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GROUP

NSG Group

FY2018 Quarter 1 Results

(from 1 April 2017 to 30 June 2017)

Nippon Sheet Glass Company, Limited
4 August 2017

Kenichi Morooka

Chief Financial Officer

Clemens Miller

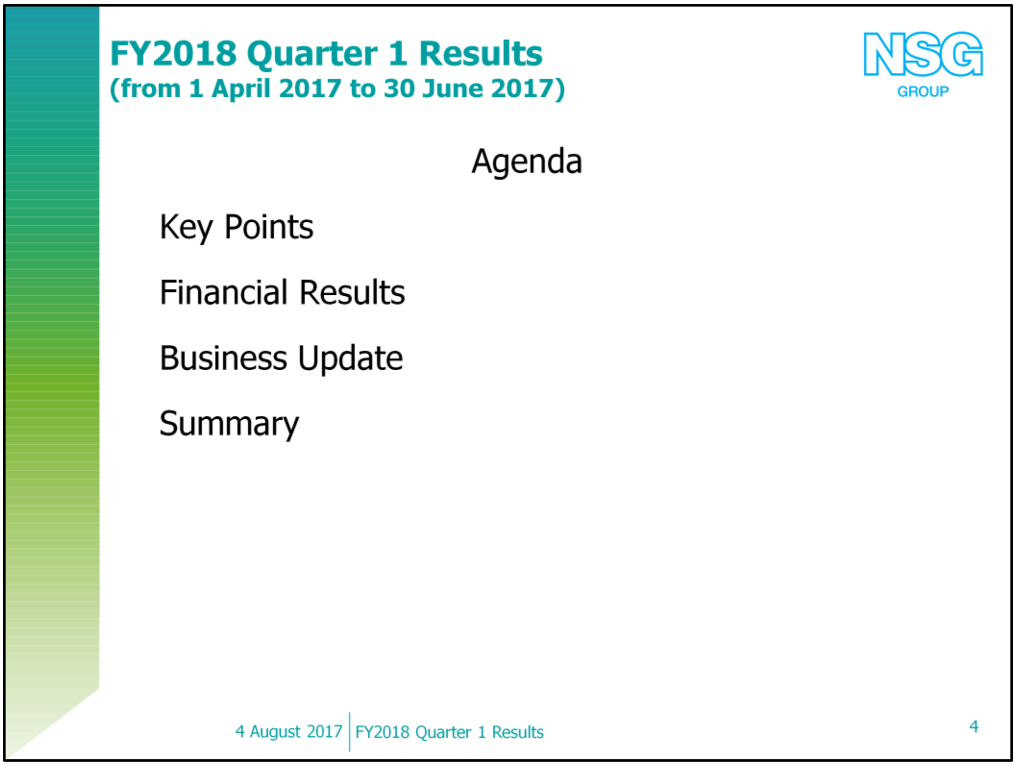
Chief Operating Officer

Iain Smith

Finance Director – Global Finance

Thank you for joining us for this NSG Group FY2018 Quarter 1 financial results presentation. I am Kenichi Morooka, CFO of the NSG Group.

With me today are Clemens Miller, COO and Iain Smith, Finance Director – Global Finance.



Slide 4 shows the agenda for today’s presentation.

I will start with the key points, then discuss the financial results and the performance of each of our regional businesses.

NSG GROUP

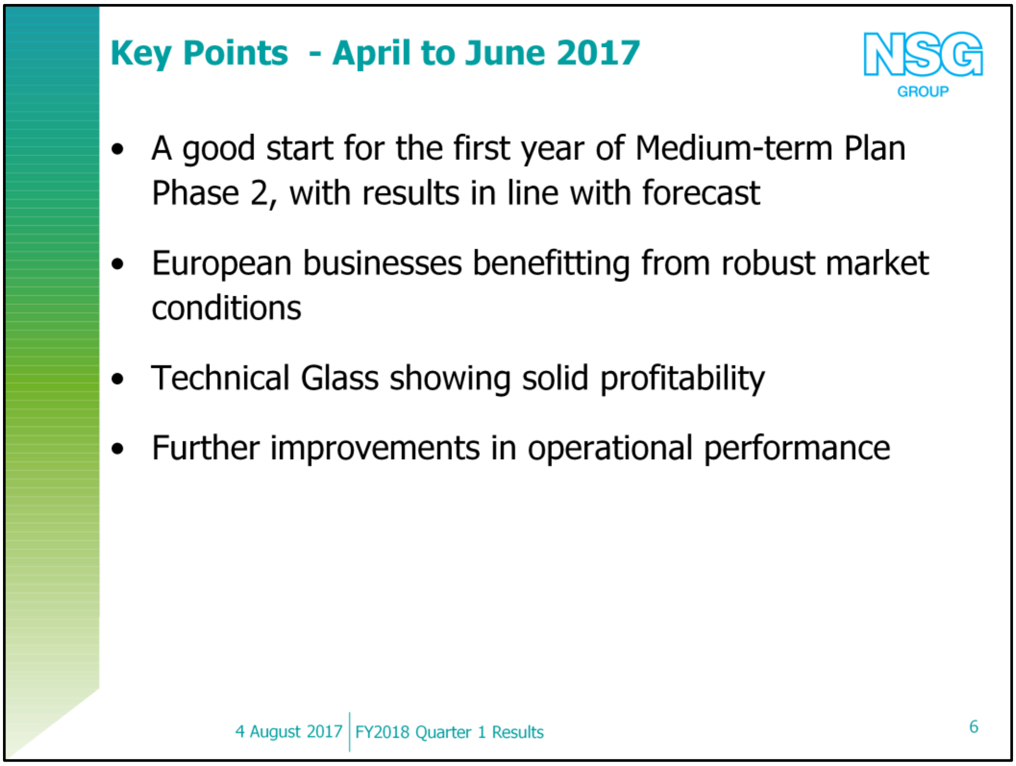
Agenda

Key Points

Financial Results

Business Update

Summary



We will now proceed to slide 6.

