

# *Financial Results*

## *for the fiscal year ended March 2017*

平成27年度  
地球温暖化防止活動環境大臣表彰



FP Corporation

May 12, 2017

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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 2017***

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

# Financial Results Summary

(Results for the FY ended March 2017)

  Record high

✓ Highest sales and profit ever

Naphtha Formula  
-2,350million yen  
Products made to order  
(Convenience Store)  
-1,400million yen

Withdrawal from  
the unprofitable transactions  
-1,100million yen

Unit:million yen	Results for Full year								Full year projections		
	FY ended March 2016		FY ended March 2017						FY ended March 2017		
	Performance	Percentage	Performance	Percentage	Increase / decrease	Year-on-year	Quantity	Case	Planned	Percentage	Progress rate
Trays	29,540	17.3	29,303	17.0	- 237	99.2%	99.6%	101.7%	30,200	17.2	97.0%
Lunchboxes and prepared food containers	90,696	53.3	92,844	53.7	+2,147	102.4%	105.1%	106.5%	94,800	53.9	97.9%
<b>Total</b>	<b>120,237</b>	<b>70.6</b>	<b>122,147</b>	<b>70.7</b>	<b>+1,910</b>	<b>101.6%</b>	<b>103.1%</b>	<b>105.3%</b>	<b>125,000</b>	<b>71.0</b>	<b>97.7%</b>
Other products	6,051	3.6	5,776	3.3	- 274	95.5%			6,000	3.4	96.3%
<b>Sales of products</b>	<b>126,289</b>	<b>74.2</b>	<b>127,924</b>	<b>74.0</b>	<b>+1,635</b>	<b>101.3%</b>			<b>131,000</b>	<b>74.4</b>	<b>97.7%</b>
Packaging materials	35,398	20.8	36,335	21.0	+937	102.6%			36,400	20.7	99.8%
Other goods	8,605	5.1	8,598	5.0	- 6	99.9%			8,600	4.9	100.0%
<b>Sales of goods</b>	<b>44,003</b>	<b>25.8</b>	<b>44,933</b>	<b>26.0</b>	<b>+930</b>	<b>102.1%</b>			<b>45,000</b>	<b>25.6</b>	<b>99.9%</b>
<b>Net sales</b>	<b>170,292</b>	<b>100.0</b>	<b>172,858</b>	<b>100.0</b>	<b>+2,565</b>	<b>101.5%</b>			<b>176,000</b>	<b>100.0</b>	<b>98.2%</b>
<b>Operating profit</b>	<b>13,248</b>	<b>7.8</b>	<b>15,176</b>	<b>8.8</b>	<b>+1,928</b>	<b>114.6%</b>			<b>15,100</b>	<b>8.6</b>	<b>100.5%</b>
<b>Ordinary profit</b>	<b>14,027</b>	<b>8.2</b>	<b>15,742</b>	<b>9.1</b>	<b>+1,715</b>	<b>112.2%</b>			<b>15,500</b>	<b>8.8</b>	<b>101.6%</b>
Profit attributable to owners of parent	9,294	5.5	10,953	6.3	+1,658	117.8%			10,400	5.9	105.3%
<i>Ordinary profit before depreciation and amortization</i>	23,554		26,926		+3,372	114.3%			26,700		100.8%

## ■ Sales

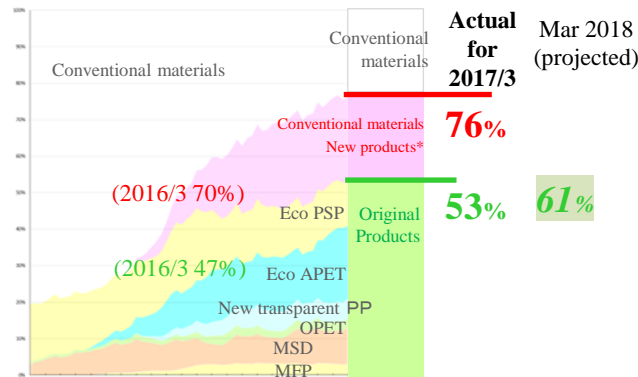
### Products

- Increase in sales volume of original products, especially Multi-FP and Eco APET
- High-value-added products and creating microwave menu market

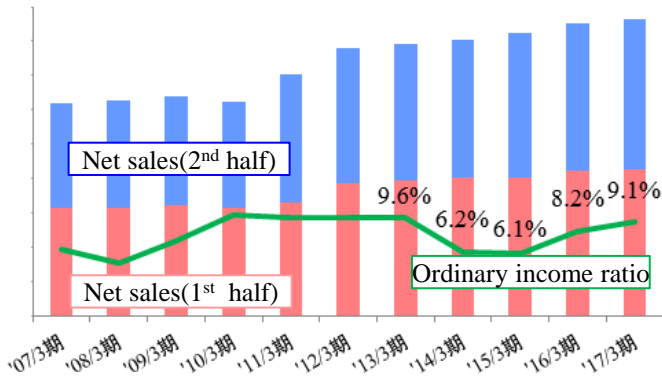
### Goods

- Expansion of FPCO PB products
- Withdrawal from the unprofitable transactions

## ◇ Product sales composition



## ◇ Ordinary income ratio

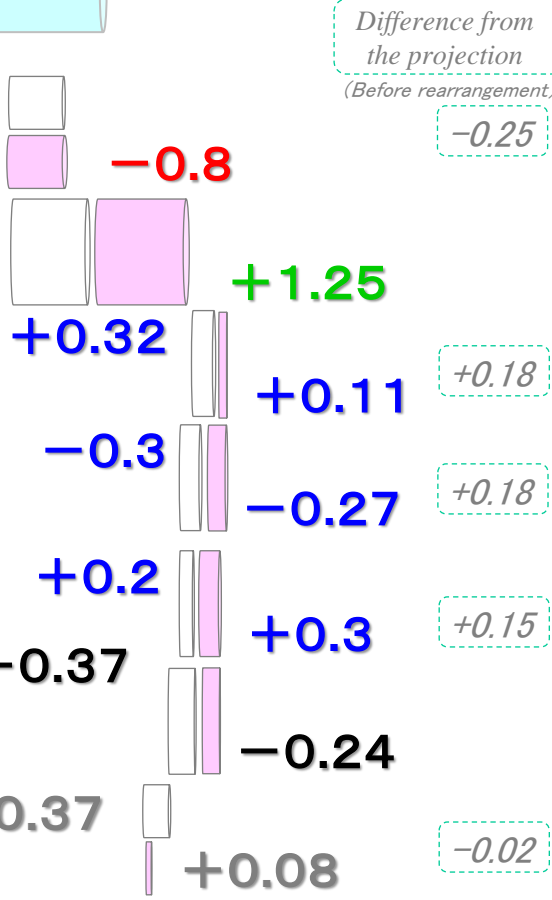


\* Up to December 2015: new products launched after January 2013; After January 2016: new products launched in the past 3 years

# Increase/Decrease in Ordinary Profit

(Results for the FY ended March 2017)

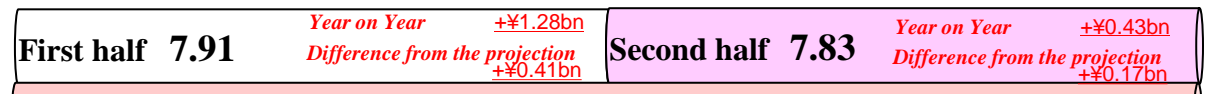
Unit: billion yen



Rearranged Variable distribution cost to the item "Improved Distribution" -0.8

Labor costs other

	Year on year		
	1st half	2nd half	Full
Sales quantity of products	103.8%	102.4%	103.1%
Sales quantity of cases	105.4%	105.1%	105.3%
Sales of products	101.5%	101.1%	101.3%
Sales of goods	101.5%	102.8%	102.1%
Net Sales	101.5%	101.5%	101.5%
Operating profit	127.1%	104.1%	114.6%
Ordinary profit	119.3%	105.9%	112.2%
Profit	121.2%	114.7%	117.8%



Year on year +1.71bn  
Difference from the projection +0.24bn

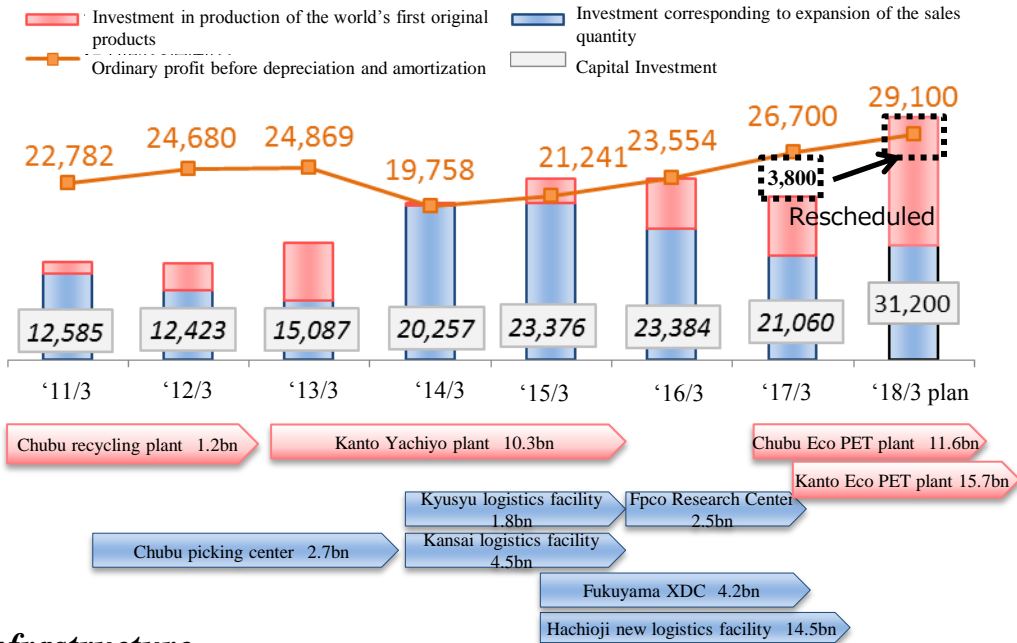
# Capital Investments and R&D cost

(Results for the FY ended March 2017)

Unit : million yen	Results for Full year				Full year projections	
	FY ended March 2016	FY ended March 2017		FY ended March 2017		
	Performance	Performance	Increase / decrease	Year-on-year	Planned	Progress rate
Tangible fixed assets	23,058	20,790	- 2,268	90.2%	24,700	84.2%
Intangible fixed assets	324	269	- 55	83.0%	300	89.8%
<b>Capital investment</b>	<b>23,383</b>	<b>21,060</b>	<b>- 2,323</b>	<b>90.1%</b>	<b>25,000</b>	<b>84.2%</b>
Depreciation and amortization costs	9,526	11,183	+ 1,657	117.4%	11,200	99.9%
Research and development cost	1,242	1,223	- 18	98.5%	1,270	96.3%

## Major capital investments

unit: million yen	Total investment	Performance	Plan in period
<u>Investment in production of the world's first original products</u>			
◆ Chubu Eco PET plant OPET production facilities、Integrated production of Eco APET land only (458)	11,579	4,536	4,496
◆ Kanto Eco PET plant Expansion of integrated production facilities of Eco APET	15,700	2,177	6,020
◆ Reinforcement of production facilities (Original oriducts)		662	620
<u>Investment corresponding to expansion of the sales quantity</u>			
◆ Introduction of automated facilities		874	760
◆ Company apartment building			
Chikusei	Inaugurated in Jan. 2017	1,670	1,208
Chubu	Inaugurated in Mar. 2017	1,231	1,078
◆ Molds		2,027	2,320
◆ IT investment		442	560



**Overwhelming market speriority**

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

# Balance Sheet

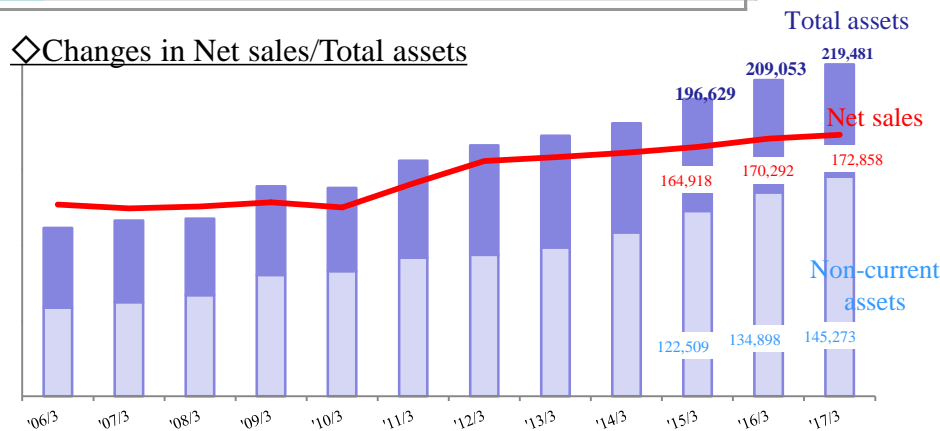
(Results for the FY ended March 2017)

Unit: million yen	Previous consolidated fiscal year	Consolidated fiscal year under review			
	FY ended March 2016 ( As of March 31,2016 )	FY ended March 2017		Breakdown of main increases and decreases	
	( As of March 31,2016 )	( As of March 31,2017 )	Increase/ decrease	Year-on- year	
Current assets	74,154	74,208	+53	100.1%	Cash and deposits +3,061 Notes and accounts receivable-trade -3,206
Noncurrent assets	134,898	145,273	+10,374	107.7%	Property, plant and equipment +9,374
<b>Total assets</b>	<b>209,053</b>	<b>219,481</b>	<b>+10,428</b>	<b>105.0%</b>	
Current liabilities	70,029	73,051	+3,022	104.3%	Short-term loans payable +6,784 Accounts payable-other -3,316
Noncurrent liabilities	47,432	46,707	Δ724	98.5%	Long-term loans payable +596 Lease obligation -1,664
<b>Total liabilities</b>	<b>117,462</b>	<b>119,759</b>	<b>+2,297</b>	<b>102.0%</b>	
Net assets	91,591	99,721	+8,130	108.9%	Retained earnings +7,851
<b>Total liabilities and net assets</b>	<b>209,053</b>	<b>219,481</b>	<b>+10,428</b>	<b>105.0%</b>	

