

# *Financial Results*

## *for the fiscal year ended March 2016*

平成27年度  
地球温暖化防止活動環境大臣表彰



FP Corporation

May 12, 2016

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Therefore, changes in a number of factors could cause actual results to differ materially from the future prospects described.

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# ***Consolidated Financial Results*** ***for the fiscal year ended March 2016***

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**Head of Finance and Accounting Division**  
**Isao Ikegami**

# Financial Results Summary

(Results for the FY ended March 2016)

Unit: million yen	Results for Full year								Full year projections		
	FY ended March 2015		FY ended March 2016					FY ended March 2016			
	Performance	Percentage	Performance	Percentage	Increase / decrease	Year-on-year	Quantity	Planned	Percentage	Progress rate	
Trays	28,365	17.2	29,540	17.3	+1,175	104.1%	106.0%	29,140	17.0	101.4%	
Lunchboxes and prepared food containers	86,732	52.6	90,696	53.3	+3,964	104.6%	106.0%	91,560	53.5	99.1%	
<b>Total</b>	<b>115,097</b>	<b>69.8</b>	<b>120,237</b>	<b>70.6</b>	<b>+5,139</b>	<b>104.5%</b>	<b>106.0%</b>	<b>120,700</b>	<b>70.6</b>	<b>99.6%</b>	
Other products	7,139	4.3	6,051	3.6	-1,088	84.8%		5,800	3.4	104.3%	
<b>Sales of products</b>	<b>122,237</b>	<b>74.1</b>	<b>126,289</b>	<b>74.2</b>	<b>+4,051</b>	<b>103.3%</b>		<b>126,500</b>	<b>74.0</b>	<b>99.8%</b>	
Packaging materials	33,894	20.6	35,398	20.8	+1,503	104.4%		35,710	20.9	99.1%	
Other goods	8,786	5.3	8,605	5.1	-181	97.9%		8,790	5.1	97.9%	
<b>Sales of goods</b>	<b>42,681</b>	<b>25.9</b>	<b>44,003</b>	<b>25.8</b>	<b>+1,322</b>	<b>103.1%</b>		<b>44,500</b>	<b>26.0</b>	<b>98.9%</b>	
<b>Net sales</b>	<b>164,918</b>	<b>100.0</b>	<b>170,292</b>	<b>100.0</b>	<b>+5,374</b>	<b>103.3%</b>		<b>171,000</b>	<b>100.0</b>	<b>99.6%</b>	
<b>Operating income</b>	<b>9,189</b>	<b>5.6</b>	<b>13,248</b>	<b>7.8</b>	<b>+4,058</b>	<b>144.2%</b>		<b>12,900</b>	<b>7.5</b>	<b>102.7%</b>	
<b>Ordinary income</b>	<b>10,106</b>	<b>6.1</b>	<b>14,027</b>	<b>8.2</b>	<b>+3,920</b>	<b>138.8%</b>		<b>13,500</b>	<b>7.9</b>	<b>103.9%</b>	
Profit attributable to owners of parent	6,329	3.8	9,294	5.5	+2,965	146.9%		8,500	5.0	109.4%	
<i>Ordinary income before depreciation and amortization</i>	<i>21,242</i>		<i>23,554</i>		<i>+2,311</i>	<i>110.9%</i>		<i>23,500</i>		<i>100.2%</i>	

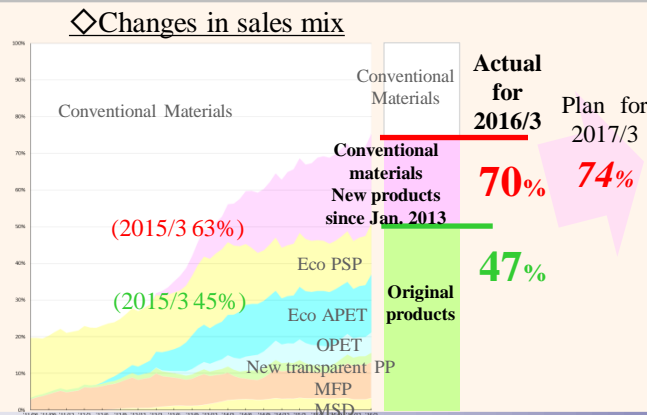
## ■ Sales

### Products

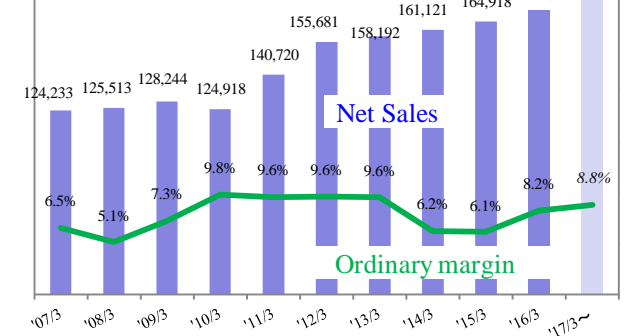
- Strong sales of original products, such as Multi FP
- New products that enhance the value of selling spaces  
Creating microwave menu market
- Increase in the sales volume of general purpose products

### Goods

- Expansion of FPCO PB products
- Review of the unprofitable transactions



## ◇ Ordinary margin

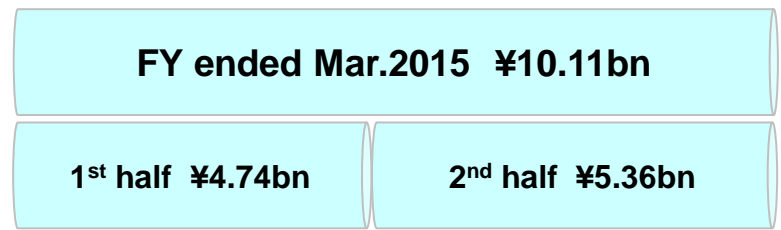




# Increase/Decrease in Ordinary Income

(Results for the FY ended March 2016)

Unit: billion yen

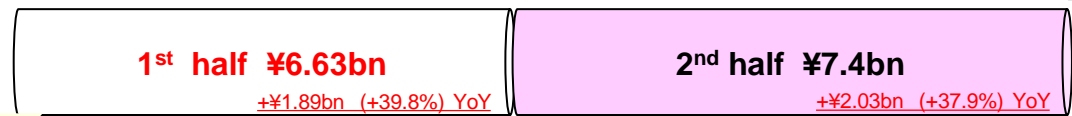
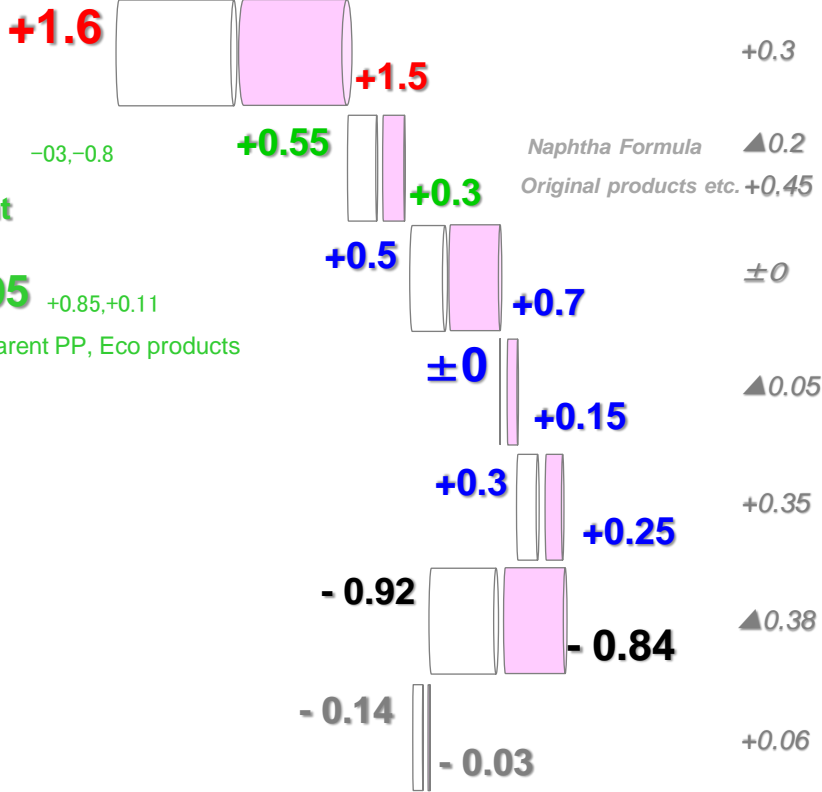


- Naphtha Formula -1.1 -03,-0.8
- Original Products, MIX improvement  
Increase in sales volume of general purpose products +1.95 +0.85,+0.11  
Original products: MFP, MSD, OPET, New transparent PP, Eco products

Improvement +0.3

Decrease in depreciation +1.6

- Logistic costs
- Sales costs
- Labor costs



Projection for FY ended Mar. 2016 +0.53

	Year on Year		
	1st half	2nd half	Full
Sales quantity of products	106.6%	105.4%	106.0%
Sales of products	104.4%	102.3%	103.3%
Sales of goods	106.3%	100.1%	103.1%
Net Sales	104.9%	101.7%	103.3%
Operating income	149.7%	139.9%	144.2%
Ordinary income	139.8%	137.9%	138.8%
Profit	149.1%	144.8%	146.9%

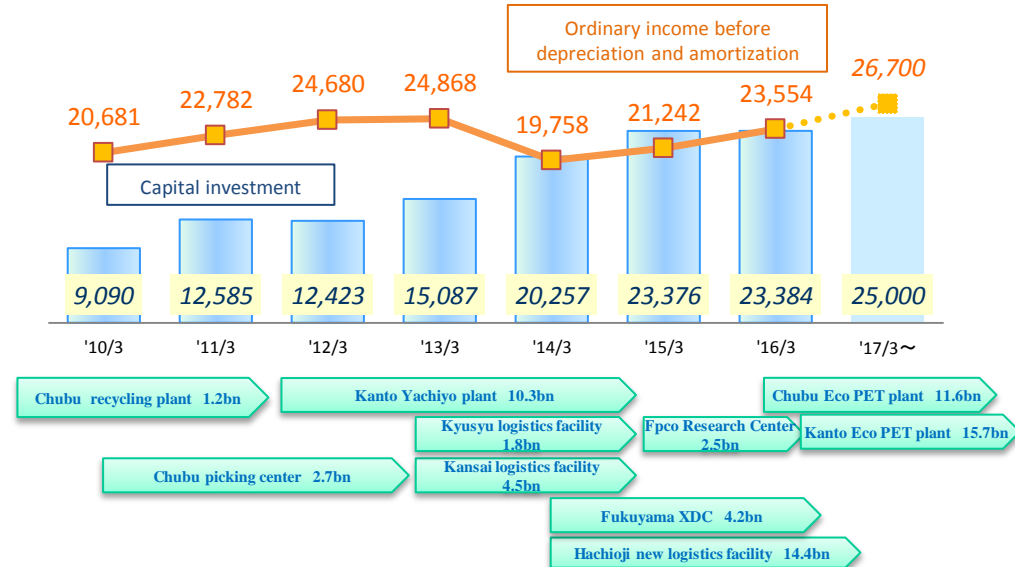
# Capital Investments and R&D cost

(Results for the FY ended March 2016 )

Unit : million yen	Results for Full year				Full year projections	
	FY ended March 2015	FY ended March 2016			FY ended March 2016	
	Performance	Performance	Increase / decrease	Year-on-year	Planned	Progress rate
Tangible fixed assets	23,051	23,058	+7	100.0%	22,700	101.6%
Intangible fixed assets	325	324	+0	99.9%	300	108.3%
<b>Capital investment</b>	<b>23,376</b>	<b>23,383</b>	<b>+7</b>	<b>100.0%</b>	<b>23,000</b>	<b>101.7%</b>
Depreciation and amortization costs	11,135	9,526	- 1,609	85.6%	10,000	95.3%
Research and development cost	1,105	1,242	+ 137	112.4%	1,190	104.4%

## Major capital investments

unit:million yen	Total investment	Results 2016/3
◆ Chubu Eco PET plant	11,579	6,527
OPET production facilities, Integrated production of Eco APET (Land only 458)		
◆ Reinforcement of production facilities		
Original products(transparent PP,MSD)		1,075
APET		1,364
◆ Improvements to logistic facilities		
Hachioji new Logistic Facility	14,353	
Distribution center		Started operation in Nov. 2014
Picking center		Started operation in Feb. 2015
Second phase of construction		Completed in Sep. 2015
◆ Molds		2,677
◆ IT investment		1,777
		522



