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### Structural Reform Up to Today

Reform of Production Sites were Over



6 Mills in Japan →  
4 Mills in Japan + 2 Mills in Germany

In Japan: Production was concentrated to  
Hachinohe, Kitakami, Kyoto, and Takasago

#### New Instalations for Developing the Business

Hachinohe: 7PM

Takasago: 12CM

Kyoto: 9CM

Kitakami : As for New Strategic Site N1PM•7RC

Bielefeld (Germany) : Multi-Purpose Coater 3CM

Kitakami Mill





### Management Resource Concentration to High Value Added Business

#### 5 Core Business

A2 Coated, Thermal  
Ink Jet , Photo Base, CTP

Core Business Concentration  
'99: 31% → '02: 42%

#### Promotion of Environmental Management

Reduce Environment Load  
Protect and Grow the Forest  
Improve Environment Management Level/  
Information Disclosure

#### Development Oversea

2 Production Bases (Japan, Germany)  
3 Sales Bases (Japan, USA, Europe)

Basic Stance at  
High Value Added Products



MPB  
(Mitsubishi HiTec Paper Bielefeld)



MPF  
(Mitsubishi HiTec Paper Flensburg)

'03-'05 Mid Term Plan : To bear the fruit

**Structural Reform**

Measures to survive were completed



**2003-2005: Bear the Fruit**

Measure to be a Winner

Measure to assure the profit out from structural reform  
Period to recover and collect the structural reform investment

**Prologue for the next Mid Term Plan (2006-)**

## To be a Company Group with “Sustainable High Profit”

### **1. Achieve the sustainable profit**

“Profit First” oriented

### **2. Improve the financial condition**

Compress investment and  
reduce interest-bearing debt

### **3. Overhaul all categories of expense**

### **4. Strengthen international competitiveness**

### **5. Product development by every employees**

# Management Planned Figures

## (1) Planned Figures of the Group



### Planned Figures of the Group (Consolidated & MPM)

(Unit: Billion Yen)

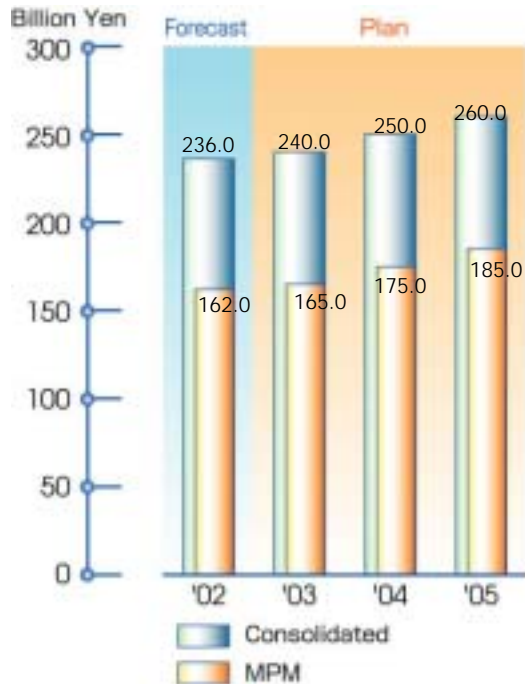
Consolidated	Forecast	Plan		
	2002	2003	2004	2005
Sales	236.0	240.0	250.0	260.0
Operating Income	1.0	8.0	12.0	16.0
Ordinary Profit	-3.5	5.0	9.0	13.0
Net Profit	-15.0	6.0	3.0	9.5
Interest-bearing Debt	228.0	222.0	203.0	190.0
Number of employees	5,500	5,400	5,200	5,000
ROA(%)	-3.9	1.6	0.8	2.7
ROE(%)	-20.2	8.1	3.8	11.2
Equity Ratio (%)	18.5	21.3	22.6	25.1
Operating Income/ Sales (%)	0.4	3.3	4.8	6.2
Ordinary Profit/ Sales (%)	-1.5	2.1	3.6	5.0

(Unit: Billion Yen)

