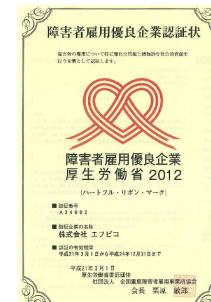


# Financial Results

## Interim Results for Fiscal 2014

### FP Corporation

Nov 7, 2013





April 2007

Received the Award for Excellence in the Product Division of the First Container and Packaging 3R Promotion Minister of the Environment Awards.

[http://www.env.go.jp/recycle/yoki/b\\_2\\_approach/](http://www.env.go.jp/recycle/yoki/b_2_approach/)



March 2009

Certified as a leading company in the employment of disabled workers by (received the “Heartful Ribbon Mark” from) the Japan Association of Employers of Persons with Severe Disabilities

<http://www.mhlw.go.jp/bunya/koyou/shougaisha/dl/110420-1.pdf>



February 2011

Received the Gold Prize of Eco Mark Award 2010 (first Eco Mark Award) from the Japan Environmental Association.

[http://www.ecomark.jp/award/award\\_2010.html](http://www.ecomark.jp/award/award_2010.html)



April 2011

Made an “Eco-First promise” to the Environment Minister as an environmentally-advanced company and was certified as an “Eco-First company.”

<http://www.env.go.jp/guide/info/eco-first/index.html>

## *Cautions for Handling This Material*

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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.

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# ***Performance and Full-Year Plan***

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**Head of Finance and Accounting Division**

**Isao Ikegami**

# Financial Results Summary (Plan and performance for the fiscal year ending March 2014)

Unit:million yen	Six-month performance							Six-month projections			Twelve-month projections		
	FY ended March 2013		FY ended March 2014					FY ended March 2014			FY ended March 2014		
	Performance	Percentage	Performance	Percentage	Increase/ decrease	Year-on- year	Quantity	Planned	Percentage	Acievement rate	Planned	Percentage	Progress rate
<i>Trays</i>	13,794	17.4	13,807	17.1	+12	100.1%	99.7%	14,260	16.9	96.8%	28,710	16.8	48.1%
<i>Lunchbox containers</i>	40,109	50.7	42,237	52.5	+2,128	105.3%	107.5%	44,480	52.6	95.0%	90,250	52.9	46.8%
<i>Total</i>	53,903	68.2	56,044	69.6	+2,141	104.0%	104.6%	58,740	69.4	95.4%	118,960	69.8	47.1%
<i>Other products</i>	3,326	4.2	3,179	3.9	-147	95.6%		3,380	4.0	94.1%	6,980	4.1	45.5%
<b>Sales of products</b>	<b>57,230</b>	<b>72.4</b>	<b>59,224</b>	<b>73.6</b>	<b>+1,993</b>	<b>103.5%</b>		<b>62,120</b>	<b>73.4</b>	<b>95.3%</b>	<b>125,940</b>	<b>73.9</b>	<b>47.0%</b>
<i>packaging materials</i>	17,454	22.1	16,851	20.9	-602	96.5%		18,070	21.4	93.3%	35,590	20.9	47.3%
<i>Other goods</i>	4,403	5.6	4,438	5.5	+35	100.8%		4,410	5.2	100.7%	8,970	5.3	49.5%
<b>Sales of goods</b>	<b>21,857</b>	<b>27.6</b>	<b>21,290</b>	<b>26.4</b>	<b>-566</b>	<b>97.4%</b>		<b>22,480</b>	<b>26.6</b>	<b>94.7%</b>	<b>44,560</b>	<b>26.1</b>	<b>47.8%</b>
<b>Net sales</b>	<b>79,087</b>	<b>100.0</b>	<b>80,514</b>	<b>100.0</b>	<b>+1,426</b>	<b>101.8%</b>		<b>84,600</b>	<b>100.0</b>	<b>95.2%</b>	<b>170,500</b>	<b>100.0</b>	<b>47.2%</b>
<b>Operating income</b>	<b>7,413</b>	<b>9.4</b>	<b>4,930</b>	<b>6.1</b>	<b>-2,482</b>	<b>66.5%</b>		<b>6,010</b>	<b>7.1</b>	<b>82.0%</b>	<b>15,520</b>	<b>9.1</b>	<b>31.8%</b>
<b>Ordinary income</b>	<b>7,528</b>	<b>9.5</b>	<b>5,112</b>	<b>6.4</b>	<b>-2,415</b>	<b>67.9%</b>		<b>6,120</b>	<b>7.2</b>	<b>83.5%</b>	<b>15,600</b>	<b>9.1</b>	<b>32.8%</b>
<b>Net income</b>	<b>4,393</b>	<b>5.6</b>	<b>3,108</b>	<b>3.9</b>	<b>-1,284</b>	<b>70.8%</b>		<b>3,550</b>	<b>4.2</b>	<b>87.6%</b>	<b>9,120</b>	<b>5.3</b>	<b>34.1%</b>

## ■ Sales

### Products

While sales from trays maintained the preceding year's level after the withdrawal of unprofitable transactions amid price competition, lunchboxes and prepared food containers, including those with new functions and designs, made a solid contribution.

Shipments: 4.6% growth year-on-year

Trays: Expanded sales of Eco APET Series, which uses recycled materials

Lunchboxes and prepared food containers:

Brisk sales of Multi FP heat and cold resistant foamed containers, Multi Solid made from its remnants, and lightweight containers for sushi and sashimi with new functions

### Goods

The handling of packaging materials increased, and the picking center investment is starting to produce an effect. Group companies revised unprofitable products.

## ◇ Production

Proceed with optimization of production facilities while continuing to improve productivity and quality.

The full-scale production of biaxially stretched PET products commenced at the Kanto Yachiyo Plant.

## ◇ Logistics

Built supply systems to meet demand, improved quality of logistics and service levels, cut distribution costs, and continuing to expand and maintain the logistics network

## ◇ Environment

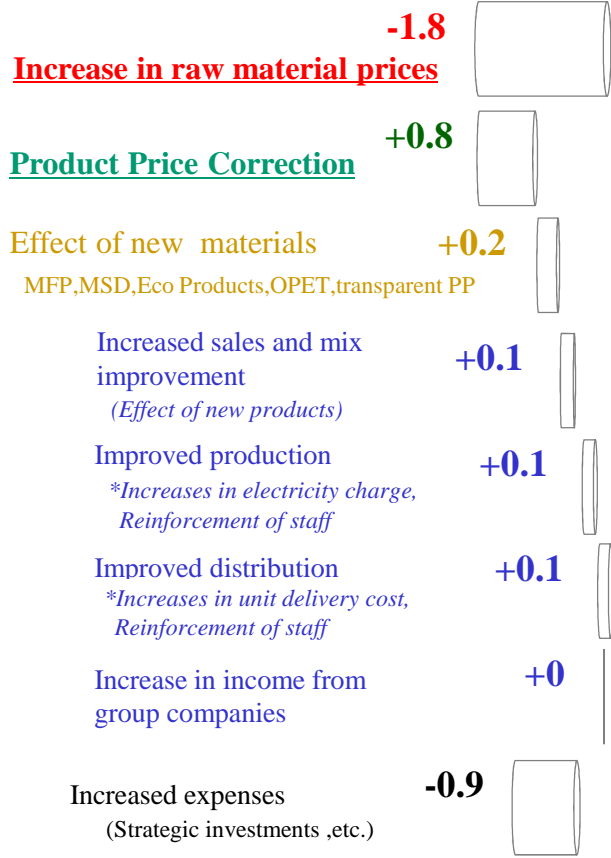
Promoted the employment of people with disabilities and the terrestrial resource cycle by expanding the volume of recovered materials, responded to the high price of raw materials as a recycled material manufacturer

