
Financial Results For 2Q of the Year Ending December 31, 2014

Investor Meeting
November 4, 2014



Financial Results For 2Q of FY2014

Change of fiscal year end

Fiscal 2014 (year ending December 31, 2014) is a nine-month irregular accounting period, since it is a transitional period due to the change of the fiscal year end. In this document, year-on-year changes of consolidated operating results are not presented, since the period under consolidation for the period ended September 30, 2014 is different to that of the second quarter of fiscal 2013.

FY2013 (Ended Mar, 2014)	Jan - Mar 2013	Apr - Jun 2013	Jul - Sep 2013	Oct - Dec 2013	Jan - Mar 2014
Domestic Companies *1		1Q	2Q	3Q	4Q
Overseas Companies *2	1Q	2Q	3Q	4Q	

Fy2014 (Ending Dec, 2014)	Jan - Mar 2014	Apr - Jun 2014	Jul - Sep 2014	Oct - Dec 2014
Domestic Companies		1Q	2Q	3Q
Overseas Companies	1Q ※	1Q	2Q	3Q

Profit and loss for the Overseas Companies in the three months from January 1, 2014 to March 31, 2014 are directly add or deducted in retained earnings under shareholders' equity on the consolidated balance sheet.

FY2015 (Ending Dec, 2015)	Jan - Mar 2015	Apr - Jun 2015	Jul - Sep 2015	Oct - Dec 2015
Domestic Companies	1Q	2Q	3Q	4Q
Overseas Companies	1Q	2Q	3Q	4Q

*1 Nippon Electric Glass ("Company") and domestic consolidated subsidiaries of the Company

*2 Overseas consolidated subsidiaries of the Company

Summary of 2Q Financial Results

- Economy trend

(Global)

Europe: Gradually recovered, but lost momentum in some areas

USA: Recovered by the expansion of personal consumption mainly

China: The pace of growth slowed down

(Japan)

Gradually recovered despite a backlash due to the last-minute surge in demand prior to the consumption tax rate hike

- Business performance

Net sales: On a recovery track generally. Sales of substrate glass for LCDs slowed down in 2Q. Cover glass for mobile devices fell short of the target.

Profit: The improvement in productivity of substrate glass for LCDs helped to push up profitability.

