

**NSG**  
**GROUP**

NSG Group  
Cumulative Quarter 2 Results  
(from 1 April 2009 to 30 September 2009)

12 November 2009

Katsuji Fujimoto – Chief Executive Officer  
Mike Powell – Group Finance Director

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# NSG Group Quarter 2 Results



(from 1 April 2009 to 30 September 2009)

## Agenda

- Financial Results
- Business Update
- Restructuring Progress
- Forecast Revision
- Summary

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## Key Points - April 09 to September 09

- Results reflect stabilizing market conditions
- Underlying demand still at low levels
- Price increases in BP Europe implemented
- Restructuring on schedule
- Controlled cash management
- FY2010 full-year forecast revised upwards

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# NSG Group Quarter 2 Results



(from 1 April 2009 to 30 September 2009)

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# Cumulative Consolidated Income Statement

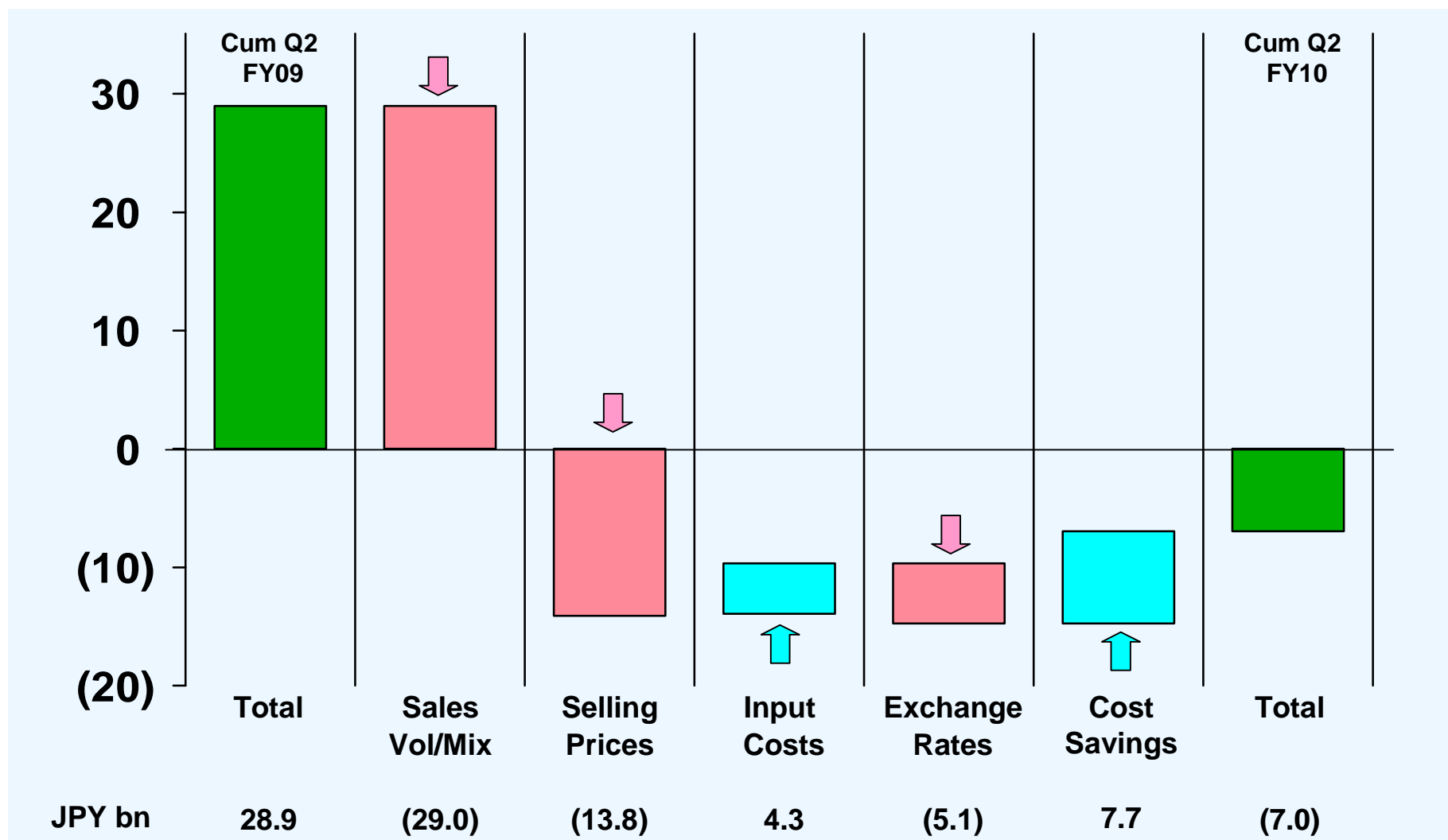


<u>(JPY bn)</u>	<u>Cum Q2 FY10</u>	<u>Cum Q2 FY09</u>	<u>Change from Cum Q2 FY09</u>
Revenue	293.0	431.1	-32%
Op.Income before amortization*	(7.0)	28.9	
Amortization*	(9.2)	(11.7)	
<b>Operating Income</b>	<b>(16.2)</b>	<b>17.2</b>	
Non-operating items	(8.5)	(4.7)	
<b>Ordinary income</b>	<b>(24.7)</b>	<b>12.5</b>	
Extraordinary items	(2.0)	26.6	
<b>Pre-tax Income</b>	<b>(26.7)</b>	<b>39.1</b>	
<b>Net Income</b>	<b>(26.2)</b>	<b>18.3</b>	
EBITDA	13.3	53.3	-75%

\* Amortization arising from the acquisition of Pilkington plc only

**Operating result sharply reduced with economic downturn**

# Operating Income Change Analysis



**Market deterioration partially offset by cost savings**



# Non-operating Items

	Cum Q2 FY10 (JPY bn)	Cum Q2 FY09 (JPY bn)
Interest and dividend income	1.3	3.9
Interest expenses	(7.4)	(11.3)
Joint ventures and associates	(0.4)	4.3
Exchange losses	(0.9)	(0.3)
Other expenses	(1.1)	(1.3)
<b>Total</b>	<b>(8.5)</b>	<b>(4.7)</b>

**Share of joint ventures and associates sharply reduced**

# Extraordinary Items

	Cum Q2 FY10 (JPY bn)	Cum Q2 FY09 (JPY bn)
Gain from sale of securities	4.1	7.7
Gain on disposal of associates and joint ventures	0.1	30.0
EC car glass fine	-	(8.9)
Gain on disposal of fixed assets	0.8	0.8
Restructuring	(6.6)	-
Others	(0.4)	(3.0)
<b>Total</b>	<b>(2.0)</b>	<b>26.6</b>

**Restructuring on schedule**

# Consolidated Cash Flow Summary

	Cum Q2 FY10 (JPY bn)	Cum Q2 FY09 (JPY bn)
Income before income taxes and minority interests	(27)	39
Depreciation and amortization	30	36
Decrease/(increase) in working capital	2	(15)
Tax paid	(12)	(7)
Addback profit on disposal of subsidiaries/investments	(4)	(38)
EC fine	-	9
Others	5	(9)
<b>Net cash (used in)/provided by operating activities</b>	<b>(6)</b>	<b>15</b>
Purchase of fixed assets	(8)	(25)
Disposal of subsidiaries/investments	12	52
Others	-	(3)
<b>Net cash provided by investing activities</b>	<b>4</b>	<b>24</b>
<b>Cash flow before financing activities</b>	<b>(2)</b>	<b>39</b>

**Controlled cash management**

# Key Performance Indicators

	<u>30-Sep-09</u>	<u>31-Mar-09</u>
Net Debt (JPY bn)	307	331
Net Debt/EBITDA	10.9x	4.9x
Net Debt/Equity Ratio	1.19	1.29
	<u>Cum Q2 FY10</u>	<u>Cum Q2 FY09</u>
EBITDA Interest Cover (annualized)	2.5x	4.0x
Operating Return on Sales*	-2.4%	6.7%

\* Before amortization arising from acquisition of Pilkington plc

**Ratios weaker on declining EBITDA**

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## Quarterly Comparatives

- The first six months of FY2009 and FY2010 experienced unprecedented differences in market conditions
- A detailed comparison of the second quarter of FY2010 with the first quarter of FY2010 is a more relevant evaluation of each business line's recent performance
- Consequently, the following results have been presented in this format
- A comparison of the first six months of FY2009 and FY2010 can be found in the appendix

