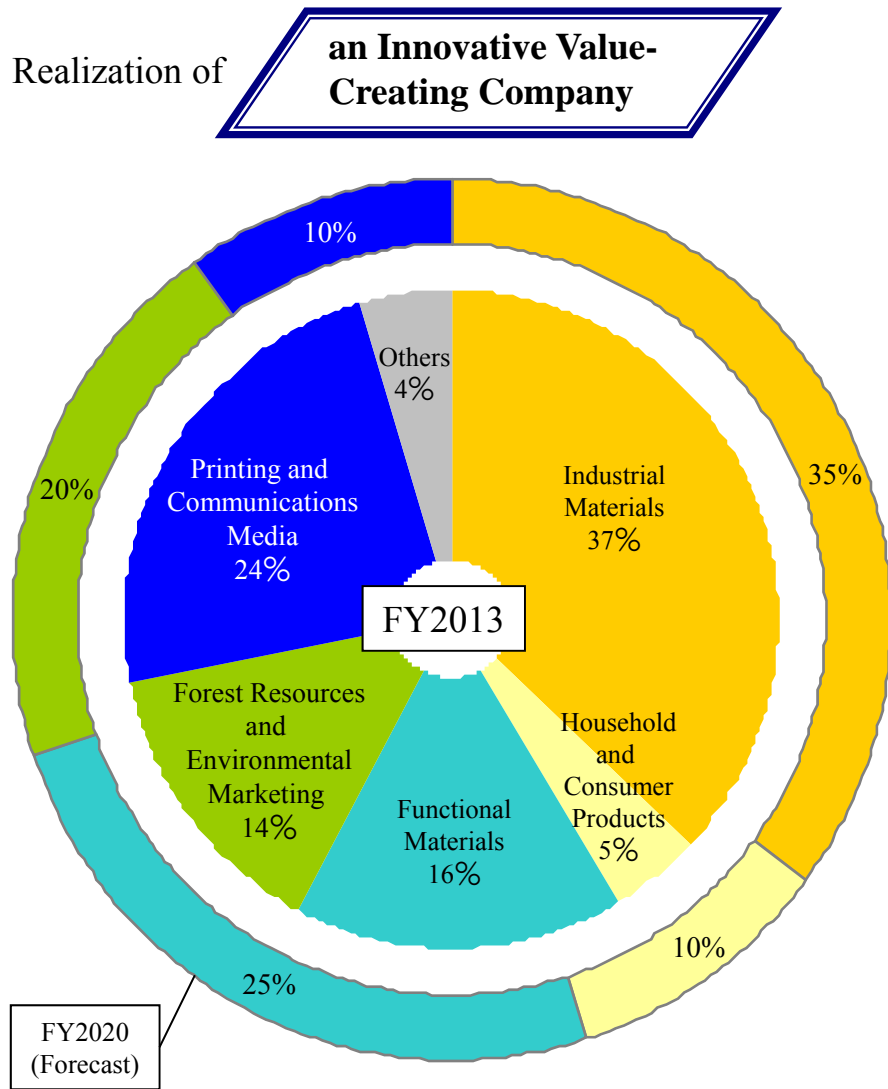
New Management Philosophy

Creation of Innovative Values

Contribution to Future and the World

Harmony with Nature and Society





Consolidated Net Sales Breakdown

Deepening of the Core Businesses

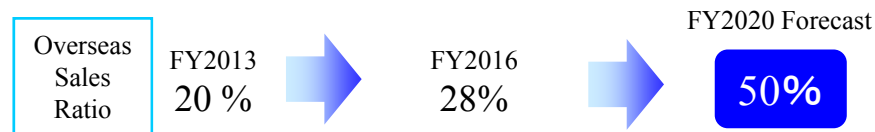
- ◆ Prompt offerings of new added-values
- ◆ High quality and reliability
- ◆ Restructure of existing businesses
- ◆ Thorough cost reductions

Development of New Businesses / Products

▶ Discovery of Next Core Businesses

- ◆ Entry into new business fields, in which existing assets and know-hows can be utilized
- ◆ Expansion of future-oriented investment for development of new materials

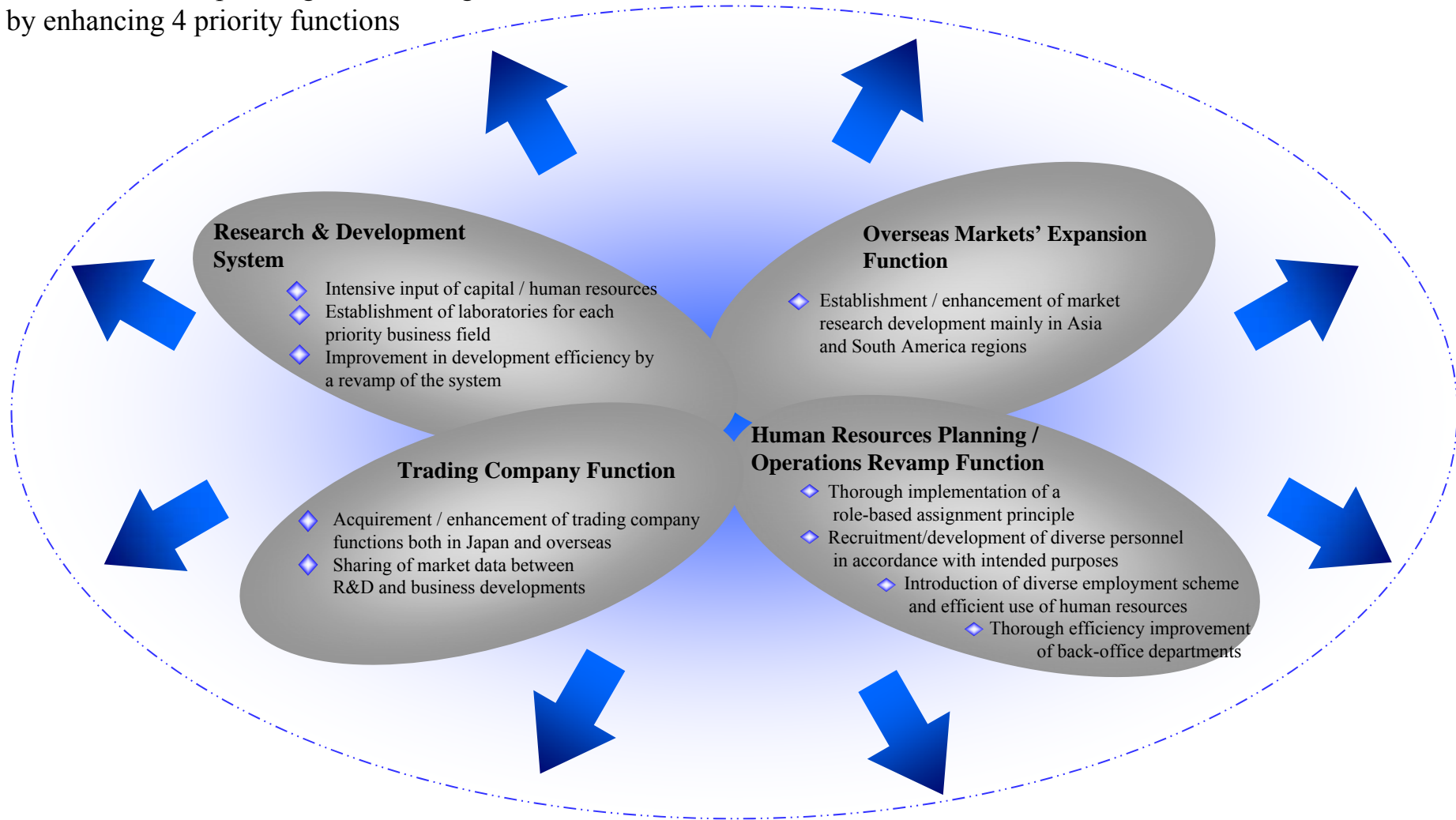
Further Expansion of Overseas Businesses



Regions of Priority: South-East Asia, South America, Oceania
 Fields of Priority: Packaging, Functional materials, Forest resources and environmental marketing, Disposable diapers

2. Group Management Strategies (2) Priority Function Enhancement

To drive the Group management strategies forward by enhancing 4 priority functions



Aim to be “an Innovative Value-Creating Company”



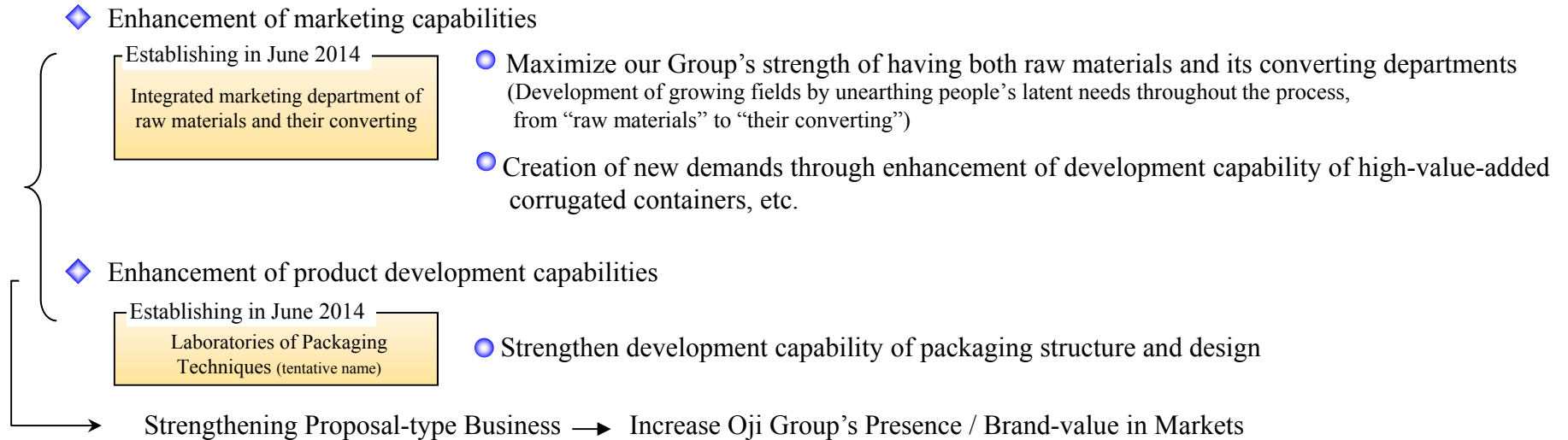
III. Major Policies for Growth Strategies



1. Deepening of the Core Businesses (1) Household and Industrial Materials

-1- Industrial Materials

Earning High Trust from Customers



Reconstruction of Production / Sales Systems

- ◆ Promotion of S&B / M&A in Corrugated Containers Business
 - Sharpening competitiveness in productivity / product quality
 - Expansion of the integrated system
 - Construction of Group's optimum sales system

Enhancement of Bag Making / Folding Box Businesses

- ◆ Unification of sales strategies through reorganization within the Group
 - Consolidation of raw material department → Enhancement / expansion of bag making / folding box businesses

➡ Further promotion of the "integrated business model from raw materials to converting process"
→ Aim to be the **No.1 Integrated Packaging Manufacturer**



