

**NSG**

**GROUP**

# **NSG Group**

## **FY2013 Annual Results**

**(from 1 April 2012 to 31 March 2013)**

Nippon Sheet Glass Co., Ltd.  
16 May 2013

# **Keiji Yoshikawa**

**Chief Executive Officer**

# **Clemens Miller**

**Chief Operating Officer**

# **Mark Lyons**

**Chief Financial Officer**

# FY2013 Annual Results

(from 1 April 2012 to 31 March 2013)



## Agenda

Key Points

Financial Results

FY2014 Forecast

Financing Update

Business Update

Restructuring Actions Update

Summary

# Key Points - April to March 2013



- Results reflect low levels of activity in the Group's major markets
- Challenging market conditions persist but signs of improvement in some areas
- Profit improvement program ahead of target
  - Steady improvement in profit through the year
- Significant improvement in cash flow performance
- Management will continue to focus on returning the Group to profitability

# FY2013 Annual Results

(from 1 April 2012 to 31 March 2013)



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# Consolidated Income Statement



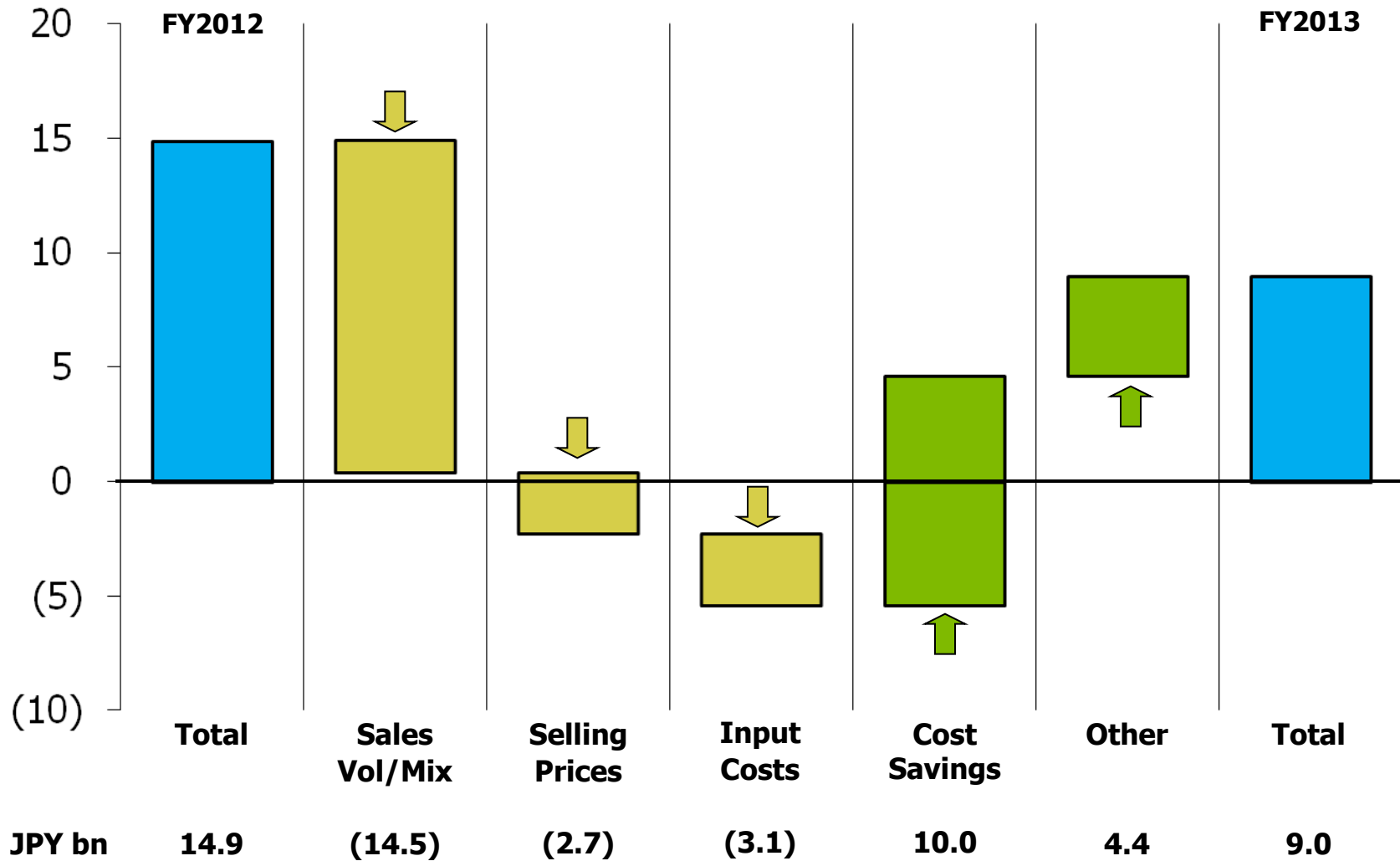
<u>(JPY bn)</u>	<u>FY2013</u>	<u>FY2012</u>	<u>Change from FY2012</u>
<b>Revenue</b>	<b>521.3</b>	<b>552.2</b>	<b>-6%</b>
<b>Trading profit</b>	<b>9.0</b>	<b>14.9</b>	
Amortization*	(7.0)	(7.2)	
<b>Operating profit before exceptional items</b>	<b>2.0</b>	<b>7.7</b>	
<b>Exceptional items</b>	<b>(19.2)</b>	<b>(3.3)</b>	
<b>Operating profit/(loss)</b>	<b>(17.2)</b>	<b>4.4</b>	
Finance expenses (net)	(14.1)	(14.3)	
Share of JVs and associates	2.3	5.1	
<b>Loss before taxation</b>	<b>(29.0)</b>	<b>(4.8)</b>	
<b>Loss for the period</b>	<b>(31.9)</b>	<b>(1.7)</b>	
<b>Loss attributable to owners of the parent</b>	<b>(32.8)</b>	<b>(2.8)</b>	
EBITDA	37.5	46.4	-19%

