2 February 2018

FY2018 QUARTER 3 RESULTS

(1 April to 31 December 2017)

- **Continuous year-on-year improvement in operating profit, reflecting favorable market conditions and cost reduction efforts**
- **Improved performance of European businesses**
- **Technical Glass showing solid profitability improvement**
- **Continued delivery of operational improvements**
- **On track to achieve positive full-year net profit, despite significant deferred tax charge following U.S. tax reforms**

Continuous year-on-year improvement in operating profit, reflecting favorable market conditions and cost reduction efforts

- Cumulative Group revenues of ¥ 449.4bn increased from the previous year (Q3 FY2017: ¥ 430.7bn)
- Trading profit of ¥ 27.4bn, continued to show improvement, supported by robust European markets, improving profitability in Technical Glass and further improvements in operational performance (Q3 FY2017: ¥ 22.8bn)

	Revenue		Trading Profit	
	Q3 FY2018	Q3 FY2017	**Q3 FY2018**	Q3 FY2017
Architectural Glass	**¥ 182.5bn**	¥ 178.1bn	**¥ 20.5bn**	¥ 20.7bn
Automotive Glass	**¥ 229.6bn**	¥ 217.9bn	**¥ 7.7bn**	¥ 7.8bn
Technical Glass	**¥ 36.7bn**	¥ 34.4bn	**¥ 4.9bn**	¥ 0.4bn

Improved performance of European businesses

- Stable pricing environment supported by good demand in Architectural
- Increased VA sales and improved operational performance in Automotive

Technical Glass showing solid profitability improvement

- Profitability in all business segments showed improvement from the previous year

Continued delivery of operational improvements

- Cost savings more than offset increase in input costs

On track to attain positive net profit, despite significant deferred tax charge following U.S. tax reforms

- Full-year forecast revised to reflect U.S. deferred tax charge and improvements in exceptional and other items

Excerpt from NSG Group FY2018 Third Quarter financial results presentation, 2 February 2018

Consolidated Income Statement

(JPY bn)	FY2017 Q3	FY2018 Q3	FY2018 Forecast (original)	FY2018 Forecast (revised)
Revenue	**430.7**	**449.4**	**600.0**	**600.0**
Trading profit	**22.8**	**27.4**	**38.0**	**38.0**
Amortization*	(2.7)	(1.5)	(2.0)	(2.0)
Operating profit	**20.1**	**25.9**	**36.0**	**36.0**
Exceptional items	5.4	(2.5)	No change	
Finance expenses (net)	(13.8)	(11.1)		
Share of JVs and associates	0.8	1.7		
Profit before taxation	**12.5**	**14.0**	**17.0**	**20.0**
Taxation	(6.6)	**(4.8)**		
Adjustment in respect of US tax rate change	–	**(9.6)**		
Profit/(loss) for the period	**5.9**	**(0.4)**	**10.0**	**3.0**
Profit/(loss) attributable to owners of the parent	**4.6**	**(1.7)**	**8.0**	**1.0**
EBITDA	44.3	48.8	See slide below	

* Amortization arising from the acquisition of Pilkington plc only

Positive net profit expected for the year

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Revision of FY2018 Full-year Forecast (As announced on 27 December)

Deferred tax charge due to change in U.S. federal tax rate

- Re-assessed Group's deferred tax position after enactment of U.S. federal tax legislation, which includes reduction of tax rate from 35 percent to 21 percent
- **Non-cash**, **one-time** tax charge of **JPY 9.6 bil** recognized in Q3
- Reduced tax charge on U.S. profits in the future

Revision of FY2018 full-year forecast

- **JPY 3.0 bil** improvement in profit before taxation to reflect a reduced level of exceptional and other costs
- Full-year forecast of profit attributable to owners of the parent is **positive**, despite reduction of **JPY 7.0 bil**

Profit attributable to owners of the parent to be positive

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