

NSG
GROUP



NSG Group

FY2014 Quarter 2 Results

(from 1 April 2013 to 30 September 2013)

Nippon Sheet Glass Co., Ltd.
7 November 2013

Keiji Yoshikawa

Chief Executive Officer

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Chief Operating Officer

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Chief Financial Officer

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Executive Vice President

FY2014 Quarter 2 Results

(from 1 April 2013 to 30 September 2013)



Agenda

Key Points

Financial Results

Business Update

Summary

Key Points - April to September 2013



- Cumulative Q2 results consistent with forecast
- Profit improvement reflects operational cost savings
- Market conditions broadly stable
- Restructuring activities progressing to plan, additional measures announced

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Consolidated Income Statement



<u>(JPY bn)</u>	<u>Cum Q2 FY2014</u>	<u>Cum Q2 FY2013</u>	<u>Change from Cum Q2 FY2013</u>
Revenue	302.2	260.7	16%**
Trading profit	9.2	2.3	
Amortization*	(4.3)	(3.3)	
Operating profit/(loss) before exceptional items	4.9	(1.0)	
Exceptional items	(6.0)	(10.1)	
Operating loss	(1.1)	(11.1)	
Finance expenses (net)	(9.4)	(7.8)	
Share of JVs and associates	0.4	0.2	
Loss before taxation	(10.1)	(18.7)	
Loss for the period	(10.5)	(17.3)	
Loss attributable to owners of the parent	(11.1)	(17.7)	
EBITDA	25.2	16.4	54%

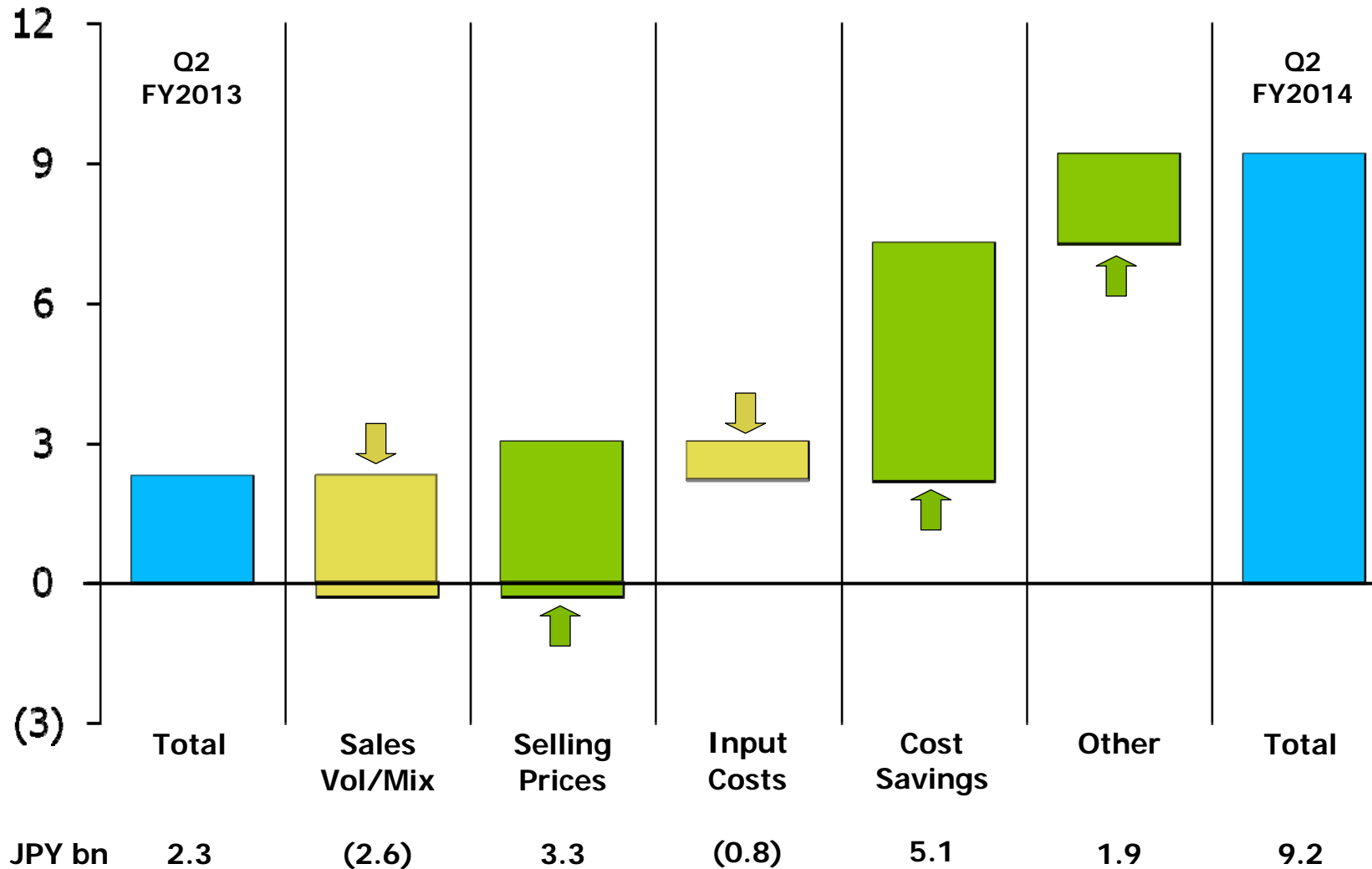
* Amortization arising from the acquisition of Pilkington plc only

