



IT Tech Packaging, Inc.

Fourth Quarter and Fiscal Year 2017

Financial Results Presentation

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact in this announcement are forward-looking statements, including but not limited to, anticipated revenues from the digital photo paper business segment; the actions and initiatives of current and potential competitors; the Company's ability to introduce new products; the Company's ability to implement the planned capacity expansion of corrugate medium paper; market acceptance of new products; general economic and business conditions; the ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed in the Company's filings with the Securities and Exchange Commission. These forward-looking statements involve known and unknown risks and uncertainties and are based on current expectations, assumptions, estimates and projections about the companies and the industry. The Company undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward looking statements are reasonable, it cannot assure you that its expectations will turn out to be correct, and investors are cautioned that actual results may differ materially from the anticipated results.

Agenda

- **Key Highlights**
- **Financial & Business Review**
- **Operational & Business Updates**

The background features an open book with its pages fanned out, creating a sense of depth and movement. A vibrant green rectangular overlay is positioned across the middle of the image, serving as a backdrop for the text.

KEY HIGHLIGHTS

Key Highlights for Q4 2017

Revenue increased by 12.9% YoY to \$35.4 million, primarily due to increase in average selling prices and partially offset by decreases in sales volumes across all product categories. The decrease in sales volume was mainly due to government-mandated temporary restriction on production in compliance with environmental regulation and due to replacement of the outdated paper facilities.

Gross profit down 52.1% YoY to \$3.6 million, primarily due to the decrease in sales volume and increase in overall cost of sales mainly attributable to the higher average unit purchase costs of recycled paper board and recycled white scrap paper. Gross margin down 13.8 percentage points to 10.2%.

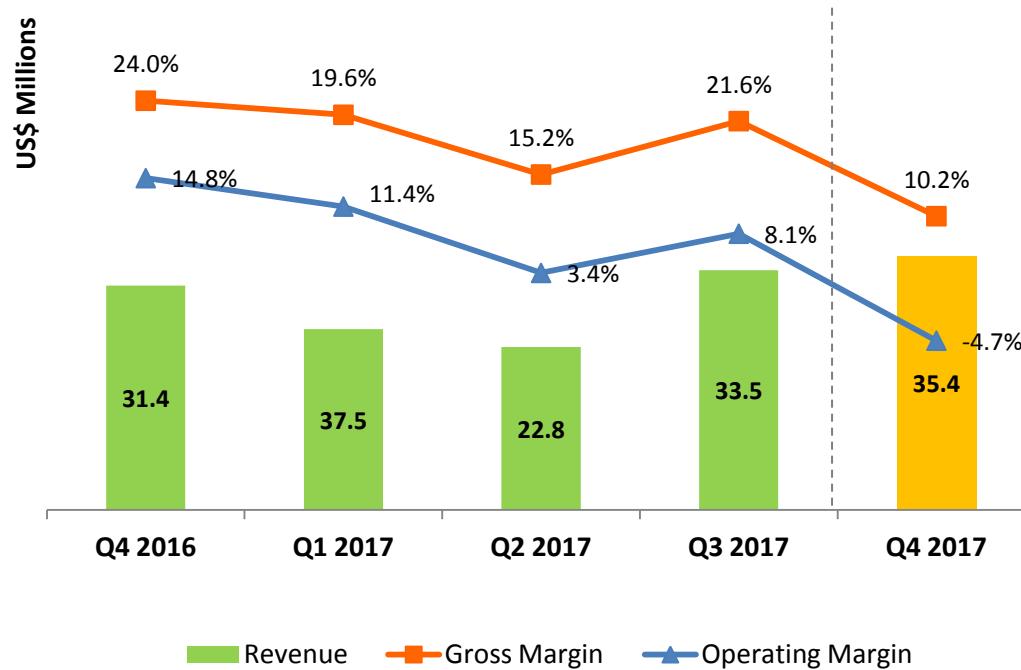
Net loss was \$1.6 million, or \$0.08 loss per diluted share, compared to net income of \$3.1 million, or \$0.14 earning per diluted share, for the same period of the prior year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") decreased by 75.3% YoY to \$2.0 million.

