

**NSG**

**GROUP**

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# **NSG Group**

## **FY2015 Annual Results**

**(from 1 April 2014 to 31 March 2015)**

Nippon Sheet Glass Co., Ltd.  
14 May 2015

## **Shigeki Mori**

**Chief Executive Officer**

## **Clemens Miller**

**Chief Operating Officer**

## **Mark Lyons**

**Chief Financial Officer**

## **Kenichi Morooka**

**Executive Vice President**

# FY2015 Annual Results

(from 1 April 2014 to 31 March 2015)



## Agenda

Key Points

Financial Results

Business Update

FY2016 Forecast

Strategy Update

Summary

## Key Points - April 2014 to March 2015



- Trading profit improved 13% year to year, with positive profit for the period
- Profit improvement reflects operational cost savings
- Market conditions were mixed, with improvements in some regions and reductions in others

# **FY2015 Annual Results**

**(from 1 April 2014 to 31 March 2015)**



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# Consolidated Income Statement



<u>(JPY bn)</u>	<u>FY2015</u>	<u>FY2014</u>	<u>Change from FY2014</u>
<b>Revenue</b>	<b>626.7</b>	<b>606.1</b>	<b>3%**</b>
<b>Trading profit</b>	<b>25.2</b>	<b>22.4</b>	<b>13%</b>
Amortization*	(8.4)	(7.9)	
<b>Operating profit before exceptional items</b>	<b>16.8</b>	<b>14.5</b>	
Exceptional items	5.5	(13.8)	
<b>Operating profit</b>	<b>22.3</b>	<b>0.7</b>	
Finance expenses (net)	(17.9)	(16.8)	
Share of JVs and associates	0.4	1.0	
<b>Profit/(Loss) before taxation</b>	<b>4.8</b>	<b>(15.1)</b>	
<b>Profit/(Loss) for the period</b>	<b>2.9</b>	<b>(15.5)</b>	
<b>Profit/(Loss) attributable to owners of the parent</b>	<b>1.7</b>	<b>(16.6)</b>	
EBITDA	57.9	54.4	6%

\* Amortization arising from the acquisition of Pilkington plc only

\*\* 0% based on constant exchange rates

Profit reflects reduced cost levels and mixed market conditions

## Exceptional items



**(JPY bn)**

**FY2015**

Gain on reclassification of investments  
Gain on disposal of non-current assets  
Restructuring costs  
Impairment of investment in associates  
Other items

13.3

5.1

(8.9)

(2.1)

