NSG

GROUP

NSG Group

FY2013 Quarter 1 Results

(from 1 April 2012 to 30 June 2012)

Nippon Sheet Glass Co., Ltd.
2 August 2012

Keiji Yoshikawa

Chief Executive Officer

Clemens Miller

Chief Operating Officer

Mark Lyons

Chief Financial Officer

FY2013 Quarter 1 Results
(from 1 April 2012 to 30 June 2012)

NSG GROUP

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Key Points

Financial Results

Updated forecast for FY2013

Business Update

Restructuring Actions Update

Strategic Update

Summary

Key Points - April 2012 to June 2012

- Market conditions in Q1 significantly worse than previously anticipated
- Downward revision of forecast reflects the current level of business performance
- Operating results will improve as cost savings arising from the restructuring are increasingly realized
- Restructuring programs and efficiency enhancements are continuing and accelerating, with manufacturing cost reduction key
- Over the next two years the prime focus will be on profit improvement, with growth plans de-emphasized
- Longer-term strategic aims focus on growth based on value-added products

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Consolidated Income Statement

NSG GROUP

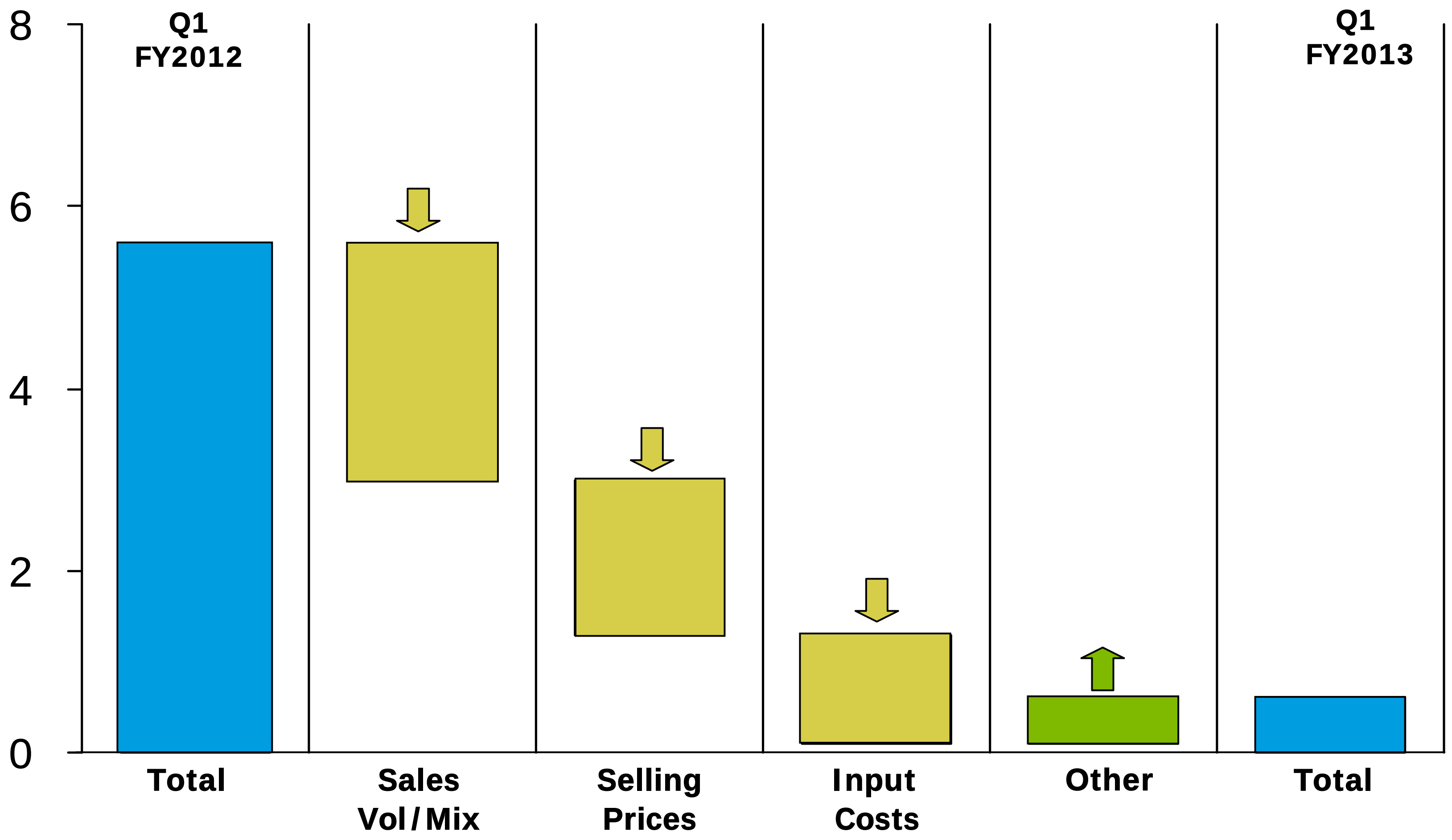
(JPY bn)	Q1 FY2013	Q1 FY2012	Change from Q1 FY12
Revenue	**131.2**	**145.2**	**-10%****
Operating profit before amortization	**0.6**	**5.6**	
Amortization*	(1.7)	(2.0)	
Operating profit before exceptional items	**(1.1)**	**3.6**	
Exceptional items	**(7.4)**	**-**	
Operating profit	**(8.5)**	**3.6**	
Finance expenses (net)	**(3.1)**	**(3.7)**	
Share of JVs and associates	**(0.1)**	**2.0**	
Profit / (loss) before taxation	**(11.7)**	**1.9**	
Profit / (loss) for the period	**(10.6)**	**1.9**	
Profit / (loss) attributable to owners of the parent	**(10.7)**	**1.6**	
EBITDA	7.9	13.8	-43%

