

NSG
GROUP

**NSG Group
Quarter 1 Results
(from 1 April 2010 to 30 June 2010)**

05 August 2010

NSG Group Quarter 1 Results

(from 1 April 2010 to 30 June 2010)



Agenda

- Financial Results
- Business Update
- Summary

Key Points - April to June 2010

- Results reflect increased market stability, with further improvement in some areas
- Improving performance within joint ventures and associates
- Cost savings from restructuring showing through in results
- Revised forecast reflects improved market conditions

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Consolidated Income Statement

<u>(JPY bn)</u>	<u>Q1 FY11</u>	<u>Q1 FY10</u>	<u>Change from Q1 FY10</u>
Sales	148.0	143.6	3%**
Op.Income before amortization*	6.9	(6.4)	
Amortization*	(4.2)	(4.6)	
Operating income	2.7	(11.0)	
Non-operating items	(1.7)	(4.8)	
Ordinary income	1.0	(15.8)	
Extraordinary items	0.3	(1.1)	
Pre-tax income	1.3	(16.9)	
Net income	0.2	(15.7)	
 EBITDA	 15.1	 4.2	 + 260%

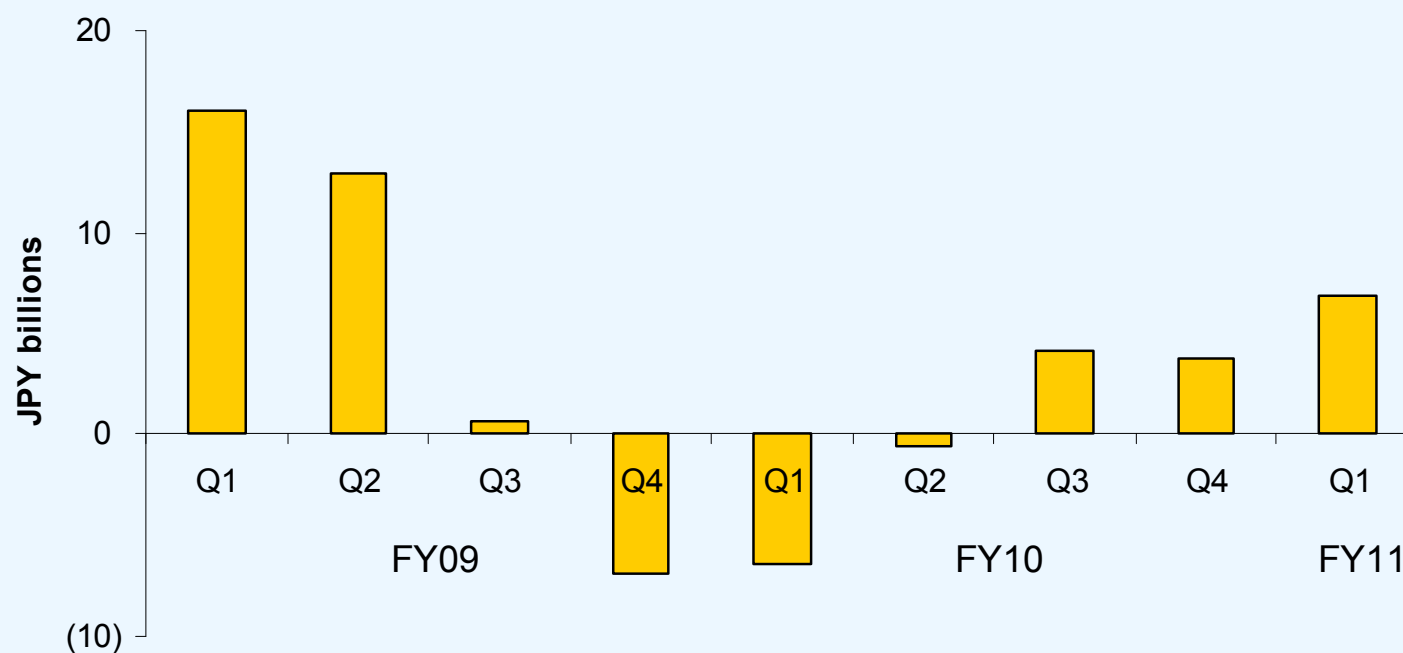
* Amortization arising from the acquisition of Pilkington plc only

