

NSG

GROUP

NSG Group

FY2017 Quarter 1 Results

(from 1 April 2016 to 30 June 2016)

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FY2017 Quarter 1 Results

(from 1 April 2016 to 30 June 2016)



Agenda

Key Points

Financial Results

Business Update

Summary

Key Points - April to June 2016



- Significant year on year improvement in trading profits
- Cash flow continues to improve, reflecting the recovery in the Group's profitability
- Progress made in execution of business and financial improvement initiatives

FY2017 Quarter 1 Results

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Consolidated Income Statement

(JPY bn)	<u>FY2017</u> <u>Q1</u>	<u>FY2016</u> <u>Q1</u>	<u>Change</u> <u>from</u> <u>FY2016</u>
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	-	(0.1)	
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

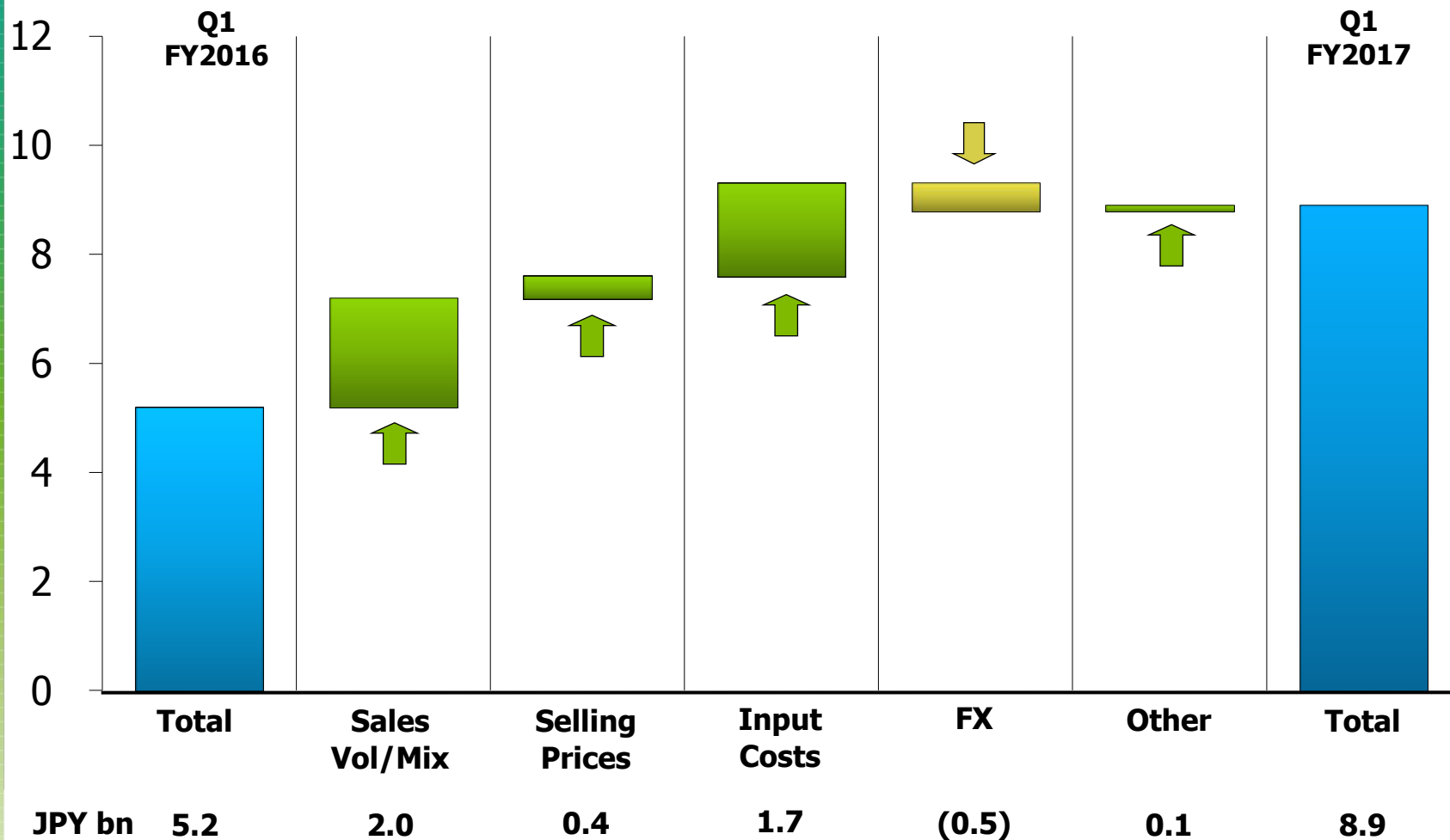
² Increase of 4.5% based on constant exchange rates

³ Increase of 97% based on constant exchange rates

Improved profitability despite strengthened yen

Change Analysis

Trading profit



Benefits from improved market conditions and lower input costs

Exceptional Items

(JPY bn)	<u>FY2017</u> <u>Q1</u>	<u>FY2016</u> <u>Q1</u>
Gain on disposal of non-current assets	7.7	-
Gain from exit of business	0.9	-
Gain on disposal of investments in associates	0.7	-
Gain on dilution in associate	-	0.1
Restructuring costs	(0.7)	(0.3)
Impairment of non-current assets	(0.7)	-
Settlement of litigation matters	(0.1)	(0.4)
	7.8	(0.6)

Exceptional gains from disposal of non-current assets

Consolidated Cash Flow Summary

(JPY bn)	<u>FY2017</u> <u>Q1</u>	<u>FY2016</u> <u>Q1</u>
Profit/(loss) for the period	4.4	(0.5)
Depreciation and amortization	9.1	10.6
Impairment	0.7	-
Gain on disposal of assets and exit of business	(9.4)	-
Tax paid	(1.9)	(1.2)
Others	6.2	(5.5)
Net operating cash flows before movement in working capital	9.1	3.4
Net change in working capital	(11.1)	(14.9)
Net cash outflows from operating activities	(2.0)	(11.5)
Purchase of property, plant and equipment	(7.8)	(8.6)
Disposal proceeds	8.6	-
Others	(0.5)	(0.3)
Net cash inflows/(outflows) from investing activities	0.3	(8.9)
Cash flow before financing activities	(1.7)	(20.4)