* Amortization arising from the acquisition of Pilkington plc only

** -3% based on constant exchange rates

Results reflect significant deterioration in market conditions

Operating Profit (before amortization)
Change Analysis



JPY bn	5.6	(2.6)	(1.7)	(1.2)	0.5	0.6

Significant market deterioration

Exceptional items

(JPY bn)	Q1 FY2013
Impairments of property, plant & equipment	(3.3)
Restructuring costs, including employee termination payments	(4.7)
Others	0.6
	(7.4)

- Major item is impairment of Venice, Italy, float assets
- Restructuring costs - As at 30 June 2012, 1,350 people have left the Group

Restructuring program has been accelerated

Consolidated Cash Flow Summary

(JPY bn)	Q1 FY2013
Loss for the period	**(10.6)**
Depreciation and amortization	**8.9**
Net change in working capital	**(4.1)**
Tax paid	**(1.5)**
Others	**0.5**
Net cash used in operating activities	**(6.8)**
Purchase of property, plant and equipment	**(7.5)**
Others	**1.0**
Net cash used in investing activities	**(6.5)**
Cash flow before financing activites	**(13.3)**

Cash flow reflects reduced profitability

Key Performance Indicators

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	30-Jun-12	31-Mar-12
Net Debt (JPY bil)	359	351
Net Debt/EBITDA	8.9x	7.6x
Net Debt/Equity Ratio	2.6	2.1
	Q1 FY2013	**Q1 FY2012**
EBITDA Interest Cover	2.6x	3.7x
Operating Return* on Sales	0.5%	3.8%

* Before amortization arising from acquisition of Pilkington plc and exceptional items

Key performance indicators reflect difficult trading conditions

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FY2013 Income Statement Forecast
Revised forecast

(JPY bn)	Revised forecast			Previous forecast
	H1 FY2013	H2 FY2013	FY2013	FY2013
Revenue	260	270	530	560
Operating profit before exceptional items and amortization*	1	9	10	22
Operating loss	(13)	(5)	(18)	(4)
Loss before taxation	(19)	(11)	(30)	(14)
Loss for the period	(17)	(10)	(27)	(10)
Loss attributable to owners of the parent	(17)	(11)	(28)	(11)

* Amortization arising from the acquisition of Pilkington plc only

FY2013 Income Statement Forecast
Revised forecast

- Markets significantly worse than previous expectations
  - Significant decline in European demand
  - Overcapacity leading to weak pricing environment
- Slowdown in South America
- Solar markets continue to be weak
- Positive restructuring impact in second half

FY2013 Quarter 1 Results
(from 1 April 2012 to 30 June 2012)

