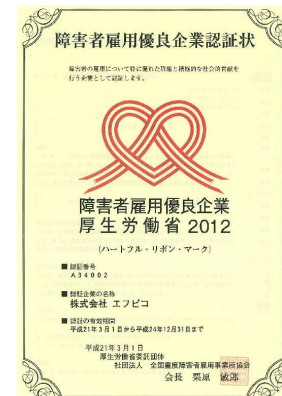


# *FY2013*

## *Financial Results*

**FP Corporation**  
**May 10, 2013**



# *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 Report*

*FY2013*

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**Head of Finance and Accounting Division**

**Isao Ikegami**

# Financial Results Summary (Fiscal year ended March 2013)

| Unit: million yen          | Twelve-month performance |              |                     |              |                   |               |          | Twelve-month projections |              |                  |
|----------------------------|--------------------------|--------------|---------------------|--------------|-------------------|---------------|----------|--------------------------|--------------|------------------|
|                            | FY ended March 2012      |              | FY ended March 2013 |              |                   |               |          | FY ended March 2013      |              |                  |
|                            | Performance              | Percentage   | Performance         | Percentage   | Increase/decrease | Year-on-year  | Quantity | Planned                  | Percentage   | Achievement rate |
| <i>Trays</i>               | 28,681                   | 18.4         | 27,579              | 17.4         | -1,102            | 96.2%         | 96.5%    | 29,660                   | 18.0         | 93.0%            |
| <i>Lunchbox containers</i> | 76,842                   | 49.4         | 80,660              | 51.0         | +3,817            | 105.0%        | 105.4%   | 81,400                   | 49.3         | 99.1%            |
| <i>Total</i>               | 105,524                  | 67.8         | 108,239             | 68.4         | +2,715            | 102.6%        | 101.9%   | 111,060                  | 67.3         | 97.5%            |
| <i>Other products</i>      | 7,566                    | 4.9          | 6,845               | 4.3          | -720              | 90.5%         |          | 7,740                    | 4.7          | 88.4%            |
| <b>Sales of products</b>   | <b>113,090</b>           | <b>72.6</b>  | <b>115,085</b>      | <b>72.8</b>  | <b>+1,995</b>     | <b>101.8%</b> |          | <b>118,800</b>           | <b>72.0</b>  | <b>96.9%</b>     |
| <i>Packaging materials</i> | 33,627                   | 21.6         | 34,145              | 21.6         | +518              | 101.5%        |          | 37,000                   | 22.4         | 92.3%            |
| <i>Other goods</i>         | 8,963                    | 5.8          | 8,960               | 5.7          | -3                | 100.0%        |          | 9,200                    | 5.6          | 97.4%            |
| <b>Sales of goods</b>      | <b>42,591</b>            | <b>27.4</b>  | <b>43,106</b>       | <b>27.2</b>  | <b>+515</b>       | <b>101.2%</b> |          | <b>46,200</b>            | <b>28.0</b>  | <b>93.3%</b>     |
| <b>Net sales</b>           | <b>155,681</b>           | <b>100.0</b> | <b>158,192</b>      | <b>100.0</b> | <b>+2,510</b>     | <b>101.6%</b> |          | <b>165,000</b>           | <b>100.0</b> | <b>95.9%</b>     |
| <b>Operating income</b>    | <b>14,847</b>            | <b>9.5</b>   | <b>14,564</b>       | <b>9.2</b>   | <b>-282</b>       | <b>98.1%</b>  |          | <b>15,890</b>            | <b>9.6</b>   | <b>91.7%</b>     |
| <b>Ordinary income</b>     | <b>14,951</b>            | <b>9.6</b>   | <b>15,122</b>       | <b>9.6</b>   | <b>+171</b>       | <b>101.1%</b> |          | <b>16,100</b>            | <b>9.8</b>   | <b>93.9%</b>     |
| <b>Net income</b>          | <b>8,093</b>             | <b>5.2</b>   | <b>8,846</b>        | <b>5.6</b>   | <b>+752</b>       | <b>109.3%</b> |          | <b>9,420</b>             | <b>5.7</b>   | <b>93.9%</b>     |

## ■ Sales

### Products

While sales from trays decreased due to a withdrawal from unprofitable transactions against a backdrop of price competition, the loss was offset by lunchboxes and prepared food containers including lightweight containers and containers with new designs.

Shipments: 1.9% growth year-on-year

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

Lunchboxes and prepared food containers:

Brisk sales for multi FP heat and cold resistant foamed polystyrene containers and lightweight containers for sushi and sashimi

### Goods

Increased handling of packaging materials, and the picking center investment is starting to take effect.

## ◇ Production

Proceed with optimization of production facilities while continuing to improve productivity and quality. Commence production of biaxially stretched PET products 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

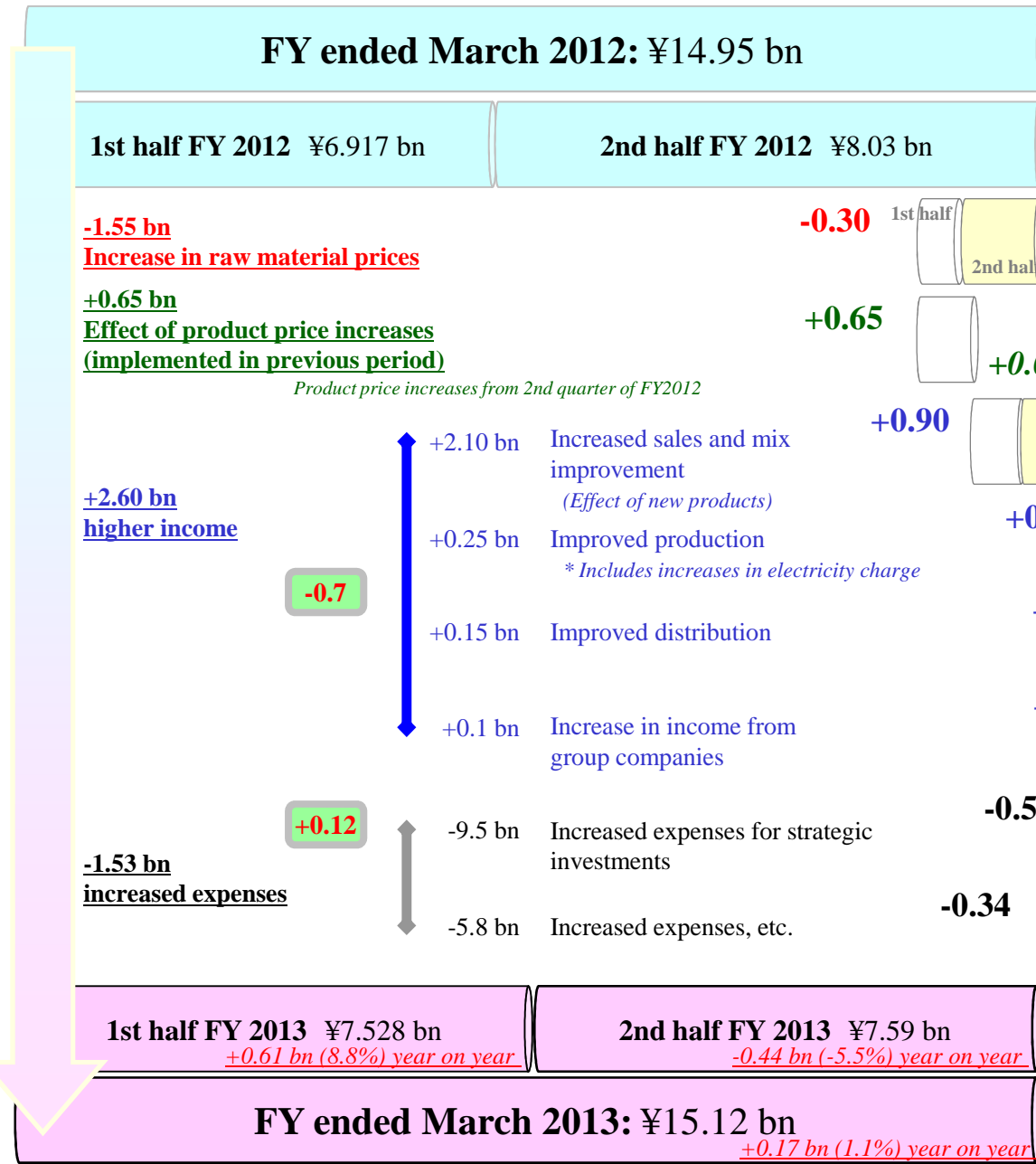
### ◇ Environment

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

# Factors Influencing Ordinary Income (Fiscal year ended March 2013)

Unit: billion yen

| 1st half performance | 2nd half performance | Difference from projection |
|----------------------|----------------------|----------------------------|
|----------------------|----------------------|----------------------------|



## Sales performance

Sales **158.2 bn** +1.6% year on year

- 1.55 bn** Increase in raw material prices
  - +0.65 bn** Effect of product price increases (implemented in previous period)  
 Product price increases from 2nd quarter of FY2012
  - +2.60 bn** higher income
    - +2.10 bn Increased sales and mix improvement (Effect of new products)
    - +0.25 bn Improved production \* Includes increases in electricity charge
    - +0.15 bn Improved distribution
    - +0.1 bn Increase in income from group companies
  - 1.53 bn** increased expenses
    - 9.5 bn Increased expenses for strategic investments
    - 5.8 bn Increased expenses, etc.
- 
- 0.30** 1st half      **-0.4** Raw material prices
  - 1.25** 2nd half      → Sharp rise from end of 3rd quarter
  - +0.65**      Temporary cost of Krones full-scale operation
  - +0.0**      → High ratings for initial recycled PET
  - +0.90**      ★ Withdrawal from unprofitable transactions, mainly general purpose products
  - +1.20**      **-0.2**
  - +0.1**      **-0.25** ★ Failure to meet planned sales volume
  - +0.1**      **-0.15** ★ Handling of year-end distribution trouble
  - +0.05**      **+0.05**      **-0.1** ★ Renewal of facilities at Dia Foods
  - 0.55**      **+0.05**      **-0.15** ★ Delayed start of production for OPET (biaxially stretched PET)
  - 0.34**      **-0.40**      **+0.1**
  - 0.24**      Strategic Investments
  - +0.02**      - Kanto Yachiyo Plant completed July 2012
  - Expansion of I Logic Kanto Picking began in Apr. 2012
  - Start production of PSP products May 2012
  - OPET (Biaxially Stretched PET Products) market launch in Nov. 2012
  - Krones No. 2 began operation in July 2012
  - Obtained land for expansion of logistics facilities in Kyushu, Kansai
  - Renewal of facilities at Dia Foods
  - 0.98**

## Balance Sheet (Fiscal year ended March 2013)

| Unit: million yen                       | Previous consolidated fiscal year             | Twelve month of the consolidated fiscal year under review |                     |               |  |
|---|---|---|---------------------|---------------|--|
|   | FY ended March 2012<br>(As of March 31, 2012) | (As of March 31, 2013)                                    | Increase / decrease | Year-on-year  | Breakdown of main increases and decreases  |
| Current assets                          | 72,310  | 73,843  | +1,533              | 102.1%        | Notes and accounts receivable-trade -877<br>Merchandise and finished goods +1,935<br>Raw materials and supplies +623               |
| Noncurrent assets                       | 93,654  | 98,416  | +4,761              | 105.1%        | Tangible fixed assets +4,849   |
| <b>Total assets</b>                     | <b>165,964</b>                                | <b>172,260</b>  | <b>+6,295</b>       | <b>103.8%</b> |  |
| Current liabilities                     | 70,551  | 64,499  | -6,051              | 91.4%         | Accounts payable-trade -514<br>Short-term borrowing payable -1,638<br>Accounts payable-other -2,186<br>Income taxes payable -1,339 |
| Noncurrent liabilities                  | 25,210  | 31,078  | +5,867              | 123.3%        | Long-term borrowing payable +4,125<br>Lease obligations +1,527   |
| <b>Total liabilities</b>                | <b>95,762</b>                                 | <b>95,578</b>   | <b>-184</b>         | <b>99.8%</b>  |  |
| <b>Total net assets</b>                 | <b>70,202</b>                                 | <b>76,682</b>   | <b>+6,479</b>       | <b>109.2%</b> | Retained earnings +6,277   |
| <b>Total liabilities and net assets</b> | <b>165,964</b>                                | <b>172,260</b>  | <b>+6,295</b>       | <b>103.8%</b> |  |