# Changes in Ordinary Income (Plan and performance for the first half of the fiscal year ending March 2014)

1st half Projection  
Unit : billion yen

FY ended March 2013 Performance : ¥15.12 bn

1st half FY 2013 Performance : ¥7.53 bn



+0.5 bn

1st half FY2014 Projection  
¥6.1 bn

-1.4 bn (-19%) year on year

*Belated increase in product prices*  
-0.6 bn

*Price war on general-purpose products*  
-0.3 bn

*Additional cost for launch of new base*  
-0.1 bn

*Difference in ordinary income from plan for the 1st half*  
-1.0 bn

**Increase in raw material prices**  
-1.8 bn

**Product Price Correction**  
+0.2 bn

**Higher income**  
+0.2 bn

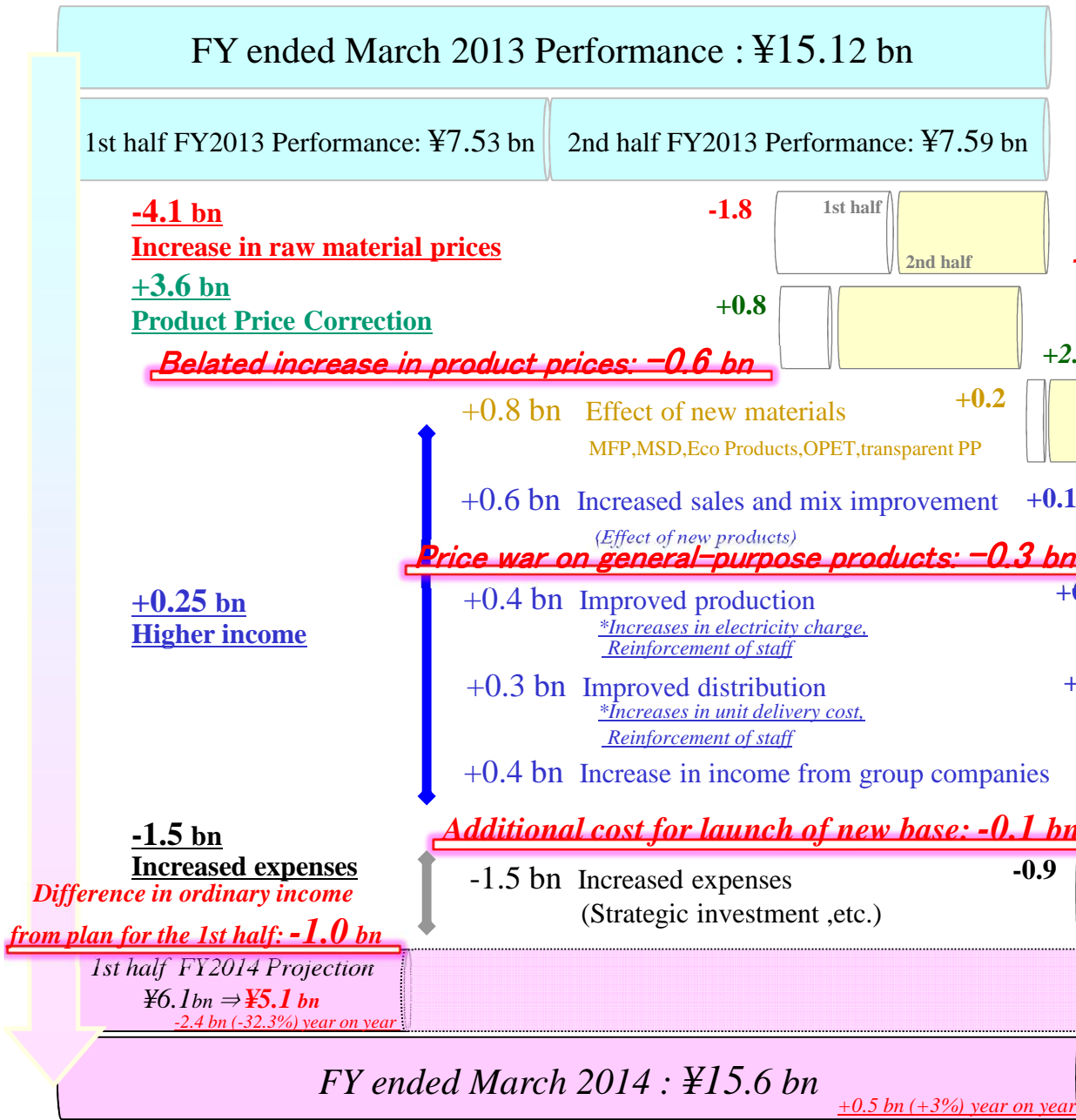
**Increased expenses**  
-1.0 bn

1st half FY2014 Performance  
¥5.1 bn

-2.4 bn (-32.3%) year on year

# Changes in Ordinary Income (Forecast for the fiscal year ending March 2014)

1st half Projection 2nd half Projection Unit : billion yen



## Sales plan

Sales **170.5 bn** +7.8%

**End of negotiations for product price increases and moving on to the next stage**

Rapid increases in raw material prices from the 3rd quarter of FY 2013

## Product Price Correction based on the cost

- Effect of mass production at Kronos
- Sales expansion of Eco tray, Eco APET

## Switchover to new products

**New materials, new products, sales expansion and extra**

## Thorough propositions of new products

**Competition for market share in general-purpose products**

## Enhancement of the Logistical Network

## Business in the industry of egg box products

## Strategic Investments

- Kyushu logistics facility to begin operation in July
- Kansai logistics facility to begin operation in October
- Start of construction of Fukuyama Cross Dock Center
- Expansion of logistics facility to Hachioji
- Land acquisition and start of construction
- Fukuyama Development Building
- Installation of No. 2 OPET extruder



# Balance Sheet *(Performance for the fiscal year ending March 2014)*

Unit: million yen	Previous consolidated fiscal year	Six month of the consolidated fiscal year under review				
	FY ended March 2013 ( As of March 31,2013 )	( As of March 31,2014 )	Increase/ decrease	Year-on- year	Breakdown of main increases and decreases	
Current assets	73,843	76,544	+2,700	103.7%	Cash and deposits +3,801 Notes and accounts receivable-trade Δ2,225 Merchandise and finished goods +641	
Noncurrent assets	98,416	106,607	+8,191	108.3%	Tangible fixed assets +8,341	
<b>Total assets</b>	<b>172,260</b>	<b>183,152</b>	<b>+10,891</b>	<b>106.3%</b>		
Current liabilities	64,499	64,155	-344	99.5%	Accounts payable-trade Δ1,076 Short-term borrowing payable Δ3,809 Accounts payable-other +4,099	
Noncurrent liabilities	31,078	40,425	+9,346	130.1%	Long-term borrowing payable +6,841 Lease obligations +2,372	
<b>Total liabilities</b>	<b>95,578</b>	<b>104,580</b>	<b>+9,002</b>	<b>109.4%</b>		
<b>Total net assets</b>	<b>76,682</b>	<b>78,571</b>	<b>+1,889</b>	<b>102.5%</b>	Retained earnings +1,763	
<b>Total liabilities and net assets</b>	<b>172,260</b>	<b>183,152</b>	<b>+10,891</b>	<b>106.3%</b>		

- ◇ Assets Increased due to strategic investment in expansion of distribution centers in Kansai and Kyushu and for acquisition of land in Hachioji in preparation for securing future earnings
- ◇ Liabilities Increase in long-term borrowing payable as capital for strategic investment, compressed cost of financing by making use of the new BOJ system for lending
- ◇ Net assets Expanded internal reserves as preparation to deal flexibly with business expansion, improving and strengthening management structure

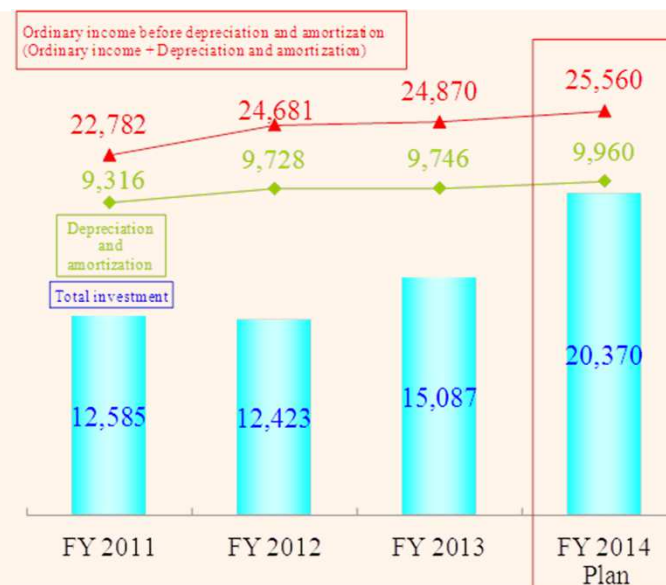
# Capital Investments and Research and Development Cost

(Plan and performance for the fiscal year ending March 2014)

Unit: million yen	Six-month performance				Six-month projections		Twelve-month projections	
	FY ended March 2013	FY ended March 2014			FY ended March 2014		FY ended March 2014	
	Performance	Performance	Increase/decrease	Year-on-year	Planned	Progress rate	Planned	Progress rate
<i>Tangible fixed assets</i>	10,543	12,984	+2,440	123.1%	13,090	99.2%	20,015	64.9%
<i>(lands only)</i>	(1,176)	(4,140)	(+2,963)	(351.9%)	(4,290)	(96.5%)	(4,440)	(93.3%)
<i>Intangible fixed assets</i>	159	188	+28	118.1%	155	121.8%	355	53.2%
<b>Capital investment</b>	<b>10,703</b>	<b>13,172</b>	<b>+2,469</b>	<b>123.1%</b>	<b>13,245</b>	<b>99.5%</b>	<b>20,370</b>	<b>64.7%</b>
<i>Capital Investment except land</i>	(9,526)	(9,032)	(-494)	(94.8%)	(8,955)	(100.9%)	(15,930)	(56.7%)
<b>Facilities costs</b>	<b>4,876</b>	<b>4,747</b>	<b>-129</b>	<b>97.3%</b>	<b>4,910</b>	<b>96.7%</b>	<b>10,330</b>	<b>46.0%</b>
<i>(depreciation and amortization costs only)</i>	(4,689)	(4,594)	(-94)	(98.0%)	(4,720)	(97.3%)	(9,960)	(46.1%)
<b>Research and development cost</b>	<b>529</b>	<b>576</b>	<b>+47</b>	<b>109.0%</b>	<b>540</b>	<b>106.8%</b>	<b>1,090</b>	<b>52.9%</b>

\* Capital investment figures refer to all investments, including leasing and procurement.

