NSG Group
FY2020 Quarter 1 Results
(from 1 April 2019 to 30 June 2019)

Nippon Sheet Glass Company, Limited
1 August 2019

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Agenda

1. FY2020 Quarter 1 Financial Results
2. FY2020 Quarter 1 Business Update
3. Key Action Update
4. Summary

FY2020 Quarter 1 Results Highlights

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FY2020 Q1 Results in line with the Group's annual financial forecast

Revenue	JPY 147.1 bn (7)%	Affected mainly by the translational impact of a strengthened Yen, 2% reduction at constant exchange rates
Trading profit	JPY 9.3 bn (9)%	As anticipated, affected by lower volumes in Automotive Europe and input cost increases, partially offset by strong growth in solar energy glass volumes and cost efficiencies
Profit attributable to owners of the parent	JPY 2.9 bn (47)%	As expected, no recurrence of the exceptional credit recorded during the first quarter of the previous year
Free cash flow	JPY (26.8) bn	Resulting from scheduled strategic investments* and seasonal working capital movements

* Strategic investments: Please refer to Slide 13

The financial results of the quarter were in line with our forecast issued in May this year, when we announced the full year results of FY2019.
Revenue declined by seven percent, mainly due to the translational impact of the strengthened Japanese yen. Excluding this, revenues fell only by two percent at constant exchange rates.
Trading profit was 9.3 billion yen, affected by lower volumes in Automotive Europe and input cost increases, which were partially offset by a strong growth in solar energy glass and cost efficiencies. While profit declined year on year, it was also in line with our forecast.
Profit attributable to owners of the parent declined to 2.9 billion yen, due to the non-recurrence of a one-off gain included in exceptional items last year.
Free cash flow recorded an outflow of 26.8 billion yen due to strategic investments and the seasonal movement in working capital but it is as we anticipated.
We are aiming to achieve a positive underlying free cash flow, excluding strategic investments, and expect our continued focus on working capital management to help us achieve this as the year progresses.

Consolidated Income Statement

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The Group's annual financial forecast remains unchanged

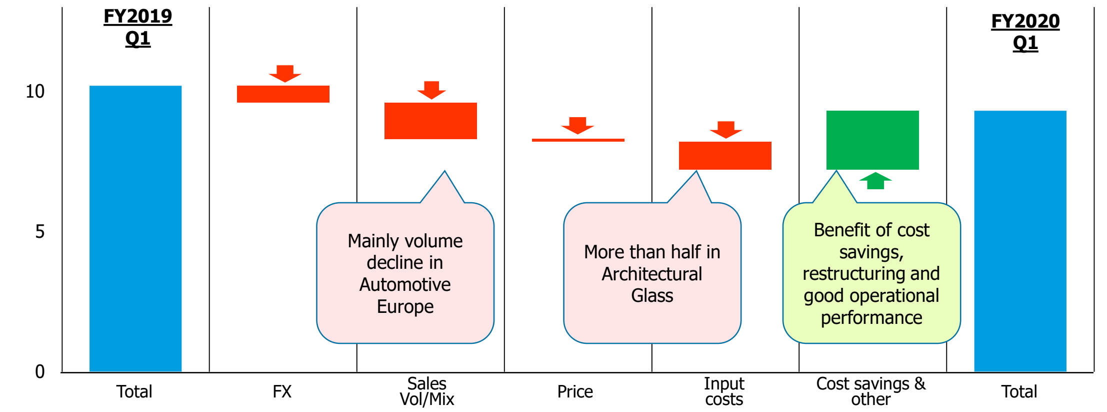
¥ bn	FY2019 Q1	**FY2020 Q1**	FY2020 Half-year Forecast	FY2020 Full-year Forecast
Revenue	158.4	**147.1**	310.0	620.0
Trading profit	10.2	**9.3**		37.0
Amortization *	(0.5)	**(0.5)**		(2.0)
Operating profit	9.7	**8.8**	17.0	35.0
Exceptional items	2.4	**(0.6)**		(6.0)
Finance expenses (net)	(3.2)	**(3.5)**		(14.0)
Share of JVs and associates	0.4	**0.5**		4.0
Profit before taxation	9.3	**5.2**		19.0
Profit for the period	6.0	**3.1**		12.0
Profit attributable to owners of the parent	5.4	**2.9**		11.0
EBITDA	16.7	**17.5**		

