NSG

GROUP

NSG Group
FY2017 Annual Results
(from 1 April 2016 to 31 March 2017)

Nippon Sheet Glass Co., Ltd.
12 May 2017

Shigeki Mori
Chief Executive Officer

Clemens Miller
Chief Operating Officer

Kenichi Morooka
Chief Financial Officer

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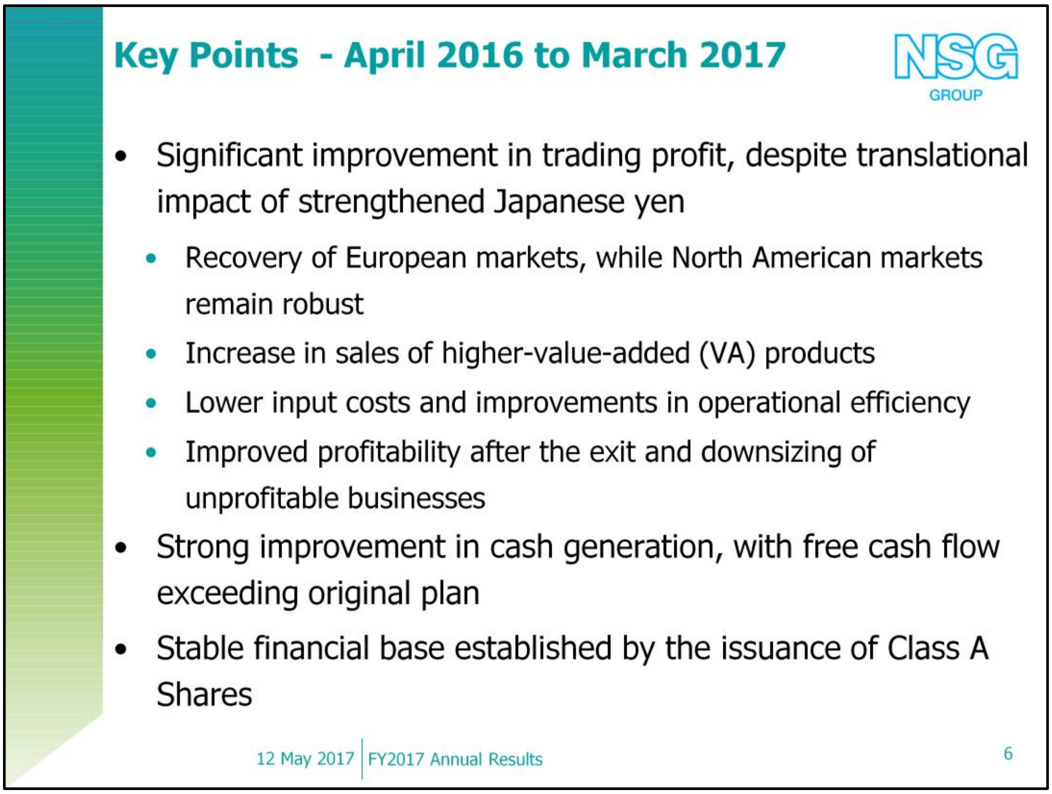
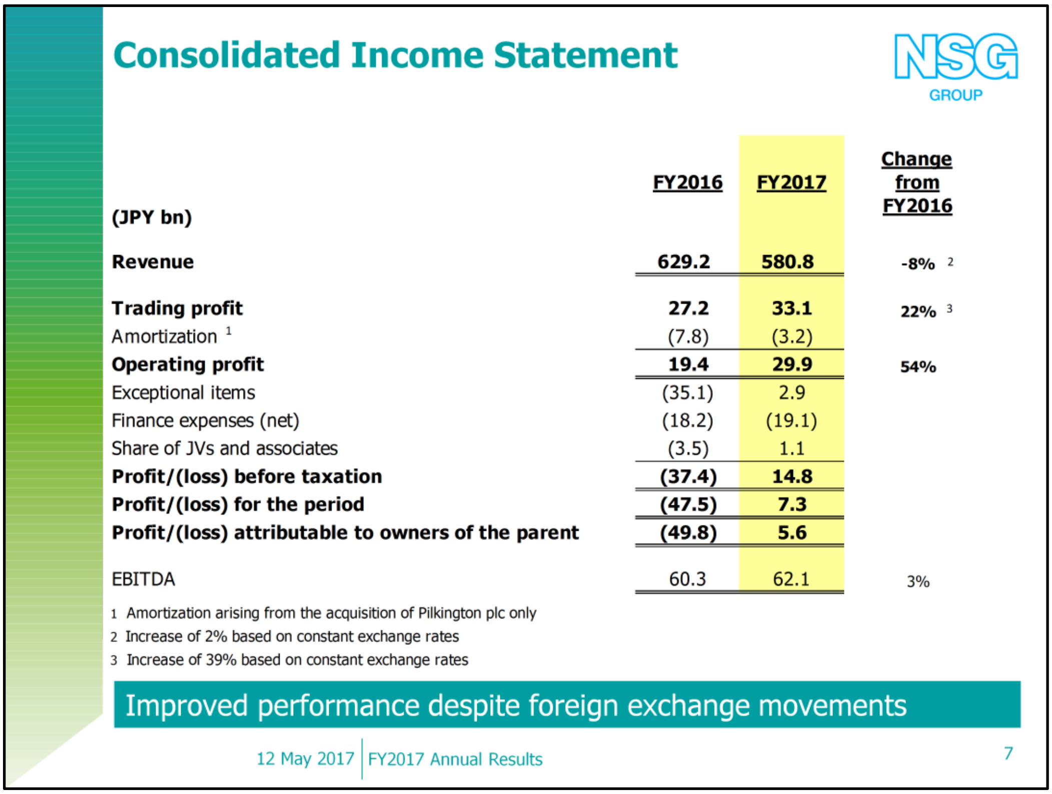


Group's trading profit showed significant improvement, despite unfavorable translational impact of strengthened Japanese yen. Our bottom line profit has returned to black ink.

The profit improvement has been supported by external factors such as recovery of European markets, robust North American markets, and lower input costs, but the Group's initiatives to increase VA sales, operational efficiency improvements, and exit and downsizing of unprofitable businesses also have driven the improvement.

Group generated free cash flow of 20 billion yen, which has comfortably exceeded the original plan of 10 billion yen.

Progress to establish a stable financial base has been made, as Group's equity ratio improved to just below 16% after the issuance of Class A shares.



(JPY bn)	FY2016	FY2017	Change from FY2016
Revenue	**629.2**	**580.8**	**-8%** [2]
Trading profit	**27.2**	**33.1**	**22%** [3]
Amortization [1]	(7.8)	(3.2)	
Operating profit	**19.4**	**29.9**	**54%**
Exceptional items	(35.1)	2.9	
Finance expenses (net)	(18.2)	(19.1)	
Share of JVs and associates	(3.5)	1.1	
Profit/(loss) before taxation	**(37.4)**	**14.8**	
Profit/(loss) for the period	**(47.5)**	**7.3**	
Profit/(loss) attributable to owners of the parent	**(49.8)**	**5.6**	
EBITDA	60.3	62.1	3%

1 Amortization arising from the acquisition of Pilkington plc only
2 Increase of 2% based on constant exchange rates
3 Increase of 39% based on constant exchange rates

Improved performance despite foreign exchange movements

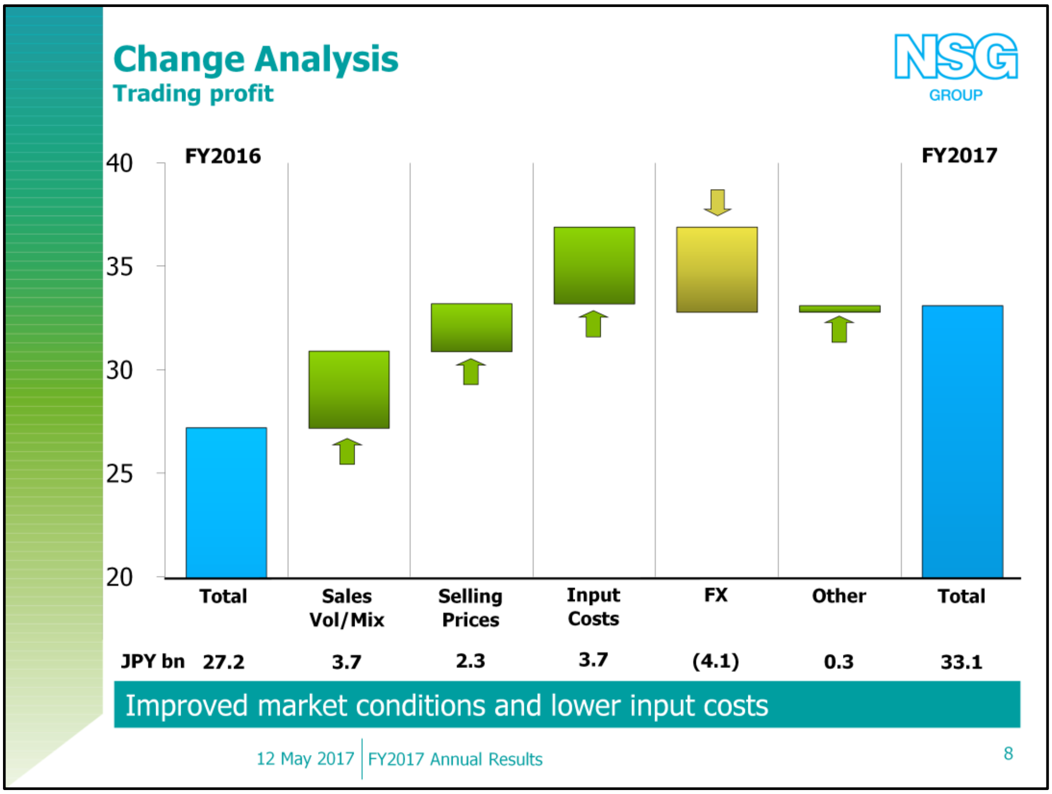
Revenue has decreased by 8 percent year-on-year to 581billion yen, as it has been negatively affected by the translational impact of strengthened Japanese yen. At constant exchange rates, revenue would have increased by 2 percent from the previous year.

