



JSP Corporation Engineered Plastic Foams

Results of Operations for the Fiscal Year
Ended March 31, 2017 (FY3/17)

Information Meeting

JSP Corporation

1. FY3/17 Summary of Business Operations

2. FY3/18 Outlook

3. FY3/17 Supplementary Financial Information

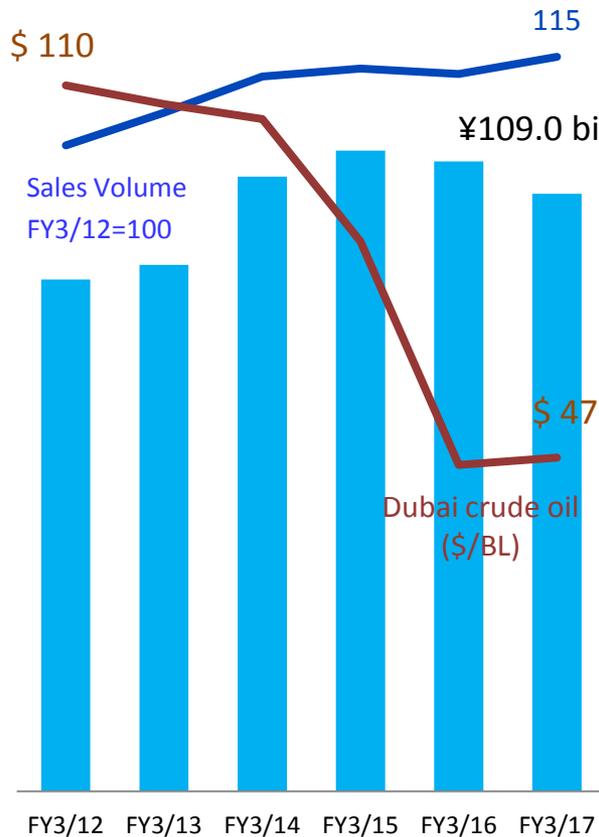
4. New Plants, New Products

3 Financial Highlights

JSP Corporation
Engineered Plastic Foams

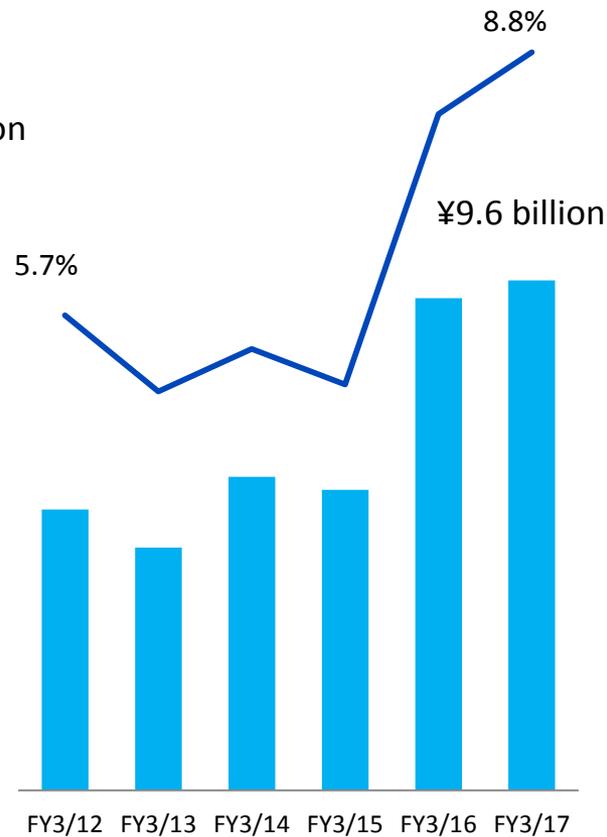
Growth

Net Sales / Sales Volume



Margin

Operating Profit / Operating Margin



Return

Ordinary Profit to Total Assets



Item (Million yen)	FY3/16 Results	FY3/17 Forecast (Announced Jan. 29, 2017)	FY3/17 Results	YoY Comparison	vs. Forecast
Net sales	114,904	108,000	109,048	-5.1%	+1.0%
Operating profit	9,278	9,000	9,612	+3.6%	+6.8%
Ordinary profit	9,101	9,100	10,033	+10.2%	+10.3%
Profit attributable to owners of parent	5,914	6,200	7,301	+23.5%	+17.8%

