February 7, 2018

Corporate Name: Asahi Glass Co., Ltd.
Representative Director: Takuya Shimamura
(Code Number: 5201; TSE 1st section)
Contact: Kazumi Tamaki, General Manager,
Corporate Communications & Investor Relations Division

(Tel: +81-3-3218-5603)

# Consolidated Financial Results for the Fiscal Year ended December 31, 2017 (IFRS basis)

(Fractions less than one million yen are rounded off.)

## 1. Financial Results for FY2017 (January 1 through December 31, 2017)

(1) Consolidated Operating Results

(Percentage figures show year-on-year changes.)

| | FY2017 (Jan. through Dec. 2017) | | FY2016 (Jan. through Dec. 2016) | |
|---|---|---|---|---|
| | millions of yen | % | millions of yen | % |
| Net sales | 1,463,532 | 14.1 | 1,282,570 | (3.3) |
| Operating profit | 119,646 | 24.3 | 96,292 | 35.3 |
| Profit before tax | 114,424 | 69.4 | 67,563 | (20.1) |
| Profit for the year | 79,297 | 48.6 | 53,362 | 15.3 |
| Profit for the year attributable to owners of the parent | 69,225 | 45.9 | 47,438 | 10.6 |
| Total comprehensive income for the year | 145,468 | 455.4 | 26,193 | - |
| Basic earnings per share (yen) | 302.12 | | 205.14 | |
| Diluted earnings per share (yen) | 300.65 | | 204.26 | |
| Profit ratio to equity attributable to owners of the parent (%) | 6.1 | | 4.3 | |
| Ratio of profit for the year to total assets (%) | 5.4 | | 3.4 | |
| Ratio of operating profit to net sales (%) | 8.2 | | 7.5 | |

Reference: Share of profit of associates and joint ventures accounted for using equity method -FY2017; 1,753 million yen -FY2016; 1,815 million yen

*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017.

Accordingly, the basic earnings per share and the diluted earnings per share are calculated on the assumption that the consolidation of shares is conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

| | FY2017 (as of December 31, 2017) | FY2016 (as of December 31, 2016) |
|---|---|---|
| Total assets (millions of yen) | 2,228,560 | 1,981,451 |
| Total equity (millions of yen) | 1,289,895 | 1,168,743 |
| Equity attributable to owners of the parent (millions of yen) | 1,184,034 | 1,095,438 |
| Equity attributable to owners of the parent ratio (%) | 53.1 | 55.3 |
| Equity attributable to owners of the parent per share (yen) | 5,239.70 | 4,736.59 |

*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017.
Accordingly, the Equity attributable to owners of the parent per share is calculated on the assumption that the consolidation of shares is conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

| | FY2017 (Jan. through Dec. 2017) | FY2016 (Jan. through Dec. 2016) |
|---|---|---|
| Cash flows from operating activities (millions of yen) | 203,504 | 203,637 |
| Cash flows from investing activities (millions of yen) | (209,560 ) | (113,596) |
| Cash flows from financing activities (millions of yen) | (18,720) | (46,450) |
| Cash and cash equivalents at the end of the year (millions of yen) | 126,417 | 147,325 |

**2. Dividends**

| | (Base date) | FY2016 | FY2017 | FY2018(forecast) |
|---|---|---|---|---|
| Dividend per share | End of the first quarter (yen) | - | - | - |
| | End of the second quarter (yen) | 9.00 | 10.00 | 55.00 |
| | End of the third quarter (yen) | - | - | - |
| | End of the fiscal year (yen) | 9.00 | 55.00 | 55.00 |
| | Full fiscal year (yen) | 18.00 | - | 110.00 |
| Total dividend distribution (full fiscal year) (millions of yen) | | 20,814 | 23,885 | - |
| Payout ratio (consolidated) (%) | | 43.9 | 34.8 | 32.3 |
| Ratio of dividend distribution to equity attributable to owners of the parent (consolidated) (%) | | 1.9 | 2.1 | - |

*The Company consolidate its common shares at a ratio of five shares to one share on the effective date of July 1, 2017. Accordingly, figures for year-end dividends per share for fiscal year 2017 are amounts that take into account the consolidation of shares, and total annual dividends are shown as “-.” The scheduled year-end dividends per share for fiscal year 2017 without taking into account the consolidation of shares are 11 yen, and annual dividends per share are 21 yen.

**3. Forecast for FY2018 (January 1 through December 31, 2018)**

(Percentage figures show year-on-year changes.)

| | First half | | Full fiscal year | |
|---|---|---|---|---|
| | millions of yen | % | millions of yen | % |
| Net sales | 750,000 | 8.7 | 1,550,000 | 5.9 |
| Operating profit | 55,000 | 11.6 | 130,000 | 8.7 |
| Profit before tax | - | - | 118,000 | 3.1 |
| Profit for the year | - | - | 89,000 | 12.2 |
| Profit for the year attributable to owners of the parent | - | - | 77,000 | 11.2 |
| Basic earnings per share (yen) | | | 340.75 | |

(Note) The forecast for the six months ending June 30, 2018 consists of forecast net sales and operating profit only.

***Notes**

(1) Changes in significant subsidiaries during the period: Yes (Company name:Vinythai Public Company Limited)

(2) Changes in Accounting Policies and Changes in Accounting Estimates

i. Changes in accounting policies required by IFRS: Yes

ii. Changes in accounting policies other than "i" above: No

iii. Changes in accounting estimates: No

(Note) For details, please refer to "(5) Notes to the Consolidated Financial Statements, 2) Changes in Accounting Policies" on page 16.

