

FY2019 (Apr. 2019-Mar. 2020)

# Earnings Presentation

May 22, 2020

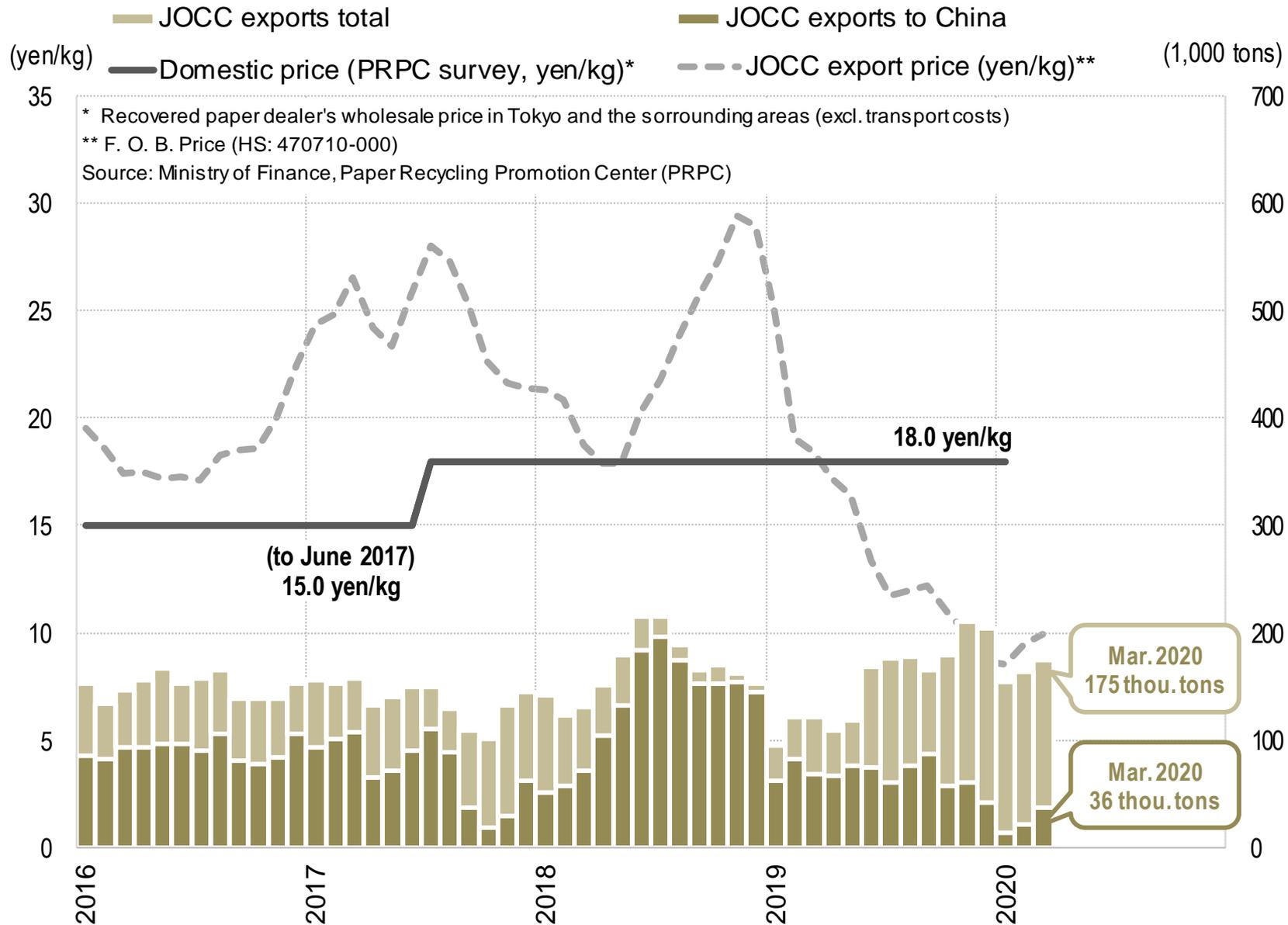
The General Packaging Industry