Disposable Diapers Business

- Further Enhancement of Marketing / Product Development / Sales Departments

- ➡
 - ◆ Continuous release of redesigned products / new models
 - ◆ Implementation of independent strategies for each product type (tape-type/pants-type, child/adult)



Testing Facility for Development



Personal Care Innovation Center (PCIC) (Established in Oct. 2013)

- Restructuring of disposable diapers business by integrating marketing and product development
- Regarding overseas expansion, PCIC supports market development through cooperation with business locations around the world
- ◆ Installation of new testing facility for new product development



Household Products Business

● Manufacturing High Value-Added Products

◆ Eco-friendly products

Expansion of FSC™ Certified product range to kitchen towels, in addition to tissues / toilet rolls

◆ High-quality products

Ceaseless quality improvements,
Development of high quality products demanded by the market

➡ Establishing the Brand Known for its High-quality/High-class Products

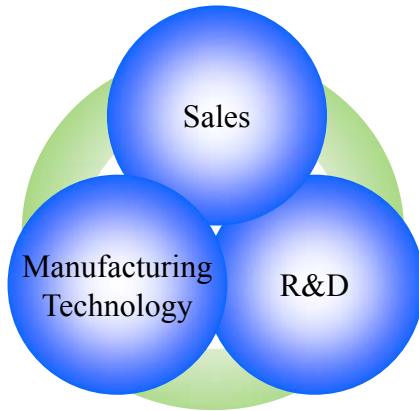


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1. Deepening of the Core Businesses (2) Functional Materials -1-

Continuous Development / Prompt Offering to Market of High Value-Added Products

Integration of R&D, Manufacturing and Sales to Enhance Proposal-Making Capability / to Sharpen Competitiveness



Prompt/Precise Grasp of Customers' Needs

Direct information gathering from customers due to the reorganization of sales systems



Prompt Development of High-Value-Added Products

Transfer of development functions to laboratories established in manufacturing sites

- Advanced Film Research Center (Oji F-Tex, Shiga Mill)
- Laboratories of Innovation in Adhesive Materials (New Tac Kasei, Yamamoto Plant)



Major Fields of Development
highly functional films, optical members, composite material sheets, decorative films, medical materials

**Drastic Change in Mindset towards Product Development
Acceleration of Moving Away from Conventional Paper Business**

1. Deepening of the Core Businesses (2) Functional Materials -2-

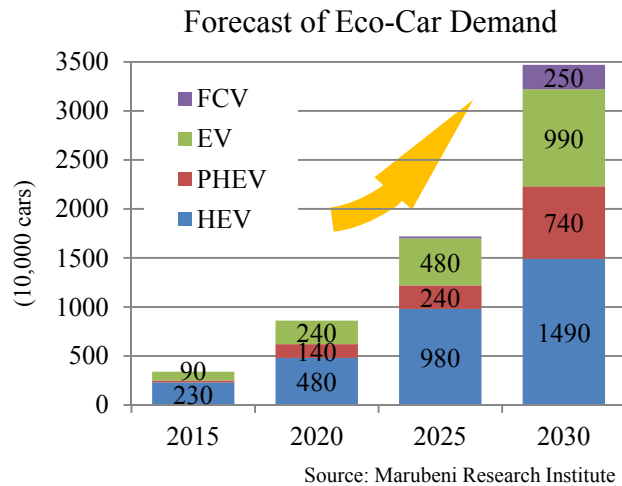
Expansion of Businesses in Growing Fields

Highly Functional Films

Capacitor films for EV/HEV

Launching the world's thinnest 2.3 μ OPP film (Autumn 2014)

Entering into Chinese/European markets where the demand of eco-cars are expected to increase significantly in future



Functional OPP films

Technological advancement of devices such as tablets

Increasing demand of highly functional films

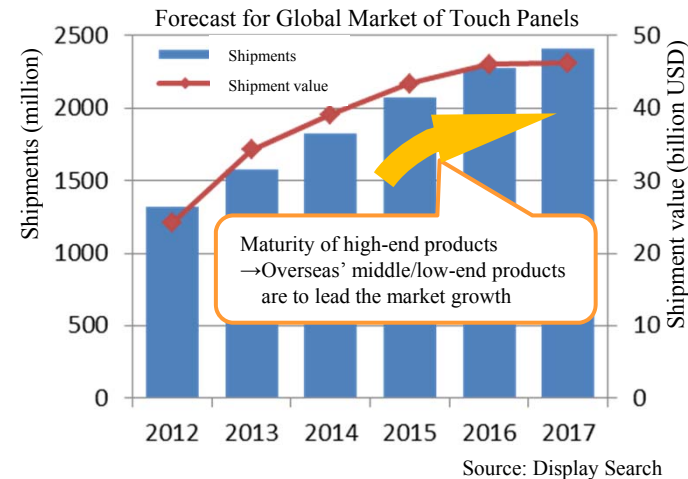
Launch films with low-release-strength, zero fish-eye, slight adhesion, etc.

Touch Panel Members

(Optical Clear Adhesive, Anti-Scattering Film)

Conducted in FY2013

(Expansion of Production Capability)
New Tac Kasei (Toyonaka Plant)
Oji Tac (Utsunomiya Mill)



Completion in FY2014

(Expansion of Production Capability /
Sharpening of Competitiveness)
Installation of UV Adhesive Coater
(New Tac Kasei Toyonaka Plant)

In Future...

Further expansion of capability and sharpening of competitiveness
Aggressive promotion of new product development in other fields

Transparent organic conductive materials, 3D surface decorated molding, medical materials, etc.

1. Deepening of the Core Businesses (3) Forest Resources and Environmental Marketing -1-

Pulp Business

Enhancement of Domestic Pulp Business

Promote adding higher value and diversifying usage of pulp products.

- ◆ Dissolving Pulp (DP) Manufacturing Facility (Oji Paper, Yonago Mill) Production capacity: 90,000 t/yr

Started Operation in May 2014

Started shipments for rayon materials



Promoting increase of added-value of / establishing qualities for products used for special purposes including food additives, medicine ingredients, etc.

Releasing to market in FY2015



Expansion of Overseas Pulp Business

<p>PAN PAC Napier, New Zealand</p>	<p>BC-TMP</p>	<p>Production capacity: 0.2 million t/yr (sales to external customers)</p>
<p>CENIBRA Minas Gerais State, Brazil</p>	<p>Eucalyptus Pulp (hardwood)</p>	<p>Production capacity: 1.2 million t/yr</p>
<p>Jiangsu Oji Paper Nantong City, China</p>	<p>Hardwood Pulp</p>	<p>Production capacity: 0.24 million t/yr (sales to external customers)</p>



Expansion of Business Mainly in Strategic Regions

● Group's Pulp Supply Capacity
(including domestic mill's sales of pulp to external customers)

1.8 million tons

1. Deepening of the Core Businesses (3) Forest Resources and Environmental Marketing -2-

Energy Business Expansion of energy business centered around various renewable energies by actively using existing assets and know-hows

Business Scheme for Future

◆ **Entry into Electric Power Retailing**

Establishment of large-scale thermal power plant Wide variety of fuels including biomass fuel
Estimated scale: 100,000kW

Retailing for general household Considering entry into retailing for general household with partners

◆ **Continuous Expansion of Renewable Energies**

- Wind power generation
Use of company-owned land with favorable wind conditions
- Small-size hydroelectric generator
Use of appropriate sites within company-owned plantations



Fuji Mill Biomass Boiler (under construction)

Projects in Progress

◆ **Biomass Energy**
(starting operation in Mar. 2015) (starting operation in July 2015)
Oji Green Energy Nichinan (located inside Nichinan Mill) Oji Green Energy Ebetsu (located inside Ebetsu Mill)
Generation scale: 25,000kW Generation scale : 25,000kW

Oji Materia, Fuji Mill
Generation scale : 36,000kW

**Total generation scale:
86,000kW**

◆ **Hydroelectric Energy (Repair work/Efficiency improvement)**

Oji Paper, Tomakomai Mill
Shiribetsugawa Power Plant, 3 others
Oji F-Tex, Tokai Mill
Higashibara Power Plant, 2 others

**Total generation scale:
(increased by) 3,000kW**

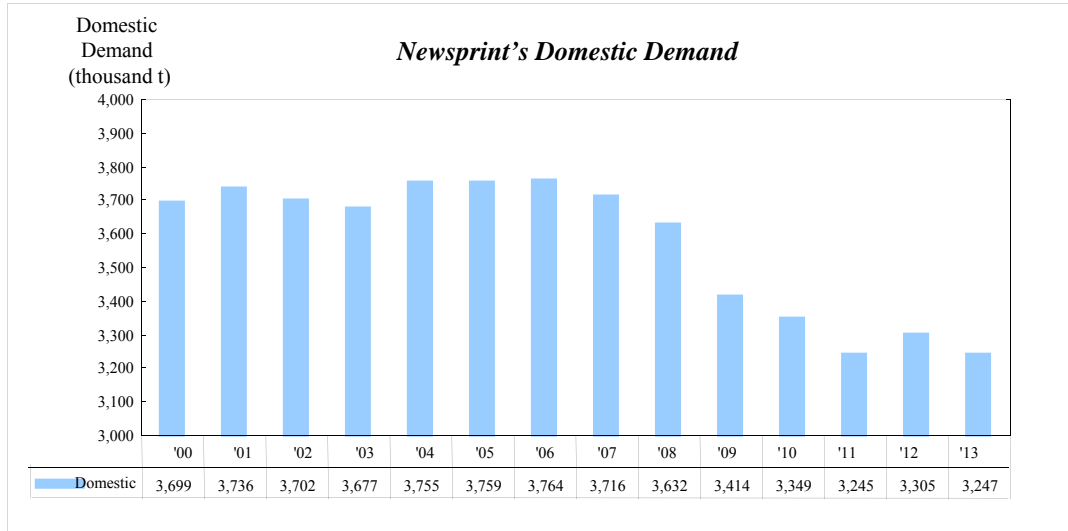
◆ **Solar Energy**
Oji Green Energy Shiranuka, 3 others