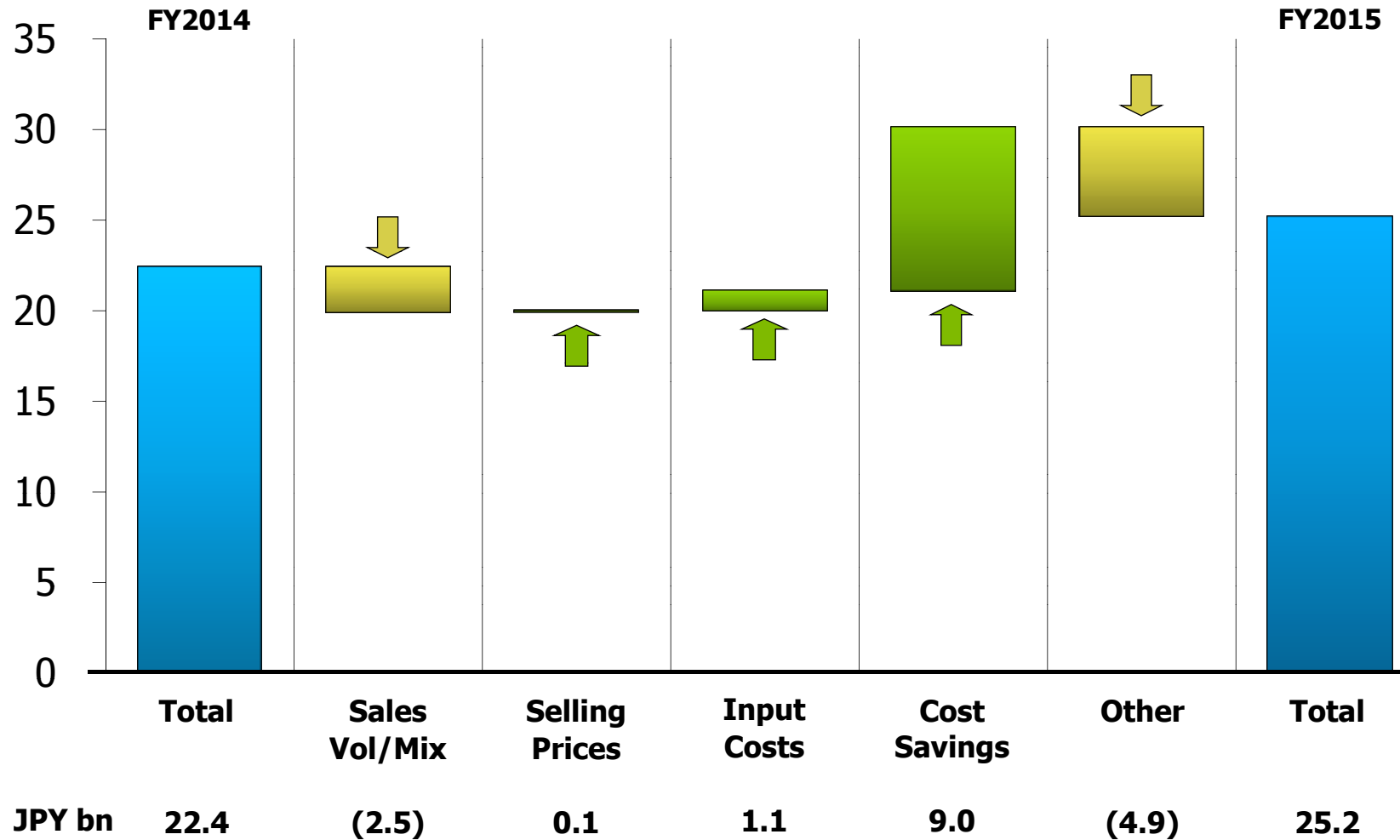
(1.9)

**5.5**



# Change Analysis

## Trading profit



Profit improvement driven by operational cost savings

# Consolidated Cash Flow Summary



<b>(JPY bn)</b>	<b><u>FY2015</u></b>	<b><u>FY2014</u></b>	<b><u>FY2013</u></b>
Profit/(loss) for the period	2.9	(15.5)	(33.5)
Depreciation and amortization	41.7	40.4	36.6
Net change in working capital	13.9	15.2	21.7
Tax paid	(4.2)	(3.7)	(6.0)
Gain on sale of property, plant and equipment	(5.2)	(0.6)	(0.9)
Gain on reclassification of investments	(13.3)	-	-
Others	(11.2)	(17.9)	(3.7)
<b>Net cash inflow from operating activities</b>	<b>24.6</b>	<b>17.9</b>	<b>14.2</b>
Purchase of property, plant and equipment	(32.6)	(25.7)	(25.6)
Others	9.4	8.6	18.6
<b>Net cash outflow from investing activities</b>	<b>(23.2)</b>	<b>(17.1)</b>	<b>(7.0)</b>
<b>Cash flow before financing activities</b>	<b>1.4</b>	<b>0.8</b>	<b>7.2</b>

Maintaining consistent focus on debt management

# Key Performance Indicators



	<b><u>31-Mar-15</u></b>	<b><u>31-Mar-14</u></b>
Net Debt (JPY bn)	374	379
Net Debt/EBITDA	6.5x	7.0x
Net Debt/Equity Ratio	2.0	2.0
	<b><u>FY2015</u></b>	<b><u>FY2014</u></b>
EBITDA Interest Cover	3.7x	3.7x
Operating Return* on Sales * trading profit	4.0%	3.7%

