

# *FY2014*

# *Financial Results*

**FP Corporation**

**May 13, 2014**





April 2007

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

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



March 2009

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

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



February 2011

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

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



April 2011

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

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

# *Cautions for Handling This Material*

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.

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# *Performance*

*FY2014 -52nd term-*

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**Head of Finance and Accounting Division**

**Isao Ikegami**

# Financial Results Summary (Performance for the fiscal year ending March 2014 -52nd term-)

Unit: million yen	Twelve-month performance							Twelve-month projections (revised)			Twelve-month projections (original)		
	FY ended March 2013		FY ended March 2014					FY ended March 2014			FY ended March 2014		
	Performance	Percentage	Performance	Percentage	Increase/ decrease	Year-on- year	Quantity	Planned	Percentage	Achievement rate	Planned	Percentage	Achievement rate
<i>Trays</i>	27,579	17.4	27,792	17.2	+213	100.8%	99.0%	27,540	17.2	100.9%	28,710	16.8	96.8%
<i>Lunchboxes and prepared food containers</i>	80,660	51.0	83,999	52.1	+3,338	104.1%	105.4%	84,110	52.4	99.9%	90,250	52.9	93.1%
<i>Total</i>	108,239	68.4	111,791	69.4	+3,551	103.3%	103.0%	111,650	69.6	100.1%	118,960	69.8	94.0%
<i>Other products</i>	6,845	4.3	6,614	4.1	-231	96.6%		6,512	4.1	101.6%	6,980	4.1	94.8%
<b>Sales of products</b>	<b>115,085</b>	<b>72.8</b>	<b>118,406</b>	<b>73.5</b>	<b>+3,320</b>	<b>102.9%</b>		<b>118,162</b>	<b>73.6</b>	<b>100.2%</b>	<b>125,940</b>	<b>73.9</b>	<b>94.0%</b>
<i>packaging materials</i>	34,145	21.6	33,920	21.1	-224	99.3%		33,447	20.8	101.4%	35,590	20.9	95.3%
<i>Other goods</i>	8,960	5.7	8,793	5.5	-166	98.1%		8,890	5.5	98.9%	8,970	5.3	98.0%
<b>Sales of goods</b>	<b>43,106</b>	<b>27.2</b>	<b>42,714</b>	<b>26.5</b>	<b>-391</b>	<b>99.1%</b>		<b>42,337</b>	<b>26.4</b>	<b>100.9%</b>	<b>44,560</b>	<b>26.1</b>	<b>95.9%</b>
<b>Net sales</b>	<b>158,192</b>	<b>100.0</b>	<b>161,121</b>	<b>100.0</b>	<b>+2,928</b>	<b>101.9%</b>		<b>160,500</b>	<b>100.0</b>	<b>100.4%</b>	<b>170,500</b>	<b>100.0</b>	<b>94.5%</b>
<b>Operating income</b>	<b>14,564</b>	<b>9.2</b>	<b>9,760</b>	<b>6.1</b>	<b>-4,804</b>	<b>67.0%</b>		<b>9,760</b>	<b>6.1</b>	<b>100.0%</b>	<b>15,520</b>	<b>9.1</b>	<b>62.9%</b>
<b>Ordinary income</b>	<b>15,122</b>	<b>9.6</b>	<b>10,054</b>	<b>6.2</b>	<b>-5,068</b>	<b>66.5%</b>		<b>10,000</b>	<b>6.2</b>	<b>100.5%</b>	<b>15,600</b>	<b>9.1</b>	<b>64.4%</b>
<b>Net income</b>	<b>8,846</b>	<b>5.6</b>	<b>6,137</b>	<b>3.8</b>	<b>-2,708</b>	<b>69.4%</b>		<b>6,000</b>	<b>3.7</b>	<b>102.3%</b>	<b>9,120</b>	<b>5.3</b>	<b>67.3%</b>

## ■ Sales Products

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

Shipments: 3.0% growth year-on-year

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

Lunchboxes and prepared food containers:

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

## Goods

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

## ◇ Production

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

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

## ◇ Logistics

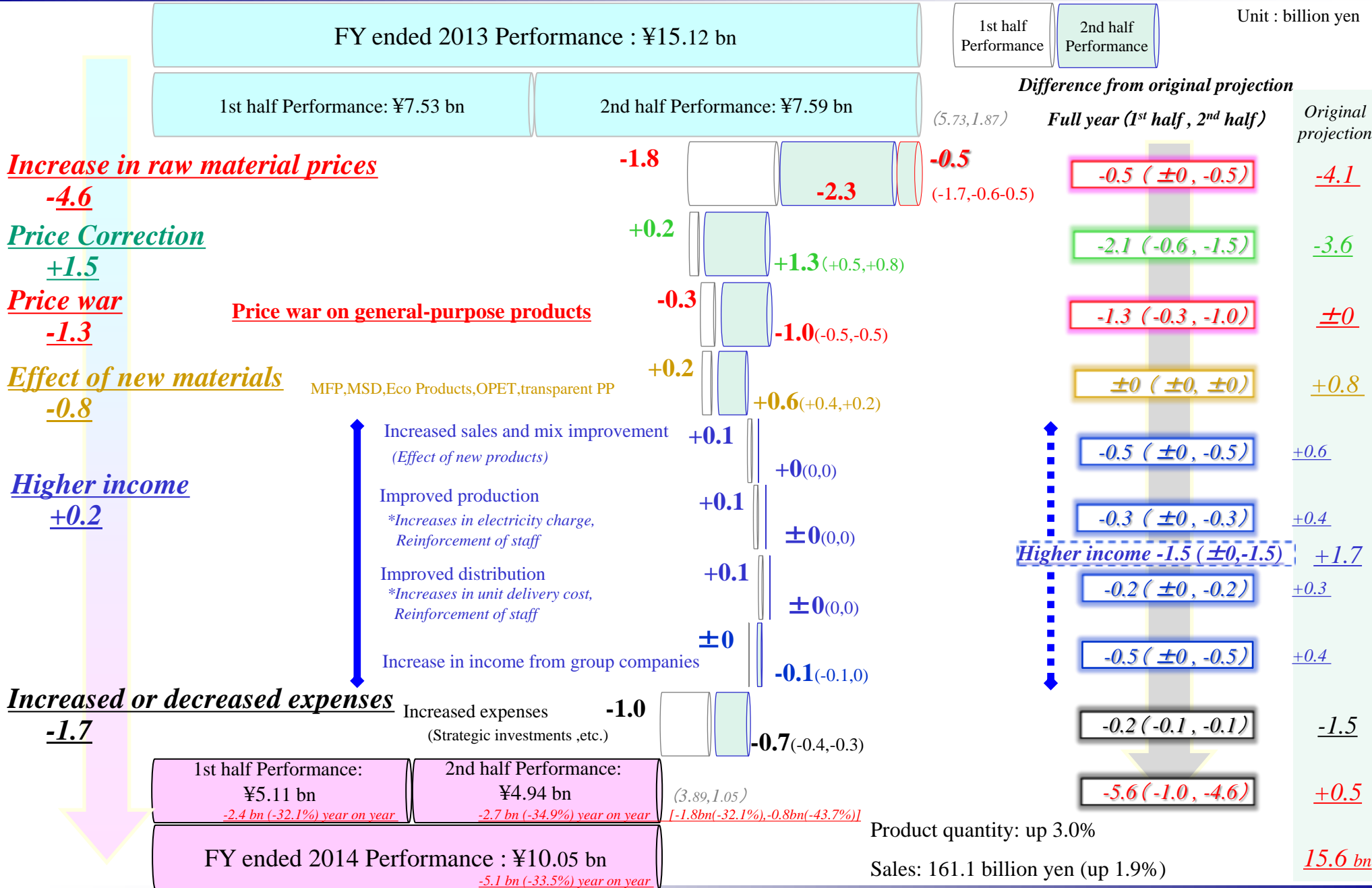
Continued to develop a logistics network covering the whole of Japan.

Improved quality of logistics and sought to cut total distribution costs.

## ◇ Environment

Promoted the employment of people with disabilities and the terrestrial resource cycle by expanding the volume of recovered materials. Had an advantage in terms of raw material prices, as a recycled materials manufacturer.