- Forex: JPY109.4/USD JPY120.6/EUR JPY16.4/CNY (FY3/16: JPY121.0/USD JPY133.7/EUR JPY19.2/CNY)
- Dubai crude oil: USD47/BL (FY3/16: USD46/BL)
- Japan: Sales down: Declined mainly due to product price revisions
Operating profit up: Recovery in the spread between the cost of raw materials and product selling prices
- Global: Sales down : Declined due to product price revisions and the effect of the yen's strength, although sales volume was higher
Operating profit slightly down: Mainly the effect of the yen's strength
- Dividends: Annual dividend ¥50 per share (Interim dividend ¥20, Year-end dividend ¥30)

5 Extrusion Business

FY3/17
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Item (Million yen)	FY3/16 Results	FY3/17 Results	YoY Comparison
Net sales	38,289	37,929	-0.9%
Operating profit	2,755	3,045	+10.5%

Sales fell due to product price revisions, but earnings improved as the spread returned

Food packaging materials and food containers



STYRENPAPER™

- Strong sales for microwaveable containers and instant noodle containers

Industrial packaging materials



**MIRAMAT®
CAPLON™
P-BOARD™
MIRABOARD™**

- Strong sales worldwide for cushioning materials for transportation of LCD TV substrates and for other value-added products

Home insulation materials and civil engineering materials



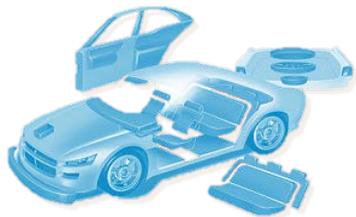
MIRAFOAM™

- Strong sales of parts pre-cut for fabrication and high-performance thermal insulation products
- Higher civil engineering material sales due to reconstruction projects in the Tohoku region

Item (Million yen)	FY3/16 Results	FY3/17 Results	YoY Comparison
Net sales	70,865	65,354	-7.8%
Operating profit	7,436	7,376	-0.8%

Sales were down as price revisions and the yen's strength offset growth in sales volume and the strong yen reduced earnings too

A cushioning material for automotive parts and home appliances, and an impact protection material for sports grounds



ARPRO®/P-BLOCK™
ELEMPOR™ NEO



- These materials were used in more auto parts
- Japan: Small decrease caused by decline in auto production volume
- North America/Europe: Sales increase
- China: Sales volume up but yen conversion of monetary sales down

Expanded polystyrene, hybrid molded product



STYRODIA®
HEATPOR®
CLEARPOR®
FOAMCORE™

- Higher sales volume in the home appliance sector and for functional products
- Sales were unchanged in the construction and civil engineering sectors
- Demand declined in the fisheries and agriculture sectors

Item (Million yen)	FY3/16 Results	FY3/17 Results	YoY Comparison
Net sales	5,749	5,764	+0.3%
Operating profit	17	148	+745.2%

Sales and earnings increased (Sales decreased in Japan but increased in China)

General packaging materials in Japan

- Sales in Japan decreased as demand for these materials declined because of the impact of disasters on manufacturers of automobiles and optical products.



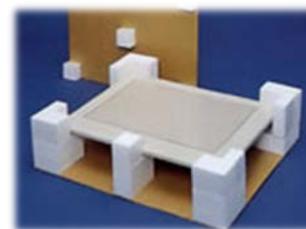
Trays for auto parts



Cushioning materials for optical parts

General packaging materials in China

- Higher sales because of orders related to new products and new applications



Cushioning materials for digital home appliances

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9 FY3/18 Outlook

FY3/18 Outlook
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Item (Million yen)	FY3/17 Results	FY3/18 Outlook	YoY Comparison
Net sales	109,048	116,500	+6.8%
Operating profit	9,612	9,500	-1.2%
Ordinary profit	10,033	9,700	-3.3%
Profit attributable to owners of parent	7,301	6,700	-8.2%