Trading profit has improved by 6 billion yen to 33 billion yen.

A gain of 3 billion yen was posted in exceptional items, as gains from sale and lease back transactions in Japan and Malaysia, and disposal of investments in associates more than offset the restructuring costs.

Net financial expenses increased from the previous year, due to refinancing of debt which was brought forward to this fiscal year. The Group's share of joint ventures and associates profits improved.

Net profit at the foot of the income statement was 6 billion yen.



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.

Prices have improved in Architectural, particularly in Europe.

The Group has benefitted from lower energy costs, some which were offset by increased raw material prices.

Our profits have been adversely affected by foreign exchange movements, and 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	FY2017
Gain on disposal of non-current assets	0.2	**8.2**
Gain on disposal of investments in associates	-	**0.9**
Gain from exit of business	-	**0.9**
Restructuring costs	(4.3)	**(3.9)**
Impairments of non-current assets	(12.7)	**(2.4)**
Impairments of goodwill	(6.9)	**-**
Impairments of investment in affiliates	(5.2)	**-**
Settlement of litigation matters	(4.7)	**(0.2)**
Other items	(1.5)	**(0.6)**
	(35.1)	**2.9**

Exceptional gains from disposal of non-current assets

We have posted net exceptional gains of 2.9 billion yen.

“Gain on disposal of non-current assets” is mainly due to the execution of sale and lease back transactions in Japan and Malaysia.

“Restructuring costs” have incurred mainly in both Architectural and Automotive businesses in Europe.

“Impairment of non-current assets” relates mainly to assets in Architectural and Automotive businesses, which also includes gain from reversal of impairment due to the Group’s decision to restart its float glass production line at Venice, Italy.

Consolidated Cash Flow Summary

NSG GROUP

(JPY bn)	FY2016	FY2017
Profit/(loss) for the period	(47.5)	7.3
Depreciation and amortization	40.9	32.2
Impairment	24.9	2.5
Gain on disposal of assets and exit of business	(0.3)	(9.9)
Tax paid	(3.8)	(5.0)
Others	10.5	(3.3)
Net operating cash flows before movement in working capital	**24.7**	**23.8**
Net change in working capital	(2.9)	6.6
Net cash flows from operating activities	**21.8**	**30.4**
Purchase of property, plant and equipment	(28.2)	(24.1)
Disposal proceeds	0.7	14.4
Others	1.1	(0.4)
Net cash flows from investing activities	**(26.4)**	**(10.1)**
Cash flows before financing activities	**(4.6)**	**20.3**

Improved business performance contributing to cash generation

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

Cash flows before financing activities have improved significantly from the previous year, with the help of disposal proceeds.

Key Performance Indicators

NSG GROUP

	31-Mar-16	31-Mar-17
Net Debt (JPY bn)	381	313
Net Debt/EBITDA	6.3x	5.0x
Net Debt/Equity Ratio	3.4	2.3
	FY2016	**FY2017**
EBITDA Interest Cover	3.6x	3.4x
Operating Return* on Sales	4.3%	5.7%

* trading profit

Improvements in key performance indicators

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On slide 11 we show the key financial ratios.

The EBITDA Interest Cover has slightly worsened due to the impact of refinancing which was brought forward to FY2017, but other KPIs have improved.

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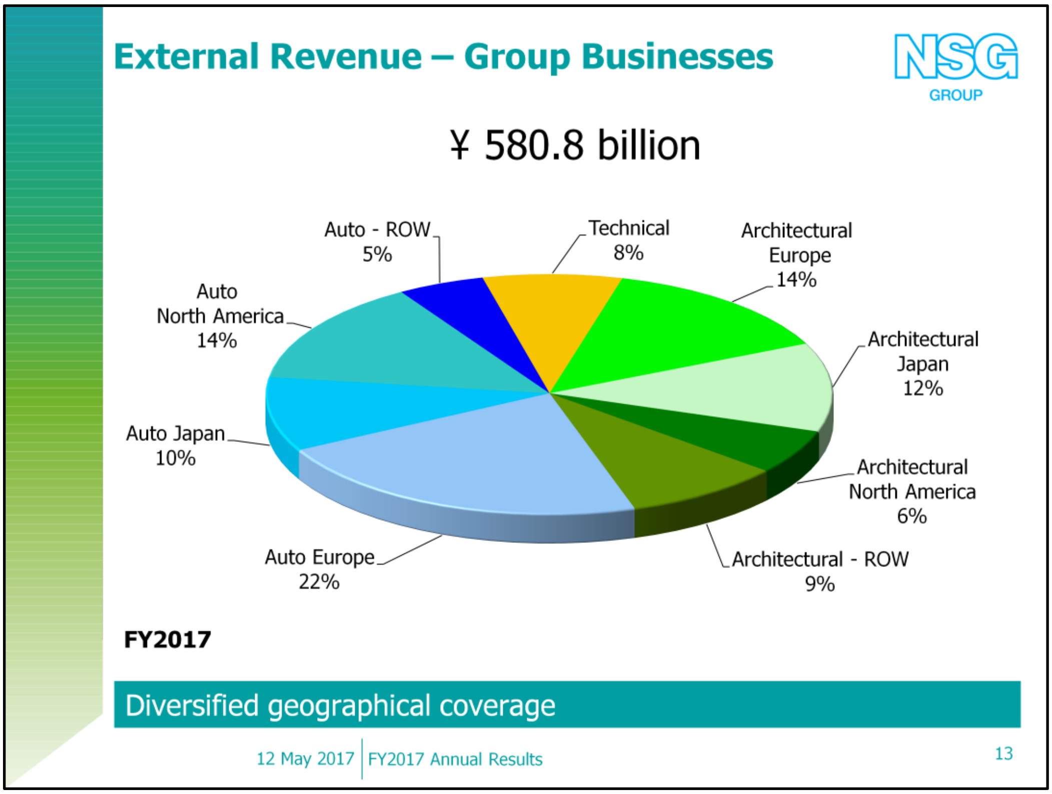
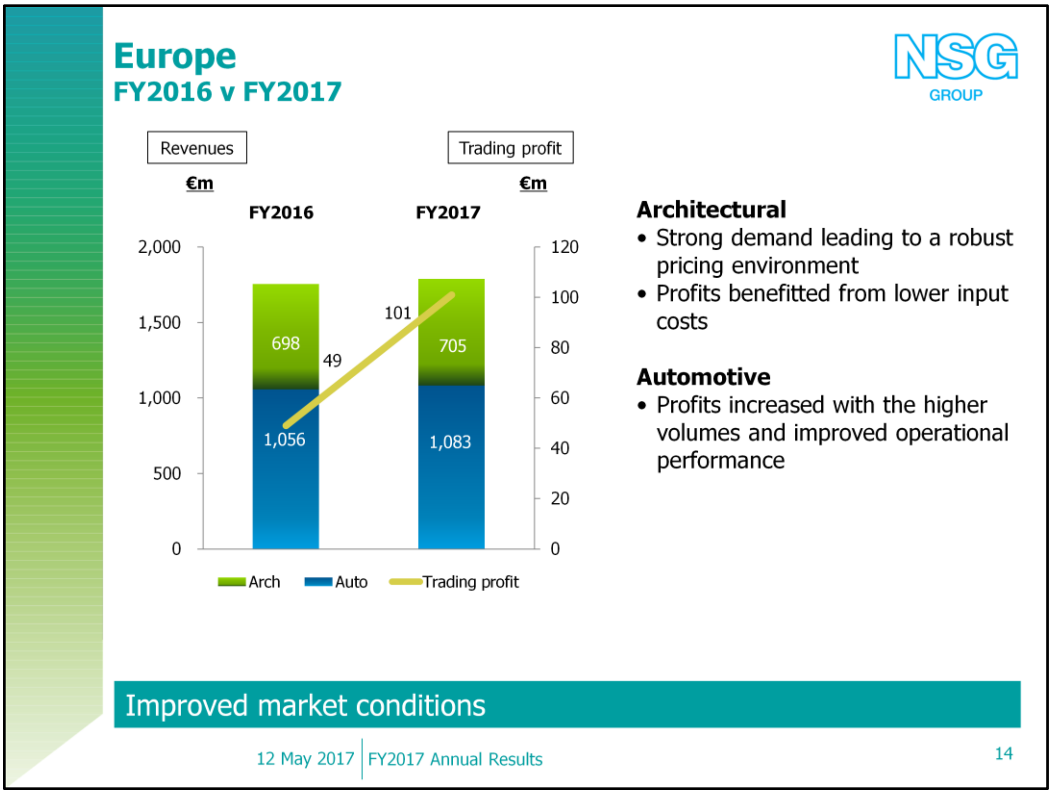


Slide 13 shows the proportion of sales generated by each of the Group's business segments.