** +9% based on constant exchange rates

Return to profitability

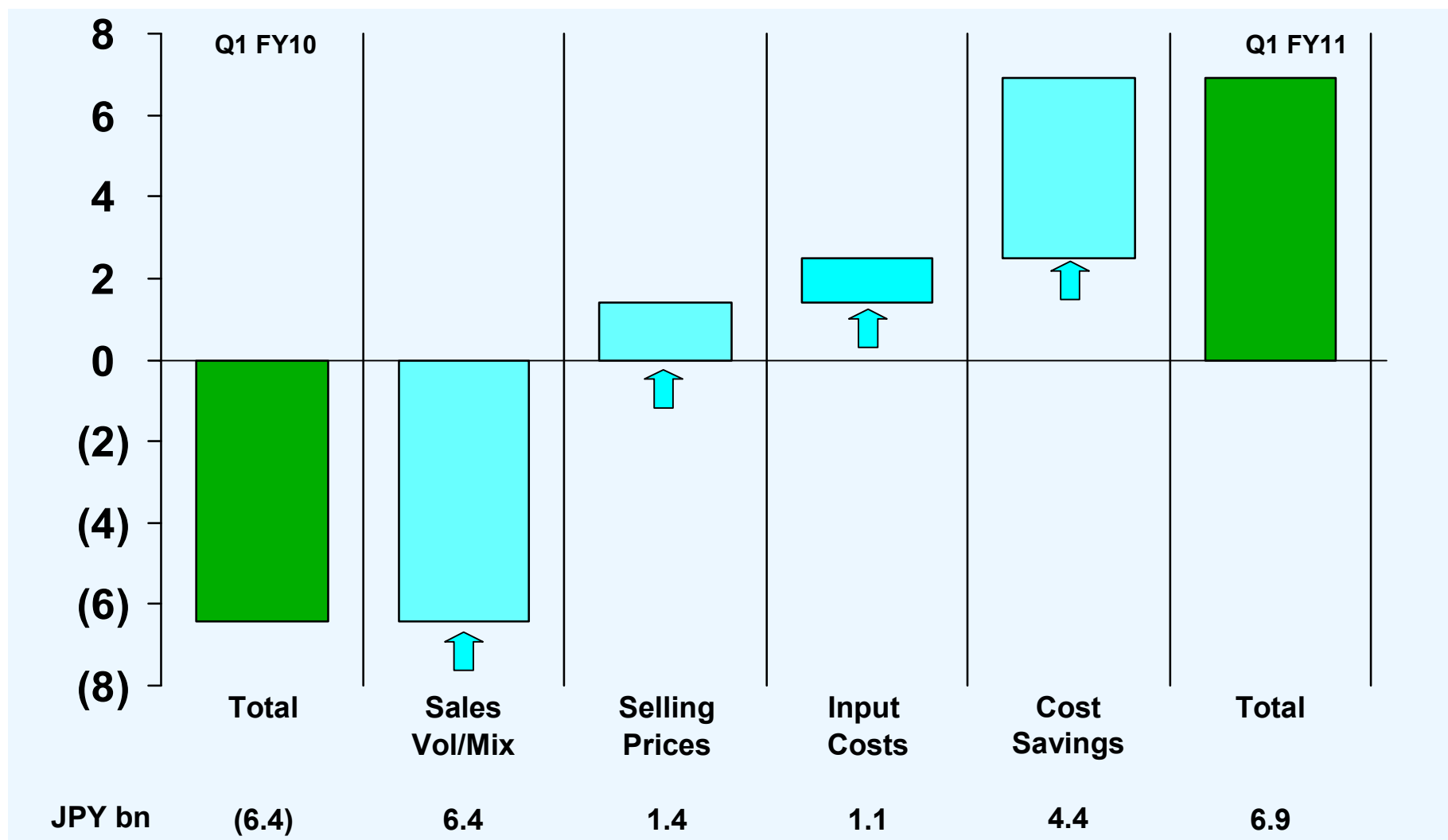
Quarterly profit results

Operating Income Before Amortization



Recent quarterly results reflect improving market conditions

Operating Income Change Analysis



Increasing operating income

Non-operating Items

	<u>Q1 FY11</u> (JPY bn)	<u>Q1 FY10</u> (JPY bn)
Joint ventures and associates	2.0	(0.6)
Net interest expense	(2.8)	(2.8)
Other income and expenses	(0.9)	(1.4)
	<u>(1.7)</u>	<u>(4.8)</u>

Improved performance of JVs and associates

Consolidated Cash Flow Summary

	FY2011 (JPY bn)
Income before income taxes and minority interests	1.3
Depreciation and amortization	12.4
Increase in working capital	(4.1)
Tax paid	(3.4)
Addback profit on disposal of subsidiaries/investments	-
Others	(5.7)
Net cash (used in)/provided by operating activities	0.5
Purchase of fixed assets	(6.5)
Disposal of subsidiaries/investments	-
Others	2.1
Net cash provided by investing activities	(4.4)
Cash flow before financing activities	(3.9)

Cash remains a focus

Key Performance Indicators

	<u>30-Jun-10</u>	<u>31-Mar-10</u>
Net Debt (JPY bn)	315	315
Net Debt/EBITDA	6.2x	7.7x
Net Debt/Equity Ratio	1.56	1.31
	<u>FY2011</u>	<u>FY2010</u>
EBITDA Interest Cover	4.5x	3.6x
Operating Return on Sales*	4.7%	-4.5%

* Before amortization arising from acquisition of Pilkington plc

Ratios stronger on improving EBITDA

NSG Group Quarter 1 Results



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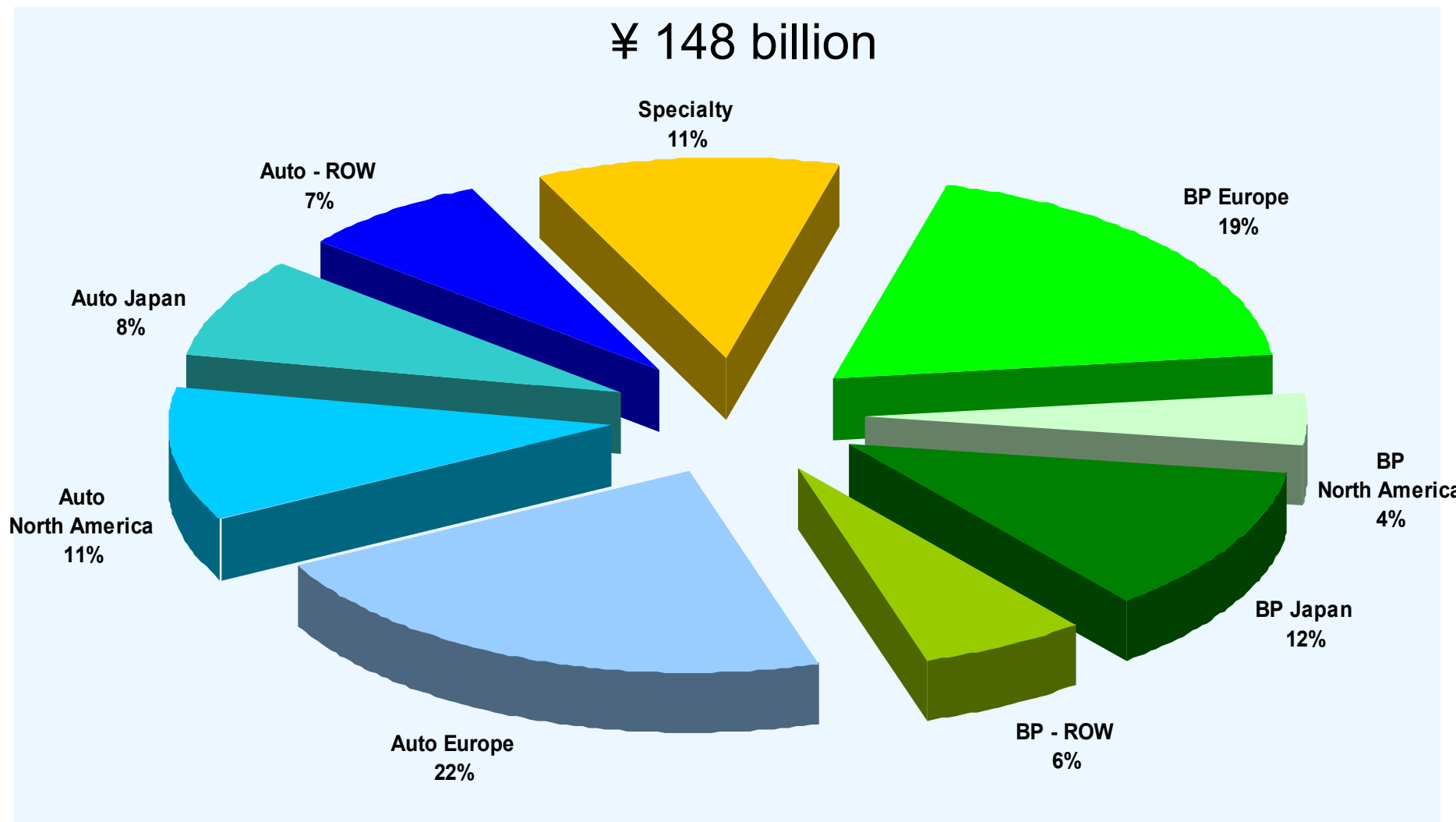
Agenda

