

2Q FY2017 (Apr.-Sept. 2017)

# Earnings Presentation

**RENGO CO., LTD.**

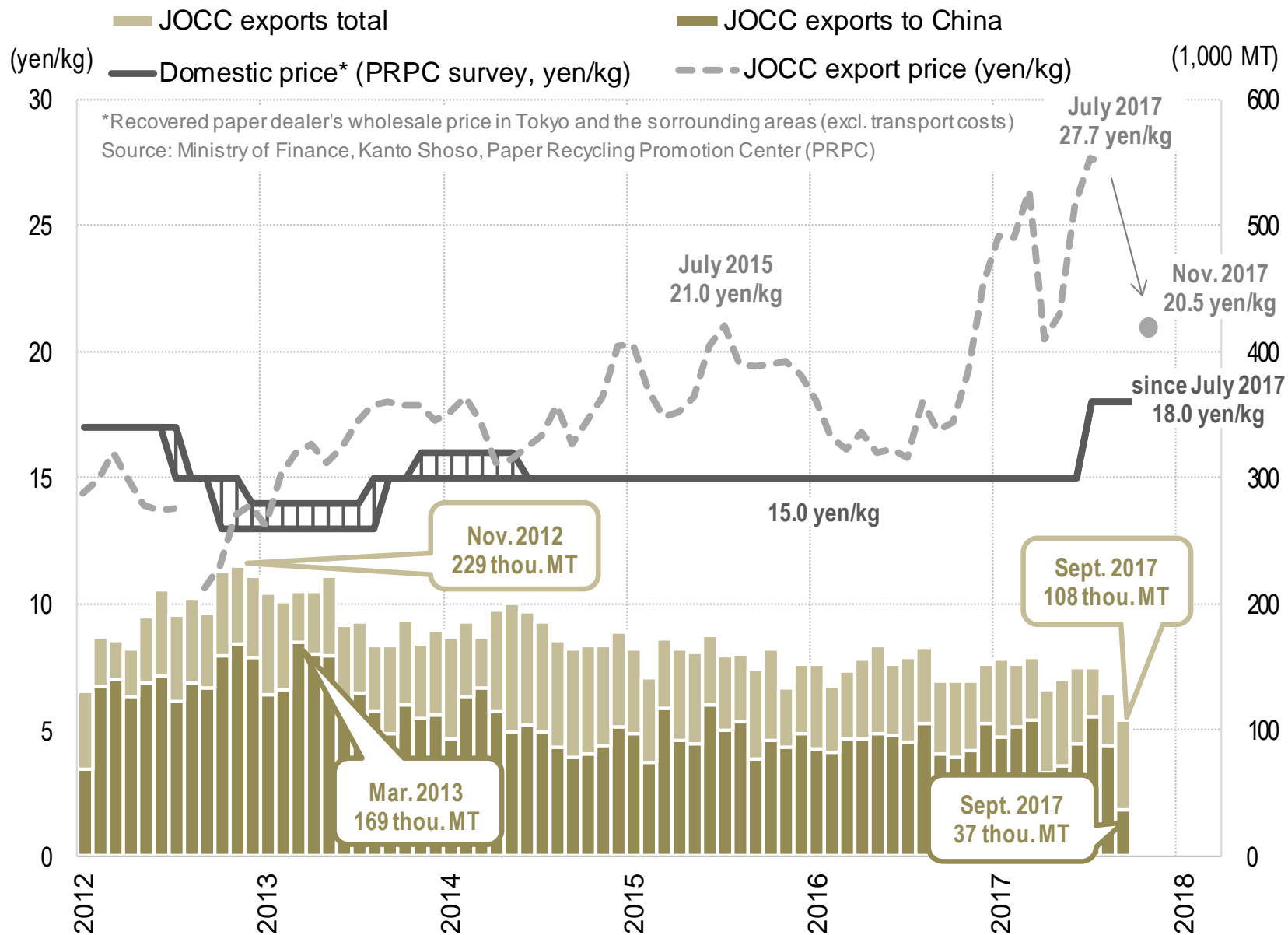
<http://www.rengo.co.jp/english/>

November 16, 2017

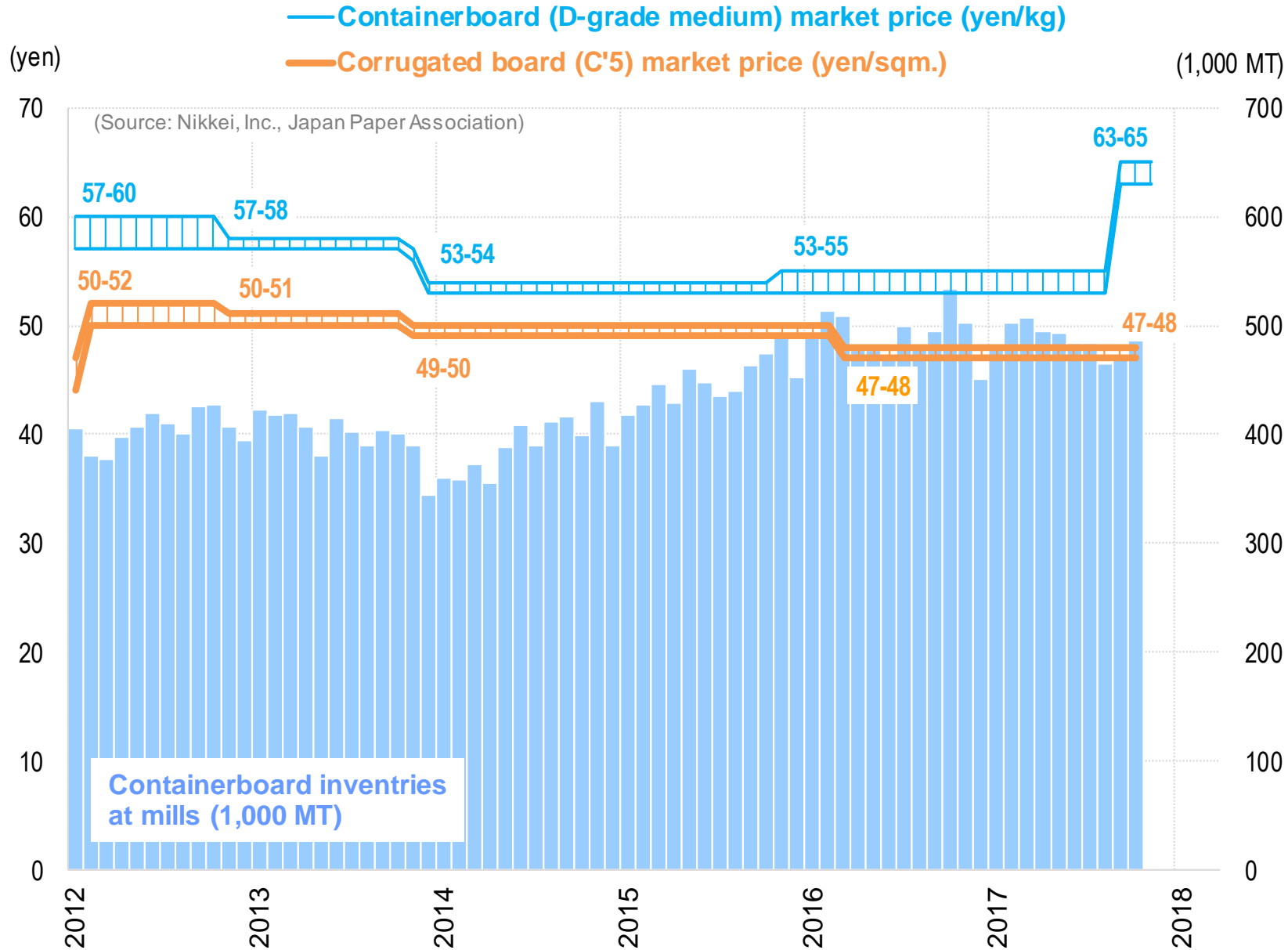
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# 1. Trends in Old Corrugated Containers (OCC)



## 2. Trends in Containerboard and Corrugated Board



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

(billion yen)

