

Financial Results

for the Fiscal Year Ended March 2019



FP Corporation

May 14, 2019

Cautions for Handling This Material

We have paid extremely close attention to the information provided through presentations at this session and contained in the handouts. The forward-looking statements included in the information are our estimates based on the information available at the time of publication, and therefore contain potential risks and uncertainties.

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

Information contained in the handouts for this session **must not be quoted, reprinted or copied without our prior permission.**

◆ Results and Plan

Executive Vice President and Director,

Executive General Manager of Finance and Accounting Division Isao Ikegami . . . 4

◆ For Expansion of Corporate Value

President Morimasa Sato . . . 14

◆ **Supporting Data** . . . 49

Consolidated Financial Results ***for the Fiscal Year Ended March 2019***

**Executive Vice President and Director,
Executive General Manager of Finance and Accounting Division
Isao Ikegami**

Financial Results Summary

(Results for the FY Ended March 2019)

Unit: million yen	Results for Full year							Full year Projections		
	FY ended March 2018		FY ended March 2019					FY ended March 2019		
	Performance	percentage	Performance	percentage	increase/ decrease	Year-on -year	Quantity	Planned	percentage	progress rate
Trays	29,964	17.3	33,121	18.3	+3,156	110.5%	104.6%	31,570	17.6	104.9%
Lunchboxes and prepared food containers	96,287	55.5	101,108	55.8	+4,820	105.0%	101.9%	100,670	56.2	100.4%
Subtotal	126,252	72.7	134,229	74.1	+7,976	106.3%	102.8%	132,240	73.9	101.5%
Other products	3,314	1.9	3,350	1.8	+35	101.1%		3,410	1.9	98.2%
Sales of products	129,566	74.6	137,579	75.9	+8,012	106.2%		135,650	75.8	101.4%
packaging materials	37,293	21.5	36,823	20.3	-469	98.7%		39,120	21.9	94.1%
Other goods	6,720	3.9	6,768	3.7	+48	100.7%		4,230	2.4	160.0%
Sales of goods	44,014	25.4	43,592	24.1	-421	99.0%		43,350	24.2	100.6%
Net Sales	173,580	100.0	181,171	100.0	+7,591	104.4%		179,000	100.0	101.2%
Operating profit	12,884	7.4	13,949	7.7	+1,064	108.3%		14,300	8.0	97.5%
Ordinary profit	13,548	7.8	14,861	8.2	+1,312	109.7%		14,800	8.3	100.4%
Profit attribute to owners of parent	9,178	5.3	9,901	5.5	+723	107.9%		9,900	5.5	100.0%
Ordinary profit before depreciation and amortization	25,255		28,031		+2,775	111.0%		28,200		99.4%



Record high

- ✓ Highest sales ever for 9 consecutive years
- ✓ Income increase for the first time in two years

Operating profit

The plan was not achieved due in part to an increase in logistics cost associated with the heavy rainfall disaster in western Japan.

Ordinary profit

The plan was achieved by posting non-operating income corresponding to costs recorded under SG&A expenses.

- Production facility compensation
- Capital investment subsidy
- Insurance income

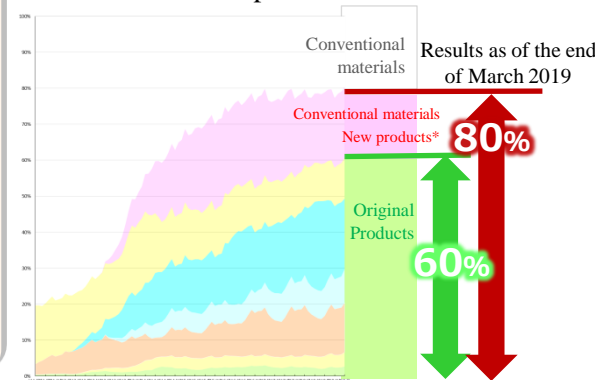
■ Sales Products

- Sales of microwavable containers, recycled Eco Trays and Eco APET containers were strong.
- High value-added products were increased in response to the labor shortage.

■ Goods

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

◇ Product sales composition



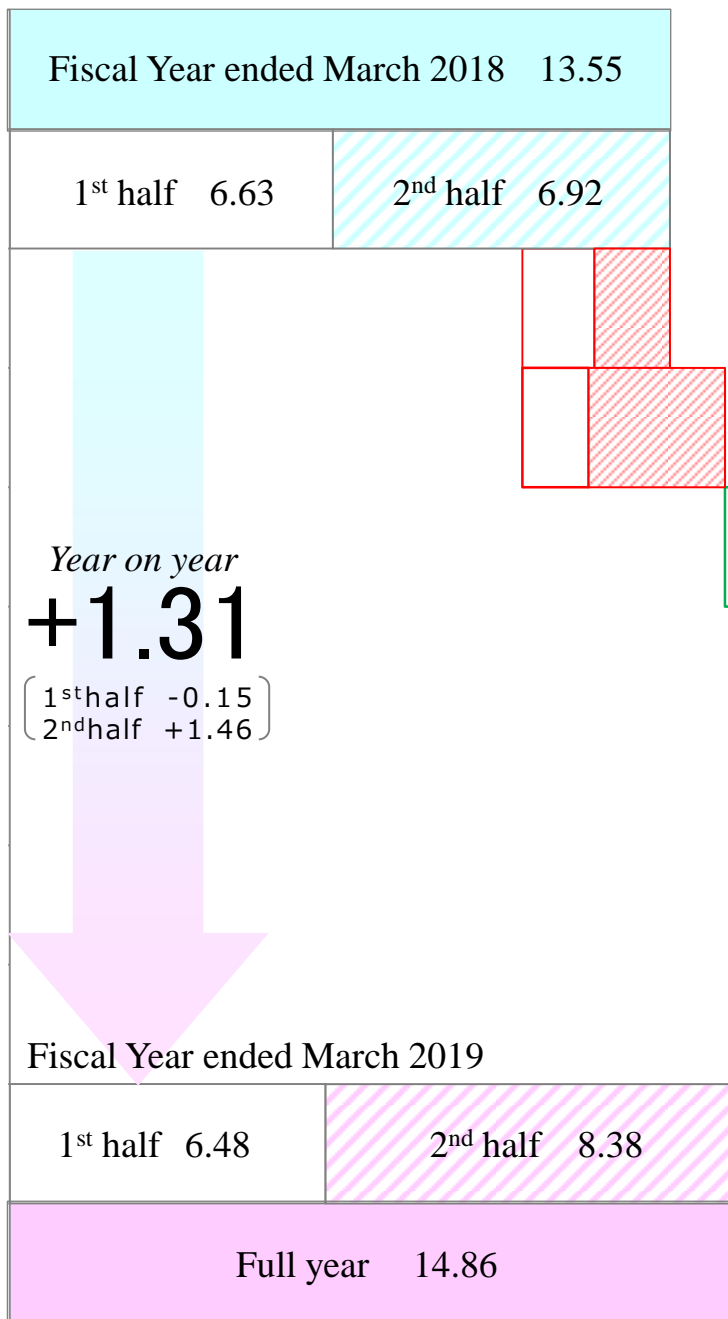
◇ Year-on-year

	1Q results	2Q results	3Q results	4Q results	Full-year results	Full-year plan
Sales of products	105.4%	106.4%	108.5%	104.0%	106.2%	104.7%
Quantity	103.9%	102.2%	104.1%	100.6%	102.8%	104.0%
Ordinary profit	86.7%	106.8%	111.6%	146.1%	109.7%	109.2%

Results for Increase/Decrease in Ordinary Profit (For the FY Ended March 2019)

Unit: billion yen

1 st half	2 nd half
----------------------	----------------------



Results

The Price of Material	-3.03	} +1.13
(1 st half -1.48 , 2 nd half -1.55) (1Q -0.68 , 2Q -0.80 , 3Q -0.90 , 4Q -0.65)		
Sales Price	+4.16	
(1 st half +1.36 , 2 nd half +2.80) (1Q +0.13 , 2Q +1.23 , 3Q +1.45 , 4Q +1.35)		
Sales Efforts	+1.17	
(1 st half +0.45 , 2 nd half +0.72) (1Q +0.38 , 2Q +0.07 , 3Q +0.44 , 4Q +0.28)		
Improved Production	-0.05	} -0.30
(1 st half -0.05 , 2 nd half ±0.00) (1Q -0.02 , 2Q -0.03 , 3Q ±0.00 , 4Q ±0.00)		
Improved Distribution	-0.45	
(1 st half -0.15 , 2 nd half -0.30) (1Q ±0.00 , 2Q -0.15 , 3Q -0.20 , 4Q -0.10)		
Group Companies	+0.20	
(1 st half +0.05 , 2 nd half +0.15) (1Q -0.02 , 2Q +0.07 , 3Q +0.03 , 4Q +0.12)		
Increased Expenses	-0.69	
(1 st half -0.33 , 2 nd half -0.36) (1Q -0.18 , 2Q -0.15 , 3Q -0.24 , 4Q -0.12)		
Total	+1.31	
(1 st half -0.15 , 2 nd half +1.46) (1Q -0.39 , 2Q +0.24 , 3Q +0.58 , 4Q +0.88)		

Improvement	+2.48
Labor cost	-0.40
Depreciation	-1.40
Electric power charges	-0.58
Freight costs	-0.40

Labor cost	-0.19
Depreciation	-0.06
Other	-0.44

Difference from Outlook

Outlook		Outlook	
Feb 5 2019	Difference	May 7 2018	Difference
-3.03	±0.00	-2.60	-0.43
+4.16	±0.00	+3.80	+0.36
+1.27	-0.10	+1.00	+0.17
-0.05	±0.00	-0.20	+0.15
-0.45	±0.00	-0.10	-0.35
+0.10	+0.10	+0.10	+0.10
-0.75	+0.06	-0.75	+0.06
+1.25	+0.06	+1.25	+0.06

Capital Investments and R&D cost

(For the FY Ended March 2019)

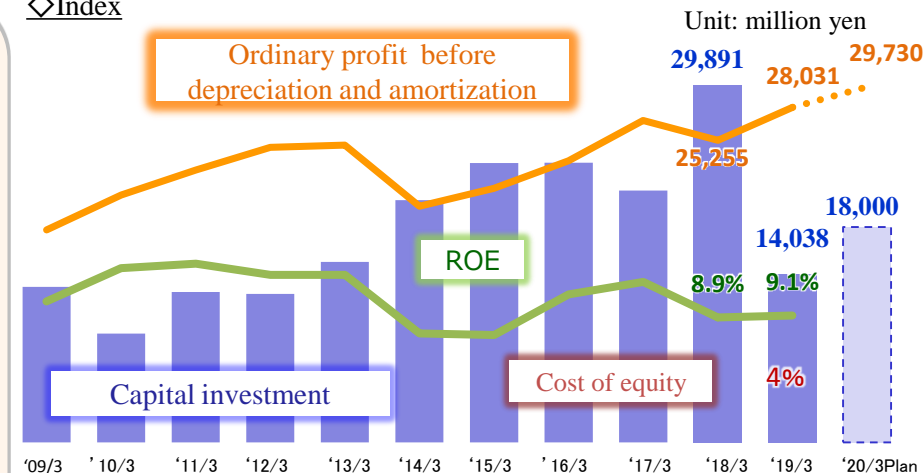
Unit: million yen	Results for Full year				Full year projections	
	FY ended March 2018	FY ended March 2019			FY ended March 2019	
	Performance	Performance	Increase / decrease	Year-on-year	Planned	Progress rate
Tangible fixed assets	29,342	13,442	-15,899	45.8%	17,950	74.9%
Intangible fixed assets	549	595	+45	108.3%	350	170.1%
Capital investment	29,891	14,038	-15,853	47.0%	18,300	76.7%
Depreciation and	11,706	13,170	+1,463	112.5%	13,400	98.3%
Research and	1,197	1,159	-37	96.8%	1,220	95.0%

Major Capital Investments

unit: million yen

	Total investment	Plan in period	Results for Full year	Primary difference
<u>Investment in production of the world's first original products</u>				
◆ Production facilities of Eco OPET		350	320	
◆ Eco APET production facilities(Chikusei)	4,000	1,260	0	-1,260
<u>Investment corresponding to expansion of the sales quantity</u>				
◆ Introduction of automation facilities		570	401	
◆ Reinforcement of bases of Group Company				
Film Plant	Inaugurated in Mar. 2018	4,750	2,020	1,982
Reinforcement of production facilities(recycling pellets)			1,240	-549
Office and Warehouse in Hiroshima	Inaugurated in Oct. 2018	1,450	950	951
FPCO International Package Co., Ltd. Warehouse	Inaugurated in Nov. 2018	790	680	681
Headquarters	Inaugurated in Mar. 2019	920	880	879
◆ Molds		2,210	1,462	-748
◆ IT investments		510	559	

◇Index



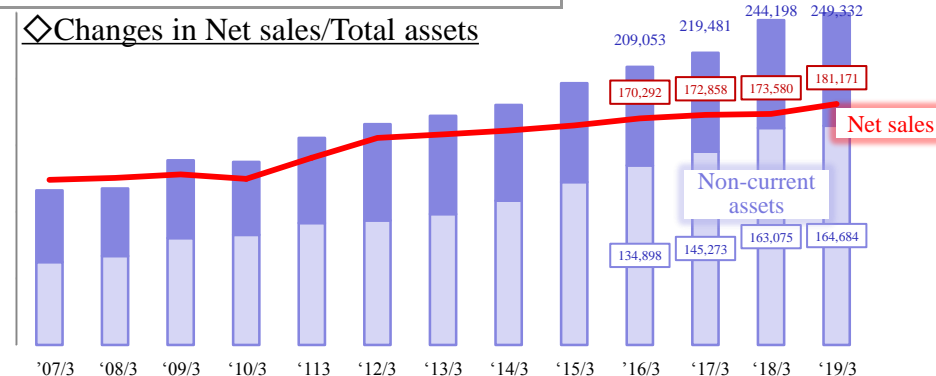
※ROE = Profit attributable to owners of parent ÷ Equity

Unit: million yen	Previous consolidated fiscal year	First half of the consolidated fiscal year			
	FY ended March 2018 As of March 31, 2018	FY ended March 2019 As of March 31, 2019	Increase/ decrease	Year-on- year	Breakdown of main increases and decreases
Current assets	79,395	84,647	+5,252	106.6%	Cash and deposits +3,492 Notes and accounts receivable-trade +1,025 Merchandise and finished goods +858
Noncurrent assets	164,751	164,684	-67	100.0%	
Total assets	244,147	249,332	+5,185	102.1%	
Current liabilities	77,174	76,854	-320	99.6%	Short-term loans payable +1,287 Income taxes payable +1,341 Accounts payable-other -4,292 Accrued consumption taxes +1,833
Noncurrent liabilities	60,752	60,279	-473	99.2%	Net defined benefit liability +1,062 Lease obligation -1,639
Total liabilities	137,927	137,133	-794	99.4%	
Net assets	106,219	112,198	+5,979	105.6%	Retained earnings +6,552
Total liabilities and net assets	244,147	249,332	+5,185	102.1%	