- Financial Results
- Business Update
 - Building Products
 - Automotive
 - Specialty Glass
- Summary

Market conditions showing some improvement

- **Europe: mixed but stable**
 - Gradual recovery in Germany, Poland, UK, Nordic and Russia
 - Decline in Mediterranean and some others, however our exposure in the construction market is limited
- **North America**
 - Stable residential with poor commercial market outlook
 - Good upturn in the automotive sector from a low base
- **Japan**
 - Construction and automotive increasing
- **Rest of world**
 - South America, and China showing significant growth across construction, automotive and consumer products

External Sales – Group Businesses

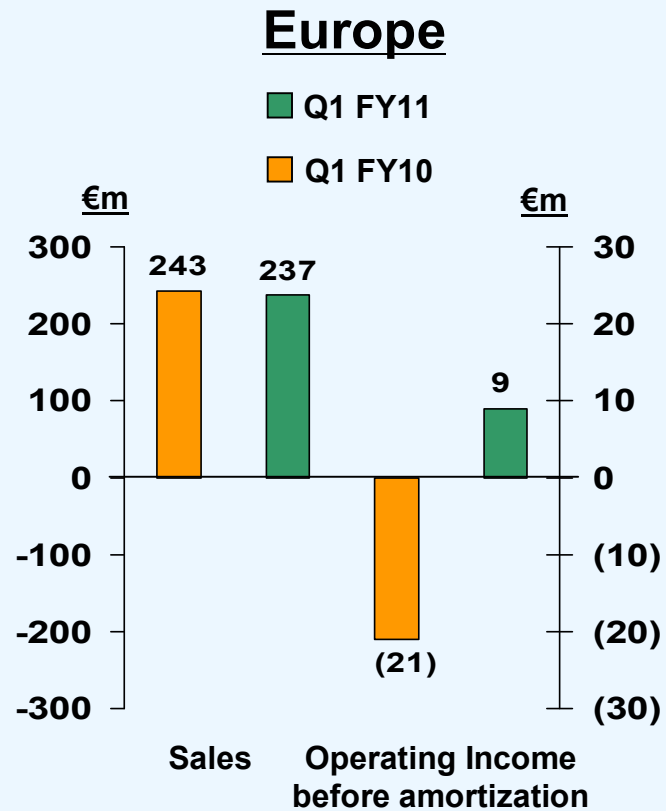


ASBJ Statement 17

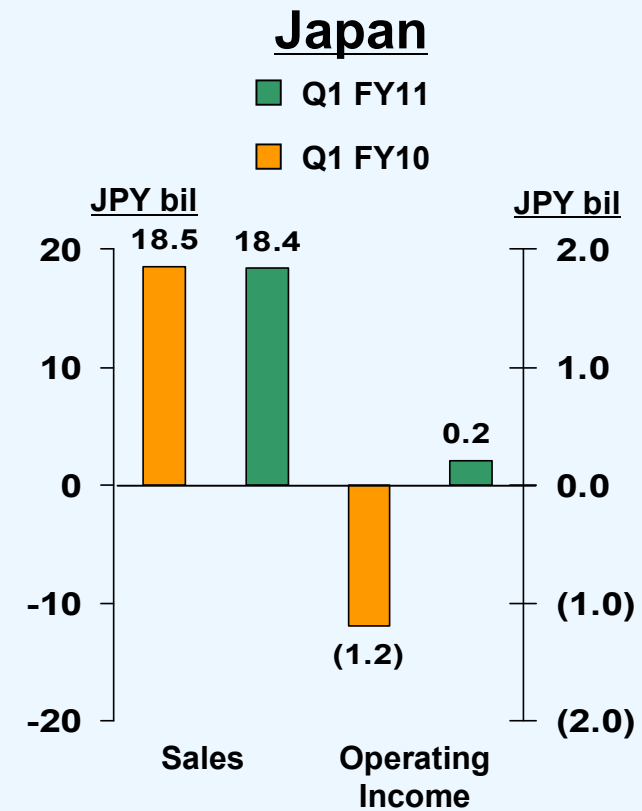
- New accounting standards have been introduced in Japan from 1 April 2010. ASBJ statement 17 “Accounting Standard for Disclosure about segments of an Enterprise and Related information”
- Effect is some items are moved into business lines from other operations and eliminations, and some the other way
- The net effect is of course zero
- For comparability we have restated the FY10 numbers in this presentation on a like for like basis

Building Products

Q1 FY11 v Q1 FY10



- Better sales volumes and prices offset by the disposal of downstream Switzerland/France and lower engineering revenue
- Operating income increased due to improved selling prices, higher volume and cost savings



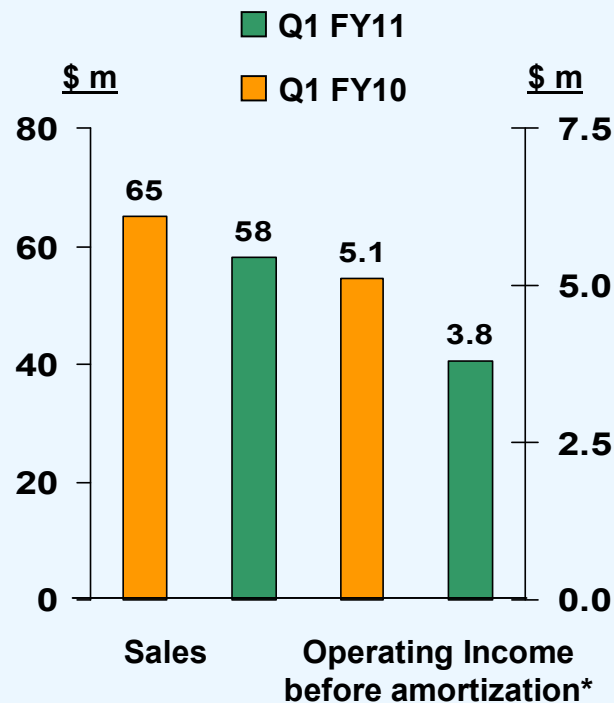
- Sales flat as higher volumes offset lower sales prices
- Operating income improves due to cost savings and lower input costs

