

NSG

GROUP

NSG Group

FY2017 Quarter 3 Results

(from 1 April 2016 to 31 December 2016)

Shigeki Mori

Chief Executive Officer

Clemens Miller

Chief Operating Officer

Kenichi Morooka

Chief Financial Officer

FY2017 Quarter 3 Results

(from 1 April 2016 to 31 December 2016)



Agenda

Key Points

Financial Results

Business Update

Summary

Key Points - April to December 2016

- 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

FY2017 Quarter 3 Results

(from 1 April 2016 to 30 December 2017)



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Summary

Consolidated Income Statement

(JPY bn)	<u>FY2016</u> <u>Q3</u>	<u>FY2017</u> <u>Q3</u>	<u>Change</u> <u>from</u> <u>FY2016</u>
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

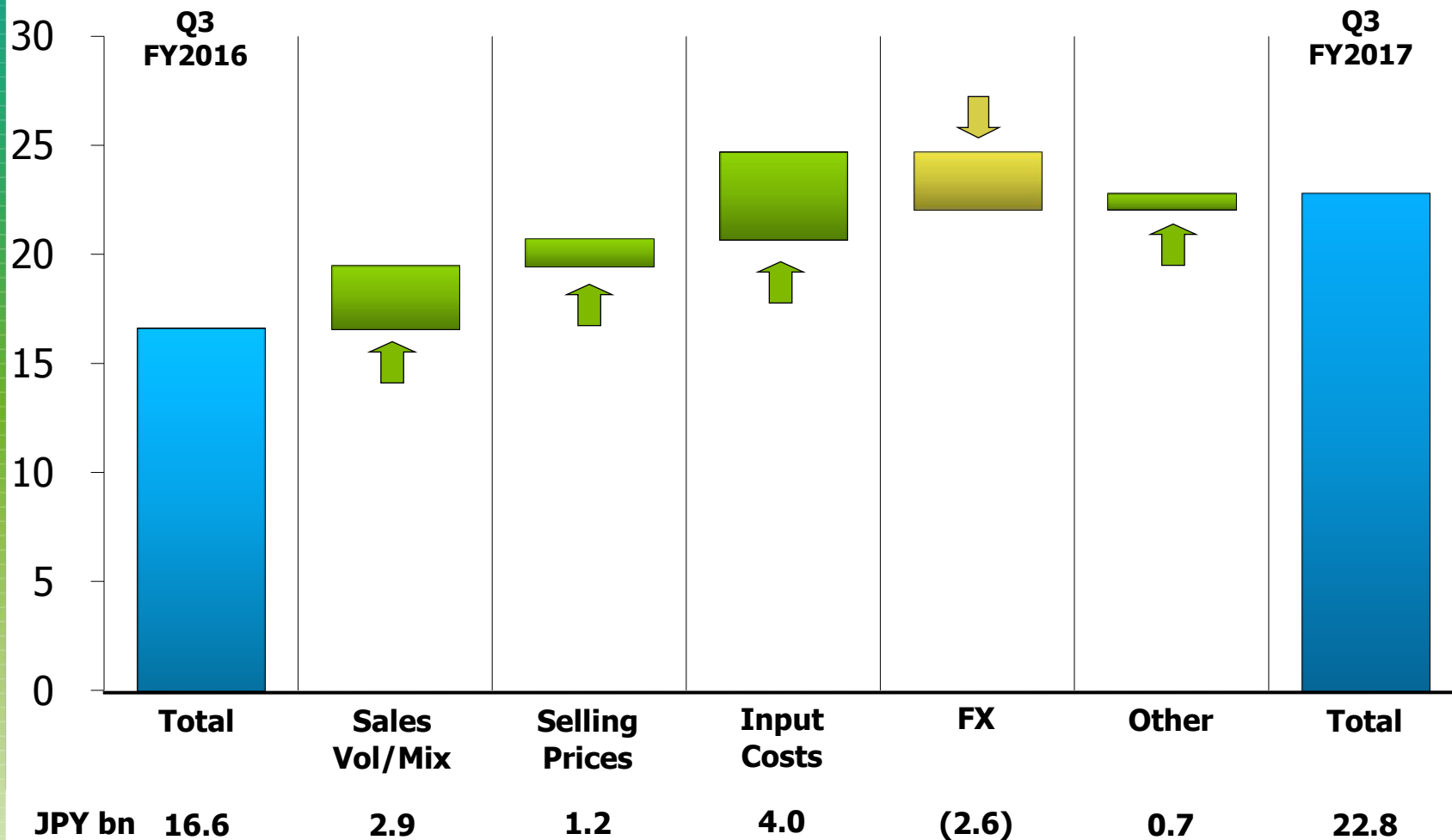
2 Increase of 3% based on constant exchange rates

