



A Global Supplier for a Global Society

First Half Results for the Fiscal Year
Ending March 31, 2019 (1H FY3/19)

Information Meeting

JSP Corporation

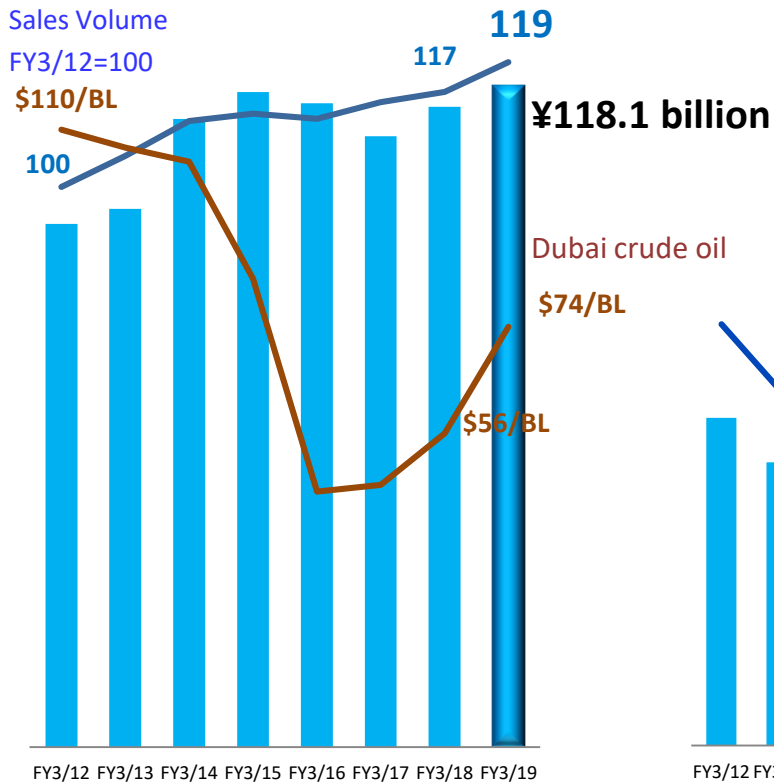
- 1. 1H FY3/19 Summary of Business Operations**
2. FY3/19 Outlook
3. 1H FY3/19 Supplementary Financial Information

3 Financial Highlights

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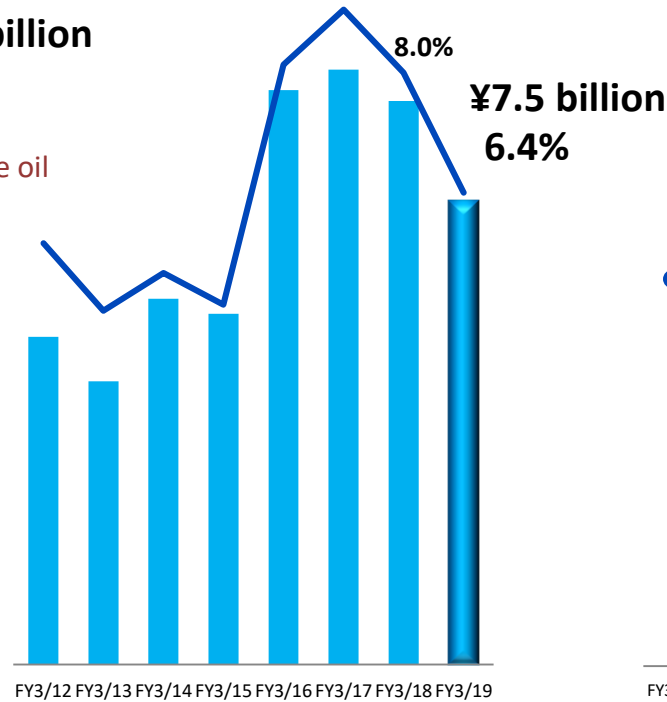
Growth