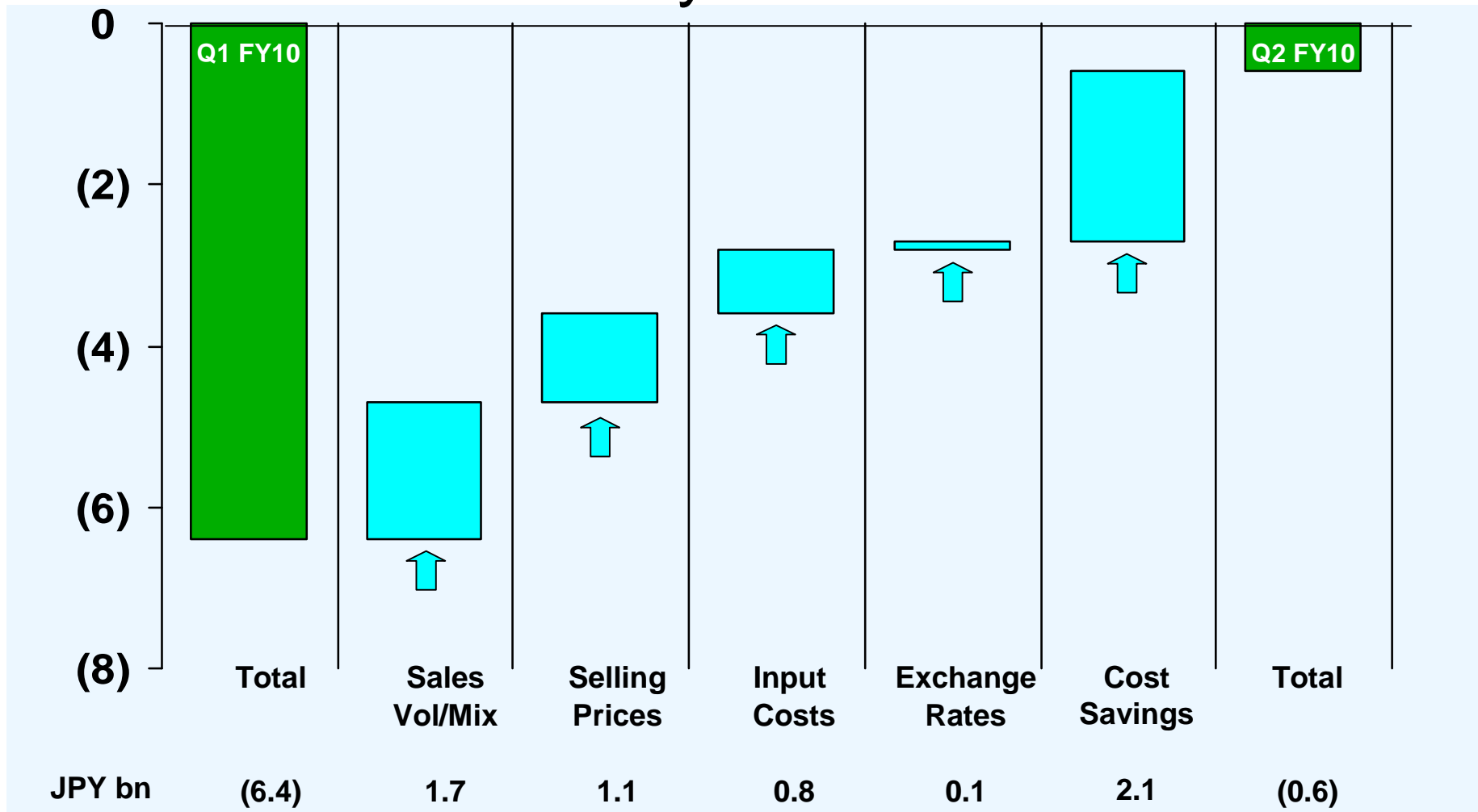
# Quarterly Consolidated Income Statement

<u>(JPY bn)</u>	<u>Q2 FY10</u>	<u>Q1 FY10</u>	<u>Change from Q1 FY10</u>
<b>Sales</b>	<b>149.4</b>	<b>143.6</b>	<b>4%</b>
<b>Op.Income before amortization</b>	<b>(0.6)</b>	<b>(6.4)</b>	
Amortization*	(4.6)	(4.6)	
<b>Operating Income</b>	<b>(5.2)</b>	<b>(11.0)</b>	
Non-operating items	(3.7)	(4.8)	
<b>Ordinary income</b>	<b>(8.9)</b>	<b>(15.8)</b>	
Extraordinary items	(0.9)	(1.1)	
<b>Pre-tax Income</b>	<b>(9.8)</b>	<b>(16.9)</b>	
<b>Net Income</b>	<b>(10.5)</b>	<b>(15.7)</b>	
EBITDA	9.1	4.2	117%

\* Amortization arising from the acquisition of Pilkington plc only

**Operating result reflects stabilizing market conditions and cost reduction**

# Quarterly Operating Income Change Analysis



**Improving volumes, cost savings, and selling prices**

# Quarterly Consolidated Cash Flow

	Q2 FY10 (JPY bn)	Q1 FY10 (JPY bn)	Change (JPY bn)
Income before income taxes and minority interests	(10)	(17)	7
Depreciation and amortization	15	15	0
Decrease/(increase) in working capital	8	(6)	14
Tax paid	(3)	(9)	6
Addback profit on disposal of subsidiaries/investments	-	(4)	4
Others	(3)	8	(11)
<b>Net cash (used in)/provided by operating activities</b>	<b>7</b>	<b>(13)</b>	<b>20</b>
Purchase of fixed assets	(2)	(6)	4
Disposal of subsidiaries/investments	5	7	(2)
Others	1	(1)	2
<b>Net cash provided by investing activities</b>	<b>4</b>	<b>0</b>	<b>4</b>
<b>Cash flow before financing activities</b>	<b>11</b>	<b>(13)</b>	<b>24</b>

**Improving cash performance**



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# NSG Group Quarter 2 Results

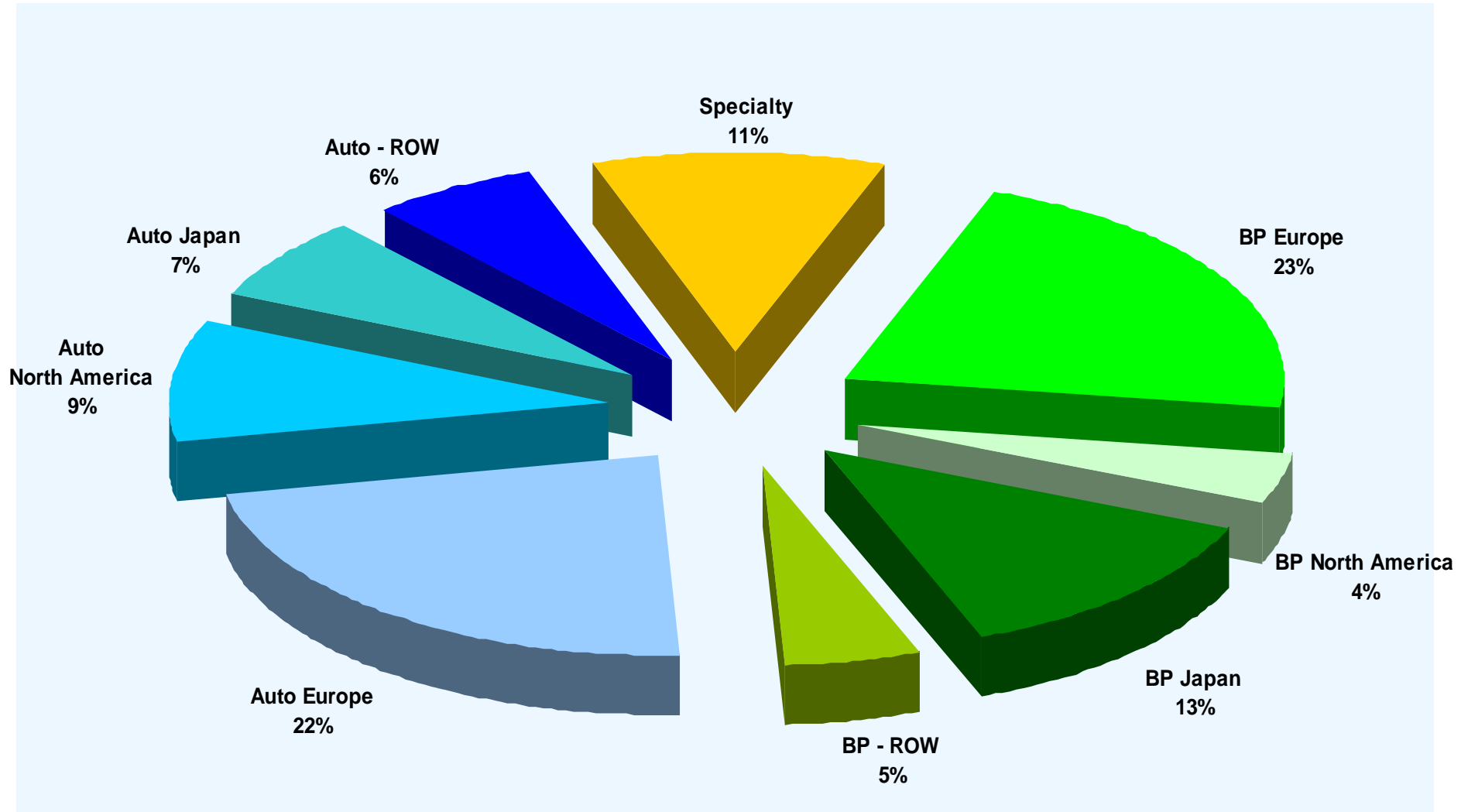


(from 1 April 2009 to 30 September 2009)

