

FY2016 (Apr. 2016-Mar. 2017)

Earnings Presentation

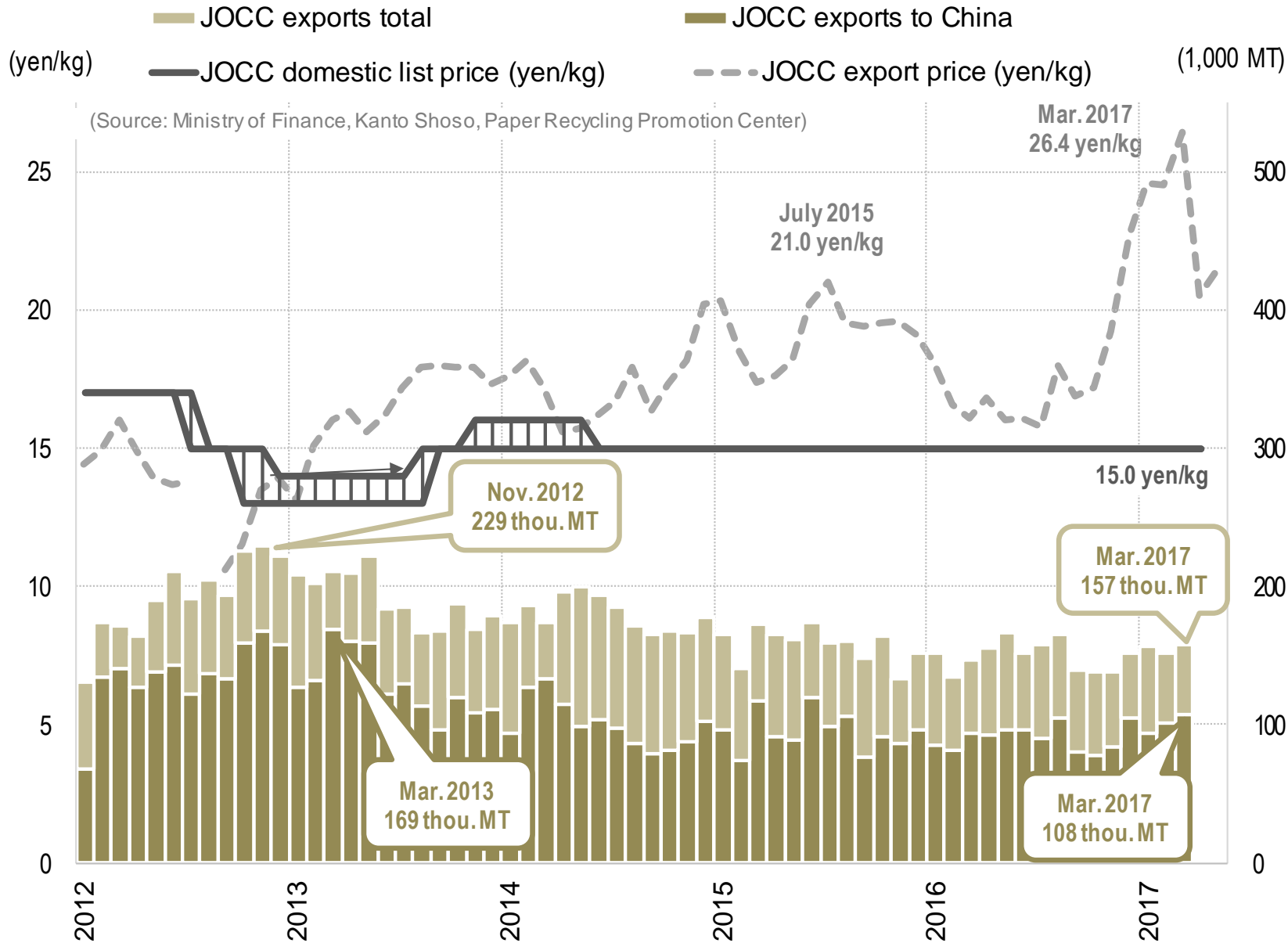
May 25, 2017

Rengo Co., Ltd.