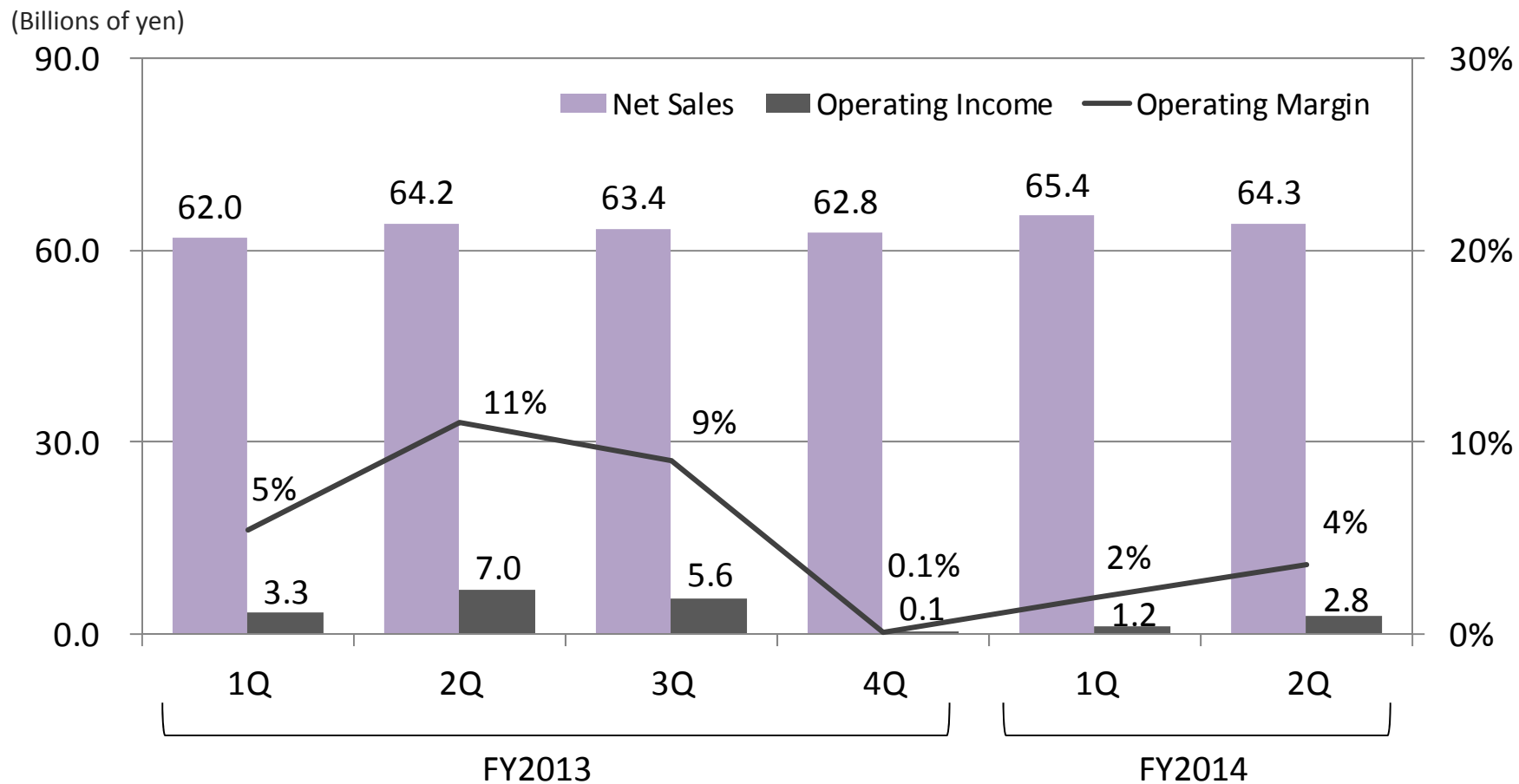
Summary of 2Q Financial Results



(Billions of yen)

	FY2014			FY2013
	1Q	2Q	2Q (accum)	2Q (accum)
Net Sales	65.4	64.3	129.7	126.2
Operating Income (Operating Margin)	1.2 (2%)	2.8 (4%)	4.0 (3%)	10.4 (8%)
Ordinary Income	1.4	3.2	4.6	9.7
Extraordinary income/loss	2.6	(0.4)	2.1	(0.4)
Income before income tax	4.0	2.7	6.8	9.3
Net Income	3.0	1.7	4.8	6.0
Net Income per Share (Yen)	¥6.06	¥3.60	¥9.66	¥12.11
Net Assets	512.7	-	519.3	506.2
Equity Ratio	72.0%	-	72.1%	70.9%
Dividend per Share (Yen)	-	-	¥8	¥8

Quarterly Trends

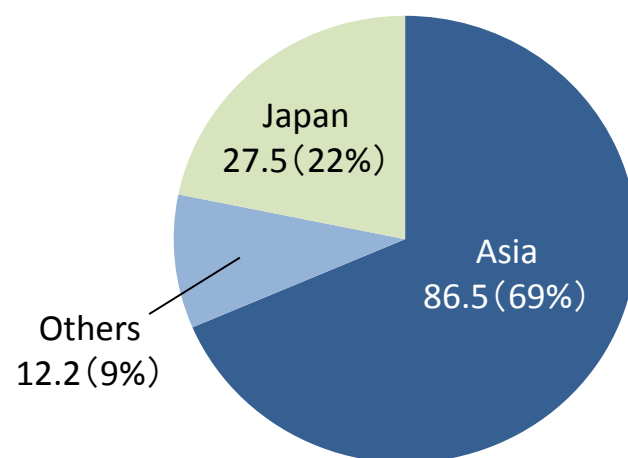


Information by Business & Region

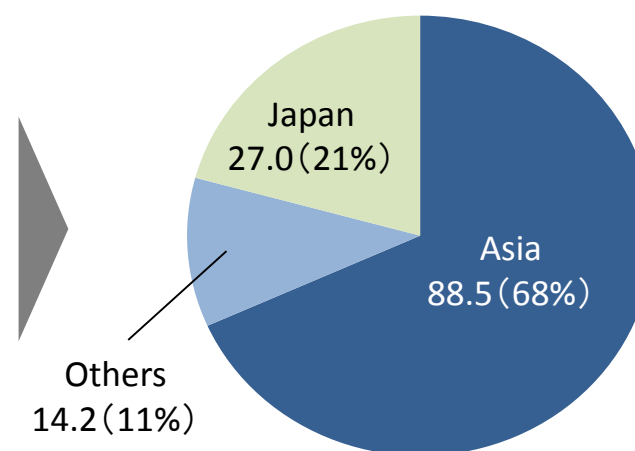
(Billions of yen)

		2Q FY2013 (accum)		2Q FY2014 (accum)	
Glass Business	Glass for electronic and information devices	92.3	73%	90.8	70%
	Glass for others	33.9	27%	38.9	30%
Total		126.2	100%	129.7	100%

FY2013 2Q



FY2014 2Q



Information by Business (1)

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

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

- Demand was steady in the 1st half of 1Q. In the 2nd half of 1Q, demand for high-end models deteriorated.
- 2Q Volume: declined by a double-digit % (less than 50%) from 1Q
Price: stable
- Increase in the number of models adopted
(Apr, 2014) 10 brands/26 models
→ (Oct, 2014) 14 brands/65 models

Glass for optical and electronic devices:

- For image sensors: Sales were sluggish because demand for digital cameras was slow to recover.
- For optical devices: Sales were robust, supported by strong demand for communications infrastructure.
- For others: Sales were strong.

Information by Business (2)

Glass for PDPs: • Sales decreased substantially.

Glass for solar cells: • Sales were robust.
• 2Q Volume: Slightly increased from 1Q
Price: Stable from 1Q

Glass fibers: • For high-function plastics: Sales were strong because of an increase in demand for automobiles and the spread of weight saving needs.
• For reinforced cement: Sales were steady, centering on building materials.