*: Amortization arising from the acquisition of Pilkington plc only

Revenue and trading profit are as explained in the previous slide.
The exceptional loss of 0.6 million yen is a result of a gain on disposal of a subsidiary, being more than offset by restructuring costs incurred in Automotive Europe and also costs related to a suspension of the Group's Architectural facility in North America following a power failure.
As expected, there is a significant change compared to the previous year, but this is due to a reversal of an asset impairment which was recorded in the first quarter of the previous year.
Net finance expenses increased from the previous year, due to the adoption of IFRS16 'Leases'. We will provide further explanation on this topic later.
As a result of the Group's performance being in line with the annual financial forecast, the Group will maintain its FY2020 half-year and full-year forecasts as announced on 10 May .

Change Analysis – Trading profit

Improvements in cost base offset movements in input costs and volumes



¥ bn	10.2	(0.6)	(1.3)	(0.1)	(1.0)	2.1	9.3

Overall the profit decreased year-on-year, but we can see that cost savings and good operational performance have offset adverse effects caused by increases in input costs and reduced volumes.
Vol/Mix were affected mainly by reduced volume in the Group's Automotive European businesses.
Prices have generally remained stable in our businesses.
Increases in energy, logistics and raw materials costs in various regions have affected the Group's Architectural Glass businesses mainly.
The positive 'cost savings and other column' shows the effect of our continuous drive to improve operational efficiency and reduce costs.

Key Performance Indicators

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Net debt increased as result of IFRS16 and strategic investments

	30 June 2018	**30 June 2019**	31 March 2019
Net Debt (¥ bn)	319.8	**388.3** *1	317.7
Net Debt / EBITDA	4.9x	**5.3x**	4.9x
Net Debt / Equity Ratio	2.4x	**3.4x**	2.4x
Shareholders' Equity Ratio	16.6%	**13.5%**	16.2%
	FY2019 Q1	**FY2020 Q1**	FY2019
Operating Return*2 on Sales	6.4%	**6.3%**	6.3%

*1: Includes net debt arising from adoption of IFRS16 of JPY 34.2 billion

*2: Trading profit

Net debt increased by 70.6 billion yen from 31 March 2019 to 388.3 billion yen, as result of the adoption of IFRS16 'Leases', capital expenditures on strategic investments and seasonal changes in working capital.

The Net debt/EBITDA and Net debt/Equity ratios are affected by the increase in net debt.

Please refer to Slide 23 for more detailed information related to the Group's adoption of IFRS16.

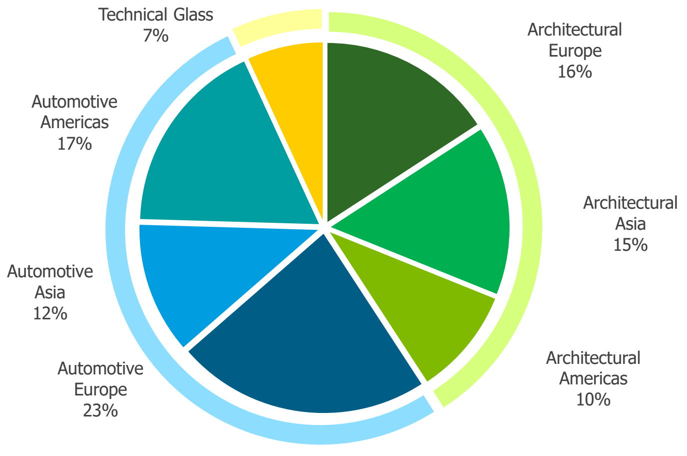
Affected by the translational impact of a strengthened yen and the adoption of IFRS16, the shareholders' equity ratio decreased from 16.6% at 31 March 2019 to 13.5%.

Operating Return on Sales remain at the same level as the previous year.

