



April 27, 2018

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
Full-year Results for the Fiscal Year Ended March 31, 2018

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

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

Code Number: **7942**

Representative: Yukio Sakai, President, Representative Director

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Scheduled date of Annual General Meeting of Shareholders: June 28, 2018

Scheduled date of payment of dividend: June 11, 2018

Scheduled date of filing of Annual Securities Report: June 28, 2018

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts)

Note: The original disclosure in Japanese was released on April 28, 2018 at 15:00 (GMT +9).

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

1. Full-year Results (April 1, 2017 to March 31, 2018) for the Fiscal Year Ended March 31, 2018

(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	%
Fiscal year ended Mar. 31, 2018	114,284	4.8	9,105	(5.3)	9,217	(8.1)	6,853	(6.1)
Fiscal year ended Mar. 31, 2017	109,048	(5.1)	9,612	3.6	10,033	10.2	7,301	23.5

Note: Comprehensive income: Fiscal year ended Mar. 31, 2018: 9,171 million yen (up 59.5%)
 Fiscal year ended Mar. 31, 2017: 5,748 million yen (up 75.2%)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2018	229.91	-	9.0	7.7	8.0
Fiscal year ended Mar. 31, 2017	244.94	-	10.4	8.8	8.8

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2018: 6 million yen
 Fiscal year ended Mar. 31, 2017: 6 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	125,728	84,105	63.3	2,667.72
As of Mar. 31, 2017	113,151	76,778	64.1	2,433.10

Reference: Shareholders' equity: As of Mar. 31, 2018: 79,524 million yen As of Mar. 31, 2017: 72,532 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2018	10,849	(7,661)	(506)	10,807
Fiscal year ended Mar. 31, 2017	10,688	(6,188)	(6,497)	7,965

2. Dividends

	Annual dividends per share					Total amounts of dividends	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2017	Yen -	Yen 20.00	Yen -	Yen 30.00	Yen 50.00	Million yen 1,490	% 20.4	% 2.1
Fiscal year ended Mar. 31, 2018	-	25.00	-	25.00	50.00	1,490	21.7	1.9
Fiscal year ending Mar. 31, 2019 (forecasts)	-	25.00	-	25.00	50.00		21.3	

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
First half	59,500	4.7	4,700	(5.5)	4,850	(2.2)	3,750	4.3	125.80
Full year	120,000	5.0	9,500	4.3	9,800	6.3	7,000	2.1	234.82

*** 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) 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

(3) Number of shares outstanding (common stock)

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

As of Mar. 31, 2018: 31,413,473 shares As of Mar. 31, 2017: 31,413,473 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2018: 1,603,502 shares As of Mar. 31, 2017: 1,602,780 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2018: 29,810,405 shares Fiscal year ended Mar. 31, 2017: 29,811,212 shares

Reference: Overview of Non-consolidated Operating Performance

Full-year Results (April 1, 2017 to March 31, 2018) for the Fiscal Year Ended March 31, 2018

(1) Non-consolidated business performance (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2018	58,845	4.5	2,189	(20.1)	4,821	(9.9)	4,326	(4.8)
Fiscal year ended Mar. 31, 2017	56,319	(1.8)	2,741	25.8	5,350	21.5	4,546	22.4

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2018	145.12	-
Fiscal year ended Mar. 31, 2017	152.50	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2018	82,639	50,135	60.7	1,681.84
As of Mar. 31, 2017	76,393	47,456	62.1	1,591.94

Reference: Shareholders' equity: As of Mar. 31, 2018: 50,135 million yen As of Mar. 31, 2017: 47,456 million yen

* The current financial report is not subject to audits performed by certified public accountants or an audit 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. Overview of Results of Operations, (4) Outlook" on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Overview of Results of Operations

(1) Results of Operations

In the current fiscal year, automobile sales in the United States decreased but capital expenditures were strong. In Mexico, the economy posted solid growth despite concerns about the worsening relationship with the United States. In Brazil, the economy is starting to show signs of recovery as the value of the Real (BRL) stabilizes, inflation declines and exports recover. In Europe, economies continued to expand with the support of strong automobile sales, internal demand and exports. In Asia, economies continued to recover slowly in all regions. Most significant is the continuation of steady economic growth in China. In Japan, although there are indications of a recovery in consumer spending, there are also areas of weakness in the economy due to the rising cost of raw materials and fuel and cargo transportation as well as other concerns.