Improved profitability reflected in KPIs

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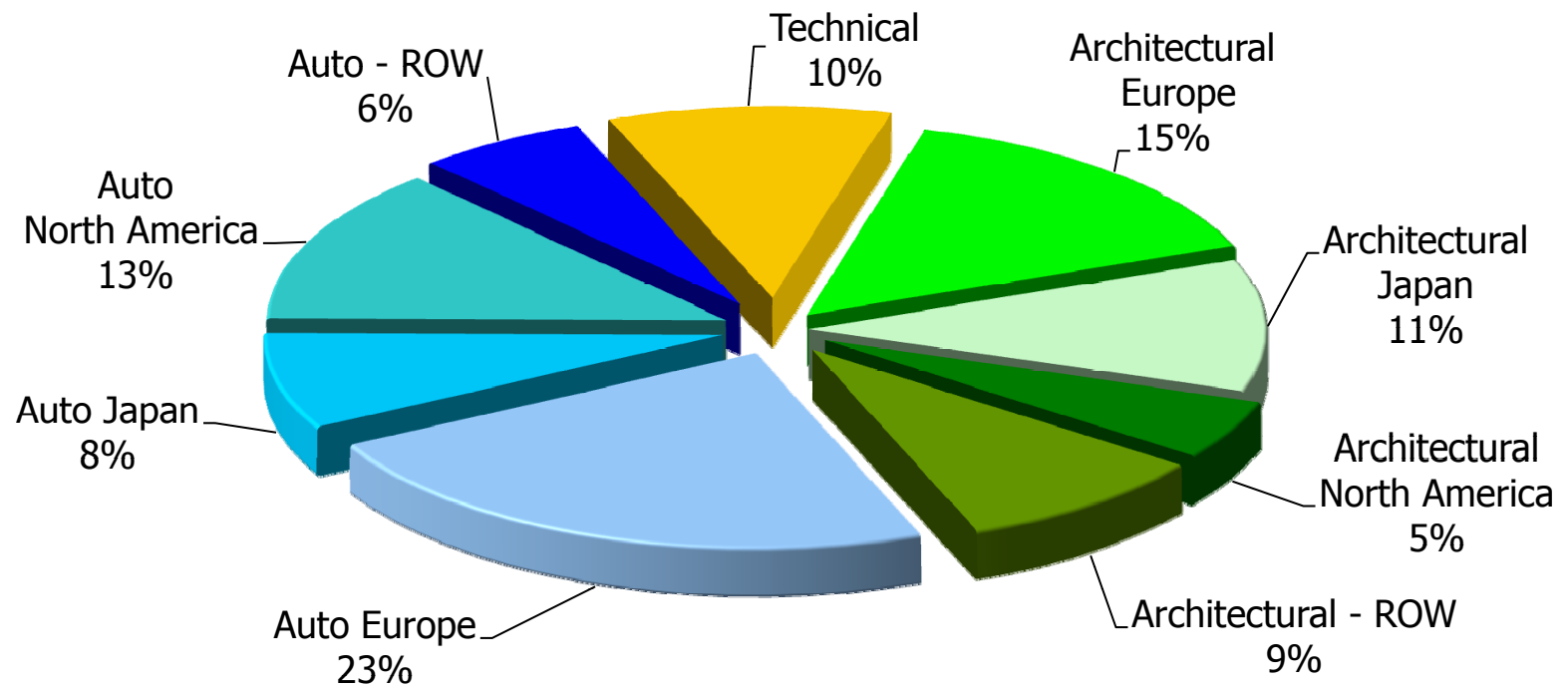
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# External Revenue – Group Businesses

