

Financial Results for the Six Months ended June 30, FY2019

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.

July 30, 2019

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Financial Results for the Six Months ended June 30, FY2019

1. Highlights of the Financial Results

Highlights of the Financial Results for 1-2Q. FY2019

Net sales	737.5 billion yen	(down 8.0 billion yen,	-1.1% YoY)
Operating profit	41.5 billion yen	(down 18.8 billion yen,	-31.2% YoY)

- Sales

increased due to

- shipment increase of biopharmaceuticals and specialty glass for display applications
- newly consolidated subsidiaries

declined due to

- depreciation of EUR
- selling price decline of LCD glass substrates, as well as caustic soda in Southeast Asia
- shipment decline of Automotive glass

- OP declined due to

- selling price decline of LCD glass substrates
- start up of the new LCD glass substrates facility
- manufacturing cost increase for Automotive glass and Chemicals.

Consolidated Statements of Profit or Loss

	2Q			1-2Q Total			(100 million yen)
	FY2018	FY2019	Change	FY2018	FY2019	Change	
Net Sales	3,730	3,759	+ 28 *	7,455	7,375	▲ 80 *	
Operating Profit	297	206	▲ 90	603	415	▲ 188	
other income/expenses	▲ 11	▲ 22		34	6		
Business Profit	285	184	▲ 101	637	421	▲ 215	
Financial income/cost	19	7		13	4		
Profit before tax	305	191	▲ 114	649	426	▲ 224	
income tax expenses	▲ 47	▲ 7		▲ 118	▲ 62		
Profit for the period	258	183	▲ 75	531	363	▲ 168	
attributable to owners of the parent	233	167	▲ 66	481	323	▲ 158	
attributable to non-controlling interests	25	17		50	40		
Forex(Average)	JPY/USD	109.07	109.90	108.69	110.05		
	JPY/EUR	130.06	123.49	131.64	124.32		
Crude Oil	\$/BBL (Dubai)	72.1	67.4	68.0	65.4		

*Foreign exchange impact resulted in -5.3 billion yen for 2Q, and -10.6 billion yen for 1-2Q total.

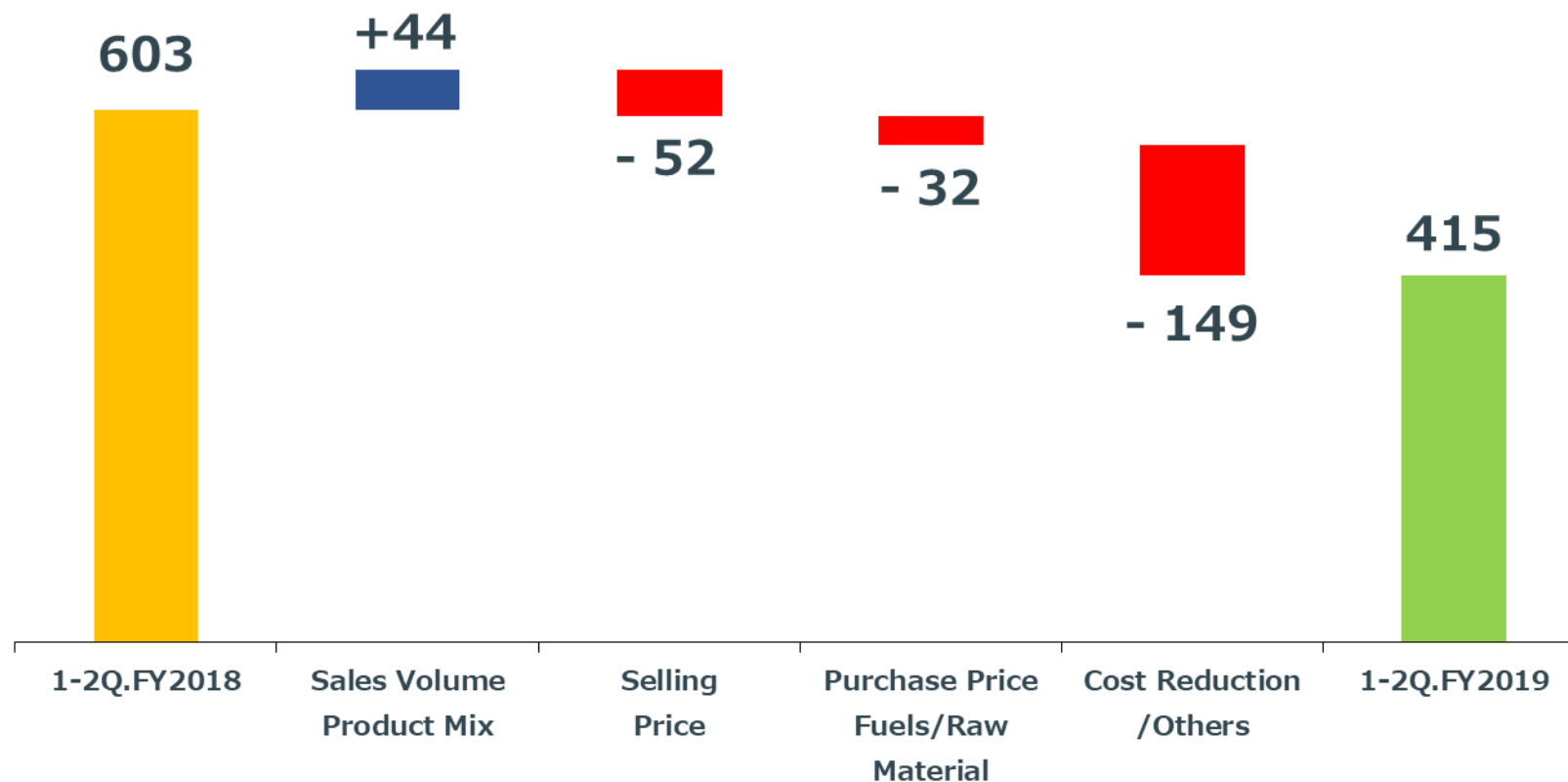
YoY Performance Comparison by Business Segment

