NSG

GROUP

NSG Group

FY2017 Quarter 2 Results

(from 1 April 2016 to 30 September 2016)

Nippon Sheet Glass Co., Ltd.
28 October 2016

Thank you for joining us for this NSG Group FY2017 Quarter 2 financial results presentation.

I am Kenichi Morooka, CFO of the NSG Group.

With me today are Shigeki Mori, CEO and Clemens Miller, COO.

I will start off today's presentation by discussing our Group's Q2 results, which were announced this afternoon to the Tokyo Stock Exchange.

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(from 1 April 2016 to 30 September 2016)

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Key Points

Financial Results

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Forecast and Summary

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Slide 4 shows the agenda for my part of the presentation.

Key Points - April to September 2016

NSG GROUP

- Significant increase in trading profits from previous year despite translational impact of yen appreciation
- Strong improvement in cash generation
- Progress in execution of business improvement initiatives, as value-added volumes increased across our businesses

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Turning to page 5. These are the key points for the FY2017 Quarter 2 results.

Our trading profit showed a significant improvement from the previous year, supported by increase of VA sales, together with lower input costs and further operational improvements.

The Group's cash flow also continues to improve, reflecting the improving trend of the Group's profitability, supported by disposals of non-current assets.

The Group has made progress in the execution of its business initiatives, as value-added sales have increased in Architectural Europe and North America.

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Consolidated Income Statement

NSG GROUP

(JPY bn)	FY2016 Q2	FY2017 Q2	Change from FY2016
Revenue	**321.7**	**289.8**	**-10%** [2]
Trading profit	**10.1**	**15.7**	**55%** [3]
Amortization [1]	(4.0)	(2.2)	
Operating profit	**6.1**	**13.5**	
Exceptional items	(1.5)	6.4	
Finance expenses (net)	(8.8)	(9.3)	
Share of JVs and associates	(0.5)	0.3	
Profit/(loss) before taxation	**(4.7)**	**10.9**	
Profit/(loss) for the period	**(1.6)**	**5.1**	
Profit/(loss) attributable to owners of the parent	**(2.7)**	**4.2**	
EBITDA	27.1	30.0	11%

1 Amortization arising from the acquisition of Pilkington plc only
2 Increase of 4% based on constant exchange rates
3 Increase of 92% based on constant exchange rates

Profits improved despite foreign exchange movements

Moving to slide 7. Here we can see the income statement in the usual format.

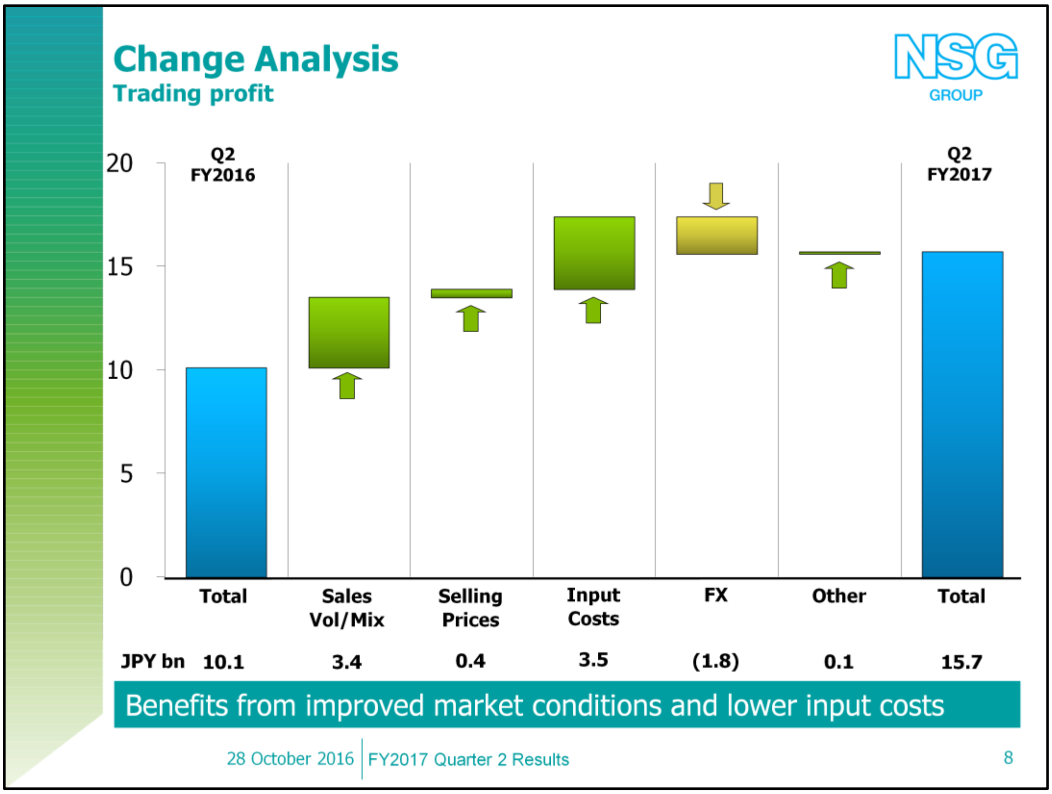
Revenue of 289.8bn yen has decreased by 10 percent from the previous year. At constant exchange rates, revenue would have increased by 4 percent.

