

NSG

GROUP

NSG Group

FY2017 Quarter 2 Results

(from 1 April 2016 to 30 September 2016)

Shigeki Mori

Chief Executive Officer

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Chief Operating Officer

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Chief Financial Officer

FY2017 Quarter 2 Results

(from 1 April 2016 to 30 September 2016)

Agenda

Key Points

Financial Results

Business Update

Forecast and Summary

Key Points - April to September 2016

- Significant increase in trading profits from previous year despite translational impact of yen appreciation
- Strong improvement in cash generation
- Progress in execution of business improvement initiatives, as value-added volumes increased across our businesses

FY2017 Quarter 2 Results

(from 1 April 2016 to 30 September 2016)



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Consolidated Income Statement

(JPY bn)	<u>FY2016</u> <u>Q2</u>	<u>FY2017</u> <u>Q2</u>	<u>Change</u> <u>from</u> <u>FY2016</u>
Revenue	321.7	289.8	-10% ²
Trading profit	10.1	15.7	55% ³
Amortization ¹	(4.0)	(2.2)	
Operating profit	6.1	13.5	
Exceptional items	(1.5)	6.4	
Finance expenses (net)	(8.8)	(9.3)	
Share of JVs and associates	(0.5)	0.3	
Profit/(loss) before taxation	(4.7)	10.9	
Profit/(loss) for the period	(1.6)	5.1	
Profit/(loss) attributable to owners of the parent	(2.7)	4.2	
EBITDA	27.1	30.0	11%

1 Amortization arising from the acquisition of Pilkington plc only

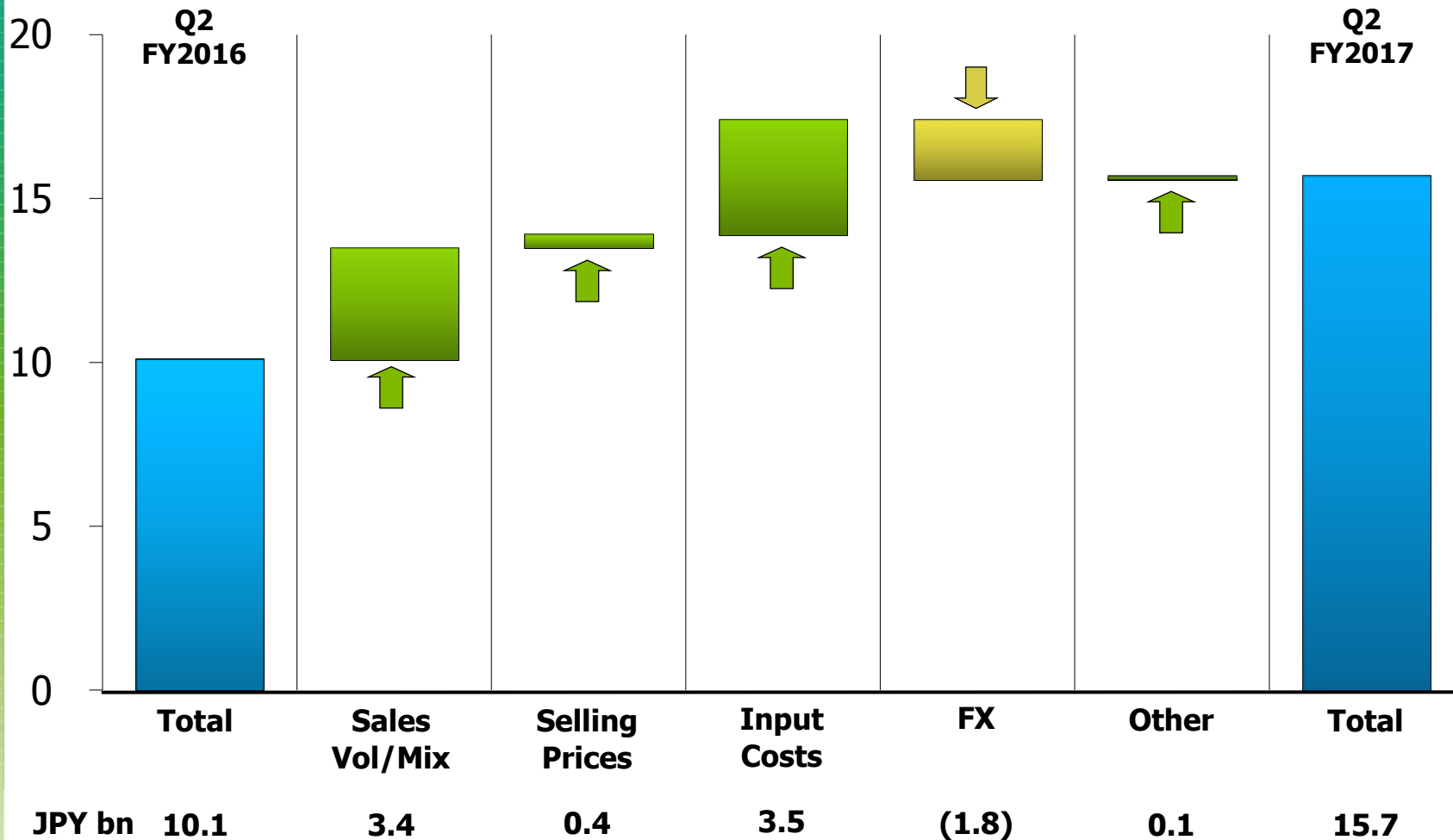
2 Increase of 4% based on constant exchange rates

