NSG

GROUP

NSG Group

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)

Nippon Sheet Glass Co., Ltd.
14 May 2015

Shigeki Mori
Chief Executive Officer

Clemens Miller
Chief Operating Officer

Mark Lyons
Chief Financial Officer

Kenichi Morooka
Executive Vice President

Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

Strategy Update

Summary

Key Points - April 2014 to March 2015

NSG GROUP

- Trading profit improved 13% year to year, with positive profit for the period
- Profit improvement reflects operational cost savings
- Market conditions were mixed, with improvements in some regions and reductions in others

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Consolidated Income Statement

NSG GROUP

(JPY bn)	FY2015	FY2014	Change from FY2014
Revenue	**626.7**	**606.1**	**3%****
Trading profit	**25.2**	**22.4**	**13%**
Amortization*	(8.4)	(7.9)	
Operating profit before exceptional items	**16.8**	**14.5**	
Exceptional items	5.5	(13.8)	
Operating profit	**22.3**	**0.7**	
Finance expenses (net)	(17.9)	(16.8)	
Share of JVs and associates	0.4	1.0	
Profit/(Loss) before taxation	**4.8**	**(15.1)**	
Profit/(Loss) for the period	**2.9**	**(15.5)**	
Profit/(Loss) attributable to owners of the parent	**1.7**	**(16.6)**	
EBITDA	57.9	54.4	6%

* Amortization arising from the acquisition of Pilkington plc only

** 0% based on constant exchange rates

Profit reflects reduced cost levels and mixed market conditions

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Revenues of 627bn yen are 3% higher than the previous year. But this increase is entirely due to exchange rate movement. At constant exchange, revenues would have been unchanged from the previous year.

The operating result has improved – with trading profit increasing 13% compared to last year - despite mixed market conditions.

Exceptional costs include two individually significant gains recorded in the second quarter, along with the residual impacts of the Group’s restructuring program. Overall we’ve recorded an exceptional gain in the year of 5.5 bn yen.

Net financial expenses increased a little, and the Group’s share of joint ventures and associates was affected by exchange losses incurred in our joint venture in Russia.

At the foot of the income statement, you can see that we’ve delivered a positive net profit.

Exceptional items

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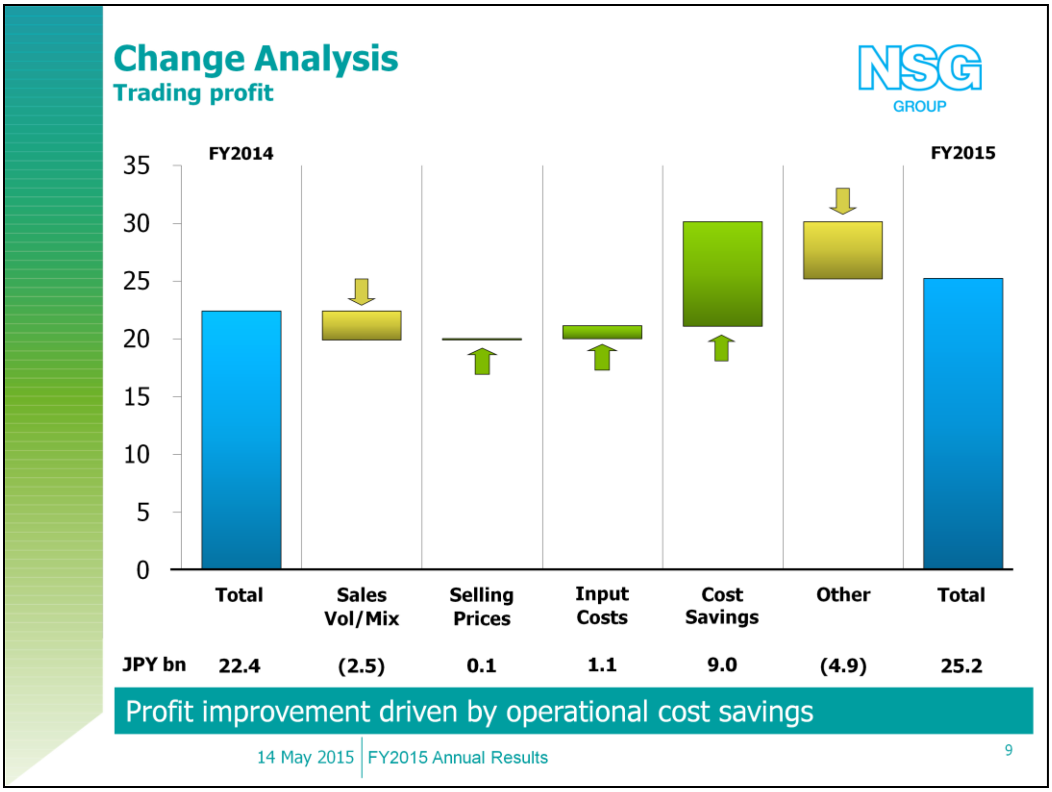
(JPY bn)	FY2015
Gain on reclassification of investments	13.3
Gain on disposal of non-current assets	5.1
Restructuring costs	(8.9)
Impairment of investment in associates	(2.1)
Other items	(1.9)
	5.5

