
Financial Results For 2Q of the Year Ending December 31, 2015

Investor Meeting
July 31, 2015



Financial Results For 2Q of FY2015

Summary of 2Q Financial Results

■ 2Q(accum) Financial Results(From Jan to Jun, 2015)

Sales	123.9 billion yen
Operating income	9.2 billion yen (OP margin 7%)
Net income	1.3 billion yen

[Sales]

- ✓ Sales were generally firm, rising from 1Q to 2Q.
- ✓ Sales of glass for LCDs, glass fibers and optical-related products grew.

[Profit/loss]

- ✓ Productivity improved and cost cutting progressed.
- ✓ Operating income recovered from 2Q of last year.

Summary of 2Q Financial Results

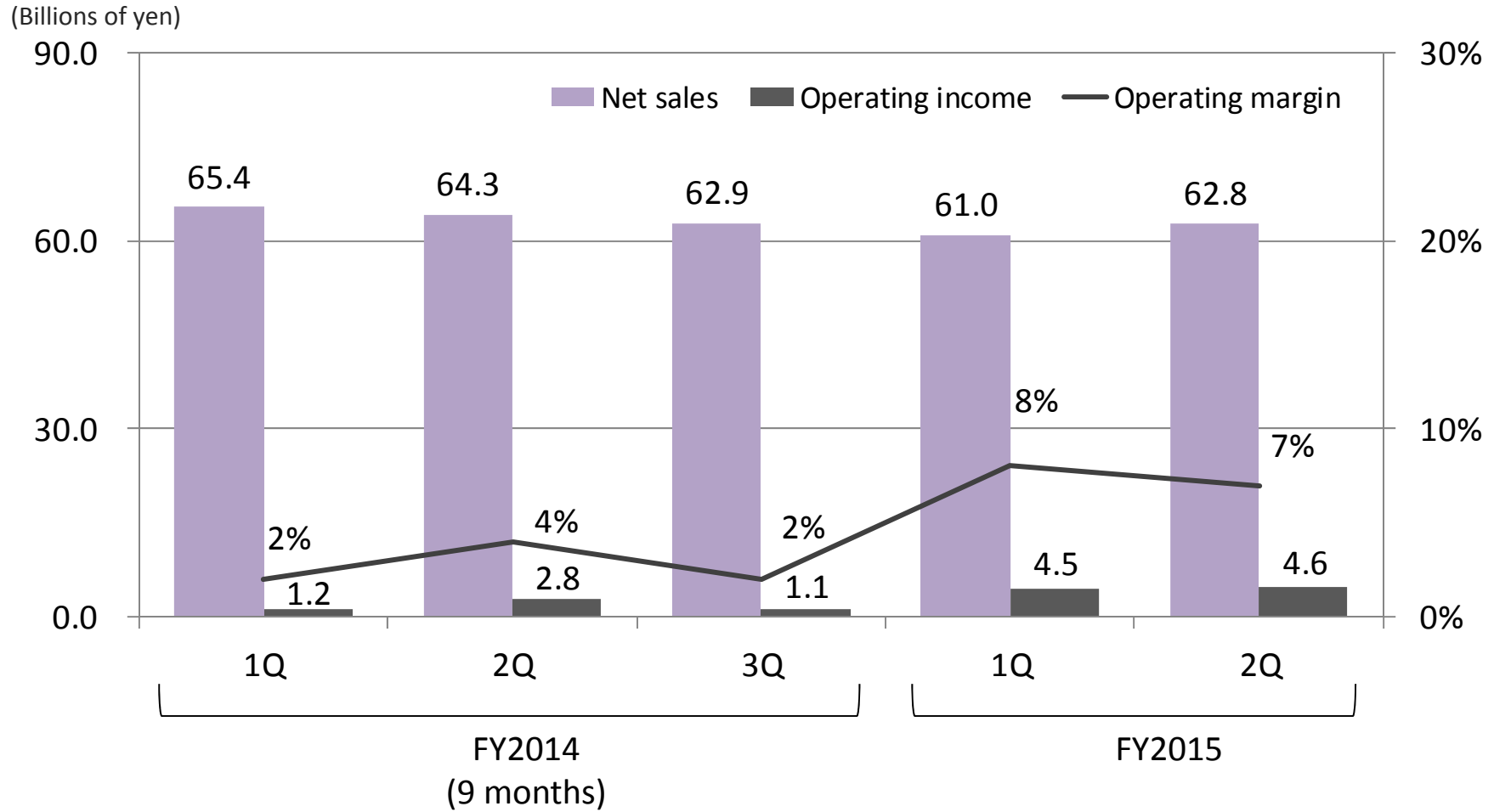


(Billions of yen)