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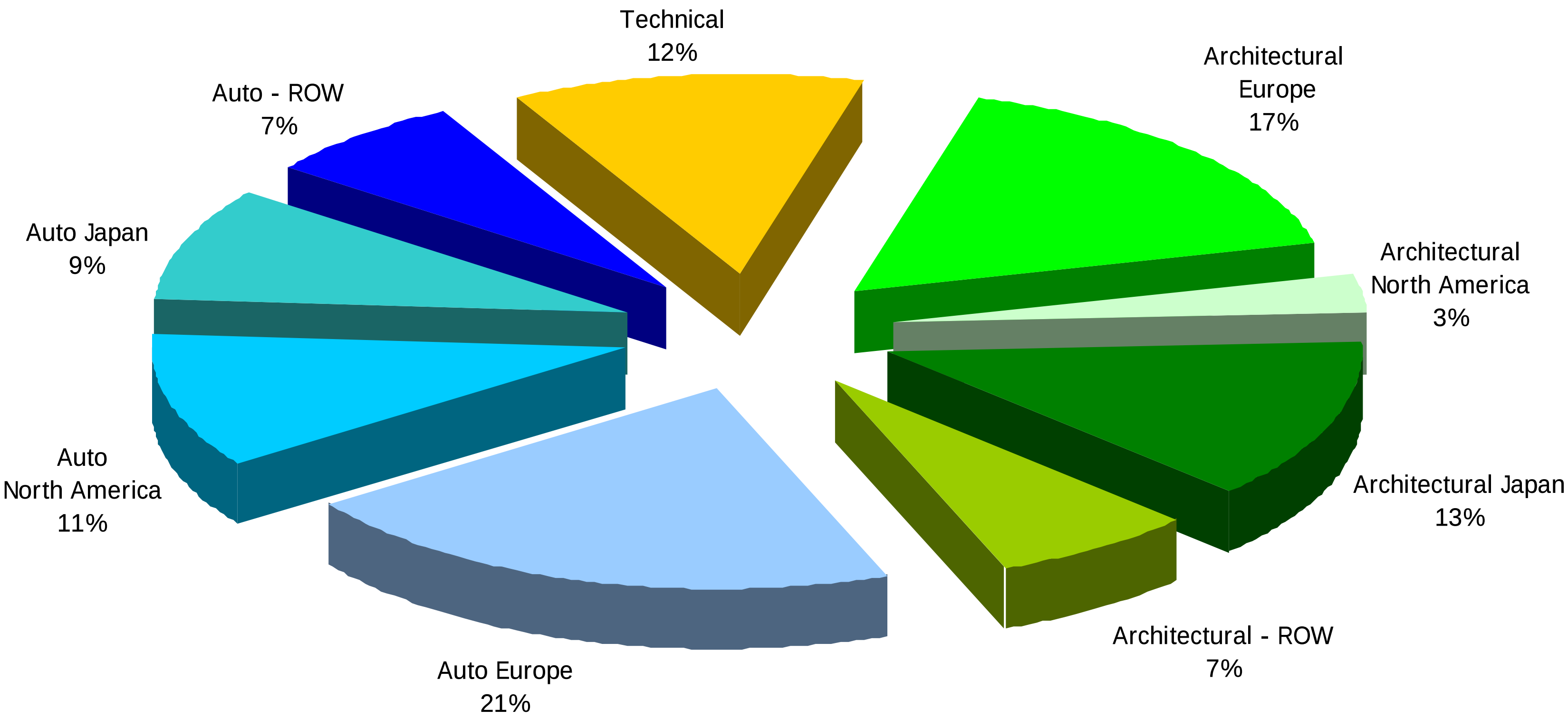
External Revenue – Group Businesses