Operating cash flow driven by improved profit

Key Performance Indicators

	<u>30-Jun-16</u>	<u>31-Mar-16</u>
Net Debt (JPY bn)	374	381
Net Debt/EBITDA	6.0x	6.3x
Net Debt/Equity Ratio	5.4	3.4
	<u>FY2017</u> <u>Q1</u>	<u>FY2016</u> <u>Q1</u>
EBITDA Interest Cover	4.0x	3.7x
Operating Return* on Sales	5.9%	3.2%

* trading profit

Profit ratios improved, but equity affected by strengthened yen

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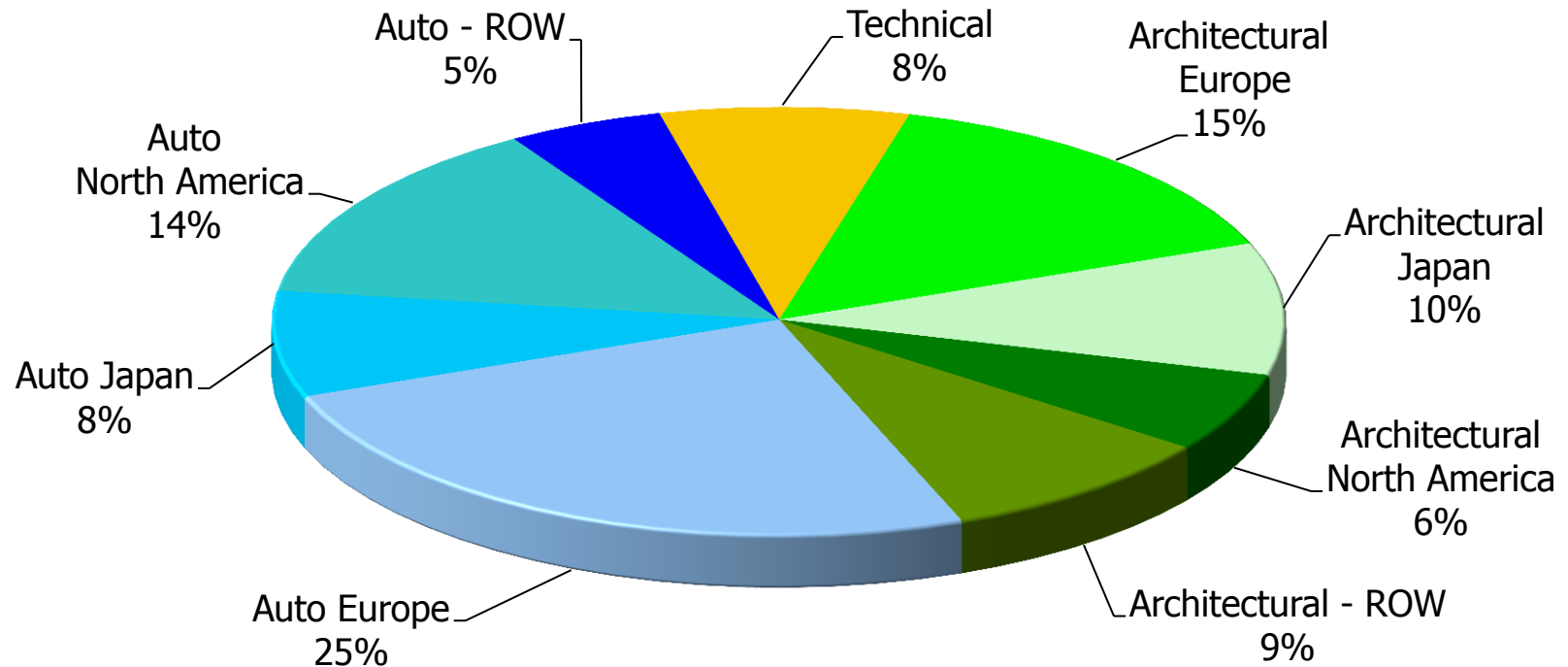
Financial Results

Business Update

Summary

External Revenue – Group Businesses

¥ 150.5 billion

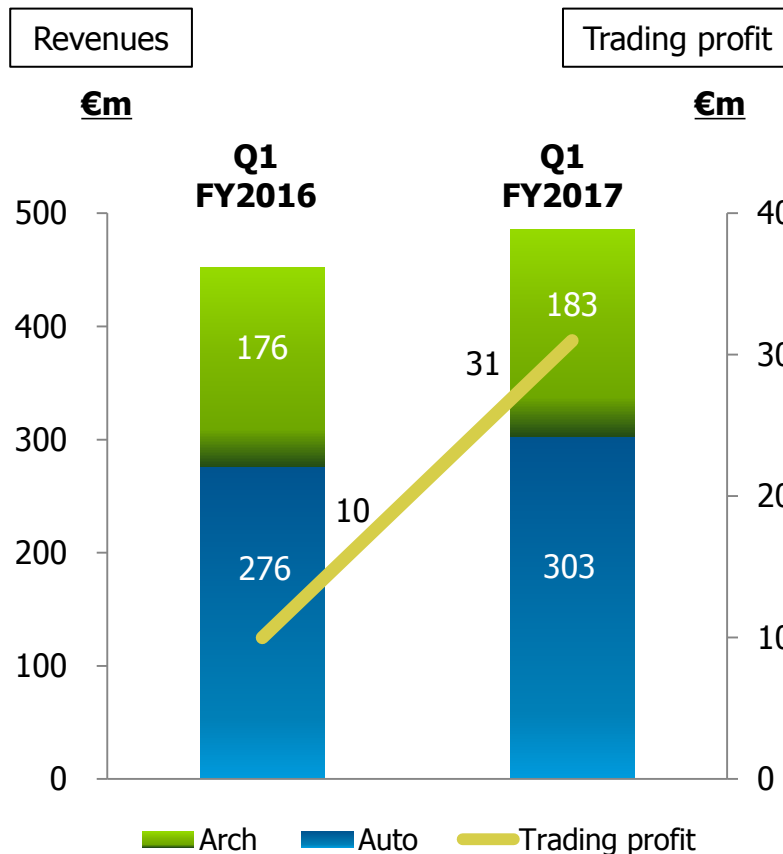


FY2017 Quarter 1

Diversified geographical coverage

Europe

Q1 FY2016 v Q1 FY2017



Architectural

- Volumes and prices improved due to increased market demand
- Profits benefitted from lower energy costs