	Apr.-Sept. 2016	Apr.-Sept. 2017	YoY	Diff.
<b>Net sales</b>	270.5	295.4	109.2%	24.9
<b>Operating income</b>	13.7	7.1	51.6%	-6.6
<b>Ordinary income</b>	14.1	8.0	57.0%	-6.1
<b>Extraordinary gain and loss</b>	-0.6	-0.9	-	-0.3
<b>Profit attributable to owners of the parent</b>	8.7	4.0	45.8%	-4.7

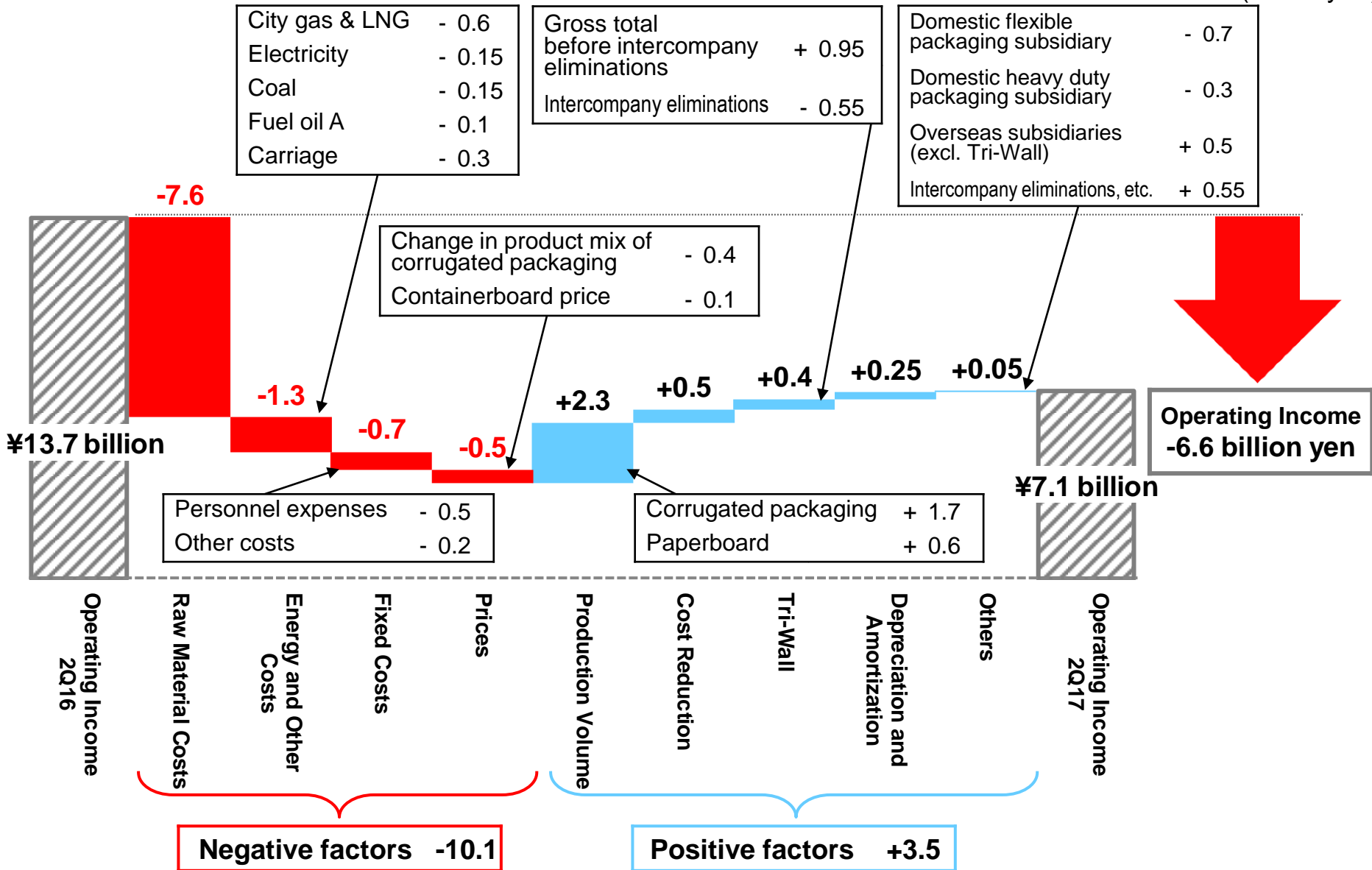
#### Main factors underlying extraordinary gain and loss