	2Q			1-2Q Total (100 million yen)		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Net sales	3,730	3,759	+ 28	7,455	7,375	▲ 80
Glass	1,934	1,890	▲ 44	3,877	3,752	▲ 125
Electronics	603	652	+ 48	1,163	1,246	+ 83
Chemicals	1,150	1,158	+ 9	2,297	2,285	▲ 12
Ceramics/Other	215	218	+ 4	398	404	+ 6
Elimination	▲ 172	▲ 160	+ 11	▲ 280	▲ 312	▲ 32
Operation profit	297	206	▲ 90	603	415	▲ 188
Glass	78	39	▲ 39	155	74	▲ 82
Electronics	41	35	▲ 6	98	60	▲ 38
Chemicals	167	118	▲ 49	337	262	▲ 75
Ceramics/Other	11	15	+ 4	13	20	+ 7
Elimination	▲ 0	0	+ 0	▲ 0	▲ 1	▲ 0

Variance Analysis on OP (1-2Q.FY2018 vs. 1-2Q.FY2019)

¥ 18.8 bn down from the same period last year

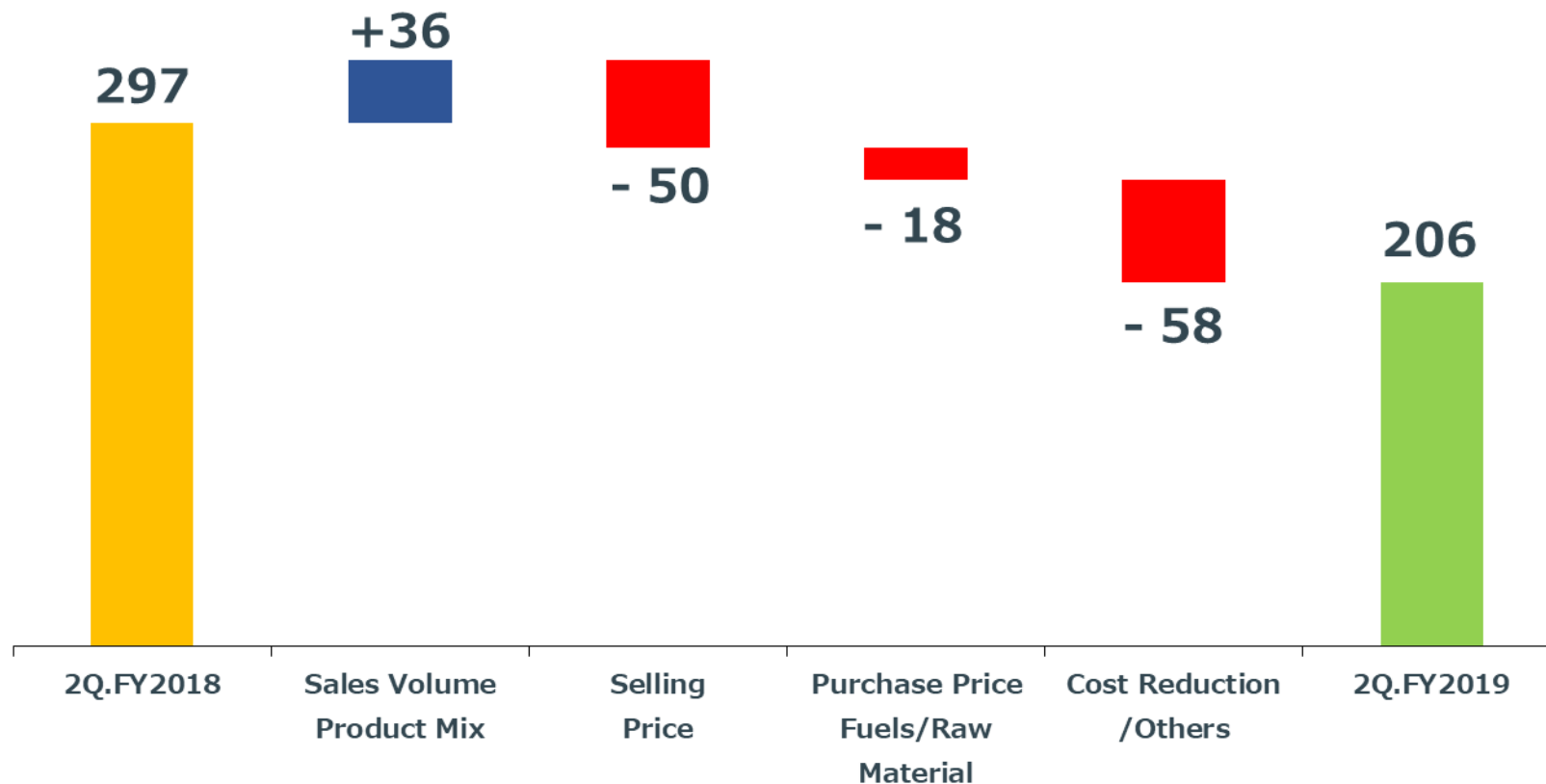
(100 million yen)



Variance Analysis on OP (2Q.FY2018 vs. 2Q.FY2019)

¥ 9.0 bn down from the same period last year

(100 million yen)