## Agenda

- Financial Results
- Business Update
  - Building Products
  - Automotive
  - Specialty Glass
- Restructuring Progress
- Forecast Revision
- Summary

# External Sales - Group Businesses



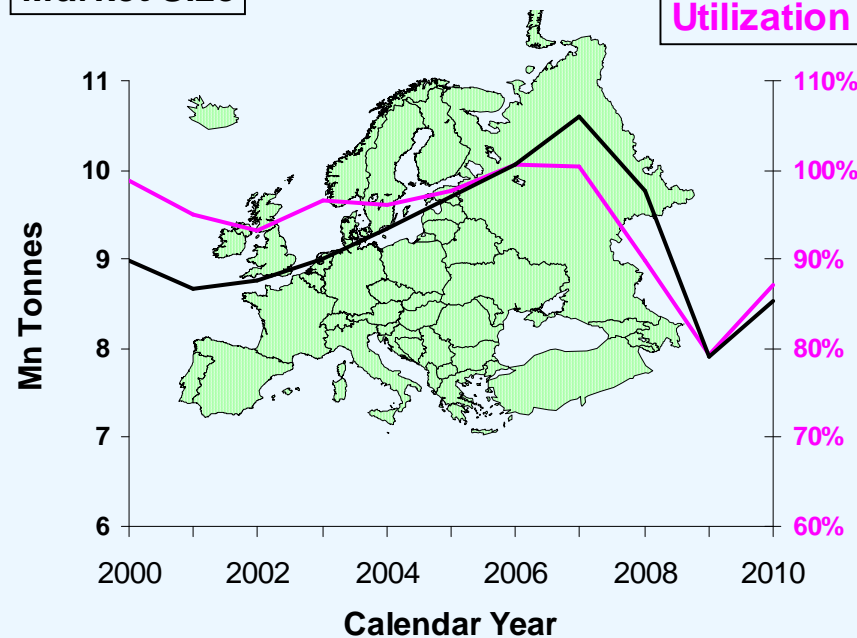
# Building Products Europe

## Q2 FY10 v Q1 FY10



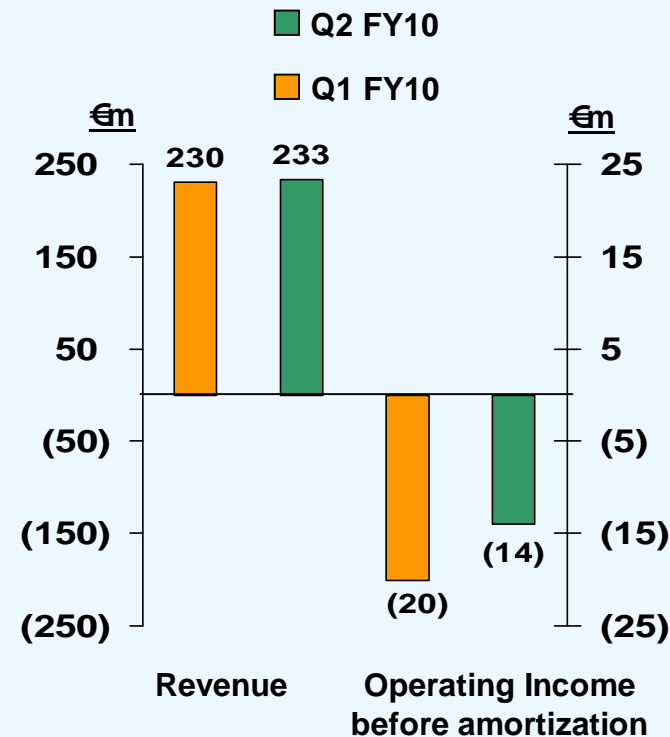
### Market

#### Market Size



- European market no longer in decline.
- Active capacity management continues.

### Europe

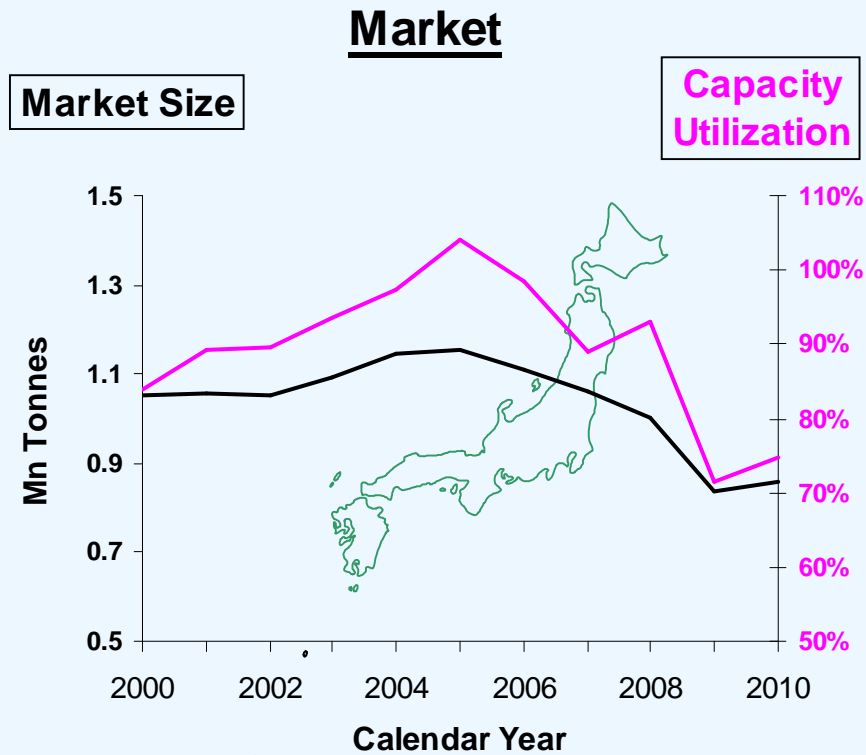


- Revenues flat as higher prices offset lower seasonal volumes.
- Operating income improved, due to higher selling prices, cost savings and lower input costs.

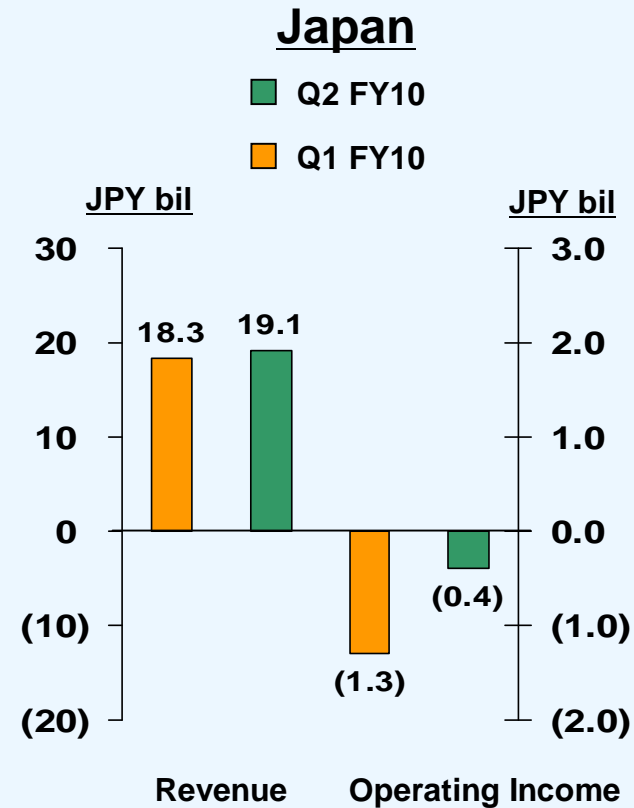
Note. Amortization is only that arising on acquisition of Pilkington plc

# Building Products Japan

## Q2 FY10 v Q1 FY10



- Market demand remains depressed



- Revenues increased, due to higher volumes.
- Operating income improved, due to higher volumes, cost savings and lower input costs.