External Revenue – Group Businesses

Diversified geographical coverage

¥ 147.1 billion

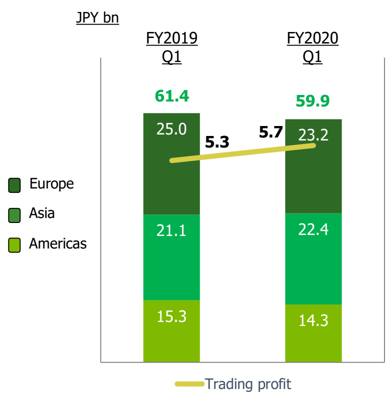


FY2020 Quarter 1

40 percent of the Group's sales are in Europe, 33 percent in Asia including Japan and 27 percent in Americas.

Architectural – FY2019 Q1 vs FY2020 Q1

Solar volume growth and cost savings more than offset increases in input costs



Europe (Revenue▼, Profit►)
- Stable market conditions
- Profits supported by cost savings and manufacturing improvements offsetting increasing input prices

Asia (Revenue ▲, Profit ▲)
- Revenues and profits benefitted from increased dispatches of solar energy glass
- Demand in Japan remained flat, while South East Asia was affected by weaker prices

Americas (Revenue ▼, Profit ▲)
- Solar energy glass volume growth, while domestic demand affected by increased supply of glass and adverse weather conditions in North America
- Local currency results improved in South America

The revenue in our Architectural business decreased by two percent to 59.9 billion yen, but the profit improved by 0.4 billion yen to 5.7 billion yen.
In Europe, affected mainly by the translational impact of strengthened yen, revenues decreased by 7%. At constant exchange rates, the decrease would have been by 1%. Profits remained at same level as the previous year, as cost efficiencies and good operational performance absorbed the impact from increased input costs.
In Asia, revenues and profits benefitted from increased dispatches of solar energy glass. Domestic demand in Japan remained flat, while South East Asian markets were affected by weaker prices.
In the Americas, revenues decreased due to the translational impact of weakened South American currencies. At constant exchange rates, both revenues and profits improved. Revenues and profits in North America improved due to the growth in Solar energy glass volume, which more than offset the impact from the increased supply of glass and softened construction demands due to adverse weather conditions. In South America, local currency results improved.

Automotive – FY2019 Q1 vs FY2020 Q1

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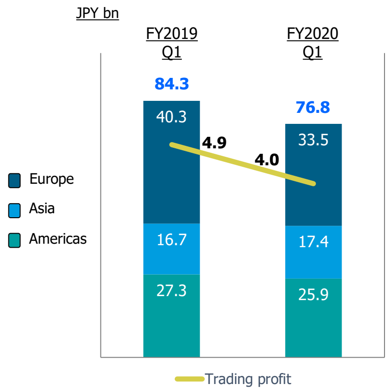
Slowdown in new car production in European markets



Europe (Revenue ▼, Profit▼)

- Results affected by reduction in volumes both in OE and AGR

Asia (Revenue▲ , Profit ▲)

- Revenue increased with higher OE volume in Japan

Americas (Revenue ▼, Profit ▲)

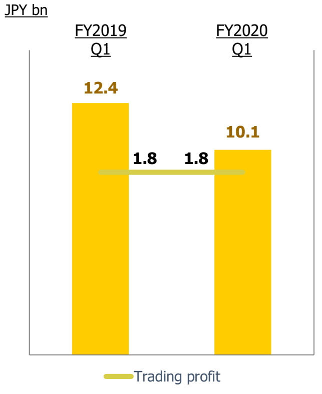
- OE profit improvements driven by manufacturing efficiency gains in North America. AGR ahead of the previous year with higher prices
- Profitability in South America was similar to the previous year

Automotive businesses recorded a revenue of 76.8 billion yen, which is a decrease of 9% from the previous year. Profits also decreased by 18% to 4.0 billion yen. The Group's revenue and profits were affected by the slowdown in new car production in European markets.

