

NSG

GROUP

A vertical decorative bar on the left side of the page, featuring a gradient from dark teal at the top to light green at the bottom, with a white triangular shape at the bottom right corner.

NSG Group

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)

Nippon Sheet Glass Co., Ltd.
14 May 2015

Shigeki Mori

Chief Executive Officer

Clemens Miller

Chief Operating Officer

Mark Lyons

Chief Financial Officer

Kenichi Morooka

Executive Vice President

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)



Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

Strategy Update

Summary

Key Points - April 2014 to March 2015



- Trading profit improved 13% year to year, with positive profit for the period
- Profit improvement reflects operational cost savings
- Market conditions were mixed, with improvements in some regions and reductions in others

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)



Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

Strategy Update

Summary

Consolidated Income Statement



<u>(JPY bn)</u>	<u>FY2015</u>	<u>FY2014</u>	<u>Change from FY2014</u>
Revenue	626.7	606.1	3%**
Trading profit	25.2	22.4	13%
Amortization*	(8.4)	(7.9)	
Operating profit before exceptional items	16.8	14.5	
Exceptional items	5.5	(13.8)	
Operating profit	22.3	0.7	
Finance expenses (net)	(17.9)	(16.8)	
Share of JVs and associates	0.4	1.0	
Profit/(Loss) before taxation	4.8	(15.1)	
Profit/(Loss) for the period	2.9	(15.5)	
Profit/(Loss) attributable to owners of the parent	1.7	(16.6)	
EBITDA	57.9	54.4	6%

* Amortization arising from the acquisition of Pilkington plc only

** 0% based on constant exchange rates

Profit reflects reduced cost levels and mixed market conditions

Exceptional items



(JPY bn)

FY2015

Gain on reclassification of investments
Gain on disposal of non-current assets
Restructuring costs
Impairment of investment in associates
Other items

13.3

5.1

(8.9)

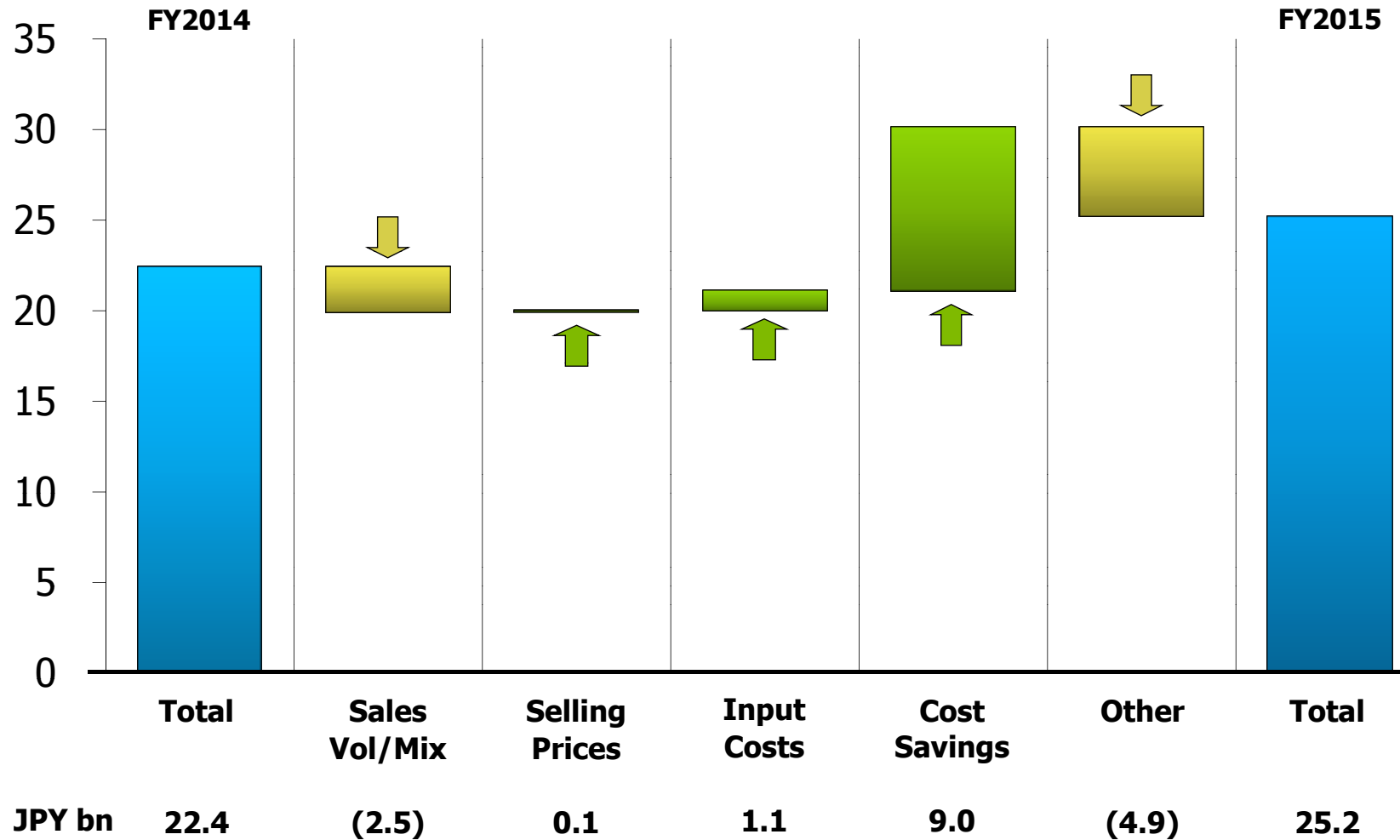
(2.1)