Equity ratio 44.8%

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

◇Changes in Net sales/Total assets



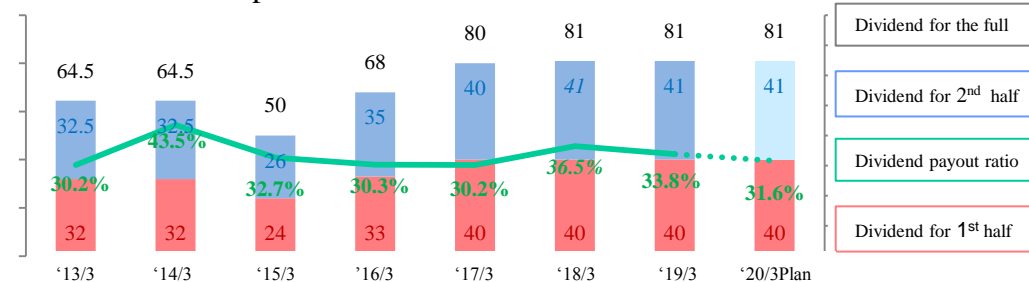
Unit: million yen	Results for Full year	
	FY ended March 2018 Performance	FY ended March 2019 Breakdown of Main Items
CF from operating activities	13,974	25,510
CF from investing activities	-23,656	-17,109
Free cash flows	-9,682	8,400
CF from financing activities	7,197	-4,908
Net increase(decrease)in cash and cash equivalents	-2,485	3,492
Cash and cash equivalents at end of period	15,659	19,151

Breakdown of improvement of CF from operating activities(Year on year)

Improvement of ordinary profit before depreciation and amortization	+2,775
Increase /decrease in accrued consumption taxes from large investment in the previous year	+3,367
The effect of having a holiday at the end of the month	+3,064
Inventory increase in the previous year	+2,489
Other	-160
Total	+11,535

- CF from operating activities
Ensuring profit by selling original products and streamlining efforts
- 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 2020

Outline of Plan for Account Settlement

(Plan for the FY Ending March 2020)

Unit: million yen	Results for Full year		Full year projections				First half projections			
	FY ended March 2019		FY ending March 2020				FY ending March 2020			
	Performance	percentage	Planned	percentage	increase/ decrease	Year-on -year	Planned	percentage	increase/ decrease	Year-on -year
Trays	33,121	18.3	34,800	18.7	+1,678	105.1%	17,000	18.5	+937	105.8%
Lunchboxes and prepared food containers	101,108	55.8	103,660	55.7	+2,551	102.5%	51,330	55.8	+1,064	102.1%
Subtotal	134,229	74.1	138,460	74.4	+4,230	103.2%	68,330	74.3	+2,002	103.0%
Other products	3,350	1.8	3,340	1.8	-10	99.7%	1,670	1.8	+5	100.3%
Sales of products	137,579	75.9	141,800	76.2	+4,220	103.1%	70,000	76.1	+2,008	103.0%
packaging materials	36,823	20.3	37,800	20.3	+976	102.7%	18,900	20.5	+201	101.1%
Other goods	6,768	3.7	6,400	3.4	-368	94.6%	3,100	3.4	+213	107.4%
Sales of goods	43,592	24.1	44,200	23.8	+607	101.4%	22,000	23.9	+414	101.9%
Net Sales	181,171	100.0	186,000	100.0	+4,828	102.7%	92,000	100.0	+2,422	102.7%
Operating profit	13,949	7.7	15,500	8.3	+1,550	111.1%	7,250	7.9	+1,089	117.7%
Ordinary profit	14,861	8.2	16,000	8.6	+1,138	107.7%	7,400	8.0	+916	114.1%
Profit attribute to owners of parent	9,901	5.5	10,600	5.7	+698	107.1%	4,950	5.4	+604	113.9%
Ordinary profit before depreciation and amortization	28,031		29,730		+1,698	106.1%	14,160		+1,170	109.0%

■ Sales Products

Expanding sales of microwavable containers, recycled Eco Trays and Eco APET containers
Proposing high function products for new markets, including those of home delivery, frozen food, and fruits and vegetables

Shipments: Rising 3% year-on-year

Trays: Expanding sales with a focus on environmentally friendly products

Lunchboxes and prepared food containers:

Proposing new products that will help create attractive sales floors and improve efficiency in the backyard, in addition to original products with functions such as cold and heat resistance

■ Goods

Strengthening sales to small-scale customers who purchase small lots, by making use of merchandising, logistics, and IT infrastructures

◇ Production

Reinforce the production capacity of raw materials for Eco APET
Cost reduction by introduction of industrial robots

◇ Logistics

Containing cost increases by making use of in-house logistics and improving loading efficiency
Automation of warehouse work

◇ ESG

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

Outlook for Increase/Decrease in Ordinary Profit

(Plan for the FY Ending March 2020)

Outlook (May 14 2019)

Unit: billion yen

1st half	2nd half
----------	----------

Fiscal Year ended March 2019		14.86
------------------------------	--	-------

1st half	6.48	2nd half	8.38
----------	------	----------	------



The Price of Material **+0.45**
 (1st half +0.25, 2nd half +0.20)

Sales Price **+1.05**
 (1st half +1.05, 2nd half ±0.00)

Sales Efforts **+0.70**
 (1st half +0.30, 2nd half +0.40)

Improved Production **+0.25**
 (1st half +0.10, 2nd half +0.15)

Improved Distribution **-0.60**
 (1st half -0.30, 2nd half -0.30)

Group Companies **+0.20**
 (1st half +0.05, 2nd half +0.15)

Increased Expenses **-0.91**
 (1st half -0.53, 2nd half -0.38)

Total **+1.14**
 (1st half +0.92, 2nd half +0.22)

Virgin PET raw materials	+0.90
Eco APET raw materials	-0.20
Secondary materials	-0.25

Improvement	+1.14
Labor cost	-0.48
Depreciation	-0.41
Electric power charges	+0.30
Freight costs	-0.70

Labor cost	-0.18
Depreciation	-0.15
Other	-0.58

-0.15

Year on year

+1.14

1st half	+0.92
2nd half	+0.22

Fiscal Year ending March 2020

1st half outlook	7.40	2nd half outlook	8.60
------------------	------	------------------	------

Full year outlook 16.00

Planned Capital Investment and R&D Cost

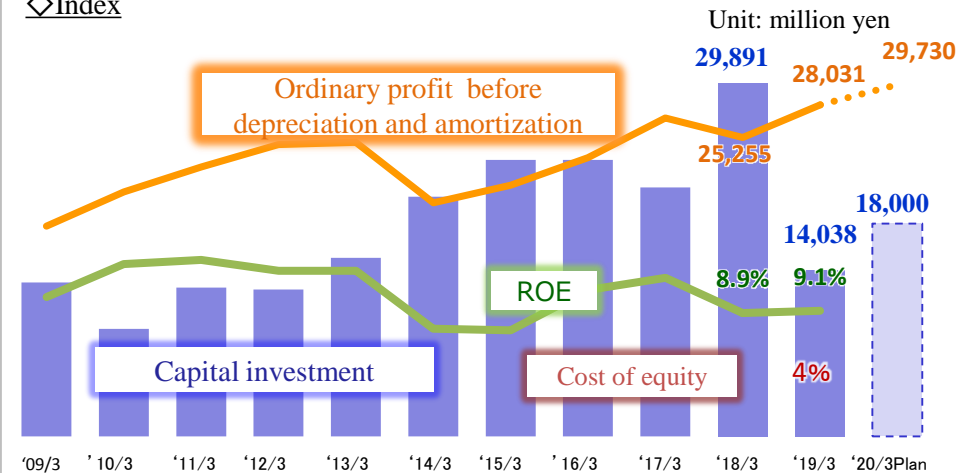
(Plan for the FY Ending March 2020)

Unit: million yen	Results for Full year	full year projections			First half projections		
	FY ended March 2019	FY ending March 2020			FY ending March 2020		
	Performance	Planned	Increase / decrease	Year-on-year	Planned	Increase / decrease	Progress rate
Tangible fixed assets	13,442	17,700	+4,257	131.7%	6,600	+376	106.0%
Intangible fixed assets	595	300	-295	50.4%	100	-107	48.2%
Capital investment (including leasing and procurement)	14,038	18,000	+3,961	128.2%	6,700	+268	104.2%
Depreciation and amortization costs	13,170	13,730	+559	104.2%	6,760	+253	103.9%
Research and development cost	1,159	1,310	+150	113.0%	640	+86	115.6%

Major capital investments

unit: million yen	Total investment	Plan in period
<u>Investment in original products: Improving production capacity and quality of Eco APET products</u>		
◆ Eco APET materials: Boosting the production capacity (Kanto, Kyusyu)	280	280
◆ Eco APET materials: Increase the productivity (Kanto, Chubu)	420	420
◆ Eco APET materials: Quality improvement by pelletizing (Chubu)	600	160
<u>Eco APET products:</u>		
◆ Reinforce the production capacity of sheet extruders and molding machines (Shimodate, Chubu)	2,140	1,800
<u>Investment corresponding to expansion of the sales quantity:</u>		
<u>Stable supply, Efficiency improvement, Maintenance of working environment</u>		
◆ Introduction of automation facilities		630
◆ Fukuyama Distribution Center extension	To be inaugurated in winter 2020	4,345
◆ Chubu Distribution Center extension	To be inaugurated in spring 2021	5,285
◆ Company dormitories for single employees and group home in Fukuyama	To be inaugurated in Mar. 2020	1,054
◆ Company dormitories for single employees in Koga	To be inaugurated in Mar. 2020	611
◆ Molds		1,870
◆ IT investments		600

◇ Index



※ROE = Profit attributable to owners of parent ÷ Equity

To Increase Corporate Value

President

Morimasa Sato



株式会社 **IFCO**

Circumstances Surrounding the Retail Industry

Trend

Expansion of home meal replacement market

(FP Corporation's actions)

(Propose production of attractive selling spaces)

Aggravation of labor shortage

(Propose backyard efficiency improvement)

Soaring logistics expenses

(Increase usage ratio of own trucks and loading efficiency)

Growing public interest in marine plastic issues

(Increase collection volume and recycling capacity)

