



FY2020 (Apr. 2020-Mar. 2021)

# Earnings Presentation

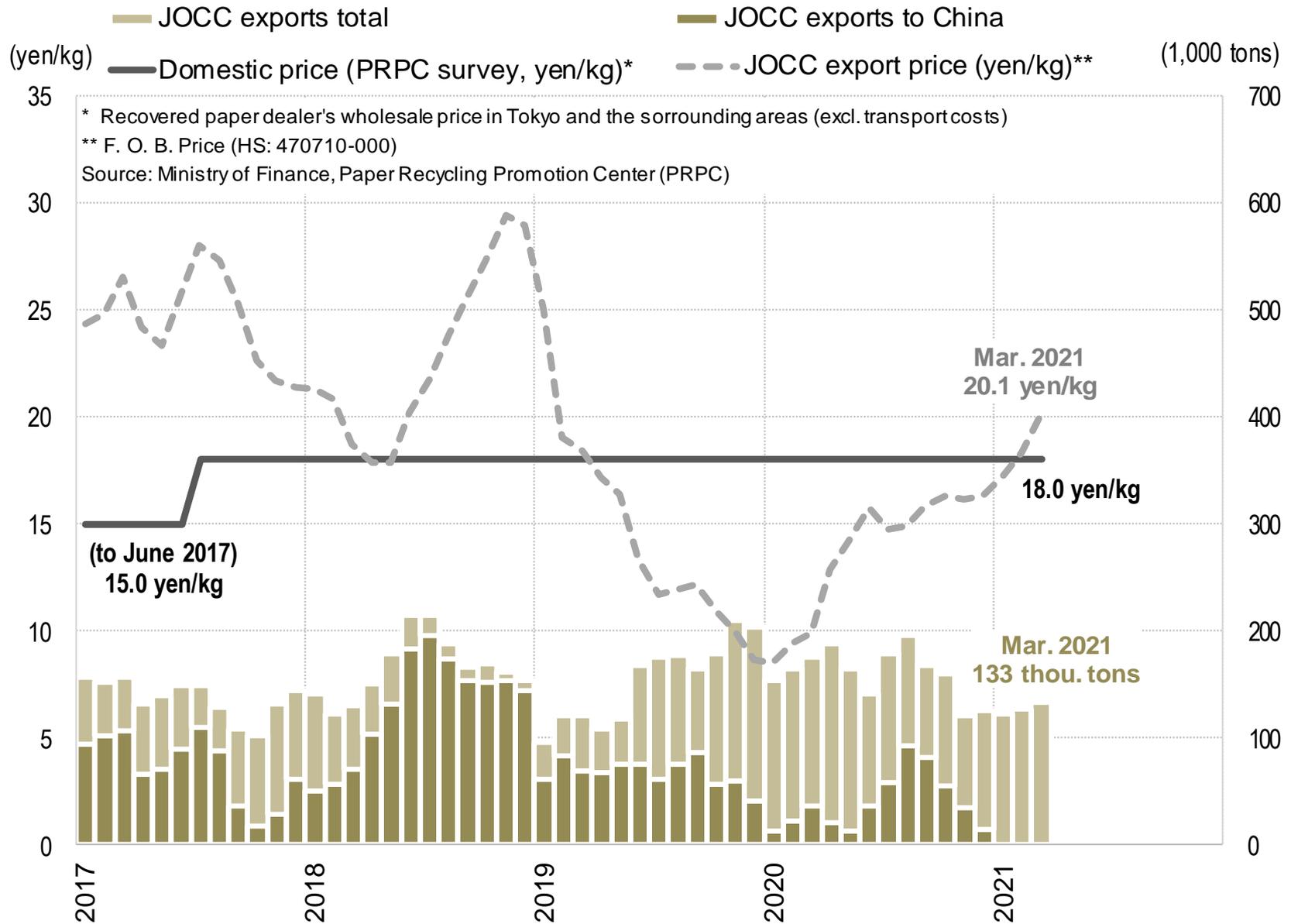
May 27, 2021