\* Amortization arising from the acquisition of Pilkington plc only

Results impacted by challenging market conditions

# Change Analysis

## Trading profit



Benefits of restructuring partially offsetting market deterioration



# Exceptional items

<b>(JPY bn)</b>	<b><u>FY2013</u></b>	<b><u>FY2012</u></b>
Restructuring costs*	(22.7)	(2.8)
Impairments of non-current assets	(9.1)	(2.1)
Retirement benefit obligations curtailment	5.6	4.3
Gain on disposal of an associate	5.3	-
Others	1.7	(2.7)
	<b><u>(19.2)</u></b>	<b><u>(3.3)</u></b>

- Restructuring costs: as at 31 March 2013, 3,000 people had left the Group
- Impairment of float assets in Venice, Italy and Halmstad, Sweden
- Action to reduce retirement benefit obligation risk
- Disposal of FMC Wyoming

\* Restructuring costs include the cost of the Group's restructuring program and the operating costs of idle facilities

Restructuring program progressing to plan

# Consolidated Cash Flow Summary



**(JPY bn)**

Loss for the period

Depreciation and amortization

Net change in working capital

Tax paid

Others

**Net cash inflow/(outflow) from operating activities**

Purchase of property, plant and equipment

Others

**Net cash outflow from investing activities**

**Cash flow before financing activities**

	<b><u>FY2013</u></b>	<b><u>FY2012</u></b>
	<b>(31.9)</b>	<b>(1.7)</b>
	<b>36.6</b>	<b>38.7</b>
	<b>21.7</b>	<b>(20.0)</b>
	<b>(6.0)</b>	<b>(5.5)</b>
	<b>(6.2)</b>	<b>(21.4)</b>
	<b>14.2</b>	<b>(9.9)</b>
	<b>(25.6)</b>	<b>(27.9)</b>
	<b>18.6</b>	<b>1.6</b>
	<b>(7.0)</b>	<b>(26.3)</b>
	<b>7.2</b>	<b>(36.2)</b>

Significant improvement in cash generation

# Key Performance Indicators



	<b><u>31-Mar-13</u></b>	<b><u>31-Mar-12</u></b>
Net Debt (JPY bn)	361	351
Net Debt/EBITDA	9.6x	7.6x
Net Debt/Equity Ratio	2.3	2.0
	<b><u>FY2013</u></b>	<b><u>FY2012</u></b>
EBITDA Interest Cover	2.7x	3.2x
Operating Return* on Sales	1.7%	2.7%

\* Before amortization arising from acquisition of Pilkington plc and exceptional items

Key performance indicators reflect challenging market conditions

# **FY2013 Annual Results**

**(from 1 April 2012 to 31 March 2013)**



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# FY2014 Income Statement Forecast

## Full-year forecast



**(JPY bn)**

	<b><u>Forecast</u></b>	
	<b><u>FY2014</u></b>	<b><u>FY2013</u></b>
<b>Revenue</b>	<b>600</b>	<b>521</b>
<b>Trading profit</b>	<b>22.0</b>	<b>9.0</b>
Amortization*	(8.0)	(7.0)
<b>Operating profit before exceptional items</b>	<b>14.0</b>	<b>2.0</b>
Exceptional items	(11.0)	(19.2)
<b>Operating profit/(loss)</b>	<b>3.0</b>	<b>(17.2)</b>
Finance expenses (net)	(20.0)	(14.1)
Share of JVs and associates	2.0	2.3
<b>Loss before taxation</b>	<b>(15.0)</b>	<b>(29.0)</b>
<b>Loss for the period</b>	<b>(20.0)</b>	<b>(31.9)</b>
<b>Loss attributable to owners of the parent</b>	<b>(21.0)</b>	<b>(32.8)</b>

\* Amortization arising from the acquisition of Pilkington plc only

Increased payback from restructuring actions in FY14

# FY2013 Annual Results

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As announced on 28 March, refinancing of debt has progressed as follows:

- Syndicated loan of JPY 70bn
- New bilateral finance arrangements of JPY 9bn
- New committed revolving credit facility of JPY 25bn
- Further facilities are being arranged and will be announced when finalized

# FY2013 Annual Results

(from 1 April 2012 to 31 March 2013)



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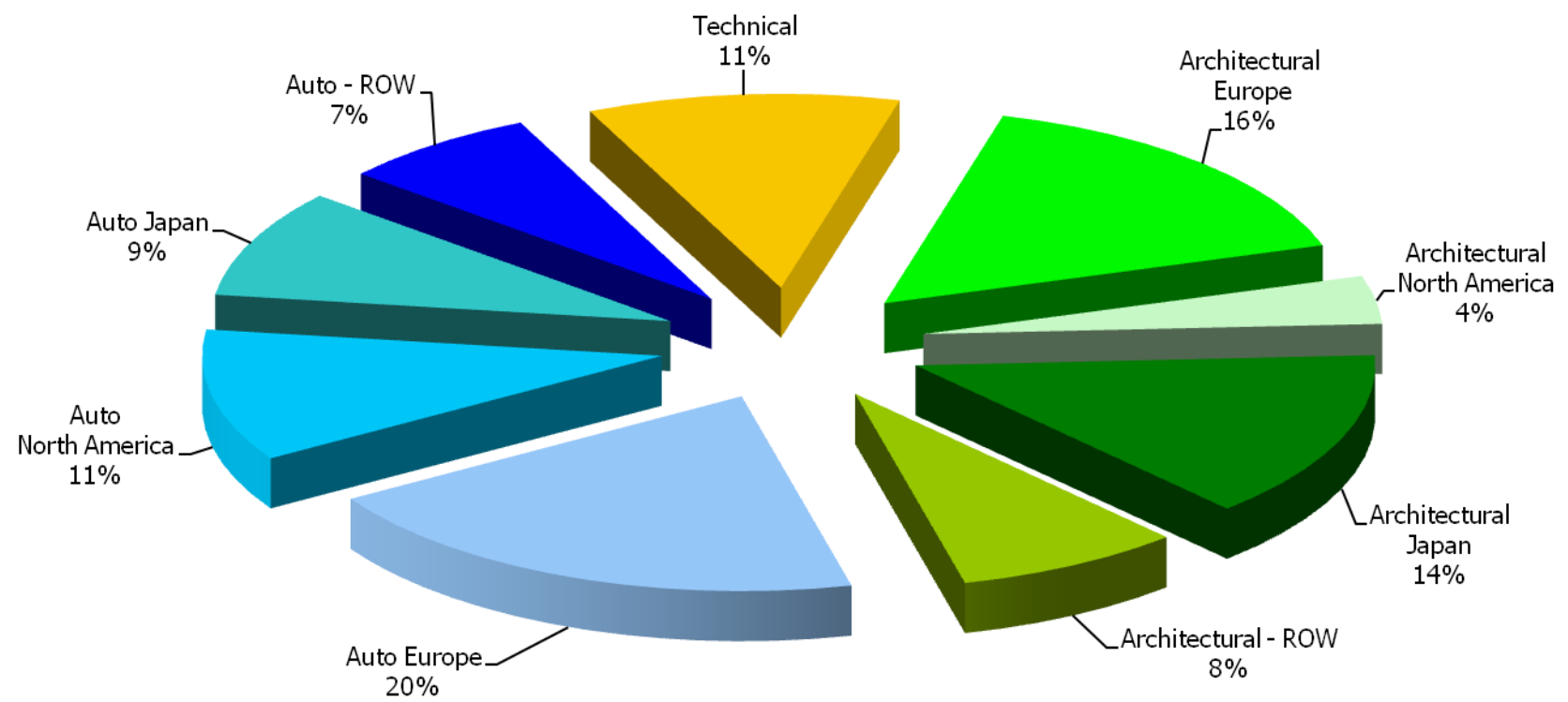
Summary



