Q3 2018 Financial Results

(Apr. to Dec. 2018)

JSR Corporation

Summary 1

18Q3 YTD result & FY18 Projection(unchanged)

Unit:100Mil JPY

		181H	18Q3	18Q3 YTD	FY18 Pro
Consolidated	**Sales**	**2,457**	**1,309**	**3,765**	**4,900**
	Operating Profit	**224**	**155**	**379**	**480**
	Profit, attributable to owners of parent	**167**	**110**	**277**	**335**
Elastomers	Sales	994	524	1,518	1,950
	Operating Profit	47	27	74	100
Plastics	Sales	526	270	796	1,000
	Operating Profit	39	28	67	95
Digital Solutions	Sales	716	375	1,091	1,500
	Operating Profit	166	107	273	330
Life Sciences	Sales	193	131	323	400
	Operating Profit	4	9	13	15
Others/Adjustment	Sales	29	8	37	50
	Operating Profit	-33	-16	-49	-60

Exchange rate（JPY/USD）	110	113	111	105
Butadiene Price（USD/Ton）（a）	1,579	1,087	1,414	1,300
MOPJ（USD/Ton）(b)	654	*567*	*625*	600
Spread(a-b)	925	*520*	*789*	700

*Butadiene Price : Platts S.E Asia(MEAN)

・Financial result of 18Q3 YTD was good.
・Despite uncertainty in customers' industries, our businesses were strong in this quarter.

※No change with FY18 Pro.

Summary 2

YoY, QoQ

Unit:100Mil JPY

		17Q3 YTD	18Q3 YTD	YoY	18Q2	18Q3	QoQ
Consolidated	**Sales**	**3,135**	**3,765**	**+20%**	**1,234**	**1,309**	**+6%**
	Operating Profit	**372**	**379**	**+2%**	**109**	**155**	**+42%**
	Profit, attributable to owners of parent	**277**	**277**	**+0%**	**78**	**110**	**+41%**
Elastomers	Sales	1,442	1,518	+5%	497	524	+5%
	Operating Profit	132	74	-43%	23	27	+20%
Plastics	Sales	400	796	+99%	262	270	+3%
	Operating Profit	50	67	+36%	18	28	+57%
Digital Solutions	Sales	1,063	1,091	+3%	362	375	+4%
	Operating Profit	246	273	+11%	84	107	+27%
Life Sciences	Sales	188	323	+72%	103	131	+27%
	Operating Profit	-16	13	-	1	9	+1,723%
Others/Adjustment	Sales	42	37	-11%	10	8	-19%
	Operating Profit	-39	-49	-	-16	-16	-

Both YoY and QoQ: Sales and OP increased.

YoY : Elastomers' OP decreased (described later) but other businesses made great progress.

QoQ : Sales and OP increased in all businesses:
Trading spread between our sales price and cost of raw materials improved.
Top-line growth led OP increase.

Segment Data : Elastomers business

	17Q3 YTD	18Q3 YTD	YoY	18Q2	18Q3	QoQ
Sales	1,442	1,518	+5%	497	524	+5%
OP	132	74	-43%	23	27	+20%
OP margin	9.1%	4.9%		4.6%	5.2%	

