

**NSG**

**GROUP**

**NSG Group  
Results to 31 March 2010  
and  
CEO Designate Introduction**

**14 May 2010**

Katsuji Fujimoto – CEO

Craig Naylor – CEO Designate

Mike Powell – Group Finance Director

# Key Points - April 09 to March 10

- Full-year results better than previous forecast
- Fourth-quarter results reflect stabilized markets and restructuring actions
- New President and CEO appointed
- Major restructuring program completed. Cost savings delivered
- Significant improvement in debt maturity profile achieved
- Continued profit improvement forecast for FY2011

# NSG Group Year End Results

## Agenda

- Financial Results
  - Full Year Results
  - Q4 FY10 and Q4 FY09 Comparison
- Business Update
- CEO Designate Introduction
- FY2011 Outlook

# Consolidated Income Statement

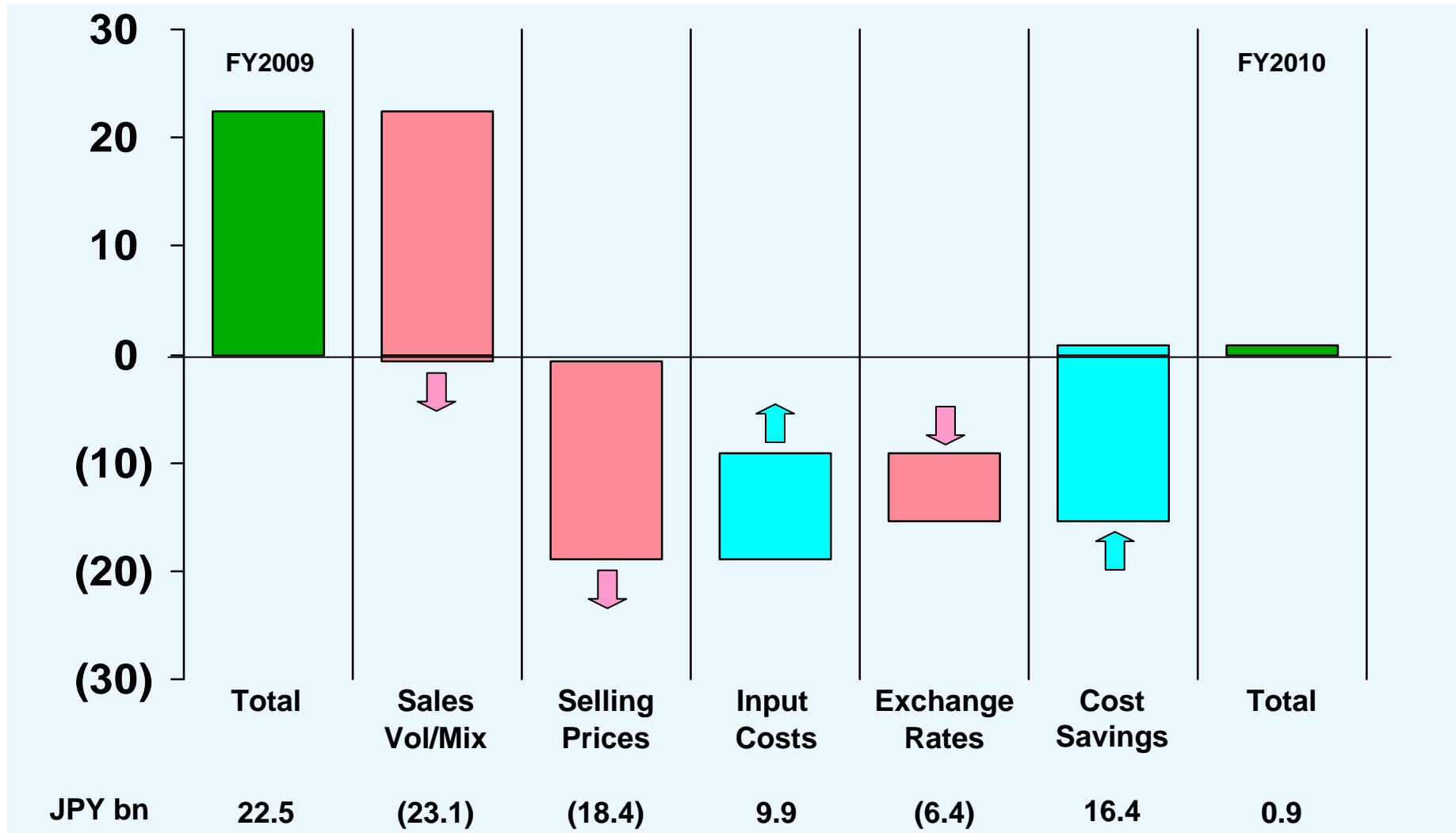
<u>(JPY bn)</u>	<u>FY2010</u>	<u>FY2009</u>	<u>Change from FY2009</u>
Revenue	588.4	739.4	-20%**
Op.Income before amortization*	0.9	22.5	
Amortization*	(18.1)	(20.6)	
<b>Operating Income</b>	<b>(17.2)</b>	<b>1.9</b>	
Non-operating items	(11.4)	(14.2)	
<b>Ordinary income</b>	<b>(28.6)</b>	<b>(12.3)</b>	
Extraordinary items	(13.8)	(1.2)	
<b>Pre-tax Income</b>	<b>(42.4)</b>	<b>(13.5)</b>	
<b>Net Income</b>	<b>(41.3)</b>	<b>(28.4)</b>	
EBITDA	41.0	68.2	-40%

\* Amortization arising from the acquisition of Pilkington plc only

\*\* -14% based on constant exchange rates

**Reduced sales and profits in line with market conditions**

# Operating Income Change Analysis



**Cost savings partially offset market deterioration**

# Non-operating Items

	<b>FY2010 (JPY bn)</b>	<b>FY2009 (JPY bn)</b>
<b>Interest and dividend income</b>	<b>2.7</b>	<b>8.3</b>
<b>Interest expenses</b>	<b>(14.3)</b>	<b>(20.0)</b>
<b>Joint ventures and associates</b>	<b>2.4</b>	<b>1.6</b>
<b>Other income and expenses</b>	<b>(2.2)</b>	<b>(4.1)</b>
	<b>(11.4)</b>	<b>(14.2)</b>

**Improving non-operating items**



# Extraordinary Items

	<b>FY2010 (JPY bn)</b>	<b>FY2009 (JPY bn)</b>
<b>Gain from sale of securities</b>	<b>4.1</b>	<b>7.7</b>
<b>(Loss)/gain on disposal of subsidiaries and affiliates</b>	<b>(1.1)</b>	<b>30.0</b>
<b>Gain on disposal of fixed assets</b>	<b>0.9</b>	<b>0.2</b>
<b>Restructuring and asset impairments:</b>		
<b>Measures announced January and April 2009</b>	<b>(6.6)</b>	<b>(19.6)</b>
<b>Other measures</b>	<b>(8.7)</b>	<b>(7.1)</b>
<b>EC car glass fine</b>	<b>-</b>	<b>(7.8)</b>
<b>Others</b>	<b>(2.4)</b>	<b>(4.6)</b>
	<b>(13.8)</b>	<b>(1.2)</b>

**Major restructuring program complete**

# Consolidated Cash Flow Summary

	FY2010 (JPY bn)	FY2009 (JPY bn)
Income before income taxes and minority interests	(42)	(14)
Depreciation and amortization	57	66
Increase in working capital	1	(3)
Tax paid	(19)	(12)
Addback profit on disposal of subsidiaries/investments	(5)	(38)
Others	5	(32)
<b>Cash flow from operating activities</b>	<b>(3)</b>	<b>(33)</b>
Purchase of fixed assets	(16)	(43)
Disposal of subsidiaries/investments	22	52
Others	(12)	(6)
<b>Cash flow from investing activities</b>	<b>(6)</b>	<b>3</b>
<b>Cash flow before financing activities</b>	<b>(9)</b>	<b>(30)</b>

**Controlled cash management**

# Key Performance Indicators

	<u>31-Mar-10</u>	<u>31-Mar-09</u>
Net Debt (JPY bn)	315	331
Net Debt/EBITDA	7.7x	4.9x
Net Debt/Equity Ratio	1.3	1.3
	<u>FY2010</u>	<u>FY2009</u>
EBITDA Interest Cover	3.3x	5.2x
Operating Return on Sales*	0.2%	3.0%