- ◇ Assets Increased due to strategic investment in Kanto Yachiyo Plant, expansion of picking centers (Kansai, Kyushu) and prepare to capture 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

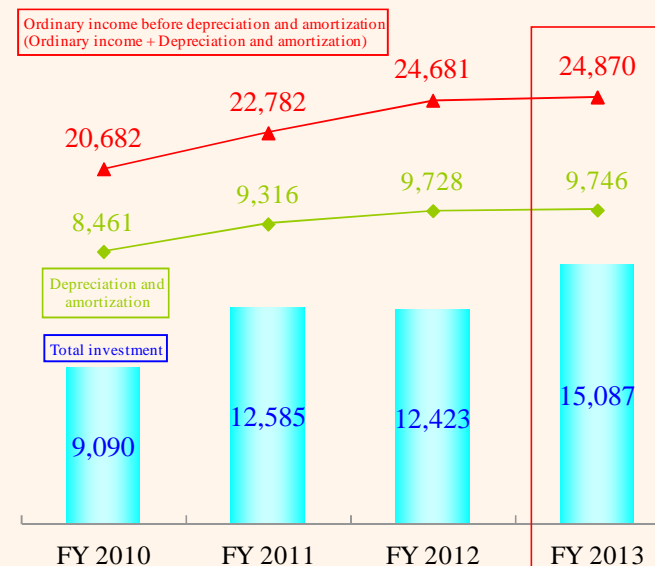
(Fiscal year ended March 2013)

| Unit: million yen                                 | Twelve-month performance |                     |                     |               | Twelve-month projections |                  |
|---|--------------------------|---------------------|---------------------|---------------|--------------------------|------------------|
|   | FY ended March 2012      | FY ended March 2013 |                     |               | FY ended March 2013      |                  |
|   | Performanc               | Performanc          | Increase / decrease | Year-on-year  | Planned                  | Achievement rate |
| <i>Tangible fixed assets</i>                      | 12,093                   | 14,783              | +2,690              | 122.3%        | 14,100                   | 104.9%           |
| <i>(lands only)</i>                               | (403)                    | (1,178)             | (+775)              | (292.2%)      | (1,100)                  | (107.2%)         |
| <i>Intangible fixed assets</i>                    | 329                      | 303                 | -26                 | 92.0%         | 400                      | 75.8%            |
| <b>Capital investment</b>                         | <b>12,423</b>            | <b>15,087</b>       | <b>+2,664</b>       | <b>121.4%</b> | <b>14,500</b>            | <b>104.1%</b>    |
| <i>Capital investment except land</i>             | (12,019)                 | (13,908)            | (+1,888)            | (115.7%)      | (13,400)                 | (103.8%)         |
| <b>Facilities costs</b>                           | <b>10,157</b>            | <b>10,107</b>       | <b>-49</b>          | <b>99.5%</b>  | <b>10,700</b>            | <b>94.5%</b>     |
| <i>(depreciation and amornization costs only)</i> | (9,728)                  | (9,746)             | (+17)               | (100.2%)      | (10,350)                 | (94.2%)          |
| <b>Research and development cost</b>              | <b>1,051</b>             | <b>1,062</b>        | <b>+11</b>          | <b>101.1%</b> | <b>1,090</b>             | <b>97.5%</b>     |

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

## Major capital investments

|  | Unit: million yen | Total investment | Performance in Period under |
|--|-------------------|------------------|-----------------------------|
| ◆ Kanto Yachiyo Plant (new Kanto plant)<br>Completed July 2012<br>Lower floors: PSP and biaxially stretched PET production plant, upper floors: logistics facility                   |                   | 10,070           | 6,627                       |
| ◆ Equipment for PET Recycling Plant<br>(No. 2 PET Mechanical Recycling Plant, Started operations July 2012)  |                   | 690              | 993                         |
| ◆ Logistics Facility Improvements<br>Kyushu Logistics Facility: Scheduled to start operation in July 2013<br>Kansai Logistics Facility: Scheduled to start operation in October 2013 |                   | 1,890<br>4,600   | 313<br>1,361                |
| ◆ Molds  |                   |                  | 1,425                       |
| ◆ IT investment  |                   |                  | 420                         |





## Cash Flows (Fiscal year ended March 2013)

| Unit: million yen   | Twelve-month performance      |             |  |
|---|-------------------------------|-------------|--|
|   | FY ended March<br>Performance | Performance | FY ended March 2013<br>Breakdown of Main Items   |
| CF from operating activities                                | 16,240                        | 15,806      | Net income before taxes and other adjustments 14,794<br>Depreciation and amortization 9,746<br>Decrease in accounts payable -477<br>Decrease in trade receivables 790<br>Increase in inventory assets -2,581<br>Income taxes paid -7,137 |
| CF from investing activities                                | -9,508                        | -13,076     | Acquisition of tangible fixed assets -12,829   |
| Free cash flows   | 6,732                         | 2,730       |  |
| CF from financing activities                                | -6,095                        | -2,579      | Net increase in borrowing 2,575<br>Payments of lease obligations -2,576<br>Cash dividends paid -2,571  |
| Amount of increase/decrease<br>of cash and case equivalents | 636                           | 150         |  |
| Balance of cash equivalents<br>at end of period             | 13,909                        | 14,060      |  |

Cash flow from operating activities remained steady in the context of income, and although strategic investments, including the Kanto Yachiyo Plant (the new plant in Kanto), were made, free cash flows improved.

**Plan**  
**FY2014**

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# Outline of Plan for Account Settlement (Fiscal year ending March 2014)

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

## ■ 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

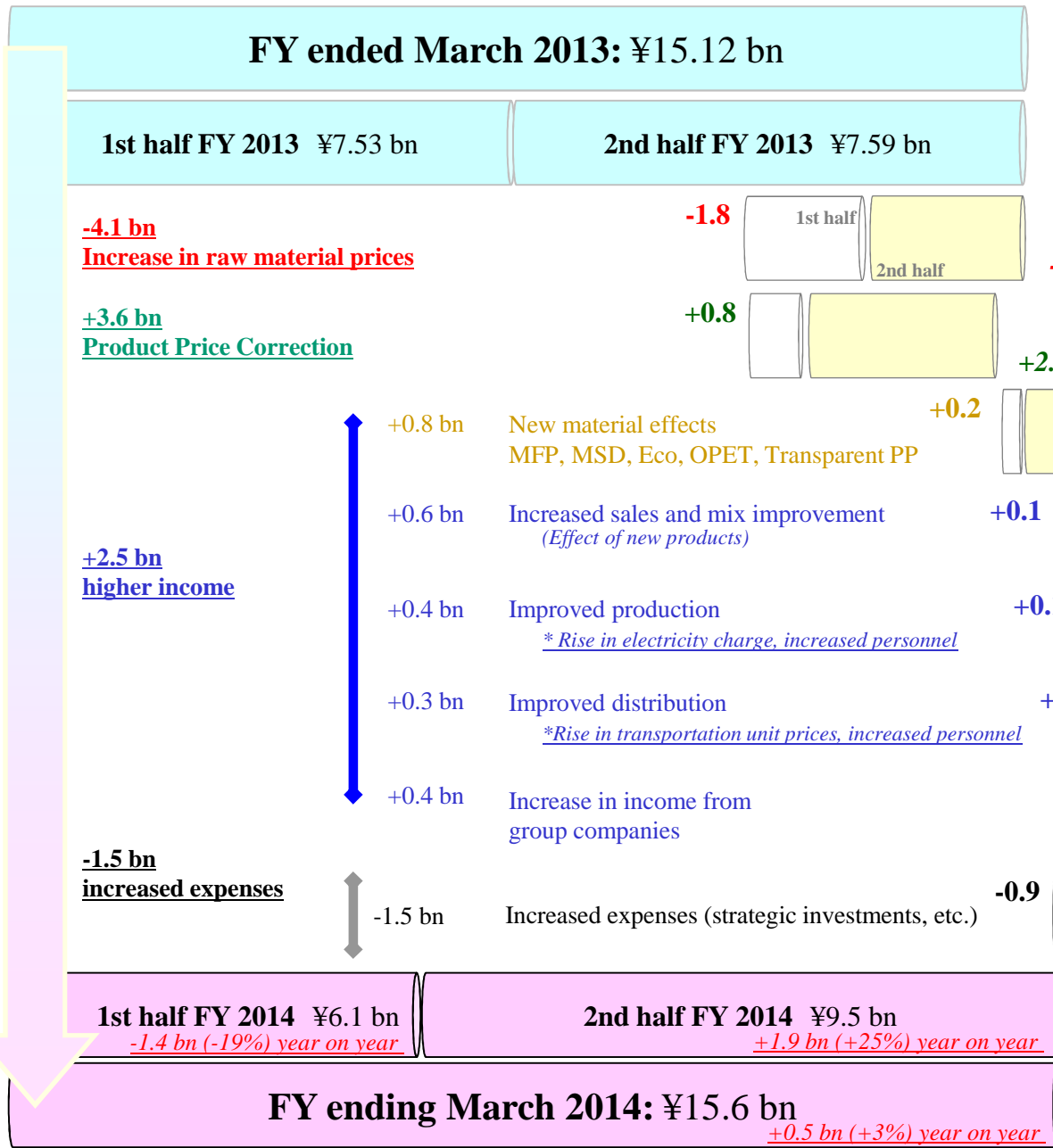
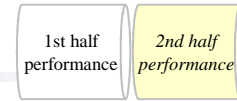
### ◇ Environment

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

# Planned Increase/Decrease in Ordinary Income

(Fiscal year ending March 2014)

Unit: billion yen



Sales Plan

Sales **170.5 bn** +7.8% year on year

Raw material prices: **Sharp rise from end of 3rd quarter**

Product price corrections based on costs  
 - Krones effect  
 - Expanded sales of Eco Tray, Eco APET

Transition to new materials

Thorough proposals for new products

Distribution network improvements

Initiatives aimed at the egg box industry

Strategic Investments

- Kyushu logistics facility to begin operation in July
- Kansai logistics facility to begin operation in October
- Start of construction of Fukuyama Krones Dock Center
- Start of construction of Fukuyama Development Building
- Installation of No. 2 OPET extruder
- Expansion of logistics facility to Yachioji

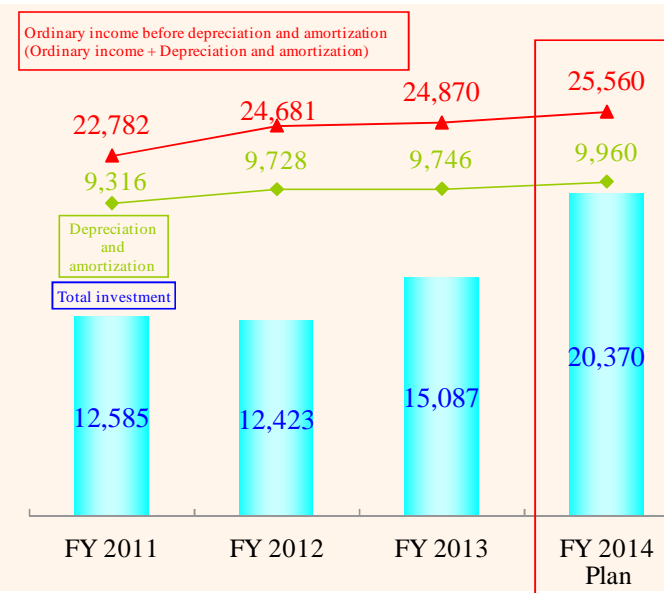
# Planned Capital Investment and R&D Costs (Fiscal year ending March 2014)

| 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           | Planned               | Increase / decrease | Year-on-year  | Planned                | Increase / decrease | Year-on-year  |
| Tangible fixed assets                      | 14,783                | 20,015                | +5,231              | 135.4%        | 13,090                 | +2,546              | 124.2%        |
| (lands only)                               | (1,178)               | (4,440)               | (+3,261)            | (376.6%)      | (4,290)                | (+3,113)            | (364.7%)      |
| Intangible fixed assets                    | 303                   | 355                   | +51                 | 117.0%        | 155                    | -4                  | 96.9%         |
| <b>Capital investment</b>                  | <b>15,087</b>         | <b>20,370</b>         | <b>+5,282</b>       | <b>135.0%</b> | <b>13,245</b>          | <b>+2,541</b>       | <b>123.7%</b> |
| Capital Investment except land             | (13,908)              | (15,930)              | (+2,021)            | (114.5%)      | (8,955)                | (-571)              | (94.0%)       |
| Facilities costs                           | 10,107                | 10,330                | +222                | 102.2%        | 4,910                  | +33                 | 100.7%        |
| (depreciation and amortization costs only) | (9,746)               | (9,960)               | (+213)              | (102.2%)      | (4,720)                | (+30)               | (100.6%)      |
| Research and development cost              | 1,062                 | 1,090                 | +27                 | 102.5%        | 540                    | +10                 | 102.0%        |