# External Revenue – Group Businesses



¥ 521 billion

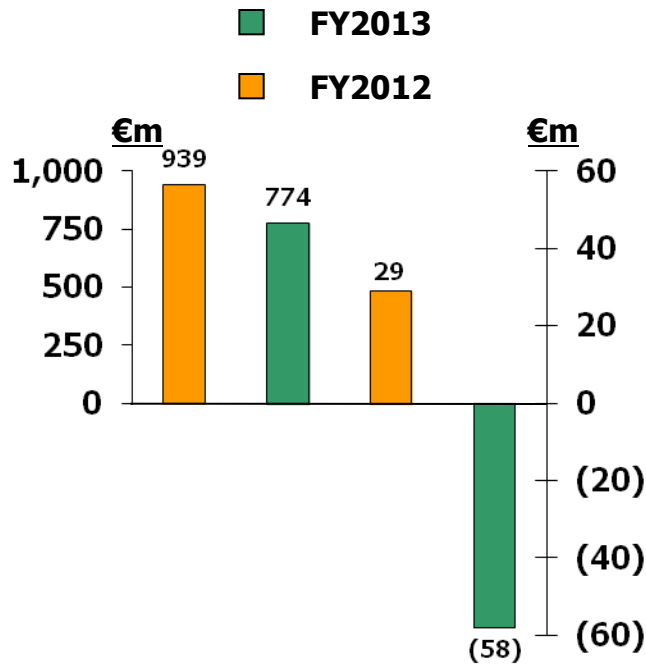


**Cumulative FY2013**

# Architectural

## FY2013 v FY2012

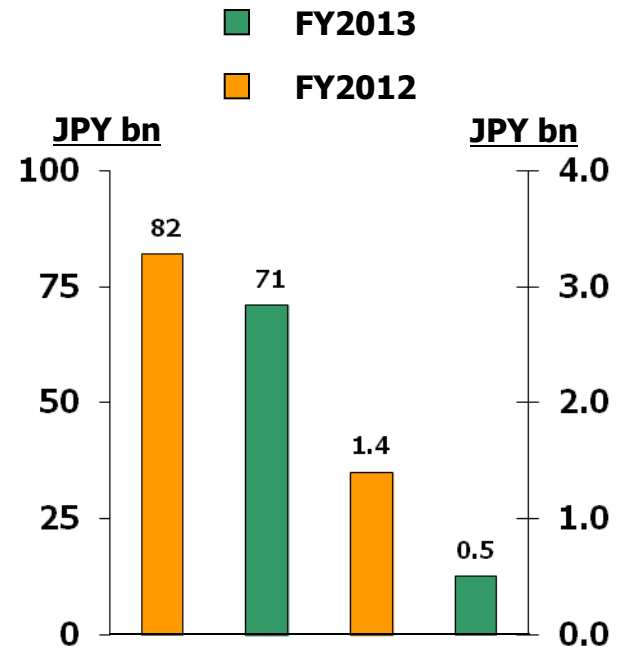
### Europe



Revenue Operating Profit\*

- Volumes and prices below FY12 levels
- Reduced solar dispatches
- Capacity reductions benefitted final quarter

### Japan



Revenue Operating Profit\*

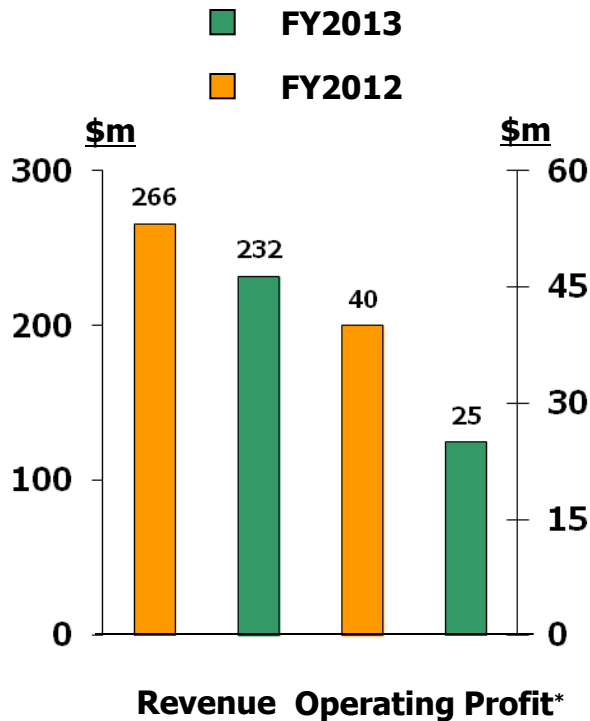
- Domestic markets improving
- Reduced solar dispatches