In Japan's foamed plastic industry, market conditions were challenging in some sectors. Although there was a recovery in the IT, automobile and other sectors, public-works investments and housing starts were sluggish. Weak demand for fisheries and agricultural products caused by unseasonal weather and the rising cost of raw materials and fuel also had a negative effect on market conditions.

We focused on creating new sources of demand and developing and selling products with substantial added value. In addition, there were substantial capital expenditures in growing market sectors and regions. As a result, sales in Japan increased as sales of value-added products increased and prices of products were revised. Global sales were strong in all regions, resulting in growth in sales volume and monetary sales. Earnings in Japan benefited from higher sales of value-added products and sales growth in market sectors where demand is strong. But there was a decrease in operating profit caused by the higher cost of cargo transportation, a rapid upturn in the cost of raw materials and fuel in the fiscal year's fourth quarter, and soft demand in some product categories. Operating profit outside Japan increased because of sales growth in all regions. Non-operating expenses increased because of a foreign exchange loss. Extraordinary income increased partly because of a gain on the sale of land adjacent to the Kashima Plant.

As a result, net sales in the fiscal year were 114,284 million yen, up 4.8% from the the previous fiscal year. Operating profit decreased 5.3% to 9,105 million yen, ordinary profit decreased 8.1% to 9,217 million yen and profit attributable to owners of parent decreased 6.1% to 6,853 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of industrial packaging products increased primarily because of strong sales of value-added products. MIRAMAT® (expanded polyethylene sheet used as an industrial packaging material), which is used for the transportation of substrates for flat panel displays and other home appliances, accounts for most sales in this category. Sales of STYRENPAPER™ (expanded polystyrene sheet used in food packaging) benefited from product price revisions due to the higher cost of raw materials and higher sales of this material used for microwave-compatible containers. However, total sales of this material were about the same as in the previous fiscal year because of a decline in demand at manufacturers of food trays and instant noodle containers. Sales of MIRABOARD™ (expanded polystyrene board used in advertising displays and folding boxes) were the same as in the previous fiscal year as a decline in demand in the advertising category was offset by higher sales for new applications. Sales of MIRAFOAM™ (extruded board made of expanded polystyrene), which is used in construction and civil engineering applications, increased primarily due to higher sales of high-performance thermal insulation products and parts pre-cut for fabrication in the building construction market.

Overall, segment sales increased because of higher sales in market sectors where demand is strong, growth in sales of value-added products and revisions to prices of products. Operating profit was lower because of the higher cost of raw materials and cargo transportation.

As a result, extrusion segment sales increased 2.9% to 39,024 million yen and operating profit decreased 13.3% to 2,640 million yen.

Bead Business

ARPRO®/P-BLOCK™ (expanded polypropylene), which is manufactured and sold worldwide, is used in automotive parts such as bumper cores, interior auto parts and seat cores, and as an insulation and cushioning material for housing facilities, a cushioning and packaging material in returnable containers for transporting IT equipment, a cushioning and packaging material for home appliances, and an impact protection material for athletic fields. Sales of ARPRO®/P-BLOCK™ were strong because of the use of this material in more types of automotive parts and growth in sales for applications in new market sectors. In Japan, sales increased due to recovery in demand for this material used in automotive and functional materials. In North America, monetary sales increased as demand for this material used in automotive parts increased. In South America, a recovery in automobile production in Brazil and progress with creating new sources of demand resulted in higher sales. In Europe, sales increased due to the strong demand for automotive parts. In Asia, sales increased because of strong sales in China, the ASEAN countries, Taiwan and South Korea. Sales of expandable bead products, chiefly STYRODIA®, increased despite a decline in demand for beads used to make fisheries and agricultural products. Product price revisions to reflect the rising cost of raw materials and higher sales of functional products were the main reasons for the sales growth. Sales of FOAMCORE™ (a hybrid molded product), which is used as a material for prefabricated bathroom unit ceilings and marine floats, were unchanged from the previous fiscal year despite an increase in sales to manufacturers of marine floats.