(1.9)

5.5

Change Analysis

Trading profit



Profit improvement driven by operational cost savings

Consolidated Cash Flow Summary



(JPY bn)	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>
Profit/(loss) for the period	2.9	(15.5)	(33.5)
Depreciation and amortization	41.7	40.4	36.6
Net change in working capital	13.9	15.2	21.7
Tax paid	(4.2)	(3.7)	(6.0)
Gain on sale of property, plant and equipment	(5.2)	(0.6)	(0.9)
Gain on reclassification of investments	(13.3)	-	-
Others	(11.2)	(17.9)	(3.7)
Net cash inflow from operating activities	24.6	17.9	14.2
Purchase of property, plant and equipment	(32.6)	(25.7)	(25.6)
Others	9.4	8.6	18.6
Net cash outflow from investing activities	(23.2)	(17.1)	(7.0)
Cash flow before financing activities	1.4	0.8	7.2

Maintaining consistent focus on debt management

Key Performance Indicators



	<u>31-Mar-15</u>	<u>31-Mar-14</u>
Net Debt (JPY bn)	374	379
Net Debt/EBITDA	6.5x	7.0x
Net Debt/Equity Ratio	2.0	2.0
	<u>FY2015</u>	<u>FY2014</u>
EBITDA Interest Cover	3.7x	3.7x
Operating Return* on Sales * trading profit	4.0%	3.7%

Improved profitability reflected in KPIs

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)



Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

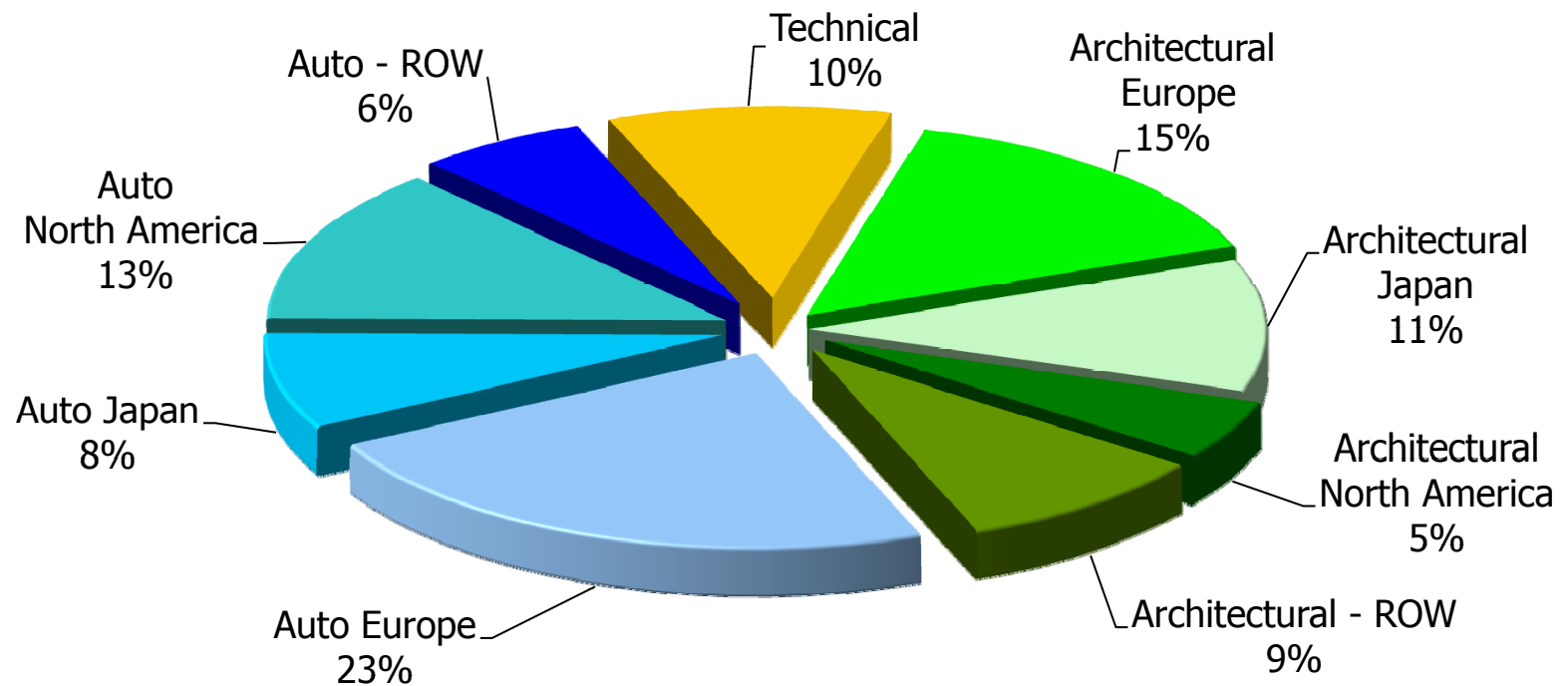
Strategy Update

Summary

External Revenue – Group Businesses

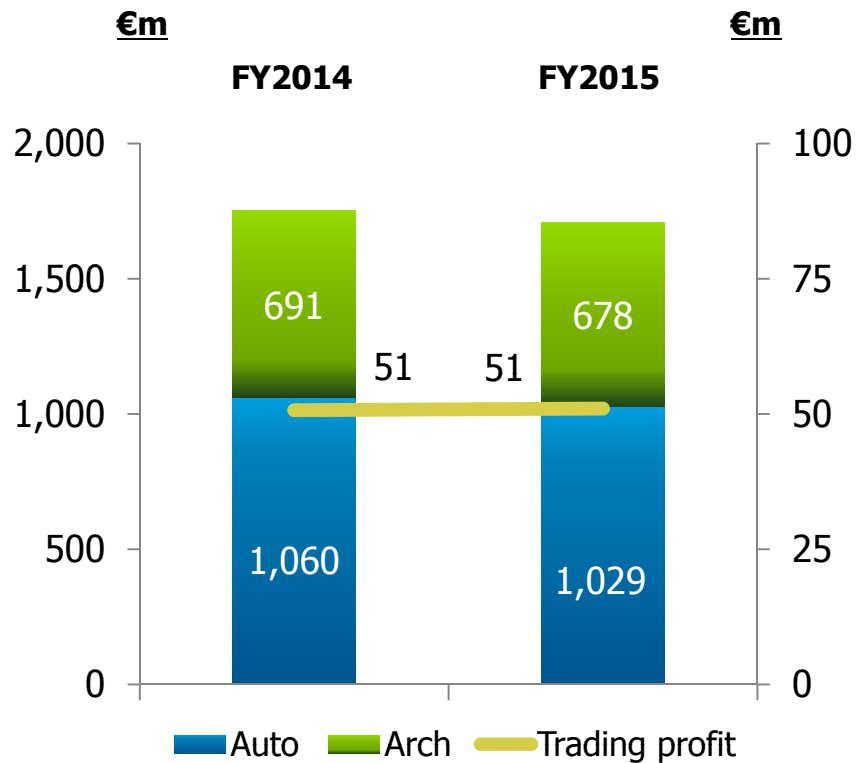


¥ 626.7 billion



FY2015 Annual

Europe FY2015 v FY2014



Architectural

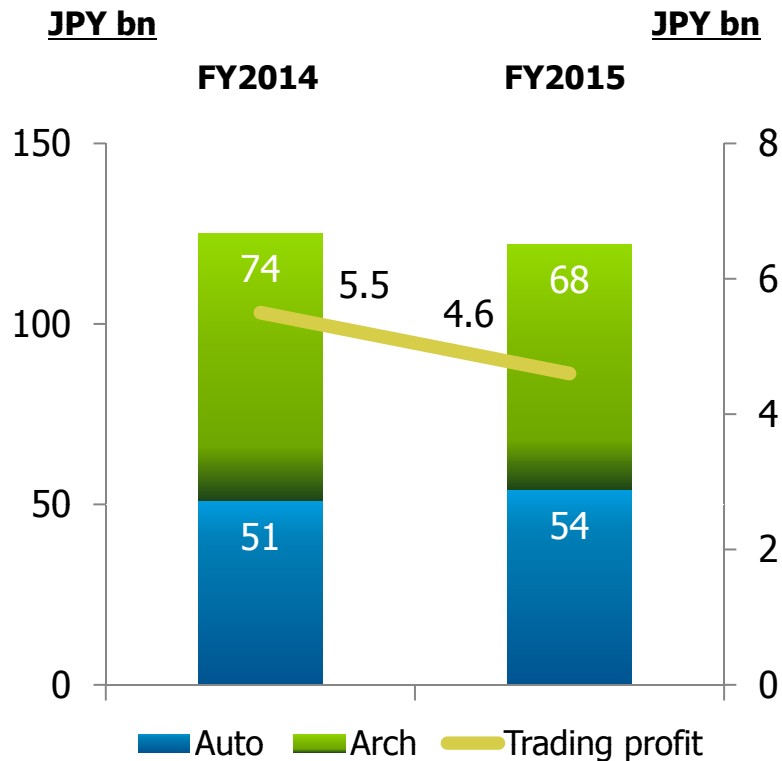
- Market conditions stable
- NSG volumes lower but asset utilization improved following prior year plant closures

Automotive

