

Financial Results for the Six Months ended June 30, 2016 Presentation Materials

August 1, 2016

AGC ASAHI GLASS

■ Financial Results for the Six Months ended June 30, 2016	P.3
1. Key points of FY2016 First-half Financial Results	P.4
2. Highlights of the Financial Results	P.10
3. Information by Business & Geographic Segment	P.24
■ Outlook for FY2016	P.36
Appendix	P.42

Financial Results for the Six Months ended June 30, 2016

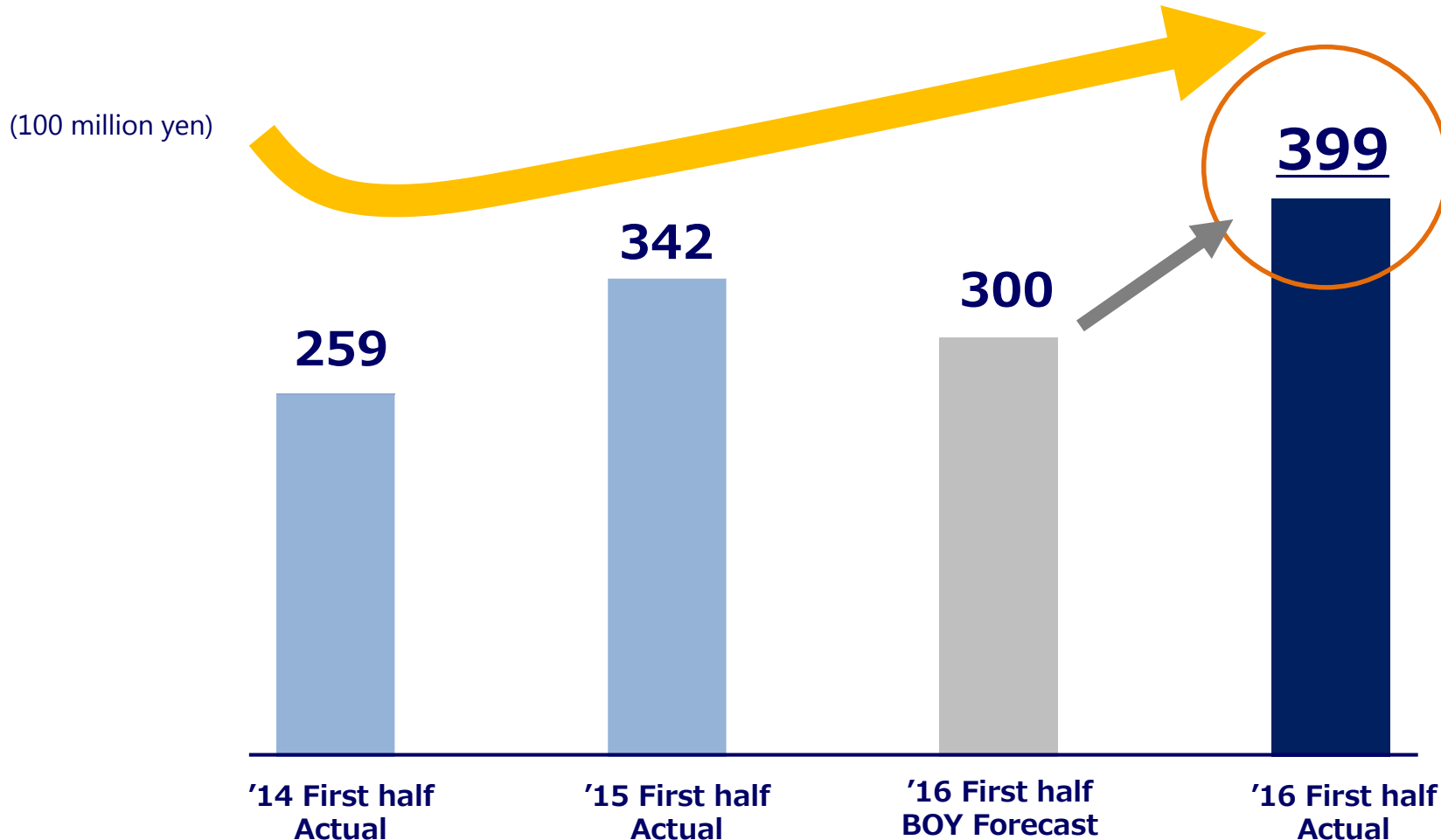
1. Key points of FY2016 First-half Financial Results

- ◆ We will put an end to the profit decline.
- ◆ Achieve a well-balanced earnings structure.
- ◆ Under **AGC plus**, we aim to achieve the following business target by the end of 2017.

Sales	¥1.6 trillion
Operating profit	more than 100 billion
ROE	5% or above
D/E	0.5 or less

[First-half Operating profit]

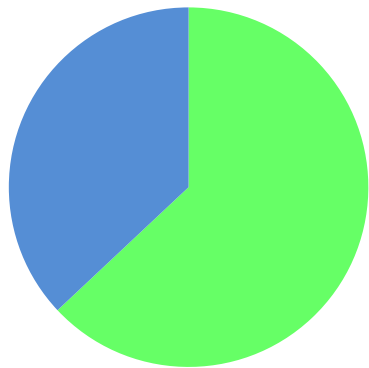
- ◆ Achieved OP up for 2 consecutive years
- ◆ Significantly exceeded the BOY forecast



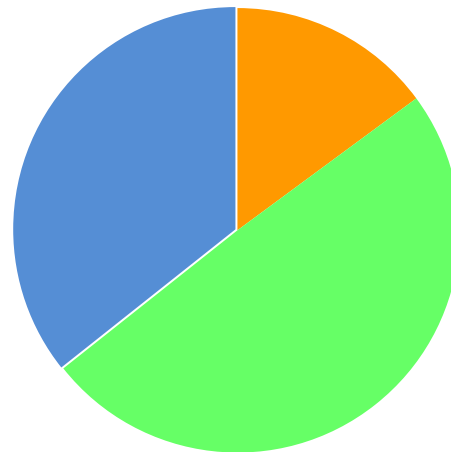
[Operating Profit by business segment]

◆ **Becoming a well-balanced earnings structure through portfolio management**

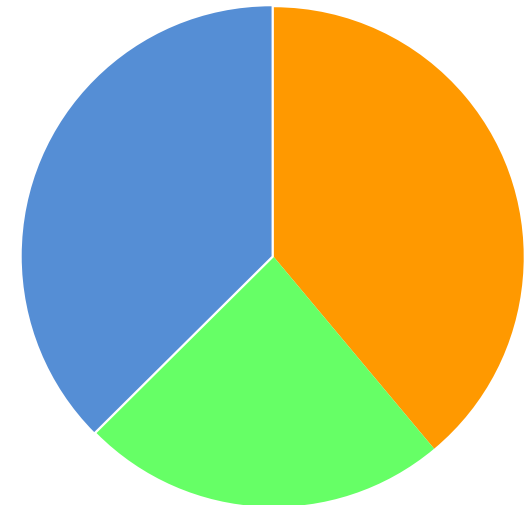
'14.1H



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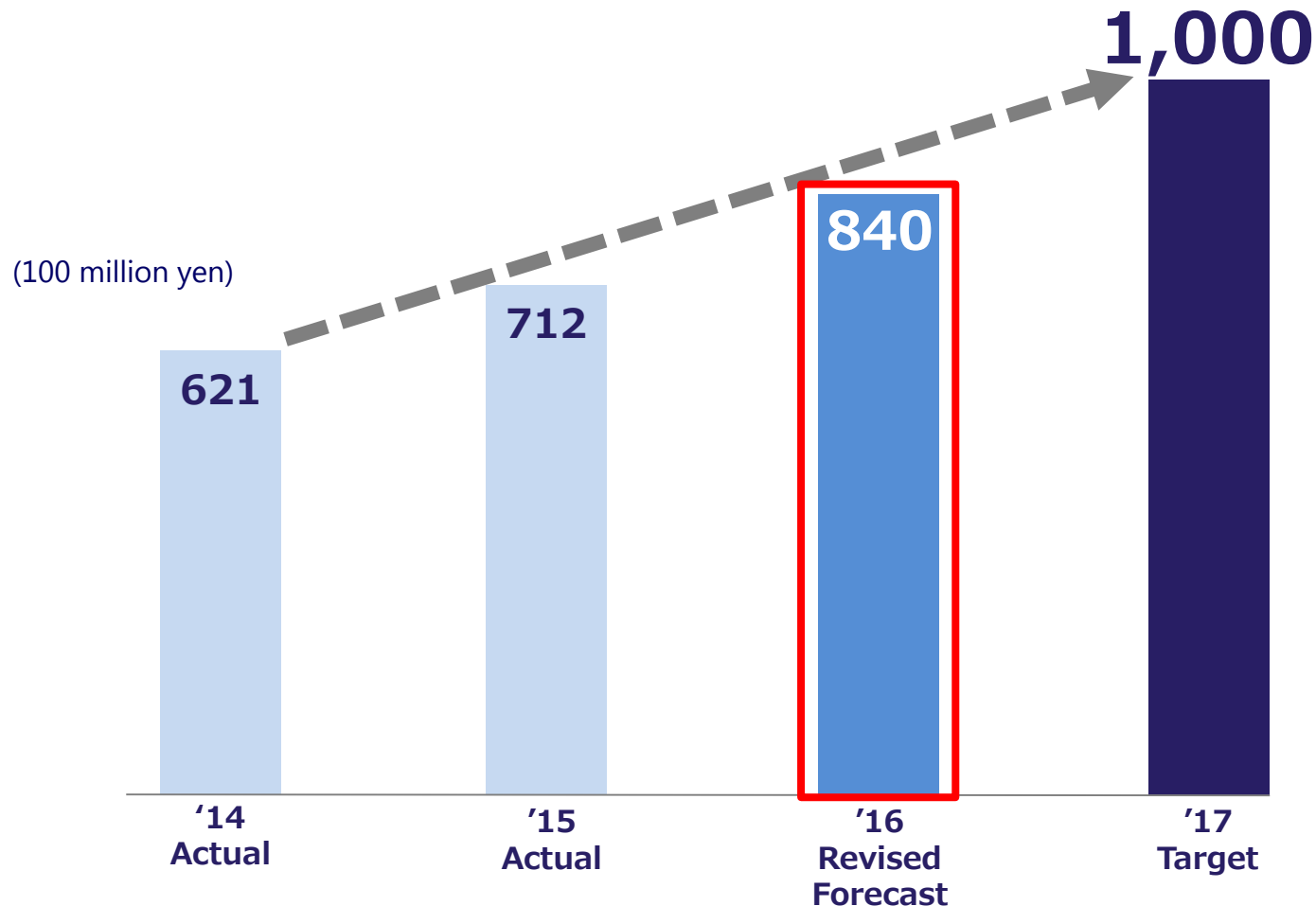


