Second Mid-Term Management Plan
(Mid-Term Plan II.)

FY2017.03  -  FY2019.03  (3 years)
Contents

Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)

- Summary
- Operating Income Plan Comparison
- Main Theme Implementation Status
- Toward the Next Mid-term Management Plan

Second Mid-term Management Plan

- Basic Principles
- Management Targets Value
- Investment Plan
- Concrete Measures

1. Structural Reform of Printing Paper Business
2. Improving Profit Base
3. Developing New Businesses
4. Strengthening business foundation and financial ground that will support the Group’s earning power
First Mid-Term Management Plan (Mid-Term Plan I.)

Review

FY2012.03  - - - FY2016.03  (4.5 years)
## Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)

### Phase 1

<table>
<thead>
<tr>
<th></th>
<th>2012/3 Result</th>
<th>2013/3 Result</th>
<th>2014/3 Result</th>
<th>2015/3 Result</th>
<th>2016/3 Result (a)</th>
<th>2016/3 Plan (b)</th>
<th>Variance (a – b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,949</td>
<td>2,009</td>
<td>2,075</td>
<td>2,149</td>
<td>2,163</td>
<td>2,300</td>
<td>▲137</td>
</tr>
<tr>
<td>Operating Income</td>
<td>22</td>
<td>33</td>
<td>5</td>
<td>10</td>
<td>39</td>
<td>85</td>
<td>▲46</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>9</td>
<td>27</td>
<td>1</td>
<td>1</td>
<td>22</td>
<td>60</td>
<td>▲38</td>
</tr>
<tr>
<td>Term loan</td>
<td>1,580</td>
<td>1,553</td>
<td>1,490</td>
<td>1,448</td>
<td>1,388</td>
<td>1,400</td>
<td>achieved</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>3.2</td>
<td>2.9</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
<td>2.3</td>
<td>Unachieved</td>
</tr>
<tr>
<td>Employee</td>
<td>4,341</td>
<td>4,133</td>
<td>3,982</td>
<td>3,622</td>
<td>3,697</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Phase 2 Rolling Plan

- Sales: ▲137
- Operating Income: ▲46
- Ordinary Income: ▲38
- Term loan: achieved
- D/E ratio: Unachieved

---

**Second Mid-term Management Plan**

- Basic Principles
- Management Targets Value
- Investment Plan
- Concrete Measures

1. Structural Reform of Printing Paper Business
2. Improving Profit Base
3. Developing New Businesses
4. Strengthening business foundation and financial ground that will support the Group’s earning power

---

**Mid-Term Plan I.**
Operating Income by Segment (Deviation from Target Values for the Term Ended March 31, 2016: -4.6 billion yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>March 2016 Target</th>
<th>March 2016 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imaging Media</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>Pulp &amp; Paper</td>
<td>-46</td>
<td>-46</td>
</tr>
<tr>
<td>Speciality Materials</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

(Unit: 100 million yen)

• Operating Income by Segment (Deviation from Target Values for the Term Ended March 31, 2016: -4.6 billion yen)

- Quantity/product mix: -22
- Price: -18
- German business: -16
- Raw material & energy cost: -2
- Costs: +12

Main Items in the -4.6 billion Yen for Pulp & Paper Business

- Multiple price revisions were made to commercial printing paper in Japan. However, it was not possible to hit the prices we set in our original plan.
- We attempted to sell production inkjet paper overseas. However, we did not achieve the sales volume we set in our original plan.
- Our German operation suffered a loss in response to the worsening situation in the European market. However, we reduced personnel as well as costs, and revised prices several times. As a result, we made it back into the black in the 4Q for the term ended March 31, 2016.

Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)

- Summary
- Operating Income Plan Comparison
- Main Theme Implementation Status
- Toward the Next Mid-term Management Plan

Second Mid-term Management Plan

- Basic Principles
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(1) Structural Reform of Printing Paper Business
(2) Improving Profit Base
(3) Developing New Businesses
(4) Strengthening business foundation and financial ground that will support the Group’s earning power

Mid-Term Plan I.
### Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)

- **Summary**
- **Operating Income Plan Comparison**
- **Main Theme Implementation Status**
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### Second Mid-term Management Plan

- **Basic Principles**
- **Management Targets Value**
- **Investment Plan**
- **Concrete Measures**
  1. Structural Reform of Printing Paper Business
  2. Improving Profit Base
  3. Developing New Businesses
  4. Strengthening business foundation and financial ground that will support the Group’s earning power

### [Phase 1] Reconstruction

<table>
<thead>
<tr>
<th>Implementation Status</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Win back market share in Printing Paper Business at an early stage</td>
<td>We vertically started-up Hachinohe Mill.</td>
</tr>
<tr>
<td>2) Repay at an early stage interest bearing debts that have rapidly increased (30 billion yen)</td>
<td>We reduced our interest-bearing debts as planned.</td>
</tr>
</tbody>
</table>

### [Phase 2 Rolling Plan] Strengthen Profit Base for Growth

<table>
<thead>
<tr>
<th>Implementation Status</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) To enhance the activities for making inroads into overseas markets</td>
<td>We established an Overseas Sales Division to earnestly aim for an improvement to our types of product and to offer a complete line-up. However, we did not achieve our overseas sales targets for our high value added production IJ papers. Our German operation was sluggish in response to a deterioration in the European market situation.</td>
</tr>
<tr>
<td>2) To promote non-commoditization</td>
<td>We improved the ratio of “A2” flat sheet and moved toward communication paper. However, the actual average unit price was lower than that in our original plan due to a fall in demand and the market situation.</td>
</tr>
</tbody>
</table>
### Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)

- **Summary**
- Operating Income Plan Comparison
- **Main Theme Implementation Status**
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### Second Mid-term Management Plan

- Basic Principles
- Management Targets Value
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1. (1) Structural Reform of Printing Paper Business
2. (2) Improving Profit Base
3. (3) Developing New Businesses
4. (4) Strengthening business foundation and financial ground that will support the Group’s earning power

### [Phase 2 Rolling Plan]

**Strengthen Profit Base for Growth**

<table>
<thead>
<tr>
<th>Implementation Status</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>3) To inject promising products to the niche markets</td>
<td>B</td>
</tr>
<tr>
<td>We launched the functional film and functional filter. However, we did not achieve our sales plan. We significantly exceeded our plan for RO membrane (water treatment) supports and rewrite media. We progressed virtually as planned in regards to our battery separators (BS).</td>
<td></td>
</tr>
<tr>
<td>4) To implement the structural reform of the Hachinohe Mill (Reduce labor costs in all group companies)</td>
<td>A</td>
</tr>
<tr>
<td>We reduced costs by 2.3 billion yen in two years by splitting off our Hachinohe Mill. We also reduced personnel. (reduced by 19.5% - approx. 850 people – over four years.) We reorganized our group companies. (We sold off Ostrichdia and dissolved Asahi Photosensitive Paper.)</td>
<td></td>
</tr>
<tr>
<td>5) Strengthen our financial structure</td>
<td>B</td>
</tr>
<tr>
<td>We did not significantly improve our earning structure and did not achieve our D/E ratio as planned. However, we reduced our interest-bearing debts to the level before the Great East Japan Earthquake.</td>
<td></td>
</tr>
<tr>
<td>6) Strengthen our Imaging Media and Speciality Materials Businesses (e.g. strengthen our alliances)</td>
<td>A</td>
</tr>
<tr>
<td>We looked to strengthen our alliance with Fujifilm Corporation. We paved the way to lead to a strengthening in our profit base in our Second Mid-term Management Plan. Our Speciality Materials Business saw an increase in operating income by three-fold.</td>
<td></td>
</tr>
</tbody>
</table>
Toward the Next Mid-term Management Plan

1. **Structural reform of our Printing Paper Business is our greatest challenge.**

2. **We will strengthen our alliances centered in the Printing Paper and Imaging Media Businesses in order to ensure profit is not affected by the external environment.**

3. **We will aim to develop and harvest new businesses.**

4. **As the next step after reducing our interest-bearing debts to their pre-Great East Japan Earthquake level, we will further strengthen our financial ground.**
Second Mid-Term Management Plan
(Mid-Term Plan II.)
Forecast

FY2017.03 - FY2019.03 (3 years)
Basic Principles in the Second Mid-term Management Plan

1. Structural Reform of Printing Paper Business
   - We will achieve stable earning structure not affected by the external environment through structural reform and strengthening our alliance with Oji Group.
   - We will optimize our distribution and logistics systems.