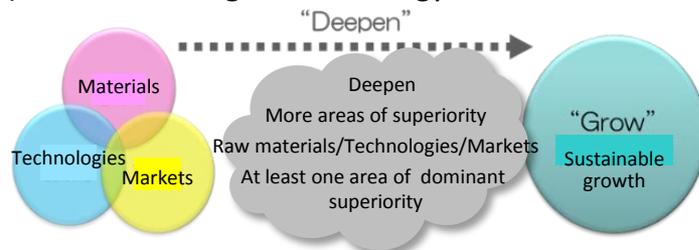
- Exchange rates: JPY110/USD JPY120/EUR JPY16/CNY (FY3/17: JPY109.4/USD JPY120.6/EUR JPY16.4/CNY)
- Dubai crude oil: USD52/BL (FY3/17: USD47/BL)
- Japan: Focusing on sales of differentiation products that incorporate exclusive technologies
Higher sales of high-performance thermal insulation materials and cushioning materials for transportation of LCD TV substrates
- Global: Sales volume up 9% YoY
New application for auto parts in USA&Europe and China, demand improved in cushioning materials for transportation of LCD TV substrates in Taiwan
- Dividend: Annual dividend (forecast) ¥50 per share (Interim dividend ¥25, Year-end dividend ¥25)

Outlook and Medium-term Management Plan Targets

FY3/18 Outlook
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Item (Million yen)	FY3/18 Medium-term management plan	FY3/18 Outlook	Difference
Net sales	135,000	116,500	-13.7%
Operating profit	8,800	9,500	+ 8.0%
Ordinary profit	8,900	9,700	+9.0%
Profit attributable to owners of parent	5,600	6,700	+19.6%

- Medium-term Vision: “Deepen & Grow”
- Name of plan: “Deepen & Grow 2017”
- Fundamental Policy
 - (1) Promotion of differentiation strategy
 - (2) Promotion of growth strategy



Differences vs. Plan Targets

- Negative factors for net sales
 - (1) Lower prices of raw materials
Crude oil (Dubai) down from USD105 to USD52/BL
 - (2) New product sales are short of the target
- Positive factors for earnings
 - (1) Shifting portfolio emphasis to high added-value products
 - (2) Recovery in spread due to stable prices of raw materials

Item (Million yen)	FY3/17 Results	FY3/18 Outlook	YoY Comparison
Net sales	37,929	40,421	+6.6%
Operating profit	3,045	2,977	-2.2%

Priorities: Focusing on sales of high added-value products and promotion of product differentiation

Food packaging materials and food containers



Heat-resistant polystyrene paper

- Increasing sales of heat-resistant food containers
- Increasing sales of functional food containers



Wood grain polystyrene paper

Industrial packaging materials



MIRAMAT® CAPLON™ P-BOARD™ MIRABOARD™

- Increasing sales of cushioning materials for transportation of LCD TV substrates
- Target the smartphone and tablet market
- Step up global sales activities
- Use differentiation products to target new markets

Home insulation materials and civil engineering materials



MIRAFOAM™



J Wall Block

- Increasing sales of MIRAFOAM™ Λ, a high-performance insulation material
- Increasing sales of J Wall Block
- Increasing market share in the civil engineering
- Upgrade high-performance thermal insulation technology

Item (Million yen)	FY3/17 Results	FY3/18 Outlook	YoY Comparison
Net sales	65,354	70,014	+7.1%
Operating profit	7,376	7,367	-0.1%

Priorities: For ARPRO® EPP, clearly define regional sales strategies; for EPS, increase sales of functional products

A cushioning material for automotive parts and home appliances, and sports shoes



ARPRO®/P-BLOCK™

- Increase use of materials in auto parts (sheets, etc.)
- Increasing sales of cushioning materials for transportation of LCD TV substrates
- Start of sales of flexible foamed materials



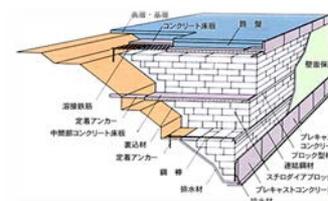
ELEMPOR™NEO



ARGILIX

Expandable polystyrene, hybrid molded product

STYRODIA®
HEATPOR®
CLEARPOR®



- Expandable polystyrene slope stabilization
- Eco-cute thermal insulation material
- Automotive parts
- Used for evaporative pattern casting



