



IT Tech Packaging, Inc. (NYSE MKT: ITP)

Investor Presentation

March 2019

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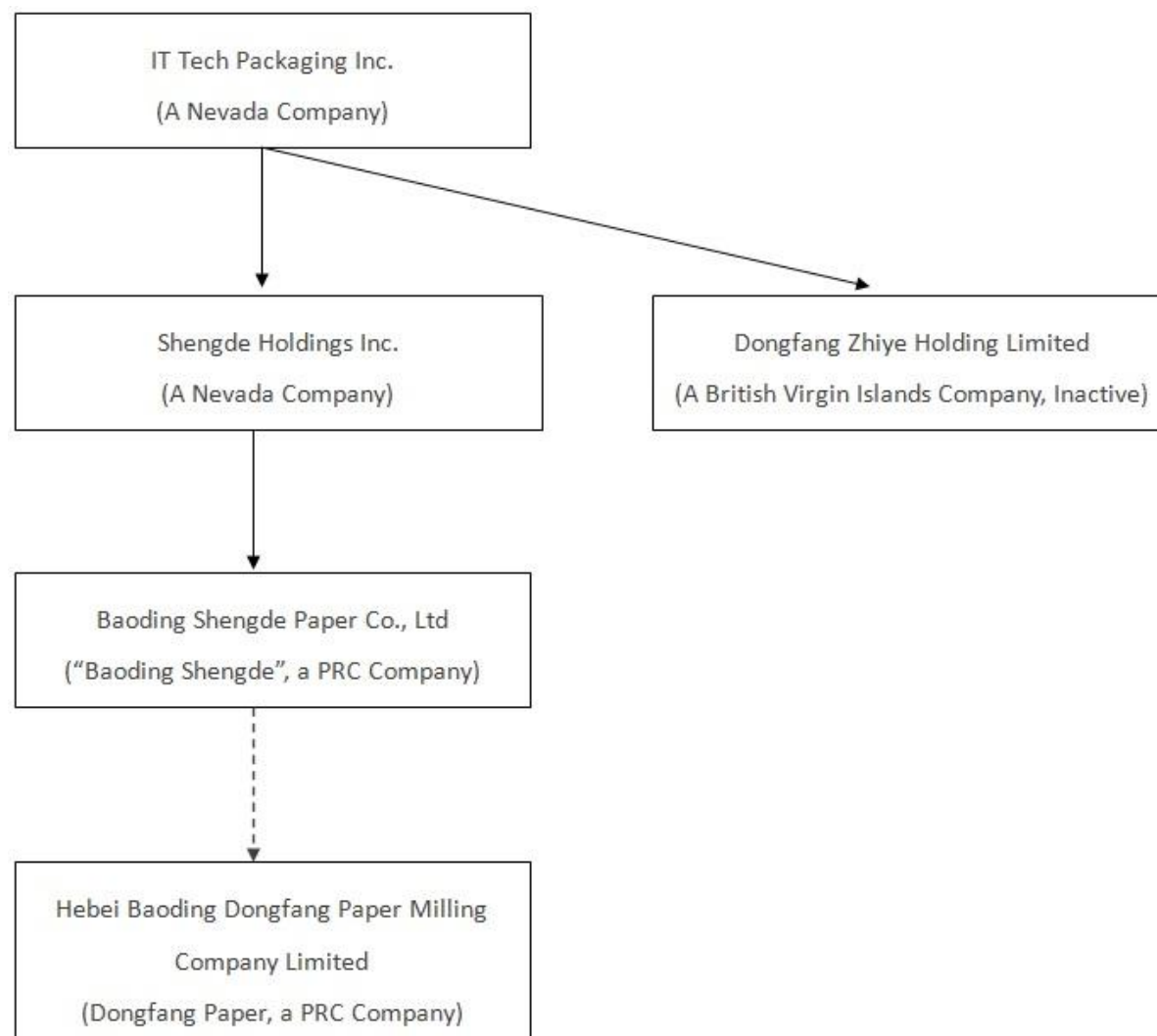
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Equity Snapshot

| Ticker Symbol | ITP |
|--------------------------------|---------------|
| Stock Price (03/21/19) | \$0.94 |
| 52-Week Price Range | \$0.59-\$1.25 |
| Market Cap. | 21M |
| Shares Outstanding | 22M |
| Revenues (ttm) | \$86M |
| Net Income (ttm) | \$(11)M |
| Gross Margin(ttm) | 6.7% |
| Cash and Cash Equivalent (mrq) | \$9M |
| EPS (ttm) | \$(0.49) |
| Fiscal Year Ends | December 31 |

Corporate Structure



Key Milestones

1996

Hebei Baoding Orient Paper Milling Company Limited ("Orient Paper HB") was established in Xushui County, Baoding City, Hebei Province

November 2007

Listed on the OTCBB under the ticker symbol "OPAI"

June 2009

Baoding Shengde Paper Co., Ltd. was established

December 2009

Listed on the NYSE AMEX Market with the ticker symbol "ONP"

August 2018

Corporate name change from "Orient Paper, Inc." to "IT Tech Packaging, Inc." with a new ticker symbol "ITP" listed on the NYSE MKT



Recent Events

December 2018, Launches Tissue Paper Production

Commercial launch of tissue paper production, following the completion of construction and equipment installation, the receipt of proper approvals, including wastewater discharge permit, from local authorities, and the success of trial production of the first tissue paper production line (the "PM8 Production Line")

March 2018, Resumes Production

Resumed production for manufacturing facilities. Production had been suspended since late January due to a government-mandated restriction on the supply of natural gas.

