



TO OUR SHAREHOLDERS

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NIPPON SHEET GLASS CO., LTD.
151ST FISCAL PERIOD INTERIM REPORT
1 APRIL 2016 - 30 SEPTEMBER 2016

**'MAKING A DIFFERENCE TO OUR WORLD
THROUGH GLASS TECHNOLOGY'**

Securities Code: 5202

MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the NSG Group, I thank you for your continued support. I am pleased to present the interim report for the period ended 30 September 2016.

Shigeki Mori
Representative Executive Officer
President and CEO
Nippon Sheet Glass Co., Ltd.

森 重樹



Summary of the first two quarters of FY2017:

Our operating profit showed a significant improvement from the previous year in this period and the performance in the period was almost initially planned despite translational impact of yen appreciation. The Group's cash flow also greatly improved. Following two key points summarize the performance in the period.

1. The Group has made progress in the execution of its business improvement initiatives, which include shift toward VA (increase of the ratio of the value-added products and services in the revenue) particularly in Architectural North America and Europe, exit from or downsizing of unprofitable business in China, Vietnam and others as per the plan set out in the previous fiscal year and considerable progress in productivity improvement initiatives mainly in Automotive Europe and North America.

We are making steady advances in the shift to "VA Glass Company" as described in the Long-term Strategic Vision.

2. Markets improved on a year-on-year basis in this period across the board, notably continuing improvement in both European Architectural and Automotive markets since the second half of the previous fiscal year, while brisk markets in North America have also continued. These made contribution to the Group's performance improvement compared to the same period of previous fiscal year.

* For more information on consolidated financial highlights, please see page 4 of this report.

Progress in Medium-term Plan

We explained the progress in our Medium-term Plan (MTP) drawn up in May 2014 in conjunction with FY2017 second quarter financial results report, as summarized below:

- The Group has continuously improved its operating profit since the start of MTP;
- Two more years beyond the original MTP period (FY2015-FY2018) is needed to achieve the MTP financial targets (ROS*: 8% or higher; Net debt/ EBITDA: 3x) due to:

* ROS: Return on Sales (on trading profit basis)

- Significant changes in the business environment of growth drivers, especially in Display and Automotive OE in South America; and
- Disparity among the regions in the speed of profitability improvement;
- The original MTP financial targets remain unchanged and the Group will designate the three years from FY2018 to FY2020 as “MTP Phase 2” to execute measures to achieve the targets; and
- During “MTP Phase 2”, we will initiate four key measures, “VA No.1 Strategy,” “Establishment of Growth Drivers,” “Business Culture Innovation” and “Enhancement of Global Management” to achieve the original MTP financial targets by accelerating growth and stabilizing our financial basis.

Four key measures of “MTP Phase 2” specifically go as follows:

- **Drive VA No.1 Strategy:** Pursue the leading market position in the areas with “high growth potential” and “our core strength”.
Focus our available resources on development and sales expansion of value - added products (VA), while strengthening relationship with our customers and exercising strategies nimbly by leveraging strategic alliances when appropriate.
- **Establish Growth Drivers:** Establish several drivers for growth by focusing resources on select candidates in our R&D to accelerate their market launch, or expand sales of the already launched products. For Architecture, the areas of saving or generating energy, health and hygiene, design or visibility appear promising. For Automotive, automated drive/connectedness, UV and IR block and lighter weight are expected to offer new values. For Technical, aim to generate new businesses through developing new products and applications by harnessing our unique technology and assets.

- **Business Culture Innovation:** Continue to optimize each work process towards a leaner business structure. In order to achieve it, enhance “monozukuri” –manufacturing excellence, optimize global R&D structure based on customer viewpoints and strengthen customer-oriented marketing.
- **Enhance Global Management:** Advance global management to achieve the Group’s optimization. To achieve this, drive talent development, promote employee diversity, enhance faster decision-making with flexible organizational management and continue to reduce cost across the Group.

Our Long-term Strategic Vision announced in May 2014 is “Transform into VA Glass Company.” While VA stands for value-added, it intends to not only increase the ratio of VA products in total sales but to undertake transformation adding value across the Group through bringing about change in the way we think and act along with customer services. As we see solid progress in our VA strategy, we will aim for the furtherance of its corporate value through achieving “MTP Phase 2” without changing these Long-term Strategic Vision and MTP financial targets.

Interim Dividend

The Group’s dividend policy is to secure dividend payments based on sustainable business results. The directors, regrettably, did not recommend a dividend for the period ended 30 September 2016. We, however, recognize the importance of dividends for our shareholders and concentrate our efforts to improve our profitability toward resumption of dividend as early as possible.