- Revenue and profits broadly flat year on year
- Some indications of market improvement from the fourth quarter

Japan

FY2015 v FY2014



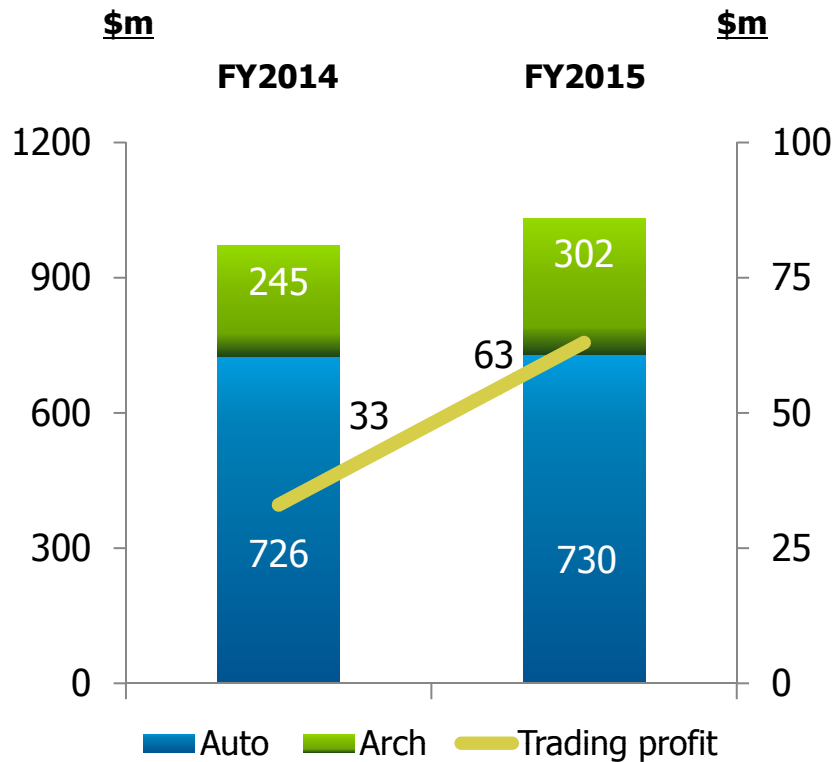
Architectural

- Revenues fell due to reduced volumes following the increase in consumption taxes

Automotive

- OE market generally robust, but signs of weakness seen during the fourth quarter
- Increased input costs partly offset by effects of cost reduction and asset utilization