The key points for the FY2018 Quarter 1 results which were announced this afternoon to the Tokyo Stock Exchange, are presented on this slide.

The Group made a good start for the first year of Medium-term Plan Phase 2, as results were in line with our expectations.

The results benefitted from robust market conditions in Europe and improved profitability in Technical Glass.

Improvements in operational performance and cost reduction, particularly in Automotive Europe and North America also contributed to the results.

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Agenda

Consolidated Income Statement

NSG GROUP

(JPY bn)	FY2017 Q1	FY2018 Q1	Change from FY2017
Revenue	**150.5**	**146.9**	**-2%**
Trading profit	**8.9**	**9.2**	**3%**
Amortization *	(1.8)	(0.5)	
Operating profit	**7.1**	**8.7**	**23%**
Exceptional items	7.8	(0.4)	
Finance expenses (net)	(4.2)	(3.9)	
Share of JVs and associates	-	0.4	
Profit before taxation	**10.7**	**4.8**	
Profit for the period	**4.4**	**2.8**	
Profit attributable to owners of the parent	**3.9**	**2.5**	
EBITDA	16.2	16.2	

* Amortization arising from the acquisition of Pilkington plc only

Results in line with forecast

Moving to slide 8. Here we can see the income statement in the usual format.

Revenue has decreased by 2 percent year-on-year to 147 billion yen.

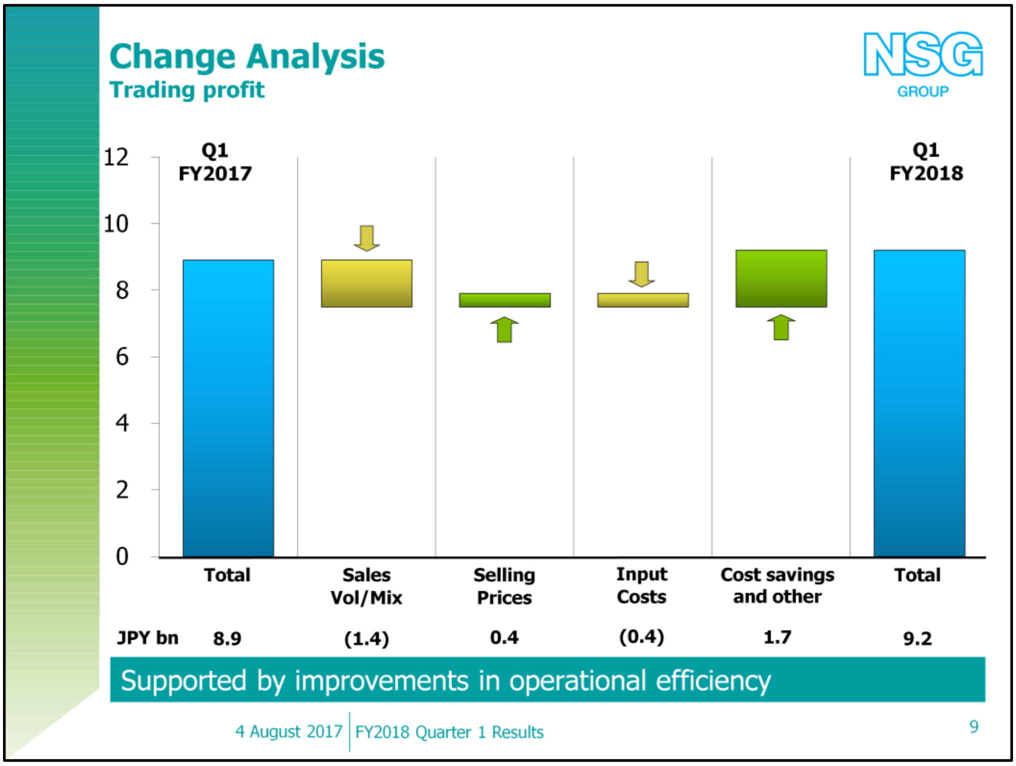
Operating profit has improved by 23 percent to 8.7 billion yen, due to a decrease in the amortization of intangible assets recognized upon acquisition of Pilkington and also improvements in business performance.

A loss of 0.4 billion yen was posted in exceptional items, of which a significant gain on disposal of non-current assets was posted in the previous year.

Both net financial expenses and the Group’s share of joint ventures and associates profits improved from the previous year.

Net profit at the foot of the income statement was 2.5 billion yen.

It is pleasing to see that we have now moved back into the positive territory at the foot of the income statement, without the benefit of one-off exceptional items.



On slide 9 we can see an explanation of the year on year movement in trading profits.