\* Before amortization arising from acquisition of Pilkington plc

**Ratios weaker on declining EBITDA**

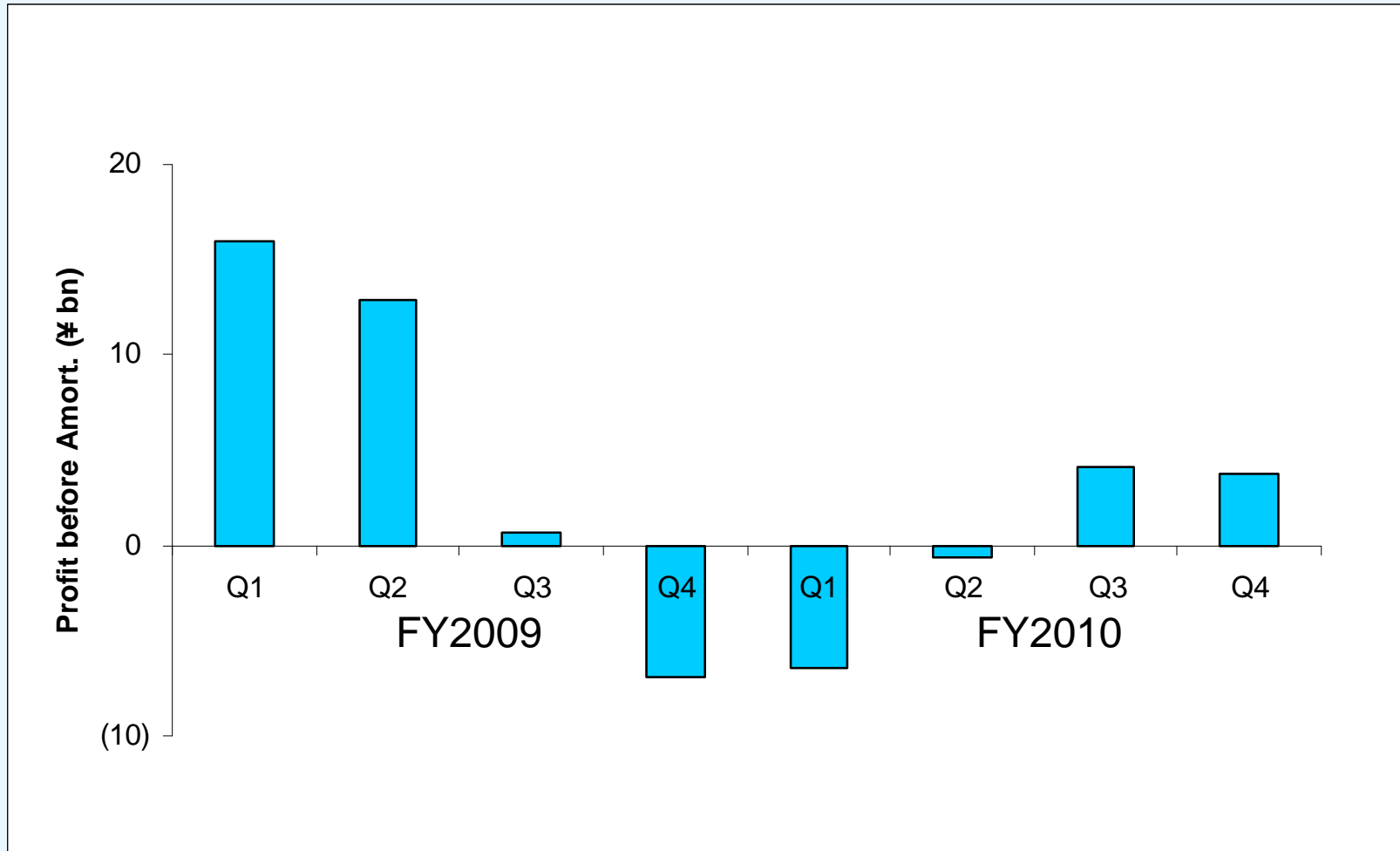
# Debt Maturity

- A further ¥ 52 billion of new debt facilities maturing in September 2013 were signed 24 March 2010, and following the year end date, were used to prepay facilities maturing during financial year 2011 and to provide sufficient levels of headroom.
- Cumulative debt refinanced year to date of ¥ 164 billion
- After the actions above, the Group debt facilities maturity profile, including undrawn Revolving Credit Facilities, are:

FY2011	¥ 20 billion
FY2012	¥ 49 billion
FY2013	¥ 87 billion
FY2014 onwards	¥ 279 billion

**Significant progress on debt refinancing achieved**

# Quarterly Profit Trend



**Improving quarterly profit trend**

# NSG Group Year End Results

## Agenda

- Financial Results
  - Full Year Results
  - Q4 FY10 and Q4 FY09 Comparison
- Business Update
- CEO Designate Introduction
- FY2011 Outlook

# Consolidated Income Statement

## Q4 FY10 v Q4 FY09

<u>(JPY bn)</u>	<u>Q4 FY10</u>	<u>Q4 FY09</u>	<u>Change from Q4 FY09</u>
<b>Sales</b>	<b>144.5</b>	<b>129.9**</b>	<b>+ 11%</b>
<b>Op.Income before amortization*</b>	<b>3.8</b>	<b>(7.1)</b>	
Amortization*	(4.4)	(4.4)	
<b>Operating Income</b>	<b>(0.6)</b>	<b>(11.5)</b>	
Non-operating items	(2.3)	(5.4)	
<b>Ordinary income</b>	<b>(2.9)</b>	<b>(16.9)</b>	
Extraordinary items	(7.0)	(27.0)	
<b>Pre-tax Income</b>	<b>(9.9)</b>	<b>(43.9)</b>	
<b>Net Income</b>	<b>(9.2)</b>	<b>(38.9)</b>	
EBITDA	14.3	3.7	+ 286%

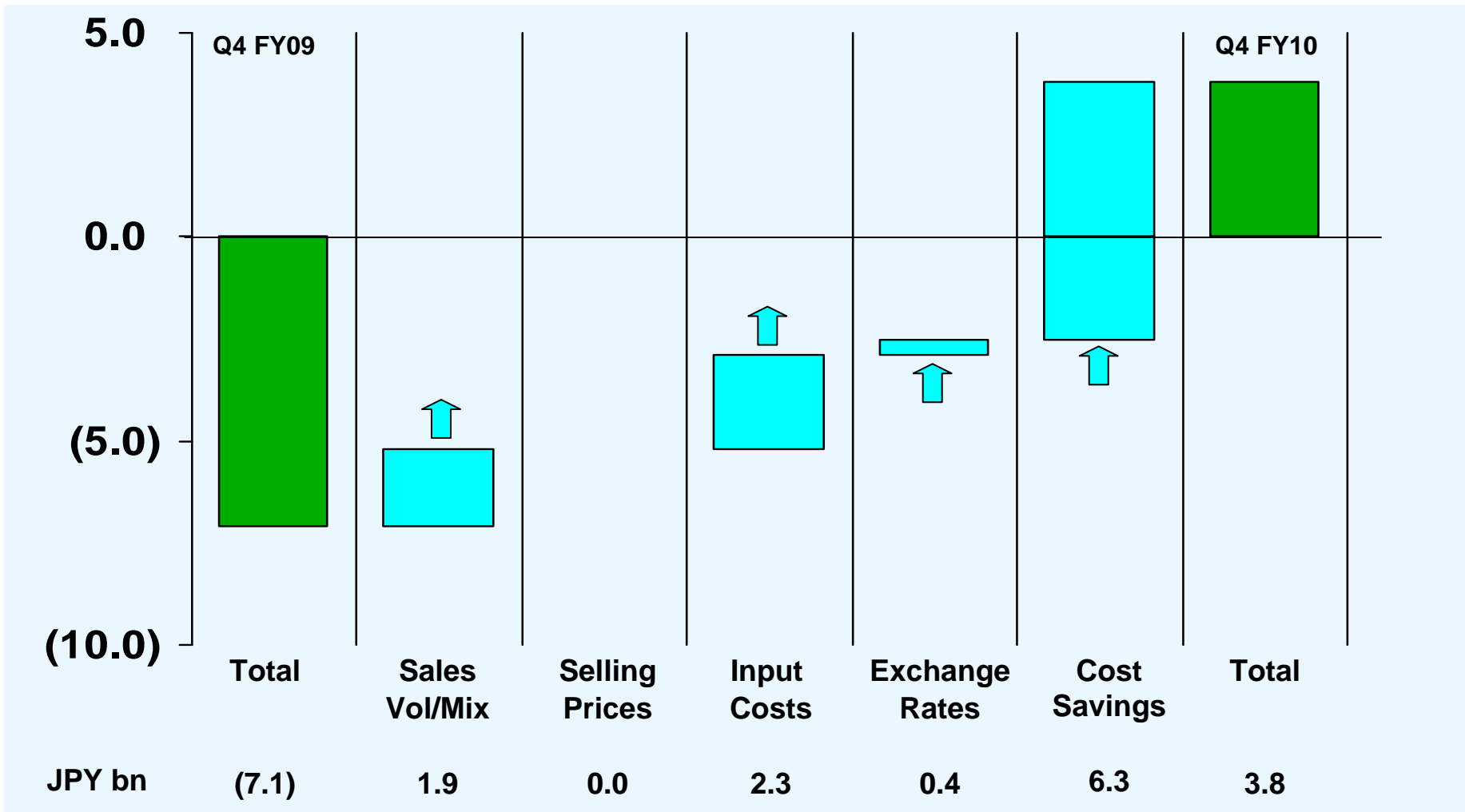
\* Amortization arising from the acquisition of Pilkington plc only

\*\*Q4 FY09 excludes revenue adjustment for standardizing the FY2009 statutory year end