# RENGO

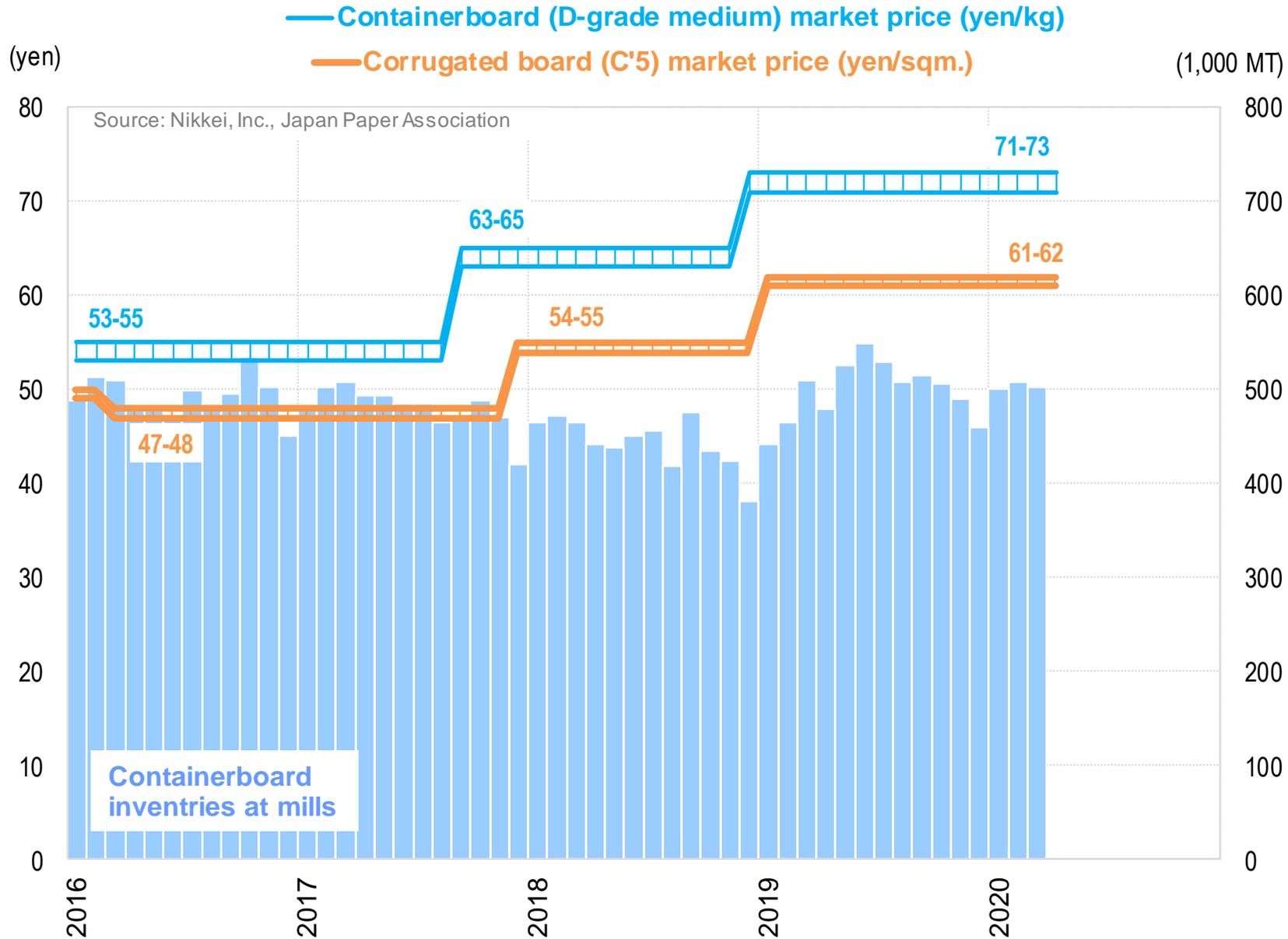
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# 1. Trends in Old Corrugated Containers (OCC)



