NSG

GROUP

NSG Group

FY2017 Annual Results

(from 1 April 2016 to 31 March 2017)

Nippon Sheet Glass Co., Ltd.
12 May 2017

Shigeki Mori

Chief Executive Officer

Clemens Miller

Chief Operating Officer

Kenichi Morooka

Chief Financial Officer

NSG GROUP

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Key Points - April 2016 to March 2017

NSG GROUP

- Significant improvement in trading profit, despite translational impact of strengthened Japanese yen
  - Recovery of European markets, while North American markets remain robust
  - Increase in sales of higher-value-added (VA) products
  - Lower input costs and improvements in operational efficiency
  - Improved profitability after the exit and downsizing of unprofitable businesses
- Strong improvement in cash generation, with free cash flow exceeding original plan
- Stable financial base established by the issuance of Class A Shares

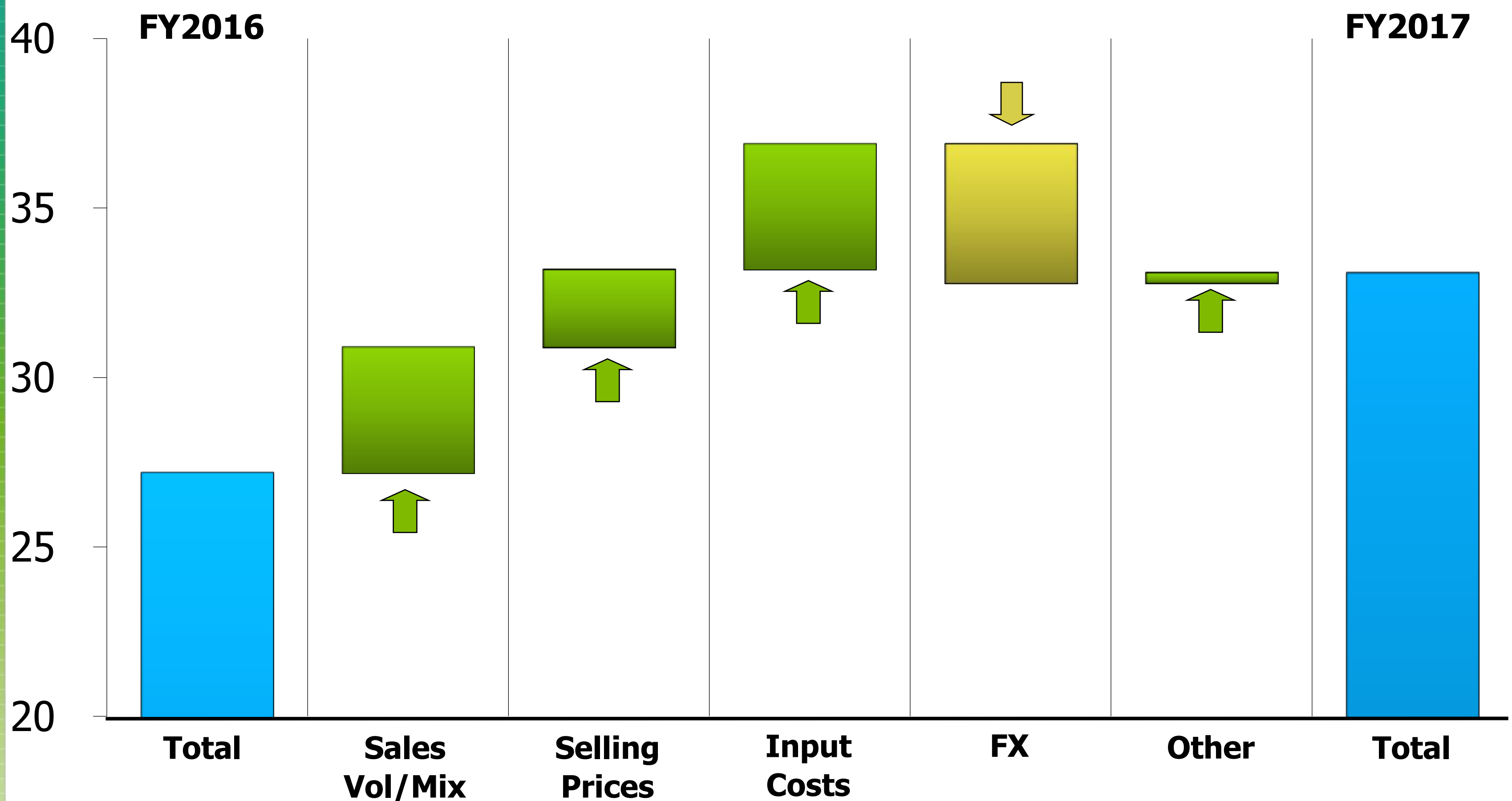
Consolidated Income Statement

(JPY bn)	FY2016	FY2017	Change from FY2016
Revenue	**629.2**	**580.8**	**-8%** [2]
Trading profit	**27.2**	**33.1**	**22%** [3]
Amortization [1]	(7.8)	(3.2)	
Operating profit	**19.4**	**29.9**	**54%**
Exceptional items	(35.1)	2.9	
Finance expenses (net)	(18.2)	(19.1)	
Share of JVs and associates	(3.5)	1.1	
Profit/(loss) before taxation	**(37.4)**	**14.8**	
Profit/(loss) for the period	**(47.5)**	**7.3**	
Profit/(loss) attributable to owners of the parent	**(49.8)**	**5.6**	
EBITDA	60.3	62.1	3%

1 Amortization arising from the acquisition of Pilkington plc only
2 Increase of 2% based on constant exchange rates
3 Increase of 39% based on constant exchange rates

Improved performance despite foreign exchange movements

Change Analysis
Trading profit



JPY bn	27.2	3.7	2.3	3.7	(4.1)	0.3	33.1

Improved market conditions and lower input costs

Exceptional Items

(JPY bn)	FY2016	FY2017
Gain on disposal of non-current assets	0.2	**8.2**
Gain on disposal of investments in associates	-	**0.9**
Gain from exit of business	-	**0.9**
Restructuring costs	(4.3)	**(3.9)**
Impairments of non-current assets	(12.7)	**(2.4)**
Impairments of goodwill	(6.9)	**-**
Impairments of investment in affiliates	(5.2)	**-**
Settlement of litigation matters	(4.7)	**(0.2)**
Other items	(1.5)	**(0.6)**
	(35.1)	**2.9**