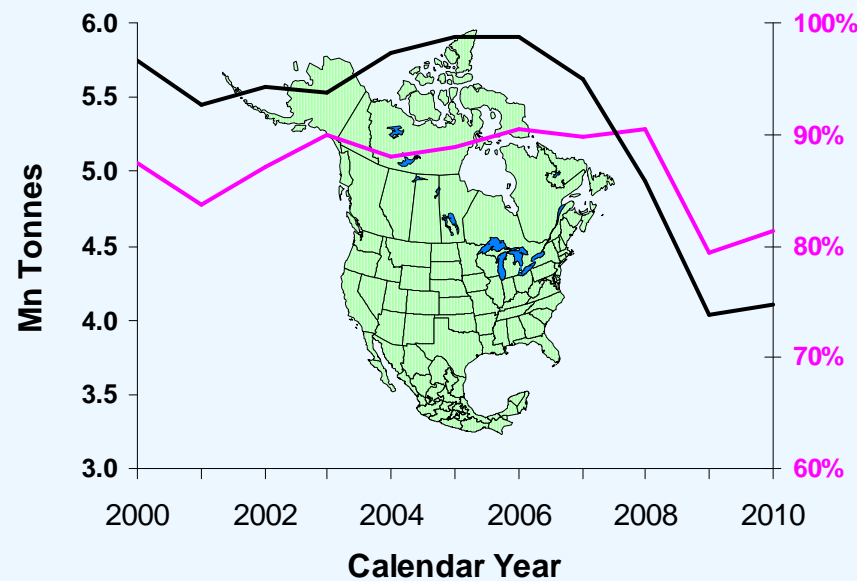
# Building Products North America

## Q2 FY10 v Q1 FY10

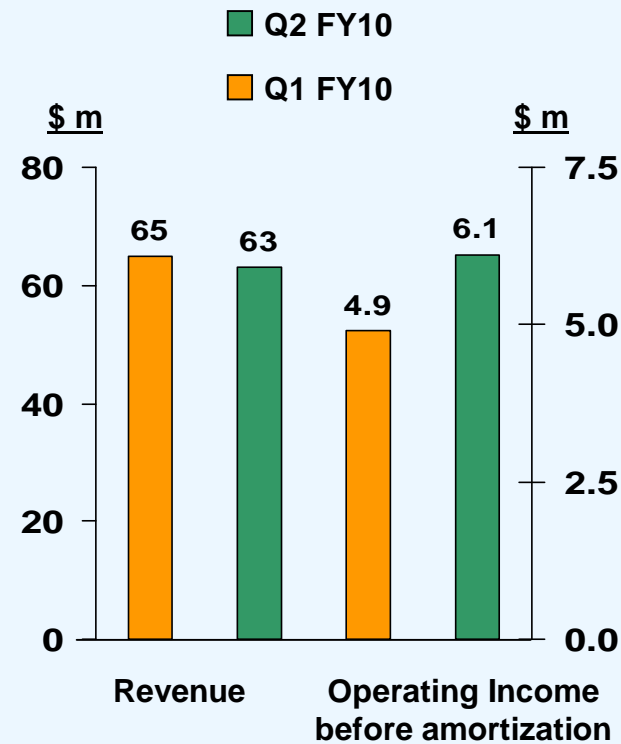


### Market

Market Size



### North America



- Glass demand remains weak.
- Modest recovery in residential sector, but commercial continues to decline.

- Revenues lower, due to lower sales prices.
- Operating income improved, due to better product mix offsetting the lower prices.

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# Building Products Rest of World

## Q2 FY10 v Q1 FY10

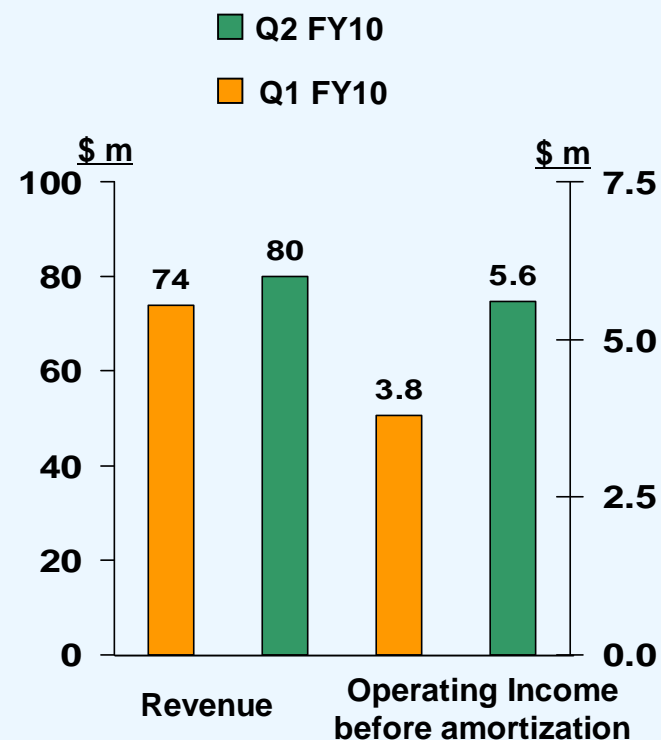


### Market



- In South America growth has returned.
- In South East Asia demand remains flat.

### Rest of World



- In South America, operating income increased due to better sales prices and volumes.
- Similar operating income increases in South East Asia, due to higher selling prices.

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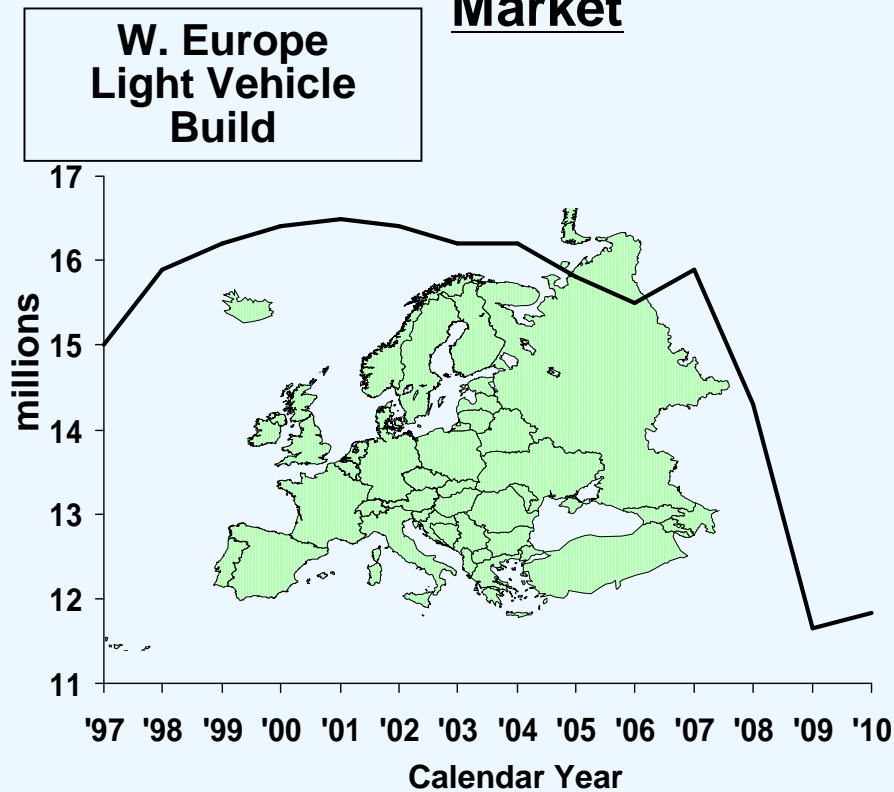
# Solar Energy Summary

- Thin film volume continues to grow. Other Solar Energy products showing some decline.
- Full year thin film year on year growth expected to be 40 percent
- Reduction in availability of project finance slowed growth, but funding still available for suitable projects
- Drive for renewable energy and government incentives still give confidence in underlying demand and positive medium term outlook