Segment sales increased due to growth in sales volume and product price revisions. Earnings were lower as the contribution to earnings from sales volume growth outside Japan was offset primarily by the higher cost of raw materials and fuel in Japan.

As a result, bead segment sales increased 6.3% to 69,483 million yen and operating profit decreased 2.1% to 7,219 million yen.

Other

In general packaging materials, sales in Japan increased primarily because of higher demand for packaging materials for automotive products. In China, weakness at new sources of demand for packaging materials caused sales to decrease.

As a result, sales in the other segment increased 0.2% to 5,777 million yen and operating profit decreased 6.6% to 138 million yen.

(2) Financial Position

Total assets as of March 31, 2018 were 125,728 million yen, up 12,576 million yen from March 31, 2017.

Current assets increased 7,701 million yen to 67,909 million yen mainly due to a 3,527 million yen increase in cash and deposits.

Non-current assets increased 4,875 million yen to 57,818 million yen mainly due to a 1,257 million yen increase in buildings and structures, net.

Total liabilities as of March 31, 2018 were 41,622 million yen, up 5,249 million yen from March 31, 2017.

Current liabilities increased 3,477 million yen to 33,145 million yen mainly due to a 2,185 million yen increase in notes and accounts payable-trade.

Non-current liabilities increased 1,771 million yen to 8,477 million yen mainly due to a 956 million yen increase in long-term loans payable.

As a result, net assets totaled 84,105 million yen and the shareholders' equity ratio decreased 0.8 percentage points to 63.3%.

(3) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities totaled 10,849 million yen, an increase of 160 million yen from the

previous fiscal year. Inflows included 9,488 million yen from profit before income taxes, 5,072 million yen from depreciation and 2,459 million yen from notes and accounts payable-trade. Outflows included income taxes paid of 2,613 million yen, increases of inventories of 1,681 million yen, and notes and accounts receivable-trade of 1,555 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 7,661 million yen, an increase of 1,473 million yen from the previous fiscal year. This included an outflow of 8,153 million yen for the purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities totaled 506 million yen, a decrease of 5,990 million yen from the previous fiscal year. Inflows included 5,325 million yen in proceeds from long-term loans payable. Outflows included 4,295 million yen for the repayment of long-term loans payable and cash dividends paid of 1,639 million yen.

As a result, cash and cash equivalents totaled 10,807 million yen as of March 31, 2018, up 2,841 million yen from March 31, 2017.

(4) Outlook

In the fiscal year ending March 31, 2019, although there are concerns about the U.S. economy because of trade protectionism and rising interest rates, the economy is likely to remain healthy with the support of the recent large tax cut. In Europe, the outlook is for the economy to remain sound and record the third consecutive year of growth at the 2% level until 2019. In China, the pace of economic growth is declining partly because of the end of a compact car tax reduction and the imposition of tighter environmental regulations. In other Asian countries, exports will probably decrease in countries with a high reliance on China. However, declines in economic growth rates in these countries are likely to be small as exports to Europe remain strong. In the ASEAN region, the forecast is for steady economic growth fueled by increasing internal demand. In Japan, external demand is decreasing but internal demand is steady. The outlook is for the economy to continue to be supported by stable corporate earnings and household income.