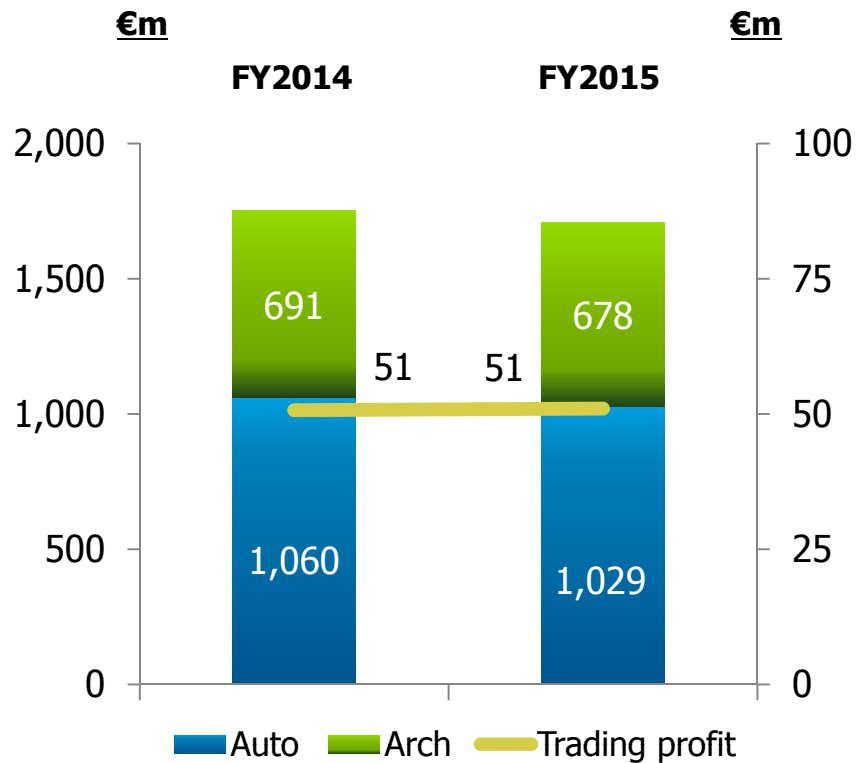


¥ 626.7 billion



**FY2015 Annual**

# Europe FY2015 v FY2014



## Architectural

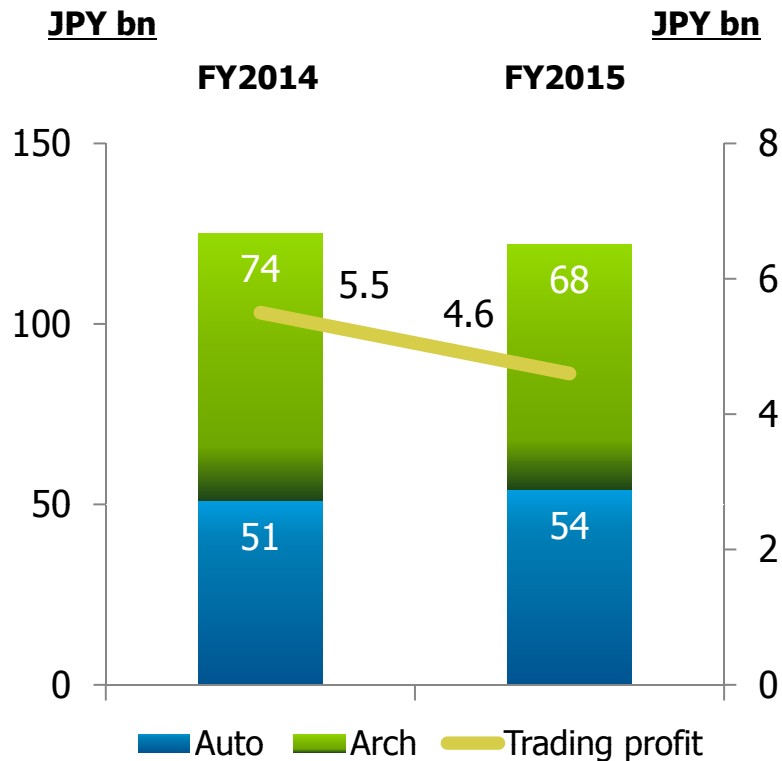
- Market conditions stable
- NSG volumes lower but asset utilization improved following prior year plant closures