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

## Major capital investments

|  | Unit: million yen | Total investment | Plan in Period |
|--|-------------------|------------------|----------------|
| ◆ Expansion of transparent container facilities                            |                   |                  | 1,160          |
| ◆ Kanto No. 1 Plant renovation   |                   |                  | 900            |
| ◆ Improvements to logistics facilities                                     |                   |                  |                |
| Kyushu Logistics Facility: Scheduled to start operation in July 2013       |                   | 1,890            | 1,570          |
| Kansai Logistics Facility: Scheduled to start operation in October 2013    |                   | 4,600            | 3,235          |
| Hachioji Logistics Facility: Scheduled to start operation in October 2014  |                   | 9,490            | 4,770          |
| Fukuyama Logistics Facility: Scheduled to start operation in November 2014 |                   | 4,400            | 1,750          |
| ◆ Molds  |                   |                  | 1,810          |
| ◆ IT investment  |                   |                  | 520            |



# *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

## » Strong New Product Sales

## » Strategic Investments

- ★ July 2012 Completed construction of Kanto Yachiyo Plant
- April 2012 Kanto Picking Center
- May 2012 PSP product production
- November 2012 Market launch of Biaxially Stretched PET Products

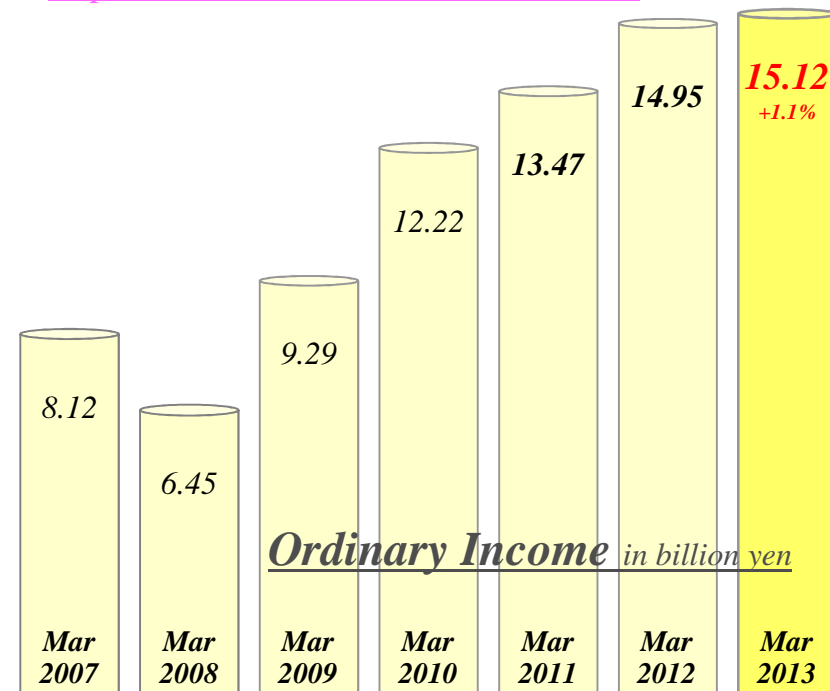
- ★ Acquired land for logistics facilities in Kansai and Kyushu
- ★ Renewal of facilities at Dia Foods

## » Initiatives to Recycle Terrestrial Resources

- ★ July 2012 Krones No. 2 began operation
- ◇ May 2012 Market launch of FPCO Eco APET Series

## » Price Competition for General-Purpose Products

## » Rapid Increases in Raw Material Prices



## » World's first materials and functions

- ◇ Increased sales of MFP (multi FP)  
→ Expanded MSD (multi solid) sales
- ◇ Expanded sales of Biaxially Stretched PET transparent products
- ◇ Expanded sales of new PP transparent products
- ◇ Expanded sales of egg box products

## » Introducing sustainable new products

- ◇ Effects of FPCO Fair 2013

## » Strategic investments

- ★ July 2013 Kyushu Logistics Facility scheduled to start operation
- ★ October 2013 Kansai Logistics Facility scheduled to start operation
- ★ Acquired land for Hachioji Logistics Facility, scheduled to start operation in October 2014
- ★ Started construction of Fukuyama Cross Dock, scheduled to start operation in November 2014
- ★ Construction of research building

## » Initiatives to Recycle Terrestrial Resources

- ◇ Expanded sales of FPCO Eco APET series
- ◇ Expanded sales of Eco Trays
- ◇ Krones effect

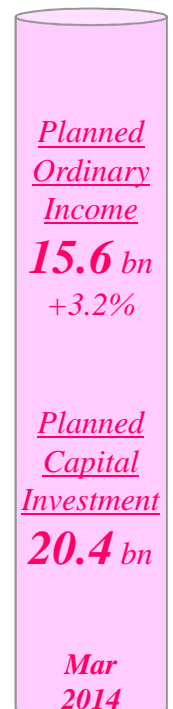
## » Responses to price competition for general-purpose products

## » Responses to rapid increase in raw material price

## » Extensive internal improvement

### Sales plan

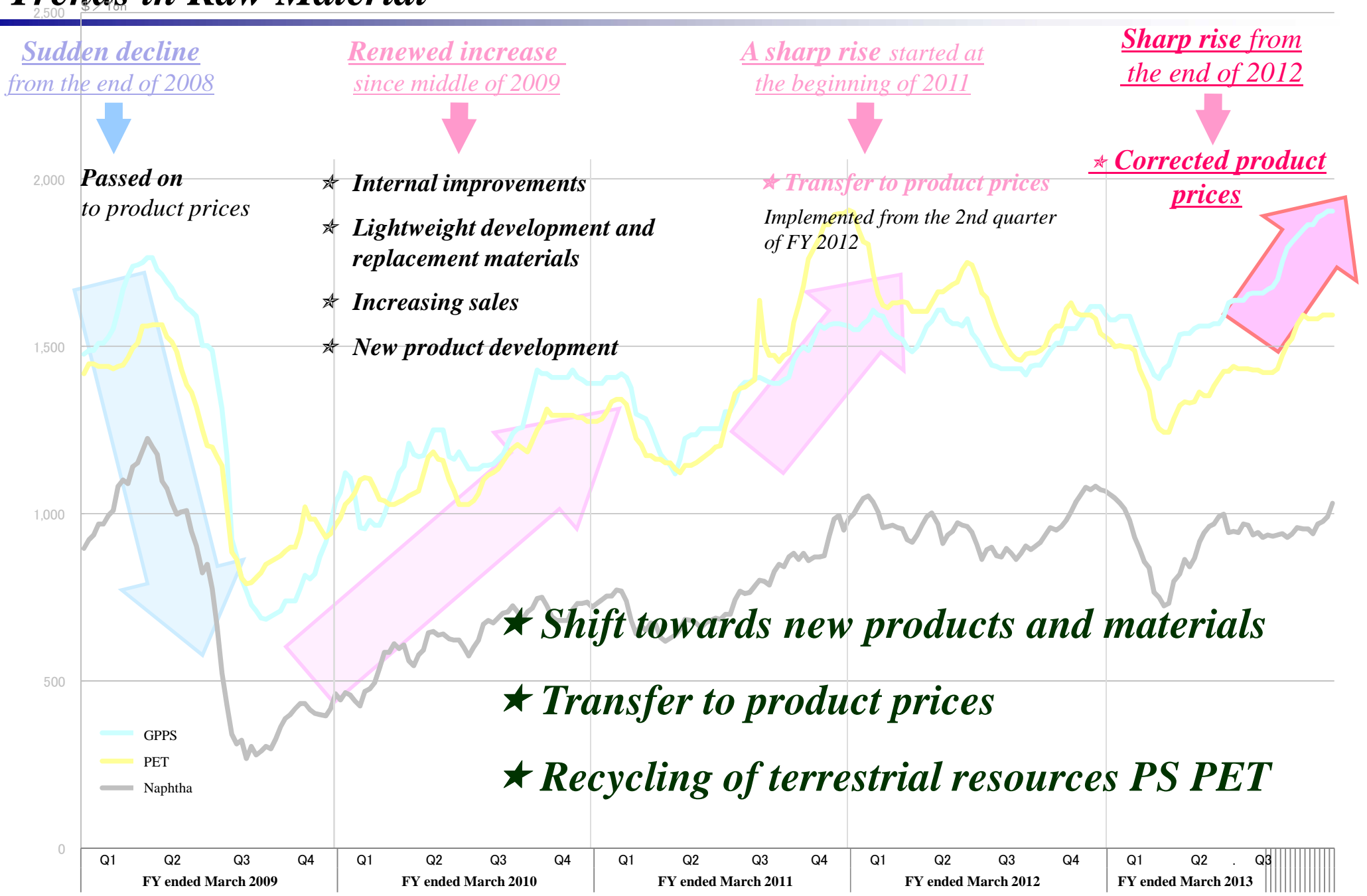
Sales **170.5 bn** +7.8%



### Target medium-term management indicator

Net income per share: **¥450**

# Trends in Raw Material





# Products Expand share of 500 billion yen market

## Increase market share using five new sheets +α

### (2) New transparent PP Heat-resistant and transparent

Heat resistance: to +120°C  
Increased transparency: Deliver OPS equivalent

### (1) MFP (multi FP)

Resistant to a wide range of temperatures:  
from -40°C (cold resistance) to +110°C (heat resistance)  
Outstanding thermal insulation



### (5) New foam PP (new HS)

Foaming from 1.8 times to 3.5 times



### (3) OPET (biaxially stretched PET) transparent containers

Increased heat resistance: +80°C  
Sheet thickness (mm): 0.20 to 0.18



### (4) Monoaxially stretched PET transparent containers

Increased heat resistance: +70°C  
Sheet thickness: 0.23 to 0.21 mm  
\* Before 0.32 to 0.30 mm

### (4) Eco APET

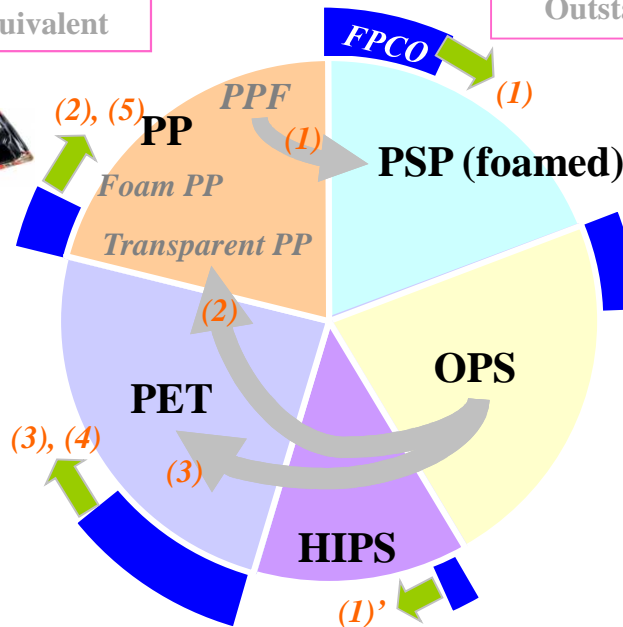
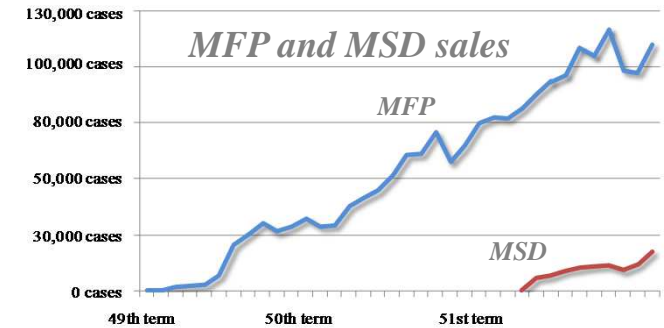