# Increase/Decrease in Ordinary Income (Performance for the fiscal year ending March 2014 -52nd term-)



# Balance Sheet (Performance for the fiscal year ending March 2014 -52nd term-)

Unit: million yen	Previous consolidated fiscal year	Twelve month of the consolidated fiscal year under review			
	FY ended March 2013 ( As of March 31,2013 )	( As of March 31,2014 )	Increase/ decrease	Year-on- year	Breakdown of main increases and decreases
Current assets	73,843	72,001	-1,842	97.5%	Cash and deposits +2,093 Notes and accounts receivable-trade -5,852 Merchandise and finished goods +1,212
Noncurrent assets	98,416	108,475	+10,059	110.2%	Tangible fixed assets +9,994
<b>Total assets</b>	<b>172,260</b>	<b>180,476</b>	<b>+8,216</b>	<b>104.8%</b>	
Current liabilities	64,499	59,476	-5,023	92.2%	Accounts payable-trade -1,819 Short-term borrowing payable -5,089 Lease obligations +947 Accounts payable-other +1,286 Income taxes payable -1,136
Noncurrent liabilities	31,078	40,938	+9,860	131.7%	Long-term borrowing payable +7,049 Lease obligations +2,428
<b>Total liabilities</b>	<b>95,578</b>	<b>100,414</b>	<b>+4,836</b>	<b>105.1%</b>	
Net assets	76,682	80,062	+3,380	104.4%	Retained earnings +3,467
<b>Total liabilities and net assets</b>	<b>172,260</b>	<b>180,476</b>	<b>+8,216</b>	<b>104.8%</b>	

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

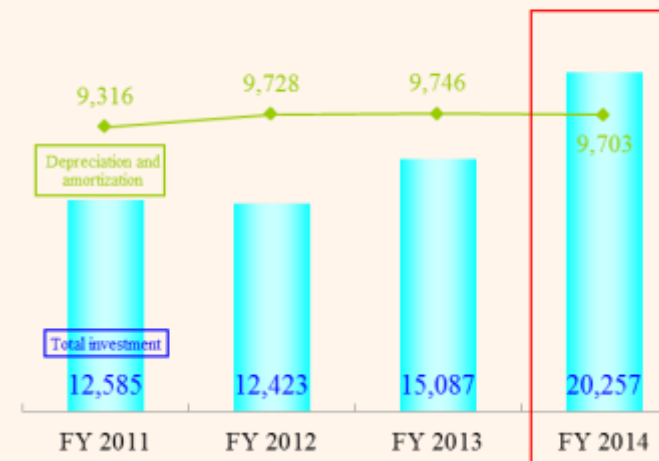


# Capital Investments and R&D Cost (Performance for the fiscal year ending March 2014 -52nd term-)

Unit: million yen	Twelve-month performance				Twelve-month projections	
	FY ended March 2013	FY ended March 2014			FY ended March 2014	
	Performance	Performance	Increase/ decrease	Year-on-year	Planned	Achievement rate
<i>Tangible fixed assets</i>	14,783	19,750	+4,966	133.6%	20,015	98.7%
<i>(lands only)</i>	(1,178)	(4,140)	(+2,961)	(351.2%)	(4,440)	(93.3%)
<i>Intangible fixed assets</i>	303	506	+203	167.1%	355	142.8%
<b>Capital investment</b> (including leasing and procurement)	<b>15,087</b>	<b>20,257</b>	<b>+5,170</b>	<b>134.3%</b>	<b>20,370</b>	<b>99.4%</b>
<i>(Capital investment except land)</i>	<i>(13,908)</i>	<i>(16,117)</i>	<i>(+2,208)</i>	<i>(115.9%)</i>	<i>(15,930)</i>	<i>(101.2%)</i>
<b>Facilities costs</b>	<b>10,107</b>	<b>10,000</b>	<b>-107</b>	<b>98.9%</b>	<b>10,330</b>	<b>96.8%</b>
<i>(depreciation and amortization costs only)</i>	<i>(9,746)</i>	<i>(9,703)</i>	<i>(-43)</i>	<i>(99.6%)</i>	<i>(9,960)</i>	<i>(97.4%)</i>
<b>Research and development cost</b>	<b>1,062</b>	<b>1,148</b>	<b>+85</b>	<b>108.1%</b>	<b>1,090</b>	<b>105.4%</b>

## Major capital investments

	Unit: million yen	Total investment	Performance in Period under Review
◆ Expansion of transparent container facilities			1,169
◆ Kanto No. 1 Plant renovation			888
◆ Improvements to logistics facilities			
Kyushu Logistics Facility: Started operation in Jul. 2013		1,764	1,450
Kansai Logistics Facility: Started operation in Oct. 2013		4,516	3,155
Fukuyama Logistics Facility:		4,250	1,640
Warehouse scheduled to start operation in Jul. 2014 and Sorter in Nov. 2014			
Hachioji Logistics Facility:		13,800	4,893
1st period : Distribution Center scheduled to start operation in Oct. 2014 and Picking Center in Feb. 2015			
2nd period : Distribution Center scheduled to start operation in Sep. 2015			
◆ Molds			2,151
◆ IT investment			590



# Cash Flows (Performance for the fiscal year ending March 2014 -52nd term-)

Unit: million yen	Twelve-month performance			
	FY ended March 2013 Performance	FY ended March 2014		
		Performance	Breakdown of Main Items	
CF from operating activities	15,806	17,981	Net income before taxes and other adjustments	9,883
			Depreciation and amortization	9,703
			Decrease in trade receivables	5,771
			Increase in inventory assets	-1,318
			Decrease in accounts payable	-1,966
			Income taxes paid	-5,345
CF from investing activities	-13,076	-11,766	Acquisition of tangible fixed assets	-11,568
Free cash flows	2,730	6,214		
CF from financing activities	-2,579	-4,120	Net increase in borrowing	1,958
			Cash dividends paid	-2,669
			Payments of lease obligations	-3,408
Amount of increase/decrease of cash and case equivalents	150	2,093		
Balance of cash equivalents at end of period	14,060	16,153		

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

# *Plan*

*FY2015 -53rd term-*

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

Unit: million yen	Full year performance		Full year projections				First half projections			
	FY ended March 2014		FY ended March 2015				FY ended March 2015			
	Performance	Percentage	Planned	Percentage	Increase / decrease	Year-on-year	Planned	Percentage	Increase / decrease	Year-on-year
<i>Trays</i>	27,792	17.2	27,930	16.7	+137	100.5%	13,820	16.8	+12	100.1%
<i>Lunchboxes and prepared food containers</i>	83,999	52.1	86,370	51.7	+2,370	102.8%	43,280	52.6	+1,042	102.5%
<i>Total</i>	111,791	69.4	114,300	68.4	+2,508	102.2%	57,100	69.4	+1,055	101.9%
<i>Other products</i>	6,614	4.1	6,700	4.0	+85	101.3%	3,200	3.9	+20	100.6%
<b>Sales of products</b>	<b>118,406</b>	<b>73.5</b>	<b>121,000</b>	<b>72.5</b>	<b>+2,593</b>	<b>102.2%</b>	<b>60,300</b>	<b>73.3</b>	<b>+1,075</b>	<b>101.8%</b>
<i>packaging materials</i>	33,920	21.1	37,200	22.3	+3,279	109.7%	17,560	21.3	+708	104.2%
<i>Other goods</i>	8,793	5.5	8,800	5.3	+6	100.1%	4,440	5.4	+1	100.0%
<b>Sales of goods</b>	<b>42,714</b>	<b>26.5</b>	<b>46,000</b>	<b>27.5</b>	<b>+3,285</b>	<b>107.7%</b>	<b>22,000</b>	<b>26.7</b>	<b>+709</b>	<b>103.3%</b>
<b>Net sales</b>	<b>161,121</b>	<b>100.0</b>	<b>167,000</b>	<b>100.0</b>	<b>+5,878</b>	<b>103.6%</b>	<b>82,300</b>	<b>100.0</b>	<b>+1,785</b>	<b>102.2%</b>
<b>Operating income</b>	<b>9,760</b>	<b>6.1</b>	<b>10,340</b>	<b>6.2</b>	<b>+579</b>	<b>105.9%</b>	<b>4,570</b>	<b>5.6</b>	<b>-360</b>	<b>92.7%</b>
<b>Ordinary income</b>	<b>10,054</b>	<b>6.2</b>	<b>11,100</b>	<b>6.6</b>	<b>+1,045</b>	<b>110.4%</b>	<b>5,200</b>	<b>6.3</b>	<b>+87</b>	<b>101.7%</b>
<b>Net income</b>	<b>6,137</b>	<b>3.8</b>	<b>6,840</b>	<b>4.1</b>	<b>+702</b>	<b>111.4%</b>	<b>3,200</b>	<b>3.9</b>	<b>+91</b>	<b>102.9%</b>
<i>Ordinary income before depreciation and amortization</i>	19,758		22,335		+2,576	113.0%	10,200		+492	105.1%

