

Financial Results

for the first half of fiscal year ending March 2017

平成27年度
地球温暖化防止活動環境大臣表彰



FP Corporation
November 9, 2016

Cautions for Handling This Material

◆ **Results and Plan**

Head of Finance and Accounting Division Isao Ikegami . . . 3

◆ **Working Towards Medium- and Long-Term Targets**

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◆ **For Expansion of Corporate Value**

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◆ **Supporting Data** . . . 45

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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 first half of the fiscal year ending March 2017***

Head of Finance and Accounting Division

Isao Ikegami

Financial Results Summary

(Results for the first half of FY ending March 2017)

Unit: million yen	First half performance							First half projections			Full year projections		
	FY ended March 2016		FY ending March 2017					FY ending March 2017			FY ending March 2017		
	Performance	percentage	Performance	percentage	increase/ decrease	Year-on- year	Quantity	Planned	percentage	progress rate	Planned	percentage	progress rate
Trays	14,579	17.3	14,587	17.1	+8	100.1%	100.9%	15,000	17.1	97.2%	30,200	17.2	48.3%
Lunchboxes and prepared food containers	44,766	53.1	45,749	53.5	+983	102.2%	105.4%	47,000	53.7	97.3%	94,800	53.9	48.3%
Subtotal	59,345	70.4	60,336	70.5	+991	101.7%	103.8%	62,000	70.9	97.3%	125,000	71.0	48.3%
Other products	3,021	3.6	2,871	3.4	-150	95.0%		3,000	3.4	95.7%	6,000	3.4	47.9%
Sales of products	62,367	74.0	63,207	73.9	+840	101.3%	}	65,000	74.3	97.2%	131,000	74.4	48.3%
packaging materials	17,811	21.1	17,999	21.0	+188	101.1%		18,300	20.9	98.4%	36,400	20.7	49.4%
Other goods	4,126	4.9	4,334	5.1	208	105.0%		4,200	4.8	103.2%	8,600	4.9	50.4%
Sales of goods	21,937	26.0	22,334	26.1	+396	101.8%		22,500	25.7	99.3%	45,000	25.6	49.6%
Net Sales	84,305	100.0	85,542	100.0	+1,237	101.5%		87,500	100.0	97.8%	176,000	100.0	48.6%
Operating income	6,021	7.1	7,655	8.9	+1,634	127.1%		7,400	8.5	103.5%	15,100	8.6	50.7%
Ordinary income	6,629	7.9	7,907	9.2	+1,277	119.3%		7,500	8.6	105.4%	15,500	8.8	51.0%
Profit attribute to owners of parent	4,460	5.3	5,406	6.3	+946	121.2%		5,030	5.7	107.5%	10,400	5.9	52.0%
Ordinary income before depreciation and amortization	11,263		13,410		+2,146	119.1%		13,000	103.2%		26,700		50.2%

Record high

✓ Increase in sales and
profit 2 terms in a row

✓ Highest sales and
profit ever

Withdrawal from
the unprofitable transactions

Products made to order
(Convenience Store)
-700million yen
Goods -800million yen

Subsidy

Last term 460 million yen
Current term 90 million yen
Increase/
decrease -370 million yen

■ Sales

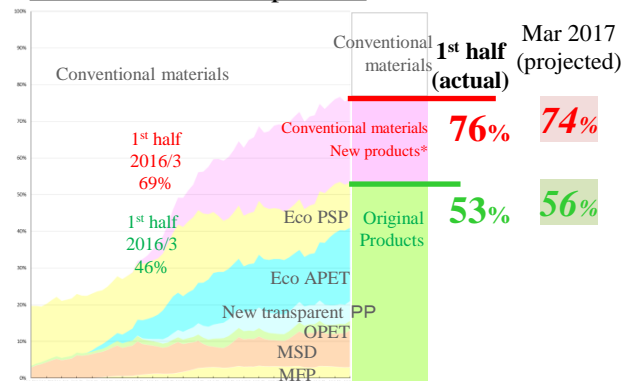
Products

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

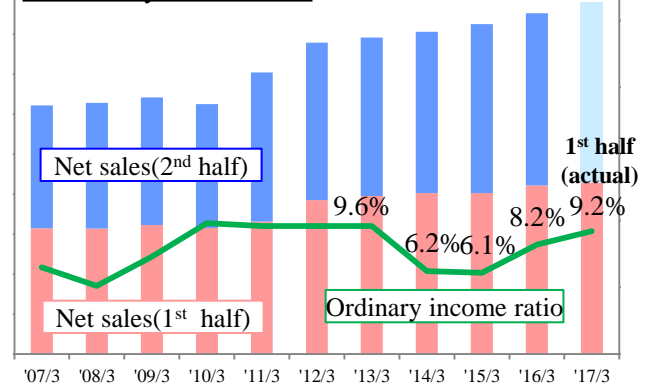
Goods

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

◇ Product sales composition



◇ Ordinary income ratio

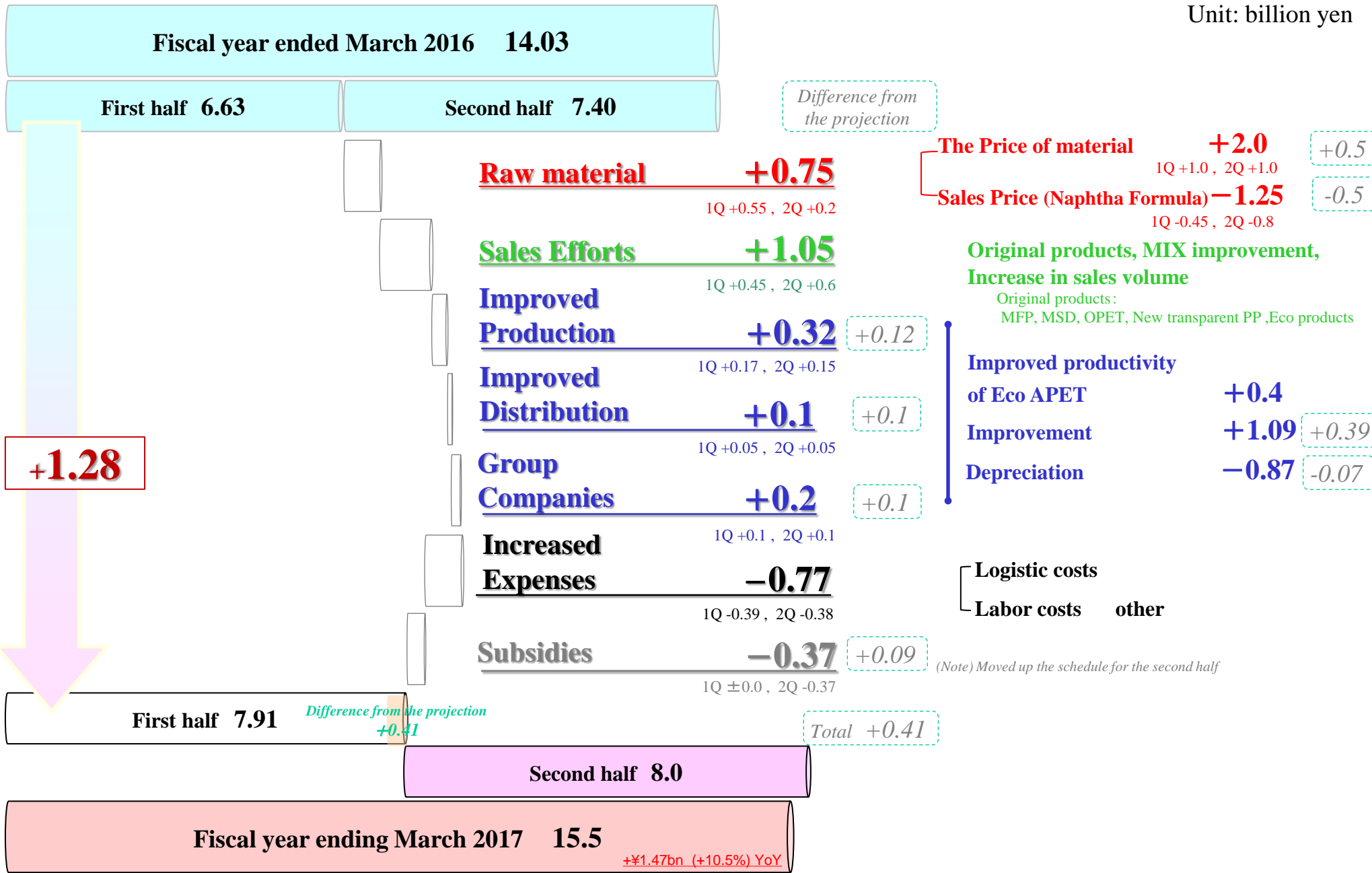


* Up to December 2015: new products launched after January 2013; After January 2016: new products launched in the past 3 years

FP Corporation

Increase/Decrease in Ordinary Income (Results for the first half of FY ending March 2017)

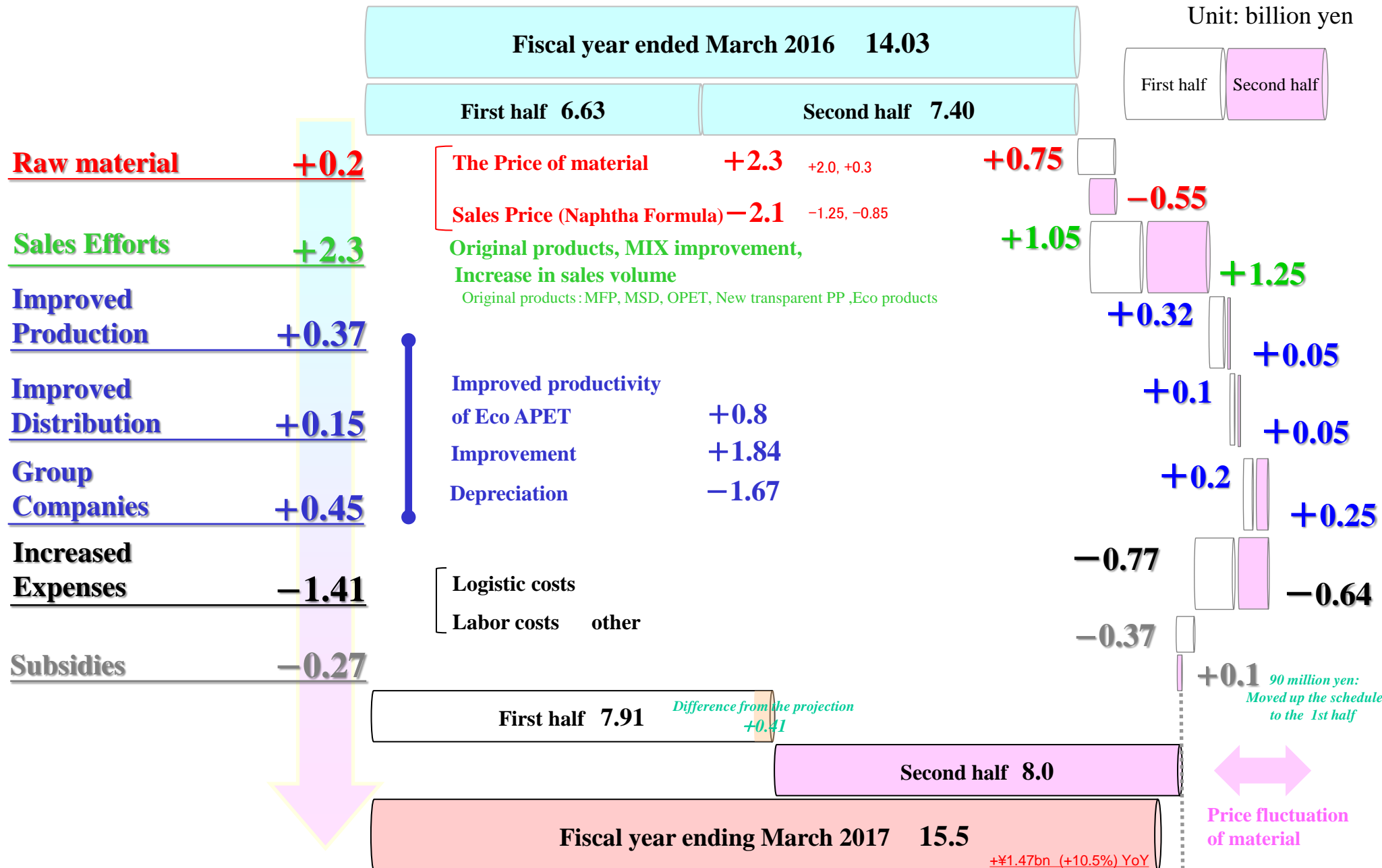
Unit: billion yen



Outlook for the Planned Ordinary Income

(Plan for the FY ending March 2017)

Unit: billion yen



Capital Investments and R&D cost

(Results for the first half of FY ending March 2017)