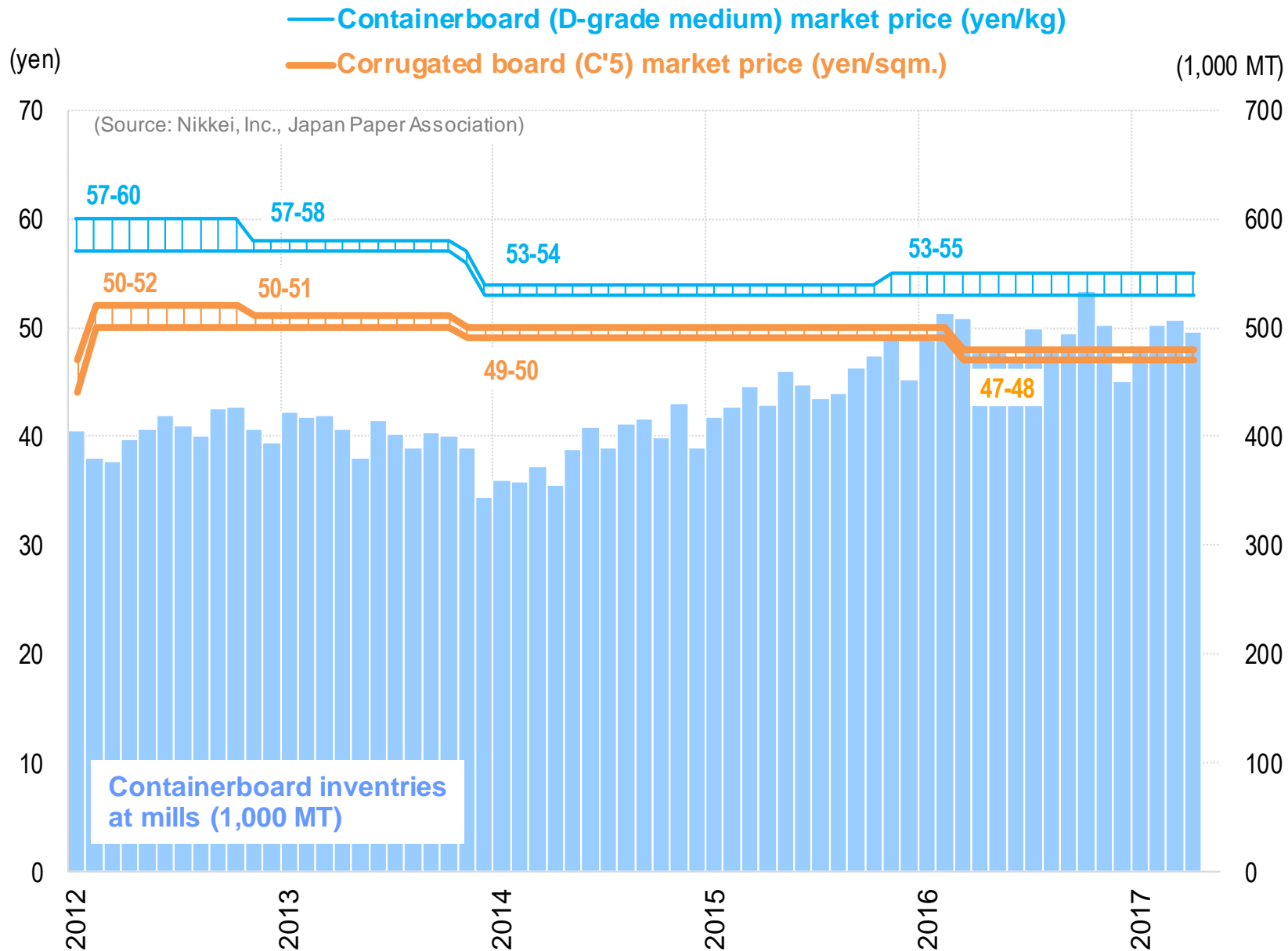
Contents

1	Trends in Old Corrugated Containers (OCC)
2	Trends in Containerboard and Corrugated Board
3	Rengo Group's Measures in FY2016
4	Consolidated Statement of Income (YOY)
5	Breakdown of Changes in Consolidated Operating Income (YOY)
6	Detailed Consolidated Performance (YOY)
7	Consolidated Balance Sheet
8	Consolidated Statement of Cash Flow
9	Consolidated Income Statement Forecast for FY2017 (YOY)
10	Breakdown of Changes in Consolidated Operating Income Forecast (YOY)
11	Major Financial Indicators