Equity ratio 45.3% (the same period last year 43.6%)

- 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  
Prepare for expanding business flexibly

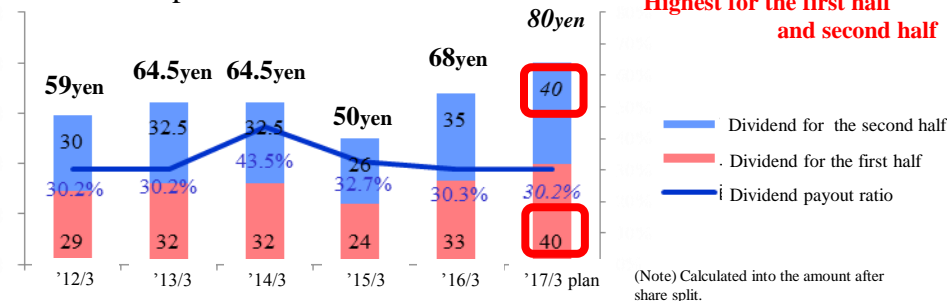
◇Changes in Net sales/Total assets



Unit: million yen	Results for Full year		
	FY ended March 2016 Performance	Performance	FY ended March 2017 Breakdown of Main Items
CF from operating activities	20,832	25,912	Profit before income taxes 15,591 Depreciation 11,183 Decrease in notes and accounts receivable - tra 3,296 Income taxes paid Δ 5,394
CF from investing activities	-17,923	-21,932	Purchase of property, plant and equipment Δ 22,557
Free cash flows	2,909	3,979	
CF from financing activities	-1,530	-924	Proceeds from long-term loans payable 21,500 Repayment of long-term loans payable Δ 13,549 Repayments of lease obligations Δ 3,829 Cash dividends paid Δ 3,102
Net increase/decrease of cash and case equivalents	1,379	3,054	
Cash and cash equivalents at end of period	15,089	18,144	

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

《Dividend per share》





*Plan*  
*for the fiscal year ending March 2018*

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# Outline of Plan for Account Settlement

(Plan for the FY ending March 2018)

Unit: million yen	Results for Full year		Full year projections				First half projections			
	FY ended March 2017		FY ending March 2018				FY ending March 2018			
	Performance	Percentage	Planned	Percentage	Increase /decrease	Year-on-year	Planned	Percentage	Increase /decrease	Year-on-year
<i>Trays</i>	29,303	17.0	29,700	16.6	+396	101.4%	14,600	16.7	+12	100.1%
<i>Lunchboxes and prepared food containers</i>	95,401	55.2	100,100	55.9	+4,698	104.9%	48,800	55.8	+1,708	103.6%
<i>Total</i>	124,704	72.1	129,800	72.5	+5,095	104.1%	63,400	72.5	+1,721	102.8%
<i>Other products</i>	3,220	1.9	3,200	1.8	- 20	99.4%	1,600	1.8	- 7	99.6%
<b>Sales of products</b>	<b>127,924</b>	<b>74.0</b>	<b>133,000</b>	<b>74.3</b>	<b>+5,075</b>	<b>104.0%</b>	<b>65,000</b>	<b>74.3</b>	<b>+1,713</b>	<b>102.7%</b>
<i>Packaging materials</i>	36,335	21.0	37,800	21.1	+1,464	104.0%	18,500	21.1	+578	103.2%
<i>Other goods</i>	8,598	5.0	8,200	4.6	- 398	95.4%	4,000	4.6	- 334	92.3%
<b>Sales of goods</b>	<b>44,933</b>	<b>26.0</b>	<b>46,000</b>	<b>25.7</b>	<b>+1,066</b>	<b>102.4%</b>	<b>22,500</b>	<b>25.7</b>	<b>+243</b>	<b>101.1%</b>
<b>Net sales</b>	<b>172,858</b>	<b>100.0</b>	<b>179,000</b>	<b>100.0</b>	<b>+6,141</b>	<b>103.6%</b>	<b>87,500</b>	<b>100.0</b>	<b>+1,957</b>	<b>102.3%</b>
<b>Operating profit</b>	<b>15,176</b>	<b>8.8</b>	<b>15,900</b>	<b>8.9</b>	<b>+723</b>	<b>104.8%</b>	<b>6,600</b>	<b>7.5</b>	<b>- 1,055</b>	<b>86.2%</b>
<b>Ordinary profit</b>	<b>15,742</b>	<b>9.1</b>	<b>16,500</b>	<b>9.2</b>	<b>+757</b>	<b>104.8%</b>	<b>6,900</b>	<b>7.9</b>	<b>- 1,007</b>	<b>87.3%</b>
<b>Profit attributable to owners of parent</b>	<b>10,953</b>	<b>6.3</b>	<b>11,150</b>	<b>6.2</b>	<b>+196</b>	<b>101.8%</b>	<b>4,710</b>	<b>5.4</b>	<b>- 696</b>	<b>87.1%</b>

※Reclassification in the part of "sales of products" from FY ending March 2018

## ■ Sales Products

Increasing sales ratio of the Company's original products and new products to stabilize earnings.  
labor saving by automation, IT and logistic infrastructure

Shipments: Rising 4% 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

Improvement in profitability with FPCO PB products

## ◇ Production

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

Cost reduction by introduction of industrial robots

## ◇ Logistics

Expanding the joint delivery operations,  
using Distribution network covering the entire country

Enhancing workability by voice picking system

Business Continuity Plan (BCP) actions

## ◇ ESG

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

# Planned Increase/Decrease in Ordinary Profit

(Plan for the FY ending March 2018)

Unit: billion yen

1st half 2nd half



**Raw Materials** **-0.1**

**Sales Efforts** **+1.60**

**Improved Production** **-0.55**

**Improved Distribution** **+0.15**

**Group Companies** **+0.20**

**Increased Expenses** **-0.54**

**The Price of material** **-2.7**    -1.6, -1.1

**Sales Price (Naphtha Formula)** **+2.6**    +0.4, +2.2

**Original products, MIX improvement, Increase in sales volume**

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

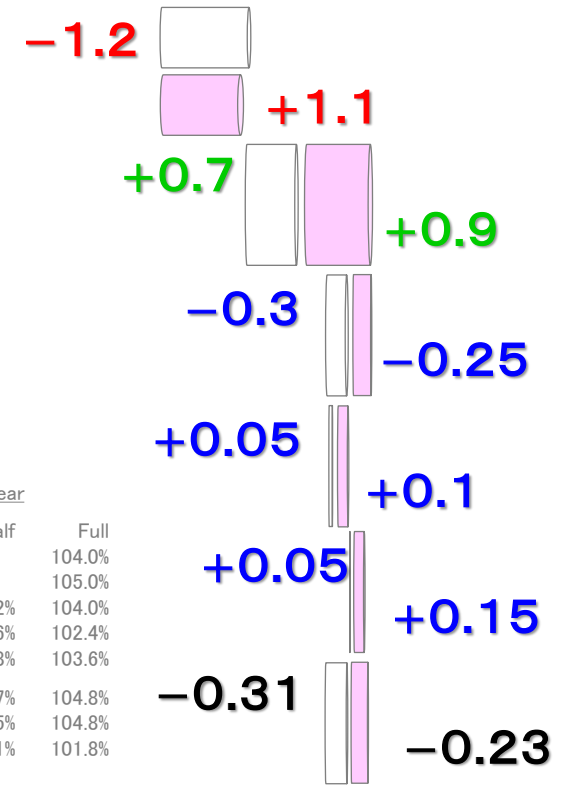
**Improvement** **+1.6**

**Labor cost** **+1.0**

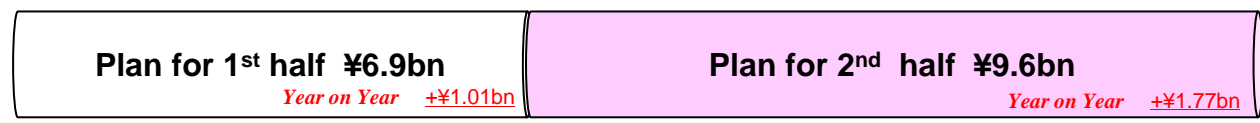
**Depreciation** **-0.8**

Labor cost, Depreciation other

	Year on year		Full
	1st half	2nd half	
Sales quantity of products			104.0%
Sales quantity of cases			105.0%
Sales of products	102.7%	105.2%	104.0%
Sales of goods	101.1%	103.6%	102.4%
Net Sales	102.3%	104.8%	103.6%
Operating profit	86.2%	123.7%	104.8%
Ordinary profit	87.3%	122.5%	104.8%
Profit	87.1%	116.1%	101.8%



**Year on year +0.76bn**



# Planned Capital Investment and R&D Cost

(Plan for the FY ending March 2018)

Unit : million yen	Results for Full year	Full year projections			First half projections		
	FY ended March 2017	FY ending March 2018			FY ending March 2018		
	Performance	Planned	Increase /decrease	Year-on-year	Planned	Increase /decrease	Year-on-year
Tangible fixed assets	20,790	30,800	+10,009	148.1%	19,800	+7,298	158.4%
Intangible fixed assets	269	400	+130	148.5%	100	+31	145.0%
<b>Capital investment</b>	<b>21,060</b>	<b>31,200</b>	<b>+10,139</b>	<b>148.1%</b>	<b>19,900</b>	<b>+7,329</b>	<b>158.3%</b>
Depreciation and amortization costs	11,183	12,100	+916	108.2%	5,700	+196	103.6%
Research and development cost	1,223	1,260	+36	103.0%	640	+27	104.5%

## Major capital investments

unit: million yen Total investment Plan for 2018/3

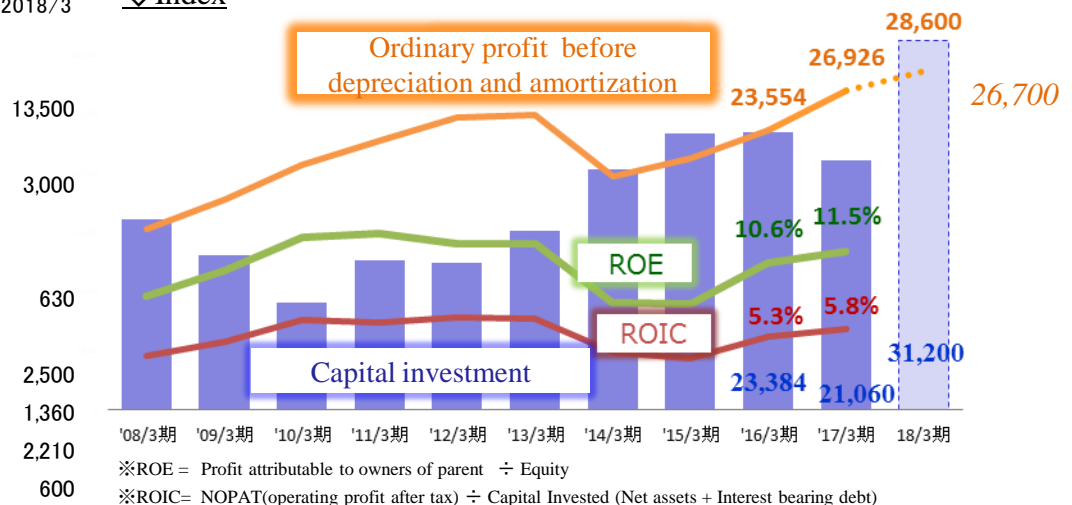
### Investment in production of the world's first original products

- ◆ Kanto Eco PET plant To be inaugurated in fall 2017 15,700
- Extension of integrated production facilities of Eco APET
- ◆ OPET production facilities in Nov 2017 3,000

### Investment corresponding to expansion of the sales quantity

- ◆ Introduction of automation facilities 2,500
- ◆ Reinforcement of production bases of Group Company
  - Film Plant To be inaugurated in Jan 2018 2,740
  - Film Printing Plant To be inaugurated in Apr 2017 4,500
- ◆ Molds 1,360
- ◆ IT investments 210

## ◇Index



# *To Increase Corporate Value*

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**President and COO**

**Morimasa Sato**



**FP CORPORATION**

# Market Conditions

## Circumstances surrounding the retail industry

**Stagnation of consumer spending and growing trend to cut back on consumption**

**Labor shortage and soaring labor costs**

- **Increasing the value of goods**
- **Improve workability in stores**
- **Shifting to packaging outside stores**