Fig.: Market share by material (based on weight)

★ Recycling left over MFP materials  
→ (1)' MSD (Multi solids)



### ★ New Markets

- Containers and lightweight packaging (film) for agricultural products
- Containers for processed food manufacturers

### FPCO Fair 2013

March 5, 6, and 7, 2013 at Tokyo International Forum

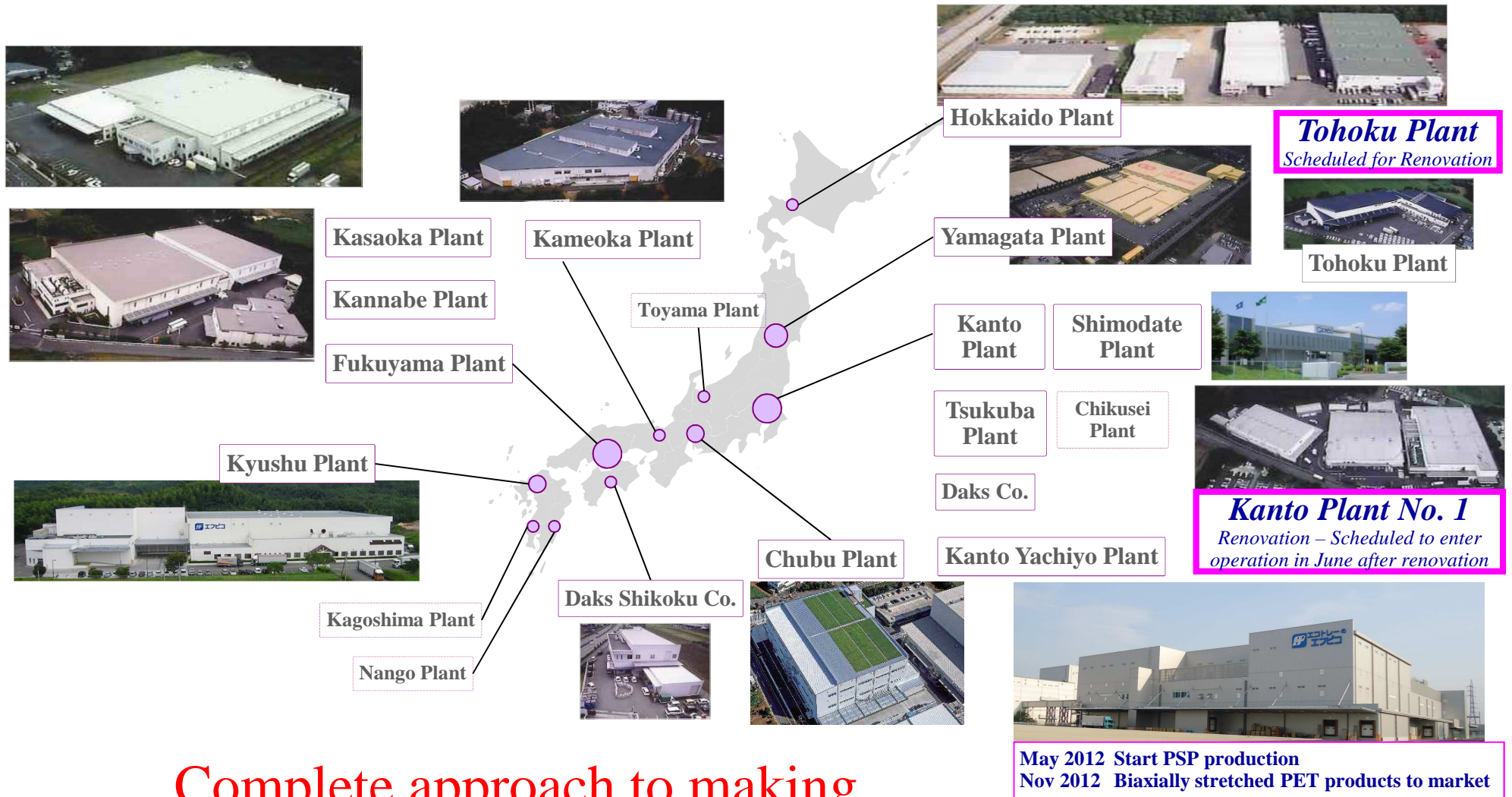
13,000 visitors

日本全国から即効アイデア盛り沢山  
**知恵と工夫百選**

A variety of ideas with immediate effect from around Japan  
Top 100 Pieces of Wisdom and Ingenuity

More than 2,000 varieties of new product launched last period

## Production Supply Setup near Points of Consumption



Complete approach to making competitive products, ready to grow sales

# Distribution Taking on a 2 trillion yen market

Sharp Rise in Unit  
Prices for Transportation

## Improving a Distribution Network with Full Nationwide Coverage

May 2010: Upgrade and Expansion of Fukuyama Picking Center



Fukuyama PC



Fukuyama  
Distribution Center

November 2014: Fukuyama Cross Dock Center  
Scheduled to Start Operation



Hokkaido Distribution Center

Hokkaido PC



Tohoku Distribution Center



Tohoku PC

October 2014: Hachioji  
Distribution Center Scheduled  
to Start Operation

Niigata PC

Hiroshima PC



Kyushu New Distribution  
Center, Picking Center  
Scheduled to Start Operation in  
July 2013 (Kanzaki City)



Kyushu  
PC

Kyushu  
Distribution Center



Kanto Hub C

Kanto PC

April 2012: Upgrade and Expansion of Kanto PC



Tokyo PC

Nishikanto PC



Kansai PC



Chubu Distribution  
Center

Tokai Distribution Center  
Resumed operation in March 2013  
(Numazu City)



Kansai New Distribution Center, Picking Center  
Scheduled to Start Operation in October 2013 (Kobe City)

Chubu PC



May 2011: Chubu Distribution Center Upgraded and Expanded

By 2014

★ Distribution centers 8 locations: 136,500 tsubo

★ Picking centers 12 locations: 42,200 tsubo

Total 178,700 tsubo, or the size of at least 12 Tokyo Domes



# Recycling

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

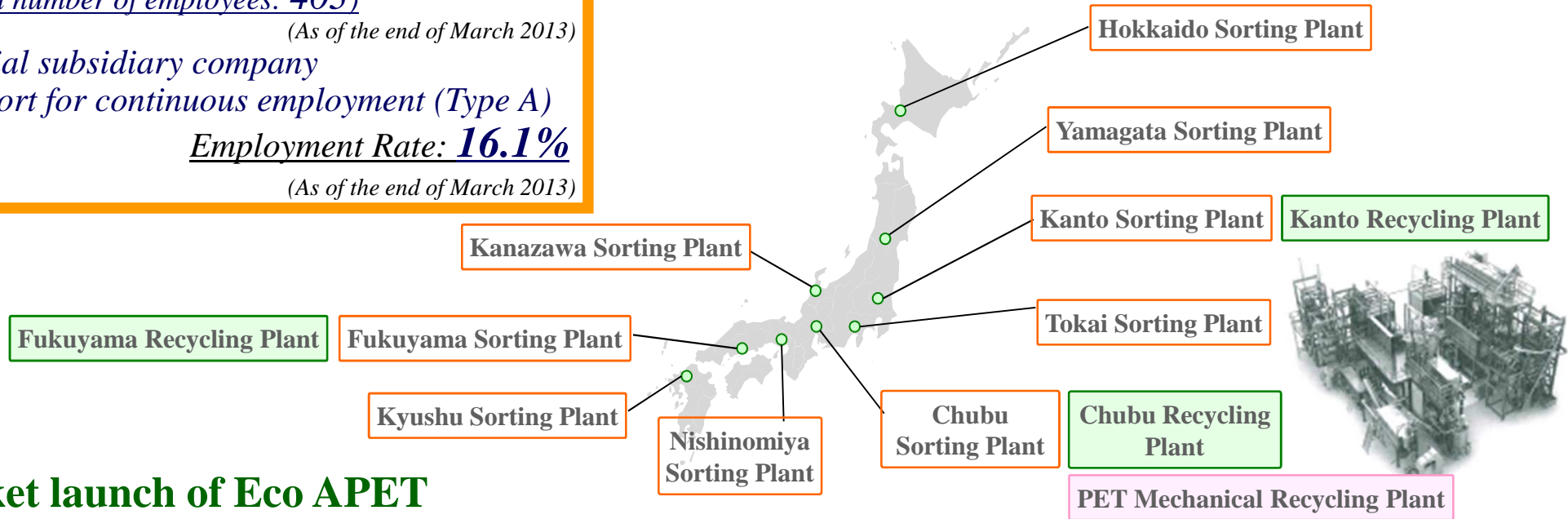
FY2013  
**Collect** used trays 8,237 tons  
 PET bottles 3,081 tons from 8,400 centers

### Recycling of terrestrial resources

Sell 17.1 billion yen

of Eco Trays  
 of Eco APET

**684 employees with disabilities**  
 (current number of employees: 403)  
 (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 Costs: 100 to 110 yen/kg

# Strategic Investment

## ★ Distribution

- **Kyushu Distribution Center Upgrade and Expansion**  
Scheduled to start operation in July 2013
- **Kansai Distribution Center Upgrade and Expansion**  
Scheduled to start operation in October 2013
- **Hachioji Distribution Center New Construction**  
Scheduled to start operation in October 2014
- **Fukuyama Cross Dock Center**  
Scheduled to start operation in November 2014

## ★ Production

- **Kanto Plant No.1 Renovation**  
Scheduled to start 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

- **Research Building construction**

Kyushu New Distribution Center

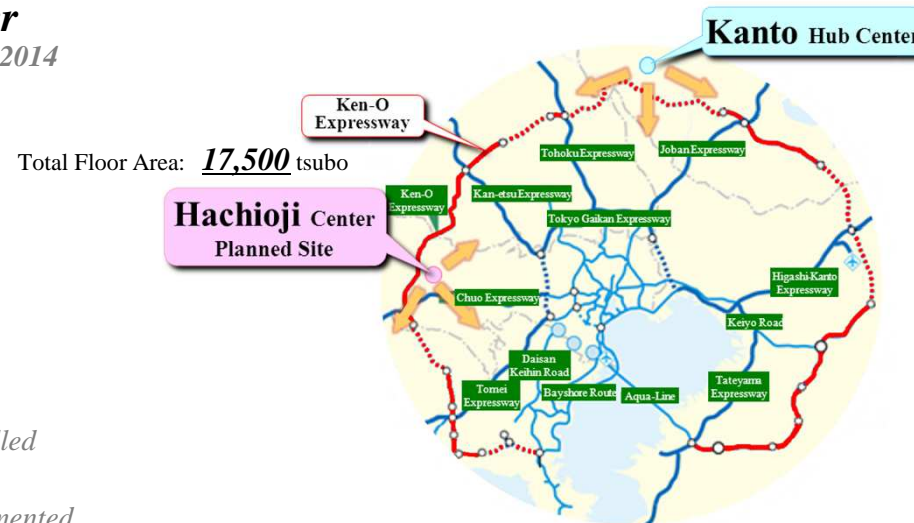


Total Floor Area: 5,800 tsubo

Kansai New Picking Center  
New Distribution Center

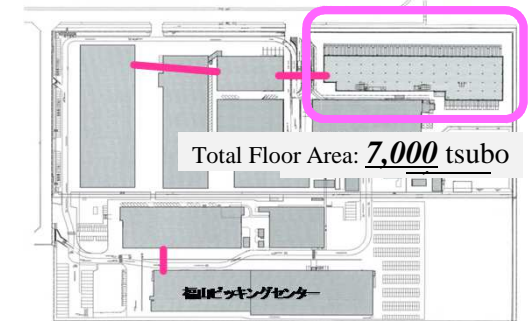


Total Floor Area: 11,800 tsubo



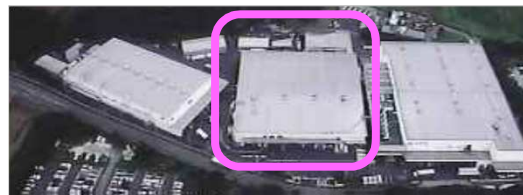
Total Floor Area: 17,500 tsubo

Fukuyama Cross Dock Center



Total Floor Area: 7,000 tsubo

Kanto Plant No. 1



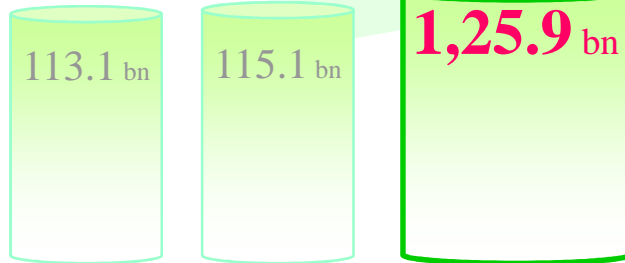
FY2014 Total Planned Capital Investment 20.4 billion