3 Increase of 64% based on constant exchange rates

Profits improved despite foreign exchange movements

Change Analysis

Trading profit



Improved market conditions and lower input costs

Exceptional Items

(JPY bn)	<u>FY2016</u> <u>Q3</u>	<u>FY2017</u> <u>Q3</u>
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

Consolidated Cash Flow Summary

(JPY bn)	<u>FY2016</u> <u>Q3</u>	<u>FY2017</u> <u>Q3</u>
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

Key Performance Indicators

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

* trading profit

Profitability ratios improved

FY2017 Quarter 3 Results

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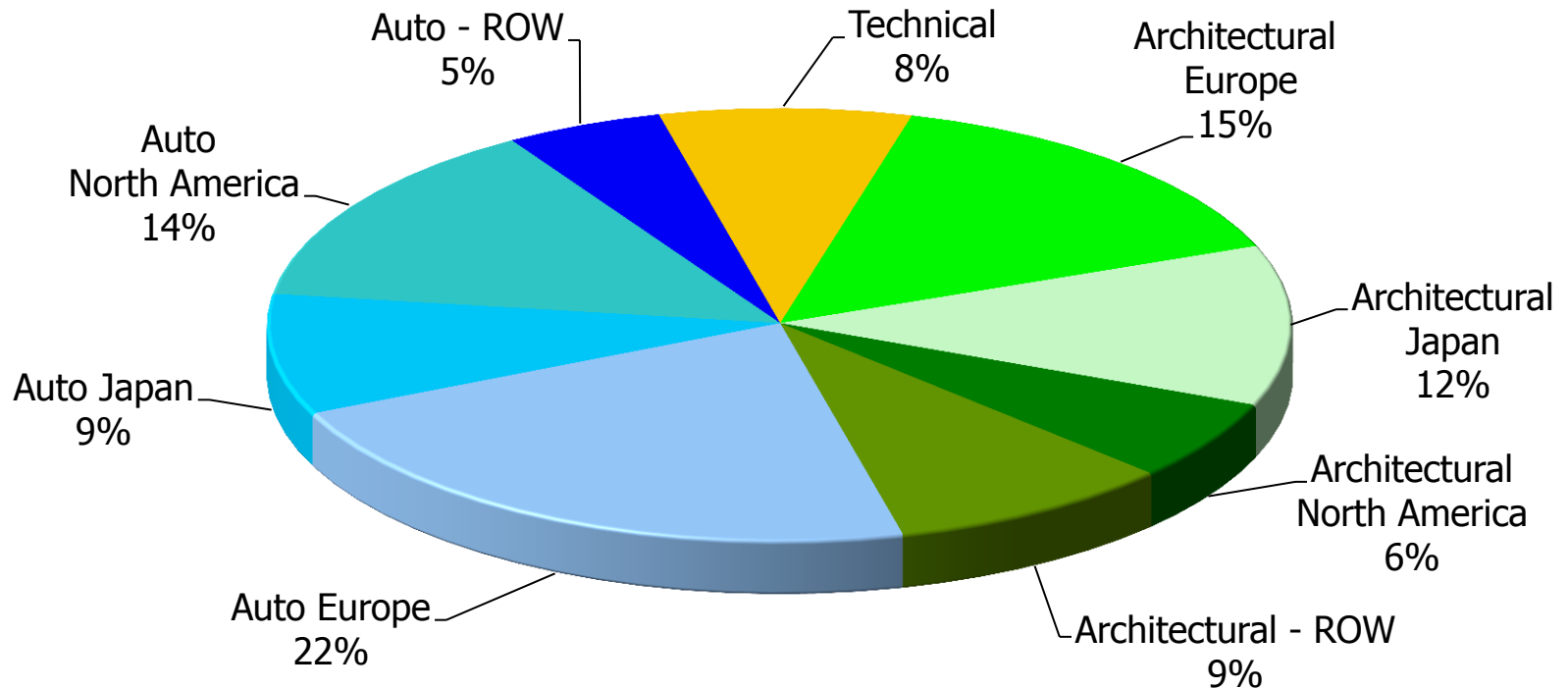
Financial Results

