

**NSG**  
**GROUP**

# NSG Group

## FY2012 Quarter 1 Results

(from 1 April 2011 to 30 June 2011)

Nippon Sheet Glass Co., Ltd.  
4 August 2011

# **Mark Lyons**

Chief Financial Officer

# **Iain Smith**

Group Financial Controller

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# NSG Group FY2012 Quarter 1 Results



(from 1 April 2011 to 30 June 2011)

## Agenda

- Financial Results
- Business update
- Summary

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# Key Points - April 11 to June 11

- Results reflect lower than anticipated Japan earthquake impact
- Otherwise, performance in line with Company expectations
- Building Products results reflect improving volumes of value-added products
- Automotive profits reduced, due to lower OE customer demand following the Japan earthquake
- Specialty Glass markets affected by Japan earthquake, but strong underlying performance
- All results now stated in IFRS, including restatement of previous year
- FY2012 forecast remains unchanged

# Japan Earthquake Impact

- Profit effect of ¥3.4bn (¥2.7bn in Automotive and ¥0.7bn in Specialty Glass)
- Q1 impact ¥1.0bn less than expected
- Automotive OE Japan customer demand recovering more quickly than expected
- Specialty Glass, and Automotive outside Japan, as expected
- Full year impact revised to ¥4.8bn from ¥6.0bn

**Earthquake impact revised downward to ¥4.8bn**

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# Consolidated Income Statement

<u>(JPY bn)</u>	<u>Q1 FY12</u>	<u>Q1 FY11</u>	<u>Change from Q1 FY11</u>
<b>Sales</b>	<b>145.2</b>	<b>148.1</b>	<b>-2%**</b>
<b>Operating profit before amortization</b>	<b>5.6</b>	<b>8.4</b>	
Amortization*	(2.0)	(2.0)	
<b>Operating profit</b>	<b>3.6</b>	<b>6.4</b>	
Finance expenses (net)	(3.7)	(4.3)	
Share of JVs and associates	2.0	2.2	
<b>Profit before taxation</b>	<b>1.9</b>	<b>4.3</b>	
<b>Profit after taxation</b>	<b>1.9</b>	<b>3.1</b>	
<b>Profit attributable to equity shareholders</b>	<b>1.6</b>	<b>2.7</b>	
<b>EBITDA</b>	<b>13.8</b>	<b>17.1</b>	<b>-19%</b>

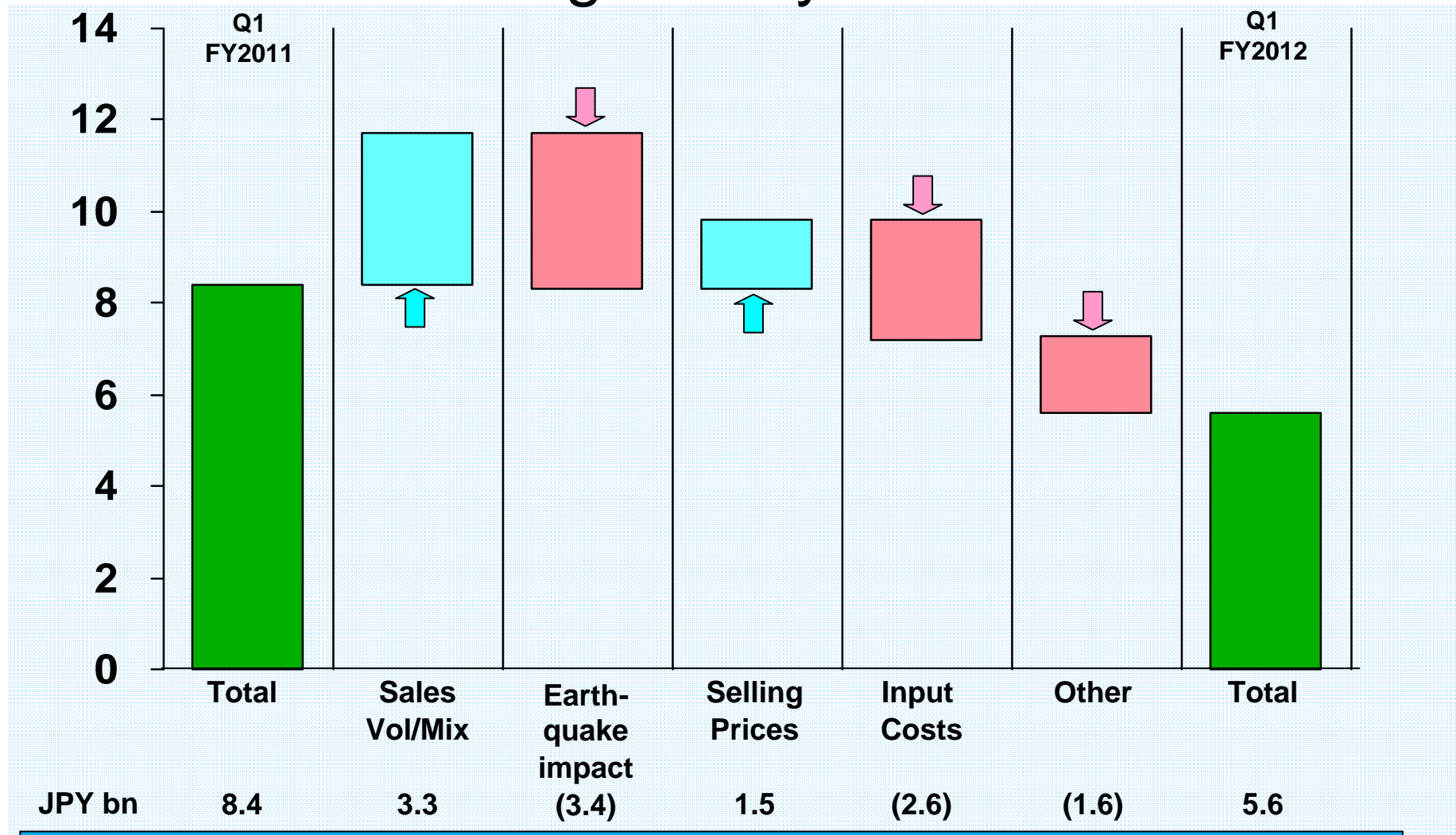
\* Amortization arising from the acquisition of Pilkington plc only