Jing Hao

Chief Financial Officer

- Chief Financial Officer of the company since 2014
- Previously served as the Chief Financial Officer of the company between 2007 to 2009
- Chief Financial Officer of Hebei Baoding Dongfang Paper Milling Company Limited (Dongfang Paper) since 2006
- Manager of Finance for Dongfang Paper from 2005 to 2006

Zhenyong Liu

Chief Executive Officer and Chairman
of the Board

- A member of the Board of Directors and Chairman of the Board of Directors of the company since 2007
- Chief Executive Officer of the company since 2007
- Chairman of Hebei Baoding Dongfang Paper Milling Company Limited Dongfang Paper since 1996
- Plant Director of Xinxin Paper Milling Factory in Xushui District from 1990 to 1996
- General Manager of the East Central Household Appliance Purchases and Supply Station from 1980 to 1989

Dahong Zhou

Secretary

- Secretary of the company since 2007
- Executive Manager of Hebei Baoding Dongfang Paper Milling Company Limited (Dongfang Paper) since 2006



Company Overview

A leading paper manufacturer in North China located in Baoding City, Hebei Province

- 3 registered trademarks
- Using recycled paper as primary raw material
- Produces and distributes three categories of paper products: packaging paper (corrugating medium paper), offset printing paper, and other paper products
- 5 PM production lines in operation and in the process of launching 2 more during 2018

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and other paper products



Production Lines

5 PM production lines in operation and in the
process of launching 2 more during 2018



Corrugating medium paper (CMP)

- Used in the manufacturing of cardboard.
- 96.05% of total paper production quantities and 94.08% of total revenue in 2018
- Raw materials include recycled paper board and certain supplementary agents
- 2 production lines, PM6 and PM1
- Light-weight cmp products have a wide range of commercial applications including:
 - Construction material
 - Moisture-proof packaging materials
 - Corrugating cardboard



Offset printing paper

- Used for offset printing in the publishing industry
- 3.95% of total paper production quantities and 5.92% of total sales revenue in 2018
- Raw materials include recycled white scrap paper, fluorescent whitening agent and sizing agent
- 2 production lines, PM2 and PM3



Tissue Paper Products

- Process base tissue paper purchased from a long-term supplier and produce finished tissue paper products, including toilet paper, boxed and soft-packed tissues, handkerchief tissues and paper napkins, as well as bathroom and kitchen paper towels that are marketed and sold under the Dongfang Paper brand
- 2 production lines, PM8 and PM9