Exceptional items include two individually significant gains, along with the residual impacts of the Group's restructuring program.

These exceptional gains were realized in Q2 and explained at the time.

During the second half of the year we have, as expected, incurred the balance of our planned restructuring costs. These costs arose in a variety of locations and represent the final stages of the Group's previously announced restructuring program.



The volume story is mixed. We have seen improvements in some markets, notably in North America, where both Architectural and Automotive businesses benefited from better market conditions. Architectural businesses in South East Asia also benefited from increased domestic and Solar volumes.

However, these positive effects were offset by reductions elsewhere, particularly in South America and our Architectural businesses in Japan which was affected by the consumption tax increase.

Underlying prices in most markets have been stable. Input costs were generally similar to the previous year.

Cost savings are consistent with our expectations, and driving our profitability improvement.

The Others bar is negative. This is mainly due to some one-off gains recognized during the previous year.

Consolidated Cash Flow Summary

NSG GROUP

(JPY bn)	FY2015	FY2014	FY2013
Profit/(loss) for the period	2.9	(15.5)	(33.5)
Depreciation and amortization	41.7	40.4	36.6
Net change in working capital	13.9	15.2	21.7
Tax paid	(4.2)	(3.7)	(6.0)
Gain on sale of property, plant and equipment	(5.2)	(0.6)	(0.9)
Gain on reclassification of investments	(13.3)	-	-
Others	(11.2)	(17.9)	(3.7)
Net cash inflow from operating activities	**24.6**	**17.9**	**14.2**
Purchase of property, plant and equipment	(32.6)	(25.7)	(25.6)
Others	9.4	8.6	18.6
Net cash outflow from investing activities	**(23.2)**	**(17.1)**	**(7.0)**
Cash flow before financing activites	**1.4**	**0.8**	**7.2**

Maintaining consistent focus on debt management

Alongside the cash flow for FY15 we can also see the previous 2 years comparison figures. What this shows is that there has been a significant improvement in net profitability supported by a steady improvement in operating profit and a reduction in exceptional costs incurred during the Group’s restructuring program.

We have also delivered significant working capital improvements in each of the last 3 years.

As a result we have been able to deliver positive cash flow throughout this period despite the heavy restructuring costs incurred.

Looking forward we’d expect cash flow performance to improve because of steadily improving profitability.

Key Performance Indicators

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	31-Mar-15	31-Mar-14
Net Debt (JPY bn)	374	379
Net Debt/EBITDA	6.5x	7.0x
Net Debt/Equity Ratio	2.0	2.0
	FY2015	**FY2014**
EBITDA Interest Cover	3.7x	3.7x
Operating Return* on Sales	4.0%	3.7%

* trading profit

Improved profitability reflected in KPIs

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Net debt decreased slightly, mainly due to currency movements.

