



JSP Corporation Engineered Plastic Foams

First Half Results for the Fiscal Year  
Ending March 31, 2018 (1H FY3/18)

# Information Meeting

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JSP Corporation

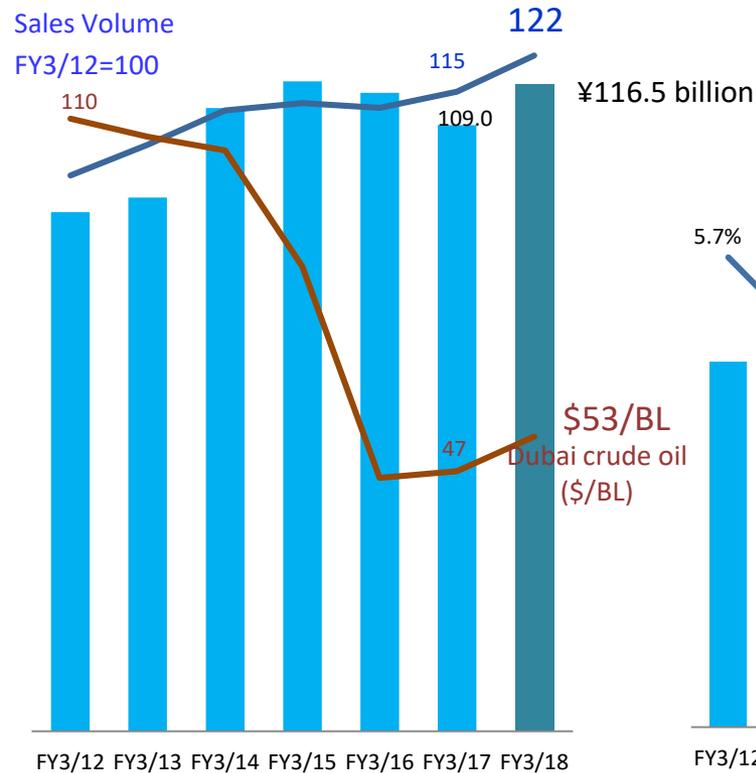
1. 1H FY3/18 Summary of Business Operations
2. FY3/18 Outlook
3. 1H FY3/18 Supplementary Financial Information
4. Increase Output Capacity

# 3 Financial Highlights

JSP Corporation  
Engineered Plastic Foams

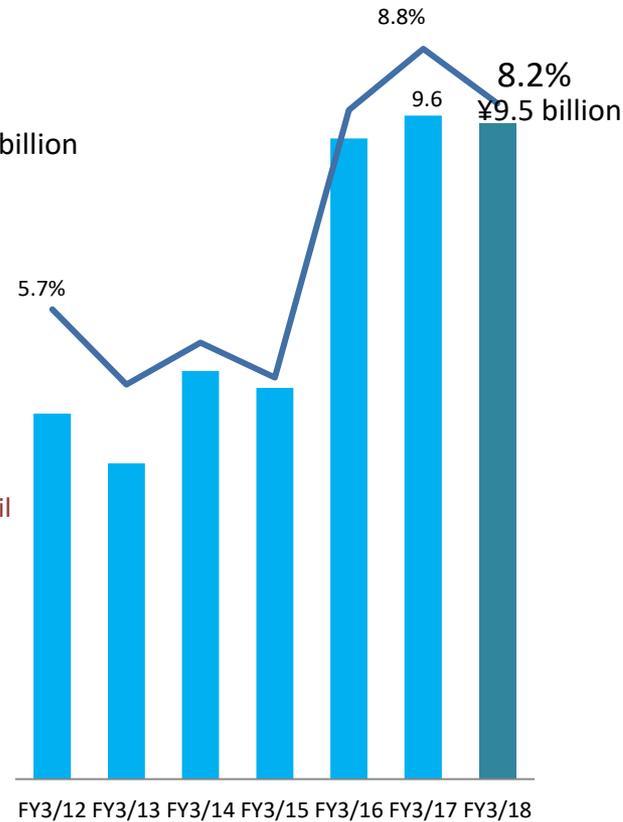
## Growth

Net Sales / Sales Volume



## Margin

Operating Profit / Operating Margin



## Return

Ordinary Profit to Total Assets



Item (Million yen)	1H FY3/17 Results	1H FY3/18 Forecast (Announced Apr. 28, 2017)	1H FY3/18 Results	YoY Comparison	vs. Forecast
Net sales	54,587	58,000	<b>56,815</b>	+4.1%	-2.0%
Operating profit	5,000	4,600	<b>4,973</b>	-0.5%	+8.1%
Ordinary profit	5,031	4,700	<b>4,959</b>	-1.4%	+5.5%
Profit attributable to owners of parent	3,820	3,450	<b>3,595</b>	-5.9%	+4.2%