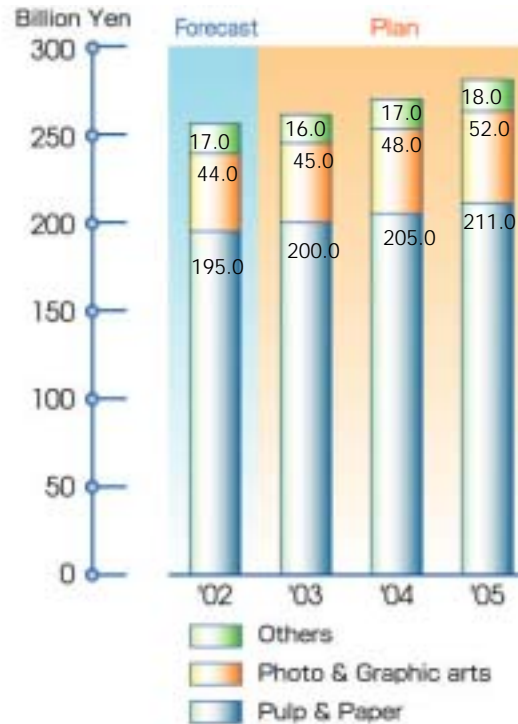
MPM	Forecast	Plan		
	2002	2003	2004	2005
Sales	162.0	165.0	175.0	185.0
Operating Income	3.0	5.0	8.5	11.5
Ordinary Profit	-3.0	3.0	6.5	10.0
Net Profit	-15.0	5.5	2.5	8.5
Interest-bearing Debt	152.0	145.0	128.0	117.0
Number of employees	2,100	1,900	1,800	1,700
ROA(%)	-5.2	2.0	0.9	3.2
ROE(%)	-19.0	7.1	3.1	9.8
Equity Ratio (%)	26.0	29.0	31.0	34.1
Operating Income/ Sales (%)	0.2	3.0	4.9	6.2
Ordinary Profit/ Sales (%)	-1.9	1.8	3.7	5.4