	FY2015			FY2014
	1Q	2Q	2Q (accum)*	2Q (accum)*
Net sales	61.0	62.8	123.9	129.7
Operating income	4.5	4.6	9.2	4.0
Operating margin	8%	7%	7%	3%
Ordinary income	2.2	4.1	6.4	4.6
Extraordinary income/loss	(0.1)	(0.6)	(0.7)	2.1
Income before income tax	2.2	3.5	5.7	6.8
Net income	(0.5)	1.8	1.3	4.8
Net income per share (Yen)	¥1.02	¥3.96	¥2.64	¥9.66
Net assets	519.2	-	524.0	519.3
Equity ratio	71.0%	-	71.2%	72.1%
Dividend per share (Yen)	-	-	¥8	¥8

*2Q FY2015(accum): from Jan to Jun, 2015, 2Q FY2014(accum): from Apr to Sep, 2014

Quarterly Trends



Information by Business & Region



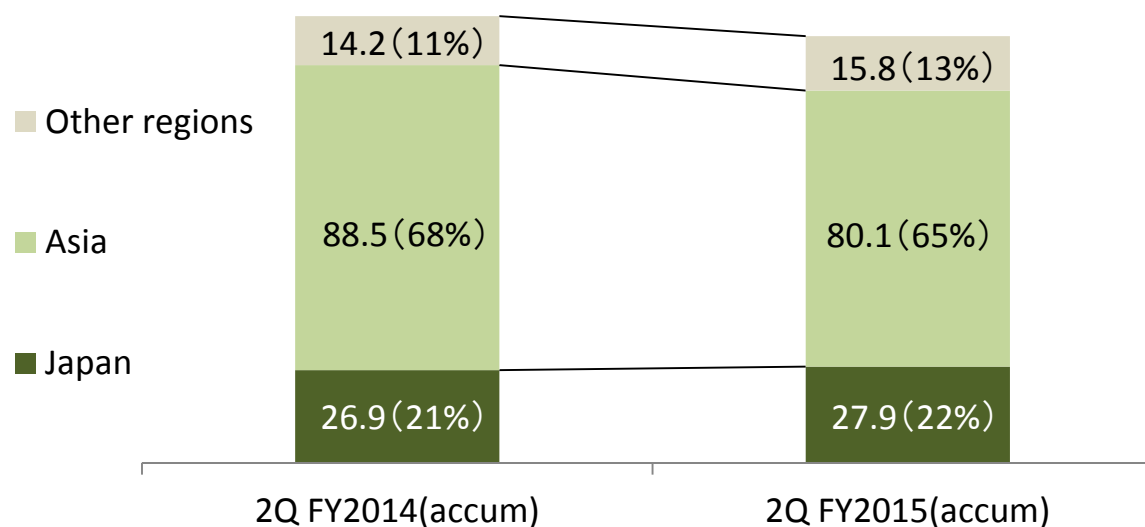
(By Business)

(Billions of yen)

		2Q FY2014 (accum)		2Q FY2015 (accum)	
Glass Business	Glass for electronic and information devices	90.8	70%	82.9	67%
	Glass for others	38.9	30%	40.9	33%
Total		129.7	100%	123.9	100%

(By Region)

(Billions of yen)



*2Q FY2015(accum): from Jan to Jun, 2015, 2Q FY2014 (accum) : from Apr to Sep, 2014

Information by Business (1)

Glass for LCDs: • 2Q Volume: Increased by a mid single-digit % from 1Q
Price: Declined by a low single-digit % from 1Q

Cover Glass for mobile devices <Dinorex>:
(Specialty glass for chemical strengthening)

- 2Q Volume: Increased by around 10% from 1Q
Price: Decreased by around 10% from 1Q
- Increase in the number of models adopted
(Jan, 2015) 89 models → (Jun, 2015) 134 models

Glass for optical and electronic devices:

- For image sensors: Demand during the year-end campaign period was brisk.
- For optical devices: Demand for short-distance telecommunications networks remained high following construction of telecommunications bases and data centers. Demand was the highest since the IT bubble.
- Powder and tubes: Demand for use in general-purpose electronic devices was firm
- For others: Demand for phosphor glass composite <Lumiphous®> grew sharply

Information by Business (2)

Glass for solar cells:

- 2Q Volume: Remained mostly flat from 1Q

Glass fibers:

- Shipments grew at a pace slightly below expectations
- 2Q Volume: Remained mostly flat from 1Q

Glass for pharmaceutical use and building materials, heat-resistant glass:

- Glass tubing: Demand, especially overseas, was firm.
- Heat-resistant: Demand for use in top plates in cookers and stove windows, especially overseas, increased.
- Building materials: Domestic demand decreased, affected by 2Q's seasonal sluggishness. Overseas demand growth came to a pause.