Trading profit increased by 5.6 bn yen to 15.7 bn yen. At constant exchange rates, the trading profit would have almost doubled.

A combination of higher VA sales, lower input costs and operational improvements have each contributed to this improvement.

Within exceptional items, the Group has posted gains from sale and lease back transactions and the disposal of investments, which together with other items, amounted to 6.4 bn yen overall.

The Group's share of joint ventures and associates profits improved.



On slide 8 we can see an explanation of the year on year movement in trading profits.

Volumes increased in our Automotive businesses particularly in Europe and North America whilst prices have improved in Architectural, again particularly in Europe and North America.

The Group has benefitted from lower energy costs.

Our profits have been adversely affected by foreign exchange movements. (Note: The FX shown on the chart is the effect of applying current year exchange rates to the previous year profit.)

Exceptional Items

NSG GROUP

(JPY bn)	FY2016 Q2	FY2017 Q2
Gain on disposal of non-current assets	-	**7.9**
Gain from exit of business	-	**0.9**
Gain on disposal of investments in associates	-	**0.7**
Gain on dilution in an associate	0.1	**-**
Restructuring costs	(1.1)	**(1.6)**
Impairment of non-current assets	-	**(1.3)**
Settlement of litigation matters	(0.4)	**(0.2)**
Other	(0.1)	**-**
	(1.5)	**6.4**

Exceptional gains from disposal of non-current assets

On slide 9, we can see the breakdown of exceptional items.

We have posted net exceptional gains of 6.4 bn yen.

This is mainly due to the gain on execution of sale and lease back transactions recognized during the first quarter.

During the second quarter, we have incurred some further restructuring costs in Europe.

Consolidated Cash Flow Summary

NSG GROUP

(JPY bn)	FY2016 Q2	FY2017 Q2
Profit/(loss) for the period	(1.6)	5.1
Depreciation and amortization	21.0	16.5
Impairment	-	1.3
Gain on disposal of assets and exit of business	(0.1)	(9.8)
Tax paid	(1.8)	(2.5)
Others	(9.5)	(0.2)
Net operating cash flows before movement in working capital	**8.0**	**10.4**
Net change in working capital	(11.0)	(4.3)
Net cash flows from operating activities	**(3.0)**	**6.1**
Purchase of property, plant and equipment	(17.0)	(12.0)
Disposal proceeds	0.3	10.9
Others	(0.8)	(0.8)
Net cash flows from investing activities	**(17.5)**	**(1.9)**
Cash flows before financing activities	**(20.5)**	**4.2**

Strong improvement in cash generation

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Turning to slide 10, this slide shows the consolidated cash flow.

There has been a strong improvement in cash flow from the previous year, supported by the improvement in operating profit.

As you can see on the line highlighted by the red box, cash flow before financing activities have improved significantly from the previous year despite the negative working capital movement, with the help of increased profit and disposal proceeds.

Key Performance Indicators

NSG GROUP

	31-Mar-16	30-Sep-16
Net Debt (JPY bn)	381	366
Net Debt/EBITDA	6.3x	5.8x
Net Debt/Equity Ratio	3.4	6.1
	FY2016 Q2	**FY2017 Q2**
EBITDA Interest Cover	3.4x	3.4x
Operating Return* on Sales	3.2%	5.4%

* trading profit

Profitability ratios improved, but equity affected by strengthened yen

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On slide 11 we show the key financial ratios.

Net Debt has decreased by about 15 bn yen from this March, due to foreign exchange movements, and the positive cash flows for the period.

Operating Return on Sales has improved, benefitting from improvements in Group's underlying profitability.