**Total generation scale:
4,000kW**

Sales Target

FY2013 Results
0.5 billion kWh/yr → 2 billion kWh/yr

1. Deepening of the Core Businesses (4) Printing and Communications Media -1-

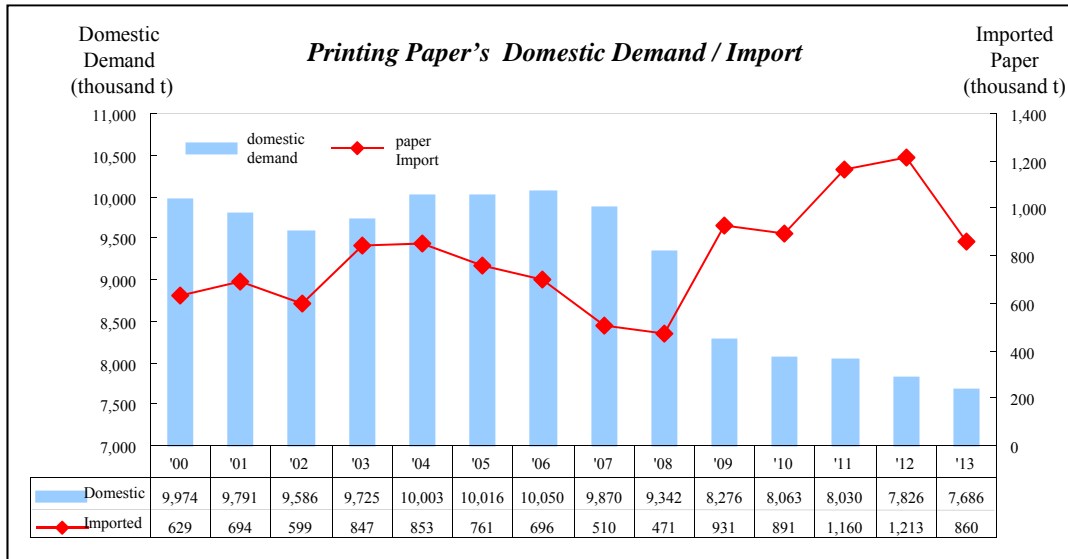
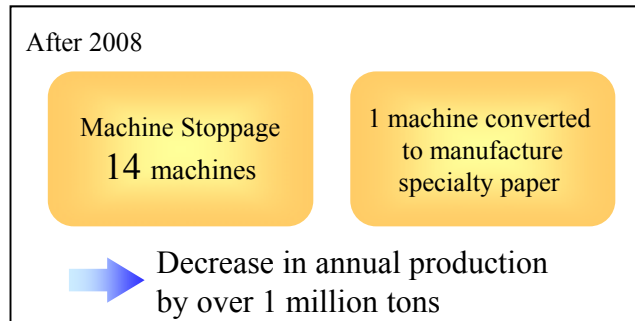


Response to Changes in Demand Structure

- Shrinking demand caused by advance of Information and Communication Technology and reduction in companies' advertising expenditures
- Increasing imported paper (especially printing paper)



- ◆ Preceding restructuring of production system from a mid-term perspectives



- ◆ Continuous prompt reaction to demand trends to restructure the production system appropriately

Emphasis on Cash-flows

Thorough Cost Reductions

1. Deepening of the Core Businesses (4) Printing and Communications Media -2-

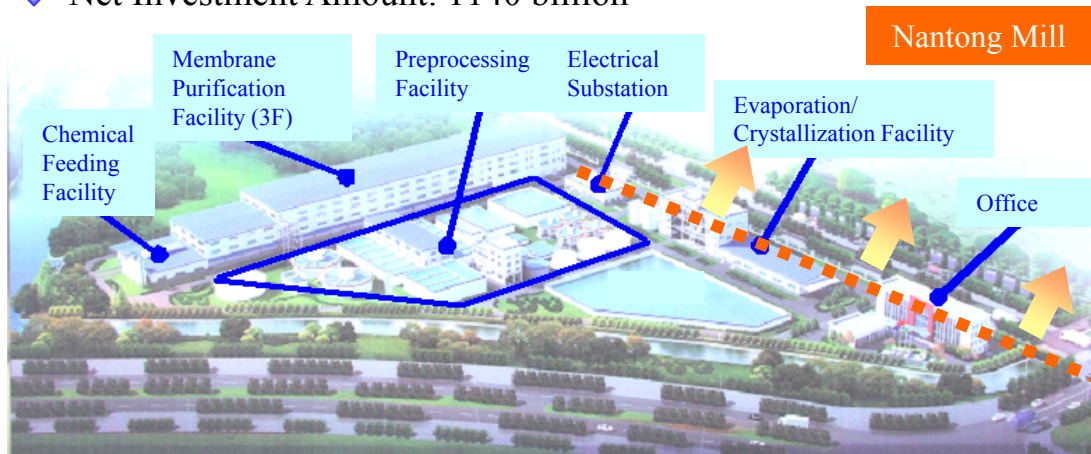
Nantong Project

- ◆ Discharge Facility
 - Nantong City has constructed/established “reclaimed water reuse system” (as replacement for sea discharge pipeline used for wastewater from KP)
 - Government approval/license accompanying change in discharge method is acquired
- ◆ KP Facility (construction completed)
 - Early June Start of trial operation
 - By the end of 2014 Start of commercial operation

◆ Production Volume after start of operation of the KP Facility

LBKP	0.5 million t/yr	{ sales to external customers: 0.24 million t/yr }
Paper Products	0.4 million t/yr	{ product line-up will be flexibly considered, taking market trends into account }

◆ Net Investment Amount: ¥140 billion



Layout of Reclaimed Water Reuse System

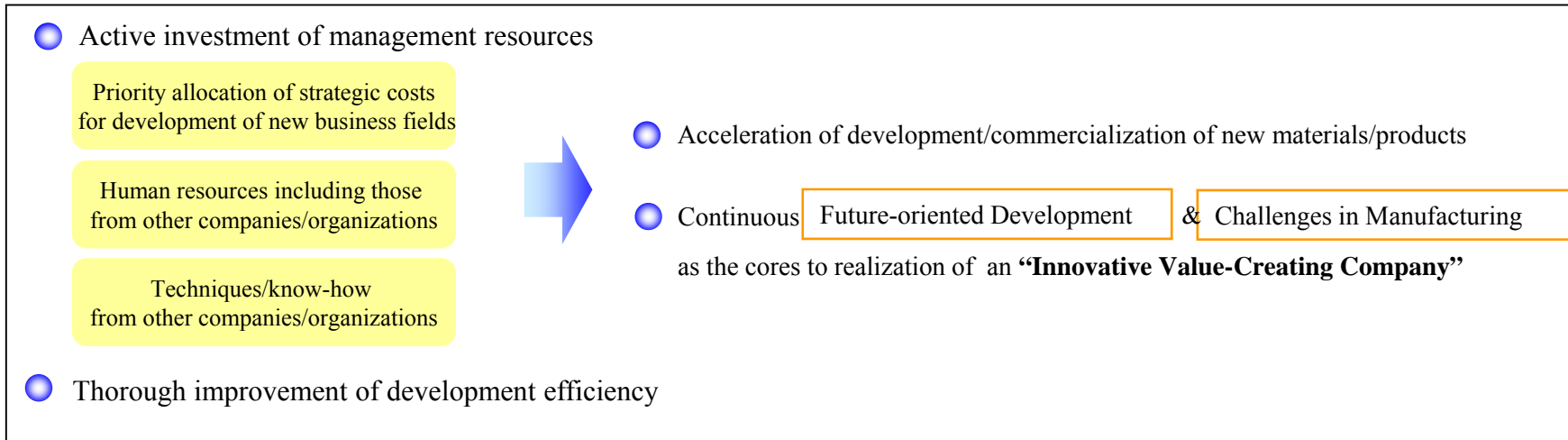


KP Facility

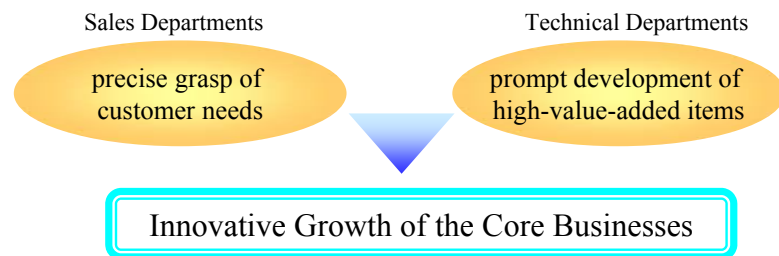


Chip Yard

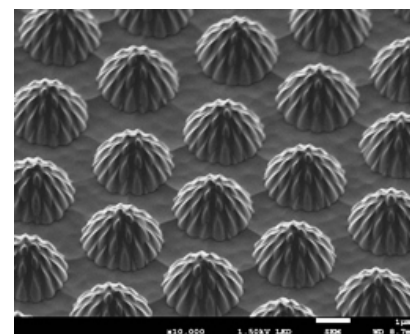
Enhancement of Research & Development Function



Enabling the following by co-operation with...



- (Priority Exploitation)
- ◆ Bio-resources
 - Biochemicals
 - High value-added converted timber products
 - Medical plants*2
 - ◆ Functional materials
 - Nano materials, adhesive materials, Films*1
 - ◆ Medical related materials
 - Medical related/cosmetic products



Microstructural Sapphire Substrate for LED



Established in Nov. 2013 “Wood Refinery Section” (located inside Oji Paper, Yonago Mill)

*1 Established in Jan. 2014 (see page 17) “Laboratories of Innovation in Adhesive Materials”, “Advanced Film Research Center”

*2 Established in Sep. 2013 “Medical Plant Section” Developing own cultivation technology/seeding in Shimokawa-cho, Hokkaido

Entry into Agribusiness

- ◆ Establishment of vegetable farm using heat supplies
 - Efficient cultivation enabled by utilization of heat supply and CO2 of mills
 - Consideration of commercialization in Tomakomai and other areas, which is well-equipped with infrastructures including electric powers, heat supply, land, etc.



Tomakomai Mill



Idle Land around Tomakomai Mill

- ◆ Patent business involving breeding/raising seedling techniques
- ◆ Engineering business involving cultivation facilities


 Promotion of Business in Japan and Overseas

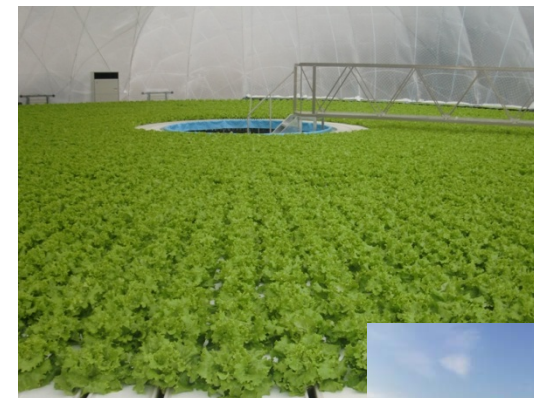
[Existing Vegetable Farms]

Efficient cultivation of high-quality vegetables through hydroponic farming using air dome-type greenhouse