1. Trends in Old Corrugated Containers (OCC)



2. Trends in Containerboard and Corrugated Board



3. Rengo Group's Measures in FY2016

M & A	Corrugated Packaging	Rengo made Asahi Shiko Co., Ltd. (HQ: Saitama Prefecture) into a wholly-owned subsidiary (Jan. 2017)	
	Overseas Operations	Rengo completed acquisition of 100% stake in Tri-Wall Holdings Limited (Oct. 2016)	(Fig. 1)
CapEx	Corrugated Packaging	Settsu Carton Co., Ltd. , a corrugated subsidiary, completed construction of Shin-Tokyo Plant in Saitama Prefecture (Aug. 2016)	(Fig. 2)
	Overseas Operations	Prepack Thailand Co., Ltd. , a JV in Thailand, opened a new flexible Packaging factory	
	Overseas Operations	Jiangsu Zhongjin Matai Medicinal Packaging Co., Ltd. , a flexible packaging subsidiary in China, constructed additional plant (May 2016)	(Fig. 3)
	Overseas Operations	Vina Kraft Paper Co., Ltd. , a JV in Vietnam, commenced operation of the second containerboard machine (Oct. 2016)	
	Others	Sanyo Jidosha Unso Co., Ltd. , a transportation subsidiary, opened new Kobe branch in Hyogo Prefecture (Apr. 2016)	
Environmental initiatives	Paperboard	Rengo's Yashio Mill , located in Saitama Prefecture, Recognized as a Top Level Facility Under the Saitama Prefecture Cap and Trade Type Emissions Trading Program (Apr. 2016)	
	Paperboard	All containerboard mills of the Group including subsidiary obtained FSC certification (June 2016)	



1. Tri-Wall Group, the world's leading company of heavy-duty corrugated board



2. Settsu Carton's Shin-Tokyo Plant opened as a renewal of the Tokyo Plant



3. Jiangsu Zhongjin Matai Medicinal Packaging opened a new plant for manufacture of aluminum for PTP (Press Through Package)

4. Consolidated Statement of Income (Year-on-year)

The General Packaging Industry

(billion yen)

	FY2015	FY2016	YoY	Diff.	FY2016 previous forecast*	A/F	Diff.
Net sales	532.5	545.5	102.4%	13.0	558.0	97.8%	-12.5
Operating income	15.7	23.6	150.3%	7.9	24.0	98.5%	-0.4
Ordinary income	16.6	25.2	151.6%	8.6	24.0	105.1%	1.2
Extraordinary gain and loss	-0.4	-1.0	-	-0.6	-0.4	-	-0.6
Profit attributable to owners of the parent	9.8	13.9	141.4%	4.1	14.5	95.7%	-0.6