# Automotive Europe

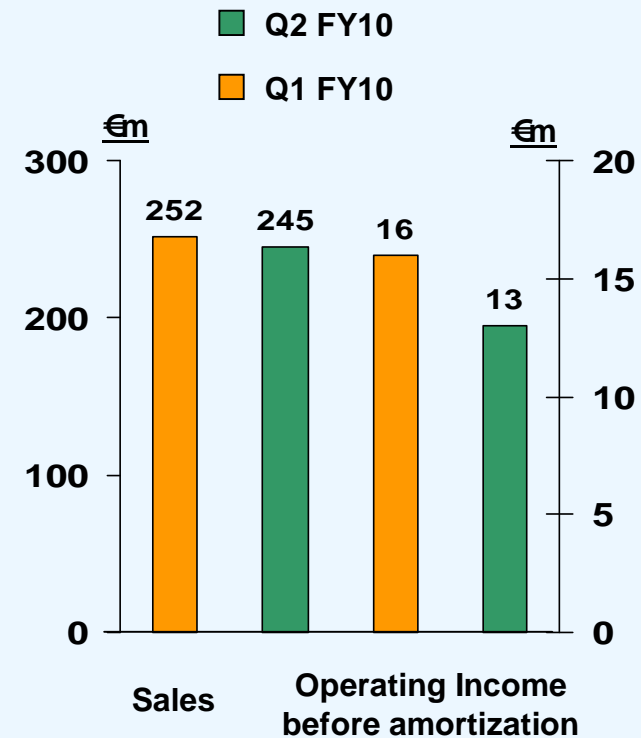
## Q2 FY10 v Q1 FY10

### Market



- Scrappage schemes boost demand beginning second quarter of CY 2009
- Moderate impact continuing into CY 2010 although softening expected as schemes end
- Uncertainty remains over duration of some schemes

### Europe



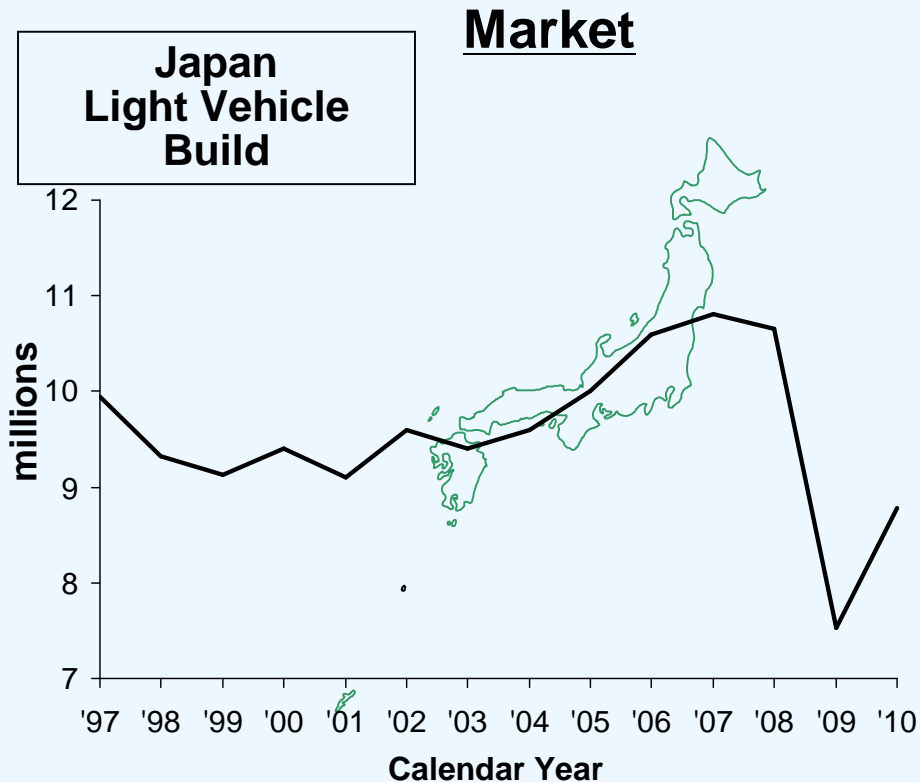
- Seasonal VM shutdowns lowered sales in Quarter 2 although underlying demand significantly higher than first quarter
- Scrappage schemes boost significant
- Results largely volume-driven

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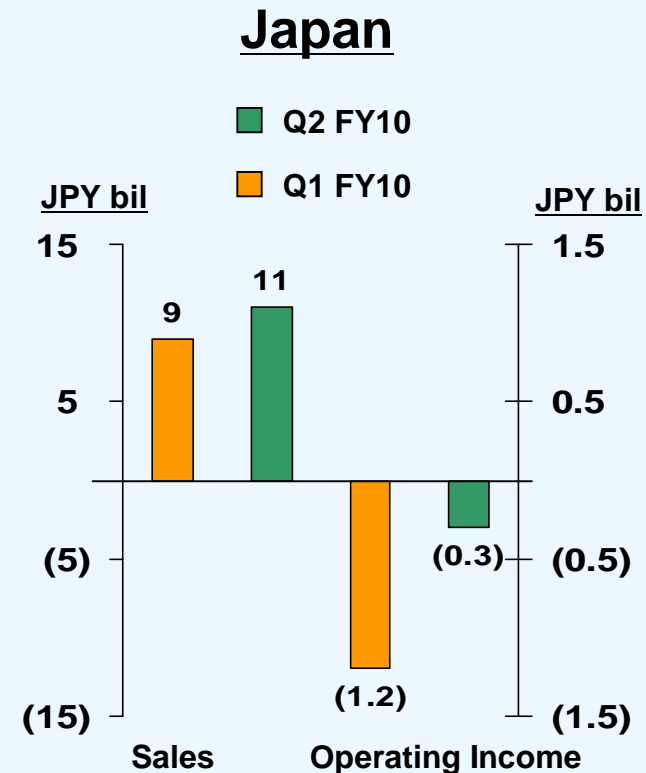


# Automotive Japan

## Q2 FY10 v Q1 FY10



- Government tax incentives boost CY 2009 demand from Q3 onwards
- Market also now benefiting from improved export demand
- Softening expected in Q2 CY 2010, following end of current tax incentive scheme

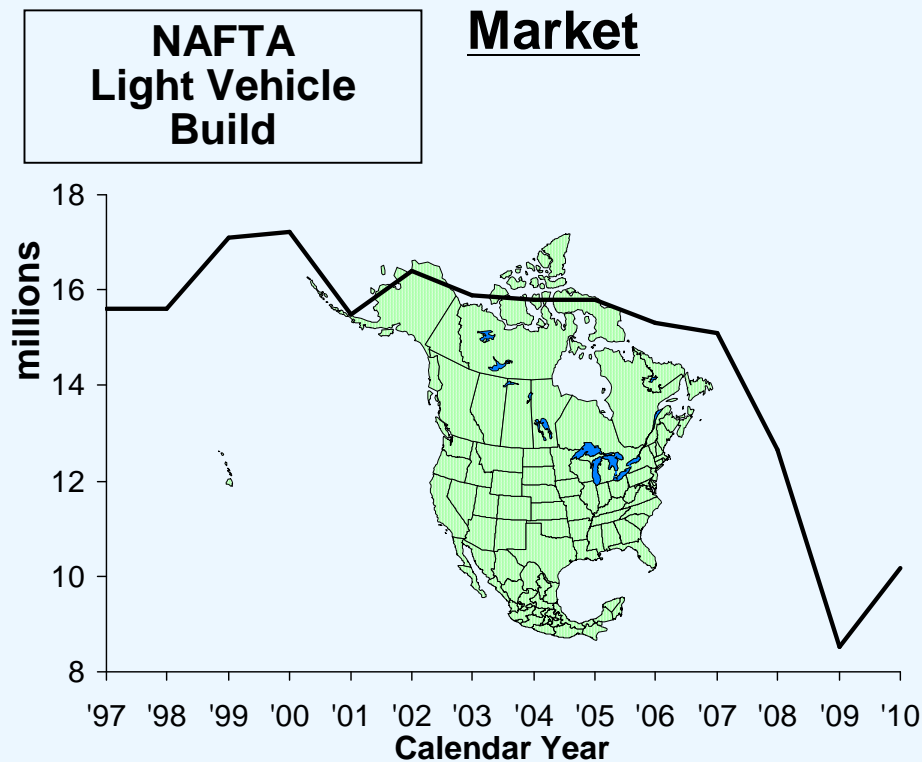


- Sales improvement helped by scrappage incentives
- Continued operational improvements and cost reductions.