3 Increase of 92% based on constant exchange rates

Profits improved despite foreign exchange movements

Change Analysis

Trading profit



Benefits from improved market conditions and lower input costs

Exceptional Items

(JPY bn)	<u>FY2016</u> <u>Q2</u>	<u>FY2017</u> <u>Q2</u>
Gain on disposal of non-current assets	-	7.9
Gain from exit of business	-	0.9
Gain on disposal of investments in associates	-	0.7
Gain on dilution in an associate	0.1	-
Restructuring costs	(1.1)	(1.6)
Impairment of non-current assets	-	(1.3)
Settlement of litigation matters	(0.4)	(0.2)
Other	(0.1)	-
	(1.5)	6.4

Exceptional gains from disposal of non-current assets

Consolidated Cash Flow Summary

(JPY bn)	<u>FY2016</u> <u>Q2</u>	<u>FY2017</u> <u>Q2</u>
Profit/(loss) for the period	(1.6)	5.1
Depreciation and amortization	21.0	16.5
Impairment	-	1.3
Gain on disposal of assets and exit of business	(0.1)	(9.8)
Tax paid	(1.8)	(2.5)
Others	(9.5)	(0.2)
Net operating cash flows before movement in working capital	8.0	10.4
Net change in working capital	(11.0)	(4.3)
Net cash flows from operating activities	(3.0)	6.1
Purchase of property, plant and equipment	(17.0)	(12.0)
Disposal proceeds	0.3	10.9
Others	(0.8)	(0.8)
Net cash flows from investing activities	(17.5)	(1.9)
Cash flows before financing activities	(20.5)	4.2

Strong improvement in cash generation

Key Performance Indicators

	<u>31-Mar-16</u>	<u>30-Sep-16</u>
Net Debt (JPY bn)	381	366
Net Debt/EBITDA	6.3x	5.8x
Net Debt/Equity Ratio	3.4	6.1
	<u>FY2016</u> <u>Q2</u>	<u>FY2017</u> <u>Q2</u>
EBITDA Interest Cover	3.4x	3.4x
Operating Return* on Sales	3.2%	5.4%

* trading profit

Profitability ratios improved, but equity affected by strengthened yen

FY2017 Quarter 2 Results

(from 1 April 2016 to 30 September 2016)



