NSG Group

FY2019 Quarter 1 Results

(from 1 April 2018 to 30 June 2018)

Nippon Sheet Glass Company, Limited
2 August 2018

Thank you for joining us for this NSG Group FY2019 Quarter 1 financial results presentation. I am Kenichi Morooka, CFO of the NSG Group.

With me today are Clemens Miller, COO and Iain Smith, Finance Director – Global Finance.

Agenda

NSG GROUP

1. FY2019 Quarter 1 Financial Results
2. FY2019 Quarter 1 Business Update
3. Other Developments
4. Summary

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Slide 4 shows the agenda for today's presentation.

I will start with the key points, then discuss the financial results and the performance of each of our businesses. I will also mention about other developments which took place during the quarter.

After our presentation, we will have some time for questions and answers, and both Clemens and Iain will participate in that.

FY2019 Quarter 1 Results Highlights

NSG GROUP

Revenue	JPY 158.4 bn (+9%)	Benefitted from improving markets, especially in Europe, and VA sales increase
Trading profit	JPY 10.2 bn (+12%)	Driven by improved profitability in Automotive Europe and Technical Glass
Exceptional items	JPY 2.4 bn	Reversal of impairment related to the mothballed float line in Vietnam
Profit attributable to owners of the parent	JPY 5.4 bn (+131%)	Year-on-year improvement including one-off credit in exceptional items
Free cash flow	JPY (10.6) bn	Similar to previous year with consistent seasonality of working capital movements

Improved revenue and profit reflecting higher VA sales and favorable market conditions

Slide 5 lays out the Highlights of FY2019 Quarter 1 Results.

Revenue increased by 9% from the previous year to 158.4 billion yen, due to an increase of VA sales and improving markets especially in Europe.

Trading profit continues to show an improving trend, as the figure improved by 1.1 billion yen (12%) from the previous year to 10.2 billion yen. This is driven by improved profitability, especially in Automotive Europe and Technical Glass.

Exceptional items recorded a gain of 2.4 billion yen, which includes the credit of 2.7 billion yen due to the reversal of impairment related to the mothballed float line in Vietnam, as announced today.

Profit attributable to owners of the parent improved by 131% to 5.4 billion yen, due to the improved operating profit and the one-off credit in Exceptional items.

Affected by the seasonality of working capital movements, free cash outflow was 10.6 billion yen, which was similar to the previous year. As seen in the previous years, we are expecting this to improve with a cash generating trend towards the end of this fiscal year.

Consolidated Income Statement

NSG GROUP

(JPY bn)	FY2018 Q1 *1	FY2019 Q1	FY2019 Half year	FY2019 Full year
Revenue	**145.3**	**158.4**	**310.0**	**630.0**
Trading profit	**9.1**	**10.2**		**43.0**
Amortization *2	(0.5)	(0.5)		(2.0)
Operating profit	**8.6**	**9.7**	**18.0**	**41.0**
Exceptional items	(0.4)	2.4		(7.0)
Finance expenses (net)	(3.9)	(3.2)		(13.0)
Share of JVs and associates	0.3	0.4		3.0
Profit before taxation	**4.6**	**9.3**		**24.0**
Profit for the period	**2.7**	**6.0**		**16.0**
Profit attributable to owners of the parent	**2.3**	**5.4**		**14.0**
EBITDA	15.4	16.7		

*1: Restated due to adoption of IFRS15 "Revenue from contracts with customers"