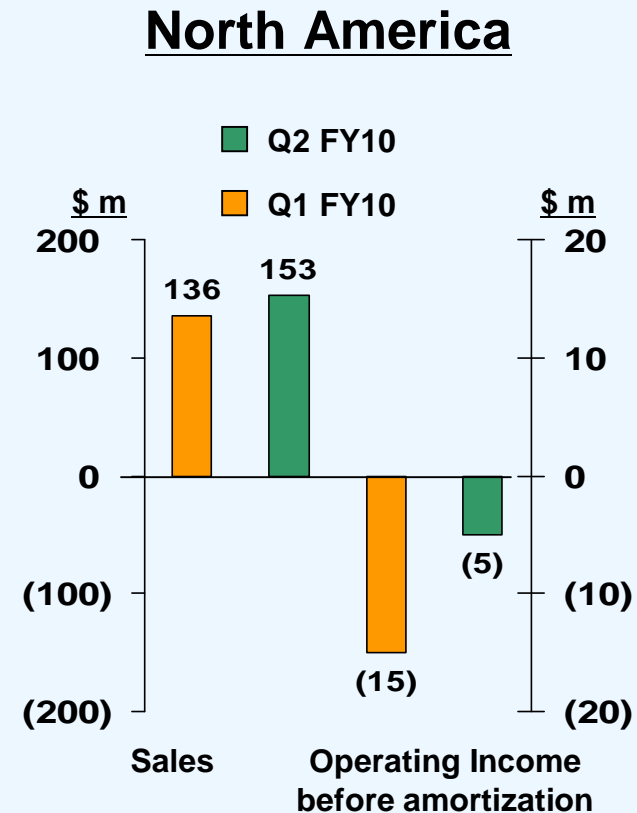
# Automotive North America



## Q2 FY10 v Q1 FY10



- 'Cash for Clunkers' scrappage scheme kick-starts recovery during Q3 of CY 2009
- Steady improvement thereafter drives year-on-year growth in CY10

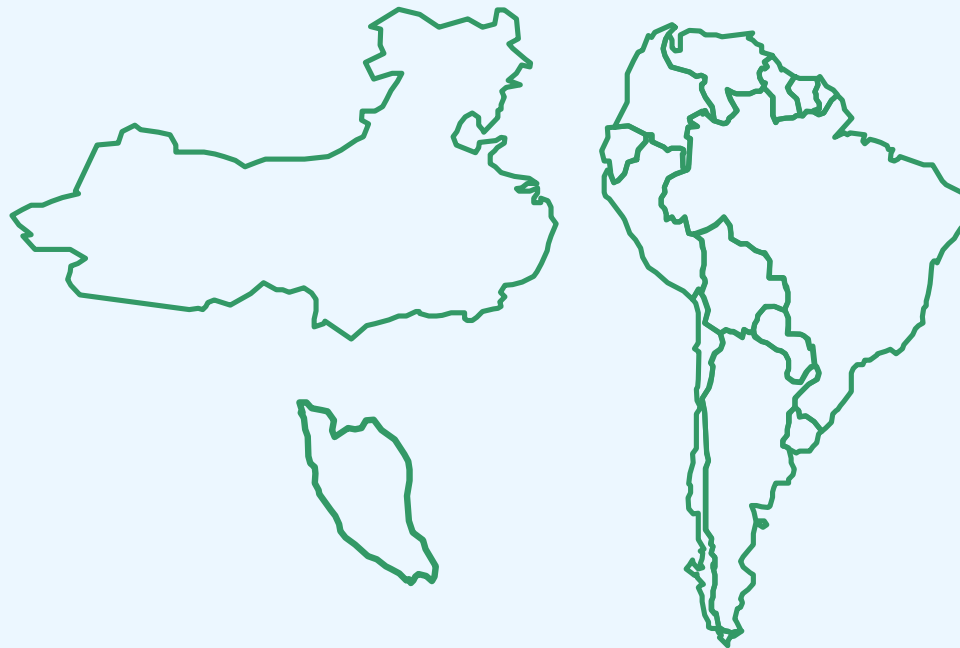


- 'Cash for clunkers' supported sales during Q2
- GM and Chrysler restarted production at reduced levels
- AGR volumes relatively flat
- Profitability improvement largely volume-based

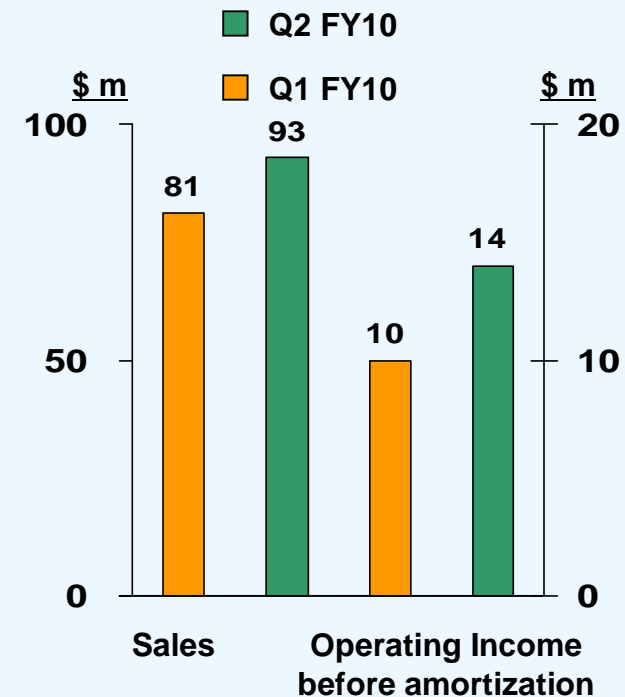
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# Automotive

## Q2 FY10 v Q1 FY10



### Rest of World



- Major growth (>40%) in China helped by government stimuli of both the economy and automotive industry
- South American demand down on CY 2008 but recovery expected in CY 2010

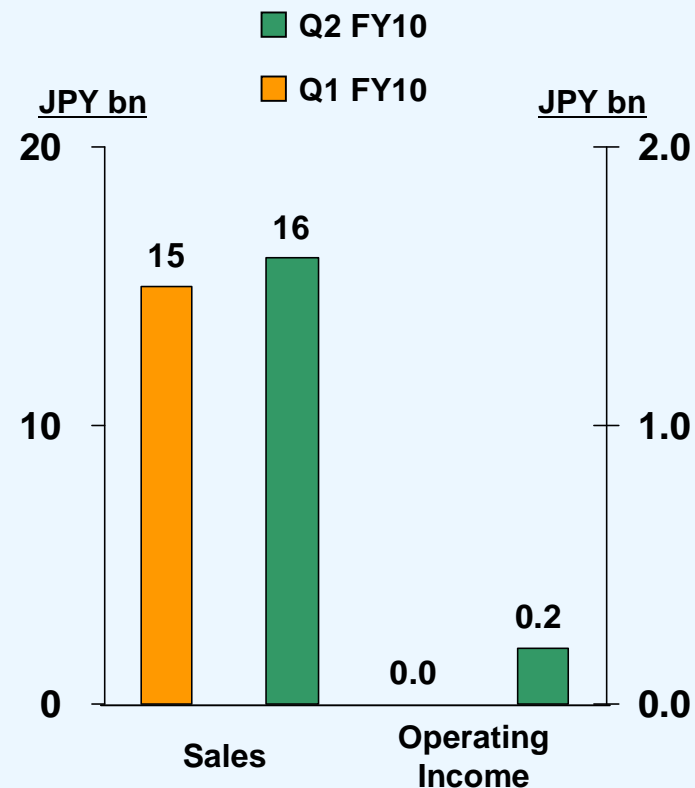
- Continued revenue improvement based on OE market growth
- Improved results volume led

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# Specialty Glass

## Q2 FY10 v Q1 FY10

- Recovery continues as market fundamentals improve
- Glass cord and battery separator segment healthier, due to automotive market upturn
- Printer and scanner components improved as consumer electronic demand increased
- Display market recovery in China; other regions still weak



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# NSG Group Quarter 2 Results



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- **Restructuring Progress**
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# Restructuring Progress

- As a direct result of the restructuring program, a further 1,700 employees left the Group during the two quarters, taking cumulative reductions to 6,200 out of the 6,700 initially anticipated
- No further significant charges to income statement expected
- Third and fourth quarters will increasingly benefit from restructuring actions
- Restructuring program to be largely completed by end of FY2010

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# NSG Group Quarter 2 Results



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# Full-year Forecast Revision

FY2010 full-year forecast has been revised due to the following factors:

- Auto volumes higher, however more than offset by lower than expected Building Products volumes
- Building Products selling prices increased
- Input costs reducing across all businesses



# Forecast Income Statement

<u>(JPY bn)</u>	<u>Revised Forecast</u> <u>FY2010</u>	<u>Previous Forecast</u> <u>FY2010</u>
<b>Sales</b>	<b>590</b>	<b>580</b>
<b>Op.Income before amortization</b>	<b>(5)</b>	<b>(12)</b>
Amortization*	(18)	(18)
<b>Operating Income</b>	<b>(23)</b>	<b>(30)</b>
Non-operating items	(17)	(17)
<b>Ordinary income</b>	<b>(40)</b>	<b>(47)</b>
<b>Net Income</b>	<b>(47)</b>	<b>(50)</b>

