

# *Financial Results*

*for the first half of FY ended March 2016*



FP Corporation

November 10, 2015



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/)



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>



March 2015

Selected by the Ministry of Economy, Trade and Industry as a winner of the FY2014 Diversity Management Selection 100 project  
<http://www.meti.go.jp/policy/economy/jinzai/diversity/kigyo100sen/index.html>



May 2015

Selected by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange as a competitive IT Strategy Company  
<http://www.jpx.co.jp/news/0010/nlsgeu000000yxnw-att/nlsgeu000000yxr2.pdf>

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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# Consolidated Financial Results

## for the first half of the fiscal year ending March 2016

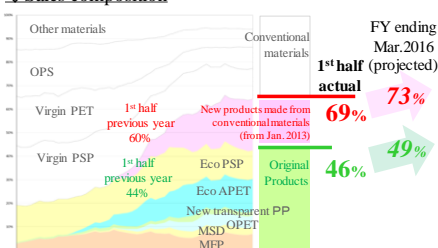
Head of Finance and Accounting Division  
Isao Ikegami

### Financial Results Summary (Results for the first half of FY ending March 2016)

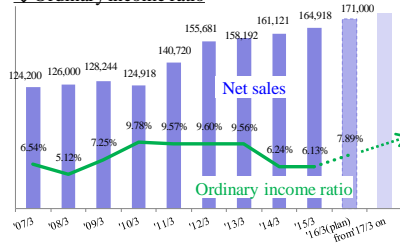
Unit: million yen	First half performance						First half projections			Full year projections			
	FY ending March 2015		FY ending March 2016				FY ending March 2016			FY ending March 2016			
	Performance	percentage	Performance	percentage	increase/ decrease	Year-on-year	Quantity	Planned	percentage	progress rate	Planned	percentage	progress rate
Trays	13,884	17.3	14,579	17.3	+694	105.0%	106.6%	14,140	16.8	103.1%	29,140	17.0	50.0%
Lunchboxes and prepared food containers	42,605	53.0	44,766	53.1	+2,160	105.1%	106.6%	45,160	53.8	99.1%	91,560	53.5	48.9%
Subtotal	56,490	70.3	59,345	70.4	+2,855	105.1%	106.6%	59,300	70.6	100.1%	120,700	70.6	49.2%
Other products	3,271	4.1	3,021	3.6	-250	92.4%		2,700	3.2	111.9%	5,800	3.4	52.1%
Sales of products	59,761	74.3	62,367	74.0	+2,605	104.4%		62,000	73.8	100.6%	126,500	74.0	49.3%
packaging materials	16,078	20.0	17,811	21.1	+1,732	110.8%		17,440	20.8	102.1%	35,710	20.9	49.9%
Other goods	4,556	5.7	4,126	4.9	-430	90.6%		4,560	5.4	90.5%	8,790	5.1	46.9%
Sales of goods	20,635	25.7	21,937	26.0	+1,302	106.3%		22,000	26.2	99.7%	44,500	26.0	49.3%
Net Sales	80,397	100.0	84,305	100.0	+3,907	104.9%		84,000	100.0	100.4%	171,000	100.0	49.3%
Operating income	4,023	5.0	6,021	7.1	+1,997	149.7%		5,900	7.0	102.1%	12,900	7.5	46.7%
Ordinary income	4,741	5.9	6,629	7.9	+1,888	139.8%		6,400	7.6	103.6%	13,500	7.9	49.1%
Profit attribute to owners of parent	2,991	3.7	4,460	5.3	+1,469	149.1%		4,050	4.8	110.1%	8,500	5.0	52.5%
Ordinary income before depreciation and amortization	9,879		11,263		+1,384	114.0%		11,200	100.6%		23,500		47.9%

A record high for the first half

#### ◇Sales composition



#### ◇Ordinary income ratio

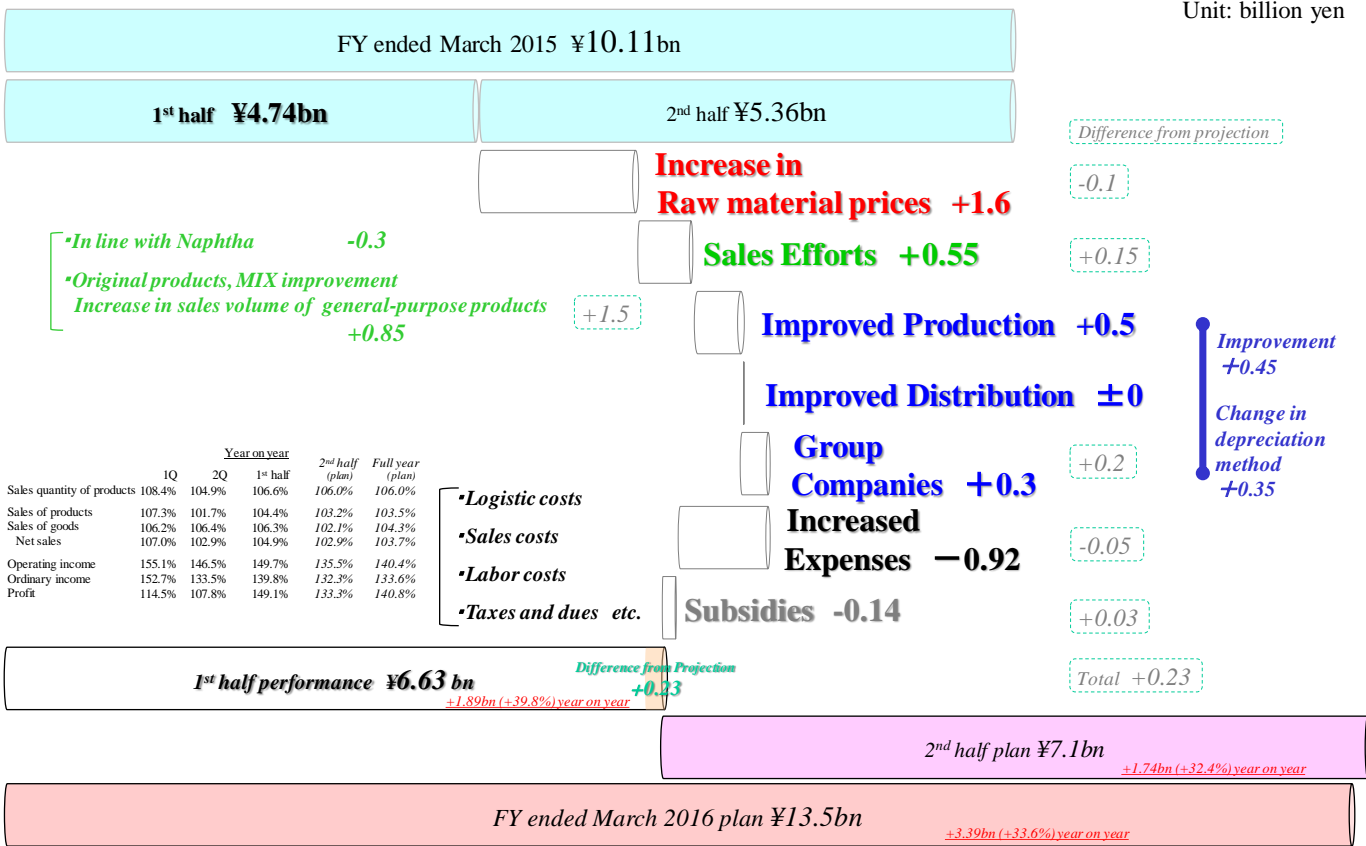


- Sales**
- Products**
  - Stabilize profits through increasing sales ratio of original products
  - New products to improve the quality of sales floors and Creating markets for microwave-based food menus
  - General-purpose products : cost reduction through mass production and automation
- Goods**
  - Expansion of FPCO PB products
  - Sales expansion by M&A



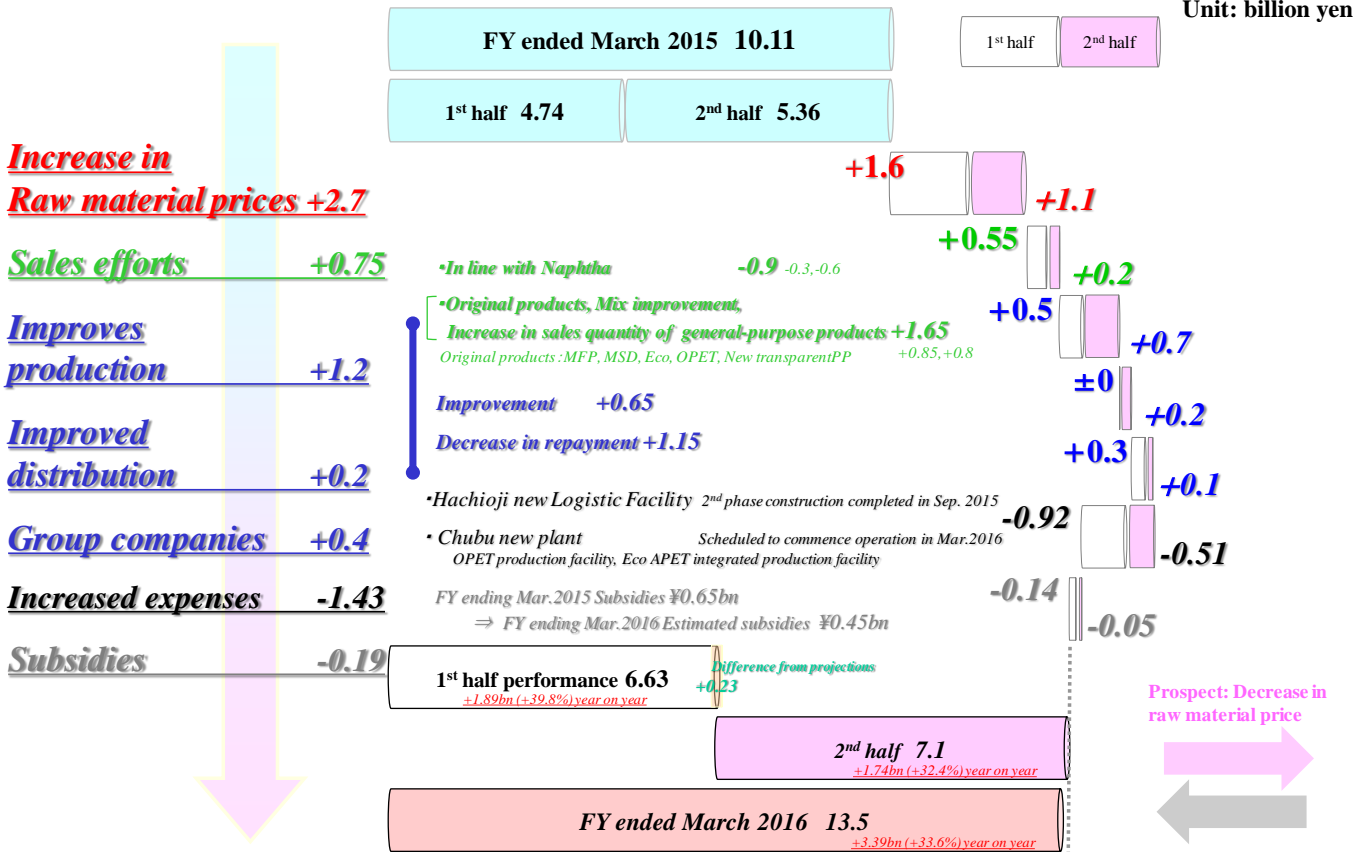
# Increase/Decrease in Ordinary Income (Results for the first half of FY ending March 2016)