(3) Number of Shares Issued (ordinary shares)

ⅰ. Number of shares issued (including treasury shares) at the end of the period

| | |
|---|---|
| -FY2017 (as of December 31, 2017): | 235,177,781 |
| -FY2016 (as of December 31, 2016): | 237,341,181 |

ⅱ. Number of treasury shares at the end of the period

| | |
|---|---|
| -FY2017 (as of December 31, 2017): | 9,204,032 |
| -FY2016 (as of December 31, 2016): | 6,069,471 |

ⅲ. Average number of shares issued during the period

| | |
|---|---|
| -FY2017 (Jan. through Dec. 2017): | 229,134,775 |
| -FY2016 (Jan. through Dec. 2016): | 231,251,138 |

(Note) The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017. Accordingly, the shares issued (including treasury stock) at the end of period, the treasury stock and the average shares outstanding during the period are calculated on the assumption that the consolidation of shares is conducted at the beginning of the previous fiscal year.

[Reference]

(1) Non-Consolidated Operating Results

(Percentage figures show year-on-year changes.)

| | FY2017 (Jan. through Dec. 2017) | | FY2016 (Jan. through Dec. 2016) | |
|---|---|---|---|---|
| | millions of yen | % | millions of yen | % |
| Net sales | 496,067 | 2.7 | 483,078 | (2.6) |
| Operating income | 22,214 | (27.8) | 30,784 | 90.3 |
| Ordinary income | 41,789 | (15.2) | 49,288 | 14.0 |
| Net income | 40,190 | 66.4 | 24,153 | (33.9) |
| Net income per share -basic (yen) | 175.40 | | 104.45 | |
| Net income per share -fully diluted (yen) | 174.55 | | 104.00 | |

(Notes) The Net income per share -basic and the Net income per share -fully diluted are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

(2) Non-Consolidated Financial Position

| | FY2017 (as of December 31, 2017) | FY2016 (as of December 31, 2016) |
|---|---|---|
| Total assets (millions of yen) | 1,340,163 | 1,272,447 |
| Total net assets (millions of yen) | 643,271 | 639,795 |
| Equity ratio (%) | 47.8 | 50.1 |
| Equity per share (yen) | 2,835.14 | 2,755.96 |

Reference: Total Shareholders' Equity at -FY2017; 640,667 million yen
-FY2016; 637,375 million yen

(Notes) The Equity per share is calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

*This consolidated financial statement is outside the scope of annual audit procedure.

*Appropriate Use of Forecast and Other Information and Other Matters

The above forecast is based on information available to the Company at the time of publication of this document and assumptions concerning uncertainties which might affect the AGC Group’s future financial results. It is not intended to be a guarantee of future events, and may differ from actual results for various reasons. For matters concerning the above forecast, please see page 5 and 6.

*Supplementary Materials for the Financial Results

Supplementary materials are available on our website.

**(Attached Documents)**

## INDEX

# Qualitative Information and Financial Statements

## 1. Operating Results

### (1) Analysis of Operating Results

**Operating results for FY2017**

During the fiscal year ended December 31, 2017, the global economic environment surrounding the Company and its consolidated subsidiaries (hereinafter collectively referred to as the “AGC Group” or simply as the ”Group”) was on a gradual recovery track on the whole. In Japan, the economy showed a gradual upward trend thanks to factors such as economic measures taken by the government. The European economy made a gradual recovery and the United States continued its economic recovery along with increased consumer spending and other factors. The economies of Russia, Brazil, China and other emerging countries were picking up as well.

Under such a business environment, due to increased volume of shipments at each business section as well as consolidation of acquired companies, the AGC Group posted net sales of 1,463.5 billion yen, up 181.0 billion yen, or a 14.1% increase from the previous year. Operating profit increased by 23.4 billion yen, or 24.3% increase, year-on-year to 119.6 billion yen, and profit before tax was 114.4 billion yen, up 46.9 billion yen or a 69.4% increase on a year-on-year basis. Profit for the year attributable to owners of the parent was 69.2 billion yen, up 21.8 billion yen or a 45.9% increase on a year-on-year basis.

**Overview by reportable segment** (Unit: billions of yen)

| | Net sales | | Operating profit | |
|---|---|---|---|---|
| | FY2017 | FY2016 | FY2017 | FY2016 |
| Glass | 735.1 | 680.0 | 27.1 | 31.8 |
| Electronics | 262.4 | 258.1 | 27.3 | 25.0 |
| Chemicals | 437.6 | 316.6 | 63.7 | 40.0 |
| Ceramics/Other | 75.4 | 70.8 | 1.4 | (0.2) |
| Corporate or elimination | (47.0) | (42.9) | 0.1 | (0.3) |
| Total | 1,463.5 | 1,282.6 | 119.6 | 96.3 |

Note: Figures are rounded to the nearest 100 million yen.

- Glass

Sales of architectural glass increased on a year-on-year basis, mainly because selling prices increased in Europe as compared to the previous year and shipments of architectural glass remained favorable in North America. In the automotive glass business, shipments increased as overall auto production remained favorable despite the slowdown of auto production in North America. Consequently, the AGC Group’s sales increased from the previous fiscal year.

As a result, net sales from the Glass Operations for the fiscal year were 735.1 billion yen, up 55.1 billion yen or an 8.1% increase from the previous fiscal year. Operating profit was 27.1 billion yen, down 4.8 billion or a 15.0% decrease mainly due to the increase of raw material and fuel prices, and logistic costs, as well as the impact of the previous year’s temporary gain from a revision of a pension plan at a subsidiary in the United States.