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# NSG Group Quarter 2 Results



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# Summary

- Results reflect stabilized global market conditions
- BP price increases holding well
- Further progress made on restructuring initiatives and realization of cost-saving programs
- Continuing strong cash management
- Full-year forecast improved

# 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 – Cum Q2 FY10



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	37.5	62.0	12.2	14.7	126.4
Automotive	19.7	66.3	27.6	16.7	130.3
Specialty	19.2	2.6	0.7	8.9	31.4
Others	2.7	1.0	0.0	1.2	4.9
Total	79.1	131.9	40.5	41.5	293.0

# Operating Income before Amortization – Cum Q2 FY10



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	(1.7)	(4.5)	1.1	0.9	(4.2)	-3%
Automotive	(1.5)	3.9	(1.9)	2.3	2.8	2%
Specialty	(0.9)	0.1	0.0	1.0	0.2	1%
Others	(1.6)	(4.2)	0.0	0.0	(5.8)	
Total	(5.7)	(4.7)	(0.8)	4.2	(7.0)	-2%
Ratio on Sales	-7%	-4%	-2%	10%	-2%	

# Operating Income after Amortization – Cum Q2 FY10

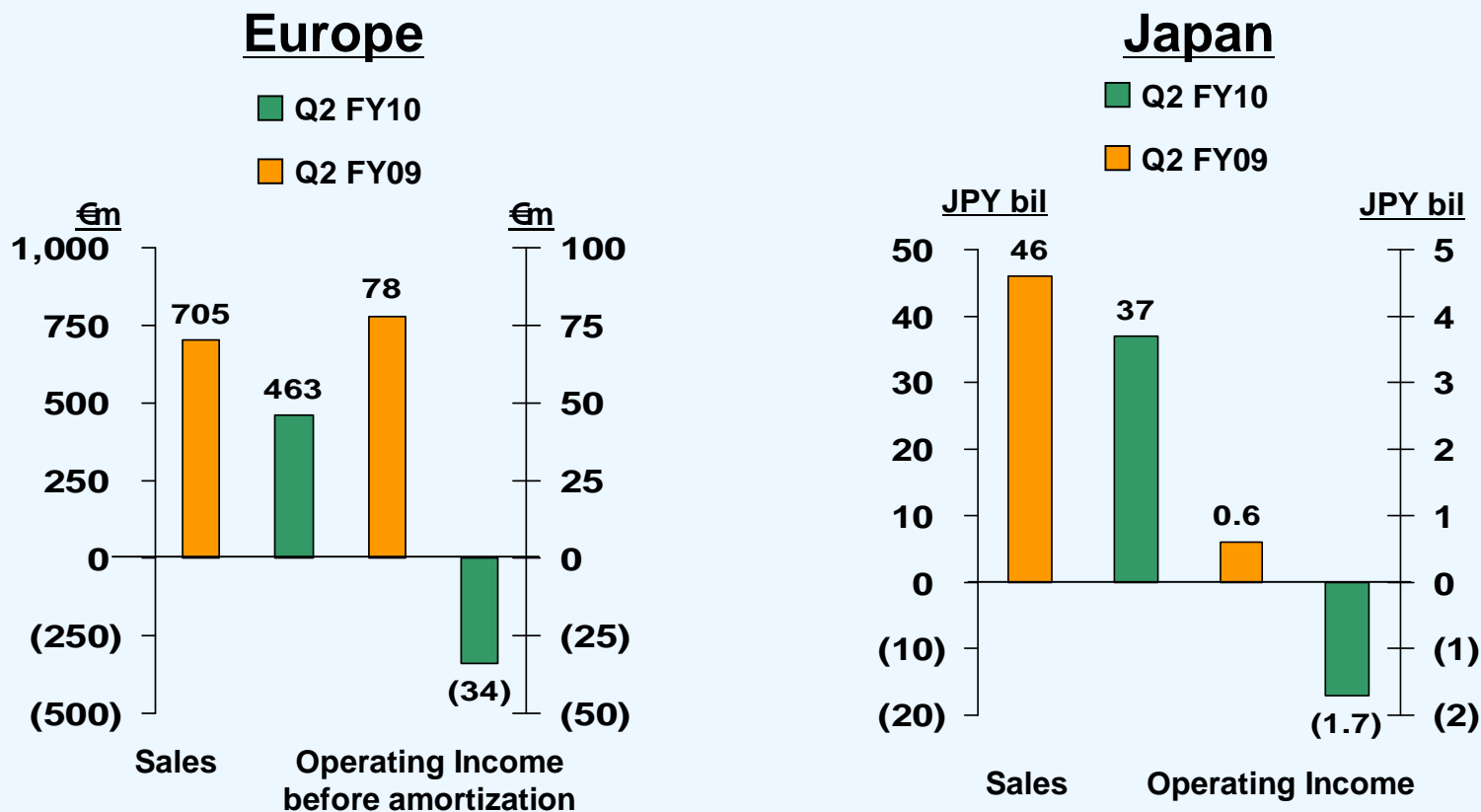


(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	(1.7)	(7.8)	0.5	0.5	(8.5)	-7%
Automotive	(1.5)	0.8	(2.9)	1.5	(2.1)	-2%
Specialty	(0.9)	0.1	0.0	1.0	0.2	1%
Others	(1.6)	(4.2)	0.0	0.0	(5.8)	
Total	(5.7)	(11.1)	(2.4)	3.0	(16.2)	-6%
Ratio on Sales	-7%	-8%	-6%	7%	-6%	



# Building Products

## (Cum Q2 FY09 v Cum Q2 FY10)

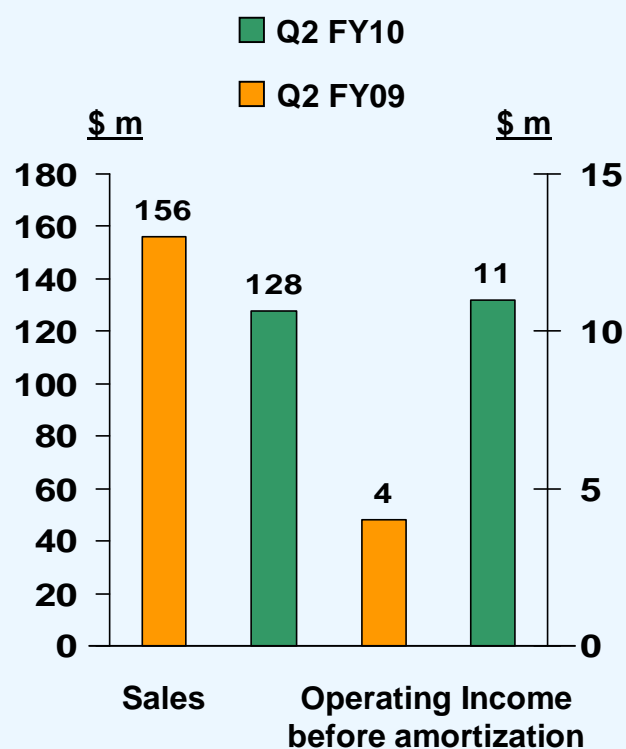


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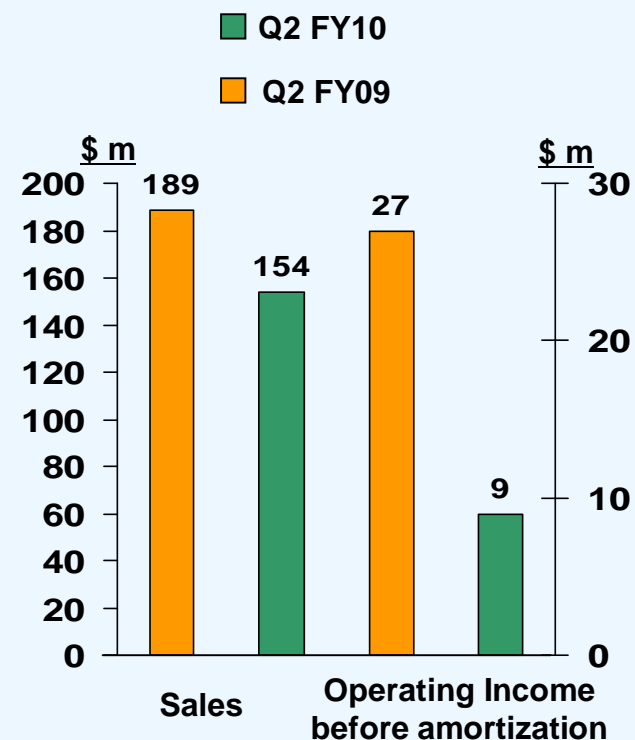
# Building Products