Volumes were negatively affected due to re-tooling at a major customer, and a temporary reduction of capacity in Architectural North America.

Prices have improved in Architectural, particularly in Europe.

Input costs have been broadly flat, although energy costs have increased slightly in some regions.

While we had benefited from Purchase Price Variance of 1.7 billion yen in the same quarter last year, this quarter's positive variance was driven by business performance improvement.

Exceptional Items

NSG GROUP

(JPY bn)	FY2017 Q1	FY2018 Q1
Gain on settlement of insurance proceeds	-	**1.0**
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	**-**
Suspension of facilities	-	**(1.1)**
Impairments of non-current assets	(0.7)	**(0.2)**
Restructuring costs	(0.7)	**(0.2)**
Other items	(0.1)	**0.1**
	7.8	**(0.4)**

Previous year included non-recurring asset disposals

4 August 2017 | FY2018 Quarter 1 Results 10

On slide 10, we can see the breakdown of exceptional items.

We have posted a net exceptional loss of 0.4 billion yen in the first quarter.

The gain on settlement of insurance proceeds relates to the insurance monies received following the tornado that struck the Group's plant at Ottawa, Illinois, while this has been offset with expenses related to the Group's decision of an expedited repair of furnace at Ottawa, as announced on 12 May 2017.

Impairments of non-current assets and restructuring costs reflect the Group's actions to improve profitability by restructuring of under-utilized assets and businesses.

Please note that last quarter's exceptional items contained a gain on disposal of non-current assets.
[Ref: The gain was mostly on the sale and lease back transactions carried out in Japan and Malaysia last year.]

Consolidated Cash Flow Summary

NSG GROUP

(JPY bn)	FY2017 Q1	FY2018 Q1
Profit for the period	4.4	2.8
Depreciation and amortization	9.1	7.7
Impairment	0.7	0.2
Gain on disposal of assets and exit of business	(9.4)	(0.2)
Tax paid	(1.9)	(1.4)
Others	6.2	(0.3)
Net operating cash flows before movement in working capital	9.1	8.8
Net change in working capital	(11.1)	(13.9)
Net cash flows from operating activities	(2.0)	(5.1)
Purchase of property, plant and equipment	(7.8)	(7.1)
Disposal proceeds	8.6	0.3
Others	(0.5)	0.2
Net cash flows from investing activities	0.3	(6.6)
Free cash flow	(1.7)	(11.7)

Cash flows affected by seasonal working capital movement

Turning to slide 11, this slide shows the consolidated cash flow.

The Group's free cash flow has been affected by a seasonal working capital movement, which we expect to improve as the year progresses.

Despite the outflow in the first quarter, we expect another year of positive free cash flow.

Key Performance Indicators

NSG GROUP

	31-Mar-17	30-Jun-17
Net Debt (JPY bn)	313	332
Net Debt/EBITDA	5.0x	5.3x
Net Debt/Equity Ratio	2.3x	2.4x

	FY2017 Q1	FY2018 Q1
EBITDA Interest Cover	4.0x	4.5x
Operating Return* on Sales	5.9%	6.3%

* trading profit

Improvement in profit-related ratios

On slide 12 we show the key financial ratios.

Net debt has worsened mainly due to seasonal increases in working capital and also translational differences arising from the weakening Yen.

In the other hand, operating return on sales has improved to 6.3%, reflecting the improvements in the Group’s underlying business performance.

NSG GROUP

Agenda

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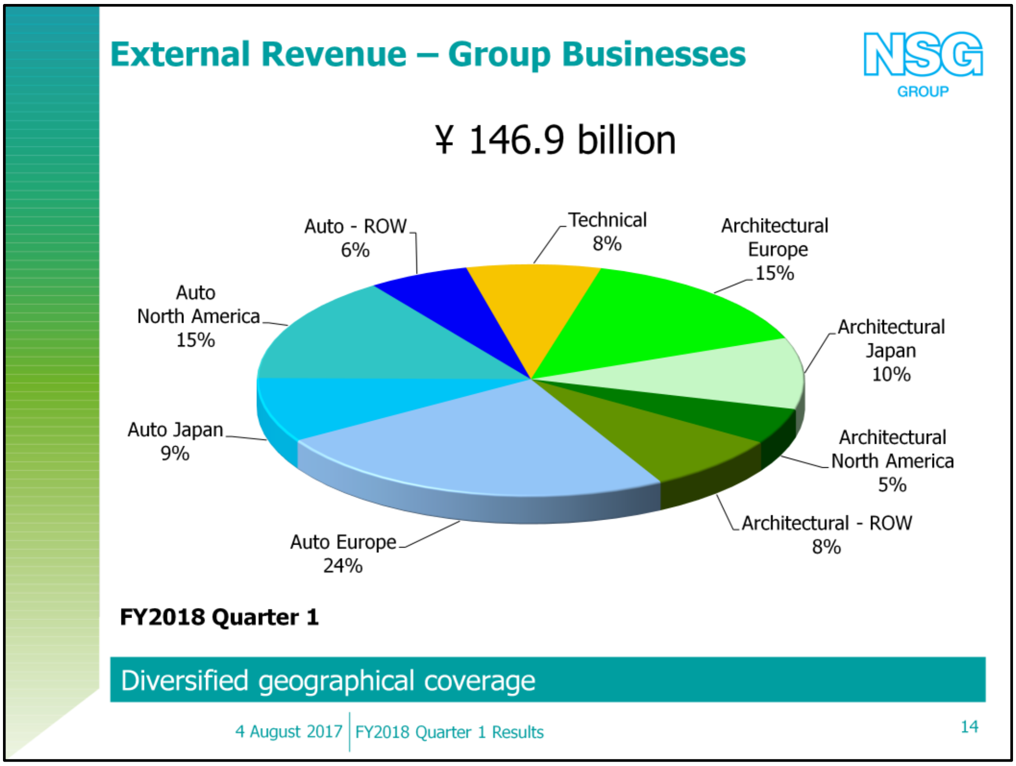
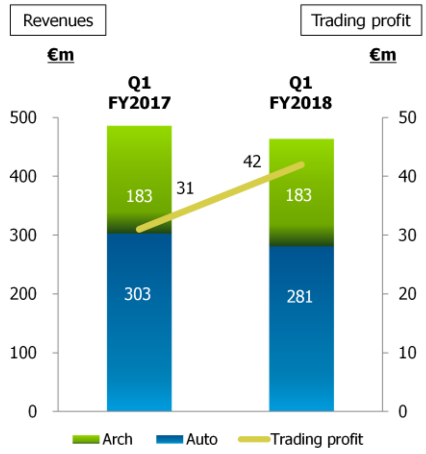
Summary



