

Interim Financial Results

for FY ending Mar 2015

FP Corporation

Nov 13, 2014





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/



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



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

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.**

◆	<u>Performance and Full-Year Plan</u>			
	Head of Finance and Accounting Division	Isao Ikegami	...	5
◆	<u>Working Towards Medium- and Long-Term Targets</u>			
	Chairman & CEO	Yasuhiro Komatsu	...	17
◆	<u>Current Performance and Efforts to Increase our Scale of Operations</u>			
	President & COO	Morimasa Sato	...	27
◆	Supporting Data		...	41

***First half of the fiscal year ending
March 2015 -53rd term-***

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

Financial Results Summary (Results for first half of the fiscal year ending March 2015)

Unit: million yen	First half performance							First half projections			Full year projections		
	FY ended March 2014		FY ending March 2015					FY ending March 2015			FY ending March 2015		
	Performance	percentage	Performance	percentage	Increase / decrease	Year-on-year	Quantity	Planned	percentage	Progress rate	Planned	percentage	Progress rate
Trays	13,807	17.1	13,884	17.3	+76	100.6%	98.8%	13,820	16.8	100.5%	27,930	16.7	49.7%
Lunchboxes and prepared food containers	42,237	52.5	42,605	53.0	+368	100.9%	99.6%	43,280	52.6	98.4%	86,370	51.7	49.3%
Total	56,044	69.6	56,490	70.3	+445	100.8%	99.3%	57,100	69.4	98.9%	114,300	68.4	49.4%
Other products	3,179	3.9	3,271	4.1	+92	102.9%		3,200	3.9	102.2%	6,700	4.0	48.8%
Sales of products	59,224	73.6	59,761	74.3	+537	100.9%		60,300	73.3	99.1%	121,000	72.5	49.4%
packaging materials	16,851	20.9	16,078	20.0	-772	95.4%		17,560	21.3	91.6%	37,200	22.3	43.2%
Other goods	4,438	5.5	4,556	5.7	+117	102.7%		4,440	5.4	102.6%	8,800	5.3	51.8%
Sales of goods	21,290	26.4	20,635	25.7	-654	96.9%		22,000	26.7	93.8%	46,000	27.5	44.9%
Net sales	80,514	100.0	80,397	100.0	-117	99.9%		82,300	100.0	97.7%	167,000	100.0	48.1%
Operating income	4,930	6.1	4,023	5.0	-907	81.6%		4,570	5.6	88.0%	10,340	6.2	38.9%
Ordinary income	5,112	6.4	4,741	5.9	-371	92.7%		5,200	6.3	91.2%	11,100	6.6	42.7%
Net income	3,108	3.9	2,991	3.7	-117	96.2%		3,200	3.9	93.5%	6,840	4.1	43.7%
Ordinary income before depreciation and amortization	9,707		9,879		+171	101.8%		10,200	96.9%		22,335	44.2%	

■ Sales Products

Although price competition, especially that in general-purpose products, stabilized, there were the effects of withdrawal from unprofitable transactions of certain general-purpose products from the second half of the previous fiscal year.

Original products of the Company made a solid contribution.

Shipments: Declined 0.7% year-on-year

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

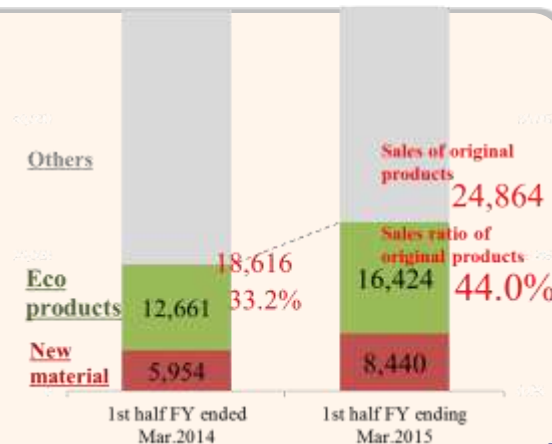
Lunchboxes and prepared food containers:

PPSA series, which are microwavable, were in good shape.

Replaced conventional OPS with OPET or new transparent PP.

Goods

The joint delivery operations expanded, and the picking center investment is starting to produce an effect. Group companies revised unprofitable commercial distribution.



◇ Production

Expanded production facilities for original products, mainly OPET (Biaxially stretched PET), new transparent PP.

◇ Logistics

The Fukuyama Cross Dock Center commenced shipping, and the Group started to improve efficiency in inventory storing and to significantly improve its shipping work.

◇ Environment

Promoted the terrestrial resource cycle and the employment of people with disabilities by expanding the volume of recycled materials.

Progress of Ordinary Income Plan (Results for first half of the fiscal year ending March 2015)

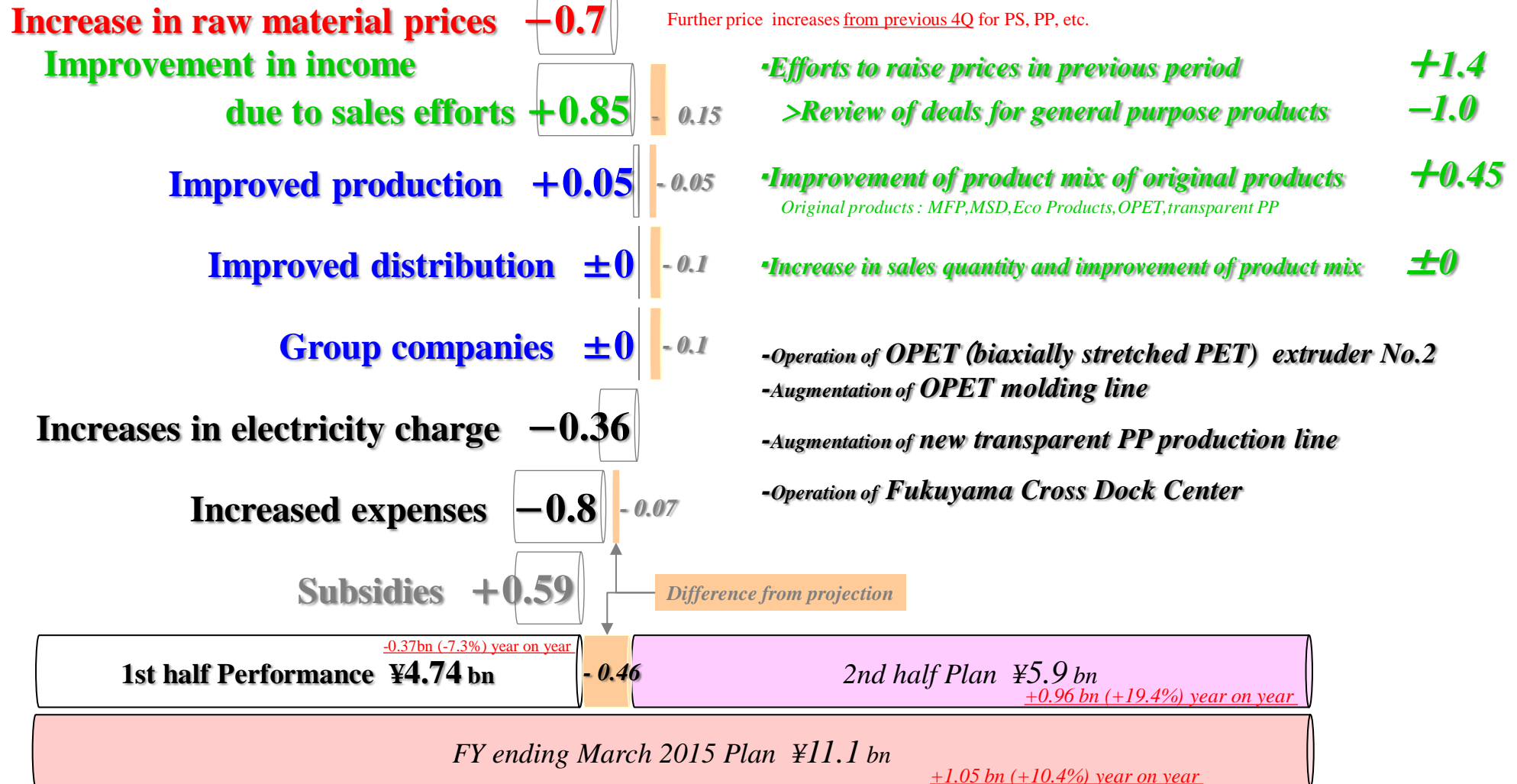
Unit : billion yen

FY ended March 2014 ¥10.05 bn

1st half ¥5.11 bn

2nd half ¥4.94 bn

year on year	1st half	1Q	2Q
Sales quantity of products	99.3%	97.5%	101.1%
Sales of products	100.9%	99.3%	102.4%
Sales of goods	96.9%	97.4%	96.4%
Net sales	99.9%	98.8%	100.9%
Ordinary income	92.7%	84.7%	97.3%



Prospects of Ordinary Income Plan (Plan for the fiscal year ending March 2015)

Unit : billion yen

FY ended March 2014 ¥10.05 bn

1st half ¥5.11 bn

2nd half ¥4.94 bn

year on year	1st half	2nd half projection
Sales quantity of products	99.3%	104%
Sales of products	100.9%	103.5%
Sales of goods	96.9%	118.4%
Net sales	99.9%	107.4%
Ordinary income	92.7%	128.7%

Further price increases from previous 4Q for PS, PP, etc.