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**New product development**

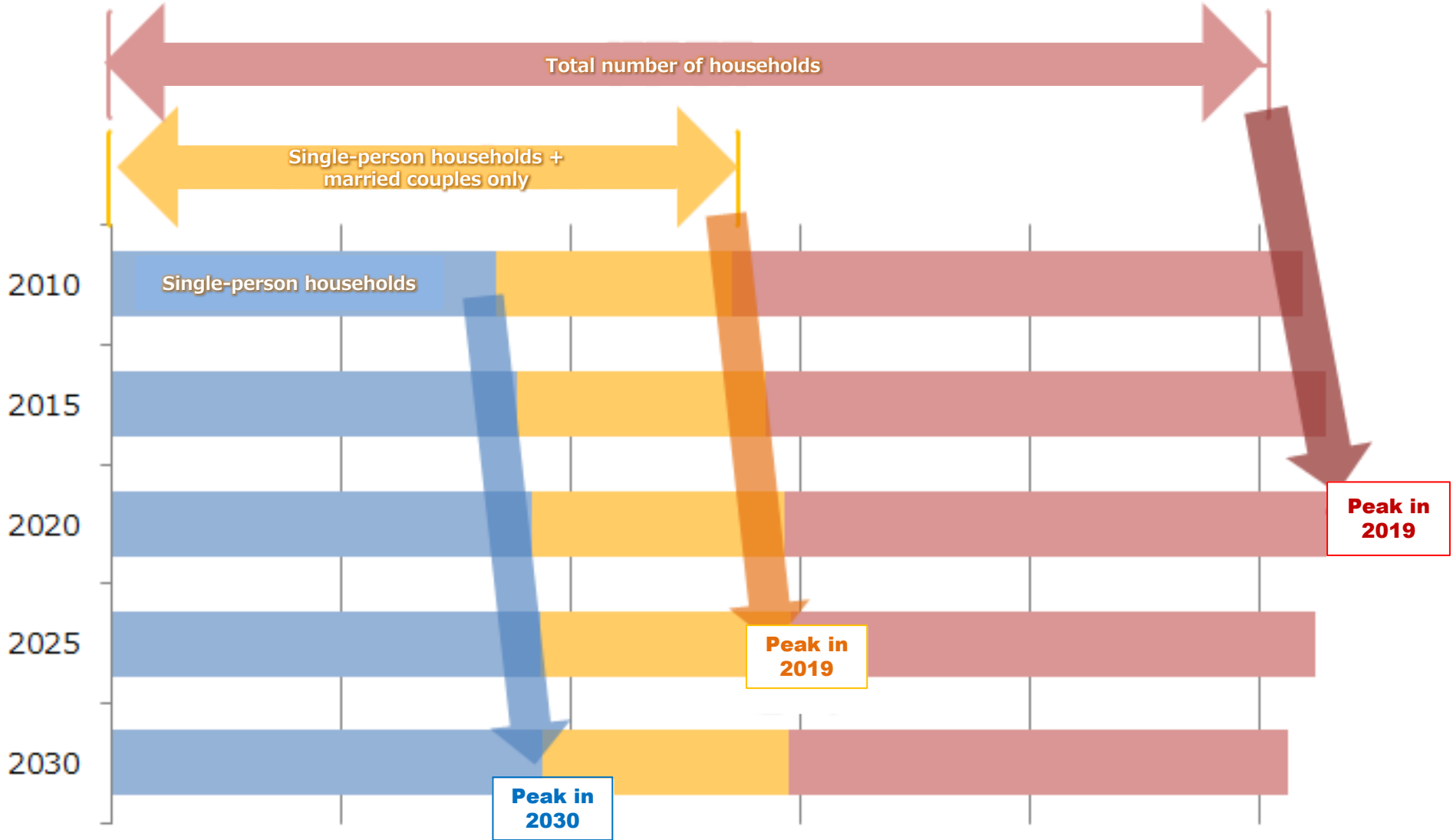
**Proposals on selling spaces**

**Logistical network**

**Recycling**

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

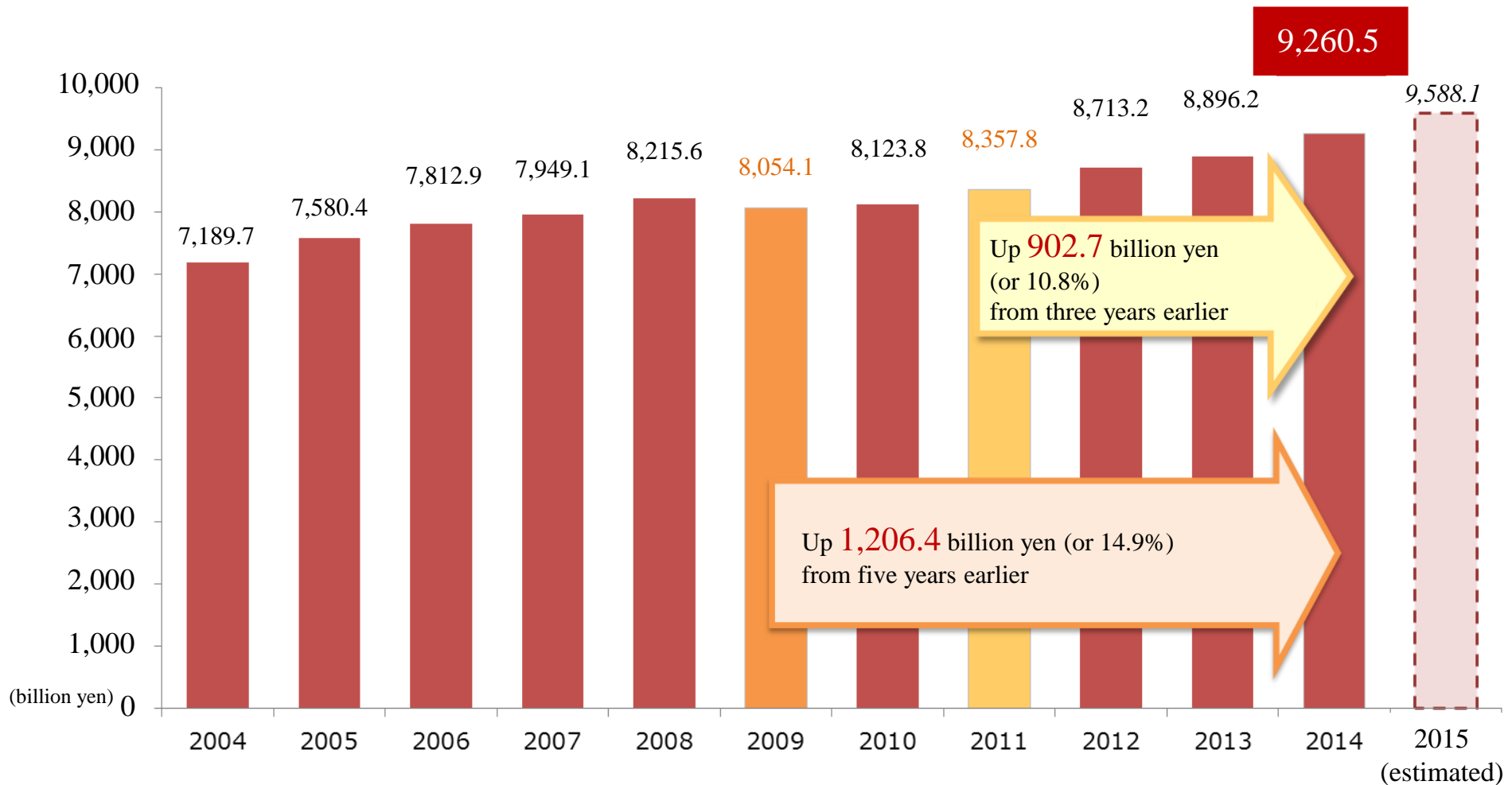
## Number of households



Source: Created by FP Corporation on the basis of data from the National Institute of Population and Society Security Research

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

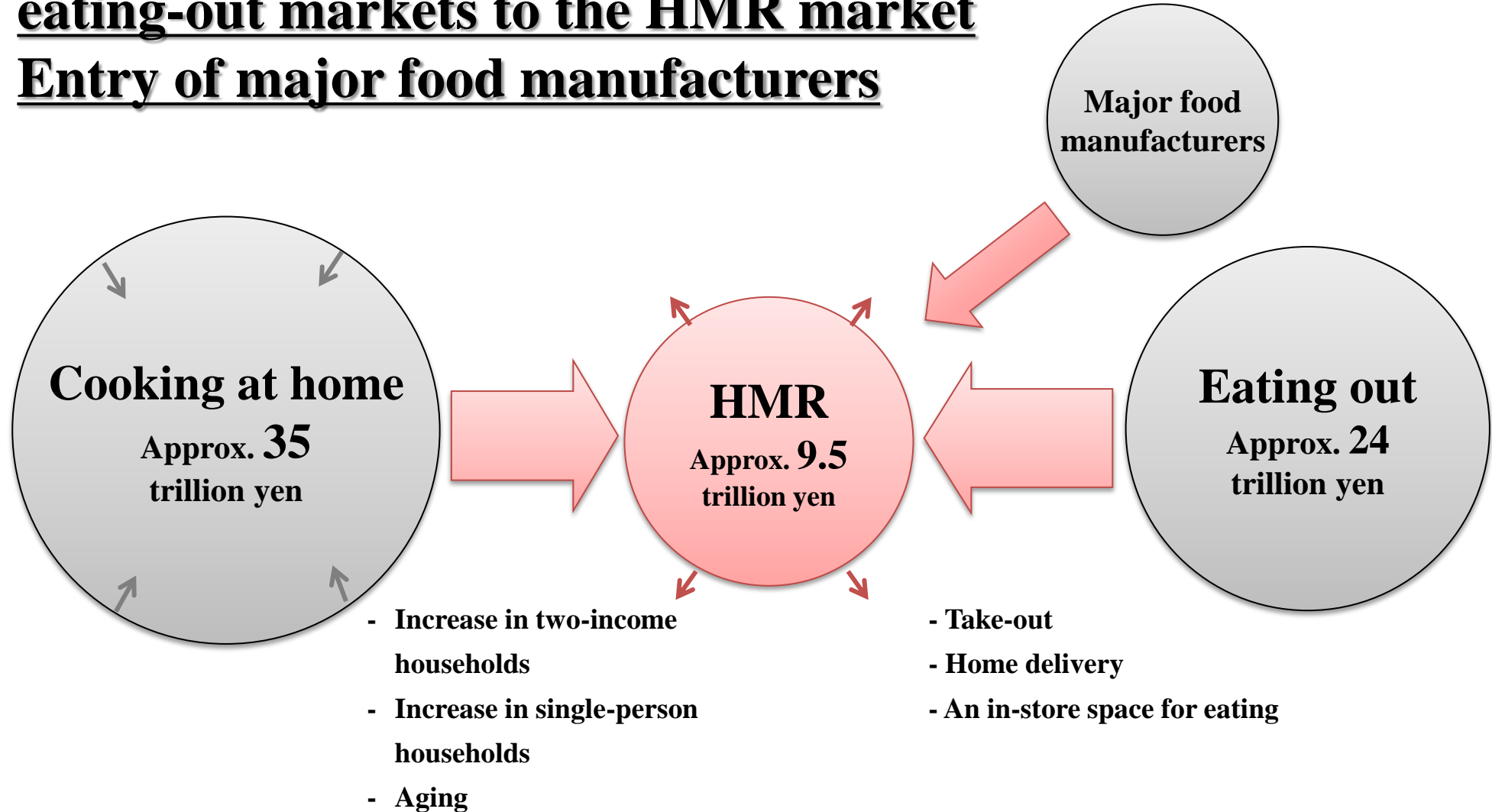
## HMR Market Size



Source: Japan Ready-made Meal Association: "Trend in Ready-Made Meal Market Size" in *White Paper on Ready-Made Meals*



## Shift from the cooking-at-home and eating-out markets to the HMR market Entry of major food manufacturers



## “A Proposal for deliciousness”

### Utilizing inner trays

#### **Bento meals and ready-made food**

Bringing the good flavors of fresh meals home  
Expanding the scope of recipes that may be offered



#### **Salads**

Maintaining freshness  
Using value-added food items

Before  
**2 pieces**  
Container and lid



After  
**3 pieces**  
Container, inner tray  
and lid



After  
**5 pieces**  
Container, inner tray,  
lid and two inner cups  
(for the container and for the lid)



## “A proposal for deliciousness”

**Entrenching the microwave market**  
Making the dedicated selling space permanent



**Delivering the taste of fresh food ingredients**

Millefeuille of pork and Chinese cabbage



Attracting attention!  
**Microwaveable soup of fresh vegetables**



**Microwavable Original Products**



**MFP**

- From -40°C to +110°C
- Thermal insulation
- Lightweight



**PP**

- Heat resistance temperature of +110°C
- Oil resistance
- Increased transparency

**OPET**

- Heat resistance temperature of +80°C
- Oil resistance
- Lightweight

# Solutions to Problems Facing Stores: Containers' functions to cover labor shortage

Easing workload in stores

Responding to complaints about holes

Shifting to package outside stores and strengthening ready-made food plants

Workload reduced with easy fitting for closing containers

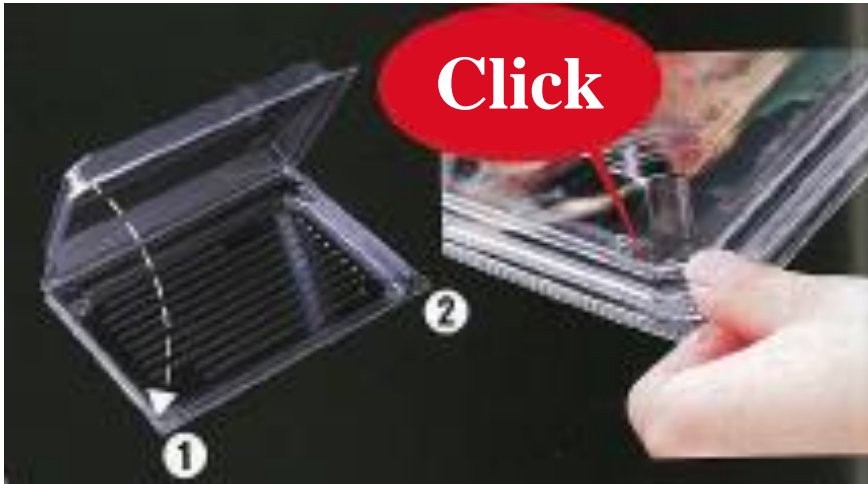
Outstanding oil resistance

**Point sealing with tapes**

**Replacing OPS materials**

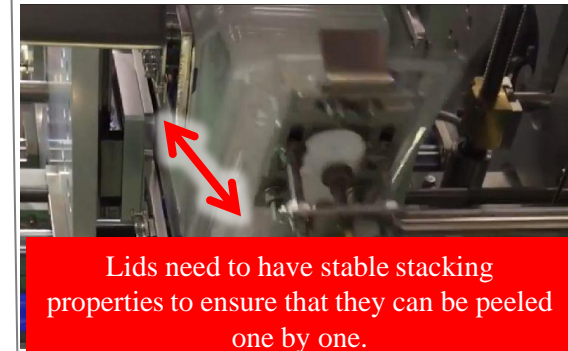
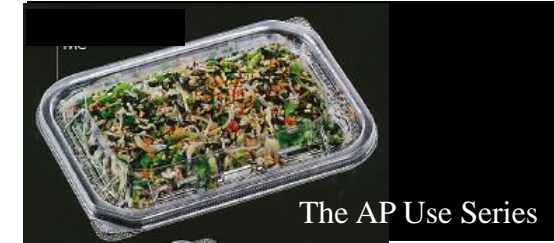
**Releasing series with excellence in suitability for machinery**

The OSA Series excels in oil resistance as well.



A flat area provided on the bottom surface of the tray so that labels **can be applied automatically**.