## ■ Sales

### Products

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

Shipments: 2.7% growth year-on-year

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

Lunchboxes and prepared food containers:

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

### Goods

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

## ◇ Production

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

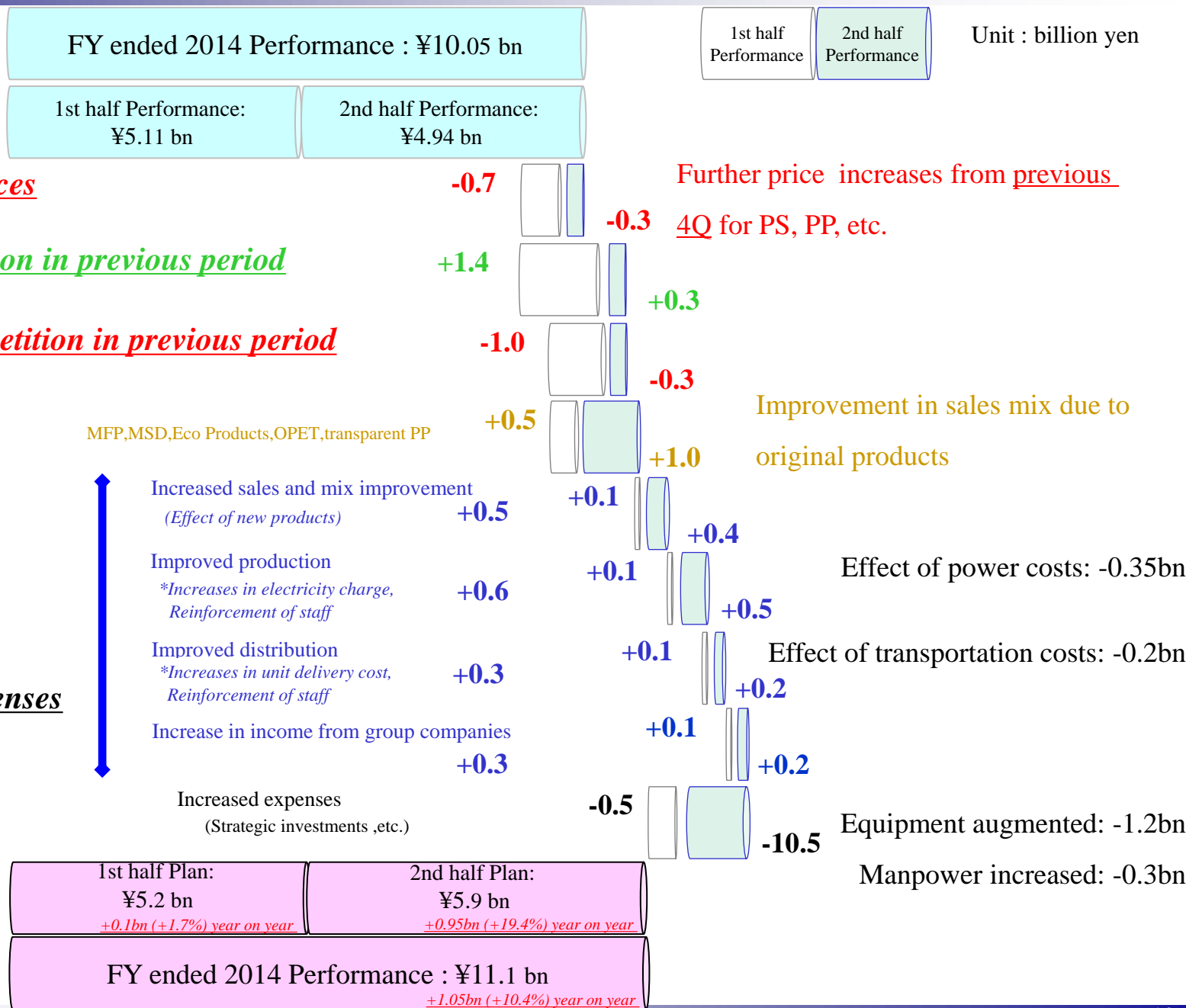
## ◇ Logistics

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

## ◇ Environment

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

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



**Increase in raw material prices**

**-1.0**

**Effect of product price revision in previous period**

**+1.7**

**Effect of product price competition in previous period**

**-1.3**

**Effect of new materials**

**+1.5**

**Higher income**

**+1.7**

**Increased or decreased expenses**

**-1.55**

Product quantity: up 2.7%

Sales: 167 billion yen (up 3.6%)

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

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

\*Strengthening of R&D facilities

## Major capital investments

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

### Fukuyama Logistics Facility:

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

### Hachioji Logistics Facility:

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

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

- ◆ Molds
- ◆ IT investment



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

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**Chairman & CEO  
Yasuhiro Komatsu**

# Summary of Consolidated Financial Results and Forecast for the Future

## » Sales expansion of unique products

### > World's first materials and functions

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

### > Introducing sustainable new products

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

### > Evolving towards being a recycled resin manufacturer

- ◇ Eco Tray
- ◇ Eco APET

## » Strategic investments

- ★ July 2013 Kyushu Logistics Facility Started operation
- ★ October 2013 Kansai Logistics Facility Started operation
- ★ Hachioji Logistics Facility:  
Distribution Center scheduled to start operation in Oct. 2014 and Picking Center in Feb. 2015
- ★ Fukuyama Cross Dock Center:  
Warehouse scheduled to start operation in Jul. 2014 and Sorter in Nov. 2014
- ★ Development and Training building Dec. 2014
- ★ Operation of OPET (biaxially stretched PET) extruder No.2, augmentation of molding line
- ★ Augmentation of transparent PP production line
- ★ Augmentation of PET production line

## » Initiatives to Recycle Terrestrial Resources

- ◇ Effect of mass production at Kronos
- ◇ Employment of workers with disabilities
- ◇ Nishinohon PET-Bottle Recycle Co., Ltd. will become a member of the Group in Jun. 2014

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

### » Responses to sharp rise in raw material price

### » Extensive internal improvement

Planned Sales

**167 bn**  
+3.6%

Planned Ordinary Income

**11.1 bn**  
+10.4%

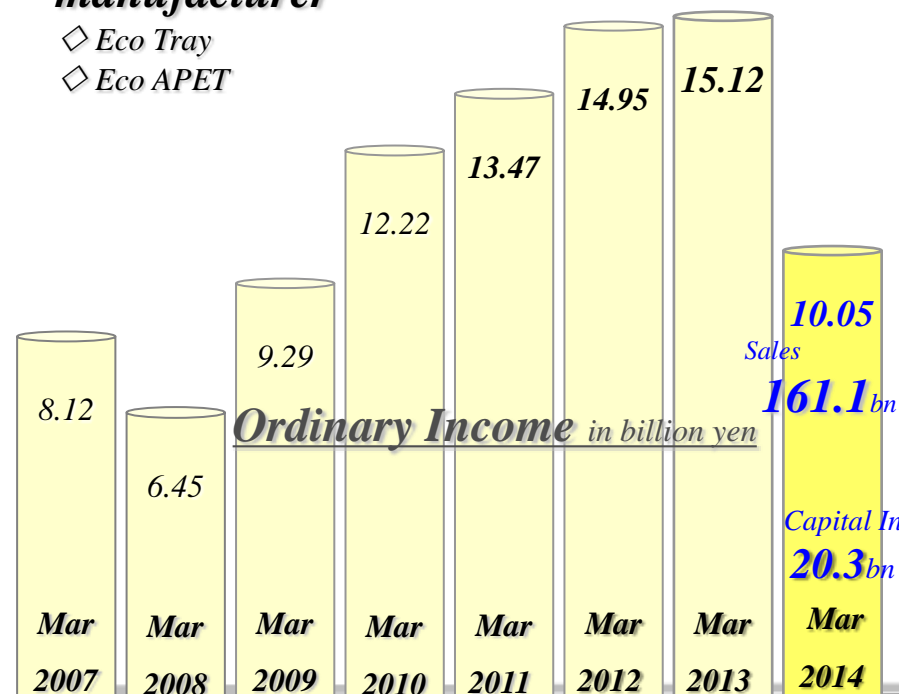
Planned Capital Invest

**26 bn** (including lands 0.5 bn)

**Mar**  
**2015**

Target medium-term management indicator

Net income per share: **¥225**





# *Response to soaring raw material prices*

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

★ *Revision of product prices in the previous period 3% - 9%*

*Announced May 20, 2013, for products shipped on June 21, 2013 and later*

*For general purpose products:  
**From Virgin to Eco***

*For transparent products:  
**From OPS to PET, OPET and PP***

## *Announcements by competitors*

*Company B: up 9% for PS products, up 6% for others shipped on Jul. 1, 2013 and later  
Company C: up 9% for PS products, up 6% for others shipped on Jul. 22, 2013 and later  
Company D: up 9% for PS products, up 6% for others shipped on Jun. 21, 2013 and later  
Company E: up 10% for PS products, up 8% for others shipped on Jul. 11, 2013 and later*