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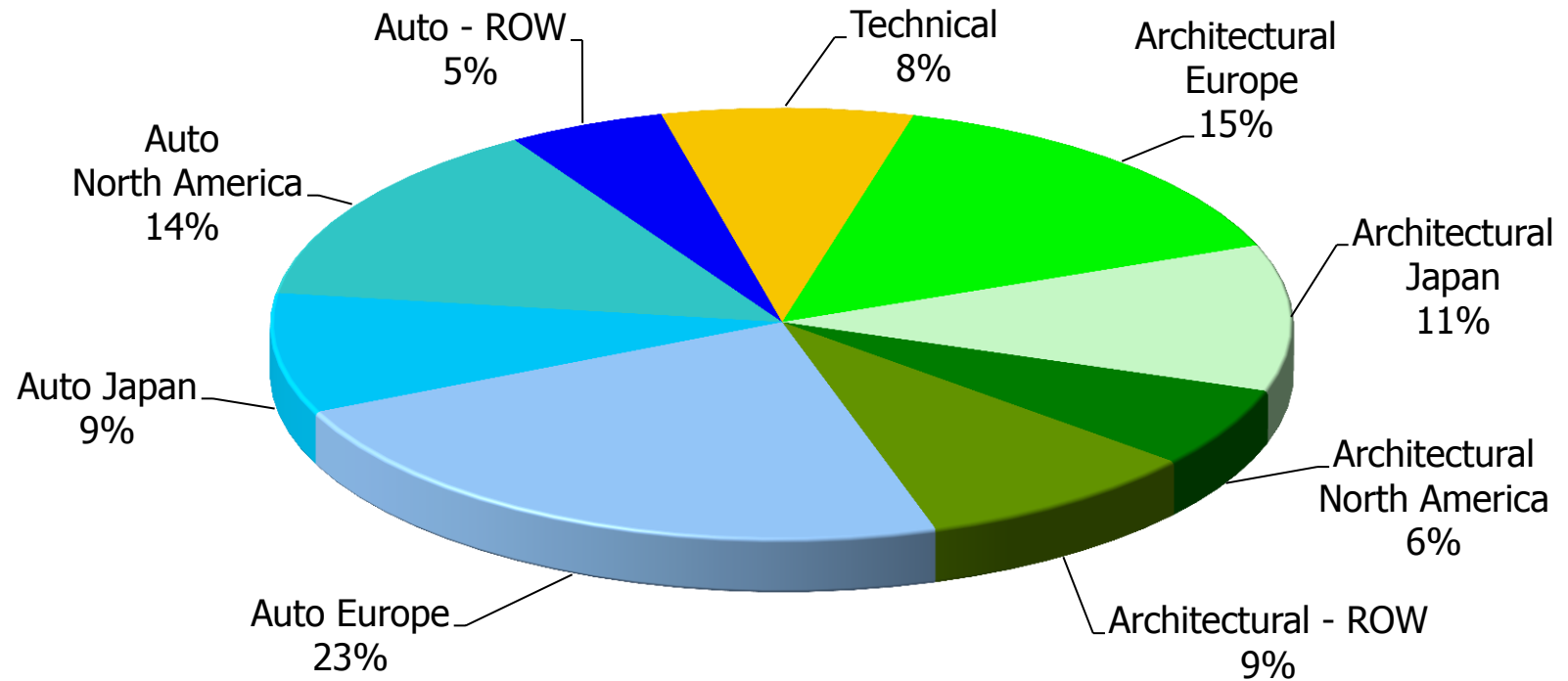
Financial Results

Business Update

Forecast and Summary

External Revenue – Group Businesses

¥ 289.8 billion

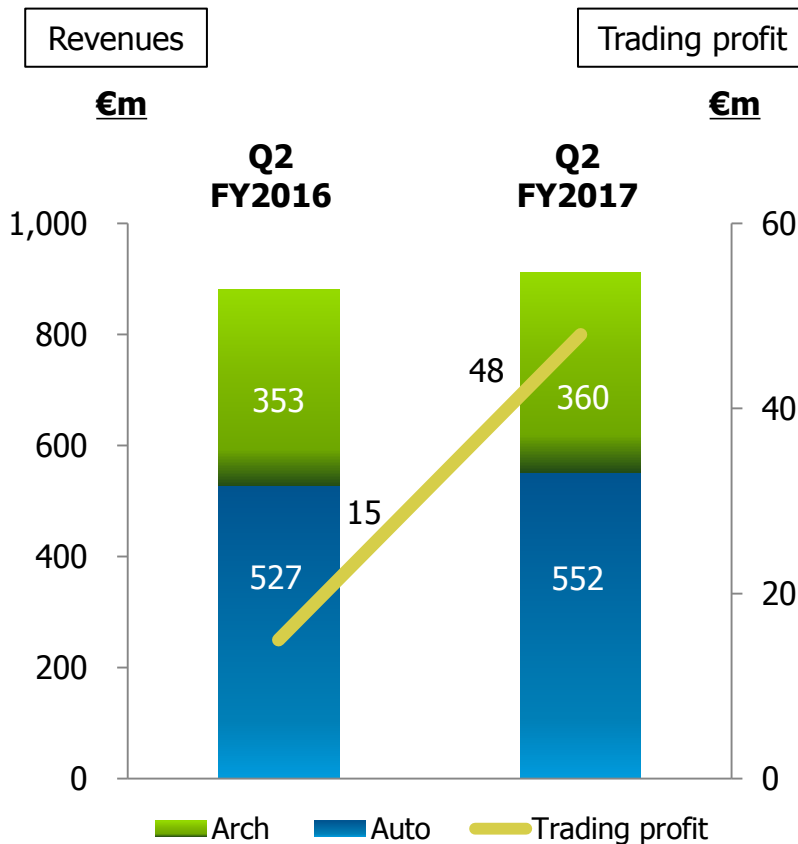


FY2017 Quarter 2

Diversified geographical coverage

Europe

Q2 FY2016 v Q2 FY2017



Architectural

- Volumes and prices improved due to increased market demand
- Profits benefitted from lower energy costs

