

NSG
GROUP

NSG Group Overview and Results to 30 September 2008

14 November 2008

Stuart Chambers – Group Chief Executive

Mike Powell – Group Finance Director

NSG Group Half 1 Results

(from 1 April 2008 to 30 September 2008)

- Financial Results
- Business Update
- Forecast
- Summary

Key Points - April 08 to September 08

- First half trading performance in line with forecast
- Volumes, product mix and prices partially mitigating cost push
- Disposal of share of NH Techno Glass Corporation
- Net debt reduced by a further JPY 25 billion
- Deteriorating conditions in most major markets

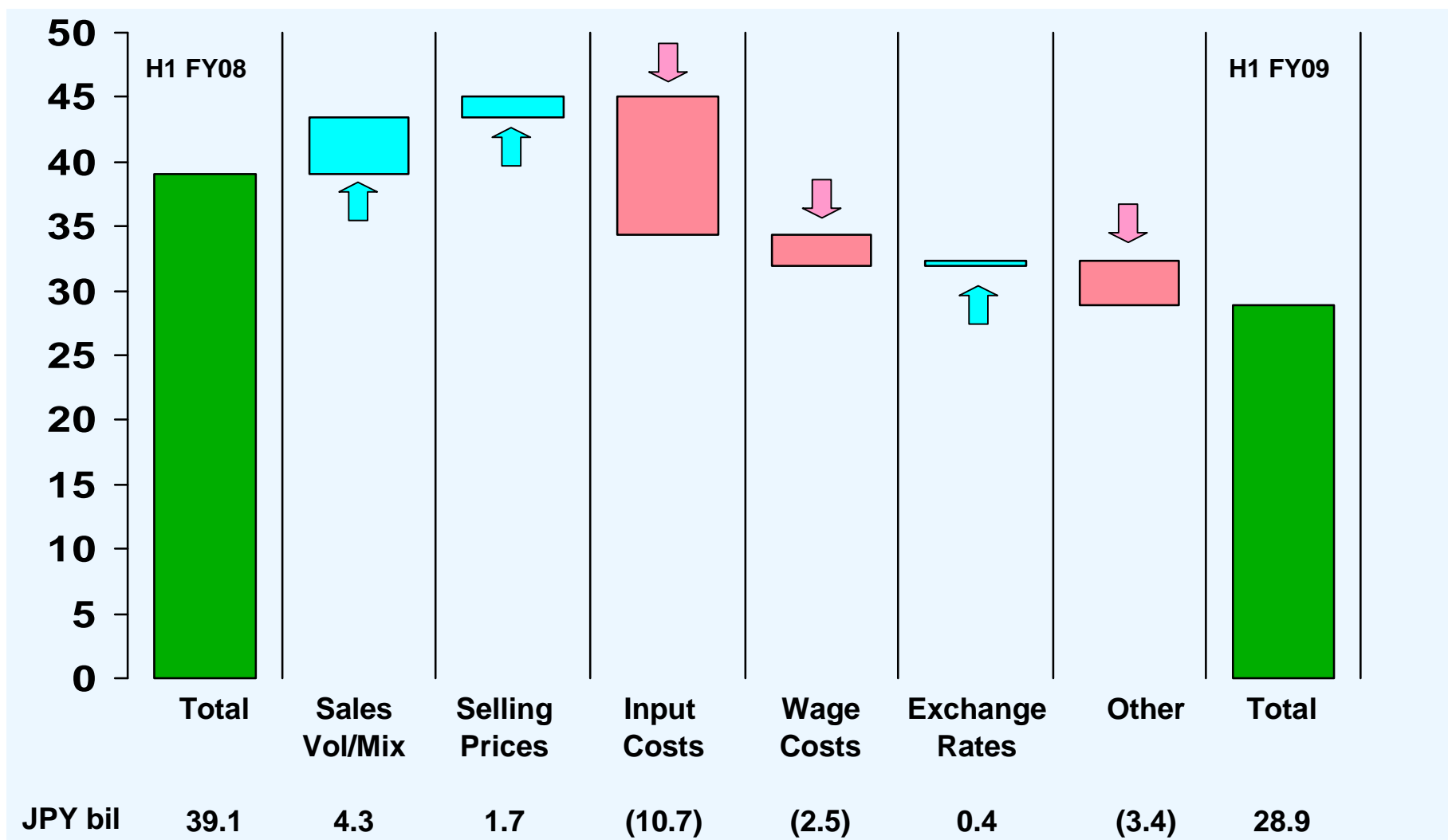
Consolidated Income Statement

<u>(JPY bil)</u>	<u>H1 FY09</u>	<u>H1 FY08</u>	<u>Change from FY08</u>
Sales	431.1	433.9	-1%
Op.Income before amortization	28.9	39.1	-26%
Amortization*	(11.7)	(12.1)	
Operating Income	17.2	27.0	-36%
Non-operating items	(4.7)	(9.7)	
Ordinary income	12.5	17.3	-28%
Extraordinary items	26.6	48.8	
Pre-tax Income	39.1	66.1	-41%
Net Income	18.3	51.5	-64%
EBITDA	53.3	63.9	-17%

* Amortization arising from the acquisition of Pilkington plc only

Operating income in line with forecast

Operating Income Change Analysis



Significant cost push

Non-operating items

	H1 FY09 (JPY bil)	H1 FY08 (JPY bil)
Interest & dividend income	3.9	4.6
Interest expenses	(11.3)	(14.9)
Joint ventures and associates (continuing)	4.3	2.8
Joint ventures and associates (discontinued)	0.0	2.0
Exchange losses	(0.3)	(0.9)
Other income & expenses	(1.3)	(3.3)
	(4.7)	(9.7)

Interest costs fall with reduced debt

Extraordinary items

	H1 FY09 (JPY bil)	H1 FY08 (JPY bil)
Gain from sale of securities	7.7	13.2
Gain from sale of discontinued operations	0.0	32.2
Gain on disposal of associates and joint ventures	30.0	0.0
Gain on disposal of fixed assets	0.8	2.3
Impairment loss	(1.2)	(1.3)
EC car glass fine	(8.9)	0.0
Other	(1.8)	2.4
	26.6	48.8

Main impact from sale of NH Techno Glass Corporation

European Commission Car Glass Fine

European Commission announcement 12 November

- Civil fine of EUR 370 million (approximately JPY 45 billion at exchange rates on day of announcement)
- GBP 250 million previously provided at balance sheet date
- Loss of JPY 8.9 billion as an additional extraordinary item

Consolidated Cash Flow Summary

	H1 FY09 (JPY bil)	H1 FY08 (JPY bil)	Change (JPY bil)
Income before income taxes and minority interests	39	66	(27)
Depreciation and amortization	36	37	(1)
Increase in working capital	(15)	(17)	2
Net interest & tax paid	(12)	(38)	26
Addback profit on disposal of subsidiaries/investments	(38)	(45)	7
Others	5	11	(6)
Net cash provided by operating activities	15	14	1
Purchase of fixed assets	(25)	(19)	(6)
Disposal of subsidiaries/investments	52	84	(32)
Others	(3)	(5)	2
Net cash provided by investing activities	24	60	(36)
Cash flow before financing activities	39	74	(35)

Disposals generating positive cash flows

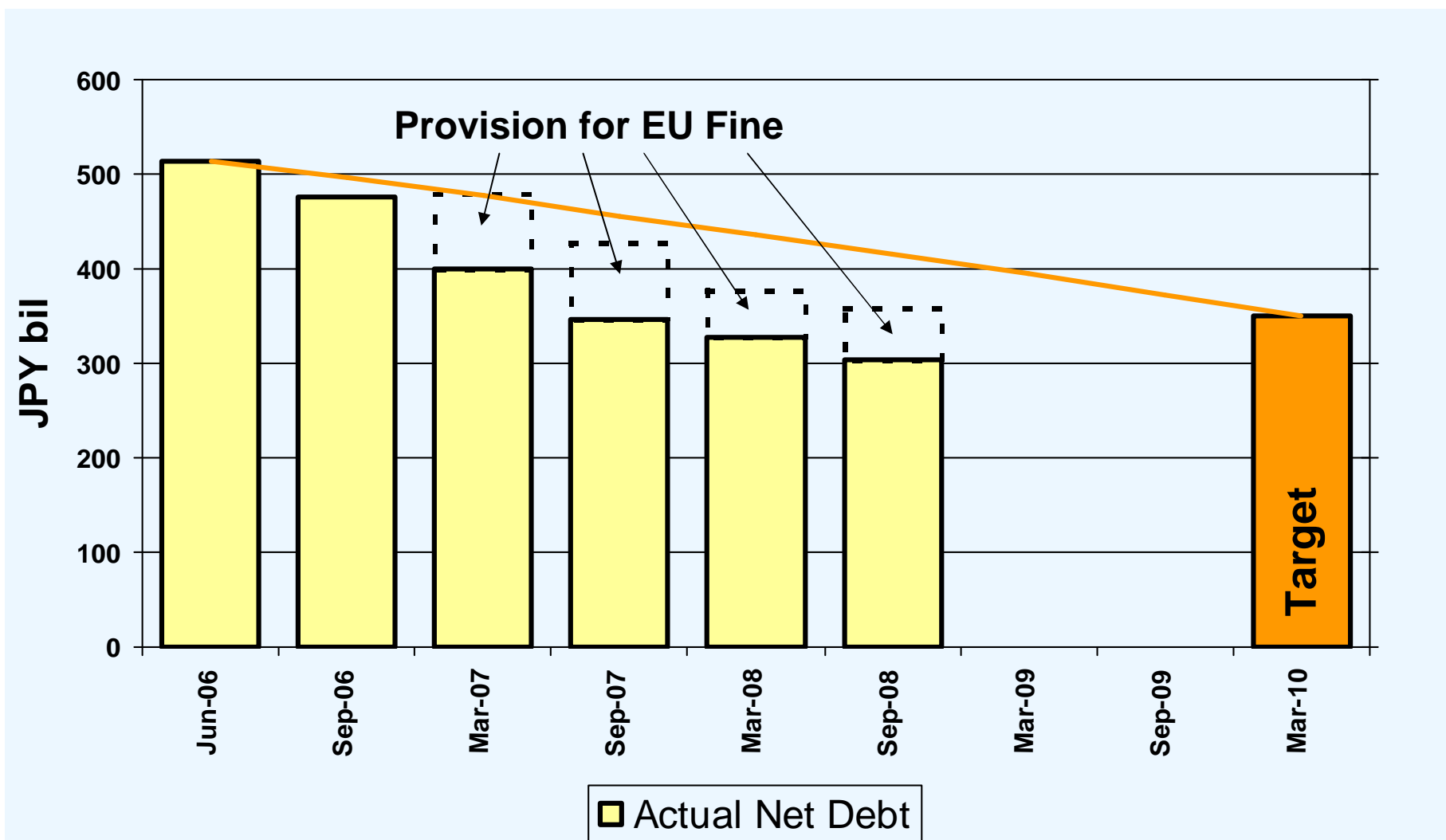
Key Performance Indicators

	<u>30-Sep-08</u>	<u>31-Mar-08</u>
Net Debt (JPY bil)	304	328
Net Debt / EBITDA	2.8x	2.7x
Net Debt/Equity Ratio	0.83	0.88
	<u>H1 FY09</u>	<u>H1 FY08</u>
EBITDA Interest Cover	6.4x	5.7x
Operating Return on Sales*	6.7%	9.0%

