



## TO OUR SHAREHOLDERS

Photo: TOYOTA Global Newsroom

**NIPPON SHEET GLASS CO., LTD.**  
**152ND FISCAL PERIOD INTERIM REPORT**  
**1 APRIL 2017 - 30 SEPTEMBER 2017**

**'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 2017.

December 2017

森 重樹

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



### Summary of the First Half-year of FY2018

The Group's revenues and profits in the first two quarters improved from the previous year. Revenues increased 2.5 percent year-on-year to ¥297 billion. Operating profits and profits attributable to owners of the parent significantly improved 31.3 percent to ¥17.7 billion and 15.0 percent to ¥4.9 billion respectively.

The Group's performance for the first half of FY2018 can be summarized as follows.

1. Our focus on increasing the ratio of higher value-added products and services in our revenue, VA shift, and improving manufacturing efficiency resulted in a solid progress across regions and businesses and contributed to the Group's performance. In the Architectural Glass business, while North America has been ahead in the VA shift, it is being rolled out globally to the other regions such as Europe. In the Automotive Glass business, we are one of the leading suppliers of glass required for innovative

new technologies in the car industry including ADAS (Advanced driving assistance system) and connectivity. At the same time our focused and continued actions on productivity improvement in the Automotive Glass business, particularly in Europe and North America, have made a good progress. We are steadily moving forward to transforming ourselves into a VA Glass Company ("VA" stands for value-added), as stated in our Long-term Strategic Vision.

2. Overall market conditions in the period continued to improve from the previous year. Especially in Europe, the upward trend in both Architectural and Automotive Glass markets continued. In Japan, while the Architectural Glass business was affected by a reduced number of housing starts, the Automotive Glass business performed well reflecting a vehicle sales upturn. In North America, the Architectural Glass market was robust and in South America, the Automotive Glass market continued to show signs of recovery. The performance of Technical Glass business improved benefiting from stronger demands in many product areas. Positive factors such as

relatively stable energy prices also contributed to year-on-year improvement of Group results.

- The financial measure implemented last year enabled us to reduce financial expenses significantly. The Group's share of joint ventures and associates profits, especially in South America, represented an improvement from the previous year.

\* Please see page 4 of this report for consolidated financial highlights.

## Medium-term Plan Update

The Medium-term Plan (MTP) was originally announced in May 2014. October 2016, we announced MTP phase 2 covering the three-year period to FY 2020. FY2018 marks the first year of MTP Phase 2. The financial targets of the MTP are to achieve: return on sales<sup>1)</sup> of eight percent or more; and net debt/EBITDA of three times. We made a good start toward achieving the targets in the first two quarters of the first year of MTP Phase 2.

1) Return on sales: On the basis of trading profit before exceptional items and amortization arising from the acquisition of Pilkington plc.

### MTP Phase 2

— Gear Shift to Growth (FY2018-FY2020)

#### MTP Phase 2 Measures

##### Growth Measures

- Promote VA No.1 Strategy
- Establish growth drivers
- Business culture innovation
- Enhance global management

##### Financial Measures

- Enhance equity
- Reduce net debt

#### MTP Targets

##### Financial sustainability

##### Transform into VA Glass Company

Net debt/EBITDA: 3x

ROS > 8%

[Expectation after achieving MTP Targets]

(After redemption of Class A Shares)

- Equity Ratio: 20%
- ROE: 10%
- VA Sales Ratio: > 50%
- Trading Profit: JPY50-60 bn

The Group's operating profits significantly declined in FY2013, impacted by the depressed market conditions

following the European financial crisis. Thereafter, however, we have achieved four consecutive years of profit growth, by decisively carrying out restructuring measures and cost reductions, and based on our focus on VA shift and manufacturing efficiency improvement. Going forward, we will continue to execute the actions defined under MTP Phase 2. Driving growth, we will focus on the four key measures: "promote VA No.1 Strategy"; "establish growth drivers" to generate new profitable growth; "business culture innovation" to build a lean business organization; and "enhance global management". In order to establish financial sustainability, we will enhance shareholders' equity and reduce net debt.

Our Long-term Vision, "Transformation into a VA Glass Company" does not only mean a higher ratio of VA products and services in our sales mix but also means transforming our entire organization to be more value-added, including transforming the way we think and act such as how we serve customers. As our VA strategy has been making a steady progress, we aim for creating a better shareholder value by executing MTP Phase 2 successfully.