## 2. Trends in Containerboard and Corrugated Board



#### Main M&A activities

Corrugated packaging	Rengo acquires a 100% stake in Takedashiki Co., Ltd. (Kashiwa-shi, Chiba), (August, 2019)
	Rengo acquires a 80% stake in NISHIHARA-SHIGYO Co., Ltd. (Samukawa-machi, Koza-gun, Kanagawa) (September, 2019)
Heavy duty packaging	Nihon Matai Co., Ltd. acquires an 87.5% outstanding shares of Sanyo Kakoshi Co., Ltd. (Toda-shi, Saitama) (June, 2019)
	Rengo acquires a 50% stake in TARUTANI Industrial Packaging Corporation (Amagasaki-shi, Hyogo), while additional 20% stake acquired by Nihon Matai Co., Ltd. (August, 2019)
Overseas	Tri-Wall acquires a 100% stake in TRICOR Packaging & Logistics AG and Gutmann Anlagentechnik GmbH in Germany (August, 2019)
	Rengo acquires whole ownership of Dalian Rengo Packaging Co., Ltd. (October, 2019)
	Rengo agrees with SCG Packaging Public Company Limited on the acquisition of the shares in United Pulp and Paper Co., Inc. (January, 2020)

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

The General Packaging Industry

(billion yen)

	FY2018	FY2019	YoY	Diff.	FY2019 forecasted*	A/F	Diff.
<b>Net sales</b>	653.1	683.8	104.7%	30.7	685.0	99.8%	-1.2
<b>Operating income</b>	25.3	41.2	163.0%	15.9	41.0	100.6%	0.2
<b>Ordinary income</b>	27.5	43.2	157.4%	15.7	43.0	100.5%	0.2
<b>Extraordinary gain and loss</b>	-2.4	-2.1	-	0.3	-1.7	-	-0.4
<b>Profit attributable to owners of the parent</b>	17.2	27.8	161.9%	10.6	28.0	99.3%	-0.2

\*Disclosed on February 3, 2020

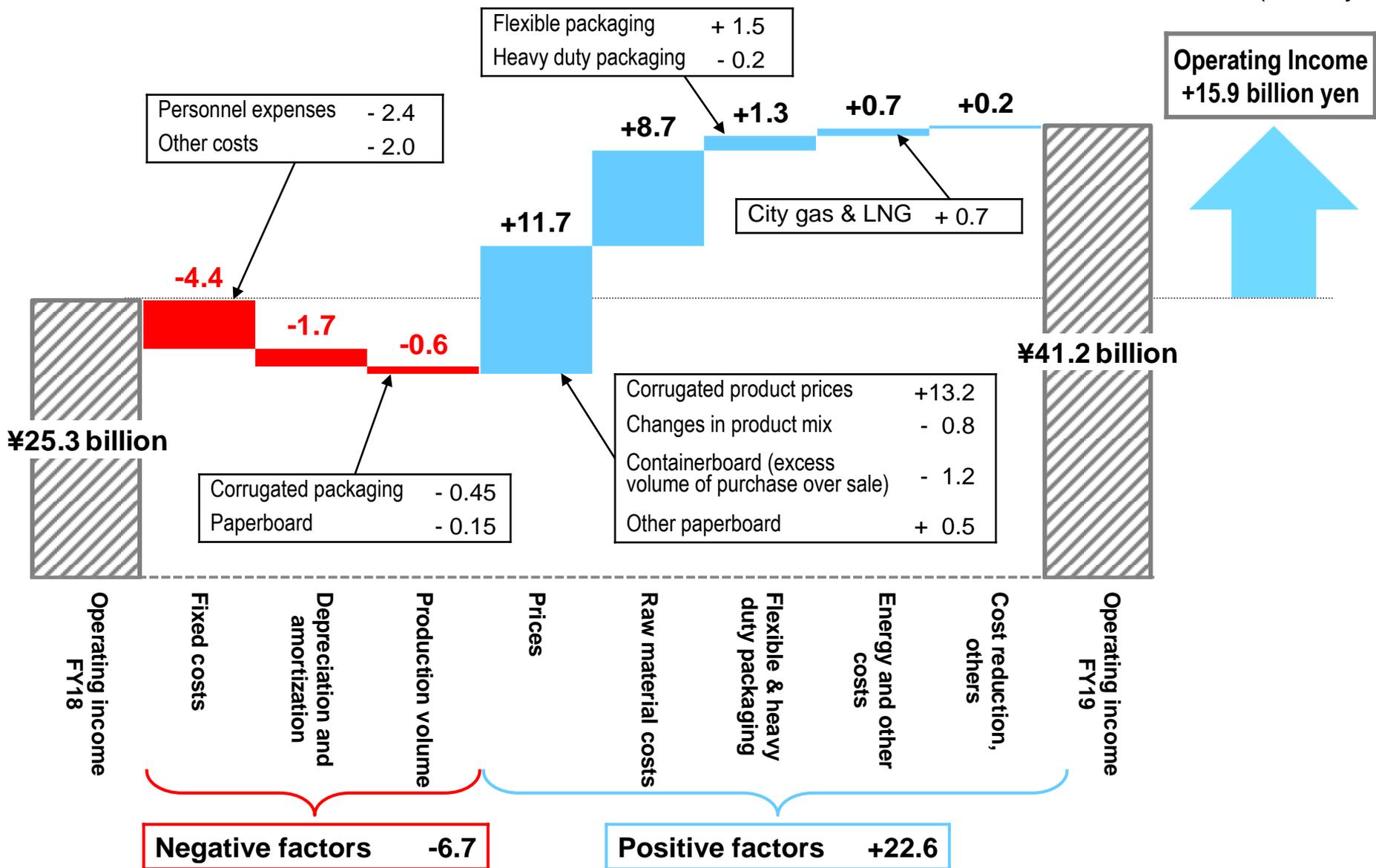
### Main factors underlying extraordinary gain and loss