**Stable stacking properties** provided to facilitate automated feeding



## Utilizing containers in the fruit and vegetables section

Enhanced display efficiency

Reduction of workload when shelf stocking

Prevention of damage to goods

### The FP Fruit Series



### The VegeBox Series



### The *Fuwarito* Series

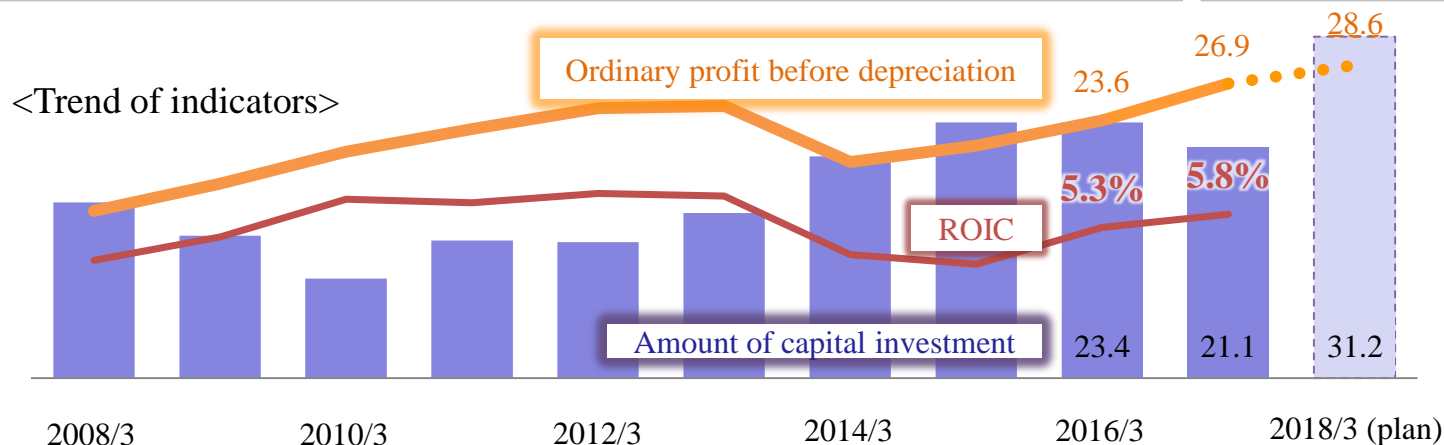


### The STR Series



## Continuing to make investments aimed at increasing corporate value

(billion yen)	Results							Plan	
	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	Six periods total	2018/3	Total sum
Production	6.0	5.9	3.9	9.5	13.1	10.9	49.4	11.9	61.2
Logistics	1.7	5.0	11.4	9.3	5.6	1.1	34.1	4.0	38.1
Molds	1.9	1.4	2.2	2.4	1.7	2.0	11.7	2.2	13.9
Recycling	1.1	1.1	0.2	0.1	0.2	1.6	4.3	6.7	11.0
IT	0.5	0.4	0.6	0.4	0.5	0.4	2.9	0.6	3.5
Group Companies	1.2	1.2	2.0	1.6	2.1	5.0	13.2	5.8	19.0
<b>Total</b>	<b>12.4</b>	<b>15.1</b>	<b>20.3</b>	<b>23.4</b>	<b>23.4</b>	<b>21.1</b>	<b>115.5</b>	<b>31.2</b>	<b>146.7</b>
Ordinary profit before depreciation	24.6	24.8	19.7	21.2	23.5	26.9	140.7	28.6	169.3



## Boosting the production capacity of original products

2010

2011

2012

2013

2014

2015

2016

2017

Feb. 2010: Market release of the Multi FP (MFP)



**MFP**

Sales for 2017/3: 13.5 billion  
(up 33.1% year on year)

Feb. 2012: Market release of the Multi Solid (MSD)



May 2012: Market release of the Eco APET



**Eco APET**

Sales for 2017/3: 22.3 billion  
(up 26.6% year on year)

Nov. 2010

**Chubu PET Recycling Plant**

Jun. 2014

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

March 2016

**Chubu Eco PET Plant**

**Aug. 2017 (planned)**

**Kanto Eco PET Plant**

Nov. 2012: Market release of the OPET



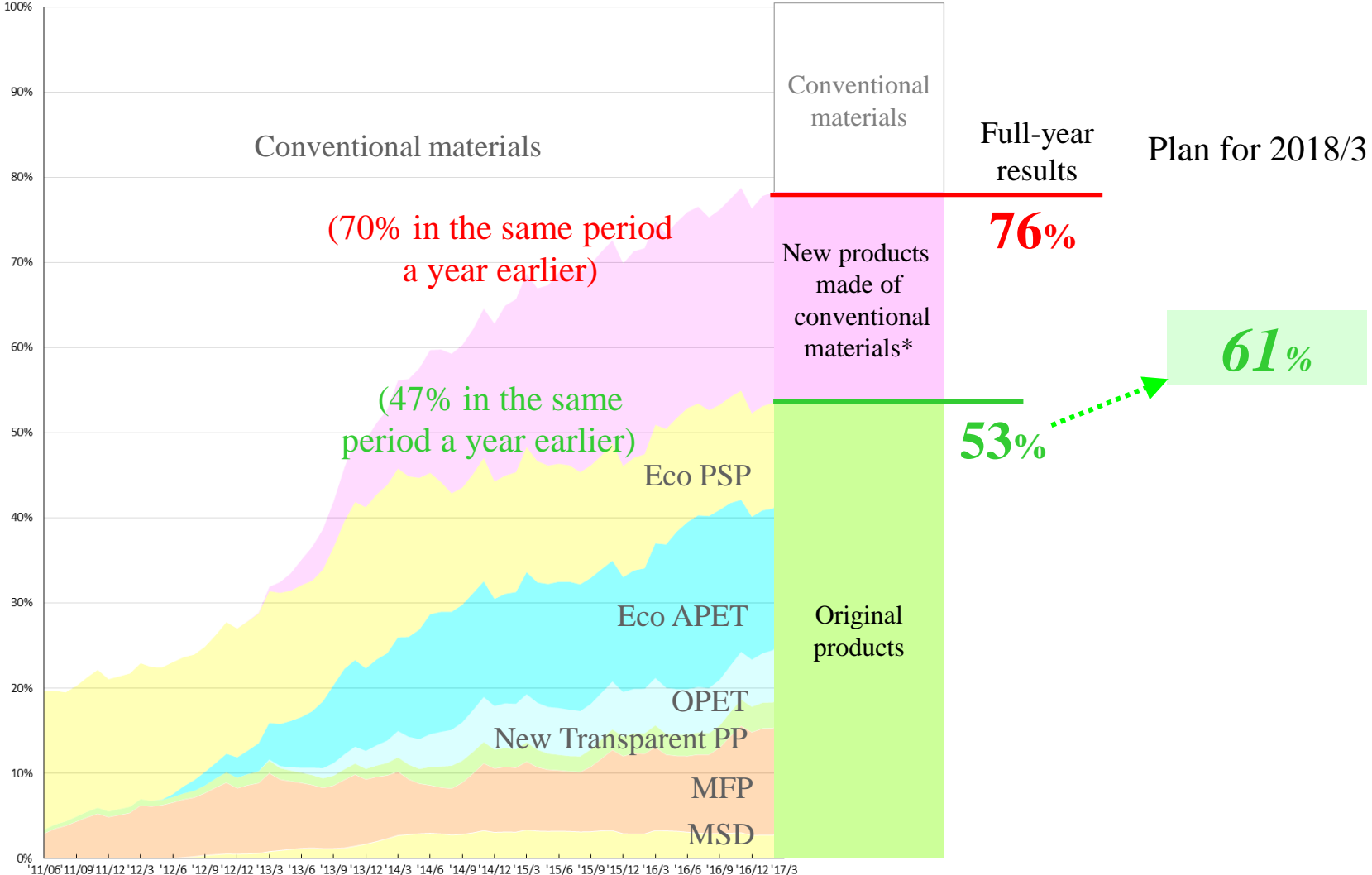
Jul. 2012

**Kanto Yachiyo Plant**

Jun. 2012: Market release of New Transparent PP



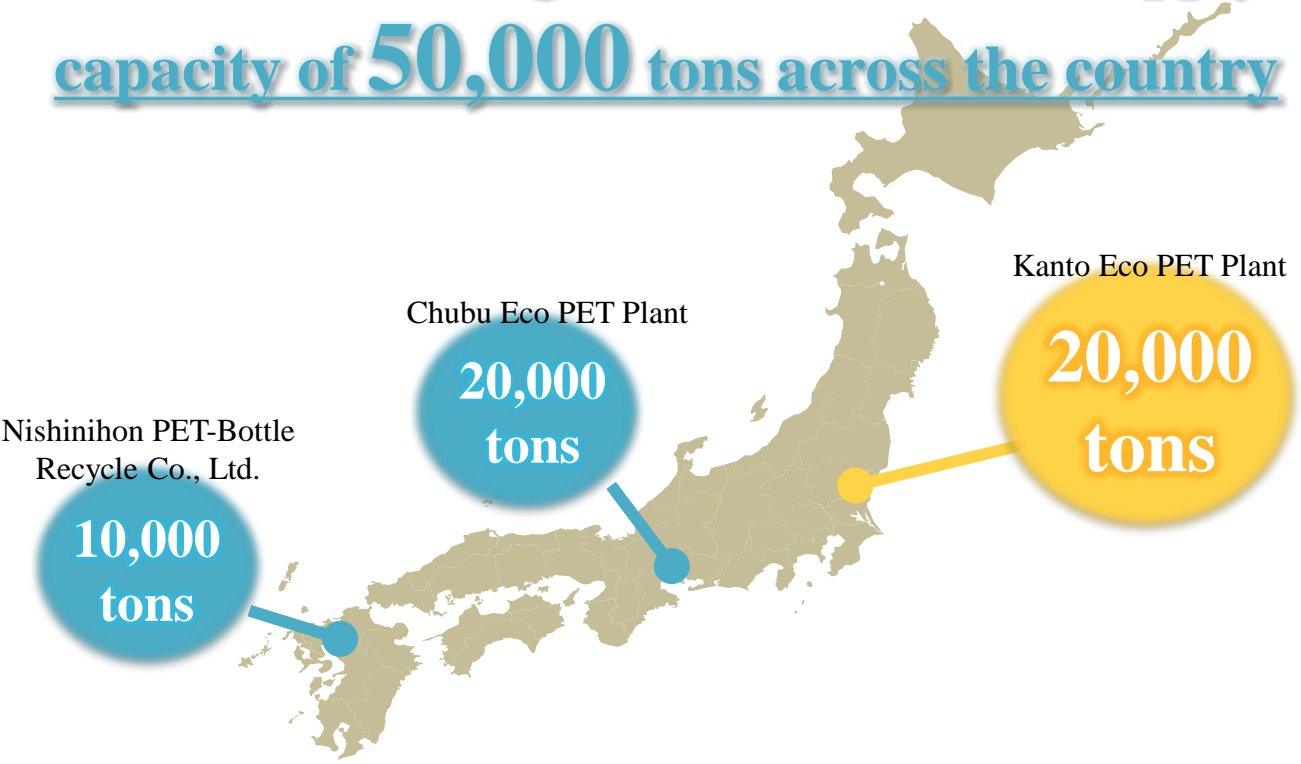
# Sales Shares of Original Products



\* Until Dec. 2015, new products in and after Jan. 2013, since Jan. 2016, new products in the past three years



Towards securing Eco PET material supply capacity of 50,000 tons across the country



Location: Yachiyo-machi, Yuki-gun, Ibaraki Pref.  
 Investment: 15.7 billion yen  
 Total floor area: 12,650 tsubo  
 Two PET recycling lines  
 One VRV extruding line  
 Six vacuum pressure forming lines

Recycled PET materials	2011/3	2015/3	2018/3	
	<b>20,000 tons/year</b>	<b>30,000 tons/year</b>	<b>50,000 tons/year</b>	
Ratio of environmentally friendly APET products (Q4 average)	End of 2013/3	End of 2015/3	End of 2017/3	End of 2018/3 (target)
	(excl. OPET) <b>24%</b>	<b>65%</b>	<b>82%</b>	<b>95%</b>
	(incl. OPET) <b>23%</b>	<b>52%</b>	<b>62%</b>	<b>96%</b>

\* All the OPET products are environmentally friendly.

# An integrated line from PET bottle bales to manufacturing of Eco PET products

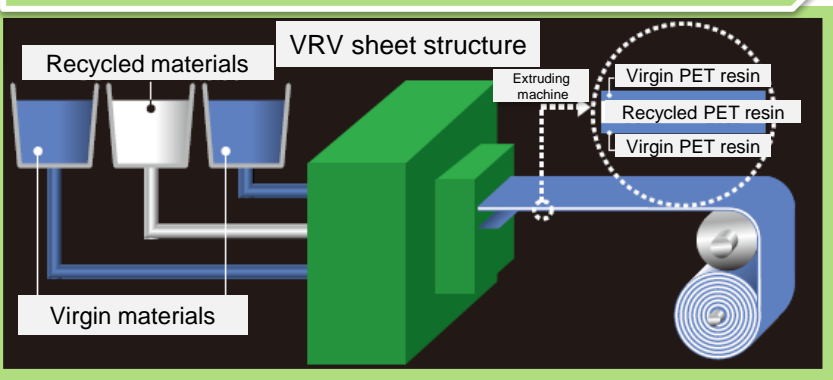
## Collection (PET bottle bales)



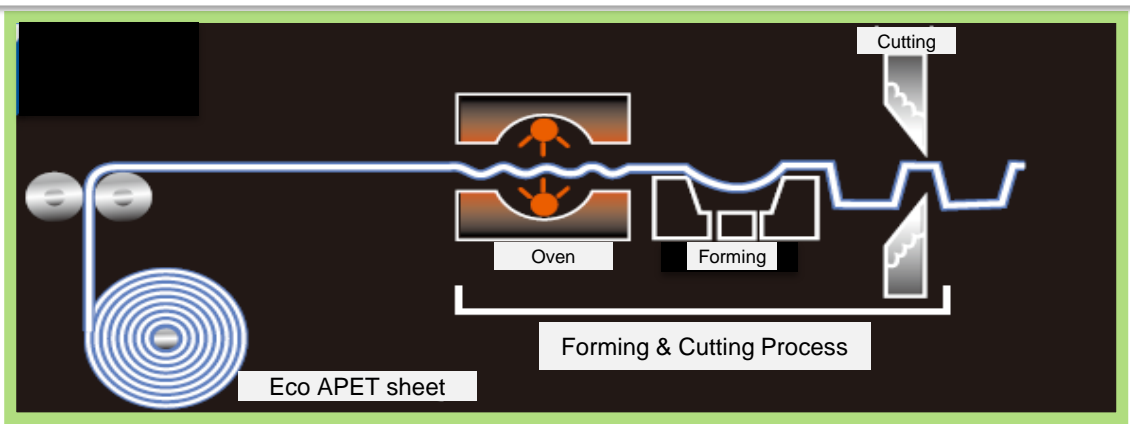
## Recycling (Recycled PET pellets)



