

NSG

GROUP

NSG Group

FY2016 Quarter 2 Results

(from 1 April 2015 to 30 September 2015)

Shigeki Mori

Chief Executive Officer

Clemens Miller

Chief Operating Officer

Mark Lyons

Chief Financial Officer

Kenichi Morooka

Executive Vice President

FY2016 Q2 Results

(from 1 April 2015 to 30 September 2015)



Agenda

Key Points

Financial Results

Business Update

Forecast and Summary

Key Points - April to September 2015



- Trading profit remains at same level as previous year
- Indications of improving outlook in Europe
- Improved performance in Japan
- Performance in North America and South East Asia remains strong
- Difficult market conditions persist in South America
- Display business continues to face challenging competitive environment

FY2016 Q2 Results

(from 1 April 2015 to 30 September 2015)



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Consolidated Income Statement



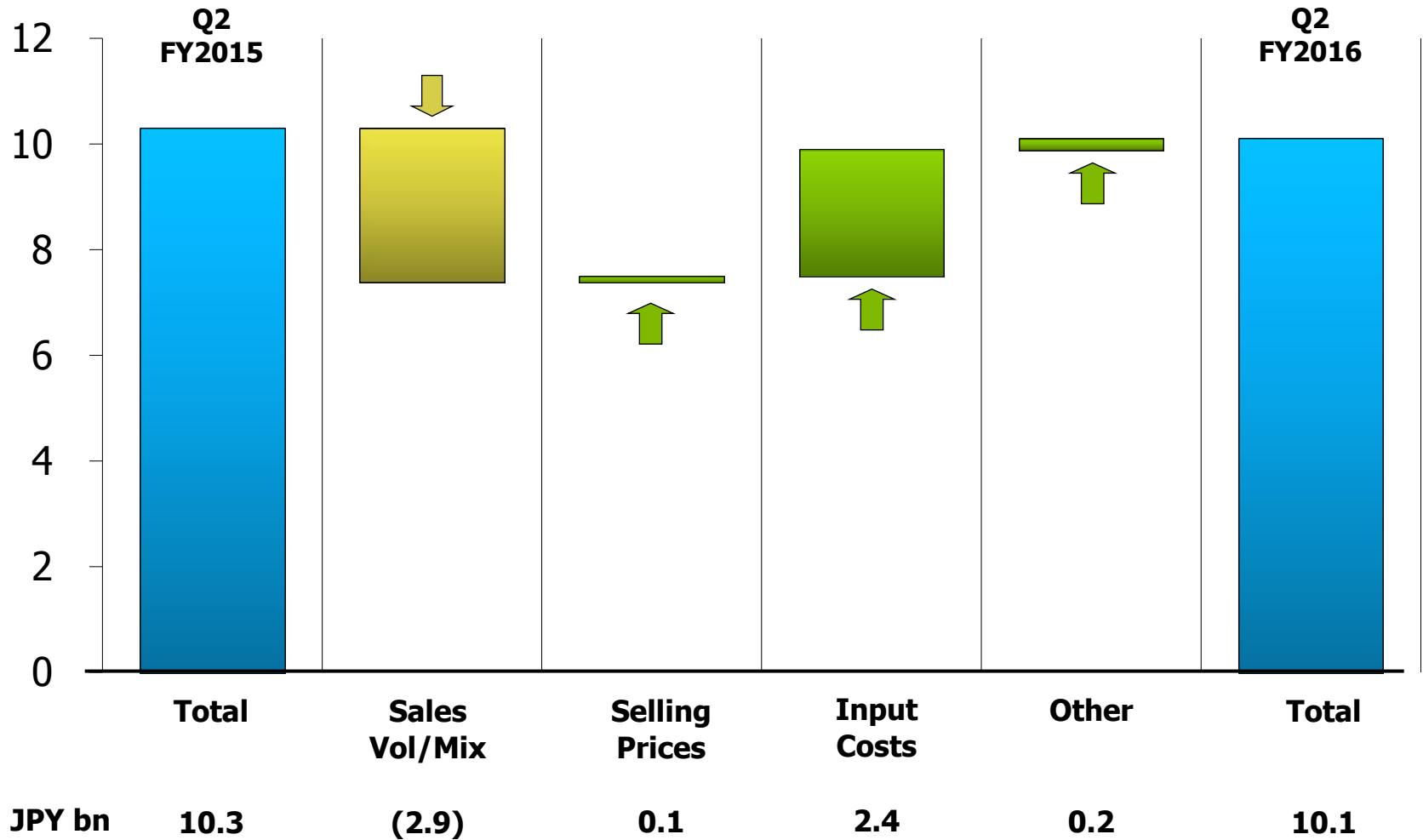
(JPY bn)	<u>Cum Q2</u> <u>FY2016</u>	<u>Cum Q2</u> <u>FY2015</u>
Revenue	321.7	309.5
Trading profit	10.1	10.3
Amortization*	(4.0)	(4.2)
Operating profit	6.1	6.1
Exceptional items	(1.5)	13.2
Finance expenses (net)	(8.8)	(8.8)
Share of JVs and associates	(0.5)	0.4
Profit/(loss) before taxation	(4.7)	10.9
Profit/(loss) for the period	(1.6)	8.3
Profit/(loss) attributable to owners of the parent	(2.7)	7.9
EBITDA	27.1	26.3

