NSG GROUP

29 July 2016

FY2017 QUARTER 1 RESULTS

(from 1 April 2016 to 30 June 2016)

- **Significant year on year improvement in trading profit**
- **Cash flow continues to improve, reflecting the recovery in the Group's profitability**
- **Progress made in execution of business and financial improvement initiatives**
- **No change in the Group's FY2017 annual forecast**

Trading profit showed significant increase year on year

- Cumulative Group revenues of ¥ 150.5bn decreased from the previous year, due to the strengthened Japanese Yen (Q1 FY2016: ¥ 162.1bn)
- Trading profit, before amortization and exceptional items of ¥ 8.9bn, showed significant improvement from the previous year, supported by the recovery in European markets and lower input costs as well as a steady progress in "VA shift" (Q1 FY2016: ¥ 5.2bn)
- Architectural revenue ¥ 59.9bn (Q1 FY2016: ¥ 64.7bn) and profits of ¥ 6.5bn (Q1 FY2016: ¥ 3.3bn)
- Automotive revenue ¥ 78.5bn (Q1 FY2016: ¥ 83.1bn) and profits of ¥ 3.7bn (Q1 FY2016: ¥ 2.6bn)
- Technical Glass revenue ¥ 12.0bn (Q1 FY2016: ¥ 14.2bn) and profits of ¥ 0.1bn (Q1 FY2016: ¥ 0.2bn)
- Shareholders' equity adversely affected by foreign exchange movements following the 'Brexit' vote, but no immediate or significant impact is expected on the Group's underlying business performance

Cash flow continues to improve, reflecting the recovery in the Group's profitability

- Continued improvement in underlying operating cash flow performance
- Cash outflow before financing activities reduced to ¥ 1.7bn, despite the negative seasonal working capital movement (Q1 FY2016: ¥ 20.3bn outflow)
- Net debt decreased by ¥ 6.9bn

Progress made in execution of business and financial improvement initiatives

- The exit from the rolled glass business in China, and the temporary suspension of production of the thin flat glass line in Vietnam have been executed
- Rationalization of rolled glass facilities in Europe
- Exceptional gain of ¥ 7.7bn posted after the execution of sale and lease back transactions in Japan and Malaysia
- Negotiations for refinancing are underway and the corporate bond has been redeemed as planned

No change in the Group's FY2017 annual forecast

- Improving trend in the Group's operating profitability expected to continue
- Translational impact of strengthening yen not expected to outweigh improvement in underlying local currency profitability
- Progress of the Medium-term Plan (MTP) currently under review, and outcome will be explained at the FY2017 Q2 results announcement

Extract from NSG Group FY2017 Quarter 1 financial results presentation, 29 July 2016

Consolidated Income Statement

NSG GROUP

(JPY bn)	FY2017 Q1	FY2016 Q1	Change from FY2016
Revenue	**150.5**	**162.1**	**-7%** [2]
Trading profit	**8.9**	**5.2**	**71%** [3]
Amortization [1]	(1.8)	(2.1)	
Operating profit	**7.1**	**3.1**	
Exceptional items	7.8	(0.6)	
Finance expenses (net)	(4.2)	(4.2)	
Share of JVs and associates	0.0	(0.1)	
Profit/(loss) before taxation	**10.7**	**(1.8)**	
Profit/(loss) for the period	**4.4**	**(0.5)**	
Profit/(loss) attributable to owners of the parent	**3.9**	**(1.4)**	
EBITDA	16.2	13.7	18%

1 Amortization arising from the acquisition of Pilkington plc only
2 Increase of 4.5% based on constant exchange rates
3 Increase of 97% based on constant exchange rates

Improved profitability despite strengthened yen