Unit: million yen	First half performance				First half projections		Full year projections	
	FY ended March 2016	FY ending March 2017			FY ending March 2017		FY ending March 2017	
	Performance	Performance	Increase / decrease	Year-on-year	Planned	Progress rate	Planned	Progress rate
Tangible fixed assets	13,527	12,501	-1025	92.4%	15,100	82.8%	24,700	50.6%
Intangible fixed assets	207	68	Δ138	33.3%	100	68.9%	300	23.0%
Capital investment (including leasing and procurement)	13,734	12,570	-1163	91.5%	15,200	82.7%	25,000	50.3%
Depreciation and amortization costs	4,633	5,503	869	118.8%	5,500	100.1%	11,200	49.1%
Research and development cost	594	612	+17	103.0%	635	96.5%	1,270	48.2%

Major capital investments

unit: million yen

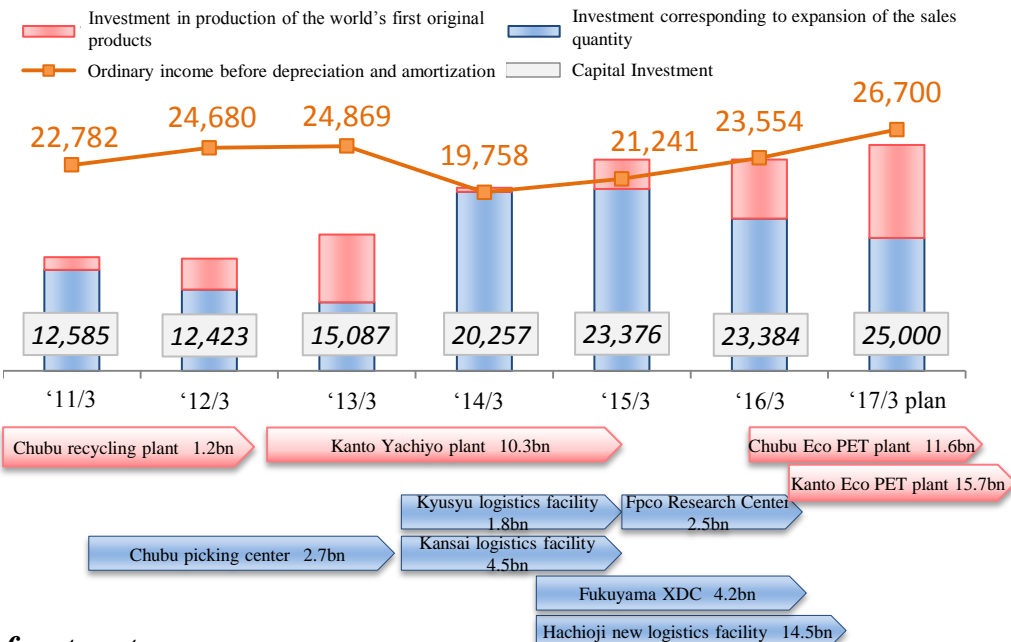
Total investment Plan in period Performance in 1st half

Investment in production of the world's first original products

◆ Chubu Eco PET plant	Started operation in Mar. 2016	11,579	4,496	4,536
OPET production facilities, Integrated production of Eco APET	land only (458)			
◆ Kanto Eco PET plant	Scheduled to complete in Aug. 2017	15,700	6,020	1,658
Expansion of integrated production facilities of Eco APET				
◆ Reinforcement of production facilities (Original oriducts)			620	662

Investment corresponding to expansion of the sales quantity

◆ Introduction of automated facilities			760	334
◆ Company apartment building				
Chikusei	Scheduled to complete in Dec. 2016	1,637	1,176	331
Chubu	Scheduled to complete in Mar. 2017	1,473	890	254
◆ Molds			2,320	1,021
◆ IT investment			560	195



Overwhelming market superiority

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

Balance Sheet

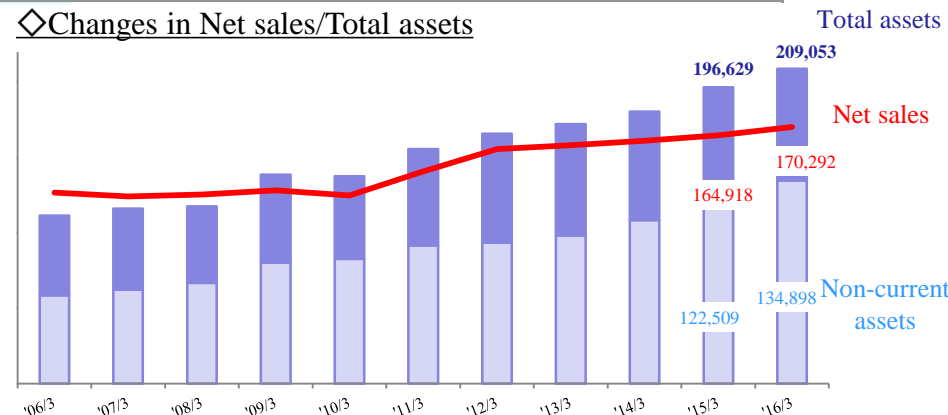
(Results for the first half of FY ending March 2017)

Unit: million yen	Previous consolidated fiscal year	First half of the consolidated fiscal year			
	FY ended March 2016 (As of March 31,2016)	FY ended March 2017 (As of September 30,2016)	Increase/ decrease	Year-on- year	Breakdown of main increases and decreases
Current assets	74,154	74,816	+662	100.9%	Notes and accounts receivable-trade Δ 499 Merchandise and finished goods +220 Raw materials and supplies +458
Noncurrent assets	134,898	142,617	+7,718	105.7%	Property , plant and equipment +7,216
Total assets	209,053	217,434	+8,380	104.0%	
Current liabilities	70,029	75,498	+5,468	107.8%	Short-term loans payable +8,707
Noncurrent liabilities	47,432	46,442	Δ 989	97.9%	Long-term loans payable Δ 363
Total liabilities	117,462	121,941	+4,479	103.8%	
Net assets	91,591	95,492	+3,901	104.3%	Retained earnings +3,958
Total liabilities and net assets	209,053	217,434	+8,380	104.0%	

Equity ratio 43.7% (the same period last year 42.9%)

◇Changes in Net sales/Total assets

- Assets Strategic investments for boosting the production capacity of the world's first 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



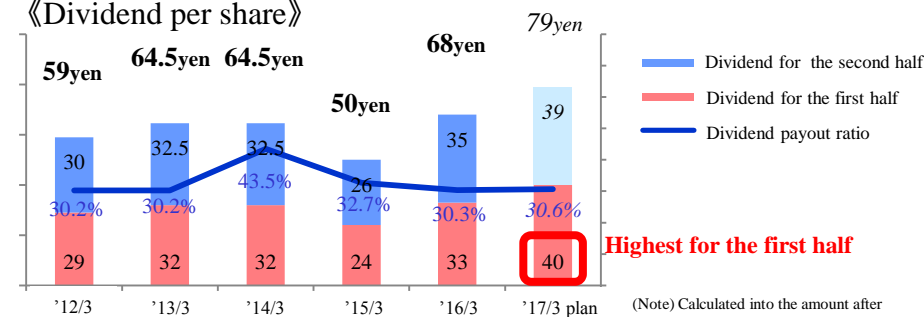
Cash Flows

(Results for the first half of FY ending March 2017)

Unit: million yen	First half performance		
	FY ended March 2016 Performance	Performance	FY ending March 2017 Breakdown of Main Items
CF from operating activities	6,650	10,413	Income before income taxes 7,727 Depreciation 5,503 Decrease in notes and accounts receivable - trade 588 Increase in notes and accounts payable - trade 526 Increase in inventories -641 Income taxes paid -3,036
CF from investing activities	-8,750	-13,970	Purchase of property, plant and equipment -14,237
Free cash flows	-2,099	-3,557	
CF from financing activities	1,189	3,563	Proceeds from long-term loans payable 15,000 Net decrease in short-term loans payable -234 Repayment of long-term loans payable -7,737 Repayments of lease obligations -2,016 Cash dividends paid -1,449
Net increase(decrease)in cash and cash equivalents	Δ 910	6	
Cash and cash equivalents at end of period	12,800	15,096	

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

《Dividend per share》



Plan
for the fiscal year ending March 2017

Outline of Plan for Account Settlement

(Plan for the FY ending March 2017)

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

■ Sales Products

Increasing sales ratio of the Company's original products and new products to stabilize earnings.
Cost reduction of general-purpose products by automation and logistic infrastructure

Shipments: Rising 6% year-on-year

Trays: Expanding sales of products using recycled raw materials

Lunchboxes and prepared food containers:

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

Goods

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

Improvement in profitability with FPCO PB products

◇ Production

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

Cost reduction by introduction of industrial robots

◇ Logistics

Enhancing workability by voice picking system

Business Continuity Plan (BCP) actions

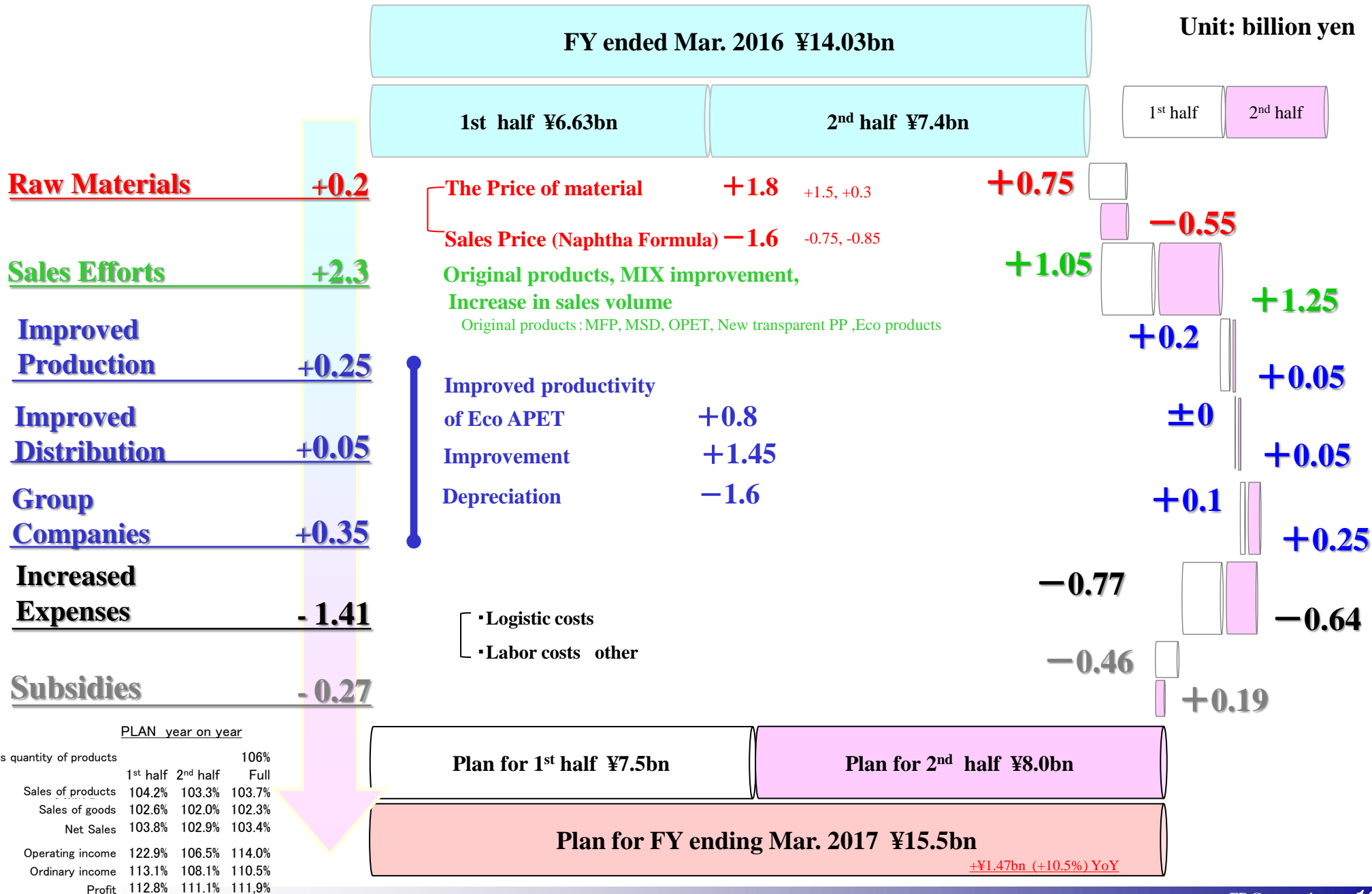
◇ Environment

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

Planned Increase/Decrease in Ordinary Income

Made a partial reclassification

Unit: billion yen



Planned Capital Investment and R&D Cost

(Plan for the FY ending March 2017)