Increase in raw material prices

-0.7 -0.3

-1.0
↔-0.7

Improvement in income

due to sales efforts

+0.85 +1.4

+2.25

Efforts to raise prices in previous period

+1.7 (+1.4, +0.3)

Review of deals for general purpose products

-1.3 (-1.0, -0.3)

Improved production

+0.05 +0.5

+0.55

Improvement of product mix of original products

+1.45 (+0.45, +1.0)

Improved distribution

±0 +0.2

+0.2

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

Increase in sales quantity and improvement of product mix

+0.4 (0.0, +0.4)

Group companies

±0 +0.2

+0.2

-Operation of OPET (biaxially stretched PET) extruder No.2,

-Augmentation of OPET molding line

Increases in electricity charge

-0.36 -0.4

-0.76

-Augmentation of new transparent PP production line

-Operation of Fukuyama Cross Dock Center

-Operation of Hachioji Distribution Center

Increased expenses

-0.8 -0.65

-1.45

-“FPCO Research Center” Development and Training Building

Subsidies

+0.59

+0.59

1st half Performance ¥4.74 bn

-0.37bn (-7.3%) year on year

2nd half Plan ¥5.9 bn

+0.96 bn (+19.4%) year on year

⇒ +1.42 bn (+28.7%)

+0.46

FY ending March 2015 Plan ¥11.1 bn

+1.05 bn (+10.4%) year on year

1st half 2nd half

Capital Investments and R&D Cost (Performance for the fiscal year ending March 2015)

Unit: million yen	First half performance				First half projections		Full year projections	
	FY ended March 2014	FY ending March 2015			FY ending March 2015		FY ending March 2015	
	Performance	Performance	Increase / decrease	Year-on-year	Planned	Progress rate	Planned	Progress rate
<i>Tangible fixed assets</i>	12,984	15,055	+2,071	116.0%	14,470	104.0%	25,800	58.4%
<i>(lands only)</i>	(4,140)	(137)	(-4,002)	(3.3%)	(480)	(28.7%)	(480)	(28.7%)
<i>Intangible fixed assets</i>	188	129	-59	68.6%	75	172.8%	200	64.8%
Capital investment (including leasing and procurement)	13,172	15,185	+2,012	115.3%	14,545	104.4%	26,000	58.4%
<i>(Capital investment except land)</i>	(9,032)	(15,047)	(+6,015)	(166.6%)	(14,065)	(107.0%)	(25,520)	(59.0%)
Facilities costs	4,747	5,269	+522	111.0%	5,120	102.9%	11,455	46.0%
<i>(depreciation and amortization costs only)</i>	(4,594)	(5,137)	(+542)	(111.8%)	(5,000)	(102.8%)	(11,235)	(45.7%)
Research and development cost	576	549	-27	95.3%	575	95.6%	1,270	43.3%

Major capital investments

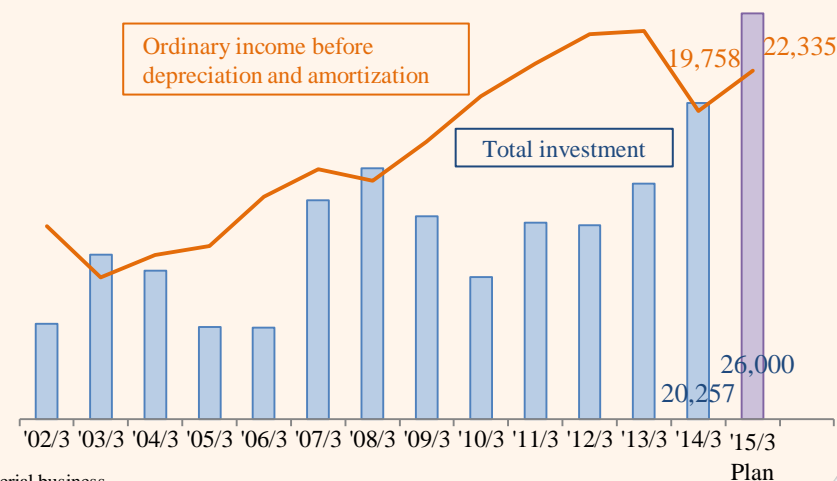
Unit: million yen

	Total investment	Performance in 1st half	Plan in Period
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◆ Expansion of OPET (biaxially stretched PET) production facilities	2,851	2,689	2,689
◆ Expansion of new transparent PP container production facilities		408	2,600
◆ “FPCO Research Center”	2,450	833	2,200
Development and Training Building			
◆ Improvements to logistics facilities			
Fukuyama Cross Dock Center	4,250	1,709	2,610
Hachioji New Logistics Facility	14,540	5,917	6,860
Distribution Center			
Picking Center			
Second phase of construction			
◆ Molds		1,492	2,360
◆ IT investment		173	450

M&A

■ Nishinon PET-Bottle Recycle Co., Ltd.	Became our consolidated subsidiary in Jun. 2014	⇒Enhancement of PET recycling business
■ FPCO Miyakohimo Co., Ltd.	Became our wholly owned subsidiary in Oct. 2014	⇒Expansion of packing and disposable material business



Balance Sheet *(Performance for the fiscal year ending March 2015)*

	Previous consolidated fiscal year	First half of the consolidated fiscal year under review				
	FY ended March 2014 (As of March 31,2014)	(As of September 30,2014)	Increase/ decrease	Year-on- year	Breakdown of main increases and decreases	
Unit: million yen						
Current assets	72,001	77,932	+5,930	108.2%	Notes and accounts receivable-trade Raw materials and supplies	+4,723 +541
Noncurrent assets	108,475	118,386	+9,910	109.1%	Tangible fixed assets	+10,284
Total assets	180,476	196,318	+15,841	108.8%		
Current liabilities	59,476	69,161	+9,684	116.3%	Accounts pay able-trade Short-term borrowing payable Accounts pay able-other	+846 +308 +7,293
Noncurrent liabilities	40,938	44,759	+3,820	109.3%	Long-term borrowing payable	+4,120
Total liabilities	100,414	113,920	+13,505	113.4%		
Net assets	80,062	82,397	+2,335	102.9%	Retained earnings	+1,726
Total liabilities and net assets	180,476	196,318	+15,841	108.8%		

- ◇ Assets Tangible fixed assets increased due to strategic investment in production and logistics.
- ◇ Liabilities Increase in long-term borrowing payable as capital for strategic investment.
- ◇ Net assets Expanded internal reserves as preparation to deal flexibly with business expansion, improving and strengthening management structure

Cash Flows (Performance for the fiscal year ending March 2015)

Unit: million yen	First half performance		
	FY ended March 2014 Performance	FY ending March 2015	
		Performance	Breakdown of Main Items
CF from operating activities	7,685	4,684	Net income before taxes and other adjustments 4,646 Depreciation and amortization 5,137 Increase in trade receivables Δ 4,536 Decrease in accounts payable 761 Income taxes paid Δ 1,491
CF from investing activities	-3,958	-5,661	Acquisition of tangible fixed assets Δ 5,388
Free cash flows	3,726	-976	
CF from financing activities	74	1,079	Net increase in borrowing 4,428 Payments of lease obligations Δ 2,002 Cash dividends paid Δ 1,345
Amount of increase/decrease of cash and case equivalents	3,801	103	
Balance of cash equivalents at end of period	17,861	16,256	

Operating cash flow decreased from a year ago due to the liquidation of notes implemented at the end of last year as well as the impact of holidays. Implemented the augmentation of the production facilities for original products and strategic investments in logistics facilities in Hachioji and Fukuyama to secure future income.

Plan

FY ending March 2015 -53rd term-

=Reference =

Outline of Plan for Account Settlement (Plan for the fiscal year ending March 2015 -53rd term-)

Analyst meeting on May 13, 2014

Unit: million yen	Full year performance		Full year projections				First half projections			
	FY ended March 2014		FY ending March 2015				FY ending March 2015			
	Performance	Percentage	Planned	Percentage	Increase / decrease	Year-on-year	Planned	Percentage	Increase / decrease	Year-on-year
<i>Trays</i>	27,792	17.2	27,930	16.7	+137	100.5%	13,820	16.8	+12	100.1%
<i>Lunchboxes and prepared food containers</i>	83,999	52.1	86,370	51.7	+2,370	102.8%	43,280	52.6	+1,042	102.5%
<i>Total</i>	111,791	69.4	114,300	68.4	+2,508	102.2%	57,100	69.4	+1,055	101.9%
<i>Other products</i>	6,614	4.1	6,700	4.0	+85	101.3%	3,200	3.9	+20	100.6%
Sales of products	118,406	73.5	121,000	72.5	+2,593	102.2%	60,300	73.3	+1,075	101.8%
<i>packaging materials</i>	33,920	21.1	37,200	22.3	+3,279	109.7%	17,560	21.3	+708	104.2%
<i>Other goods</i>	8,793	5.5	8,800	5.3	+6	100.1%	4,440	5.4	+1	100.0%
Sales of goods	42,714	26.5	46,000	27.5	+3,285	107.7%	22,000	26.7	+709	103.3%
Net sales	161,121	100.0	167,000	100.0	+5,878	103.6%	82,300	100.0	+1,785	102.2%
Operating income	9,760	6.1	10,340	6.2	+579	105.9%	4,570	5.6	-360	92.7%
Ordinary income	10,054	6.2	11,100	6.6	+1,045	110.4%	5,200	6.3	+87	101.7%
Net income	6,137	3.8	6,840	4.1	+702	111.4%	3,200	3.9	+91	102.9%

Ordinary income before depreciation and amortization

19,758

22,335

+2,576 113.0%

10,200

+492 105.1%

■ Sales Products

Expanded sales, especially sales of containers with new functions and new designs and the Company's original products.

Shipments: 2.7% growth year-on-year

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

Lunchboxes and prepared food containers:

Sales of products such as Multi FP heat and cold resistant foamed containers and Multi Solid non-foamed containers made from their remnants, OPET (biaxially stretched PET) containers, and new transparent PP containers are expected to increase.

■ Goods

Made full use of logistics network covering the whole of Japan and expanded the handling of packaging materials.

◇ Production

Expanded production facilities for own products, and speeded up the development of new materials and new products and improved quality by strengthening R&D bases.

◇ Logistics

Continued to develop a logistics network covering the whole of Japan. Started operations at the Fukuyama Logistics Facility and the Hachioji Logistics Facility to further improve service levels.

◇ Environment

Promoted the terrestrial resource cycle and the employment of people with disabilities, and secured an advantage in terms of raw material prices, as a recycled material manufacturer.

