NSG

GROUP

NSG Group

FY2017 Quarter 3 Results

(from 1 April 2016 to 31 December 2016)

Nippon Sheet Glass Co., Ltd.
2 February 2017

Thank you for joining us for this NSG Group FY2017 Quarter 3 financial results presentation.

I am Kenichi Morooka, CFO of the NSG Group.

With me today are Shigeki Mori, CEO and Clemens Miller, COO.

I will start off today's presentation by discussing our Group's Quarter 3 results.

FY2017 Quarter 3 Results
(from 1 April 2016 to 31 December 2016)

NSG GROUP

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Financial Results

Business Update

Summary

Slide 4 shows the agenda for my part of the presentation.

I will start with the key points, and go through the financial results and business updates.

Key Points - April to December 2016

NSG GROUP

- Significant increase in trading profit from the previous year despite translational impact of yen appreciation
- Steady improvement in cash generation
- Increasing trend in value-added volumes

Turning to page 5. These are the key points for the FY2017 Quarter 3 results.

Despite the translational impact of yen appreciation, the Group's trading profit showed a significant improvement from the previous year, supported by increasing VA sales, together with lower input costs and further operational improvements.

The Group's cash flow has improved steadily from the previous year, reflecting the improving trend of the Group's profitability, supported by disposals of non-current assets.

The Group has made progress in the execution of its business initiatives, as value-added volumes have increased in our businesses, such as Architectural Europe and North America.

FY2017 Quarter 3 Results
(from 1 April 2016 to 30 December 2017)

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Consolidated Income Statement

NSG GROUP

(JPY bn)	FY2016 Q3	FY2017 Q3	Change from FY2016
Revenue	**479.6**	**430.7**	**-10%** [2]
Trading profit	**16.6**	**22.8**	**37%** [3]
Amortization [1]	(6.0)	(2.7)	
Operating profit	**10.6**	**20.1**	**90%**
Exceptional items	(3.2)	5.4	
Finance expenses (net)	(13.7)	(13.8)	
Share of JVs and associates	(1.0)	0.8	
Profit/(loss) before taxation	**(7.3)**	**12.5**	
Profit/(loss) for the period	**(12.3)**	**5.9**	
Profit/(loss) attributable to owners of the parent	**(14.1)**	**4.6**	
EBITDA	41.9	44.3	6%

1 Amortization arising from the acquisition of Pilkington plc only
2 Increase of 3% based on constant exchange rates
3 Increase of 64% based on constant exchange rates

Profits improved despite foreign exchange movements

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Moving to slide 7. Here we can see the income statement in the usual format.

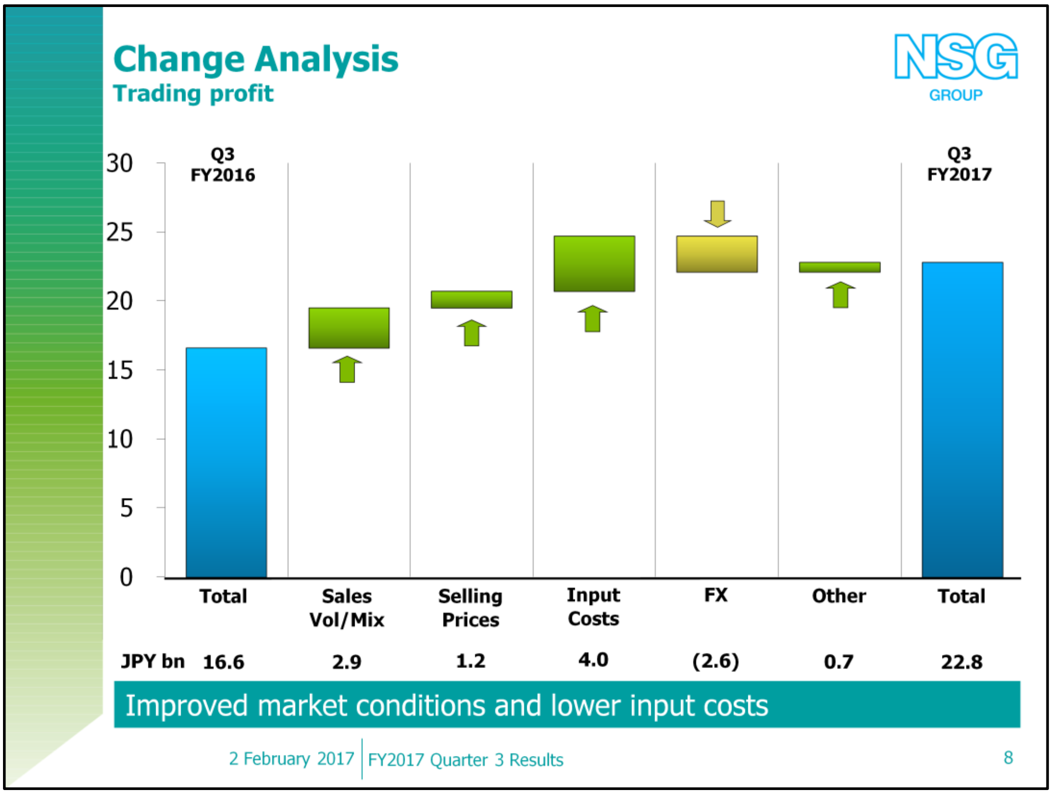
Revenue of 430.7bn yen have decreased by 10 percent from the previous year.
At constant exchange rates, revenue would have increased by 3 percent.