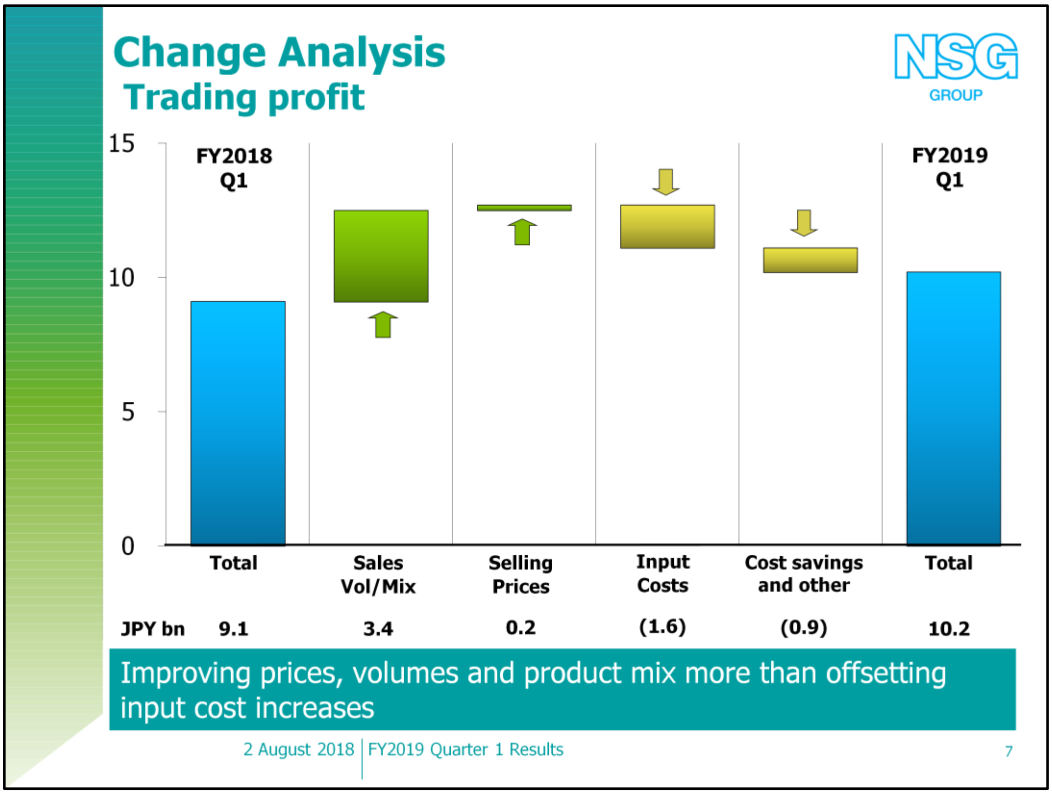
*2: Amortization arising from the acquisition of Pilkington plc only

Solid start towards full year target

The Group's Consolidated Income Statement is presented in Slide 6. There are four columns in this chart. From the left, the first column shows the results of the first quarter last year and the second column is the results of this quarter. Third and fourth columns shows the Group's half-year and annual forecasts respectively.

The Group adopted IFRS15 "Revenue from Contracts with Customers" from this fiscal year, and consequently we have restated last year's comparative numbers. The impact of adopting this standard is immaterial, and the amounts are set out in the appendices of this presentation document.

Revenue and trading profit improved, as explained in the previous slide. Exceptional items recorded a gain of 2.4 billion yen this quarter, but we expect this number to be near our full year forecast as the Group will be recognizing exceptional losses mainly from restructuring activities as it incurs. The improved profit for the period of 5.4 billion yen also benefitted from reduction in net financial costs and an improved share of joint ventures' and associates' results. EBITDA increased by 8.4% from the previous year to 16.7 billion yen. There are no changes to the Group's half-year and annual forecasts announced in May.



Slide 7 lays out the analysis of year-on-year trading profit movement.

Increases in volumes and improvements in product mix were seen in Architectural Europe and Asia, Automotive Europe and Technical Glass, driven by VA sales increase.

Prices have generally remained stable in our businesses.

The Group was affected by increases in energy, logistics and raw materials costs, but this remain within our expectations.

The negative cost savings and other column is mainly due to the effects of the float repair in Germany and a one-off cost in Automotive North America. However, the Group's approach to improve its cost base to offset the impact of input cost increase remains unchanged.

Key Performance Indicators

NSG GROUP

	30-Jun-17 *1	30-Jun-18	31-Mar-18 *1
Net Debt (JPY bn)	332	320	307
Net Debt/EBITDA	5.4x	4.9x	4.8x
Net Debt/Equity Ratio	2.4x	2.4x	2.1x
Shareholders' Equity Ratio	17.1%	16.6%	17.1%
	FY2018 *1 Q1	**FY2019 Q1**	**FY2018 *1 Full-year**
Operating Return *2 on Sales	6.3%	6.4%	6.3%

*1: Restated due to adoption of IFRS15 "Revenue from contracts with customers"

*2: Trading profit

Year on year improvement in Net Debt and Net Debt / EBITDA ratio

Slide 8 lays out the Group's Financial Key Performance Indicators.

From the left, first column shows the indices of the first quarter last year, the second column is the indices of this quarter and the last is the indices of the last fiscal year.

Net debt increased from 31 March 2018 by 13 billion yen to 320 billion yen, mainly due to the seasonality of working capital movements.

The shareholders' equity ratio of 16.6% was affected by the foreign exchange impact arising from strengthening of the Japanese yen.