March 2014 Start of vegetables shipments/sales

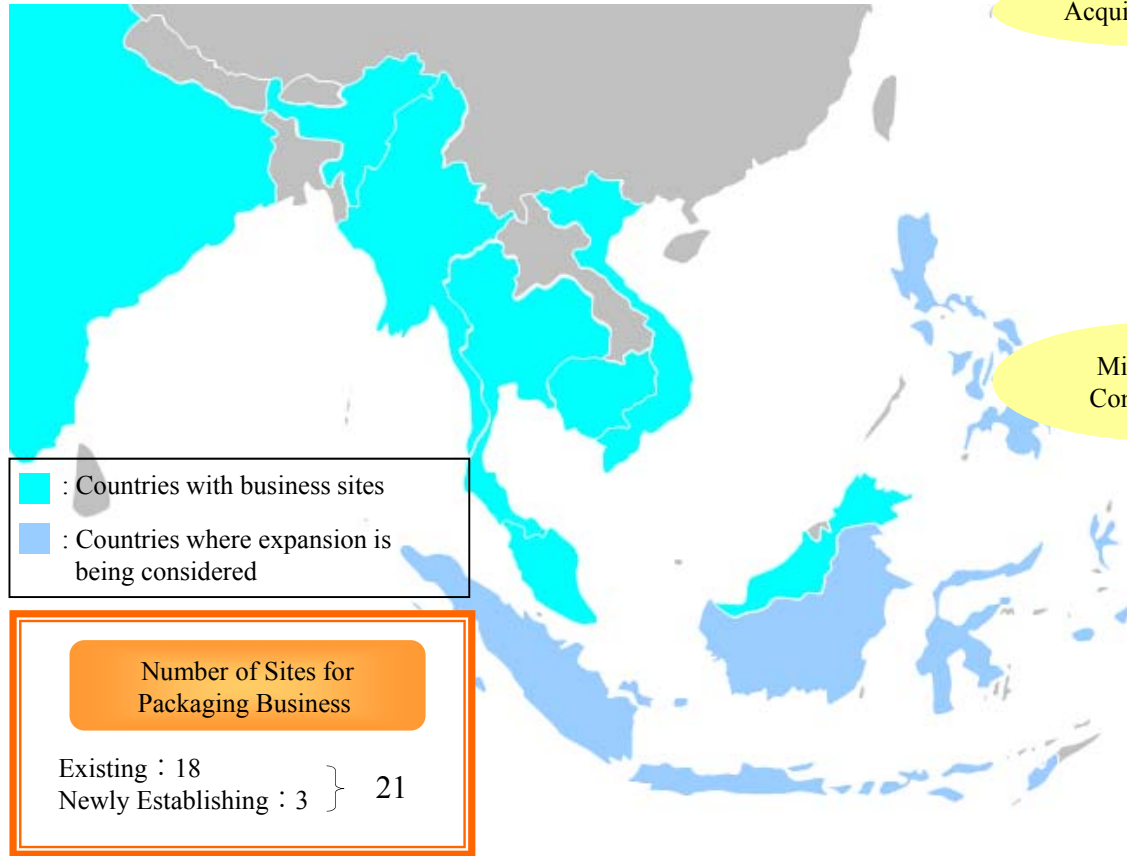
Cultivars: green leaves, white celery, etc

 Promotion of agribusiness expansion by accumulating know-hows on vegetable cultivation / agricultural products sales



3. Further Expansion of Overseas Businesses (1)Packaging Business

Expansion of Business in Southeast Asia and India



Acquired Company

United Packaging Joint Venture
 (Ho Chi Minh City, Vietnam)

Acquisition made in Dec. 2013
 Business line-up: folding boxes, high-grade corrugated carton boxes, paper cups, etc.
 Investment ratio: Oji Holdings 75%

Mills under Construction

Oji JK Packaging
 (Neemrana Industrial Park, India)

Starting Operation in July 2014 Production Capacity:
 Corrugating: 48 million m2/yr
 Box & Printing: 44 million m2/yr

Oji GS Packaging (Yangon)
 (Mingaladon Industrial Park, Myanmar)

Starting Operation in May 2015 Production Capacity:
 Corrugating: 42 million m2/yr
 Box & Printing : 25 million m2/yr

Future Business Expansion

- ◆ Gradual business expansion to India and Myanmar from the newly constructed mills
- ◆ Prompt business development in countries not yet to be entered into such as Indonesia and Philippines

(Target Market Shares)
Corrugated Containers Business

Malaysia: 30%
 Cambodia: 50%
 Others: 10%

3. Further Expansion of Overseas Businesses (2) Disposable Diaper Business



Starting disposable diaper manufacturing/sales in Indonesia, via joint venture

Joint Venture Partner

PT Indofood CBP Sukses Markmur
 Headquarter: Jakarta, Indonesia
 Business lines: processing/sales of food including instant noodles, dairy products or condiments

Affiliated with Salim Group
 (second largest conglomerate in Indonesia)

- Prompt entry into markets, by leveraging our local partner's strong distribution network
- Pursuit of synergy effects with Indofood

Market Size of Child Disposable Diapers in Asian Countries (Forecast)

(100 Million US\$)	2013	2018	Annual Growth Rates
Japan	17.7	16.4	(2%)
China	56.5	116.1	16%
Korea	9	11.2	4%
Indonesia	5.2	13.9	22%
India	1.7	3.7	17%
Thailand	3.6	6	11%
Malaysia	1.5	1.9	5%

Source: Euromonitor

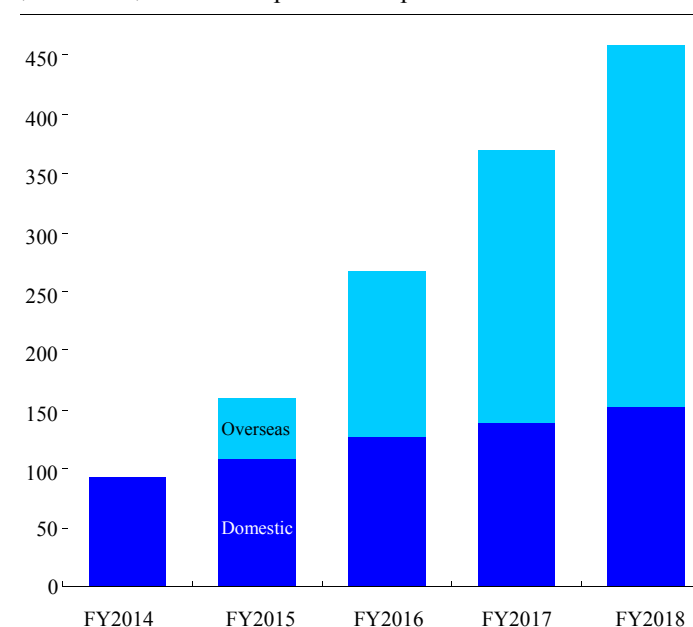
Future Development of Disposable Diaper Business

- Quick business development in regions/countries with expected demand growth, including Asia and South America
 Assumed Countries : ASEAN countries, Brazil, etc.
- Some ongoing projects including M&A of local disposable diapers companies

Forecasts for FY2016

Sales target: **¥14 Billion** Expansion into: **5 countries** Overseas sales ratio: **over 50%**

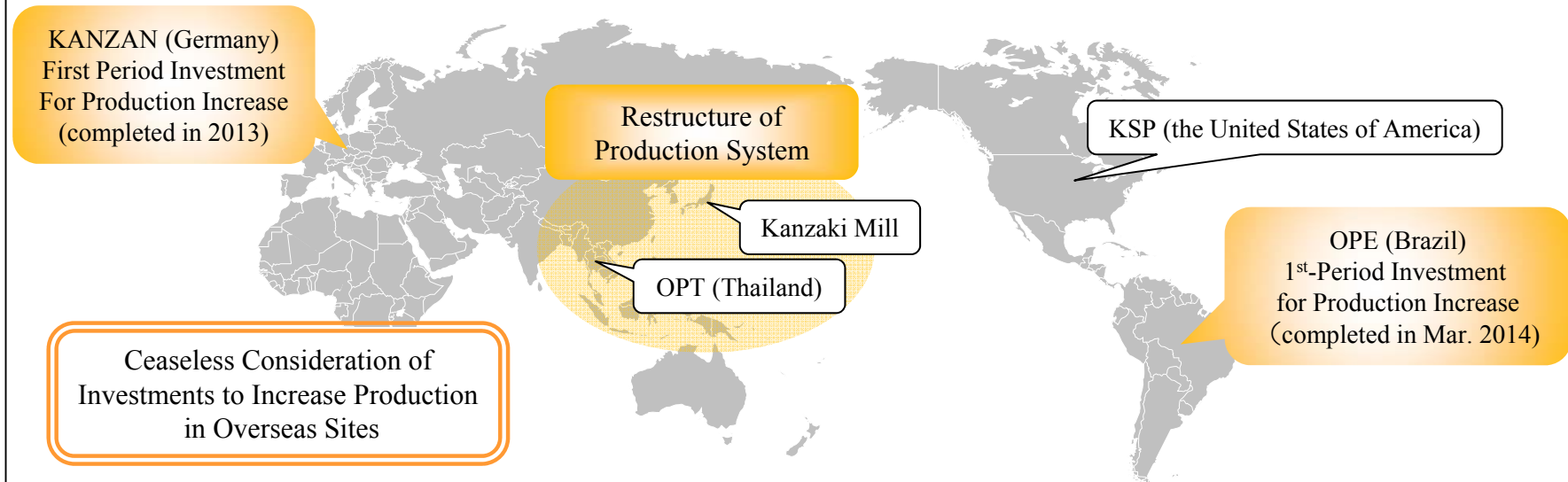
(¥100 Million) Disposable Diapers' Sales Plan





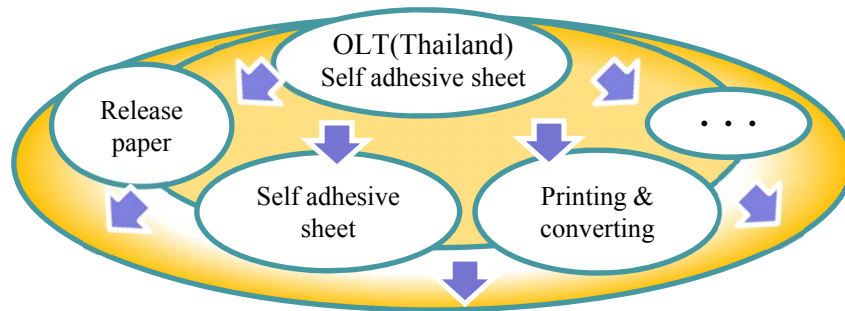
3. Further Expansion of Overseas Businesses (3) Functional Materials Business

Thermal Paper Business' Global Expansion



Expansion of Scale/Domain of Overseas Label Business

Expansion of overseas markets caused by economic growth / discovery of new product applications
Promotion of M&A targeting upstream to downstream, mainly in Asia



Specialty Paper Business in China

Sunshine Oji (Shouguang) Specialty Paper Ltd.

