



April 26, 2019

SUMMARY OF FINANCIAL STATEMENT (Consolidated) Full-year Results for the Fiscal Year Ended 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
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 Scheduled date of Annual General Meeting of Shareholders: June 27, 2019
 Scheduled date of payment of dividend: June 10, 2019
 Scheduled date of filing of Annual Securities Report: June 27, 2019
 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 26, 2019 at 15:00 (GMT +9).

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

1. Full-year Results (April 1, 2018 to March 31, 2019) for the Fiscal Year Ended 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	%
Fiscal year ended Mar. 31, 2019	116,133	1.6	5,479	(39.8)	5,835	(36.7)	4,309	(37.1)
Fiscal year ended Mar. 31, 2018	114,284	4.8	9,105	(5.3)	9,217	(8.1)	6,853	(6.1)

Note: Comprehensive income: Fiscal year ended Mar. 31, 2019: 1,711 million yen (down 81.3%)
 Fiscal year ended Mar. 31, 2018: 9,171 million yen (up 59.5%)

	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, 2019	144.57	-	5.4	4.6	4.7
Fiscal year ended Mar. 31, 2018	229.91	-	9.0	7.7	8.0

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2019: 5 million yen
 Fiscal year ended Mar. 31, 2018: 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, 2019	129,229	84,141	62.1	2,691.76
As of Mar. 31, 2018	125,270	84,105	63.5	2,667.72

Reference: Shareholders' equity: As of Mar. 31, 2019: 80,239 million yen As of Mar. 31, 2018: 79,524 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, 2019	7,391	(10,368)	1,708	9,082
Fiscal year ended Mar. 31, 2018	10,849	(7,661)	(506)	10,807

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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2018	-	25.00	-	25.00	50.00	1,490	21.7	1.9
Fiscal year ended Mar. 31, 2019	-	25.00	-	25.00	50.00	1,490	34.6	1.9
Fiscal year ending Mar. 31, 2020 (forecasts)	-	25.00	-	25.00	50.00		27.4	

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2020

(April 1, 2019 to March 31, 2020)

(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	59,000	2.7	3,500	24.9	3,600	20.0	2,760	17.4	92.59
Full year	119,400	2.8	7,200	31.4	7,400	26.8	5,430	26.0	182.16

*** 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, 2019: 31,413,473 shares As of Mar. 31, 2018: 31,413,473 shares

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

As of Mar. 31, 2019: 1,604,195 shares As of Mar. 31, 2018: 1,603,502 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019: 29,809,650 shares Fiscal year ended Mar. 31, 2018: 29,810,405 shares

Reference: Overview of Non-consolidated Operating Performance

Full-year Results (April 1, 2018 to March 31, 2019) for the Fiscal Year Ended March 31, 2019

(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, 2019	60,230	2.4	1,672	(23.6)	3,393	(29.6)	2,988	(30.9)
Fiscal year ended Mar. 31, 2018	58,845	4.5	2,189	(20.1)	4,821	(9.9)	4,326	(4.8)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	100.27	-
Fiscal year ended Mar. 31, 2018	145.12	-

(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, 2019	87,328	51,633	59.1	1,732.14
As of Mar. 31, 2018	82,631	50,135	60.7	1,681.84

Reference: Shareholders' equity: As of Mar. 31, 2019: 51,633 million yen As of Mar. 31, 2018: 50,135 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 fiscal year that ended on March 31, 2019, although there were concerns about slowing economic growth in the United States because of trade friction and rising interest rates, the U.S. economy continued to record solid growth as the recent tax cut and other factors supported growth in capital expenditures and consumer spending. 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, despite signs of a recovery in internal demand, economic growth has come to a stop because of natural disasters, the higher cost of raw materials, fuel and cargo transportation, and weakening external demand.

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.