Reflecting the performance of our businesses, the operating return on sales ratio shows small improvement from 6.3% in the previous year to 6.4%.

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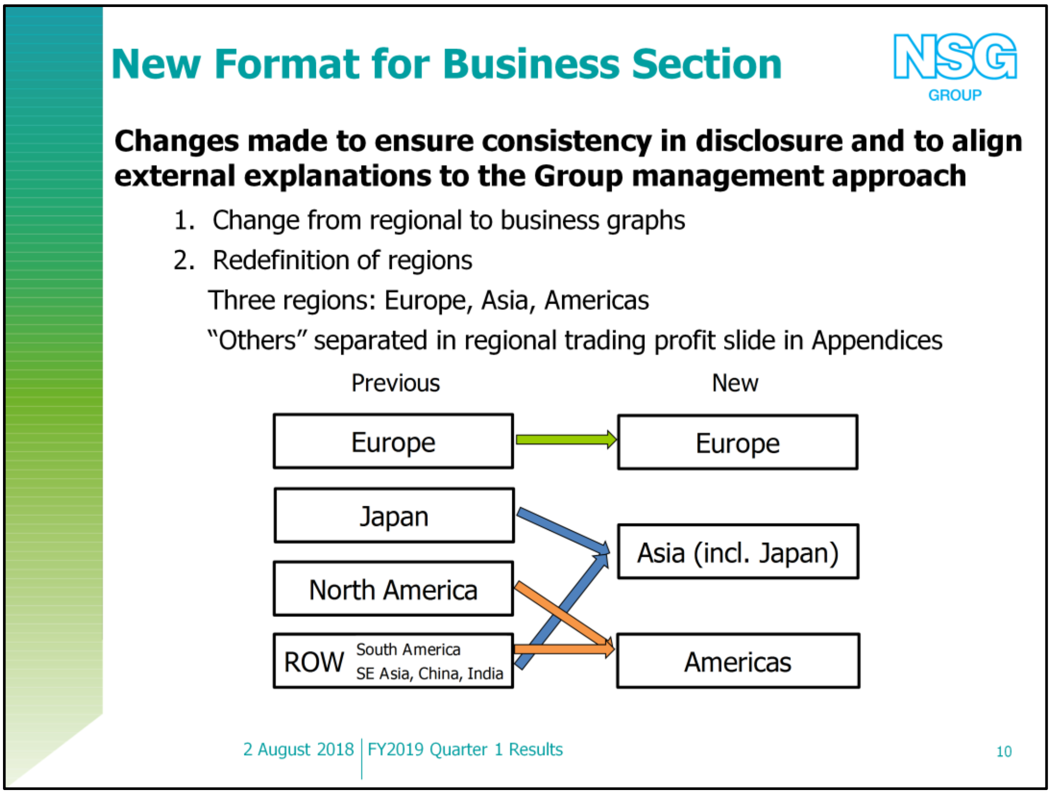
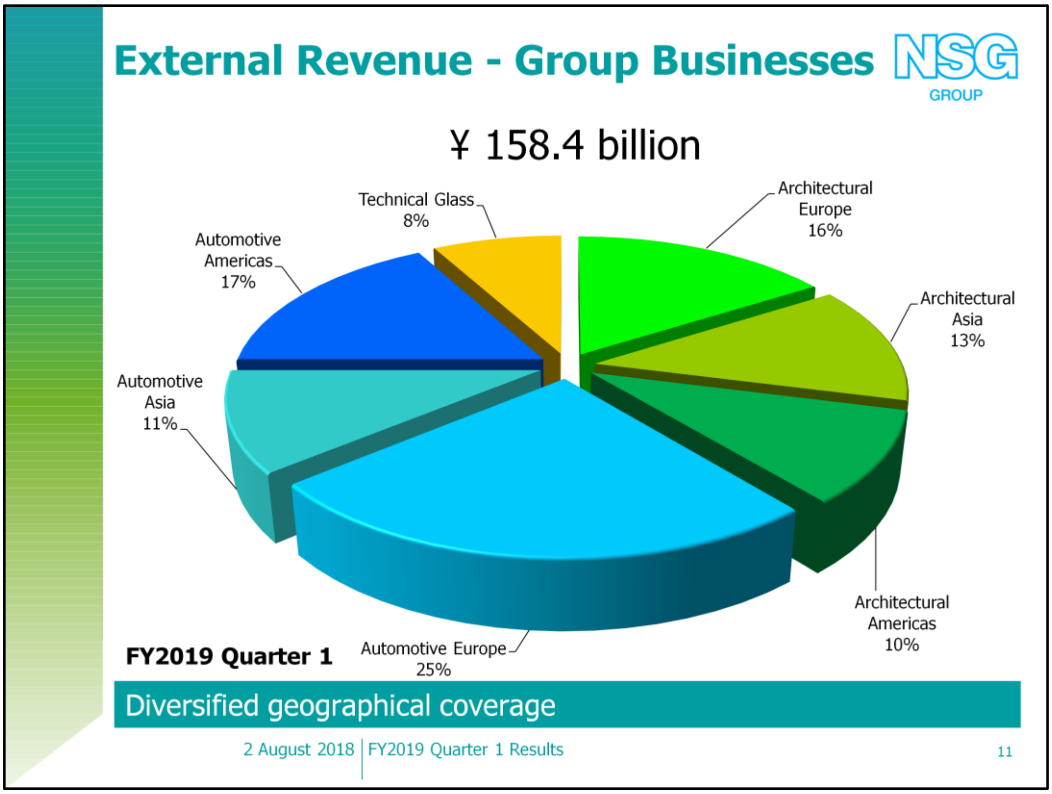