(billion yen)

	Apr.-Sept. 2016		Apr.-Sept. 2017
<b>(Extraordinary gain)</b>		<b>(Extraordinary gain)</b>	
Gain on sales of noncurrent assets	0.1	Insurance income	0.3
		Gain on sales of noncurrent assets	0.2
<b>(Extraordinary loss)</b>		<b>(Extraordinary loss)</b>	
Impairment loss	0.3	Business structure improvement expenses	0.5
Loss on sales/retirement of noncurrent assets	0.2	Loss on sales/retirement of noncurrent assets	0.4
Plant renewal expenses	0.1	Restructuring loss	0.1
		Provision of allowance for doubtful accounts	0.1
		Impairment loss	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)

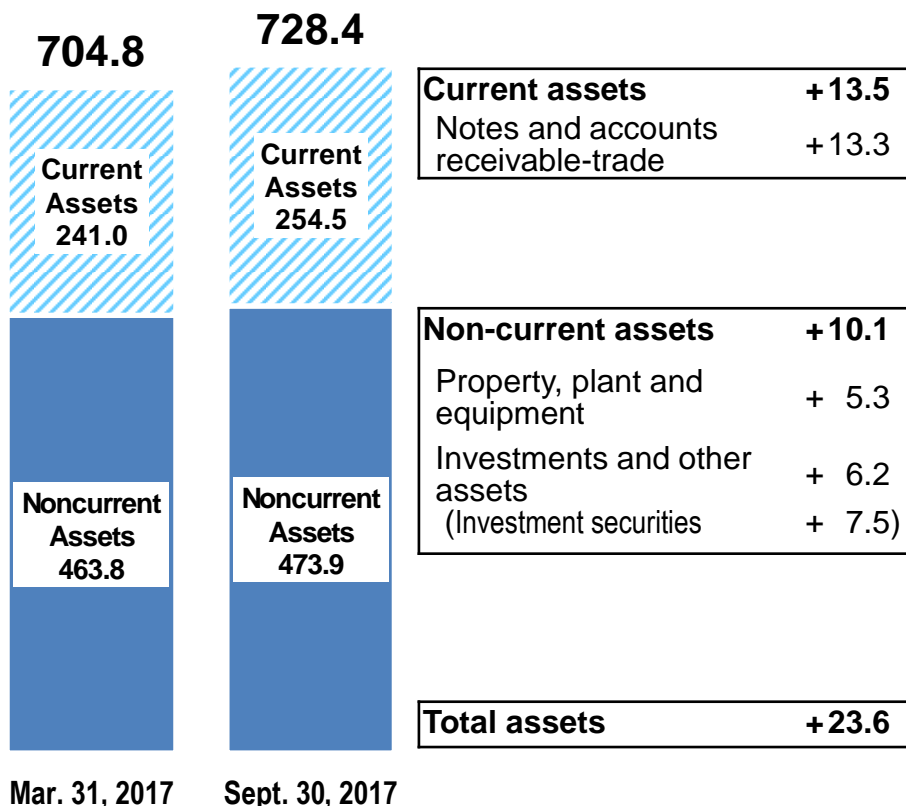
		No. of companies*		Net sales (billion yen)				Ordinary income (million yen)				Containerboard production (1,000 MT)			Corrugated board production (million sqm.)		
		2Q16	2Q17	2Q16	2Q17	YoY %	Diff.	2Q16	2Q17	YoY %	Diff.	2Q16	2Q17	YoY %	2Q16	2Q17	YoY %
1	Rengo (unconsolidated)	1	1	144.1	150.0	104.1	5.9	6,442	2,859	44.4	-3,583	887	908	102.4	1,027	1,069	104.1
2	Paper manufacturing Subs	2	2	11.7	12.7	108.7	1.0	-58	-787	-	-729	180	198	110.0			
3	Paperboard packaging Subs	31	32	84.3	88.3	104.7	4.0	3,681	2,231	60.6	-1,450				921	965	104.8
4	Flexible packaging Subs	1	1	28.2	28.6	101.2	0.4	2,511	1,845	73.5	-666						
5	Heavy duty packaging Subs	1	1	20.6	20.8	101.0	0.2	1,769	1,480	83.7	-289						
6	Other Subs	5	5	63.4	69.1	108.9	5.7	1,116	949	85.0	-167						
<b>Domestic total (1 to 6)</b>		<b>41</b>	<b>42</b>	<b>352.4</b>	<b>369.5</b>	<b>104.9</b>	<b>17.1</b>	<b>15,461</b>	<b>8,577</b>	<b>55.5</b>	<b>-6,884</b>	<b>1,068</b>	<b>1,105</b>	<b>103.5</b>	<b>1,948</b>	<b>2,034</b>	<b>104.4</b>
7	Paperboard packaging & nonwoven products Subs	9	9	7.7	10.9	141.0	3.2	-356	146	-	502				131	150	114.5
8	Flexible packaging Subs	1	3	3.4	4.9	142.6	1.5	607	551	90.8	-56						
9	Heavy duty packaging Subs	3	80	2.5	21.1	839.5	18.6	-79	1,009	-	1,088						
<b>Overseas total (7 to 9)</b>		<b>13</b>	<b>92</b>	<b>13.7</b>	<b>36.9</b>	<b>270.0</b>	<b>23.2</b>	<b>172</b>	<b>1,706</b>	<b>991.9</b>	<b>1,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>150</b>	<b>114.5</b>
10	Companies subject to the equity method	9	15					606	909	150.0	303						
<b>Intersegment eliminations</b>				<b>-95.5</b>	<b>-111.1</b>	<b>-</b>	<b>-15.6</b>	<b>-2,178</b>	<b>-3,183</b>	<b>-</b>	<b>-1,005</b>						
<b>Total</b>		<b>63</b>	<b>149</b>	<b>270.5</b>	<b>295.4</b>	<b>109.2</b>	<b>24.9</b>	<b>14,061</b>	<b>8,009</b>	<b>57.0</b>	<b>-6,052</b>	<b>1,068</b>	<b>1,105</b>	<b>103.5</b>	<b>2,079</b>	<b>2,184</b>	<b>105.1</b>