We focused on creating new sources of demand and developing and selling products with substantial added value. We also made substantial capital expenditures involving automotive parts, building and home thermal insulation materials, and flat panel display cushioning materials and took actions for building a stronger infrastructure for entering new business domains. These are the growth engines of VISION2027, our long-term vision. Due to these activities, sales in Japan increased mainly because of higher sales of value-added products and revisions of prices of products. Global sales were about the same as in the previous fiscal year because of a decrease in sales in South Korea and slowing economic growth in the fiscal year's fourth quarter. Operating profit decreased in Japan because the pace of price revisions fell behind the increasing cost of raw materials, fuel and cargo transportation, and demand from some sectors were sluggish. Operating profit in the global businesses was down significantly primarily due to the higher cost of raw materials, intense competition in Asia and the increase of investments for growth in the future. A gain on the sale of investment securities was the main component of extraordinary income.

Net sales in the fiscal year were 116,133 million yen, up 1.6% from the previous fiscal year. Operating profit decreased 39.8% to 5,479 million yen, ordinary profit decreased 36.7% to 5,835 million yen and profit attributable to owners of parent decreased 37.1% to 4,309 million yen.

Results by business segment were as follows.

Starting with the fiscal year that ended on March 31, 2019, 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 this fiscal year.

Extrusion Business

The sales volume 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. However, monetary sales in this category increased mainly because of revisions of product prices. 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.

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 2.8% to 41,388 million yen and operating profit decreased 8.3% to 2,468 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 and packaging materials for returnable 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 were unchanged due in part to slowing economic growth in the fiscal year's fourth quarter. In Asia, there was a big downturn in sales in South Korea. However, despite sluggish economic growth in other regions of Asia in the fourth quarter, fiscal year sales in Asia other than South Korea were firm due to higher first half sales in China. Sales of expandable polystyrene bead products, chiefly STYRODIA®, increased even though demand was down in some market sectors. The main reasons were strong sales of beads for applications involving home appliances and of functional bead products and revisions of product prices to reflect the higher cost of raw materials. 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.

Overall, there was only a small increase in segment sales as higher sales in North America, China and other regions were largely offset by the decline in sales in South Korea and lower FOAMCORE™ sales in Japan. Earnings decreased because of a delay in product price revisions in Japan during the first half and the slow pace of improvements in the profit structure of global businesses.

As a result, bead segment sales increased 0.3% to 68,449 million yen and operating profit decreased 47.1% to 3,782 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 9.0% to 6,295 million yen and operating profit increased 13.0% to 156 million yen.

(2) Financial Position

Total assets as of March 31, 2019 were 129,229 million yen, up 3,959 million yen from March 31, 2018.

Current assets decreased 326 million yen to 66,830 million yen mainly due to a 705 million yen increase in merchandise and finished goods, while there was a 2,121 million yen decrease in cash and deposits.

Non-current assets increased 4,286 million yen to 62,399 million yen mainly due to a 2,977 million yen increase in buildings and structures, net.

Total liabilities as of March 31, 2019 were 45,088 million yen, up 3,923 million yen from March 31, 2018.

Current liabilities increased 1,198 million yen to 34,344 million yen mainly due to a 1,131 million yen increase in short-term loans payable.

Non-current liabilities increased 2,724 million yen to 10,744 million yen mainly due to a 2,256 million yen increase in long-term loans payable.

As a result, net assets totaled 84,141 million yen and the shareholders' equity ratio decreased 1.4 percentage points to 62.1%.

(3) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities totaled 7,391 million yen, a decrease of 3,457 million yen from the previous fiscal year. Inflows included 6,047 million yen from profit before income taxes and 5,601 million yen from depreciation. Outflows included income taxes paid of 1,673 million yen, increases in inventories of 1,438 million yen, and notes and accounts receivable-trade of 1,075 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 10,368 million yen, an increase of 2,707 million yen from the previous fiscal year. This included an outflow of 10,896 million yen for the purchase of non-current assets related to new construction of plants.