Net Debt/EBITDA and Operating Return ratios benefited from improvements in profitability, while the Net Debt/Equity ratio remained unchanged from the previous year.

The EBITDA Interest Cover ratio was also unchanged as increased interest expenses offset the profitability improvements.

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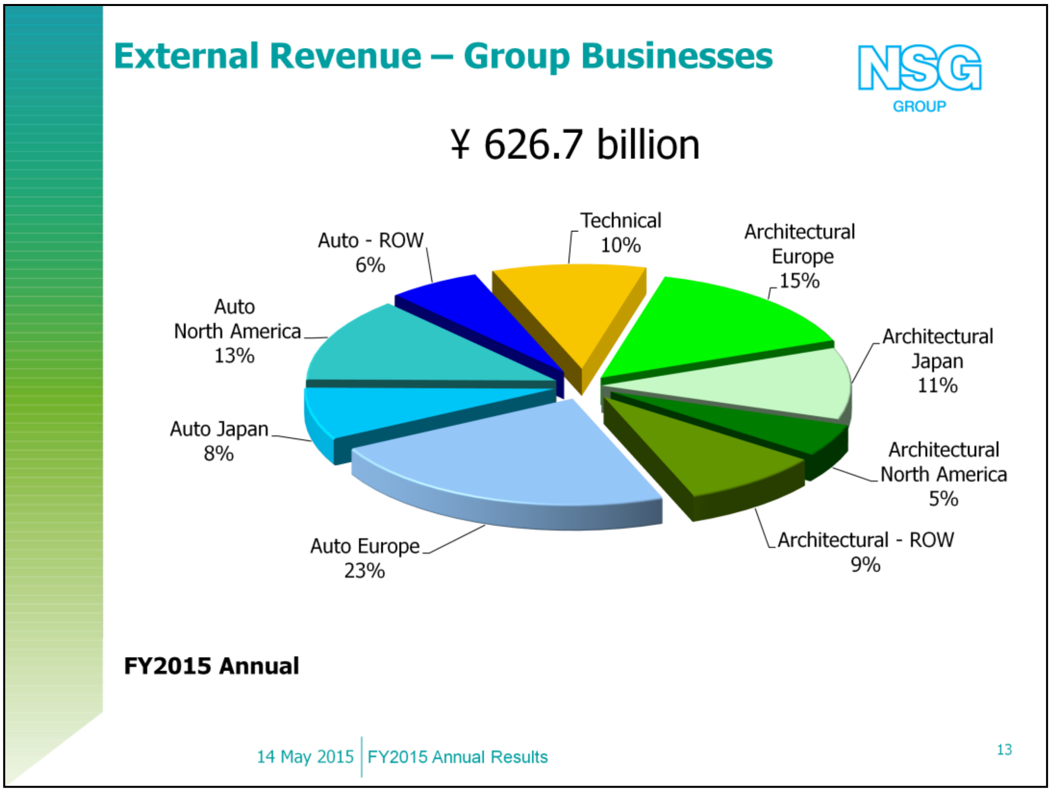
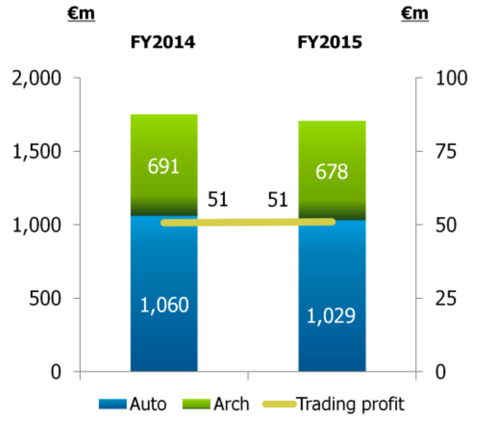


This slide shows the proportion of sales generated by each of the Group's business segments.