Unit: billion yen



# Outlook: Increase/Decrease in Ordinary Income (Plan for FY ending March 2016)

Unit: billion yen



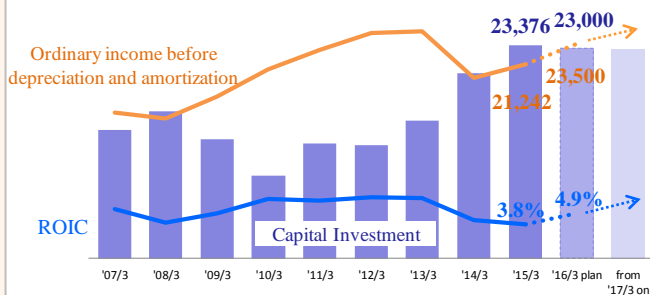
# Capital Investments and R&D cost (Results for the first half of ending March 2016)

Unit: million yen	First half performance					First half projections		Full year projections	
	FY ending March 2015	FY ending March 2016			FY ending March 2016		FY ending March 2016		
	Performance	Performance	Increase / decrease	Year-on-year	Planned	Progress rate	Planned	Progress rate	
Tangible fixed assets	15,055	13,527	-1528	89.8%	19,400	69.7%	22,700	59.6%	
Intangible fixed assets	129	207	+77	159.9%	200	103.6%	300	69.1%	
<b>Capital investment</b> (including leasing and procurement) <i>in case of acquisition of additional land</i>	<b>15,185</b>	<b>13,734</b>	<b>-1450</b>	<b>90.4%</b>	<b>19,600</b>	<b>70.1%</b>	<b>23,000</b>	<b>59.7%</b>	
Depreciation and amortization costs	5,137	4,633	-503	90.2%	4,800	96.5%	10,000	46.3%	
Research and development cost	549	594	+45	108.2%	595	100.0%	1,190	50.0%	

## Major capital investments

unit: million yen		Total investment	Performance in 1st half	Plan in Period
◆ Chubu new plant	Scheduled to start operation in Mar. 2016	14,058	3,361	3,650
	OPET production facilities, Integrated production of Eco APET (land only 458)			
◆ Reinforcement of production facilities	Original products (transparent PP, MSD etc)	516	2,850	
	APET	915	1,385	
◆ Improvements to logistics facilities				
	Hachioji New Logistics Facility	14,540		
	Distribution Center			Started operation in Nov. 2014
	Picking Center			Started operation in Feb. 2015
	Second phase of construction		2,653	Completed in Sep. 2015
◆ Molds		855	2,340	
◆ IT investment		237	440	

## ◇ Index



※Lease on balance since '09/3

## Overwhelming market spieriority

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

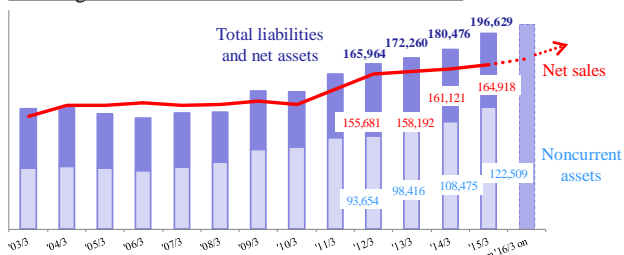
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# Balance Sheet (Results for the first half of FY ending March 2016)

Unit: million yen	Previous consolidated fiscal year	First half of the consolidated fiscal year			
	FY ended March 2015 (As of March 31, 2015)	FY ended March 2016 (As of September 30, 2014)		Breakdown of main increases and decreases	
		Increase/ decrease	Year-on-year		
Current assets	74,120	74,685	+564	100.8%	Notes and accounts receivable-trade +3,883 Merchandise and finished goods (1093)
Noncurrent assets	122,509	130,751	+8,242	106.7%	Property, plant and equipment +6,796
<b>Total assets</b>	<b>196,629</b>	<b>205,436</b>	<b>+8,806</b>	<b>104.5%</b>	
Current liabilities	64,214	68,544	+4,329	106.7%	Accounts payable-trade (2188) Short-term loans payable +2,337
Noncurrent liabilities	47,282	48,392	+1,110	102.3%	Long-term loans payable +2,090
<b>Total liabilities</b>	<b>111,496</b>	<b>116,937</b>	<b>+5,440</b>	<b>104.9%</b>	
<b>Net assets</b>	<b>85,133</b>	<b>88,499</b>	<b>+3,366</b>	<b>104.0%</b>	Retained earnings +3,383
<b>Total liabilities and net assets</b>	<b>196,629</b>	<b>205,436</b>	<b>+8,806</b>	<b>104.5%</b>	

Equity ratio 42.9% (the same period last year 41.8%)

## ◇ Changes in Net sales/Total liabilities and net assets



- Assets: Tangible fixed assets increased due to strategic investments for production and logistics
- Liabilities: Increase in borrowing as capital for strategic investment
- Net assets: Strengthen the management structure  
Preparation for expanding business flexibly

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# Cash Flows (Results for the first half of FY ending March 2016)

Unit: million yen	First half performance		
	FY ended March 2015 Performance	Performance	FY ending March 2016 Breakdown of Main Items
CF from operating activities	4,684	6,650	Net income before taxes and other adjustments +6,577 Depreciation and amortization +4,633 Income taxes paid -1575
CF from investing activities	-5661	-8750	Acquisition of tangible fixed assets -8605
Free cash flows	-976	-2099	
CF from financing activities	1,079	1,189	Net increase in borrowing +4,428 Cash dividends paid -1078 Payments of lease obligations -2159
Net increase(decrease)in cash and cash equivalents	103	-910	
Cash and cash equivalents at end of period	16,256	12,800	

- 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

	First half	Second half	Full year
Expected dividends	33 yen	32 yen	65 yen

(Increased dividends from 30yen)

# Plan

## for the fiscal year ending March 2016

### Outline of Plan for Account Settlement (Plan for the fiscal year ending March 2016)

Unit: million yen	Results for Full year		Full year projections				First half projections			
	FY ended March 2015		FY ending March 2016				FY ending March 2016			
	Performance	Percentage	Planned	Percentage	Increase/Decrease	Year-on-year	Planned	Percentage	Increase/Decrease	Year-on-year
Trays	28,365	17.2	29,140	17.0	+774	102.7%	14,140	16.8	+255	101.8%
Lunchboxes and prepared food containers	86,732	52.6	91,560	53.5	+4,827	105.6%	45,160	53.8	+2,554	106.0%
<b>Total</b>	<b>115,097</b>	<b>69.8</b>	<b>120,700</b>	<b>70.6</b>	<b>+5,602</b>	<b>104.9%</b>	<b>59,300</b>	<b>70.6</b>	<b>+2,809</b>	<b>105.0%</b>
Other products	7,139	4.3	5,800	3.4	-1,339	81.2%	2,700	3.2	-571	82.5%
Sales of products	122,237	74.1	126,500	74.0	+4,262	103.5%	62,000	73.8	+2,238	103.7%
Packaging materials	33,894	20.6	35,710	20.9	+1,815	105.4%	17,440	20.8	+1,361	108.5%
Other goods	8,786	5.3	8,790	5.1	+3	100.0%	4,560	5.4	+3	100.1%
Sales of goods	42,681	25.9	44,500	26.0	+1,818	104.3%	22,000	26.2	+1,364	106.6%
Net sales	164,918	100.0	171,000	100.0	+6,081	103.7%	84,000	100.0	+3,602	104.5%
Operating income	9,189	5.6	12,900	7.5	+3,710	140.4%	5,900	7.0	+1,876	146.6%
Ordinary income	10,106	6.1	13,500	7.9	+3,393	133.6%	6,400	7.6	+1,658	135.0%
Net income	6,329	3.8	8,500	5.0	+2,170	134.3%	4,050	4.8	+1,058	135.4%
Ordinary income before depreciation and amortization	21,242		23,500		+2,257	110.6%	11,200		+1,320	113.4%

#### ■ Sales Products

Increasing sales ratio of the Company's original products and new products to stabilize earnings.  
Expanding sales quantity of general-purpose products.  
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.

