

Second Mid-Term Management Plan

Mitsubishi Paper Mills Group established the Mid-Term Management Plan for FY 2016 to 2018 and began its implementation from April 2016.

In order to respond to the increasingly severe business environment, with the key word “Achieving the Stable Profit by Strengthening Alliances,” the Group will faithfully implement the following 4 basic principles and strive to build a stable earning structure that will be less susceptible to the external environment.

1. Name of the Plan Second Mid-Term Management Plan
2. Period of the Plan April 2016 to March 2019 (3 years)
3. Basic Principles
 - a) Structural reform of the Printing Paper Business
 - 1) By strengthening alliances, we will optimize the Hachinohe Mill, which is the Group’s main factory, and build a stable earning structure that will be less susceptible to the external environment.
 - 2) We will optimize our distribution systems and logistics systems.
 - b) Enhancement profit base
 - 1) We will establish an efficient production system by further strengthening the alliance with Fujifilm Corporation in the field of photographic base paper.
 - 2) We will enhance the profit base business by effectively using the business superiority and positioning of Mitsubishi Paper Mills in the existing fields of our Imaging Media and Specialty Materials Business.
 - c) Developing new businesses
 - 1) By taking geographic advantages of Hachinohe, we will launch a biomass power generation business in collaboration with Oji Group, in an effort to enhance the future profit base.
 - 2) We will strategically develop new businesses (e.g. functional films, inkjet printing transfer paper, and non-woven fabric).
 - 3) We will make careful strategic and selective investment in these new focus business fields (such as non-woven fabric, functional films, energy)

- d) Strengthening business platform and financial foundation that will support the Group's earning power
- 1) We will work on the reconstruction of business process and IT infrastructure to achieve the Group's business structure reform.
 - 2) We will promote reduction of interest-bearing debt, which we have managed to reduce to the pre-Great East Japan Earthquake level, and further strengthen the Group's financial foundation.

We will steadily implement the above basic principles in order to resume payment of dividends as soon as possible.

4. Consolidated Numerical Targets

(¥ Billion)

index	Target (FY2018)
Net sales	230.0
Operating income	6.5
Ordinary income	4.5
Interest-bearing debt	125.0
D/E ratio	2.3 times

*Assumed conditions:

Exchange rate : ¥115 / USD, : ¥125 /€

Crude oil price (Dubai): \$45USD/bbl

(Reference data)

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(¥ Billion)

index	(Second Mid-Term Management Plan)			
	Fiscal Year 2015 Results	Fiscal Year 2016 Plan	Fiscal Year 2017 Plan	Fiscal Year 2018 Plan
Net sales	216.3	220.0	225.0	230.0
Operating income	3.9	4.5	5.5	6.5
Ordinary income	2.2	2.5	3.5	4.5
Interest-bearing debt	138.8	135.0	130.0	125.0
D/E ratio	2.8 times	2.7 times	2.5 times	2.3 times