Slide 14 shows the proportion of sales generated by each of the Group's business segments.

[Note: 40 percent of the Group's sales are in Europe, 24 percent in Japan, 20 percent in North America and 16 percent in the rest of the world.]

Europe
Q1 FY2017 v Q1 FY2018



Architectural
- Improving demand leading to a robust pricing environment
- Profits benefitted from favorable production performance

Automotive
- Profits increased with improved operational performance

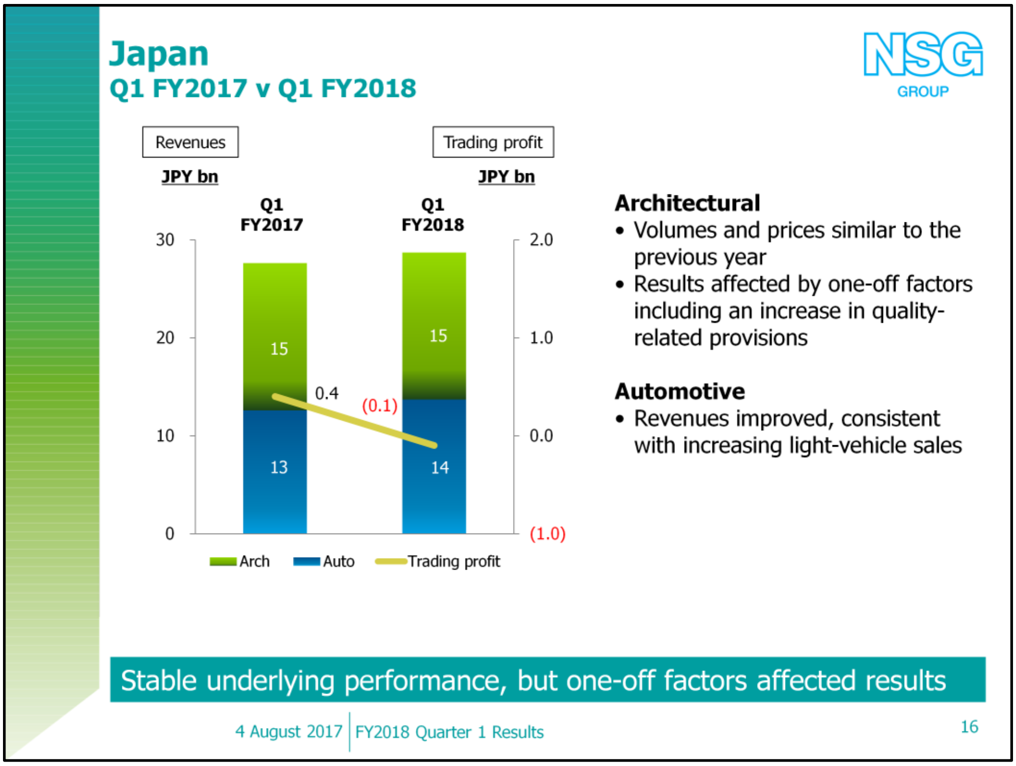
Robust performance in both Architectural and Automotive

4 August 2017 | FY2018 Quarter 1 Results 15

Turning to slide 15, we can see the performance of the Group's flat glass businesses in Europe.

Architectural profits improved with benefits from a robust pricing environment supported by strong demand and favorable production performance.