## Interim Dividend

The Group's dividend policy is to secure dividend payments based on sustainable business results. The Board of Directors regrettably has decided not to declare an interim dividend at the end of 30 September 2017, taking account of the Group's conditions such as financial situation and profitability. 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. Your continued support, patience and understanding would be highly appreciated.

## NEWS

### Spacia 21™ Contributes to Achieving “Net Zero Energy” in Buildings

Spacia 21™ is a double glazing consisting of Spacia™, first commercialized vacuum glazing in the world, and Low-E (low emissive) glass. Thanks to its hybrid structure, we have achieved a highest level thermal performance in Japan, equivalent to 50mm-thick glass wool insulation.

Net Zero Energy Houses (ZEH) and Net Zero Energy Buildings (ZEB) are considered to grow considerably going forward and Spacia 21™, with its excellent thermal insulation, is expected to contribute to making them possible.

Spacia 21™ is adopted for the OIT Umeda Tower, newly-built symbolic tower campus of Osaka Institute of Technology in the center of Osaka city, Japan, in April 2017. This high-rise campus was chosen for a CO<sub>2</sub> Saving House & Building Initiative Project by the Ministry of Land and Transportation Japan and has been attracting attention as a leading project for its energy and CO<sub>2</sub> saving capabilities.

\* Photo: Zero Energy Space in the OIT Umeda Tower



### Investment in Lead-acid Battery Separator Joint Venture in Indonesia

In November 2017, we invested in PT ENTEK Separindo Asia, a joint venture established in Indonesia by ENTEK International (the US) and Separindo (Indonesia) for manufacturing and sales of polyethylene (“PE”) separators used for lead-acid batteries.

In recent years, automotive batteries markets in Asia are rapidly expanding and the demand for highly durable batteries used for the idling stop and start system (ISS) is expected to grow significantly based on the heightened awareness of the needs to improve fuel efficiency and protect the environment. In Japan, we are the leading supplier of PE separators, which play a key role in achieving high durability of batteries.

This investment is aimed at enhancing our supply capability in the expanding Asian markets and providing more value-added separators by a business alliance with ENTEK, the world’s leading supplier of PE separators.



### Exhibited at Digital Signage Expo in North America

At the Digital Signage Expo (“DSE”) held in Las Vegas, the US, the NSG Group presented a wide range of relevant VA products.

DSE is the world largest and longest running trade show in the digital signage area. Around 200 exhibitors showcased their respective latest innovative products and technology solutions in a variety of markets.

We exhibited a variety of VA products including Pilkington Optiview™ (anti-reflective glass), Pilkington MirroView™ (highly-reflective mirror coated glass), NSG TEC™ (TCO coated glass) and glanova™ (chemically toughened glass), and received plentiful positive feedback.



# CONSOLIDATED FINANCIAL HIGHLIGHTS

## Income statement

	Millions of yen		
	Fiscal 2018 interim period	Fiscal 2017 interim period	Fiscal 2017
Revenue	296,989	289,798	580,795
Operating profit	17,723	13,495	29,862
Profit before taxation	9,326	10,866	14,751
Profit for the period	5,660	5,114	7,292
Profit attributable to the owners of the parent	4,878	4,241	5,605
Basic earnings per share (yen)	43.99	46.94	62.04

Notes: Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Basic earnings per share are calculated under the assumption that this share consolidation was conducted on 1 April 2016.

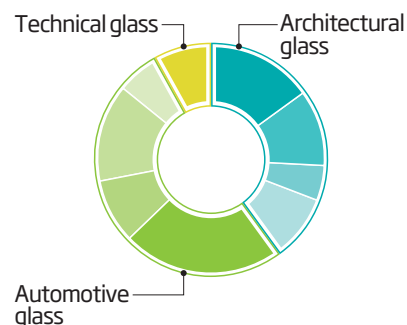
## Balance sheet

	Millions of yen	
	30 September 2017	31 March 2017
Non-current assets	550,881	527,818
Current assets	237,490	262,374
Total assets	788,371	790,192
Total liabilities	637,944	656,484
Total equity	150,427	133,708
Total liabilities and equity	788,371	790,192