2. Improving Profit Base
   - We will strengthen our alliance with Fujifilm Corporation to build an efficient production system.
   - We will improve the profit base business by effectively using the business superiority and positioning of Mitsubishi Paper Mills.

3. Developing New Businesses
   - We will launch a biomass power generation business in collaboration with Oji Group.
   - We will strategically develop new businesses.
   - We will make careful strategic and selective investment in the focus fields.

4. Strengthening business foundation and financial ground that will support the Group’s earning power
   - We will work on the reconstruction of business process and IT infrastructure to achieve the Group’s business structure reform.
   - We will promote reduction of interest-bearing debts, which we have managed to reduce to the pre-Great East Japan Earthquake level, and further strengthen the Group’s financial ground.
Management Target Value in the Second Mid-term Management Plan

### Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)
- Summary
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- Toward the Next Mid-term Management Plan

### Second Mid-term Management Plan
- Basic Principles
- Management Targets Value
- Investment Plan
- Concrete Measures

1. **Management Target Value**

<table>
<thead>
<tr>
<th></th>
<th>2016/3 Result (a)</th>
<th>2017/3 Plan</th>
<th>2018/3 Plan</th>
<th>2019/3 Plan (b)</th>
<th>(b) – (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,163</td>
<td>2,200</td>
<td>2,250</td>
<td>2,300</td>
<td>+137</td>
</tr>
<tr>
<td>Operating Income</td>
<td>39</td>
<td>45</td>
<td>55</td>
<td>65</td>
<td>+26</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>22</td>
<td>25</td>
<td>35</td>
<td>45</td>
<td>+23</td>
</tr>
<tr>
<td>Term Loan</td>
<td>1,388</td>
<td>1,350</td>
<td>1,300</td>
<td>1,250</td>
<td>achieved</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>2.8</td>
<td>2.7</td>
<td>2.5</td>
<td>2.3</td>
<td>unachieved</td>
</tr>
</tbody>
</table>

### Reference

<table>
<thead>
<tr>
<th></th>
<th>2016/3 Result</th>
<th>Second Mid-term Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>¥ 1 2 0 . 1 6</td>
<td>¥ 1 1 5</td>
</tr>
<tr>
<td>EUR</td>
<td>¥ 1 3 2 . 3 6</td>
<td>¥ 1 2 5</td>
</tr>
<tr>
<td>oil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dubai</td>
<td>4 5 . 8 $/BBL</td>
<td>4 5 $/BBL</td>
</tr>
</tbody>
</table>
### Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)
- Summary
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### Second Mid-term Management Plan
- Basic Principles
- Management Targets Value
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- Concrete Measures

#### (1) Structural Reform of Printing Paper Business

#### (2) Improving Profit Base

#### (3) Developing New Businesses

#### (4) Strengthening business foundation and financial ground that will support the Group’s earning power

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### Management Target Value in the Second Mid-term Management Plan by Division

#### Sales

<table>
<thead>
<tr>
<th>Division</th>
<th>2016.3 Result (a)</th>
<th>2017.3 Plan</th>
<th>2018.3 Plan</th>
<th>2019.3 Plan (b)</th>
<th>(b) - (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp &amp; Paper</td>
<td>1,643</td>
<td>1,640</td>
<td>1,660</td>
<td>1,670</td>
<td>+27</td>
</tr>
<tr>
<td>Imaging Media</td>
<td>418</td>
<td>450</td>
<td>470</td>
<td>490</td>
<td>+72</td>
</tr>
<tr>
<td>Speciality Materials</td>
<td>169</td>
<td>180</td>
<td>200</td>
<td>220</td>
<td>+51</td>
</tr>
<tr>
<td>Others</td>
<td>▲67</td>
<td>▲70</td>
<td>▲80</td>
<td>▲80</td>
<td>▲13</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,163</td>
<td>2,200</td>
<td>2,250</td>
<td>2,300</td>
<td>+137</td>
</tr>
</tbody>
</table>