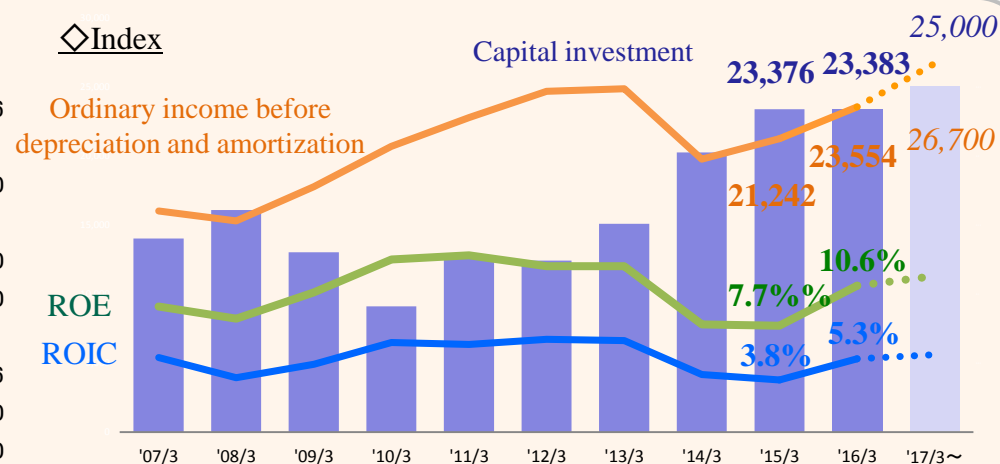
Unit : million yen	Results for Full year	Full year projections			First half projections		
	FY ended March 2016	FY ending March 2017			FY ending March 2017		
	Performance	Planned	Increase /decrease	Year-on-year	Planned	Increase /decrease	Year-on-year
Tangible fixed assets	23,058	24,700	+1,641	107.1%	15,100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

Major capital investments

unit: million yen Total investment Plan for 2017/3

- ◆ Chubu Eco PET plant In operation since Mar.2016 11,579
OPET production facilities and integrated production facilities of Eco APET Land only (458)
- ◆ Kanto Eco PET plant To be inaugurated in fall 2017 15,700
Extension of integrated production facilities of Eco APET
- ◆ Reinforcement of production facilities (Original products)
- ◆ Introduction of automation facilities
- ◆ Company accommodations
 - Chikusei Scheduled to complete in Dec.2016 1,637
 - Chubu 'Scheduled to complete in Spring 2017 1,473
- ◆ Molds 2,320
- ◆ IT investments 560

◇Index



※ROE = Profit attributable to owners of parent ÷ Equity

※ROIC= NOPAT(operating profit after tax) ÷ Capital Invested (Net assets + Interest bearing debt)

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

Working Toward Medium-Term Targets

Chairman & CEO
Yasuhiro Komatsu

Business Summary and Outlook for the Future

>>Product Strategy

> **Creating markets through original products**

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

> **CO2 reduction with eco products**

- ◇ Eco Tray
- ◇ Eco APET

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

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

>>Strategic Investments

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

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

> **Automation to save labor and reduce production costs**

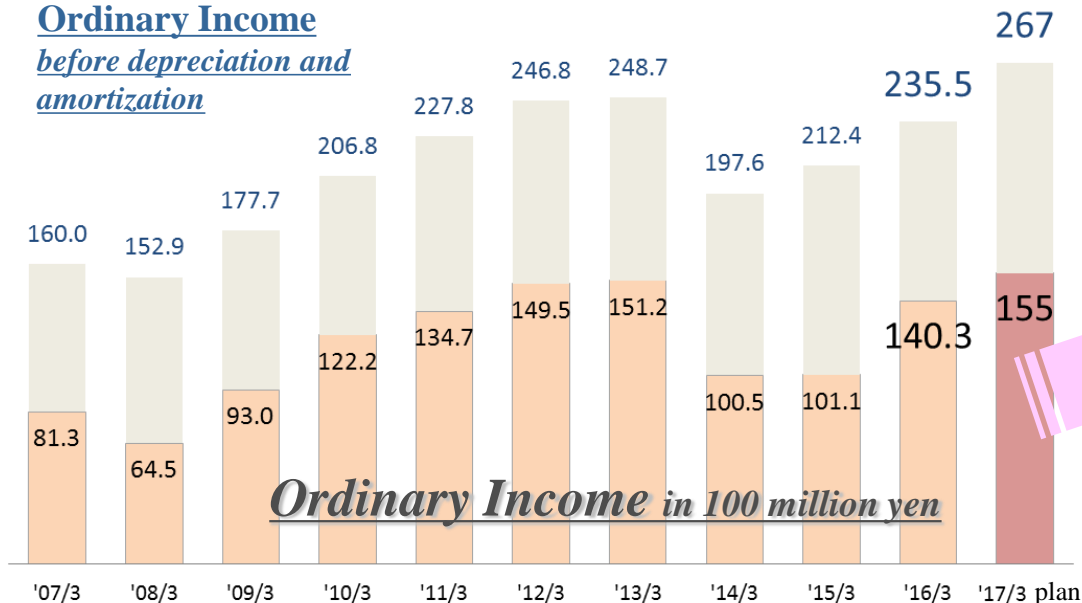
- Introducing industrial robots to the production section
- Introducing a voice picking system

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

- Effectively using logistics infrastructure
- Introducing emergency power generating equipment

>>Good use of human resources

Ordinary Income before depreciation and amortization



> M&A

Ordinary income:
20 billion yen

Payout ratio:
30%

= Opportunities for Profit Expansion =

- Investment to create markets
- Productivity improvement and labor saving
- Emphasis on profitability of transactions

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

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

Multi FP (MFP)
Multi Solid (MSD)

OPET (biaxially stretched PET)

Chubu Eco PET Plant: inaugurated in Mar. 2016
=> Increased the pace of new product launches from the 2nd half onward

New transparent PP

Efforts for biaxially stretched PP

Eco Tray

CO2 emissions: -35%
(compared with those from virgin products)

Eco APET

CO2 emissions: -33%
(compared with those from virgin products)

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

Sales
(1st half 2017/3)
5.8 billion yen
(130.9% year on year)

1.8 billion yen
(96.6% year on year)

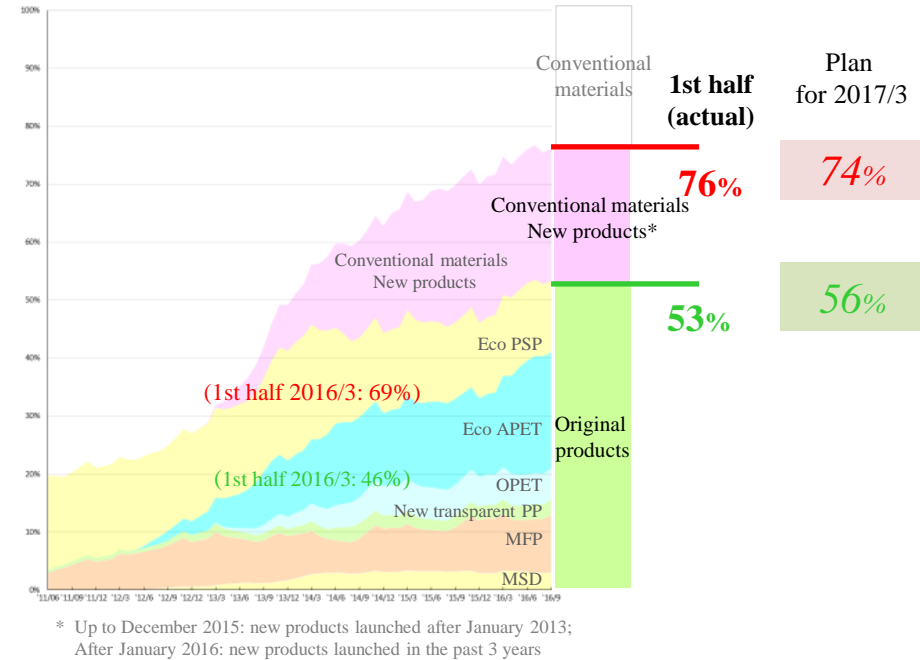
3.2 billion yen
(100.5% year on year)

1.5 billion yen
(135.2% year on year)

7.8 billion yen
(96.8% year on year)

12.0 billion yen
(136.0% year on year)

◇ Sales composition



High value-added / functional products

> Increase product value and sales unit prices

The contents get
disarrayed...

Before



After being shaken

After

The contents do not get
disarrayed easily!

ずれにくい!



Kakomisara
Waku

Expanding and creating markets

“A proposal for deliciousness”

Microwavable Original Products

MFP

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

PP

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

OPET

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

Eco Products

Eco APET

Creating the microwave market



Delivering the taste of fresh food ingredients



Millefeuille of pork and Chinese cabbage

Attracting greater attention! Microwaveable soup of fresh vegetables



Utilizing inner trays

Before



2 pieces
Container + Lid

After



3 pieces

Container + Inner Tray + Lid

Utilizing containers in the fruit & vegetables section

Utilizing containers to reduce workload and improve efficiency

Before



Selling in bags

After



Recycling terrestrial resources in response to the Paris Agreement

Eco Tray



CO₂ reduction effect:

-35%

2.27
kg

2016/3
CO₂ emissions cut by
100,000 tons a year

(Eco Tray 45,000 tons / Eco APET 55,000 tons)

CO₂ reduction effect:

-33%

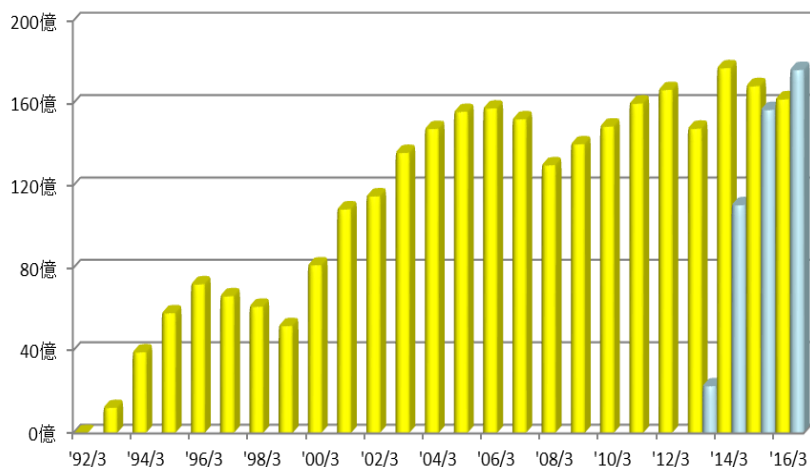
1.61
kg



Eco APET

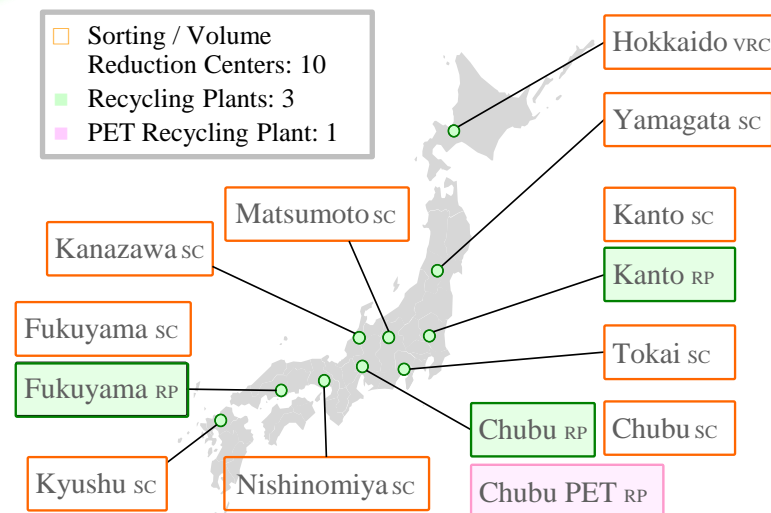
* Comparison between FPCO's virgin products and eco products per kg

<<Trend in sales of eco products>>



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

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



Kanto Eco PET Plant - to be inaugurated in Aug. 2017

Curbing increases in logistics costs and ensuring stable supply

Fukuyama Cross Dock Center

In operation since Aug. 2014



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

Emergency power
generating equipment



Installed at all 21
logistics facilities nationwide

Hachioji Distribution Center

Second phase of construction completed in Sep. 2015



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

Kyushu Logistics Facility

Upgraded and expanded in Jul. 2013



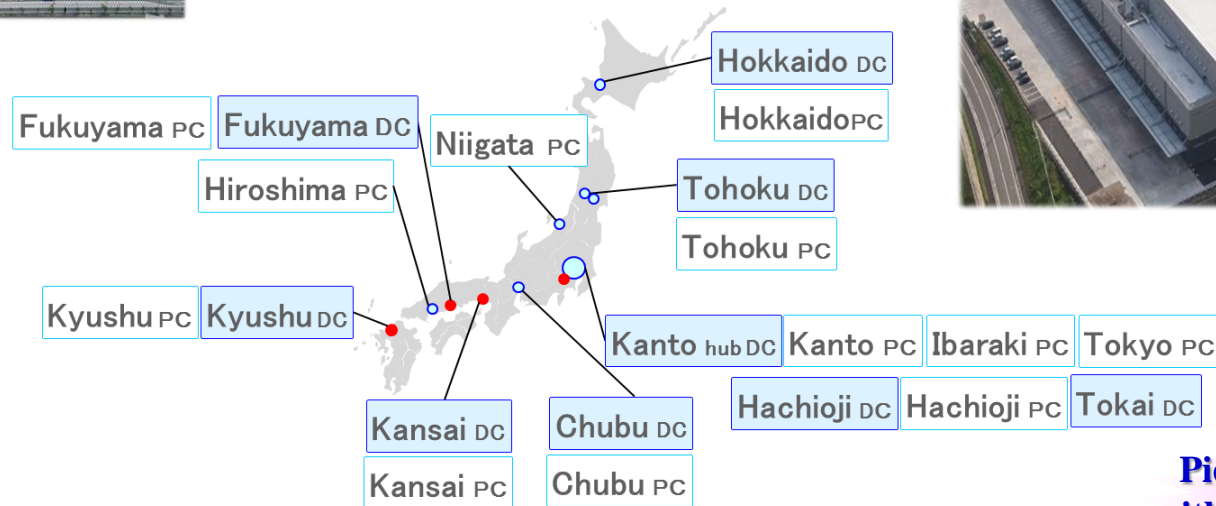
Three stories above ground
Total floor area: 5,700 tsubo
Investment: 1.8 billion yen