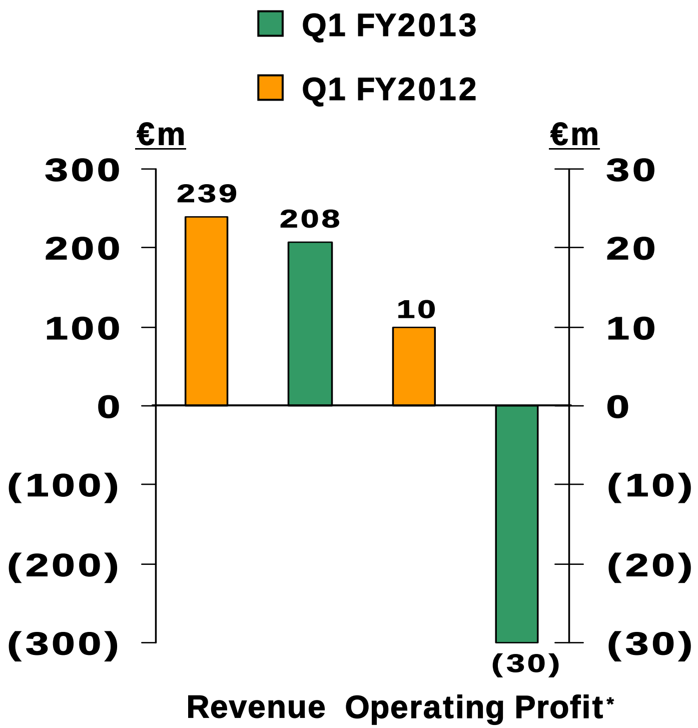
¥ 131 billion



Cumulative Q1 FY2013

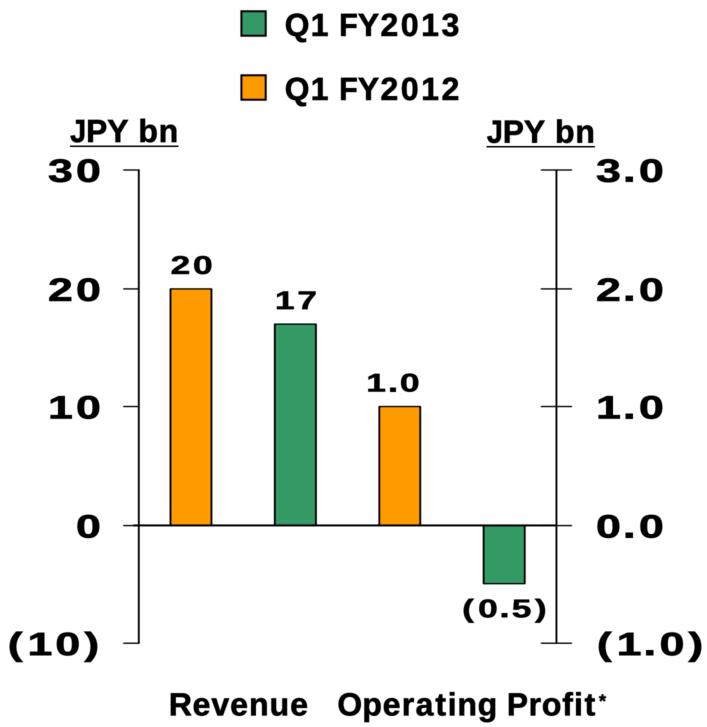
Architectural
Q1 FY2013 v Q1 FY2012

Europe



- Significant volume reduction
- Overcapacity leading to weak pricing environment
- Input costs increased in the quarter
- Capacity reduction progressing

Japan

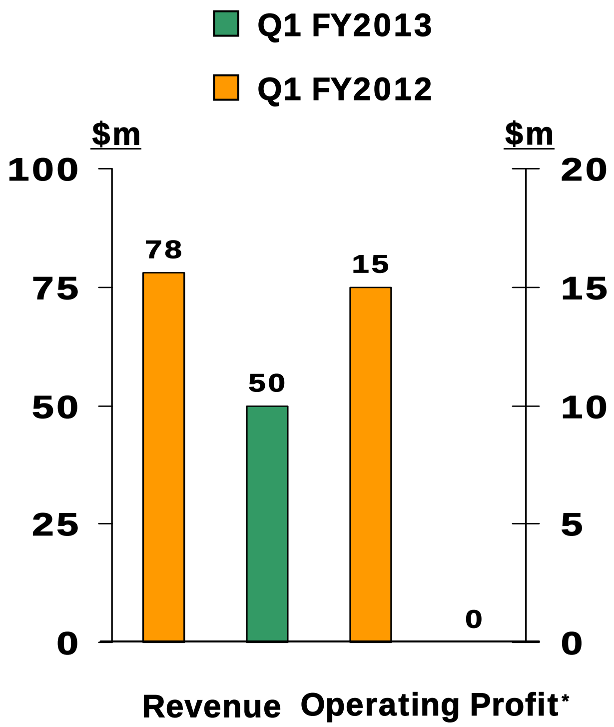


- Domestic markets flat, but solar dispatches much reduced
- Improving product mix in downstream business
- Performance impacted by scheduled repair

*Operating profit before exceptional items

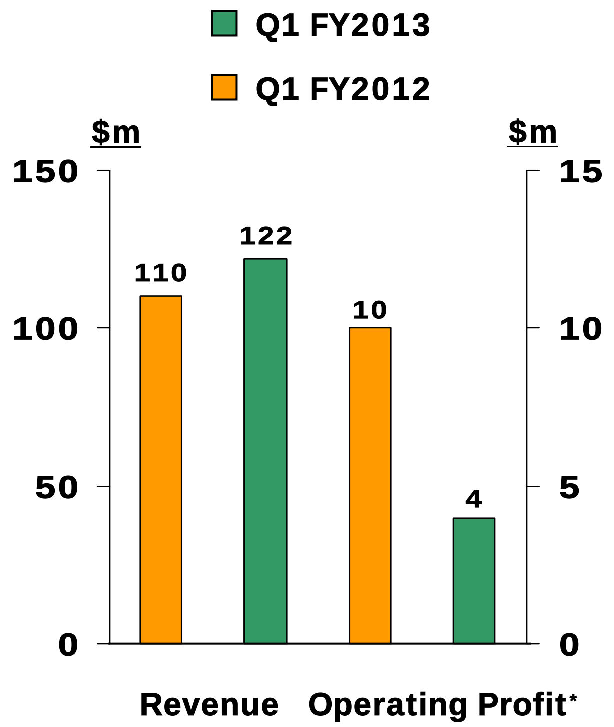
Architectural
Q1 FY2013 v Q1 FY2012

North America



- Domestic markets flat, but solar dispatches reduced
- Capacity reduction announced

