

Introduction to NSG

Nippon Sheet Glass Co Ltd
TSE Code: 5202

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I. NSG Group Today

One of the world's largest manufacturers of glass and glazing products

- Supplying Architectural and Automotive glass globally and promoting shift to higher added value
- Leading supplier of Technical Glass products including thin display glass, lenses for printers and scanners, specialty glass fiber products^{*1}

Principal operations in approximately 30 countries around the world, with sales in over 100 countries

28 float lines worldwide^{*2 *3}

Approximately 27,000 employees globally

Reference: Consolidated Revenue : JPY603.9bn (FY2018)

*1: Refer to slide 30 for Technical Glass products

*2: Refer to slide 45 for Float process

*3: Refer to slide 51 for the number of Float lines

History

– 100th Anniversary in November 2018



1918 - 1940s Foundation & Expansion

- 1918: America Japan Sheet Glass Co Ltd established in Osaka
- 1931: Company name changed to Nippon Sheet Glass Co Ltd
- 1935: Yokkaichi site opened

1950s - 1960s Capacity Expansion and Start of Automotive Glass

- 1950: Listed on stock exchanges in Japan
- 1951: Maizuru site opened
- 1963: Chiba site opened
- 1965: First float glass production in Asia at Maizuru site

1970s - 1990s Overseas Expansion & Diversification

- 1971: First overseas investment made in Malaysia
- 1978: Ultra Fine Float™ production started
- 1979: Glass fiber business launched
- 1995: Continued overseas investment including China and Vietnam

2000s Acquisition of Pilkington & Globalization

- 2004: Headquarters moved from Osaka to Tokyo
- 2006: Acquired Pilkington, becoming a global leader in flat glass
- 2007: "Company with committees" governance adopted
- 2011: IFRS adoption

For Growth

- May 2014: Announcement of Long-term Strategic Vision and Medium-term Plan (MTP)
- April 2017: MTP Phase 2 started
- November 2018: Celebrating 100th anniversary, announced New Corporate Vision "Our Vision"

New Corporate Vision

"Our Vision" - To the Next 100 Years



Our Vision, the new management principles, to mark the centennial

- From a glass company to 'Glass and more' company to create more value
- A team consisting of motivated individuals, leveraging its diversity, to achieve the shared goals



NSG Group will celebrate its 100th anniversary on 22 November 2018

Board of Directors

– Robust corporate governance with four Independent External Directors



Günter Zorn
External Director
Chairman of the Board



Toshikuni Yamazaki
External Director



Yasuyuki Kimoto
External Director



Masatoshi Matsuzaki
External Director



Yuji Takei
External Director



Shigeki Mori
Director
President
Chief Executive Officer



Clemens Miller
Director
Executive Vice President
Chief Operating Officer



Kenichi Morooka
Director
Executive Vice President
Chief Financial Officer

Nomination Committee	Audit Committee	Compensation Committee
<p>Masatoshi Matsuzaki (Chairperson) Günter Zorn; Toshikuni Yamazaki; Yasuyuki Kimoto; and Shigeki Mori</p>	<p>Toshikuni Yamazaki (Chairperson) Günter Zorn; Yasuyuki Kimoto; and Masatoshi Matsuzaki</p>	<p>Yasuyuki Kimoto (Chairperson) Günter Zorn; Toshikuni Yamazaki; Masatoshi Matsuzaki; and Shigeki Mori</p>

Executive Officers

– International management team



Shigeki Mori
President and Chief
Executive Officer (CEO)



Clemens Miller
Executive Vice President
and Chief Operating
Officer (COO)



Kenichi Morooka
Executive Vice
President and Chief
Financial Officer (CFO)



Jochen Settelmayer
Head of Architectural Glass



Tony Fradgley
Head of Automotive AGR
and Head of Automotive OE



Phil Wilkinson
Chief Information Officer and
Global Head of Automotive AGR



Hiroshi Nishikawa
Head of Technical Glass



Shirley Anderson
Chief Human Resources Officer



Koichi Hiyoshi
Chief Legal Officer and
Company Secretary

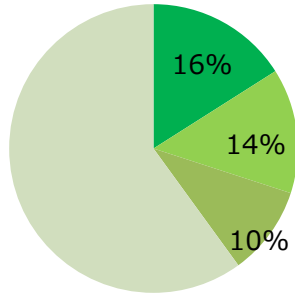


Satoshi Ishino
Chief Development Officer
Head of Business Innovation Centre



Hiroshi Kishimoto
Chief Risk Officer (CRO)

Architectural: 40%



■ Europe ■ Asia ■ Americas

Products:

- Building glass & glazing
- Glass for solar panels

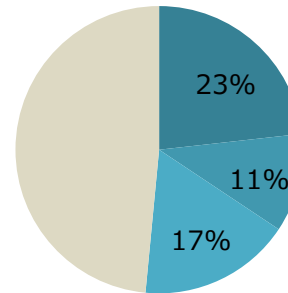
Business:

- 28 float lines operated globally
- Leading market position in each region
- Leading supplier for thin film solar panels



Granroof at Tokyo Station

Automotive: 52%



■ Europe ■ Asia ■ Americas

Products:

- Glazing for new vehicles
- Glazing for replacement markets

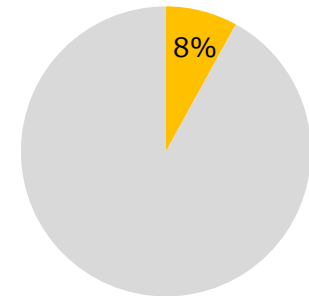
Businesses:

- Key operations in 14 countries
- Supplying the world's leading vehicle manufacturers
- Key player globally in automotive aftermarket (AGR) glazing distribution and wholesale



Photo Credit: TOYOTA MOTOR CORPORATION

Technical Glass: 8%



Products:

- Thin glass for displays
- Lenses for printers and light guide
- Special glass fiber products such as battery separators, glass code for car engine timing belt, etc.

Business

- Key operations in Asia and Europe
- Unique 'Number One' and 'Only One' nisch products



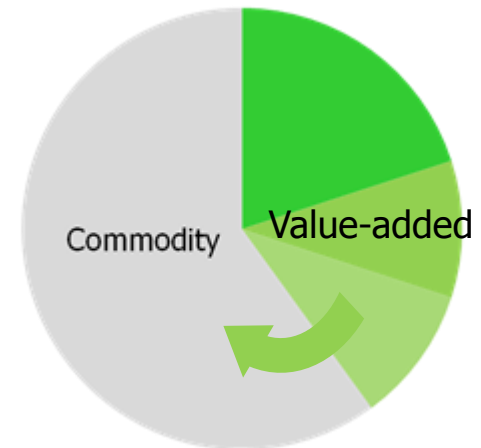
Super Glass Paper™

II. Long-term Strategic Vision & Medium-term Plan (MTP) Phase 2

Long-term Strategic Vision

Long-term Strategic Vision:

Transform into 'VA Glass Company'



Strategic Intent

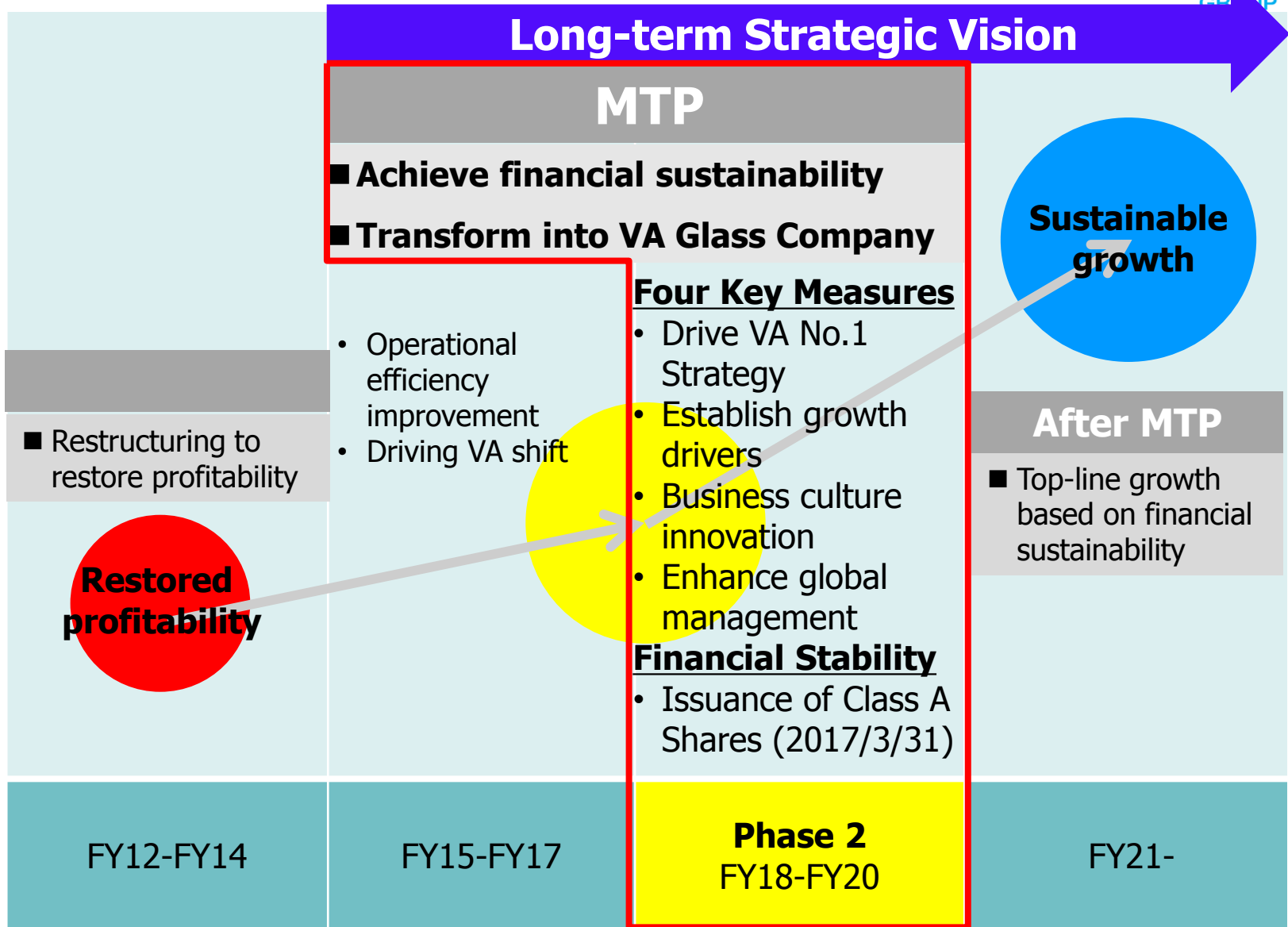
- Transform the whole Group structure into “VA-ready” while increasing the VA ratio in the Group’s sales

Objectives

- Consolidate our trusted reputation as a glass specialist
- Work closely with customers worldwide to offer unique value through our products and services
- Transform business structure from a traditional model to a value-added model

* VA: Value-added

Positioning of MTP Phase 2



Medium-term Plan (MTP) Phase 2 (FY2018-FY2020)

Phase 2 Measures

Growth Measures

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

Financial Measures

- Enhance equity
- Reduce net debt
- Issue Class A Shares

MTP Targets

- Financial sustainability
- Transform into VA Glass Company

Financial Targets

Net debt / EBITDA: 3x

ROS > 8%

[Expectation after achieving MTP Targets]
(After redemption of Class A Shares)

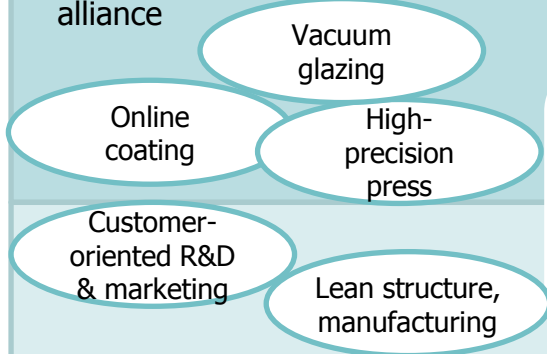
- Equity Ratio: 20%
- ROE: 10%
- VA Sales Ratio: > 50%
- Trading Profit: JPY50-60 bn