(Joint venture with Century Sunshine Paper / Investment ratio: Oji F-Tex 40%)

Line-up: decorative paper and others

Production capacity: 40,000t/yr

Started operation in Nov. 2013

Pursuit of synergy effects, making use of local distribution networks

Currently seeking plans to go on next-stage



3. Further Expansion of Overseas Businesses (4) Comprehensive Forest Products Business

Expansion of Overseas' Lumber Processing Businesses (mainly in Asia/Oceania regions)

Sales for Overseas Comprehensive Forest Product Business **¥ 12 billion** → **¥ 17 billion**

Strengthening of Existing Lumber/Lumber Processing Businesses

◆ **KTH** (Indonesia)
(Oji Holdings' investment ratio: 34.34%)
Gradual operation of various lumber processing plants, following veneer/chip plants

Lumber Plant (Started operation in Feb. 2014)
Production capacity: 10,000m³/yr

Pellet Plant (Starting operation in Aug. 2014)
Production capacity: 100,000 t/yr

◆ **PAN PAC** (New Zealand)
Enhancing supply capacity of higher-quality / higher value-added lumber products

Facility for TMT Production (Started commercial manufacturing in Apr. 2014)
(TMT: Thermally Modified Timber)
Production capacity: 9,000m³/yr



TMT

New Lumber Businesses in Asia

◆ **Plywood business in Vietnam**

Establishment of an eucalyptus plywood plant in Northern Vietnam, jointly with Vinafor, the state-owned forestry corporation



Supply plywood with strong cost competitiveness to Japan and overseas

Production capacity: 28,000m³/yr Starting operation in Dec. 2014

◆ **Lumber business in Laos**

1st Stage Introduction of a lumber testing facility (Production capacity: 9,000m³/yr)
Jul. 2014 Starting lumber production
Dec. 2014 Starting dried wood production

2nd Stage Consideration of scale expansion together with the start of full-scale eucalyptus logging in 2015

◆ **Rubber wood lumber business in Myanmar**

Entry into Rubber wood lumber's export business, which utilizes aged wood (joint venture with local companies)

1st Stage Production of lamina of laminated lumber * (Production capacity: 6,000m³/yr)

2nd Stage Doubling the production capacity of lamina of laminated lumber
Further improvement of added-values
→ Expansion of business into downstream
ex. Production of laminated lumbers

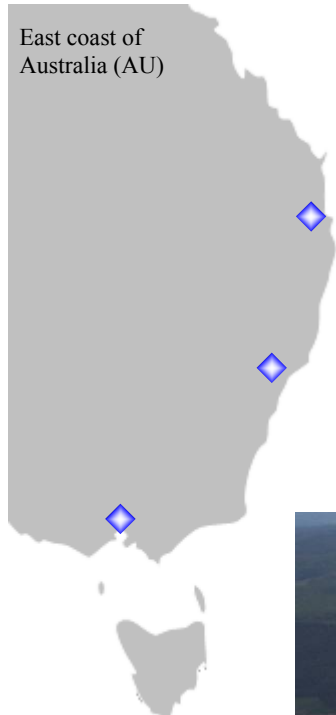


Rubber Wood Plantation Site

* lumber made of bonded small-sized wood materials

3. Further Expansion of Overseas Businesses (5) Acquisition of CHHPP -1-

Acquisition of Carter Holt Harvey Limited's Pulp, Paper and Packaging Businesses in the Oceania region



{ Business Sites in AU }
Packaging, etc: 3 sites

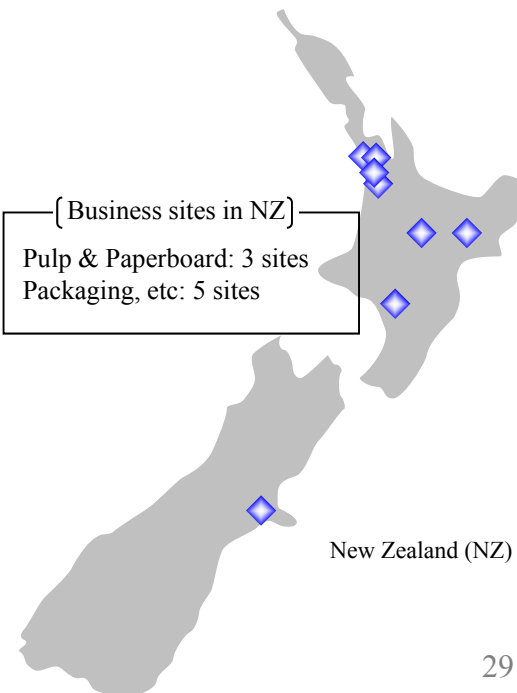


- Strengthening of pulp business by enhancing its product line-up for external customers
- Expansion of packaging business in Asia and Oceania regions

Main Business Areas

- ◆ Softwood pulp: 0.6 million t/yr
- ◆ Paperboard: 0.4 million t/yr
- ◆ Corrugated containers: 270 million m2/yr

Transaction Value NZ\$ 1,037 million
Joint investment with Innovation Network Corporation of Japan (INCJ)

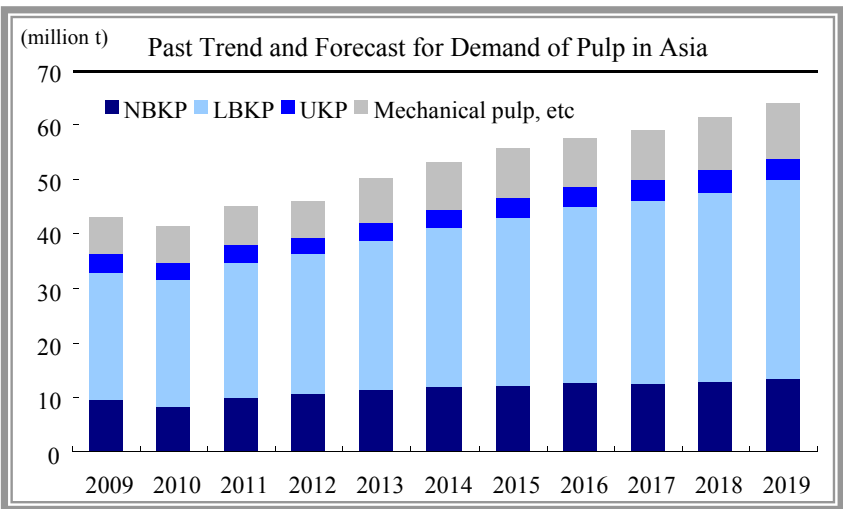
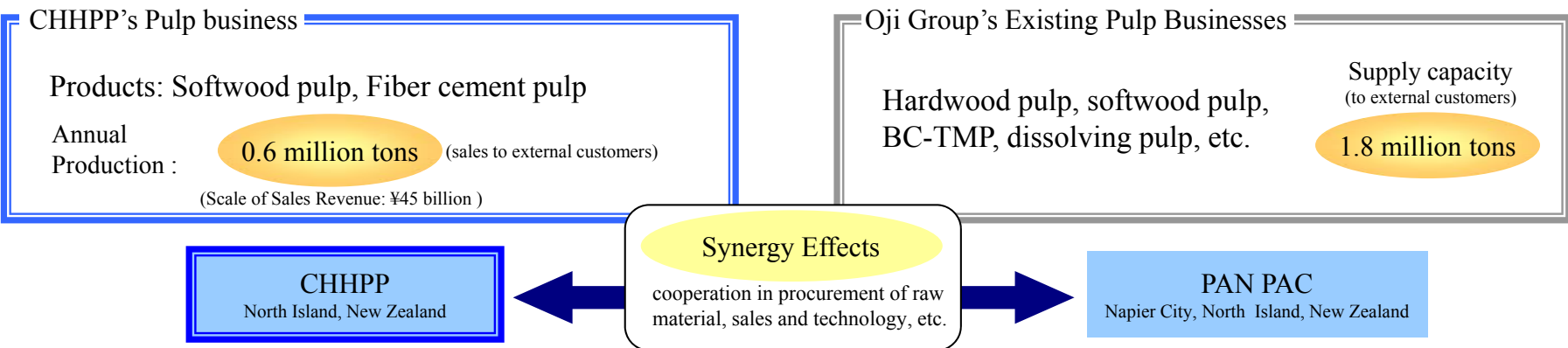


3. Further Expansion of Overseas Businesses (5) Acquisition of CHHPP -2-

Oji Group's Strategies for Pulp Business

◆ Full product line-up of softwood and hardwood pulp
Extension of product line-up with addition of CHHPP's softwood pulp

◆ Expansion of business mainly in regions with strong demands



Source: RISI

Plans for Pulp Business

- To aim to strengthen our competitiveness and earnings, by making use of Oji Group's extensive products and sales channel.

Supply capacity (to external customers)

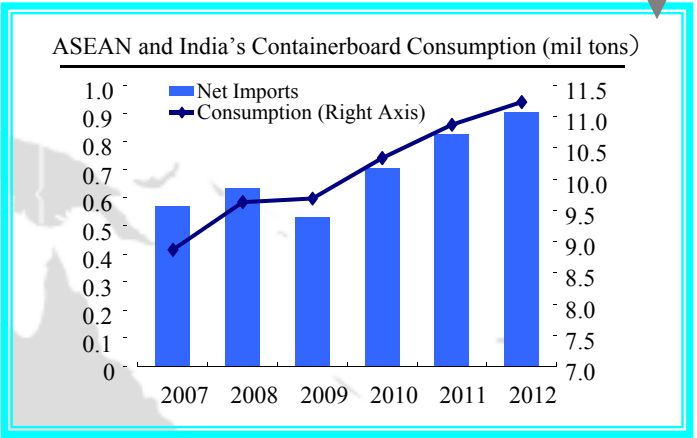
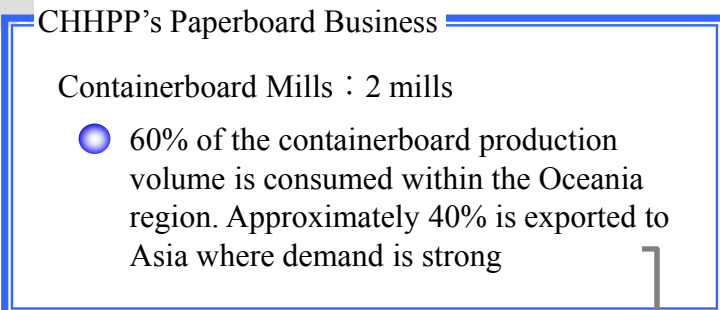
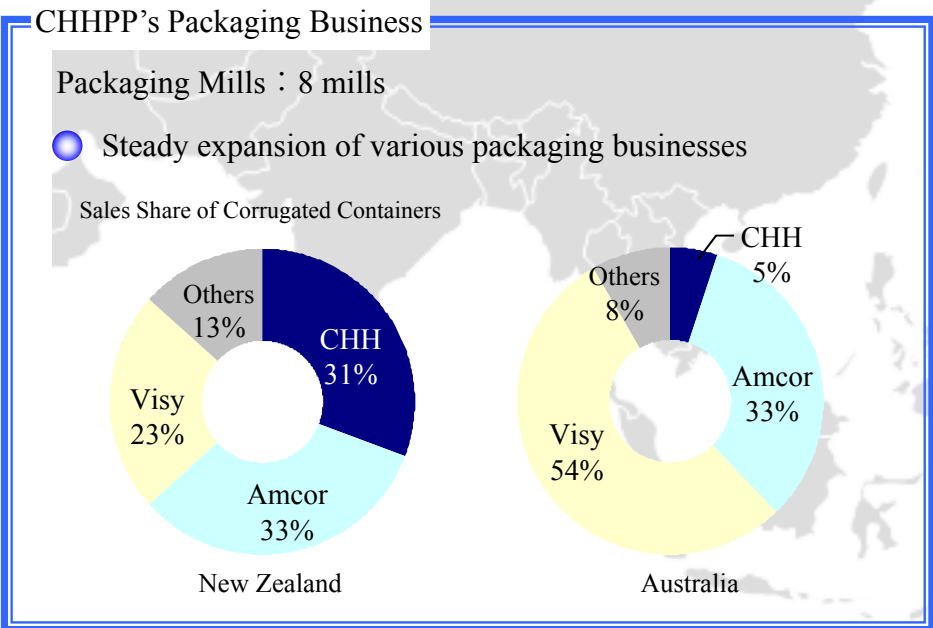
2.4 million tons

