

NSG
GROUP

NSG Group Half Year Results



- Introduction
- Financial Results
- Business and Strategy Update
- Outlook and Summary

21st November 2007

Financial Results

Key Points

- Strong improvement in sales and profits
 - Full consolidation of Pilkington for 6 months
- Proforma performance of continuing business improving
- Disposal of Australasia business
 - Significant cash and profit effect
- Net debt reduced by JPY 53 billion

Consolidated Statement of Income

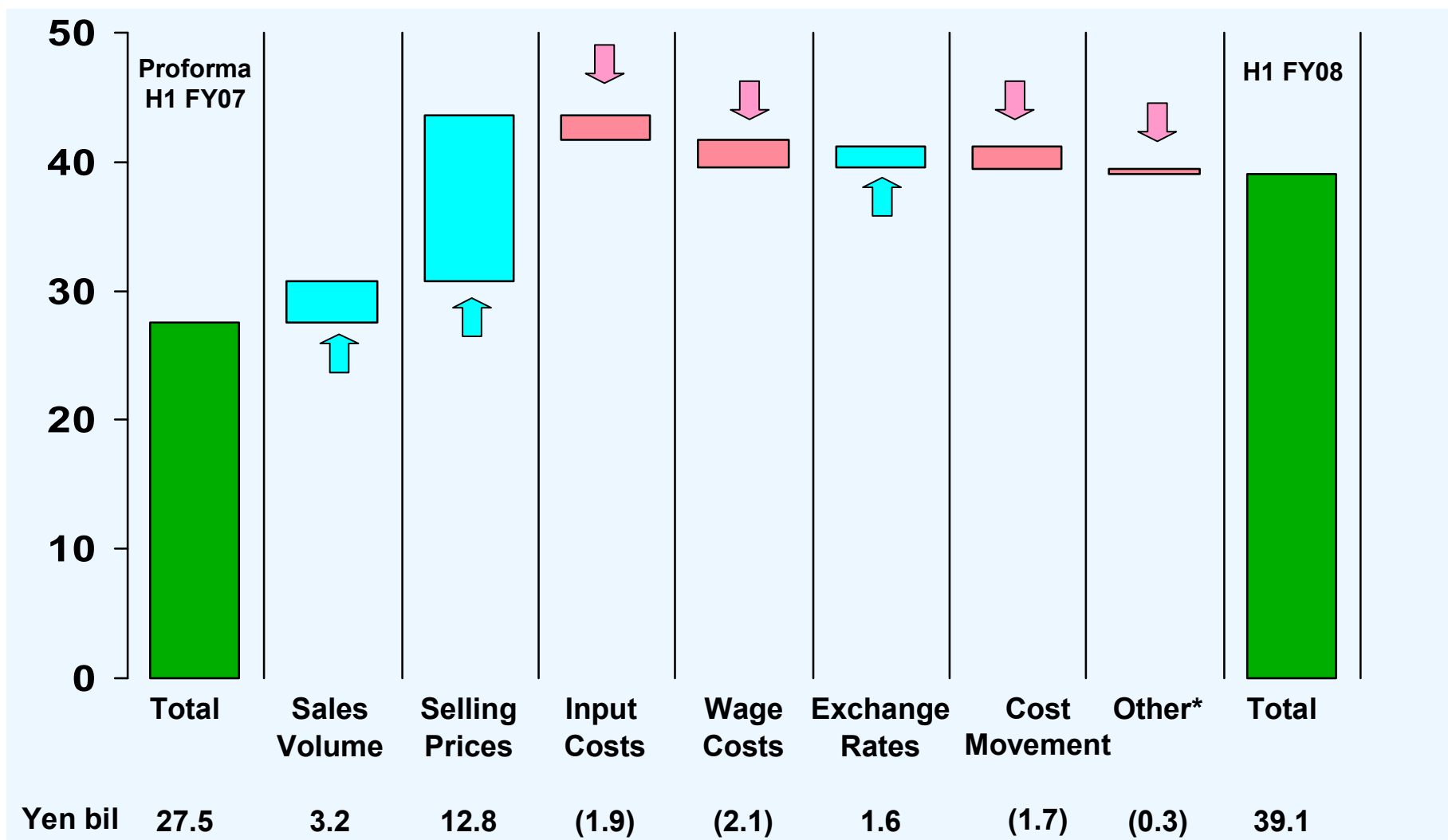
<u>(JPY bil)</u>	<u>H1 FY07*</u>	<u>H1 FY07 (Proforma)</u>	<u>H1 FY08</u>	<u>Change from H1 FY07</u>
Sales	273.3	418.8	433.9	59%
Op.Income before amortisation**	14.7	27.5	39.1	166%
Amortisation	(6.1)	(12.2)	(12.1)	98%
Operating Income	8.6	15.3	27.0	214%
Non-operating items	(1.3)		(9.7)	
Income before extraordinary	7.3		17.3	137%
Extraordinary items	32.4		48.8	
Pretax Income	39.7		66.1	66%
Net Income	20.3		51.5	154%
EBITDA	28.4		63.9	125%

*Includes results of Australia business (FY07)

**Before amortization arising from acquisition of Pilkington Plc

Strong improvement in sales and profits

Operating Income Change Analysis



* Includes effect of classification of Australasia as a discontinued operation in 2008

Underlying improvement in performance

Non-operating items

	H1 FY07 JPY billion	H1 FY08 JPY billion
Interest income & dividend (1)	1.70	4.60
(Loss) / Income from equity method investment	(1.00)	4.80
Other income	3.20	1.20
Interest expenses (1)	(3.80)	(14.90)
Other expenses	(1.40)	(5.40)
	<u>(1.30)</u>	<u>(9.70)</u>

(1) Net Finance charge – 10.3 bil

Extraordinary items

	H1 FY07 JPY billion	H1 FY08 JPY billion
Gain from sale of securities	43.10	45.40
Gain on disposal of fixed assets	1.00	2.30
Acquisition expenses	(11.70)	0.00
Write-off / impairment of fixed assets and investments	(0.90)	(1.30)
Others	0.90	2.40
	32.40	48.80

Consolidated Balance Sheet

JPY bil	H1 FY07 September 2006	FY07 March 2007	H1 FY08 September 2007
Current assets	454.2	465.8	465.3
Fixed Assets	910.7	943.2	953.0
Total Assets	<u>1,364.9</u>	<u>1,409.0</u>	<u>1,418.3</u>
Liabilities	1,037.6	1,058.4	1,021.0
Total net assets	327.3	350.6	397.3
Liability & Shareholders equity	<u>1,364.9</u>	<u>1,409.0</u>	<u>1,418.3</u>
Issued and outstanding shares (mil)	<u>564.4</u>	<u>668.4</u>	<u>668.3</u>
Shareholders equity to total assets	<u>23.0%</u>	<u>23.9%</u>	<u>27.1%</u>
BPS (JPY)	<u>556.4</u>	<u>504.6</u>	<u>575.4</u>

Consolidated Cash Flow Summary

<u>(JPY bil)</u>	<u>H1 FY07</u>	<u>H1 FY08</u>
Cash flows from operating activities	15.6	13.8
Cash flows from investing activities	(230.4)	59.8
Cash flow before financing	(214.8)	73.6
Cash flows from financing activities	182.9	(64.1)
Exchange movement on cash & cash equivalents	10.7	(0.8)
(Decrease) / Increase in cash	(21.2)	8.7
Cash and cash equivalents at start of period	179.1	159.8
(Decrease) / Increase in cash	(21.2)	8.7
Net change in overdrafts	0.0	(38.7)
Cash and cash equivalents at end of period	157.9	129.7

Strong cash flows from profits and disposals

Key Performance Indicators

	<u>H1 FY07</u>	<u>H1 FY08</u>
Net Debt (JPY bil)	476	347
Net Debt / EBITDA	-	2.9x
Gross Debt/Equity Ratio	1.94	1.28
EBITDA Interest Cover	-	5.7x
Operating Return on Sales*	5.4%	9.0%