### Sales Plan

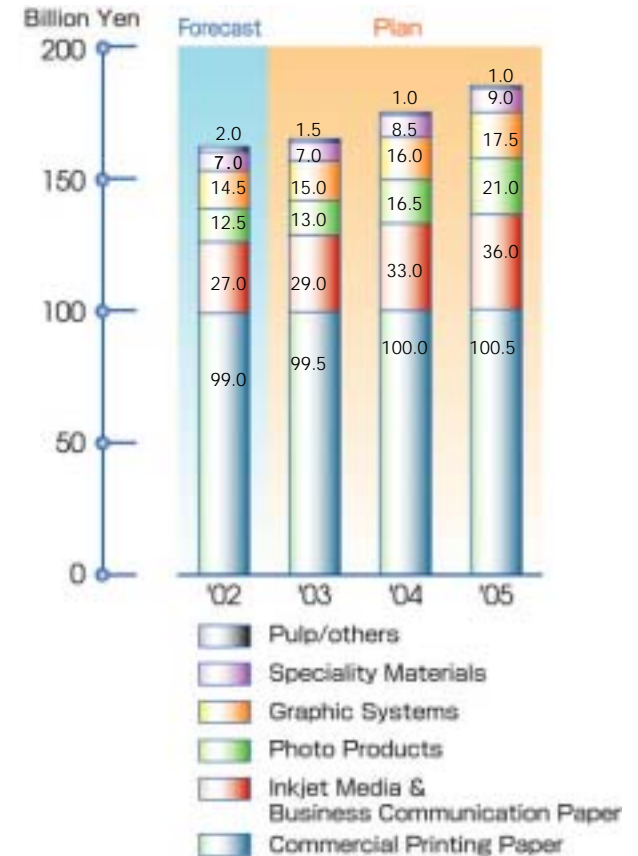
#### Consolidated/MPM



#### Consolidated by Segments



#### MPM by Divisions

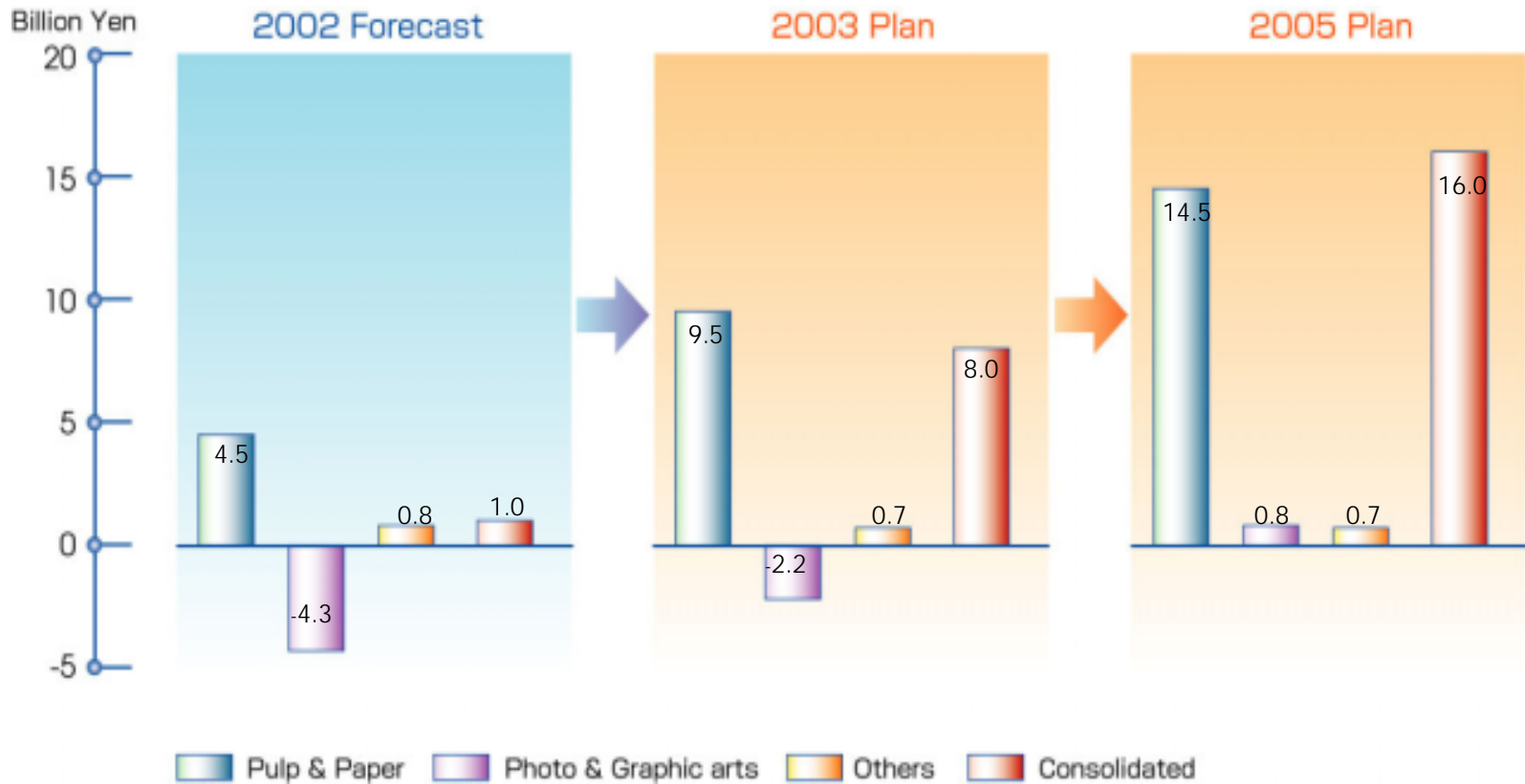


\* excl. internal sales \*