**Overwhelming market speriority**

**Improvement in profit by high value-added products and logistic infrastructure**

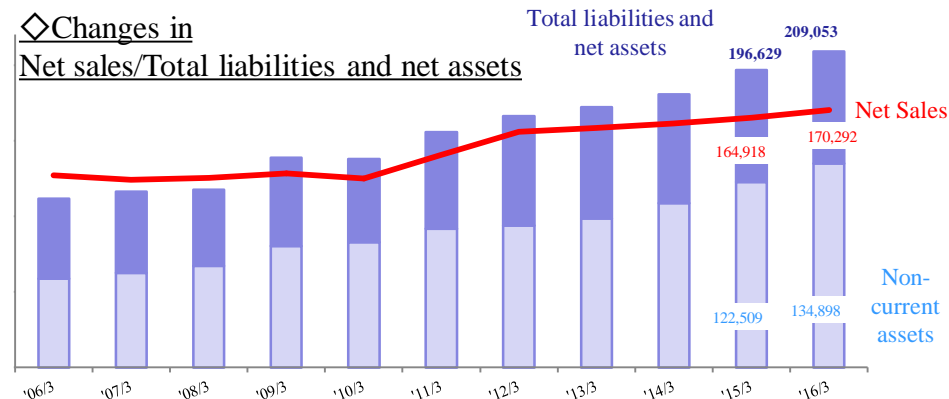
# Balance Sheet

(Results for the FY ended March 2016)

Unit: million yen	Previous consolidated fiscal year	Consolidated fiscal year under review			
	FY ended March 2015 (As of March 31, 2015)	(As of March 31, 2016)	Increase/ decrease	Year-on- year	Breakdown of main increases and decreases
Current assets	74,120	74,154	+34	100.0%	Cash and deposits +1,379 Notes and accounts receivable - trade +2,751 Merchandise and finished goods -2,118 Accounts receivable - other -1,336
Noncurrent assets	122,509	134,898	+12,389	110.1%	Property, plant and equipment +13,207
<b>Total assets</b>	<b>196,629</b>	<b>209,053</b>	<b>+12,423</b>	<b>106.3%</b>	
Current liabilities	64,214	70,029	+5,815	109.1%	Short-time borrowing payable +3,101 Accounts payable - other +3,812 Accounts payable - trade -2,691
Noncurrent liabilities	47,282	47,432	+150	100.3%	Long-time borrowing payable +2,021 Lease obligation -2,181
<b>Total liabilities</b>	<b>111,496</b>	<b>117,462</b>	<b>+5,965</b>	<b>105.4%</b>	
Net assets	85,133	91,591	+6,457	107.6%	Retained earnings +6,852
<b>Total liabilities and net assets</b>	<b>196,629</b>	<b>209,053</b>	<b>+12,423</b>	<b>106.3%</b>	

Equity ratio 43.6% (Mar 31, 2015 43.1%)

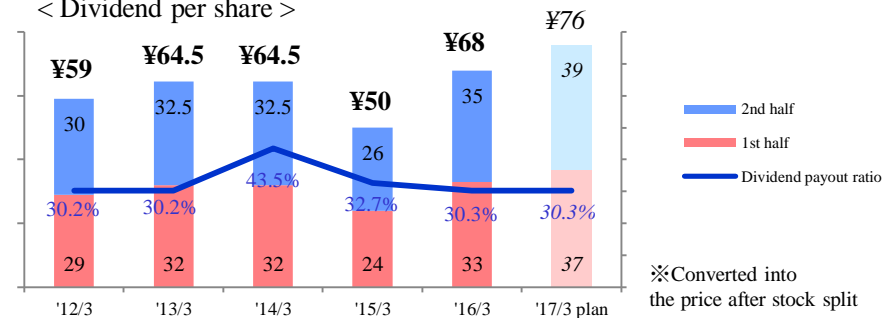
- Assets Strategic investments for boosting the production capacity of original products and ensuring stable supply
- Liabilities Increase in borrowing as capital for strategic investment
- Net assets Strengthen the management structure  
Preparation for expanding business flexibly



Unit: million yen	Results for Full year	
	FY ended March 2015 Performance	FY ended March 2016 Performance Breakdown of Main Items
CF from operating activities	16,912	20,832 Income before income taxes 13,753 Depreciation 9,526 Decrease in inventories 3,058 Decrease in accounts receivable - other 1,117 Increase in notes and accounts receivable - trade Δ 2,752 Decrease in notes and accounts payable - trade Δ 2,691
CF from investing activities	-18,397	-17,923 Acquisition of tangible fixed assets Δ 17,657
Free cash flows	-1,485	2,909
CF from financing activities	-957	-1,530 Proceeds from long-term loans payable 15,000 Repayment of long-term loans payable Δ 10,277 Payments of lease obligations Δ 4,208 Cash dividends paid Δ 2,444
Net increase/decrease of cash and case equivalents	-2,442	1,379
Cash and cash equivalents at end of period	13,710	15,089

- CF from operating activities  
Increased by ensuring profit
- CF from investing activities  
Strategic investment to make a profit for future
- CF from financing activities  
Increase in borrowing as capital for strategic investment

< Dividend per share >



***Plan***  
***for the fiscal year ending March 2017***

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# Outline of Plan for Account Settlement

(Plan for the FY ending March 2017)

Unit: million yen	Results for Full year		Full year projections				First half projections			
	FY ended March 2016		FY ending March 2017				FY ending March 2017			
	Performance	Percentage	Planned	Percentage	Increase /decrease	Year-on-year	Planned	Percentage	Increase /decrease	Year-on-year
<i>Trays</i>	29,540	17.3	30,200	17.2	+659	102.2%	15,000	17.1	+420	102.9%
<i>Lunchboxes and prepared food containers</i>	90,696	53.3	94,800	53.9	+4,103	104.5%	47,000	53.7	+2,233	105.0%
<i>Total</i>	120,237	70.6	125,000	71.0	+4,762	104.0%	62,000	70.9	+2,654	104.5%
<i>Other products</i>	6,051	3.6	6,000	3.4	- 51	99.1%	3,000	3.4	- 21	99.3%
<b>Sales of products</b>	126,289	74.2	131,000	74.4	+4,710	103.7%	65,000	74.3	+2,632	104.2%
<i>Packaging materials</i>	35,398	20.8	36,400	20.7	+1,001	102.8%	18,300	20.9	+488	102.7%
<i>Other goods</i>	8,605	5.1	8,600	4.9	- 5	99.9%	4,200	4.8	+73	101.8%
<b>Sales of goods</b>	44,003	25.8	45,000	25.6	+996	102.3%	22,500	25.7	+562	102.6%
<b>Net sales</b>	170,292	100.0	176,000	100.0	+5,707	103.4%	87,500	100.0	+3,194	103.8%
<b>Operating income</b>	13,248	7.8	15,100	8.6	+1,851	114.0%	7,400	8.5	+1,378	122.9%
<b>Ordinary income</b>	14,027	8.2	15,500	8.8	+1,472	110.5%	7,500	8.6	+870	113.1%
Profit attributable to owners of parent	9,294	5.5	10,400	5.9	+1,105	111.9%	5,030	5.7	+569	112.8%
<i>Ordinary income before depreciation and amortization</i>	23,554		26,700		+3,145	113.4%	13,000		+1,736	115.4%

## ■ Sales Products

Increasing sales ratio of the Company's original products and new products to stabilize earnings.  
Cost reduction of general-purpose products by automation and logistic infrastructure  
Shipments: Rising 6% year-on-year

Trays: Expanding sales of products using recycled raw materials

Lunchboxes and prepared food containers:

Increasing sales of containers with new functions and new designs, especially the Company's original products with functions such as cold and heat resistance.

## Goods

Expanding the joint delivery operations, using Distribution network covering the entire country  
Improvement in profitability with FPCO PB products

## ◇ Production

Reinforce the production capacity of Eco APET and OPET owing to the start of Chubu Eco PET plant.

Cost reduction by introduction of industrial robots

## ◇ Logistics

Enhancing workability by voice picking system  
Business Continuity Plan (BCP) actions

## ◇ Environment

Promoting the terrestrial resource cycle and the employment of people with disabilities.

# Planned Increase/Decrease in Ordinary Income

(Plan for the FY ending March 2017)

Unit: billion yen



**Raw Materials** +1.8

**Sales Efforts** +0.7

**Improved Production** +0.25

**Improved Distribution** +0.05

**Group Companies** +0.35

**Increased Expenses** -1.41

**Subsidies** -0.27

**Naphtha Formula** -1.6  
 -0.75, -0.85

**Original Products, MIX improvement**  
 Increase in sales volume of general purpose products +2.3  
 +1.05, +1.25

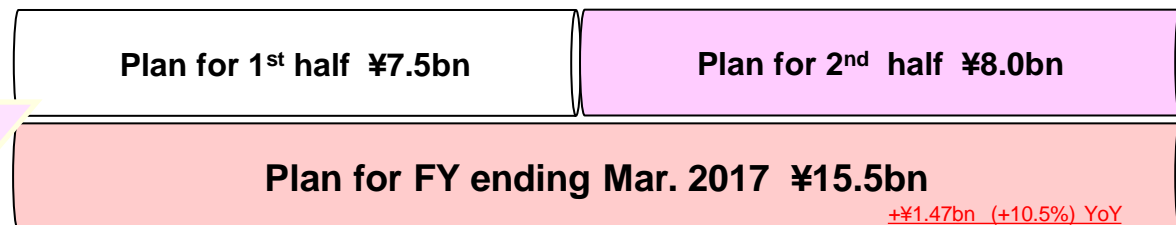
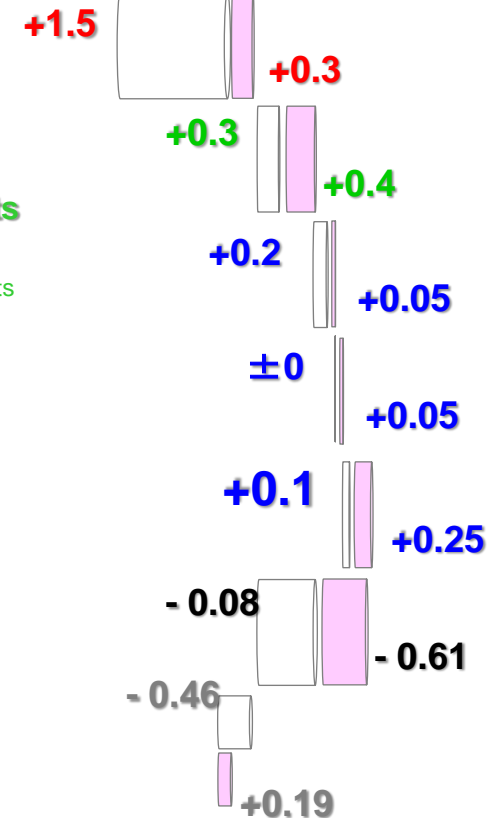
Original products: MFP, MSD, OPET, New transparent PP, Eco products

**Eco APET Improvement in Productivity** +0.8

**Improvement** +1.45

**Depreciation** -1.6

• Logistic costs  
 • Labor costs



PLAN year on year

	1st half	2nd half	Full
Sales quantity of products	104.2%	103.3%	103.7%
Sales of products	102.6%	102.0%	102.3%
Sales of goods	103.8%	102.9%	103.4%
Net Sales	122.9%	106.5%	114.0%
Operating income	113.1%	108.1%	110.5%
Ordinary income	112.8%	111.1%	111.9%
Profit			

# Planned Capital Investment and R&D Cost

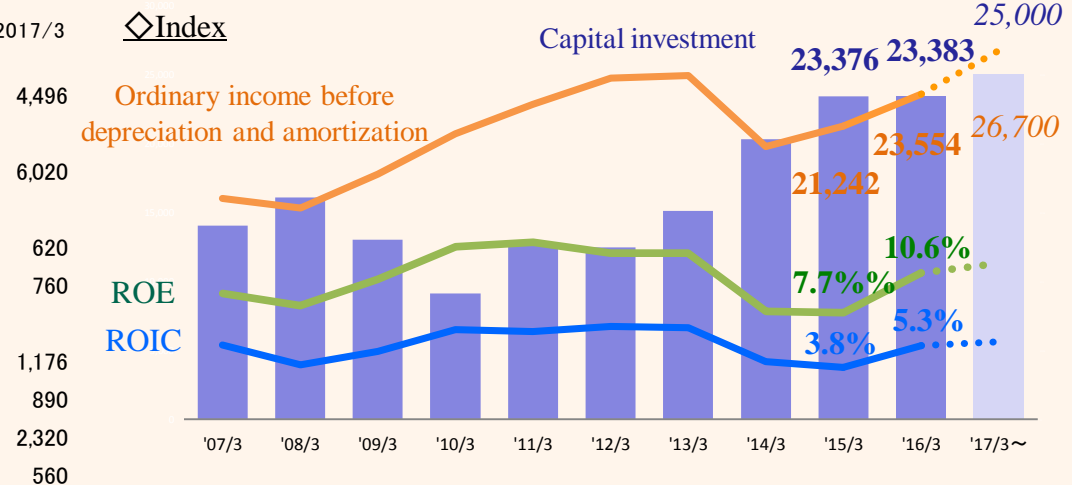
(Plan for the FY ending March 2017)