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

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

**Further announcements  
by competitors**

*Company B: up 15% or more for all products shipped on Jun. 1, 2014 and later  
Company C: up 15% or more for all products shipped on Jun. 1, 2014 and later  
Company D: up 15% or more for all products shipped on Jun. 21, 2014 and later  
Company E: up 15% or more for all products shipped on May 1, 2014 and later*

★ Unique 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**      *PET transparent containers that overcome the problems of OPS*  
**(biaxially stretched PET)**

**New transparent PP**      *Microwaveable transparent containers*

*Renovation and augmentation of lines in preparation for increased sales*  
**Challenge to biaxially stretched PP**

**Eco Tray**      *Recycled PSP containers*

**Sales 18.9 billion yen Mar. 2014**

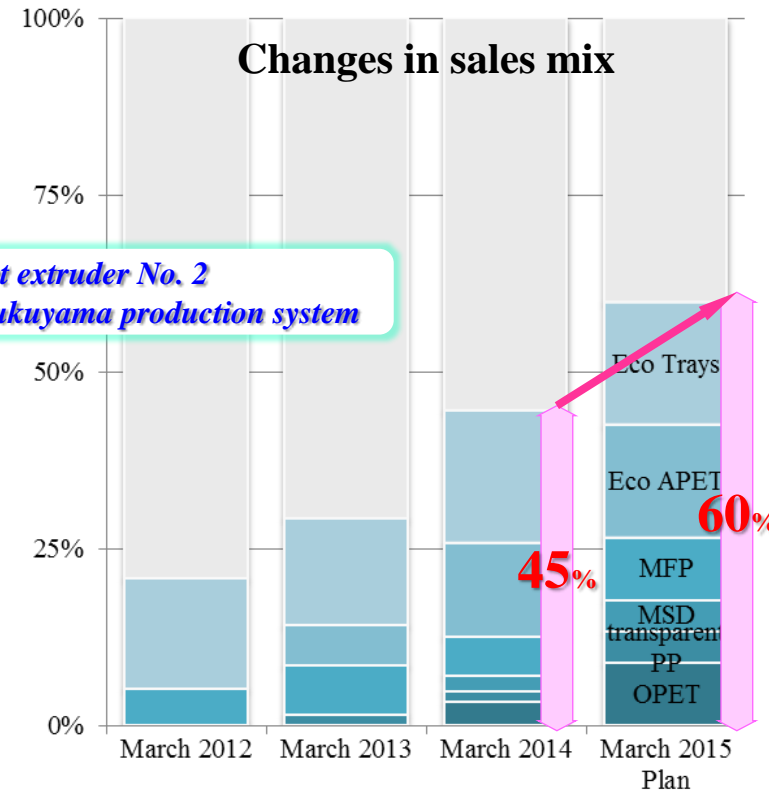
**Eco APET**      *Recycled PET transparent containers*

**Sales 9.9 billion yen Mar. 2014**

**Containers with new functions**

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

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



★ General-purpose Products :

Prepare for increased sales by comprehensively reducing costs

**OPET**      *PET transparent containers that overcome the problems of OPS*  
**(biaxially stretched PET)**

*Market introduction of food packs*

**New transparent PP**      *Microwaveable transparent containers*

*Market introduction of food packs*

**FPCO Fair 2014**

**この売り場やってみよう!**  
**知恵と工夫百選**

From Mar. 11-13, 2014

**13,000 visitors mainly users**

# Cutting logistical costs and constructing a logistical infrastructure

**Fukuyama Cross Dock Center:**

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

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

**Hachioji Center:**

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

Five stories above ground  
Total floor area: 23,700 tsubo  
Investment: 13.8 billion yen



May 2010: Upgrade and Expansion of Fukuyama Picking Center



May 2011: Chubu Distribution Center Upgraded and Expanded



April 2012: Upgrade and Expansion of Kanto PC



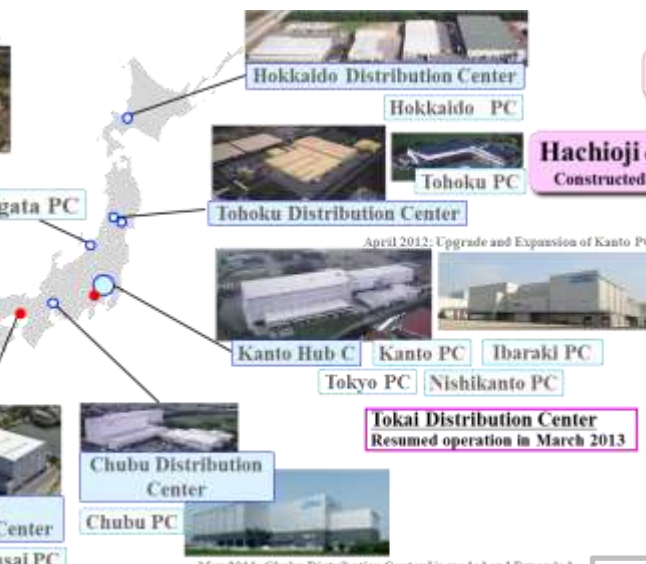
At the end of FY2014



At the end of FY2014



At the end of FY2014



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



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

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



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

**Picking quality with 2 ppm errors**

- Distribution Centers:8
- Picking Centers:13

**Scale of logistics facilities at end of FY2014**  
*compared to FY 2012*

Distribution Centers : 151,500 tsubo, **up 22%**

Picking Centers : 41,400 tsubo, **up 30%**



*Evolving into a recycled resin manufacturer*

**647 employees with disabilities**

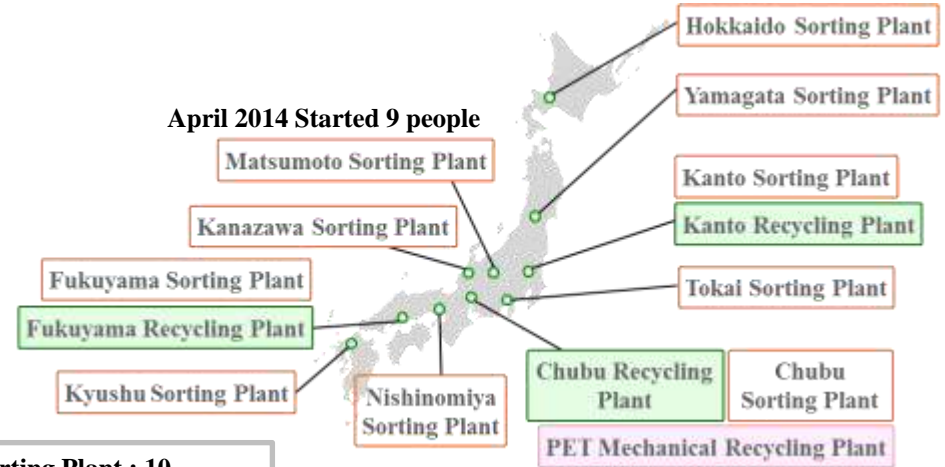
*(current number of employees: 372 +33)*