* Before amortisation arising from acquisition of Pilkington Plc

Good progress on debt reduction

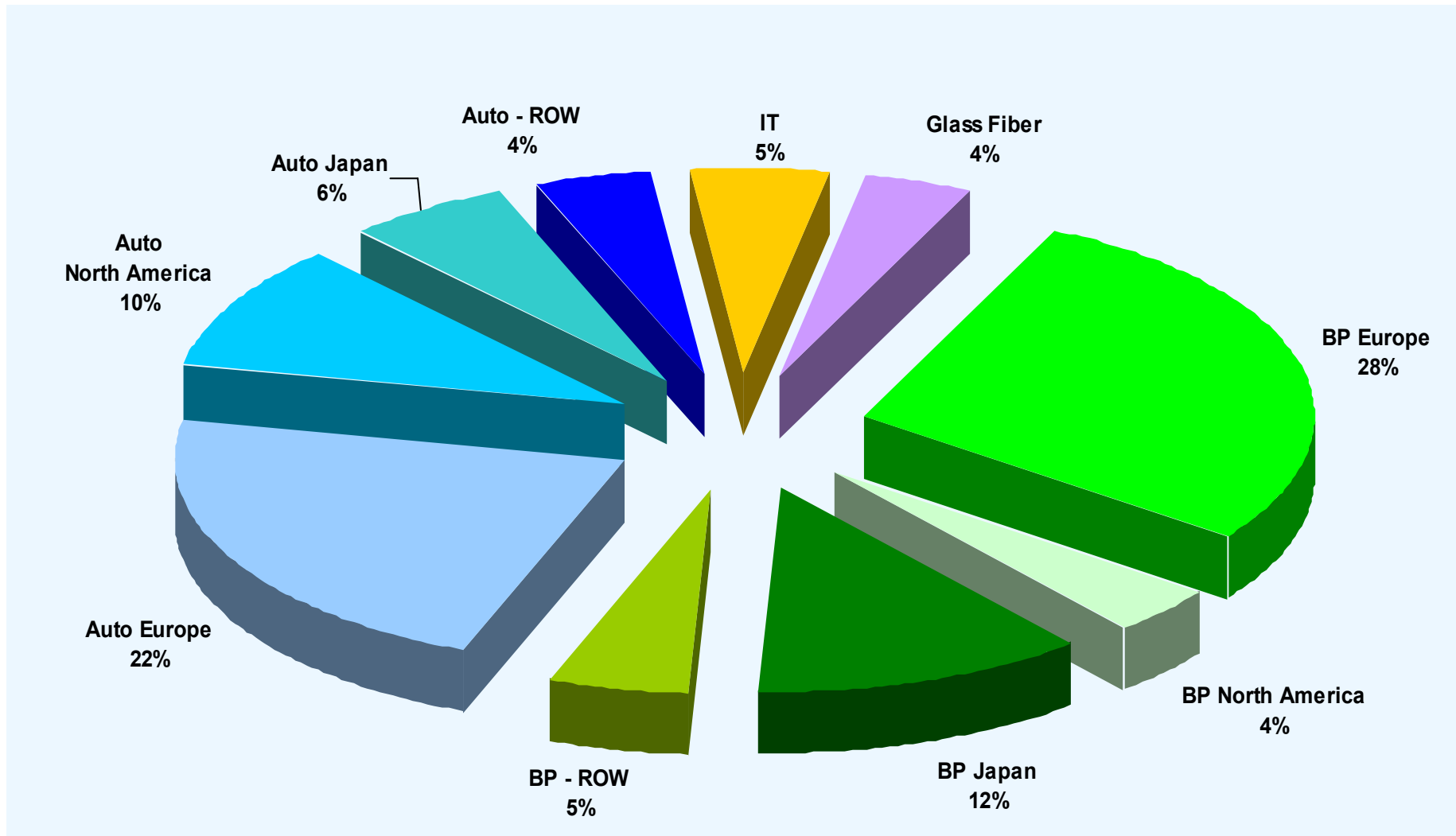
Business Update

NSG Group Summary

- A global glass leader – greatest focus on Flat Glass of all industry majors
- Equal to nearest competitor in scale
- Ownership/interests in 51 float lines (6.4 million tonnes annual output)
- Global Automotive customer base
- Leading player in lenses for multi function printers
- Strong position in Glass Fiber products worldwide
- 34,000 employees globally
- Principal manufacturing operations in 27 countries; Sales in 130+ countries