Planned Land Acquisitions 4.1 billion

# 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%



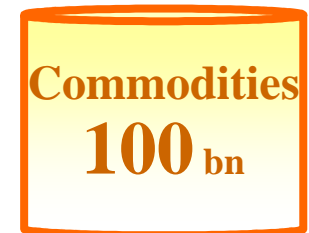
## Taking on a ¥2 trillion market

*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                             |  |               |

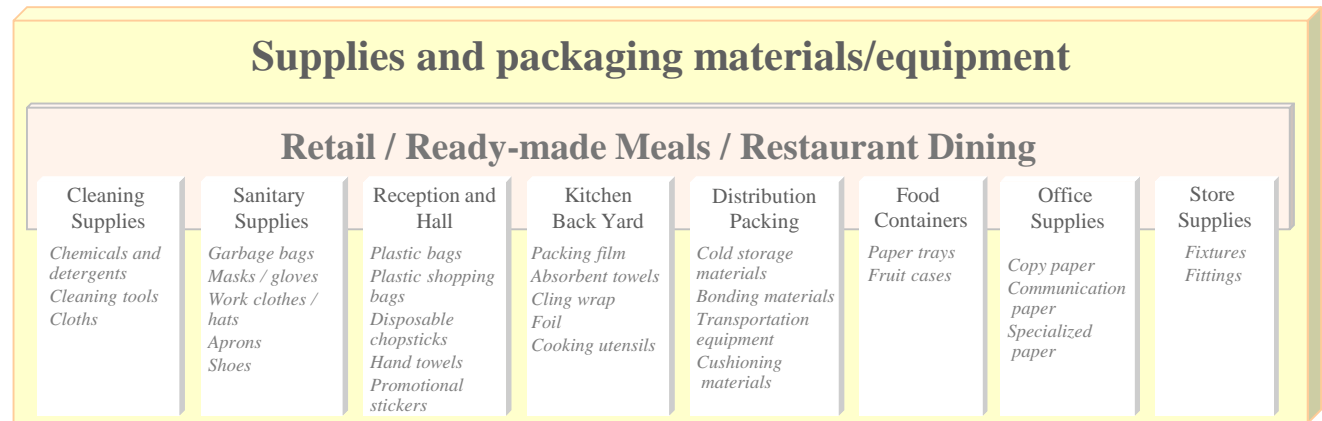
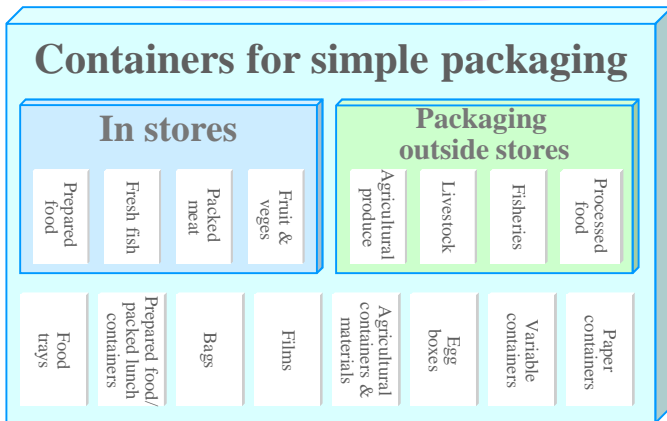
☆ Strategic Investment

Medium-Term Goals

# 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*

**Distribution network & SCM**

**FPCO Group**

Product/material development capabilities

Solution capabilities

Procurement capabilities

Distribution capabilities

Environmental management

Social responsibility

Infrastructure

**FP Trading Co., Ltd.**

Manufacturer of packaging materials and consumables

# *Towards Increasing the Scale of Operations*

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



# 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**

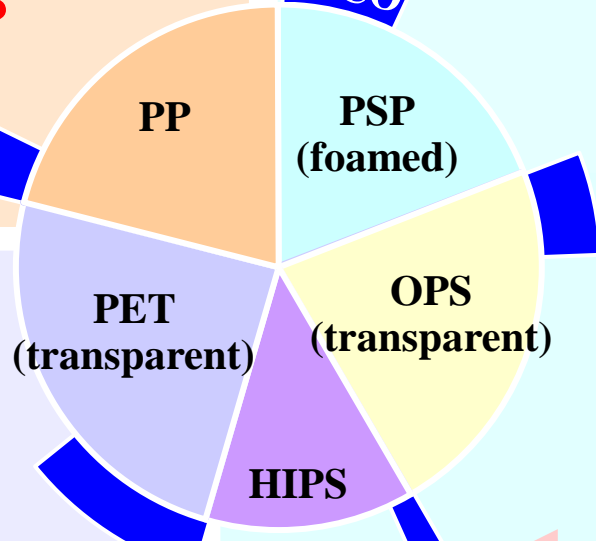
- ★ Resin introduced last
- ★ High transparency
- ★ High oil resistance
- ★ Low heat resistance: +60°C
- ★ Heavy

## 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

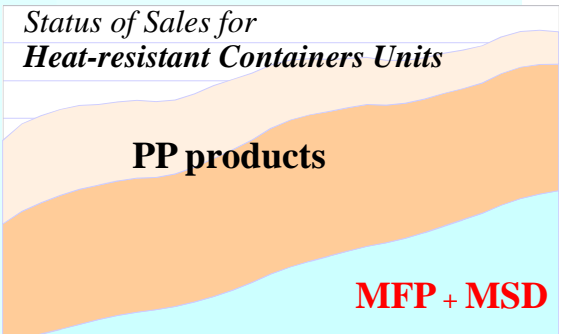


*Recycling of multi-FP wastes*

**MSD: Multisolid**  
Non-foaming polystyrene

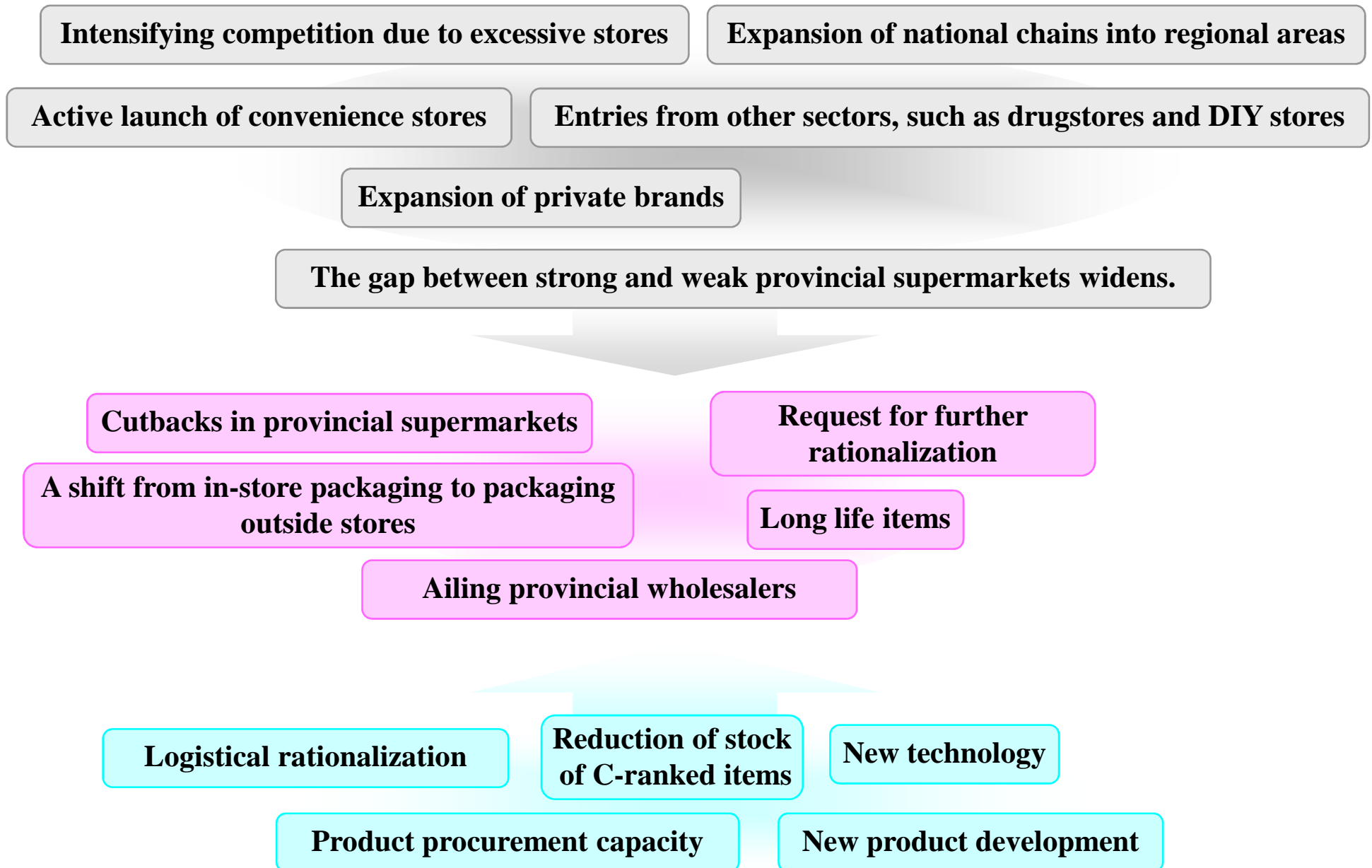
**OPS: oriented polystyrene**

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



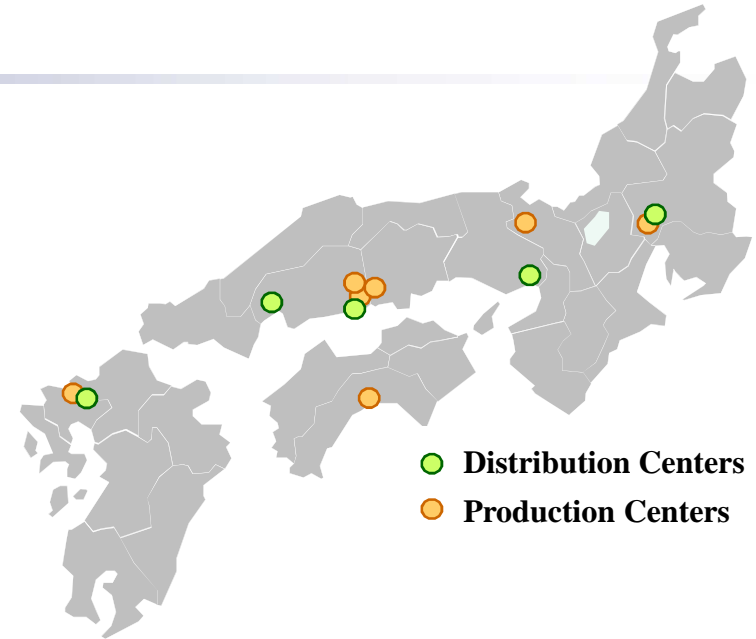
\* The pie chart at the center represents the share by material (on weight basis).

