

Financial Results for the Nine Months ended September 30, FY2018

The AGC logo is displayed in a white rectangular box on the right side of the slide. The letters 'AGC' are in a bold, blue, sans-serif font. A small red square is positioned above the letter 'G'.

AGC Inc.

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Financial Results for the Nine Months ended September 30, FY2018

1. Highlights of the Financial Results

Highlights of the Financial Results for 1-3Q FY2018

YoY Comparision for the

1-3Q Total

Net sales	1,126.2 billion yen	(up 62.2 billion yen, +5.8% YoY)
Operating profit	87.0 billion yen	(up 4.6 billion yen, +5.5% YoY)
Profit before tax	91.0 billion yen	(up 10.3 billion yen, +12.8% YoY)
Profit for the period attributable to owners of the parent	64.9 billion yen	(up 4.3 billion yen, +7.1% YoY)

- **OP declined in Glass and Electronics segments. However, OP increase of Chemical segment exceeded this decline.**
- **Total net sales and OP increased, owing to shipment increase in each segment. However, increase rate was smaller compared to 1-2Q total mainly due to increase of raw materials and fuel prices.**

Consolidated Statements of Profit or Loss

	3Q			1-3Q Total			(100 million yen)
	FY2017	FY2018	Change	FY2017	FY2018	Change	
Net Sales	3,740	3,807	+ 67 *	10,640	11,262	+ 622 *	
Operating Profit	332	267	- 64	825	870	+ 46	
other income/expenses	-3	1		-15	34		
Business Profit	329	268	- 61	809	904	+ 95	
Financial income/cost	-11	-7		-2	6		
Profit before tax	318	261	- 57	807	910	+ 103	
income tax expenses	-61	-68		-127	-187		
Profit for the period	257	193	- 64	680	724	+ 44	
attributable to owners of the parent	231	168	- 63	606	649	+ 43	
attributable to non-controlling interests	26	25		74	75		
Forex(Average)	JPY/USD	111.03	111.46	111.92	109.61		
	JPY/EUR	130.38	129.63	124.55	130.97		
Crude Oil	\$/BBL (Dubai)	50.5	74.3	51.1	70.1		

*Foreign exchange impact resulted in -1.6 billion yen for 3Q, and +11.4 billion yen for 1-3Q total.

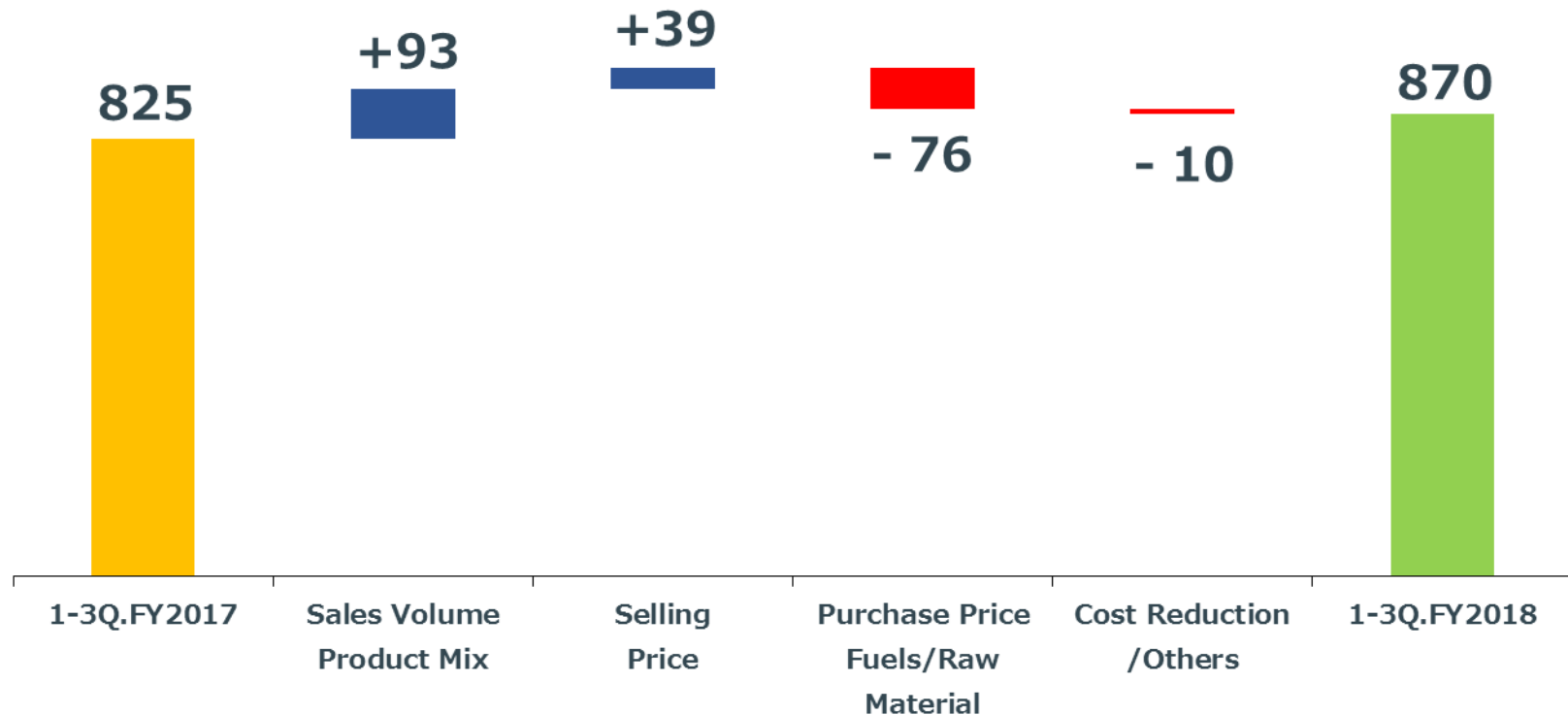
YoY Performance Comparison by Business Segment