## Eco APET sheet extrusion



## Eco APET forming



## Eco APET products



## Eco Tray



CO2 reduction effect:

1.96 kg

**-30%**

## Eco APET



CO2 reduction effect

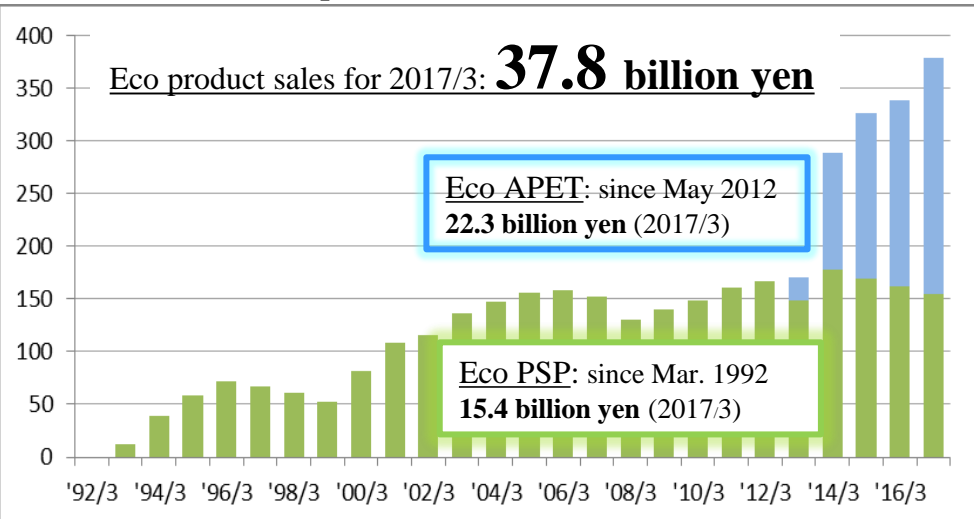
1.61 kg

**-33%**

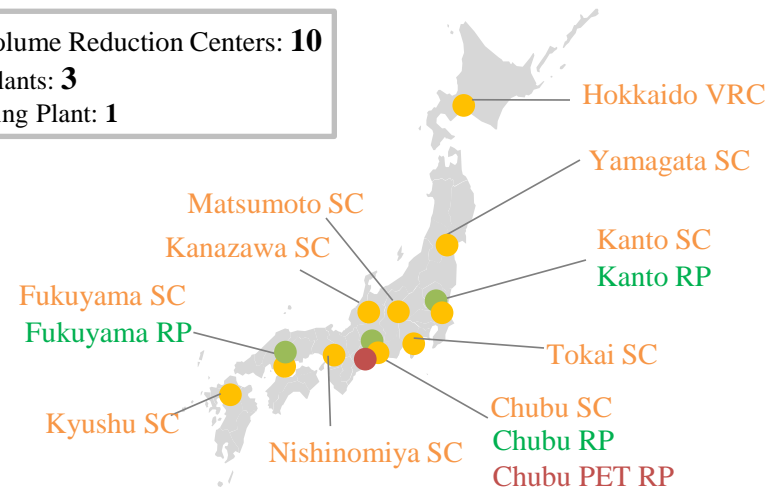
2017/3 CO2 emissions cut by  
**110,000 tons a year**  
 (Eco Tray: 45,000 tons / Eco APET 66,000 tons)

\* Comparison between FPCO's virgin products and eco products per kilogram

### <Trend in sales of eco products>

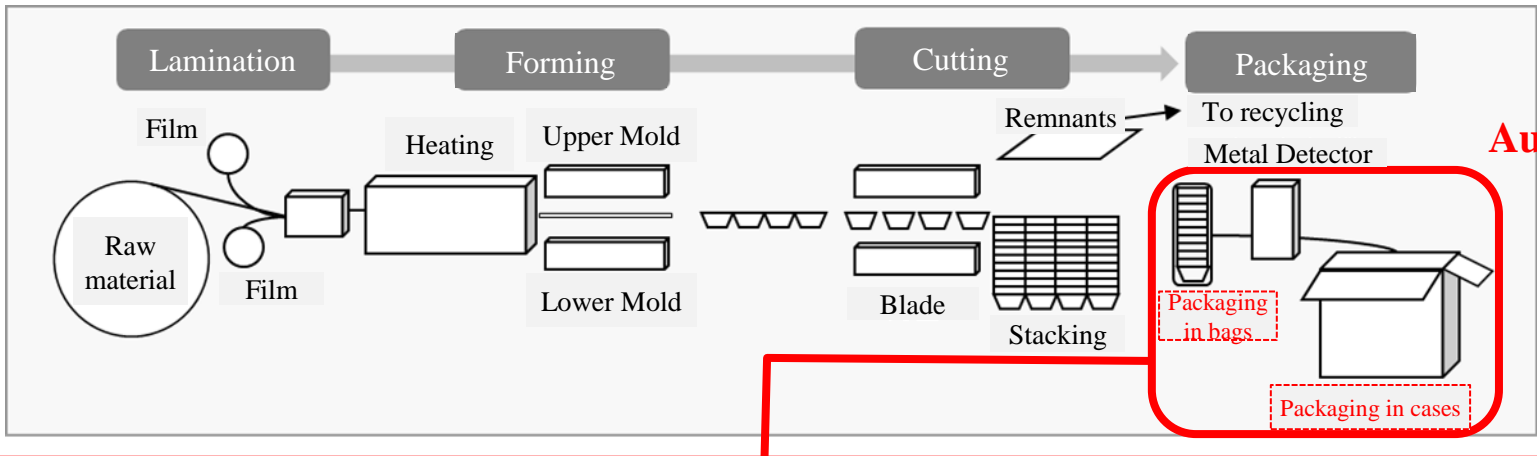


- Sorting / Volume Reduction Centers: **10**
- Recycling Plants: **3**
- PET Recycling Plant: **1**



**Completion of the Kanto Eco PET Plant scheduled in August 2017**

## ■ PSP Container Production Process



# Capital Investment > Products Automation: Introduction plan until March 2018 and its effect

**21**

Automated packing systems

**3 systems to be added**  
for 2018/3



**8**

Automatic dedusting and packaging systems

**None to be added**  
for 2018/3



**22**

Case packing robots

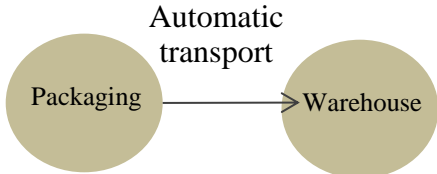
**13 robots to be added**  
for 2018/3



**4**

Automatic case transport systems

**4 systems to be added**  
for 2018/3

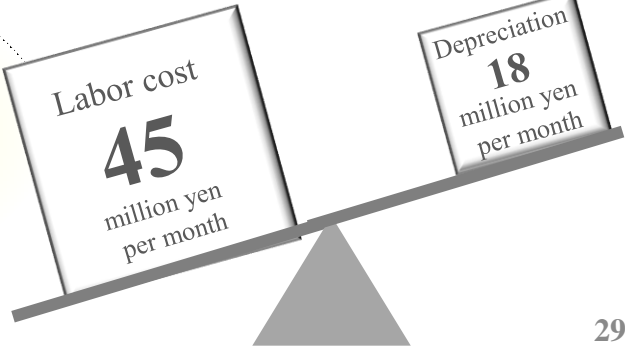


**Labor saving of about 98 persons**

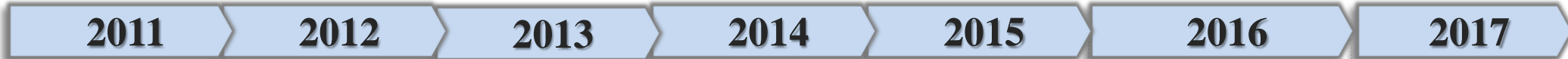
(forecasted as of the end of 2018/3)

Effect: **27** million yen  
per month

Approx. **300** million yen  
per year



# Curbing increases in logistical costs and ensuring stable supply



**Chubu expansion**

May 2011



**Kyushu expansion**

July 2013



**Fukuyama XDC**

Warehouse in Aug. 2014, Sorter in Oct. 2014



**Emergency power generating equipment**

Streamlining of work inside warehouses under consideration



**Kanto expansion**

July 2012



**Kansai expansion**

Oct. 2013



**Hachioji new facility**

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

**As of the end of 2016/3**  
 9 Distribution Centers: 153,000 tsubo  
 12 Picking Centers: 37,000 tsubo

2012/3: 100

<Shipments in number of cases>

2017/3: 126



## Construction of a system with greater speed and accuracy

Route Planner

RD Check System  
*Real-time Delivery Check System*

Packaging size optimization

Voice Pick

## SCM accuracy improvement

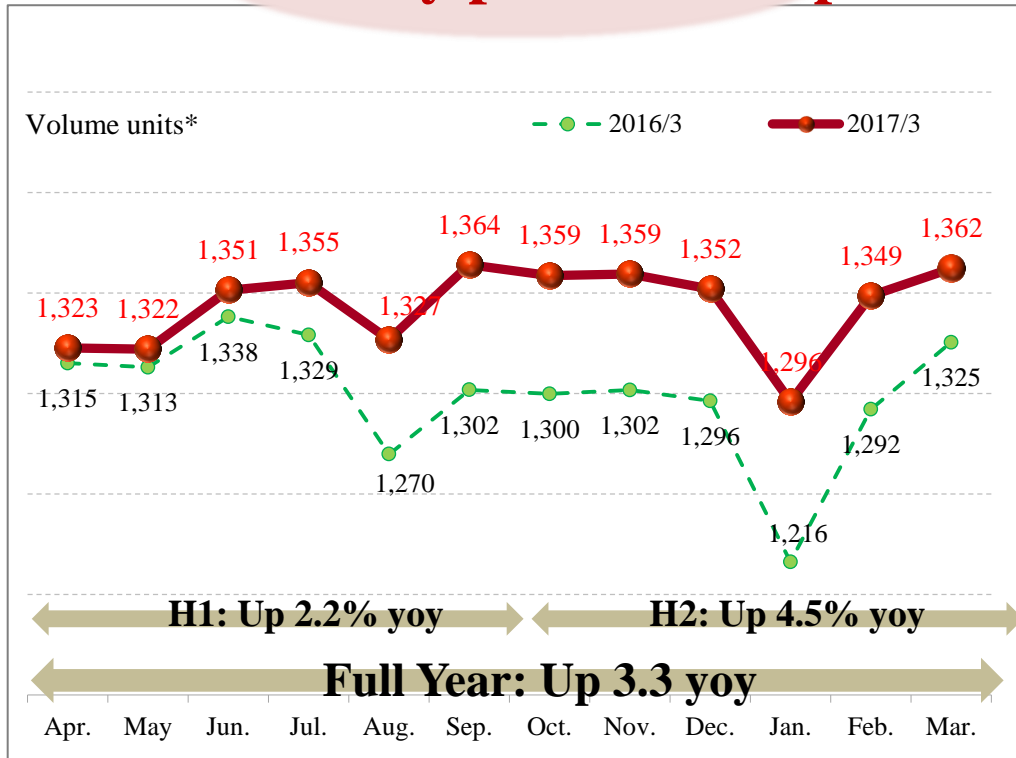
## (1) Vehicle allocation planning system (Route Planner)

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

Trend in load (in volume units\*) for shipping sold items per truck

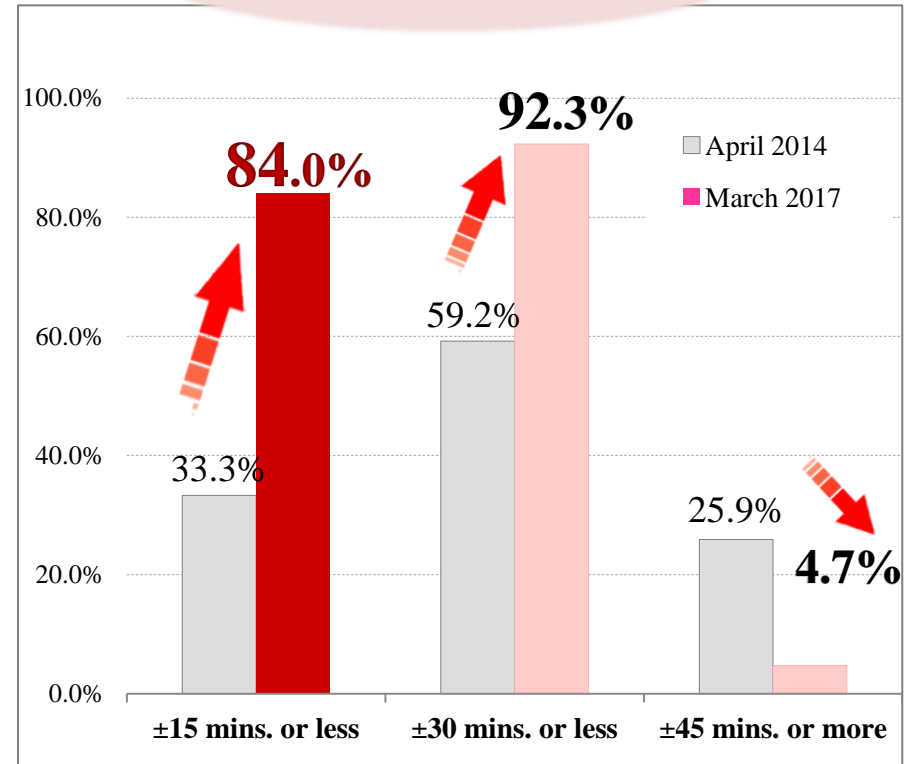
(\* One volume unit equals nearly 0.28 cubic meters.)