* Before amortization arising from acquisition of Pilkington plc

Further progress on debt reduction

Net Debt Position and Target



Continuing good progress on debt reduction

NSG Group Half 1 Results

(from 1 April 2008 to 30 September 2008)

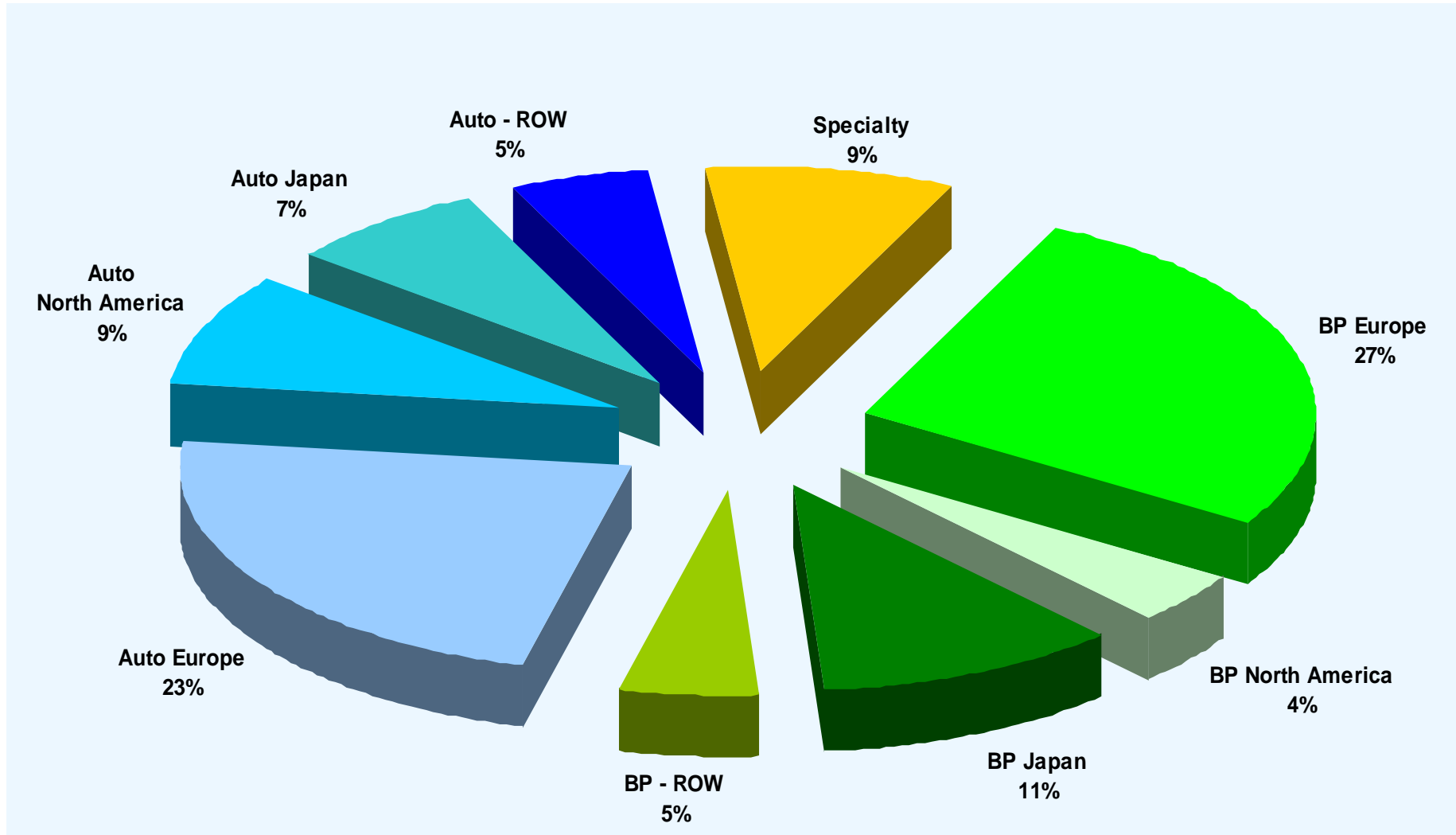
- Financial Results
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NSG Group Summary

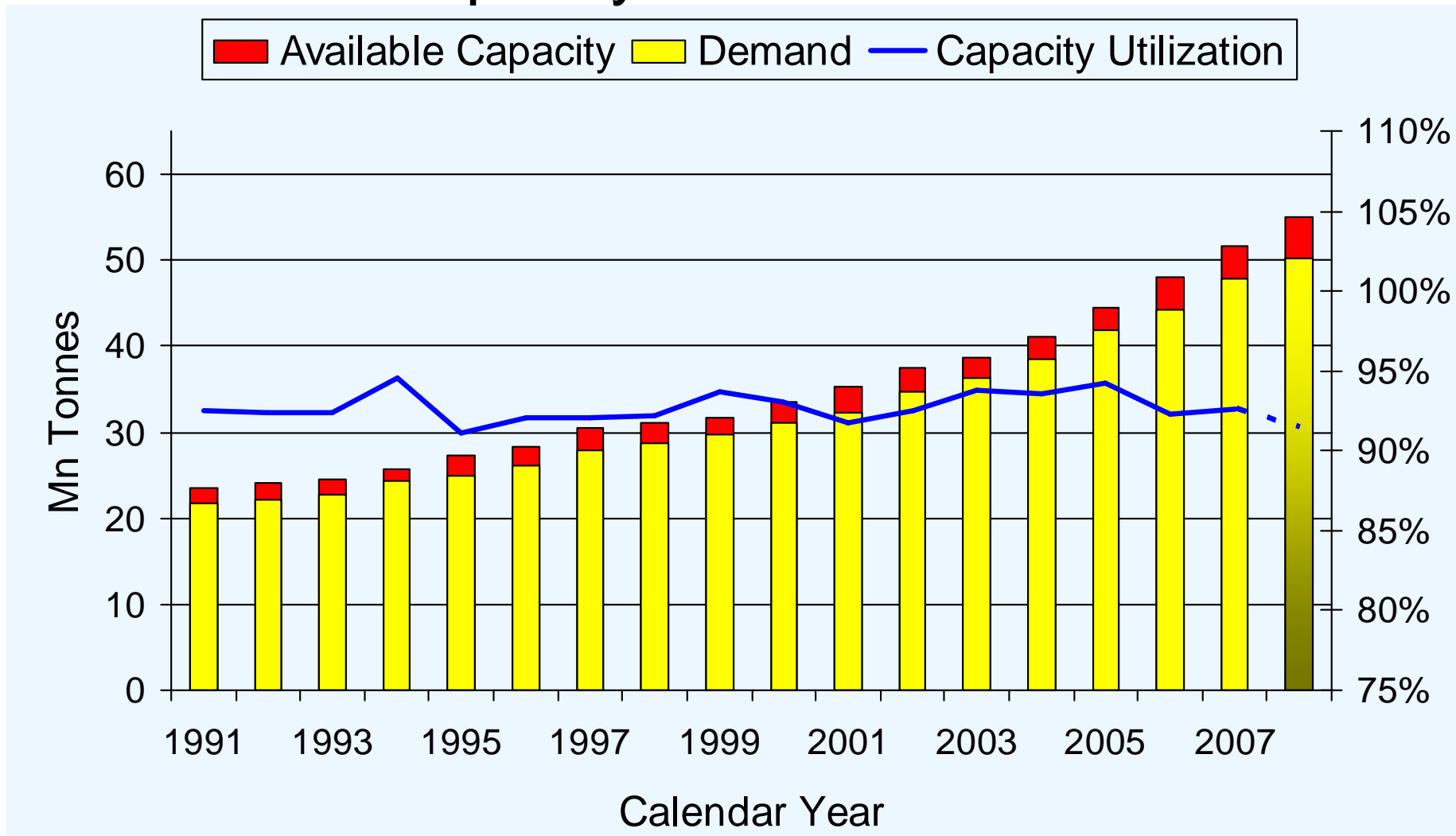
- A global glass leader – greatest focus on Flat Glass of all industry majors
- Ownership/interests in 51 float lines (6.4 million tonnes annual output)
- Global Automotive customer base
- Leading player in lenses for multi-function printers
- Strong position in Glass Fiber products worldwide
- 32,500 employees globally
- Principal operations in 29 countries; Sales in 130+ countries

