

NSG

GROUP

NSG Group

FY2018 Quarter 1 Results

(from 1 April 2017 to 30 June 2017)

Kenichi Morooka

Chief Financial Officer

Clemens Miller

Chief Operating Officer

Iain Smith

Finance Director – Global Finance

FY2018 Quarter 1 Results

(from 1 April 2017 to 30 June 2017)

Agenda

Key Points

Financial Results

Business Update

Summary

FY2018 Quarter 1 Results

(from 1 April 2017 to 30 June 2017)



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Key Points - April to June 2017

- A good start for the first year of Medium-term Plan Phase 2, with results in line with forecast
- European businesses benefitting from robust market conditions
- Technical Glass showing solid profitability
- Further improvements in operational performance

FY2018 Quarter 1 Results

(from 1 April 2017 to 30 June 2017)



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Consolidated Income Statement

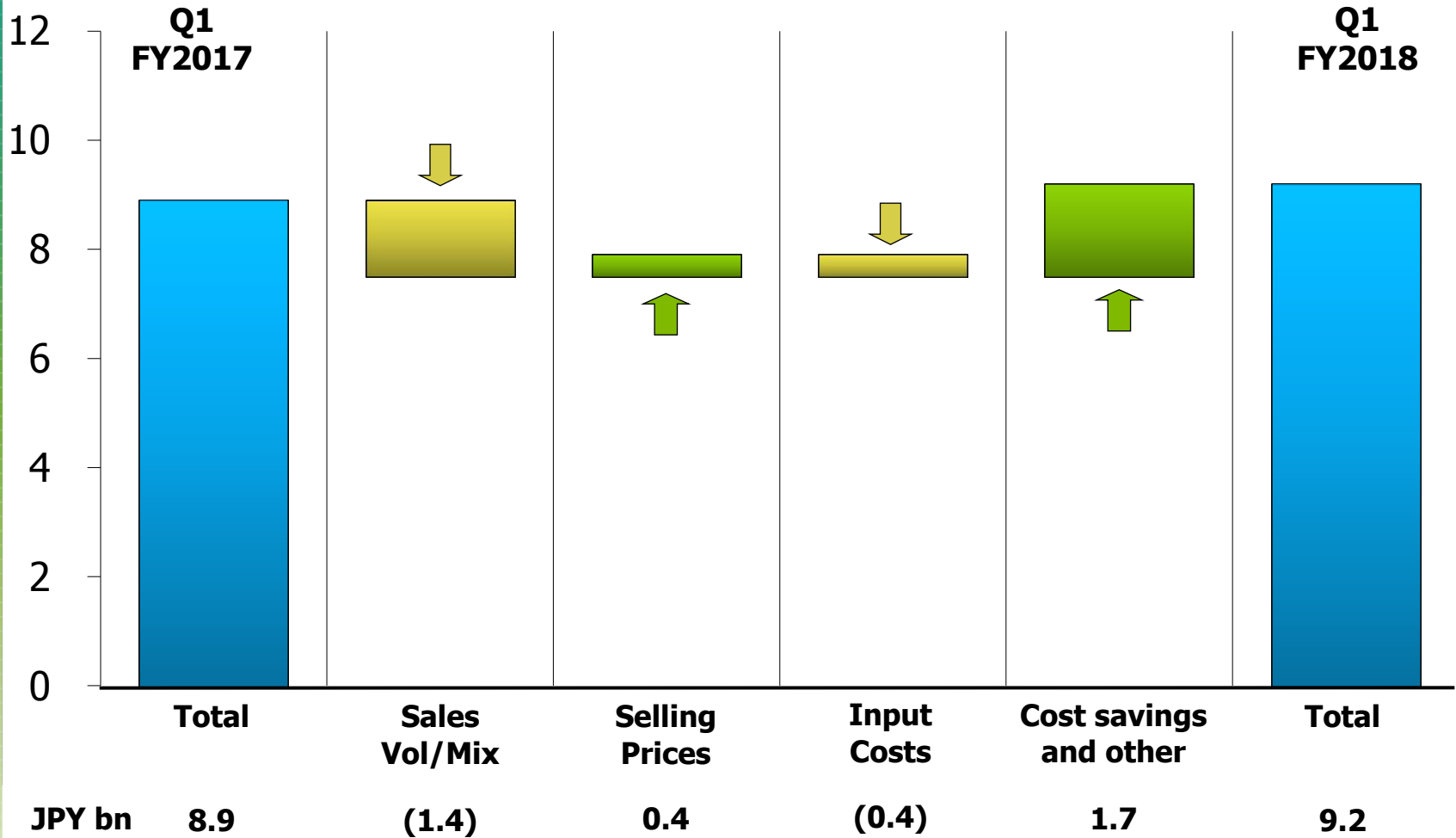
(JPY bn)	<u>FY2017</u> <u>Q1</u>	<u>FY2018</u> <u>Q1</u>	<u>Change</u> <u>from</u> <u>FY2017</u>
Revenue	150.5	146.9	-2%
Trading profit	8.9	9.2	3%
Amortization *	(1.8)	(0.5)	
Operating profit	7.1	8.7	23%
Exceptional items	7.8	(0.4)	
Finance expenses (net)	(4.2)	(3.9)	
Share of JVs and associates	-	0.4	
Profit before taxation	10.7	4.8	
Profit for the period	4.4	2.8	
Profit attributable to owners of the parent	3.9	2.5	
EBITDA	16.2	16.2	