\*\* +1% based on constant exchange rates

**Results reflect lower than anticipated Japan earthquake impact**



# Operating Profit (before amortization) Change Analysis



**Underlying volume improvement. Increasing prices partially offset input costs**

# Consolidated Cash Flow Summary

	Q1 FY12 (JPY bn)
Profit after taxation	1.9
Depreciation and amortization	10.2
Net change in working capital	(10.4)
Tax paid	(2.4)
Share of profit from joint ventures and associates	(2.0)
Movement in provisions and retirement benefit obligations	(6.3)
Others	1.0
<b>Net cash used in operating activities</b>	<b>(8.0)</b>
Purchase of property, plant and equipment	(8.6)
Dividends from joint ventures and associates	0.1
Others	(1.4)
<b>Net cash used in investing activities</b>	<b>(9.9)</b>
<b>Cash flow before financing activities</b>	<b>(17.9)</b>

**Seasonally negative cash flows in Q1**

# Key Performance Indicators

## Key Performance Indicators

	<u>30-Jun-11</u>	<u>31-Mar-11</u>
Net Debt (JPY bil)	331	313
Net Debt/EBITDA	5.4x	4.9x
Net Debt/Equity Ratio	1.5	1.4
	<u>Q1 FY2012</u>	<u>Q1 FY2011</u>
EBITDA Interest Cover	3.7x	4.0x
Operating Return* on Sales	3.8%	5.7%

\* Before amortization arising from acquisition of Pilkington plc

**Reduced EBITDA affecting ratios**

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# NSG Group FY2012 Quarter 1 Results

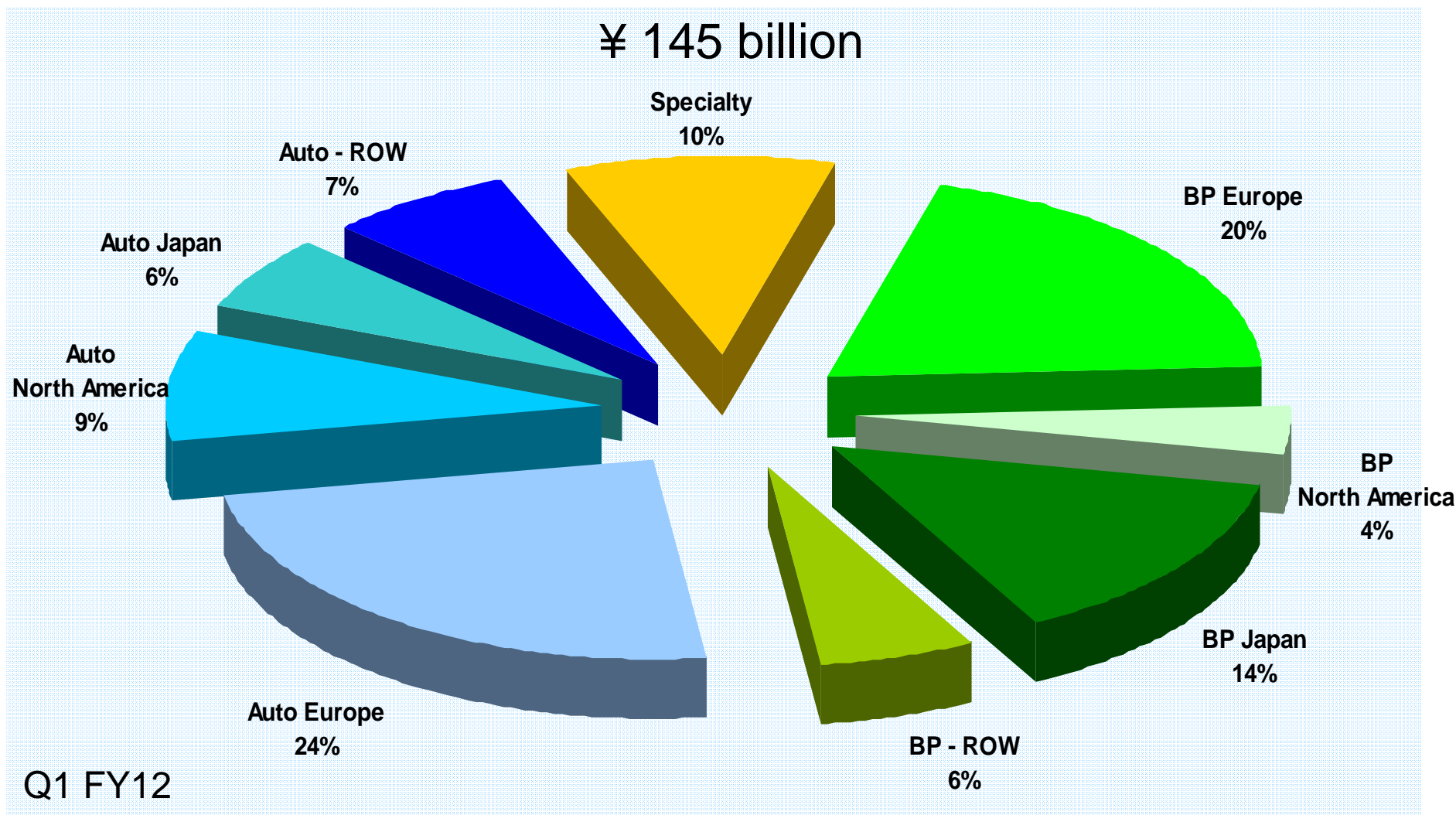


(from 1 April 2011 to 30 June 2011)

## Agenda

- Financial Results
- Business Update
  - Building Products
  - Automotive
  - Specialty Glass
  - Joint ventures and associates
- Summary

