



2Q FY2020 (Apr.-Sept. 2020)

# Earnings Presentation

November 19, 2020

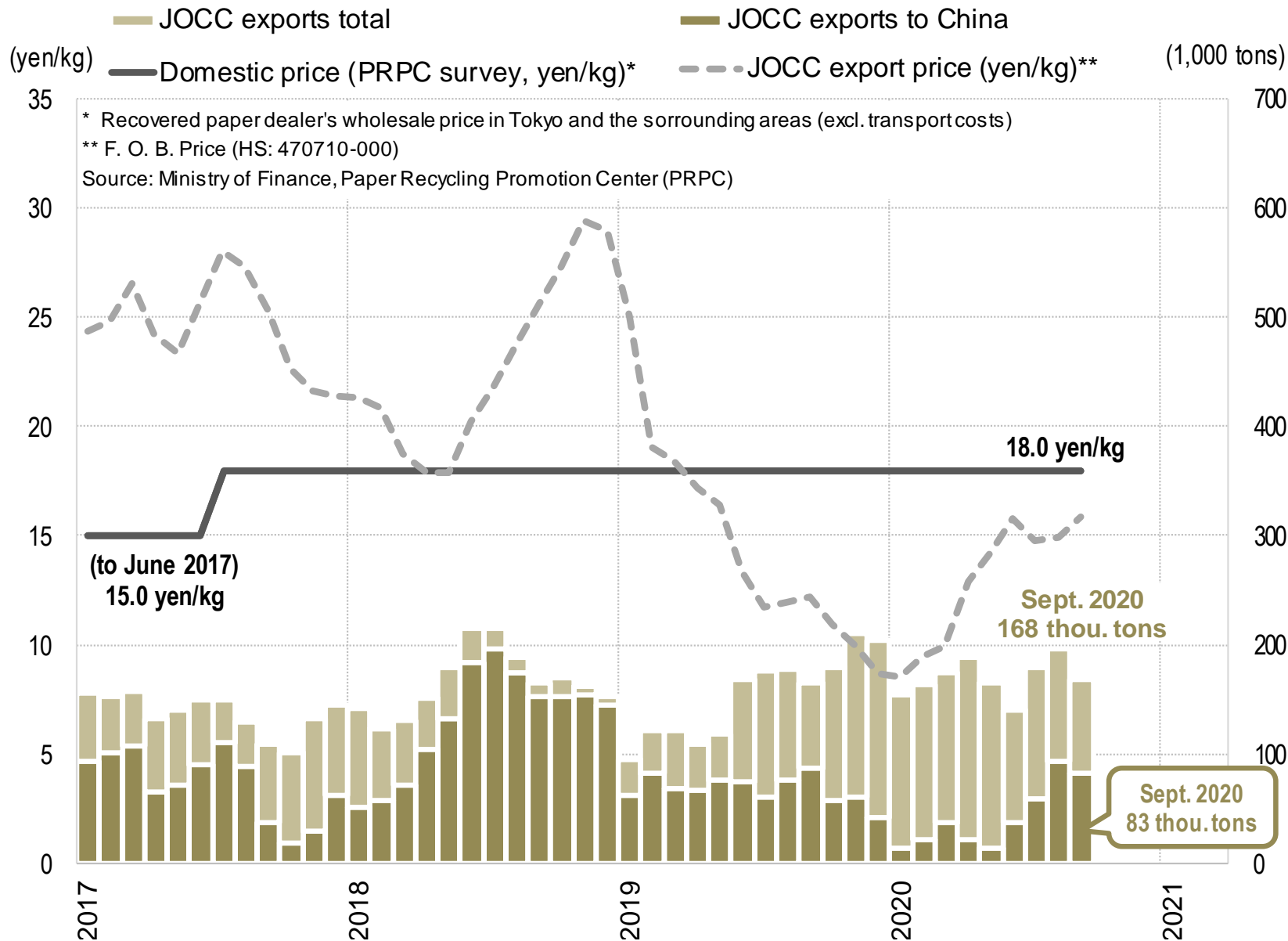
The General Packaging Industry

**RENGO**

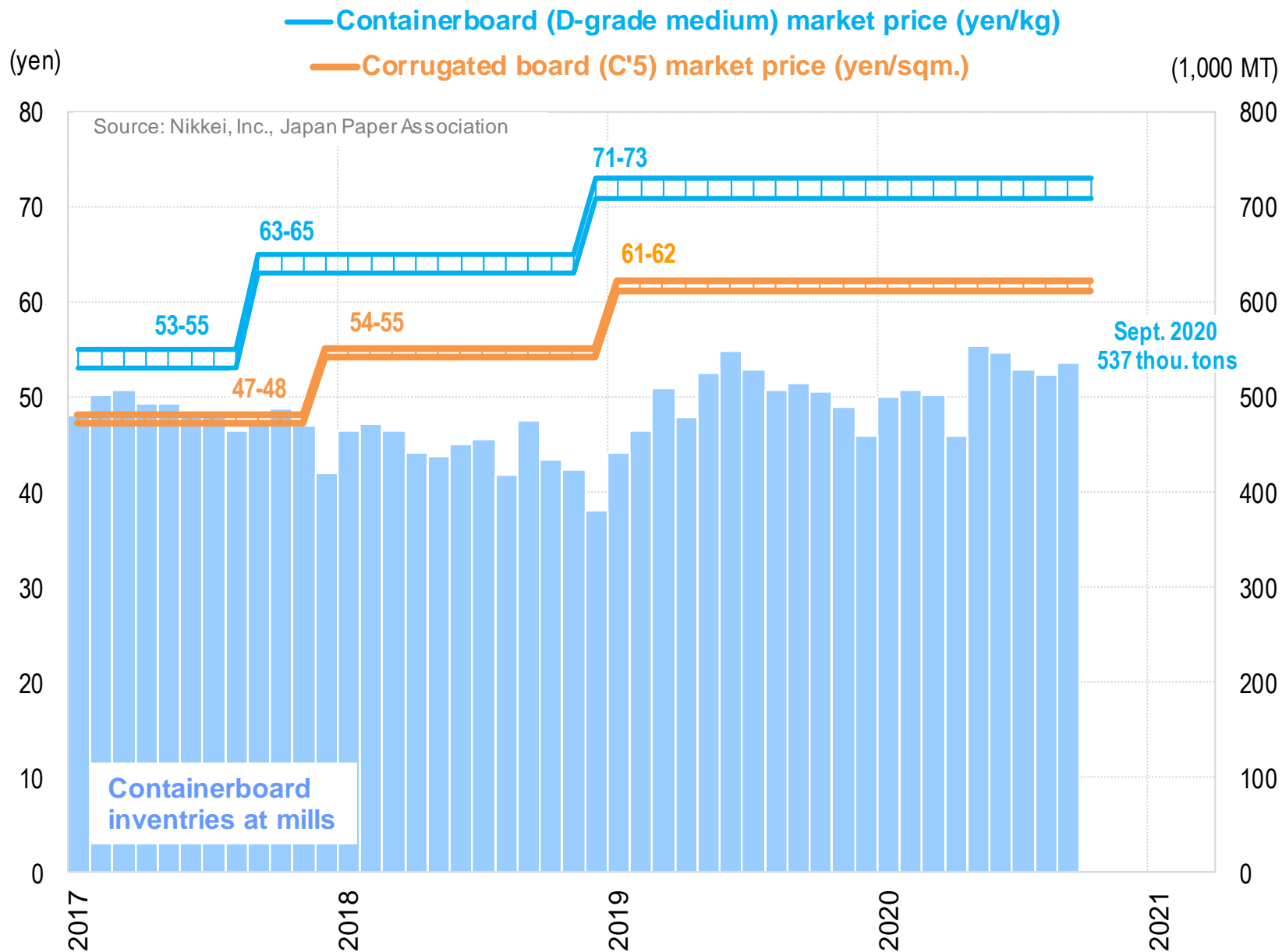
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# 1. Trends in Old Corrugated Containers (OCC)



## 2. Trends in Containerboard and Corrugated Board



### 3. Consolidated Statement of Income (Year-on-year)

(billion yen)