- Electronics

Regarding LCD glass substrate, the selling prices decreased but shipments increased from the previous fiscal year. Shipments of specialty glass for display applications and cover glass for car-mounted displays increased from the previous fiscal year. Regarding electronic materials, shipments of optoelectronic materials and semiconductor-related products increased from the previous fiscal year.

As a result, net sales from the Electronics Operations for the fiscal year, were 262.4 billion yen, up 4.3 billion yen or a 1.6% increase from the previous fiscal year, and operating profit was 27.3 billion yen, up 2.3 billion yen or a 9.4% increase from the previous fiscal year.

- Chemicals

Sales of chlor-alkali products and urethane materials increased from the previous fiscal year mainly because of the consolidation of Vinythai Public Company Limited, the increase of shipments from the growing demand in Southeast Asia, and the rising international market prices. In the categories of fluorine products and specialty products, sales increased from the previous fiscal year resulting from the consolidation of CMC Biologics and favorable shipments of existing fluorine chemical products.

As a result, net sales from the Chemicals Operations for the fiscal year, were 437.6 billion yen, up 121.0 billion yen or a 38.2% increase from the previous fiscal year. Operating profit was 63.7 billion yen, up 23.7 billion yen or a 59.2% increase from the previous fiscal year.

**(2) Qualitative Information Regarding Consolidated Financial Position**

**Overview of financial conditions** (Unit: billions of yen)

| | FY2017 | FY2016 | Change |
|---|---|---|---|
| Total assets | 2,228.6 | 1,981.5 | 247.1 |
| Total liabilities | 938.7 | 812.7 | 126.0 |
| Total equity | 1,289.9 | 1,168.7 | 121.2 |

Note: Figures are rounded to the nearest 100 million yen.

- Total assets

Total assets as of the end of the fiscal year under review were 2,228.6 billion yen, up 247.1 billion yen from the end of the previous fiscal year. Total assets increased mainly because of an increase in goodwill, property, plant and equipment and intangible assets due to the acquisition of CMC Biologics and Vinythai Public Company Limited.

- Total liabilities

Total liabilities as of the end of the fiscal year under review were 938.7 billion yen, up 126.0 billion yen from the end of the previous fiscal year. This increase was mainly due to the acquisition of CMC Biologics and Vinythai Public Company Limited .

- Total equity

Total equity as of the end of the fiscal year under review was 1,289.9 billion yen, up 121.2 billion yen from the end of the previous fiscal year. Total equity increased mainly because of greater retained earnings resulting from net profit and an increase in non-controlling interests due to the acquisition of Vinythai Public Company Limited.

**Overview of cash flows** (Unit: billions of yen)

| | FY2017 | FY2016 | Change |
|---|---|---|---|
| Cash flows from operating activities | 203.5 | 203.6 | (0.1) |
| Cash flows from investing activities | (209.6) | (113.6) | (96.0) |
| Cash flows from financing activities | (18.7) | (46.5) | 27.7 |
| Cash & cash equivalents as of end of period | 126.4 | 147.3 | (20.9) |

Note: Figures are rounded to the nearest 100 million yen.

The free cash flow for the fiscal year under review, which is the sum of cash flows from operating activities and investing activities, was negative 6.1 billion yen (positive 90.0 billion yen in the previous year) mainly due to purchase of subsidiaries etc. Cash & cash equivalents as of the end of the period (net cash) decreased 20.9 billion yen or 14.2% from the end of the previous year to 126.4 billion yen mainly due to payment of dividends and acquisition of treasury shares etc. in financing activities.

- Cash flows from operating activities

Net cash from operating activities was 203.5 billion yen for the fiscal year under review, down 0.1 billion yen or 0.1% from the previous year.

- Cash flows from investing activities

Net cash used in investing activities increased by 96.0 billion yen or 84.5% year-on-year to 209.6 billion yen. This expenditure includes purchase of property, plant and equipment and purchase of subsidiaries etc.

- Cash flows from financing activities

Net cash used in financing activities for the fiscal year under review was 18.7 billion yen, down 27.7 billion yen or 59.7% from the previous year. This expenditure is mainly due to payment of dividends and acquisition of treasury shares etc.

- Cash flow indices

| | FY2016 | FY2017 |
|---|---|---|
| Equity attributable to owners of the parent ratio (%) | 55.3 | 53.1 |
| Equity attributable to owners of the parent ratio based on market value (%) | 46.5 | 49.5 |
| Number of years for debt redemption | 2.1 | 2.4 |
| Interest coverage ratio | 28.8 | 26.0 |

(Notes) Equity attributable to owners of the parent ratio (%): Total equity attributable to owners of the parent / Total Assets

Equity attributable to owners of the parent ratio based on market value (%): Total market capitalization / Total Assets

Number of years for debt redemption: Interest-bearing debts/operating cash flows

Interest coverage ratio: Operating cash flows/interest payment

- *All indices were computed using consolidated financial figures.*
- *Total market capitalization was computed based on the closing stock price at period-end multiplied by number of outstanding shares at period-end (after deducting treasury shares).*
- *Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows.*
- *Interest-bearing debts represent all debts on the consolidated financial position for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.*

### (3) Forecast for FY2018

**Operating forecast for FY2018**

(Unit: billions of yen)

| | Net Sales | Operating profit | Profit before tax | Profit for the year | Profit for the year attributable to owners of the parent |
|---|---|---|---|---|---|
| FY 2018 (January 1 through December 31, 2018) | 1,550.0 | 130.0 | 118.0 | 89.0 | 77.0 |
| FY 2017 (January 1 through December 31, 2017) | 1,463.5 | 119.6 | 114.4 | 79.3 | 69.2 |
| Change (%) | 5.9 | 8.7 | 3.1 | 12.2 | 11.2 |

Note: Figures are rounded to the nearest 100 million yen.