39 percent of the Group's sales are in Europe, 25 percent in Japan, 18 percent in North America and 18 percent in the rest of the world.

Europe
FY2015 v FY2014



Architectural
- Market conditions stable
- NSG volumes lower but asset utilization improved following prior year plant closures

Automotive
- Revenue and profits broadly flat year on year
- Some indications of market improvement from the fourth quarter

Demand in the European architectural markets was fairly stable, but at a low level. NSG volumes have reduced, but asset utilization improved following the closures of under-utilized plants during the prior year.

In Automotive, NSG revenue and profits were broadly flat year on year, although markets continue to be challenging. Signs of recovery were seen in fourth quarter, as year-on-year cumulative light-vehicle sales increased.

Japan
FY2015 v FY2014

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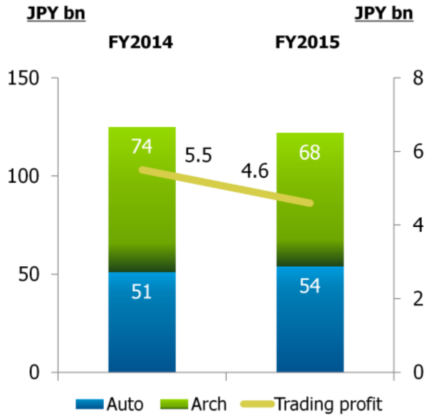
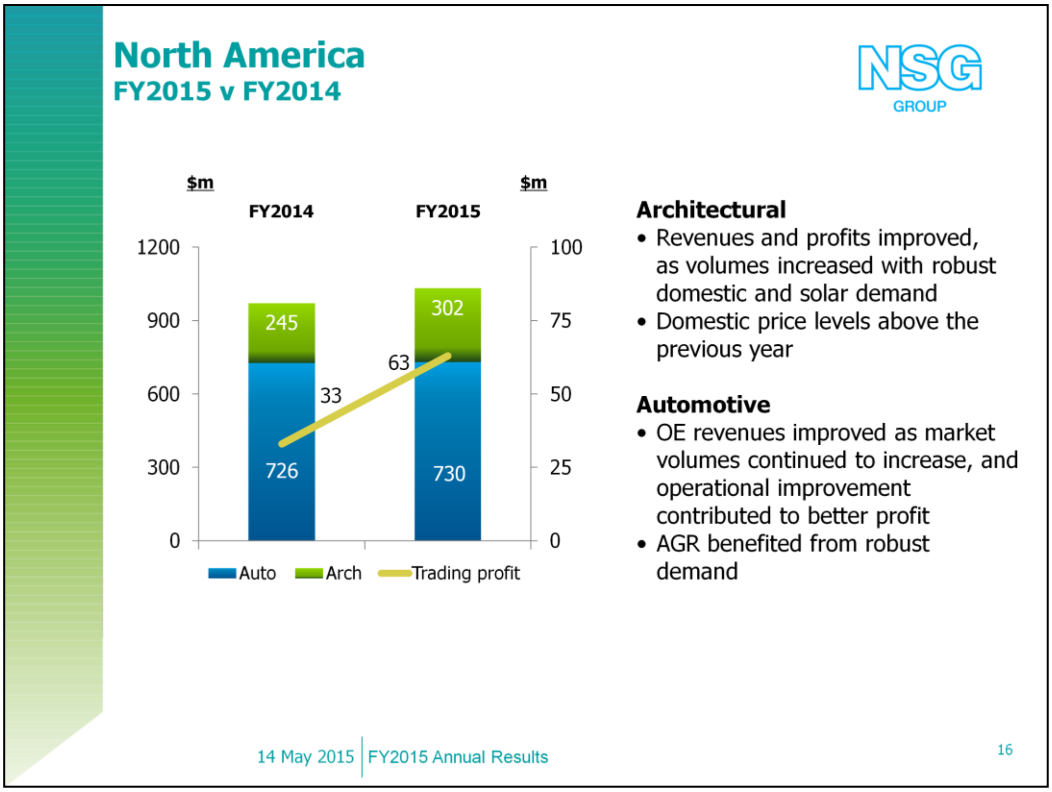