## Automotive

- Revenue and profits broadly flat year on year
- Some indications of market improvement from the fourth quarter

# Japan

## FY2015 v FY2014



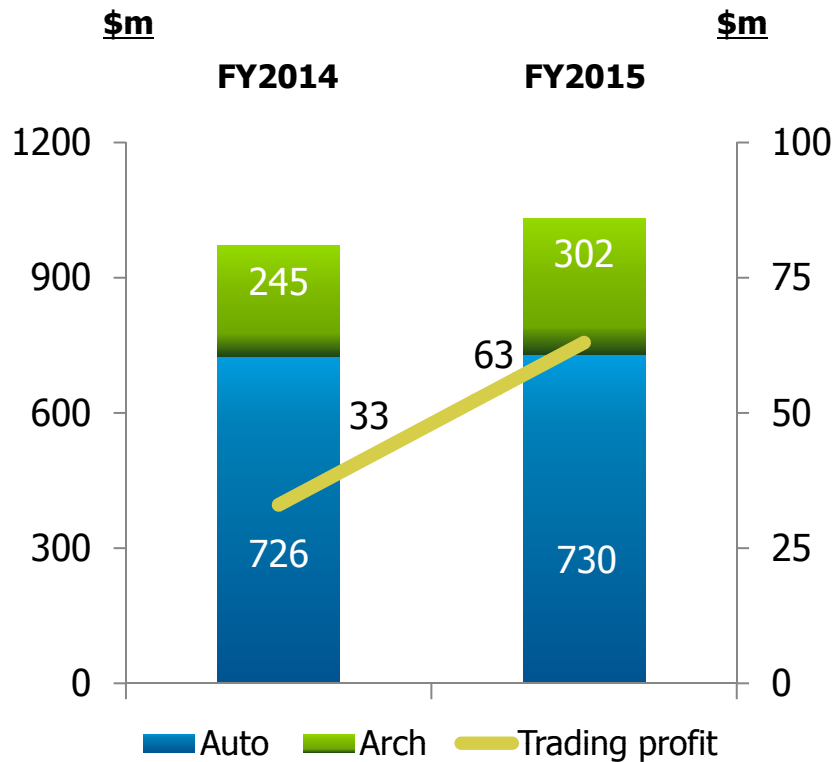
### Architectural

- Revenues fell due to reduced volumes following the increase in consumption taxes

### Automotive

- OE market generally robust, but signs of weakness seen during the fourth quarter
- Increased input costs partly offset by effects of cost reduction and asset utilization

# North America FY2015 v FY2014



## Architectural

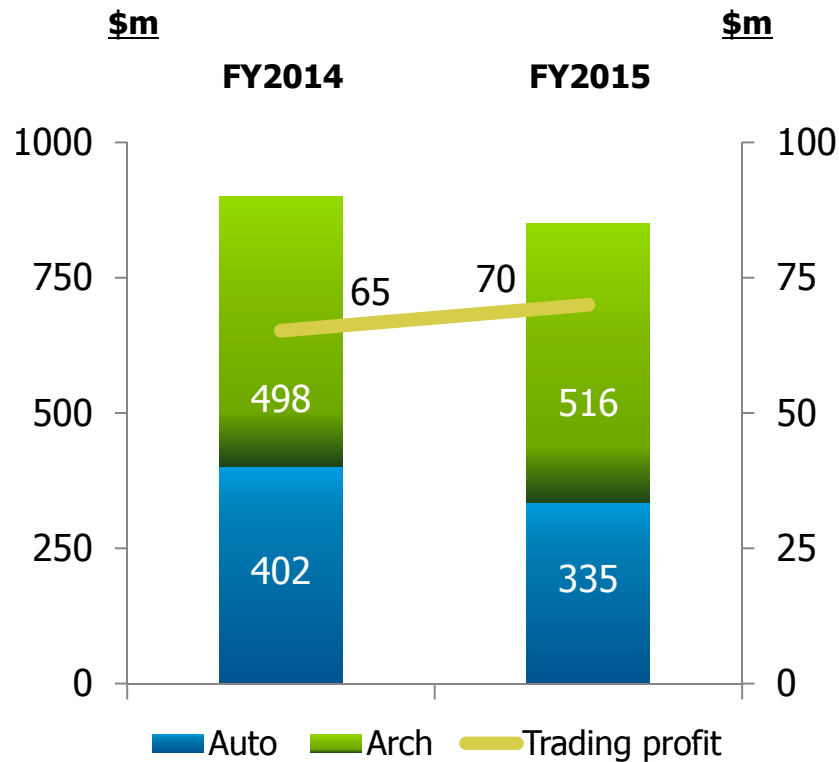
- Revenues and profits improved, as volumes increased with robust domestic and solar demand
- Domestic price levels above the previous year