**Operating result demonstrates improvement in profitability**

# Operating Income Change Analysis

## Q4 FY10 v Q4 FY09



**Markets stable, cost savings improve profitability**



---

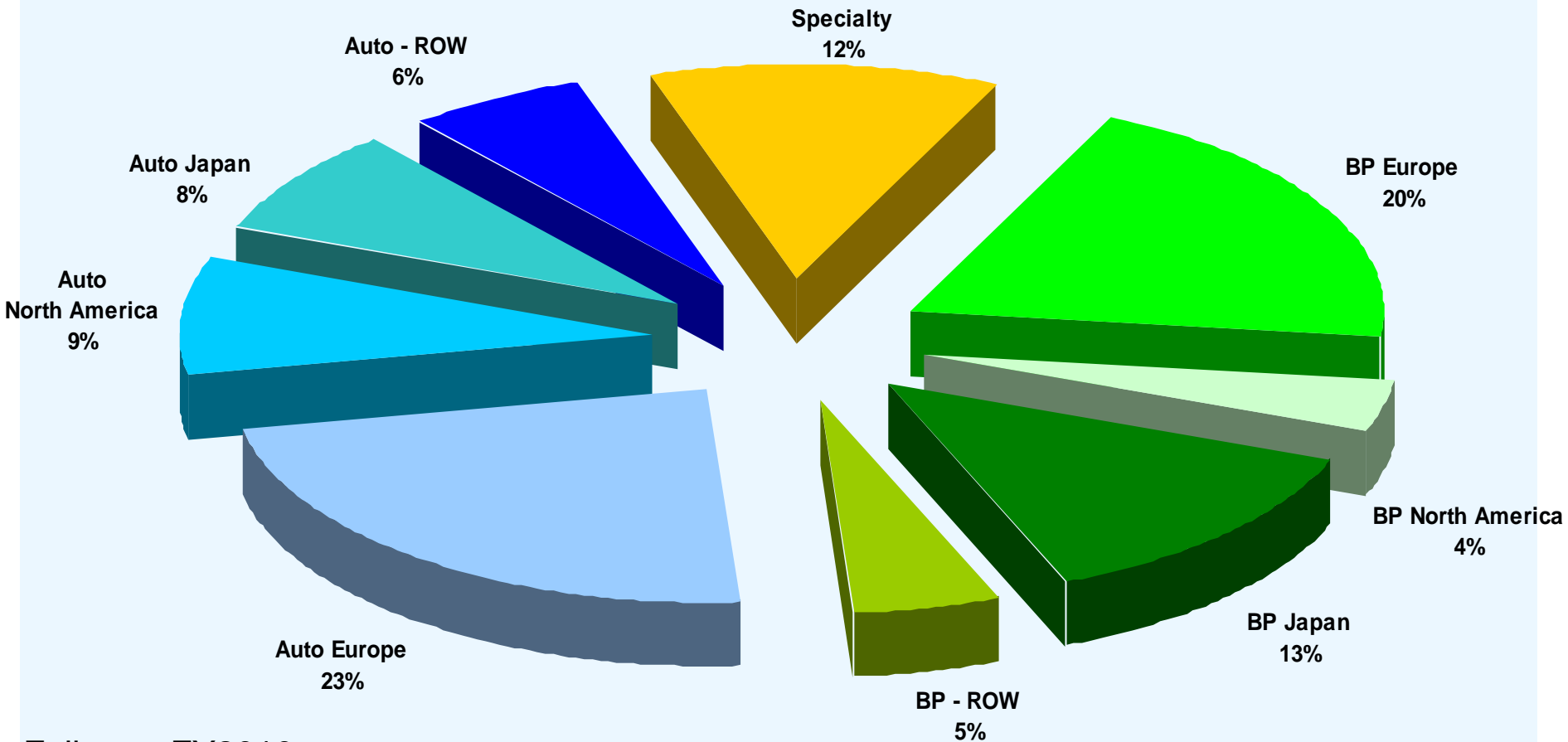
# NSG Group Year End Results



## Agenda

- Financial Results
- Business Update
  - Building Products
  - Automotive
  - Specialty Glass
- CEO Designate Introduction
- FY2011 Outlook

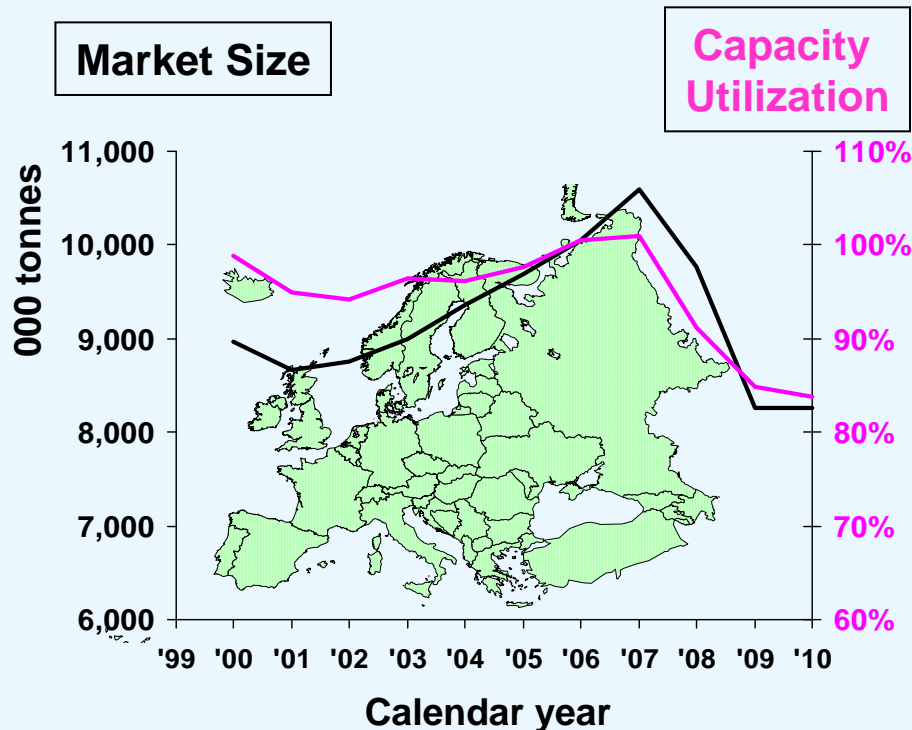
# External Sales – Group Businesses



Full-year FY2010

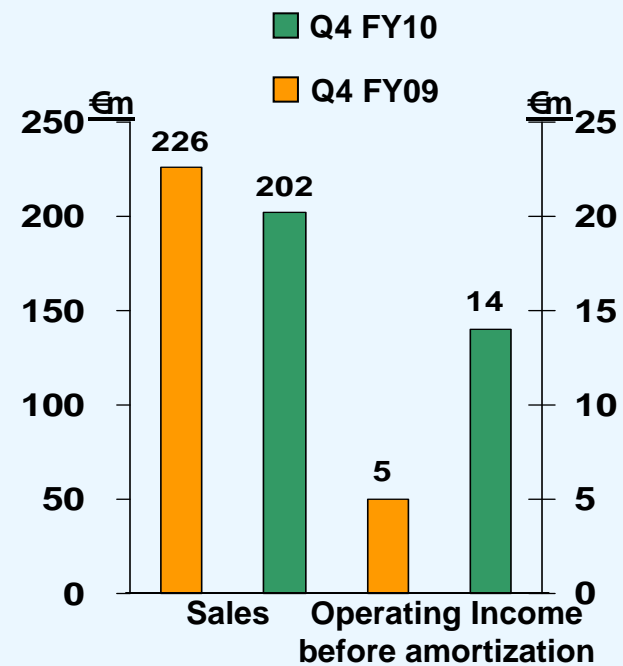
# Building Products Europe

## Market



- No substantial demand recovery expected before 2011
- New float capacity on stream in late 2009 reducing utilization

## Business

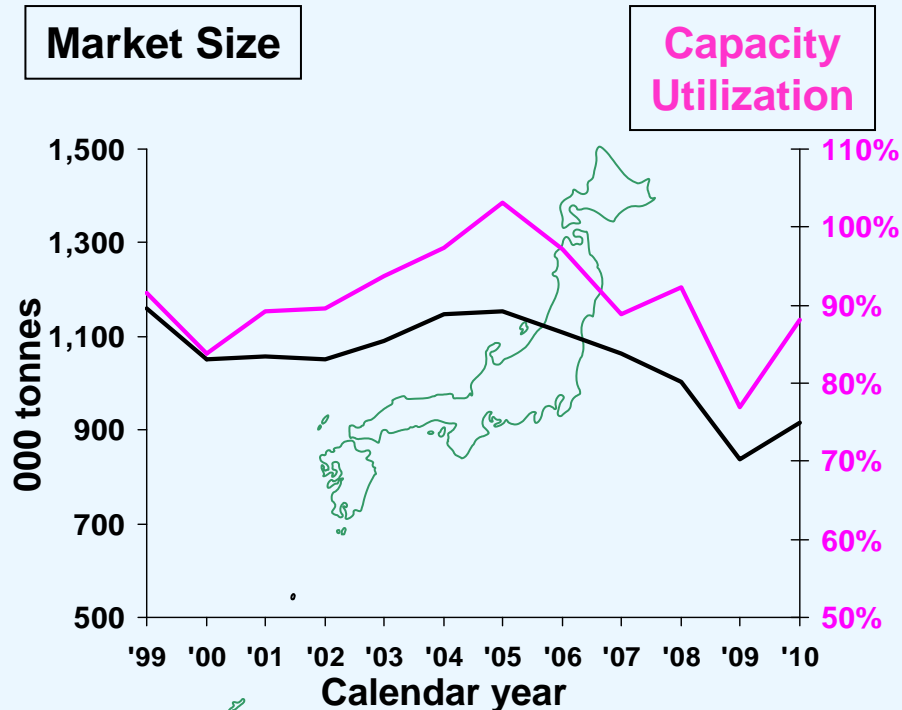


- Sales reduced due to the disposal of Downstream businesses in Q2 FY10
- One-off items benefit quarterly result
- Cost savings and lower input prices more than offset lower sales volumes