### Load efficiency per truck improved



Difference between the scheduled delivery time and the actual delivery time

### Delivery accuracy improved



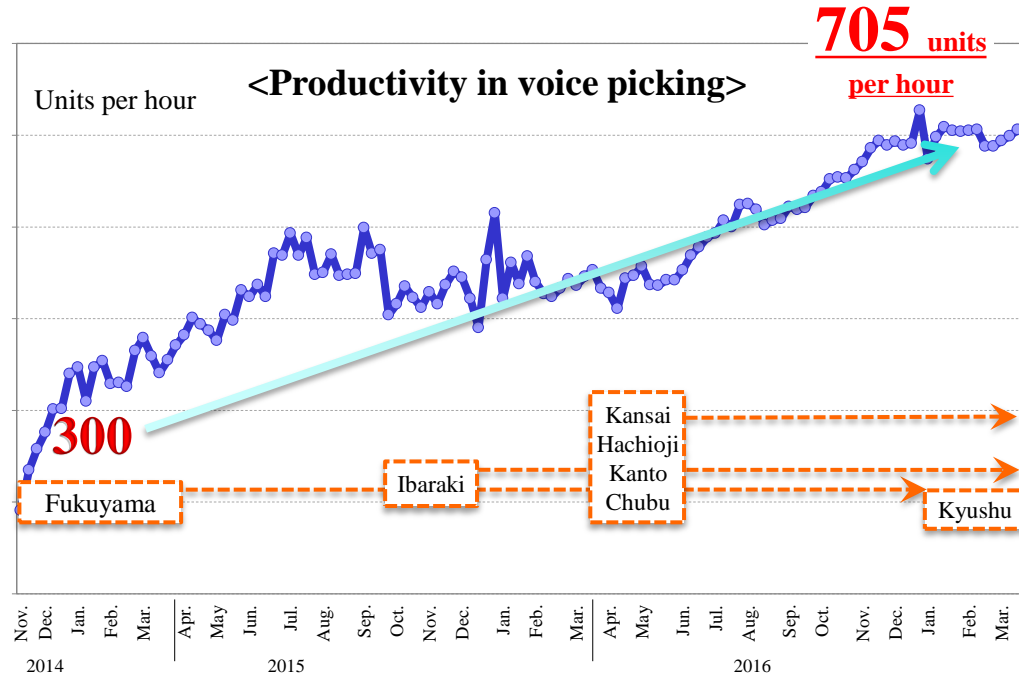
**(3) Voice Picking**



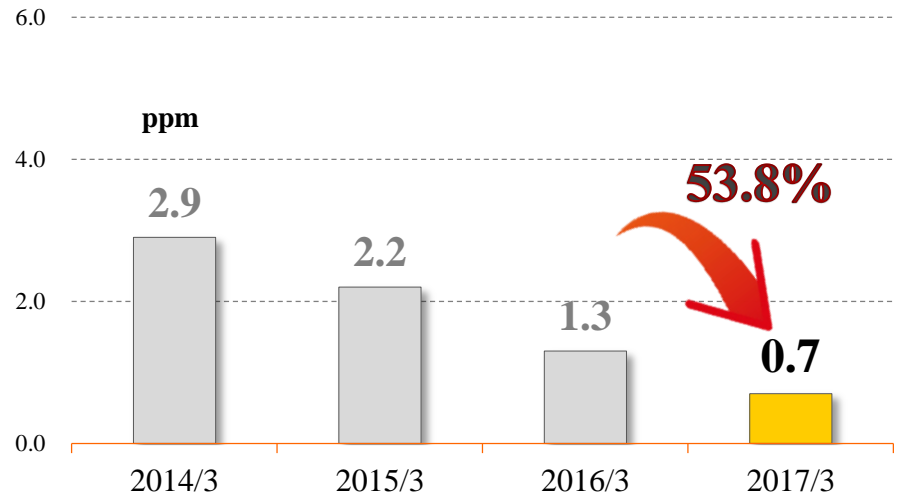
**Work efficiency improved by 20%  
in the overall process**

**Labor saving of about 200 persons**

\* part-time workers

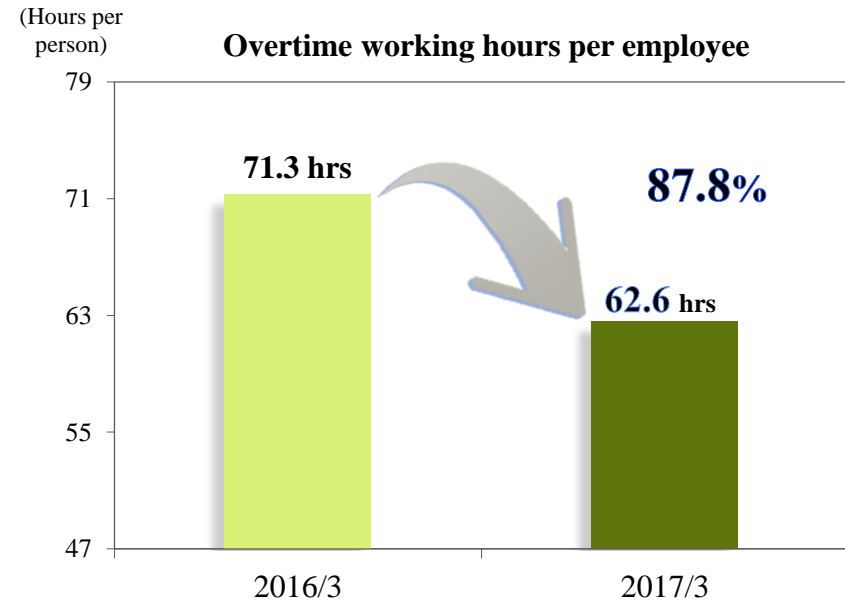
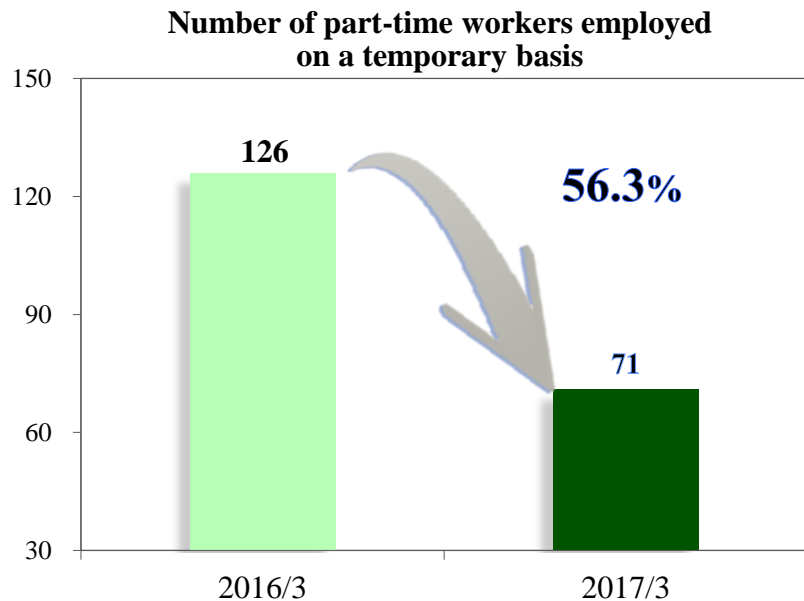
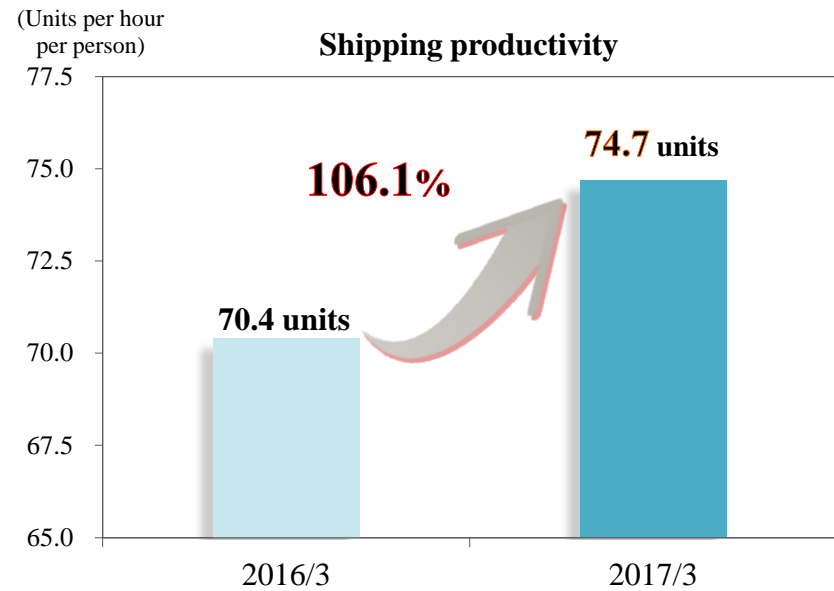
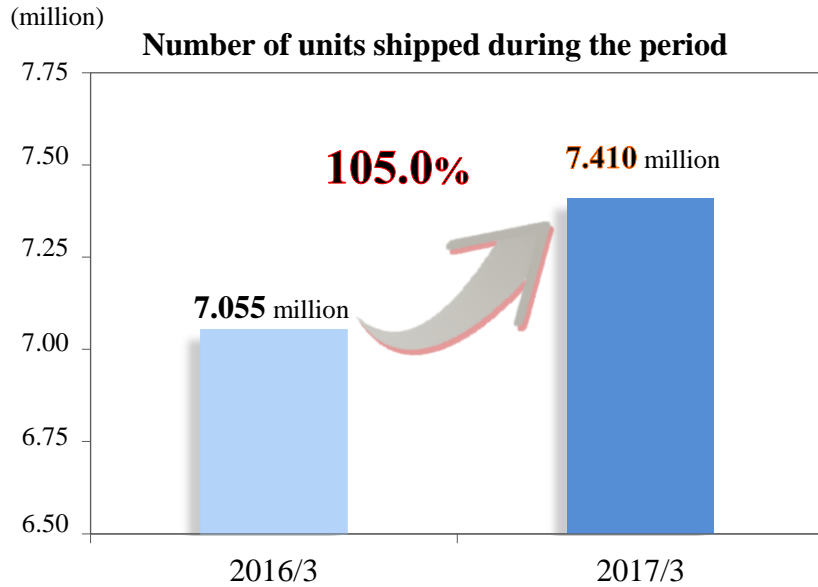


**Complaints on Logistics (at Picking Centers)**





## Effect of voice picking measured in the year-end busy season



# Business Continuity Plan (BCP)

**“Ensuring stable supply in the event of disaster”**

**All the 21 logistical bases in the country are equipped with emergency power generation systems.**

DC: Distribution Center  
PC: Picking Center  
PW: Plant Warehouse

- ✓ Fuel in stock for ensuring power supply for **72 hours**
- ✓ Total investment of **700 million yen**
- ✓ Helping customers to continue their business activities

Emergency power generation system

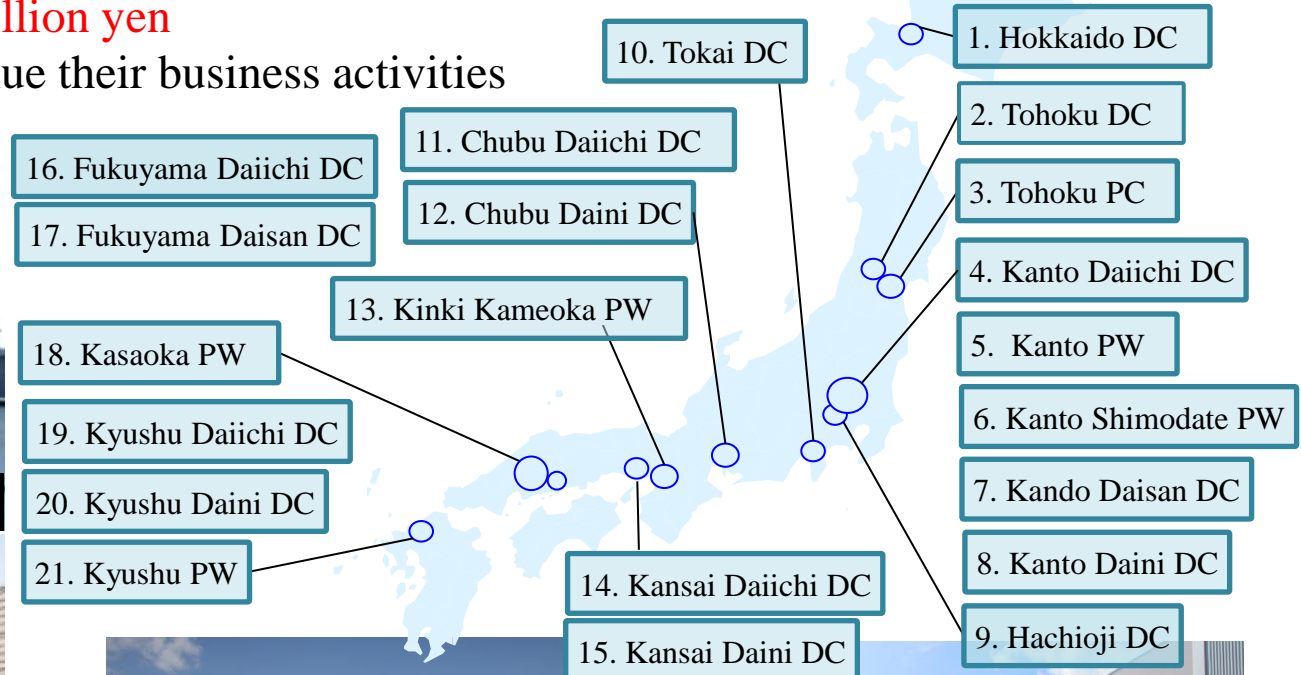


Hachioji Distribution Center

Fuel tank



Hachioji Distribution Center



Chubu Daini Distribution Center



Hokkaido Distribution Center

# Capital Investment > Film Plant and Film Printing Plant



Cross-section view

Sheet

Film



## ▲ Film Plant

**FPCO ALRight Co., Ltd.**

Completion scheduled in January 2018

Location: Kasaoka, Okayama Prefecture

Investment: 2.5 billion yen

## ◀ Film Printing Plant

**FPCO Gravure Co., Ltd.**

Completion scheduled in April 2018

Location: Asakuchi, Okayama Prefecture

Investment: 4.5 billion yen

# Capital Investment > Securing staff with Pico House Nos. 1 and 2

## No. 1: Completion in Jan. 2017

Location: Chikusei, Ibaraki Prefecture



**Three floors above ground**  
**Total floor area: 1,700 tsubo**  
**150 units of 30 sq. meters each**  
**Investment: 1.7 billion yen**