Architectural
- Revenues fell due to reduced volumes following the increase in consumption taxes

Automotive
- OE market generally robust, but signs of weakness seen during the fourth quarter
- Increased input costs partly offset by effects of cost reduction and asset utilization

In Architectural, revenues fell due to reduced volumes following the increase in consumption taxes.

On the other hand, Automotive OE volumes were robust despite the consumption tax increase, but signs of weakness were seen in the fourth quarter.



Architectural volumes have benefitted from increased domestic demand and higher Solar Energy dispatches. Domestic price levels were above the previous year.

The Automotive OE market continues to recover with volumes ahead of the previous year. The AGR business benefitted from increased demand.

Rest of World
FY2015 v FY2014

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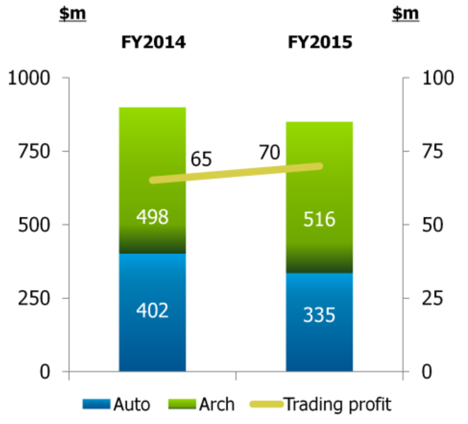


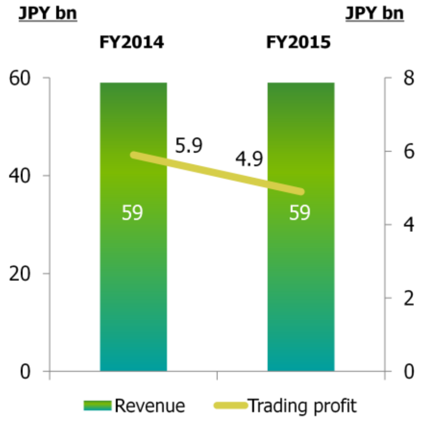
Architectural
- Improving domestic demand and increased Solar Energy glass dispatches in South East Asia
- Revenues expressed in US dollars similar to previous year in South America

Automotive
- OE revenues in South East Asia similar to previous year
- Lower revenues and profits reflect challenging economic conditions in South America

For the Architectural business in the rest of the world, market conditions improved in South East Asia with increased demand. Revenues expressed in US dollars in South America were similar to the previous year.

Automotive markets in South America suffered from challenging economic conditions.

Technical Glass
FY2015 v FY2014



Technical Glass
- Display glass impacted by increased competition
- Components used in office printers enjoyed robust demand
- Volumes of glass cord used in engine timing belts were similar to the previous year

Revenues in the Technical Glass segment were generally flat.

The Display segment was affected by increased competition, while market conditions in the office printer segment were robust.

Glass cord volumes used in engine timing belts were similar to the previous year.

Joint Ventures and Associates
FY2015 v FY2014

(JPY bn)	**FY2015**	**FY2014**
Share of post-tax profits	0.4	1.0

- Share of profits in our Russian joint venture are reduced due to weak economic conditions and ruble depreciation
- Profits held up well in South America
- Profits below the previous year in China

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Share of post-tax profits was below the previous year, mainly due to our Russian joint venture, which was negatively affected by weak economic conditions and ruble depreciation.

The most significant business in this category is Cebrace, the Group's architectural joint venture in Brazil. Cebrace generated profits that were similar to the previous year.

