

# Investor Meeting

Consolidated Performance  
Results for the First Half of FY2014

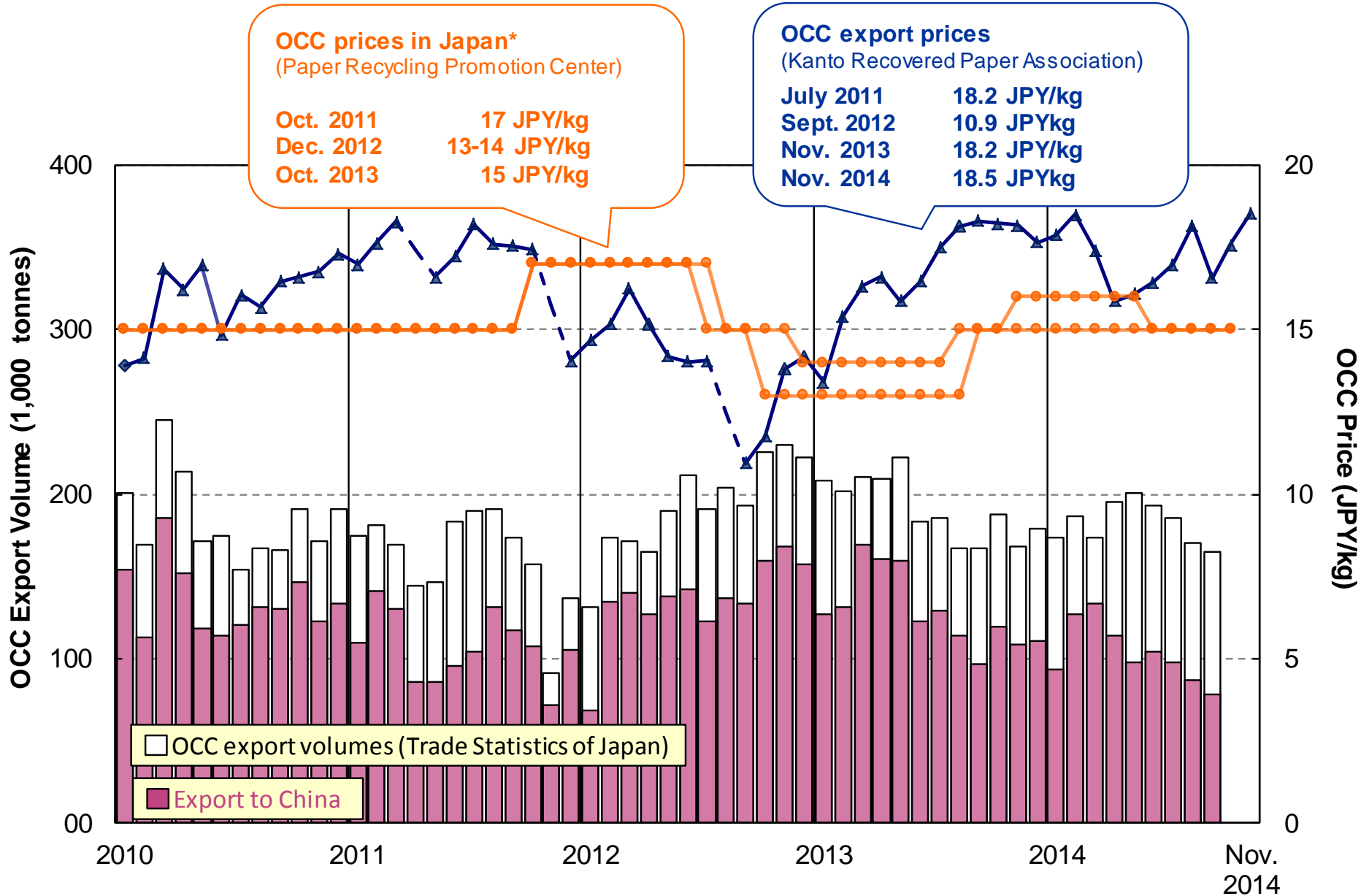
**Rengo Co., Ltd.**

**November 18, 2014**

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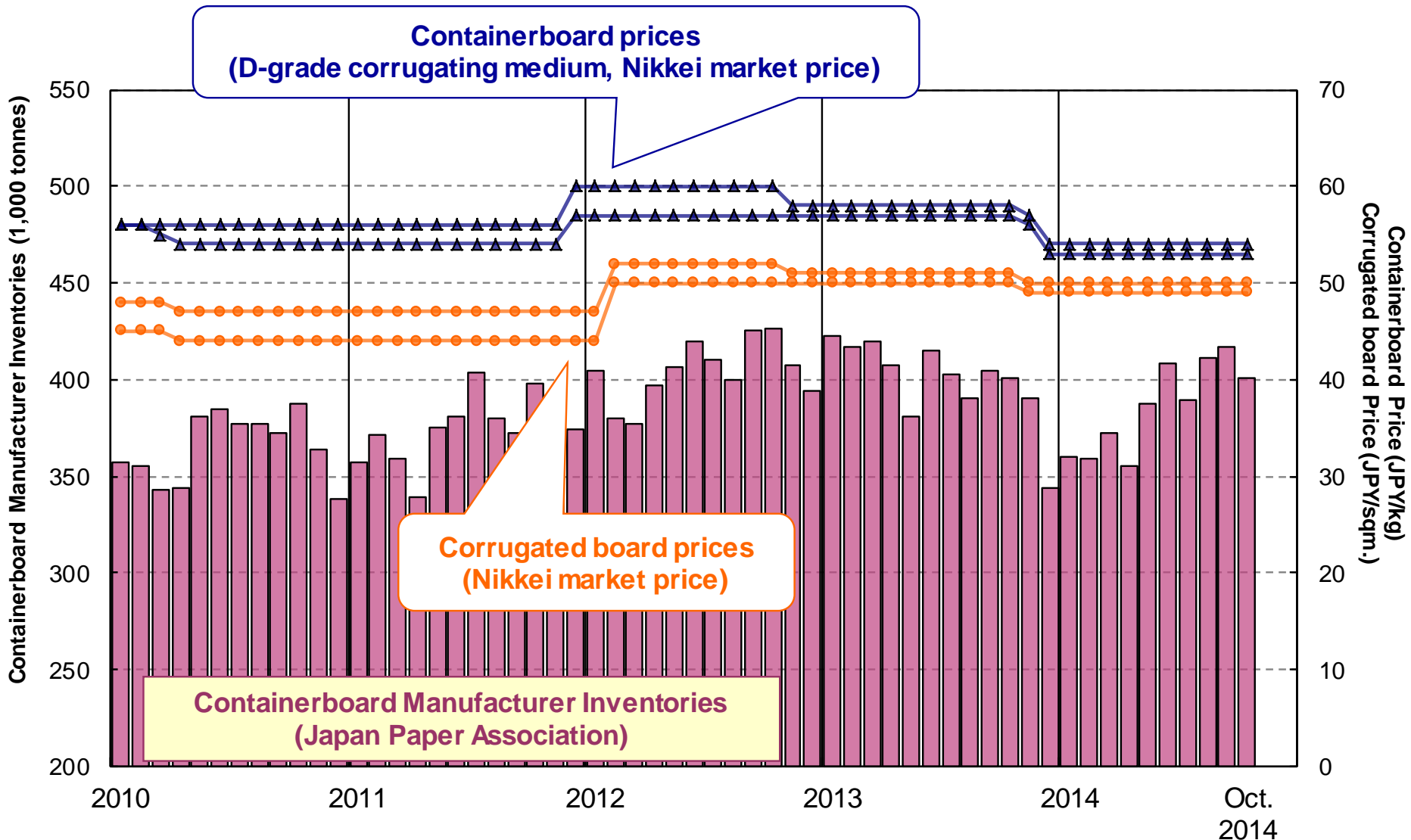
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# 1. Status of Old Corrugated Containers (OCC)



\* As for OCC prices in Japan, transportation costs to the paper mill (approx. 1 yen/kg) are included.