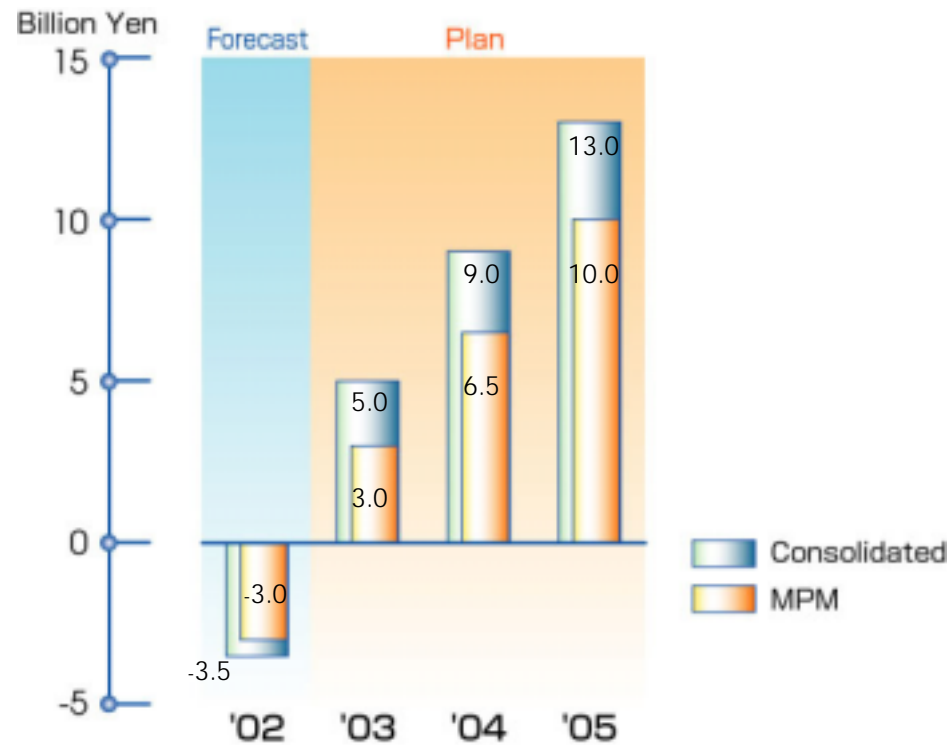


## Operating Income Plan

### Consolidated Operating Income by Segments

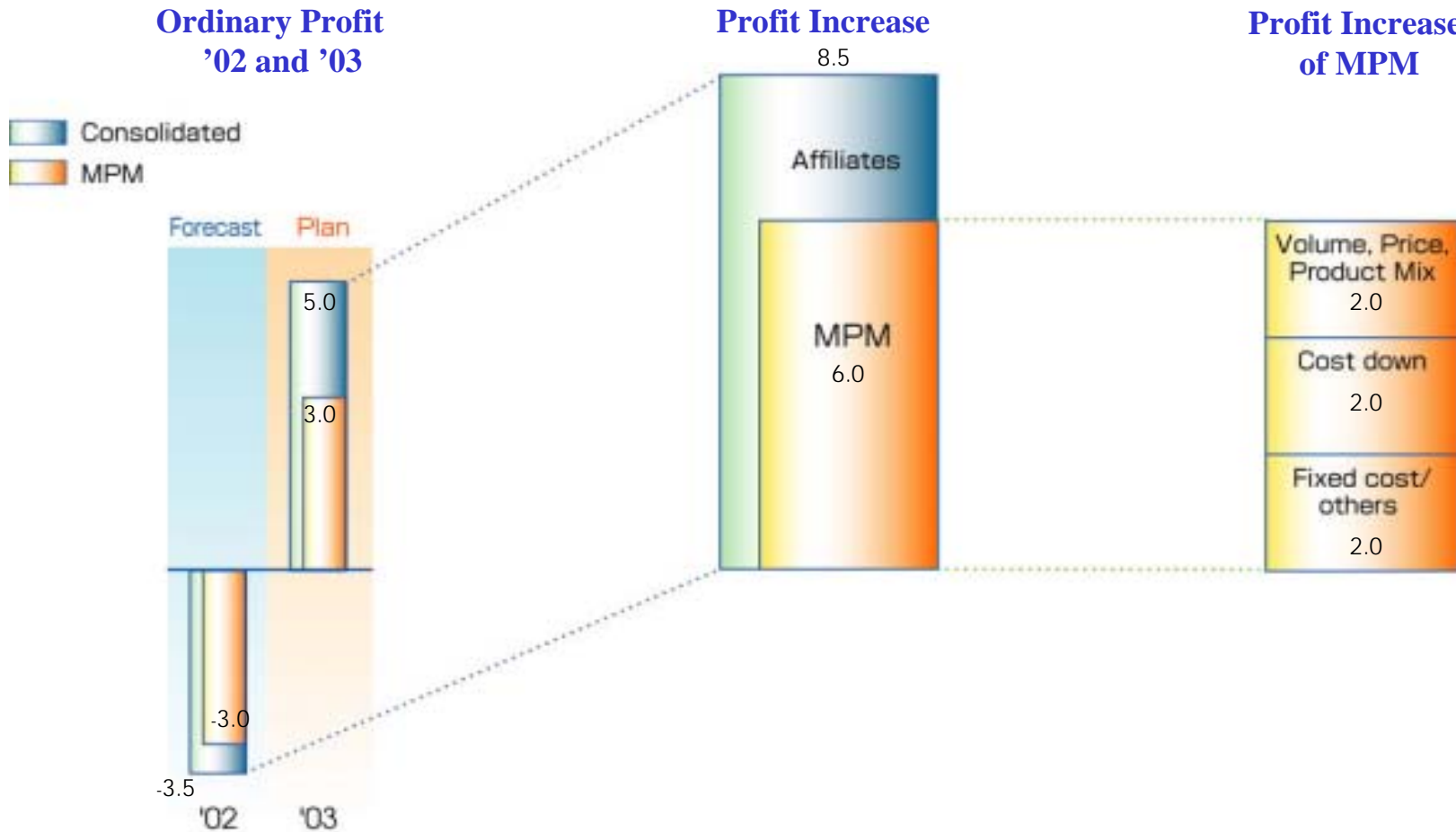


### Ordinary Profit Plan



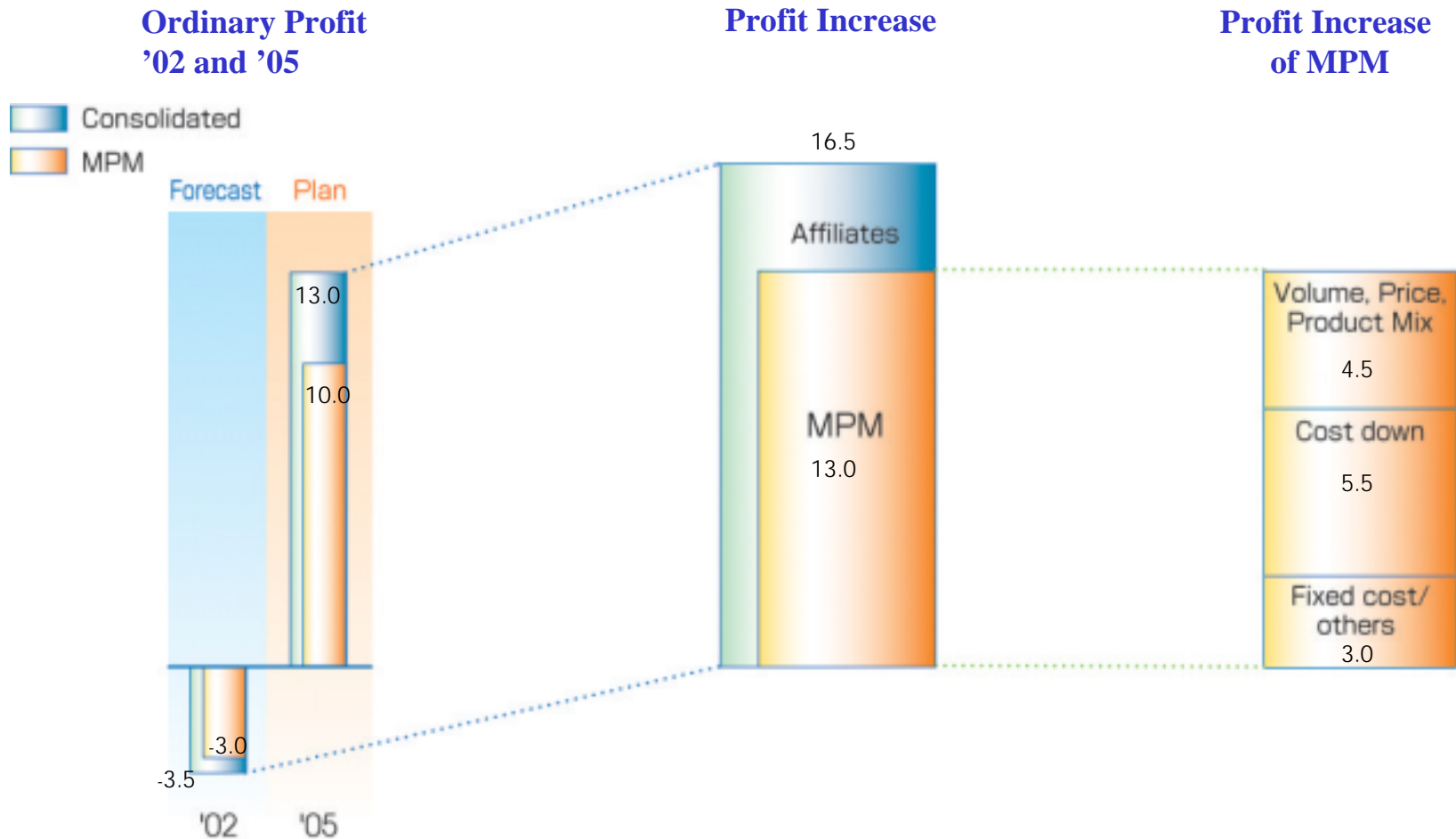