QoQ Performance Comparison by Business Segment



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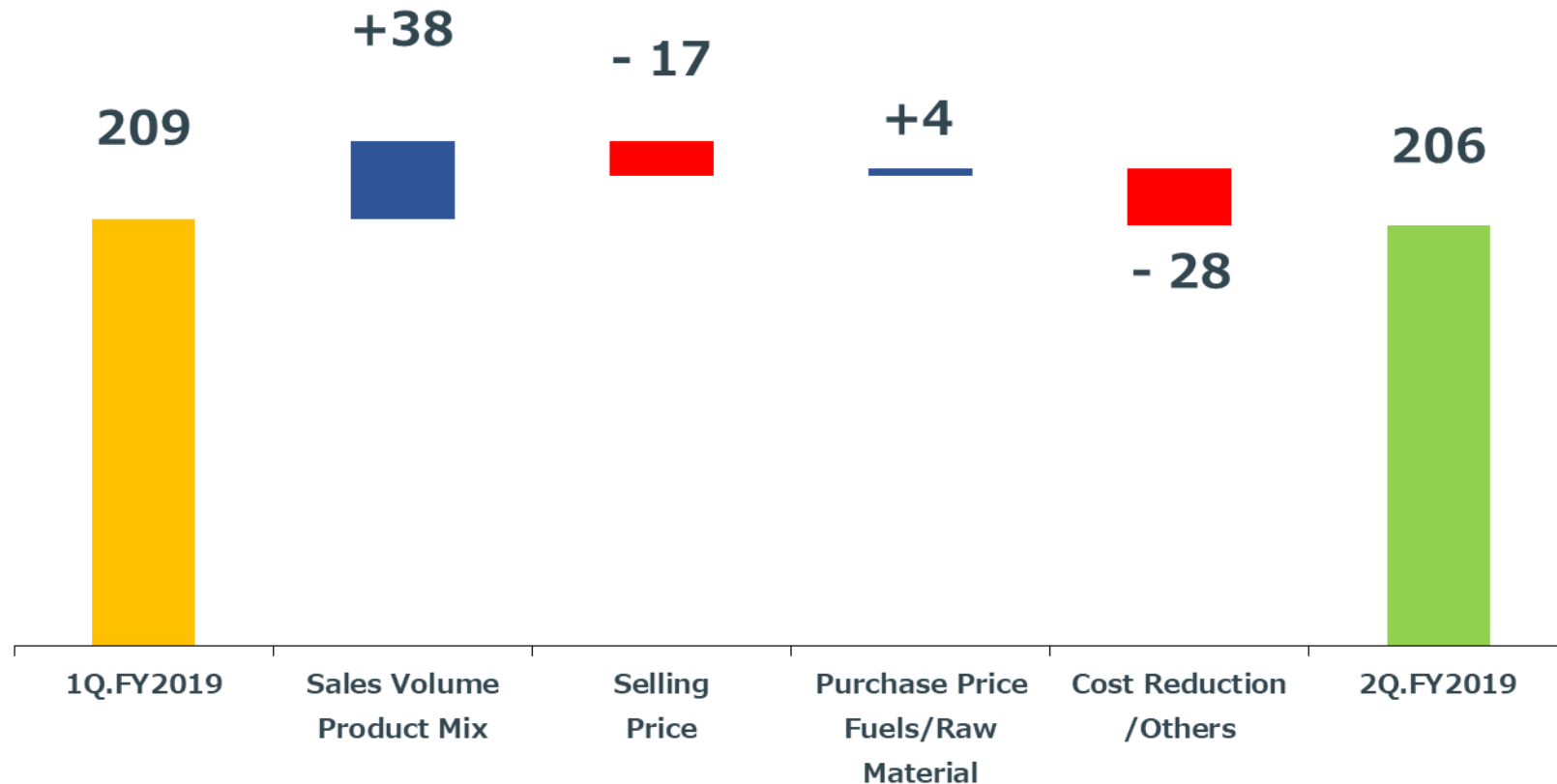
(100 million yen)

	1Q.FY2019	2Q.FY2019	Change	Change %
Net sales	3,616	3,759	+ 143	+3.9%
Glass	1,861	1,890	+ 29	+1.6%
Electronics	594	652	+ 57	+9.7%
Chemicals	1,127	1,158	+ 31	+2.8%
Ceramics/Other	185	218	+ 33	
Elimination	▲ 152	▲ 160	▲ 8	
Operation profit	209	206	▲ 3	▲1.2%
Glass	35	39	+ 4	+11.0%
Electronics	25	35	+ 10	+41.1%
Chemicals	144	118	▲ 26	▲18.4%
Ceramics/Other	6	15	+ 9	
Elimination	▲ 1	0	+ 1	

Variance Analysis on OP (1Q.FY2019 vs. 2Q.FY2019)

¥ 0.3 bn down from last quarter

(100 million yen)



Consolidated Statement of Financial Position

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	(100 million yen)		
	2018/12	2019/6	Change
Cash and cash equivalents	1,235	1,253	+ 18
Inventories	2,770	2,905	+ 135
Property, plant and equipment, Goodwill and Intangible assets	12,547	13,313	+ 766
Other assets	5,806	5,678	▲ 128
Total assets	22,358	23,150	+ 792
Interest-bearing debt	5,418	6,193	+ 776
Other liabilities	4,404	4,394	▲ 10
Liabilities	9,822	10,587	+ 766
Total equity attributable to owners of the parent	11,372	11,395	+ 23
Non-controlling interests	1,164	1,167	+ 3
Equity	12,536	12,562	+ 26
Total liabilities and equity	22,358	23,150	+ 792
D/E ratio	0.43	0.49	

Including
+38.9 billion yen
of the right-of-
use assets, by
adopting
IFRS16.

-24.9 billion yen
from foreign
exchange
fluctuation.

Including
-36.9 billion yen
from foreign
exchange
fluctuation.

Including
+39.2 billion yen
of lease
liabilities, by
adopting
IFRS16.