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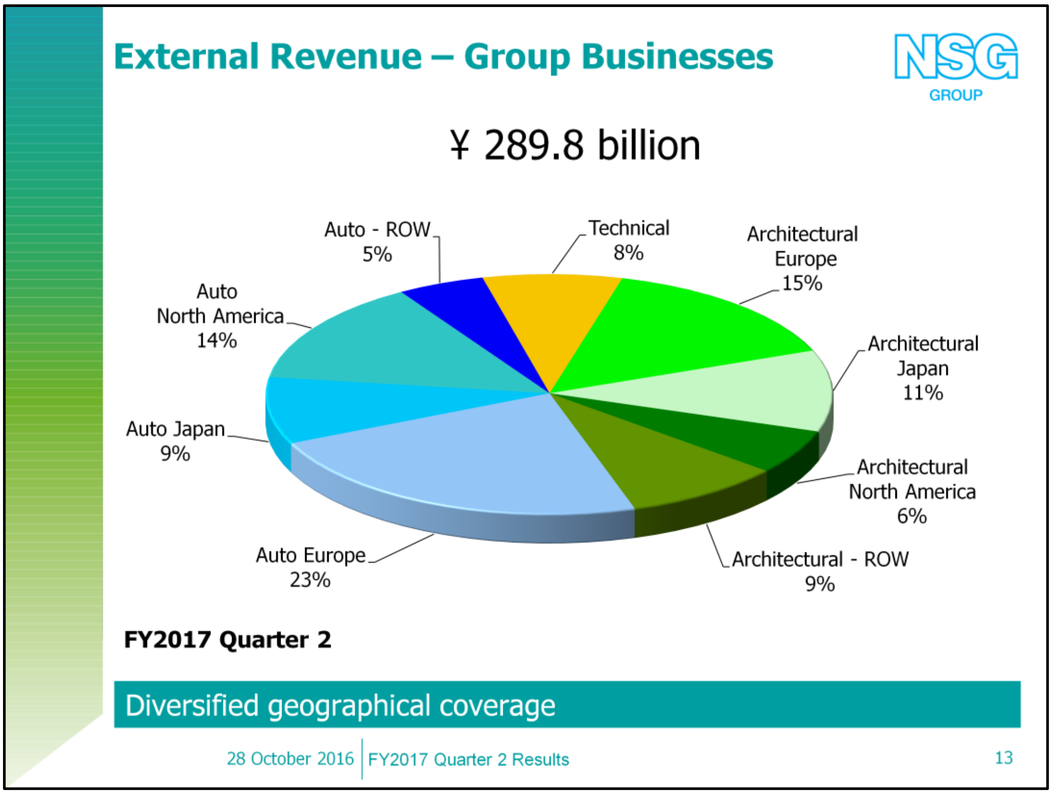
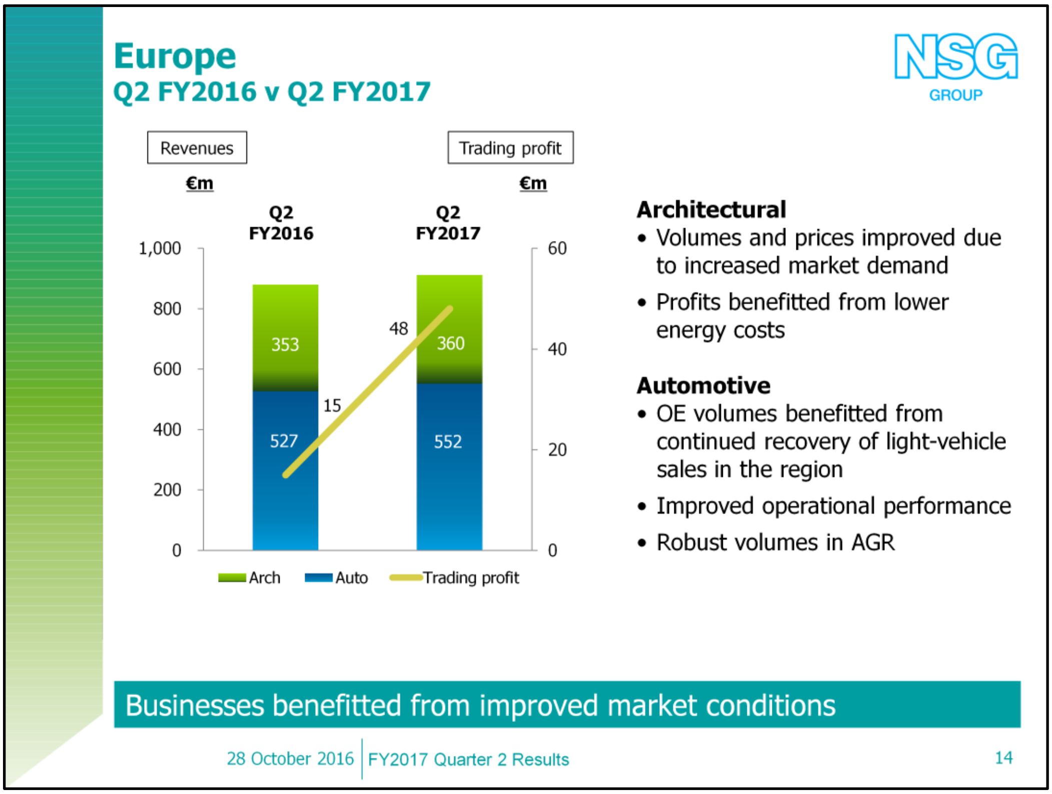


Now turning to slide 13.