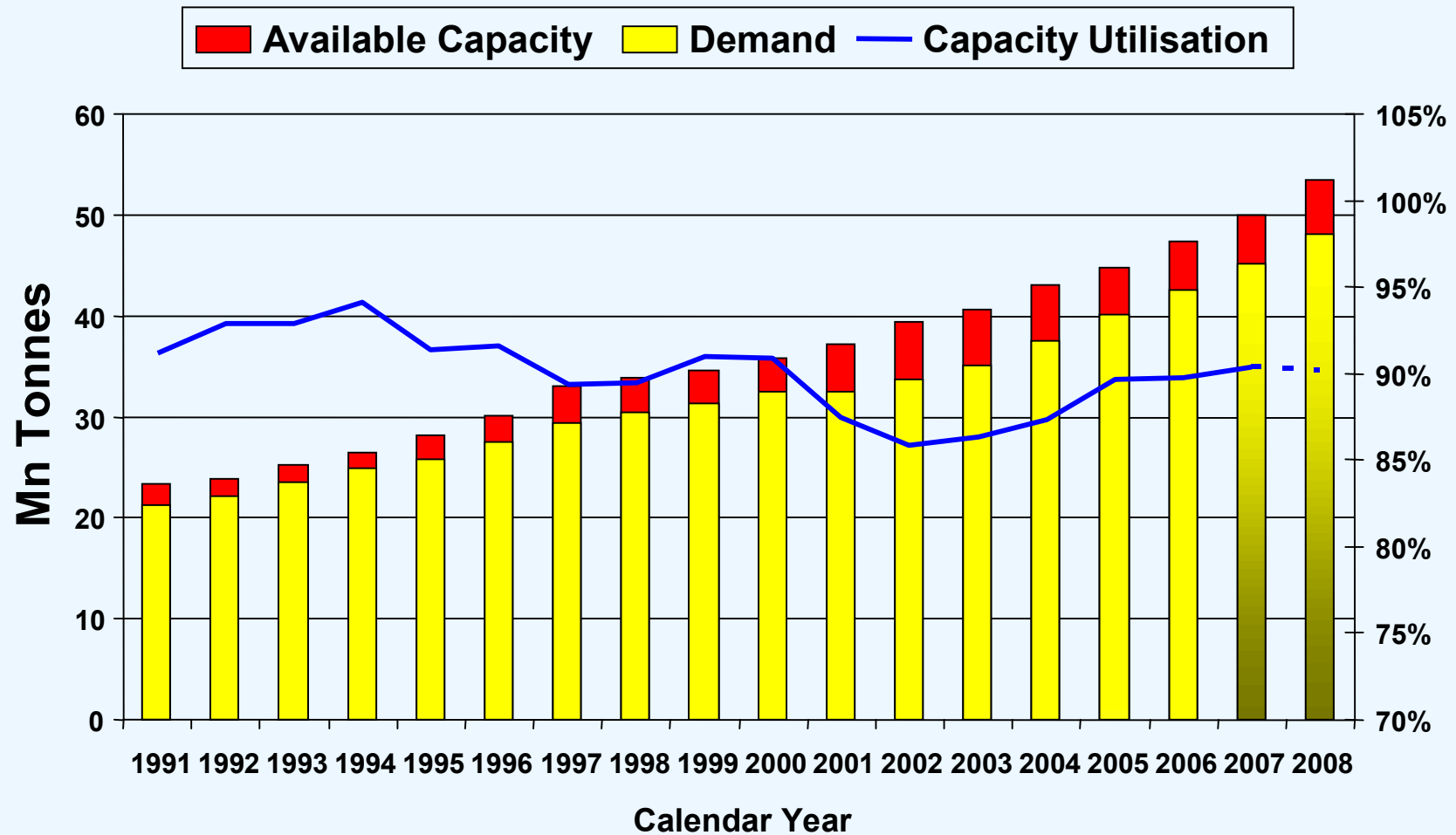
A global leader of scale in Flat Glass

External Sales – Group Businesses



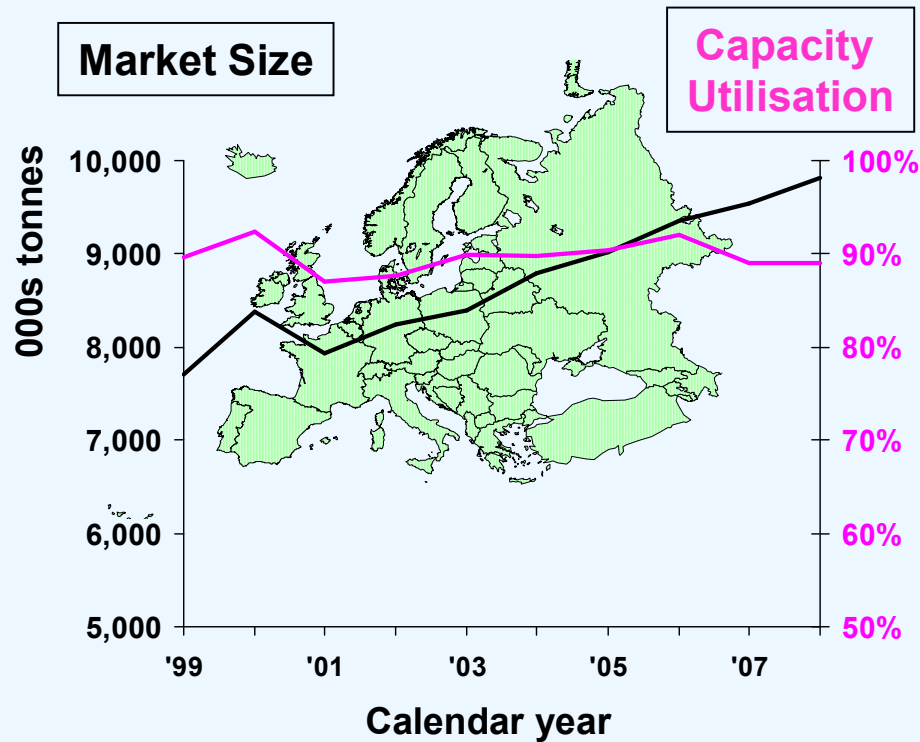
Flat Glass

Global Flat Glass Capacity & Utilisation



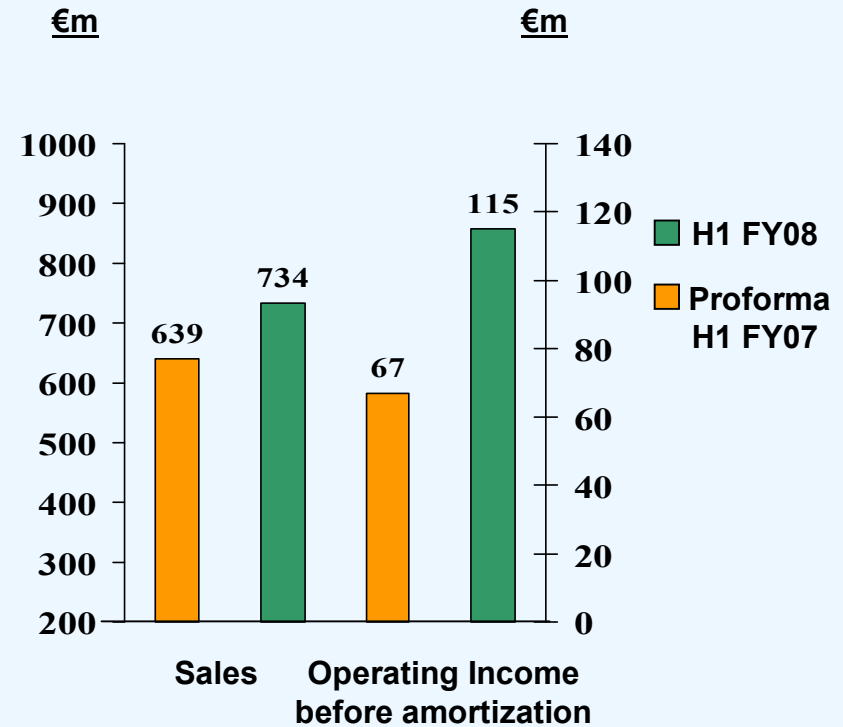
BP Europe

Market



- Continued steady market growth
- High level of capacity utilisation

Business

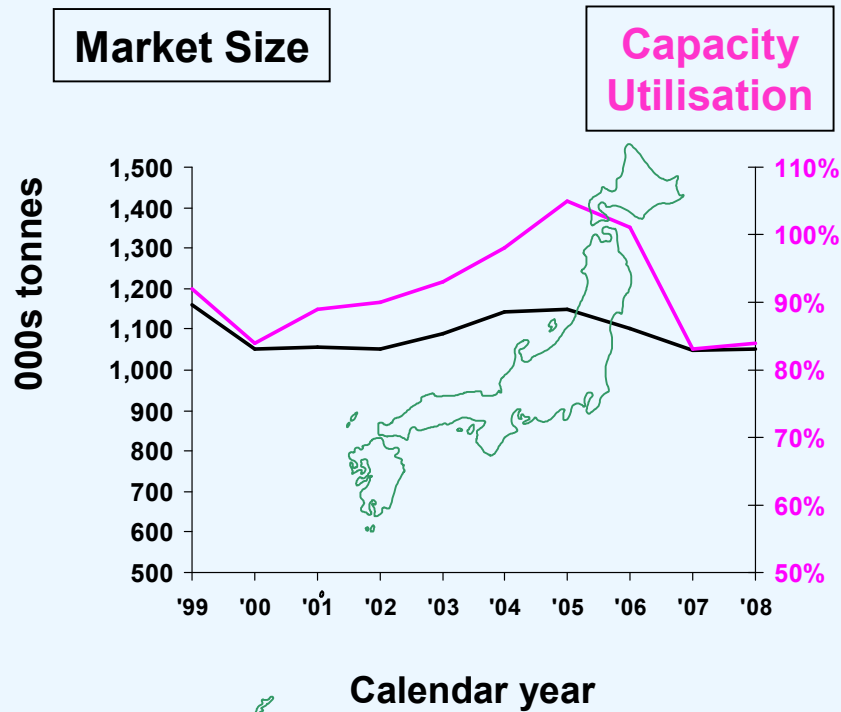


- Improving prices more than offset cost push
- Profit improvements across most markets

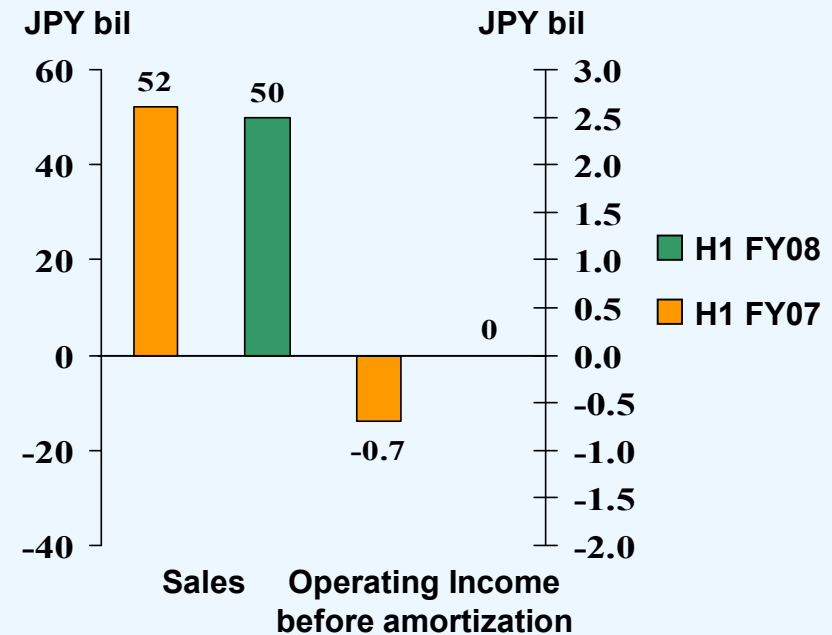
Strong performance from Group's largest business