2018

Polarization of consumer spending

Pursuit of high quality
Pursuit of low prices

Decrease in number of items purchased

Temporary shift from containers with lids to containers with wrap

2019

March

FP CO Fair

May

**Start of new Japanese imperial era
Ten-day Golden Week**

June

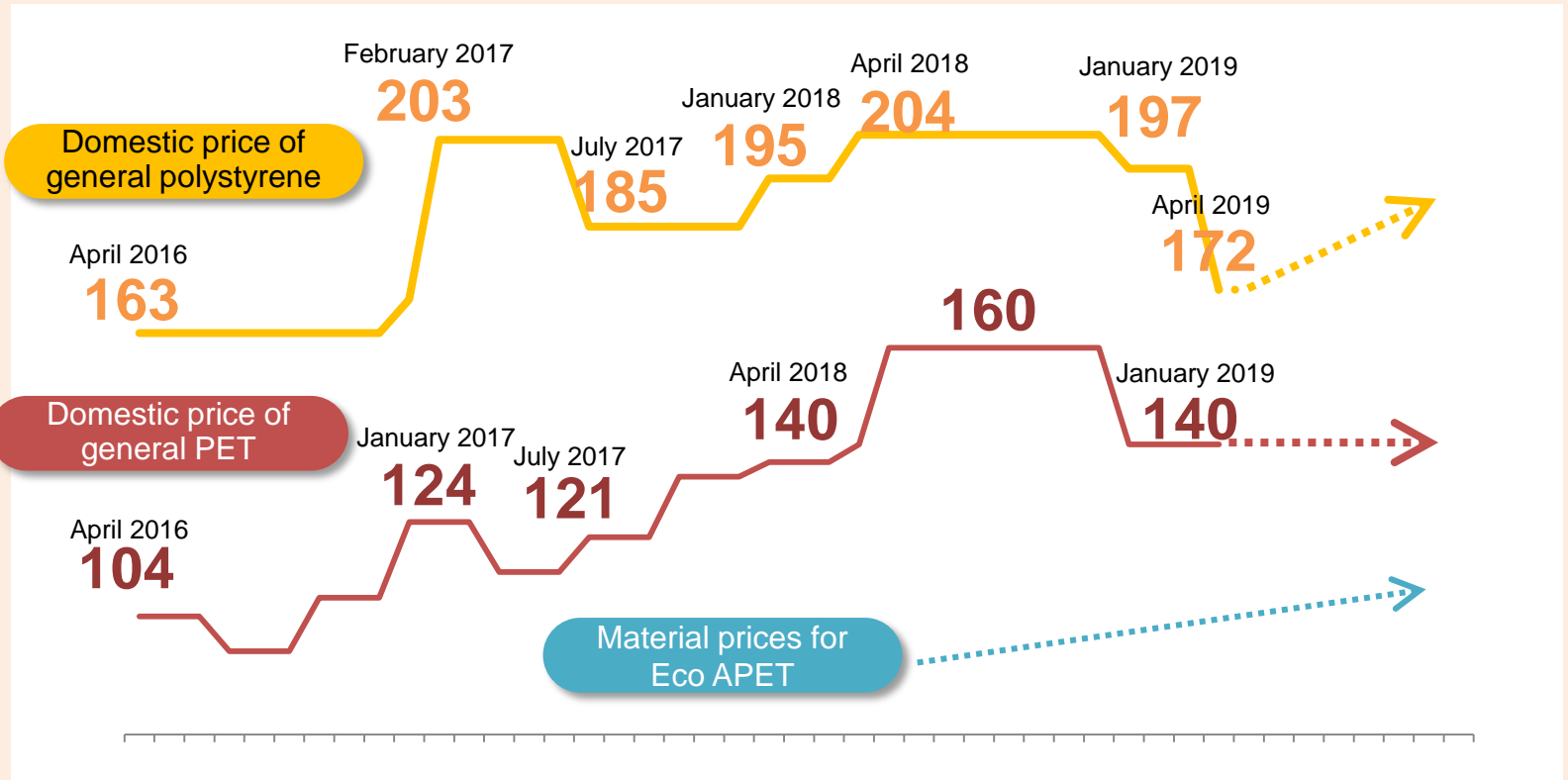
G20 summit

October

**Consumption tax hike
Reduced tax rate system**

Trend in Prices

Raw Material



Other Expenses

Logistics expenses



Labor expenses

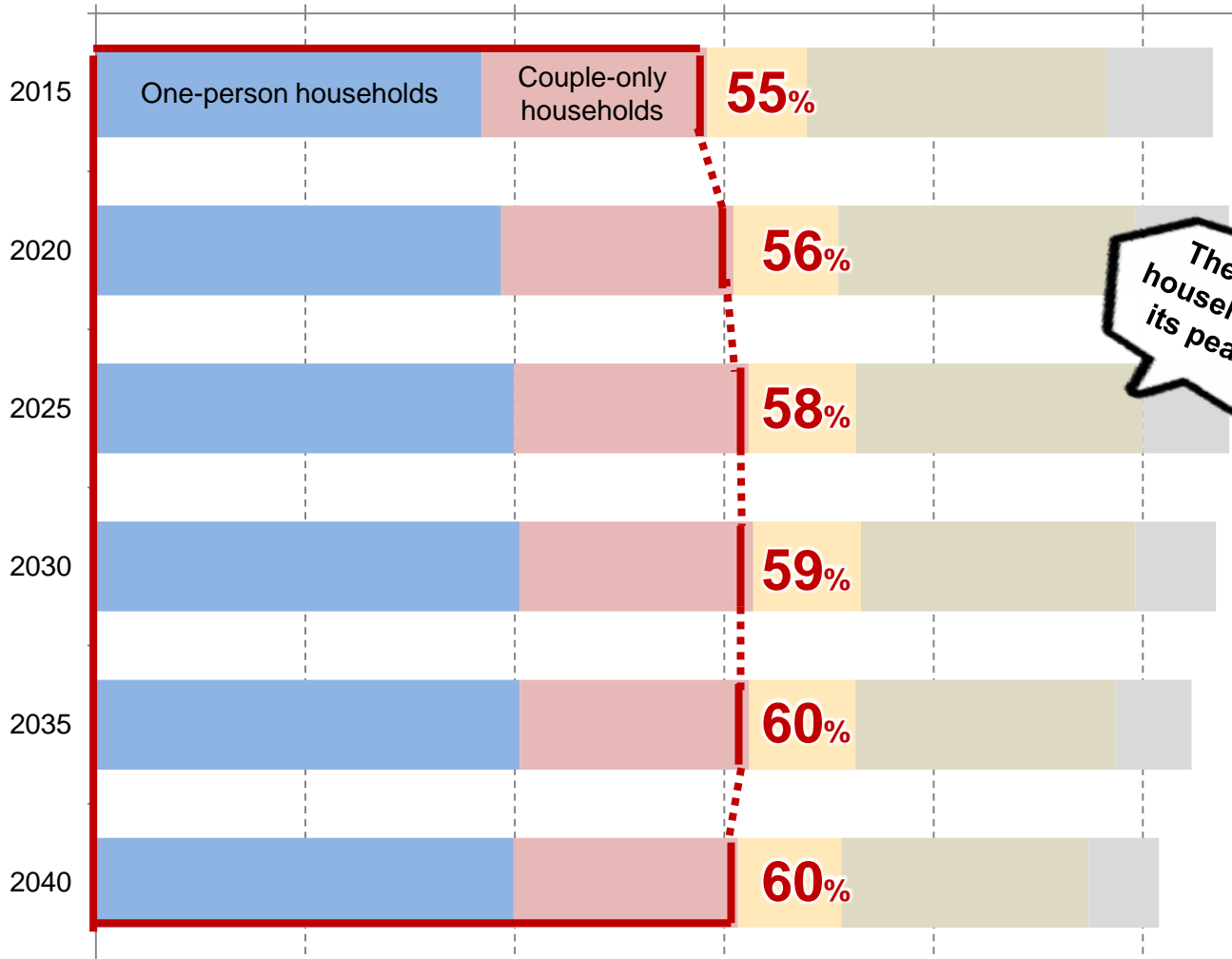


Material expenses

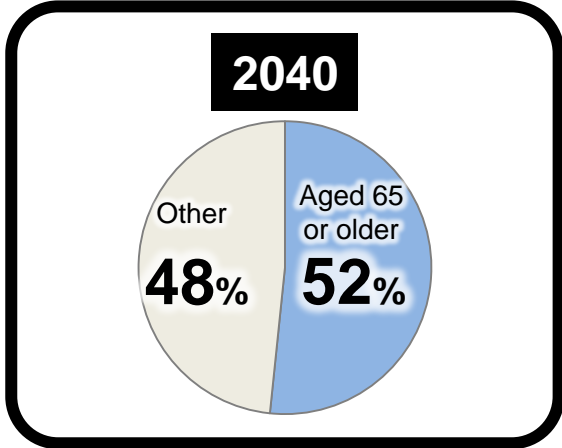
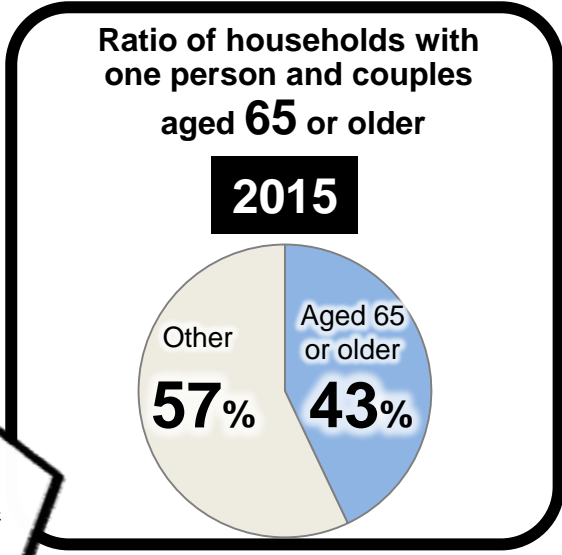


Changes in the Number of Households

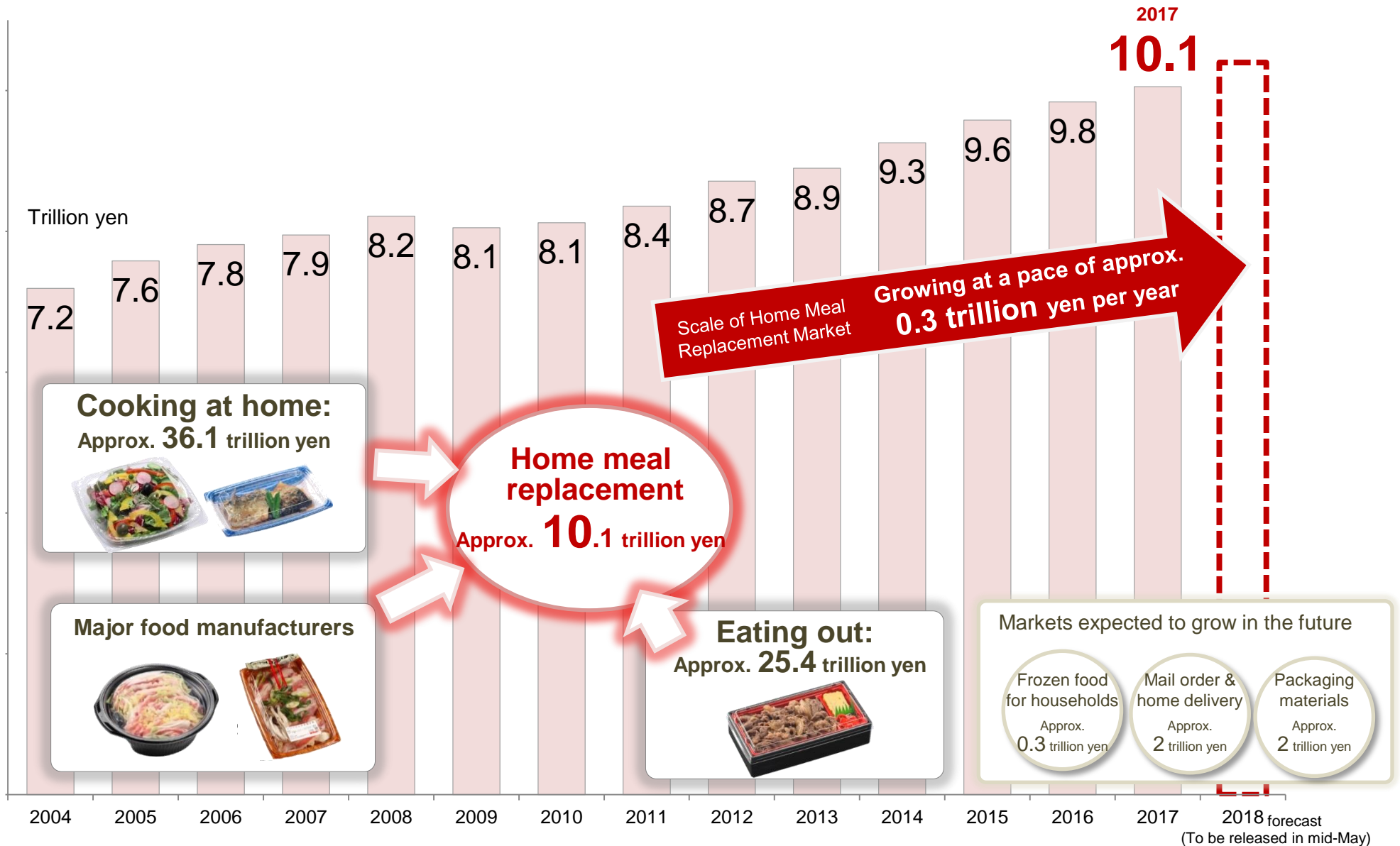
- One-person households
- Households of single parents with children
- Other general households
- Couple-only households
- Households of couples with children



The number of households will hit its peak in 2025.



Trend in Scale of Home Meal Replacement Market



Consumption Tax Increase and Two-Tier Tax Rates

Reduced **8%** tax rate
applicable to

Food, takeout meals and
home delivery



8%?



10%?

Regular **10%** tax rate
applicable to

Food consumed at
restaurants and eating areas



Accelerated entries

More companies offering *Namakara Sozai*

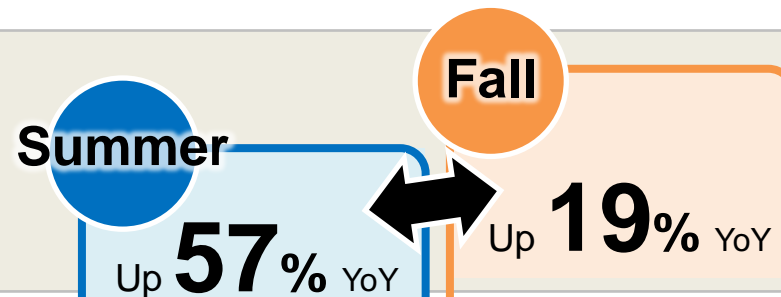
August 2018
114 companies



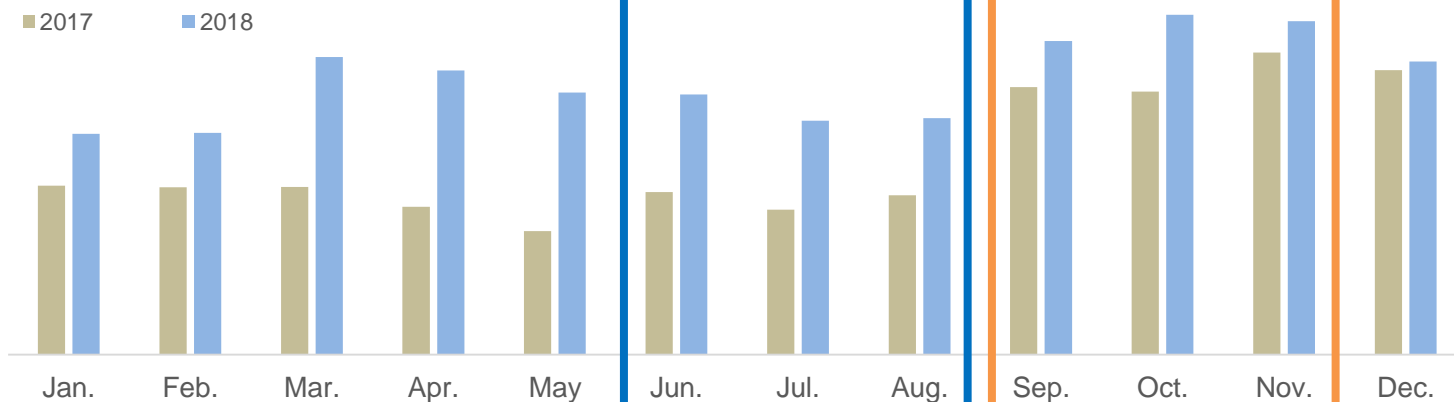
January 2019
128 companies



Following the increase in summer menus *Namakara Sozai* will be offered commercially **throughout the year**



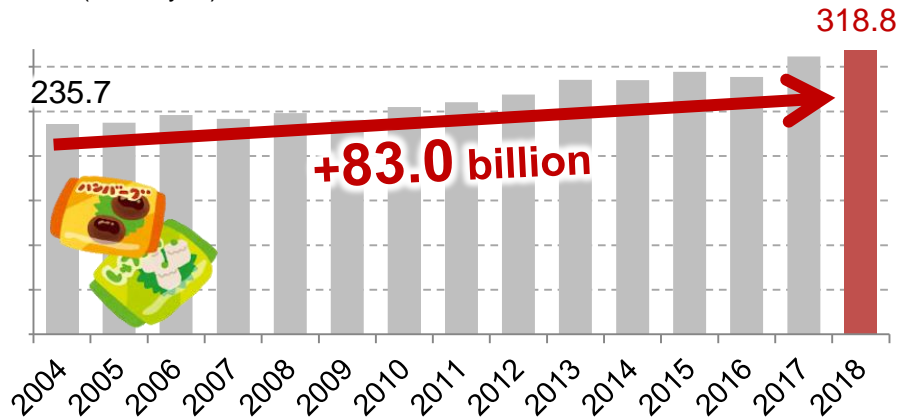
[Actual shipments]
The sum of the shipments of three series of containers mainly used for *Namakara Sozai*



Endeavors in the New Market of Frozen Food

Trend in domestic production of frozen food for households

(Billion yen)



Source: Japan Frozen Food Association

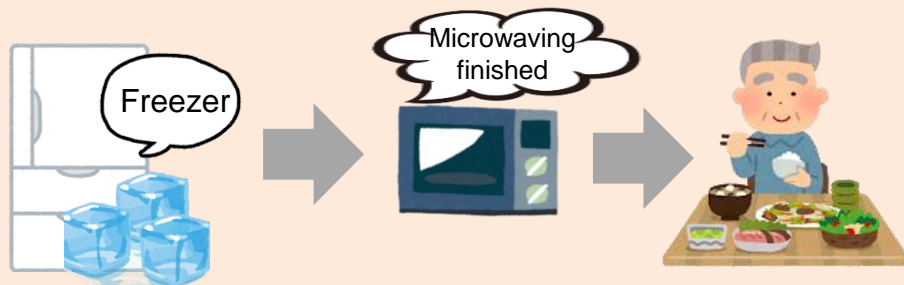
Currently



Take advantage of characteristics of the **MFP** to enter the frozen food market

Food can be eaten without transferring it to plates.

