



TO OUR SHAREHOLDERS

NIPPON SHEET GLASS CO., LTD.
152ND FISCAL PERIOD REPORT
1 APRIL 2017 - 31 MARCH 2018

'MAKING A DIFFERENCE TO OUR WORLD
THROUGH GLASS TECHNOLOGY'

Securities Code: 5202

Our leading glass forming capability for automotive glass highly recognized by customers will continue to perform a role in realizing "Connectivity" of automobiles such as head-up display.

MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the NSG Group, I sincerely thank you for your continued support. Please find below a summary of the Group's performance for the 152nd fiscal period starting on 1 April 2017 and ending on 31 March 2018 (FY2018). In FY2018, which was the first year of MTP Phase2, we managed to achieve the forecasted trading profit as announced at the beginning of the term, at a different speed of progress in each business and region. Net profit fell short of the plan due to the impact of reversal of the deferred tax charge resulting from the US federal income tax rate change, but improved from the previous year. We succeeded in generating free cash flow exceeding ten billion yen as targeted in the plan formulated at the beginning of the term.

June 2018



Shigeki Mori
Representative Executive Officer
President and CEO
Nippon Sheet Glass Co., Ltd.

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Summary of the financial year to 31 March 2018

Thanks to robust market environment in architectural and automotive glass businesses, productivity improvement, progress in VA shift, sales volume increase in technical glass business and cost improvement in display business in the period, our revenue increased by 4.0 percent from the previous year to ¥603.9 billion while operating profit increased by 19.4 percent to ¥35.7 billion, resulting in constant increase for five consecutive years. Profit before taxation significantly increased by 50.3 percent to ¥22.2 billion enabling us to make profit consecutively for two years as well as earning growth. By means of our continuous efforts in cost cutting, restructuring and other measures, and also supported by a brisk market condition, we were able to improve our financial condition to such level as enabling us to generate profits and cash flow in a stable manner.

In view of the above, our Board of Directors resolved to distribute dividends for the first time since that declared in relation to FY2012. We have made it the basic policy to declare the dividends in a stable manner on the basis of our sustainable business performance, and once and after all Class A Shares have been redeemed and

cancelled, while we maintain this basic policy in all respects, we will continue to use the sincere efforts to declare dividends with introduction of consolidated dividend payout ratio of 30 percent as a guide.

Progress of MTP Phase 2

We made a good start for first year of MTP Phase 2. Aiming for "achieving financial sustainability" as one of our principal targets, we succeeded in generating free cash flow of ¥16.8 billion while carrying out reduction of net debt and financial expenses. Net equity ratio has steadily improved to 17.0 percent. Regarding another principal target, "to start transforming into VA Glass Company"^{(*)1}, we have increased VA product sales through diverse initiatives and introduction of new product lines such as launch of Super Spacia™ with higher insulation performance and Advanced Press Bending Line for manufacturing automotive glass in Japan and the United States. Our VA sales ratio, one of KPIs for MTP Phase 2, has improved to as high as 44 percent with the return on sales^{(*)2} of 6.2 percent. They're showing satisfactory progress in MTP Phase 2.

Financial KPI	FY2017	FY2018	MTP P2 / after redemption
[Financial target]			
ROS	5.7%	6.2%	≥ 8%
Net debt/ EBITDA	5.0x	4.6x	3x
[Expectation after achieving MTP targets]			
Equity Ratio	15.7%	17.0%	20%
ROE	4.9%	4.7%	10%
VA Sales Ratio	41%	44%	> 50%

On and after the next term as well, we will continue to make every effort to execute our four key measures under MTP Phase 2^(*) with and on the strength of expected stability in global architectural and automotive glass markets. Furthermore, we will be creating “Business Innovation Center (BIC)” as an internal organization unit in charge of and addressing the growth strategy of the Group in order to realize sustainable growth. The BIC is designed to accelerate expansion of new business and creation of new customer value.

(*1) VA is an abbreviation of Value-Added in English.

(*2) This is calculated on the basis of trading profit before exceptional items and amortization.

(*3) Four key measures under MTP Phase 2: “Drive VA No.1 strategy,” “Establish growth drivers,” “Business culture innovation” and “Enhance global management.”

Our commitment for realizing sustainable growth for society

Now our society faces various global challenges. Under such circumstances, the Group has actively undertaken the actions leading to reduction of CO₂ emission and industrial waste discharged from our manufacturing processes. In this connection we are simultaneously confident that we can make great contribution through our VA products and technologies to such social issues including the reduction of greenhouse gas emission and alleviating impact on climate change.