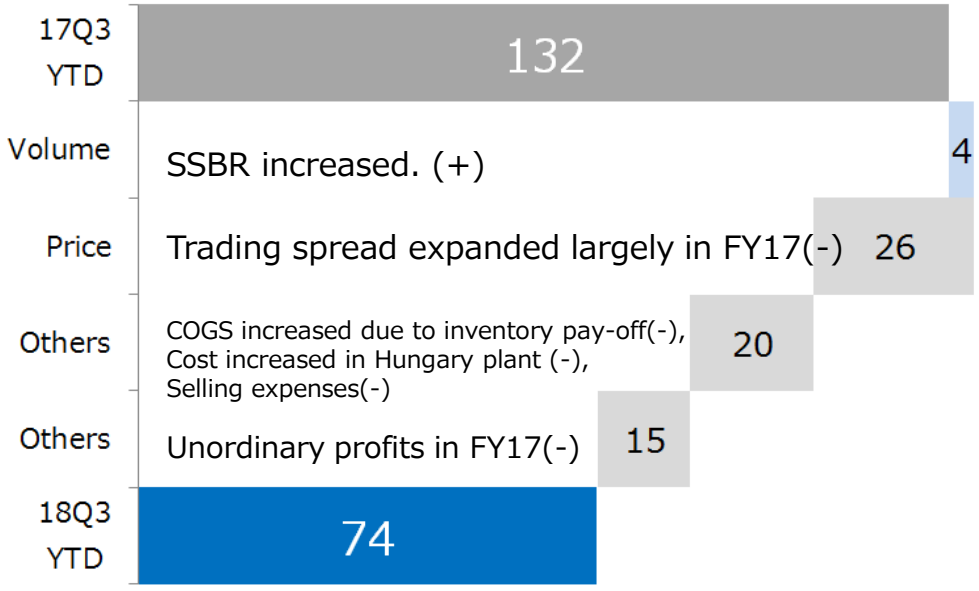
Unit:100Mil JPY

Sales Volume(JSR+JBE,ton)	502,891	485,712	-3%	156,898	166,790	+6%
Exchange rate (JPY/USD)	112	111	-1%	111	113	+1%
Butadiene(BD,USD/Ton)	1,109	1,414	+28%	1,589	1,087	-32%
MOPJ(USD/Ton)	495	*625*	*+26%*	667	*567*	*-15%*
Spread (BD-MOPJ)	614	*789*	*+28%*	922	*520*	*-44%*

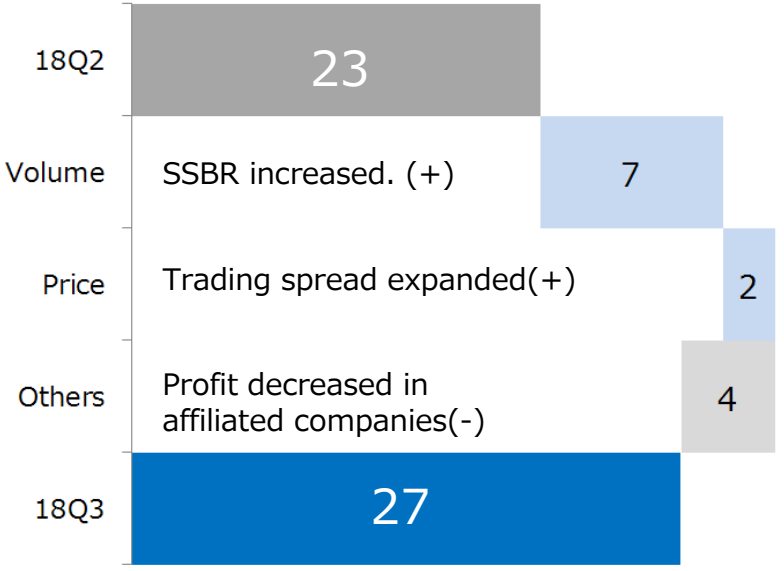
*BD : Platts S.E Asia(MEAN)

OP analysis

YoY



QoQ



Segment Data : Plastics business

Unit:100Mil JPY

	17Q3 YTD	18Q3 YTD	YoY	18Q2	18Q3	QoQ
Sales	400	796	+99%	262	270	+3%
OP	50	67	+36%	18	28	+57%
OP margin	12.4%	8.5%		6.8%	10.3%	

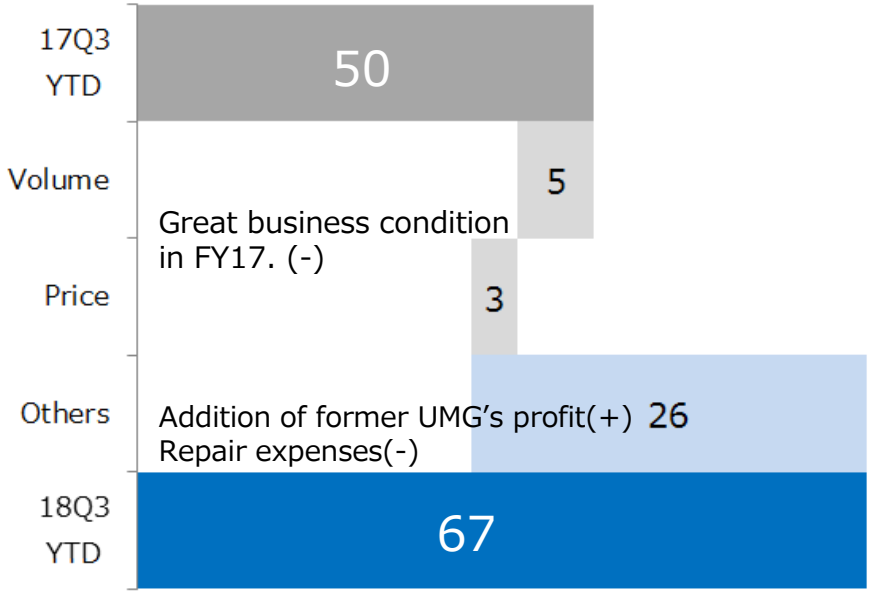
Exchange rate (JPY/USD)	112	111	-1%	111	113	+1%
Acrylonitrile(AN,USD/Ton)	1,652	2,016	+22%	2,210	1,785	-19%
Butadiene(BD,USD/Ton)	1,109	1,414	+28%	1,589	1,087	-32%
Styrene(SM,USD/Ton)	1,210	1,324	+9%	1,427	1,114	-22%

