



October 26, 2018

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
Second 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: <https://www.jsp.com>

Code Number: **7942**

Representative: Yukio Sakai, President, Representative Director

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Scheduled date of filing of Quarterly Report:

November 6, 2018

Scheduled date of payment of dividend:

December 5, 2018

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for analysts)

Note: The original disclosure in Japanese was released on October 26, 2018 at 15:00 (GMT +9).

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

1. Second Quarter Results (April 1, 2018 to September 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	%
Six months ended Sep. 30, 2018	57,450	1.1	2,801	(43.7)	2,999	(39.5)	2,350	(34.6)
Six months ended Sep. 30, 2017	56,815	4.1	4,973	(0.5)	4,959	(1.4)	3,595	(5.9)

Note: Comprehensive income: Six months ended Sep. 30, 2018: 195 million yen (down 94.9%)
Six months ended Sep. 30, 2017: 3,800 million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2018	78.86	-
Six months ended Sep. 30, 2017	120.62	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2018	126,455	83,554	62.8	2,663.49
As of Mar. 31, 2018	125,270	84,105	63.5	2,667.72

Reference: Shareholders' equity: As of Sep. 30, 2018: 79,397 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	-	25.00	-	-	-
Fiscal year ending Mar. 31, 2019 (forecasts)	-	-	-	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
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: None

*** 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 Sep. 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 Sep. 30, 2018:	1,603,788 shares	As of Mar. 31, 2018:	1,603,502 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018:	29,809,837 shares	Six months ended Sep. 30, 2017:	29,810,609 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 half of the current fiscal year, there were concerns about slowing economic growth in the United States because of trade friction and rising interest rates. However, consumer spending continued to grow due to a tax cut. 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 growth rate decreased partly because exports stopped growing. In Asia, economic growth remained strong primarily in China, but trade friction is creating concerns and there was no growth in some regions. In Japan, although there are indications of a recovery in consumer spending, there are also areas of weakness in the economy mainly due to the recent damage from floods and earthquakes as well as the rising cost of raw materials and fuel and cargo transportation.

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, fisheries and agricultural products and the rising cost of raw materials and fuel had a negative effect on market conditions.

First half sales 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.

As a result, net sales in the first half were 57,450 million yen, up 1.1% from the same period of the previous fiscal year. Operating profit decreased 43.7% to 2,801 million yen, ordinary profit decreased 39.5% to 2,999 million yen and profit attributable to owners of parent decreased 34.6% to 2,350 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 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, 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 1.6% to 20,054 million yen and operating profit decreased 10.3% to 1,150 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. But sales of materials for seat cores and used in more types of automotive parts have been increasing as planned. 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 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 remained firm despite the effects of slower economic growth. In Asia, sales were consistently strong mainly in China and Taiwan, although there was a negative impact from slowing economic growth in South Korea. Sales of expandable polystyrene bead products, chiefly STYRODIA®, increased due to strong sales for applications involving home appliances and functional products and 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 slightly decreased mainly due to lower sales in South Korea. Earnings decreased because of the negative effect of the slow pace of price revisions to reflect the higher cost of raw materials and fuel worldwide.

As a result, bead segment sales decreased 0.2% to 34,286 million yen and operating profit decreased 50.1% to 2,028 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 13.5% to 3,109 million yen and operating profit increased 7.4% to 64 million yen.

(2) Explanation of Financial Position

Total assets as of September 30, 2018 were 126,455 million yen, up 1,185 million yen from March 31, 2018. Current assets decreased 873 million yen to 66,283 million yen mainly due to a 2,594 million yen decrease in cash and deposits, while there was a 1,646 million yen increase in notes and accounts receivable-trade. Non-current assets increased 2,059 million yen to 60,172 million yen mainly due to a 2,487 million yen increase in other, net under property, plant and equipment resulting from an increase in construction in progress.

Total liabilities as of September 30, 2018 were 42,901 million yen, up 1,736 million yen from March 31, 2018. Current liabilities increased 789 million yen to 33,934 million yen mainly due to a 1,048 million yen increase in short-term loans payable. Non-current liabilities increased 947 million yen to 8,966 million yen mainly due to an 862 million yen increase in long-term loans payable.

As a result, net assets totaled 83,554 million yen and the shareholders' equity ratio decreased 0.7 percentage points to 62.8%.

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

Net cash provided by operating activities totaled 3,286 million yen, an increase of 65 million yen from the same period of the previous fiscal year. Inflows included 2,976 million yen from profit before income taxes and 2,715 million yen from depreciation. Outflows included an increase of 2,153 million yen in notes and accounts receivable-trade and income taxes paid of 858 million yen.

Net cash used in investing activities totaled 5,297 million yen, an increase of 1,862 million yen from the same period of the previous fiscal year. This included an outflow of 5,717 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 943 million yen, an increase of 667 million yen from the same

period of the previous fiscal year. Inflows included 3,000 million yen in proceeds from long-term loans payable and 1,049 million yen from a net increase in short-term loans payable. Outflows included 2,149 million yen for the repayment of long-term loans payable and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 9,358 million yen as of September 30, 2018, down 1,448 million yen from March 31, 2018.

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

We maintain the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2019, which was disclosed in the First Quarter Results for the Fiscal Year Ending March 31, 2019 dated July 27, 2018.

** 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.*