Trading profit increased by 6.2bn yen to 22.8bn yen. At constant exchange rates, the trading profit would have increased by 64 percent.
A combination of higher VA sales, lower input costs and operational improvements have each contributed to this improvement.

Within exceptional items, the Group has posted gains from sale and lease back transactions and the disposal of investments, which together with other items, amounted to 5.4bn yen overall.

The Group's share of joint ventures and associates profits improved, while net financial expenses were similar to the previous year.

EBITDA improved by 6 percent, reflecting the improvement in Group's underlying operational performance.



On slide 8 we can see an explanation of the year on year movement in trading profits.

Volumes increased in our Automotive businesses particularly in Europe and North America whilst prices have improved in Architectural, again particularly in Europe and North America.

The Group has benefitted from lower energy costs.

Our profits have been adversely affected by foreign exchange movements.
(Notes: The FX shown on the chart is the effect of applying current year exchange rates to the previous year profit.)

Exceptional Items

NSG GROUP

(JPY bn)	FY2016 Q3	FY2017 Q3
Gain on disposal of non-current assets	0.2	**7.9**
Gain on disposal of investments in associates	-	**0.9**
Gain from exit of business	-	**0.9**
Gain on dilution in an associate	0.1	**-**
Restructuring costs	(1.8)	**(2.8)**
Impairment of non-current assets	-	**(1.6)**
Settlement of litigation matters	(1.7)	**0.1**
	(3.2)	**5.4**

Exceptional gains from disposal of non-current assets

On slide 9, we can see the breakdown of exceptional items.

We have posted net exceptional gains of 5.4 bn yen.

This is mainly due to the gain on execution of sale and lease back transactions in Japan and Malaysia recognized during the first quarter.

We also have incurred some further restructuring costs in Europe and South East Asia.

Consolidated Cash Flow Summary

NSG GROUP

(JPY bn)	FY2016 Q3	FY2017 Q3
Profit/(loss) for the period	(12.3)	5.9
Depreciation and amortization	31.3	24.2
Impairment	-	1.7
Gain on disposal of assets and exit of business	(0.2)	(9.9)
Tax paid	(2.9)	(3.4)
Others	(1.0)	(2.6)
Net operating cash flows before movement in working capital	**14.9**	**15.9**
Net change in working capital	(13.7)	(8.0)
Net cash flows from operating activities	**1.2**	**7.9**
Purchase of property, plant and equipment	(23.0)	(16.9)
Disposal proceeds	0.5	12.9
Others	(0.9)	(0.7)
Net cash flows from investing activities	**(23.4)**	**(4.7)**
Cash flows before financing activities	**(22.2)**	**3.2**

Steady improvement in cash generation

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Turning to slide 10, this slide shows the consolidated cash flow.

There has been a strong improvement in cash flow from the previous year, supported by the improvement in operating profit.

Cash flows before financing activities have improved significantly from the previous year despite the negative working capital movement, with the help of disposal proceeds.