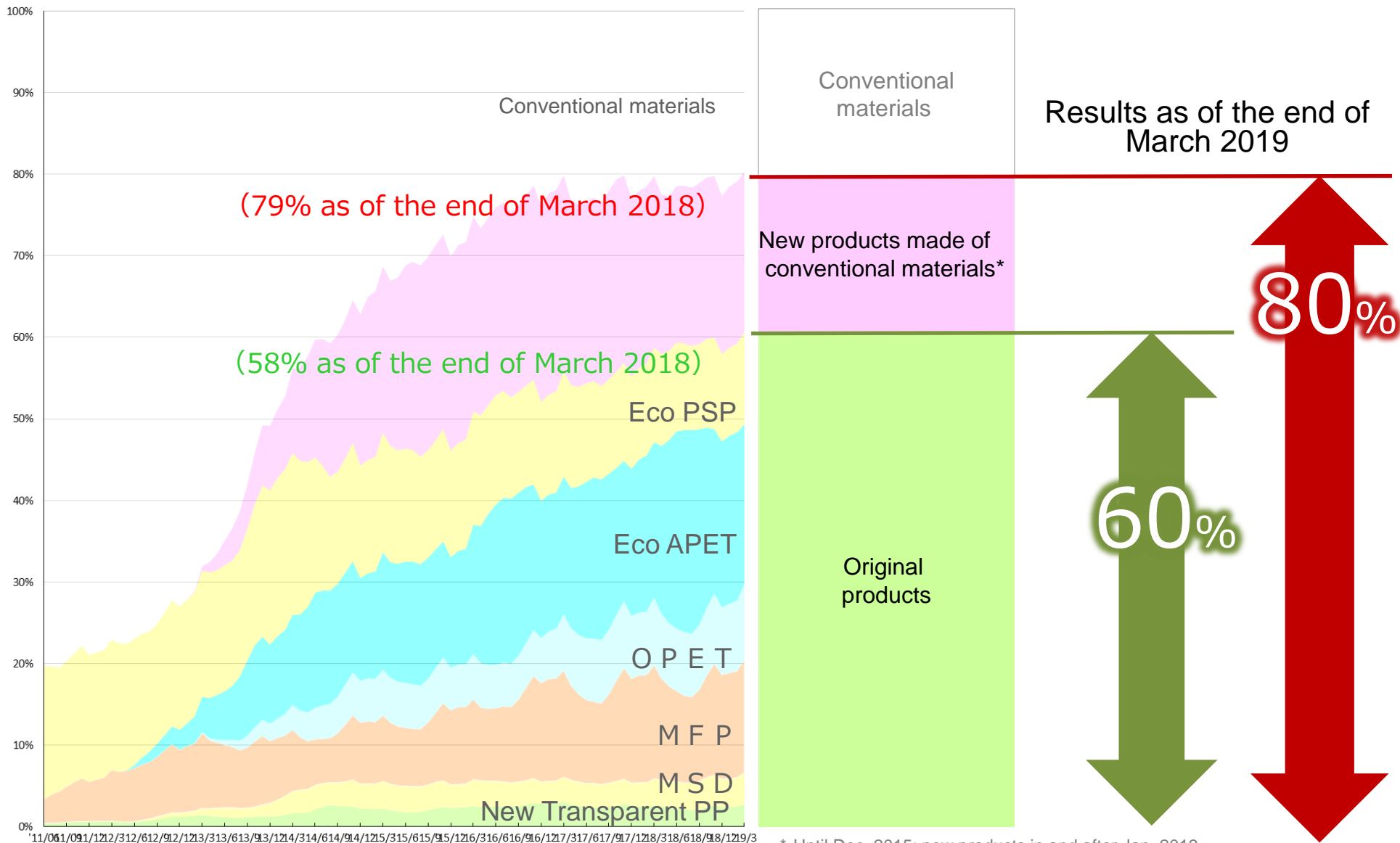
(Heat and cold resistance temperature: -40°C to 110°C)



High heat insulation means **safety and reassurance** after the food is microwaved.



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

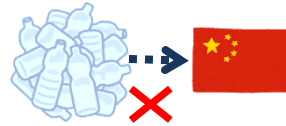
Actions for Recycling



Ocean Plastic Pollution: Background and Current Reality

These two problems are combined and
develop into a major global issue

Due to China's waste import restrictions, the problem of waste disposal has become serious in Europe and other regions.



Problem of ocean microplastics



2018

G7 Ocean Plastics Charter (extract)

Recycle and reuse at least 55% of plastic packaging by 2030.
Recover 100% of all plastics by 2040.

Ministry of the Environment Comprehensive strategy for plastic material recycling

To be formulated by the G20 summit in 2019
FPCO participates in the subcommittee as a board member of the Japan Plastics Industry Federation, expressing opinions as a representative of the industry.

2019

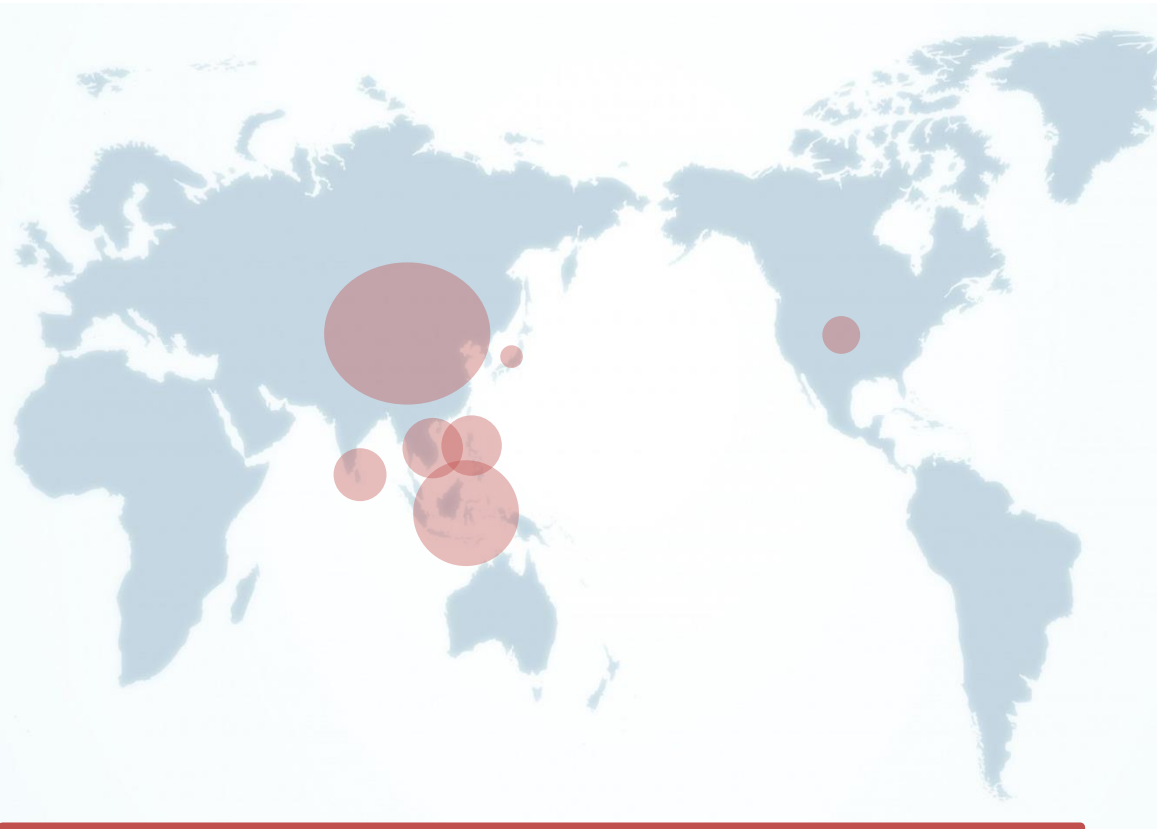
G20 Summit in Osaka, Japan (June 28-29)

Ministerial meetings (May 11 to November 23)

Ministerial Meeting on Energy Transitions and the Global Environment for Sustainable Growth
(Karuizawa, Nagano, Japan, on June 15 and 16)

Necessary Measure: Preventing Inputs of Plastics from Land into the Ocean

Ranking of countries in the inputs of plastic waste from land into the ocean (2010 estimate)



The value for India is estimated to be more than 5.00 mn tons/year although statistical data is not available.

1st: China **3.53** mn tons/year



2nd: Indonesia **1.29** mn tons/year



3rd: Philippines **0.75** mn tons/year



4th: Vietnam **0.73** mn tons/year



5th: Sri Lanka **0.64** mn tons/year



⋮

20th: United States **0.11** mn tons/year



⋮

30th: Japan **0.06** mn tons/year



* Created by FPCO based on data from the Ministry of the Environment

* Maximum estimated values

Recycling of Plastics from Household Waste (Non-Industrial Waste)

PET bottles



Approx.
0.75 mn tons

Single
material

Food containers



Approx.
0.8 mn tons

Soft packaging



Approx.
3.0 mn tons

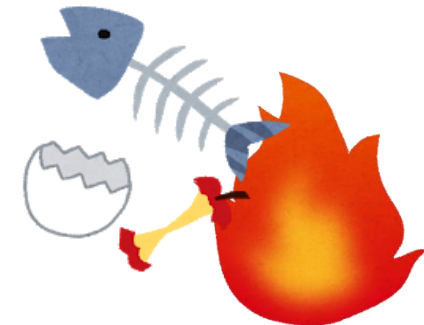
Material recycling

[Recycling of materials]



Thermal recycling

[Thermal recovery]



Promoting 3Rs (Reduce, Reuse, and Recycle)



Poster displayed at
approx. 5,800 stores
 (by 141 companies as of the end of March)

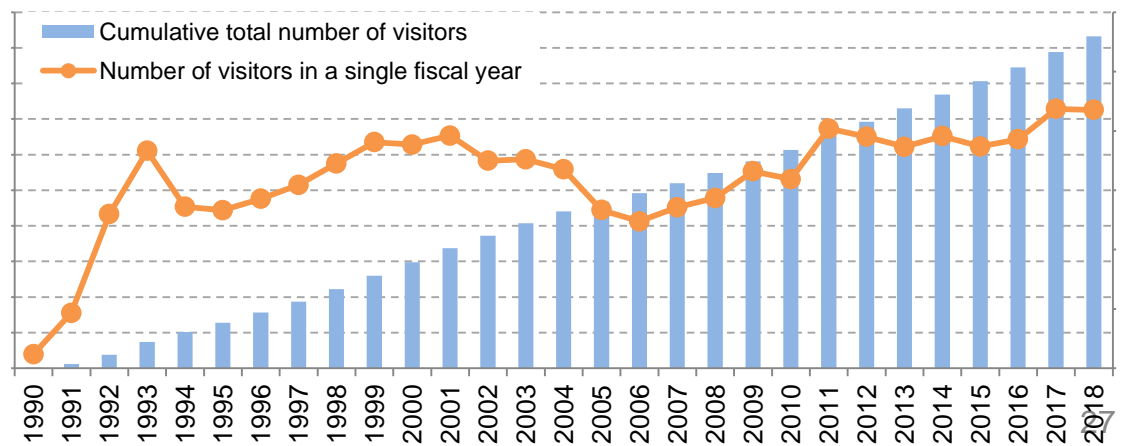


Not *single-use* but a *resource*

Appropriate recycling is important.
 The FPCO Group is committed to activities for encouraging recycling.



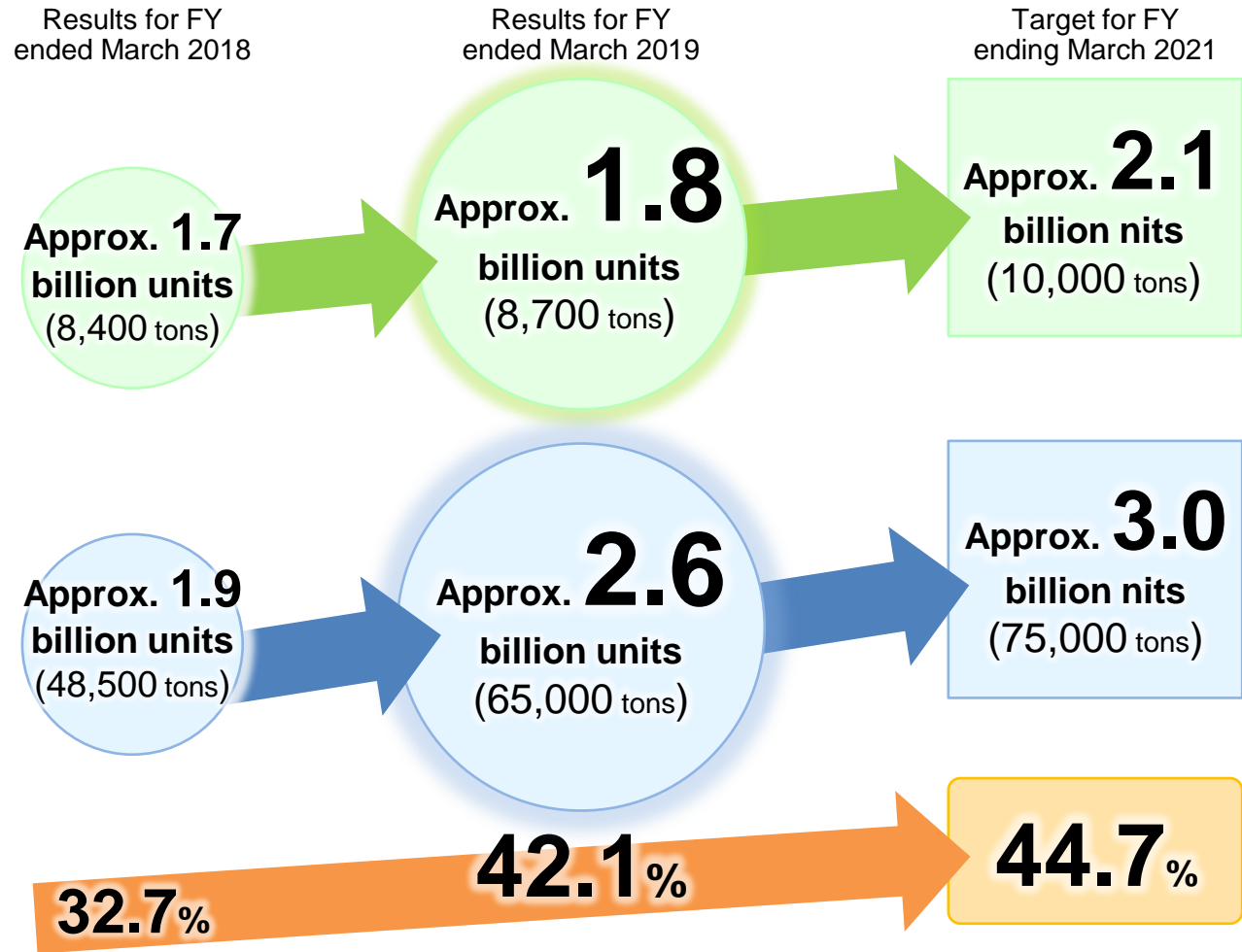
Number of visitors to recycling plants:
 Approx. **20,000** per year; **460,000** in cumulative total



Collection of Plastic Resources

* The corresponding values for the number of containers and bottles were calculated based on the following standard weights.
Foam tray: approx. 4 grams; transparent container: approx. 10 grams; PET bottle: approx. 25 grams

Amount (number) of recycled containers/bottles



Containers
(Foamed PS and transparent containers)


Collected from:
supermarkets,
specified corporations

9,200 sites

PET bottles

Collected from:
specified corporations,
supermarkets,
business-related sources

Ratio of the amount of recycling of used products to product sales volume

 Ministry of the Environment
(Comprehensive strategy for plastic material recycling)

By 2030, 60% of plastic containers and packages will be recycled or reused.
By 2035, all used plastics will be utilized 100% effectively, including heat recovery.

