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Nippon Electric Glass Co., Ltd.
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Notice Concerning a Difference between Consolidated Earnings Forecasts and Actual Results for First Half Fiscal 2020, and Revision of Consolidated Earnings Forecasts for Fiscal 2020

Nippon Electric Glass Co., Ltd. has announced a difference between its consolidated earnings forecasts and actual consolidated financial results for the first half of fiscal 2020, and revised the consolidated earnings forecasts for fiscal 2020 announced on February 5, 2020. Details are as follows:

1. Difference between the consolidated earnings forecasts and actual consolidated financial results for the first half of fiscal 2020 (From January 1, 2020 to June 30, 2020)

(Millions of yen, except Earnings per share)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Earnings per share
Previous forecasts (A)	130,000	7,000	7,000	5,000	¥51.75
Actual results (B)	115,381	7,767	6,888	6,824	¥70.62
Change (B – A)	(14,618)	767	(111)	1,824	-
Percent change (%)	(11.2)	11.0	(1.6)	36.5	-
Results for the first half of fiscal 2019	133,497	9,423	8,714	5,494	¥56.88

Reasons for the difference

For the first half of fiscal 2020, the Company Group's results for the first quarter (from January 1 to March 31, 2020) were almost in line with the forecasts, due to the fact that the impact of the spread of novel coronavirus disease (COVID-19) was minor. However, glass fiber shipments for the second quarter of the fiscal year (from April 1 to June 30, 2020) declined significantly due to rapid deterioration of demand in automobile-related markets. In addition, shipments of glass for flat panel displays (FPDs) also have turned negative due to the reduction of production by customers. As a result, net sales fell short of the previous forecasts.

Operating profit rose above the previous forecast despite the decline in net sales and higher costs due to falls in capacity utilization rates affected by deteriorated demand, because we promoted productivity improvements, cost reduction initiatives, construction reviews, etc. Ordinary profit was more or less in line with the previous forecast, although affected by foreign exchange losses attributable to revaluation of receivables and payables related to loans for some overseas subsidiaries. Profit attributable to owners of parent rose from the previous forecast, due to such factors as reversals resulting from the reversal of provision for special repairs and gain on sales of some securities.

2. Revision of the consolidated earnings forecasts for fiscal 2020
(From January 1, 2020 to December 31, 2020)

(Millions of yen, except Earnings per share)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecasts (A)	260,000	16,000	15,000	11,000	¥113.85
Revised forecasts (B)	230,000	12,000	11,000	9,000	¥93.13
Change (B – A)	(30,000)	(4,000)	(4,000)	(2,000)	-
Percent change (%)	(11.5)	(25.0)	(26.7)	(18.2)	-
Results for fiscal 2019	257,511	16,258	15,373	(33,669)	(¥348.50)

Reasons for the revision

Shipments of glass for FPDs are expected to show a gradual recovery due to solid demand in the display market for television and computers, etc. In cover glass (glass for chemical strengthening), we will aim to expand applications and promote new products for mobile devices. In glass for optical and electronic devices, although demand for home appliances and automobile-related products will decrease, demand for telecommunications infrastructure including 5G, etc. is expected to remain solid.

Although demand for glass fiber shows a gradual recovery mainly in automobile-related markets, a full-scale recovery in glass fiber is expected to still take some time. In glass tubing for pharmaceutical and medical use, we plan to strengthen production capacity in Malaysia in the fourth quarter of the fiscal year (from October 1 to December 31, 2020) in order to satisfy strong demand. In heat-resistant glass and glass for building materials, demand is expected to show a recovery in related markets in the second half of the fiscal year.

As economic activities have been constrained due to the impact of the COVID-19, it is difficult to forecast future earnings. On the above assumption, however, at present, net sales are assumed to show a gradual recovery after hitting a bottom in the second quarter of the fiscal year. In terms of profit/loss, profit is predicted to be pushed down due to such factors as ongoing production adjustments, increasing research and development, and partially postponed capital investment and repairs. Considering such forecasts and the consolidated results for the first half of the fiscal year, we will revise, as shown in the table above, the Company Group's consolidated earnings forecasts for fiscal 2020, announced on February 5, 2020.

*The above forecasts are based on information available as of the date of announcement of this release, and the actual performance may differ going forward due to various factors.