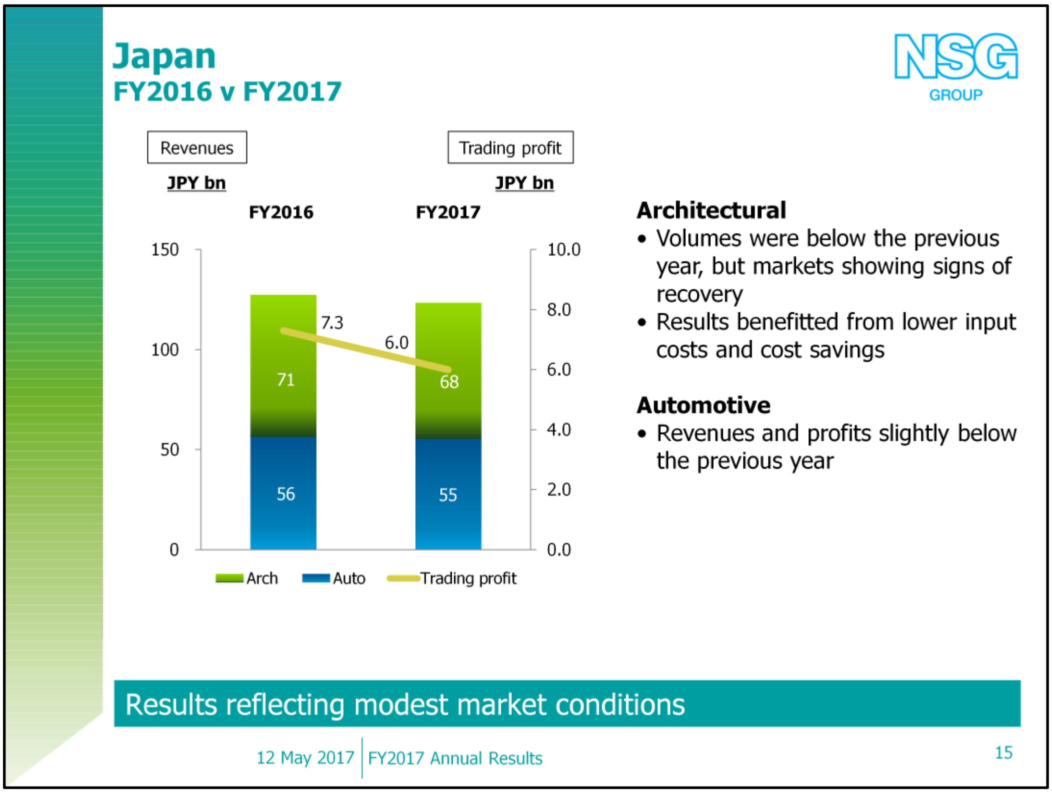
38 percent of the Group's sales are in Europe, 25 percent in Japan, 20 percent in North America and 17 percent in the rest of the world.



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

Architectural profits improved as sales of VA products increased, with benefits from a robust pricing environment supported by strong demand and lower input costs.

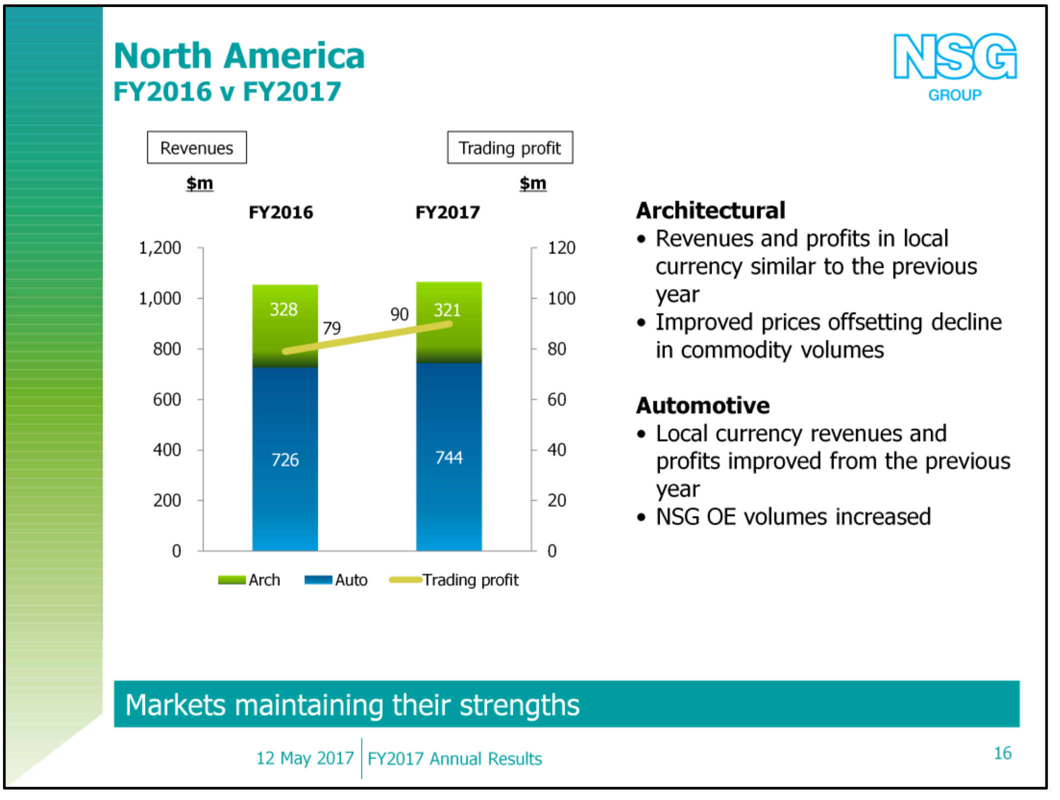
In Automotive, increase in volumes and an improvement in our operational performance contributed to the improved profits.



Slide 15 is Japan.

In Architectural, profits were affected by reduced volumes, but were partially mitigated by lower energy costs and cost savings.

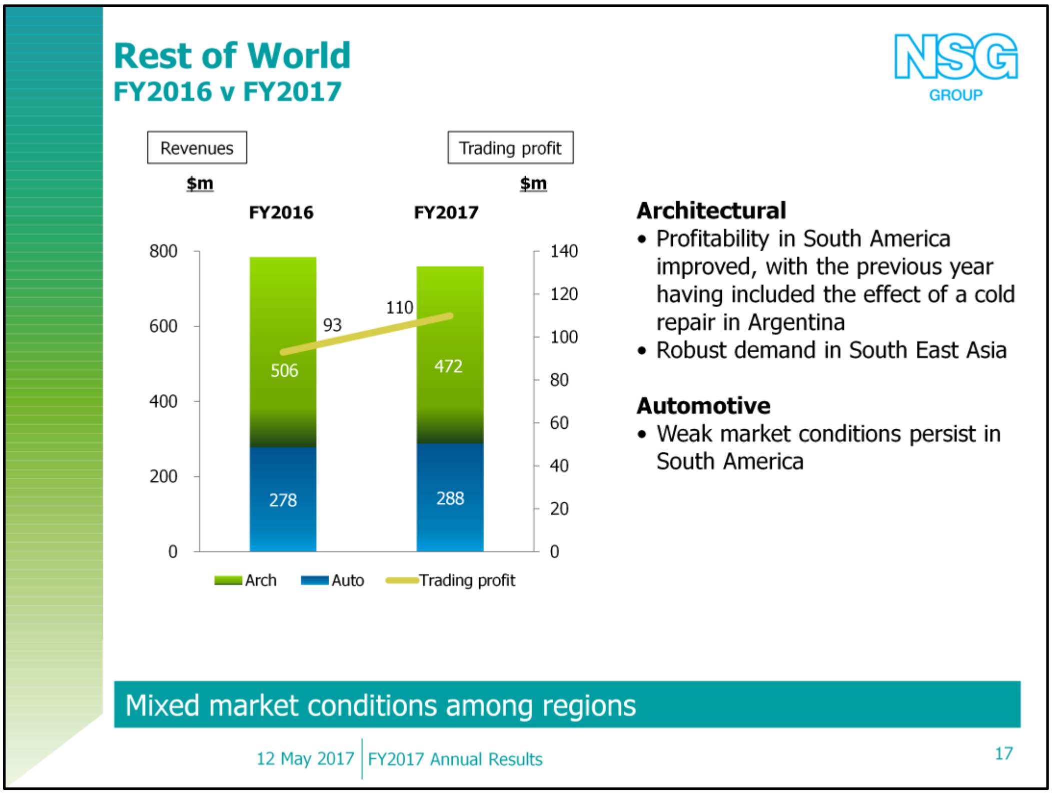
In Automotive, our revenues and profits were slightly below the previous year, despite the improvement in market conditions after the Kumamoto Earthquake at the beginning of the year.



Turning to North America on slide 16.

Architectural revenues and profits in US dollars were similar to the previous year. Business benefitted from further growth in value-added volumes, but was adversely affected by the decline in commodity volumes.

