

## TO OUR SHAREHOLDERS

**NIPPON SHEET GLASS CO., LTD.**  
**153RD FISCAL PERIOD REPORT**  
**1 APRIL 2018 - 31 MARCH 2019**

Securities Code: 5202

Cover Photo: A Handy PicoGene® PCR1100 Enables Rapid, High-precision DNA Testing  
For the details; Please refer to the NEWS



## 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 153rd fiscal period starting on 1 April 2018 and ending on 31 March 2019 (FY2019).**

June 2019

### **Shigeki Mori**

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

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### **Summary of FY2019**

In the 1<sup>st</sup> half of FY2019, the Group recorded higher sales revenue and net profit year-on-year thanks to robust market environment in general and especially in Europe as well as the growth in VA (value added) product sales. However, with the

start of the 2<sup>nd</sup> half of the year, the automotive market in Europe began to slow down, certain energy-related costs kept rising and the value of South American currencies deteriorated, which led to lower revenue and higher profit year-on-year. On a full-year basis in FY2019, the Group's sales revenue was 612.8 billion yen (2.3% higher than FY2018) and the trading profit was 36.9 billion yen (3.4% higher than FY2018). The profit attributable to the owners of the parent in FY2019 was 13.3 billion yen (115.6% higher than FY2018). The trading profit was higher than the previous year for six consecutive years and the net profit improved substantially. In FY2019, which is the 2<sup>nd</sup> year of MTP phase 2, we managed to accelerate our actions to achieve the targets by adding "Growth" to the basic policy of "Shift to VA" and putting up "Shift to VA + Growth" as an enhanced policy. VA sales ratio increased to 46% driving improvement in profit. Also, with "Growth" or the expansion of top line in perspective, we decided to boost our capacity to manufacture glass for solar panel in Vietnam and North America and to expand a float glass plant in Argentina, which is regarded as a promising market. In addition, Business Innovation Center (BIC) was established in July 2018 for the purposes of further accelerating the endeavors to develop new businesses and enhance customer values. BIC is expected to take an initiative in such ambitious areas as in life science and Industry 4.0. In light of the steady improvement in our financial performance, the Group's Board of Directors resolved to distribute dividend of 20 yen per share at the year end. The Group's dividend policy is to secure dividend payments based on sustainable business results and we will continue to use the sincere efforts to declare dividends in coming years. The Board also passed a resolution on partial redemption of class-A shares taking into account the profit improvement on a continuous basis and overall financial stability at the moment. This has contributed to reduction of financial cost.

### **Progress in MTP Phase 2 and initiatives for FY2020**

In the MTP Phase 2 spanning three years from FY2018, we set forth four key measures for growth (Driving VA No.1 strategy; Establishment of growth drivers; Business culture innovation and Enhancement of global management) and two financial measures (Boosting net equity and Reduction of net debt) and are working diligently to deliver these measures.

The following is a summary of the progress being achieved under the MTP Phase 2. By driving VA No.1 strategy, we succeeded in establishing an advantageous position in the online coating area of architectural glass business and adding up order volume for VA automotive glass. In order to establish growth drivers, we are

accelerating commercialization of new businesses by registering promising development themes as “Star Projects”. In the arena of business culture innovation, productivity has been improved in the manufacturing lines for automotive glass through “enhancement of MONOZUKURI or Manufacturing Excellence” and the attitude of “Customer First” has been disseminated extensively not only within the sales department but across the Group through “reinforcement of marketing activities”. As a means to advance global management, a shared service center was set up in four locations around the world in an attempt to consolidate back office operation of the Group. The Group also made Inclusion & Diversity Declaration to promote inclusion and diversity among employees. As a financial measure, we issued class-A shares to boost our net equity while achieving the target of financial cost reduction one year earlier, which contributed to push up profit in FY2019. In FY2020, the business environment is expected to get tougher in general given likely slowdown of the European automotive market, deterioration and increasingly severer competition in the North American automotive market as well as rise in certain energy and raw materials costs presumed to continue. In addition, such risk factors as Brexit and the US-China trade tension must be monitored carefully. Against such a backdrop, the Group intends to lay a stable business foundation solid enough to go through business cycles by continuing to reinforce business profitability with accelerated VA shift and through cost improvement; launch strategic investment projects in Vietnam, North America and South America as planned; bolster marketing activities designed to expedite growth and enhance R&D system; and establish the system to move us forward to the next stage of growth by buttressing the Business Innovation Center. FY2020 is the last year of MTP Phase 2. Unfortunately, the financial targets of MTP Phase 2 (ROS: 8% or more and Net debt/EBITDA ratio:  $\times 3$ ) are likely to be unachievable due to the rising energy and other input costs, delay in the planned launch of new business and frontloaded investment for the future growth amongst all other reasons. That being said, the Group will continue to pursue further business growth and stabilization of financial foundation under the “Shift to VA + Growth” policy.