#### ◇ Production

Chubu new plant start operation, serving as a base for integrated production covering the entire production process from the production of recycled PET flakes to the molding of Eco APET products, and augmenting capacity of OPET products.

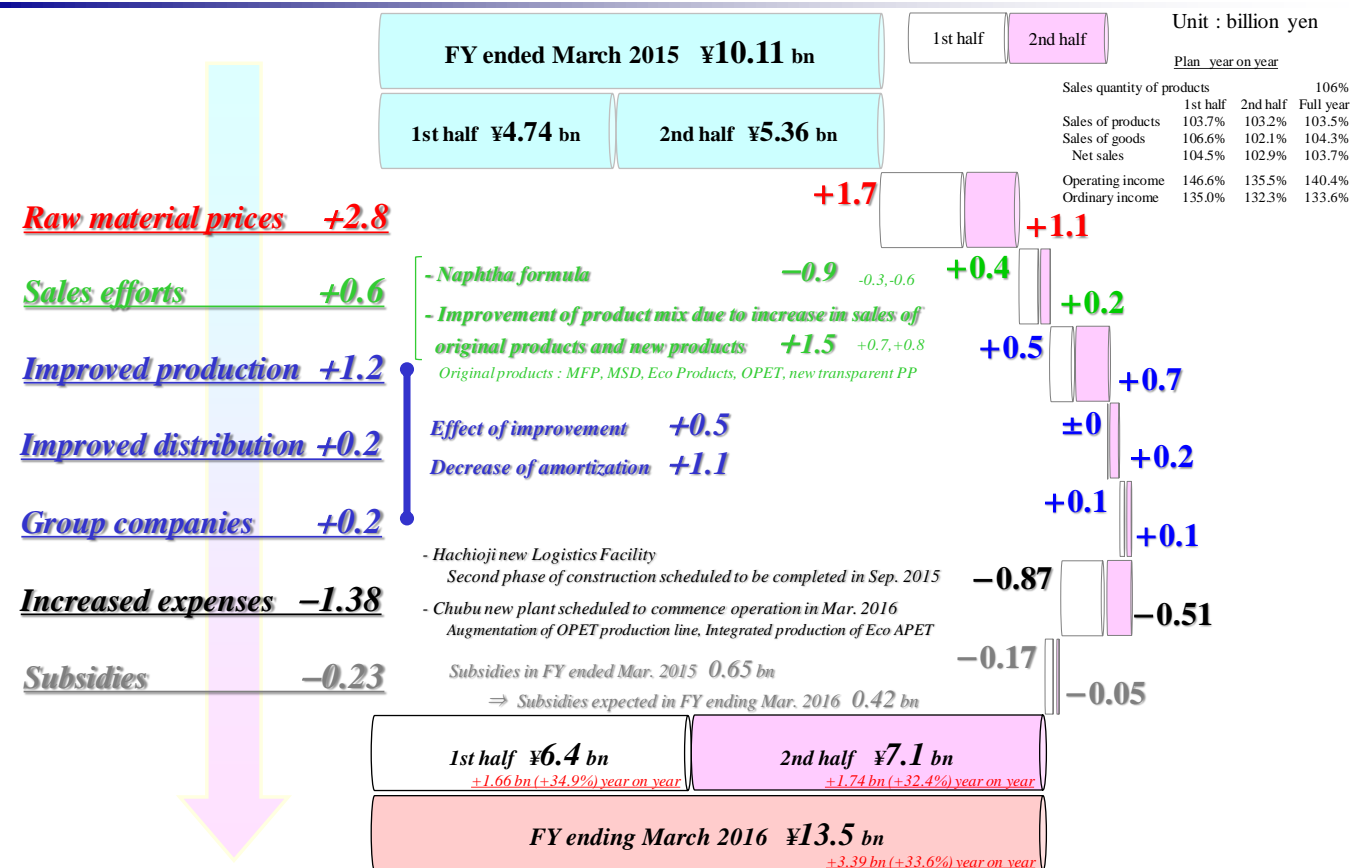
#### ◇ Logistics

Continuing to develop a logistics network covering the whole of Japan.  
Completing second phase of construction work at the Hachioji Distribution Center to further improve service levels.

#### ◇ Environment

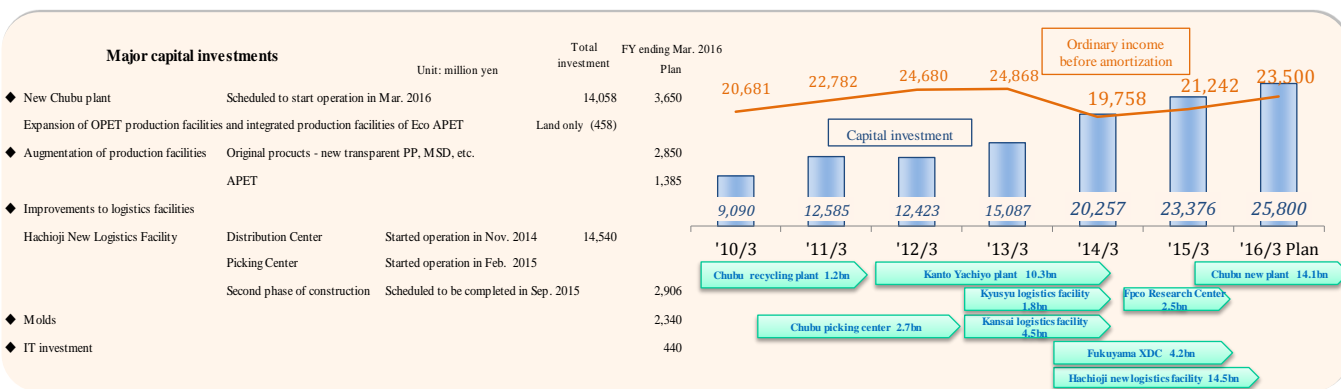
Promoting the terrestrial resource cycle and the employment of people with disabilities.

# Planned Increase/Decrease in Ordinary Income (Plan for the fiscal year ending March 2016)



# Planned Capital Investment and R&D Cost (Plan for the fiscal year ending March 2016)

Unit : million yen	Results for Full year	Full year projections			First half projections		
	FY ended March 2015	FY ending March 2016			FY ending March 2016		
	Performance	Planned	Increase/decrease	Year-on-year	Planned	Increase/decrease	Year-on-year
Tangible fixed assets	23,051	25,500	+2,448	110.6%	19,400	+4,344	128.9%
Intangible fixed assets	325	300	-25	92.3%	200	+70	154.3%
<b>Capital investment</b>	<b>23,376</b>	<b>25,800</b>	<b>+2,423</b>	<b>110.4%</b>	<b>19,600</b>	<b>+4,414</b>	<b>129.1%</b>
Depreciation and amortization costs	11,135	10,000	-1,135	89.8%	4,800	-337	93.4%
Research and development cost	1,105	1,190	+84	107.7%	595	+45	108.2%



# Working Towards Medium- and Long-Term Targets

Chairman & CEO  
Yasuhiro Komatsu

## Business Summary and Outlook for the Future

### >> Product Strategy

- > **Creating markets through original products**
  - ◇ Multi FP (MFP) containers, multi solid (MSD) containers
  - ◇ Transparent biaxially stretched PET (OPET) containers
  - ◇ New transparent PP containers
- > **New products to improve the quality of sales floors**
  - ◇ 'Oribako' (divided) containers
  - ◇ Specialist meat-packing containers
- > **Eco products**
  - ◇ Eco Tray
  - ◇ Eco APET

### >> Strategic investments

- > **Minimizing increases in distribution costs and maintaining stable supplies**

☆ Hachioji Distribution Center new logistics facility

Distribution Center commenced operation in November 2014, Picking Center in Feb. 2015  
2<sup>nd</sup> phase of construction completed in September 2015

☆ Specialist emergency generation equipment installed at all distribution facilities nationwide