Note. Amortization is only that arising on acquisition of Pilkington plc

Building Products

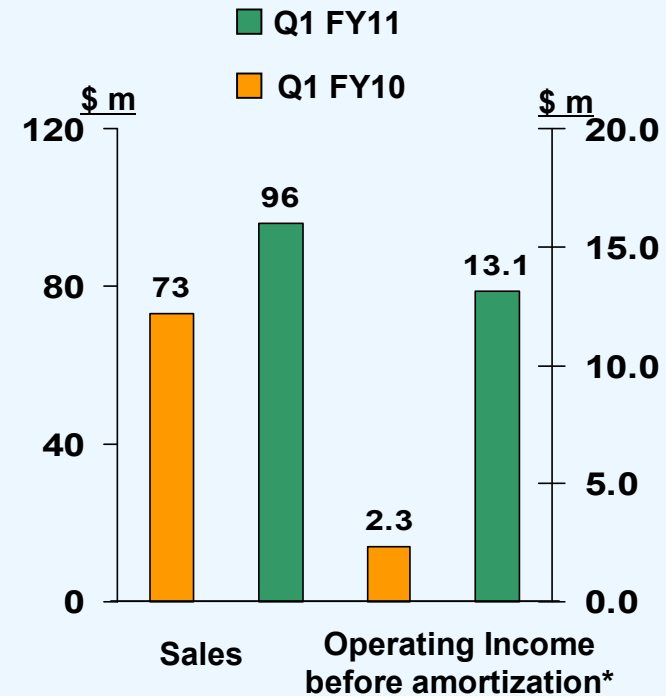
Q1 FY11 v Q1 FY10

North America



- Sales decline due to lower selling prices and a change in sales mix
- Operating income declines due to lower selling prices, a change in sales mix and higher input costs. Partly offset by cost savings

Rest of World**



- Sales growth due to higher prices and the inclusion of low iron rolled line in China (PST) as of 1 April 2010
- Operating income increases due to higher prices and the inclusion of PST despite increases in input costs

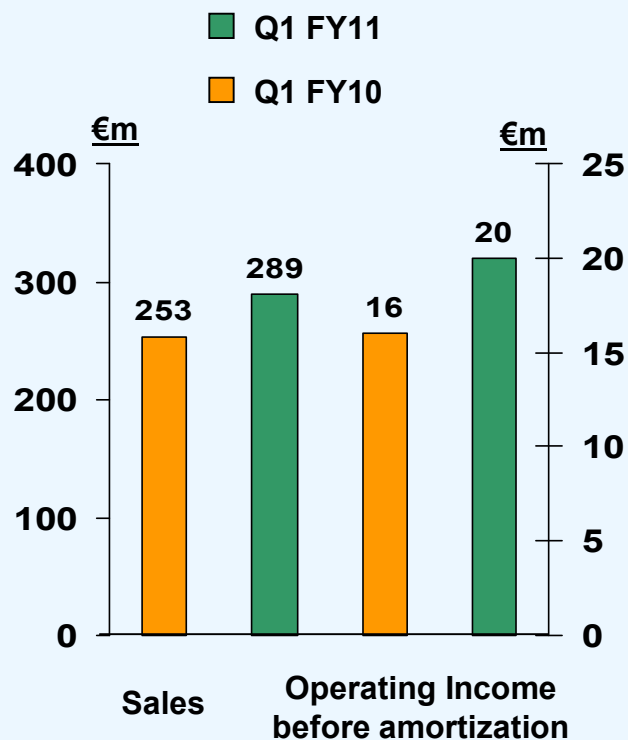
*: Amortization is only that arising on acquisition of Pilkington plc

**: Rest of world includes Argentina, Chile, China, Malaysia and Vietnam

Automotive

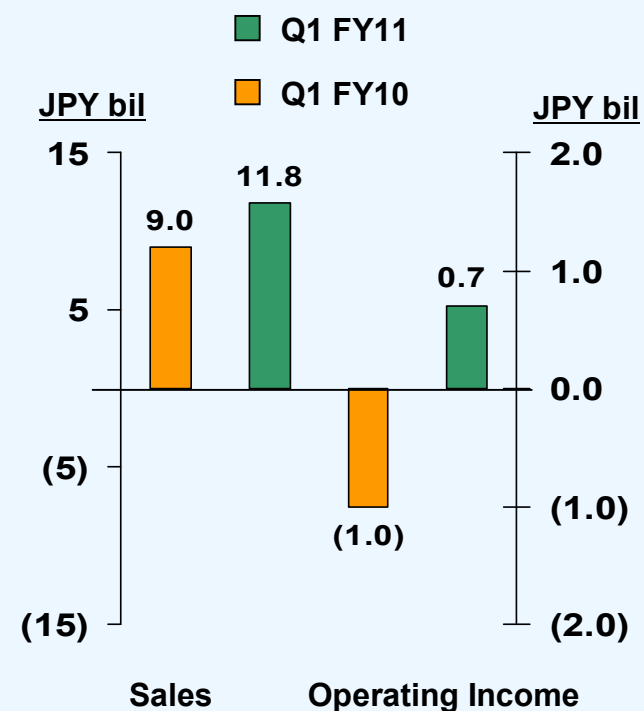
Q1 FY11 v Q1 FY10

Europe



- Volume increase despite ending of scrappage schemes
- Steady profit improvement as capacity utilization increases
- Resilient AGR sales performance

Japan



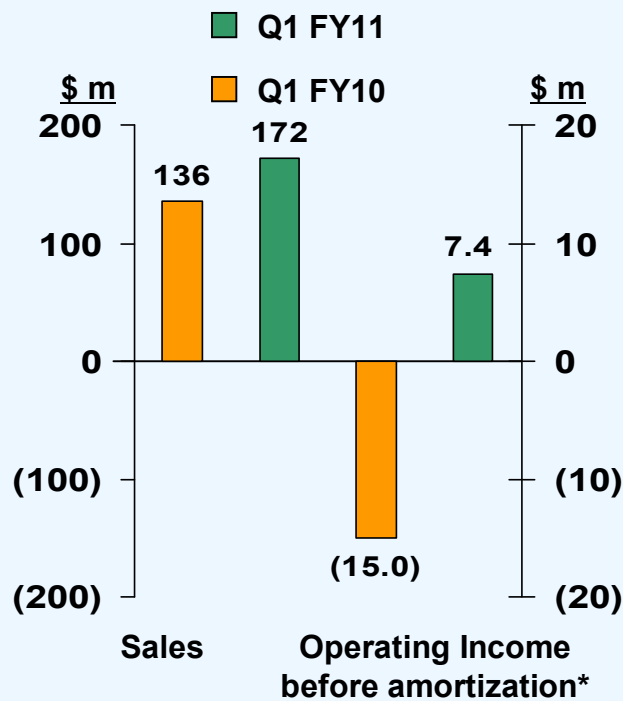
- Market growth continues with support from incentives
- Improved profit driven by volume and operational improvement