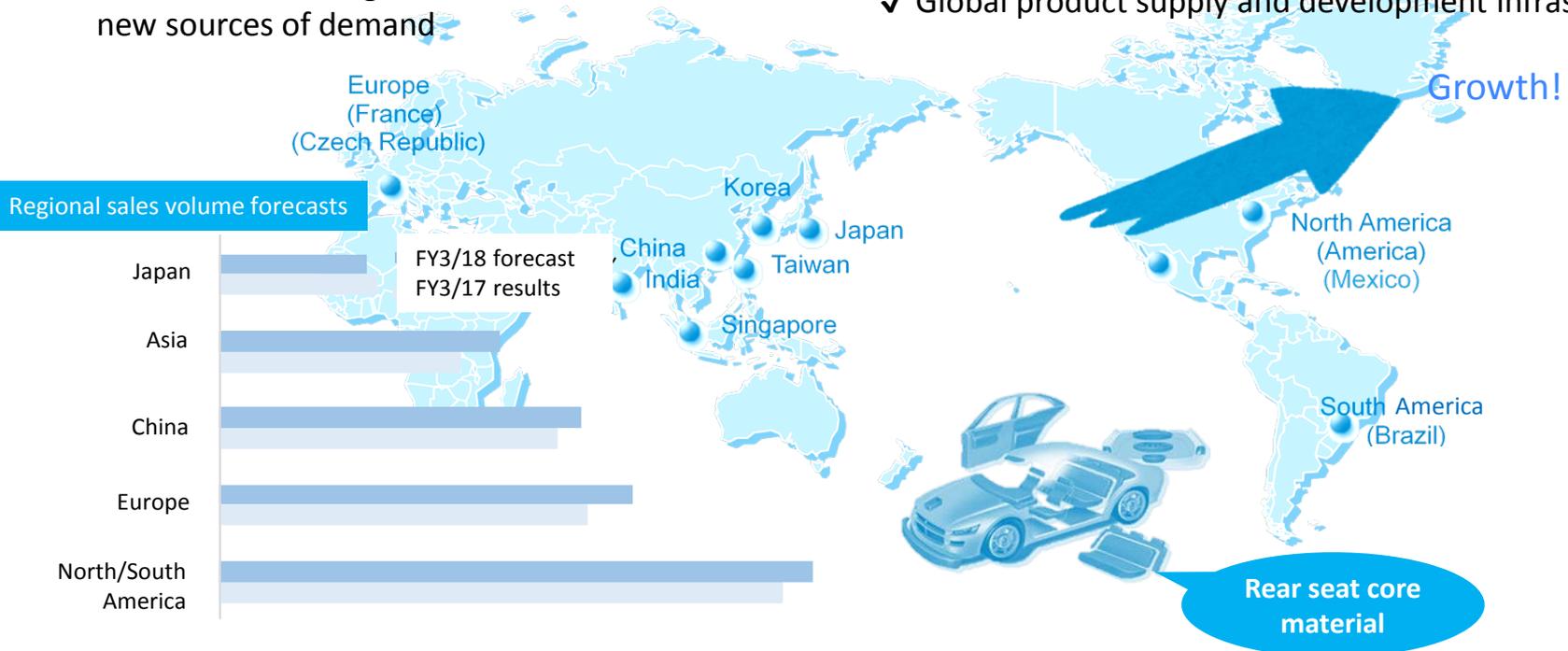
Forecast sales volume growth of **about 8%** in FY3/18

● Sales strategies

- ✓ Clearly define separate regional sales strategies
- ✓ Supply products that precisely meet users' needs
- ✓ Combine consulting with sales activities to create new sources of demand

● JSP's core strengths

- ✓ Outstanding technologies and quality
- ✓ Outstanding planning and design skills
- ✓ Global product supply and development infrastructure



Business Segment Outlook, Capital Expenditures, Depreciation

FY3/18 Outlook
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Segment (Million yen)	FY3/17 Results		FY3/18 Outlook		YoY Comparison	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Extrusion Business	37,929	3,045	40,421	2,977	+6.6%	-2.2%
Bead Business	65,354	7,376	70,014	7,367	+7.1%	-0.1%
Other	5,764	148	6,065	122	+5.2%	-17.6%
Sub-total	109,048	10,570	116,500	10,466	+6.8%	-1.0%
Adjustment	-	(958)	-	(966)	-	-
Total	109,048	9,612	116,500	9,500	+6.8%	-1.2%

- Capital expenditures: Approx. ¥10 billion
(¥5 billion to increase output and become more competitive and ¥5 billion for maintenance projects)
- Depreciation: Approx. ¥5.17 billion
(vs. FY3/17: up approx. ¥220 million)