\*Operating profit before exceptional items

# Architectural FY2013 v FY2012

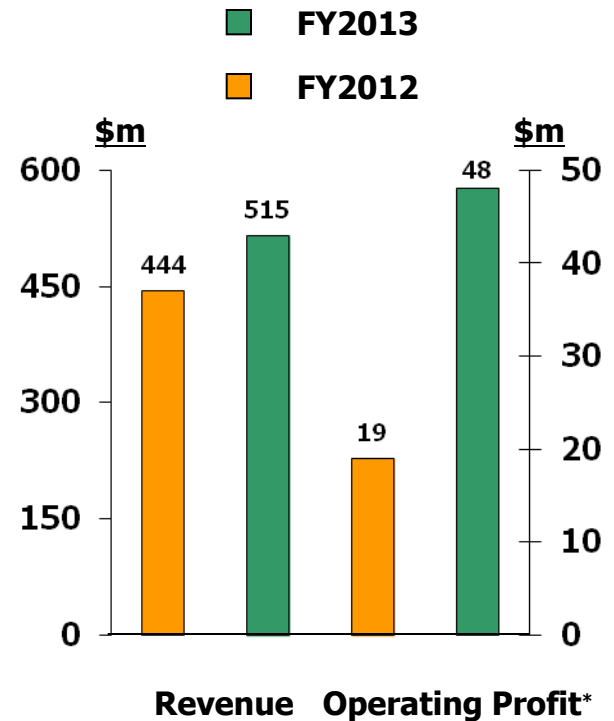


## North America



- Domestic market volumes improving
- Solar dispatches lower than previous year

## Rest of World\*\*



- FY2013 revenues and profits benefiting from a full period of solar dispatches from Vietnam
- South American volumes similar to previous year
- Market conditions in South East Asia improving in Q4

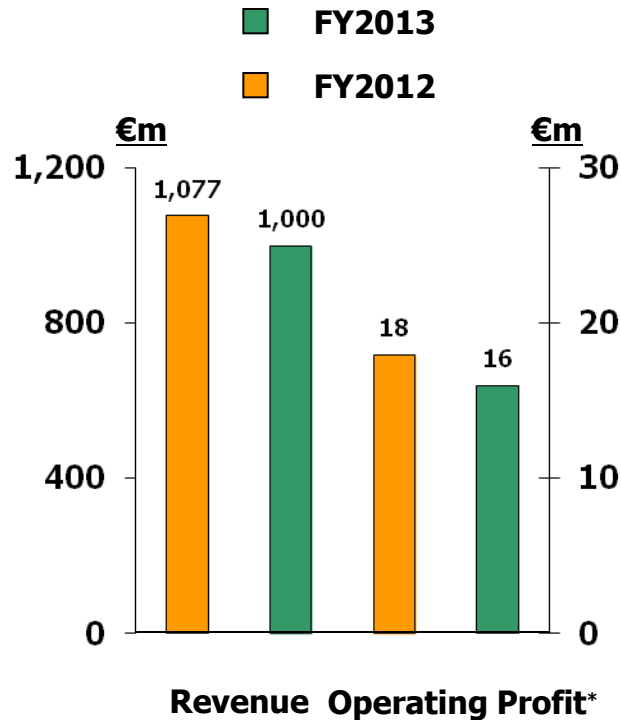
\*Operating profit before exceptional items

\*\*Rest of world includes Argentina, Chile, China, Malaysia and Vietnam

# Automotive

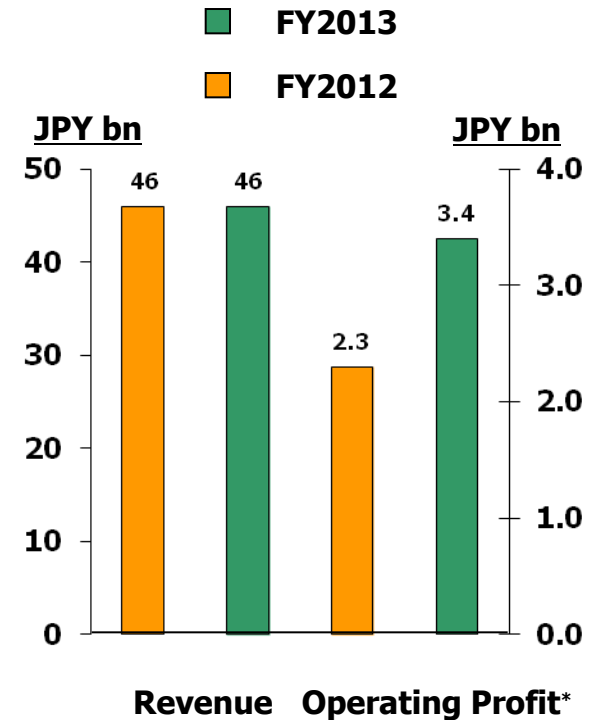
## FY2013 v FY2012

### Europe



- OE revenue and profits affected by reduced demand
- AGR performance was similar to FY12
- Capacity and cost reduction programs progressing

