



# Financial Results for the Nine Months ended September 30, 2016 Presentation Materials

October 31, 2016

**AGC Asahi Glass**

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# Financial Results for the Nine Months ended September 30, 2016

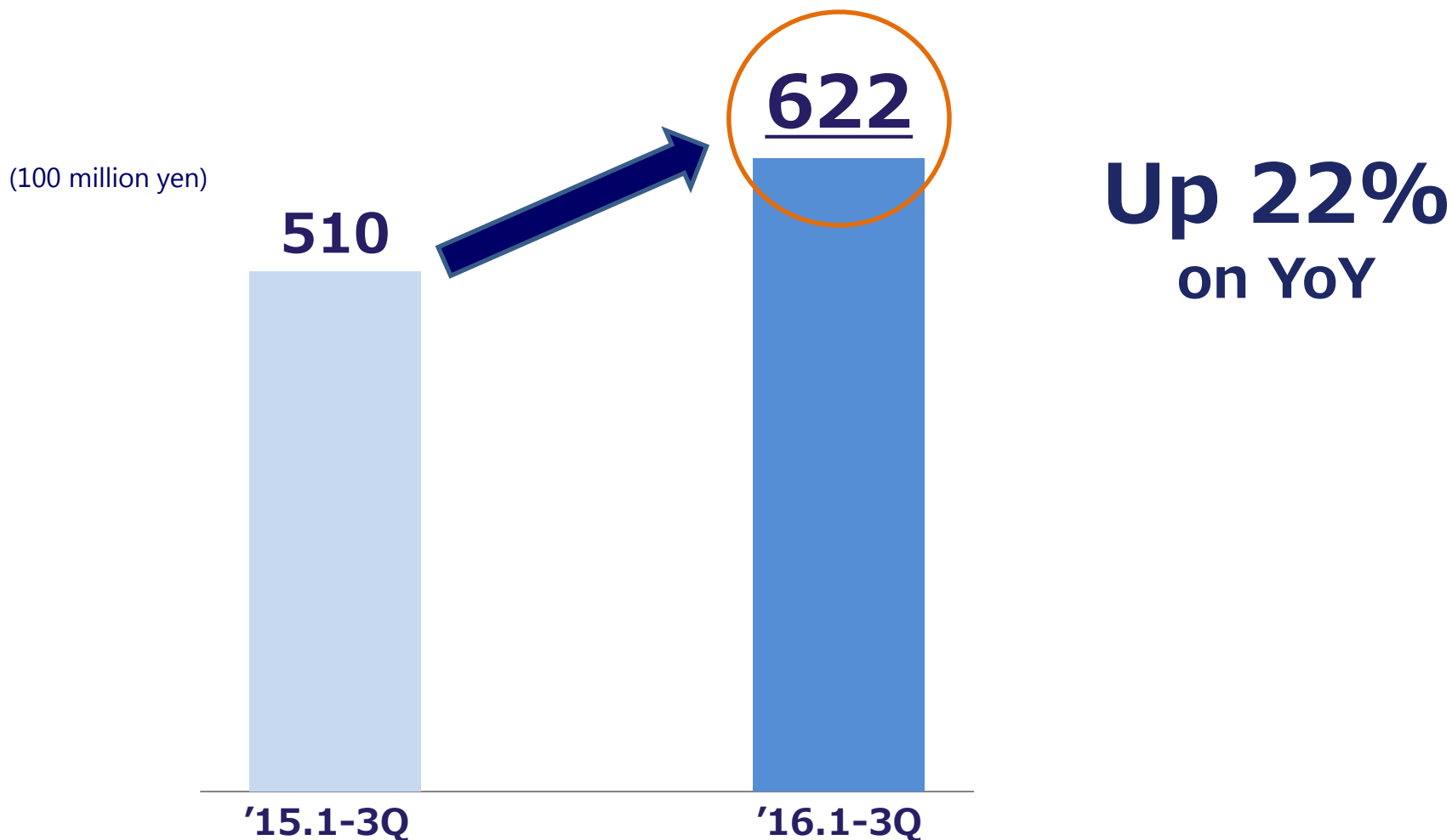
# 1. Highlights of the Financial Results

<b>Net sales</b>	<b>939.9 billion yen (down 49.7 billion yen YoY)</b>
<b>Operating profit</b>	<b>62.2 billion yen (up 11.1 billion yen YoY)</b>
<b>Profit for the period attributable to owners of the parent</b>	<b>32.9 billion yen (down 9.8 billion yen YoY)</b>

- ✓ **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 increase in automotive glass, etc.**
- ✓ **Profit for the period attributed to owners of the parent decreased YoY mainly due to the impact of the “Income from revision of the defined benefit corporate pension plan” posted for FY2015.**

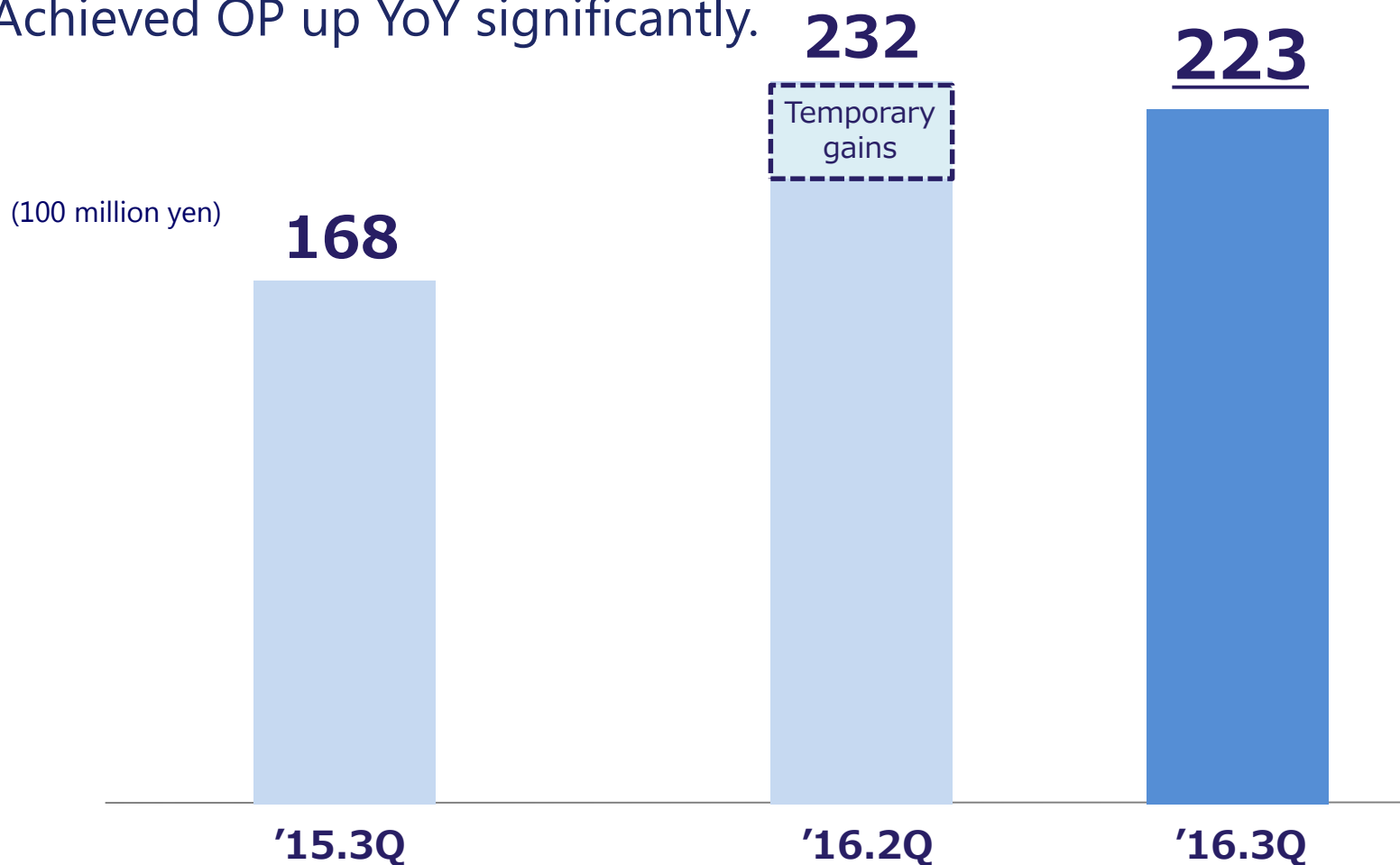
## [1-3Q Total Operating profit]

- ◆ Achieved OP up YoY, as OP down in the Electronics business was offset by OP up in the Glass and Chemicals businesses.