* Glass Business OP in FY2014 1H: -0.9 billion yen

■ **Glass** ■ **Electronics** ■ **Chemicals**

【FY2016 OP Forecast】

- ◆ FY2016 Forecast was revised upward on July 14
- ◆ Moving forward toward FY2017 management targets



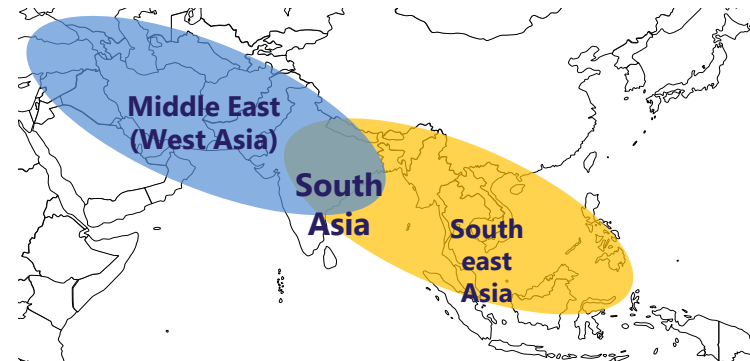
◆ Forward portfolio management

	Growth	Cash Generator	Strength-building area
Glass	-Automotive Glass	- Architectural glass (Fast growing countries)	- Architectural glass (Developed countries)
Electronics	-Electronic Materials etc.	- LCD Glass	- Specialty Glass
Chemicals	-Chlor-Alkali (Outside Japan) -Fluorochemicals etc.		- Chlor-Alkali (Japan)

◆ Expand Strategic businesses



◆ Take advantage of high growth in Asia



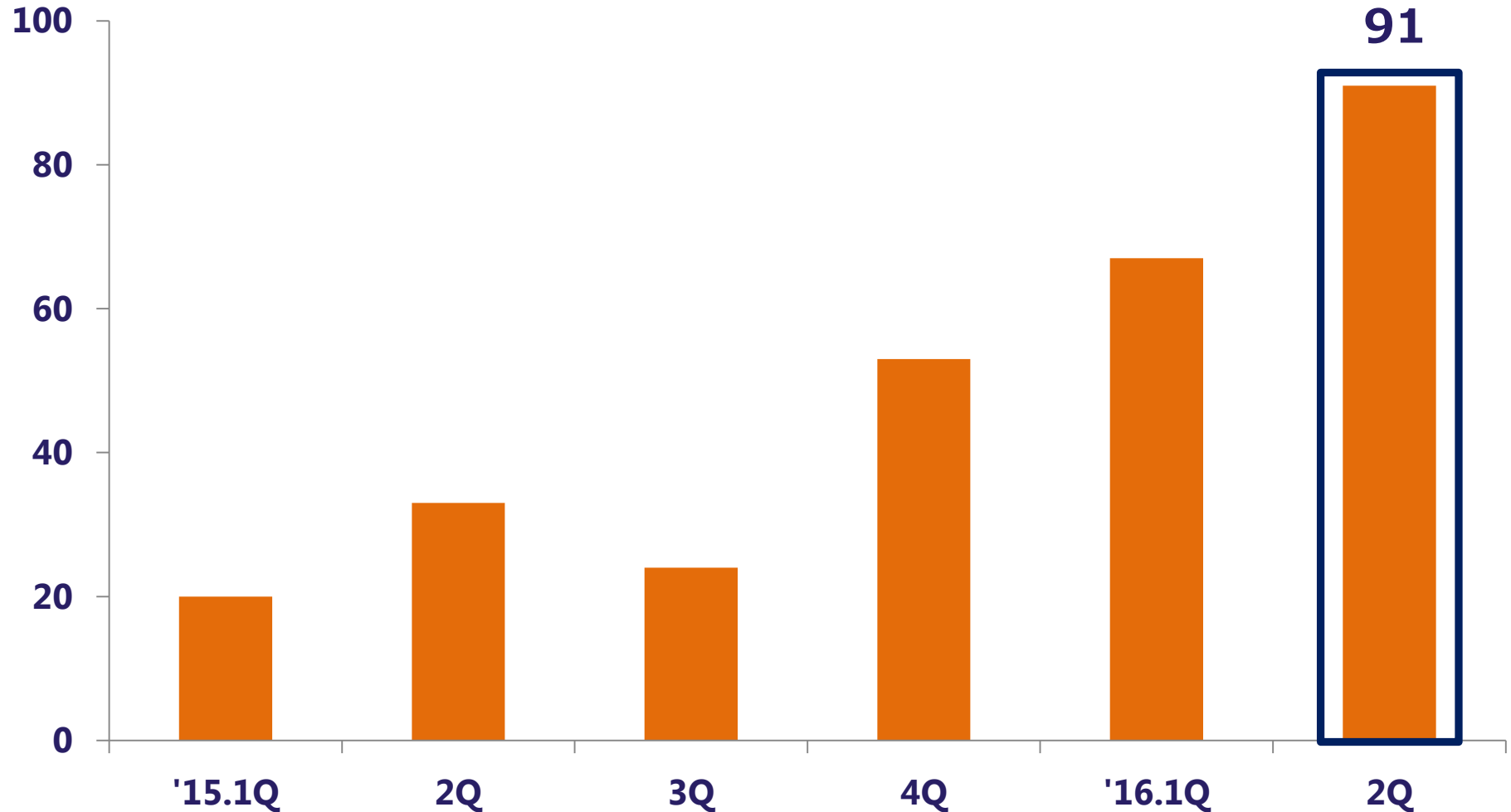
2. Highlights of the Financial Results

Net sales	624.9 billion yen (down 33.6 billion yen YoY)
Operating profit	39.9 billion yen (up 5.7 billion yen YoY)
Profit for the period attributable to owners of the parent	27.0 billion yen (down 7.0 billion yen YoY)

- ✓ **Net sales down due to the strong yen and the price decline of some products, etc.**
- ✓ **OP up owing to (i) cost decrease mainly from the decline of raw materials and fuel prices, (ii) price hike of architectural glass and (iii) shipment volume increase of automotive glass, etc.**
During the second quarter of FY 2016, there were temporary gains such as gain from oil hedge valuation.
- ✓ **Profit for the period attributed to owners of the parent decreased mainly due to the impact of the income from revision of the defined benefit corporate pension plan posted for FY2015.**