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Automotive

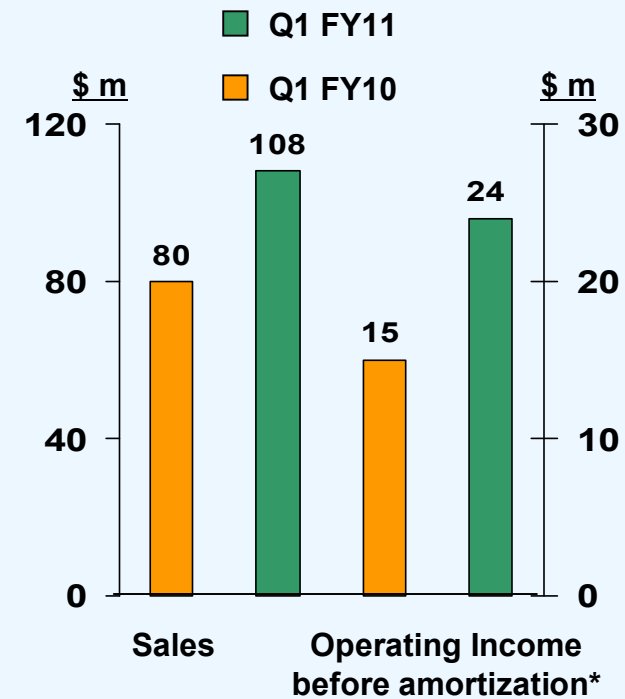
Q1 FY11 v Q1 FY10

North America



- Market rebound after GM and Chrysler drives volume increase
- Improved volume enabling better capacity utilization
- AGR profitability similar to previous year

Rest of World**



- Markets remain buoyant
- Profits improving through higher production volumes and AGR growth

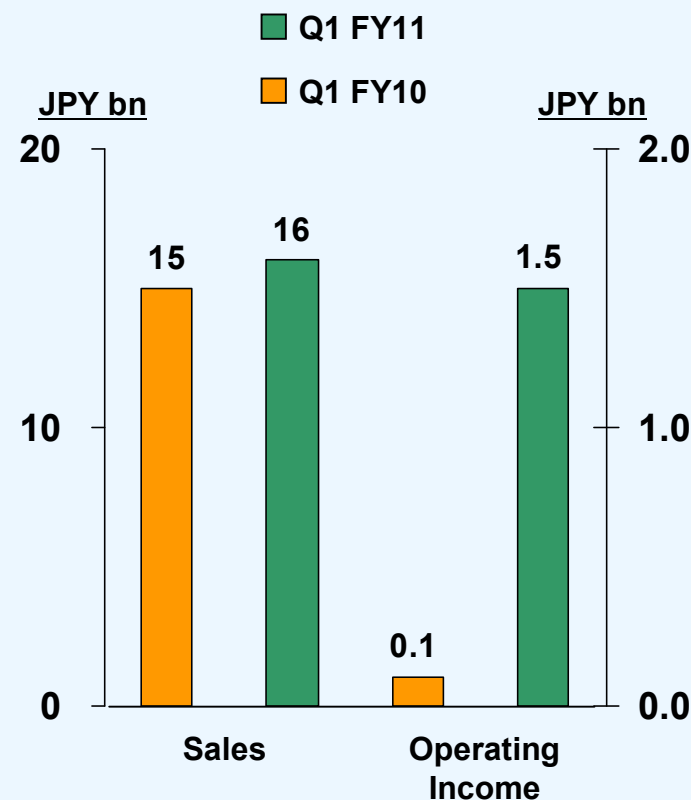
*: Amortization is only that arising on acquisition of Pilkington plc

**: Rest of world includes Brazil, Argentina, Malaysia and China

Specialty Glass

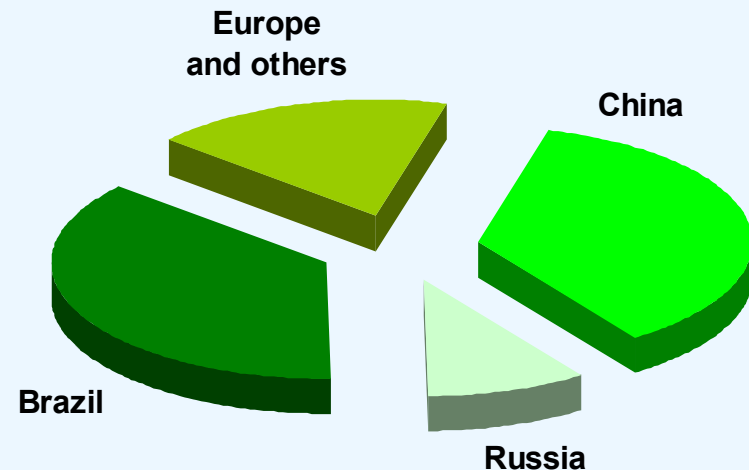
Q1 FY11 v Q1 FY10

- Overall sales have remained flat as increasing volumes offset the disposal of Nippon Muki Co. Ltd
- Profits increasing on better capacity utilization and cost savings
- Improved demand for multi function printers during the quarter
- Improving automotive markets benefiting glass cord and battery separator volumes