## 2002 VS. 2003 Ordinary Profit Increase Breakdown : Turnaround to Black

(Unit: Billion Yen)



### 2002 VS. 2003 Ordinary Profit Increase Breakdown : Expansion of Profit

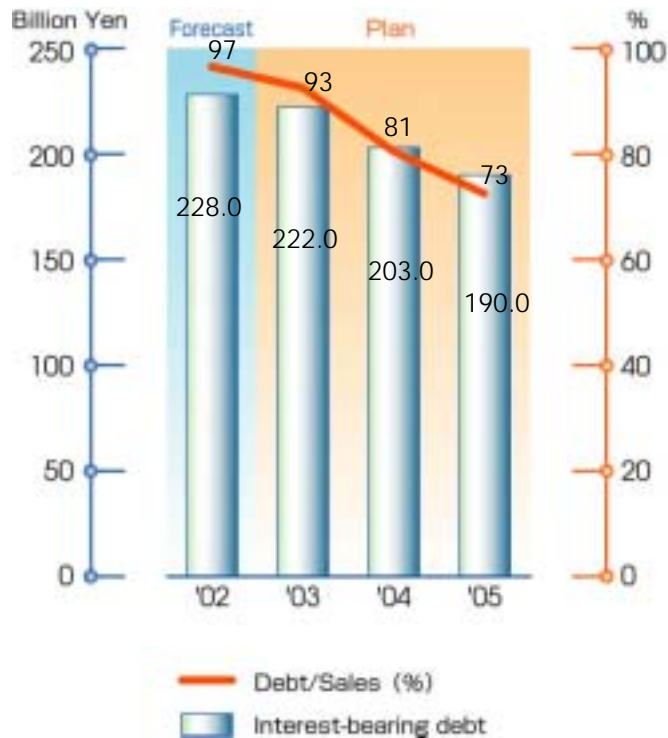
(Unit: Billion Yen)