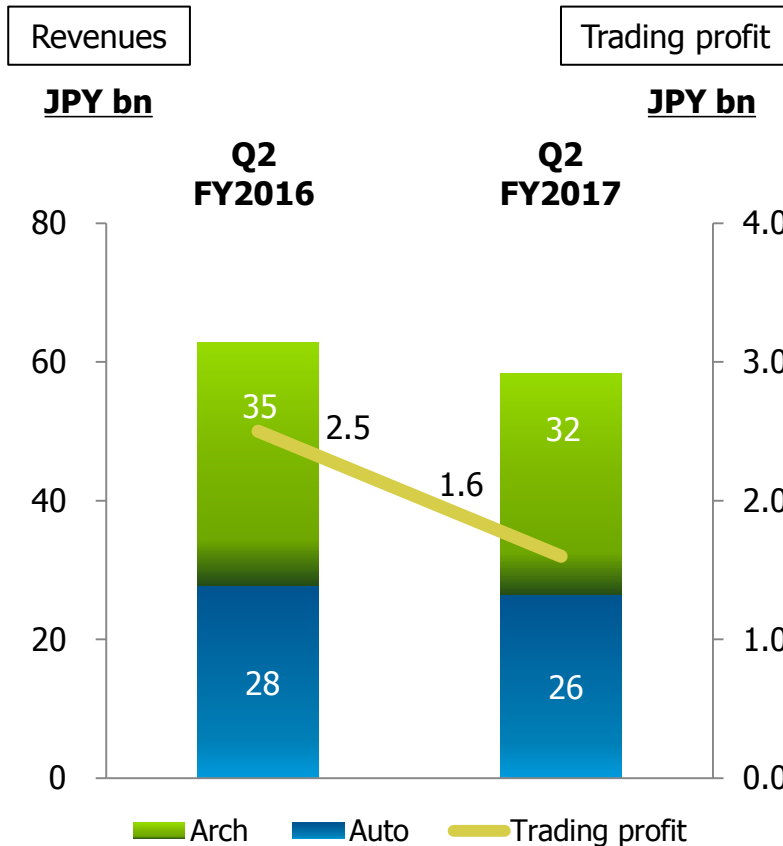
Automotive

- OE volumes benefitted from continued recovery of light-vehicle sales in the region
- Improved operational performance
- Robust volumes in AGR

Businesses benefitted from improved market conditions

Japan

Q2 FY2016 v Q2 FY2017



Architectural

- Commercial construction markets remain at low level
- Volumes below the previous year