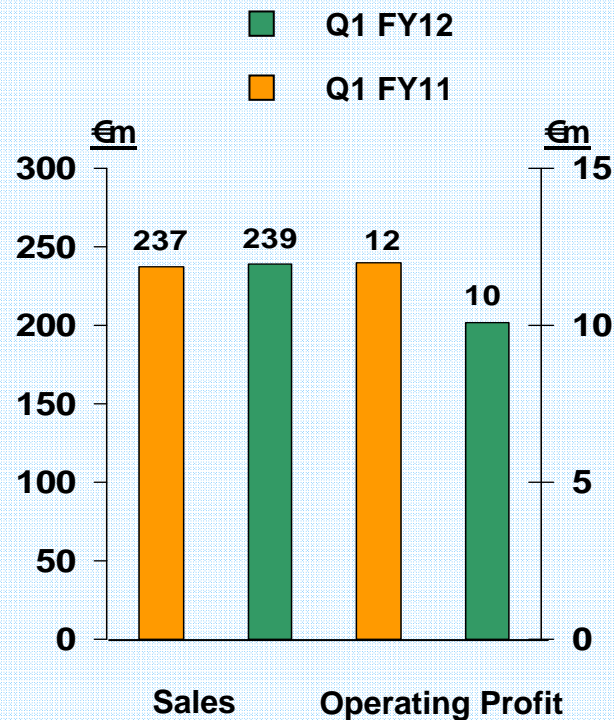
# External Sales – Group Businesses



# Building Products

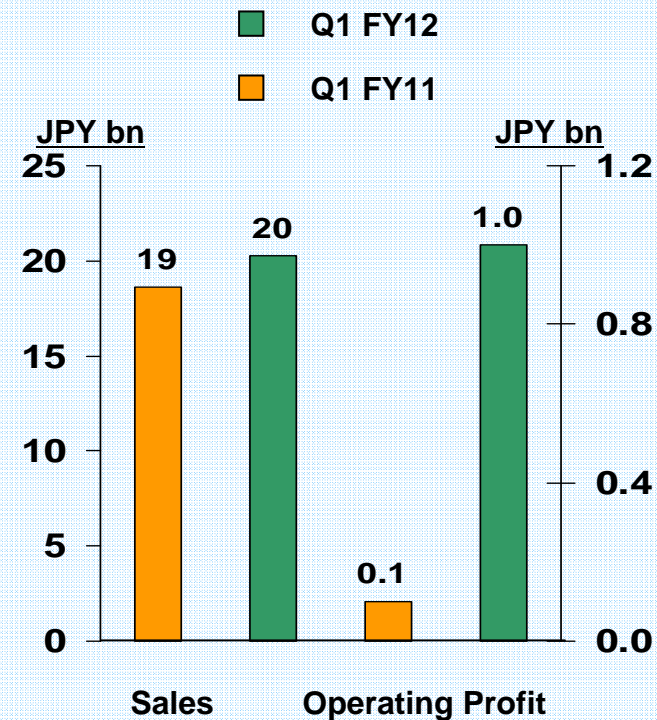
## Q1 FY12 v Q1 FY11

### Europe



- Improving prices offset higher input costs
- Operating profit hit by start up costs on new UK Solar Energy line.

### Japan



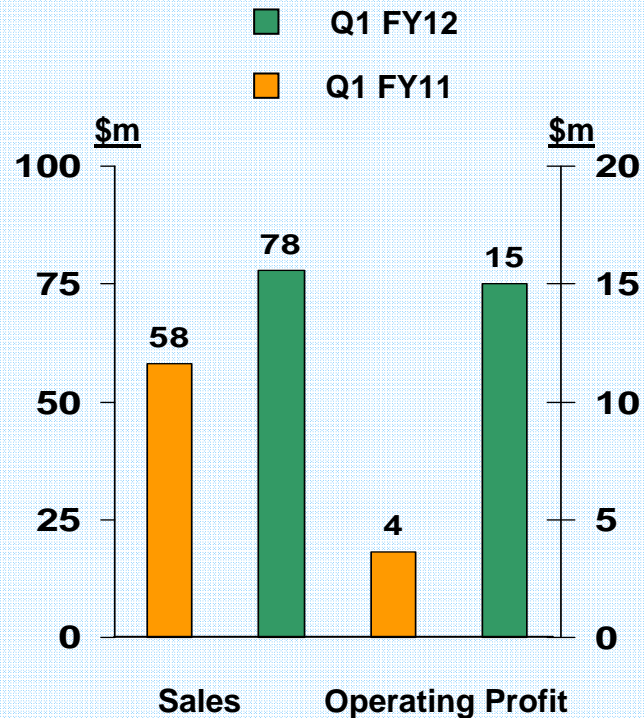
- Increased downstream volumes
- Improving mix, with greater proportion of value-added products

# Building Products

## Q1 FY12 v Q1 FY11

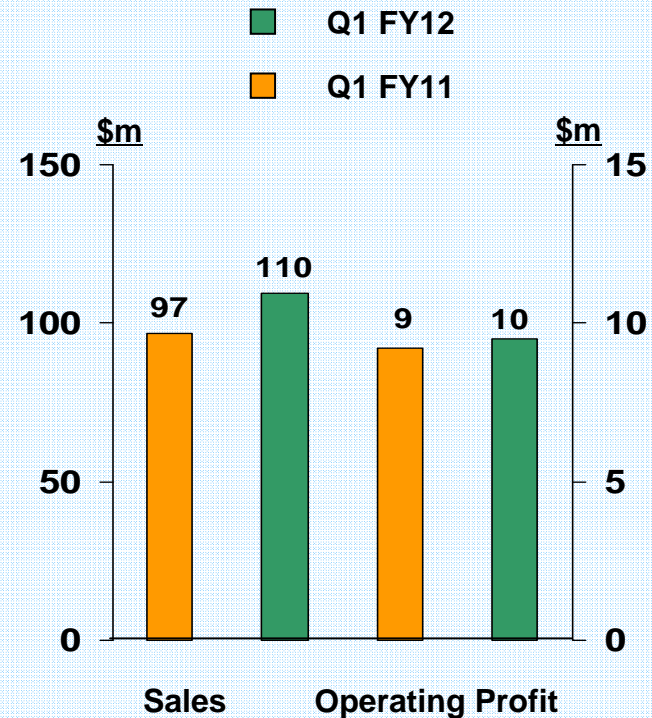


### North America



- Improving mix, with greater proportion of value added products
- Weak domestic market for commodity products