The price of crude oil is expected to remain at about USD65/BL. OPEC continues to hold down production but this will probably be offset by growth in U.S. shale oil production. The U.S. dollar is likely to continue to weaken for the time being in response to concerns about trade protectionism. The forecast is for exchange rates of 105 yen to the dollar, 132 yen to the euro and 16.7 yen to the yuan.

Based on this outlook, we are forecasting higher sales in Japan backed by growth in sales volume. One reason is strong demand for high-performance thermal insulation materials used in buildings and houses because of the requirement starting in 2020 to comply with Japan's revised energy conservation standards. We also anticipate strong demand for cushioning materials for the transportation of flat panel display substrates. In North America, we forecast higher sales despite a small decline in automobile sales volume as the use of JSP materials for seat cores and other automotive parts increases. In Europe, we expect higher sales as automobile production climbs. In China as well, we forecast an increase in sales. We anticipate only a small increase in sales volume but expect higher sales of a cushioning and packaging material for returnable containers for transporting IT equipment and automotive parts and a cushioning material for packaging. In other regions of Asia, we expect no change in sales from the previous fiscal year.

We forecast a 5.0% increase in sales to 120,000 million yen, the result of growth in sales volume and product price revisions. For earnings, we forecast a 4.3% increase in operating profit to 9,500 million yen. We forecast a 6.3% increase in ordinary profit to 9,800 million yen and a 2.1% increase in profit attributable to owners of parent to 7,000 million yen.

i. Sales and earnings forecasts for the March 2019 fiscal year are as follows.

Net sales	120,000 million yen	(up 5.0% year-on-year)
Operating profit	9,500 million yen	(up 4.3% year-on-year)
Ordinary profit	9,800 million yen	(up 6.3% year-on-year)
Profit attributable to owners of parent	7,000 million yen	(up 2.1% year-on-year)

Assumptions

Exchange rates: JPY105/USD, JPY132/EUR, JPY16.7/CNY

Dubai crude oil: USD65/BL

ii. Segment information summary

	(Million yen)			
	Fiscal year ended March 31, 2018 (Results)		Fiscal year ending March 31, 2019 (Forecast)	
	Net sales	Operating profit	Net sales	Operating profit
Extrusion Business	39,024	2,640	42,161	2,935
Bead Business	69,483	7,219	71,934	7,359
Other	5,777	138	5,905	132
Subtotal	114,284	9,998	120,000	10,426
Adjustments	-	(892)	-	(926)
Total	114,284	9,105	120,000	9,500

iii. Capital expenditures

The forecast for capital expenditures is about 12,000 million yen, the sum of about 6,700 million yen of expenditures to increase production capacity and to become more competitive, and about 5,300 million yen of expenditures for maintenance and repairs. The forecast for depreciation expenses is about 5,400 million yen, an increase of about 330 million yen from the previous fiscal year.

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.

(5) Profit Allocation Policy and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of JSP Corporation. Our policy is to make stable dividend payments after taking into consideration all applicable factors, including consolidated performance in each fiscal year and the need to retain earnings for strengthening the base of future business activities.

Retained earnings are used to increase financial soundness, R&D expenditures for new products and technologies, and capital expenditures for new businesses.

As prescribed in Article 459, Paragraph 1 of the Companies Act of Japan, the JSP Corporation Articles of Incorporation allow the Board of Directors to approve the payment of dividends from retained earnings. The basic policy is to pay an interim and year-end dividend based on resolutions of the Board of Directors.

For the fiscal year that ended on March 31, 2018 in consideration of results of operations, the operating environment, dividend stability and other items, we plan to pay a dividend of 50 yen per share. Since an interim dividend of 25 yen per share has been paid, this will result in a year-end dividend of 25 yen per share. In the fiscal year ending on March 31, 2019, we plan to pay an interim and year-end dividend of 25 yen per share each, a total of 50 yen.

2. Basic Approach for the Selection of Accounting Standards

We will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors worldwide.

** 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.*