	Apr.-Sept. 2019	Apr.-Sept. 2020	YoY	Diff.
<b>Net sales</b>	<b>338.0</b>	<b>329.4</b>	<b>97.5%</b>	<b>-8.6</b>
<b>Operating income</b>	<b>21.2</b>	<b>17.8</b>	<b>84.0%</b>	<b>-3.4</b>
<b>Ordinary income</b>	<b>22.3</b>	<b>19.3</b>	<b>86.6%</b>	<b>-3.0</b>
<b>Extraordinary gain and loss</b>	<b>-0.9</b>	<b>-0.8</b>	<b>-</b>	<b>0.1</b>
<b>Profit attributable to owners of the parent</b>	<b>14.9</b>	<b>13.0</b>	<b>87.3%</b>	<b>-1.9</b>

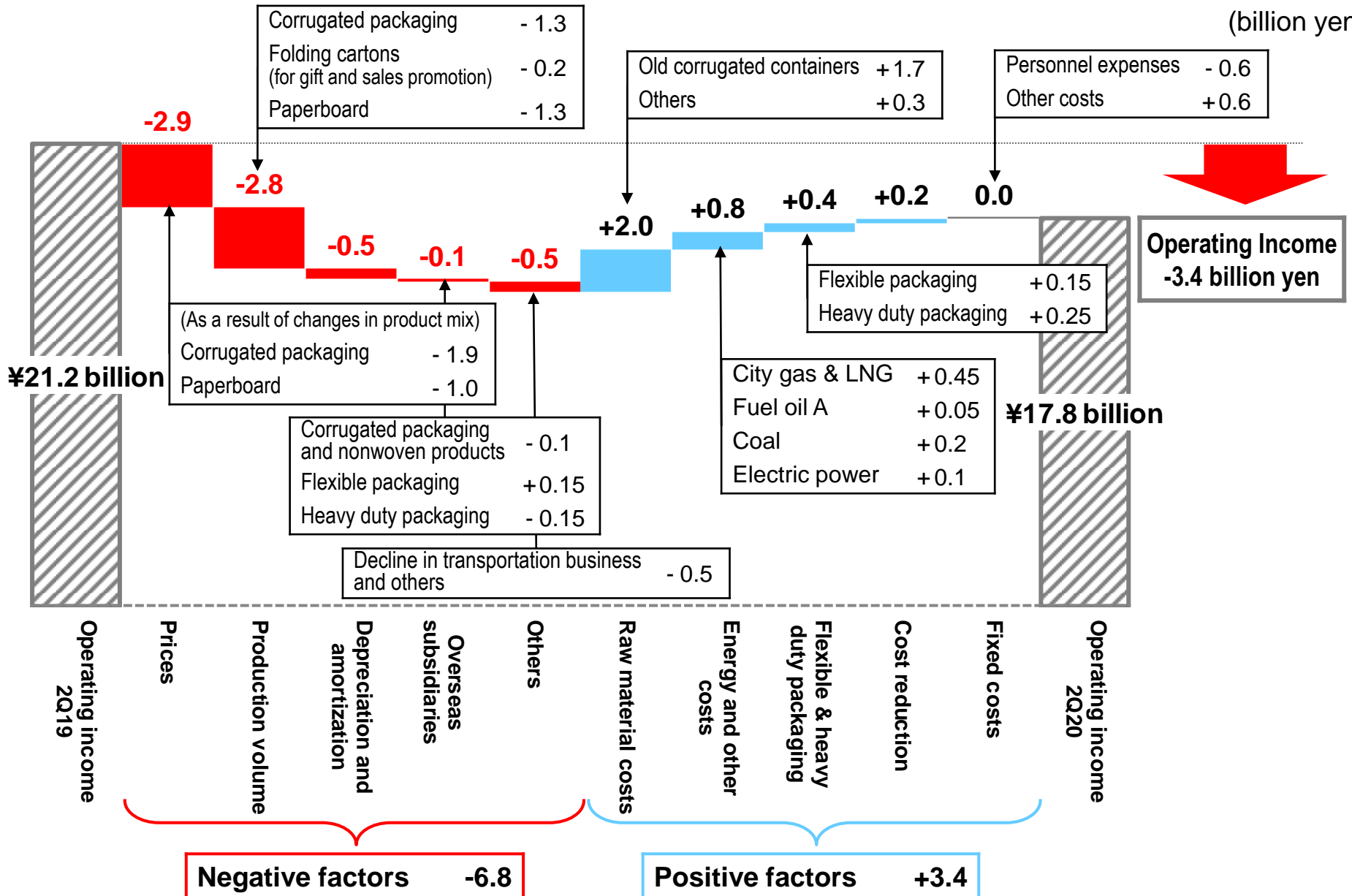
#### Main factors underlying extraordinary gain and loss