Our architectural glass strategic business unit, for instance, boasts of the alley of the products such as glass

for use in photovoltaic contributing to energy generation or Low-E glass, vacuum insulated glazings (Spacia™) and fire protection glass, all contributing to substantial energy savings; our automotive glass strategic business unit boasts of light weight laminated glass and solar control glass, which enables reduction of CO₂ emission and improvement on energy efficiency for automotives, windshields with high surface precision for head-up display and acoustic control glass to make contribution to safe and comfortable mobility; our technical glass strategic business unit has battery separator and glass cord to enhance the automotive energy efficiency, and Selfoc™ lens to make contribution of downsizing and weight saving of electronics devices such as printers. By means of offering these VA products, the Group aims for resolving wide range of environmental challenges, realizing a safe and comfortable society and further expansion of our business opportunity and our business growth.

In April 2018, the Group has entered into a long-term coated glass supply agreement with First Solar (USA), a leading photovoltaic solution provider and then decided to increase its glass production capacity in the United States and Vietnam accordingly. We have been maintaining a good relationship with First Solar as an important customer and a business partner of the Group over many years. We believe this decision will significantly contribute to enhanced growth of the Group during and after MTP Phase 2.

Last but not least

NSG has been able to continue business for as long as 100 years thanks to the support from shareholders and other stakeholders, and will celebrate 100th anniversary on 22 November 2018. Let our directors, officers and employees altogether extend our sincere gratitude to your support. Everyone in the Company will be united in an effort to boost our corporate value so that we can successfully evolve as a company with sustainable growth for another 100 years.

We look forward to your continuing understanding and support to the Group.

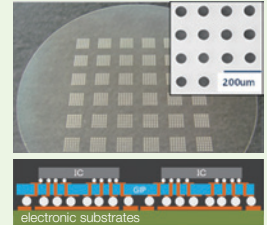
NEWS

NSG Successfully Develops Substrates for Through Glass Vias

We have developed a thin glass substrate (a thickness of 0.1 to 1 mm) with highly dense microscopic through holes measuring several tens to hundred microns in diameter (substrates for Through Glass Via, TGV).

Recently, due to an expanded use of large-capacity data and a spread of small electronic devices, further thinner electronic equipment that can operate with higher-speed and less power is being required. An interposer, which plays the role of relaying between IC components such as a CPU and electronic substrates, has many miniature through holes and then its structure makes it possible to manufacture higher-dense electronic substrates.

As Materials of interposers, there are, besides glass, epoxy resin and other organic materials as well as silicon. In particular, glass has many benefits such as smooth surface and suitability for mass production. Glass interposers are therefore expected to become a next-generation electronic substrate.



NSG Successfully Develops World's Thinnest Transparent Electro-conductive Coating Glass (NSG TEC™)

We have successfully produced a 0.7 mm-thickness glass with transparent conductive oxide thin coating by using online chemical vapor deposition (CVD) technology during a glass manufacturing process. It is the thinnest glass with transparent electro-conductive coating manufactured with online CVD in the world.

Glass with transparent electro-conductive coating is widely used for solar cells, buildings, cars, medical devices, various electronics and may be used for any other application down the road. In order to address those needs there was an increased demand for a thinner and lighter glass with development of transparent electro-conductive coating being durable and resistant to chemicals.

The transparent electro-conductive coating formed by CVD technology is excellent in durability and chemical resistance and meets these market needs.



100th Anniversary Program begins

For NSG's 100th anniversary on 22 November 2018, we launched a special website and a corporate Facebook page to start the programs during the period from 1 April 2018 to 31 March 2019.

They were created under the anniversary concept of "Working together for another century of progress," which expresses our aspiration for embracing diverse talent and joining with various stakeholders to achieve growth in the next 100 years.

Of our 100th Anniversary Logo, "1" on the left side represents NSG's "foundation", the central "0" represents "100 years ago", and the right side "0" represents "100 years from now". These three overlapping numbers symbolize our Group's past achievements and aspirations for the future.



CONSOLIDATED FINANCIAL HIGHLIGHTS

Income statement

	Millions of yen	
	Fiscal 2018	Fiscal 2017
Revenue	603,852	580,795
Operating profit	35,663	29,862
Profit before taxation	22,177	14,751
Profit for the period	7,873	7,292
Profit attributable to the owners of the parent	6,130	5,605
Basic earnings per share attributable to owners of the parent (yen)	47.90	62.04

Note: Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Basic earnings per share attributable to owners of the parent is calculated under the assumption that this share consolidation was conducted on 1 April 2016.