Net Sales / Sales Volume



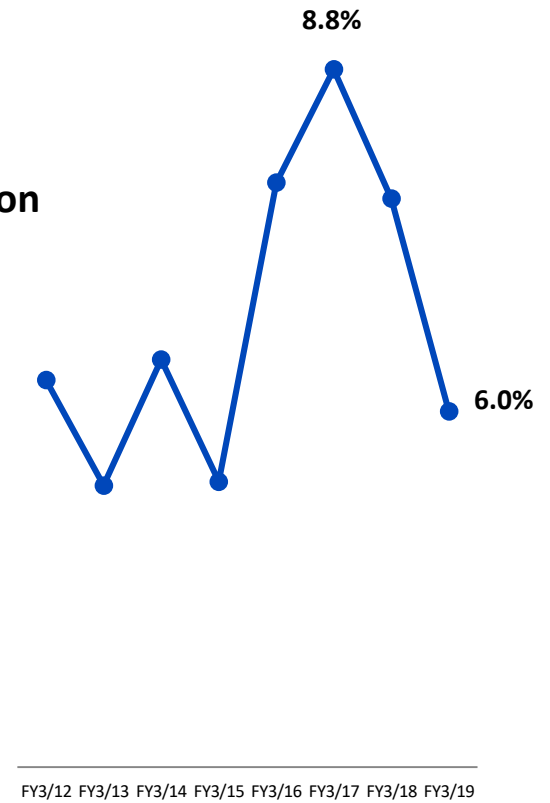
Margin

Operating Profit / Operating Margin



Return

Ordinary Profit to Total Assets



Summary of Business Operations

1H FY3/19

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Item (Million yen)	1H FY3/18 Results	1H FY3/19 Forecast (Announced Jul. 27, 2018)	1H FY3/19 Results	YoY Comparison	vs. Forecast
Net sales	56,815	58,000	57,450	+1.1%	-0.9%
Operating profit	4,973	3,300	2,801	-43.7%	-15.1%
Ordinary profit	4,959	3,400	2,999	-39.5%	-11.8%
Profit attributable to owners of parent	3,595	2,600	2,350	-34.6%	-9.6%

- Forex: 1H FY3/19: JPY108.5/USD JPY130.7/EUR (1H FY3/18: JPY112.1/USD JPY122.2/EUR)
- Dubai crude oil: 1H FY3/19: USD73.0/BL (1H FY3/18: USD50.2/BL)
- Economic climate: US/More growth of consumer spending due to the tax cut, Mexico/Healthy economy, Brazil/Economy is recovering, Europe/Slowing pace of growth, Asia/Solid economic growth centered in China, Japan/Economy impacted by windstorm, flooding and earthquakes
- Consolidated results of operations
 - Net sales: Up 1.1% because of growth in sales of value-added products and product price revisions
 - Operating profit: Down 43.7% because of the slow pace of product price revisions

5 Extrusion Business

1H FY3/19
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Item (Million yen)	1H FY3/18 Results*	1H FY3/19 Results	YoY Comparison
Net sales	19,729	20,054	+1.6%
Operating profit	1,283	1,150	-10.3%

Value-added products raise sales, lower sales volume of food packaging materials lowers earnings

Food packaging materials and food containers



STYRENPAPER™
MIRABOARD™

- Lower sales of materials used for food trays and advertising displays

Industrial packaging materials



MIRAMAT®
CAPLON™
P-BOARD™

- Higher sales because of an expansion of demand for value-added products

Home insulation materials and civil engineering materials



MIRAFOAM™

- Strong sales of parts pre-cut for fabrication, high-performance thermal insulation products and civil engineering materials

*Some subsidiaries have been moved to different administrative categories. Revisions have been made to sales and earnings to reflect these changes.

Item (Million yen)	1H FY3/18 Results*	1H FY3/19 Results	YoY Comparison
Net sales	34,345	34,286	-0.2%
Operating profit	4,067	2,028	-50.1%

Sales decreased due to lower sales in South Korea , earnings lower due to the higher cost of raw materials and fuel

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



ARPRO®/P-BLOCK™
ELEMPOR™ NEO



- Sales increased as these materials were used in more auto parts and many new applications
- Japan: Sales were affected by flooding, earthquakes and other natural disasters
- North America/South America/Europe: Strong sales and higher cost of raw materials
- Asia: Sales increased despite lower sales in South Korea

Expanded polystyrene, hybrid molded products



STYRODIA®
HEATPOR®
CLEARPOR®
FOAMCORE™

- Higher sales of STYRODIA® in the home appliance and functional beads sectors
- FOAMCORE™ sales down as demand declined

*Some subsidiaries have been moved to different administrative categories. Revisions have been made to sales and earnings to reflect these changes.