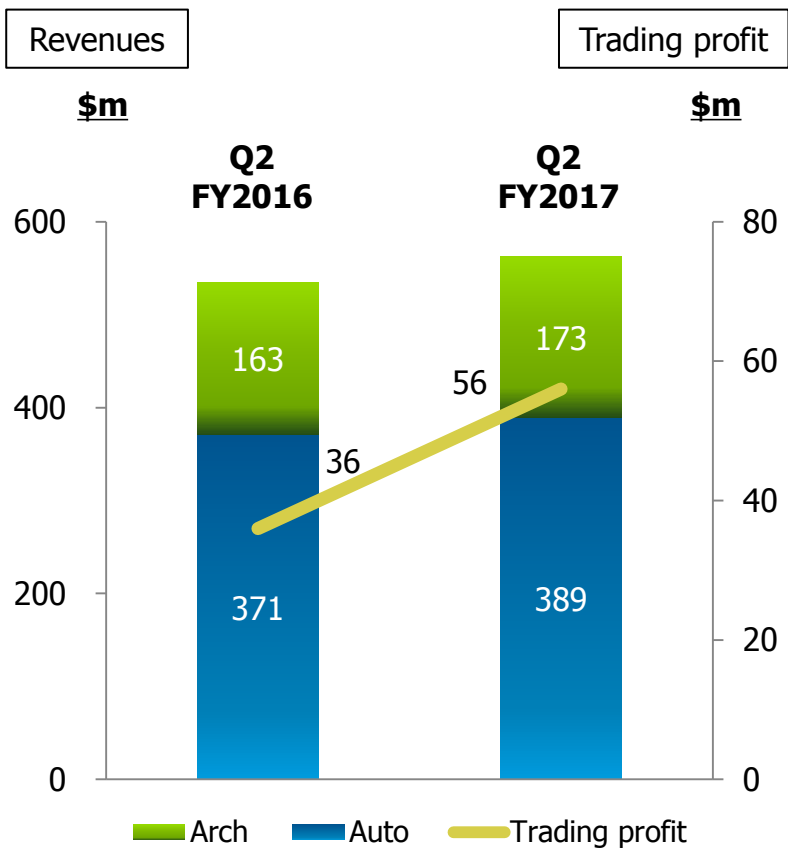
Automotive

- Revenues and profits fell slightly, reflecting continued low levels of consumer confidence

Profitability affected by softened market conditions

North America

Q2 FY2016 v Q2 FY2017



Architectural

- Revenues and profits improved, as selling prices continue to be strong
- Further growth in value-added volumes

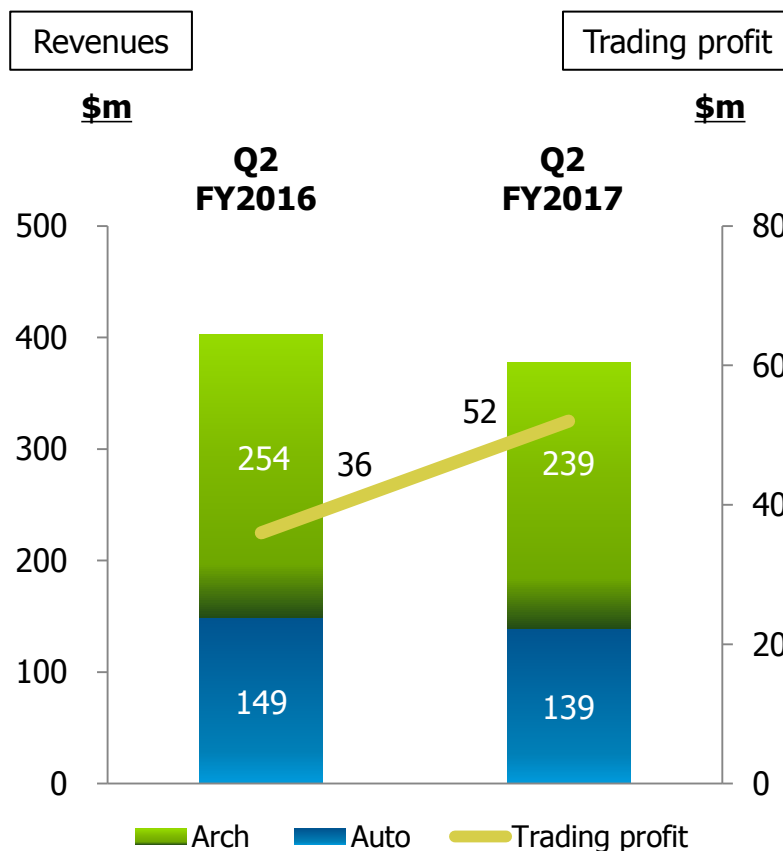
Automotive

- Improved OE revenues and profits reflects increased NSG volumes
- Improved operational efficiency
- AGR results similar to the previous year

Profitability improved as markets continue to show strength

Rest of World

Q2 FY2016 v Q2 FY2017



Architectural

- Previous year's results included the effect of a cold repair in Argentina
- Demand continues to be robust in South East Asia