** -1% based on constant exchange rates

Market conditions broadly stable

Change Analysis

Trading profit



Profit improvement reflects operational cost savings

Consolidated Cash Flow Summary



(JPY bn)	Cum Q2 FY2014	Cum Q2 FY2013
Loss for the period	(10.5)	(17.3)
Depreciation and amortization	20.6	17.5
Net change in working capital	1.5	2.4
Tax paid	(1.3)	(3.2)
Others	(8.5)	(2.0)
Net cash inflow/(outflow) from operating activities	1.8	(2.6)
Purchase of property, plant and equipment	(9.2)	(15.7)
Others	4.2	0.8
Net cash outflow from investing activities	(5.0)	(14.9)
Cash flow before financing activities	(3.2)	(17.5)

Improving cash flows

Key Performance Indicators



	<u>30-Sep-13</u>	<u>31-Mar-13</u>
Net Debt (JPY bn)	375	361
Net Debt/EBITDA	8.1x	9.6x
Net Debt/Equity Ratio	2.3	2.3
	<u>Q2 FY2014</u>	<u>Q2 FY2013</u>
EBITDA Interest Cover	3.3x	2.7x
Operating Return* on Sales	3.0%	0.9%
* Trading profit		

Revised Forecast



<u>(JPY bn)</u>	<u>Forecast FY2014 (Original)</u>	<u>Forecast FY2014 (Revised)</u>	<u>Movement</u>
Revenue	600	600	-
Trading Profit	22.0	22.0	-
Amortization*	(8.0)	(8.0)	-
Operating profit/(loss) before exceptional items	14.0	14.0	-
Exceptional items	(11.0)	(14.0)	(3.0)
Operating profit	3.0	0.0	(3.0)
Finance expenses (net)	(20.0)	(20.0)	-
Share of JVs and associates	2.0	2.0	-
Loss before taxation	(15.0)	(18.0)	(3.0)
Taxation	(5.0)	(2.0)	3.0
Loss for the period	(20.0)	(20.0)	-
Loss attributable to owners of the parent	(21.0)	(21.0)	-

* Amortization arising from the acquisition of Pilkington plc only

Trading results as previously forecast

Revised Forecast



- Headline trading profit forecast as previously announced
- Forecast revision relates to two offsetting amendments
 1. Increased exceptional costs of ¥ 3 billion
 - Intention to mothball the Group's architectural float line at Cowley Hill, UK announced 7 November 2013, with recurring annual profit benefit of ¥ 3 billion from FY2015
 2. Reduced taxation charge of ¥ 3 billion
 - Reduced rates of corporation tax in the UK now substantially enacted, resulting in a reduction in the Group's UK deferred taxation liabilities

Refinancing Update



Significant new financial facilities arranged to finance retirement of existing facilities:

- Syndicated loan of ¥ 15.5 billion arranged in Tokyo
- Syndicated loan of ¥ 16.8 billion (circ.€130 million) arranged in London
- Further bilateral finance agreements of ¥ 5.1 billion secured

Completion of these facilities concludes the refinancing of the Group's maturing FY2014 indebtedness