Manufacturing Process



Corrugating Medium Paper and Offset Printing Paper

Two stages of manufacturing



Pulping

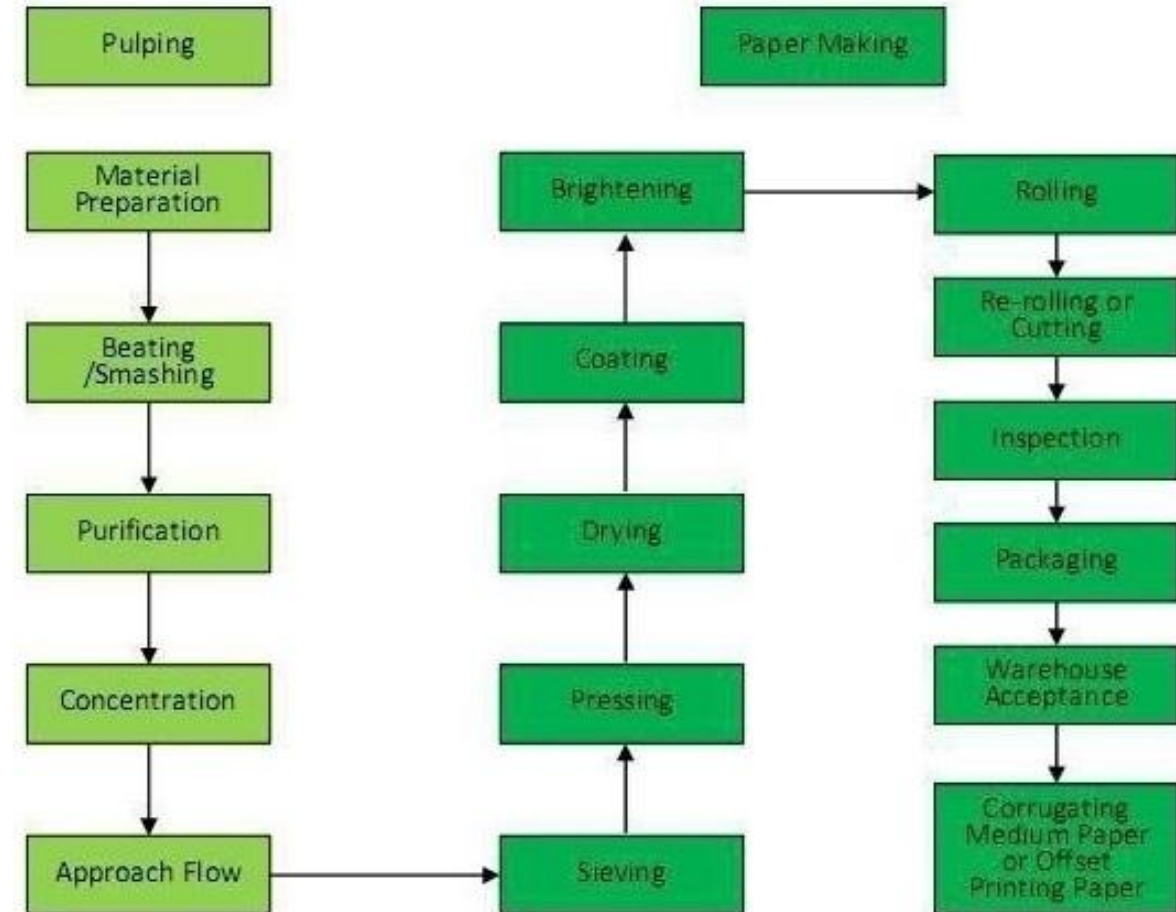


Paper Making



Base Tissue Paper

We make tissue paper products but currently do not manufacture base tissue paper



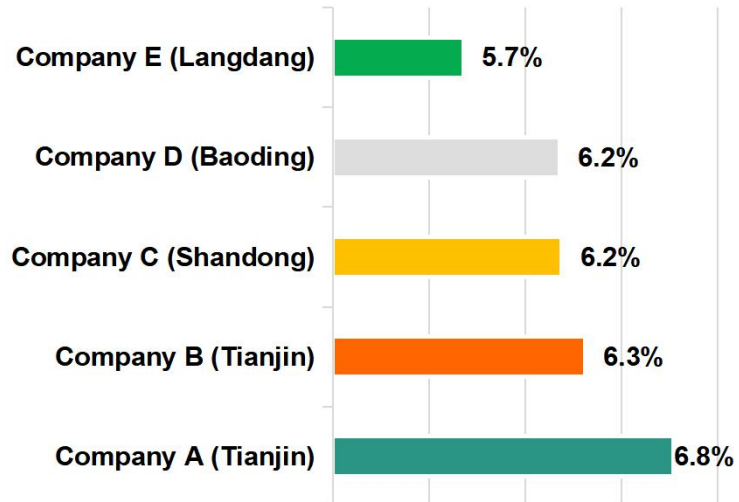
Customers and Suppliers



Customers

- Companies making corrugating cardboards and printing companies
- Largest customer is a printing company in Tianjin City
- 5 major customers in 2018

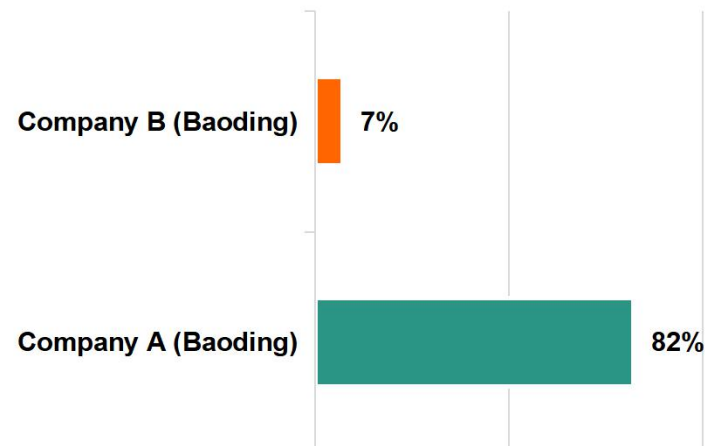
2018 Major Customers



Suppliers

- Recycled paper board and unprinted recycled white scrap paper from domestic recycling stations
- Annual raw materials supplier contracts
- 2 major suppliers in 2018

2018 Major Suppliers



Our Production Lines

| PM# | Paper Product | Designed Capacity (tonnes/year) | Location |
|--------------------|--------------------------|------------------------------------|---|
| PM1 | Corrugating medium paper | 60,000 | Xushui District, Baoding city, Hebei province |
| PM2 | Offset printing paper | 50,000 | |
| PM3 | Offset printing paper | 40,000 | |
| PM4 ^[a] | Digital photo paper | 2,500 | Xushui District, Baoding city, Hebei province |
| PM5 ^[a] | Digital photo paper | 2,500 | |
| PM6 ^[b] | Corrugating medium paper | 360,000 | Xushui District, Baoding city, Hebei province |
| PM7 | Specialty paper | 10,000 | |
| PM8 ^[c] | Tissue paper | 15,000 | Economic Development Zone in Wei County, Hebei Province |
| PM9 ^[d] | Tissue paper | 15,000 | |

[a]: PM4 and 5 have been suspended in June 2016 due to low market demand

[b]: 32.54% utilization rate in FY2018; vs. 48.01% in FY2017.