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FINANCIAL & BUSINESS REVIEW

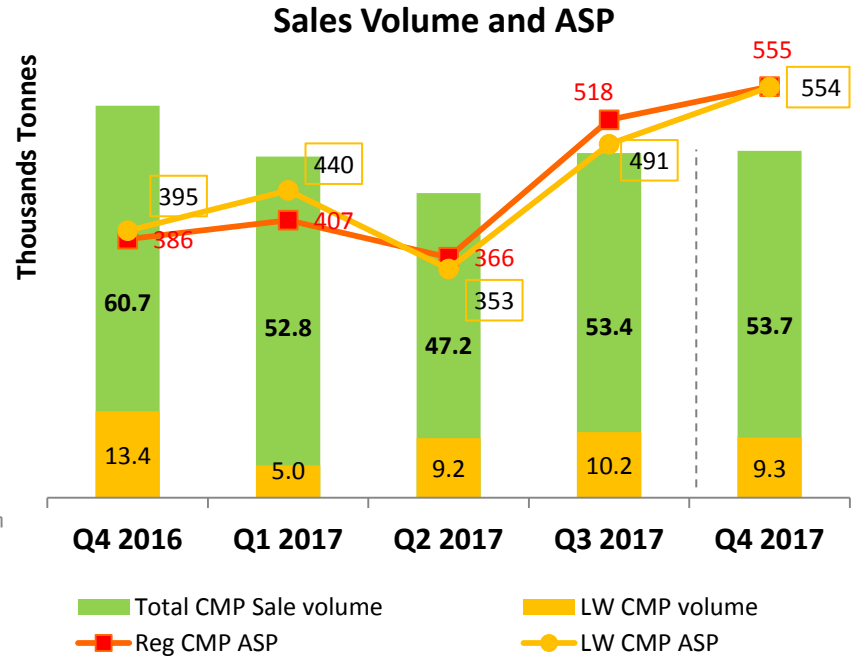
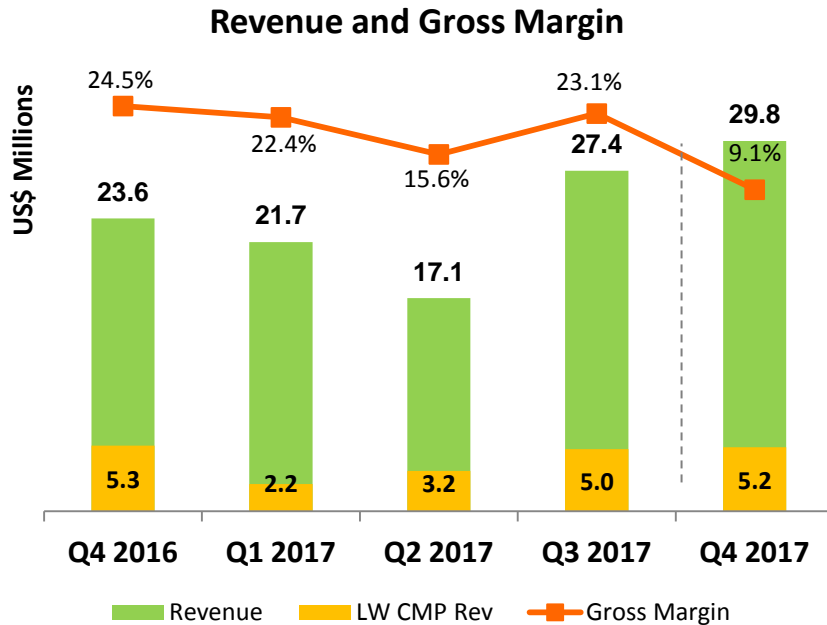
Revenue



Q4 2017

- Revenue up 12.9% YoY to \$35.4 million, primarily due to increase in average selling prices and partially offset by decreases in sales volumes across all product categories.
- Overall gross margin decreased by 13.8 percentage points YoY to 10.2%.
- Operating margin decrease 19.5 percentage points YoY to -4.7%.

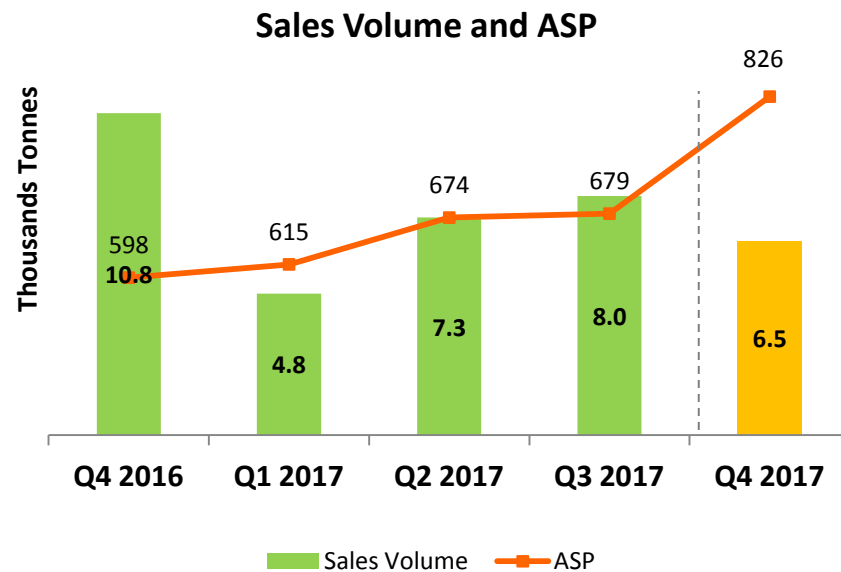
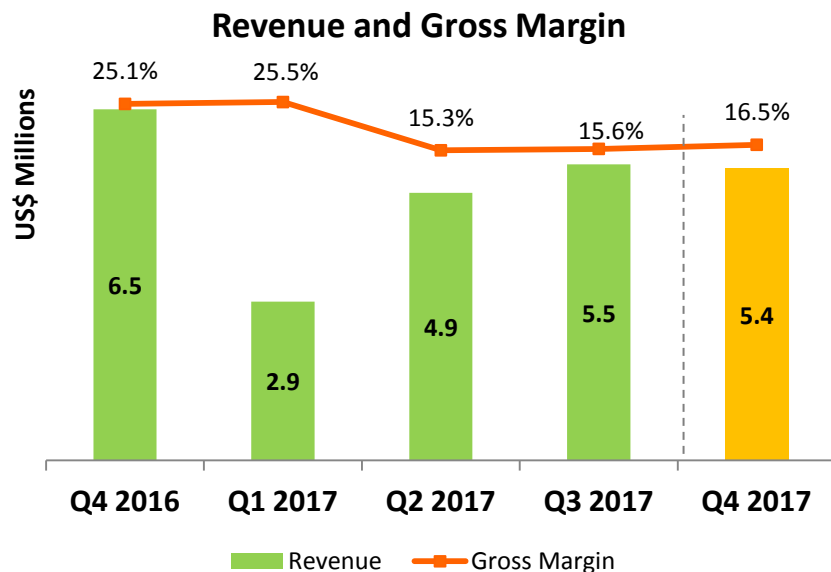
Corrugating Medium Paper (CMP)



