

Mid-term Management Plan (Phase 2 Rolling Plan)

The Mitsubishi Paper Mills Group is currently implementing the First Mid-term Management Plan (from October 2011 to March 2015). In response to the severe damage that the flagship Hachinohe Mill sustained during the Great East Japan Earthquake, the Plan positions Phase 1 as a period for “reconstruction” and Phase 2 as a period for “strengthening our revenue base for growth.” The Group is now undertaking Phase 2, having basically completed Phase 1. However, significant changes in the business environment have caused major discrepancies compared with the Plan’s prerequisites. Deeming it necessary to respond immediately to these environmental changes, the Group announces that it has revised the Plan’s Phase 2 strategies and basic targets. Details are as follows.

1. Name of the Revised Plan

First Mid-term Management Plan Phase 2 Rolling Plan

2. Period of the Plan

Phase 2 Rolling Plan: April 2013 – March 2016 (extended by one fiscal year)

(Total period of the plan: four and half years from October 2011 to March 2016)

3. Business Themes in Phase 2 “strengthening our revenue base for growth”

- New: Take bold steps to restructure the Hachinohe Mill
 - Reduce labor costs by converting the Hachinohe Mill into a separate subsidiary
 - Promote energy-related businesses and energy conservation
 - Review product composition
 - Reduce logistics costs
- New: Strengthen efforts to penetrate overseas markets
 - Make a full-scale entry into the U.S. digital printing market
 - Cultivate new customers by enhancing product lineups for offset printing markets in Japan and Europe
 - Retain the No. 3 position in the promising global thermal paper market
- New: Invest resources in niche markets for growth products
 - Leverage new products (touch panels, etc.) to make a full-scale entry into the functional films sector
 - Establish a cross-border production/sales system for automotive-use cabin air filters
 - Establish a mass production system for water treatment membrane support mediums/expand lithium-ion battery sales globally
- New: Promote non-commoditization
 - Increase of cut sheet/roll ratio and promote sales high value added paper products
- Ongoing: Strengthen our financial position
 - Undertake the early repayment of interest-bearing debt

4. Management Targets (Phase 2 Rolling Plan)

(¥ Billion)

	FY2011	FY2012	FY2013	FY2014	FY2015
	Plan	Plan	Plan	Final targets	Revisions
	Results	Results	Forecast	Revisions	Final targets
Net sales	200.0	230.0	235.0	240.0	230.0
	194.9	200.9	210.0	220.0	
Operating income	3.0	7.5	8.0	10.0	8.5
	2.2	3.3	1.7	5.7	
Ordinary income	1.0	4.5	5.0	7.0	6.0
	0.9	2.7	1.0	3.5	
Interest-bearing debt	170.0	170.0	160.0	150.0	140.0
	158.0	155.3	150.0	145.0	
D/E ratio	3.7 times	3.4 times	3.0 times	2.6 times	2.3 times
	3.2 times	2.9 times	2.8 times	2.6 times	