### Plan to Cutoff Interest-bearing Debt

#### Consolidated Interest-bearing Debt



#### Interest-bearing Debt

(Unit: Billion Yen)

	2002	2005
Corporate bond, Loans etc.	218.0	190.0
Construction Cost	10.0	-
<b>SUM</b>	<b>228.0</b>	<b>190.0</b>

Payback 38.0 Billion Yen

#### Cash Flow: 2003-2005

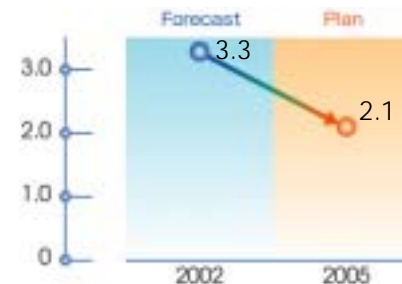
##### INCOME

Net Profit	18.5
Depreciation	49.0
Real Estate Nakagawa	11.5
<b>SUM</b>	<b>79.0</b>

##### EXPENDITURE

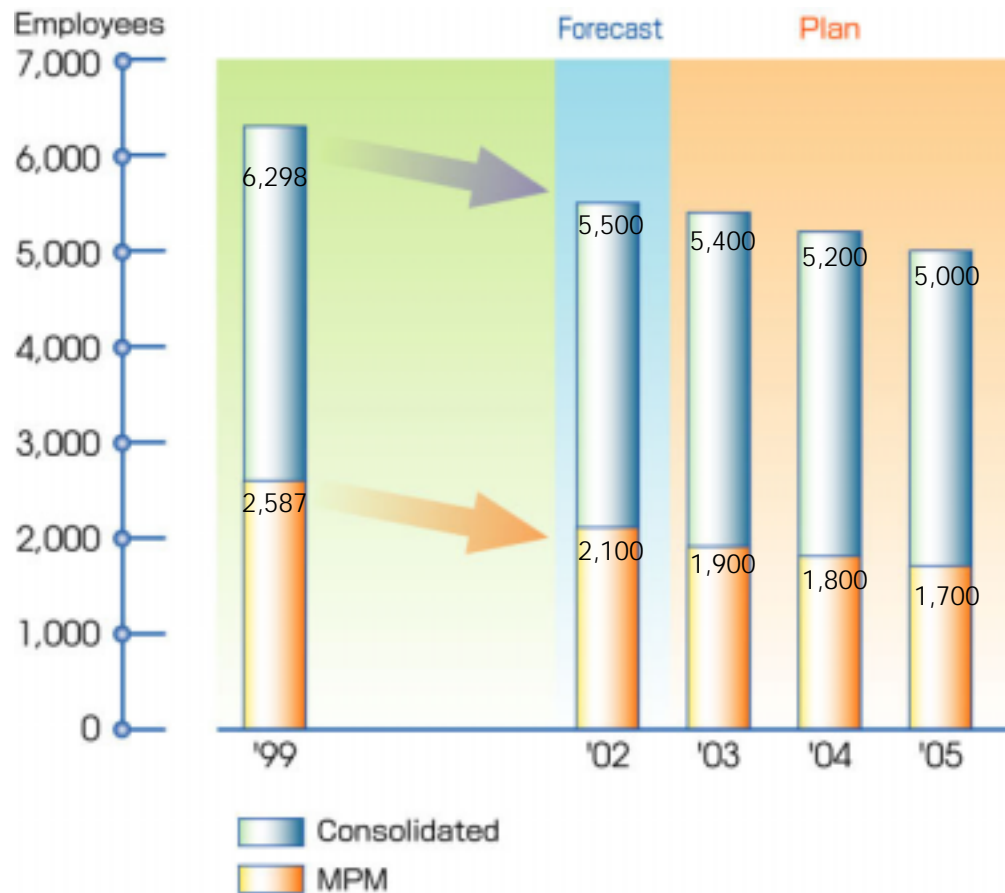
Interest-bearing debt Payback	<b>38.0</b>
Investment	29.0
Current Assets Increase	9.0
Dividend etc.	3.0
<b>SUM</b>	<b>79.0</b>

#### D/E Ratio



## Consolidated/MPM Employee Plan

### Number of Employees at the end of the fiscal year



## 7 Projects to Meet the Plan

- 1. Turnaround of Kitakami's New Facility**
- 2. Profitability Improvement of MPB/MPF**
- 3. Build up of Aluminum CTP Business**
- 4. Sales Management Improvement**
- 5. Optimization of Mill Production**
- 6. Strengthening of R&D**
- 7. Review of Costs and Expenses**