Our joint venture in Columbia showed an improvement, as the previous year was affected by start up losses.

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FY2016 Forecast

Europe

- Broadly flat in Architectural markets
- Automotive markets to benefit from improving trend experienced during the fourth quarter of FY2015

Japan

- Architectural markets to register a modest improvement, leading to better asset utilization
- Automotive markets to be flat, while further operational improvement assumed

In Europe, we expect Architectural markets to be broadly flat, while Automotive markets should benefit from the improving trend which was seen during the fourth quarter of FY15.

In Japan, we expect to see a modest improvement in Architectural markets which will lead to better utilization of our assets. Automotive markets are expected to be flat, but we will pursue operational improvement.

FY2016 Forecast

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North America

- Volumes expected to be robust
- Expectations for profitability to improve in Automotive

Rest of World

- Market conditions in South East Asia are likely to improve
- Measures in place to improve asset utilization of Automotive operations in South America

Technical Glass

- Outlook for this business remains positive

In North America, we expect the volumes to be robust in both Architectural and Automotive markets, and we should see further improvement in our Automotive businesses.

In Rest of World, South East Asia is expected to show an improving trend, while we will be taking measures to improve asset utilization of Automotive operations in South America.

The outlook for our Technical Glass business remains positive.

FY2016 Forecast

NSG GROUP

(JPY bn)	Forecast FY2016	Actuals FY2015
Revenue	**655.0**	**626.7**
Trading profit	**32.0**	**25.2**
Amortization*	(8.0)	(8.4)
Operating profit	**24.0**	**16.8**
Exceptional items	-	5.5
Finance expenses (net)	(18.0)	(17.9)
Share of JVs and associates	2.0	0.4
Profit before taxation	**8.0**	**4.8**
Profit for the period	**3.5**	**2.9**
Profit attributable to owners of the parent	**2.0**	**1.7**

* Amortization arising from the acquisition of Pilkington plc only

Market conditions expected to improve gradually during FY2016

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The 5% increase in revenues reflects our expectations for a gradual improvement in market conditions.

The improvement of operating profit will be mainly driven by our efforts to increase VA products and cost reduction measures, with the help of improving market conditions.

We forecast the net finance expenses to be similar to the previous year, and expect share of profits of JVs and associates to benefit also from the improving market conditions.

We forecast the bottom-line profit to be positive.

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Regions have shown mixed results. Where performance is weak, we will take additional improvement measures, while we will step up our efforts to seek higher profitability for those with strong performance.

Good progress has been made on capacity utilization.

VA products have been launched in all businesses as planned. This will remain our strategic focus.

We will shift our focus from the defensive approach of restructuring in the past years to more proactive actions to enhance profitability.

Our core strategy remains unchanged with an emphasis on maximizing capacity utilization and growing VA product ratio.

Strategy Update

NSG GROUP

Acceleration of measures to achieve our Strategic Vision, "VA Glass Company"

- Improvement of cost competitiveness
  Continued focus on operational efficiency (capacity utilization) and cost reduction
- Strengthening of Architectural and Automotive Glass businesses
  Provision of high value-added products and services
- Growth of Technical Glass business
  Provision of new values in products and services
  Development of advanced markets
- Acceleration of strategic actions in regions
  Redeployment of management resources based on priority

We will accelerate measures to achieve our Strategic Vision, "VA Glass Company"

We will improve cost competitiveness with a continued focus on operational efficiency, capacity utilization, and cost reduction

We will strengthen our Architectural and Automotive Glass businesses by the provision of high value-added products and services

Growth of Technical Glass business is an important factor.
We will provide new values in products and services and focus on development of advanced markets

We will accelerate strategic actions in regions, by allocation of management resources based on priority.

