



January 31, 2019

**SUMMARY OF FINANCIAL STATEMENTS (Consolidated)**  
**Third Quarter Results for the Fiscal Year Ending March 31, 2019**

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

URL: <https://www.jsp.com>

Code Number: **7942**

Representative: Yukio Sakai, President, Representative Director

Contact person: Yasushi Komori, General Manager, Accounting Department, Finance & Accounting Division

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Scheduled date of filing of Quarterly Report: February 8, 2019

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on January 31, 2019 at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

**1. Third Quarter Results (April 1, 2018 to December 31, 2018) for the Fiscal Year Ending March 31, 2019**

(1) Consolidated business performance (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2018	88,157	2.0	4,849	(38.4)	5,078	(36.3)	3,920	(32.5)
Nine months ended Dec. 31, 2017	86,434	5.5	7,867	0.1	7,968	(2.2)	5,811	(7.0)

Note: Comprehensive income: Nine months ended Dec. 31, 2018: 2,752 million yen (down 59.6%)

Nine months ended Dec. 31, 2017: 6,811 million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	131.51	-
Nine months ended Dec. 31, 2017	194.94	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2018	130,071	85,365	62.4	2,721.91
As of Mar. 31, 2018	125,270	84,105	63.5	2,667.72

Reference: Shareholders' equity: As of Dec. 31, 2018: 81,138 million yen As of Mar. 31, 2018: 79,524 million yen

**2. Dividends**

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	25.00	-	25.00	50.00
Fiscal year ending Mar. 31, 2019	-	25.00	-	-	-
Fiscal year ending Mar. 31, 2019 (forecasts)	-	-	-	25.00	50.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2019**

(April 1, 2018 to March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	118,100	3.3	7,500	(17.6)	7,700	(16.5)	5,500	(19.8)	184.50

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in principal subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: -                      Excluded: -

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period including treasury shares

As of Dec. 31, 2018:	31,413,473 shares	As of Mar. 31, 2018:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2018:	1,604,111 shares	As of Mar. 31, 2018:	1,603,502 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	29,809,747 shares	Nine months ended Dec. 31, 2017:	29,810,511 shares
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\* The current quarterly financial report is not subject to quarterly review by certified public accountants or an auditing firm.

\* Cautionary statement with respect to forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first nine months of the current fiscal year, there were concerns about slowing economic growth in the United States because of lower exports caused by the trade friction with China and rising interest rates. However, consumer spending was strong mainly due to a tax cut. In Mexico, the economy posted strong growth as worries about trade friction decreased. In Brazil, industrial output continued to recover even though the country's economic recovery briefly stopped. In Europe, consumer spending continued to recover along with improved employment statistics. But the economic recovery was slow partly because exports stopped growing. In Asia, the economy continued to grow but the growth rate decreased partly due to a negative impact from trade friction and no growth in some regions. In Japan, although there are indications of a recovery in consumer spending, there are also areas of weakness in the economy mainly due to the recent damage from floods and earthquakes as well as the rising cost of raw materials and fuel and cargo transportation.

In Japan's foamed plastic industry, market conditions were challenging in some sectors. Although there was a recovery in the home appliances and other sectors, weak demand for food packaging and fisheries products and the rising cost of raw materials and fuel had a negative effect on market conditions.

Sales in the first nine months were higher than in the same period of the previous fiscal year especially due to higher sales of value-added products and product price revisions in association with the higher cost of raw materials. Operating profit decreased because of lower profit in the first half and the slow pace of improvements in earnings in the global businesses although revisions of product prices in Japan completed during the third quarter. As the crude oil prices have declined since around November 2018, the impact on the cost of raw materials we use is largely expected to emerge after the fourth quarter of the current fiscal year.

Net sales in the first nine months were 88,157 million yen, up 2.0% from the same period of the previous fiscal year. Operating profit decreased 38.4% to 4,849 million yen, ordinary profit decreased 36.3% to 5,078 million yen and profit attributable to owners of parent decreased 32.5% to 3,920 million yen.

Results by business segment were as follows.

Starting with the first quarter of the current fiscal year, some subsidiaries have been moved to different administrative categories. Prior-year figures have been revised to match these changes in subsidiaries in order to facilitate comparisons with current fiscal year figures.

#### Extrusion Business

Sales of STYRENPAPER™ (expanded polystyrene sheet used in food packaging) and other materials for household products decreased chiefly due to lower sales of materials used for food trays and of MIRABOARD™, a material used for advertising displays. Sales of industrial packaging products increased mainly because of higher demand for value-added products. MIRAMAT® (expanded polyethylene sheet used as an industrial packaging material), which is used for substrates for flat panel displays and other home appliances, accounts for most sales in this category. Sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials increased. The main reason was higher sales of high-performance thermal insulation products and parts pre-cut for fabrication in the building construction market, and materials used for civil engineering applications.