- > **Increasing production capacity for original products**

☆ Chubu new plant scheduled to commence operation in March 2016

\* Integrated production of Eco APET

\* OPET extruder No.3 and 4 + four OPET molding lines

- > **Recycling terrestrial resources**

★ New Kanto PET Recycling Plant

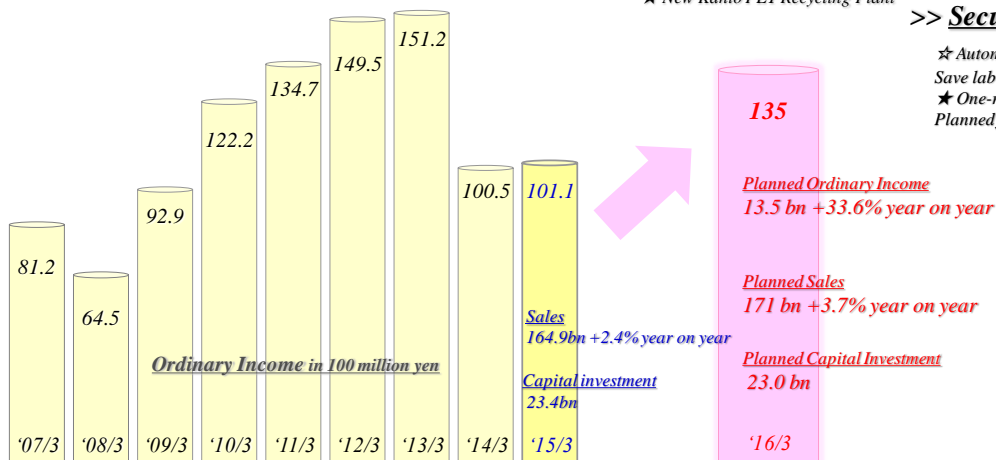
### >> Secure/develop human resources

☆ Automation

Save labor on production/distribution lines

★ One-room company accommodation

Planned for Kanto, Chubu and Fukuyama



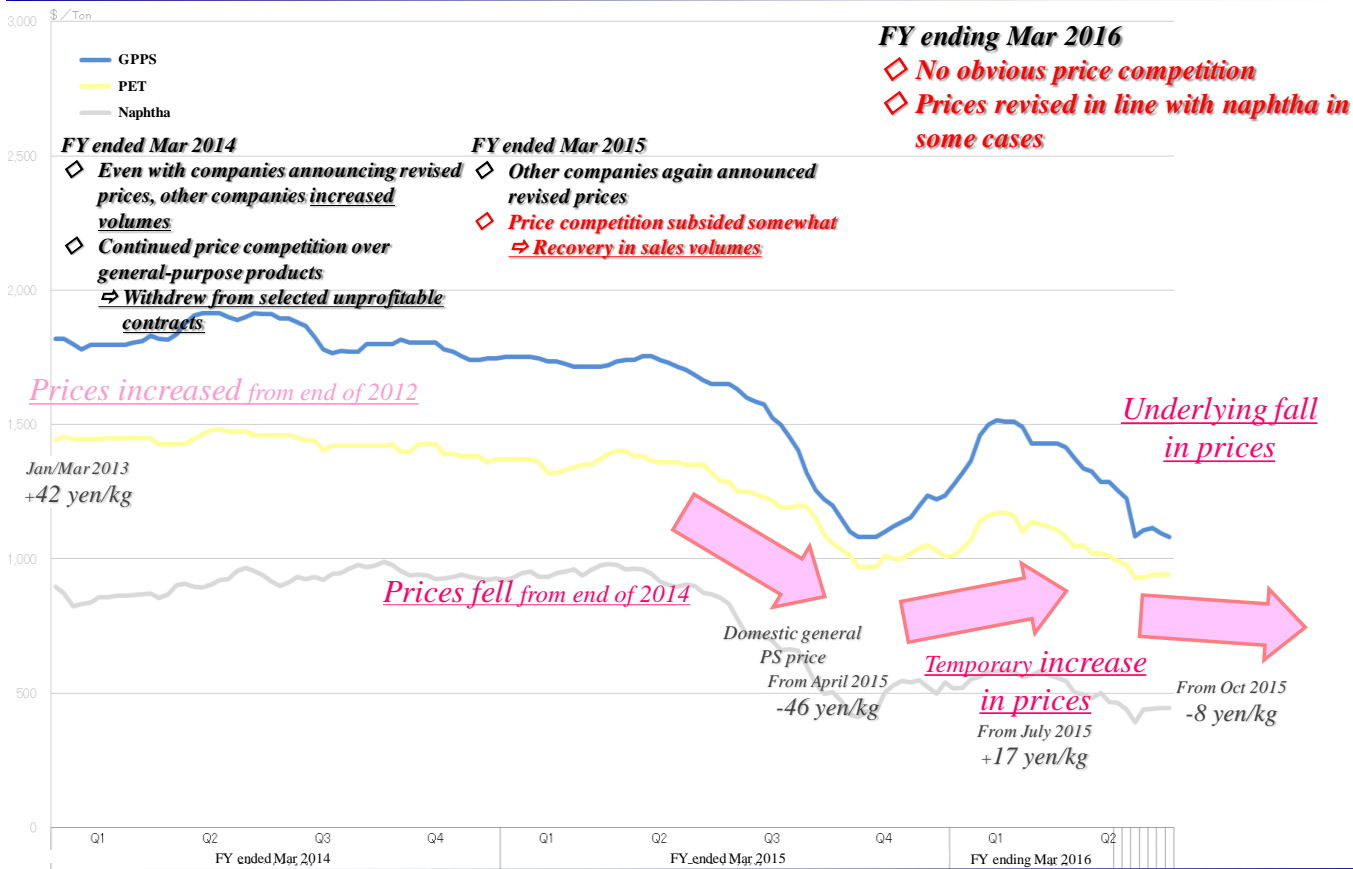
### Target management indicator

Net income per share: **¥250**

Dividend ratio **30%**



# Raw Material Trends



## 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

**OPET (biaxially stretched PET)** PET transparent containers that overcome the problems of OPS  
 Switch from OPS (transparent lids/hood packs)

- Chubu new plant scheduled to start operation in March 2016

**New transparent PP** Microwaveable transparent containers  
 - Challenge to biaxially stretched PP Microwaveable steam packs (consumer packaging)

**Eco Tray** Recycled PSP containers

CO2 emissions: -35% (compared to virgin raw materials)

**Eco APET** Recycled PET transparent containers

- Chubu new plant scheduled to start operation in March 2016

CO2 emissions: -33% (compared to virgin raw materials)

Sales (1<sup>st</sup> half)

6.3 billion yen (124.7% year-on-year)

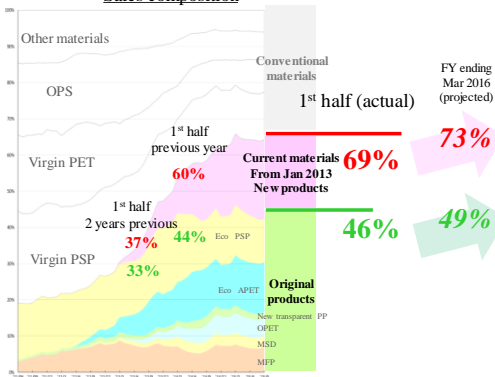
3.2 billion yen (135.7% year-on-year)

1.1 billion yen (110.1% year-on-year)

8.0 billion yen (94.0% year-on-year)

8.8 billion yen (111.7% year-on-year)

Sales composition



### Added value/functional products : Increase sales prices through sales floor differentiation



### General-purpose products : Reduce costs through robot-based automation and distribution infrastructure

Switch to snap-lock PET containers  
 ⇒ Resolve issue of retail staff shortages



◆ **Deep heat-resistant containers**

“MFP Doris cup”

Five types available



Safe and secure to hold even after heating

◆ **Microwaveable dishes**

Increasingly used in supermarkets nationwide

“MFP Nabemaru”



Switch from aluminum dishes

Safe, secure and easy to use, without heating over a flame

**Increasing market for heat-resistant containers**

◆ **CVS chilled section**

“MFP modern box”



◆ **Hot prepared food/soup**

“MFP maru cup”

“MFP kaku deli”



**Logistics Strategy** An attempt towards the 3 trillion yen market

**Minimizing increases in distribution costs and maintaining stable supplies**

**Fukuyama Cross Dock Center** Started operation in Aug. 2014



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

**Hachioji Distribution Center**

Distribution Center  
Started operation in Nov. 2014  
Picking Center  
Started operation in Feb. 2015  
Second phase of construction  
Scheduled to be completed in Sep. 2015



2nd phase construction  
Completed Sept. 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

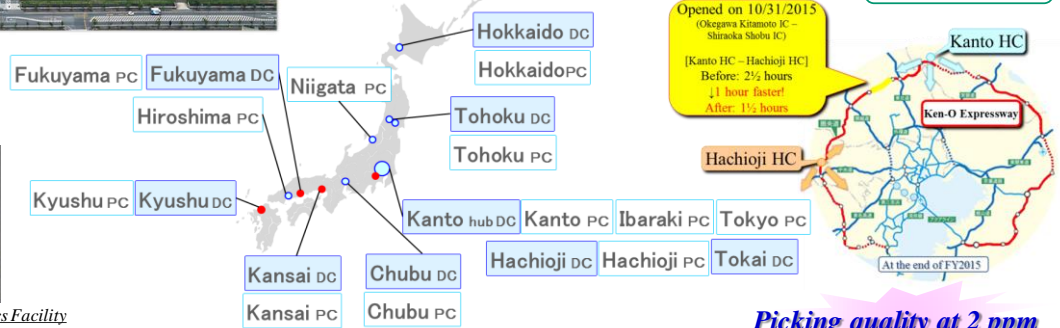


Three stories above ground  
Total floor area: 5,700 tsubo  
Investment: 1.8 billion yen

**Kansai Logistics Facility**  
Upgraded and expanded in Oct. 2013



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



Opened on 10/31/2015  
(Okegawa Kitamoto IC – Shiraoka Shobu IC)  
[Kanto HC – Hachioji HC]  
Before: 2½ hours  
↓ 1 hour faster!  
After: 1½ hours

**Picking quality at 2 ppm**

	2012	At end of FY2015	
DC: Distribution Center	124,000 tsubo	149,000 tsubo (120%)	9 bases
PC: Picking Center	31,000 tsubo	40,000 tsubo (129%)	12 bases





## Evolving into a recycled material manufacturer

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

**641.5 employees with disabilities as of the end of Mar. 2015**

(current number of employees: 369 +43)

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

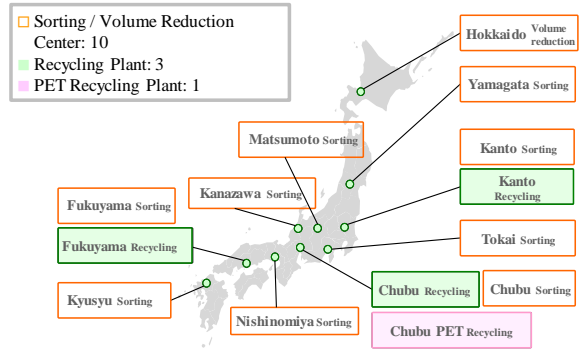
**Employment Rate: 14.98%**

**Mar. 2015**

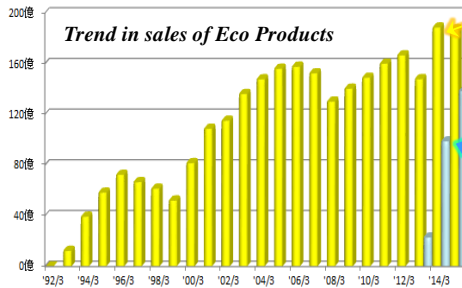
**Selected by the Ministry of Economy, Trade and Industry  
as a winner of the FY2014 Diversity Management Selection 100 project**