In Europe, revenues and profits decreased, as both OE and AGR businesses were affected by lower demand.
In Asia, as Japan benefitted from higher OE volumes, revenues and profits improved overall.
In the Americas, similarly to Architectural, the results were affected by the translational impact of the weakened South American currencies. Revenues decreased by 5% due to the weak Argentinian peso, but at constant exchange rates, the decrease was 1%. In North America, manufacturing efficiency gains in OE and improved prices in AGR have driven the profit improvement. Profitability in South America was similar to the previous year.

Technical Glass – FY2019 Q1 vs FY2020 Q1

Revenue affected by a business disposal, while profits remain unchanged



Technical Glass (Revenue▼, Profit ►)

- Revenues fell due partly to a business disposal
- Fine Glass profits improved reflecting continued cost reduction efforts
- Revenues and profits of printer lenses and glass cord used in engine timing belts declined due to weaker market conditions
- Metashine[TM] sales similar to the previous year, while demand continues to be strong in both the car paint and cosmetic fields
- Battery separators results remained solid

Affected partly by a business disposal, revenues decreased to 10.1 billion yen, while profit remain unchanged at 1.8 billion yen.
Fine Glass's results benefitted from a lower cost base from continued cost reduction efforts.
Results of printer lenses and glass cord were affected by the softened demand in their respective markets.
Sales of Metashine were similar to the previous year, but the demands for automotive paint and cosmetics applications continue to be strong.
Battery separator results remained solid.

Key Action Update

Key step-change actions progressing to return to annual profit growth from FY2021

Accelerating VA shift to achieve the 50 percent target

- Improvement in Automotive OE VA shift expected. Technical Glass and Architectural now at target level

Continuously improving underperforming businesses

- Architectural Glass Japan: implementing profit improvement measures including fixed cost reduction and price increases
- Automotive Glass North America: continuing operational efficiency improvement

Executing Strategic Investment projects as planned

- New solar glass lines to be started in Vietnam (H2 FY2020) and the US (H2 FY2021)
- One float line in South America (Argentina; H1 FY2021)

Vietnam

Luckey (US)

Argentina

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Under the policy of 'Shift to VA + Growth', the Group is focused on step-change measures with a view to returning to profit growth from next year, including the following actions.

First, the Group's VA (value-added) shift is targeting to increase the VA sales ratio to 50 percent.

Architectural and Technical Glass have reached the 50 percent target level and the Group's focus is now on Automotive. Especially, the timing of new car model introduction is an opportunity for driving a further VA shift.

In the Group's continuous efforts to improve underperforming businesses, Architectural Glass Japan has been implementing a number of profit improvement measures such as cost savings and price increase announcements.

The benefits of these actions are expected to materialize going forward.

In Automotive North America, operational efficiency has been gradually improving as a result of a series of measures taken in past years, while it will take more work to make it where the Group wants it to be.

Aiming for the next phase of growth, the strategic investment projects in Vietnam, the US and Argentina are progressing on schedule, and you can see a glimpse of them in the pictures on this slide.

With a relentless drive to make a step change to our business, the Group is aiming to return to profit growth from next year.

Summary

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FY2020 Q1

- With market conditions as anticipated, FY2020 Q1 Results were in line with the Group's plan
- Profitability was in line with forecast, due to lower volumes in Automotive Europe and input cost increases, partially offset by growth in solar energy glass volumes and cost efficiencies
- Net debt increased due to the adoption of IFRS 16 "Leases", strategic investments and seasonal changes in working capital

Outlook

- Reconfirming FY2020 forecast with strong efficiency and cost improvement actions mitigating input cost increase and market weakness
- Key step-change actions progressing in line with expectations to return to profit growth from FY2021
- Focus on reduction of working capital to attain positive underlying free cash flow excluding the strategic capital expenditure projects

As a whole, the conditions of the markets in which the Group operates were in line with our assumptions and the Group achieved the first quarter results in line with its plan.
Despite headwinds such as slowing European automotive markets and input cost increases, profits were also according to forecast, supported by a significant growth in solar energy glass and continuous efforts to save cost.