## Automotive

- OE revenues improved as market volumes continued to increase, and operational improvement contributed to better profit
- AGR benefited from robust demand



# Rest of World FY2015 v FY2014



## Architectural

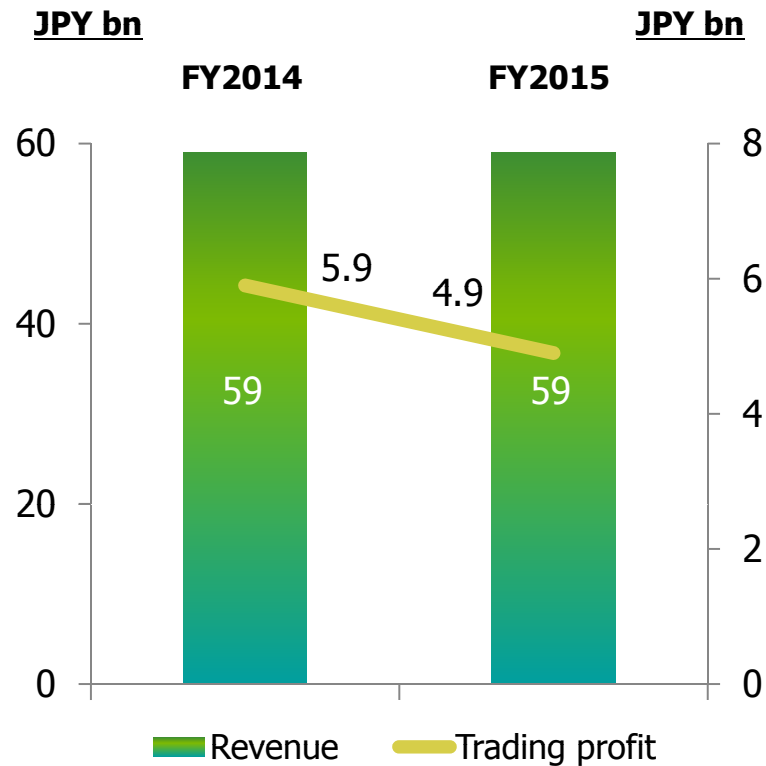
- Improving domestic demand and increased Solar Energy glass dispatches in South East Asia
- Revenues expressed in US dollars similar to previous year in South America

## Automotive

- OE revenues in South East Asia similar to previous year
- Lower revenues and profits reflect challenging economic conditions in South America

# Technical Glass

## FY2015 v FY2014



### Technical Glass

- Display glass impacted by increased competition
- Components used in office printers enjoyed robust demand
- Volumes of glass cord used in engine timing belts were similar to the previous year

# Joint Ventures and Associates

## FY2015 v FY2014



(JPY bn)	<u>FY2015</u>	<u>FY2014</u>
Share of post-tax profits	0.4	1.0

- Share of profits in our Russian joint venture are reduced due to weak economic conditions and ruble depreciation
- Profits held up well in South America
- Profits below the previous year in China