Key Performance Indicators

NSG GROUP

	31-Mar-16	31-Dec-16
Net Debt (JPY bn)	381	372
Net Debt/EBITDA	6.3x	5.9x
Net Debt/Equity Ratio	3.4	3.7
	FY2016 Q3	**FY2017 Q3**
EBITDA Interest Cover	3.4x	3.4x
Operating Return* on Sales	3.5%	5.3%

* trading profit

Profitability ratios improved

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On slide 11 we show the key financial ratios.

Net Debt has decreased from March 2016, due to foreign exchange movements, and the positive cash flows for the period.

The Net Debt/EBITDA ratio also continues to improve gradually, in line with strengthening EBITDA.

The Net Debt/Equity ratio has worsened from March, as the Group's equity was affected by the strengthened Japanese yen, although it has improved during the third quarter.

Operating Return on Sales has improved, benefitting from improvements in Group's underlying profitability.

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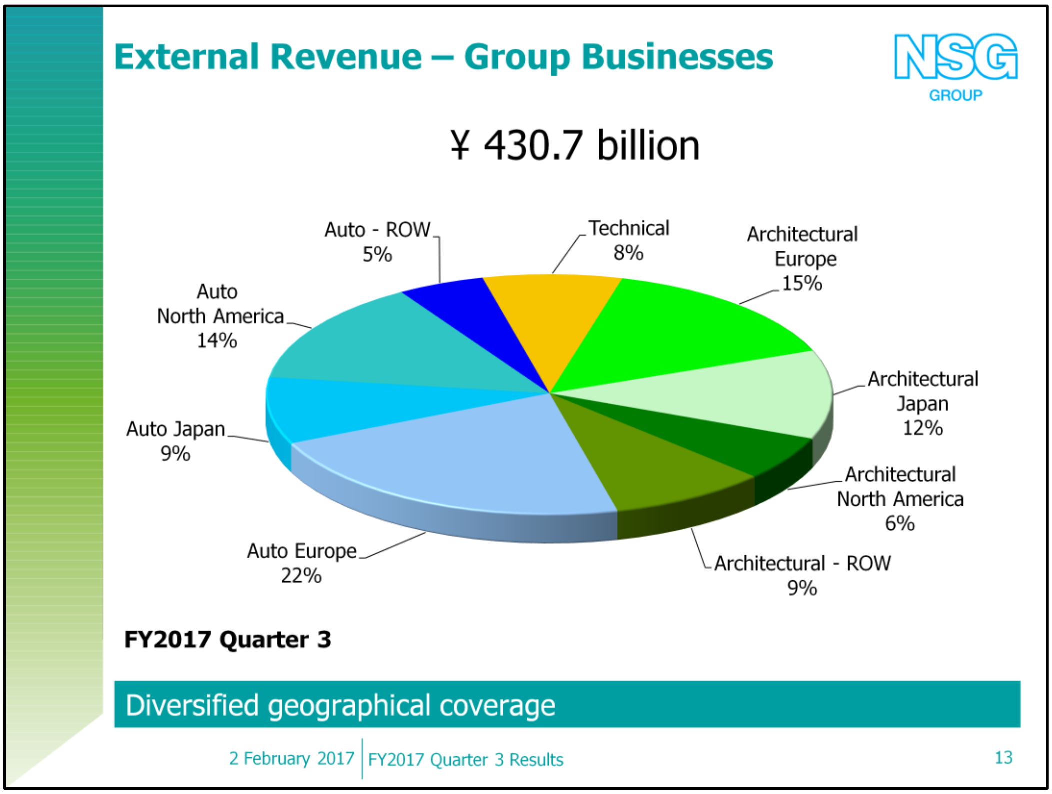
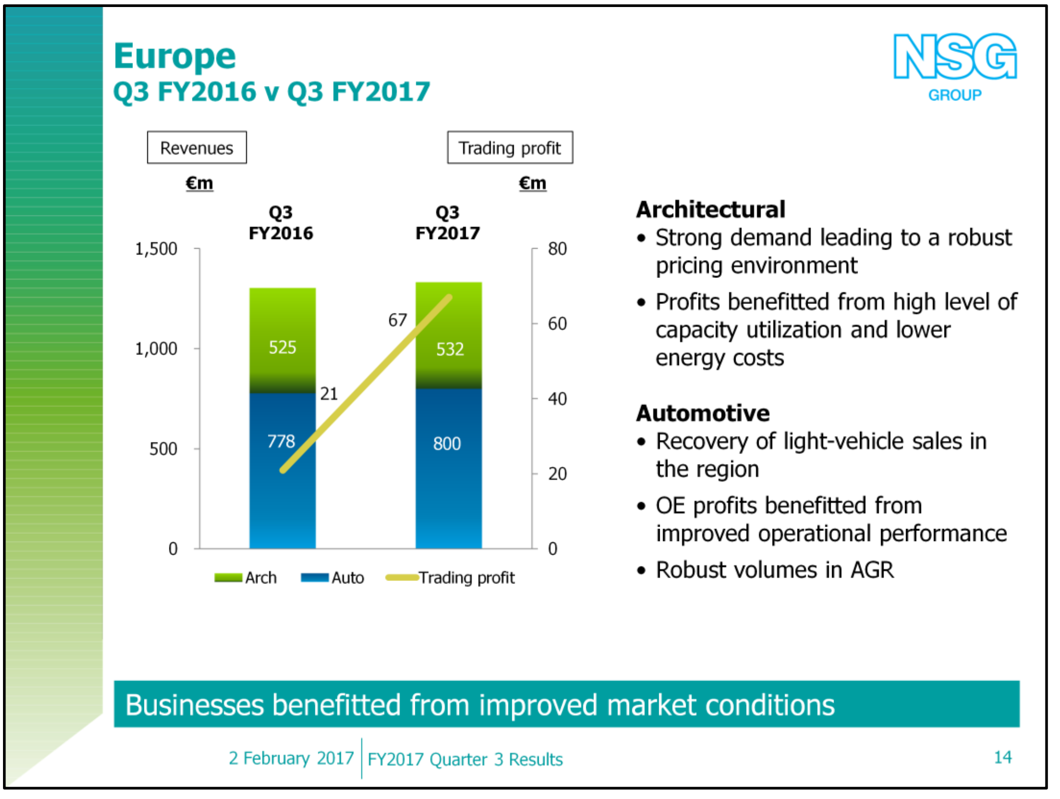


