12 May 2017

# FY2017 ANNUAL RESULTS

(from 1 April 2016 to 31 March 2017)

- **Significant improvement in trading profit, despite translational impact of strengthened Japanese yen**
- **Strong improvement in cash generation, with free cash flow exceeding original plan**
- **Stable financial base established by the issuance of Class A Shares**
- **Forecast FY2018 operating profit to improve by 6.0 bn yen**

## Significant improvement in trading profit, despite translational impact of strengthened Japanese yen

- Cumulative Group revenues of ¥ 580.8bn decreased from the previous year, due to the strengthened Japanese yen (FY2016: ¥ 629.2bn)
- Trading profit, before amortization and exceptional items of ¥ 33.1bn, showed significant improvement from the previous year, supported by the recovery in European markets, robust North American markets, lower input costs, operational efficiency improvements, and improved profitability after the exit and downsizing of unprofitable businesses, as well as a steady progress in "VA shift" (FY2016: ¥ 27.2bn)
- Architectural revenue ¥ 237.7bn (FY2016: ¥ 262.6bn) and profits of ¥ 27.0bn (FY2016: ¥ 24.6bn)
- Automotive revenue ¥ 296.6bn (FY2016: ¥ 316.3bn) and profits of ¥ 12.7bn (FY2016: ¥ 9.8bn)
- Technical Glass revenue ¥ 46.1bn (FY2016: ¥ 49.5bn) and profits of ¥ 1.8bn (FY2016: ¥ 0.3bn)
- Overall income statement consistent with original forecast

## Strong improvement in cash generation, with free cash flow exceeding original plan

- Cash inflow before financing activities improved to ¥ 20.3bn (FY2016: ¥ 4.6bn outflow), exceeding the original plan

## Stable financial base established by the issuance of Class A Shares

- Shareholders' equity ratio improved to 15.7% (FY2016: 12.7%)
- Net debt decreased to ¥ 313.3bn (FY2016: ¥ 381.0bn)

## Forecast FY2018 operating profit to improve by 6.0 bn yen

- With the start of Medium-term Plan (MTP) Phase 2, shifting gear to growth

## Extract from NSG Group FY2017 annual financial results presentation, 12 May 2017

### Consolidated Income Statement

| (JPY bn) | FY2016 | FY2017 | Change from FY2016 |
|---|---|---|---|
| **Revenue** | **629.2** | **580.8** | **-8%** [2] |
| **Trading profit** | **27.2** | **33.1** | **22%** [3] |
| Amortization [1] | (7.8) | (3.2) | |
| **Operating profit** | **19.4** | **29.9** | **54%** |
| Exceptional items | (35.1) | 2.9 | |
| Finance expenses (net) | (18.2) | (19.1) | |
| Share of JVs and associates | (3.5) | 1.1 | |
| **Profit/(loss) before taxation** | **(37.4)** | **14.8** | |
| **Profit/(loss) for the period** | **(47.5)** | **7.3** | |
| **Profit/(loss) attributable to owners of the parent** | **(49.8)** | **5.6** | |
| EBITDA | 60.3 | 62.1 | 3% |

1 Amortization arising from the acquisition of Pilkington plc only
2 Increase of 2% based on constant exchange rates
3 Increase of 39% based on constant exchange rates

**Improved performance despite foreign exchange movements**



### FY2018 Forecast

| (JPY bn) | Actuals FY2017 | Forecast FY2018 |
|---|---|---|
| **Revenue** | **580.8** | **600.0** |
| **Trading profit** | **33.1** | **38.0** |
| Amortization* | (3.2) | (2.0) |
| **Operating profit** | **29.9** | **36.0** |
| Exceptional items | 2.9 | (6.0) |
| Finance expenses (net) | (19.1) | (15.0) |
| Share of JVs and associates | 1.1 | 2.0 |
| **Profit before taxation** | **14.8** | **17.0** |
| **Profit for the period** | **7.3** | **10.0** |
| **Profit attributable to owners of the parent** | **5.6** | **8.0** |

* Amortization arising from the acquisition of Pilkington plc only

**Further improvement in operating profit and lower finance expenses**