Consolidated Balance Sheets



(Billions of yen)

	Dec 31, 2014	Jun 30, 2015	Change
Current assets	264.0	257.9	(6.0)
Cash and deposits	149.7	137.2	(12.4)
Notes and accounts receivable – trade	48.0	49.0	0.9
Inventories	56.0	63.7	7.6
Others	10.1	8.0	(2.1)
Non – current assets	467.1	469.0	1.8
Property, plant and equipment	397.2	393.4	(3.7)
Intangible assets	2.9	3.6	0.7
Investments and other assets	66.9	71.8	4.9
Total assets	731.1	727.0	(4.1)

■ **Current assets**

- (-) Cash and deposits: Acquisition of facilities by overseas subsidiaries
- (+) Inventories: Production growth surpassed sales growth (rise of productivity and production capacity)

■ **Non – current assets**

- (+) Acquisition of facilities by a Malaysian subsidiary
- (-) Depreciation

	Dec 31, 2014	Jun 30, 2015	Change
Liabilities	208.6	202.9	(5.6)
Notes and accounts payable - trade	32.1	30.0	(2.1)
Interest - bearing debts	109.1	107.9	(1.2)
Accrued income taxes	1.3	2.3	1.0
Reserve for special repairs	32.8	33.9	1.0
Others	33.1	28.8	(4.2)
Net assets	522.5	524.0	1.4
Shareholders' equity	489.9	489.3	(0.6)
Accumulated other comprehensive income	23.6	28.6	4.9
Minority interests	8.9	6.1	(2.8)
Total liabilities and net assets	731.1	727.0	(4.1)

■ **Liabilities**

- (-) Notes and accounts payable - trade: Decrease reflected bank holidays at the end of Dec 2014.
- (-) Others: Decrease of accrued expenses relating equipment

■ **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



	2Q FY2014 (accum)	2Q FY2015 (accum)
Cash flows from operating activities	22.9	15.0
Income before income taxes and minority interests	6.8	5.7
Depreciation	17.8	18.2
Decrease (increase) in notes and accounts receivable – trade	(0.7)	(1.2)
Decrease (increase) in inventories	2.5	(6.6)
Increase (decrease) in notes and accounts payable – trade	(2.5)	(3.5)
Other, net	(0.9)	2.4
Cash flows from investing activities	(19.9)	(12.1)
Purchase of non-current assets	(16.0)	(22.3)
Other, net	(3.8)	10.1
Cash flows from financing activities	(4.0)	(5.4)
Cash dividends	(3.9)	(4.1)
Other, net	(0.0)	(1.2)
Effect of exchange rate change on cash and cash equivalents	0.6	0.3
Net increase (decrease) in cash and cash equivalents	(0.4)	(2.1)
Decrease in cash and cash equivalents due to changes in accounting period (*)	(6.3)	-
Cash and cash equivalents at end of period	117.0	127.6

(Billions of yen)

<From operating activities>

- Depreciation:
Investment stayed at high levels.
- Inventory:
Production growth surpassed sales growth.