	3Q			1-3Q Total (100 million yen)		
	FY2017	FY2018	Change	FY2017	FY2018	Change
Net sales	3,740	3,807	+ 67	10,640	11,262	+ 622
Glass	1,837	1,839	+ 2	5,408	5,655	+ 248
Electronics	681	651	- 30	1,905	1,850	- 55
Chemicals	1,157	1,252	+ 95	3,124	3,549	+ 425
Ceramics/Other	187	190	+ 3	525	588	+ 64
Elimination	-123	-125	- 2	-322	-380	- 59
Operation profit	332	267	- 64	825	870	+ 46
Glass	79	28	- 50	218	181	- 37
Electronics	77	62	- 15	168	162	- 6
Chemicals	168	166	- 1	427	503	+ 75
Ceramics/Other	8	11	+ 3	9	24	+ 15
Elimination	0	0	0	1	0	- 1

Variance Analysis on OP (1-3Q.FY2018 vs. 1-3Q.FY2017)

¥ 4.6 bn up from the same period last year

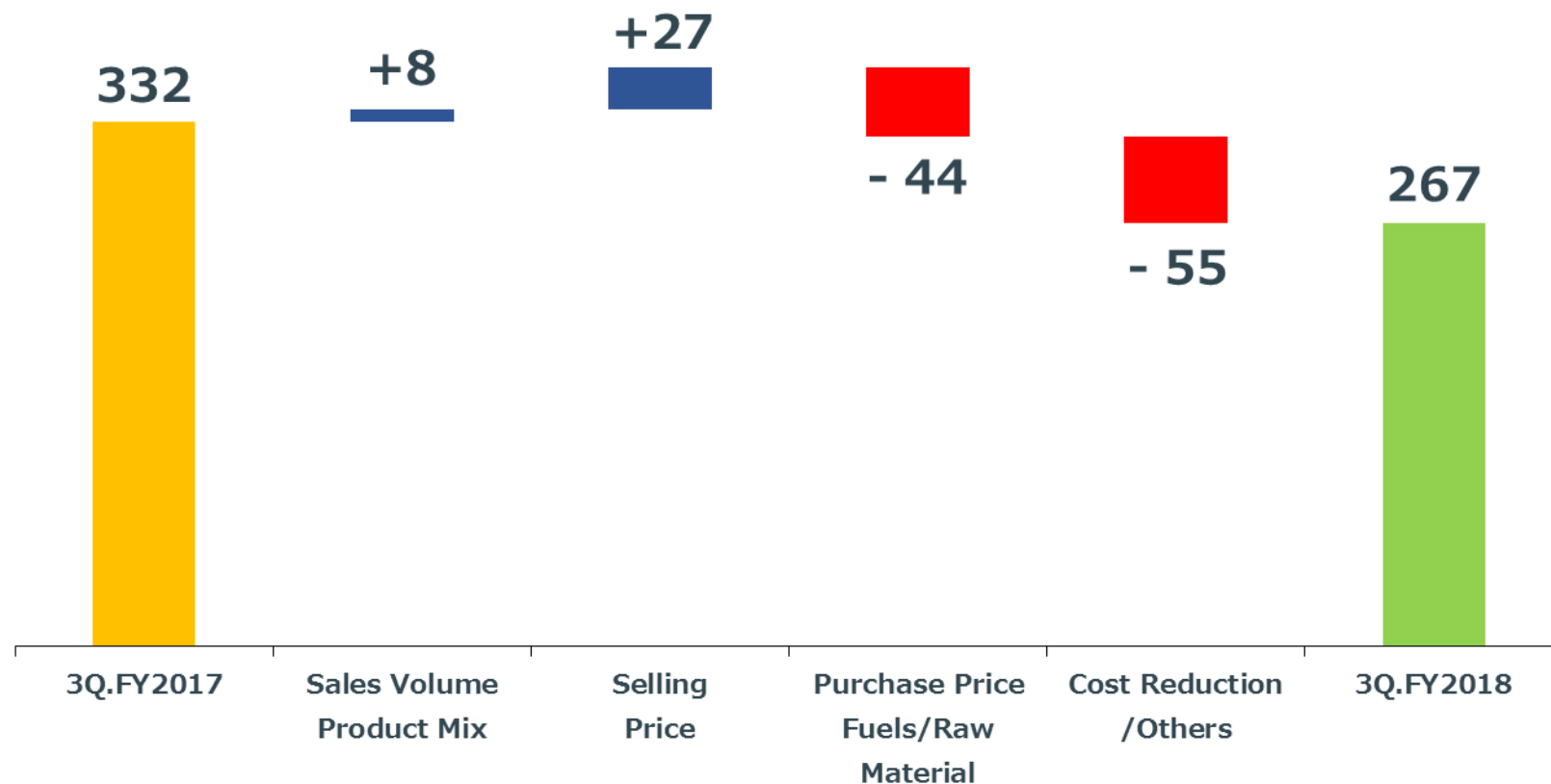
(100 million yen)



Variance Analysis on OP (3Q.FY2018 vs. 3Q.FY2017)

¥ 6.4 bn down from the same period last year

(100 million yen)