Now turning to slide 13.

This slide shows the proportion of sales generated by each of the Group's business segments.

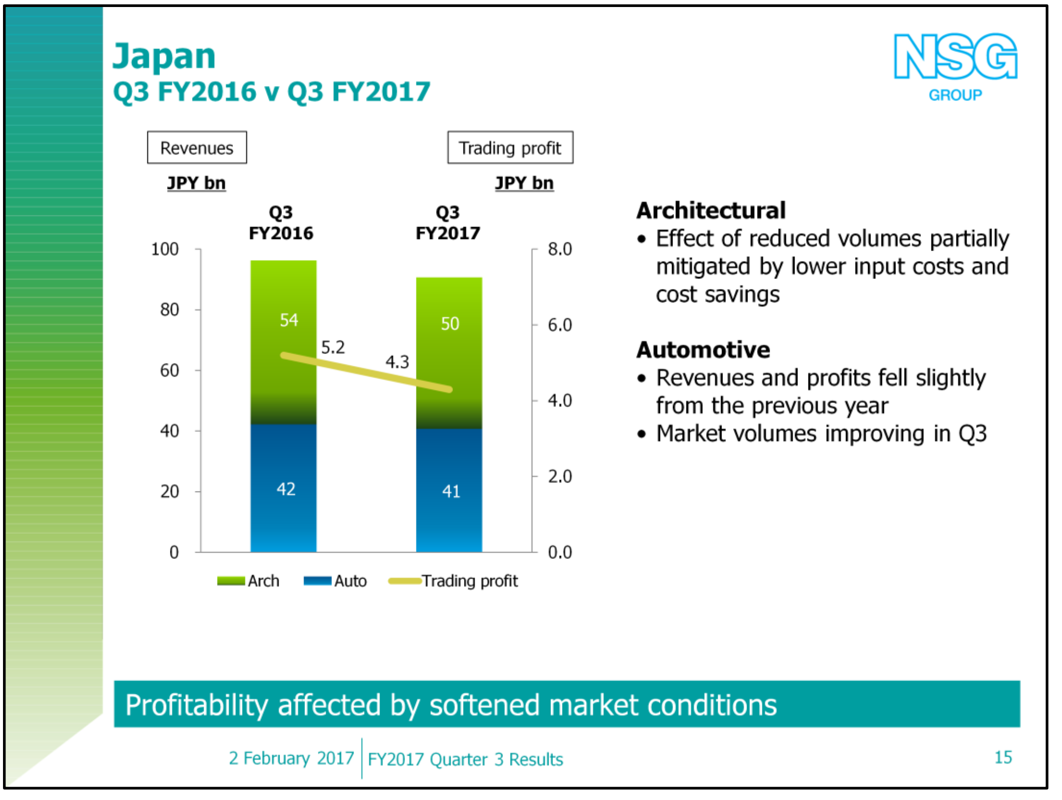
38 percent of the Group's sales are in Europe, 25 percent in Japan, 20 percent in North America and 17 percent in the rest of the world.