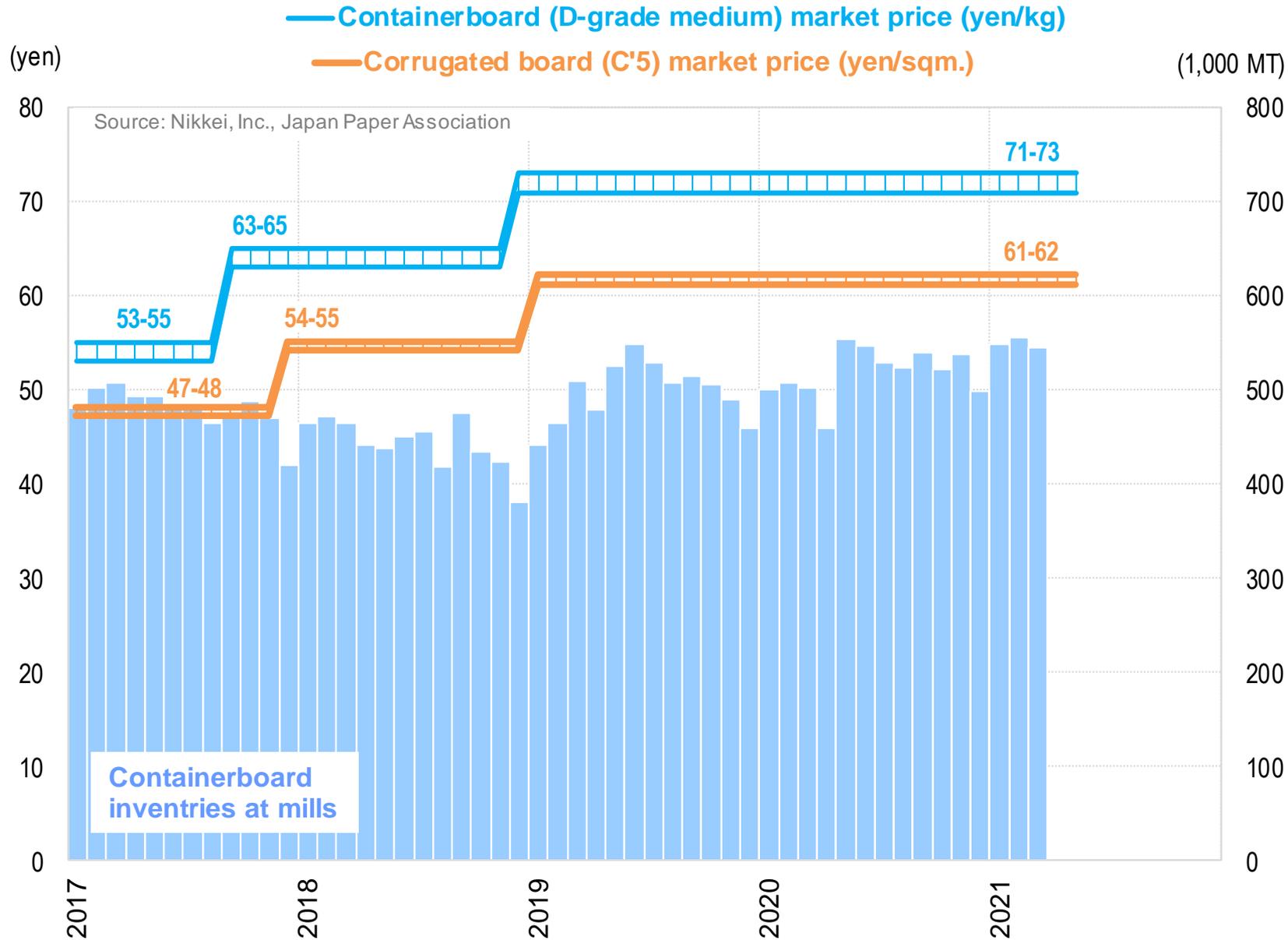
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# 1. Trends in Old Corrugated Containers (OCC)