**Clear leader in Toyo Keizai Online "Employment of People with Disabilities" ranking for FY2013**



### **Planning New Kanto PET Recycling Plant**



**Eco PSP** Released in Mar. 1992  
FY ended Mar. 2015 **18.7 billion yen**

**Eco APET** Released in May 2012  
FY ended Mar. 2015 **13.9 billion yen**

CO2 emissions  
**-35%**  
(compared to virgin raw materials)

CO2 emissions  
**-33%**  
(compared to virgin raw materials)

## **Strategic Investment**

### **★ Logistics**

- **Hachioji Distribution Center** : new logistics facility  
Distribution Center started operation in Nov. 2014  
Picking Center started operation in Feb. 2015  
Sept. 2015 2<sup>nd</sup> phase construction completed
- **Emergency generation equipment**  
FY2015 7 facilities  
FY2016 9 facilities



### **★ Production**

- **MSD production line** augmented
- **New transparent PP production line** augmented
- **APET production line** augmented
- **Chubu new plant** scheduled to start operation in Mar. 2016  
**Integrated production of Eco APET**  
**OPET extruder No.3 and 4 + four OPET molding lines**
- **New Kanto PET Recycling Plant**



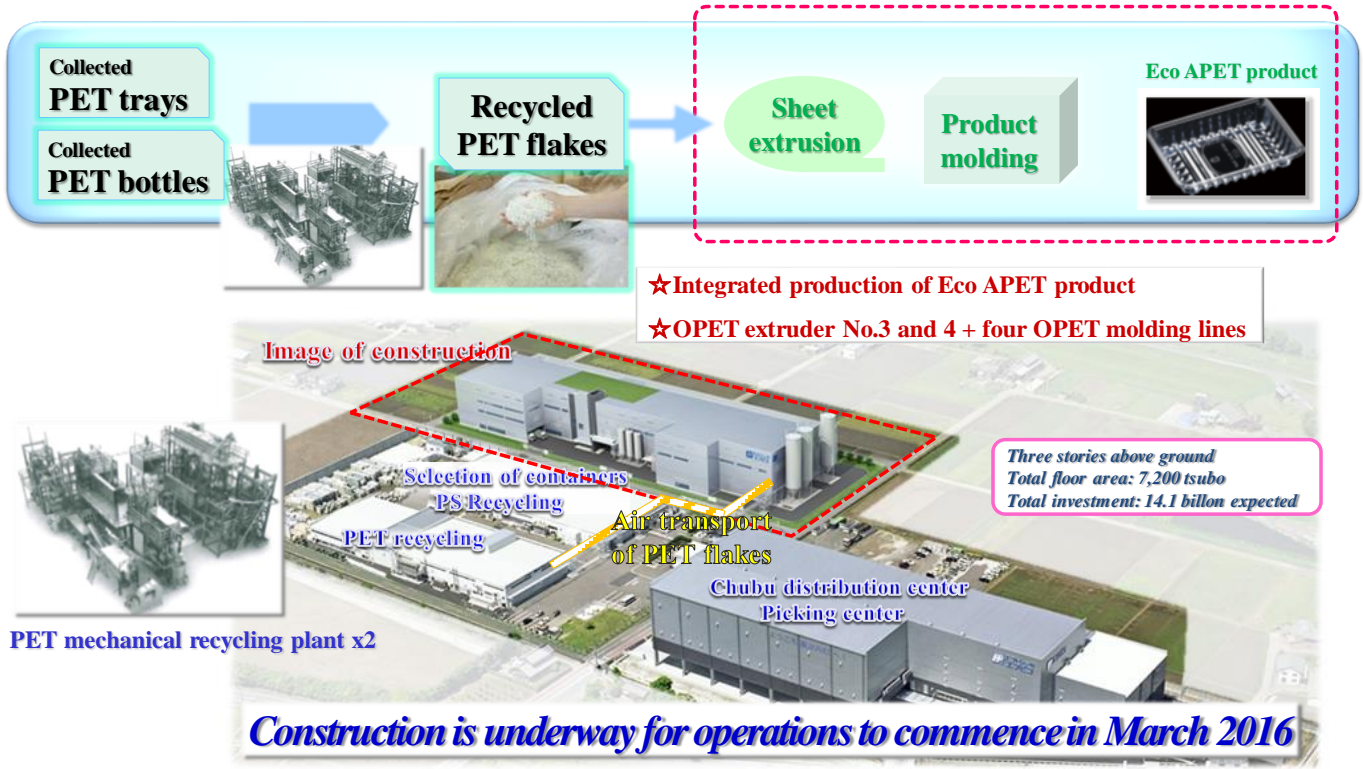
### **★ Securing human resources**

- **One-room company accommodation** Planned for Kanto, Chubu and Fukuyama

**Capital investment planned for fiscal year ending March 2016 23.0 billion yen**

**FY ending Mar 2017 ⇔ Maintain same level of strategic investment**

## Integrated Production from Collection ⇨ Recycling ⇨ Eco Products



## Securing and Developing Human Resources

### Assemble

- **One-room accommodation – Planned for Kanto, Chubu and Fukuyama**

Ibaraki/Chikusei	Scheduled for completion in Dec. 2016
Gifu/Wanouchi	Scheduled for completion in spring 2017

### FPCO Research Center

### Nurture

- **Comprehensive Research Institute/Human Resource Development and Training Center**  
Construction completed in Dec. 2014

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



### Automate

- **Promoting robot-based automation**
  - Improving production line efficiency
  - Installing automatic sorters at key distribution facilities
  - Voice picking

Man hours (MH): -19%

## Improving productivity per person



Sorters

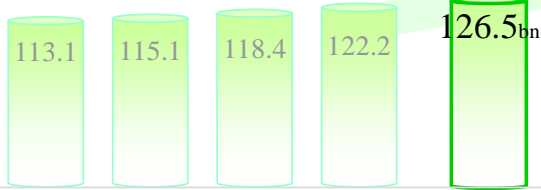
Installed at Kanto Hub C, Hachioji HC, Fukuyama XDC

# Medium-Term Goals

Ordinary Profit Margin **12%**

## 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 ¥2.5 trillion market

### Goods sales



- ☆ Expansion of FPCO PB products
- ☆ Support wholesalers -using infrastructure
  - Cooperative purchasing
  - Cooperative distribution
- ☆ M&A



Sales	155.7	158.2	161.1	164.9	171.0 bn
Ordinary income	14.95	15.12	10.05	10.11	13.5 bn
Capital investment	12.4	15.1	20.3	23.4	23.0 bn
Ordinary income before amortization	24.68	24.87	19.75	21.24	23.5 bn
	'12/3	'13/3	'14/3	'15/3	'16/3 Plan

Ordinary Profit Margin **6%**

300 bn

**20** bn

**30** bn

= Focus on profitability =

- ★ Improving productivity/saving labor
- ★ Reviewing unprofitable contracts

< Strategic investments >

Target management indicator

Net income per share: **¥250**

Dividend ratio **30%**

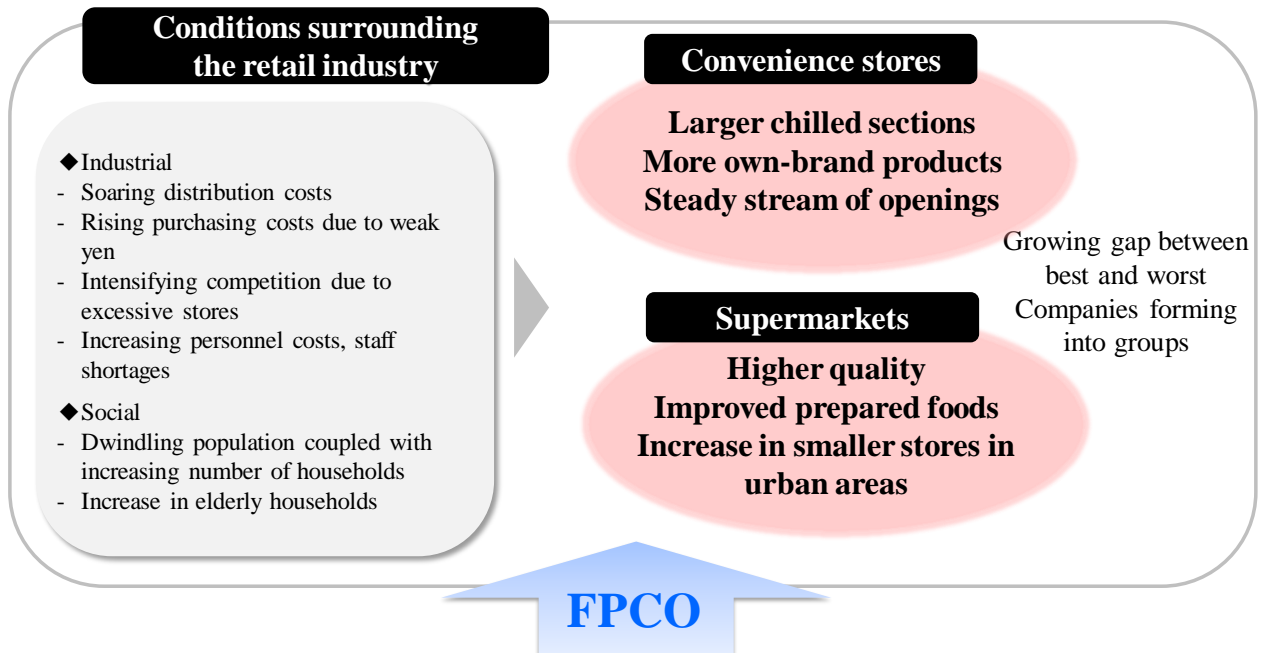
**Medium-Term Goals**

# For Expansion of Corporate Value

President & COO  
Morimasa Sato

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## Market Circumstances



New product  
development

New technology  
New materials

Distribution  
network

Recycling



General-purpose trays + wrap



Presentation in line with price

High added value



General-purpose trays + wrap



Improved workability

Snap-lock hood packs



APSA shelf placement series

Traditional “bento” lunch boxes



Focus on product quality

Improved quality



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Sales tactics unique to FPCO  
Creating new markets