Moving to slide 14, we can see the performance of the Group's flat glass businesses in Europe.

Our volumes and prices improved as demand in European architectural markets increased. Profits also benefitted from a high level of capital utilization and lower energy costs.

In Automotive, volumes increased as the recovery of light-vehicle sales in the region continued. An improvement in our operational performance also contributed to the improved profits.

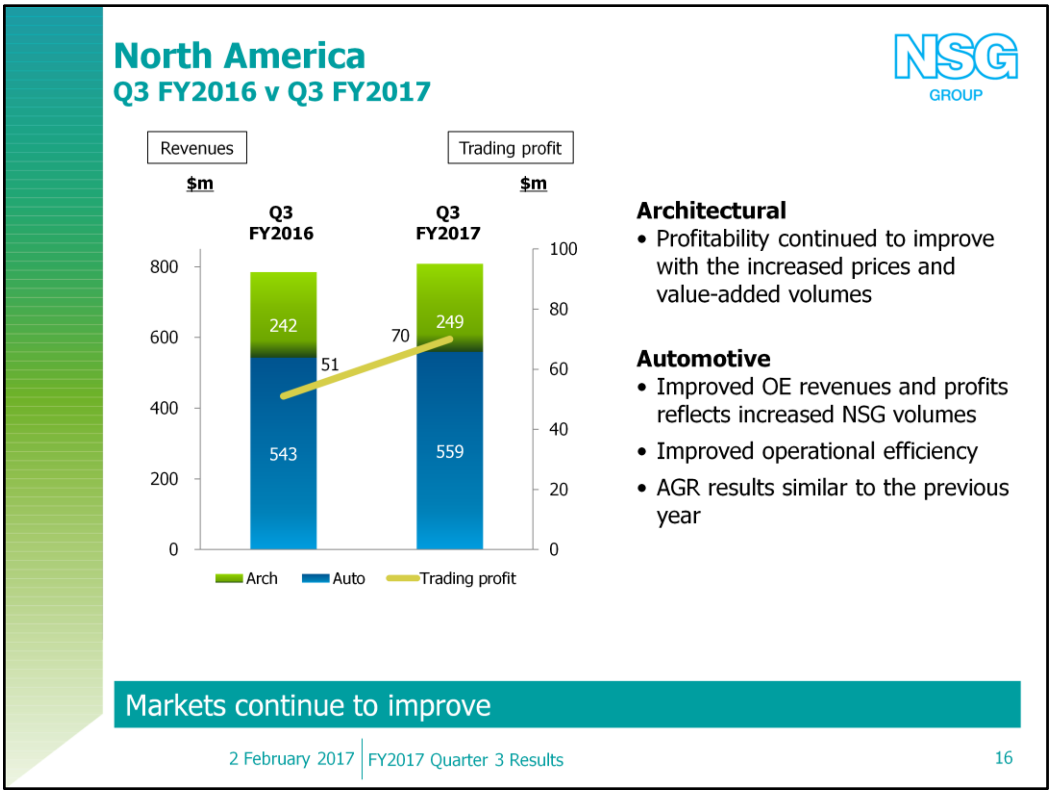


Slide 15 is Japan.

The performance of both the Architectural and Automotive businesses were affected by the softened market conditions.

In Architectural, profits were affected by reduced volumes, but were partially mitigated by lower energy costs and cost savings.

In Automotive, our markets were affected by the Kumamoto Earthquake at the beginning of the year, but have shown an improvement since.



Turning to North America on slide 16.

