

Financial Results For FY2015

(Ending December 31, 2015)

Investor Meeting
February 4, 2016

Nippon Electric Glass Co., Ltd.

Financial Results For FY2015

Summary of Financial Results

- Economy trend
(Global)
 - Europe and US: Recovery trend on the back of solid personal consumption and improved employment conditions
 - China: Signs of a slowdown in light of decrease in exports and fixed asset investments
- (Japan)
Solid personal consumption trends; improvements in corporate earnings and employment conditions; modest economic recovery
- Business performance
 - Net sales: Solid performance primarily by glass fiber and glass for optical devices
 - Operating income: Contributions from improved productivity and cost-cutting

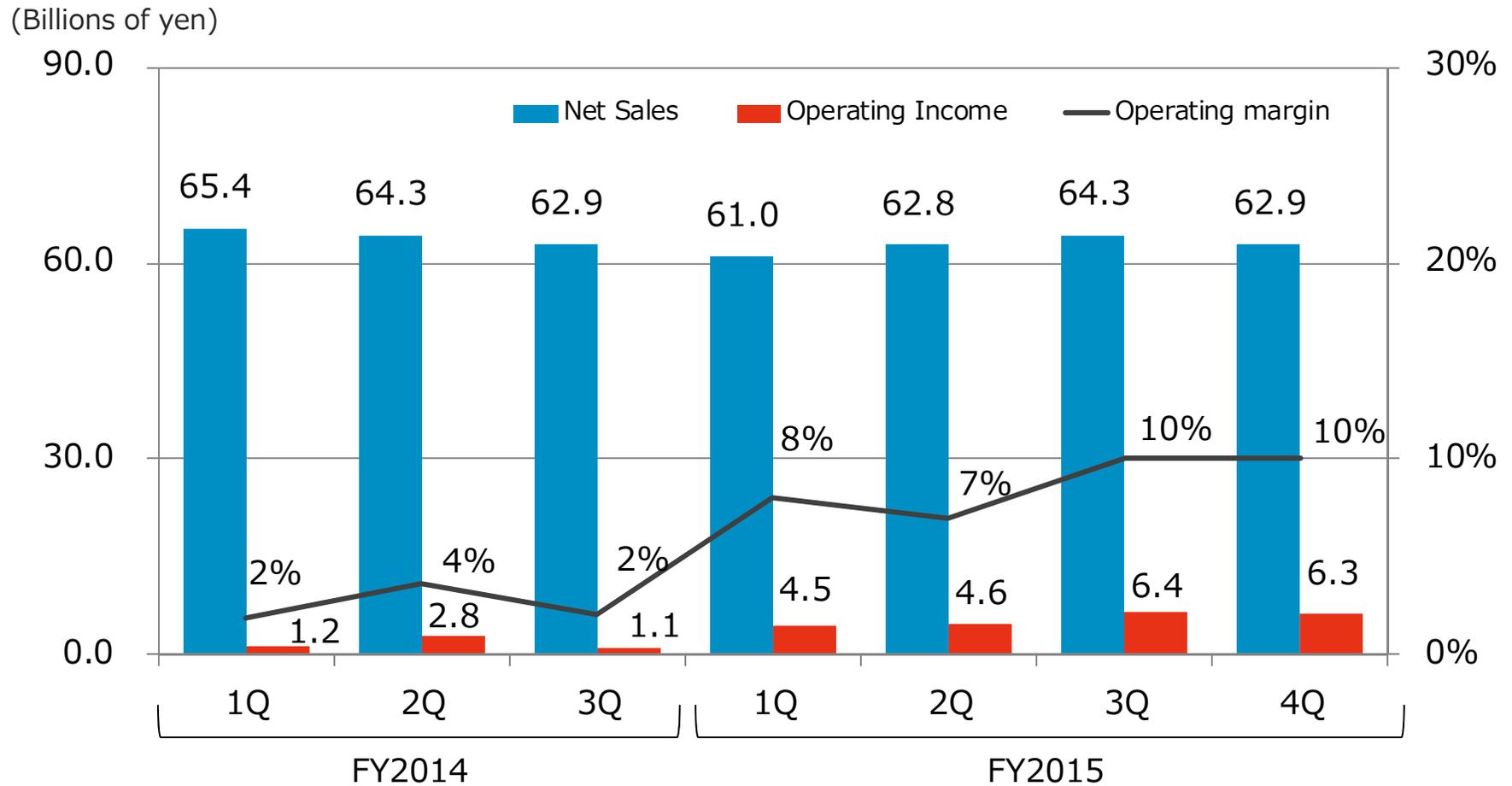
Summary of Financial Results

(Billions of yen)

	FY2014 (9 months)	FY2015 (12 months)
Net sales	192.6	251.1
Operating income (Operating margin)	5.2 (3%)	22.0 (9%)
Ordinary income	6.8	14.2
Extraordinary income/loss	2.3	2.5
Income before income tax	9.1	16.7
Net income	5.9	9.6
Net income per share (Yen)	¥11.94	¥19.38
Net assets	522.5	519.8
Equity ratio	70.2%	70.6%
Dividend per share (Yen)	¥12	¥16

FY2014: From April, 2014 to December, 2014
 FY2015: From January, 2015 to December, 2015

