2 February 2012

FY2012 QUARTER 3 RESULTS

(From 1 April 2011 to 31 December 2011)

- **Deteriorating market conditions during third quarter impacting operating results**
- **Building Products results reflect reduced solar demand and softening markets**
- **Automotive profits reduced with weakening European demand**
- **Specialty Glass markets softening**
- **Joint ventures and associates' results reduced on weakened demand**
- **FY2012 forecast revised, reflecting globally challenging economic conditions**
- **Program of actions to improve profitability announced, to be managed by Keiji Yoshikawa, Executive Vice President of the Company**

Deteriorating market conditions during third quarter impacting operating results

- Market conditions, particularly in Europe, becoming increasingly challenging
- Higher input costs not being offset by price increases
- Cumulative Group revenues ¥ 420.8bn, 3% below previous year (Q3 FY11: ¥ 435.9bn) but similar to the previous year at constant exchange rates
- Operating profits before amortization of ¥ 12.0bn (Q3 FY11: ¥ 26.9bn) reflect the challenging trading conditions, and the impact earlier in the year of the March 2011 Japan earthquake

Building Products results reflect reduced solar demand and softening markets

- Volumes and prices weakening during the quarter, particularly in Europe
- Solar Energy volumes reduced from previous quarters, but cumulatively, still higher than the previous year
- Q3 FY12 Building Products revenue ¥ 186.8bn (Q3 FY11: ¥ 189.4bn) and profits of ¥ 8.8bn (Q3 FY11: ¥ 14.5bn). Previous year includes gain of ¥ 3.3bn on settlement of Chile earthquake insurance claim

Automotive profits reduced with weakening European demand

- European domestic demand weakening through the third quarter
- Higher input costs reducing margins with limited scope for near-term price increases
- AGR volumes reduced, but result benefiting from improving product mix
- Q3 FY12 Automotive revenue ¥ 187.2bn (Q3 FY11: ¥ 198.3bn) and profits of ¥ 3.2bn (Q3 FY11: ¥ 10.2bn)

Specialty Glass markets softening

- Third quarter volumes falling from levels of previous quarters
- Sales of glass cord impacted by weakening European automotive market
- Q3 FY12 Specialty Glass revenue ¥ 45.7bn (Q3 FY11: ¥ 47.1bn) and profits of ¥ 5.5bn (Q3 FY11: ¥ 6.2bn)

Joint ventures and associates' results reduced on weakened demand

- Share of net income of joint ventures and associates ¥ 5.2bn (Q3 FY11: ¥ 6.8bn)
- Profits fell at Cebrace (50% owned Building Products JV in Brazil) on weaker demand
- Improved profitability at the Group's joint venture in Russia
- Reduced profits in joint ventures and associates in China

FY2012 forecast revised, reflecting globally challenging economic conditions

- Solar Energy volumes significantly below previous expectations
- European markets particularly challenging, affecting all business lines
- Full year revenue forecast revised to ¥ 560bn, operating profit (after amortization) forecast revised to ¥ 4bn, including exceptional items relating to profit improvement initiatives of ¥ 3bn

Program of actions to improve profitability announced, to be managed by Keiji Yoshikawa, Executive Vice President of the Company

- Rationalization actions to reduce capacity and output to match market demand
- Targeted reduction of 3,500 people in global headcount, a significant part of which will come from overheads – management and staff
- Capital investment contained at level of depreciation for the next two financial years
- The total cash investment in the restructuring will be ¥ 25bn with an expected recurring annual cash benefit of ¥ 20bn

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Extract from NSG Group Q3 FY2012 financial results presentation, 2 February 2012.

Consolidated Income Statement

NSG GROUP

(JPY bn)	Cum Q3 FY12	Cum Q3 FY11	Change from Q3 FY11
Revenue	**420.8**	**435.9**	**-3%****
Operating profit before amortization	**12.0**	**26.9**	
Amortization*	(5.5)	(5.7)	
Operating profit	**6.5**	**21.2**	
Finance expenses (net)	**(10.4)**	**(12.6)**	
Share of JVs and associates	**5.2**	**6.8**	
Profit before taxation	**1.3**	**15.4**	
Profit for the period	**2.2**	**12.5**	
Profit attributable to owners of the parent	**1.3**	**9.1**	
EBITDA	35.6	51.8	-31%

* Amortization arising from the acquisition of Pilkington plc only

** 0% based on constant exchange rates

Deteriorating market conditions in the third quarter

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