Q4 2017 CMP (includes both Regular and Light-Weight CMP)

- Revenue: up 26.5% YoY to \$29.8 million, accounted for 84.1% of total revenue.
- Sales volume: down 11.5% YoY to 53,705 tonnes.
- ASP: Regular CMP up 43.8% to \$555/tonne.
- ASP: Light-Weight CMP up 40.3% to \$554/tonne.

Offset Printing Paper

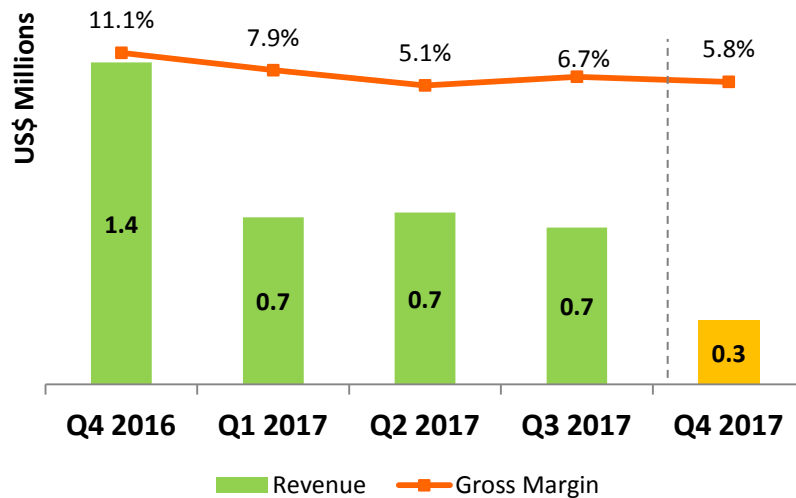


Q4 2017 Offset Printing Paper

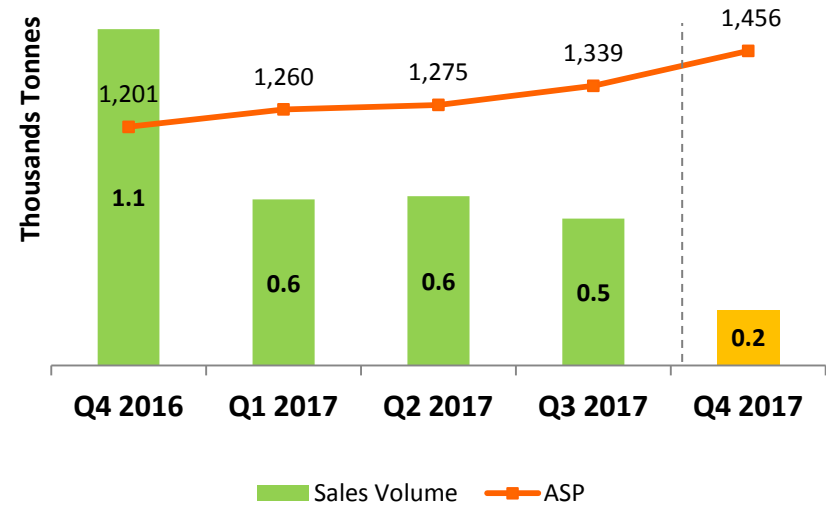
- Revenue: down 16.8% YoY to \$5.4 million, accounted for 15.2 % of total revenue.
- Sales volume: down 39.8% YoY to 6,512 tonnes.
- ASP: up 38.1 % YoY to \$826/tonne.