Exceptional gains from disposal of non-current assets

Consolidated Cash Flow Summary

NSG GROUP

(JPY bn)	FY2016	FY2017
Profit/(loss) for the period	(47.5)	7.3
Depreciation and amortization	40.9	32.2
Impairment	24.9	2.5
Gain on disposal of assets and exit of business	(0.3)	(9.9)
Tax paid	(3.8)	(5.0)
Others	10.5	(3.3)
Net operating cash flows before movement in working capital	24.7	23.8
Net change in working capital	(2.9)	6.6
Net cash flows from operating activities	21.8	30.4
Purchase of property, plant and equipment	(28.2)	(24.1)
Disposal proceeds	0.7	14.4
Others	1.1	(0.4)
Net cash flows from investing activities	(26.4)	(10.1)
Cash flows before financing activities	(4.6)	20.3

Improved business performance contributing to cash generation

Key Performance Indicators

NSG GROUP

	31-Mar-16	31-Mar-17
Net Debt (JPY bn)	381	313
Net Debt/EBITDA	6.3x	5.0x
Net Debt/Equity Ratio	3.4	2.3

	FY2016	FY2017
EBITDA Interest Cover	3.6x	3.4x
Operating Return* on Sales	4.3%	5.7%

* trading profit

Improvements in key performance indicators

NSG GROUP

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External Revenue – Group Businesses

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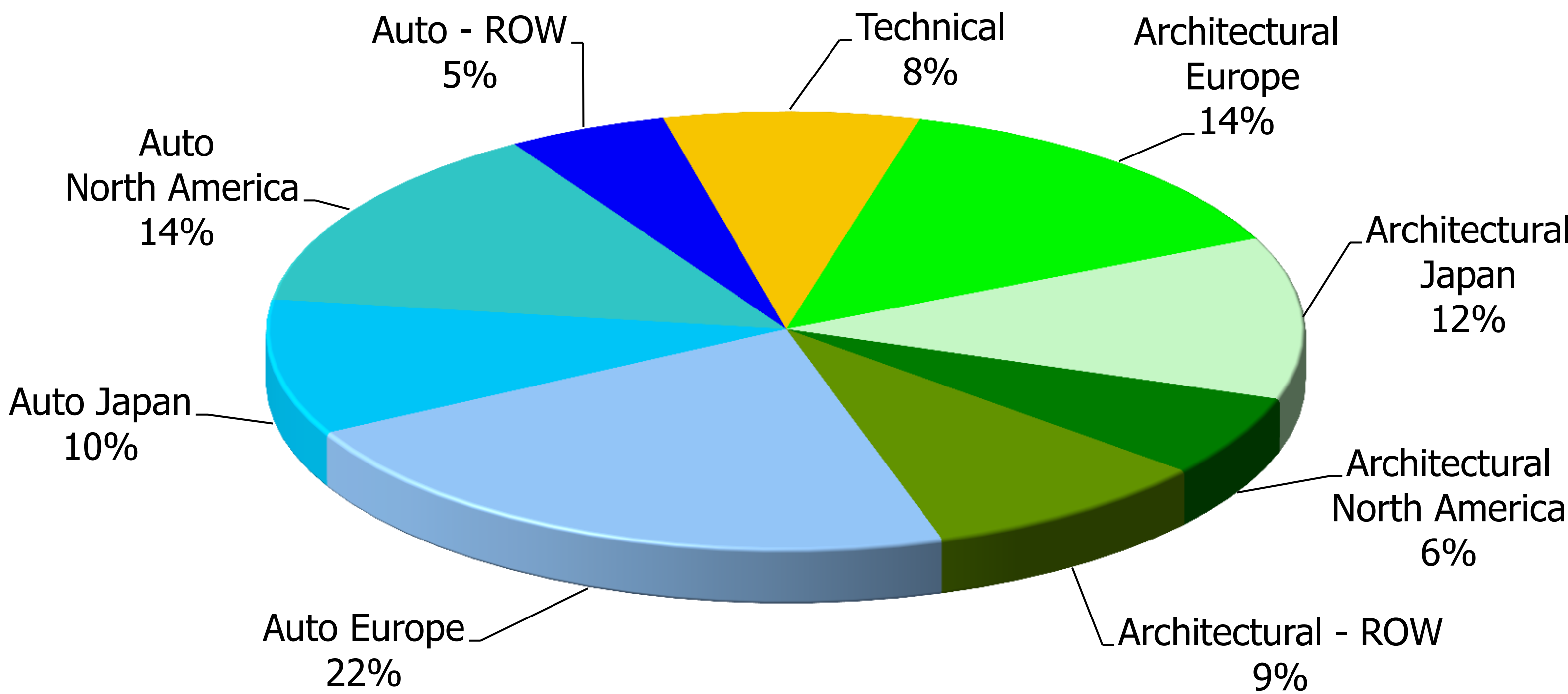
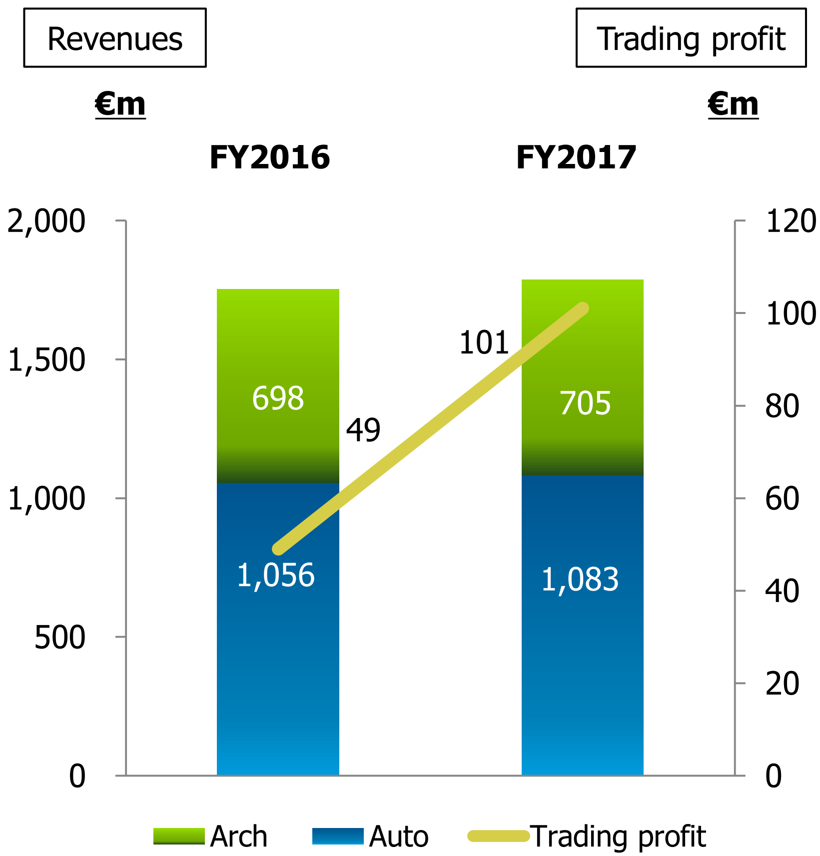
¥ 580.8 billion