Glass tubes for pharmaceutical use:

- Sales were sluggish (due to inventory cutback by customers)

Glass for building materials and heat resistant glass:

- Sales were on a recovery track

Consolidated Balance Sheets



(Billions of yen)

	Mar 31, 2014	Sep 30, 2014	Change		Mar 31, 2014	Sep 30, 2014	Change
Current assets	247.5	244.2	(3.2)	Liabilities	196.2	188.9	(7.3)
Cash and deposits	134.1	134.1	(0.0)	Notes and accounts payable - trade	28.1	27.3	(0.8)
Notes and accounts receivable - trade	44.3	48.2	3.9	Interest - bearing debts	99.4	99.5	0.0
Inventories	57.3	52.2	(5.0)	Accrued income taxes	1.8	2.4	0.5
Others	11.7	9.5	(2.1)	Reserve for special repairs	35.9	33.8	(2.1)
				Others	30.7	25.6	(5.0)
Non – current assets	459.5	464.0	4.4	Net assets	510.8	519.3	8.5
Property, plant and equipment	393.7	395.7	2.0	Shareholders' equity	489.1	492.8	3.7
Intangible assets	2.6	2.8	0.2	Accumulated other comprehensive income	13.9	18.1	4.1
Investments and other assets	63.1	65.3	2.2	Minority interests	7.7	8.3	0.6
Total assets	707.0	708.2	1.2	Total liabilities and net assets	707.0	708.2	1.2

■ Current assets

- (+) Notes and accounts receivables – trade: Sales recovery
- (-) Inventories: Sales recovery, reduction of inventories

■ Non – current assets

- (+) Increase in equipment of Electric Glass (Korea)
- (-) Depreciation, (-) Impairment loss

■ Liabilities

- (-) Reserve for special repairs: Withdrawal accompanying a suspension of production facilities
- (-) Others: Decrease of accrued expenses relating equipment

■ Net assets

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

Consolidated Statements of Cash Flows



	2Q FY2013 (accum)	2Q FY2014 (accum)
Cash flows from operating activities	17.3	22.9
Income before income taxes and minority interests	9.3	6.8
Depreciation	16.7	17.8
Decrease (increase) in notes and accounts receivable - trade	0.9	(0.7)
Decrease (increase) in inventories	(4.4)	2.5
Increase (decrease) in notes and accounts payable - trade	(9.0)	(2.5)
Other, net	3.9	(0.9)
Cash flows from investing activities	(20.2)	(19.9)
Purchase of non-current assets	(19.8)	(16.0)
Other, net	(0.3)	(3.8)
Cash flows from financing activities	(5.6)	(4.0)
Net increase (decrease) in interest-bearing debts	(1.6)	(0.0)
Cash dividends paid	(3.9)	(3.9)
Other, net	(0.0)	(0.0)
Effect of exchange rate change on cash and cash equivalents	0.3	0.6
Net increase (decrease) in cash and cash equivalents	(8.1)	(0.4)
Decrease in cash and cash equivalents due to changes in accounting period (*)	-	(6.3)
Cash and cash equivalents at end of period	113.5	117.0

(Billions of yen)

<From operating activities>

- Depreciation:
Electric Glass (Korea) starts operation.
FY2013: 1st phase
2Q FY2014: 2nd phase
- Notes and accounts receivable-trade:
Sales recovery
- Inventory:
Sales recovery, reduction of inventories

<From investing activities>

- Non-current assets:
Purchase of equipment of Electric Glass (Korea)