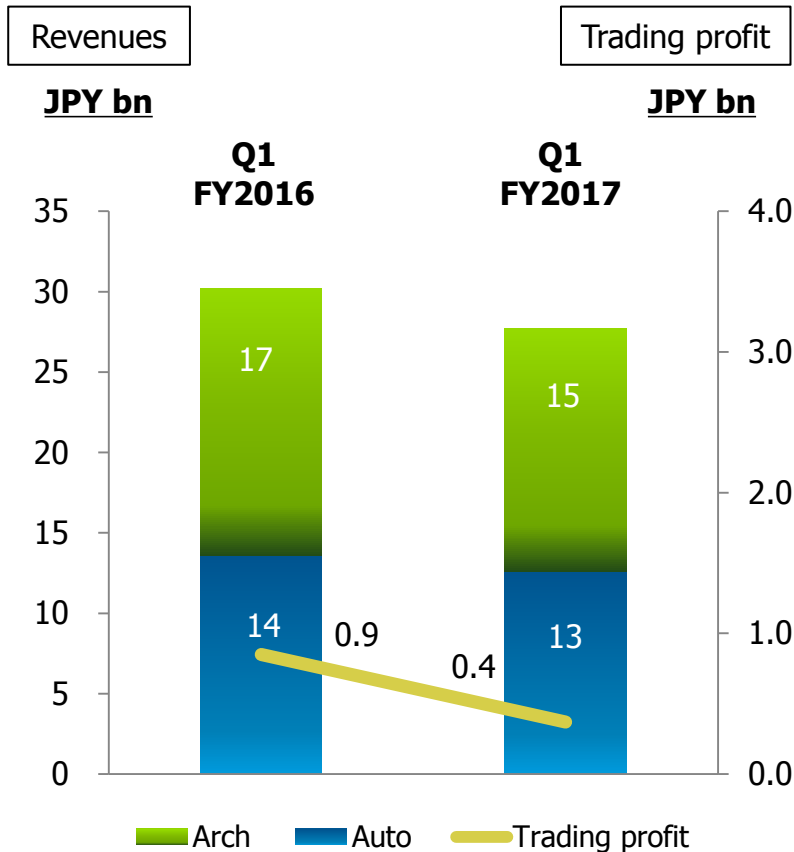
Automotive

- OE volumes benefitted from continued recovery of light-vehicle sales in the region
- Improved operational performance
- Robust volumes in AGR

Businesses benefitted from improved market conditions

Japan

Q1 FY2016 v Q1 FY2017



Architectural

- Volumes below the previous year

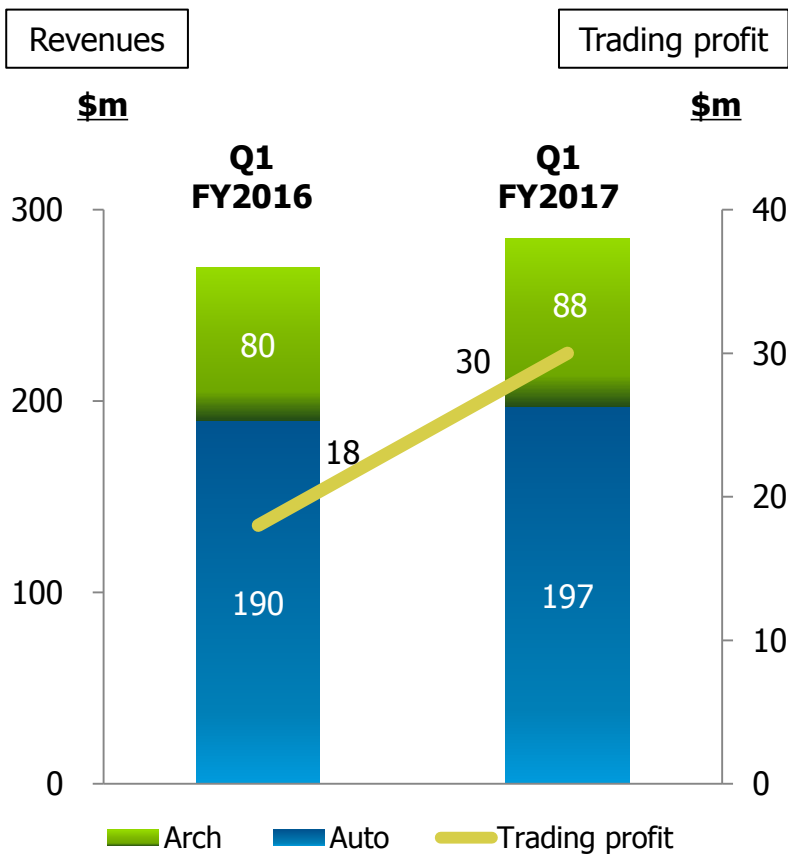
Automotive

- Revenues and profits fell from the previous year, reflecting lower light-vehicle sales

Profitability affected by softened market conditions

North America

Q1 FY2016 v Q1 FY2017



Architectural

- Revenues and profits improved, as selling prices continue to be strong
- Further growth in value-added volumes