Tissue Paper

Revenue and Gross Margin



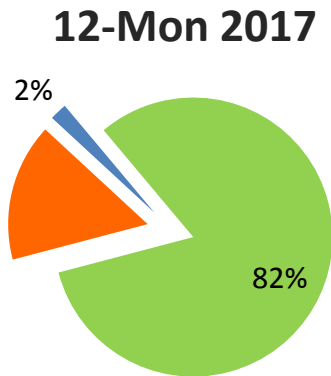
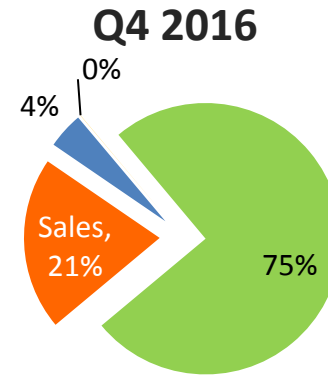
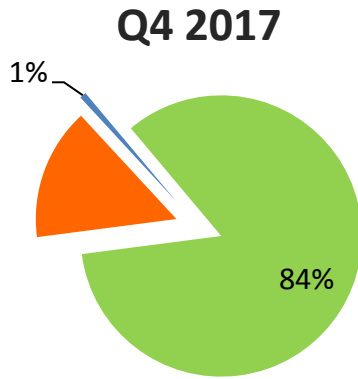
Sales Volume and ASP



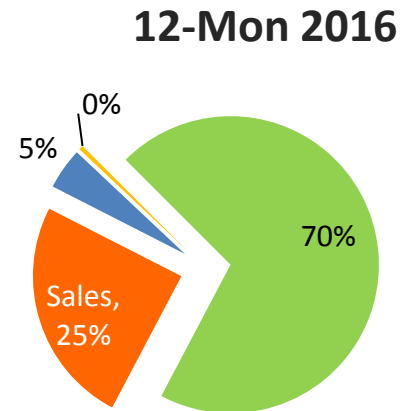
Q4 2017 Tissue Paper

- Revenue: down 80.1% YoY to \$0.3 million, accounted for 0.8% of total revenue.
- Sales volume: down 83.6% YoY to 185 tonnes.
- ASP: up 21.2 % YoY to \$ 1,456/tonne.

Revenue Mix



- Corrugating Medium Paper
- Offset Printing Paper
- Tissue Paper
- Digital Photo Paper



•Corrugating Medium Paper includes both Light-Weight CMP and Regular CMP

Key Highlights for FY 2017

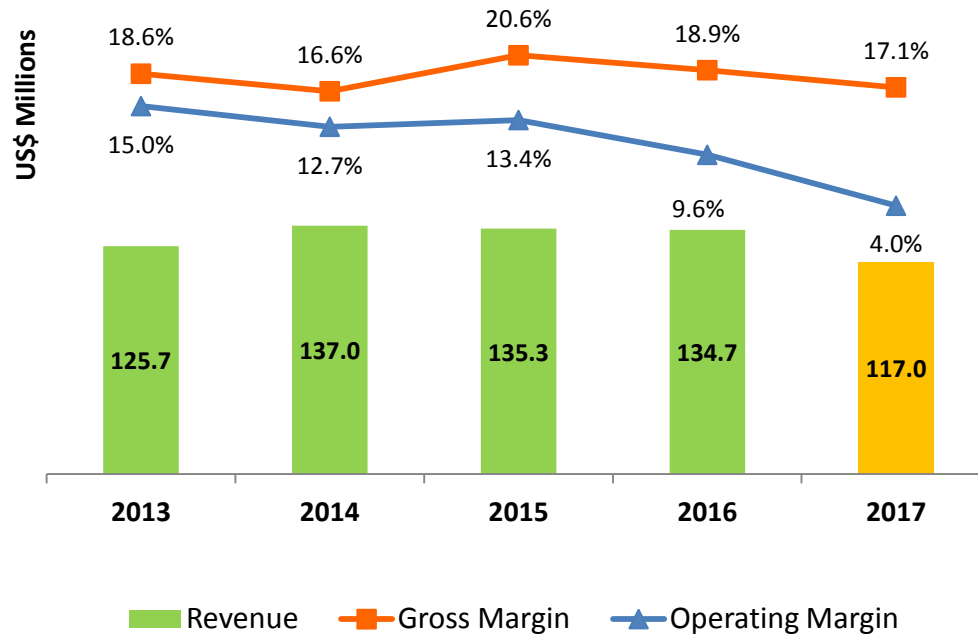
Revenue decreased by 13.2% YoY to \$117.0 million, primarily due to decreases in sales volume across all product categories and partially offset by a moderate increase in blended ASP. The decrease in sales volume was mainly due to government-mandated temporary restriction on production in compliance with environmental regulation and due to replacement of the outdated paper facilities.

Gross profit down 21.8% YoY to \$20.0 million, primarily due to the decrease in sales volume and increase in overall cost of sales mainly attributable to the higher average unit purchase costs of recycled paper board and recycled white scrap paper. Gross margin down 1.9 percentage points to 17.1%.

Net income was \$1.7 million, or \$0.08 per diluted share, compared to net income of \$7.3 million, or \$0.34 per diluted share, for the same period of the prior year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") decreased by 31.6% YoY to \$19.4 million.

