



## SUMMARY OF INVESTMENT INFORMATION (SII)

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It is distributed in advance of IFC Board of Directors' consideration and may be periodically updated thereafter. Board dates are estimates only and this document should not be construed as presuming the outcome of the Board Directors' decision.

### PROJECT CHARACTERISTICS

Country: World Region	Region: World Region
Project No.: World Region	Project Legal Name: World Region
Client Legal Name: NSG UK ENTERPRISES LIMITED	Project Business Sector: H-CA - Glass and Glass Products (Including Glass and Mineral Wool)
Owning Department /Division: CMGM3 - Gbl Ind, Manufact, Agribus & Services/Manufacturing - EMENA	Environment Category: B - Limited

### Description of the Project (Summary of Investments)

NSG UK Enterprises (“NSG UK” or the “Company”) is a wholly owned subsidiary of Nippon Sheet Glass Co. Ltd (“NSG Group”). Formerly Pilkington, the Company was acquired by NSG Group in 2006. It still uses the Pilkington brand in its operations.

IFC is considering to provide an up to US\$100 million equivalent A-loan to partially finance the Company’s US\$200 million investment program in Eastern Europe and South America for financial year 2017.

## **Project Sponsor and Shareholders of Project Company**

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NSG UK is involved in manufacturing of architectural and automotive glass products and its operations span across Europe and South America as well as in USA and India. In FY16, (period ending March 31, 2016), the Company recorded annual revenues of £2.3 billion, and total assets of £4.05 billion. Headquartered in Tokyo, Nippon Sheet Glass Co. Ltd. (“NSG Group”) is a well-diversified global manufacturer of glass and glazing products for the automotive, architectural and technical glass markets. The company is listed on the Tokyo stock exchange and has market capitalization of JPY 78.7 billion (US\$ 675 million equivalent) as of January 6, 2017. In FY16 (period ending March 31, 2016), NSG Group recorded annual revenues of JPY629 billion (US\$5.1 billion equivalent). As of September 30, 2016, NSG Group had total assets of JPY709 billion (US\$6.1 billion equivalent).

## **Total Project Cost and Amount and Nature of IFC's Investment**

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IFC proposes to provide an A loan of up to US\$100 million equivalent to partially fund the Company’s FY16-18 investment program amounting to US\$450 million.

## **Project Location**

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IFC loan is expected to be utilized for:

- Partial financing of the Company's FY16-18 investments in its subsidiaries in Poland;
- Funding research & development (R&D) expenses geared towards improving energy efficiency of the manufacturing processes and to produce more climate friendly products. This R&D is primarily performed in the United Kingdom, whereas new products and processes are rolled out across all of the NSG UK operations in emerging and developed markets; and
- Refinancing of high priced local debt in the Company's Brazilian operations to improve the financial structure and help sustain these operations in the current depressed automotive market situation.

## **Expected Development Impact of the Project**

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Stimulate economic activity in emerging markets: As of FY16, the Company generates about 24% of its revenues and about 11% of its operating profit (excluding overheads) in emerging markets. The IFC loan will be directed to finance recent and ongoing capital expenditures in architectural and automotive glass production in emerging markets, likely Poland and Brazil. Increased production will not only stimulate the construction and automotive sectors but also boost the intermediate industries in its supply chain. The multiplier effect of this process will generate greater economic activity, increase economic complexity and competitiveness thus providing a momentum for emerging markets to progress along in their development path.

Industrial Competitiveness, Productivity and Jobs: The Project will introduce new energy efficient technology to the Company's operations, helping address the urgent need for cold repairs and equipment upgrades which is required every 18 to 20 years to stay competitive in the glass manufacturing sector. This type of investment is necessary to improving productivity and competitiveness and maintaining the current job levels. Specifically for NSG UK Poland: (i) since the 1990s, the Company has continuously been adding jobs to the Polish economy, starting with about 300 in the early years and having more than 3,500 today. The new investment will create more than 200 additional jobs (many of them highly skilled) of which at least 25% are expected to be women employees. (ii) The greater impact however is in the job preservation. The cold repair is needed to keep the float line running. Without this investment, the float operations cannot sustain the level of existing jobs. (iii) In the downstream investment, the service centers are expected to be extended to under developed regions of Poland, thus creating employment opportunities in such areas. (iv) NSG UK Poland operations include European Shared Service Center for NSG Group employing 160 highly

qualified jobs, of which 95% are occupied by female employees. At a time when these investments are needed, IFC can support the Company in maintaining these critical jobs along the supply chain, while at the same time promoting innovation and know-how transfer. For example, the Project will also include R&D investments primarily undertaken in the Company's R&D facilities in the UK, however, geared towards improvements in the manufacturing process in emerging markets (Poland and Brazil) with the view to make them more efficient and for the development of innovative energy efficient product

Demonstration effect: Responsible environmental and social behavior of a global player in emerging markets has a demonstration impact which fosters adoption of industry best practices of sustainable growth by local market players.

Climate change benefits: Glass products can play an important role in energy conservation and generation. NSG UK is committed to developing innovative products that help address climate change. The Company has sustainability targets to improve its own energy usage as well as make a positive environmental contribution through its products.

## **IFC's Assessment of the Governance Risks to Development Impacts**

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Not applicable.

## **IFC's Expected Role & Additionality**

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Financial additionality: The average maturity of the proposed IFC loan is longer than the existing commercial bank debt of the Company. IFC's longer term debt is more adapted to the capital intensity of the investment and cyclical nature of the glass industry. Longer term financing will help the Company achieve a more optimal financial structure.

Diversify bank exposure: IFC financing will help diversify the Company's bank exposure.

E&S Standards: IFC will build on its successful past collaboration with the Company in the sphere of environmental and social practices and, where appropriate, will support the Company's performance in this area to continue achieving excellence in sustainable operations.

## Environmental & Social Categorization Rationale

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This project includes (i) upgrades of existing facilities that currently operate in full compliance with the local regulatory requirements as well as the IFC Performance Standards objective, and (ii) support for NSG/Pilkington's R&D program focusing on energy saving technologies. As such, the project does not result in any new significant E&S impacts; rather will result in E&S improvements in the long run. The project is therefore classified as a Category B project.

## Description of Main Environmental & Social Risks and Impacts of the Project

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Please refer to the Environmental and Social Review Summary (ESRS) linked to this project SII in the IFC's project disclosure website.

## Environmental and Social Action Plan

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Refer to the E & S Action Plan tab in the ESRS on the SPI (publishing) site.

## For inquiries and comments about the project contact

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## Local access of project documentation

To be included.