## 2. Status of Corrugated Packaging and Containerboard



### 3. Consolidated Statements of Income (YOY)

(Billion yen)

	Results for the first half of FY2013	Results for the first half of FY2014	YOY	Difference
Net sales	257.3	261.0	101.5%	3.7
Operating income	9.8	3.2	33.0%	-6.6
Ordinary income	10.8	3.4	31.7%	-7.4
Extraordinary gain and loss	0.4	0.5	141.5%	0.1
Net income	7.3	2.0	27.3%	-5.3

#### Main factors underlying extraordinary gain and loss

(Billion yen)

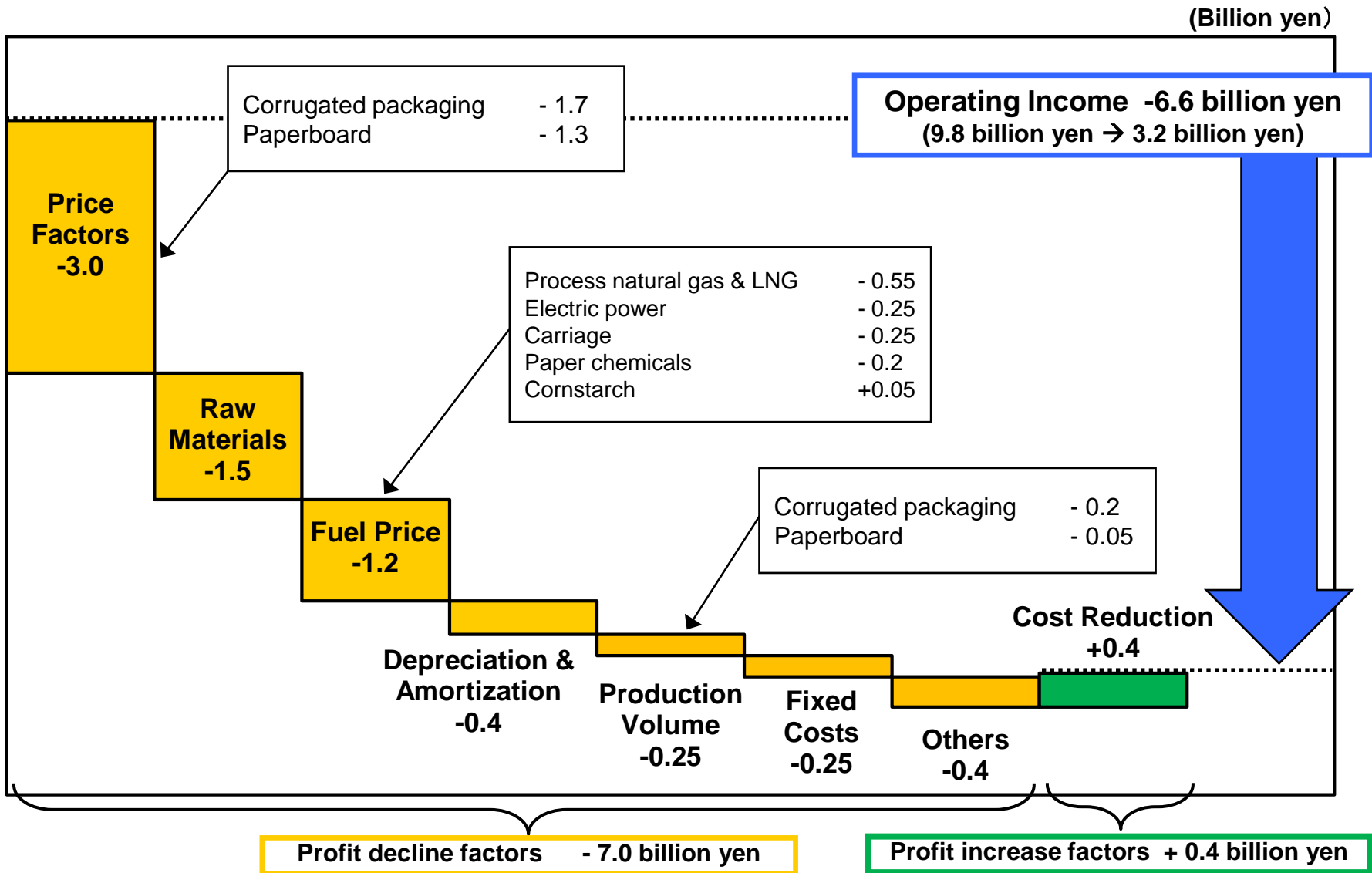
##### The first half of FY2013

Compensation income	+0.7
Loss on sales/retirement of fixed assets	-0.3

##### The first half of FY2014

Gain on sales of fixed assets	+1.2
Gain on sales of investment securities	+0.5
Plant renewal expenses	-0.5
Loss on sales/retirement of fixed assets	-0.3
Loss on plant closing	-0.3

## 4. Factors Contributing to Change in Consolidated Operating Income (YOY)



## 5. Detailed Consolidated Performance (Results for the first half of FY2014)

		No. of Companies subject to consolidated accounting *1		Net sales (billion yen)			Ordinary income (million yen)			Production volume of containerboard (thousand tonnes)			Production volume of corrugated board (million sqm.)		
		1Q-2Q FY2013	1Q-2Q FY2014	1Q-2Q FY2013	1Q-2Q FY2014	YOY	1Q-2Q FY2013	1Q-2Q FY2014	YOY	1Q-2Q FY2013	1Q-2Q FY2014	YOY	1Q-2Q FY2013	1Q-2Q FY2014	YOY