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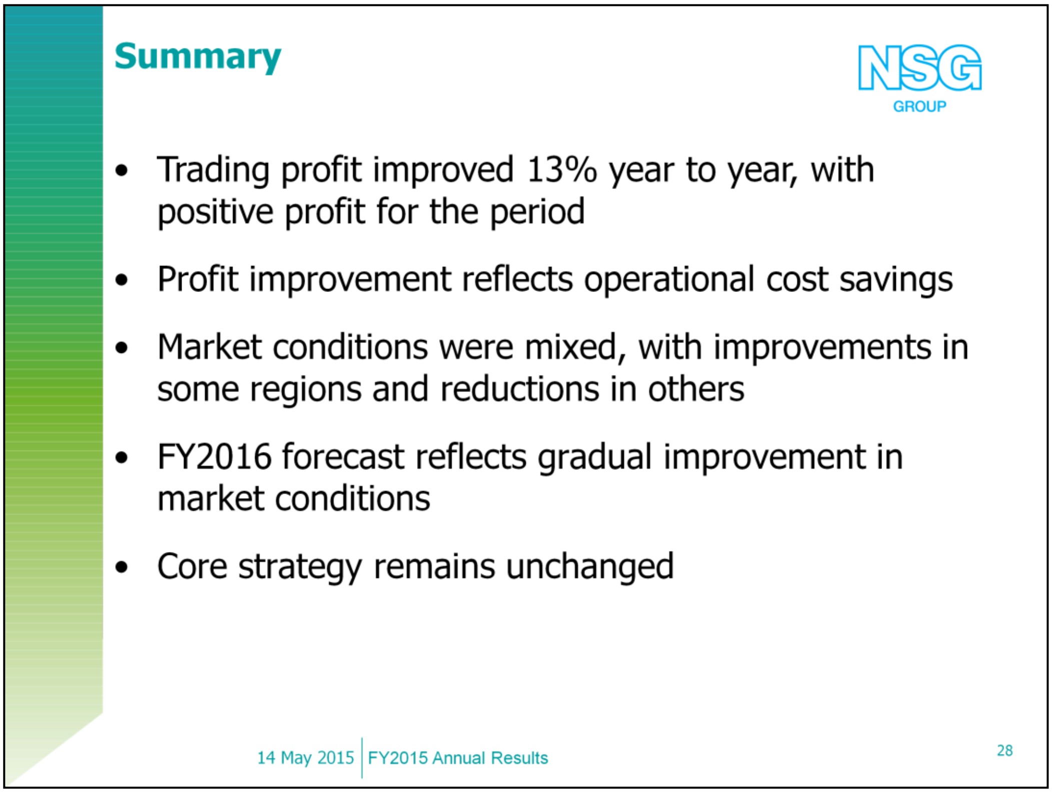

In summary, the trading profit improved 13% year to year, with delivery of positive profit after taxation.

Our operational cost savings lead to improved profits.

Overall market conditions were mixed.

We expect a gradual improvement in market conditions in FY16

Our core strategy remains unchanged.

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
FY2015

(JPY bn)	Europe	Japan	North America	Rest of World	Total
Architectural	94.5	68.4	33.2	56.8	252.9
Automotive	143.4	53.5	80.3	36.8	314.0
Technical Glass	8.0	31.5	1.2	18.0	58.7
Others	0.1	1.0	0.0	0.0	1.1
Total	246.0	154.4	114.7	111.6	626.7

Trading profit
FY2015

(JPY bn)	Architectural	Automotive	Technical Glass	Other	Total
Trading profit	17.0	9.4	4.9	(6.1)	25.2

(JPY bn)	Europe	Japan	North America	Rest of World	Total
Trading profit	6.0	5.0	6.5	7.7	25.2

Assumptions

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	FY2014	FY2015	FY2016 Forecast
Average rates used:			
JPY/GBP	159	177	180
JPY/EUR	134	139	130
JPY/USD	100	110	110
Closing rates used:			
JPY/GBP	171	178	
JPY/EUR	141	130	
JPY/USD	103	120	

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