Major capital investments	Unit: million yen	Total investment	1st half performance	2nd half planned	Full year planned
◆ Addition of transparent container facilities			585	575	1,160
◆ Renovation of Kanto Plant I			717	183	900
◆ Logistics Facility Improvements					
Kyushu Logistics Facility: Started operation in July 2013		1,764	1,450		1,450
Kansai Logistics Facility: Started operation in October 2013		4,615	3,113	122	3,235
Hachioji Logistics Facility: Scheduled to start operation in October 2014		11,530	4,142	798	4,940
Fukuyama Logistics Facility: Scheduled to start operation in November 2014		4,250	365	1,195	1,560
◆ Molds			778	1,032	1,810
◆ IT investment			172	348	520



# Cash Flows (Performance for the fiscal year ending March 2014)

Unit: million yen	Six-month performance		
	FY ended March 2013 Performance	Performance	FY ended March 2013 Breakdown of Main Items
CF from operating activities	6,609	7,685	Net income before taxes and other adjustments 5,112 Depreciation and amortization 4,594 Decrease in accounts payable -1,224 Decrease in trade receivables 2,138 Increase in inventory assets -339 Income taxes paid -2,554
CF from investing activities	- 9,892	- 3,958	Acquisition of tangible fixed assets -4,093
Free cash flows	- 3,283	3,726	
CF from financing activities	2,609	74	Net increase in borrowing 3,032 Cash dividends paid -1,345 Payments of lease obligations -1,611
Amount of increase/decrease of cash and case equivalents	- 672	3,801	
Balance of cash equivalents at end of period	13,236	17,861	

With healthy earnings, cash flow from operating activities was solid. Free cash flows were positive despite the implementation of strategic investments in distribution centers in Kyushu and Kansai and the acquisition of land for the Hachioji Center.

# Outline of Account Settlement

(Fiscal year ending March 2014, planned at the beginning of the term)

Analyst meeting on May 10, 2013

**=Reference =**

Unit: million yen	Full year performance		Full year projections				First half projections			
	FY ended March 2013		FY ending March 2014				FY ending March 2014			
	Performance	Percentage	Planned	Percentage	Increase / decrease	Year-on-year	Planned	Percentage	Increase / decrease	Year-on-year
Trays	27,579	17.4	28,710	16.8	+1,130	104.1%	14,260	16.9	+465	103.4%
Lunchbox containers	80,660	51.0	90,250	52.9	+9,589	111.9%	44,480	52.6	+4,370	110.9%
Total	108,239	68.4	118,960	69.8	+10,720	109.9%	58,740	69.4	+4,836	109.0%
Other products	6,845	4.3	6,980	4.1	+134	102.0%	3,380	4.0	+53	101.6%
Sales of products	115,085	72.8	125,940	73.9	+10,854	109.4%	62,120	73.4	+4,889	108.5%
Packaging materials	34,145	21.6	35,590	20.9	+1,444	104.2%	18,070	21.4	+615	103.5%
Other goods	8,960	5.7	8,970	5.3	+9	100.1%	4,410	5.2	+6	100.2%
Sales of goods	43,106	27.2	44,560	26.1	+1,453	103.4%	22,480	26.6	+622	102.8%
Net sales	158,192	100.0	170,500	100.0	+12,307	107.8%	84,600	100.0	+5,512	107.0%
Operating income	14,564	9.2	15,520	9.1	+955	106.6%	6,010	7.1	-1,403	81.1%
Ordinary income	15,122	9.6	15,600	9.1	+477	103.2%	6,120	7.2	-1,408	81.3%
Net income	8,846	5.6	9,120	5.3	+273	103.1%	3,550	4.2	-843	80.8%

## ■ Sales

### Products

Revise product prices based on costs in response to rising raw material prices

Shipments: 4.8% growth year-on-year

Trays: Expanded sales of Eco Trays and Eco APET, which use recycled materials

Lunchboxes and prepared food containers:

Increased sales of multi FP heat and cold resistant foamed polystyrene containers and lightweight containers for sushi and sashimi expected.

OPS transparent lids to switch to biaxially stretched PET

### Goods

Maximize utilization of Group distribution network for increased handling of packaging materials.

## ◇ Production

Proceed with optimization of production facilities while continuing to improve productivity and quality. Commence full-scale production of biaxially stretched PET products at the Kanto Yachiyo Plant

## ◇ Logistics

Operate new facilities in Kyushu and Kansai, deliver hygienic and high-quality distribution services on a nationwide level and continue to drive improvements to the distribution network

## ◇ Environment

Promoted the employment of people with disabilities and the terrestrial resource cycle by expanding the volume of recovered materials, responded to the high price of raw materials as a recycled material manufacturer

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

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**Chairman & CEO  
Yasuhiro Komatsu**

# Summary of Consolidated Financial Results and Forecast for the Future

## » Sales expansion of unique products

### > World's first materials and functions

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

### > Introducing sustainable new products

- ◇ Effects of FPCO Fair 2013
- ◇ New design containers

### > Evolving towards being a recycled resin manufacturer

- ◇ Eco Tray
- ◇ Eco APET

## » Strategic investments

- ★ July 2013 Kyushu Logistics Facility Started operation
- ★ October 2013 Kansai Logistics Facility Started operation
- ★ Hachioji Logistics Facility: site acquired and construction started Distribution Center scheduled to start operation in Oct. 2014 and Picking Center in Feb. 2015
- ★ Fukuyama Cross Dock Center: construction started Warehouse scheduled to start operation in Jul. 2014 and Sorter in Nov. 2014
- ★ Construction of research building

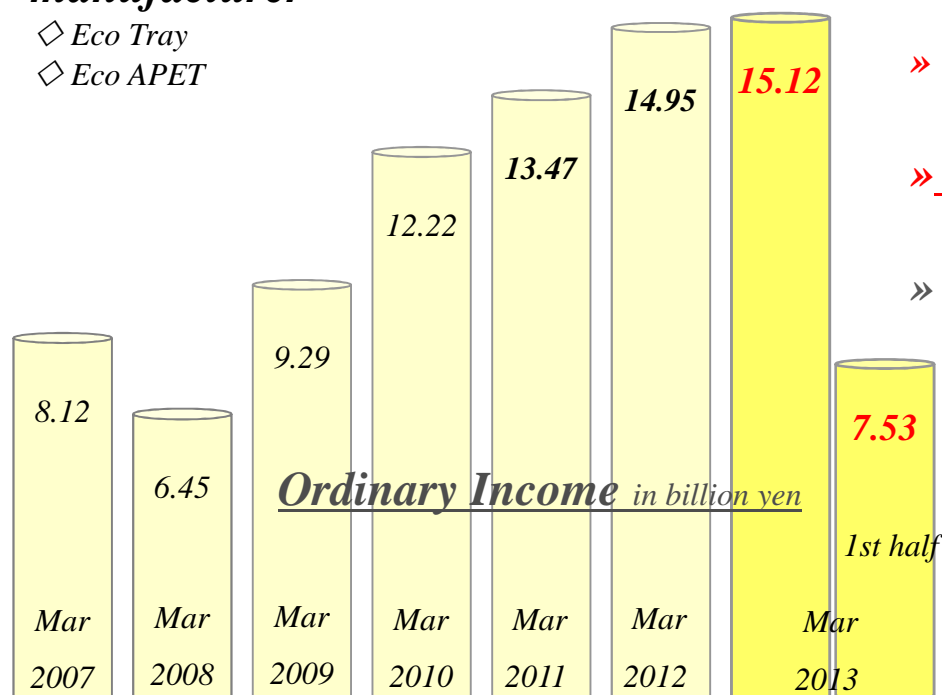
## » Initiatives to Recycle Terrestrial Resources

- ◇ Effect of mass production at Kronos
- ◇ Employment of workers with disabilities

### » Responses to price competition for general-purpose products

### » Responses to rapid increase in raw material price

### » Extensive internal improvement



Sales plan

Sales **170.5 bn**

+7.8%

Planned Ordinary Income

**15.6 bn**

+3.2%

Planned Capital Investment

**20.4 bn**

Actual sales for the first half

**80.51** billion yen, up 1.8%

Product quantity up 4.6%

Actual ordinary income for the first half

**5.11** billion yen

Down 32.1%

Target medium-term management indicator

Net income per share: **¥450**

**Mar**

**2014**

# Modification of Product Prices in response to soaring raw material prices

☆ Switchover to new products: MFP, MSD, Eco Products, OPET, transparent PP

☆ Product price increase

For general purpose products:

From **Virgin** to **Eco**

For transparent products:

From **OPS** to **PET** and **PP**

Adding the increase in raw material prices:

**Price increase without margin**

For products shipped on Jun. 21 and later  
(announced on May 20, 2013)