A global leader of scale in Flat Glass

External Sales – Group Businesses

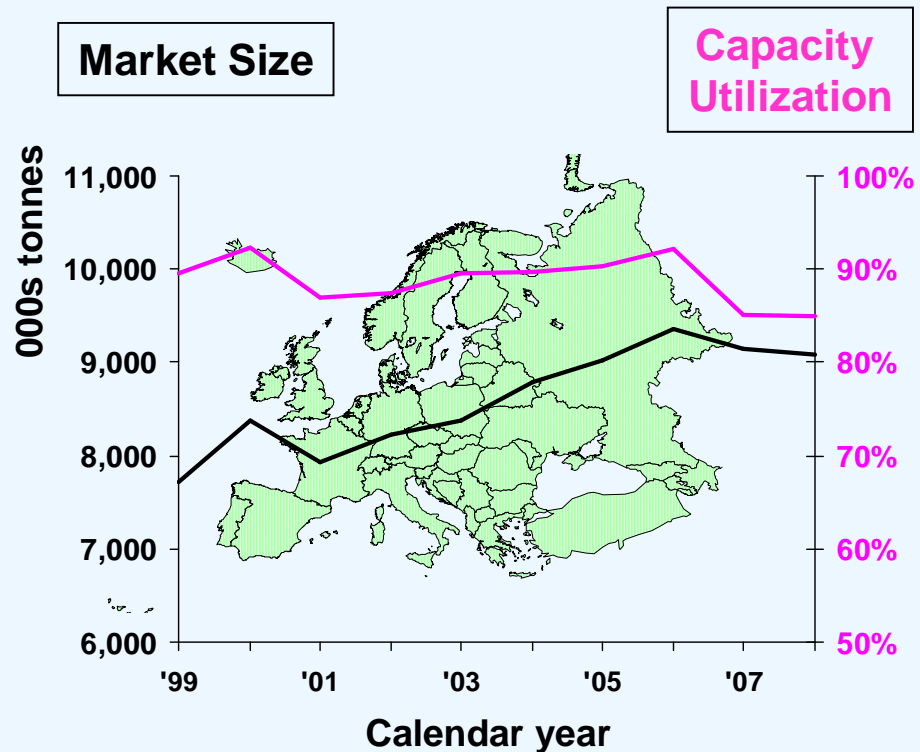


Global Flat Glass Capacity and Utilization



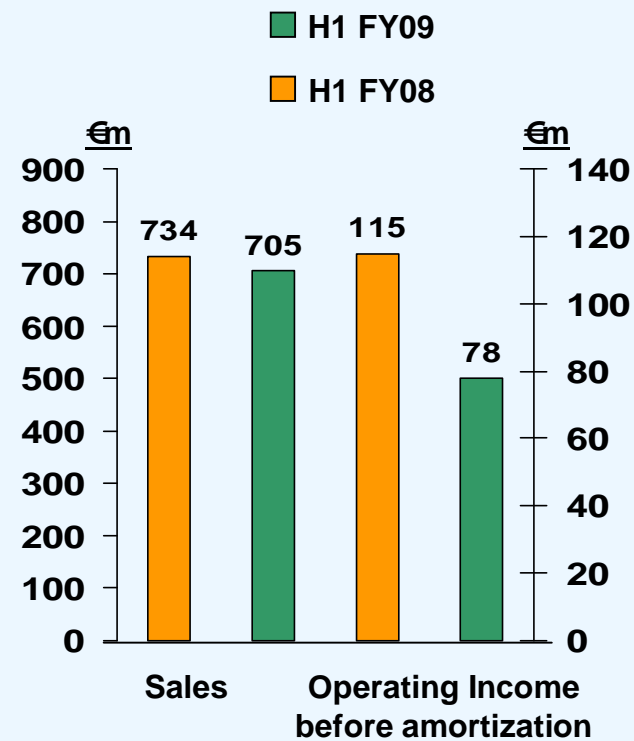
Building Products Europe

Market



- Capacity utilization stable
- Evidence of slowdown, especially in Western Europe

Business

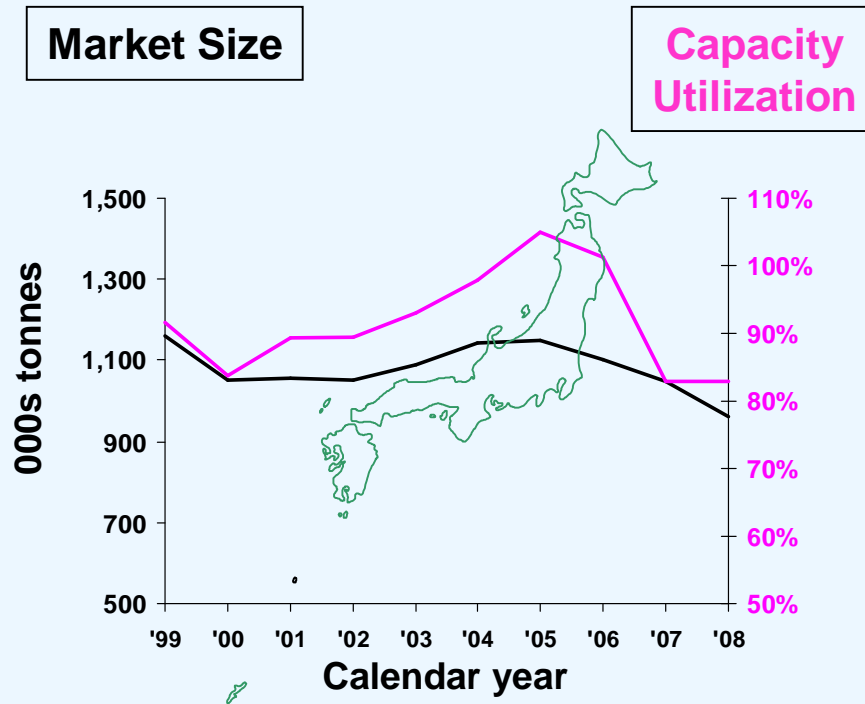


- Higher input costs and lower selling prices partly offset by a better product mix

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

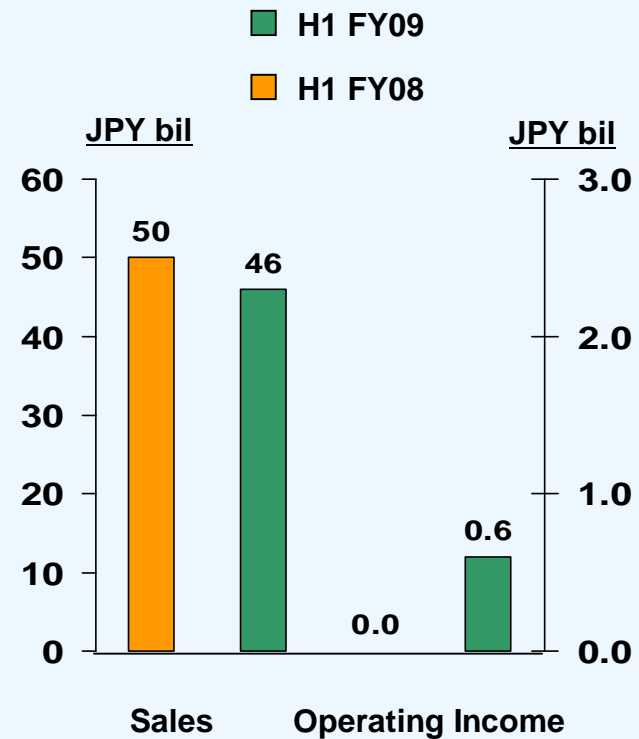
Building Products Japan

Market



- Depressed levels of construction
- Mix changes improving capacity utilization

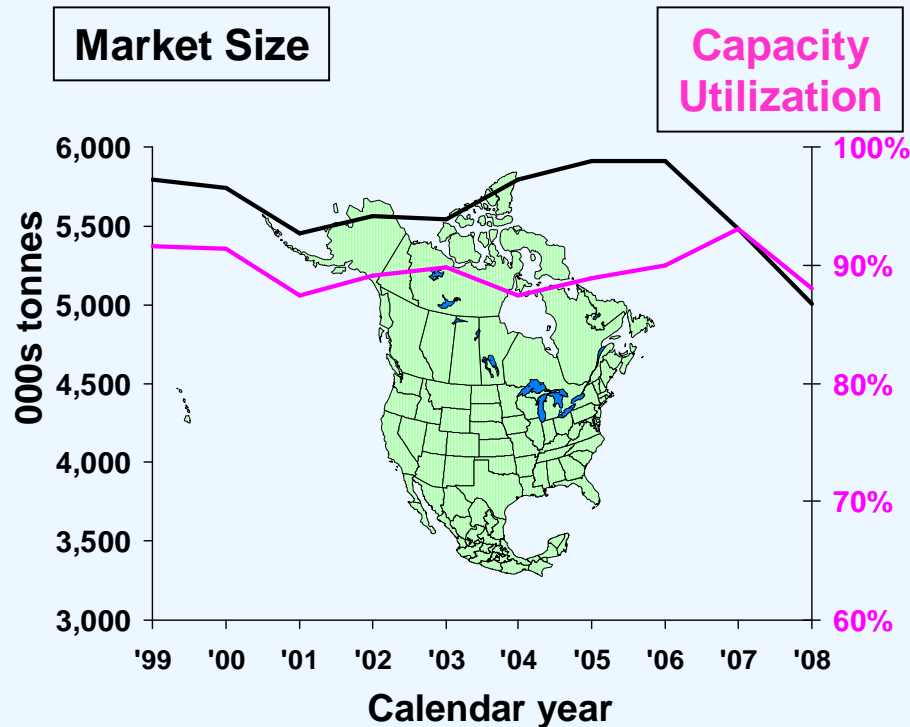
Business



- Higher prices and benefits from restructuring more than offsetting the higher input costs