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

- Kato Danboru Co., Ltd. has been consolidated as a domestic paperboard packaging subsidiary.
  - Howa Taiwan Co., Ltd. and Sichuan Zhongjin Medicinal Packaging Co., Ltd. have been consolidated as overseas flexible packaging subsidiaries.
  - 76 companies of the Tri-Wall Group and Shanghai Matai Trading Co., Ltd. have been consolidated as overseas heavy duty packaging subsidiaries.
  - 6 companies of the Tri-Wall Group have been included as equity-method affiliates.
  - TPMS Polska and the other 4 companies of the Tri-Wall Group are excluded from the above table because their balance sheets have been only included in the current period.
- cf. Consolidated financial performance of the Tri-Wall Group (after intercompany eliminations): net sales of 12.6 billion yen, ordinary income of 928 million yen

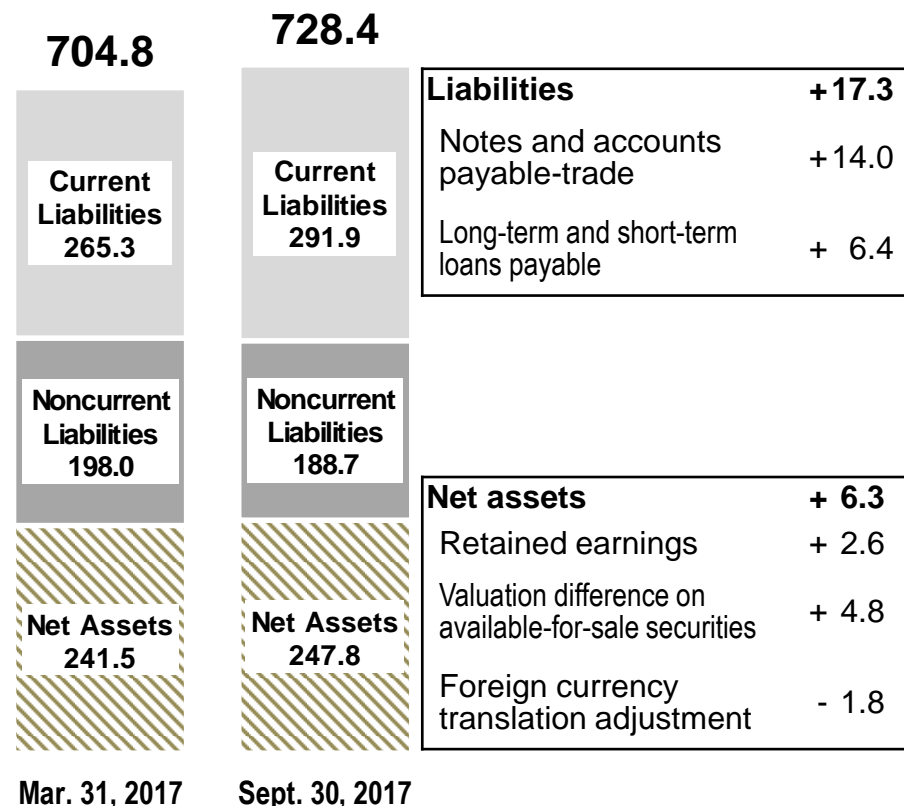
## 6. Consolidated Balance Sheet (Year-on-year)

### Assets



### Liabilities & Net Assets

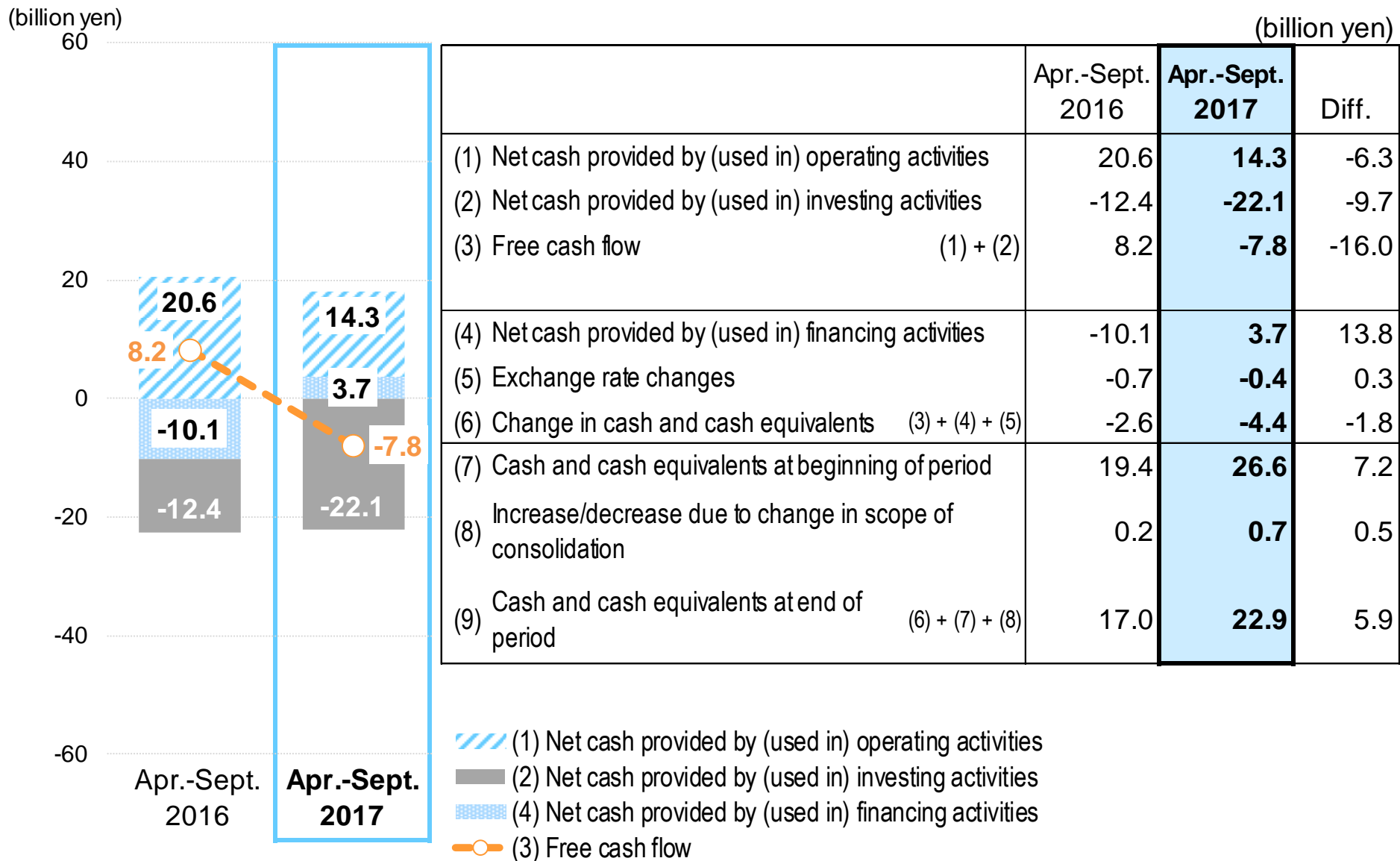
(billion yen)