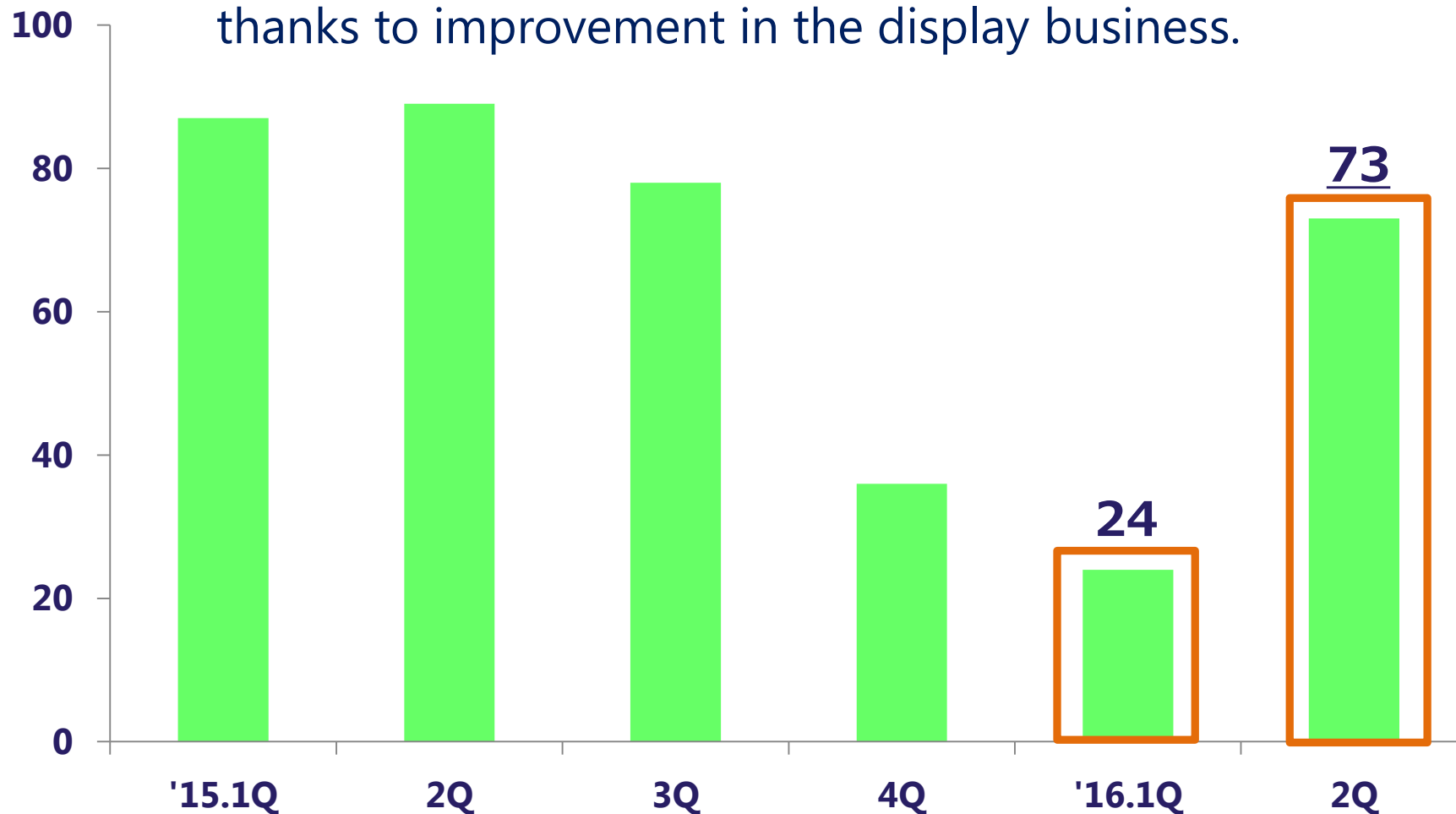
[Operating profit trend: Glass]

(100 million yen) ◆ Significant improvement in OP driven by Europe.



[Operating profit trend: Electronics]

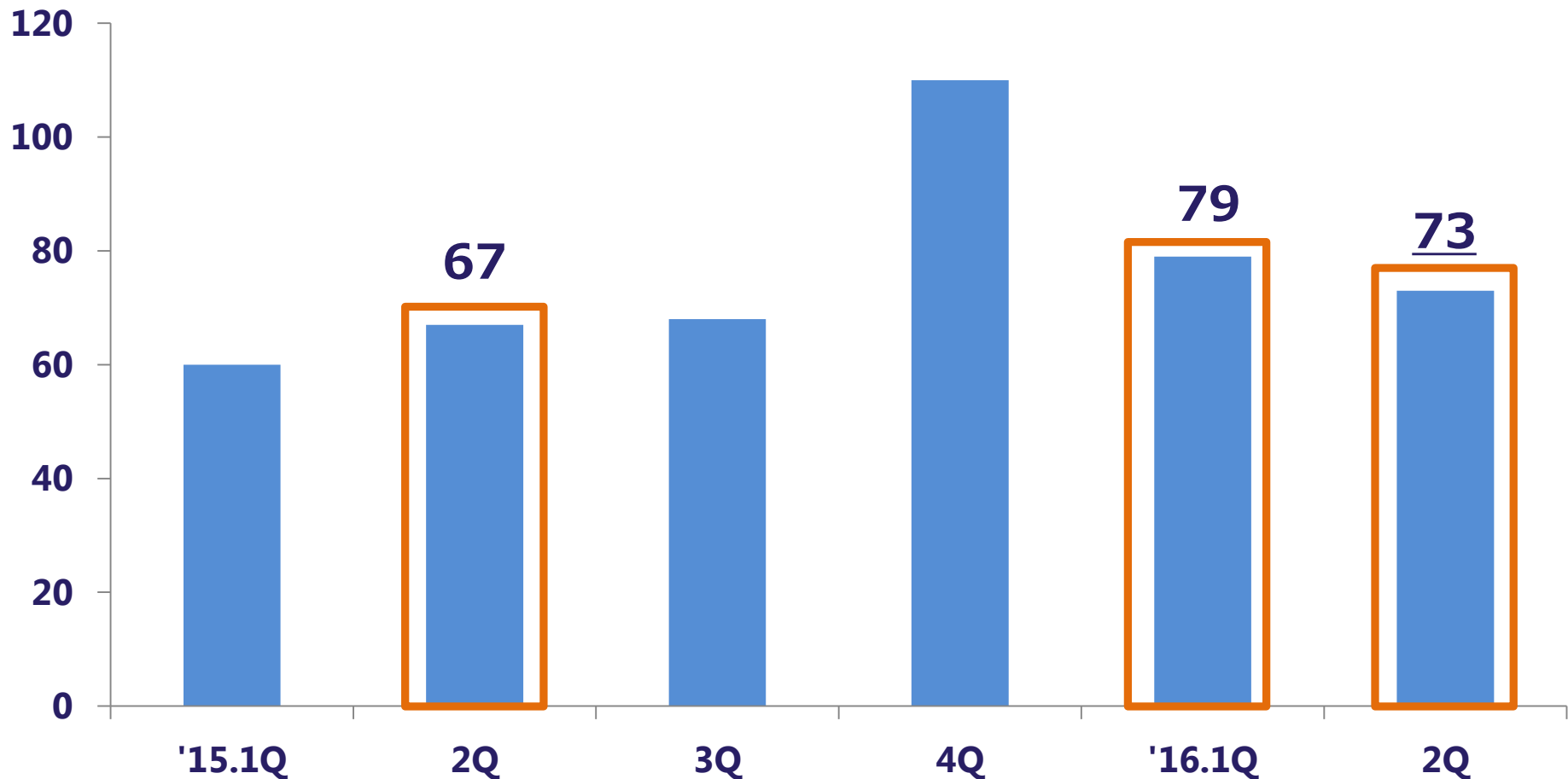
(100 million yen) ◆ Achieved OP up QoQ for the first time in past 4 quarters thanks to improvement in the display business.



[Operating profit trend: Chemicals]

(100 million yen)

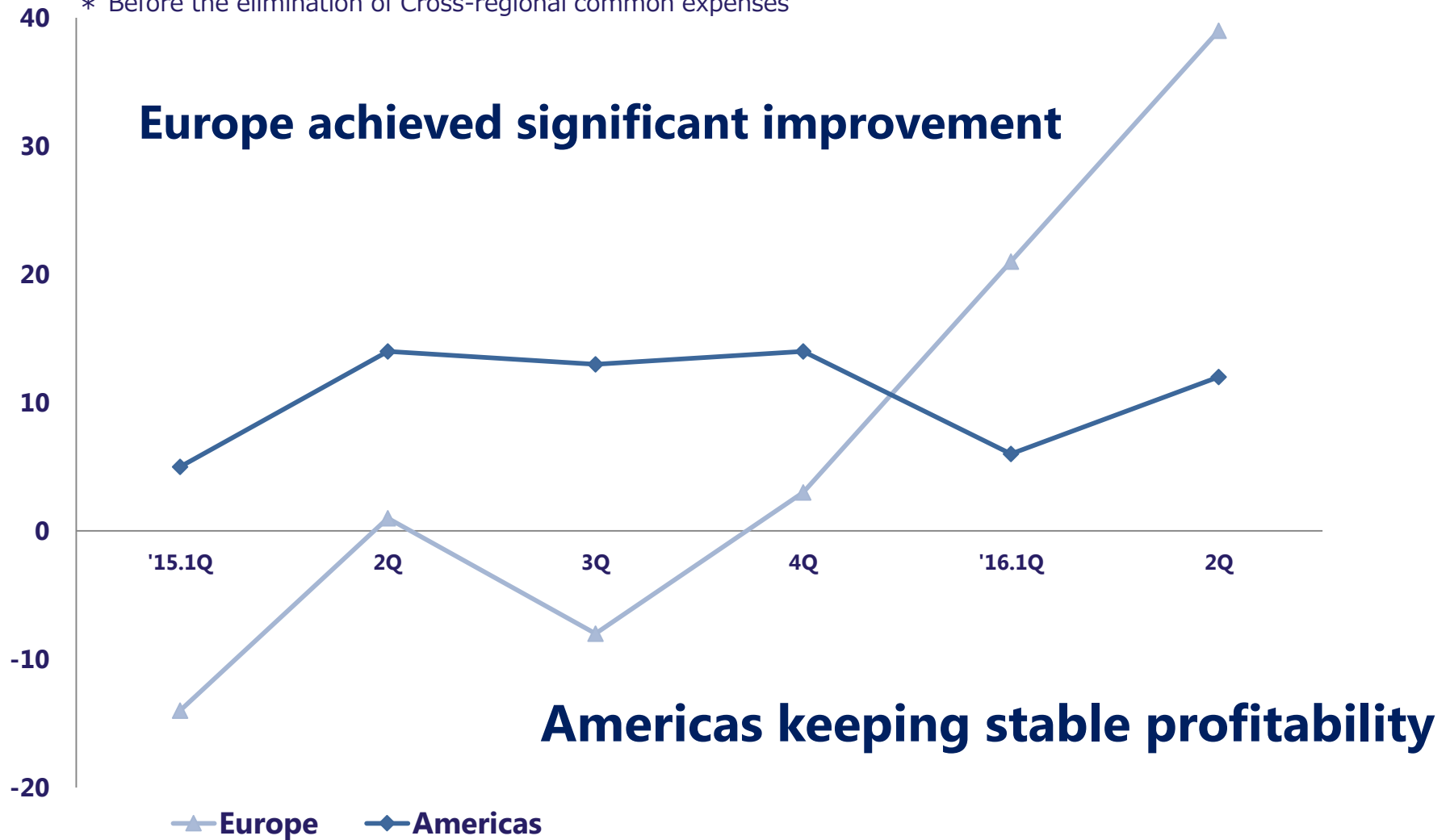
◆ OP down QoQ due to the strong yen, but OP up YoY.