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

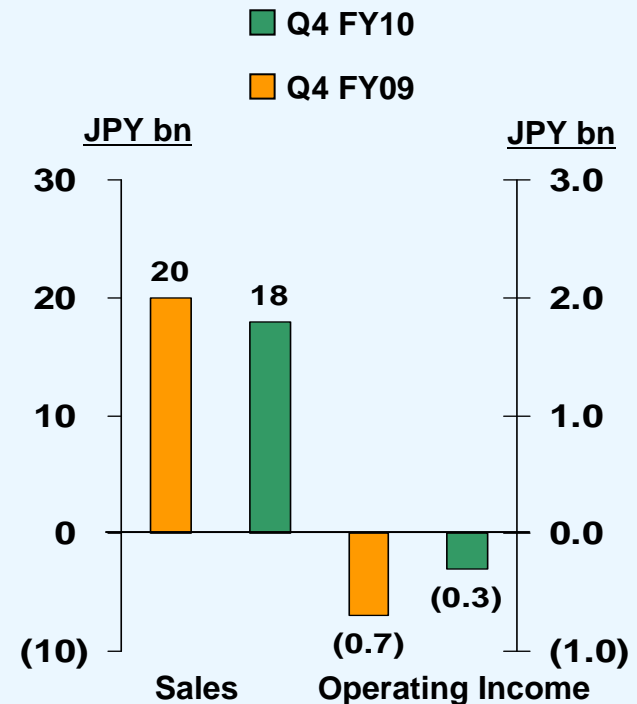
# Building Products Japan

## Market



- 2010 demand recovery driven mainly by Automotive and Specialty Glass
- Capacity reduction also supporting float utilization

## Business

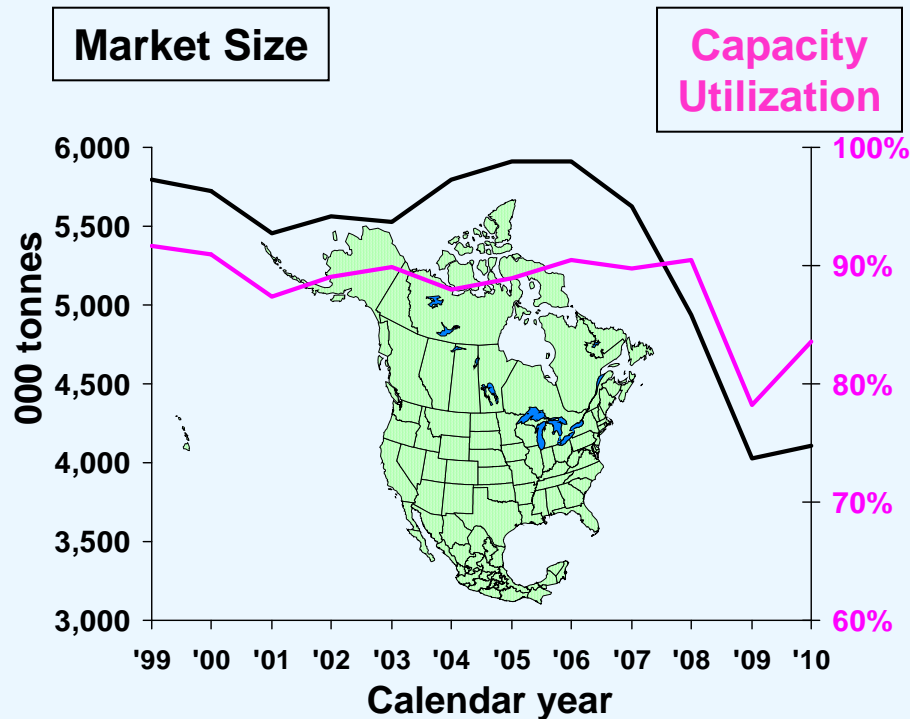


- Sales decline due to lower prices and change in sales mix
- Cost reduction and lower input costs improve operating income

Note. Q4 FY09 sales excludes adjustment for standardizing the FY2009 statutory year end

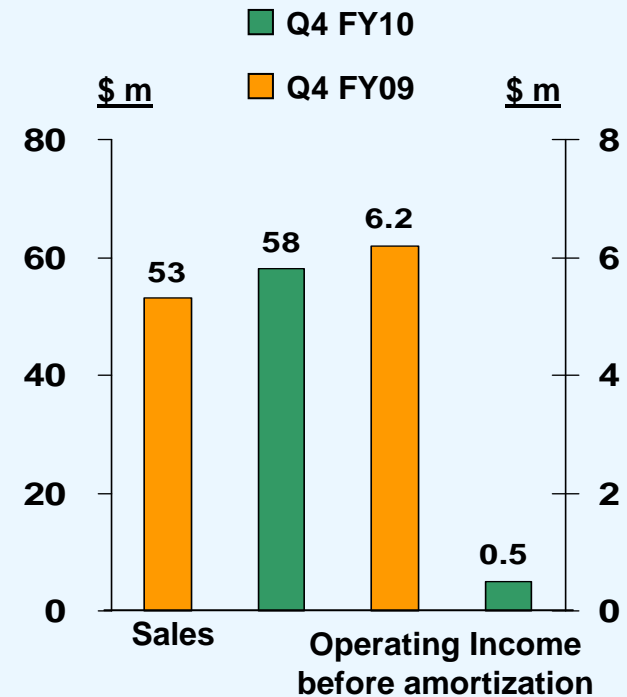
# Building Products North America

## Market



- Little demand recovery expected in 2010
- Industry capacity reductions driving improved utilization

## Business



- Sales increase due to higher export volumes
- Operating income flat after excluding one-off benefits in Q4 FY09

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

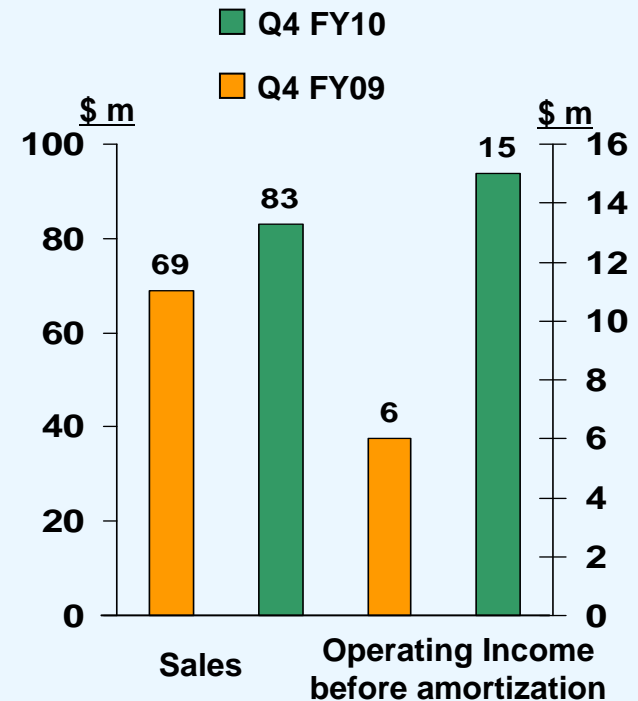
# Building Products Rest of World

## Market



- South American demand returned quickly to strong growth after short recession
- Vietnam currently showing strong demand

## Business



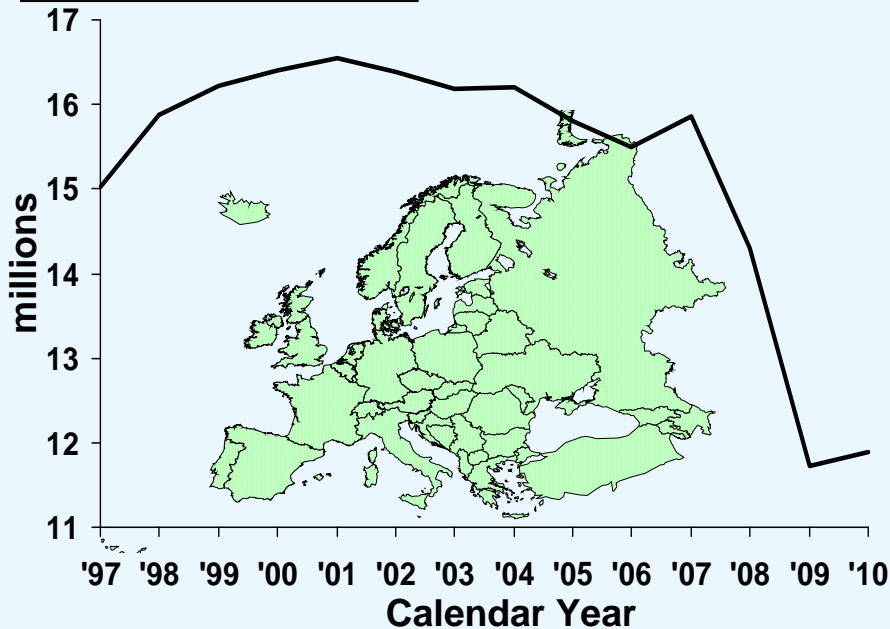
- In South America, strong demand delivers good profitability
- In South East Asia, higher prices and higher volumes improve operating income

