

Q1 2020 Financial Results

(April 2020 to June 2020)



JSR Corporation

Summary 1 – FY20Q1 Result vs Projection

(100Mil JPY)

		20Q1 Act	FY20 Pro
Consolidated	Sales	931	4,230
	Operating Profit	24	230
	Profit, attributable to owners of parent	11	150
Digital Solutions	Sales	363	1,350
	Operating Profit	78	240
Life Sciences	Sales	126	610
	Operating Profit	8	55
Elastomers	Sales	274	1,450
	Operating Profit	-56	-50
Plastics	Sales	162	790
	Operating Profit	5	40
Others/Adjustment	Sales	6	30
	Operating Profit	-12	-55
Exchange rate (JPY/USD)		108	109

*Continuing operations only

The projection was prepared for full year only, reflected the impact of COVID-19 at the time of FY19 earnings result. Digital Solutions made good progress, while Life Sciences was on par with the plan. Elastomers and Plastics were affected more than initially expected by the sluggish demand.

Summary 2 - YoY, QoQ

(100Mil JPY)

		19Q1	20Q1	YoY	19Q4	20Q1	QoQ
Consolidated	Sales	1,194	931	-22%	1,133	931	-18%
	Operating Profit	103	24	-77%	23	24	+3%
	Profit, attributable to owners of parent	73	11	-85%	37	11	-69%
Digital Solutions	Sales	360	363	+1%	359	363	+1%
	Operating Profit	83	78	-7%	63	78	+23%
Life Sciences	Sales	123	126	+2%	118	126	+7%
	Operating Profit	11	8	-28%	-4	8	-
Elastomers	Sales	458	274	-40%	423	274	-35%
	Operating Profit	3	-56	-	-27	-56	-
Plastics	Sales	248	162	-35%	224	162	-28%
	Operating Profit	20	5	-75%	9	5	-43%
Others/Adjustment	Sales	4	6	+40%	9	6	-33%
	Operating Profit	-14	-12	-	-19	-12	-

*Continuing operations only

YoY : Both sales and OP decreased. QoQ : Sales decreased but OP increased.

YoY: Digital Solutions OP decreased due to weak demand for Display and Edge Computing, while SEMI sales increased.
 Life Sciences OP decreased due to the one-time upside profit occurred last year, despite increased sales in the CDMO and CRO businesses.
 Elastomer and Plastics, both sales and OP decreased due to weak demand caused by the spread of COVID-19.

QoQ: Digital Solutions OP increased due to the sales increase and decreasing cost.
 Life sciences OP increased due to the sales increase and decreasing cost.
 Elastomers OP decreased due to lower sales volume. Plastics OP decreased due to lower sales volume.

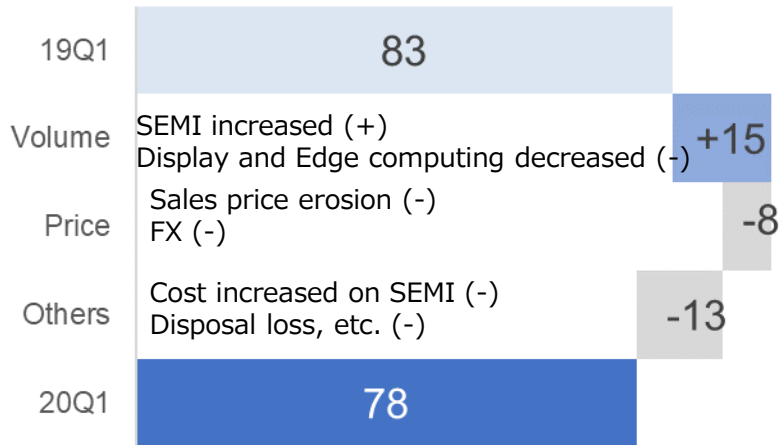
Segment Data : Digital Solutions business

(100Mil JPY)