Kansai Logistics Facility

Upgraded and expanded
in Oct. 2013



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



**Picking quality
with 0.7 ppm error**

At the end of Mar. 2016

Distribution Centers (DC):

152,000 tsubo 9 locations

Picking Centers (PC): 37,000 tsubo 12 locations

Strategic Investments

Improving performance of original products

Chubu Eco PET Plant

In operation since Mar. 2016



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

Kanto Eco PET Plant

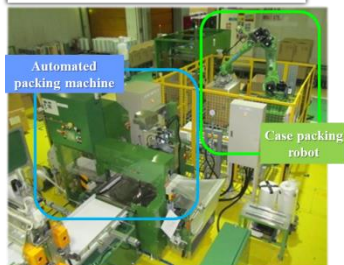
To be inaugurated in Aug. 2017



Three stories above ground
Total floor area: 12,650 tsubo
Investment: 15.7 billion yen

Improving productivity

Industrial robots



Investment: 1 billion yen

Voice picking system



Investment: 0.1 billion yen

Securing human resources

Comprehensive Research Institute



Single room-type company accommodation



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

Three stories above ground
Total floor area: 1,700 tsubo
No. of units: 150 (30 m² per unit)
Investment: 1.7 billion yen

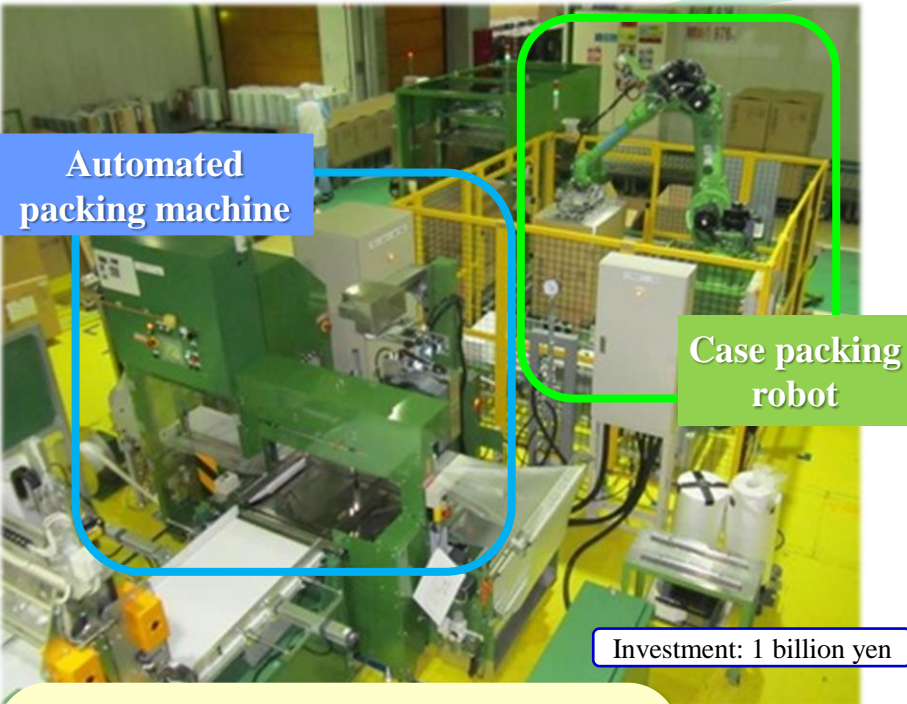
Capital investment planned for 2017/3: 25.0 billion yen

Maintain the same level of strategic investment in 2018/3

Improvement in productivity + Labor savings

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

Industrial robots



Mar. 2017
Automated packing machines and
automated dust-removing machines: 26 units
Case packing robots: 16 units

**Labor savings of
about 82 persons**

Voice picking system



Investment: 0.1 billion yen

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

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



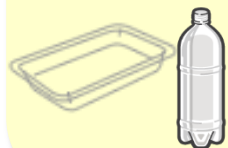
Automated sorter

Chubu Eco PET Plant In operation since Mar. 2016

Eco
APET

Integrated production covering the processes of
Collection → **Recycling** → **Eco products**

Collected PET trays
Collected PET bottles



PET mechanical recycling plants

PET flakes



Air feed

Sheet extrusion and molding

Sheet
extrusion

Product
molding

Eco APET products



Production capacity:
40,000 cases/month

OPET

Increasing production
capacity

Sheet
extrusion and
stretching

Product
molding

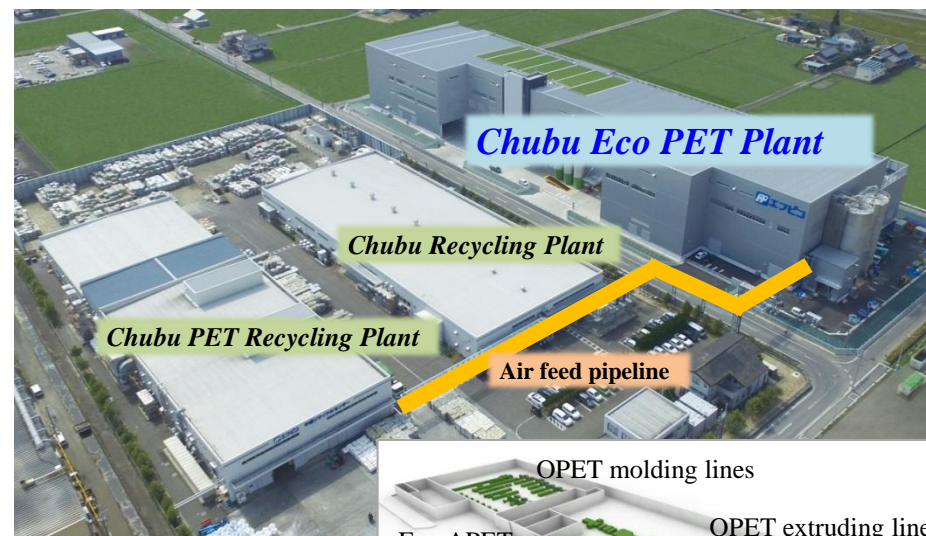
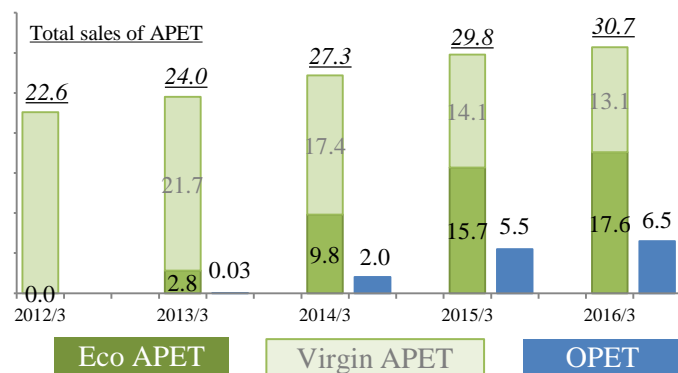
OPET products



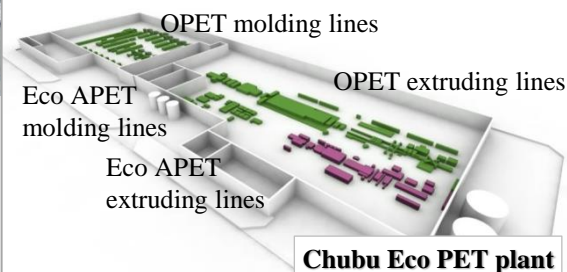
Production capacity:
40,000 cases/month

<<Sales of Eco APET & OPET>>

(Unit: billion yen)



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



Chubu Eco PET plant

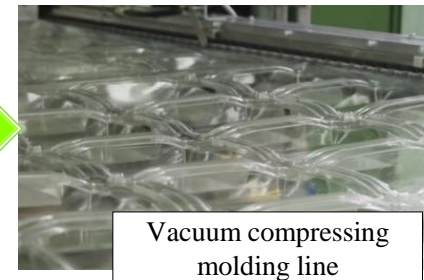
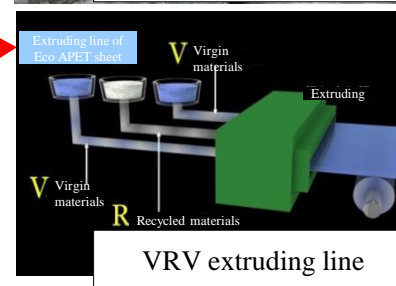
Kanto Eco PET Plant To be inaugurated in August 2017



<<Kanto Eco PET Plant: Facilities>>



Grade suitable for food containers:
PET raw materials



Eco APET products
Production capacity:
60,000 cases/month



Outline: Kanto Eco PET Plant

Scheduled to be completed in Aug. 2017

Location: Yachiyo-machi, Yuki-gun, Ibaraki Prefecture

Investment: 15.7 billion yen

Total floor area: 12,650 tsubo

PET recycling line 2 lines

VRV extruding line 1 line

Vacuum compressing molding line 6 lines

PET recycling capacity of 50,000 tons nationwide

Chubu
PET Recycling
20,000 tons

Nishinippon
PET-Bottle
Recycle Co., Ltd.
10,000 tons

Kanto
PET Recycling
20,000 tons

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

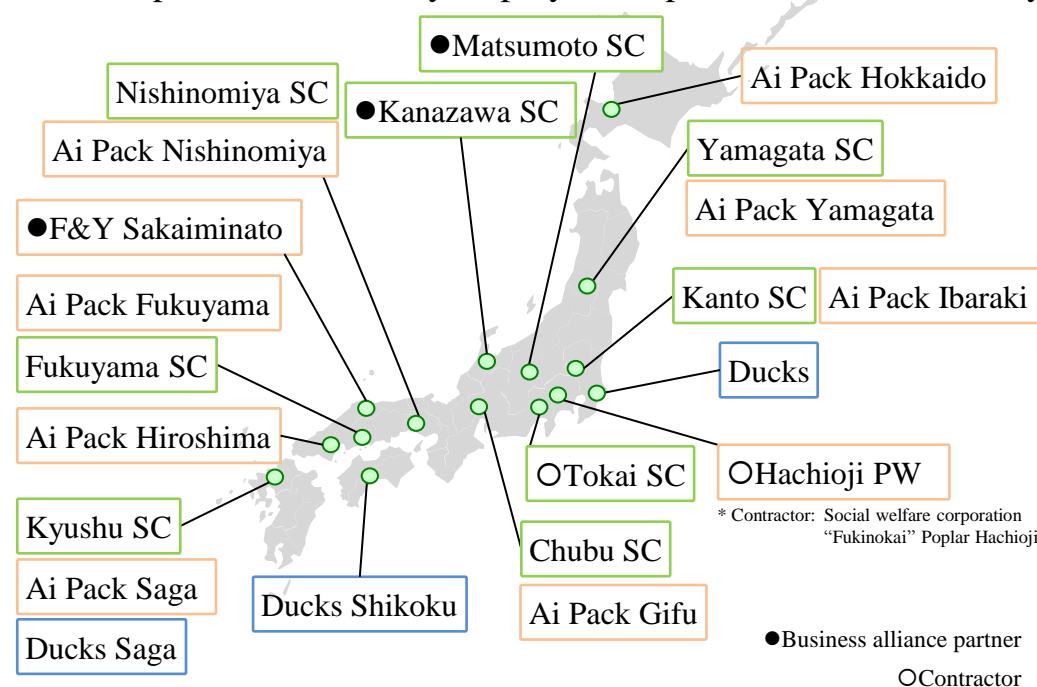
[8 in-house locations
1 location with a contractor
1 location with a business alliance partner]



Container manufacturing (foamed/transparent): 3 locations



■ FP Corporation's disability employment spreads across the country



FPCO Group
(as of the end of March 2016)

Employees with disabilities: 374
(Adjusted number of employees with disabilities: 647)

Disability employment rate: 14.56%

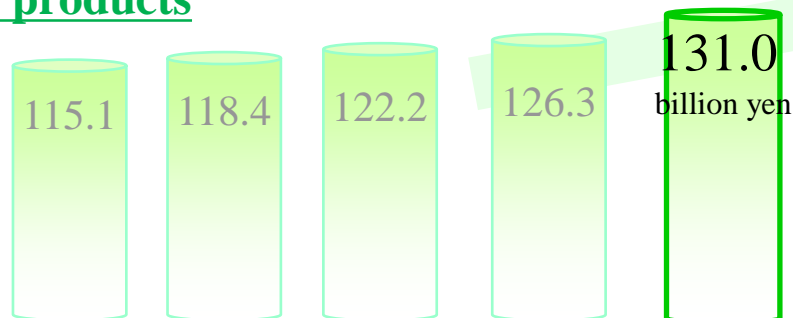
The top position in Toyo Keizai Online's
"Employment of People with Disabilities" ranking
for the third consecutive year