[Operating profit trend: Europe & Americas]

(100 million yen)

* Before the elimination of Cross-regional common expenses



Summary of the Financial Results



	2Q				1Q-2Q total			
	FY2015	FY2016	Change	Change %	FY2015	FY2016	change	change%
	(100 million yen)							
Net Sales	3,330	3,170	-160	-4.8%	6,586	6,249	-336	-5.1%
Operating Profit	183	232	+49	+26.7%	342	399	+57	+16.5%
Profit before tax	448	239	-209	-46.7%	553	368	-185	-33.5%
Profit for the period attributable to owners of the parent	294	182	-112	-38.0%	340	270	-70	-20.5%
Operating profit margin	5.5%	7.3%			5.2%	6.4%		
Forex(Average)	JPY/USD	121.36	108.14		120.23	111.81		
	JPY/EUR	134.16	122.02		134.17	124.63		
Crude Oil	\$/BBL (Dubai)	61.1	43.3		56.7	37.1		

Consolidated Statement of Profit or Loss



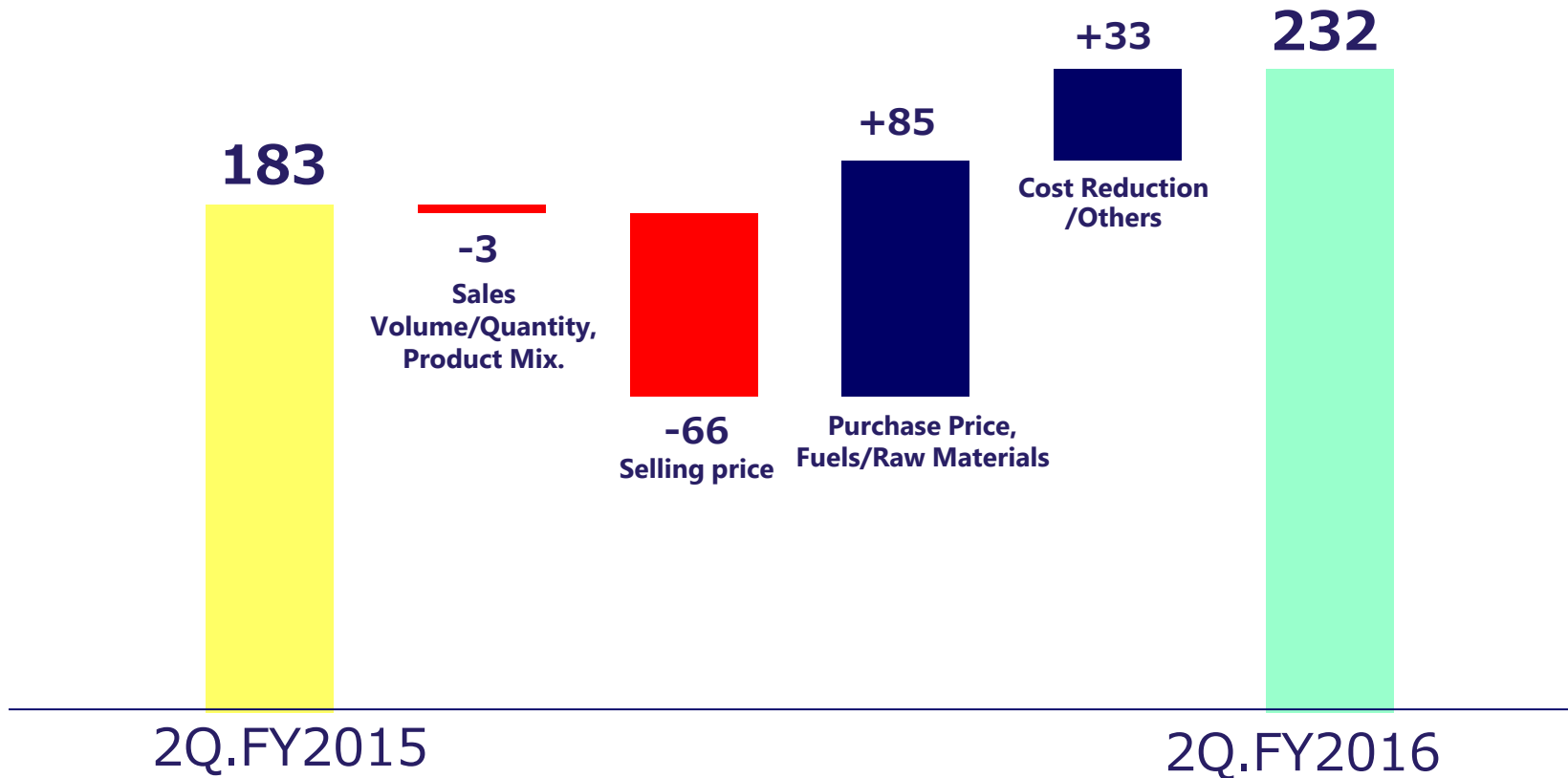
	2Q			1-2Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
	(100 million yen)					
Net Sales	3,330	3,170	-160*	6,586	6,249	-336*
Operating Profit	183	232	+49	342	399	+57
other income/expenses	254	-2		211	-24	
Business Profit	436	230	-206	553	375	-178
Financial income/cost	11	9		0	-7	
Profit before tax	448	239	-209	553	368	-185
income tax expenses	145	45		199	77	
Profit for the period	303	194	-109	354	291	-63
attributable to owners of the parent	294	182	-112	340	270	-70
attributable to non-controlling interests	9	12		14	21	

* Foreign exchange fluctuation resulted in -25.5 billion yen in Net sales in 2Q, and -37.6 billion yen in Net sales in 1-2Q total.