Business Update

Summary

External Revenue – Group Businesses

¥ 430.7 billion

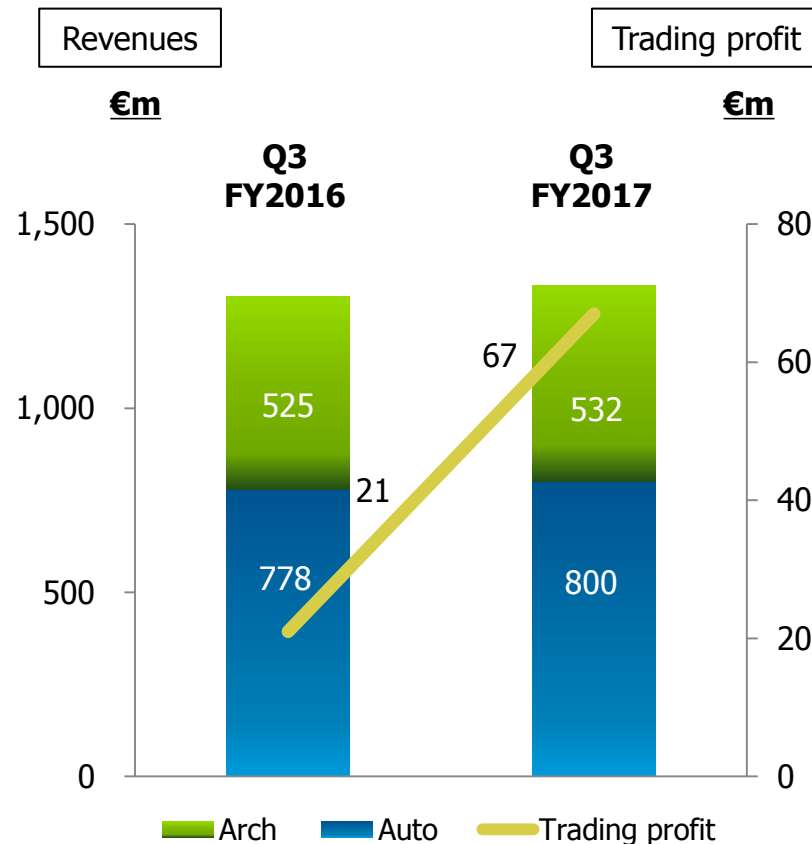


FY2017 Quarter 3

Diversified geographical coverage

Europe

Q3 FY2016 v Q3 FY2017



Architectural

- Strong demand leading to a robust pricing environment
- Profits benefitted from high level of capacity utilization and lower energy costs