Medium-Term Targets

Ordinary Margin:
12%

Increasing market share in the market of 500 billion yen + Creating markets

Sales of products



- ☆ The world's first sheet material
 - ☆ Continuous release of new products
 - ☆ M&A
- ◇ Global market

Products:
200 billion yen

Ordinary Margin:
6%

Attempt to achieve a 2.5 trillion yen market

Sales of goods



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

= Opportunities for Profit Expansion =

- ★ Investment to create markets
- ★ Productivity improvement and labor saving
- ★ Emphasis on profitability of transactions

Goods:
100 billion yen

300 billion yen

Net Sales 158.2 161.1 164.9 170.3 176.0 billion yen

Ordinary Income 15.12 10.05 10.11 14.03 15.5 billion yen

20 billion yen

30 billion yen

Capital Investment 15.1 20.3 23.4 23.4 25.0 billion yen

Ordinary Income before Depreciation and Amortization 24.87 19.75 21.24 23.55 26.7 billion yen

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

<Strategic Investments>

Medium-Term Targets

Payout ratio:
30%

To Increase Corporate Value

President & COO
Morimasa Sato

Market Conditions

Circumstances surrounding the retail industry

Stagnation of consumer spending
and increasing awareness of
reducing consumption

Labor shortage and
soaring labor costs

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

FP Corporation

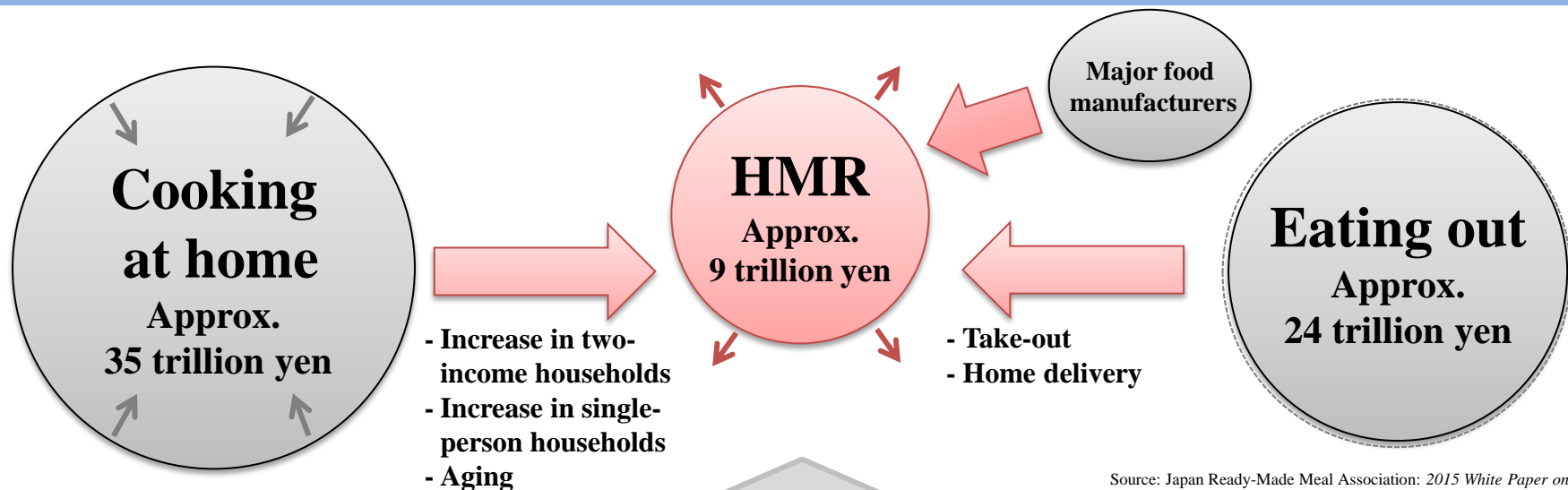
New product
development

Proposals on
selling spaces

Distribution
network

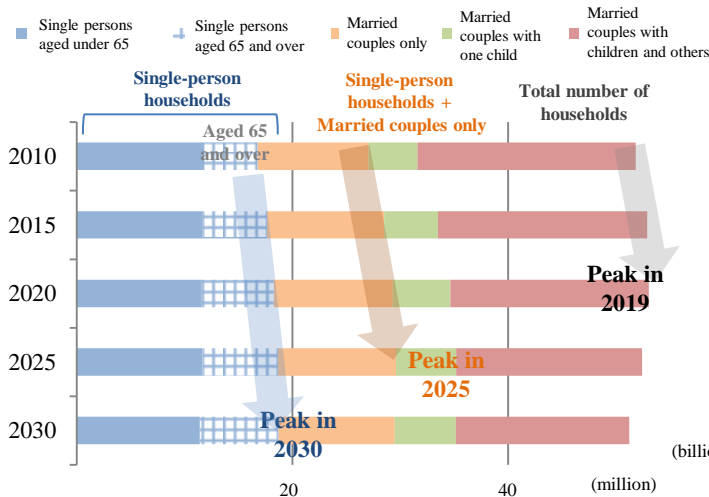
Recycling

Home Meal Replacement (HMR) Market: Today and Tomorrow



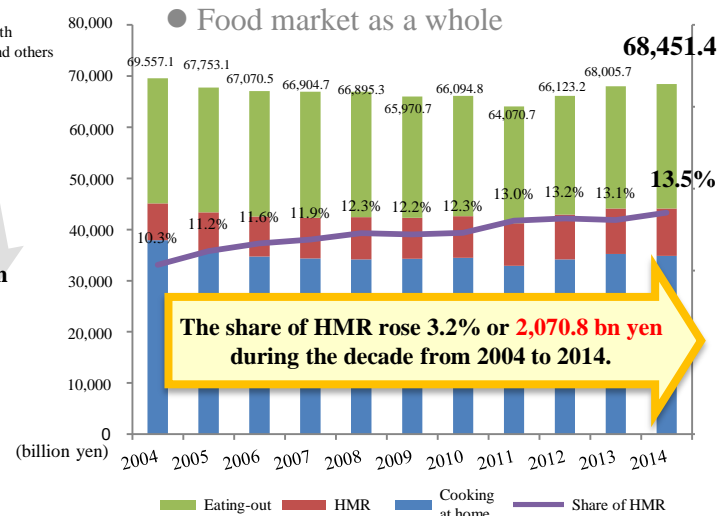
Source: Japan Ready-Made Meal Association: 2015 White Paper on Ready-Made Meals

Numbers of households



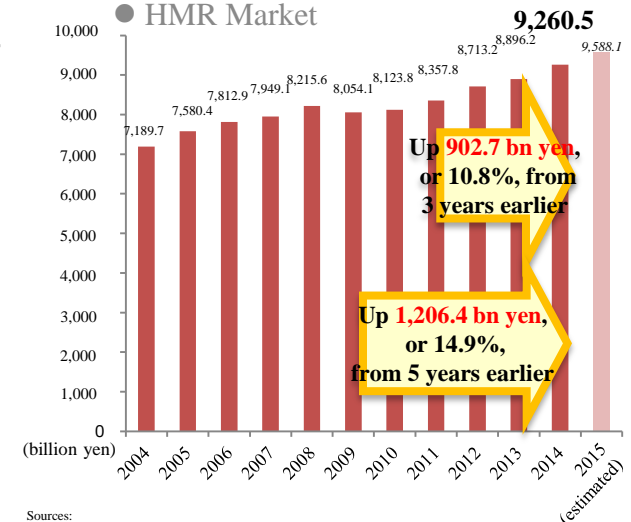
Source: Created by FP Corporation on the basis of data from the National Institute of Population and Society Security Research

Trend of market size



* The HMR data for 2012 and later years include the figures regarding ready-made food in bags.

HMR Market



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

“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



Company A in the Kanto region

Salads

Maintaining freshness
Using value-added food items



“A proposal for deliciousness”

Creating the microwave market

生から
惣菜

出来立てに勝るものなし

Change from aluminum
dishes to microwavable dishes



Delivering the taste of fresh food ingredients



Millefeuille of pork and
Chinese cabbage

Attracting attention!
Microwaveable soup of
fresh vegetables

Microwaving



Completion of
vegetable soup

Microwavable
Original Products

MFP

- From -40°C to $+110^{\circ}\text{C}$
- Thermal insulation
- Lightweight
- Improved moldability

PP

- Heat resistance temperature of $+110^{\circ}\text{C}$
- Oil resistance
- Increased transparency

OPET

- Heat resistance temperature of $+80^{\circ}\text{C}$
- Oil resistance
- Lightweight

“Solutions to Problems Facing Stores”

Utilizing containers in the fruit & vegetables section

Before



Selling in bags

Utilizing containers to reduce workload and improve efficiency

After



Enhanced display efficiency

Fruit and vegetables may be stacked up irrespective of their shapes.

Reduction of workload when shelf stocking

Shelf stocking work may be carried out all at once after stacking the products.

Prevention of damage to goods

Products are protected from contact with hands and other goods.

Capabilities for Development and Proposals to Create Markets

Labor shortage and
soaring labor costs

Increase in single-person households,
two-income households and elderly households

Actions taken by stores

- Shift to packaging outside stores
- Strengthening of their own factories
- Enlargement of selling spaces for ready-made food
- Pursuit of deliciousness

Proposals from FP Corporation

Retention

Before

After being shaken,



the contents get
disarrayed

After



Kakomisara-Waku

The contents do not get
disarrayed easily!

ずれにくい!

Reduction in burden on stores

Shelf stocking work in the fruit & vegetables
section streamlined by the use of containers



AP Vege BOX

Use of vendors



生から
惣菜

出来立てに 作るものなし
“Delivering the taste of
fresh food ingredients”

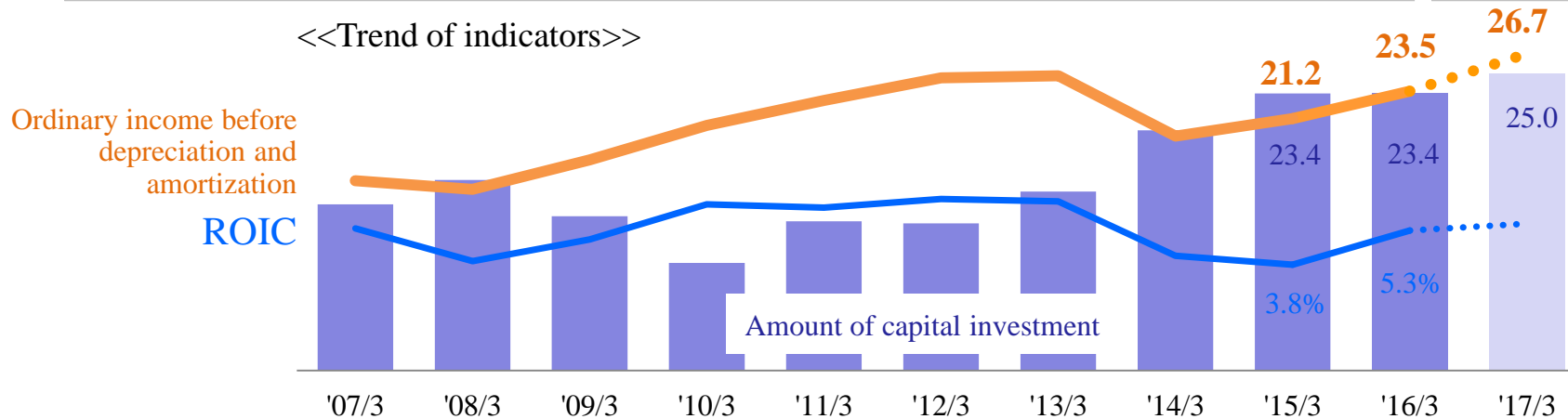
Team X

Proposals on collaborations
with food manufacturers
and vendors

Continuing to make investments aimed at increasing corporate value

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

<<Trend of indicators>>



Boosting the production capacity of original products

2010 2011 2012 2013 2014 2015 2016 2017

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



MFP

Sales for 1st half of 2017/3: 5.8 bn
(up 31% year on year)

Feb. 2012: Market release of Multisolid (MSD)



May 2012: Market release of Eco APET products



Eco APET

Sales for 1st half of 2017/3: 12.0 bn
(Up 36% year on year)

Scheduled for Aug. 2017



Kanto Eco PET Plant

Nov. 2010

Chubu PET Recycling Plant

Jun. 2014

Nishinihon PET-Bottle
Recycle Co., Ltd.