(billion yen)

	FY2018		FY2019
<b>(Extraordinary gain)</b>		<b>(Extraordinary gain)</b>	
Insurance income	0.1	Gain on sales of investment securities	1.0
		Subsidy income	0.6
		Gain on bargain purchase	0.3
<b>(Extraordinary loss)</b>		<b>(Extraordinary loss)</b>	
Plant renewal expenses	0.7	Loss on plant closing	1.0
Loss on sales/retirement of noncurrent assets	0.5	Loss on sales/retirement of noncurrent assets	0.9
Loss on plant closing	0.4	Plant renewal expenses	0.7
Loss on disaster	0.4	Loss on reduction of noncurrent assets	0.6
Loss on liquidation of subsidiaries and associates	0.3	Loss on valuation of investment securities	0.5

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

(billion yen)



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

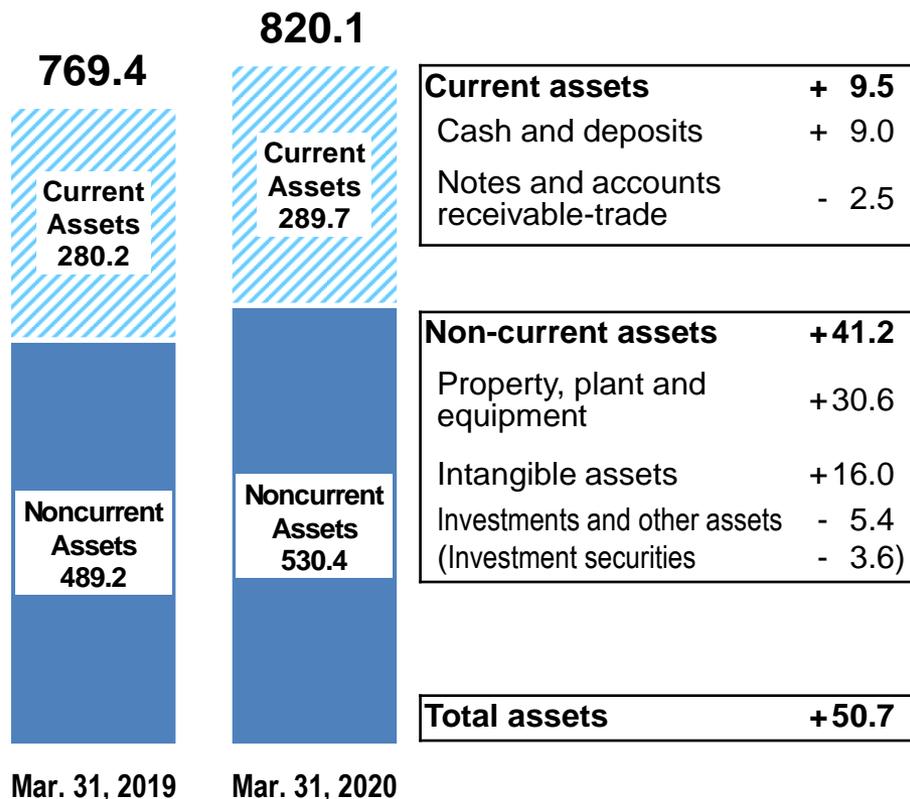
		Number of companies*		Net sales (billion yen)				Ordinary income (million yen)				Containerboard production (1,000 MT)			Corrugated board production (million sqm.)		
		FY18	FY19	FY18	FY19	YoY %	Diff.	FY18	FY19	YoY %	Diff.	FY18	FY19	YoY %	FY18	FY19	YoY %
1	Rengo (unconsolidated)	1	1	324.0	331.1	102.2	7.1	12,569	22,940	182.5	10,371	1,837	1,821	99.1	2,170	2,150	99.1
2	Paper manufacturing subsidiaries	2	2	29.1	30.7	105.6	1.6	2,116	4,079	192.8	1,963	398	408	102.5			
3	Paperboard packaging subsidiaries	33	35	201.5	217.0	107.7	15.5	4,669	6,476	138.7	1,807				2,061	2,131	103.4
4	Flexible packaging subsidiaries	1	1	61.0	63.6	104.3	2.6	1,607	2,866	178.3	1,259						
5	Heavy duty packaging subsidiaries	1	3	43.6	45.6	104.4	2.0	2,491	2,344	94.1	-147						