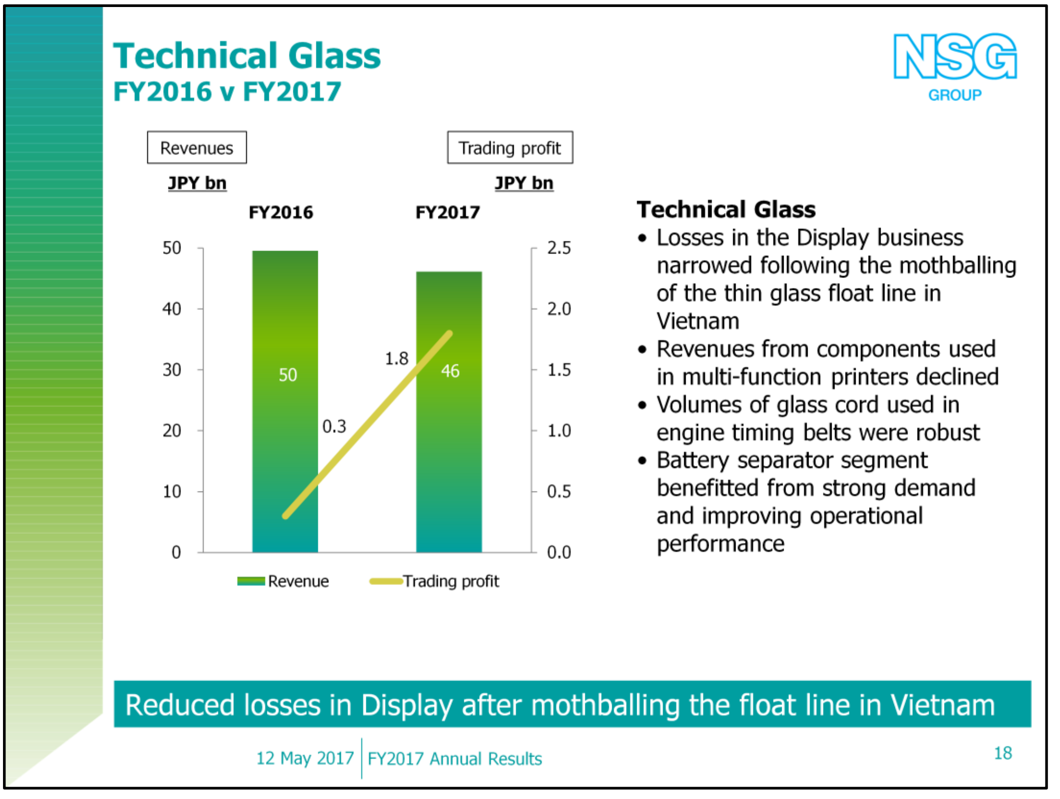
Automotive performance improved from the previous year, as NSG OE volumes increased.



Page 17 is Rest of the World.

Our Architectural businesses in South America have performed well despite difficult economic conditions, and South East Asia continues to enjoy robust demand.

Our Automotive business in South America continues to suffer from the weak market conditions.



Turning to slide 18, Technical Glass.

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

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

Volumes of glass cord used in timing belts were robust, and battery separators benefitted from strong demand and improving operational performance.

Joint Ventures and Associates
FY2016 v FY2017

(JPY bn)	FY2016	FY2017
Share of post-tax results	(3.5)	**1.1**

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

Improving shares of J/V results

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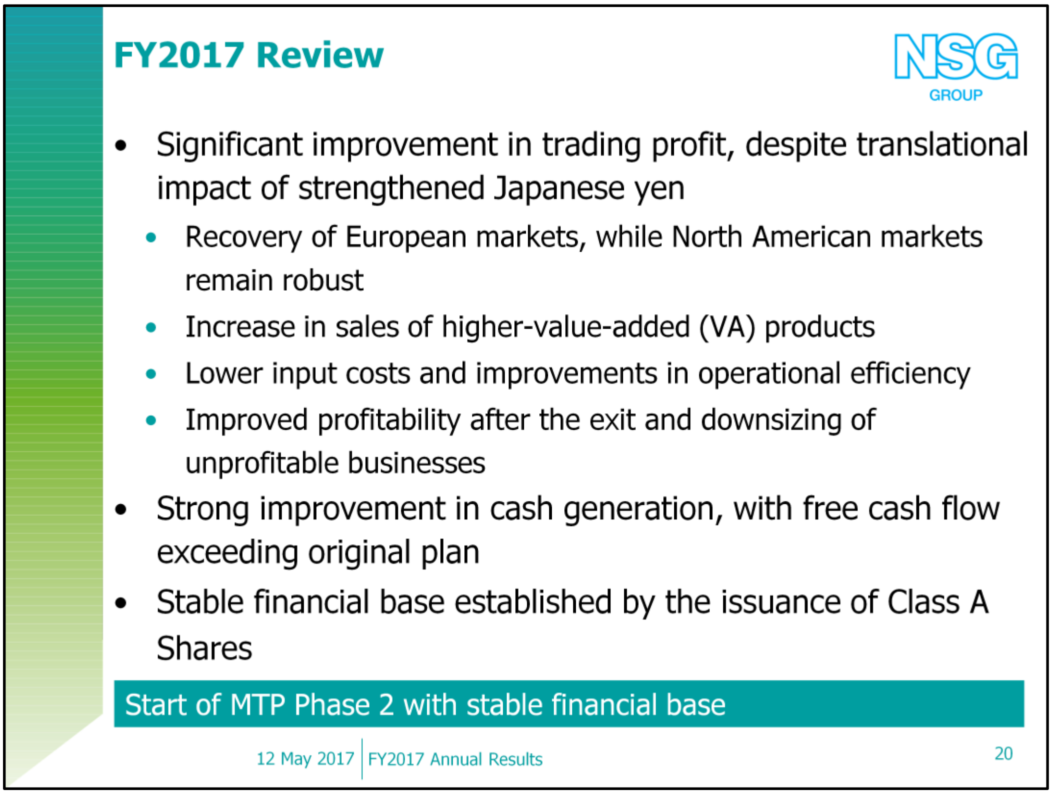
Slide 19 shows the Group's share of the post-tax results of joint ventures and associates.

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

The profits of Cebrace, the Group's joint venture in Brazil were below the previous year, while results of Chinese and Russian Joint Ventures were not included following the impairments in March 2016.



This slide lays out the summary for the FY2017 results.

Group’s trading profit showed significant improvement, despite unfavorable translational impact of strengthened Japanese yen. Our bottom line profit has returned to black ink.

Group generated free cash flow of 20 billion yen, which has comfortably exceeded the original plan of 10 billion yen.

Progress has been made to establish a stable financial base, as Group’s equity ratio improved to just below 16% after the issuance of Class A shares.

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FY2018 Forecast

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(JPY bn)	Actuals FY2017	Forecast FY2018
Revenue	**580.8**	**600.0**
Trading profit	**33.1**	**38.0**
Amortization*	(3.2)	(2.0)
Operating profit	**29.9**	**36.0**
Exceptional items	2.9	(6.0)
Finance expenses (net)	(19.1)	(15.0)
Share of JVs and associates	1.1	2.0
Profit before taxation	**14.8**	**17.0**
Profit for the period	**7.3**	**10.0**
Profit attributable to owners of the parent	**5.6**	**8.0**

* Amortization arising from the acquisition of Pilkington plc only

Further improvement in operating profit and lower finance expenses

You can see our FY2018 forecast.

Revenue is 600 billion yen and trading profit is 380 billion yen, as the forecast reflect our expectation of a further recovery in profitability during the next financial year.

Exceptional items will include restructuring costs required to achieve further improvements in operational efficiency and cost reductions. In addition, costs incurred at the Ottawa facility prior of re-start following a cold repair are included.

We expect the financial costs to decrease, due to the repayment of debt following the issuance of Class A shares.

We forecast the bottom-line profit to be positive at 8 billion yen.

FY2018 Outlook

NSG GROUP

- Architectural & Automotive Glass
  - Modest recovery of markets expected globally
  - Further improvement in VA contribution generally, with growth in some areas compensating for temporary reduction of demand in others
- Technical Glass
  - Improvement expected with sales expansion of VA products including glanova™, thin glass for displays

Overall, markets remain favorable

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Slide 23 is the outlook of FY2018.

Architectural and Automotive markets are expected to experience a continued modest recovery.

We are expecting to see further improvement in VA contribution generally, with growth in some areas compensating for temporary reduction of demand in others.

Technical Glass is expected to improve with increased sales of VA products, including glanova™, thin glass for displays.

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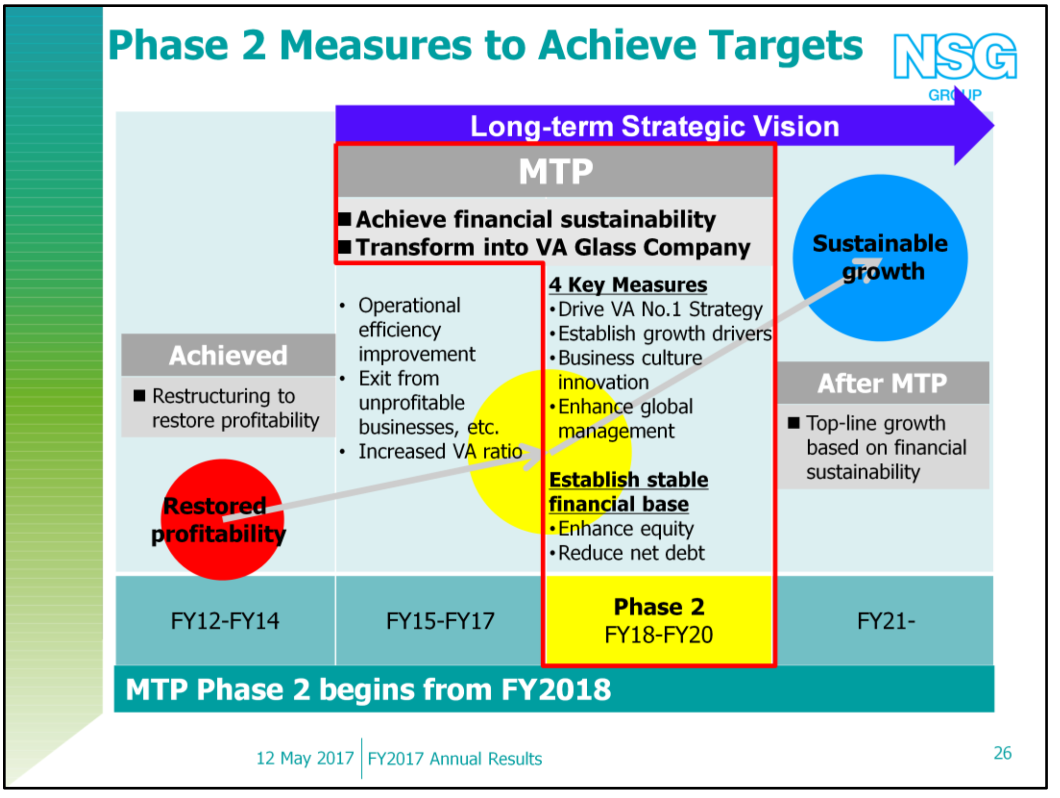
Medium-term Plan (MTP) Phase 2 Update