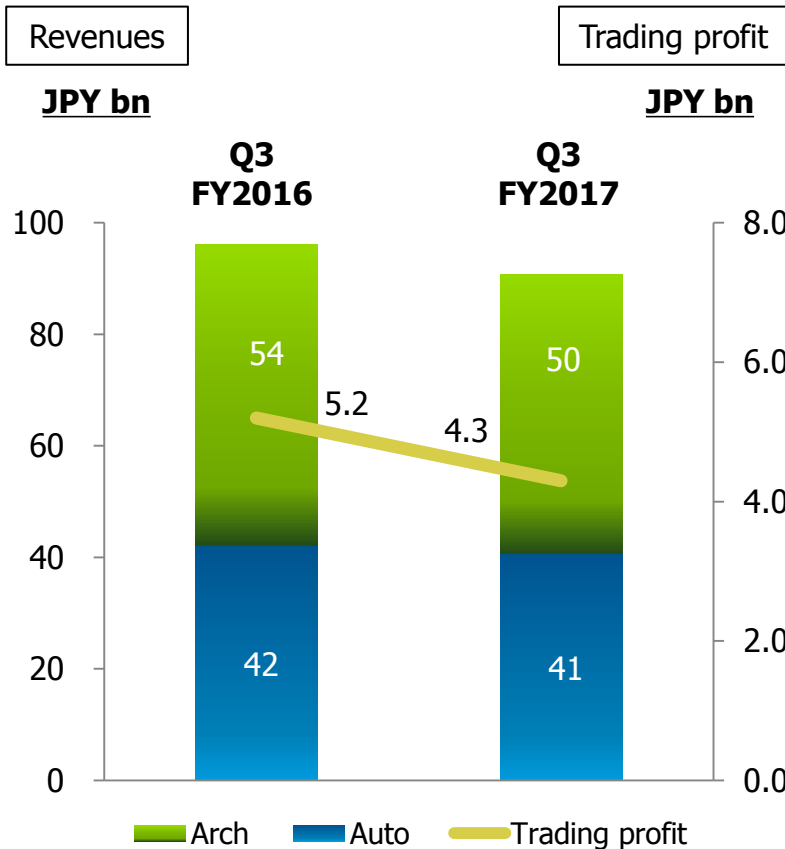
Automotive

- Recovery of light-vehicle sales in the region
- OE profits benefitted from improved operational performance
- Robust volumes in AGR

Businesses benefitted from improved market conditions

Japan

Q3 FY2016 v Q3 FY2017



Architectural

- Effect of reduced volumes partially mitigated by lower input costs and cost savings

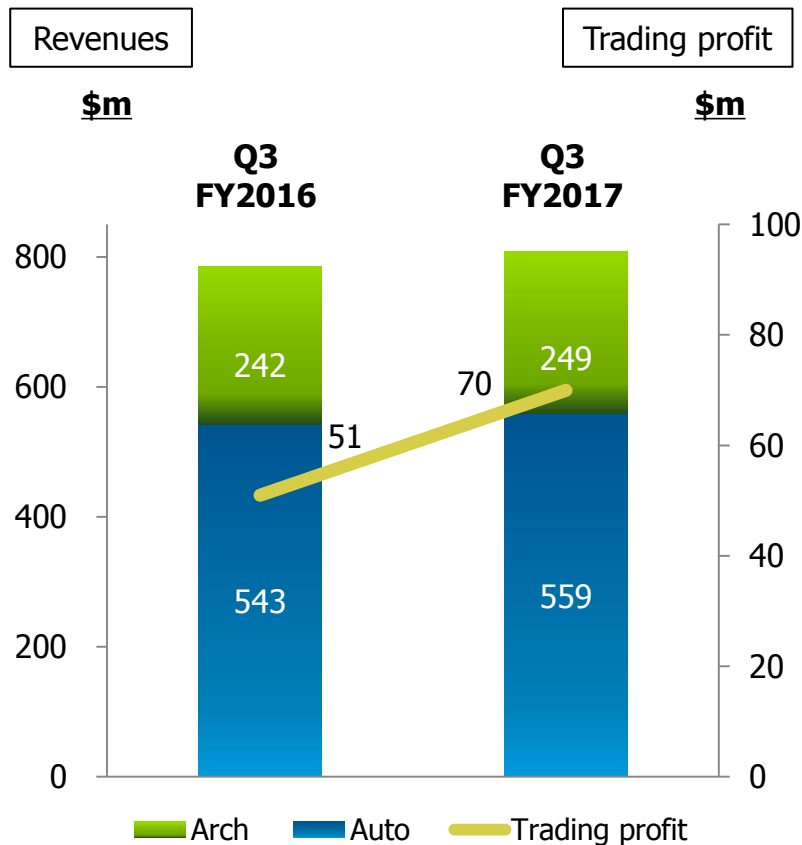
Automotive

- Revenues and profits fell slightly from the previous year
- Market volumes improving in Q3

Profitability affected by softened market conditions

North America

Q3 FY2016 v Q3 FY2017



Architectural

- Profitability continued to improve with the increased prices and value-added volumes