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

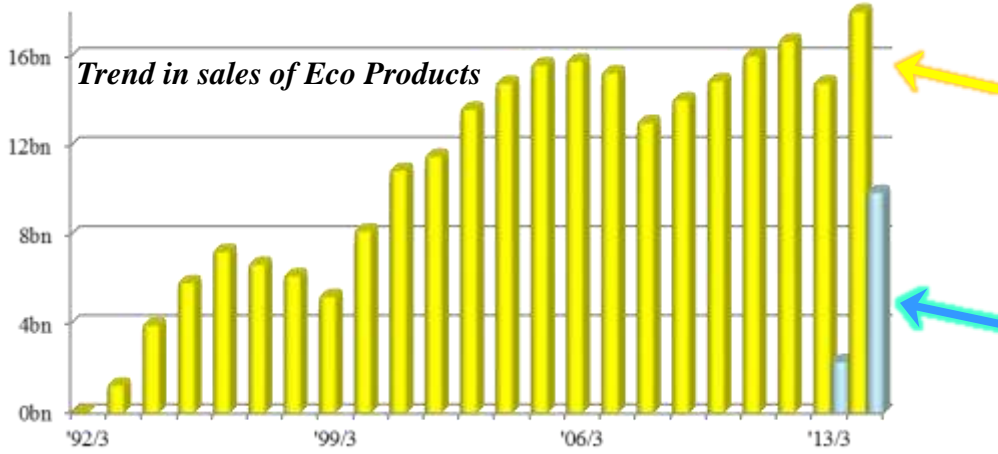
**Employment Rate: 16.0%**

*(As of the end of March 2013)*

*Japan with a focus on the environment*



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



**Eco Trays (PSP)** Released in Mar. 1992  
 FY ended March 2013 : 14.8 billion yen  
 ⇒ FY ended March 2014 : sales of **18.9** billion yen

**Eco APET** Released in May 2012  
 FY ended March 2013 : 2.3 billion yen  
 ⇒ FY ended March 2014 : sales of **9.9** billion yen

**Nishinihon PET-Bottle Recycle Co., Ltd. will become a member of the Group in Jun. 2014.**

# Strategic Investment

## ★ Distribution

- **Kyushu Logistics Facility** Upgrade and Expansion  
Started operation in July 2013
- **Kansai Logistics Facility** Upgrade and Expansion  
Started operation in October 2013
- **Hachioji Logistics Facility** New Construction  
Distribution Center scheduled to start operation in Oct. 2014, Picking Center in Feb. 2015
- **Fukuyama Cross Dock Center**  
Warehouse scheduled to start operation in Jul. 2014, Sorter in Nov. 2014



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



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



Five stories above ground  
Total floor area: 23,700 tsubo  
Investment: 13.8 billion yen

## ★ Production

- **Kanto Plant No.1 Renovation** Started operation in June 2013
- **Production Equipment**

Operation of **OPET Extruder No. 2** and augmentation of **OPET Molding Line**  
(biaxially stretched PET sheet extrusion)

**MFP/MSD Production Line** augmented

**Transparent PP Production Line** augmented

**PET Production Line** augmented

Development and Training Building



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

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

## ★ Development

- **Development and Training Building** Construction

Capital investment for fiscal year ended March 2014

**20.3 billion yen**

(including land acquisition cost of 4.1 billion yen)

Capital investment planned for fiscal year ending March 2015

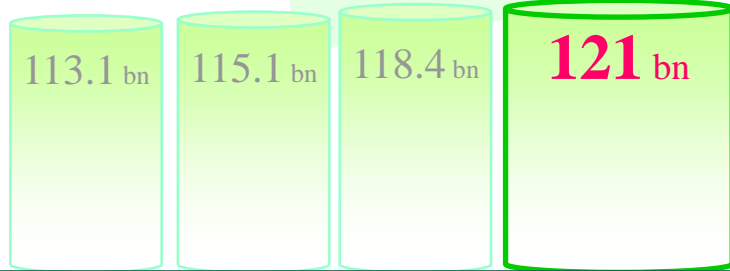
**26.0 billion yen**

(including land acquisition cost of 0.5 billion yen)

# Medium-Term Goals

## Expanding our share in a ¥500 billion market

Product sales



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

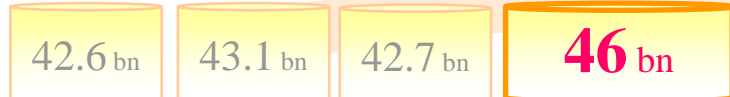
◇ Global market

Ordinary profit Margin 12%



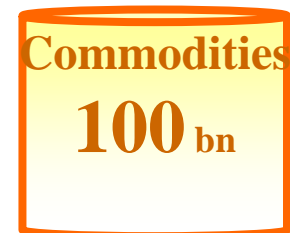
## Taking on a ¥2 trillion market

Commodity sales



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

Ordinary profit Margin 6%



Sales 155.7 bn 158.2 bn 161.1 bn **167 bn**

Ordinary income 14.95 bn 15.12 bn 10.05 bn **11.1 bn**

50<sup>th</sup> 51<sup>st</sup> 52<sup>nd</sup> **53<sup>rd</sup> Plan**

Capital investment 12.4 bn 15.1 bn 20.3 bn **26 bn**

Depreciation 9.73 bn 9.75 bn 9.7 bn **11.2 bn**

Ordinary Income before Depreciation 24.63 bn 24.87 bn 19.75 bn **22.3 bn**

☆ Strategic upfront investment

**300 bn**

**30 bn**

Medium-Term Goals

Target medium-term management indicator

Net income per share: ¥225

# *Towards Increasing the Scale of Operations*

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**President & COO**

**Morimasa Sato**

# Market Circumstances

**Intensifying competition due to excessive stores**

**Expansion of national chains into regional areas**

**Active launch of convenience stores**

**Expansion of private brands**

**Entries from other sectors, such as drugstores and DIY stores**

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

*Single-person households are increasing.*

*Elderly households are increasing.*

**The gap between strong and weak provincial supermarkets widens.**

*The number of household members is constantly decreasing.*

**Cutbacks in provincial supermarkets**

**Request for further rationalization**

**A shift from in-store packaging to packaging outside stores**

**Long life items**

**Ailing provincial wholesalers**

**Logistical rationalization**

**Reduction of stock of C-ranked items**

**New technology**

**Product procurement capacity**

**New product development**



# PPSA Series

Microwaveable and so suitable for a broader range of products

多用途に使用される、SAシリーズ。その食材の中で、温かい商品を持ち帰ったり、電子レンジで美味しく食べられる商品はPPSAシリーズがおすすめです。  
(電子レンジ110℃以下OK)

米飯系  
(赤飯、おこわ 等)

定番商品

トレンド商品

チーズ、ソースをトッピングした、購買意欲を高める商品にお勧めです。

肉惣菜系  
(ステーキ、唐揚げ、手羽先、とんかつ 等)

焼・揚げ物系

(天ぷら、エビフライ、コロケ、餃子、焼売、焼き魚 等)

スナック系

(焼きそば、お好み焼き、たこ焼き 等)

# PPSA Series

in 64 sizes

スチーム系

(野菜セット、カキ 等)



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

## Issues with fresh food products

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



◆ SEASONAL

◆ LOCALLY PRODUCED  
AND LOCALLY CONSUMED

◆ NO ADDITIVES

◆ ORGANIC

Creation of ready-to-eat fresh products

for single-serving portions

that take full advantage of the taste of the ingredients

## Introducing *Microwavable Deli*

# PPSA Series: Actual Examples

**For the great taste  
of live shellfish**



**Clams**



**For freshly made  
ingredients**



**Pork shabu-shabu**



**For an even  
better taste**



**Mitarashi dango**



**Melty soft**

# Switchover to Transparent Container Materials

## **OPS** :biaxially stretched polystyrene

- ☆ Transparency
- ☆ Heat resistance: +80°C
- ★ Less oil resistance
- ★ Limitations on weight reduction

PS price FY13/3 AV FY15/3 AV  
¥187/kg → ¥231/kg (24%UP)

OPS price FY13/3 AV FY15/3 AV  
¥247/kg → ¥291/kg (18%UP)

**Creation of  
new market**

## **OPET** :biaxially stretched polyethylene terephthalate

- ☆ Excellent transparency
- ☆ Excellent oil resistance
- ☆ Heat resistance comparable with that of OPS: +80°C
- ☆ Potential for weight reduction through stretching
- ★ Difficult to mold

- > Shift to system with two OPET Extruders
- > Augmentation and operation of molding line in Fukuyama

APT Price FY13/3 AV FY15/3 AV  
¥140/kg → ¥145/kg (4%UP)

## **New transparent PP** :polypropylene

- ☆ Heat resistance: +110°C
- ☆ Excellent oil resistance
- ☆ Transparency comparable with that of OPS

- > Increased production volume through renovation of molding line
- > Augmentation of molding line

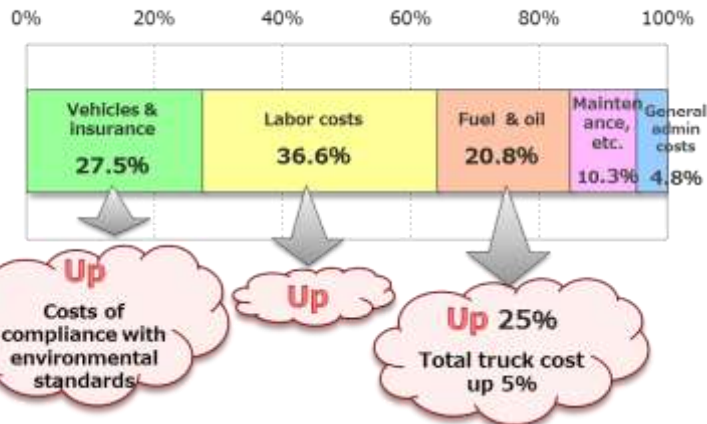
PP price FY13/3 AV FY15/3 AV  
¥185/kg → ¥214/kg (16%UP)

\*Cost price is average market price.