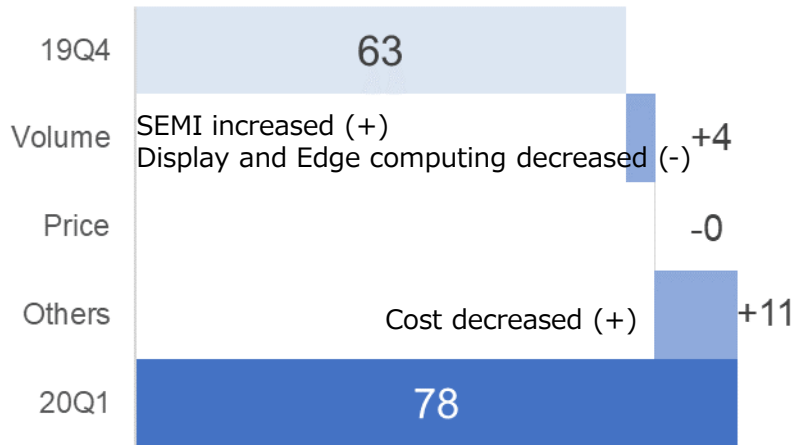
	19Q1	20Q1	YoY	19Q4	20Q1	QoQ
Sales	360	363	+1%	359	363	+1%
Semiconductor materials	191	238	+25%	220	238	+8%
Display materials	129	109	-16%	116	109	-6%
Edge computing	40	16	-60%	22	16	-28%
OP	83	78	-7%	63	78	+23%
OP margin	23.1%	21.4%		17.6%	21.4%	
Exchange rate (JPY/USD)	110	108	-2%	109	108	-1%

OP analysis

YoY



QoQ



Appendix: Digital Solutions business - Sales growth rate

SEMI		YoY ytd	QoQ
	ArF	Approx. 120%	Approx. 105%
	Multilayer	Approx. 130%	Slightly over 105%
	Other Lithography	Approx. 125%	Approx. 110%
	CMP	Slightly Under 125%	Slight increase
	Cleaner	Approx. 155%	Approx. 110%
	Packaging	Slightly over 110%	Approx. 110%
Display		YoY ytd	QoQ
	Alignment Films	Approx. 80%	Approx. 95%
	Di-electric materials	Slightly over 85%	Approx. 85%
	Color Pigmented Resists	Slightly Under 85%	Approx. 85%
	Other LCD Materials	Approx. 105%	Slight decrease
Edge		YoY ytd	QoQ
	ARTON	Approx. 50%	Approx. 85%

Segment Data : Life Sciences business

(100Mil JPY)

	19Q1	20Q1	YoY	19Q4	20Q1	QoQ
Sales	123	126	+2%	118	126	+7%
OP	11	8	-28%	-4	8	-
OP margin	9.3%	6.5%		-	6.5%	
Exchange rate (JPY/USD)	110	108	-2%	109	108	-1%

OP analysis

YoY Sales increased but OP decreased.

Sales of CDMO and CRO increased.

OP decreased YoY due to one-time upside profit in 19Q1.

QoQ Both Sales and OP increased.