Quarterly Performance Comparison by Business Segment



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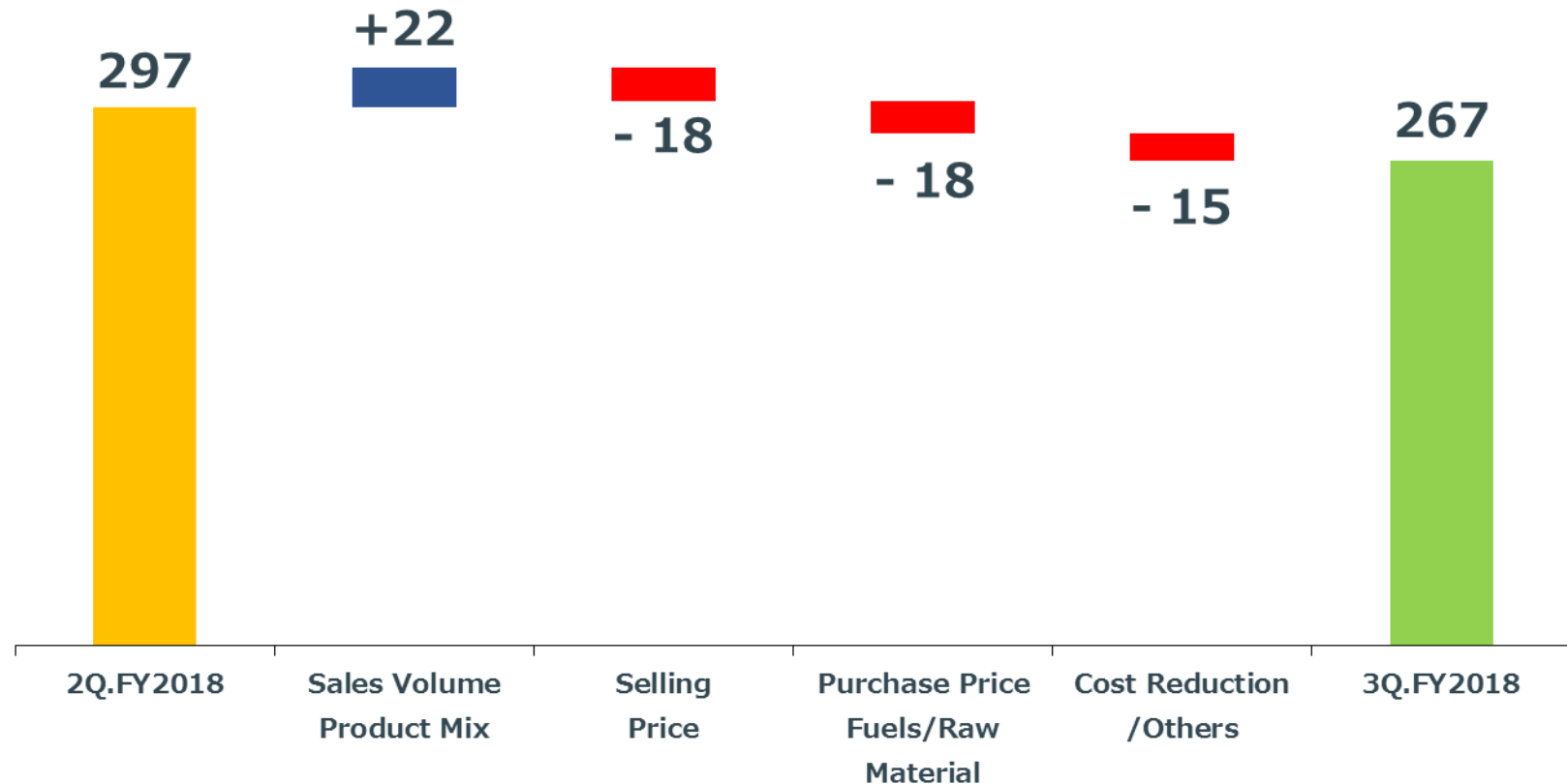
(100 million yen)

	2Q.FY2018	3Q.FY2018	Change	Change %
Net sales	3,730	3,807	+ 76	+2.0%
Glass	1,903	1,839	- 64	-3.4%
Electronics	610	651	+ 40	+6.6%
Chemicals	1,150	1,252	+ 102	+8.9%
Ceramics/Other	215	190	- 25	
Elimination	-148	-125	+ 23	
Operation profit	297	267	- 29	-9.9%
Glass	77	28	- 48	-63.2%
Electronics	43	62	+ 19	+44.8%
Chemicals	167	166	- 1	-0.6%
Ceramics/Other	11	11	0	
Elimination	0	0	0	

Variance Analysis on OP (3Q.FY2018 vs. 2Q.FY2018)

¥ 2.9 bn down from last quarter

(100 million yen)



Consolidated Statement of Financial Position

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(100 million yen)

	2017/12	2018/9	Change
Cash and cash equivalents	1,264	1,398	+ 134
Inventories	2,617	2,763	+ 146
Property, plant and equipment, Goodwill and Intangible assets	11,974	12,412	+ 438
Other assets	6,430	6,356	- 74
Total assets	22,286	22,930	+ 644
Interest-bearing debt	4,891	5,520	+ 629
Other liabilities	4,496	4,498	+ 2
Liabilities	9,387	10,018	+ 632
Total equity attributable to owners of the parent	11,840	11,776	- 64
Non-controlling interests	1,059	1,135	+ 76
Equity	12,899	12,911	+ 12
Total liabilities and equity	22,286	22,930	+ 644
D/E ratio	0.38	0.43	

Including
-24.2 billion
yen impact
from foreign
exchange

Including
-38.7 billion
yen impact
from foreign
exchange
impact

Consolidated Statement of Cash Flow

(100 million yen)

	3Q		1-3Q Total	
	FY2017	FY2018	FY2017	FY2018
Profit before tax	318	261	807	910
Depreciation and amortization expense	332	309	958	919
Increase(decrease) in working capital	-127	-107	-267	-281
Others	-119	-51	-198	-332
Cash flows from operating activities	404	412	1,301	1,217
Cash flows from investing activities	-341	-410	-1,564	-1,193
Free cash flow	64	2	-263	24
Changes in interest-bearing debt	91	363	161	572
Dividends paid	-115	-124	-219	-249
Others	-3	-160	-129	-171
Cash flows from financing activities	-27	79	-187	152
Effect of exchange rate changes on cash and cash equivalents	17	18	12	-42
Net increase(decrease) in cash and cash equivalents	54	99	-438	134

CAPEX, Depreciation and R&D

(100 million yen)

	3Q		1-3Q Total	
	FY2017	FY2018	FY2017	FY2018
CAPEX	355	543	1,017	1,723
Depreciation	332	309	958	919
R&D	110	121	316	338

The Impact of FOREX and Change in the Scope of Consolidation (Compared with the same period of last year)

(100 million yen)

Net sales	Consolidated total*	Glass	Electronics	Chemicals
1-3Q.FY2018	11,262	5,655	1,850	3,549
Change vs. 1-3Q. FY2017	+ 622	+ 248	- 55	+ 425
[Change vs. 1-3Q. FY2017, excluding impacts below]	+ 389	+ 210	- 62	+ 237
Impact of FOREX	+ 113	+ 86	+ 7	+ 20
Impact of Change in the Scope of Consolidation	+ 119	- 49	-	+ 168