“MFP Doris cup”

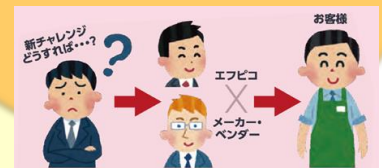
Deep, eye-catching heat-resistant containers



Safe and secure to hold even after heating

Co-creation sales

Highly effective solutions based on cooperation between food manufacturers and vendors



Delicious food cooked from raw ingredients

Fresh microwave deli

Safe and secure from the microwave



Microwaveable dishes



Aluminum dishes

Microwaveable steam packs  
“Muserundesu”



FPCO’s first BtoC product

Recycled products

COOL CHOICE



Eco trays

CO2 reduction of 35%\*



Eco APET

CO2 reduction of 33%\*

\* Compared to products made from virgin raw materials

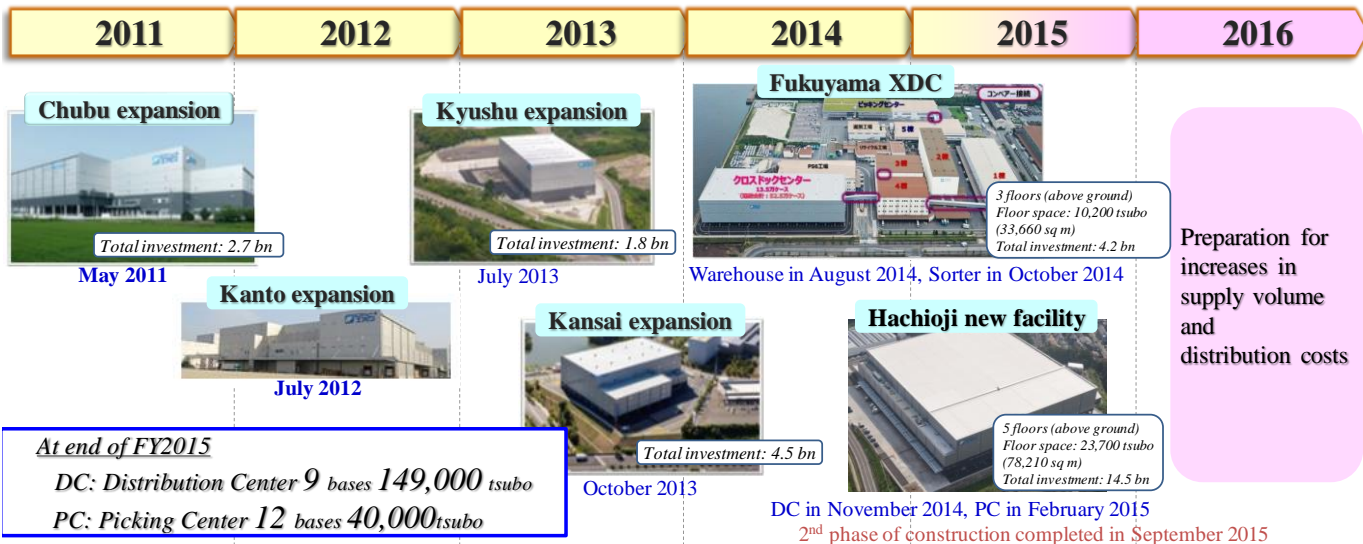
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Logistics – 1 Investing 34 billion yen over Six Years (Logistics Division)

Curbing increases in logistics costs and stable supply



Construction of a system with greater speed and accuracy

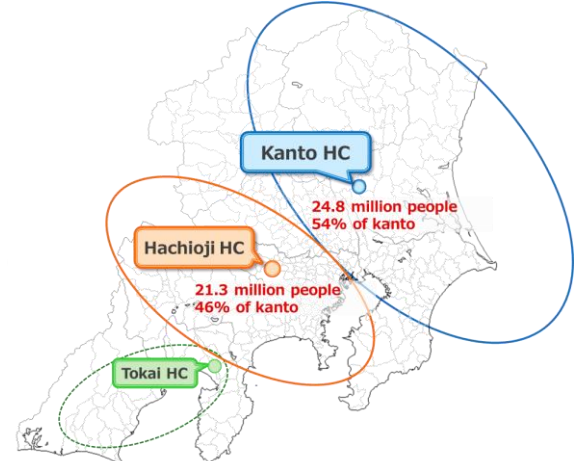
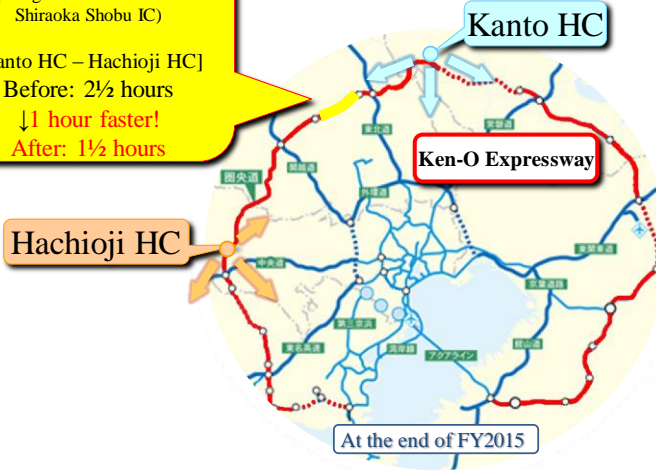
- Router planner
- RD Check System  
Real Delivery Check System
- S&S system  
Soft & Schedule System
- Packaging size optimization
- Voice pick

- 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  
Total investment: 14.5 billion yen

Opened on 10/31/2015  
(Okegawa Kitamoto IC – Shiraoka Shobu IC)  
[Kanto HC – Hachioji HC]  
Before: 2½ hours  
↓ 1 hour faster!  
After: 1½ hours

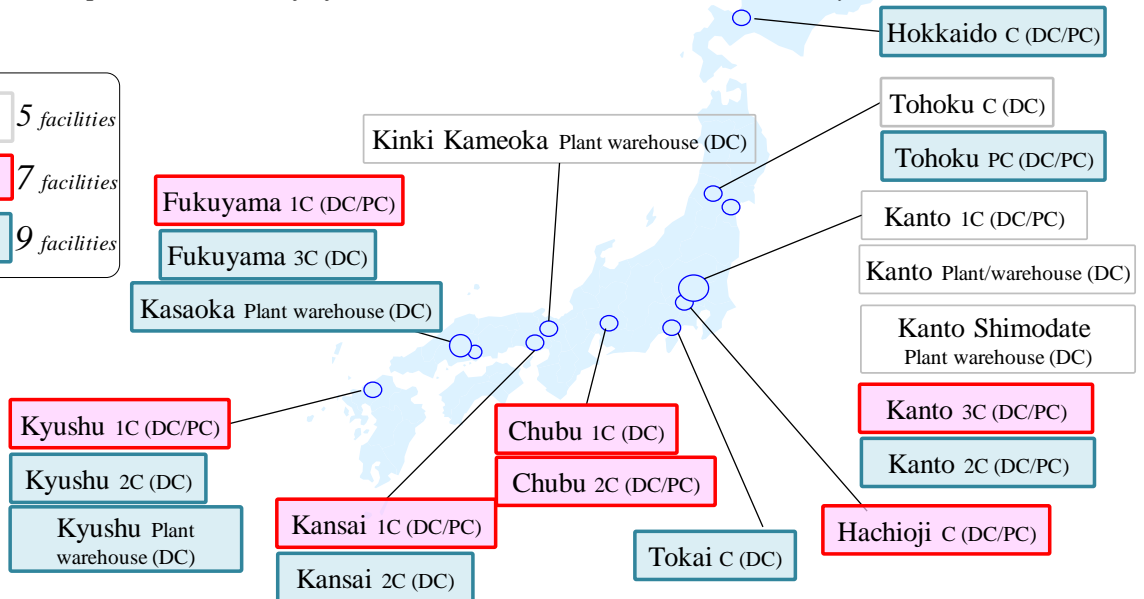


## Logistics – 3 Business Continuity Plan (BCP) Measures

To guard against risks such as disasters or equipment breakdown, we have:  
**Installed emergency generation equipment at all 21 distribution facilities nationwide**

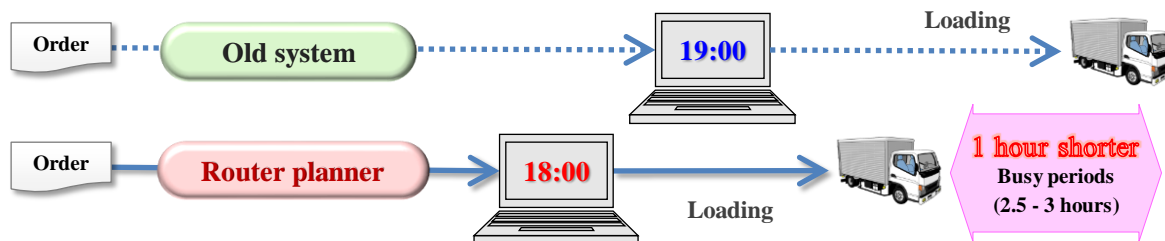
- ✓ Secure power supply in **72 hours** *Help customers continue business activities*
- ✓ Scheduled for completion in 1<sup>st</sup> half of FY2016 (total investment: 700 million yen)