- Forex: 1H 3/18: JPY112.1/USD JPY122.2/EUR (1H FY3/17: JPY111.8/USD JPY124.4/EUR)
- Dubai crude oil: USD50.1/BL (1H FY3/17: USD43.4/BL)
- Economic climate: US/Slowing auto sales, Mexico/Healthy economy, Brazil/Showing signs of bottoming out, Europe/Growth continues, China/Stable growth continues, Other Asia/Economies continue to recover slowly
- Consolidated results of operations

Net sales: Up 4.1% because of higher sales volume and pct. of value-added product sales as well as product price revisions

Operating profit: Down 0.5% because of lag between rise in raw material prices and product price revisions as well as an increase in cargo transportation rates

# 5 Extrusion Business

1H FY3/18  
JSP Corporation  
Engineered Plastic Foams

Item (Million yen)	1H FY3/17 Results	1H FY3/18 Results	YoY Comparison
Net sales	18,792	19,106	+1.7%
Operating profit	1,515	1,266	-16.4%

Value-added products raise sales, delay in price revisions to reflect higher raw material cost lowers earnings

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

Item (Million yen)	1H FY3/17 Results	1H FY3/18 Results	YoY Comparison
Net sales	33,011	34,969	+5.9%
Operating profit	3,892	4,089	+5.0%

## Sales and earnings higher due to sales volume growth and product price revisions

A cushioning material for automotive parts and home appliances, and an impact protection material for athletic fields



ARPRO®/P-BLOCK™  
ELEMPOR™ NEO



- These materials were used in more auto parts
- Japan: Auto production volume recovered
- North America/Europe: Sales increased due to strong demand
- China/Southeast Asia/Taiwan: Sales volume up

Expanded polystyrene, hybrid molded products



STYRODIA®  
HEATPOR®  
CLEARPOR®  
FOAMCORE™

- STYRODIA® sales up as demand declined but prices were raised
- Higher sales of FOAMCORE™ for floats

Item (Million yen)	1H FY3/17 Results	1H FY3/18 Results	YoY Comparison
Net sales	2,784	2,739	-1.6%
Operating profit	68	59	-13.4%

## Sales were unchanged in Japan but decreased in China

### General packaging materials in Japan

- Small sales decrease despite an increase in demand for automotive packaging materials



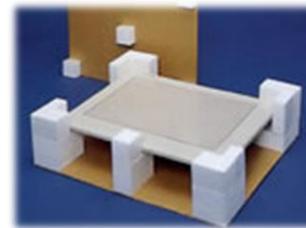
Trays for auto parts



Cushioning materials for optical parts

### General packaging materials in China

- A delay in the start of operations at a new source of demand brought down sales



Cushioning materials for digital home appliances



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Item (Million yen)	FY3/17	FY3/18			YoY Comparison
	Results	1H Results	2H Forecast	Outlook (Initial)	
Net sales	109,048	56,815	59,685	<b>116,500</b>	+6.8%
Operating profit	9,612	4,973	4,527	<b>9,500</b>	-1.2%
Ordinary profit	10,033	4,959	4,741	<b>9,700</b>	-3.3%
Profit attributable to owners of parent	7,301	3,595	3,105	<b>6,700</b>	-8.2%

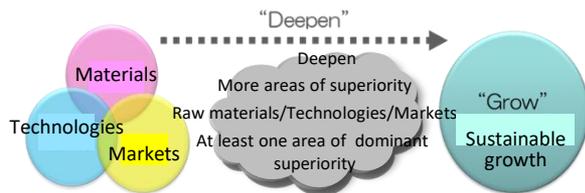
- Exchange rates: JPY111.9/USD (1H: JPY112.1/USD, 2H: JPY111.6/USD)  
JPY126.4/EUR (1H: JPY122.2/EUR, 2H: JPY130.6/EUR)  
JPY16.6/CNY (1H: JPY16.4/CNY, 2H: JPY16.8/CNY)
- Dubai crude oil: USD53.1/BL (1H: USD50.1/BL, 2H: USD56/BL)
- Dividend: Annual dividend (forecast) ¥50 per share (Interim dividend ¥25, Estimated year-end dividend ¥25)