Unit : million yen	Results for Full year	Full year projections			First half projections		
	FY ended March 2016	FY ending March 2017			FY ending March 2017		
	Performance	Planned	Increase /decrease	Year-on-year	Planned	Increase /decrease	Year-on-year
Tangible fixed assets	23,058	24,700	+1,641	107.1%	15,100	+1,572	111.6%
Intangible fixed assets	324	300	-24	92.4%	100	-107	48.2%
<b>Capital investment</b>	<b>23,383</b>	<b>25,000</b>	<b>+1,616</b>	<b>106.9%</b>	<b>15,200</b>	<b>+1,465</b>	<b>110.7%</b>
Depreciation and amortization costs	9,526	11,200	+1,673	117.6%	5,500	+866	118.7%
Research and development cost	1,242	1,270	+27	102.2%	635	+40	106.8%

## Major capital investments

unit: million yen Total investment Plan for 2017/3

◆ Chubu Eco PET plant	In operation since Mar.2016	11,579
	OPET production facilities and integrated production facilities of Eco APET	Land only (458)
◆ Kanto Eco PET plant	To be inaugurated in fall 2017	15,700
	Extension of integrated production facilities of Eco APET	
◆ Reinforcement of production facilities (Original products)		
◆ Introduction of automation facilities		
◆ Company accommodations		
◆ Chikusei	Scheduled to complete in Dec.2016	1,637
◆ Chubu	'Scheduled to complete in Spring 2017	1,473
◆ Molds		
◆ IT investments		



※Since 2009/3, lease obligations have been stated on the balance sheet



# *Working Toward Medium-Term Targets*

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**Chairman & CEO  
Yasuhiro Komatsu**

# Summary of Consolidated Financial Results and Forecast for the Future

## >> Product Strategy

### > *Creating markets with original products*

- ◇ Multi FP (MFP), Multi Solid (MSD)
- ◇ Biaxially stretched PET (OPET)
- ◇ New transparent PP

### > *CO<sub>2</sub> reduction with environmentally-friendly products*

- ◇ Eco Tray
- ◇ Eco APET

### > *Resolving problems facing stores with new products*

- ◇ Increasing product value
- ◇ Addressing a labor shortage and improving workability

## >> Strategic Investments

### > *Increasing production capacity and recycling terrestrial resources*

- ☆ Chubu Eco PET Plant - in operation since Mar. 2016
- ☆ Kanto Eco PET Plant - to be inaugurated in fall 2017

### > *Automation*

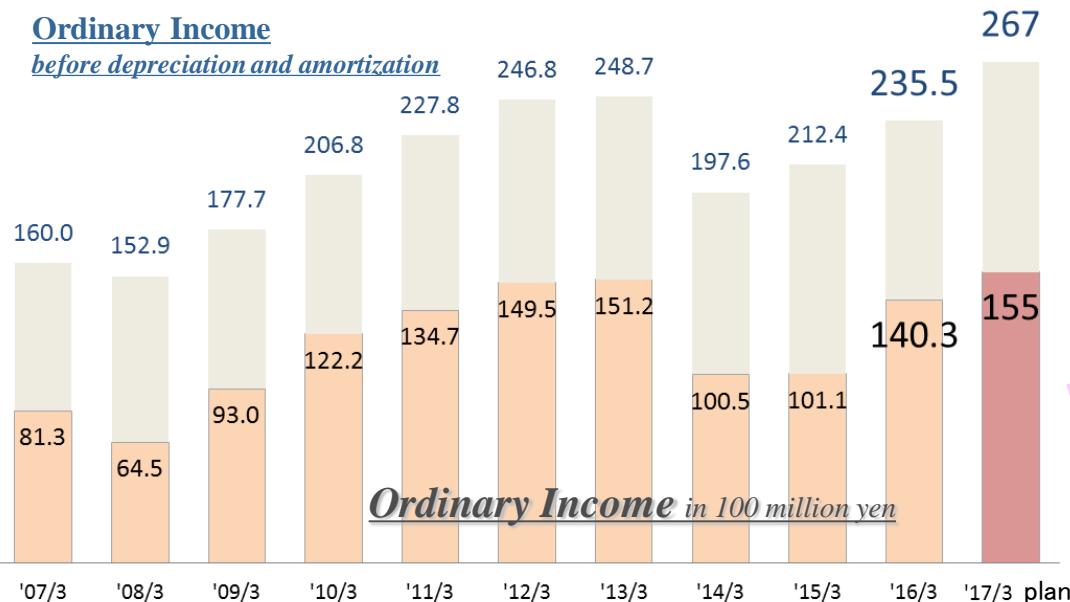
- ☆ Introducing industrial robots to the production section
- ☆ Introducing voice picking system

### > *Curbing increases in logistics costs and ensuring stable supply*

- ☆ Effectively using logistics infrastructure
- ☆ Introducing emergency power generating equipment

## Ordinary Income

before depreciation and amortization



*Ordinary Income in 100 million yen*

**Ordinary income: 20 billion yen**

= Emphasis on profitability =

- ★ Productivity improvement and labor saving
- ★ Reconsideration of unprofitable transactions

### Target management indicators

Net income per share: **250 yen**

Payout ratio: **30%**

# Product Strategy *Expansion of original products and development of high value-added products*

## Original products > Increase sales ratio to improve and stabilize earnings

**Multi FP (MFP)** *Microwavable foamed PS containers*  
**Multi Solid (MSD)** *Non-foamed PS containers produced from MFP remnants*

**OPET (biaxially stretched PET)** *PET transparent containers overcoming the problems of OPS*

Chubu Eco PET Plant: inaugurated in Mar. 2016

**New transparent PP** *Microwavable transparent containers*

Attempts for biaxially stretched PP

**Eco Tray** *Recycled PSP containers*

CO<sub>2</sub> emissions: -35%  
(compared with those from virgin trays)

Virgin trays: Up 39.3% year on year

**Eco APET** *Recycled PET transparent containers*

Chubu Eco PET Plant: inaugurated in Mar. 2016

CO<sub>2</sub> emissions: -33%  
(compared with those from virgin trays)

Annual Sales

13.9 billion yen  
(Up 20.2% yoy)

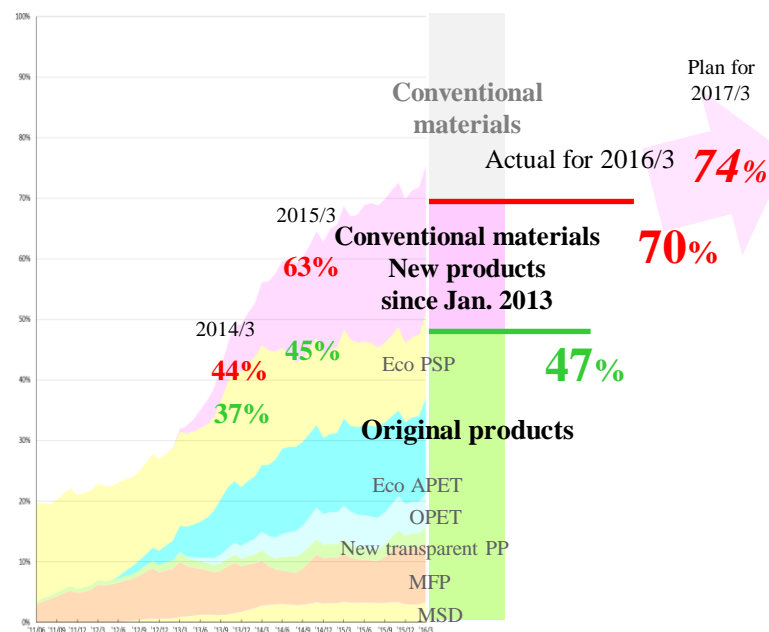
6.5 billion yen  
(Up 17.9% yoy)

2.6 billion yen  
(Up 20.1% yoy)

16.2 billion yen  
(Down 3.8% yoy)

17.6 billion yen  
(Up 12.4% yoy)

Changes in sales mix



## High value-added / functional products

### > Increase product value and sales unit prices



## Expanding and creating markets

Container + Lid + **Inner Tray**

“A proposal for deliciousness”

### MFP Doris Cup

Deep heat-resistant container



Superior thermal insulation



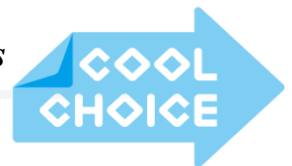
Safe and easy to hold once heated

Container: MFP  
Inner Tray & Lid: Transparent PP



A total of **Seven** models marketed  
after adding a oval model and a rectangular model  
=> *The lineup will be successively expanded.*





Choose now for the future

## In response to COP21 and the Paris Agreement

### Eco Tray



CO<sub>2</sub> reduction effect:

**-35%**

**2.27 kg**

CO<sub>2</sub> reduction effect:

**-33%**

**1.61 kg**

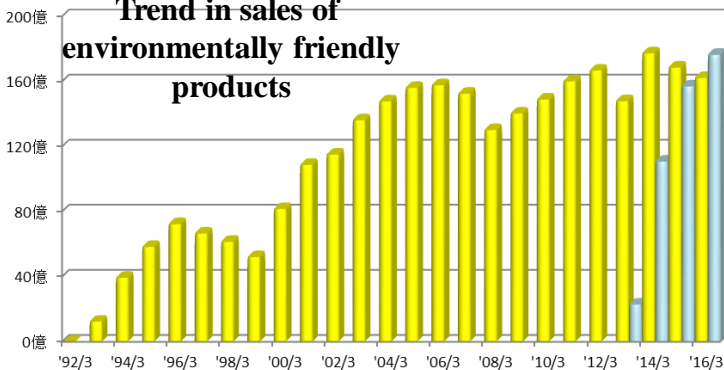
**CO<sub>2</sub> emissions cut by 100,000 tons a year**

### Eco APET



\* Comparison between FPCO's virgin products and its environmentally friendly products per kg

**Trend in sales of environmentally friendly products**



**Eco PSP:** since 1992/3  
**16.2 billion yen (2016/3)**

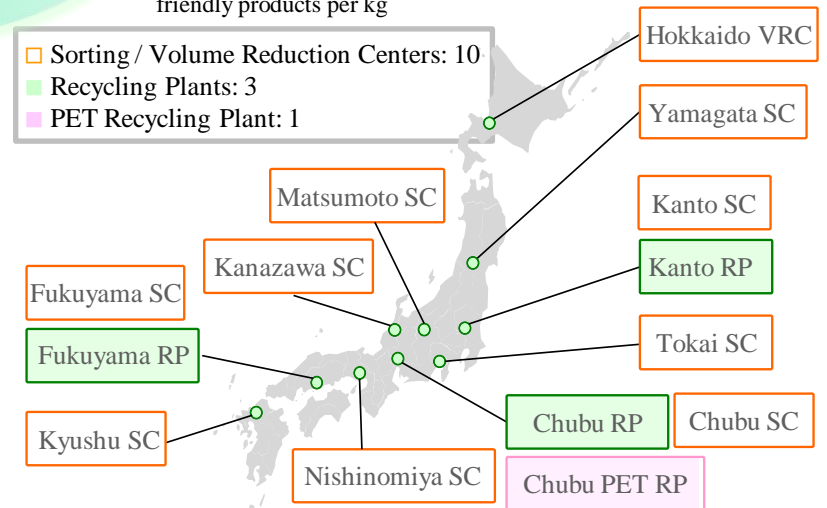
**Eco APET:** since 2012/5  
**17.6 billion yen (2016/3)**

### A business integrating environmental actions and disability employment

Disability Employment Rate: **14.56%** as of March 2016

Adjusted Number of Employees with Disabilities: **647**

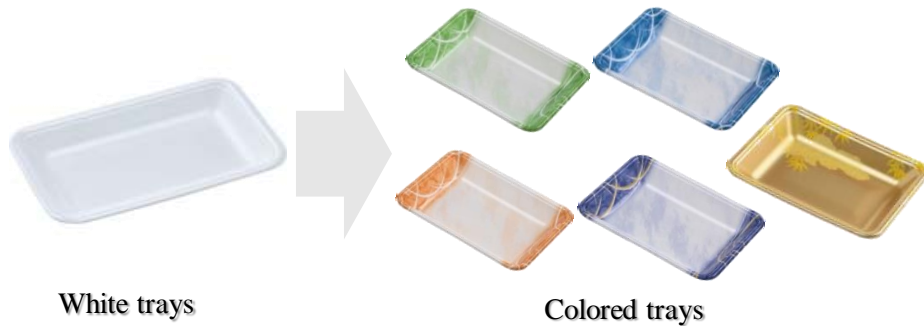
(Actual Number of Employees with Disabilities: 374)