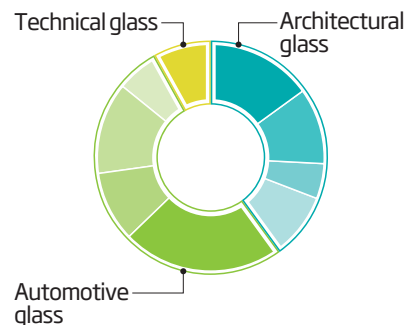
Balance sheets

	Millions of yen	
	31 MARCH 2018	31 MARCH 2017
Non-current assets	538,906	527,818
Current assets	252,976	262,374
Total assets	791,882	790,192
Total liabilities	649,025	656,484
Total equity	142,857	133,708
Total liabilities and equity	791,882	790,192

Statement of cash flows

	Millions of yen	
	Fiscal 2018	Fiscal 2017
Net cash inflows from operating activities	37,163	30,429
Net cash outflows from investing activities	(20,359)	(10,152)
Cash flow before financing activities	16,804	20,277
Net cash inflows/(outflows) from financing activities	(33,889)	16,398
Cash and cash equivalents (net of bank overdrafts) at end of period	62,799	79,808

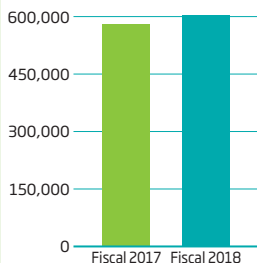
Net revenue by business



● Architectural Europe	15%
● Architectural Japan	11%
● Architectural North America	5%
● Architectural Rest of World	9%
● Automotive Europe	23%
● Automotive Japan	10%
● Automotive North America	13%
● Automotive Rest of World	6%
● Technical Glass	8%

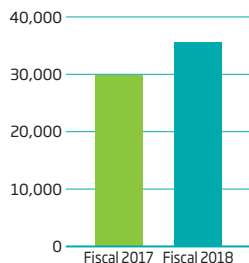
Revenue

Millions of yen



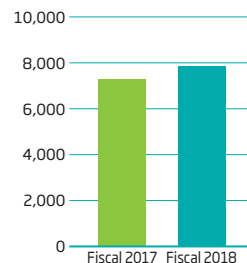
Operating profit

Millions of yen



Profit for the period

Millions of yen



Notes: The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) from the financial year to 31 March 2012.

Operating profit in the above is defined as being operating profit stated before exceptional items.

SHAREHOLDER INFORMATION

Fiscal period	1 April to 31 March of the following year
Ordinary General Meeting of Shareholders	Held annually in June
Record Dates	Ordinary General Meeting of Shareholders: 31 March Dividend: 30 September and 31 March
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Operating office	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Public notice	http://www.nsg.com/
Accounting auditor	Ernst & Young ShinNihon LLC

If you need to record any changes in your address, personal details or any other relevant matter, please contact the securities company administrating your shareholder account.

If you do not use a securities company, please notify our transfer agent as shown below.

Notice to shareholders holding odd-lot shares

If you hold an odd-lot of shares (1 to 99 shares), which is less than a trading unit of shares (100 shares), you could:

1. sell these shares to the Company, or
2. purchase odd-lot shares from the Company to supplement your holding to the extent necessary to constitute a trading unit.

Please contact the securities company administrating your shareholder account for its specific procedures.

If you do not use a securities company, please contact our transfer agent as shown below.

Mail address Stock Transfer Agency Department,
Sumitomo Mitsui Trust Bank, Limited
8-4, Izumi 2-chome, Suginami-ku,
Tokyo 168-0063, Japan

Telephone Number ☎ 0120-782-031 (toll free in Japan)

CORPORATE DATA (as at 31 March 2018)

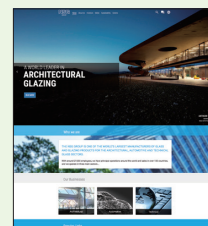
Company name	Nippon Sheet Glass Co., Ltd.
Head office	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Tel: +81-3-5443-9500
Established	22 November 1918
Number of permanent employees	26,957 (consolidated)
Paid-in capital	¥116,546 million
Stock listing	Tokyo (Code: 5202)
Contact	http://www.nsg.com/en/contact-us

General Information

Voting results of the 152nd Ordinary General Meeting of Shareholders will be filed and shown via EDINET (<http://disclosure.edinet-fsa.go.jp/>) in the form of an Extraordinary Report (in Japanese Only) and also disclosed on the Company's website.

Website

Further information about the Group including its financial results and latest IR information is available at <http://www.nsg.com/en>



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