Item (Million yen)	1H FY3/18 Results	1H FY3/19 Results	YoY Comparison
Net sales	2,739	3,109	+13.5%
Operating profit	59	64	+7.4%

Strong performance in Japan, increase in automotive and optical component sector orders in China

General packaging materials in Japan

- Sales in Japan increased with the support of firm sales in the automotive parts and most other market sectors



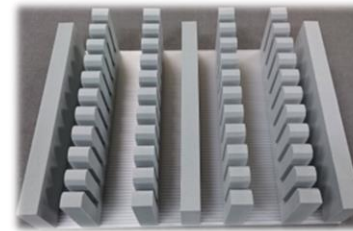
Trays for auto parts



Cushioning materials for digital home appliances

General packaging materials in China

- The receipt of packaging material orders involving automobiles and optical components resulted in higher sales



Material for transporting auto parts



Cushioning materials for optical parts

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3. 1H FY3/19 Supplementary Financial Information

Summary of Business Operations

FY3/19 Outlook

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Item (Million yen)	FY3/18	FY3/19			YoY Comparison
	Results	1H Results	2H Forecast	Outlook (Initial)	
Net sales	114,284	57,450	60,650	118,100	+3.3%
Operating profit	9,105	2,801	4,699	7,500	-17.6%
Ordinary profit	9,217	2,999	4,701	7,700	-16.5%
Profit attributable to owners of parent	6,853	2,350	3,150	5,500	-19.8%

- Exchange rates: JPY110.2/USD (1H: JPY108.5/USD, 2H: JPY111.9/USD)
JPY130.5/EUR (1H: JPY130.7/EUR, 2H: JPY130.3/EUR)
- Dubai crude oil: USD74.0/BL (1H: USD73.0/BL, 2H: USD75.0/BL)
- Dividend: Annual dividend (forecast) ¥50 per share (Interim dividend ¥25, Estimated year-end dividend ¥25)

10 Segment Information

FY3/19 Outlook

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Item (Million yen)	Segment	FY3/19 Initial forecast (Apr. 27, 2018)	FY3/19 Outlook (Oct. 26, 2018)	Difference
Net sales	Extrusion Business	42,161	41,173	-988
	Bead Business	71,934	70,899	-1,035
	Other	5,905	6,028	+123
	Total	120,000	118,100	-1,900
Operating profit	Extrusion Business	2,935	2,672	-263
	Bead Business	7,359	5,539	-1,820
	Other	132	134	+2
	Corporate and eliminations	(926)	(845)	+81
	Total	9,500	7,500	-2,000

Item (Million yen)	FY3/18	FY3/19			YoY Comparison
	Results*	1H Results	2H Forecast	Outlook	
Net sales	40,428	20,054	21,119	41,173	+1.8%
Operating profit	2,692	1,150	1,522	2,672	-0.7%

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



MIRABOARD™

Industrial packaging materials



MIRAMAT® CAPLON™ P-BOARD™

- Increasing sales of cushioning materials for transportation of LCD TV substrates
- 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
- Upgrade high-performance thermal insulation technology

*Some subsidiaries have been moved to different administrative categories. Provisional revisions have been made to sales and earnings to reflect these changes. Sales and earnings may be changed when the financial statements are audited at the end of the fiscal year.

Item (Million yen)	FY3/18	FY3/19			YoY Comparison
	Results*	1H Results	2H Forecast	Outlook	
Net sales	68,079	34,286	36,613	70,899	+4.1%
Operating profit	7,167	2,028	3,511	5,539	-22.7%

For EPP, promote 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™



ELEMPOR™ NEO

- Increase use of materials in auto parts (sheets, etc.)
- Increasing sales of cushioning materials for transportation of LCD TV substrates

Expandable polystyrene, hybrid molded product



STYRODIA®



CLEARPOR®



HEATPOR®

- Increase the share of sales from highly functional products
- Maintain and increase the spread

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● JSP's strategy for growth

The growth strategy has two components. First is continuing to improve efficiency by focusing resources on strategic activities. In particular, resources will be channeled to the four growth engines, which include the enlargement of business domains. Second is aiming for stable and sustained growth with the proper balance between offensive and defensive activities.