The Group is reconfirming the year-end forecast, considering the first quarter performance.
However, uncertainties such as input cost increases including energy cost, and European automotive markets will remain going forward, and countermeasures such as further operational efficiency improvement and cost savings will be implemented.
As explained in the previous slide, the Group is aiming to return to profit growth by driving relentlessly to make a step change to our business such as improving our underperforming businesses.
The Group will also step up its working capital management actions so as to achieve positive underlying free cash flow, excluding strategic investments.

Notice

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 and competitive environment in major markets, product supply and demand shifts, currency exchange and interest rate fluctuations, changes in supply of raw materials and fuel and changes and laws and regulations, but not limited.

Nippon Sheet Glass Company, Limited

Appendices

FY2020 Q1 Results

Revenue & Trading Profit – by Business & Regions

Revenue

JPY bn	1st Quarter (Apr - Jun: 3 months) FY2019	FY2020	Change
Architectural	**61.4**	**59.9**	**(1.5)**
Europe	25.0	23.2	(1.8)
Asia	21.1	22.4	1.3
Americas	15.3	14.3	(1.0)
Automotive	**84.3**	**76.8**	**(7.5)**
Europe	40.3	33.5	(6.8)
Asia	16.7	17.4	0.7
Americas	27.3	25.9	(1.4)
Technical Glass	**12.4**	**10.1**	**(2.3)**
Europe	2.1	1.7	(0.4)
Asia	9.9	8.0	(1.9)
Americas	0.4	0.4	0.0
Other	**0.3**	**0.3**	**0.0**
Total	**158.4**	**147.1**	**(11.3)**

Trading profit

JPY bn	1st Quarter (Apr - Jun: 3 months) FY2019	FY2020	Change
Architectural	5.3	5.7	0.4
Automotive	4.9	4.0	(0.9)
Technical Glass	1.8	1.8	0.0
Other	(1.8)	(2.2)	(0.4)
Total	**10.2**	**9.3**	**(0.9)**
Europe	5.8	3.8	(2.0)
Asia	3.6	4.2	0.6
Americas	2.6	3.5	0.9
Other	(1.8)	(2.2)	(0.4)
Total	**10.2**	**9.3**	**(0.9)**

Revenue & Trading Profit – Quarterly Trend

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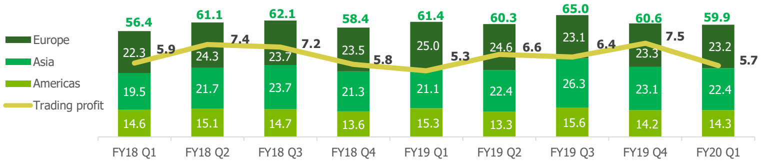
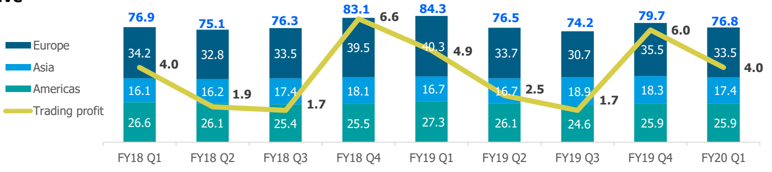
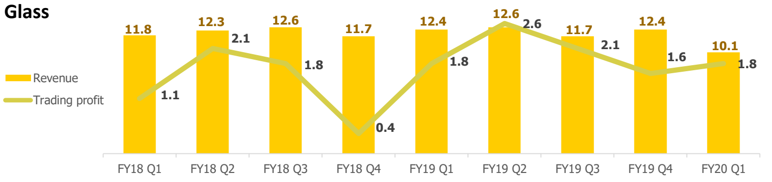
Architectural