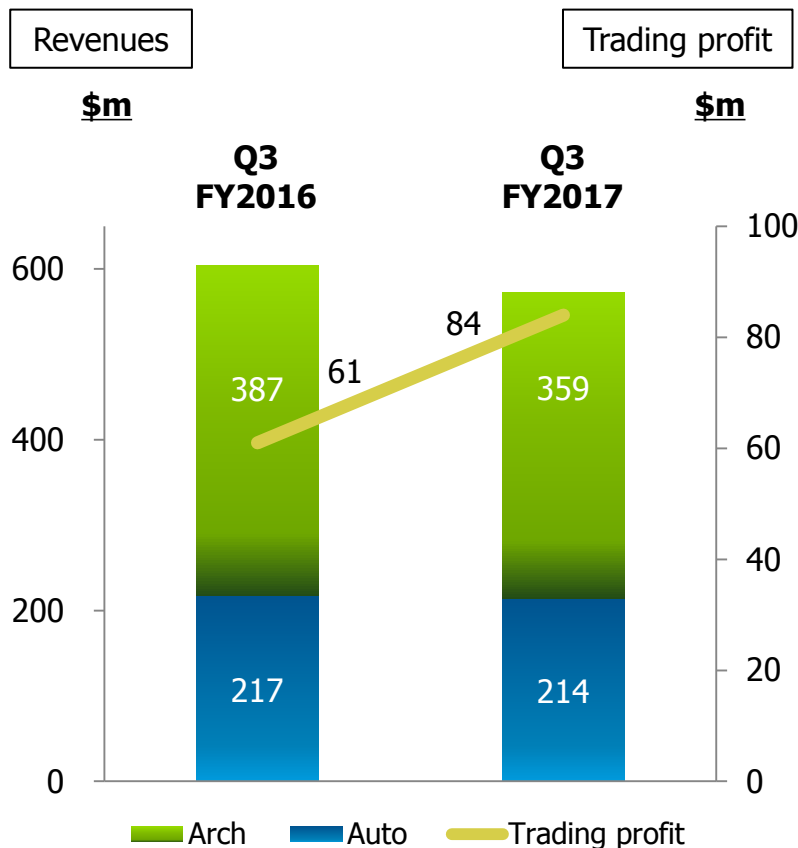
Automotive

- Improved OE revenues and profits reflects increased NSG volumes
- Improved operational efficiency
- AGR results similar to the previous year

Markets continue to improve

Rest of World

Q3 FY2016 v Q3 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

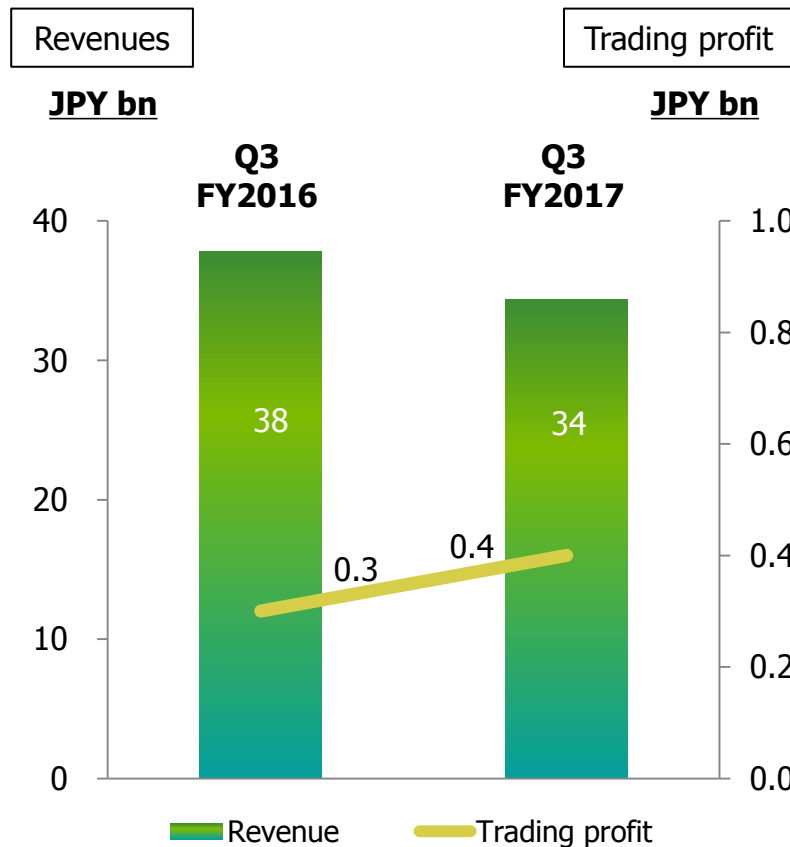
Automotive

- Weak market conditions persist in South America

Mixed market conditions among regions

Technical Glass

Q3 FY2016 v Q3 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

Reduced losses in Display after mothballing the float line in Vietnam

Joint Ventures and Associates

Q3 FY2016 v Q3 FY2017

(JPY bn)	<u>FY2016 Q3</u>	<u>FY2017 Q3</u>
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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- 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
- FY2017 full-year forecast maintained