*Disclosed on May 13, 2016

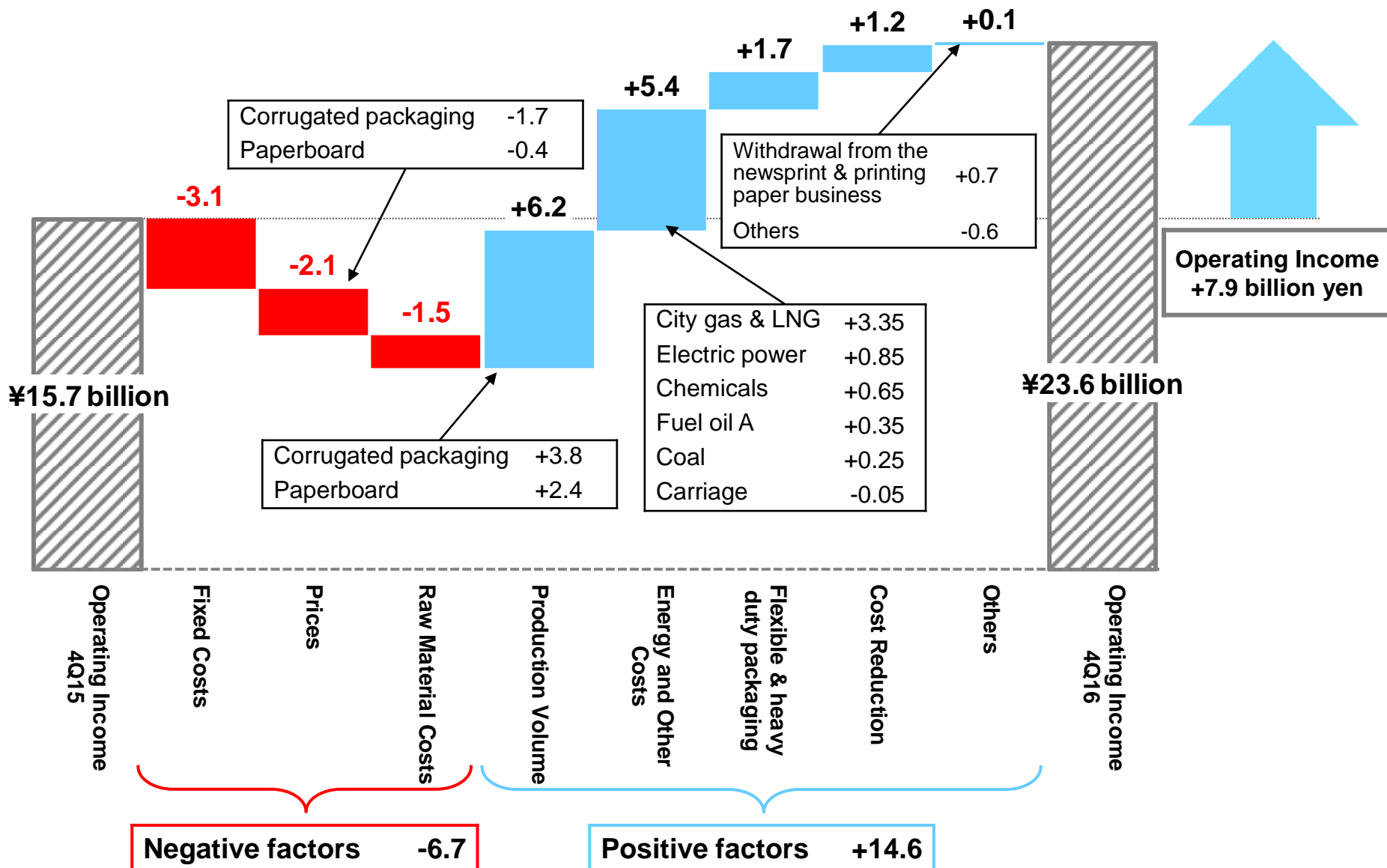
Main factors underlying extraordinary gain and loss

(billion yen)

	FY2015		FY2016
(Extraordinary gain)		(Extraordinary gain)	
Subsidy income	11.8	Gain on sales of investment securities	0.7
Gain on sales of investment securities	1.1	Gain on sales of noncurrent assets	0.3
Insurance income	0.4		
Compensation income	0.3		
(Extraordinary loss)		(Extraordinary loss)	
Loss on reduction of noncurrent assets	11.1	Removal expenses of business offices and plant	0.5
Loss on business withdrawal	1.3	Loss on sales/retirement of noncurrent assets	0.5
Loss on sales/retirement of noncurrent assets	0.9	Amortization of goodwill	0.4
Impairment loss	0.4	Plant renewal expenses	0.3
Loss on valuation of investment securities	0.1	Loss on reduction of noncurrent assets	0.2

5. Breakdown of Changes in Consolidated Operating Income (Year-on-year)

(billion yen)



6. Detailed Consolidated Performance (Year-on-year)

		No. of companies*		Net sales (billion yen)				Ordinary income (million yen)				Containerboard production (1,000 MT)			Corrugated board production (million sqm.)		
		4Q15	4Q16	4Q15	4Q16	YoY %	Diff.	4Q15	4Q16	YoY %	Diff.	4Q15	4Q16	YoY %	4Q15	4Q16	YoY %
1	Rengo (unconsolidated)	1	1	274.2	286.1	104.3	11.9	3,532	9,398	266.1	5,866	1,683	1,807	107.4	1,892	2,005	106.0
2	Paper manufacturing Subs	2	2	24.2	22.9	94.9	-1.3	-2,594	-853	-	1,741	314	360	114.6			
3	Paperboard packaging Subs	29	32	163.2	174.3	106.8	11.1	7,675	7,956	103.7	281				1,772	1,897	107.1
4	Flexible packaging Subs	1	1	54.2	55.5	102.3	1.3	3,764	4,452	118.3	688						
5	Heavy duty packaging Subs	1	1	42.2	40.9	96.8	-1.3	2,368	3,291	139.0	923						
6	Other Subs	5	5	123.9	128.8	103.9	4.9	2,072	2,430	117.3	358						
Domestic total (1 to 6)		39	42	682.0	708.5	103.9	26.5	16,817	26,674	158.6	9,857	1,998	2,167	108.5	3,665	3,902	106.5
7	Paperboard packaging & nonwoven products Subs	9	9	18.5	17.7	96.1	-0.8	-86	-323	-	-237				247	279	113.0
8	Flexible packaging Subs	1	2	7.5	7.8	103.7	0.3	987	1,352	137.0	365						
9	Heavy duty packaging Subs	3	3	6.5	5.9	89.7	-0.6	80	47	58.8	-33						
Overseas total (7 to 9)		13	14	32.5	31.4	96.6	-1.1	981	1,076	109.7	95	-	-	-	247	279	113.0
10	Companies subject to the equity method	9	9					1,319	1,656	125.5	337						
Intersegment elimination				-182.0	-194.4	-	-12.4	-2,484	-4,192	-	-1,708						
Total		61	65	532.5	545.5	102.4	13.0	16,633	25,214	151.6	8,581	1,998	2,167	108.5	3,912	4,181	106.9

