

TO OUR SHAREHOLDERS

NIPPON SHEET GLASS CO., LTD.
151ST FISCAL PERIOD REPORT
1 APRIL 2016 - 31 MARCH 2017

**'MAKING A DIFFERENCE TO OUR WORLD
THROUGH GLASS TECHNOLOGY'**

Securities Code: 5202

Pilkington Suncool™, our solar control and low-emissivity glass which can help reduce effect of solar heat, is used in Central Square near the Cardiff Station in UK.

© Phillip Roberts Photography

MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the NSG Group, I thank you for your continued support.

The following is a summary of the Group's performance for the 151st fiscal period starting on 1 April 2016 and ending on 31 March 2017.

As a result of steady progress in the VA shift and also helped by the recovery of European market and the robustness in the US market, our operating profit showed a significant improvement from the previous term. We are determined to achieve MTP targets and accelerate our growth by implementing the newly developed MTP Phase 2 under the Long-term Strategic Vision of "Transforming into VA Glass Company".



Shigeki Mori

Representative Executive Officer
President and CEO
Nippon Sheet Glass Co., Ltd.

Summary of the financial year to 31 March 2017

The Group's performance in the financial year ending on 31 March 2017 can be summarized in the following three points.

1. Despite the negative impact of strong Yen, our operating profit improved greatly from the previous term and we were able to turn around from the net loss of nearly 50 billion yen to net profit. The restructuring measures and cost saving efforts initiated in FY2016 are making contributions to such improvement together with steady progress in the VA shift (expansion of the sales ratio of higher-value-added products). Especially in the architectural glass business in Europe and North America, remarkable advancement of VA shift has been attained. In the automotive glass business, initiatives for operational efficiency improvement are beginning to attain results in Europe and North America.
2. The Group succeeded in generating free cash flow of about 20.3 billion yen through a major improvement in

operating profit, reduction of working capital and disposal of non-core assets.

3. The Group augmented its shareholders' equity and reduced net debt by issuing a total of 40 billion yen Class A shares on 31 March 2017.

MTP Phase 2

When the Group announced FY2017 second quarter financial results, MTP (Medium-term Plan) Phase 2 was also laid out covering the period from FY2018 to FY2020. In MTP Phase 2, the Group will continue to aim for "to start Transforming into VA Glass Company" and "to achieve financial sustainability" with more focused approach and proactive measures to ensure the delivery of the targets.

Specifically, the Group will roll out the growth strategy underpinned by four key measures: drive VA No.1 strategy; establish growth drivers; business culture innovation; and enhance global management, and the financial strategy to stabilize its financial base.

To drive VA No.1 strategy, which is crucial **to start transforming into VA Glass Company**, the Group plans to restart a float glass manufacturing line in Italy and install the advanced press bend lines for automotive glass production in the USA, Europe and Japan in FY2018. Meanwhile, in the technical glass business, the Group will be focused on increasing the sales of the new composition thin glass (glanova™) and expanding high strength glass cord fabrication sites.

To establish growth drivers, multiple promising products and applications are selected including coated glass for energy saving and generation, glass for solar panels, low-iron glass in the architectural glass business; glass with head-up display (HUD), glass with integrated display and heat block/insulation glass in the automotive glass business; and new composition thin glass (glanova™) for automotive applications, micro-lens technology for mobile DNA testing equipment or various IT-related equipment and ultra-thin special glass paper for battery applications in the technical glass business.

To facilitate business culture innovation, efforts are being made to improve operational efficiency at manufacturing sites and their benefits are materializing. Going forward, we hope to develop this into the Group-wide achievement. In addition, the Group has established a global marketing organization in the architectural and automotive glass businesses respectively to reinforce marketing activities.

To enhance global management”, we will pursue optimal organization management at the Group level while promoting diversity and inclusion in the work place through the newly established Inclusion & Diversity Promotion Office. We continue to work on cost reduction across the Group as well.

To achieve financial sustainability, we will further reduce finance expense by expediting debt reduction and improving borrowing terms while stabilizing our financial base through accumulation of profits.

In FY2018, the market for architectural and automotive glass is expected to grow modestly around a globe. The Group's return on sales* is constantly improving and we aim to accomplish the MTP target, the return on sales* of 8 percent by FY2020. We consider FY2018 as a year for changing gears to the growth strategy and will work together to ensure the delivery of MTP targets.