Consolidated Statement of Cash Flow

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(100 million yen)

	2Q		1-2Q Total	
	FY2018	FY2019	FY2018	FY2019
Profit before tax	305	191	649	426
Depreciation and amortization expense	307	359	610	695
Increase(decrease) in working capital	▲ 33	▲ 41	▲ 174	▲ 183
Others	▲ 171	▲ 47	▲ 280	83
Cash flows from operating activities	407	462	804	1,020
Cash flows from investing activities	▲ 434	▲ 733	▲ 783	▲ 1,212
Free cash flow	▲ 27	▲ 271	21	▲ 191
Changes in interest-bearing debt	▲ 31	181	209	394
Dividends paid	-	-	▲ 124	▲ 133
Others	▲ 33	▲ 19	▲ 11	▲ 26
Cash flows from financing activities	▲ 64	162	74	235
Effect of exchange rate changes on cash and cash equivalents	▲ 14	▲ 33	▲ 60	▲ 25
Net increase(decrease) in cash and cash equivalents	▲ 105	▲ 142	35	18

CAPEX, Depreciation and R&D

(100 million yen)

	2Q		1-2Q Total	
	FY2018	FY2019	FY2018	FY2019
CAPEX	683	585	1,179	1,011
Depreciation	307	359	610	695
R&D	112	118	217	229

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
1-2Q.FY2019	7,375	3,752	1,246	2,285
Change vs. 1-2Q.FY2018	▲ 80	▲ 125	+ 83	▲ 12
[Change vs. 2Q.FY2018, excluding impacts below]	▲ 58	▲ 17	+ 25	▲ 43
Impact of FOREX	▲ 106	▲ 109	+ 2	+ 4
Impact of Change in the Scope of Consolidation	+ 83	-	+ 56	+ 27

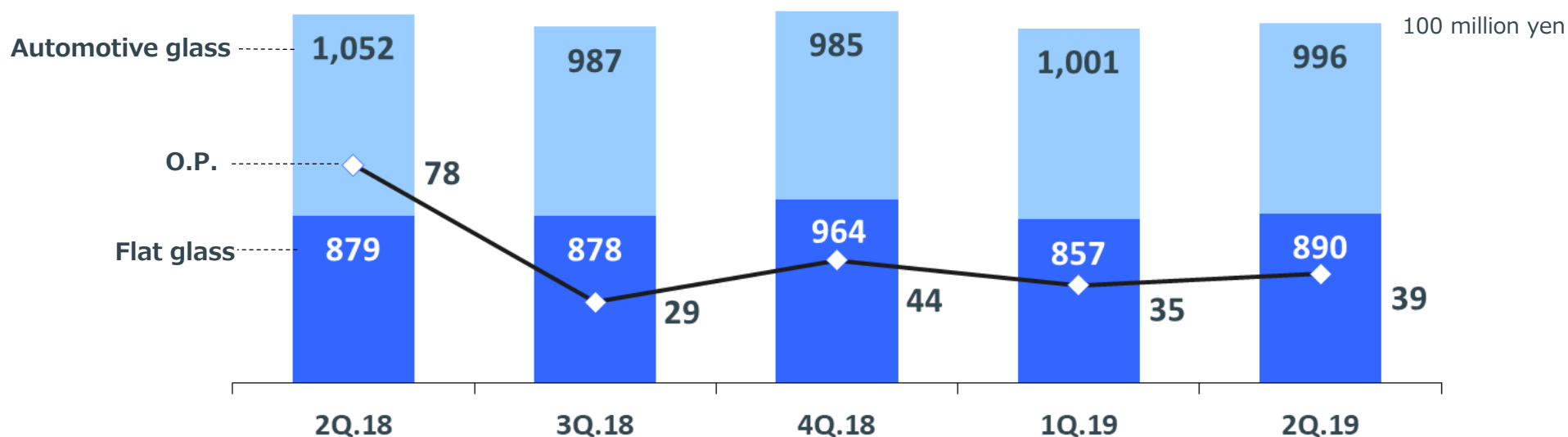
*The amount of consolidated total includes the amount of Ceramics/Other and elimination.
Therefore it will not be equal to the sum of each segment shown in this presentation.

2. Business and Geographic Segments

Glass Segment (1)

(100 million yen)

	2Q			1-2Q Total		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Net sales	1,934	1,890	▲ 44	3,877	3,752	▲ 125
Flat glass	879	890	+ 11	1,746	1,747	+ 0
Automotive glass	1,052	996	▲ 57	2,125	1,997	▲ 128
(Inter-segment)	3	5		6	9	
Operating profit	78	39	▲ 39	155	74	▲ 82



[YoY comparison for the first six months]

[Net sales] Decreased

Architectural Glass

- Shipments in Japan, Europe and North America were firm. However, the results were at the same level as the previous year (YoY) due to depreciation of EUR.

Automotive Glass

- Shipments in all regions decreased, excluding Japan and Russia. Depreciation of EUR also decreased sales.

[Operating profit] Decreased

Architectural Glass

- OP increased due to firm shipments and selling price increase in Japan and Europe.