## (Cum Q2 FY09 v Cum Q2 FY10)

### North America



### Rest of World

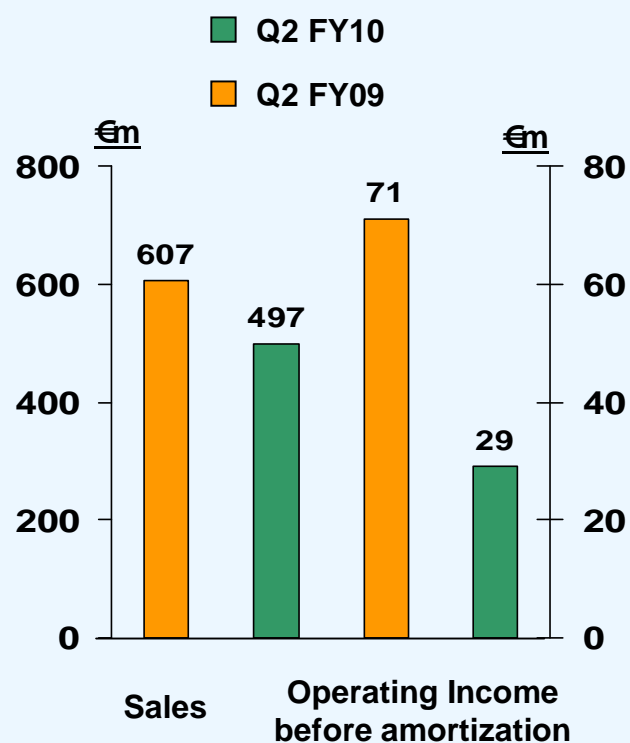


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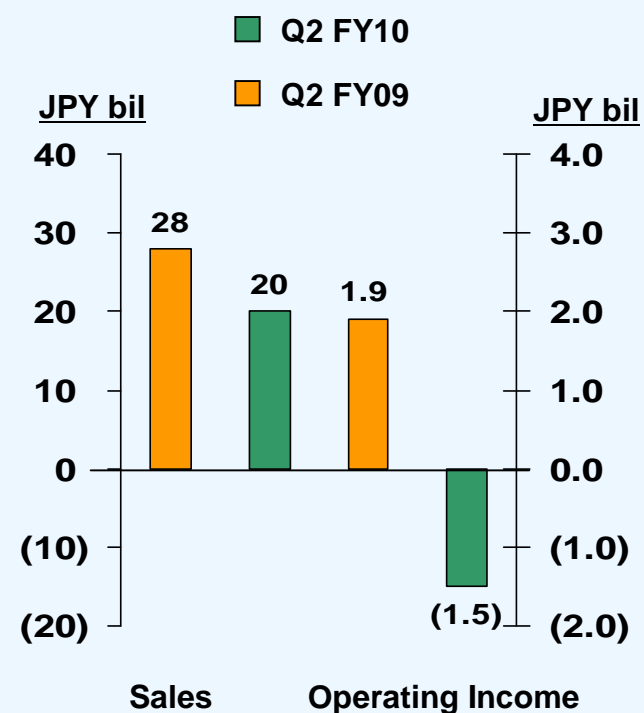
# Automotive

## (Cum Q2 FY09 v Cum Q2 FY10)

### Europe



### Japan

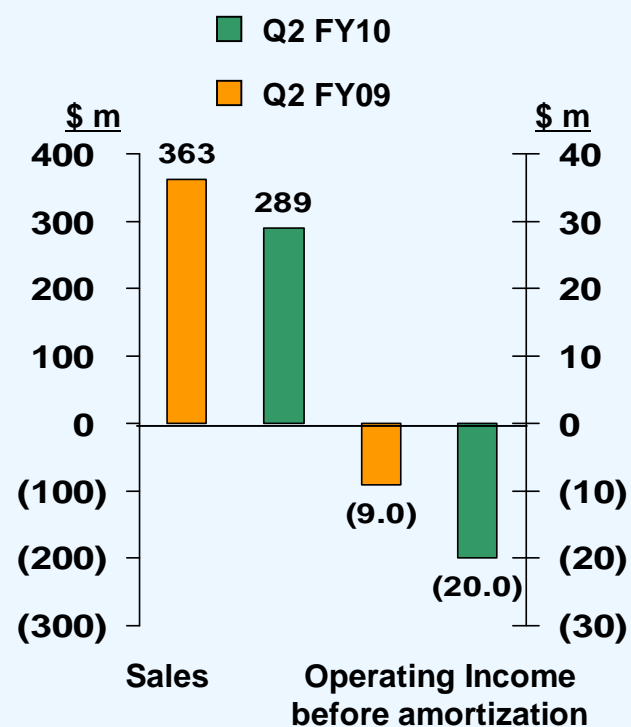


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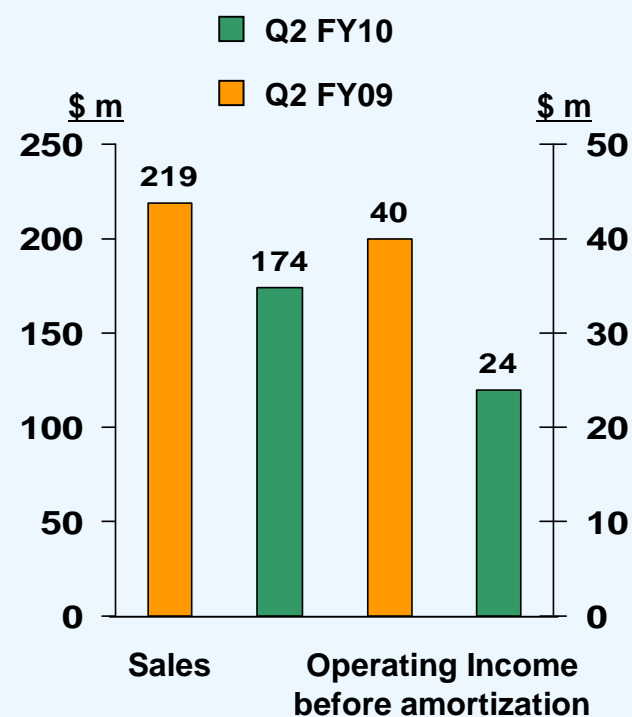
# Automotive

## (Cum Q2 FY09 v Cum Q2 FY10)

### North America



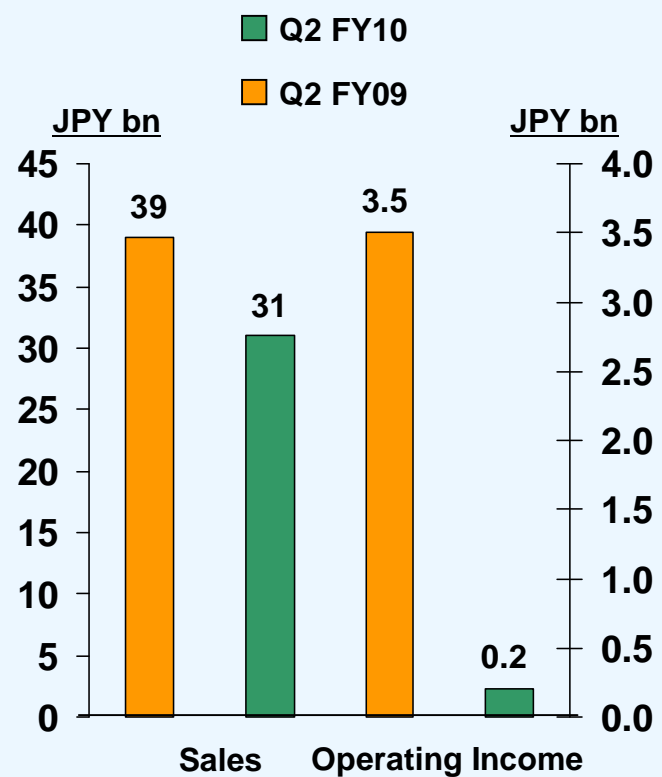
### Rest of World



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# Specialty Glass

(Cum Q2 FY09 v Cum Q2 FY10)



# Exchange Rate Assumptions

	<b>Cum Q2 FY10</b>	<b>Cum Q2 FY09</b>	<b>Q1 FY10</b>	<b>FY10 Forecast</b>
Average rates used:				
JPY/GBP	152	207	151	150
JPY/EUR	133	163	132	130
JPY/USD	96	105	97	95
Closing rates used:				
JPY/GBP	144	187	160	
JPY/EUR	131	149	136	
JPY/USD	89	103	96	

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