	Mar. 31, 2017	Sept. 30, 2017	
Interest-bearing debt	¥283.4 bn	<b>¥289.6 bn</b>	(+6.2 billion yen)
Capital adequacy ratio	33.2 %	<b>32.9 %</b>	(-0.3 pts)
D/E Ratio	1.21 times	<b>1.21 times</b>	-



# 7. Consolidated Statement of Cash Flow



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

### Income statement

(billion yen)

	2Q17 Forecast	2Q17 Actual	YoY
Net sales	300.0	295.4	-4.6
Operating income	12.0	7.1	-4.9
Ordinary income	12.5	8.0	-4.5
Profit attributable to owners of the parent	7.5	4.0	-3.5

FY2017 Forecast	YoY	Diff.
608.0	111.5%	62.5
17.0	71.9%	-6.6
18.5	73.4%	-6.7
10.5	75.7%	-3.4

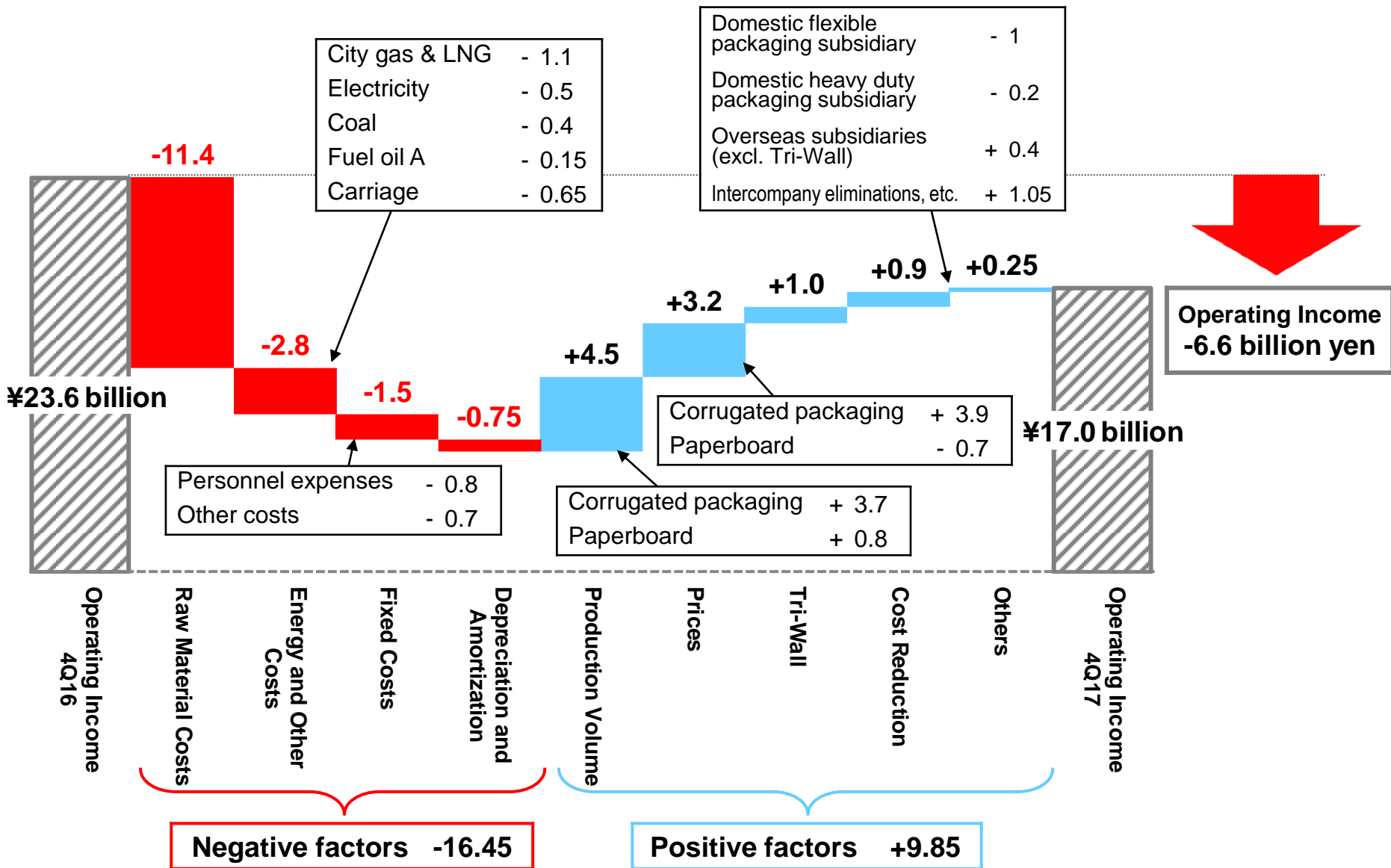
### Production volume (domestic)

	2Q16	2Q17	YoY
Containerboard (1,000 MT)	1,068	1,105	103.5%
Corrugated board (million sqm.)	1,948	2,034	104.4%

FY2017 Forecast	YoY
2,214	102.2%
4,064	104.2%

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

(billion yen)



## 10. Major Financial Indicators

		(million yen)			
		FY2016	<b>2Q17</b>	FY2017 Forecast	
(1) Net sales		545,489	<b>295,391</b>	608,000	
(2) Operating Income		23,642	<b>7,082</b>	17,000	