Planned Increase/Decrease in Ordinary Income (Plan for the fiscal year ending March 2015 -53rd term-)

Analyst meeting on May 13, 2014

FY ended 2014 Performance : ¥10.05 bn

1st half Performance

2nd half Performance

Unit : billion yen

1st half Performance: ¥5.11 bn

2nd half Performance: ¥4.94 bn

Increase in raw material prices
-1.0

-0.7

Further price increases from previous
4Q for PS, PP, etc.

Effect of product price revision in previous period
+1.7

+1.4

+0.3

Effect of product price competition in previous period
-1.3

-1.0

-0.3

Effect of new materials
+1.5

MFP,MSD,Eco Products,OPET,transparent PP

+0.5

+1.0

Improvement in sales mix due to original products

Higher income **+1.7**

Increased sales and mix improvement
(Effect of new products)

+0.5

+0.1

+0.4

Increased or decreased expenses
-1.55

Improved production

+0.6

+0.1

+0.5

Effect of power costs: -0.35bn

Improved distribution

+0.3

+0.1

+0.2

Effect of transportation costs: -0.2bn

Increase in income from group companies

+0.3

+0.1

+0.2

Increased expenses
(Strategic investments ,etc.)

-0.5

-10.5

Equipment augmented: -1.2bn

Manpower increased: -0.3bn

1st half Plan: ¥5.2 bn

2nd half Plan: ¥5.9 bn

+0.1bn (+1.7%) year on year

+0.95bn (+19.4%) year on year

Product quantity: up 2.7%

Sales: 167 billion yen (up 3.6%)

FY ended 2014 Performance : ¥11.1 bn

+1.05bn (+10.4%) year on year

Planned Capital Investment and R&D Cost (Plan for the fiscal year ending March 2015 -53rd term-)

Analyst meeting on May 13, 2014

Unit: million yen	Full year	Full year projections			First half projections		
	FY ended March 2014	FY ending March 2015			FY ending March 2015		
	Performance	Planned	Increase / decrease	Year-on-year	Planned	Increase / decrease	Year-on-year
<i>Tangible fixed assets</i>	19,750	25,800	+6,049	130.6%	14,470	+1,485	111.4%
<i>(lands only)</i>	(4,140)	(480)	(-3,660)	(11.6%)	(480)	(-3,660)	(11.6%)
<i>Intangible fixed assets</i>	506	200	-306	39.4%	75	-113	39.7%
Capital investment (including leasing and procurement)	20,257	26,000	+5,742	128.3%	14,545	+1,372	110.4%
<i>(Capital investment except land)</i>	<i>(16,117)</i>	<i>(25,520)</i>	<i>(+9,402)</i>	<i>(158.3%)</i>	<i>(14,065)</i>	<i>(+5,032)</i>	<i>(155.7%)</i>
Facilities costs	10,000	11,455	+1,454	114.5%	5,120	+372	107.9%
<i>(depreciation and amortization costs only)</i>	<i>(9,703)</i>	<i>(11,235)</i>	<i>(+1,531)</i>	<i>(115.8%)</i>	<i>(5,000)</i>	<i>(+405)</i>	<i>(108.8%)</i>
Research and development cost	1,148	1,270	+121	110.6%	575	-1	99.7%

*Strengthening of R&D facilities

Major capital investments

- ◆ Expansion of OPET (biaxially stretched PET) production facilities
- ◆ Expansion of transparent container production facilities
- ◆ Development and Training Building
- ◆ Improvements to logistics facilities

Fukuyama Logistics Facility:

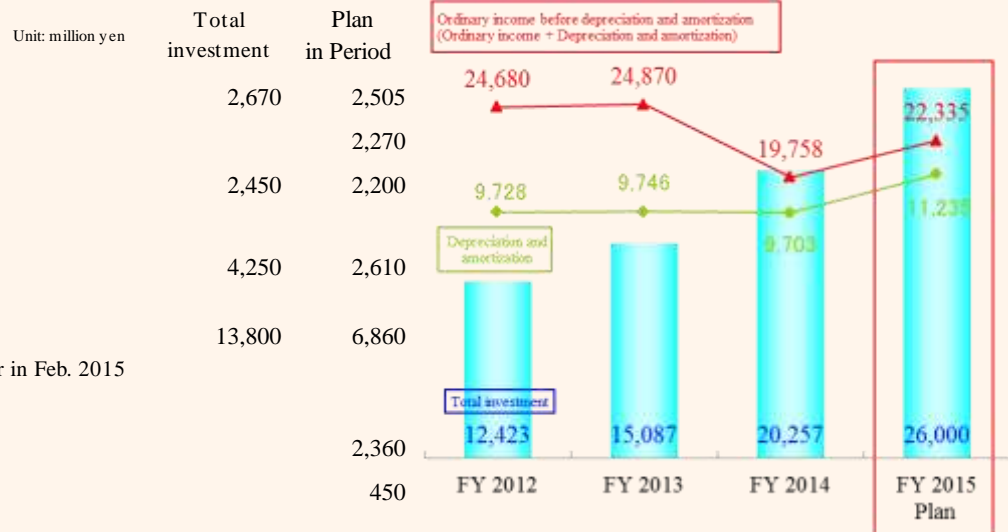
Warehouse scheduled to start operation in Jul. 2014 and Sorter in Nov. 2014

Hachioji Logistics Facility:

1st period : Distribution Center scheduled to start operation in Oct. 2014 and Picking Center in Feb. 2015

2nd period : Distribution Center scheduled to start operation in Sep. 2015

- ◆ Molds
- ◆ IT investment



Working Towards Medium- and Long-Term Targets

**Chairman & CEO
Yasuhiro Komatsu**

Summary of Consolidated Financial Results and Forecast for the Future

» Products Strategy Sales expansion of original products

> World's first materials and functions

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

> Introducing new products continuously

- ◇ Effects of FPCO Fair 2014
- ◇ New design containers
- ◇ New function containers

> Evolving towards being a recycled resin manufacturer

- ◇ Eco Tray
- ◇ Eco APET

» Strategic investments

- ★ Fukuyama Cross Dock Center Started operation in Aug.2014
- ★ Hachioji Distribution Center new logistics facility
Distribution Center started operation in Nov.2014
Picking Center scheduled to start operation in Feb.2015
Second phase of construction scheduled to be completed in Aug.2015
- ★ "FPCO Research Center" Development and Training building
Construction scheduled to be completed in Dec. 2014
- ★ Operation of OPET (biaxially stretched PET) extruder No.2,
augmentation of molding line
- ★ Augmentation of new transparent PP production line
- ★ Augmentation of PET production line
- ★ New Plants in Chubu for integrated production of PET
Preparations underway for operations in the next year

» Initiatives to Recycle Terrestrial Resources

- ◇ Employment of workers with disabilities
- ◇ Nishinohon PET-Bottle Recycle Co., Ltd. became a member of the Group in Jun. 2014

» Responses to

sharp rise in raw material price

- » Miyakohimo Co., Ltd. became a member of the Group in Jun. 2014

» Extensive internal improvement

Planned Capital Investment
26 bn (including lands 0.5bn)

Target management indicator

Net income per share: **¥225**

Planned Sales

167 bn

+3.6% year on year

Planned Ordinary Income

11.1 bn

+10.4% year on year

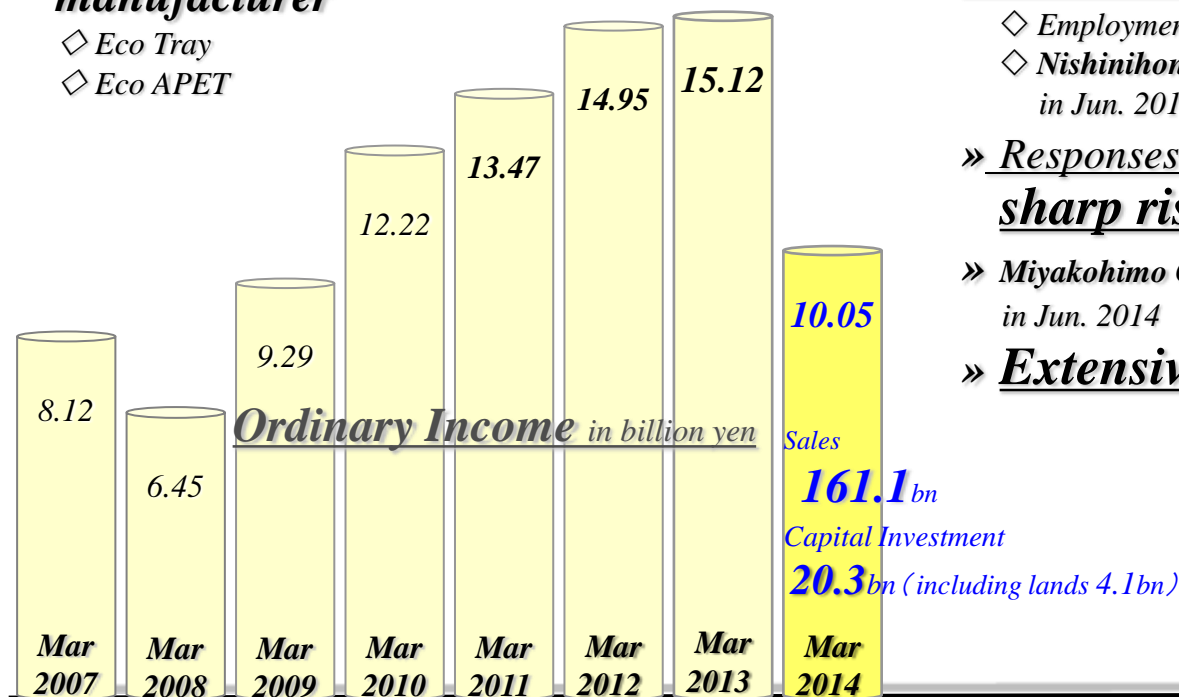
First half

4.74 bn

-7.3% year on year

Mar

2015



★ *Switchover to new products* : *MFP, MSD, OPET, new transparent PP, Eco products*

★ *Revision of product prices in the previous period*

Switching

From Virgin to Eco

From OPS to PET, OPET

and new transparent PP

★ *Competitors aimed for expansion in volume
in spite of announcements of prices revisions*