FY2017

Diversified geographical coverage

Europe
FY2016 v FY2017

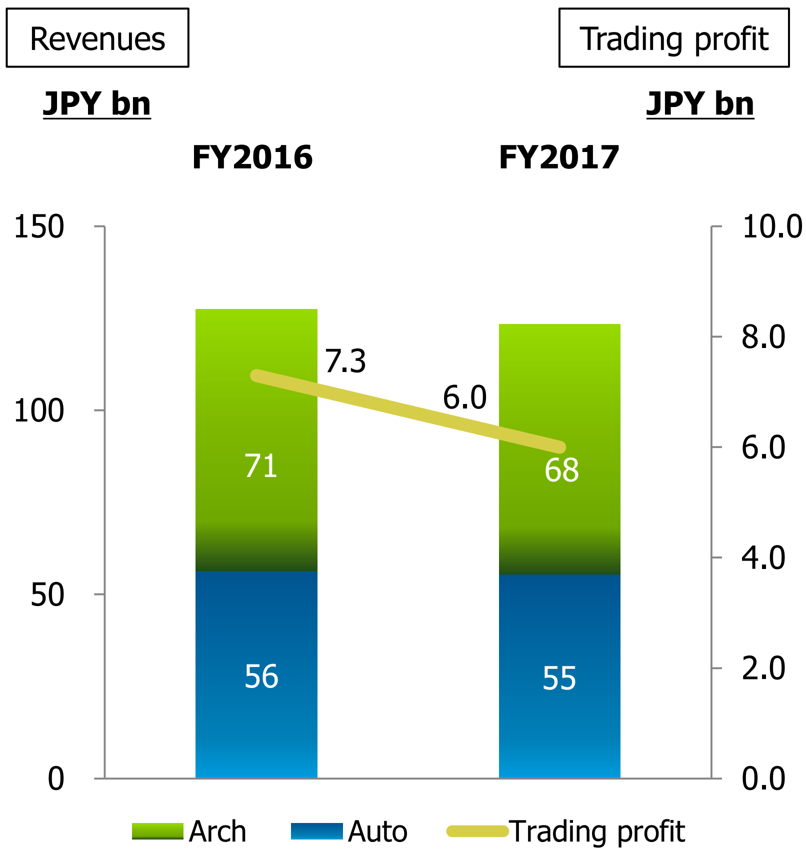


Architectural
- Strong demand leading to a robust pricing environment
- Profits benefitted from lower input costs

Automotive
- Profits increased with the higher volumes and improved operational performance

Improved market conditions

Japan
FY2016 v FY2017

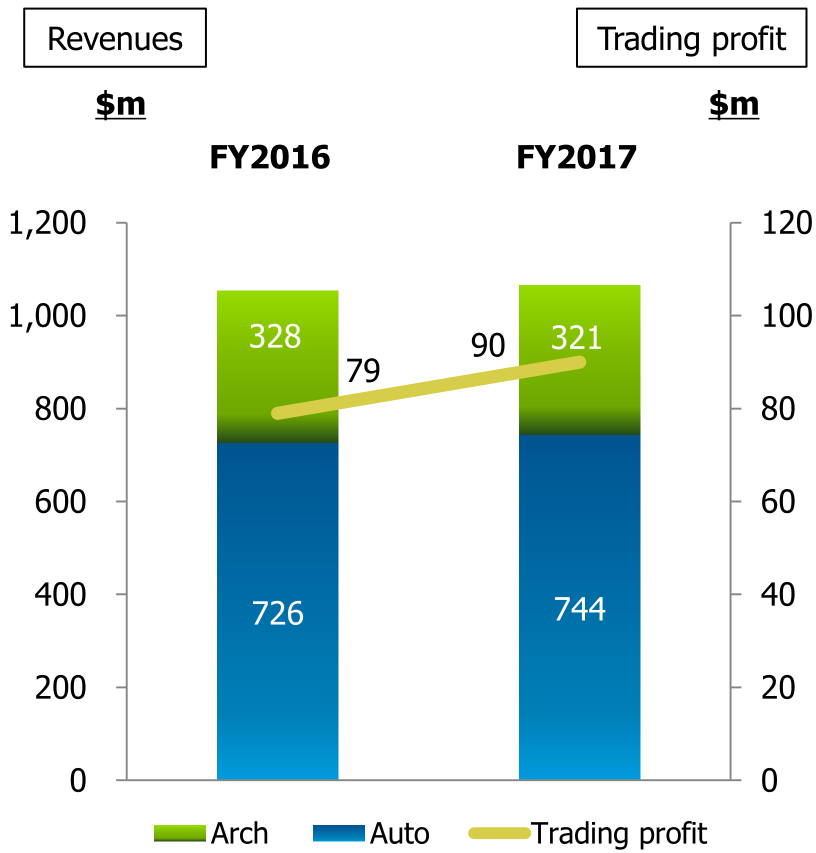


Architectural
- Volumes were below the previous year, but markets showing signs of recovery
- Results benefitted from lower input costs and cost savings

Automotive
- Revenues and profits slightly below the previous year

Results reflecting modest market conditions

North America
FY2016 v FY2017

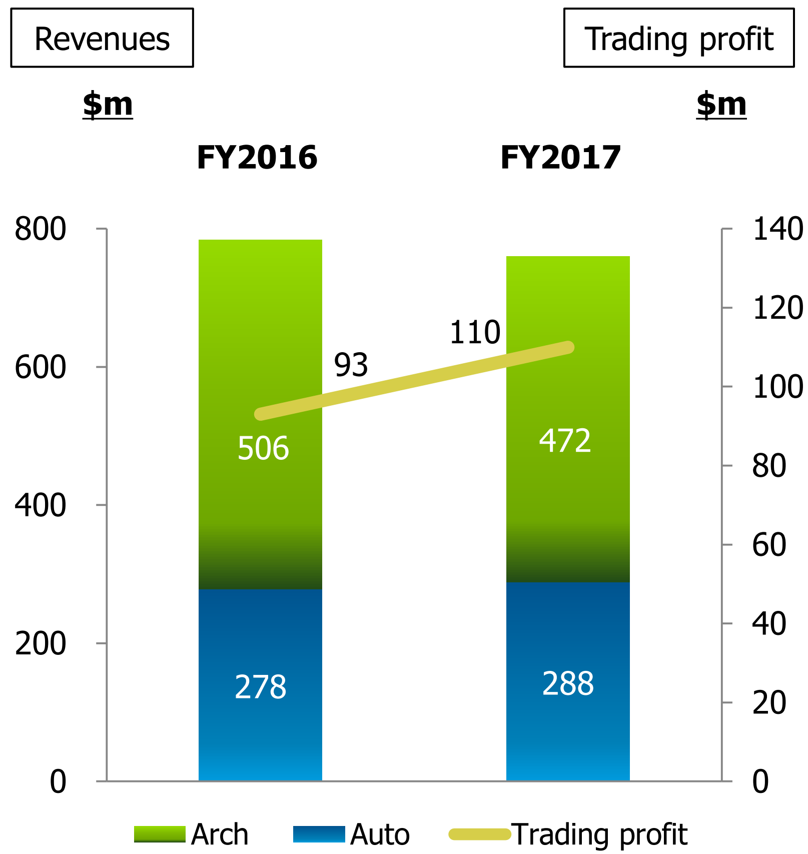


Architectural
- Revenues and profits in local currency similar to the previous year
- Improved prices offsetting decline in commodity volumes