* Amortization arising from the acquisition of Pilkington plc only

Profit reflects mixed market conditions

Change Analysis

Trading profit



Consolidated Cash Flow Summary



(JPY bn)	<u>Q1</u> <u>FY2016</u>	<u>Q2</u> <u>FY2016</u>	<u>Cum Q2</u> <u>FY2016</u>
Loss for the period	(0.5)	(1.1)	(1.6)
Depreciation and amortization	10.6	10.4	21.0
Net change in working capital	(14.9)	3.9	(11.0)
Net interest paid	(2.1)	(6.5)	(8.6)
Tax paid	(1.2)	(0.6)	(1.8)
Others	(3.4)	2.4	(1.0)
Net cash outflow from operating activities	(11.5)	8.5	(3.0)
Purchase of property, plant and equipment	(8.6)	(8.4)	(17.0)
Others	(0.3)	(0.2)	(0.5)
Net cash outflow from investing activities	(8.9)	(8.6)	(17.5)
Cash flow before financing activities	(20.4)	(0.1)	(20.5)

Key Performance Indicators



	<u>30-Sep-15</u>	<u>31-Mar-15</u>
Net Debt (JPY bn)	398	374
Net Debt/EBITDA	6.8x	6.5x
Net Debt/Equity Ratio	2.2	2.0
	<u>Q2 FY2016</u>	<u>Q2 FY2015</u>
EBITDA Interest Cover	3.4x	3.4x
Operating Return* on Sales	3.2%	3.3%

* trading profit

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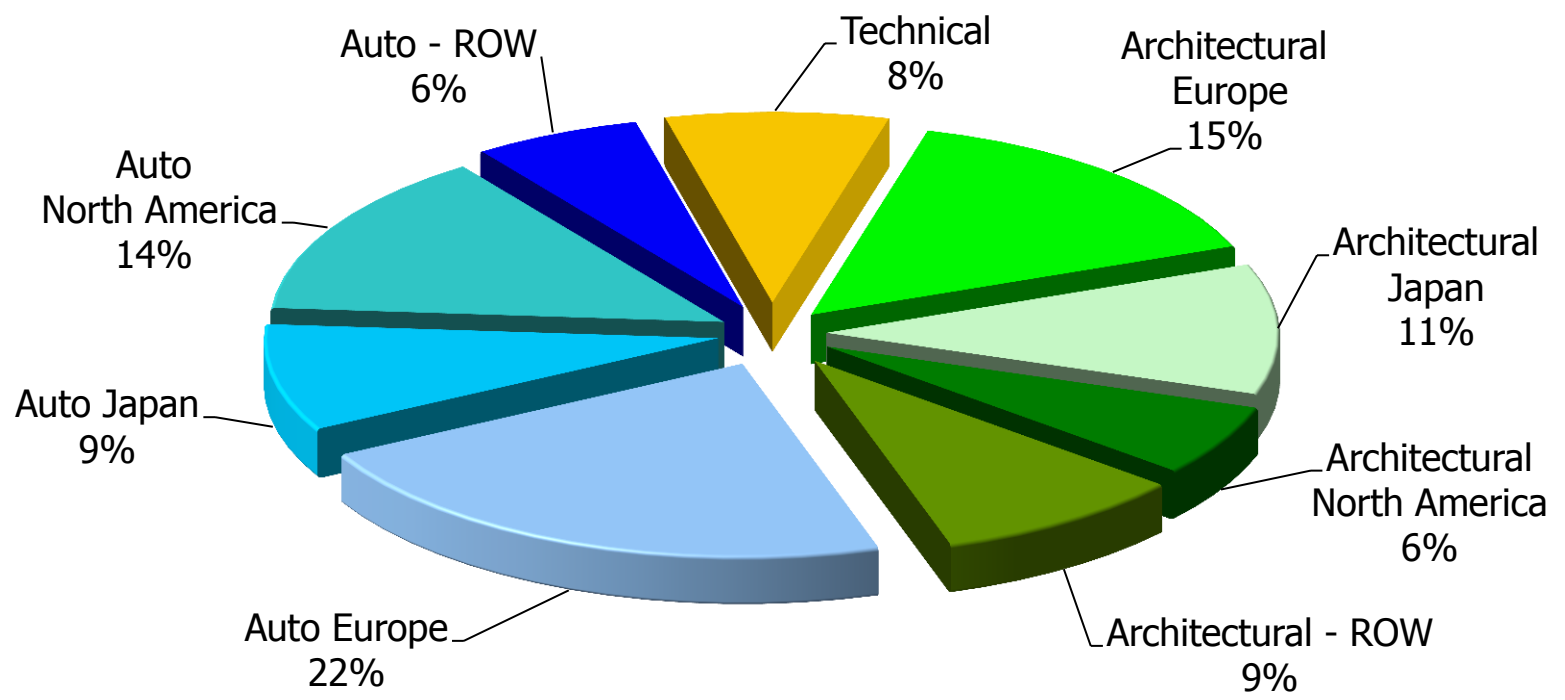
Business Update