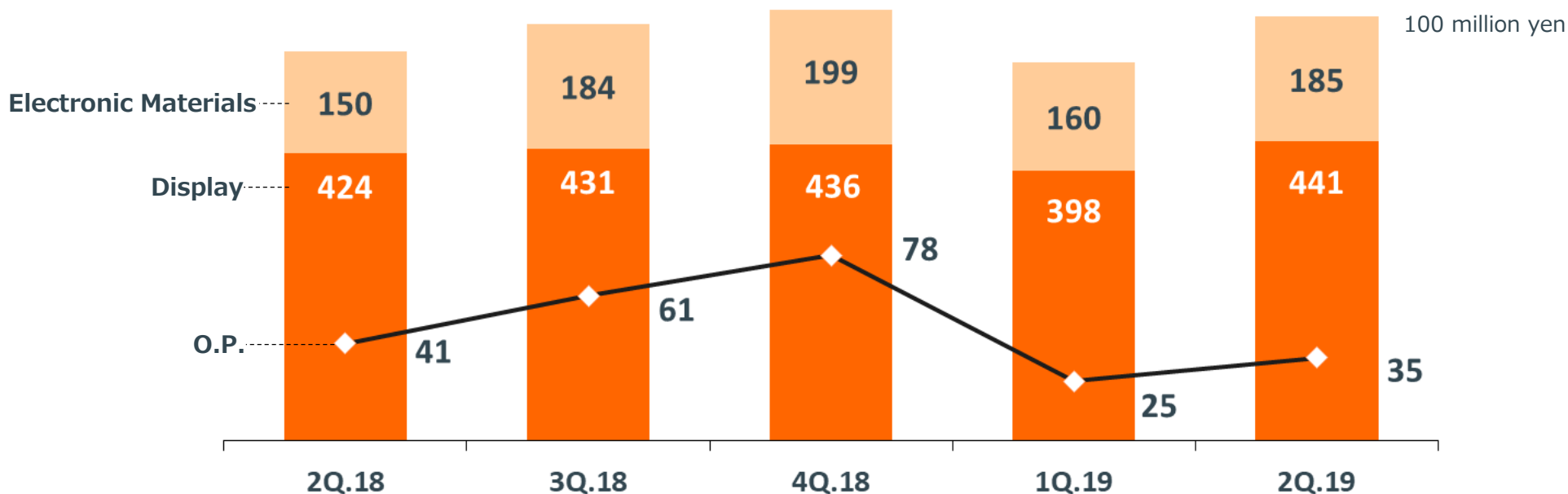
Automotive Glass

- Lower productivity caused cost increase in Japan.
- Manufacturing cost increased caused by glass furnace repair in Q1 2019 in Japan.

Electronics Segment (1)

(100 million yen)

	2Q			1-2Q Total		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Net sales	603	652	+ 48	1,163	1,246	+ 83
Display	424	441	+ 17	843	838	▲ 4
Electronic Materials	150	185	+ 35	286	345	+ 60
(Inter-segment)	29	26		35	62	
Operating profit	41	35	▲ 6	98	60	▲ 38



[YoY comparison for the first six months]

[Net sales] Increased

Display

- Sales volume of LCD glass substrates increased YoY and price decline range shrunk.
- Shipments of Dragontrail™ were favorable for Specialty glass for display applications.

Electronic materials

- Shipments of optoelectronics materials declined, but shipments of semiconductor-related products increased.
- Contribution of Park Electrochemical's Electronics Business started from Q1.

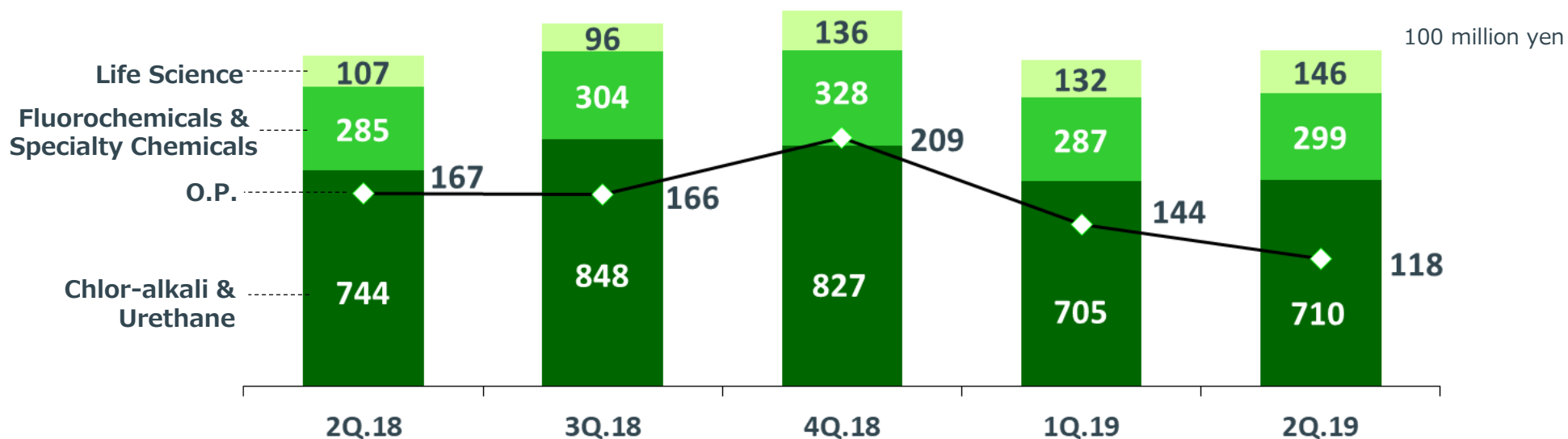
[Operating profit] Decreased

- Price of LCD glass substrates declined.
- Depreciation cost increased due to the start up of the new facility for LCD glass substrates.

Chemicals Segment (1)

(100 million yen)

	2Q			1-2Q Total		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Net sales	1,150	1,158	+ 9	2,297	2,285	▲ 12
Chlor-alkali & Urethane	744	710	▲ 34	1,491	1,415	▲ 76
Fluorochemicals & Specialty	285	299	+ 14	572	586	+ 14
Life science	107	146	+ 39	218	278	+ 60
(Inter-segment)	13	4		16	7	
Operating profit	167	118	▲ 49	337	262	▲ 75



[YoY comparison for the first six months]

[Net sales] Decreased

Chlor-alkali & Urethane

- Selling price of caustic soda decreased in Southeast Asia.

Fluorochemicals & Specialty Chemicals

- Sales increased in spite of slowdown in demand for semiconductor-related products, offset by firm sales of iodine-related products.

Life Science

- Increase in number of contracts in biopharmaceuticals.
- Contribution of Malgrat Pharma Chemicals started from Q1.

[Operating profit] Decreased

- Selling price of caustic soda decreased in Southeast Asia.
- Increase of manufacturing cost due to shut down for periodic large scale facility maintenance, as well as increase in electricity cost in Japan.