Variance Analysis on OP(2Q.FY2016 vs. 2Q.FY2015) **AGC**

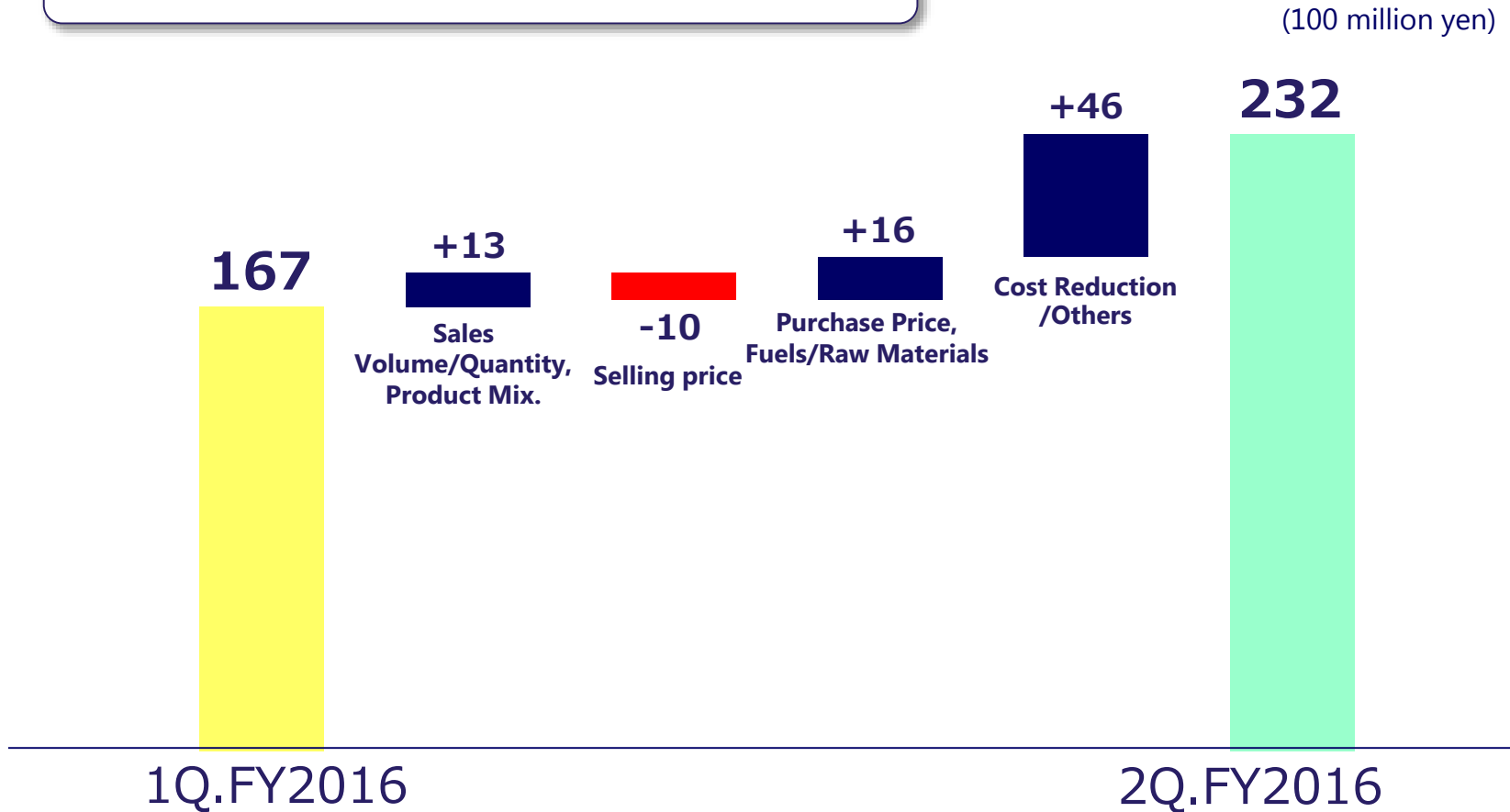
¥4.9 bn. up from the same period last year

(100 million yen)



Variance Analysis on OP(2Q.FY2016 vs. 1Q.FY2016) **AGC**

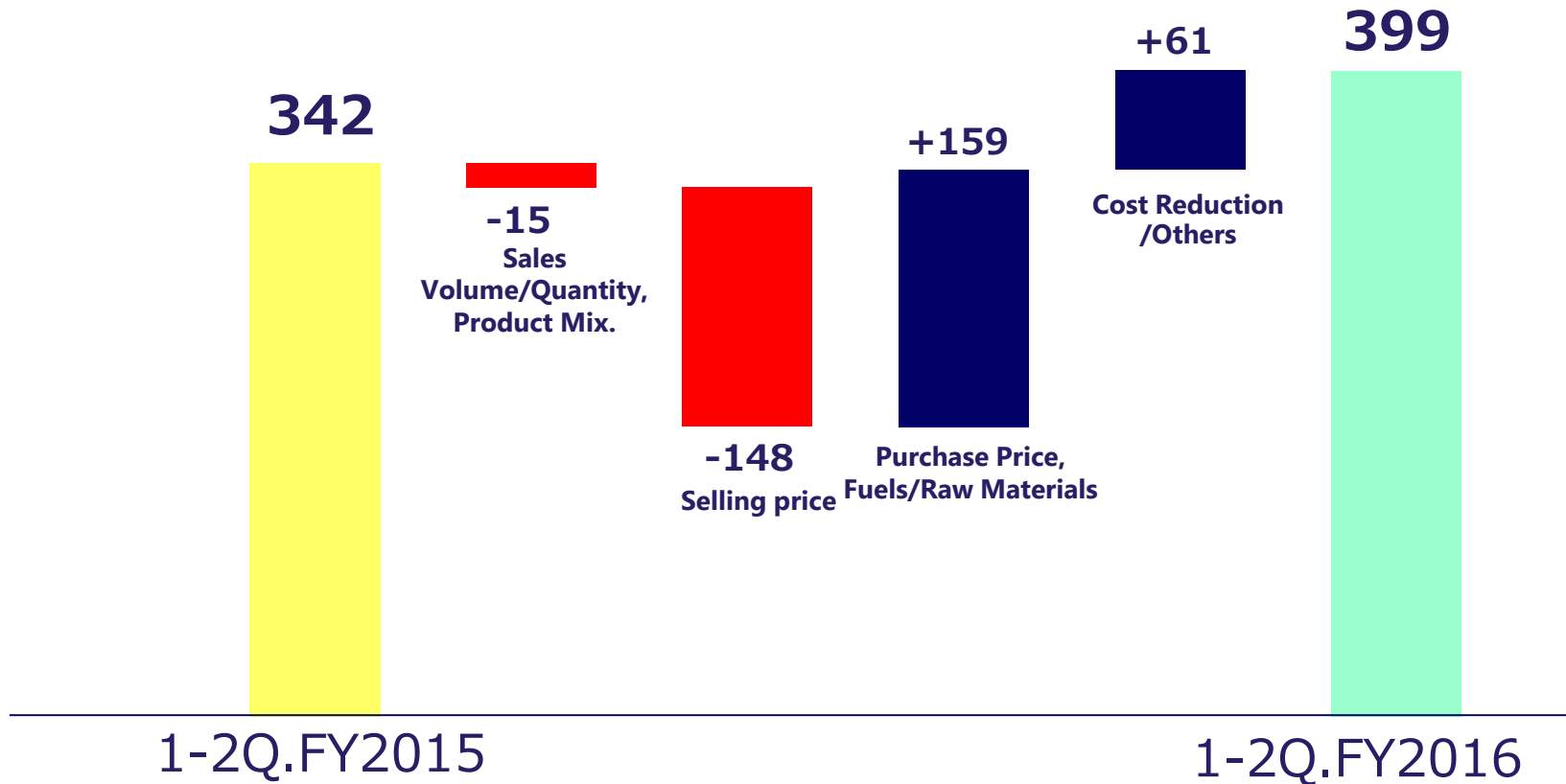
¥6.5 bn. up from the last quarter



Variance Analysis on OP(1-2Q.FY2016 vs. 1-2Q.FY2015) **AGC**

¥5.7 bn. up from the same period last year

(100 million yen)



Consolidated Statement of Financial Position



	2015/12	2016/6	Change	(100 million yen)
Cash and cash equivalents	1,048	1,258	+209	
Inventories	2,354	2,208	-146	
Property, plant and equipment, Goodwill and Intangible assets	10,440	9,491	-948	
Other assets	6,071	5,188	-883	
Total assets	19,913	18,145	-1768	
Interest-bearing debt	4,687	4,341	-346	
Other liabilities	3,588	3,463	-125	
Liabilities	8,275	7,804	-471	
Total equity attributable to owners of the parent	10,942	9,700	-1,241	
Non-controlling interests	696	640	-55	
Equity	11,638	10,341	-1,297	
Total liabilities and equity	19,913	18,145	-1,768*	
D/E ratio	0.40	0.42	* -146.2 billion yen due to foreign exchange fluctuation	

Consolidated Statement of Cash Flow



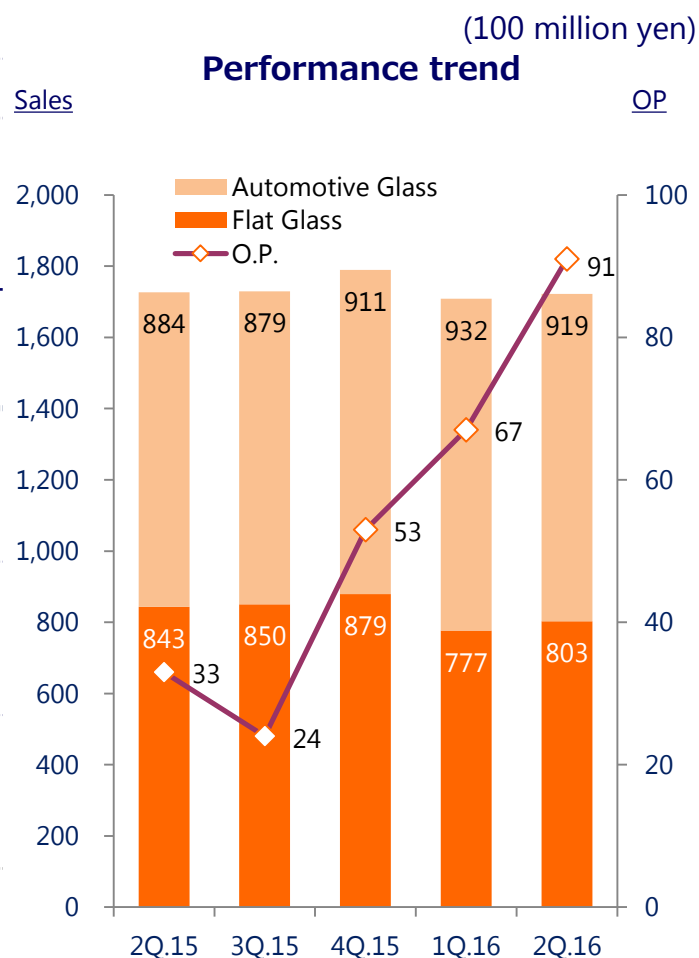
	2Q		1-2Q Total <small>(100 million yen)</small>	
	FY2015	FY2016	FY2015	FY2016
Profit before tax	448	239	553	368
Depreciation and amortization expense	354	304	692	618
Increase(decrease) in working capital	-63	30	30	31
Others	-373	-91	-359	-20
Cash flows from operating activities	367	482	917	997
Cash flows from investing activities	-277	-225	-524	-537
Free cash flow	90	257	393	460
Changes in interest-bearing debt	82	-68	-54	-93
Dividend paid	-	-	-104	-104
Others	-5	-4	0	-13
Cash flows from financing activities	77	-72	-158	-210
Effect of exchange rate changes on cash and cash equivalents	-7	-28	12	-41
Net increase(decrease) in cash and cash equivalents	160	157	247	209