<From investing activities>

- Non-current assets:
Acquisition of facilities by a Malaysian subsidiary

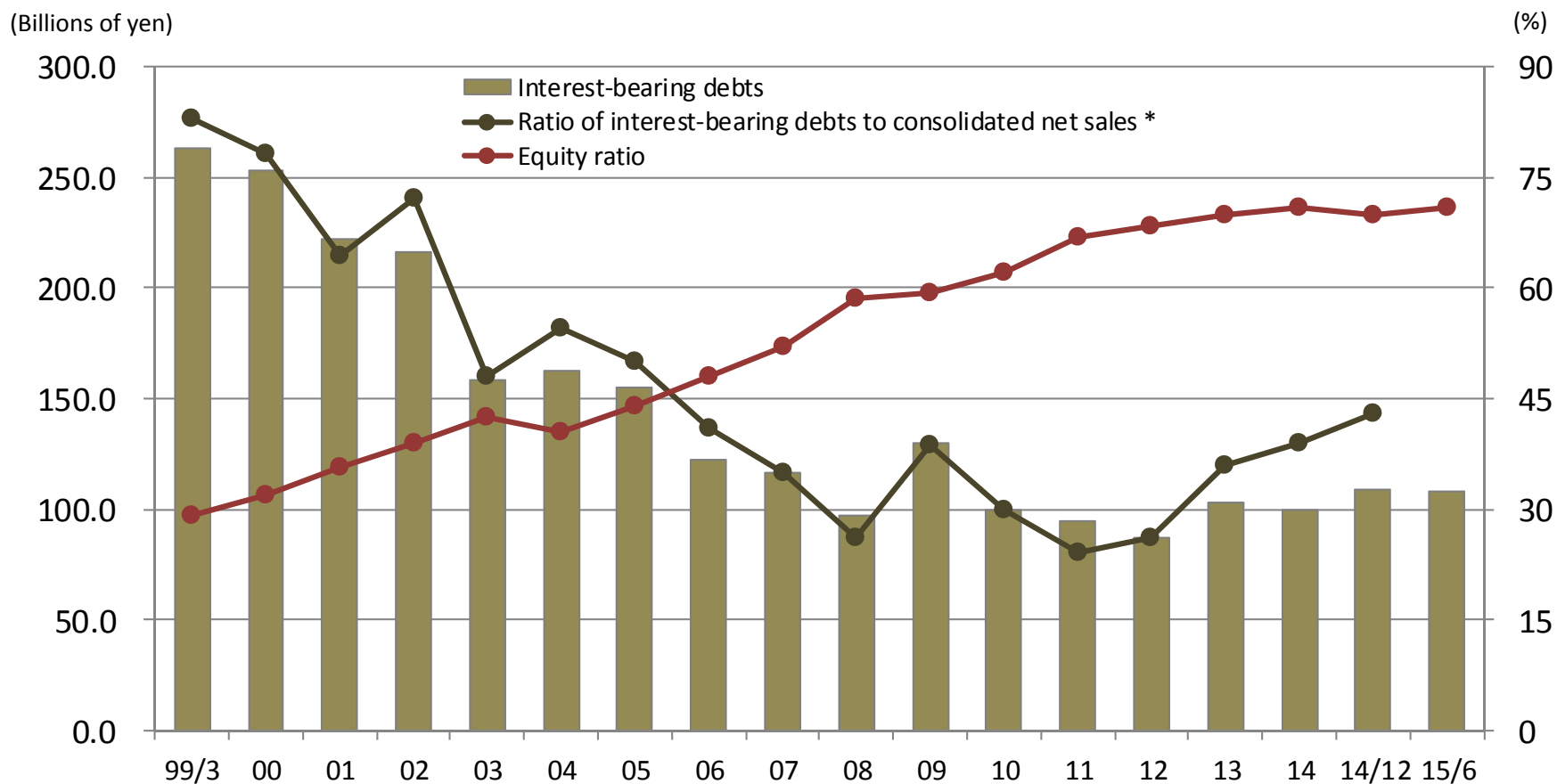
<From financing activities>

- Cash dividends:
Payment of year-end dividends
Subsidiaries paid dividends to minor shareholders

Interest-Bearing Debts / Equity Ratio



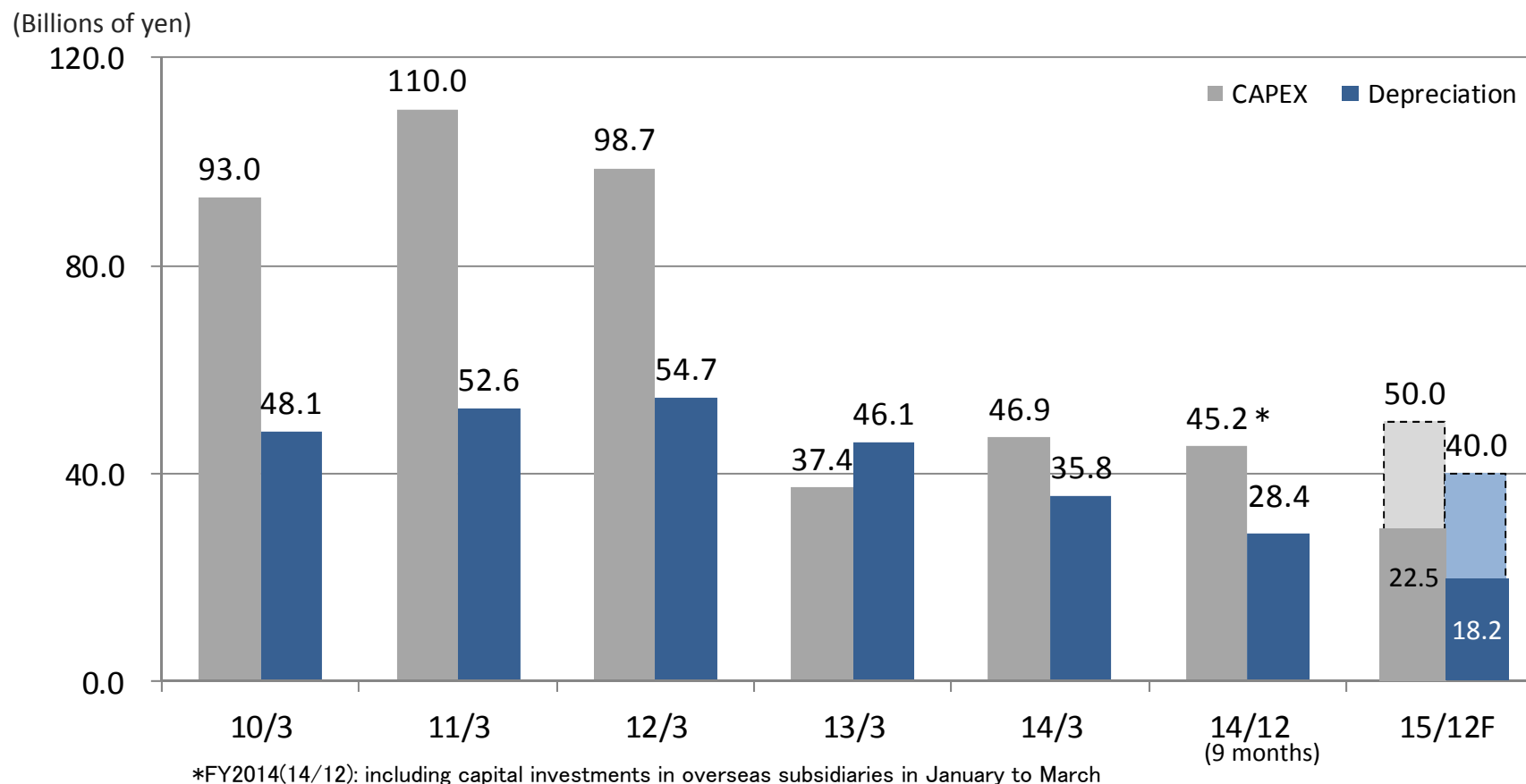
Interest-Bearing Debts	107.9 billion yen (-1.2 billion yen vs. Dec 31, 2014)
Equity Ratio	71% (+1point vs. Dec 31, 2014)