Cash flows from financing activities

Net cash provided by financing activities totaled 1,708 million yen, compared with net cash used of 506 million yen in the previous fiscal year. Inflows included 6,500 million yen in proceeds from long-term loans payable for capital expenditure. Outflows included 1,490 million yen for cash dividends paid and 4,233 million yen for the repayment of long-term loans payable, which was mainly allocated from operating cash flows.

As a result, cash and cash equivalents totaled 9,082 million yen as of March 31, 2019, down 1,724 million yen from March 31, 2018.

(4) Outlook

In the fiscal year ending March 31, 2020, the outlook is for the U.S. economy to remain healthy primarily because of firm internal demand backed by consumer spending as the labor market and personal income remain strong. However, manufacturing activity is expected to weaken due to the vulnerability of this sector to the global economy and U.S. trade policies. In Europe, although economic growth rates are declining, the economy is expected to remain sound due to firm consumer spending. In China, there are concerns about an economic downturn caused by U.S.-China trade friction. But China's economic growth will probably decrease only gradually because of the benefits of deregulation and other measures to support the economy. In other Asian countries, economic growth is becoming slower, mainly involving exports, as expansion of the global economy slows down, including in the U.S. and China. The decline in economic growth is expected to be slow in the ASEAN countries because of their relatively high reliance on internal demand. In Japan, there are worries about the negative effects of slower global economic growth and the planned consumption tax hike. But the Japanese economy is expected to remain healthy with the support of firm consumer spending backed by the country's strong labor market.

We expect the supply and demand of crude oil to remain balanced during the fiscal year as OPEC continues to hold down production but the growth in demand slows. As a result, the price of crude oil will probably remain at about USD65/BL. The forecast for exchange rates is 110 yen to the dollar, 125 yen to the euro and 16.0 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. We also anticipate strong demand for cushioning materials for the transportation of flat panel display substrates. In North America, we forecast no change in automobile production volume but an increase in sales as the use of JSP materials for seat cores and other automotive parts increases. In Europe, we forecast no change in sales despite the outlook for a small decline in automobile sales volume. In China, we anticipate strong sales based on the outlook for a small increase in automobile sales volume and the receipt of new orders involving returnable containers for transporting IT equipment and automotive parts. In other regions of Asia, we expect no change in sales from the previous fiscal year.

We forecast a 2.8% increase in net sales to 119,400 million yen, the result of growth in sales volume. For earnings, we forecast a 31.4% increase in operating profit to 7,200 million yen. We forecast a 26.8% increase in ordinary profit to 7,400 million yen and a 26.0% increase in profit attributable to owners of parent to 5,430 million yen.

i. Sales and earnings forecasts for the March 2020 fiscal year are as follows.

Net sales	119,400 million yen	(up 2.8% year-on-year)
Operating profit	7,200 million yen	(up 31.4% year-on-year)
Ordinary profit	7,400 million yen	(up 26.8% year-on-year)
Profit attributable to owners of parent	5,430 million yen	(up 26.0% year-on-year)

Assumptions

Exchange rates:	JPY110/USD, JPY125/EUR, JPY16.0/CNY
Dubai crude oil:	USD65/BL

ii. Segment information summary

(Million yen)

	Fiscal year ended March 31, 2019 (Results)		Fiscal year ending March 31, 2020 (Forecast)	
	Net sales	Operating profit	Net sales	Operating profit
Extrusion Business	41,388	2,468	42,560	2,783
Bead Business	68,449	3,782	70,590	5,270
Other	6,295	156	6,250	199
Subtotal	116,133	6,408	119,400	8,252
Adjustments	-	(928)	-	(1,052)
Total	116,133	5,479	119,400	7,200

iii. Capital expenditures

The forecast for capital expenditures is 12,800 million yen, the sum of 4,000 million yen of expenditures to increase production capacity and to become more competitive, and 8,800 million yen of expenditures for maintenance and repairs. The forecast for depreciation expenses is 6,150 million yen, an increase of 549 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, 2019 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, 2020, 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.*