

This notice is an English translation of the original Japanese text of the timely disclosure statement dated February 8, 2019 issued by Daio Paper Corporation, and is for reference purposes only. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.

February 8, 2019

To whom it may concern:
 Name of Company: Daio Paper Corporation
 Name of Representative: Masayoshi Sako,
 President, CEO and Representative Director
 Securities Code: 3880
 (First Section, Tokyo Stock Exchange)
 Contact Person: Masashi Yano, Executive Officer and
 General Manager, Accounting Department
 Telephone No.: +81 3 6856 7513

Regarding Revisions to Financial Results Forecast

Daio Paper Corporation (hereinafter, the “Company”) hereby announces that based on recent business performance trends, it has revised the financial results forecast for the full-year of the fiscal year ending March 31, 2019 (released on May 11, 2018) as follows.

1. Consolidated Financial Results Forecast for the Full-year of the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	550,000	18,000	15,000	10,000	68.62
Revised forecast (B)	540,000	10,000	7,000	3,500	23.32
Change (B – A)	(10,000)	(8,000)	(8,000)	(6,500)	
Change (%)	(1.8)	(44.4)	(53.3)	(65.0)	
(Reference) Consolidated results for full-year of fiscal year ended March 31, 2018	531,311	11,062	12,779	3,971	27.25

2. Reasons for the Revision

Regarding the financial forecasts for the full-year of the fiscal year ending March 31, 2019 released on May 11, 2018, the Company had announced on November 8 on its website in the “Supplementary Material (Financial Overview) for FY2019/3 H1” that while it had revised the forecast for segment income for the Paper and Paperboard business from 4.5 billion yen to 9.5 billion yen, and the segment income for the Home and Personal Care business from 12.0 billion yen to 7.5 billion yen after taking into consideration the increase in manufacturing costs of facial tissue and toilet tissue, etc. following higher prices of pulp and other raw materials, and a projected performance shortfall in its businesses in South Korea and Indonesia, the total operating income remained unchanged at 18.0 billion yen.

	Paper and Paperboard segment income	Home and Personal Care segment income	Other businesses segment income	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Released May 11, 2018	4,500	12,000	1,500	18,000
Revised November 8, 2018 (A)	9,500	7,500	1,000	18,000
Revised February 8, 2019 (B)	6,000	4,000	0	10,000
Change (B – A)	(3,500)	(3,500)	(1,000)	(8,000)

As regards this revision to the net sales forecast, in contrast to the forecast released on November 8, while the Company expects price revisions for the Paper and Paperboard business to be implemented largely as projected, for the Home and Personal Care business, it expects net sales to decrease by 10.0 billion yen to 540.0 billion yen as baby disposable diaper sales in Japan and overseas are projected to fall short of its plans.

In regard to operating income, while the results for the first half of the fiscal year exceeded the forecast, for the Paper and Paperboard business, in light of higher raw material and fuel prices, such as recovered paper prices trending 10% higher than expected, as well as a rise in logistics cost, and, moreover, the halting of operations of certain production machines as a result of the fire accident that happened at Mishima mill, our core mill, in January 2019, and other factors, the Company now expects 6.0 billion yen in the segment income. For the Home and Personal Care business, the Company now expects 4.0 billion yen in the segment income due to a projected performance shortfall in its domestic baby disposable diaper business as a result of the increasingly fierce market competition, that which exceeds the Company's expectations, stemming from a decline in birth rate, as well as a further increase in logistics cost in addition to a one-year delay in the realization of cost reductions from initiatives such as the shift to pallet distribution and the operation of large-scale logistics warehouse, and other factors. Furthermore, as segment income for other businesses is expected to fall short of 1.0 billion yen due to a decline in orders in the Machinery business, operating income is projected to decrease by 8.0 billion yen to 10.0 billion yen.

Following the 8.0 billion yen decrease in operating income, the Company now expects 7.0 billion yen in ordinary income, and 3.5 billion yen in profit attributable to owners of parent.

Please note that the forecasts on financial results are derived by the Company based on information currently available to it at the time of the release. As such, actual results could differ materially from the forecasts included herein as a result of various factors.

End