* on trading profit basis

Dividend Payment

The Group's dividend policy is to secure dividend payment based on sustainable business results. The directors regrettably have decided not to declare a dividend for the year to 31 March 2017. The Group recognizes the importance of dividends to our shareholders and concentrates our efforts to improve our profitability toward the resumption of dividend payment as early as possible through steady implementation of MTP Phase 2.

Last but not Least

As Next year will be the centennial of the establishment of Nippon Sheet Glass Co., Ltd., the Group renews its commitment to work as a team and to make every effort towards its further development and the furtherance of shareholder value in the future. We look forward to your continued understanding and support of our activities.

森 重樹

Shigeki Mori
Representative Executive Officer
President and CEO
Nippon Sheet Glass Co., Ltd.

7 June 2017

NEWS

Joint Team Develops Rapid Mobile DNA Testing Equipment

A joint development team of National Institute of Advanced Industrial Science and Technology (AIST), Golfoton, Inc., and NSG has successfully developed rapid, compact, lightweight real-time PCR equipment (mobile DNA testing equipment) as part of JST Development of Advanced Measurement and Analysis Systems Program.

The long processing time, large size and high cost of conventional equipment available for DNA testing (nucleic acid amplification testing) of bacteria and viruses have limited their use to specialized laboratories. However, with the combination of AIST technology to amplify the target bacteria or virus genes on a small plastic substrate at a high speed and NSG's proprietary compact fluorescence detector capable of measuring the amount of genes with high sensitivity, the joint team has successfully miniaturized the DNA testing equipment while maintaining high precision and shortening the processing time.

In the future, it might be used in a variety of situations, including the inspection of food processing plants, environmental contamination surveys and quarantine at airports and harbors as well as in hospitals and other medical sites. The equipment is currently under development by NSG for a launch by the end of this year.



To Install the Advanced Press Bend Line at Versailles Plant in the USA

We will install the advanced press bend line (APBL) for laminated windshields and an upgrade to existing equipment at its automotive glass plant in Versailles, Kentucky, the USA with 7.5 million dollar investment.

Developed for manufacturing complex-shaped windshields with tighter tolerance, NSG Group's unique technology for the APBL will support production of laminated windshields with head-up display (HUD), an increasingly popular option among new cars. We are ready to respond to our customers' expanding needs generated by the rapidly advancing technology for driving assistance systems, such as HUD.



NSG Issued 40 Billion Yen Class A Shares through Third-Party Allotment

We issued a total of 40 billion yen Class A shares on 31 March 2017.

Believing it was necessary and appropriate for us to augment our shareholders' equity through procuring equity funding so that we could achieve a more stable financial base and establish financial sustainability sooner with anti-dilutive effect, Class A Shares were issued after all of the related proposals had been approved at the extraordinary general meeting of shareholders held on 24 March 2017.

Out of the Class A share proceeds of 40 billion yen, approximately a half of amount would be invested in driving VA Shift (expansion of the sales ratio of higher-value-added products) necessary for executing key measures of MTP (Medium-term Plan) Phase 2 following our "drive VA No.1 strategy" which will focus on the areas of our "core strength" and "promising growth opportunities." The rest of the proceeds would be used to pay down debt and we expect this could expedite our actions under MTP Phase 2 through initiating a virtuous cycle of a reduction in interest-bearing debt and further interest expense decrease.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Income statement

	Millions of yen	
	Fiscal 2017	Fiscal 2016
Revenue	580,795	629,172
Operating profit	29,862	19,362
Profit/(loss) before taxation	14,751	(37,439)
Profit/(loss) for the period	7,292	(47,500)
Profit/(loss) attributable to the owners of the parent	5,605	(49,838)
Basic earnings per share attributable to owners of the parent (yen)	62.04	(551.75)

Balance sheets

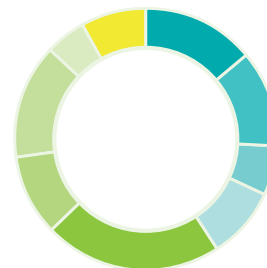
	Millions of yen	
	31 MARCH 2017	31 MARCH 2016
Non-current assets	527,818	571,417
Current assets	262,374	240,703
Total assets	790,192	812,120
Total liabilities	656,484	700,109
Total equity	133,708	112,011
Total liabilities and equity	790,192	812,120

Note: Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Basic earnings per share attributable to owners of the parent is calculated under the assumption that this share consolidation was conducted on 1 April 2016.