In 2018, there is uncertainty over the world economy outlook as affected by national policies around the world and other factors, however, the world economy is expected to maintain moderate growth on the whole.

Under such a business environment, the shipments of architectural glass are expected to increase moderately in many regions. In the automotive glass business, shipments are projected to remain high as a whole, supported by favorable demand.

Regarding LCD glass substrates, shipments are likely to be favorable and the range of price decline is expected to shrink. Shipments of specialty glass for display applications and cover glass for car-mounted displays are expected to increase from the previous fiscal year. In the category of electronic materials, shipments of optoelectronic materials and semiconductor-related products are both expected to increase from the previous fiscal year.

In the Chemicals business, shipments of chlor-alkali products are expected to continue to increase in Southeast Asia, and the construction of the power plant at an Indonesian subsidiary will also contribute to cost reduction. Shipments of fluorine products and life science products will also remain favorable.

Taking into account the above factors, net sales of the AGC Group for the fiscal year ending December 31, 2018 are forecasted to be 1,550.0 billion yen, up 86.5 billion yen or a 5.9% increase from previous year, and operating profit is forecasted to be 130.0 billion yen, up 10.4 billion yen or a 8.7% increase year-on-year. Profit before tax will be 118.0 billion yen, up 3.6 billion yen or a 3.1% increase from the previous fiscal year and profit for the year attributable to owners of the parent is estimated to be 77.0 billion yen, up 7.8 billion yen or a 11.2% increase from the previous fiscal year. Average exchange rates assumed for the fiscal year ending December 31, 2018 are 110 yen to the U.S. dollar and 135 yen to the Euro.

**Forecast of financial conditions for FY2018**

Regarding cash flows from operating activities, profit before tax is expected to increase by 3.6 billion yen to 118.0 billion yen as compared with that for the fiscal year ended December 31, 2017. Depreciation expenses are expected to be 135.0 billion yen, up 6.8 billion yen from the previous fiscal year.

Of the cash flows from investing activities, capital expenditures are expected to increase 54.9 billion yen year-on-year to 220.0 billion yen.

As for financing activities, the AGC Group will repay and borrow interest-bearing debts and increase borrowings, in addition to dividend payments in accordance with the Group's dividend policy.

**(4) Allocation and Distribution of Profits and Dividends**

The AGC Group continues to strive to proactively return profits to shareholders, aiming at the consolidated total shareholders return of 50% or more, including the annual dividend payment per share maintained at the current term's expected payment amount or more and the acquisition of treasury shares, while giving comprehensive consideration to the Group’s consolidated business results and future investment plans, among others. The AGC Group will also allocate retained earnings to R&D, capital investment as well as merger and acquisition activities, to strengthen its financial position and improve its corporate value.

In consideration of the Group's financial results for the fiscal year under review, the current business environment and future business developments, the Group paid an interim dividend of 10 yen per share and plans to pay a year-end dividend of 55 yen for FY 2017. The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017. The scheduled year-end dividends per share for fiscal year 2017 without taking into account the consolidation of shares is 11 yen, and annual dividends per share is 21 yen.

With regard to dividend payments for the fiscal year ending December 31, 2018, the total full year dividend payout is scheduled to be 55 yen per share for interim dividend, and 55 yen per share for year-end dividend in light of the Group's financial forecasts.

*[Important notes with regard to the forecast]*

*The above prospective results reflect the judgment of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are recommended not to base investment decisions solely on these prospective results. Please note that actual results may materially differ from the projection due to such various factors as business and market environment the Group is active in, currency exchange rate fluctuations, and others.*

## 2. Basic Policy for adopting Accounting Standards

The AGC Group adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements, starting with the annual financial statements for the fiscal year ending December 31, 2013, with the aim of increasing international comparability of financial information, offering greater convenience for domestic or foreign investors and enhancing the efficiency of the Group's management.

## 3. Consolidated Financial Statements (IFRS)

### (1) Consolidated Statements of Financial Position

(Unit: millions of yen)

| | FY2016 (as of December 31, 2016) | FY2017 (as of December 31, 2017) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 147,325 | 126,417 |
| Trade receivables | 241,476 | 260,497 |
| Inventories | 227,284 | 261,708 |
| Other receivables | 37,972 | 43,774 |
| Income tax receivables | 7,201 | 5,570 |
| Other current assets | 12,176 | 24,554 |
| Total current assets | 673,436 | 722,522 |
| Non-current assets | | |
| Property, plant and equipment | 937,869 | 1,060,601 |
| Goodwill | 34,859 | 78,757 |
| Intangible assets | 27,400 | 58,038 |
| Investments accounted for using equity method | 36,889 | 39,575 |
| Other financial assets | 232,216 | 234,896 |
| Deferred tax assets | 29,421 | 23,157 |
| Other non-current assets | 9,358 | 11,011 |
| Total non-current assets | 1,308,015 | 1,506,038 |
| Total assets | 1,981,451 | 2,228,560 |