Quarterly Trends

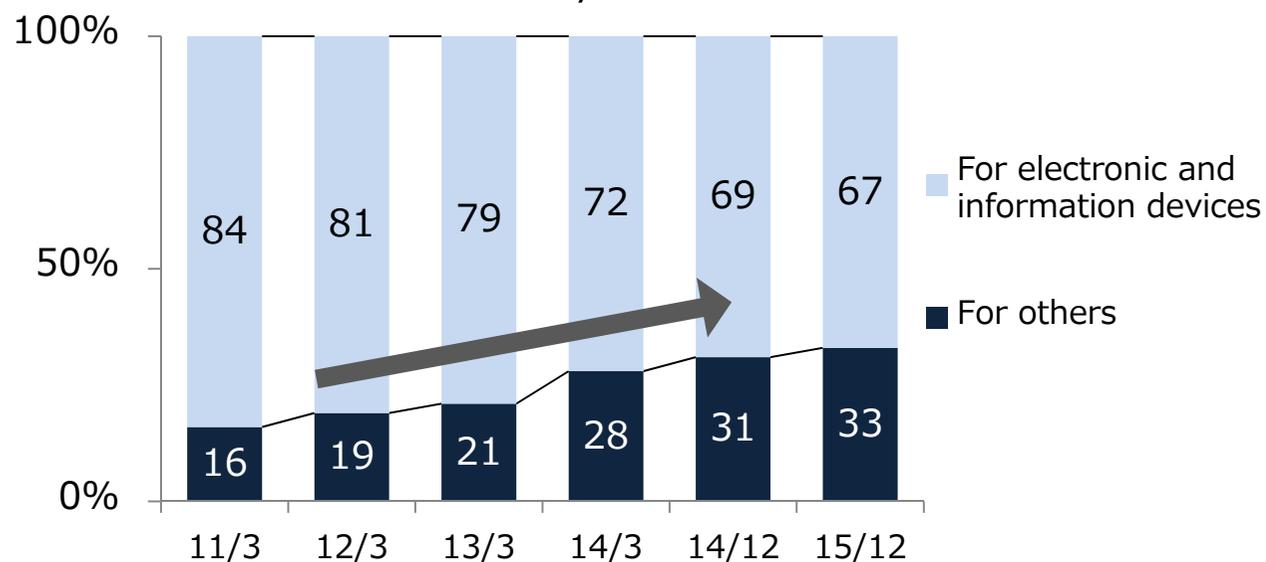


Sales by Business

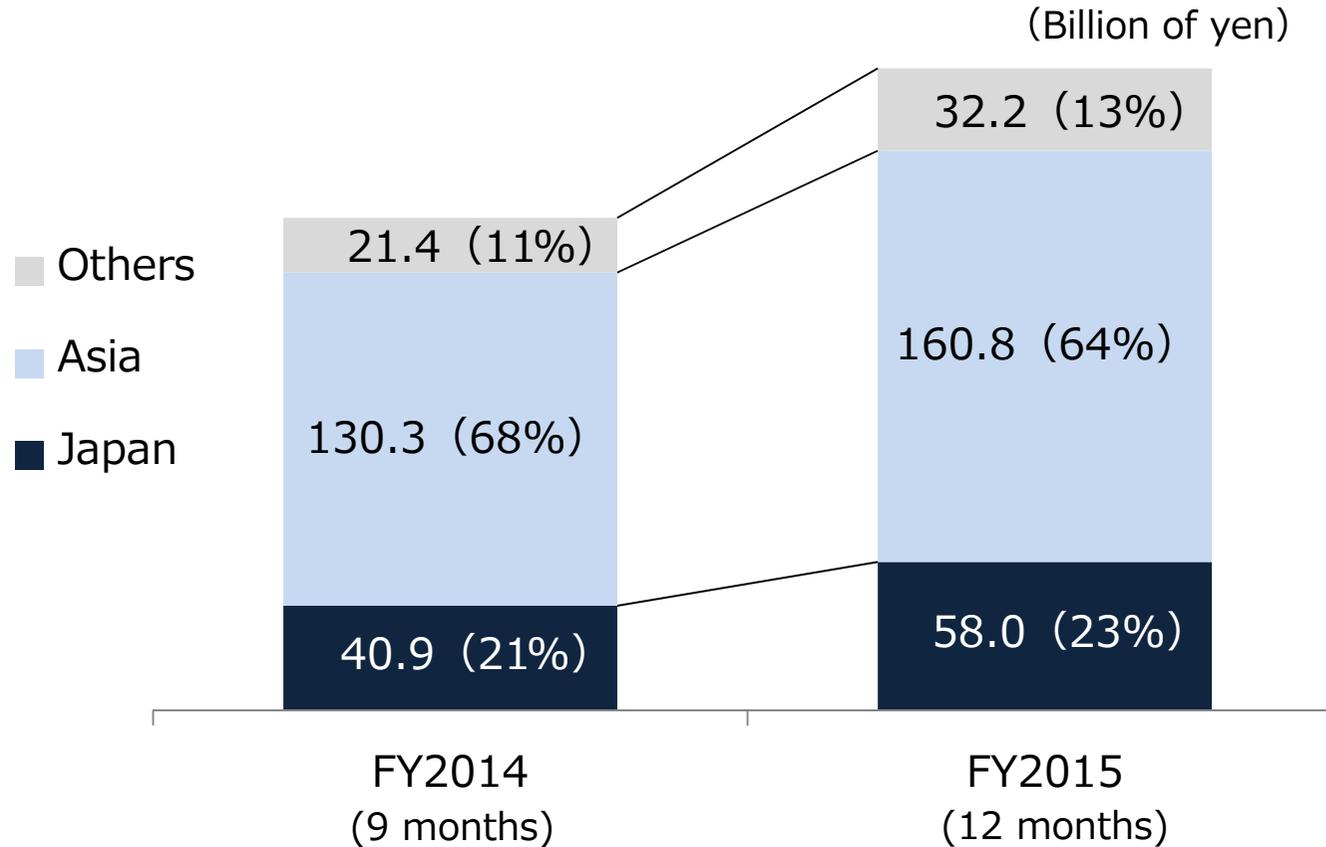
(Billions of yen)