Automotive
- Local currency revenues and profits improved from the previous year
- NSG OE volumes increased

Markets maintaining their strengths

Rest of World
FY2016 v FY2017

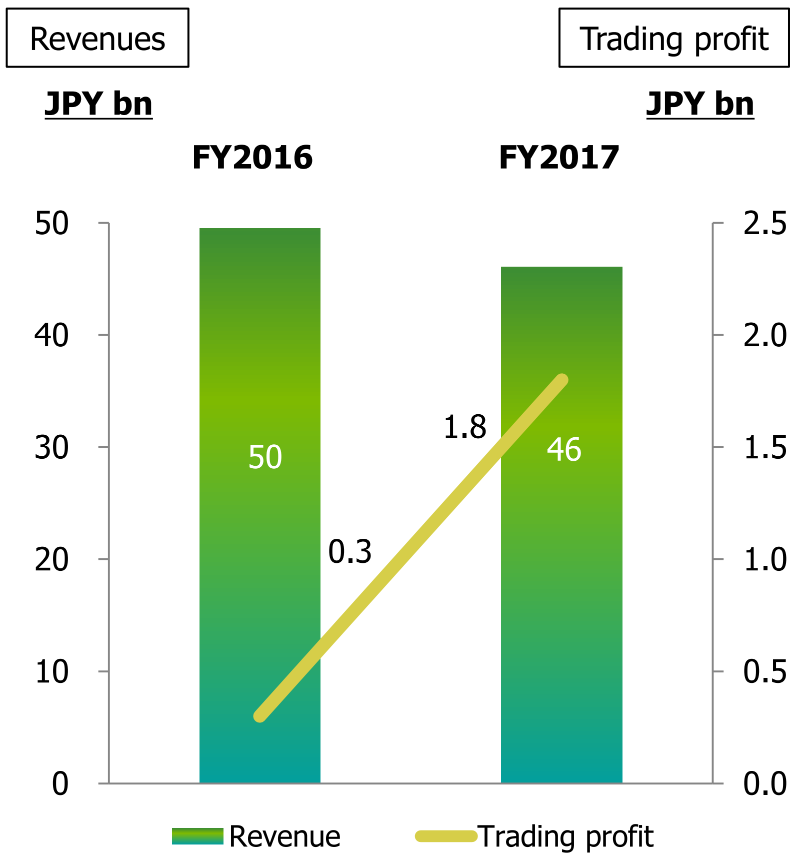


Architectural
- Profitability in South America improved, with the previous year having included the effect of a cold repair in Argentina
- Robust demand in South East Asia

Automotive
- Weak market conditions persist in South America

Mixed market conditions among regions

Technical Glass
FY2016 v FY2017



Technical Glass

- Losses in the Display business narrowed following the mothballing of the thin glass float line in Vietnam
- Revenues from components used in multi-function printers declined
- Volumes of glass cord used in engine timing belts were robust
- Battery separator segment benefitted from strong demand and improving operational performance

Reduced losses in Display after mothballing the float line in Vietnam

Joint Ventures and Associates
FY2016 v FY2017

(JPY bn)	FY2016	FY2017
Share of post-tax results	(3.5)	**1.1**

- 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 J/V results

FY2017 Review

NSG GROUP

- Significant improvement in trading profit, despite translational impact of strengthened Japanese yen
  - Recovery of European markets, while North American markets remain robust
  - Increase in sales of higher-value-added (VA) products
  - Lower input costs and improvements in operational efficiency
  - Improved profitability after the exit and downsizing of unprofitable businesses
- Strong improvement in cash generation, with free cash flow exceeding original plan
- Stable financial base established by the issuance of Class A Shares

Start of MTP Phase 2 with stable financial base

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FY2018 Forecast

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(JPY bn)	Actuals FY2017	Forecast FY2018
Revenue	**580.8**	**600.0**
Trading profit	**33.1**	**38.0**
Amortization*	(3.2)	(2.0)
Operating profit	**29.9**	**36.0**
Exceptional items	2.9	(6.0)
Finance expenses (net)	(19.1)	(15.0)
Share of JVs and associates	1.1	2.0
Profit before taxation	**14.8**	**17.0**
Profit for the period	**7.3**	**10.0**
Profit attributable to owners of the parent	**5.6**	**8.0**

* Amortization arising from the acquisition of Pilkington plc only

Further improvement in operating profit and lower finance expenses

FY2018 Outlook

- Architectural & Automotive Glass
  - Modest recovery of markets expected globally
  - Further improvement in VA contribution generally, with growth in some areas compensating for temporary reduction of demand in others
- Technical Glass
  - Improvement expected with sales expansion of VA products including glanova™, thin glass for displays

Overall, markets remain favorable

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Medium-term Plan (MTP) Phase 2 Update