# Market Circumstances



# Distribution Network Improvements – 1

## Kyushu DC / PC Start of Operation July 2013



### ■ Current Center

|           |                  |                      |
|-----------|------------------|----------------------|
| <b>DC</b> | Floor Area       | <b>6,800 tsubo</b>   |
|           | Storage Capacity | <b>130,000 cases</b> |
| <b>PC</b> | Floor Area       | <b>1,600 tsubo</b>   |

### ■ New Center - Three-story DC

|           |                  |                      |
|-----------|------------------|----------------------|
| <b>DC</b> | Floor Area       | <b>5,000 tsubo</b>   |
|           | Storage Capacity | <b>110,000 cases</b> |

### ■ Current Center - Expansion of PC after Operation of New DC

|           |                  |                      |
|-----------|------------------|----------------------|
| <b>DC</b> | Floor Area       | <b>5,400 tsubo</b>   |
|           | Storage Capacity | <b>110,000 cases</b> |
| <b>PC</b> | Floor Area       | <b>3,000 tsubo</b>   |

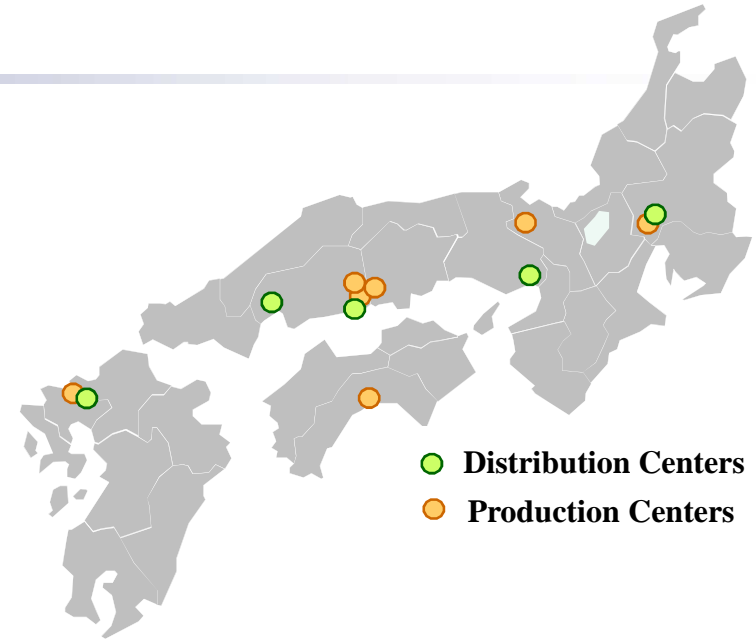
### ■ Current DC - Rented Warehouse

|           |                  |                     |
|-----------|------------------|---------------------|
| <b>DC</b> | Storage Capacity | <b>60,000 cases</b> |
|-----------|------------------|---------------------|

**Returned**

# Distribution Network Improvements – 2

## Kansai DC / PC Start of Operation October 2013



● Distribution Centers  
● Production Centers

### ■ Current Center

|    |            |             |
|----|------------|-------------|
| PC | Floor Area | 3,800 tsubo |
|----|------------|-------------|



### ■ New Center - Five-story DC / PC

|    |                  |              |
|----|------------------|--------------|
| DC | Floor Area       | 3,200 tsubo  |
|    | Storage Capacity | 70,000 cases |
| PC | Floor Area       | 7,800 tsubo  |

### ■ Current Center - Changed to DC after Operation of New Center

|    |                  |              |
|----|------------------|--------------|
| DC | Floor Area       | 3,800 tsubo  |
|    | Storage Capacity | 50,000 cases |

### ■ Current DC - Rented Warehouse

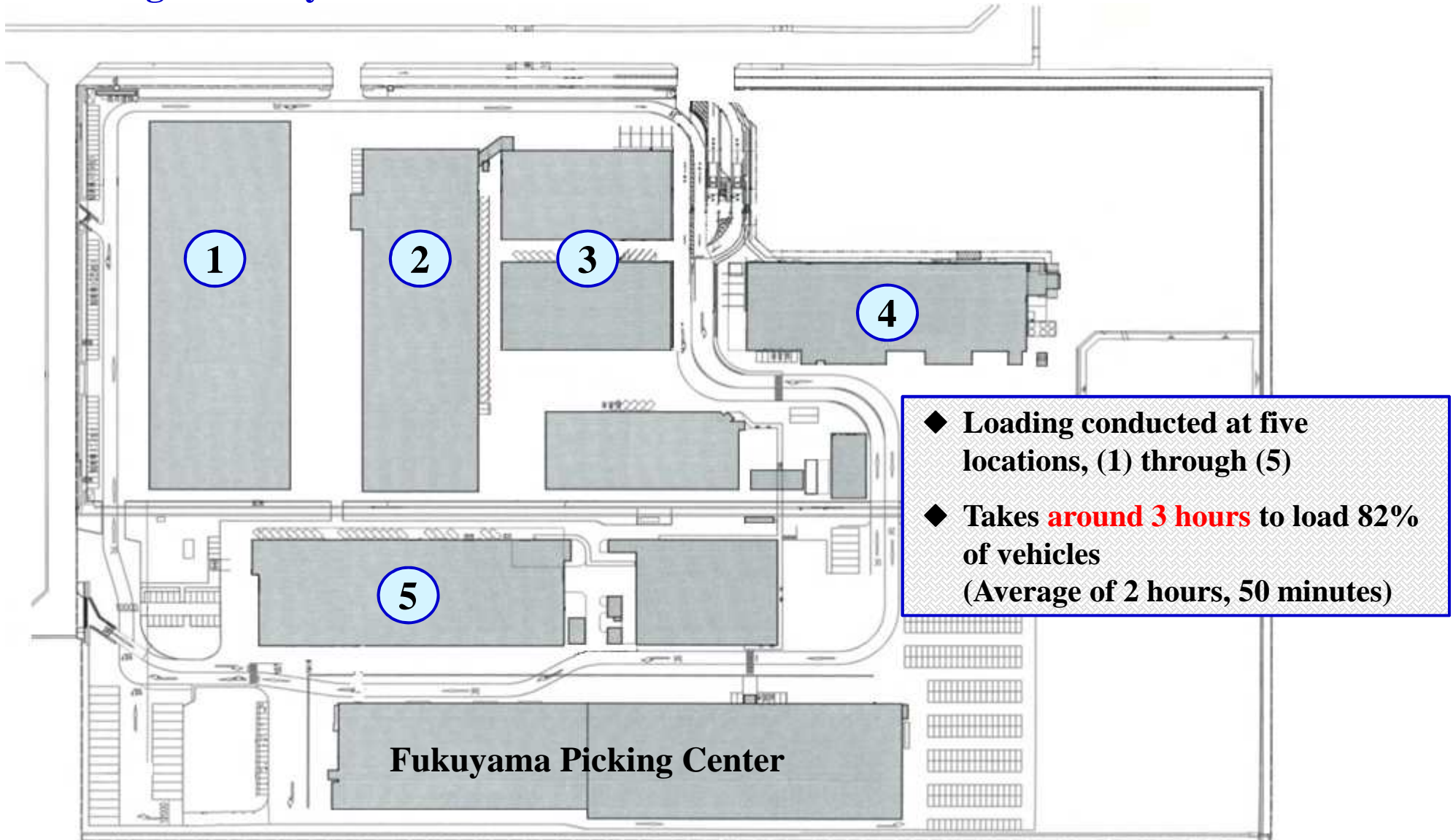
|    |                  |              |
|----|------------------|--------------|
| DC | Storage Capacity | 30,000 cases |
|----|------------------|--------------|