*BD : Platts S.E Asia(MEAN), AN,SM : ICIS N.E Asia(MEAN)

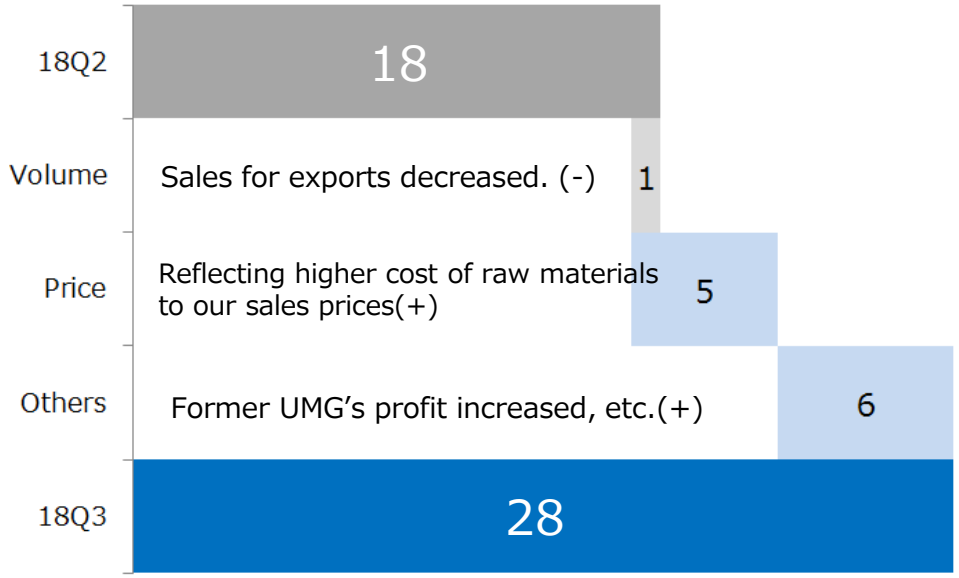
OP analysis

Techno-UMG was launched on April 1, 2018 and included in the consolidated financial statement from 181Q.
*Former UMG's profit is included in OP analysis "Others" below.

YoY



QoQ



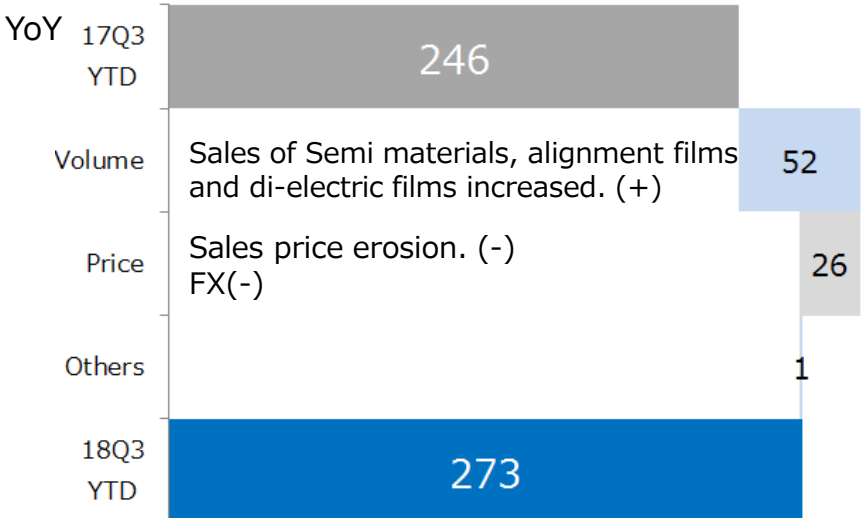
Segment Data : Digital Solutions business