## Statement of cash flows

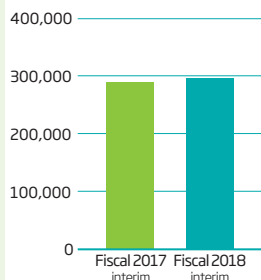
	Millions of yen	
	Fiscal 2018 interim period	Fiscal 2017 interim period
Net cash inflows from operating activities	6,244	6,108
Net cash outflows from investing activities	(13,372)	(1,891)
Cash flow before financing activities	(7,128)	4,217
Net cash inflows/(outflows) from financing activities	(26,601)	(5,162)
Cash and cash equivalents (net of bank overdrafts) at end of period	47,778	39,103

## Net revenue by business



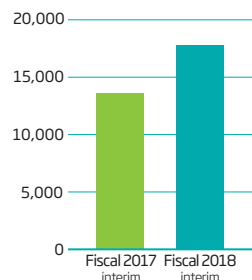
### Revenue

Millions of yen



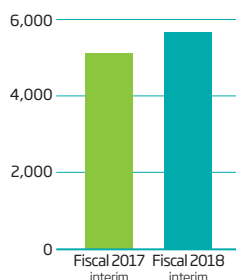
### Operating profit

Millions of yen



### Profit for the period

Millions of yen



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

Notes: The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) from the financial year to 31 March 2012. Operating profit in the above is defined as being operating profit stated before exceptional items.















## CORPORATE DATA (as at 30 September 2017)

<b>Company name</b>	Nippon Sheet Glass Co., Ltd.	<b>Established</b>	22 November 1918
<b>Head office</b>	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Tel: +81-3-5443-9500	<b>Number of permanent employees</b>	26,851 (consolidated)
		<b>Paid-in capital</b>	¥116,492 million
		<b>Stock listing</b>	Tokyo (Code: 5202)
		<b>Contact</b>	<a href="http://www.nsg.com/en/contact-us">http://www.nsg.com/en/contact-us</a>

## MANAGEMENT (as at 30 September 2017)

NSG Group adopts a Company with Three Committees structure.

### Board of Directors

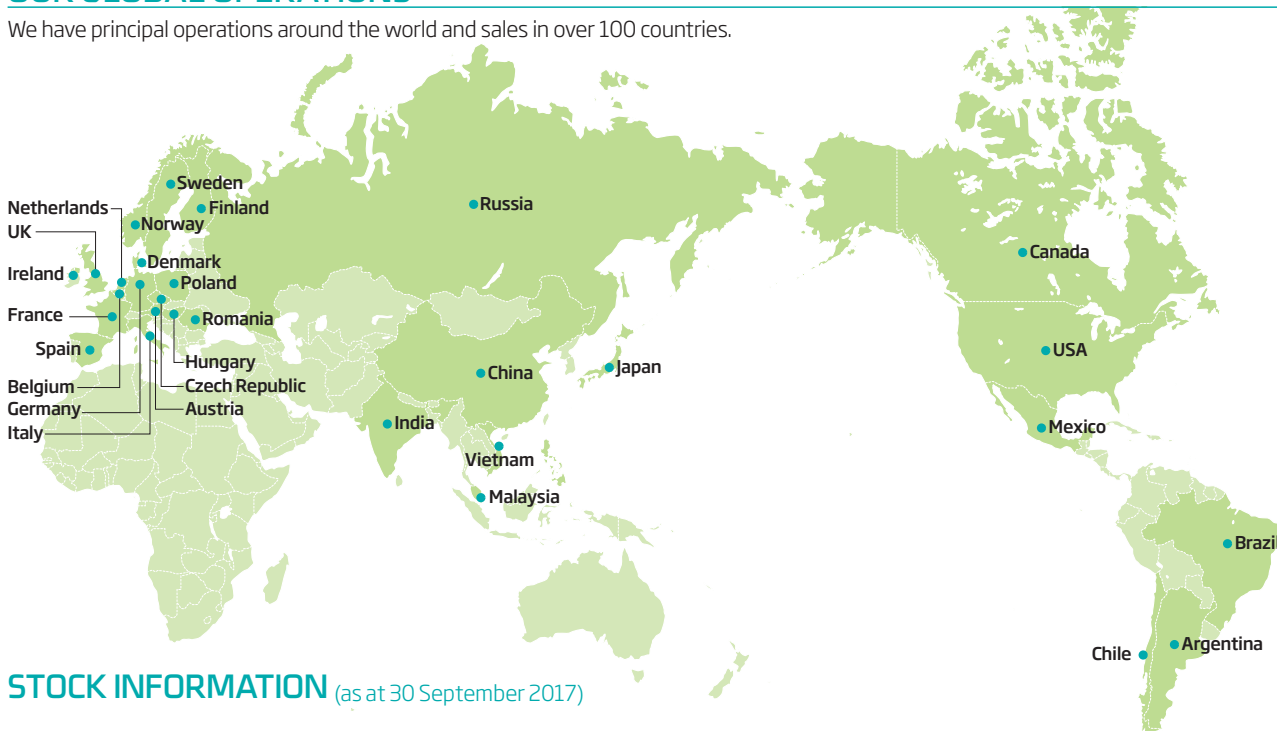
<b>External Director, Chairman of the Board</b>	Günter Zorn	 Nominations Committee	 Audit Committee	 Compensation Committee
<b>External Director</b>	Toshikuni Yamazaki	 Nominations Committee	 Audit Committee (Chairman)	 Compensation Committee
<b>External Director</b>	Yasuyuki Kimoto	 Nominations Committee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