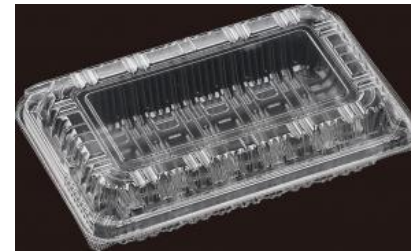
**Kanto Eco PET Plant being planned**

## Increasing sales of general-purpose products and cutting their costs

**Differentiation of selling spaces  
by changing tray colors**



**Workability at stores improved  
with snap-lock lid packs**



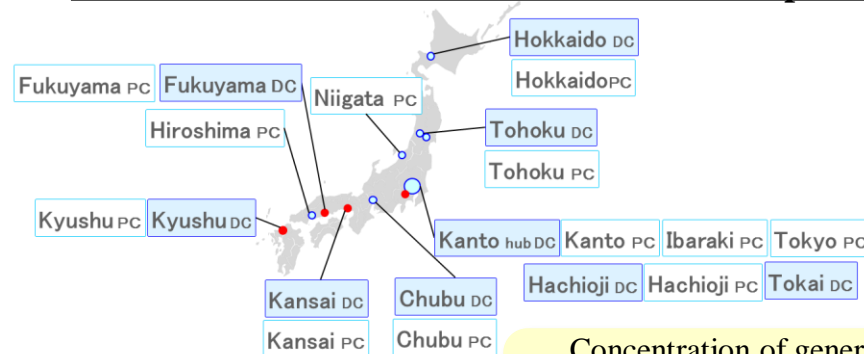
- Reduction of labor for packing
- Heat and oil resistance improved by switching to PP materials

**Cost cuts by introducing robots and with logistical infrastructure**

A shift to labor-saving production lines



Chartering of cargo services for  
short-distance deliveries from areas close to points of consumption



Concentration of general-purpose items  
↓  
Inventory turnover rates increased at stores  
and wholesalers

# Logistics Strategy *Attempt toward a 2.5 trillion yen market*

## Curbing increases in logistics costs and ensuring stable supply

### Fukuyama Cross Dock Center

In operation since Aug. 2014



Three stories above ground  
Total floor area: 10,200 tsubo  
Investment: 4.2 billion yen

### Kyushu Logistics Facility

Upgraded and expanded in Jul. 2013



Three stories above ground  
Total floor area: 5,700 tsubo  
Investment: 1.8 billion yen

### Kansai Logistics Facility

Upgraded and expanded in Oct. 2013

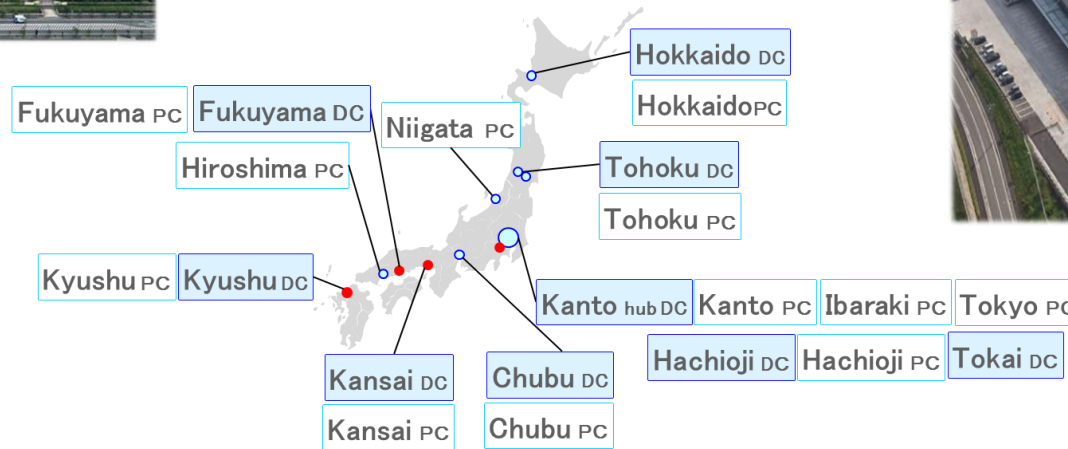


Five stories above ground  
Total floor area: 11,800 tsubo  
Investment: 4.5 billion yen

Emergency power  
generating equipment



Located at all 21 logistical  
facilities nationwide



### Hachioji Distribution Center

Second phase of construction finished in Sep. 2015



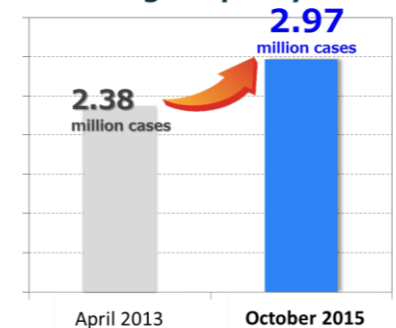
Five stories above ground  
Total floor area: 23,700 tsubo  
Investment: 14.4 billion yen

Picking quality with  
2 ppm error

**At end of FY2015**

- 9 Distribution Centers (DC): 152,000 tsubo
- 12 Picking Centers (PC): 37,000 tsubo

● FPCO warehouse  
Storage Capacity





# Strategic Investments

## Improving performance of original products + Ensuring stable supply

### Hachioji Distribution Center



Second phase of construction finished in Sep. 2015

Five stories above ground  
Total floor area: 23,700 tsubo  
Investment: 14.4 billion yen

### Emergency power-generating equipment



Placed at 21 logistics facilities in Japan

### Chubu Eco PET Plant

In operation since Mar. 2016



Three stories above ground  
Total floor area: 7,200 tsubo  
Investment: 11.6 billion yen

### Kanto Eco PET Plant

To be inaugurated in fall 2017

## Securing of human resources + Improving productivity

### Comprehensive Research Institute



Completed in Dec. 2014

### Single-room-type company accommodations



Chikusei, Ibaraki: Dec. 2016  
Wanouchi, Gifu: Spring 2017  
Fukuyama: Planned

Three stories above ground  
Total floor area: 1,700 tsubo  
No. of units: 150 (30 m<sup>2</sup> per unit)  
Investment: 1.7 billion yen

### Industrial robots



Investment: 1 billion yen

### Voice picking system



Investment: 0.1 billion yen

Actual capital investment for 2016/3: **23.4 billion yen**

Capital investment plan for 2017/3: **25.0 billion yen**

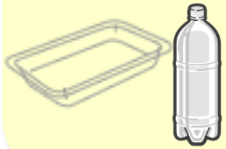


# Chubu Eco PET Plant

Eco APET

Integrated production covering the processes of  
Collection → Recycling → Production of environmentally friendly products

Collected PET trays  
Collected PET bottles



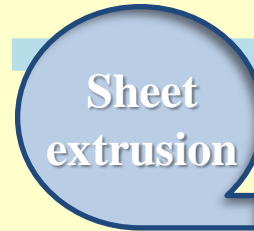
PET mechanical recycling plant

PET flakes



Air feed

Sheet extrusion and forming



Eco APET products



Production capacity:  
40,000 cases per month

OPET

Increasing production capacity

OPET products



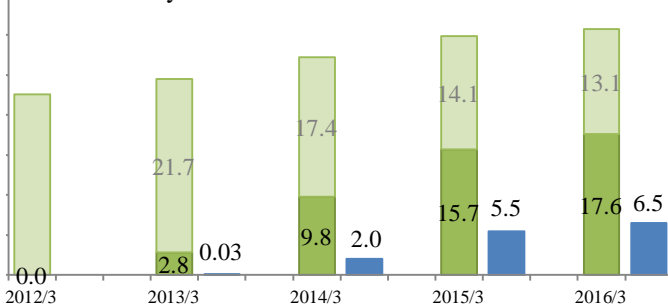
Production capacity:  
40,000 cases per month

Sheet extrusion

Product forming

<Sales of Eco APET & OPET>

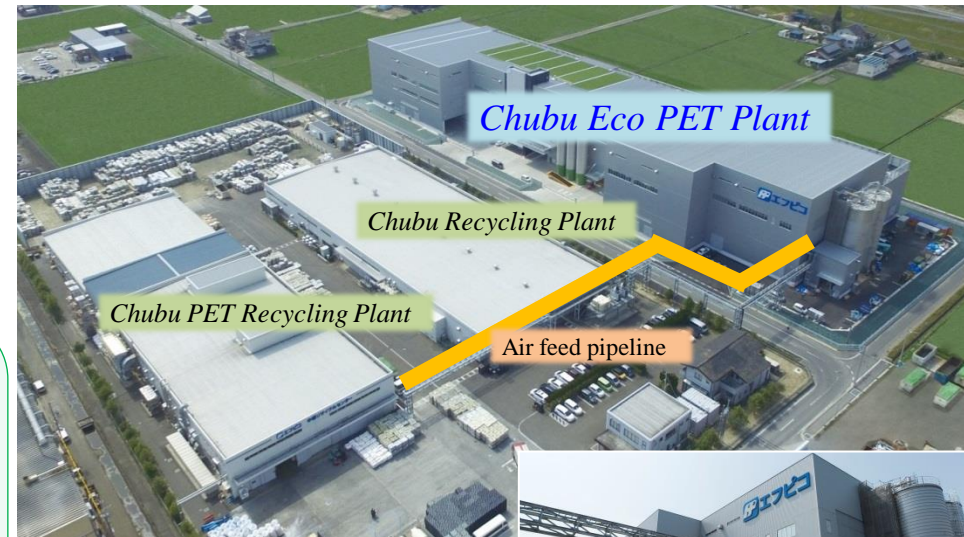
Unit: billion yen



Ratio of environmentally friendly APET products

(including OPET)  
Mar. 2016 Mar. 2017  
55% ⇒ 60%

(excluding OPET)  
Mar. 2016 Mar. 2017  
74% ⇒ 87%



Three stories above ground  
Total floor area: 7,200 tsubo  
Investment: 11.6 billion yen



Eco APET

Virgin APET

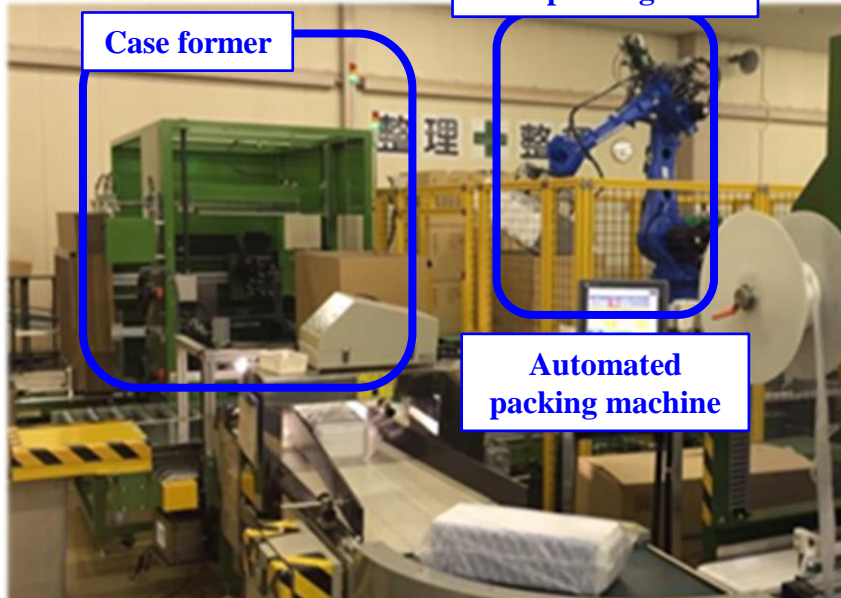
OPET

# Automation

## Improvement in productivity + Labor saving

- ◇ Labor shortage
- ◇ Increase in production and shipping quantities
- ◇ Response to busy seasons

### Industrial robots



PSP (General purpose):  
15 lines with automated packing machines  
APET (General purpose):  
10 lines with automated packing machines  
APET & MSD:  
3 lines with dust-removing packing machines

**Labor savings of about 80 persons**

### Voice picking system



Operated at six major facilities  
to curtail **20%** of all the processes

⇒ **Labor saving of**  
**about 200 persons**  
( Part-time workers)



### Automated sorter

# Medium-Term Targets

Increase market share in the market of 500 billion yen

## Products sales



- ☆ The world's first sheet material
- ☆ Create new markets
- ☆ Continuous release of new products
- ☆ M & A

◇ Global market

Ordinary Margin: 12%

Products: 200 bn.

Attempt toward a 2.5 trillion yen market

## Goods sales



- ☆ Increase FP Corporation's private label items
- ☆ Support for wholesalers with the use of infrastructure in joint procurement and joint deliveries
- ☆ M & A

= Emphasis on profitability =  
 ★ Improvement of profitability and labor saving  
 ★ Reconsideration of unprofitable transactions

Ordinary Margin: 6%

Goods: 100 bn.