Forecast and Summary

External Revenue – Group Businesses



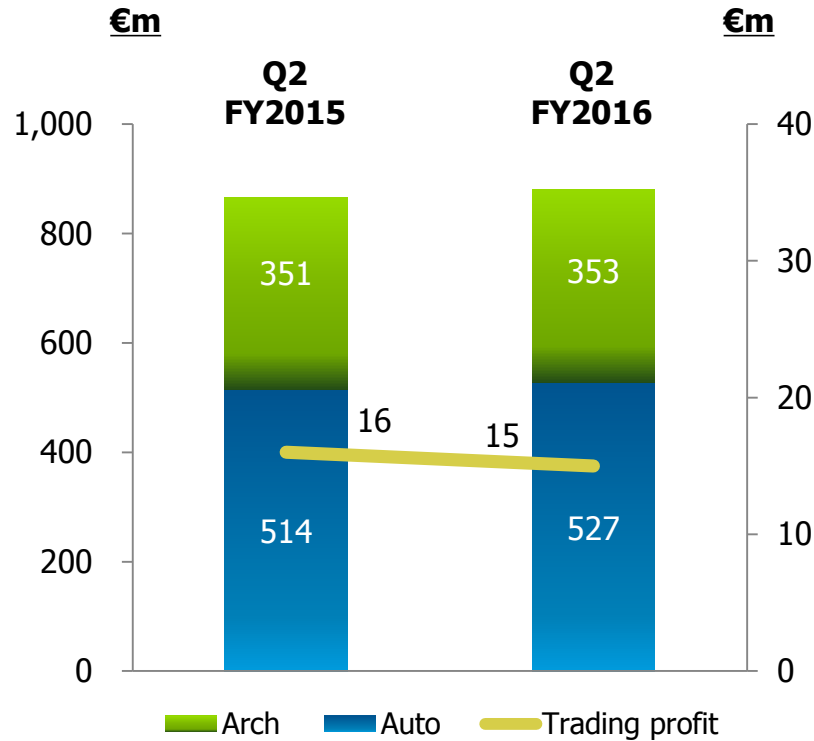
¥ 321.7 billion



Cumulative Q2 FY2016

Europe

Q2 FY2015 v Q2 FY2016



Architectural

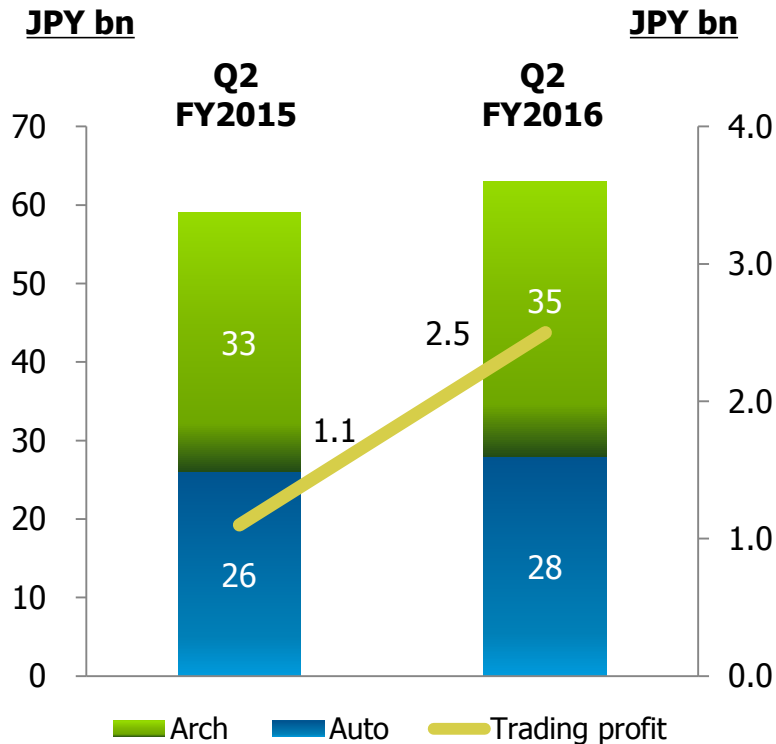
- Profits were negatively affected by a cold repair, offsetting the positive impact of lower input costs
- Signs of market improvement in some regions