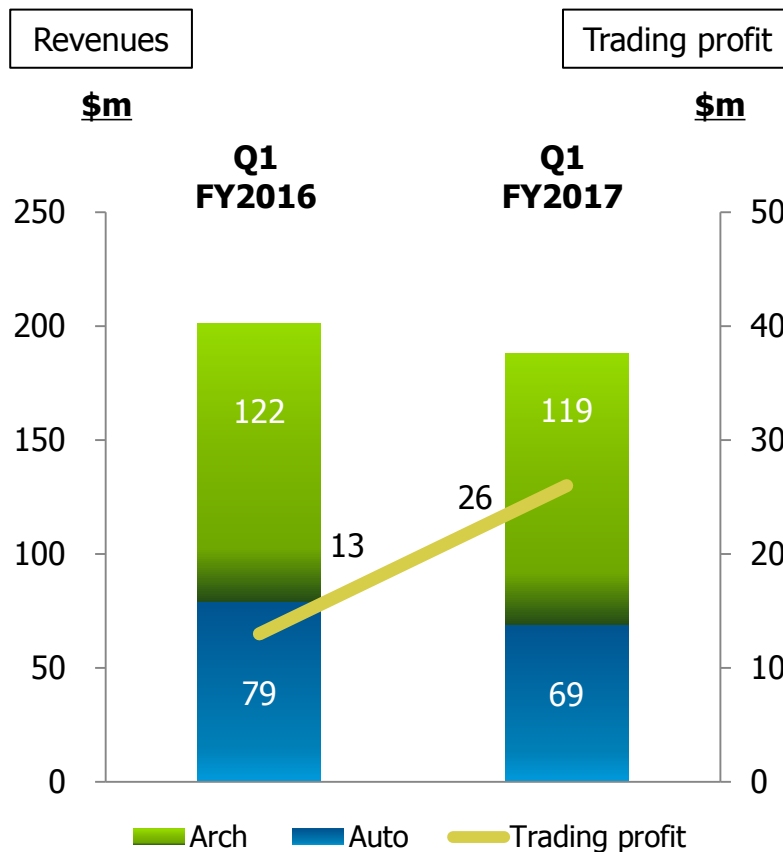
Automotive

- Improved OE revenues and profits reflects increased NSG volumes
- Improved operational efficiency
- AGR results similar to the previous year

Profitability improved as markets continue to show strength

Rest of World

Q1 FY2016 v Q1 FY2017



Architectural

- Previous year's results included the effect of a cold repair in Argentina
- Demand continues to be robust in South East Asia

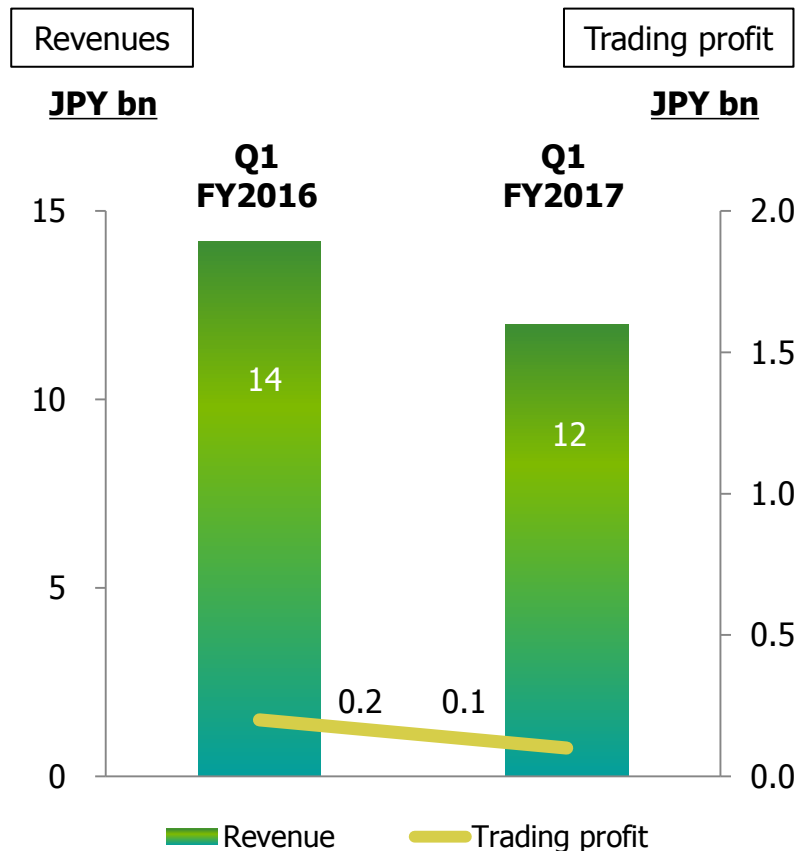
Automotive

- Weak market conditions persist in South America

Mixed market conditions among regions

Technical Glass

Q1 FY2016 v Q1 FY2017



Technical Glass

- Losses in the Display business narrowed following the mothballing of the thin glass float line in Vietnam
- Volumes of components used in multi-function printers declined
- Volumes of glass cord used in engine timing belts were robust, reflecting strengthening automotive markets
- Battery separator segment enjoying strong demand

Pressured by challenging market conditions

Joint Ventures and Associates

Q1 FY2017 v Q1 FY2016

(JPY bn)	<u>FY2017 Q1</u>	<u>FY2016 Q1</u>
Share of post-tax losses	-	(0.1)

- Profits were below the previous year at Cebrace, the Group's joint venture in Brazil
- Previous year losses in China and Russia Joint Ventures not repeated following March 2016 impairments

Previous year impairments removed effects of loss-making entities

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- Significant year on year improvement in trading profits
- Cash flow continues to improve, reflecting the recovery in the Group's profitability
- Progress made in execution of business and financial improvement initiatives
- FY2017 forecast unchanged

The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results are the economic environment in major markets (such as Europe, Japan, the U.S. and Asia), product supply/demand shifts, and currency exchange fluctuations.

Nippon Sheet Glass Co., Ltd.