[c]: In December 2018, we completed the construction and installation and test of operation of PM8 and announced the commercial launch of tissue paper production. We expect to commence the full operation of production and sales of tissue paper products in year 2019.

[d]: The ancillary equipment has been installed.

OUR COMPETITIVE EDGE



Regional advantage (Northern China)

- One of the leading papermaking enterprises in Hebei Province.
- Our proximity to large urban centers in northern China, Beijing and Tianjin, gives us access to a large market to sell our products



Cost Advantage

- Lower freight costs
- Lower inventory costs
- Low-cost raw materials
- Lower pricing



CLEAN MANUFACTURING



Raw Materials

- Eco-friendly recycled papers
- Minimize impact on the environment
- Reduce costs



By- Product Recycle

- Recycles paper fiber sludge
- Improves paper's toughness and stiffness



Sewage Processing System

- Daily processing capacity of up to 50,000 tons
- Recycles waste water discharged from production
- Re-use by CMP production lines



Awards & Certificates



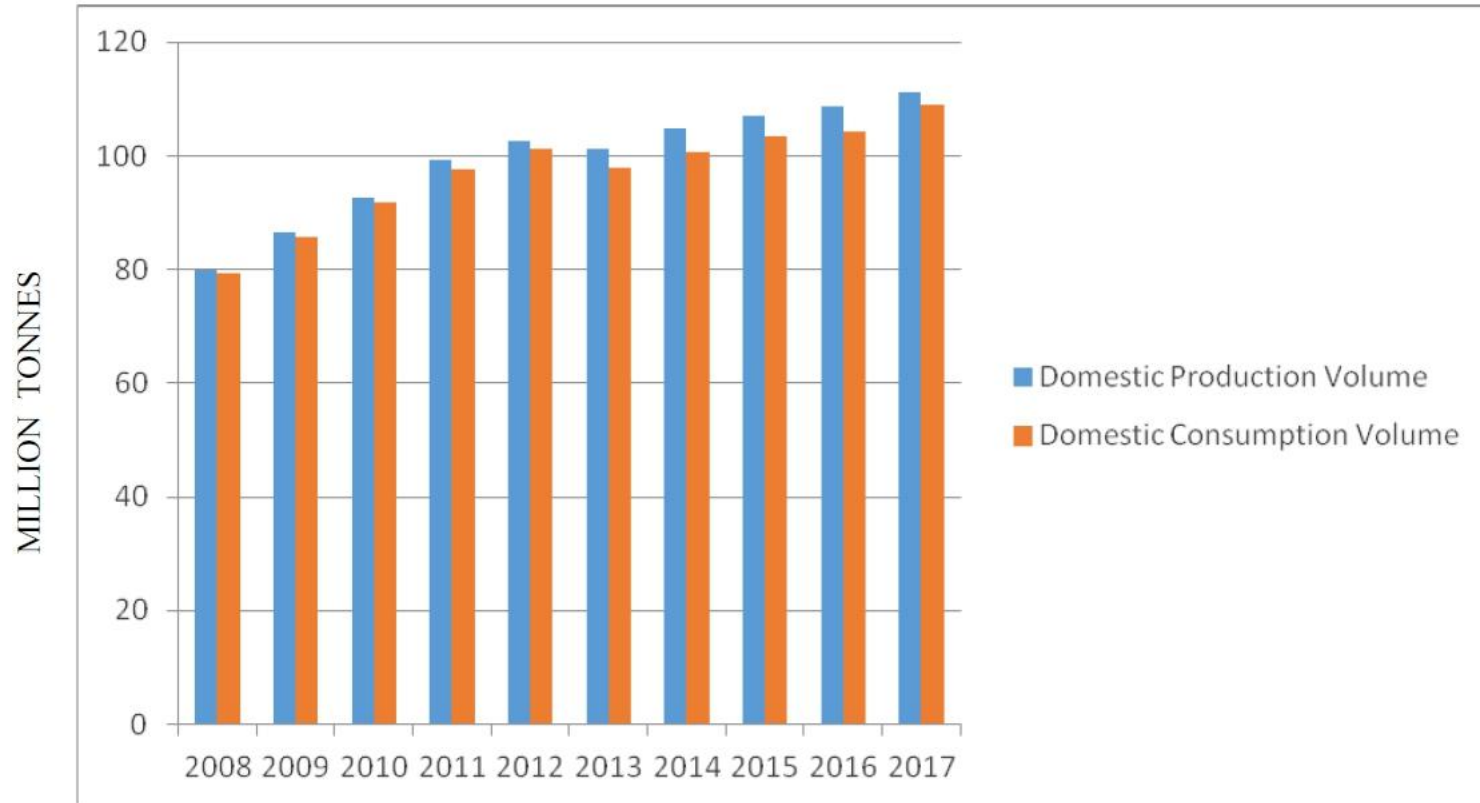
Quality Management System Certification



Environmental Management System Certification

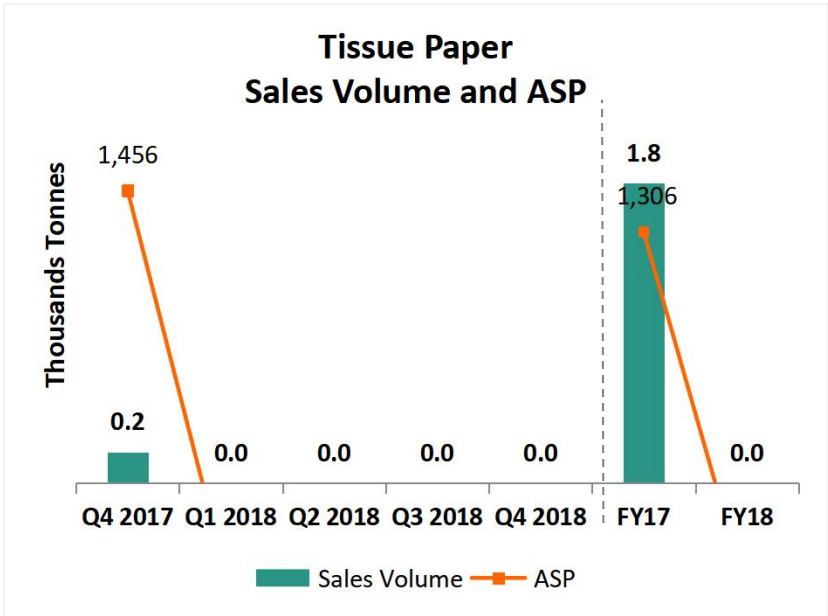
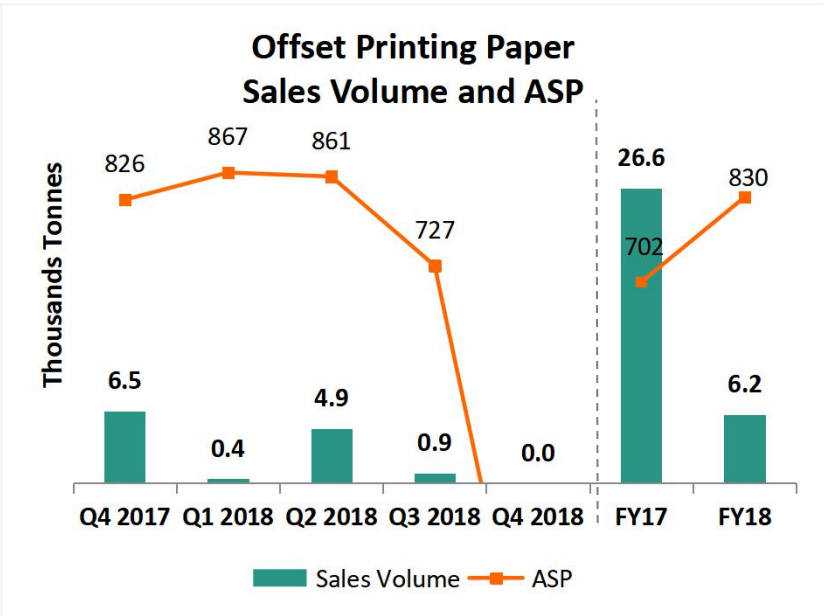