## [Operating Profit trend]

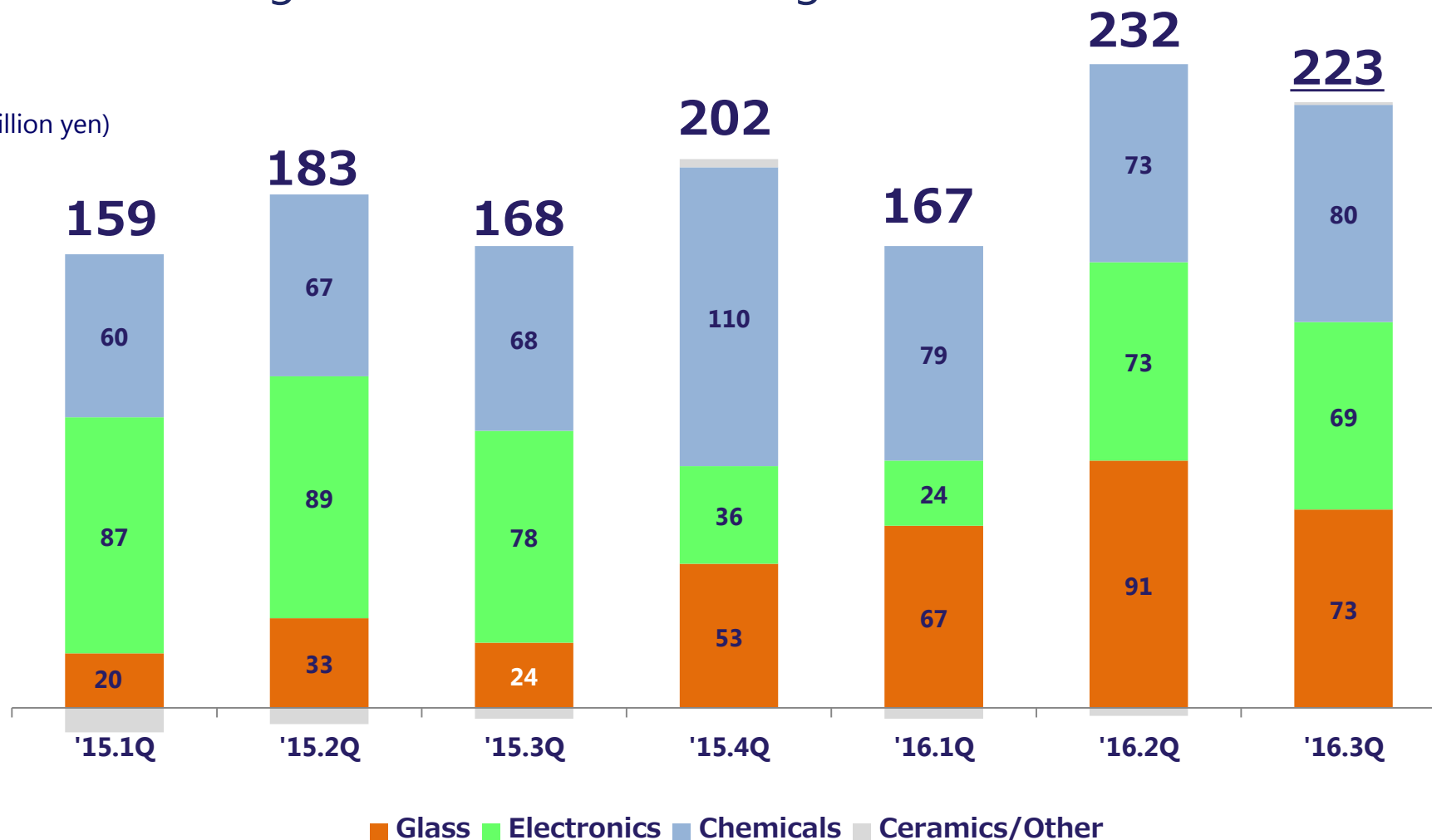
- ◆ OP down QoQ due to the lack of temporary gains, but OP up if temporary gains are excluded.
- ◆ Achieved OP up YoY significantly.



## [Operating Profit by business segment]

◆ Becoming a well-balanced earnings structure.

(100 million yen)

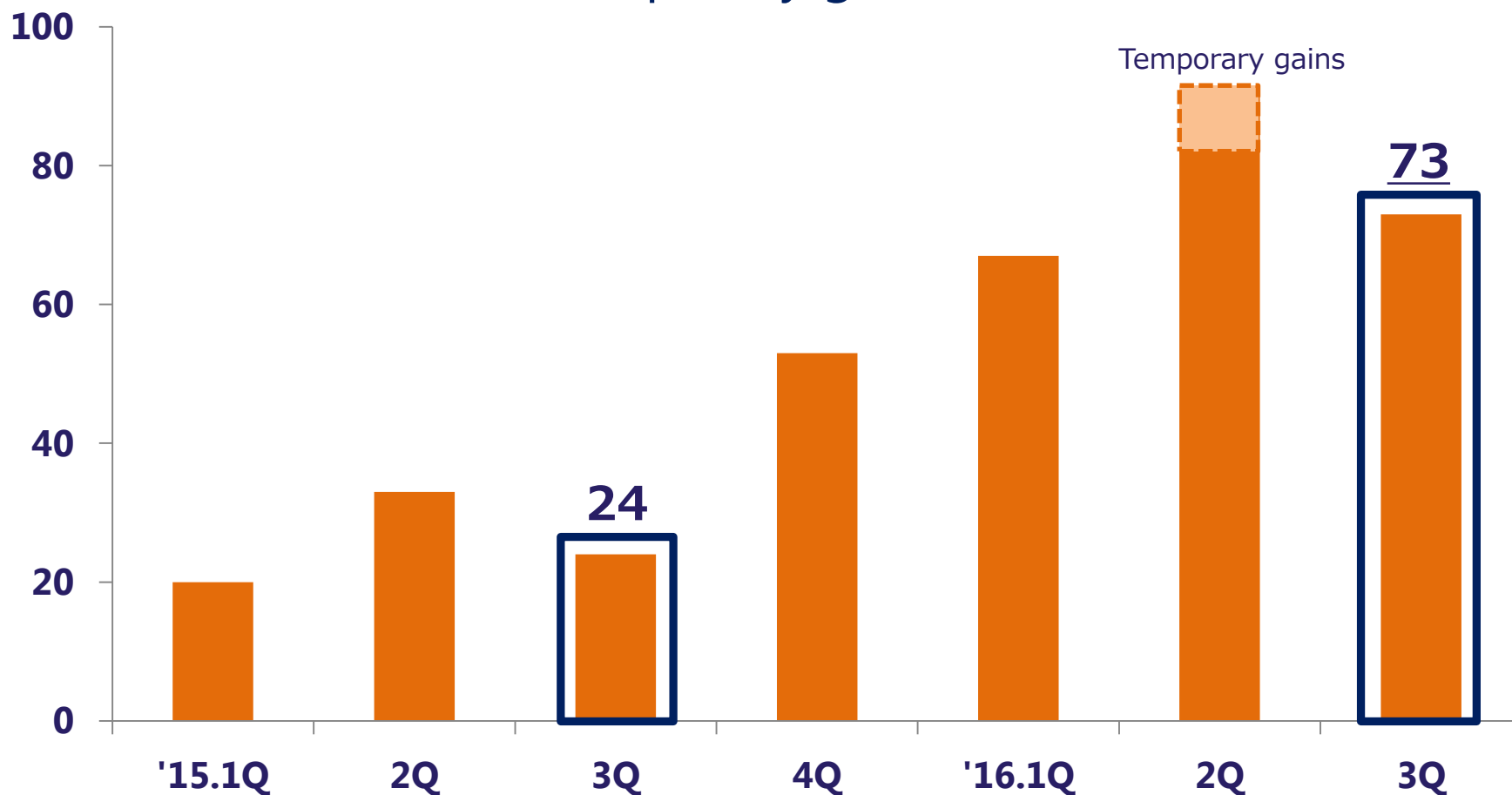




## [Operating profit trend: Glass]

◆ OP continues up YoY significantly, despite OP down QoQ due to lack of temporary gains and seasonal factors.