North America FY2015 v FY2014



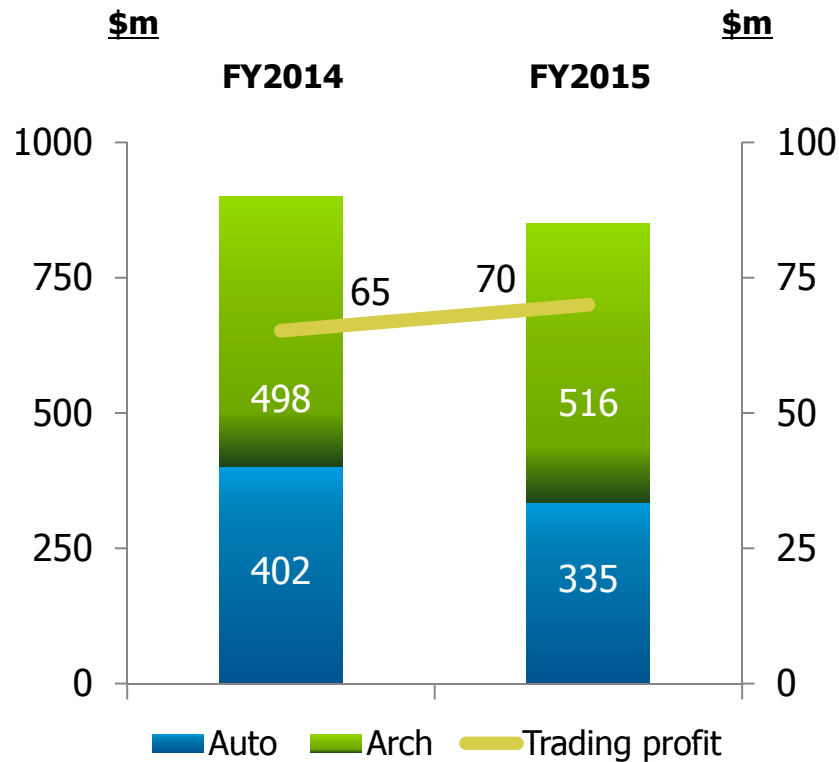
Architectural

- Revenues and profits improved, as volumes increased with robust domestic and solar demand
- Domestic price levels above the previous year

Automotive

- OE revenues improved as market volumes continued to increase, and operational improvement contributed to better profit
- AGR benefited from robust demand

Rest of World FY2015 v FY2014



Architectural

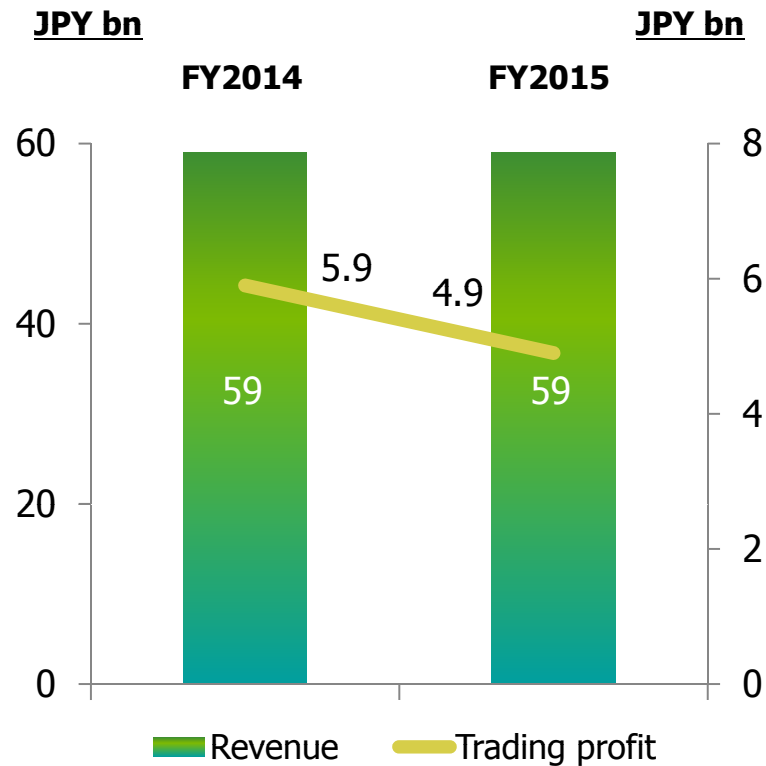
- Improving domestic demand and increased Solar Energy glass dispatches in South East Asia
- Revenues expressed in US dollars similar to previous year in South America