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(Percentages represent year-on-year changes)

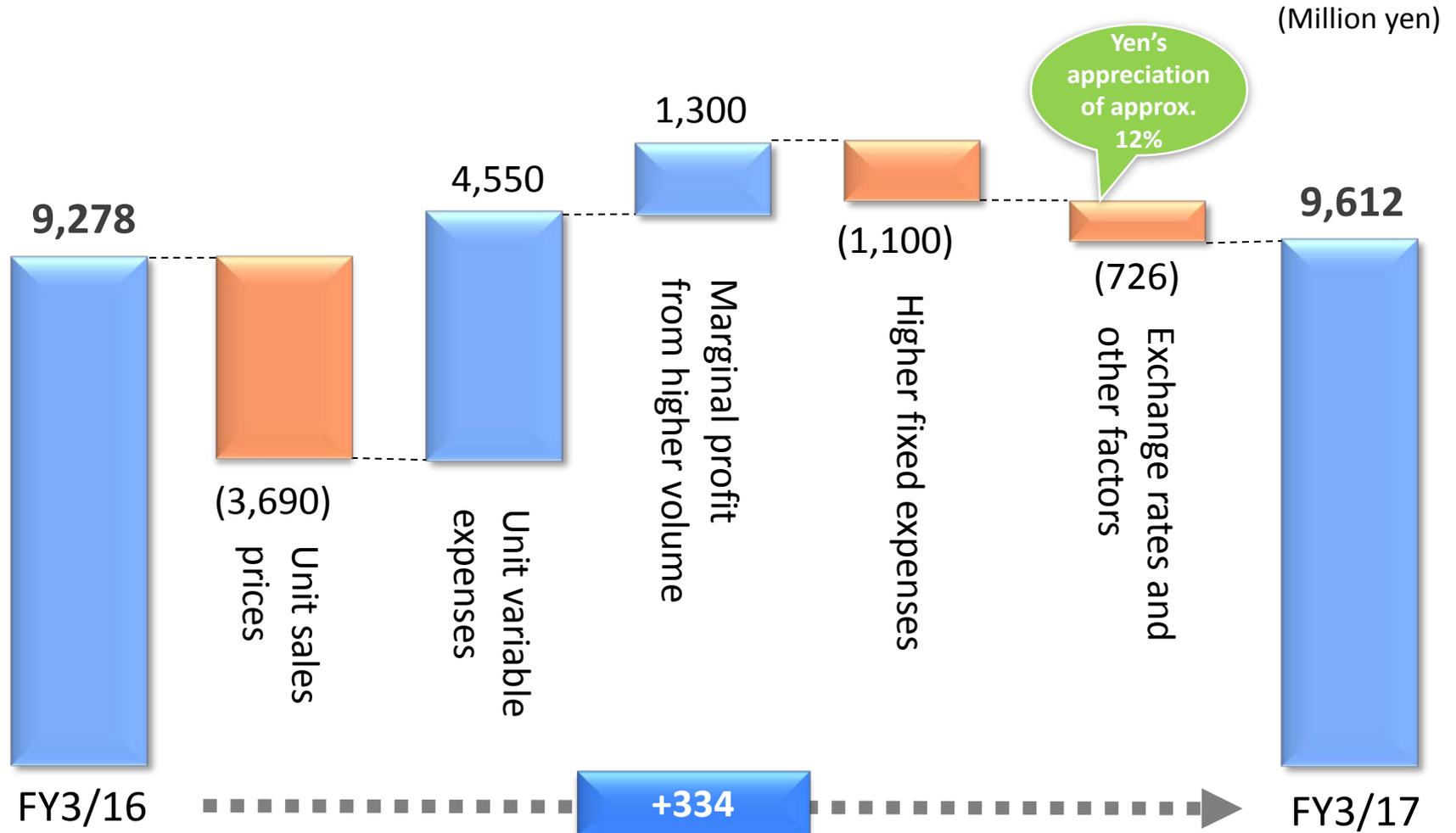
(Million yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY3/17	109,048 (-5.1%)	9,612 (+3.6%)	10,033 (+10.2%)	7,301 (+23.5%)
FY3/16	114,904 (-1.7%)	9,278 (+63.7%)	9,101 (+50.6%)	5,914 (+46.4%)