Automotive

- Local currency revenues and profits improved slightly from previous year
- Growth in Western Europe indicating a sustainable market recovery

Japan

Q2 FY2015 v Q2 FY2016



Architectural

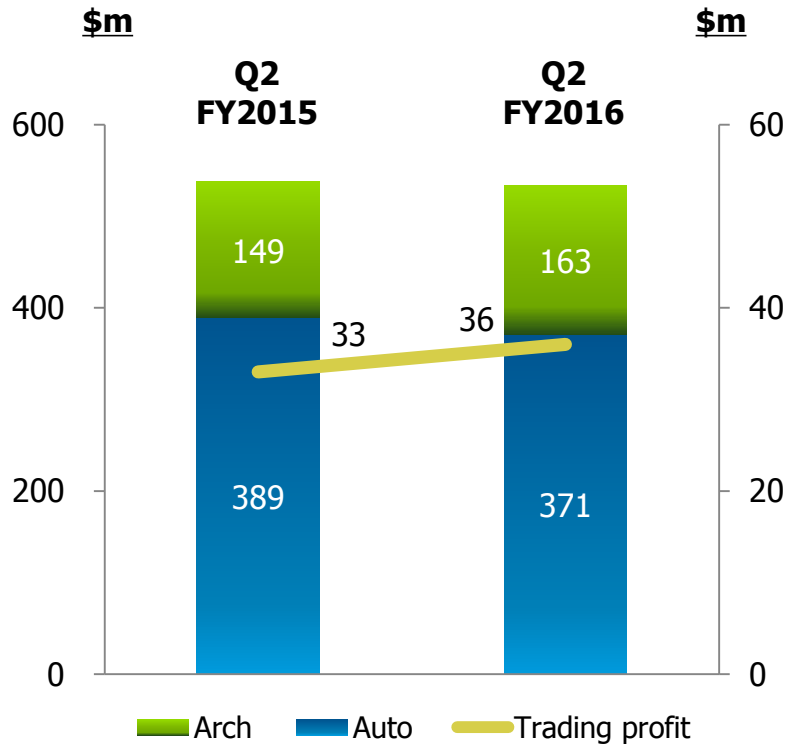
- Results improved with increased volumes and prices, but market conditions prevented any significant upward price pressure

Automotive

- Revenues and profits ahead of previous year, despite the fall of light-vehicles sales after the revised eco-car incentives

North America

Q2 FY2015 v Q2 FY2016



Architectural

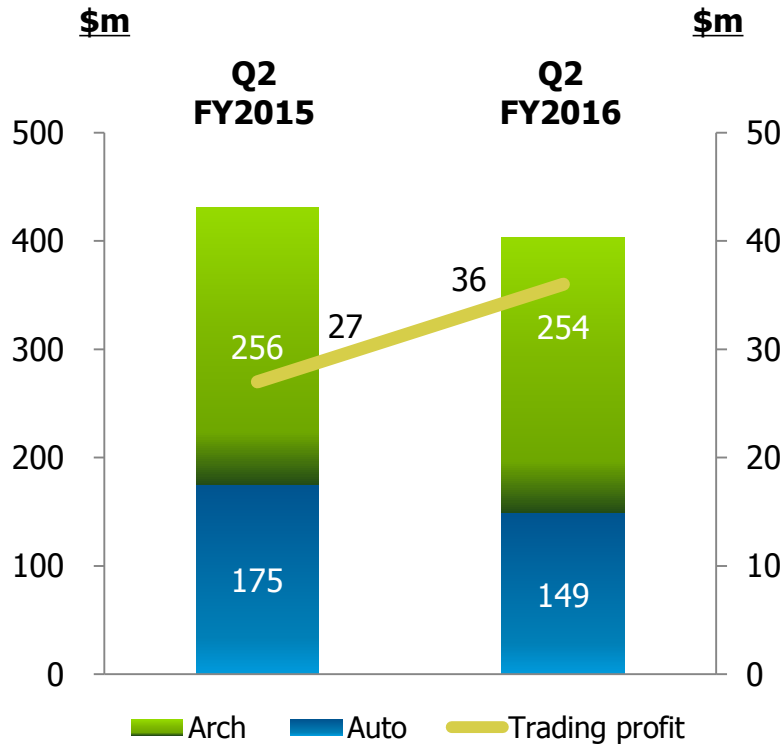
- Revenues and profits improved, as architectural markets continue to show growth