## 2. Trends in Containerboard and Corrugated Board



### 3. Rengo Group's Measures in FY2020

#### Acquisitions and establishments

<b>Domestic</b>	Rengo joins in establishment of R Plus Japan (HQ: Minato-ku, Tokyo), a new company developing business for recycling of used plastics in June 2020
	Rengo acquires additional shares of Sun·Tox (HQ: Taito-ku, Tokyo), making it a subsidiary in Oct. 2020
	Rengo acquires shares of Kinyosha Printing (HQ: Ota-ku, Tokyo), making it a subsidiary in Mar. 2021
	Rengo makes Rengo Toppan Containers (HQ: Kawaguchi-shi, Saitama Pref.) into a wholly owned subsidiary, renames it RG Containers in Mar. 2021
	Rengo enters into memorandum of understanding regarding the business reconstruction support for Taiko Paper Mfg., Ltd. (HQ: Fuji-shi, Shizuoka Pref.) in Mar. 2021
<b>Overseas</b>	Rengo invests in United Pulp and Paper in the Philippines in Oct. 2020
	Tri-Wall (HQ: Hong Kong) acquires a manufacturing and sales company of heavy duty packaging in Mexico in Oct. 2020
	Thai Containers Group acquires a corrugated packaging and folding carton manufacturer in Vietnam in Dec. 2020

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

The General Packaging Industry

(billion yen)

	FY2019	FY2020	YoY	Diff.	FY2020 forecasted*	A/F	Diff.
<b>Net sales</b>	683.8	680.7	99.6%	-3.1	697.0	97.7%	-16.3
<b>Operating income</b>	41.2	39.9	96.9%	-1.3	40.0	99.8%	-0.1
<b>Ordinary income</b>	43.2	43.2	100.0%	0.0	42.0	102.9%	1.2
<b>Extraordinary gain and loss</b>	-2.1	-2.0	-	0.1	-	-	-
<b>Profit attributable to owners of the parent</b>	27.8	28.6	102.9%	0.8	28.0	102.1%	0.6

\*Disclosed on May 13, 2020

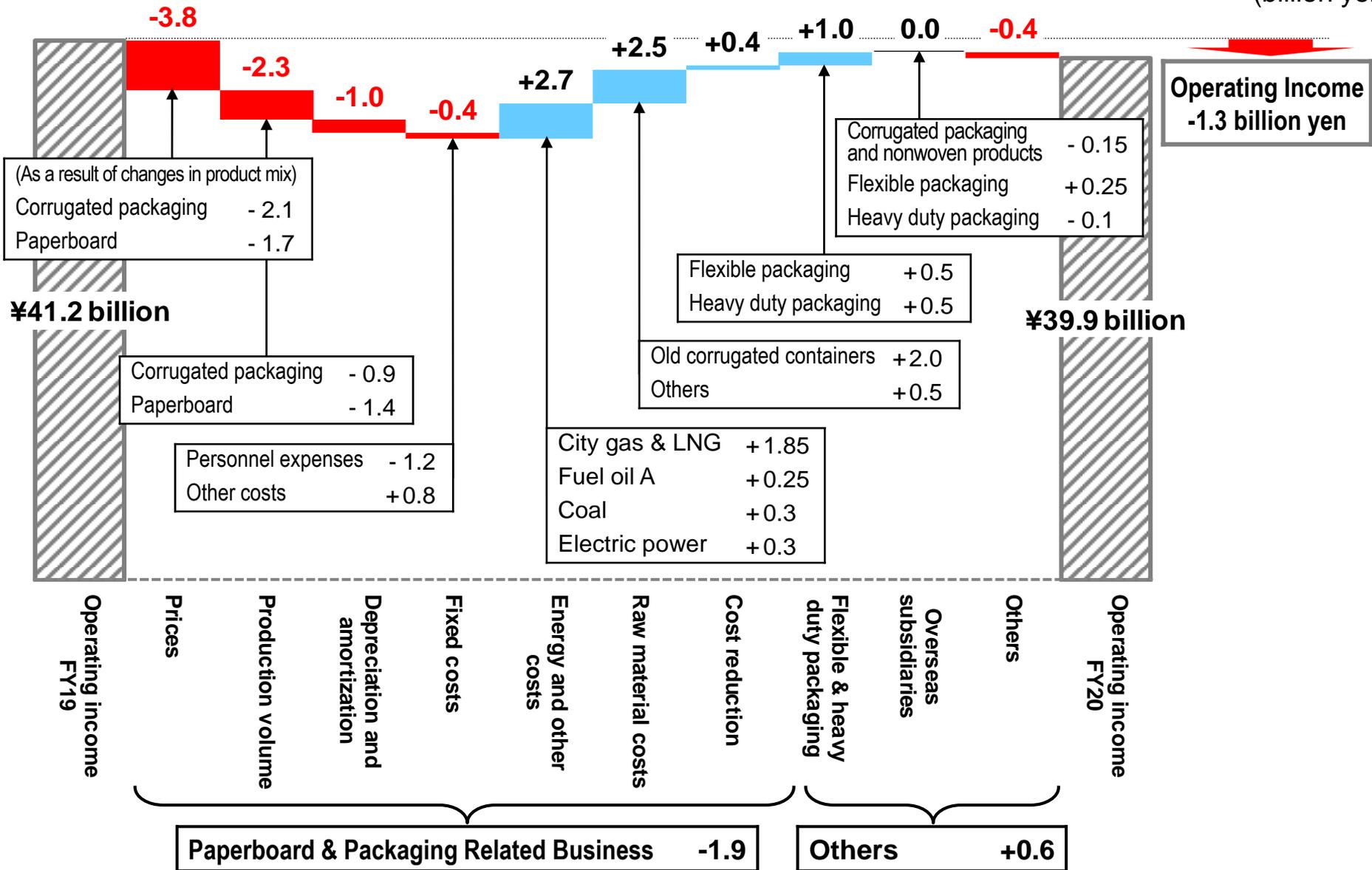
### Main factors underlying extraordinary gain and loss