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

<u>(JPY bn)</u>	<u>FY2016</u> <u>Q3</u>	<u>FY2017</u> <u>Q3</u>	<u>Change</u>
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

<u>(JPY bn)</u>	<u>FY2016</u> <u>Q3</u>	<u>FY2017</u> <u>Q3</u>	<u>Change</u>
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

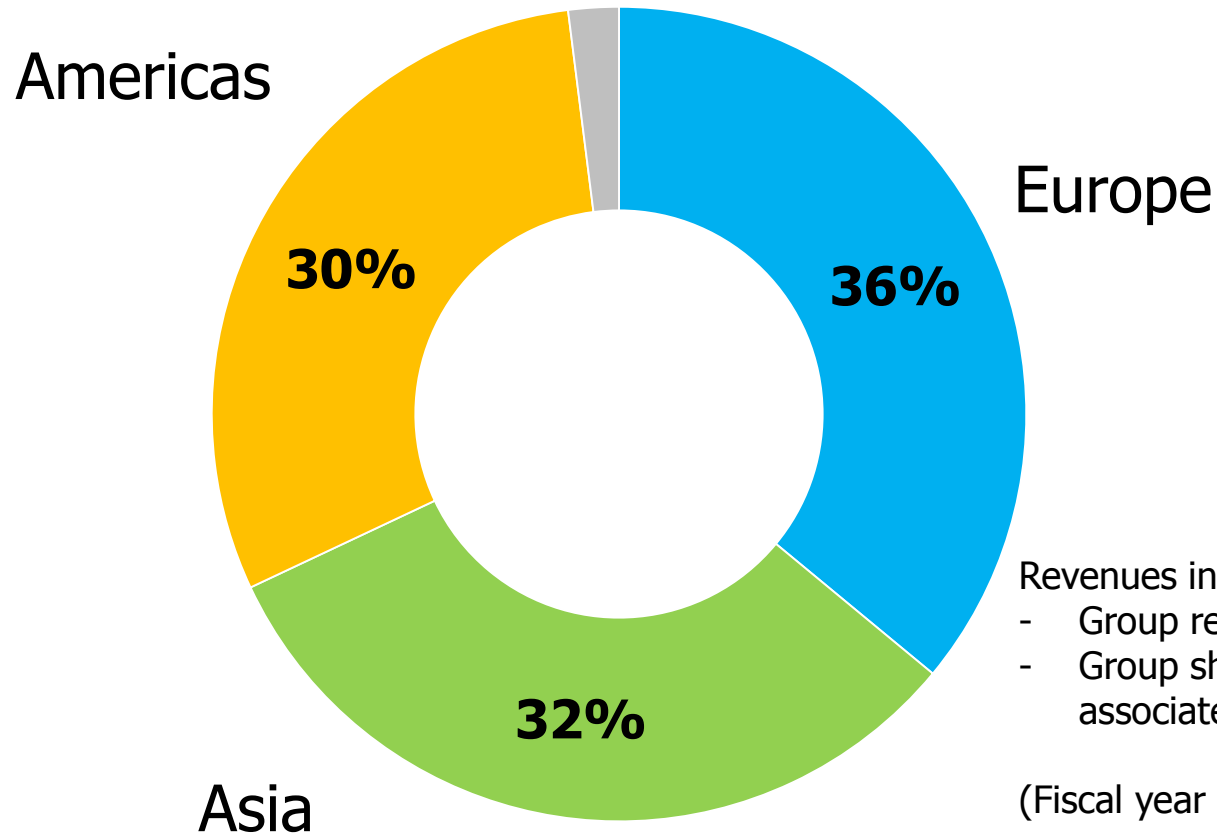
Consolidated Balance Sheet

(JPY bn)	<u>31-Mar-16</u>	<u>31-Dec-16</u>	<u>Change</u>
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