		FY2014 (9 months)		FY2015 (12 months)	
Glass Business	For electronic and information devices	133.6	69%	167.0	67%
	For others	59.0	31%	84.1	33%
Total		192.6	100%	251.1	100%

Trend of sales by business



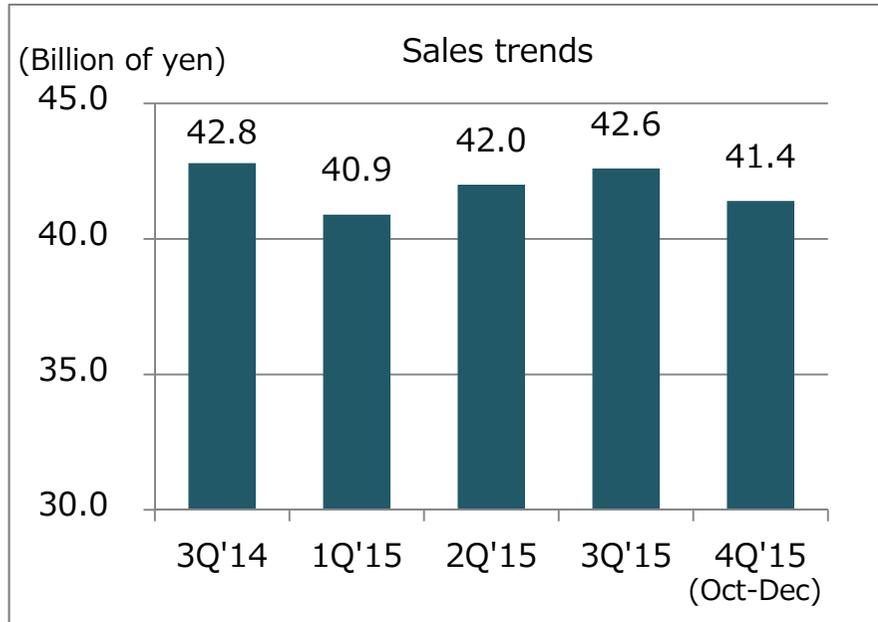
Sales by Region



FY2014: From April, 2014 to December, 2014

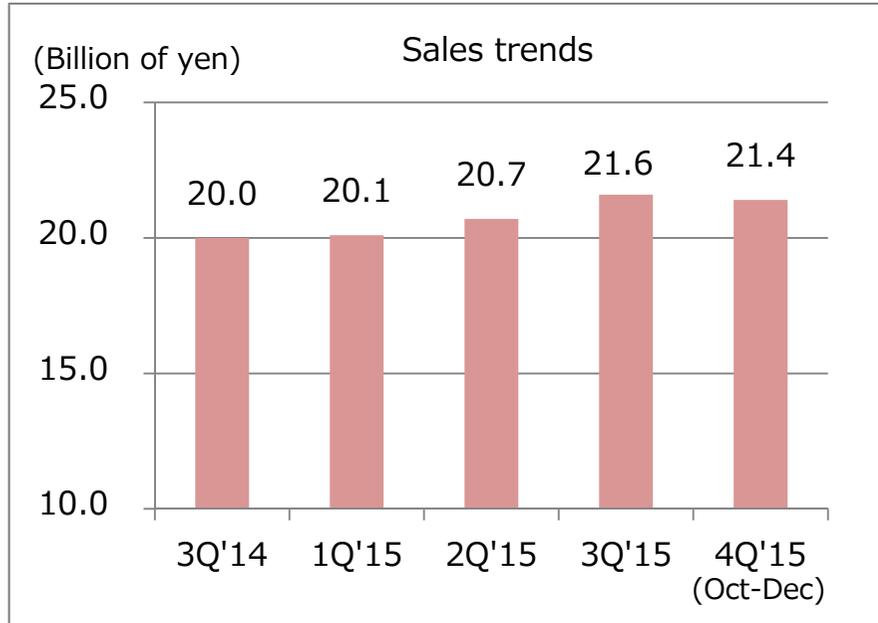
FY2015: From January, 2015 to December, 2015