Rest of World**

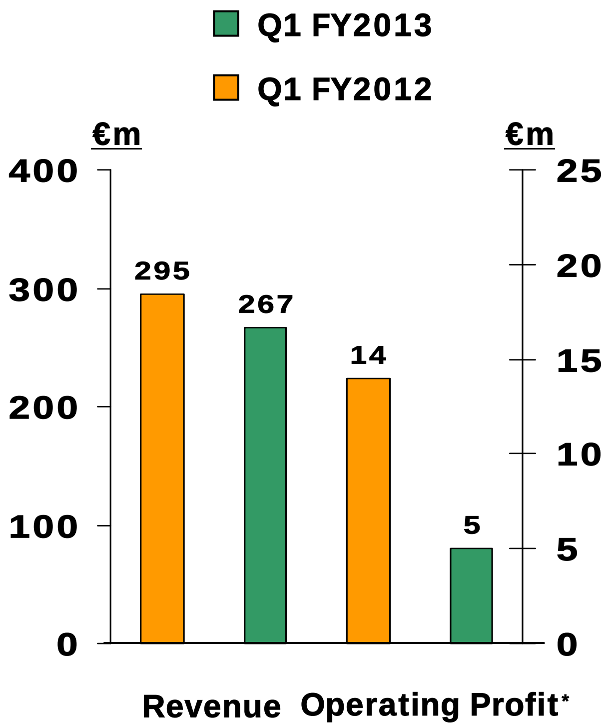


- Q1 FY2013 revenues benefiting from a full quarter of solar dispatches from Vietnam
- Market conditions challenging in South America
- Difficult market conditions in South East Asia continue

*Operating profit before exceptional items
**Rest of world includes Argentina, Chile, China, Malaysia and Vietnam

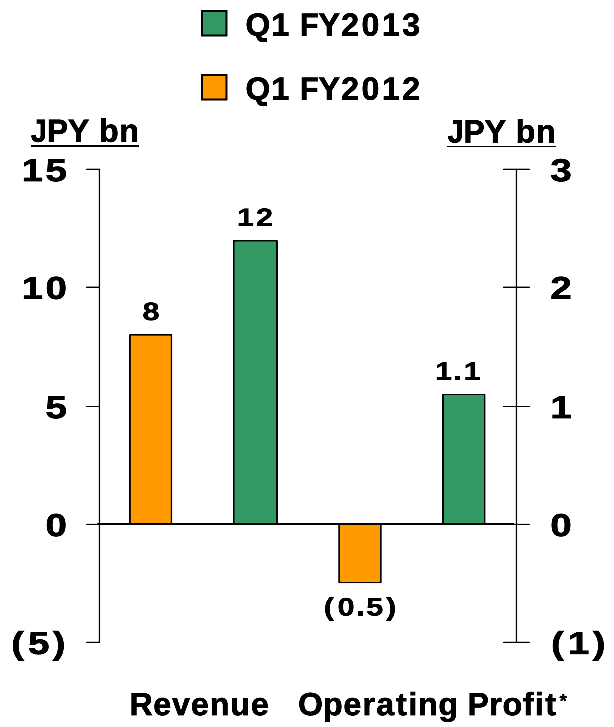
Automotive
Q1 FY2013 v Q1 FY2012

Europe



- **Declining demand impacting revenue and profits**
- **AGR business experiencing weakened demand, but product mix improving**