* Changes in subsidiaries and affiliates compared to the prior year are as follows.

(Domestic consolidated subsidiaries)

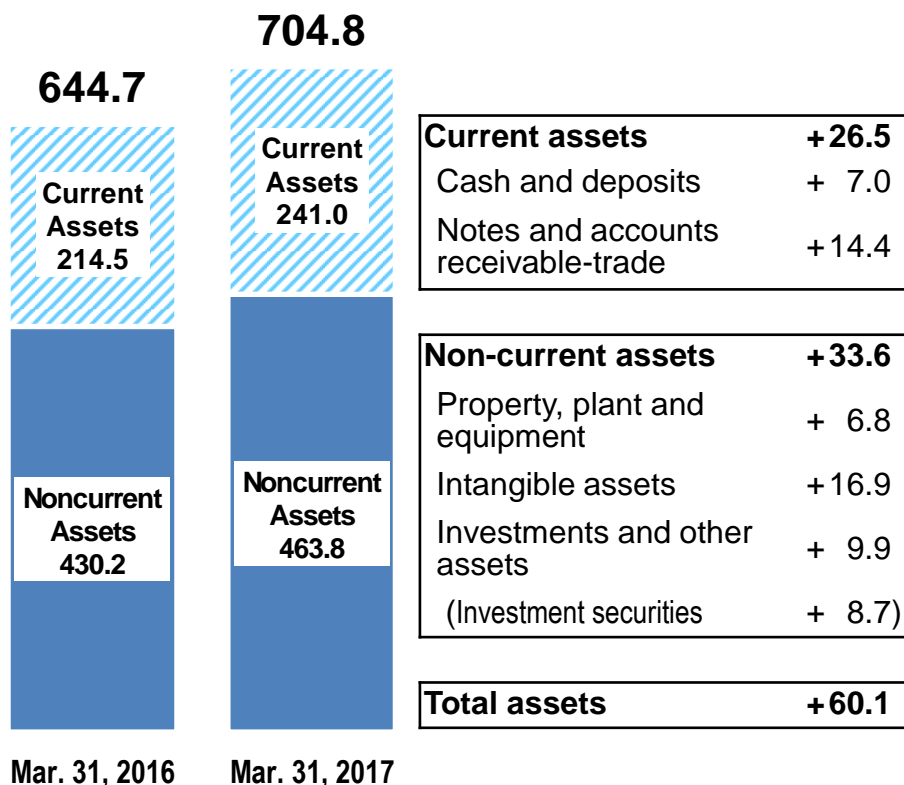
- Tohoku Shiki Co., Ltd. has been consolidated.
- Fuji-Hoso Shiki Co., Ltd. has been consolidated.
- Kato Danboru Co., Ltd. has been consolidated.

(Overseas consolidated subsidiaries)

- Howa Taiwan Co., Ltd. has been consolidated.
- Tri-Wall Group is excluded from the above companies because its balance sheet has been only included in the current period.