Sales - Glass for electronic and information devices



- Glass for LCDs:
 - Stable shipments continued, but demand slowed in 4Q.
 - (4Q)
 - Volume: Declined by a low single-digit % from 3Q
 - Price: declined moderately
- Cover glass <Dinorex®> :
 - Sales increased as adoption of our products increased
- Glass for solar cells:
 - Stable sales
- Glass for optical and electronic devices:
 - For image sensors: Steady sales
 - For optical devices: Solid performance due to expanded demand for communications infrastructure
 - Applications for general-purpose electronic parts: Stable sales
 - For others: Developed products such as phosphor glass composite <Lumiphous®> contributed to earnings

Sales - Glass for others



- Glass fibers:
 - Slower demand in Asia, generally solid in other regions
 - Higher production efficiency contributed to profits

- Glass for medical use and building materials, heat-resistant glass:
 - Building materials: Weak sales in 2Q and 3Q but recovery in 4Q
 - Heat-resistant: Expanded sales, primarily overseas, for glass for cooking top plates and stove windows
 - Medical: Expanded sales overseas such as in China

Consolidated Balance Sheets

(Billions of yen)

	Dec 31, 2014	Dec 31, 2015	Change		Dec 31, 2014	Dec 31, 2015	Change
Current assets	264.0	267.4	3.4	Liabilities	208.6	207.1	(1.4)
Cash and deposits	149.7	144.3	(5.3)	Notes and accounts payable-trade	32.1	29.5	(2.5)
Notes and accounts receivable-trade	48.0	47.3	(0.6)	Interest-bearing debts	109.1	109.7	0.5
Inventories	56.0	64.1	8.1	Accrued income taxes	1.3	3.4	2.1
Others	10.1	11.5	1.3	Reserve for special repairs	32.8	31.6	(1.2)
				Others	33.1	32.7	(0.3)
Non-current assets	467.1	459.5	(7.6)	Net assets	522.5	519.8	(2.7)
Property, plant and equipment	397.2	386.0	(11.2)	Shareholders' equity	489.9	493.6	3.6
Intangible assets	2.9	4.1	1.2	Accumulated other comprehensive income	23.6	19.5	(4.0)
Investments and other assets	66.9	69.3	2.3	Minority interests	8.9	6.5	(2.3)
Total assets	731.1	726.9	(4.2)	Total liabilities and net assets	731.1	726.9	(4.2)

■ Current assets

- (-) Cash and deposits: Acquisition of facilities by overseas subsidiaries
- (+) Inventories: Increase of merchandise and goods

■ Non – current assets

- (+) Acquisition of facilities by overseas subsidiaries
- (-) Decline in foreign currency-denominated assets due to strong yen
- (-) Depreciation

■ Liabilities

- (-) Reserve for special repairs:
Withdrawal accompanying a suspension of production facilities

■ Net assets

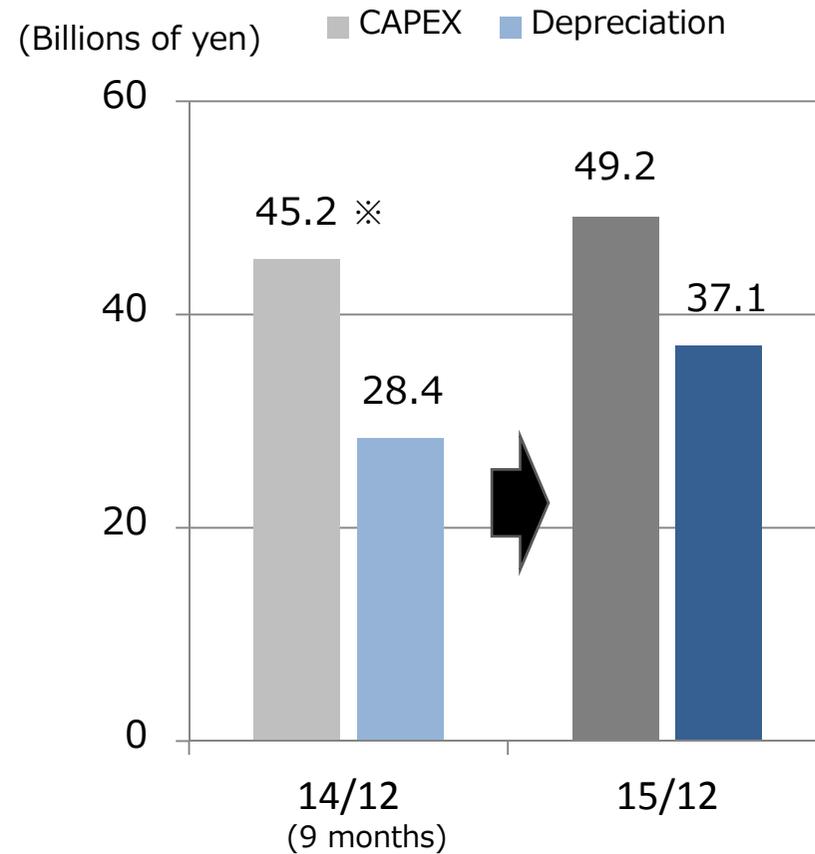
- (+) Shareholders' equity: (+) Retained earning, (-) Dividend
- (-) Accumulated other comprehensive income:
 - (+) Recovery in the stock market,
 - (-) Decrease in foreign currency translation adjustment