Japan

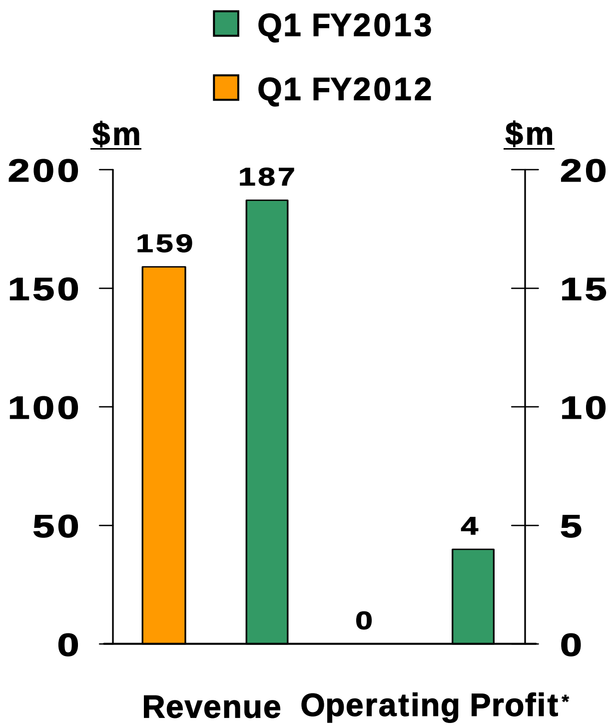


- **Q1 FY12 impacted by March 2011 earthquake and tsunami**
- **Improvement in volumes during FY12 has continued into Q1 FY13**
- **Increased demand benefiting revenues and profits**

*Operating profit before exceptional items

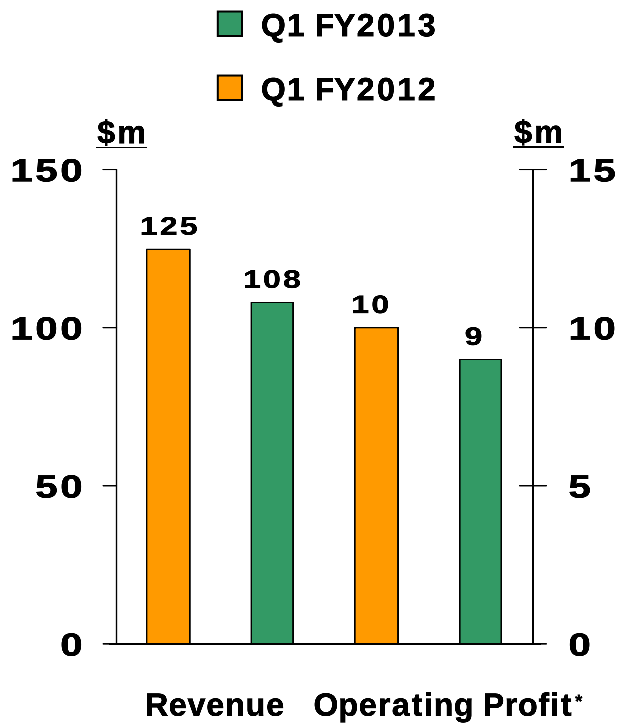
Automotive
Q1 FY2013 v Q1 FY2012

North America



- Revenues and profits improved on increased volumes
- AGR results impacted by reduced market demand

Rest of World**



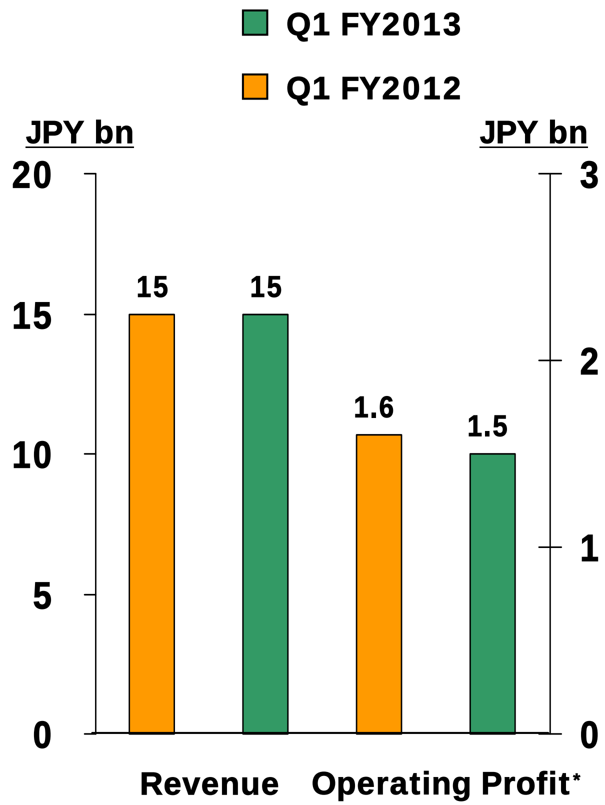
- South America experiencing challenging market conditions
- Revenue and profits affected as consumer vehicle purchases declined