(Unit: millions of yen)

| | FY2016 (as of December 31, 2016) | FY2017 (as of December 31, 2017) |
|---|---|---|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 137,590 | 159,489 |
| Short-term interest-bearing debt | 36,689 | 73,666 |
| Long-term interest-bearing debt due within one year | 66,669 | 63,629 |
| Other payables | 110,829 | 127,580 |
| Income tax payables | 10,173 | 12,210 |
| Provisions | 4,259 | 1,893 |
| Other current liabilities | 11,279 | 16,819 |
| Total current liabilities | 377,490 | 455,288 |
| Non-current liabilities | | |
| Long-term interest-bearing debt | 330,609 | 351,789 |
| Deferred tax liabilities | 22,110 | 59,492 |
| Post-employment benefit liabilities | 66,865 | 50,585 |
| Provisions | 10,701 | 10,045 |
| Other non-current liabilities | 4,929 | 11,463 |
| Total non-current liabilities | 435,216 | 483,376 |
| Total liabilities | 812,707 | 938,665 |
| Equity | | |
| Share capital | 90,873 | 90,873 |
| Capital surplus | 101,237 | 101,420 |
| Retained earnings | 690,890 | 735,653 |
| Treasury shares | (29,259) | (43,629) |
| Other components of equity | 241,696 | 299,716 |
| Total equity attributable to owners of the parent | 1,095,438 | 1,184,034 |
| Non-controlling interests | 73,305 | 105,860 |
| Total equity | 1,168,743 | 1,289,895 |
| Total liabilities and equity | 1,981,451 | 2,228,560 |

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

（Consolidated Statements of Profit or Loss）

(Unit: millions of yen)

| | FY2016<br>(Jan. 1 through Dec. 31, 2016) | FY2017<br>(Jan. 1 through Dec. 31, 2017) |
|---|---|---|
| Net sales | 1,282,570 | 1,463,532 |
| Cost of sales | (933,623) | (1,060,587) |
| Gross profit | 348,946 | 402,945 |
| Selling, general and administrative expenses | (254,469) | (285,051) |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | 1,815 | 1,753 |
| Operating profit | 96,292 | 119,646 |
| Other income | 4,078 | 6,979 |
| Other expenses | (31,534) | (12,711) |
| Business profit | 68,837 | 113,915 |
| Finance income | 6,127 | 8,262 |
| Finance costs | (7,401) | (7,752) |
| Net finance costs | (1,274) | 509 |
| Profit before tax | 67,563 | 114,424 |
| Income tax expenses | (14,200) | (35,127) |
| Profit for the year | 53,362 | 79,297 |
| Attributable to: | | |
| Owners of the parent | 47,438 | 69,225 |
| Non-controlling interests | 5,923 | 10,071 |
| | | |
| Earnings per share | | |
| Basic earnings per share (yen) | 205.14 | 302.12 |
| Diluted earnings per share (yen) | 204.26 | 300.65 |

(Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

| | FY2016<br>(Jan. 1 through Dec. 31, 2016) | FY2017<br>(Jan. 1 through Dec. 31, 2017) |
|---|---|---|
| Profit for the year | 53,362 | 79,297 |
| Other comprehensive income | | |
| Components of other comprehensive income that will not be reclassified to profit or loss, net of tax | | |
| Remeasurement of the net defined benefit liability (asset) | (10,335) | 12,388 |
| Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note) | 4,996 | 17,207 |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method | 97 | (70) |
| Total | (5,241) | 29,525 |
| Components of other comprehensive income that may be reclassified to profit or loss, net of tax | | |
| Net gain (loss) in fair value of cash flow hedges | 2,757 | 367 |
| Exchange differences on translation of foreign operations | (24,716) | 36,301 |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method | 31 | (23) |
| Total | (21,927) | 36,645 |
| Other comprehensive income, net of tax | (27,169) | 66,170 |
| Total comprehensive income for the year | 26,193 | 145,468 |
| Attributable to: | | |
| Owners of the parent | 21,452 | 135,090 |
| Non-controlling interests | 4,740 | 10,377 |

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(3) Consolidated Statements of Changes in Equity

FY2016 (Jan. 1 through Dec. 31, 2016)

(Unit: millions of yen)

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Other components of equity | |
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Remeasurement of net defined benefit liability (asset) | Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note) |
| Balance as of January 1, 2016 | 90,873 | 100,802 | 663,874 | (29,576) | (35,003) | 91,408 |
| Changes in equity | | | | | | |
| Comprehensive income | | | | | | |
| Profit for the year | - | - | 47,438 | - | - | - |
| Other comprehensive income | - | - | - | - | (10,102) | 4,998 |
| Total comprehensive income for the year | - | - | 47,438 | - | (10,102) | 4,998 |
| Transactions with owners | | | | | | |
| Dividends | - | - | (20,811) | - | - | - |
| Acquisition of treasury shares | - | - | - | (24) | - | - |
| Disposal of treasury shares | - | - | (126) | 341 | - | - |
| Changes in ownership interests in subsidiaries that do not result in loss of control | - | 323 | - | - | - | - |
| Transfer from other components of equity to retained earnings | - | - | 515 | - | - | (515) |
| Share-based payment transactions | - | 112 | - | - | - | - |
| Others (business combinations and others) | - | - | - | - | - | - |
| Total transactions with owners | - | 435 | (20,422) | 316 | - | (515) |
| Balance as of December 31, 2016 | 90,873 | 101,237 | 690,890 | (29,259) | (45,106) | 95,891 |

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2016 (Jan. 1 through Dec. 31, 2016)