VA: Value-added ROS (Return on Sales): based on trading profit (profit before amortization of non-tangible assets)

MTP Phase 2: Four Key Measures for Growth

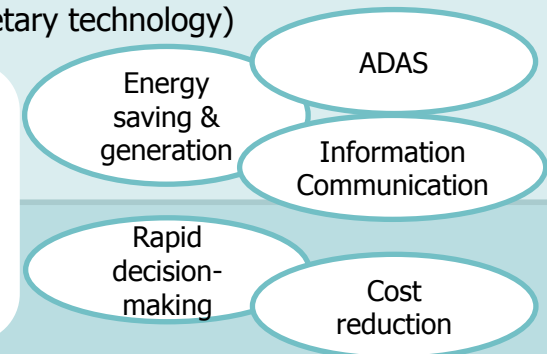
Drive VA No.1 Strategy

- 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)



VA Glass Company

Business Culture Innovation

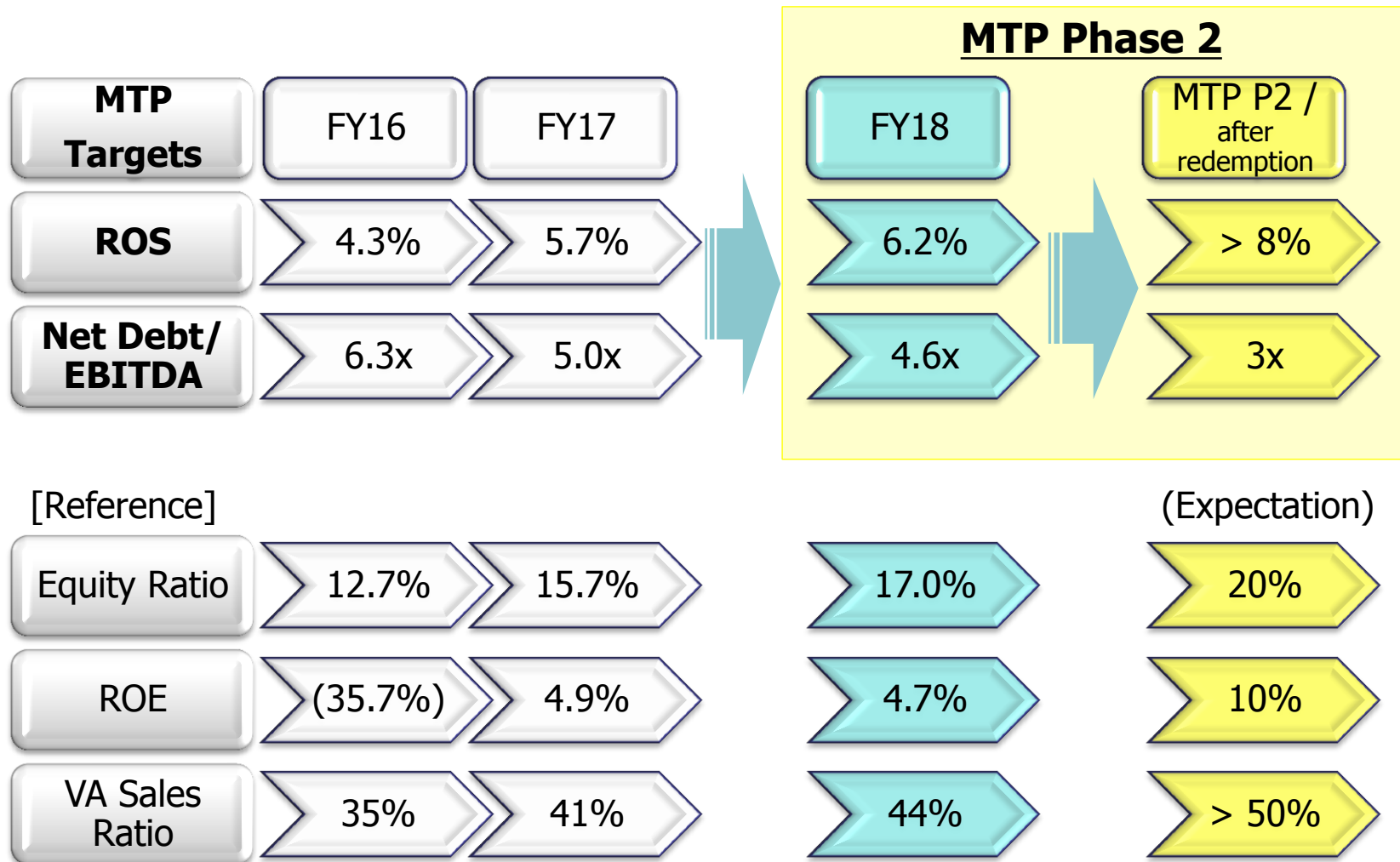
- Build leaner business structure
- How:
 - Optimize all work processes
 - Enhance manufacturing excellence in each region
 - Optimize global R&D with customer viewpoints
 - Strengthen customer-oriented marketing

Enhance Global Management

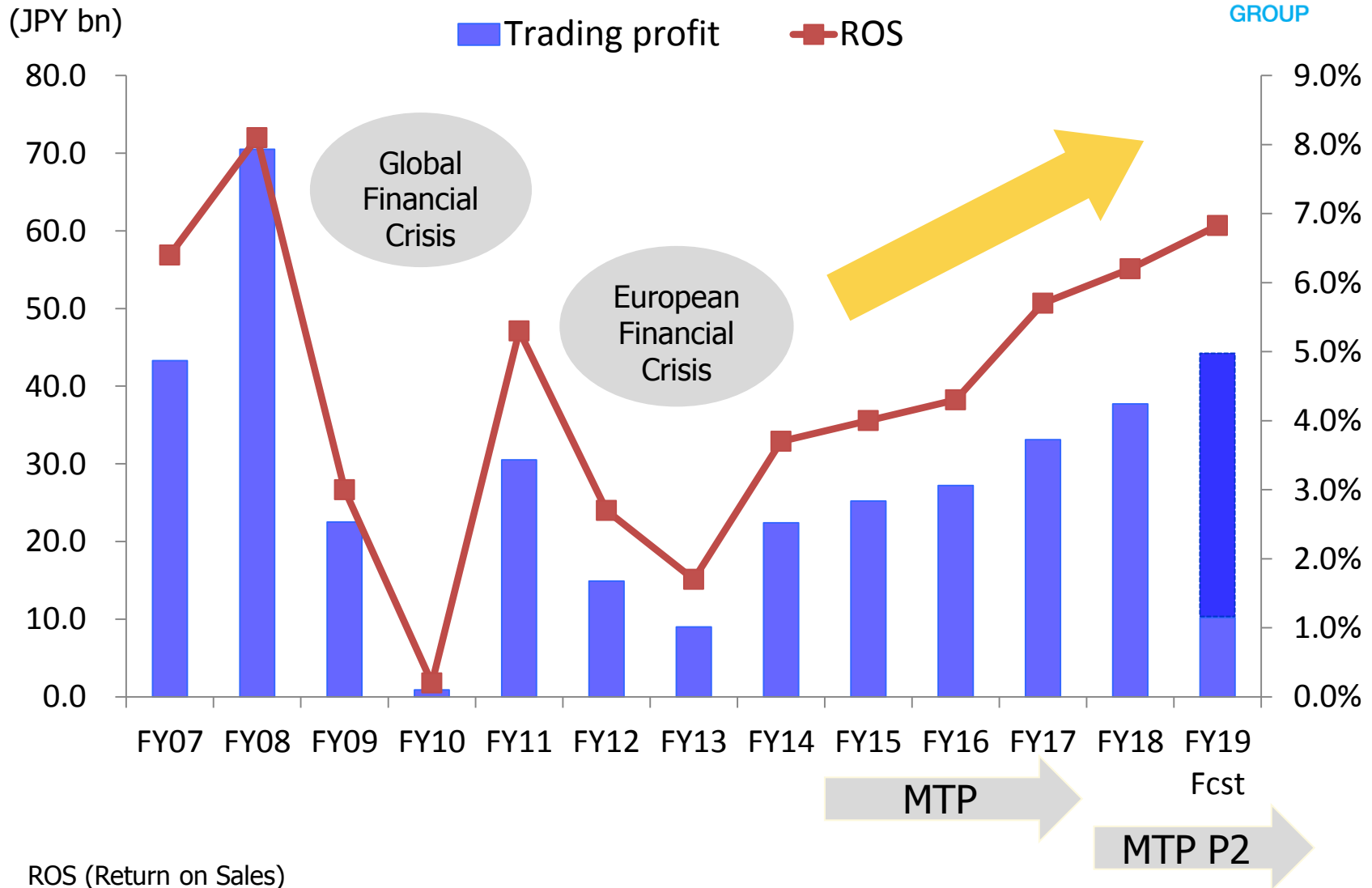
- Advance global management to achieve the Group’s optimization
- How:
 - Drive talent development, promote diversity
 - Enhance faster decision-making with flexible organization management
 - Continue to reduce cost across the Group