We look forward to your continuing understanding and support of our activities.

NEWS

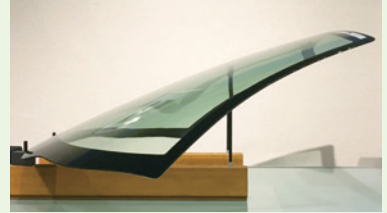
New Advanced Press Bending Line for Automotive Windshields

The roles automotive windshields are required to play are expected to broaden in future with a view to the fusion of automotive technology and the intelligent transport system technology.

We will install a new high-performance press bending line at the Maizuru plant (Kyoto, Japan) for automotive windshields, applying its proprietary technologies. The construction will start this year and the start-up is planned next year.

Press bending is a type of glass-shaping process, in which heated glass is pressed in a mold sheet by sheet, and provides excellent shaping capability. It is more suitable for windshields demanding a complex three-dimensional shape which perfectly and accurately replicates the vehicle makers' design.

This expansion will enable us to respond to the growing demand for high performance windshields like head-up display in coming years.



Supplier Award for NSG Group's Solar Glass Quality

NSG Vietnam Glass Industries (VGI), a NSG Group company in Vietnam, was awarded with 2016 Outstanding Quality Award by First Solar for VGI's continuous quality improvement efforts and enduring commitment to First Solar's Supplier Quality Continuous Improvement process.

First Solar is a leading global provider of comprehensive photovoltaic solar systems which use its advanced module and system technology. The NSG Group, including VGI, are supplying high-quality transparent conductive oxide coated glass used in the global manufacture of First Solar's advanced technology thin film solar modules. In this way, the Group has been closely working with our customers, contributing to its technical advancement and quality improvement.

NSG Group aims to be "VA Glass Company" providing a wide range of value added glass products to satisfy the needs of various markets and regions.



Driving Diversity and Inclusion

The Company declared that we would drive diversity and inclusion across the organization and established a new dedicated organization.

The initial focus will be on increasing the number of female employees in management roles and the employment of people with disability.

We have set the targets to achieve as follows:

- **The ratio of female managers: aim for tripling the ratio at the end of March 2016 by the end of March 2020; and**
- **The ratio of employees with disability: aim for a 30 percent increase over the ratio at the end of May 2016 by the end of May 2020.**

NSG Group states in our Code of Ethics that we believe that promoting a diverse workforce where everyone is treated equally can only strengthen us. We will create new values and innovation and develop our business in a sustainable way, by establishing a culture and environment, where diverse employees are encouraged to respect and accept different values and views and everyone in the organization is motivated and can achieve his/her maximum potential.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Income statement

	Millions of yen		
	Fiscal 2017 interim period	Fiscal 2016 interim period	Fiscal 2016
Revenue	289,798	321,735	629,172
Operating profit	13,495	6,088	19,362
Profit/(loss) before taxation	10,866	(4,667)	(37,439)
Profit/(loss) for the period	5,114	(1,603)	(47,500)
Profit/(loss) attributable to the owners of the parent	4,241	(2,738)	(49,838)
Basic earnings per share (yen)	46.94	(30.31)	(551.75)

Note: Basic earnings per share are calculated under the assumption that share consolidation was conducted on 1 April 2015.

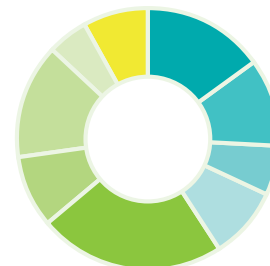
Balance sheet

	Millions of yen	
	30 September 2016	31 March 2016
Non-current assets	489,324	571,417
Current assets	219,658	240,703
Total assets	708,982	812,120
Total liabilities	648,859	700,109
Total equity	60,123	112,011
Total liabilities and equity	708,982	812,120

Statement of cash flows

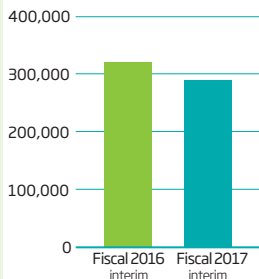
	Millions of yen	
	Fiscal 2017 interim period	Fiscal 2016 interim period
Net cash inflow/(outflow) from operating activities	6,108	(3,039)
Net cash outflows from investing activities	(1,891)	(17,523)
Cash flow before financing activities	4,217	(20,562)
Net cash inflows/(outflows) from financing activities	(5,162)	5,323
Cash and cash equivalents (net of bank overdrafts) at the end of the period	39,103	47,004