Unit:100Mil JPY

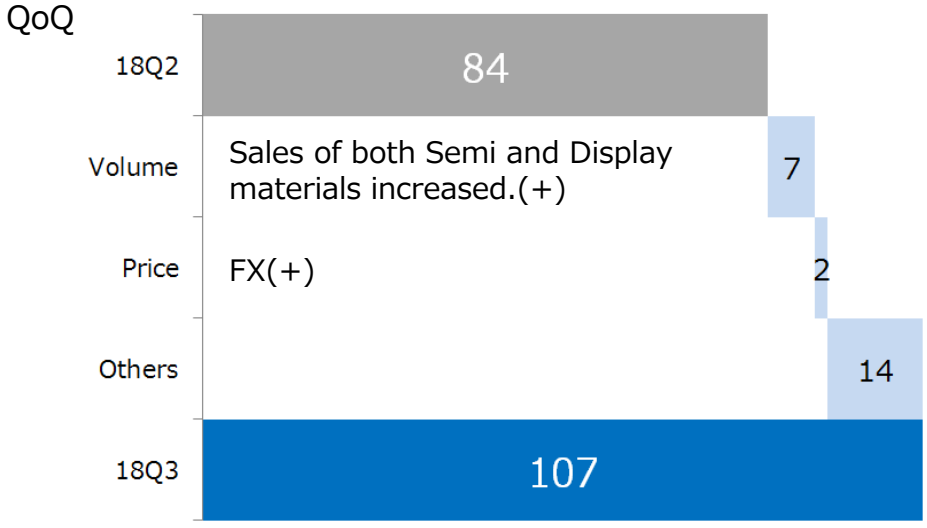
		17Q3 YTD	18Q3 YTD	YoY	18Q2	18Q3	QoQ
Sales		1,063	1,091	+3%	362	375	+4%
	Semiconductor materials	547	583	+7%	193	201	+4%
	Display materials	413	410	-1%	136	141	+3%
	Edge computing materials	104	98	-5%	33	34	+4%
OP		246	273	+11%	84	107	+27%
OP margin		23.1%	25.0%		23.3%	28.4%	
Exchange rate (JPY/USD)		112	111	-1%	111	113	+1%

OP analysis

YoY



QoQ



Sales growth rate

SEMI Materials	YoY YTD	QoQ
ArF Photoresists	Slightly over 110%	Approx.105%
Multilayer Materials	Approx.105%	Slightly under 110%
Other Litho Materials	Slightly under 110%	Approx.105%
CMP Materials	Slight decrease	Slight decrease
Packaging Materials	Approx. 115%	Slightly over 95%
Cleaner	Slightly under 105%	Slightly over 105%

Display Materials	YoY YTD	QoQ
Alignment Films	flat	Approx.110%
Color Pigmented Resists	Approx. 85%	flat
Di-electric materials	Slightly over 105%	Approx.110%
Other LCD Materials	Approx. 115%	Slightly under 105%

Edge computing	YoY YTD	QoQ
OFC	Slightly under 105%	Approx. 115%
ARTON	Approx.90%	flat

Segment Data : Life Sciences business

Unit:100Mil JPY

	17Q3 YTD	18Q3 YTD	YoY	18Q2	18Q3	QoQ
Sales	188	323	+72%	103	131	+27%
OP	-16	13	-	1	9	+1,723%
OP margin	-	4.1%		0.5%	7.0%	
Exchange rate (JPY/USD)	112	111	-1%	111	113	+1%

OP analysis

YoY

- IVD, IVD materials : Steady sales increase.(+)
- Bio process, Bio process materials : Sales expansion in KBI . (+)
  Sales of Amsphere A3 expanded.(+)
- CRO : Acquisition of Crown Bio completed on May 31, 2018 and was consolidated from June 2018.