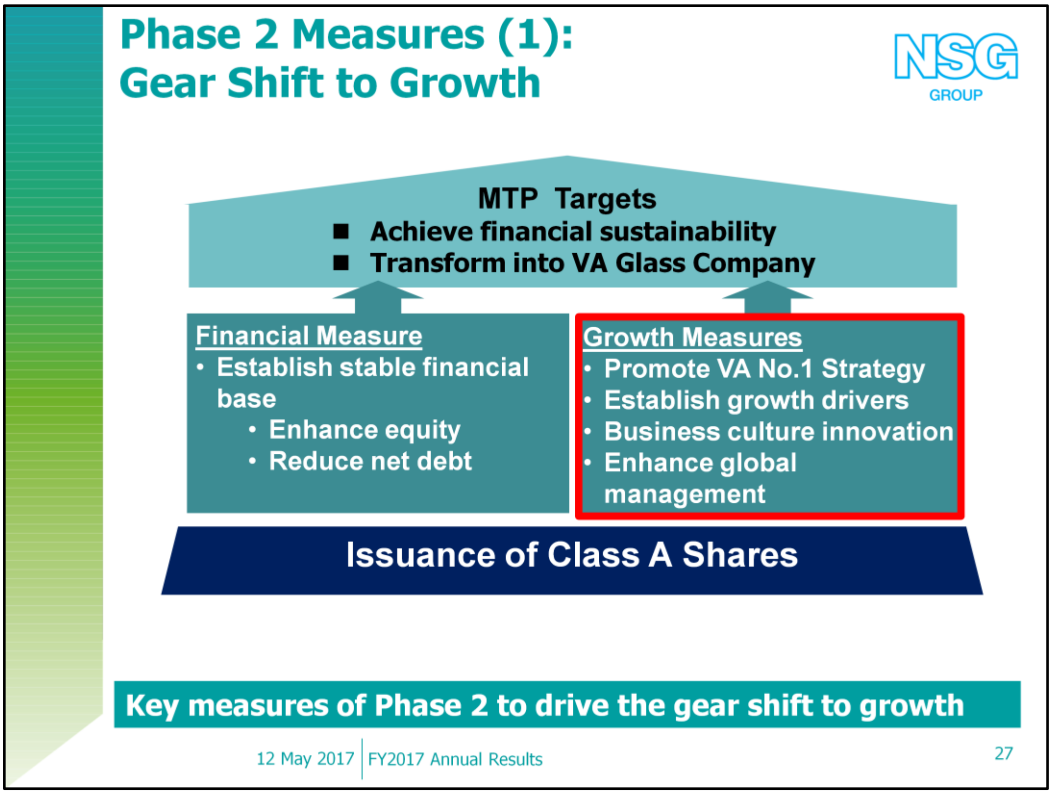


This is the summary of Medium-term Plan (MTP) Phase 2.

The MTP Phase 2 is a three-year management plan and starts from this financial year, FY2018.

During the Phase 2 period, we will focus on the four key measures to drive growth and establishing a stable financial base.
With these measures, we aim for achieving the MTP targets: achieving financial sustainability; and starting transformation into VA Glass Company, as expressed in our Long-term Strategic Vision.

(VA is for “value-added”)



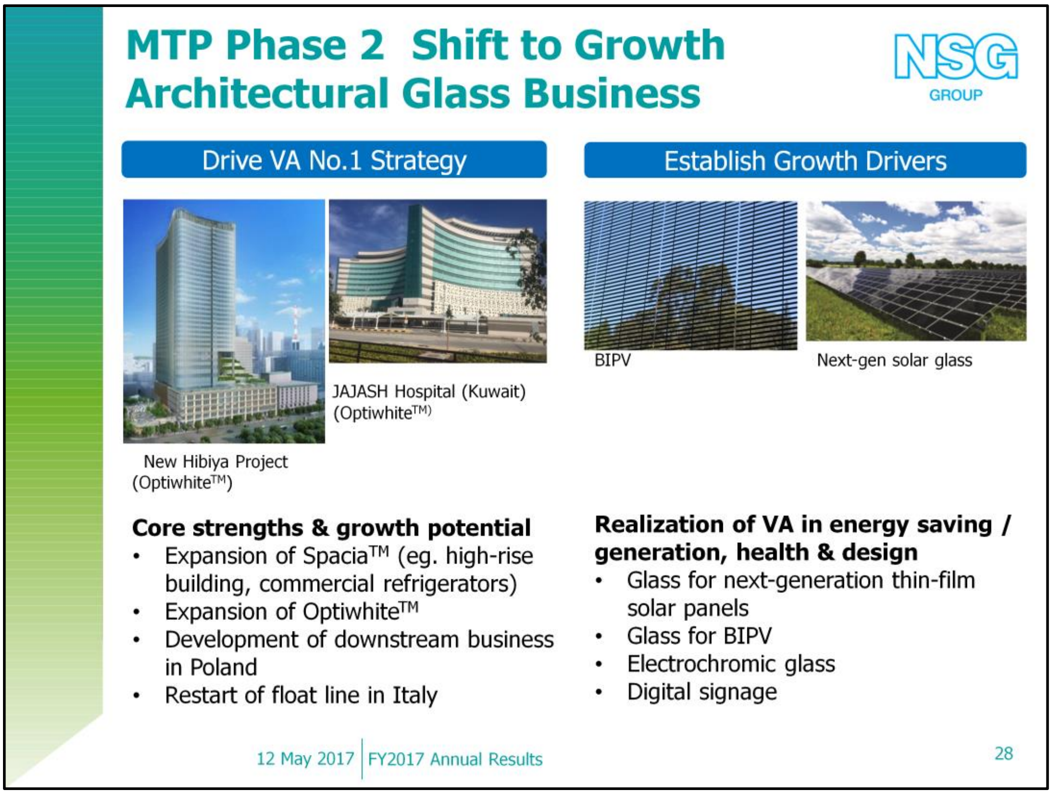
The key phrase for the MTP Phase 2 is “Gear shift to Growth”.

First, we will recap the four key measures to drive growth.

“Promote VA No.1 Strategy” is for us to focus our resources on where we have core strengths or high growth potential.
“Establish growth drivers” is to accelerate generation of profitable growth for the future of businesses.

These two measures are the key measures for us to deliver the planned business performance.

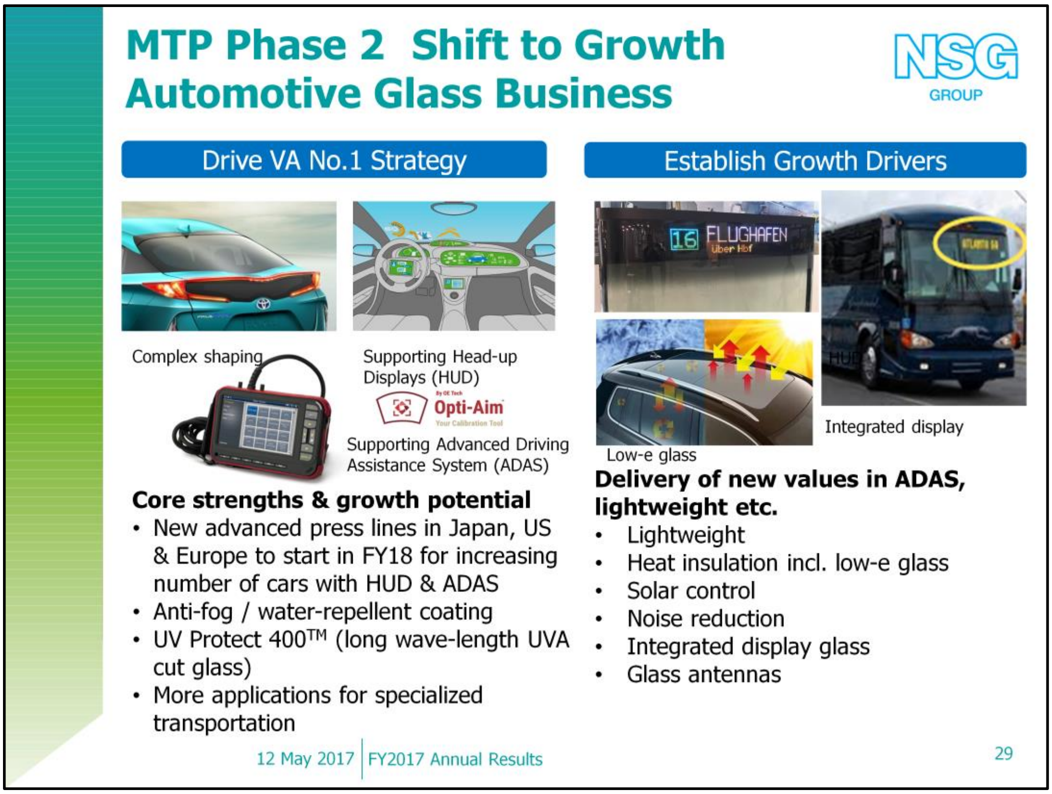
They will be supported by the other two measures: “Business culture innovation”; and “Enhance global management”



With the following few slides, we will explain the first two measures as well as the focus of FY2018 for each of our three businesses more specifically.