Eco Tray / Eco APET CO₂ Reduction



Eco Tray

CO₂ Reduction Effect

Eco APET

-30%

In FY ended March 2019, CO₂ emissions were cut by

135,000 tons a year

(Eco Tray: 33,000 tons / Eco APET 78,000 tons / Eco OPET 23,000 tons)



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

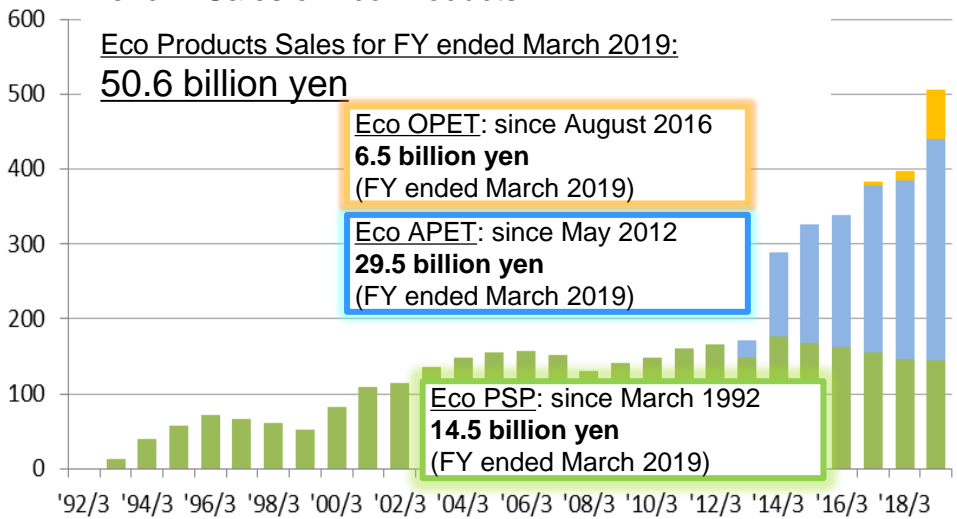
<Trend in Sales of Eco Products>

Eco Products Sales for FY ended March 2019:
50.6 billion yen

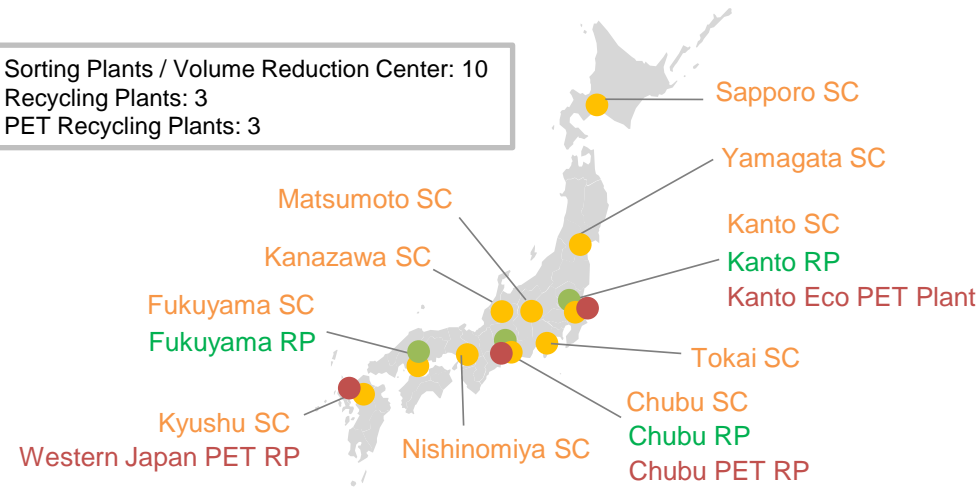
Eco OPET: since August 2016
6.5 billion yen
(FY ended March 2019)

Eco APET: since May 2012
29.5 billion yen
(FY ended March 2019)

Eco PSP: since March 1992
14.5 billion yen
(FY ended March 2019)



- Sorting Plants / Volume Reduction Center: 10
- Recycling Plants: 3
- PET Recycling Plants: 3



Selecting Environmentally Friendly Materials and Supplies



Supermarket

Presents joint actions for recycling with FPCO on its website and in its in-house magazine.



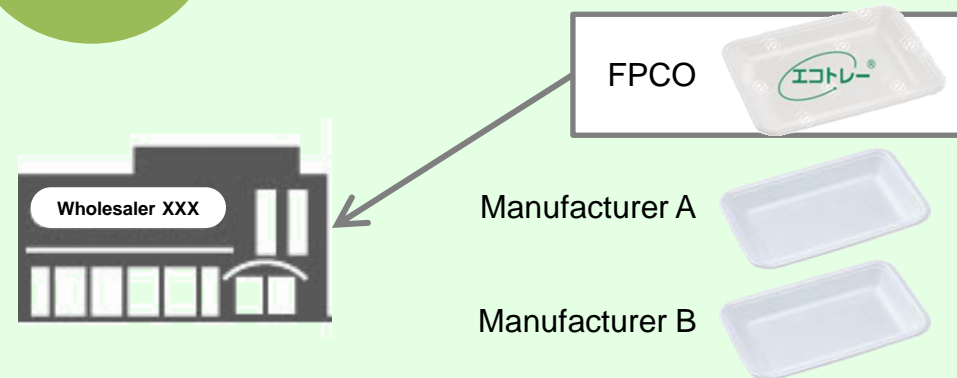
Convenience Store

Positively adopts environmentally friendly containers and packages.



Wholesaler

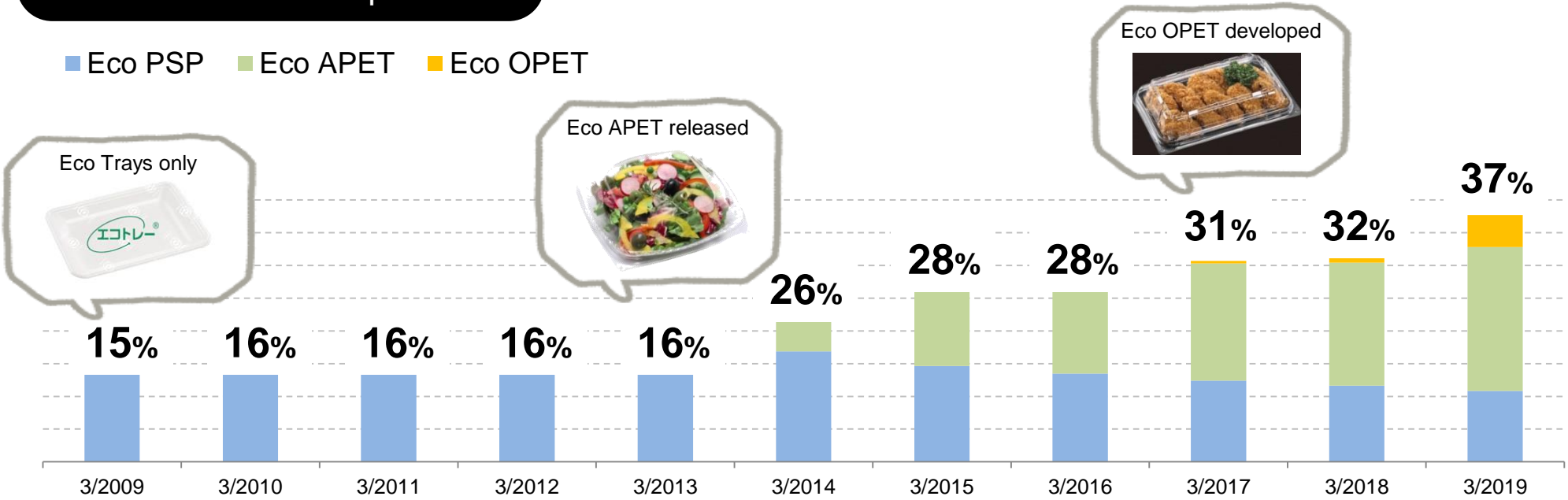
Limits trays used to FPCO's Eco Trays.



Investment in Recycling and Ratio of Eco Products

Sales shares of eco products

■ Eco PSP ■ Eco APET ■ Eco OPET



Investments in recycling (billion yen)	Chubu Krones No. 1 0.9	Chubu Krones No. 2 0.7	Kyushu joining the Group 0.3	Chubu Eco PET Plant 11.6	Kanto Eco PET Plant 15.5	Capacity increased in Kanto and Kyushu 1.3
Supply capacity of recycled PET materials (thousand tons)	10		30		50	57
Ratio of Eco PET and OPET products Average for the fourth quarter	49%		52%	57%	65%	69%

Weight and Stacking Height Reduction

Weight Reduction

Reducing the weight and thickness by **5%** compared to the FY2013 level by **2020**

Kyonishiki 20-16R
Material: HI



22.9 g per tray

Weight per tray reduced to nearly one third

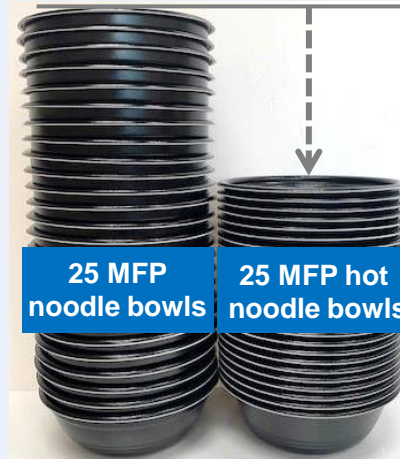
Tosai 19-17
Material: Low-foamed PSP



7.8 g per tray

Stacking Height Reduction

Decreasing the stack height reduces the amount of storage space used as well as expenses for cardboard and transport.



Stack height reduced by approx. **45%**



MFP Hot Noodle Series



Ministry of the Environment
(Comprehensive strategy for plastic material recycling)

Strive to cut cumulative emissions for single-use plastic containers, packages and others by **25%** by **2030**.

Streamlining of Logistics and Manufacturing

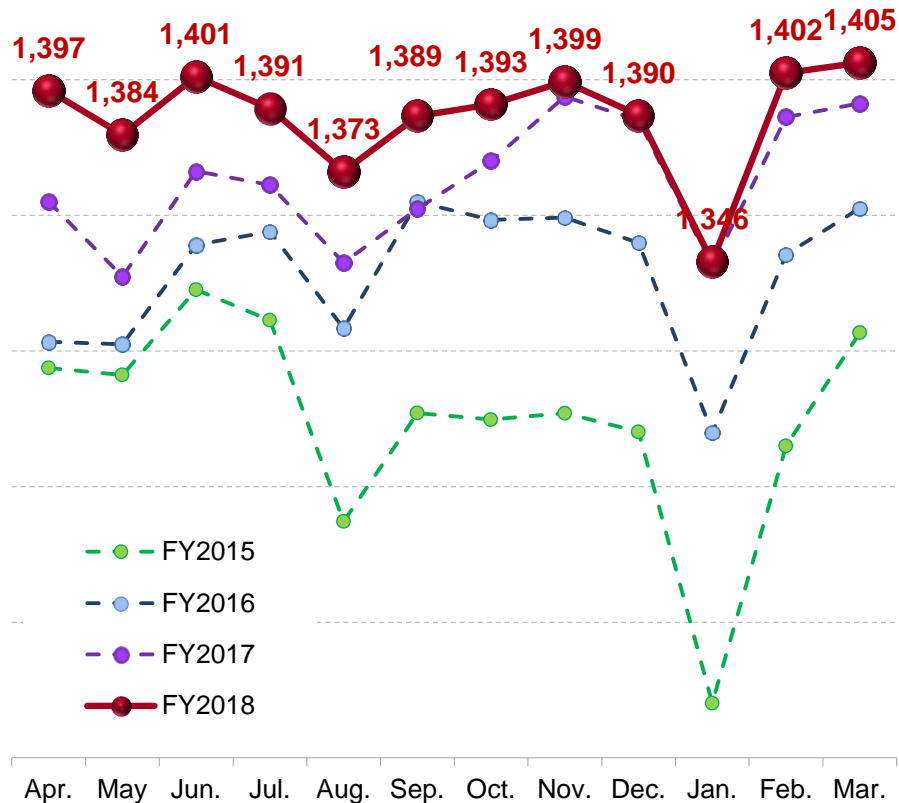


Actions for Suppressing Soaring Logistics Expenses

Increase load efficiency per truck

Up **6.9%** from FY2015 level

(Sai* per truck) * 1 sai = 0.027826474 m³



Increase ratio of private services

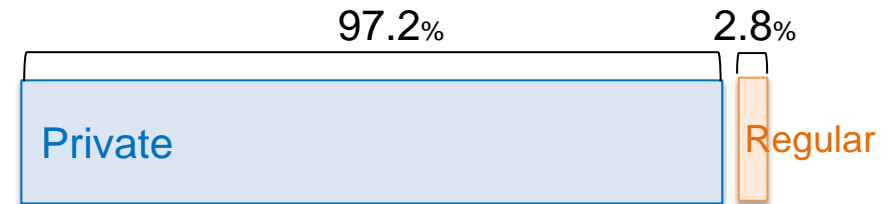
March 2018

96.4%

March 2019

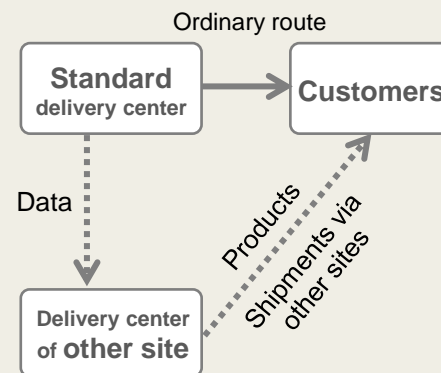
97.2%

Up 0.8%
Approx. 11,000 cases



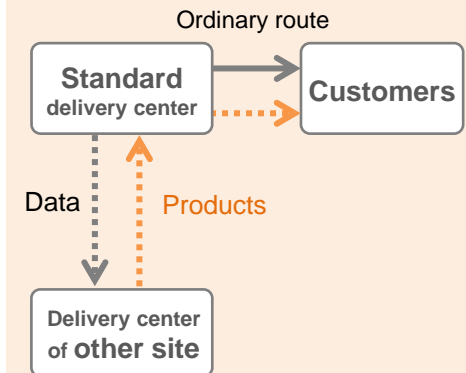
Before the change

Arriving the **next evening** from the other site **via consolidated cargo service**