* Amortization arising from the acquisition of Pilkington plc only

Results in line with forecast

Change Analysis

Trading profit



Supported by improvements in operational efficiency

Exceptional Items

(JPY bn)	<u>FY2017</u> <u>Q1</u>	<u>FY2018</u> <u>Q1</u>
Gain on settlement of insurance proceeds	-	1.0
Gain on disposal of non-current assets	7.7	-
Gain from exit of business	0.9	-
Gain on disposal of investments in associates	0.7	-
Suspension of facilities	-	(1.1)
Impairments of non-current assets	(0.7)	(0.2)
Restructuring costs	(0.7)	(0.2)
Other items	(0.1)	0.1
	7.8	(0.4)

Previous year included non-recurring asset disposals

Consolidated Cash Flow Summary

(JPY bn)	<u>FY2017</u> <u>Q1</u>	<u>FY2018</u> <u>Q1</u>
Profit for the period	4.4	2.8
Depreciation and amortization	9.1	7.7
Impairment	0.7	0.2
Gain on disposal of assets and exit of business	(9.4)	(0.2)
Tax paid	(1.9)	(1.4)
Others	6.2	(0.3)
Net operating cash flows before movement in working capital	9.1	8.8
Net change in working capital	(11.1)	(13.9)
Net cash flows from operating activities	(2.0)	(5.1)
Purchase of property, plant and equipment	(7.8)	(7.1)
Disposal proceeds	8.6	0.3
Others	(0.5)	0.2
Net cash flows from investing activities	0.3	(6.6)
Free cash flow	(1.7)	(11.7)

Cash flows affected by seasonal working capital movement

Key Performance Indicators

	<u>31-Mar-17</u>	<u>30-Jun-17</u>
Net Debt (JPY bn)	313	332
Net Debt/EBITDA	5.0x	5.3x
Net Debt/Equity Ratio	2.3x	2.4x

	<u>FY2017</u> <u>Q1</u>	<u>FY2018</u> <u>Q1</u>
EBITDA Interest Cover	4.0x	4.5x
Operating Return* on Sales	5.9%	6.3%

* trading profit

Improvement in profit-related ratios

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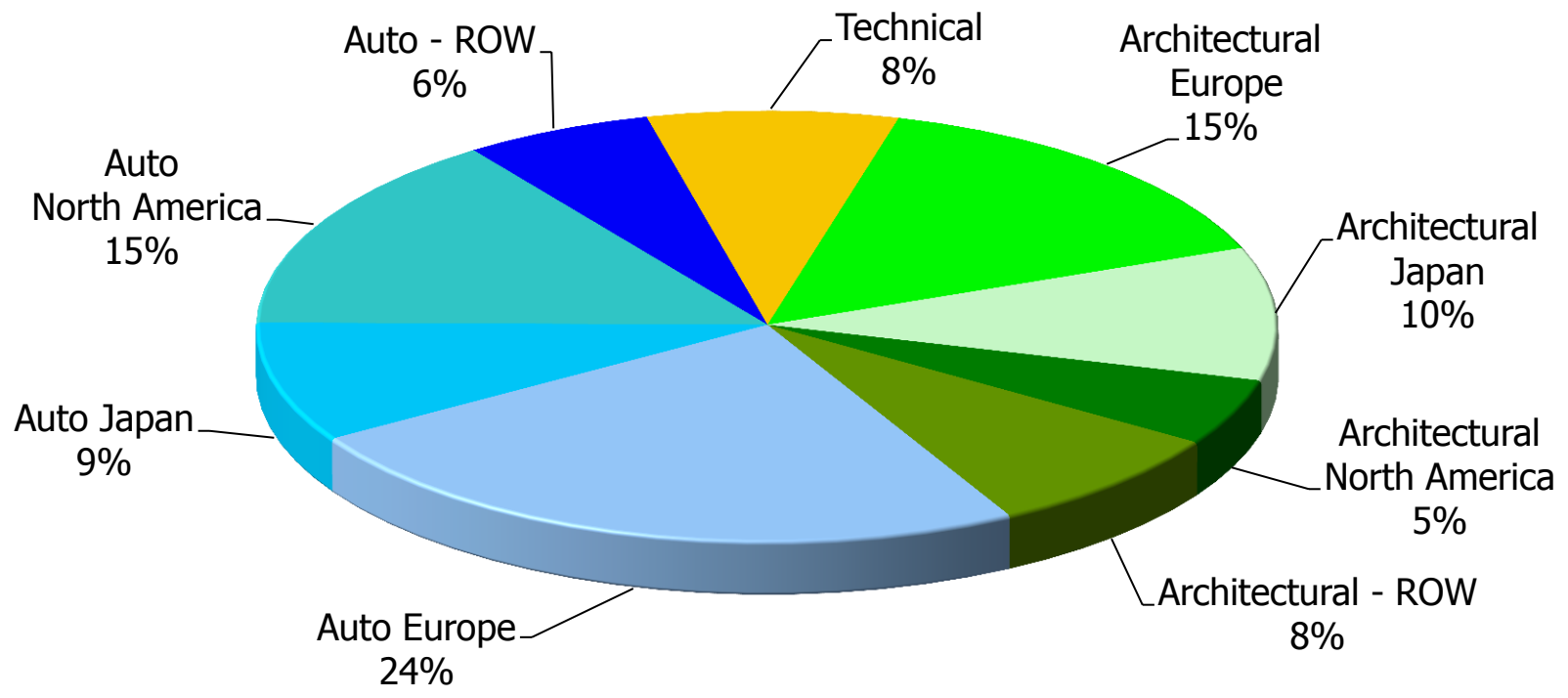
Financial Results