Appendices

Revenue by Business

FY2017 Q1 v FY2016 Q1

<u>(JPY bn)</u>	<u>FY2017</u> <u>Q1</u>	<u>FY2016</u> <u>Q1</u>	<u>Change</u>
Architectural	59.9	64.7	(4.8)
Europe	22.3	23.5	(1.2)
Japan	15.1	16.6	(1.5)
North America	9.6	9.7	(0.1)
Rest of World	12.9	14.9	(2.0)
Automotive	78.5	83.1	(4.6)
Europe	37.0	36.9	0.1
Japan	12.6	13.6	(1.0)
North America	21.4	23.1	(1.7)
Rest of World	7.5	9.5	(2.0)
Technical Glass	12.0	14.2	(2.2)
Europe	1.8	2.1	(0.3)
Japan	6.2	7.0	(0.8)
North America	0.3	0.3	0.0
Rest of World	3.7	4.8	(1.1)
Other Operations	0.1	0.1	0.0
Europe	0.0	0.0	0.0
Japan	0.1	0.1	0.0
North America	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0
Total	150.5	162.1	(11.6)

Trading profit

FY2017 Q1 v FY2016 Q1

<u>(JPY bn)</u>	<u>FY2017</u> <u>Q1</u>	<u>FY2016</u> <u>Q1</u>	<u>Change</u>
by SBU			
Architectural	6.5	3.3	3.2
Automotive	3.7	2.6	1.1
Technical Glass	0.1	0.2	(0.1)
Other Operations	(1.4)	(0.9)	(0.5)
Total	8.9	5.2	3.7
by Region			
Europe	3.5	1.4	2.1
Japan	(0.6)	0.7	(1.3)
North America	3.1	2.1	1.0
Rest of World	2.9	1.0	1.9
Total	8.9	5.2	3.7

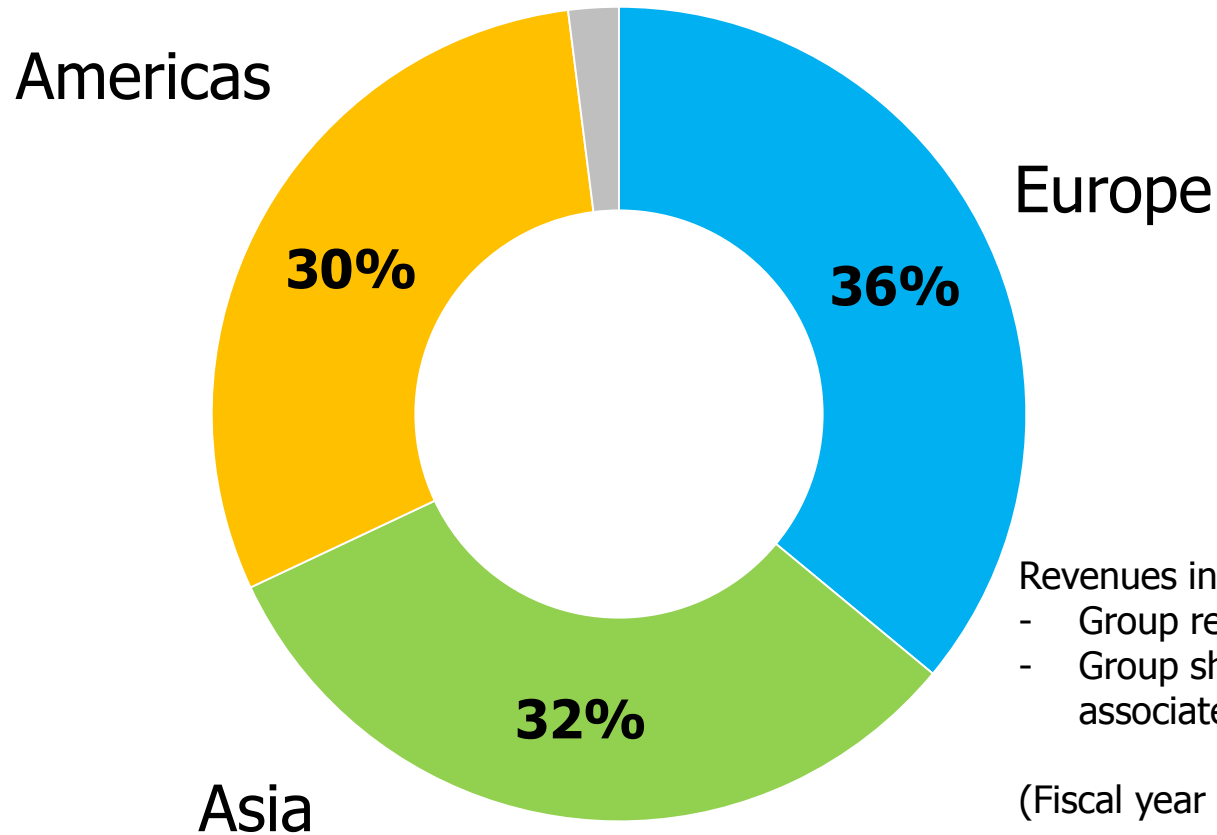
Consolidated Balance Sheet

(JPY bn)	<u>30-Jun-16</u>	<u>31-Mar-16</u>	<u>Change</u>
Assets	742.7	812.1	(69.4)
Non-current assets	501.3	571.4	(70.1)
Goodwill & intangible assets	154.3	176.4	(22.1)
Property, plant and equipment	236.2	258.9	(22.7)
Other	110.8	136.1	(25.3)
Current assets	241.4	240.7	0.7
Cash and cash equivalents	55.9	55.1	0.8
Other	185.5	185.6	(0.1)
Liabilities	674.0	700.1	(26.1)
Current liabilities	284.9	285.9	(1.0)
Financial liabilities	156.2	143.5	12.7
Other	128.7	142.4	(13.7)
Non-current liabilities	389.1	414.2	(25.1)
Financial liabilities	278.1	293.4	(15.3)
Other	111.0	120.8	(9.8)
Equity	68.7	112.0	(43.3)
Shareholders' equity	60.4	103.1	(42.7)
Non-controlling interests	8.3	8.9	(0.6)
Total liabilities and equity	742.7	812.1	(69.4)