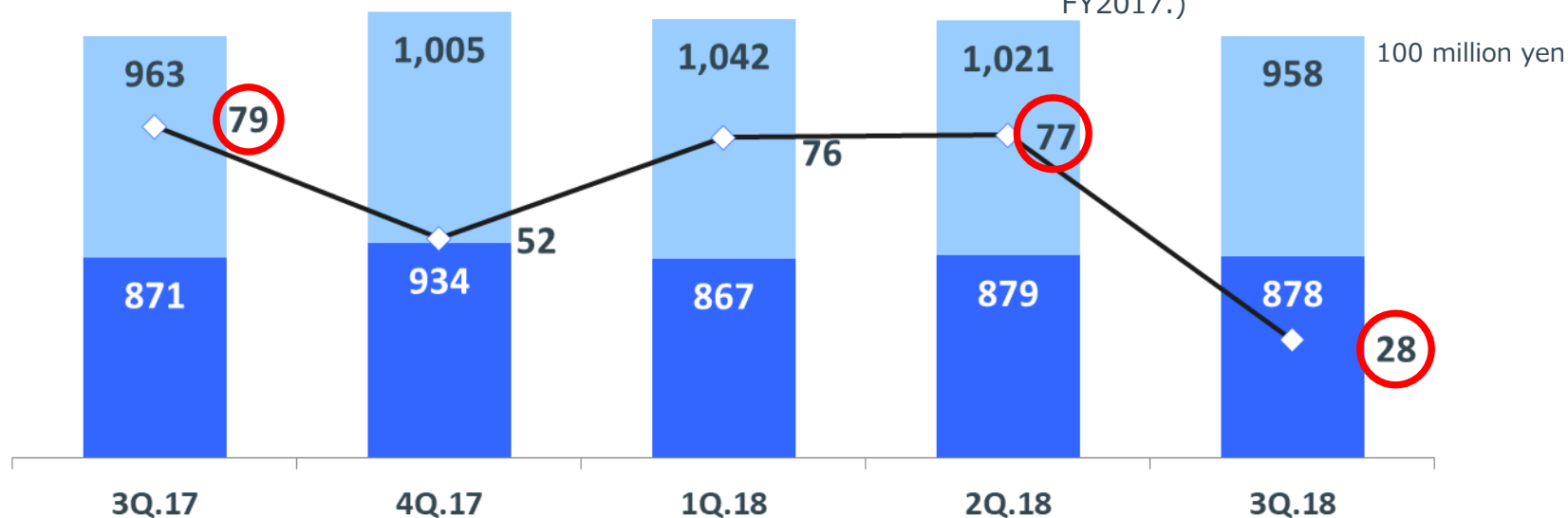
*The amount of consolidated total includes the amount of Ceramics/Other and elimination, therefore it may not be equal to the sum of each segment.

2. Business and Geographic Segments

Glass Segment (1)

	3Q			1-3Q Total		
	FY2017	FY2018	Change	FY2017	FY2018	Change
Net sales	1,837	1,839	+ 2	5,408	5,655	+ 248
Flat glass	871	878	+ 7	2,545	2,624	+ 79
Automotive glass (Inter-segment)	963	958	- 5	2,855	3,022	+ 167
	3	3		7	9	
Operating profit	79	28	- 50	218	181	- 37

■ Flat glass ■ Automotive glass ◆ O.P.



[YoY comparison for the first nine months]

[Net sales] Increased

Architectural Glass

- Shipments in Europe were favorable. Appreciation of Euro helped increase sales on Yen basis.

Automotive Glass

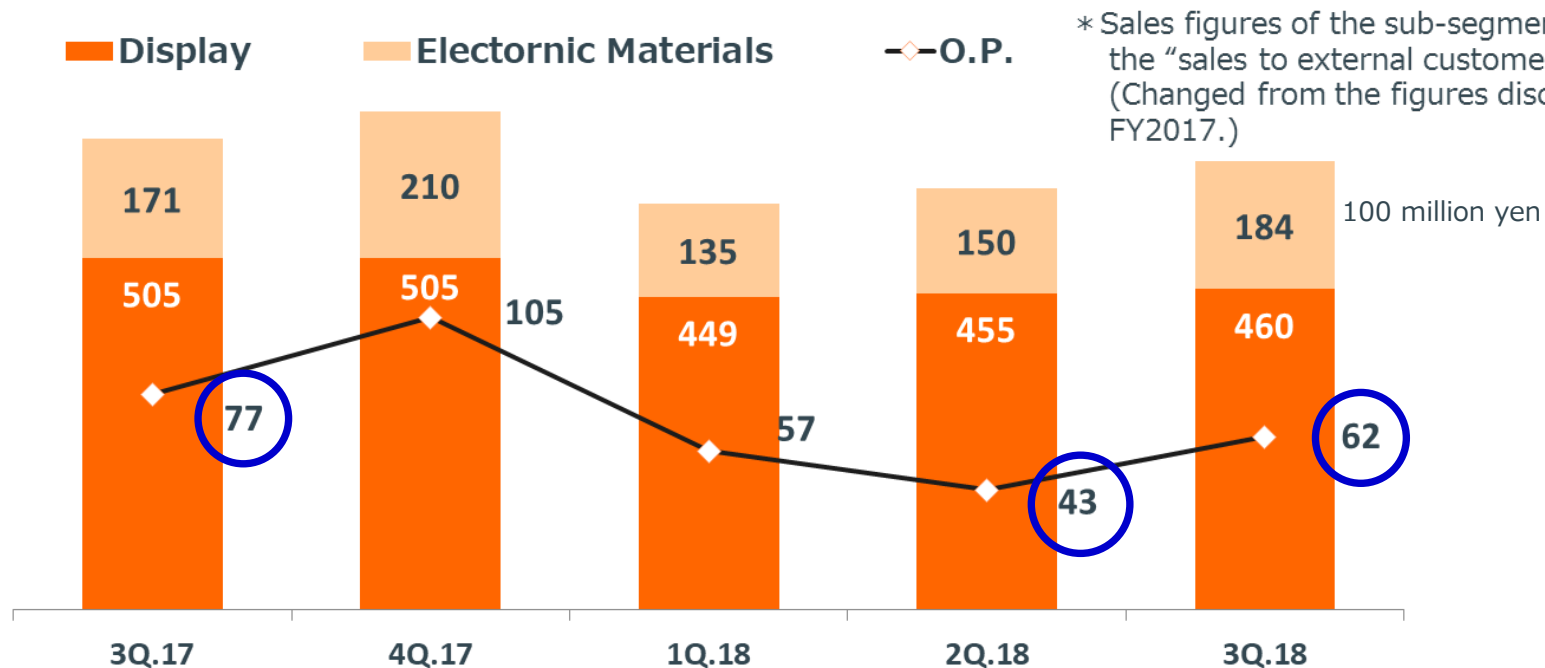
- Shipments in all regions were favorable. Appreciation of Euro helped increase sales on Yen basis.