YoY Performance Comparison by Geographic Segment

	2Q			1-2Q Total			(100 million yen)
	FY2018	FY2019	Change	FY2018	FY2019	Change	
Net sales	3,730	3,759	+ 28	7,455	7,375	▲ 80	
Japan &Asia	2,391	2,433	+ 42	4,794	4,775	▲ 20	
Americas	414	443	+ 29	836	871	+ 35	
Europe	925	882	▲ 43	1,824	1,729	▲ 95	
Operating profit	297	206	▲ 90	603	415	▲ 188	
Japan &Asia	320	234	▲ 85	648	475	▲ 173	
Americas	17	16	▲ 1	33	37	+ 5	
Europe	57	57	+ 0	102	99	▲ 3	
Cross-regional common expenses	▲ 97	▲ 102	▲ 4	▲ 179	▲ 196	▲ 17	

Quarterly Performance Comparison by Geographic Segment

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(100 million yen)

	1Q.FY2019	2Q.FY2019	Change	Change %
Net sales	3,616	3,759	+ 143	+3.9%
Japan &Asia	2,341	2,433	+ 92	+3.9%
Americas	428	443	+ 15	+3.4%
Europe	847	882	+ 36	+4.2%
Operating profit	209	206	▲ 3	▲1.2%
Japan &Asia	240	234	▲ 6	▲2.4%
Americas	21	16	▲ 5	▲24.9%
Europe	41	57	+ 16	+38.4%
Cross-regional common expenses	▲ 94	▲ 102	▲ 7	-

YoY Performance Comparison by Geographic Segment (1-2Q)

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(100 million yen)

		Japan & Asia	Americas	Europe	Inter- segment	Total	
Glass	Flat glass	1-2 Q .FY2019	577	229	941	-	1,747
		1-2 Q .FY2018	545	229	972	-	1,746
	Automotive glass	1-2 Q .FY2019	1,039	362	596	-	1,997
		1-2 Q .FY2018	1,050	381	694	-	2,125
		1-2 Q .FY2019	1,616	590	1,537	9	3,752
		1-2 Q .FY2018	1,595	610	1,666	6	3,877
Electronics	1-2 Q .FY2019	1,095	85	4	62	1,246	
	1-2 Q .FY2018	1,067	62	-	35	1,163	
Chemicals	1-2 Q .FY2019	1,894	197	188	7	2,285	
	1-2 Q .FY2018	1,958	165	158	16	2,297	
Ceramics/Other	1-2 Q .FY2019	169	-	-	235	404	
	1-2 Q .FY2018	174	-	-	224	398	
Elimination	1-2 Q .FY2019	-	-	-	▲ 312	▲ 312	
	1-2 Q .FY2018	-	-	-	▲ 280	▲ 280	
Total Net Sales	1-2 Q .FY2019	4,775	871	1,729	-	7,375	
	1-2 Q .FY2018	4,794	836	1,824	-	7,455	

YoY Performance Comparison by Geographic Segment (2Q)

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(100 million yen)

		Japan & Asia	Americas	Europe	Inter- segment	Total	
Glass	Flat glass	2Q .FY2019	293	117	479	-	890
		2Q .FY2018	269	117	493	-	879
	Automotive	2Q .FY2019	511	186	298	-	996
	glass	2Q .FY2018	512	188	352	-	1,052
		2Q .FY2019	805	303	777	5	1,890
		2Q .FY2018	781	305	845	3	1,934
Electronics	2Q .FY2019	579	44	2	26	652	
	2Q .FY2018	545	29	-	29	603	
Chemicals	2Q .FY2019	956	95	104	4	1,158	
	2Q .FY2018	976	80	81	13	1,150	
Ceramics/Other	2Q .FY2019	93	-	-	126	218	
	2Q .FY2018	88	-	-	126	215	
Elimination	2Q .FY2019	-	-	-	▲ 160	▲ 160	
	2Q .FY2018	-	-	-	▲ 172	▲ 172	
Total Net Sales	2Q .FY2019	2,433	443	882	-	3,759	
	2Q .FY2018	2,391	414	925	-	3,730	

Outlook for FY2019

FY2019 Outlook

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	FY2018	FY2019 Forecast	Change	Change %	(100 million yen)	
					FY2019 Initial Forecast	Change
Net sales	15,229	15,400	+171	+1.1%	16,000	▲600
Operating profit	1,206	1,050	▲156	▲12.9%	1,250	▲200
Profit before tax	1,284	980	▲304	▲23.7%	1,180	▲200
Profit for the year attributable to owners of the parent	896	640	▲256	▲28.6%	780	▲140
Dividend (yen/share)	115	120				
Operating profit margin	7.9%	6.8%				
ROE	7.7%	5.6%				
Forex (Average)	JPY/USD 110.43	110				
	JPY/EUR 130.42	122.2				
Crude oil	\$/BBL(Dubai) 69.4	62.7				
Ethylene	USD/MT (CFR SEA) 1,141	838				

*1 The ROE forecast of FY2019 is calculated based on the "Total equity attributable to owners of the parent" as of end of Dec 2018.

*2 Assumption for FY2019 second half: 120.0 JPY/EUR.

*3 Assumption for FY2019 second half: 60.0 \$/BBL(Dubai).

*4 Assumption for FY2019 second half: 800 USD/MT.