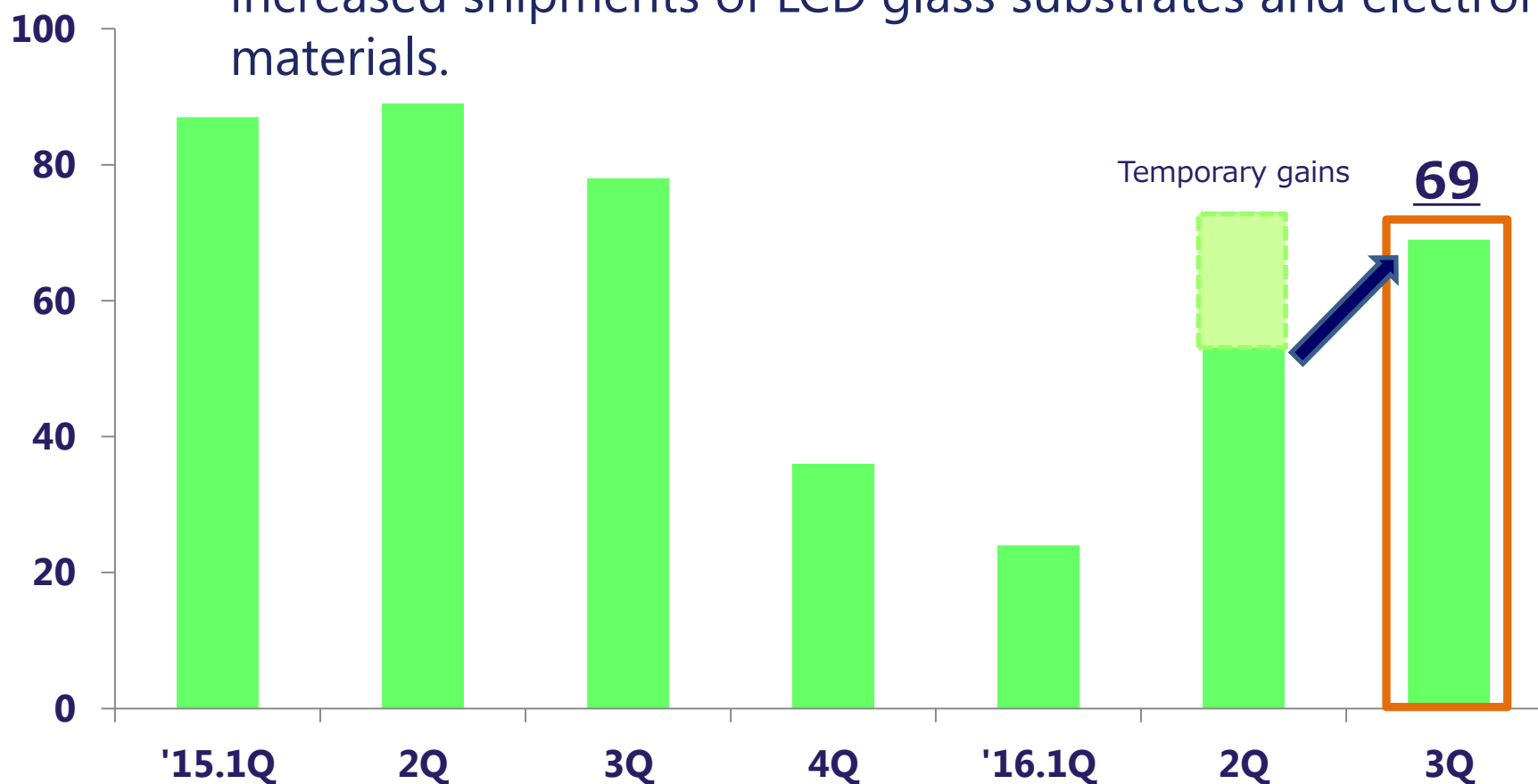
(100 million yen)



## [Operating profit trend: Electronics]

- ◆ OP down QoQ due to lack of temporary gains.
- ◆ OP up QoQ if temporary gains are excluded, thanks to the increased shipments of LCD glass substrates and electronics materials.

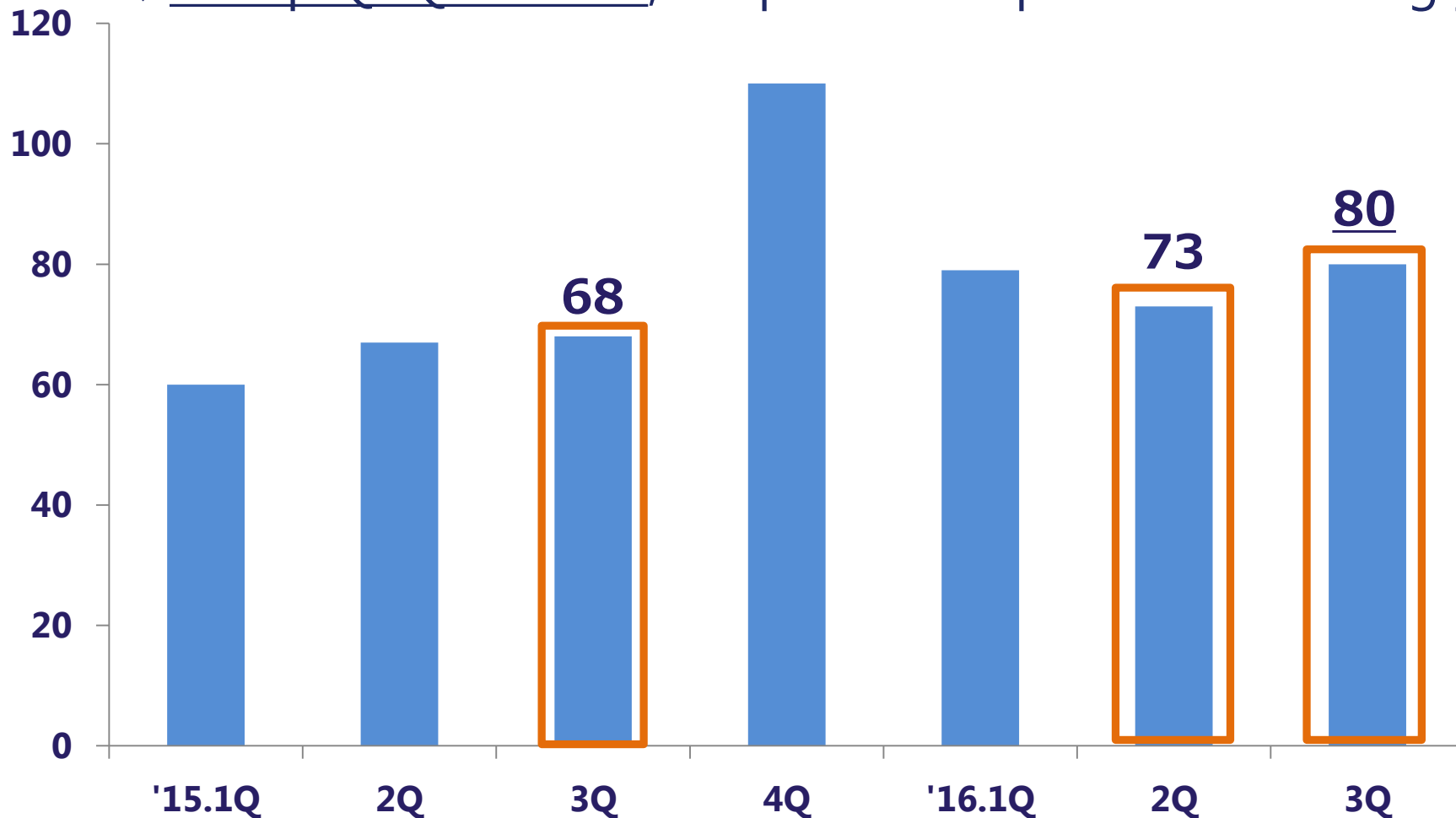
(100 million yen)



## [Operating profit trend: Chemicals]

(100 million yen)

◆ OP up QoQ and YoY, despite the impact of the strong yen.