First, in the Architectural Glass business, we will continue to expand applications and markets for our proprietary VA products such as vacuum glass Spacia™, Optiwhite™, and online coated glass products.
Optiwhite™ has been increasingly adopted for many buildings across the world and Spacia™ has been finding more opportunities such as commercial fridge doors in addition to conventional building applications.
Learning from the experiences of advanced VA business model in the U.S., our European and Japanese teams are developing their own VA shifts specifically designed for each different market.
In Europe, as we are preparing for the restart of production at a suspended furnace in Italy, we will upgrade some of the equipment to make the line capable of producing VA products.
Closer to the end market, the downstream business (glass processing) in Poland will be further expanded.

The growth drivers in this business are related to value adding in terms of energy saving and generation, health and comfort improvement, better design and visibility. The good examples are glass used for solar power or glass to control heat and light.



In the Automotive Glass business, our "Drive VA No.1 Strategy" is closely linked to the rapidly developing ADAS area.

We are well positioned to supply products and services that can meet the stringent requirements for the new technologies.
In FY2018, we will complete installing the new advanced press bending lines in Europe, Japan and the US, which are capable of producing high quality glass required for ADAS capability such as the attached sensors, cameras, as well as HUD.

Other special functionalities of glass such as anti-fogging, water-repellence, UV/IR blocking are our priorities as well.
Specialized transportation such as coaches and trains is another area of opportunities.

As the growth drivers, our development activities are focused on coping with new requirements for automotive glass such as ADAS and light weight glass.
Low e glass will provide heat insulation or control for a vehicle, as does for a building.
Integrated displays adopted in Europe for large vehicles have solid growth potential and one of our development priorities.

The Technical Glass business comprises of a number of discreet businesses, including very thin glass for displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for timing belts.
In this area, many of our products represent our core strengths and have good growth potential.

Customer qualification processes for new thin glass product, glanova™, has been underway, and in FY2018, we expect its commercial sale for smart phones and tablets to gain a momentum.
In the glasscord business, we have developed new products to be used in the Belt in Oil system.
In response to growing demand, a new manufacturing site has been set up in Poland, the fifth footprint following Japan, the UK, Canada and China.
In the battery separator business, separators used for the ISS are contributing to the business' growth.
We have various unique opportunities in the information and communications devices area, including the mobile DNA testing equipment, which we are aiming for commercializing by the end of this financial year.
To drive growth, our priorities are developing the new products and applications in the information and communications area, using our proprietary lens technology.
We are developing new markets for glanova™ not only for displays but other applications such as automotive.
Also, we are exploring new applications for glasscord.

MTP Phase 2 Shift to Growth

NSG GROUP

Business Culture Innovation

- Enhance *Monozukuri* – Manufacturing Excellence
  - Review operational KPIs to include labor productivity in addition to line efficiency, with focus on efficiency improvement in Europe and North America
- Strengthen Marketing
  - Global marketing organizations put in place for Architectural and Automotive Glass businesses to enhance the function by sharing information and best practices

Enhance Global Management

- Operating leadership succession and talent development programs globally
- Launched new NSG Competency Model to drive VA shift
- Promoting talent diversity and inclusion
- Diverting resources to VA areas and redoubling efforts to drive cost reduction

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The remaining two of the four key measures, are called, “Business Culture Innovation” and “Enhance Global Management”.

Under the “Business Culture Innovation” initiative, we will reinforce “monozukuri” and marketing, so as to expedite the VA No.1 Strategy.

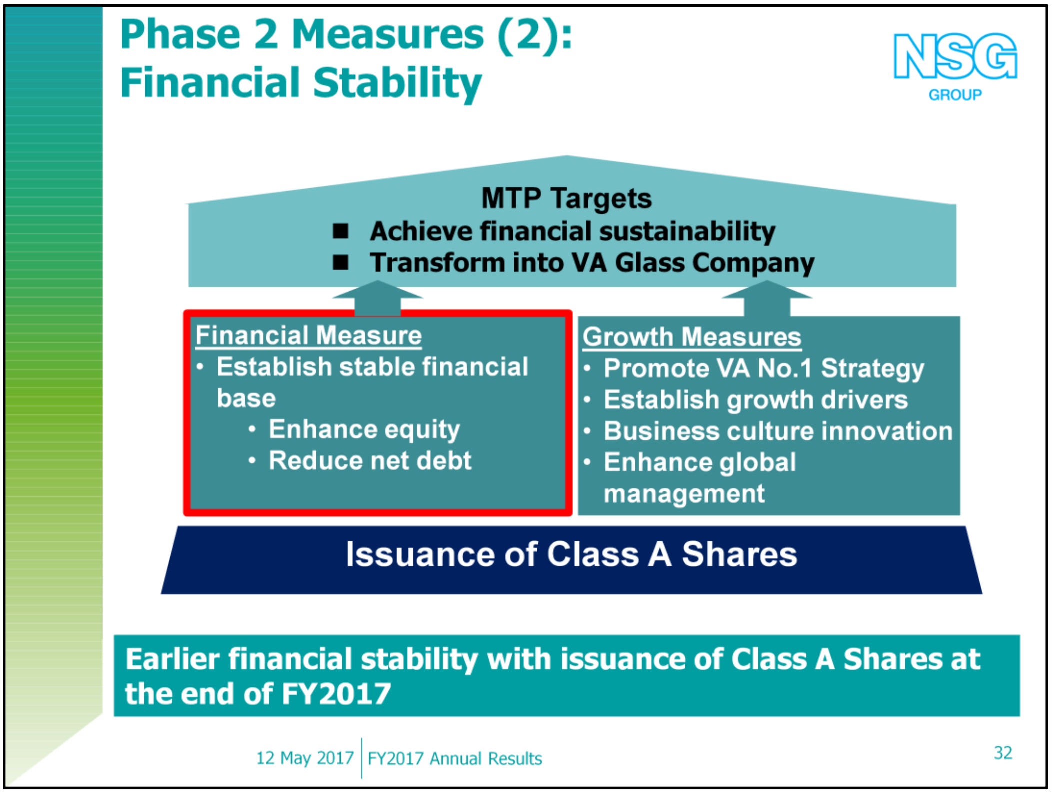
Specifically, we have reviewed our KPIs and organizations to strengthen manufacturing, basics for a manufacturer, and customer-focused marketing.

In parallel, across the Group, we will work on global management enhancement.

The initiative includes our continued operation of the global talent management and succession planning.
To drive the VA shift, we renewed the NSG Group Competency Model.
A newly-added focus on diversity and inclusion of our employees is meant to further invigorate the organization.

To drive the business and these measures, we will review and divert resources to VA areas more.

Last but not least our efforts to save costs will continue aiming for the achievement of our MTP targets.



We discussed the matter extensively in February when we announced the planned issuance of Class A Shares.
Through the measure, we aimed for establishing a stable financial base with enhanced equity and reduced net debt.

Phase 2 Measures (2): Financial Stability

NSG GROUP

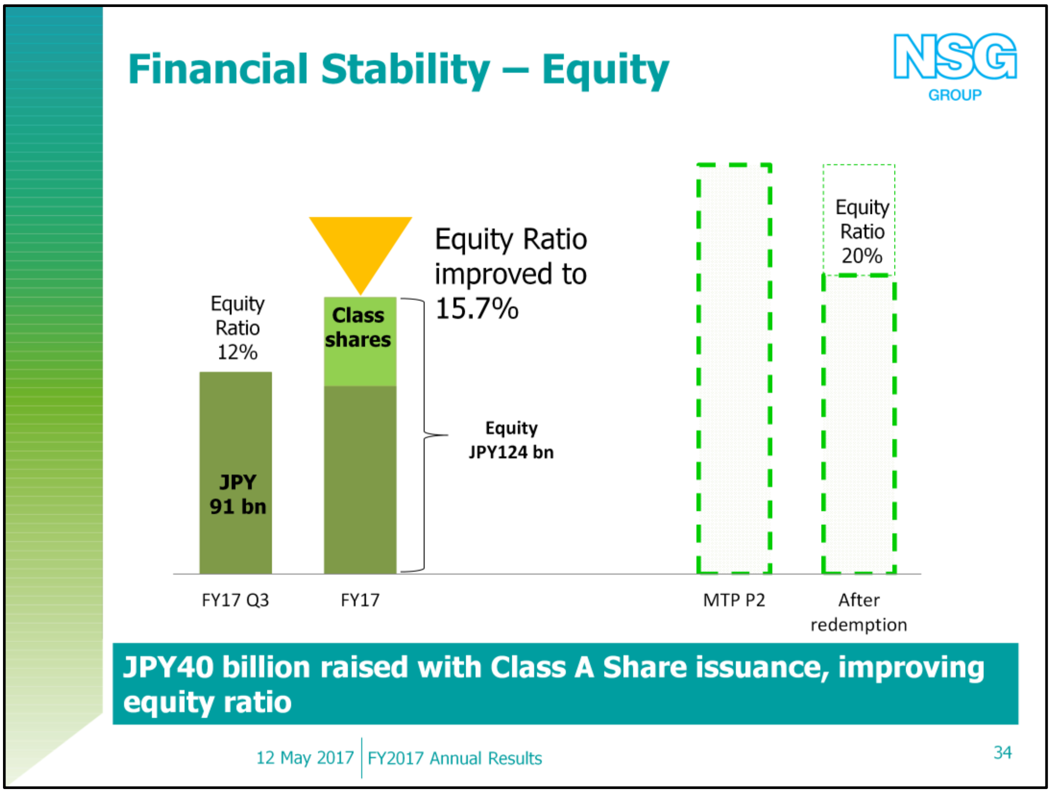
Equity enhanced earlier

- JPY40 billion raised with the issuance of Class A Shares enhances equity
- Approximately JPY100 billion refinancing, including accelerated refinancing, was completed in March 2017
- Finance expense is to be reduced to JPY15 billion in FY2018