Existing	5 facilities
New in FY2015	7 facilities
New in FY2016	9 facilities



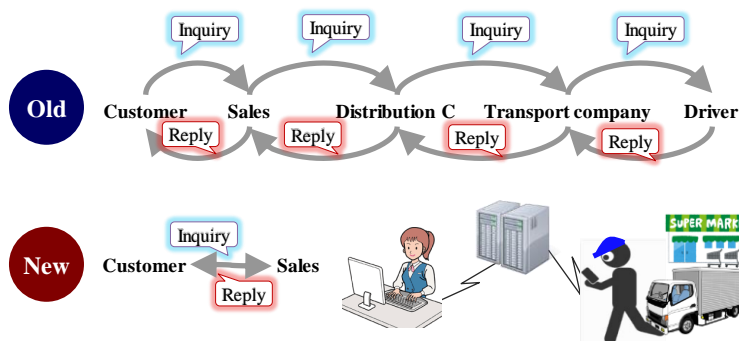


## <1> Vehicle allocation system (Router planner)

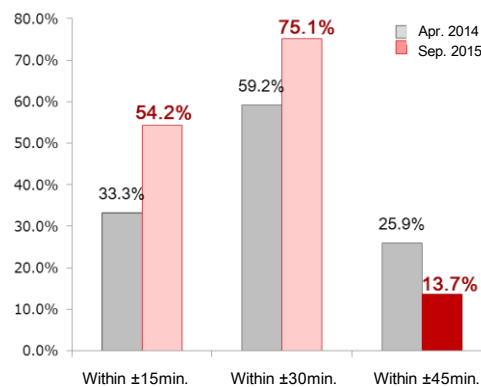


## <2> Delivery status check system (RD Check System)

Real Delivery Check System



Difference between 'schedule delivery time' and 'actual delivery time'



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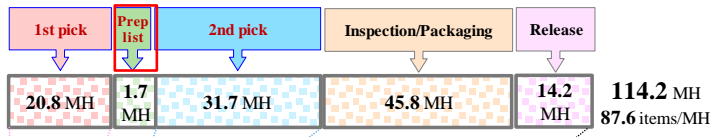
# Proactive IT Management – 2

## <3> Voice pick

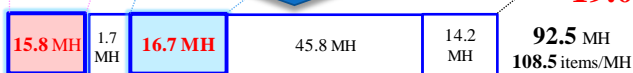
■ Required man hours (MH) per 10,000 items and changes in personnel numbers



[Conventional method] Picking from (paper) list



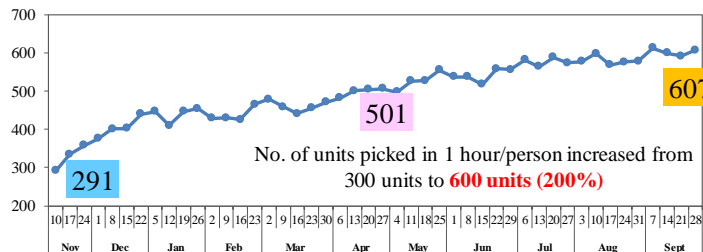
Results of voice picking at Fukuyama PC



**-19.0%**

- ◇ Solves issue of staff shortages
- ◇ Minimizes increases in overheads due to larger volumes

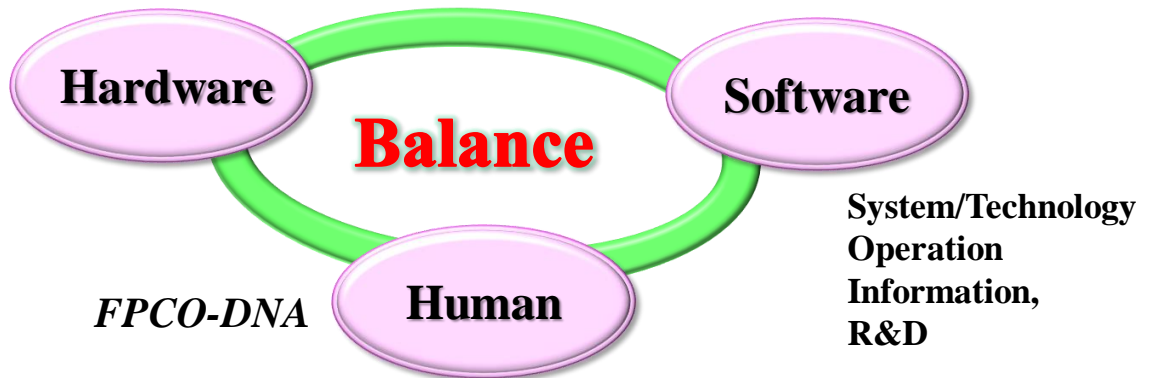
■ Trend of productivity of voice pick, 2nd pick



**Construct a system for a more efficient overall pick process to be introduced nation wide**



## Strategic investment for one step further



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

**Reliably providing customers with the highest quality products when they need them, at prices that are more competitive than anyone else**

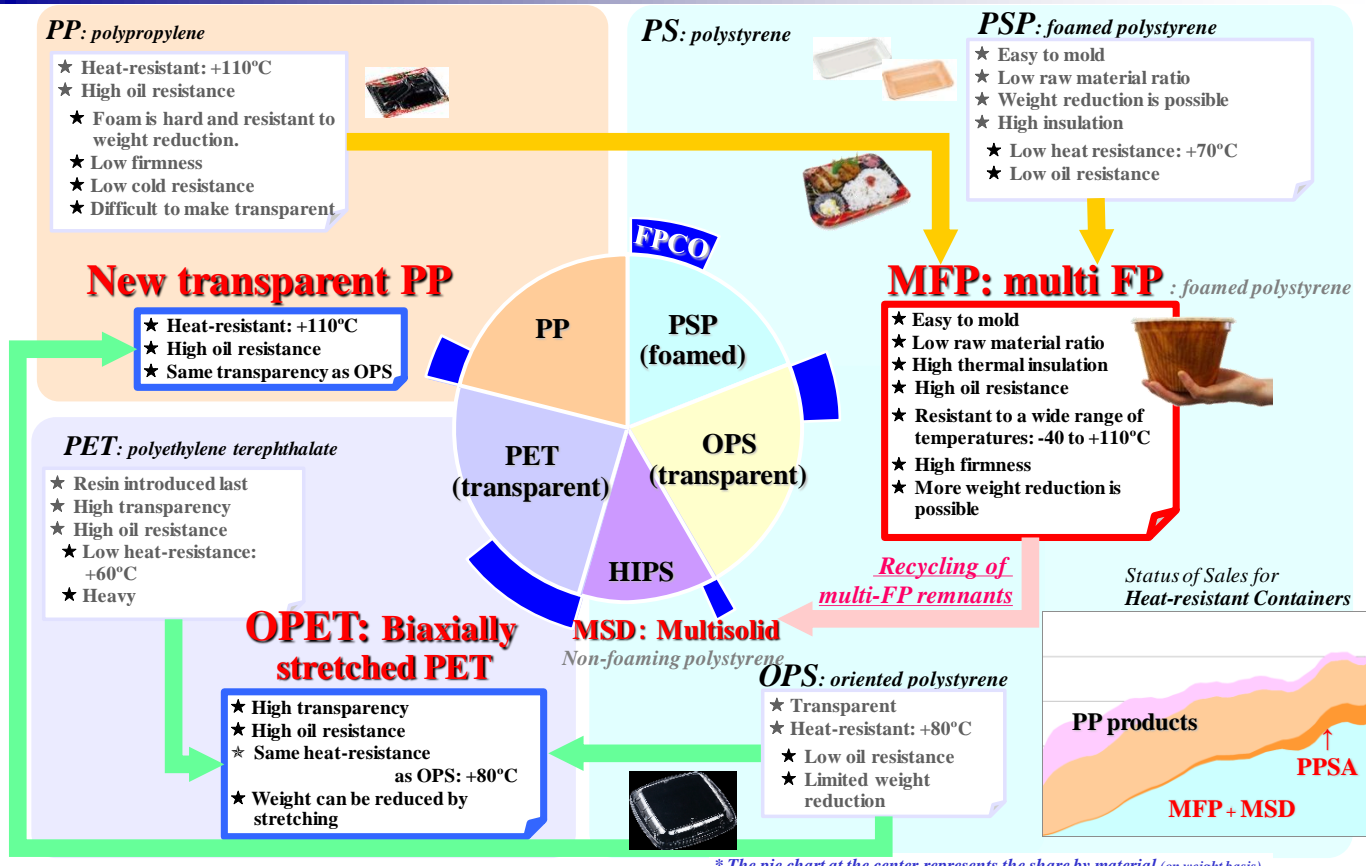
## Recognition for IT/ESG Initiatives

Year	Logo	Achievement	Organizer	Details
2015		Competitive IT Strategy Company Selected	Ministry of Economy, Trade and Industry 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 <b>delivery planning system and SCM (demand forecasting and production matching) system</b> amongst others.
2015		Diversity Management Selection 100 Selected	Ministry of Economy, Trade and Industry	The Ministry of Economy, Trade and Industry selects companies that have <b>harnessed a diverse range of human resources to create new value</b> . FPCO was recognized for <b>giving key roles to disabled employees</b> in areas such as container manufacturing and recycling and <b>translating that into increased value for the company as a whole</b> .
2014		Fun to Share Signed up to campaign	Ministry of the Environment	FPCO has signed up to a campaign launched by the Ministry of the Environment in 2014, aimed at sharing knowledge and intelligence between companies, organizations, individuals and communities, in an effort to create a richer, low-carbon society.
2012		Leading Company for the Employment of Disabled Workers Heartfull Ribbon accredited	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 Accredited	Ministry of the Environment	The Minister of the Environment accredits <b>leading environmental companies in each industry</b> . Companies then <b>pledge to the minister that they will engage in environmental preservation initiatives</b> , including measures to combat global warming, reduce waste and promote recycling. There are only 40 accredited companies at present (as of March 2015).
2010		1st Eco Mark Awards Gold Prize	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's environment and making an effort to improve their own environment as a company. <b>FPCO was selected for its “Tray to Tray”® recycling initiatives</b> .
2006		1st Environment Minister's Prize for the Promotion of the 3Rs in Containers and Packaging Grand Prize, Product Category	Ministry of the Environment	FPCO won the <b>Grand Prize</b> 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 <b>promote cooperation with consumers in relation to Eco Tray® production</b> , whilst also striking a balance between profitability and recycling.