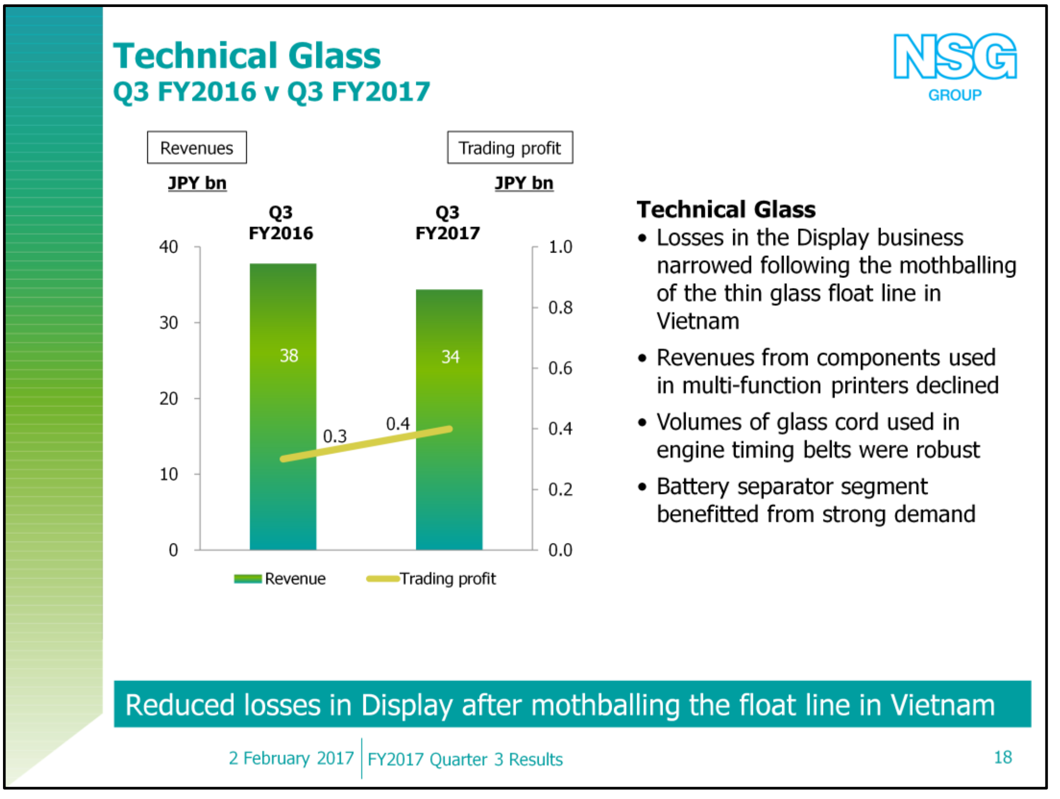
The performance in Architectural continues to improve, benefitting from higher prices supported by robust demand. Further growth in value-added volumes also contributed to the improvement.

Automotive performance improved from the previous year, as NSG volumes increased. Improved operational efficiency also contributed to the profit improvement.

Page 17 is Rest of the World.

Our Architectural businesses in South America have performed well despite difficult economic conditions, and South East Asia continues to enjoy robust demand. The previous year's results included the adverse effect of cold repairs in Argentina and Malaysia.

Our Automotive business in South America continues to suffer from the weak market conditions, with a further decline in light-vehicle sales from the previous year.



Turning to slide 18, Technical Glass.

Profits of the Technical Glass business improved slightly from the previous year.

Losses in the Display business narrowed following the mothballing of the thin glass float line in Vietnam, and revenues from components used in multi-function printers declined due to softened market conditions.

Glass cord used in timing belts and battery separators both enjoyed strong demand.

Joint Ventures and Associates
Q3 FY2016 v Q3 FY2017

NSG GROUP

(JPY bn)	FY2016 Q3	FY2017 Q3
Share of post-tax results	(1.0)	**0.8**

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

Improving shares of JV results

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Slide 19 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 below the previous year, while results of Chinese and Russian Joint Ventures were not included following the impairments in March 2016.