★ *Continued price competition in general purpose products
⇒ Withdrawal from certain unprofitable transactions*

◇ *Competitors announced further prices revisions
in this period*

◇ *Price competition stabilized*

Products Strategy Development of products matched with customers' needs

☆ Original products : Increase sales ratio to improve and stabilize earnings

Multi FP (MFP) Chillable and microwaveable foamed PS containers

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

MFP+MSD Sales 10.3 billion yen in the previous period

OPET PET transparent containers that overcome the problems of OPS

(biaxially stretched PET)

Operation of sheet extruder No. 2
Shift to Kanto+Fukuyama production system

From OPS transparent lid to OPET transparent lid
From OPS food pack to OPET food pack

New Plants in Chubu for integrated production of PET scheduled to start operation in the next year

New transparent PP Microwaveable transparent containers

Renovation and augmentation of lines
Challenge to biaxially stretched PP

Sales expansion of PPSA series
Food pack and snap-lock food pack launched

Eco Tray Recycled PSP containers

Sales 18.9 billion yen in the previous period

Eco APET Recycled PET transparent containers

New Plants in Chubu for integrated production of PET scheduled to start operation in the next year

Sales 9.9 billion yen in the previous period

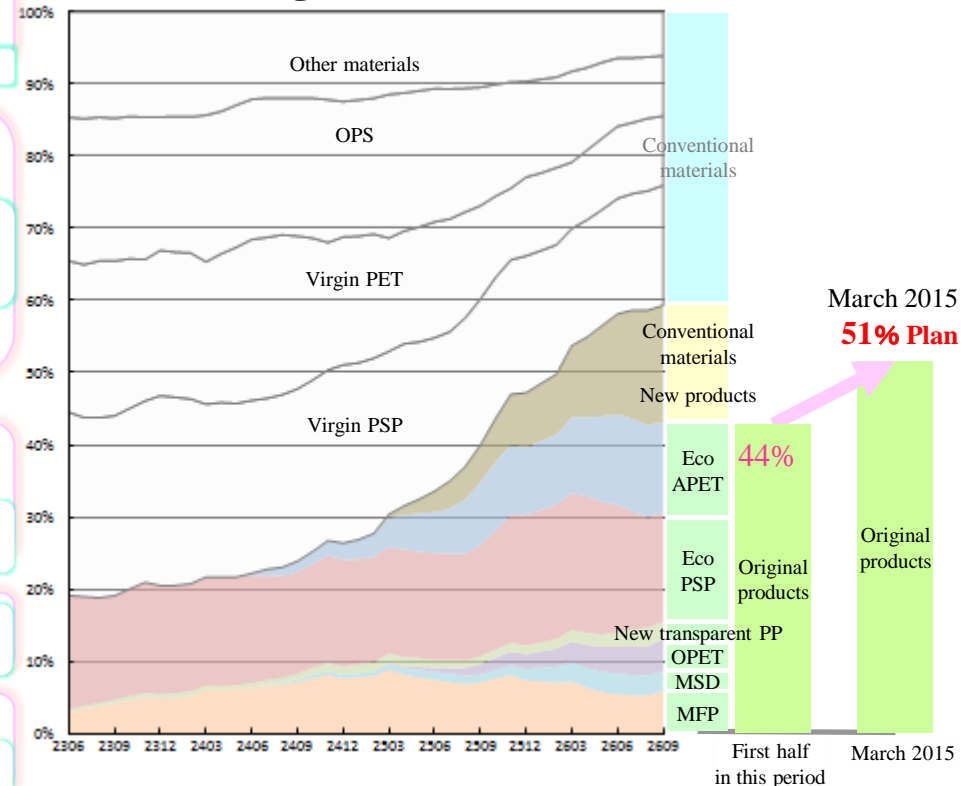
Containers with new functions and with new design

Emphasis on containers that are not apt to leak, keep their contents from shifting, reduce garnish, and appear roomy...

☆ General-purpose Products :

Prepare for increased sales by comprehensively reducing costs

Changes in sales mix



FPCO Fair 2014

この売り場やってみよう!
知恵と工夫百選

From Mar. 11-13, 2014

13,000 visitors mainly users

Cutting logistical costs and constructing a logistical infrastructure

Fukuyama Cross Dock Center started operation in Aug. 2014



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

Hachioji Distribution Center

Distribution Center started operation in Nov.2014
Picking Center scheduled to start operation in Feb.2015
Second phase of construction scheduled to be completed in Aug.2015

Five stories above ground
Total floor area: 23,700 tsubo
Investment: 14.5 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: 4.6 billion yen

May 2010: Upgrade and Expansion of Fukuyama Picking Center



April 2012: Upgrade and Expansion of Kanto PC

May 2011: Chubu Distribution Center Upgraded and Expanded



Picking quality with 2 ppm errors

- Distribution Centers: 9
- Picking Centers: 12

At end of FY2015		Compared to FY2012
Distribution Center :	144,400 tsubo	116%
Picking Center :	40,000 tsubo	126%

Evolving into a recycled resin manufacturer

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

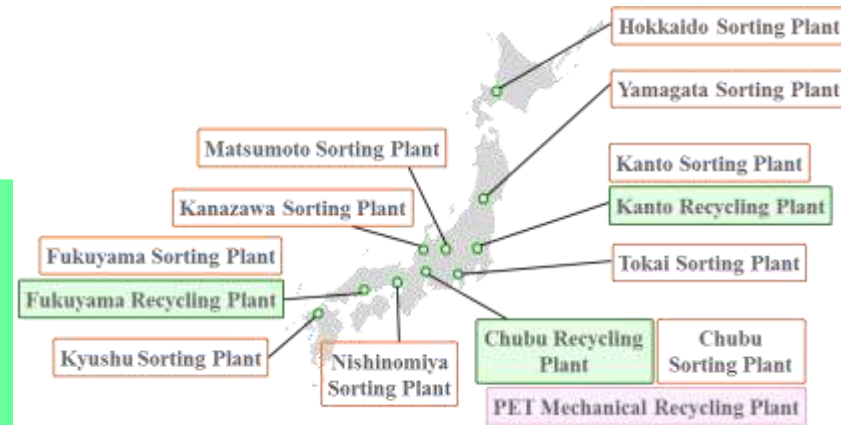
638 employees with disabilities (current number of employees: 367 +43)

- Special subsidiary company
- Support for continuous employment (Type A)

as of the end of Sep. 2014

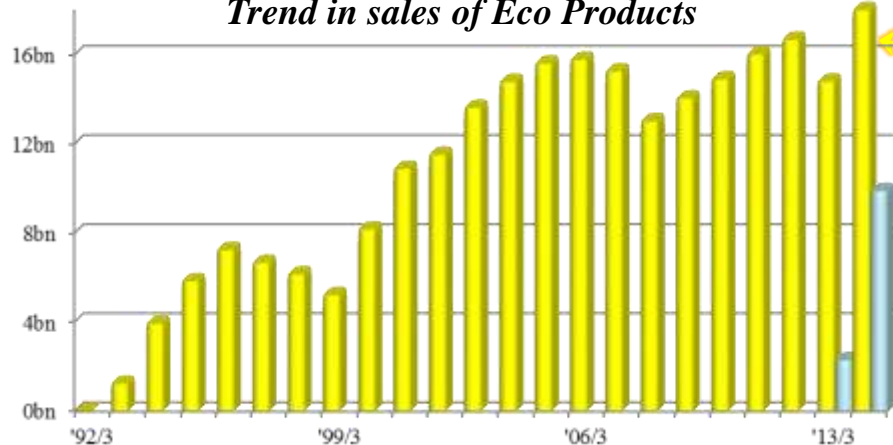
Employment Rate: 16.0%

as of the end of Mar. 2014



- Sorting Plant : 10
- Recycling Plant : 3
- PET Recycling Plant : 1

Trend in sales of Eco Products



Eco Trays (PSP) Released in Mar. 1992

FY ended March 2014 : sales of **18.9** billion yen

Eco APET Released in May 2012

FY ended March 2014 : sales of **9.9** billion yen

**Japan with a focus
on the environment**

Jun.2014

Made Nishinohon PET-Bottle Recycle Co., Ltd. a member of the Group
to expand our PET recycling production system



PET Mechanical Recycling × 2



*Three stories above ground
Total floor area: 7,200 tsubo
Investment: 8 billion yen expected*

Preparations underway for operations in the next year

Strategic Investment

★ Logistics

- **Fukuyama Cross Dock Center**

Started operation in Aug.2014

- **Hachioji Distribution Center** (new logistics facility)

Distribution Center started operation in Nov.2014

Picking Center scheduled to start operation in Feb.2015

Second phase of construction scheduled to be completed in Aug.2015

★ Production

- **OPET extruder No.2** started operation (Kanto Yachiyo Plant)

Molding line augmented (Fukuyama Kannabe Plant)

- **MFP/MSD production line** augmented

- **New transparent PP production line** augmented

- **PET production line** augmented

- **New Plants in Chubu for integrated production of PET**

Scheduled to start operation in the next year

★ Development

- **“FPCO Research Center”** Development and Training building

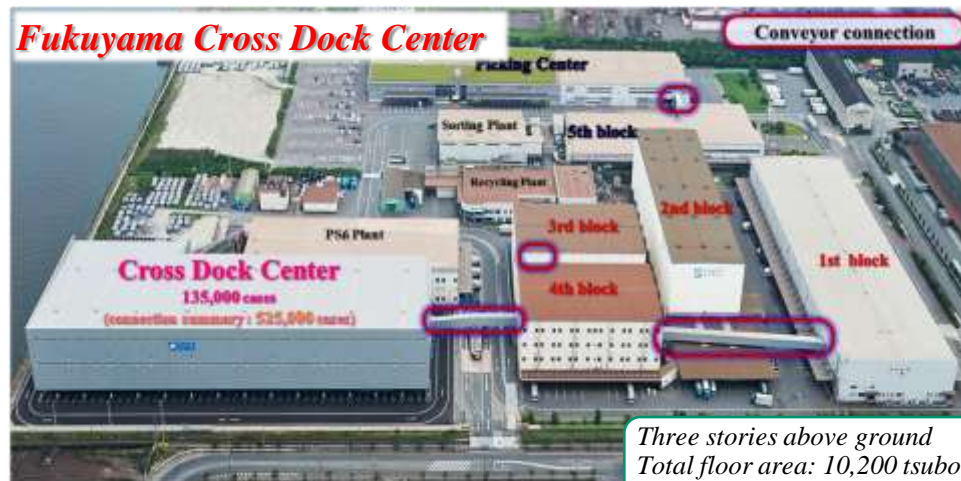
Construction scheduled to be completed in Dec. 2014