1	Rengo (unconsolidated)	1	1	143.5	140.2	97.7	5,216	593	11.4	840	808	96.2	1,081	1,055	97.6
2	Paper manufacturing subsidiaries in Japan	2	2	11.0	11.4	103.7	61	181	296.7	130	139	106.9			
3	Corrugated packaging subsidiaries in Japan	31	31	79.3	78.0	98.3	4,296	1,786	41.6				817	808	98.9
4	Flexible packaging subsidiaries in Japan	1	1	26.1	27.2	104.3	739	561	75.9						
5	Heavy duty packaging subsidiaries in Japan	1	2	14.4	22.0	152.8	661	965	146.0						
6	Other subsidiaries	5	5	57.6	59.2	102.8	949	679	71.5						
Consolidated totals for Japan		41	42	331.9	338.0	101.8	11,922	4,765	40.0	970	947	97.6	1,898	1,862	98.1
7	Overseas paper manufacturing subsidiaries	2	0	2.8	-	-	-192	-	-	70	-	-			
8	Overseas corrugated packaging subsidiaries	8	9	6.7	7.7	114.3	74	-442	-				102	120	117.6
9	Overseas flexible packaging subsidiaries	1	1	3.1	3.2	101.2	322	278	86.3						
10	Overseas heavy duty packaging subsidiaries	1	3	1.2	3.0	253.5	-33	-80	-						
Consolidated totals for overseas		12	13	13.8	13.9	100.6	171	-244	-	70	-	-	102	120	117.6
11	Companies subject to the equity method	6	8				522	135	25.9						
Intersegment elimination				-88.4	-90.9	-	-1,779	-1,222	-						
Total		59	63	257.3	261.0	101.5	10,836	3,434	31.7						