### Japan



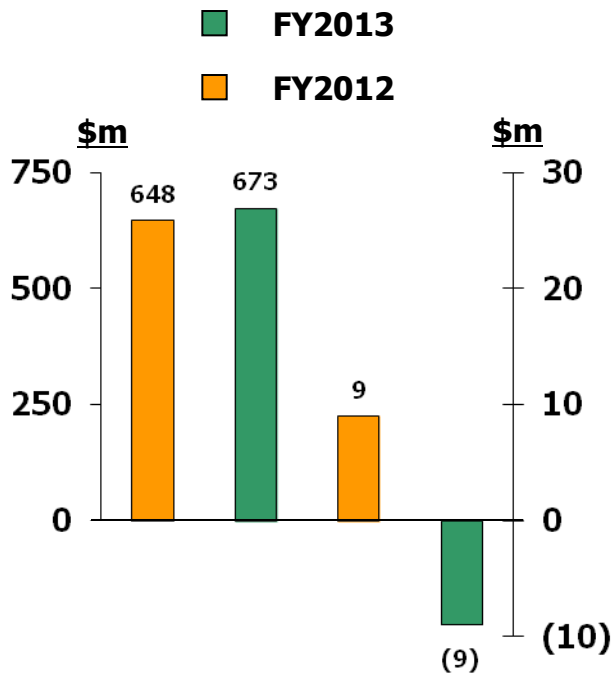
- FY12 impacted by Earthquake and Tsunami
- Volumes recovered strongly in second half of FY12 and stabilized during FY13
- Profitability reflects more stable demand pattern

\*Operating profit before exceptional items

# Automotive

## FY2013 v FY2012

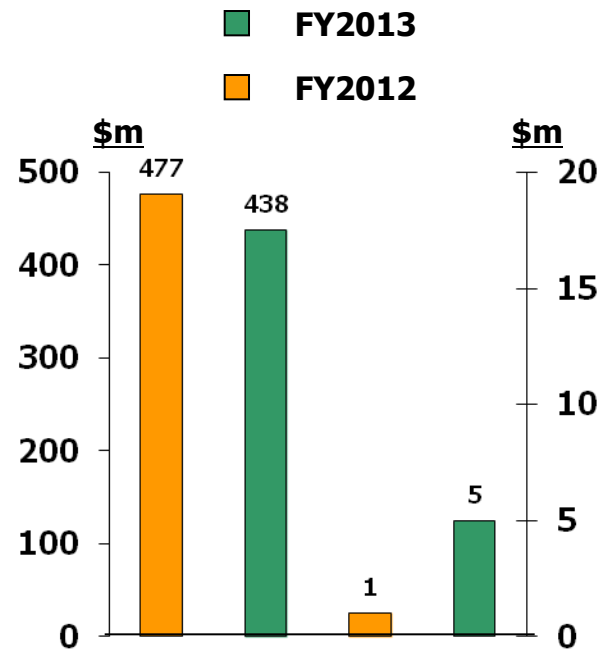
### North America



Revenue Operating Profit\*

- Revenues improving on increased volumes
- Profitability remains weak

### Rest of World\*\*



Revenue Operating Profit\*

- Improving market conditions
- Profitability still at a low level

\*Operating profit before exceptional items

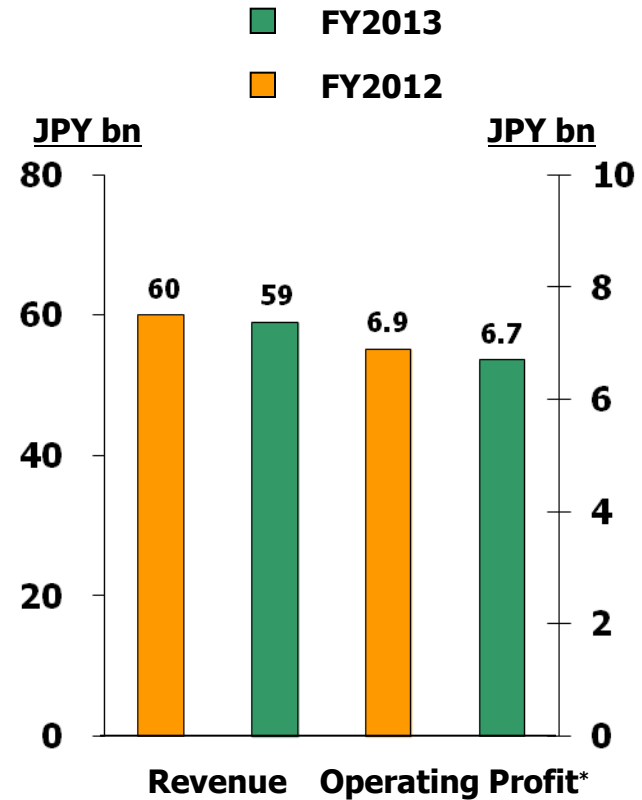
\*\*Rest of world includes Brazil, Argentina, Malaysia and China

# Technical Glass

## FY2013 v FY2012



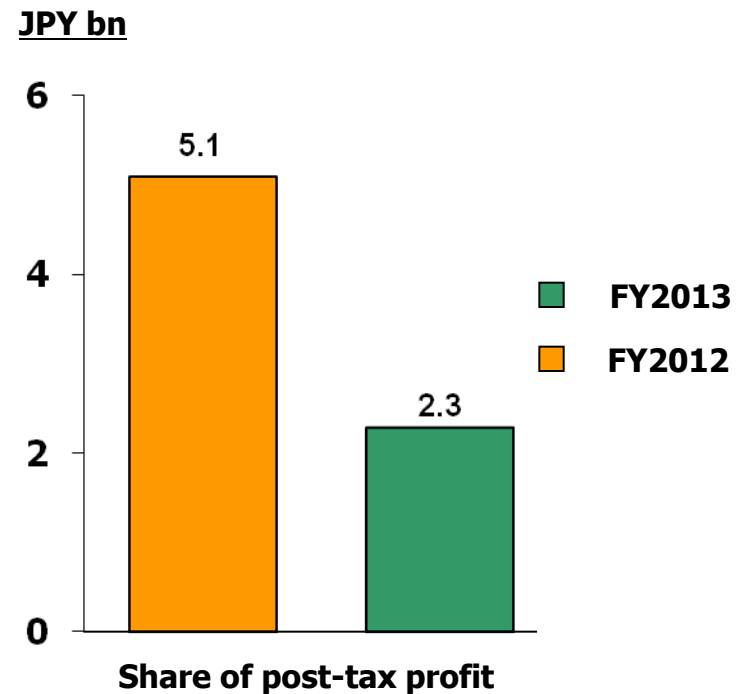
- Robust smart phones and tablet pc markets
- Glass cord results reflect weak European Automotive markets
- Demand in the office printer market softened