Overall, segment sales increased because of growth in sales of value-added products and revisions to prices of products. Earnings decreased due to a delay in completing price revisions to reflect the higher cost of raw materials and cargo transportation and to a decline in sales of materials used in household products.

As a result, extrusion segment sales increased 3.0% to 31,595 million yen and operating profit decreased 9.7% to 2,083 million yen.

## **Bead Business**

ARPRO®/P-BLOCK™ (expanded polypropylene), which is manufactured and sold worldwide, is used in a diverse array of applications. Major uses are automotive parts such as bumper cores and seat cores, cushioning and packaging materials for returnable containers for components of all types, cushioning and packaging materials, insulation and cushioning materials for housing facilities, and impact protection materials for athletic fields. Sales of ARPRO®/P-BLOCK™ and other high-performance products increased because these materials were used in more types of automotive parts and in a large variety of new applications. In Japan, lower automobile production caused by damage from floods and earthquakes and other reasons had a negative impact on sales in the first half. But sales were strong mainly due to an increase in sales of materials newly used for seat cores beginning in October. In North America, there were strong sales of materials used in automotive parts, flat cushioning materials, cushioning packaging materials for returnable transport containers and other products. In the United States, the price of polypropylene remained higher than in other areas of the world because of the balance between U.S. supply and demand for polypropylene. In South America, sales were strong chiefly because of a recovery in automobile production in Brazil. In Europe, sales remained firm despite the effects of slower economic growth. In Asia, sales were consistently strong in China but sales in South Korea decreased. Sales of expandable polystyrene bead products, chiefly STYRODIA®, increased due to strong sales for applications involving home appliances and functional products. Higher sales volume and the revisions of product prices to reflect the higher cost of raw materials also contributed to growth in sales. Sales of FOAMCORE™ (a hybrid molded product), which is used as a material for prefabricated bathroom unit ceilings and marine floats, decreased due to the lower demand.

Segment sales slightly increased partially impacted by lower sales in South Korea. Earnings decreased because of a delay in price revisions in Japan during the first half and the slow pace of improvements in earnings in the global businesses.

As a result, bead segment sales increased 0.5% to 51,770 million yen and operating profit decreased 45.9% to 3,315 million yen.

## **Other**

In general packaging materials, sales in Japan increased with the support of firm sales in the automotive parts and most other market sectors. In China, the receipt of packaging material orders for all types of components resulted in higher sales.

As a result, sales in the other segment increased 12.7% to 4,791 million yen and operating profit increased 42.9% to 142 million yen.

## **(2) Explanation of Financial Position**

Total assets as of December 31, 2018 were 130,071 million yen, up 4,800 million yen from March 31, 2018. Current assets increased 1,843 million yen to 69,000 million yen mainly due to a 2,514 million yen increase in notes and accounts receivable-trade and a 642 million yen increase in merchandise and finished goods, while there was a 1,735 million yen decrease in cash and deposits. Non-current assets increased 2,957 million yen to 61,071 million yen mainly due to a 2,150 million yen increase in other, net under property, plant and equipment resulting from an increase in construction in progress.

Total liabilities as of December 31, 2018 were 44,705 million yen, up 3,541 million yen from March 31, 2018. Current liabilities increased 3,142 million yen to 36,287 million yen mainly due to a 3,398 million yen increase in short-term loans payable. Non-current liabilities increased 398 million yen to 8,418 million yen mainly due to a 155 million yen increase in long-term loans payable.

As a result, net assets totaled 85,365 million yen and the shareholders' equity ratio decreased 1.1 percentage points to 62.4%.

A summary of cash flows and major components are as follows.

Net cash provided by operating activities totaled 5,155 million yen, a decrease of 2,085 million yen from the same period of the previous fiscal year. Inflows included 5,044 million yen from profit before income taxes and 4,118 million yen from depreciation. Outflows included an increase of 3,213 million yen in notes and accounts receivable-trade and income taxes paid of 1,545 million yen.

Net cash used in investing activities totaled 7,751 million yen, an increase of 1,319 million yen from the same period of the previous fiscal year. This included an outflow of 8,011 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 1,479 million yen, an increase of 333 million yen from the same period of the previous fiscal year. Inflows included 3,379 million yen from a net increase in short-term loans payable and 3,000 million yen in proceeds from long-term loans payable. Outflows included 3,194 million yen for the repayment of long-term loans payable and cash dividends paid of 1,490 million yen.

As a result, cash and cash equivalents totaled 9,479 million yen as of December 31, 2018, down 1,327 million yen from March 31, 2018.

### **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

We maintain the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2019, which was disclosed in the Second Quarter Results for the Fiscal Year Ending March 31, 2019 dated October 26, 2018.

*\* This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*