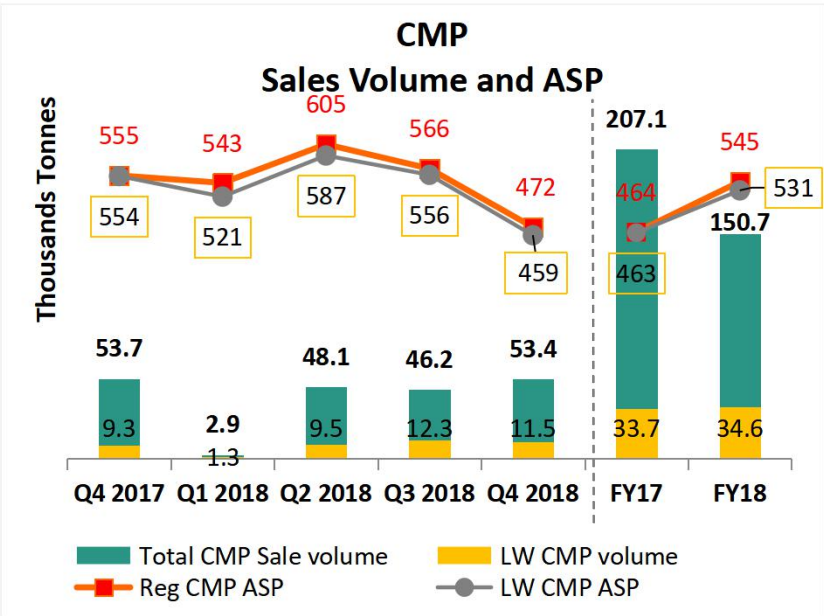
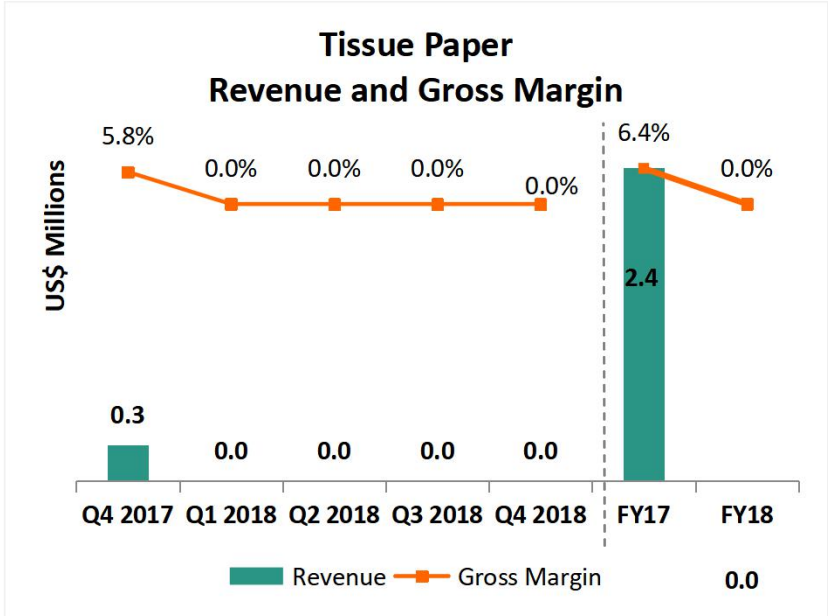
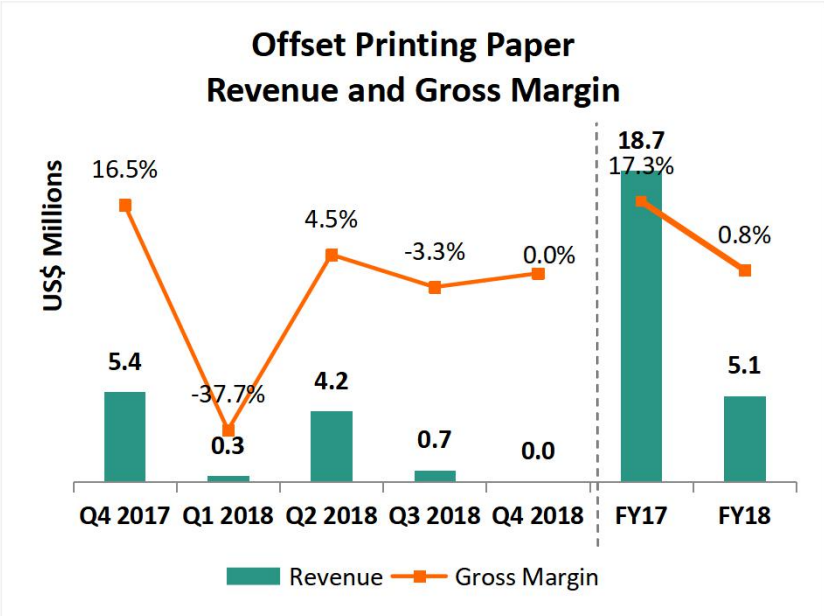
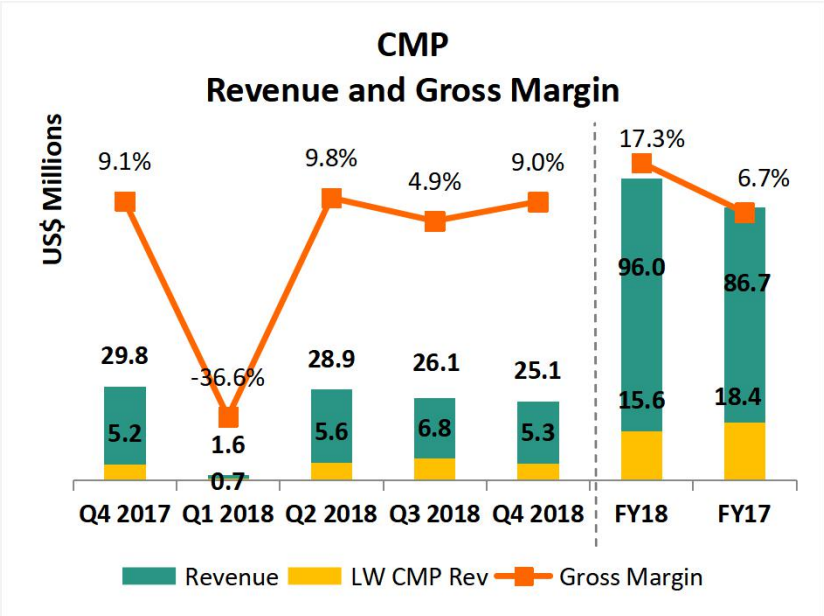
- September 2013: "Reliable Enterprise of Hebei Province Certification".
- April 2010: Obtained new ISO 9001:2008 Quality Management System Certification and ISO 14001:2004 Environmental Management System Certification
- 2007: A PRC Import License for Solid Wastes by the State Environmental Protection Administration
- 2006: Became a member of the China Import and Export Enterprises Association
- 2003: "Special Targeted Protected Enterprise in Xushui County" by the Xushui district government.