QoQ

- IVD, IVD materials : Steady sales increase.(+)
- Bio process, Bio process materials : Sales expansion in KBI . (+)
  Sales of Amsphere A3 expanded.(+)
- CRO : Sales expansion in Crown Bio . (+)

(Consolidated) Overall Statement of Profit or Loss

Unit:100Mil JPY

	17Q3 YTD	18Q3 YTD	YoY
Sales	**3,135**	**3,765**	**+20%**
Cost of sales	2,139	2,620	+22%
Gross profit	996	1,145	+15%
Selling, general and administrative expenses	641	766	+19%
Other operating income/expenses	9	-4	-
Share of profit of investments accounted for using equity method	8	4	-53%
Operating Profit	**372**	**379**	**+2%**
Finance income/cost	15	8	-51%
Income taxes	97	93	-4%
Profit	290	294	+1%
Profit, attributable to owners of parent	**277**	**277**	**+0%**
Profit, attributable to non-controlling interests	13	16	+24%
EPS(JPY)	124.29	125.13	+1%
Exchange rate (JPY/USD)	112	111	-1%

(Consolidated) Overall Statement of Financial position

Unit:100Mil JPY

	18/3E	18/12E	Variance
Current assets	3,579	3,449	-130
Cash and cash equivalents	1,250	734	-515
Trade and other receivables	1,225	1,415	191
Inventories	876	1,163	288
Others	229	137	-93
Non-current assets	2,898	3,483	585
Property, plant and equipment	1,598	1,825	226
Goodwill	194	606	412
Other intangible assets	104	125	21
Others	1,002	927	-74
Total Assets	**6,477**	**6,932**	**455**
Current liabilities	1,540	1,792	251
Trade and other payables	1,103	1,293	190
Borrowings	259	323	64
Others	178	175	-2
Non-current liabilities	821	786	-35
Borrowings	535	519	-15
Others	286	267	-19
Total Liabilities	**2,361**	**2,578**	**217**
Equity attributable to owners of parent	3,935	3,980	45
Non-controlling interests	181	374	193
Total Equity	**4,116**	**4,354**	**238**

Total Assets: +45.5Bn yen
-Goodwill increased due to acquisition of Crown Bio
(Cash decreased)
-Effects of merger of former UMG

Total Liabilities: +21.7Bn yen
- Effects of merger of former UMG.

Equity: +23.8Bn yen
-Increase Non-controlling interests (effects of merger of former UMG) and retained earnings.

Equity ratio
(Equity attributable to owners of parents)
2018/3 E : 60.8%
2018/12 E : 57.4%

【APPENDIX】 Quarterly Sales & Operating Profit Trends by Segments

Unit:100Mil JPY

		17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3
Consolidated	**Sales**	**1,011**	**1,024**	**1,100**	**1,084**	**1,223**	**1,234**	**1,309**
	Operating Profit	**127**	**107**	**138**	**64**	**115**	**109**	**155**
	Profit, attributable to owners of parent	**94**	**85**	**97**	**56**	**89**	**78**	**110**
Elastomers	Sales	474	464	504	515	497	497	524
	Operating Profit	58	28	46	17	25	23	27
Plastics	Sales	128	131	141	138	264	262	270
	Operating Profit	14	18	18	6	22	18	28
Digital Solutions	Sales	346	353	364	341	354	362	375
	Semiconductor materials	173	182	192	178	190	193	201
	Display materials	139	137	137	130	133	136	141
	Edge computing materials	34	34	36	33	31	33	34
	Operating Profit	81	80	85	61	82	84	107
Life Sciences	Sales	52	60	76	76	90	103	131
	Operating Profit	-14	-6	4	-2	4	1	9
Others/Adjustment	Sales	11	16	14	14	18	10	8
	Operating Profit	-11	-13	-15	-18	-17	-16	-16

Exchange rate (JPY/USD)	111	111	113	108	109	111	113
Butadiene(BD,USD/Ton) (a)	1,072	1,198	1,054	1,345	1,568	1,589	1,087
MOPJ (USD/Ton) (b)	446	468	570	581	641	667	*567*
Spread(a-b)	626	730	484	764	927	922	*520*
Spread(a-b) 1Q delayed	2,153	626	730	484	764	927	922
Acrylonitrile(AN,USD/Ton)	1,516	1,567	1,892	1,895	2,035	2,210	1,785
Styrene(SM,USD/Ton)	1,119	1,248	1,267	1,386	1,415	1,427	1,114

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【APPENDIX】 Projections for FY ending March 2019