FY2019 Outlook (2)

(100 million yen)

	FY2018	FY2019 Forecast	Change	Change %	FY2019 Initial Forecast	Change
Net sales	15,229	15,400	+ 171	+ 1.1%	16,000	▲ 600
Glass	7,575	7,500	▲ 75	▲ 1.0%	7,800	▲ 300
Electronics	2,526	2,800	+ 274	+ 10.8%	2,900	▲ 100
Chemicals	4,844	4,900	+ 56	+ 1.2%	5,100	▲ 200
Ceramics/Other	790	850	+ 60		800	+ 50
Operating profit	1,206	1,050	▲ 156	▲ 12.9%	1,250	▲ 200
Glass	225	145	▲ 80	▲ 35.6%	250	▲ 105
Electronics	240	230	▲ 10	▲ 4.2%	230	-
Chemicals	711	650	▲ 61	▲ 8.6%	750	▲ 100
Ceramics/Other	28	25	▲ 3		20	+ 5

* Since the total figures of the Net sales and Operating profit includes elimination, they will not be equal to the sum of each segment shown in this presentation.

【Glass】

〔Net sales〕 Decrease

Architectural Glass

- Full-term contribution of selling price increase in Japan and Europe implemented in the previous fiscal year.
- Contribution by the start up of the new furnace in Brazil.

Automotive Glass

- Shipments are expected to decrease in all regions, excluding Japan.

〔Operating profit〕 Decrease

Architectural Glass

- Expecting firm sales and improvement of the selling price. However, offset by cost increase for the new facility start up in Asia.

Automotive Glass

- Cost increase mainly caused by productivity decline and glass furnace repair in Japan.

【Electronics】 *Cover glass for car-mounted displays was transferred to the Glass segment from 1Q 2019.

〔Net sales〕 Increase

Display

- G11 facility for LCD glass substrates starting operation, and shipments are expected to increase above the market growth.
- Range of decline in selling prices of LCD glass substrates are expected to shrink more, compared to the previous year.
- Shipments of Dragontrail™ are expected to increase for Specialty glass for display applications.

Electronic materials

- Shipments of both optoelectronic materials and semiconductor-related products are expected to increase.
- Newly consolidated subsidiaries started contribution to sales.
Park Electrochemical's Electronics Business and Taconic's Advanced Dielectric Division and portion of the Industrial Products Division.

〔Operating profit〕 Decrease

- Shipments of LCD glass substrates are expected to increase. However, depreciation costs of G11 facility will increase.
- Price decline of LCD glass substrates are expected to be milder.
- Electronic materials will increase its business performance, led by semiconductor-related products.

【Chemicals】

〔Net sales〕 Decrease

Chlor-alkali & Urethane

- Decline of selling price of caustic soda in Southeast Asia.

Fluorochemicals & Specialty

- Slowdown in demand for semiconductor-related products.

Life science

- Sales will increase in both biopharmaceutical and synthetic pharmaceutical/agrochemical, due to aggressive investments continued until previous fiscal year.

〔Operating profit〕 Decrease

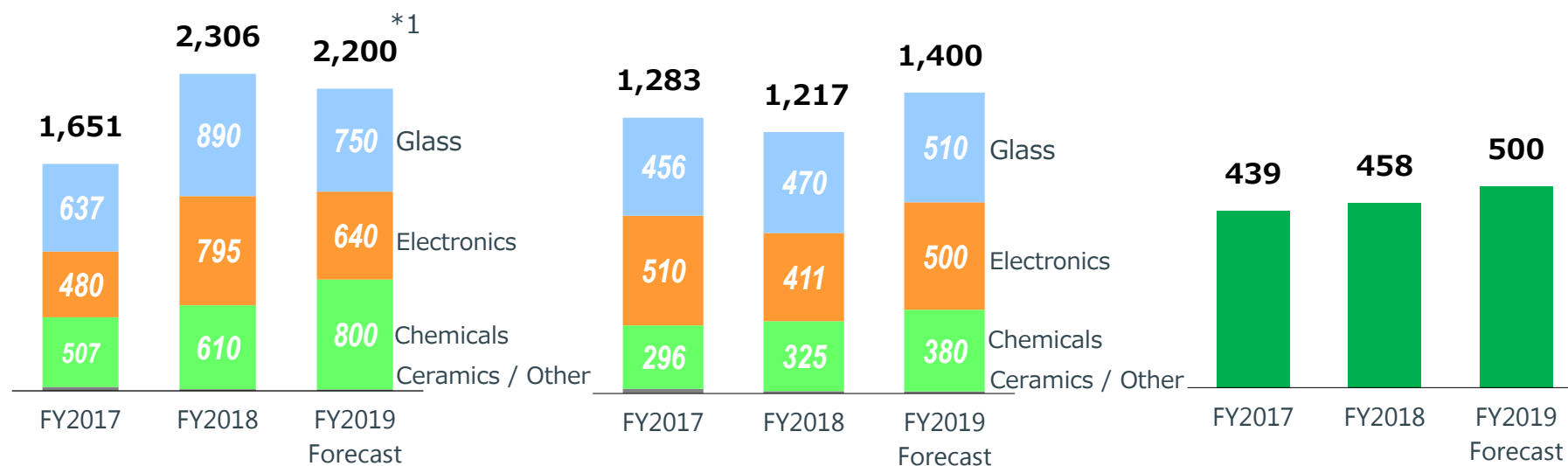
- Selling price of caustic soda in Southeast Asia declined, but price spread of chlor-alkali products will improve.
- Increase of raw material and fuel price such as electricity cost.
- Life science will increase its business performance steadily.