Industry Overview



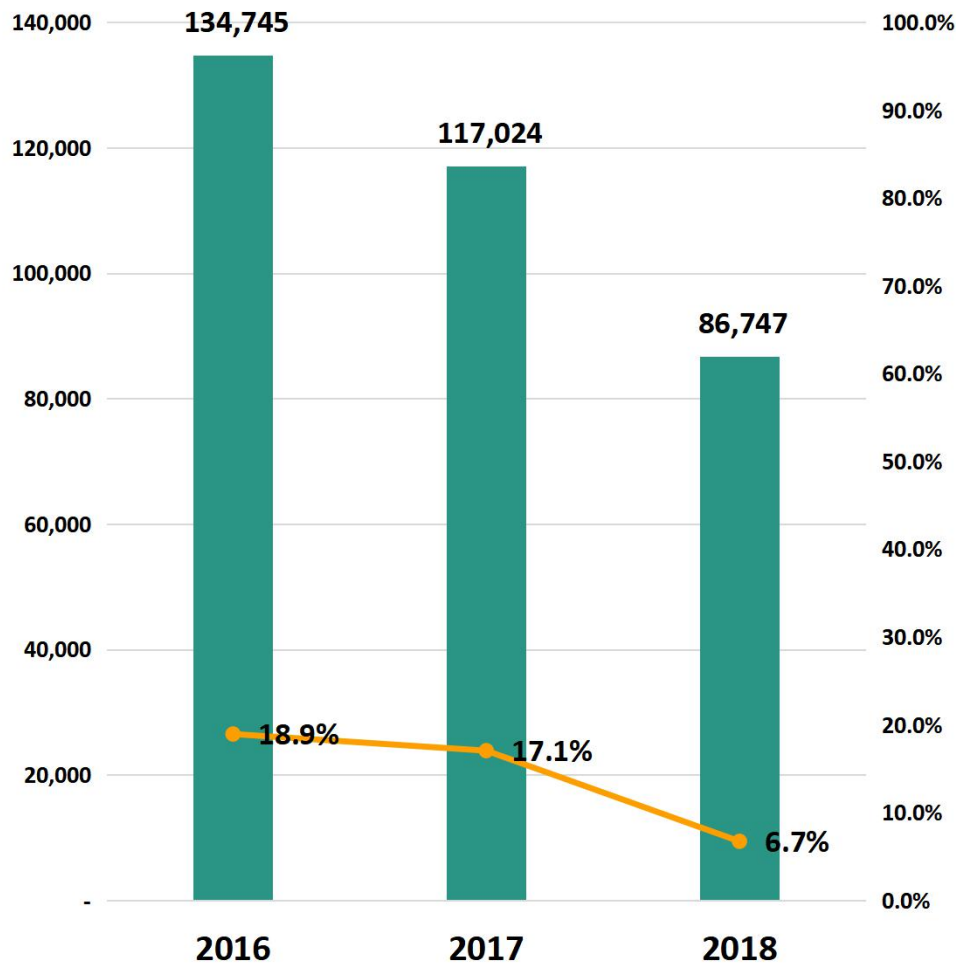
- 2,800 paper and paper board manufacturers (down from 3,700 in 2010) in China, with a total output of 111.30 million tonnes 2017
- Total domestic consumption was 108.97 million tonnes in 2017
- The output of paper and paper board maintained an average growth rate of approximately 3.77% during the ten-year period from 2008 to 2017, while consumption increased at an average annual rate of 3.59%
- China currently has the largest paper and paper board products output and consumption in the world.

Key Metrics



Financial Highlight

Revenue and Gross Margin \$thousand

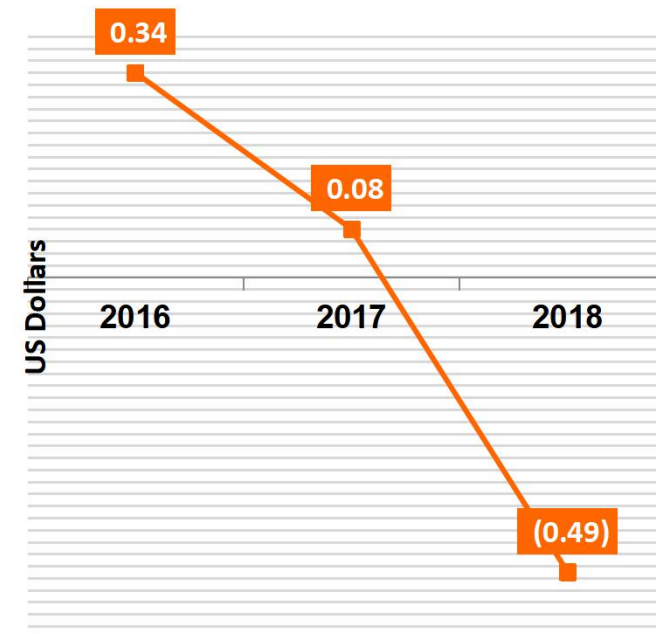


\$86.7 Million

2018 Revenue

- Revenue decreased by 26% YoY to \$87 million in 2018
- Gross margin decreased by 10.3 percentage points to 6.7% in 2018