Consolidated Statements of Cash Flows

	FY2014 (9 months)	FY2015 (12 months)	(Billions of yen)
Cash flows from operating activities	38.8	46.7	<From operating activities>
Income before income taxes and minority interests	9.1	16.7	• Income before income taxes and minority interests: Increase
Depreciation	28.4	37.1	• Depreciation: High level due to recent investments in facilities
Decrease (increase) in notes and accounts receivable-trade	0.2	(2.1)	
Decrease (increase) in inventories	(0.4)	(9.3)	
Increase (decrease) in notes and accounts payable-trade	2.4	(1.5)	
Other, net	(1.0)	5.8	<From investing activities>
Cash flows from investing activities	(29.2)	(32.6)	• Non-current assets: Acquisition of facilities by overseas subsidiaries
Purchase of non-current assets	(25.6)	(44.5)	
Other, net	(3.6)	(11.9)	<From financing activities>
Cash flows from financing activities	1.6	(7.8)	• Cash dividends paid: Payment of dividends to shareholders and minor shareholders
Cash dividends paid	(7.9)	(8.5)	
Other, net	9.6	0.6	
Effect of exchange rate change on cash and cash equivalents	1.0	(2.2)	
Net increase (decrease) in cash and cash equivalents	12.3	4.0	
Decrease in cash and cash equivalents due to changes in accounting period (*)	(6.3)	-	
Cash and cash equivalents at end of period	129.8	133.8	

CAPEX / Depreciation

CAPEX
<ul style="list-style-type: none"> ● Increase production capacity for glass fibers and glass tubing for pharmaceutical use (Malaysia) ● Extending LCD glass business overseas (Xiamen,China) ● Investment to new businesses
Depreciation
<ul style="list-style-type: none"> ● Increase from 1Q to 2Q ● FY2015:37.1 billion yen



*including capital investments in overseas subsidiaries in January to March

Forecasts of FY2016

(Changes in disclosure categories and method for disclosing earnings forecasts)

✓ Changes in names of disclosure categories

Names of disclosure categories by product were changed as shown below beginning in FY2016.

(Previous)		(New)
Glass for electronic and information devices	→	Electronics and Information Technology
Glass for others	→	Performance Materials and Others

✓ Changes in method for disclosing earnings forecasts

The method for disclosing consolidated earnings forecasts was changed as shown below beginning in FY2016.

(Previous)

Period: Cumulative period including next quarter, full year

Method: Range

(New)

Period: First half cumulative, full year

Method: Specific figure given

Consolidated Earnings Forecasts (1)

FY2016

(Billions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
2Q (accum)	125.0	10.0	9.0	7.0
Full year	256.0	22.0	20.0	16.0

(Outlook)

Summary	<ul style="list-style-type: none"> Overseas: Uncertainties due to economic trends in China, monetary policy in the US, conditions in the Middle East, and trends in crude oil prices Japan: Gradual recovery due to improvements in employment and income environment; take note of impact of overseas trends
Foreign exchange rate	<ul style="list-style-type: none"> Assumption: 1USD=120JPY, 1EUR=130JPY
Raw materials and fuels	<ul style="list-style-type: none"> Energy costs expected to decline due to drop in crude oil prices over previous fiscal year

Consolidated earnings forecasts (2)

= Electronics & Information Technology =

<p>For display (LCD)</p>	<ul style="list-style-type: none">● We estimate our glass shipments in 2016 will grow by about the same percentage* as in the market. (* a mid single-digit %)● 1Q forecasts Volume: Expected to decrease by a mid single-digit % from 4Q Price: Moderate decline is expected
<p>Cover glass <Dinorex®></p>	<ul style="list-style-type: none">● Increase in sales is expected in China and other overseas areas
<p>For optical and electronic devices</p>	<ul style="list-style-type: none">● Glass for optical devices: Robust demand for communications infrastructure in emerging economies would drive shipments● Glass for electronic devices: Measures to boost growth in home appliances and autos; development of new applications and reinforced initiatives to build customer base

Consolidated earnings forecasts (3)

= Performance Materials & Others =

Glass fibers	<ul style="list-style-type: none">● Increase in shipments is expected, particularly for autos (expand markets and improve share)
Medical	<ul style="list-style-type: none">● Increase in sales in overseas markets, particularly in China
Heat-resistant	<ul style="list-style-type: none">● Increase in overseas sales for glass for cooking top plates and stove windows
Building materials	<ul style="list-style-type: none">● Increase in shipments is expected due to application development and expansion in overseas sales