The Four Growth Engines



● Automotive parts

Volume-based growth
vs. FY3/18

+27%

Increase in demand for seat cores as automakers reduce vehicle weight

+4%



● Thermal insulation materials for buildings and houses

Volume-based growth
vs. FY3/18

+18%

Increase in demand for MIRAFOAM™ (high-performance thermal insulation) due to mandatory energy-saving requirements in Japan starting in 2020

+5%



● Flat panel display cushioning materials

Volume-based growth
vs. FY3/18

+15%

Larger TV screens
LCD panels
Organic EL panels

+8%



● New business domains

New business sales
(FY3/21 plan)

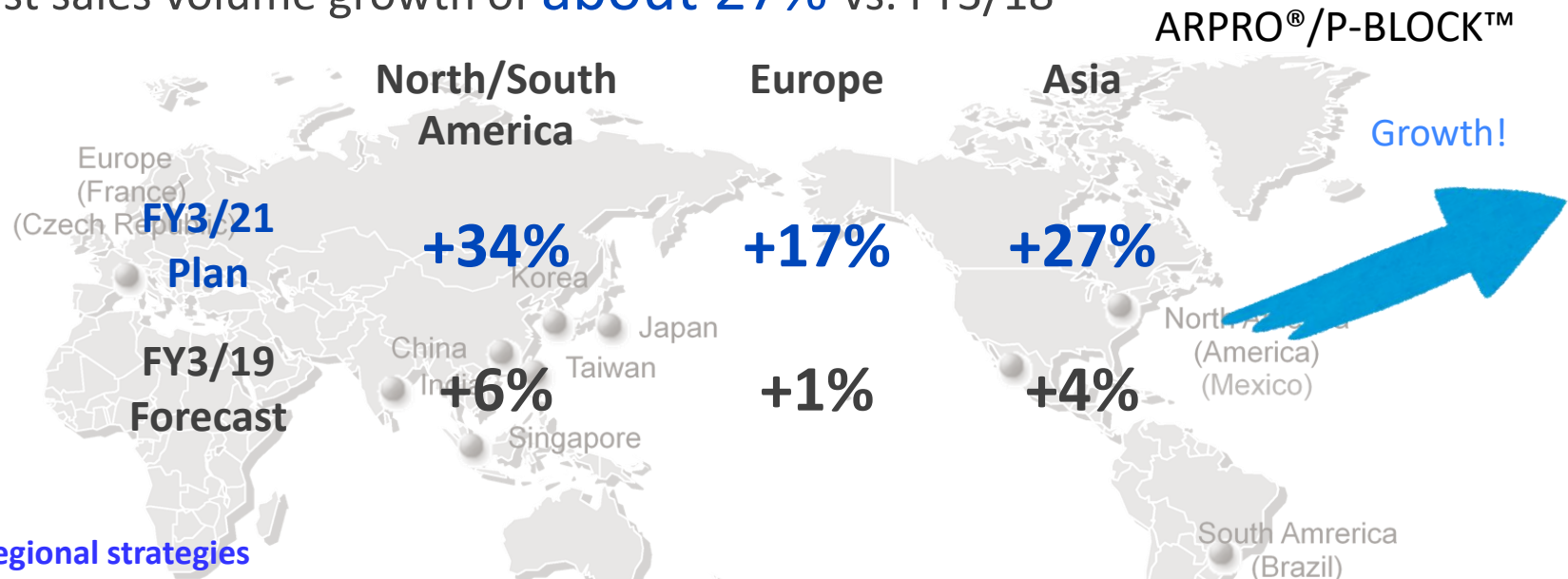
¥3.0 billion

Establish capability for M&A deals with a tight focus on themes with the greatest potential