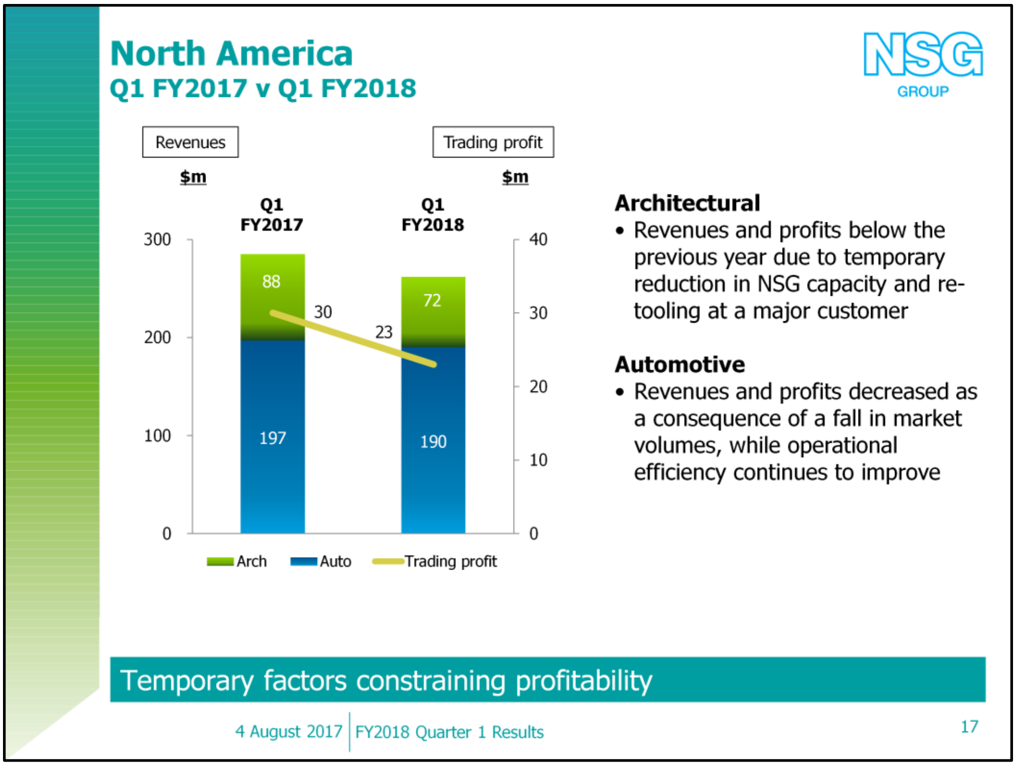
Automotive profits also increased, largely due to improvements in operational performance, setting off a negative impact of delays in the launch of certain new models.



Slide 16 is Japan.

In Architectural, profits were affected by one-off factors including an increase in quality-related provisions.

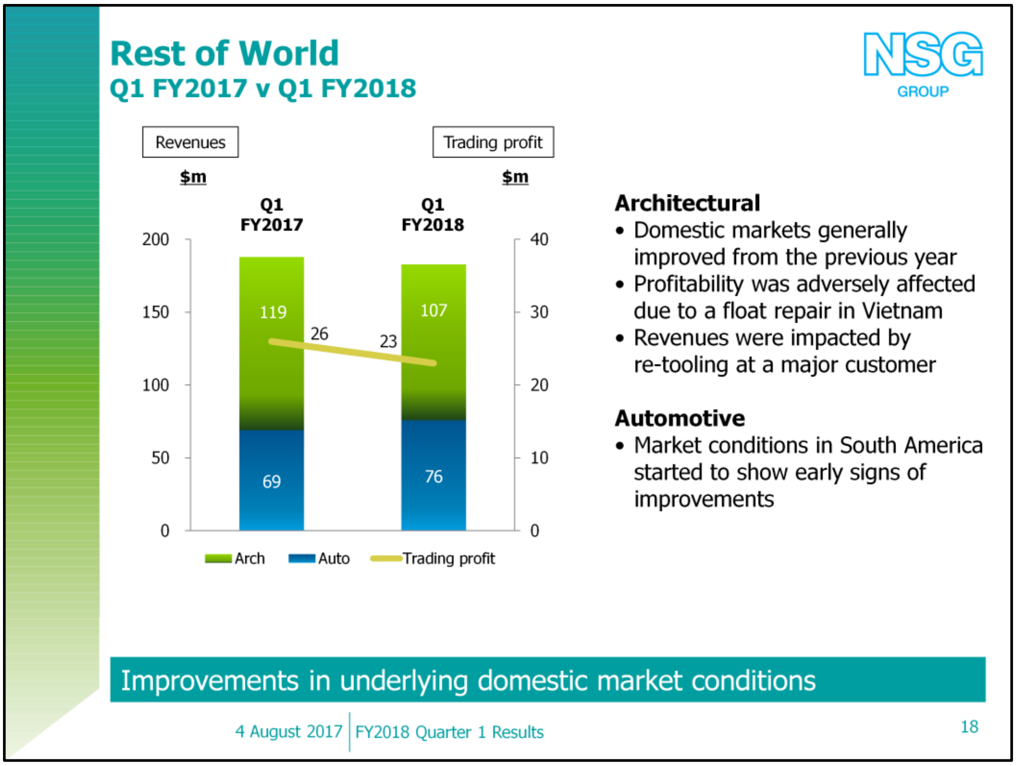
In Automotive, our revenues improved, reflecting the increase in light-vehicle sales.



Turning to North America on slide 17.

Architectural revenues and profits were below the previous year, as the Group's capacity has been temporarily reduced due to an expedited repair. In addition, sales of solar energy glass have slowed during a period of re-tooling at a major customer.

