



July 27, 2018

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
First 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: <http://www.jsp.com>

Code Number: **7942**

Representative: Yukio Sakai, President, Representative Director

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

Phone: +81-3-6212-6306

Scheduled date of filing of Quarterly Report: August 3, 2018

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 July 27, 2018 at 15:00 (GMT +9).

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

1. First Quarter Results (April 1, 2018 to June 30, 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	%
Three months ended Jun. 30, 2018	28,081	1.8	1,297	(41.7)	1,408	(38.1)	1,102	(35.4)
Three months ended Jun. 30, 2017	27,584	2.8	2,226	(2.1)	2,277	3.3	1,707	0.4

Note: Comprehensive income: Three months ended Jun. 30, 2018: (793) million yen (-%)
 Three months ended Jun. 30, 2017: 1,331 million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	36.98	-
Three months ended Jun. 30, 2017	57.27	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2018	124,424	82,566	62.9	2,625.37
As of Mar. 31, 2018	125,270	84,105	63.5	2,667.72

Reference: Shareholders' equity: As of Jun. 30, 2018: 78,261 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	-	-	-	-	-
Fiscal year ending Mar. 31, 2019 (forecasts)	-	25.00	-	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
First half	58,000	2.1	3,300	(33.6)	3,400	(31.4)	2,600	(27.7)	87.22
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: Yes

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.

*** 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 Jun. 30, 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 Jun. 30, 2018:	1,603,604 shares	As of Mar. 31, 2018:	1,603,502 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	29,809,900 shares	Three months ended Jun. 30, 2017:	29,810,683 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 quarter of the current fiscal year, capital expenditures and housing investments in the United States remained high, but consumer spending slowed as growth in automobile replacement demand came to an end. In Mexico, the economy posted solid growth. In Brazil, encouraging signs are beginning to emerge, including a recovery in automobile production, but there is still no broad-based economic recovery. In Europe, consumer spending continues to recover along with improved employment statistics. However, exports from Europe are weak because of the euro's strength and slowing economic growth rates in other regions of the world. Automobile production volume is slowing as well, resulting in a decrease in the growth rate of the European economy. In Asia, economic growth remained strong in China and other countries but there was no economic growth in South Korea and some other countries as industrial output declined. 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 home appliances, automobile and other sectors, weak demand for food, fisheries and agricultural products and the rising cost of raw materials and fuel had a negative effect on market conditions.

Sales in the first quarter 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 primarily because of the slow pace of price revisions for many products.

As a result, net sales in the first quarter were 28,081 million yen, up 1.8% from the same period of the previous fiscal year. Operating profit decreased 41.7% to 1,297 million yen, ordinary profit decreased 38.1% to 1,408 million yen and profit attributable to owners of parent decreased 35.4% to 1,102 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 because of strong sales of 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 primarily due to delays in raising prices of some products 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 0.5% to 9,668 million yen and operating profit decreased 31.2% to 414 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, sales of materials used in automotive parts remained strong. 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 South America, sales increased 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 increased because of solid demand in China and Taiwan, although there was a negative impact from slowing economic growth in South Korea. Sales of expandable bead products, chiefly STYRODIA®, increased. Sales of these beads used to make fisheries and agricultural products decreased but sales benefited from an increase in unit sales prices. 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 increased due to growth in sales volume. Earnings decreased as the negative effect of the slow pace of price revisions to reflect the higher cost of raw materials and fuel worldwide more than offset the contribution to earnings from sales growth.

As a result, bead segment sales increased 1.2% to 16,867 million yen and operating profit decreased 42.7% to 1,045 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 involving automobiles and optical components resulted in higher sales.

As a result, sales in the other segment increased 18.7% to 1,546 million yen and operating profit increased 148.4% to 49 million yen.

(2) Explanation of Financial Position

Total assets as of June 30, 2018 were 124,424 million yen, down 846 million yen from March 31, 2018. Current assets decreased 2,285 million yen to 64,871 million yen mainly due to a 2,131 million yen decrease in cash and deposits. Non-current assets increased 1,438 million yen to 59,552 million yen mainly due to a 1,441 million yen increase in other, net under property, plant and equipment resulting from an increase in construction in progress.