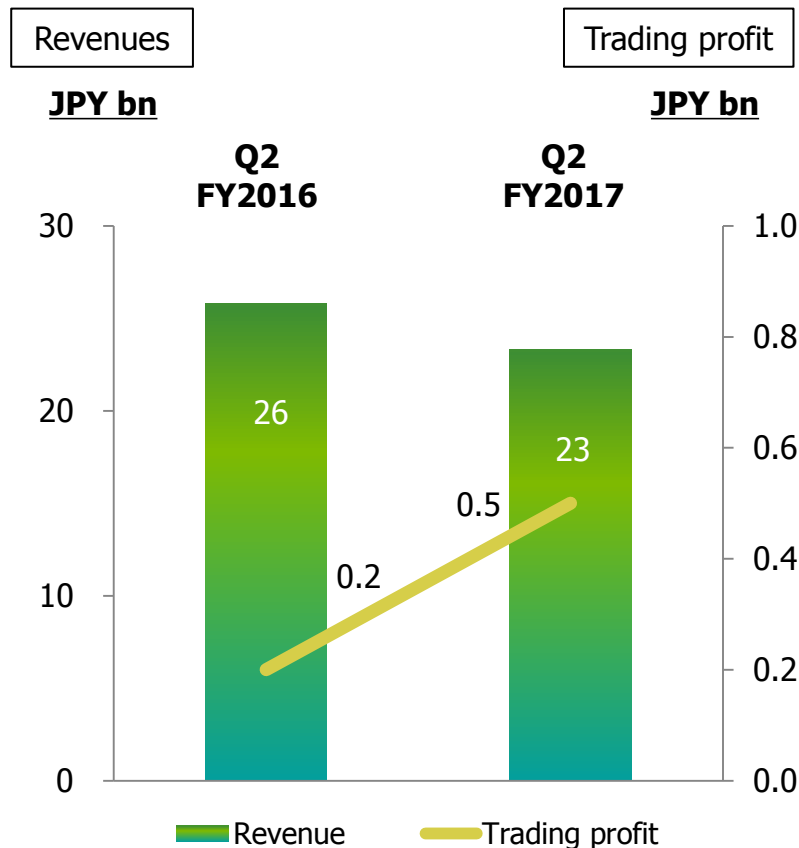
Automotive

- Weak market conditions persist in South America

Mixed market conditions among regions

Technical Glass

Q2 FY2016 v Q2 FY2017



Technical Glass

- Losses in the Display business narrowed following the mothballing of the thin glass float line in Vietnam
- Revenues from components used in multi-function printers declined
- Volumes of glass cord used in engine timing belts were robust, reflecting strengthening automotive markets
- Battery separator segment enjoying strong demand

Reduced losses in Display after mothballing the float line in Vietnam

Joint Ventures and Associates

Q2 FY2016 v Q2 FY2017

(JPY bn)	<u>FY2016 Q2</u>	<u>FY2017 Q2</u>
Share of post-tax results	(0.5)	0.3

- Profits were below the previous year at Cebrace, the Group's joint venture in Brazil
- Previous year losses in China and Russia Joint Ventures not repeated following March 2016 impairments

Previous year impairments removed effects of loss-making entities

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Revised FY2017 Forecast

(JPY bn)

Revenue

620

570

Operating profit

31

31

Profit before taxation

15

15

Profit for the period

7

7

Profit attributable to owners of the parent

5

5

Revised revenue forecast reflecting foreign exchange movements

Summary

- Significant improvement in profitability and cash generation from the previous year
- Progress in execution of business improvement initiatives, as value-added volumes increased across our businesses
- FY2017 revenues forecast revised, reflecting impact of strengthened yen

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

FY2016 Q2 v FY2017 Q2

<u>(JPY bn)</u>	<u>FY2016</u> <u>Q2</u>	<u>FY2017</u> <u>Q2</u>	<u>Change</u>
Architectural	133.1	118.4	(14.7)
Europe	47.7	42.8	(4.9)
Japan	34.5	32.0	(2.5)
North America	19.9	18.3	(1.6)
Rest of World	31.0	25.3	(5.7)
Automotive	162.4	147.9	(14.5)
Europe	71.2	65.7	(5.5)
Japan	27.8	26.4	(1.4)
North America	45.3	41.2	(4.1)
Rest of World	18.1	14.6	(3.5)
Technical Glass	25.8	23.3	(2.5)
Europe	4.1	3.5	(0.6)
Japan	11.4	12.0	0.6
North America	0.6	0.5	(0.1)
Rest of World	9.7	7.3	(2.4)
Other Operations	0.4	0.2	(0.2)
Europe	0.1	0.0	(0.1)
Japan	0.3	0.2	(0.1)
North America	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0
Total	321.7	289.8	(31.9)

Trading profit

FY2016 Q2 v FY2017 Q2

<u>(JPY bn)</u>	<u>FY2016</u> <u>Q2</u>	<u>FY2017</u> <u>Q2</u>	<u>Change</u>
by SBU			
Architectural	9.1	13.4	4.3
Automotive	4.1	5.3	1.2
Technical Glass	0.2	0.5	0.3
Other Operations	(3.3)	(3.5)	(0.2)
Total	10.1	15.7	5.6
by Region			
Europe	2.1	4.9	2.8
Japan	0.1	(0.4)	(0.5)
North America	4.2	5.7	1.5
Rest of World	3.7	5.5	1.8
Total	10.1	15.7	5.6