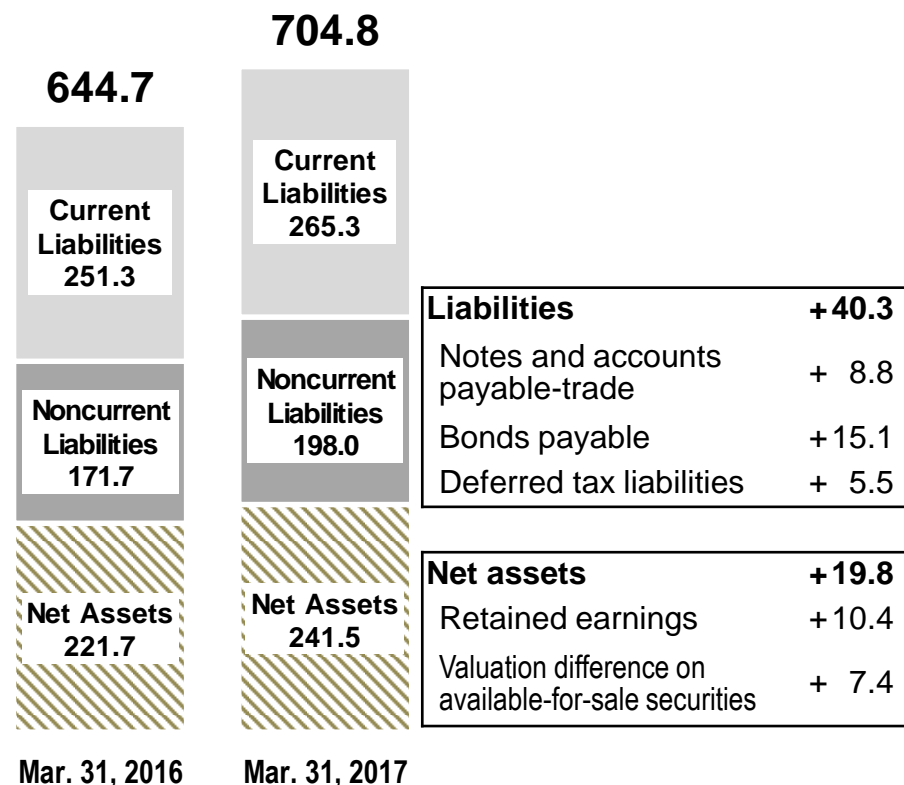
7. Consolidated Balance Sheet

Assets



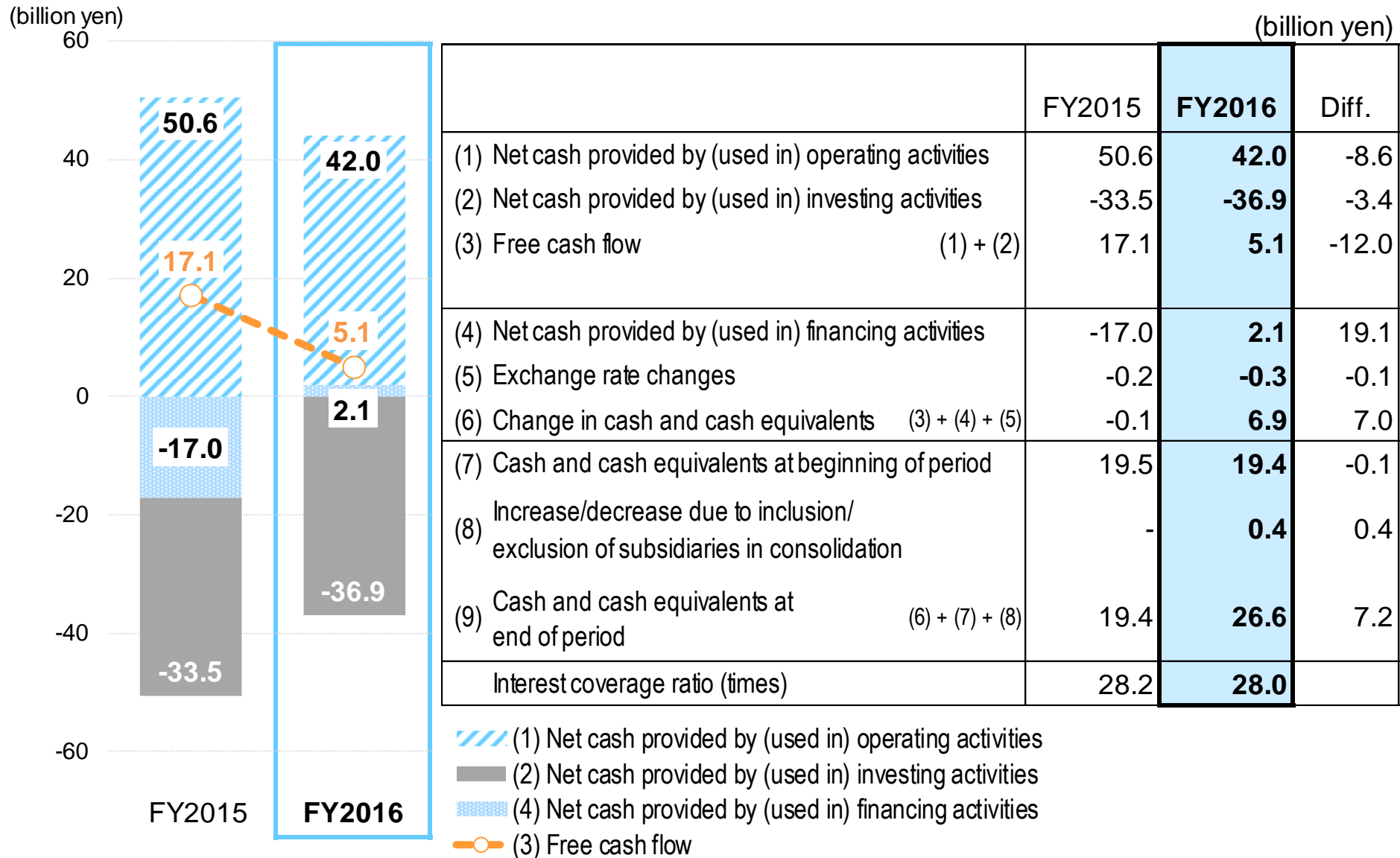
Liabilities & Net Assets

(billion yen)



	Mar. 31, 2016	Mar. 31, 2017	
Interest-bearing debt	¥264.7 bn	¥283.4 bn	(+18.7 billion yen)
Capital adequacy ratio	33.5 %	33.2 %	(-0.3 pts)
D/E Ratio	1.23 times	1.21 times	(-0.02 pts)
EBITDA	¥46.5 bn	¥54.4 bn	(+7.9 billion yen)

8. Consolidated Statement of Cash Flow



9. Consolidated Income Statement Forecast for FY2017 (Year-on-year)

(billion yen)

	FY2016	FY2017 Forecasts	YoY	Diff.
Net sales	545.5	600.0	110.0%	54.5
Operating income	23.6	24.0	101.5%	0.4
Ordinary income	25.2	25.5	101.1%	0.3
Extraordinary gain and loss	-1.0	-0.5	-	0.5
Profit attributable to owners of the parent	13.9	15.5	111.7%	1.6

Assumption for the forecast

Production volume (domestic) YOY

Containerboard	108.5%	102.0%
Corrugated board	106.5%	105.2%

Unit price (domestic)