6	Other subsidiaries	5	5	158.2	165.3	104.5	7.1	3,168	3,077	97.1	-91						
<b>Domestic total (1 to 6)</b>		<b>43</b>	<b>47</b>	<b>817.4</b>	<b>853.3</b>	<b>104.4</b>	<b>35.9</b>	<b>26,620</b>	<b>41,782</b>	<b>157.0</b>	<b>15,162</b>	<b>2,236</b>	<b>2,229</b>	<b>99.7</b>	<b>4,231</b>	<b>4,281</b>	<b>101.2</b>
7	Paperboard packaging & nonwoven products Subs.	8	9	22.7	22.0	96.7	-0.7	957	850	88.8	-107				269	301	111.9
8	Flexible packaging subsidiaries	3	3	10.4	11.0	105.4	0.6	679	1,000	147.3	321						
9	Heavy duty packaging subsidiaries	93	102	58.9	66.1	112.2	7.2	4,213	4,697	111.5	484						
<b>Overseas total (7 to 9)</b>		<b>104</b>	<b>114</b>	<b>92.1</b>	<b>99.1</b>	<b>107.6</b>	<b>7.0</b>	<b>5,849</b>	<b>6,547</b>	<b>111.9</b>	<b>698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269</b>	<b>301</b>	<b>111.9</b>
10	Companies subject to the equity method	16	16					2,045	1,989	97.3	-56						
<b>Intersegment eliminations</b>				<b>-256.4</b>	<b>-268.6</b>	<b>-</b>	<b>-12.2</b>	<b>-7,060</b>	<b>-7,119</b>	<b>-</b>	<b>-59</b>						
<b>Total</b>		<b>163</b>	<b>177</b>	<b>653.1</b>	<b>683.8</b>	<b>104.7</b>	<b>30.7</b>	<b>27,454</b>	<b>43,199</b>	<b>157.4</b>	<b>15,745</b>	<b>2,236</b>	<b>2,229</b>	<b>99.7</b>	<b>4,499</b>	<b>4,582</b>	<b>101.8</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.).
- One company increased in the overseas paperboard packaging and nonwoven products subsidiaries (Settsu Carton Vietnam Corporation).
- Nine companies increased in the overseas heavy duty packaging subsidiaries (each of them belongs to the Tri-Wall Group including TRICOR Packaging & Logistics and Gutmann).