### **Aiming for sustainable growth for society**

In new management principles called “Our Vision”, we defined the Group’s mission as ‘changing our surroundings, improving our world’ and continue to proactively work on initiatives aimed at realizing sustainable growth for society. Through the sales expansion of VA products, we will contribute to energy saving and

creation while striving to reduce CO<sub>2</sub> emissions and industrial waste in our business operation earnestly. In July 2018, the NSG Group signed Science Based Target initiative. With this, we intend to expedite our initiative to reduce greenhouse effect gas further.

Education and cultivation of people and talent development group-wide continues to be the subject of our invariable agenda. With the belief that “the essence of our success in the business lies in the dynamism generated by diverse human resources”, the Group recently declared to pursue and implement the Inclusion and Diversity initiative as a management commitment. We will also fulfill our corporate and societal responsibilities as a good corporate citizen, including by rolling out and embedding of the Group Code of Ethics within the Group and through implementation of the program to secure compliance with the Supplier Code of Conduct by our suppliers as an example. Further, by continuously and intermittently pursuing and maintaining an effective Governance system with transparency and objectivity ensured under the oversight of the Board of Directors to warrant the validity of these commitments, we will be persistently making efforts to contribute to the realization of a sustainable society. In response to the revision of the Corporate Governance Code in June 2018 and the Practical Guidelines for Corporate Governance Systems, we are committed to giving “substance” to the “form” of Corporate Governance so as to establish the effective corporate governance structure conducive to the enhancement of corporate value.

The aforementioned activities have led us to win the highest, “Gold” medal of EcoVadis, a CSR rating institution in France, for the first time in 2018. The Group was highly rated from the standpoints of “environment”, “labor practices and human rights”, “fair business customs” and “sustainable procurement” and ranked as high as in the top 7% in the glass industry. As a member of society, the Group will continue to work successively on initiatives aiming to contribute to realization of sustainable growth for society. We look forward to your continuing understanding and support to the Group.



The world first vacuum insulating glass “Spacia®” series - has won Grand Prize for Excellence in Energy Efficiency and Conservation three times in total.

## NEWS

### Business Innovation Center (BIC) Has Started Up

Business Innovation Center (BIC) was established to lead new business development and new customer value creation in July 2018.

Focused on commercializing NSG's glass technologies in the new glass business areas, including "Life Science" (safety of water and food, environment and academia), "IoT, Cloud" (5G, sensors, filters), "Energy Conversion" (functional material) and "Industry 4.0" (digital manufacturing), BIC actively pursues the development of new business. In April 2019, we announced the launch of the mobile real-time PCR device PicoGene® PCR1100 as the BIC's first new product.



### A Handy PicoGene® PCR1100 Enables Rapid, High-precision DNA Testing

PicoGene® PCR1100 is the mobile real-time PCR device and enables high sensitivity detection of genes in locations outside the specialized laboratories.

It is equipped with a compact fluorescence detector utilizing NSG's proprietary SELFOC® micro lens and its unique features include compact size (can be carried by one hand), light weight (about 560g), high speed measurement (about 10 minutes), high accuracy (as accurate as a large PCR device) and energy saving. It is expected to be useful in a variety of areas, such as environmental testing (ecological survey, alien species identification, etc.), water quality inspection, food hygiene (detection of bacteria/virus, ingredients, allergens, genetically modified food, etc.) and education (academic research, science education etc.).



\*Real-time PCR device: A device for quantitative analysis of DNA by the method of polymerase chain reaction (PCR) to measure the amplification of target DNA on real-time basis.

### The Groundbreaking of New U.S. Manufacturing Plant

In April 2019, we had the groundbreaking ceremony of the new plant in Ohio, U.S. to expand production capacity of online TCO (transparent conductive oxide) coated glass for solar energy. The solar market is growing worldwide amid the increasing expectation that solar power accelerates more "decarbonized society." In April 2018, NSG Group has concluded a long-term supply agreement with First Solar, the world's leading provider of comprehensive photovoltaic (PV) solar systems. First Solar is expanding its production capacity for the latest thin film module system with the higher efficiency and energy yield. The new plant will be operational in the second half of 2020 as our main plant of manufacturing TCO coated glass, a critical component of solar panels.