- **Each project has sub-projects**
- **Realized fast by directors' strong leadership**

### World Demand

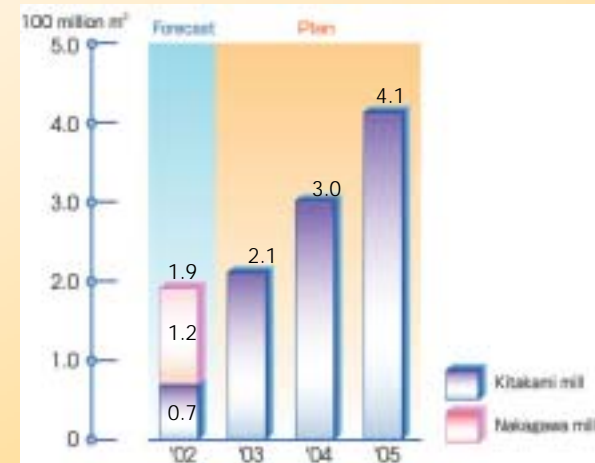
Photo paper and Photo IJ Paper

2002 Forecasted 1.75 Billion m<sup>2</sup>



2005 Expected 2.00 Billion m<sup>2</sup>

### Production Volume MPM



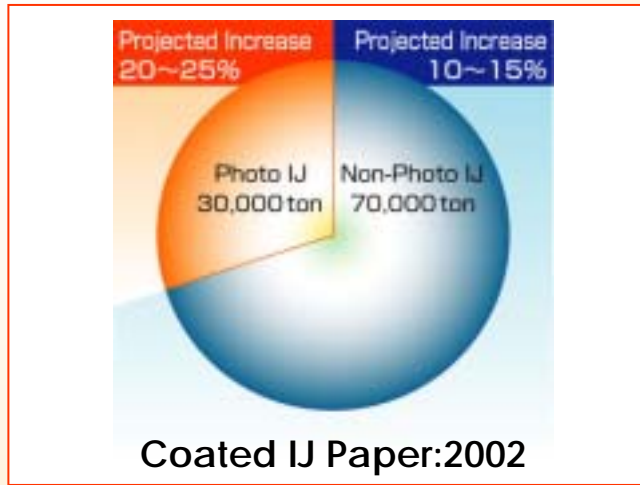
### Basic Strategy

Pursue the synergy of resin coated basepaper with photo paper and photo IJ paper

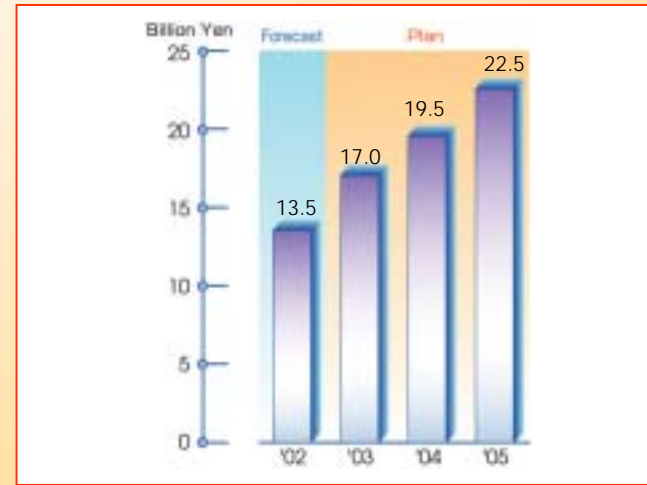
1. Production increase in Kitakami (2005 RC Basepaper 400 Mil. m<sup>2</sup>)
2. Promote collaboration with Kodak and others
3. Strong promotion in Asian market
4. Production increase of photo basepaper for Ink Jet