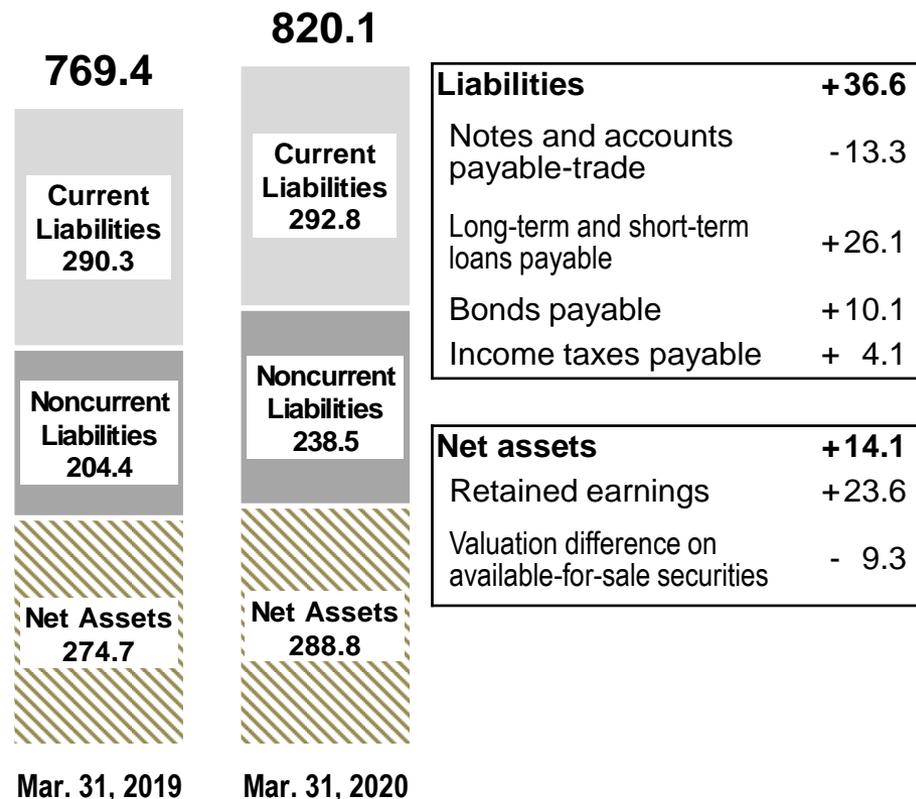
# 7. Consolidated Balance Sheet

## Assets



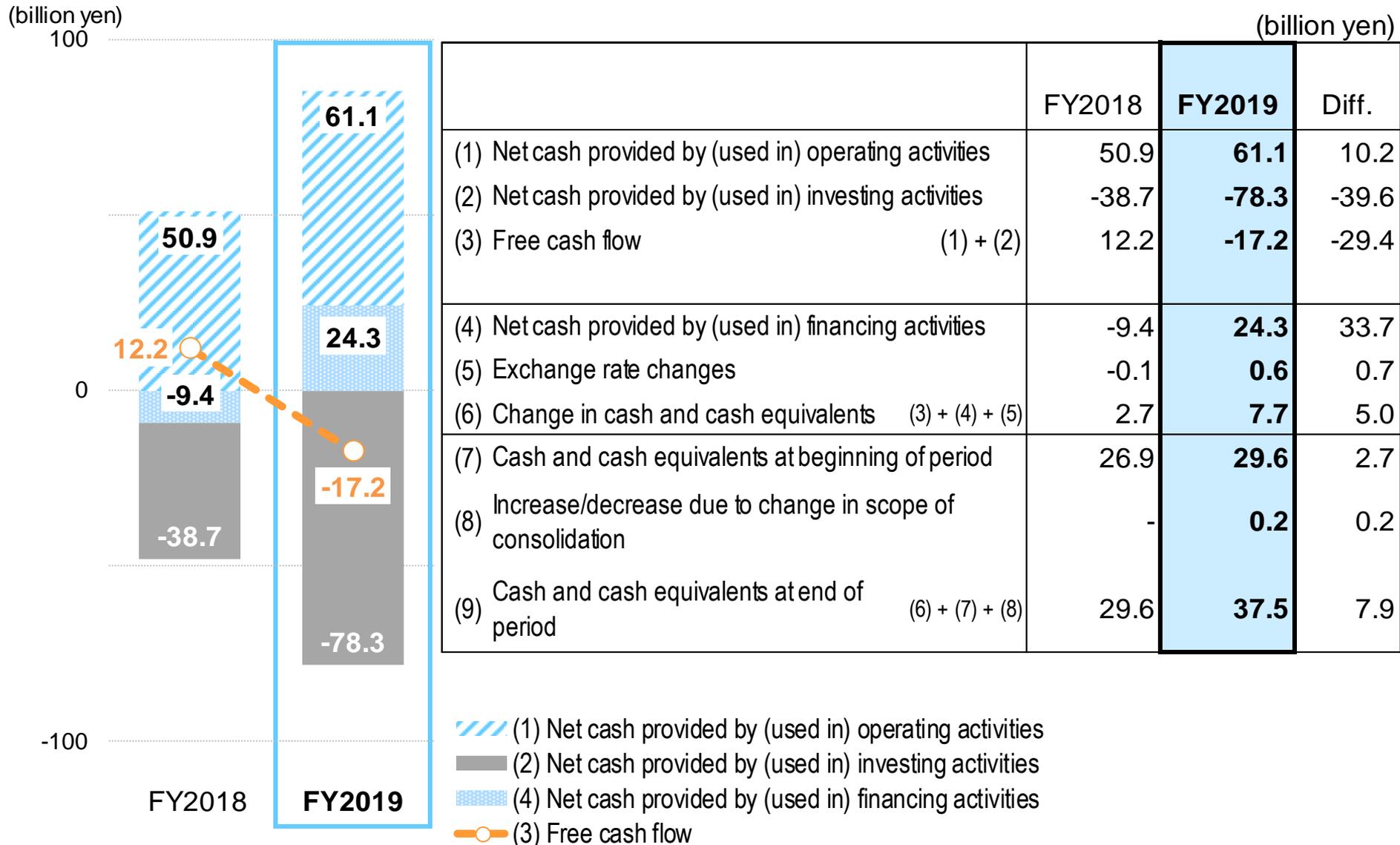
## Liabilities & Net Assets

(billion yen)



	Mar. 31, 2019	Mar. 31, 2020	
Interest-bearing debt	¥283.1 bn	<b>¥323.6 bn</b>	(+40.5 billion yen)
Capital adequacy ratio	34.3 %	<b>33.9 %</b>	(-0.4 pts)
D/E Ratio	1.07 times	<b>1.16 times</b>	(+0.09 pts)
EBITDA	¥59.0 bn	<b>¥77.7 bn</b>	(+18.7 billion yen)

## 8. Consolidated Statement of Cash Flow



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

(billion yen)

	FY2019	FY2020 Forecasts	YoY	Diff.
<b>Net sales</b>	<b>683.8</b>	<b>697.0</b>	<b>101.9%</b>	<b>13.2</b>
<b>Operating income</b>	<b>41.2</b>	<b>40.0</b>	<b>97.0%</b>	<b>-1.2</b>
<b>Ordinary income</b>	<b>43.2</b>	<b>42.0</b>	<b>97.2%</b>	<b>-1.2</b>
<b>Profit attributable to owners of the parent</b>	<b>27.8</b>	<b>28.0</b>	<b>100.8%</b>	<b>0.2</b>

### Assumption for the forecast

#### Production volume (domestic) YoY

<b>Containerboard</b>	<b>99.7%</b>	<b>101.0%</b>
<b>Corrugated board</b>	<b>101.2%</b>	<b>101.0%</b>