Sales (to external customers)

¥160 billion

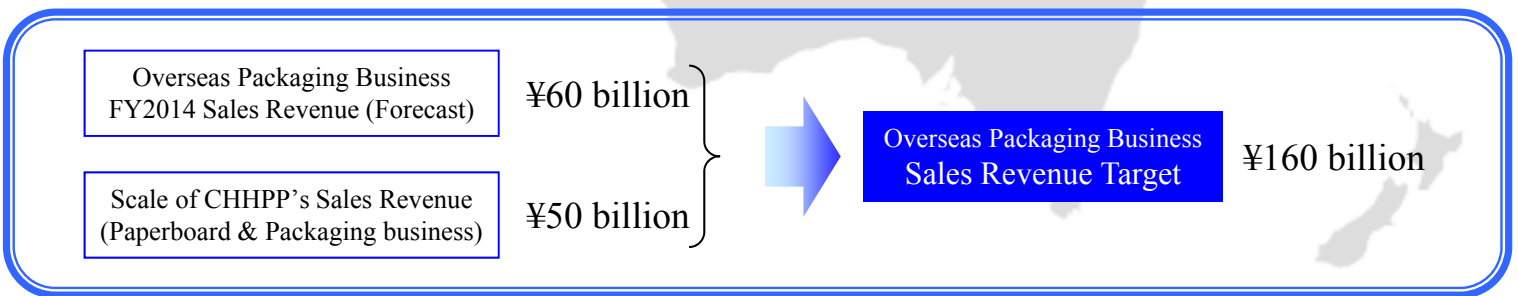
3. Further Expansion of Overseas Businesses (5) Acquisition of CHHPP -3-

Paperboard and Packaging Business in Southeast Asia and Oceania



- Paperboard and Packaging's Business Sites**
- ◆ Southeast Asia and India : 21 sites in total (includes mills under construction)
 - ◆ Oceania : 10 sites in total

Source: RISI





IV. Group Financial Strategies

1. Group Financial Strategies (1) Fundamental Financial Strategy

Fundamental Financial Strategy: Thorough Cash-Flow Management

Selection and Concentration

- ◆ Improving investment efficiency through rigid use of investment criterion

Withdrawal from inefficient businesses

Sale of inefficient assets

Clarification of the criteria ⇒ ex. a business with a negative cash-flow for 3 years

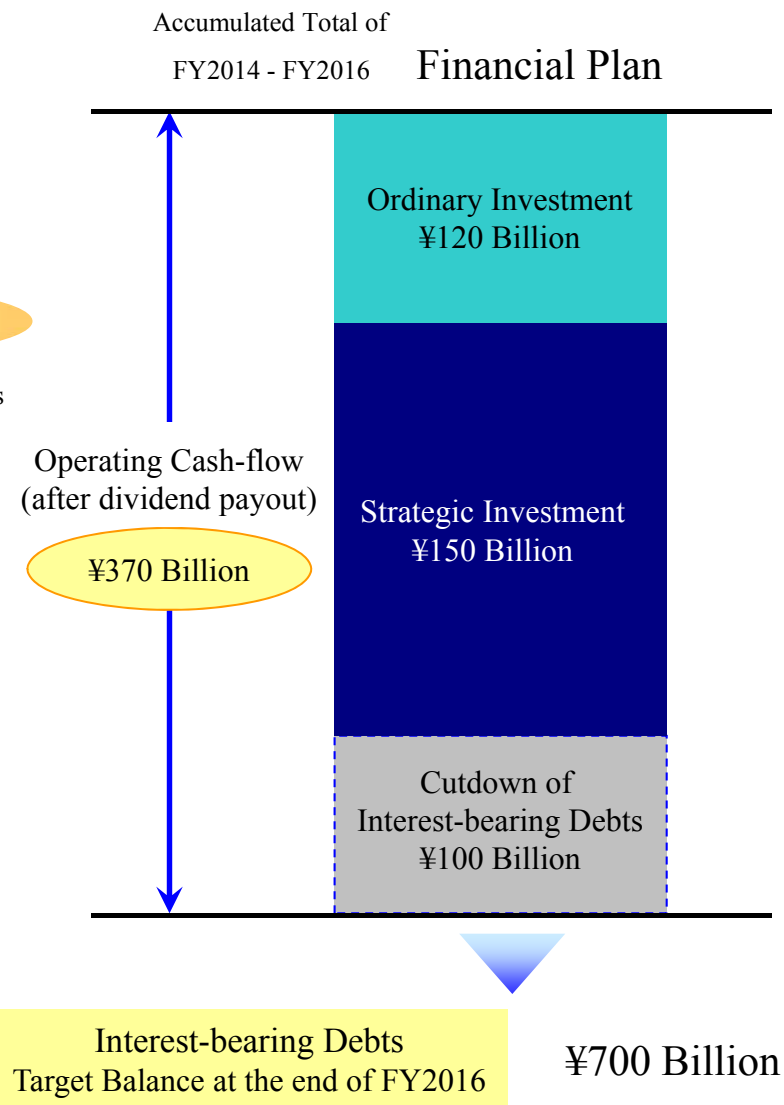
Systematic Business Restructuring

- ◆ Thorough cash-flow management in shrinking sectors including Printing and Communications Media sector
- ◆ Gradual implementation of future-oriented restructure of existing paths

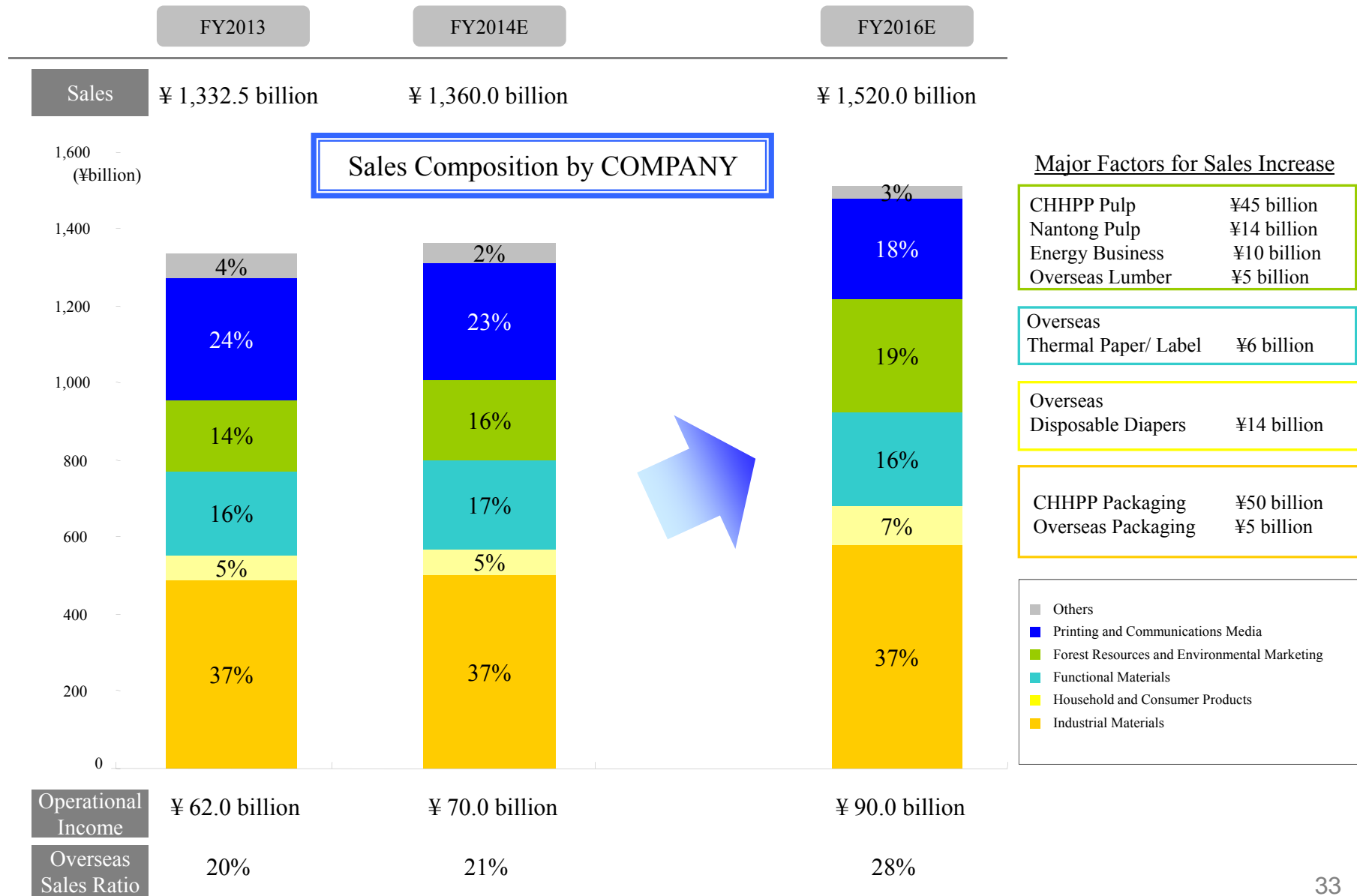
Continuous Cost Reductions

- ◆ Cost reduction in manufacturing process, drastic streamlining of indirect departments through operational reforms

➔ Further Enhancement of Financial Foundation



1. Group Financial Strategies (2) Earnings Projection





V. Environmental Management



1. Oji Group's Environmental Management Strategies -1-

Limitless Challenge towards Zero-Environmental Burden

- Further promotion of raising environmental consciousness
- Bringing together of technology/operation/planning capabilities
→ Aim for zero-environmental burden in each and every operational procedure

Action Program

1. Zero Emission

Zero Environmental Accident

Zero Product Liability Accident

Zero Emission

- ◆ Recycling of waste materials
- ◆ Purification/reuse of discharged water
- ◆ Purification of exhaust gases
(SOx, NOx, smoke dust, odor)
- ◆ Reduction of green-house gases
(25% reduction compared to 1990 by 2020)

2. Recycling Forest/Paper

Recycling forest

- ◆ Acquisition of forest certification: 100%

Recycling Paper

- ◆ Promotion of paper collection and expansion of paper recycling

1. Oji Group's Environmental Management Strategies -2-

Responsible Raw Materials Procurement

Oji Group's products are manufactured in compliance with safety and legal guidance based on the "Oji Group Partnership Procurement Policy"

1. Pulp/Wood Raw Materials

- Legality and consideration for environment/society are confirmed through traceability reporting (published on website after the third party's audit)
- ◆ Confirmation checks:
 1. Source/supply chain of wood raw materials
 2. Forest management method and acquisition status of forest certifications
 3. No inclusion of illegally logged wood
 4. No inclusion of genetically modified wood
 5. No logging in mountain forests recognized as forests with conservation values
 6. Consideration for environment, society, human rights and labor

2. Raw Materials/Chemicals

- Being liable for compliance with voluntary standards of industry groups, as well as laws/regulations on product safety
- ◆ Management checks:
 1. Quality management (by the established procedure for product shipments)
 2. Safety of raw materials (ex. MSDS)
 3. Safety of products for food application (by voluntary standards of industry groups)
 4. Prompt / precise response to customers' inquiries

2. Significant Challenge for Japanese Society “Revival of Forest Industry / Regeneration of Forest”

Japan is a Heavily Forested Country

Forest Land 25 million ha (2/3 of national land)

Accumulation 4.9 billion m³ (20% increase in 10 years)

◆ Logging Phase of Post-war Planted Trees Has Come

Ratio of artificial forest of age over 50: 35%

➡ If remain unmanaged,
it would increase to 66% in 10 years

Unmanaged Forest may cause...