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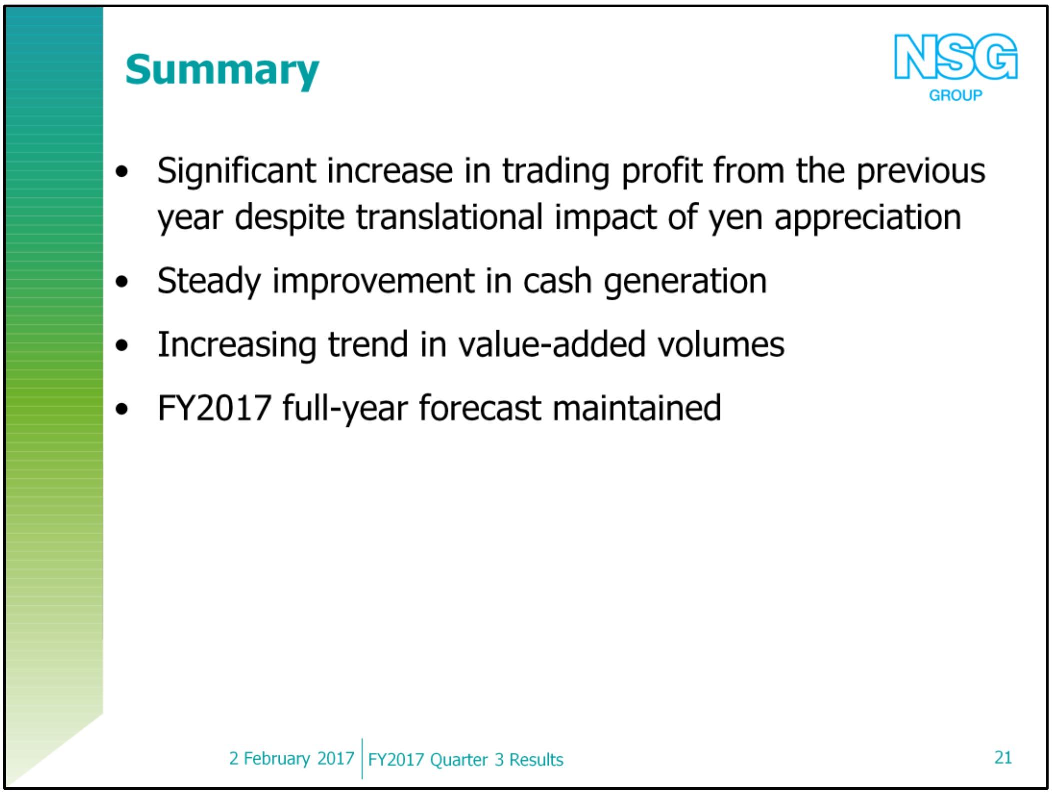


Slide 22 is the summary of today's presentation.

Our trading profit showed a significant improvement from the previous year, supported by an increase in VA sales, lower input costs and operational improvements.

The Group's cash flow continues to improve, reflecting the improving trend of the Group's profitability.

The Group continues to make progress in the execution of its business improvement initiatives.

Our FY2017 full-year forecast is maintained, as presented in the TSE release.

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 Co., Ltd.

Appendices

Revenue by Business
FY2016 Q3 v FY2017 Q3

NSG GROUP

(JPY bn)	FY2016 Q3	FY2017 Q3	Change
Architectural	**201.5**	**178.1**	**(23.4)**
Europe	70.7	62.9	(7.8)
Japan	53.9	50.2	(3.7)
North America	29.6	26.7	(2.9)
Rest of World	47.3	38.3	(9.0)
Automotive	**239.7**	**217.9**	**(21.8)**
Europe	104.7	94.6	(10.1)
Japan	42.2	40.7	(1.5)
North America	66.3	59.7	(6.6)
Rest of World	26.5	22.9	(3.6)
Technical Glass	**37.8**	**34.4**	**(3.4)**
Europe	6.0	4.9	(1.1)
Japan	17.8	17.9	0.1
North America	0.9	0.7	(0.2)
Rest of World	13.1	10.9	(2.2)
Other Operations	**0.6**	**0.3**	**(0.3)**
Europe	0.1	0.0	(0.1)
Japan	0.5	0.3	(0.2)
North America	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0
Total	**479.6**	**430.7**	**(48.9)**

Trading profit
FY2016 Q3 v FY2017 Q3

(JPY bn)	FY2016 Q3	FY2017 Q3	Change
by SBU			
Architectural	16.7	20.8	4.1
Automotive	5.0	7.8	2.8
Technical Glass	0.3	0.4	0.1
Other Operations	(5.4)	(6.2)	(0.8)
Total	16.6	22.8	6.2
by Region			
Europe	1.9	5.9	4.0
Japan	1.0	0.7	(0.3)
North America	6.1	7.1	1.0
Rest of World	7.6	9.1	1.5
Total	16.6	22.8	6.2