## Higher Costs putting pressure on the Logistics industry

### ◆ Components of truck costs

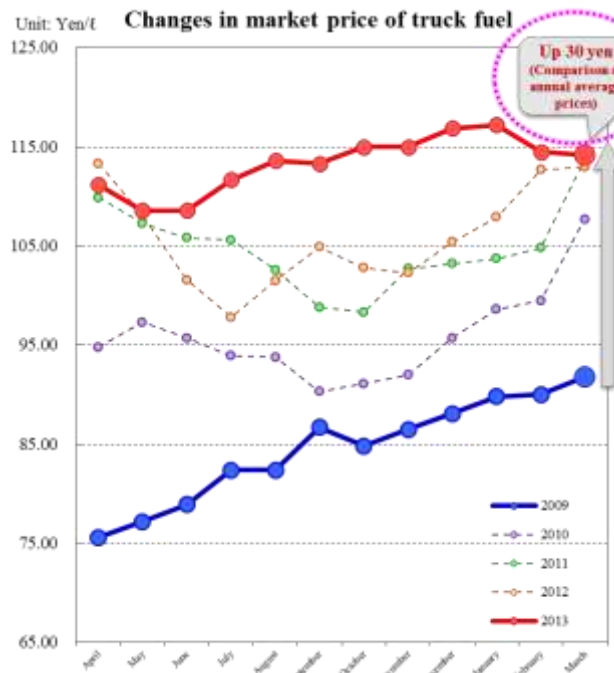


\* According to our survey

### ◆ Changes in charter costs

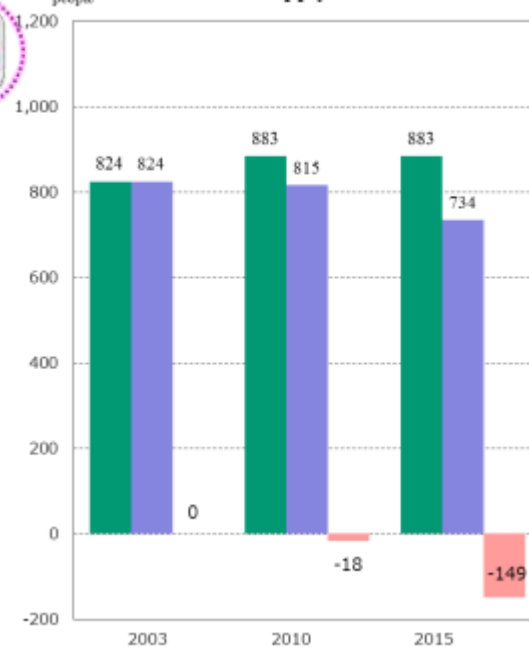


\*Logistics Business April 2014 Issue



\* According to the Japan Trucking Association, and our survey

### Driver supply-demand forecast



\*According to Report of Study of Measures to Secure High Quality Labor (Truck Drivers) to Improve the Safety of Transportation published by MLIT in September 2008

### Non-consolidated SG&A expenses include:

- Transportation costs of **14.1** billion yen
- Labor costs of **4.7** billion yen

