



February 5, 2019

Nippon Electric Glass Co., Ltd.  
Motoharu Matsumoto, President  
Securities identification code: 5214  
First Section of the Tokyo Stock Exchange  
Contact: Koichi Tsuda, Director and Senior Vice President  
Phone: +81-77-537-1700

### **Notice of Establishment of Medium-term Business Plan, “EGP2021”**

The Company has established a three-year medium-term business plan, “EGP2021” (Electric Glass Prospects 2021), starting in fiscal 2019. A review of EGP2018, the previous medium-term business plan, and an overview of EGP2021, with its management targets are set forth below.

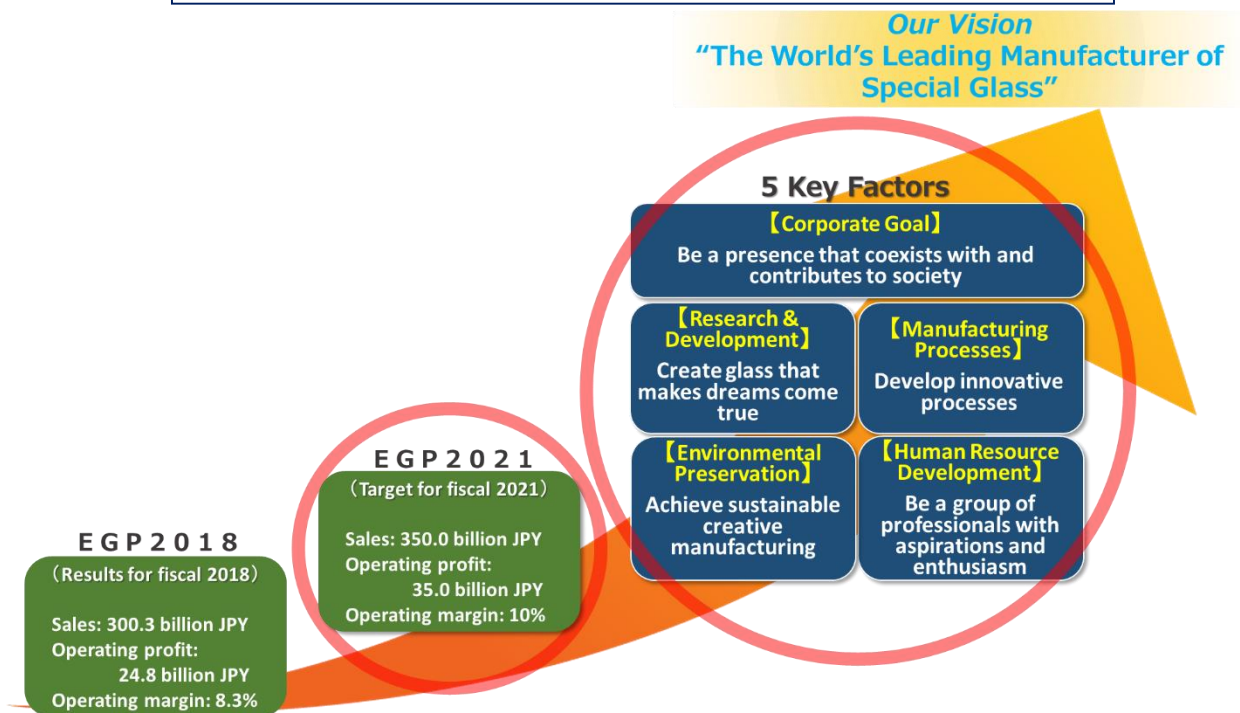
As milestones of our efforts to achieve the corporate vision of being “the world’s leading manufacturer of special glass,” the Company implemented initiatives under the EGP2018 medium-term business plan starting in fiscal 2016, including expansion of the glass fiber business through organic growth and M&A, and reinforcement of the profitability of substrate glass for display by improving productivity and enhancing overseas production. As a result of these efforts, the target for net sales was achieved, and although the target for operating profit was not reached, it can be recognized that the foundation for achieving that target has been steadily established.

With the formulation of EGP2021, young employees who will lead the Company in the future and the top management discussed the futuristic vision of the Company after 30 years with becoming “the world’s leading manufacturer of special glass” in mind. By back casting from the futuristic vision, five key factors and their concepts for achieving growth over the medium to long term were identified.

The Company has positioned EGP2021 as an initiative to realize the five key factors, and will carry out various measures in order to achieve its targets.

#### 1. Five Key Factors and Their Concepts for Achieving Growth over the Medium to Long Term

| <Key Factors>                 | <Concepts>   |
|-------------------------------|--|
| ◎ Corporate Goal:             | Be a presence that coexists with and contributes to society      |
| ◎ Research and Development:   | Create glass that makes dreams come true                         |
| ◎ Manufacturing Processes:    | Develop innovative processes                                     |
| ◎ Environmental Preservation: | Achieve sustainable creative manufacturing                       |
| ◎ Human Resource Development: | Be a group of professionals with high aspirations and enthusiasm |



## 2. Overview of EGP2021

- Duration: January 1, 2019 to December 31, 2021 (three years)
- Basic Policy: Pursue further growth toward becoming “the world’s leading manufacturer of special glass”
- Our Slogan: **Strong Growth – Raise Aspirations and Break Through Walls**

\* Emphasis is placed on achieving strong growth in financial results as well as in human resources, core technologies and R&D capabilities, and as a result, making our corporate character even stronger.

### ■ Priorities and Measures

#### (1) Research and Development:

- Build integrated development structures for products, glass technologies, and manufacturing process
- Enhance marketing functions
- Invest 10 billion yen in R&D annually (3% of net sales and an increase of 43% compared to fiscal 2018)
- Pursue R&D that makes dreams come true

#### (2) Business Strategies

- Create innovations in productivity and quality in the display glass business
- Expand the glass fiber business and generate results through M&A synergies
- Strengthen the Company’s presence in growth areas such as China
- Assess the value of business and properly allocate resources

(3) Strategic investment

- The Company will implement M&A and establish collaborations and affiliations with other companies from the perspective of long-term growth and, in addition to conventional capital expenditure, the Company will set aside about 50 billion yen spread out over the three-year period for strategic investments.

(4) CSR

- Achieve sustainable growth and increase corporate value through initiatives that address the three priority themes of “environment,” “diversity and inclusion” and “community contribution”.

■ Management Targets:

- Net sales: 350 billion yen  
(Breakdown)  
Electronics and information technology: 175 billion yen  
(glass for displays, glass for optical and electronic devices, etc.)  
Performance materials and others: 175 billion yen  
(glass fiber, medical-care, heat-resistant products, building materials and others)
- Operating profit: 35 billion yen
- Operating margin: 10%
- Year to achieve targets: Fiscal 2021

■ Financial Policy:

- Emphasis on cash flow
- Emphasis on efficient use of assets (reduction in financial assets and inventory assets, consolidation of manufacturing equipment through productivity improvement)
- Financial soundness

■ Profit Distribution Policy:

- Continued and stable payment of dividends over the long term
- Dividends on equity ratio (DOE): 2% and upwards
- Implementation of flexible shareholder return measures according to the status of achievement of the medium-term business plan