### Awarded "Gold" CSR Rating

We have received the highest "GOLD" rating from EcoVadis, a global institution, based in France, which aims to improve corporate practices on environmental and social aspects through global supply chains. They operate a collaborative platform with coverage for 150 purchasing categories and 110 countries. Its experts analyze corporate performance based on 21 criteria across four themes of Environment, Fair labor & human rights, ethics, and sustainable procurement. We were highly rated and ranked in the top 7% in the glass industry for our CSR activities, which awarded us "Gold" for the first time.



# CONSOLIDATED FINANCIAL HIGHLIGHTS

## Income statement

	Millions of yen	
	Fiscal 2019	Fiscal 2018
Revenue	612,789	598,897
Operating profit	36,855	35,632
Profit before taxation	22,730	22,146
Profit for the period	14,378	7,907
Profit attributable to the owners of the parent	13,287	6,164
Basic earnings per share attributable to owners of the parent (yen)	115.16	48.27

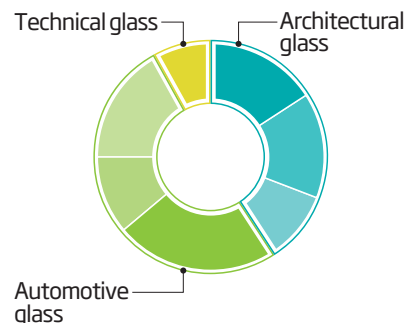
## Balance sheets

	Millions of yen	
	31 MARCH 2019	31 MARCH 2018
Non-current assets	516,288	530,838
Current assets	245,581	257,754
Total assets	761,869	788,592
Total liabilities	629,363	644,877
Total equity	132,506	143,715
Total liabilities and equity	761,869	788,592

## Statement of cash flows

	Millions of yen	
	Fiscal 2019	Fiscal 2018
Net cash inflows from operating activities	29,030	34,716
Net cash outflows from investing activities	(28,143)	(17,912)
Cash flow before financing activities	887	16,804
Net cash inflows/(outflows) from financing activities	(11,358)	(33,889)
Cash and cash equivalents (net of bank overdrafts) at end of period	50,292	62,799

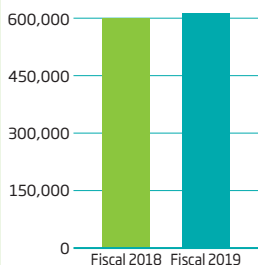
## Net revenue by business



Architectural Europe	16%
Architectural Asia	15%
Architectural Americas	10%
Automotive Europe	23%
Automotive Asia	11%
Automotive Americas	17%
Technical Glass	8%

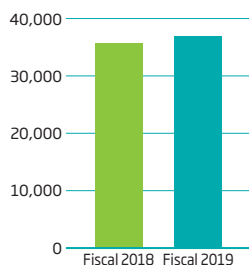
## Revenue

Millions of yen



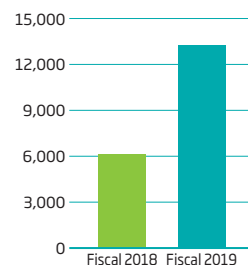
## Operating profit

Millions of yen



## Profit attributable to the owners of the parent

Millions of yen



Notes1: 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.

Notes2: Operating profit in the above is defined as being operating profit stated before exceptional items.

Notes3: Fiscal 2018 data is restated as a result of adopting IFRS15 'Revenue from Contracts with Customers'.

## SHAREHOLDER INFORMATION

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

For notification of any change in your record such as your address or for any inquiry, please contact the securities company administrating your shareholder account.

If you do not use a securities company, please ask 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 can require the Company to:

1. purchase these shares or
2. sell such exact number of the shares as would constitute one trading unit when added together with your shareholding .

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.

<b>Mail address</b>	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
<b>Telephone Number</b>	 0120-782-031 (toll free in Japan)

## CORPORATE DATA (as at 31 March 2019)

<b>Company name</b>	Nippon Sheet Glass Co., Ltd.
<b>Head office</b>	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Tel: +81-3-5443-9500
<b>Established</b>	22 November 1918
<b>Number of permanent employees</b>	26,741(consolidated)
<b>Paid-in capital</b>	¥116,588 million
<b>Stock listing</b>	Tokyo (Code: 5202)
<b>Contact</b>	<a href="http://www.nsg.com/contact-us">http://www.nsg.com/contact-us</a>

### General Information

Voting results of the 153rd 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>



Please scan this QR code with your smartphone to access our website.