**Returned**

# Distribution Network Improvements – 3-1

## Loading at Fukuyama Distribution Center

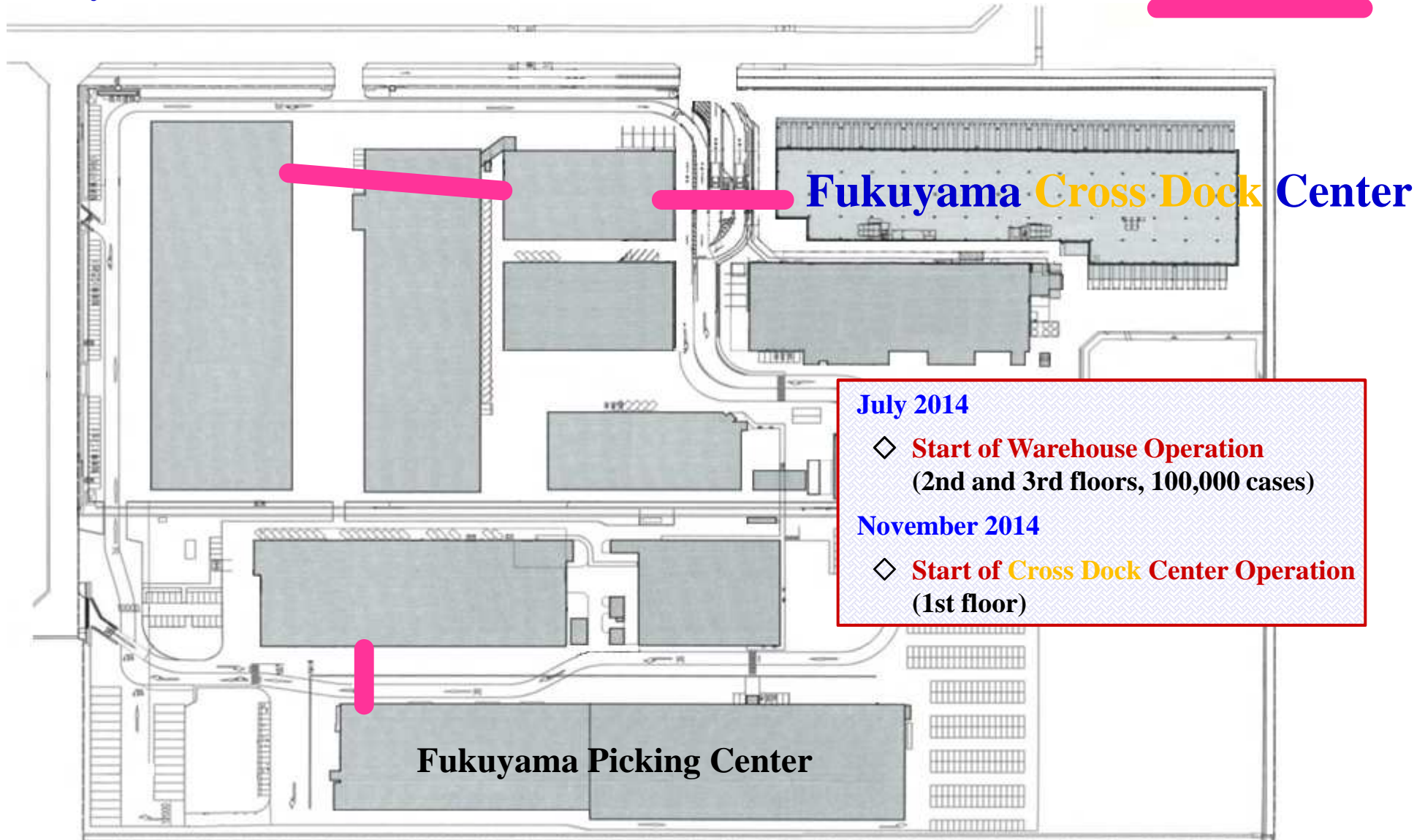




## Distribution Network Improvements – 3-2

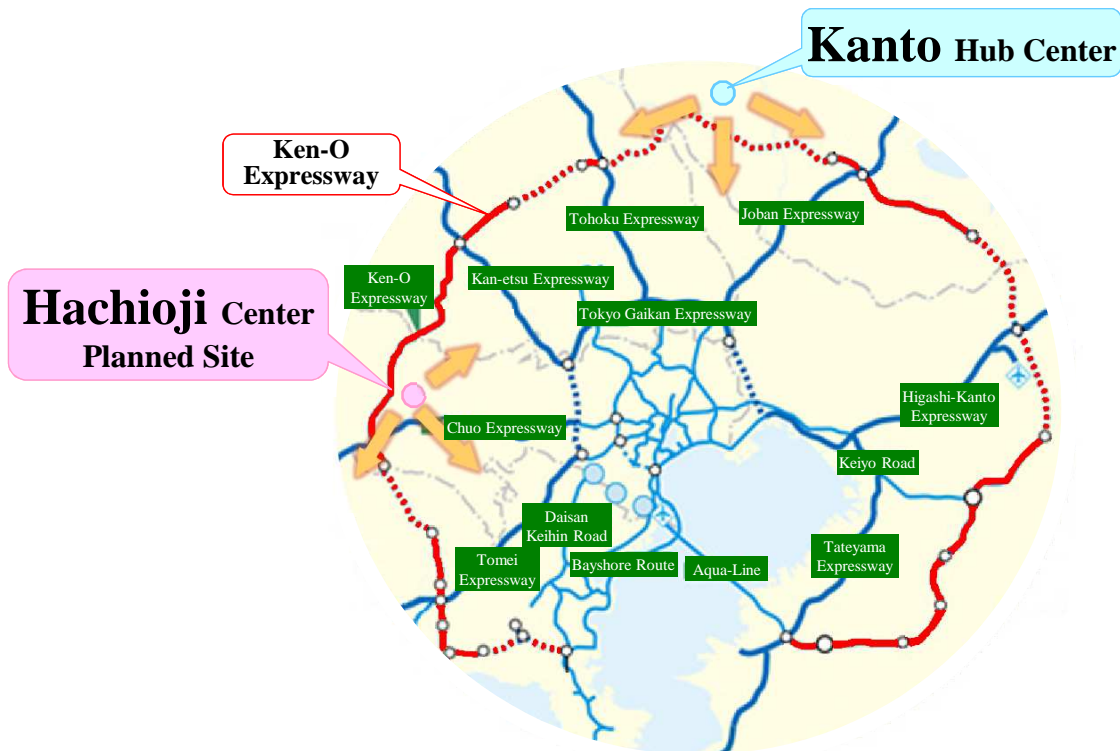
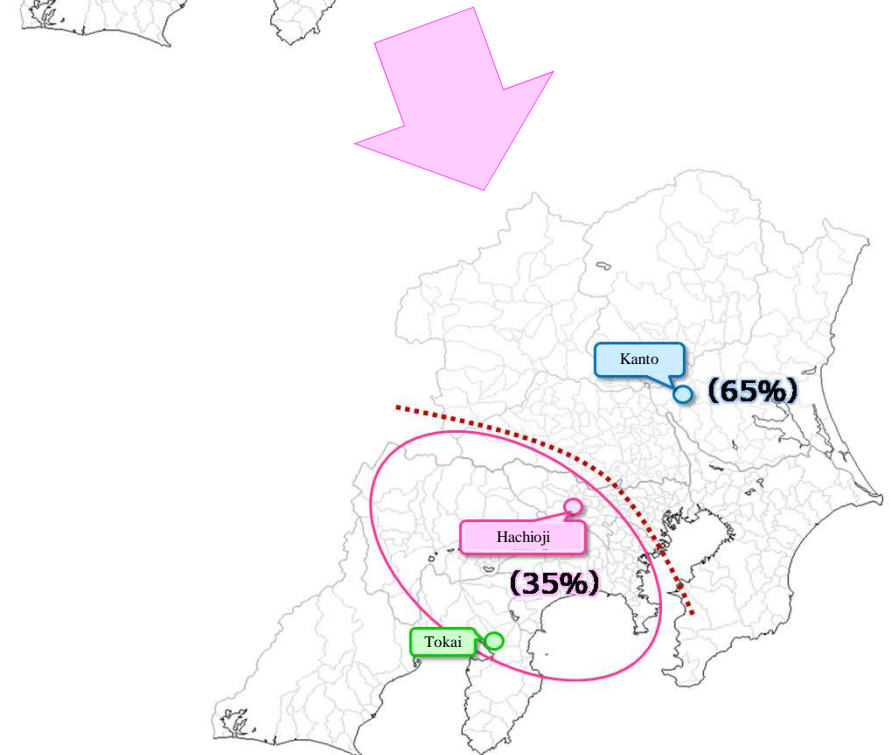
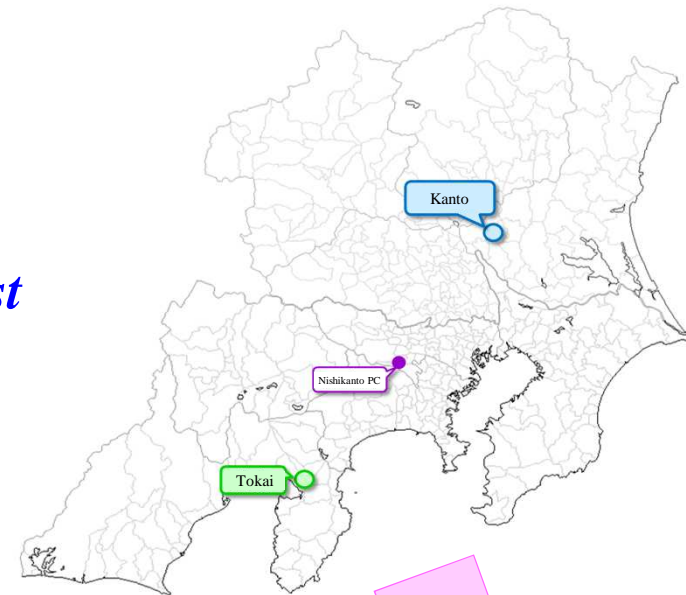
**Fukuyama Cross Dock Center** Start of Operation November 2014

Conveyor Connection



# Distribution Network Improvements – 4

- Overall optimization in Kanto area
- Improved distribution quality
- Coverage of entire Kanto region from East to West
- Risk diversification
- Reduced total costs



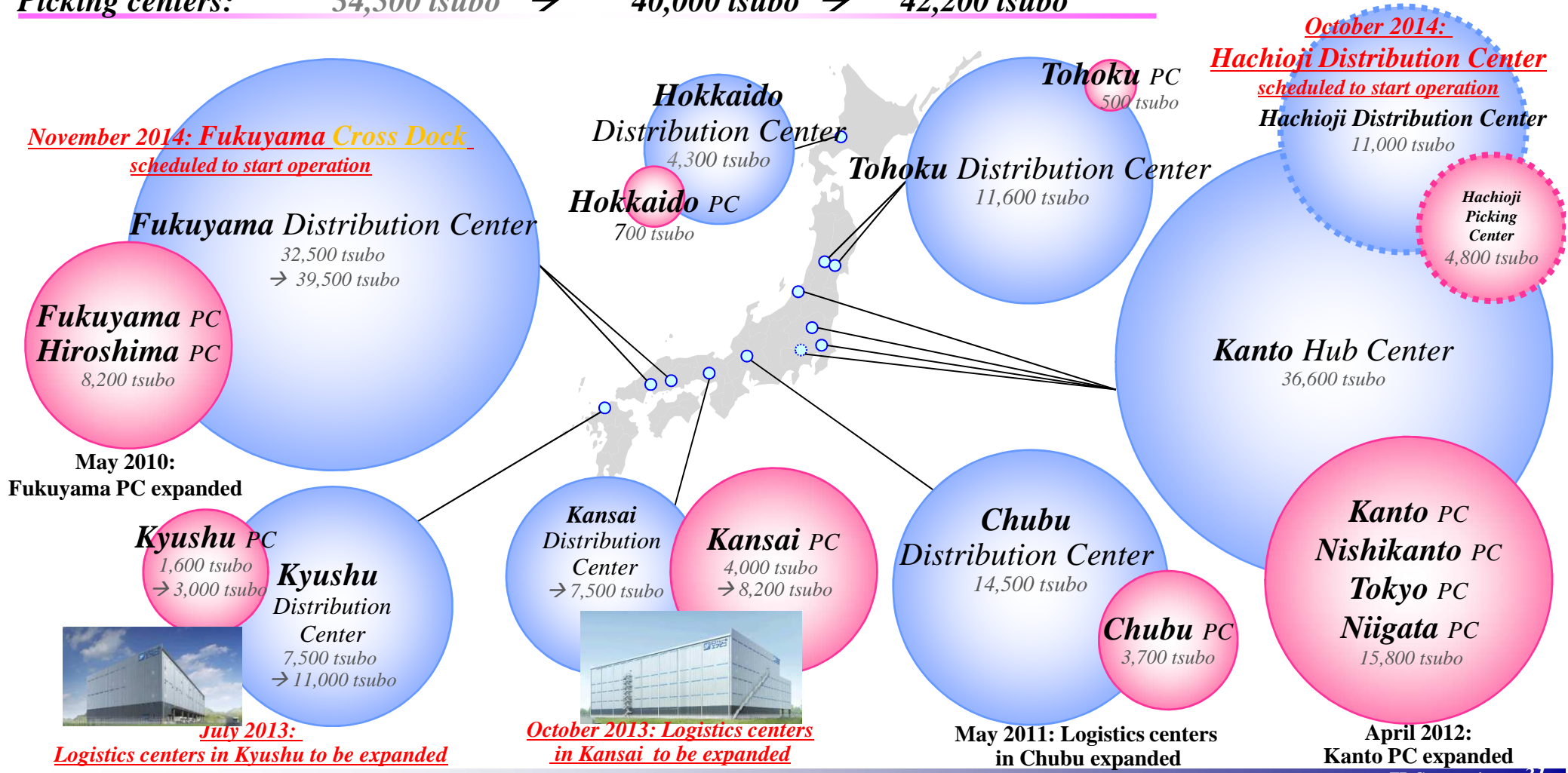
# Enhancement of the Logistical Network

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

March 2013 → October 2013 → November 2014

Distribution centers: 107,500 tsubo → 118,000 tsubo → 136,500 tsubo

Picking centers: 34,500 tsubo → 40,000 tsubo → 42,200 tsubo

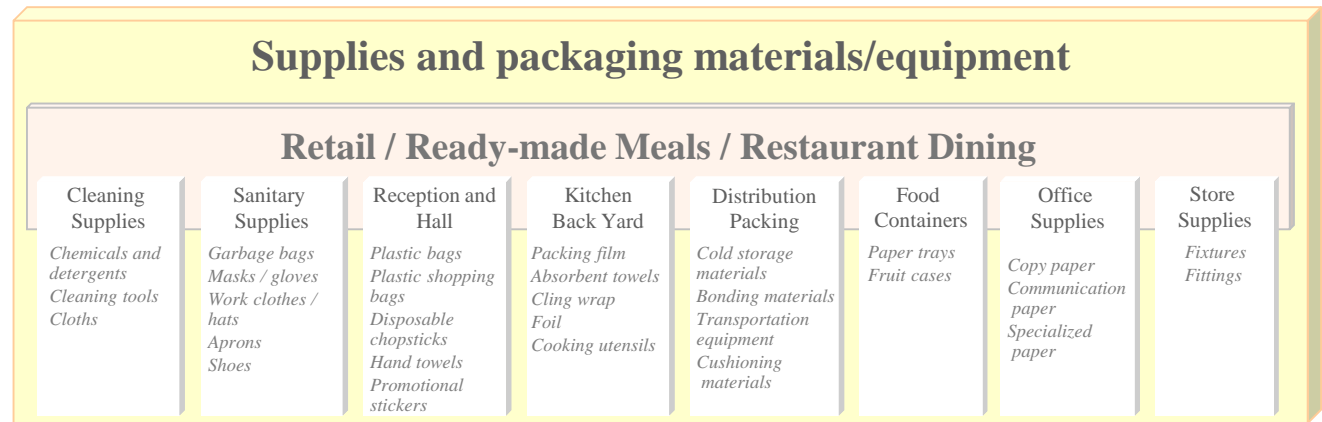
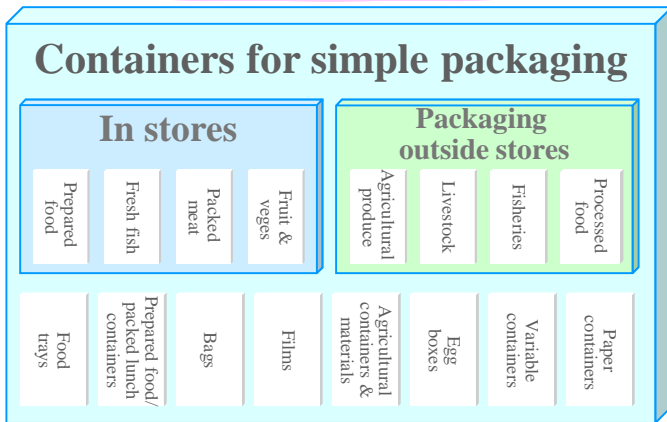




# Actions for Expanding the Scale of the Company

**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*

**Distribution network & SCM**

**FPCO Group**

Product/material development capabilities

Solution capabilities

Procurement capabilities

Distribution capabilities

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

## Tour of facilities in Chubu

- 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

- 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

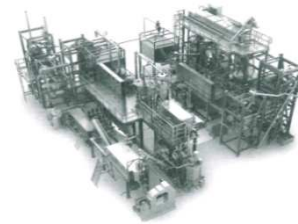
- PS container recycling

### ★ 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

- You can arrange a tour at a convenient time for you.
- A tour takes around three hours.
- Contact Kodama at the Corporate Planning Department (03-5325-7756).