(100 million yen)

CAPEX (excluding M&A)

Depreciation

R&D



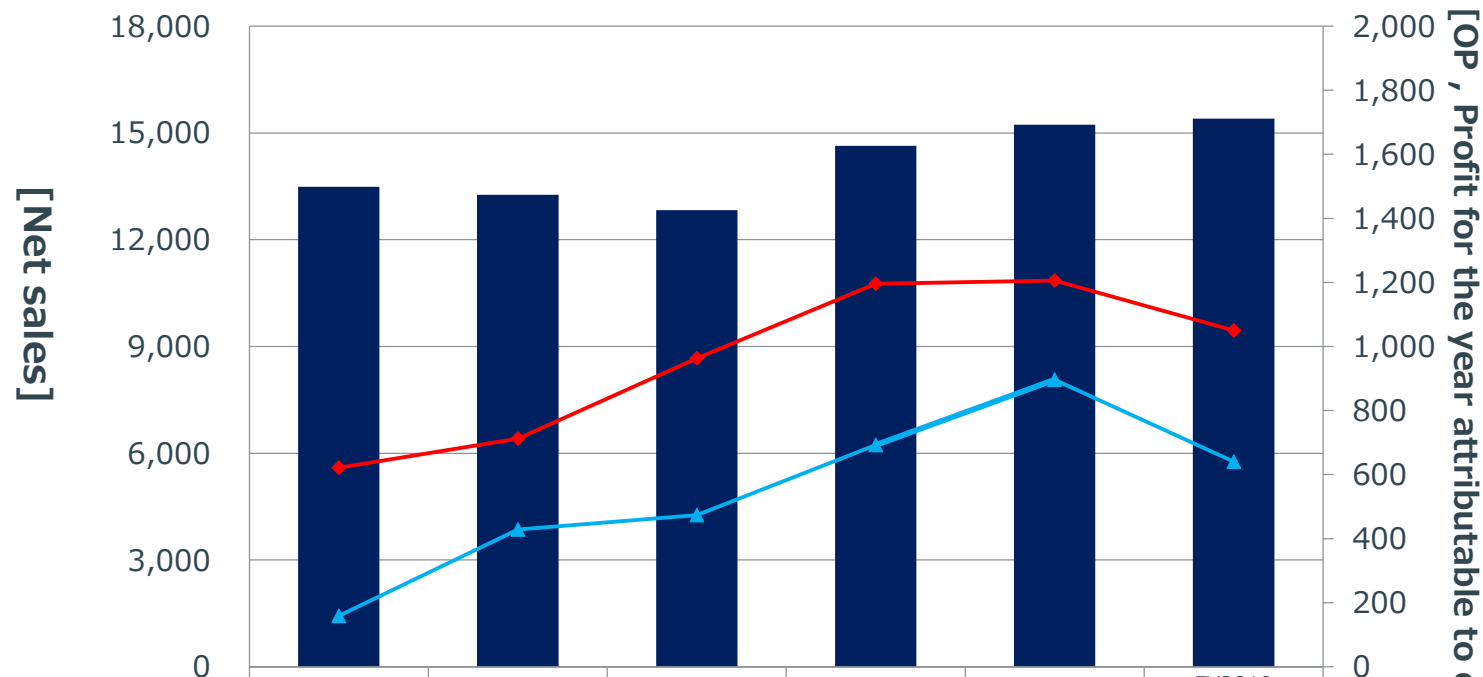
*1 Changed from the initial forecast of 230 billion yen, as of February 6th, 2019.

This is to reflect the change of forecast for the Electronics Segment, which was initially 74 billion yen and revised to 64 billion yen.

Appendix

Changes in the Financial Results

(100 million yen)



Net sales	13,483	13,263	12,826	14,635	15,229	15,400
Operating profit	621	712	963	1,196	1,206	1,050
Profit for the year attributable to owners of the parents	159	429	474	692	896	640
Operating profit margin	4.6%	5.4%	7.5%	8.2%	7.9%	6.8%
Dividend per share	¥90	¥90	¥90	¥105	¥115	¥120

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

[TOP, Profit for the year attributable to owners of the parent]

		IFRS				
		14/12	15/12	16/12	17/12	18/12
Return on equity ^{*1}	%	1.4%	3.9%	4.3%	6.1%	7.7%
Return on assets ^{*2}	%	3.0%	3.5%	4.8%	5.7%	5.4%
Equity ratio	%	54%	55%	55%	53%	51%
Debt/Equity ratio	times	0.42	0.40	0.37	0.38	0.43
CF from Operating Activities/Interest-bearing debt	times	0.27	0.40	0.47	0.42	0.35
Earnings (per share) ^{*3}	Yen	68.85	185.60	205.14	302.12	399.51
EBITDA ^{*4}	100 million yen	1,859	2,284	1,958	2,499	2,594

*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		FY2018					FY2019		
		1 Q	2 Q	3 Q	4 Q	Ave.	1 Q	2 Q	
JPY / USD	Average	108.30	109.07	111.46	112.90	110.43	110.20	109.90	110.0*
	At quarter end	106.24	110.54	113.57	111.00	111.00	110.99	107.79	
JPY / EURO	Average	133.22	130.06	129.63	128.78	130.42	125.15	123.49	120.0*
	At quarter end	130.52	127.91	132.14	127.00	127.00	124.56	122.49	

*Assumption for FY2019 second half.

Major Press Release in FY2019

Date	Summary
January 31	Launch sales of Glass Substrate for AR/MR Glasses
February 6	Notification of Dividends from Surplus (Dividend Increase)
February 19	AGC to acquire global operations of the Advanced Dielectric Division of US-based Taconic
March 4	AGC Completes Acquisition of Spanish Synthetic Pharmaceutical Active Ingredient Manufacturing Plant Malgrat Pharma Chemicals
March 18	AGC Established a Global Tri-polar R&D Framework for Automotive On-glass Antennas
April 2	Notice regarding Secondary Offering of Shares
May 9	AGC develops AN Rezosta™ glass substrate for large high-definition displays
May 20	AGC Develops Flexible Antenna Design Technology for Millimeter Wave with Ultra-low Transmission Loss
May 24	Decision Regarding Endorsement of the Recommendations of “Task Force on Climate-related Financial Disclosures (TCFD)”
May 29	DOCOMO, AGC and Ericsson Achieve World’s First 5G Communication Using Glass Antenna for 28 GHz
May 31	AGC Publishes the “AGC Integrated Report 2019”
June 12	AGC completes acquisition of US-based Taconic’s global operations of the Advanced Dielectric Division

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