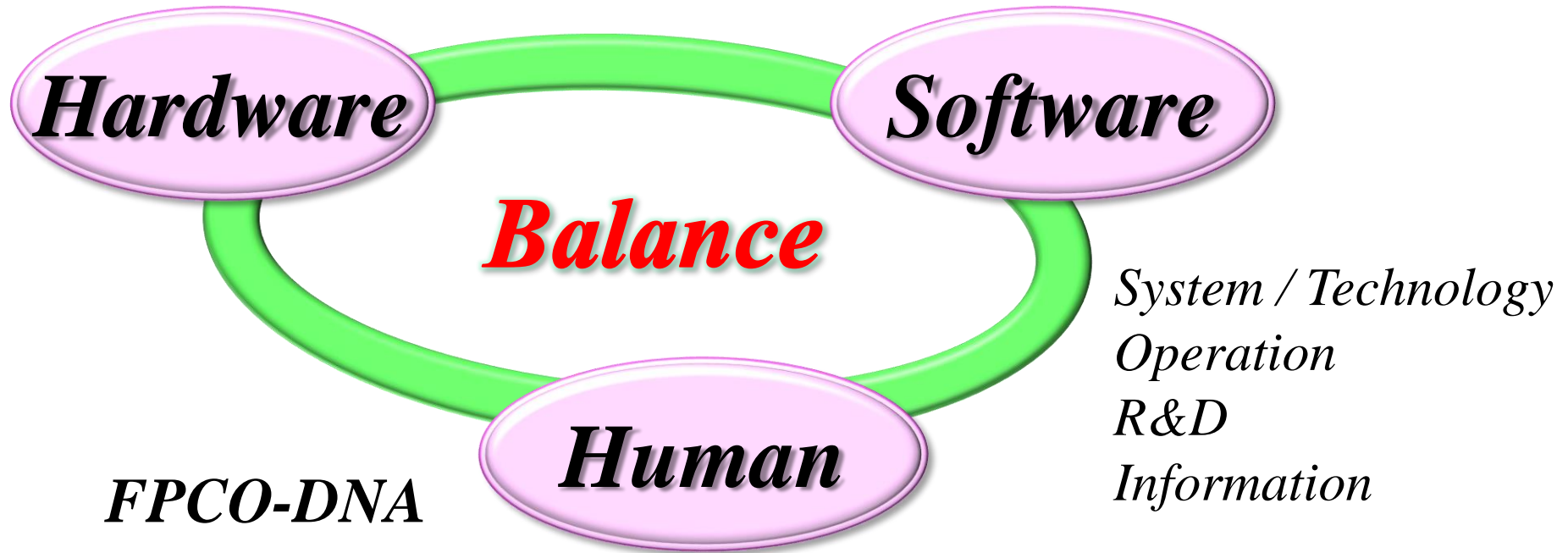
## No. 2: Completion in Mar. 2017

Location: Wanouchi-cho, Ampachi-gun, Gifu Prefecture



**Four floors above ground**  
**Total floor area: 1,045 tsubo**  
**102 units of 30 sq. meters each**  
**Investment: 1.2 billion yen**

*Strategic investment for one step further*



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

# Towards an ordinary profit target of 20 billion yen

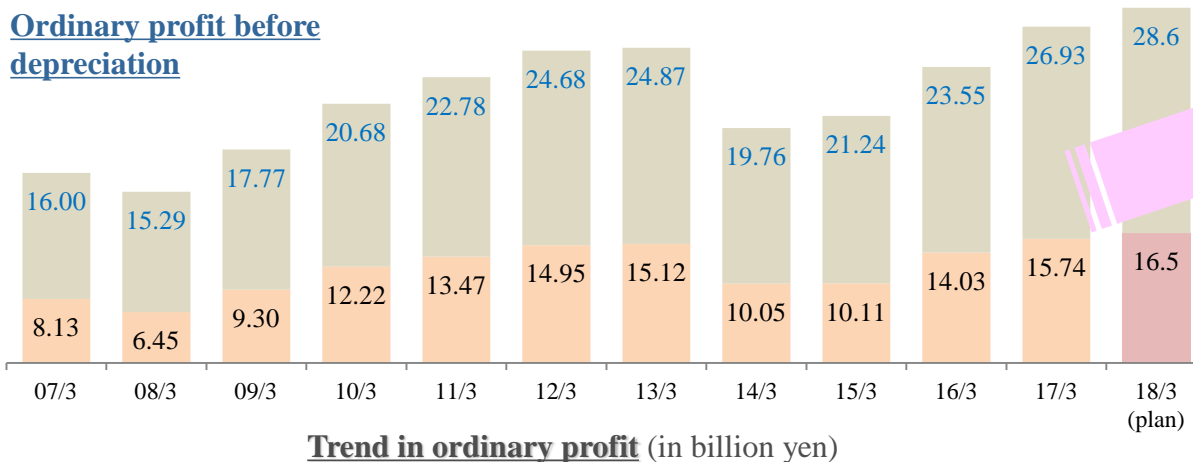
## >> Product Strategy

- > Establish a market of **microwavable** products
  - Propose deliciousness with the use of original products and inner trays
- > Focus on **environmentally friendly products** for greater price competitiveness and CO<sub>2</sub> emissions
  - Expand Eco APET products
- > Launch new products that solve the **labor shortage issue at stores**
  - Snap-lock lid packs
  - Products suited for packaging outside stores
- > **Collaborate with large manufacturers and vendors**
- > **Approach restaurants and catering service operators**

## >> Strategic Investments

- > **Recycle terrestrial resources**
  - Kanto Eco PET Plant – completion due in August 2017
- > **Cut labor and cost by means of automation**
  - Introduce industrial robots to manufacturing
  - Introduce the voice picking system
- > **Implement the Scrap & Build approach**
- > **Curb the rise in logistical cost** and ensure stable supply
  - Make effective use of logistics infrastructure
  - Introduce emergency power generation systems

Ordinary profit before depreciation



Operating profit of **20 billion yen**

Payout  
**30%**

- ★ Invest in creating markets
- ★ Increase productivity and save labor
- ★ Put emphasis on profitability

# *Supporting Data*

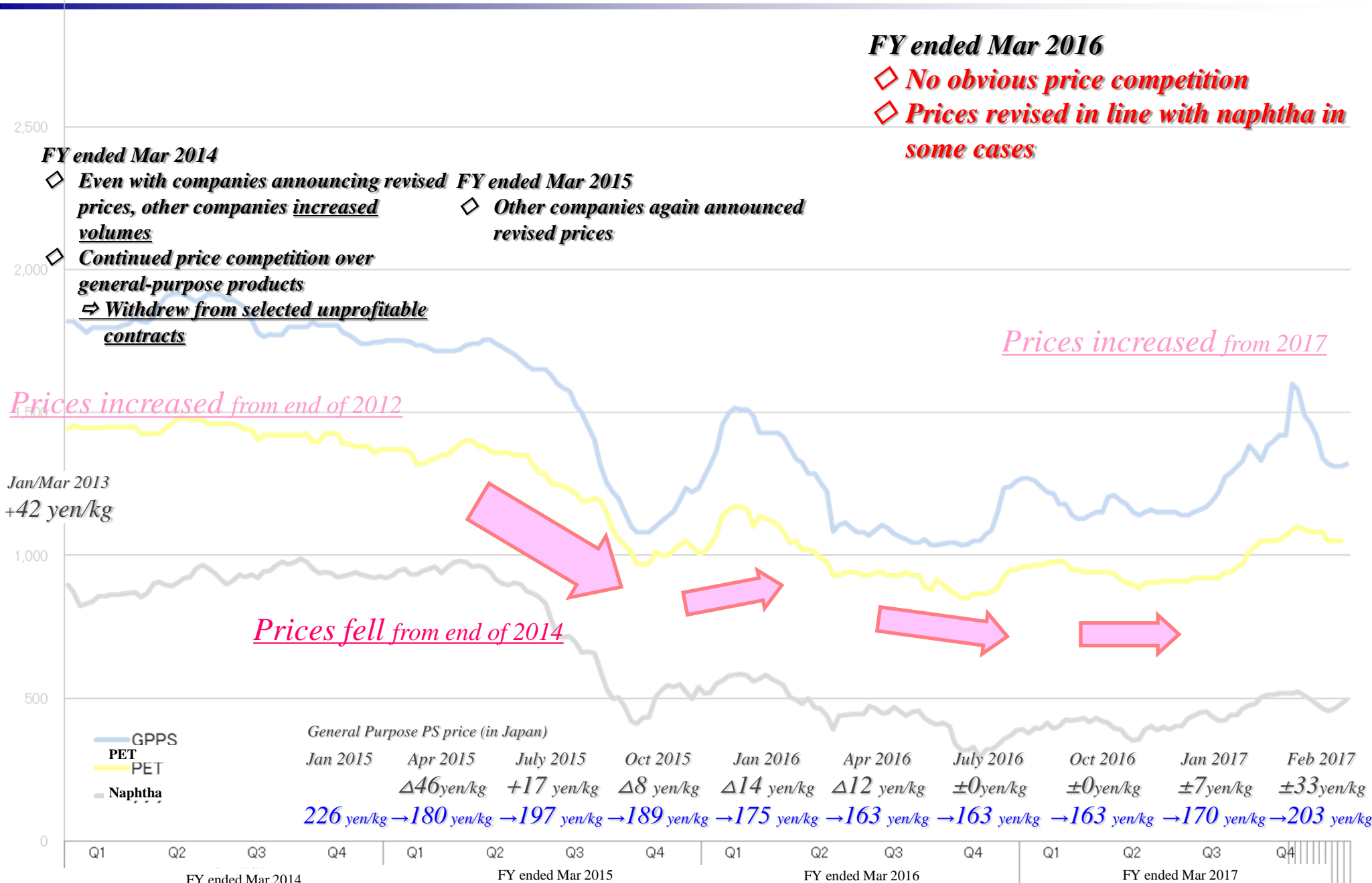
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# Explanation of terms

- PS** : Polystyrene      **PET** : Polyethylene terephthalate      **PP** : Polypropylene
- Multi FP (MFP)** : An formed PS (polystyrene) container with cold and heat resistance to temperatures between -40°C and +110°C and with superior oil and acid resistance and thermal insulation.
- Multi Solid (MSD)** : A non-formed PS (polystyrene) container with a heat resistance temperature of +110°C that is able to create sharp figures by using scraps of materials from the Multi FP, while maintaining the characteristics of the Multi FP.
- OPET transparent Container** : A polyethylene terephthalate transparent container with a heat resistance temperature of +80°C . That is molded from biaxially stretched PET sheets, with superior oil and acid resistance and transparency. achieving the same thermal insulation as the OPS.
- New transparent PP container** : A transparent PP container with a heat resistance temperature of +110°C, which has achieved the same transparency as OPS using standard-grade polypropylene raw material.
- PPSA Series** : A snap-lock hood pack made from a transparent PP container with a heat resistance temperature of +110°C
- OPS transparent container** : A conventional transparent container with a heat resistance temperature of +80°C that is molded from the bi-axially oriented polystyrene sheets.
- Eco Tray** : A recycled foamed polystyrene container for which polystyrene containers collected at supermarket shop counters and scrap pieces collected within plants are used as raw materials (sales commenced in 1992).
- Eco APET** : A recycled PET transparent container for which PET transparent containers collected at supermarket shop counters, PET bottles and scrap pieces collected within plants are used as raw materials (sales commenced in 2012).
- Hood pack** : A general-purpose transparent container having a hood connected to the main body, which is used, for example, at a selling space for fried foods at a supermarket.
- Cross Dock Center** : A center that achieves a cross-docking method of gathering all the products to be shipped in one place, and loading them in order of delivery after an all-in assortment by each delivery route, replacing the method of loading products sent to customers using individual delivery trucks making rounds of visits to warehouses.
- Distribution Center** : Ships products by unit of case
- Picking Center** : Conduct picking operations for products and goods by small lots and ship
- Sorting Center** : Sorts PS containers collected from stores according to white and other colors, and transparent containers collected from stores according to materials such as PS, PET and PP.
- COOKPAD** : A food recipe community website operated by COOKPAD Inc.
- Renji pakku muserundesu** : A packaged product that contains individually wrapped PPSA containers that conventionally steam food and allow households to steam fresh ingredients from scratch in a microwave. The heat resistance temperature is +110°C



# 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

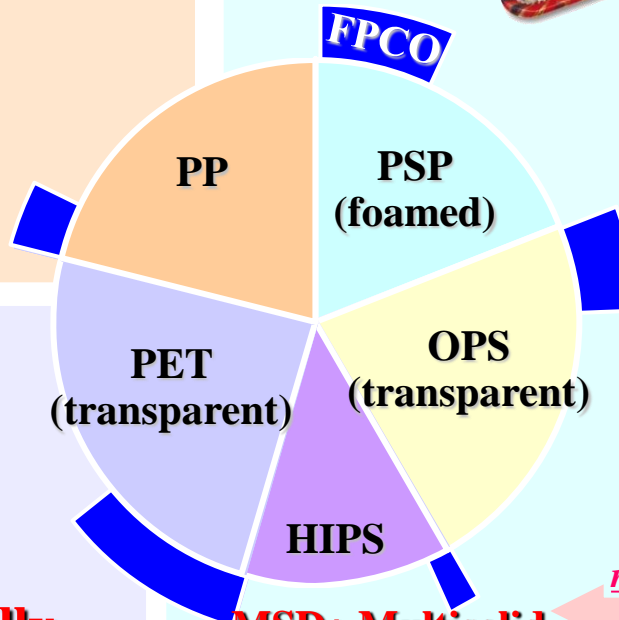
- ★ Easy to mold
- ★ Low raw material ratio
- ★ High thermal insulation
- ★ High oil resistance
- ★ Resistant to a wide range of temperatures: -40 to +110°C
- ★ High firmness
- ★ Weight reduction is possible