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

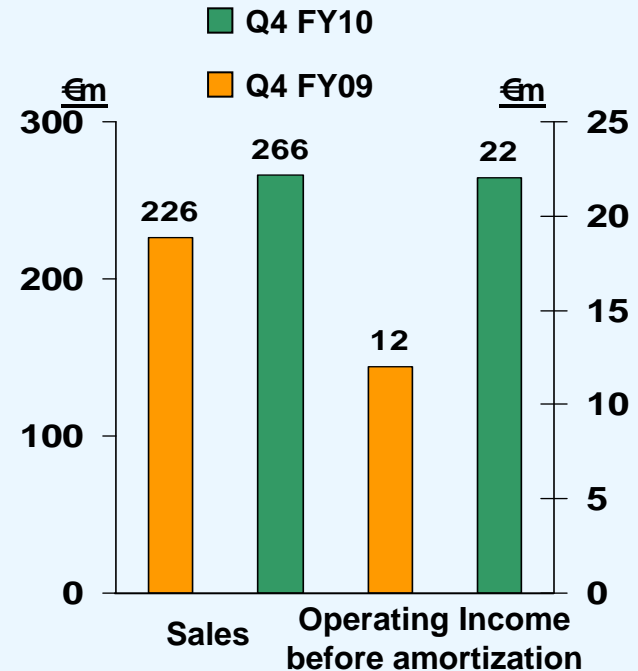
# Automotive Europe

## W. Europe Light Vehicle Build

## Market



## Business

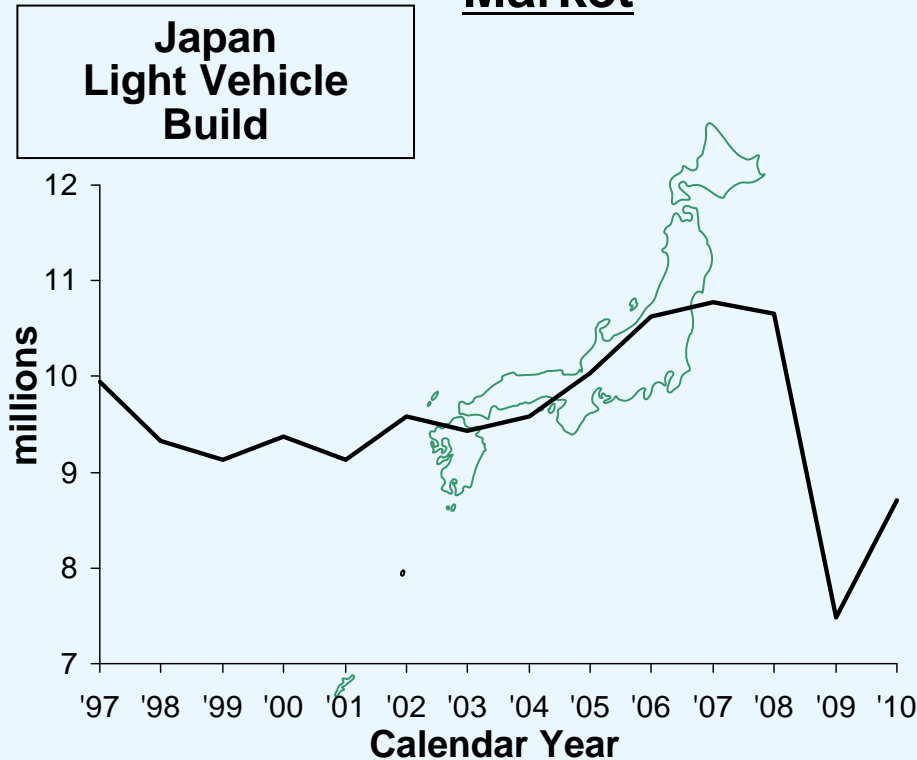


- Scrappage schemes provided major boost from Q2 2009 onwards although softening expected as schemes conclude
- Benefits in some markets continuing into 2010
- AGR market continues to hold up well due to harsh winter and start of peak selling season
- Significant increases in OE volumes, still benefiting from scrappage schemes
- AGR sales relatively stable
- Profit driven mainly by volume increases, improved capacity utilisation, input cost reduction and restructuring benefits

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

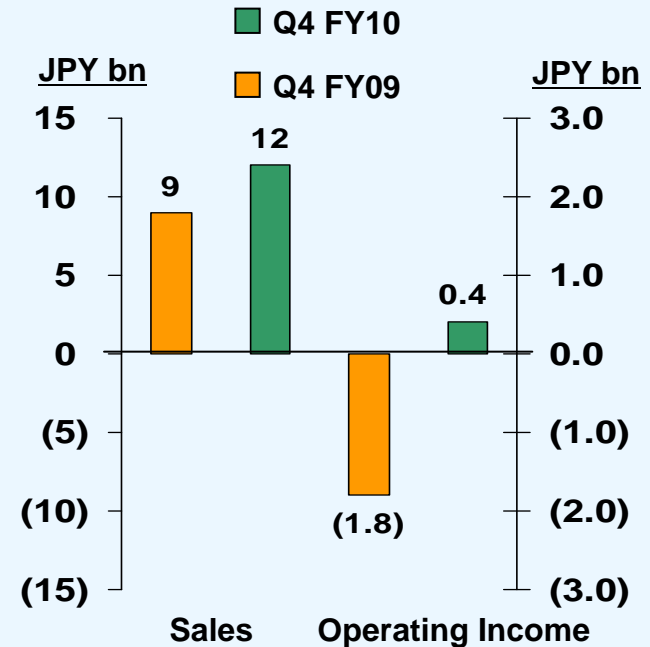
# Automotive Japan

## Market



- Government tax incentives on eco-friendly vehicles boosted demand in late 2009
- Softening is expected in late 2010, following end of current tax incentive scheme
- Steady AGR market

## Business



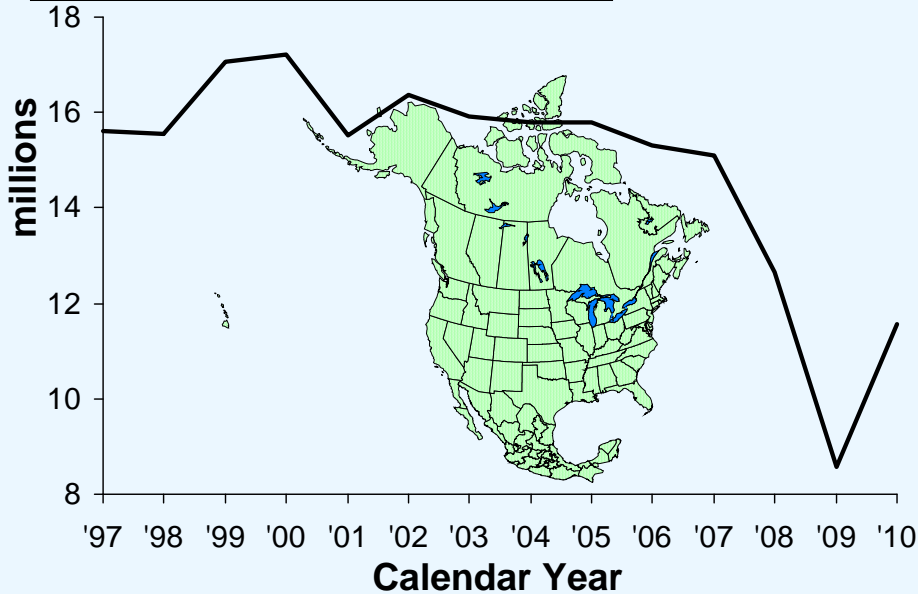
- Sales supported by scrappage incentives
- OE volume increases and operational improvements driving better profit



# Automotive North America

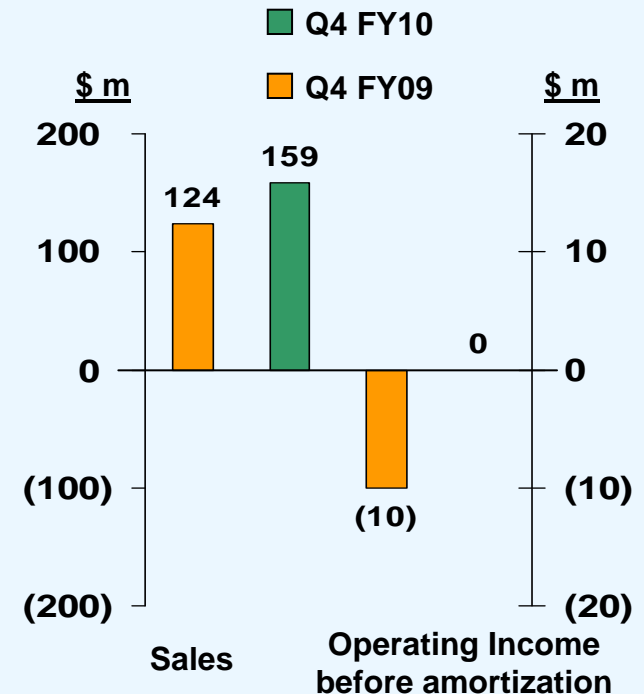
## Market

**NAFTA Light Vehicle Build**



- **Scrappage scheme kick-started recovery during Q3 of 2009**
- **VMs' own incentives have helped drive demand into 2010**
- **Aftermarket holding up, harsh winter and start of peak selling season**

## Business



- **Significant OE volume increases**
- **AGR volume decline compensated by improved pricing**
- **Profit improvement reflects volume increases and continuing cost control**

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

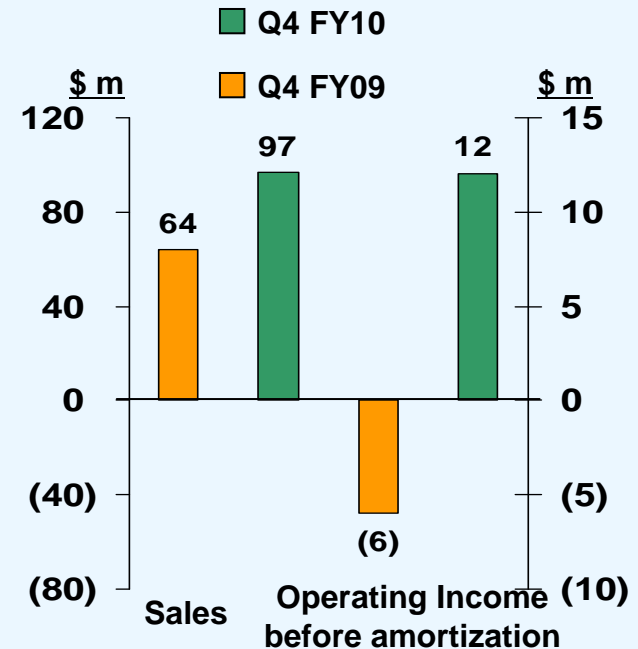
# Automotive Rest of World

## Market



- South American demand up on prior year
- Major growth in the Chinese market
- Strong AGR growth