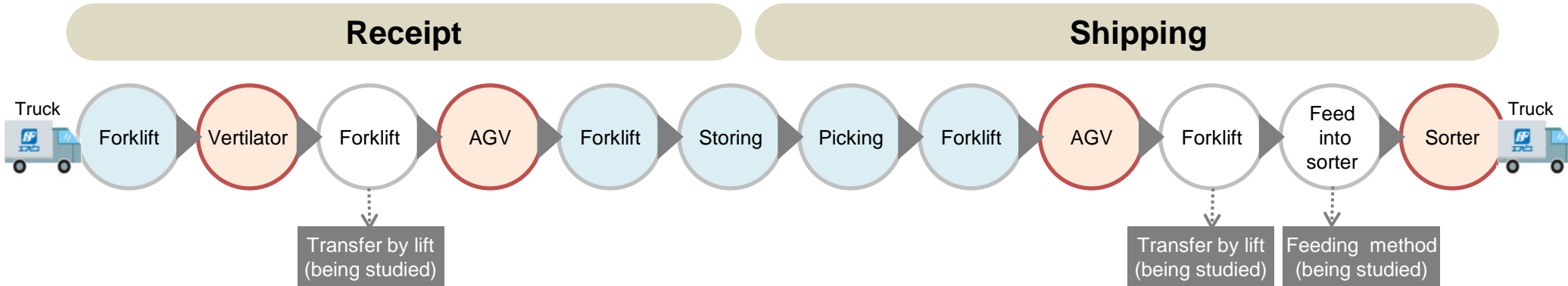
After the change

Arriving **morning after next via our truck** after transportation to the standard delivery center



Towards Automated and Unmanned Warehouse Operations

Human labor Automated Being studied



Automated and unmanned operations

Vertilator (for vertical transfer)



AGV (for horizontal transfer)

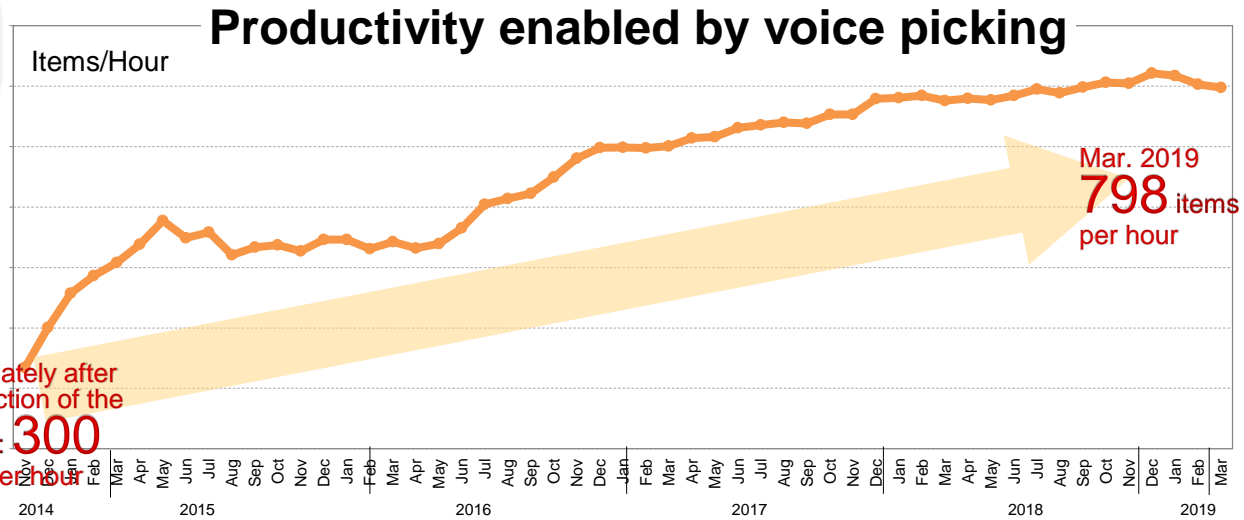
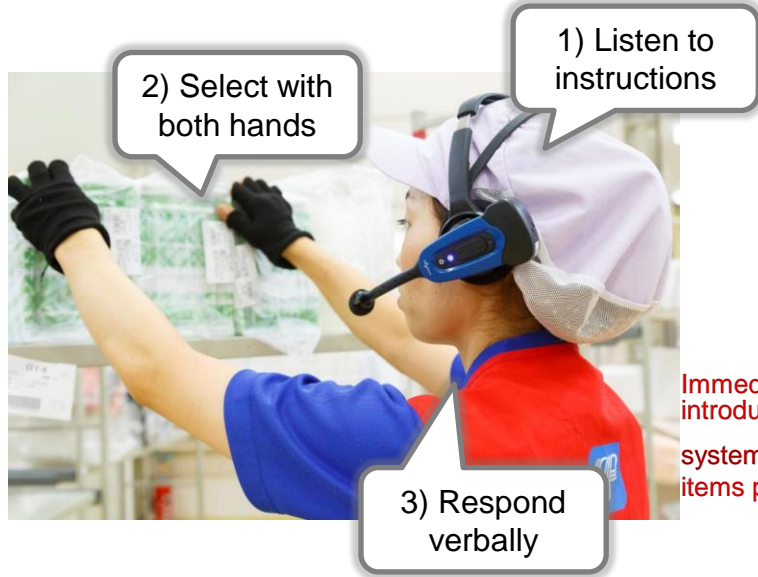


Unmanned transfer along the designated route on the same floor of the warehouse

Sorter (for automated sorting)

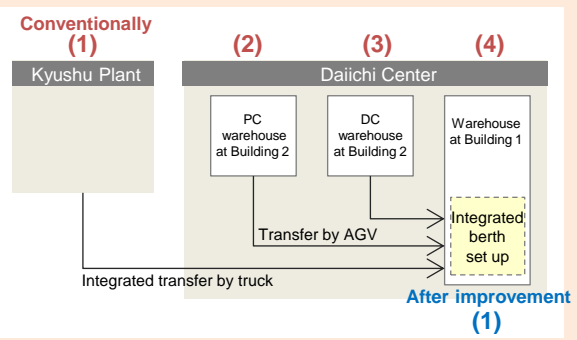


Steady Improvements



Integrate loading points into one to slash loading time

Loading at four points: 65 min
 Loading at one point: 35 min (cut by 30 min)

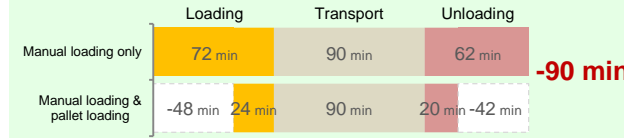


Improve deployment according to items and shipping frequency to raise picking productivity

A team with seven fewer workers manages to operate.

Month and Year	Number of man-hours (MH) required per day	Workers on duty per day	Number of workers registered	Number of surplus workers
Sep. 2017	362	Approx. 55	63	8
Sep. 2018	324	Approx. 48	61	13
Streamlining effect	-38	Approx. -7	-2	+5

Combine manual loading with pallet loading to reduce working time



Food trays are not suitable for pallet loading.

They used to be loaded manually.

After being studied, a combination of manual loading with pallet loading is on trial.

130 cases on a large truck using 1,100 pallets

220 cases on a large truck

210 cases on a large truck using 1,500 pallets and manual loading

Strong Crisis Management Structure Supporting Stable Supply

Natural Disasters in 2018

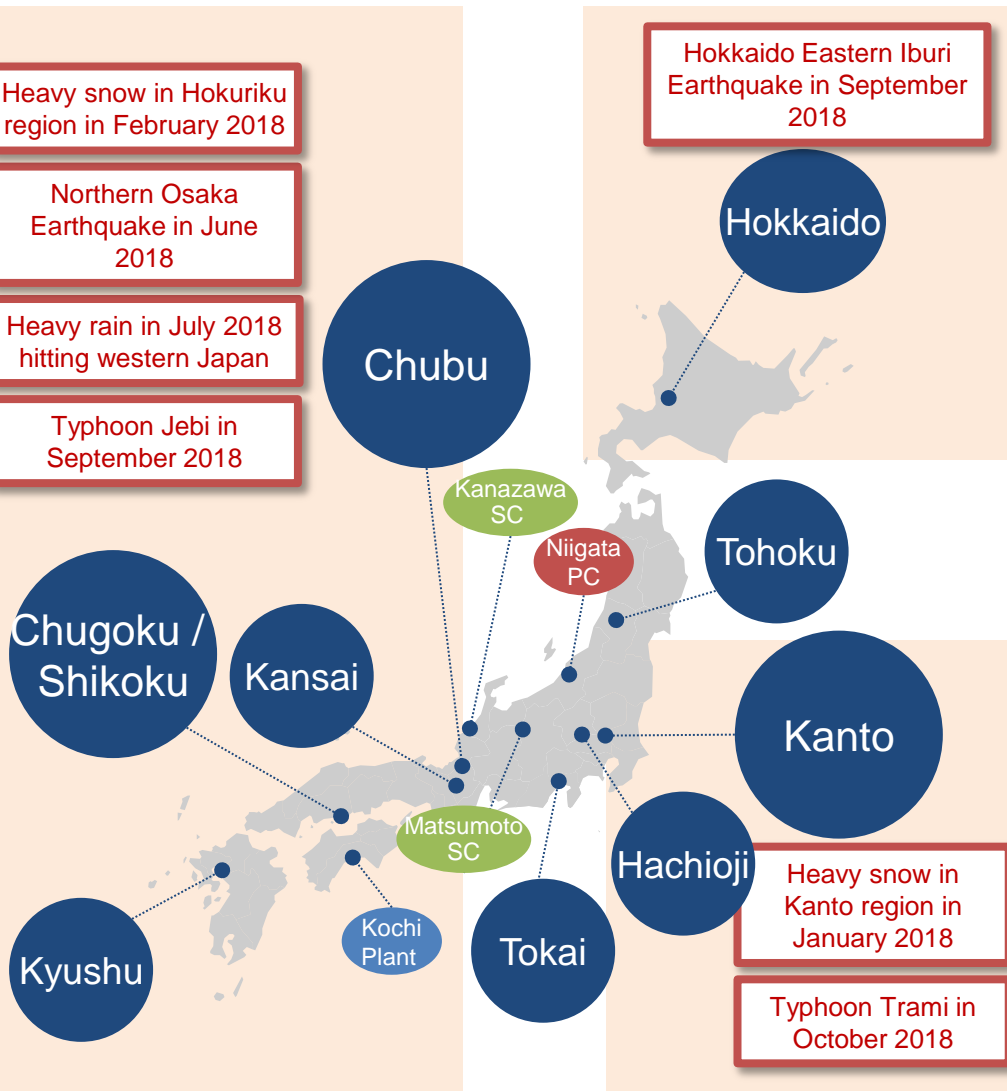
Heavy snow in Hokuriku region in February 2018

Northern Osaka Earthquake in June 2018

Heavy rain in July 2018 hitting western Japan

Typhoon Jebi in September 2018

Hokkaido Eastern Iburi Earthquake in September 2018



Business Continuity Plan (BCP) for uninterrupted logistics operations in the event of a disaster

Emergency power generators are installed and their fuel stored at all the 21 logistical bases across the country to ensure power supply for **72 hours**.

Two drills with the participation of all center personnel take place per year involving operation of the power generator.

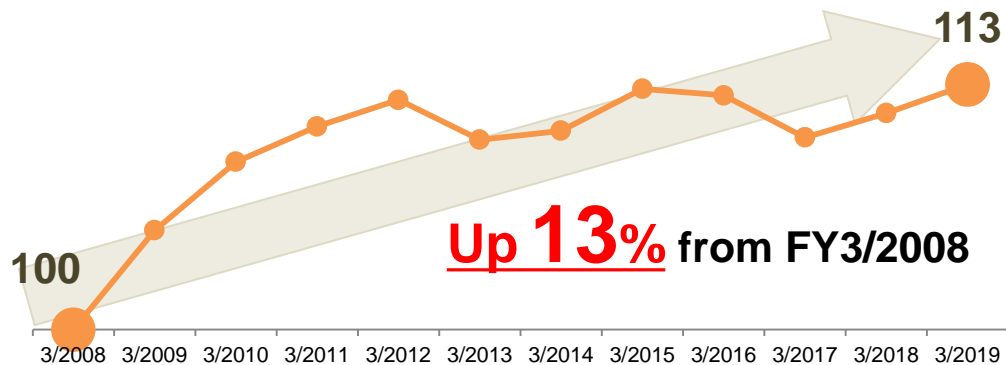
Emergency power generator

Fuel tank



Streamlining Effect in Manufacturing Division

Trend in number of shots per hour
(expressed in index form)



Production shot equivalent to Production capacity
-0.1 s equivalent to **+3.9 lines**

0.1 s/shot × 74 million shots = 7.4 million s = 85 days
 (Number of working days per month: 22)

Accumulation of improvements *(Many drops make a shower.)*

Shortening of preparation time

Improvements in facility performance

Improvements in molds and cutting dies

Improvements in operators' skills

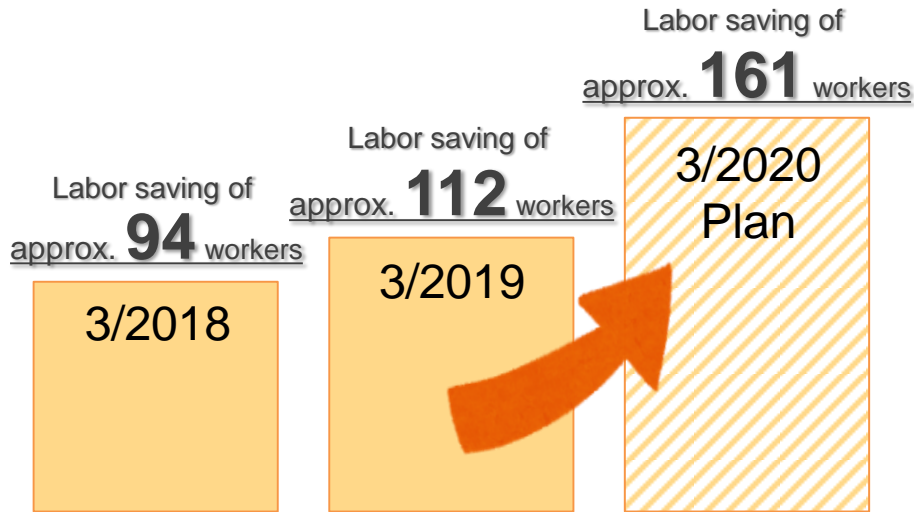
A cumulative total of 292 workers trained at the Skill School



Badge for workers who completed the training at the Skill School



Higher Work Efficiency Enabled by Automation (Manufacturing Division)



Disability Employment and Development of Working Environment



Diversity Management That Maximizes Abilities



Sorting centers: 10 locations

7 in-house locations
1 location with a contractor
2 locations with business alliance partners



Oribako container assembly and secondary processing:

8 locations

7 in-house locations
1 location with a contractor



Container manufacturing (foamed/transparent):

3 locations

Certification for Employment of People with Disabilities

- Jan.2019 (Ministry of Health, Labor and Welfare)
FY2018 People with Disabilities Active Company Certification
- Oct.2017 (Toyo Keizai Inc.)
Employment Rates for Persons with Disabilities
Ranked 1st for four consecutive years



Award, Certification, Registration for Floor Hockey Activity

- Mar.2019 (Tokyo Metropolitan)
Barrier-free Minds Support Company Registration
- Dec.2018 (Japan Sports Agency)
Sports Yell Company Certification
- Nov.2018 (Tokyo Metropolitan)
Tokyo Sports Promotion Company Certification
- Feb.2018(Tokyo Voluntary Action Center)
3rd Corporate Volunteer Awards



What is Floor Hockey?