Build an M&A framework
(expected to be completed in FY3/19)

Medium-term management plan (FY3/21)

Forecast sales volume growth of **about 27%** vs. FY3/18



● Regional strategies

- ✓North/South America: Increase auto seat core material sales and add applications other than auto parts
- ✓Europe/South Korea: Add applications and start new businesses
- ✓Taiwan: Add new products and target opportunities created by the demand for auto parts
- ✓China: To prepare for future growth, increase the number of business sites and sell materials for logistics applications
- ✓Thailand: Increase market share in the rapidly growing ASEAN region
- ✓India: Determine the proper timing and size for the start of manufacturing operations

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16 Results of Operations

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(Percentages represent year-on-year changes)

(Million yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
1H FY3/19	57,450 (+1.1%)	2,801 (-43.7%)	2,999 (-39.5%)	2,350 (-34.6%)
1H FY3/18	56,815 (+4.1%)	4,973 (-0.5%)	4,959 (-1.4%)	3,595 (-5.9%)

Comprehensive income: 1H FY3/19: ¥195 million 1H FY3/18: ¥3,800 million

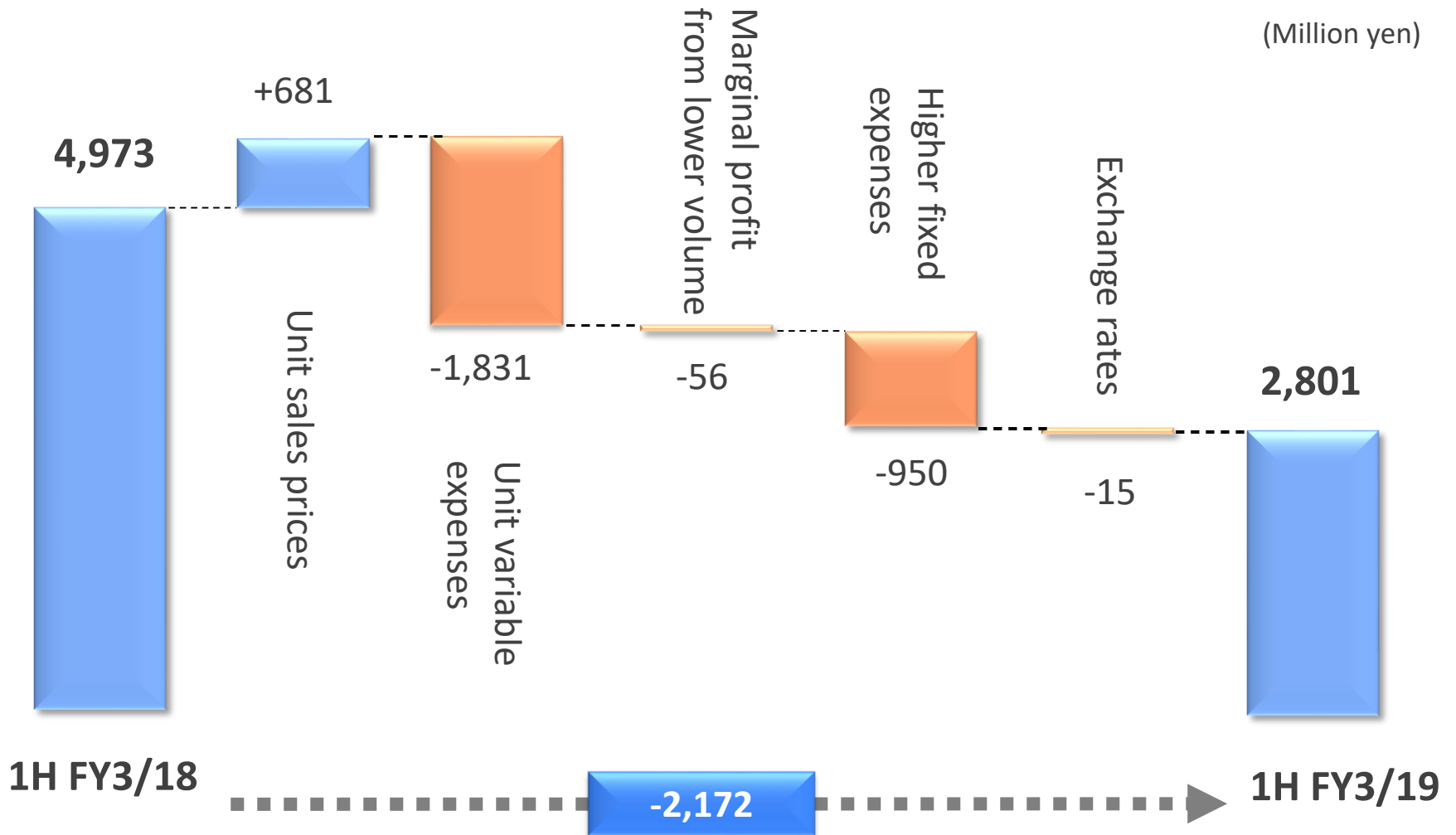
	Net income per share (Yen)	Operating profit to net sales
1H FY3/19	78.86	4.9%
1H FY3/18	120.62	8.8%