Exchange Rates

	<u>FY2016</u> <u>Q1</u>	<u>FY2016</u> <u>Full-year</u>	<u>FY2017</u> <u>Q1</u>
Average rates used:			
JPY/GBP	186	181	155
JPY/USD	122	120	108
JPY/EUR	134	132	122
Closing rates used:			
JPY/GBP	192	161	138
JPY/USD	122	113	103
JPY/EUR	136	127	114

NSG Group Revenues by Geographical Destination (FY2016)

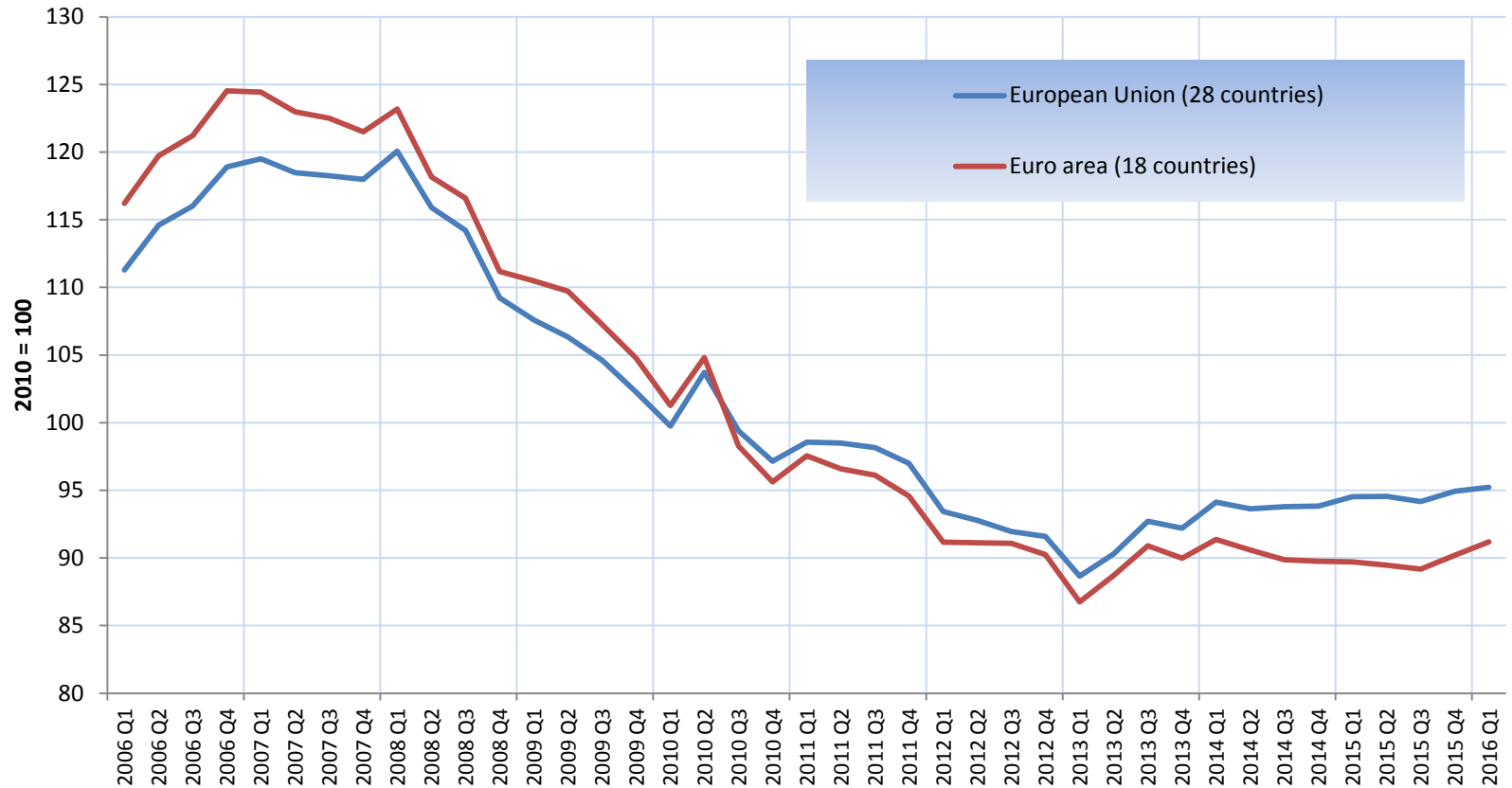


Balanced presence in Europe, Asia and Americas

Depreciation & Amortization, CAPEX

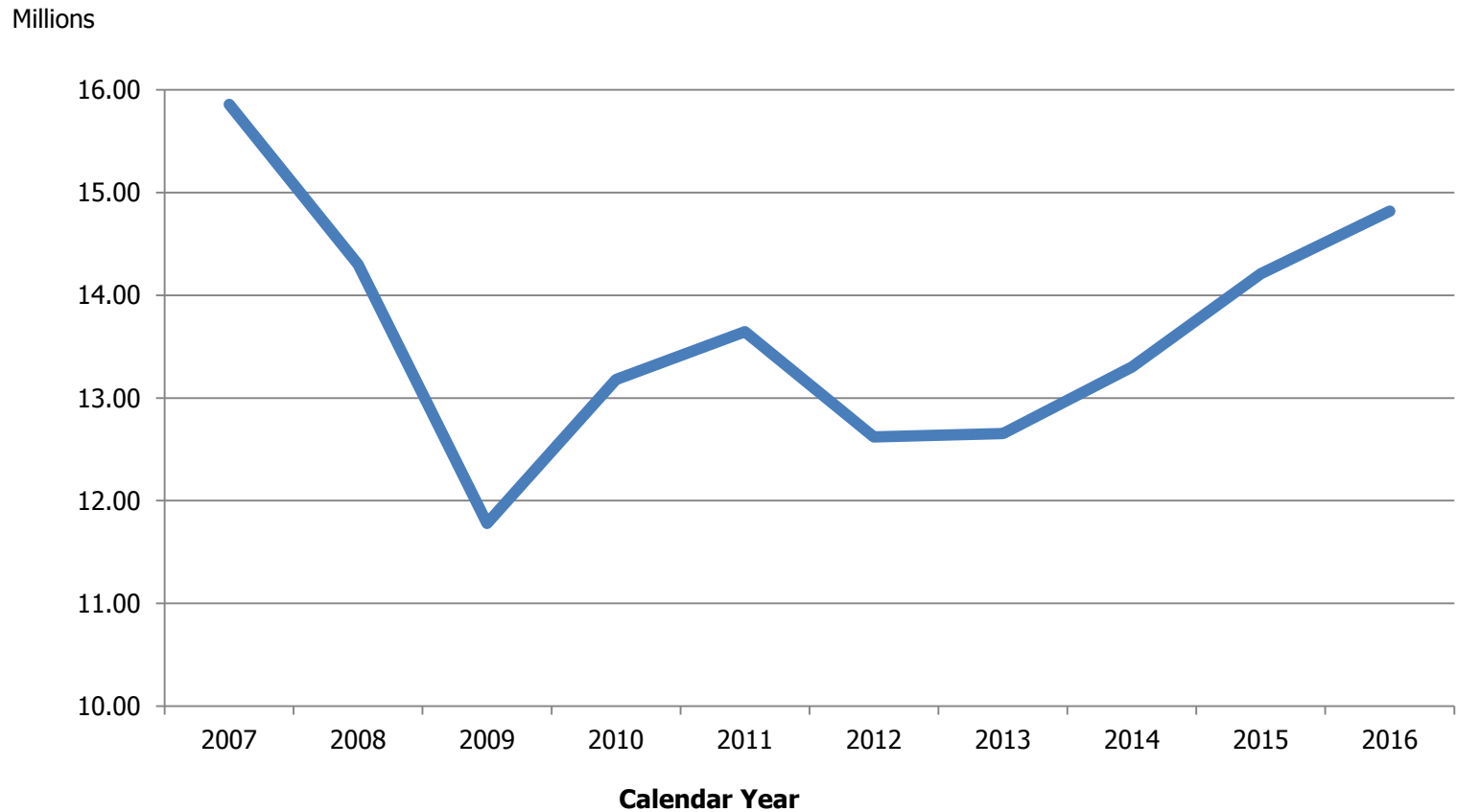
(JPY bn)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017 Q1
Depreciation and Amortization	38.7	36.6	40.4	41.7	40.9	9.1
Capital expenditures	34.7	26.0	31.6	36.6	28.2	8.1
R&D expenditures	8.0	7.3	7.9	8.2	9.8	2.2

