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

Company Name: **Oji Holdings Corporation** (Code No. 3861 Tokyo Stock Exchange)
URL: https://www.ojiholdings.co.jp/
Representative: Susumu Yajima, President & Chief Executive Officer
Contact: Yoshiaki Takeda, Executive Officer, Corporate Governance Division
Telephone: 03-3563-1111 +81-3-3563-1111(overseas)

(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)

		Net Sales			Operating Profit		
		1st Quarter of FY2016	1st Quarter of FY2017	Increase (Decrease)	1st Quarter of FY2016	1st Quarter of FY2017	Increase (Decrease)
Reporting Segment	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 Mar 31,2017	First Quarter / 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 Apr '16 - Jun '16	First Quarter / FY2017 Apr '17 - Jun '17
Net sales	350,622	350,926
Cost of sales	266,863	272,142
Gross profit	83,759	78,784
Selling, general and administrative expenses		
Freightage related expenses	35,377	35,513
Other	29,875	30,603
Total selling, general and administrative expenses	65,252	66,116
Operating profit	18,506	12,667
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	3,869	2,515
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	14,581	5,018
Ordinary profit	7,794	10,165
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	7,326	409
Extraordinary losses		
Special retirement expenses	55	306
Loss on retirement of non-current assets	370	293
Other	740	199
Total extraordinary losses	1,166	798
Profit before income taxes	13,953	9,775
Income taxes - current	3,617	2,407
Income taxes - deferred	2,323	1,085
Total income taxes	5,941	3,493
Profit	8,012	6,282
Profit attributable to non-controlling interests	708	674
Profit attributable to owners of parent	7,303	5,608

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	(22,814)	(5,566)
Comprehensive income	(14,802)	715
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)