*Recycling of multi-FP remnants*

### OPS: oriented polystyrene

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



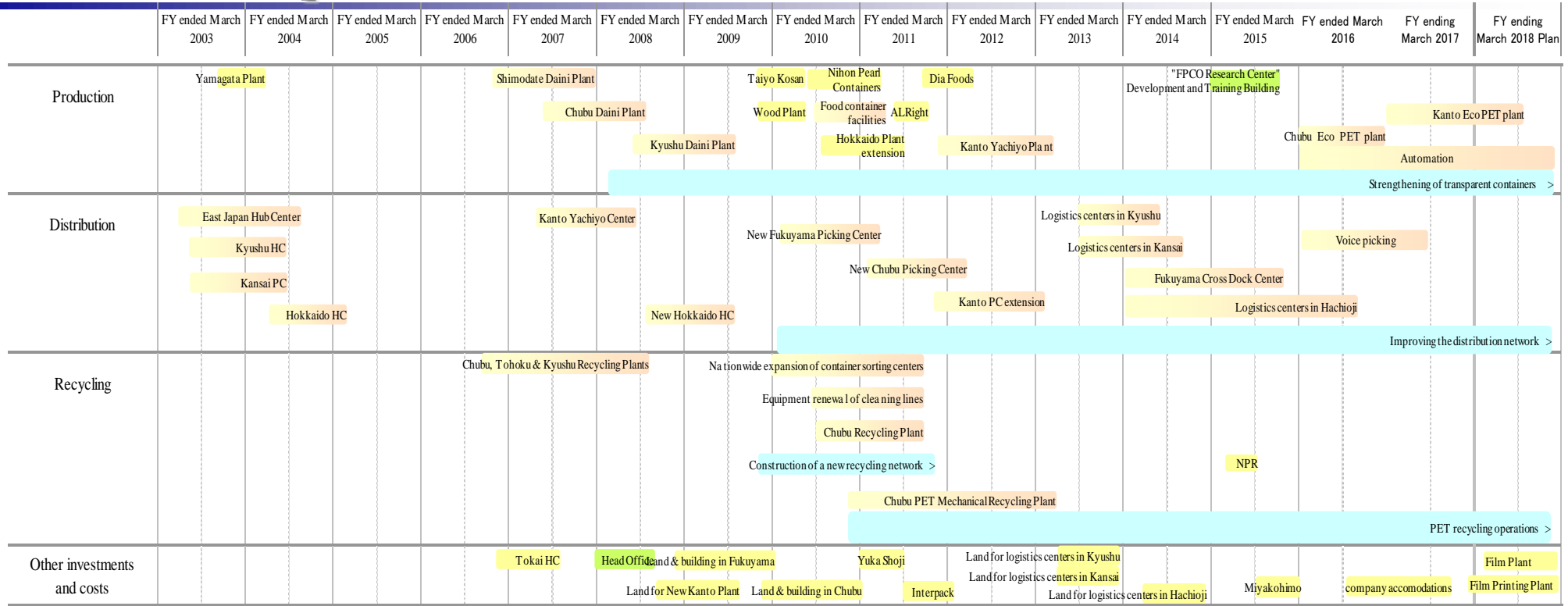
\* The pie chart at the center represents the share by material (on weight basis).

# Factors influencing Ordinary Profit

Unit:100 million yen

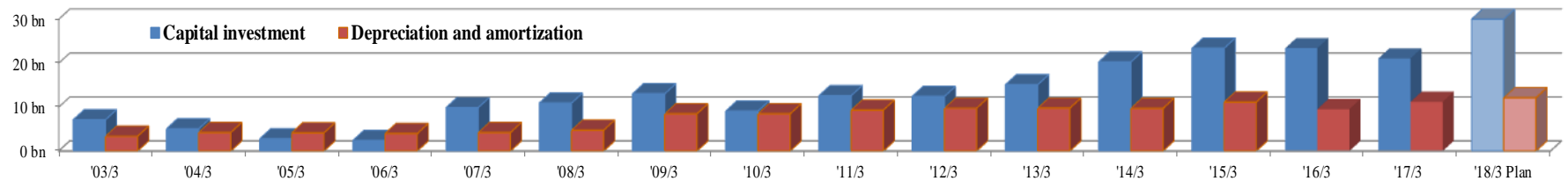
	'03/3	'04/3	'05/3	'06/3	'07/3	'08/3	'09/3			'10/3			'11/3			'12/3			'13/3			'14/3			'15/3			'16/3			'17/3			'18/3 Plan					
							1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year			
Ordinary Profit 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	79.1	78.4	157.4			
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																											
							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	-12.5	-11.0	-23.5						
							1st product price reduction			-24.0	-20.0	-44.0																											
							2nd product price reduction			-10.0	-9.0	-19.0																											
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																											
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		+8.5	+11.0	+19.5	+10.5	+12.5	+23.0	+7.0	+9.0	+16.0		
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	+3.2	+1.1	+4.3	-3.0	-2.5	-5.5			
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	-3.0	-2.7	-5.7	+0.5	+1.0	+1.5			
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	+2.0	+3.0	+5.0	+0.5	+1.5	+2.0			
Profit from the sale of artwork			+1.0	-1.0			+4.0		+4.0	-4.0		-4.0																											
Subsidies																																							
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	-3.7	-2.4	-6.1	-3.1	-2.3	-5.4			
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	+12.8	+4.3	+17.1	-10.1	+17.7	+7.6			
Ordinary profit	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	79.1	78.4	157.4	69.0	98.0	165.0			

# Trends in Capital Investment and R&D Costs



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	23,383	21,060	31,200
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	23,058	20,790	30,800
Intangible	958	789	120	238	362	254	841	263	233	329	303	506	325	324	269	400
Figures for molds only	780	460	436	550	771	609	1,892	1,507	1,833	1,946	1,425	2,151	2,416	1,777	2,028	2,211
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	9,526	11,183	12,100
Research and development	654	628	689	751	895	913	965	1,035	1,101	1,051	1,062	1,148	1,105	1,242	1,223	1,260



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

# Diversity Management

## Operations in which disabled people participate actively

### Sorting Center: 9 locations

6 in-house locations  
3 locations with business alliance partners



### Oribako container assembly and secondary processing: 10 locations

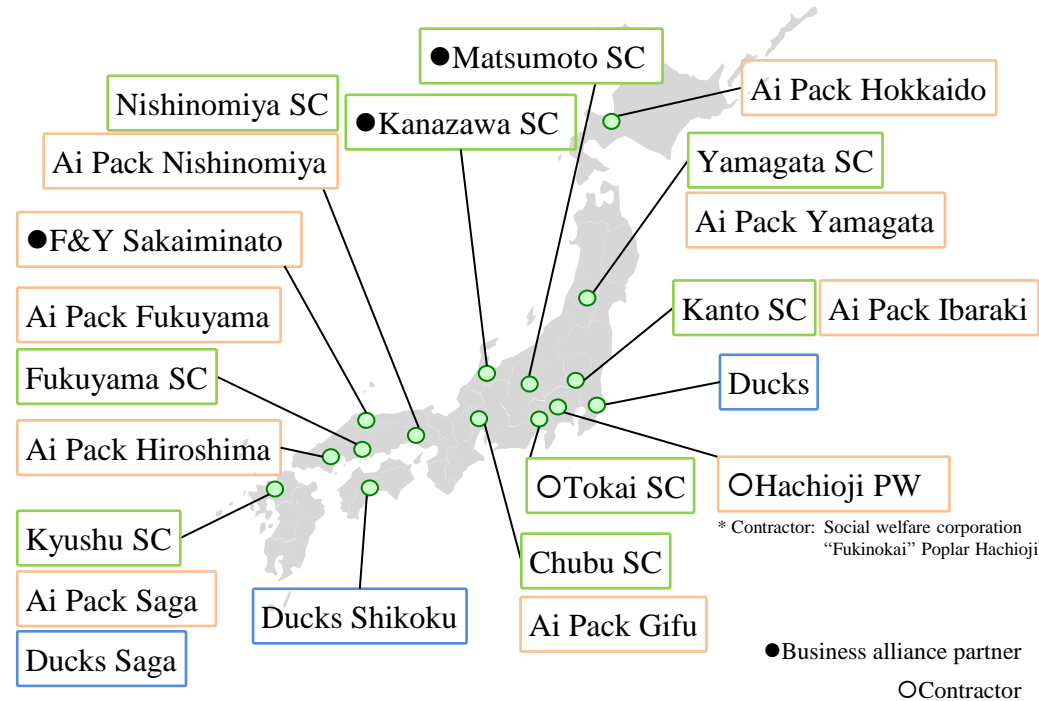
8 in-house locations  
1 location with a contractor  
1 location with a business alliance partner



### Container manufacturing (foamed/transparent): 3 locations



## FP Corporation's disability employment spreads across the country



FPCO Group  
(as of the end of March 2017)

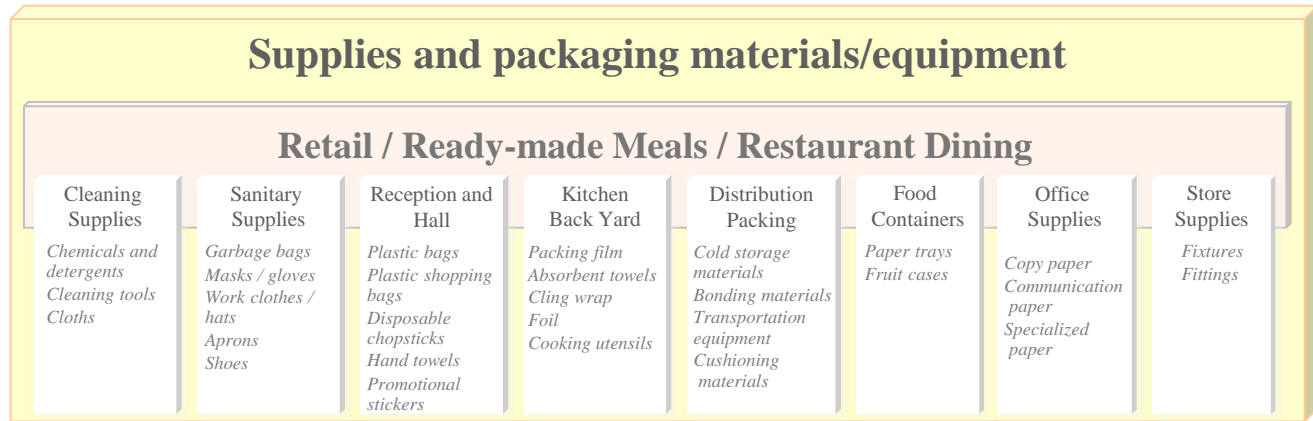
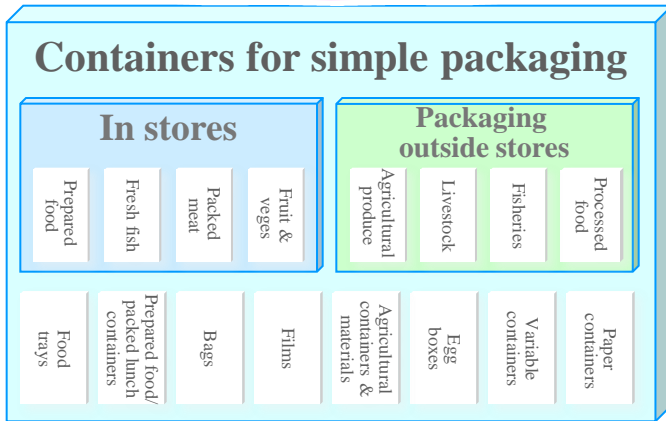
Employees with disabilities: 374  
(Adjusted number of employees with disabilities: 644)

Disability employment rate: 13.95%

# 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

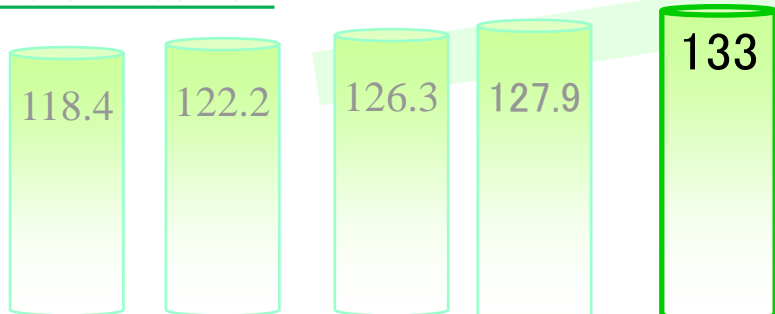
**FP Trading Co., Ltd.**

Manufacturer of packaging materials and consumables

# Medium-Term Targets

Increase market share in the market of 500 billion yen + Create new markets

## Products sales



- ☆ The world's first sheet material
- ☆ Continuous release of new products
- ☆ **Expansion of catering market**
  - ◇ 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

- ★ Invest in creating markets
- ★ Increase productivity and save labor
- ★ Put emphasis on profitability

Ordinary Margin: 6%

Goods: 100 bn.

Net Sales 161.1 164.9 170.3 172.8 179

Ordinary Profit 10.05 10.11 14.03 15.74 16.5

Capital Investment 20.3 23.4 23.4 20.8 31.2

Ordinary Profit before Depreciation and Amortization 19.75 21.24 23.55 26.92 28.6

'14/3 '15/3 '16/3 '17/3 '18/3 Plan

20 bn.

300 bn.

30 bn.

<Strategic Investments>

Payout 30%

Medium-Term Targets

# 【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.



OPET production facilities



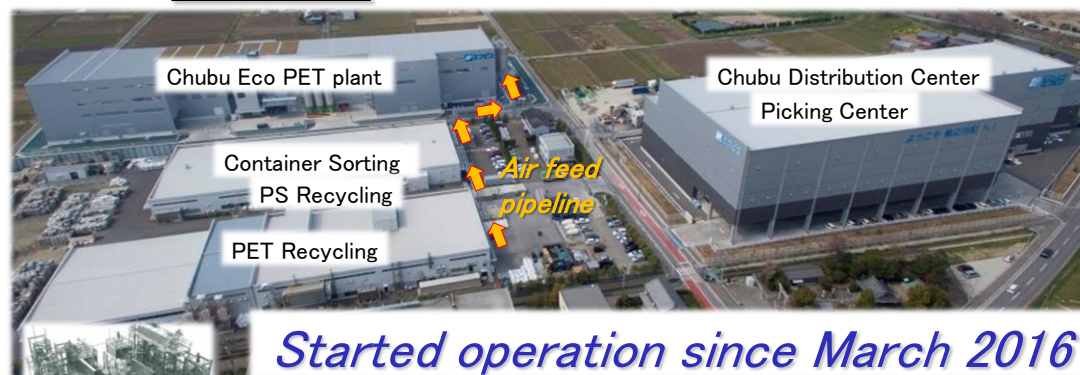
**Hachioji** 20 minutes from Akigawa station on JR East Lines.



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



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



*Started operation since March 2016*

*PET Mechanical Recycling plant*