Production Statistic - Construction Sector Output



Source: Eurostat

Western Europe Light Vehicle Build



Source: : IHS Jul 2016, LMC Jun 2016

Brief Guide to NSG Group

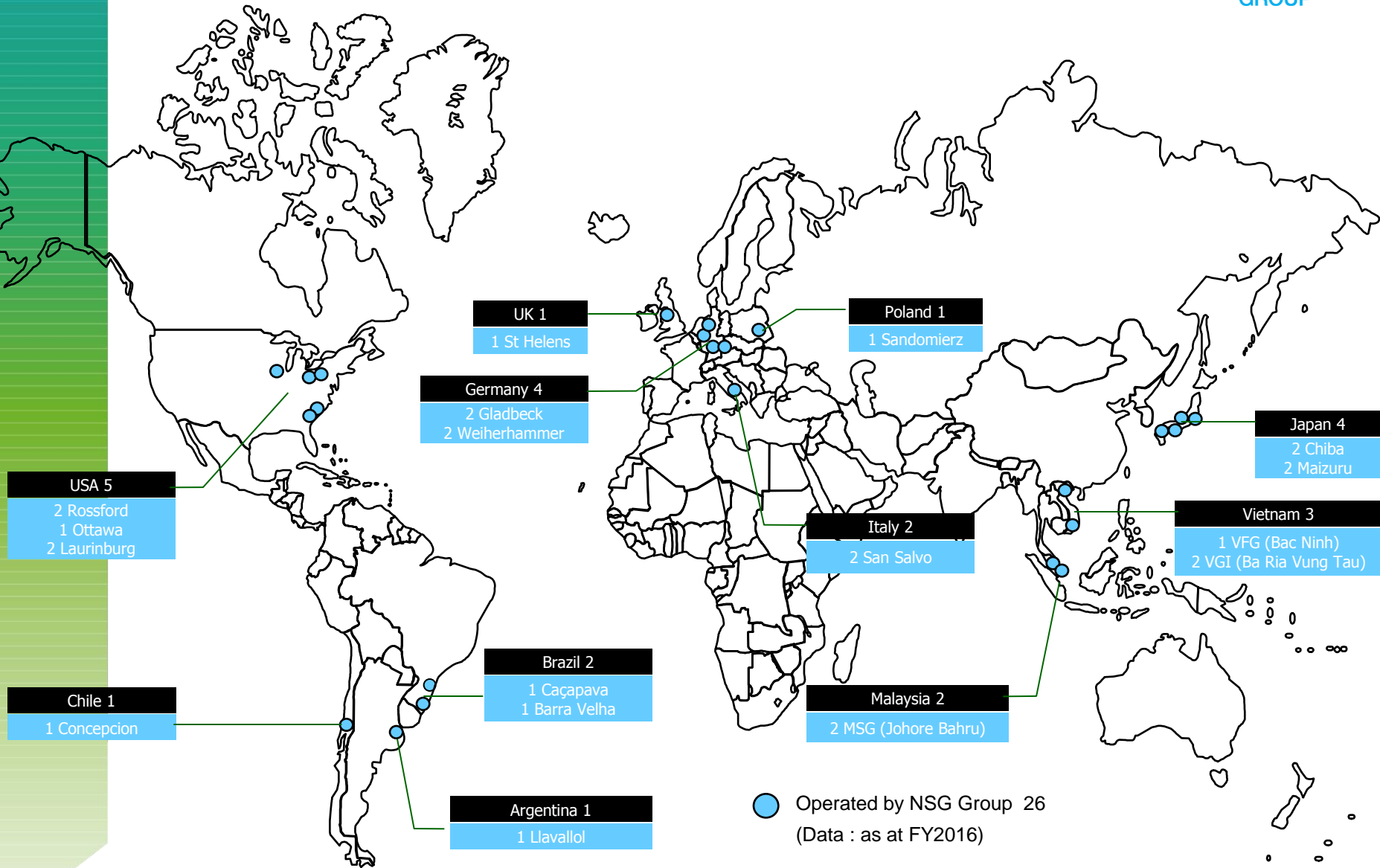
- One of the world's largest manufacturers of glass and glazing products for the Architectural, Automotive and Technical Glass sectors
 - World leader in float glass technology and coatings
 - Supplying the world's leading vehicle manufacturers
 - Leading player in thin glass for displays, lenses and light guides for printers and glasscord, etc.
- Principal operations in 28 countries, with sales in over 130 countries
- 26 float lines worldwide
- Approximately 27,000 employees globally