BP Japan

Market



Business

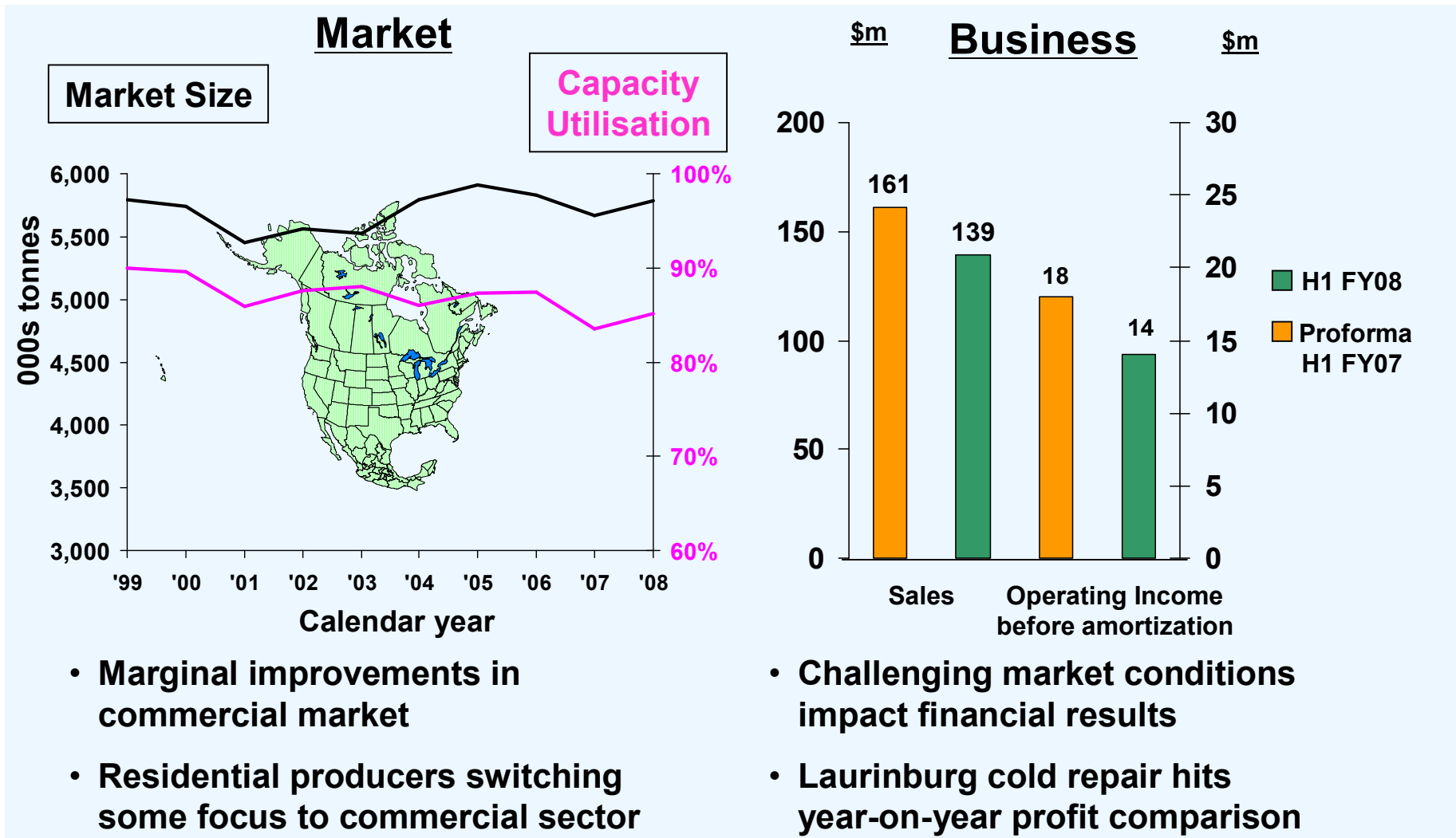


- Challenging economic conditions
- Depressed levels of residential construction

- Continued low operating margins

Margin improvement a priority

BP North America



Good performance in challenging market

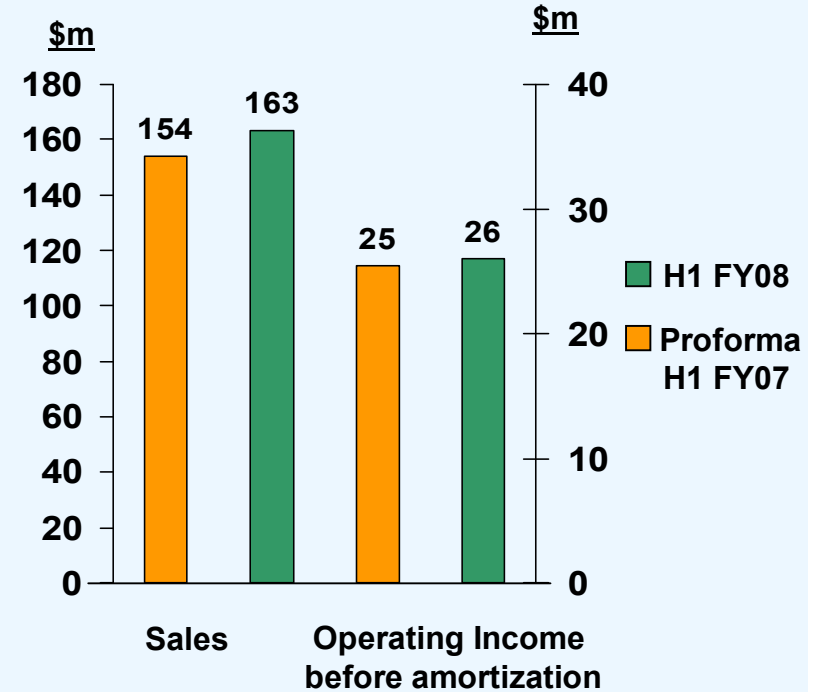
BP Rest of the World

Market



- Strong markets in Chile and Argentina
- Vietnam market growth continues

Business



- South America performing well
- South East Asia stable

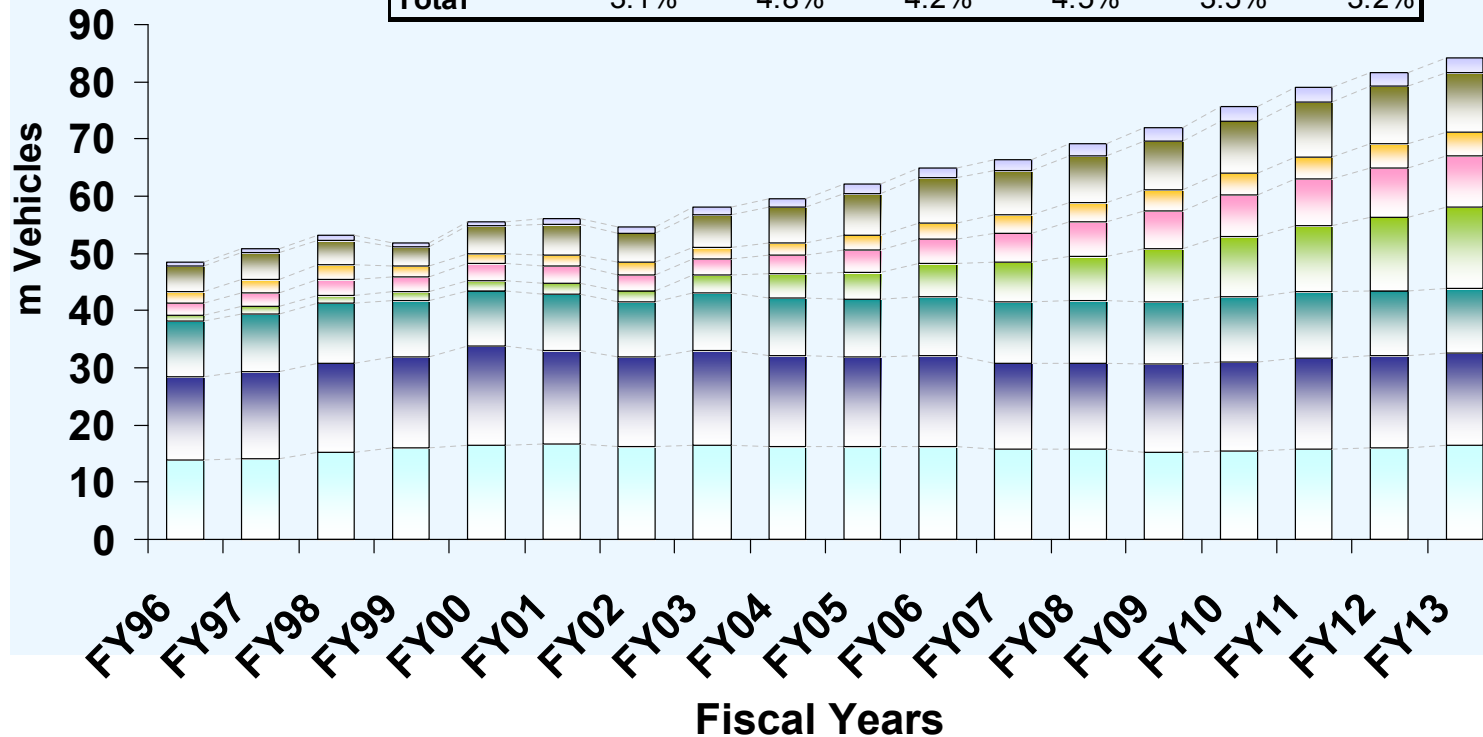
Continuing good performance in South America

Global Light Vehicle Build

Growth of 3.1% FY08

	FY08	FY09	FY10	FY11	FY12	FY13
WE	-0.6%	-3.8%	2.1%	2.3%	0.9%	2.4%
NA	0.9%	2.0%	1.5%	2.0%	1.2%	0.7%
Japan	1.9%	0.5%	1.4%	1.6%	-0.3%	1.6%
China	12.0%	16.8%	13.4%	12.5%	9.7%	9.1%
EE	14.3%	13.8%	8.7%	10.6%	7.6%	3.5%
SA	15.3%	3.8%	3.0%	4.5%	2.3%	1.2%
RoA	-4.5%	12.9%	3.0%	3.5%	7.2%	3.8%
RoW	6.5%	13.7%	6.5%	0.6%	-1.3%	1.6%
Total	3.1%	4.8%	4.2%	4.5%	3.5%	3.2%