			3%	6%	9%
Polystyrene (PS)	Foamed	Eco	●		
		MFP / Color		●	
		Other PSP products			●
	Non-foamed	MSD / HIB	●		
		HIPS products		●	
	OPS				●
Polyethylene terephthalate (PET)		Eco	●		
		Other PET products		●	
Polypropylene (PP)	Foamed	New HS	●		
	Non-foamed			●	
Lunchbox type		Pearl Wood	●		

Price increases announced by competitors

Company B: Up 9% for PS products, up 6% for others shipped on Jul. 1 and later  
 Company C: Up 9% for PS products, up 6% for others shipped on Jul. 22 and later  
 Company D: Up 9% for PS products, up 6% for others shipped on Jun. 21 and later  
 Company E: Up 10% for PS products, up 8% for others shipped on Jul. 11 and later

**Even though there is some delay, the increase in raw material prices will be covered.**



Accelerating widening of product lineup in a bid for sales expansion

**MFP+MSD sales exceeding 10 billion yen expected for the current fiscal year**

**New transparent PP**

- Transparency comparable with that of OPS attained with standard resin
- Excellent oil resistance
- Heat resistance of up to +110 deg. C

**Modifying lines to boost extrusion capacity**

**Biaxially stretched PET (OPET)**

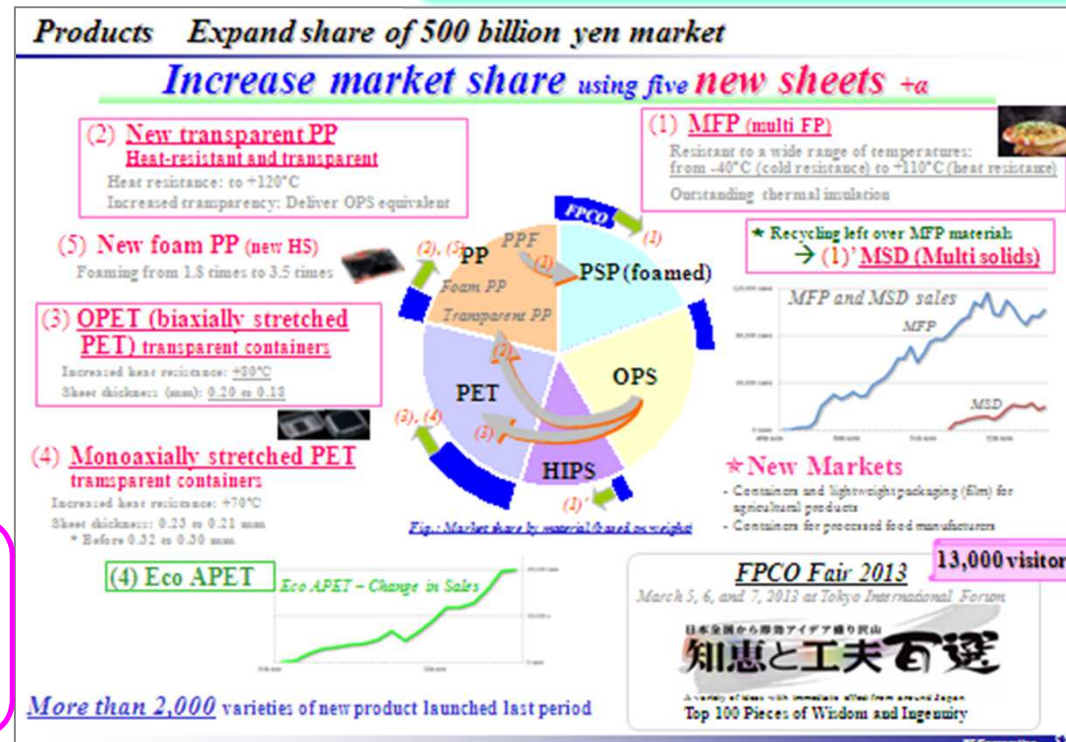
- Heat resistance of up to +80 deg. C (comparable with OPS)
- Excellent oil resistance
- High transparency
- Potential for weight reduction

**Operation of OPET Extruders Nos. 1 & 2 for OPET product production exceeding 8 billion yen a year**

**Eco APET**

- Collected transparent containers and PET plastic bottles
- Full plant operation for cost competitiveness

**Operation of Krones Nos. 1 & 2 for securing 24,000 tons of PET recycled materials**



**Multi FP (MFP)**

- Foamed polystyrene
- Withstands temperatures from -40 deg. C to +110 deg. C
- Excellent oil resistance
- High heat insulation

**Multi Solid (MSD)**

- Non-foamed polystyrene
- Produced from MFP remnants
- Withstands temperatures from -40 deg. C to +110 deg. C
- Excellent oil resistance



## Cutting logistical costs and constructing a logistical infrastructure

### Fukuyama Cross Dock Center:

Warehouse scheduled to start operation in Jul. 2014, Sorter in Nov. 2014



Three stories above ground  
Total floor area: 10,200 tsubo  
Investment: 4.3 billion yen

### Hachioji Center:

Distribution Center scheduled to start operation in Oct. 2014,  
Picking Center in Feb. 2015



Five stories above ground  
Total floor area: 18,200 tsubo  
Investment: 11.5 billion yen



**Delivery quality with 2 ppm errors**

### July 2013: Kyushu Logistics Facility upgraded and expanded



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



### Oct. 2013: Kansai Logistics Facility upgraded and expanded

Five stories above ground  
Total floor area: 11,800 tsubo  
Investment: 4.6 billion yen

**Logistics facilities size in 2014**  
**Up 18%** from 2012 in distribution centers  
**Up 30%** from 2012 in picking centers

## Evolving into a recycled resin manufacturer

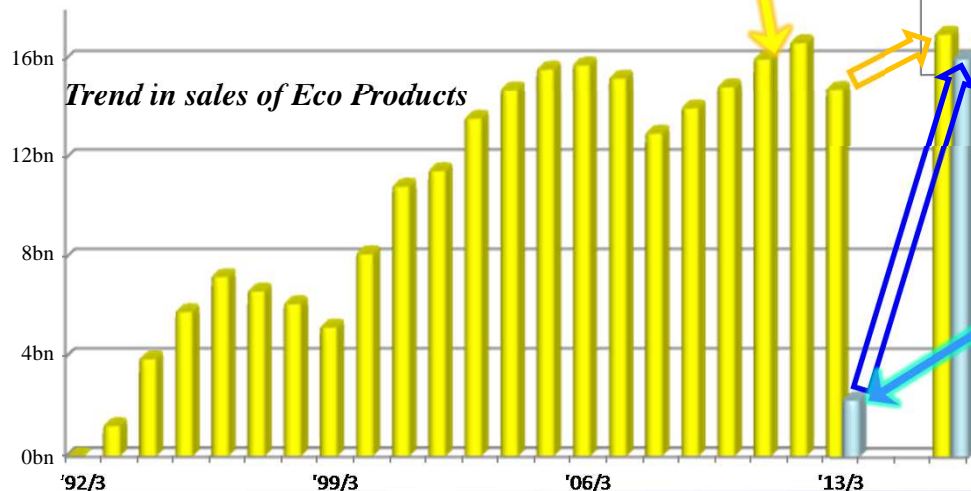
### Eco Products

- > Unique products
- > Advantage derived from raw material prices
- > Participation of workers with disabilities (364 +33 as of the end of Sep. 2013)

### Japan with a focus on the environment

#### **Eco Trays (PSP) Released in Mar. 1992**

- Sales of **14.8** billion yen in the preceding fiscal year
- Sales of **8.4** billion yen in the first half



**Recycling**

**Making the environment and disabled employees an integrated part of our operations**

FY2013  
 Collect used trays **8,237 tons** from **8,400 centers**  
 PET bottles **3,081 tons**

**Recycling of terrestrial resources**

Sell **17.1 billion yen** of Eco Trays and Eco APET

**641 employees with disabilities** (current number of employees: 369) (As of the end of March 2013)  
 - Special subsidiary company  
 - Support for continuous employment (Type A)  
**Employment Rate: 16.1%** (As of the end of March 2013)

**Market launch of Eco APET (May 2012)**

**“Tray to Tray” + “Bottle to Tray”**

**Increase Amount Collected and Improve rate of collection**

**Krones No. 1 + No. 2 operation**  
**22,000 tons/year** recycling capacity  
 Production Cost: 100 to 110 yen/kg

#### **Eco APET Released in May 2012**

- Sales of **2.3** billion yen in the preceding fiscal year and **4.2** billion yen in the first half
- **24,000** tons of recycled materials secured with Krones Nos. 1 & 2



# Strategic Investment

## ★ Distribution

- **Kyushu Logistics Facility Upgrade and Expansion**

Started operation in July 2013

- **Kansai Logistics Facility Upgrade and Expansion**

Started operation in October 2013

- **Hachioji Logistics Facility New Construction**

Distribution Center scheduled to start operation in Oct. 2014, Picking Center in Feb. 2015

- **Fukuyama Cross Dock Center**

Warehouse scheduled to start operation in Jul. 2014, Sorter in Nov. 2014



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



Five stories above ground  
Total floor area: 11,800 tsubo  
Investment: 4.6 billion yen