(Unit: millions of yen)

| | Equity attributable to owners of the parent | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Other components of equity | | | Total | | |
| | Net gain (loss) in fair value of cash flow hedges | Exchange differences on translation of foreign operations | Total | | | |
| Balance as of January 1, 2016 | (2,563) | 214,357 | 268,198 | 1,094,172 | 69,594 | 1,163,767 |
| Changes in equity | | | | | | |
| Comprehensive income | | | | | | |
| Profit for the year | - | - | - | 47,438 | 5,923 | 53,362 |
| Other comprehensive income | 2,788 | (23,671) | (25,986) | (25,986) | (1,182) | (27,169) |
| Total comprehensive income for the year | 2,788 | (23,671) | (25,986) | 21,452 | 4,740 | 26,193 |
| Transactions with owners | | | | | | |
| Dividends | - | - | - | (20,811) | (542) | (21,354) |
| Acquisition of treasury shares | - | - | - | (24) | - | (24) |
| Disposal of treasury shares | - | - | - | 214 | - | 214 |
| Changes in ownership interests in subsidiaries that do not result in loss of control | - | - | - | 323 | (620) | (297) |
| Transfer from other components of equity to retained earnings | - | - | (515) | - | - | - |
| Share-based payment transactions | - | - | - | 112 | - | 112 |
| Others (business combinations and others) | - | - | - | - | 132 | 132 |
| Total transactions with owners | - | - | (515) | (20,185) | (1,030) | (21,216) |
| Balance as of December 31, 2016 | 225 | 190,686 | 241,696 | 1,095,438 | 73,305 | 1,168,743 |

FY2017 (Jan. 1 through Dec. 31, 2017)

(Unit: millions of yen)

| | Equity attributable to owners of the parent | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Other components of equity | |
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Remeasurement of net defined benefit liability (asset) | Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note) |
| Balance as of January 1, 2017 | 90,873 | 101,237 | 690,890 | (29,259) | (45,106) | 95,891 |
| Changes in equity | | | | | | |
| Comprehensive income | | | | | | |
| Profit for the year | - | - | 69,225 | - | - | - |
| Other comprehensive income | - | - | - | - | 12,626 | 17,223 |
| Total comprehensive income for the year | - | - | 69,225 | - | 12,626 | 17,223 |
| Transactions with owners | | | | | | |
| Dividends | - | - | (21,864) | - | - | - |
| Acquisition of treasury shares | - | - | - | (25,069) | - | - |
| Disposal of treasury shares | - | - | (126) | 383 | - | - |
| Cancellation of treasury shares | - | - | (10,315) | 10,315 | - | - |
| Transfer from other components of equity to retained earnings | - | - | 7,843 | - | - | (7,843) |
| Share-based payment transactions | - | 182 | - | - | - | - |
| Others (business combinations and others) | - | - | - | - | - | - |
| Total transactions with owners | - | 182 | (24,463) | (14,369) | - | (7,843) |
| Balance as of December 31, 2017 | 90,873 | 101,420 | 735,653 | (43,629) | (32,480) | 105,270 |

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2017 (Jan. 1 through Dec. 31, 2017)

(Unit: millions of yen)

| | Equity attributable to owners of the parent | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Other components of equity | | | Total | | |
| | Net gain (loss) in fair value of cash flow hedges | Exchange differences on translation of foreign operations | Total | | | |
| Balance as of January 1, 2017 | 225 | 190,686 | 241,696 | 1,095,438 | 73,305 | 1,168,743 |
| Changes in equity | | | | | | |
| Comprehensive income | | | | | | |
| Profit for the year | - | - | - | 69,225 | 10,071 | 79,297 |
| Other comprehensive income | 323 | 35,691 | 65,864 | 65,864 | 306 | 66,170 |
| Total comprehensive income for the year | 323 | 35,691 | 65,864 | 135,090 | 10,377 | 145,468 |
| Transactions with owners | | | | | | |
| Dividends | - | - | - | (21,864) | (2,802) | (24,667) |
| Acquisition of treasury shares | - | - | - | (25,069) | - | (25,069) |
| Disposal of treasury shares | - | - | - | 256 | - | 256 |
| Cancellation of treasury shares | - | - | - | - | - | - |
| Transfer from other components of equity to retained earnings | - | - | (7,843) | - | - | - |
| Share-based payment transactions | - | - | - | 182 | - | 182 |
| Others (business combinations and others) | - | - | - | - | 24,980 | 24,980 |
| Total transactions with owners | - | - | (7,843) | (46,494) | 22,177 | (24,316) |
| Balance as of December 31, 2017 | 548 | 226,377 | 299,716 | 1,184,034 | 105,860 | 1,289,895 |

(4) Consolidated Statements of Cash Flows

(Unit: millions of yen)

| | FY2016 (Jan. 1 through Dec. 31, 2016) | FY2017 (Jan. 1 through Dec. 31, 2017) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 67,563 | 114,424 |
| Depreciation and amortization | 121,803 | 128,226 |
| Interest and dividend income | (6,039) | (8,159) |
| Interest expenses | 6,400 | 7,228 |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | (1,815) | (1,753) |
| Loss (gain) on sale or disposal of non-current assets | 3,627 | 2,890 |
| Decrease (increase) in trade receivables | (5,427) | (3,566) |
| Decrease (increase) in inventories | 2,457 | (22,929) |
| Increase (decrease) in trade payables | 15,039 | 11,528 |
| Others | 19,614 | (15,740) |
| Subtotal | 223,223 | 212,149 |
| Interest and dividends received | 6,495 | 9,030 |
| Interest paid | (7,080) | (7,836) |
| Income taxes paid and refund | (19,001) | (9,839) |
| Net cash from operating activities | 203,637 | 203,504 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (118,379) | (157,227) |
| Proceeds from sale of property, plant and equipment | 4,195 | 7,149 |
| Purchase of other financial assets | (3,418) | (4,984) |
| Proceeds from sale and redemption of other financial assets | 7,007 | 27,720 |
| Purchase of subsidiaries | (2,853) | (79,173) |
| Others | (148) | (3,044) |
| Net cash used in investing activities | (113,596) | (209,560) |
| Cash flows from financing activities | | |
| Changes in short-term interest-bearing debt | 5,114 | 29,657 |
| Proceeds from borrowing or issuing long-term interest-bearing debt | 31,030 | 83,944 |
| Repayment or redemption of long-term interest-bearing debt | (59,985) | (82,189) |
| Payment from purchase of shares in subsidiaries from non-controlling interests | (402) | - |
| Acquisition of treasury shares | (24) | (25,069) |
| Dividends paid | (20,811) | (21,864) |
| Dividends paid to non-controlling interests | (542) | (2,802) |
| Others | (829) | (395) |
| Net cash used in financing activities | (46,450) | (18,720) |
| Effect of exchange rate changes on cash and cash equivalents | (1,098) | 3,868 |
| Net increase (decrease) in cash and cash equivalents | 42,493 | (20,907) |
| Cash and cash equivalents at beginning of year | 104,831 | 147,325 |
| Cash and cash equivalents at end of year | 147,325 | 126,417 |