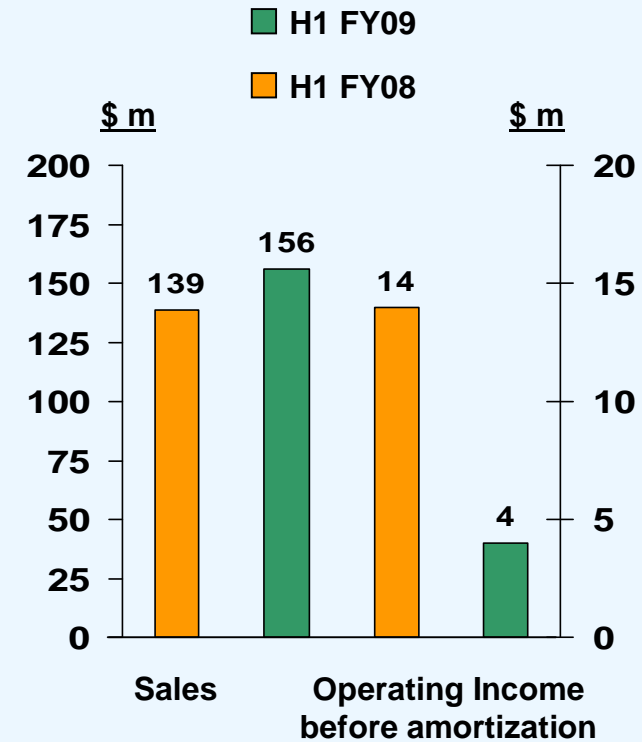
Building Products North America

Market



- Weak glass demand
- Demand downside partially mitigated by competitor capacity reductions

Business



- Higher input costs and cold repair downtime only partially offset by improving prices

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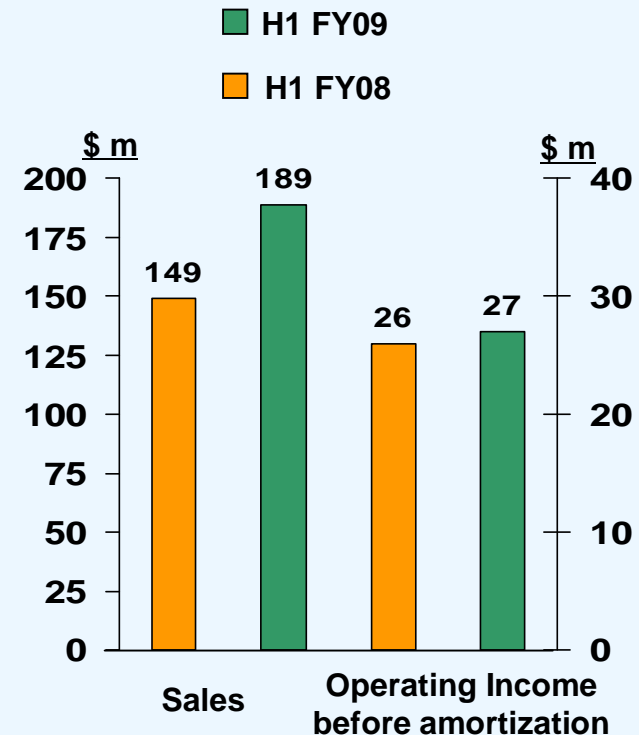
Building Products Rest of World

Market



- Strong growth in South America, now slowing
- Malaysia/Vietnam, first half demand flat, now weakening

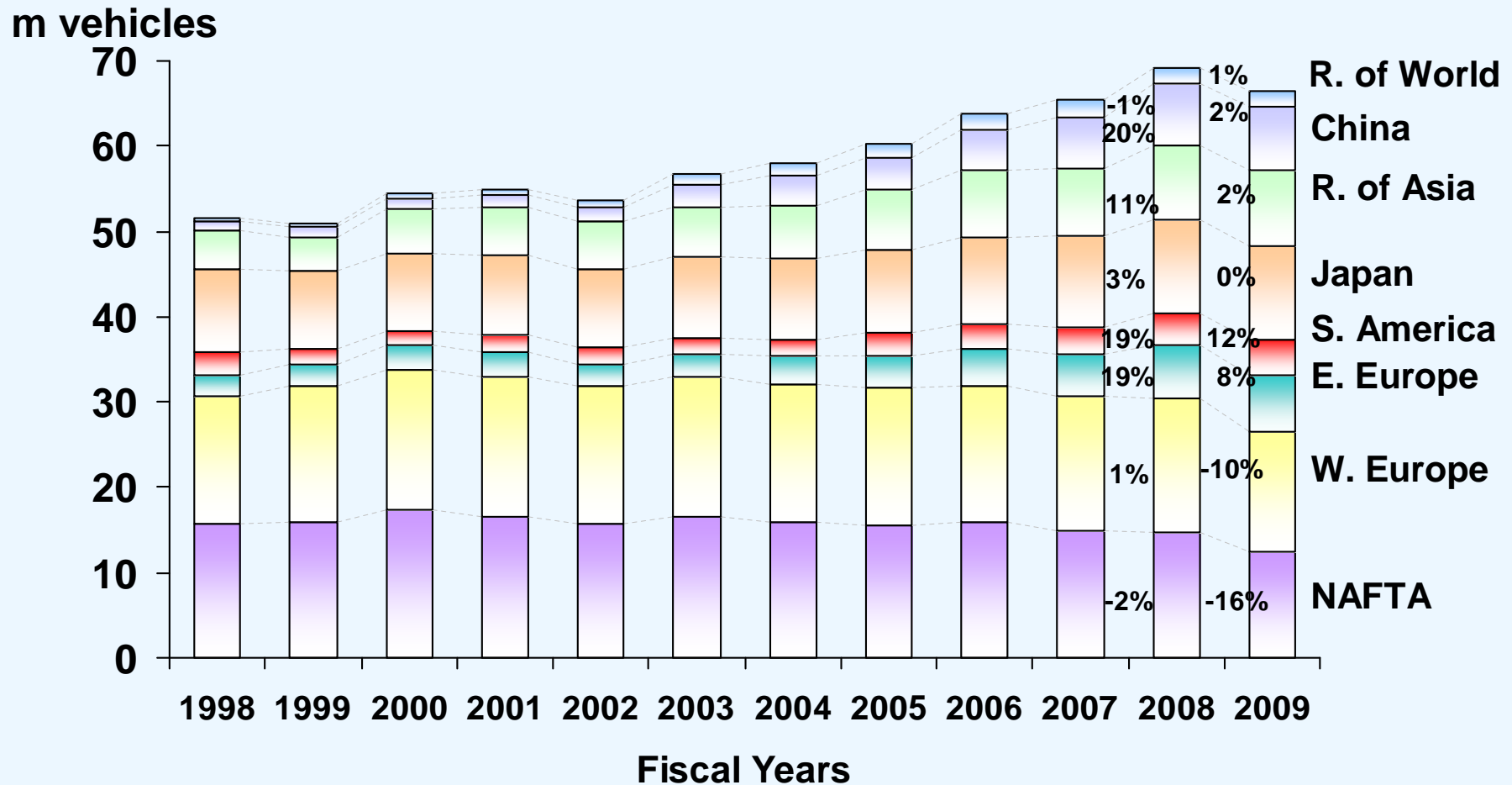
Business



- In South America, higher input costs offset by higher prices and better mix
- Improvement in South East Asia

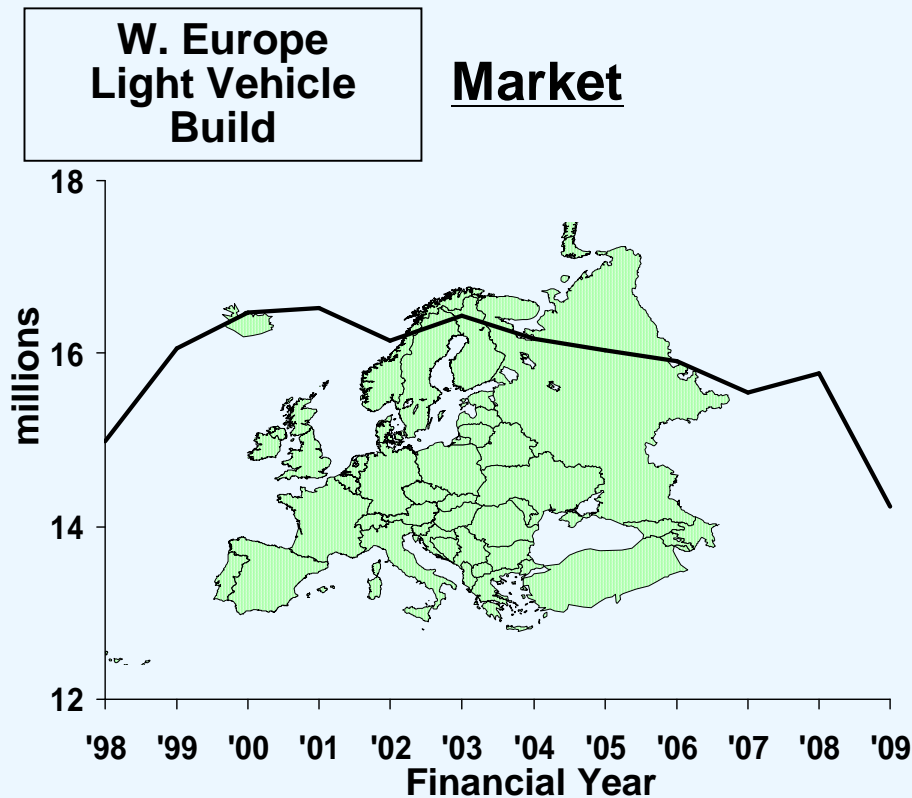
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Global Light Vehicle Build

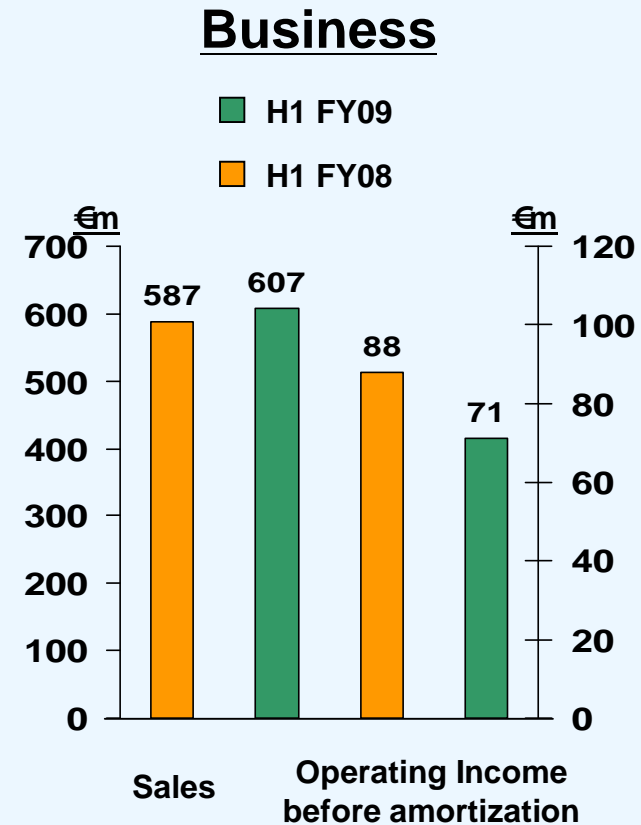


5.9% Growth in FY08, 3.8% Decline in FY09, based on latest forecast (CSM October 2008), though further reductions anticipated.