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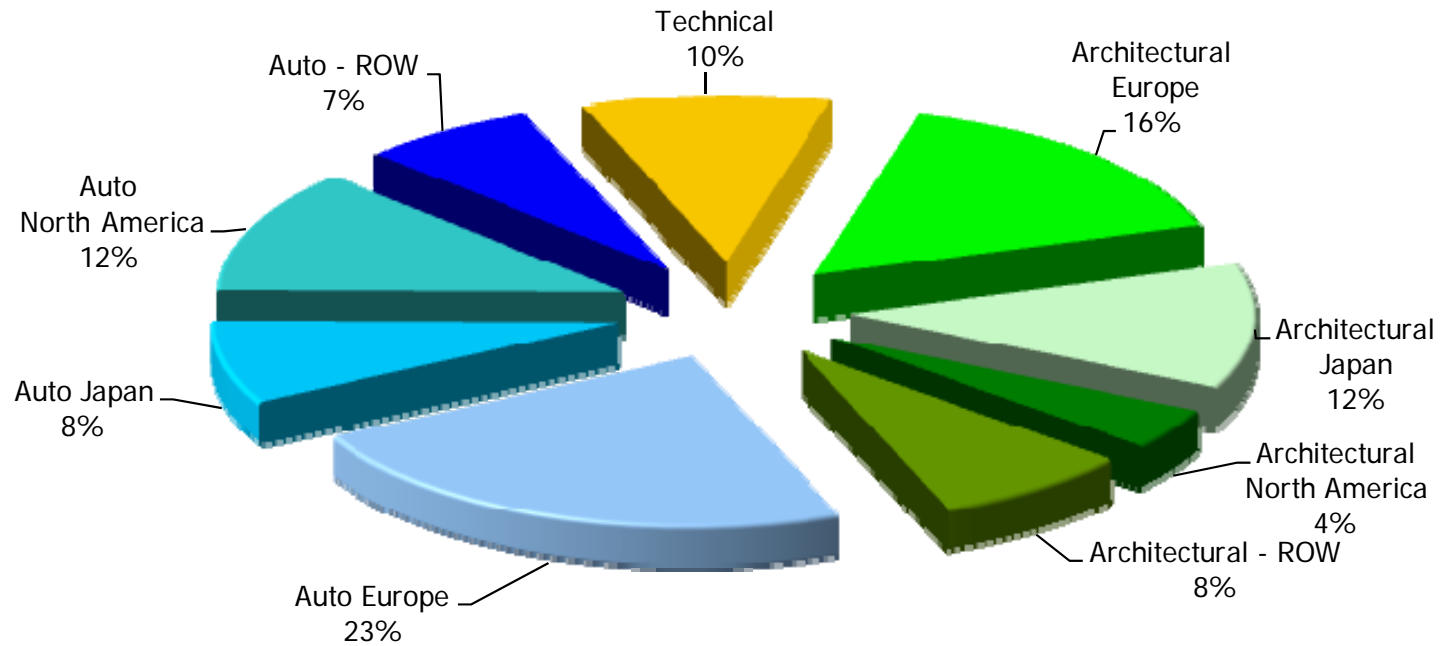
Business Update