} Main growth regions

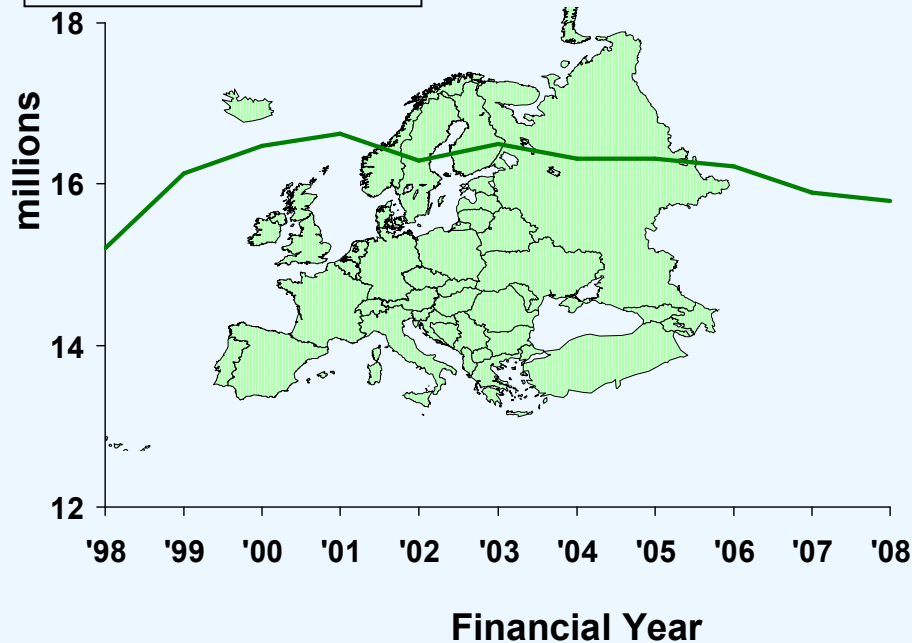


R. of World
 R. of Asia
 S. America
 E Europe
 China
 Japan
 NAFTA
 W. Europe

Automotive Europe

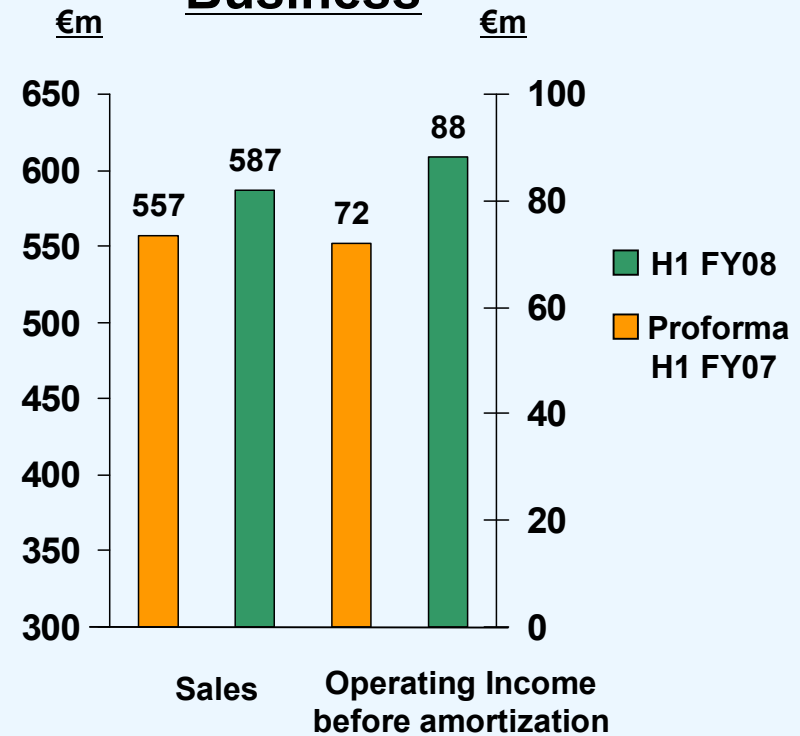
**W. Europe
Light Vehicle
Build**

Market



- Strong growth in Eastern Europe
- Western Europe slightly down

Business



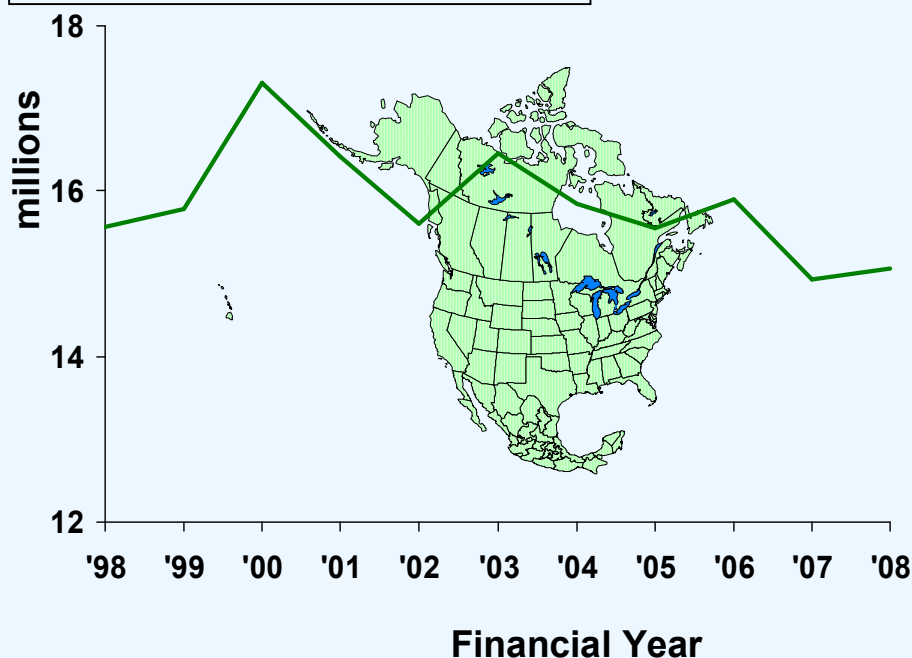
- Solid OE and AGR performance with improved volumes aided by efficiency improvements

Revenue and profits ahead of previous year

Automotive North America

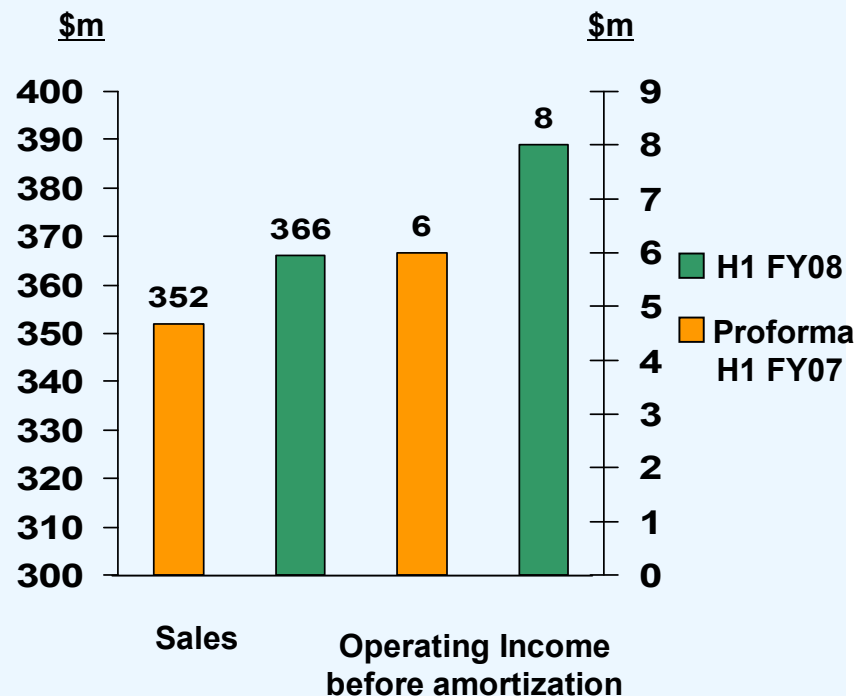
Market

NAFTA Light Vehicle Build



- Slight recovery in light vehicle build
- Domestic manufacturers under-performing against foreign name plates

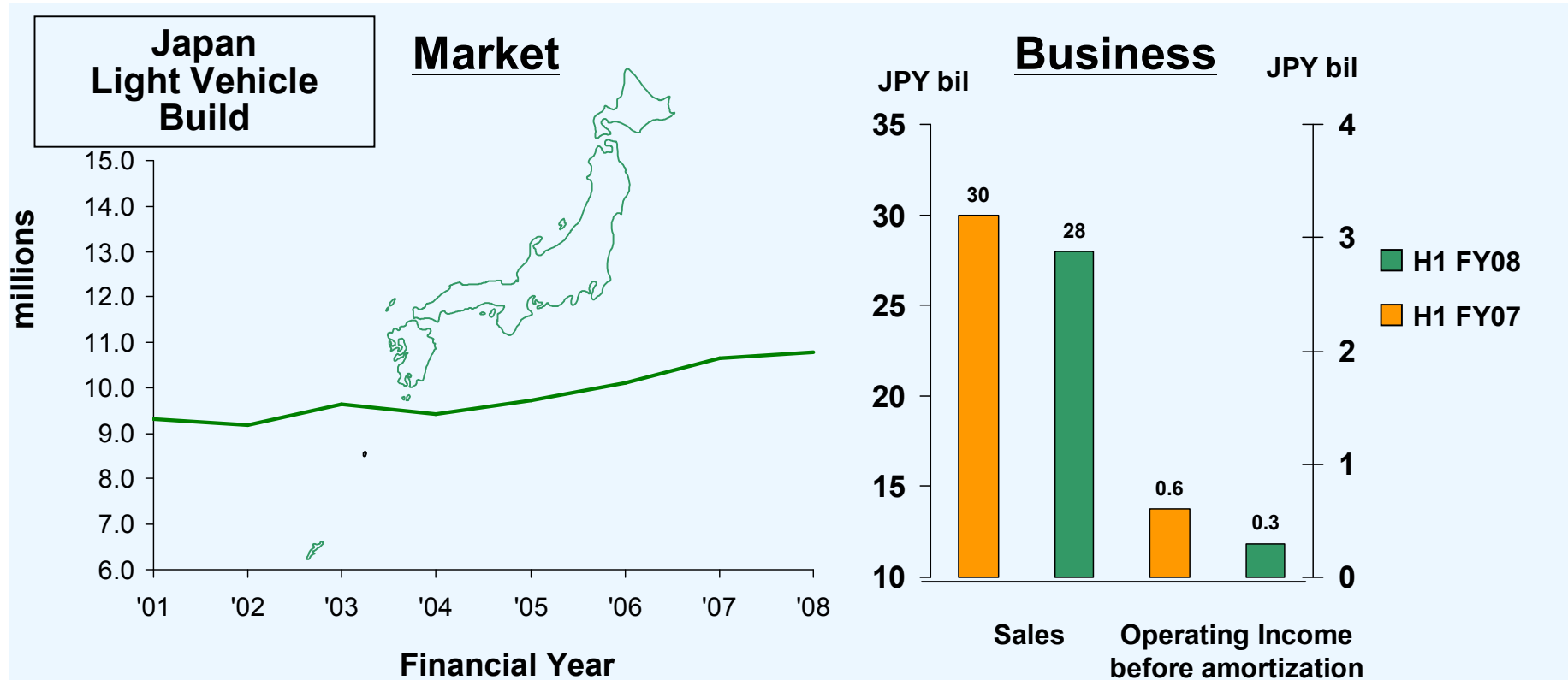
Business



- OE performance flat
- AGR performance improving due to higher efficiency and portfolio management.

OE performance flat with AGR improving

Automotive Japan

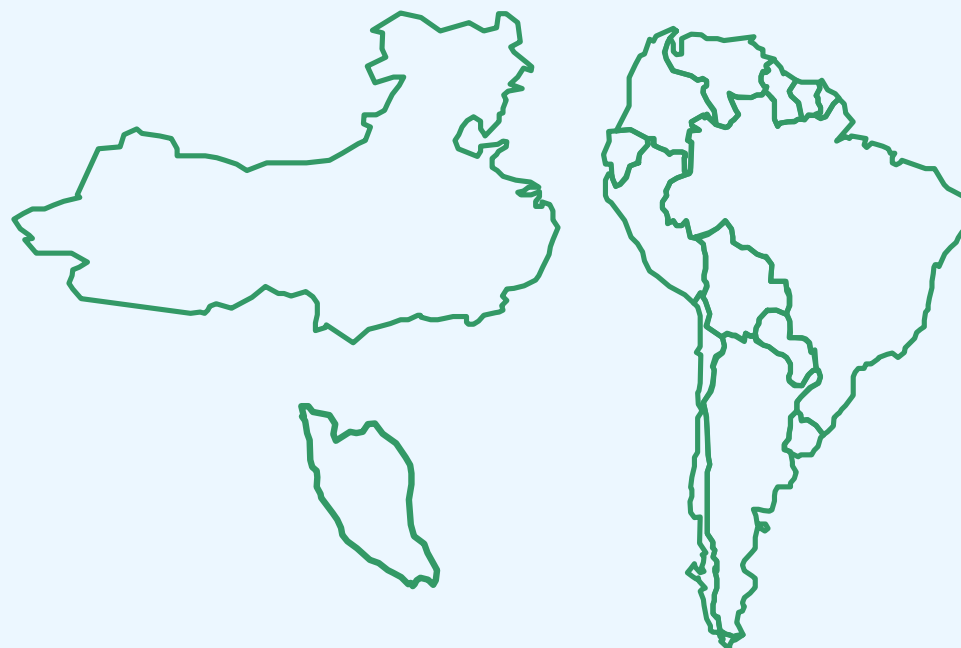


- Light vehicle build flat with export demand offsetting a declining domestic market
- Reduced revenues due to some poor model performance and initial ramp up stage of new models
- Low margins