#### Operating Income

<table>
<thead>
<tr>
<th>Division</th>
<th>2016.3 Result (a)</th>
<th>2017.3 Plan</th>
<th>2018.3 Plan</th>
<th>2019.3 Plan (b)</th>
<th>(b) - (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp &amp; Paper</td>
<td>2</td>
<td>21</td>
<td>23</td>
<td>26</td>
<td>+24</td>
</tr>
<tr>
<td>Imaging Media</td>
<td>24</td>
<td>19</td>
<td>21</td>
<td>25</td>
<td>+1</td>
</tr>
<tr>
<td>Speciality Materials</td>
<td>9</td>
<td>12</td>
<td>17</td>
<td>20</td>
<td>+11</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>▲2</td>
</tr>
<tr>
<td>Risk (outside factors)</td>
<td>-</td>
<td>▲8</td>
<td>▲8</td>
<td>▲8</td>
<td>▲8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>39</td>
<td>45</td>
<td>55</td>
<td>65</td>
<td>+26</td>
</tr>
</tbody>
</table>

(Unit: 100 million yen)
# Investment Plan in the Second Mid-term Management Plan

## Mid-Term Plan II.

### Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)
- Summary
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### Second Mid-term Management Plan
- Basic Principles
- Management Targets Value
- **Investment Plan**
- Concrete Measures
  - (1) Structural Reform of Printing Paper Business
  - (2) Improving Profit Base
  - (3) Developing New Businesses
  - (4) Strengthening business foundation and financial ground that will support the Group’s earning power

## Approval Base (Unit: 100 million yen)

<table>
<thead>
<tr>
<th>Investment Plan</th>
<th>2017/3 Plan</th>
<th>2018/3 Plan</th>
<th>2019/3 Plan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic investment</td>
<td>41</td>
<td>24</td>
<td>35</td>
<td>100</td>
</tr>
<tr>
<td>Investment in maintenance and improvement</td>
<td>38</td>
<td>42</td>
<td>32</td>
<td>112</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>66</td>
<td>67</td>
<td>212</td>
</tr>
</tbody>
</table>

### Main content of strategic investment
- Company-wide business structure reform
- Kyoto Mill: New coating machine
- Takasago Mill: New non-woven fabric machine
Basic Principles ①: Structural Reform of Printing Paper Business (1/2)

Basic Strategy
• Build a stable earning structure not affected by the external environment

<table>
<thead>
<tr>
<th>Key Challenges</th>
<th>Concrete Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic expansion of OEM</td>
<td>• Promotion of our alliance with Oji Group centered on communication/specialty paper</td>
</tr>
<tr>
<td>Maintenance of our factory operating rate</td>
<td>• Increase in exports through OEM utilization</td>
</tr>
<tr>
<td></td>
<td>• Further strengthening of industrial IJ and commercial printing paper exports</td>
</tr>
<tr>
<td></td>
<td>• Increase in the information/specialty paper ratio in Hachinohe Mill</td>
</tr>
</tbody>
</table>
### Mid-Term Plan II

**Basic Principles ①: Structural Reform of Printing Paper Business (2/2)**

<table>
<thead>
<tr>
<th>Key Challenges</th>
<th>Concrete Measures</th>
</tr>
</thead>
</table>
| Streamlining of the supply chain through integrated management of manufacture and sales | • Streamlining of distribution through a review of the roles of our firm/Mitsubishi Paper Sales by sales contact and by product  
• Streamlining of production in line with a product portfolio review  
• Promotion of product portfolio diversification in Mitsubishi Paper Sales  
• Reduction in inventory through optimization of our distribution systems |
| Improvement in the profitability of German operation | • Sales strategy focused on the European market where demand for thermal paper is strong  
• Expansion of the effect from a decrease in costs (materials, energy and yield improvement)  
• Examination of alliances, etc. from a mid-to-long-term perspective |

### Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)

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### Second Mid-term Management Plan

- Basic Principles
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- **Concrete Measures**
  1. Structural Reform of Printing Paper Business
  2. Improving Profit Base
  3. Developing New Businesses
  4. Strengthening business foundation and financial ground that will support the Group’s earning power
Cf. Trend of the production amount of Hachinohe Mill

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- Concrete Measures
  - (1) Structural Reform of Printing Paper Business
  - (2) Improving Profit Base
  - (3) Developing New Businesses
  - (4) Strengthening business foundation and financial ground that will support the Group’s earning power

<table>
<thead>
<tr>
<th>Ten thousand ton/year</th>
<th>communication paper and others</th>
<th>commercial printing paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/3</td>
<td>85</td>
<td>73</td>
</tr>
<tr>
<td>10/3</td>
<td>70</td>
<td>74</td>
</tr>
<tr>
<td>11/3</td>
<td>75</td>
<td>74</td>
</tr>
<tr>
<td>12/3</td>
<td>50</td>
<td>69</td>
</tr>
<tr>
<td>13/3</td>
<td>73</td>
<td>66</td>
</tr>
<tr>
<td>14/3</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>15/3</td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>16/3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17/3</td>
<td>73</td>
<td>74</td>
</tr>
<tr>
<td>18/3</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>19/3</td>
<td>74</td>
<td></td>
</tr>
</tbody>
</table>

First Mid-term Management Plan: Phase 1
First Mid-term Management Plan: Phase 2 Rolling Plan
Second Mid-term Management Plan
Basic Principles ②: Improving Profit Base (1/2)

1. Strategic Strengthening of Imaging Media Business

**Basic Strategy**
- Expansion of alliances
- Expansion of existing products

**Expansion of Alliances**
We will further expand our alliance with Fujifilm Corporation to increase the production/supply of photographic materials Base paper.

**Expansion of Existing Products**
We will develop the flexographic and screen printing market with TDP products.

We will strengthen our sales capabilities through application development and enhanced product line-up in the commercial field where demand is expected to increase.

- **Photographic materials**
  - Base paper

- **Graphic arts materials**
  - Ink-jet and other Digital Imaging Media
2. Strategic Expansion of Speciality Materials Business

**Basic Strategy**
- Further growth of non-woven fabric-related products (water treatment and battery separators)
- Increase in sales in the Chinese, Korean and ASEAN markets

- We will set up a non-woven fabric machine in Takasago to increase sales.
- We will enter the European tape base paper (KJ Specialty Paper) market for the first time.
- We will increase sales for public/private demand in China.
- We will launch products and create markets in the ASEAN region.
- We will strengthen functions of filter to increase sales in East Asia.
Launch of Joint Biomass Business with Oji Group

**Mitsubishi Paper Mills**
- Advantageous location of oceanfront plants
- Power generation technology and expertise as a paper manufacturer

**Oji Green Resources Co., Ltd.**
- Expertise in power generation business operation and fuel procurement

**Summary: Utilization of the FIT System**
- Company Name: MPM Oji Eco Energy Co., Ltd. (Financing: 45% from Mitsubishi Paper Mills and 55% from Oji Green Resources)
- Location: In the premises of Hachinohe Mill of Mitsubishi Paper Mills
- Production Capacity: Approx. 75,000kW (Power generation capacity)
- Sales: Approx. 11 billion yen
- Investment: 24 billion yen (Lease of main facilities, such as the boiler and turbine)

**Strengthening of the Profit Base at Our Hachinohe Site**
Start of business
Scheduled in June 2019
### Basic Principles ③: Developing New Businesses (2/3)

<table>
<thead>
<tr>
<th>Field</th>
<th>Application</th>
<th>Feature</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conductive Film</td>
<td>A touchscreen device with our conductive film</td>
<td>• Superior silver mesh film suitable for large-sized touchscreen devices</td>
<td>• To expand our target market; Taiwan, China and Korea and accelerate the business</td>
</tr>
<tr>
<td>Photosensitive DFR</td>
<td>Step structure processed with our DFR</td>
<td>• Excellent resistance and adhesion</td>
<td>• To improve the profitability of DFR business by in-house production based on its large and stable sales volume</td>
</tr>
</tbody>
</table>