Joint Ventures and Associates

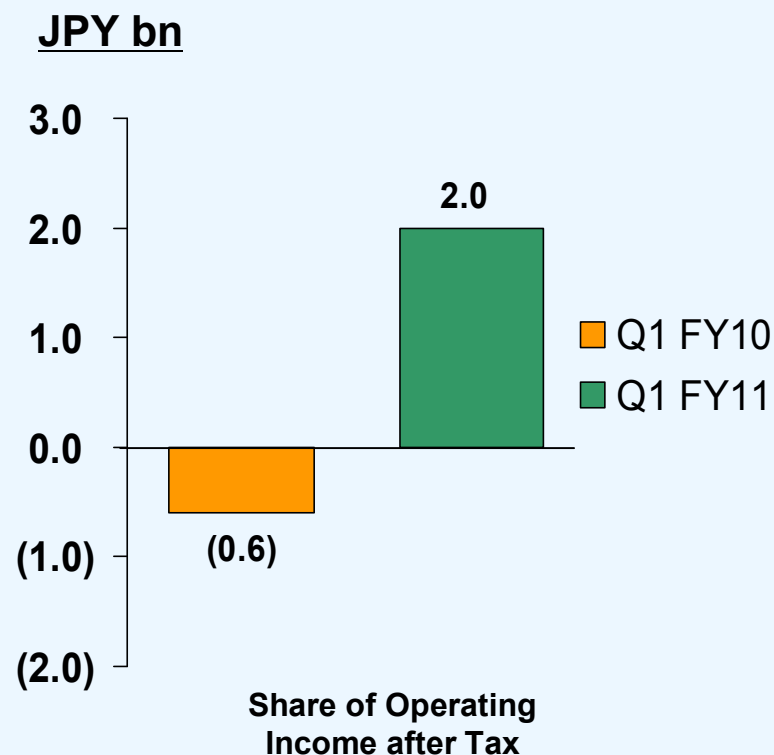
- Under JGAAP we do not consolidate our share of sales of joint ventures and associates
- If our share were consolidated it would add approximately ¥50 billion to our revenue
- The joint ventures and associates' profit after taxation is shown in non-operating items
- Major joint ventures and associates are in:
 - Brazil (Cebrace), Building Products
 - China SYP, CGH and others, Building Products
 - Russia, Building Products
 - Germany Flachglas Wernberg, value added processing
- We are delivering double digit growth in sales and profit after tax in joint ventures and associates



Split of Revenue (approximately)

Joint Ventures and Associates

- Cebrace (Building Products joint venture in Brazil) result reflects strong conditions in South America
- Improving performance from Chinese Building Products joint ventures and associates



Improved performance of JVs and associates

Income Statement Outlook

(JPY bn)

	<u>Revised Forecast</u>			<u>Previous Forecast</u>
	<u>H1 FY11</u>	<u>H2 FY11</u>	<u>FY2011</u>	<u>FY2011</u>
Sales	300	300	600	600
Op.income before amortization*	18	15	33	28
Amortization*	(9)	(9)	(18)	(18)
Operating income	9	6	15	10
Non-operating items	(3)	(2)	(5)	(6)
Ordinary income	6	4	10	4
Net income	1	0	1	(4)

*Amortization arising from the acquisition of Pilkington plc only

Revised forecast reflects improving market conditions

NSG Group Quarter 1 Results



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Summary

- Q1 results reflect increased market stability, with further improvement evident in some areas
- Improved performance from joint ventures and associates
- Strict focus on controlled cash management remains central
- Cost savings from our restructuring program showing through in results
- Improved market conditions underpin our decision to revise our forecast

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 (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 – Q1 FY2011

(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	18.4	27.7	5.3	8.9	60.3
Automotive	11.8	33.8	15.8	9.9	71.3
Specialty	8.1	1.7	0.3	5.7	15.8
Others	0.5	0.1	0.0	0.0	0.6
Total	38.8	63.3	21.4	24.5	148.0

Operating Income before Amortization – Q1 FY2011

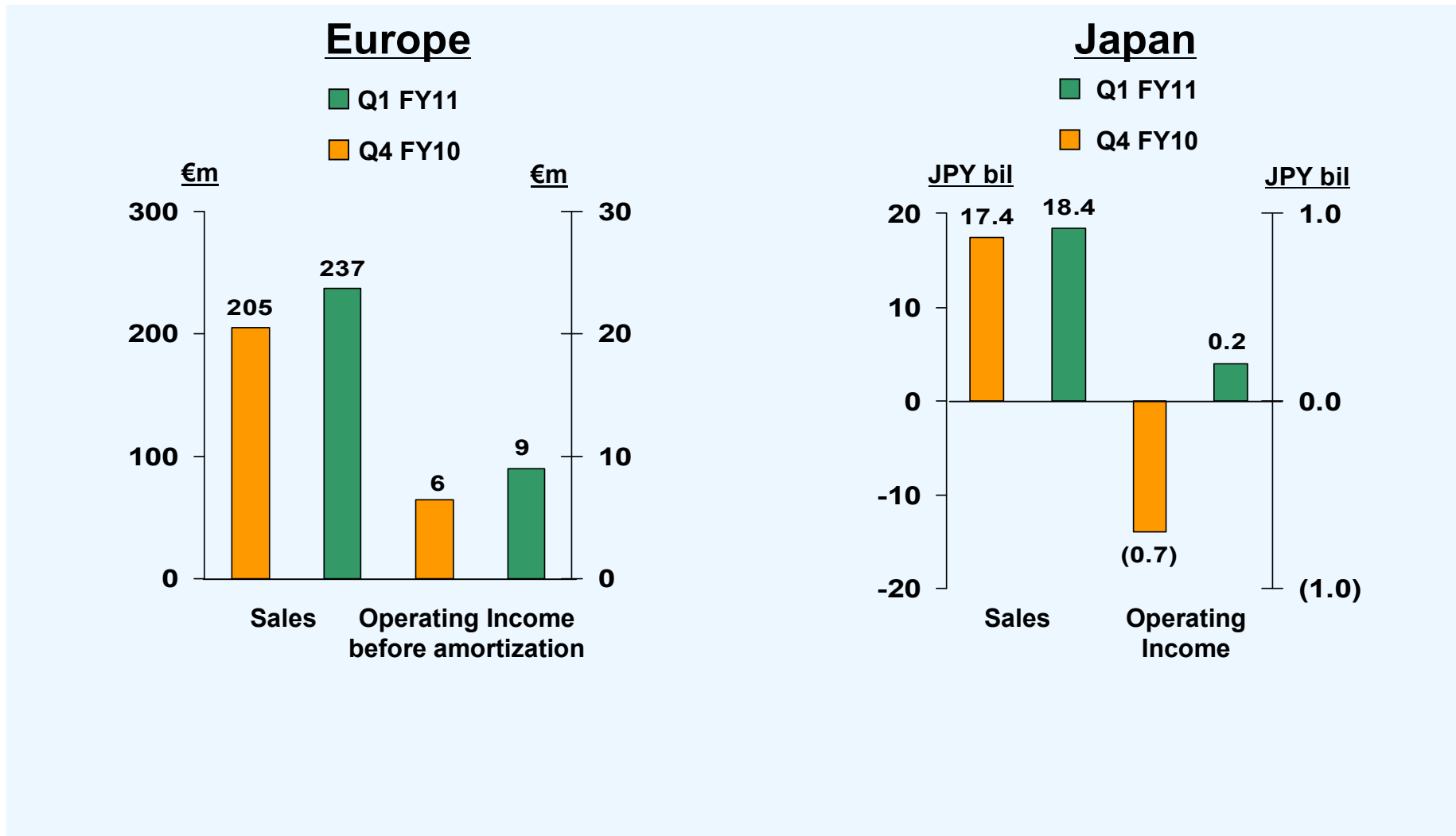
(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.2	1.0	0.3	1.3	2.8	5%
Automotive	0.7	2.3	0.7	2.2	5.9	8%
Specialty	1.9	0.1	0.0	(0.5)	1.5	9%
Others	(1.1)	(1.1)	(1.1)	0.0	(3.3)	
Total	1.7	2.3	(0.1)	3.0	6.9	5%
Ratio on Sales	4%	4%	0%	12%	5%	

