

Nippon Paper Industries Has Announced Financial Projection for FY2022—Roadmap to Future Profit Improvement Will Be Closely Watched

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement of business projection for the fiscal year ending March 2023 (FY2022) by Nippon Paper Industries Co., Ltd. (security code: 3863).

- (1) Nippon Paper Industries Co., Ltd. (the "Company") announced on August 5 its full-year financial projection for FY2022, which previously was pending, along with the first-quarter results. It now expects 20.0 billion yen in operating loss and 25.0 billion yen in loss attributable to owners of parent for the year, as opposed to 12.1 billion yen and 2.0 billion yen both in income respectively for the previous year. As a major factor behind this negative projection, although the Company has been striving to adjust the prices of various products since the latter half of FY2021, such efforts are not producing positive results enough to offset the surge in the prices of raw materials and fuels, including coal, and high logistics expenses.
- (2) JCR on March 2, 2022 changed the outlook for the Company's long-term issuer rating from Stable to Negative, reflecting the fact that recovery in earning capacity is taking time despite business restructuring currently underway. Since then the business environment has become harsher, and profitability has deteriorated more than JCR has assumed. As the Company plans to step up restructuring efforts, including the revision of the production system and cost reductions in the paper business, JCR will carefully watch the measures taken to that end as well as the roadmap to profit improvement to be reflected in the rating.

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<Reference>

Issuer: Nippon Paper Industries Co., Ltd.

Long-term Issuer Rating: A Outlook: Negative

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