# Supporting Data

## Explanation of terms

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



## Trends of Capital Investment

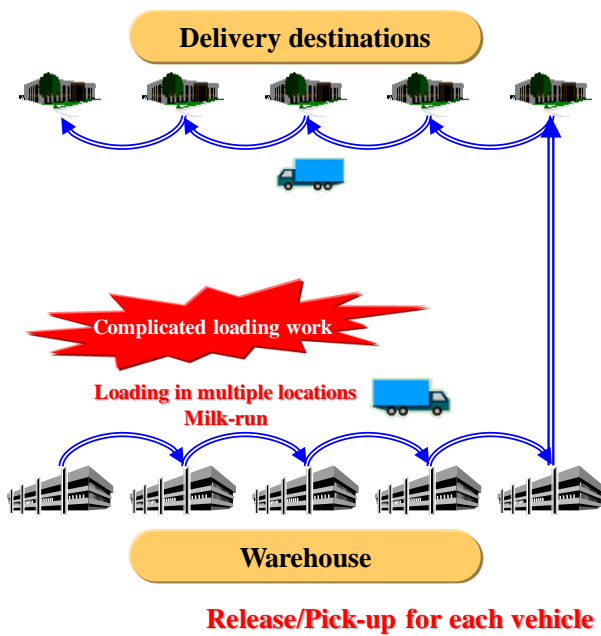
### Maintain Investments for Expansion of Corporate Value

	2010	2011	2012	2013	2014	2015	
Unit: million yen	'11/3	'12/3	'13/3	'14/4	'15/3	5 periods total	Plan
	Results						Total sum
Production	34	60	59	39	95	287	135
Logistics	25	17	50	114	93	299	42
Molds	18	19	14	22	24	98	24
Recycling	37	11	11	2	1	63	6
IT	3	5	4	6	4	22	4
Group Companies	8	12	12	20	16	69	18
<b>Total</b>	<b>126</b>	<b>124</b>	<b>151</b>	<b>203</b>	<b>234</b>	<b>837</b>	<b>230</b>
							<b>1,068</b>

# Difference Between Distribution Systems

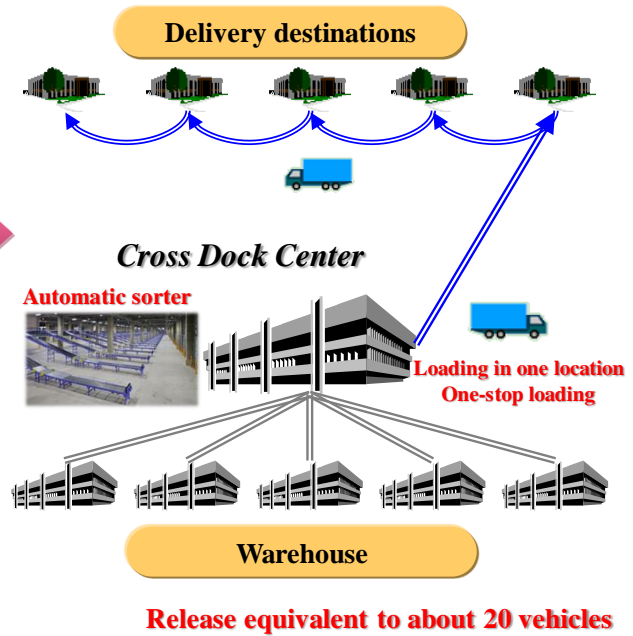
## Milk-run system

Release for each vehicle : Release to loading takes time  
 Loading in multiple locations : Errors in sorting/loading occur



## Cross docking system

Release by each batch : Release to loading takes LESS time  
 Loading in one location : Shorter loading time/More accurate delivery



## Fukuyama Cross Dock Center commenced operation in August 2014

From Milk-run system to Cross docking system

- ★ Reduce drivers' actual working hours: **1 to 1.5 hours/unit**
- ★ Consolidation from rental warehouse to own building
- ★ Introduce a sorter, following Kanto Hub Center (2003)



Facilities with sorter: Kanto Hub C, Hachioji HC, Fukuyama XDC

Solar power generation commenced operation in January 2015



CO<sub>2</sub> reduction: About 300 tons/year  
 Total investment: 0.23 billion yen

**About 6,000 m<sup>2</sup>**

Kansai Distribution Center in September 2015  
 Solar power generation is scheduled to start operation

CO<sub>2</sub> reduction: About 150 tons/year  
 Total investment: 0.13 billion yen

\*CO<sub>2</sub> reduction: by Eco Products About 89,000 tons/year (2013)

# Factors influencing Ordinary Income

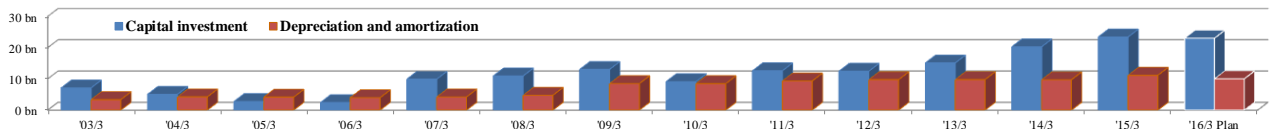
Unit:100 million yen

	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 Plan		
	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	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	71	135			
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																										
Increase in product prices	-25.0	+7.7	+29.2		+4.0	+9.0	+14.0	+24.0	+38.0	+25.0																										
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	-	+1.0	-	+4.0	+4.0		+8.5	+8.0	+15.0			
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	-	+1.0	+0.5	+3.5	+4.0	+5.0	+7.0	+12.0				
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	-	+1.0	-	+1.0	-	-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	-	-1.5	-1.5	+3.0	+1.0	+2.0						
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	-10.0	-7.0	-17.0	-11.6	-10.4	-22.0	-9.2	-5.1	-13.8						
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	+17.4	+34.0						
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	51.1	49.4	100.5	47.4	53.6	101.1	66	71	135						

# 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 ending March 2016 Plan
Production	Yamagata Plant				Shimodae Daini Plant		Chubu Daini Plant	Taiyo Kosan	Nihon Pearl Containers	Wood Plant	Dia Foods			"FPCO Research Center" Development and Training Building
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
Recycling					Chubu, Tohoku & Kyushu Recycling Plants									
Other investments and costs						Tokai HC	Head Office and building in Fukuyama		Yuka Shoji					

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		
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		
Intangible	958	789	120	238	362	254	841	263	233	329	303	506	325	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		
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		
Research and development	654	628	689	751	895	913	965	1,035	1,101	1,051	1,062	1,148	1,105	1,190		



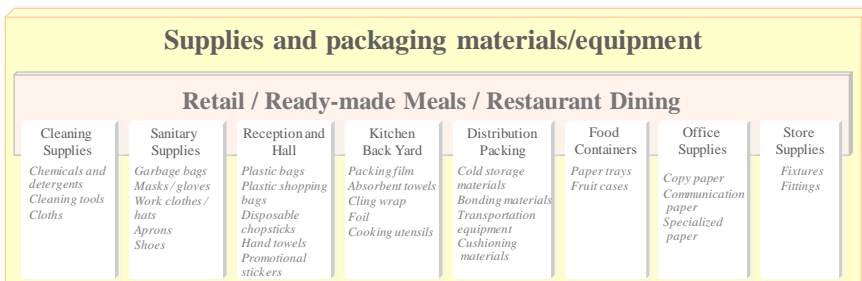
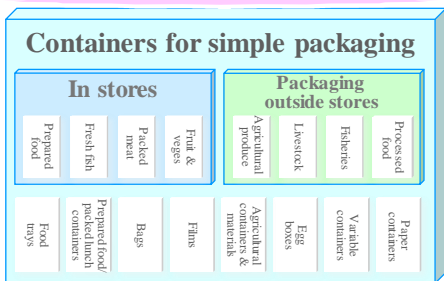
Capital investment figures from FY ending March 2009 onwards refer to all investments, including leasing and procurement.



# Initiatives to Market

**Products** Market size: ¥500 billion

**Goods** Market size: Over ¥2.5 trillion



**Bolstering our competitive edge in specialty areas**

**Gaining ground in new fields**

**Wholesalers support**

**Alliances and M&A**

**World-first materials and functions**

**FP Logistics and I-logic**

**FPCO Group Capacity**

**Product/material development capabilities**

**Solution capabilities**

**Procurement capabilities**

**Distribution capabilities**

**SCM**

**Environmental management**

**Social responsibility**

**Infrastructure**

**FP Trading Co., Ltd.**

Manufacturer of packaging materials and consumables

FP Corporation 47

## 【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.



PET Mechanical Recycling plant

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