Devastated forest

- does not have its roots fastened deeply
- does not have vegetation on its forest floor

➡ Sediment Disasters

➡ Decline in a Water Source Function

Regeneration of Forest

Maintenance of healthy forests requires continuous management



◆ Tree Thinning / Trimming = Wood Use



Revival of Forest Industry Lumber Production as an Industry

Governmental Target

Self-sufficiency ratio of domestic lumber to reach 50% by 2020 (2002: 18%, 2013: 28%)

3. Oji Group's Challenge to Making Forestry a Growing Industry

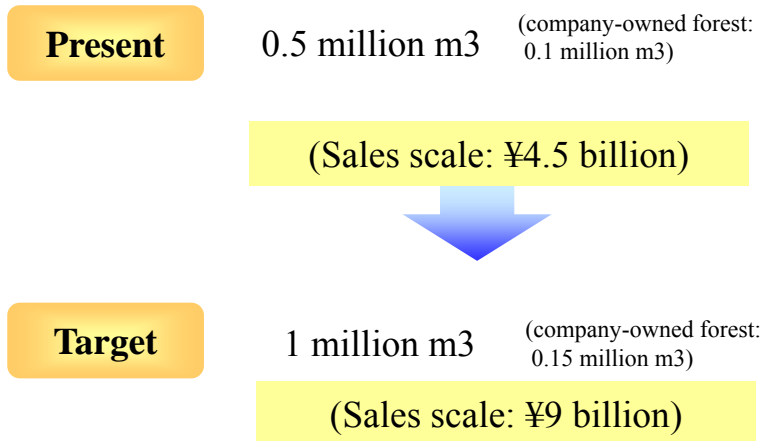
Active Promotion of Lumber Business

- With our company-owned forest as a core, persuade neighboring landowners (public/private) for joint management of their lands
→ Business scale enlargement / cost reduction
- Actively implement forest regeneration, including logging, reforestation, etc.
- Promote forest improvement through use of unused lumber for biomass power generation
- Expand sales channel through export as well as domestic sales



Contribution to Making Forestry a Growing Industry

Oji Group's Transaction Volume of Domestic Log



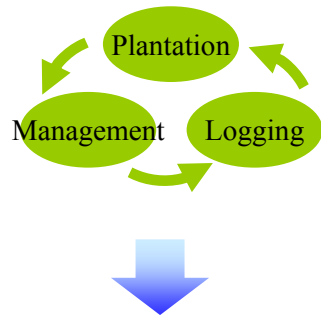
Logging using highly-functional forestry machines

4. Sustainable Utilization of Forest Resources

[Forest Recycling] Seek Protection of Forest Functions / Utilization of Forest Resources by Promoting Sustainable Forest Management

◆ Sustainable Forest Management

Continuous production of lumber / exertion of various environmental functions by repeating the cycle below



- Functions of Forest**
- Supply of lumber resources
 - Environmental functions
 - (Absorption of CO2 Conservation of ecosystems)
 - (Prevention of soil erosion Watershed Protection)
 - (Health/recreational functions)

◆ Oji Group's Forest Area
(as of end of FY2013)
0.47 million ha Double the Area of Tokyo
(Japan 0.19 million ha, Overseas 0.28 million ha)



◆ To recognize and promote the acquisition of **Forest Certification** as a system supporting "Sustainable Forest Management"

- Forest Certification** A system in which an independent third party evaluates/certificates that a forest is managed appropriately according to a set of guidelines for sustainable forest management
- Company-owned Forest in Japan** Completion of SGEN Acquisition for all forests (excluding profit sharing forest)
- Overseas Plantation** Acquisition of forest certification including FSC™, PEFC, etc. for 0.21 million ha of overseas plantations. Aiming to enlarge the coverage to all the plantations.

* SGEN (Sustainable Green Ecosystem Council)
 * FSC™ (Forest Stewardship Council™)
 (Ex. Lao's LPFL Co., Ltd. License code: FSC-C117723)
 * PEFC (Programme for the Endorsement of Forest Certification Schemes)

Awareness of Forest Certification (FSC)

Europe	40 - 70%	(Source: FSC Investigation Materials 2013)
Japan	10%	

Awareness of Forest Certification in Japan is **extremely low**

➔ Contribute to deepen understanding about functions of forest and importance of forest management, through Oji Group's activities including sales of FSC certified products

5. Eco-Friendly Products



Expansion of Eco-Friendly Products

- ◆ Development of eco-friendly products → prompt increase of product lineup
- Sales of FSC™ certified products in various fields including lumber, pulp, paper products



The mark of responsible forestry

FSC Certified Products



Pan Pac (lumber)
(License code: FSC-C017103)



Oji Nepia
(License code: FSC-C018118)



Oji Timely
(License code: FSC-C109587)



Oji Paper (printing paper)
(License code: FSC-C014119)



CENIBRA (pulp)
(License code: FSC-C008495)

[Eco-friendly Product for Future Generation]



Cellulose Nano Fiber

R&D for use as eco-friendly material in progress

6. Corporate Social Responsibility (CSR) Activities

CSR Activities

◆ Conservation of Biodiversity

Implementation of various activities in Japan and overseas

Japan

Endangered freshwater fish “Itou”
Endangered “Mt. Apoi alpine plants”

hypochoeris crepidioides,
primula modesta var. samanimontana
erigeron thunbergii var. angustifolius

Overseas

Brazil Endangered bird “Mutum”
New Zealand Supporting activities in protecting the national
 bird, “Kiwi”
Australia Monitoring of rare animals, etc.



Mutum



Itou



Hypochoeris crepidioides

◆ Cultural Activity / Education

Communicate functions of trees in natural environment including conservation of soil/water quality

Japan

“Oji Forest Nature School”
(nature experience-based environmental education program)



Oji Forest Nature School

Overseas

Pan Pac “Environmental Conservation Week” Project
Continually operating jointly with New Zealand’s Environment
Ministry and the local Chamber of Commerce