<From financing activities>

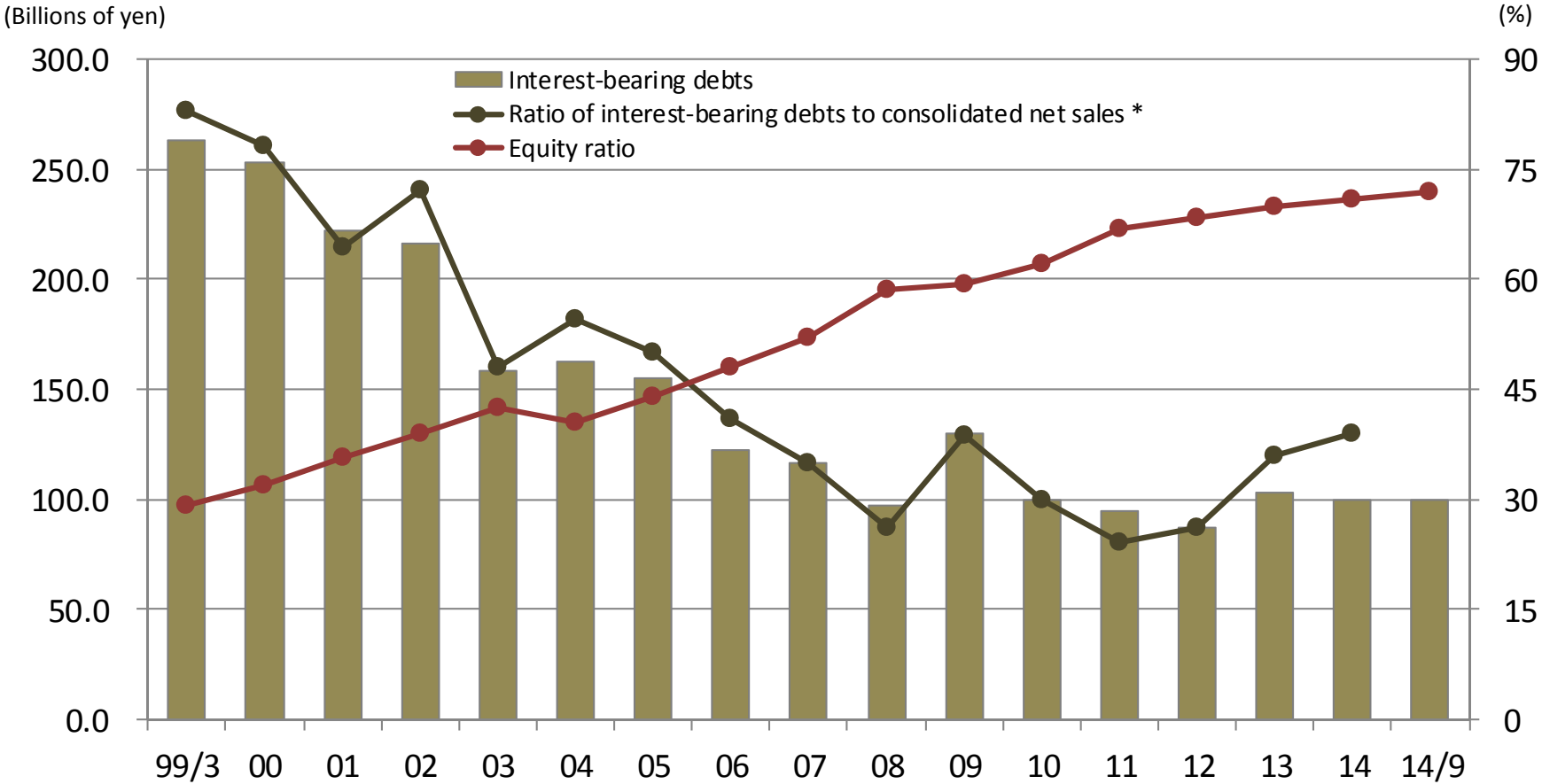
- Cash dividends:
Payment of year-end dividends in 1Q

* Decrease in cash and cash equivalents during three months (from Jan to Mar, 2014) in foreign subsidiaries.

Interest-Bearing Debts / Equity Ratio



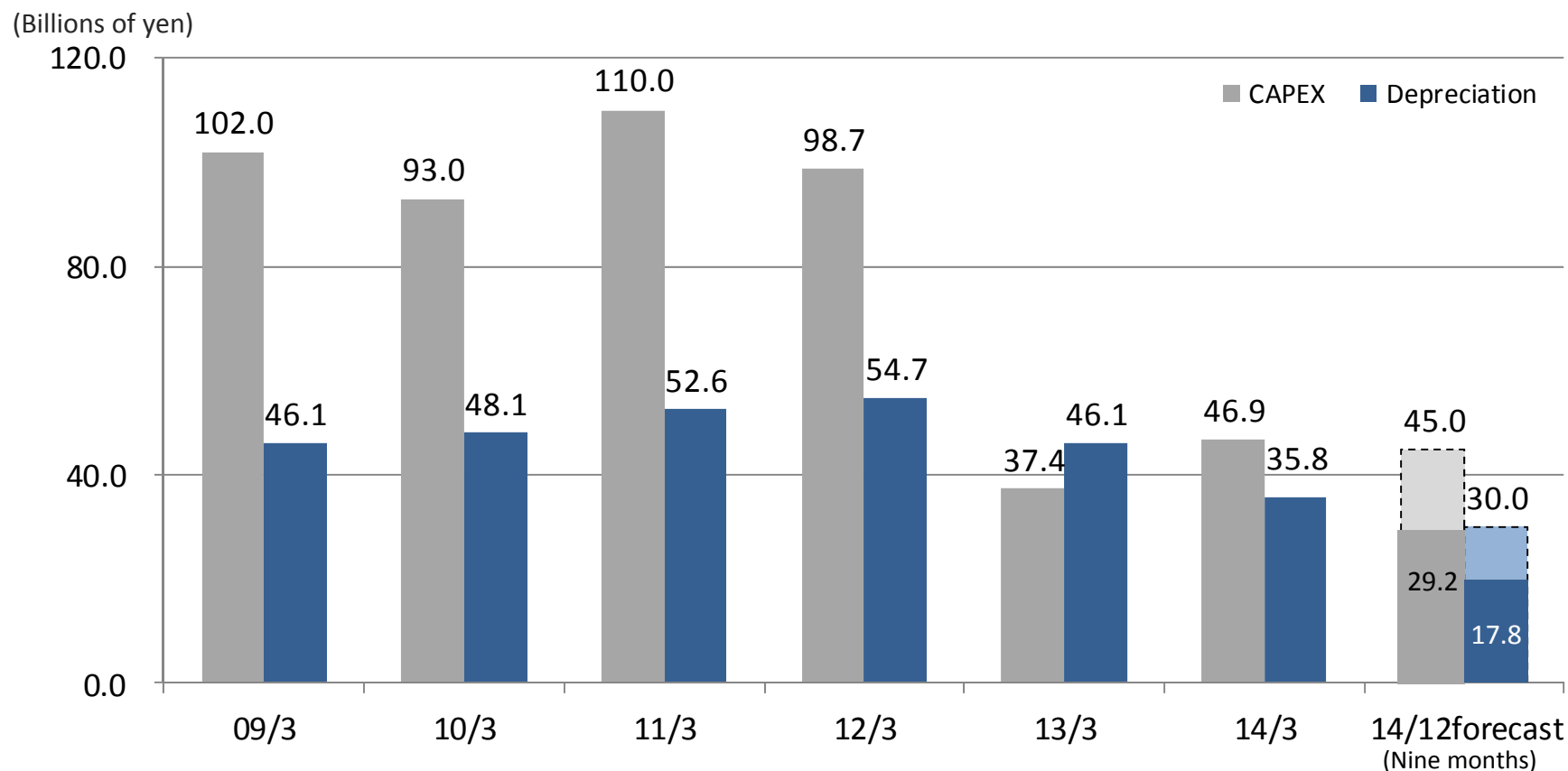
Interest-Bearing Debts	99.5 billion yen (+0.09 billion yen vs. Mar 31, 2014)
Equity Ratio	72% (+1point vs. Mar 31, 2014)