Five stories above ground  
Total floor area: 18,200 tsubo  
Investment: 11.5 billion yen



Three stories above ground  
Total floor area: 10,200 tsubo  
Investment: 4.3 billion yen

## ★ Production

- **Kanto Plant No.1 Renovation**

Started operation in June 2013

- **Production Equipment**

**OPET Extruder Line 2 Unit installed**

(Biaxially stretched PET sheet extrusion)

**MFP/MSD Production Line augmented**

**Transparent PP Production Line augmented**

**PET Production Line augmented**

## ★ Development

- **Development and Training Building Construction**



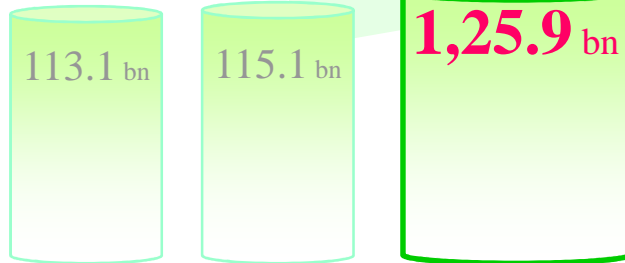
Total amount under capital investment plan for  
fiscal year ending March 2014: **20.4 billion** yen

Land acquisition cost: **4.1 billion** yen

# Medium-Term Goals

## Expanding our share in a ¥500 billion market

**Product sales**



- ☆ World's first sheets and materials
- ☆ Creating new markets
- ☆ M&A
- ☆ Introduction of sustainable new products

◇ Global market

Ordinary profit Margin  
12%



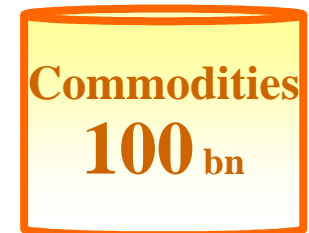
## Taking on a ¥2 trillion market

**Commodity sales**



- ☆ Accelerate development of B-to-B operations
- ☆ Support wholesalers (use infrastructure)
  - Cooperative purchasing
  - Cooperative distribution

Ordinary profit Margin  
6%



<b>Sales</b>	155.7 bn	158.2 bn	<b>170.5 bn</b>	<b>300 bn</b>
<b>Ordinary income</b>	14.95 bn	15.12 bn	<b>15.6 bn</b>	
	<b>50<sup>th</sup></b>	<b>51<sup>st</sup></b>	<b>52<sup>nd</sup> term planned</b>	
Capital investment	12.4 bn	15.1 bn	20.4 bn	
Depreciation	9.73 bn	9.75 bn	9.96 bn	
Ordinary Income before Depreciation	24.68 bn	24.87 bn	25.6 bn	

☆ Strategic Investment

**Medium-Term Goals**

**Target medium-term management indicator**  
Net income per share: **¥450**

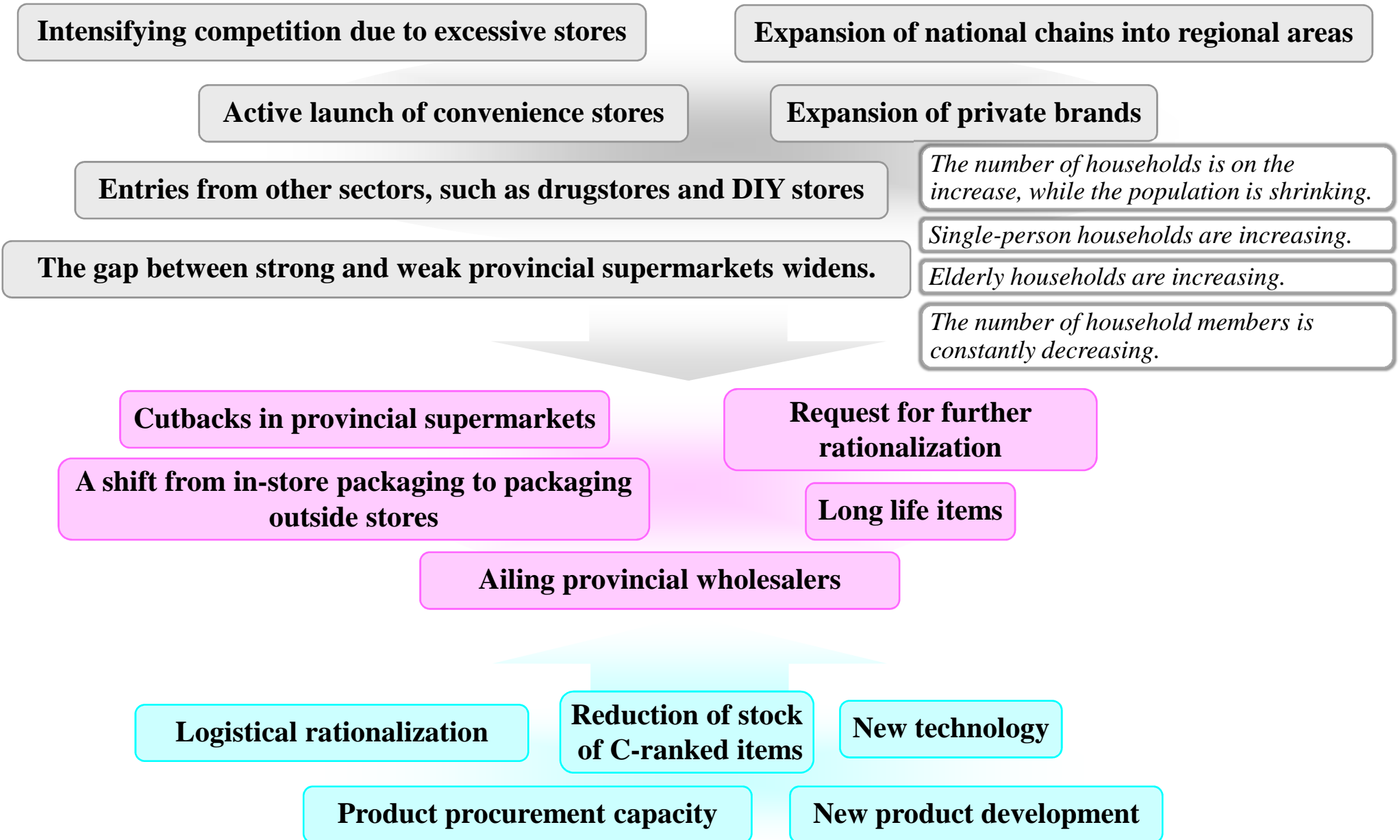
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# *Towards Increasing the Scale of Operations*

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

# Market Circumstances







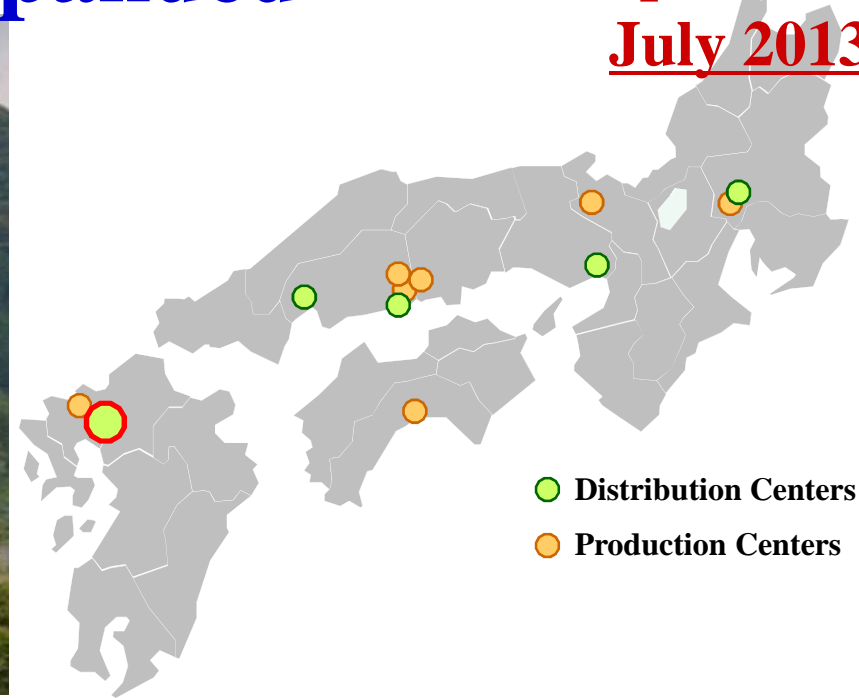
# Distribution Network Improvements – 1

## Kyushu Distribution Center and Picking Center

upgraded and expanded

Start of Operation  
July 2013

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



● Distribution Centers  
● Production Centers



### ■ Former Kyushu Logistics Facility

DC	Floor Area	6,800 tsubo
	Storage Capacity	130,000 cases
PC	Floor Area	1,800 tsubo

### ■ Rented Warehouse

DC	Storage Capacity	60,000 cases
----	------------------	--------------

### ■ New Kyushu Logistics Facility

DC	Floor Area	12,200 tsubo
	Storage Capacity	220,000 cases
PC	Floor Area	2,800 tsubo