Reduced revenues in difficult market

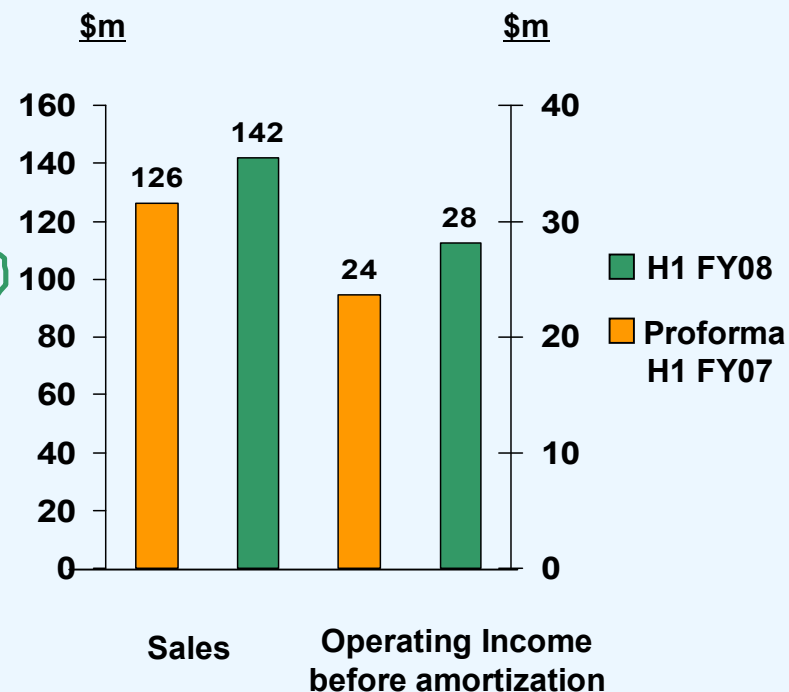
Automotive Rest of the World

Market



- Strong growth, particularly in South American and Chinese markets

Business

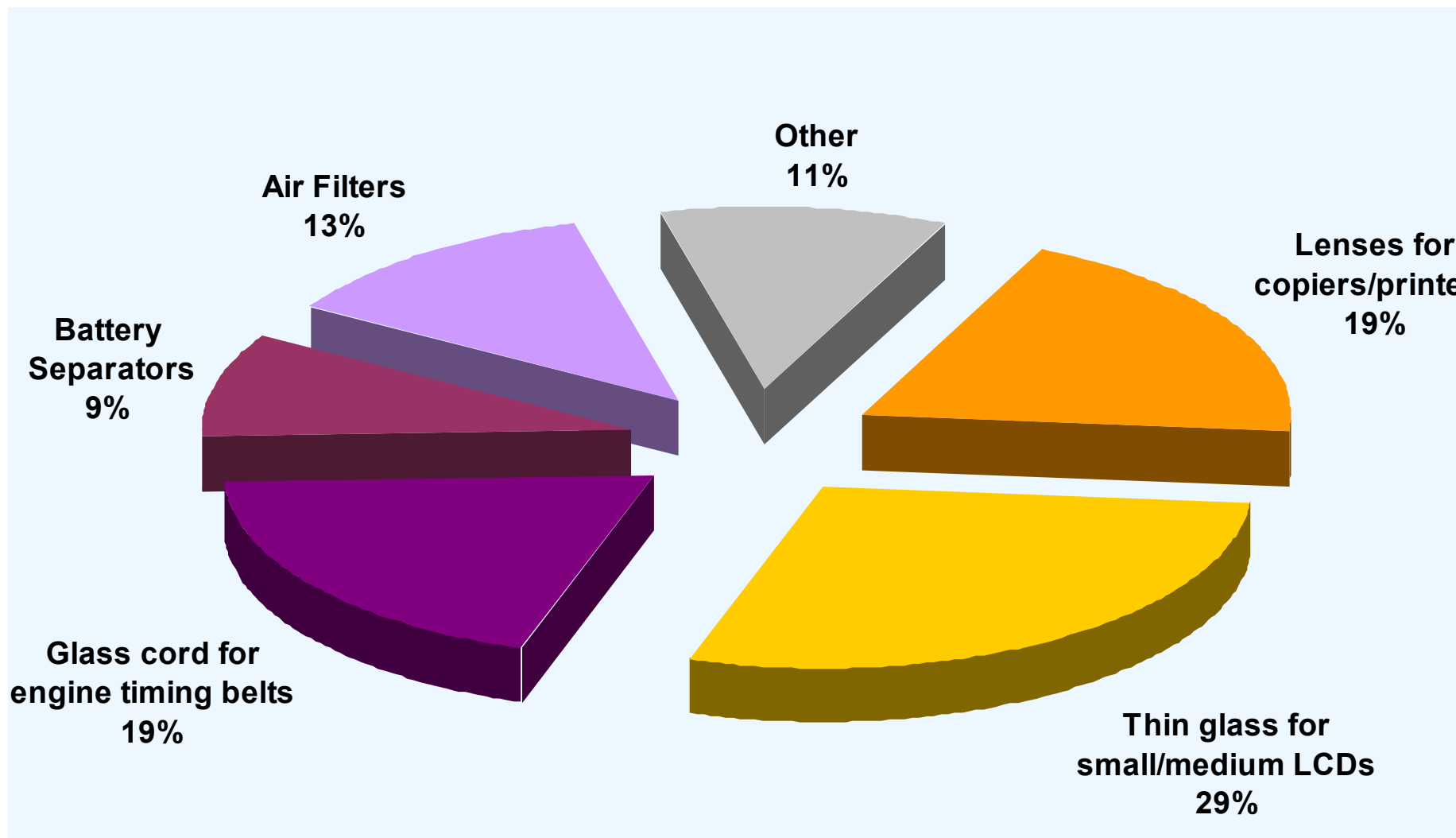


- Profit improvements based on increased sales and efficiency improvements

Continuing strong performance

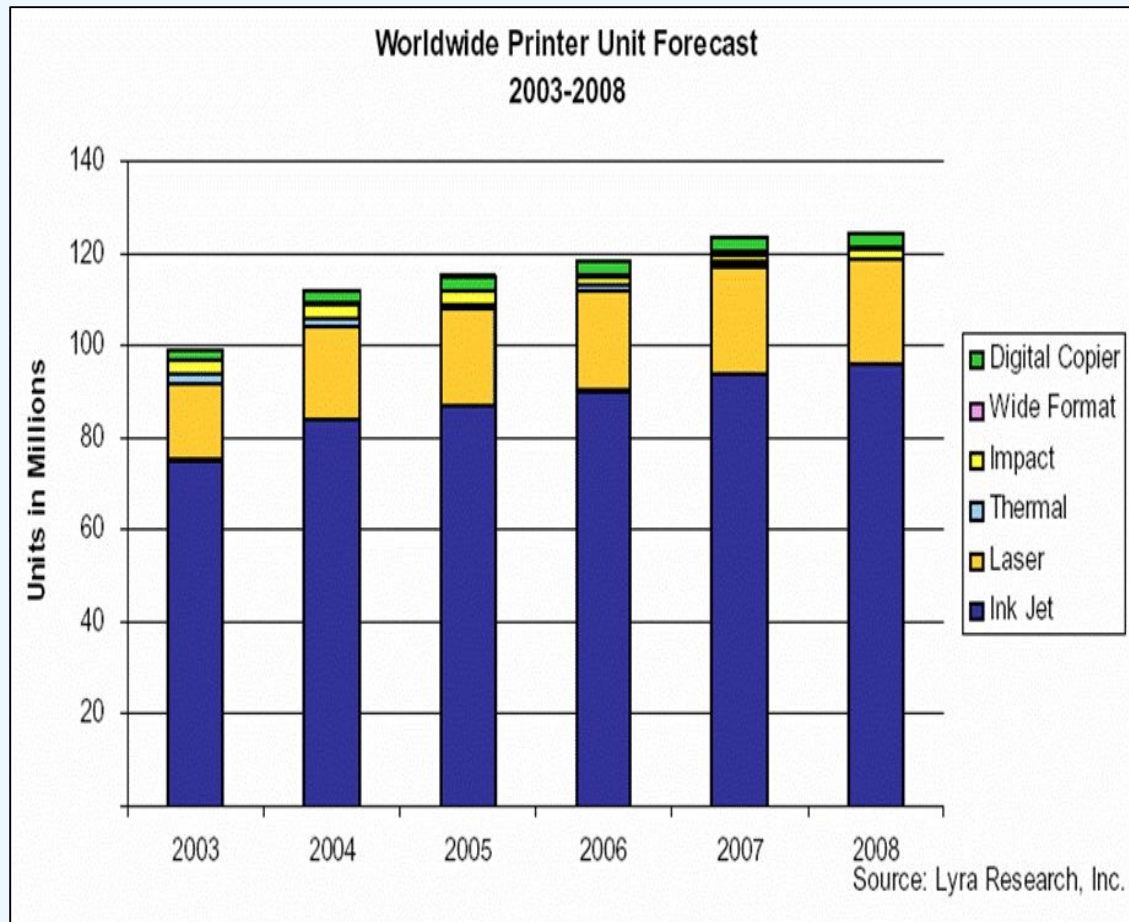
Specialty Glass

Specialty Glass



Specialty Glass IT Business - Lenses

Market Drivers - Lenses

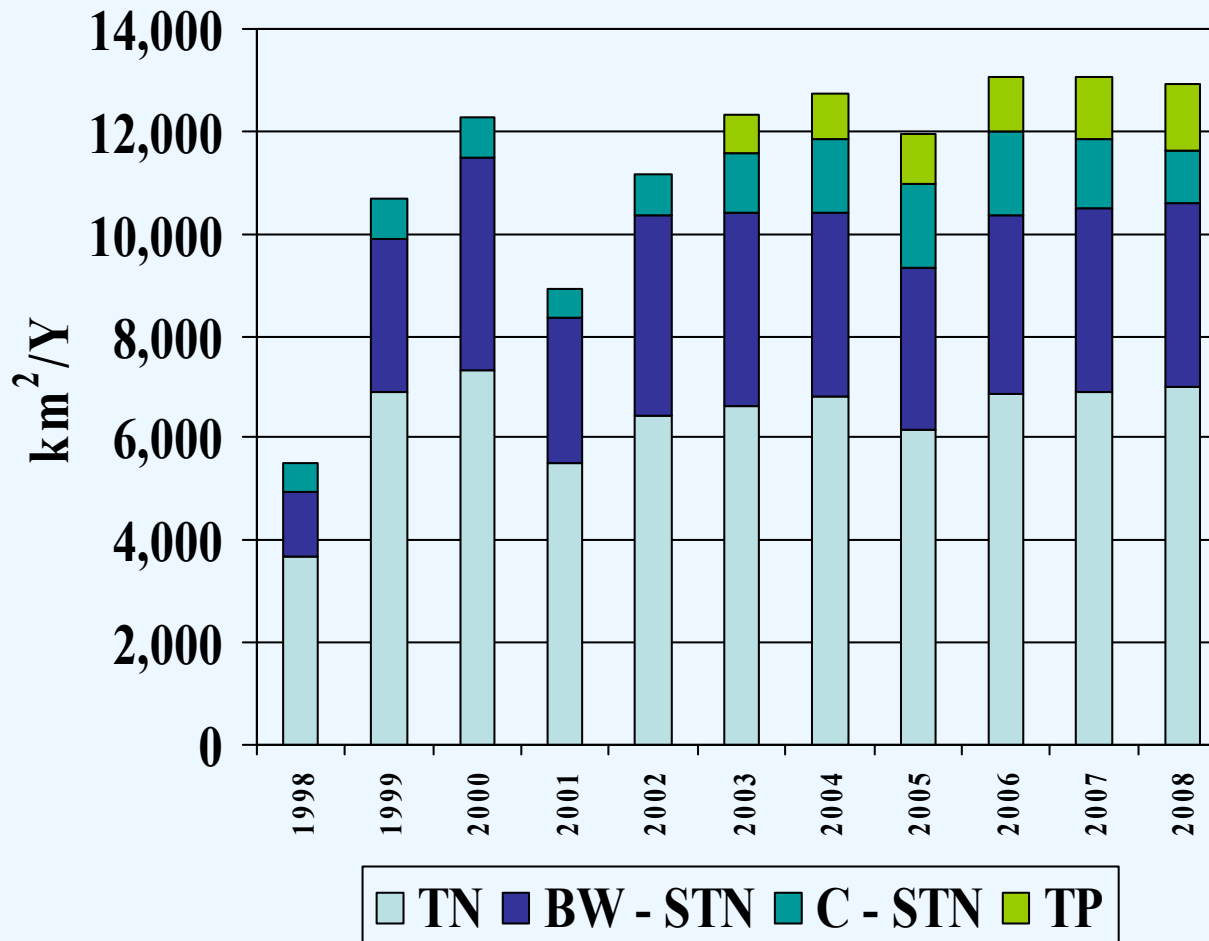


- Market for multifunction printers, SELFOC® Lens Array (SLA) main application, shows steady growth in the medium term.

Demand for SELFOC® Lens Array expanding

Specialty Glass IT Business - Display

Market Drivers - Display



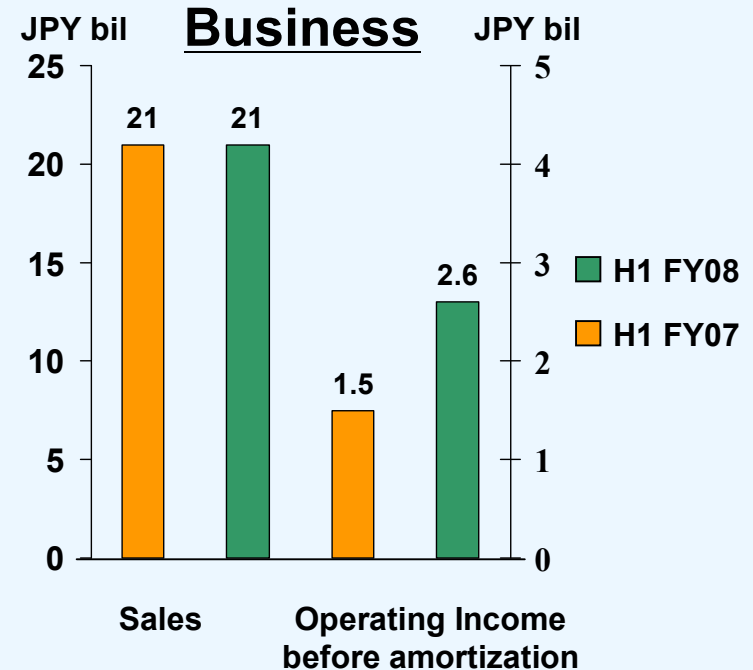
- Touch Panel growing at the expense of C-STN.
- Sales and profits from glass substrate steady.

Steady growth in Touch Panel applications

Specialty Glass - IT Business

Market

- Glass substrate market for small and medium-sized LCD and touch panels remains steady
- Demand for multi-functional printers shows steady growth in the first half



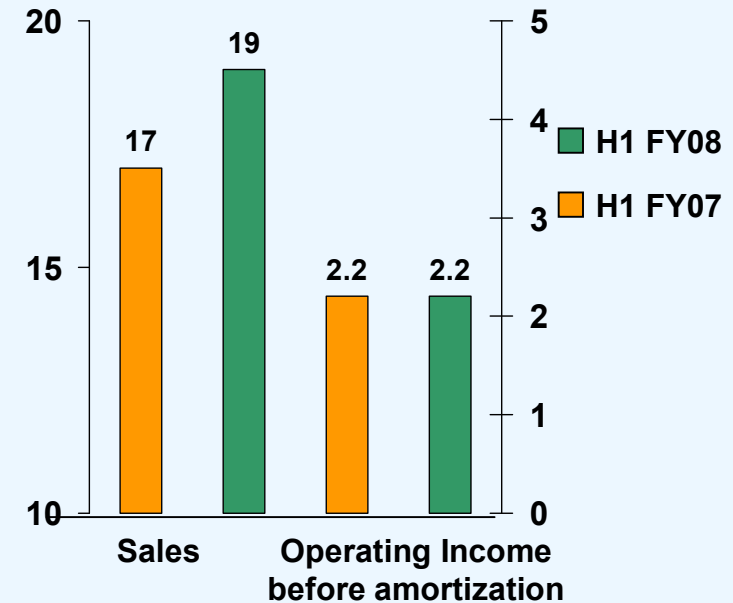
- Market shares in Lenses and thin float steady
- Profit improvement through cost reduction

Specialty Glass – Glass Fiber

Market

- Sales of for diesel vehicles in Europe growing (glass cord used for timing belts)
- Demand for lead batteries is flat in the first half
- Demand for air filters in Japan is still challenging

JPY bil Business JPY bil



- Higher year-on-year sales reflect continuing robust demand for glass cord in Europe
- Operating income flat

Strategy Update

Long-term Vision

Execute growth strategies through 3 phases

Phase 1 <4 years>

Create a new entity focused on differentiating ourselves from competitors, and maximizing productivity and operational quality while re-establishing our financial foundations

Phase 2 <3 years>

Achieve aggressive growth in the flat glass business
Geographically expanding into emerging countries
Improve competitiveness, launch major new products, improve R&D and foster technologies

Phase 3 <3 years>

Explore new areas for further growth
Exploring new businesses by both leveraging our customers and our technical and operational competencies
Pursuing acquisitions, mergers, and alliances in adjacent areas



2007~

2011~

2014~

2017

Phase 1 (2007-2011)

Objective

Create a new entity focused on differentiating ourselves from competitors and maximizing productivity and operational quality while re-establishing our financial foundations

Priorities

- 1. Create one integrated global business designed for maximum effectiveness and to exploit synergies**
- 2. Reduce net debt down to target levels**
- 3. Prepare for Phase 2**

Clear priorities for the next three years

Integration Update

April 2007

- Flat Glass businesses of both companies combined into one global management structure.