EPS



**\$(0.49) 2018
EPS**

Income Statement

| | For the Three Months Ended December 31, | | YoY Change | For the Twelve Months Ended December 31, | | YoY Change |
|---|--|--------------|---------------|---|--------------|---------------|
| US\$ | 2018 | 2017 | | 2018 | 2017 | |
| Revenue | 24,985,717 | 35,439,183 | -29.5% | 86,746,758 | 117,023,578 | -25.9% |
| Cost of sales | (22,744,773) | (31,823,106) | -28.5% | (80,926,357) | (97,067,627) | -16.6% |
| Gross profit | 2,240,944 | 3,616,077 | -38.0% | 5,820,401 | 19,955,951 | -70.8% |
| Gross profit margin | 9.0% | 10.2% | -1.2pp | 6.7% | 17.1% | -10.3pp |
| Selling, general and administrative expenses | (3,427,381) | (2,987,805) | 14.7% | (13,098,373) | (11,307,395) | 15.8% |
| Income from operations | (5,080,753) | (1,674,877) | -203.4% | (11,182,314) | 4,680,267 | -338.9% |
| Operating margin | -20.3% | -4.7% | 15.6pp | -12.9% | 4.0% | -16.9pp |
| Net income | (5,164,440) | (1,636,333) | -215.6% | (10,545,684) | 1,659,788 | -735.4% |
| Net margin | -20.7% | -4.6% | -16.1pp | -12.2% | 1.4% | -13.6pp |
| Total comprehensive income | (4,675,078) | 1,238,758 | -477.4% | (19,278,435) | 12,569,978 | -253.4% |
| EPS – basic and diluted | (0.24) | (0.08) | -213.5% | (0.49) | 0.08 | -712.5% |

Balance Sheet

| (US\$) | December 31, 2018 | December 31, 2017 |
|---|--------------------|--------------------|
| Current Assets | | |
| Cash and cash equivalents | 8,474,809 | 2,895,790 |
| Restricted cash | 3,642,616 | 6,121,637 |
| Accounts receivable | 2,876,632 | 1,843,682 |
| Inventories | 2,923,516 | 8,474,165 |
| Other current assets | 6,241,299 | 651,523 |
| Total current assets | 24,158,872 | 19,986,797 |
| Property, plant, and equipment | 167,829,716 | 189,388,709 |
| Other non-current assets | 11,087,422 | 9,613,975 |
| Total Assets | 203,076,010 | 218,989,481 |
| Current Liabilities | | |
| Short-term bank loans | 11,802,075 | 7,192,923 |
| Current obligations under capital lease | 2,491,549 | 6,366,502 |
| Notes payable | 3,642,616 | 6,121,637 |
| Other current liabilities | 11,698,027 | 2,076,471 |
| Total current liabilities | 29,634,267 | 21,757,533 |
| Loans from credit union | 4,706,259 | 1,193,719 |
| Loans from a related party | 2,185,569 | 10,712,865 |
| Deferred gain on sale-leaseback | - | - |
| Long-term obligations under capital lease | - | - |
| Total Liabilities | 36,526,095 | 33,664,117 |
| Total Stockholders' equity | 166,549,915 | 185,325,364 |
| Total Liabilities and Stockholders' Equity | 203,076,010 | 218,989,481 |

Statement of Cash Flows

| (US\$) | Twelve Months Ended December 31, | |
|--|-------------------------------------|------------------|
| | 2018 | 2017 |
| Net Cash Provided by (Used in) Operating Activities | 9,790,613 | 18,151,788 |
| Net Cash Provided by (Used in) Investing Activities | (2,198,852) | (9,321,636) |
| Net Cash Provided by(Used in) Financing Activities | (3,165,607) | (4,917,037) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (1,326,156) | 609,348 |
| Net (Decrease)/Increase in Cash and Cash Equivalents | 3,099,998 | 4,522,463 |
| Cash and Cash Equivalents – Beginning of Period | 9,017,427 | 4,494,964 |
| Cash and Cash Equivalents – End of Period | 12,117,425 | 9,017,427 |

Thank You!

Contact Information:

Email: ir@itpackaging.cn



The background of the slide is a photograph of a paper mill. Large rolls of white paper are being processed by machinery with rollers and orange motors. The scene is industrial, with a high ceiling and windows in the background. A large teal semi-transparent shape covers the right half of the image, containing the text. There are also some diagonal teal lines on the left side of the image.

Thank You!

Contact Information:

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