Mar. 2016



Chubu Eco PET Plant

Nov. 2012: Market release of OPET products

Jul. 2012

Kanto Yachiyo Plant

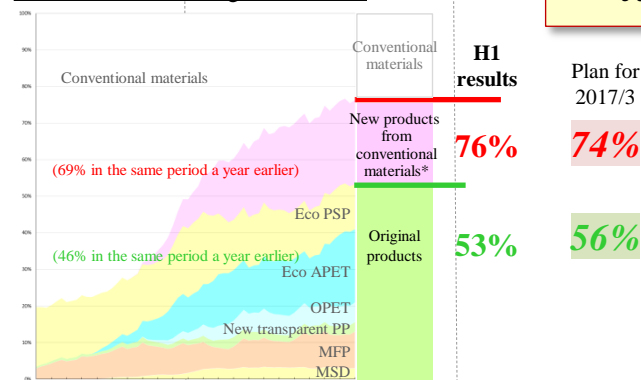


Jun. 2012: Market release of New Transparent PP products



Efforts regarding OPP

◇ Sales Shares of Original Products

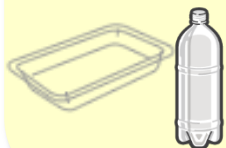


* Up to December 2015; new products launched after January 2013; After January 2016: new products launched in the past three years

Eco
APET

Integrated production covering the processes of
Collection → **Recycling** → **Eco products**

Collected PET trays
Collected PET bottles



PET mechanical recycling plants

PET flakes



Air feed

Sheet extrusion and molding

Sheet
extrusion

Product
molding

Eco APET products



Production capacity:
40,000 cases/month

OPET

Increasing production
capacity

Sheet
extrusion and
stretching

Product
molding

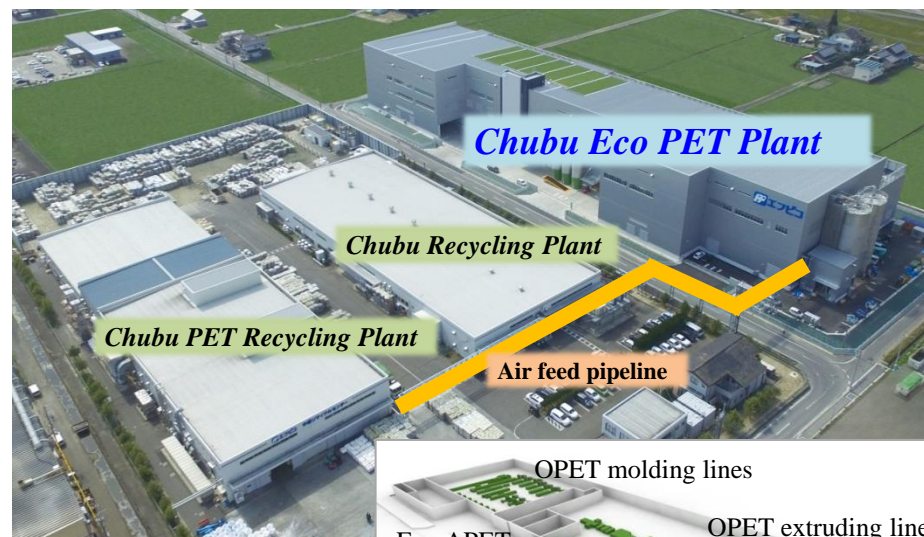
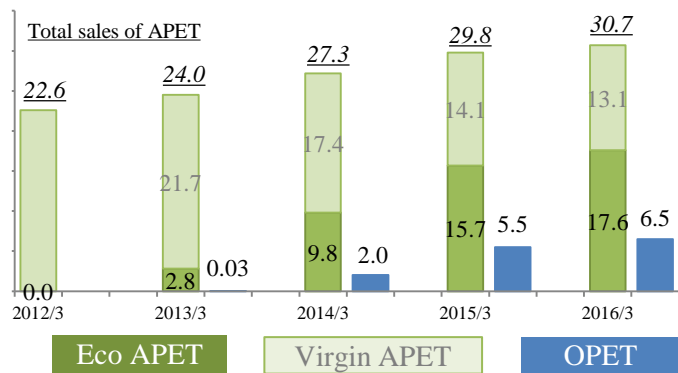
OPET products



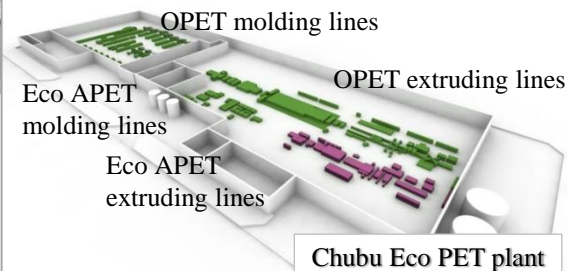
Production capacity:
40,000 cases/month

<<Sales of Eco APET & OPET>>

(Unit: billion yen)



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

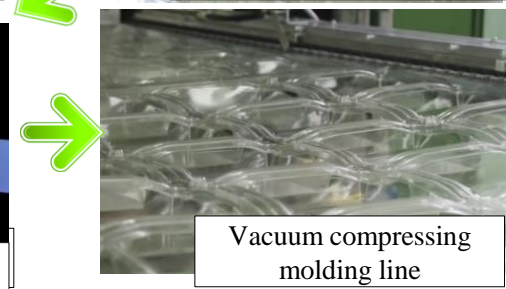
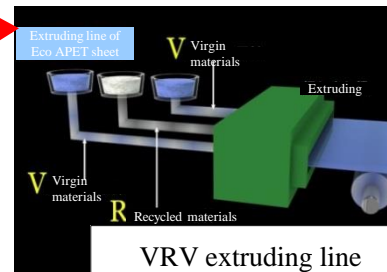




<<Kanto Eco PET Plant: Facilities>>



Grade suitable for food containers:
PET raw materials



Eco APET products
Production capacity:
60,000 cases/month



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Vacuum compressing molding line 6 lines

PET recycling capacity of 50,000 tons nationwide

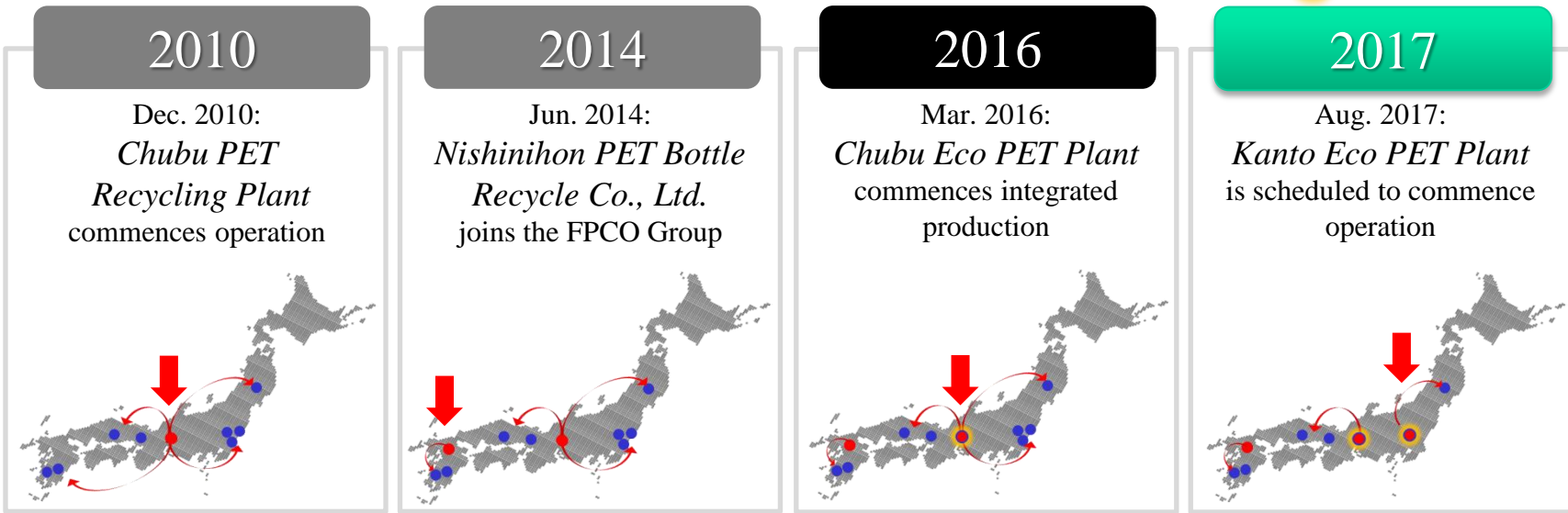
Chubu
PET Recycling
20,000 tons

Nishinippon
PET-Bottle
Recycle Co., Ltd.
10,000 tons

Kanto
PET Recycling
20,000 tons

Capacity to Supply 50,000 Tons of Eco PET Materials Nationwide

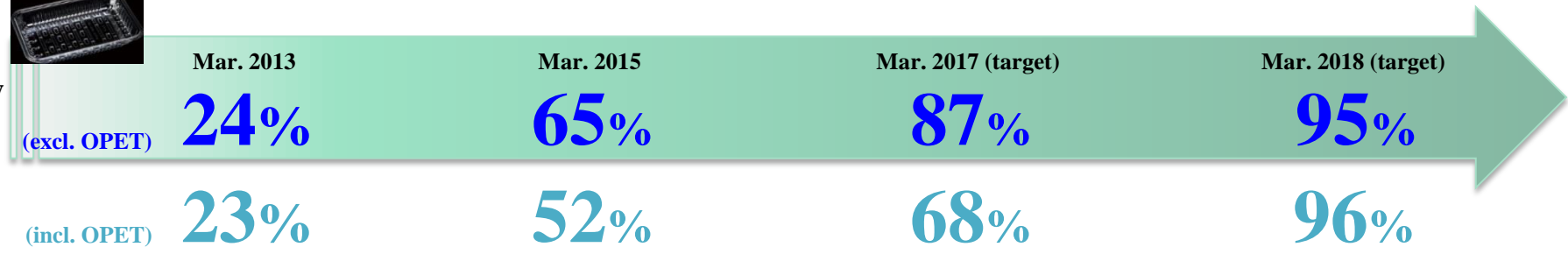
- Recycled PET materials production plant
- PET products production plant
- Integrated PET production plant



Recycled PET materials



Ratio of environmentally friendly APET products



* All the OPET products are environmentally friendly.

Recycling Terrestrial Resources In response to the Paris Agreement

Eco Tray



CO₂ reduction effect:

-35%

2.27 kg

Eco APET



CO₂ reduction effect:

-33%

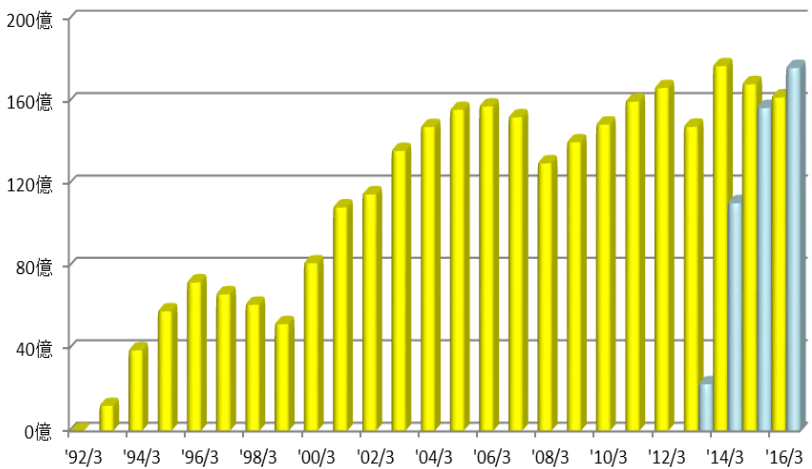
1.61 kg

2016/3
CO₂ emissions cut by
100,000 tons a year

(Eco Tray 45,000 tons / Eco APET 55,000 tons)

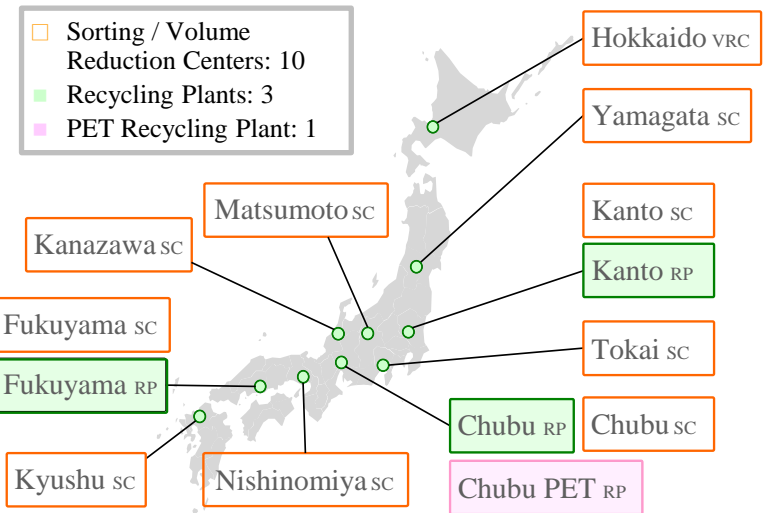
* Comparison between FPCO's virgin products and eco products per kg