Automotive Europe



- Demand declining rapidly across all countries

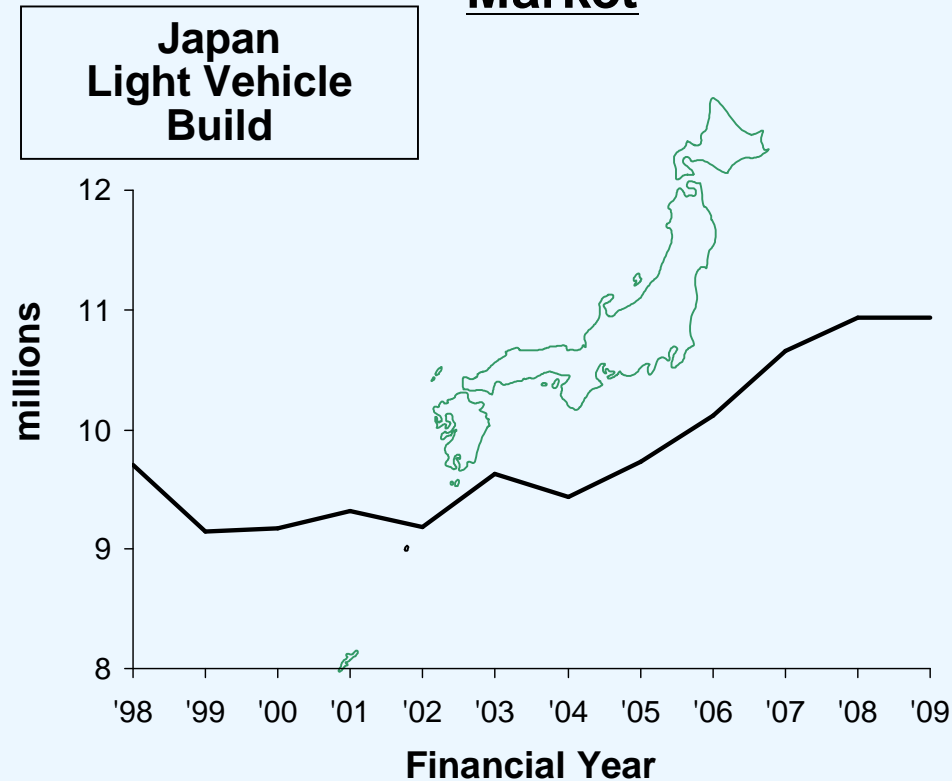


- Market share improvements being offset by price reductions and cost push

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

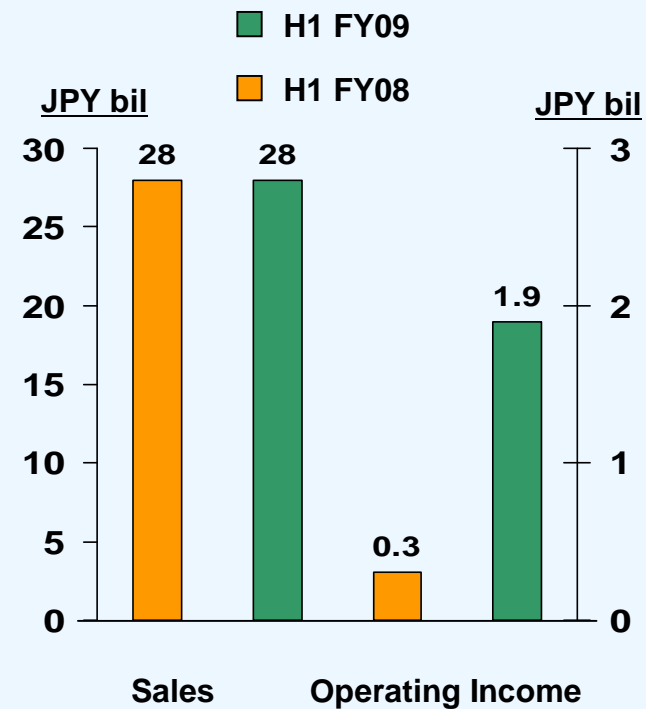
Automotive Japan

Market



- Local demand reductions being offset by higher exports

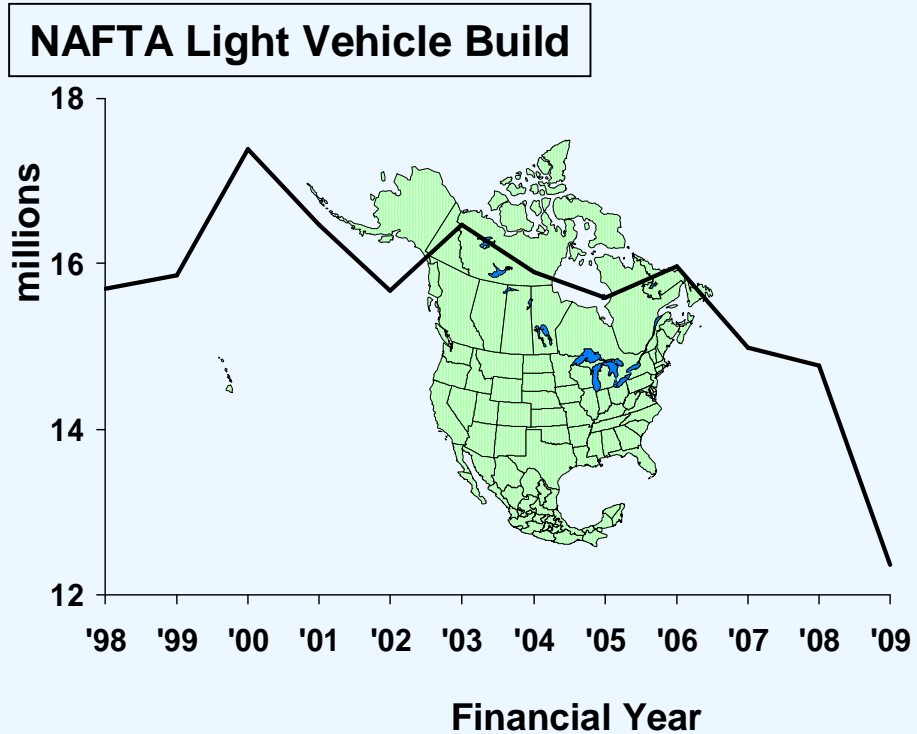
Business



- Volume flat, but profit improvement driven by cost reductions and efficiency improvements

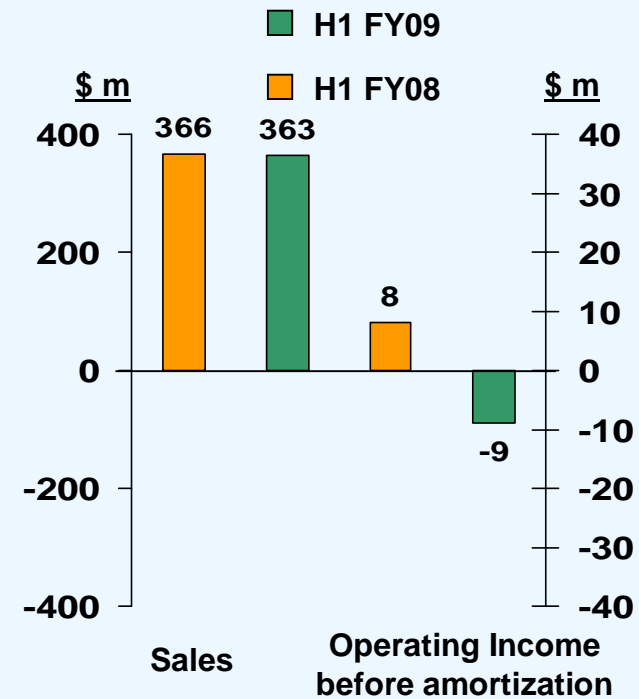
Automotive North America

Market



- Demand declining rapidly
- Sales of less fuel-efficient vehicles being hit hardest