* Consolidated interest-bearing debts/consolidated net sales × 100

CAPEX / Depreciation

CAPEX	<ul style="list-style-type: none"> ● About 50.0 billion yen ● Increase production capacity of a Malaysian subsidiary for glass fibers and glass tubing for pharmaceutical use. Production of substrate glass for LCDs was launched overseas (Xiamen, China). Investment in new fields increased.
Depreciation	<ul style="list-style-type: none"> ● About 40.0 billion yen (as expected)



Forecasts of FY2015

Consolidated Earnings Forecasts (1)



(3Q FY2015(accum))

(Billions of yen)

Sales	Operating income	Ordinary income	Net income
186.0~192.0	13.0~15.0	9.0~11.0	3.0~5.0

(Full year FY2015)

(Billions of yen)

	Sales	Operating income	Ordinary income	Net income
2/6 forecasts	257.0~263.0	13.0~15.0	9.0~11.0	8.0~10.0
7/30 forecasts	252.0~258.0	18.0~20.0	14.0~16.0	8.0~10.0

(Premise)

Foreign exchange rate	<ul style="list-style-type: none"> Assumption: 1USD:123JPY, 1EUR=135JPY
Raw materials and fuels	<ul style="list-style-type: none"> Decline of costs (Materials costs increased due to a weaker yen while fuel costs decreased due to a fall in crude oil prices.)

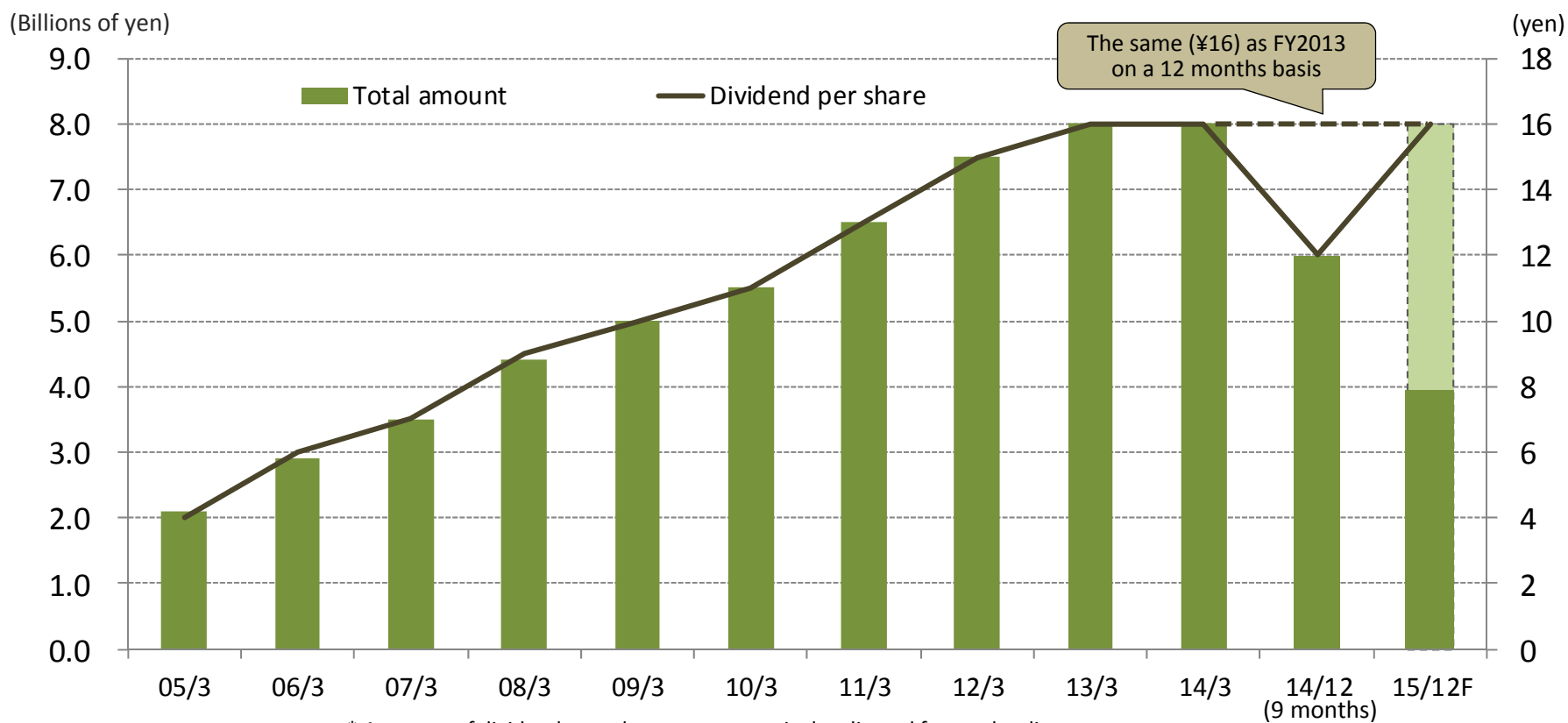
Consolidated Earnings Forecasts (2)