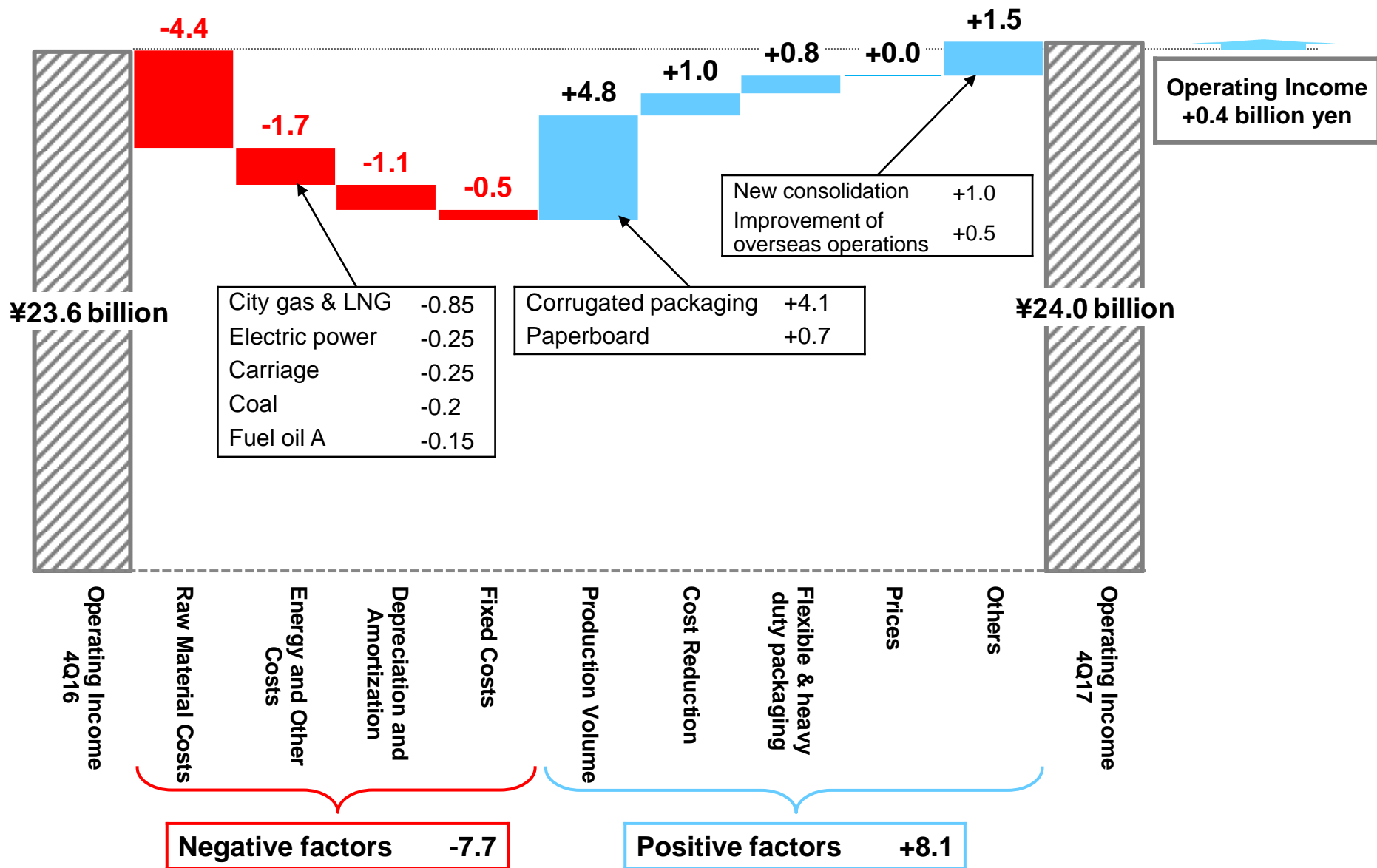
Containerboard	stay	stay
Corrugated board	stay	stay

FX rate*	108	112	yen/US\$
Crude oil price (Dubai)	47	52	US\$/bbl

* Annual average of the spot rate at 17:00 in JST, Tokyo Market

10. Breakdown of Changes in Consolidated Operating Income Forecast (Year-on-year)

(billion yen)



11. Major Financial Indicators

(million yen)

		FY2015	FY2016	FY2017 Forecast	
(1) Net sales		532,534	545,489	600,000	
(2) Operating Income		15,727	23,642	24,000	
(3) Ordinary Income		16,633	25,214	25,500	
(4) Profit attributable to owners of the parent		9,816	13,876	15,500	
(5) Total assets		644,689	704,826	715,000	
(6) Total shareholder's equity ^{*1}		215,962	234,242	247,000	
(7) Net assets		221,733	241,510	255,000	
(8) Interest-bearing debt		264,748	283,350	280,000	
(9) Capital expenditures		29,656	30,445	46,500	
(10) Depreciation and amortization		29,333	29,524	31,500	
*1 Total shareholders' equity = Net assets - non-controlling interests					
(11) Return on equity (ROE) ^{*2}	%	4.5	6.2	6.4	(4) / (6)
(12) Capital adequacy ratio	%	33.5	33.2	34.5	(6) / (5)
(13) EBITDA	million yen	46,454	54,372	57,000	(2)+(10)+Amortization of goodwill
(14) D/E Ratio	times	1.23	1.21	1.13	(8) / (6)
(15) Ratio of net sales to interest-bearing	%	49.7	51.9	46.7	(8) / (1)
(16) Ordinary income margin	%	3.1	4.6	4.3	(3) / (1)
*2 Calculated with the average of equity at the beginning and the end of the year					
Cash dividends applicable to the period	yen	12	12	12	

Rengo Co., Ltd.

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The description of the business plan and the financial forecasts is based on the information currently available.
Any forward-looking information is not a guarantee of future performance.