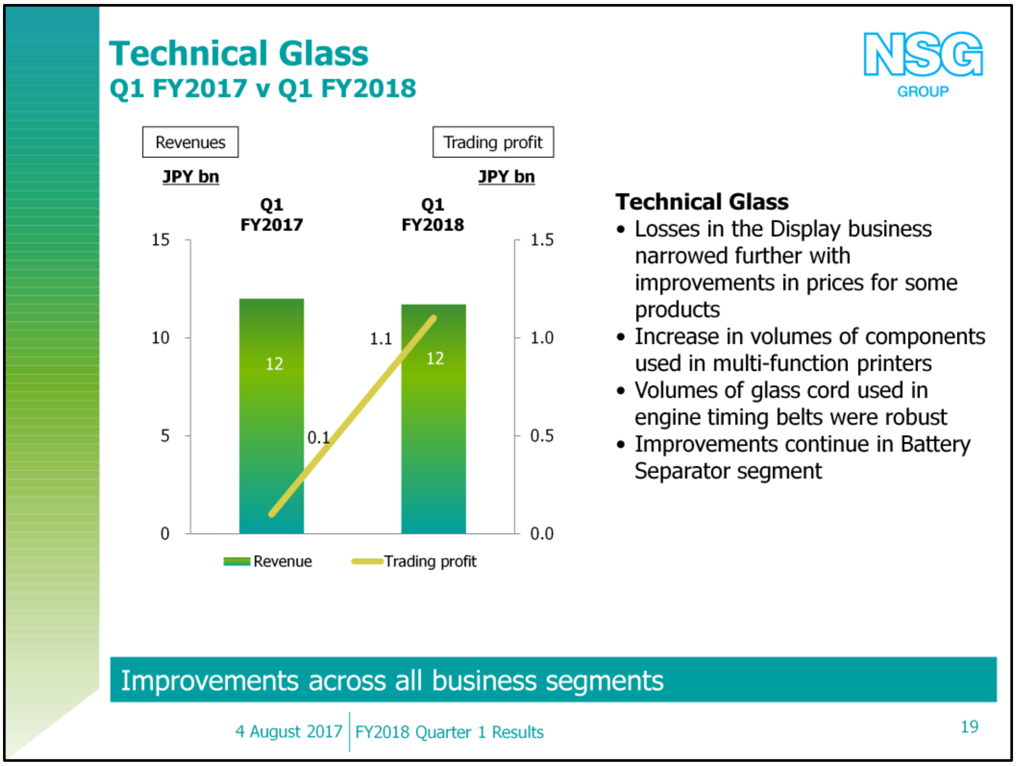
Although Automotive business was affected by a fall in market volumes, the improvements of the Group's operational efficiency underpinned its performance.



Page 18 is Rest of the World.

Our Architectural businesses in Malaysia, Vietnam, Argentina and Chile benefitted from the improvements in domestic markets, but were adversely affected by re-tooling at a major customer.

In Automotive, market conditions in South America are showing some early signs of improvement.



Turning to slide 19, Technical Glass.

All segments posted improvements in their results from the previous year.

Losses in the Display business narrowed further due to improvements in prices for some products, and volumes of components used in multi-function printers increased.

Volumes of glass cord used in timing belts were robust, and battery separators volumes also increased.

Joint Ventures and Associates
Q1 FY2017 v Q1 FY2018

NSG GROUP

(JPY bn)	FY2017 Q1	FY2018 Q1
Share of post-tax results	-	**0.4**

- Profits improved slightly from the previous year at Cebrace, the Group's joint venture in Brazil

Improving shares of J/V results

4 August 2017 | FY2018 Quarter 1 Results 20

Slide 20 shows the Group's share of the post-tax results of joint ventures and associates.

The share of post-tax results has improved from the previous year.

The profits of Cebrace, the Group's joint venture in Brazil were slightly above the previous year.