[Operating profit] Decreased

- Increase of manufacturing costs and distribution costs due to global increase of raw materials and fuel prices, such as heavy oil and natural gas.
- Deterioration of automotive glass' sales mix in North America.

Electronics Segment (1)

	3Q			1-3Q Total		
	FY2017	FY2018	Change	FY2017	FY2018	Change
Net sales	681	651	- 30	1,905	1,850	- 55
Display	505	460	- 45	1,451	1,364	- 87
Electronic Materials	171	184	+ 13	441	470	+ 29
(Inter-segment)	5	6		13	16	
Operating profit	77	62	- 15	168	162	- 6



* Sales figures of the sub-segment presents the "sales to external customers".
 (Changed from the figures disclosed in FY2017.)

[YoY comparison for the first nine months]

[Net sales] Decreased

Display

-LCD glass substrates

- Shipments stayed at the same level, price decline range became more moderate.

-Specialty glass for display applications

- Shipment of 3Q increased, but still weak, YoY.

-Cover glass for car-mounted displays

- Shipments increased significantly for Europe.

Semiconductor-related products

- Shipments of optoelectronics materials declined, but shipments of semiconductor-related products increased.

[Operating profit] Decreased

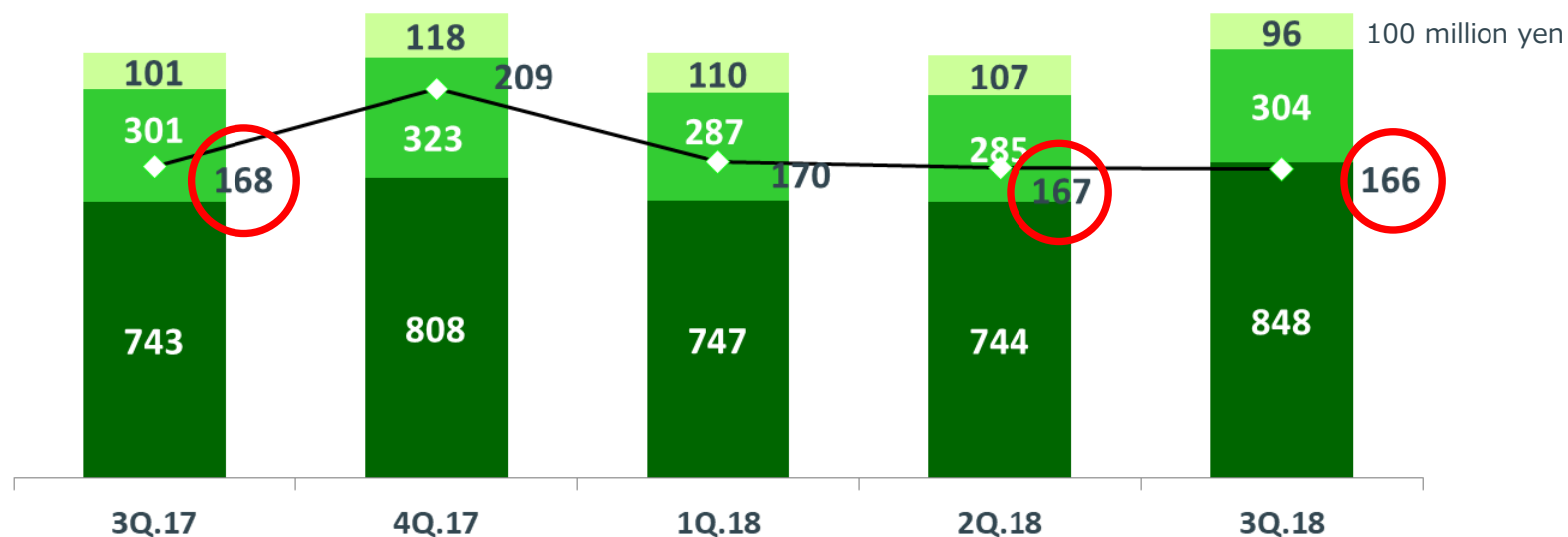
- Semiconductor-related products remained favorable.
- Specialty glass for display applications: slow sales and decline in profit due to inventory clearance of some products.

Chemicals Segment (1)

	3Q			1-3Q Total			(100 million yen)
	FY2017	FY2018	Change	FY2017	FY2018	Change	
Net sales	1,157	1,252	+ 95	3,124	3,549	+ 425	
Chlor-alkali & Urethane	743	848	+ 105	1,993	2,339	+ 347	
Fluorochemicals & Specialty	301	304	+ 4	862	877	+ 15	
Life science	101	96	- 5	248	313	+ 65	
(Inter-segment)	12	3		21	19		
Operating profit	168	166	- 1	427	503	+ 75	

* Sales figures of the sub-segment presents the "sales to external customers". (Changed from the figures disclosed in FY2017.)

■ Chlor-alkali & Urethane ■ Fluorochemicals & Specialty Chemicals ■ Life Science ◆ O.P.



[YoY comparison for the first nine months]

[Net sales] Increased

Chlor-alkali & Urethane

- Selling price of caustic soda increased in Japan and Southeast Asia.
- Full-term contribution of Vinythai which was consolidated in March 2017.

Fluorochemicals & Specialty Chemicals

- Shipments of fluorochemicals products remained favorable, such as fluorinated resins used for semiconductor related applications.

Life Science

- Full-term contribution of CMC Biologics consolidated in Feb 2017.
- Bio-pharmaceutical business growing steadily.

[YoY comparison for the first nine months]

[Operating profit] Increased

- Full-term contribution of Vinythai which was consolidated in March 2017.
- Increase of margin in Chlor-alkali products.
- Increase of selling price in fluorochemical products.
- Full-term contribution of CMC Biologics consolidated in February 2017.