This slide shows the proportion of sales generated by each of the Group's business segments.

(Note: 39 percent of the Group's sales are in Europe, 24 percent in Japan, 21 percent in North America and 16 percent in the rest of the world.)

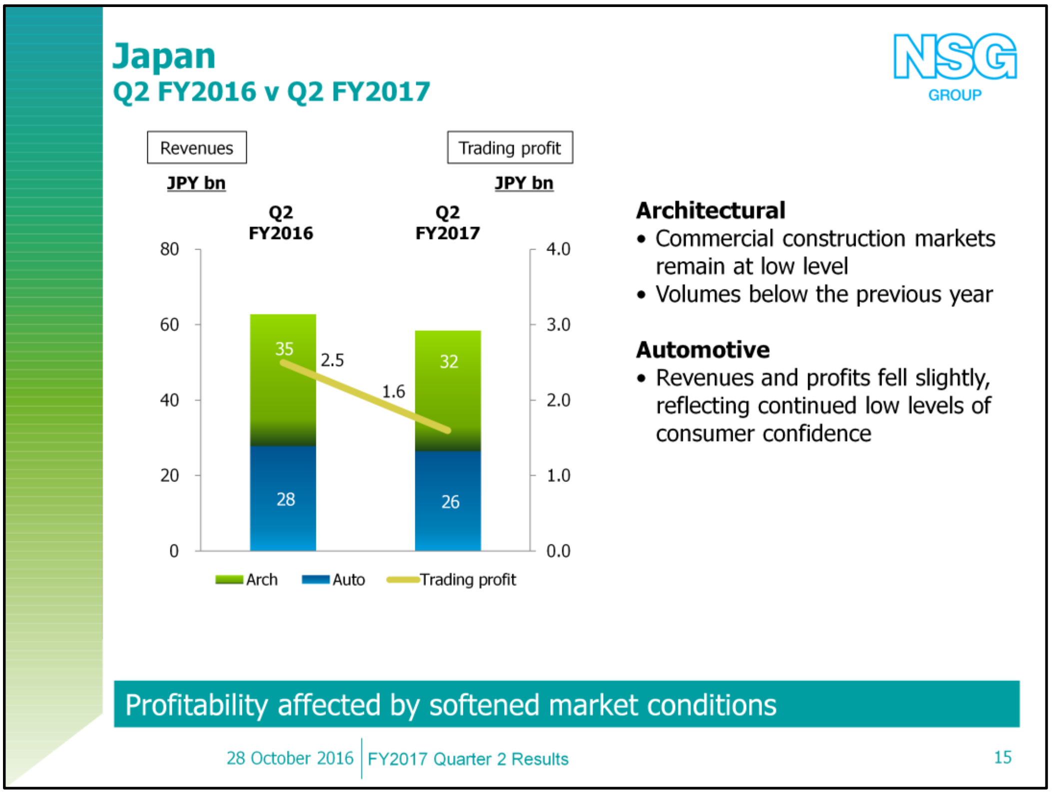


Moving to slide 14, we can see the performance of the Group's flat glass businesses in Europe.

Our volumes and prices improved as demand in European architectural markets increased. Profits also benefitted from lower energy costs.

In Automotive, volumes increased as the recovery of light-vehicle sales in the region continued. An improvement in our operational performance also contributed to the improved profits.

Revenue and trading profit in Europe increased in the local currencies.