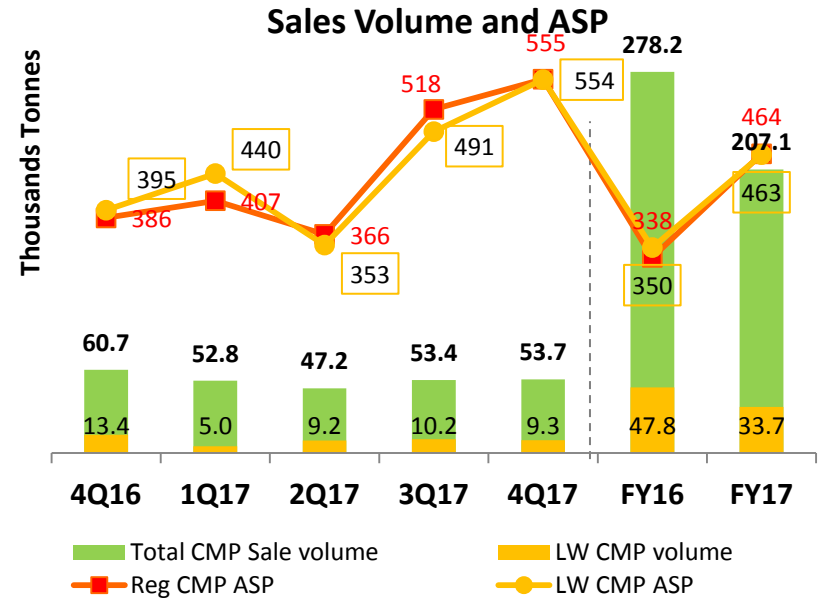
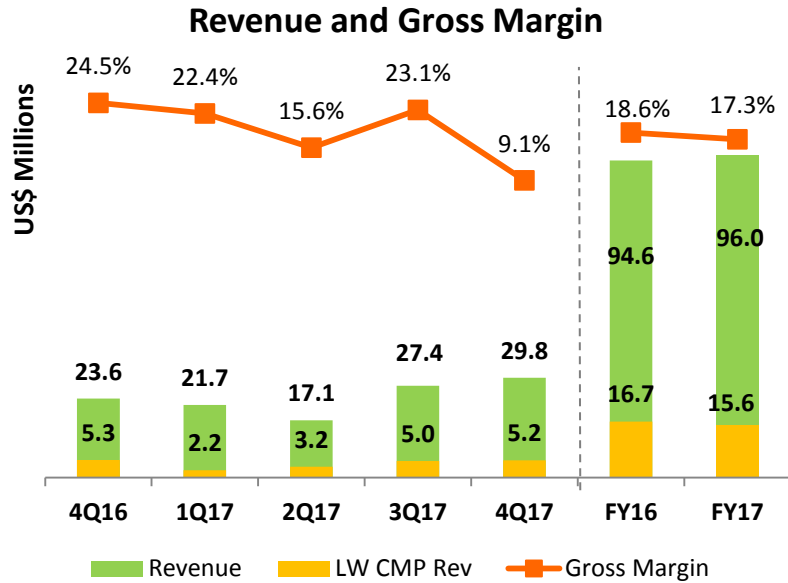
Revenue



FY 2017

- Revenue down 13.2% YoY to \$117.0 million, primarily due to decreases in sales volume across all product categories and partially offset by a moderate increase in blended ASP.
- Overall gross margin decreased by 1.9 percentage points YoY to 17.1%.
- Operating margin decrease 5.6 percentage points YoY to 4.0%.

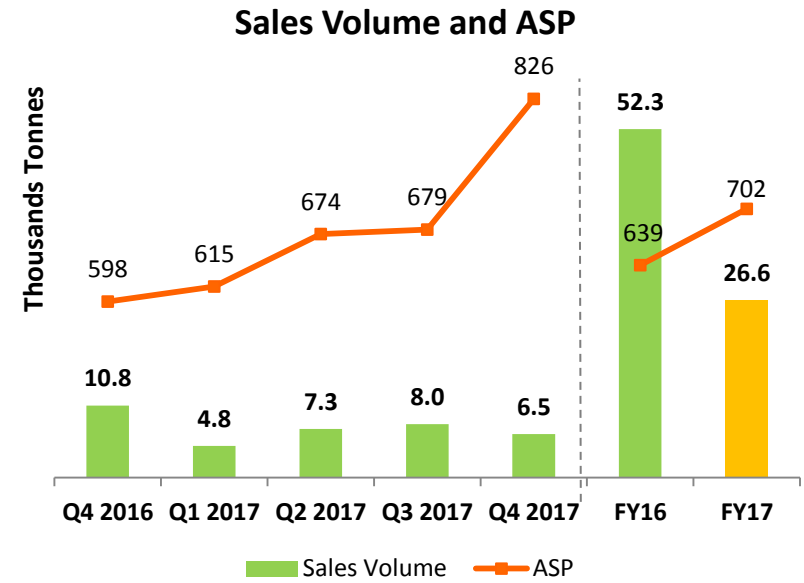
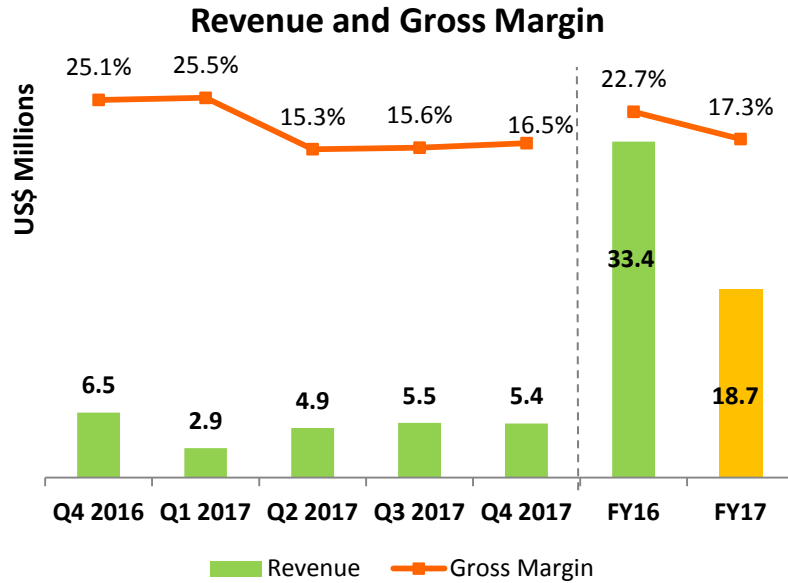
Corrugating Medium Paper (CMP)