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External Revenue – Group Businesses

¥ 146.9 billion

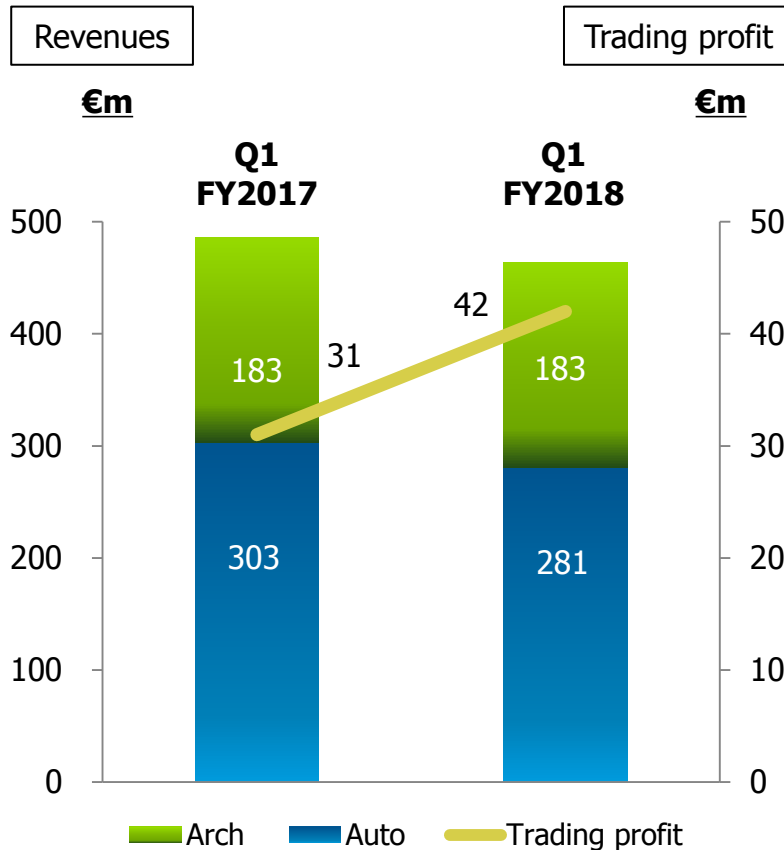


FY2018 Quarter 1

Diversified geographical coverage

Europe

Q1 FY2017 v Q1 FY2018



Architectural

- Improving demand leading to a robust pricing environment
- Profits benefitted from favorable production performance