Summary

External Revenue – Group Businesses



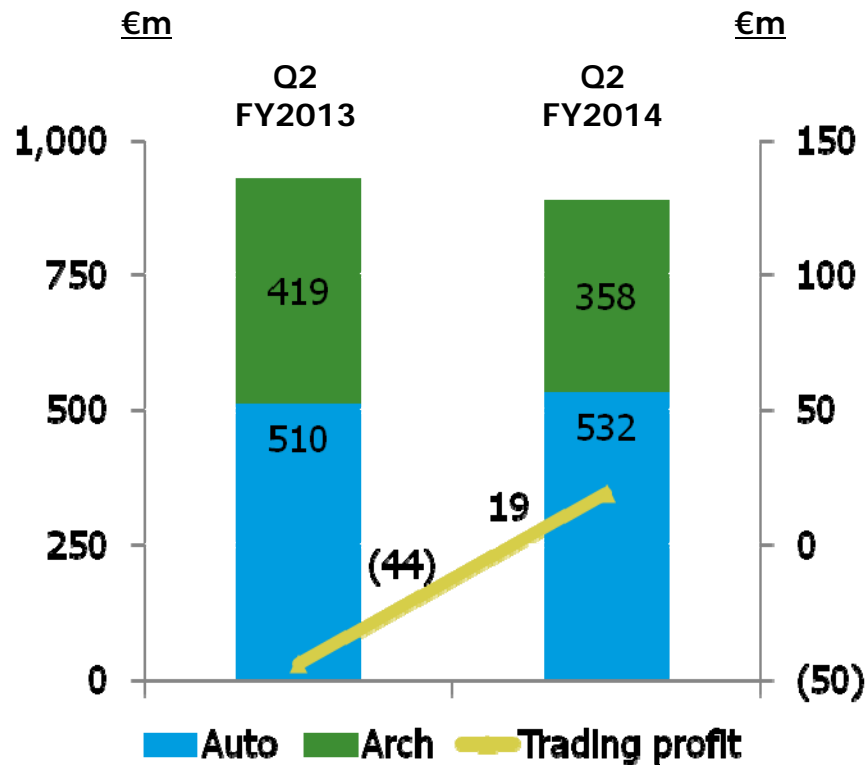
¥ 302.2 billion



Cumulative Q2 FY2014

Europe

Q2 FY2014 v Q2 FY2013



Architectural

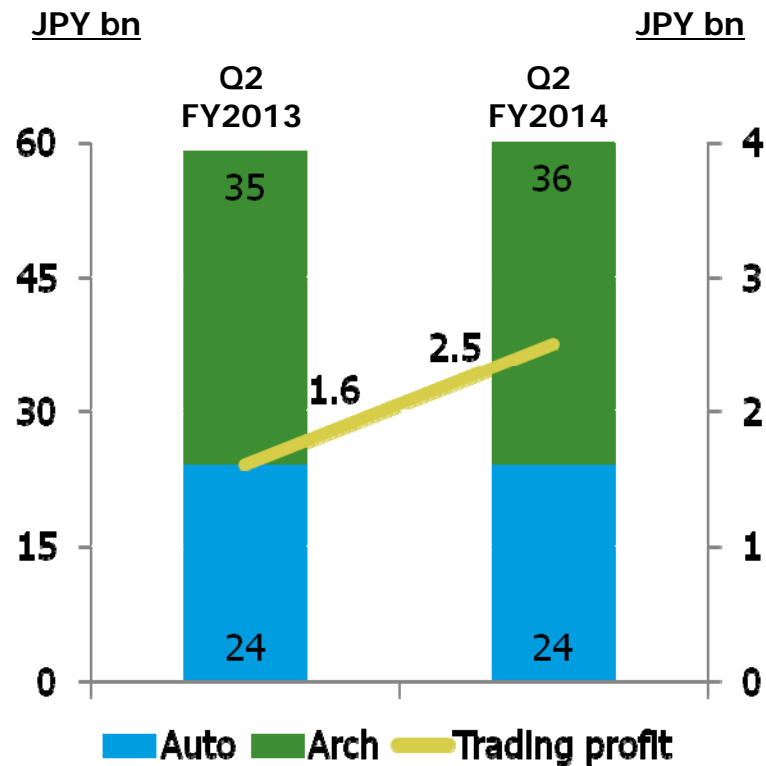
- Volumes 10% below FY13
- Cost reductions enable return to profitability

Automotive

- OE demand stable but at historically low level
- Increased AGR demand
- Profits improving due to restructuring actions