MTP Phase 2: KPI Update

Steady improvement of KPIs toward financial sustainability



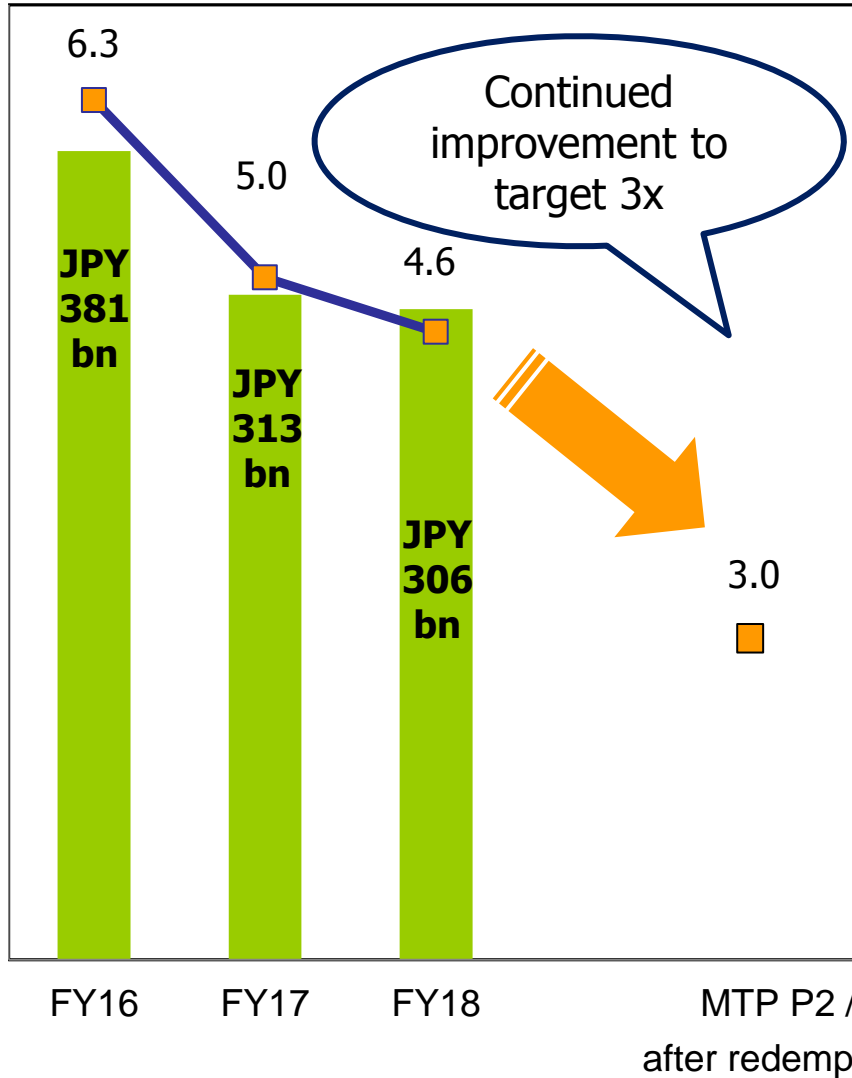
MTP Phase 2: Trading Profit & ROS



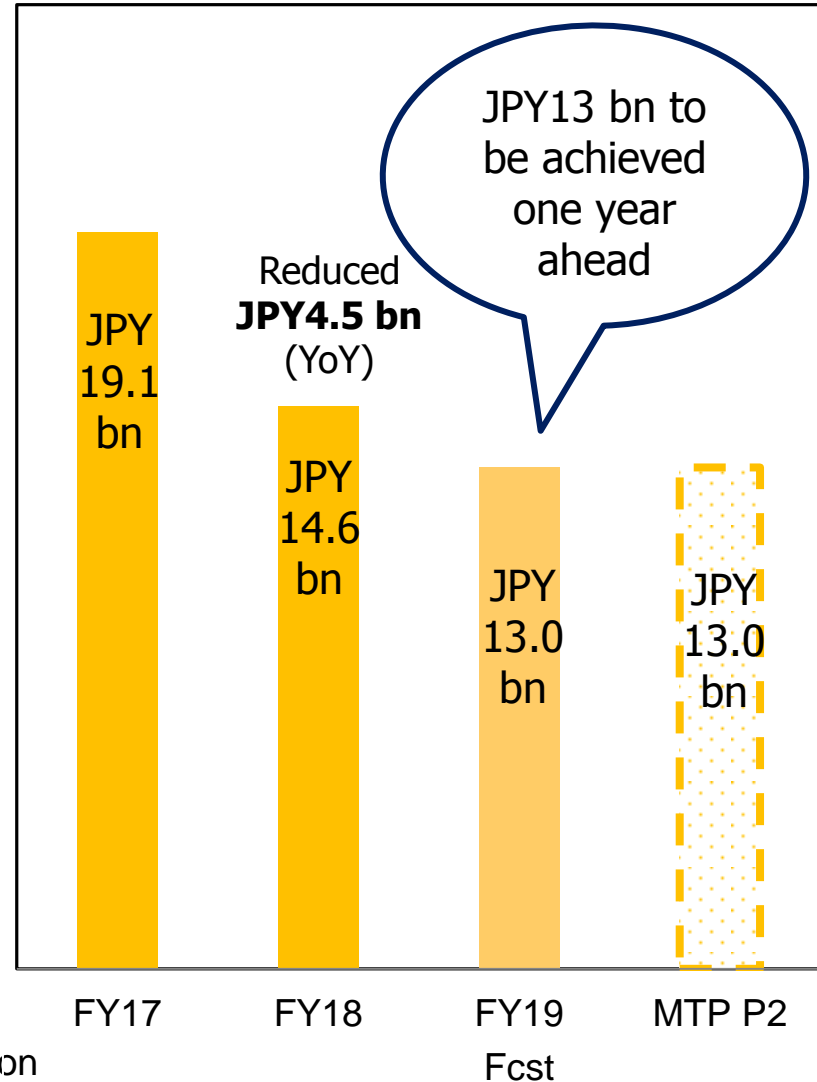
ROS (Return on Sales)
: based on trading profit (profit before amortization of non-tangible assets)

MTP Phase 2: Steadily Progress towards Financial Sustainability

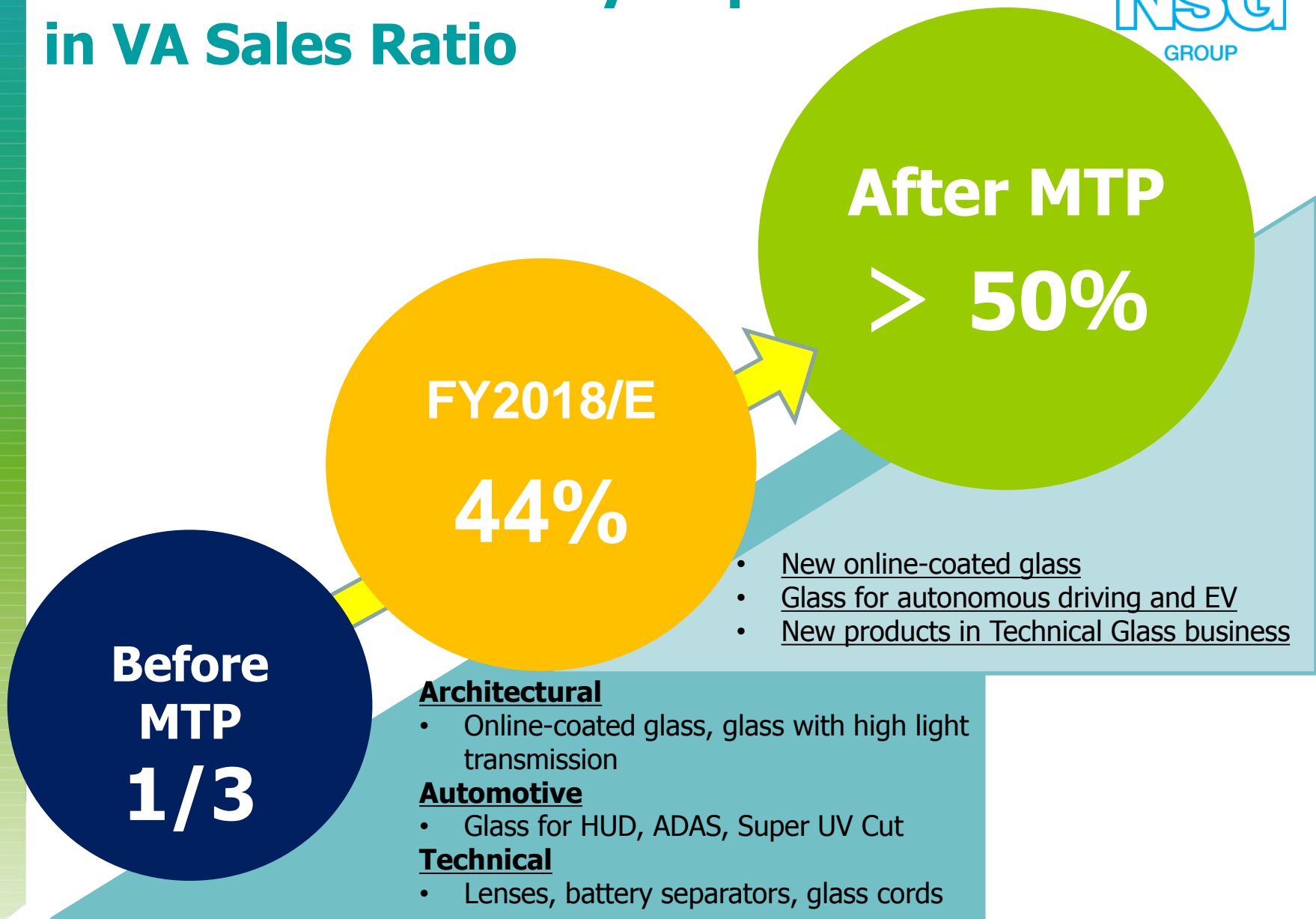
Net debt/EBITDA



Finance Expenses



MTP Phase 2: Steady Improvement in VA Sales Ratio



III. Shift to 'VA + Growth'

Actions based on Growth Phase

Core Business

Profitability Enhancement

- Continuous review of underperforming businesses
- Acceleration of profit improvement with VA shift
- Continuous cost reduction with productivity improvement
- Work style reform to improve efficiency

Growth Business

Top-line expansion

- Capacity expansion in solar glass and emerging market
- New application development of online-coated glass in Automotive and Display businesses
- Supplying best-in-class automotive glass in response to changing customer demand
- Battery separator business development with strategic alliance
- Commercialization of new Technical glass products

New Business

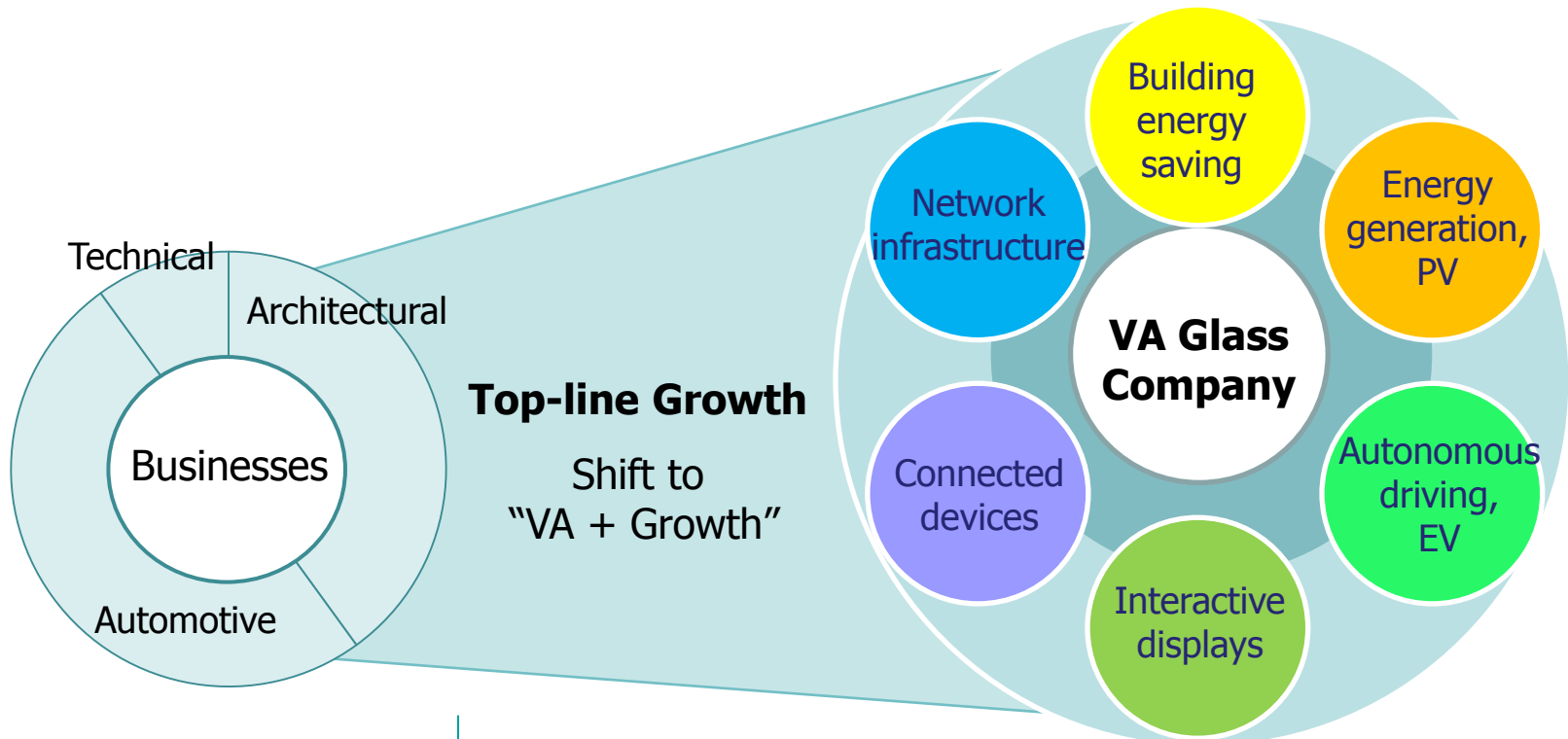
New Business Development and Creation of Customer Value

- Establishing new organization, Business Innovation Center

Creating New Businesses in response to External Changes

External changes

- Actions against climate change
- Aging and decline of population in developed countries
- Population explosion in developing countries
- Proliferation of IoT
- Arrival of Smart Mobility Society
- Increasing need for safety, security and comfort

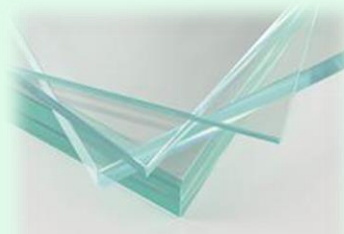


Architectural Glass

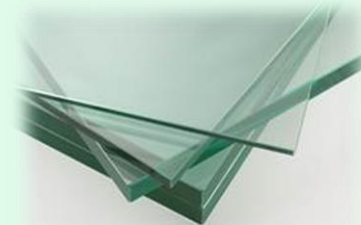
Value creation based on energy saving & generation, health & safety, design & visibility