# Outlook and Medium-term Management Plan Targets

**FY3/18 Outlook**  
JSP Corporation  
Engineered Plastic Foams

Item (Million yen)	FY3/18 Medium-term management plan	FY3/18 Outlook	Difference
Net sales	135,000	<b>116,500</b>	-13.7%
Operating profit	8,800	<b>9,500</b>	+8.0%
Ordinary profit	8,900	<b>9,700</b>	+9.0%
Profit attributable to owners of parent	5,600	<b>6,700</b>	+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 USD53/BL
  - (2) Sales volume is short of the target
- Positive factors for earnings
  - (1) Shifting portfolio emphasis to high value-added products
  - (2) Recovery in spread due to stable prices of raw materials

# 11 Segment Information

**FY3/18 Outlook**  
**JSP Corporation**  
 Engineered Plastic Foams

Item (Million yen)	Segment	FY3/18 Initial forecast	FY3/18 Outlook	Difference
Net sales	Extrusion Business	40,421	<b>40,421</b>	0
	Bead Business	70,014	<b>70,014</b>	0
	Other	6,065	<b>6,065</b>	0
	Total	116,500	<b>116,500</b>	0
Operating profit	Extrusion Business	2,977	<b>2,781</b>	-198
	Bead Business	7,367	<b>7,483</b>	+116
	Other	122	<b>115</b>	-7
	Corporate and eliminations	(966)	<b>(879)</b>	+87
	Total	9,500	<b>9,500</b>	0

Item (Million yen)	FY3/17	FY3/18			YoY Comparison
	Results	1H Results	2H Forecast	Outlook	
Net sales	37,929	19,106	21,315	40,421	+6.6%
Operating profit	3,045	1,266	1,515	2,781	-8.7%

Priorities: Focusing on sales of high value-added 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	FY3/18			YoY Comparison
	Results	1H Results	2H Forecast	Outlook	
Net sales	65,354	34,969	35,045	70,014	+7.1%
Operating profit	7,376	4,089	3,394	7,483	+1.5%

**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



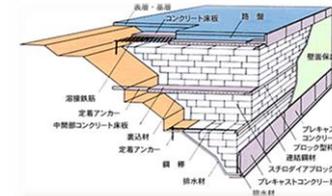
**ELEMPOR™ NEO**



**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



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# 15 Results of Operations

1H FY3/18 Supplementary  
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(Percentages represent year-on-year changes)

(Million yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
<b>1H FY3/18</b>	<b>56,815</b> <b>(+4.1%)</b>	<b>4,973</b> <b>(-0.5%)</b>	<b>4,959</b> <b>(-1.5%)</b>	<b>3,595</b> <b>(-5.9%)</b>
1H FY3/17	54,587 (-4.6%)	5,000 (+21.4%)	5,031 (+22.3%)	3,820 (+32.7%)