### ■ Rented Warehouse

DC	Storage Capacity	Returned
----	------------------	----------



# Distribution Network Improvements – 2

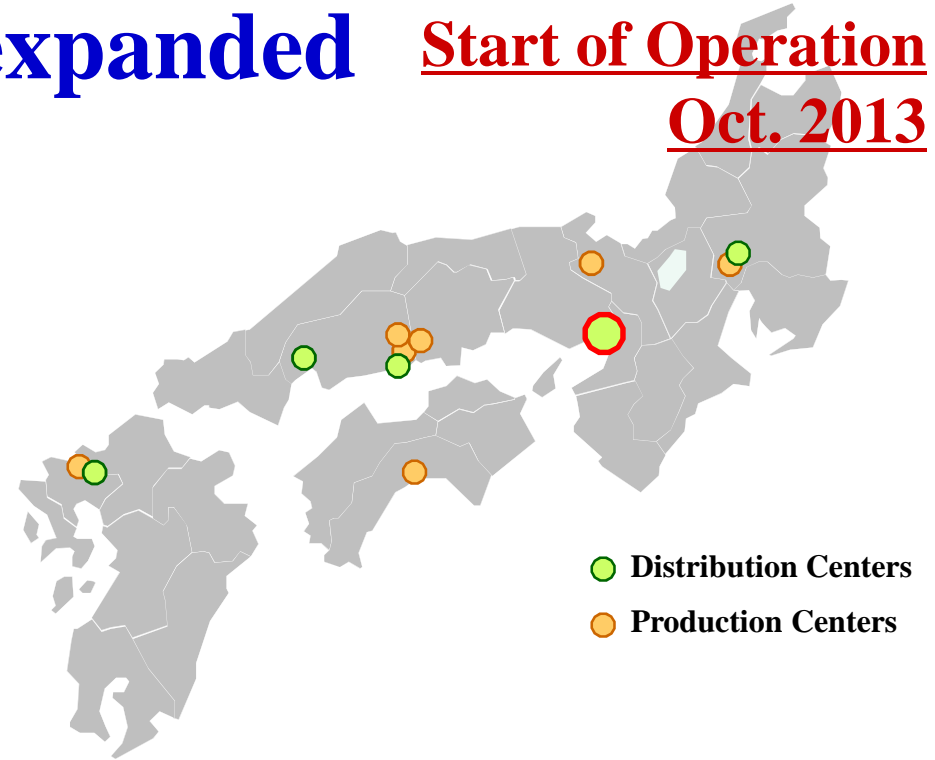
## Kansai Distribution Center and Picking Center

upgraded and expanded

Start of Operation  
Oct. 2013



Five stories above ground  
Total floor area: 11,800 tsubo  
Investment: 4.6 billion yen



● Distribution Centers  
● Production Centers

### ■ Former Kansai Logistics Facility

DC	Floor Area	—
	Storage Capacity	—
PC	Floor Area	3,900 tsubo

### ■ Rented Warehouse

DC	Storage Capacity	30,000 cases
----	------------------	--------------

### ■ New Kansai Logistics Facility

DC	Floor Area	6,500 tsubo
	Storage Capacity	120,000 cases
PC	Floor Area	8,500 tsubo

### ■ Rented Warehouse

DC	Storage Capacity	Returned
----	------------------	----------

# *Distribution Network Improvements – 3*

## **Fukuyama Cross Dock Center**

**Warehouse scheduled to start operation in Jul. 2014,**  
**Sorter in Nov. 2014**

*Three stories above ground  
Total floor area: 10,200 tsubo  
Investment: 4.3 billion yen*

### **Fukuyama Cross Dock Center**



- Loading onto trucks: changed from *milk run* to *cross dock*
- Storage capacity increased by **100,000** cases



# Distribution Network Improvements – 4

## Hachioji Center

**Distribution Center scheduled to start operation in Oct. 2014, Picking Center in Feb. 2015**

Five stories above ground  
 Total floor area: 18,200 tsubo  
 Investment: 11.5 billion yen



- Coverage of entire Kanto region from East to West
- Reduced total costs
- Risk diversification

### ■ Former Kyusyu Logistics Facility

DC	Floor Area	36,600 tsubo
	Storage Capacity	580,000 cases
PC	Floor Area	14,000 tsubo

### ■ Rented Warehouse

DC	Storage Capacity	128,000 cases
----	------------------	---------------

### ■ New Kyusyu Logistics Facility

DC	Floor Area	51,400 tsubo
	Storage Capacity	920,000 cases
PC	Floor Area	17,000 tsubo

### ■ Rented Warehouse

DC	Storage Capacity	Returned
----	------------------	----------

# Product Sales Expansion *Enhancing product proposals*

**Product Database  
eBASE-Web**

**Cooperation**

**Mission-Critical Linkage  
I-Fair**



- ☆ Free search during business talks to make proposals on the spot
- ☆ Proposals on recommended (alternative) products
- ☆ Quick quotations to win a deal
- ☆ Information sharing for dependable communication
- ☆ Improved swiftness and reliability

# Product Sales Expansion *Product database*

## Product Database eBASE-Web

- ⊙ Detailed information on **300** items for each product is compiled into a database.
- ⊙ **25,000** products are covered.

**Category search**

**iPad-ready**

**Text/conditional search**

- ☆ Search by situation of use, product CD, product name, feature and other keyword
- ☆ Features: Storing detailed information about at least 300 items including standard unit prices, product specifications, stock and images



# Product Sales Expansion *Mission-critical linkage*

## Mission-Critical Linkage I-Fair

- ◎ Linkage with mission-critical systems
- ◎ Product recommendation searches, samples, quotations, stock, and history storage are all interlinked.

### Settings of search conditions and current status

### Results of estimation of change

[Stock Information]  
Current in-stock/in-use ratio,  
Estimated number of days  
until clearance

Prevention of change  
and retention

### Existing products/recommended or similar products on display (selectable by users)

センターCD	センター名	在庫数 (帳一) 単位:本	予測   対センター 消化   本得意先 日数   占有率(%) (30日実績平均)	予測   対センター 消化   本得意先 日数   占有率(%) (90日実績平均)
Z020D	中部ピックアップC	6	36.0 60.0	24.5 72.7
Z020D	中部ピックアップC	6	36.0 60.0	24.5 72.7
Z020D	中部ピックアップC	6	36.0 60.0	24.5 72.7
Z020D	中部ピックアップC	6	36.0 60.0	24.5 72.7
Z020D	中部ピックアップC	6	36.0 60.0	24.5 72.7
Z020D	中部ピックアップC	6	36.0 60.0	24.5 72.7
Z020D	中部ピックアップC	6	36.0 60.0	24.5 72.7

Searches and estimations are always performed with up-to-date data.

Recommended

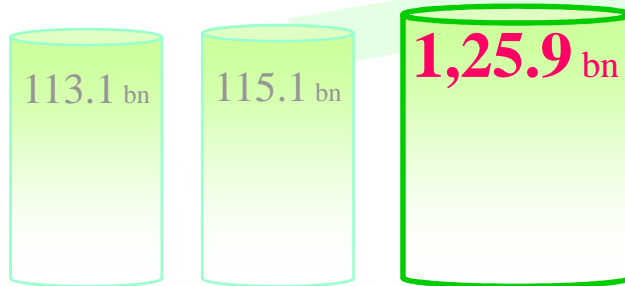
Pick items

Proposed

# Medium-Term Goals

## Expanding our share in a ¥500 billion market

**Product sales**



- ☆ World's first sheets and materials
- ☆ Creating new markets
- ☆ M&A
- ☆ Introduction of sustainable new products

◇ Global market

Ordinary profit Margin  
12%



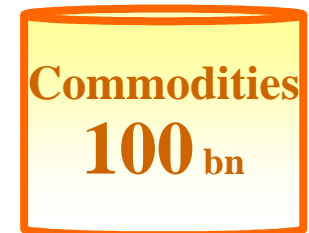
## Taking on a ¥2 trillion market

**Commodity sales**



- ☆ Accelerate development of B-to-B operations
- ☆ Support wholesalers (use infrastructure)
  - Cooperative purchasing
  - Cooperative distribution

Ordinary profit Margin  
6%



<b>Sales</b>	155.7 bn	158.2 bn	<b>170.5 bn</b>		<b>300 bn</b>
<b>Ordinary income</b>	14.95 bn	15.12 bn	<b>15.6 bn</b>		<b>30 bn</b>
	<b>50<sup>th</sup></b>	<b>51<sup>st</sup></b>	<b>52<sup>nd</sup> term planned</b>		
Capital investment	12.4 bn	15.1 bn	20.4 bn		
Depreciation	9.73 bn	9.75 bn	9.96 bn		
Ordinary Income before Depreciation	24.68 bn	24.87 bn	25.6 bn		