Net Sales 158.2 161.1 164.9 170.3 176.0 bn.

Ordinary Income 15.12 10.05 10.11 14.03 15.5 bn.

Capital Investment 15.1 20.3 23.4 23.4 25.0 bn.

Ordinary Income before Depreciation and Amortization 24.87 19.75 21.24 23.55 26.7 bn.

'13/3 '14/3 '15/3 '16/3 '17/3 Plan

20 bn.

300 bn.

30 bn.

<Strategic Investments>

Target management indicators

Net income per share: 250 yen

Payout ratio: 30%

Medium-Term Targets



# *For Expansion of Corporate Value*

---

**President & COO**  
**Morimasa Sato**

## Circumstances surrounding the retail industry

Despite current brisk sales, food supermarkets are concerned about the future

Division in consumer spending

Quality-minded

Budget-minded

Labor shortage and soaring labor costs

Rise in purchase unit prices and logistical costs

### Society

- The number of households is growing amid the shrinkage of the population.
- The number of elderly households is increasing.

- **Increasing goods value**
- **Improving workability at stores**

Expansion of the home meal replacement (HMR) market

## FP Corporation

New product development

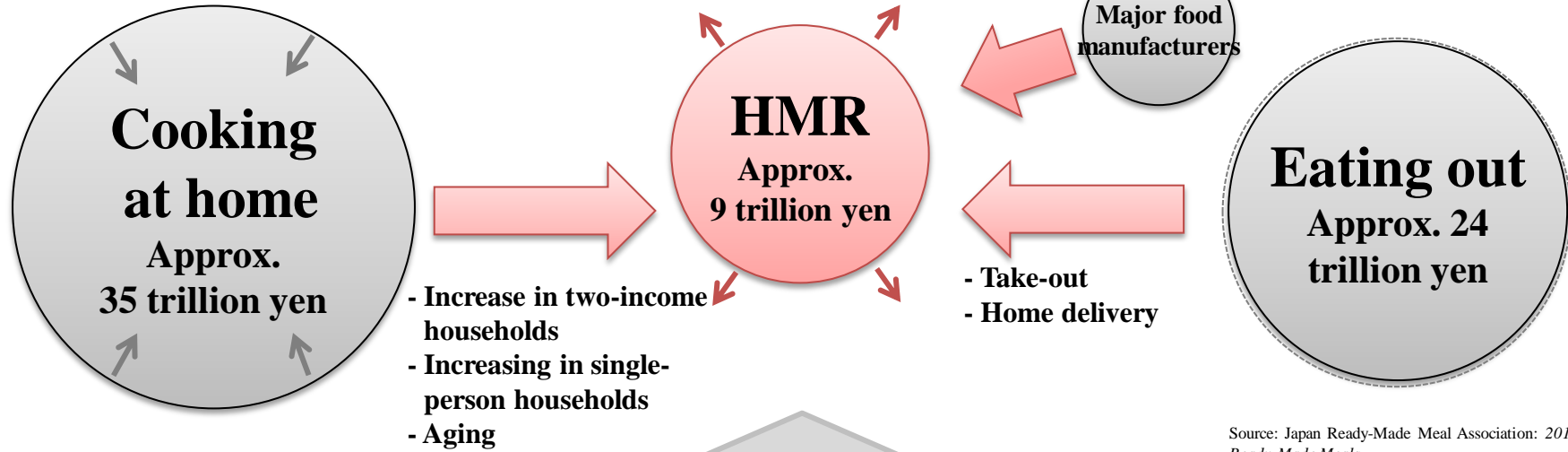
Proposals on selling spaces

Distribution network

Recycling



# Home Meal Replacement (HMR) Market: Today and Tomorrow

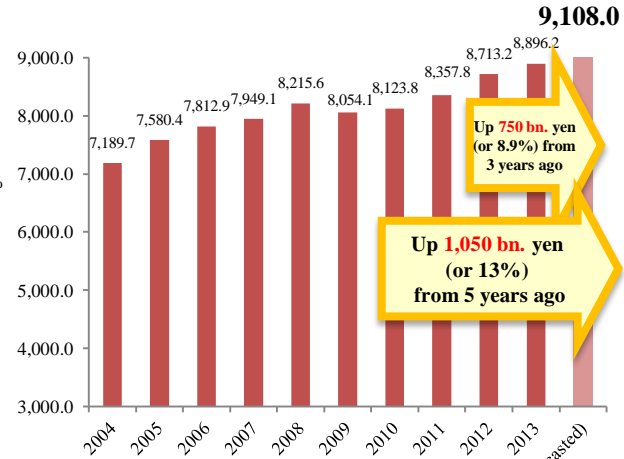
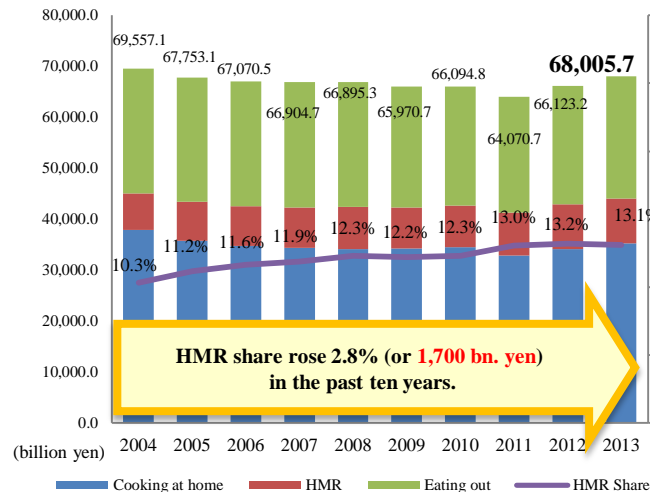
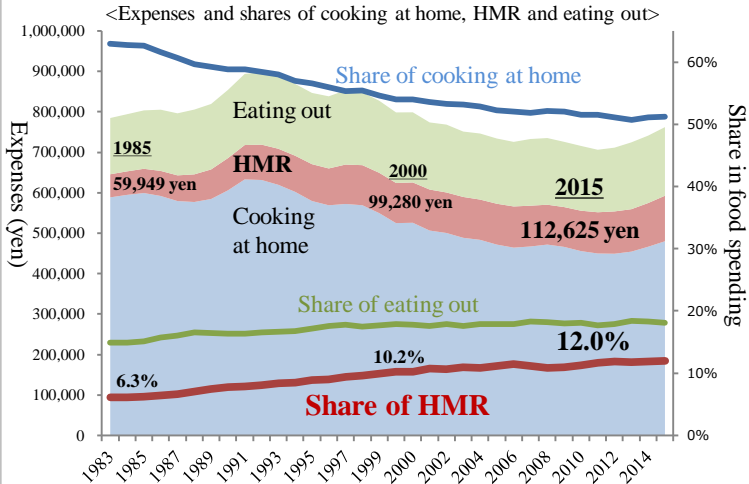


Source: Japan Ready-Made Meal Association: 2015 White Paper on Ready-Made Meals

## Household spending

HMR is on the increase in terms of amount and share.

## Trend in market size



Source: Statistics Bureau, Ministry of Internal Affairs and Communications:  
Family Income and Expenditure Survey (Annual amount spent by item per two-or-more-person household)  
Cooking at home: Prepared food, eating out, alcoholic drinks, snacks and beverages excluded from food as a whole  
HMR: Prepared food, Eating out: Eating out (figures of respective items referred to)

\* In and after 2012, HMR includes prepared food in bags.

Sources:  
Eating out: Shoku-no Anzen-Anshin Zaidan: Eating Out Market Scale  
HMR: Japan Ready-Made Meal Association: "Trend of HMR market size" in White Paper on Ready-Made Meals  
Cooking at home: Calculated by subtracting the HMR market size and the eating-out market size from the household spending for food and drink according to Cabinet Office's System of National Accounts

## Proposals of Deliciousness

### Use of inner trays

Bringing the good flavors of fresh meals home with the use of inner trays

#### MFP Doris Cup



### Fresh microwave deli

Delivering the taste of raw food ingredients that can be enjoyed after microwaving



創って魅せる  
その先に、新たなマーケット  
エフピコフェア2016

FPCO Fair 2016  
Held Tue.-Thu., March 29-31, 2016  
at West Hall 4, Tokyo Big Sight  
Attracted approx. 14,000 visitors.

#### Team X

Proposals on collaboration with food manufacturers and vendors



## Enhanced Workability

**Sashimi** ▶ Limiting the movement of content in transit  
Reducing the workload at stores



Kakomi Sarawaku

**Hot prepared food** ▶ Easy to work with and giving a simple look



PPSA Fritt



## Increased Product Value

**Salad** ▶ Inner trays maintain freshness



B&H

AP Vege Box

**Assortments of prepared food items**  
▶ Producing impressive copiousness



Conventional Product: Tiara Platter

New Product: Schelto Platter

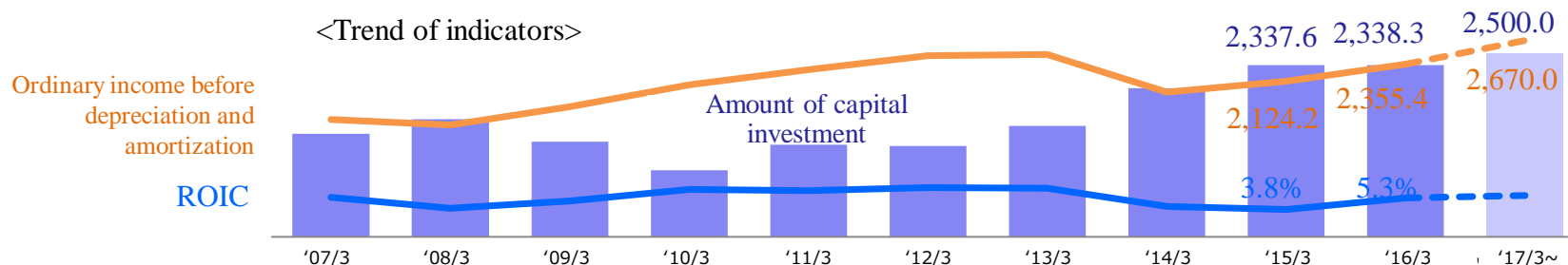
Schelto Platter



**Functions  
Materials  
and  
Appearance**

## Continuing to make investment aimed at expanding corporate value

	2011	2012	2013	2014	2015	2016	2017		
Unit: billion yen	Results						Plan		
	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	6periods total	2017/3	Total sum
Production	3.4	6.0	5.9	3.9	9.5	13.1	41.8	14.7	56.6
Logistics	2.5	1.7	5.0	11.4	9.3	5.6	35.5	1.6	37.1
Molds	1.8	1.9	1.4	2.2	2.4	1.7	11.5	2.3	13.8
Recycling	3.7	1.1	1.1	0.2	0.1	0.2	6.5	1.5	8.0
IT	0.3	0.5	0.4	0.6	0.4	0.5	2.7	0.6	3.3
Group Companies	0.8	1.2	1.2	2.0	1.6	2.1	9.0	4.2	13.2
<b>Total</b>	<b>12.6</b>	<b>12.4</b>	<b>15.1</b>	<b>20.3</b>	<b>23.4</b>	<b>23.4</b>	<b>107.0</b>	<b>25.0</b>	<b>132.0</b>
ordinary income before depreciation and amortization	22.7	24.6	24.8	19.7	21.2	23.5	136.5	26.7	163.2



\* Since 2009/03, lease obligations have been stated on the balance sheet.