Net revenue by business



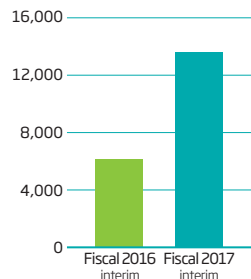
Revenue

Millions of yen



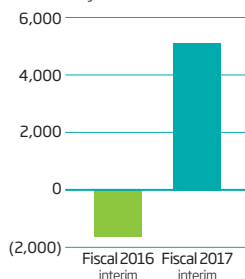
Operating profit

Millions of yen



Profit/(loss) for the period

Millions of yen



Architectural Europe	15%
Architectural Japan	11%
Architectural North America	6%
Architectural Rest of World	9%
Automotive Europe	23%
Automotive Japan	9%
Automotive North America	14%
Automotive Rest of World	5%
Technical Glass	8%

Notes: The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) from FY2012. Operating profit in the above is defined as being operating profit stated before exceptional items.















CORPORATE DATA (as at 30 September 2016)

Company name	Nippon Sheet Glass Co., Ltd.	Established	22 November 1918
Head office	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Tel: +81-3-5443-9500	Number of permanent employees	27,156 (consolidated)
		Paid-in capital	¥116,452 million
		Stock listing	Tokyo (Code: 5202)
		Contact	http://www.nsg.com/en/contact-us

MANAGEMENT (as at 30 September 2016)

NSG Group adopts a Company with Three Committees structure.

Directors

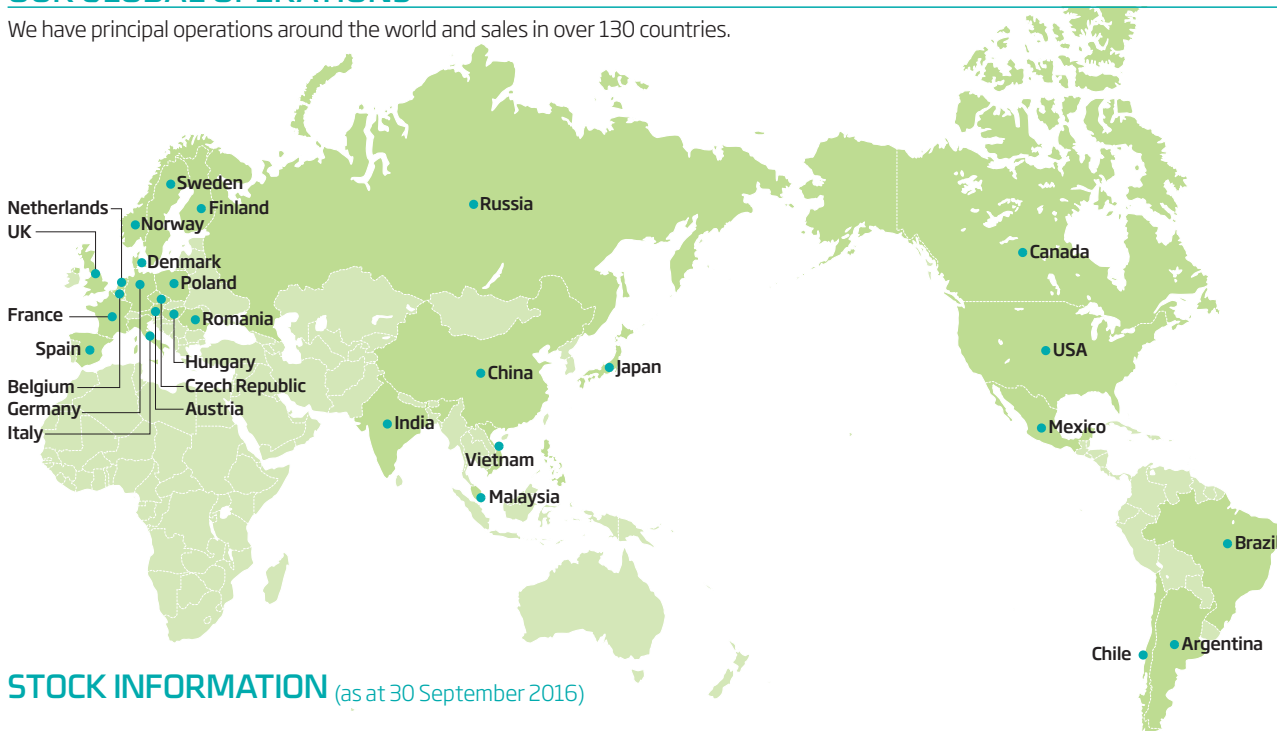
External Director, Chairman of the Board	Günter Zorn	 Nominations Committee	 Audit Committee	 Compensation Committee
External Director	Toshikuni Yamazaki	 Nominations Committee	 Audit Committee (Chairman)	 Compensation Committee
External Director	Yasuyuki Kimoto	 Nominations Committee	 Audit Committee	 Compensation Committee (Chairman)
External Director	Masatoshi Matsuzaki	 Nominations Committee (Chairman)	 Audit Committee	 Compensation Committee
Director	Shigeki Mori	 Nominations Committee		 Compensation Committee
Director	Clemens Miller			
Director	Kenichi Morooka			