### World Demand



### Sales Plan MPM

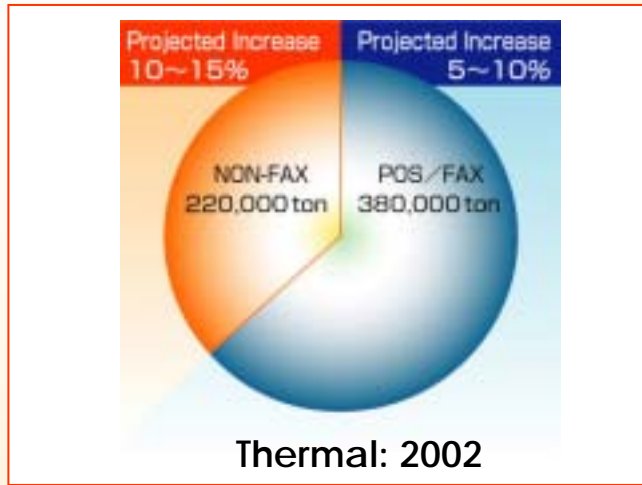


### Basic Strategy

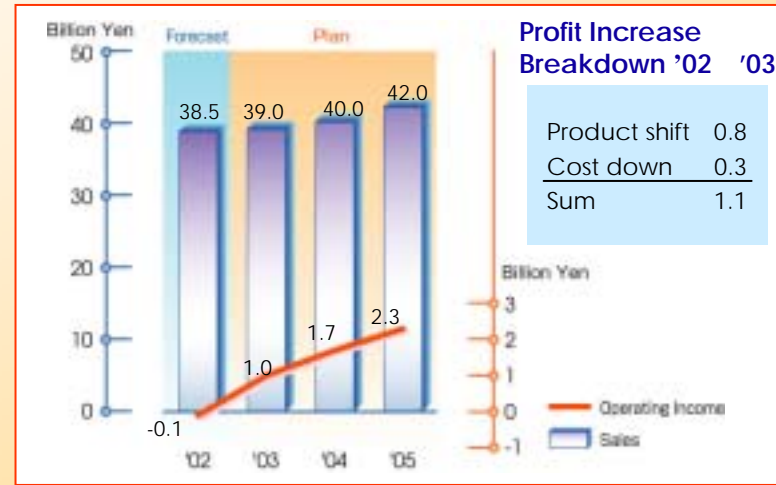
#### Maintain Leading Position

1. Personal use: Marketing of digital image output
2. Business use: Development of system supply business
3. Promotion of high quality (e.g. Photo IJ) Ink Jet paper
4. Worldwide sales/production

### World Demand



### Plan of MPB/MPF



### Basic Strategy

- **MPF: Concentration to non-fax thermal**
  - Expansion of high value added specialty.
  - Product and production adjustment to grade increase and to small lot size.
- **MPB: Shift to POS/FAX thermal**
  - Commodity products with large volume, high productivity.
  - Profitability improvement of carbonless paper.

**Increased sales and production of Ink Jet paper**

  - More Gloss and Matt Grades Production, sales base of Ink Jet paper in Europe.
- **MPM: R&D covering the production in Europe**

### Life Cycle Assessment (LCA)\* is our fundamental tool

#### 1. Overseas Afforestation

Chile, Australia (Tasmania, Aderade, Equadol)

#### 2. Forest Management Certification (FSC)\*\*

- ☐ FSC certification for forest in Chile
- ☐ FSC/CoC \*\*\* certification for production sites and sales department
- ☐ Promoting domestic certification

#### 3. Energy sift: Fossil fuels to Biomass/Refuse derived fuels

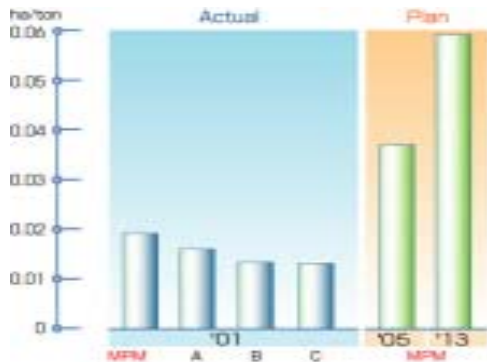
- ▶ 2004: Biomass/Refuse derived fuel boiler is on duty (Hachinohe mill)

#### 4. Chemicals management

- ▶ Reducing emissions/changing to environmentally benign chemicals
- ▶ Information service (web access of MSDS etc.)

**Reduce CO2 emission**  
 2005 Reduction target  
 20% Reduction  
 compare to 1990 emission

Afforestation area/Paper production



\*LCA: Life cycle assessment is a tool for evaluating the environmental loadings for which the life cycle of a product is responsible. Environmental loadings refer to demand for natural resources and to emissions and solid waste.

\*\* FSC: Forest Stewardship Council is an international non-profit organization to support environmentally appropriate, socially beneficial and economically viable management of the world's forests.

\*\*\* FSC/CoC: Chain of Custody means the possibility to trace the certified wood content of a product to a certified forest.

**MPM = Leader of ISO 14001 · FSC/COC · ECFpulp · Biomass usage**

## Future vision of MPM Group

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Become  
an Overall Printing Media/System Supplier  
with a paper supply as a core business.

Additionally to the  
**Competitiveness improvement**  
of the commodity business,  
MPM Group will aggressively expand its business by  
exploring.

**New business is based on MPM's key technology.**



### Note about forecasts

Forecasts of future performance contained in these statements are based on the current expectations, estimates and assessment of the markets in which it operates. A number of factors, many beyond the Company's control, could cause actual results to differ materially from the forecasts contained in these statements.