# Boosting the production capacity of original products

2011      2012      2013      2014      2015      2016

Nov. 2010 **Chubu PET Recycling Plant**



Jun. 2014



**Nishinohon PET-Bottle Recycle Co., Ltd.**

Fall 2017 **Kanto Eco PET Plant**

Mar. 2016



**Chubu Eco PET Plant**

**PET recycling efforts**      May 2012: Market release of the Eco APET

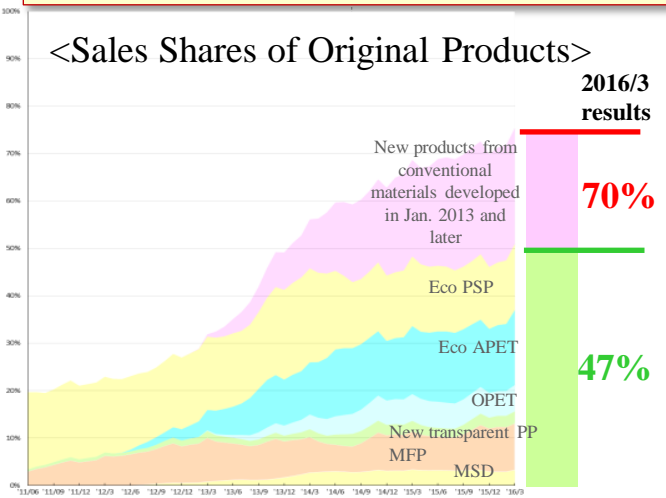
Jul. 2012 **Kanto Yachiyo Plant**



**OPET actions**

Nov. 2012: Market release of OPET products

<Sales Shares of Original Products>



**Strengthening production lines for MFP and new transparent PP**

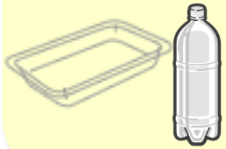
**Attempts for the OPP**



Eco APET

**Integrated production covering the processes of  
Collection → Recycling → Production of environmentally friendly products**

Collected PET trays  
Collected PET bottles



PET mechanical recycling plant

PET flakes



Air feed

Sheet  
extrusion

Product forming

Sheet extrusion and forming

Eco APET products



Production capacity:  
40,000 cases per month

OPET

**Increasing production  
capacity**

OPET  
products



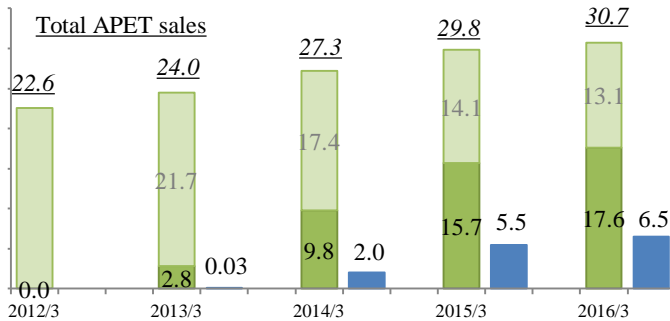
Production capacity:  
40,000 cases per month

Sheet  
extrusion

Product forming

<Sales of Eco APET & OPET>

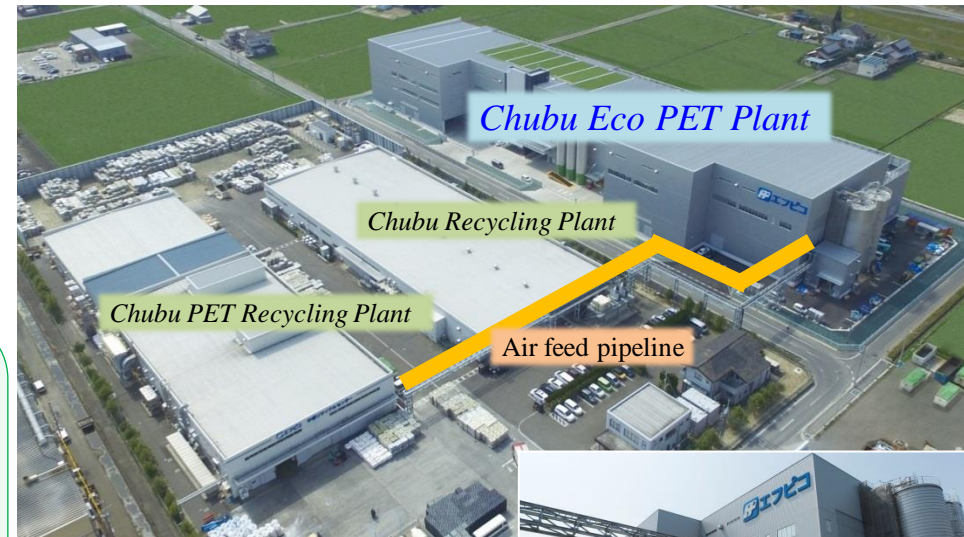
Unit: billion yen



Ratio of environmentally  
friendly APET products

(including OPET)  
Mar. 2016 Mar. 2017  
**55% ⇒ 60%**

(excluding OPET)  
Mar. 2016 Mar. 2017  
**74% ⇒ 87%**



Three stories above ground  
Total floor area: 7,200 tsubo  
Investment: 11.6 billion yen



Eco APET

Virgin APET

OPET

***Curbing increases in logistics costs and ensuring stable supply***

2011

2012

2013

2014

2015

2016

**Chubu expansion**



May 2011

**Kyushu expansion**



July 2013

**Fukuyama XDC**



Warehouse in Aug. 2014, Sorter in Oct. 2014

**Emergency power-generating equipment**



**Kanto expansion**



July 2012

**Kansai expansion**



October 2013

**Hachioji new facility**



DC in Nov. 2014 and PC in Feb. 2015, Second phase construction was finished in Sep. 2015

Shipments in number of cases  
2016/3: 119

**At end of FY2015**

9 Distribution Centers: 152,000 tsubo

12 Picking Centers: 37,000 tsubo

2012/3: 100

**Construction of a system with greater speed and accuracy**

**Route Planner**

**RD Check System**

*Real-time Delivery Check System*

**S&S System**

*Software & Schedule System*

**Packaging size optimization**

**Voice Picking System**

## <1> Vehicle allocation planning system (Route Planner)

- ▶ Effective delivery plan

Real-time Delivery Check System

## <2> Delivery status check system (RD Check System)

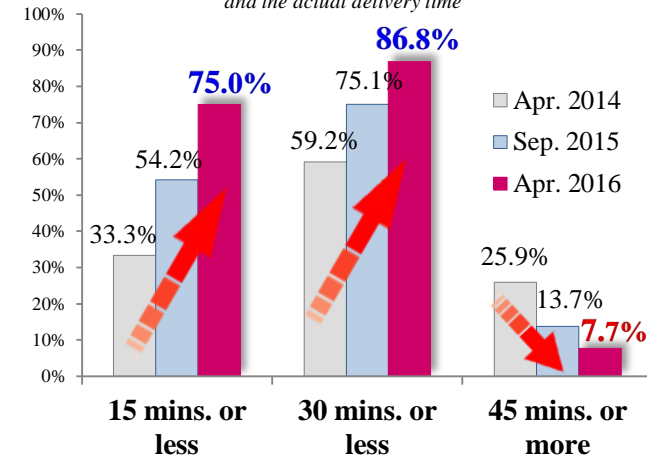
- ▶ Online view of delivery status
- ▶ Increased accuracy in delivery

## <3> Voice picking System Introduced to six major facilities

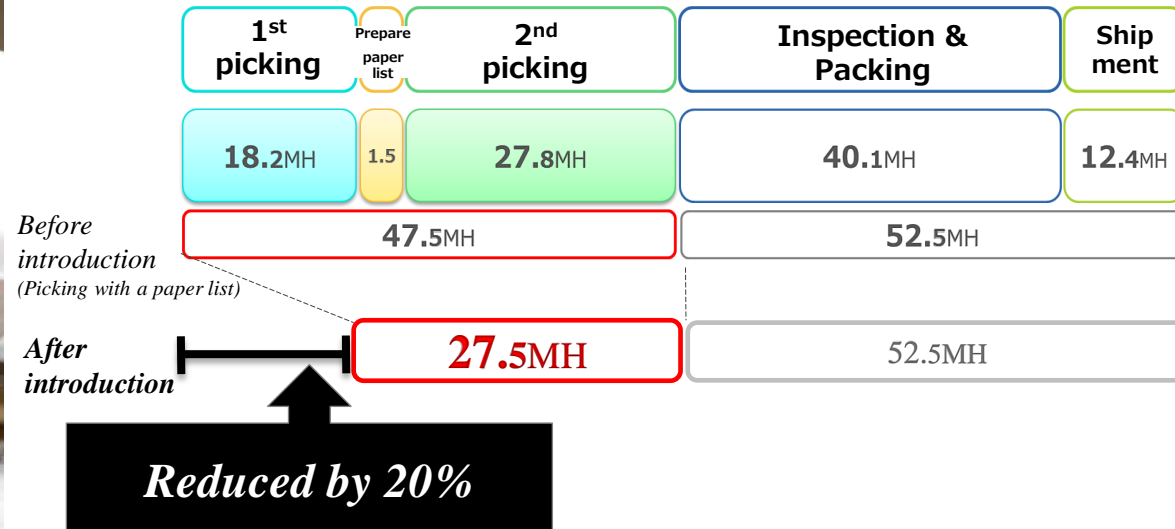
- ▶ Response to a labor shortage
- ▶ Suppression of increase in expenses following growth in quantities handled

### <Effect of the RD Check System>

Difference between the scheduled delivery time and the actual delivery time



### <Effect of the voice picking>

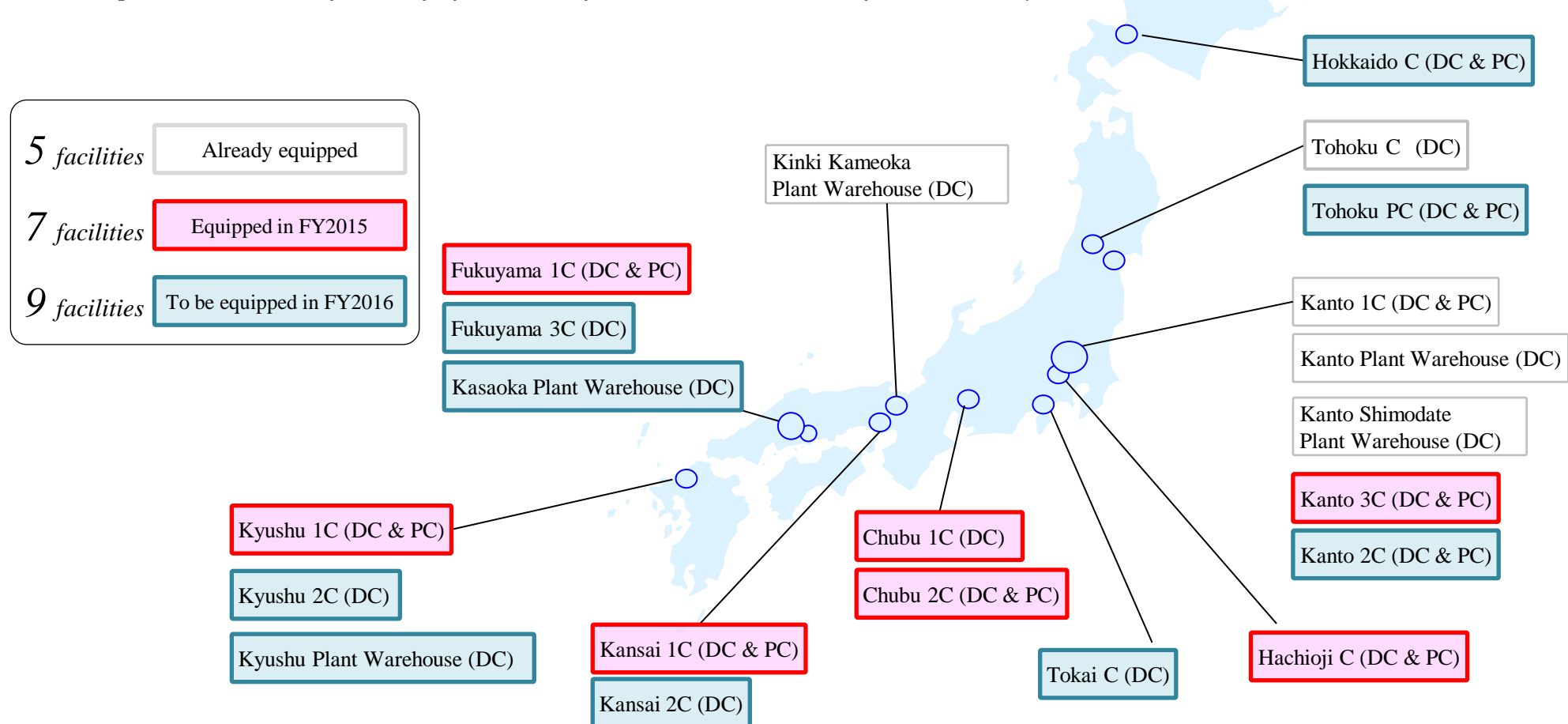





## “Stable supply in the event of a disaster”

All of the 21 logistics facilities nationwide will be equipped with emergency power generating equipment.