Operating Income after Amortization – Q1 FY2011

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.2	1.0	0.3	1.3	2.8	5%
Automotive	0.7	2.3	0.7	2.2	5.9	8%
Specialty	1.9	0.1	0.0	(0.5)	1.5	9%
Others	(1.1)	(3.8)	(1.9)	(0.7)	(7.5)	
Total	1.7	(0.4)	(0.9)	2.3	2.7	2%
Ratio on Sales	4%	-1%	-4%	9%	2%	

Building Products

Q1 FY11 v Q4 FY10

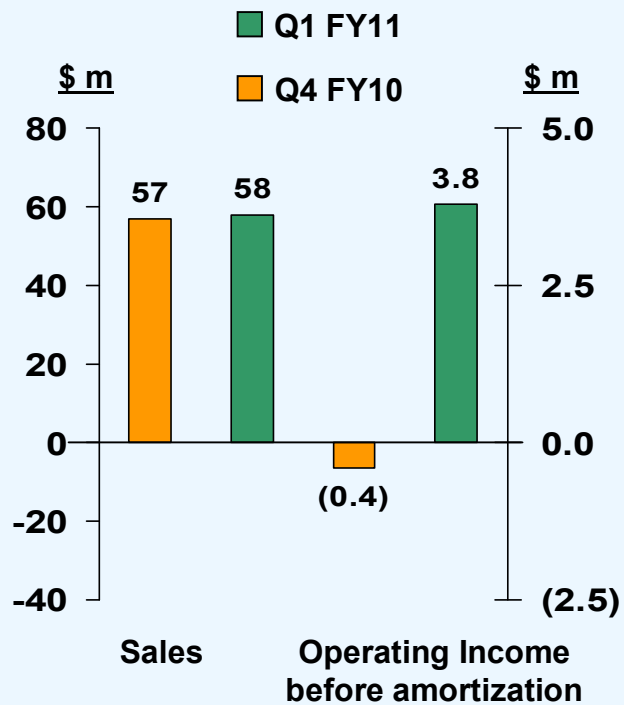


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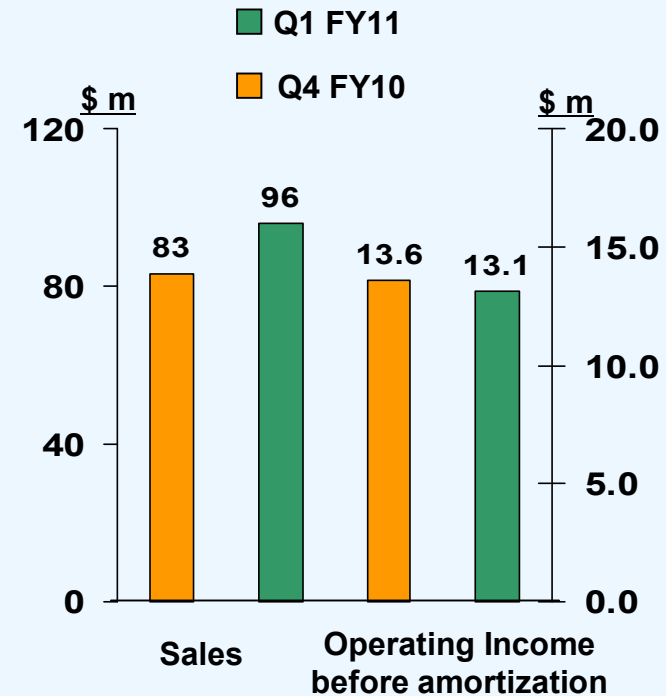
Building Products