YoY Performance Comparison by Geographic Segment

	3Q			1-3Q Total			(100 million yen)
	FY2017	FY2018	Change	FY2017	FY2018	Change	
Net sales	3,740	3,807	+ 67	10,640	11,262	+ 622	
Japan & Asia	2,499	2,572	+ 73	7,031	7,366	+ 335	
Americas	422	396	- 26	1,189	1,232	+ 43	
Europe	819	839	+ 20	2,419	2,663	+ 244	
Operating profit	332	267	- 64	825	870	+ 46	
Japan & Asia	380	347	- 33	945	995	+ 49	
Americas	10	13	+ 3	36	46	+ 10	
Europe	29	27	- 2	91	128	+ 37	
Cross-regional common expenses	-88	-120	- 32	-248	-298	- 51	

* Sales figures of Geographic segment presents the breakdown of "sales to external customers". Operating profit is adjusted as well. Therefore, figures of FY2017 in this presentation differs from which disclosed in FY2017.

Quarterly Performance Comparison by Geographic Segment



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(100 million yen)

	2Q.FY2018	3Q.FY2018	Change	Change %
Net sales	3,730	3,807	+ 76	+2.0%
Japan & Asia	2,391	2,572	+ 181	+7.6%
Americas	414	396	- 18	-4.3%
Europe	925	839	- 87	-9.4%
Operating profit	297	267	- 29	-9.9%
Japan & Asia	320	347	+ 27	+8.6%
Americas	17	13	- 4	-23.1%
Europe	57	27	- 30	-53.5%
Cross-regional common expenses	-97	-120	- 22	-

* Sales figures of Geographic segment presents the breakdown of "sales to external customers". Operating profit is adjusted as well. Therefore, figures of FY2017 in this presentation differs from which disclosed in FY2017.

YoY Performance Comparison by Geographic Segment

Your Dreams, Our Challenge

(100 million yen)

		Japan & Asia	Americas	Europe	Inter- segment	Total	
Glass	Flat glass	1-3Q.FY2018	836	340	1,449	-	-
		1-3Q.FY2017	878	347	1,320	-	-
	Automotive glass	1-3Q.FY2018	1,511	558	954	-	-
		1-3Q.FY2017	1,415	557	883	-	-
		1-3Q.FY2018	2,346	897	2,403	9	5,655
		1-3Q.FY2017	2,293	904	2,204	7	5,408
Electronics	1-3Q.FY2018	1,709	93	33	16	1,850	
	1-3Q.FY2017	1,790	73	29	13	1,905	
Chemicals	1-3Q.FY2018	3,059	242	228	19	3,549	
	1-3Q.FY2017	2,703	213	187	21	3,124	
Ceramics/Other	1-3Q.FY2018	252	-	-	337	588	
	1-3Q.FY2017	245	-	-	280	525	
Elimination	1-3Q.FY2018	-	-	-	-380	-380	
	1-3Q.FY2017	-	-	-	-322	-322	
Total Net Sales	1-3Q.FY2018	7,366	1,232	2,663	-	11,262	
	1-3Q.FY2017	7,031	1,189	2,419	-	10,640	

* Sales figures of Geographic segment presents the breakdown of "sales to external customers". Therefore, figures of FY2017 in this presentation differs from the figures disclosed in FY2017.

YoY Performance Comparison by Geographic Segment

(100 million yen)

		Japan & Asia	Americas	Europe	Inter- segment	Total	
Glass	Flat glass	3 Q .FY2018	290	111	477	-	-
		3 Q .FY2017	295	129	446	-	-
	Automotive glass	3 Q .FY2018	499	177	282	-	-
		3 Q .FY2017	488	185	290	-	-
		3 Q .FY2018	790	287	759	3	1,839
		3 Q .FY2017	783	315	736	3	1,837
Electronics	3 Q .FY2018	603	31	10	6	651	
	3 Q .FY2017	638	27	11	5	681	
Chemicals	3 Q .FY2018	1,102	78	69	3	1,252	
	3 Q .FY2017	993	80	72	12	1,157	
Ceramics/Other	3 Q .FY2018	77	-	-	113	190	
	3 Q .FY2017	84	-	-	103	187	
Elimination	3 Q .FY2018	-	-	-	-125	-125	
	3 Q .FY2017	-	-	-	-123	-123	
Total Net Sales	3 Q .FY2018	2,572	396	839	-	3,807	
	3 Q .FY2017	2,499	422	819	-	3,740	

* Sales figures of Geographic segment presents the breakdown of "sales to external customers". Therefore, figures of FY2017 in this presentation differs from the figures disclosed in FY2017.

Outlook for FY2018

FY2018 Forecast

Your Dreams, Our Challenge

(100 million yen)

1-4Q Total

	FY2017	FY2018 Forecast	Change	Change%	FY2018 Forecast As of July 31	Change
Net sales	14,635	15,200	+565	+3.9%	15,500	-300
Operating profit	1,196	1,200	+4	+0.3%	1,350	-150
Profit before tax	1,144	1,150	+6	+0.5%	1,230	-80
Profit for the year attributable to owners of the parent	692	770	+78	+11.3%	800	-30
Dividend (yen/share) ^{*1}	105	110				
Operating profit margin	8.2%	7.9%				
ROE	6.1%	6.5%				
Forex (Average)	JPY/USD	112.19	110.0			
	JPY/EUR	126.67	130.8			
Crude oil	\$/BBL(Dubai)	53.2	72.6			

*1 Dividend(yen/share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

*2 ROE of FY2018 Forecast is calculated by using the Attributable to owners of the parent as of Sep.30, 2018.

*3 Assumption for FY2018 second half: 130.0 JPY/EUR.

*4 Assumption for FY2018 second half: 70.0 \$/BBL(Dubai).

[4Q Forecast, QoQ]

[Glass]

- Architectural Glass: shipments are expected to increase in Japan & Asia and Europe due to high season.
- Automotive Glass: productivity improvement is forecasted, however, trading risk will also be watched.
- Raw materials and fuel prices are forecasted to be at the same level.

[Electronics]

- LCD glass substrates: shipments are expected to be at the same level, price decline range is expected to be more moderate.
- Specialty glass for display applications: shipments are expected to increase, but we are planning an inventory clearance of some products.
- Cover glass for car-mounted display: shipments are expected to remain favorable.
- Electronic materials: optoelectronic materials are expected to continue to recover.