Please proceed to slide 10. On this slide, I would like to discuss about the changes we have made in our format for presenting the business results.

There are two key points to note; Firstly, we have changed the format to focus on the business, then the regions. Secondly, we have realigned the regions into "Europe", "Asia" and "Americas". In the appendices, trading profit is split into three regions with an another separate category "Other Operations. These changes are made to ensure the consistency in disclosure and to align external explanations to the Group management approach, and to help investors' understanding.

As presented in the chart, "South East Asia", "China" and "India" will be combined with "Japan" and will be shown as "Asia (including Japan)". Also, "South America" will be combined with "North America" as and will be shown as "Americas".

The Group will ensure that our disclosure methodologies will support the better understanding of our business results and initiatives for future growth.
We intend to provide as much explanation as possible as to these changes.



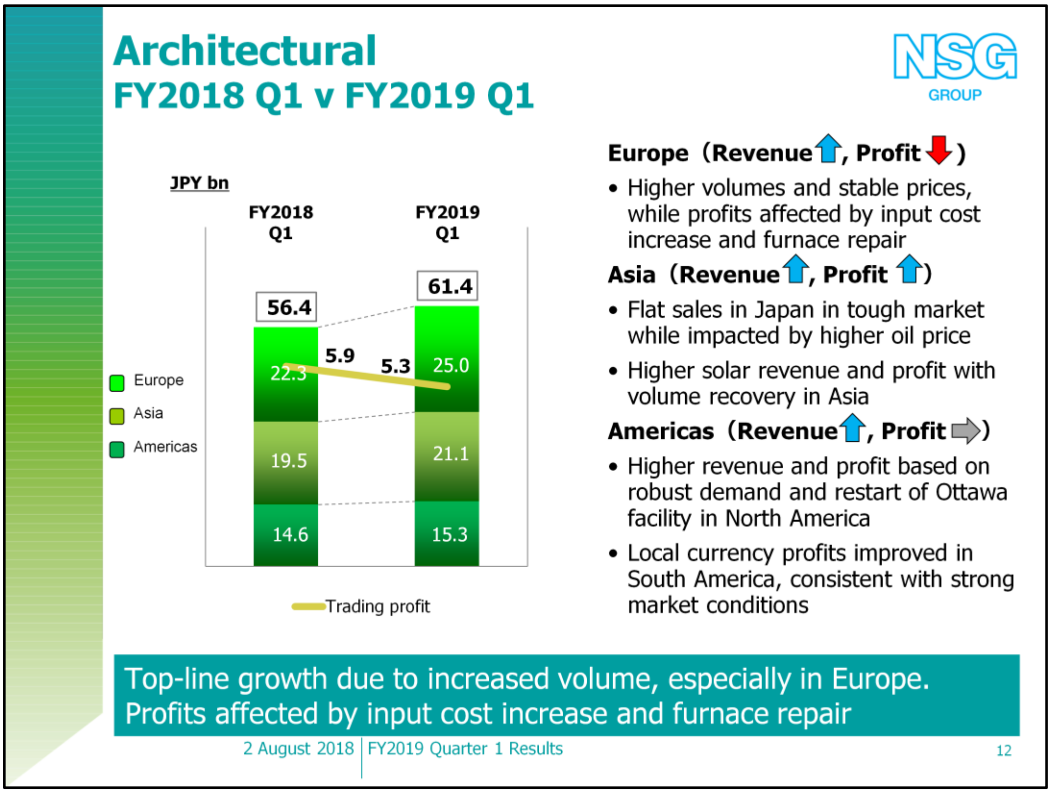
This slide shows external revenue by segments.