### Rest of World



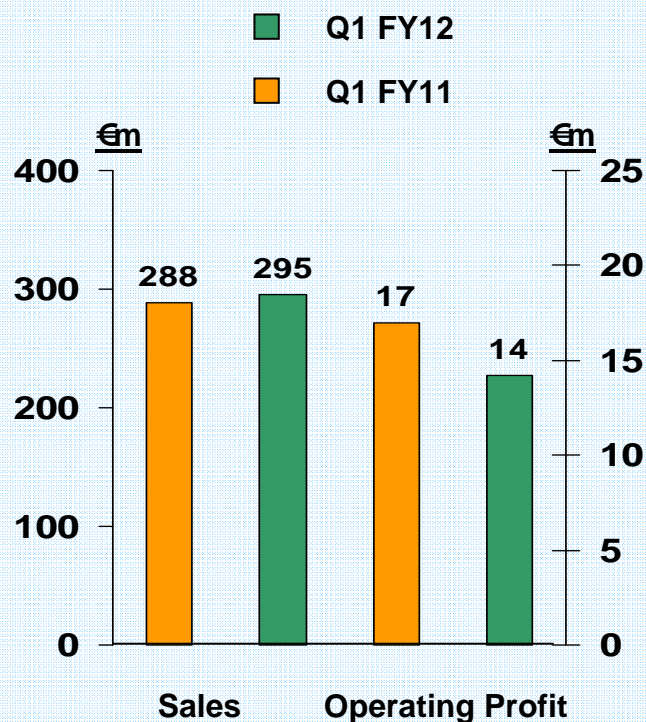
- Strong results in South America with further volume growth
- Weak prices and volumes in South East Asia

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

# Automotive

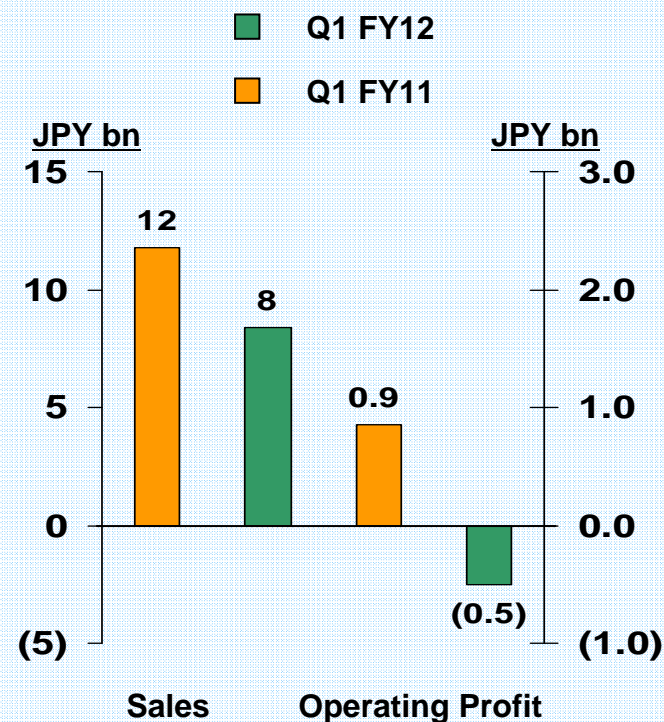
## Q1 FY12 v Q1 FY11

### Europe



- OE sales increased due to improving demand
- Profit impacted through demand volatility and material cost inflation, forward look smoother
- AGR results robust with higher average pricing levels

### Japan



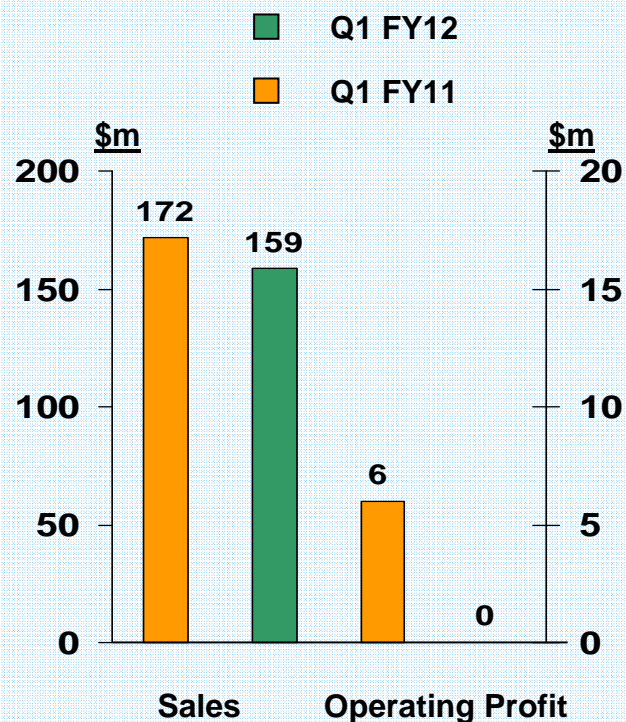
- Sales and operating profit significantly lower as customers reduced production due to component shortages
- Demand gradually improving during Q1 and anticipated to move towards normal levels in Q2