*Operating profit before exceptional items

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

Technical Glass
Q1 FY2013 v Q1 FY2012

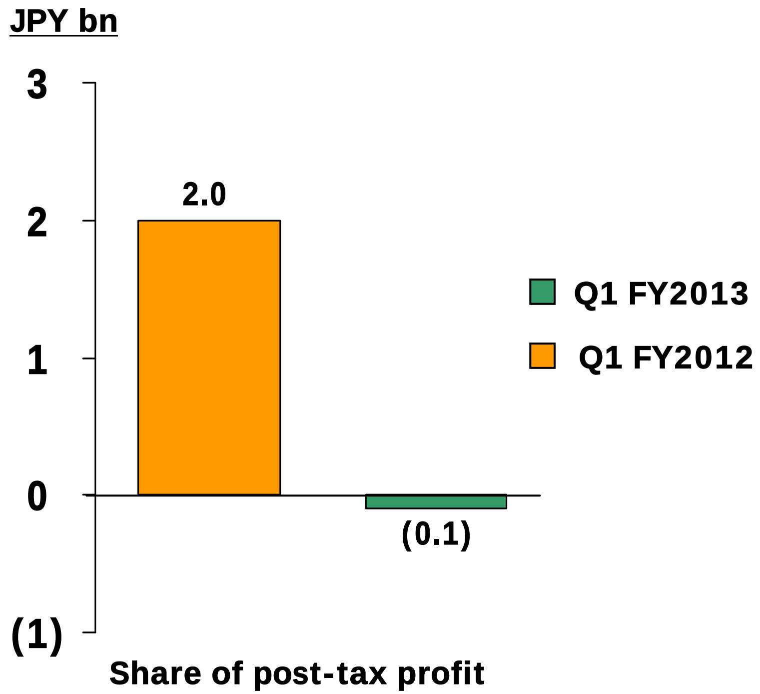
- Strong end-user demand for smart phones and tablet pc's
- Revenue for glass cord increased in Japan, but fell in Europe, in line with European automotive markets
- Printer/scanner market improving



*Operating profit before exceptional items

Joint Ventures and Associates

- Cebrace profits fell due to reduced volumes and prices
- Profits reduced in China



Profits affected by weakened demand

FY2013 Quarter 1 Results
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- Key Points
- Financial Results
- Updated forecast for FY2013
- Business Update
- **Restructuring Actions Update**
- Strategic Update
- Summary

Restructuring Actions - Overview

Profit improvement target: JPY 25bn

Elements

- Capacity reduction
  - 30% Architectural float reduction in Europe
  - 25% Architectural float reduction in North America
- Overhead reductions
  - 25% overall reduction in senior management population
- Operational improvement actions progressing
- Cash improvement initiatives
  - Reduction in working capital
  - Capital expenditure reduced to below depreciation
  - Disposal of non-core assets

Restructuring Actions - Impact

Savings (JPY bn)	**FY13**	**FY14**	**FY15**	**Total**
Capacity reduction	1	4	7	12
Reduction in overheads	3	9	12	24
Operational improvements	1	2	6	9
Total	**5**	**15**	**25**	**45**

Costs (JPY bn)	**FY12**	**FY13**	**FY14**	**FY15**	**Total**
Restructuring costs	3	11	11	-	25
Impairments	-	7	2	-	9
Total	**3**	**18**	**13**	**-**	**34**

- Planned headcount reduction of 3,500 people by March 2014
  - of which 2,500 to leave by March 2013

Annual benefit increased from ¥20bn to ¥25bn

Changes since previous plan

- Significant plant closures now included
- This increases the amount of asset impairment
- Overall restructuring cost of ¥25bn as previously advised
- Further operational improvements identified
- Annual benefit increased from ¥20bn to ¥25bn

Capacity Reduction

Approach

- Adjusting float manufacturing capacity to reduced demand in Architectural in Europe
- Adjusting float/coating capacity to reduced solar glass demand
- Adjusting Automotive processing capacity to reduced demand in Europe
- Reviewing capacity plans in South America to reflect reduction in market growth

Objective is to operate a network that is fully utilized and profitable at current market demand levels

Capacity Reduction

Progress to date

Europe	Float/Solar	3 lines: UK, Germany, Italy ≈ 30% of Architectural capacity
	Downstream	Locations: France, Nordic
	Automotive	Processing lines: Germany, Italy
North America	Float/Solar	1 line (North Carolina) ≈ 25% of Architectural capacity

Overhead Cost Reduction

Approach

- Regional organization reducing central management structures
- Outsourcing of non-core activities (e.g. facility management)
- Consolidation of back-office activities and relocation to low-cost countries
- Reduction of senior management compensation

Overhead Cost Reduction

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Actions announced and planned

- Regional organization implemented
- Japan: 80 managers to leave before September 2012
- UK: 90 managers and staff left in March/April 2012, a further 90 will leave by March 2013
- Europe back-office transfer to Poland by end CY2012
- Outsourcing of facilities management in Europe progressing
- Overall reduction in senior management population by 25%