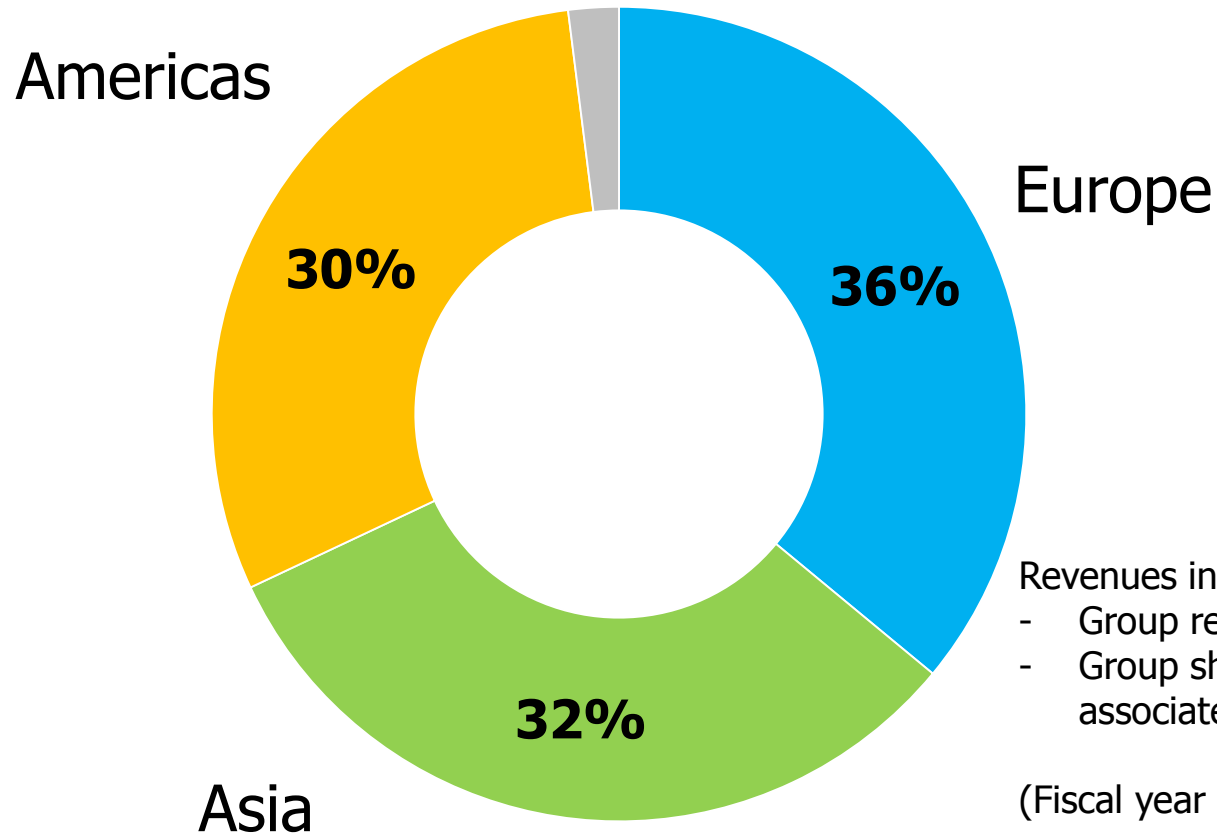
Consolidated Balance Sheet

	<u>31-Mar-16</u>	<u>30-Sep-16</u>	<u>Change</u>
(JPY bn)			
Assets	812.1	709.0	(103.1)
Non-current assets	571.4	489.3	(82.1)
Goodwill & intangible assets	176.4	149.6	(26.8)
Property, plant and equipment	258.9	230.5	(28.4)
Other	136.1	109.2	(26.9)
Current assets	240.7	219.7	(21.0)
Cash and cash equivalents	55.1	49.1	(6.0)
Other	185.6	170.6	(15.0)
Liabilities	700.1	648.8	(51.3)
Current liabilities	285.9	227.4	(58.5)
Financial liabilities	143.5	103.0	(40.5)
Other	142.4	124.4	(18.0)
Non-current liabilities	414.2	421.4	7.2
Financial liabilities	293.4	314.4	21.0
Other	120.8	107.0	(13.8)
Equity	112.0	60.2	(51.8)
Shareholders' equity	103.1	51.9	(51.2)
Non-controlling interests	8.9	8.3	(0.6)
Total liabilities and equity	812.1	709.0	(103.1)