FY 2017 CMP (includes both Regular and Light-Weight CMP)

- Revenue: up 1.4% YoY to \$96.0 million, accounted for 82.0% of total revenue
- Sales volume: down 25.6% YoY to 207,089 tonnes
- ASP: Regular CMP up 37.3% to \$ 464 /tonne
- ASP: Light-Weight CMP up 32.3% to \$463/tonne

Offset Printing Paper

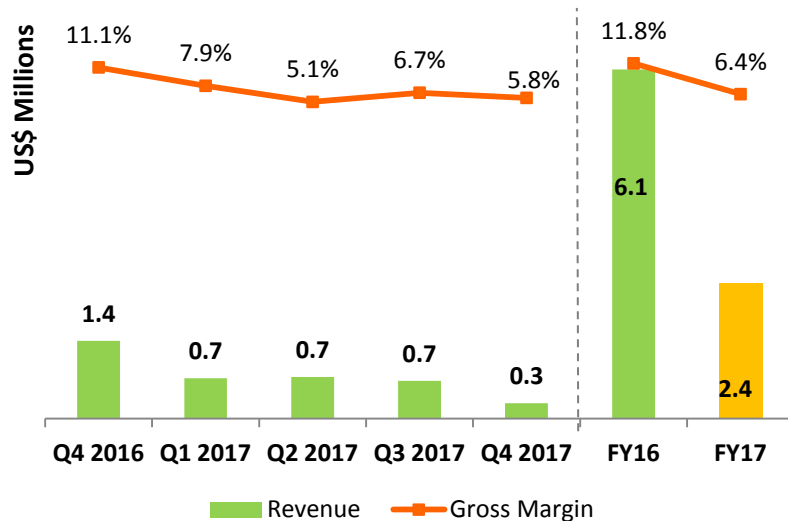


FY 2017 Offset Printing Paper

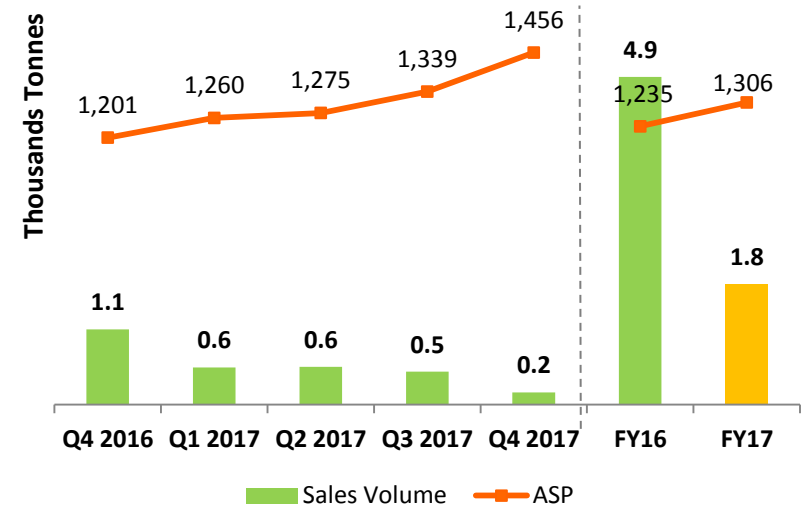
- Revenue: down 44.0% YoY to \$18.7 million and accounted for 16.0% of total revenue
- Sales volume: down 49.1% YoY to 26,610 tonnes
- ASP: up 9.9% to \$702/tonne