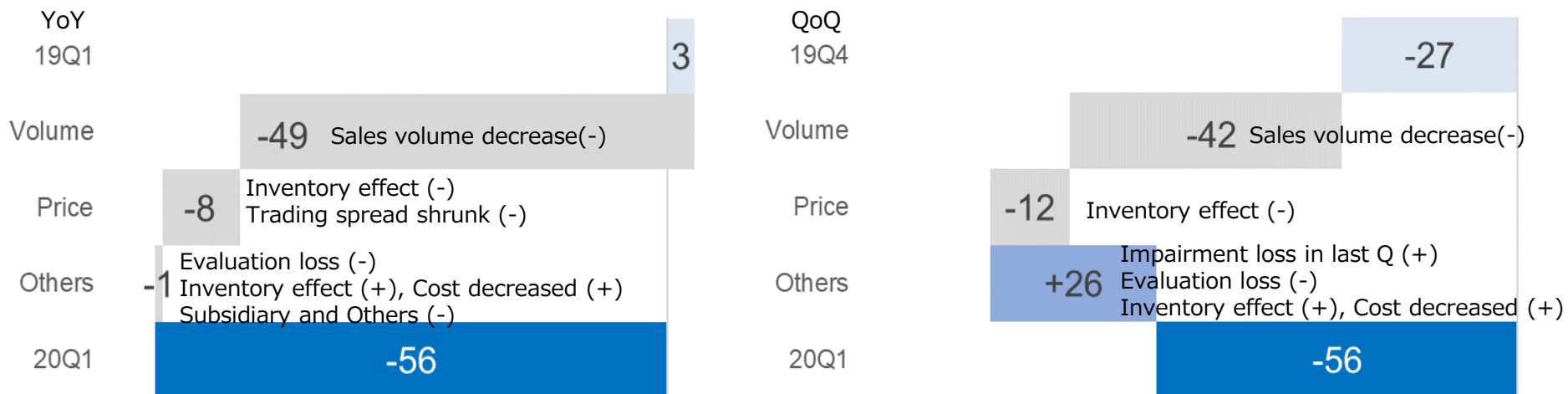
Sales and OP increased mainly thanks to the sales increase in CDMO in 20Q1 and exceptional one-time cost in 19Q4.

Segment Data : Elastomers business

	19Q1	20Q1	YoY	19Q4	20Q1	QoQ	(100Mil JPY)
Sales	458	274	-40%	423	274	-35%	
OP	3	-56	-	-27	-56	-	
OP margin	0.6%	-		-	-		

Sales Volume (Ton)	152,240	92,050	-40%	145,857	92,050	-37%	
Exchange rate (JPY/USD)	110	108	-2%	109	108	-1%	

OP analysis



Segment Data : Plastics business

(100Mil JPY)

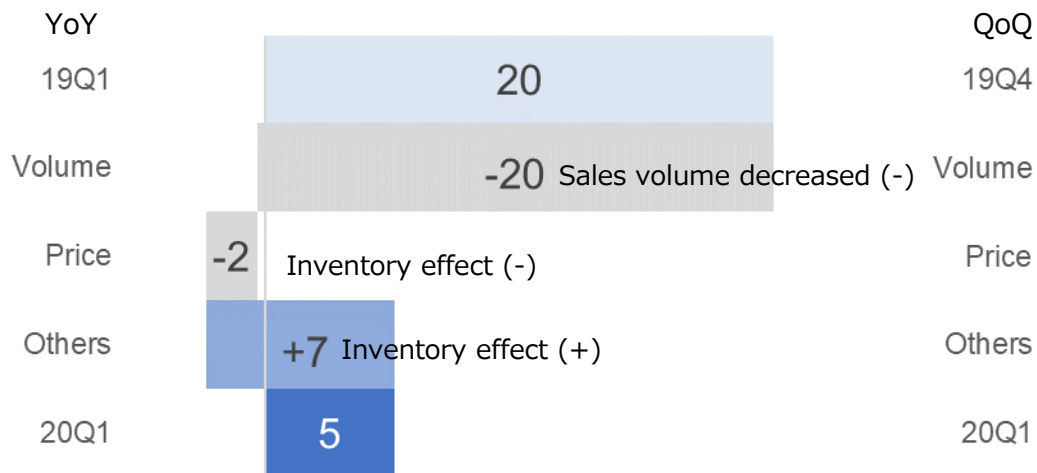
	19Q1	20Q1	YoY
Sales	248	162	-35%
OP	20	5	-75%
OP margin	7.9%	3.1%	

	19Q4	20Q1	QoQ
Sales	224	162	-28%
OP	9	5	-43%
OP margin	3.9%	3.1%	

Exchange rate (JPY/USD)	110	108	-2%
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	109	108	-1%
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OP analysis



*Please refer APPENDIX for the impact of COVID-19 and countermeasures

Overall Statement of P/L

(100Mil JPY)