Consolidated Balance Sheet

NSG GROUP

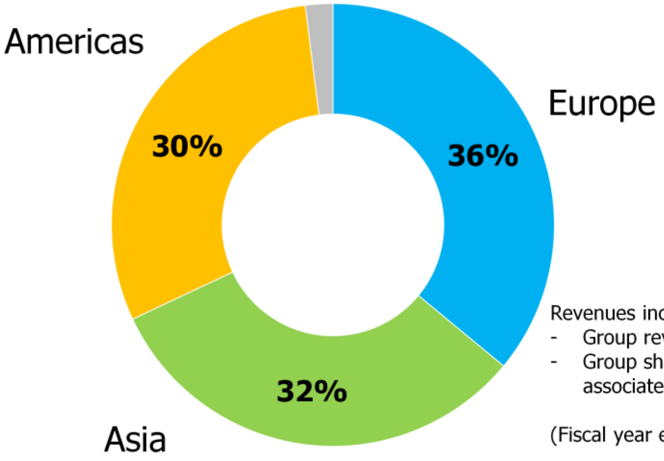
(JPY bn)	31-Mar-16	31-Dec-16	Change
Assets	**812.1**	**777.2**	**(34.9)**
Non-current assets	**571.4**	**537.3**	**(34.1)**
Goodwill & intangible assets	176.4	167.0	(9.4)
Property, plant and equipment	258.9	247.2	(11.7)
Other	136.1	123.1	(13.0)
Current assets	**240.7**	**239.9**	**(0.8)**
Cash and cash equivalents	55.1	57.7	2.6
Other	185.6	182.2	(3.4)
Liabilities	**700.1**	**676.5**	**(23.6)**
Current liabilities	**285.9**	**228.9**	**(57.0)**
Financial liabilities	143.5	102.4	(41.1)
Other	142.4	126.5	(15.9)
Non-current liabilities	**414.2**	**447.6**	**33.4**
Financial liabilities	293.4	328.7	35.3
Other	120.8	118.9	(1.9)
Equity	**112.0**	**100.7**	**(11.3)**
Shareholders' equity	103.1	91.2	(11.9)
Non-controlling interests	8.9	9.5	0.6
Total liabilities and equity	**812.1**	**777.2**	**(34.9)**

Exchange Rates

NSG GROUP

	FY2016 Q3	FY2016 Full-year	FY2017 Q3
Average rates used:			
JPY/GBP	187	181	142
JPY/USD	122	120	107
JPY/EUR	135	132	118
Closing rates used:			
JPY/GBP	179	161	144
JPY/USD	121	113	117
JPY/EUR	133	127	122

NSG Group Revenues by Geographical Destination (FY2016)



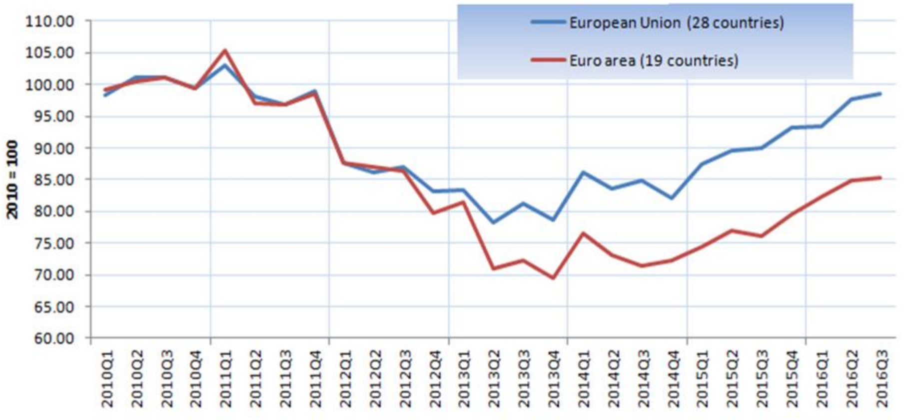
Revenues include:
- Group revenues: JPY 629 bn; and
- Group share of Joint Ventures & associates revenues: JPY 48bn

(Fiscal year ended 31 March 2016)

Balanced presence in Europe, Asia and Americas

Industry statistics
Building licenses (dwellings)

NSG GROUP



Source: Eurostat

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