Businesses

Architectural Glass: 39%
Automotive Glass: 53%
Technical Glass: 8%

Regions

Europe: 43%
Asia (incl. Japan): 30%
Americas: 27%



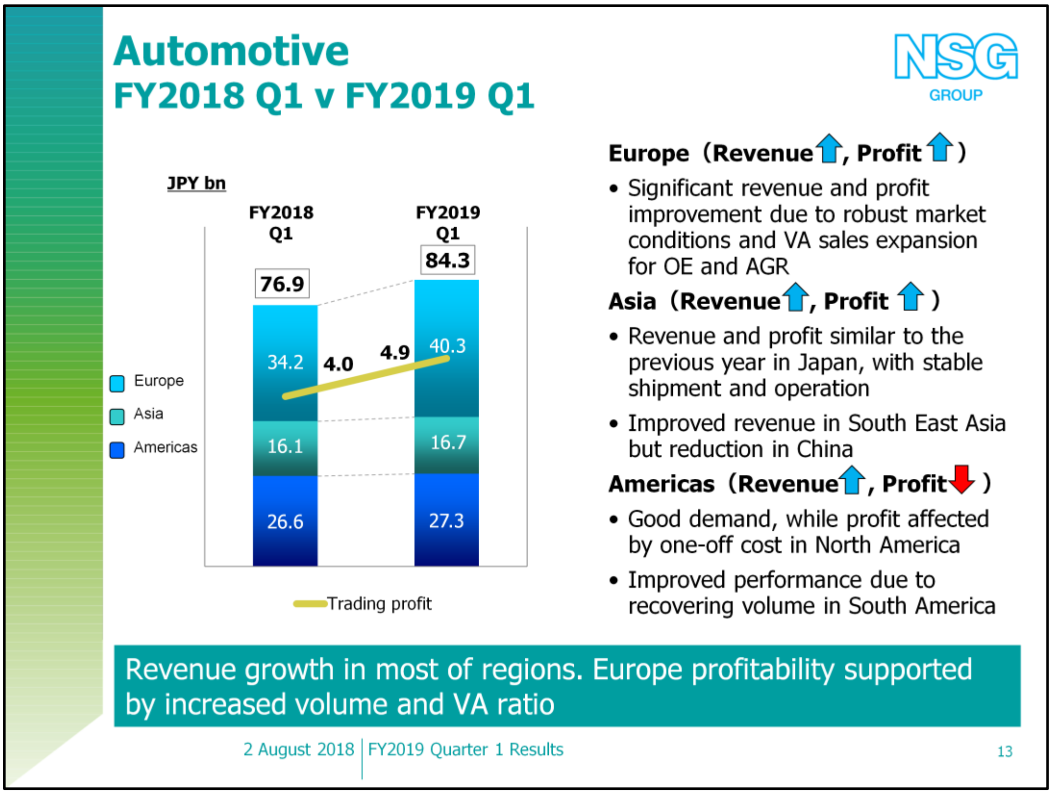
Turning to slide 12, we can see the performance of the Group's Architectural businesses.

The total revenue of the business increased by 9% from the previous year to 61.4 billion yen, but trading profit decreased by 0.6 billion yen to 5.3 billion yen.

In Europe, revenue improved from the previous year as good demand supported the higher volumes and stable prices. On the other hand, a float repair in Germany, a one-off impact, and increase in input costs adversely affected the profits.

In Asia, Japan suffered from higher input costs while facing tough market conditions. South East Asia recorded improved revenue and profit, as increase in Solar volumes contributed to the improved results.

In Americas, North America's revenue and profits both improved, due to robust market conditions and the restart to Ottawa facility. South America also enjoyed favorable market conditions, as local currency profits improved.