\*Operating profit before exceptional items

# Joint Ventures and Associates

- Cebrace profits fell, due to reduced volumes and prices
- Profits reduced in China
- Russia recorded profits similar to the previous year



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## Capacity reductions

- Rationalization of capacity to meet customer demand
  - 2 Float lines closed, Italy and Sweden
  - 2 Float lines idled, Germany & UK
  - Announced intention to close Automotive plants in Sweden and Finland, closures to be completed in FY2014
  - Architectural downstream – 8 sites either closed or closure negotiations in progress

Significant reduction in European capacity

## Overhead cost reductions

- European back office activities centralized in Poland
- Reductions in administrative costs, especially UK and Japan
- Global reductions in plant overheads

## Headcount

- At 31 March 2013 3,000 people had left the Group

Significant reduction in overhead costs

## Cash improvement activities

- Significant improvement in working capital
- Capital expenditure maintained below the level of depreciation
- Selective disposals of non-core assets completed in FY2013
  - FMC Wyoming disposed in March 2013
  - Various financial investments divested

Strong cash focus

# Restructuring Summary (continued)



JPY bn	FY12	FY13	FY14	FY15	Total
<b>Savings:</b>					
June 2012 projection	-	5	15	25	45
May 2013 projection	-	10	20	30	60
<b>Restructuring costs:</b>					
June 2012 projection	(3)	(11)	(11)	-	(25)
May 2013 projection	(3)	(18)	(9)	-	(30)
<b>Impairments:</b>					
June 2012 projection	-	(7)	(2)	-	(9)
May 2013 projection	-	(9)	-	-	(9)

Increased savings achieved and forecasted

## FY2014 Actions

- Restructuring actions continuing in FY2014
  - Forecast includes restructuring costs of JPY 9 billion
- Further capacity reductions
- Continued focus on overhead reduction
- Operational improvement actions accelerating
- Selective additional disposals where appropriate

Further restructuring in FY2014

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- Results reflect low levels of activity in the Group's major markets
- Challenging market conditions persist but signs of improvement in some areas
- Profit improvement program ahead of target
  - Steady improvement in profit through the year
- Significant improvement in cash flow performance
- Management will continue to focus on returning the Group to profitability
- FY2014 prospects reflect further realization of cost savings

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

## FY2013



(JPY bn)	Japan	Europe	North America	Rest of World	Total
Architectural	71.4	82.4	19.2	42.7	215.7
Automotive	46.4	106.5	55.8	36.3	245.0
Technical	35.5	5.7	1.0	17.2	59.4
Others	1.1	0.1	0.0	0.0	1.2
<b>Total</b>	<b>154.4</b>	<b>194.7</b>	<b>76.0</b>	<b>96.2</b>	<b>521.3</b>

# Operating Profit before Amortization\*

## FY2013



(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Architectural	0.5	(6.2)	2.0	4.0	0.3	0%
Automotive	3.4	1.7	(0.7)	0.4	4.8	2%
Technical	5.2	0.7	0.2	0.6	6.7	11%
Others	(2.9)	(0.4)	0.5	0.0	(2.8)	
Total	6.2	(4.2)	2.0	5.0	9.0	2%
Ratio on Sales	4%	-2%	3%	5%	2%	

\*Operating profit before amortization and exceptional items

# Operating Profit after Amortization\*

## FY2013



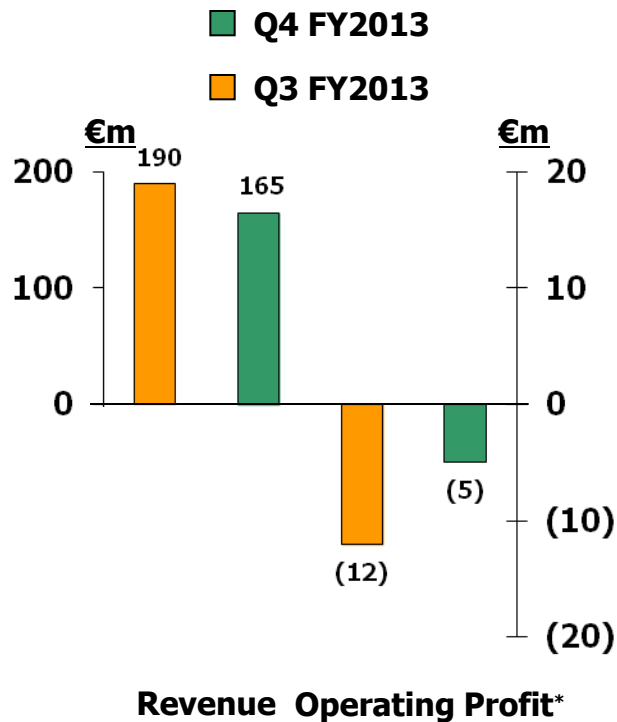
(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Architectural	0.5	(6.2)	2.0	4.0	0.3	0%
Automotive	3.4	1.7	(0.7)	0.4	4.8	2%
Technical	5.2	0.7	0.2	0.6	6.7	11%
Others	(2.9)	(5.0)	(0.9)	(1.0)	(9.8)	
Total	6.2	(8.8)	0.6	4.0	2.0	0%
Ratio on Sales	4%	-5%	1%	4%	0%	