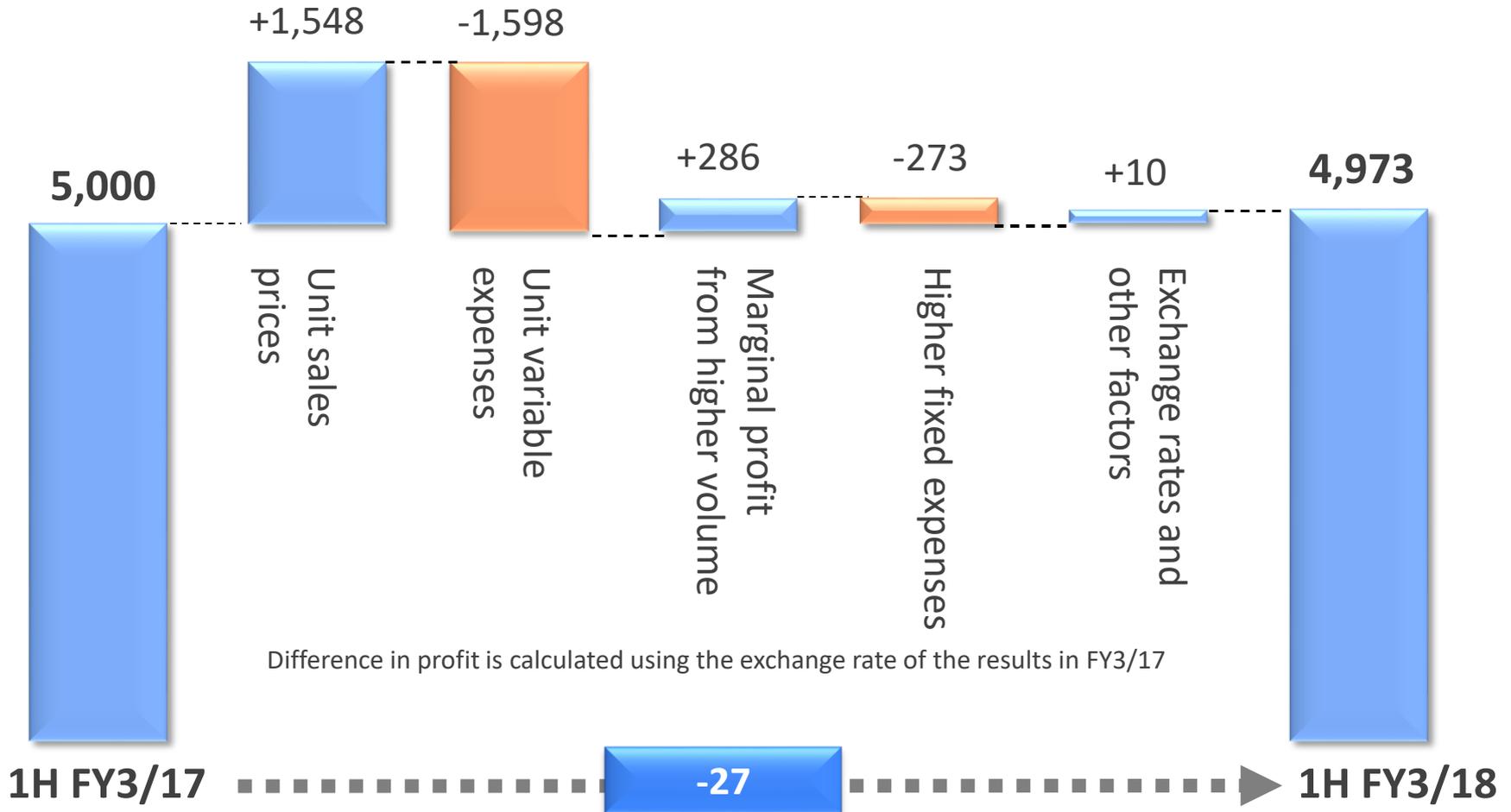
Comprehensive income: 1H FY3/18: ¥3,800 million    1H FY3/17: -¥1,772 million

	Net income per share (Yen)	Operating profit to net sales
<b>1H FY3/18</b>	<b>120.62</b>	<b>8.8%</b>
1H FY3/17	128.16	9.2%

# Components of Change in Operating Profit

1H FY3/18 Supplementary  
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(Million yen)



# Non-operating Income/Expenses Extraordinary Income/Loss

1H FY3/18 Supplementary  
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## Non-operating Income/Expenses

Account (Million yen)	1H FY3/17	1H FY3/18
Interest income	86	<b>87</b>
Equity in earnings of affiliates	3	<b>2</b>
Other	171	<b>147</b>
<b>Total non-operating income</b>	<b>261</b>	<b>237</b>
Interest expenses	60	<b>53</b>
Foreign exchange losses	74	<b>154</b>
Other	96	<b>43</b>
<b>Total non-operating expenses</b>	<b>230</b>	<b>251</b>

## Extraordinary Income/Loss

Account (Million yen)	1H FY3/17	1H FY3/18
Gain on sales of non-current assets	18	<b>22</b>
<b>Total extraordinary income</b>	<b>18</b>	<b>22</b>
Loss on sales of non-current assets	-	<b>8</b>
Loss on retirement of non-current assets	27	<b>41</b>
<b>Total extraordinary losses</b>	<b>27</b>	<b>49</b>

(Million yen)	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
As of Sep. 30, 2017	119,508	79,683	63.0%	2,526.26
As of Mar. 31, 2017	113,151	76,778	64.1%	2,433.10

Reference: Shareholders' equity: As of Sep. 30, 2017: ¥75,308 million As of Mar. 31, 2017: ¥72,532 million

Account (Million yen)		As of Mar. 31, 2017	As of Sep. 30, 2017	Change
Assets	Current assets	60,208	<b>65,053</b>	4,844
	Non-current assets	52,943	<b>54,455</b>	1,512
Total assets		113,151	<b>119,508</b>	6,356
Liabilities	Current liabilities	29,667	<b>32,189</b>	2,521
	Non-current liabilities	6,705	<b>7,635</b>	930
	Total liabilities	36,373	<b>39,825</b>	3,451
Net assets	Shareholders' equity	73,488	<b>76,188</b>	2,700
	Total accumulated other comprehensive income	(955)	<b>(879)</b>	75
	Non-controlling interests	4,245	<b>4,374</b>	128
	Total net assets	76,778	<b>79,683</b>	2,904
Total liabilities and net assets		113,151	<b>119,508</b>	6,356