As planned, we issued the Class A Shares on 31 March 2017, after the relevant proposals were approved by the extraordinary general meeting of shareholders on 24 March 2017.

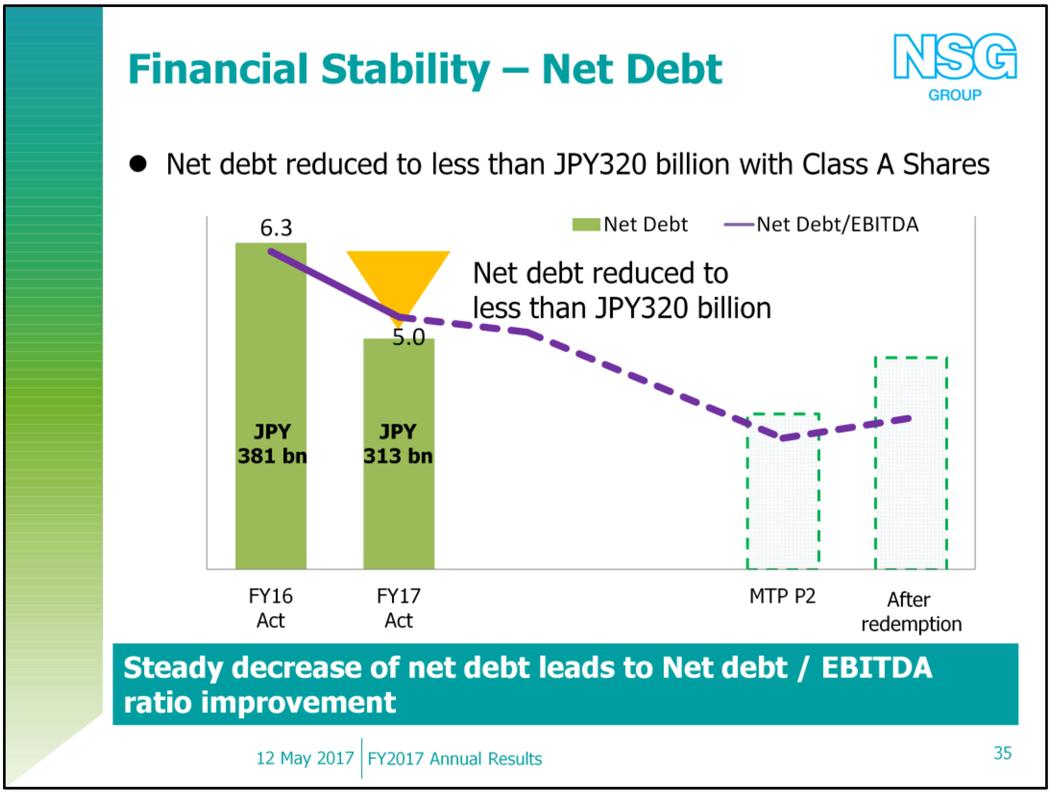
With the enhanced balance sheet, we could manage refinancing of approximately JPY100 billion at the end of March, including some accelerated refinancing.

As a results, we are expecting a significant drop in finance expense in FY2018.



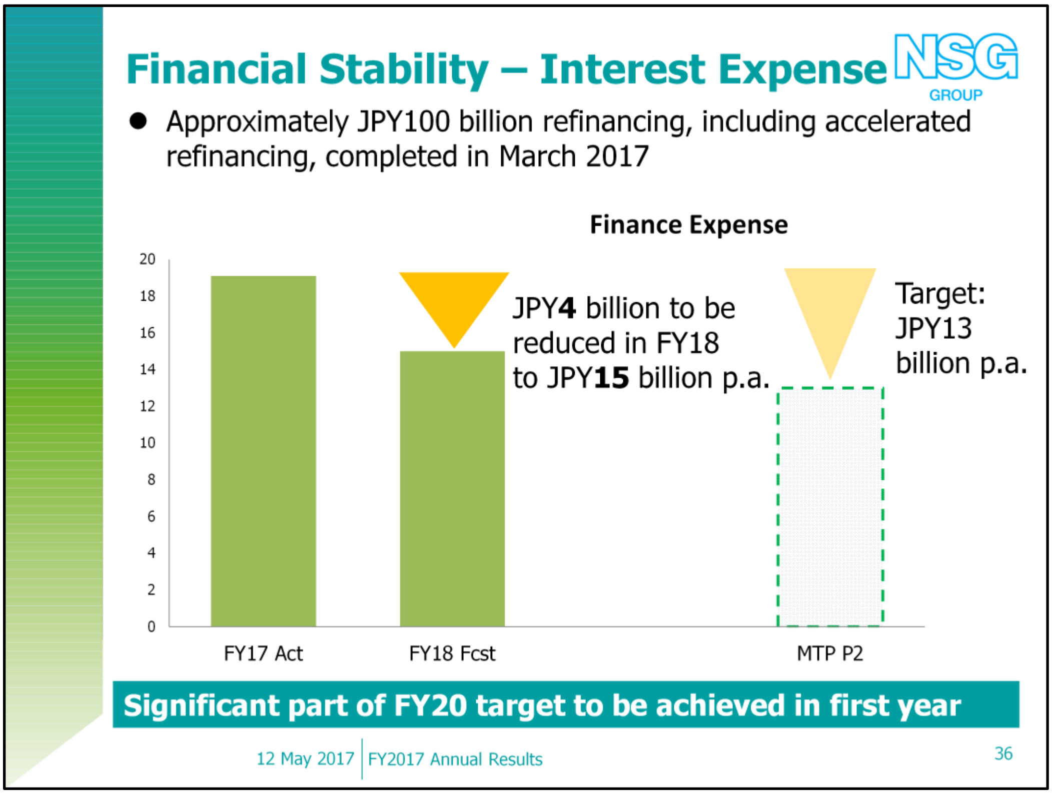
First, our equity ratio improved to about 16 percent following the issuance of Class A Shares, from 12% at the end of FY2017 Q3.

Due to the exchange rate movement from the end of Q3 to the end of the year, the total amount of equity was less than JPY130 billion but the improvement is significant.



On the other hand, we managed to reduce net debt more than we had expected in February, to less than JPY320 billion.

With decreased net debt, the net debt/EBITDA ratio, one of our KPIs for MTP achievement, has made a solid improvement toward the target of 3.

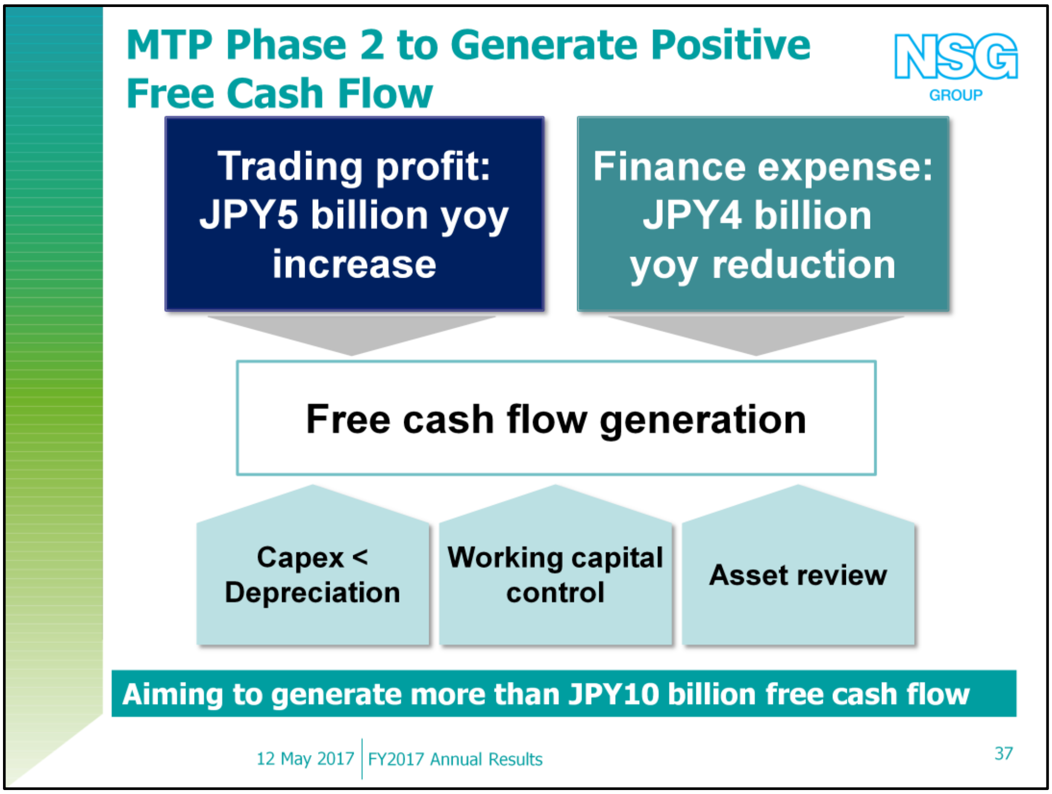


As explained before, we made a noticeable progress in FY2017 in stabilizing our financial base earlier.