FPCO Research Center



Four stories above ground
Total floor area: 2,000 tsubo
Investment: 2.5 billion yen

Fukuyama Cross Dock Center



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

Hachioji Distribution Center



Five stories above ground
Total floor area: 23,700 tsubo
Investment: 14.5 billion yen

Capital investment planned for fiscal year ending March 2015

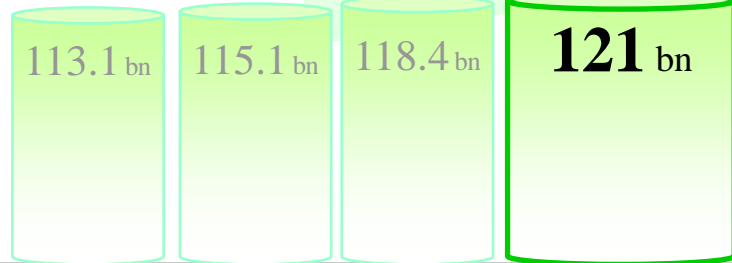
26 billion yen

(including land acquisition cost of 0.5 billion yen)

Medium-Term Goals

Expanding our share in a ¥500 billion market

Product sales



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

◇ Global market



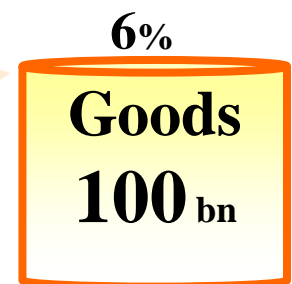
Taking on a ¥2 trillion market

Goods sales



- ★ Accelerate development of B-to-B operations
- ★ Support wholesalers (use infrastructure)
 - Cooperative purchasing
 - Cooperative distribution
- ★ M&A

Ordinary profit Margin



Sales	155.7 bn	158.2 bn	161.1 bn	167 bn
Ordinary income	14.95 bn	15.12 bn	10.05 bn	11.1 bn
Capital investment	12.4 bn	15.1 bn	20.3 bn	26 bn
Depreciation	9.73 bn	9.75 bn	9.7 bn	11.2 bn
Ordinary income before depreciation	24.63 bn	24.87 bn	19.75 bn	22.3bn
	50th	51st	52nd	53rd Plan

Target management indicator

Net income per share: ¥225

Medium-Term Goals

< Strategic upfront investment >

Towards Increasing the Scale of Operations

President & COO

Morimasa Sato

Market Circumstances

Intensifying competition due to excessive stores

Expansion of national chains into regional areas

Active launch of convenience stores

Expansion of private brands

Entries from other sectors, such as drugstores and DIY stores

The number of households is on the increase, while the population is shrinking.

Single-person households are increasing.

Elderly households are increasing.

The gap between strong and weak provincial supermarkets widens.

The number of household members is constantly decreasing.

Cutbacks in provincial supermarkets

Request for further rationalization

A shift from in-store packaging to packaging outside stores

Long life items

Ailing provincial wholesalers

Logistical rationalization

Reduction of stock of C-ranked items

New technology

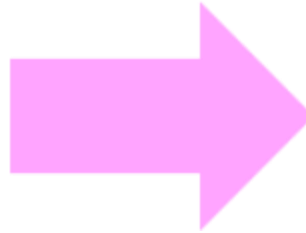
Product procurement capacity

New product development

Switchover in Transparent Container Materials

OPS :biaxiallystretchedpolystyrene

- ☆ Transparency : Standard
- ☆ Heat resistance : +80°C
- ☆ Oil resistance : Weak
- ☆ Limitations on weight reduction



OPET :biaxiallystretchedpolyethyleneterephthalate

- ☆ Transparency : Excellent
- ☆ Heat resistance : +80°C
- ☆ Oil resistance : Excellent
- ☆ Potential for weight reduction through stretching
- ☆ Difficult to mold

- > Shift to system with two OPET Extruders
- > Augmentation of molding line in Kanto and Fukuyama
- > New Plants in Chubu for integrated production of PET scheduled to start operation in the next year

Safety/Security



Creation of new market

New transparent PP :polypropylene

- ☆ Transparency : Standard (comparable with that of OPS)
- ☆ Heat resistance : +110°C
- ☆ Oil resistance : Excellent

- > Increased production volume through renovation and augmentation of molding line
- > Challenge to biaxially stretched PP (weight reduction and improve transparency)

PPSA Series : Solving the Problem that “Fresh Food Doesn’t Sell”

< Issues with fresh food products >

- ✓ Products are not in single-serving portions.
- ✓ Products are not compatible with the shift away from cooking.
- ✓ Products that are overly seasoned do not suit every palate.
- ✓ The fact that products taste good only by heating is not conveyed.



◆ SEASONAL

◆ LOCALLY PRODUCED
AND LOCALLY CONSUMED

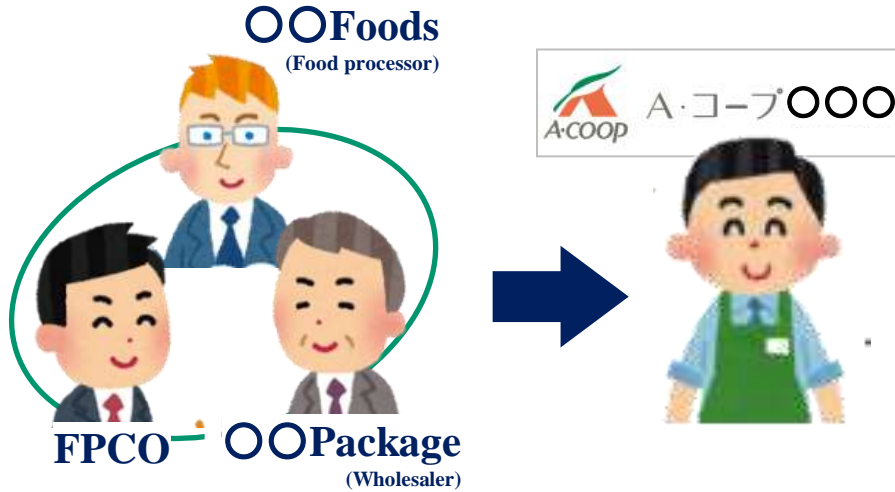
◆ NO ADDITIVES

◆ ORGANIC

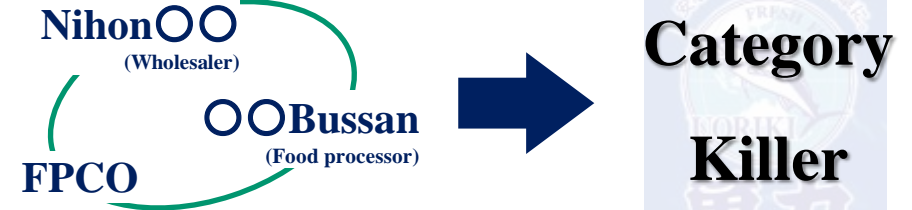
- Taste of the ingredients
- Single-serving portions
- Creation of ready-to-eat fresh products

Introducing “Microwavable Deli”

Kyusyu area・・・○○Foods



Kanto area・・・○○Bussan



Kinki area
Kansai○○
etc.

Chusikoku
area
○○Foods
etc.

Kyusyu area
○○Foods
etc.

(Co-Creation : To create new value in cooperation)

1 Hot prepared foods

Expand sales based on “Shizuoka” method

- Supply products to the most influential supermarkets and promote entire replacements in the area (○○ Store → ○○ Store → ○○ Tokai)
- Demonstrations about material characteristics with microwave ovens * Other demonstrations for tasting

2 Fresh foods microwavable deli

Focus on sales to companies that support cooking

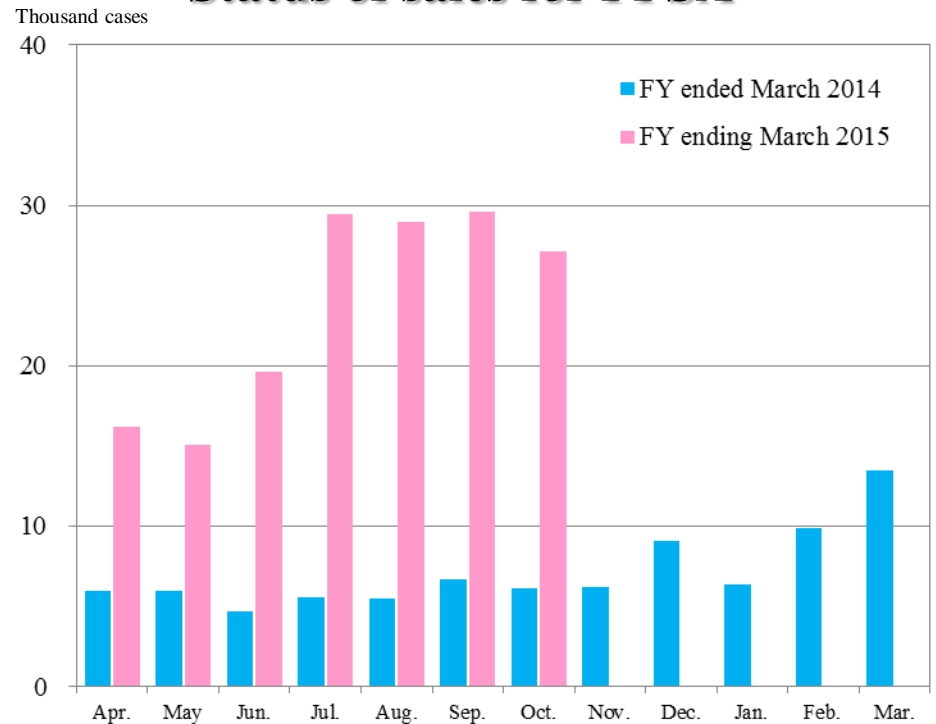
- Enrich content --- Collaboration with cut vegetable vendors
- Raise consumer awareness (needs creation)