	19Q1	20Q1	YoY
Sales	1,194	931	-22%
Cost of sales	833	657	-21%
Gross profit	361	274	-24%
Selling, general and administrative expenses	258	248	-4%
Other operating income/expenses	-3	-1	-
Share of profit of investments accounted for using equity method	3	-1	-137%
Operating Profit	103	24	-77%
Finance income/cost	-2	-5	-
Income taxes	19	7	-64%
Profit	83	11	-86%
Profit, attributable to owners of parent	75	11	-85%
Profit, attributable to non-controlling interests	7	0	-98%
EPS(JPY)	33.20	5.25	-84%
Exchange rate (JPY/USD)	110	108	-2%

Overall Statement of Financial position

(100Mil JPY)

	20/3E	20/6E	+/-
Current assets	3,035	3,083	+48
Cash and cash equivalents	619	957	+337
Trade and other receivables	1,105	865	-240
Inventories	1,128	1,146	+17
Others	182	116	-66
Non-current assets	3,742	3,816	+74
Property, plant and equipment	2,157	2,221	+64
Goodwill	583	579	-4
Other intangible assets	159	169	+10
Others	844	848	+4
Total Assets	6,777	6,899	+122
Current liabilities	1,484	1,326	-158
Trade and other payables	928	744	-184
Bonds and borrowings	300	363	+63
Others	255	218	-37
Non-current liabilities	919	1,252	+333
Borrowings	527	871	+345
Others	392	380	-12
Total Liabilities	2,403	2,578	+175
Equity attributable to owners of parent	3,968	3,914	-53
Non-controlling interests	406	407	+1
Total Equity	4,374	4,322	-52

Total Assets: +12.2 Bn yen

Total Liabilities: +17.5 Bn yen

Equity: -5.2 Bn yen

Equity ratio

(Equity attributable to owners of parents)

2020/6 E : 56.6%

2020/3 E : 58.5%

*Including both continuing operations and discontinued operations

Projections for FY20 <No changes>

(100Mil JPY)

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Exchange rate (JPY/USD)	108	109
Depreciation **	61	280
CAPEX	139	420
RD expenses	60	250

*Continuing operations only

** Excluding IFRS 16 lease asset depreciation

Impact of COVID-19*

	1H	2H
Elastomers	-20%	-10%
Plastics	-20%	-10%
SEMI	-5%	-5%
Display	-10%	-10%
Life Sciences	not affected	
Consolidated	-50 Bn yen	

*Compared to the sales forecast which does not include the COVID-19 impact

- Cost reduction is included in the projection in response to the risk of sales decline.
- As for Digital Solutions and Life Sciences, which are our growth drivers, priority would be given to capacity expansion from a medium- to long- term perspective.

Appendix: Impact of COVID-19 (FY20Q1)

In the Elastomers and Plastics segments, the negative impact from slumping automobile-related demand was far exceeding the initial assumption.

20Q1 COVID-19 negative impact on revenue (approximate)

(100Mil JPY)

	Initial assumption	Actual	△	Initial assumption	Actual Impact	Additional Impact
Elastomers	-20%	-40%	-20%			
Plastics	-20%	-35%	-15%			
SEMI	-5%	-	-			
Display	-10%	-10%	0%			
Life Sciences	-	-	-			
				160	270	110