Japan

Q2 FY2014 v Q2 FY2013



Architectural

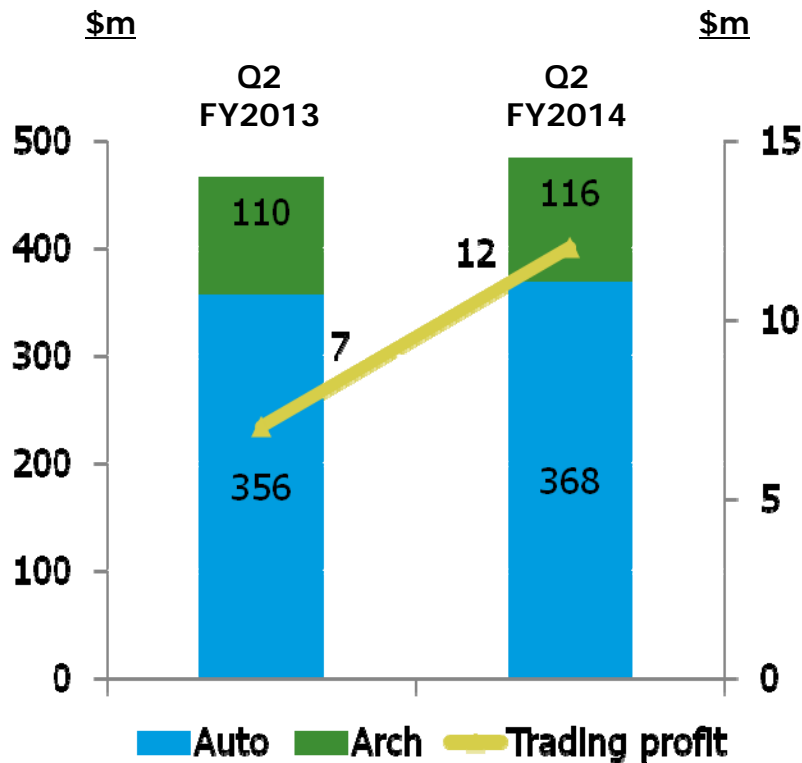
- Improvement in market lead indicators
- Volumes and prices similar to previous year

Automotive

- Weakened yen supporting vehicle exports
- Profits increased due to cost reductions and improved volumes

North America

Q2 FY2014 v Q2 FY2013



Architectural

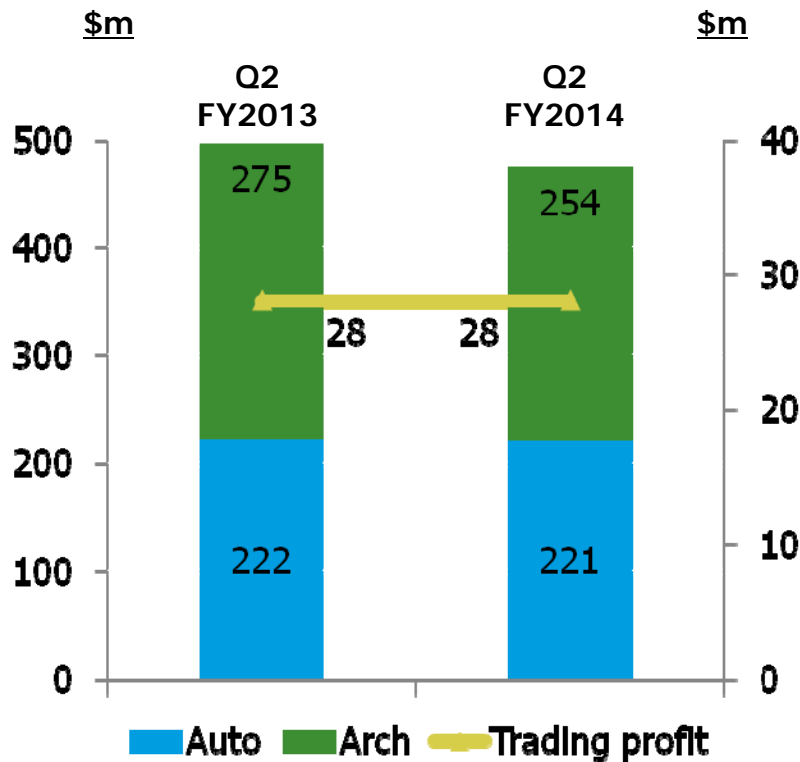
- Increased domestic demand offsetting reduced Solar Energy dispatches
- Price levels above the previous year