	<u>FY2016</u> <u>Q3</u>	<u>FY2016</u> <u>Full-year</u>	<u>FY2017</u> <u>Q3</u>
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)



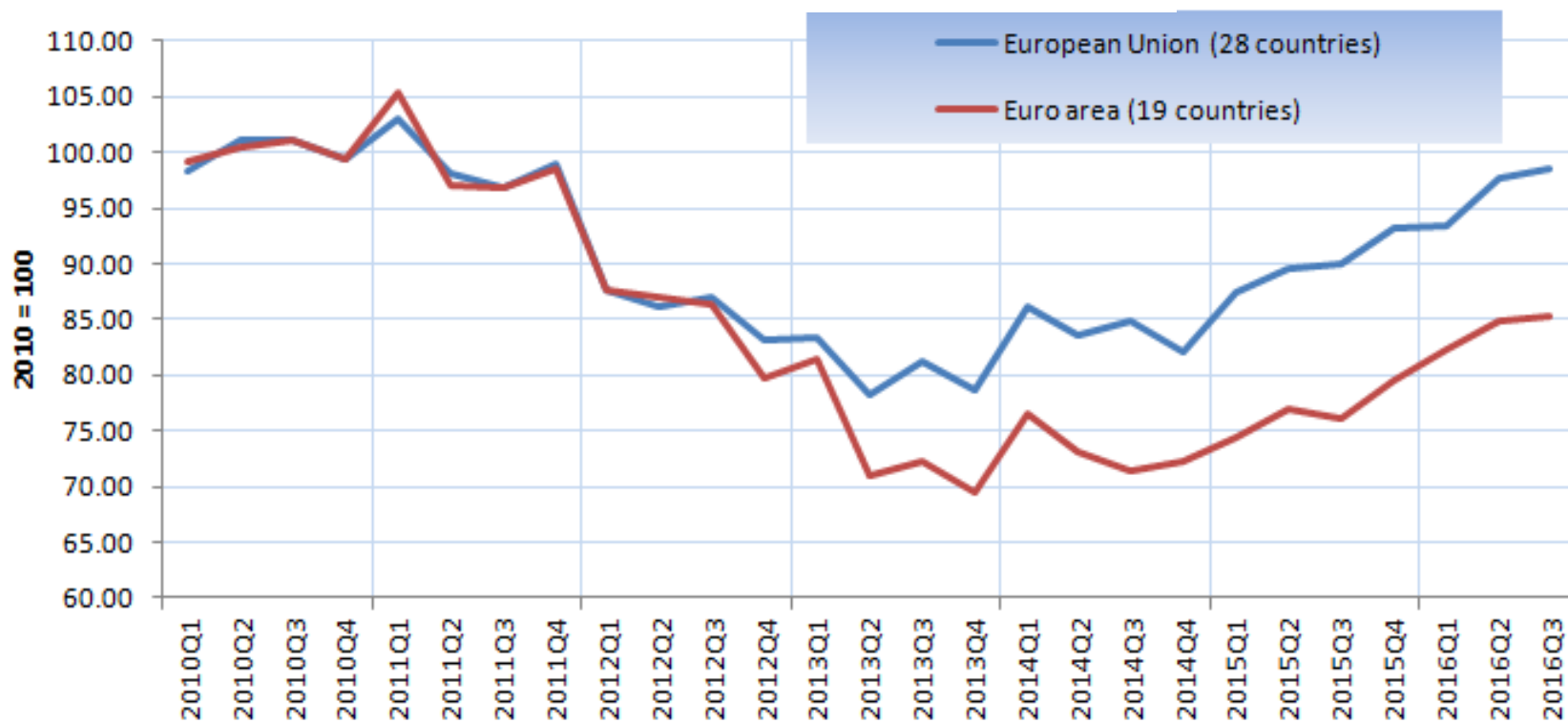
Revenues include:
- Group revenues: JPY 629 bn; and
- Group share of Joint Ventures & associates revenues: JPY 48bn

(Fiscal year ended 31 March 2016)

Balanced presence in Europe, Asia and Americas

Industry statistics

Building licenses (dwellings)



Source: Eurostat

NSG

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