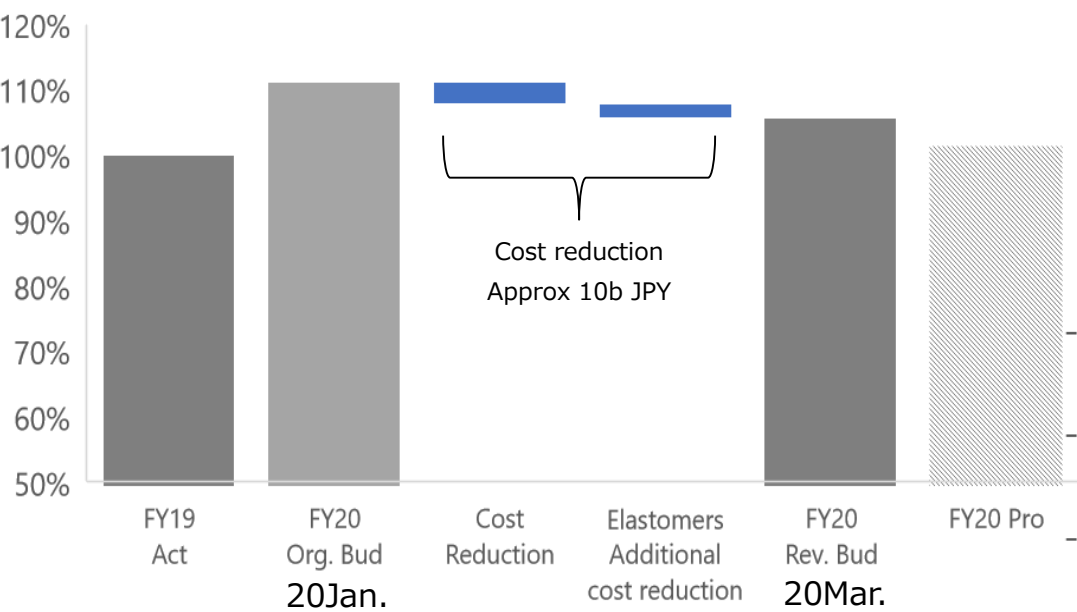
Appendix: Cost management under COVID-19

Assuming the impact of COVID-19, we established BCP system in February. We also started the cost management assuming the effect on the business, and we have established a fixed cost budget that reflects approximately 10 billion yen cost reduction. At the same time, our global production and R&D continued operation safely.

We plan to promote further cost control based on Q1 situation. On the other hand, we will prioritize investment in growth businesses.

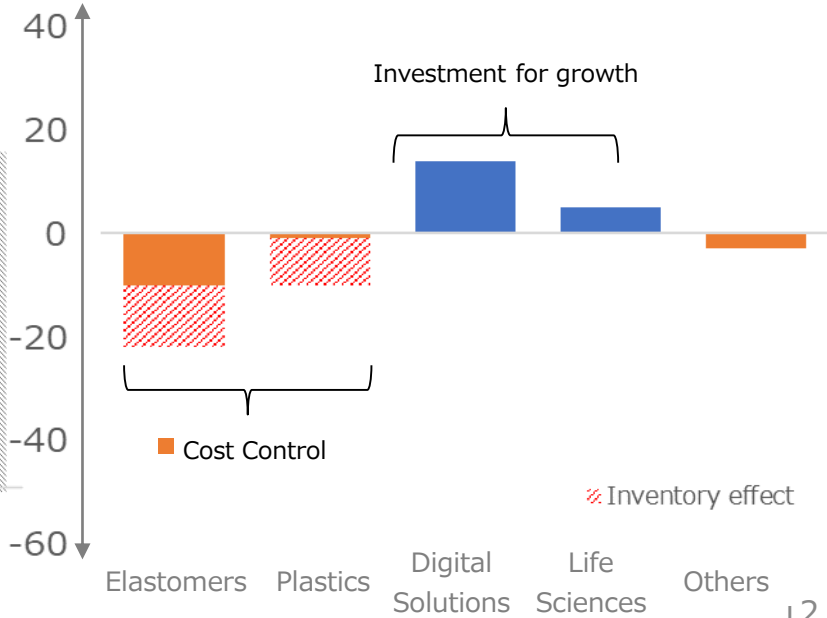
Fixed cost budget and progress as of FY20Q1

Status of Company-wide fixed cost budget



Fixed cost by segment 20Q1/19Q1 YoY

(100Mil JPY)



Announcement of Earnings Results

FY20Q2 27th October 2020

*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.