(billion yen)

	FY2019		FY2020
<b>(Extraordinary gain)</b>		<b>(Extraordinary gain)</b>	
Gain on sales of investment securities	1.0	Gain on sales of investment securities	0.7
Subsidy income	0.6	Subsidy income	0.3
Gain on bargain purchase	0.3	Insurance income	0.1
<b>(Extraordinary loss)</b>		<b>(Extraordinary loss)</b>	
Loss on plant closing	1.0	Loss on sales/retirement of noncurrent assets	1.3
Loss on sales/retirement of noncurrent assets	0.9	Provision for loss on liquidation of subsidiaries and associates	0.5
Plant renewal expenses	0.7	Loss on reduction of noncurrent assets	0.3
Loss on reduction of noncurrent assets	0.6	Plant renewal expenses	0.3
Loss on valuation of investment securities	0.5	COVID-19 related expenses	0.2

# 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.)		
		FY19	FY20	FY19	FY20	YoY %	Diff.	FY19	FY20	YoY %	Diff.	FY19	FY20	YoY %	FY19	FY20	YoY %
1	Rengo (unconsolidated)	1	1	331.1	321.3	97.0	-9.8	22,940	22,593	98.5	-347	1,821	1,783	97.9	2,150	2,088	97.1
2	Paper manufacturing subsidiaries	2	2	30.7	28.9	94.0	-1.8	4,079	3,805	93.3	-274	408	392	96.1			
3	Paperboard packaging subsidiaries	34	34	216.0	210.4	97.4	-5.6	6,516	6,331	97.2	-185				2,131	2,147	100.8
4	Flexible packaging subsidiaries	1	2	63.6	73.6	115.7	10.0	2,866	3,258	113.7	392						
5	Heavy duty packaging subsidiaries	3	3	46.6	48.4	103.7	1.8	2,304	2,921	126.8	617						
6	Other subsidiaries	5	5	165.3	158.4	95.8	-6.9	3,077	2,654	86.3	-423						
<b>Domestic total (1 to 6)</b>		<b>46</b>	<b>47</b>	<b>853.3</b>	<b>841.0</b>	<b>98.6</b>	<b>-12.3</b>	<b>41,782</b>	<b>41,562</b>	<b>99.5</b>	<b>-220</b>	<b>2,229</b>	<b>2,174</b>	<b>97.5</b>	<b>4,281</b>	<b>4,235</b>	<b>98.9</b>
7	Paperboard packaging & nonwoven products Subs.	9	9	22.0	20.2	92.2	-1.8	850	622	73.2	-228				301	279	92.7
8	Flexible packaging subsidiaries	3	3	11.0	11.7	106.6	0.7	1,000	1,205	120.5	205						
9	Heavy duty packaging subsidiaries	102	106	66.1	75.4	114.1	9.3	4,697	6,713	142.9	2,016						
<b>Overseas total (7 to 9)</b>		<b>114</b>	<b>118</b>	<b>99.1</b>	<b>107.4</b>	<b>108.4</b>	<b>8.3</b>	<b>6,547</b>	<b>8,540</b>	<b>130.4</b>	<b>1,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301</b>	<b>279</b>	<b>92.7</b>
10	Companies subject to the equity method	16	16					1,989	2,632	132.3	643						
<b>Intersegment eliminations</b>				<b>-268.6</b>	<b>-267.7</b>	<b>-</b>	<b>0.9</b>	<b>-7,119</b>	<b>-9,534</b>	<b>-</b>	<b>-2,415</b>						
<b>Total</b>		<b>176</b>	<b>181</b>	<b>683.8</b>	<b>680.7</b>	<b>99.6</b>	<b>-3.1</b>	<b>43,199</b>	<b>43,200</b>	<b>100.0</b>	<b>1</b>	<b>2,229</b>	<b>2,174</b>	<b>97.5</b>	<b>4,582</b>	<b>4,514</b>	<b>98.5</b>