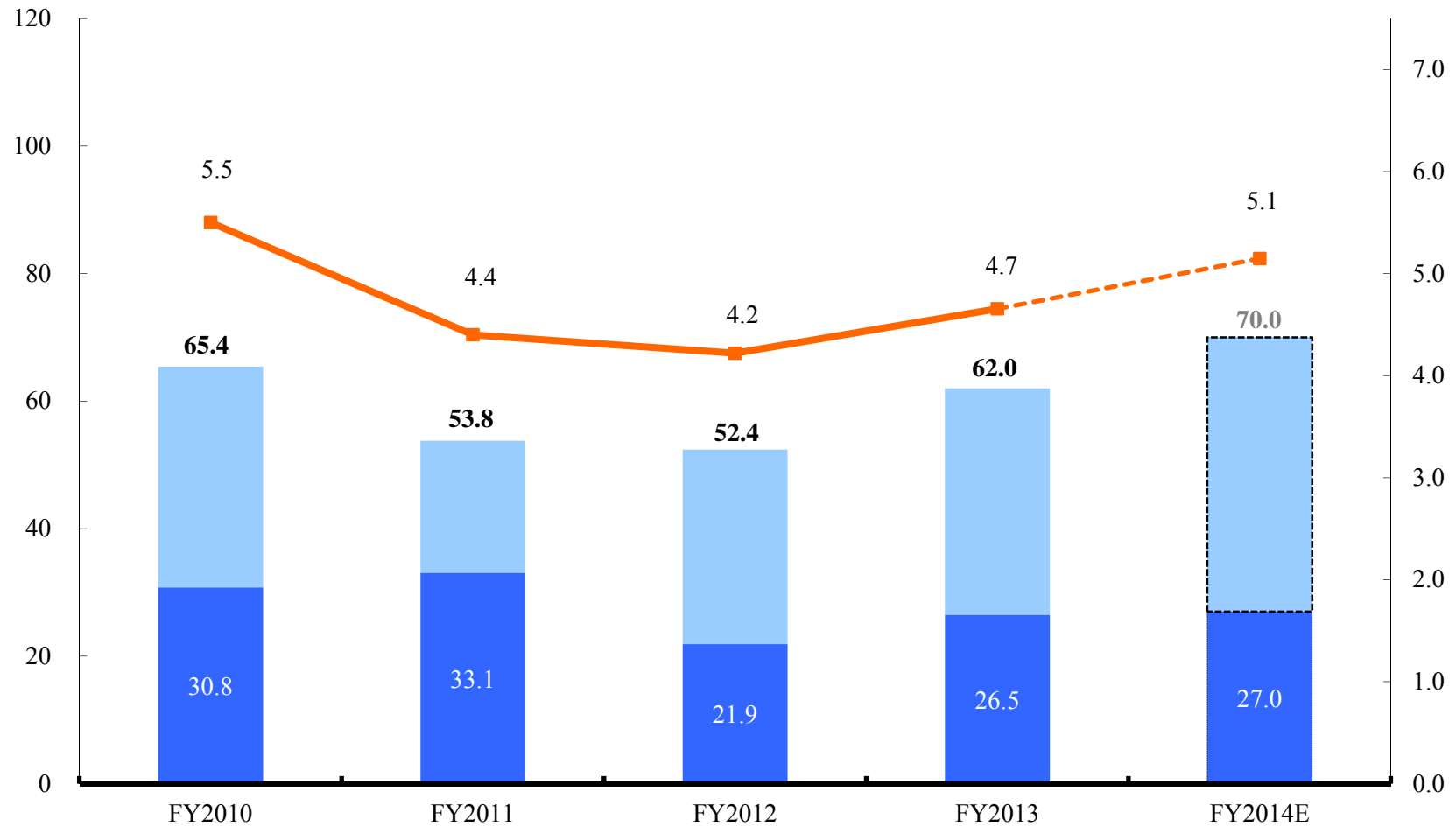


Reference Materials

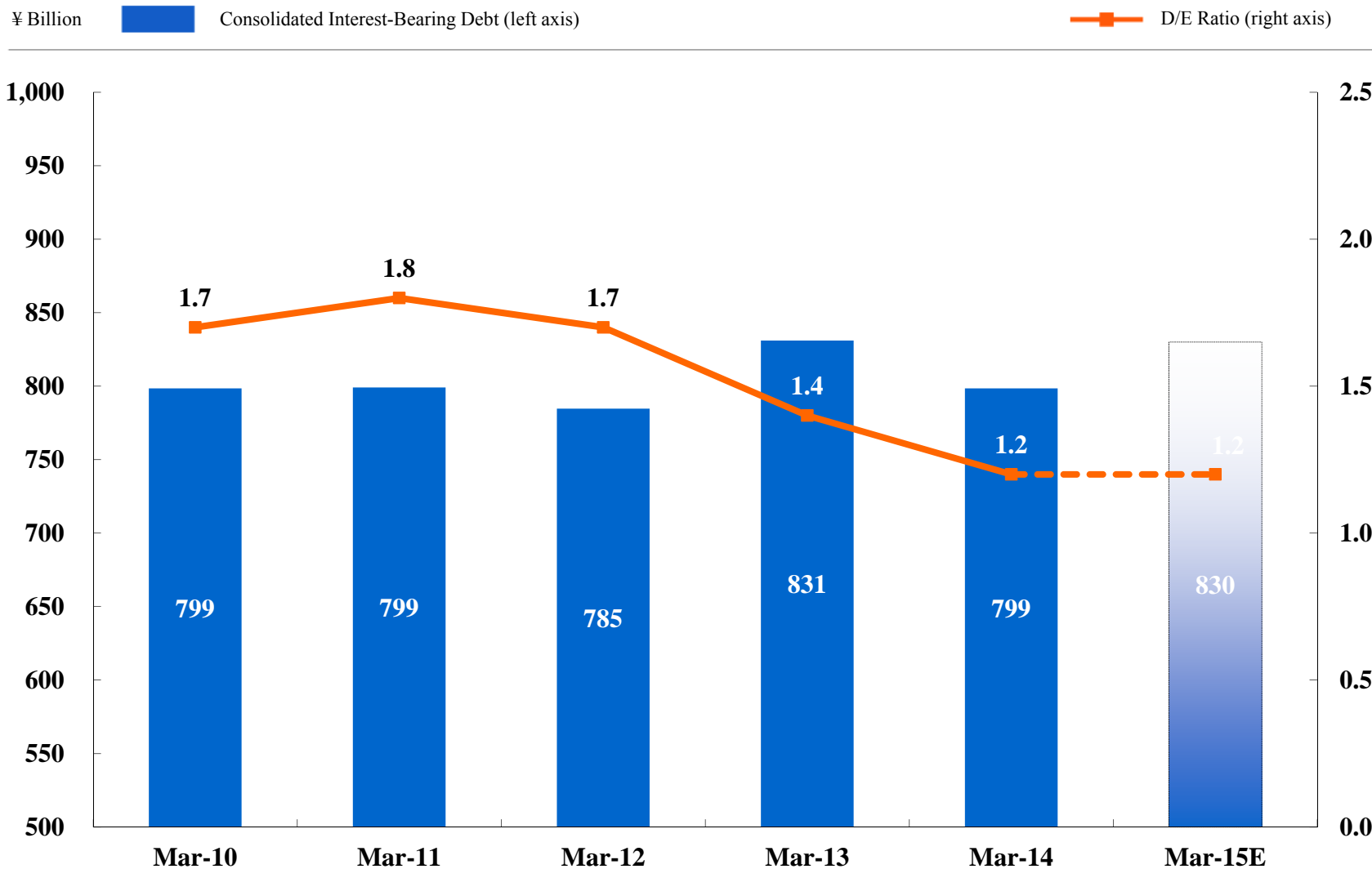
Trends of Operating Income (consolidated)



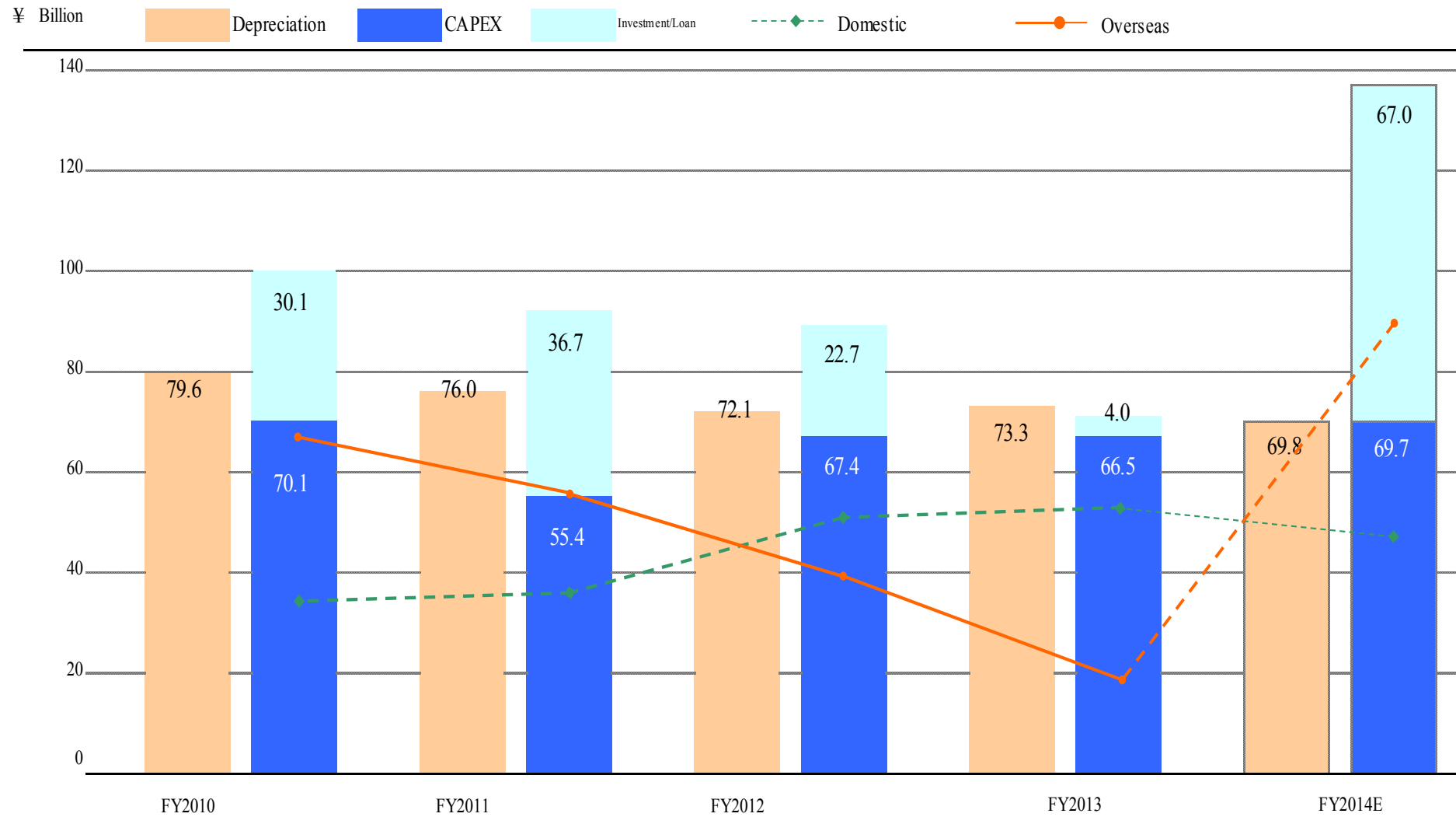
¥ Billion Operating Income (left axis) Mid-term (left axis) Operating Income Ratio (right axis) %



Trends of Interest-Bearing Debt (consolidated)

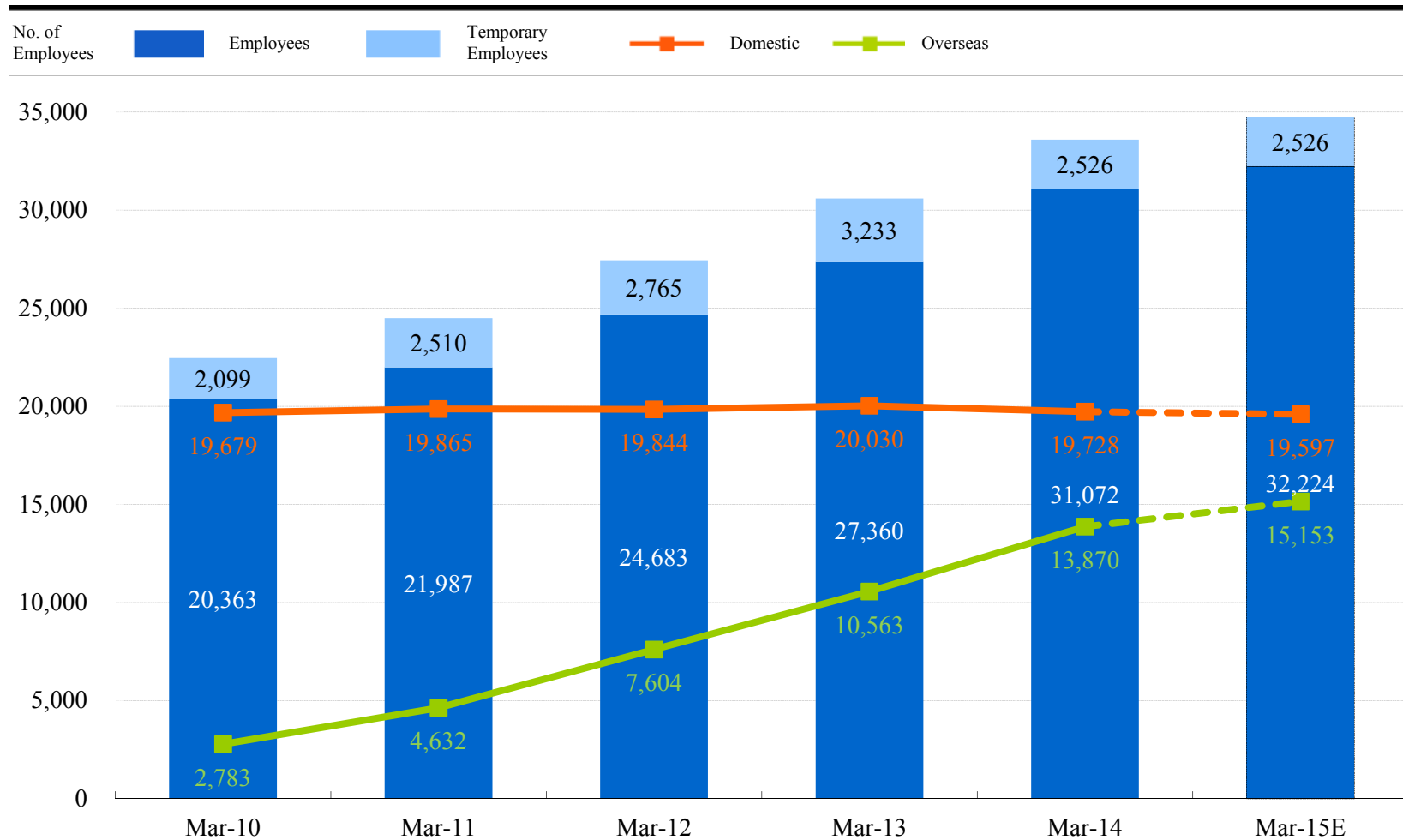


Trends of CAPEX / Depreciation Expenses (consolidated)



*CAPEX adjusted for some subsidiaries with different fiscal periods

Trends of Employees (consolidated)



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



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