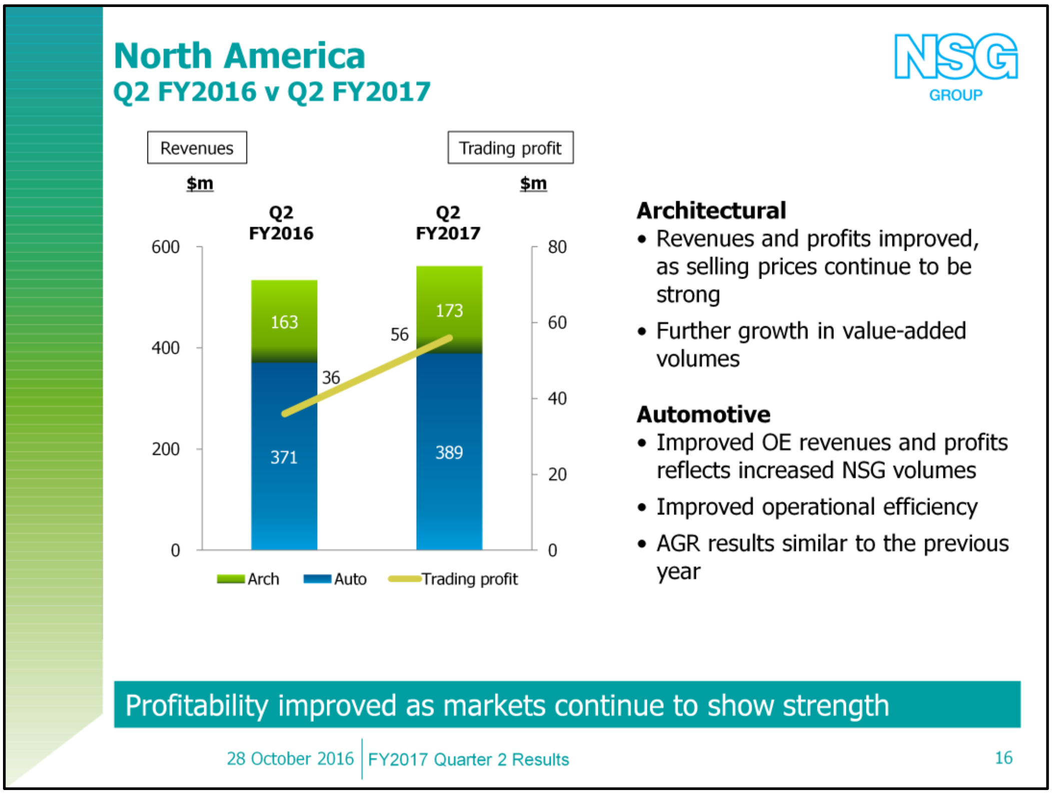


Slide 15 is Japan.

The performance of both the Architectural and Automotive businesses were affected by the softened market conditions.

In Architectural, our markets continue to be soft in commercial sectors.

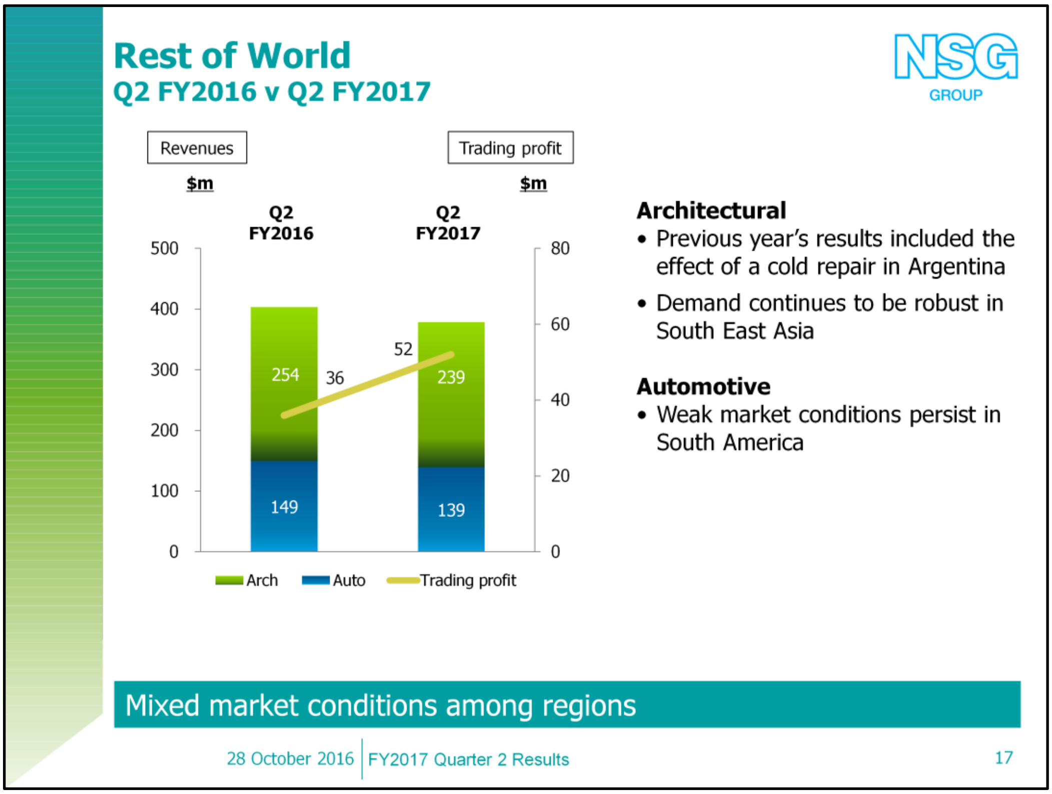
In Automotive, our markets were affected by continued low levels of consumer confidence.



Turning to North America on slide 16.

The performance in Architectural continues to be strong, benefitting from higher prices supported by robust demand. Further growth in value-added volumes also contributed to the improvement.