Account (Million yen)		As of Mar. 31, 2017	As of Sep. 30, 2017	Change
Shareholders' equity	Capital stock	10,128	<b>10,128</b>	-
	Capital surplus	13,405	<b>13,405</b>	-
	Retained earnings	51,336	<b>54,038</b>	2,701
	Treasury shares	(1,382)	<b>(1,383)</b>	(0)
	Total	73,488	<b>76,188</b>	2,700
Accumulated other comprehensive income	Valuation difference on available- for-sale securities	239	<b>315</b>	76
	Foreign currency translation adjustment	(1,694)	<b>(1,709)</b>	(14)
	Remeasurements of defined benefit plans	499	<b>513</b>	13
	Total	(955)	<b>(879)</b>	75
Non-controlling interests		4,245	<b>4,374</b>	128
Total net assets		76,778	<b>79,683</b>	2,904

# Cash Flows

## Capital expenditures, Depreciation, R&D expenses

1H FY3/18 Supplementary  
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### Cash Flows

(Million yen)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
<b>1H FY3/18</b>	<b>3,220</b>	<b>(3,435)</b>	<b>276</b>	<b>8,029</b>
1H FY3/17	3,843	(3,249)	(2,647)	7,319

### Capital Expenditures, Depreciation, R&D Expenses

(Million yen)	Capital expenditures	Depreciation	R&D expenses
<b>1H FY3/18</b>	<b>3,670</b>	<b>2,506</b>	<b>1,047</b>
1H FY3/17	3,552	2,418	1,056

Note: Capital expenditures are on a cash basis.

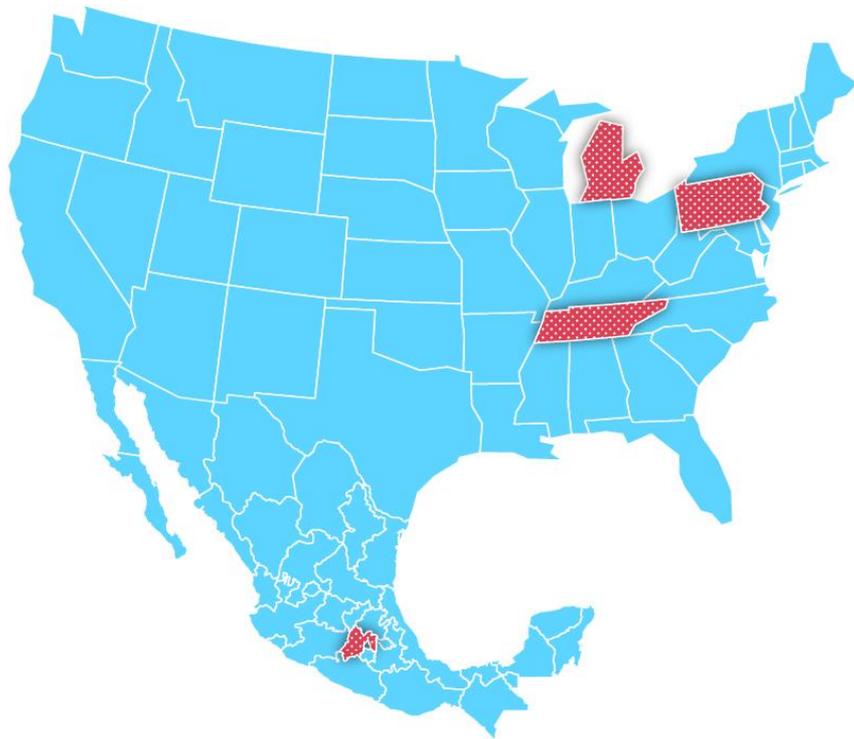
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# Increase Output Capacity

U.S. / Mexico

JSP Corporation  
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North America plants producing ARPRO®/P-BLOCK™ expanded polypropylene beads



## Background

- Consistently strong automobile sales
- High volume of orders for automobile seat cores and start of the use of these parts in Japanese vehicles
- Also growth in demand for use as an impact protection material for athletic fields

## Plan for increasing output capacity

(1) Company name	JSP International Group Ltd.
(2) Location	U.S.: Michigan, Pennsylvania, Tennessee Mexico: Estado de México
(3) Activities	Manufacturing and sales of expanded polypropylene beads and molded products
(4) Output capacity	25% increase
(5) Investments	Approx. ¥1.0 billion

### 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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