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

- One company increased in the domestic flexible packaging subsidiaries (Sun · Tox Co., Ltd., a former equity method affiliate).
- Four companies increased in the overseas heavy duty packaging subsidiaries (Tri-Wall Group subsidiaries).
- One company increased and one company decreased in the companies subject to the equity method (an addition of United Pulp and Paper Company Inc., and a change of Sun · Tox Co., Ltd. to a domestic flexible packaging subsidiary).

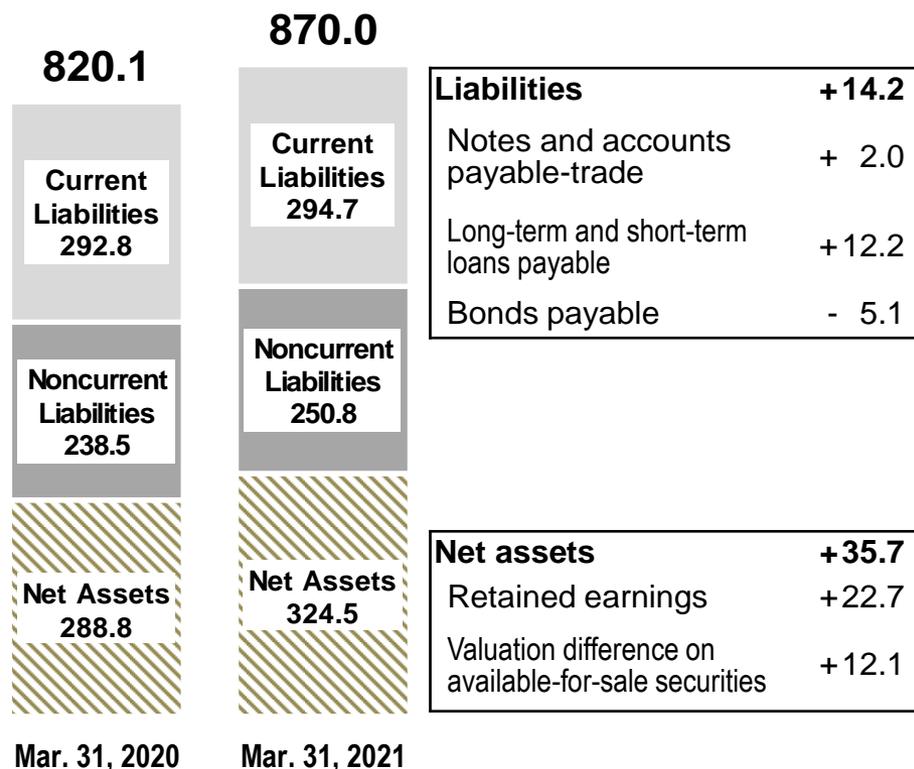
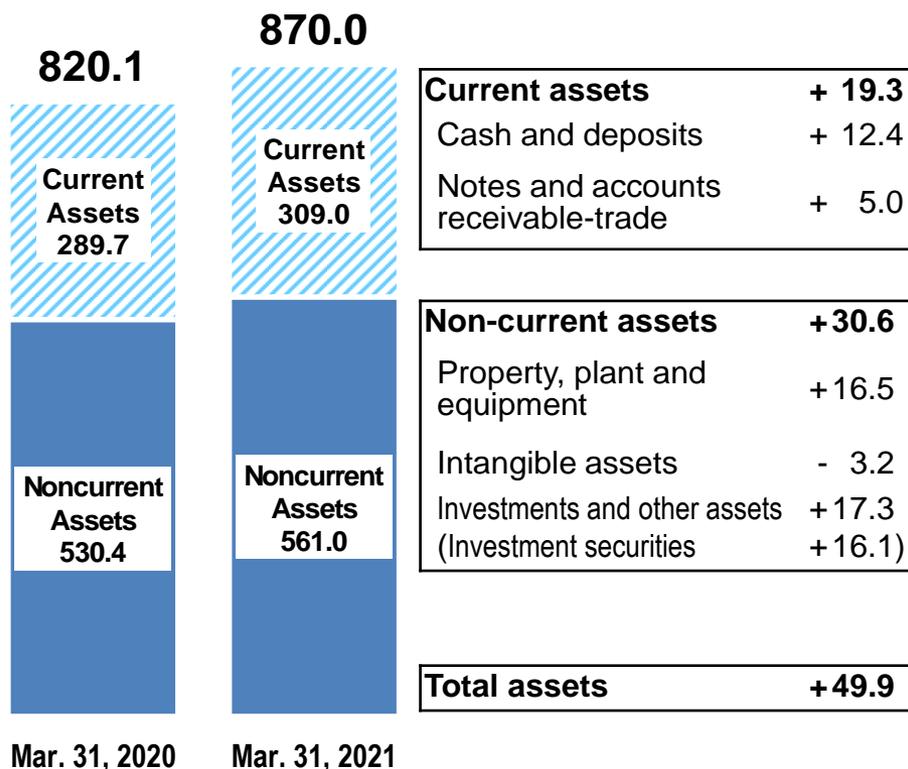
Notice: Tarutani Packaging Co., Ltd., a former domestic paperboard packaging subsidiary, changed to a domestic heavy duty packaging subsidiary due to a merger by Tarutani Industrial Packaging Corporation.