Major yen exchange rates (January-June)

Currencies	USD	EUR	RMB
1H of 2018	108.5	130.7	17.0
1H of 2017	112.1	122.2	16.3
YoY Comparison	96.8%	106.9%	104.0%

Components of Change in Operating Profit

1H FY3/19 Supplementary
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Difference in profit is calculated using the exchange rate of the results in FY3/18.

Non-operating Income/Expenses Extraordinary Income/Loss

1H FY3/19 Supplementary
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Non-operating Income/Expenses

Account (Million yen)	1H FY3/18	1H FY3/19
Interest income	87	104
Equity in earnings of affiliates	2	-
Other	147	228
Total non-operating income	237	333
Interest expenses	53	75
Foreign exchange losses	154	7
Equity in losses of affiliates	-	7
Other	43	45
Total non-operating expenses	251	135

Extraordinary Income/Loss

Account (Million yen)	1H FY3/18	1H FY3/19
Gain on sales of non-current assets	22	12
Total extraordinary income	22	12
Loss on sales of non-current assets	8	0
Loss on retirement of non-current assets	41	34
Total extraordinary losses	49	35

Account (Million yen)		As of Mar. 31, 2018	As of Sep. 30, 2018	Change
Assets	Current assets	67,157	66,283	(873)
	Non-current assets	58,113	60,172	2,059
Total assets		125,270	126,455	1,185
Liabilities	Current liabilities	33,145	33,934	789
	Non-current liabilities	8,019	8,966	947
	Total liabilities	41,164	42,901	1,736
Net assets	Shareholders' equity	78,700	80,334	1,634
	Total accumulated other comprehensive income	824	(936)	(1,761)
	Non-controlling interests	4,581	4,156	(424)
	Total net assets	84,105	83,554	(551)
Total liabilities and net assets		125,270	126,455	1,185

Account (Million yen)		As of Mar. 31, 2018	As of Sep. 30, 2018	Change
Shareholders' equity	Capital stock	10,128	10,128	-
	Capital surplus	13,405	13,435	29
	Retained earnings	56,551	58,156	1,605
	Treasury shares	(1,385)	(1,385)	(0)
	Total	78,700	80,334	1,634
Accumulated other comprehensive income	Valuation difference on available-for-sale securities	244	299	54
	Foreign currency translation adjustment	(483)	(2,300)	(1,817)
	Remeasurements of defined benefit plans	1,062	1,063	0
	Total	824	(936)	(1,761)
Non-controlling interests		4,581	4,156	(424)
Total net assets		84,105	83,554	(551)

Cash Flows

Capital expenditures, Depreciation, R&D expenses

Cash Flows

(Million yen)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
1H FY3/19	3,286	(5,297)	943	9,358
1H FY3/18	3,220	(3,435)	276	8,029

Capital Expenditures, Depreciation, R&D Expenses

(Million yen)	Capital expenditures	Depreciation	R&D expenses
1H FY3/19	5,717	2,715	1,052
1H FY3/18	3,670	2,506	1,047

Note: Capital expenditures are on a cash basis.

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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