Comprehensive income: FY3/17: ¥5,748 million FY3/16: ¥3,280 million

	Net income per share (Yen)	Return on equity	Ordinary profit to total assets	Operating profit to net sales
FY3/17	244.94	10.4%	8.8%	8.8%
FY3/16	198.40	8.9%	7.9%	8.1%

Components of Change in Operating Profit

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Difference in profit is calculated using the exchange rate of the results in FY3/16

Non-operating Income/Expenses Extraordinary Income/Loss

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Non-operating Income/Expenses

Account (Million yen)	FY3/16	FY3/17
Interest income	245	170
Foreign exchange income	-	41
Other	416	431
Total non-operating income	661	642
Interest expenses	155	111
Foreign exchange losses	493	-
Other	190	110
Total non-operating expenses	839	221

Extraordinary Income/Loss

Account (Million yen)	FY3/16	FY3/17
Gain on sales of non-current assets	14	32
Gain on sales of investment securities	-	20
Subsidy income	301	-
Total extraordinary income	315	53
Loss on sales of non-current assets	8	4
Loss on retirement of non-current assets	94	69
Impairment loss	21	-
Business structure improvement expenses	541	-
Total extraordinary losses	664	73

(Million yen)	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
As of Mar. 31, 2017	113,151	76,778	64.1%	2,433.10
As of Mar. 31, 2016	115,136	72,497	59.0%	2,277.32

Reference: Shareholders' equity: As of Mar. 31, 2017: ¥72,532 million As of Mar. 31, 2016: ¥67,890 million

Balance Sheet

FY3/17 Supplementary
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Account (Million yen)		As of Mar. 31, 2016	As of Mar. 31, 2017	Change
Assets	Current assets	62,672	60,208	(2,463)
	Non-current assets	52,464	52,943	478
Total assets		115,136	113,151	(1,984)
Liabilities	Current liabilities	31,894	29,667	(2,226)
	Non-current liabilities	10,744	6,705	(4,039)
	Total liabilities	42,638	36,373	(6,265)
Net assets	Shareholders' equity	67,420	73,488	6,067
	Total accumulated other comprehensive income	469	(955)	(1,425)
	Non-controlling interests	4,607	4,245	(361)
	Total net assets	72,497	76,778	4,280
Total liabilities and net assets		115,136	113,151	(1,984)

Account (Million yen)		As of Mar. 31, 2016	As of Mar. 31, 2017	Change
Shareholders' equity	Capital stock	10,128	10,128	-
	Capital surplus	13,405	13,405	-
	Retained earnings	45,267	51,336	6,069
	Treasury shares	(1,380)	(1,382)	(2)
	Total	67,420	73,488	6,067
Accumulated other comprehensive income	Valuation difference on available-for-sale securities	252	239	(13)
	Foreign currency translation adjustment	68	(1,694)	(1,763)
	Remeasurements of defined benefit plans	148	499	350
	Total	469	(955)	(1,425)
Non-controlling interests		4,607	4,245	(361)
Total net assets		72,497	76,778	4,280

Cash Flows

(Million yen)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
FY3/17	10,688	(6,188)	(6,497)	7,965
FY3/16	13,849	(6,001)	(5,907)	10,295

Capital Expenditures, Depreciation, R&D Expenses

(Million yen)	Capital expenditures	Depreciation	R&D expenses
FY3/17	6,236	4,952	2,178
FY3/16	6,341	4,903	2,034

Note: Capital expenditures are on a cash basis.

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New MIRAFOAM™ (expanded polystyrene extruded board) plant for central and western Japan



Background

- Upcoming 2020 requirement to comply with Japan's energy conservation standards
- Need to establish supply infrastructures for eastern and western Japan
- Need for production system of MIRAFOAM™ Λ for use as a high-performance thermal insulation material
- New plant will improve MIRAFOAM™'s performance and production efficiency

Outline of the new plant

(1) Location	Tatsuno City, Hyogo, Japan (adjacent to the current plant)
(2) Activities	Production and secondary processing of MIRAFOAM™
(3) Capital expenditures	Approx. ¥4.0 billion
(4) Start of production	December 2018 (tentative)

New plant in Changchun (China) to produce expanded polypropylene bead (**ARPRO®/P-BLOCK™**)



Background

- Establish a supply base to serve northern and northeastern China
- Increase market share by using a production and sales system with close ties to customers