Tissue Paper

Revenue and Gross Margin



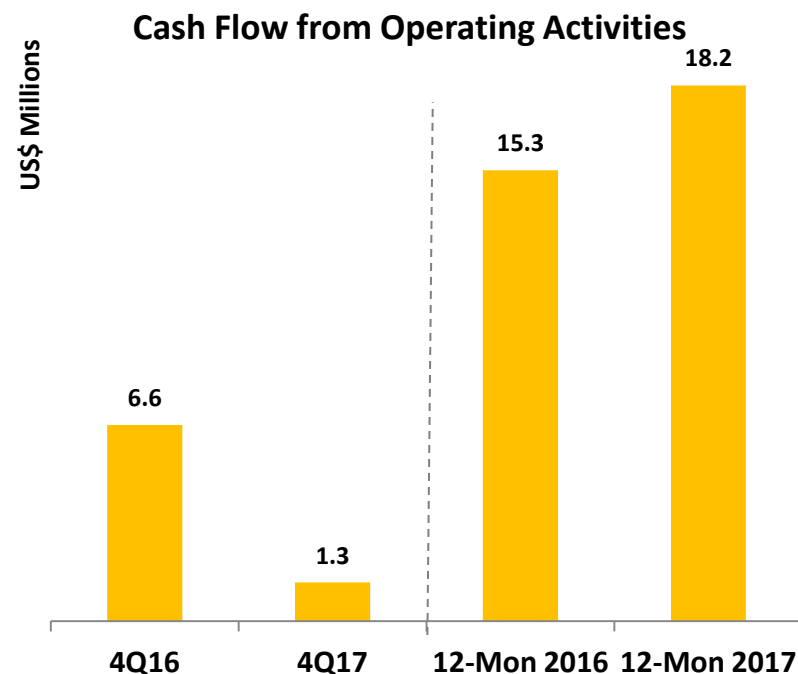
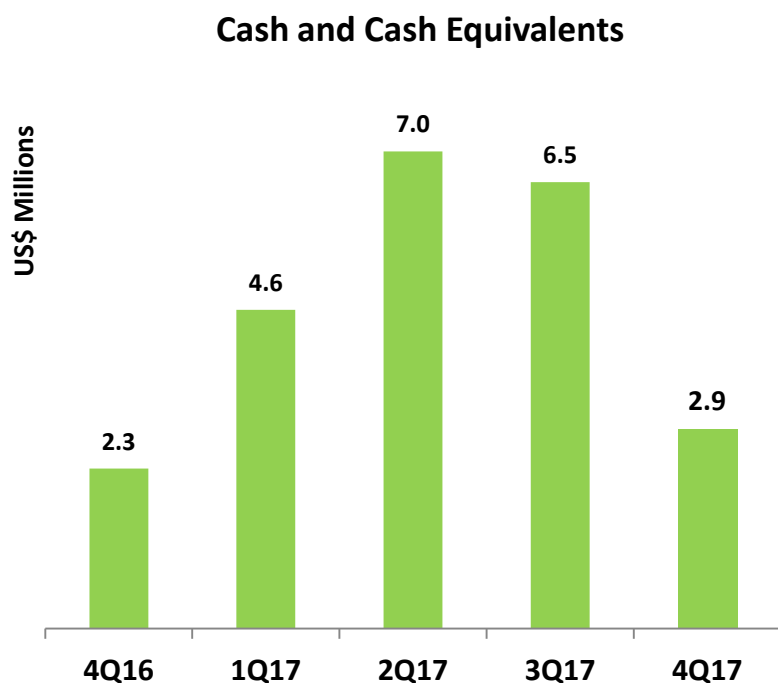
Sales Volume and ASP



FY 2017 Tissue Paper


- Revenue: down 61.2% YoY to \$2.4 million, accounted for 2.0% of total revenue.
- Sales volume: down 63.3% YoY to 1,804 tonnes.
- ASP: up 5.8 % YoY to \$ 1,306/tonne.

Cash Flow



Full Year 2017

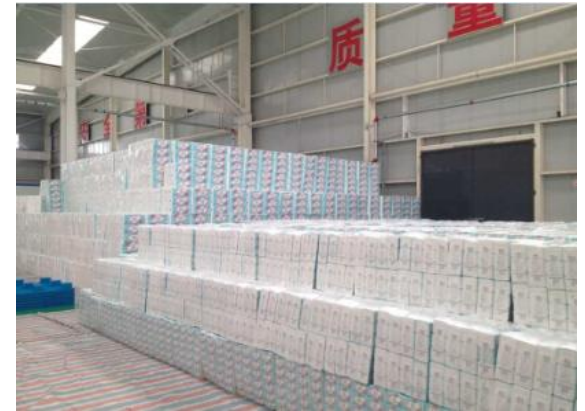
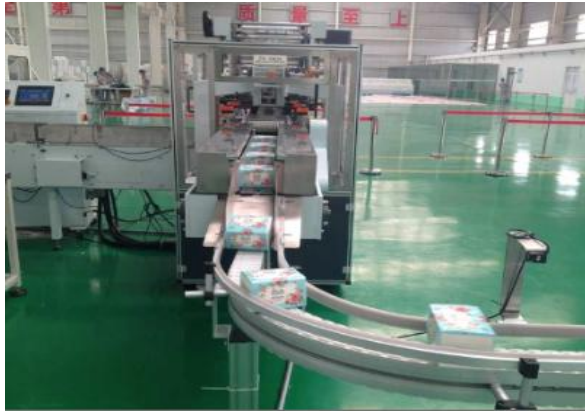
- Cash position at \$2.9M as of December 31, 2017.
- Net cash provided by operating activities was \$18.2 million for the twelve months ended December 31, 2017, as compared to \$15.3 million provided by operating activities for the same period of last year.