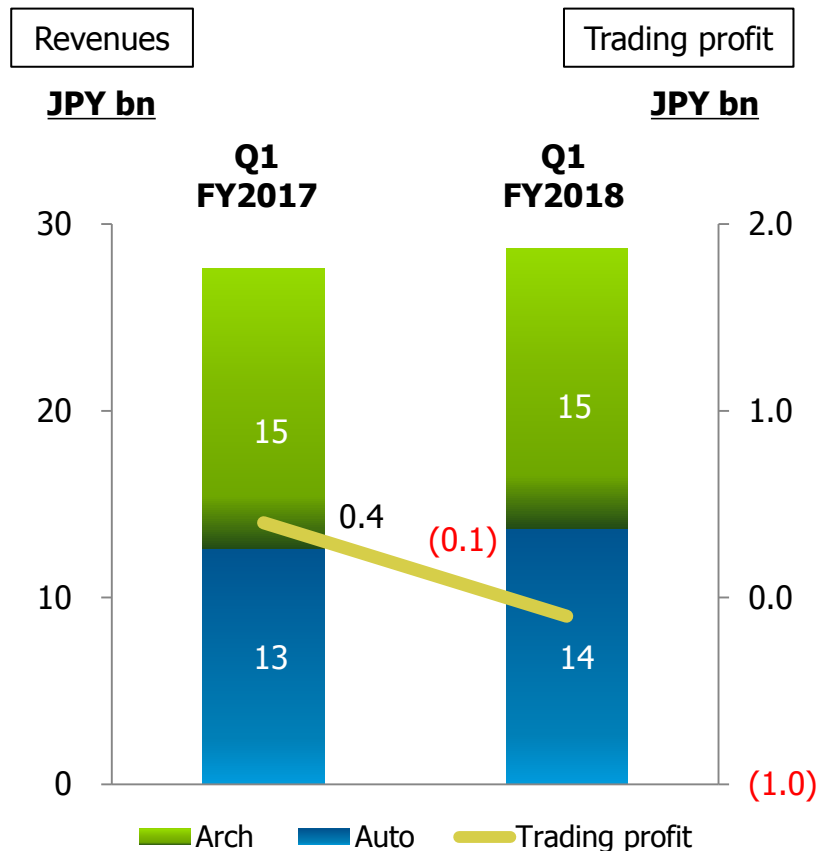
Automotive

- Profits increased with improved operational performance

Robust performance in both Architectural and Automotive

Japan

Q1 FY2017 v Q1 FY2018



Architectural

- Volumes and prices similar to the previous year
- Results affected by one-off factors including an increase in quality-related provisions

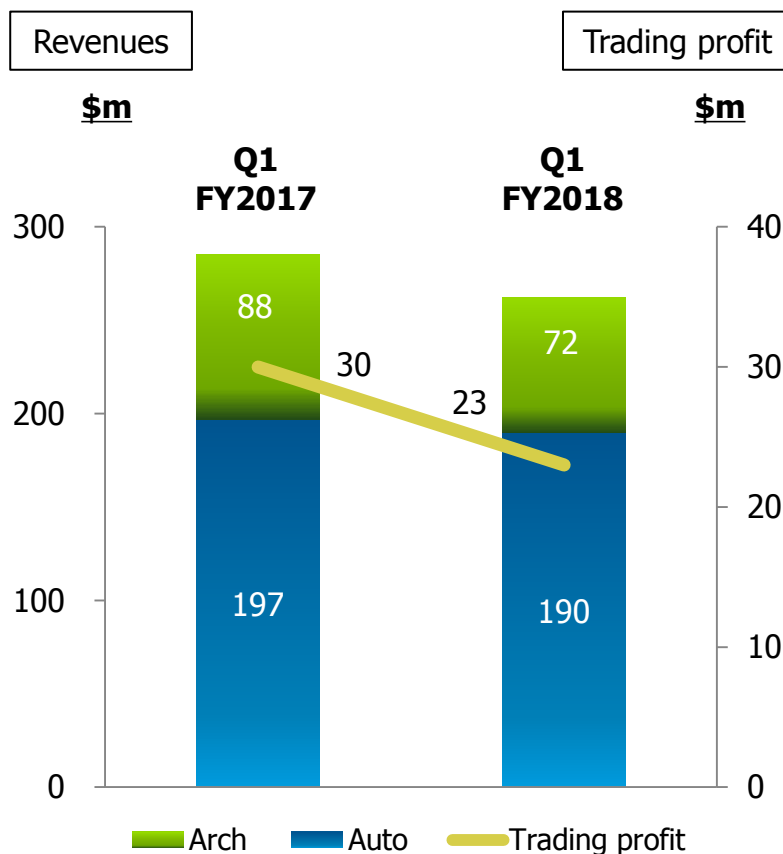
Automotive

- Revenues improved, consistent with increasing light-vehicle sales

Stable underlying performance, but one-off factors affected results

North America

Q1 FY2017 v Q1 FY2018



Architectural

- Revenues and profits below the previous year due to temporary reduction in NSG capacity and re-tooling at a major customer

