

## Nippon Sheet Glass' Announcement on FY2020 Q1 Financial Results - Downward Pressure on Ratings increases

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement of the financial results for the first quarter of the fiscal year ending March 2021 (FY2020) made by Nippon Sheet Glass Company, Limited (security code: 5202).

- (1) Nippon Sheet Glass Company, Limited (the "Company") announced on August 6, 2020 that its sales decreased 37.5% year-on-year to 91.8 billion yen, and an operating loss of 0.6 billion yen (operating income of 8.8 billion yen a year earlier), and a net loss of 16.4 billion yen (net income of 2.8 billion yen a year earlier) for the first quarter of the fiscal year ending March 2021 (FY2020). The main causing factor is a decrease in the sales volume of architectural glass and automotive glass caused by an effect of the COVID-19 pandemic. Although the Company's full-year performance projection has undetermined, it will likely report a net loss of 24.0 billion for the first half of FY2020. On the other hand, equity attributable to owners of the parent as of the end of the first quarter of FY2020 decreased to 56.0 billion yen from 73.6 billion yen as of the end of FY2019.
- (2) JCR changed the rating outlook from Stable to Negative in May 2020, and then has been keeping an eye on the trend in business performance and financial position. Although decline in its sales for the first quarter was predicted, downward pressure on the ratings further increases while its financial buffer is diminishing. JCR believes that the Company's immediate issues are to reestablish an operation system responding to the decreased demand and expand equity capital, and will continue to monitor the Company's actions taken for these issues. For the funding side, the Company has secured liquidity covering its needs for the time being as it has balance of cash and posit as well as unused credit balance.

Hajime Inoue, Takahiko Yamaguchi

### <Reference>

Issuer: Nippon Sheet Glass Company, Limited

Long-term Issuer Rating: BB+      Outlook: Negative

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