Automotive



Technical Glass



Consolidated Balance Sheet

JPY bn	31 March 2019	30 June 2019	Change
Assets	**761.9**	**784.1**	**22.2**
Non-current assets	**516.3**	**548.2**	**31.9**
Goodwill & intangible assets	161.1	158.2	(2.9)
Property, plant and equipment	241.5	283.5	42.0
Other	113.7	106.5	(7.2)
Current assets	**245.6**	**235.9**	**(9.7)**
Cash & cash equivalents	52.4	39.7	(12.7)
Other	193.2	196.2	3.0
Liabilities	**629.4**	**668.2**	**38.8**
Current liabilities	**193.0**	**196.3**	**3.3**
Financial liabilities	42.2	62.2	20.0
Other	150.8	134.1	(16.7)
Non-current liabilities	**436.4**	**471.9**	**35.5**
Financial liabilities	329.3	366.7	37.4
Other	107.1	105.2	(1.9)
Equity	**132.5**	**115.9**	**(16.6)**
Shareholders' equity	123.8	106.2	(17.6)
Non-controlling interests	8.7	9.7	1.0
Total liabilities and equity	**761.9**	**784.1**	**22.2**

Consolidated Cash Flow Summary

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JPY bn	FY2019 1st Quarter	**FY2020 1st Quarter**	Change
Profit for the period	6.0	**3.1**	(2.9)
Depreciation and amortization	7.0	**8.7**	1.7
Net impairment	(2.6)	**0.6**	3.2
Gain on disposal of assets	-	**(1.0)**	(1.0)
Tax paid	(3.2)	**(3.2)**	-
Others	1.8	**1.1**	(0.7)
Net operating cash flows before movement in working capital	9.0	**9.3**	0.3
Net change in working capital	(13.0)	**(19.4)**	(6.4)
Net cash flows from operating activities	(4.0)	**(10.1)**	(6.1)
Purchase of property, plant and equipment			
- Strategic projects	-	**(13.1)**	(13.1)
- Other	(6.4)	**(6.0)**	0.4
Disposal proceeds	0.1	**2.0**	1.9
Others	(0.3)	**0.4**	0.7
Net cash flows from investing activities	(6.6)	**(16.7)**	(10.1)
Free cash flow	(10.6)	**(26.8)**	(16.2)

Exceptional items

JPY bn	FY2019 1st Quarter	**FY2020 1st Quarter**
Gain on disposal of a subsidiary	-	**1.0**
Restructuring costs, including employee termination payments	(0.2)	**(0.8)**
Suspension of facilities	-	**(0.5)**
Net impairment of non-current assets	2.7	**(0.2)**
Settlement of litigation matters	(0.1)	**(0.1)**
	2.4	**(0.6)**

Foreign exchange rates

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Average rates used

	FY2018				FY2019				FY2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**	**Forecast**
GBP	142	144	146	147	149	147	146	146	**141**	**145**
USD	111	112	111	111	110	111	111	111	**109**	**110**
EUR	122	126	128	130	131	130	129	129	**124**	**130**
BRR	34.6	35.0	34.8	34.4	30.4	29.3	29.3	29.4	**28.0**	**28.0**
ARS	7.06	6.74	6.65	6.30	4.70	-	-	-	**-**	**-**

Closing rates used

	FY2018				FY2019				FY2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**
GBP	146	151	152	150	145	148	141	144	**137**
USD	112	113	113	106	111	113	111	111	**108**
EUR	128	132	136	132	128	132	127	124	**123**
BRR	34.0	35.4	33.9	32.1	28.6	28.2	28.5	28.3	**28.3**
ARS	6.81	6.42	6.03	5.30	3.94	2.84	2.93	2.53	**2.53**

FX Sensitivity

Increase (decrease) if the value of the yen increases by 1% (all other things being equal):

(JPY bn)	FY2018	FY2019
Equity	(3.5)	(3.3)
Profit for the period	(0.1)	(0.2)

Oil prices (Brent)

FY2020 Forecast	**US$ 67 per barrel**

Impact of IFRS16 "Leases"

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	Impact
Income statement (Annual/Estimate)	
EBITDA	Increase of JPY 9.0bn
Depreciation	Increase of JPY 8.0bn
Operating profit	Increase of JPY 1.0bn
Finance expenses	Increase of JPY 1.0bn
Profit before taxation	Negligible
Balance Sheet (Opening balance adjustment)	
Property, plant and equipment	Increase of JPY 34.2bn
Lease liabilities	Increase of JPY 34.2bn

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