Statement of cash flows

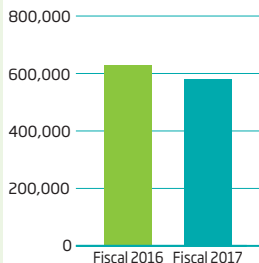
	Millions of yen	
	Fiscal 2017	Fiscal 2016
Net cash inflows from operating activities	30,429	21,789
Net cash outflows from investing activities	(10,152)	(26,401)
Cash flow before financing activities	20,277	(4,612)
Net cash inflows/(outflows) from financing activities	16,398	(5,908)
Cash and cash equivalents (net of bank overdrafts) at the end of the period	79,808	46,162

Net revenue by business



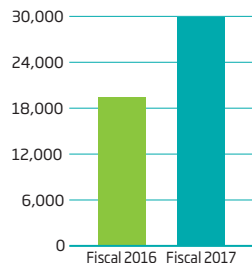
Revenue

Millions of yen



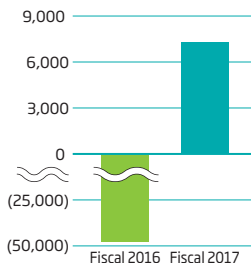
Operating profit

Millions of yen



Profit/(loss) for the period

Millions of yen



Architectural Europe	14%
Architectural Japan	12%
Architectural North America	6%
Architectural Rest of World	9%
Automotive Europe	22%
Automotive Japan	10%
Automotive North America	14%
Automotive Rest of World	5%
Technical Glass	8%

Notes: The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) from the financial year to 31 March 2012.

Operating profit in the above is defined as being operating profit stated before exceptional items.

SHAREHOLDER INFORMATION

Fiscal period	1 April to 31 March of the following year
Ordinary General Meeting of Shareholders	Held annually in June
Record Dates	Ordinary General Meeting of Shareholders: 31 March Dividend: 30 September and 31 March
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Operating office	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Public notice	http://www.nsg.com/
Accounting auditor	Ernst & Young ShinNihon LLC

If you need to record any changes in your address, personal details or any other relevant matter, please contact the securities company administrating your shareholder account.

If you do not use a securities company, please notify our transfer agent as shown below.

Notice to shareholders holding odd-lot shares

If you hold an odd-lot of shares (1 to 99 shares), which is less than a trading unit of shares (100 shares), you could:

1. sell these shares to the Company, or
2. purchase odd-lot shares from the Company to supplement your holding to the extent necessary to constitute a trading unit.

Please contact the securities company administrating your shareholder account for its specific procedures.

If you do not use a securities company, please contact our transfer agent as shown below.

Mail address Stock Transfer Agency Department,
Sumitomo Mitsui Trust Bank, Limited
8-4, Izumi 2-chome, Suginami-ku,
Tokyo 168-0063, Japan

Telephone Number ☎ 0120-782-031 (toll free in Japan)

CORPORATE DATA (as at 31 March 2017)

Company name	Nippon Sheet Glass Co., Ltd.
Head office	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Tel: +81-3-5443-9500
Established	22 November 1918
Number of permanent employees	26,950 (consolidated)
Paid-in capital	¥116,463 million
Stock listing	Tokyo (Code: 5202)
Contact	http://www.nsg.com/en/contact-us

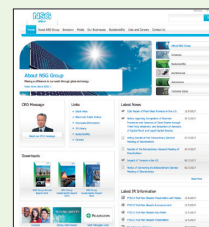
General Information

Voting results of the 151st Ordinary General Meeting of Shareholders will be filed and shown via EDINET (<http://disclosure.edinet-fsa.go.jp/>) in the form of an Extraordinary Report (in Japanese Only) and also disclosed on the Company's website.

Website

Further information about the Group including its financial results and latest IR information is available at

<http://www.nsg.com/en>



Please scan this QR code with your smartphone to access our website.