Automotive

- OE revenues in South East Asia similar to previous year
- Lower revenues and profits reflect challenging economic conditions in South America

Technical Glass

FY2015 v FY2014



Technical Glass

- Display glass impacted by increased competition
- Components used in office printers enjoyed robust demand
- Volumes of glass cord used in engine timing belts were similar to the previous year

Joint Ventures and Associates

FY2015 v FY2014



(JPY bn)	<u>FY2015</u>	<u>FY2014</u>
Share of post-tax profits	0.4	1.0

- Share of profits in our Russian joint venture are reduced due to weak economic conditions and ruble depreciation
- Profits held up well in South America
- Profits below the previous year in China

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)



Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

Strategy Update

Summary

FY2016 Forecast



Europe

- Broadly flat in Architectural markets
- Automotive markets to benefit from improving trend experienced during the fourth quarter of FY2015

Japan

- Architectural markets to register a modest improvement, leading to better asset utilization
- Automotive markets to be flat, while further operational improvement assumed

FY2016 Forecast



North America

- Volumes expected to be robust
- Expectations for profitability to improve in Automotive

Rest of World

- Market conditions in South East Asia are likely to improve
- Measures in place to improve asset utilization of Automotive operations in South America

Technical Glass

- Outlook for this business remains positive

FY2016 Forecast



<u>(JPY bn)</u>	<u>Forecast FY2016</u>	<u>Actuals FY2015</u>
Revenue	655.0	626.7
Trading profit	32.0	25.2
Amortization*	(8.0)	(8.4)
Operating profit	24.0	16.8
Exceptional items	-	5.5
Finance expenses (net)	(18.0)	(17.9)
Share of JVs and associates	2.0	0.4
Profit before taxation	8.0	4.8
Profit for the period	3.5	2.9
Profit attributable to owners of the parent	2.0	1.7

* Amortization arising from the acquisition of Pilkington plc only

Market conditions expected to improve gradually during FY2016

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)



Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

Strategy Update

Summary

Strategy Update



- Regions have shown mixed results. Where performance is weak, we will take additional improvement measures, while we will step up our efforts to seek higher profitability for those with strong performance
- Good progress has been made on capacity utilization
- VA products have been launched in all businesses as planned. This will remain our strategic focus
- We will shift our focus from the defensive approach of restructuring in the past years to more proactive actions to enhance profitability
- Our core strategy remains unchanged with emphasis on maximization of capacity utilization and growing VA product ratio

Strategy Update



Acceleration of measures to achieve our Strategic Vision,
“VA Glass Company”

- Improvement of cost competitiveness
Continued focus on operational efficiency (capacity utilization)
and cost reduction
- Strengthening of Architectural and Automotive Glass businesses
Provision of high value-added products and services
- Growth of Technical Glass business
Provision of new values in products and services
Development of advanced markets
- Acceleration of strategic actions in regions
Redeployment of management resources based on priority

FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)



Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

Strategy Update

Summary

Summary



- Trading profit improved 13% year to year, with positive profit for the period
- Profit improvement reflects operational cost savings
- Market conditions were mixed, with improvements in some regions and reductions in others
- FY2016 forecast reflects gradual improvement in market conditions
- Core strategy remains unchanged

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 FY2015



(JPY bn)	Europe	Japan	North America	Rest of World	Total
Architectural	94.5	68.4	33.2	56.8	252.9
Automotive	143.4	53.5	80.3	36.8	314.0
Technical Glass	8.0	31.5	1.2	18.0	58.7
Others	0.1	1.0	0.0	0.0	1.1
Total	246.0	154.4	114.7	111.6	626.7

Trading profit FY2015



(JPY bn)	Architectural	Automotive	Technical Glass	Other	Total
Trading profit	17.0	9.4	4.9	(6.1)	25.2

(JPY bn)	Europe	Japan	North America	Rest of World	Total
Trading profit	6.0	5.0	6.5	7.7	25.2

Assumptions



	FY2014	FY2015	FY2016 Forecast
Average rates used:			
JPY/GBP	159	177	180
JPY/EUR	134	139	130
JPY/USD	100	110	110
Closing rates used:			
JPY/GBP	171	178	
JPY/EUR	141	130	
JPY/USD	103	120	

NSG

GROUP