Automotive performance improved from the previous year, as NSG volumes increased.



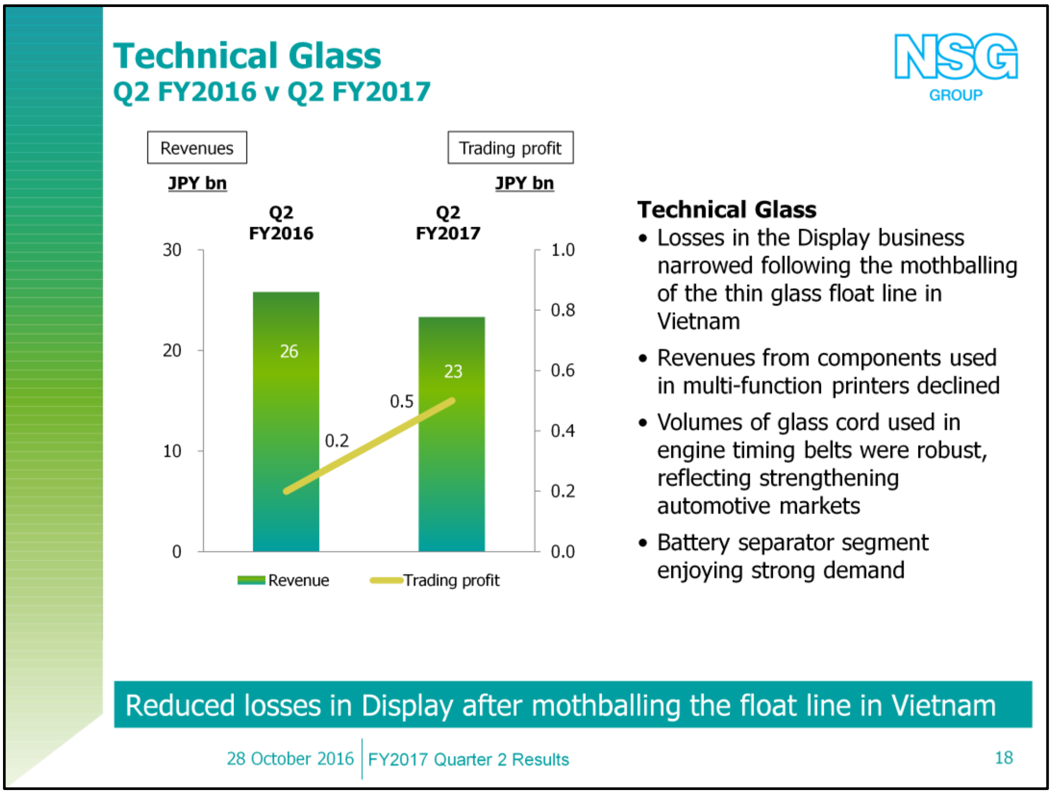
Page 17 is Rest of the World.

Our Architectural businesses in South America have performed well, despite the difficult market conditions.

Our businesses in South East Asia continue to enjoy robust demand.

Our Automotive businesses in South America continue to suffer from the weak market conditions, with a further decline in light-vehicle sales from the previous year.

Overall, Architectural business has led the year-on-year profit improvement in the rest of world.



Turning to slide 18, Technical Glass.

Profits of the Technical Glass business improved slightly from the previous year.

Losses in the Display business narrowed following the mothballing of the thin glass float line in Vietnam, and revenues from components used in multi-function printers declined due to softened market conditions.

Glass cord used in timing belts and battery separators both enjoyed strong demand.

Joint Ventures and Associates
Q2 FY2016 v Q2 FY2017

NSG GROUP

(JPY bn)	FY2016 Q2	FY2017 Q2
Share of post-tax results	(0.5)	**0.3**

- Profits were below the previous year at Cebrace, the Group's joint venture in Brazil
- Previous year losses in China and Russia Joint Ventures not repeated following March 2016 impairments

Previous year impairments removed effects of loss-making entities

Slide 19 shows the Group's share of the post-tax results of joint ventures and associates.

The share of post-tax results has improved slightly from the previous year.

The profits of Cebrace, the Group's joint venture in Brazil were below the previous year, while previous year losses from China and Russia Joint Ventures were not repeated following the impairments in March 2016.