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

CAPEX / Depreciation

- | | |
|---------------------|--|
| CAPEX | <ul style="list-style-type: none"> ● Extending LCD glass business overseas (Electric Glass (Guangzhou) and 2nd phase of Electric Glass (Korea)), R&D ● About 45.0 billion yen: + 5.0 billion yen to previous projection (mainly increase in Electric Glass (Korea)) |
| Depreciation | <ul style="list-style-type: none"> ● About 30.0 billion yen (as expected) |



Forecasts of FY2014

Consolidated Earnings Forecasts (1)



FY2014

(Billions of yen)

		Sales	Operating Income	Ordinary Income	Net Income
Results	1Q	65.4	1.2	1.4	3.0
	2Q	64.3	2.8	3.2	1.7
Forecasts	3Q	60.2~65.2	1.9~3.9	1.3~3.3	0.2~2.2
	9 months*	190.0~195.0	6.0~8.0	6.0~8.0	5.0~7.0

* Consolidated period:(Domestic) from April to December (Overseas) from April to December
Profit and loss for the Overseas Companies in the three months from January to March are not included in the forecast.

Ref.: FY2013 results

(Billions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
1Q	62.0	3.3	3.6	1.8
2Q	64.2	7.0	6.1	4.1
3Q	63.4	5.6	4.6	4.4
4Q	62.8	0.06	(0.06)	1.9
12 months	252.5	16.1	14.3	12.4

Consolidated period:
(Domestic) from April to March
(Overseas) from January to December

Consolidated Earnings Forecasts (2)



<3Q FY2014 Outlook>

Summary	<ul style="list-style-type: none">● Europe: Although the economy is likely to recover gradually, there are some uncertainties.● USA: The economy is expected to continue recovering.● China: The economy is likely to slow down, posing a possibility of a downturn.● Japan: The economy is expected to recover gradually despite some weakness.
Raw materials and fuels	<ul style="list-style-type: none">● Prices are likely to remain at high levels.
Foreign exchange rate	<ul style="list-style-type: none">● Assumption: 1USD=109JPY, 1EUR=140JPY