- ✓ Ensuring **72 hours** of power supply with fuel stored: Helping customers to continue their business activities
- ✓ Completion due in the first half of FY2016 after a total investment of 700 million yen



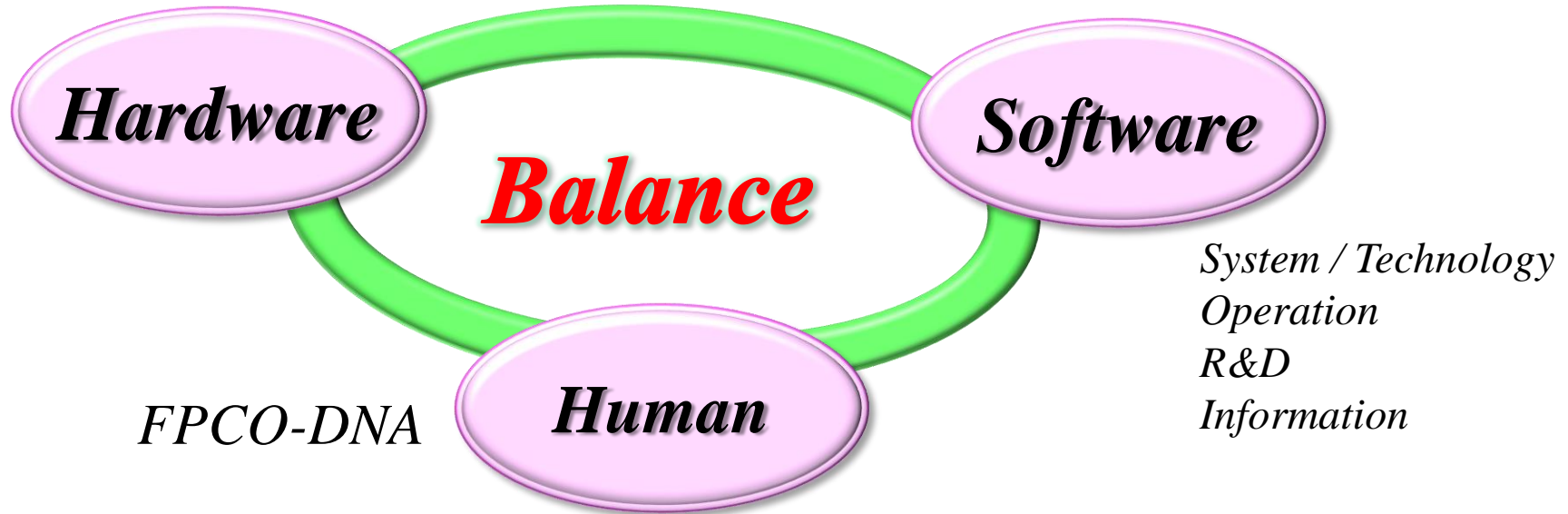
# Recognition for IT/ESG Initiatives

Year	Logo	Achievement	Organizer	Details
2015 (Dec.)		Environment Minister's Award for Global Warming Prevention Activity: <i>Awarded in the category of countermeasure activity implementation and dissemination</i>	Ministry of the Environment	The Ministry of the Environment honors individuals and organizations with distinguished achievements in the prevention of global warming as part of its initiative for encouraging actions against global warming. The award was won in recognition of <a href="#">years of the FPCO method of Tray-to-Tray and Bottle-to-Tray recycling efforts</a> and of the <a href="#">CO<sub>2</sub> emission reduction effect of the Eco Tray and the Eco APET recycled products</a> .
2015 (May)		Competitive IT Strategy Company <i>Selected</i>	Ministry of Economy, Trade and Industry, and Tokyo Stock Exchange	Companies listed on the Tokyo Stock Exchange are selected as a result of actively investing in and utilizing IT for purposes such as maximizing revenue and business innovation. FPCO was recognized for its <a href="#">delivery planning system and SCM (demand forecasting and production matching) system</a> amongst others.
2015 (Mar.)		Diversity Management Selection 100 <i>Selected</i>	Ministry of Economy, Trade and Industry	The Ministry of Economy, Trade and Industry selects companies that have <a href="#">harnessed a diverse range of human resources to create new value</a> . FPCO was recognized for <a href="#">giving key roles to disabled employees</a> in areas such as container manufacturing and recycling <a href="#">and translating that into increased value for the company as a whole</a> .
2012		Leading Company for the Employment of Disabled Workers Heartful Ribbon Mark <i>Accredited</i>	Ministry of Health, Labour and Welfare	The Ministry of Health, Labour and Welfare accredits companies that have engaged in outstanding initiatives and made an active contribution to the community through the employment of disabled people.
2011		Eco First Company <i>Accredited</i>	Ministry of the Environment	The Minister of the Environment accredits <a href="#">leading environmental companies in each industry</a> . Companies then <a href="#">pledge to the minister that they will engage in environmental preservation initiatives</a> , including measures to combat global warming, reduce waste and promote recycling. There are only 40 accredited companies at present (as of March 2015).
2010		The First Eco Mark Award <i>Gold Prize</i>	Japan Environment Association Eco Mark Office	Awards are presented to companies and other organizations that have engaged in outstanding initiatives in terms of contributing to a more sustainable society, by actively selecting products that benefit the consumer's environment and making an effort to improve their own environment as a company. <a href="#">FPCO was selected for its Tray to Tray® recycling initiatives</a> .
2006		The First Environment Minister's Prize for the Promotion of the 3Rs in Containers and Packaging <i>Grand Prize in the Product Category</i>	Ministry of the Environment	FPCO won the Grand Prize at the first awards presented as part of a scheme established by the Ministry of the Environment in 2006, in recognition of its efforts to <a href="#">promote cooperation with consumers in relation to Eco Tray® production, whilst also striking a balance between profitability and recycling</a> .



# For Expansion of Corporate Value

*Strategic investment for one step further*



**Balance of “Human” + “Hardware” + “Software”**

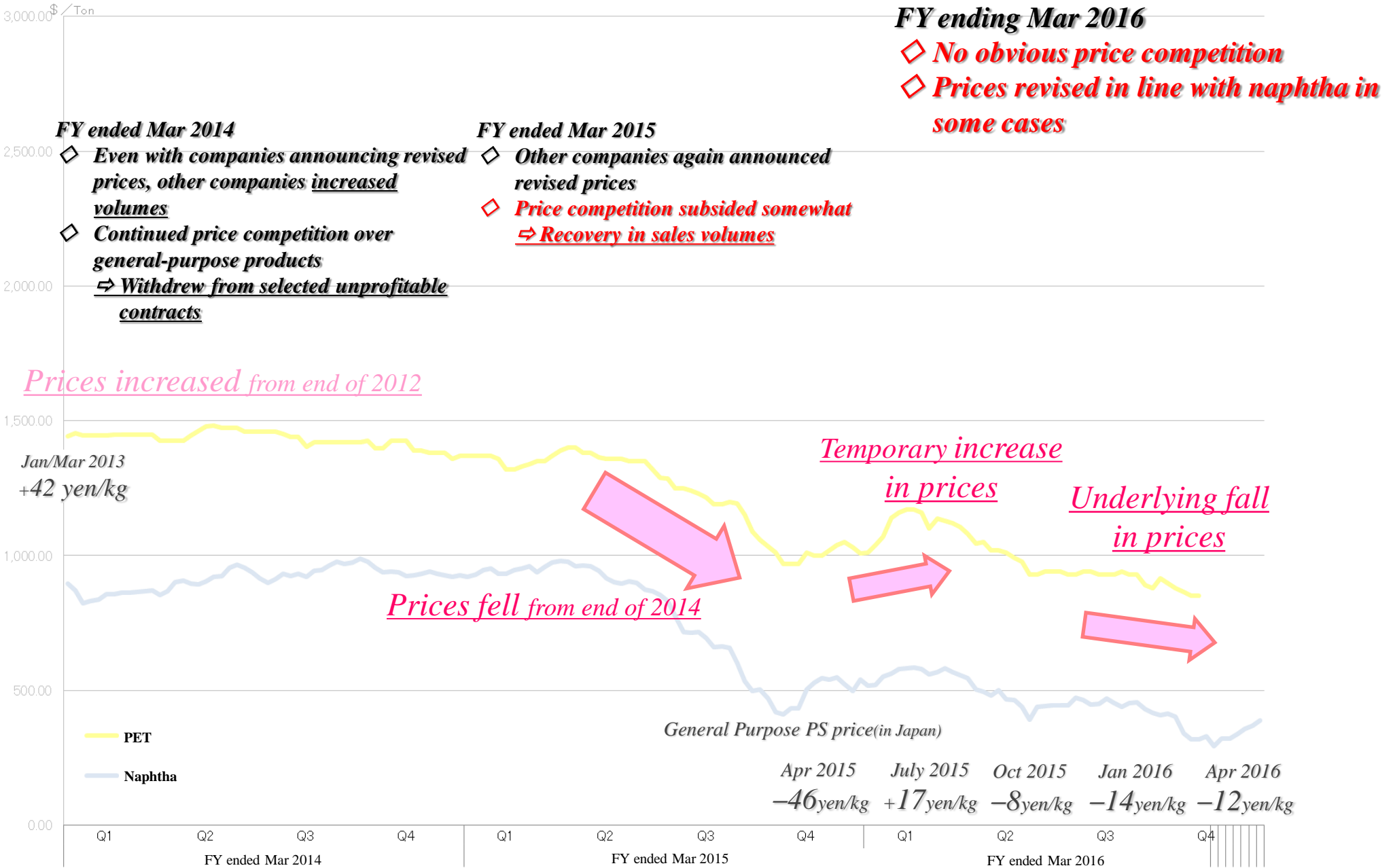
**Reliably delivering as needed  
the highest quality products  
at the most competitive price**



# *Supporting Data*

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# Raw Material Trends



### PP: polypropylene

- ★ Heat-resistant: +110°C
- ★ High oil resistance
- ★ Foam is hard and resistant to weight reduction.
- ★ Low firmness
- ★ Low cold resistance
- ★ Difficult to make transparent



### PS: polystyrene



### PSP: foamed polystyrene

- ★ Easy to mold
- ★ Low raw material ratio
- ★ Weight reduction is possible
- ★ High insulation
- ★ Low heat resistance: +70°C
- ★ Low oil resistance



### New transparent PP

- ★ Heat-resistant: +110°C
- ★ High oil resistance
- ★ Same transparency as OPS

### PET: polyethylene terephthalate

- ★ Resin introduced last
- ★ High transparency
- ★ High oil resistance
- ★ Low heat-resistance: +60°C
- ★ Heavy

### OPET: Biaxially stretched PET

- ★ High transparency
- ★ High oil resistance
- ★ Same heat-resistance as OPS: +80°C
- ★ Weight can be reduced by stretching
- ★ Difficult to mold

### MSD: Multisolid Non-foaming polystyrene



### MFP: multi FP

: foamed polystyrene

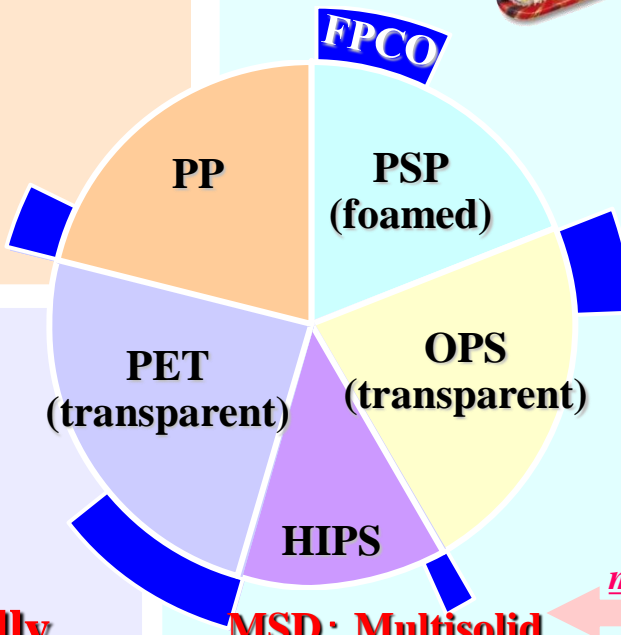
- ★ Easy to mold
- ★ Low raw material ratio
- ★ High thermal insulation
- ★ High oil resistance
- ★ Resistant to a wide range of temperatures: -40 to +110°C
- ★ High firmness
- ★ More weight reduction is possible



*Recycling of multi-FP remnants*

### OPS: oriented polystyrene

- ★ Transparent
- ★ Heat-resistant: +80°C
- ★ Low oil resistance
- ★ Limited weight reduction



\* The pie chart at the center represents the share by material (on weight basis).