Operational Cost Reduction

Progress to date

- New capacity growth focused on low-cost countries
  - Automotive OE – Poland, South America (ramping up)
  - Automotive AGR – Mexico (in operation)
  - Solar Energy on-line coating float line – Vietnam (in operation)
- Outsourcing opportunities realized
  - Selected assembly processes outsourced
- Operational improvements
  - Manufacturing initiatives heavily focused on reductions of quality losses and costs, and key materials and energy usage
  - Procurement initiatives focused on alternative materials and services

Restructuring Actions Summary

- Capacity reduction
  - 30% Architectural float reduction in Europe
  - 25% Architectural float reduction in North America
- Overhead reductions
  - 25% overall reduction in senior management population
  - Planned headcount reduction of 3,500 by March 2014
  - Reduction of senior management compensation
- Manufacturing improvements and procurement actions
- Cash improvement

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Restructuring Actions Update

Strategic Update

Summary

Strategic Direction (1)
Immediate focus

- Company strategy being aligned to the new economic environment
- Restoration of profitability taking precedence over growth in the immediate future
- Management focus on
  - Cash - generation and management
  - Costs - reduction programme
  - Footprint - removing excess capacity

- Improving operational leverage ready for economic upturn
- Selective investment (CAPEX, R&D) with focus on growth potential (e.g. value-added products)

Restoration of profitability taking immediate precedence over growth

Strategic Direction (2)
Post-restructuring focus

After two years of restructuring, NSG will be ready to capitalize on economic upturns and to resume growth path, with:

- Improved cost base and capacity utilization
- Lean organization, with improved agility to react to market developments
- Target operating profit margin (before amortization) > 10%
- 100% increase in EBITDA by FY2016
- Business portfolio focused on value-added products

Strategic Direction (3)
Value-added market segments

Global trend is toward value-added mix, with customer expectations that NSG will play a significant role in key segments:

Our Products	Applications	Growing market expectations
UFF	Smart phones, tablet pcs	• Thin glass with perfect quality • New glass composition
SLA	Multi-function, compact-size printers	• LED printer head
Glass Cord	Automobile timing belt	• Higher tensile strength
Battery separator	Next generation batteries	• Non-flammable material
Automotive	Automotive glazing	• Weight-saving • Solar & acoustic control • Complex shaping • Add-on features (e.g. HUD, sensors) • Modular approach
Architectural	Low-E and solar control	• Energy-saving/eco-friendly
Coated glass	Solar modules	• Higher conversion efficiency

Strategic Summary

- Immediate focus is on profitability instead of growth
- Restructured NSG will be well positioned to take advantage of future market upturns
- Variety of growth opportunities in value-added product segments
- Clear plan to achieve improvement in financial position and results

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- Operating results will improve as cost savings arising from the restructuring are increasingly realized
- Restructuring programs and efficiency enhancements are continuing and accelerating, with manufacturing cost reduction key
- Over the next two years the prime focus will be on profit improvement, with growth plans de-emphasized
- Longer-term strategic aims focus on growth based on value-added products

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

FY2013 Quarter 1

(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	17.1	21.4	4.0	9.8	52.3
Automotive	11.9	27.6	15.0	8.7	63.2
Specialty	9.1	1.5	0.3	4.2	15.1
Others	0.3	0.3	0.0	0.0	0.6
Total	38.4	50.8	19.3	22.7	131.2

Operating Profit before Amortization*
FY2013 Quarter 1

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	(0.5)	(3.1)	0.0	0.3	(3.3)	-6%
Automotive	1.1	0.5	0.3	0.7	2.6	4%
Specialty	1.0	0.3	0.0	0.2	1.5	10%
Others	(0.8)	0.6	0.0	0.0	(0.2)	
Total	0.8	(1.7)	0.3	1.2	0.6	0%
Ratio on Sales	2%	-3%	2%	5%	0%	

*Operating profit before amortization and exceptional items

Operating Profit after Amortization*
FY2013 Quarter 1

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	(0.5)	(3.1)	0.0	0.3	(3.3)	-6%
Automotive	1.1	0.5	0.3	0.7	2.6	4%
Specialty	1.0	0.3	0.0	0.2	1.5	10%
Others	(0.8)	(0.5)	(0.3)	(0.3)	(1.9)	
Total	0.8	(2.8)	0.0	0.9	(1.1)	-1%
Ratio on Sales	2%	-6%	0%	4%	-1%	

*Operating profit after amortization but before exceptional items

Assumptions

	Q1 FY2012	Q1 FY2013	FY2013 Forecast
Average rates used:			
JPY/GBP	133	127	125
JPY/EUR	118	103	100
JPY/USD	82	80	80
Closing rates used:			
JPY/GBP	129	125	
JPY/EUR	116	101	
JPY/USD	80	80	

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