July 31, 2020

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Revisions to Forecasts for the First Half and Full Year of the Fiscal Year Ending March 31, 2021

JSP Corporation has revised its consolidated sales and earnings forecasts for the fiscal year ending March 31, 2021 that were announced on April 30, 2020.

1. Revisions to first-half consolidated forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 – September 30, 2020)

	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)	47,100	(100)	0	0	0.00
Revised forecast (B)	48,600	1,200	1,200	800	26.84
Change (B - A)	1,500	1,300	1,200	800	-
Percentage change (%)	3.2	-	-	-	-
(Reference) First half of the previous fiscal year (ended September 30, 2019)	56,308	2,474	2,474	1,917	64.32

2. Revisions to full-year consolidated forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

	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)	105,000	3,000	3,200	2,200	73.80
Revised forecast (B)	100,000	3,200	3,200	2,200	73.80
Change (B - A)	(5,000)	200	-	-	-
Percentage change (%)	(4.8)	6.7	-	-	-
(Reference) Previous fiscal year (ended March 31, 2020)	113,375	5,083	5,210	3,638	122.07

Assumptions

	Previous forecast			Revised forecast		
	First half	Second half	Full year	First half	Second half	Full year
Dubai crude oil: (USD/BL)	30	45	38	36	50	43
Exchange rates: (JPY/USD)	-	-	105	-	-	107
Exchange rates: (JPY/EUR)	-	-	120	-	-	120
Exchange rates: (JPY/CNY)	-	-	15.0	-	-	15.0

* Dubai crude oil prices for the first half of the fiscal year are the averages for the period from April 2020 to September 2020, and for second half of the fiscal year the averages for the period from October 2020 to March 2021. The exchange rates are the averages for the period from January to December 2020.

3. Reasons for revisions

The premise of the previous forecast was the assumption that the global economy would remain sluggish throughout the first half of the fiscal year due to the worldwide spread of the COVID-19 pandemic. However, as self-restraint measures such as refraining from going outside and other similar restrictions on economic activity were lifted in June it is expected that the economy will recover, albeit only gradually. The COVID-19 pandemic continues to spread in North America, and although automakers have resumed their operations since May, the pace and sustainability of the economic recovery remains uncertain. In Europe, however, measures to support economic recovery such as subsidies for the purchase of electric vehicles and tax cuts have been introduced by various countries, and a gradual recovery is now underway. The Chinese economy is also headed towards recovery after bottoming out in February. Automobile sales, helped by stimulus measures such as subsidies and deregulation, are rebounding in China.

The JSP Group shut down its Wuhan plant in China from the end of January until the end of March in response to the spread of the COVID-19 pandemic. But all production bases have now been reopened and have been operating since April. Furthermore, we assume that all bases will continue to operate normally since the supply chains for raw materials and other supplies are functioning normally.

Given these circumstances and assumptions for the first half of the current fiscal year, STYRENPAPER™ (expanded polystyrene sheet used in food packaging) and STYRODIA® BLOCK(expandable polystyrene beads used for civil engineering materials) are performing relatively well in Japan, while globally, sales of ARPRO®/P-BLOCK™ (expanded polypropylene) have begun to recover rapidly from the anticipated slump. As a result, both sales and profits are expected to exceed the previous forecasts.

For the third and fourth quarters of the current fiscal year, the key underlying assumption for the previous forecast was that the global economy was likely to be on a recovery track. Now, the prospects for a return to normality in the face of the spread of the COVID-19 pandemic remain unclear. Consequently, we have revised the premise underlying our forecast to an assumption that the operating environment will recover only gradually. Domestic sales have not recovered to the same level as in the same period of the previous year, and sales in South America, Europe and Southeast Asia are also expected to fall below those recorded in the same period last year. Sales in North America and China, however, are expected to exceed the same period of the previous year.

Consequently, full-year sales are expected to fall below the previous forecast due a decline in sales volume and similar factors. Operating profit is expected to increase due to reductions in fixed costs. The forecasts for ordinary profit and profit attributable to owners of parent remain unchanged and as previously announced.

Note: Above forecasts are based on judgments made in accordance with information available to management at the time this release was prepared, and actual results may differ substantially from these forecasts for a number of reasons.