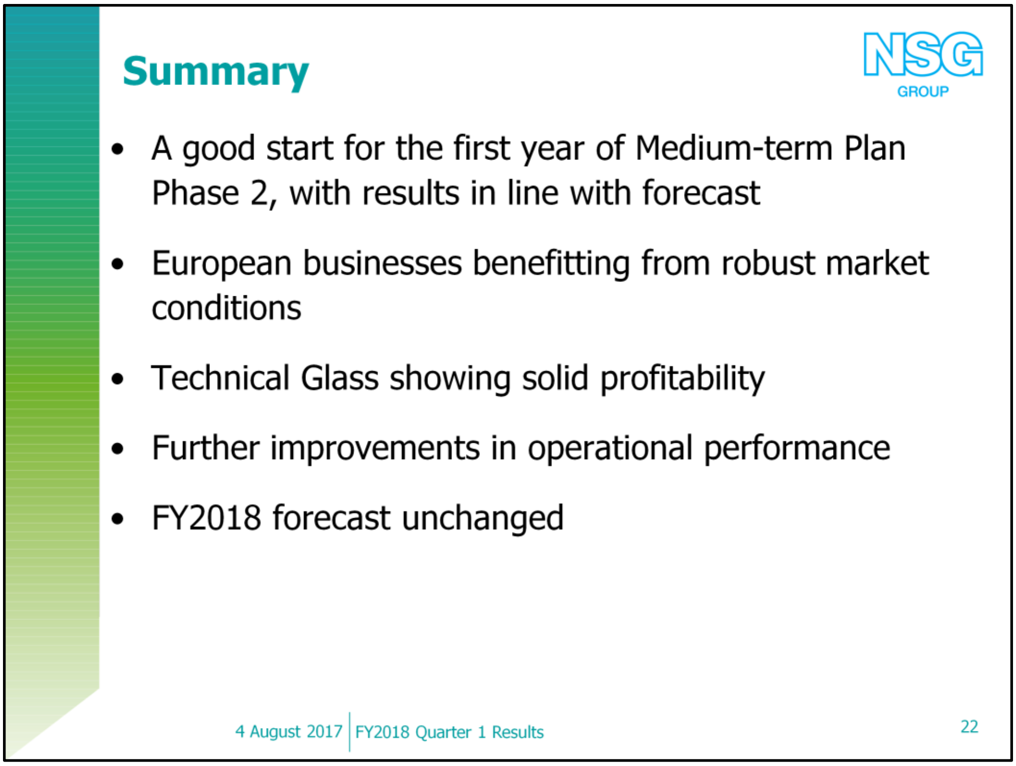
Agenda

Key Points

Financial Results

Business Update

Summary



Slide 22 is the summary of today's presentation.

Group made a good start for the first year of Medium-term Plan Phase 2, as results were in line with our expectations.

Group benefitted from robust market conditions in Europe and improved profitability in Technical Glass.

Improvements in operational performance, particularly in our key market, also contributed to the results.

FY2018 forecast remain unchanged. The markets are generally expected to be stable, and the Group will maintain its focus on VA strategy, operational efficiency improvements and further cost reductions, which are showing a steady progress.

Thank you very much.

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 environment in major markets (such as Europe, Japan, the U.S. and Asia), product supply/demand shifts, and currency exchange fluctuations.

Nippon Sheet Glass Company, Limited

Appendices

Revenue by Business
FY2017 Q1 v FY2018 Q1

NSG GROUP

(JPY bn)	FY2017 Q1	FY2018 Q1	Change
Architectural	**59.9**	**57.4**	**(2.5)**
Europe	22.3	22.4	0.1
Japan	15.1	15.1	0.0
North America	9.6	8.0	(1.6)
Rest of World	12.9	11.9	(1.0)
Automotive	**78.5**	**77.6**	**(0.9)**
Europe	37.0	34.4	(2.6)
Japan	12.6	13.7	1.1
North America	21.4	21.1	(0.3)
Rest of World	7.5	8.4	0.9
Technical Glass	**12.0**	**11.7**	**(0.3)**
Europe	1.8	1.9	0.1
Japan	6.2	5.9	(0.3)
North America	0.3	0.3	0.0
Rest of World	3.7	3.6	(0.1)
Other Operations	**0.1**	**0.2**	**0.1**
Europe	0.0	0.1	0.1
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**	**146.9**	**(3.6)**

Trading profit
FY2017 Q1 v FY2018 Q1

(JPY bn)	FY2017 Q1	FY2018 Q1	Change
by SBU			
Architectural	6.5	5.9	(0.6)
Automotive	3.7	4.1	0.4
Technical Glass	0.1	1.1	1.0
Other Operations	(1.4)	(1.9)	(0.5)
Total	8.9	9.2	0.3
by Region			
Europe	3.5	4.8	1.3
Japan	(0.6)	(0.5)	0.1
North America	3.1	2.4	(0.7)
Rest of World	2.9	2.5	(0.4)
Total	8.9	9.2	0.3

Consolidated Balance Sheet

NSG GROUP

(JPY bn)	31-Mar-17	30-Jun-17	Change
Assets	**790.2**	**779.5**	**(10.7)**
Non-current assets	**527.8**	**536.1**	**8.3**
Goodwill & intangible assets	162.3	170.3	8.0
Property, plant and equipment	245.2	249.8	4.6
Other	120.3	116.0	(4.3)
Current assets	**262.4**	**243.4**	**(19.0)**
Cash and cash equivalents	84.9	57.1	(27.8)
Other	177.5	186.3	8.8
Liabilities	**656.5**	**638.8**	**(17.7)**
Current liabilities	**223.2**	**218.5**	**(4.7)**
Financial liabilities	79.8	83.7	3.9
Other	143.4	134.8	(8.6)
Non-current liabilities	**433.3**	**420.3**	**(13.0)**
Financial liabilities	319.6	306.0	(13.6)
Other	113.7	114.3	0.6
Equity	**133.7**	**140.7**	**7.0**
Shareholders' equity	124.1	132.3	8.2
Non-controlling interests	9.6	8.4	(1.2)
Total liabilities and equity	**790.2**	**779.5**	**(10.7)**

Exchange Rates

NSG GROUP

	FY2017 Q1	FY2017 Full-year	FY2018 Q1
Average rates used:			
JPY/GBP	155	142	142
JPY/USD	108	108	111
JPY/EUR	122	119	122
Closing rates used:			
JPY/GBP	138	139	146
JPY/USD	103	111	112
JPY/EUR	114	119	128

VA Product –
Growing Separators for ISS Batteries

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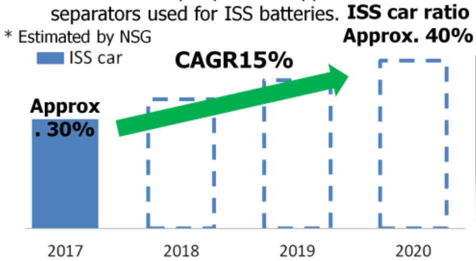
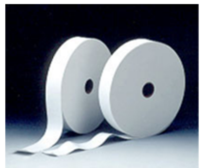
Key products of our Battery Separator Business, part of Technical Glass, are used for lead-acid batteries.