Business

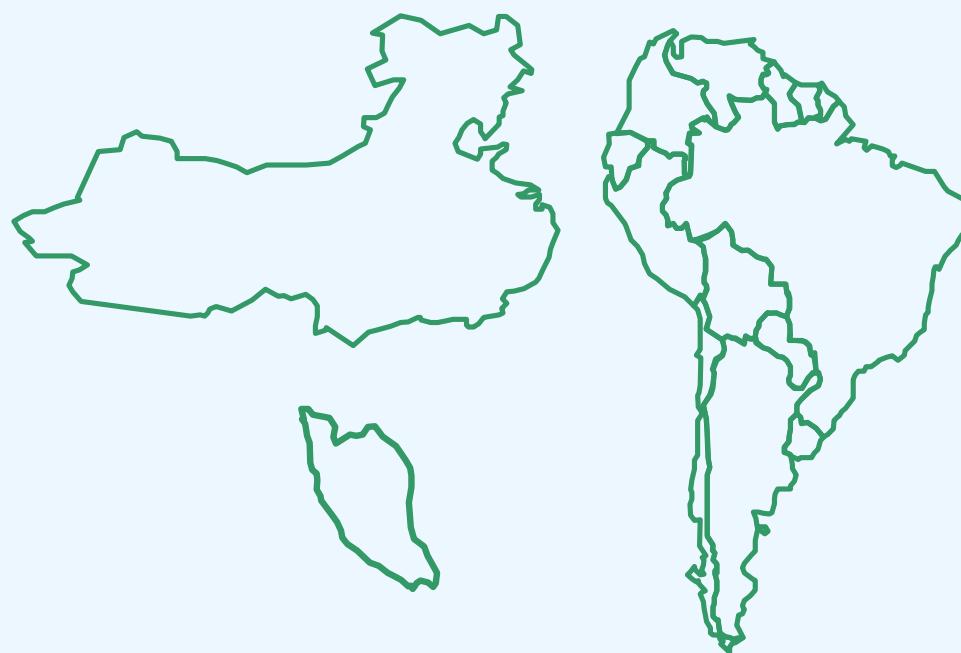


- Result impacted by float rebuild and cost push

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

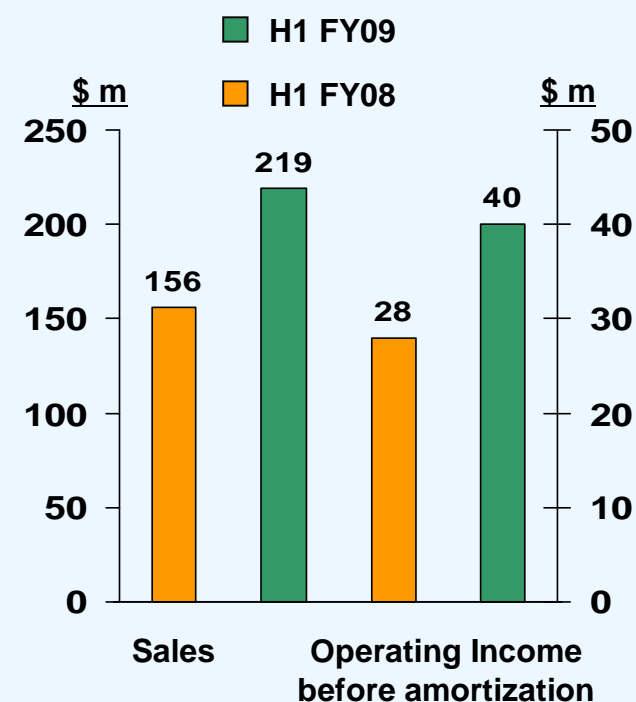
Automotive Rest of World

Market



- Growth starting to slow, particularly in South America and China

Rest of the World

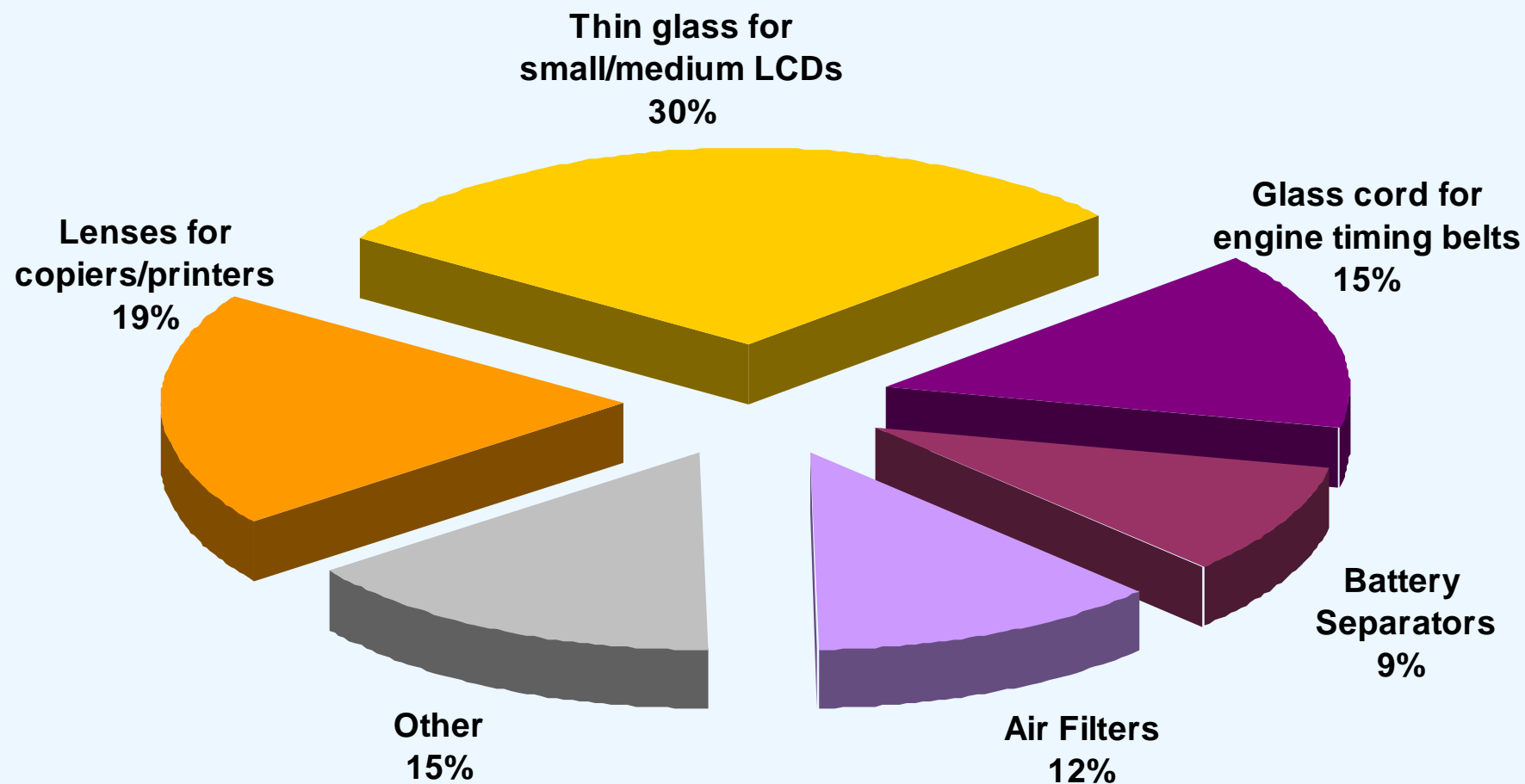


- Higher volumes driving improved profitability, offset partly by cost push

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

Specialty Glass

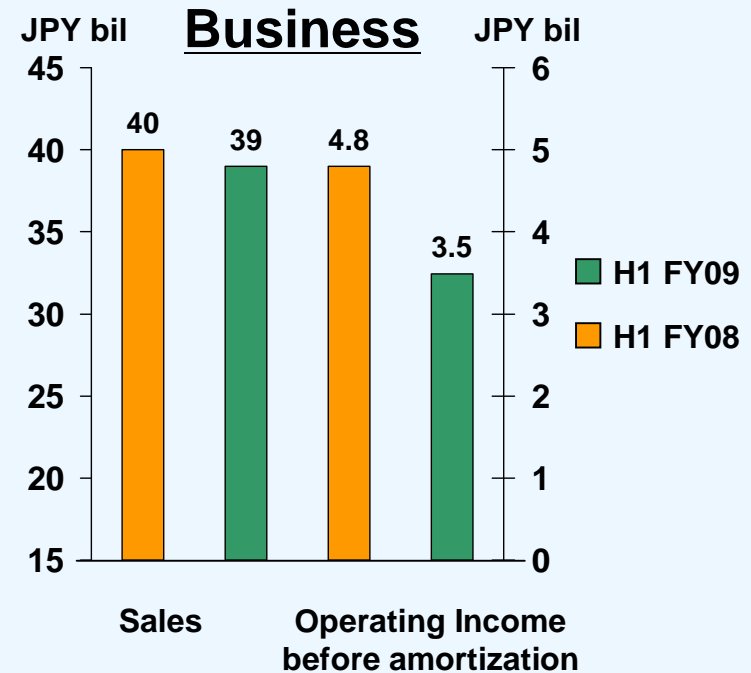
External sales by product



Specialty Glass

Market

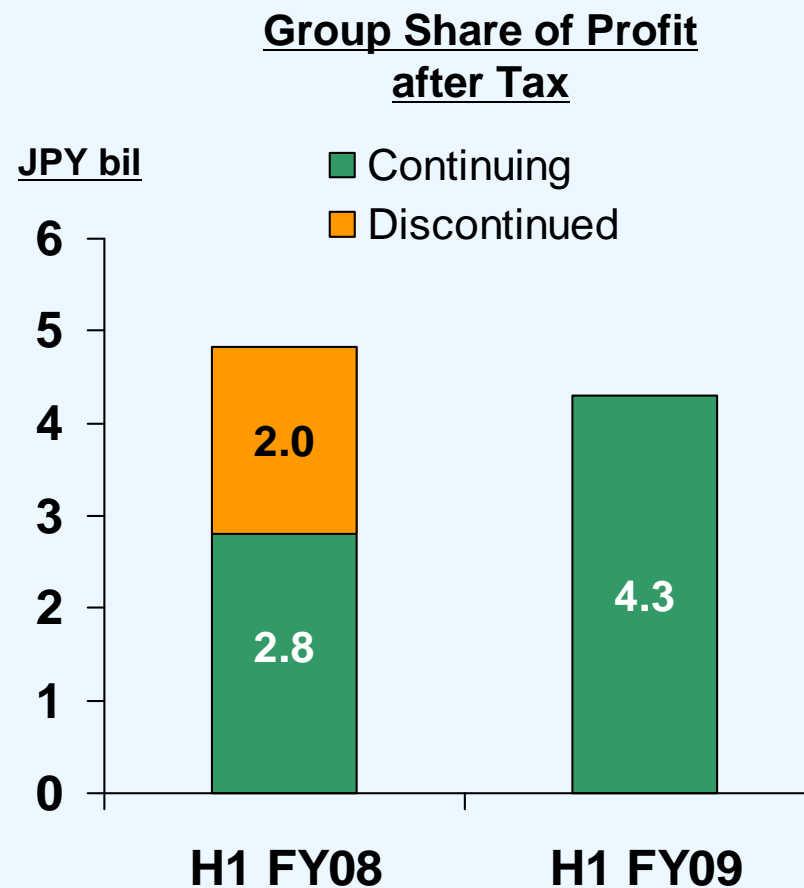
- Market for earlier generation LCD is slowing, while newer generation LCD market remains steady
- Demand for multi-functional printers shows steady growth in the first half
- Sales of diesel vehicles in Europe is slowing, causing declining sales of glass cord used for timing belts
- Demand for lead batteries is flat in the first half
- Demand for air filters in Japan is flat