↑ Low e coated glass



↑ Optiwhite™
(High transmission glass)



↑ Conventional glass



↑ Glass for thin film
Solar panels



↑ MirroView™
(High reflection glass)



Optiwhite™ used for Midtown
Hibiya in Tokyo



↑ Spacia™
(Vacuum glazing)

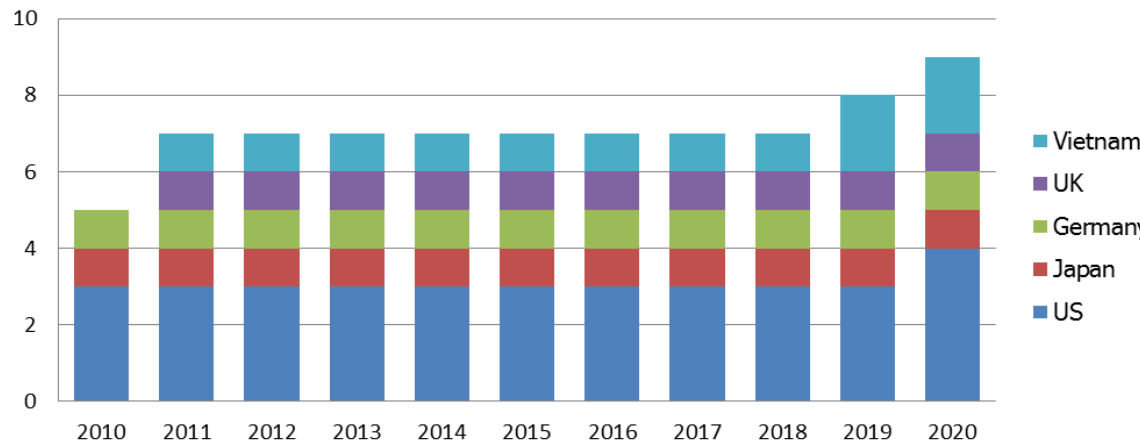
Growth of Online-coated Products

Function	Use
Conductivity	Heating glass
	Transparent conductive film for touch panels
	Transparent conductive film for thin film solar panels
Infrared reflection	Heat insulation glass
	Heat blocking glass
	Low e glass



Automotive application (Low e glass)

NSG Online Coaters



Super thin NSG **TEC™**

New investment to expand glass manufacturing capacity for thin film solar panels*

- Two furnaces with online coating capabilities to be added over FY2019 and FY2020
- JPY38billion will be invested
- To upgrade and restart furnace in Vietnam
- To build new line in the US

Long-term supply contract entered into with First Solar

* Thin film solar panels: refer to slide 49

First Solar: Capacity Expansion Plan



Source: First Solar website

- In response to heightening calls for CO2 emission reduction, governments across the globe have been tightening building energy-saving regulations and introducing zero-emission building targets.
- Behind in energy saving, the private sector including offices and houses are now adopting more functional windows such as triple glazing with low e coating instead of double glazing or single pane windows. Windows equipped with photovoltaics (BIPV) may pave its way into buildings soon.

<Zero Energy Building Targets>

Japan (Commercial buildings)

- 2020: All new public buildings
- 2030: Net zero of total of new buildings

Japan (Houses)

- 2020: All new standard houses
- 2030: Net zero of total new houses



BIPV (Building Integrated Photovoltaics)



Spacia™ (Vacuum glazing)

USA

- 2030: All new commercial buildings
- 2050: All commercial buildings

EU

- 2018: All new public buildings
- 2020: All new buildings

UK

- 2016: All new houses
- 2018: All new public facilities
- 2019: Zero carbonization for all commercial buildings

Automotive Glass

Value creation along with the advanced automotive technology (OE/AGR)

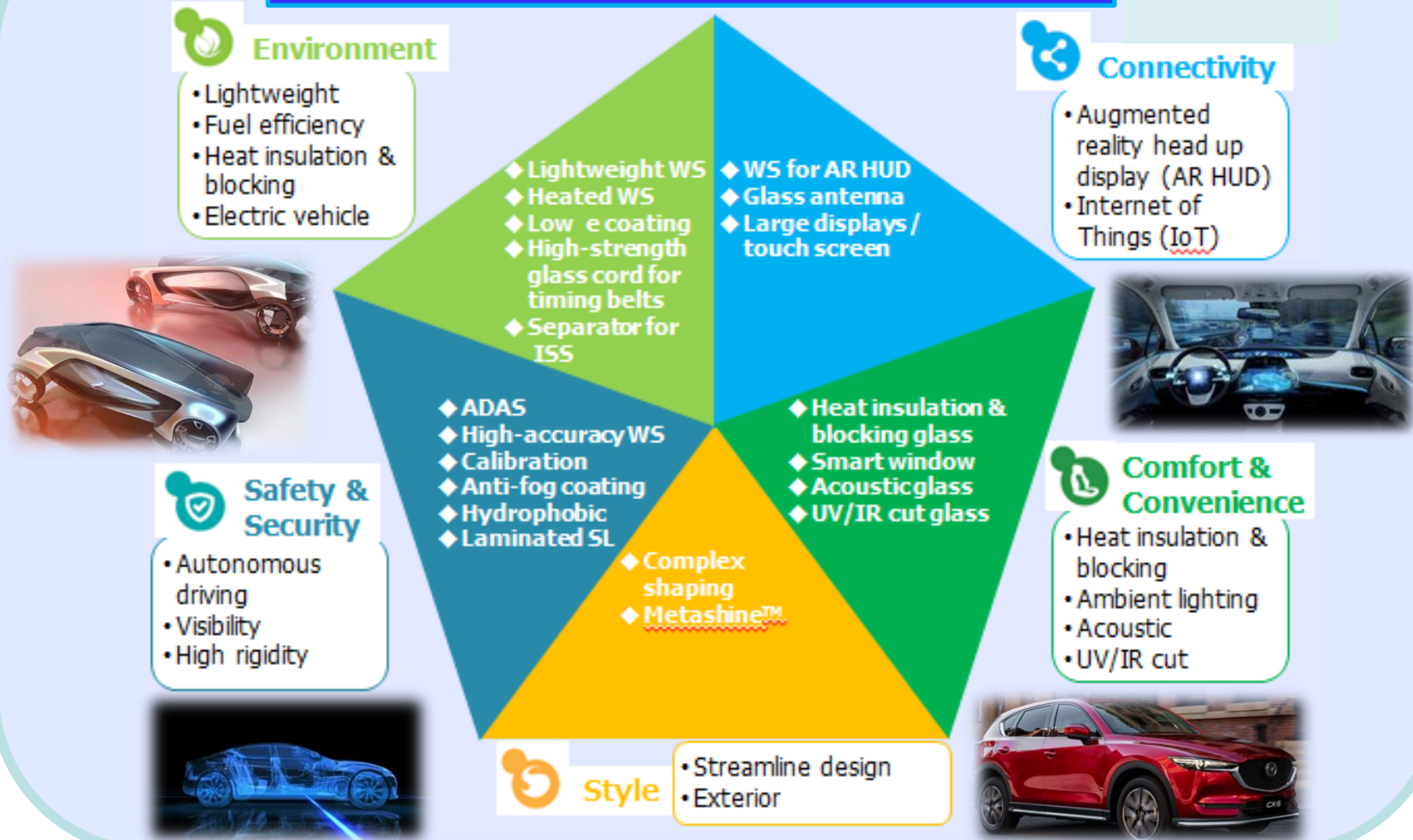
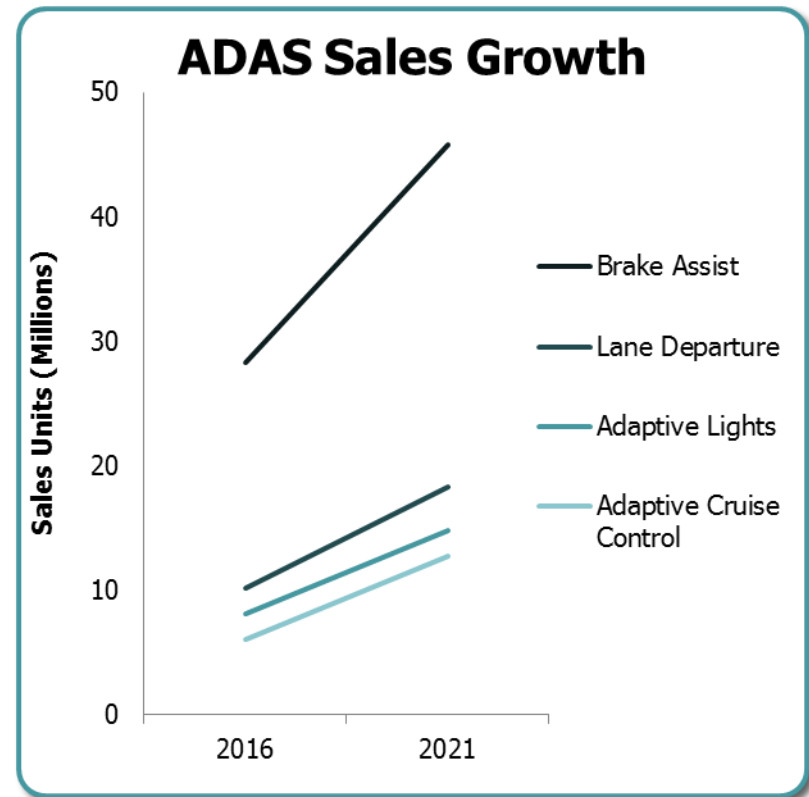


Photo on bottom right: Licensed by Matzda

Rising Glass Demand for Autonomous Driving & ADAS

- Accelerating glass demand for increasingly complex Advanced Driving Assistance System (ADAS)
- Many of ADAS features rely on cameras mounted to windshields
- Increasing complexity and quality of glass (for new cars and repairs)



(NSG estimate)

Accurate glass shaping is key for accurate sensing



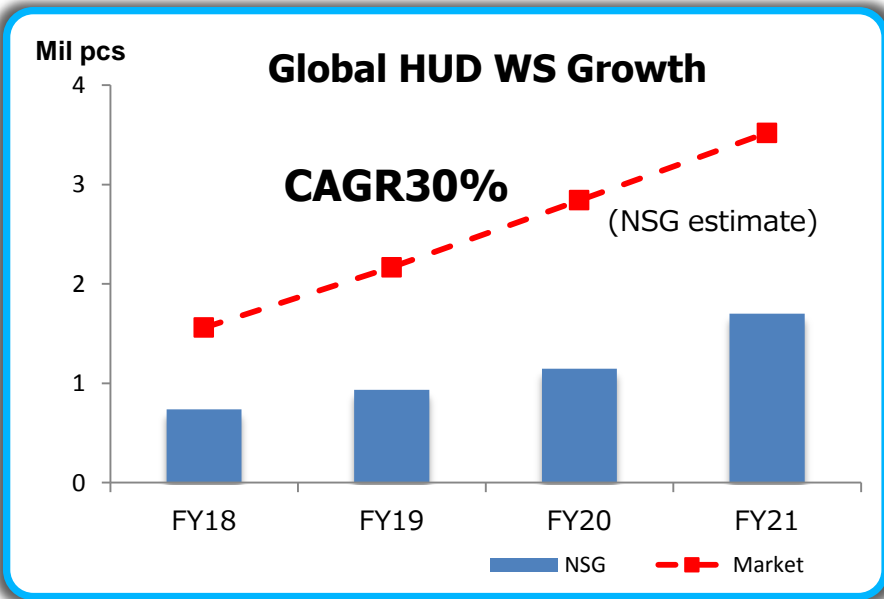
Rapidly Growing HUD Windshields

World's leading supplier of HUD windshields due to:

- Best-in-class shaping capability - APBL
- Simulation technology – developed in house

Adopted for new LEXUS LS windshield with a largest HUD
 Awarded world's first windshield with AR HUD