Executive Officers

Representative Executive Officer President and CEO	Shigeki Mori	Executive Officer	Shirley Anderson
Representative Executive Officer Executive Vice President and COO	Clemens Miller	Executive Officer	Tony Fradgley
Representative Executive Officer Executive Vice President and CFO	Kenichi Morooka	Executive Officer	Kazuhiko Fujimaki
		Executive Officer	Koichi Hiyoshi
		Executive Officer	Hiroshi Kishimoto
		Executive Officer	Jochen Settelmayer

OUR GLOBAL OPERATIONS

We have principal operations around the world and sales in over 130 countries.



STOCK INFORMATION (as at 30 September 2016)

Number of shares/shareholders

Authorized shares	1,775,000,000
Issued shares	903,586,999
Number of shareholders	73,073

Note: The Company conducted the share consolidation as at 1 October 2016.

Distribution of NSG Group Shareholders



Major shareholders

	Number of shares	Percentage of shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,718,000	4.17
Japan Trustee Services Bank, Ltd. (Trust Account)	27,573,000	3.05
MSIP CLIENT SECURITIES	23,088,301	2.55
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	20,253,799	2.24
Japan Trustee Services Bank, Ltd. (Trust Account 1)	10,530,000	1.16
Japan Trustee Services Bank, Ltd. (Trust Account 5)	10,420,000	1.15
Japan Trustee Services Bank, Ltd. (Trust Account 6)	10,414,000	1.15
Japan Trustee Services Bank, Ltd. (Trust Account 2)	10,358,000	1.14
Japan Trustee Services Bank, Ltd. (Trust Account 3)	10,298,000	1.13
JP MORGAN CHASE BANK 385151	10,268,413	1.13

SHAREHOLDER INFORMATION

Fiscal period	1 April to 31 March of the following year
Ordinary General Meeting of Shareholders	Held annually in June
Record dates	Ordinary General Meeting of Shareholders: 31 March Dividend: 30 September and 31 March
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Operating office	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Public notice	http://www.nsg.com/
Accounting auditor	Ernst & Young ShinNihon LLC

If you need to record any changes in your address, personal details or any other relevant matter, please contact the securities company administrating your shareholder account.

If you do not use a securities company, please contact the telephone number as shown below.

Notice to shareholders holding odd-lot shares

If you hold an odd-lot of shares (1 to 99 shares), which is less than a trading unit of shares (100 shares), you could:

1. sell these shares to the Company, or
2. purchase odd-lot shares from the Company to supplement your holding to the extent necessary to constitute a trading unit.

Please contact the securities company administrating your shareholder account for its specific procedures.

If you do not use a securities company, please contact the telephone number as shown below.

Mail address Stock Transfer Agency Department,
Sumitomo Mitsui Trust Bank, Limited
8-4, Izumi 2-chome, Suginami-ku,
Tokyo 168-0063, Japan

Telephone Number ☎ 0120-782-031 (toll free in Japan)

Share consolidation and change to the number of shares in a unit

We carried out a share consolidation of our shares under which every 10 shares were consolidated into 1 share and changed the number of shares in a unit from 1,000 shares to 100 shares on 1 October 2016. There are no special procedures that shareholders must take.

■ Impact by share consolidation

Because our assets and paid-in capital will remain unchanged after the share consolidation, aside from share market trends and other factors, in theory, there will be no change to the asset value of shareholders' shares.

■ Procedure if any fractions of shares arise

If any fractions of shares arise as a result of the share consolidation, pursuant to the Companies Act, we will sell all such fractional shares and distribute the proceeds to shareholders having fractional shares in proportion to their respective fractions. We separately send a notice regarding those proceeds toward the end of November 2016.