# 7. Consolidated Balance Sheet

## Assets

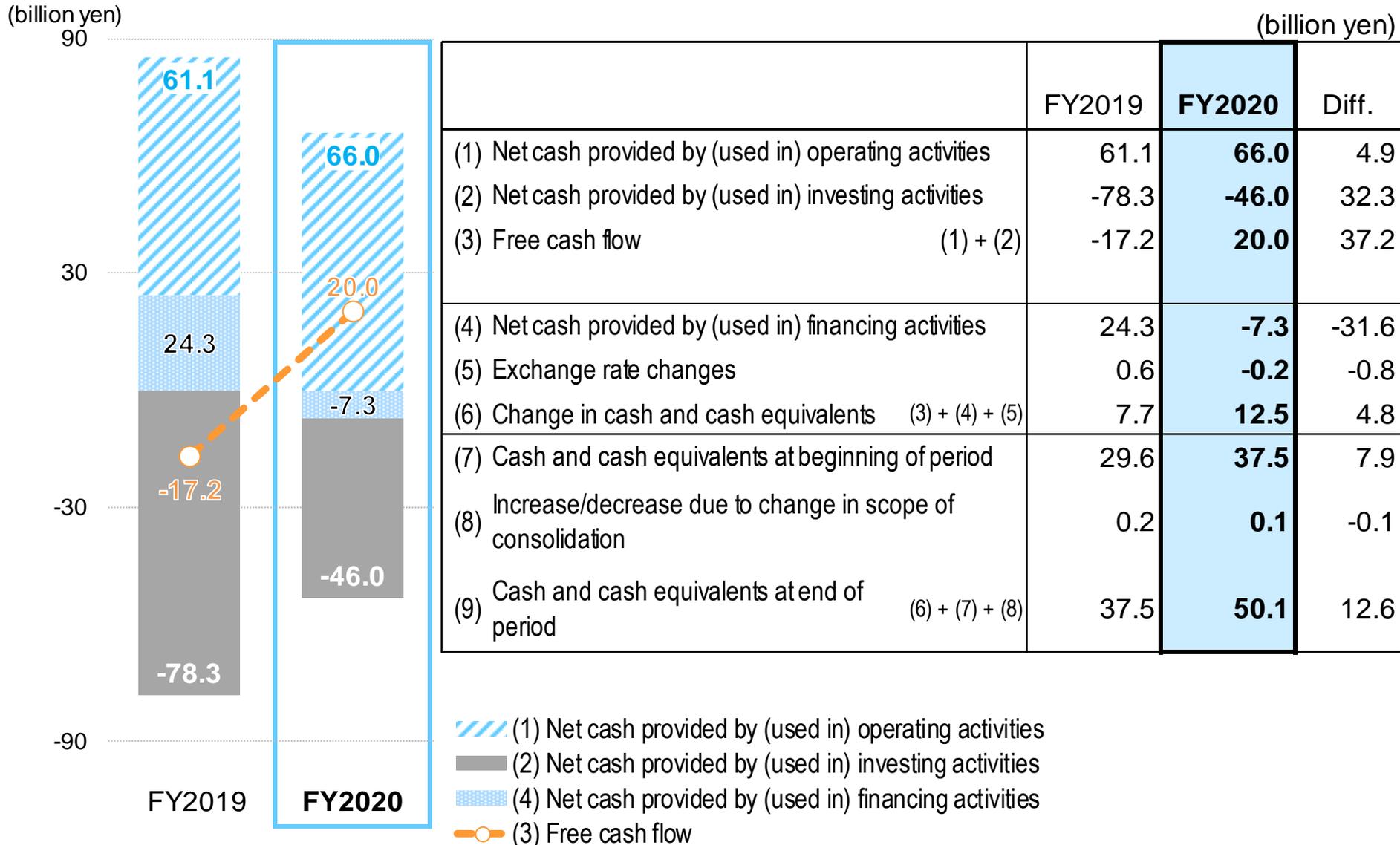
## Liabilities & Net Assets

(billion yen)



	Mar. 31, 2020	Mar. 31, 2021	
Interest-bearing debt	¥323.6 bn	<b>¥330.6 bn</b>	(+7.0 billion yen)
Capital adequacy ratio	33.9 %	<b>36.0 %</b>	(+2.1 pts)
D/E Ratio	1.16 times	<b>1.06 times</b>	(-0.10 pts)
EBITDA	¥77.7 bn	<b>¥80.0 bn</b>	(+2.3 billion yen)

## 8. Consolidated Statement of Cash Flow



## 9. Consolidated Income Statement Forecast for FY2021 (Year-on-year)

(billion yen)

	FY2020	FY2021 Forecasts	YoY	Diff.
<b>Net sales</b>	<b>680.7</b>	<b>723.0</b>	<b>106.2%</b>	<b>42.3</b>
<b>Operating income</b>	<b>39.9</b>	<b>42.0</b>	<b>105.2%</b>	<b>2.1</b>
<b>Ordinary income</b>	<b>43.2</b>	<b>44.0</b>	<b>101.9%</b>	<b>0.8</b>
<b>Profit attributable to owners of the parent</b>	<b>28.6</b>	<b>30.0</b>	<b>104.9%</b>	<b>1.4</b>

### Assumption for the forecast

#### Production volume (domestic) YoY

<b>Containerboard</b>	<b>97.5%</b>	<b>105.1%</b>
<b>Corrugated board</b>	<b>98.9%</b>	<b>103.7%</b>