[4Q Forecast, QoQ]

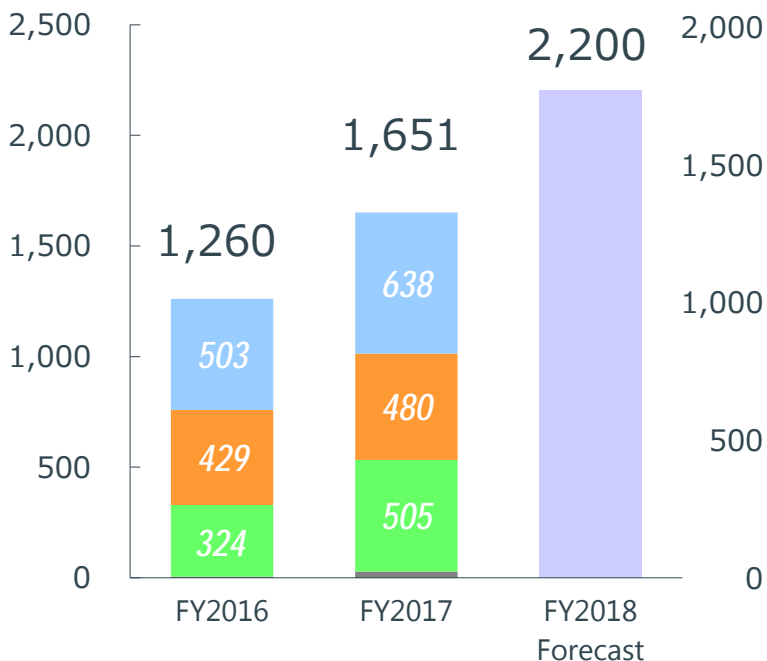
[Chemicals]

- Chlor-Alkali & Urethane: shipment and selling price are expected to remain at the same level.
- Fluorochemicals & Speciality: shipment is expected to be favorable.
- Life science: sales will continue to grow, mainly in the bio-pharmaceutical businesses.

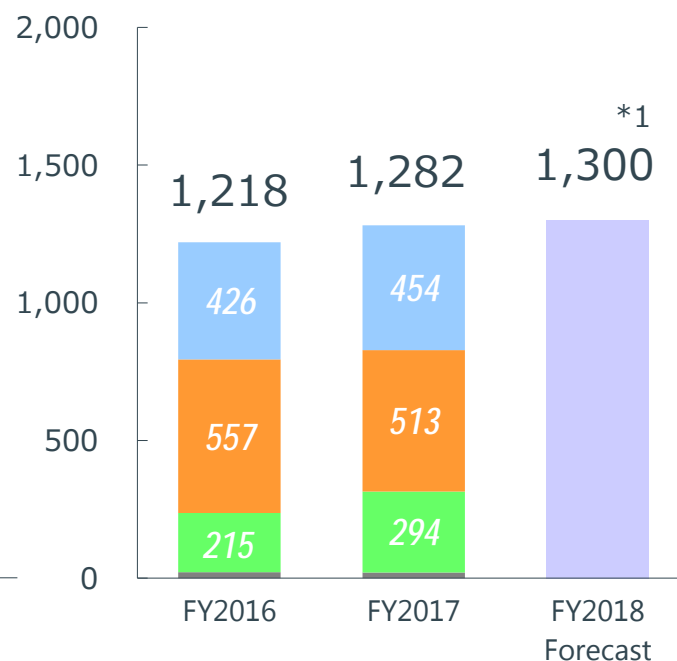
CAPEX / Depreciation / R&D

(100 million yen)