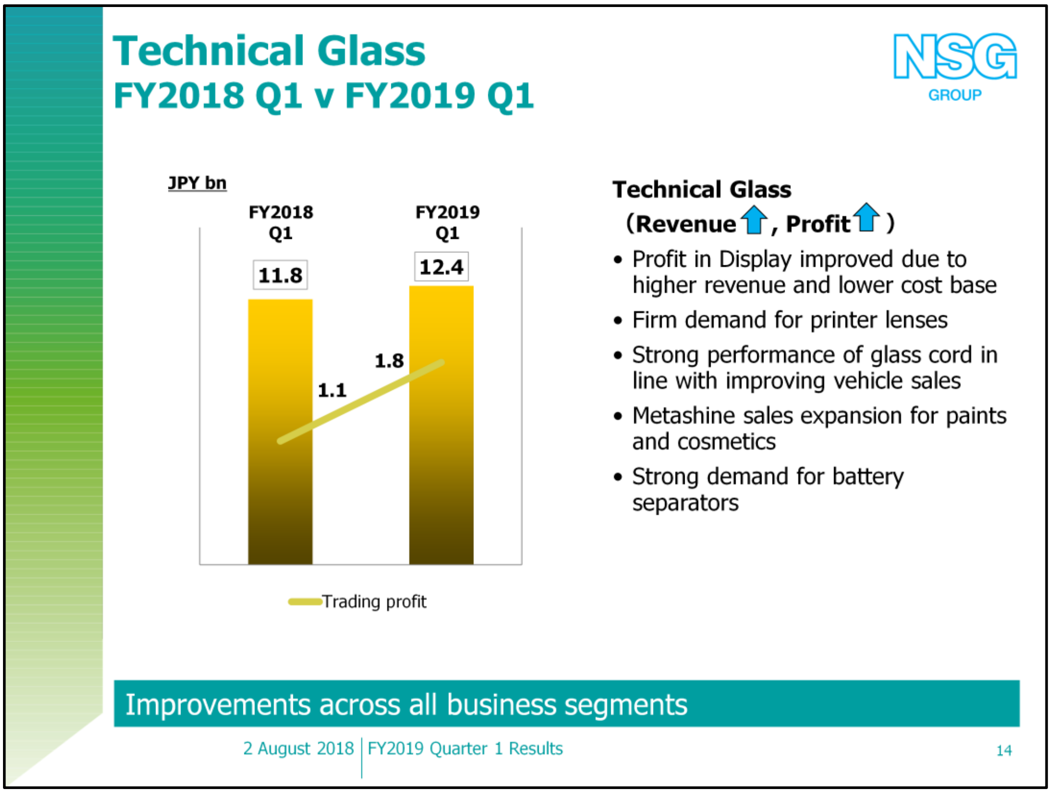
Slide 13 is Automotive.

Automotive recorded a revenue of 84.3 billion yen, an increase of 10% from the previous year. Profits also improved by 23% to 4.9 billion yen.

In Europe, revenues and profits improved as the Group's VA sales increased, supported by robust market conditions.

Revenues and profits in Asia benefitted from effects of stabilized operational performance and increased volumes in AGR, along with stable sales volume in Japan.

In the Americas, North America benefitted from good demand, but was adversely affected by an one-off cost. In South America, despite being affected by the truck drivers' strike in Brazil, performance continues to improve supported by the recovery of volumes.



Turning to Slide 14, Technical Glass.

Display's results benefitted from higher sales and lower cost base after the improvement actions taken in the previous year.

Demand for the components used in multi-function printers continues to be firm.

Glass cord used in engine timing belts also benefitted from strong demand, supported by the improving market conditions in the automotive area.

Sales volume of Metashine increased, as demand for automotive paint and cosmetics applications were strong.

Battery separators markets were also strong supported by the demand in automotive area.

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Other Developments

NSG GROUP

- **BIC（Business Innovation Center）**
  - Established on 1 July as planned
  - Satoshi Ishino from Murata appointed Executive Officer and CDO
  - To accelerate new business development and drive the shift to "VA + Growth"

- **Publication of Integrated Report**
  - First NSG Group Integrated Report published on 30 July, replacing the Annual Report and Sustainability Report
  - To provide an overview of the Group's approach to sustainable growth and value creation process

  (http://www.nsg.com/en/investors/ir-library/annual-reports)