Phase 2 Measures to Achieve Targets

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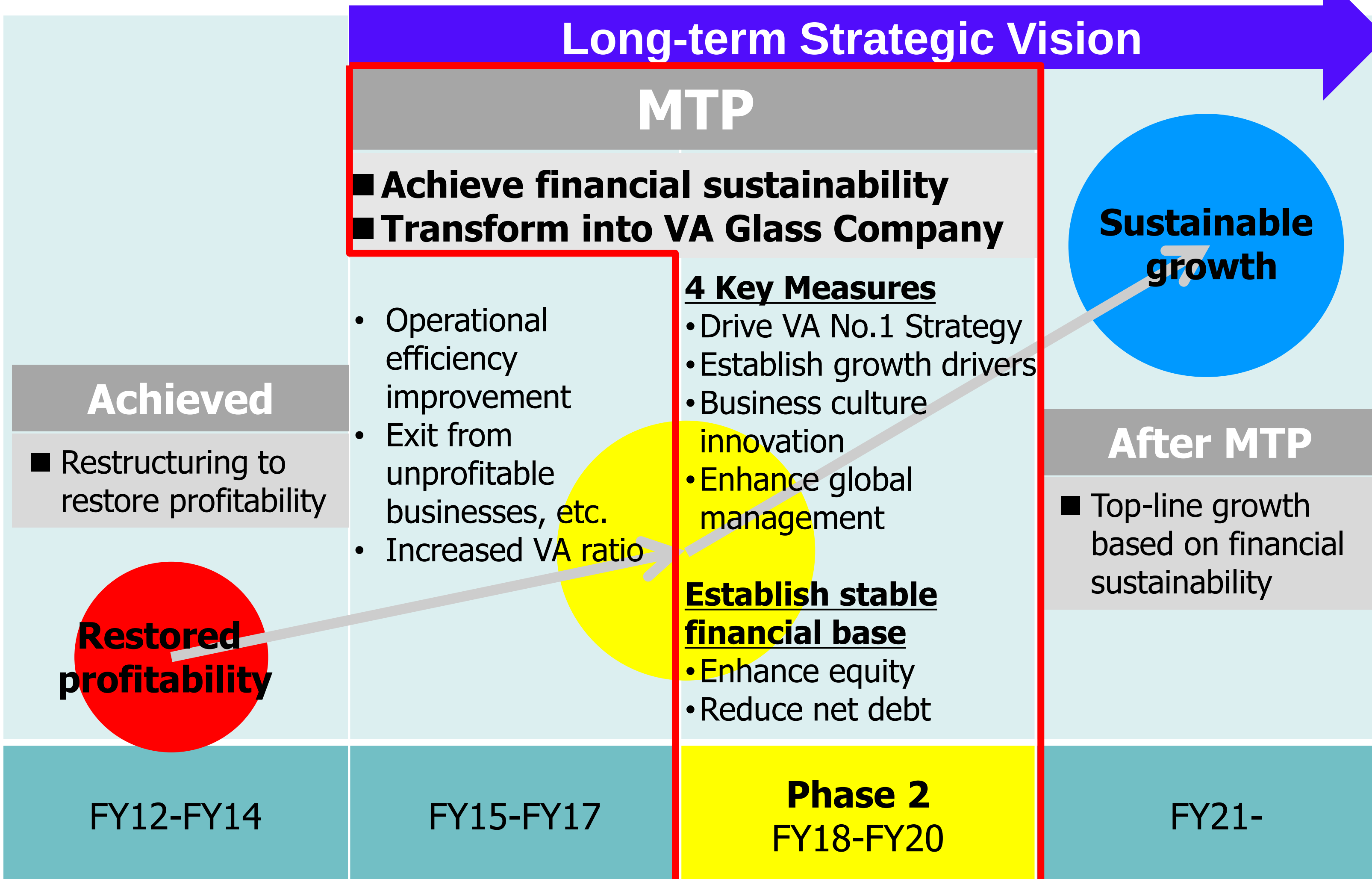

MTP Phase 2 begins from FY2018

Phase 2 Measures (1): Gear Shift to Growth

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MTP Targets

- Achieve financial sustainability
- Transform into VA Glass Company

Financial Measure

- Establish stable financial base
  - Enhance equity
  - Reduce net debt

Growth Measures

- Promote VA No.1 Strategy
- Establish growth drivers
- Business culture innovation
- Enhance global management

Issuance of Class A Shares

Key measures of Phase 2 to drive the gear shift to growth

MTP Phase 2 Shift to Growth Architectural Glass Business

Drive VA No.1 Strategy

New Hibiya Project (Optiwhite™)

JAJASH Hospital (Kuwait) (Optiwhite™)

Core strengths & growth potential

- Expansion of Spacia™ (eg. high-rise building, commercial refrigerators)
- Expansion of Optiwhite™
- Development of downstream business in Poland
- Restart of float line in Italy

Establish Growth Drivers

BIPV

Next-gen solar glass

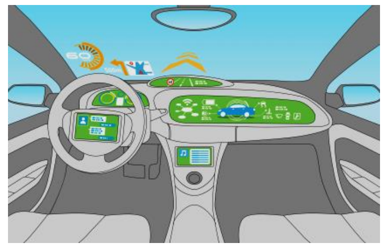
Realization of VA in energy saving / generation, health & design

- Glass for next-generation thin-film solar panels
- Glass for BIPV
- Electrochromic glass
- Digital signage

MTP Phase 2 Shift to Growth Automotive Glass Business

Drive VA No.1 Strategy

Complex shaping



Supporting Head-up Displays (HUD)

By OE Tech
Opti-Aim
Your Calibration Tool

Supporting Advanced Driving Assistance System (ADAS)

Core strengths & growth potential

- New advanced press lines in Japan, US & Europe to start in FY18 for increasing number of cars with HUD & ADAS
- Anti-fog / water-repellent coating
- UV Protect 400™ (long wave-length UVA cut glass)
- More applications for specialized transportation

Establish Growth Drivers

Low-e glass

Integrated display

Delivery of new values in ADAS, lightweight etc.

- Lightweight
- Heat insulation incl. low-e glass
- Solar control
- Noise reduction
- Integrated display glass
- Glass antennas

MTP Phase 2 Shift to Growth
Technical Glass Business

Drive VA No.1 Strategy

Mobile DNA testing
Equipment

New Poland plant for glasscord

glasscord for “Belt in Oil”

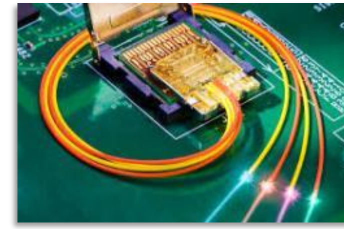
Core strengths & growth potential

- glanova™ commercial level sales to start for mobile phones and tablets
- Glasscord for “Belt in Oil”
- New glasscord plant in Poland
- Battery separator for ISS (*)
- Planned launch of mobile DNA tester

(*) ISS: idling stop system

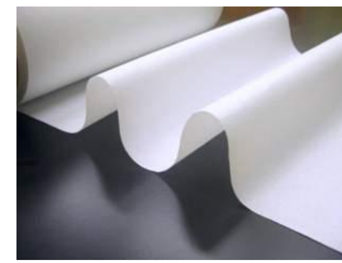
Establish Growth Drivers

glanova™



communication devices

New applications for
glasscord (EPAS)



SGP (Super Glass Paper)

New businesses in each segment

- New products & applications in information / communications sector based on lens technology
- New applications for glanova™ including automotive
- New applications for glasscord
- SGP (Super Glass Paper)

MTP Phase 2 Shift to Growth

Business Culture Innovation

- Enhance *Monozukuri* – Manufacturing Excellence
  - Review operational KPIs to include labor productivity in addition to line efficiency, with focus on efficiency improvement in Europe and North America
- Strengthen Marketing
  - Global marketing organizations put in place for Architectural and Automotive Glass businesses to enhance the function by sharing information and best practices