# Distribution Network Improvements – 2

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

2012 → 2014  
**Distribution Centers : 124,200 tsubo → 151,500 tsubo +22%**

**Picking Centers : 31,800 tsubo → 41,400 tsubo +30%**

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



**Fukuyama Cross Dock Center:**  
 Warehouse scheduled to start operation in Jul. 2014, Sorter in Nov. 2014



**Fukuyama Distribution Center**  
 35,200 tsubo  
 → 44,200 tsubo

**Fukuyama PC**  
**Hiroshima PC**  
 7,500 tsubo

**Hokkaido**  
 Distribution Center  
 4,600 tsubo

**Hokkaido PC**  
 700 tsubo

**Tohoku PC**  
 500 tsubo → 1,500 tsubo

**Tohoku Distribution Center**  
 12,500 tsubo

**Hachioji Distribution Center**  
 16,500 tsubo

**Hachioji Picking Center**  
 5,500 tsubo

**Kanto Hub Center**  
 45,000 tsubo → 40,000 tsubo

**Kanto PC**  
**Nishikanto PC**  
**Tokyo PC**  
**Niigata PC**  
 14,000 tsubo → 11,500 tsubo

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



**Kyushu Distribution Center**  
 10,400 tsubo  
 → 12,200 tsubo

**Kyushu PC**  
 1,800 tsubo  
 → 2,800 tsubo

**Kansai Distribution Center**  
 1,500 tsubo  
 → 6,500 tsubo

**Kansai PC**  
 3,900 tsubo  
 → 8,500 tsubo



**Chubu Distribution Center**  
 15,000 tsubo

**Chubu PC**  
 3,500 tsubo

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

• Distribution Centers: 8  
 • Picking Centers: 13



# *Distribution Network Improvements – 3*

Started operations in May 2011

**2nd Chubu Distribution C / PC**



Started operations in July 2013

**2nd Kyushu Distribution C / PC**



Started operations in October 2013

**1st Kansai Distribution C / PC**



**Fukuyama Cross Dock Center**



Warehouse: Jul. 2014, Sorter: Nov. 2014

**Hachioji Distribution C / PC**



Distribution Center: Oct. 2014, Picking Center: Feb. 2015

# Fukuyama Cross Dock Center

Warehouse: Jul. 2014, Sorter: Nov. 2014

## Fukuyama Cross Dock Center



Under construction

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

Conveyor connection

Conveyor connection

Conveyor connection

Conveyor connection

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



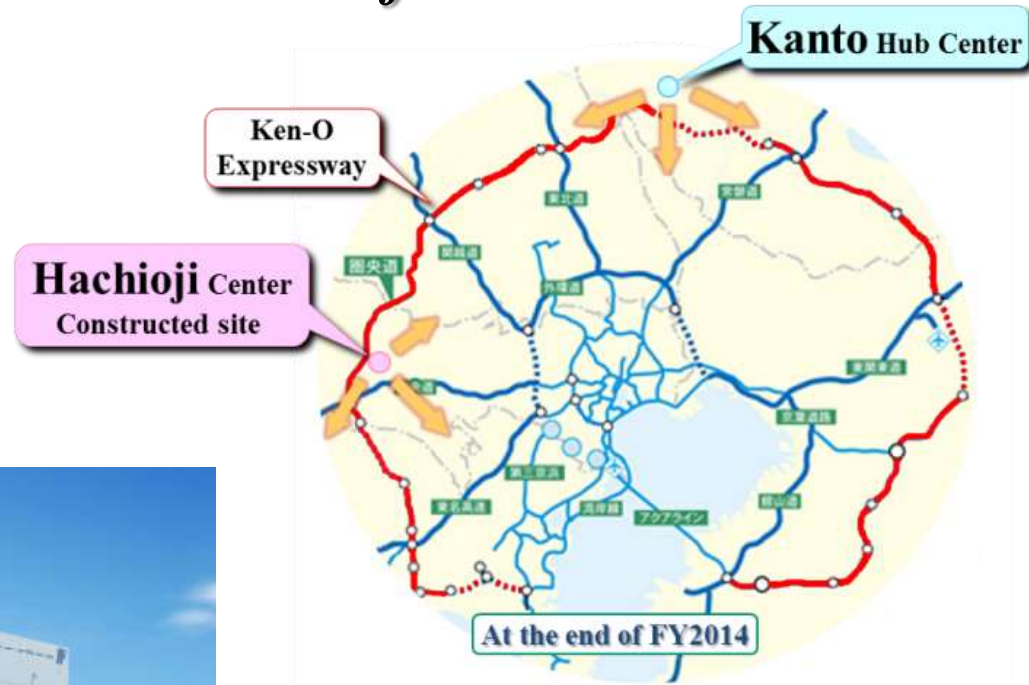
# Hachioji Center

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

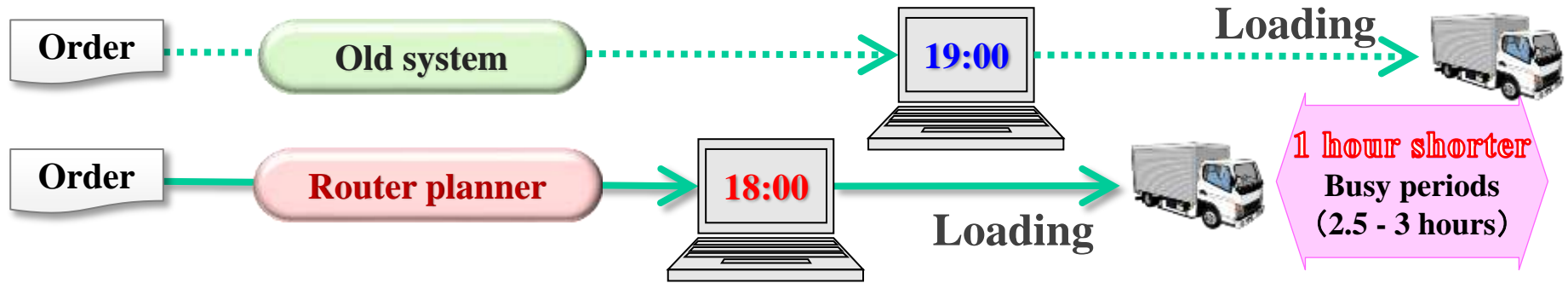


- Coverage of entire Kanto region from East to West
- **Reduced total costs**
- Risk diversification

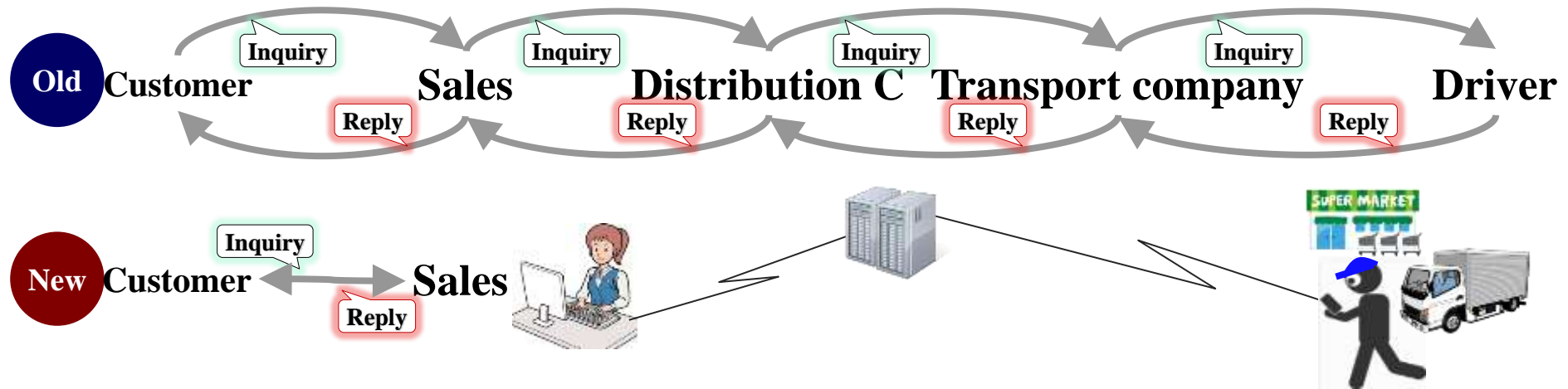
Five stories above ground  
Total floor area: 23,700 tsubo  
Investment: 13.8 billion yen



## 《1》 Vehicle allocation system (Router planner)



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



## 《3》 Examination of optimization product packaging size



*Reduce total costs*

# Roadmap for Logistics Network Development



**Expansion of infrastructure** (improvement of shipment capability)

**Kyushu**

**Kansai**

**Fukuyama**

**Hachioji**

Improvement of processing capability

**Construction of system with greater speed and accuracy**  
(improvement of processing capability)

**Router planner**

**S&S system**

*Soft & Schedule System*

**RD Check System**

*Real Delivery Check System*

**Voice pick**

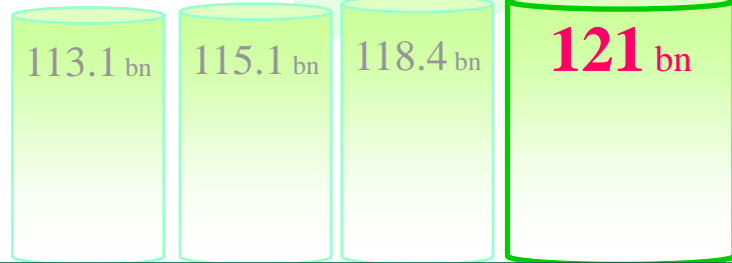
Improvement of productivity

**Packaging size optimization**

# Medium-Term Goals

## Expanding our share in a ¥500 billion market

Product sales



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

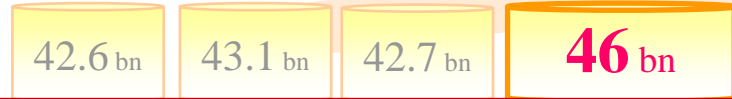
◇ Global market

Ordinary profit Margin 12%



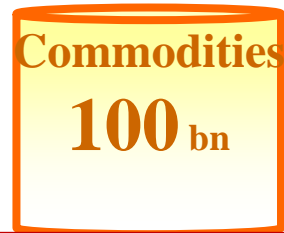
## Taking on a ¥2 trillion market

Commodity sales



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

Ordinary profit Margin 6%



Sales 155.7 bn 158.2 bn 161.1 bn **167 bn**

Ordinary income 14.95 bn 15.12 bn 10.05 bn **11.1 bn**

50<sup>th</sup> 51<sup>st</sup> 52<sup>nd</sup> 53<sup>rd</sup> Plan

Capital investment 12.4 bn 15.1 bn 20.3 bn **26 bn**

Depreciation 9.73 bn 9.75 bn 9.7 bn **11.2 bn**

Ordinary Income before Depreciation 24.63 bn 24.87 bn 19.75 bn **22.3 bn**

☆ Strategic upfront investment

300 bn

30 bn

Medium-Term Goals

Target medium-term management indicator

Net income per share: ¥225

# *Supporting Data*

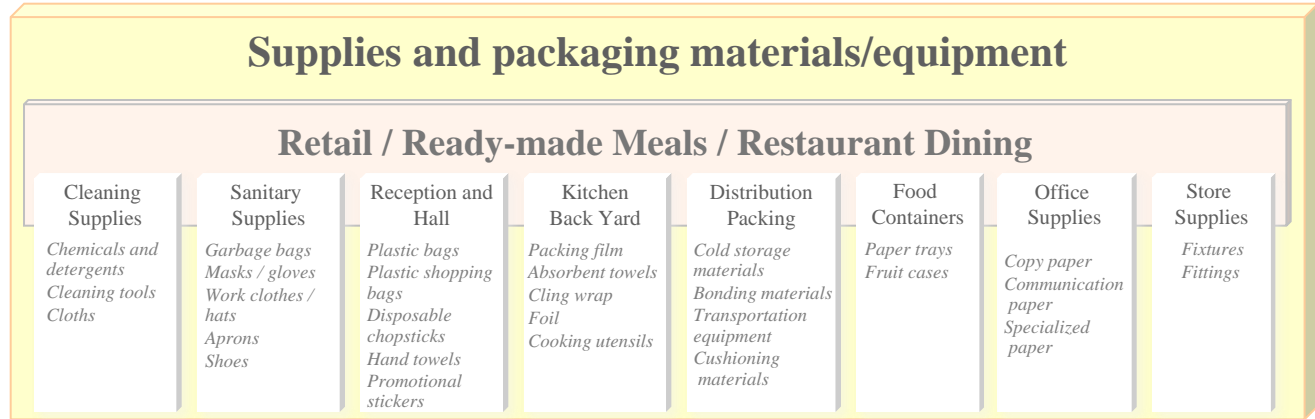
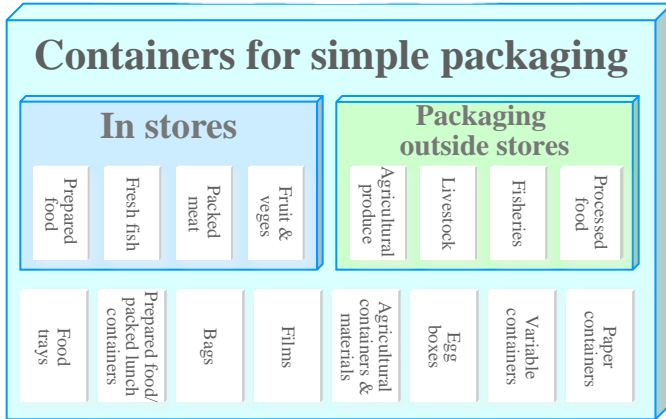
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# Actions for Expanding the Scale of the Company