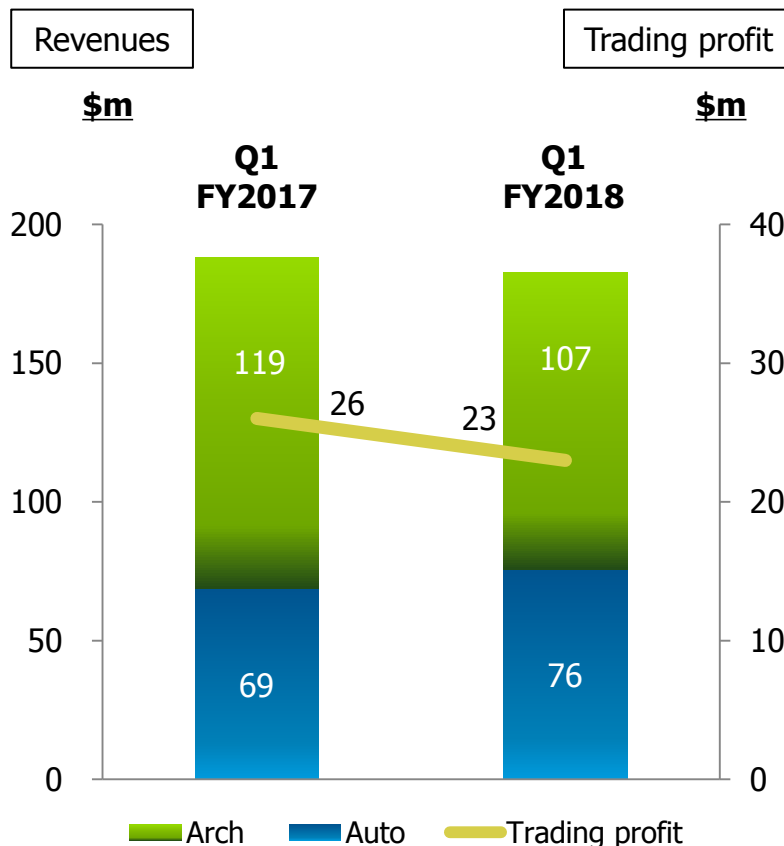
Automotive

- Revenues and profits decreased as a consequence of a fall in market volumes, while operational efficiency continues to improve

Temporary factors constraining profitability

Rest of World

Q1 FY2017 v Q1 FY2018



Architectural

- Domestic markets generally improved from the previous year
- Profitability was adversely affected due to a float repair in Vietnam
- Revenues were impacted by re-tooling at a major customer

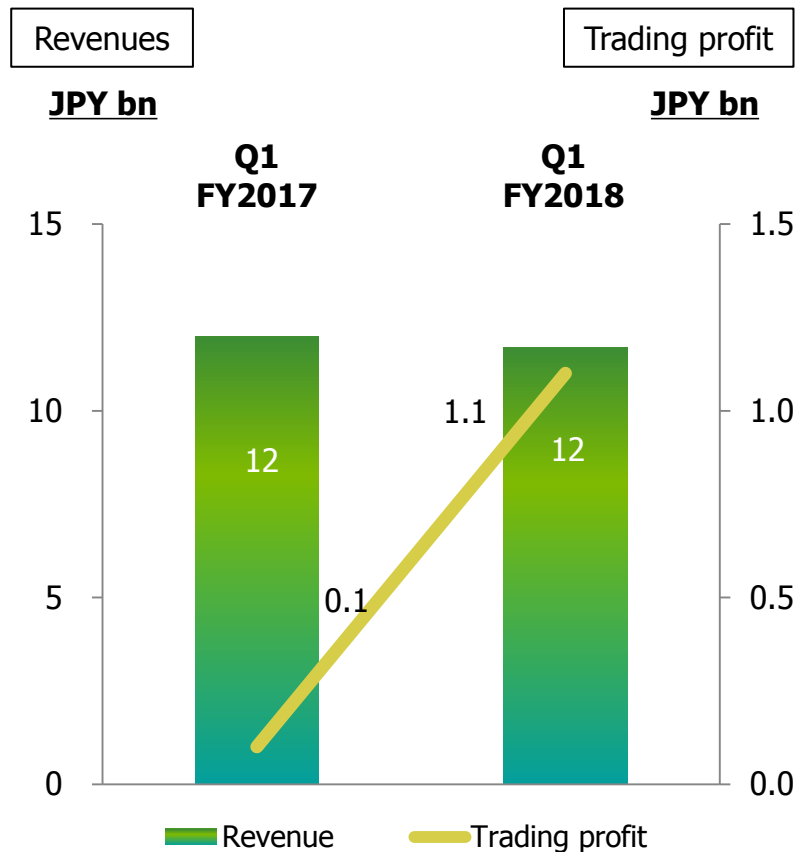
Automotive

- Market conditions in South America started to show early signs of improvements

Improvements in underlying domestic market conditions

Technical Glass

Q1 FY2017 v Q1 FY2018



Technical Glass

- Losses in the Display business narrowed further with improvements in prices for some products
- Increase in volumes of components used in multi-function printers
- Volumes of glass cord used in engine timing belts were robust
- Improvements continue in Battery Separator segment

Improvements across all business segments

Joint Ventures and Associates

Q1 FY2017 v Q1 FY2018

(JPY bn)	<u>FY2017</u> <u>Q1</u>	<u>FY2018</u> <u>Q1</u>
Share of post-tax results	-	0.4

- Profits improved slightly from the previous year at Cebrace, the Group's joint venture in Brazil

Improving shares of J/V results

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Summary

- A good start for the first year of Medium-term Plan Phase 2, with results in line with forecast
- European businesses benefitting from robust market conditions
- Technical Glass showing solid profitability
- Further improvements in operational performance
- FY2018 forecast unchanged