(3) Ordinary Income		25,214	<b>8,009</b>	18,500	
(4) Profit attributable to owners of the parent		13,876	<b>4,001</b>	10,500	
(5) Total assets		704,826	<b>728,449</b>	733,000	
(6) Total shareholder's equity <sup>*1</sup>		234,242	<b>239,724</b>	245,000	
(7) Net assets		241,510	<b>247,836</b>	253,000	
(8) Interest-bearing debt		283,350	<b>289,589</b>	300,000	
(9) Capital expenditures		30,445	<b>20,666</b>	43,500	
(10) Depreciation and amortization		29,524	<b>14,631</b>	31,500	
*1 Total shareholders' equity = Net assets - non-controlling interests					
(11) Return on equity (ROE) <sup>*2</sup>	%	6.2	-	4.4	(4) / (6)
(12) Capital adequacy ratio	%	33.2	<b>32.9</b>	33.4	(6) / (5)
(13) EBITDA	million yen	54,372	-	50,000	(2)+(10)+Amortization of goodwill
(14) D/E Ratio	times	1.21	<b>1.21</b>	1.22	(8) / (6)
(15) Ratio of net sales to interest-bearing	%	51.9	-	49.3	(8) / (1)
(16) Ordinary income margin	%	4.6	<b>2.7</b>	3.0	(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	<b>6</b>	12	

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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.