**Products** Market size: ¥500 billion

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



*Bolstering our competitive edge in specialty areas*

*Gaining ground in new fields*

*Wholesalers support*

*Alliances and M&A*

*World-first materials and capabilities*

**FP Logistics and I-logic**

## FPCO Group Capacity

Product/material development capabilities

Solution capabilities

Procurement capabilities

Distribution capabilities

SCM

Environmental management

Social responsibility

Infrastructure

**FP Trading Co., Ltd.**

Manufacturer of packaging materials and consumables

## PP: polypropylene

- ★ Heat-resistant: +110°C
- ★ High oil resistance
- ★ Foam is hard and resistant to weight reduction.
- ★ Low firmness
- ★ Low cold resistance
- ★ Difficult to make transparent



## 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

PP

PSP (foamed)

PET (transparent)

OPS (transparent)

HIPS

MSD: Multisolid

Non-foaming polystyrene

OPS: oriented polystyrene

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

## 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

Status of Sales for Heat-resistant Containers Units

PP products

MFP + MSD

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

# Information on the Facility Tour

Contact Kodama at the Corporate Planning Department  
(03-5325-7756) at a convenient time for you.

## Tour of facilities in Chubu

*A tour takes around three hours.*

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

### ★ **Sorting center**

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

### ★ **Recycling plant**

- PS container recycling
- PET container and bottle recycling

### ★ **Distribution Center and Picking Center**

### ★ **Production Plant**

- Production of PSP (foamed PS) products



PET Mechanical  
Recycling Plant

### PET Recycling



### Container Sorting PS Recycling



### Chubu Picking Center Chubu Distribution Center II



## Tour of facilities in Kanto

*A tour takes around three hours.*

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

### ★ **Sorting center**

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

### ★ **Recycling plant**

- PS container recycling

### ★ **Distribution Center and Picking Center**

### ★ **Kanto Yachiyo Plant**

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



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

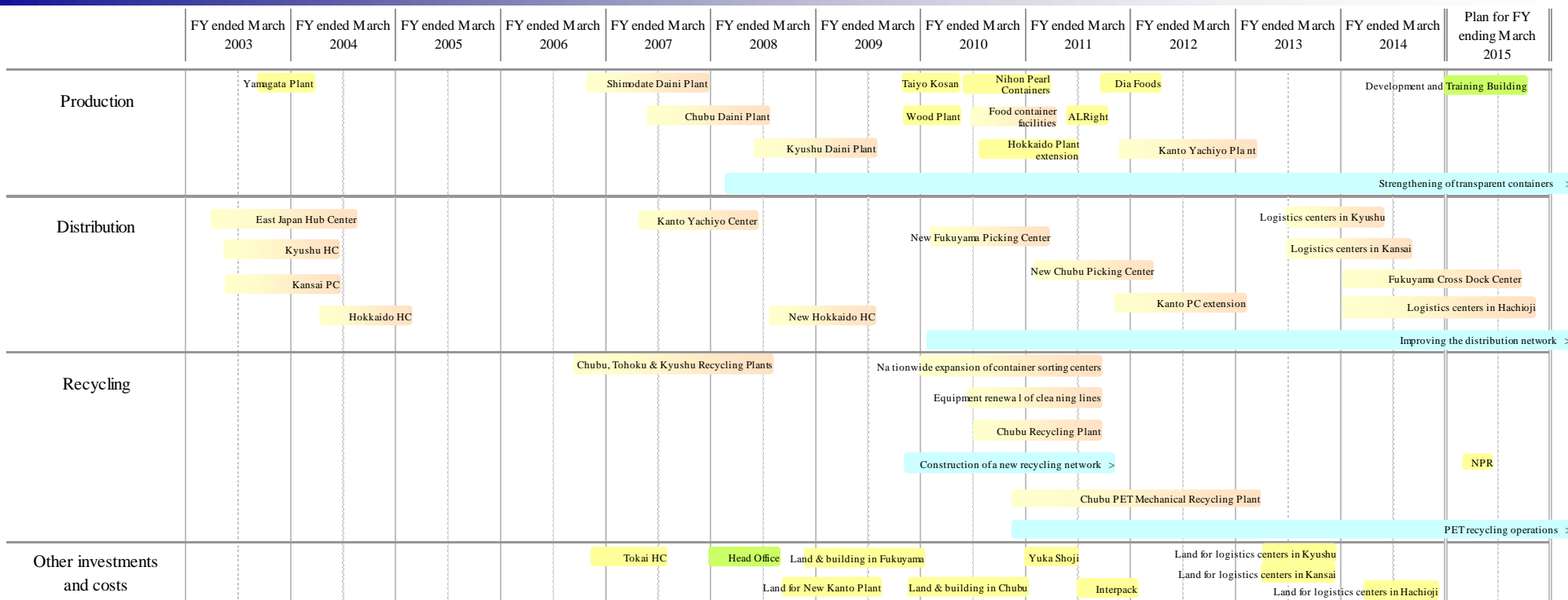


# Ongoing Factors Influencing Ordinary Income

Unit:100 million yen

	41st term	42nd term	43rd term	44th term	45th term	46th term	47th term (FY ended March 2009)			48th term (FY ended March 2010)			49th term (FY ended March 2011)			50th term (FY ended March 2012)			51st term (FY ended March 2013)			52nd term (FY ended March 2014)			53rd term Plan (FY ending March 2015)							
							1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year					
Ordinary Income for previous year	63.1	28.6	33.6	36.3	66.5	81.2	32.0	32.5	64.5	39.2	53.7	92.9	60.1	62.1	122.2	68.3	66.4	134.7	69.2	80.3	149.5	75.3	75.9	151.2	51.1	49.4	100.5					
Impact of increase in raw material prices	-6.0	-13.8	-36.5	-10.0	-13.0	-39.5	-14.0	-23.0	-37.0	-25.0		-25.0																				
							Decrease in raw material prices			+44.0	+34.0	+78.0	Raw material price increase			-6.0	-13.0	-19.0	-11.0	-12.0	-23.0	-19.0	-18.0	-37.0	-3.0	-12.5	-15.5	-18.0	-28.0	-46.0	-7.0	-3.0
Increase in product prices	-25.0	+7.7	+29.2		+4.0	+9.0	+14.0	+24.0	+38.0	+25.0		+25.0			+10.0	+22.0	+32.0	+6.5	-	+6.5												
							1st product price reduction			-24.0	-20.0	-44.0	2nd product price reduction			-10.0	-9.0	-19.0				Product price correction			+2.0	+13.0	+15.0	+12.0	+4.0	+16.0		
																					Price war on general-purpose products			-3.0	-10.0	-13.0	-6.0	-	-6.0			
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									New material effects			+2.0	+6.0	+8.0	+5.0	+8.0	+13.0			
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	+2.0	+4.0	+6.0					
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	+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	-	+1.0	+1.0	+2.0	+3.0					
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	+0.5	+1.5	+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	-7.5	-10.0	-18.5					
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	+1.0	+9.5	+9.5					
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	52	59	111					

# Trends in Capital Investment and R&D Costs



Unit : million yen

Capital investment	7,096	5,037	2,742	2,394	9,885	10,909	13,007	9,090	12,585	12,423	15,087	20,257	26,000
Tangible	6,138	4,248	2,621	2,156	9,523	10,655	12,166	8,827	12,352	12,093	14,783	19,750	25,800
Intangible	958	789	120	238	362	254	841	263	233	329	303	506	200
Figures for molds only	780	460	436	550	771	609	1,892	1,507	1,833	1,946	1,425	2,151	2,360
Depreciation and amortization	3,339	4,210	4,134	3,965	4,194	4,742	8,467	8,461	9,316	9,728	9,746	9,703	11,235
Research and development	654	628	689	751	895	913	965	1,035	1,101	1,051	1,062	1,148	1,270