## Rest of the World

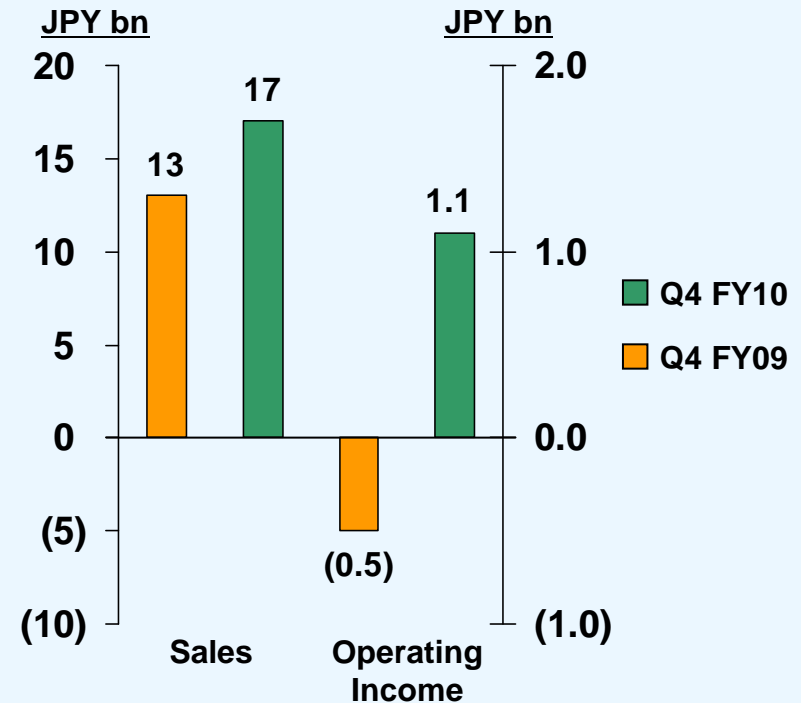


- Strong OE market growth
- AGR markets continue to improve
- Profit increase due to volume increases, better capacity utilisation and operational performance

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

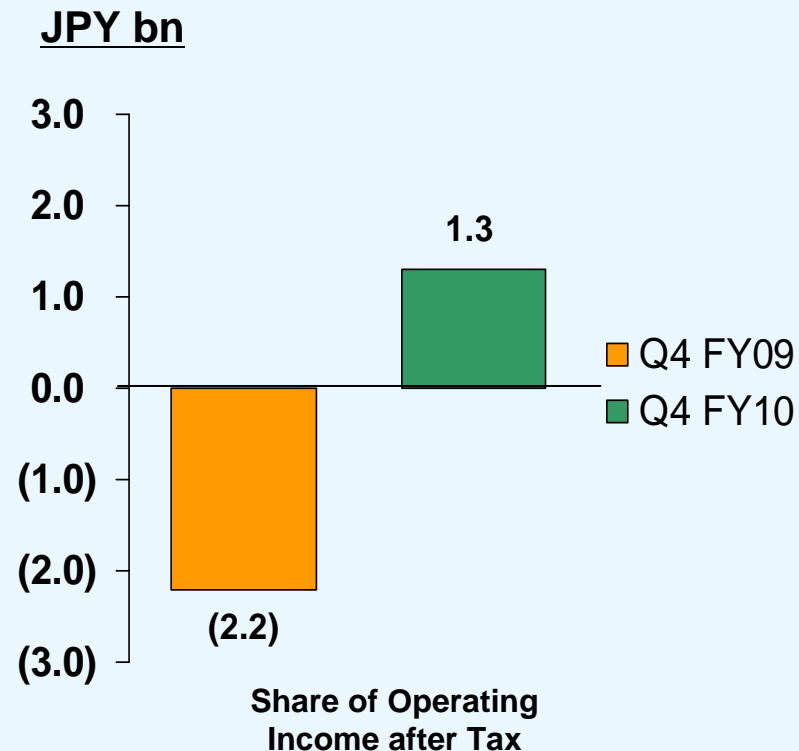
# Specialty Glass

- Revenue and profit increasing due to improvement in consumer demand and benefits from cost saving initiatives
- Underlying demand for display components robust in most regions
- Increased demand in the glass cord and battery separator segments in conjunction with the upturn in the automotive market
- Higher sales volumes in printer and scanner products as consumer electronic demand strengthens



# Joint Ventures and Associates

- Cebrace (Building Products joint venture in Brazil) result reflects robust conditions in South America
- Improving performance from Chinese Building Products joint ventures and associates



**Underlying improvement in joint ventures and associates**

# Summary

- Market conditions stabilized
- Major restructuring program completed with cost savings delivered
- Debt maturity profile significantly improved
- Group well positioned for profit growth in FY2011
- New CEO appointed to take Group forward

---

# NSG Group Year End Results



## Agenda

- Financial Results
- Business Update
- **CEO Designate Introduction**
- FY2011 Outlook

# Appointment

- Formally take over from Katsuji Fujimoto as President & CEO after shareholder meeting 29 June 2010
- From April, have been visiting Group operations and learning more about issues specific to glass and glazing

# Personal Background

- Spent 36 years at DuPont, a US company with an international profile very similar to the NSG Group
- Have been based in Europe, China and Japan.
- Particularly pleased that this job brings me back to Japan and to Tokyo
- Familiar with most aspects of Japanese business culture

**International background with Japan experience**



# Experience and Skills

- Excited and honored to have been invited to lead the Company into the next stage of its development
- NSG Group has an excellent fit with personal business experience and skills
- Have held positions in engineering, production management, manufacturing, product development, sales and marketing and global business management

**Unique opportunity in a global Japanese company**

# Business Philosophy

- Highest standards of integrity
- A safe working environment
- Sustainability
- Strong market and customer focus
- Innovation culture
- Competitive cost structure
- Open dialogue at all levels
- Committed employees

**My formula for a successful business**

# Group Progress to Date

- Over the past four years, NSG Group transformed from a regional Japanese company into a global group
- Good progress on Key Performance Indicators, interrupted by global business downturn
- Recent restructuring has helped adjust the Group's profile to the new market conditions

**Progress on integration, debt and competitiveness**

# Competitiveness

- We operate in very competitive sectors, particularly construction and automotive
- We face a relentless challenge from competitors with lower cost bases than ours
- To succeed, we must maintain constant pressure on our own costs and overheads

**Competitiveness the key to future success**

# Sustainability

- The NSG Group is fully committed to sustainability
- Our policies underline the unique contribution our products can make to addressing climate change and the challenges we face in improving our own energy usage and resource management



**Environmental agenda offers commercial opportunities**

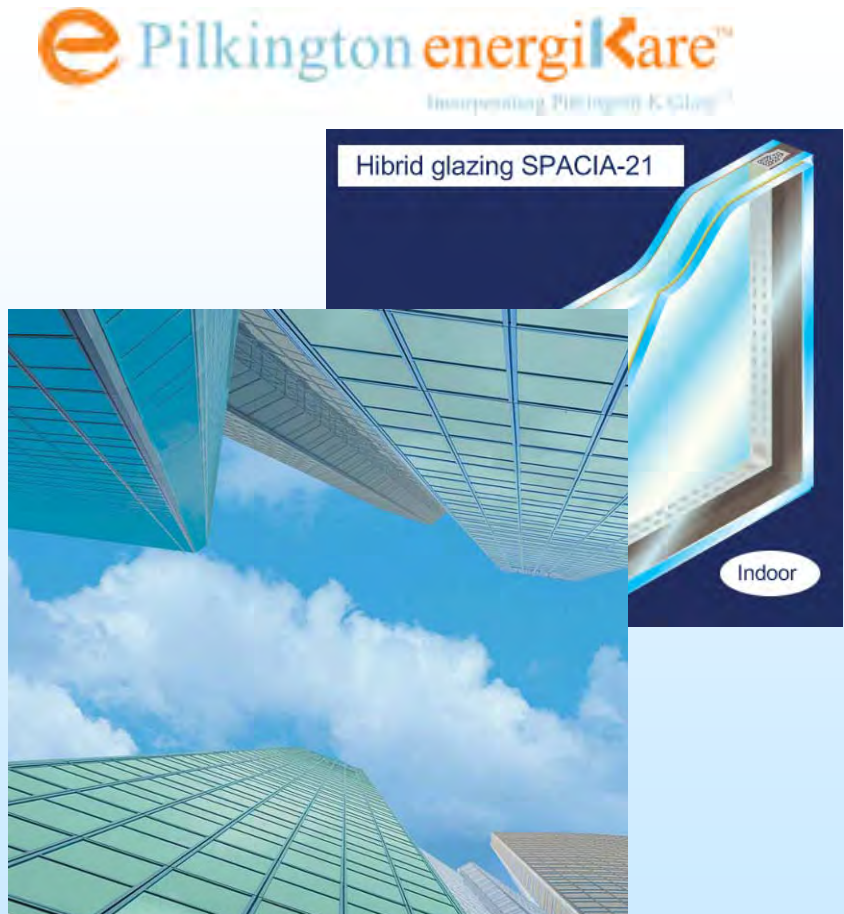
# Future Opportunities

- **BP** – growth prospects in Solar Energy, low-e, South America and China, value-added products, with energy-saving a key driver
- **Automotive** – growth prospects in South America, Eastern Europe. Aftermarket (AGR) expansion, eco-friendly glazing
- **Specialty Glass** – growth prospects in next generation displays, battery technology for vehicles, energy saving in office machinery, advanced glass cord for automotive

Good growth prospects in next phase

# Building Glass Growth Energy-saving

- Glazing fitted in buildings is becoming increasingly complex
- Multiple functionality can be combined, e.g. with self-cleaning, energy-saving and solar control in one unit