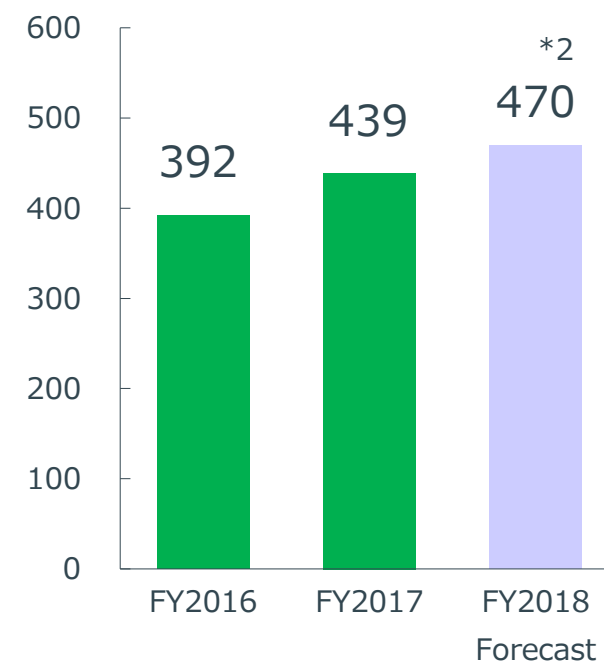
CAPEX



Depreciation



R&D



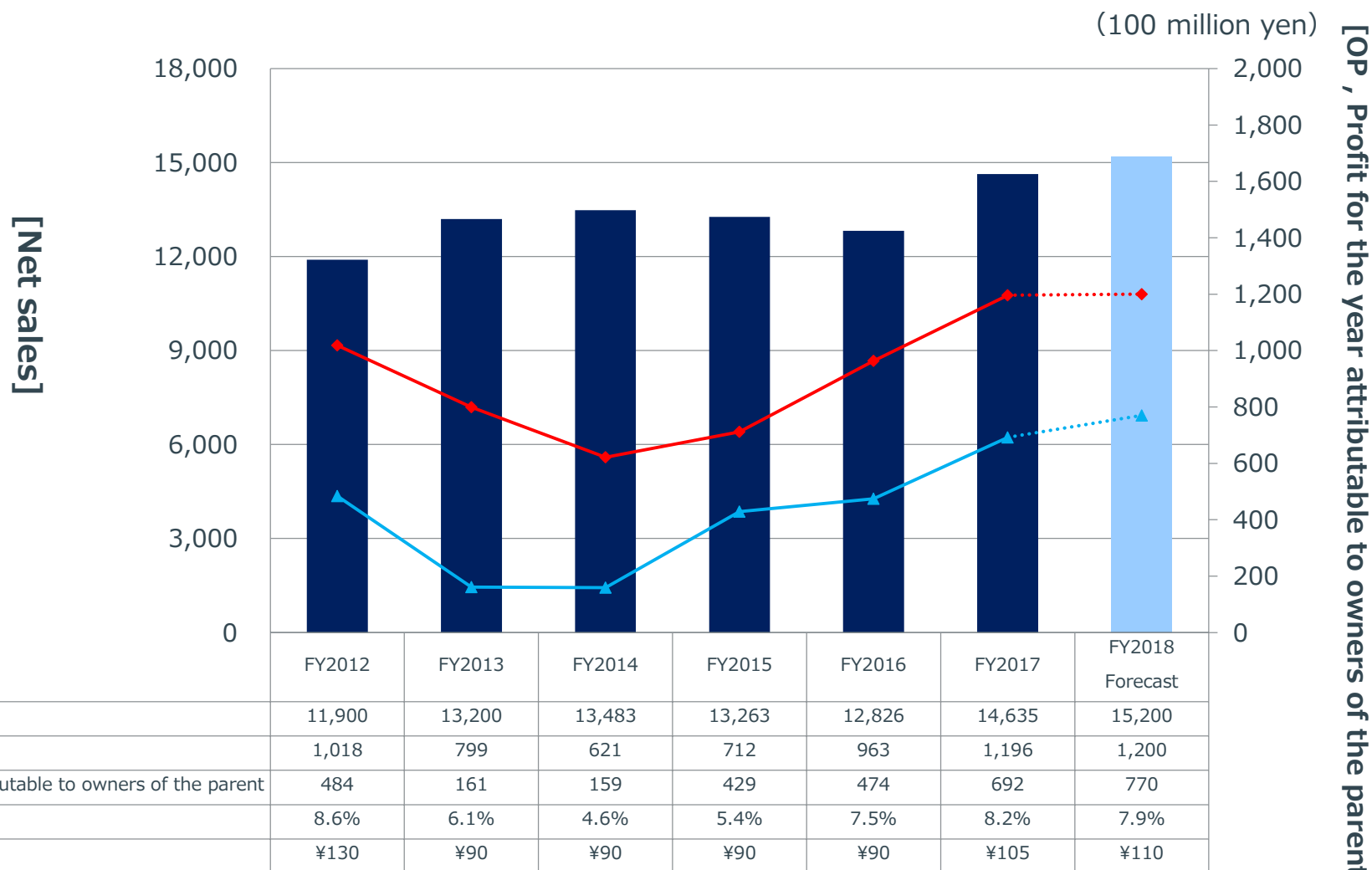
■ Glass
 ■ Electronics
 ■ Chemicals
 ■ Ceramics / Other

*1 Changed from the initial forecast of 1,350 million yen on 31 July, 2018.

*2 Changed from the initial forecast of 450 million yen on 31 July, 2018.

Appendix

Changes in the Financial Results



(※) Dividend (per share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

		IFRS					
		12/12	13/12	14/12	15/12	16/12	17/12
Return on equity ^{*1}	%	5.8%	1.6%	1.4%	3.9%	4.3%	6.1%
Return on assets ^{*2}	%	5.6%	4.0%	3.0%	3.5%	4.8%	5.7%
Equity ratio	%	47%	51%	54%	55%	55%	53%
Debt/Equity ratio	times	0.56	0.50	0.42	0.40	0.37	0.38
CF from Operating Activities/Interest-bearing debt	times	0.32	0.29	0.27	0.40	0.47	0.42
Earnings (per share) ^{*3}	Yen	209.51	69.85	68.85	185.60	205.14	302.12
EBITDA ^{*4}	100 million yen	2,000	1,866	1,859	2,284	1,958	2,499

*1 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 (per share) is adjusted to reflect the 5 into 1 share consolidation implemented on 1 July 2017.

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

Exchange rates		FY2017					FY2018			
		1 Q	2 Q	3 Q	4 Q	Ave.	1 Q	2 Q	3 Q	Ave.
JPY / USD	Average	113.64	111.09	111.03	112.98	112.19	108.30	109.07	111.46	110.0
	At quarter end	112.19	112.00	112.73	113.00	113.00	106.24	110.54	113.57	
JPY / EURO	Average	121.08	122.19	130.38	133.01	126.67	133.22	130.06	129.63	130.8
	At quarter end	119.79	127.97	132.85	134.94	134.94	130.52	127.91	132.14	

Major Press Release in FY2018 (1)

Date	Summary
January 9	AGC to Integrate Bioscience Business
January 16	AGC has Developed a "Quartz Lens" for Deep Ultraviolet LEDs
February 5	AGC to Revise Pricing for Domestic Architectural Glass Products
February 5	AGC to Make Drastic Expansion to Supply System for EUVL Mask Blanks
March 6	AGC Enhances Biopharmaceutical Production Capacity at AGC Biologics
March 22	AGC Invests in Next-generation Power Semiconductor Material Developer Novel Crystal Technology
April 6	AGC Establishes Marketing Base in Myanmar
June 6	AGC Introduces New Brand Statement: "Your Dreams, Our Challenge"
July 7	AGC to Expand GMP - Compliant Synthetic Pharmaceutical Intermediate and Active Ingredient Production Capacity Tenfold
July 25	Success with 5G Communications Using "Vehicle Glass Mounted Antenna" for 5G Connected Car
July 26	AGC acquires the electronics business of US-based Park Electrochemical
July 31	Announcement regarding Share Repurchases

Major Press Release in FY2018 (2)

Date	Summary
August 30	AGC to Make Drastic Expansion to Production Capacity for Fluon+ EA-2000 Fluorinated resin, a Material Used in 5G High-Speed High-Frequency Printed Circuit Boards
September 5	AGC to Increase its PVC Production Capacity in Indonesia
September 11	AGC and NOMURA Conclude Collaborative Business Agreement
September 18	AGC Begins Evaluations to Expand the Capacity of Its Chlor-Alkali Business in Thailand
September 20	AGC to Establish Mammalian cGMP-Compatible Contract Facility for Biopharmaceutical Development and Production at Chiba Plant
October 2	AGC Launches Global Sales of AMOLEA™ AS-300, a New Type of Environmentally-friendly Fluorinated Solvent
October 15	AGC and Panasonic to Jointly Develop "Vacuum Insulated Glass" of the Highest Class in Industry for the European Market

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