- Market shares in lenses and thin float steady
- Strong JPY, materials price rises and sales price reduction has negatively impacted profits
- Sales of glass cord in Europe is starting to decline

Joint Ventures and Associates

- Underlying growth in Cebrace (Brazil) contribution
- Russian profits improving
- 50% share in NH Techno sold



Strong JV performance

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Forecast Income Statement

<u>(JPY bil)</u>	<u>Revised Forecast</u>	<u>Previous Forecast</u>
	<u>FY09</u>	<u>FY09</u>
Sales	810.0	880.0
Op.Income before amortization	40.0	54.0
Amortization*	(20.0)	(23.0)
Operating Income	20.0	31.0
Non-operating items	(12.0)	(13.0)
Ordinary income	8.0	18.0
Net Income	9.0	27.5

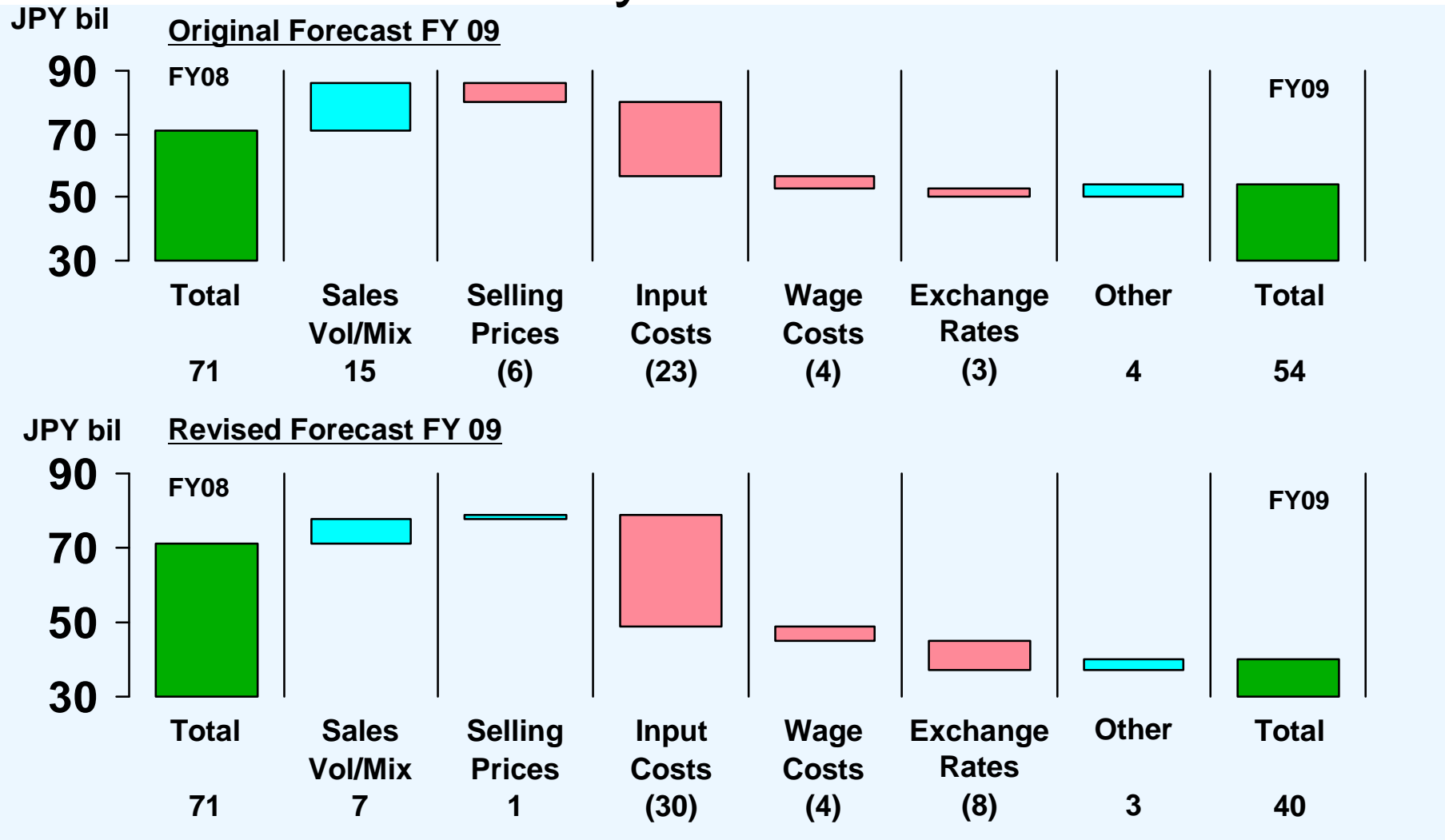
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Forecast revised following FX, trading impacts, and receipt of European Commission fine

Forecast Revision

- Forecast has been revised due to the following factors:
 - Automotive volumes reducing (¥ 9 billion)
 - Strengthening yen, translation effect (¥ 5 billion)
 - Receipt of European Commission fine (¥ 9 billion)
 - Energy costs remaining at a high level

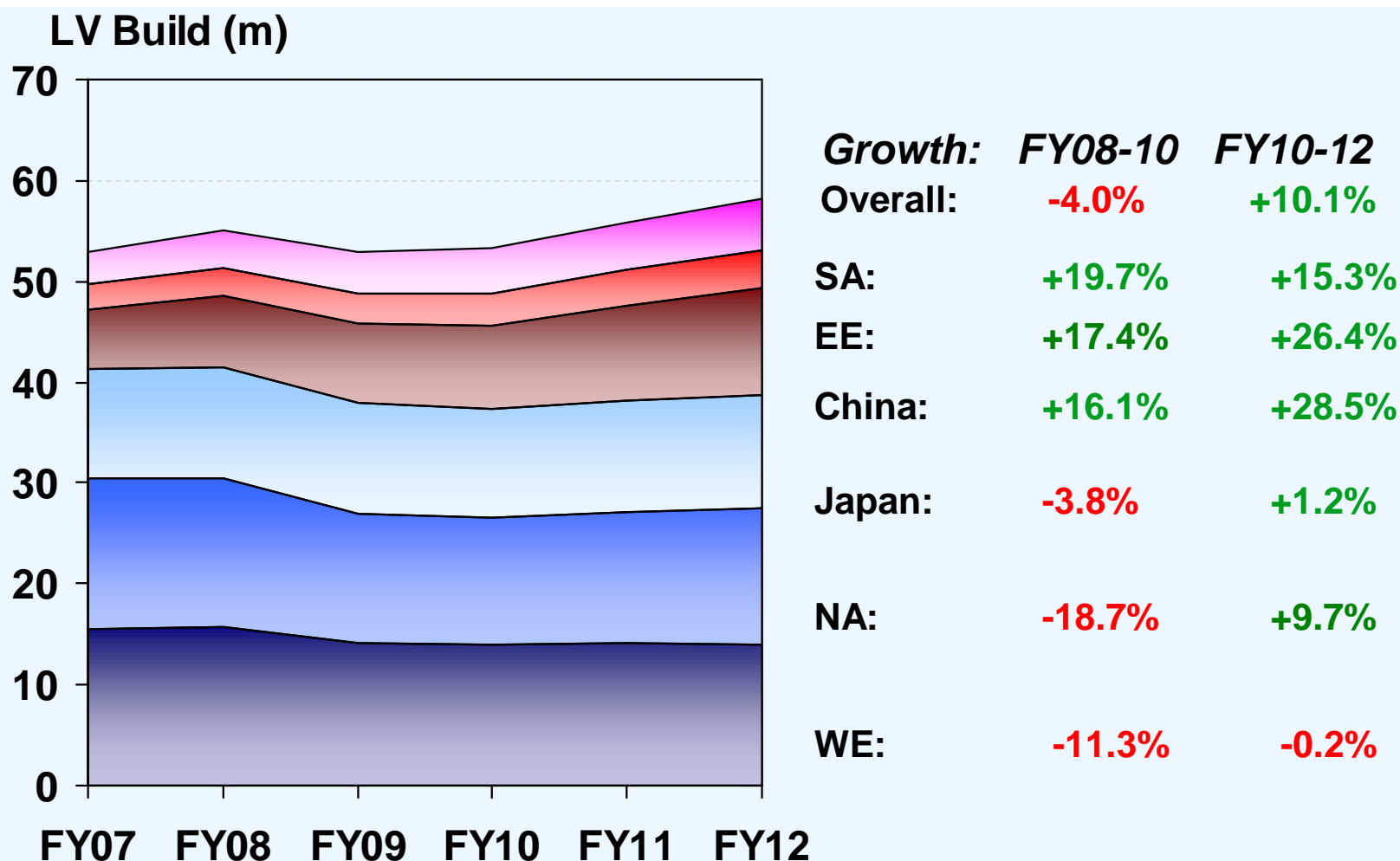
Full Year Operating Income Change Analysis