Enhance Global Management

- Operating leadership succession and talent development programs globally
- Launched new NSG Competency Model to drive VA shift
- Promoting talent diversity and inclusion
- Diverting resources to VA areas and redoubling efforts to drive cost reduction

Phase 2 Measures (2): Financial Stability

NSG GROUP

MTP Targets

- Achieve financial sustainability
- Transform into VA Glass Company

Financial Measure

- Establish stable financial base
  - Enhance equity
  - Reduce net debt

Growth Measures

- Promote VA No.1 Strategy
- Establish growth drivers
- Business culture innovation
- Enhance global management

Issuance of Class A Shares

Earlier financial stability with issuance of Class A Shares at the end of FY2017

Phase 2 Measures (2): Financial Stability

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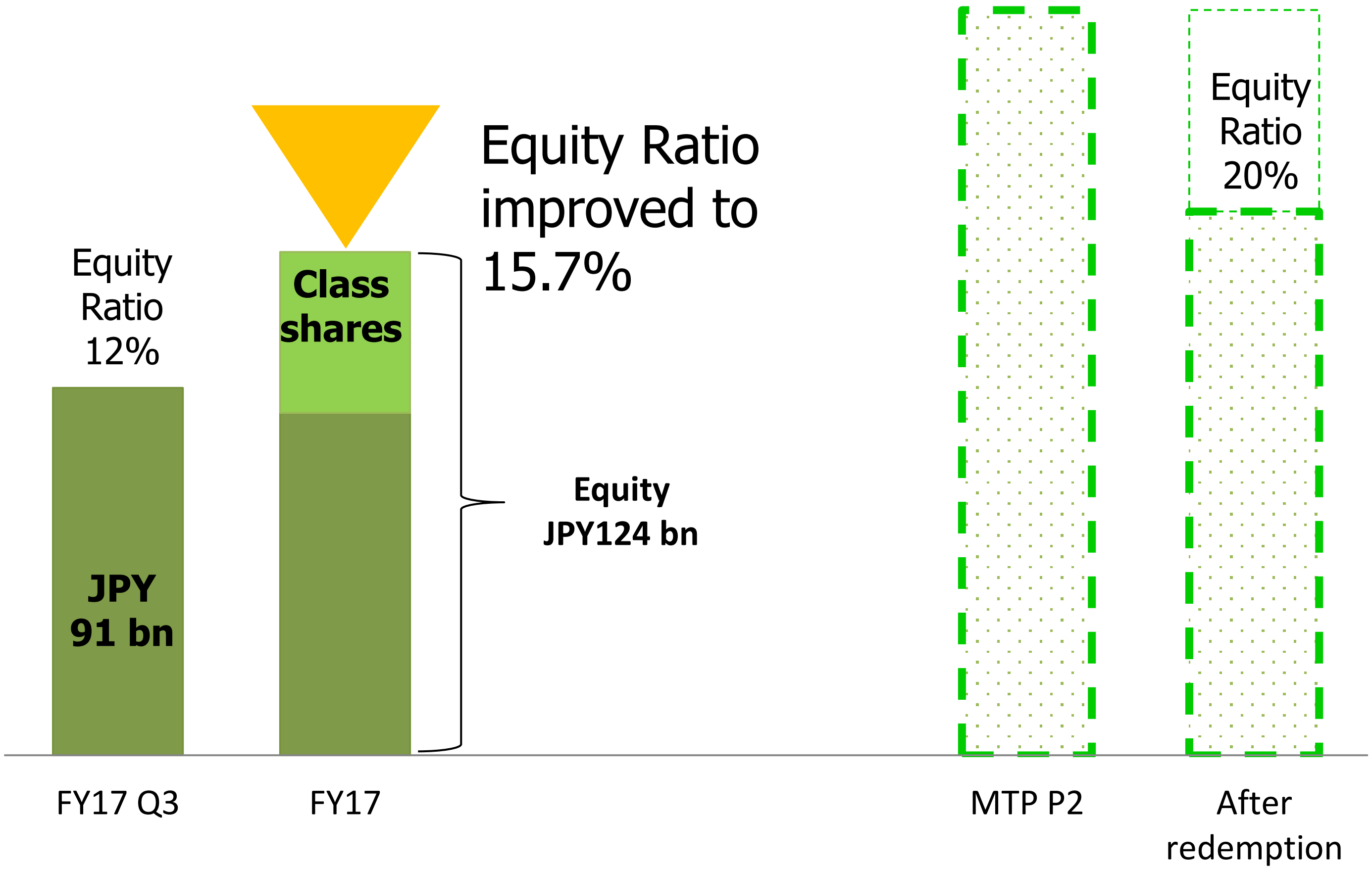
Equity enhanced earlier

- JPY40 billion raised with the issuance of Class A Shares enhances equity
- Approximately JPY100 billion refinancing, including accelerated refinancing, was completed in March 2017
- Finance expense is to be reduced to JPY15 billion in FY2018