# Automotive

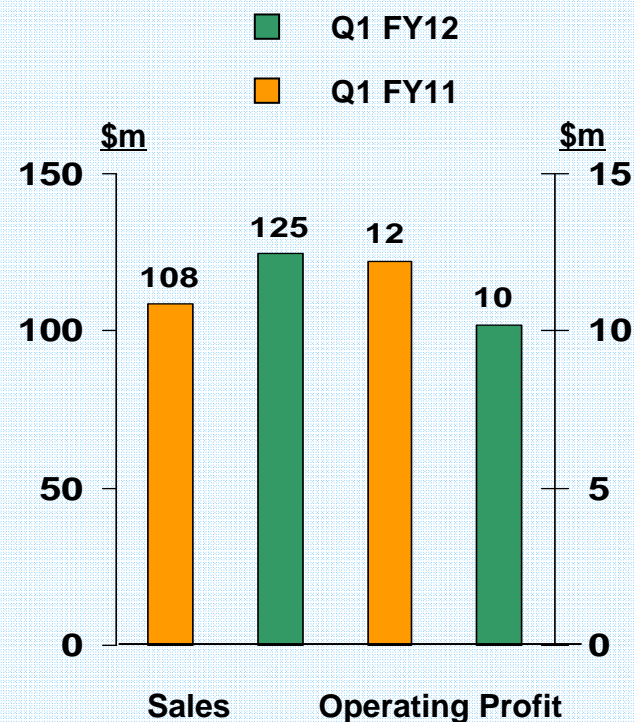
## Q1 FY12 v Q1 FY11

### North America



- Dealer inventory reductions offset relatively strong consumer demand
- Component shortages affecting OE customers, following Japan earthquake
- AGR profitability increased due to higher prices

### Rest of World



- Further growth in volumes, particularly in South America
- Japan earthquake impacting Q1 demand in South East Asia
- Start up costs of new investments and increased input costs reduced operating profit. However, still at satisfactory levels

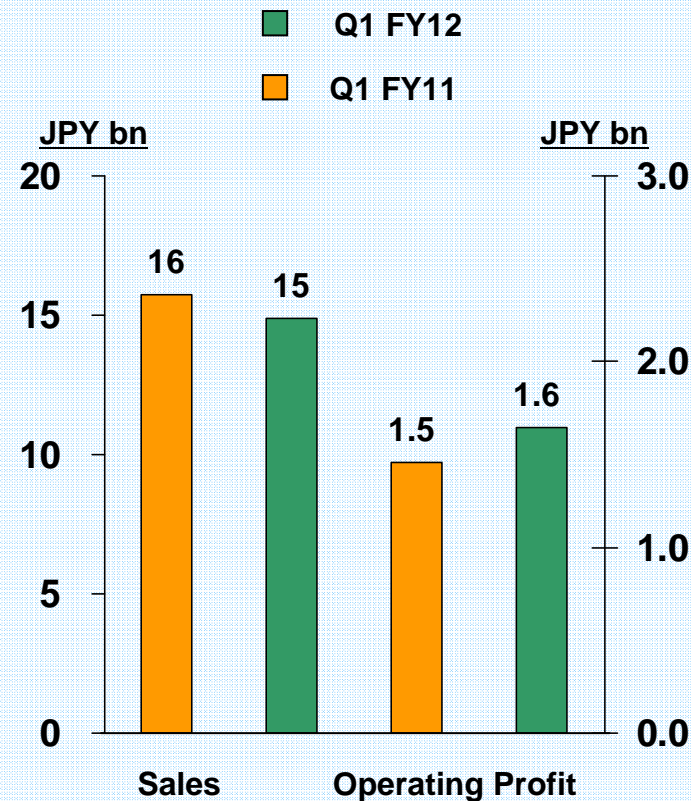
\*:Rest of world includes Brazil, Argentina, Malaysia and China

# Specialty Glass

## Q1 FY12 v Q1 FY11

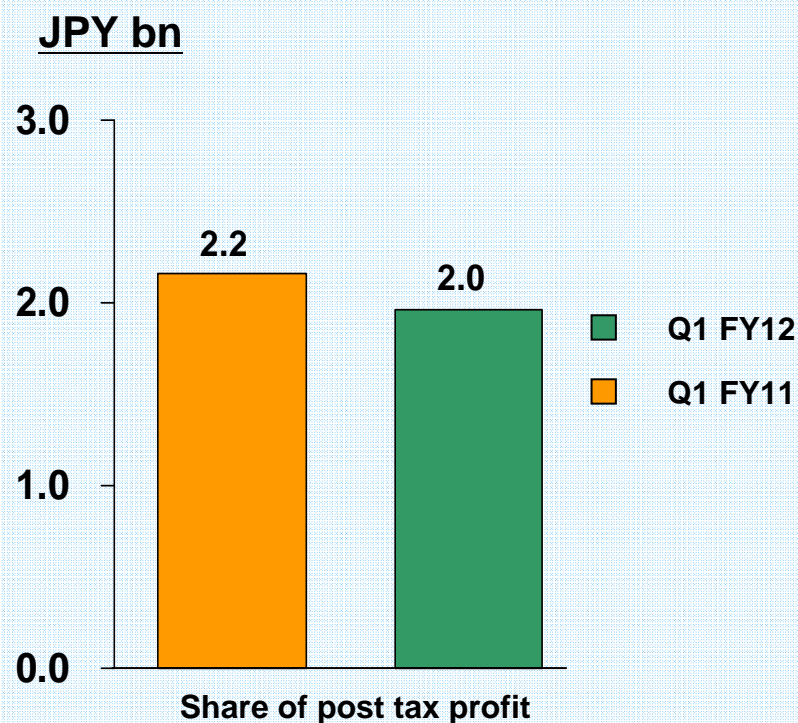


- Further growth experienced in LCDs for mobile devices
- Printer/Scanner market affected by component shortages arising from Japan earthquake
- Robust vehicle production in Europe continues to support glass cord sales



# Joint Ventures and Associates

- Cebrace profits flat, but still at satisfactory level
- Improved profitability in Russia
- Reduced profits in China



**Results similar to the previous year**

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# Summary

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- Specialty Glass markets affected by Japan earthquake, but strong underlying performance
- All results now stated in IFRS, including restatement of previous year
- FY2012 forecast remains unchanged

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# 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

# Sales by Business – Q1 FY2012



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	20.3	28.1	6.4	8.9	63.7
Automotive	8.4	34.7	12.9	10.2	66.2
Specialty	7.7	1.9	0.3	5.0	14.9
Others	0.3	0.1	0.0	0.0	0.4
Total	36.7	64.8	19.6	24.1	145.2