☆ Strategic Investment

**Medium-Term Goals**

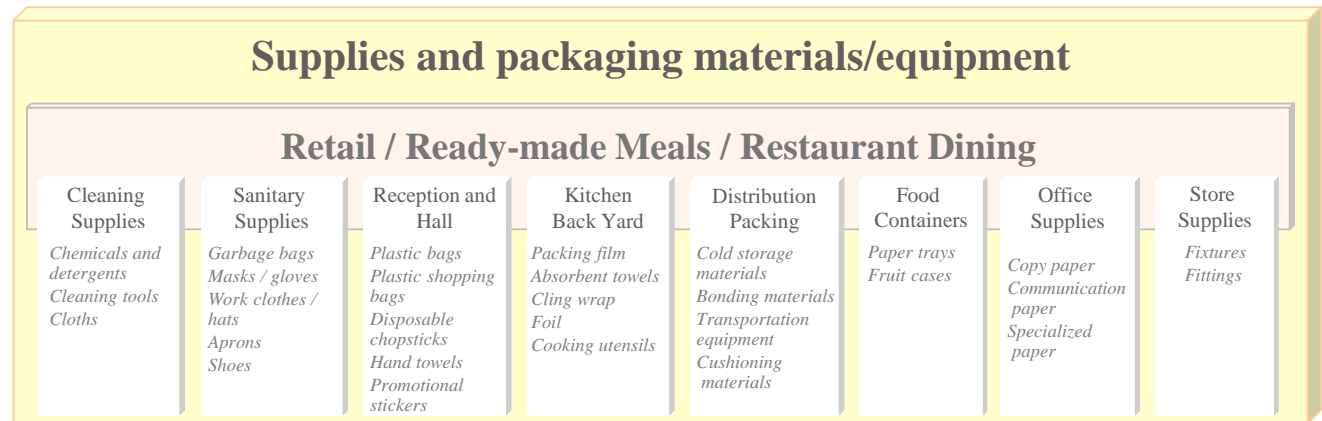
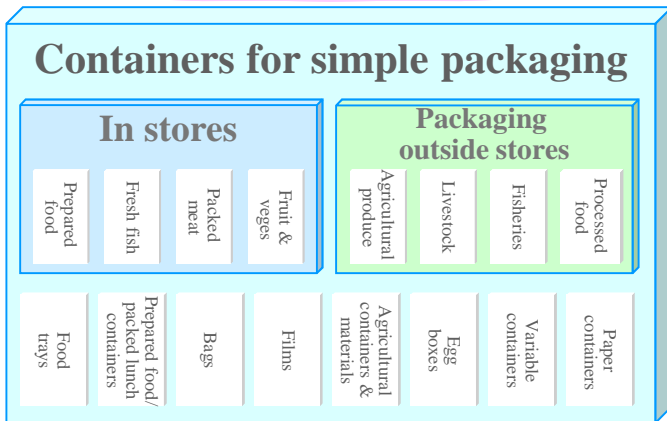
**Target medium-term management indicator**  
Net income per share: **¥450**

# Actions for Expanding the Scale of the Company

**=Reference =**

**Products** Market size: ¥500 billion

**Goods** Market scale: Over ¥2 trillion



**Bolstering our competitive edge in specialty areas**

**Gaining ground in new fields**

**Wholesalers support**

**World-first materials and capabilities**

**Alliances and M&A**

**FP Logistics and I-logic**

**FPCO Group Capacity**

Product/material development capabilities

Solution capabilities

Procurement capabilities

Distribution capabilities

SCM

Environmental management

Social responsibility

Infrastructure

**FP Trading Co., Ltd.**

Manufacturer of packaging materials and consumables



# *Supporting Data*

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# Information on the Facility Tour *Contact Kodama at the Corporate Planning Department (03-5325-7756) at a convenient time for you.*

## *Tour of facilities in Chubu* *A tour takes around three hours.*

*- The closest station is Gifu Hashima Station on JR Central Lines.*

### ★ *Sorting center*

- Sorting foamed PS containers by color*
- Sorting transparent containers by material*

### ★ *Recycling plant*

- PS container recycling*
- PET container and bottle recycling*

### ★ *Distribution Center and Picking Center*

### ★ *Production Plant*

- Production of PSP (foamed PS) products*

## *Tour of facilities in Kanto* *A tour takes around three hours.*

*- The closest station is Koga Station on JR East Lines.*

### ★ *Sorting center*

- Sorting foamed PS containers by color*
- Sorting transparent containers by material*

### ★ *Recycling plant*

- PS container recycling*

### ★ *Distribution Center and Picking Center*

### ★ *Kanto Yachiyo Plant*

- Production of PSP (foamed PS) products*
- Production of biaxially stretched PET sheets*
- Production of biaxially stretched PET containers*

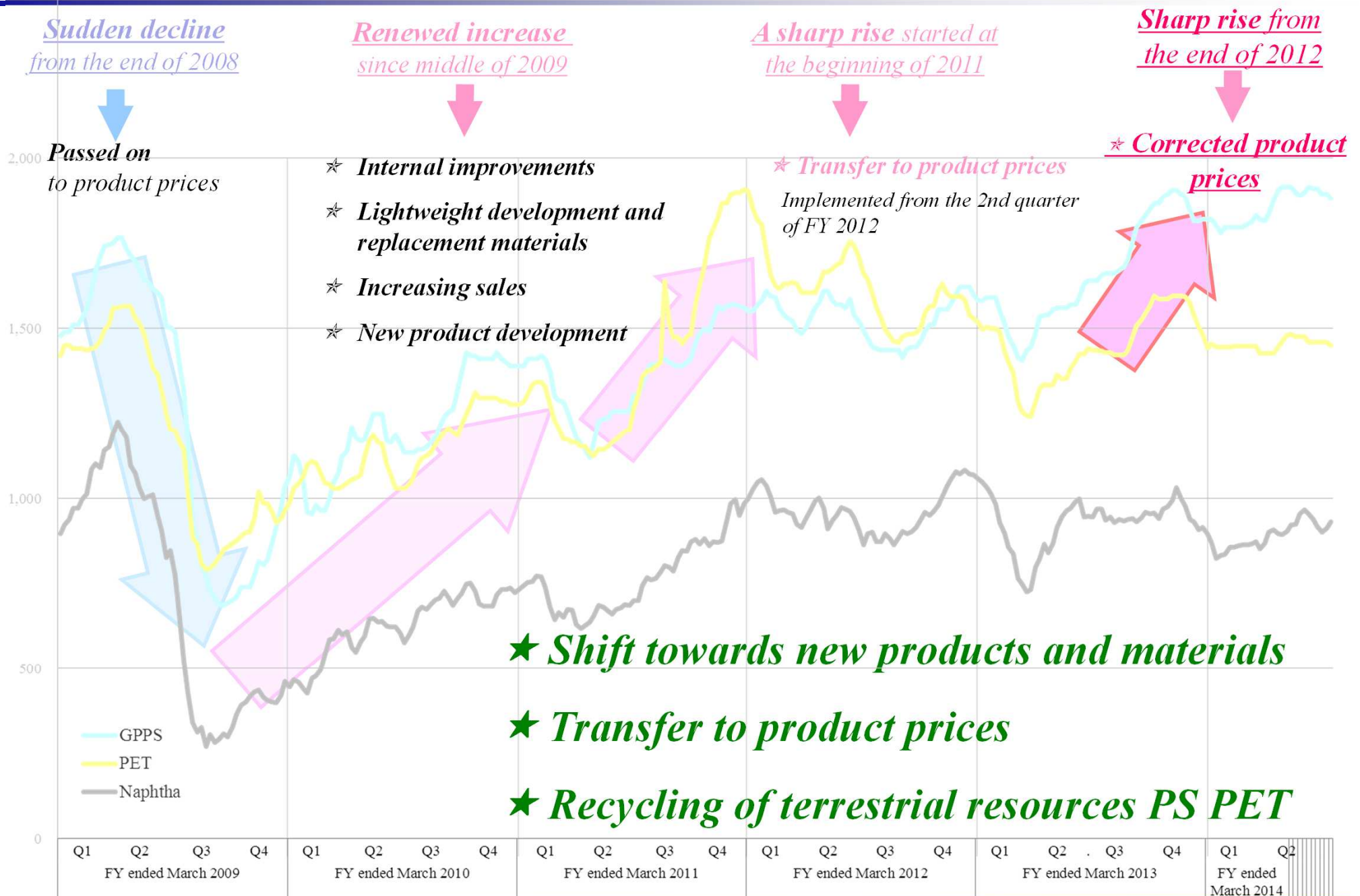


PET Mechanical  
Recycling Plant



*An opportunity to take a look at the state-of-the-art  
production, distribution, recycling operations*