# Summary of the Financial Results



	3Q				1Q-3Q total		(100 million yen)	
	FY2015	<b>FY2016</b>	Change	Change %	FY2015	<b>FY2016</b>	change	change%
<b>Net Sales</b>	3,310	<b>3,150</b>	-161	-4.9%	9,896	<b>9,399</b>	-497	-5.0%
<b>Operating Profit</b>	168	<b>223</b>	+55	+32.6%	510	<b>622</b>	+111	+21.8%
<b>Profit before tax</b>	149	<b>104</b>	-45	-30.2%	703	<b>472</b>	-231	-32.8%
<b>Profit for the period attributable to owners of the parent</b>	88	<b>59</b>	-29	-32.9%	427	<b>329</b>	-98	-23.0%
<b>Operating profit margin</b>	5.1%	<b>7.1%</b>			5.2%	<b>6.6%</b>		
<b>Forex(Average)</b>	JPY/USD	122.23	<b>102.43</b>		120.89	<b>108.68</b>		
	JPY/EUR	135.98	<b>114.28</b>		134.77	<b>121.18</b>		
<b>Crude Oil</b>	\$/BBL (Dubai)	49.7	<b>43.4</b>		54.3	<b>39.2</b>		

# Consolidated Statement of Profit or Loss

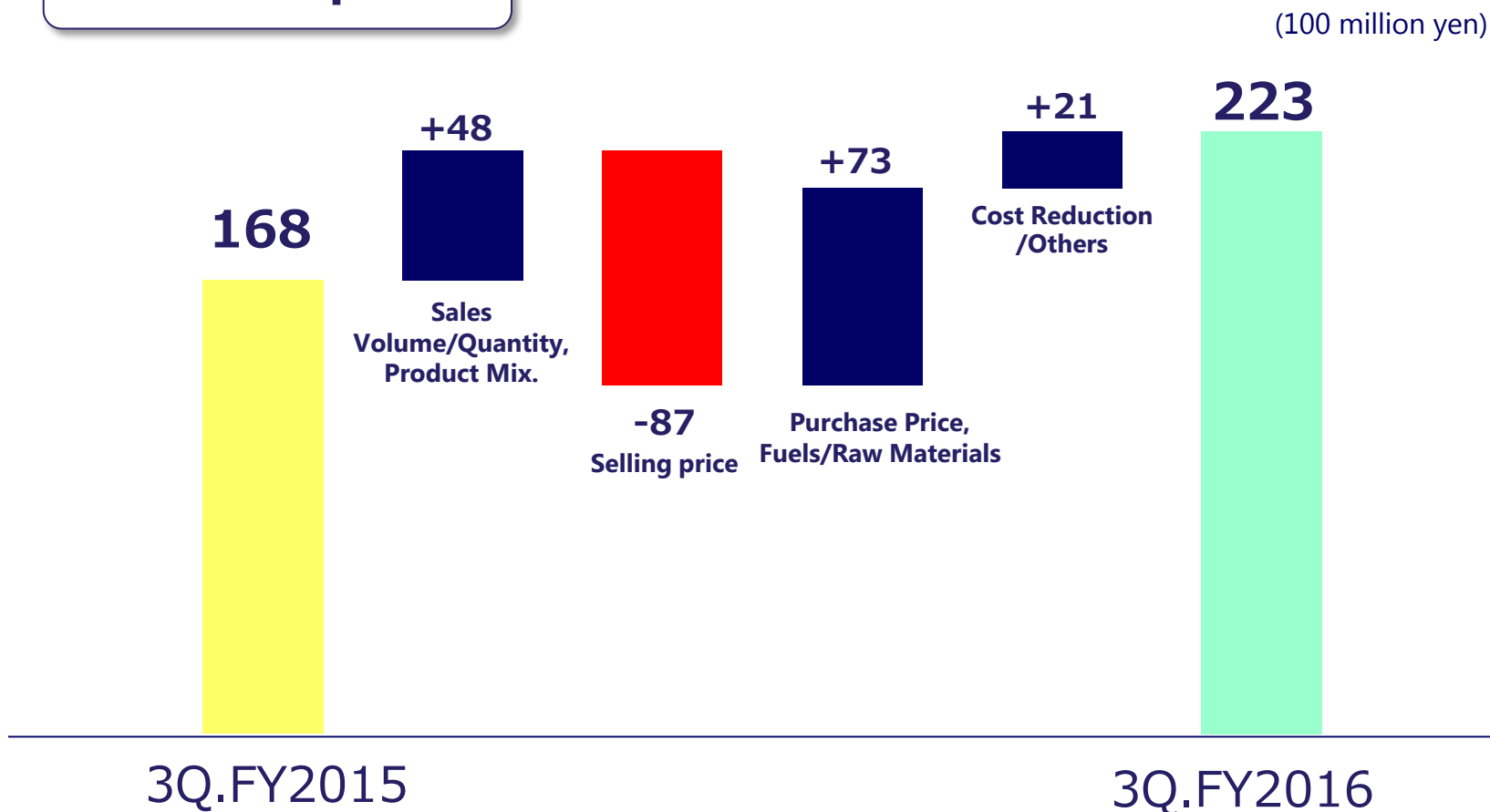


	3Q			1-3Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
	(100 million yen)					
<b>Net Sales</b>	3,310	<b>-3,150</b>	-161*	9,896	<b>9,399</b>	-497*
<b>Operating Profit</b>	168	<b>223</b>	+55	510	<b>622</b>	+111
other income/expenses	-5	<b>-105</b>		206	<b>-129</b>	
<b>Business Profit</b>	163	<b>118</b>	-45	716	<b>493</b>	-224
Financial income/cost	-14	<b>-13</b>		-14	<b>-21</b>	
<b>Profit before tax</b>	149	<b>104</b>	-45	703	<b>472</b>	-231
income tax expenses	57	<b>29</b>		257	<b>105</b>	
<b>Profit for the period</b>	92	<b>75</b>	-17	446	<b>367</b>	-79
attributable to owners of the parent	88	<b>59</b>	-29	427	<b>329</b>	-98
attributable to non-controlling interests	4	<b>17</b>		19	<b>38</b>	

\* Foreign exchange fluctuation resulted in -35.7 billion yen in Net sales in 3Q, and -73.3 billion yen in Net sales in 1-3Q total.

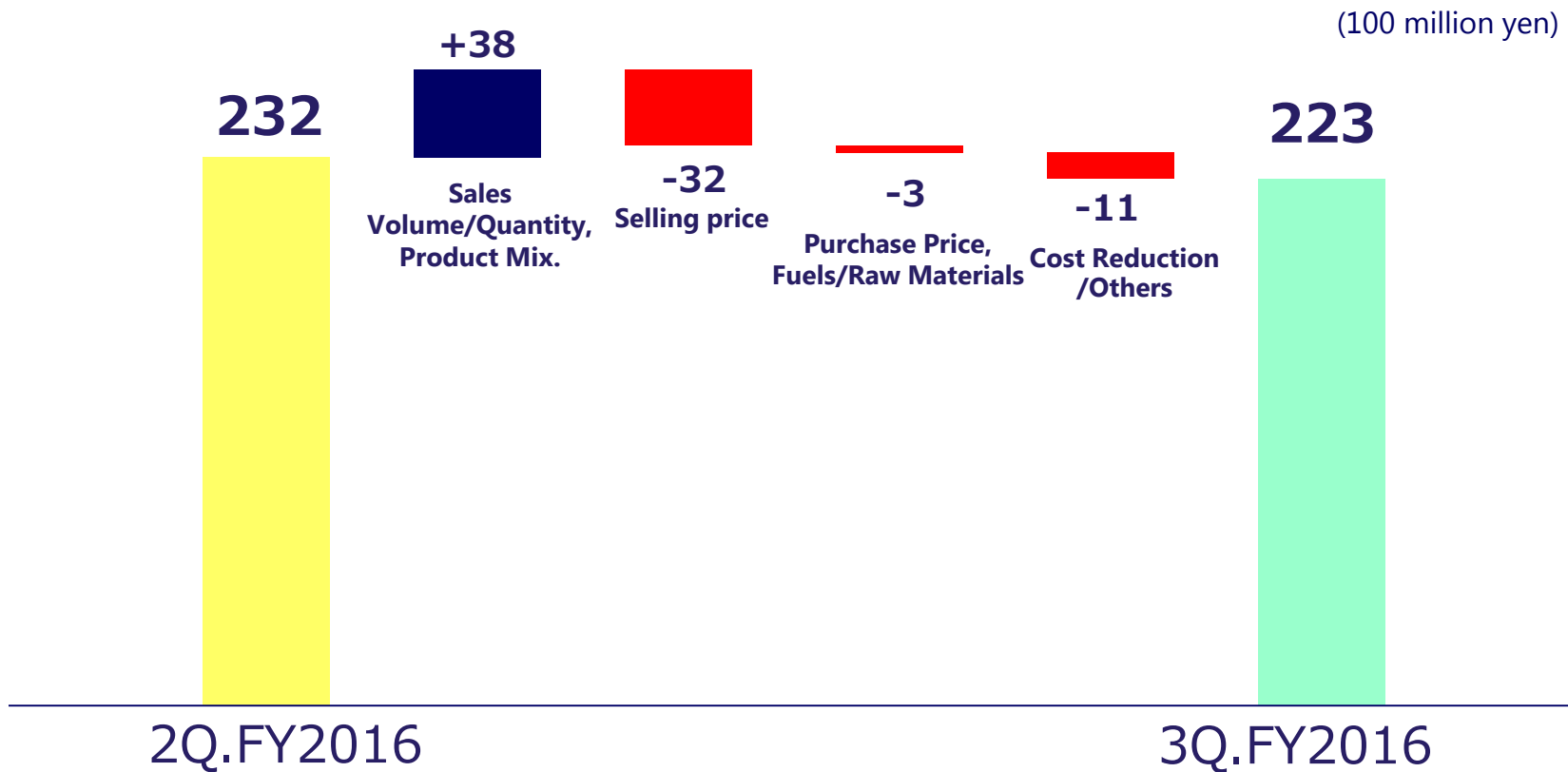
# Variance Analysis on OP(3Q.FY2016 vs. 3Q.FY2015) **AGC**