(billion yen)

	Apr.-Sept. 2019		Apr.-Sept. 2020
<b>(Extraordinary gain)</b>		<b>(Extraordinary gain)</b>	
Insurance income	0.2	Gain on sales of investment securities	0.1
		Insurance income	0.1
<b>(Extraordinary loss)</b>		<b>(Extraordinary loss)</b>	
Loss on sales/retirement of noncurrent assets	0.4	Loss on sales/retirement of noncurrent assets	0.6
Loss on plant closing	0.3	COVID-19 related expenses	0.2
Plant renewal expenses	0.3	Loss on valuation of investment securities	0.1
Loss on disaster	0.1	Plant renewal expenses	0.1

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

(billion yen)



## 5. Detailed Consolidated Performance (Year-on-year)

		Number of companies*		Net sales (billion yen)				Ordinary income (million yen)				Containerboard production (1,000 MT)			Corrugated board production (million sqm.)		
		2Q19	2Q20	2Q19	2Q20	YoY %	Diff.	2Q19	2Q20	YoY %	Diff.	2Q19	2Q20	YoY %	2Q19	2Q20	YoY %
1	Rengo (unconsolidated)	1	1	168.6	159.2	94.4	-9.4	13,432	12,066	89.8	-1,366	909	865	95.2	1,105	1,068	96.7
2	Paper manufacturing subsidiaries	2	2	15.7	14.2	90.5	-1.5	2,448	1,997	81.6	-451	212	204	96.2			
3	Paperboard packaging subsidiaries	33	35	107.9	102.5	95.1	-5.4	3,463	2,654	76.6	-809				1,054	1,031	97.8
4	Flexible packaging subsidiaries	1	1	31.6	32.2	101.8	0.6	1,323	1,445	109.2	122						
5	Heavy duty packaging subsidiaries	1	3	21.7	23.3	107.5	1.6	1,284	1,643	128.0	359						
6	Other subsidiaries	5	5	83.0	77.4	93.3	-5.6	1,486	1,138	76.6	-348						
<b>Domestic total (1 to 6)</b>		<b>43</b>	<b>47</b>	<b>428.5</b>	<b>408.9</b>	<b>95.4</b>	<b>-19.6</b>	<b>23,436</b>	<b>20,943</b>	<b>89.4</b>	<b>-2,493</b>	<b>1,120</b>	<b>1,069</b>	<b>95.4</b>	<b>2,159</b>	<b>2,098</b>	<b>97.2</b>
7	Paperboard packaging & nonwoven products Subs.	9	9	10.6	9.3	87.3	-1.3	364	132	36.3	-232				143	131	91.6
8	Flexible packaging subsidiaries	3	3	5.4	5.8	106.1	0.4	500	641	128.2	141						
9	Heavy duty packaging subsidiaries	95	103	28.0	34.6	123.5	6.6	1,464	1,934	132.1	470						
<b>Overseas total (7 to 9)</b>		<b>107</b>	<b>115</b>	<b>44.1</b>	<b>49.6</b>	<b>112.6</b>	<b>5.5</b>	<b>2,328</b>	<b>2,707</b>	<b>116.3</b>	<b>379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143</b>	<b>131</b>	<b>91.6</b>
10	Companies subject to the equity method	16	16					981	1,357	138.3	376						
<b>Intersegment eliminations</b>				<b>-134.6</b>	<b>-129.1</b>	<b>-</b>	<b>5.5</b>	<b>-4,426</b>	<b>-5,681</b>	<b>-</b>	<b>-1,255</b>						
<b>Total</b>		<b>166</b>	<b>178</b>	<b>338.0</b>	<b>329.4</b>	<b>97.5</b>	<b>-8.6</b>	<b>22,319</b>	<b>19,326</b>	<b>86.6</b>	<b>-2,993</b>	<b>1,120</b>	<b>1,069</b>	<b>95.4</b>	<b>2,302</b>	<b>2,229</b>	<b>96.8</b>

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

- Two companies increased in the domestic paperboard packaging subsidiaries (Takedashiki Co., Ltd. and Tarutani Packaging Co., Ltd.).
- Two companies increased in the domestic heavy duty packaging subsidiaries (Tarutani Industrial Packaging Corporation and Sanyo Kakoshi Co., Ltd.).
- Eight companies increased in the overseas heavy duty packaging subsidiaries (each of them belongs to the Tri-Wall Group including TRICOR Packaging & Logistics and Gutmann).