	2Q		1-2Q Total <small>(100 million yen)</small>	
	FY2015	FY2016	FY2015	FY2016
CAPEX	307	327	559	644
Depreciation	354	304	692	618
R&D	94	96	194	192

2. Information by Business and Geographic Segment

■ Significant improvement in OP driven by Europe.

	2Q			1-2Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net Sales	1,727	1,722	-5	3,418	3,431	+13
Operating profit	33	91	+58	53	158	+105
Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	2Q	1,722	705	306	749	-38
	1-2Q Total	3,431	1,438	619	1,451	-77
Flat glass	2Q	803	272	110	448	-28
	1-2Q Total	1,580	555	221	865	-60
Automotive glass	2Q	918	431	195	301	-9
	1-2Q Total	1,850	885	398	586	-18
Adjustment inside segment	2Q	1	2	0	-0	-1
	1-2Q Total	0	-2	0	-0	2



【YoY comparison for the first six months】

[Architectural Glass]

- Japan/Asia : Shipments stayed at the same level as the previous year.
- Americas : Shipments remained robust.
- Europe : Shipments remained robust.
- Selling prices increased in many regions.

[Automotive Glass]

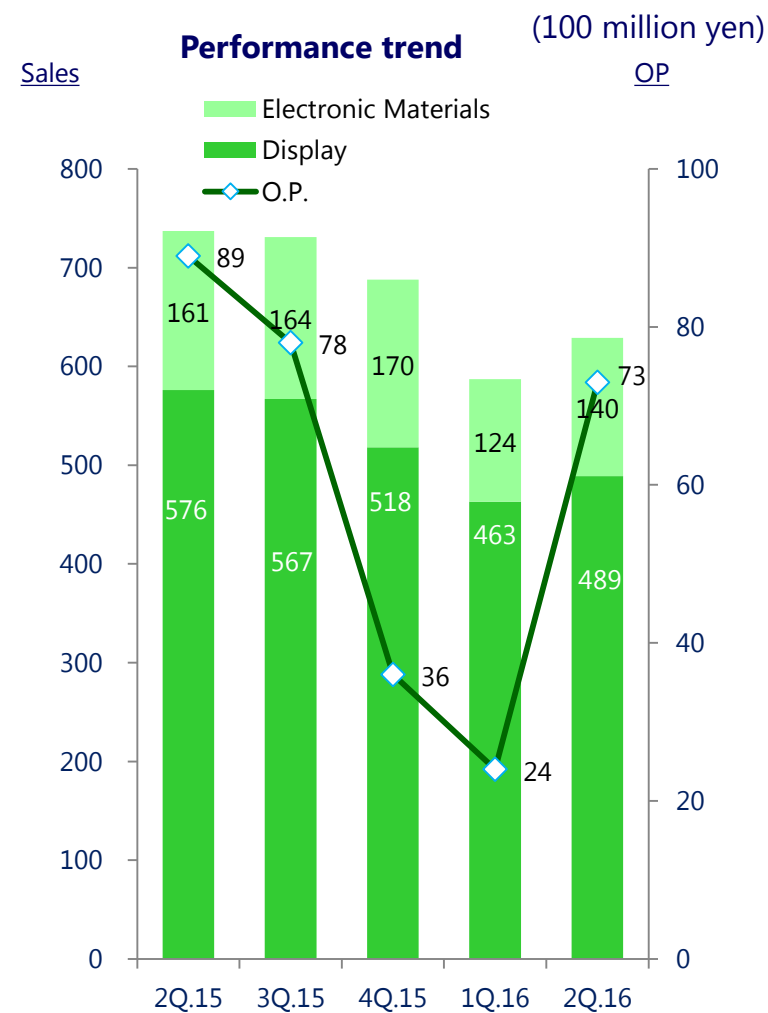
- Shipments increased, owing to increased auto production in Europe and North America. Consequently, AGC Group's shipments increased.

■ **OP improved significantly QoQ thanks to increased shipments and cost down (including impact of the strong yen) in the LCD-glass business.**

	2Q			1-2Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	737	629	-108	1,467	1,216	-251
Operating profit	89	73	-16	176	96	-80

Breakdown of sales

Display	2Q	489
	1-2Q Total	951
Electronic Materials	2Q	140
	1-2Q Total	265



【YoY comparison for the first six months】

[Display]

- Shipments of LCD glass substrates decreased as affected by customers' production adjustment. In addition, selling prices decreased.
- Shipments of specialty glass for display applications decreased while shipments for automotive use increased.
- Shipment of glass for solar power system decreased.

[Electronic Materials]

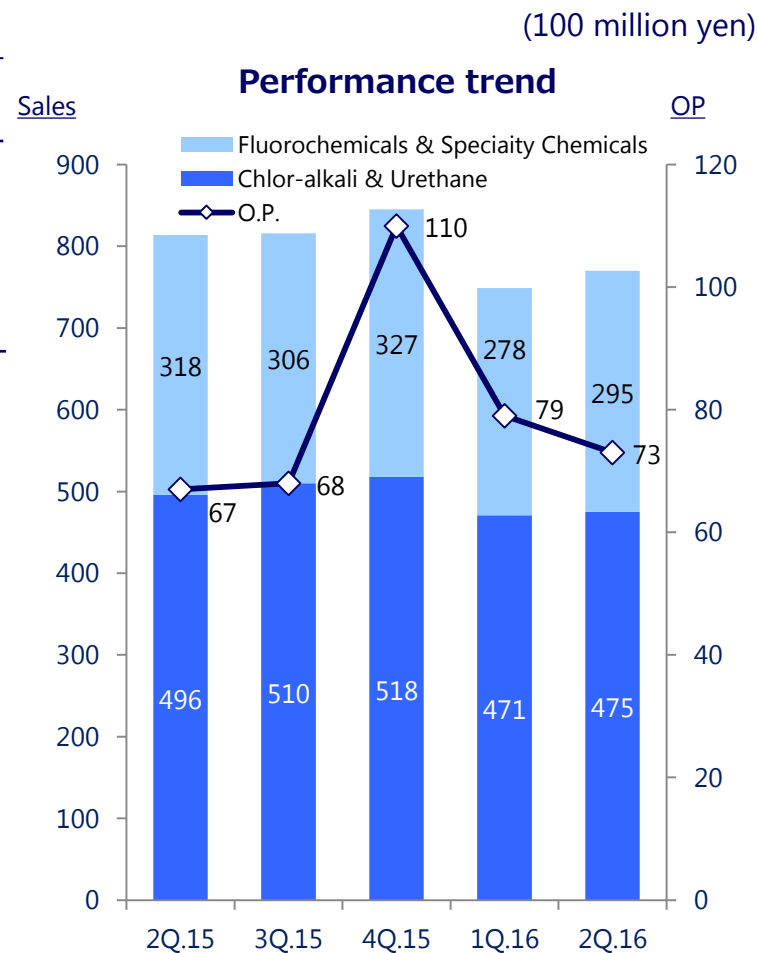
- Shipments of optoelectronics materials decreased.

■ **OP up YoY in spite of the negative impact of the strong yen.**

	2Q			1-2Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	789	746	-43	1,574	1,472	-102
Operating profit	67	73	+6	127	152	+25

Breakdown of sales

Chlor-alkali & Urethane	2Q	475
	1-2Q Total	946
Fluorochemicals & Specialty Chemicals	2Q	295
	1-2Q Total	573
Elimination	2Q	-24
	1-2Q Total	-47



【YoY comparison for the six months】

〔Chlor-alkali & Urethane〕

- Shipments in Southeast Asia increased.
- Sales decreased as affected by decline in selling prices and the strong yen.
- OP margin and operating profit increased thanks to decline of raw materials and fuel prices.