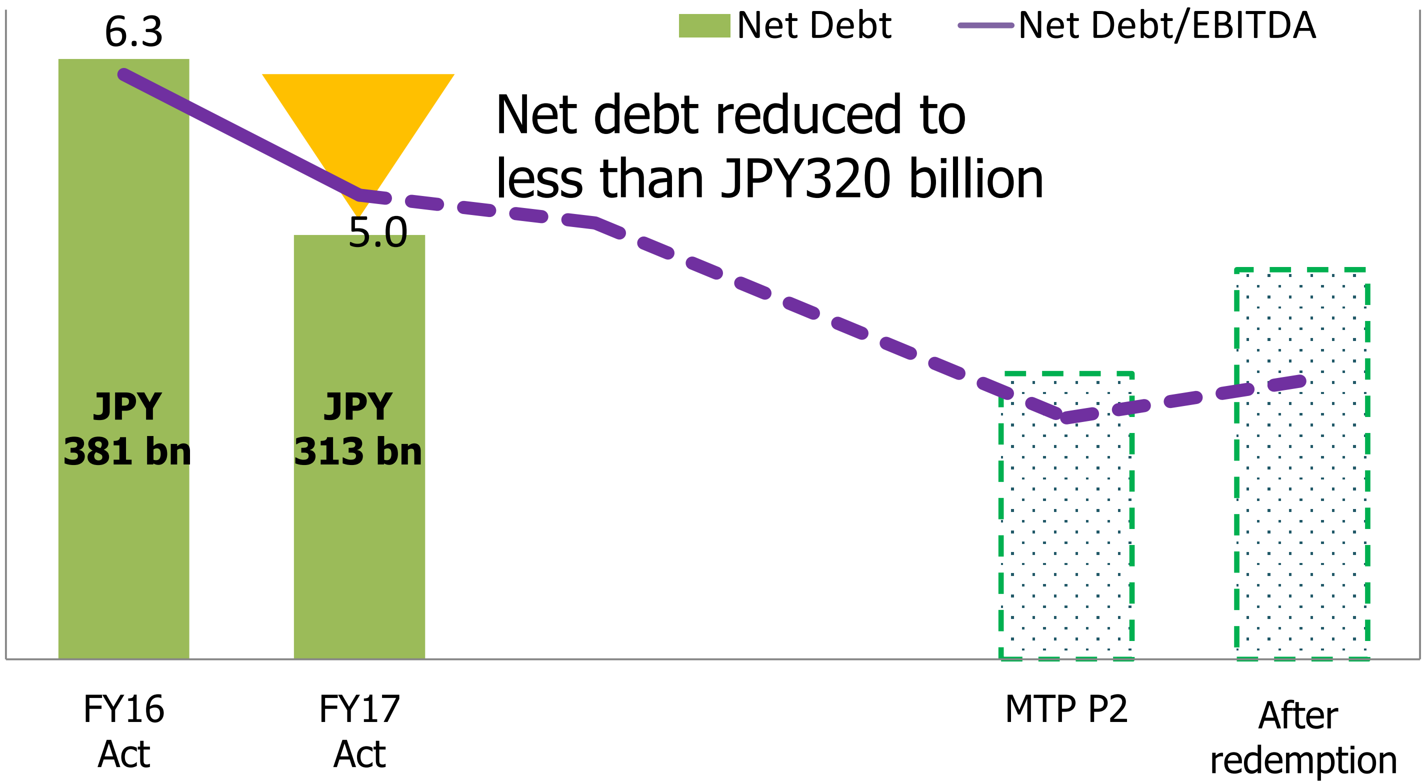
Financial Stability – Equity



JPY40 billion raised with Class A Share issuance, improving equity ratio

Financial Stability – Net Debt

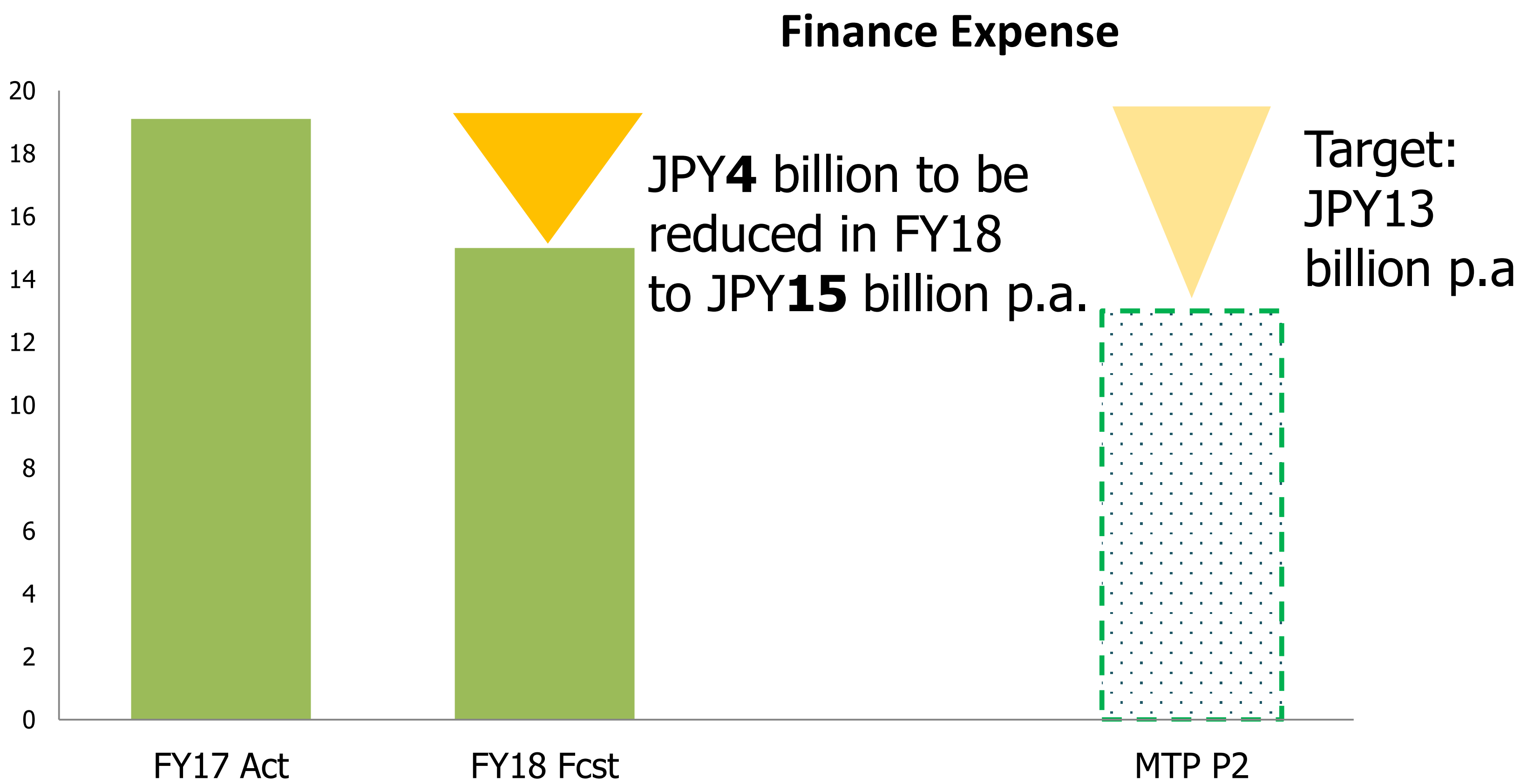
- Net debt reduced to less than JPY320 billion with Class A Shares



Steady decrease of net debt leads to Net debt / EBITDA ratio improvement

Financial Stability – Interest Expense

- Approximately JPY100 billion refinancing, including accelerated refinancing, completed in March 2017



Significant part of FY20 target to be achieved in first year

MTP Phase 2 to Generate Positive Free Cash Flow

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Trading profit: JPY5 billion yoy increase

Finance expense: JPY4 billion yoy reduction

Free cash flow generation

- **Capex < Depreciation**
- **Working capital control**
- **Asset review**

Aiming to generate more than JPY10 billion free cash flow

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FY2017

- Trading profit continues to improve despite a negative exchange rate impact
- Financial base stabilizes earlier with issuance of Class A Shares

FY2018

- With the start of MTP Phase 2, shifting gear to growth
  - Solid start based on enhanced financial base
  - Aiming for topline growth with acceleration of key measures
  - Continuing the trading and net profit improvement, generating free cash flow
  - Driving actions to achieve MTP targets