September 2007

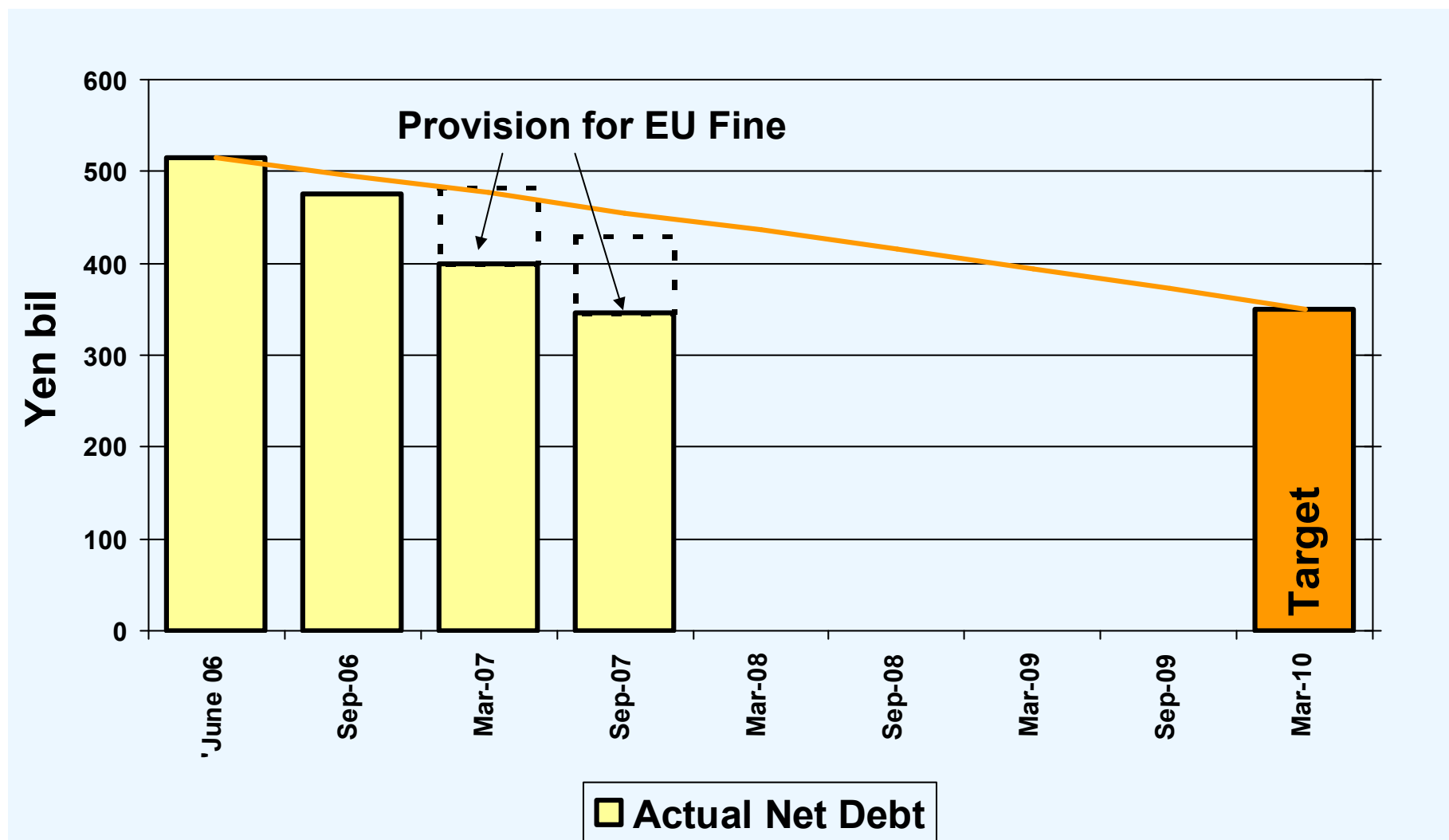
- Announcement of senior management changes with creation of CEO/COO roles.
- Specialty Glass businesses integrated into global organisation.

October 2007

- Branding structure of the Group revised to further strengthen Group integration and assist in global marketing.

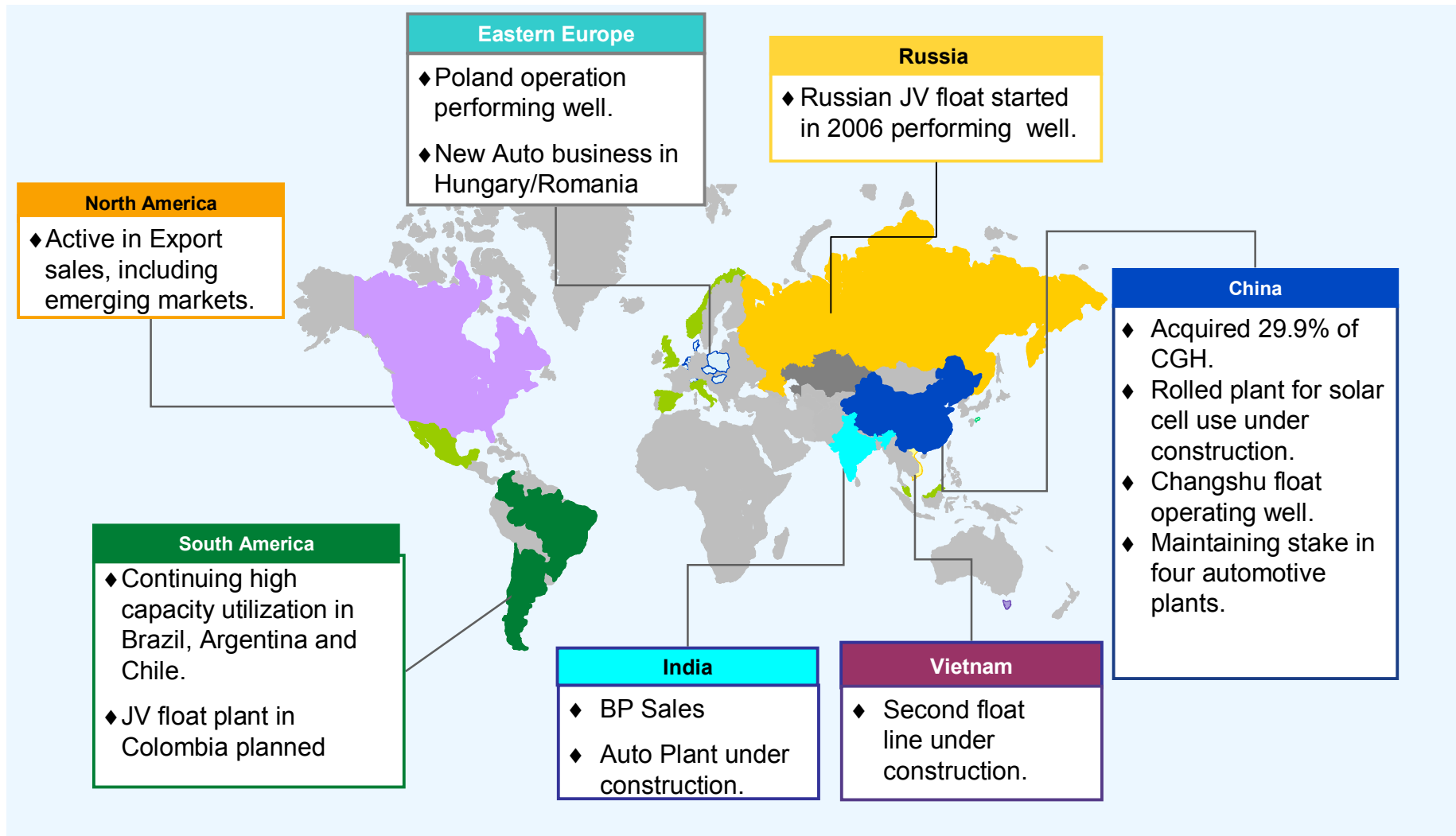
Further steps in Integration process

Net Debt Position and Target



Continuing good progress on debt reduction

Preparation for Phase 2



Selective investments to prepare for growth

Outlook

Outlook

- **Economies** steady in Western Europe, Japan slowing and N. America housing market depressed.
- **BP business** expected to show significant improvement in overall profitability.
- Continuing strong performance in Europe and South America should ensure further year of increased profits in **Automotive**.
- **Specialty Glass** markets steady, leading to stable performance for the year.

Group outlook for the full year remains unchanged

Summary

Summary

- Good start to the year, improved like-for-like performance
- Progress on Phase 1 strategy objectives
- Interim dividend maintained at ¥3 per share
- Full-year forecast maintained

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

Operating Income before Amortization

(JPY bil)	Japan	Europe	North America	Rest of World*	Total	Ratio on Sales
	Flat Glass					
BP	0.0	18.6	1.7	3.1	23.4	11.4%
Auto	0.3	14.3	0.9	3.4	18.9	10.3%
	Specialty Glass					
IT	2.1	0.0	0.0	0.5	2.6	12.3%
Glass Fiber	1.9	0.3	0.0	0.0	2.2	11.4%
Group Operations and Technology	(3.2)	(4.8)	0.0	0.0	(8.0)	
Total	1.1	28.4	2.6	7.0	39.1	9.0%
Ratio on Sales	1.1%	12.8%	4.3%	15.1%	9.0%	

Operating Income after Amortization

(JPY bil)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
	Flat Glass					
BP	0.0	14.3	0.9	2.4	17.6	8.6%
Auto	0.3	10.3	(0.3)	2.3	12.6	6.9%
	Specialty Glass					
IT	2.1	0.0	0.0	0.5	2.6	12.3%
Glass Fibre	1.9	0.3	0.0	0.0	2.2	11.4%
Group Operations and Technology Management	(3.2)	(4.8)	0.0	0.0	(8.0)	
Total	1.1	20.1	0.6	5.2	27.0	6.2%
Ratio on Sales	1.1%	9.0%	1.0%	11.2%	6.2%	

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