- AR – a key innovation in the automotive industry

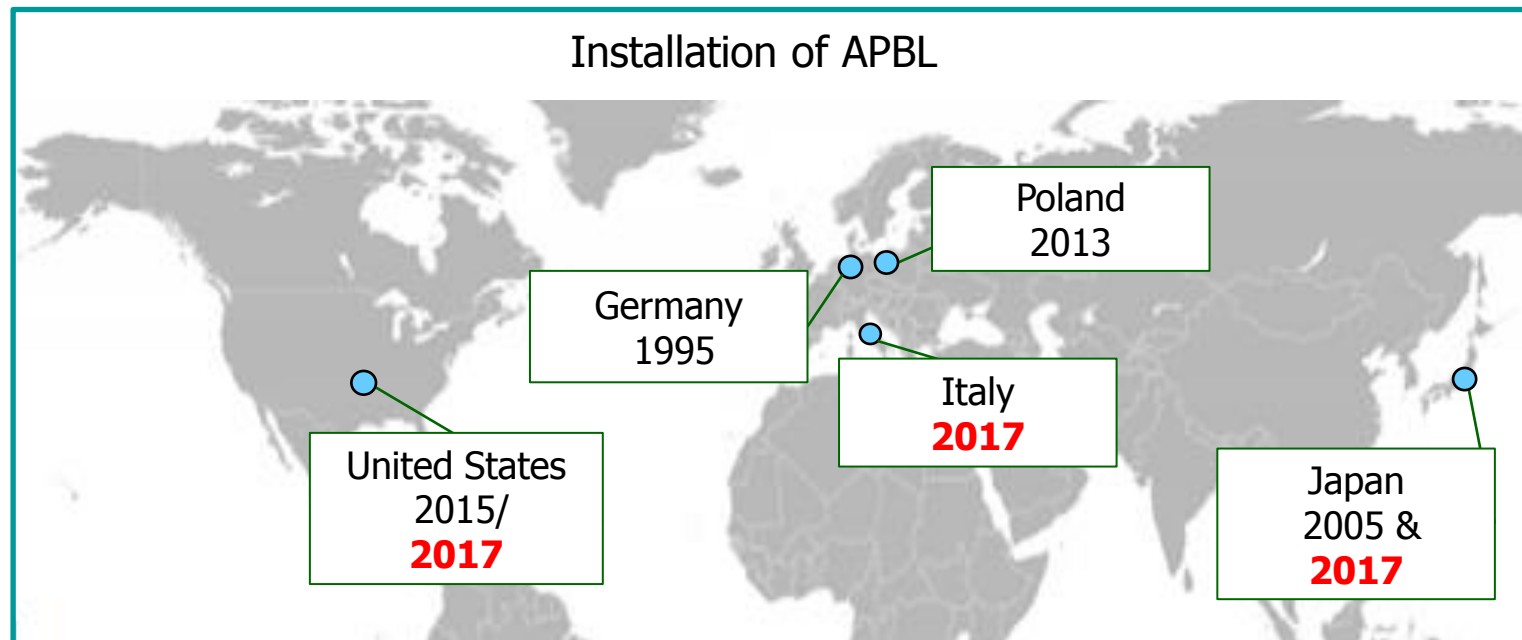


Courtesy of TOYOTA Global Newsroom

Proprietary Press Bending Technology – APBL Lines

(Advanced Press Bending for Laminated glass)

- APBL Lines added in Japan, Europe and the US in FY2018
- Best-in-class shaping capability for windshield
- Developed in house and rolled out globally, ahead of competitors



Technical Glass

Unique products and new business opportunities



↑ SELFOC® Lens Array



↑ Super Glass Paper



↑ Glass cord



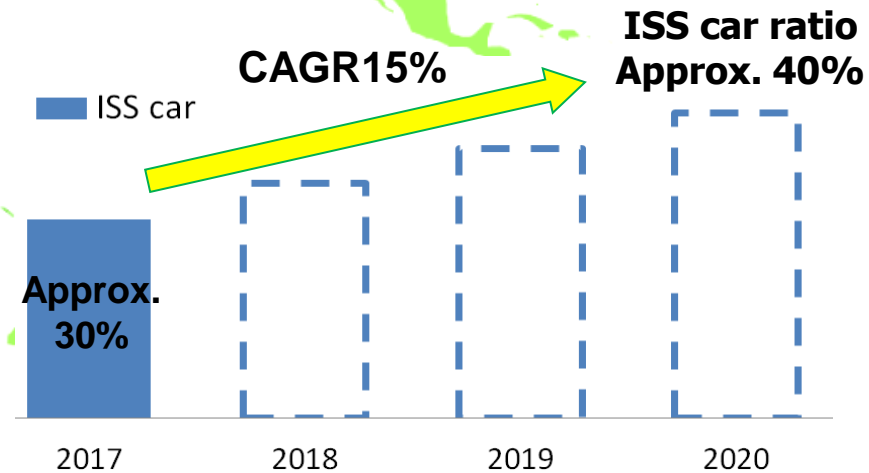
↑ METASHINE™



↑ GLASSFLAKE

← Battery separators
(Left : PE separator)
(Right : AGM separator)

Battery Separator Business Development with Strategic Alliance



New site location

Expand supply for catering to growing lead-acid batteries, including ISS batteries

Aim for a world leading supplier, leveraging on technological, commercial and manufacturing strengths.

Proliferation of IoT and Arrival of Smart Mobility Society

- Opportunities in growth of key technologies such as network infrastructure and connected devices

Smart cities
(Cities, houses, infrastructure)

Healthcare
(Wearable devices, medicine)

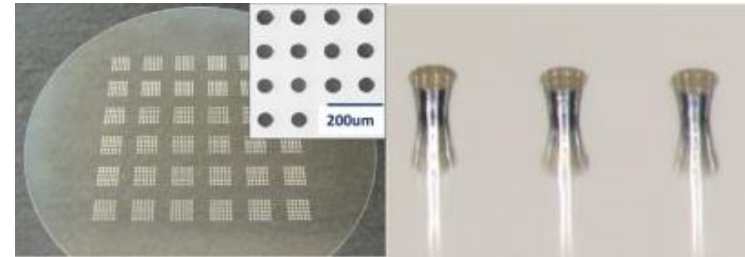
Smart Factories
(AI, robots)

Connected cars
(Autonomous driving, EVs)



New Products

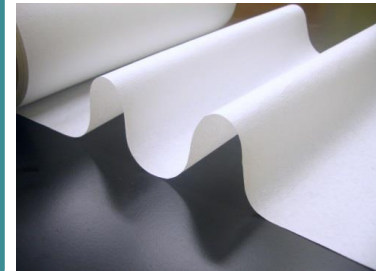
- Information Devices
- Displays
- Separators
- Functional Glass Cords



Through Glass Via (TGV)



Mobile DNA Testing Equipment

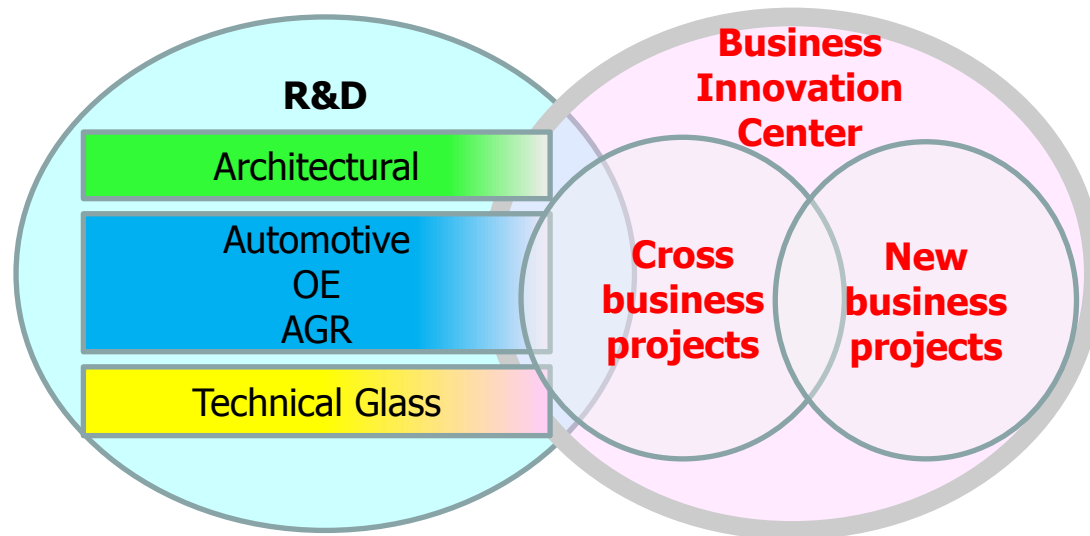


Super Glass Paper

New Business Development and Creation of Customer Value

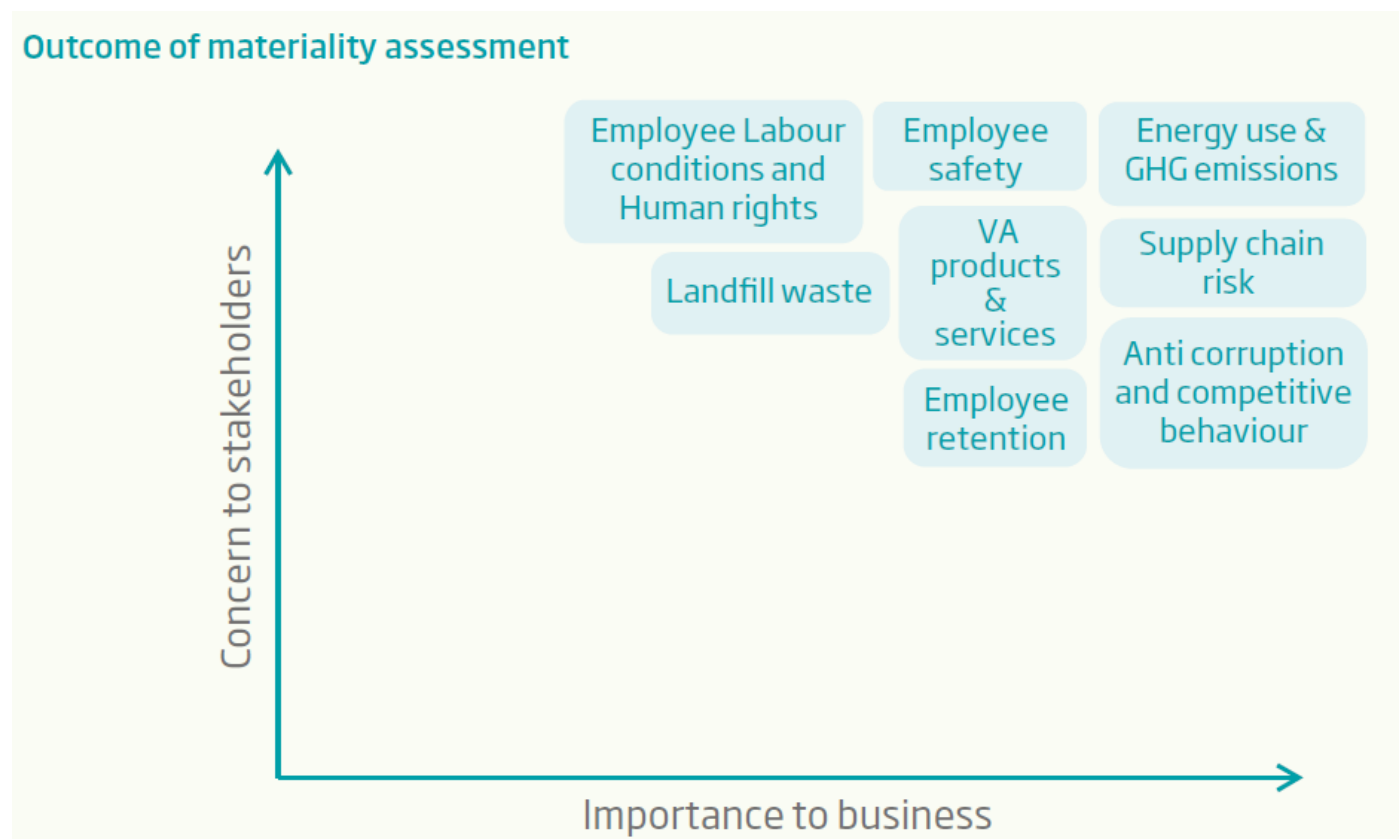
Business Innovation Center (BIC) Established in July 2018