3 Sales channel for commodities

Implement cross-merchandising in conjunction with microwavable deli

Expand sales to wholesalers and the sales floors in stores

Status of sales for PPSA



Support cooking



Cross MD sales floor



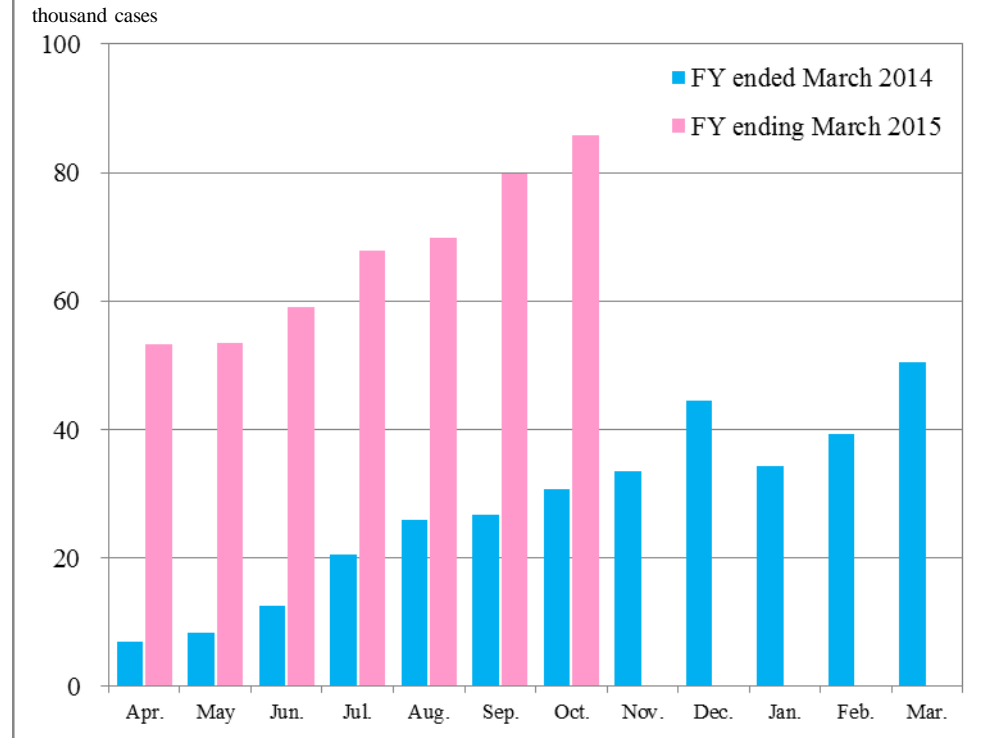
Commodities sales floor



Status of OPET (biaxially stretched PET)

- ★ Transparency : Excellent
- ★ Heat resistance : +80°C
- ★ Oil resistance : Excellent
- ★ Potential for weight reduction through stretching
- ★ Difficult to mold

Status of sales for OPET



Supply system

Sheet extrusion Kanto Yachiyo Plant **2 lines**

Molding Kanto Yachiyo Plant **7 lines**
 Fukuyama Kannabe Plant **4 lines**



Sheet extrusion **1 line +α**

Molding **4 lines +α**

New Plants in Chubu for integrated production of PET
 scheduled to start operation in the next year

Roadmap for Logistics Network Development

FY ended Mar. 2014

FY ending Mar. 2015

FY ending Mar. 2016

Expansion of infrastructure

Kyushu



5,500 tsubu

Jul. 2013

Kansai



11,000 tsubu

Oct. 2013

Fukuyama XDC



10,200 tsubu

Warehouse in Aug. 2014
Sorter in Oct. 2014

Hachioji



Distribution Center in Nov. 2014, Picking Center in Feb. 2015
Second phase of construction in Aug. 2015

Improvement of shipping capability

First phase 18,200 tsubu
Second phase 5,500 tsubu
Under construction

Reduce total costs

Construction of system with greater speed and accuracy

Router planner

S&S system

Soft & Schedule System

RD Check System

Real Delivery Check System

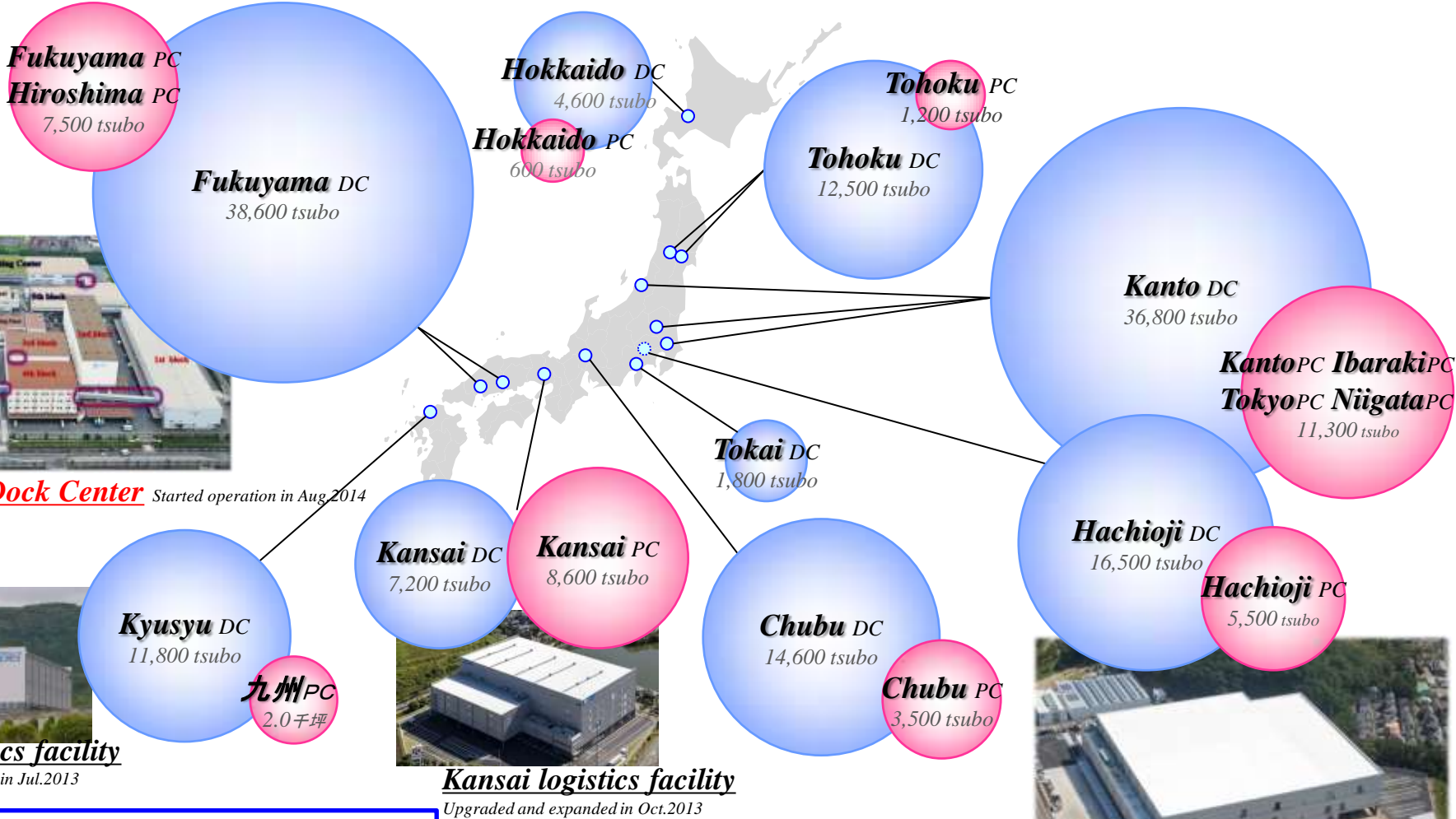
Voice pick

Packaging size optimization

Improvement of productivity

Distribution Network Improvements / Expansion of infrastructure

Logistics services of high quality and high efficiency will cover the entire country.