CAPEX / Depreciation

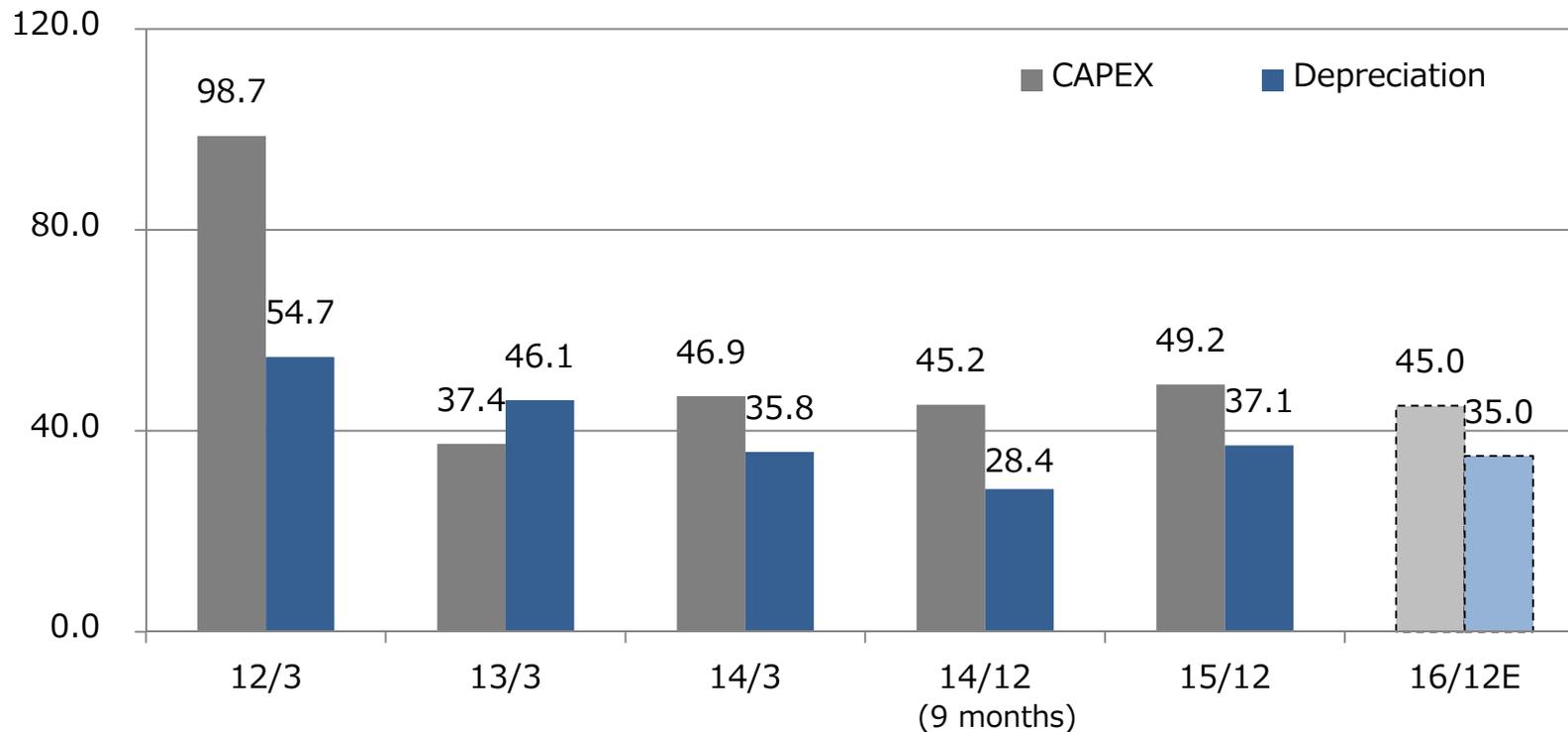
CAPEX

- About 45.0 billion yen
- Expand the LCD glass business to overseas (Xiamen and Nanjing in China), improvement of productivity and R&D

Depreciation

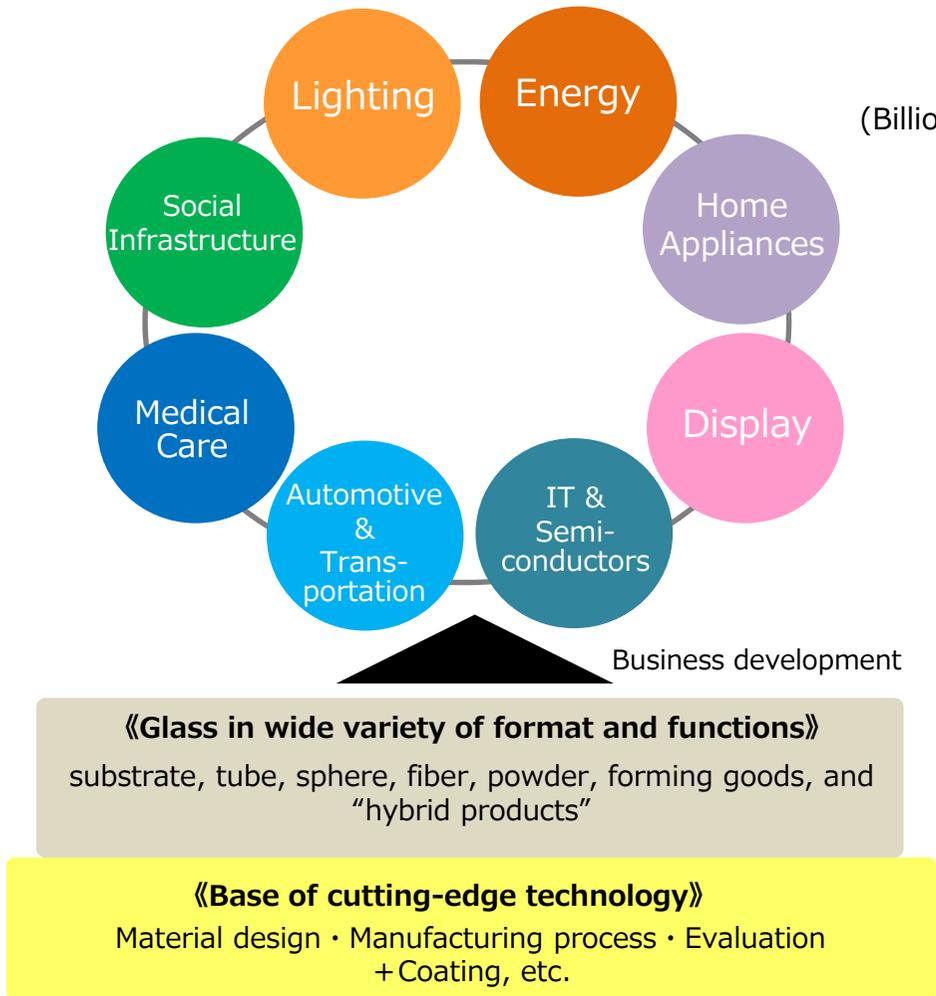
- About 35.0 billion yen (as expected)