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Revised FY2017 Forecast

NSG GROUP

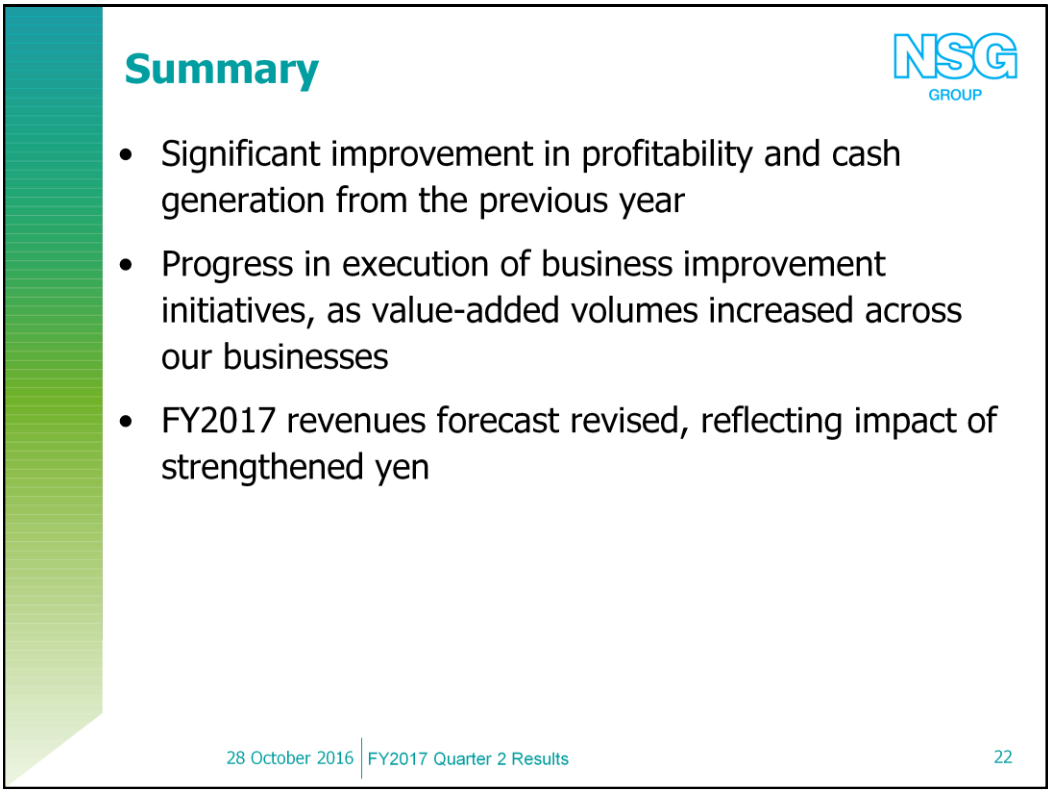
(JPY bn)	Original Forecast	New Forecast
Revenue	620	570
Operating profit	31	31
Profit before taxation	15	15
Profit for the period	7	7
Profit attributable to owners of the parent	5	5

Revised revenue forecast reflecting foreign exchange movements

Moving to slide 21. This slide lays out our revised forecast for FY2017.

The forecast of revenue has been reduced from the original forecast, due to the translational impact of a strengthened yen.

Forecast of other income statement lines on this slide remain unchanged, as we expect that our underlying trading performance will continue to be above our original expectations.



Slide 22 is the summary of today's presentation.

Our trading profit showed a significant improvement from the previous year, supported by an increase in VA sales, lower input costs and operational improvements. The derisking measures taken at the end of last financial year including the exit from unprofitable business also contributed.

The Group's cash flow continues to improve, reflecting the improving trend of the Group's profitability.

The Group has made progress in the execution of its business improvement initiatives.

Our FY2017 revenue forecast has been revised reflecting the impact of strengthened yen, but other income statement lines remain unchanged, as we expect the improving trend of underlying operating profitability to continue, and the translational impact of strengthening yen should not outweigh this.

Thank you very much.

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
FY2016 Q2 v FY2017 Q2

(JPY bn)	FY2016 Q2	FY2017 Q2	Change
Architectural	**133.1**	**118.4**	**(14.7)**
Europe	47.7	42.8	(4.9)
Japan	34.5	32.0	(2.5)
North America	19.9	18.3	(1.6)
Rest of World	31.0	25.3	(5.7)
Automotive	**162.4**	**147.9**	**(14.5)**
Europe	71.2	65.7	(5.5)
Japan	27.8	26.4	(1.4)
North America	45.3	41.2	(4.1)
Rest of World	18.1	14.6	(3.5)
Technical Glass	**25.8**	**23.3**	**(2.5)**
Europe	4.1	3.5	(0.6)
Japan	11.4	12.0	0.6
North America	0.6	0.5	(0.1)
Rest of World	9.7	7.3	(2.4)
Other Operations	**0.4**	**0.2**	**(0.2)**
Europe	0.1	0.0	(0.1)
Japan	0.3	0.2	(0.1)
North America	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0
Total	**321.7**	**289.8**	**(31.9)**