(5) Notes to the Consolidated Financial Statements

1) Basis of Preparations

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), based on the stipulations of Article 93 of the Ordinance on Consolidated Financial Statements. The Group's consolidated financial statements satisfy all of the requirements for a "Specified Company" prescribed by Article 1-2 of the Ordinance on Consolidated Financial Statements.

2) Changes in Accounting Policies

The significant accounting policies adopted for the Group's consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2016, with the exception of the items described below.

The following are the accounting standards applied by the Group from the fiscal year 2017, in compliance with each transitional provision. The effect of the application of these standards on the Group's consolidated financial statements is immaterial.

| IFRS | Title | Summaries of new IFRS and amendments |
|---|---|---|
| IAS 7 (amended in January 2016) | Statement of Cash Flows | Additional disclosure of changes in liabilities arising from financing activities |
| IAS 12 | Income Taxes | Clarification of recognition of deferred tax assets related unrealized loss |

3) Significant Accounting Policies

"Operating profit" in the Group's consolidated statements of profit or loss is an indicator that facilitates like-on-like comparisons and evaluation of the Group's business performance on a continuous basis. Main items of "other income" and "other expenses" are foreign exchange gain and loss, gains on sale of non-current assets, losses on disposal of non-current assets, impairment loss and expenses for restructuring programs. "Business profit" includes all income and expenses before finance income, finance costs and income tax expenses.

4) Segment Information

The Group’s reportable segments are components of the Group for which discrete financial information is available, and whose operating results are reviewed regularly by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess performance.

The Group in the past had three in-house companies by product and service: Glass, Electronics and Chemicals. However, to better focus on market aspects, on January 1, 2017 the Group split Glass Company into two entities: "Building & Industrial Glass Company" and "Automotive Company." As a result, four in-house companies constitute the Group.

Each in-house company operates worldwide, formulating comprehensive domestic and overseas strategies for its products and services.

Building & Industrial Glass and Automotive share the same float glass manufacturing facilities (glass melting furnace) etc., which are the largest assets and situated the highest upstream in the supply chain. The two in-house companies share assets and liabilities, and ratio of utilization is influenced by fluctuations of demand and supply. Considering these situations, it is difficult to divide financial statements for the two in-house companies. Therefore, the Group prepares the financial statements of Building & Industrial Glass and Automotive as the Glass segment. In addition, decisions on assigning management resources are closely tied to the results of each business and inseparable from their performance evaluation. Therefore, with the participation of presidents of both in-house companies, the Group has established a "Glass Segment Council," which primarily functions to maintain synergies and maximize overall production in the Glass segment, and collaborates to maximize profits for the Group. Based on these circumstances, the Group continues to report the Glass segment as one.

Thus, the Group has three reportable segments: Glass, Electronics, and Chemicals.

The main products of each reportable segment are as follows.

| Reportable segment | Main products |
|---|---|
| Glass | Float flat glass, Figured glass, Polished wired glass, Low-E glass, Decorative glass, Fabricated glass for architectural use (Heat Insulating/shielding glass, Disaster-resistant/Security glass, Fire-resistant glass, etc.), Automotive glass, etc. |
| Electronics | LCD glass substrates, Specialty glass for display applications, Cover glass for car-mounted displays, Display related materials, Glass for solar power system, Fabricated glass for industrial use, Semiconductor process materials, Optoelectronic materials, Lighting glass products, Laboratory use ware, etc. |
| Chemicals | Polyvinyl chloride, Vinyl chloride monomer, Caustic soda, Urethane, Fluorinated resins, Water and oil repellents, Gases, Solvents, Pharmaceutical and agrochemical intermediates and active ingredients, Iodine-related products, etc. |

FY2016 (Jan.1 through Dec.31, 2016)

(Unit: millions of yen)

| | Reportable segments | | | Ceramics/ Other | Total | Adjustments | Amount reported on consolidated financial statements |
|---|---|---|---|---|---|---|---|
| | Glass | Electronics | Chemicals | | | | |
| Sales to external customers | 679,071 | 257,069 | 314,392 | 32,037 | 1,282,570 | - | 1,282,570 |
| Inter-segment sales or transfers | 936 | 1,069 | 2,207 | 38,727 | 42,940 | (42,940) | - |
| Total sales | 680,007 | 258,139 | 316,599 | 70,765 | 1,325,511 | (42,940) | 1,282,570 |
| Segment profit (loss) (Operating profit) | 31,825 | 24,985 | 39,998 | (217) | 96,591 | (298) | 96,292 |
| Profit for the year | - | - | - | - | - | - | 53,362 |
| Other items | | | | | | | |
| Depreciation and amortization | 42,553 | 55,675 | 21,535 | 2,159 | 121,924 | (120) | 121,803 |
| Capital expenditure | 50,275 | 42,866 | 32,449 | 532 | 126,124 | (99) | 126,025 |
| Investments accounted for using equity method | 30,763 | 1,881 | 1,696 | 2,547 | 36,889 | - | 36,889 |

The amounts of inter-segment sales or transfers are primarily based on market prices and manufacturing cost.
“Ceramics/Other” mainly handles ceramics products, logistics and financial services.