(Billions of yen)

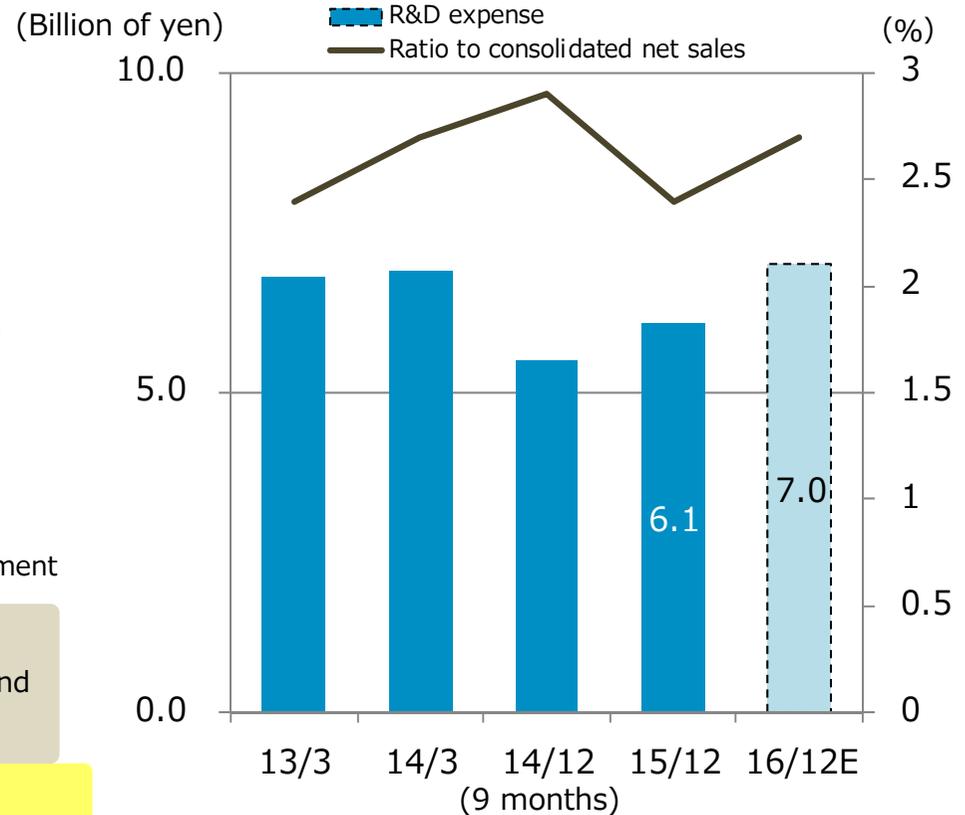


*FY2014: including capital investments in overseas subsidiaries in January to March

- Pursue high-added-value products and innovative products based on cutting-edge technology (materials design, manufacturing process technology, evaluation technology)
- FY2016: About 7.0 billion yen (estimate)