### Executive Officers

<b>Representative Executive Officer President and CEO</b>	Shigeki Mori	<b>Executive Officer</b>	Shirley Anderson
<b>Representative Executive Officer Executive Vice President and COO</b>	Clemens Miller	<b>Executive Officer</b>	Tony Fradgley
<b>Representative Executive Officer Executive Vice President and CFO</b>	Kenichi Morooka	<b>Executive Officer</b>	Koichi Hiyoshi
		<b>Executive Officer</b>	Hiroshi Kishimoto
		<b>Executive Officer</b>	Hiroshi Nishikawa
		<b>Executive Officer</b>	Jochen Settelmayer

## OUR GLOBAL OPERATIONS

We have principal operations around the world and sales in over 100 countries.



## STOCK INFORMATION (as at 30 September 2017)

### Number of shares/shareholders

<b>Authorized Number of Shares to be Issued</b>		177,500,000 shares
<b>Authorized Number of Shares to be Issued by Class</b>	Common Shares	177,500,000 shares
	Class A Shares	40,000 shares
<b>Issued Shares</b>	Common Shares	90,407,899 shares
	Class A Shares	40,000 shares
<b>Number of Shareholders</b>	Common Shares	63,539
	Class A Shares	3

### Distribution of NSG Group Shareholders (Common Share)



### Major Shareholders

Shareholders	Number of shares	Percentage of shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,367,600	4.82
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,928,960	3.23
Japan Trustee Services Bank, Ltd. (Trust Account)	2,275,800	2.51
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,801,700	1.99
DFA INTL SMALL CAP VALUE PORTFOLIO	1,714,213	1.89
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1,348,000	1.49
Japan Trustee Services Bank, Ltd. (Trust Account 2)	1,344,500	1.48
JP MORGAN CHASE BANK 385151	1,096,649	1.21
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTCA/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	1,069,200	1.18
Client stock ownership of Nippon Sheet Glass Co., Ltd.	986,178	1.09



## SHAREHOLDER INFORMATION

<b>Fiscal period</b>	1 April to 31 March of the following year
<b>Ordinary General Meeting of Shareholders</b>	Held annually in June
<b>Record Dates</b>	Ordinary General Meeting of Shareholders: 31 March Dividend: 30 September and 31 March
<b>Transfer agent</b>	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
<b>Operating office</b>	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
<b>Public notice</b>	<a href="http://www.nsg.com/">http://www.nsg.com/</a>
<b>Accounting auditor</b>	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 notify our transfer agent as shown below.

### Notice to shareholders holding odd-lot shares

If you own "odd-lot" shares (namely a lot of less than 100 thus not constituting a trading unit), you may at your option

1. sell such odd-lot shares to the Company; or
2. purchase from the Company such number of shares as may be necessary to make up a trading unit of 100 shares

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

If you do not use a securities company, please contact our transfer agent as shown below.

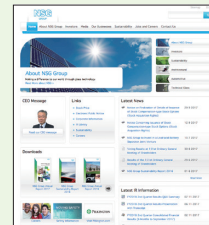
**Mail address** Stock Transfer Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
8-4, Izumi 2-chome, Suginami-ku,  
Tokyo 168-0063, Japan

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

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Cover Picture: Our "double bubble" backlight, made with our sophisticated glass shaping technology, for TOYOTA's new PRIUS PHV (plug-in hybrid) is contributing to the car's excellent aerodynamics.

### Website

Further information about the Group including its financial results and latest IR information is available at <http://www.nsg.com/en>



Please scan this QR code with your smartphone to access our website.