Fukuyama Cross Dock Center Started operation in Aug.2014



Kyusyu logistics facility
Upgraded and expanded in Jul.2013



Kansai logistics facility
Upgraded and expanded in Oct.2013



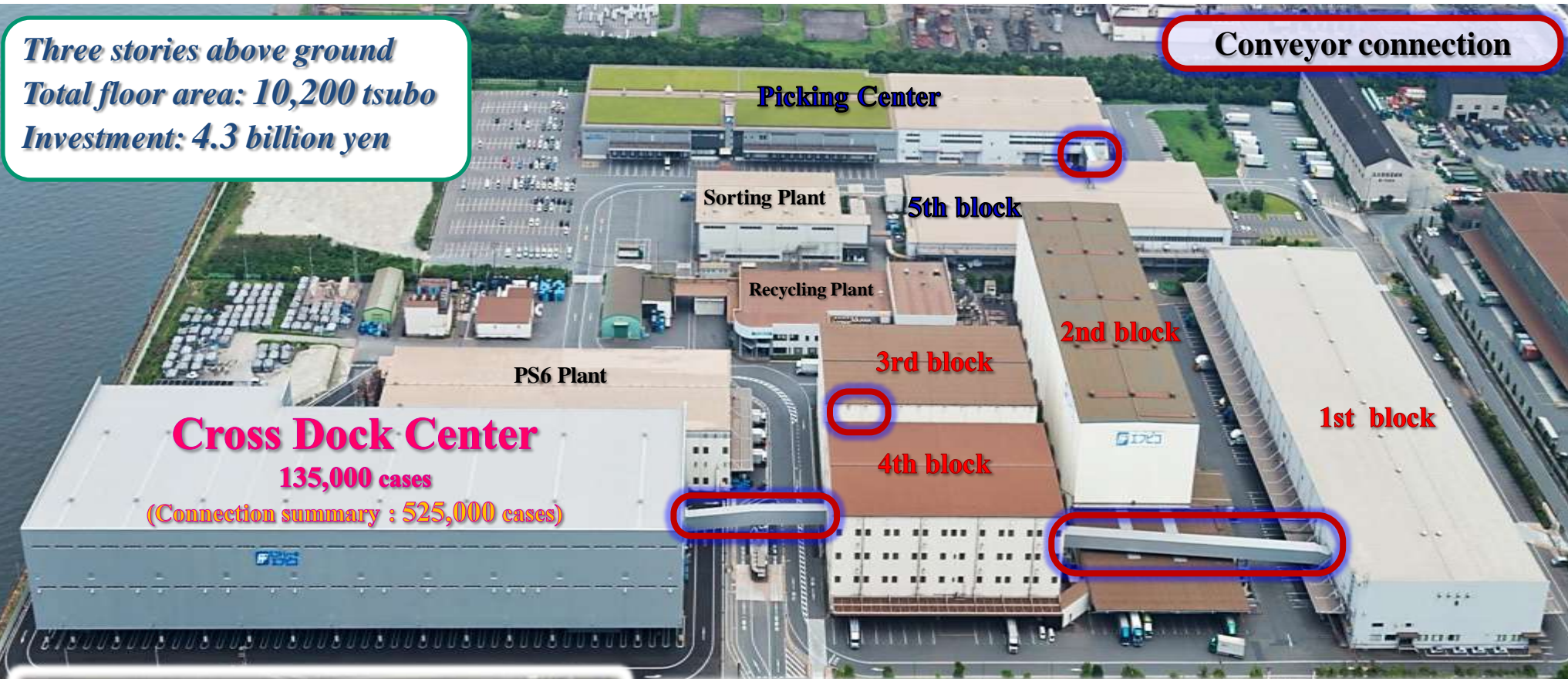
Hachioji Distribution Center
Distribution Center started operation in Nov.2014
Picking Center scheduled to start operation in Feb.2015
Second phase of construction scheduled to be completed in Aug.2015

At end of FY2015		Compared to FY2012	
Distribution Center :	144,400 tsubo	116%	
Picking Center :	40,000 tsubo	126%	

- Distribution Centers: 9
- Picking Centers: 12

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

Conveyor connection



Changed from milk run to cross dock

- ★ Reduction of driver's time spent at work
: 1-1.5 hours per truck
- ★ Putting warehouses into our own facilities

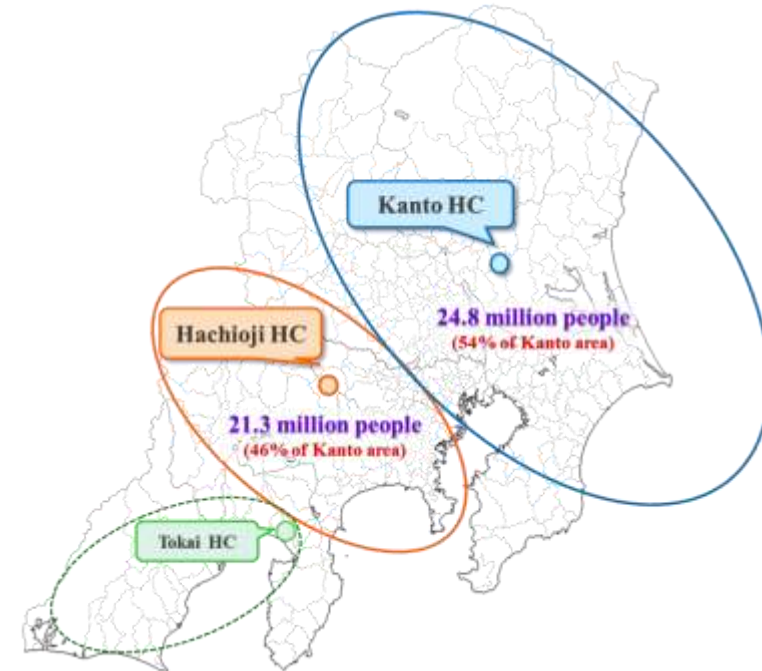
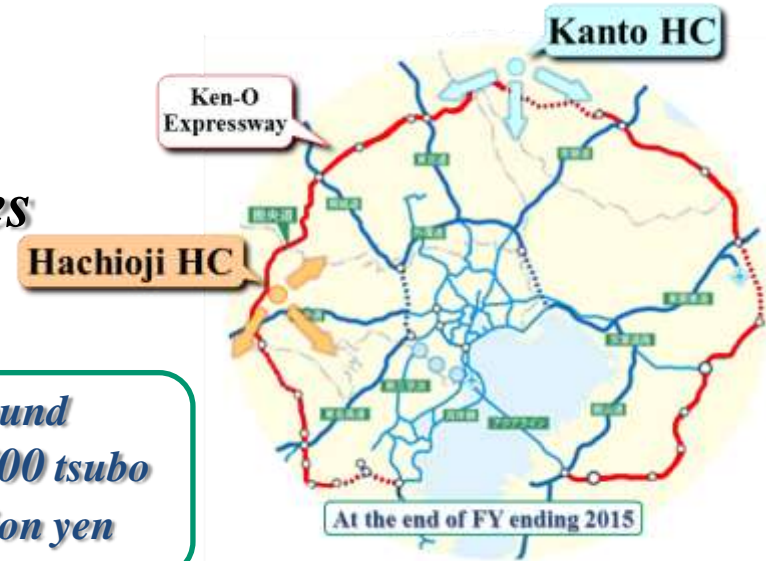
Hachioji Distribution Center

Distribution Center started operation in Nov. 2014
Picking Center scheduled to start operation in Feb. 2015

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

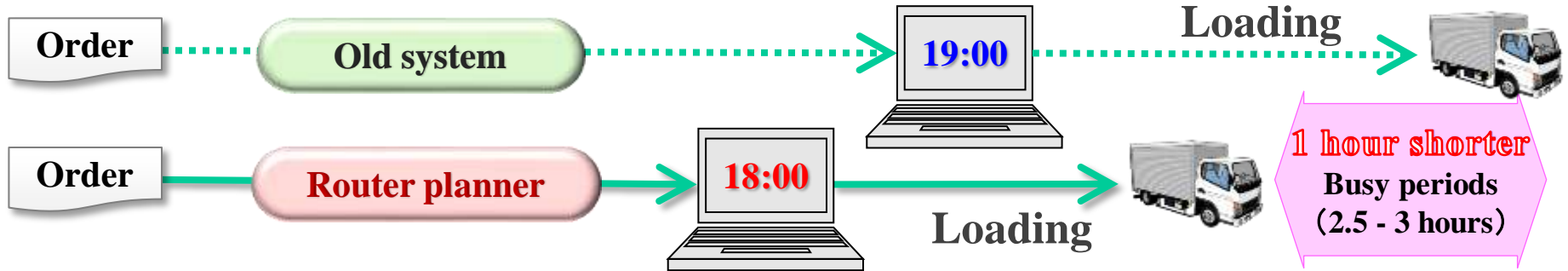


Five stories above ground
Total floor area: 23,700 tsubo
Investment: 14.5 billion yen

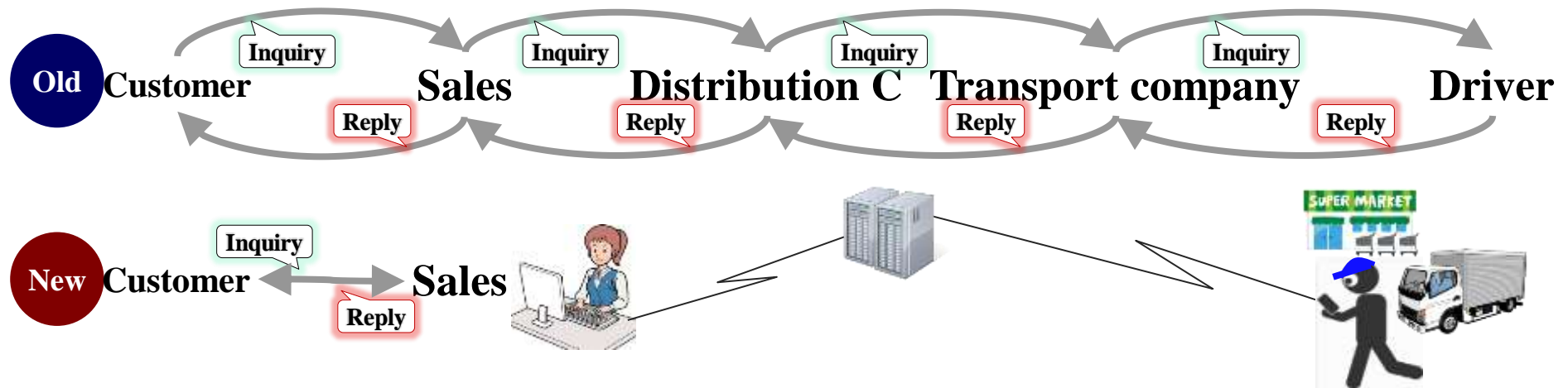


Distribution Network Improvements / System Construction

《1》 Vehicle allocation system (Router planner)



《2》 Delivery status check system (RD Check System) Real Delivery Check System



《3》 Examination of optimization product packaging size



June. 2014

Nishinihon PET-Bottle Recycle Co., Ltd.