**Increased complexity and functionality**

# Building Glass Growth Solar Energy



**NSG Group well placed in leading technologies**



# Automotive Glass Growth

- Shift to EV and plug-in hybrids signals new era in the Automotive industry, with CO2 emission reductions being the major focus
- "Eco-innovation" will drive glazing advances in:
  - solar energy control
  - weight reduction
  - energy saving



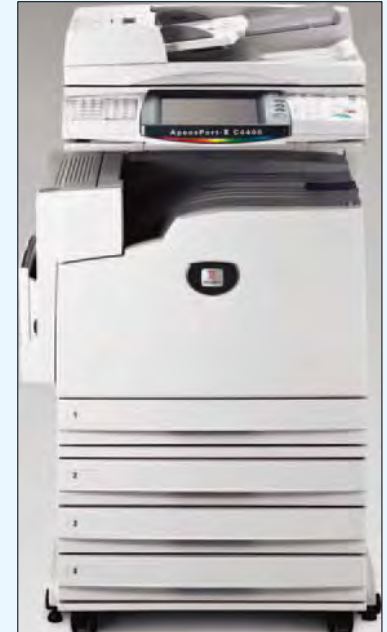
**Group well placed to meet changing OE requirements**

# Specialty Glass Growth



**Glass cord for engine timing belts**

**LCD Touch screen**



**Office equipment lens arrays**



**Battery separator technology**

# Immediate Priority

- It remains to be seen how deep and prolonged the world recession will be
- I have joined this company because I think we have great potential to succeed
- We have good people, processes and products and aim is to harness these for future success
- Immediate priority is to realize full gains from restructuring, with return to profitability the first step to future growth

**Very optimistic for the future of NSG Group**

# Strategic Direction

- With the senior team, I am taking a close look at everything we do and the way we do it
- I am particularly interested in how we can work more effectively and more efficiently
- I do not expect us to move away from the general direction of our current strategy
- I may be challenging certain aspects, and of course I aim to make a personal contribution with ideas of my own
- We will be working on the update of the new Medium Term Plan, which we will announce in November 2010 at the time of Q2 results

**Medium Term Plan update to market November 2010**

---

# NSG Group Year End Results



## Agenda

- Financial Results
- Business Update
- CEO Designate Introduction
- **FY2011 Outlook**

# Income Statement Outlook

JPY bn	H1 FY11	FY2011	FY2010
<b>Revenue</b>	<b>300</b>	<b>600</b>	<b>588</b>
<b>Op. income before amortization*</b>	<b>13</b>	<b>28</b>	<b>1</b>
Amortization*	(9)	(18)	(18)
<b>Operating Income</b>	<b>4</b>	<b>10</b>	<b>(17)</b>
Non-operating items	(3)	(6)	(11)
<b>Ordinary Income</b>	<b>1</b>	<b>4</b>	<b>(28)</b>
<b>Net Income</b>	<b>(3)</b>	<b>(4)</b>	<b>(41)</b>

\* Amortization is only that arising on acquisition of Pilkington plc

# Business Outlook

- The outlook for the global economy remains generally uncertain, tentative growth anticipated in various regions
- Markets appear more stable than the previous 12 months
- All three business lines will improve profitability and record positive post-amortization operating income

# Commercial Assumptions

- Confidence in global automotive markets in particular emerging markets such as South America
- Building products will look to continue improving selling prices where possible which commenced in European markets from April 2010
- Specialty Glass profit outlook positive as selling price pressure more than offset by improving volumes from further electronic consumer goods demand



# Cost Assumptions

- Full benefits from major restructuring program to be realized in FY2011
- Raw material prices generally lower but dependent on commodity
- Transport costs expected to increase in line with industry movements

# FY2011 Outlook

- Strong improvement in operating, ordinary, and net profitability from FY2010
- Business lines will increasingly benefit from past restructuring actions
- Market conditions have stabilized and volumes anticipated to recover in various regions
- Key objective for FY2011 is to continue improving manufacturing and quality performance while realizing benefits from restructuring programs

**NSG**

**GROUP**

# 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 – FY2010

(JPY bn)	Japan	Europe	North America	Rest of World	Total
Building Products	75.5	116.5	22.3	30.0	244.3
Automotive	44.4	131.8	54.9	33.9	265.0
Specialty	40.1	5.9	1.2	18.9	66.1
Others	7.3	4.5	0.0	1.2	13.0
<b>Total</b>	<b>167.3</b>	<b>258.7</b>	<b>78.4</b>	<b>84.0</b>	<b>588.4</b>

# Operating Income before Amortization – FY2010

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	(2.2)	(2.8)	0.4	3.3	(1.3)	-1%
Automotive	(0.8)	8.6	(2.7)	4.8	9.9	4%
Specialty	1.4	0.4	0.1	1.7	3.6	5%
Others	(2.5)	(7.5)	(1.3)	0.0	(11.3)	
Total	(4.1)	(1.3)	(3.5)	9.8	0.9	0%
Ratio on Sales	-2%	-1%	-4%	12%	0%	

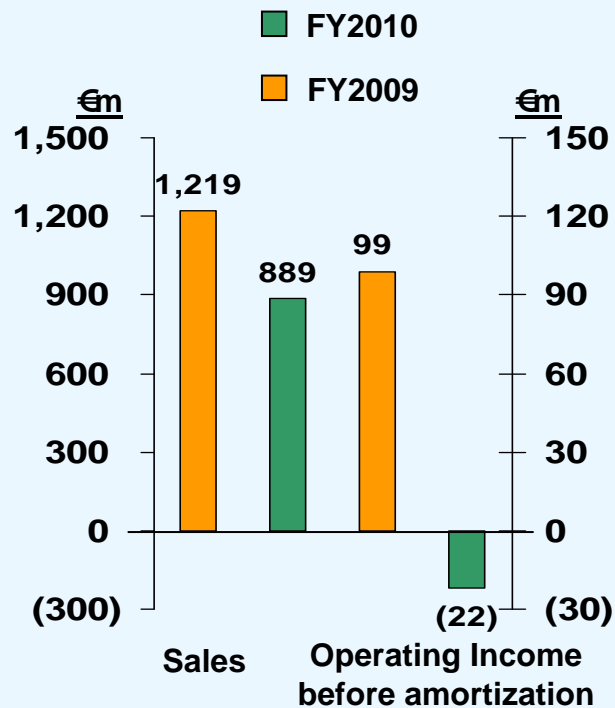
# Operating Income after Amortization – FY2010

(JPY bn)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	(2.2)	(9.1)	(0.8)	2.5	(9.6)	-4%
Automotive	(0.8)	2.6	(4.7)	3.1	0.2	0%
Specialty	1.4	0.4	0.1	1.7	3.6	5%
Others	(2.5)	(7.6)	(1.3)	0.0	(11.4)	
Total	(4.1)	(13.7)	(6.7)	7.3	(17.2)	-3%
Ratio on Sales	-2%	-5%	-9%	9%	-3%	