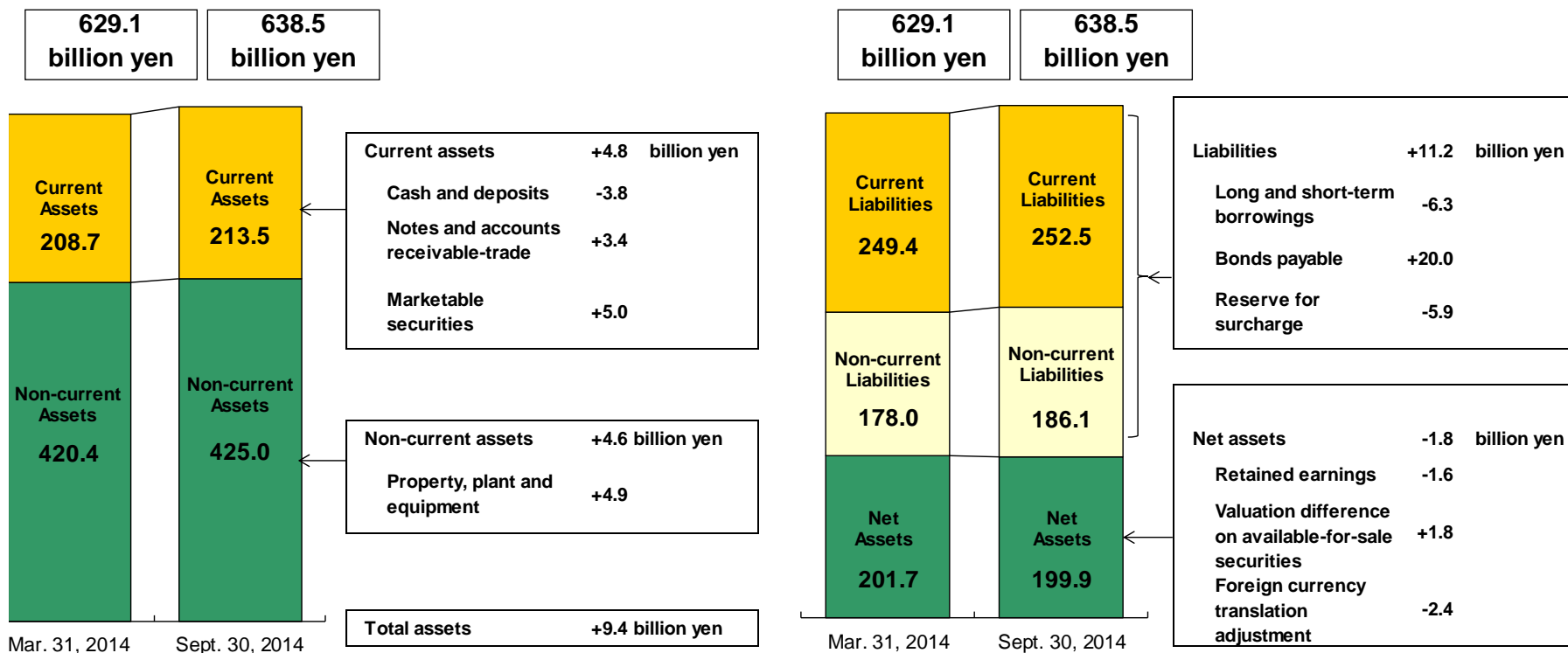
\*1. Changes in subsidiaries compared to the prior year are as follows.

- Morishita Co., Ltd., Rengo Packaging Malaysia Sdn. Bhd., P.T. Marsol Abadi Indonesia and Thai Marsol Co., Ltd. became consolidated subsidiaries.
- Zhongshan Rengo Hung Hing Paper Manufacturing Co., Ltd. and Zhongshan Ren Hing Paper Manufacturing Co., Ltd. have been excluded from consolidation and accounted for under the equity method since the third quarter of FY2013.