\*Operating profit after amortization but before exceptional items

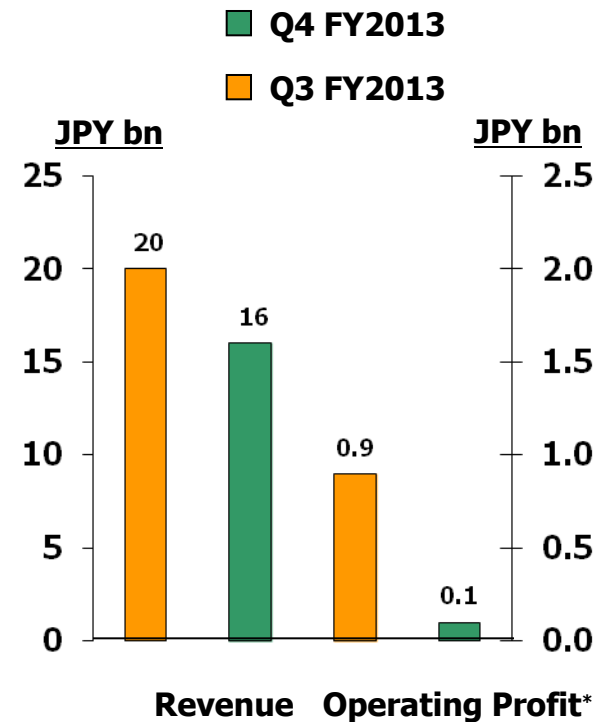
# Architectural

## Q4 FY2013 v Q3 FY2013

### Europe



### Japan

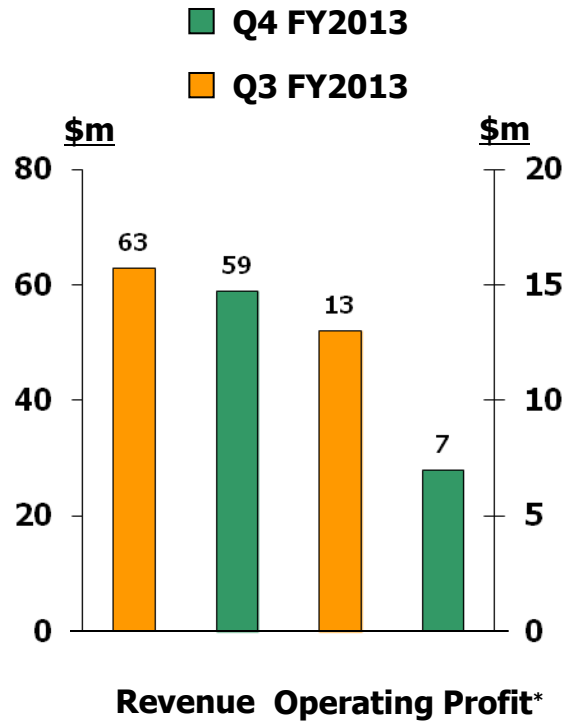


\*Operating profit before exceptional items

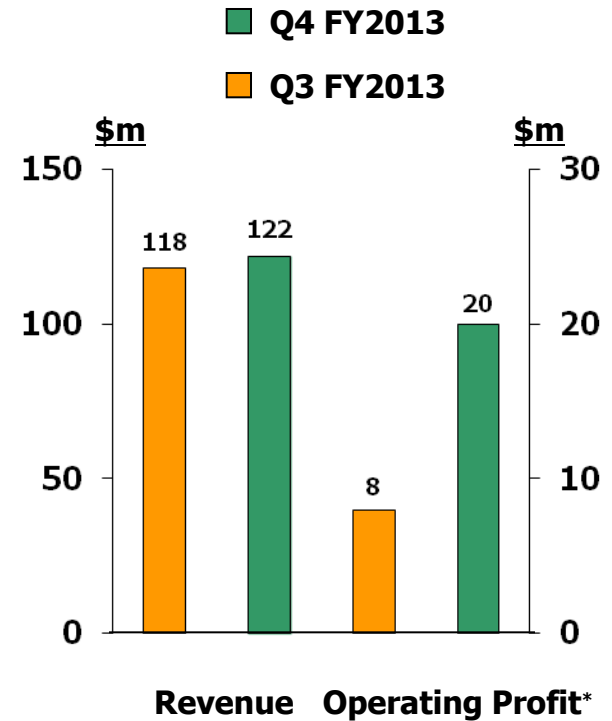
# Architectural

## Q4 FY2013 v Q3 FY2013

### North America



### Rest of World\*\*



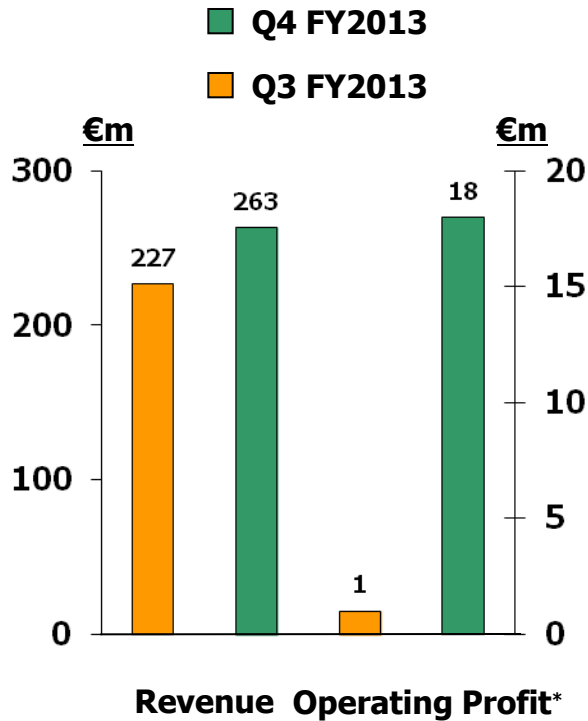
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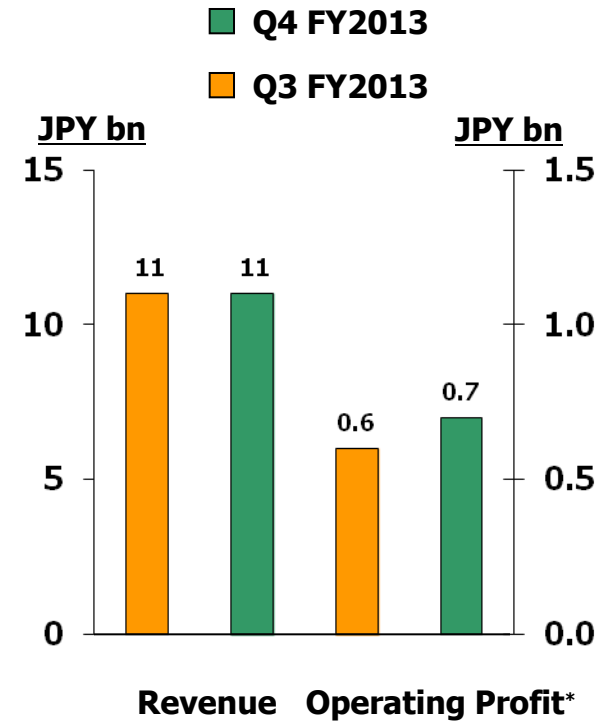
# Automotive