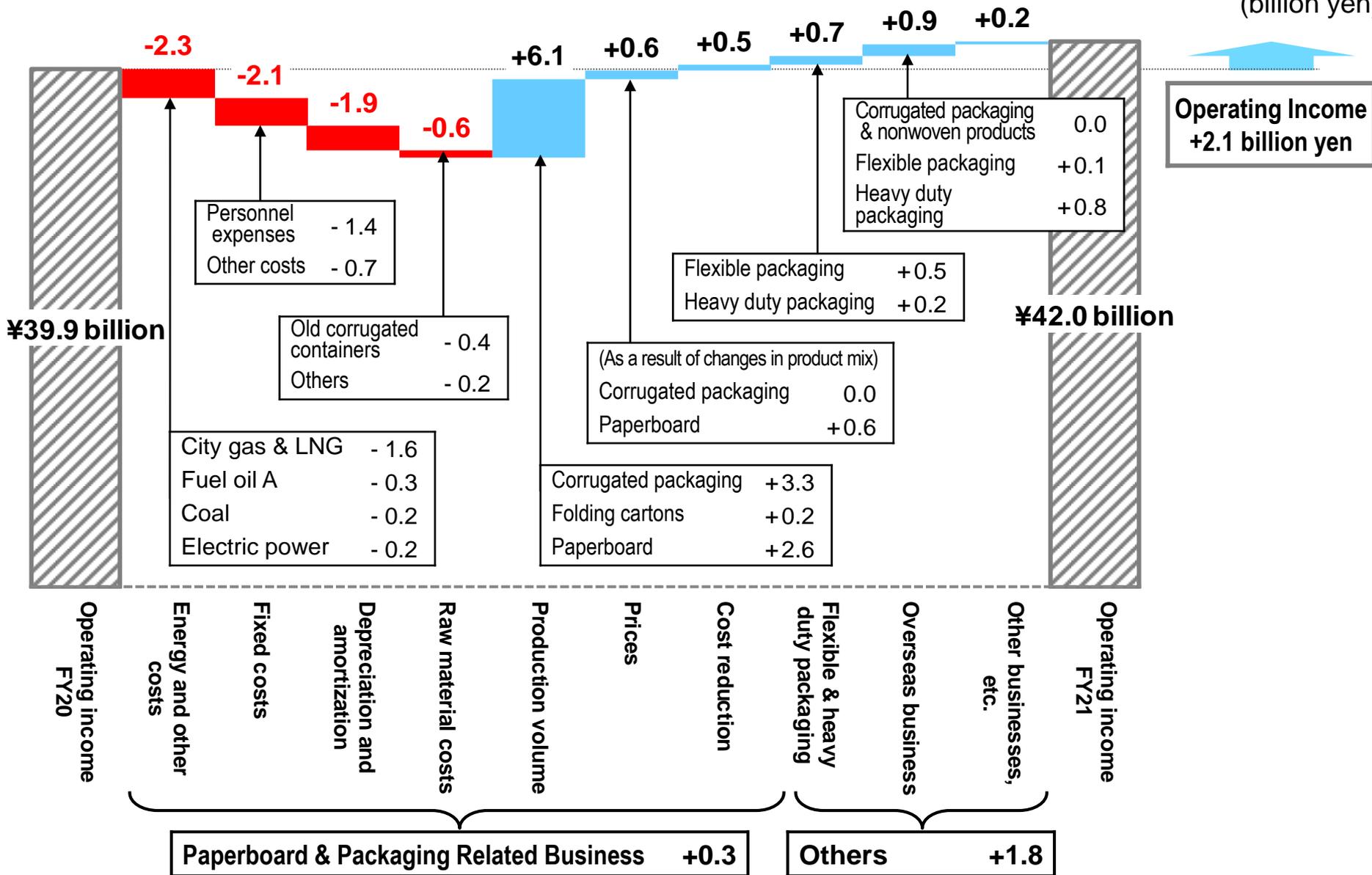
<b>FX rate*</b>	<b>106</b>	<b>110</b> yen/US\$
<b>Crude oil price (Dubai)</b>	<b>44</b>	<b>65</b> US\$/bbl

\* 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)			
		FY2019	<b>FY2020</b>	FY2021 Forecast	
(1) Net sales		683,780	<b>680,714</b>	723,000	
(2) Operating Income		41,227	<b>39,938</b>	42,000	
(3) Ordinary Income		43,199	<b>43,200</b>	44,000	
(4) Profit attributable to owners of the parent		27,790	<b>28,599</b>	30,000	
(5) Total assets		820,109	<b>869,992</b>	924,000	
(6) Total shareholders' equity <sup>*1</sup>		278,255	<b>313,327</b>	337,000	
(7) Net assets		288,820	<b>324,463</b>	349,000	
(8) Interest-bearing debt		323,614	<b>330,645</b>	365,000	
(9) Capital expenditures		38,700	<b>47,143</b>	58,500	
(10) Depreciation and amortization		35,076	<b>38,114</b>	41,000	
*1 Total shareholders' equity = Net assets - non-controlling interests					
(11) Return on equity (ROE) <sup>*2</sup>	%	10.3	<b>9.7</b>	9.2	(4) / (6)
(12) Capital adequacy ratio	%	33.9	<b>36.0</b>	36.5	(6) / (5)
(13) EBITDA	million yen	77,662	<b>80,014</b>	85,100	(2)+(10)+Amortization of goodwill
(14) D/E Ratio	times	1.16	<b>1.06</b>	1.08	(8) / (6)
(15) Ratio of net sales to interest-bearing debt	%	47.3	<b>48.6</b>	50.5	(8) / (1)
(16) Ordinary income margin	%	6.3	<b>6.3</b>	6.1	(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	20	<b>24</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.