

Frequently asked questions and answers on first quarter results
(Financial Year ending March 2016)

Q. In terms of progress on the Group's forecast for trading profits in the first half (H1), the first quarter (Q1) results look slow.

A. Results appear slow due to the one-off cost increase caused by the periodical repairs of architectural glass float lines in Q1. They were anticipated in the plan.

Q. Were Q1 results in line with your expectations?

A. Results were slightly behind the internal plan, since Technical Glass underperformed, but this was offset by the benefit of lower energy prices and strong results from other businesses and regions.

Q. What is the outlook of the energy prices and input costs going forward?

A. The benefit from lower input costs for Q1 was approximately JPY 1 billion. This trend is expected to continue for the time being, and can act as an upward driver for our plan.

Q. What was the cause of Technical Glass' profit decline? Will it be restored in Q2?

A. There were operational problems in Q1 with respect to display glass quality, which led to cost increases in the quarter. Also, the revenue for display glass was affected by the market price decline and quality issue.

Since then, however, the quality problem was resolved, the cost level in Q2 is expected to improve and sales volume is increasing.

Q. Though there was a significant increase in car sales in Western Europe, your revenues from Automotive Europe in Q1 did not show an increase. Are there any unusual factors at play?

A. There are no unusual circumstances. Our automotive glass business primarily depends not on the number of car sold, but on new car production. This result was due to production of the car model that uses our glass.

Q. What will increase trading profit in Q2 and in the coming quarters?

A. We expect profit to increase quarter by quarter due to recovery in the Technical Glass business, absence of one-off cost increases due to float furnace repairs incurred in Q1, sales price increases in architectural glass (mainly in Europe, Japan and North America), growth in the solar energy glass sales, and further cost savings across the Group.

Thus, there is no change in the financial forecast for H1 as well as for the full year.

End.