*ISS: Idling stop & start

Separators for ISS* Batteries

- Cars with ISS system are expected to grow at CAGR 15% globally, for its contribution to the environment based on better fuel efficiency and energy saving.
- ISS batteries require higher durability and performance to withstand frequent charge-discharge cycle than conventional batteries.
- Separators play a key role in ensuring higher battery performance. NSG Group is a technology leader in this field.
- We are the only separator supplier of both absorbent glass mat (AGM) and Polyethylene (PE) separators used for ISS batteries.




AGM Separator


PE Separator

Contribute to energy saving and CO2 emission reduction through our core technology

MTP Phase 2: Four Key Measures

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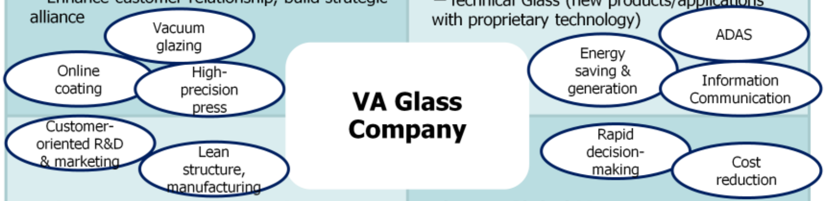
Drive VA No.1 Strategy

- Win leading position in the areas with "high growth potential" and "core strength"
- How:
  —Focus resources on VA shift in the areas where NSG technology and brand have the biggest advantage
  —Enhance customer relationship, build strategic alliance

Establish Growth Drivers

- Launch multiple, promising growth drivers
- Target areas:
  —Architectural Glass (energy-save/generation, health, design)
  —Automotive Glass (ADAS, connected, UV/IR shield, light-weight)
  —Technical Glass (new products/applications with proprietary technology)



Business Culture Innovation

- Build leaner business structure
- How:
  —Optimize all work processes
  —Enhance manufacturing excellence in each region
  —Optimize global R&D with customer viewpoints
  —Strengthen customer-oriented marketing

Enhance Global Management

- Advance global management to achieve the Group's optimization
- How:
  —Drive talent development, promote diversity
  —Enhance faster decision-making with flexible organization management
  —Continue to reduce cost across the Group

German float glass prices

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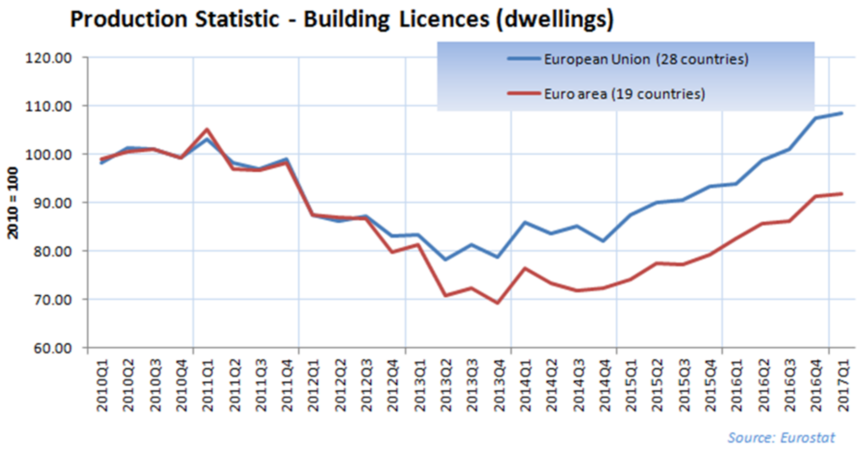
European industry / construction statistics (Calendar Quarters)



Automotive Western Europe

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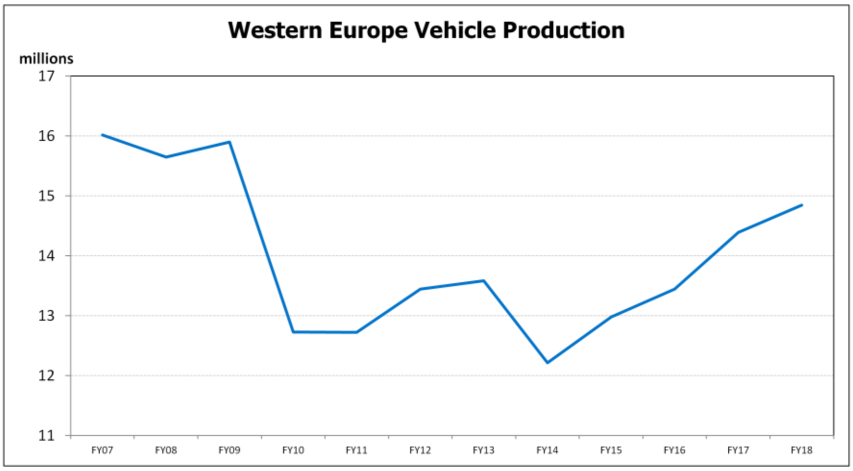

Source: IHS, LMC July 2017

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