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

Revenue by Business

FY2017 Q1 v FY2018 Q1

<u>(JPY bn)</u>	<u>FY2017</u> <u>Q1</u>	<u>FY2018</u> <u>Q1</u>	<u>Change</u>
Architectural	59.9	57.4	(2.5)
Europe	22.3	22.4	0.1
Japan	15.1	15.1	0.0
North America	9.6	8.0	(1.6)
Rest of World	12.9	11.9	(1.0)
Automotive	78.5	77.6	(0.9)
Europe	37.0	34.4	(2.6)
Japan	12.6	13.7	1.1
North America	21.4	21.1	(0.3)
Rest of World	7.5	8.4	0.9
Technical Glass	12.0	11.7	(0.3)
Europe	1.8	1.9	0.1
Japan	6.2	5.9	(0.3)
North America	0.3	0.3	0.0
Rest of World	3.7	3.6	(0.1)
Other Operations	0.1	0.2	0.1
Europe	0.0	0.1	0.1
Japan	0.1	0.1	0.0
North America	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0
Total	150.5	146.9	(3.6)

Trading profit

FY2017 Q1 v FY2018 Q1

<u>(JPY bn)</u>	<u>FY2017</u> <u>Q1</u>	<u>FY2018</u> <u>Q1</u>	<u>Change</u>
by SBU			
Architectural	6.5	5.9	(0.6)
Automotive	3.7	4.1	0.4
Technical Glass	0.1	1.1	1.0
Other Operations	(1.4)	(1.9)	(0.5)
Total	8.9	9.2	0.3
by Region			
Europe	3.5	4.8	1.3
Japan	(0.6)	(0.5)	0.1
North America	3.1	2.4	(0.7)
Rest of World	2.9	2.5	(0.4)
Total	8.9	9.2	0.3

Consolidated Balance Sheet

(JPY bn)	<u>31-Mar-17</u>	<u>30-Jun-17</u>	<u>Change</u>
Assets	790.2	779.5	(10.7)
Non-current assets	527.8	536.1	8.3
Goodwill & intangible assets	162.3	170.3	8.0
Property, plant and equipment	245.2	249.8	4.6
Other	120.3	116.0	(4.3)
Current assets	262.4	243.4	(19.0)
Cash and cash equivalents	84.9	57.1	(27.8)
Other	177.5	186.3	8.8
Liabilities	656.5	638.8	(17.7)
Current liabilities	223.2	218.5	(4.7)
Financial liabilities	79.8	83.7	3.9
Other	143.4	134.8	(8.6)
Non-current liabilities	433.3	420.3	(13.0)
Financial liabilities	319.6	306.0	(13.6)
Other	113.7	114.3	0.6
Equity	133.7	140.7	7.0
Shareholders' equity	124.1	132.3	8.2
Non-controlling interests	9.6	8.4	(1.2)
Total liabilities and equity	790.2	779.5	(10.7)

Exchange Rates

	<u>FY2017</u> <u>Q1</u>	<u>FY2017</u> <u>Full-year</u>	<u>FY2018</u> <u>Q1</u>
Average rates used:			
JPY/GBP	155	142	142
JPY/USD	108	108	111
JPY/EUR	122	119	122
Closing rates used:			
JPY/GBP	138	139	146
JPY/USD	103	111	112
JPY/EUR	114	119	128

VA Product – Growing Separators for ISS Batteries

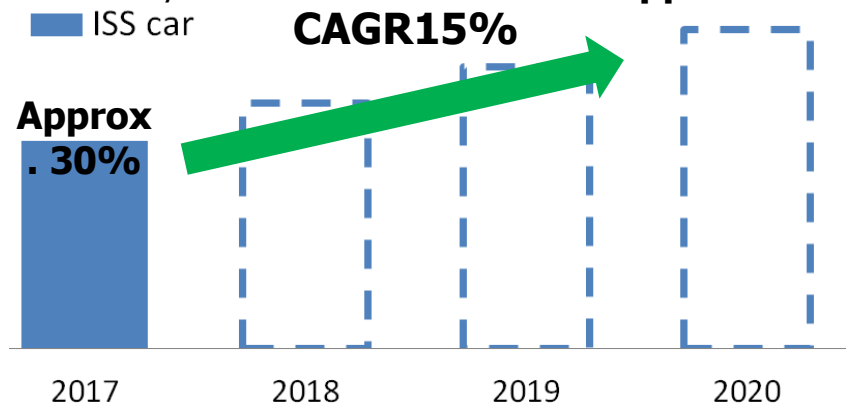
Key products of our Battery Separator Business, part of Technical Glass, are used for lead-acid batteries.