Automotive

- Further recovery of OE markets
- AGR performance similar to previous year

Rest of World

Q2 FY2014 v Q2 FY2013



Architectural

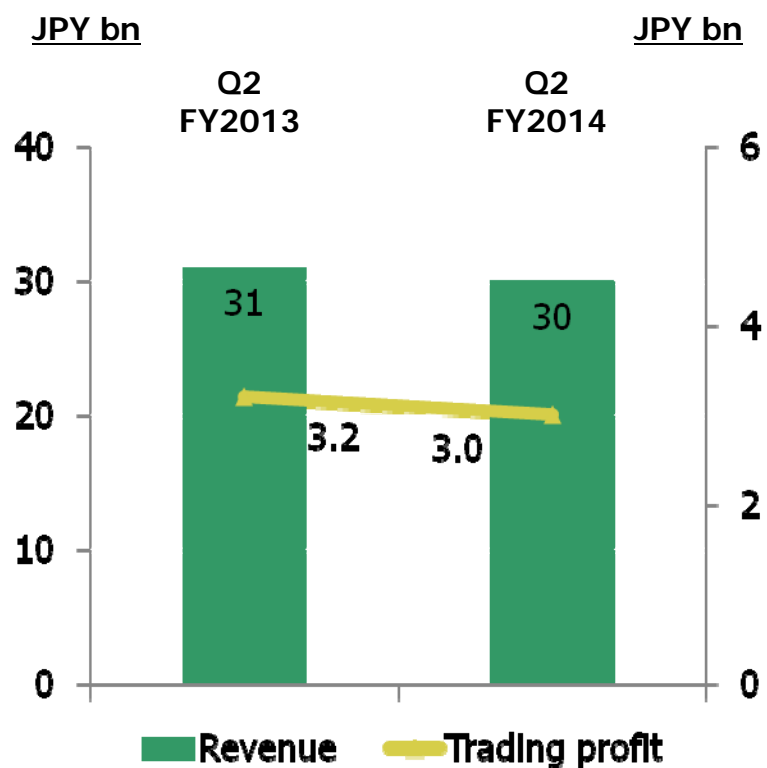
- Improving market conditions in South America and South East Asia
- Increased local currency revenues and profits

Automotive

- Increased consumer demand for vehicles
- Improved local currency revenues and profits

Technical Glass

Q2 FY2014 v Q2 FY2013



Technical Glass

- Revenues flat as yen translation gain offsets volume reduction
- Thin glass volumes for smart phones and tablet devices increased, other application fell
- Improving conditions in office printer and glass cord markets

Joint Ventures and Associates

Q2 FY2014 v Q2 FY2013



(JPY bn)	<u>Q2</u> <u>FY2014</u>	<u>Q2</u> <u>FY2013</u>
Share of post-tax profits	0.4	0.2

- Cebrace profits improved due to increased levels of demand
- Start up of float line in Colombia with associated costs

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- Cumulative Q2 results consistent with forecast
- Profit improvement reflects operational cost savings
- Market conditions broadly stable
- Restructuring activities progressing to plan, additional measures announced
- All FY2014 maturing facilities successfully refinanced
- FY2014 forecast revised, loss for the period remains unchanged

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

Q2 FY2014



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Architectural	35.9	46.8	11.6	25.2	119.5
Automotive	23.9	69.6	36.6	22.0	152.1
Technical	15.4	3.9	0.6	10.2	30.1
Others	0.4	0.1	0.0	0.0	0.5
Total	75.6	120.4	48.8	57.4	302.2

Trading profit

Q2 FY2014



(JPY bn)	Archtectural	Automotive	Technical Glass	Other	Total
Trading Profit	4.4	4.6	3.0	(2.8)	9.2

(JPY bn)	Japan	Europe	North America	Rest of World	Total
Trading Profit	2.6	2.1	1.1	3.4	9.2

Revised Forecast



(JPY bn)

	<u>Actuals</u> H1 FY2014	<u>Forecast</u> H2 FY2014	<u>Forecast</u> FY2014 (revised)
Revenue	302.2	297.8	600
Trading Profit	9.2	12.8	22
Amortization*	(4.3)	(3.7)	(8)
Operating profit before exceptional items	4.9	9.1	14
Exceptional items	(6.0)	(8.0)	(14)
Operating profit/(loss)	(1.1)	1.1	0
Finance expenses (net)	(9.4)	(10.6)	(20)
Share of JVs and associates	0.4	1.6	2
Loss before taxation	(10.1)	(7.9)	(18)
Loss for the period	(10.5)	(9.5)	(20)
Loss attributable to owners of the parent	(11.1)	(9.9)	(21)

* Amortization arising from the acquisition of Pilkington plc only

Assumptions



	Q2 FY2013	Q2 FY2014	FY2014 Forecast
Average rates used:			
JPY/GBP	126	153	150
JPY/EUR	101	131	130
JPY/USD	80	99	100
Closing rates used:			
JPY/GBP	126	158	
JPY/EUR	100	132	
JPY/USD	78	98	

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