There are no changes with projections for FY ending March 2019

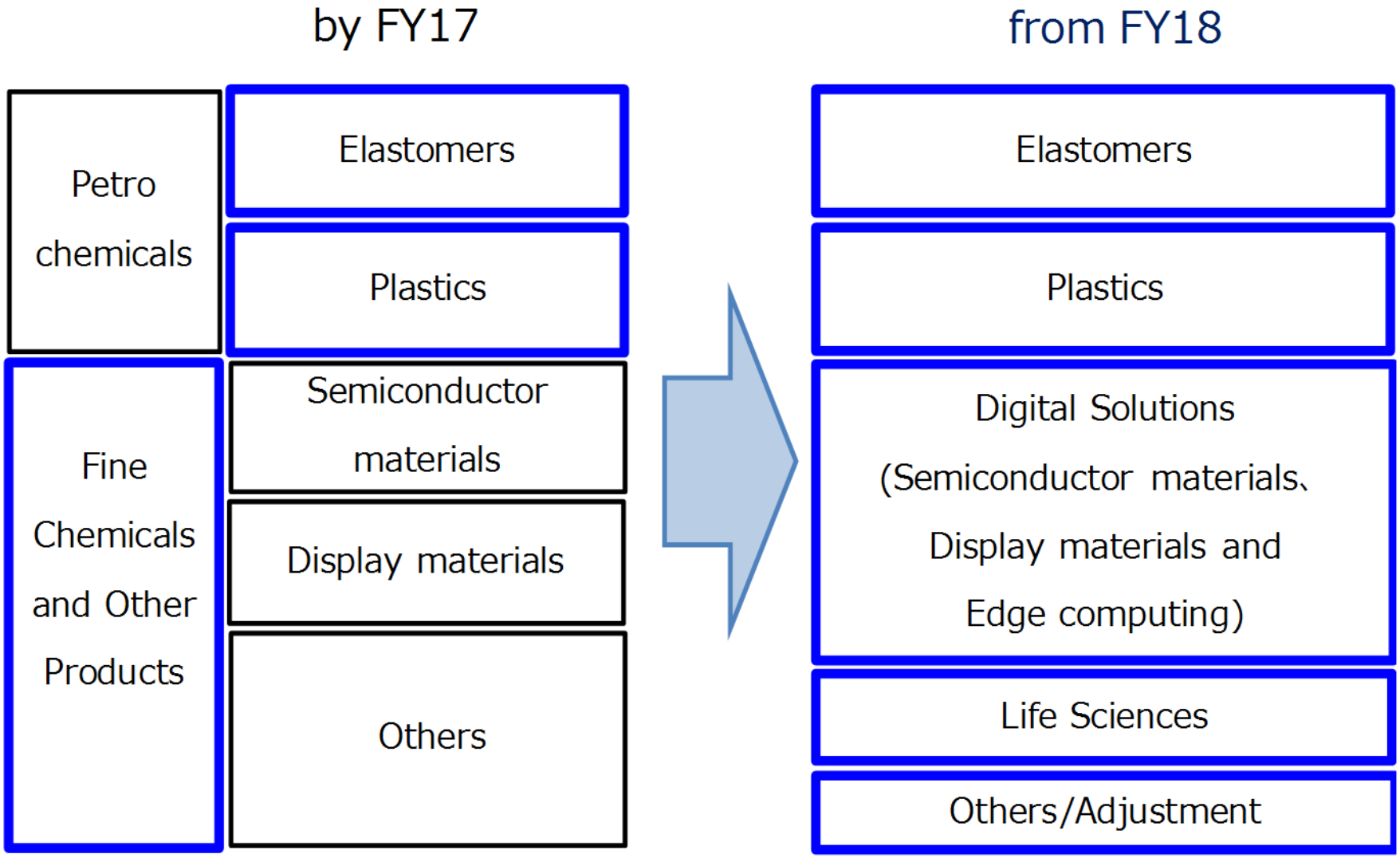
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	Operating Profit	4	9	13	15
Others/Adjustment	Sales	29	8	37	50
	Operating Profit	-33	-16	-49	-60
Depreciation		103	56	159	205
CAPEX		171	107	278	290
RD expenses		116	68	184	225
Exchange rate (JPY/USD)		110	113	111	105
Butadiene Price (USD/Ton) (a)		1,579	1,087	1,414	1,300
MOPJ (USD/Ton) (b)		654	*567*	*625*	600
Spread(a-b)		925	*520*	*789*	700

*Butadiene Price : Platts S.E Asia(MEAN)

【APPENDIX】New Segment classification

Changed disclosure segment classification from FY ending March 2019



Announcement of Earnings Results

FY ending Mar.2019	April 24th 2019

*Please note that the above is subject to change.

NB: The forecasts, future plans and strategies made in this document contain a variety of uncertain factors since it has been prepared based on judgments from information that is currently available. Actual business results may differ from those projected, depending on factors such as the economic status of the market surrounding the company.