*ISS: Idling stop & start

Separators for ISS* Batteries

- Cars with ISS system are expected to grow at CAGR 15% globally, for its contribution to the environment based on better fuel efficiency and energy saving.
- ISS batteries require higher durability and performance to withstand frequent charge-discharge cycle than conventional batteries.
- Separators play a key role in ensuring higher battery performance. NSG Group is a technology leader in this field.
- We are the only separator supplier of both absorbent glass mat (AGM) and Polyethylene (PE) separators used for ISS batteries. **ISS car ratio**

* Estimated by NSG



AGM Separator



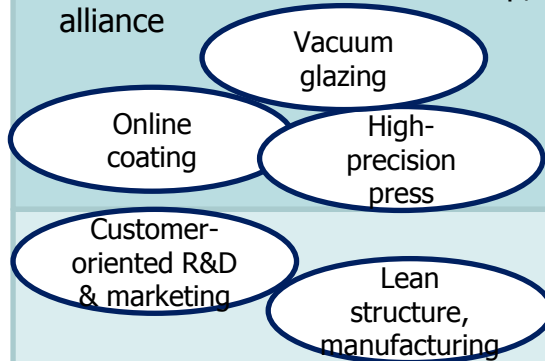
PE Separator

Contribute to energy saving and CO2 emission reduction through our core technology

MTP Phase 2: Four Key Measures

Drive VA No.1 Strategy

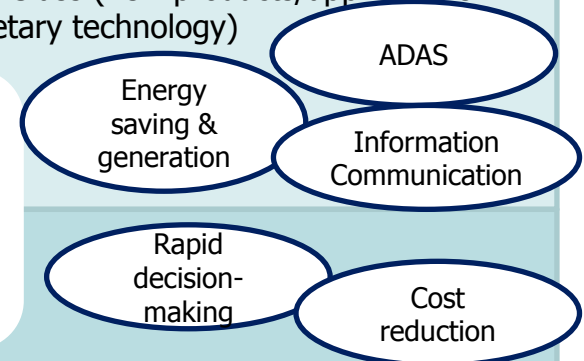
- Win leading position in the areas with “high growth potential” and “core strength”
- How:
 - Focus resources on VA shift in the areas where NSG technology and brand have the biggest advantage
 - Enhance customer relationship, build strategic alliance



VA Glass Company

Establish Growth Drivers

- Launch multiple, promising growth drivers
- Target areas:
 - Architectural Glass (energy-save/generation, health, design)
 - Automotive Glass (ADAS, connected, UV/IR shield, light-weight)
 - Technical Glass (new products/applications with proprietary technology)



Business Culture Innovation

- Build leaner business structure
- How:
 - Optimize all work processes
 - Enhance manufacturing excellence in each region
 - Optimize global R&D with customer viewpoints
 - Strengthen customer-oriented marketing

Enhance Global Management

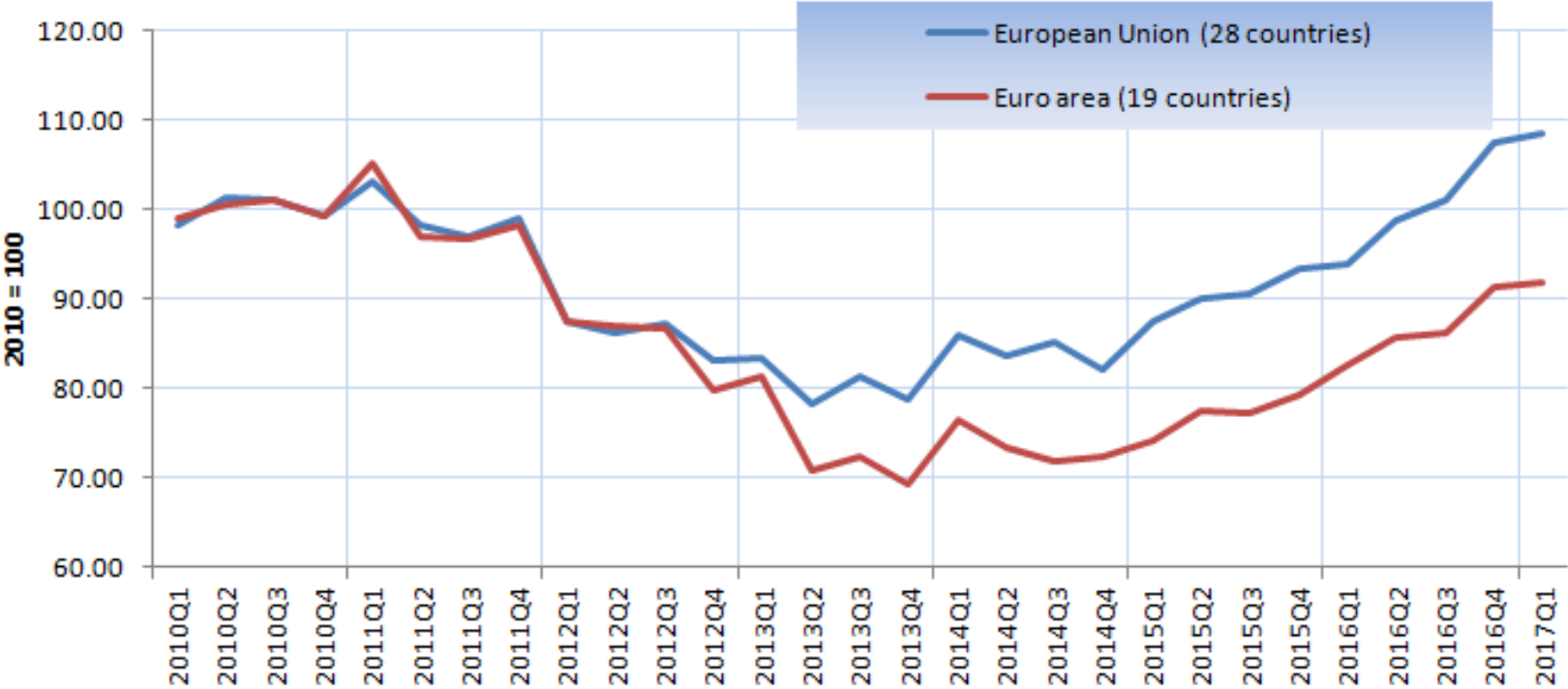
- Advance global management to achieve the Group’s optimization
- How:
 - Drive talent development, promote diversity
 - Enhance faster decision-making with flexible organization management
 - Continue to reduce cost across the Group