The background features an open book with its pages fanned out, creating a sense of depth and movement. A bright green rectangular overlay is positioned in the center, partially covering the book's pages. The text is centered within this green area.

OPERATIONAL & BUSINESS UPDATES

Tissue Paper Project Progress Update

– On Site Photos at Wei County Industrial Zone
(Taken in September, 2015)



Planned Capacity

30K tonnes/year

Recent Progress

Commercial production of tissue paper products launched June 3, 2015. Installation of base tissue paper production lines progressing on schedule. Estimated completion time is 1H 2018.

Est. Project Cost

Up to \$130m, funded by internal cash flow and loans.

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THANK YOU

The background features an open book with its pages fanned out, creating a sense of depth and movement. A vibrant green rectangular overlay is positioned across the middle of the image, partially covering the book's pages. The word "APPENDIX" is written in white, bold, uppercase letters on the left side of this green overlay.

APPENDIX

Production Facilities of IT Tech Packaging Inc

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]: 48.0% utilization rate in FY2017; vs. 63.6% in FY2016.

[c]: Expected 1H18.

[d]: To start after the completion of PM8. capex budget \$7.8M.

Income Statement Summary

	For the Three Months Ended December 31,		YoY Change	For the Twelve Months Ended December 31,		YoY Change
	2017	2016		2017	2016	
US\$						
Revenue	35,439,183	31,376,309	12.9%	117,023,578	134,744,600	-13.2%
Cost of sales	(31,823,106)	(23,830,907)	33.5%	(97,067,627)	(109,212,717)	-11.1%
Gross profit	3,616,077	7,545,402	-52.1%	19,955,951	25,531,883	-21.8%
Gross profit margin	10.2%	24.0%	-13.8%	17.1%	18.9%	-1.9%
Selling, general and administrative expenses	(2,987,805)	(2,734,677)	9.3%	(11,307,395)	(12,401,858)	-8.8%
Income from operations	(1,674,877)	4,632,419	-136.2%	4,680,267	12,951,719	-63.9%
Operating margin	-4.7%	14.8%	-19.5%	4.0%	9.6%	-5.6%
Net income	(1,631,437)	3,070,724	-153.1%	1,659,788	7,312,976	-77.3%
Net margin	-4.6%	9.8%	-14.4%	1.4%	5.4%	-4.0%
Total comprehensive income	1,243,654	(3,704,219)	-133.6%	12,569,978	(4,471,434)	381.1%
EPS – basic and diluted	(0.08)	0.14	-153.1%	0.08	0.34	-76.5%

Selected Balance Sheet Items

(US\$)	December 31, 2017	December 31, 2016
Current Assets		
Cash and cash equivalents	2,895,790	2,332,646
Restricted cash	6,121,637	2,162,318
Accounts receivable	1,843,682	3,894,436
Inventories	8,474,165	5,632,030
Other current assets	651,523	455,892
Total current assets	19,986,797	14,477,322
Property, plant, and equipment	189,388,709	187,689,880
Deferred tax asset non-current	6,572,559	3,264,841
Total Assets	218,989,481	208,377,618
Current Liabilities		
Short-term bank loans	7,192,923	5,045,409
Current obligations under capital lease	-	8,786,528
Notes payable	6,121,637	2,162,318
Other current liabilities	8,442,973	4,591,336
Total current liabilities	21,757,533	20,585,591
Loans from credit union	1,193,719	4,843,592
Loans from a related party	10,712,865	10,090,817
Deferred gain on sale-leaseback	-	102,232
Long-term obligations under capital lease	-	-
Total Liabilities	33,664,117	35,622,232
Total Stockholders' equity	185,325,364	172,755,386
Total Liabilities and Stockholders' Equity	218,989,481	208,377,618

Solid Operating Cash Flows to Support Continued Investment

(US\$)	Twelve Months Ended December 31,	
	2017	2016
Net Cash Provided by (Used in) Operating Activities	18,151,788	15,277,522
Net Cash Provided by (Used in) Investing Activities	(9,321,636)	(11,545,029)
Net Cash Provided by(Used in) Financing Activities	(8,624,970)	(3,681,346)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	357,962	(360,418)
Net (Decrease)/Increase in Cash and Cash Equivalents	563,144	(309,271)
Cash and Cash Equivalents – Beginning of Period	2,332,646	2,641,917
Cash and Cash Equivalents – End of Period	2,895,790	2,332,646