## Q4 FY2013 v Q3 FY2013

### Europe



### Japan



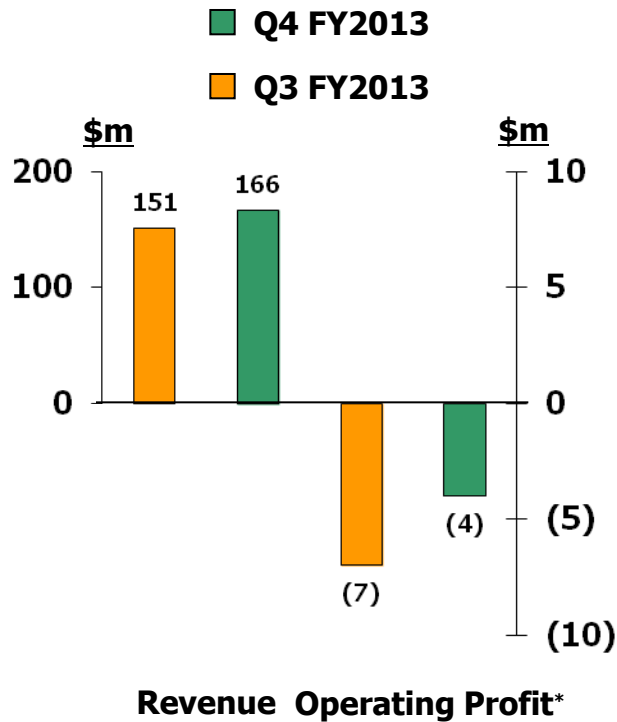
\*Operating profit before exceptional items

# Automotive

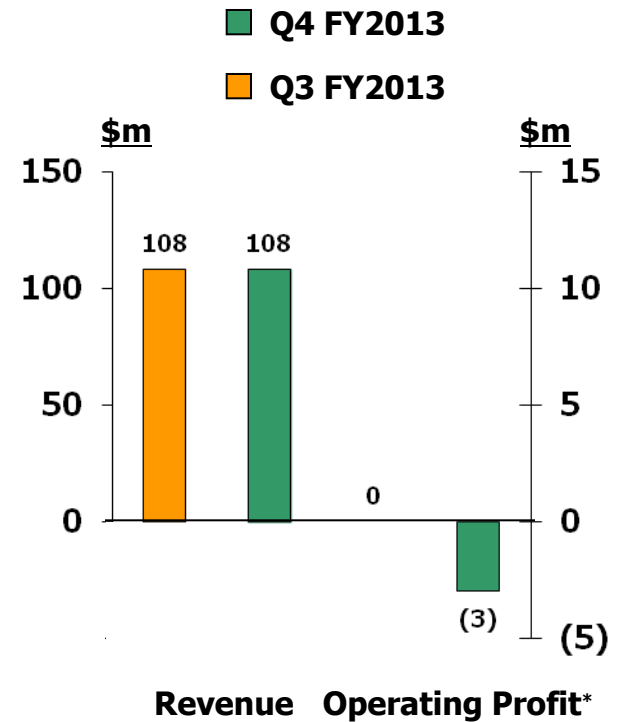
## Q4 FY2013 v Q3 FY2013



### North America



### Rest of World\*\*



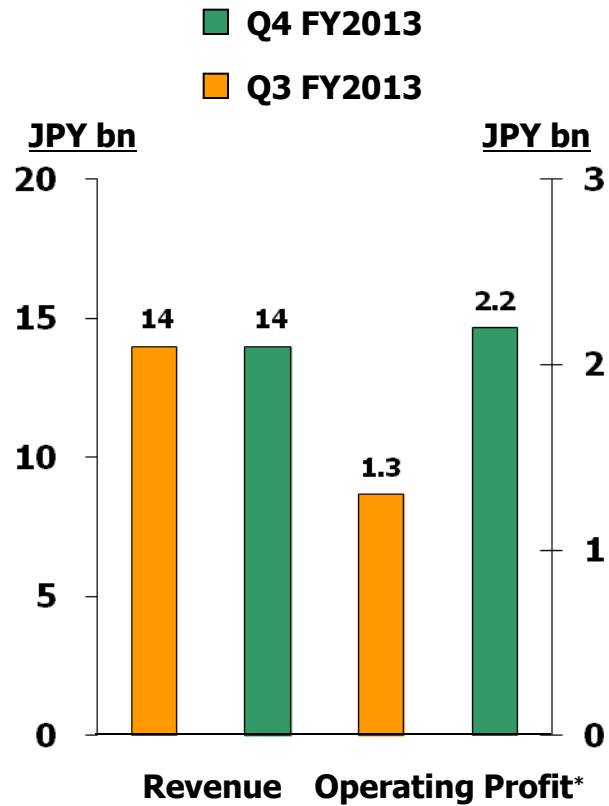
\*Operating profit before exceptional items

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# Technical Glass

## Q4 FY2013 v Q3 FY2013



\*Operating profit before exceptional items

# Assumptions



	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014 Forecast</b>
Average rates used:			
JPY/GBP	126	131	150
JPY/EUR	109	107	130
JPY/USD	79	83	100
Closing rates used:			
JPY/GBP	131	141	
JPY/EUR	109	119	
JPY/USD	82	93	

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