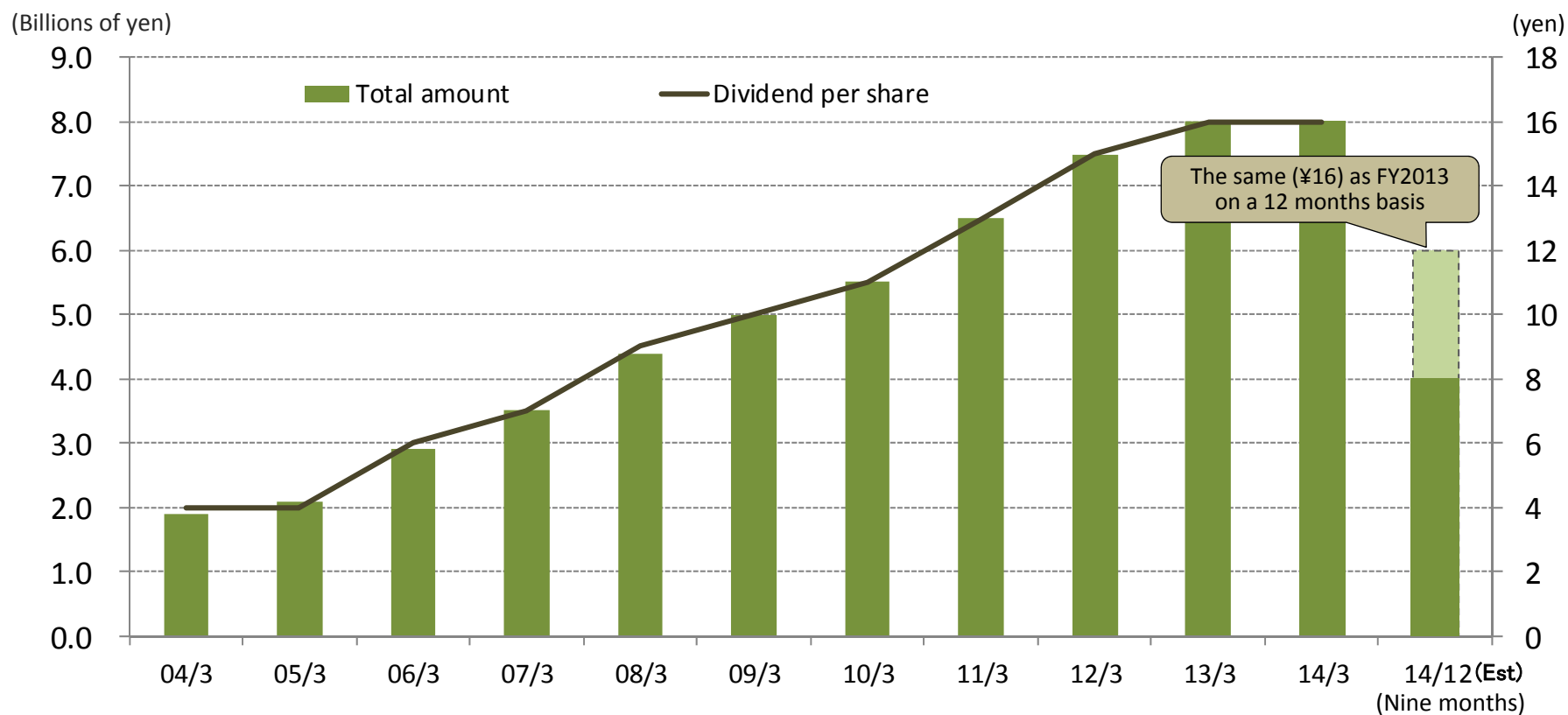
Consolidated Earnings Forecasts (3)



<p>For display</p>	<ul style="list-style-type: none"> ● LCD: 3Q Volume: Likely to remain flat from 2Q Price: Expected to decline by a low single-digit % from 2Q We estimate our glass shipments in 2014 (calendar year) will grow by about the same percentage (by a high single-digit %) as in the market. ● PDP: Shipments terminated.
<p>Cover glass <Dinorex></p>	<ul style="list-style-type: none"> ● Shipments: Expected to increase due to a decrease of inventory in the supply chain.
<p>For optical and electronic devices</p>	<ul style="list-style-type: none"> ● Optical devices: Shipments are likely to remain strong. ● Cover glass for image sensors: Shipments will be affected by weak demand for digital cameras.
<p>For solar cells</p>	<ul style="list-style-type: none"> ● Shipments are expected to remain at a high level.
<p>Glass fibers</p>	<ul style="list-style-type: none"> ● Volume: Likely to remain almost unchanged from 2Q ● Shipments for both high-function plastics for auto parts and reinforced cement are expected to remain steady.
<p>Glass tubes</p>	<ul style="list-style-type: none"> ● Plan to expand sales mainly in emerging countries, such as China
<p>For building materials and heat-resistant</p>	<ul style="list-style-type: none"> ● Plan to expand sales in overseas markets

Cash Dividend

Profit allocation policy	<ul style="list-style-type: none"> ● Long term and stable return ● Internal reserves (R&D for sustainable growth, funds for financial strength)
FY2014	<ul style="list-style-type: none"> ● Interim: ¥8 per share. Year-end: ¥4 per share (estimate) ● Annual dividends are the same amounts (¥16 per share) as FY2013 on a 12 months basis.