PET Mechanical  
Recycling Plant



PET Recycling



Container Sorting  
PS Recycling



Chubu Picking Center  
Chubu Distribution Center II



Recycling plant

Kanto Picking Center  
Kanto Hub Center

Kanto  
Yachiyo Plant

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

# Ongoing Factors Influencing Ordinary Income

Unit: 100 million yen

|   | 41st term | 42nd term | 43rd term | 44th term | 45th term | 46th term | 47th term<br>(FY ended March 2009) |          |           | 48th term<br>(FY ended March 2010) |          |           | 49th term<br>(FY ended March 2011) |          |           | 50th term<br>(FY ended March 2012) |          |           | 51th term<br>(FY ended March 2013) |          |           | 52nd term<br>(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 | 1st half | 2nd half | Full year |
|   |           |           |           |           |           |           |                                    |          |           |                                    |          |           |                                    |          |           |                                    |          |           |                                    |          |           |   |          |           |          |          |           |
| <b>Ordinary income for previous year</b>                | 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     |                                    |          |           |                                    |          |           |                                    |          |           |   |          |           |          |          |           |
|   |           |           |           |           |           |           | 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   | -23.0    | -41.0     |          |          |           |
| 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     |                                    |          |           |                                    |          |           | Product Price Correction           |          |           | +8.0  | +28.0    | +36.0     |          |          |           |
|   |           |           |           |           |           |           | 2nd product price reduction        |          |           | -10.0                              | -9.0     | -19.0     |                                    |          |           |                                    |          |           |                                    |          |           |   |          |           |          |          |           |
| Increase in prices/<br>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      |          |          |           |
| Raw material replacement<br>and lighter-weight products |           |           | +2.0      | +8.0      | +8.6      | +11.8     | +6.0                               | +18.5    | +24.5     | +14.0                              | +6.0     | +20.0     |                                    |          |           |                                    |          |           | New material effects               |          |           | +2.0  | +6.0     | +8.0      |          |          |           |
| 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  | +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<br>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      | -   | +4.0     | +4.0      |          |          |           |
| Profit from the sale of<br>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     |          |          |           |
| <b>Ordinary income</b>                                  | 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       |          |          |           |





# 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

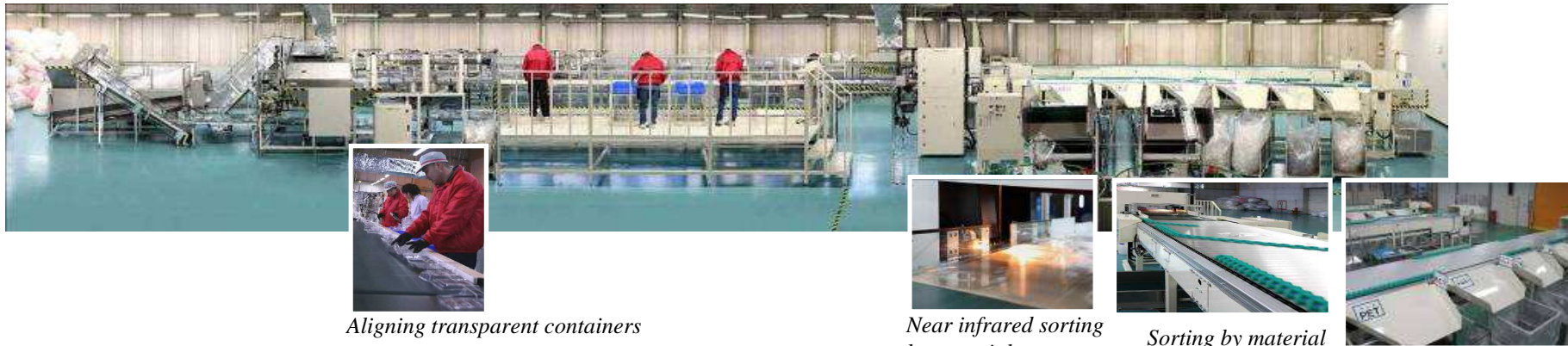
### Disabled employees engaged in

- Sorting foamed PS containers by color
- Aligning transparent containers

## Lines for sorting transparent containers by material

### *Near infrared sorting by material*

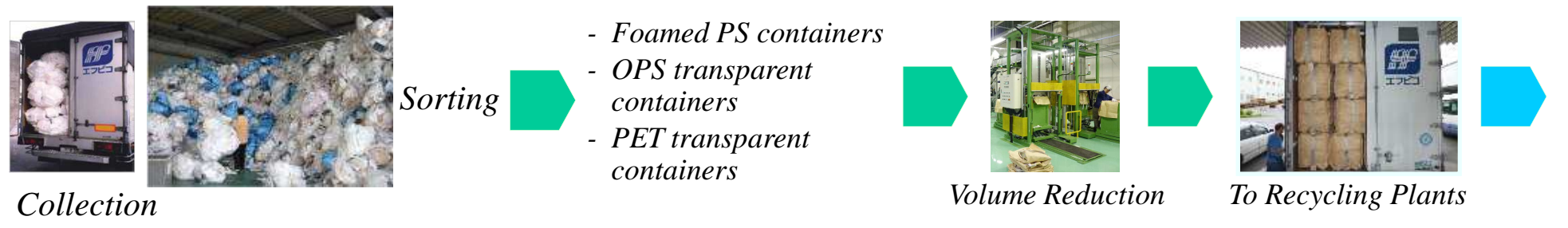
Transparent container materials: OPS, PET, PP, PVC, Crystar, etc.



Aligning transparent containers

Near infrared sorting by material

Sorting by material



# Three Recycling Plants

## Sorting Centers



Volume reduction & transport

- Foamed PS containers Extrusion
- OPS transparent containers

- PET transparent containers



- 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

Hot water and alkali cleaning

### PS Container Recycling Line

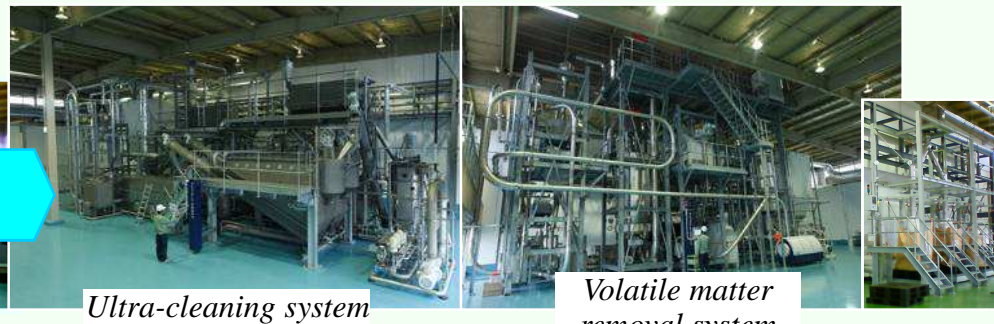


Melting & Extrusion



Sales of ¥17.1bn.  
 FY ended March 2013

### PET Mechanical Recycling Line



PET Flakes



May 2012  
 Launch of FPCO Eco AP Series

**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

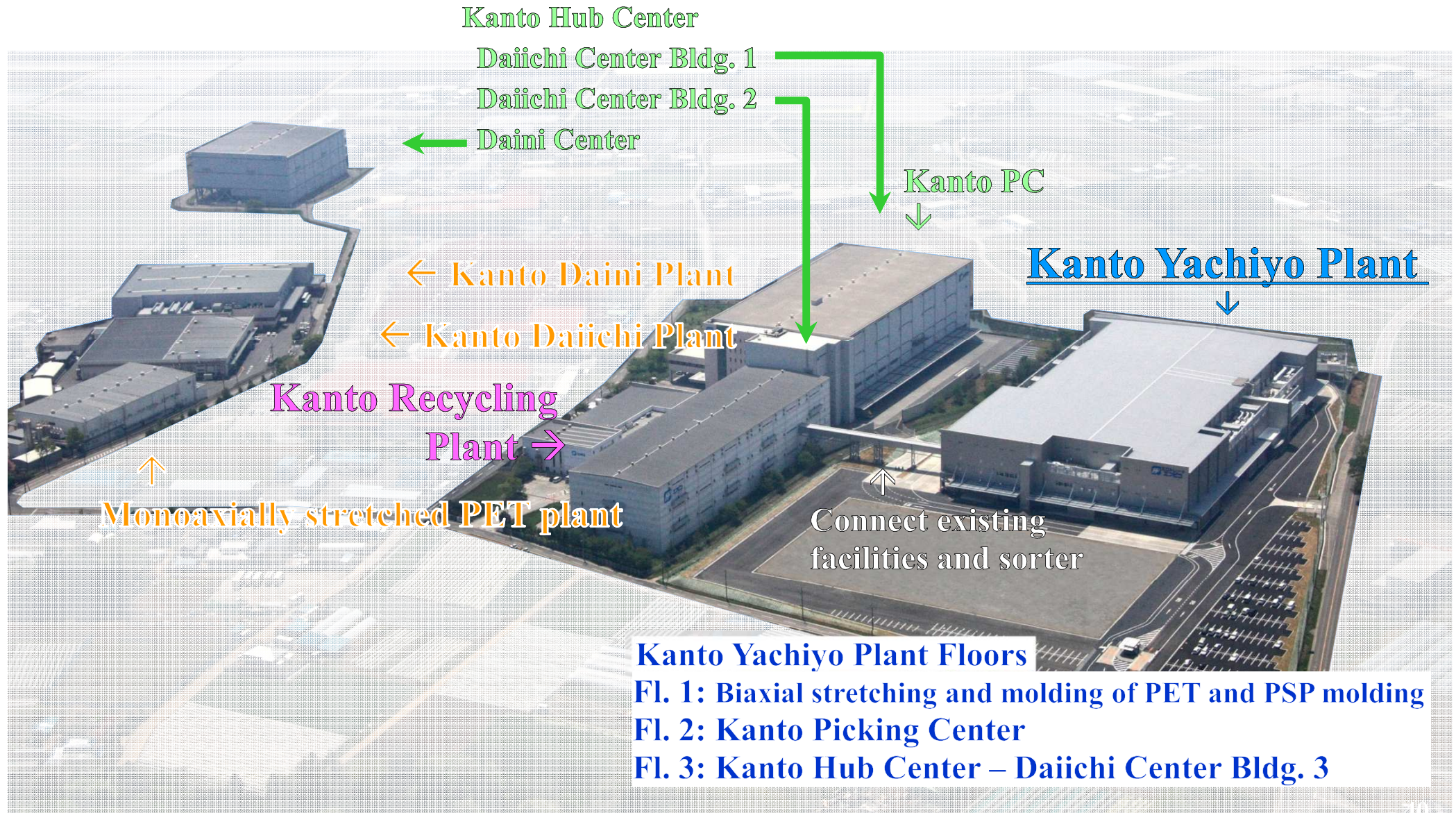
3rd floor: warehouse facilities 4,500 tsubo

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





# [Locations of Centers in Kanto]







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>