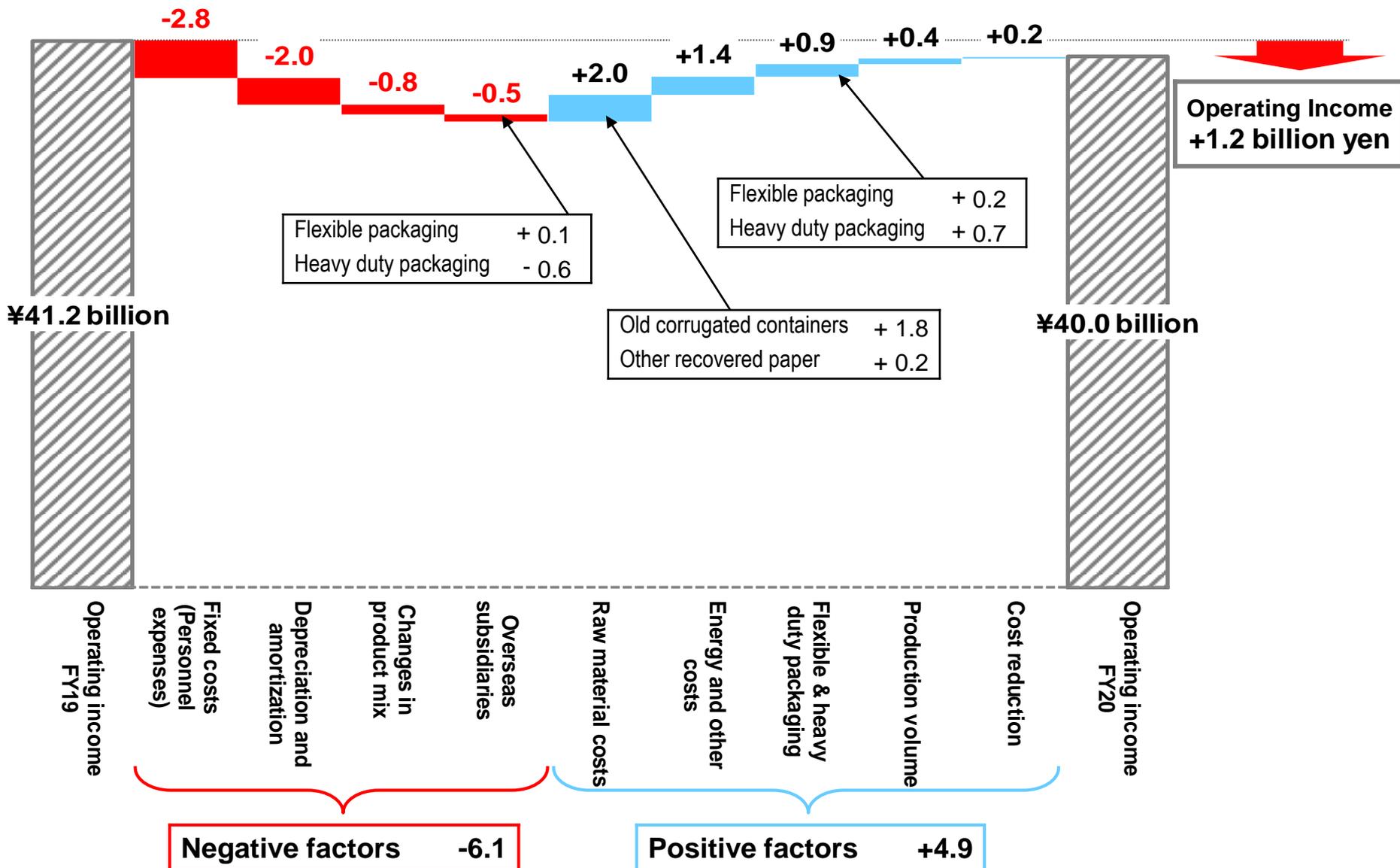
<b>FX rate*</b>	<b>109</b>	<b>110</b> yen/US\$
<b>Crude oil price (Dubai)</b>	<b>60</b>	<b>45</b> US\$/bbl

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

The forecast of the financial results described in this material is based on the information currently available.  
The figures indicated above do not constitute a guarantee of future performance.

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

(billion yen)



# 11. Major Financial Indicators

		(million yen)			
		FY2018	<b>FY2019</b>	FY2020 Forecast	
(1) Net sales		653,107	<b>683,780</b>	697,000	
(2) Operating Income		25,292	<b>41,227</b>	40,000	
(3) Ordinary Income		27,454	<b>43,199</b>	42,000	
(4) Profit attributable to owners of the parent		17,163	<b>27,790</b>	28,000	
(5) Total assets		769,355	<b>820,109</b>	845,000	
(6) Total shareholder's equity <sup>*1</sup>		263,948	<b>278,255</b>	300,000	
(7) Net assets		274,697	<b>288,820</b>	311,000	
(8) Interest-bearing debt		283,071	<b>323,614</b>	340,000	
(9) Capital expenditures		36,512	<b>38,700</b>	53,500	
(10) Depreciation and amortization		32,259	<b>35,076</b>	38,500	
*1 Total shareholders' equity = Net assets - non-controlling interests					
(11) Return on equity (ROE) <sup>*2</sup>	%	6.6	<b>10.3</b>	9.7	(4) / (6)
(12) Capital adequacy ratio	%	34.3	<b>33.9</b>	35.5	(6) / (5)
(13) EBITDA	million yen	59,028	<b>77,662</b>	80,500	(2)+(10)+Amortization of goodwill
(14) D/E Ratio	times	1.07	<b>1.16</b>	1.13	(8) / (6)
(15) Ratio of net sales to interest-bearing	%	43.3	<b>47.3</b>	48.8	(8) / (1)
(16) Ordinary income margin	%	4.2	<b>6.3</b>	6.0	(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	14	<b>20</b>	24	

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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.