## 6. Consolidated Balance Sheet

### Assets

### Liabilities & Net Assets

(billion yen)

820.1

836.0

Current  
Assets  
289.7

Current  
Assets  
297.9

Noncurrent  
Assets  
530.4

Noncurrent  
Assets  
538.1

<b>Current assets</b>	<b>+ 8.2</b>
Cash and deposits	+12.4
Notes and accounts receivable-trade	- 4.0

<b>Non-current assets</b>	<b>+ 7.7</b>
Property, plant and equipment	+ 1.2
Intangible assets	- 1.6
Investments and other assets (Investment securities)	+ 8.1 + 8.0

<b>Total assets</b>	<b>+15.9</b>
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820.1

836.0

Current  
Liabilities  
292.8

Current  
Liabilities  
289.3

Noncurrent  
Liabilities  
238.5

Noncurrent  
Liabilities  
245.4

Net Assets  
288.8

Net Assets  
301.3

<b>Liabilities</b>	<b>+ 3.4</b>
Notes and accounts payable-trade	- 6.8
Long-term and short-term loans payable	+18.1
Bonds payable	- 5.1

<b>Net assets</b>	<b>+12.5</b>
Retained earnings	+10.0
Valuation difference on available-for-sale securities	+ 5.8
Foreign currency translation adjustment	- 3.1