<<Trend in sales of eco products>>



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

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

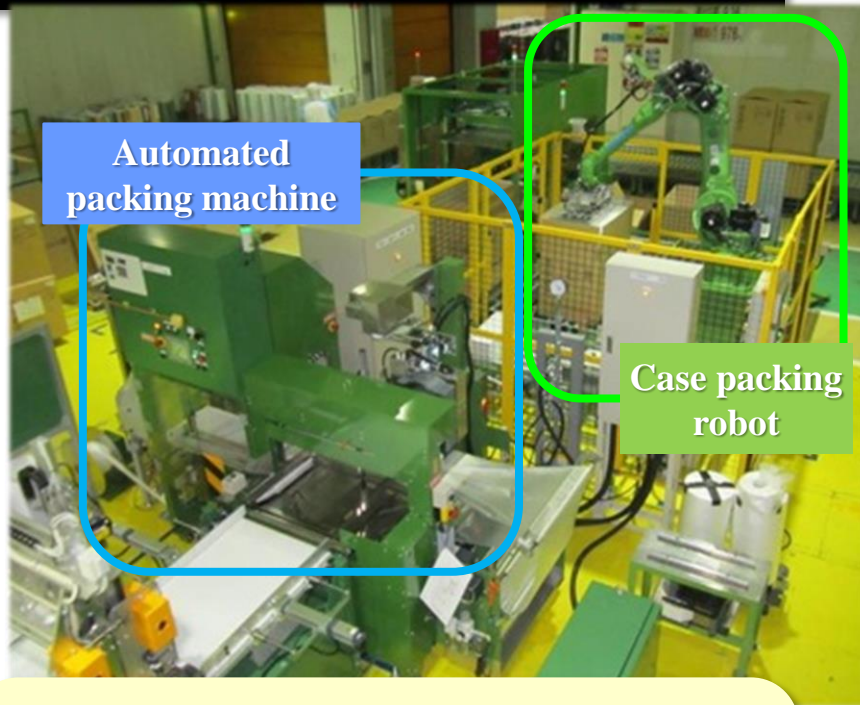


Kanto Eco PET Plant - to be inaugurated in Aug. 2017

Improvement in productivity + Labor savings

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

Automated PSP Packaging and Packing Line



Mar. 2017:
Automated packing machines and automated
dust-removing machines: 26 units
Case packing robots: 16 units

Labor savings of about 82 persons

Investment: 1.0 billion yen

Newly automated

Sheet extruding

Product molding

<- Inspection

Bag packing

<- Metal detector

Casing

Automated APET packing machine



Dust-removing machine



Curbing increases in logistics costs and ensuring stable supply

2011

Chubu expansion



May 2011

2012

Kanto expansion



Jul. 2012

2013

Kyushu expansion



Jul. 2013

Kansai expansion



Oct. 2013

2014

Fukuyama XDC



Warehouse in Aug. 2014, Sorter in Oct. 2014

Hachioji new facility



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

2016

Emergency power-generating equipment



Shipments in number of cases
2016/3: 119

At end of FY2015

9 Distribution Centers: 152,000 tsubo

12 Picking Centers: 37,000 tsubo

Construction of a system with greater speed and accuracy

Route Planner

RD Check System

Real-time Delivery Check System

S&S System

Software & Schedule System

Packaging Size Optimization

Voice Picking System

Business Continuity Plan (BCP)

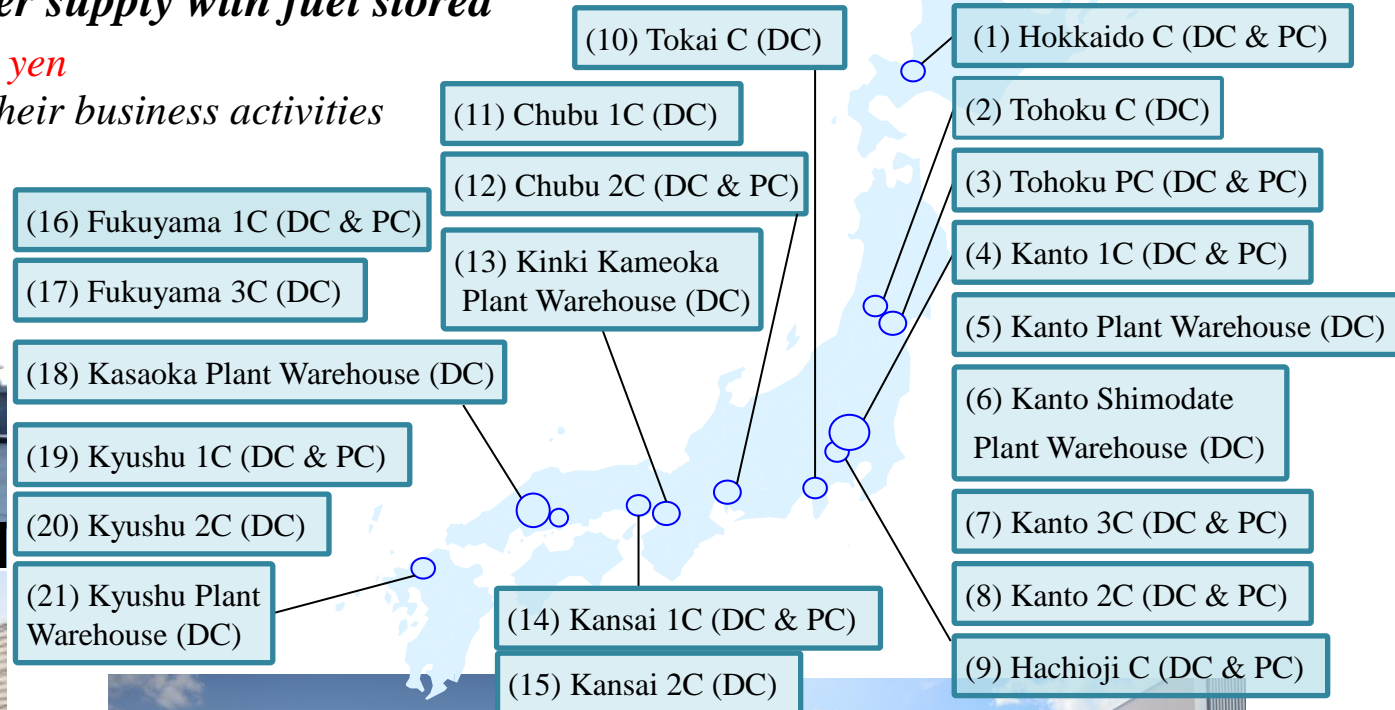
“Stable supply in the event of a disaster”

All 21 logistics facilities nationwide are equipped with emergency power-generating equipment.

✓ Ensuring **72 hours** of power supply with fuel stored

✓ Total investment of **700 million yen**

✓ Helping customers to continue their business activities

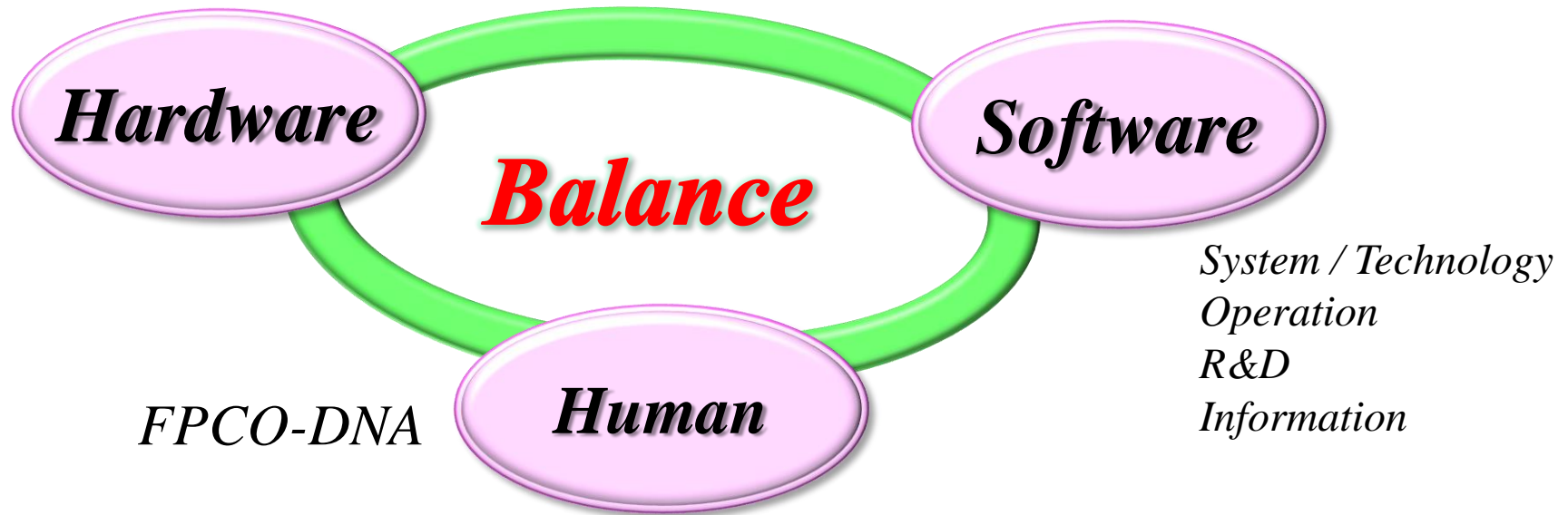


Recognition for IT/ESG Initiatives

Year	Logo	Achievement	Organizer	Details
2016 (Jun.)		Competitive IT Strategy Company <i>Selected</i>	Ministry of Economy, Trade and Industry, and Tokyo Stock Exchange	FPCO was selected for the second consecutive year after 2015 in recognition of IT-based operational innovations including automation with the use of voice picking systems and industrial robots.
2015 (Dec.)		Environment Minister's Award for Global Warming Prevention Activity: <i>Awarded in the category of countermeasure activity implementation and dissemination</i>	Ministry of the Environment	The Ministry of the Environment honors individuals and organizations with distinguished achievements in the prevention of global warming as part of its initiatives for encouraging actions against global warming. The award was won in recognition of years of the FPCO method of Tray-to-Tray and Bottle-to-Tray recycling efforts and of the CO2 emission reduction effect of the Eco Tray and the Eco APET recycled products.
2015 (May)		Competitive IT Strategy Company <i>Selected</i>	Ministry of Economy, Trade and Industry, and Tokyo Stock Exchange	Companies listed on the Tokyo Stock Exchange are selected as a result of actively investing in and utilizing IT for purposes such as maximizing revenue and business innovation. FPCO was recognized for its delivery planning system and SCM (demand forecasting and production matching) system, amongst others.
2015 (Mar.)		Diversity Management Selection 100 <i>Selected</i>	Ministry of Economy, Trade and Industry	The Ministry of Economy, Trade and Industry selects companies that have harnessed a diverse range of human resources to create new value. FPCO was recognized for giving key roles to disabled employees in areas such as container manufacturing and recycling and translating that into increased value for the company as a whole.
2012		Leading Company for the Employment of Disabled Workers Heartful Ribbon Mark <i>Accredited</i>	Ministry of Health, Labour and Welfare	The Ministry of Health, Labour and Welfare accredits companies that have engaged in outstanding initiatives and made an active contribution to the community through the employment of disabled people.
2011		Eco First Company <i>Accredited</i>	Ministry of the Environment	The Minister of the Environment accredits leading environmental companies in each industry. Companies then pledge to the minister that they will engage in environmental preservation initiatives, including measures to combat global warming, reduce waste and promote recycling. There are only 40 accredited companies at present (as of March 2015).
2010		The First Eco Mark Award <i>Gold Prize</i>	Japan Environment Association Eco Mark Office	Awards are presented to companies and other organizations that have engaged in outstanding initiatives in terms of contributing to a more sustainable society, by actively selecting products that benefit the consumer environment and making an effort to improve their own environment as a company. FPCO was selected for its Tray to Tray® recycling initiatives.
2006		The First Environment Minister's Prize for the Promotion of the 3Rs in Containers and Packaging <i>Grand Prize in the Product Category</i>	Ministry of the Environment	FPCO won the Grand Prize at the first awards presented as part of a scheme established by the Ministry of the Environment in 2006 in recognition of its efforts to promote cooperation with consumers in relation to Eco Tray® production, whilst also striking a balance between profitability and recycling.