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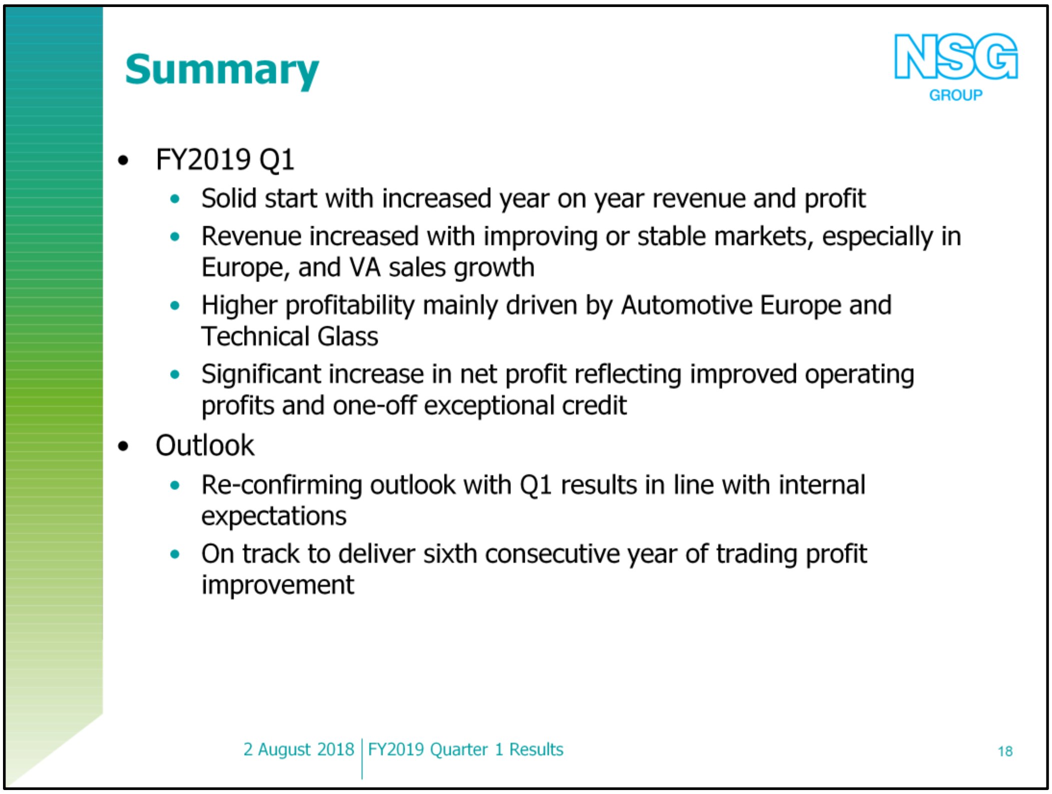
Slide 16 shows recent topics.

Firstly, as announced on 18 June, Business Innovation Center started its operation from 1 July as planned. Satoshi Ishino from Murata is appointed as Executive Officer and Chief Development Officer. This new organization will accelerate the development of new businesses and the drive the shift to "VA + Growth".

Secondly, the Group published its first "Integrated Report" as announced on 30 July.

This new "Integrated Report" will replace the previous Sustainability Report, and will provide the readers with the overview of the Group's approach to "value creation process" (by providing the society with unique products and services), and "sustainable growth" (by taking actions on "Environmental", "Social" and "Governance" issues) . This report is now available on the Group's website.

Agenda



Slide 18 is the summary of today's presentation.

The Group had a solid start for FY19 with year-on-year revenue and profit improvement. Revenues benefitted from VA sales growth and improving or stable markets, while improved operating profits were driven by Automotive Europe and Technical Glass.

A one-off exceptional gain also supported the improved net profit.

The first quarter results were in line with our expectations, therefore the Group will maintain its annual forecast.

The markets where the Group operates are expected to remain solid generally. In Architectural, Europe is expected to remain stable and solar glass demand to recover further. In Automotive, the Group anticipates continued profitability improvement in Europe and further recovery of South American markets. Technical Glass is expected to continue its improvement led by Display. Other businesses and regions are also expected to remain stable.

As stated before, the Group will be recognizing exceptional losses mainly from restructuring activities as it incurs.

We will proceed with our initiatives to deliver a sixth consecutive year of trading profit growth.

Thank you very much for your attention, and now we will proceed to the Q&As.

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 Company, Limited

Appendices

- FY2019 Q1 Results
  - Revenue by Business & Regions
  - Trading Profit by Business & Regions
  - Consolidated Balance Sheet
  - Consolidated Cash Flow
  - Exceptional items
  - Exchange Rates

Revenue by Business & Regions
FY2018 Q1 v FY2019 Q1

(JPY bn)	FY2018 Q1 *	FY2019 Q1	Change
Architectural	**56.4**	**61.4**	**5.0**
Europe	22.3	25.0	2.7
Asia	19.5	21.1	1.6
Americas	14.6	15.3	0.7
Automotive	**76.9**	**84.3**	**7.4**
Europe	34.2	40.3	6.1
Asia	16.1	16.7	0.6
Americas	26.6	27.3	0.7
Technical Glass	**11.8**	**12.4**	**0.6**
Europe	1.9	2.1	0.2
Asia	9.6	9.9	0.3
Americas	0.3	0.4	0.1
Other Operations	**0.2**	**0.3**	**0.1**
Total	**145.3**	**158.4**	**13.1**