#### Main strategic investment

<table>
<thead>
<tr>
<th>Target</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>A new coating machine</td>
<td>Kyoto Mill</td>
</tr>
<tr>
<td>Expand sales volume &amp; Improve profitability by In-house Production</td>
<td></td>
</tr>
</tbody>
</table>

#### (2) Digital Textile Inkjet(IJ) Printing Transfer Paper

| IJ Transfer Paper   | Digital textile by MPM technology                                           | • Newly developed IJ transfer paper for cotton and silk (Natural fiber textiles)                  | • In addition to the existing dye sublimation paper for polyester (Synthetic fiber); newly developed IJ transfer paper for natural fabrics will offer growth opportunity in the digital textile marketplace. |
### Mid-Term Plan II.

**Basic Principles ③: Developing New Businesses (3/3)**

#### Summary of the First Mid-term Management Plan (Phase 2 Rolling Plan)
- Summary
- Operating Income Plan Comparison
- Main Theme Implementation Status
- Toward the Next Mid-term Management Plan

#### Second Mid-term Management Plan
- Basic Principles
- Management Targets Value
- Investment Plan
- Concrete Measures
  - (1) Structural Reform of Printing Paper Business
  - (2) Improving Profit Base
  - (3) Developing New Businesses
  - (4) Strengthening business foundation and financial ground that will support the Group's earning power

## Main Strategic Investment

<table>
<thead>
<tr>
<th>Field</th>
<th>Application</th>
<th>Feature</th>
<th>Activity</th>
</tr>
</thead>
</table>
| EV separators | Lithium-ion Battery | • Advanced safety  
• Heat-resistance  
• Long battery life | • Provide polyester separators (NanoBaseX®) with an inorganic coating layer that offer advanced safety for electronic vehicles (EVs). |
| EDLC separators | Paper-type Separator | • Heat-resistance  
• Improved drying  
• Thin and high-strength | • Expand newly separators of the paper type (NanoBase®) manufactured using multiple functional fibers (e.g. fine fibrous cellulose) for electric double layer capacitors (EDLC) that focused on rapid charging/discharging. |

<table>
<thead>
<tr>
<th>Main Strategic Investment</th>
<th>Target</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>A new non-woven fabric machine</td>
<td>To increase non-woven fabric and battery separator sales</td>
<td>Takasago Mill</td>
</tr>
</tbody>
</table>

### (4) Expansion into Other New Business Fields

#### CNT-related products
- Superior electrical conductivity
- High thermal conductance
- Commercialize processed products (e.g. tapes and sheets) that take advantage of capability on CNT(carbon nano-tube) dispersion with high concentration.
1. Strengthening of Business Foundation
We will establish business foundation to be able to flexibly respond to management strategy on a company-wide basis.

ERP Introduction (Scheduled for 2018)

- Restructure business process and IT infrastructure
- Streamline production and sales systems with a focus on the Printing Paper Business
- Establish an optimized business flow across the entire group
- Strengthen profitability
2. Strengthening of Financial Ground

We will aim to continue reducing our interest bearing debts and further reduce our D/E ratio.

<table>
<thead>
<tr>
<th></th>
<th>Term Ended March 31, 2016: Actual</th>
<th>Term Ending March 31, 2019: Plan</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest bearing debts</td>
<td>138.8 billion yen</td>
<td>125 billion yen</td>
<td>13.8 billion yen reduction</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>2.8-fold</td>
<td>2.3-fold</td>
<td>0.5 improvement</td>
</tr>
</tbody>
</table>

*Interest bearing debts: We have reduced these to the pre-Great East Japan Earthquake level. We will continue to further reduce these in the future.
We will steadily implement the basic principles (1) to (4) to lead to the resumption of dividend payments at an early stage.
The statements concerning expected numbers and business forecasts in this document have been prepared based on predictions of the economic environment in the future and information available at the present point in time. The actual numbers in our financial results and performance in the future may differ.