# Operating Profit before Amortization – Q1 FY2012



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	1.0	1.2	1.2	0.8	4.2	7%
Automotive	(0.5)	1.7	0.0	0.8	2.0	3%
Specialty	1.4	0.2	0.0	0.0	1.6	11%
Others	(1.1)	(1.1)	0.0	0.0	(2.2)	
Total	0.8	2.0	1.2	1.6	5.6	4%
Ratio on Sales	2%	3%	6%	7%	4%	

# Operating Profit after Amortization – Q1 FY2012

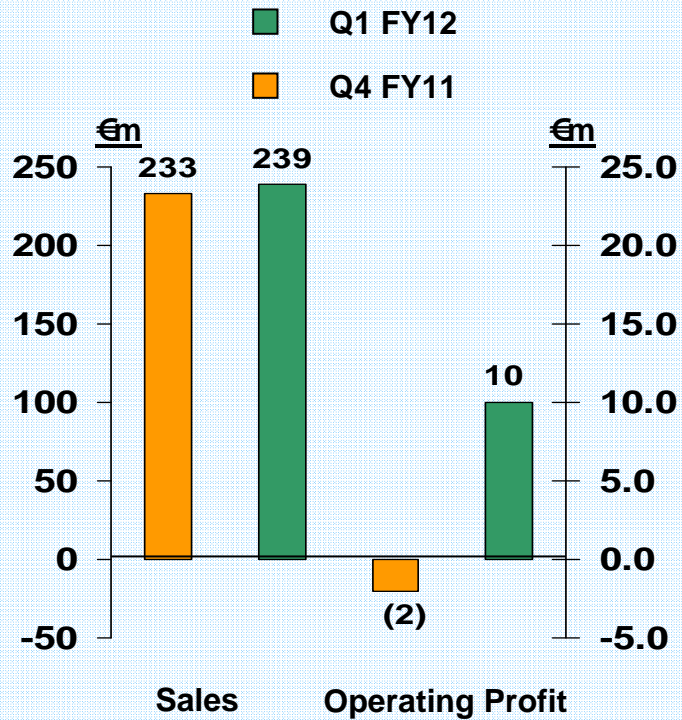


(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	1.0	1.2	1.2	0.8	4.2	7%
Automotive	(0.5)	1.7	0.0	0.8	2.0	3%
Specialty	1.4	0.2	0.0	0.0	1.6	11%
Others	(1.1)	(2.4)	(0.4)	(0.3)	(4.2)	
Total	0.8	0.7	0.8	1.3	3.6	2%
Ratio on Sales	2%	1%	4%	5%	2%	