Mar. 31, 2020

Sept. 30, 2020

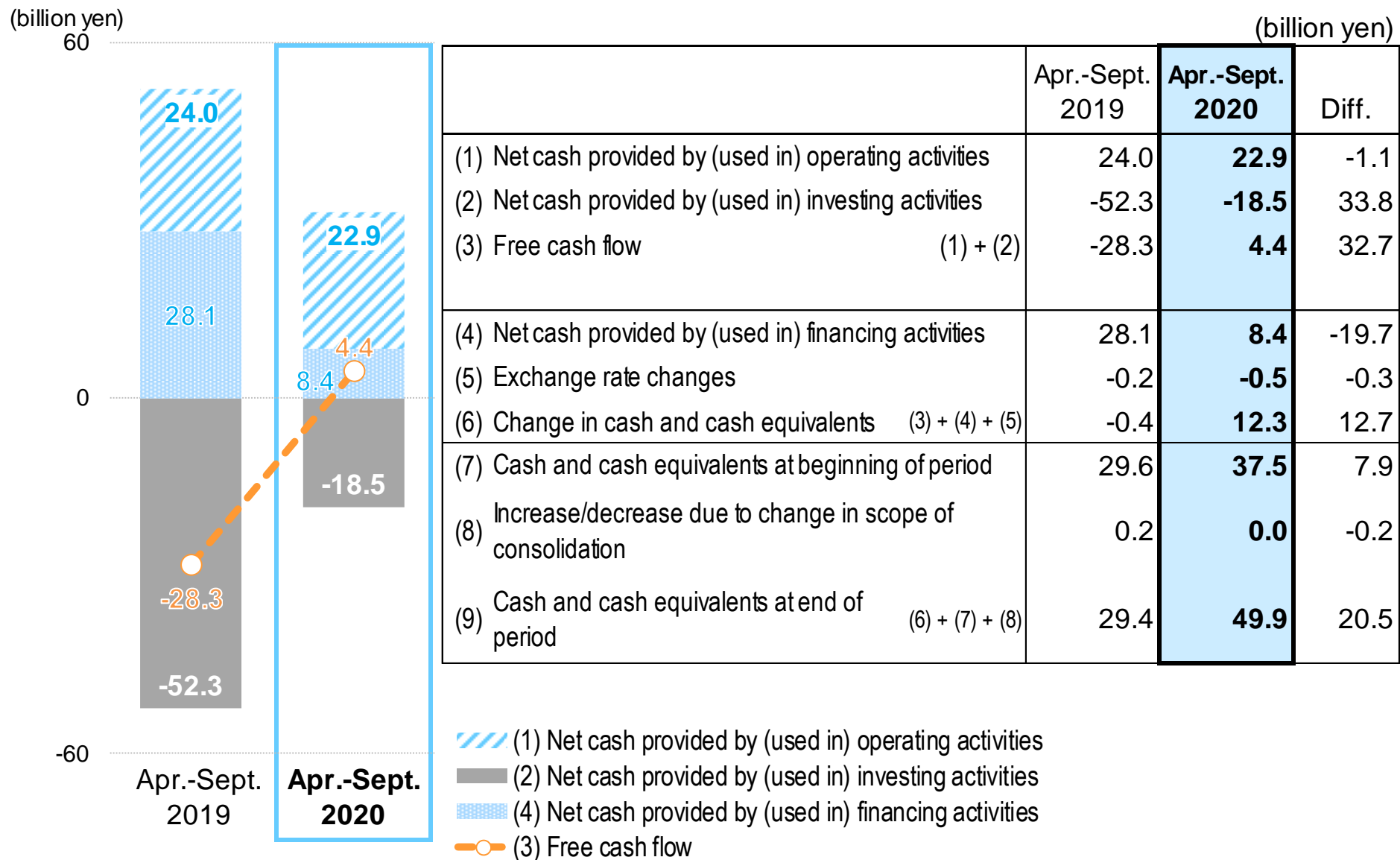
Mar. 31, 2020

Sept. 30, 2020

	Mar. 31, 2020	Sept. 30, 2020	
Interest-bearing debt	¥323.6 bn	<b>¥336.8 bn</b>	(+13.2 billion yen)
Capital adequacy ratio	33.9 %	<b>34.8 %</b>	(+0.9 pts)
D/E Ratio	1.16 times	<b>1.16 times</b>	-



# 7. Consolidated Statement of Cash Flow



## 8. Consolidated Income Statement Forecast for FY2020 (Year-on-year)

### Income statement

(billion yen)

	2Q20 Forecast	2Q20 Actual	YoY
<b>Net sales</b>	349.0	329.4	-19.6
<b>Operating income</b>	20.0	17.8	-2.2
<b>Ordinary income</b>	21.0	19.3	-1.7
<b>Profit attributable to owners of the parent</b>	14.0	13.0	-1.0

FY2020 Forecast	YoY	Diff.
<b>697.0</b>	<b>101.9%</b>	<b>13.2</b>
<b>40.0</b>	<b>97.0%</b>	<b>-1.2</b>
<b>42.0</b>	<b>97.2%</b>	<b>-1.2</b>
<b>28.0</b>	<b>100.8%</b>	<b>0.2</b>

## 9. Major Financial Indicators

		(million yen)		
		FY2019	2Q20	
(1) Net sales		683,780	<b>329,427</b>	
(2) Operating Income		41,227	<b>17,834</b>	
(3) Ordinary Income		43,199	<b>19,326</b>	
(4) Profit attributable to owners of the parent		27,790	<b>12,983</b>	
(5) Total assets		820,109	<b>836,022</b>	
(6) Total shareholder's equity <sup>*1</sup>		278,255	<b>291,032</b>	
(7) Net assets		288,820	<b>301,325</b>	
(8) Interest-bearing debt		323,614	<b>336,795</b>	
(9) Capital expenditures		38,700	<b>20,805</b>	
(10) Depreciation and amortization		35,076	<b>18,209</b>	
<sup>*1</sup> Total shareholders' equity = Net assets - non-controlling interests				
(11) Return on equity (ROE) <sup>*2</sup>	%	10.3	-	(4) / (6)
(12) Capital adequacy ratio	%	33.9	<b>34.8</b>	(6) / (5)
(13) EBITDA	million yen	77,662	-	(2)+(10)+Amortization of goodwill
(14) D/E Ratio	times	1.16	<b>1.16</b>	(8) / (6)
(15) Ratio of net sales to interest-bearing	%	47.3	-	(8) / (1)
(16) Ordinary income margin	%	6.3	<b>5.9</b>	(3) / (1)
<sup>*2</sup> Calculated with the average of equity at the beginning and the end of the year				
Cash dividends applicable to the period	yen	20	<b>12</b>	Annual plan for FY2020: 24 yen

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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.