For display	<ul style="list-style-type: none"> LCD: 3Q Volume: Expected to increase by a low single-digit % from 2Q Price: Decline expected to become moderate from 2Q Our glass shipments in 2015 (calendar year) will grow by about the same percentage (by from a mid single-digit % to a high single-digit %) as in the market.
Cover glass <Dinorex>	<ul style="list-style-type: none"> Sales recovered gradually but at a slower-than-expected pace.
For optical and electronic devices	<ul style="list-style-type: none"> Shipments grew smoothly thanks to brisk demand for products that are used in telecommunications devices and electric appliances.
For solar cells	<ul style="list-style-type: none"> Shipments attained in 2Q are expected.
Glass fibers	<ul style="list-style-type: none"> Demand mainly for use in automobiles firmed up as expected.
Glass tubing	<ul style="list-style-type: none"> Overseas sales for pharmaceutical use, especially in China, expanded.
Heat-resistant	<ul style="list-style-type: none"> Sales of products that are used in both top plates and stove windows grew overseas.
Building materials	<ul style="list-style-type: none"> Moderate recovery is expected. Orders for large-scale deals are expected.

Profit Allocation Policy and Cash Dividend Nippon Electric Glass

Profit allocation policy	<ul style="list-style-type: none"> ● Long term and stable return ● Internal reserves (R&D for sustainable growth, investment in promising fields and funds for financial strength)
Cash dividend of FY2015	<ul style="list-style-type: none"> ● Interim: ¥8 per share ● Year-end: ¥8 per share (estimate)