(Reference) Consolidated revenue: JPY 629 billion (FY2016)

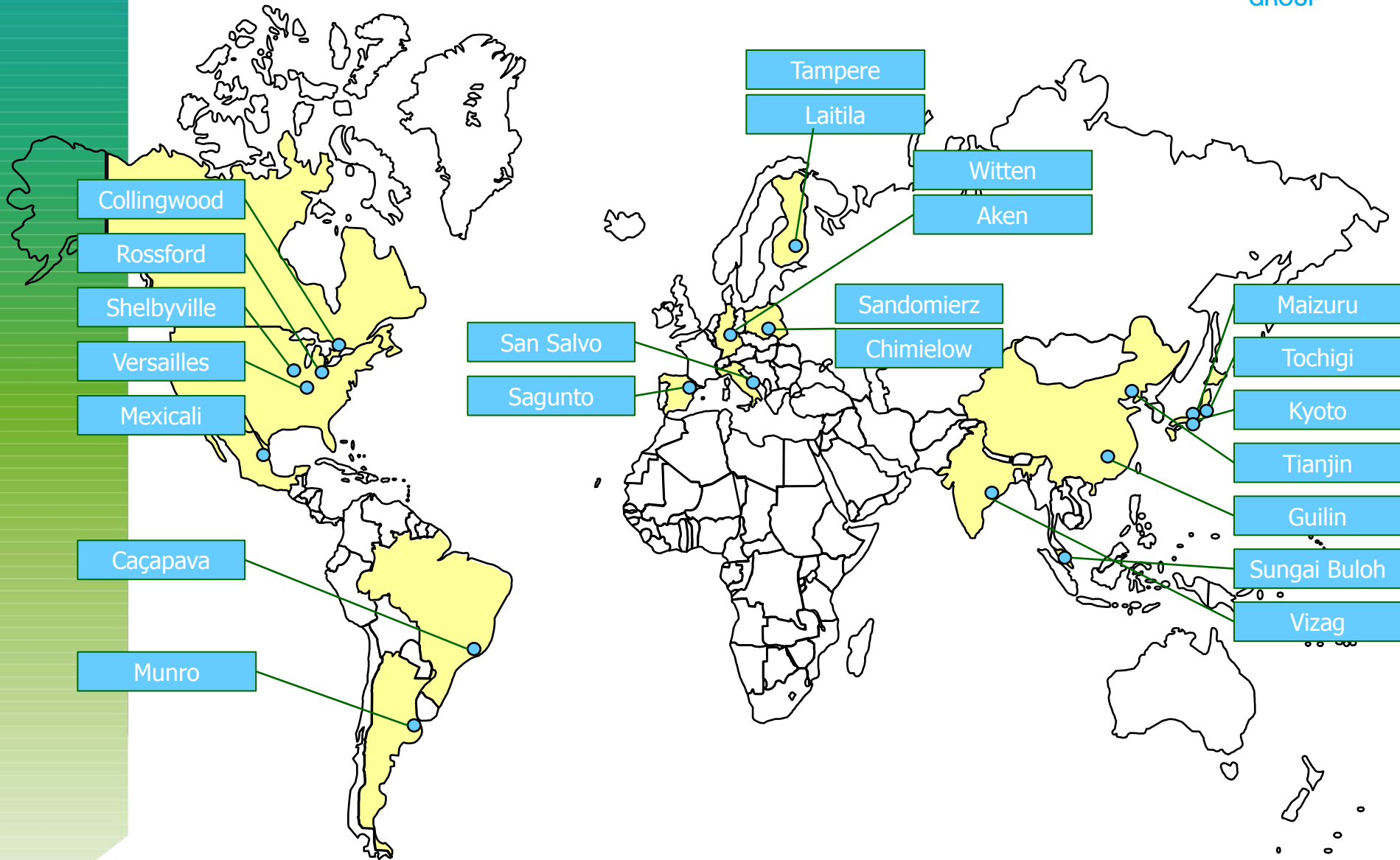
Company History

Nov 1918	Obtained the flat glass technology (Colburn process) from Libbey-Owens-Ford Glass Corporation of the United States. Established as America Japan Sheet Glass Co., Ltd. with its head office in Osaka.
Jan 1931	Changed the company name to Nippon Sheet Glass Co., Ltd.
Feb 1965	Installed a new float glass manufacturing process at the Maizuru Plant in Kyoto, Japan.
Nov 1968	Developed "SELFOC®" (Joint Development with NEC Corporation).
Nov 1971	Established Malaysian Sheet Glass Sdn Bhd in Malaysia.
Mar 1995	Established Vietnam Float Glass Co., Ltd.
Oct 1997	Developed "Spacia™" vacuum glazing.
Oct 2001	Affiliated with Pilkington Plc. under the equity method.
Jul 2004	Changed the registered address of head office from Osaka to Kaigain, Minato-ku, Tokyo.
Jun 2006	Acquired the remaining 80% equity of Pilkington Plc. and made it a subsidiary.
Feb 2007	Changed the registered address of head office to Mita, Minato-ku, Tokyo.
Jun 2008	Changed the Board to the "Company with Committees" structure.
Apr 2011	Adopted the International Financial Reporting Standards (IFRS).

Global Float Operations



Global Automotive Operations



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