*: Restated due to adoption of IFRS15 "Revenue from contracts with customers"
Pre-IFRS15: JPY 146.9 bn [adjustment of JPY (1.6) bn]

Trading Profit by Business & Regions
FY2018 Q1 v FY2019 Q1

NSG GROUP

(JPY bn)	FY2018 Q1 *	FY2019 Q1	Change
by SBU			
Architectural	5.9	5.3	(0.6)
Automotive	4.0	4.9	0.9
Technical Glass	1.1	1.8	0.7
Other	(1.9)	(1.8)	0.1
Total	9.1	10.2	1.1
by Region			
Europe	5.4	5.8	0.4
Asia	2.6	3.6	1.0
Americas	3.0	2.6	(0.4)
Other	(1.9)	(1.8)	0.1
Total	9.1	10.2	1.1

*: Restated due to adoption of IFRS15 "Revenue from contracts with customers"
Pre-IFRS15: JPY 9.2 bn [adjustment of JPY (0.1) bn]

Consolidated Balance Sheet

NSG GROUP

(JPY bn)	31-Mar-18*	30-Jun-18	Change
Assets	**788.6**	**763.6**	**(25.0)**
Non-current assets	**530.8**	**519.2**	**(11.6)**
Goodwill & intangible assets	169.7	166.2	(3.5)
Property, plant and equipment	244.1	240.5	(3.6)
Other	117.0	112.5	(4.5)
Current assets	**257.8**	**244.4**	**(13.4)**
Cash and cash equivalents	64.8	53.2	(11.6)
Other	193.0	191.2	(1.8)
Liabilities	**644.9**	**628.5**	**(16.4)**
Current liabilities	**255.0**	**212.5**	**(42.5)**
Financial liabilities	97.6	72.0	(25.6)
Other	157.4	140.5	(16.9)
Non-current liabilities	**389.9**	**416.0**	**26.1**
Financial liabilities	275.1	304.2	29.1
Other	114.8	111.8	(3.0)
Equity	**143.7**	**135.1**	**(8.6)**
Shareholders' equity	135.2	127.0	(8.2)
Non-controlling interests	8.5	8.1	(0.4)
Total liabilities and equity	**788.6**	**763.6**	**(25.0)**

*: Restated due to adoption of IFRS15 "Revenue from contracts with customers"
[Assets] Pre-IFRS15: JPY 791.9 bn - adjustment of JPY (3.3) bn
[Equity] Pre-IFRS15: JPY 142.8 bn - adjustment of JPY +0.9 bn

Consolidated Cash Flow Summary

NSG GROUP

(JPY bn)	FY2018 Q1 *	FY2019 Q1
Profit for the period	2.7	**6.0**
Depreciation and amortization	7.0	**7.0**
Net impairment	0.2	**(2.6)**
Gain on disposal of assets	(0.2)	**-**
Tax paid	(1.4)	**(3.2)**
Others	(0.2)	**1.8**
Net operating cash flows before movement in working capital	8.1	**9.0**
Net change in working capital	(13.7)	**(13.0)**
Net cash flows from operating activities	(5.6)	**(4.0)**
Purchase of property, plant and equipment	(6.6)	**(6.4)**
Disposal proceeds	0.3	**0.1**
Others	0.2	**(0.3)**
Net cash flows from investing activities	(6.1)	**(6.6)**
Free cash flow	(11.7)	**(10.6)**

*: Restated due to adoption of IFRS15 "Revenue from contracts with customers"
(Total free cash flow is not affected)

Exceptional Items

NSG GROUP

(JPY bn)	FY2018 Q1	FY2019 Q1
Reversal of impairment of non-current assets	-	**2.7**
Gain on settlement of insurance proceeds	1.0	**-**
Restructuring costs	(0.2)	**(0.2)**
Suspension of facilities	(1.0)	**-**
Other items	(0.2)	**(0.1)**
	(0.4)	**2.4**

Exceptional credit recognized following the decision to restart the mothballed float line in Vietnam

Exchange Rates

	FY2018 Q1	FY2018	FY2019 Q1
Average rates used:			
JPY/GBP	142	147	149
JPY/USD	111	111	110
JPY/EUR	122	130	131
Closing rates used:			
JPY/GBP	146	150	145
JPY/USD	112	106	111
JPY/EUR	128	132	128

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