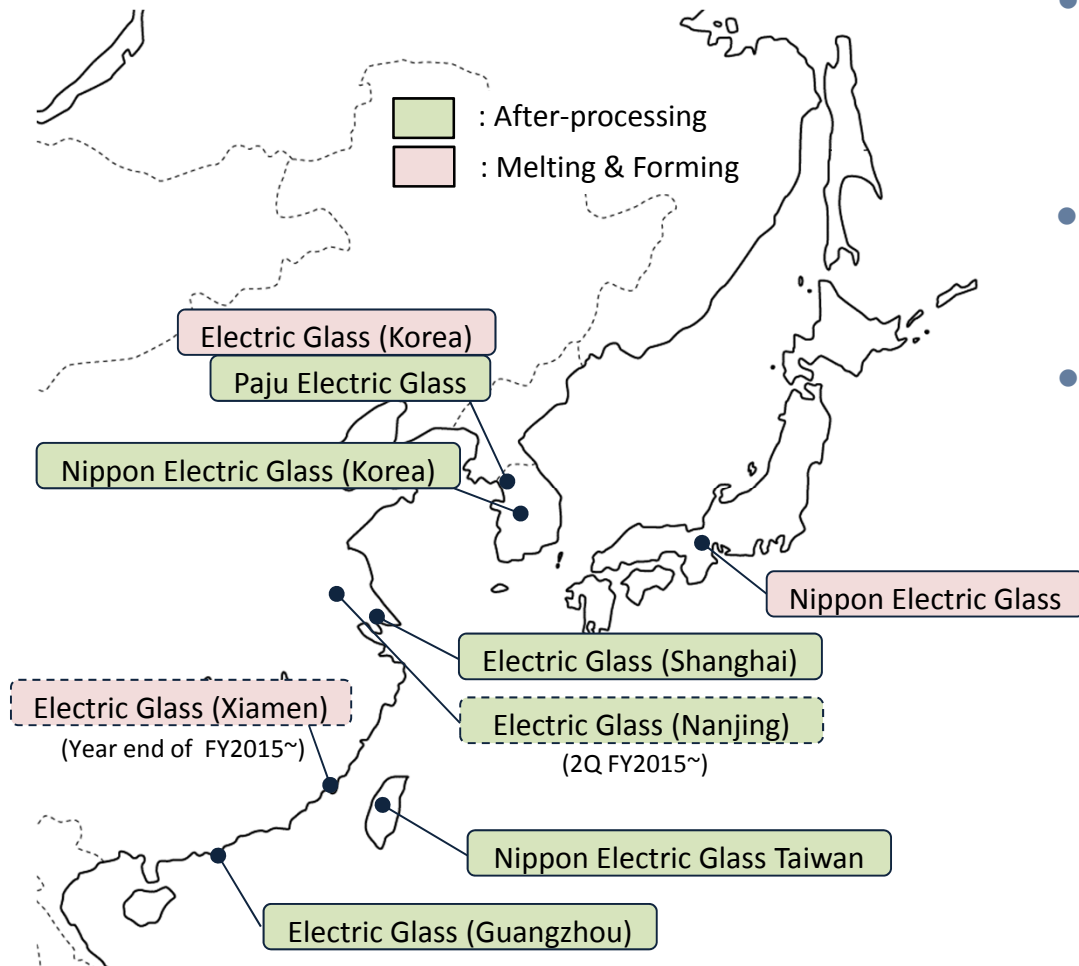


* Amounts of dividends per share are retroactively adjusted for stock splits.

Progress of Business Strategies

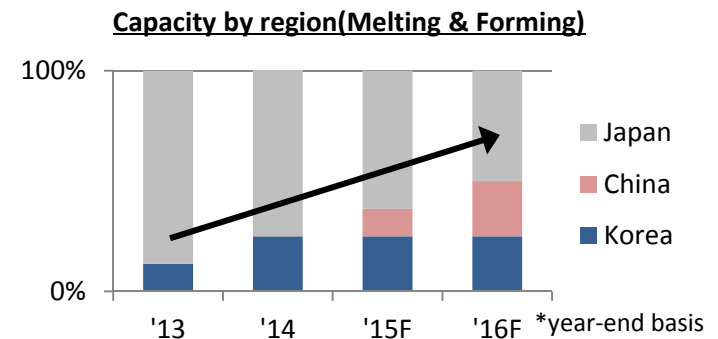
Strengthening Display Business

(Locations of Display Business)



Overseas LCD business advanced

- **Electric Glass (Korea):**
 2nd phase facilities were in full operation at the end of the last year. Operation continued to be stable.
- **Electric Glass (Xiamen):**
 Preparations are under way for launching production at the end of this year.
- **Electric Glass (Nanjing):**
 A ground-breaking ceremony was held in June this year, with production scheduled to start in 2Q (April-June) of 2016.



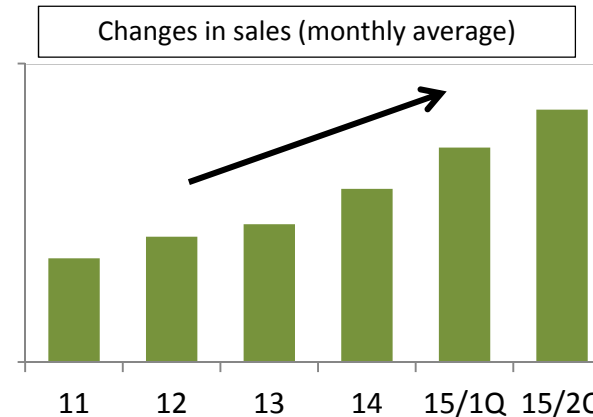
Expanding Non-Display Business

(For optical and electronic devices)

- Glass for optical devices
Sales were brisk, especially of products that are used at telecommunications bases and data centers.



Glass for optical devices



- Business scale of new products expanded
Phosphor glass composite <Lumiphous®>, and glass for supporting semiconductor wafers



<Lumiphous®>



Glass for supporting semiconductor wafers

Expanding Non-Display Business

(Glass Fibers)

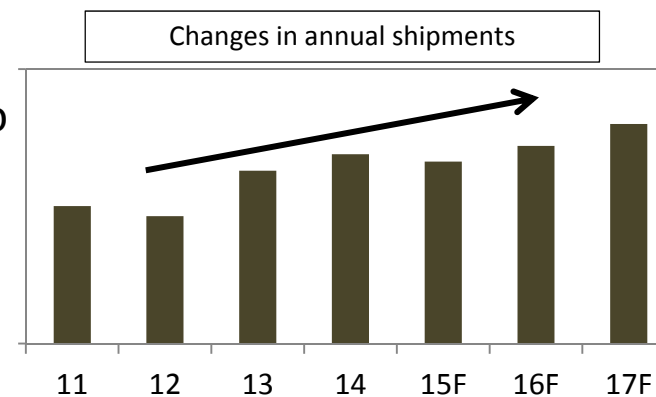
- Expansion of business scale
 - ✓ Sales
Sales grew but were slightly behind the annual goal of ¥60 billion.
 - ✓ OP margin
The smooth launch of a new production facility at a Malaysian subsidiary.
The annual target was set at 10% or higher.