For Expansion of Corporate Value

Strategic investment for one step further

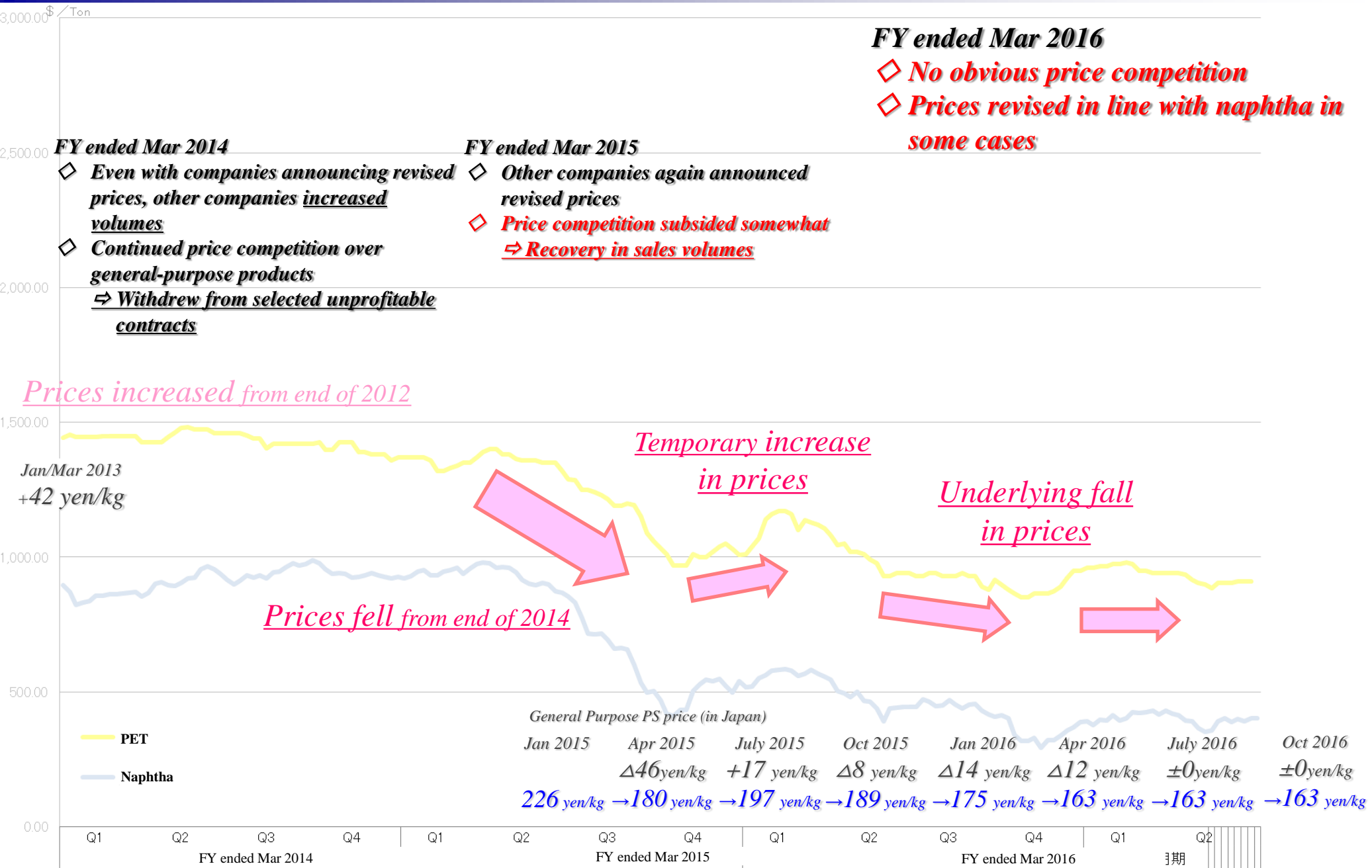


Balance of “Human” + “Hardware” + “Software”

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

Supporting Data

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



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

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

MFP: multi FP

: foamed polystyrene

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



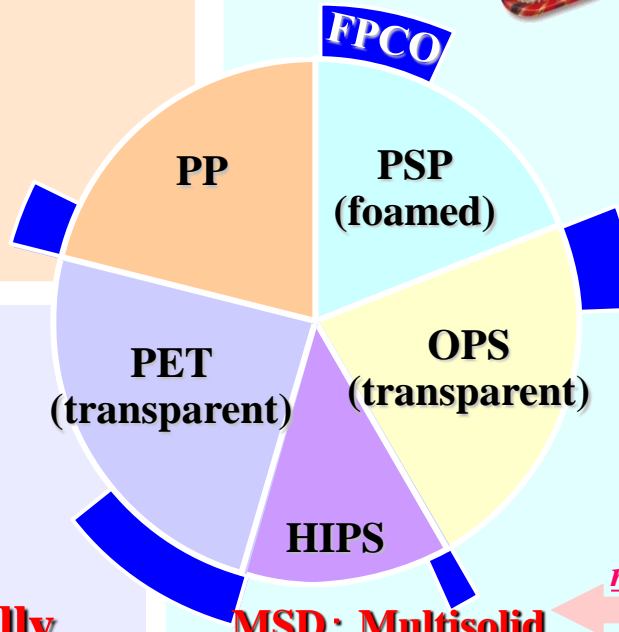
Recycling of multi-FP remnants

MSD: Multisolid Non-foaming polystyrene



OPS: oriented polystyrene

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



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

Factors influencing Ordinary Income

Unit:100 million yen

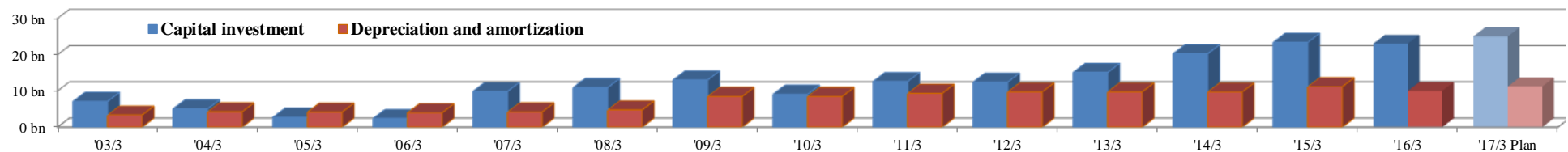
	'03/3	'04/3	'05/3	'06/3	'07/3	'08/3	'09/3			'10/3			'11/3			'12/3			'13/3			'14/3			'15/3			'16/3			'17/3 Plan				
							1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year		
Ordinary Income for previous year	63.1	28.6	33.6	36.3	66.5	81.2	32.0	32.5	64.5	39.2	53.7	92.9	60.1	62.1	122.2	68.3	66.4	134.7	69.2	80.3	149.5	75.3	75.9	151.2	51.1	49.4	100.5	47.4	53.6	101.1	66.3	74.0	140.3		
Impact of increase in raw material prices	-6.0	-13.8	-36.5	-10.0	-13.0	-39.5	-14.0	-23.0	-37.0	-25.0		-25.0																							
							Decrease in raw material prices			+44.0	+34.0	+78.0												Decrease in raw material prices			+16.0	+15.0	+31.0	+20.0	+3.0	+18.0			
							Raw material price increase			-6.0	-13.0	-19.0	-11.0	-12.0	-23.0	-19.0	-18.0	-37.0	-3.0	-12.5	-15.5	-18.0	-28.0	-46.0	-7.0	-	-7.0								
Increase in product prices	-25.0	+7.7	+29.2		+4.0	+9.0	+14.0	+24.0	+38.0	+25.0		+25.0				+10.0	+22.0	+32.0	+6.5	-	+6.5				Naphtha formula			-3.0	-8.0	-11.0	-12.5	-8.5	-16.0		
							1st product price reduction			-24.0	-20.0	-44.0										+2.0	+13.0	+15.0	+14.0	+2.0	+16.0								
							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										+2.0	+6.0	+8.0	+4.5	+10.0	+14.5								
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	
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	+0.5	+2.5		
Distribution improvement	+0.3	-14.0	+12.2	+5.5	+8.0	+5.7	+1.8	+3.2	+5.0	+4.5	+5.0	+9.5	+4.0	+4.0	+8.0	+2.0	+2.0	+4.0	+1.0	+0.5	+1.5	+1.0	-	+1.0	-	-1.0	-1.0	-	+1.5	+1.5	+1.0	+0.5	+0.5		
Increase in profit from group companies										+2.5	+2.5	+5.0	+2.0	+3.5	+5.5	+3.0	+2.0	+5.0	+0.5	+0.5	+1.0	-	-1.0	-1.0	-	-1.5	-1.5	+3.0	+2.5	+5.5	+2.0	+2.5	+3.5		
Profit from the sale of artwork			+1.0	-1.0			+4.0		+4.0	-4.0		-4.0												Subsidies			+5.9	+0.6	+6.5	-1.4	-0.3	-1.7	-3.7	+1.9	-2.7
Cost increase	-6.2	-19.3	-3.2	+4.2	-7.4	-9.7	-9.6	-6.0	-15.6	-7.6	-5.1	-12.7	-4.0	-7.5	-11.5	-7.6	-5.6	-13.2	-8.9	-6.4	-15.3	-10.0	-7.0	-17.0	-11.6	-10.4	-22.0	-9.2	-8.4	-17.6	-7.7	-6.1	-14.1		
Total increase/decrease	-34.5	+5.0	+2.7	+30.2	+14.7	-16.7	+7.2	+21.2	+28.4	+20.9	+8.4	+29.3	+8.0	+4.5	+12.5	+0.9	+13.9	+14.8	+6.1	-4.4	+1.7	-24.0	-27.0	-51.0	-3.7	+4.2	+0.5	+18.9	+20.3	+39.2	+12.8	+6.3	+14.7		
Ordinary income	28.6	33.6	36.3	66.5	81.2	64.5	39.2	53.7	92.9	60.1	62.1	122.3	68.3	66.4	134.7	69.2	80.3	149.5	75.3	75.9	151.2	51.1	49.4	100.5	47.4	53.6	101.1	66.3	74.0	140.3	79.1	80	155		

Trends in Capital Investment and R&D Costs

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

Unit : million yen

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

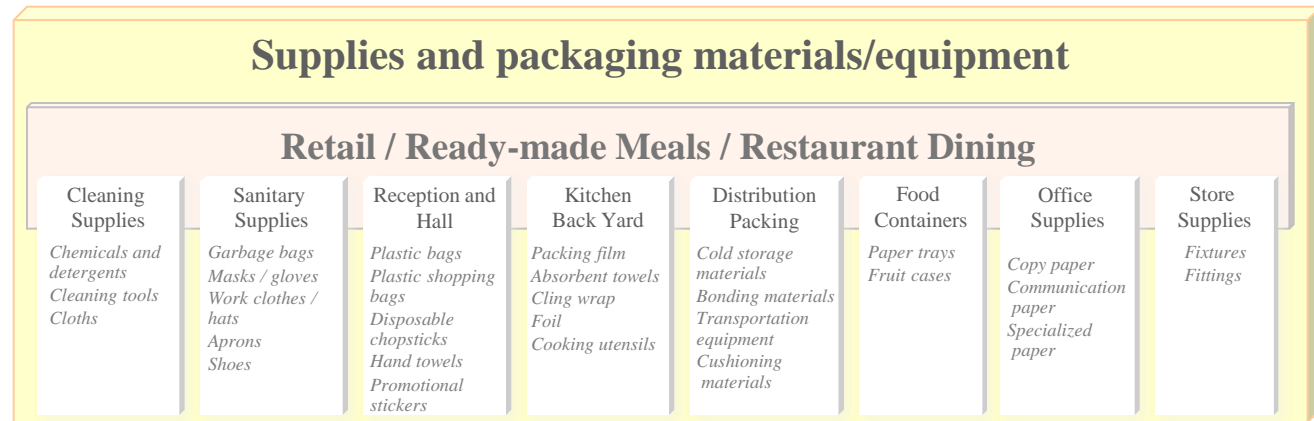
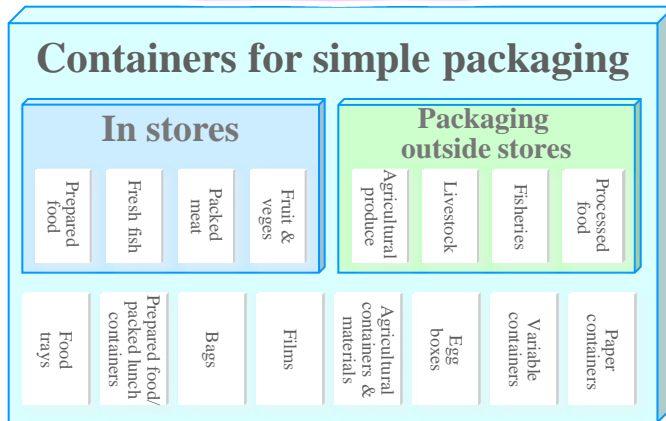


* Since 2009/03, capital investment have been included procurement through lease.

Initiatives to Market

Products Market size: ¥500 billion

Goods Market size: Over ¥2.5 trillion



Bolstering our competitive edge in specialty areas

Gaining ground in new fields

Wholesalers support

Alliances and M&A

World-first materials and functions

FP Logistics and I-logic

FPCO Group Capacity

<u>Product/material development capabilities</u>	<u>Solution capabilities</u>	<u>Procurement capabilities</u>	<u>Distribution capabilities</u>	<u>SCM</u>	<u>Environmental management</u>	<u>Social responsibility</u>	<u>Infrastructure</u>
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FP Trading Co., Ltd.

Manufacturer of packaging materials and consumables

【Information on the Facility Tour】

Contact: Takashima at the Corporate Planning Department
(TEL)+81-3-5325-7756 (MAIL)ir_7947@fpco-net.co.jp
at a convenient time for you.

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

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



OPET production facilities

Hachioji 20 minutes from Akigawa station on JR East Lines.



Fukuyama 30 minutes from Fukuyama station on JR West Lines.



Chubu 20 minutes from Gifuhashima station on JR Tokai Lines.



Started operation since March 2016

PET Mechanical Recycling plant