Trends of R&D expense



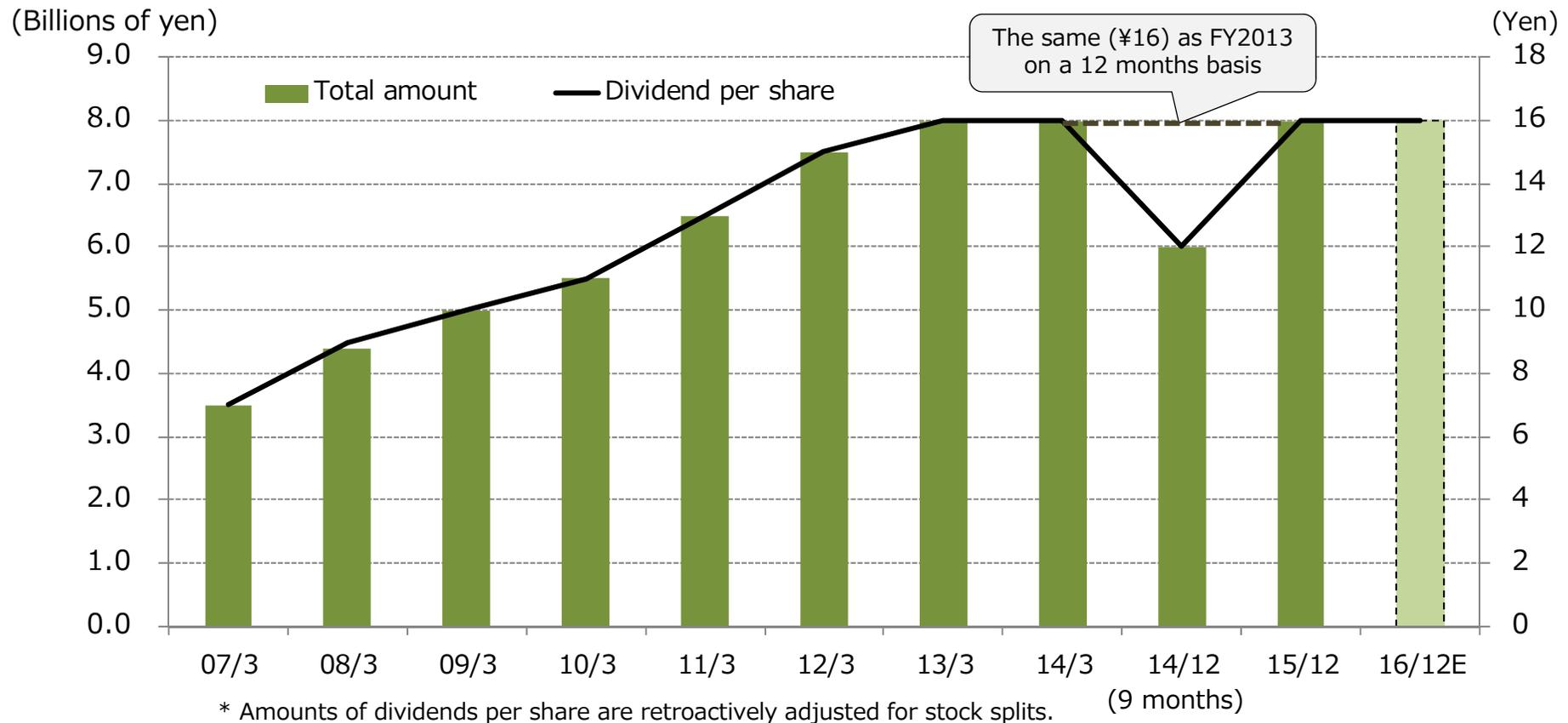
Profit allocation policy & Dividends

Profit allocation policy

- Based on continuous payment of stable dividends to shareholders
- Flexible shareholder return measures will also be considered as opportunities present
- In addition to shareholder returns, proactively use retained earnings for research and development as well as growth investments with an eye on the future

FY2016 (Forecast)

- Interim: ¥8 per share Year-end: ¥8 per share
(Annual dividends: ¥16 per share)



Corporate Information

Main Business

Electronics & Information Technology	FPD	Glass for liquid crystal displays Glass for Organic light emitting diode displays
	Cover Glass	"Dinorex" Specialty Glass for Chemical Strengthening
	Optical	Capillary and Ferrule for Optical Communication Devices Lens for Optical Communication Devices "Micro Preform" Glass Materials for Aspherical Lenses
	Electronic Devices	Functional Powdered Glass Sheet Glass for Image Sensors Glass Tube for Small Electronic Products "Lumiphous" Phosphor Glass
	Solar Cells	Glass for Solar Cells
Performance Materials & Others	Glass Fiber	Chopped Strands for Function Plastic Roving Glass for Reinforced Plastics Chopped-Strand Mats for Automobiles Alkali-Resistant Glass Fiber for cement reinforcement
	Building Materials	Glass Blocks "Neoparies" Glass Ceramics Building Materials "FireLite" Fire Rated Glass "Lamion" Composite Material Made of Glass and Resin "Invisible Glass" Super Anti-reflective Glass
	Heat-Resistant	"Neoceram" Super Heat-Resistant Glass Ceramic "Neorex" Heat-Resistant Glass
	Medical Care	Glass Tubing for Pharmaceutical Use "LX Premium" Radiation-Shielding Glass
	Others	Glass for Lighting Use Glass for Thermos Flasks Glass Making Machinery

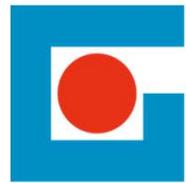
Corporate Information

Name:	Nippon Electric Glass Co., Ltd.
Head Office:	7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan
Founded:	Dec 1, 1949
Representative:	Masayuki Arioka, Chairman of the Board Motoharu Matsumoto, President
Capital:	32.1 billion yen
Employees:	5,220(Group total as of Dec 31, 2015)
Business:	Production and sale of special glass products, and manufacture and sale of glass making machinery
Plants:	Otsu, Shiga-Takatsuki, Notogawa, Wakasa-Kaminaka, and Precision Glass Center
Sales Office:	Osaka and Tokyo
Consolidated Companies:	12 in Japan 12 overseas (Malaysia, Korea, China, Taiwan, etc.)

Note regarding earnings forecasts

- ◆ The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company at the present moment and include risks and contingencies.
- ◆ Actual business results may differ substantially from the earnings forecasts due to a number of factors.

GLASS FOR FUTURE



Nippon Electric Glass