- An organization tasked to lead the Group's growth strategy, in developing new businesses customized for needs of different regions and markets
- External talent, Satoshi Ishino, Chief Development Officer, brought in to lead the organization, with the relevant new business experience to provide stimulus and a fresh
- To improve innovation and customer orientation throughout the Group



IV. ESG* for Creating Value

Materiality for NSG Group



* ESG: Environment, Society, Governance

Sustainability Targets & Progress

Quantitative targets and KPIs set based on identified materiality

	FY17/18 Progress	FY20 Targets
Safety	<ul style="list-style-type: none"> 6% yoy improvement in FY18 with no fatalities 	<ul style="list-style-type: none"> Reduce Significant Injury Rate by 10% with no fatalities
Waste	<ul style="list-style-type: none"> Exceeded target in FY18 with 10kt (33%) reduction 	<ul style="list-style-type: none"> Reduce waste to landfill by 12kt (40% reduction vs FY14)
Energy & CO2 reduction	<ul style="list-style-type: none"> Achieved 1% reduction 	<ul style="list-style-type: none"> 1% yoy reduction in Co2 intensity across glass manufacturing operation
Sustainable VA products	<ul style="list-style-type: none"> 44% in FY18 	<ul style="list-style-type: none"> Increase VA sales ratio to >50% Demonstrate environmental and social benefit of products
Responsible sourcing & transportation	<ul style="list-style-type: none"> 65% of key suppliers have agreed to SCoC etc. 	<ul style="list-style-type: none"> 10% yoy increase in Supplier Code of Conduct acceptance by key suppliers etc.
Employees	<ul style="list-style-type: none"> Overall engagement score increased by 4% 279 action plans created and 84% are on track 	<ul style="list-style-type: none"> Improve NSG engagement score by 5pts etc. Increase inclusion & diversity awareness by training managers
Ethics & compliance	<ul style="list-style-type: none"> The online code training was completed Completed hotline communication 	<ul style="list-style-type: none"> Review, develop and enhance Ethics and Compliance educational modules, resources and overall culture, etc.

Corporate Governance

– Framework to bolster sustainable growth



Diversity & independence of Board of Directors – material decision making and supervision of executives, representing shareholders

- Clear separation of roles between Board chairman and CEO
- Robust succession plan based on nomination process

Key developments

- 2008: “Company with Committees”; 4 Independent External Directors
- 2012: All 3 Committees chaired by Independent External Director
- 2013: The Board chaired by Independent External Director
- 2014: Share purchase element in LTIP; shareholding targets for EOs
- 2015: Publication of NSG Group Corporate Governance Guidelines
- 2016: 1st Effectiveness Evaluation; compliance with all the principles of CGC

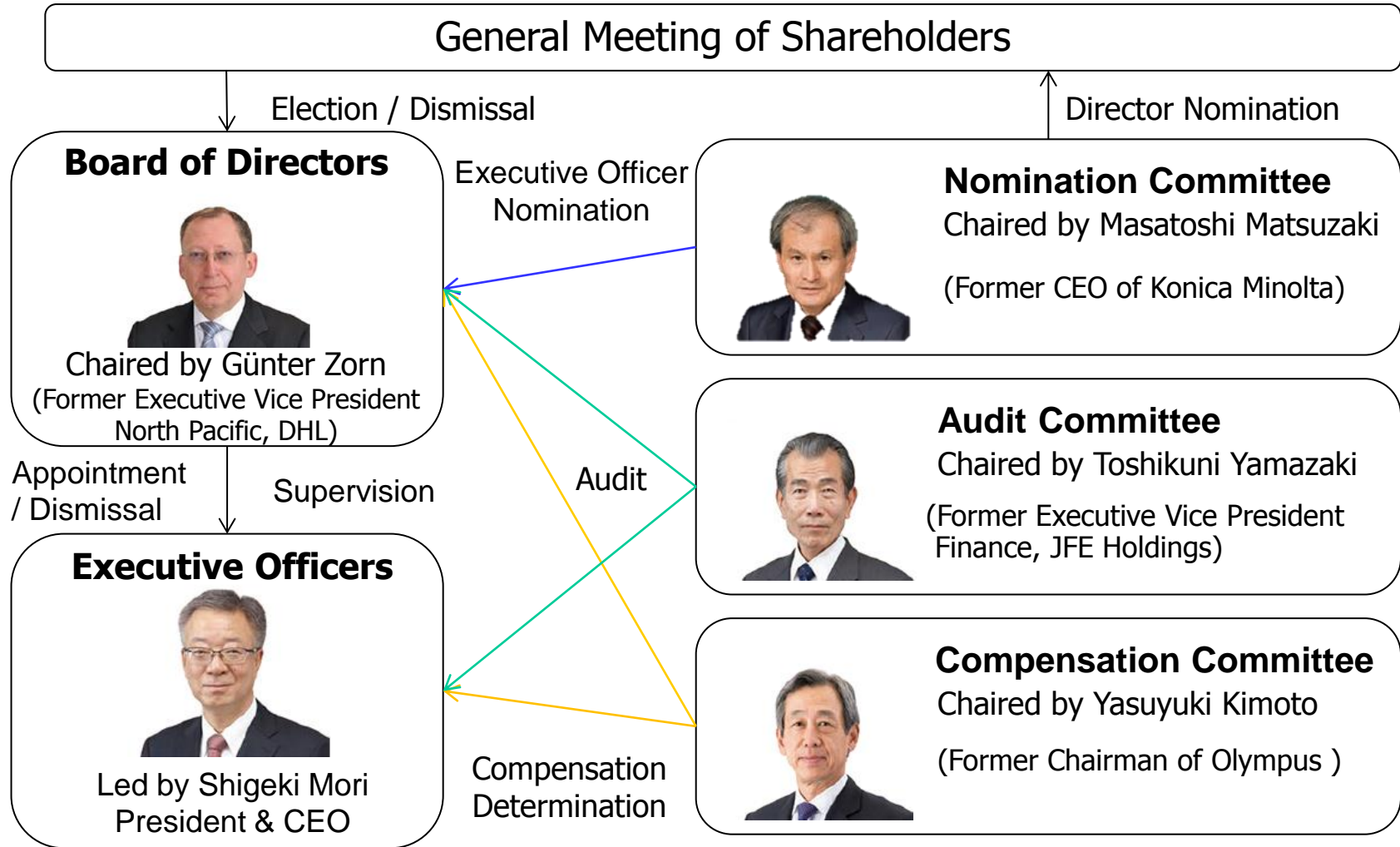
Board Effectiveness Evaluation

Led by Independent External Directors; the following action plans have been set and followed up

- 1) Deeper discussion on strategic direction including ESG; and
- 2) More robust risk management

Corporate Governance

– The Board & Committees all chaired by Independent External Director



Environment: Reducing CO2 Emission

For reducing CO2 emission

- One percent year on year reductions in CO2 across glass manufacturing operations
- Supplying low e and other energy saving products, contributing to the reduction of greenhouse gas emissions and mitigation of the effects of climate change

FY18/19 Actions

- Science based targets (SBT) for greenhouse gas reduction:
Committed in August 2018; targets being developed
- Shift to renewable energy

Green Energy

In Europe, contract in place to switch 50 percent of electricity to green energy



Solar Energy

Planning to install PV panels at Lathom (UK), Northwood (US) and other Group sites



*ESG: Environment, Social and Governance

Architectural DS site in Kyushu, Japan
Copyright © 2014, First Solar, Inc. All rights reserved.

NSG Integrated Report Published

Refer to the NSG Group Integrated Report 2018 for sustainability details:
<http://www.nsg.com/en/investors/ir-library/annual-reports>

NSG Group Integrated Reports (Annual Reports)



[Integrated Report 2018](#) [PDF 4.55MB/46Pages]

[Sustainability Data Book 2018](#) [PDF 1.44MB/21Pages]

[Annual Consolidated Financial Statements 2018](#) [PDF 1.40MB/70Pages]

V. Dividend Policy

Dividend Policy

The Group's dividend policy is to secure dividend payments based on sustainable business results.

Once Class A Shares redeemed, the Group aims to maintain a consolidated dividend payout ratio of 30 percent.

Dividends for FY2018 and FY2019 Forecast

- Based on the Group's performance recovery, it decided to resume ordinary dividend payment

	FY2018 (year-end)	FY2019 (Q2 forecast)	FY2019 (Q4 forecast)	FY2019 Total forecast
Ordinary (JPY/share)	20	-	20	20
Commemoration (JPY/share)	-	10	-	10
Total Ordinary Dividend	20	10	20	30
Dividend Amount (JPY bn)	3.6	2.0	2.9	4.9
(Ordinary Dividends)	(1.8)	(0.9)	(1.8)	(2.7)
(Preferred Dividends)	(1.8)	(1.1)	(1.1)	(2.2)
Consolidated Payout Ratio (Ordinary)	42%			23%

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, product supply/demand shifts, and currency exchange fluctuations.