¥5.5 bn. up YoY



# Variance Analysis on OP(3Q.FY2016 vs. 2Q.FY2016) **AGC**

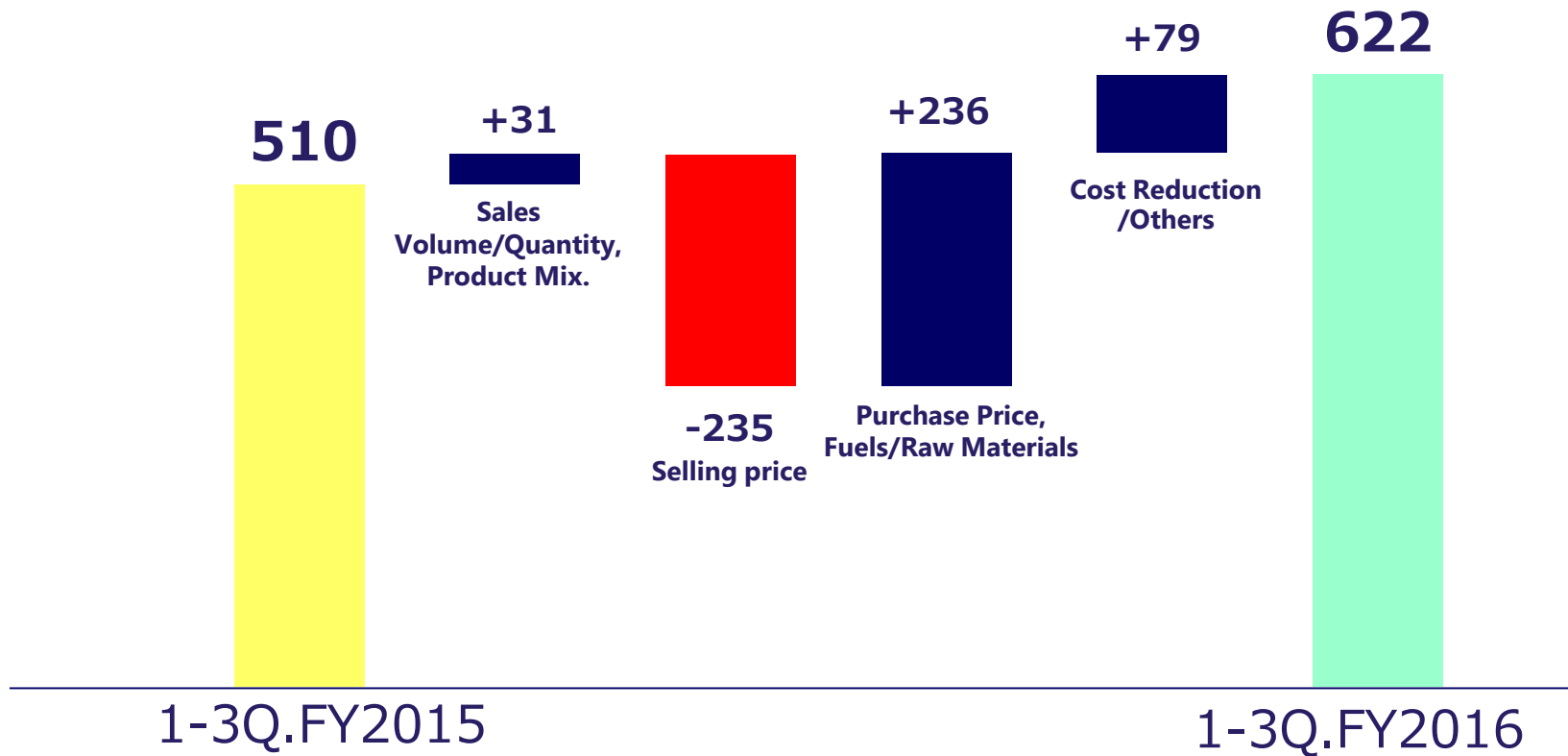
¥0.9 bn. down QoQ



# Variance Analysis on OP(1-3Q.FY2016 vs. 1-3Q.FY2015) **AGC**

**¥11.1 bn. up YoY**

(100 million yen)





# Consolidated Statement of Financial Position



	2015/12	2016/9	Change	(100 million yen)
Cash and cash equivalents	1,048	<b>1,276</b>	+227	
Inventories	2,354	<b>2,152</b>	-202	
Property, plant and equipment, Goodwill and Intangible assets	10,440	<b>9,377</b>	-1,063	
Other assets	6,071	<b>5,373</b>	-698	
<b>Total assets</b>	<b>19,913</b>	<b>18,177</b>	<b>-1,735*</b>	
Interest-bearing debt	4,687	<b>4,350</b>	-338	
Other liabilities	3,588	<b>3,366</b>	-222	
<b>Liabilities</b>	<b>8,275</b>	<b>7,715</b>	<b>-560</b>	
Total equity attributable to owners of the parent	10,942	<b>9,816</b>	-1,126	
Non-controlling interests	696	<b>647</b>	-49	
<b>Equity</b>	<b>11,638</b>	<b>10,462</b>	<b>-1,176</b>	
<b>Total liabilities and equity</b>	<b>19,913</b>	<b>18,177</b>	<b>-1,735*</b>	
<b>D/E ratio</b>	<b>0.40</b>	<b>0.42</b>		