# Trends in Raw Material



# World's First Sheets and Materials *Evolution from a sheet processing manufacturer*

**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: +120°C
- ★ High oil resistance
- ★ Same transparency as OPS

**PET: polyethylene terephthalate**

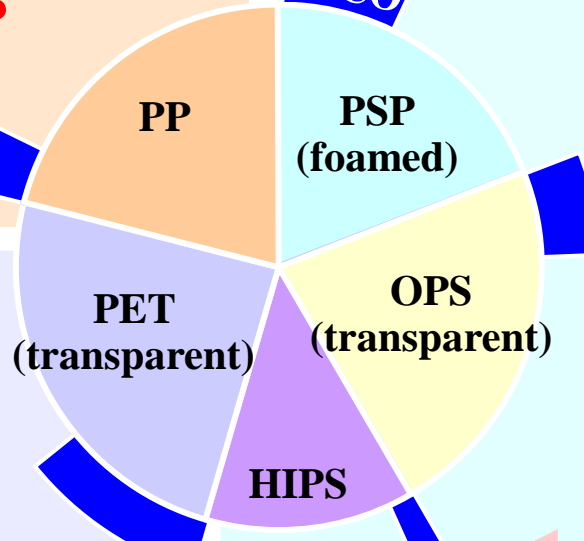
- ★ Resin introduced last
- ★ High transparency
- ★ High oil resistance
- ★ Low heat resistance: +60°C
- ★ Heavy

## OPET: Biaxially stretched PET

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



**FPCO**



## 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 wastes*

**MSD: Multisolid**  
Non-foaming polystyrene

**OPS: oriented polystyrene**

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

*Status of Sales for Heat-resistant Containers Units*

**PP products**

**MFP + MSD**

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



# Ongoing Factors Influencing Ordinary Income

Unit: 100 million yen

	41st term	42nd term	43rd term	44th term	45th term	46th term	47th term (FY ended March 2009)			48th term (FY ended March 2010)			49th term (FY ended March 2011)			50th term (FY ended March 2012)			51th term (FY ended March 2013)			52nd term (FY ending March 2014) (projected)		
							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
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												
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			
Increase in prices/ 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	+5.0	+6.0
				+2.0	+8.0	+8.6	+11.8	+6.0	+18.5	+24.5	+14.0	+6.0	+20.0											
Raw material replacement and lighter-weight products																								
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	+3.0	+4.0
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	+2.0	+3.0
Increase in profit from group companies																								
Profit from the sale of artwork				+1.0	-1.0		+4.0		-4.0	-4.0		-4.0												
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	-9.0	-6.0	-15.0
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	61	95	156

Related increase in product prices: -6

Price war on general-purpose products: -3

Additional cost for launch of new base: -1

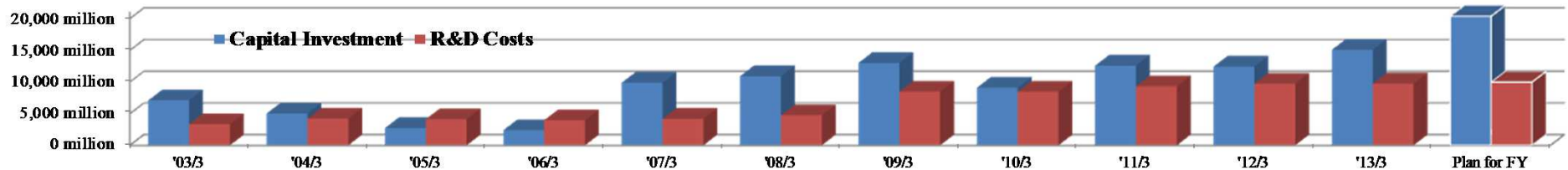
Difference from plan: -10

Ordinary income for the first half: 51

# Trends in Capital Investment and R&D Costs

Unit: million yen

	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	Plan for FY ending March 2014
<b>Production</b>	Yamagata Plant				Shimodate Daini Plant	Chubu Daini Plant	Kyushu Daini Plant	Taiyo Kosan Wood Plant	Nihon Pearl Containers Food container facilities ALRight	Hokkaido Plant extension	Di'a Foods Kanto Yachiyo Plant	
<b>Distribution</b>	East Japan Hub Center	Kyushu HC Kansai PC	Hokkaido HC		Kanto Yachiyo Center		New Hokkaido HC	New Fukuyama Picking Center	New Chubu Picking Center	Kanto PC extension	Logistics centers in Kyushu Logistics centers in Kansai	Fukuyama Cross Dock Center Logistics centers in Hachioji
<b>Recycling</b>				Chubu, Tohoku & Kyushu Recycling Plants			Nationwide expansion of container sorting centers	Equipment renewal of cleaning lines Chubu Recycling Plant		Construction of a new recycling network >	Chubu PET Mechanical Recycling Plant	PET recycling operations >
<b>Other investments and costs</b>					Tokai HC	Head Office	Land & building in Fukuyama	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
<b>Capital investment</b>	7,096	5,037	2,742	2,394	9,885	10,909	13,007	9,090	12,585	12,423	15,087	20,370
Tangible	6,138	4,248	2,621	2,156	9,523	10,655	12,166	8,827	12,352	12,093	14,783	20,015
Intangible	958	789	120	238	362	254	841	263	233	329	303	355
Figures for molds only	780	460	436	550	771	609	1,892	1,507	1,833	1,945	1,425	1,810
<b>Depreciation and amortization</b>	3,339	4,210	4,134	3,965	4,194	4,742	8,467	8,461	9,316	9,728	9,746	9,960
<b>Research and development</b>	654	628	689	751	895	913	965	1,035	1,101	1,051	1,062	1,090



Capital investment figures from FY ending March 2009 onwards refer to all investments, including leasing and procurement.



# Nine Sorting Centers

## Lines for sorting foamed PS containers by color

### *Manually sorting into white and color*



<Nine Sorting Centers' capacity (full-time)>

PSP: 26 lines, 10,600 tons a year

Transparent containers:

13 lines, 1,600 tons a year

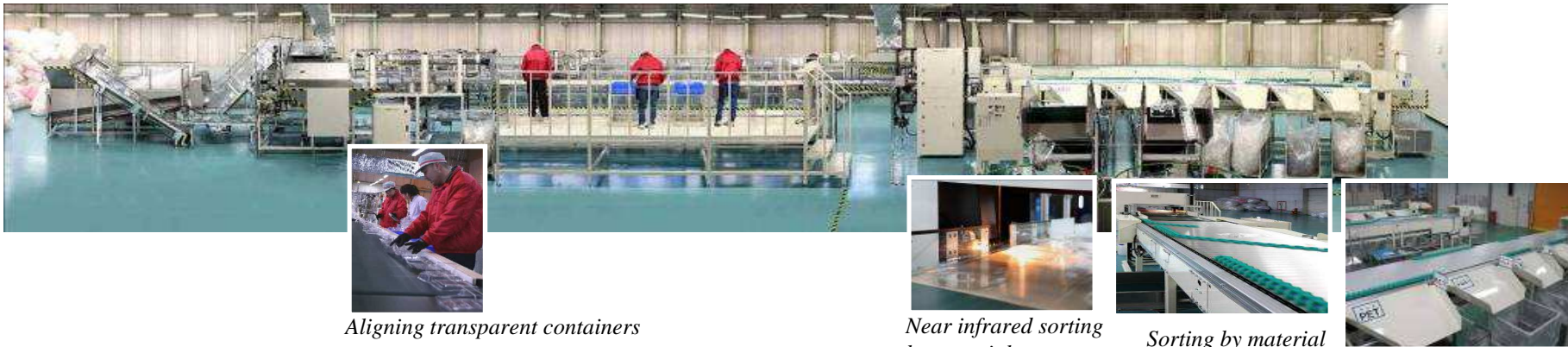
### Disabled employees engaged in

- Sorting foamed PS containers by color
- Aligning transparent containers

## Lines for sorting transparent containers by material

### *Near infrared sorting by material*

Transparent container materials: OPS, PET, PP, PVC, Crystar, etc.



Aligning transparent containers

Near infrared sorting by material

Sorting by material



Collection

Sorting



- Foamed PS containers
- OPS transparent containers
- PET transparent containers



Volume Reduction



To Recycling Plants



# Three Recycling Plants

## Sorting Centers



Volume reduction & transport

- Foamed PS containers Extrusion
- OPS transparent containers

- PET transparent containers



PET bottle sorting line



- PET bottles



<Total capacity of the three recycling plants>  
 PS: 5,000 tons a year (full-time)  
 PET: 20,000 tons a year

## Recycling Plant

**Recycling operation to be established**  
**for PET transparent containers**



# Kanto Yachiyo Plant

*Completion in July 2012*

Three floors, approx. 14,500 *tsubo*

1st floor: production facilities 6,300 *tsubo*

2nd floor: picking 3,500 *tsubo*

3rd floor: warehouse facilities 4,500 *tsubo*

Building: 175 m x 105 m x 26 m (height)





# [Locations of Centers in Kanto]

Kanto Hub Center

Daiichi Center Bldg. 1

Daiichi Center Bldg. 2

Daini Center

Kanto PC

Kanto Yachiyo Plant

← Kanto Daini Plant

← Kanto Daiichi Plant

Kanto Recycling  
Plant →

↑  
Monoaxially stretched PET plant

↑  
Connect existing  
facilities and sorter

**Kanto Yachiyo Plant Floors**

**Fl. 1: Biaxial stretching and molding of PET and PSP molding**

**Fl. 2: Kanto Picking Center**

**Fl. 3: Kanto Hub Center – Daiichi Center Bldg. 3**