FY2017 (Jan.1 through Dec.31, 2017)

(Unit: millions of yen)

| | Reportable segments | | | Ceramics/ Other | Total | Adjustments | Amount reported on consolidated financial statements |
|---|---|---|---|---|---|---|---|
| | Glass | Electronics | Chemicals | | | | |
| Sales to external customers | 733,953 | 260,626 | 435,145 | 33,807 | 1,463,532 | - | 1,463,532 |
| Inter-segment sales or transfers | 1,166 | 1,765 | 2,459 | 41,607 | 46,998 | (46,998) | - |
| Total sales | 735,119 | 262,391 | 437,605 | 75,415 | 1,510,531 | (46,998) | 1,463,532 |
| Segment profit (loss) (Operating profit) | 27,064 | 27,334 | 63,671 | 1,428 | 119,499 | 147 | 119,646 |
| Profit for the year | - | - | - | - | - | - | 79,297 |
| Other items | | | | | | | |
| Depreciation and amortization | 45,413 | 51,346 | 29,440 | 2,136 | 128,336 | (110) | 128,226 |
| Capital expenditure | 63,794 | 48,004 | 50,521 | 2,817 | 165,139 | (43) | 165,095 |
| Investments accounted for using equity method | 31,715 | 2,022 | 3,047 | 2,790 | 39,575 | - | 39,575 |

The amounts of inter-segment sales or transfers are primarily based on market prices and manufacturing cost.
“Ceramics/Other” mainly handles ceramics products, logistics and financial services.

5) Notes to Consolidated Statements of Profit or Loss

**Other Income**

(Unit: millions of yen)

| | FY2016 (Jan. 1 through Dec. 31, 2016) | FY2017 (Jan. 1 through Dec. 31, 2017) |
|---|---|---|
| Gains on sale of non-current assets | 1,251 | 2,773 |
| Reversal of provisions for restructuring programs | 10 | 917 |
| Others | 2,817 | 3,288 |
| Total | 4,078 | 6,979 |

**Other Expenses**

(Unit: millions of yen)

| | FY2016 (Jan. 1 through Dec. 31, 2016) | FY2017 (Jan. 1 through Dec. 31, 2017) |
|---|---|---|
| Foreign exchange loss | (196) | (986) |
| Losses on disposal of non-current assets | (4,878) | (5,664) |
| Impairment loss | (10,318) | (2,885) |
| Expenses for restructuring programs | (11,315) | (1,992) |
| Others | (4,826) | (1,183) |
| Total | (31,534) | (12,711) |

6) Earnings Per Share

**Basic earnings per share**

Basic earnings per share and the basis for calculating basic earnings per share are as follows:

| | FY2016 (Jan. 1 through Dec. 31, 2016) | FY2017 (Jan. 1 through Dec. 31, 2017) |
|---|---|---|
| Profit for the year attributable to owners of the parent (millions of yen) | 47,438 | 69,225 |
| Weighted average number of ordinary shares outstanding (thousands of shares) | 231,251 | 229,134 |
| Basic earnings per share (yen) | 205.14 | 302.12 |

Notes: Effective July 1, 2017, the Company consolidated its common shares at a ratio of five shares to one share. Basic earnings per share are calculated on the assumption that the consolidation of shares have been conducted at the beginning of the preceding fiscal year.

**Diluted earnings per share**

Diluted earnings per share and the basis for calculating diluted earnings per share are as follows:

| | FY2016 (Jan. 1 through Dec. 31, 2016) | FY2017 (Jan. 1 through Dec. 31, 2017) |
|---|---|---|
| Profit for the year attributable to owners of the parent (millions of yen) | 47,438 | 69,225 |
| Adjustments to profit or loss used to calculate diluted earnings per share (millions of yen) | - | - |
| Profit or loss used to calculate diluted earnings per share (millions of yen) | 47,438 | 69,225 |
| Weighted average number of ordinary shares outstanding (thousands of shares) | 231,251 | 229,134 |
| Effects of dilutive potential ordinary shares | | |
| Stock options based on subscription rights (thousands of shares) | 991 | 1,117 |
| Diluted weighted average number of ordinary shares outstanding (thousands of shares) | 232,242 | 230,252 |
| Diluted earnings per share (yen) | 204.26 | 300.65 |

Notes: Effective July 1, 2017, the Company consolidated its common shares at a ratio of five shares to one share. Diluted earnings per share are calculated on the assumption that the consolidation of shares have been conducted at the beginning of the preceding fiscal year.

7) Notes on Significant Subsequent Events

No items to report

8) Others

Refund for withholding tax

AGC's subsidiary in Singapore has claimed a refund for part of the withholding tax related to the dividend paid by AGC's subsidiary in Taiwan under the Double Taxation Avoidance Agreement between Taiwan and Singapore. The withholding tax was paid to the Taiwan Government from 2014 to 2016. This claim was accepted and the AGC Group received notification of the tax refund on March 10, 2017. The amount of tax refund received was 5,947 million yen, and therefore the income tax expenses in the fiscal year 2017 has decreased.