\* -151.6 billion yen due to foreign exchange fluctuation

# Consolidated Statement of Cash Flow



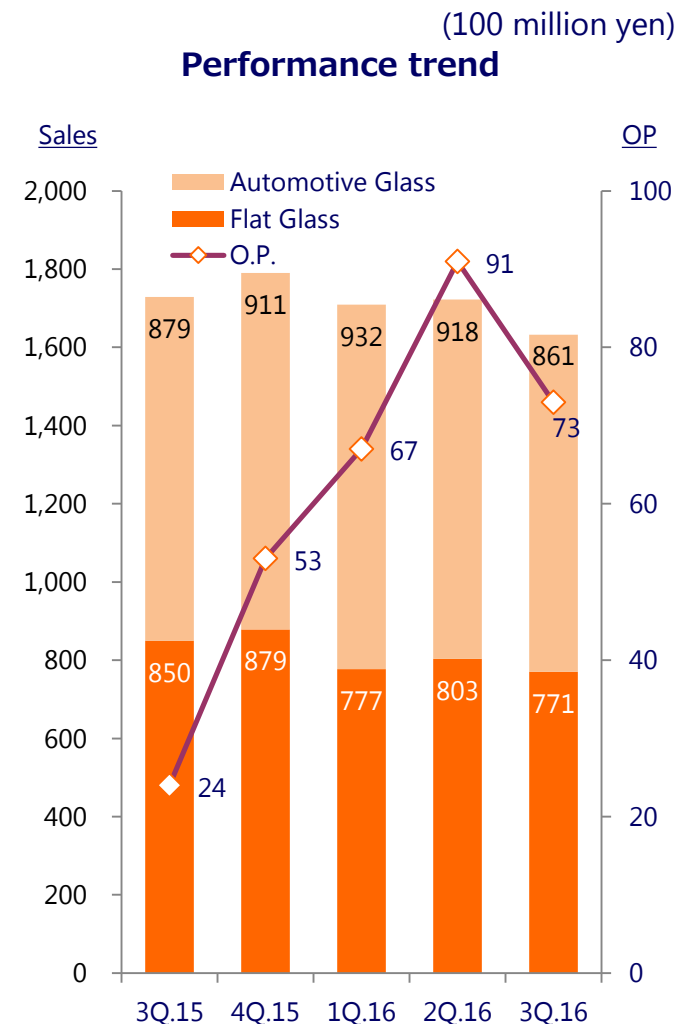
	3Q		1-3Q Total <small>(100 million yen)</small>	
	FY2015	FY2016	FY2015	FY2016
Profit before tax	149	<b>104</b>	703	<b>472</b>
Depreciation and amortization expense	344	<b>293</b>	1,036	<b>911</b>
Increase(decrease) in working capital	-79	<b>3</b>	-49	<b>35</b>
Others	-62	<b>-46</b>	-421	<b>-66</b>
<b>Cash flows from operating activities</b>	<b>352</b>	<b>355</b>	<b>1,268</b>	<b>1,352</b>
<b>Cash flows from investing activities</b>	<b>-431</b>	<b>-257</b>	<b>-955</b>	<b>-795</b>
<b>Free cash flow</b>	<b>-80</b>	<b>97</b>	<b>313</b>	<b>557</b>
Changes in interest-bearing debt	-25	<b>30</b>	-79	<b>-63</b>
Dividend paid	-104	<b>-104</b>	-208	<b>-208</b>
Others	-3	<b>-3</b>	-3	<b>-16</b>
<b>Cash flows from financing activities</b>	<b>-132</b>	<b>-78</b>	<b>-290</b>	<b>-288</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-29</b>	<b>-2</b>	<b>-17</b>	<b>-43</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>-241</b>	<b>18</b>	<b>6</b>	<b>227</b>

	3Q		1-3Q Total <small>(100 million yen)</small>	
	FY2015	<b>FY2016</b>	FY2015	<b>FY2016</b>
<b>CAPEX</b>	358	<b>235</b>	917	<b>879</b>
<b>Depreciation</b>	344	<b>293</b>	1,036	<b>911</b>
<b>R&amp;D</b>	94	<b>98</b>	288	<b>290</b>

## 2. Information by Business and Geographic Segment

■ Achieved OP up almost three-fold YoY both in 3Q and 1-3Q total.

	3Q			1-3Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net Sales	1,730	<b>1,635</b>	<b>-95</b>	5,148	<b>5,066</b>	<b>-82</b>
Operating profit	24	<b>73</b>	<b>+49</b>	77	<b>232</b>	<b>+155</b>
Breakdown of sales		Sub total	Japan & Asia	Americas	Europe	Elimination
Glass	3Q	1,635	738	288	645	-36
	1-3Q Total	5,066	2,175	907	2,096	-113
Flat glass	3Q	771	291	112	395	-27
	1-3Q Total	2,351	846	333	1,260	-88
Automotive glass	3Q	861	444	176	250	-10
	1-3Q Total	2,711	1,329	574	837	-29
Adjustment inside segment	3Q	4	2	-0	0	2
	1-3Q Total	4	0	0	-0	4



## 【YoY comparison for the first nine months】

### [Architectural Glass]

- Japan/Asia : Shipments stayed at the same level as the previous year.
- North America : Shipments remained robust.
- Europe : Shipments remained robust.
- Mainly in Europe and North America, selling prices increased to exceed the previous year's levels.

### [Automotive Glass]

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

## ■ Maintaining stable profitability.

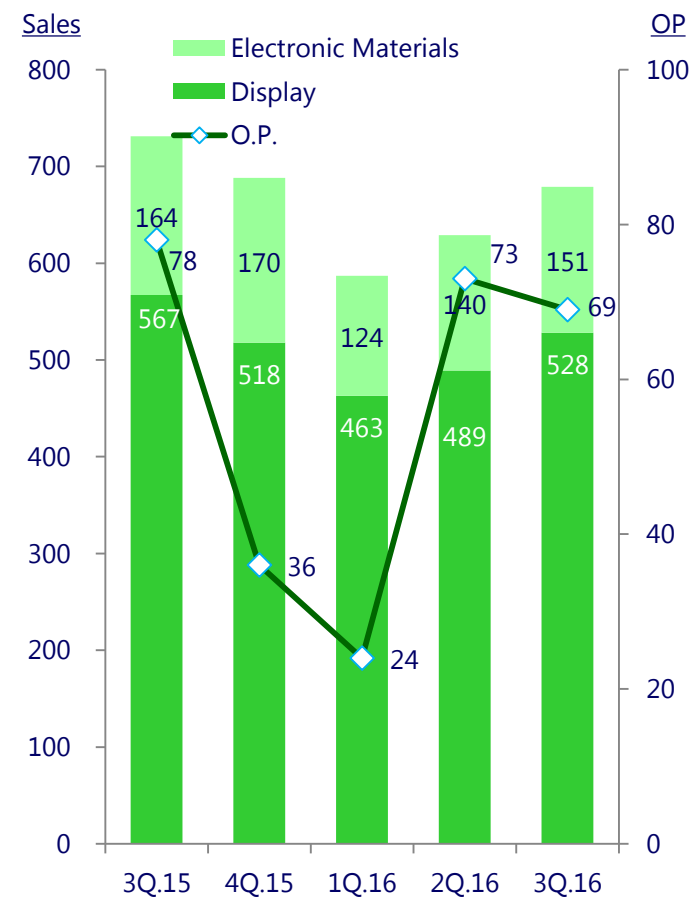
	3Q			1-3Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	731	<b>678</b>	-53	2,198	<b>1,894</b>	-304
Operating profit	78	<b>69</b>	-9	254	<b>165</b>	-89

### Breakdown of sales

Display	3Q	528
	1-3Q Total	1,479
Electronic Materials	3Q	151
	1-3Q Total	415

### Performance trend

(100 million yen)



## 【YoY comparison for the first nine months】

### [Display]

- LCD glass substrates: Shipments increased but selling prices decreased.
- Specialty glass for display applications: Shipments for electronics application decreased while shipments for automotive use increased.
- Glass for solar power systems: Shipments decreased.

### [Electronic Materials]

- Shipments of optoelectronics materials decreased.

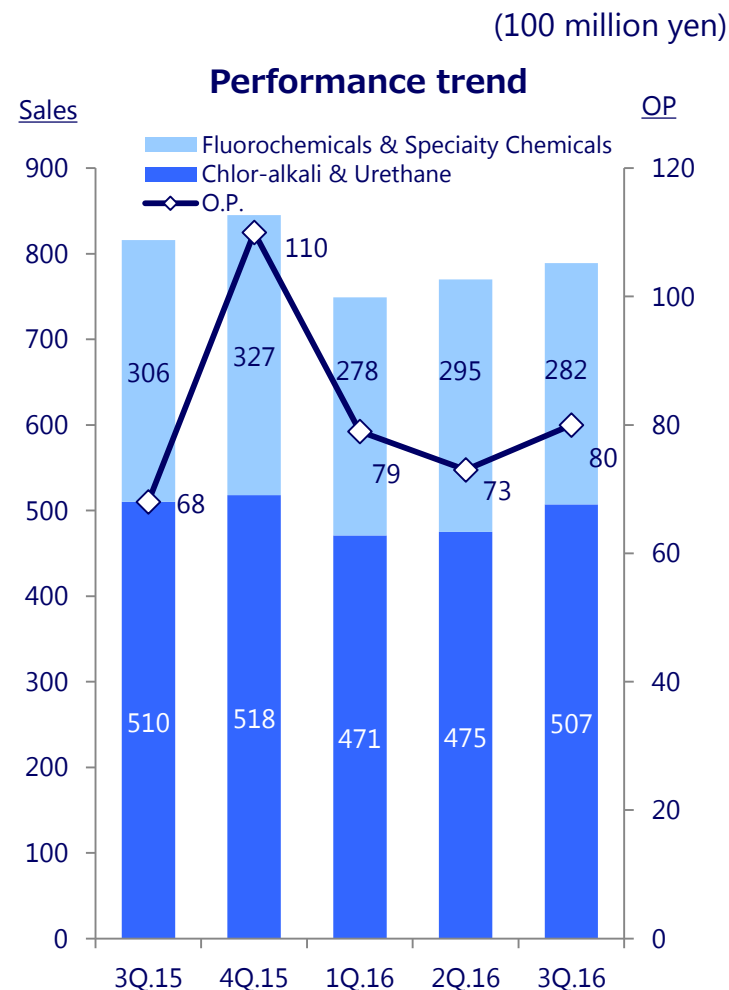


■ **OP up almost 20% YoY both in 3Q and 1-3Q total.**

	3Q			1-3Q Total		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Net sales	791	<b>770</b>	-21	2,365	<b>2,242</b>	-123
Operating profit	68	<b>80</b>	+12	196	<b>232</b>	+36