Based on the enhanced balance sheet, we could refinance nearly JPY100 billion at the end of FY2017 and now expecting a significant drop in our finance expense in FY2018.

Because a part of the refinance activities was accelerated refinancing, our finance expense in FY2017 rose higher than plan.
However, in the first year of MTP Phase 2, FY2018, it will be reduced to JPY15 billion p.a.

With a good progress to be made in FY2018, we will be well positioned to achieve the target of finance expense reduction for the final year of MTP Phase 2.



There are four measures to drive profit growth as we explained earlier.

With an increased cash flow from business and the saving of finance cost based on enhanced balance sheet, we are aiming for continuing the generation of more than JPY10 billion free cash flow for FY2018.
We will also continue to keep our capital expenditure below depreciation, manage working capital strictly and review our assets.

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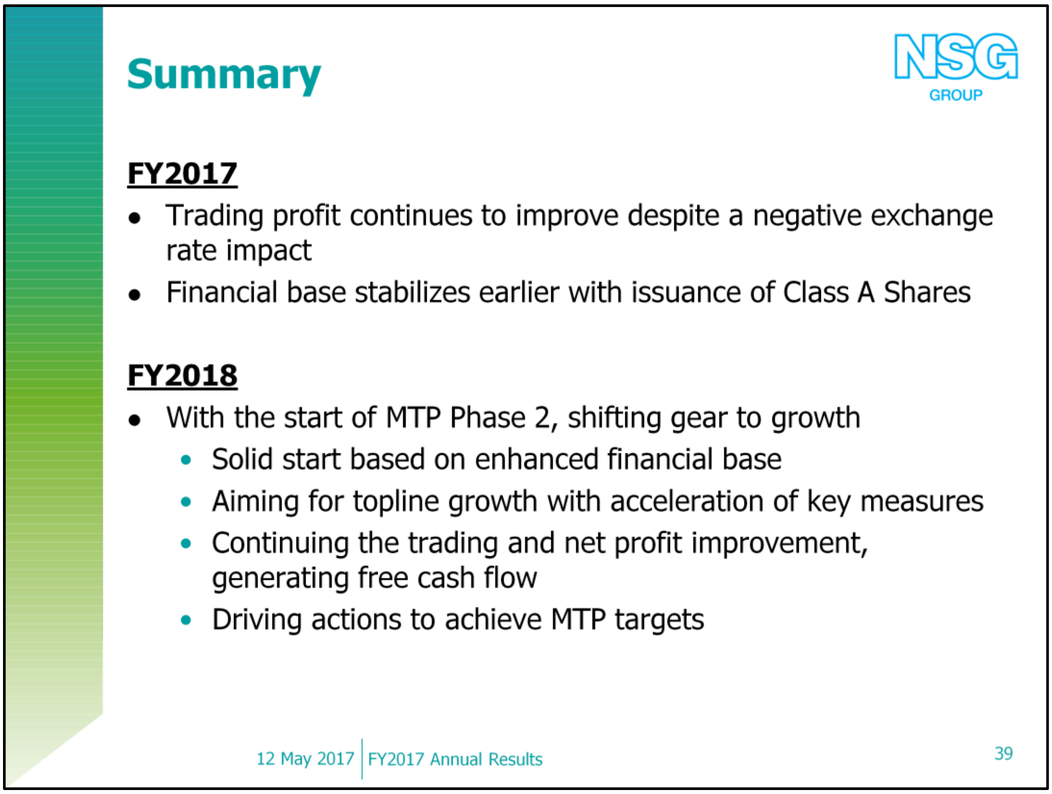


In FY2017, the Group's trading profit continued its improvement since the beginning of MTP and our net profit for the year went back to positive.

We expedited the stabilization of our financial base with the issuance of Class A Shares.

In FY2018, as we begin the MTP Phase 2, we intend to make a clear gear shift to growth.

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 v FY2017

(JPY bn)	FY2016	FY2017	Change
Architectural	**262.6**	**237.7**	**(24.9)**
Europe	92.2	84.1	(8.1)
Japan	70.5	67.7	(2.8)
North America	39.3	34.8	(4.5)
Rest of World	60.6	51.1	(9.5)
Automotive	**316.3**	**296.6**	**(19.7)**
Europe	139.5	129.3	(10.2)
Japan	56.4	55.5	(0.9)
North America	87.0	80.6	(6.4)
Rest of World	33.4	31.2	(2.2)
Technical Glass	**49.5**	**46.1**	**(3.4)**
Europe	8.0	7.0	(1.0)
Japan	24.5	24.1	(0.4)
North America	1.2	1.0	(0.2)
Rest of World	15.8	14.0	(1.8)
Other Operations	**0.8**	**0.4**	**(0.4)**
Europe	0.1	0.0	(0.1)
Japan	0.7	0.4	(0.3)
North America	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0
Total	**629.2**	**580.8**	**(48.4)**

Trading profit
FY2016 v FY2017

NSG GROUP

(JPY bn)	FY2016	FY2017	Change
by SBU			
Architectural	24.6	27.0	2.4
Automotive	9.8	12.7	2.9
Technical Glass	0.3	1.8	1.5
Other Operations	(7.5)	(8.4)	(0.9)
Total	27.2	33.1	5.9
by Region			
Europe	5.2	9.4	4.2
Japan	1.3	2.4	1.1
North America	9.2	9.2	0.0
Rest of World	11.5	12.1	0.6
Total	27.2	33.1	5.9

Consolidated Balance Sheet

NSG GROUP

(JPY bn)	31-Mar-16	31-Mar-17	Change
Assets	**812.1**	**790.2**	**(21.9)**
Non-current assets	**571.4**	**527.8**	**(43.6)**
Goodwill & intangible assets	176.4	162.3	(14.1)
Property, plant and equipment	258.9	245.2	(13.7)
Other	136.1	120.3	(15.8)
Current assets	**240.7**	**262.4**	**21.7**
Cash and cash equivalents	55.1	84.9	29.8
Other	185.6	177.5	(8.1)
Liabilities	**700.1**	**656.5**	**(43.6)**
Current liabilities	**285.9**	**223.2**	**(62.7)**
Financial liabilities	143.5	79.8	(63.7)
Other	142.4	143.4	1.0
Non-current liabilities	**414.2**	**433.3**	**19.1**
Financial liabilities	293.4	319.6	26.2
Other	120.8	113.7	(7.1)
Equity	**112.0**	**133.7**	**21.7**
Shareholders' equity	103.1	124.1	21.0
Non-controlling interests	8.9	9.6	0.7
Total liabilities and equity	**812.1**	**790.2**	**(21.9)**

Depreciation & Amortization, CAPEX

NSG GROUP

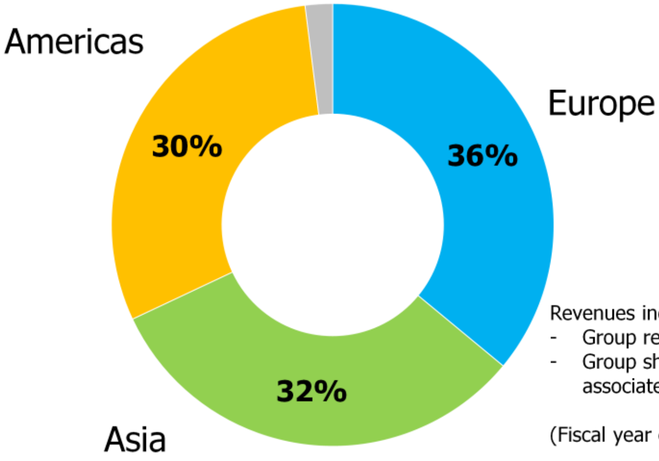
(JPY bn)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Depreciation and Amortization	38.7	36.6	40.4	41.7	40.9	32.2
Capital expenditures	34.7	26.0	31.6	36.6	28.2	28.0
R&D expenditures	8.0	7.3	7.9	8.2	9.8	8.5

Exchange Rates

NSG GROUP

	FY2016	FY2017	FY2018 Forecast
Average rates used:			
JPY/GBP	181	142	140
JPY/USD	120	108	110
JPY/EUR	132	119	120
Closing rates used:			
JPY/GBP	161	139	
JPY/USD	113	111	
JPY/EUR	127	119	

NSG Group Revenues by Geographical Destination (FY2017)



Revenues include:
- Group revenues: JPY 581 bn; and
- Group share of Joint Ventures & associates revenues: JPY 38bn

(Fiscal year ended 31 March 2017)

Balanced presence in Europe, Asia and Americas

NSG

GROUP