Automotive

- Revenues were slightly below the previous year

Rest of World

Q2 FY2015 v Q2 FY2016



Architectural

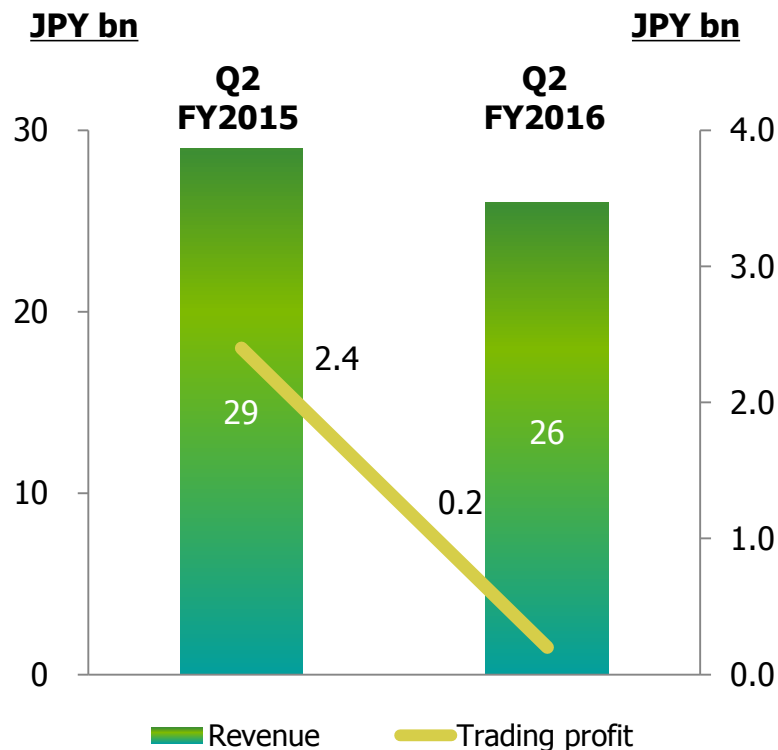
- Robust demand in South East Asia
- Profits in Argentina affected by impact of cold repair

Automotive

- Weak market conditions persist in South America

Technical Glass

Q2 FY2015 v Q2 FY2016



Technical Glass

- Revenues and profits fell due to challenging competitive environment and production issues in Display
- Robust demand for components used in office printers
- Volumes of glass cord used in engine timing belts were similar to the previous year

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Revised Forecast

(JPY bn)	<u>Original Forecast FY2016</u>	<u>New Forecast FY2016</u>	<u>Movement</u>
Revenue	655	650	(5)
Operating profit	24	19	(5)

- Challenging market conditions expected to persist in display glass business
- Other businesses performing as expected

Summary



- Trading profit remains at same level as previous year
- Indications of improving outlook in Europe
- Improved performance in Japan
- Performance in North America and South East Asia remains strong
- Difficult market conditions persist in South America
- FY16 revenue and operating profit forecast revised to reflect challenging market conditions in Display glass business

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 FY2016



(JPY bn)	Europe	Japan	North America	Rest of World	Total
Architectural	47.7	34.5	19.9	31.0	133.1
Automotive	71.2	27.8	45.3	18.1	162.4
Technical Glass	4.1	11.4	0.6	9.7	25.8
Others	0.1	0.3	0.0	0.0	0.4
Total	123.1	74.0	65.8	58.8	321.7

Trading profit

Q2 FY2016



(JPY bn)	Architectural	Automotive	Technical Glass	Other	Total
Trading profit	9.1	4.1	0.2	(3.3)	10.1

(JPY bn)	Europe	Japan	North America	Rest of World	Total
Trading profit	2.1	0.1	4.2	3.7	10.1

Assumptions



Q2 FY2015 Q2 FY2016

Average rates used:

JPY/GBP	173	188
JPY/EUR	140	135
JPY/USD	103	122

Closing rates used:

JPY/GBP	178	182
JPY/EUR	139	135
JPY/USD	109	121

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