## Breakdown of sales

Chlor-alkali & Urethane	3Q	507
	1-3Q Total	1,453
Fluorochemicals & Specialty Chemicals	3Q	282
	1-3Q Total	854
Elimination	3Q	-18
	1-3Q Total	-65



## 【YoY comparison for the nine months】

### 〔Chlor-alkali & Urethane〕

- Shipments in Southeast Asia increased.
- Sales decreased as affected by a 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



	3Q			1-3Q Total			(100 million yen)
	FY2015	<b>FY2016</b>	Change	FY2015	<b>FY2016</b>	Change	
<b>Net sales</b>	3,310	<b>3,150</b>	-161	9,896	<b>9,399</b>	-497	
Glass	1,730	<b>1,635</b>	-95	5,148	<b>5,066</b>	-82	
Electronics	731	<b>678</b>	-53	2,198	<b>1,894</b>	-304	
Chemicals	791	<b>770</b>	-21	2,365	<b>2,242</b>	-123	
Ceramics/Other	153	<b>166</b>	+13	477	<b>515</b>	+38	
Elimination	-95	<b>-100</b>	-5	-292	<b>-318</b>	-26	
<b>Operation profit</b>	168	<b>223</b>	+55	510	<b>622</b>	+111	
Glass	24	<b>73</b>	+49	77	<b>232</b>	+155	
Electronics	78	<b>69</b>	-9	254	<b>165</b>	-89	
Chemicals	68	<b>80</b>	+12	196	<b>232</b>	+36	
Ceramics/Other	-4	<b>1</b>	+5	-18	<b>-5</b>	+13	
Elimination	1	<b>-1</b>	-2	2	<b>-2</b>	-4	

# Quarterly Performance Comparison by Business Segment

(100 million yen)

	2Q. FY2016	3Q. FY2016	Change	Change%
<b>Net sales</b>	3,170	<b>3,150</b>	-20	-0.6%
Glass	1,722	<b>1,635</b>	-87	-5.0%
Electronics	629	<b>678</b>	+49	+7.8%
Chemicals	746	<b>770</b>	+24	+3.2%
Ceramics/Other	181	<b>166</b>	-16	-8.7%
Elimination	-109	<b>-100</b>	+9	-
<b>Operating profit</b>	232	<b>223</b>	-9	-3.9%
Glass	91	<b>73</b>	-18	-19.3%
Electronics	73	<b>69</b>	-4	-5.6%
Chemicals	73	<b>80</b>	+7	+10.1%
Ceramics/Other	-3	<b>1</b>	+4	-
Elimination	-2	<b>-1</b>	+1	-

# YoY Performance Comparison by Geographic Segment **AGC**

	3Q			1-3Q Total (100 million yen)		
	FY2015	<b>FY2016</b>	Change	FY2015	<b>FY2016</b>	Change
<b>Net Sales</b>	3,310	<b>3,150</b>	-161	9,896	<b>9,399</b>	-497
Japan/Asia	2,275	<b>2,211</b>	-64	6,813	<b>6,369</b>	-444
Americas	401	<b>351</b>	-50	1,177	<b>1,105</b>	-73
Europe	738	<b>672</b>	-66	2,264	<b>2,195</b>	-69
Elimination	-105	<b>-85</b>	+20	-358	<b>-269</b>	+89
<b>Operation profit</b>	168	<b>223</b>	+55	510	<b>622</b>	+111
Japan/Asia	235	<b>277</b>	+41	722	<b>729</b>	+7
Americas	13	<b>8</b>	-6	32	<b>26</b>	-6
Europe	-8	<b>17</b>	+25	-21	<b>77</b>	+99
Elimination	-1	<b>-3</b>	-2	-4	<b>3</b>	+7
Cross-regional common expenses	-73	<b>-76</b>	-3	-218	<b>-213</b>	+5

# Quarterly Performance Comparison by Geographic Segment **AGC**

	2Q. FY2016	3Q. FY2016	Change	(100 million yen) Change%
<b>Net Sales</b>	3,170	<b>3,150</b>	-20	-0.6%
Japan/Asia	2,106	<b>2,211</b>	+105	+5.0%
Americas	371	<b>351</b>	-20	-5.3%
Europe	784	<b>672</b>	-111	-14.2%
Elimination	-91	<b>-85</b>	+7	-
<b>Operation profit</b>	232	<b>223</b>	-9	-3.9%
Japan/Asia	246	<b>277</b>	+31	+12.4%
Americas	12	<b>8</b>	-4	-36.2%
Europe	39	<b>17</b>	-22	-55.4%
Elimination	2	<b>-3</b>	-5	-
Cross-regional common expenses	-67	<b>-76</b>	-9	-

# The Impact of FOREX and Change in the Scope of Consolidation (Compared with 1-3Q.FY2015)

Net sales	(100 million yen)			
	Consolidated total*	Glass	Electronics	Chemicals
1-3Q. FY2016	<b>9,399</b>	<b>5,066</b>	<b>1,894</b>	<b>2,242</b>
Change vs. 1-3Q. FY2015	-497	-82	-304	-123
Change like-for-like vs. 1-3Q. FY2015	+152	+361	-263	+33
Impact of FOREX	-733	-527	-41	-155
Impact of Change in the Scope of Consolidation	+84	+84	-	-

\* 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



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

- ✓ 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 YoY due to the impact of “Income from revision of the defined benefit plan” posted for FY2015.

(100 million yen)

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

\* 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**

## 【QoQ comparison with 3Q.】

### 〔Glass〕

- Architectural Glass

Western Europe : Shipments are expected to increase thanks to the peak demand season.

Prices are expected to remain on upward trend as the tight demand and supply situation continues.

Japan : 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 remain strong globally despite possible slowdown in some emerging countries.

## 【QoQ comparison with 3Q.】

### 〔Electronics〕

- Display: Shipments of LCD glass substrates are expected to remain the same level or slightly decrease.
- Electronics Materials: Shipments of optoelectronics materials are expected to increase thanks to the high demand season.