Total liabilities as of June 30, 2018 were 41,857 million yen, up 692 million yen from March 31, 2018. Current liabilities increased 1,406 million yen to 34,551 million yen mainly due to a 1,463 million yen increase in short-term loans payable. Non-current liabilities decreased 713 million yen to 7,306 million yen mainly due to a 769 million yen decrease in long-term loans payable.

As a result, net assets totaled 82,566 million yen and the shareholders' equity ratio decreased 0.6 percentage points to 62.9%.

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

Net cash provided by operating activities totaled 1,541 million yen, an increase of 986 million yen from the same period of the previous fiscal year. Inflows included 1,389 million yen from profit before income taxes and 1,359 million yen from depreciation. Outflows included an increase of 415 million yen in notes and accounts receivable-trade, a decrease of 388 million yen in notes and accounts payable-trade and income taxes paid of 370 million yen.

Net cash used in investing activities totaled 2,129 million yen, an increase of 629 million yen from the same period of the previous fiscal year. This included an outflow of 2,518 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 487 million yen, compared with net cash provided of 1,696 million yen in the same period of the previous fiscal year. Inflows included 1,488 million yen from a net increase in

short-term loans payable. Outflows included 1,037 million yen in proceeds from long-term loans payable and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 9,372 million yen as of June 30, 2018, down 1,434 million yen from March 31, 2018.

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

In the fiscal year ending March 31, 2019, we forecast generally stable demand in Japan. Also, demand for ARPRO®/P-BLOCK™, an expanded polypropylene material used in seat cores, is increasing in North America and China as global automobile production volume remains high. Consequently, we expect the sales volume of ARPRO®/P-BLOCK™ to increase. However, there are negative impacts on the current fiscal year's performance from South Korea's flat economy, a downturn in demand for STYRENPAPER™, an expanded polystyrene sheet, and other factors. Based on this outlook, we are unlikely to achieve the initially projected sales volume and expect sales to be less than the initial sales forecast as a result.

The earnings forecasts have been revised as follows by taking into consideration of the three factors. First, the price of crude oil is expected to remain higher than the initial assumption for the fiscal year. Second, we expect the price of polypropylene to remain high because of the tight supply of this material in North America. Third, although we are working on revising prices of our products to reflect the rising prices of raw materials and fuel worldwide, it will probably not be possible to raise prices of some products enough to fully pass on these higher expenses.

Revision to Consolidated Forecast for the First Half of Fiscal Year Ending March 31, 2019 (April 1, 2018 – September 30, 2018)

	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
Previous forecast (A)	59,500	4,700	4,850	3,750	125.80
Revised forecast (B)	58,000	3,300	3,400	2,600	87.22
Change (B – A)	(1,500)	(1,400)	(1,450)	(1,150)	-
Percentage change (%)	(2.5)	(29.8)	(29.9)	(30.7)	-
(Reference) Previous first half results (First half ended Sep. 30, 2017)	56,815	4,973	4,959	3,595	120.62

Revision to Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

	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
Previous forecast (A)	120,000	9,500	9,800	7,000	234.82
Revised forecast (B)	118,100	7,500	7,700	5,500	184.50
Change (B – A)	(1,900)	(2,000)	(2,100)	(1,500)	-
Percentage change (%)	(1.6)	(21.1)	(21.4)	(21.4)	-
(Reference) Previous fiscal year results (Fiscal year ended March 31, 2018)	114,284	9,105	9,217	6,853	229.91

(Assumptions)

	Previous forecast	Revised forecast		
	Full year	First half	Second half	Full year
Dubai crude oil: (USD/BL)	65	70	7	70
Exchange rates: (JPY/USD)	105	108	110	109
Exchange rates: (JPY/EUR)	132	131	128	129
Exchange rates: (JPY/CNY)	16.7	17.0	17.0	17.0

* Prices of Dubai crude oil are averages for the first half (April to September) and second half (October to March) of the fiscal year ending in March 2019. Exchange rates are averages for the first half (January to June) and second half (July to December) of calendar 2018.

Note: The above forecasts are based on all the information currently available, and the actual results may differ due to various factors.

** 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.*