Exchange Rates

	<u>FY2016</u> <u>Q2</u>	<u>FY2016</u> <u>Full-year</u>	<u>FY2017</u> <u>Q2</u>
Average rates used:			
JPY/GBP	188	181	145
JPY/USD	122	120	106
JPY/EUR	135	132	119
Closing rates used:			
JPY/GBP	182	161	130
JPY/USD	121	113	101
JPY/EUR	135	127	112

NSG Group Revenues by Geographical Destination (FY2016)



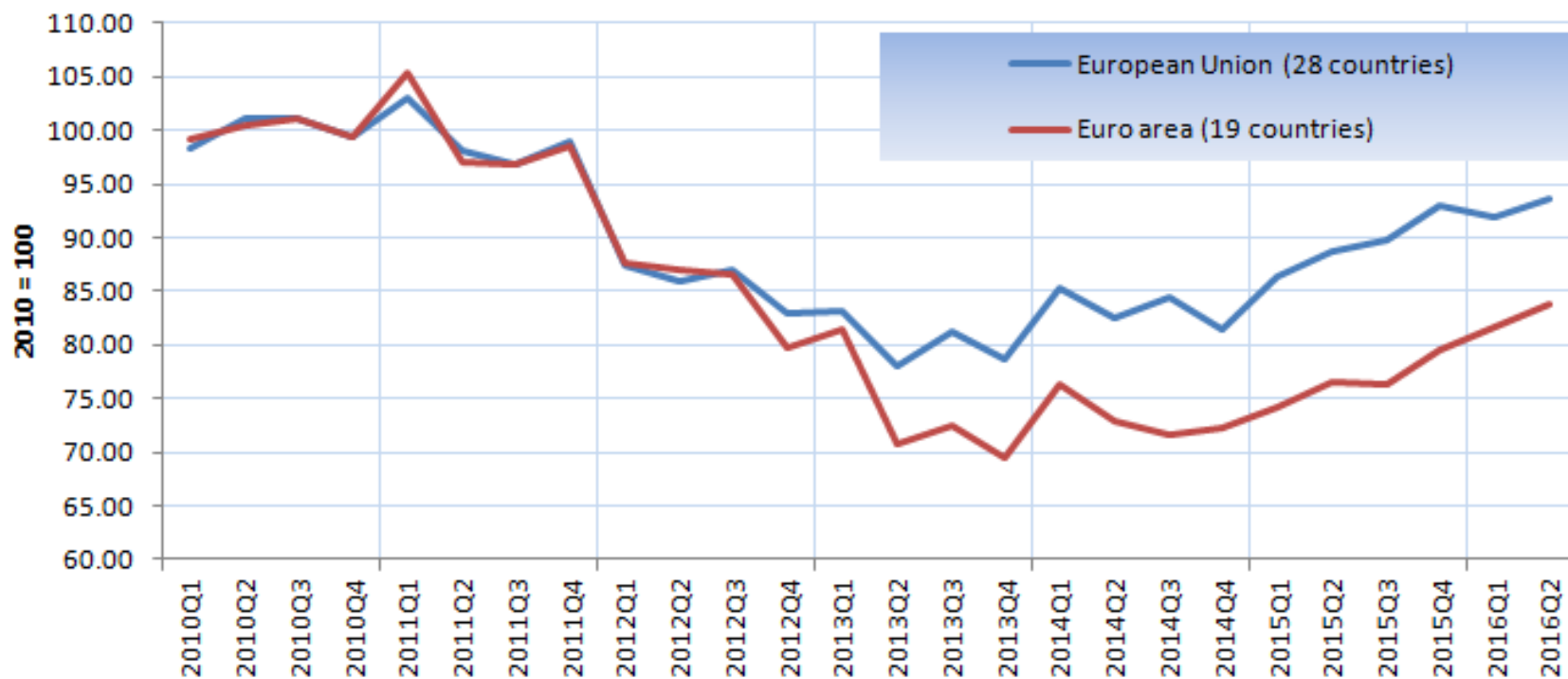
Revenues include:
- Group revenues: JPY 629 bn; and
- Group share of Joint Ventures & associates revenues: JPY 48bn

(Fiscal year ended 31 March 2016)

Balanced presence in Europe, Asia and Americas

Industry statistics

Building licenses (dwellings)



Source: Eurostat

NSG

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