German float glass prices

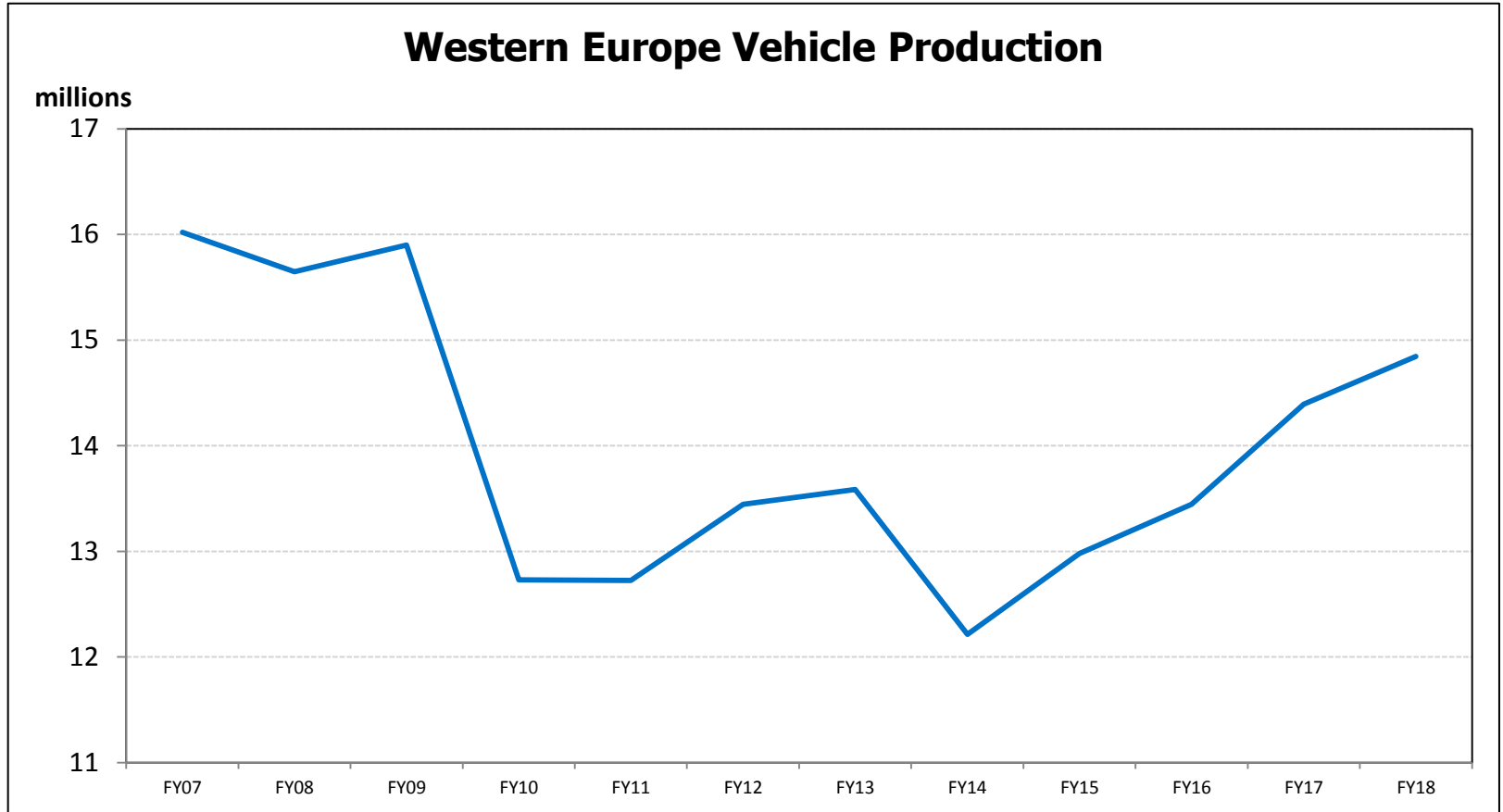


European industry / construction statistics (Calendar Quarters)

Production Statistic - Building Licences (dwellings)



Source: Eurostat



Source: IHS, LMC July 2017

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