Nippon Sheet Glass Company, Limited

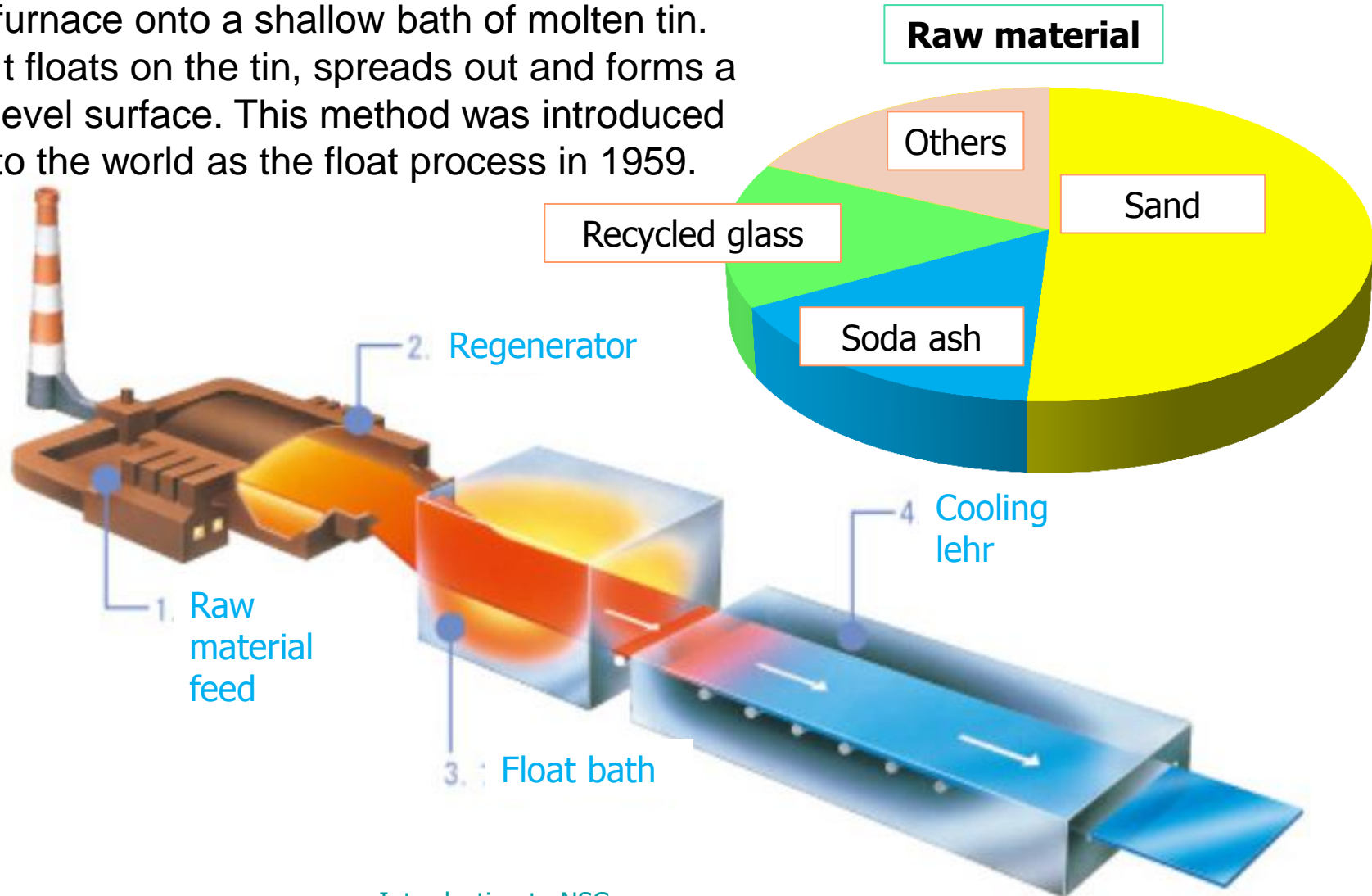
VI. Appendix

1. Manufacturing Process

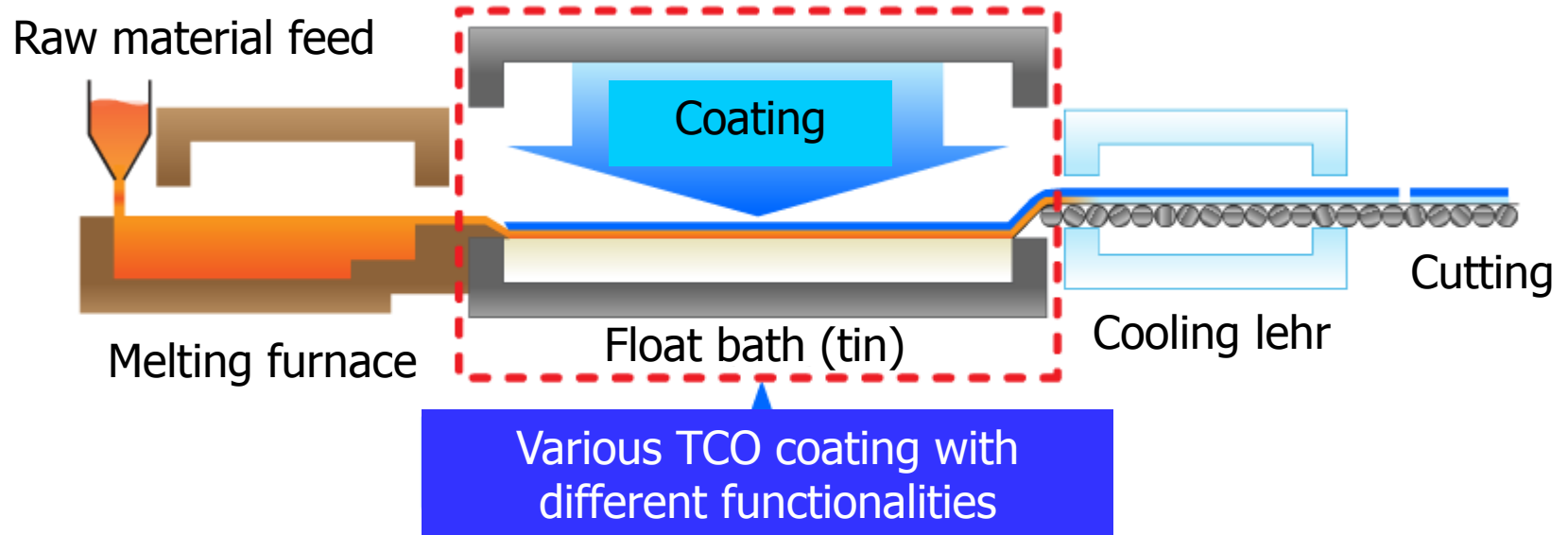
Float Process

Float glass:

Molten glass is poured continuously from a furnace onto a shallow bath of molten tin. It floats on the tin, spreads out and forms a level surface. This method was introduced to the world as the float process in 1959.



Online Coating



- Thin, uniform metallic oxide film deposited over glass while being formed inside the float bath
- Cost competitive, available in large size
- Durable: suitable for further processing & for use as an external glass pane
- Versatile: architectural, solar & automotive applications
 - Technical applications include thin or curved displays, OLED lighting and thin-film sensors

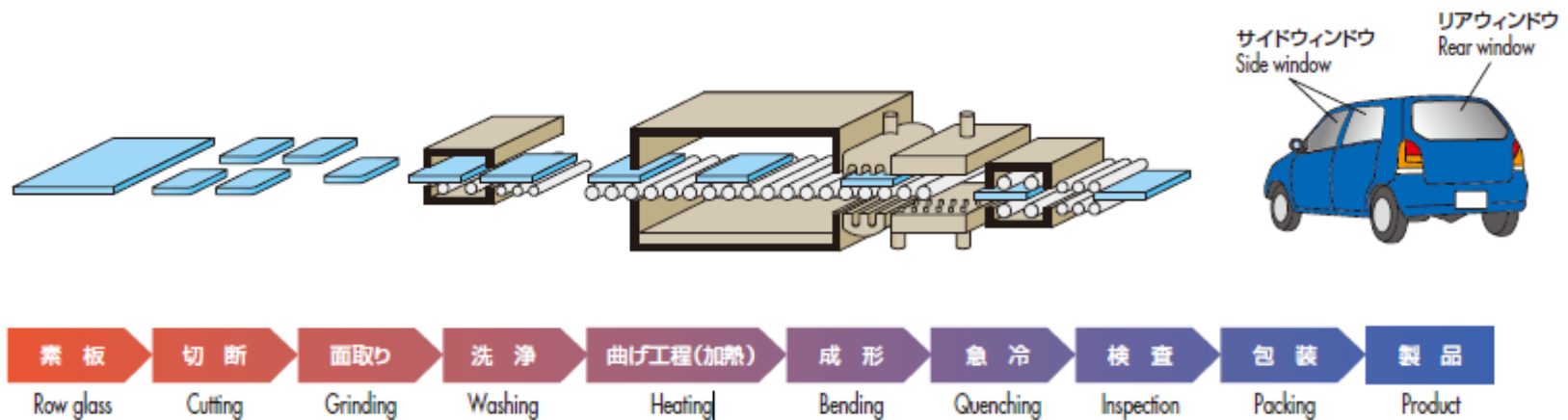
Automotive Glazing – Toughening

Toughened Glass:

Flat glass is placed in a tempering oven, and heated to between 650 and 700°C, which is near the glass softening temperature.

Then the glass is quenched by blowing air evenly on both sides, causing the surface to harden first, with the inside cooling and shrinking later. The result is the formation of a stable compressive stress layer at the surface, and the glass is 3 to 5 times more resistant to impact than ordinary glass.

This glass is mainly used for the side and rear windows of automobiles.



Automotive Glazing – Laminating

Laminated Glass:

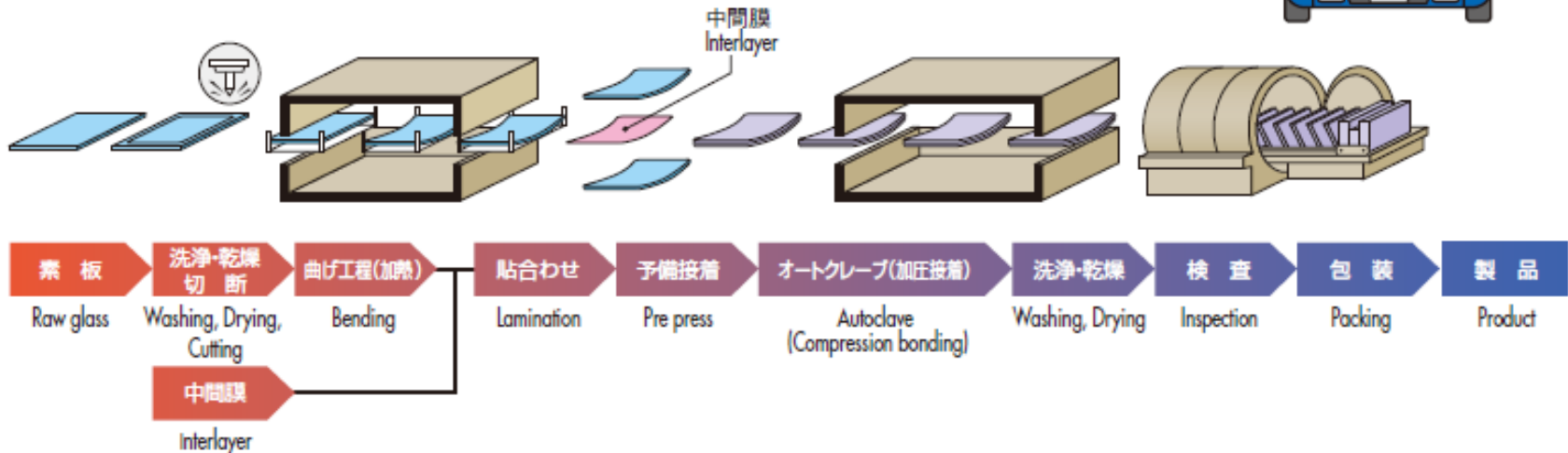
Laminated glass consists of two pieces of glass with a sandwich of transparent plastic interlayer.

This is then placed into an air-pressure autoclave, and treated at high temperature and pressure.

Some special products are made with 3 or more sheets of glass.

This glass is mainly used for the front windows of automobiles.