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# FY2016 Forecast



## Europe

- Broadly flat in Architectural markets
- Automotive markets to benefit from improving trend experienced during the fourth quarter of FY2015

## Japan

- Architectural markets to register a modest improvement, leading to better asset utilization
- Automotive markets to be flat, while further operational improvement assumed

# FY2016 Forecast



## North America

- Volumes expected to be robust
- Expectations for profitability to improve in Automotive

## Rest of World

- Market conditions in South East Asia are likely to improve
- Measures in place to improve asset utilization of Automotive operations in South America

## Technical Glass

- Outlook for this business remains positive

# FY2016 Forecast



<u>(JPY bn)</u>	<u>Forecast FY2016</u>	<u>Actuals FY2015</u>
<b>Revenue</b>	<b>655.0</b>	<b>626.7</b>
<b>Trading profit</b>	<b>32.0</b>	<b>25.2</b>
Amortization*	(8.0)	(8.4)
<b>Operating profit</b>	<b>24.0</b>	<b>16.8</b>
Exceptional items	-	5.5
Finance expenses (net)	(18.0)	(17.9)
Share of JVs and associates	2.0	0.4
<b>Profit before taxation</b>	<b>8.0</b>	<b>4.8</b>
<b>Profit for the period</b>	<b>3.5</b>	<b>2.9</b>
<b>Profit attributable to owners of the parent</b>	<b>2.0</b>	<b>1.7</b>

\* Amortization arising from the acquisition of Pilkington plc only

Market conditions expected to improve gradually during FY2016

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# Strategy Update



- Regions have shown mixed results. Where performance is weak, we will take additional improvement measures, while we will step up our efforts to seek higher profitability for those with strong performance
- Good progress has been made on capacity utilization
- VA products have been launched in all businesses as planned. This will remain our strategic focus
- We will shift our focus from the defensive approach of restructuring in the past years to more proactive actions to enhance profitability
- Our core strategy remains unchanged with emphasis on maximization of capacity utilization and growing VA product ratio

# Strategy Update



Acceleration of measures to achieve our Strategic Vision,  
“VA Glass Company”

- Improvement of cost competitiveness  
Continued focus on operational efficiency (capacity utilization)  
and cost reduction
- Strengthening of Architectural and Automotive Glass businesses  
Provision of high value-added products and services
- Growth of Technical Glass business  
Provision of new values in products and services  
Development of advanced markets
- Acceleration of strategic actions in regions  
Redeployment of management resources based on priority

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## Summary



- Trading profit improved 13% year to year, with positive profit for the period
- Profit improvement reflects operational cost savings
- Market conditions were mixed, with improvements in some regions and reductions in others
- FY2016 forecast reflects gradual improvement in market conditions
- Core strategy 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

## FY2015



(JPY bn)	Europe	Japan	North America	Rest of World	Total
Architectural	94.5	68.4	33.2	56.8	252.9
Automotive	143.4	53.5	80.3	36.8	314.0
Technical Glass	8.0	31.5	1.2	18.0	58.7
Others	0.1	1.0	0.0	0.0	1.1
<b>Total</b>	<b>246.0</b>	<b>154.4</b>	<b>114.7</b>	<b>111.6</b>	<b>626.7</b>

# Trading profit FY2015



(JPY bn)	Architectural	Automotive	Technical Glass	Other	Total
Trading profit	17.0	9.4	4.9	(6.1)	25.2

(JPY bn)	Europe	Japan	North America	Rest of World	Total
Trading profit	6.0	5.0	6.5	7.7	25.2



# Assumptions



	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016 Forecast</b>
Average rates used:			
JPY/GBP	159	177	180
JPY/EUR	134	139	130
JPY/USD	100	110	110
Closing rates used:			
JPY/GBP	171	178	
JPY/EUR	141	130	
JPY/USD	103	120	

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