Wakamatsu-ku, Kitakyusyu-shi, Fukuoka



◇ **Establishment** : Operation commenced in April 1998 (Japan's first eco-town business by METI)

◇ **Type of business** : Material recycling of collected PET bottles to produce recycled PET Resin

◇ **Ratio of shareholding** : FP Corp. 52.45%, Teijin Ltd. 14.65%, Nippon Steel & Sumitomo Metal Corp. 9.90%,
Nippon Express 9.00%, Sankyu Inc. 9.00%, Kitakyushu city 5.00%

** As a PET bottle recycler and a member of the Japan Containers and Packaging Recycling Association, a public interest corporation, is qualified to participate in tenders on the largest scale.*

Enhancement of PET recycling business



October 2014

FPCO Miyakohimo Co., Ltd.

(Miyakohimo Co., Ltd.)

Sumida-ku, Tokyo

- ◇ **Establishment: April 1957**
- ◇ **Type of business: Sales and wholesale of packing materials and goods**
- * *Engaged in the business of packing materials and goods mainly for foods since its foundation in 1921*

Expansion of packing and disposable material business

Supporting Data

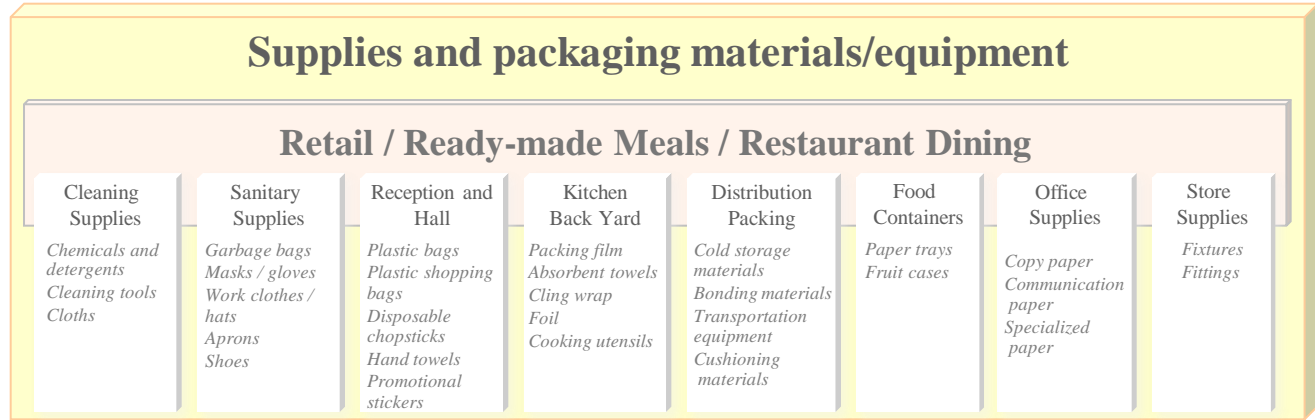
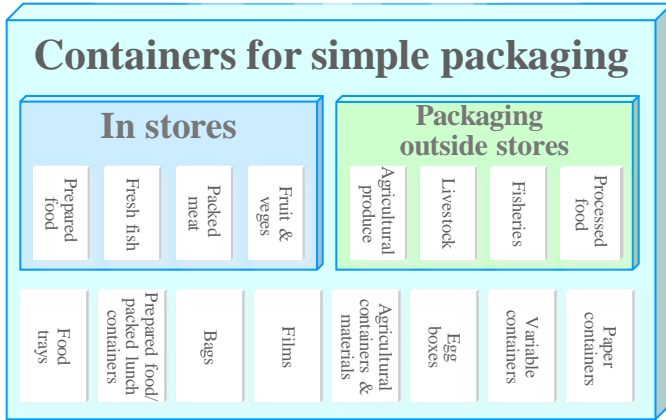
Explanations of terms

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

Actions for Expanding the Scale of the Company

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

Alliances and M&A

World-first materials and capabilities

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

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

PS: polystyrene



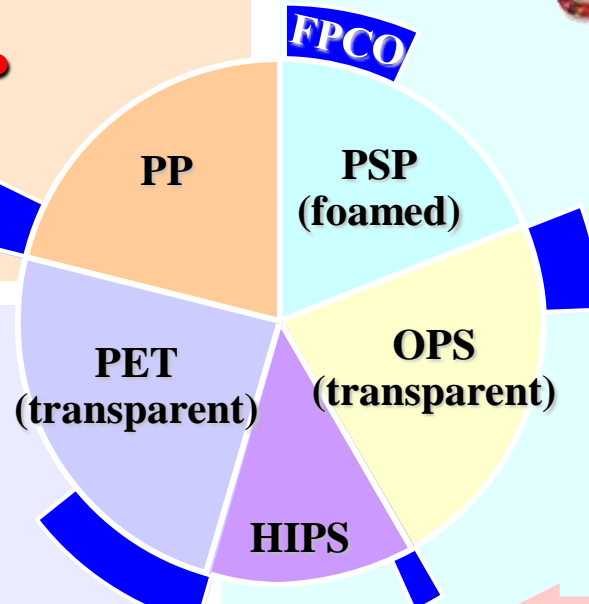
PSP: foamed polystyrene

- ★ 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



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



MSD: Multisolid Non-foaming polystyrene

OPS: oriented polystyrene

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

Recycling of multi-FP wastes

Status of Sales for Heat-resistant Containers

PP products

PPSA

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

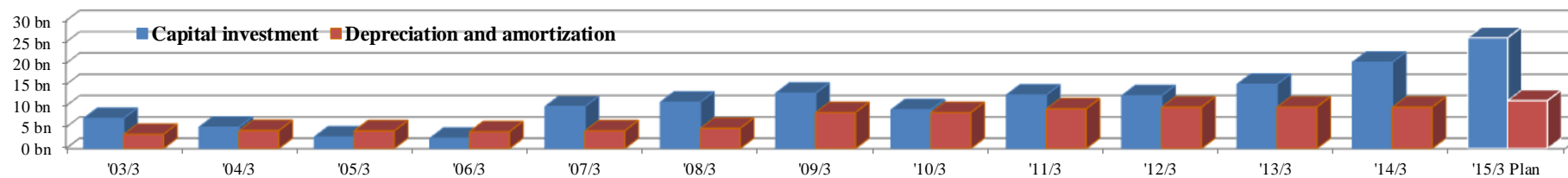
	41st term	42nd term	43rd term	44th term	45th term	46th term	47th term (FY ended March 2009)			48th term (FY ended March 2010)			49th term (FY ended March 2011)			50th term (FY ended March 2012)			51st term (FY ended March 2013)			52nd term (FY ended March 2014)			53rd term Plan (FY ending March 2015)			
							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	
Impact of increase in raw material prices	-6.0	-13.8	-36.5	-10.0	-13.0	-39.5	-14.0	-23.0	-37.0	-25.0		-25.0																
							Decrease in raw material prices			+44.0	+34.0	+78.0																
							Raw material price increase			-6.0	-13.0	-19.0	-11.0	-12.0	-23.0	-19.0	-18.0	-37.0	-3.0	-12.5	-15.5	-18.0	-28.0	-46.0	-7.0	-3.0	-10.0	
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								
							1st product price reduction			-24.0	-20.0	-44.0																
							2nd product price reduction			-10.0	-9.0	-19.0																
Raw material replacement and lighter-weight products			+2.0	+8.0	+8.6	+11.8	+6.0	+18.5	+24.5	+14.0	+6.0	+20.0																
Increase in quantity/improvements to product mix		+45.0		+17.5	+5.8	+3.0	+4.5	+2.5	+7.0	+3.0	+3.0	+6.0	+11.0	+10.5	+21.5	+7.0	+8.0	+15.0	+9.0	+12.0	+21.0	+1.0	-	+1.0	-	+4.0	+4.0	
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	+5.0	+5.5	
Distribution improvement	+0.3	-14.0	+12.2	+5.5	+8.0	+5.7	+1.8	+3.2	+5.0	+4.5	+5.0	+9.5	+4.0	+4.0	+8.0	+2.0	+2.0	+4.0	+1.0	+0.5	+1.5	+1.0	-	+1.0	-	+2.0	+2.0	
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	-	+2.0	+2.0	
Profit from the sale of artwork			+1.0	-1.0			+4.0		+4.0	-4.0		-4.0																
Subsidies																										+5.9		+5.9
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	-10.5	-22.1	
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	+9.5	+5.8	
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	63.6	111	

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	Plan for FY ending March 2015
Production	Yamagata Plant				Shimodate Daini Plant			Taiyo Kosan	Nihon Pearl Containers	Dia Foods			"FPCO Research Center" Development and Training Building
					Chubu Daini Plant			Wood Plant	Food container facilities	ALRight			
						Kyushu Daini Plant			Hokkaido Plant extension		Kanto Yachiyo Plant		
													New Plants in Chubu for integrated production of PET
													Strengthening of transparent containers >
Distribution	East Japan Hub Center				Kanto Yachiyo Center								
	Kyushu HC							New Fukuyama Picking Center					Logistics centers in Kyushu
	Kansai PC												Logistics centers in Kansai
		Hokkaido HC											Fukuyama Cross Dock Center
							New Hokkaido HC						Logistics centers in Hachioji
													Improving the distribution network >
Recycling					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 >				NPR
													Chubu PET Mechanical Recycling Plant
													PET recycling operations >
Other investments and costs					Tokai HC		Head Office land & building in Fukuyama			Yuka Shoji			Land for logistics centers in Kyushu
							Land for New Kanto Plant	Land & building in Chubu					Land for logistics centers in Kansai
									Interpack				Land for logistics centers in Hachioji
													Miyakohimo

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	26,000
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	25,800
Intangible	958	789	120	238	362	254	841	263	233	329	303	506	200
Figures for molds only	780	460	436	550	771	609	1,892	1,507	1,833	1,946	1,425	2,151	2,360
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	11,235
Research and development	654	628	689	751	895	913	965	1,035	1,101	1,051	1,062	1,148	1,270



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

【 Information on the Facility Tour 】

Contact Kodama or Takashima at the Corporate Planning Department (+81-3-5325-7756) 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.



Hachioji 20 minutes from Akigawa station on JR East Lines.



Fukuyama 30 minutes from Fukuyama station on JR West Lines.



Chubu 20 minutes from Gifuhashima station on JR Tokai Lines.



PET Mechanical Recycling