It is one of the events at the Winter Special Olympics.
FPCO has become the main sponsor for two floor hockey competitions: the FPCO Cup All-Japan National Floor Hockey Tournament and the Universal Floor Hockey Chugoku-Shikoku Regional Tournament FPCO Cup. FPCO Group employees are deeply involved in the running of these competitions as volunteer staff.

Development of Working Environment

Investment in company housing and group homes for people with disabilities

Group home for disabilities (48 units) at Pico House No. 3

(Fukuyama, Hiroshima Pref.)

Completion scheduled in March 2020



Renovation of Pico House No. 4 (64 units)

(Koga, Ibaraki Pref.)

Completion scheduled in March 2020



Revision of the retirement benefit programs at some group companies

Introduction of obligation to take five consecutive days of paid leave (Smile Leave)

Acceleration of introduction of robotic process automation (RPA)

Formulation of internal rules for other improvements in the working environment

Growth Strategy



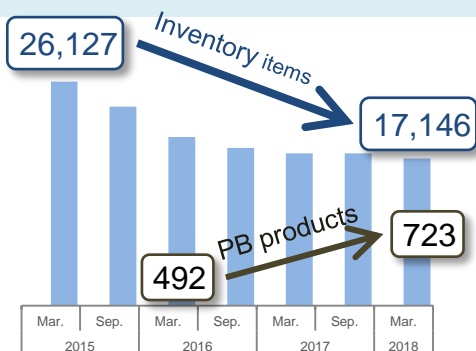
Start of Operation for the New Business Model

Product purchase

MD

Selecting items, consolidating inventory, enhancing lineup of private brand (PB) products

FPCO Trading



FPCO Group's infrastructure

Group's wholesalers

Strength in locally based sales

FPCO International Package
FPCO Ueda
FPCO Ishida
APEX
FPCO Miyako Himo

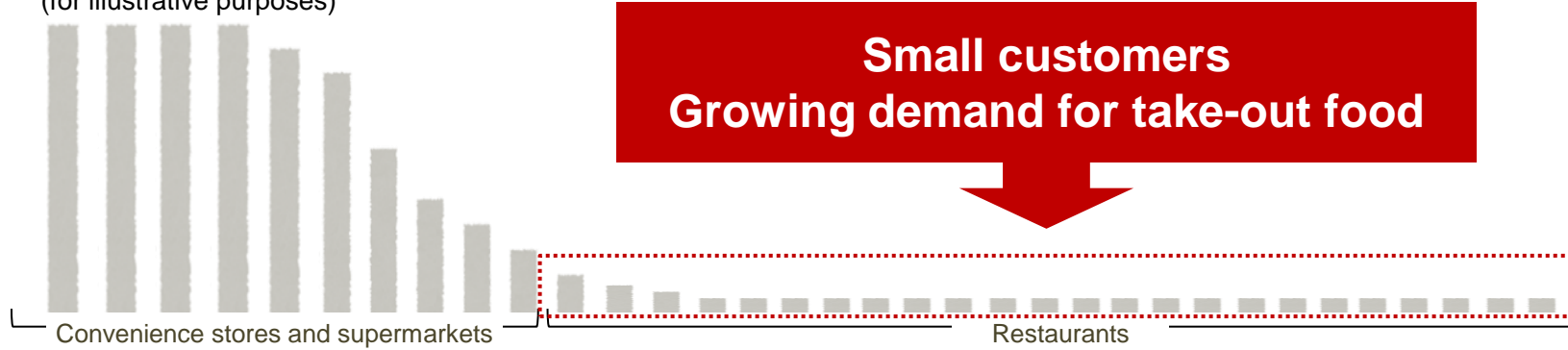
Leading wholesalers in different regions

Nationwide logistics network

Information system

Start of Operation for the New Business Model

Transaction amount of materials and supplies
(for illustrative purposes)



FPCO Group's infrastructure

E-commerce site

パッコマーケット



MD
products



Logistics



Group's wholesalers
Leading wholesalers in
different regions

Local markets

Gather information
on the needs of
small customers



Capital Investment and Cash Flows

Cash flows from operating activities

Capital investment: Goal of 18 to 20 billion yen

Enhance the system for supplying high value-added products from the perspective of medium- and long-term growth

[Priority investment areas]

- Investment in the commercialization of the world's first material
- Market demand for environmentally friendly materials and products

Consolidated payout: Goal of 30%

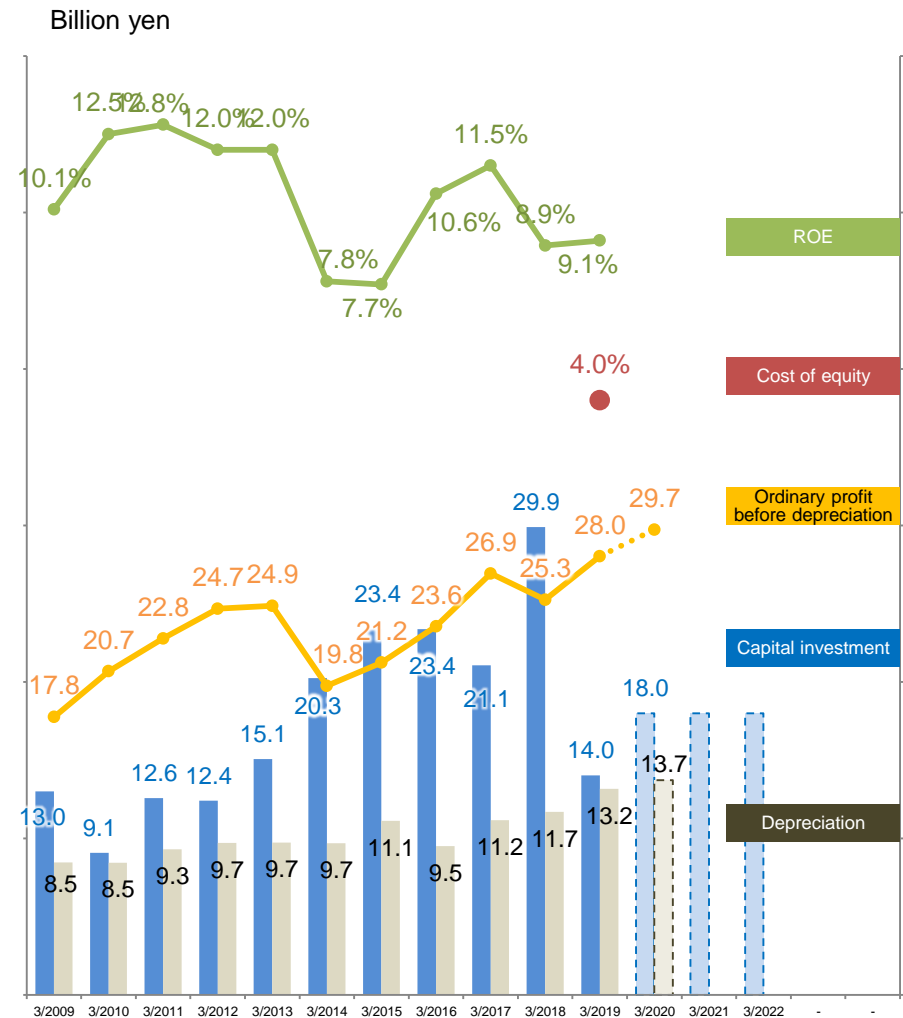
Stable and continuous payment of dividends
Maximization of earnings per share

Acquisition of treasury shares

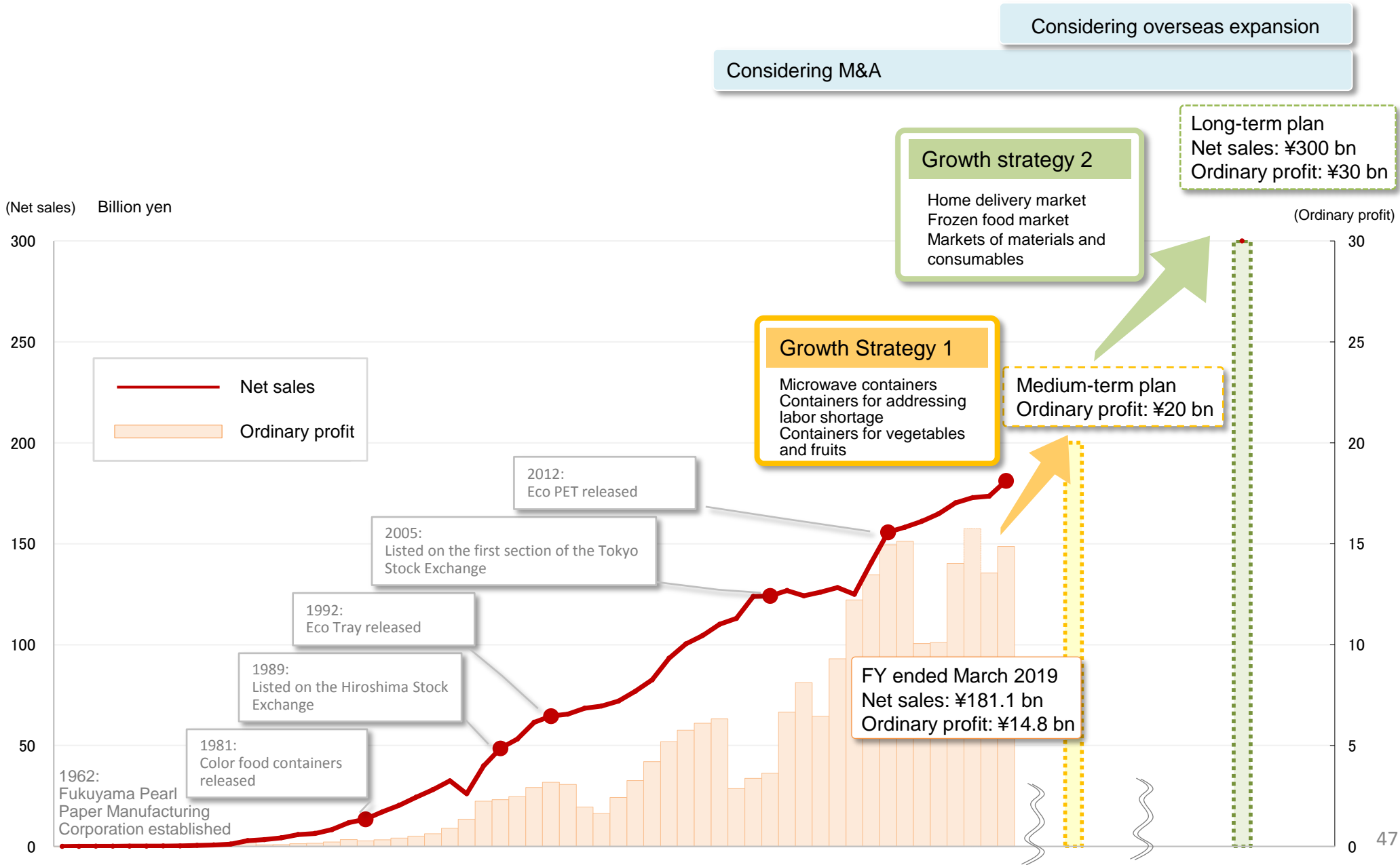
To be determined by the share price

Adjustment of interest-bearing debt

Effective use of interest-bearing debt and assurance of safety

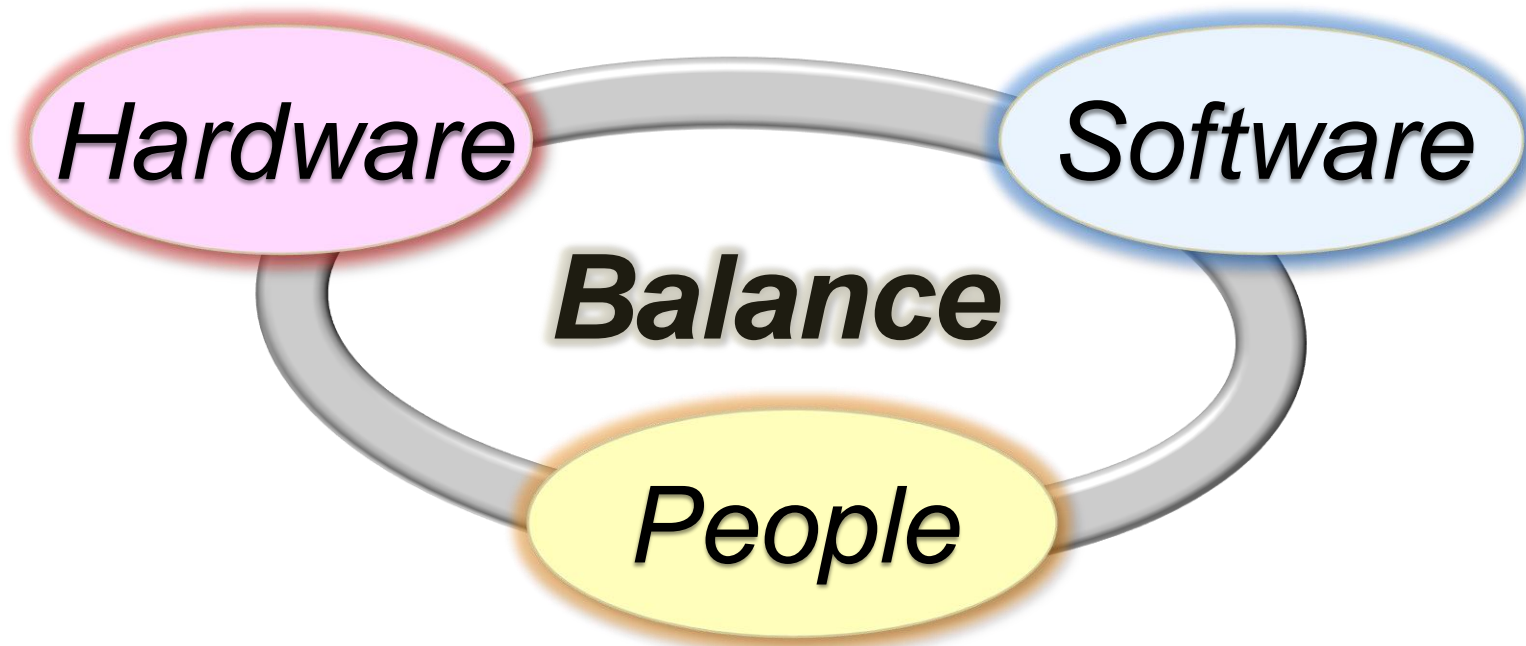


Growth Strategies of FPCO



To Increase Corporate Value

“We ensure that we deliver the best-quality products at competitive prices when they are needed.”