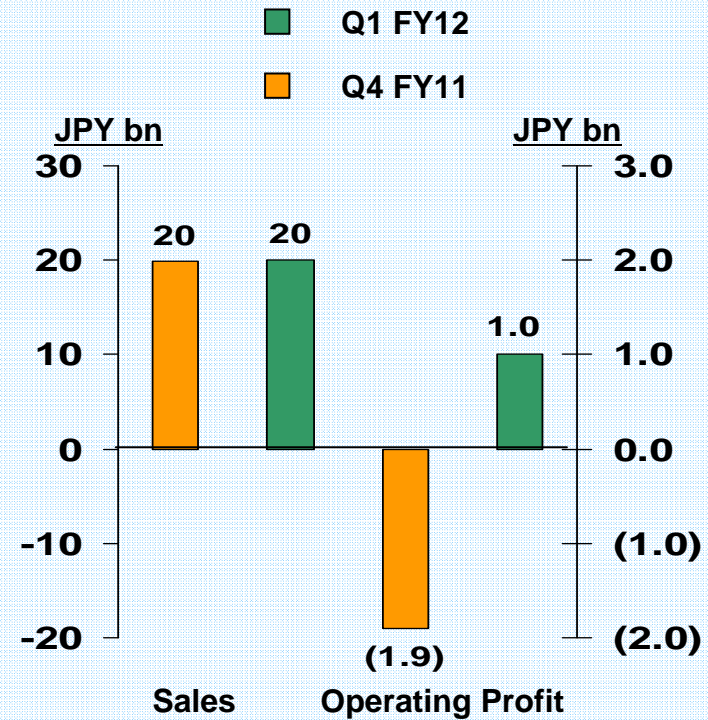
# Building Products

## Q1 FY12 v Q4 FY11

### Europe



### Japan



# Building Products

## Q1 FY12 v Q4 FY11

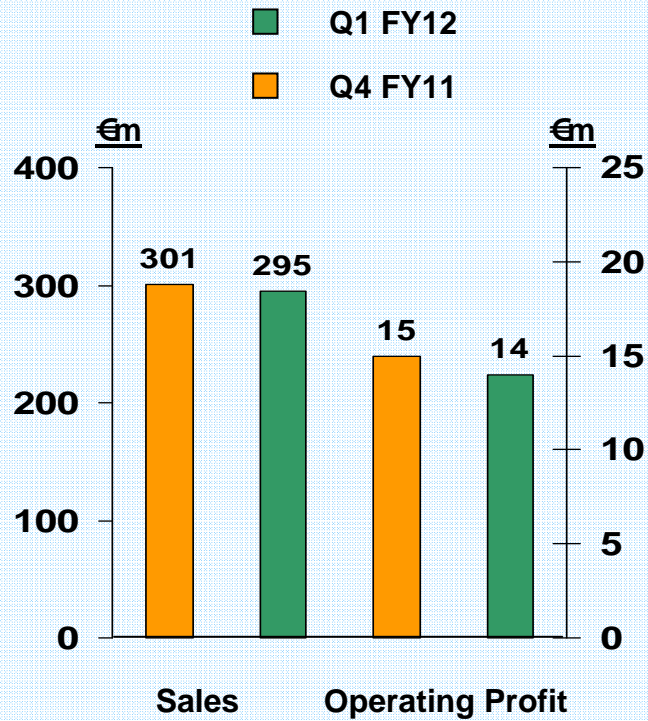


\*: Rest of world includes Argentina, Chile, China, Malaysia and Vietnam

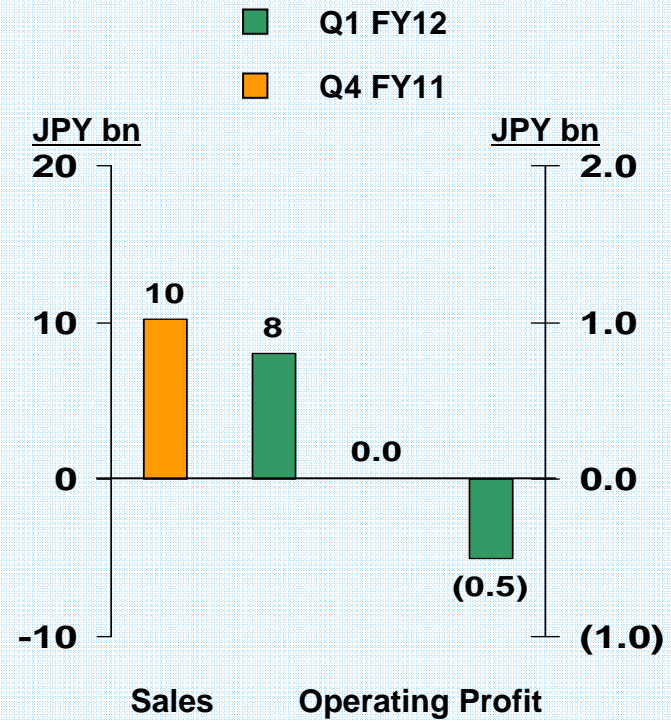
# Automotive

## Q1 FY12 v Q4 FY11

### Europe



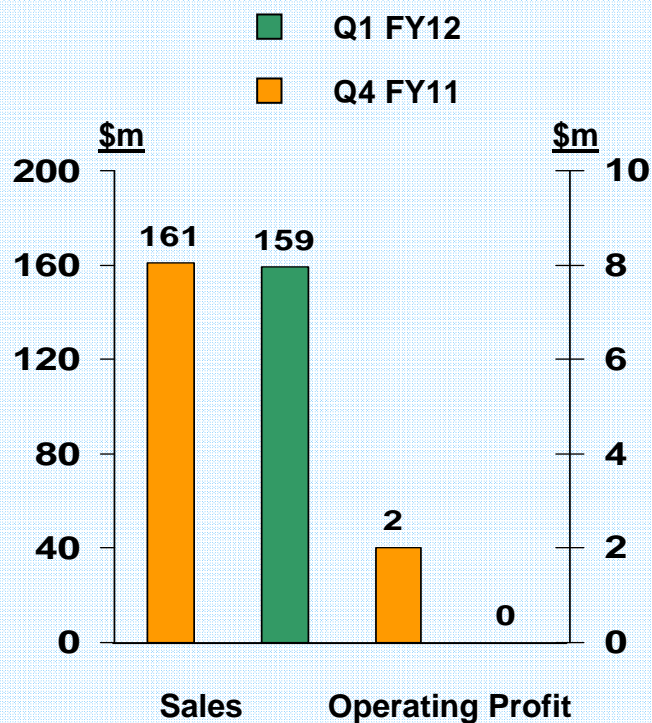
### Japan



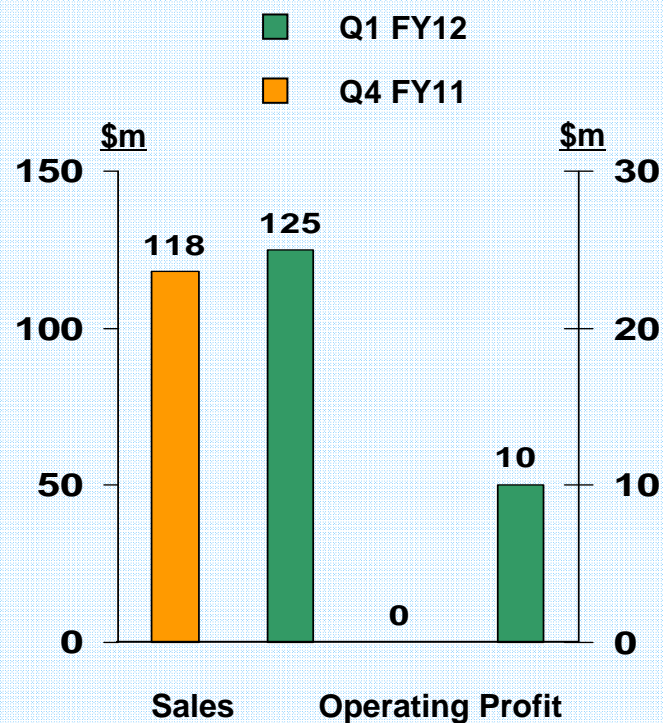
# Automotive

## Q1 FY12 v Q4 FY11

### North America



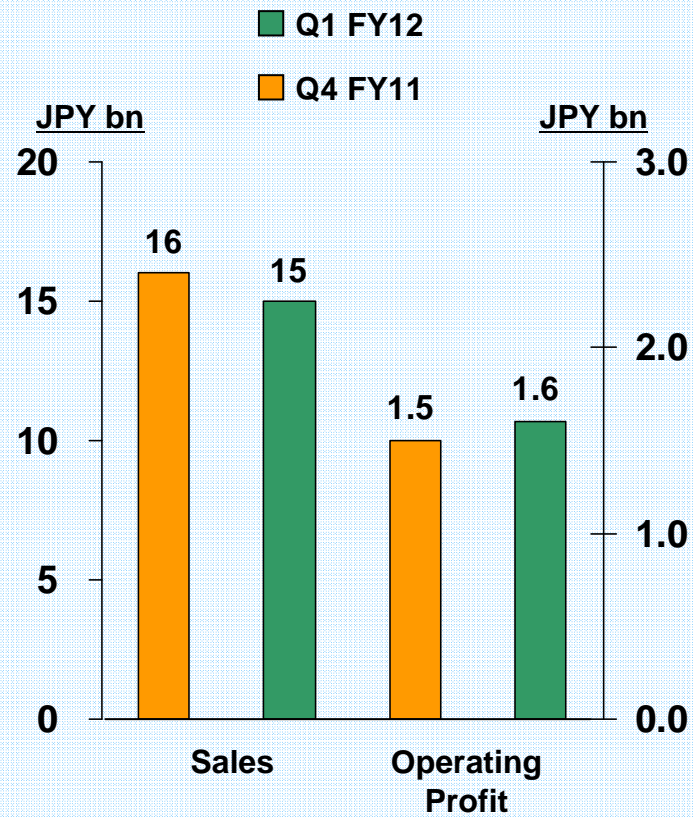
### Rest of World\*



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

# Specialty Glass

## Q1 FY12 v Q4 FY11



# Sales by Business – Q1 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	18.7	27.7	5.3	8.9	60.6
Automotive	11.8	33.7	15.8	10.0	71.3
Specialty	8.0	1.8	0.3	5.7	15.8
Others	0.3	0.1	0.0	0.0	0.4
Total	38.8	63.3	21.4	24.6	148.1



# Operating Profit before Amortization – Q1 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.1	1.4	0.3	0.9	2.7	4%
Automotive	0.8	2.0	0.6	1.1	4.5	6%
Specialty	1.8	0.2	0.0	(0.5)	1.5	9%
Others	(0.7)	0.6	(0.2)	0.0	(0.3)	
Total	2.0	4.2	0.7	1.5	8.4	6%
Ratio on Sales	5%	7%	3%	6%	6%	

# Operating Profit after Amortization – Q1 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.1	1.4	0.3	0.9	2.7	4%
Automotive	0.8	2.0	0.6	1.1	4.5	6%
Specialty	1.8	0.2	0.0	(0.5)	1.5	9%
Others	(0.7)	(0.7)	(0.6)	(0.3)	(2.3)	
Total	2.0	2.9	0.3	1.2	6.4	4%
Ratio on Sales	5%	5%	1%	5%	4%	

# Sales by Business – Cum. Q2 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	40.7	55.4	12.1	18.0	126.2
Automotive	24.1	61.1	29.9	19.6	134.7
Specialty	16.4	3.3	0.5	11.8	32.0
Others	0.6	0.2	0.0	0.0	0.8
Total	81.8	120.0	42.5	49.4	293.7

# Operating Profit before Amortization – Cum. Q2 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	1.0	2.5	1.7	5.7	10.9	9%
Automotive	0.4	3.2	1.1	2.1	6.8	5%
Specialty	3.1	0.4	0.0	0.0	3.5	11%
Others	(1.4)	(0.4)	1.1	0.0	(0.7)	
Total	3.1	5.7	3.9	7.8	20.5	7%
Ratio on Sales	4%	5%	9%	16%	7%	

# Operating Profit after Amortization – Cum. Q2 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	1.0	2.5	1.7	5.7	10.9	9%
Automotive	0.4	3.2	1.1	2.1	6.8	5%