Market conditions preventing near-term recovery of input cost increases

Core OE Market Outlook

Light Vehicle Build in NSG Group Key Markets



Markets challenging for next 18 months

NSG Group Actions

- Automotive capacity reductions in Europe and North America
- Slowing capacity expansion
- Reducing capital expenditure
- Conversion of BP lines to solar capability

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Summary

- First half-year satisfactory
- Markets now deteriorating globally
- Challenging conditions through the next 18 months
- Previously stated medium-term targets maintained

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

Sales by Business – H1 FY09

(JPY bil)	Japan	Europe	North America	Rest of World	Total
Building Products	46.0	114.2	16.5	20.1	196.8
Automotive	27.9	98.3	38.4	23.2	187.8
Specialty	23.9	5.2	0.5	9.6	39.2
Others	3.9	3.4	0.0	0.0	7.3
Total	101.7	221.1	55.4	52.9	431.1

Operating Income before Amortization – H1 FY09



(JPY bil)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.6	12.6	0.5	2.9	16.6	8%
Automotive	1.9	11.5	(1.0)	4.2	16.6	9%
Specialty	2.4	0.4	(0.1)	0.7	3.4	9%
Others	(3.3)	(4.4)	0.0	0.0	(7.7)	
Total	1.6	20.1	(0.6)	7.8	28.9	7%
Ratio on Sales	2%	9%	-1%	15%	7%	

Operating Income after Amortization – H1 FY09

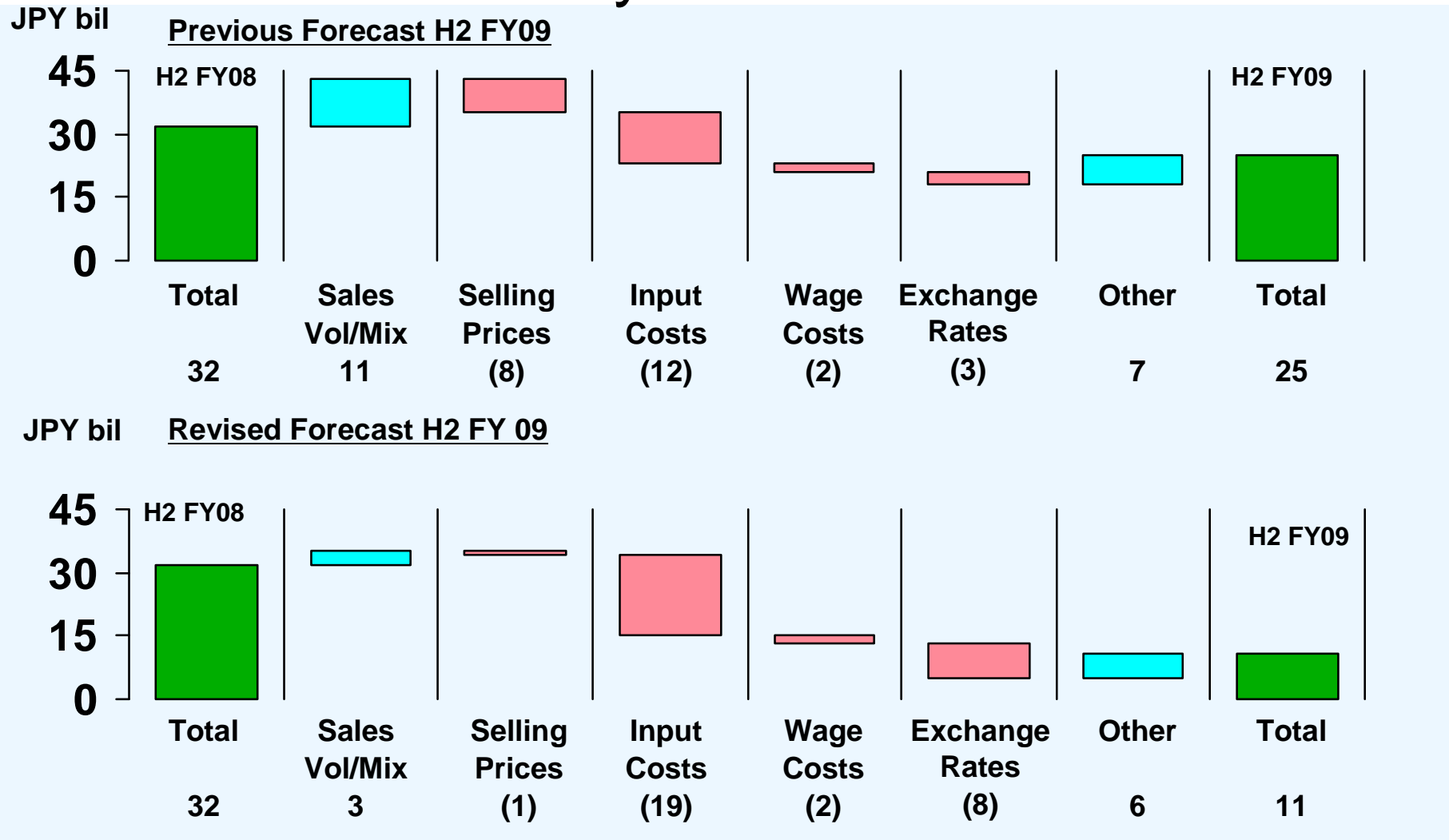


(JPY bil)	Japan	Europe	North America	Rest of World	Total	Ratio on Sales
Building Products	0.6	8.4	(0.2)	2.2	11.0	6%
Automotive	1.9	7.7	(2.1)	3.0	10.5	6%
Specialty	2.4	0.4	(0.1)	0.7	3.4	9%
Others	(3.3)	(4.4)	0.0	0.0	(7.7)	
Total	1.6	12.1	(2.4)	5.9	17.2	4%
Ratio on Sales	2%	5%	-4%	11%	4%	

Exchange Rate Assumptions

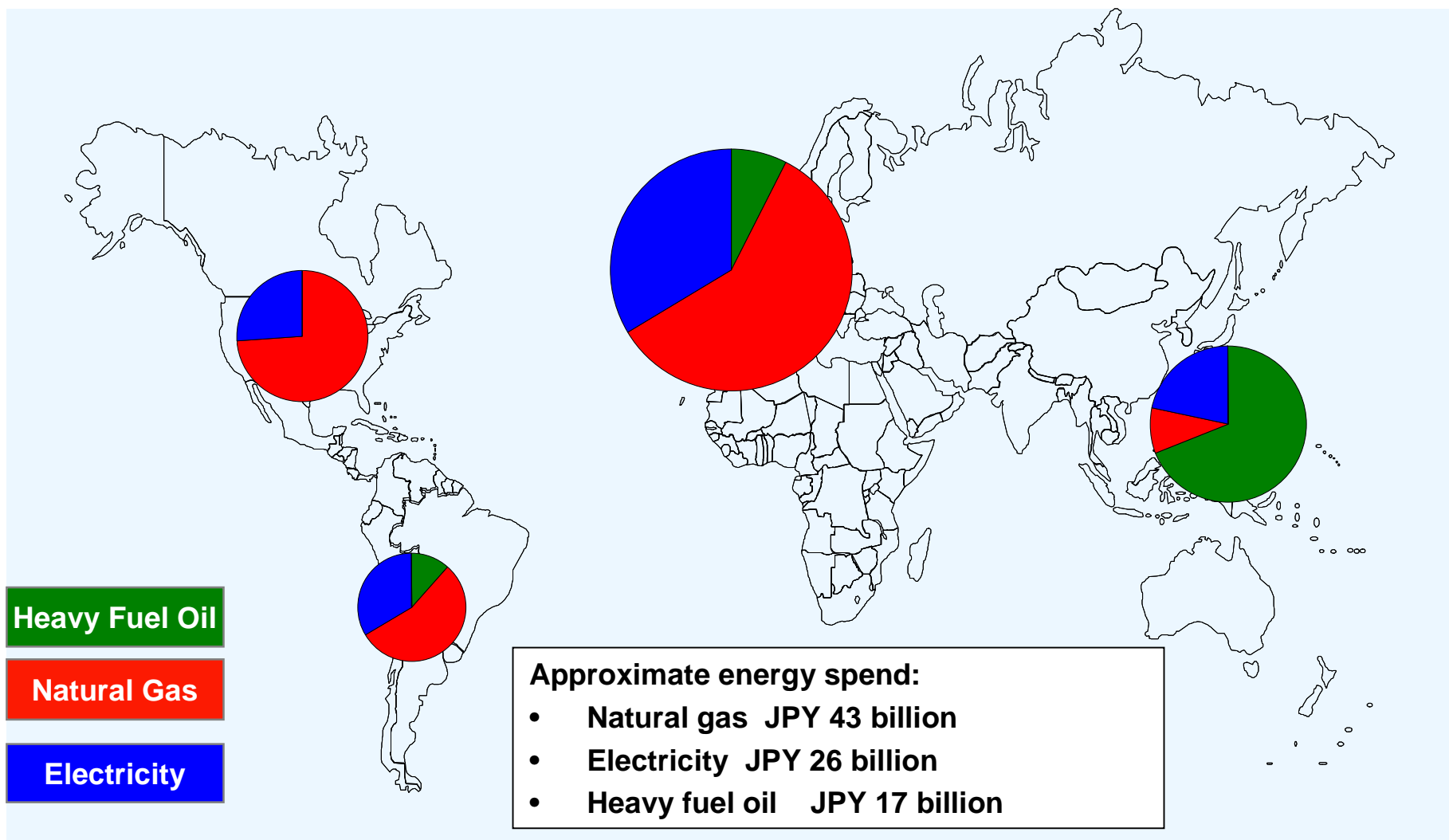
	H1 FY08	FY08	H1 FY09	FY09 Forecast
Average rates used:				
JPY/GBP	238	229	204	185
JPY/EUR	162	161	162	147
JPY/USD	119	114	106	100
Closing rates used:				
JPY/GBP	233	200	187	
JPY/EUR	163	157	149	
JPY/USD	115	100	103	

Half 2 Operating Income Change Analysis



Strengthening yen and reduced automotive volumes in second half

NSG Group Energy Consumption



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