We adhere to the FPCO-DNA and continue to make proposals with the foresight of the near future based on our workplace-oriented policy and customer-first principle.

Supporting Data

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).
- Eco OPET** : An OPET transparent container molded from the bi-axially oriented PET sheets, which use the same raw materials as Eco APET container
- 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.

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

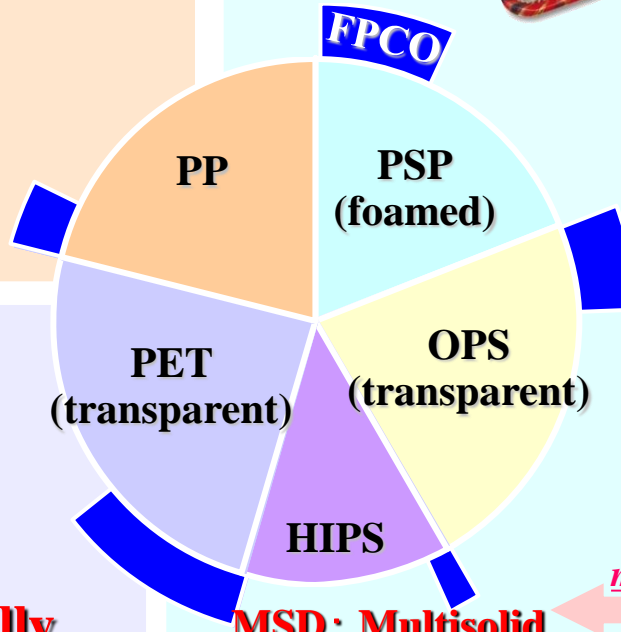
- ★ Easy to mold
- ★ Low raw material ratio
- ★ High thermal insulation
- ★ High oil resistance
- ★ Resistant to a wide range of temperatures: -40 to +110°C
- ★ High firmness
- ★ Weight reduction is possible



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).

Trends in original products development

'11/3 '12/3 '13/3 '14/3 '15/3 '16/3 '17/3 '18/3 '19/3

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



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



May 2012: Market release of the **Eco APET**



Nov. 2010

Chubu PET Recycling Plant

Jun. 2014

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

March 2016

Chubu Eco PET Plant

Aug. 2017

Kanto Eco PET Plant

Nov. 2012: Market release of the **OPET**



Jul. 2012

Kanto Yachiyo Plant

Jun. 2012: Market release of **New Transparent PP**

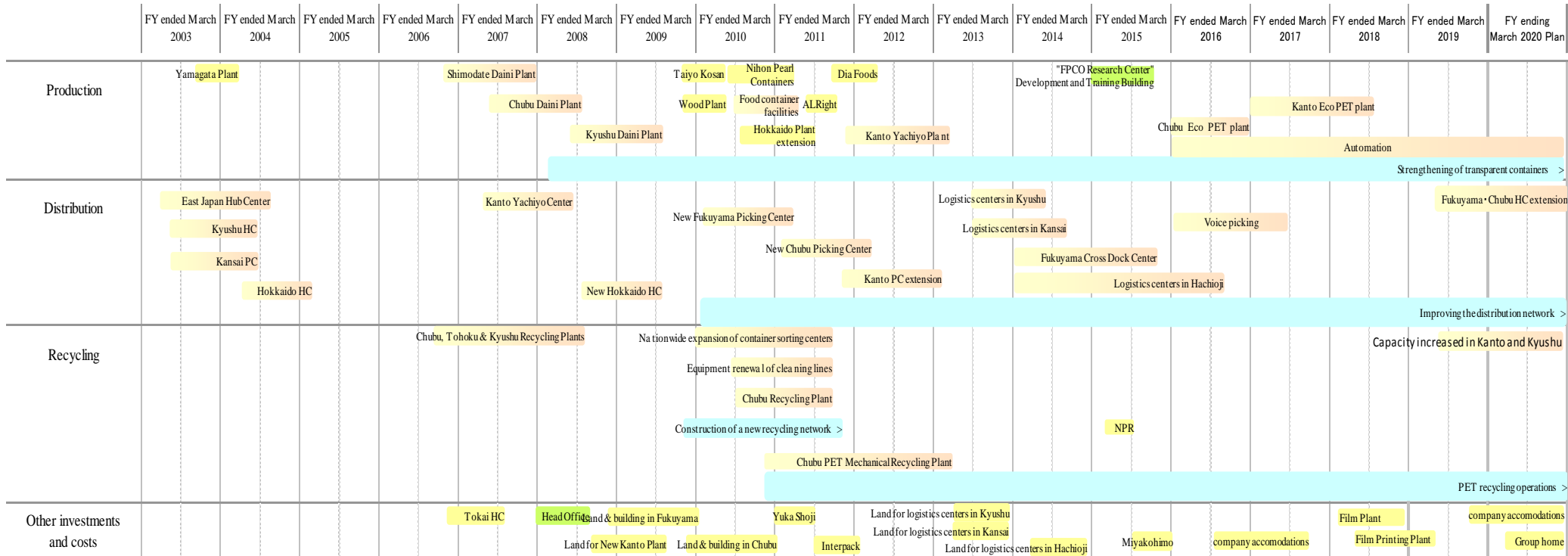


Factors influencing Ordinary Profit

Unit:100 million yen

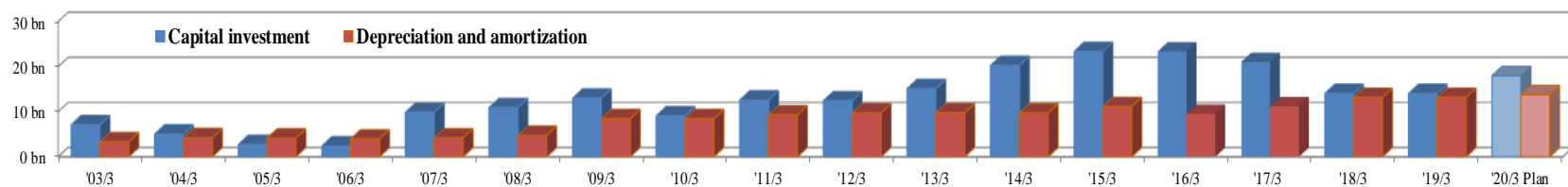
	'03/3	'04/3	'05/3	'06/3	'07/3	'08/3	'09/3	'10/3	'11/3	'12/3	'13/3	'14/3			'15/3			'16/3			'17/3			'18/3			'19/3			20/3 Plan			
													1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Ordinary Profit for previous year	63.1	28.6	33.6	36.3	66.5	81.2	64.5	92.9	122.2	134.7	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	78.3	157.4	66.3	69.2	135.5	64.8	83.8	148.6	
Impact of increase in raw material prices	-6.0	-13.8	-36.5	-10.0	-13.0	-39.5	-37.0	-25.0																									
						Decrease in raw material prices		+78.0																									
						Raw material price increase		-19.0	-23.0	-37.0	-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	+38.0	+25.0		+32.0	+6.5																						
						1st product price reduction		-44.0																									
						2nd product price reduction		-19.0																									
Raw material replacement and lighter-weight products			+2.0	+8.0	+8.6	+11.8	+24.5	+20.0																									
Increase in quantity/improvements to product mix		+45.0		+17.5	+5.8	+3.0	+7.0	+6.0	+21.5	+15.0	+21.0	+1.0	-	+1.0	-	+4.0	+4.0																
Production improvement	+2.4	-0.6	-2.0	+6.0	+8.7	+3.0	+2.5	+9.5	+12.0	+9.0	+2.5	+1.0	-	+1.0	+0.5	+3.5	+4.0	+5.0	+7.0	+12.0	+3.2	+1.1	+4.3	-3.2	-4.0	-7.2	-0.5	-	-0.5	+1.0	+1.5	+2.5	
Distribution improvement	+0.3	-14.0	+12.2	+5.5	+8.0	+5.7	+5.0	+9.5	+8.0	+4.0	+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	-1.5	-3.0	-4.5	-3.0	-3.0	-6.0	
Increase in profit from group companies								+5.0	+5.5	+5.0	+1.0	-	-1.0	-1.0	-	-1.5	-1.5	+3.0	+2.5	+5.5	+2.0	+3.0	+5.0	-	+1.5	+1.5	+0.5	+1.5	+2.0	+0.5	+1.5	+2.0	
Profit from the sale of artwork			+1.0	-1.0			+4.0	-4.0																									
Cost increase	-6.2	-19.3	-3.2	+4.2	-7.4	-9.7	-15.6	-12.7	-11.5	-13.2	-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	-3.3	-3.6	-6.9	-5.3	-3.8	-9.1	
Total increase/decrease	-34.5	+5.0	+2.7	+30.2	+14.7	-16.7	+28.4	+29.3	+12.5	+14.8	+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	-12.8	-9.1	-21.9	-1.5	+14.6	+13.1	+9.2	+2.2	+11.4	
Ordinary profit	28.6	33.6	36.3	66.5	81.2	64.5	92.9	122.3	134.7	149.5	151.2	51.1	49.4	100.5	47.4	53.6	101.1	66.3	74.0	140.3	79.1	78.3	157.4	66.3	69.2	135.5	64.8	83.8	148.6	74.0	86.0	160.0	

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	29,891	14,038	18,000
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	23,058	20,790	29,342	13,442	17,700
Intangible	958	789	120	238	362	254	841	263	233	329	303	506	325	324	269	549	595	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	1,777	2,028	1,485	1,462	1,870
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	11,706	13,170	13,730
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	1,197	1,159	1,310



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

Strategy for Plastic Material Recycling by the Ministry of the Environment (Rough Plan)

Ocean Plastics Charter endorsed at Charlevoix G7 Summit in Canada

Taking into account the full environmental impacts of alternatives, significantly reducing the unnecessary use of single-use plastics.

Working with industry towards 100% reusable, recyclable, or, where viable alternatives do not exist, recoverable, plastics by 2030

Working with industry and other levels of government, to recycle and reuse at least 55% of plastic packaging by 2030 and recover 100% of all plastics, including thermal recovery, by 2040.

Working with industry to increase recycled content by at least 50% in plastic products where applicable by 2030.

Strategy for Plastic Material Recycling by the Ministry of the Environment (Rough Plan): *Milestone*

Reduce

We aim to **reduce emissions of single-use plastics (containers and packaging) by 25% in cumulative total by 2030** through the understanding, cooperation and collaboration of consumers and people from all quarters and all levels of civil society, while taking into account the environmental impacts of alternatives.

Reuse & Recycle

We aim to change the designs of plastic containers, packaging and products into those that make separation technologically easy and permit reuse or recycling, while also trying to secure their functions by 2025. (Even where this is difficult, we will aim to ensure thermal recoverability).

We aim to **recycle or reuse 60% of plastic containers and packaging by 2030 and make 100% effective use of used plastics, including thermal recovery (when recycle or reuse is difficult from the technical or economical perspective), by 2035**, through cooperation and collaboration with people from all quarters and all levels of civil society.

Recycling/ Biomass plastics

We aim to **recycle twice the volume of plastics by 2030** by promoting the understanding, cooperation and collaboration of different groups of the public including the government and local municipalities.

We aim to **introduce as much biomass plastics as possible (approx. 2 million tons) by 2030** by promoting the understanding, cooperation and collaboration of people from all quarters and all levels of civil society.

Collaboration with Related Ministries, Agencies and Organizations

Actions of related ministries, agencies and organizations

FPCO's involvement

Ministry of the Environment

- **Plastic resources recycling strategy**
Presentation on Japan's plastic resource recycling strategy planned at the G20 Summit in June 2019
- **Plastics Smart**
Encouraging smart use of plastics and communicating such uses worldwide

- **Participation in a subcommittee as an industrial association**
- **Publication of Tray to Tray and Bottle to Tray recycling on the campaigns page**

Ministry of the Economy, Trade and Industry

- **Clean Ocean Material Alliance**
A syndicate of companies implementing proper waste management and 3R actions for plastic products and accelerating innovation for resolving marine plastic issues

- **Participation in the alliance as a leading member**

Ministry of Agriculture, Forestry and Fisheries

- **Call for plastic resource recycling declarations**
Collecting and showcasing examples of voluntary actions taken by companies and associations in the food industry

- **Publication of actions for recycling, reducing and raising awareness on the ministry's website**

Keidanren (Japan Business Federation)

- **Plastic-related Innovation for SDGs**
Collecting and showcasing examples of actions taken by businesses and associations for encouraging the recycling of plastic resources and for helping address the issue of marine plastic waste

- **Publication of actions for recycling, reducing and raising awareness on Keidanren's website**

Initiative

- **Japan Climate Initiative**
A network of Japanese entities committed to joining the front line of the global push for decarbonization and taking positive actions to combat climate change

- **Announcement of participation during the foundation**

【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



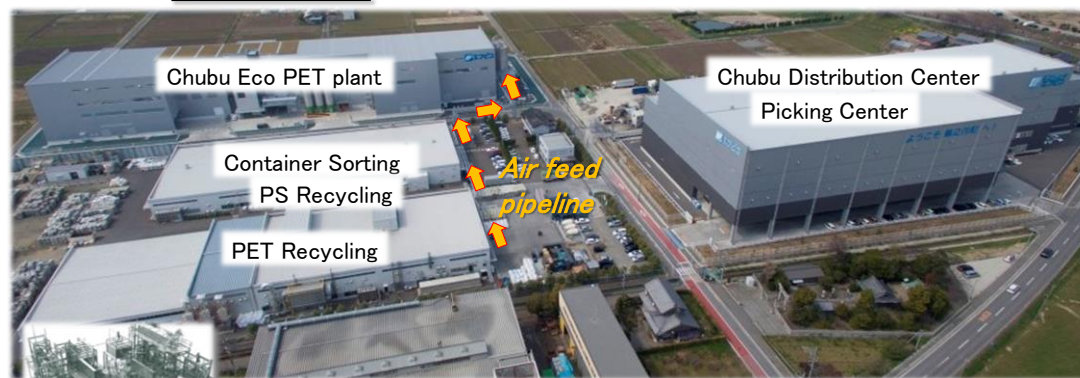
Hachioji 20 minutes from Akigawa station on JR East Lines.



Fukuyama 30 minutes from Fukuyama station on JR West Lines.



Chubu 20 minutes from Gifuhashima station on JR Tokai Lines.



PET Mechanical Recycling plant