Q1 FY11 v Q4 FY10

North America



Rest of World

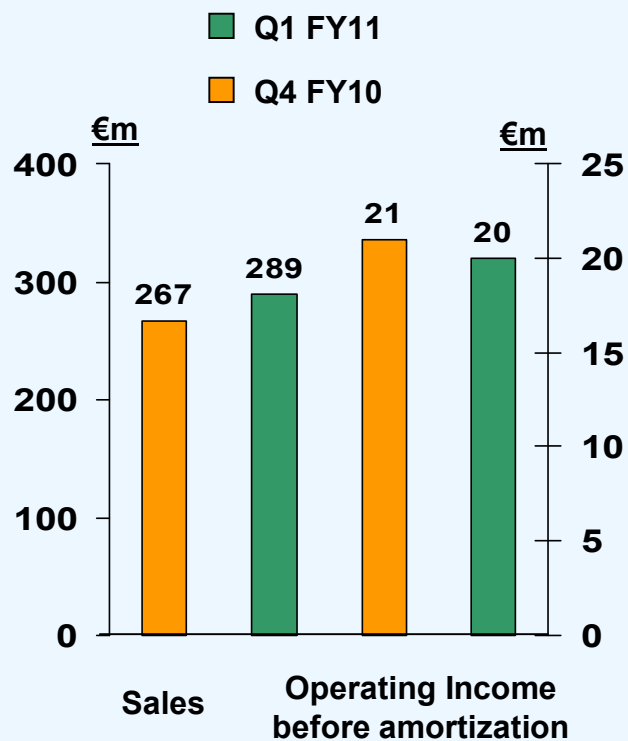


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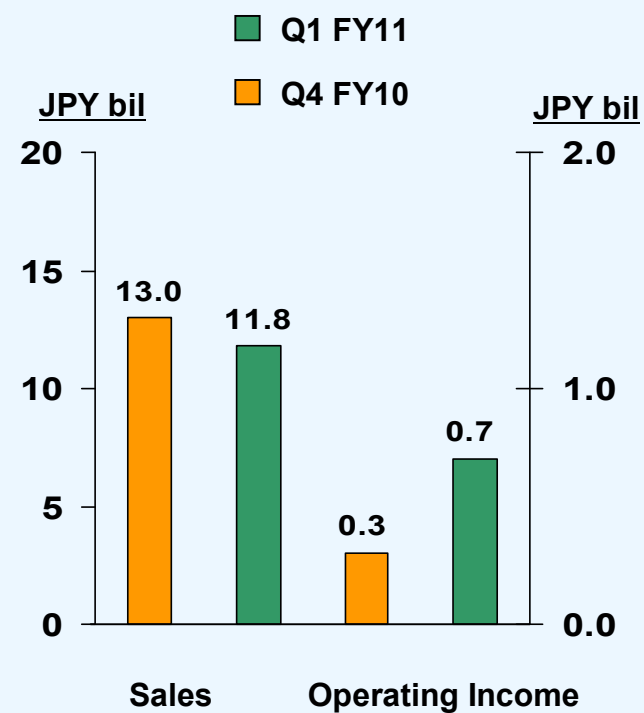
Automotive

Q1 FY11 v Q4 FY10

Europe



Japan

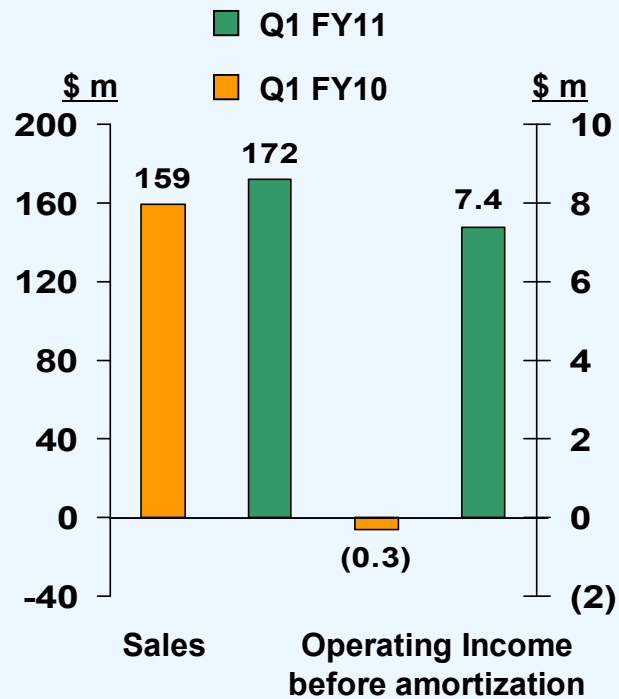


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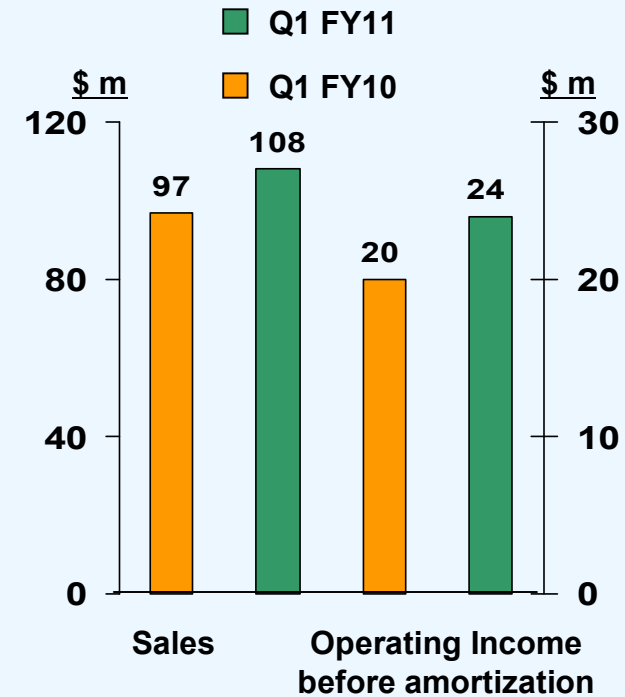
Automotive

Q1 FY11 v Q4 FY10

North America



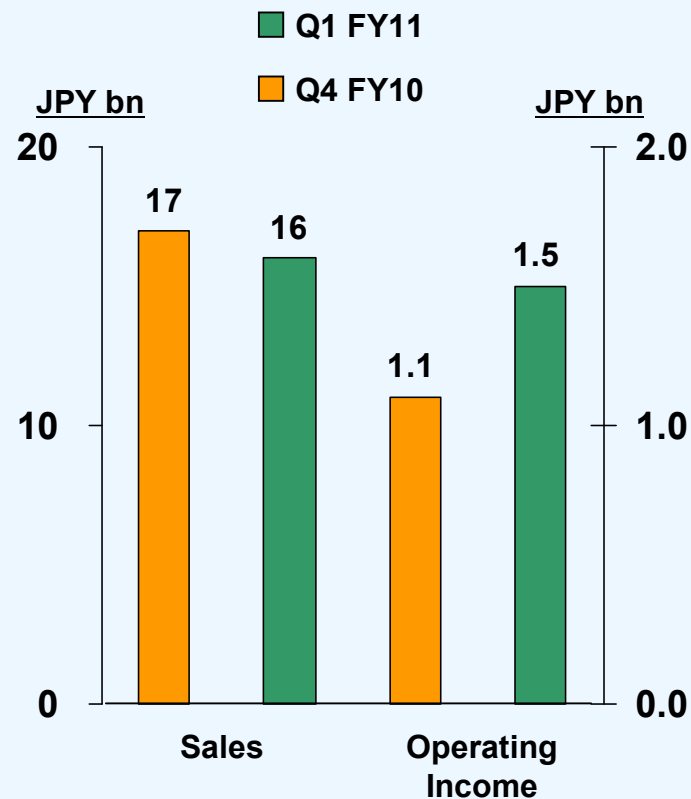
Rest of World



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Specialty Glass

Q1 FY11 v Q4 FY10



Exchange Rate Assumptions

	Q1 FY11	Q1 FY10	FY11 Forecast (revised)
Average rates used:			
JPY/GBP	137	151	135
JPY/EUR	117	132	110
JPY/USD	92	97	90
Closing rates used:			
JPY/GBP	133	160	
JPY/EUR	108	136	
JPY/USD	88	96	

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