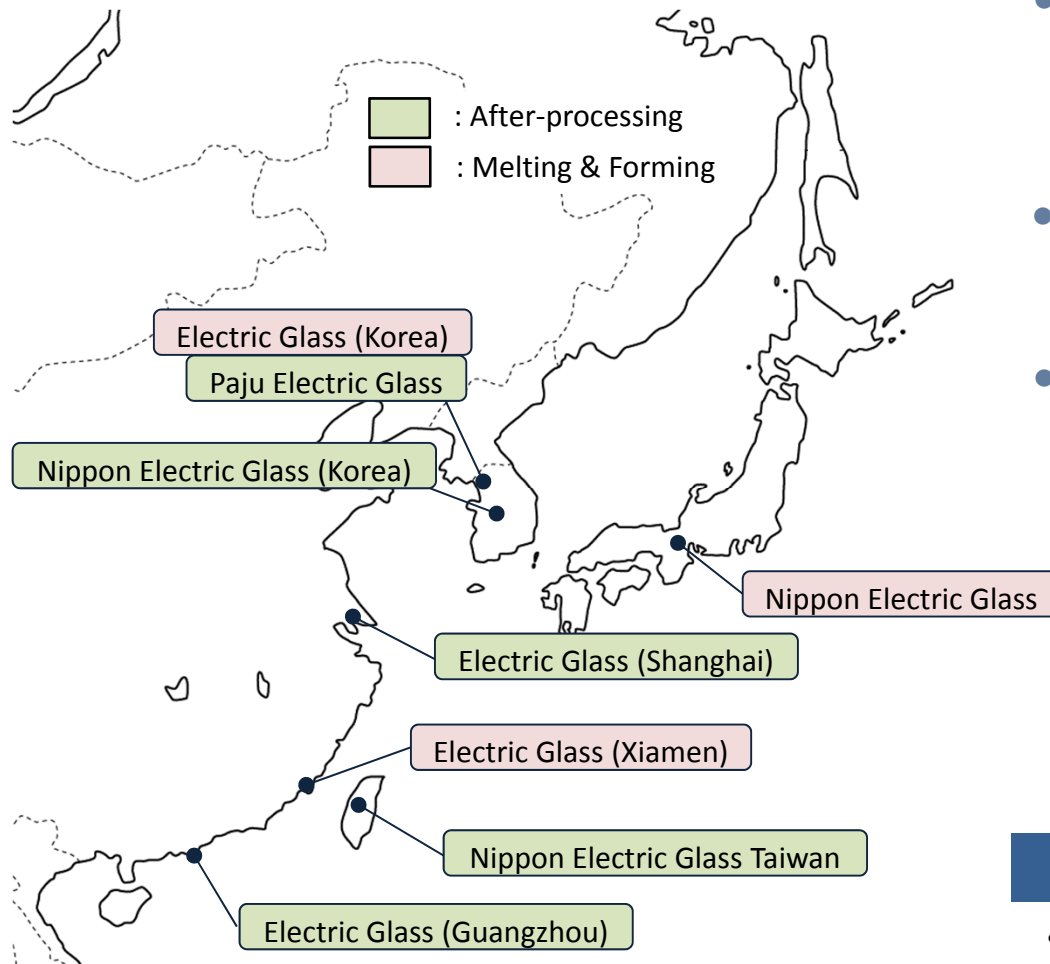
* Amounts of dividends per share are retroactively adjusted for stock splits.

Progress of Business Strategies

- ✓ Strengthening Display Business
- ✓ Expanding Non-Display Business

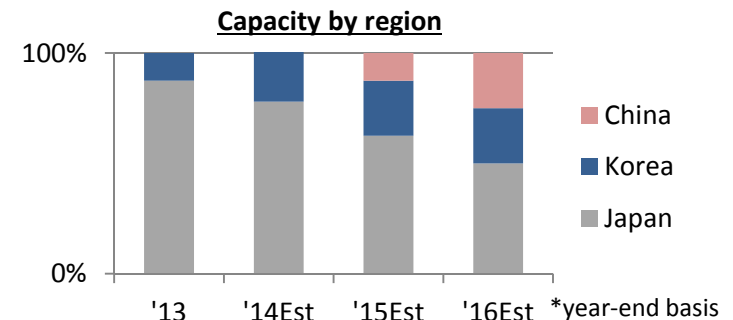
Strengthening Display Business

(Locations of Display Business)



Transfer to overseas & Profitability

- **Electric Glass (Korea):**
 - 1st phase:** Full operation in 4QFY13
 - 2nd phase:** Start on Jul, 2014. Full operation in 3Q. Start up smoothly.
- **Electric Glass (Guangzhou):**
 - Start on Mar, 2014. First plant in China producing large-size substrates for LCDs.
- **Electric Glass (Xiamen):**
 - Scheduled to start in 2nd half of FY2015



Expanding of quantity per facility

- Full operation in overseas plants
- Improvement of productivity in domestic plants

Expanding Non-Display Business (1)

(Glass Fibers)

- ✓ Net sales: almost in line (¥50 billion in FY2014 on a 12 months basis)
- ✓ Profit: maintain OP margin at a high single-digit % (initial projection: more than 10%)

- For high-function plastics:

Capacity to increase in Malaysia

- Capex: ¥20 billion
- Operation: Apr, 2015 (Scheduled)
- Capacity: Increase by 30% in chopped strand products



Chopped strand



Intake Manifold

- For reinforced cement:

- Expansion in the Middle East
⇒ Response to sophisticated design
- Response to infrastructure demand
⇒ Captured demand for tunnel repair etc. by touting features such as alkali-resistance



Islamic Building



Preventing from cracking and falling concrete pieces using glass fibers on the inner surfaces of tunnels.

Expanding Non-Display Business (2)

(Glass tubing for pharmaceutical use)

- ✓ Sales expansion in China
Obtained a sales license for all products, boosting sales in China (up around 70% from FY2013)
- ✓ Development of new products to meet the needs of advanced medical treatment



Glass tubing for pharmaceutical use

(Radiation shielding glass)

- ✓ Participated in overseas and domestic exhibitions
 - Japan Conference of Radiological Technologists (Oita Prefecture, 2014/9)
 - Medical Fair Asia 2014 (Singapore, 2014/9)
 - RSNA2014 (Chicago, 2014/11)



Radiation shielding glass



Medical Fair Asia

Expanding Non-Display Business (3)

New Products

- Phosphor-glass composite <Lumiphous>

Boosting sales mainly in automotive market (50% increase compared with March, 2013)