Trading profit
FY2016 Q2 v FY2017 Q2

NSG GROUP

(JPY bn)	FY2016 Q2	FY2017 Q2	Change
by SBU			
Architectural	9.1	13.4	4.3
Automotive	4.1	5.3	1.2
Technical Glass	0.2	0.5	0.3
Other Operations	(3.3)	(3.5)	(0.2)
Total	10.1	15.7	5.6
by Region			
Europe	2.1	4.9	2.8
Japan	0.1	(0.4)	(0.5)
North America	4.2	5.7	1.5
Rest of World	3.7	5.5	1.8
Total	10.1	15.7	5.6

Consolidated Balance Sheet

NSG GROUP

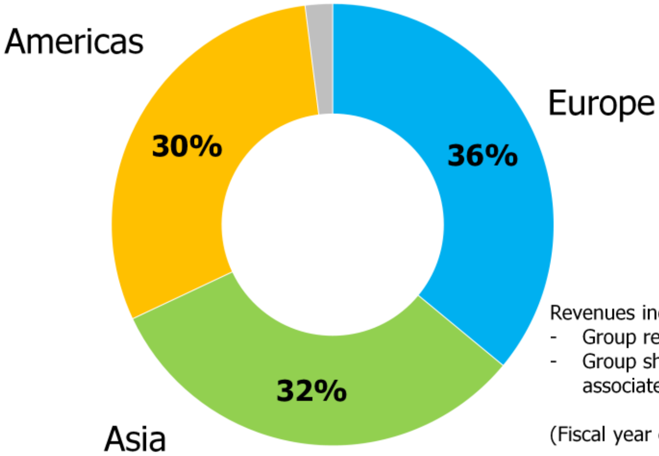
(JPY bn)	31-Mar-16	30-Sep-16	Change
Assets	**812.1**	**709.0**	**(103.1)**
Non-current assets	**571.4**	**489.3**	**(82.1)**
Goodwill & intangible assets	176.4	149.6	(26.8)
Property, plant and equipment	258.9	230.5	(28.4)
Other	136.1	109.2	(26.9)
Current assets	**240.7**	**219.7**	**(21.0)**
Cash and cash equivalents	55.1	49.1	(6.0)
Other	185.6	170.6	(15.0)
Liabilities	**700.1**	**648.8**	**(51.3)**
Current liabilities	**285.9**	**227.4**	**(58.5)**
Financial liabilities	143.5	103.0	(40.5)
Other	142.4	124.4	(18.0)
Non-current liabilities	**414.2**	**421.4**	**7.2**
Financial liabilities	293.4	314.4	21.0
Other	120.8	107.0	(13.8)
Equity	**112.0**	**60.2**	**(51.8)**
Shareholders' equity	103.1	51.9	(51.2)
Non-controlling interests	8.9	8.3	(0.6)
Total liabilities and equity	**812.1**	**709.0**	**(103.1)**

Exchange Rates

NSG GROUP

	FY2016 Q2	FY2016 Full-year	FY2017 Q2
Average rates used:			
JPY/GBP	188	181	145
JPY/USD	122	120	106
JPY/EUR	135	132	119
Closing rates used:			
JPY/GBP	182	161	130
JPY/USD	121	113	101
JPY/EUR	135	127	112

NSG Group Revenues by Geographical Destination (FY2016)



Revenues include:
- Group revenues: JPY 629 bn; and
- Group share of Joint Ventures & associates revenues: JPY 48bn

(Fiscal year ended 31 March 2016)

Balanced presence in Europe, Asia and Americas

Industry statistics
Building licenses (dwellings)

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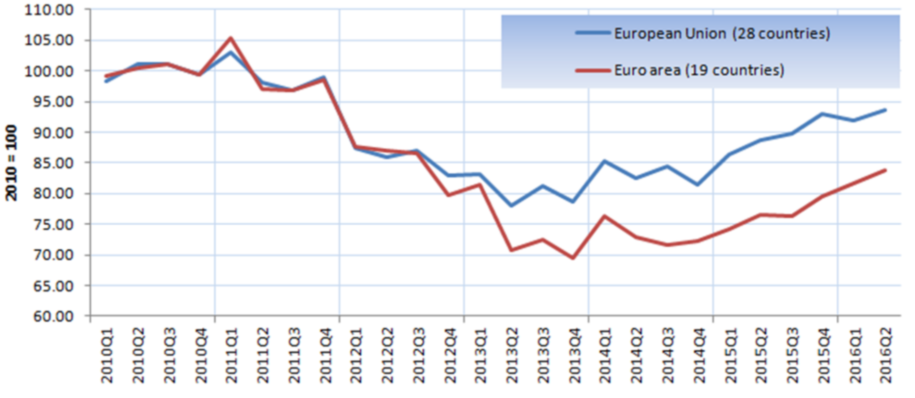

Source: Eurostat

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