# Factors influencing Ordinary Income

Unit:100 million yen

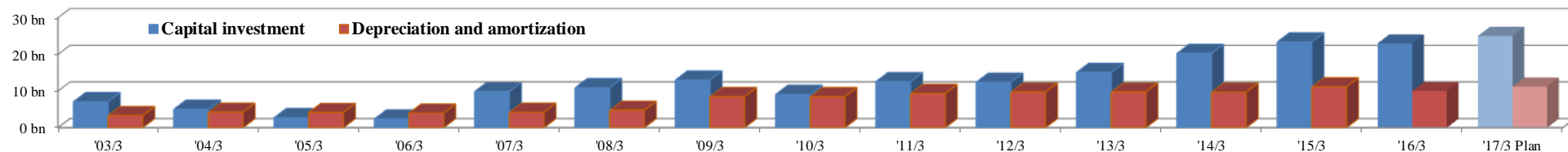
	'03/3	'04/3	'05/3	'06/3	'07/3	'08/3	'09/3			'10/3			'11/3			'12/3			'13/3			'14/3			'15/3			'16/3			'17/3 Plan					
							1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year			
Ordinary Income for previous year	63.1	28.6	33.6	36.3	66.5	81.2	32.0	32.5	64.5	39.2	53.7	92.9	60.1	62.1	122.2	68.3	66.4	134.7	69.2	80.3	149.5	75.3	75.9	151.2	51.1	49.4	100.5	47.4	53.6	101.1	66.3	74.0	140.3			
Impact of increase in raw material prices	-6.0	-13.8	-36.5	-10.0	-13.0	-39.5	-14.0	-23.0	-37.0	-25.0		-25.0																								
							Decrease in raw material prices			+44.0	+34.0	+78.0										Decrease in raw material prices			+16.0	+15.0	+31.0	+15.0	+3.0	+18.0						
							Raw material price increase			-6.0	-13.0	-19.0	-11.0	-12.0	-23.0	-19.0	-18.0	-37.0	-3.0	-12.5	-15.5	-18.0	-28.0	-46.0	-7.0	-	-7.0									
Increase in product prices	-25.0	+7.7	+29.2		+4.0	+9.0	+14.0	+24.0	+38.0	+25.0		+25.0				+10.0	+22.0	+32.0	+6.5	-	+6.5				Naphtha formula			-3.0	-8.0	-11.0	-7.5	-8.5	-16.0			
							1st product price reduction			-24.0	-20.0	-44.0										Product price correction			+2.0	+13.0	+15.0	+14.0	+2.0	+16.0						
							2nd product price reduction			-10.0	-9.0	-19.0										Price war on general-purpose products			-3.0	-10.0	-13.0	-10.0	-3.0	-13.0						
Raw material replacement and lighter-weight products			+2.0	+8.0	+8.6	+11.8	+6.0	+18.5	+24.5	+14.0	+6.0	+20.0							New material effects			+2.0	+6.0	+8.0	+4.5	+10.0	+14.5	+8.5	+11.0	+19.5	+10.5	+12.5	+23.0			
Increase in quantity/improvements to product mix		+45.0		+17.5	+5.8	+3.0	+4.5	+2.5	+7.0	+3.0	+3.0	+6.0	+11.0	+10.5	+21.5	+7.0	+8.0	+15.0	+9.0	+12.0	+21.0	+1.0	-	+1.0	-	+4.0	+4.0									
Production improvement	+2.4	-0.6	-2.0	+6.0	+8.7	+3.0	+0.5	+2.0	+2.5	+4.5	+5.0	+9.5	+6.0	+6.0	+12.0	+5.5	+3.5	+9.0	+1.0	+1.5	+2.5	+1.0	-	+1.0	+0.5	+3.5	+4.0	+5.0	+7.0	+12.0	+2.0	+0.5	+2.5			
Distribution improvement	+0.3	-14.0	+12.2	+5.5	+8.0	+5.7	+1.8	+3.2	+5.0	+4.5	+5.0	+9.5	+4.0	+4.0	+8.0	+2.0	+2.0	+4.0	+1.0	+0.5	+1.5	+1.0	-	+1.0	-	-1.0	-1.0	-	+1.5	+1.5	-	+0.5	+0.5			
Increase in profit from group companies										+2.5	+2.5	+5.0	+2.0	+3.5	+5.5	+3.0	+2.0	+5.0	+0.5	+0.5	+1.0	-	-1.0	-1.0	-	-1.5	-1.5	+3.0	+2.5	+5.5	+1.0	+2.5	+3.5			
Profit from the sale of artwork			+1.0	-1.0			+4.0		+4.0	-4.0		-4.0													Subsidies			+5.9	+0.6	+6.5	-1.4	-0.3	-1.7	-4.6	+1.9	-2.7
Cost increase	-6.2	-19.3	-3.2	+4.2	-7.4	-9.7	-9.6	-6.0	-15.6	-7.6	-5.1	-12.7	-4.0	-7.5	-11.5	-7.6	-5.6	-13.2	-8.9	-6.4	-15.3	-10.0	-7.0	-17.0	-11.6	-10.4	-22.0	-9.2	-8.4	-17.6	-8.0	-6.1	-14.1			
Total increase/decrease	-34.5	+5.0	+2.7	+30.2	+14.7	-16.7	+7.2	+21.2	+28.4	+20.9	+8.4	+29.3	+8.0	+4.5	+12.5	+0.9	+13.9	+14.8	+6.1	-4.4	+1.7	-24.0	-27.0	-51.0	-3.7	+4.2	+0.5	+18.9	+20.3	+39.2	+8.4	+6.3	+14.7			
Ordinary income	28.6	33.6	36.3	66.5	81.2	64.5	39.2	53.7	92.9	60.1	62.1	122.3	68.3	66.4	134.7	69.2	80.3	149.5	75.3	75.9	151.2	51.1	49.4	100.5	47.4	53.6	101.1	66.3	74.0	140.3	75	80	155			

# Trends in Capital Investment and R&D Costs

	FY ended March 2003	FY ended March 2004	FY ended March 2005	FY ended March 2006	FY ended March 2007	FY ended March 2008	FY ended March 2009	FY ended March 2010	FY ended March 2011	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ending March 2017 Plan
<b>Production</b>	Yamagata Plant				Shimodate Daini Plant			Taiyo Kosan	Nihon Pearl Containers	Dia Foods			"FPCO Research Center" Development and Training Building		
					Chubu Daini Plant			Wood Plant	Food container facilities	ALRight					Kanto Eco PET plant
						Kyushu Daini Plant			Hokkaido Plant extension	Kanto Yachiyo Plant				Chubu Eco PET plant	
															Strengthening of transparent containers >
<b>Distribution</b>	East Japan Hub Center				Kanto Yachiyo Center			New Fukuyama Picking Center				Logistics centers in Kyushu			
	Kyushu HC											Logistics centers in Kansai			
	Kansai PC								New Chubu Picking Center				Fukuyama Cross Dock Center		
		Hokkaido HC												Logistics centers in Hachioji	
															Improving the distribution network >
<b>Recycling</b>					Chubu, Tohoku & Kyushu Recycling Plants			Nationwide expansion of containersorting centers							
								Equipment renewal of cleaning lines							
								Chubu Recycling Plant							
								Construction of a new recycling network >					NPR		
										Chubu PET Mechanical Recycling Plant					PET recycling operations >
<b>Other investments and costs</b>					Tokai HC		Head Office land & building in Fukuyama		Yuka Shoji		Land for logistics centers in Kyushu				
							Land for New Kanto Plant	Land & building in Chubu		Interpack	Land for logistics centers in Kansai				
											Land for logistics centers in Hachioji			Miyakohimo	company accommodations

Unit : million yen

Capital investment	7,096	5,037	2,742	2,394	9,885	10,909	13,007	9,090	12,585	12,423	15,087	20,257	23,377	23,000	25,000
Tangible	6,138	4,248	2,621	2,156	9,523	10,655	12,166	8,827	12,352	12,093	14,783	19,750	23,051	22,700	24,700
Intangible	958	789	120	238	362	254	841	263	233	329	303	506	325	300	300
Figures for molds only	780	460	436	550	771	609	1,892	1,507	1,833	1,946	1,425	2,151	2,416	2,340	2,322
Depreciation and amortization	3,339	4,210	4,134	3,965	4,194	4,742	8,467	8,461	9,316	9,728	9,746	9,703	11,136	10,000	11,200
Research and development	654	628	689	751	895	913	965	1,035	1,101	1,051	1,062	1,148	1,105	1,190	1,270

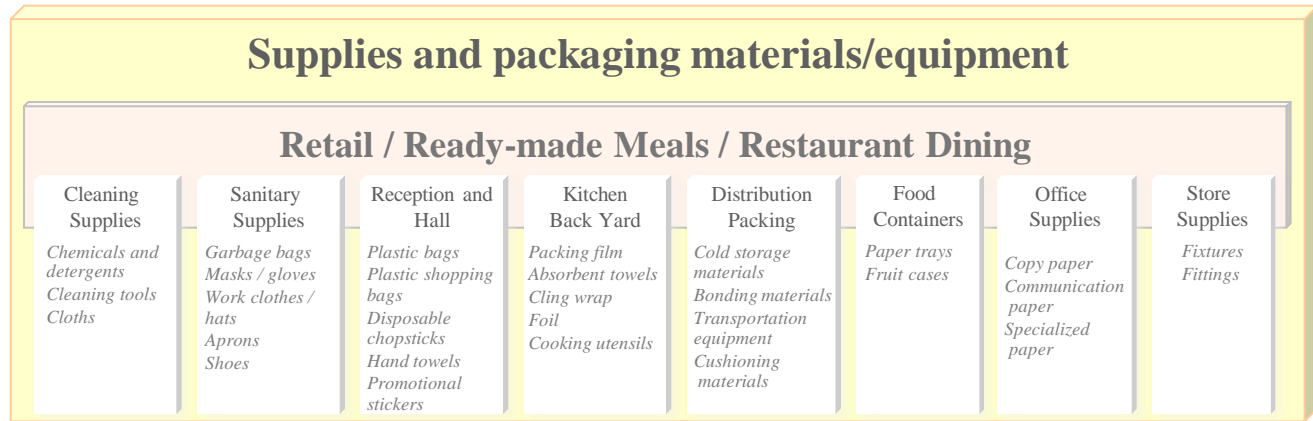
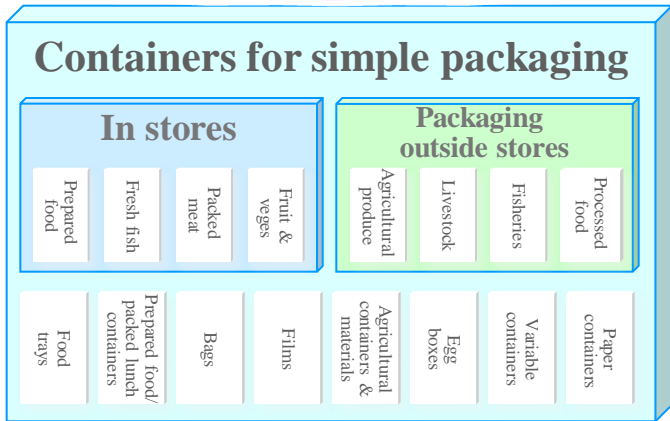


\* Since 2009/03, capital investment have been included procurement through lease.

# Initiatives to Market

**Products** Market size: ¥500 billion

**Goods** Market size: Over ¥2.5 trillion



*Bolstering our competitive edge in specialty areas*

*Gaining ground in new fields*

*Wholesalers support*

*Alliances and M&A*

*World-first materials and functions*

**FP Logistics and I-logic**

## FPCO Group Capacity

- Product/material development capabilities
- Solution capabilities
- Procurement capabilities
- Distribution capabilities
- SCM
- Environmental management
- Social responsibility
- Infrastructure

**FP Trading Co., Ltd.**

Manufacturer of packaging materials and consumables



# 【Information on the Facility Tour】

Contact: Takashima at the Corporate Planning Department  
(TEL)+81-3-5325-7756 (MAIL)ir\_7947@fpco-net.co.jp  
at a convenient time for you.

*An opportunity to take a look at the state-of-the-art  
Production, Distribution, Recycling operations*

**Kanto** 30 minutes from Koga station on JR East Lines.  
Kanto Hub Center No.2



OPET production facilities



**Hachioji** 20 minutes from Akigawa station on JR East Lines.



**Fukuyama** 30 minutes from Fukuyama station on JR West Lines.



**Chubu** 20 minutes from Gifuhashima station on JR Tokai Lines.



*In Operation since March 2016*

PET Mechanical Recycling plant

平成27年度  
地球温暖化防止活動環境大臣表彰



December 2015  
Awarded the Minister of the Environment's 2015 Commendation for Global Warming Prevention Activity  
[http://www.env.go.jp/earth/ondanka/min\\_award/h27\\_pamph/ref-hyousho1.pdf](http://www.env.go.jp/earth/ondanka/min_award/h27_pamph/ref-hyousho1.pdf)



May 2015  
Selected as a Competitive IT Strategy Company in the program launched jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange  
<http://www.jpx.co.jp/news/0010/nlsgeu000000yxnw-att/nlsgeu000000yxr2.pdf>



March 2015  
Selected by the Ministry of Economy, Trade and Industry as a winner of the FY2014 Diversity Management Selection 100 project  
<http://www.meti.go.jp/policy/economy/jinzai/diversity/kigyo100sen/index.html>



April 2011  
Made an "Eco-First promise" to the Environment Minister as an environmentally-advanced company and was certified as an "Eco-First company."  
<http://www.env.go.jp/guide/info/eco-first/index.html>



February 2011  
Received the Gold Prize of Eco Mark Award 2010 (first Eco Mark Award) from the Japan Environmental Association.  
[http://www.ecomark.jp/award/award\\_2010.html](http://www.ecomark.jp/award/award_2010.html)