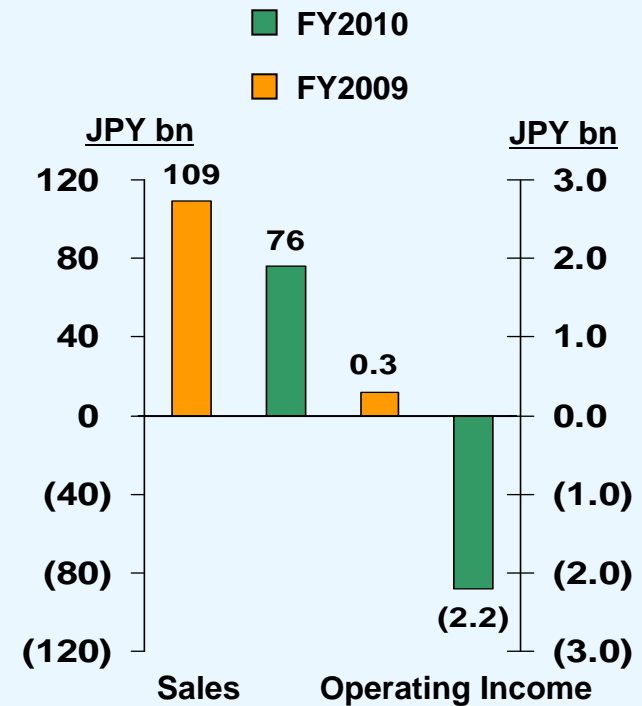


# Building Products

## Europe



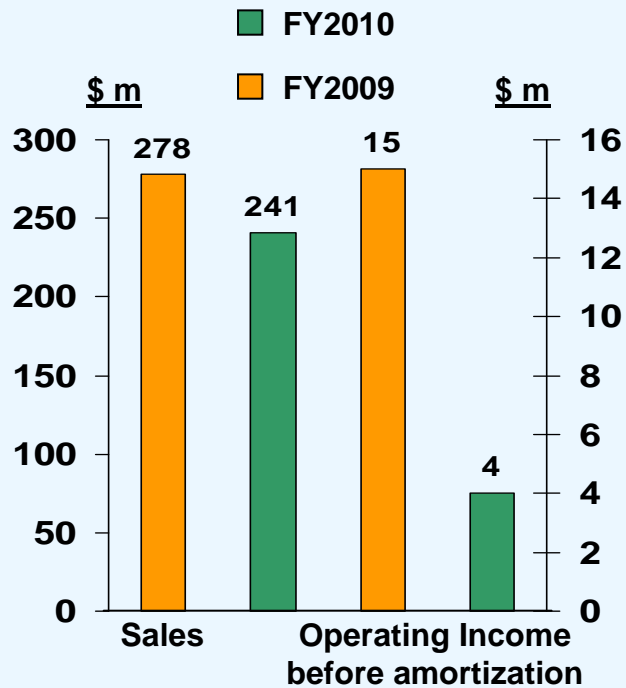
## Japan



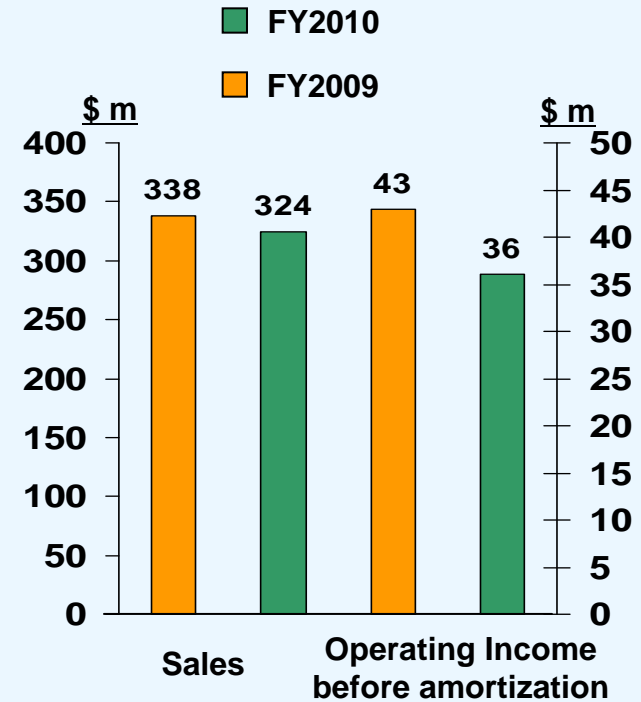
Note. Amortization is only that arising on acquisition of Pilkington plc

# Building Products

## North America



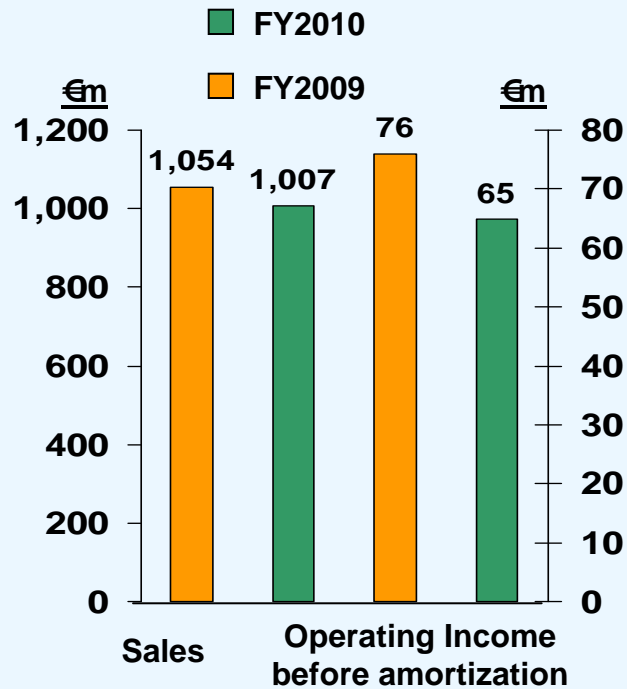
## Rest of World



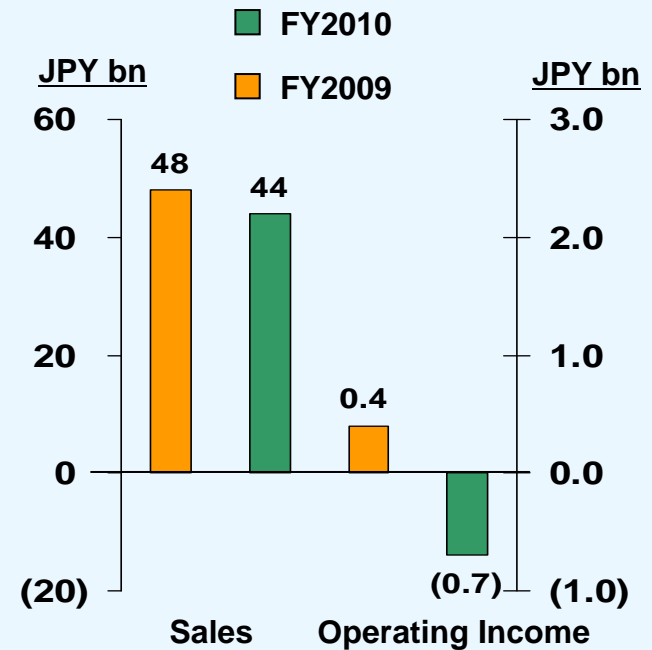
Note. Amortization is only that arising on acquisition of Pilkington plc

# Automotive

## Europe



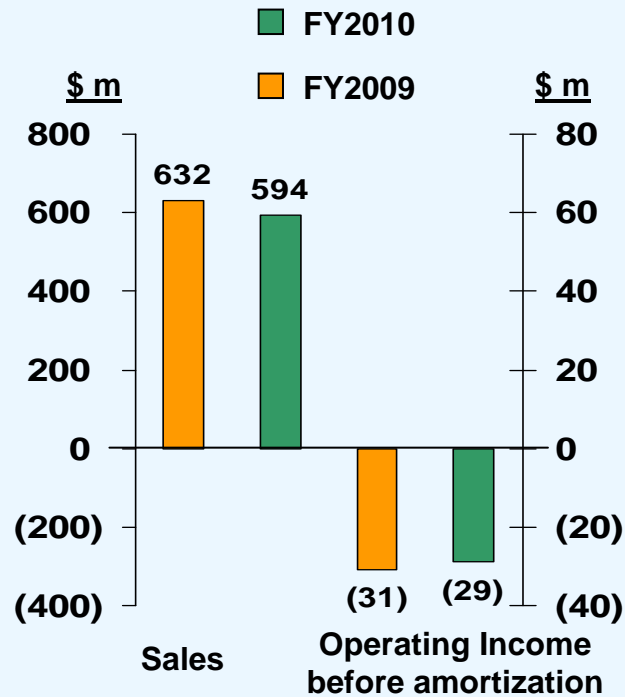
## Japan



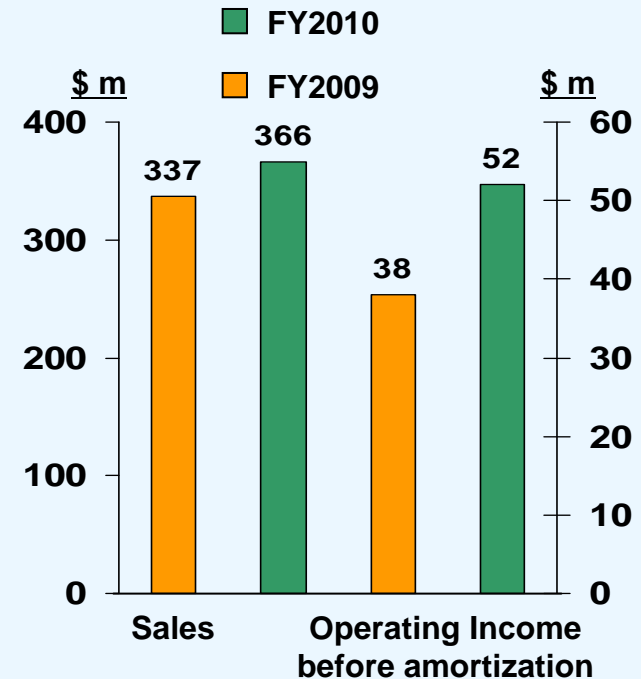
Note. Amortization is only that arising on acquisition of Pilkington plc

# Automotive

## North America

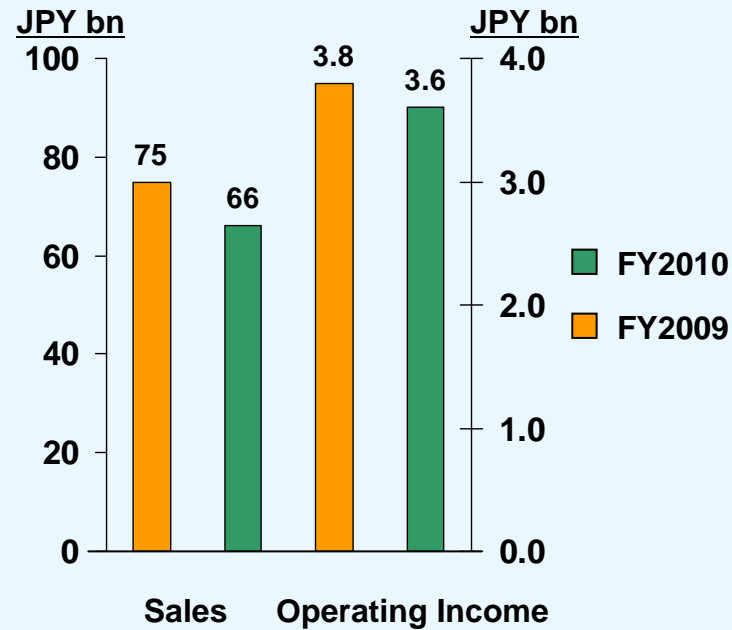


## Rest of the World



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

# Specialty Glass



# Exchange Rate Assumptions

	<b>Q4 FY10</b>	<b>Q4 FY09</b>	<b>FY11 Forecast</b>
Average rates used:			
JPY/GBP	148	174	145
JPY/EUR	131	145	130
JPY/USD	93	101	92
Closing rates used:			
JPY/GBP	140	140	
JPY/EUR	125	130	
JPY/USD	93	98	

**NSG**

**GROUP**