Specialty	3.1	0.4	0.0	0.0	3.5	11%
Others	(1.4)	(2.8)	0.3	(0.6)	(4.5)	
Total	3.1	3.3	3.1	7.2	16.7	6%
Ratio on Sales	4%	3%	7%	15%	6%	

# Sales by Business – Cum. Q3 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	63.9	81.9	16.8	26.8	189.4
Automotive	35.5	91.3	42.1	29.4	198.3
Specialty	24.5	4.8	0.8	17.0	47.1
Others	0.9	0.2	0.0	0.0	1.1
Total	124.8	178.2	59.7	73.2	435.9

# Operating Profit before Amortization – Cum. Q3 FY2011

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	2.5	3.0	2.3	6.7	14.5	8%
Automotive	1.2	5.2	0.9	2.9	10.2	5%
Specialty	5.0	0.6	0.1	0.5	6.2	13%
Others	(2.5)	(1.8)	0.3	0.0	(4.0)	
Total	6.2	7.0	3.6	10.1	26.9	6%
Ratio on Sales	5%	4%	6%	14%	6%	

# Operating Profit after Amortization – Cum. Q3 FY2011

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	2.5	3.0	2.3	6.7	14.5	8%
Automotive	1.2	5.2	0.9	2.9	10.2	5%
Specialty	5.0	0.6	0.1	0.5	6.2	13%
Others	(2.5)	(5.5)	(0.8)	(0.9)	(9.7)	
Total	6.2	3.3	2.5	9.2	21.2	5%
Ratio on Sales	5%	2%	4%	13%	5%	



# Sales by Business – Cum. Q4 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	83.8	107.5	22.7	34.7	248.7
Automotive	45.6	124.5	55.0	38.9	264.0
Specialty	33.3	6.6	1.0	22.0	62.9
Others	1.2	0.3	0.0	0.0	1.5
Total	163.9	238.9	78.7	95.6	577.1

# Operating Profit before Amortization – Cum. Q4 FY2011



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.6	2.7	3.2	7.3	13.8	6%
Automotive	1.1	6.9	1.0	2.9	11.9	5%
Specialty	6.4	0.8	0.1	0.4	7.7	12%
Others	(4.7)	0.9	0.8	0.0	(3.0)	
Total	3.4	11.3	5.1	10.6	30.4	5%
Ratio on Sales	2%	5%	6%	11%	5%	

# Operating Profit after Amortization – Cum. Q4 FY2011

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.6	2.7	3.2	7.3	13.8	6%
Automotive	1.1	6.9	1.0	2.9	11.9	5%
Specialty	6.4	0.8	0.1	0.4	7.7	12%
Others	(4.7)	(4.0)	(0.6)	(1.3)	(10.6)	
Total	3.4	6.4	3.7	9.3	22.8	4%
Ratio on Sales	2%	3%	5%	10%	4%	

# Assumptions

	Q1 FY12	Q1 FY11
Average rates used:		
JPY/GBP	133	137
JPY/EUR	118	117
JPY/USD	82	92
Closing rates used:		
JPY/GBP	129	133
JPY/EUR	116	108
JPY/USD	80	88

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