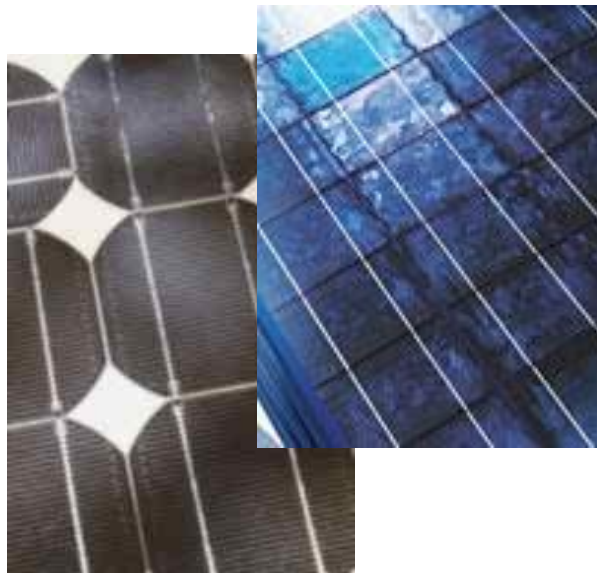
フロントウィンドウ
Front window



Solar Panels & Glass: Crystalline vs Thin Film

Crystalline Silicon Solar Panels

High efficiency, Chinese manufacturers



Low iron rolled glass + AR coating, mainly for cover glass

Thin film solar panels

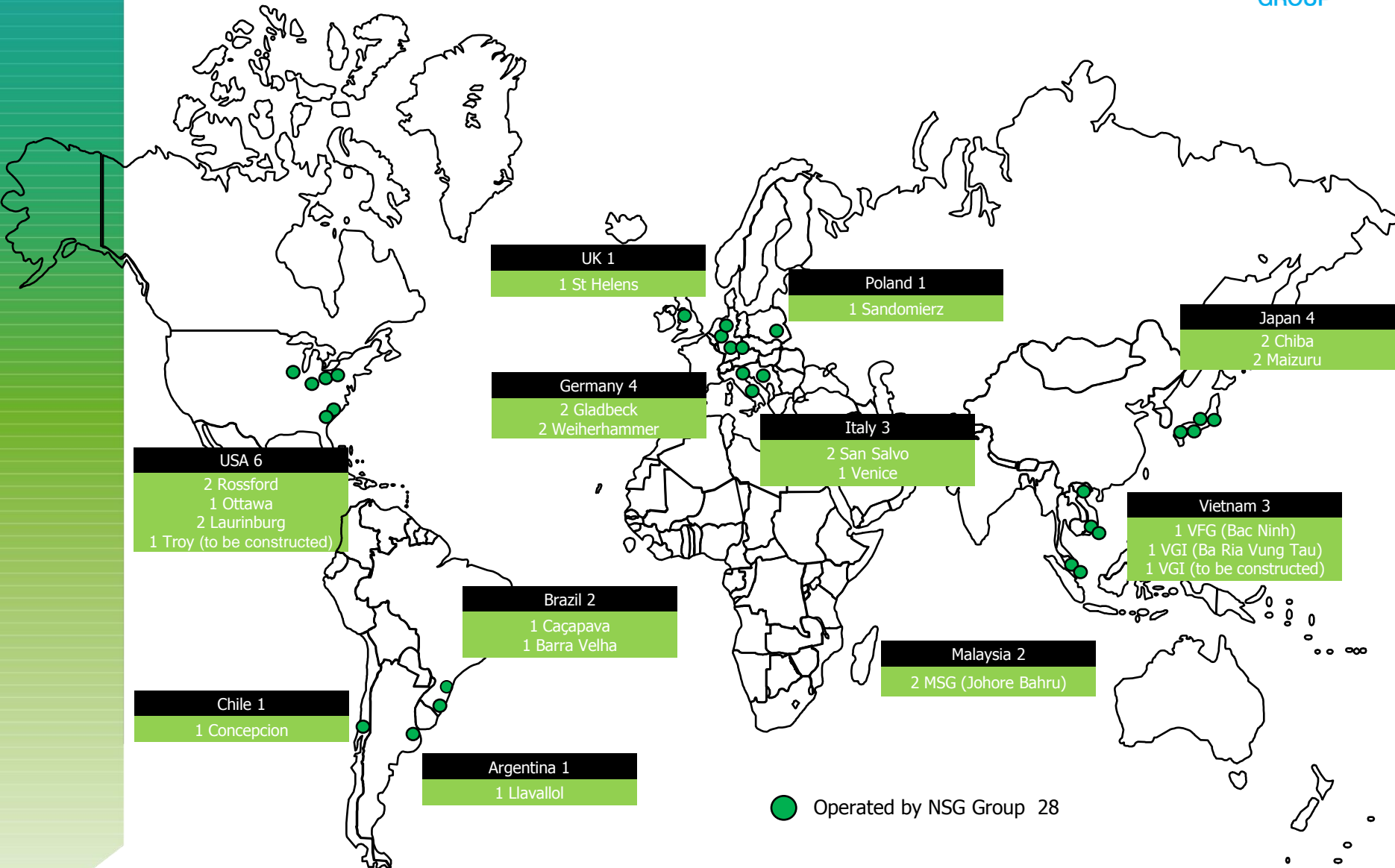
Total cost competitiveness, strength in large size and high temperature applications



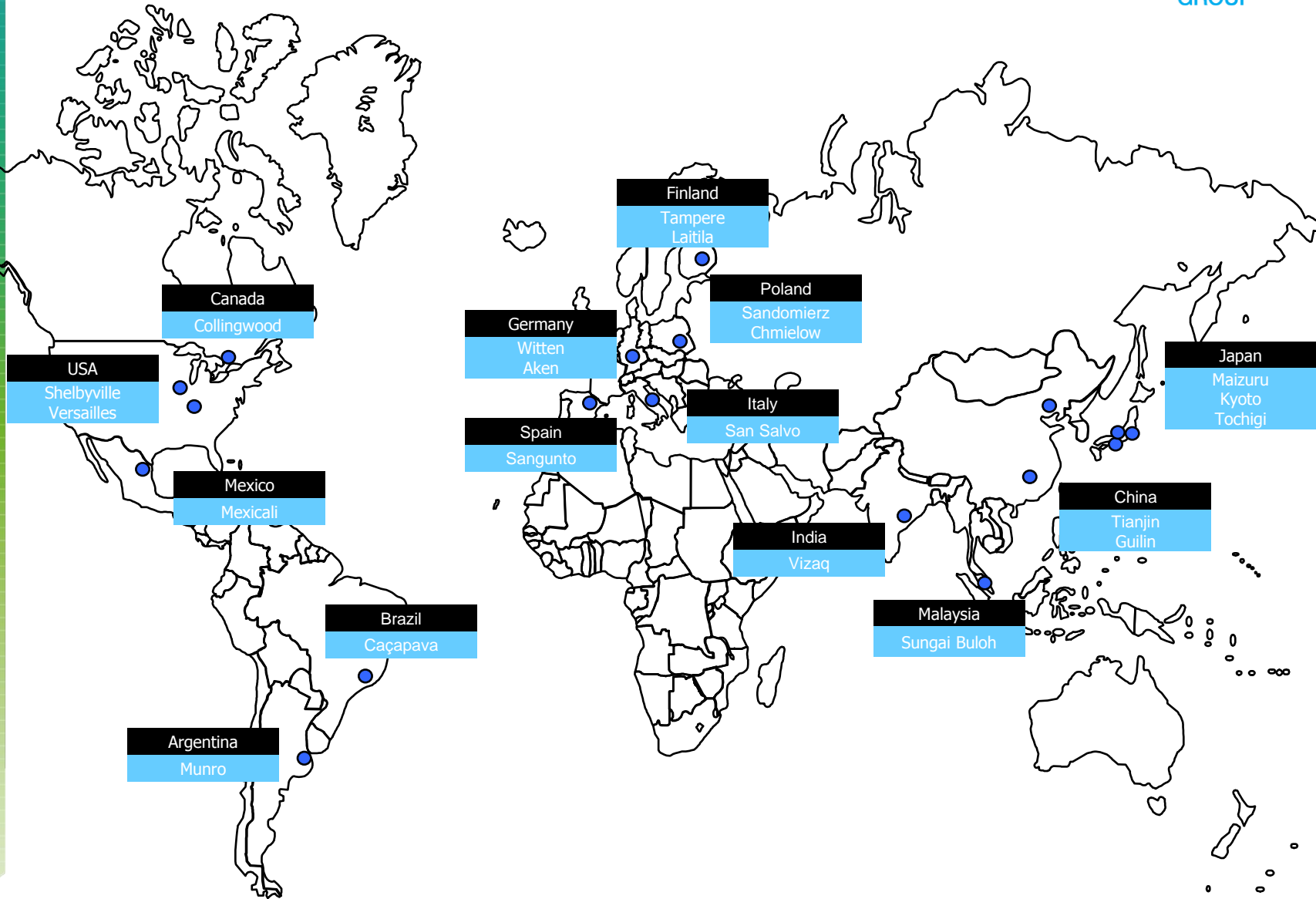
TCO coated flat glass, forming part of solar cell

2. Operational Footprint

Global Float Operations



Global Automotive Operations



4. Financial Data

Financial Data (1)

		FY14	FY15	FY16	FY17	FY18
Revenue	¥ billion	606.1	626.7	629.2	580.8	603.9
Architectural		240.6	252.9	262.6	237.7	241.7
Automotive		305.1	314.0	316.3	296.6	312.7
Technical Glass		59.4	58.7	49.5	46.1	48.4
Others		1.0	1.1	0.8	0.4	1.1
Trading profit	¥ billion	22.5	25.3	27.2	33.1	37.7
Architectural		11.0	17.0	24.6	27.0	26.2
Automotive		11.2	9.4	9.8	12.7	14.3
Technical Glass		5.9	4.9	0.3	1.8	5.4
Others		-5.6	-6.0	-7.5	-8.4	-8.2
Operating profit ratio to revenue	%	2.4%	2.7%	3.1%	5.1%	5.9%
Architectural		4.6%	6.7%	9.4%	11.4%	10.9%
Automotive		3.7%	3.0%	3.1%	4.3%	4.6%
Technical Glass		9.9%	8.4%	0.5%	3.8%	11.1%
Exceptional items	¥ billion	-13.8	5.5	-35.1	2.9	-1.3
Finance expenses (net)	¥ billion	-16.9	-17.9	-18.2	-19.2	-14.6
Share of JVs and associates	¥ billion	1.0	0.4	-3.4	1.1	2.4
Income before income taxes/Profit before taxation	¥ billion	-15.1	4.8	-37.4	14.8	22.2
Net income/Profit attributable to owners of the parent	¥ billion	-16.6	1.7	-49.8	5.6	6.1

Note: Early IFRS adaption since FY2011

Financial Data (2)

		FY14	FY15	FY16	FY17	FY18
Assets	¥ billion	926.2	920.1	812.1	790.2	791.9
Interest-bearing debt	¥ billion	455.3	442.7	437.0	399.4	372.7
Shareholders' equity	¥ billion	184.0	175.7	103.1	124.1	134.3
Called up share capital	¥ billion	116.4	116.4	116.4	116.5	116.5
Net debt	¥ billion	379.1	374.1	381.0	313.3	306.5
EBITDA	¥ billion	54.4	57.8	60.3	62.1	66.2
Net debt/EBITDA		7.0x	6.5x	6.3x	5.0x	4.6x
Net debt/Equity ratio		2.0x	2.0x	3.4x	2.3x	2.2x
Shareholders' equity ratio	%	19.9%	19.1%	12.7%	15.7%	17.0%
Trading profit ratio	%	3.7%	4.0%	4.3%	5.7%	6.2%
Net cash flows from operating activities	¥ billion	17.9	24.6	21.8	30.4	37.2
Net cash flows from investing activities	¥ billion	-17.1	-23.2	-26.4	-10.2	-20.4
Cash flow before financing activities	¥ billion	0.8	1.4	-4.6	20.3	16.8
Capital expenditures	¥ billion	31.6	36.6	28.2	28.0	33.1
R&D costs	¥ billion	7.9	8.2	9.8	8.5	9.1
Depreciation and amortization	¥ billion	40.4	41.7	40.9	32.2	32.0
Numbers of shares of common stock*1		903,551	903,551	903,551	90,366	90,487
Earnings per share*1	¥	-18.4	1.9	-55.2	62.0	47.9
Book value per share*1	¥	203.78	194.6	114.14	941.76	1033.24
Cash dividends Yen*1	¥	0	0	0	0	20
Stock price (High)	¥	154	149	142	951	1080
Stock price (Low)	¥	90	94	64	600	743

*1: Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares

Note: Early IFRS adaption since FY2011

Exchange Rates

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2018</u> <u>Forecast</u>
Average rates used:			
JPY/GBP	142	147	150
JPY/USD	108	111	110
JPY/EUR	119	130	130
Closing rates used:			
JPY/GBP	139	150	
JPY/USD	111	106	
JPY/EUR	119	132	

5. Class A Shares Detail

Class A Shares Detail

Amount (No of Shares)	JPY40 billion (40,000 shares)					
Planned Allottees (Amount & No of shares)	Japan Industrial Solutions Fund II		JPY20 billion (20,000 shares)			
	UDS III Corporate Mezzanine Limited Partnership		JPY10 billion (9,000 shares)			
	UDS IV Corporate Mezzanine Limited Partnership		JPY10 billion (11,000 shares)			
Voting Rights	None					
Preferred dividend rate (Cumulative)	31 March 2017 ~ 31 March 2018	4.5%				
	1 April 2018 ~ 31 March 2020	5.5%				
	1 April 2020 ~	6.5%				
Call option (Comp- any's option)	Consi- deration	Cash	Put option (Planned Allottees' option)	Consi- deration	Ordinary Shares	
	Redemp- -tion	1 April 2018 or later		Redemp- -tion	1 July 2020 or later, unless conversion restriction removal reason exists	
	Redemp- -tion Amount per share	Paying-in amount per share + cumulative accrued dividend amount + daily prorated accrued preferred dividend amount + redemption premium			No. of Ordinary Shares to be Issued per Class A Share	(Paying-in amount per share X ordinary share redemption premium) / acquisition price
		<Redemption premium>				<Ordinary share redemption premium>
	1 April 2018 ~ 30 June 2018 : 1.08			1 April 2017 ~ 30 June 2017 : 1.05		
	1 July 2018 ~ 30 June 2019 : 1.15			1 July 2017 ~ 30 June 2018 : 1.08		
	1 July 2019 ~ 30 June 2020 : 1.22			1 July 2018 ~ 30 June 2019 : 1.15		
	1 July 2020 ~ 30 June 2021 : 1.29			1 July 2019 ~ 30 June 2020 : 1.22		
	1 July 2021 ~ 30 June 2022 : 1.36			1 July 2020 ~ 30 June 2021 : 1.29		
	1 July 2022 ~ : 1.43			1 July 2021 ~ 30 June 2022 : 1.36		
				1 July 2022 ~ : 1.43		
Design	<ul style="list-style-type: none"> In principle, the Planned Allottees may not exercise their put option before 1 July 2020. The Planned Allottees may exercise their put option for 4,000 or less Class A Shares, when the Company notifies the exercise of its call option for the entire outstanding Class A Shares. 					

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