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 v FY2017

(JPY bn)	FY2016	FY2017	Change
Architectural	**262.6**	**237.7**	**(24.9)**
Europe	92.2	84.1	(8.1)
Japan	70.5	67.7	(2.8)
North America	39.3	34.8	(4.5)
Rest of World	60.6	51.1	(9.5)
Automotive	**316.3**	**296.6**	**(19.7)**
Europe	139.5	129.3	(10.2)
Japan	56.4	55.5	(0.9)
North America	87.0	80.6	(6.4)
Rest of World	33.4	31.2	(2.2)
Technical Glass	**49.5**	**46.1**	**(3.4)**
Europe	8.0	7.0	(1.0)
Japan	24.5	24.1	(0.4)
North America	1.2	1.0	(0.2)
Rest of World	15.8	14.0	(1.8)
Other Operations	**0.8**	**0.4**	**(0.4)**
Europe	0.1	0.0	(0.1)
Japan	0.7	0.4	(0.3)
North America	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0
Total	**629.2**	**580.8**	**(48.4)**

Trading profit
FY2016 v FY2017

(JPY bn)	FY2016	FY2017	Change
by SBU			
Architectural	24.6	27.0	2.4
Automotive	9.8	12.7	2.9
Technical Glass	0.3	1.8	1.5
Other Operations	(7.5)	(8.4)	(0.9)
Total	27.2	33.1	5.9
by Region			
Europe	5.2	9.4	4.2
Japan	1.3	2.4	1.1
North America	9.2	9.2	0.0
Rest of World	11.5	12.1	0.6
Total	27.2	33.1	5.9

Consolidated Balance Sheet

(JPY bn)	31-Mar-16	31-Mar-17	Change
Assets	**812.1**	**790.2**	**(21.9)**
Non-current assets	**571.4**	**527.8**	**(43.6)**
Goodwill & intangible assets	176.4	162.3	(14.1)
Property, plant and equipment	258.9	245.2	(13.7)
Other	136.1	120.3	(15.8)
Current assets	**240.7**	**262.4**	**21.7**
Cash and cash equivalents	55.1	84.9	29.8
Other	185.6	177.5	(8.1)
Liabilities	**700.1**	**656.5**	**(43.6)**
Current liabilities	**285.9**	**223.2**	**(62.7)**
Financial liabilities	143.5	79.8	(63.7)
Other	142.4	143.4	1.0
Non-current liabilities	**414.2**	**433.3**	**19.1**
Financial liabilities	293.4	319.6	26.2
Other	120.8	113.7	(7.1)
Equity	**112.0**	**133.7**	**21.7**
Shareholders' equity	103.1	124.1	21.0
Non-controlling interests	8.9	9.6	0.7
Total liabilities and equity	**812.1**	**790.2**	**(21.9)**

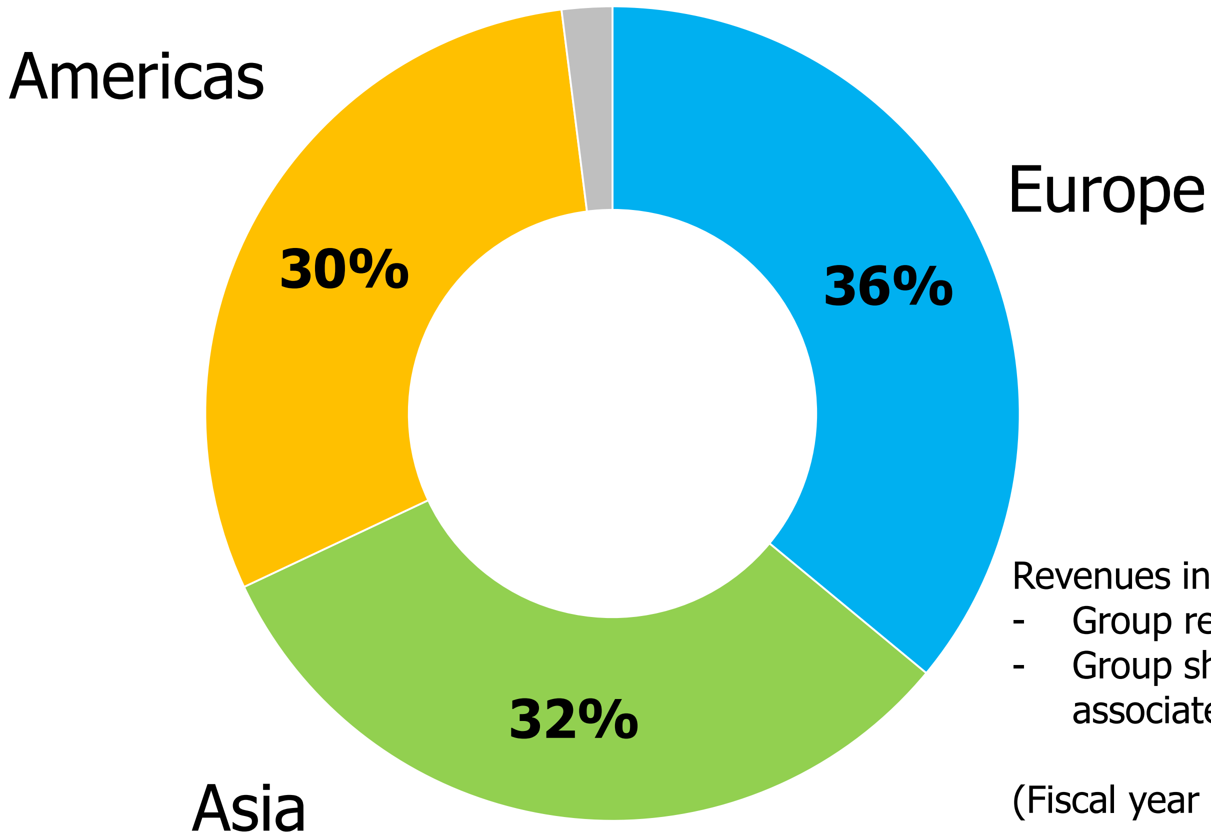
Depreciation & Amortization, CAPEX

(JPY bn)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Depreciation and Amortization	38.7	36.6	40.4	41.7	40.9	32.2
Capital expenditures	34.7	26.0	31.6	36.6	28.2	28.0
R&D expenditures	8.0	7.3	7.9	8.2	9.8	8.5

Exchange Rates

	FY2016	FY2017	FY2018 Forecast
Average rates used:			
JPY/GBP	181	142	140
JPY/USD	120	108	110
JPY/EUR	132	119	120
Closing rates used:			
JPY/GBP	161	139	
JPY/USD	113	111	
JPY/EUR	127	119	

NSG Group Revenues by Geographical Destination (FY2017)



Revenues include:
- Group revenues: JPY 581 bn; and
- Group share of Joint Ventures & associates revenues: JPY 38bn

(Fiscal year ended 31 March 2017)

Balanced presence in Europe, Asia and Americas

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