〔Fluorochemicals & Specialty Chemicals〕

- Shipments declined in some products.

YoY Performance Comparison by Business Segment



	2Q			1-2Q Total			(100 million yen)
	FY2015	FY2016	Change	FY2015	FY2016	Change	
Net sales	3,330	3,170	-160	6,586	6,249	-336	
Glass	1,727	1,722	-5	3,418	3,431	+13	
Electronics	737	629	-108	1,467	1,216	-251	
Chemicals	789	746	-43	1,574	1,472	-102	
Ceramics/Other	186	181	-5	325	349	+24	
Elimination	-110	-109	+1	-198	-219	-21	
Operation profit	183	232	+49	342	399	+57	
Glass	33	91	+58	53	158	+105	
Electronics	89	73	-16	176	96	-80	
Chemicals	67	73	+6	127	152	+25	
Ceramics/Other	-6	-3	+3	-14	-7	+8	
Elimination	-0	-2	-2	0	-1	-2	

Quarterly Performance Comparison by Business Segment

(100 million yen)

	1Q. FY2016	2Q. FY2016	Change	Change%
Net sales	3,080	3,170	+90	+2.9%
Glass	1,709	1,722	+13	+0.8%
Electronics	587	629	+41	+7.1%
Chemicals	726	746	+20	+2.8%
Ceramics/Other	168	181	+14	+8.2%
Elimination	-110	-109	+1	-
Operating profit	167	232	+65	+38.7%
Glass	67	91	+24	+35.5%
Electronics	24	73	+49	+206.2%
Chemicals	79	73	-7	-8.6%
Ceramics/Other	-4	-3	+1	-
Elimination	0	-2	-2	-

YoY Performance Comparison by Geographic Segment

	2Q			1-2Q Total (100 million yen)		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net Sales	3,330	3,170	-160	6,586	6,249	-336
Japan/Asia	2,267	2,106	-161	4,538	4,158	-380
Americas	400	371	-29	776	754	-23
Europe	779	784	+5	1,525	1,522	-3
Elimination	-115	-91	+24	-254	-185	+69
Operation profit	183	232	+49	342	399	+57
Japan/Asia	239	246	+7	487	452	-34
Americas	14	12	-2	18	18	-0
Europe	0	39	+39	-14	60	+73
Elimination	0	2	+2	-4	6	+9
Cross-regional common expenses	-71	-67	+3	-145	-137	+8

Quarterly Performance Comparison by Geographic Segment

	1Q. FY2016	2Q. FY2016	Change	(100 million yen) Change%
Net Sales	3,080	3,170	+90	+2.9%
Japan/Asia	2,052	2,106	+54	+2.6%
Americas	383	371	-12	-3.2%
Europe	739	784	+45	+6.1%
Elimination	-94	-91	+3	-
Operation profit	167	232	+65	+38.7%
Japan/Asia	206	246	+40	+19.4%
Americas	6	12	+6	+92.4%
Europe	21	39	+18	+85.4%
Elimination	4	2	-2	-
Cross-regional common expenses	-70	-67	+3	-

The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1-2Q.FY2015)

Net sales	(100 million yen)			
	Consolidated total*	Glass	Electronics	Chemicals
1-2Q. FY2016	6,249	3,431	1,216	1,472
Change vs. 1-2Q. FY2015	-336	+13	-251	-102
Change like-for-like vs. 1-2Q. FY2015	-18	+227	-226	-27
Impact of FOREX	-376	-272	-25	-75
Impact of Change in the Scope of Consolidation	+58	+58	-	-

* The sum of the segment amounts may not equal the amount of consolidated total, because it includes the amount of Other Segment and elimination.

Outlook for FY2016

Net sales	1,280.0 billion yen (down 46.3 billion yen YoY)
Operating profit	84.0 billion yen (up 12.8 billion yen YoY)
Profit for the year attributable to owners of the parent	30.0 billion yen (down 12.9 billion yen YoY)

- ✓ Net sales is forecast to decrease due to the strong yen in spite of increased shipments in the glass and chemicals businesses.
- ✓ Operating profit is forecast to increase thanks to increased shipments despite the impact of price decline in some products.
- ✓ Profit for the year attributable for the owners of the parent is forecast to decrease because the AGC Group posted "Income from revision of the defined benefit plan" for FY2015.

(100 million yen)

	FY2015	FY2016 Forecast	Change	Change%
Net sales	13,263	12,800	-463	-3.5%
Operating profit	712	840	+128	+18.0%
Profit before tax	845	540	-305	-36.1%
Profit for the year attributable to owners of the parent	429	300	-129	-30.1%
Dividend (yen/share)	18	18		
Operating profit margin	5.4%	6.6%		
ROE	3.9%	3.1%		
Forex (Average)	JPY/USD	121.05	108.0	
	JPY/EUR	134.31	120.0	
Crude oil	\$/BBL(Dubai)	50.9	45.0	

* ROE of FY2016 Forecast is calculated by using the Total equity attributable to owners of the parent as of June 30, 2016.

* Assumption for FY2016 Second half :
JPY/USD **105.0**
JPY/EUR **115.0**

[Glass]

● Architectural Glass

- Europe : Supply and demand balance is expected to remain tight.
- Japan/Asia : Shipments are expected to increase thanks to the high demand season.
- Americas : Shipments are expected to remain at the high level.

● Automotive Glass

Sales are expected to increase driven by overall strong auto production despite possible slowdown in some regions.

[Electronics]

- Shipments of LCD glass substrates are expected to increase as compared to FY 2016 1H.
- Shipments of opto-electronic materials will recover in FY2016 2H onward.
- Shipments of specialty glass for automotive use are expected to increase.

[Chemicals]

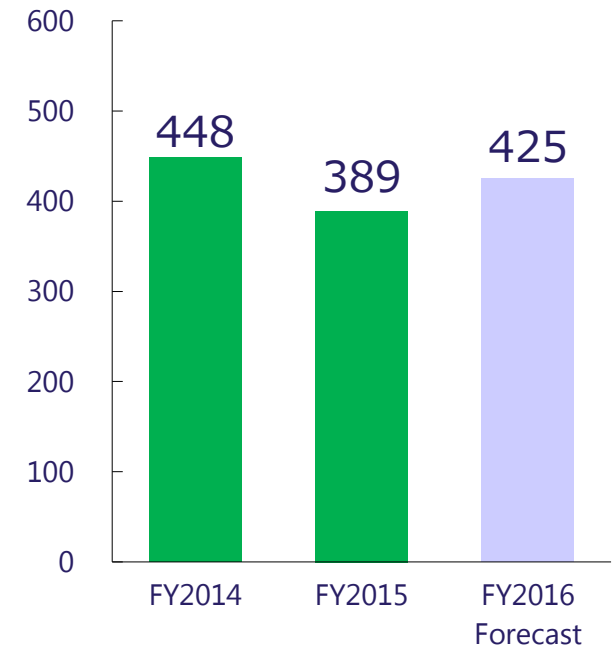
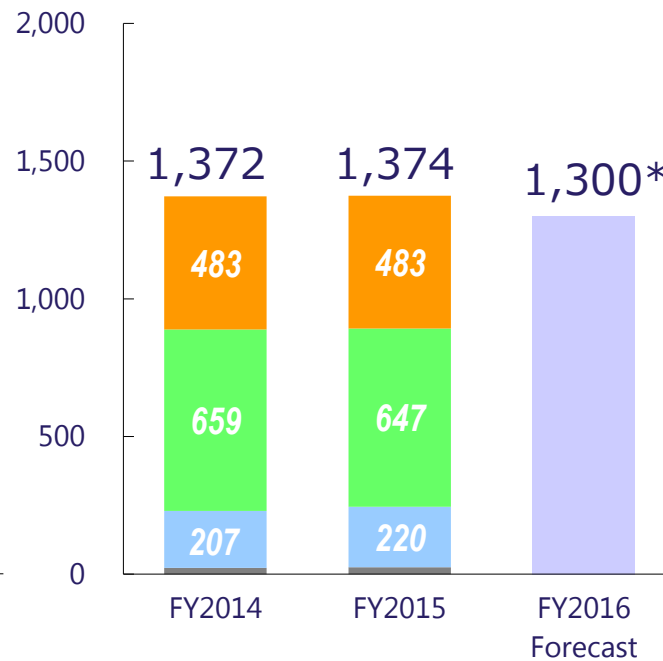
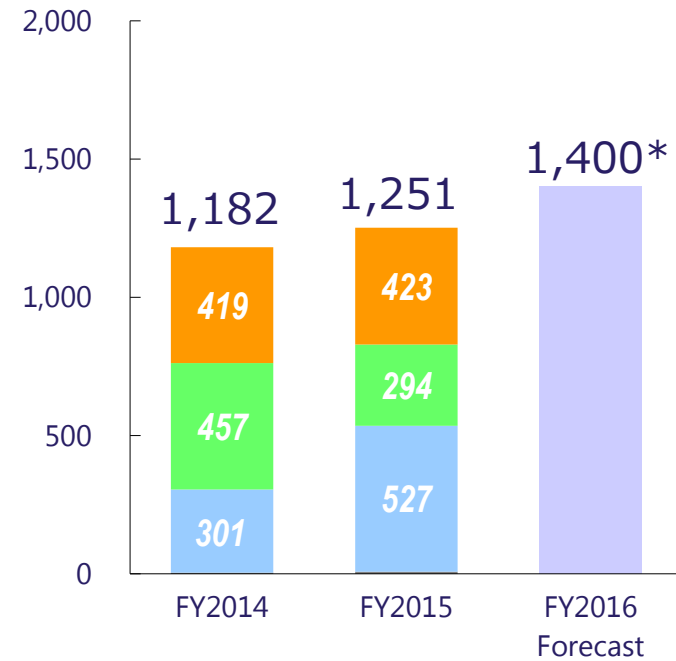
- Chlor-alkali : New manufacturing facilities in Southeast Asia will start generating positive results.
- Fluorochemicals & Specialty Chemicals: Shipments are expected to increase thanks to the high demand season.