### 〔Chemicals〕

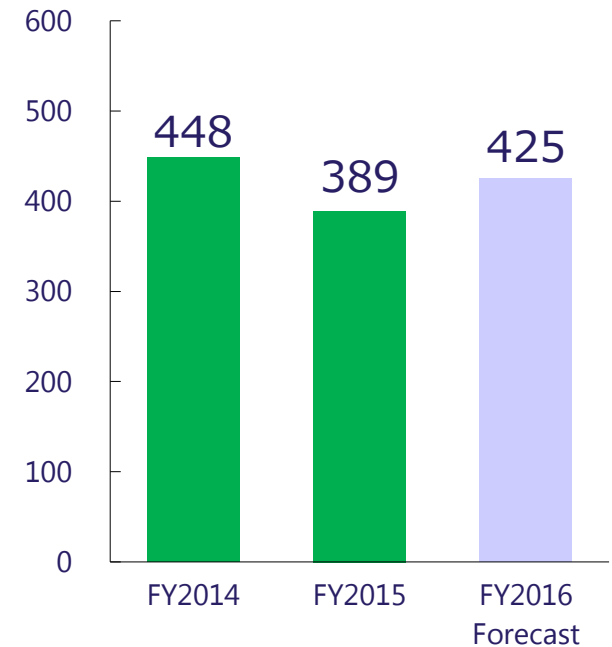
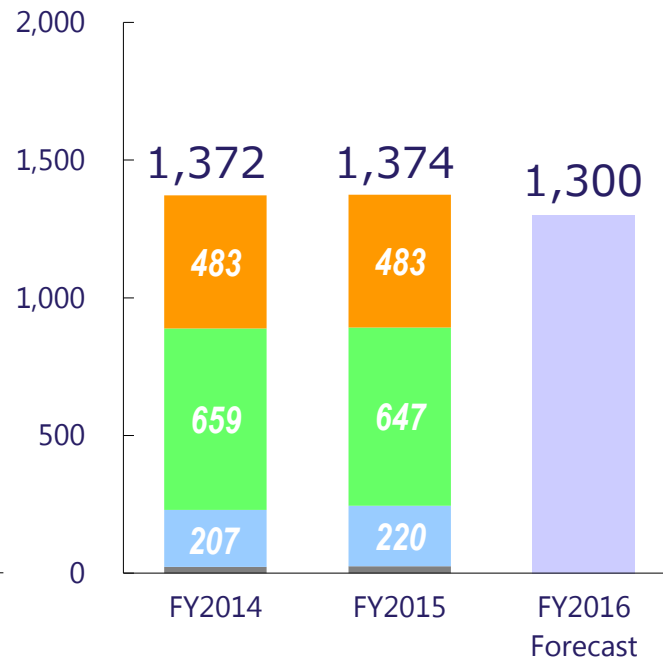
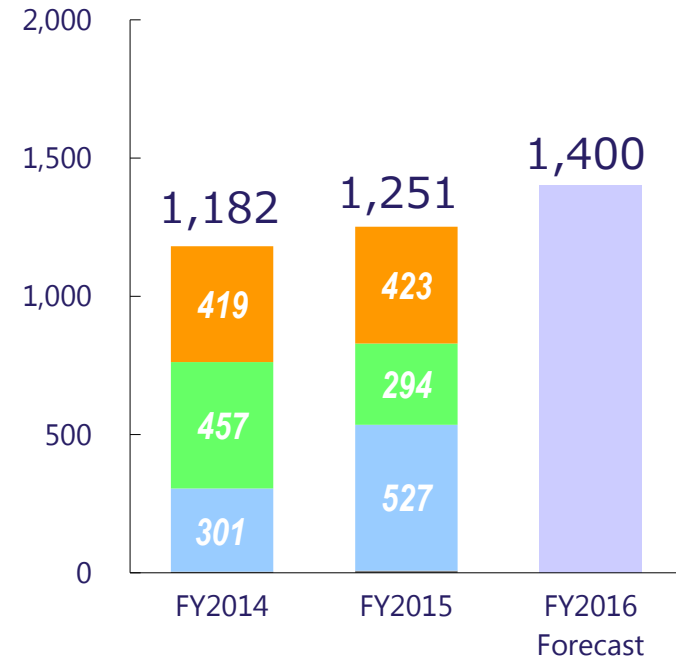
- Chlor-alkali (Overseas): Shipments are expected to increase thanks to the high demand season.  
Prices of PVC are likely to be on upward trend.
- Fluorochemicals & Specialty Chemicals: Shipments of Pharmaceutical and agrochemical intermediates and active ingredients are expected to increase.

(100 million yen)

## CAPEX

## Depreciation

## R&D

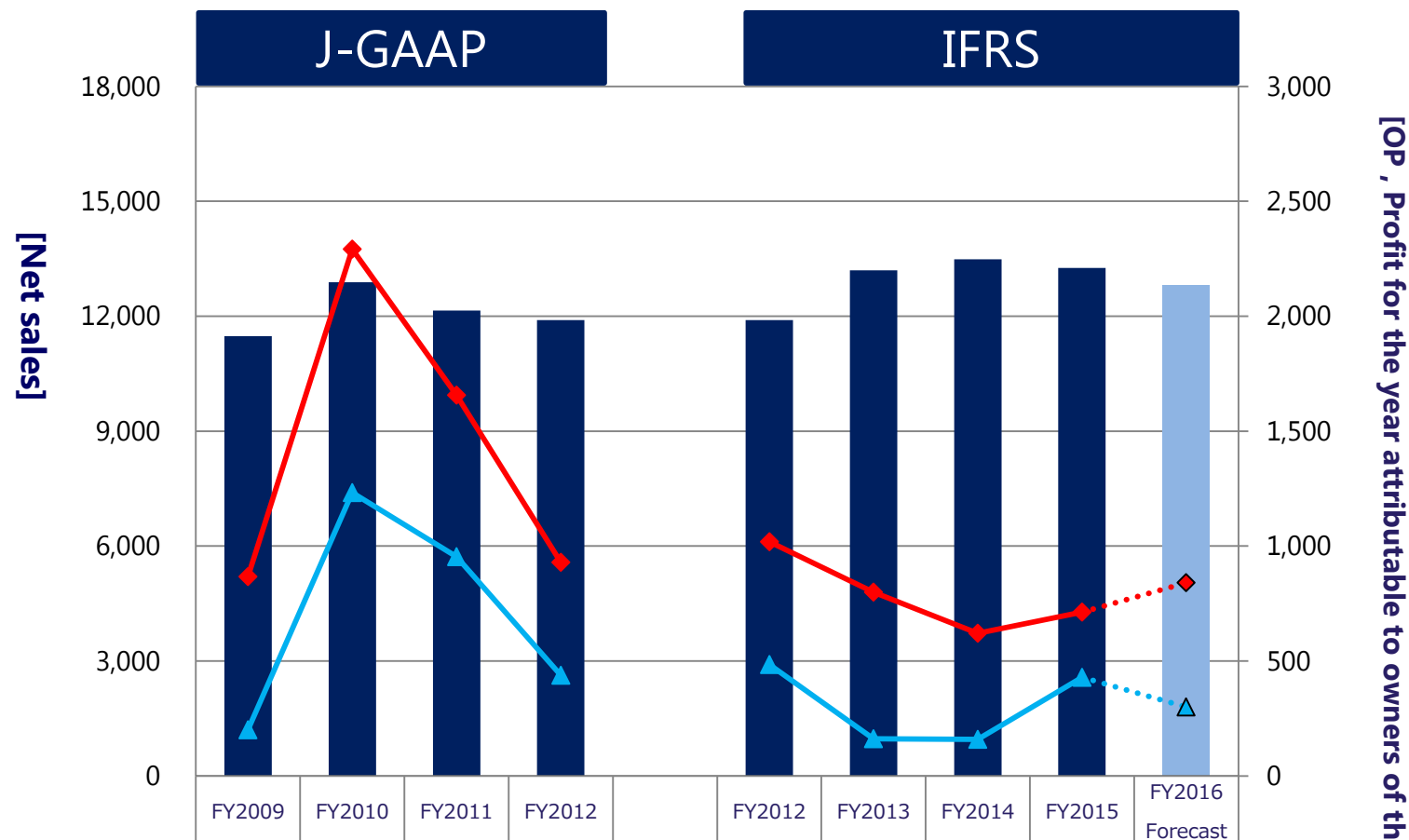


■ Glass   
 ■ Electronics   
 ■ Chemicals   
 ■ Ceramics / Other

# 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 <sup>*1</sup>	%	7.5%	4.7%	2.7%	15.8%	11.8%	5.0%	5.8%	1.6%	1.4%	3.9%
Return on assets <sup>*2</sup>	%	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 <sup>*3</sup>	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	102.43	105.0 <sup>*4</sup>
	At quarter end	120.17	122.45	119.96	120.61	120.61	112.68	102.91	101.12	
JPY / EUR	Average	134.18	134.16	135.98	132.95	134.31	127.23	122.02	114.28	115.0 <sup>*4</sup>
	At quarter end	130.32	137.23	134.97	131.77	131.77	127.70	114.39	113.36	

\*4 Assumption for FY2016 Second half



Date	Summary
February 5	Formulation of the AGC Group Corporate Governance Basic Policy
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 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 —
September 6	AGC Acquires a Leading German Biopharmaceutical CMO
September 15	AGC to Release Dragontrail™ Pro, a New Specialty Glass for Chemical Strengthening
October 3	AGC to Set Up Information Gathering and Marketing Bases in India and Dubai
October 31	AGC to pull out of the business for Glass Substrates used in HDDs

# Disclaimer

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