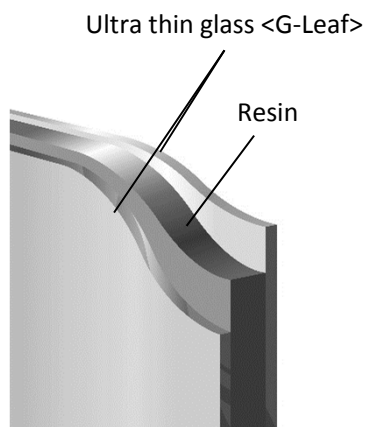


<Lumiphous>

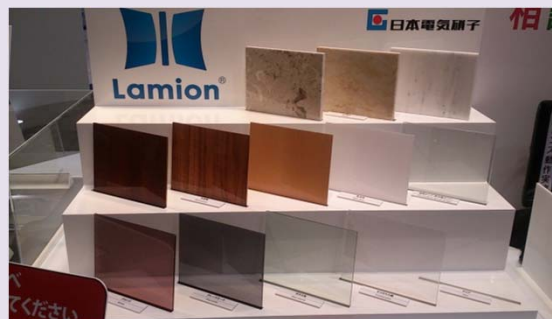
- Ultra thin glass laminated on resin <Lamion>

Adopted for panels used for protecting digital signage.

Developing new applications, such as protective cover for lighting equipment, window of airplane and railway station, and platform screen door at station.

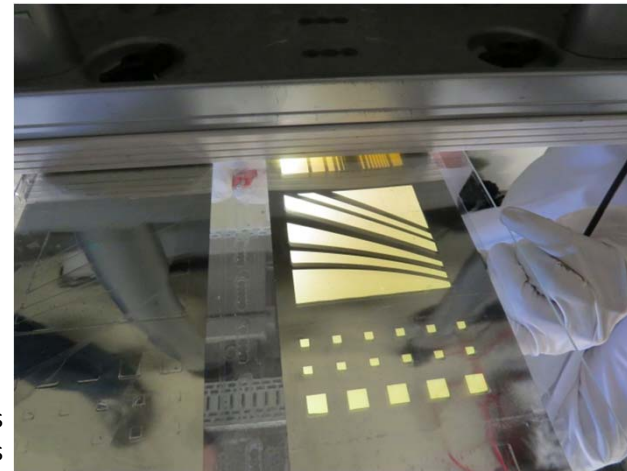


Won semi-grand prix of CEATEC AWARD 2014 in technology innovation category



R&D

- Application of <G-Leaf> for organic light emitting diode (OLED) lighting
Providing ultra thin glass <G-Leaf> for use in a “manufacturing roll-to-roll process for OLED lighting under development by COMEDD at Fraunhofer FEP.



OLED lighting using ultra thin glass <G-Leaf> by roll-to-roll process

- Joint venture on OLED lighting materials with Saint-Gobain group
Develop glass substrates with IEL (Internal Extraction Layer) for OLED lighting
(Company name) OLED Material Solutions Co., Ltd.
(Parties) NEG 60%, Saint-Gobain group 40%
(Start) In 2014 (planned)

Corporate Information



Main Business			Corporate Information	
Glass for electronic and information devices	FPD	Glass for liquid crystal displays	Name:	Nippon Electric Glass Co., Ltd.
		Glass for Plasma Display panels	Head Office:	7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan
	CRT	Glass for Cathode Ray tubes	Established:	Oct 31, 1944
	Cover Glass	"Dinorex" Specialty Glass for Chemical Strengthening	Founded:	Dec 1, 1949
	Optical	Capillary and Ferrule for Optical Communication Devices	Representative:	Yuzo Izutsu, Chairman of the Board Masayuki Arioka, President
		Lens for Optical Communication Devices	Capital:	32.1 billion yen
		"Micro Preform" Glass Materials for Aspherical Lenses	Employees:	5,138 (Group total as of Sep 30, 2014)
	Electronic Devices	Functional Powdered Glass	Business:	Production and sale of special glass products, and manufacture and sale of glass making machinery
		Sheet Glass for Image Sensors	Plants:	Otsu, Fujisawa, Shiga-Takatsuki, Notogawa, Wakasa-Kaminaka, and Precision Glass Center
		Glass Tube for Small Electronic Products	Sales Office:	Osaka and Tokyo
"Lumiphous" Phosphor Glass		Consolidated Companies:	12 in Japan 11 overseas (Malaysia, Korea, China, Taiwan, etc.)	
Solar cells	Glass for Solar Cells			
Glass for others	Glass Fiber	Chopped Strands for Function Plastic		
		Roving Glass for Reinforced Plastics		
		Chopped-Strand Mats for Automobiles		
		Alkali-Resistant Glass Fiber		
	Building Materials	Glass Blocks		
		"Neoparies" Glass Ceramics Building Materials		
		"FireLite" Fire Rated Glass		
		"LX Premium" Radiation-Shielding Glass		
	Heat-resistance	Glass for Interiors/Exteriors		
		"Neoceram" Super Heat-Resistant Glass Ceramic		
Others	"Neorex" Heat-Resistant Glass			
	Glass for Lighting Use			
	Glass for Pharmaceutical, Medical and Laboratory Use			
	Glass for Thermos Flasks			
	Glass Making Machinery			

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.