## 6. Consolidated Balance Sheets

### Consolidated Assets

### Consolidated Liabilities and Net Assets



March 31, 2014

September 30, 2014

Change in interest-bearing debt  
(including discounted bills)

264.3 billion yen

277.3 billion yen

+13 billion yen

D/E Ratio

x 1.3

x 1.4

+0.1 points



## 7. Consolidated Statements of Cash Flows

(Billion yen)

	1Q-2Q FY2013	1Q-2Q FY2014
Net cash provided by (used in) operating activities	22.1	5.9
Net cash provided by (used in) investing activities	-25.5	-15.9
Net cash provided by (used in) financing activities	3.3	10.8
Exchange rate changes	1.3	-0.2
Change in cash and cash equivalents	1.3	0.7
Balance of cash and cash equivalents at beginning of year	21.9	22.1
Increase/decrease in cash and cash equivalents resulting from change of scope of consolidation	0.2	0.4
Balance of cash and cash equivalents at end of year	23.3	23.2
Interest coverage ratio (times)	19.7	5.8

## 8. Projections of Consolidated Statements of Income for the FY 2014 (YOY)

(Billion yen)

	Results for FY2013	Projections for FY2014	YOY	Difference	Previous projections for FY2014 (as of May 2014)
Net sales	523.1	530.0	101.3%	6.9	535.0
Operating income	14.2	10.0	70.3%	-4.2	18.0
Ordinary income	15.4	10.0	65.1%	-5.4	18.0
Net income	3.7	10.0	270.1%	6.3	10.0

### NOTICE

Although the earnings forecast was prepared using data and information to the best of our knowledge at the present time, we cannot guarantee the accuracy of the projections in the future.

## 9. Major Financial Indicators

(Million yen)

	Results for FY2013	Results for the first half of FY2014	Projections for FY2014
<b>Net sales</b>	<b>523,141</b>	<b>261,022</b>	<b>530,000</b>
<b>Operating Income</b>	<b>14,221</b>	<b>3,226</b>	<b>10,000</b>
<b>Ordinary Income</b>	<b>15,354</b>	<b>3,434</b>	<b>10,000</b>
<b>Net income</b>	<b>3,702</b>	<b>2,001</b>	<b>10,000</b>
<b>Total assets</b>	<b>629,054</b>	<b>638,477</b>	<b>640,000</b>
<b>Total shareholder's equity <sup>1</sup></b>	<b>196,359</b>	<b>194,262</b>	<b>200,000</b>
<b>Net assets</b>	<b>201,658</b>	<b>199,915</b>	<b>205,000</b>
<b>Interest-bearing debt</b>	<b>264,329</b>	<b>277,295</b>	<b>270,000</b>
<b>Capital expenditures</b>	<b>52,849</b>	<b>17,986</b>	<b>41,000</b>
<b>Depreciation and amortization</b>	<b>28,581</b>	<b>13,879</b>	<b>30,000</b>
<b>Return on equity (ROE) <sup>2</sup></b>	<b>2.0%</b>	<b>-</b>	<b>5.0%</b>
<b>Capital adequacy Ratio <sup>3</sup></b>	<b>31.2%</b>	<b>30.4%</b>	<b>31.3%</b>
<b>EBITDA <sup>4</sup></b>	<b>42,802</b>	<b>-</b>	<b>40,000</b>
<b>D/E Ratio <sup>5</sup></b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>
<b>Ratio of net sales to interest-bearing debt <sup>6</sup></b>	<b>50.5%</b>	<b>-</b>	<b>50.9%</b>
<b>Recurring profit margin</b>	<b>2.9%</b>	<b>1.3%</b>	<b>1.9%</b>

1. Total shareholders' equity = Net assets – Minority interests

2. Return on equity (ROE) = Net income/average equity capital during the fiscal year × 100 (%)

3. Capital adequacy ratio = Total shareholder's equity at end of year/total assets at end of year × 100 (%)

4. EBITDA = Operating income + Depreciation and amortization expenses

5. D/E ratio = Interest-bearing debt/Total shareholder's equity (times)

6. Ratio of net sales to interest-bearing debt = Interest-bearing debt/Net sales × 100 (%)

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