(100 million yen)

CAPEX

Depreciation

R&D



* Revised from BOY Forecast 1,500

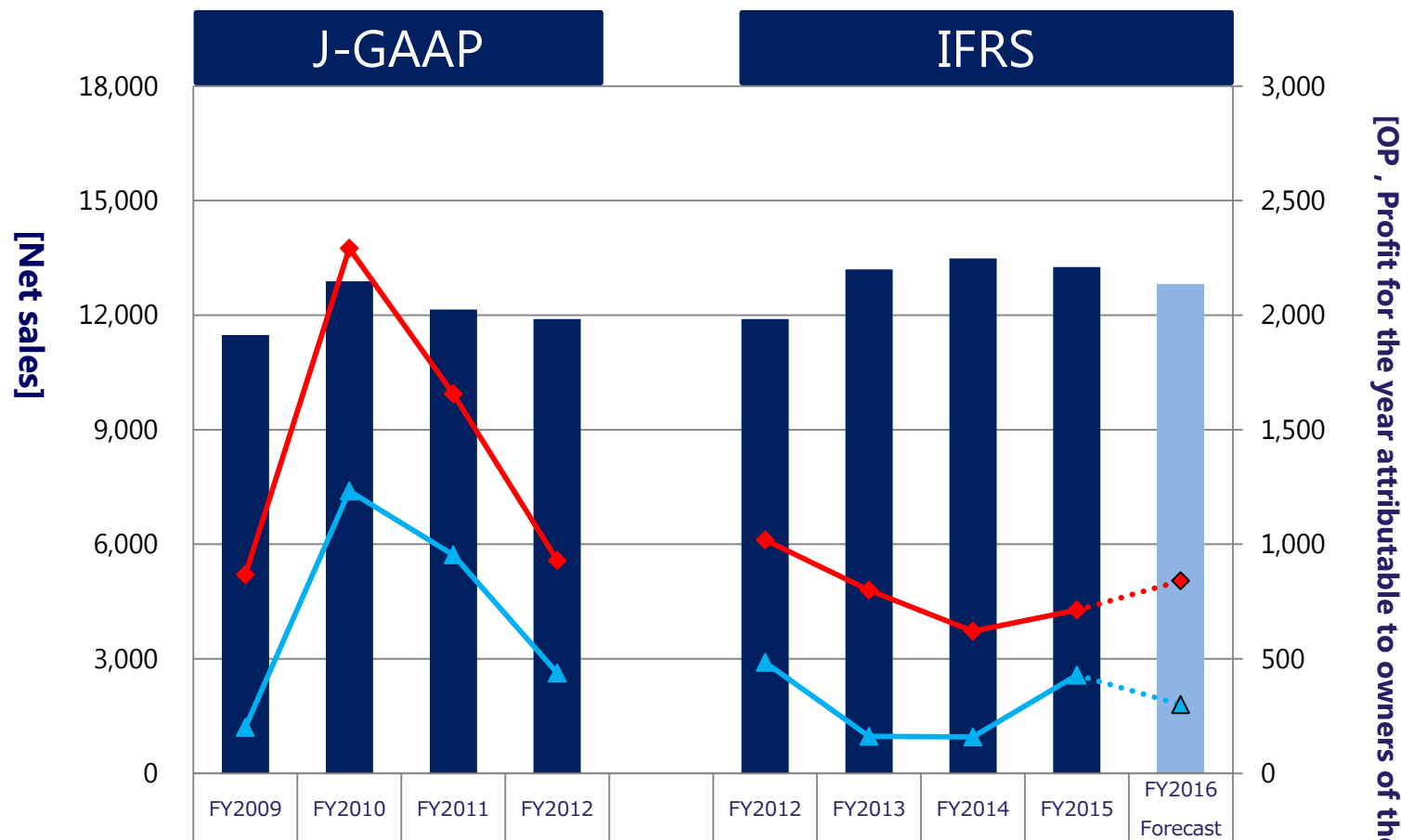
* Revised from BOY Forecast 1,400

■ Glass
 ■ Electronics
 ■ Chemicals
 ■ Ceramics / Other

Appendix

Changes in the Financial Results

(100 million yen)



Net sales	11,482	12,889	12,147	11,900		11,900	13,200	13,483	13,263	12,800
Operating profit	867	2,292	1,657	929		1,018	799	621	712	840
Profit for the year attributable to owners of the parent*	200	1,232	953	438		484	161	159	429	300
Operating profit margin	7.5%	17.8%	13.6%	7.8%		8.6%	6.1%	4.6%	5.4%	6.6%
Dividend per share	¥16	¥26	¥26	¥26		¥26	¥18	¥18	¥18	¥18

* Net income in J-GAAP.

		J-GAAP						IFRS			
		07/12	08/12	09/12	10/12	11/12	12/12	12/12	13/12	14/12	15/12
Return on equity ^{*1}	%	7.5%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%	3.9%
Return on assets ^{*2}	%	9.3%	7.8%	4.8%	12.9%	9.6%	5.2%	5.6%	4.0%	3.0%	3.5%
Equity ratio	%	45%	40%	42%	46%	48%	50%	47%	51%	54%	55%
Debt/Equity ratio	times	0.52	0.77	0.74	0.60	0.57	0.54	0.56	0.50	0.42	0.40
CF from Operating Activities/Interest-bearing debt	times	0.46	0.34	0.30	0.56	0.31	0.31	0.32	0.29	0.27	0.40
Earnings per share	Yen	59.35	33.53	17.12	105.52	81.90	37.88	41.90	13.97	13.77	37.12
EBITDA ^{*3}	100 million yen	2,555	2,199	1,873	3,084	2,594	1,928	2,000	1,866	1,859	2,284

*1 【J-GAAP】 Return on equity = Net Income / (Shareholders' Equity (average) + Accumulated other comprehensive income (average))

【IFRS】 Return on equity = Profit for the year attributable to owners of the parent / Total equity attributable to owners of the parent (average)

*2 Return on assets = Operating profit / Total assets (average)

*3 Earnings before interest, tax, depreciation and amortization(EBITDA) = Profit before tax + Depreciation + Interest expenses

Exchange rates		FY2015					FY2016			
		1Q	2Q	3Q	4Q	年間	1Q	2Q	3Q	4Q
JPY / USD	Average	119.09	121.36	122.23	121.50	121.05	115.48	108.14	105.0 ^{*4}	
	At quarter end	120.17	122.45	119.96	120.61	120.61	112.68	102.91		
JPY / EUR	Average	134.18	134.16	135.98	132.95	134.31	127.23	122.02	115.0 ^{*4}	
	At quarter end	130.32	137.23	134.97	131.77	131.77	127.70	114.39		

*4 Assumption for FY2016 Second half

Date	Summary
January 27	AGC Asahi Glass to Exhibit for Second Time at Milan Design Week, One of the World's Largest Design Festivals
February 5	Formulation of the AGC Group Corporate Governance Basic Policy
February 15	AGC Celebrates First Shipment from Anyer Plant of P.T. Asahimas Chemical
February 16	AGC Develops AMOLEA™yd, New Refrigerant Grade with Low Global Warming Potential
February 23	AGC Asahi Glass to Release Cover Glass that Supports a Fingerprint Recognition Sensor on a Smartphone
March 4	AGC Changes Name of Production Subsidiary in Suzhou, China
March 11	AGC to Build a Second Float Glass Production Plant in Brazil
March 28	AGC to Expand Supply System of Cover Glass for Car-mounted Displays
May 12	AGC to Further Enhance Production Capacity of Vinyl Chloride Monomer in Indonesia
June 7	AGC's UV Verre Premium Privashield™ has been adopted by Toyota Motor for the Estima and Estima Hybrid
August 1	AGC to Launch Operations in Africa — Establishing Automotive Glass Production Base in Morocco —

Disclaimer

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**Shin-Marunouchi Bldg., 1-5-1 Marunouchi Chiyoda-ku,
Tokyo 100-8405 Japan**

**Contact :Corporate Communications & Investor Relations
Corporate Planning Division**

E-mail : investor-relations@agc.com

T E L : +81-(0)3-3218-5096

F A X : +81-(0)3-3201-5390

www.agc.com