Outline of the new plant

(1) Company name	JSP Plastics (Wuxi) Co., Ltd. Changchun Branch
(2) Location	Changchun Economic & Technological Development Zone, China
(3) Activities	Manufacturing and sales of expanded polypropylene beads



New plant in Wuhan (China) to produce expanded polypropylene bead (**ARPRO®/P-BLOCK™**)



Raising annual output capacity in China
to 27,000 tons

Background

- Demand increased for automotive due to an increase in the number of affluent consumers in inland China
- Greater need for lighter vehicles due to serious pollution problem

Outline of the new company

(1) Company name	JSP Plastics (Wuhan) Co., Ltd.
(2) Location	Wuhan Economic & Technological Development Zone, China
(3) Activities	Manufacturing and sales of expanded polypropylene beads



Started sales of **ARGILIX**, a flexible foamed material



Pliable

Features

- Thermoplastic elastomer expanded beads for molding
 - A level of flexibility not possible with products made using conventional beads
 - Outstanding recovery properties and resilience
 - Able to withstand pulling and bending
 - Good adhesive properties
- Started selling ARGILIX for fabrication of the inner sole of a new sports shoe model going on sale in spring-summer 2017
 - Working on capturing ARGILIX orders from many other shoe companies

Heat-resistant **STYRENPAPER™**



Resistant
to heat

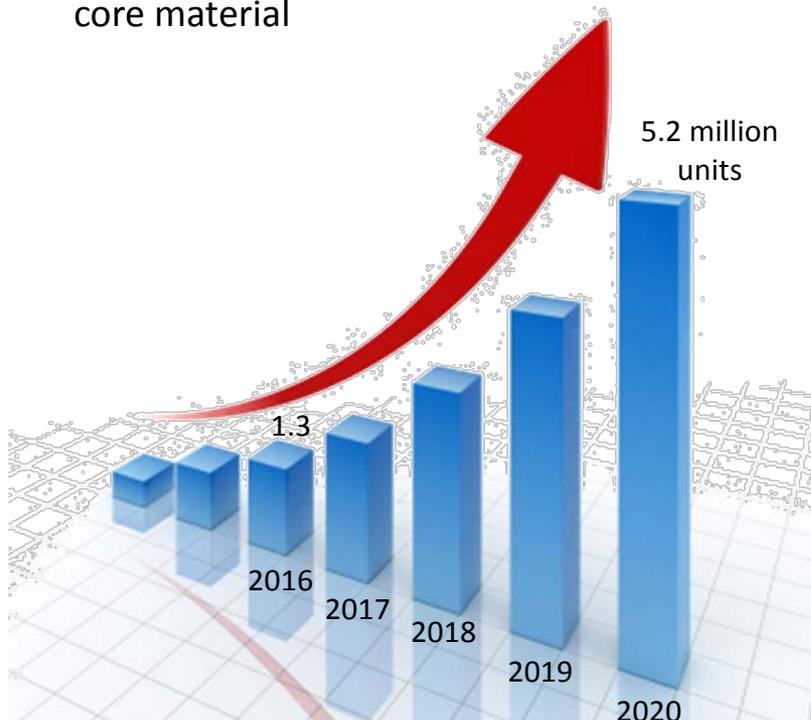
Reasons for creating this new product

- Increasing demand for pasta and other heat-resistant food trays because of the increasing frequency in Japan of people eating alone
- Overall polystyrene paper demand in Japan is flat, but shipment volume to companies requiring heat-resistant trays is up 3.5 times since 2012

Trays	For fish, meat and other types of food
General	Bento, natto and candy containers and trays for industrial parts
Meals	Cup noodle containers and containers for yakisoba and other food products
Heat resistance	Microwaveable version with higher heat resistance
Laminated	Styrene paper made of laminated printed film

Use of **ARPRO®/P-BLOCK™** as a rear seat core material is increasing among Japanese automakers too

Vehicles made by Japanese automakers that use ARPRO®/P-BLOCK™ as a rear seat core material



Features

- Light weight
- Safe (anti-submarine design for collision safety)
- Easy to recycle

● Plan to increase sales to Japanese automakers by about four times over the next few years



Lighter weight



Safe to use

Example of the new application

Cautionary statement with respect to forecasts

Forecasts are based on all the information currently available, and the actual results may differ due to various factors.

JSP Corporation

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