Chopped strand

- Sales of ARG fibers expanded
 - ✓ Demand for ARG fibers* continued to increase.

*Alkali-Resistant Glass Fiber for cement reinforcement



Expanding Non-Display Business

(Glass tubing for pharmaceutical use)

- Sales expansion
Up 5% from the previous year
(up 15% for sales in China)
- Expansion of production capacity
A new production line started in Malaysia
(July). Larger sales are expected with
efforts to expand overseas sales.



Malaysian subsidiary

(Radiation shielding glass)

- Exports grew smoothly while more large-scale deals were clinched in the domestic market.
- Participated in trade fairs, both in Japan and abroad, where latest technologies were exhibited for publicity.

- Medical Japan 2015 [February, Osaka]
- ITEM2015 [April, Yokohama]



Application: Keio University Hospital
“Hybrid operation room”

Expanding Non-Display Business

(Glass for building materials)

- Expansion of sales of fire-rated glass <FireLite>
 - ✓ Responding to social needs for safety by offering glass with a high fire-prevention function*
 - ✓ Increasing of application, especially <FireLite Plus>, at public facilities

<FireLite Plus> [Laminated glass]

Laminate FireLite with special resin.

- Unbreakable in the event of human collision
- Unlikely to fly into pieces and fall apart even if broken

Superior in “heat resistance”
and “strength against impact”



*Having a fire-prevention function impossible to achieve by ordinary heat-resistant glass; highly resistant against heat as there will be no damage even if cold water is applied after the product is heated to 800°C.



(Application) Junior high school

Two new materials of glass tubing for pharmaceutical use developed (March 2015)

- Glass that improves hydrolytic resistance
Improved hydrolytic resistance by 20% and achieved the top figure in the industry.
- Glass durable to delamination
Development of materials that can significantly reduce risks of delamination *

*A phenomenon in which glass flakes are detached from the inside wall of glass pharmaceutical containers



glass tubing for pharmaceutical use

“DL-7900” antibacterial glass powder developed (June 2015)

Development of new antibacterial glass powder with substantially improved initial antibacterial performance and antibacterial durability.

- High initial antibacterial performance and antibacterial durability
- Reduced discoloration of resin products



DL-7900

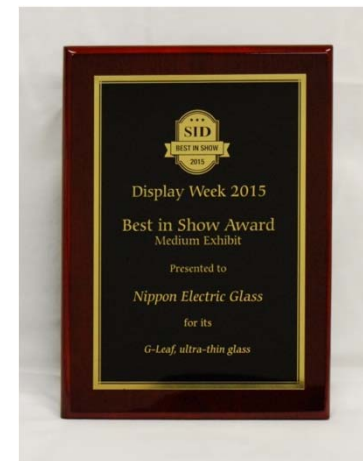
<G-Leaf®> received the Best in Show at SID 2015 (June 2015)

Ultra-thin glass <G-Leaf®> received the Best in Show Award (*1) at SID2015 (*2).
Our technology was highly regarded.

- *1 From among about 200 companies which exhibited products at SID2015, five companies, including Nippon Electric Glass, received this year's Best in Show Awards, which are given to companies which have developed technologically significant new products or impressive new technologies.
- *2 An academic meeting on displays, held in San Jose, California, the United States, in June.



G-Leaf (Thickness 50 μm, Wide 1200mm, Length 150m)



Trophy of SID Best In Show Award 2015

Corporate Information



Main Business			Corporate Information	
Glass for electronic and information devices	FPD	Glass for liquid crystal displays Glass for Organic light emitting diode displays	Name:	Nippon Electric Glass Co., Ltd.
	Cover Glass	“Dinorex” Specialty Glass for Chemical Strengthening	Head Office:	7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan
	Optical	Capillary and Ferrule for Optical Communication Devices Lens for Optical Communication Devices “Micro Preform” Glass Materials for Aspherical Lenses	Founded:	Dec 1, 1949
	Electronic Devices	Functional Powdered Glass Sheet Glass for Image Sensors Glass Tube for Small Electronic Products “Lumiphous” Phosphor Glass	Representative:	Masayuki Arioka, Chairman of the Board Motoharu Matsumoto, President
	Solar Cells	Glass for Solar Cells	Capital:	32.1 billion yen
Glass for 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	Employees:	4,954(Group total as of Jun 30, 2015)
	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	Business:	Production and sale of special glass products, and manufacture and sale of glass making machinery
	Heat-Resistance	“Neoceram” Super Heat-Resistant Glass Ceramic “Neorex” Heat-Resistant Glass	Plants:	Otsu, Shiga-Takatsuki, Notogawa, Wakasa-Kaminaka, and Precision Glass Center
	Medical Care	Glass Tubing for Pharmaceutical Use “LX Premium” Radiation-Shielding Glass	Sales Office:	Osaka and Tokyo
	Others	Glass for Lighting Use Glass for Thermos Flasks Glass Making Machinery	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.